

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 13-07  
JULY 26, 2013



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 13-07

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., July 26, 2013, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

Ms. Enright called the roll:

Present: Piechocinski, Stafford, Stulir, Thompson, Kuehne, Nannini

Absent: Copper, Henry

Ms. Becker-Wold and Mr. Ball from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., and representatives Pension & Investments, Cabrera Capital Markets, and Loop Capital were also present.

(13-07-01) (Investment Manager Activities - Callan and Associates) Mr. Ball gave the following report to the Board on the activities of IMRF's investment managers:

June 30, 2013



**Illinois Municipal  
Retirement Fund  
Monthly Performance Report**

**Investment Measurement Service  
Monthly Review**

**Major Market Returns**

**Returns**

**for Periods Ended June 30, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(1.26)	14.18	21.46	18.70	7.41	8.07
Russell:1000 Index	(1.36)	13.91	21.24	18.63	7.12	7.67
Russell:Midcap Index	(1.21)	15.45	25.41	19.53	8.28	10.65
Russell:2000 Index	(0.51)	15.86	24.21	18.67	8.77	9.53
MSCI:ACWI x US (Net)	(4.34)	(0.04)	13.63	7.99	(0.80)	8.62
MSCI:EAFE US\$	(3.55)	4.10	18.62	10.04	(0.63)	7.67
MSCI:Emer Markets	(6.32)	(9.40)	3.23	3.72	(0.11)	14.02
Barclays:Aggregate Index	(1.55)	(2.44)	(0.69)	3.51	5.19	4.52
NFI-ODCE Val Gross	0.88	5.43	10.25	14.30	(0.49)	6.76
NAREIT Equity Index	(1.92)	6.49	9.42	18.18	7.57	10.89

Although the markets hit a rough patch in June, the first half of 2013 was a remarkably strong period for U.S. equities. The S&P 500 Index gained nearly 14% during this time, the best start since the dot-com market of 1998. The bond market, however, reacted negatively to the June meeting of the Federal Open Market Committee. While the Fed will continue their quantitative easing programs in the near-term, it signaled its intention to begin "tapering" as the economy improves. Yields on the 10-year Treasury hit 2.60% in late June, up from 1.66% at the beginning of May (this is a 57% increase). This sharp rise in yields drove the Barclays Aggregate Bond Index down 1.6%.

First quarter GDP grew at a moderate pace of 1.8%, 195,000 jobs were added to the economy which kept the unemployment rate at 7.6%, housing prices are strong, and consumer sentiment is up. Despite the large and long-lived quantitative easing programs inflation has remained subdued, up only 1.4% in May.

International markets marched to a different drummer in June. Developed country stocks fell over 3.5% and emerging markets plummeted 6.3%. Concerns over liquidity mounted in China as short-term interest rates spiked causing many Asian markets to tumble. Also, the prospect of higher interest rates will put pressure on commodity prices which many emerging economies rely on. Japan was the only major region to not fall in June (MSCI Japan: +1.7%).

\*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.

**U.S. Equity Overview**

**Returns**

**for Periods Ended June 30, 2013**

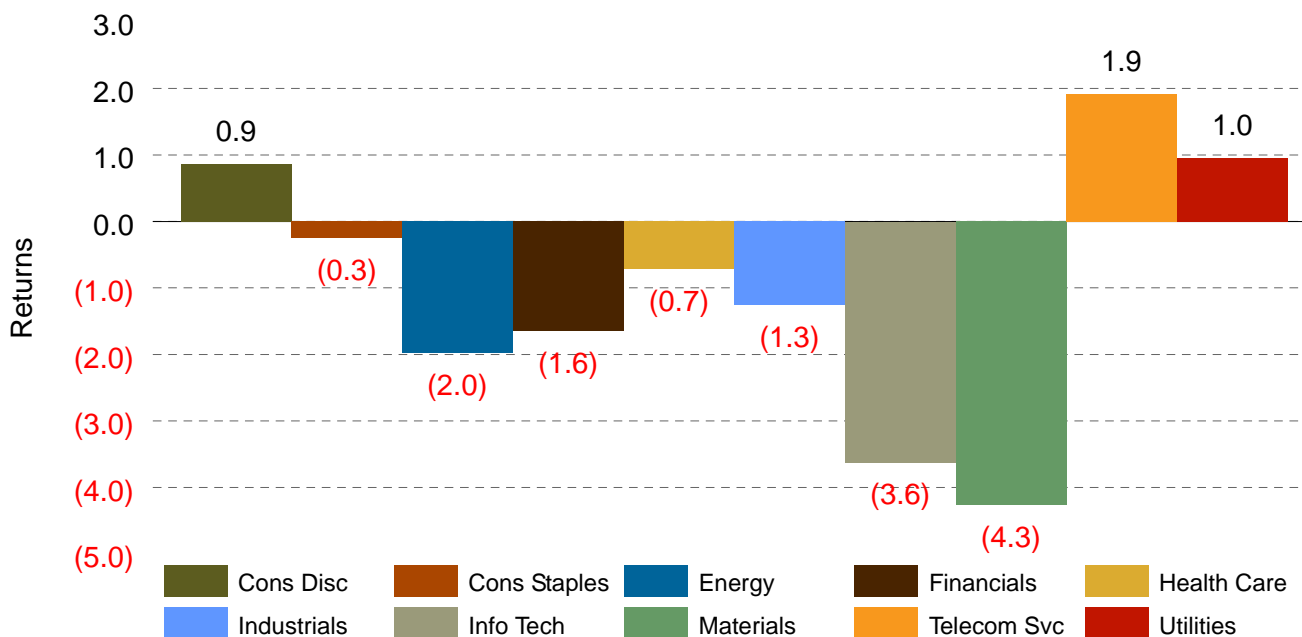
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(1.26)	14.18	21.46	18.70	7.41	8.07
Russell:1000 Index	(1.36)	13.91	21.24	18.63	7.12	7.67
Russell:1000 Growth	(1.88)	11.80	17.07	18.68	7.47	7.40
Russell:1000 Value	(0.88)	15.90	25.32	18.51	6.67	7.79
Russell:Midcap Index	(1.21)	15.45	25.41	19.53	8.28	10.65
Russell:2000 Index	(0.51)	15.86	24.21	18.67	8.77	9.53
Russell:2000 Growth	(0.62)	17.44	23.67	19.97	8.89	9.62
Russell:2000 Value	(0.41)	14.39	24.76	17.33	8.59	9.30

The Dow Jones: US Total Market Index peaked in late May before falling 4.9% through late-June. Markets then recovered and the DJ: US Total Market Index ended the month down only 1.3%. Small cap stocks (-0.5%) outperformed mid (Russell Midcap Index: -1.2%) and large cap stocks (-1.3%).

In terms of style, value stocks outperformed growth stocks in both the large and small cap segments of the market. The Russell 1000 Value fell 0.9% while the Russell 1000 Growth dropped 1.9%. The Russell 2000 Value Index lost 0.4% compared to a 0.6% decline for the growth index.

Seven out of the ten sectors of the S&P 500 Index fell in June. The worst performing sectors were Materials (-4.3%) and Information Technology (-3.6%). The Telecom, Utilities and Consumer Discretionary sectors were all positive for the month.

**S&P 500 Sector Returns for Month Ended June 30, 2013**



**Returns**

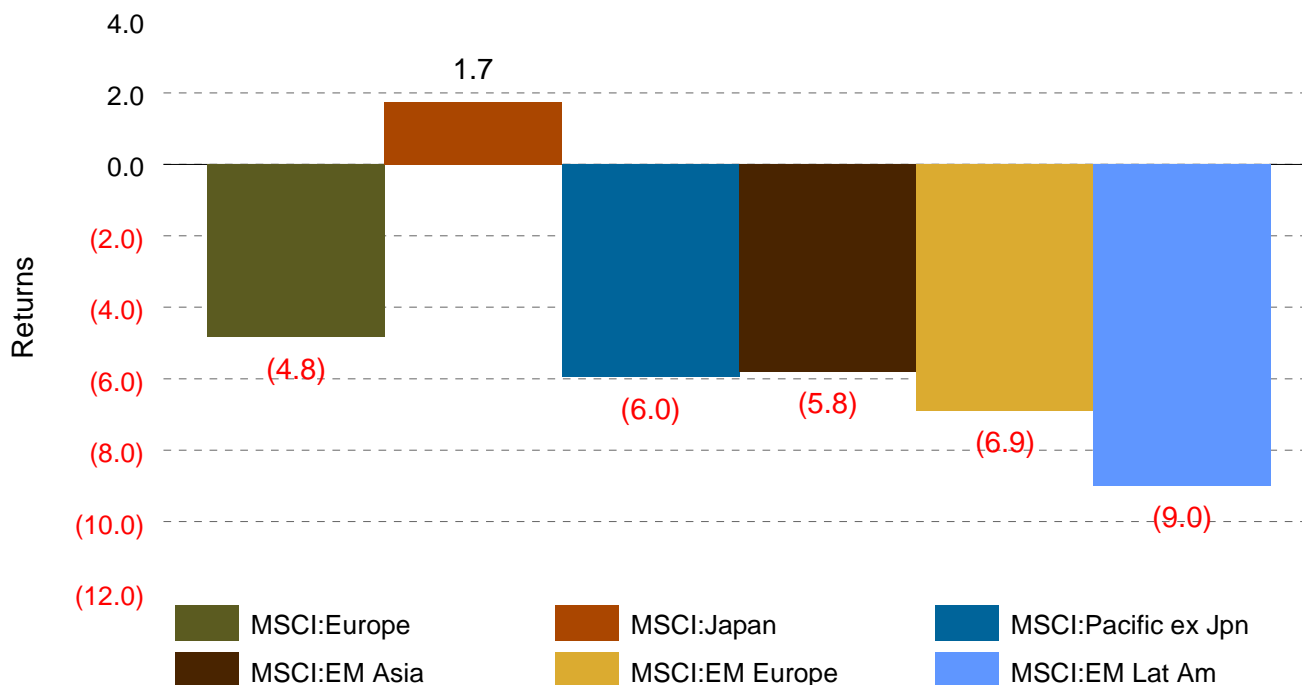
**for Periods Ended June 30, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI x US (Net)	(4.34)	(0.04)	13.63	7.99	(0.80)	8.62
MSCI:ACWI ex US Gr	(4.00)	1.64	14.75	9.08	(0.67)	8.63
MSCI:ACWI ex US Val	(4.60)	(1.10)	13.51	7.84	(0.04)	9.50
MSCI:EAFE US\$	(3.55)	4.10	18.62	10.04	(0.63)	7.67
MSCI:EAFE Hedged	(3.86)	8.79	20.96	5.91	(1.23)	3.84
MSCI:Emer Markets	(6.32)	(9.40)	3.23	3.72	(0.11)	14.02
MSCI:ACWI SC ex US	(5.08)	1.83	15.94	9.16	2.65	11.31

In response to a sluggish economy, higher interest rates and political instability, international equity markets fell sharply in June. Europe is in a mild recession and struggling to deal with unhealthy bank balance sheets, both of which are reviving sovereign debt concerns. Negative investor sentiment resulted in the MSCI ACWI ex-U.S. Index falling 4.3%. Hedged investors would have performed slightly better as the U.S. dollar strengthened during the month (MSCI EAFE: -3.6%). Emerging markets really suffered in June, plunging 6.3%, sending year-to-date returns down -9.4%.

Every major international region fell in June, except Japan, which gained 1.7%. Emerging markets in Latin America fell the most, losing 9.0%, followed by emerging markets in Europe (-6.9%).

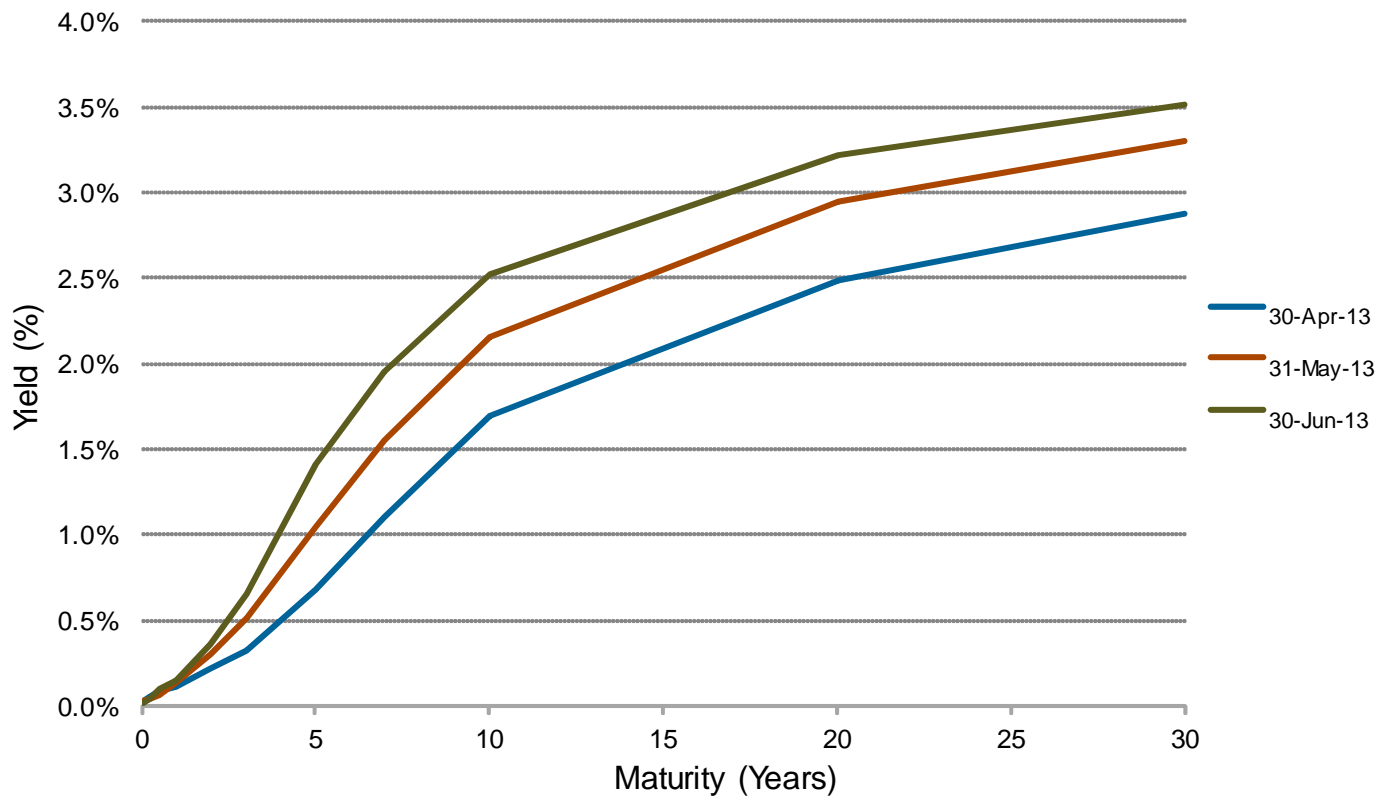
**Regional Returns for Month Ended June 30, 2013**



**Returns**  
**for Periods Ended June 30, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays:Aggregate Index	(1.55)	(2.44)	(0.69)	3.51	5.19	4.52
Barclays:Govt Index	(1.09)	(2.04)	(1.51)	2.94	4.37	4.07
Barclays:Credit	(2.85)	(3.60)	0.84	5.47	6.97	5.10
Barclays:Mortgage Idx	(0.96)	(2.01)	(1.10)	2.51	4.84	4.70
Barclays:US TIPS Index	(3.58)	(7.39)	(4.78)	4.63	4.41	5.19
ML:High Yield CP Idx	(2.64)	1.46	9.44	10.40	10.49	8.65
3 Month T-Bill	0.01	0.04	0.11	0.11	0.29	1.72

**Treasury Yield Curve**



Sharply rising yields pressured all sectors of the fixed income market as the Barclays Aggregate Bond Index fell almost 1.6%. Yields on the 10-year Treasury started the month at 2.16% and reached 2.60% in late June. This upsurge came on the heels of a 45 basis point gain in May.

The only safe place to "hide" in June was cash (+0.0%). The U.S. TIPS sector had another awful month, losing 3.6% (after losing 4.4% in May), followed by corporate bonds which fell 2.9%. Although June marked the second consecutive month of negative returns for high yield bonds (-2.6%), year-to-date returns are still positive (+1.5%).



### **Total Fund**

Total Fund assets at the end of June were \$29.69 billion, slightly down from \$30.11 billion at the end of May. The Fund lost 1.70% for the month; this performance was even with the benchmark. Domestic equity and international equity beat their respective benchmarks. Over the last year, the fund is up 14.42% exceeding the benchmark by 2.74%.

Current policy states that when the actual allocations of the asset classes differ by more than four percentage points from their policy targets, a recommendation for rebalancing will be made to the Board of Trustees. As of June 30, domestic equity exceeded its target allocation by 6.4%. All other asset classes were within the allowable range.

### **US Equity**

Large Cap: In aggregate, the Fund's large cap managers lost 1.22%, trailing the Russell 1000 Index by 0.14%. Growth portfolios collectively returned -1.53%, outperforming their benchmark by 35 basis points for the month. Holland was the best performing active manager with a return of -0.74%. Value portfolios fell 0.85% but outperformed the Russell 1000 Value Index by 3 basis points. Dodge & Cox was the best performing manager in the group with a return of 0.09%. The Large Cap Active Core segment fell 1.50%, which trailed the Russell 1000 Index's return of -1.36%.

Small Cap: The Small Cap portfolio gained 0.06%, outpacing the Russell 2000 Index by 0.57%. Small Cap Growth and Value fell 0.81% and 0.42%, respectively. Fortaleza was the best performing small cap growth manager and Channing was the best in value. The Micro Cap segment returned 2.64% in June. Wall Street performed very well in the micro-cap segment, rising 4.08% for the month.

### **International Equity**

Large Cap: International stocks did not fare nearly as well as U.S. stocks in June. International Large Cap managers fell 3.84%. However, this return was 50 basis points ahead of the MSCI ACWI ex-U.S. Index. International Large Cap Growth lost 4.83% with EARNEST Partners performing the worst (-5.26%). International Large Cap Value returned -3.45% for the month. Lazard was the worst performer, declining 3.87%. The Large Cap Active Core Group fell 3.82% in June with the weakest performance coming from Arrowstreet.

International Small Cap and Emerging Markets: The International Small Cap managers declined 2.76%, outperforming the ACWI Small Cap ex-U.S. Index by 232 basis points. The emerging markets portfolio, managed by Genesis, plummeted 6.76% during June, underperforming the MSCI Emerging Markets Index by 44 basis points.

**Domestic Fixed Income**

The total fixed income portfolio dropped 1.80% as yields rose from the prior month. The core plus segment was the poorest performer during the month, falling 2.00%.

Active Core: The active core fixed income component returned -1.78%, underperforming the BC Aggregate Index by 23 basis points. The enhanced core portfolio retreated 1.41%.

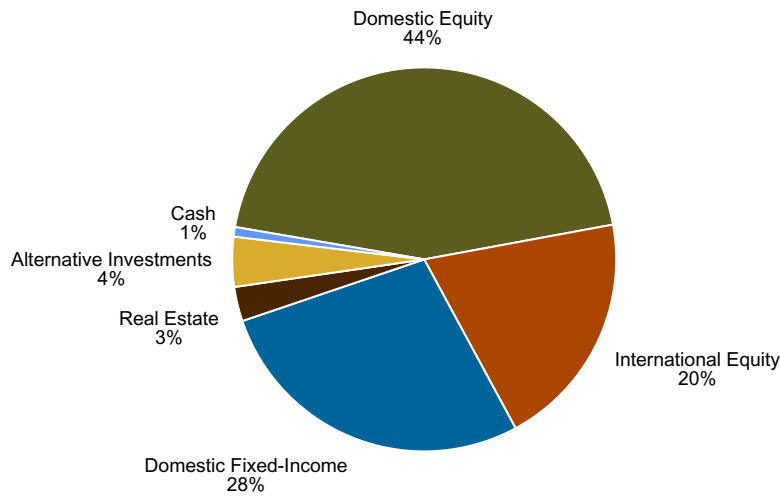
Core Plus: The core plus managers lost 2.00% which trailed the Barclays Aggregate Index. Taplin, Canida, Habacht suffered more than the other managers (-2.54%).

High Yield: The high yield component lost 1.72% in June, leading the ML High Yield Cash Pay Index (-2.64%). Pyramis returned -1.40% while McKay Shields lost 2.06%.

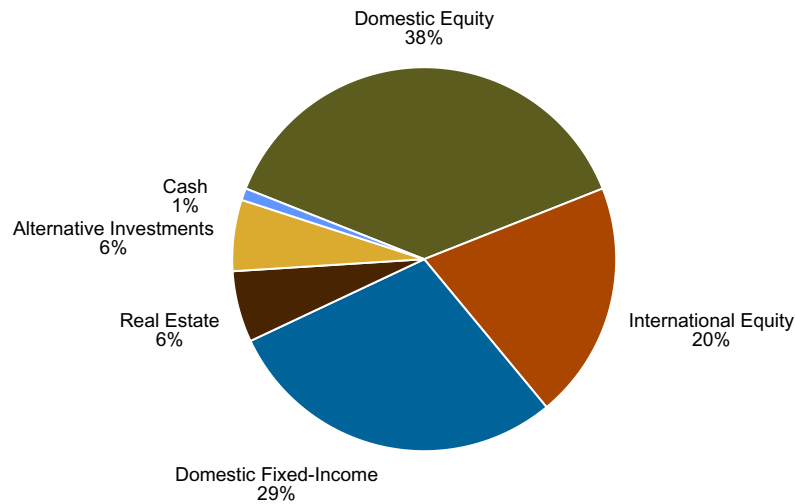
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2013. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

### Actual Asset Allocation



### Target Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	13,195	44.4%	38.0%	6.4%	1,913
International Equity	5,923	20.0%	20.0%	0.0%	(14)
Domestic Fixed-Income	8,235	27.7%	29.0%	(1.3%)	(375)
Real Estate	873	2.9%	6.0%	(3.1%)	(908)
Alternative Investments	1,236	4.2%	6.0%	(1.8%)	(545)
Cash	226	0.8%	1.0%	(0.2%)	(71)
Total	29,688	100.0%	100.0%		

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NFI-ODCE Value Weight Gr+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 June 30, 2013, with the distribution as of May 31, 2013.

### Asset Distribution Across Investment Managers

	June 30, 2013		May 31, 2013	
	Market Value	Percent	Market Value	Percent
<b>Domestic Equity</b>	<b>\$13,194,964,525</b>	<b>44.44%</b>	<b>\$13,339,414,287</b>	<b>44.30%</b>
<b>Large Cap Growth</b>				
BlackRock LCG	651,744,052	2.20%	661,510,070	2.20%
Holland	865,662,288	2.92%	872,073,454	2.90%
NTGI S&P 500 Growth Idx	799,589,712	2.69%	812,832,453	2.70%
Sands	907,389,731	3.06%	926,985,857	3.08%
Vision	63,180,397	0.21%	65,194,834	0.22%
<b>Large Cap Value</b>				
Dodge & Cox	865,967,052	2.92%	865,225,934	2.87%
BMO	905,837,041	3.05%	921,297,541	3.06%
LSV	914,480,330	3.08%	922,149,231	3.06%
NTGI S&P 500 Value Idx	821,310,058	2.77%	853,951,244	2.84%
<b>Large Cap Core</b>				
Piedmont	155,365,182	0.52%	158,443,896	0.53%
Progress	519,716,676	1.75%	526,914,396	1.75%
NTGI MarketCap Index	2,362,752,251	7.96%	2,393,003,316	7.95%
<b>Small Cap Growth</b>				
Fortaleza	38,956,593	0.13%	38,784,163	0.13%
Frontier	604,094,848	2.03%	609,349,201	2.02%
Pyramis	640,485,053	2.16%	645,905,259	2.14%
<b>Small Cap Value</b>				
Channing	65,730,965	0.22%	65,567,835	0.22%
Dimensional Small Cap Value	555,362,570	1.87%	558,383,034	1.85%
Inv. Counselors of Maryland	606,550,133	2.04%	609,289,051	2.02%
Lombardia	133,771,068	0.45%	133,954,497	0.44%
<b>Micro Cap</b>				
Ariel	81,567,577	0.27%	79,511,953	0.26%
Ativo	38,191,291	0.13%	37,684,977	0.13%
Dimensional Micro Cap	238,429,166	0.80%	236,638,662	0.79%
Wall Street	358,830,490	1.21%	344,763,430	1.14%
<b>International Equity</b>	<b>\$5,923,355,769</b>	<b>19.95%</b>	<b>\$6,170,855,998</b>	<b>20.49%</b>
<b>International Large Cap Growth</b>				
EARNEST Partners	472,919,798	1.59%	499,171,703	1.66%
McKinley	71,900	0.00%	71,781	0.00%
William Blair	508,256,071	1.71%	531,850,467	1.77%
<b>International Large Cap Value</b>				
Brandes	430,880,893	1.45%	444,927,831	1.48%
Lombardia	26,490,680	0.09%	27,425,557	0.09%
Mondrian	429,833,745	1.45%	446,177,865	1.48%
Lazard	82,472,605	0.28%	85,790,369	0.28%
<b>International Large Cap Core</b>				
Arrowstreet	433,311,511	1.46%	452,669,371	1.50%
Brown	221,674,207	0.75%	227,684,470	0.76%
GlobeFlex	432,366,438	1.46%	450,214,470	1.50%
NTGI MSCI EAFE Index	2,068,612,724	6.97%	2,144,625,050	7.12%
<b>International Small Cap</b>				
AXA Rosenberg	8,916	0.00%	8,913	0.00%
Franklin Templeton	161,155,432	0.54%	166,693,248	0.55%
William Blair	188,427,619	0.63%	192,829,972	0.64%

Mondrian and Lombardia were funded 3/20/2012, Lazard was funded 3/21/2012.  
Franklin Templeton Intl SC was funded 07/27/2011. BlackRock LCG was funded 07/12/2011. Vision was funded 06/17/2011.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2013, with the distribution as of May 31, 2013.

### Asset Distribution Across Investment Managers

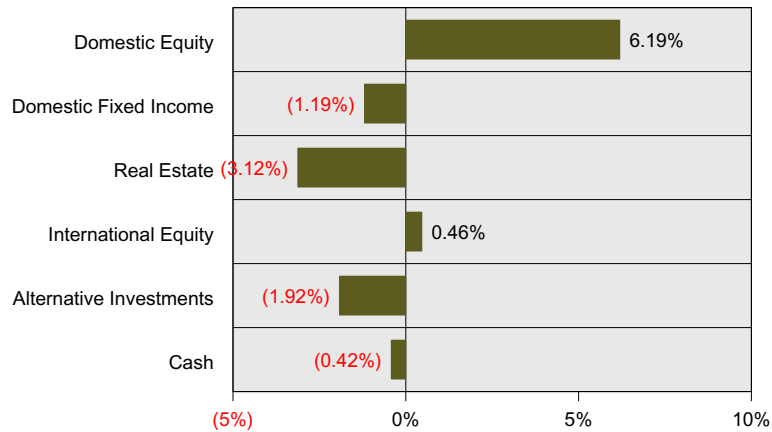
	June 30, 2013		May 31, 2013	
	Market Value	Percent	Market Value	Percent
<b>Emerging Markets</b>				
Genesis	466,873,229	1.57%	500,714,931	1.66%
<b>Domestic Fixed-Income</b>	<b>\$8,235,107,807</b>	<b>27.74%</b>	<b>\$8,385,642,226</b>	<b>27.85%</b>
<b>Domestic Fixed Core</b>				
EARNEST Partners	529,421,266	1.78%	537,825,434	1.79%
Piedmont	518,456,331	1.75%	528,988,461	1.76%
BlackRock Enhanced	940,309,287	3.17%	953,739,315	3.17%
NTGI BC Aggregate Index	1,372,153,063	4.62%	1,393,897,153	4.63%
<b>Domestic Fixed Core Plus</b>				
BlackRock Core Plus	699,237,019	2.36%	709,580,342	2.36%
LM Capital	811,820,958	2.73%	829,272,093	2.75%
Progress Fixed Income	422,166,700	1.42%	429,606,984	1.43%
Taplin, Canida, & Habacht	801,843,592	2.70%	822,766,724	2.73%
Western	1,081,487,919	3.64%	1,103,218,400	3.66%
<b>High Yield</b>				
MacKay Shields	514,419,886	1.73%	525,249,664	1.74%
Pyramis High Yield	543,791,785	1.83%	551,497,656	1.83%
<b>Real Estate</b>	<b>\$873,226,024</b>	<b>2.94%</b>	<b>\$862,467,197</b>	<b>2.86%</b>
<b>Real Estate Core</b>				
BlackRock Granite	74,142,252	0.25%	74,142,252	0.25%
TA Buckhead Ind. Prop.	244,372,241	0.82%	244,372,241	0.81%
Cornerstone Patriot	89,905,362	0.30%	89,905,362	0.30%
INVESCO Core RE	89,151,857	0.30%	89,151,857	0.30%
<b>Real Estate Non-Core</b>				
Franklin Templeton EMREFF	27,627,699	0.09%	23,543,030	0.08%
Olympus Real Estate Fund II	330,536	0.00%	330,536	0.00%
Security Capital	55,578,148	0.19%	56,554,292	0.19%
Dune II	46,639,611	0.16%	44,988,474	0.15%
Non-Core Real Estate Funds*	109,743,908	0.37%	103,744,743	0.34%
Rockwood Fund VIII	37,106,949	0.12%	37,106,949	0.12%
Almanac ARS V	47,875,738	0.16%	47,875,738	0.16%
TA Fund IX	50,751,723	0.17%	50,751,723	0.17%
<b>Alternative Investments</b>	<b>\$1,236,104,028</b>	<b>4.16%</b>	<b>\$1,230,904,249</b>	<b>4.09%</b>
<b>Absolute Return</b>				
Aurora	520,812,938	1.75%	513,237,407	1.70%
Grosvenor	1	0.00%	1	0.00%
Mesirow	6,678,155	0.02%	6,771,155	0.02%
<b>Private Equity</b>				
Abbott	296,365,182	1.00%	296,540,423	0.98%
Muller & Monroe ILPEFF	12,456,171	0.04%	12,541,794	0.04%
Muller & Monroe MPEFF	20,224,534	0.07%	19,737,475	0.07%
Pantheon	169,639,310	0.57%	171,805,949	0.57%
Private Equity Fund - Domestic	17,033,009	0.06%	14,860,385	0.05%
<b>Agriculture</b>				
Cozad/Westchester	131,102,553	0.44%	133,017,486	0.44%
<b>Timberland</b>				
Forest Investment Assoc.	61,792,175	0.21%	62,392,175	0.21%
<b>Cash</b>	<b>\$225,595,600</b>	<b>0.76%</b>	<b>\$124,695,159</b>	<b>0.41%</b>
<b>Total Fund</b>	<b>\$29,688,353,753</b>	<b>100.0%</b>	<b>\$30,113,979,117</b>	<b>100.0%</b>

\*Non-Core Real Estate Funds funded since September 2011.

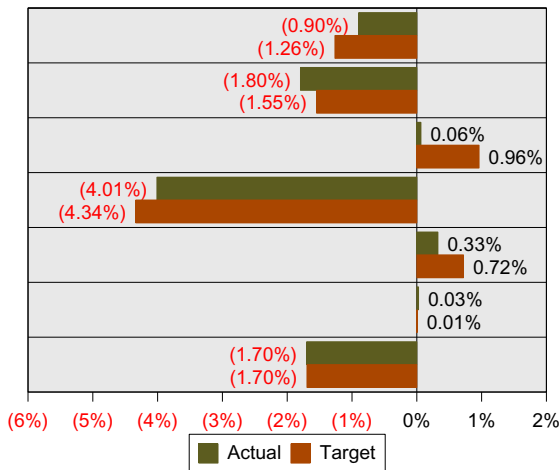
## Monthly Total Fund Relative Attribution - June 30, 2013

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.

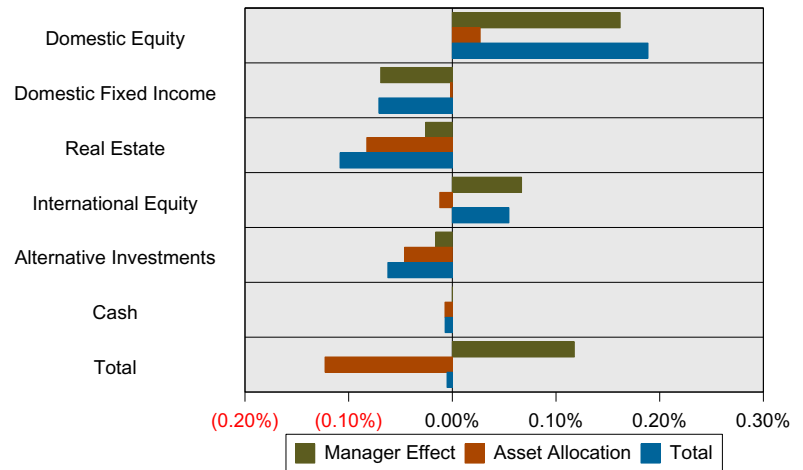
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended June 30, 2013

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	44%	38%	(0.90%)	(1.26%)	0.16%	0.03%	0.19%
Domestic Fixed Income	28%	29%	(1.80%)	(1.55%)	(0.07%)	(0.00%)	(0.07%)
Real Estate	3%	6%	0.06%	0.96%	(0.03%)	(0.08%)	(0.11%)
International Equity	20%	20%	(4.01%)	(4.34%)	0.07%	(0.01%)	0.05%
Alternative Investments	4%	6%	0.33%	0.72%	(0.02%)	(0.05%)	(0.06%)
Cash	1%	1%	0.03%	0.01%	0.00%	(0.01%)	(0.01%)
<b>Total</b>			<b>(1.70%)</b>	<b>(1.70%)</b>	<b>0.12%</b>	<b>(0.12%)</b>	<b>(0.01%)</b>

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NFI-ODCE Value Weight Gr+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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity (12/31/81)	(0.90%)	3.30%	14.91%	23.62%
DJ U.S. Total Stock Market Index	(1.26%)	2.79%	14.18%	21.46%
Domestic Equity - Net (12/31/04)	(0.90%)	3.24%	14.77%	23.33%
International Equity (08/31/86)	(4.01%)	(1.56%)	3.18%	17.86%
MSCI ACWI x US (Net)	(4.34%)	(3.11%)	(0.04%)	13.63%
International Equity - Net (12/31/04)	(4.01%)	(1.62%)	3.04%	17.50%
Domestic Fixed-Income (12/31/81)	(1.80%)	(2.35%)	(1.87%)	1.61%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
Domestic Fixed-Inc. - Net (12/31/04)	(1.80%)	(2.40%)	(1.97%)	1.41%
Real Estate (04/30/85)	0.06%	2.18%	4.71%	11.23%
Blended Benchmark**	0.96%	2.91%	5.90%	11.64%
Real Estate - Net (12/31/04)	0.06%	2.18%	4.55%	10.97%
Alternative Investments (01/31/86)	0.33%	2.03%	5.54%	8.41%
Alternatives Custom Benchmark***	0.72%	2.18%	4.40%	9.00%
Alternative Investments - Net (12/31/04)	0.33%	1.98%	6.58%	8.27%
Absolute Return (12/31/01)	0.85%	1.08%	4.37%	8.39%
HFR Fund-of-Funds Index	(1.44%)	(0.03%)	3.28%	7.18%
Private Equity (01/31/86)	(0.09%)	3.63%	5.39%	6.37%
Alternatives Custom Benchmark***	0.72%	2.18%	4.40%	9.00%
Agriculture (09/30/97)	0.06%	0.16%	15.97%	28.57%
Blended Benchmark**	0.96%	2.91%	5.90%	11.64%
Timberland (09/30/92)	0.00%	1.01%	(1.74%)	(4.70%)
Blended Benchmark**	0.96%	2.91%	5.90%	11.64%
<b>Total Fund (12/31/81)</b>	<b>(1.70%)</b>	<b>0.59%</b>	<b>6.62%</b>	<b>14.42%</b>
Total Fund Benchmark	(1.70%)	0.07%	5.13%	11.68%
Total Fund - Net (12/31/04)	(1.70%)	0.55%	6.56%	14.19%

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

\*\* The Blended Benchmark is currently ODCE Value Weigh Index+1%. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%.

Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

\*\*\* 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	19.10%	7.57%	8.66%	11.45%
DJ U.S. Total Stock Market Index	18.70%	7.41%	8.07%	11.05%
Domestic Equity - Net (12/31/04)	18.81%	7.31%	-	6.17%
International Equity (08/31/86)	10.39%	0.39%	9.54%	8.02%
MSCI ACWI x US (Net)	7.99%	(0.80%)	8.62%	-
International Equity - Net (12/31/04)	10.06%	0.08%	-	5.12%
Domestic Fixed-Income (12/31/81)	5.26%	6.80%	5.55%	9.05%
BC Aggregate Index	3.51%	5.19%	4.52%	8.43%
Domestic Fixed-Inc. - Net (12/31/04)	5.09%	6.65%	-	5.47%
Real Estate (04/30/85)	13.05%	0.15%	5.76%	4.42%
Blended Benchmark**	14.11%	3.79%	6.48%	7.42%
Real Estate - Net (12/31/04)	12.87%	0.05%	-	5.16%
Alternative Investments (01/31/86)	7.68%	3.09%	8.55%	10.90%
Alternatives Custom Benchmark***	9.00%	10.19%	11.14%	13.55%
Alternative Investments - Net (12/31/04)	7.46%	2.83%	-	7.52%
Absolute Return (12/31/01)	4.01%	1.21%	4.64%	4.72%
HFR Fund-of-Funds Index	2.97%	(0.63%)	3.44%	3.60%
Private Equity (01/31/86)	9.98%	3.58%	11.55%	12.94%
Alternatives Custom Benchmark***	9.00%	10.19%	11.14%	13.55%
Agriculture (09/30/97)	15.85%	9.50%	10.32%	7.34%
Blended Benchmark**	14.11%	3.79%	6.48%	6.76%
Timberland (09/30/92)	0.53%	2.10%	3.15%	8.47%
Blended Benchmark**	14.11%	3.79%	6.48%	6.96%
<b>Total Fund (12/31/81)</b>	<b>12.15%</b>	<b>6.49%</b>	<b>8.11%</b>	<b>10.10%</b>
Total Fund Benchmark	11.31%	6.02%	7.41%	-
Total Fund - Net (12/31/04)	11.91%	6.27%	-	6.36%

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

\*\* The Blended Benchmark is currently ODCE Value Weigh Index+1%. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%.

Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

\*\*\* 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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Equity (12/31/81)</b>	<b>(1.22%)</b>	<b>2.96%</b>	<b>13.94%</b>	<b>22.30%</b>
Russell 1000 Index	(1.36%)	2.65%	13.91%	21.24%
<b>Large Cap Growth (12/31/81)</b>	<b>(1.53%)</b>	<b>2.11%</b>	<b>10.69%</b>	<b>16.92%</b>
BlackRock LCG (07/31/11)	(1.48%)	1.72%	8.23%	15.43%
LCG Blended Benchmark*	(1.88%)	2.06%	11.80%	17.07%
Russell 1000 Growth Index	(1.88%)	2.06%	11.80%	17.07%
BlackRock LCG - Net (07/31/11)	(1.48%)	1.72%	8.14%	15.23%
Holland (10/31/94)	(0.74%)	2.64%	13.21%	17.58%
LCG Blended Benchmark*	(1.88%)	2.06%	11.80%	17.07%
Russell 1000 Growth Index	(1.88%)	2.06%	11.80%	17.07%
Holland - Net (12/31/04)	(0.74%)	2.59%	13.10%	17.30%
NTGI S&P 500 Growth Idx (07/31/01)	(1.63%)	2.60%	12.19%	17.00%
S&P/Citi 500 Growth Index	(1.75%)	2.48%	12.04%	16.78%
NTGI S&P 500 Growth Idx - Net (12/31/04)	(1.63%)	2.60%	12.19%	16.99%
Sands (10/31/03)	(2.11%)	1.60%	8.95%	17.24%
LCG Blended Benchmark*	(1.88%)	2.06%	11.80%	17.07%
Russell 1000 Growth Index	(1.88%)	2.06%	11.80%	17.07%
Sands - Net (12/31/04)	(2.11%)	1.54%	8.82%	16.95%
Vision (06/30/11)	(3.09%)	0.36%	9.53%	15.40%
LCG Blended Benchmark*	(1.88%)	2.06%	11.80%	17.07%
Russell 1000 Growth Index	(1.88%)	2.06%	11.80%	17.07%
Vision - Net (06/30/11)	(3.09%)	0.22%	9.23%	14.75%
<b>Large Cap Value (09/30/82)</b>	<b>(0.85%)</b>	<b>3.92%</b>	<b>16.97%</b>	<b>28.56%</b>
Dodge & Cox (08/31/03)	0.09%	4.96%	17.45%	30.63%
LCV Blended Benchmark**	(0.88%)	3.20%	15.90%	25.32%
Russell 1000 Value Index	(0.88%)	3.20%	15.90%	25.32%
Dodge & Cox - Net (12/31/04)	0.09%	4.91%	17.34%	30.38%
BMO (01/31/01)	(1.68%)	2.15%	15.50%	25.97%
LCV Blended Benchmark**	(0.88%)	3.20%	15.90%	25.32%
Russell 1000 Value Index	(0.88%)	3.20%	15.90%	25.32%
BMO - Net (12/31/04)	(1.68%)	2.10%	15.38%	25.70%
LSV (01/31/03)	(0.83%)	5.21%	19.51%	32.80%
LCV Blended Benchmark**	(0.88%)	3.20%	15.90%	25.32%
Russell 1000 Value Index	(0.88%)	3.20%	15.90%	25.32%
LSV - Net (12/31/04)	(0.83%)	5.15%	19.37%	32.46%
NTGI S&P 500 Value Idx (07/31/99)	(0.92%)	3.41%	15.40%	25.09%
S&P/Citi 500 Value Index	(0.92%)	3.36%	15.73%	25.04%
NTGI S&P 500 Value Idx - Net (12/31/04)	(0.92%)	3.41%	15.39%	25.08%

\* 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Equity (12/31/81)</b>	<b>18.77%</b>	<b>7.15%</b>	<b>7.93%</b>	<b>10.92%</b>
Russell 1000 Index	18.63%	7.12%	7.67%	11.23%
<b>Large Cap Growth (12/31/81)</b>	<b>18.64%</b>	<b>7.77%</b>	<b>7.66%</b>	<b>11.32%</b>
BlackRock LCG (07/31/11)	-	-	-	6.25%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	12.38%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	12.38%
BlackRock LCG - Net (07/31/11)	-	-	-	6.01%
Holland (10/31/94)	18.52%	8.87%	8.24%	9.79%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	8.87%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	7.97%
Holland - Net (12/31/04)	18.18%	8.57%	-	6.18%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	6.47%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	6.66%
NTGI S&P 500 Growth Idx (07/31/01)	18.98%	7.63%	7.22%	4.41%
S&P/Citi 500 Growth Index	18.89%	7.57%	7.17%	4.35%
NTGI S&P 500 Growth Idx - Net (12/31/04)	18.97%	7.62%	-	6.18%
S&P/Citi 500 Growth Index	18.89%	7.57%	7.17%	6.58%
Sands (10/31/03)	23.64%	12.05%	-	10.17%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	6.97%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	7.17%
Sands - Net (12/31/04)	23.34%	11.75%	-	7.90%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	6.47%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	6.66%
Vision (06/30/11)	-	-	-	10.70%
LCG Blended Benchmark*	18.68%	7.47%	7.08%	11.27%
Russell 1000 Growth Index	18.68%	7.47%	7.40%	11.27%
Vision - Net (06/30/11)	-	-	-	10.14%
<b>Large Cap Value (09/30/82)</b>	<b>19.18%</b>	<b>6.77%</b>	<b>8.30%</b>	<b>10.13%</b>
Dodge & Cox (08/31/03)	19.67%	7.25%	-	8.32%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	7.50%
Russell 1000 Value Index	18.51%	6.67%	7.79%	7.70%
Dodge & Cox - Net (12/31/04)	19.42%	7.02%	-	5.33%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	5.56%
Russell 1000 Value Index	18.51%	6.67%	7.79%	5.72%
BMO (01/31/01)	19.52%	5.42%	9.21%	6.73%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	4.05%
Russell 1000 Value Index	18.51%	6.67%	7.79%	5.20%
BMO - Net (12/31/04)	19.24%	5.17%	-	6.30%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	5.56%
Russell 1000 Value Index	18.51%	6.67%	7.79%	5.72%
LSV (01/31/03)	19.99%	8.32%	9.66%	10.41%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	8.48%
Russell 1000 Value Index	18.51%	6.67%	7.79%	8.53%
LSV - Net (12/31/04)	19.67%	8.02%	-	6.39%
LCV Blended Benchmark**	18.51%	6.67%	7.67%	5.56%
Russell 1000 Value Index	18.51%	6.67%	7.79%	5.72%
NTGI S&P 500 Value Idx (07/31/99)	18.16%	6.48%	7.41%	3.76%
S&P/Citi 500 Value Index	18.10%	6.47%	7.36%	3.75%
NTGI S&P 500 Value Idx - Net (12/31/04)	18.15%	6.47%	-	4.86%
S&P/Citi 500 Value Index	18.10%	6.47%	7.36%	5.21%

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

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

## Large Cap Equity Returns

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

### Returns for Periods Ended June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Active Core (12/31/04)</b>	<b>(1.50%)</b>	<b>2.50%</b>	<b>13.64%</b>	<b>21.42%</b>
Piedmont (05/31/11)	(1.94%)	1.99%	11.33%	16.78%
Russell 1000 Index	(1.36%)	2.65%	13.91%	21.24%
Piedmont - Net (05/31/11)	(1.94%)	1.89%	11.11%	16.32%
Progress (01/31/05)	(1.37%)	2.65%	14.34%	22.88%
DJ U.S. Total Stock Market Index	(1.26%)	2.79%	14.18%	21.46%
Progress - Net (01/31/05)	(1.37%)	2.50%	14.01%	22.15%
<b>Large Cap Passive Core (12/31/84)</b>	<b>(1.26%)</b>	<b>2.85%</b>	<b>14.25%</b>	<b>21.59%</b>
NTGI MarketCap Idx (01/31/85)	(1.26%)	2.85%	14.25%	21.59%
DJ U.S. Total Stock Market Index	(1.26%)	2.79%	14.18%	21.46%
NTGI MarketCap Idx - Net (12/31/04)	(1.26%)	2.85%	14.25%	21.58%

## 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 June 30, 2013

	<b>Last 36 Months</b>	<b>Last 60 Months</b>	<b>Last 120 Months</b>	<b>Since Inception</b>
<b>Large Cap Active Core (12/31/04)</b>	<b>17.86%</b>	<b>6.11%</b>	<b>-</b>	<b>5.83%</b>
Piedmont (05/31/11)	-	-	-	8.24%
Russell 1000 Index	18.63%	7.12%	7.67%	11.02%
Piedmont - Net (05/31/11)	-	-	-	7.83%
Progress (01/31/05)	18.01%	6.19%	-	5.94%
DJ U.S. Total Stock Market Index	18.70%	7.41%	8.07%	6.12%
Progress - Net (01/31/05)	17.31%	5.55%	-	5.32%
<b>Large Cap Passive Core (12/31/84)</b>	<b>18.69%</b>	<b>7.30%</b>	<b>7.95%</b>	<b>10.81%</b>
NTGI MarketCap Idx (01/31/85)	18.73%	7.32%	7.96%	10.85%
DJ U.S. Total Stock Market Index	18.70%	7.41%	8.07%	10.81%
NTGI MarketCap Idx - Net (12/31/04)	18.72%	7.31%	-	5.93%
DJ U.S. Total Stock Market Index	18.70%	7.41%	8.07%	6.50%

## 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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Small Cap Equity (06/30/88)</b>	<b>0.06%</b>	<b>4.31%</b>	<b>17.85%</b>	<b>27.66%</b>
Russell 2000 Index	(0.51%)	3.08%	15.86%	24.21%
<b>Small Cap Growth (06/30/88)</b>	<b>(0.81%)</b>	<b>3.89%</b>	<b>16.95%</b>	<b>26.35%</b>
Fortaleza (11/30/06)	0.44%	0.95%	14.73%	19.49%
Russell 2000 Growth Index	(0.62%)	3.74%	17.44%	23.67%
Fortaleza - Net (11/30/06)	0.44%	0.82%	14.45%	18.75%
Frontier (07/31/88)	(0.86%)	4.86%	16.37%	25.10%
Russell 2000 Growth Index	(0.62%)	3.74%	17.44%	23.67%
Frontier - Net (12/31/04)	(0.86%)	4.73%	16.10%	24.50%
Pyramis (07/31/88)	(0.84%)	3.17%	17.63%	28.00%
Russell 2000 Growth Index	(0.62%)	3.74%	17.44%	23.67%
Pyramis - Net (12/31/04)	(0.84%)	3.05%	17.40%	27.60%
<b>Small Cap Value (08/31/89)</b>	<b>(0.42%)</b>	<b>2.89%</b>	<b>15.78%</b>	<b>28.22%</b>
Channing (06/30/11)	0.25%	1.80%	14.15%	34.62%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
Channing - Net (06/30/11)	0.25%	1.61%	13.74%	33.60%
DFA Small Cap Value (01/31/96)	(0.54%)	3.76%	18.00%	33.05%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
DFA Small Cap Value - Net (12/31/04)	(0.54%)	3.63%	17.72%	32.41%
Inv. Counselors of Maryland (04/30/99)	(0.45%)	1.73%	13.36%	23.53%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
Inv. Couns. of Maryland - Net (12/31/04)	(0.45%)	1.63%	13.15%	23.06%
Lombardia (05/31/11)	(0.14%)	5.19%	18.79%	27.97%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
Lombardia - Net (05/31/11)	(0.14%)	5.02%	18.40%	27.12%
<b>Micro Cap (06/30/84)</b>	<b>2.64%</b>	<b>7.95%</b>	<b>23.79%</b>	<b>28.97%</b>
Ariel (10/31/10)	2.59%	7.45%	24.44%	28.55%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
Russell 2000 Index	(0.51%)	3.08%	15.86%	24.21%
Russell Microcap Index	0.67%	5.10%	18.32%	25.38%
Ariel - Net (10/31/10)	2.59%	7.24%	23.95%	27.55%
Ativo (09/30/10)	1.34%	5.21%	25.46%	30.79%
Russell 2000 Growth Index	(0.62%)	3.74%	17.44%	23.67%
Russell 2000 Index	(0.51%)	3.08%	15.86%	24.21%
Russell Microcap Index	0.67%	5.10%	18.32%	25.38%
Ativo - Net (09/30/10)	1.34%	5.03%	25.01%	29.77%
DFA Micro Cap (07/31/87)	0.76%	4.90%	17.50%	27.71%
Russell 2000 Value Index	(0.41%)	2.47%	14.39%	24.76%
Russell 2000 Index	(0.51%)	3.08%	15.86%	24.21%
DFA Micro Cap - Net (12/31/04)	0.76%	4.78%	17.22%	27.09%
Wall Street (07/31/90)	4.08%	10.50%	28.00%	29.73%
Russell 2000 Growth Index	(0.62%)	3.74%	17.44%	23.67%
Russell 2000 Index	(0.51%)	3.08%	15.86%	24.21%
Wall Street - Net (12/31/04)	4.08%	10.30%	27.53%	28.77%

## 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Small Cap Equity (06/30/88)</b>	<b>20.33%</b>	<b>9.69%</b>	<b>12.20%</b>	<b>12.62%</b>
Russell 2000 Index	18.67%	8.77%	9.53%	9.61%
<b>Small Cap Growth (06/30/88)</b>	<b>19.76%</b>	<b>8.69%</b>	<b>12.01%</b>	<b>13.23%</b>
Fortaleza (11/30/06)	22.02%	7.49%	-	5.61%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	6.53%
Fortaleza - Net (11/30/06)	21.39%	6.94%	-	5.09%
Frontier (07/31/88)	17.97%	10.03%	11.08%	13.25%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.46%
Frontier - Net (12/31/04)	17.28%	9.24%	-	8.33%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.26%
Pyramis (07/31/88)	21.16%	8.80%	13.55%	13.87%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.46%
Pyramis - Net (12/31/04)	20.50%	8.22%	-	10.17%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.26%
<b>Small Cap Value (08/31/89)</b>	<b>19.52%</b>	<b>9.76%</b>	<b>11.43%</b>	<b>12.29%</b>
Channing (06/30/11)	-	-	-	12.99%
Russell 2000 Value Index	17.33%	8.59%	9.30%	10.89%
Channing - Net (06/30/11)	-	-	-	12.17%
DFA Small Cap Value (01/31/96)	21.77%	12.14%	12.59%	13.04%
Russell 2000 Value Index	17.33%	8.59%	9.30%	9.86%
DFA Small Cap Value - Net (12/31/04)	21.20%	11.59%	-	7.28%
Russell 2000 Value Index	17.33%	8.59%	9.30%	5.83%
Inv. Counselors of Maryland (04/30/99)	17.98%	8.40%	10.80%	12.21%
Russell 2000 Value Index	17.33%	8.59%	9.30%	9.90%
Inv. Couns. of Maryland - Net (12/31/04)	17.45%	7.86%	-	7.13%
Russell 2000 Value Index	17.33%	8.59%	9.30%	5.83%
Lombardia (05/31/11)	-	-	-	10.63%
Russell 2000 Value Index	17.33%	8.59%	9.30%	9.12%
Lombardia - Net (05/31/11)	-	-	-	9.96%
<b>Micro Cap (06/30/84)</b>	<b>22.06%</b>	<b>10.19%</b>	<b>11.08%</b>	<b>12.38%</b>
Ariel (10/31/10)	-	-	-	17.65%
Russell 2000 Value Index	17.33%	8.59%	9.30%	13.97%
Russell 2000 Index	18.67%	8.77%	9.53%	14.73%
Russell Microcap Index	18.28%	8.53%	7.81%	15.04%
Ariel - Net (10/31/10)	-	-	-	16.75%
Ativo (09/30/10)	-	-	-	15.49%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	16.73%
Russell 2000 Index	18.67%	8.77%	9.53%	15.93%
Russell Microcap Index	18.28%	8.53%	7.81%	16.86%
Ativo - Net (09/30/10)	-	-	-	14.66%
DFA Micro Cap (07/31/87)	20.41%	11.16%	10.89%	11.37%
Russell 2000 Value Index	17.33%	8.59%	9.30%	10.26%
Russell 2000 Index	18.67%	8.77%	9.53%	8.70%
DFA Micro Cap - Net (12/31/04)	19.83%	10.62%	-	6.39%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.26%
Russell 2000 Index	18.67%	8.77%	9.53%	6.60%
Wall Street (07/31/90)	23.89%	10.34%	11.46%	14.58%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.28%
Russell 2000 Index	18.67%	8.77%	9.53%	9.48%
Wall Street - Net (12/31/04)	22.96%	9.49%	-	7.19%
Russell 2000 Growth Index	19.97%	8.89%	9.62%	7.26%
Russell 2000 Index	18.67%	8.77%	9.53%	6.60%

## 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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Equity (08/31/86)</b>	<b>(3.84%)</b>	<b>(1.08%)</b>	<b>3.84%</b>	<b>18.55%</b>
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
<b>Intl Large Cap Growth (08/31/02)</b>	<b>(4.83%)</b>	<b>(2.96%)</b>	<b>0.87%</b>	<b>18.04%</b>
EARNEST Partners (09/30/04)	(5.26%)	(4.17%)	(1.50%)	17.69%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Growth	(4.00%)	(2.81%)	1.64%	14.75%
EARNEST Partners - Net (12/31/04)	(5.26%)	(4.22%)	(1.60%)	17.10%
William Blair (09/30/02)	(4.44%)	(1.81%)	3.18%	18.37%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Growth	(4.00%)	(2.81%)	1.64%	14.75%
William Blair - Net (12/31/04)	(4.44%)	(1.90%)	2.99%	17.93%
<b>Intl Large Cap Value (09/30/95)</b>	<b>(3.45%)</b>	<b>0.12%</b>	<b>4.82%</b>	<b>16.13%</b>
Brandes (12/31/95)	(3.16%)	2.02%	7.22%	17.81%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Value	(4.60%)	(2.98%)	(1.10%)	13.51%
Brandes - Net (12/31/04)	(3.16%)	1.97%	7.11%	17.56%
Lombardia (3/31/12)	(3.41%)	0.68%	3.53%	25.97%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Value	(4.60%)	(2.98%)	(1.10%)	13.51%
Lombardia - Net (3/31/12)	(3.41%)	0.54%	3.35%	25.38%
Mondrian (3/31/12)	(3.66%)	(1.24%)	3.00%	14.06%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Value	(4.60%)	(2.98%)	(1.10%)	13.51%
Mondrian - Net (3/31/12)	(3.66%)	(1.37%)	2.75%	13.49%
Lazard (3/31/12)	(3.87%)	(2.48%)	2.60%	18.21%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
MSCI ACWI ex-US Value	(4.60%)	(2.98%)	(1.10%)	13.51%
Lazard - Net (3/31/12)	(3.87%)	(2.54%)	2.48%	17.93%

## 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Equity (08/31/86)</b>	<b>10.49%</b>	<b>0.04%</b>	<b>9.00%</b>	<b>8.01%</b>
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	-
<b>Intl Large Cap Growth (08/31/02)</b>	<b>10.77%</b>	<b>(0.11%)</b>	<b>9.88%</b>	<b>9.50%</b>
EARNEST Partners (09/30/04)	10.33%	3.50%	-	11.97%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	6.68%
MSCI ACWI ex-US Growth	9.08%	(0.67%)	8.63%	7.31%
EARNEST Partners - Net (12/31/04)	9.84%	3.01%	-	9.55%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	5.24%
MSCI ACWI ex-US Growth	9.08%	(0.67%)	8.63%	5.92%
William Blair (09/30/02)	11.92%	1.23%	10.27%	9.94%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	8.49%
MSCI ACWI ex-US Growth	9.08%	(0.67%)	8.63%	8.51%
William Blair - Net (12/31/04)	11.50%	0.83%	-	6.04%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	5.24%
MSCI ACWI ex-US Growth	9.08%	(0.67%)	8.63%	5.92%
<b>Intl Large Cap Value (09/30/95)</b>	<b>8.06%</b>	<b>(0.11%)</b>	<b>8.54%</b>	<b>9.63%</b>
Brandes (12/31/95)	8.36%	0.06%	8.63%	9.73%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	5.25%
MSCI ACWI ex-US Value	7.84%	(0.04%)	9.50%	-
Brandes - Net (12/31/04)	8.12%	(0.20%)	-	3.21%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	5.24%
MSCI ACWI ex-US Value	7.84%	(0.04%)	9.50%	5.48%
Lombardia (3/31/12)	-	-	-	11.16%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	3.97%
MSCI ACWI ex-US Value	7.84%	(0.04%)	9.50%	3.98%
Lombardia - Net (3/31/12)	-	-	-	10.73%
Mondrian (3/31/12)	-	-	-	5.43%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	3.97%
MSCI ACWI ex-US Value	7.84%	(0.04%)	9.50%	3.98%
Mondrian - Net (3/31/12)	-	-	-	4.99%
Lazard (3/31/12)	-	-	-	9.20%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	3.97%
MSCI ACWI ex-US Value	7.84%	(0.04%)	9.50%	3.98%
Lazard - Net (3/31/12)	-	-	-	8.98%



## 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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>(3.82%)</b>	<b>(1.09%)</b>	<b>4.67%</b>	<b>20.08%</b>
Arrowstreet (02/29/08)	(4.28%)	(0.48%)	4.19%	21.04%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
Arrowstreet - Net (02/29/08)	(4.28%)	(0.59%)	3.96%	20.49%
Brown (09/30/04)	(2.64%)	0.46%	10.10%	26.13%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
Brown - Net (12/31/04)	(2.64%)	0.40%	9.97%	25.60%
GlobeFlex (02/28/06)	(3.96%)	(2.45%)	2.56%	16.30%
MSCI ACWI ex-US Index	(4.34%)	(3.11%)	(0.04%)	13.63%
GlobeFlex - Net (02/28/06)	(3.96%)	(2.55%)	2.35%	15.82%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>(3.54%)</b>	<b>(0.73%)</b>	<b>4.44%</b>	<b>19.13%</b>
NTGI MSCI EAFE Idx (01/31/00)	(3.54%)	(0.73%)	4.44%	19.13%
MSCI EAFE Index	(3.55%)	(0.98%)	4.10%	18.62%
NTGI EAFE Idx - Net (12/31/04)	(3.54%)	(0.73%)	3.49%	18.05%
<b>International Small Cap (11/30/05)</b>	<b>(2.76%)</b>	<b>(0.80%)</b>	<b>7.85%</b>	<b>22.89%</b>
Franklin Templeton (07/31/11)	(3.32%)	(1.20%)	7.51%	22.62%
ACWI Small Cap ex US	(5.08%)	(4.42%)	1.83%	15.94%
Franklin Templeton - Net (07/31/11)	(3.32%)	(1.38%)	7.12%	21.71%
William Blair (08/31/10)	(2.28%)	(0.46%)	8.14%	23.12%
ACWI Small Cap ex US	(5.08%)	(4.42%)	1.83%	15.94%
Intl SC Blended Benchmark	(5.08%)	(4.42%)	1.83%	15.94%
William Blair - Net (08/31/10)	(2.28%)	(0.65%)	7.73%	22.17%
<b>Emerging Markets (01/31/92)</b>	<b>(6.76%)</b>	<b>(6.96%)</b>	<b>(6.37%)</b>	<b>7.68%</b>
Genesis (04/30/04)	(6.76%)	(6.96%)	(6.37%)	7.68%
MSCI Emerging Markets Index	(6.32%)	(7.95%)	(9.40%)	3.23%
Genesis - Net (12/31/04)	(6.76%)	(7.05%)	(6.68%)	7.00%

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

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

## International Equity Returns

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

### Returns for Periods Ended June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>11.81%</b>	<b>2.63%</b>	<b>-</b>	<b>1.60%</b>
Arrowstreet (02/29/08)	11.47%	2.45%	-	1.45%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	(0.83%)
Arrowstreet - Net (02/29/08)	10.94%	1.94%	-	0.99%
Brown (09/30/04)	11.01%	3.94%	-	8.31%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	6.68%
Brown - Net (12/31/04)	10.50%	3.55%	-	5.82%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	5.24%
GlobeFlex (02/28/06)	12.98%	(1.08%)	-	3.05%
MSCI ACWI ex-US Index	7.99%	(0.80%)	8.62%	2.40%
GlobeFlex - Net (02/28/06)	12.50%	(1.52%)	-	2.59%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>10.47%</b>	<b>(0.22%)</b>	<b>8.07%</b>	<b>2.34%</b>
NTGI MSCI EAFE Idx (01/31/00)	10.46%	(0.24%)	8.06%	2.35%
MSCI EAFE Index	10.04%	(0.63%)	7.67%	1.96%
NTGI EAFE Idx - Net (12/31/04)	10.12%	(0.43%)	-	4.06%
MSCI EAFE Index	10.04%	(0.63%)	7.67%	4.31%
<b>International Small Cap (11/30/05)</b>	<b>14.46%</b>	<b>(0.71%)</b>	<b>-</b>	<b>3.00%</b>
Franklin Templeton (07/31/11)	-	-	-	4.10%
ACWI Small Cap ex US	9.16%	2.65%	11.31%	(1.64%)
Franklin Templeton - Net (07/31/11)	-	-	-	3.41%
William Blair (08/31/10)	-	-	-	13.70%
ACWI Small Cap ex US	9.16%	2.65%	11.31%	7.43%
Intl SC Blended Benchmark	9.99%	0.91%	10.40%	8.60%
William Blair - Net (08/31/10)	-	-	-	11.01%
<b>Emerging Markets (01/31/92)</b>	<b>7.35%</b>	<b>5.30%</b>	<b>16.96%</b>	<b>9.95%</b>
Genesis (04/30/04)	7.35%	5.30%	-	14.06%
MSCI Emerging Markets Index	3.72%	(0.11%)	14.02%	10.48%
Genesis - Net (12/31/04)	6.69%	4.66%	-	11.99%
MSCI Emerging Markets Index	3.72%	(0.11%)	14.02%	10.17%

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

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

## Domestic Fixed-Income Returns

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

### Returns for Periods Ended June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>(1.78%)</b>	<b>(2.50%)</b>	<b>(2.11%)</b>	<b>0.50%</b>
EARNEST Partners (04/30/05)	(1.56%)	(2.29%)	(1.72%)	0.57%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
EARNEST Partners - Net (04/30/05)	(1.56%)	(2.34%)	(1.82%)	0.36%
Piedmont (05/31/05)	(1.99%)	(2.72%)	(2.50%)	0.43%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
Piedmont - Net (05/31/05)	(1.99%)	(2.76%)	(2.62%)	0.22%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>(1.41%)</b>	<b>(2.29%)</b>	<b>(2.44%)</b>	<b>(0.15%)</b>
BlackRock Enhanced (04/30/00)	(1.41%)	(2.29%)	(2.44%)	(0.15%)
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
BlackRock Enhanced - Net (12/31/04)	(1.41%)	(2.43%)	(2.58%)	(0.32%)
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>(1.56%)</b>	<b>(2.37%)</b>	<b>(2.51%)</b>	<b>(0.73%)</b>
NTGI BC Agg. Index (01/31/90)	(1.56%)	(2.37%)	(2.51%)	(0.73%)
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
NTGI BC Agg. Index - Net (12/31/04)	(1.56%)	(2.38%)	(2.51%)	(0.73%)

## 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>4.67%</b>	<b>6.07%</b>	<b>4.42%</b>	<b>5.06%</b>
EARNEST Partners (04/30/05)	4.70%	6.16%	-	5.47%
BC Aggregate Index	3.51%	5.19%	4.52%	5.00%
EARNEST Partners - Net (04/30/05)	4.50%	5.95%	-	5.26%
Piedmont (05/31/05)	4.50%	5.79%	-	4.95%
BC Aggregate Index	3.51%	5.19%	4.52%	4.88%
Piedmont - Net (05/31/05)	4.32%	5.61%	-	4.74%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>3.83%</b>	<b>5.30%</b>	<b>4.57%</b>	<b>5.86%</b>
BlackRock Enhanced (04/30/00)	3.83%	5.30%	4.57%	5.89%
BC Aggregate Index	3.51%	5.19%	4.52%	5.80%
BlackRock Enhanced - Net (12/31/04)	3.72%	5.20%	-	4.70%
BC Aggregate Index	3.51%	5.19%	4.52%	4.86%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>3.49%</b>	<b>5.05%</b>	<b>4.47%</b>	<b>6.62%</b>
NTGI BC Agg. Index (01/31/90)	3.49%	5.05%	4.47%	6.64%
BC Aggregate Index	3.51%	5.19%	4.52%	6.64%
NTGI BC Agg. Index - Net (12/31/04)	3.48%	5.04%	-	4.68%
BC Aggregate Index	3.51%	5.19%	4.52%	4.86%

## 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 June 30, 2013

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>(2.00%)</b>	<b>(2.77%)</b>	<b>(2.50%)</b>	<b>1.09%</b>
BlackRock Core Plus (03/31/07)	(1.46%)	(2.20%)	(2.31%)	0.05%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
BlackRock Core Plus - Net (03/31/07)	(1.46%)	(2.23%)	(2.54%)	(0.19%)
LM Capital (04/30/05)	(2.10%)	(3.08%)	(2.96%)	0.70%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
LM Capital - Net (04/30/05)	(2.10%)	(3.12%)	(3.03%)	0.54%
Progress Fixed Income (12/31/05)	(1.73%)	(2.22%)	(1.79%)	1.28%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
Progress Fixed Inc. - Net (12/31/05)	(1.73%)	(2.30%)	(1.96%)	0.92%
Taplin, Canida, Habacht (04/30/05)	(2.54%)	(3.26%)	(3.15%)	1.65%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
Taplin, Canida, Hab. - Net (04/30/05)	(2.54%)	(3.29%)	(3.21%)	1.52%
Western (10/31/01)	(1.97%)	(2.75%)	(2.06%)	1.58%
BC Aggregate Index	(1.55%)	(2.32%)	(2.44%)	(0.69%)
Western - Net (12/31/04)	(1.97%)	(2.78%)	(2.13%)	1.44%
<b>High Yield (03/31/86)</b>	<b>(1.72%)</b>	<b>(0.64%)</b>	<b>2.14%</b>	<b>9.95%</b>
MackKay Shields (10/31/00)	(2.06%)	(1.06%)	1.73%	9.08%
ML High Yield Cash Pay Index	(2.64%)	(1.37%)	1.46%	9.44%
MackKay Shields - Net (12/31/04)	(2.15%)	(1.15%)	1.55%	8.62%
Pyramis (07/31/86)	(1.40%)	(0.24%)	2.53%	10.79%
ML High Yield Cash Pay Index	(2.64%)	(1.37%)	1.46%	9.44%
Pyramis - Net (12/31/04)	(1.40%)	(0.32%)	2.39%	10.47%

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

## 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 June 30, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>5.21%</b>	<b>6.61%</b>	<b>5.21%</b>	<b>8.85%</b>
BlackRock Core Plus (03/31/07)	4.60%	5.96%	-	5.60%
BC Aggregate Index	3.51%	5.19%	4.52%	5.13%
BlackRock Core Plus - Net (03/31/07)	4.45%	5.85%	-	5.50%
LM Capital (04/30/05)	4.88%	6.31%	-	5.74%
BC Aggregate Index	3.51%	5.19%	4.52%	5.00%
LM Capital - Net (04/30/05)	4.71%	6.14%	-	5.57%
Progress Fixed Income (12/31/05)	4.60%	6.18%	-	5.93%
BC Aggregate Index	3.51%	5.19%	4.52%	5.18%
Progress Fixed Inc. - Net (12/31/05)	4.24%	5.81%	-	5.59%
Taplin, Canida, Habacht (04/30/05)	5.36%	6.52%	-	5.44%
BC Aggregate Index	3.51%	5.19%	4.52%	5.00%
Taplin, Canida, Hab. - Net (04/30/05)	5.23%	6.39%	-	5.34%
Western (10/31/01)	5.84%	7.40%	5.63%	6.23%
BC Aggregate Index	3.51%	5.19%	4.52%	5.05%
Western - Net (12/31/04)	5.69%	7.25%	-	5.30%
BC Aggregate Index	3.51%	5.19%	4.52%	4.86%
<b>High Yield (03/31/86)</b>	<b>10.69%</b>	<b>10.76%</b>	<b>9.65%</b>	<b>10.26%</b>
Mackay Shields (10/31/00)	10.54%	9.76%	9.46%	9.85%
ML High Yield Cash Pay Index	10.40%	10.49%	8.65%	8.14%
Mackay Shields - Net (12/31/04)	10.13%	9.36%	-	7.40%
ML High Yield Cash Pay Index	10.40%	10.49%	8.65%	8.00%
Pyramis (07/31/86)	10.84%	11.79%	9.84%	10.05%
ML High Yield Cash Pay Index	10.40%	10.49%	8.65%	8.82%
Pyramis - Net (12/31/04)	10.34%	11.37%	-	8.39%
ML High Yield Cash Pay Index	10.40%	10.49%	8.65%	8.00%

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

## Manager Summary

### Five Best Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Outperformance (in % points)	Since Inception Outperformance (in % points)	
Wall Street	10.56	7.30	(07/31/90)
Brown	10.14	1.63	(09/30/04)
Ariel	10.05	3.68	(10/31/10)
Ativo	8.02	-1.24	(09/30/10)
Brandes	7.26	4.48	(12/31/95)

### Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
BlackRock LCG	-3.57	-6.13	(07/31/11)
Sands	-2.85	3.20	(10/31/03)
Fortaleza	-2.71	-0.92	(11/30/06)
Piedmont LC	-2.58	-2.78	(05/31/11)
Earnest Partners	-1.46	5.29	(09/30/04)

### Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Wall Street	28.00	14.58	(07/31/90)
Ativo	25.46	15.49	(09/30/10)
Ariel	24.44	17.65	(10/31/10)
LSV	19.51	10.41	(01/31/03)
Lombardia	18.79	10.63	(05/31/11)

### Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Genesis	-6.37	14.06	(04/30/04)
Taplin, Canida, Habacht	-3.15	5.44	(04/30/05)
LM Capital	-2.96	5.74	(04/30/05)
NT Barclays Agg	-2.51	6.64	(01/31/90)
Piedmont Investment	-2.50	4.95	(04/30/05)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

(13-07-02) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Meeting #13-06-28

Schedules - Dated July 26, 2013

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

Administration - Master Trustee Report

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

Participation of New Unit of Government (2)

St. Clair County ROE

County: St. Clair

2013 Rate: 13.34%

Effective Participation Date: July 1, 2013

Number of Participating Employees: 27

Village of Germantown

County: Clinton

2013 Rate: 8.13%

Effective Participation Date: August 1, 2013

Number of Participating Employees: 6



Participation of Townships (2)

Genoa Township

County: DeKalb

2014 Rate: 7.55%

Effective Participation Date: January 1, 2014

Number of Participating Employees: 3

Winnebago Township

County: Winnebago

2014 Rate: 6.44%

Effective Participation Date: January 1, 2014

Number of Participating Employees: 1

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

Vote: Unanimous Voice Vote

Absent: Copper, Henry

(13-07-03) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of July Financial Reporting Package
- May Interim Financial Statements
- Impact of 2013 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Schedule T - Report of Expenditures

It was moved by Mr. Kuehne, seconded by Mr. Nannini to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote

Absent: Copper, Henry

(13-07-04) (Report of the Benefit Review Committee) Trustee Stulir reported on the meeting held on July 25, 2013.

It was moved by Piechocinski, seconded by Mr. Kuehne, to accept the following recommendations of the Benefit Review Committee:

- To uphold staff's determination and deny the application for total and permanent disability benefits filed by Pamela Clark.
- To uphold staff's determination to terminate Randy Carodine's total and permanent disability benefits effective February 1, 2013.
- To uphold staff's determination to deny the Decatur Sanitary District's request for an Accelerated Payment Exemption for Harold Brewner and Randolph Mceldowney. Furthermore, that staff waive interest accrual until 30 days after the District is advised of the Board's decision.
- To uphold staff's determination to deny the East Peoria Community High School District's request for an Accelerated Payment Exemption for Judy McFarland.

- To uphold staff's determination that wages reported by the City of Zion For December 2012 for Bruce Mihelich, in lieu of health insurance, are reportable IMRF wages, therefore creating a prepayment of disability benefits paid to him, for December of 2012, in the amount of \$3,067.77.

Vote: Unanimous Voice Vote

Absent: Copper, Henry

(13-07-05) (Report of the Investment Committee) The Chair of the Investment Committee reported on the meeting held on July 25, 2013.

He reported that staff presented a recommendation to the Investment Committee to transfer the assets of the BlackRock Enhanced Index Portfolio to the BlackRock U.S. Debt Index Fund. The recommendation was based on lower transition costs; recent volatility in U.S. fixed income market; strong historical performance of the BlackRock U.S. Debt Index Fund; highly competitive management fees; reduced concentration risk for IMRF; and, BlackRock's superior global fixed income management capacity.

It was the consensus of the Investment Committee to recommend the Board approve staff's recommendation.

The Chair stated that staff presented an overview of Vista Credit Opportunities Fund I, L.P. and CBRE U.S. Core Partners, L.P. and recommended the following:

- A commitment of up to \$50 million be made to Vista Credit Opportunities Fund I, L.P., subject to satisfactory legal due diligence;
- A commitment of up to \$125 million to CBRE U.S. Core Partners, L.P., subject to satisfactory legal due diligence; and,
- Authorize staff to complete all documentation necessary to execute these recommendations.

Next, staff presented an overview for domestic equity manager reallocation and recommended the following to the Investment Committee:

- An additional allocation of \$75 million to Channing Capital Management Small Cap Value Equity Portfolio;
- An additional allocation of \$75 million to Vision Capital Management Large Cap Growth Equity Portfolio;
- A withdrawal of \$200 million from BlackRock Financial Management Large Cap Growth Equity Portfolio; and
- Use of the withdrawals from BlackRock to fund allocations designated for Channing and Vision; and to allocate the remaining \$50 million balance to the IMRF Cash Flow Account.

Representatives from Vista Credit Opportunities Fund I, L.P. and CBRE U.S. Core Partners, L.P. each presented a review of their firm's organizational structure, investment strategy and performance history.

It was the consensus of the Investment Committee to recommend the Board approve a commitment of up to \$50 million to Vista Credit Opportunities Fund I, L.P. and a commitment of up to \$125 million to CBRE U.S. Core Partners, L.P.; subject to satisfactory legal due diligence; and to authorize staff to complete all documentations necessary to execute this recommendation.

The Chair reported it was the consensus of the Investment Committee to recommend that the Board approve the following:

- An additional allocation of \$75 million to Channing Capital Management Small Cap Value Equity Portfolio;
- An additional allocation of \$75 million to Vision Capital Management Large Cap Growth Equity Portfolio;
- A withdrawal of \$200 million from BlackRock Financial Management Large Cap Growth Equity Portfolio; and
- Use of the withdrawals from BlackRock to fund allocations designated for Channing and Vision; and to allocate the remaining \$50 million balance to the IMRF Cash Flow Account.

Lastly, Callan Associates presented an update on the IMRF Asset Liability Modeling Study to the Committee.

It was moved by Mr. Nannini, seconded by Ms. Thompson, to accept the recommendations and report of the Investment Committee.

Vote: Unanimous Voice Vote  
Absent: Copper, Henry

(12-07-06) (Litigation Update) The following is an update of the currently pending litigation:

**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. Just as in the *Stevens* case, IMRF has been named as a "necessary party" to the lawsuit so that any judgment can be properly enforced.

**Status:** On February 7, 2013, the parties appeared before the Court where the County indicated that it had changed its mind and was no longer interested in settling the case. The Plaintiffs have filed a motion to enforce the settlement agreement. The hearing on that motion that was set for April 2, 2013 was postponed. The County has now hired a private law firm as a special assistant state's attorney to represent them.

**JOSEPH PRAZEN v. IMRF**

**Summary:** This is an administrative review action involving an ERI return to work situation. The IMRF Board determined that Plaintiff's creation of s corporation was a guise to avoid the ERI forfeiture provisions contained in 7-141.1(g).

**Status:** Petition for Leave to appeal granted on November 28, 2012. IMRF's brief was filed on January 2, 2013. Oral argument before the Illinois Supreme Court was held on May 22, 2013. Waiting for opinion.

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

**Summary:** The unsecured creditors in the Tribune bankruptcy have sued investors who sold their Tribune stock at the time of the buyout. The plaintiff's theory is that the buyout was fraudulent and therefore a portion of those stockholders' proceeds from the stock sale was due to the fraud and should be returned to the Tribune's bankruptcy estate.

**Status:** IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP). A motion to dismiss was argued on May 23, 2013. We are awaiting a decision.

**DIEHL V. BOARD OF TRUSTEES (12 MR 1282 DuPage)**

**Summary:** Appeal of denial of total and permanent disability based on voluntary resignation via Schedule H.

**Status:** IMRF has agreed to rehear the case allowing the Plaintiff to present facts she claims she was denied the opportunity to present due to the matter being placed on Schedule H.

**LEHMAN BROS. SPECIAL FINANCING, INC. V. BANK OF AMERICA NATIONAL ASSOC., ET AL.**

**Summary:** This case was filed in the Lehman Bros. Bankruptcy matter. IMRF owned a bond, purchased by one of the Progress managers, for which we were paid in full at the time Lehman became insolvent. In this case, certain of the parties in the Lehman bankruptcy are attempting to recoup the proceeds of our bond, as well as others.

**Status:** This adversary proceeding in the bankruptcy matter is currently stayed (on hold) while the proper defendants are determined.

**VILLAGE OF OAK BROOK V. THOMAS SHEAHAN, ET. AL. (13 MR 942)**

**Summary:** This is an administrative review action challenging the Board's decision upholding the granting of MEABF and Deerfield credit transfers to Thomas Sheahan, the former police chief of Oak Brook and deny the Village's request to recalculate their liability excluding the service credits transferred from MEABF and Deerfield. The Village is also seeking a declaratory judgment that Section 8-226.7 is unconstitutional special legislation.

**Status:** Case was filed on June 6, 2013. Appearance, administrative record and motion to dismiss were filed on July 11, 2013.

**ESTATE OF MICHAEL STAMPER V. IMRF (2013 CH 1805) DUPAGE CO.**

**Summary:** Decedent's mother and administrator of his estate is suing IMRF requesting the judge issue a temporary restraining order and an injunction issue preventing IMRF from paying out a benefit pursuant to a 1978 6.11 form which names her son's friends as his beneficiaries.

**Status:** Case was filed on June 26, 2013. IMRF has filed a motion to dismiss for failure to name necessary parties and cross claim for interpleader.

(13-07-07) (Report of Executive Director)

**Quarterly Strategic Objectives Report**

The Executive Director updated the Board on the 2<sup>nd</sup> Quarter 2013 Strategic Objectives.

**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 2<sup>nd</sup> Quarter 2013.

**Representation of IMRF**

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

(13-07-08) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board to attend the following conference:

Gwen Henry "Program for Advanced Trustee Studies"  
NCPERS  
August 19-21, 2013  
Cambridge, MA

Mark Nannini "Program for Advanced Trustee Studies"  
NCPERS  
August 19-21, 2013  
Cambridge, MA

It was moved by Mr. Piechocinski seconded by Mr. Stulir, to approve the above Trustee requests.

Vote: Unanimous Voice Vote  
Absent: Copper, Henry

(13-07-09) (Executive Director Performance Appraisal Discussion)  
The Chair tabled the Executive Director Performance Appraisal discussion to the August 23, 2013 Board Meeting.

(13-07-10) (Adjournment) It was moved by Mr. Nannini, seconded by Mr. Stulir, to adjourn the Board Meeting at 9:30 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on August 23, 2013.

Vote: Unanimous Voice Vote  
Absent: Copper, Henry

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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