

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 15-02
FEBRUARY 27, 2015

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 15-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., February 27, 2015, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

Ms. Enright called the roll:

Present: Copper, Henry, Kuehne, Miller, Piechocinski, Stanish, Stulir

Ms. Thompson was present via telephone.

Absent: None

Ms. Becker-Wold and Mr. Ball from Callan Associates, Mr. Moss from Seyfarth Shaw and representatives from Topeka Capital Markets; Loop Capital; Ramirez Asset Management; and, UNITEHERE were also present.

(15-02-01) (Board of Trustees) The Executive Director reported that Natalie Copper and David Miller had subscribed to the constitutional oath of office that was filed in the Fund's records.

(15-02-02) (Public Comments) Representatives from UNITEHERE discussed concerns they have with a hotel owned and operated through a private equity venture in which IMRF is a limited partner.

(15-02-03)(4th Quarter Investment Performance Report) Ms. Becker-Wold of Callan Associates presented an evaluation of IMRF's investment performance for the period ending December 31, 2014.

The report was followed by discussion from Board Members.

(15-02-04) (Investment Manager Activities - Callan Associates) Mr. Ball of Callan Associates presented the following report to the Board on the activities of IMRF's investment managers for the month of January 2015:

January 31, 2015



**Illinois Municipal
Retirement Fund
Monthly Performance Report**

**Investment Measurement Service
Monthly Review**

Major Market Returns

**Returns
for Periods Ended January 31, 2015**

| Index | Last Month | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|--------------------------|------------|-----------|--------------|--------------|---------------|
| Russell:3000 Index | (2.78) | 12.99 | 17.43 | 15.83 | 7.94 |
| Russell:1000 Index | (2.75) | 13.76 | 17.62 | 15.84 | 7.96 |
| Russell:Midcap Index | (1.56) | 13.66 | 18.42 | 17.62 | 9.56 |
| Russell:2000 Index | (3.22) | 4.41 | 15.27 | 15.66 | 7.77 |
| MSCI:ACWI ex-US (Net) | (0.15) | 0.56 | 6.58 | 5.45 | 5.13 |
| MSCI:EAFE US\$ | 0.49 | (0.43) | 9.33 | 6.39 | 4.43 |
| MSCI:Emer Markets | 0.61 | 5.61 | 0.94 | 3.41 | 8.78 |
| Barclays:Aggregate Index | 2.10 | 6.61 | 3.07 | 4.57 | 4.71 |
| NCREIF:ODCE Index | 1.08 | 12.77 | 12.51 | 14.12 | 7.11 |
| NAREIT Equity Index | 6.71 | 33.34 | 16.41 | 19.69 | 8.30 |

January was a rough month for U.S. equities. Volatility increased on falling energy prices and a generally rising dollar. International equities (-0.2%) outperformed the U.S. and emerging markets bested both (+0.6%). Fixed income was up a strong 2.1% on the back of falling interest rates.

Divergence in monetary policy between the U.S. and the rest of the world created volatility. Major central banks faced a challenging combination of falling inflation (or even deflation), slow labor-market improvement and economies at different stages of recovery. The Bank of England's Monetary Policy Committee voted unanimously to keep rates unchanged for the seventieth consecutive month. The European Central Bank decided to initiate a 1 trillion euro asset-purchase program scheduled to begin in March. The Bank of Japan maintained its annual 80 trillion yen asset-purchase program, but adjusted near-term inflation estimates downward.

News from the U.S. continues to indicate an improving economy. The U.S. economy grew by 2.6% annualized in the fourth quarter, more slowly than the third quarter's 5% rate. Strong sentiment persisted among U.S. consumers during January for the sixth consecutive month, according to the University of Michigan, reaching the highest assessment of current conditions since 2004. U.S. payrolls expanded in January and the unemployment rate edged up to 5.7% on increasing labor force participation.

*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

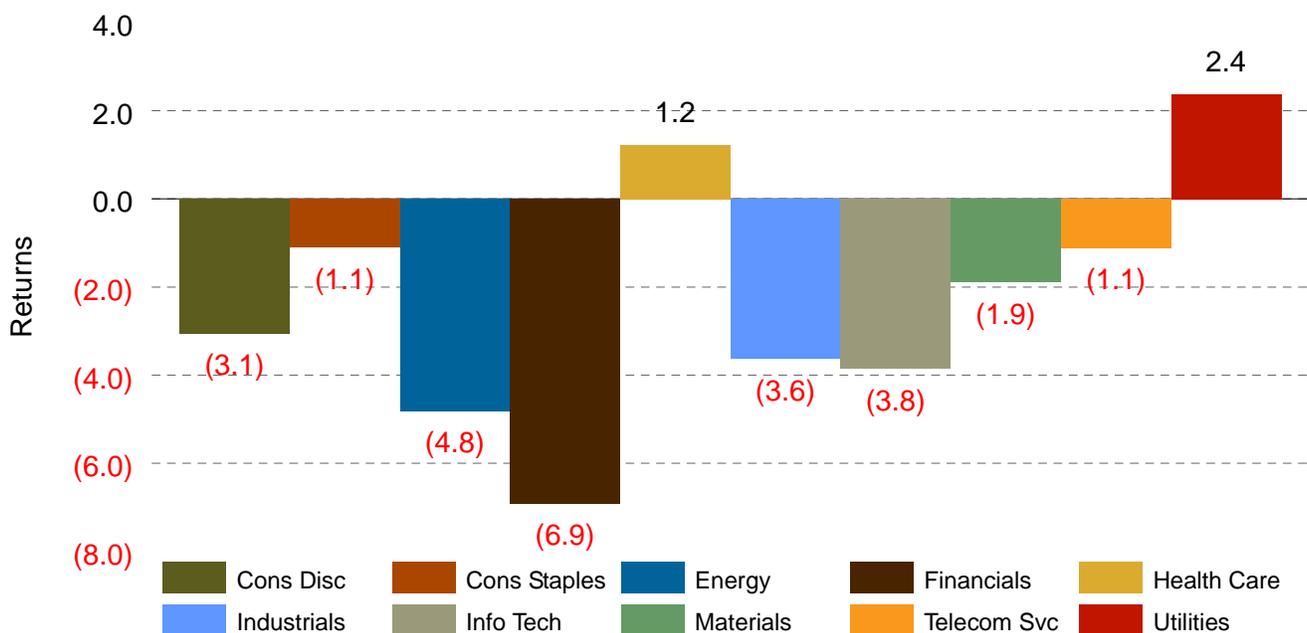
for Periods Ended January 31, 2015

| Index | Last Month | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|-----------|--------------|--------------|---------------|
| Russell:3000 Index | (2.78) | 12.99 | 17.43 | 15.83 | 7.93 |
| Russell:1000 Index | (2.75) | 13.76 | 17.62 | 15.84 | 7.93 |
| Russell:1000 Growth | (1.53) | 14.59 | 17.35 | 16.49 | 8.69 |
| Russell:1000 Value | (4.00) | 12.93 | 17.79 | 15.14 | 7.06 |
| Russell:Midcap Index | (1.56) | 13.66 | 18.42 | 17.62 | 9.67 |
| Russell:2000 Index | (3.22) | 4.41 | 15.27 | 15.66 | 7.87 |
| Russell:2000 Growth | (2.28) | 5.01 | 16.39 | 17.33 | 8.79 |
| Russell:2000 Value | (4.16) | 3.90 | 14.15 | 13.97 | 6.86 |

There was no January effect this year. The Russell 3000 Index lost 2.8%. Large caps, represented by the Russell 1000 Index, posted a monthly loss of 2.8%. Small caps were the worst performers, down 3.2%. Weakness in energy prices and a strong dollar impacted corporate earnings contributing to downward pressure on share prices. Mid caps did better posting a loss of 1.6%.

In large caps, not surprising given the fall in energy prices, the Energy sector performed poorly sliding 4.8%. Financials was the worst performing sector with a decline of 6.9%. Defensive sectors, Utilities and Health Care, posted gains of 2.4% and 1.2% respectively. In the small cap space, Energy was the worst performing sector, dropping 8.4%, and REITs was the best performing returning 3.9%.

S&P 500 Sector Returns for 1 Month Ended January 31, 2015



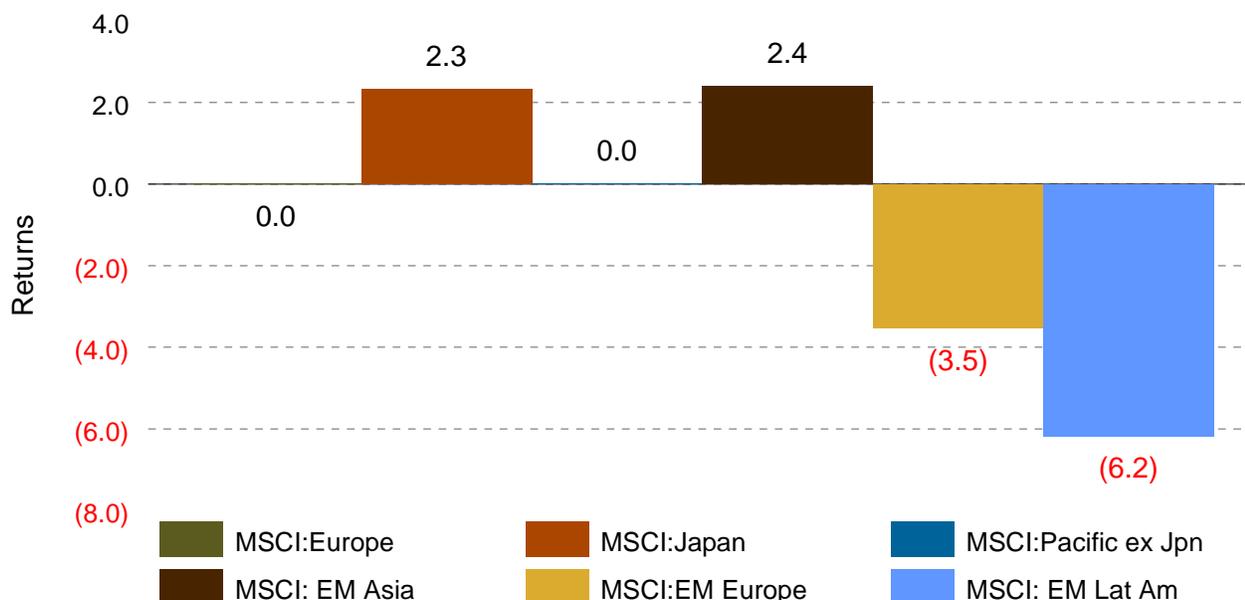
Returns
for Periods Ended January 31, 2015

| Index | Last Month | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|------------------------------|------------|-----------|--------------|--------------|---------------|
| MSCI:ACWI ex-US (Net) | (0.15) | 0.56 | 6.58 | 5.45 | 5.30 |
| MSCI:ACWI ex US Gr | 0.76 | 3.38 | 7.85 | 6.78 | 6.07 |
| MSCI:ACWI ex US Val | (1.06) | (1.38) | 6.23 | 5.01 | 5.41 |
| MSCI:EAFE US\$ | 0.49 | (0.43) | 9.33 | 6.39 | 4.68 |
| MSCI:EAFE Hedged Gross | 2.75 | 9.54 | 12.63 | 6.14 | 3.36 |
| MSCI:Emer Markets | 0.61 | 5.61 | 0.94 | 3.41 | 8.81 |
| MSCI:ACWI ex-US Sm Cap (Net) | (0.37) | (2.51) | 7.63 | 7.13 | 6.69 |

The MSCI ACWI-ex U.S. index was down slightly (-0.2%) for the month. A rising dollar detracted from returns as the local currency index was up 2.5%. For the trailing year, international equity posted a slight gain of 0.6% significantly lagging the S&P 500 (+14.2%). Currency was a major detractor for U.S. investors subtracting over 10% for the trailing year. Small caps were the weak spot in the month posting a decline of 0.4%.

In the developed markets, Japan led Europe and the Pacific ex-Japan with a rise of 2.3% (helped by a gain in the yen versus the dollar of 2.1% for the month). Emerging markets had a relatively good month increasing 0.6% with China (+2.3%) and India (+7.9%) up strongly. Emerging markets posted a better trailing year (+5.6%) than the broader market (+0.6%).

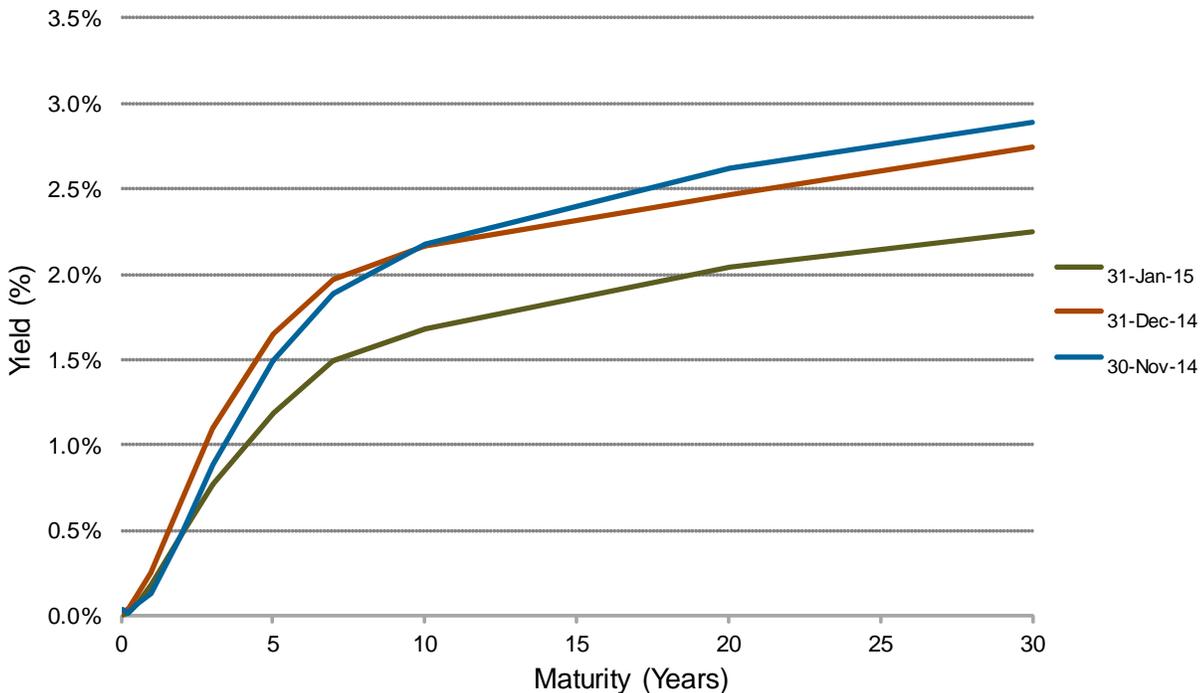
Regional Returns for 1 Month Ended January 31, 2015



Returns
for Periods Ended January 31, 2015

| Index | Last Month | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|--------------------------|------------|-----------|--------------|--------------|---------------|
| Barclays:Aggregate Index | 2.10 | 6.61 | 3.07 | 4.57 | 4.86 |
| Barclays:Govt Index | 2.50 | 6.15 | 2.09 | 3.92 | 4.48 |
| Barclays:Credit | 2.83 | 8.74 | 5.10 | 6.52 | 5.67 |
| Barclays:Mortgage Idx | 0.85 | 5.33 | 2.52 | 3.63 | 4.78 |
| Barclays:US TIPS Index | 3.15 | 4.83 | 0.72 | 4.43 | 4.70 |
| 3 Month T-Bill | 0.00 | 0.03 | 0.07 | 0.09 | 1.53 |
| ML:High Yield CP Idx | 0.68 | 2.39 | 7.53 | 8.69 | 7.62 |
| CSFB Lev Loan | 0.26 | 1.60 | 5.00 | 5.37 | 4.61 |
| JPM:EMBI Global | 0.34 | 6.98 | 4.84 | 7.26 | 7.65 |
| JPM:GBI-EM GI Div | 0.34 | (0.81) | (2.18) | 2.65 | 6.72 |

Treasury Yield Curve



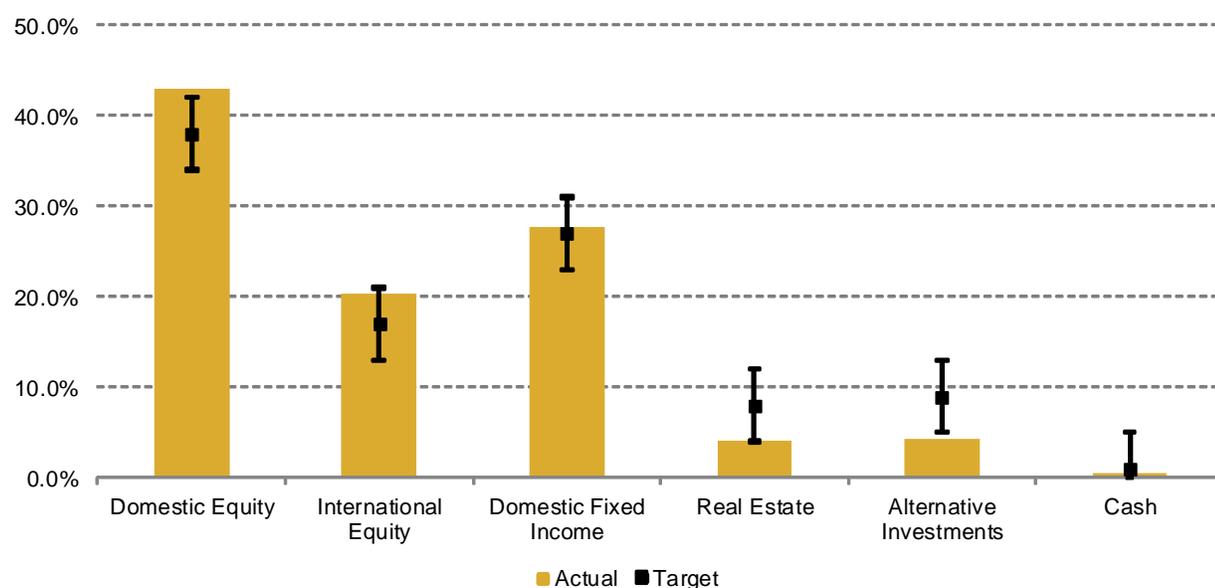
Yields fell again in January with the 10 year down 49 basis points from the end of 2014 (finishing at 1.68% from 2.17% at year-end). The yield curve flattened with the 2-10 year spread going from 1.5% to 1.2% at the end of January. The BC Aggregate gained 2.1%.

U.S. Investment Grade Credit had a good month up 2.8% while Mortgages rose a more modest 0.9%. The Government sector gained 2.5% with longer duration securities outperforming (Treasury 1-5yr: +1.0%; 20+ yrs: +9.3%). Given the decline in real interest rates, TIPS had a good month up 3.2%. High yield rose a modest 0.7% with spreads widening on increased market volatility and weak energy prices.

Total Fund

Total Fund assets at the end of January were \$34.30 billion, down from \$34.59 billion at the end of December. The Fund fell 0.89% for the month, underperforming the benchmark return by 52 basis points. U.S. equities underperformed its benchmark while non-U.S. equities outperformed. Over the last year, the fund is up 6.89% trailing the benchmark by 1.65%.

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 January 31, U.S. equity exceeded its target allocation by 5.0%. All other asset classes were within the allowable range. The Chief Investment Officer and Consultant do not recommend any rebalancing at this time.



U.S. Equity

The U.S. equity composite lost 3.27%, relative to the -2.78% return for the Russell 3000. Growth outperformed value in large and small cap stocks. The smaller capitalization bias had a negative effect for the month as large cap stocks outperformed small caps.

Large Cap: In aggregate, the Fund's large cap managers returned -3.13% and trailed the Russell 1000 Index by 0.38%. Growth managers returned -2.47% and underperformed the Russell 1000 Growth Index by 94 basis points. Vision was the best performing active growth manager, returning -1.82%. Value portfolios collectively returned -3.92%, outperforming their benchmark for the month by 8 basis points. BMO was the best performing value manager with a return of -2.11%.

Small Cap: The Small Cap portfolio lost 3.61% and underperformed the Russell 2000 Index by 0.39%. Small Cap Growth and Value returned -1.74% and -4.51%, respectively. Pyramis was the best performing small cap growth manager and Channing was the best in value. Micro Cap lost 5.36% in January. Ativo was the top performer in the micro-cap segment returning -3.34% for the month.

International Equity

In January, the MSCI ACWI ex-U.S. (Net) Index outperformed the Russell 3000 and the IMRF international equity composite led its U.S. equity counterpart. In aggregate, international equity managers returned 0.20%, ahead of the -0.15% return of the benchmark. Small cap stocks and emerging market equities detracted from international performance during the period.

Large Cap: International Large Cap managers rose 0.35%. This return was 50 basis points ahead of the MSCI ACWI ex-U.S. (Net) Index. International Large Cap Growth returned -0.04% with William Blair performing best (+0.96%). International Large Cap Value returned 0.65% for the month. Mondrian (+1.77%) led all other value managers. The Large Cap Active Core Group rose 0.19% in January with GlobeFlex providing the best performance (+0.42%).

International Small Cap and Emerging Markets: The International Small Cap managers returned -0.20% and outperformed the ACWI Small Cap ex-U.S. Index by 17 basis points. The emerging markets portfolio, managed by Genesis, fell 0.95% during January and underperformed the MSCI Emerging Markets Index by 1.56%.

Fixed Income

For the month, the total fixed income portfolio returned 1.83% (behind the BC Aggregate Index return of 2.10%) as the yield curve fell. The passive core segment was the best performer, rising 2.13%.

Active Core: The active core fixed income component, which is made up of EARNEST Partners and Piedmont, returned 2.08% and trailed the BC Aggregate Index by 2 basis points.

Core Plus: The core plus managers returned 1.95% underperforming the Barclays Aggregate Index by 15 basis points. Western outperformed the other managers returning 2.22%.

Bank Loans: In its sixth month of performance, the bank loans component managed by Babson returned 0.16%, but trailed its custom benchmark by 13 basis points.

Emerging Markets: In its sixth month of performance, the emerging markets component managed by Standish lost 0.17%, underperforming its custom benchmark by 47 basis points.

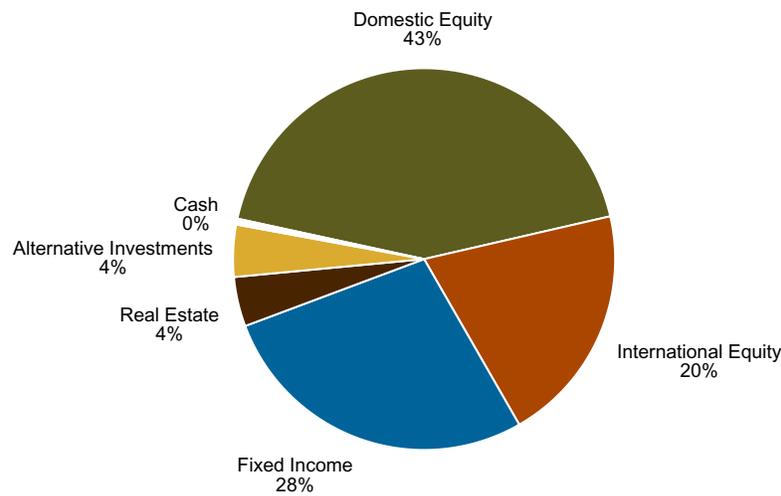
Opportunistic: In its sixth month of performance, the opportunistic component managed by Crescent dropped 1.29%, trailing its custom benchmark by 180 basis points.

High Yield: The high yield component managed by MacKay Shields gained 0.63% in January, trailing the ML High Yield Cash Pay Index (+0.68%).

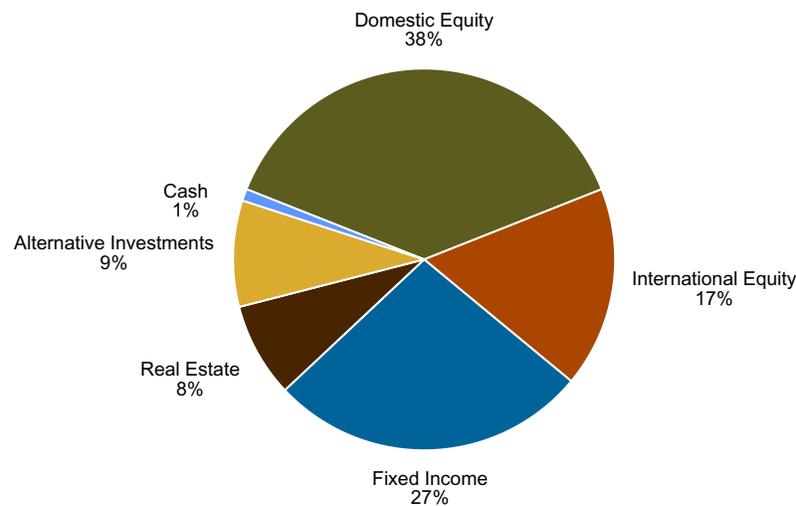
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of January 31, 2015. 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 | 14,751 | 43.0% | 38.0% | 5.0% | 1,718 |
| International Equity | 6,979 | 20.3% | 17.0% | 3.3% | 1,149 |
| Fixed Income | 9,467 | 27.6% | 27.0% | 0.6% | 207 |
| Real Estate | 1,441 | 4.2% | 8.0% | (3.8%) | (1,303) |
| Alternative Investments | 1,493 | 4.4% | 9.0% | (4.6%) | (1,593) |
| Cash | 165 | 0.5% | 1.0% | (0.5%) | (178) |
| Total | 34,297 | 100.0% | 100.0% | | |

* Current Month Target = 38.0% US Total Stock Market Idx, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net 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 January 31, 2015, with the distribution as of December 31, 2014.

Asset Distribution Across Investment Managers

| | January 31, 2015 | | December 31, 2014 | |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Market Value | Percent | Market Value | Percent |
| Domestic Equity | \$14,751,002,284 | 43.01% | \$15,249,459,346 | 44.09% |
| Large Cap Growth | | | | |
| BlackRock LCG | 512,783,700 | 1.50% | 522,653,435 | 1.51% |
| Holland | 904,700,281 | 2.64% | 923,826,042 | 2.67% |
| NTGI S&P 500 Growth Idx | 806,657,116 | 2.35% | 820,526,849 | 2.37% |
| Sands | 1,257,449,699 | 3.67% | 1,303,742,255 | 3.77% |
| Vision | 165,478,601 | 0.48% | 168,550,329 | 0.49% |
| Large Cap Value | | | | |
| Dodge & Cox | 1,083,740,087 | 3.16% | 1,144,951,680 | 3.31% |
| BMO | 1,203,057,314 | 3.51% | 1,229,025,037 | 3.55% |
| LSV | 1,174,099,179 | 3.42% | 1,223,891,692 | 3.54% |
| NTGI S&P 500 Value Idx | 750,573,840 | 2.19% | 785,263,477 | 2.27% |
| Large Cap Core | | | | |
| Progress | 4,242 | 0.00% | 4,242 | 0.00% |
| NTGI MarketCap Index | 2,691,820,985 | 7.85% | 2,768,837,174 | 8.01% |
| Small Cap Growth | | | | |
| Fortaleza | 44,859,771 | 0.13% | 45,548,372 | 0.13% |
| Frontier | 780,641,906 | 2.28% | 797,173,189 | 2.30% |
| Pyramis | 822,411,385 | 2.40% | 834,447,659 | 2.41% |
| Small Cap Value | | | | |
| Channing | 166,858,500 | 0.49% | 172,862,280 | 0.50% |
| Dimensional Small Cap Value | 671,533,497 | 1.96% | 705,424,397 | 2.04% |
| Inv. Counselors of Maryland | 726,567,270 | 2.12% | 758,177,206 | 2.19% |
| Lombardia | 153,148,859 | 0.45% | 162,710,989 | 0.47% |
| Micro Cap | | | | |
| Ariel | 85,101,215 | 0.25% | 89,825,464 | 0.26% |
| Ativo | 50,425,315 | 0.15% | 52,171,857 | 0.15% |
| Dimensional Micro Cap | 290,124,631 | 0.85% | 304,806,864 | 0.88% |
| Wall Street | 408,969,133 | 1.19% | 435,043,099 | 1.26% |
| International Equity | \$6,979,215,388 | 20.35% | \$6,967,334,307 | 20.14% |
| International Large Cap Growth | | | | |
| EARNEST Partners | 518,669,984 | 1.51% | 524,783,820 | 1.52% |
| William Blair | 593,290,829 | 1.73% | 587,661,985 | 1.70% |
| International Large Cap Value | | | | |
| Brandes | 493,042,298 | 1.44% | 492,587,491 | 1.42% |
| Lombardia | 29,686,252 | 0.09% | 30,667,313 | 0.09% |
| Mondrian | 493,184,489 | 1.44% | 484,598,397 | 1.40% |
| Lazard | 93,163,587 | 0.27% | 94,108,035 | 0.27% |
| International Large Cap Core | | | | |
| Arrowstreet | 515,425,046 | 1.50% | 515,287,518 | 1.49% |
| Brown | 263,274,263 | 0.77% | 263,262,098 | 0.76% |
| GlobeFlex | 495,118,182 | 1.44% | 493,071,792 | 1.43% |
| NTGI MSCI EAFE Index | 2,226,324,946 | 6.49% | 2,214,904,268 | 6.40% |
| Progress Intl Equity | 232,433,663 | 0.68% | 233,078,205 | 0.67% |
| International Small Cap | | | | |
| Franklin Templeton | 182,012,654 | 0.53% | 182,208,212 | 0.53% |
| William Blair | 209,342,985 | 0.61% | 209,934,671 | 0.61% |

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

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2015, with the distribution as of December 31, 2014.

Asset Distribution Across Investment Managers

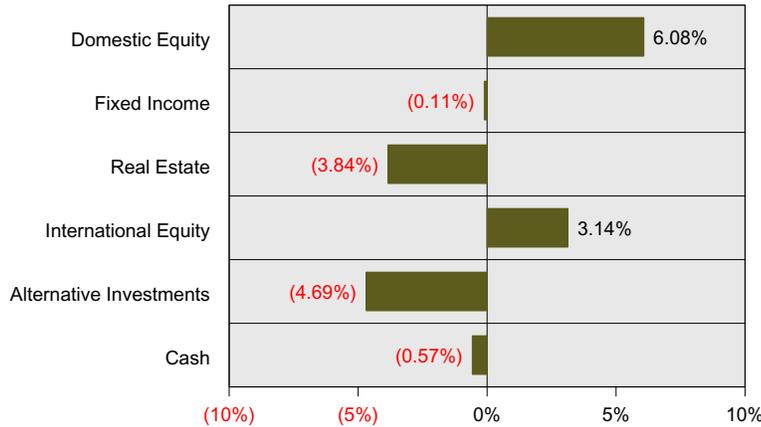
| | January 31, 2015 | | December 31, 2014 | |
|-----------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Market Value | Percent | Market Value | Percent |
| Emerging Markets | | | | |
| Genesis | 634,246,210 | 1.85% | 641,180,504 | 1.85% |
| Fixed Income | \$9,467,272,346 | 27.60% | \$9,308,616,270 | 26.91% |
| Domestic Fixed Core | | | | |
| EARNEST Partners | 579,287,161 | 1.69% | 567,055,984 | 1.64% |
| Piedmont | 563,400,666 | 1.64% | 553,002,010 | 1.60% |
| Passive Core | | | | |
| BlackRock US Debt | 1,376,086,405 | 4.01% | 1,347,775,007 | 3.90% |
| NTGI BC Aggregate Index | 1,493,018,547 | 4.35% | 1,461,623,026 | 4.23% |
| Domestic Fixed Core Plus | | | | |
| BlackRock Core Plus | 764,769,376 | 2.23% | 750,411,238 | 2.17% |
| LM Capital | 889,530,057 | 2.59% | 873,931,324 | 2.53% |
| Progress Fixed Income | 629,774,863 | 1.84% | 616,856,646 | 1.78% |
| Taplin, Canida, & Habacht | 891,314,265 | 2.60% | 878,874,881 | 2.54% |
| Western | 1,197,287,052 | 3.49% | 1,174,909,865 | 3.40% |
| Bank Loans | | | | |
| Babson | 173,770,909 | 0.51% | 173,488,890 | 0.50% |
| Emerging Markets Debt | | | | |
| Standish | 180,320,760 | 0.53% | 180,635,882 | 0.52% |
| Opportunistic Fixed Income | | | | |
| Crescent | 116,523,214 | 0.34% | 119,595,794 | 0.35% |
| High Yield | | | | |
| MacKay Shields | 604,640,101 | 1.76% | 603,720,595 | 1.75% |
| Pyramis High Yield | 7,548,970 | 0.02% | 6,735,130 | 0.02% |
| Real Estate | \$1,440,955,804 | 4.20% | \$1,444,754,831 | 4.18% |
| Real Estate Core | | | | |
| TA Buckhead Ind. Prop. | 279,823,581 | 0.82% | 279,823,581 | 0.81% |
| Cornerstone Patriot | 126,120,382 | 0.37% | 126,120,382 | 0.36% |
| INVESCO Core RE | 131,973,059 | 0.38% | 133,141,812 | 0.38% |
| AEW Core Property Trust | 133,646,488 | 0.39% | 131,323,247 | 0.38% |
| CBRE US Core Property Trust | 136,269,721 | 0.40% | 136,269,721 | 0.39% |
| Real Estate Non-Core | | | | |
| Franklin Templeton EMREFF | 51,978,964 | 0.15% | 51,887,007 | 0.15% |
| Olympus Real Estate Fund II | 154,191 | 0.00% | 154,191 | 0.00% |
| Security Capital | 57,925,621 | 0.17% | 58,149,067 | 0.17% |
| Dune II | 39,030,271 | 0.11% | 39,030,271 | 0.11% |
| Non-Core Real Estate Funds* | 391,322,141 | 1.14% | 387,312,848 | 1.12% |
| Rockwood Fund VIII | 22,844,675 | 0.07% | 22,844,675 | 0.07% |
| Almanac ARS V | 27,275,589 | 0.08% | 36,106,907 | 0.10% |
| TA Fund IX | 42,591,122 | 0.12% | 42,591,122 | 0.12% |
| Alternative Investments | \$1,493,282,935 | 4.35% | \$1,487,281,214 | 4.30% |
| Absolute Return | | | | |
| Aurora | 572,571,651 | 1.67% | 606,100,737 | 1.75% |
| Private Equity | | | | |
| Abbott | 310,954,022 | 0.91% | 311,184,659 | 0.90% |
| Muller & Monroe ILPEFF | 10,803,335 | 0.03% | 10,803,335 | 0.03% |
| Muller & Monroe MPEFF | 15,762,063 | 0.05% | 15,762,063 | 0.05% |
| Pantheon | 186,000,193 | 0.54% | 186,228,858 | 0.54% |
| Private Equity Fund - Domestic | 161,895,391 | 0.47% | 158,776,237 | 0.46% |
| Agriculture | | | | |
| Cozad/Westchester | 159,683,684 | 0.47% | 123,012,728 | 0.36% |
| Timberland | | | | |
| Forest Investment Assoc. | 75,612,596 | 0.22% | 75,412,596 | 0.22% |
| Cash | \$164,926,527 | 0.48% | \$130,538,177 | 0.38% |
| Total Fund | \$34,296,655,284 | 100.0% | \$34,587,984,145 | 100.0% |

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

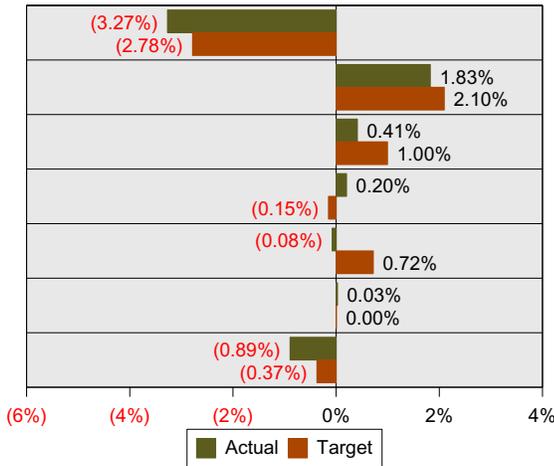
Monthly Total Fund Relative Attribution - January 31, 2015

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.

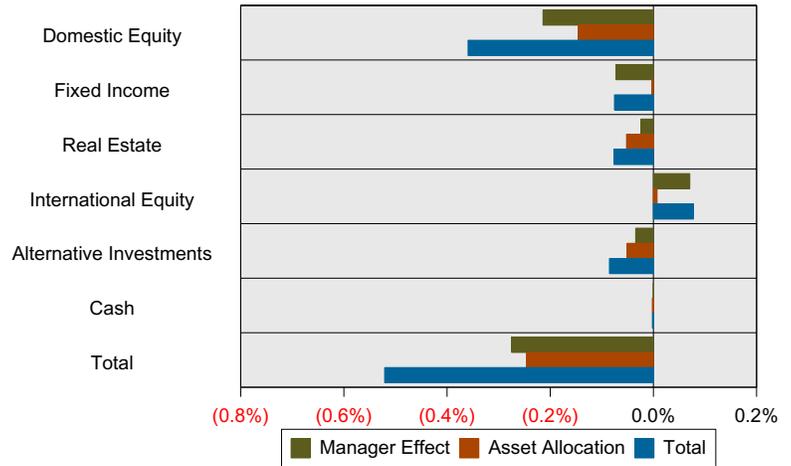
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended January 31, 2015

| Asset Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|----------------|----------------|----------------|------------------|-----------------------|
| Domestic Equity | 44% | 38% | (3.27%) | (2.78%) | (0.21%) | (0.15%) | (0.36%) |
| Fixed Income | 27% | 27% | 1.83% | 2.10% | (0.07%) | (0.00%) | (0.08%) |
| Real Estate | 4% | 8% | 0.41% | 1.00% | (0.02%) | (0.05%) | (0.08%) |
| International Equity | 20% | 17% | 0.20% | (0.15%) | 0.07% | 0.01% | 0.08% |
| Alternative Investments | 4% | 9% | (0.08%) | 0.72% | (0.03%) | (0.05%) | (0.09%) |
| Cash | 0% | 1% | 0.03% | 0.00% | 0.00% | (0.00%) | (0.00%) |
| Total | | | (0.89%) | (0.37%) | (0.27%) | (0.25%) | (0.52%) |

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net 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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|-----------------------------------|----------------|---------------------|----------------------|
| Domestic Equity | (3.27%) | (0.85%) | 9.49% |
| Blended Benchmark** | (2.78%) | (0.44%) | 12.88% |
| Domestic Equity - Net | (3.31%) | (0.92%) | 9.22% |
| International Equity | 0.20% | (1.92%) | 1.34% |
| MSCI ACWI x US (Net) | (0.15%) | (3.05%) | 0.56% |
| International Equity - Net | 0.17% | (2.04%) | 1.02% |
| Fixed Income | 1.83% | 2.07% | 6.36% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| Fixed Income - Net | 1.81% | 2.02% | 6.21% |
| Real Estate | 0.41% | 2.66% | 12.30% |
| Blended Benchmark*** | 1.00% | 3.02% | 11.72% |
| Real Estate - Net | 0.41% | 2.66% | 12.30% |
| Alternative Investments | (0.08%) | 1.07% | 7.88% |
| Alternatives Custom Benchmark**** | 0.72% | 2.18% | 9.00% |
| Alternative Investments - Net | (0.08%) | 0.86% | 7.32% |
| Absolute Return | 0.00% | 1.28% | 5.65% |
| HFR Fund-of-Funds Index | 0.25% | 1.85% | 4.04% |
| Private Equity | (0.17%) | 2.08% | 13.16% |
| Alternatives Custom Benchmark**** | 0.72% | 2.18% | 9.00% |
| Agriculture | 0.00% | (5.33%) | (4.87%) |
| Blended Benchmark*** | 1.00% | 3.02% | 11.72% |
| Timberland | 0.02% | 2.68% | 9.10% |
| Blended Benchmark*** | 1.00% | 3.02% | 11.72% |
| Total Fund | (0.89%) | (0.10%) | 6.89% |
| Total Fund - Net | (0.92%) | (0.18%) | 6.64% |
| Total Fund Benchmark | (0.37%) | 0.55% | 8.54% |

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently Russell 3000 Index. Returns prior to January 1, 2015, reflect those of the Dow Jones U.S. Total Stock Market Index.

*** The Blended Benchmark is currently ODCE Value Weight Index. 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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|-----------------------------------|----------------------|----------------------|-----------------------|---------------------------------|
| Domestic Equity | 17.50% | 16.02% | 8.37% | 11.72% ^(1/82) |
| Blended Benchmark** | 17.36% | 15.86% | 8.08% | 11.44% ^(1/82) |
| Domestic Equity - Net | 17.21% | 15.74% | 8.11% | 7.73% ^(1/05) |
| International Equity | 9.55% | 7.54% | 6.19% | 8.06% ^(9/86) |
| MSCI ACWI x US (Net) | 6.58% | 5.45% | 5.30% | - |
| International Equity - Net | 9.21% | 7.21% | 5.83% | 5.61% ^(1/05) |
| Fixed Income | 4.35% | 5.76% | 5.68% | 8.92% ^(1/82) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 8.43% ^(1/82) |
| Fixed Income - Net | 4.19% | 5.60% | 5.54% | 5.54% ^(1/05) |
| Real Estate | 11.67% | 12.21% | 6.08% | 4.83% ^(5/85) |
| Blended Benchmark*** | 11.99% | 13.19% | 7.23% | 7.66% ^(5/85) |
| Real Estate - Net | 11.67% | 12.21% | 6.08% | 6.31% ^(1/05) |
| Alternative Investments | 8.68% | 8.40% | 8.18% | 10.86% ^(2/86) |
| Alternatives Custom Benchmark**** | 9.00% | 9.25% | 10.61% | 13.29% ^(2/86) |
| Alternative Investments - Net | 8.33% | 8.11% | 7.84% | 7.84% ^(1/05) |
| Absolute Return | 6.07% | 4.21% | 4.36% | 4.88% ^(1/02) |
| HFR Fund-of-Funds Index | 5.15% | 3.43% | 3.06% | 3.80% ^(1/02) |
| Private Equity | 10.92% | 12.07% | 11.56% | 13.04% ^(2/86) |
| Alternatives Custom Benchmark**** | 9.00% | 9.25% | 10.61% | 13.29% ^(2/86) |
| Agriculture | 12.05% | 11.12% | 10.84% | 7.22% ^(10/97) |
| Blended Benchmark*** | 11.99% | 13.19% | 7.23% | 7.23% ^(10/97) |
| Timberland | 4.79% | 4.08% | 4.81% | 8.76% ^(10/92) |
| Blended Benchmark*** | 11.99% | 13.19% | 7.23% | 7.32% ^(10/92) |
| Total Fund | 11.37% | 10.66% | 7.57% | 10.18% ^(1/82) |
| Total Fund - Net | 11.12% | 10.42% | 7.33% | 7.14% ^(1/05) |
| Total Fund Benchmark | 10.27% | 10.11% | 7.07% | 6.90% ^(1/05) |

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently Russell 3000 Index. Returns prior to January 1, 2015, reflect those of the Dow Jones U.S. Total Stock Market Index.

*** The Blended Benchmark is currently ODCE Value Weigh Index. 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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|--|----------------|---------------------|----------------------|
| Large Cap Equity | (3.13%) | (0.93%) | 11.85% |
| Russell 1000 Index | (2.75%) | (0.43%) | 13.76% |
| Large Cap Growth | (2.47%) | (1.48%) | 9.66% |
| BlackRock LCG | (1.89%) | (0.12%) | 9.81% |
| LCG Blended Benchmark* | (1.53%) | 0.53% | 14.59% |
| Russell 1000 Growth Index | (1.53%) | 0.53% | 14.59% |
| BlackRock LCG - Net | (1.89%) | (0.18%) | 9.57% |
| Holland | (2.07%) | (2.06%) | 9.04% |
| LCG Blended Benchmark* | (1.53%) | 0.53% | 14.59% |
| Russell 1000 Growth Index | (1.53%) | 0.53% | 14.59% |
| Holland - Net | (2.13%) | (2.12%) | 8.81% |
| NTGI S&P 500 Growth Idx | (1.69%) | 0.34% | 16.37% |
| S&P/Citi 500 Growth Index | (1.67%) | 0.36% | 16.41% |
| NTGI S&P 500 Growth Idx - Net | (1.69%) | 0.34% | 16.36% |
| Sands | (3.55%) | (2.86%) | 6.22% |
| LCG Blended Benchmark* | (1.53%) | 0.53% | 14.59% |
| Russell 1000 Growth Index | (1.53%) | 0.53% | 14.59% |
| Sands - Net | (3.61%) | (2.97%) | 5.91% |
| Vision | (1.82%) | (0.64%) | 9.45% |
| LCG Blended Benchmark* | (1.53%) | 0.53% | 14.59% |
| Russell 1000 Growth Index | (1.53%) | 0.53% | 14.59% |
| Vision - Net | (1.89%) | (0.72%) | 9.13% |
| Large Cap Value | (3.92%) | (1.30%) | 12.46% |
| Dodge & Cox | (5.35%) | (2.89%) | 8.33% |
| LCV Blended Benchmark** | (4.00%) | (1.43%) | 12.93% |
| Russell 1000 Value Index | (4.00%) | (1.43%) | 12.93% |
| Dodge & Cox - Net | (5.40%) | (2.95%) | 8.10% |
| BMO | (2.11%) | 1.00% | 16.11% |
| LCV Blended Benchmark** | (4.00%) | (1.43%) | 12.93% |
| Russell 1000 Value Index | (4.00%) | (1.43%) | 12.93% |
| BMO - Net | (2.11%) | 0.94% | 15.87% |
| LSV | (4.07%) | (1.83%) | 13.16% |
| LCV Blended Benchmark** | (4.00%) | (1.43%) | 12.93% |
| Russell 1000 Value Index | (4.00%) | (1.43%) | 12.93% |
| LSV - Net | (4.13%) | (1.89%) | 12.88% |
| NTGI S&P 500 Value Idx | (4.42%) | (1.71%) | 11.89% |
| S&P/Citi 500 Value Index | (4.44%) | (1.72%) | 11.85% |
| Illinois Municipal- NTGI S&P 500 Value | (4.42%) | (1.71%) | 11.88% |

* 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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception | |
|-------------------------------|----------------------|----------------------|-----------------------|--------------------|---------|
| Large Cap Equity | 18.00% | 16.01% | 8.09% | 11.26% | (1/82) |
| Russell 1000 Index | 17.62% | 15.84% | 7.93% | 11.64% | (1/82) |
| Large Cap Growth | 17.15% | 16.31% | 8.67% | 11.70% | (1/82) |
| BlackRock LCG | 15.90% | - | - | 12.05% | (8/11) |
| LCG Blended Benchmark* | 17.35% | 16.49% | 8.46% | 15.62% | (8/11) |
| Russell 1000 Growth Index | 17.35% | 16.49% | 8.69% | 15.62% | (8/11) |
| BlackRock LCG - Net | 15.57% | - | - | 11.78% | (8/11) |
| Holland | 14.78% | 15.06% | 8.14% | 10.16% | (11/94) |
| LCG Blended Benchmark* | 17.35% | 16.49% | 8.46% | 9.59% | (11/94) |
| Russell 1000 Growth Index | 17.35% | 16.49% | 8.69% | 8.76% | (11/94) |
| Holland - Net | 14.54% | 14.75% | 7.87% | 7.47% | (1/05) |
| NTGI S&P 500 Growth Idx | 18.21% | 16.92% | 8.66% | 6.19% | (8/01) |
| S&P/Citi 500 Growth Index | 18.19% | 16.89% | 8.63% | 6.15% | (8/01) |
| NTGI S&P 500 Growth Idx - Net | 18.20% | 16.91% | 8.65% | 8.31% | (1/05) |
| Sands | 20.12% | 21.12% | 11.36% | 11.60% | (11/03) |
| LCG Blended Benchmark* | 17.35% | 16.49% | 8.46% | 8.31% | (11/03) |
| Russell 1000 Growth Index | 17.35% | 16.49% | 8.69% | 8.38% | (11/03) |
| Sands - Net | 19.86% | 20.84% | 11.07% | 10.16% | (1/05) |
| Vision | 14.52% | - | - | 12.39% | (7/11) |
| LCG Blended Benchmark* | 17.35% | 16.49% | 8.46% | 14.91% | (7/11) |
| Russell 1000 Growth Index | 17.35% | 16.49% | 8.69% | 14.91% | (7/11) |
| Vision - Net | 14.04% | - | - | 11.90% | (7/11) |
| Large Cap Value | 19.21% | 15.82% | 7.68% | 10.47% | (10/82) |
| Dodge & Cox | 19.49% | 15.10% | 7.37% | 9.13% | (9/03) |
| LCV Blended Benchmark** | 17.79% | 15.14% | 7.00% | 8.34% | (9/03) |
| Russell 1000 Value Index | 17.79% | 15.14% | 7.06% | 8.58% | (9/03) |
| Dodge & Cox - Net | 19.25% | 14.86% | 7.11% | 6.83% | (1/05) |
| BMO | 19.75% | 17.15% | 8.76% | 8.08% | (2/01) |
| LCV Blended Benchmark** | 17.79% | 15.14% | 7.00% | 4.93% | (2/01) |
| Russell 1000 Value Index | 17.79% | 15.14% | 7.06% | 6.25% | (2/01) |
| BMO - Net | 19.49% | 16.89% | 8.51% | 8.31% | (1/05) |
| LSV | 20.38% | 16.40% | 8.61% | 11.58% | (2/03) |
| LCV Blended Benchmark** | 17.79% | 15.14% | 7.00% | 9.62% | (2/03) |
| Russell 1000 Value Index | 17.79% | 15.14% | 7.06% | 9.63% | (2/03) |
| LSV - Net | 20.08% | 16.09% | 8.31% | 8.02% | (1/05) |
| NTGI S&P 500 Value Idx | 16.80% | 14.36% | 6.58% | 4.97% | (8/99) |
| S&P/Citi 500 Value Index | 16.71% | 14.28% | 6.52% | 4.95% | (8/99) |
| NTGI S&P 500 Value Idx - Net | 16.80% | 14.35% | 6.57% | 6.25% | (1/05) |

* 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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|----------------------------------|-----------------------|------------------------------|-------------------------------|
| Large Cap Passive Core | (2.78%) | (0.42%) | 12.97% |
| NTGI MarketCap Idx | (2.78%) | (0.42%) | 12.97% |
| DJ U.S. Total Stock Market Index | (2.79%) | (0.44%) | 12.88% |
| NTGI MarketCap Idx - Net | (2.78%) | (0.43%) | 12.96% |

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|----------------------------------|-------------------------------|-------------------------------|--------------------------------|---------------------------------|
| Large Cap Passive Core | 17.44% | 15.88% | 7.97% | 11.16% ^(1/85) |
| NTGI MarketCap Idx | 17.44% | 15.90% | 7.98% | 10.89% ^(2/85) |
| DJ U.S. Total Stock Market Index | 17.36% | 15.86% | 8.08% | 10.84% ^(2/85) |
| NTGI MarketCap Idx - Net | 17.44% | 15.89% | 7.97% | 7.62% ^(1/05) |

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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|-------------------------------|----------------|---------------------|----------------------|
| Small Cap Equity | (3.61%) | (0.52%) | 3.74% |
| Russell 2000 Index | (3.22%) | (0.37%) | 4.41% |
| Small Cap Growth | (1.74%) | 2.77% | 7.15% |
| Fortaleza | (1.51%) | 1.44% | (0.03%) |
| Russell 2000 Growth Index | (2.28%) | 1.26% | 5.01% |
| Fortaleza - Net | (1.63%) | 1.32% | (0.53%) |
| Frontier | (2.07%) | 2.36% | 5.93% |
| Russell 2000 Growth Index | (2.28%) | 1.26% | 5.01% |
| Frontier - Net | (2.29%) | 2.14% | 5.30% |
| Pyramis | (1.44%) | 3.23% | 8.76% |
| Russell 2000 Growth Index | (2.28%) | 1.26% | 5.01% |
| Pyramis - Net | (1.44%) | 3.07% | 8.33% |
| Small Cap Value | (4.51%) | (2.33%) | 4.82% |
| Channing | (3.47%) | (2.37%) | 6.01% |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| Channing - Net | (3.60%) | (2.61%) | 5.48% |
| DFA Small Cap Value | (4.80%) | (2.13%) | 5.44% |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| DFA Small Cap Value - Net | (4.80%) | (2.13%) | 5.04% |
| Inv. Counselors of Maryland | (4.17%) | (2.19%) | 4.53% |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| Inv. Couns. of Maryland - Net | (4.17%) | (2.28%) | 4.13% |
| Lombardia | (5.88%) | (3.82%) | 2.31% |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| Lombardia - Net | (6.04%) | (3.99%) | 1.61% |
| Micro Cap | (5.36%) | (2.93%) | (4.31%) |
| Ariel | (5.26%) | (3.08%) | (9.10%) |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| Russell 2000 Index | (3.22%) | (0.37%) | 4.41% |
| Russell Microcap Index | (4.13%) | 0.33% | (0.07%) |
| Ariel - Net | (5.45%) | (3.47%) | (9.85%) |
| Ativo | (3.34%) | (2.73%) | 8.50% |
| Russell 2000 Growth Index | (2.28%) | 1.26% | 5.01% |
| Russell 2000 Index | (3.22%) | (0.37%) | 4.41% |
| Russell Microcap Index | (4.13%) | 0.33% | (0.07%) |
| Ativo - Net | (3.52%) | (2.92%) | 7.68% |
| DFA Micro Cap | (4.82%) | (2.35%) | 2.86% |
| Russell 2000 Value Index | (4.16%) | (2.00%) | 3.90% |
| Russell 2000 Index | (3.22%) | (0.37%) | 4.41% |
| DFA Micro Cap - Net | (4.82%) | (2.47%) | 2.34% |
| Wall Street | (5.99%) | (3.32%) | (9.13%) |
| Russell 2000 Growth Index | (2.28%) | 1.26% | 5.01% |
| Russell 2000 Index | (3.22%) | (0.37%) | 4.41% |
| Wall Street - Net | (6.18%) | (3.50%) | (9.83%) |

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|-------------------------------|----------------------|----------------------|-----------------------|----------------------|
| Small Cap Equity | 16.34% | 16.67% | 10.21% | 12.72% (7/88) |
| Russell 2000 Index | 15.27% | 15.66% | 7.87% | 9.56% (7/88) |
| Small Cap Growth | 17.34% | 17.15% | 11.05% | 13.50% (7/88) |
| Fortaleza | 12.18% | 16.75% | - | 6.38% (12/06) |
| Russell 2000 Growth Index | 16.39% | 17.33% | 8.79% | 8.00% (12/06) |
| Fortaleza - Net | 11.59% | 16.16% | - | 5.84% (12/06) |
| Frontier | 17.10% | 16.86% | 10.81% | 13.64% (8/88) |
| Russell 2000 Growth Index | 16.39% | 17.33% | 8.79% | 8.03% (8/88) |
| Frontier - Net | 16.50% | 16.20% | 7.96% | 7.61% (1/05) |
| Pyramis | 17.81% | 17.43% | 12.11% | 14.06% (8/88) |
| Russell 2000 Growth Index | 16.39% | 17.33% | 8.79% | 8.03% (8/88) |
| Pyramis - Net | 17.31% | 16.82% | 11.46% | 11.24% (1/05) |
| Small Cap Value | 15.60% | 15.53% | 8.94% | 12.33% (9/89) |
| Channing | 18.00% | - | - | 13.82% (7/11) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 10.81% (7/11) |
| Channing - Net | 17.27% | - | - | 13.07% (7/11) |
| DFA Small Cap Value | 17.56% | 17.63% | 9.06% | 13.10% (2/96) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 9.94% (2/96) |
| DFA Small Cap Value - Net | 17.04% | 17.09% | 8.53% | 8.12% (1/05) |
| Inv. Counselors of Maryland | 14.17% | 14.29% | 8.77% | 11.67% (5/99) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 9.42% (5/99) |
| Inv. Couns. of Maryland - Net | 13.73% | 13.81% | 8.26% | 7.89% (1/05) |
| Lombardia | 12.75% | - | - | 9.89% (6/11) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 9.80% (6/11) |
| Lombardia - Net | 11.99% | - | - | 9.16% (6/11) |
| Micro Cap | 15.94% | 18.07% | 8.29% | 12.29% (7/84) |
| Ariel | 14.71% | - | - | 11.85% (11/10) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 12.74% (11/10) |
| Russell 2000 Index | 15.27% | 15.66% | 7.87% | 14.15% (11/10) |
| Russell Microcap Index | 16.88% | 15.88% | 5.94% | 14.49% (11/10) |
| Ariel - Net | 13.78% | - | - | 10.94% (11/10) |
| Ativo | 21.56% | - | - | 16.85% (10/10) |
| Russell 2000 Growth Index | 16.39% | 17.33% | 8.79% | 16.34% (10/10) |
| Russell 2000 Index | 15.27% | 15.66% | 7.87% | 14.92% (10/10) |
| Russell Microcap Index | 16.88% | 15.88% | 5.94% | 15.64% (10/10) |
| Ativo - Net | 20.64% | - | - | 15.96% (10/10) |
| DFA Micro Cap | 16.72% | 17.29% | 8.41% | 11.37% (8/87) |
| Russell 2000 Value Index | 14.15% | 13.97% | 6.86% | 10.16% (8/87) |
| Russell 2000 Index | 15.27% | 15.66% | 7.87% | 8.86% (8/87) |
| DFA Micro Cap - Net | 16.15% | 16.73% | 7.90% | 7.40% (1/05) |
| Wall Street | 15.04% | 19.05% | 8.55% | 14.22% (8/90) |
| Russell 2000 Growth Index | 16.39% | 17.33% | 8.79% | 8.04% (8/90) |
| Russell 2000 Index | 15.27% | 15.66% | 7.87% | 9.95% (8/90) |
| Wall Street - Net | 14.11% | 18.16% | 7.70% | 7.34% (1/05) |

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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|------------------------------|----------------|---------------------|----------------------|
| Intl Large Cap Equity | 0.35% | (1.59%) | 1.46% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| Intl Large Cap Growth | (0.04%) | (1.79%) | 2.24% |
| EARNEST Partners | (1.17%) | (3.64%) | 0.47% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Growth | 0.76% | (1.18%) | 3.38% |
| EARNEST Partners - Net | (1.22%) | (3.71%) | 0.19% |
| William Blair | 0.96% | (0.12%) | 3.84% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Growth | 0.76% | (1.18%) | 3.38% |
| William Blair - Net | 0.96% | (0.21%) | 3.46% |
| Intl Large Cap Value | 0.65% | (1.50%) | 1.95% |
| Brandes | 0.09% | (2.45%) | (1.42%) |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Value | (1.06%) | (4.84%) | (1.38%) |
| Brandes - Net | 0.04% | (2.56%) | (1.69%) |
| Lombardia | (3.20%) | (5.59%) | (9.59%) |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Value | (1.06%) | (4.84%) | (1.38%) |
| Lombardia - Net | (3.35%) | (5.73%) | (10.13%) |
| Mondrian | 1.77% | 0.06% | 6.38% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Value | (1.06%) | (4.84%) | (1.38%) |
| Mondrian - Net | 1.64% | (0.20%) | 5.71% |
| Lazard | (1.00%) | (3.19%) | 2.01% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| MSCI ACWI ex-US Value | (1.06%) | (4.84%) | (1.38%) |
| Lazard - Net | (1.00%) | (3.25%) | 1.42% |

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|------------------------------|----------------------|----------------------|-----------------------|---------------------------------|
| Intl Large Cap Equity | 10.00% | 7.60% | 5.90% | 8.08% ^(9/86) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | - |
| Intl Large Cap Growth | 9.36% | 8.38% | 6.69% | 9.40% ^(9/02) |
| EARNEST Partners | 6.67% | 7.20% | 9.91% | 10.77% ^(10/04) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 6.40% ^(10/04) |
| MSCI ACWI ex-US Growth | 7.85% | 6.78% | 6.07% | 7.10% ^(10/04) |
| EARNEST Partners - Net | 6.33% | 6.82% | 9.41% | 9.03% ^(1/05) |
| William Blair | 12.02% | 10.51% | 7.36% | 10.99% ^(10/02) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 9.30% ^(10/02) |
| MSCI ACWI ex-US Growth | 7.85% | 6.78% | 6.07% | 9.25% ^(10/02) |
| William Blair - Net | 11.62% | 10.10% | 6.95% | 6.68% ^(1/05) |
| Intl Large Cap Value | 9.00% | 5.67% | 4.55% | 9.61% ^(10/95) |
| Brandes | 9.32% | 5.86% | 4.64% | 9.75% ^(1/96) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 5.24% ^(1/96) |
| MSCI ACWI ex-US Value | 6.23% | 5.01% | 5.41% | - |
| Brandes - Net | 9.04% | 5.60% | 4.32% | 4.07% ^(1/05) |
| Lombardia | - | - | - | 9.08% ^(4/12) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 5.45% ^(4/12) |
| MSCI ACWI ex-US Value | 6.23% | 5.01% | 5.41% | 5.35% ^(4/12) |
| Lombardia - Net | - | - | - | 8.50% ^(4/12) |
| Mondrian | - | - | - | 7.45% ^(4/12) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 5.45% ^(4/12) |
| MSCI ACWI ex-US Value | 6.23% | 5.01% | 5.41% | 5.35% ^(4/12) |
| Mondrian - Net | - | - | - | 6.92% ^(4/12) |
| Lazard | - | - | - | 8.53% ^(4/12) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 5.45% ^(4/12) |
| MSCI ACWI ex-US Value | 6.23% | 5.01% | 5.41% | 5.35% ^(4/12) |
| Lazard - Net | - | - | - | 7.83% ^(4/12) |

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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|-----------------------------------|----------------|---------------------|----------------------|
| Intl Large Cap Active Core | 0.19% | (1.41%) | 2.92% |
| Arrowstreet | 0.03% | (1.00%) | 3.13% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| Arrowstreet - Net | 0.03% | (1.12%) | 2.77% |
| Brown | 0.00% | (0.93%) | 2.19% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| Brown - Net | (0.06%) | (1.87%) | 1.09% |
| GlobeFlex | 0.42% | (1.69%) | 3.46% |
| MSCI ACWI ex-US Index | (0.15%) | (3.05%) | 0.56% |
| GlobeFlex - Net | 0.31% | (1.90%) | 2.93% |
| Progress Intl Equity | 0.30% | (2.26%) | - |
| Custom Benchmark | 0.30% | (2.76%) | - |
| MSCI ACWI ex US Index | (0.13%) | (2.99%) | 1.01% |
| Progress Intl Equity - Net | 0.17% | (2.39%) | - |
| Intl Large Cap Pass. Core | 0.52% | (1.64%) | (0.05%) |
| NTGI MSCI EAFE Idx | 0.52% | (1.64%) | (0.05%) |
| MSCI EAFE Index | 0.49% | (1.67%) | (0.43%) |
| NTGI EAFE Idx - Net | 0.51% | (1.65%) | (0.05%) |
| International Small Cap | (0.20%) | (0.66%) | (2.90%) |
| Franklin Templeton | (0.11%) | 0.00% | (0.38%) |
| ACWI Small Cap ex US | (0.37%) | (2.02%) | (2.51%) |
| Franklin Templeton - Net | (0.11%) | (0.19%) | (0.94%) |
| William Blair | (0.28%) | (1.23%) | (4.98%) |
| ACWI Small Cap ex US | (0.37%) | (2.02%) | (2.51%) |
| Intl SC Blended Benchmark | (0.37%) | (2.02%) | (2.51%) |
| William Blair - Net | (0.28%) | (1.43%) | (5.73%) |
| Emerging Markets | (0.95%) | (5.81%) | 4.31% |
| Genesis | (0.95%) | (5.81%) | 4.36% |
| MSCI Emerging Markets Index | 0.61% | (4.99%) | 5.61% |
| Genesis - Net | (0.95%) | (5.90%) | 3.79% |

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

Progress Custom Benchmark is a comprised of each manager's weighted benchmark.

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|-----------------------------------|----------------------|----------------------|-----------------------|---------------------------------|
| Intl Large Cap Active Core | 11.85% | 9.11% | - | 3.55% ^(2/08) |
| Arrowstreet | 12.11% | 9.26% | - | 3.70% ^(3/08) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 0.41% ^(3/08) |
| Arrowstreet - Net | 11.58% | 8.75% | - | 3.22% ^(3/08) |
| Brown | 14.90% | 8.76% | 7.29% | 8.33% ^(10/04) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 6.40% ^(10/04) |
| Brown - Net | 13.93% | 8.02% | 6.78% | 6.53% ^(1/05) |
| GlobeFlex | 10.23% | 9.16% | - | 4.10% ^(3/06) |
| MSCI ACWI ex-US Index | 6.58% | 5.45% | 5.30% | 3.20% ^(3/06) |
| GlobeFlex - Net | 9.77% | 8.67% | - | 3.63% ^(3/06) |
| Progress Intl Equity | - | - | - | (7.08%) ^(7/14) |
| Custom Benchmark | - | - | - | (8.45%) ^(7/14) |
| MSCI ACWI ex US Index | 7.06% | 5.91% | 5.76% | (8.93%) ^(7/14) |
| Progress Intl Equity - Net | - | - | - | (7.22%) ^(7/14) |
| Intl Large Cap Pass. Core | 9.76% | 6.80% | 5.07% | 2.95% ^(1/00) |
| NTGI MSCI EAFE Idx | 9.76% | 6.80% | 5.06% | 3.40% ^(2/00) |
| MSCI EAFE Index | 9.33% | 6.39% | 4.68% | 3.03% ^(2/00) |
| NTGI EAFE Idx - Net | 9.75% | 6.80% | 5.05% | 4.82% ^(1/05) |
| International Small Cap | 11.95% | 9.19% | - | 3.77% ^(12/05) |
| Franklin Templeton | 12.53% | - | - | 5.84% ^(8/11) |
| ACWI Small Cap ex US | 7.63% | 7.13% | 6.69% | 2.47% ^(8/11) |
| Franklin Templeton - Net | 11.77% | - | - | 5.13% ^(8/11) |
| William Blair | 11.45% | - | - | 11.21% ^(9/10) |
| ACWI Small Cap ex US | 7.63% | 7.13% | 6.69% | 7.52% ^(9/10) |
| Intl SC Blended Benchmark | 7.63% | 7.32% | 5.90% | 8.27% ^(9/10) |
| William Blair - Net | 10.59% | - | - | 10.38% ^(9/10) |
| Emerging Markets | 3.65% | 6.12% | 11.34% | 9.58% ^(2/92) |
| Genesis | 3.61% | 6.09% | 11.35% | 13.22% ^(5/04) |
| MSCI Emerging Markets Index | 0.94% | 3.41% | 8.81% | 10.48% ^(5/04) |
| Genesis - Net | 3.06% | 5.50% | 10.70% | 10.74% ^(1/05) |

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

Progress Custom Benchmark is a comprised of each manager's weighted benchmark.

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.

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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|--------------------------------|-----------------------|------------------------------|-------------------------------|
| Dom. Fixed Active Core | 2.08% | 2.72% | 6.99% |
| EARNEST Partners | 2.28% | 3.44% | 7.99% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| EARNEST Partners - Net | 2.22% | 3.38% | 7.71% |
| Piedmont | 1.88% | 1.99% | 5.98% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| Piedmont - Net | 1.84% | 1.94% | 5.81% |
| Dom. Fixed Passive Core | 2.13% | 3.01% | 6.78% |
| BlackRock US Debt | 2.10% | 3.01% | 6.84% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| BlackRock US Debt - Net | 2.10% | 3.00% | 6.84% |
| NTGI BC Agg. Index | 2.15% | 3.01% | 6.73% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| NTGI BC Agg. Index - Net | 2.15% | 3.00% | 6.72% |

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|--------------------------------|----------------------|----------------------|-----------------------|--------------------------------|
| Dom. Fixed Active Core | 3.85% | 5.38% | 5.16% | 5.16% ^(4/01) |
| EARNEST Partners | 4.03% | 5.52% | - | 5.46% ^(5/05) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 4.96% ^(5/05) |
| EARNEST Partners - Net | 3.80% | 5.31% | - | 5.24% ^(5/05) |
| Piedmont | 3.67% | 5.30% | - | 5.06% ^(6/05) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 4.89% ^(6/05) |
| Piedmont - Net | 3.48% | 5.12% | - | 4.85% ^(6/05) |
| Dom. Fixed Passive Core | 3.12% | 4.59% | 4.82% | 6.57% ^(1/90) |
| BlackRock US Debt | - | - | - | 6.20% ^(10/13) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 5.97% ^(10/13) |
| BlackRock US Debt - Net | - | - | - | 6.19% ^(10/13) |
| NTGI BC Agg. Index | 3.13% | 4.60% | 4.82% | 6.64% ^(2/90) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 6.63% ^(2/90) |
| NTGI BC Agg. Index - Net | 3.13% | 4.59% | 4.82% | 4.84% ^(1/05) |

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 January 31, 2015

| | Last Month | Last 3 Months | Last 12 Months |
|-----------------------------------|----------------|---------------------|----------------------|
| Domestic Fixed Core Plus | 1.95% | 2.45% | 7.30% |
| BlackRock Core Plus | 2.01% | 2.72% | 6.80% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| BlackRock Core Plus - Net | 2.01% | 2.71% | 6.63% |
| LM Capital | 1.94% | 2.50% | 6.72% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| LM Capital - Net | 1.90% | 2.42% | 6.55% |
| Progress Fixed Income | 1.66% | 2.01% | 6.15% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| Progress Fixed Inc. - Net | 1.57% | 1.83% | 5.70% |
| Taplin, Canida, Habacht | 1.77% | 2.06% | 8.23% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| Taplin, Canida, Hab. - Net | 1.74% | 2.00% | 8.05% |
| Western | 2.22% | 2.75% | 7.93% |
| BC Aggregate Index | 2.10% | 2.92% | 6.61% |
| Western - Net | 2.22% | 2.72% | 7.79% |
| Bank Loans | 0.16% | (0.26%) | - |
| Babson | 0.16% | (0.26%) | - |
| Custom Benchmark | 0.29% | (0.29%) | - |
| Babson - Net | 0.16% | (0.26%) | - |
| Emerging Markets | (0.17%) | (7.01%) | - |
| Standish | (0.17%) | (7.01%) | - |
| Custom Benchmark | 0.30% | (4.88%) | 2.19% |
| Standish - Net | (0.17%) | (7.06%) | - |
| Opportunistic Fixed Income | (1.29%) | (3.30%) | - |
| Crescent | (1.29%) | (3.30%) | - |
| Custom Benchmark | 0.51% | (0.97%) | 1.87% |
| Crescent - Net | (1.29%) | (3.30%) | - |
| High Yield | 0.76% | (1.36%) | 2.90% |
| MacKay Shields | 0.63% | (1.39%) | 2.32% |
| ML High Yield Cash Pay Index | 0.68% | (1.51%) | 2.39% |
| MacKay Shields - Net | 0.63% | (1.48%) | 1.97% |

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

Babson Custom Benchmark is comprised of the Credit Suisse US Leveraged Loan Index and the Credit Suisse Western European Leveraged Loan Index, weighted by the portfolio's market value to each sector.

Standish Custom Benchmark is 50% JPM GBI-EM Index, 25% JPM EMBI Global Index and 25% JPM Corporate EMBI Diversified Index.

Crescent Custom Benchmark is 50% ML U.S. High Yield Master II Index and 50% S&P/LSTA Leveraged Loan Index.

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 January 31, 2015

| | Last 36 Months | Last 60 Months | Last 120 Months | Since Inception |
|-----------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| Domestic Fixed Core Plus | 4.51% | 5.99% | 5.48% | 8.75% (1/82) |
| BlackRock Core Plus | 3.81% | 5.48% | - | 5.72% (4/07) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 5.23% (4/07) |
| BlackRock Core Plus - Net | 3.60% | 5.32% | - | 5.59% (4/07) |
| LM Capital | 4.05% | 5.52% | - | 5.78% (5/05) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 4.96% (5/05) |
| LM Capital - Net | 3.88% | 5.35% | - | 5.61% (5/05) |
| Progress Fixed Income | 3.96% | 5.38% | - | 5.81% (1/06) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 5.16% (1/06) |
| Progress Fixed Inc. - Net | 3.60% | 5.00% | - | 5.46% (1/06) |
| Taplin, Canida, Habacht | 5.17% | 6.20% | - | 5.76% (5/05) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 4.96% (5/05) |
| Taplin, Canida, Hab. - Net | 5.04% | 6.06% | - | 5.63% (5/05) |
| Western | 5.09% | 6.60% | 5.75% | 6.10% (11/01) |
| BC Aggregate Index | 3.07% | 4.57% | 4.86% | 4.96% (11/01) |
| Western - Net | 4.95% | 6.46% | 5.57% | 5.56% (1/05) |
| Bank Loans | - | - | - | (0.65%) (8/14) |
| Babson | - | - | - | (0.65%) (8/14) |
| Custom Benchmark | - | - | - | (0.25%) (8/14) |
| Babson - Net | - | - | - | (0.65%) (8/14) |
| Emerging Markets | - | - | - | (3.58%) (8/14) |
| Standish | - | - | - | (3.58%) (8/14) |
| Custom Benchmark | 1.28% | 4.70% | 6.89% | (6.18%) (8/14) |
| Standish - Net | - | - | - | (3.63%) (8/14) |
| Opportunistic Fixed Income | - | - | - | (4.90%) (8/14) |
| Crescent | - | - | - | (4.90%) (8/14) |
| Custom Benchmark | 6.20% | 6.95% | 6.31% | (0.80%) (8/14) |
| Crescent - Net | - | - | - | (4.90%) (8/14) |
| High Yield | 7.26% | 8.50% | 7.89% | 9.99% (4/86) |
| MacKay Shields | 7.15% | 8.59% | 7.52% | 9.44% (11/00) |
| ML High Yield Cash Pay Index | 7.53% | 8.69% | 7.62% | 8.14% (11/00) |
| MacKay Shields - Net | 6.75% | 8.20% | 7.15% | 7.07% (1/05) |

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

Babson Custom Benchmark is comprised of the Credit Suisse US Leveraged Loan Index and the Credit Suisse Western European Leveraged Loan Index, weighted by the portfolio's market value to each sector.

Standish Custom Benchmark is 50% JPM GBI-EM Index, 25% JPM EMBI Global Index and 25% JPM Corporate EMBI Diversified Index.

Crescent Custom Benchmark is 50% ML U.S. High Yield Master II Index and 50% S&P/LSTA Leveraged Loan Index.

Manager Summary

Five Best Performing Portfolios vs. Benchmarks

| Manager | Year-to-Date Outperformance (in % points) | Since Inception Outperformance (in % points) | |
|------------------------|--|---|------------|
| Mondrian | 1.92 | 2.00 | 03/31/2012 |
| BMO | 1.88 | 3.15 | 01/31/2001 |
| William Blair Int'l LC | 1.11 | 1.68 | 09/30/2002 |
| Pyramis SCG | 0.84 | 6.02 | 07/31/1998 |
| Fortaleza | 0.77 | -1.62 | 11/30/2006 |

Five Worst Performing Portfolios vs. Benchmarks

| Manager | Year-to-Date Underperformance (in % points) | Since Inception Underperformance (in % points) | |
|-----------------|--|---|------------|
| Wall Street | -3.71 | 6.18 | 07/31/1990 |
| Lombardia Int'l | -3.05 | 3.62 | 03/31/2012 |
| Sands | -2.02 | 3.29 | 10/31/2003 |
| Crescent | -1.80 | -4.09 | 07/31/2014 |
| Lombardia SCV | -1.71 | 0.09 | 05/31/2011 |

Five Highest Returning Portfolios

| Manager | Year-to-Date Return (in % points) | Since Inception Return (in % points) | |
|---------------------|--------------------------------------|---|------------|
| Earnest FI | 2.28 | 5.46 | 04/30/2005 |
| Western | 2.22 | 6.10 | 10/31/2001 |
| NTGI Barclays Agg | 2.15 | 6.64 | 01/31/1990 |
| Blackrock Core Plus | 2.01 | 5.65 | 03/31/2007 |
| LM | 1.94 | 5.78 | 04/30/2005 |

Five Lowest Returning Portfolios

| Manager | Year-to-Date Return (in % points) | Since Inception Return (in % points) | |
|---------------|--------------------------------------|---|------------|
| Wall Street | -5.99 | 14.22 | 07/31/1990 |
| Lombardia | -5.88 | 9.89 | 05/31/2011 |
| Dodge & Cox | -5.35 | 9.13 | 08/31/2003 |
| Ariel | -5.26 | 0.00 | 10/31/2010 |
| DFA Micro Cap | -4.82 | 11.37 | 07/31/1987 |

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

Ms. Thompson left the meeting at 10:00 a.m.

(15-02-05) (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 14-12-19
Special Board Meeting 15-01-29

Schedules - Dated January 2015

- 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.

Schedules - Dated February 2015

- 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.

Participation of New Units of Government

Northwest Special Education Cooperative
 County: Jo Daviess
 2015 Rate: 9.41%
 Effective Participation Date: July 1, 1982
 Number of Participating Employees: 15

Cass County Housing Authority
 County: Cass
 2015 Rate: 16.82%
 Effective Participation Date: March 1, 2015
 Number of Participating Employees: 4

Goose Creek District Library
 County: Platt
 2015 Rate: 8.79%
 Number of Participating Employees: 1

Bid

3-Year Maintenance for Anti-Virus/Encryption Software
 Approved Bidder: Software House, Inc.
 Approved Bid: \$32,900.00

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

Vote: Unanimous Voice Vote
 Absent: Thompson

(15-02-06) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of January and February Financial Reporting Packages
- Statement of Fiduciary Net Position for November and December
- Impact of 2015 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates for November.
- Schedule T - Report of Expenditures for December and January.

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

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-07) (Report of Audit Committee Meeting) The Chair of the Audit Committee reported on the Meeting held on January 30, 2015.

He reported KPMG presented a Proposal for External Auditing Services for GASB 68 Reporting.

The presentation included information on GASB 68 implementation requirements by participating employers, and a discussion on the AICPA audit guidance, the process of employers scoping, and the fee estimate per employer.

Next, the Audit Committee reviewed KPMG's Proposal with IMRF staff, including a review of the employer application process in order to determine if an employer needs an attestation report.

It was the consensus of the Audit Committee to recommend the Board adopt the following actions:

- a. For IMRF to absorb the expenses related to issuing the attestation reports to employers requiring one for their annual audit.
- b. For staff to proceed with their proposed application process to identify employers needing the attestation report.
- c. To retain KPMG for the attestation work and not seek alternatives at this time.
- d. For staff to renegotiate the flat fee estimate with KPMG based on assistance from Internal Audit and provide the new fee amount at the February Board Meeting.
- e. For staff to prepare a memorandum for the February Board Meeting with the new fee information, proposed budget amendment, as well as an example of the employer application process form.

It was moved by Mr. Kuehne, seconded by Ms. Henry, to adopt the above recommendations of the Audit Committee.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-08) (Report of Special Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Special Meeting held on February 26, 2015.

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

- To uphold staff's original determination to terminate Thomas Sheahan's pension benefits based upon the circuit court's ruling that the service transfers from MEABF and Deerfield were improperly granted by IMRF.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-09) (Report of the Investment Committee Meeting) The Chair of the Investment Committee reported on the meeting held January 29, 2015.

The Investment Committee heard recommendations from staff and consultant as well as presentations from one Private Equity firm and three Real Estate firms.

It was the consensus of the Investment Committee to recommend the Board approve the following recommendations:

For Private Equity:

- Allocating up to \$25 million to EnCap Energy Capital Fund X, L.P., subject to satisfactory legal due diligence; and
- Authorizing staff to complete all documentation necessary to execute this recommendation.

For Real Estate:

- Allocating up to \$100 million to Blackstone Real Estate Partners VIII, L.P., subject to satisfactory legal due diligence;
- Allocating up to \$35 million to Almanac Realty Security VII, L.P., subject to satisfactory legal due diligence;
- Allocating up to \$35 million to Torchlight Debt Opportunity Fund V, L.P., subject to satisfactory legal due diligence; and,
- Authorizing staff to complete all documentation necessary to execute these recommendations.

It was moved by Ms. Henry, seconded by Ms. Stanish to approve the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Thompson

Next, the Investment Committee heard a recommendation from staff and consultant along with a presentation on Public Markets.

It was the consensus of the Investment Committee to recommend the Board approve the following recommendations:

- Terminate Fortaleza Small Cap Growth Equity mandate;
- Terminate BlackRock Large Cap Growth Equity mandate;
- Graduate Garcia Hamilton to a direct Core Fixed Income mandate with an initial allocation of \$100 million, subject to satisfactory due diligence;
- Liquidate the Fortaleza Small Cap Growth and BlackRock Large Cap Growth accounts, placing the resulting cash in the NTI Growth Index Fund and/or the BlackRock Russell 1000 Growth Index Fund, subject to funding Garcia Hamilton Fixed Income Core allocation and IMRF's cash needs; and,

- Authorize staff to complete all documentation necessary to execute these recommendations.

It was moved by Ms. Henry, seconded by Mr. Kuehne, to approve the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Thompson

Lastly, staff and consultant reviewed the 2015 Annual Asset Allocation, noting no changes to IMRF's asset allocation are being recommended at this time.

(15-02-10) (Report of the Legislative Committee) The Vice Chair of the Legislative Committee presented a report on the Committee Meetings that were held via teleconference on January 26th, February 2nd, and February 17, 2015.

He first reported on the Legislative Committee Meeting held via teleconference on January 26, 2015.

He reported staff presented a proposal to the Committee to introduce a legislative proposal to impose a penalty on employers for return to work violations.

The Legislative Committee asked staff to bring back a proposal allowing the Board to make the determination on a case by case basis as to whether the entire penalty would be paid by the employer, the employee (as it is now), or split between both.

Next, the Vice Chair reported on the Legislative Committee Meeting held via teleconference on February 2, 2015.

It was the consensus of the Committee to recommend the Board include in its 2015 Legislative Agenda a proposal to impose a penalty on employers for return to work violations.

Lastly, the Vice Chair of the Legislative Committee reported on the Committee Meeting held via teleconference on February 17, 2015.

It was the consensus of the Committee to recommend the Board take the following position on introduced legislation:

Senate Bill 104 (Murphy) - SUPPORT - for new members only, exclude from pensionable wages payments received for unused sick and vacation time.

House Bill 239 (Yingling) - NEUTRAL - if there is a hearing regarding eligibility for a pension due to felony forfeiture, this bill would require the fund to notify the Attorney General and the state's attorney of the county in which the felony occurred.

House Bill 2520 (Harris) - NEUTRAL - would temporarily allow annuitants who retired prior to the passage of civil unions and/or marriage equality and then got married under those laws to repay their surviving spouse refund and regain eligibility for the benefit.

House Bill 1334 (Franks) - OPPOSE - would require that an annuity above \$2,000 per month be offset by the amount of salary received, if an annuitant returns to the same employer in a similar position.

Senate Bill 763 (Sandoval) - OPPOSE - would permit employers to allow their firefighters who are not eligible for participation in an Article 4 pension plan to participate in IMRF SLEP.

It was moved by Mr. Stulir, seconded by Ms. Copper, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-11)(Appointment of 2015 Board Committees) The Chair proposed the following Committees for 2015:

Audit Committee

Gwen Henry, Chair
Sue Stanish, Vice Chair
Tom Kuehne

Benefit Review Committee

John Piechocinski, Chair
Tom Kuehne, Vice Chair
Natalie Copper
Dave Miller
Sue Stanish
Sharon U. Thompson

Executive Committee

John Piechocinski, Chair
Tom Kuehne, Vice Chair
Natalie Copper
Gwen Henry
Jeff Stulir

Investment Committee

Tom Kuehne, Chair
Jeff Stulir, Vice Chair
Natalie Copper
Gwen Henry
Dave Miller
John Piechocinski
Sue Stanish
Sharon U. Thompson

Legislative Committee

Sharon U. Thompson, Chair
Natalie Copper, Vice Chair
Gwen Henry
Dave Miller
John Piechocinski

It was moved by Mr. Stulir, seconded by Ms. Henry, to approve the above 2015 Committees.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-12) (2016-2017 Projection Report - Death and Disability Rates)
The Chief Financial Officer recommended the following:

- Reduce the death benefit rate in 2016 to 0.15% of payroll, from 0.18% rate for 2015.
- Increase the disability benefit rate in 2016 to 0.14% of payroll, from 0.11% in 2015.

He further estimates:

- Benefit payments will exceed contributions by approximately \$392 million in 2015;
- IMRF credited approximately \$855 million of interest to employer reserves in 2014 based on investment returns of 5.57% in 2014; and
- The supplemental retirement benefit for 2015 will be approximately 34% of the June monthly benefit.

It was moved by Ms. Henry, seconded by Ms. Stanish, to approve the 2016 Death and Disability Rates as presented.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-13) (2015 KPMG Audit Work - Budget Amendment) The Chief Finance Officer presented two budget amendment recommendations with regards to KPMG's 2015 audit work for approval.

The first recommendation for a budget amendment of \$675,000, is for the 2015 GASB 68 initial audit work for employers requesting a separate opinion on their contributions, payments and census information. Representatives from KPMG presented a revised proposal for this work based on the use of IMRF's Internal Audit department for the initial review of data by employer and member.

The second budget amendment of \$100,000, is for the SOC 1 TYPE 2 work to be performed by KPMG. The SOC 1 TYPE 2 engagement allows the auditors of IMRF's employers to be able to depend on the financial information provided for a particular time period. This work will take place from January 1, 2015 through December 31, 2015, with the report to be issued by the end of March or early April 2016.

It was moved by Mr. Kuehne, seconded by Ms. Stanish, to approve the two budget amendment recommendations.

Vote: Unanimous Voice Vote
Absent: Thompson

(15-02-14) (Legislative Update) General Counsel reported on current legislative activity, noting February 27, 2015 is the deadline for bills to be introduced in the 99th General Assembly.

She noted that Representative Nekritz, as chair of the pension committee, has asked to sponsor the legislation that includes the provision removing the State Treasurer as the IMRF ex officio treasurer.

Lastly, General Counsel discussed the references to pension reductions for the state systems that were referenced in the Governor's budget address.

Questions and discussion followed.

(15-02-15) (Litigation Update) The following is an update of the currently pending litigation:

The following is an update of the currently pending or recently concluded litigation:

VRAKAS, et al. v. COUNTY OF WILL, et al. (Will County)

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. IMRF has been named as a "necessary party" to the lawsuit so that any judgment can be properly enforced.

Status: Summary judgment was granted to the county and the matter is being appealed.

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: The plaintiffs spent time finding all of the former stockholders to add as defendants; an agreement of the parties led to the small stockholders (under \$50,000 in proceeds) being dismissed; a motion to dismiss filed by certain of the defendants was granted and a portion of the complaint was dismissed. That ruling is on appeal and litigation on the remaining issues is proceeding.

The defendant groups have filed a joint motion to dismiss the remaining portions of the complaint.

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

Summary: This is an administrative review action challenging the IMRF Board's decision upholding the granting of MEABF and Deerfield credit transfers to Thomas Sheahan, the former police chief of Oak Brook and denying the Village's request to recalculate their liability excluding the service credits transferred from MEABF and Deerfield.

Status: On June 17, 2014 Judge Sheen issued a lengthy opinion wherein he found that the transfers of the Deerfield service and the MEABF service were done incorrectly. Specifically, Judge Sheen found that Mr. Sheahan was not active when the final payment was made to transfer his Deerfield credit and the statute required that he be active during all stages of such transfer and also that because Mr. Sheahan did not pay his portion to transfer the MEABF credit that IMRF acted improperly by crediting him with a portion of that service. A motion for a stay was filed by Mr. Sheahan and it was argued on July 28. The stay was denied. IMRF has ceased making pension payments to Mr. Sheahan and he has appealed that determination so this issue will come back before the Board. Also on July 28, Judge Sheen allowed a counterclaim to be filed by Sheahan against IMRF. Sheahan alleges breach of fiduciary duty and breach of contract against IMRF. Sheahan has appealed the circuit court order to the Second District Appellate Court. IMRF has filed a motion to dismiss the Counterclaim. Sheahan has appealed the termination of his pension to IMRF. On October 15, 2014, Judge Sheen stayed the counterclaim until IMRF makes its decision on the administrative appeal. Status set for March 26, 2015.

The Benefit Review Committee will hear Sheahan's appeal regarding the termination of his pension by IMRF on February 24, 2015.

KATHERINE HINTERLONG V. IMRF (13 MR 1928) DUPAGE CO.

Summary: This is an administrative review action challenging the Board's decision upholding the denial of disability benefits for Katherine Hinterlong based upon failing to meet the initial eligibility standards.

Status: IMRF's brief was filed and a hearing on the merits was held on July 11, 2014.

IMRF's determination that Ms. Hinterlong did not qualify to apply for disability benefits because she was separated from IMRF service at the time her disability was incurred was upheld by Judge Wheaton.

Hinterlong has appealed to the 2ND District Appellate Court and oral argument is scheduled for February 26, 2015.

KATHLEEN KONICKI V. IMRF (14 MR 32) (SANGAMON CO)

Summary: Administrative review challenging the Board's decision that Ms. Konicki was not eligible to convert service into Original ECO.

Status: Filed on January 24, 2014. A hearing was held on August 15, 2014. The case was sent back to the BRC to join the County and the Attorney General's office on the issue of the constitutionality of the changes to the ECO plan for new enrollees.

BURGER v. IMRF (14 MR 79)

Summary: Appeal of denial of total and permanent disability.

Status: The circuit court remanded the case to IMRF in 2013 with instructions to allow the cross examination of Drs. Rao and Miller and to consider diagnoses after the termination date if such diagnoses are causally related to conditions diagnosed prior to termination. The case went back to the Benefit Review Committee in December which again upheld the denial of benefits (written decision dated 1/13/14). The Plaintiff's attorney unexpectedly passed away and a new attorney took the case. An appeal was filed on February 14, 2014.

IMRF filed the administrative record and its appearance on March 17, 2014. IMRF filed its brief on 10/3 and a hearing is scheduled for 1/8/15.

On 1/8/15 Judge Caldwell found that IMRF's decision was against the manifest weight of the evidence. Ms. Burger has decided to retire and IMRF will not be appealing.

VILLAGE OF WESTMONT V. IMRF 2014 MR 528 (DUPAGE CO.)

Summary: This is an appeal of IMRF's determination that Westmont must enroll its part time firefighters who work over 1000 hours in IMRF.

Status: Judge Wheaton upheld the Board's decision that Westmont is required to enroll its part time firefighters who work over 1000 hours a year. The Village has appealed to the Second District Appellate Court. The Village's brief is due on 2/3/15 and IMRF's Brief is due on 3/10/15.

SCOTT TATE V. IMRF 2014 MR 34 (FRANKLIN CO)

Summary: This is an appeal of a denial of total and permanent disability benefits.

Status: Case filed on June 4, 2014 in Franklin County. IMRF has filed its answer and appearance. Waiting for court to set briefing schedule.

PETERSON V. VILLAGE OF FOX LAKE AND IMRF 14 CV 9349(US DISTRICT COURT, ND ILL)

Summary: This is a wrongful termination case and IMRF was joined solely for the purpose of any award that may be granted.

Status: IMRF has appeared in this matter. No further action will be necessary as no allegations concerning IMRF were made in this case.

SHANNON STERRETT v. IMRF (14-CH 15936-COOK CO)

Summary: Appeal of a denial of disability benefits.

Status: Case was filed in Cook County on 10/2/14. This is an improper venue. IMRF has moved to dismiss this case. Status set for 3/27/15 in Cook County to allow Plaintiff's attorney to find other counsel.

DWAYNE MCCANN V. IMRF (COOK COUNTY-14 CH 16047)

Summary: Appeal of a disability closure

Status: Case filed 10/6/14. Venue is improper. Plaintiff also missed the filing deadline. IMRF has moved to dismiss. Case was dismissed by agreement on February 3, 2015.

SENFNER V. IMRF (WILL COUNTY 14 MR 2304)

Summary: Appeal of a disability closure

Status: Appearance and motion to dismiss filed on 10/30/14. No court date set.

ROGER C. BOLIN v. IMRF (PUTNAM COUNTY 14 MR 23)

Summary: Appeal of Board decision to deny omitted service application and enrollment of Putnam County Public Defender

Status: Summons received on December 9, 2014. IMRF has appeared and filed the record.

(15-02-16) (Strategic Plan Update) The Deputy Executive Director and Performance Excellence Manager gave a report to the Board on activities completed through the Fourth Quarter 2014 that support IMRF's 2014-2016 Strategic Objectives.

(15-02-17) (IMRF New Website and Logo) The Communications Manager gave a presentation to the Board illustrating IMRF's new website and logo.

(15-02-18) (Report of Executive Director) The Executive Director presented a proposal to the Board that newly elected Trustees be immediately appointed to the committees to which the outgoing Trustee participated.

The Executive Director will bring back the proposal for action at the Board's December 18, 2015 Board Meeting.

(15-02-19) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board for the following conferences:

| | |
|----------------|---|
| Natalie Copper | "Pension and Financial Services Conference" |
| | NASP |
| | June 15-17, 2015 |
| | Chicago, IL |

Gwen Henry "World Investment Forum 2015"
FTSE
May 17-20, 2015
Newport Coast, CA

David Miller "Trustee Educational Seminar"
NCPERS
May 2-7, 2015
New Orleans, LA

John Piechocinski "Pension and Financial Services Conference"
NASP
June 15-17, 2015
Chicago, IL

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

Vote: Unanimous Voice Vote
Absent: Thompson

(14-12-20) (Adjournment) It was moved by Ms. Thompson, seconded by Mr. Stulir, to adjourn the Board Meeting at 11:15 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on May 29, 2015.

Vote: Unanimous Voice Vote
Absent: Kuehne

President

Date

Secretary

Date

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