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# MINNESOTA STATE BOARD OF INVESTMENT

MINNESOTA STATE BOARD  
OF INVESTMENT  
MEETING  
May 29, 2014



**Governor Mark Dayton**  
**State Auditor Rebecca Otto**  
**Secretary of State Mark Ritchie**  
**Attorney General Lori Swanson**

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**STATE BOARD OF INVESTMENT**

**AGENDA AND MINUTES**

**May 29, 2014**



**AGENDA**  
**STATE BOARD OF INVESTMENT MEETING**  
**Thursday, May 29, 2014**  
**9:00 A.M. – Room 112**  
**State Capitol, St. Paul**

- |  |            |
|--|------------|
| <b>1. Approval of Minutes of March 4, 2014</b>   | <b>TAB</b> |
| <b>2. Report from the Executive Director (M. Perry)</b>  | <b>A</b>   |
| A. Quarterly Investment Review<br>(January 1, 2014 – March 31, 2014)   |            |
| B. Administrative Report   | <b>B</b>   |
| 1. Reports on Budget and Travel  |            |
| 2. Legislative Update  |            |
| 3. Update on Sudan   |            |
| 4. Update on Iran  |            |
| 5. Litigation Update   |            |
| 6. Staff Announcement  |            |
| <b>3. Report from the SBI Administrative Committee (L. Hacking)</b>  | <b>C</b>   |
| A. Review of Executive Director's Proposed Workplan FY15   |            |
| B. Review of Budget Plan for FY14, FY15, and FY16  |            |
| C. Review of Continuing Fiduciary Education Plan   |            |
| D. Review of Executive Director's Evaluation   |            |
| E. Update of Business Continuity Plan  |            |
| <b>4. Investment Advisory Council Report (J. Bailey)</b>   | <b>D</b>   |
| <b>A. Stock and Bond Report</b>  |            |
| 1. Review of manager performance for the period ending<br>March 31, 2014   |            |
| 2. Investment Manager Review   |            |
| <b>B. Alternative Investment Report</b>  | <b>E</b>   |
| 1. Review of current strategy  |            |
| 2. Consideration of investment commitments with one existing<br>private equity manager and one existing resource manager |            |
| <b>5. Other items</b>  |            |

**Minutes  
State Board of Investment  
March 4, 2014**

The State Board of Investment (SBI) met at 10:00 A.M. Tuesday, March 4, 2014 in Room 318, State Capitol, St. Paul, Minnesota. Governor Mark Dayton (via telephone), State Auditor Rebecca Otto, Secretary of State Mark Ritchie and Attorney General Lori Swanson were present. Ms. Swanson was the Chair for the meeting. The minutes of the December 11, 2013 meeting were approved.

**Executive Director's Report**

Mr. Perry, Executive Director, referred members to Tab A of the meeting materials, and he reported that the Combined Funds had outperformed its Composite Index over the ten year period ending December 31, 2013 (Combined Funds 8.1% vs. Composite 7.8%) and had provided a real rate of return over the latest 20 year period (Combined Funds 8.5% vs. CPI 2.3%).

Mr. Perry said that the Combined Funds' assets increased 5.4% for the quarter ending December 31, 2013 due to positive market performance. He said that the asset mix was rebalanced in January, and he stated that the Combined Funds outperformed its Composite Index for the quarter (Combined Funds 6.4% vs. Composite 5.9%), for the year (Combined Funds 20.2% vs. Composite 18.4%) and over longer periods.

Mr. Perry reported that the domestic stock manager group outperformed its target for the quarter (Domestic Stocks 10.2% vs. Domestic Equity Asset Class Target 10.1%) and for the year (Domestic Stock 35.1% vs. Domestic Equity Asset Class Target 33.6%). He said the international stock manager group outperformed its target for the quarter (International Stock 5.5% vs. International Equity Asset Class Target 4.8%) and for the year (International Stock 17.8% vs. International Equity Asset Class Target 15.3%). Mr. Perry stated that the bond segment outperformed its target for the quarter (Bonds 0.1% vs. Fixed Income Asset Class Target -0.1%) and for the year (Bonds -1.3% vs. Fixed Income Asset Class Target -2.0%). He stated that the alternative investments had a healthy return for the quarter (5.6% for the quarter and 15.8% for the year). He concluded his report with the comment that, as of December 31, 2013, the SBI was responsible for over \$73 billion in assets.

Mr. Perry referred members to Tab B of the meeting materials for an update on the budget and travel for the quarter. He stated that the Legislative Auditor has completed the financial audit of SBI operations and that members will receive a copy as soon as it is available. He noted that there was one minor written finding related to a rebalancing misclassification. He stated that the finding has been corrected. He stated that Tab B contains updated information on Sudan and Iran.

Mr. Perry stated that at the last meeting, the Board approved a motion to have staff pursue legislation to provide greater flexibility for the investment options in the Supplemental Investment Fund. Mr. Ritchie moved approval of the bill language and recommendation, as



stated in Tab B of the meeting materials, which reads: **"The Investment Advisory Council concurs with Staff's recommendation that legislation be pursued which will enable greater flexibility to provide appropriate investment options through the Supplemental Investment Fund."** The motion passed.

Mr. Perry stated that discussions continue with the Teachers Retirement Association (TRA) regarding language for a merger bill for Duluth and St. Paul that would allow both plans to invest in the Combined Funds whether they merged with TRA or not.

Mr. Perry stated that there has been some preliminary discussions regarding potential legislation which would offer small private employers and self-employed people the opportunity to participate in a retirement plan. He stated that the SBI has been named in the language to have the investment authority over this. There would be a separate program board that would be created to determine how it would be administered.

Mr. Perry stated that staff worked with the Office of Higher Education (OHE) on an RFP for the selection of a vendor to provide administrative, marketing and investment services for the State's College Savings Plan, an internal revenue code section 529 plan. He stated that three responses to the RFP were received and that staff from the SBI and OHE recommend to renew a new five year contract with TIAA-CREF. Mr. Ritchie moved approval of the recommendation, as stated in Tab B of the meeting materials, which reads: **"Staff, in concurrence with the Commissioner of the Office of the Higher Education, recommends approval of a new five year contract with TIAA-CREF Tuition Financing Inc (TFI) to provide services for the Minnesota College Savings Plan."** The motion passed.

Mr. Perry stated that staff is requesting a change to the Supplemental Investment Plan. The Income Share Account is a balanced plan with a 60% allocation to stocks, 35% to bonds and 5% cash. The stocks are managed by the Domestic Equity Pool and currently the bonds are managed internally by staff. The bond portfolio is approximately \$100 million dollars. In order to address management efficiencies and to provide a consistent approach, staff is recommending a transfer to external managers in the Bond Pool. Ms. Otto moved approval of the recommendation, as stated in Tab B of the meeting materials, which reads: **"The Investment Advisory Council concurs with staff's recommendation to transfer management of the bond segment of the Income Share Account to the SBI Bond Pool."** The motion passed.

Mr. Perry noted that there is currently no litigation involving the SBI.

Mr. Perry stated that John Griebenow and Debbie Griebenow were retiring from staff after 34 years of service. Mr. Perry also announced that LeaAnn Staggs was named Chief Operating Officer in anticipation of Jim Heidelberg's retirement. Ms. Swanson congratulated Ms. Staggs and expressed her appreciation and thanked the Griebenows for their long-time service to the State of Minnesota.

Mr. Bailey referred members to Tab C of the meeting material for updated information on the SBI's equity and fixed income managers and noted that there were no action items at this time. Mr. Bailey stated that there was a roundtable discussion on various private debt investment



strategies. The IAC recommended that staff continue to pursue various private debt investment strategies and bring back more information to the IAC at some future date.

Mr. Bailey stated during the quarter he had sent a survey to IAC members to get their feedback on the role of the IAC. He summarized the results stating that the IAC continues to view themselves as a provider of high level advice and consultation both to the Board and the SBI staff as it relates to broader policy issues.

Mr. Bailey referred members to Tab D of the meeting materials and briefly reviewed new investments with one existing resource manager (Energy & Minerals Group) and two existing private equity managers (Lexington Capital Partners, Strategic Partners). Mr. Ritchie moved approval of all three recommendations, as stated in Tab D of the meeting materials, which reads: **"The Investment Advisory Council concurs with staff's recommendation that the SBI authorize the Executive Director, with assistance from the SBI's legal counsel, to negotiate and execute a commitment of up to \$200 million, or 20% of EMG III, whichever is less. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by EMG upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on EMG or reduction or termination of the commitment.**

**The Investment Advisory Council concurs with staff's recommendation that the SBI authorize the Executive Director, with assistance from the SBI's legal counsel, to negotiate and execute a commitment of up to \$150 million, or 20% of LCP VIII, whichever is less. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by Lexington upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on Lexington or reduction or termination of the commitment.**

**The Investment Advisory Council concurs with staff's recommendation that the SBI authorize the Executive Director, with assistance from the SBI's legal counsel, to negotiate and execute a commitment of up to \$150 million, or 20% of SP VI, whichever is less. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by Strategic Partners upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in**



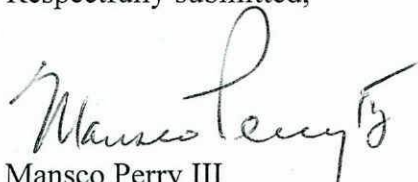
**the imposition of additional terms and conditions on Strategic Partners or reduction or termination of the commitment.”** The motion passed.

Mr. Bailey stated that there was an additional action item for Public Pension Capital (PPC Fund) to allow them flexibility to close on a minimum amount of \$400 million. Mr. Ritchie moved approval of the recommendation, as stated in Tab D of the meeting materials, which reads: **“The Investment Advisory Council concurs with staff’s recommendation that the SBI authorize the Executive Director, with assistance from the SBI’s legal counsel, to negotiate and execute a commitment of up to \$100 million, or 20% of the PPC Fund, whichever is less. Additionally, the commitment is contingent on PPC obtaining at least \$400 million in signed and finalized commitments to the Fund from at least four (4) other investors in the Fund by June 30, 2014. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by PPC upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on PPC or reduction or termination of the commitment.”** The motion passed.

Elena Modl, Alexa Grapentine and Sam Burrill-Bowen representing Minnesota Break the Bonds briefly addressed the Board regarding investments in Israel. Ms. Swanson thanked them for taking time to join the meeting.

The meeting adjourned at 10:25 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mansco Perry III".

Mansco Perry III  
Executive Director

TAB

A



# LONG TERM OBJECTIVES

## Period Ending 3/31/2014

COMBINED FUNDS: \$57.8 Billion	Result	Compared to Objective
<b>Match or Exceed Composite Index (10 Yr.)</b>  Outperform a composite market index weighted in a manner that reflects the long-term asset allocation of the Combined Funds over the latest 10 year period.	<b>8.0% (1)</b>	0.3 percentage point above the target
<b>Provide Real Return (20 yr.)</b>  Provide returns that are 3-5 percentage points greater than inflation over the latest 20 year period.	<b>8.8%</b>	6.4 percentage points above CPI

(1) Performance is calculated net of fees.

**SUMMARY OF ACTUARIAL VALUATIONS****Nine Plans of MSRS, PERA and TRA  
July 1, 2013****Liabilities**

Actuarial Accrued Liabilities	\$65.1 billion
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**Assets**

Current Actuarial Value	\$48.8 billion
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**Funding Ratio**

Current Actuarial Value divided by Accrued Liabilities	74.9%
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**Actuarial Assumptions:**

1. Liabilities calculated using entry age normal cost method.
2. Difference between actual returns and actuarially expected returns spread over five years.
3. Interest/Discount Rate – 5-Year Select and Ultimate Rates:

July 1, 2012 – June 30, 2017	8%
July 1, 2017 – and later	8.5%
4. Full Funding Target Date:

2040 – MSRS General
2031 – PERA General
2037 – TRA



## EXECUTIVE SUMMARY

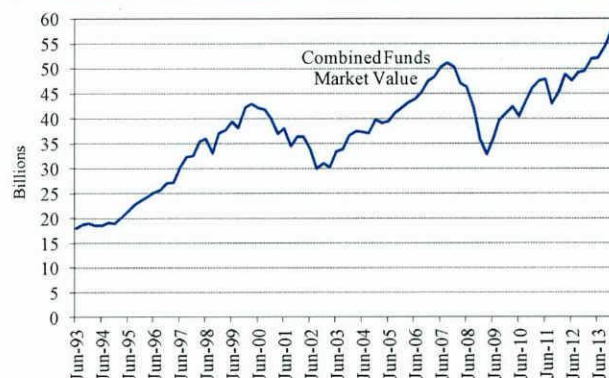
### Combined Funds (Net of Fees)

#### Asset Growth

The market value of the Combined Funds increased 1.1% during the first quarter of 2014. Positive investment returns caused the increase in market value.

#### Asset Growth During First Quarter 2014 (Millions)

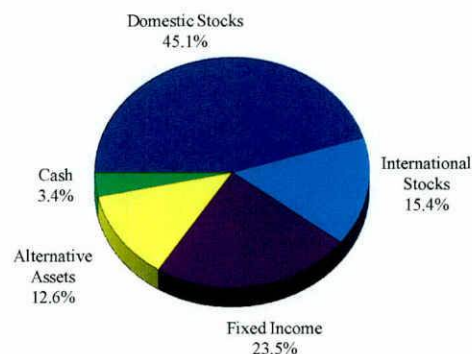
Beginning Value	\$ 57,135
Net Contributions	-548
Investment Return	1,169
Ending Value	\$ 57,756



#### Asset Mix

The allocation to domestic equity decreased due to a rebalance into cash during the quarter. The fixed income allocation had a slight increase due to positive return.

	Policy Targets	Actual Mix 3/31/2014	Actual Market Value (Millions)
Domestic Stocks	45.0%	45.1%	\$26,033
Int'l. Stocks	15.0	15.4	8,907
Bonds	18.0	23.5	13,597
Alternative Assets*	20.0	12.6	7,266
Cash	2.0	3.4	1,953
	100.0%	100.0%	\$57,756

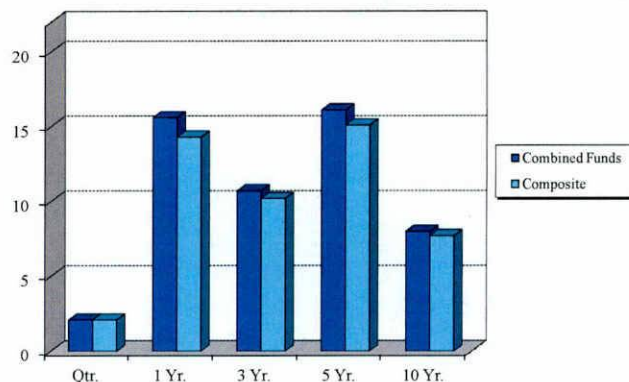


\* Any uninvested allocation is held in bonds.

#### Fund Performance (Net of Fees)

The Combined Funds matched its target for the quarter and outperformed for the year.

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Combined Funds	2.1%	15.6%	10.7%	16.1%	8.0%
Composite	2.1	14.3	10.2	15.1	7.7



## EXECUTIVE SUMMARY

### Stock and Bond Manager Performance (Net of Fees)

#### Domestic Stocks

The domestic stock manager group (active, semi-passive and passive combined) outperformed its target for the quarter and the year.

**Russell 3000:** The Russell 3000 measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Dom. Stocks</b>	<b>2.1%</b>	<b>24.1%</b>	<b>14.9%</b>	<b>22.3%</b>	<b>7.8%</b>
Asset Class Target*	2.0	22.6	14.6	21.9	7.9

\* The Domestic Equity Asset Class Target is the Russell 3000 effective 10/1/03. From 7/1/99 to 9/30/03, it was the Wilshire 5000 Investable Index.

#### International Stocks

The international stock manager group (active, semi-passive and passive combined) underperformed its target for the quarter and outperformed for the year.

**MSCI ACWI Free ex U.S. (net):** The Morgan Stanley Capital International All Country World Index is a free float-adjusted market capitalization Index that is designed to measure equity market performance in the global developed and emerging markets. There are 45 countries included in this index. It does not include the United States.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Int'l. Stocks</b>	<b>0.2%</b>	<b>13.4%</b>	<b>5.0%</b>	<b>16.1%</b>	<b>7.4%</b>
Asset Class Target*	0.5	12.3	4.2	15.5	7.2

\* Since 6/1/08 the International Equity Asset Class Target is the Standard MSCI ACWI ex U.S. (net). From 10/1/07 to 5/31/08 the benchmark was the Provisional Standard MSCI ACWI ex U.S. (net). From 10/1/03 to 9/30/07 the target was MSCI ACWI ex U.S. (net).

#### Bonds

The bond manager group (active and semi-passive combined) outperformed its target for the quarter and the year.

**Barclays Capital Aggregate:** The Barclays Capital Aggregate Bond Index reflects the performance of the broad bond market for investment grade (Baa or higher) bonds, U.S. treasury and agency securities, and mortgage obligations with maturities greater than one year.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Bonds</b>	<b>2.0%</b>	<b>0.5%</b>	<b>4.5%</b>	<b>7.3%</b>	<b>4.8%</b>
Asset Class Target	1.8	-0.1	3.7	4.8	4.5

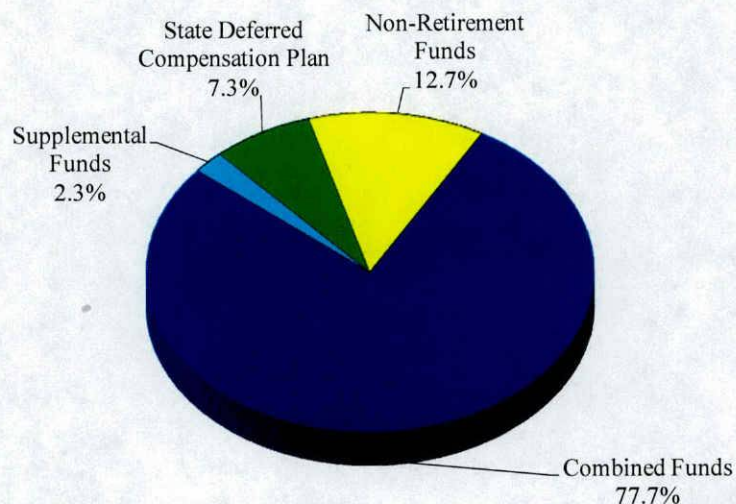
#### Alternative Investments

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternatives</b>	<b>5.2%</b>	<b>18.7%</b>	<b>13.9%</b>	<b>11.8%</b>	<b>15.5%</b>



## EXECUTIVE SUMMARY

### Funds Under Management



	<b>3/31/2014 Market Value (Billions)</b>
<b>Retirement Funds</b>	
Combined Funds	\$57.8
Supplemental Investment Fund	1.7
- Excluding Deferred Compensation Plan Assets	
State Deferred Compensation Plan	5.4
<b>Non-Retirement Funds</b>	
Assigned Risk Plan	0.3
Permanent School Fund	1.1
Environmental Trust Fund	0.8
Miscellaneous Trust Accounts	0.1
Other Post Employment Benefits Accounts	0.4
State Cash Accounts	6.8
<b>Total</b>	<b>\$74.4</b>

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# MINNESOTA STATE BOARD OF INVESTMENT

## QUARTERLY INVESTMENT REPORT

First Quarter 2014  
(January 1, 2014 - March 31, 2014)

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## VARIOUS CAPITAL MARKET INDICES

	Period Ending 3/31/2014				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity</b>					
Russell 3000 (broad market)	2.0%	22.6%	14.6%	21.9%	7.9%
Russell 1000 (large cap)	2.0	22.4	14.7	21.7	7.8
Russell 2000 (small cap)	1.1	24.9	13.2	24.3	8.5
Dow Jones Wilshire Composite	2.0	22.6	14.6	22.0	8.0
Dow Jones Industrials	-0.2	15.7	13.0	19.8	7.5
S&P 500	1.8	21.9	14.7	21.2	7.4
<b>Domestic Fixed Income</b>					
Barclays Capital Aggregate (1)	1.8	-0.1	3.7	4.8	4.5
Barclays Capital Gov't./Corp.	2.0	-0.3	4.2	5.1	4.4
3 month U.S. Treasury Bills	0.0	0.1	0.1	0.1	1.7
<b>International</b>					
Emerging Markets Free (2)	-0.4	-1.4	-2.9	14.5	10.1
ACWI Free ex-U.S. (3)	0.5	12.3	4.2	15.5	7.2
EAFE (4)	0.7	17.6	7.2	16.0	6.5
World ex-U.S. (5)	0.7	16.5	6.3	15.9	6.7
Salomon Non U.S. Gov't. Bond	3.2	2.4	1.4	4.1	4.3
<b>Inflation Measure</b>					
Consumer Price Index CPI-U (6)	1.4	1.5	1.9	2.1	2.3
Consumer Price Index CPI-W (7)	1.5	1.4	1.9	2.3	2.4

(1) Barclays Capital Aggregate Bond index. Includes governments, corporates and mortgages.

(2) Morgan Stanley Capital International Emerging Markets Free index. (Net index)

(3) Morgan Stanley Capital International All Country World Index Ex-U.S. (Net index)

(4) Morgan Stanley Capital International index of Europe, Australasia and the Far East (EAFE).  
(Net index)

(5) Morgan Stanley Capital International World Ex-U.S. Index (Developed Markets) (Net index)

(6) Consumer Price Index (CPI) for all urban consumers, also known as CPI-U.

(7) Consumer Price Index (CPI) for all wage earners, also known as CPI-W.



## FINANCIAL MARKETS REVIEW

## DOMESTIC STOCKS

The U.S. stock market, as measured by the Russell 3000 index, posted a 2.0% return for the first quarter of 2014. Markets advanced despite mixed economic data and the start of the Federal Reserve's program to scale back its quantitative easing. Steadily improving expectations for the U. S. economy provided support for the stock market during the quarter. Within the Russell 3000, Health Care was the best performing sector with a 5.8% return while Consumer Discretionary was the weakest with a -2.2% return for the quarter. Value stocks outperformed their growth counterparts during the quarter.

Performance of the Russell Style Indices for the quarter is shown below:

Large Growth	Russell 1000 Growth	1.1%
Large Value	Russell 1000 Value	3.0%
Small Growth	Russell 2000 Growth	0.5%
Small Value	Russell 2000 Value	1.8%

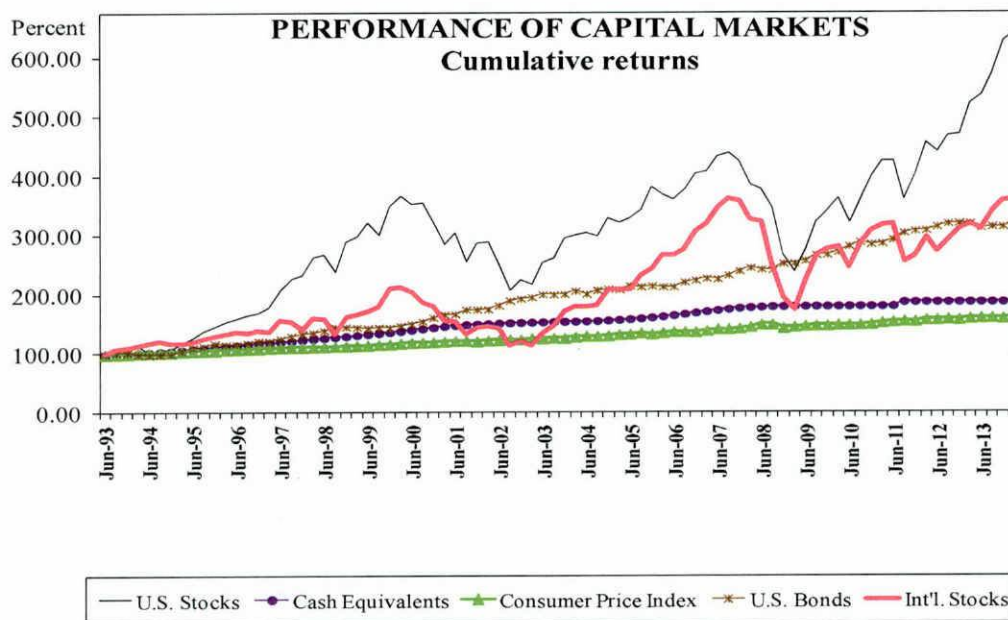
The Russell 3000 index returned 22.6% for the year ending March 31, 2014.

## DOMESTIC BONDS

The U.S. bond market, as measured by the Barclays Capital U.S. Aggregate Bond Index, produced a total return of 1.8% for the quarter. Yields on most U.S. Treasuries declined during the quarter. The 2-year U.S. Treasury ended the first quarter higher by 4 basis points at 0.4%, the 5-year decreased by 2 basis points to 1.7%, the 10-year decreased by 31 basis points to 2.7%, and the 30-year decreased by 41 basis points to 3.6%. Investment grade corporate bonds outperformed the benchmark during the quarter, while all other sectors underperformed the broader benchmark.

The major sector returns for the Barclays Capital U.S. Aggregate Bond Index for the quarter were:

U.S. Treasury	1.3%
Agency	1.2
Corporates	2.9
Agency MBS	1.6
Commercial Mortgages	1.3
Asset-backed	0.5



## FINANCIAL MARKETS REVIEW

## INTERNATIONAL STOCKS

In aggregate, developed international stock markets (as measured by the MSCI World ex U.S. index net) provided a return of 0.7% for the quarter. The quarterly performance of the six largest stock markets is shown below:

Japan	-5.6%
United Kingdom	-0.8
Canada	1.6
France	2.9
Switzerland	4.7
Germany	-0.3

The World ex U.S. index returned 16.5% during the last year.

The World ex U.S. index is compiled by Morgan Stanley Capital International (MSCI) and is a measure of 22 markets located in Europe, Australasia, Far East, and Canada. The major markets listed above comprise about 74% of the value of the developed international markets in the index.

## EMERGING MARKETS

Emerging markets (as measured by MSCI Emerging Markets Free index net) provided a return of -0.4% for the quarter. The quarterly performance of the six largest stock markets in the index is shown below:

China	-5.9%
Korea	-2.2
Taiwan	1.1
Brazil	2.8
South Africa	4.7
India	8.2

The Emerging Markets Free index returned -1.4% during the last year.

The Emerging Markets Free (EMF) index is compiled by MSCI and measures performance of 21 stock markets in Latin America, Asia, Africa and Eastern Europe. EMF includes only those securities foreign investors are allowed to hold. The markets listed above comprise about 72% of the value of the emerging international markets in the index.

## REAL ESTATE

During the first quarter of 2014, real estate posted its 17<sup>th</sup> consecutive quarter of positive returns with the NCREIF Property Index posting a return of 2.7%. Real Estate markets have seen a healthy recovery since the 2008-2009 crash. Fundraising for private real estate funds continued at elevated levels seen over the last six quarters, logging \$24 billion in 1Q 2014 vs. \$30 billion in 4Q 2013 (source: Prequin).

## PRIVATE EQUITY

The ongoing moderate economic recovery, combined with artificially low interest rates, continue to fuel investor demand for increasing private equity allocations. General Partners distributed capital back to Limited Partners at record levels in 2013, and so LPs are faced with finding appropriate ways to reinvest capital. This has driven a resurgence in private equity fundraising, reaching \$98 billion across a variety of strategies in 1Q 2014, down from \$161 billion in 4Q 2013, but in-line with quarterly fundraising activity since 2009. GPs have been relatively disciplined in their deal-making efforts. Buyout activity resumed its upward trajectory in 1Q 2014, reaching \$80 billion globally, after declining in successive quarters after reaching a post-crisis high of \$87 billion in 1Q 2013.

## RESOURCE FUNDS

During the first quarter of 2014, crude oil traded between a range of \$91/bbl and \$104/bbl. The average price for the first quarter of 2014 was \$98/bbl, which is \$1 above the average price from the fourth quarter of 2013. Strong global energy demand and unrest in the Middle East should continue to provide strength to oil prices.



## COMBINED FUNDS

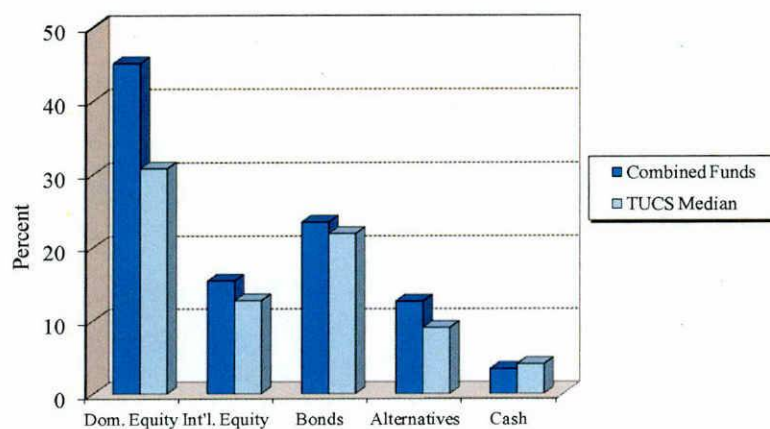
The comparison universe used by the SBI is the Trust Universe Comparison Service (TUCS). Only funds with assets over \$1 billion are included in the comparisons shown in this section.

## Asset Mix Compared to Other Pension Funds

On 3/31/2014, the asset mix of the Combined Funds was:

	\$ Millions	%
Domestic Stocks	\$26,033	45.1%
International Stocks	8,907	15.4
Bonds	13,597	23.5
Alternative Assets	7,266	12.6
Unallocated Cash	1,953	3.4
Total	\$57,756	100.0%

Comparisons of the Combined Funds' asset mix to the median allocation to stocks, bonds and other assets of the public and corporate funds in TUCS over \$1 billion are shown below:



	Dom. Equity	Int'l Equity	Bonds	Alternatives	Cash
Combined Funds	45.1%	15.4%	23.5%	12.6%	3.4%
Median Allocation in TUCS*	30.8	12.7	21.9	9.0**	4.0

\* Public and corporate plans over \$1 billion.

\*\* May include assets other than alternatives.

## COMBINED FUNDS

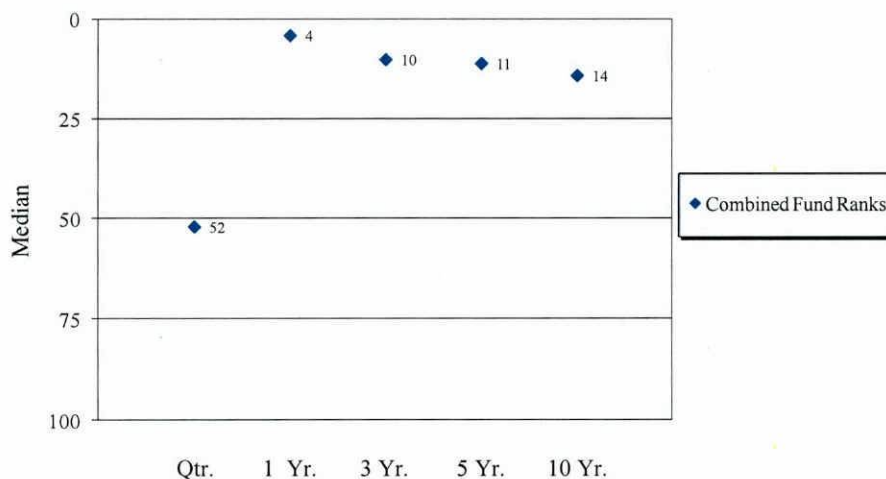
### Performance Compared to Other Pension Funds

While the SBI is concerned with how its returns compare to other pension investors, universe comparisons should be used with great care. There are several reasons why such comparisons will provide an “apples to oranges” look at performance:

- **Differing Allocations.** Asset allocation will have a dominant effect on return. The allocation to stocks among the funds in TUCS typically ranges from 20-90%, a very wide range for meaningful comparison. In addition, it appears that many funds do not include alternative asset holdings in their reports to TUCS. This further distorts comparisons among funds.
- **Differing Goals/Liabilities.** Each pension fund structures its portfolio to meet its own liabilities and risk tolerance. This will result in different choices on asset mix. Since asset mix will largely determine investment results, a universe ranking is not relevant to a discussion of how well a plan sponsor is meeting its long-term liabilities.

With these considerations in mind, the performance of the Combined Funds compared to other public and corporate pension funds in Trust Universe Comparison Service (TUCS) are shown below.

The SBI's returns are ranked against public and corporate plans with over \$1 billion in assets. All funds in TUCS report their returns gross of fees.



	Period Ending 3/31/2014				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Combined Funds Percentile Rank in TUCS*	52nd	4th	10th	11th	14th

\* Compared to public and corporate plans greater than \$1 billion, gross of fees.



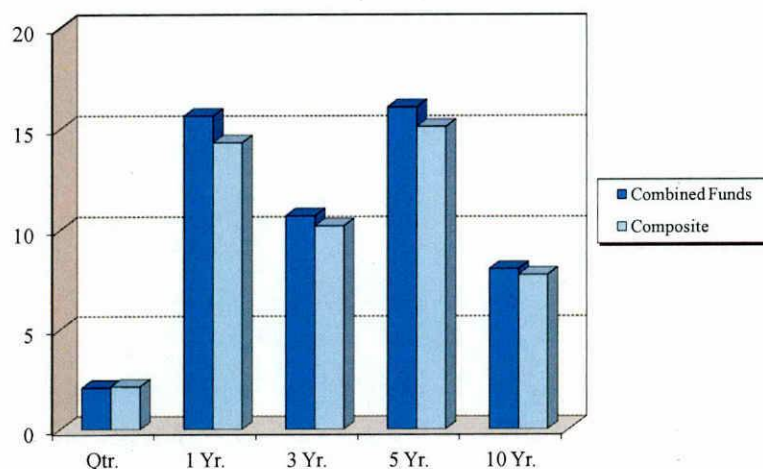
### COMBINED FUNDS

#### Performance Compared to Composite Index

The Combined Funds' performance is evaluated relative to a composite of market indices. The composite is weighted in a manner that reflects the asset allocation of the Combined Funds:

	Market Index	Combined Funds Composite* 1Q14
Domestic Stocks	Russell 3000	45.0%
Int'l. Stocks	MSCI ACWI Free ex-U.S.	15.0
Bonds	Barclays Capital Aggregate	25.4*
Alternative Investments	Alternative Investments	12.6*
Unallocated Cash	3 Month T-Bills	2.0
		100.0%

\* Alternative asset and fixed income weights are reset in the composite at the start of each month to reflect the amount of unfunded commitments in alternative asset classes. The above Combined Funds Composite weighting was as of the beginning of the quarter.



Period Ending 3/31/2014

	Qtr.	1 Yr.	3 Yr.	Annualized 5 Yr.	10 Yr.
Combined Funds**	2.1%	15.6%	10.7%	16.1%	8.0%
Composite Index	2.1	14.3	10.2	15.1	7.7

\*\* Actual returns are reported net of fees.

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## STOCK AND BOND MANAGERS

### Performance of Asset Pools (Net of Fees)

#### Domestic Stocks

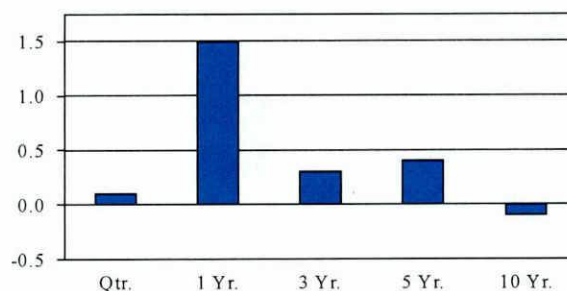
**Target:** Russell 3000

**Expectation:** If one-third of the pool is actively managed, one-third is semi-passively managed, and one-third is passively managed, the entire pool is expected to exceed the target by .18% - .40% annualized, over time.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Stocks</b>	<b>2.1%</b>	<b>24.1%</b>	<b>14.9%</b>	<b>22.3%</b>	<b>7.8%</b>
Asset Class Target*	2.0	22.6	14.6	21.9	7.9

\* The Domestic Equity Asset Class Target is the Russell 3000 effective 10/1/03. From 7/1/99 to 9/30/03, it was the Wilshire 5000 Investable Index.

Value Added to Domestic Equity Target



#### International Stocks

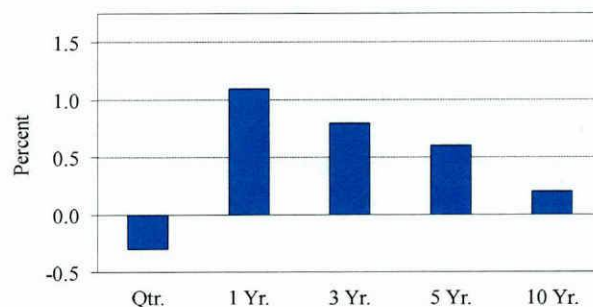
**Target:** Standard MSCI ACWI Free ex U.S. (net)

**Expectation:** If at least one-third of the pool is managed actively, no more than one-third is semi-passively managed, and at least one-quarter is passively managed, the entire pool is expected to exceed the target by .25% - .75% annualized, over time.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Int'l. Stocks</b>	<b>0.2%</b>	<b>13.4%</b>	<b>5.0%</b>	<b>16.1%</b>	<b>7.4%</b>
Asset Class Target*	0.5	12.3	4.2	15.5	7.2

\* The Int'l Equity Asset Class Target is MSCI ACWI Free ex U.S. (net) effective 10/1/03.

Value Added to International Equity Target



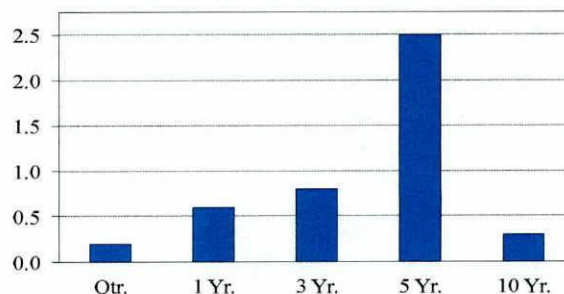
#### Bonds

**Target:** Barclays Capital Aggregate Bond Index

**Expectation:** If half of the pool is actively managed and half is managed semi-passively, the entire pool is expected to exceed the target by .20% - .35% annualized, over time.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Bonds</b>	<b>2.0%</b>	<b>0.5%</b>	<b>4.5%</b>	<b>7.3%</b>	<b>4.8%</b>
Asset Class Target	1.8	-0.1	3.7	4.8	4.5

Value Added to Fixed Income Target



## ALTERNATIVE INVESTMENTS

### Performance of Asset Categories (Net of Fees)

#### Alternative Investments

**Expectation:** The alternative investments are measured against themselves using actual portfolio returns.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
Alternatives	5.2%	18.7%	13.9%	11.8%	15.5%
Inflation	1.4%	1.5%	1.9%	2.1%	2.3%

#### Real Estate Investments (Equity emphasis)

**Expectation:** Real estate investments are expected to exceed the rate of inflation by 5% annualized, over the life of the investment.

The SBI began its real estate program in the mid-1980's and periodically makes new investments. Some of the existing investments are relatively immature and returns may not be indicative of future results.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
Real Estate	0.8%	13.1%	11.9%	1.2%	6.9%

#### Private Equity Investments (Equity emphasis)

**Expectation:** Private equity investments are expected to exceed the rate of inflation by 10% annualized, over the life of the investment.

The SBI began its private equity program in the mid-1980's and periodically makes new investments. Some of the existing investments are relatively immature and returns may not be indicative of future results.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
Private Equity	6.5%	20.6%	13.6%	15.2%	16.4%

#### Resource Investments (Equity emphasis)

**Expectation:** Resource investments are expected to exceed the rate of inflation by 5% annualized, over the life of the investment.

The SBI began its resource program in the mid-1980's and periodically makes new investments. Some of the existing investments are relatively immature and returns may not be indicative of future results.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
Resource	-0.6%	13.2%	14.7%	9.7%	26.7%

#### Yield Oriented Investments (Debt emphasis)

**Expectation:** Yield oriented investments are expected to exceed the rate of inflation by 5.5% annualized, over the life of the investment.

The SBI began its yield oriented program in 1994. Some of the existing investments are relatively immature and returns may not be indicative of future returns.

	Period Ending 3/31/2014				
	Annualized				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
Yield Oriented	9.8%	22.7%	17.5%	12.8%	17.6%



## SUPPLEMENTAL INVESTMENT FUND

The Minnesota Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options to state and local public employees. The different participating groups use the Fund for a variety of purposes:

1. It functions as the investment manager for all assets of the Unclassified Employees Retirement Plan, Public Employees Defined Contribution Plan, Hennepin County Supplemental Retirement Plan, and Health Care Savings Plan.
2. It is one investment vehicle offered to employees as part of Minnesota State Colleges and University's Individual Retirement Account Plan and College Supplemental Retirement Plan.
3. It serves as an external money manager for a portion of some local police and firefighter retirement plans.
4. It serves as the investment vehicle for the Voluntary Statewide Volunteer Firefighter Plan.

A wide diversity of investment goals exists among the Fund's participants. In order to meet those needs, the Fund has been structured much like a "family of mutual funds." Participants may allocate their investments among one or more accounts that are appropriate for their needs, within the statutory requirements and rules established by the participating organizations. Participation in the Fund is accomplished through the purchase or sale of shares in each account.

The investment returns shown in this report are calculated using a time-weighted rate of return formula. All returns are net of investment management fees.

**On 3/31/2014 the market value of the entire Fund was \$1.7 billion.**

## Investment Options

	3/31/2014 Market Value (In Millions)
<b>Income Share Account</b> – a balanced portfolio utilizing both common stocks and bonds.	\$337
<b>Growth Share Account</b> – an actively managed, all common stock portfolio.	\$194
<b>Common Stock Index Account</b> – a passively managed, all common stock portfolio designed to track the performance of the entire U.S. stock market.	\$423
<b>International Share Account</b> – a portfolio of non U.S. stocks that incorporates both active and passive management.	\$179
<b>Bond Market Account</b> – an actively managed, all bond portfolio.	\$108
<b>Money Market Account</b> – a portfolio utilizing short-term, liquid debt securities.	\$246
<b>Fixed Interest Account</b> – a portfolio of stable value instruments, including security backed contracts and insurance company and bank investment contracts.	\$194
<b>Volunteer Firefighter Account</b> – a balanced portfolio only used by the Voluntary Statewide Volunteer Firefighter Plan.	\$26

## SUPPLEMENTAL INVESTMENT FUND ACCOUNTS

## INCOME SHARE ACCOUNT

## Investment Objective

The primary investment objective of the Income Share Account is similar to that of the Combined Funds. The Account seeks to maximize long-term real rates of return, while limiting short-run portfolio return volatility.

## Asset Mix

The Income Share Account is invested in a balanced portfolio of common stocks and bonds. Common stocks provide the potential for significant capital appreciation, while bonds act as a deflation hedge and provide portfolio diversification.

	Target	Actual
Stocks	60.0%	60.3%
Bonds	35.0	34.8
Cash	5.0	4.9
	100.0%	100.0%

## Period Ending 3/31/2014

## Annualized

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	1.8%	13.9%	10.6%	15.5%	7.1%
Benchmark*	1.9	13.1	10.2	14.8	6.5

\* 60% Russell 3000/35% Barclays Capital Aggregate Bond Index/  
5% T-Bills Composite.

## GROWTH SHARE ACCOUNT

## Investment Objective

The Growth Share Account's investment objective is to generate above-average returns from capital appreciation on common stocks.

## Asset Mix

The Growth Share Account is invested primarily in the common stocks of US companies. The managers in the account also hold varying levels of cash.

## Period Ending 3/31/2014

## Annualized

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	2.1%	24.9%	15.0%	22.4%	7.7%
Benchmark*	2.0	22.6	14.6	21.9	7.9

\* Russell 3000

## COMMON STOCK INDEX ACCOUNT

## Investment Objective and Asset Mix

The investment objective of the Common Stock Index Account is to generate returns that track those of the U.S. stock market as a whole. The Account is designed to track the performance of the Russell 3000, a broad-based equity market indicator.

The Account is invested 100% in common stock.

## Period Ending 3/31/2014

## Annualized

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	2.0%	22.6%	14.6%	22.0%	8.0%
Benchmark*	2.0	22.6	14.6	21.9	7.9

\* Russell 3000

## INTERNATIONAL SHARE ACCOUNT

## Investment Objective and Asset Mix

The investment objective of the International Share Account is to earn a high rate of return by investing in the stock of companies outside the U.S. At least twenty-five percent of the Account is "passively managed" and no more than 33% of the Account is "semi-passively managed." These portions of the Account are designed to track and modestly outperform, respectively, the return of 23 developed markets included in the Morgan Stanley Capital International World ex U.S. Index. The remainder of the Account is "actively managed" by several international managers and emerging markets specialists who buy and sell stocks in an attempt to maximize market value.

## Period Ending 3/31/2014

## Annualized

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	0.2%	13.4%	5.0%	16.1%	7.5%
Benchmark*	0.5	12.3	4.2	15.5	7.2

\* The Int'l Equity Asset Class Target is MSCI ACWI Free ex U.S. (net).



## SUPPLEMENTAL INVESTMENT FUND ACCOUNTS

**BOND MARKET ACCOUNT****Investment Objective**

The investment objective of the Bond Market Account is to exceed the return of the broad domestic bond market by investing in fixed income securities.

**Asset Mix**

The Bond Market Account invests primarily in high-quality, government and corporate bonds that have intermediate to long-term maturities, usually 3 to 20 years.

**Period Ending 3/31/2014**

	<b>Annualized</b>				
	<b>Qtr.</b>	<b>1 Yr.</b>	<b>3 Yr.</b>	<b>5 Yr.</b>	<b>10 Yr.</b>
<b>Total Account</b>	<b>2.0%</b>	<b>0.5%</b>	<b>4.5%</b>	<b>7.3%</b>	<b>4.9%</b>
Barclays Capital Aggregate	1.8	-0.1	3.7	4.8	4.5

**MONEY MARKET ACCOUNT****Investment Objective**

The investment objective of the Money Market Account is to protect principal by investing in short-term, liquid U.S. Government securities.

**Asset Mix**

The Account is invested entirely in high quality, short-term U.S. Treasury and Agency securities. The average maturity of the portfolios is less than 90 days.

**Period Ending 3/31/2014**

	<b>Annualized</b>				
	<b>Qtr.</b>	<b>1 Yr.</b>	<b>3 Yr.</b>	<b>5 Yr.</b>	<b>10 Yr.</b>
<b>Total Account</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.8%</b>
3 month T-Bills	0.0	0.1	0.1	0.1	1.6

**FIXED INTEREST ACCOUNT****Investment Objectives**

The investment objectives of the Fixed Interest Account are to protect investors from loss of their original investment and to provide competitive interest rates using somewhat longer-term investments than typically found in a money market account.

**Asset Mix**

The Account is invested in a well-diversified portfolio of high-quality fixed income securities with strong credit ratings. The Account also invests in contracts issued by highly rated insurance companies and banks which are structured to provide principal protection for the Account's diversified bond portfolios, regardless of daily market changes.

**Period Ending 3/31/2014**

	<b>Annualized</b>				
	<b>Qtr.</b>	<b>1 Yr.</b>	<b>3 Yr.</b>	<b>5 Yr.</b>	<b>10 Yr.</b>
<b>Total Account</b>	<b>0.4%</b>	<b>2.0%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>3.9%</b>
Benchmark*	0.3	1.1	1.0	1.2	2.6

\* The Fixed Interest Benchmark is the 3 year Constant Maturity Treasury Bill +45 basis points.

**VOLUNTEER FIREFIGHTER ACCOUNT**

The investment objective of the Volunteer Firefighter Account is to maximize long-term returns while limiting short-term portfolio return volatility.

The Account is invested in a balanced portfolio:

**Period Ending 3/31/2014**

	<b>Annualized</b>				
	<b>Qtr.</b>	<b>1 Yr.</b>	<b>3 Yr.</b>	<b>5 Yr.</b>	<b>10 Yr.</b>
<b>Total Account</b>	<b>1.6%</b>	<b>9.8%</b>	<b>8.0</b>	<b>N/A</b>	<b>N/A</b>
Benchmark*	1.7	9.4	7.6	N/A	N/A

\* The benchmark for this account is 35% Russell 3000, 15% MSCI ACWI Free ex U.S. (net), 45% Barclays Capital Aggregate, 5% 3 month T-Bills.

	<b>Target</b>	<b>Actual</b>
Domestic Stocks	35.0	35.3%
International Stocks	15.0	14.9
Bonds	45.0	45.0
Cash	5.0	4.8
	100.0%	100.0%

## DEFERRED COMPENSATION PLAN ACCOUNTS

The Deferred Compensation Plan provides public employees with a tax-sheltered retirement savings plan that is a supplement to their primary retirement plan. (In most cases, the primary plan is a defined benefit plan administered by TRA, PERA, or MSRS.)

Participants choose from 4 actively managed mutual funds  
5 passively managed mutual funds and 11 target retirement

fund options. The SBI also offers a money market option and a stable value option. All provide for daily pricing needs of the plan administrator. Participants may also choose from hundreds of funds in a mutual fund window. The current plan structure became effective July 1, 2011. The investment options and objectives are outlined below.

### Investment Options

	<b>3/31/2014 Market Value (in Millions)</b>
Vanguard Index Institutional Plus Shares (passive)	\$880
Janus Twenty (active)	\$516
Vanguard Mid Cap Index Institutional Shares (passive)	\$370
T. Rowe Price Small-Cap Stock (active)	\$619
Fidelity Diversified International (active)	\$287
Vanguard Total International Stock Index Institutional Plus (passive)	\$146
Vanguard Balanced Index Institutional Shares (passive)	\$622
Dodge & Cox Income Fund (active)	\$190
Vanguard Total Bond Market Index Institutional Shares (passive)	\$165
SIF Money Market Account	\$66
SIF Fixed Interest Account (stable value)	\$1,366
State Street Global Advisors MN Target Retirement Funds	\$196
Income Fund	\$26
2015 Fund	\$30
2020 Fund	\$46
2025 Fund	\$35
2030 Fund	\$20
2035 Fund	\$15
2040 Fund	\$10
2045 Fund	\$6
2050 Fund	\$4
2055 Fund	\$2
2060 Fund	\$2

## DEFERRED COMPENSATION PLAN ACCOUNTS

## LARGE CAP EQUITY

**Vanguard Index Institutional Plus (passive)**

- A passive domestic stock portfolio that tracks the S&P 500.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
S&P 500	1.8%	21.9%	14.7%	21.2%
	1.8	21.9	14.7	21.2

**Janus Twenty (active)**

- A concentrated fund of large cap stocks which is expected to outperform the S&P 500, over time.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
S&P 500	-1.5%	24.8%	13.4%	17.6%
	1.8	21.9	14.7	21.2

## MID CAP EQUITY

**Vanguard Mid Cap Index (passive)**

- A fund that passively invests in companies with medium market capitalizations that tracks the CRSP US Mid-Cap Index.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
CRSP US Mid-Cap	3.3%	23.7%	13.6%	25.1%
	3.3	23.7	13.7	25.2

## SMALL CAP EQUITY

**T. Rowe Price Small Cap (active)**

- A fund that invests primarily in companies with small market capitalizations and is expected to outperform the Russell 2000.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
Russell 2000	2.1%	24.9%	14.9%	27.4%
	1.1	24.9	13.2	24.3

## INTERNATIONAL EQUITY

**Fidelity Diversified International (active)**

- A fund that invests primarily in stocks of companies located outside the United States and is expected to outperform the MSCI index of Europe, Australasia and the Far East (EAFE), over time.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
MSCI EAFE	-0.8%	18.9%	7.4%	15.9%
	0.7	17.6	7.2	16.0

**Vanguard Total International Stock Index (passive)**

- A fund that seeks to track the investment performance of the MSCI All Country World ex USA Investable Market Index, an index designed to measure equity market performance in developed and emerging markets, excluding the United States.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
ACWI ex US IMI	0.8%	12.8%	N/A	N/A
	1.0	13.0	N/A	N/A



## DEFERRED COMPENSATION PLAN ACCOUNTS

### BALANCED

#### Vanguard Balanced Index (passive)

- A fund that passively invests in a mix of domestic stocks and bonds. The fund is expected to track a weighted benchmark of 60% CRSP US Total Market Index/40% Barclays Capital Aggregate.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
Benchmark	2.0%	13.0%	10.5%	15.2%
	2.0	13.2	10.4	15.2

### FIXED INCOME

#### Dodge & Cox Income Fund (active)

- A fund that invests primarily in investment grade securities in the U.S. bond market which is expected to outperform the Barclays Capital Aggregate, over time.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
Barclays Capital Agg.	2.3%	2.4%	4.7%	7.6%
	1.8	-0.1	3.7	4.8

#### Vanguard Total Bond Market Index (passive)

- A fund that passively invests in a broad, market-weighted bond index that is expected to track the Barclays Capital Aggregate.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
Barclays Capital Agg.	1.9%	-0.2%	3.7%	4.7%
	1.8	-0.1	3.7	4.8

#### Money Market Account

- A fund that invests in short-term debt instruments which is expected to outperform the return on 3-month U.S. Treasury Bills.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
3-Mo. Treas.	0.0%	0.2%	0.2%	0.2%
	0.0	0.1	0.1	0.1

### FIXED INTEREST ACCOUNT

- A portfolio composed of stable value instruments which are primarily investment contracts and security backed contracts. The account is expected to outperform the return of the 3 year Constant Maturity Treasury + 45 basis points, over time.

Fund	Period Ending 3/31/2014			
	Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
Benchmark	0.4%	2.0%	2.7%	3.3%
	0.3	1.1	1.0	1.2

### MN TARGET RETIREMENT ACCOUNTS

- Target retirement funds offer a mix of investments that are adjusted over time to reduce risk and become more conservative as the target retirement date approaches.

See Page A-107 for returns.

## ASSIGNED RISK PLAN

### Investment Objectives

The Assigned Risk Plan has two investment objectives: to minimize the mismatch between assets and liabilities and to provide sufficient liquidity for the payment of on-going claims and operating expenses.

### Asset Mix

The Assigned Risk Plan is invested in a portfolio of common stocks and bonds. The actual asset mix will fluctuate in response to changes in the Plan's liability stream.

	3/31/2014 Target	3/31/2014 Actual
Stocks	20.0%	22.6%
Bonds	80.0	77.4
Total	100.0%	100.0%

### Investment Management

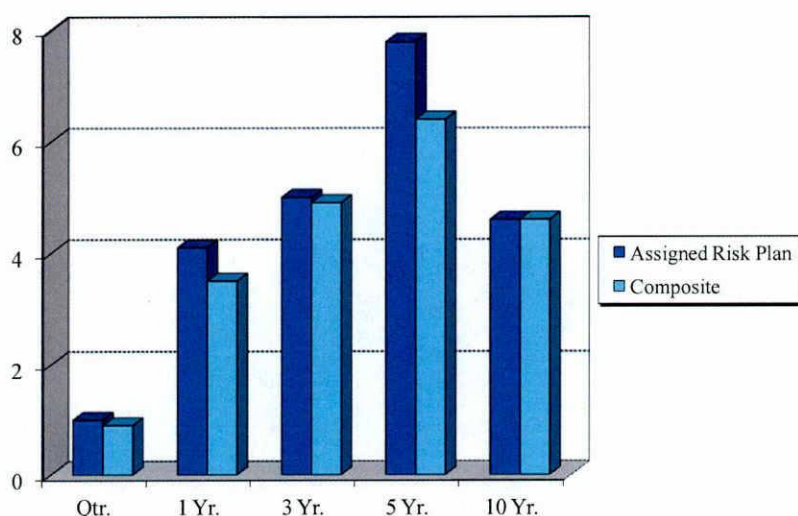
RBC Global Asset Management (US) manages the bond segment of the Fund. GE Investment Management manages the equity segment.

### Performance Benchmarks

Since July 1, 2011, the fixed income benchmark has been the Barclays Capital Intermediate Government Index. Since July 1, 1994, the equity benchmark has been the S&P 500 index. The total fund benchmark is a combination of the fixed income and equity benchmarks, weighted according to the total fund asset allocation targets.

### Market Value

On March 31, 2014 the market value of the Assigned Risk Plan was \$288 million.



### Period Ending 3/31/2014

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	<b>1.0%</b>	<b>4.1%</b>	<b>5.0%</b>	<b>7.8%</b>	<b>4.6%</b>
Composite	0.9	3.5	4.9	6.4	4.6
<b>Equity Segment*</b>	<b>2.2</b>	<b>23.9</b>	<b>14.0</b>	<b>19.8</b>	<b>7.5</b>
Benchmark	1.8	21.9	14.7	21.2	7.4
<b>Bond Segment*</b>	<b>0.7</b>	<b>-0.8</b>	<b>2.3</b>	<b>4.8</b>	<b>3.6</b>
Benchmark	0.6	-0.8	2.3	2.5	3.7

\* Actual returns are calculated net of fees.

## PERMANENT SCHOOL FUND

### Investment Objectives

The investment objective of the Permanent School Fund is to produce a growing level of spendable income, within the constraints of maintaining adequate portfolio quality and liquidity. The income from the portfolio is used to offset expenditures on school aid payments to local school districts.

### Asset Mix

Effective with FY98, the Permanent School Fund is invested in a balanced portfolio of common stocks and bonds. Common stocks provide the potential for significant capital appreciation, while bonds provide portfolio diversification and a more stable stream of current income.

	3/31/2014 Target	3/31/2014 Actual
Stocks	50.0%	50.7%
Bond	48.0	47.4
Cash	2.0	1.9
Total	100.0%	100.0%

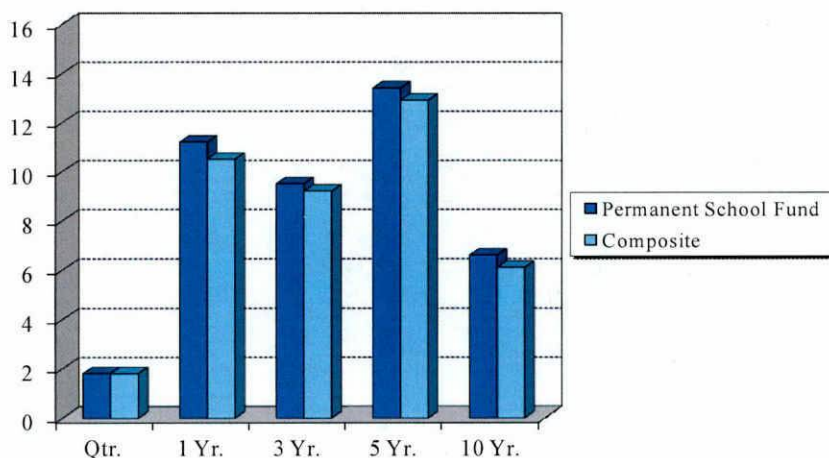
Prior to FY98, the Fund was invested entirely in fixed income securities in order to maximize current income. It is understood that the change in asset mix will reduce portfolio income in the short term, but will enhance the value of the fund, over time.

### Investment Management

SBI staff manages all assets of the Permanent School Fund. The stock segment is passively managed to track the performance of the S&P 500. The bond segment is actively managed to add incremental value through sector, security and yield curve decisions.

### Market Value

On March 31, 2014 the market value of the Permanent School Fund was \$ 1,062 million.



### Period Ending 3/31/2014

#### Annualized

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	<b>1.8%</b>	<b>11.2%</b>	<b>9.5%</b>	<b>13.4%</b>	<b>6.6%</b>
Composite	1.8	10.5	9.2	12.9	6.1
<b>Equity Segment*</b>	<b>1.8</b>	<b>21.7</b>	<b>14.6</b>	<b>21.1</b>	<b>7.4</b>
S&P 500	1.8	21.9	14.7	21.2	7.4
<b>Bond Segment*</b>	<b>1.9</b>	<b>1.3</b>	<b>4.2</b>	<b>5.8</b>	<b>5.2</b>
Barclays Capital Agg.	1.8	-0.1	3.7	4.8	4.5

\* Actual returns are calculated net of fees.



## ENVIRONMENTAL TRUST FUND

**Investment Objective**

The objective of the Environmental Trust Fund is to increase the market value of the Fund over time in order to increase the annual amount made available for spending.

**Asset Mix**

The Environmental Trust Fund is invested in a balanced portfolio of common stocks and bonds. Common stocks provide the potential for significant capital appreciation, while bonds act as a deflation hedge and provide portfolio diversification. As of July 1, 1999, the asset

allocation changed from 50% stocks/50% fixed income to 70% stocks /30% fixed income.

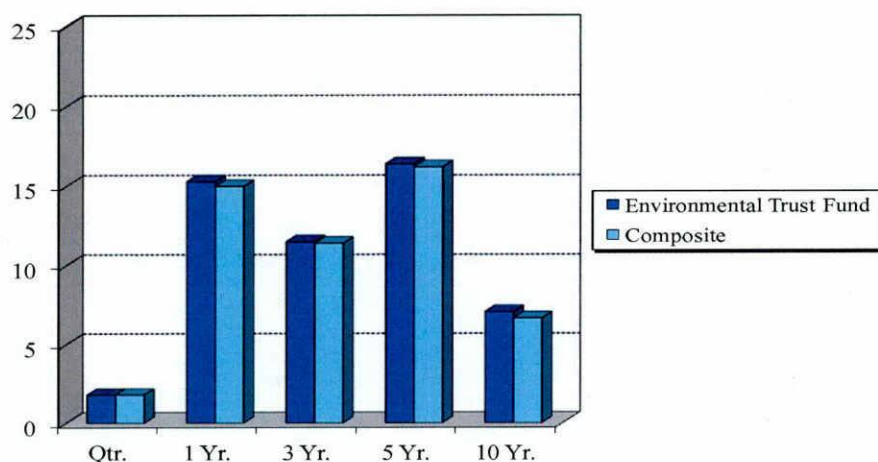
**Investment Management**

SBI staff manage all assets of the Environmental Trust Fund. The bond segment is actively managed to add incremental value through sector, security and yield curve decisions. The stock segment is passively managed to track the performance of the S&P 500.

**Market Value**

On March 31, 2014 the market value of the Environmental Trust Fund was \$810 million.

	3/31/2014 Target	3/31/2014 Actual
Stocks	70.0%	70.9%
Bonds	28.0	27.2
Cash	2.0	1.9
Total	100.0%	100.0%



	Period Ending 3/31/2014				
		Annualized			
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	1.8%	15.3%	11.5%	16.4%	7.1%
Composite	1.8	15.0	11.4	16.2	6.7
<b>Equity Segment*</b>	1.8	21.7	14.6	21.1	7.5
S&P 500	1.8	21.9	14.7	21.2	7.4
<b>Bond Segment*</b>	1.9	1.3	4.2	5.8	5.2
Barclays Capital Agg.	1.8	-0.1	3.7	4.8	4.5

\* Actual returns are calculated net of fees.

## STATE CASH ACCOUNTS

**Description**

State Cash Accounts represent the cash balances in more than 400 separate accounts that flow through the Minnesota State Treasury. These accounts vary greatly in size.

Most accounts are invested by SBI staff through a short-term pooled fund referred to as the Treasurer's Cash Pool. It contains the cash balances of special or dedicated accounts necessary for the operation of certain State agencies and non-dedicated cash in the State Treasury.

In addition, each State of Minnesota bond sale requires two additional pools, one for bond proceeds and one for debt reserve transfer.

Because of special legal restrictions, a small number of cash accounts cannot be commingled. These accounts are invested separately.

**Investment Objectives**

**Safety of Principal.** To preserve capital.

**Liquidity.** To meet cash needs without the forced sale of securities at a loss.

**Competitive Rate of Return.** To provide a level of current income consistent with the goal of preserving capital.

**Asset Mix**

The SBI maximizes current income while preserving capital by investing all cash accounts in high quality, liquid, short-term investments. These include U.S. Treasury and Agency issues, repurchase agreements, bankers acceptances, commercial paper, and certificates of deposit.

**Investment Management**

All state cash accounts are managed by SBI investment staff. As noted above, most of the assets of the cash accounts are invested through the large commingled investment pool.

	Market Value (Millions)	Period Ending 3/31/2014				
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Treasurer's Cash Pool*</b>	<b>\$6,823</b>	<b>0.1%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>1.0%</b>	<b>2.3%</b>
Custom Benchmark**						
3 month T-Bills		0.0	0.1	0.1	0.1	1.6

\* Actual returns are calculated net of fees.

\*\* Beginning in January 2003, the Treasurer's Cash Pool is measured against the iMoneyNet, All Taxable Money Fund Report Average.

**MINNESOTA STATE BOARD OF INVESTMENT**  
**Composition of State Investment Portfolios By Type of Investment**  
**Market Value March 31, 2014 (in Thousands)**

	Cash & ST	Bonds Int	Bonds Ext	Stock Int	Stock Ext	Ext Intl	Alternative	Total
<b>COMBINED RETIREMENT FUNDS</b>								
Teachers Retirement Fund	659,977 3.35%	0	4,647,115 23.55%	0	8,897,581 45.09%	3,044,177 15.43%	2,483,334 12.59%	19,732,184 100%
Public Employees Retirement Fund	579,099 3.44%	0	3,963,613 23.53%	0	7,588,918 45.05%	2,596,437 15.41%	2,118,084 12.57%	16,846,151 100%
State Employees Retirement Fund	376,075 3.38%	0	2,623,148 23.54%	0	5,022,401 45.08%	1,718,341 15.42%	1,401,763 12.58%	11,141,728 100%
Public Employees Police & Fire	236,760 3.36%	0	1,660,084 23.55%	0	3,178,474 45.09%	1,087,468 15.43%	887,119 12.58%	7,049,905 100%
12 Highway Patrol Retirement Fund	22,065 3.39%	0	153,070 23.54%	0	293,075 45.07%	100,271 15.42%	81,798 12.58%	650,279 100%
Judges Retirement Fund	6,396 3.74%	0	40,062 23.45%	0	76,704 44.91%	26,243 15.36%	21,408 12.54%	170,813 100%
Correctional Employees Retirement	30,212 3.57%	0	198,717 23.50%	0	380,472 44.99%	130,173 15.39%	106,191 12.56%	845,765 100%
Public Employees Correctional	15,163 3.51%	0	101,527 23.52%	0	194,389 45.01%	66,507 15.40%	54,255 12.56%	431,841 100%
Legislative Retirement Fund	297 3.18%	0	2,205 23.58%	0	4,223 45.18%	1,445 15.46%	1,178 12.60%	9,348 100%
PERA Minneapolis Retirement	27,958 3.19%	0	207,006 23.59%	0	396,347 45.17%	135,604 15.45%	110,621 12.61%	877,536 100%
<b>TOTAL COMBINED FUNDS</b>	1,954,002 3.38%	0	13,596,547 23.54%	0	26,032,584 45.07%	8,906,666 15.42%	7,265,751 12.58%	57,755,550 100%



	Cash & ST	Bonds Int	Bonds Ext	Stock Int	Stock Ext	Ext Intl	Alternative	Total
<b>MINNESOTA SUPPLEMENTAL FUNDS</b>								
Income Share Account	16,433 4.88%	117,224 34.83%	0	0	202,952 60.29%	0	0	336,609 100%
Growth Share Account	0	0	0	0	194,313 100.00%	0	0	194,313 100%
Money Market Account	245,982 100.00%	0	0	0	0	0	0	245,982 100%
Common Stock Index	0	0	0	0	423,170 100.00%	0	0	423,170 100%
Bond Market Account	0	0	108,365 100.00%	0	0	0	0	108,365 100%
International Share Account	0	0	0	0	0	178,902 100.00%	0	178,902 100%
Fixed Interest Account	0	0	194,374 100.00%	0	0	0	0	194,374 100%
Volunteer Firefighters Account	1,225 4.77%	0	11,569 44.99%	0	9,087 35.34%	3,835 14.91%	0	25,716 100%
<b>TOTAL SUPPLEMENTAL FUNDS</b>	263,640 15.44%	117,224 6.87%	314,308 18.41%	0	829,522 48.59%	182,737 10.70%	0	1,707,431 100%
<b>MN DEFERRED COMP PLAN</b>								
	68,772 1.27%	0	2,048,318 37.77%	0	2,840,652 52.39%	465,160 8.58%	0	5,422,902 100%
<b>TOTAL RETIREMENT FUNDS</b>	2,286,414 3.52%	117,224 0.18%	15,959,173 24.60%	0	29,702,758 45.78%	9,554,563 14.73%	7,265,751 11.20%	64,885,883 100%

	Cash & ST	Bonds Int	Bonds Ext	Stock Int	Stock Ext	Ext Intl	Alternative	Total
<b>ASSIGNED RISK PLAN</b>	1,318 0.46%	0	221,346 76.91%	0	65,153 22.64%	0	0	287,817 100%
<b>ENVIRONMENTAL FUND</b>	15,495 1.91%	220,554 27.24%	0	573,667 70.85%	0	0	0	809,716 100%
<b>PERMANENT SCHOOL FUND</b>	20,563 1.94%	503,298 47.39%	0	538,130 50.67%	0	0	0	1,061,991 100%
<b>Miscellaneous Trust Funds</b>	368 0.27%	58,990 42.73%	0	78,706 57.01%	0	0	0	138,064 100%
<b>Other Post Employment Funds (OPEB's)</b>	19,241 4.40%	68,441 15.64%	0	349,828 79.96%	0	0	0	437,510 100%
<b>TREASURERS CASH</b>	6,551,223 100.00%	0	0	0	0	0	0	6,551,223 100%
<b>MISCELLANEOUS STATE ACCOUNTS</b>	0	271,606 100.00%	0		0	0	0	271,606 100%
<b>TOTAL CASH AND NON-RETIREMENT</b>	6,608,208 69.14%	1,122,889 11.75%	221,346 2.32%	1,540,331 16.12%	65,153 0.68%	0	0	9,557,927 100%
<b>GRAND TOTAL</b>	8,894,622 11.95%	1,240,113 1.67%	16,180,519 21.74%	1,540,331 2.07%	29,767,911 39.99%	9,554,563 12.83%	7,265,751 9.76%	74,443,810 100%

**TAB**

**B**



## **EXECUTIVE DIRECTOR'S ADMINISTRATIVE REPORT**

---

DATE: May 22, 2014

TO: Members, State Board of Investment

FROM: Mansco Perry III

### **1. Reports on Budget and Travel**

A report on the SBI's administrative budget for the period ending April 30, 2014 is included as **Attachment A**.

A report on travel for the period from February 2, 2014 – May 3, 2014 is included as **Attachment B**.

### **2. Legislative Update**

I will present an update on the following legislative matters summarized in **Attachment C**.

- Merger of Duluth Teachers Retirement Fund into TRA
- Investment flexibility for defined contribution plans
- Exemption from pay equity certificate for state's deferred compensation plan managers
- Study for state-administered retirement savings plan
- Revision of OPEB Reporting to State Auditor's Office

### **3. Update on Sudan**

Each quarter, staff provides a report to the Board on steps taken to implement *Minnesota Statutes*, section 11A.243 that requires SBI actions concerning companies with operations in Sudan. Staff receives periodic reports from the Conflict Risk Network (CRN) about the status of companies with operations in Sudan.

The SBI is restricted from purchasing stock in the companies designated as highest offenders by the CRN. Accordingly, staff updates the list of restricted stocks and notifies investment managers that they may not purchase shares in companies on the restricted list. Staff receives monthly reports from the SBI's custodian bank concerning SBI holdings of companies on the CRN list and writes letters as required by law.

According to the law, after 90 days following the SBI's communication, a company continues to have active business operations in Sudan, the SBI must divest holdings of the company according to the following schedule:

- at least 50% shall be sold within nine months after the company appeared on the Task Force list; and

- 100% shall be sold within fifteen months after the company appeared on the list.

In the first quarter, SBI managers divested 10,975 shares in companies on the divestment list.

**Attachment D** is a copy of the March 17, 2014 letter sent to each international equity manager and domestic equity manager containing the most recent restricted list and the list of stocks to be divested.

**Attachment E** is an updated list of companies with operations in Sudan.

#### 4. Update on Iran

Each quarter, staff provides a report to the Board on steps taken to implement *Minnesota Statutes*, section 11A.244 that requires SBI actions concerning companies with operations in Iran.

SBI receives information on companies with Iran operations from IW Financial, through Glass Lewis. Staff receives monthly reports from the SBI's custodian bank concerning SBI holdings of companies on the restricted list and writes letters as required by the law.

According to the law, if after 90 days following the SBI's communication a company continues to have scrutinized business operations, the SBI must divest all publicly traded securities of the company according to the following schedule:

- at least 50% shall be sold within nine months after the company appeared on the scrutinized list; and
- 100% within fifteen months after the company appeared on the scrutinized list.

In the first quarter, SBI held no shares of companies on the divestment list.

**Attachment F** is a copy of the March 17, 2014 letter sent to each international equity manager and domestic equity manager and fixed income manager containing the end of quarter restricted list and the list of companies to be divested.

#### 5. Litigation Update

SBI legal counsel will give the Board a verbal update on the status of the litigation at the Board meeting on May 29, 2014.

#### 6. Staff Announcement

ATTACHMENT A

**STATE BOARD OF INVESTMENT  
FISCAL YEAR 2014 ADMINISTRATIVE BUDGET REPORT  
FISCAL YEAR TO DATE THROUGH APRIL 30, 2014**

ITEM	FISCAL YEAR 2014 BUDGET	FISCAL YEAR 2014 4/30/2014
<b>PERSONAL SERVICES</b>		
FULL TIME EMPLOYEES	\$ 3,286,000	\$ 2,541,544
PART TIME EMPLOYEES	\$ 72,000	\$ 49,632
MISCELLANEOUS PAYROLL	235,000	225,360
<b>SUBTOTAL</b>	<b>\$ 3,593,000</b>	<b>\$ 2,816,536</b>
<b>STATE OPERATIONS</b>		
RENTS & LEASES	200,000	167,089
REPAIRS/ALTERATIONS/MAINTENANCE	10,000	12,561
PRINTING & BINDING	5,000	3,612
PROFESSIONAL/TECHNICAL SERVICES	250,000	89,300
COMPUTER SYSTEMS SERVICES	23,000	15,694
COMMUNICATIONS	26,000	16,258
TRAVEL, IN-STATE	1,000	510
TRAVEL, OUT-STATE	42,000	29,903
SUPPLIES	20,000	15,591
EQUIPMENT	20,000	15,631
EMPLOYEE DEVELOPMENT	10,000	1,163
OTHER OPERATING COSTS	140,000	67,889
<b>SUBTOTAL</b>	<b>\$ 747,000</b>	<b>\$ 435,201</b>
<b>TOTAL ADMINISTRATIVE BUDGET</b>	<b>\$ 4,340,000</b>	<b>\$ 3,251,737</b>



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## ATTACHMENT B

## STATE BOARD OF INVESTMENT

**Travel Summary by Date**  
**SBI Travel February 2, 2014 – May 3, 2014**

<b>Purpose</b>	<b>Name(s)</b>	<b>Destination and Date</b>	<b>Total Cost</b>
<b>Conference:</b> Global Investor Conference sponsored by Morgan Stanley	S. Gleeson	New York, NY 2/12-2/13	\$1,345.39
<b>Manager Monitoring</b> <b>Alternative Investment</b> <b>Managers:</b> Apax Partners Annual Meeting; Diamond Castle Partners; DLJ Merchant Banking Partners; Lexington Partners; Strategic Partners Annual Meeting; Vestar Capital Partners <b>Manager Search</b> <b>Alternative Investment</b> <b>Manager:</b> BC Partners; Centerbridge; Lonestar	J. Kirby	New York, NY 3/10-3/14	\$2,426.03
<b>Conference:</b> Money Market Expo 2014 sponsored by: iMoney Net	A. Griga	Orlando, FL 3/10-3/12	\$1,187.84
<b>Manager Monitoring</b> <b>Alternative Investment</b> <b>Managers:</b> Adams Street Partners; Chicago Growth Partners; GTCR; Merit Capital Partners; Prudential Capital Partners; The Banc Funds <b>Manager Search</b> <b>Alternative Investment</b> <b>Manager:</b> Cressy & Co.	J. Kirby R. Hill	Chicago, IL 4/7-4/9	\$1,612.88

# STATE BOARD OF INVESTMENT

## Travel Summary by Date SBI Travel February 2, 2014 – May 3, 2014

Purpose	Name(s)	Destination and Date	Total Cost
Manager Monitoring Alternative Investment Manager: Merit Energy Company Annual Partner Meeting	M. Perry R. Hill	Dallas, TX 4/22-4/23	\$1,700.73



**Bills of Interest to the Minnesota State Board of Investment  
2014 Legislative Session**

**Includes action through 5/21/14**

Description of Bill	HF/SF # and Author	Current Status	Scheduled Date/Time
<b>Omnibus Pension Bill</b> Duluth Teachers merger and Investment Authority	HF 1951 (prev SF 1803-2A (Pappas)) HF 1951(Murphy, M.)	Conference Committee version passed by House and Senate	Signed into Law
<b>Women's Economic Security Act (WESA)</b>	HF 2536 (prev SF 2050 (Pappas)) HF 2536 (Melin)	Conference Committee version passed by House and Senate	Signed into Law
<b>The following are now part of WESA:</b> Private Retirement Plan (i.e. study only) and Pay Equity			
<b>College Savings Plan</b> Tax Subtraction for Contributions to MN	SF 1834 (Clausen) HF 1955 (Erhardt)	Referred to Taxes Referred to Taxes	
<b>OPEB Reporting</b> (Technical/Reporting - Auditor's office)	SF 2343 (Pappas) HF 2945 (Murphy, M.)	Passed by Senate Passed by House	Signed into Law

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ATTACHMENT D

**Letter to SBI International Equity and Domestic Equity Managers**

March 17, 2014

**Regarding: Sudan Companies**

Dear Manager:

The Minnesota State Board of Investment (SBI) sent you prior communication concerning holdings in companies doing business in Sudan. **This new communication applies to all SBI equity portfolios managed by your organization and replaces all prior communications. This communication also applies to all depository receipts or ADR's of any of the listed companies.**

*Minnesota Statutes*, section 11A.243 requires the SBI to implement a Sudan restriction.

**Attachment 1** is the List of Restricted Sudan Stocks. **These securities may not be purchased for the SBI portfolio that your organization manages.** If you own securities of companies on the Restricted List **and** the companies are **not** on the divestment list, then you do not need to sell your holdings. Please note that the attached List makes changes to the List of Restricted Sudan Companies that was attached to the December 13, 2013 letter you received. **This new list is effective March 19, 2014.**

- The following companies have been **added** to the Restricted List:
  - **MAN SE** **Germany**
  - **Renk AG** **Germany**
  
- The following company has been **removed** from the Restricted List:
  - **URAL Truck Plant** **Russia**

**Attachment 2** is the List of Sudan Stocks Requiring Divestment. The following companies were added to the divestment list:

- **Andritz AG** **Austria**
- **Bharat Electronics Ltd** **India**
- **Bharat Heavy Electricals** **India**



**If you own securities of companies on the List of Sudan Companies Requiring Divestment in the SBI portfolio that your organization manages, then you must divest those holdings according to the schedule provided in the Attachment:**

- At least 50 percent of a company's holdings must be sold by the date indicated, and
- At least 100 percent of a company's holdings must be sold by the date indicated.

**Attachment 3** is a list of security identifiers for the companies on the List of Restricted Sudan Stocks (**Attachment 1**) that your organization may use. The SBI does not represent that this is a complete list of identifiers. The manager is responsible for identifying all listings. Please note that the list of security identifiers may have information on companies not on the restricted list.

If you have any questions about this matter, please contact Tammy Brusehaver or Patricia Ammann, Domestic Equities; Stephanie Gleeson, International Equities or me.

Sincerely,

Mansco Perry III  
Executive Director

Enclosures

cc: LeaAnn M. Stagg, Chief Operating Officer  
Tammy Brusehaver, Manager, Domestic Equities  
Patricia Ammann, Portfolio Manager, Domestic Equities  
Stephanie Gleeson, Manager, International Equities

# ATTACHMENT 1

## **Restricted Sudan Stocks**

<b>Company Name</b>	<b>Country of Origin</b>
Andritz AG	Austria
Orca Gold Inc.	Canada
Statesman Resources Limited	Canada
China Gezhouba Group Company Limited	China
China Hydraulic and Hydroelectric Construction Group AKA Sinohydro Group	China
Daqing Huake Group Company Limited	China
Jinan Diesel Company Limited	China
PetroChina AKA China National Petroleum Corporation (CNPC)	China
China North Industries Group Corporation AKA CNGC/Norinco	China
Norinco International Cooperation Ltd	China
Liaoning Huajin Tongda Chemical Co. Ltd.	China
Sichuan Nitrocell Co. Ltd	China
North Navigation Control Technology Co. Ltd (formerly China North Optical-Electrical Technology Company Limited)	China
AKM Industrial Company Limited	China
China Machinery Engineering Corporation	China
China Petroleum and Chemical Corporation AKA Sinopec Corp.	China
Sinopec Engineering Group Co. Ltd.	China
Kingdream PLC	China
Sinopec Shanghai Petrochemicals Ltd	China
Sinopec Yizheng Chemical Fibre Co Ltd	China
Jiangxi Hongdu Aviation AKA Hongdu Aviation	China
Dongfeng Motor Group Company Limited	China
Harbin Electric Company Ltd.	China
Egypt Kuwait Holding Company	Egypt
Alstom	France
Kunlun Energy Co. Ltd	Hong Kong
Sinopec Kanton Holdings Limited	Hong Kong
Alstom India Ltd	India
Alstom T&D India Ltd. (formerly Areva T&D India)	India
Bharat Electronics Limited	India
Bharat Heavy Electricals Limited	India
Indian Oil Corporation Ltd. AKA IOCL	India
Chennai Petroleum Corporation Ltd. AKA CPCL	India
Lanka IOC Limited	India
Oil and Natural Gas Company AKA ONGC	India
Mangalore Refinery and Petrochemicals Limited	India
Oil India Limited	India
Energy House Holding Co KSCC, The (formerly AREF Energy Holding Company)	Kuwait
MAN SE	Germany
Renk AG	Germany
Managem	Morocco
Societe Metallurgique D'imiter	Morocco
Petroliam Nasional Berhad AKA Petronas	Malaysia

**ATTACHMENT 1**

**Restricted Sudan Stocks**

<b>Company Name</b>	<b>Country of Origin</b>
KLCC Property Holdings Bhd	Malaysia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Petronas Gas Berhad	Malaysia
Petronas Dagangan Berhad	Malaysia
Petronas Chemicals Group Berhad	Malaysia
Engen	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Scomi Group Berhad	Malaysia
Scomi Engineering Berhad	Malaysia
Scomi Energy Services Bhd	Malaysia
GAZ Group	Russia
Avtodizel OAO	Russia
GAZ Auto Plant	Russia
Pavlovsky Bus Plant	Russia
Tverskoy Excavator OJSC	Russia
Yaroclavsky Diesel Equipment Plant OAO	Russia
LS Industrial Systems	South Korea

Note: List contains parent companies and subsidiaries publicly traded.  
AKA means "Also Known As"

Source: EIRIS Conflict Risk Network

SBI Effective Date: March 19, 2014



## ATTACHMENT 2

### **Sudan Stocks Requiring Divestment**

<b>Company Name</b>	<b>Country of Origin</b>	<b>Divest 50 Percent By this Date</b>	<b>Divest 100 Percent By this date</b>
China Petroleum and Chemical Corporation AKA Sinopec Corp	China	April 30, 2008	October 31, 2008
PetroChina Company	China	April 30, 2008	October 31, 2008
Oil and Natural Gas Corp AKA ONGC	India	April 30, 2008	October 31, 2008
Malaysia International Shipping Company AKA MISC Berhad	Malaysia	April 30, 2008	October 31, 2008
Alstom	France	April 30, 2008	October 31, 2008
Dongfeng Motor Group Company Limited	China	March 31, 2011	September 30, 2011
Andritz AG	Austria	September 30, 2014	March 31, 2015
Bharat Electronics Limited	India	September 30, 2014	March 31, 2015
Bharat Heavy Electricals	India	September 30, 2014	March 31, 2015

Note: AKA means "Also Known As"

Source: Conflict Risk Network

SBI Effective Date: March 19, 2014

The following security identifiers correlate with the First Quarter 2014 Sudan Company Report and are current as of February 17, 2014

ALL DATA IS FROM BLOOMBERG LP UNLESS OTHERWISE NOTED.

## STOCKS ADDED SINCE LAST REPORT ARE HIGHLIGHTED

	Company	Primary Company (Affiliate/Parent)	Exchange	Security Type	Security Name	Ticker	WPK Number	SEDOL	CUSIP	Sicovam	ISIN	COMMON	CINS	Fondscode
ALSTOM SA	ALSTOM	ALSTOM	Equidut (XEQT)	Common Stock	ALSTOM	ALO BQ	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	BATS Europe (BATE)	Common Stock	ALSTOM	ALO EB	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	EN Paris (XPAP)	Common Stock	ALSTOM	ALO FP	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	TOM MTF (TMX)	Common Stock	ALSTOM	ALO MT	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Sigma X MTF (SGMX)	Common Stock	ALSTOM	ALO S1	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Turquoise (TRQX)	Common Stock	ALSTOM	ALO TQ	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Aquis Exchg (AQXE)	Common Stock	ALSTOM	ALO QX	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Chi-X All TS (CHIX)	Common Stock	ALSTOM	ALSP IX	AOF7BK	B0DJBQ5 FR			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GB	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GD	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GE	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GF	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GH	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GI	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GM	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GR	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GS	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GY	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Tradegate (XGAT)	Common Stock	ALSTOM	AOMD TH	AOF7BK	B0G0412 DE			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	Common Stock	ALSTOM	AOMFF PQ	AOF7BK	B0GLV93 US			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	Common Stock	ALSTOM	AOMFF US	AOF7BK	B0GLV93 US			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	Common Stock	ALSTOM	AOMFF UV	AOF7BK	B0GLV93 US			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Euro Comp (XLON)	Common Stock	ALSTOM	ALO EU	AOF7BK	B0YLTQ7 GB			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	LSE EuropeGS (XLON)	Common Stock	ALSTOM	ALO LI	AOF7BK	B0YLTQ7 GB			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	LSE EuropeGS (XLON)	Common Stock	ALSTOM	ALO LO	AOF7BK	B0YLTQ7 GB			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	Euro TLX (ETLX)	Common Stock	ALSTOM	ALO TE	AOF7BK	B3NVFN8 IT			FR0010220475	022581074		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	GDR	ALSTOM	ALSMY PQ	A1CS4B	B3DY422 US	021244207		US0212442075	081982660		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	GDR	ALSTOM	ALSMY US	A1CS4B	B3DY422 US	021244207		US0212442075	081982660		
ALSTOM SA	ALSTOM	ALSTOM	OTC US (OOC)	GDR	ALSTOM	ALSMY UV	A1CS4B	B3DY422 US	021244207		US0212442075	081982660		
ALSTOM INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IB	A0EAYM	6230834 IN			INE878A01011			
ALSTOM INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IG	A0EAYM	6230834 IN			INE878A01011			
ALSTOM INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IN	A0EAYM	6230834 IN			INE878A01011			
ALSTOM INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IS	A0EAYM	6230834 IN			INE878A01011			
ALSTOM T&D INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IB	A0RB87	6139890 IN			INE200A01026			
ALSTOM T&D INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IG	A0RB87	6139890 IN			INE200A01026			
ALSTOM T&D INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IN	A0RB87	6139890 IN			INE200A01026			
ALSTOM T&D INDIA LTD	ALSTOM	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IS	A0RB87	6139890 IN			INE200A01026			
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Vienna (WBAH)	Common Stock	ANDRITZ AG	ANDR AV	632305	81WVF68 AT			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	BATS Europe (BATE)	Common Stock	ANDRITZ AG	ANDR EB	632305	81WVF68 AT			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Chi-X Europe (CHIX)	Common Stock	ANDRITZ AG	ANDR IX	632305	81WVF68 AT			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Sigma X MTF (SGMX)	Common Stock	ANDRITZ AG	ANDR S1	632305	81WVF68 AT			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Turquoise (TRQX)	Common Stock	ANDRITZ AG	ANDR TQ	632305	81WVF68 AT			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GB	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GD	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GF	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GH	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GM	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GR	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GS	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GY	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Tradegate (XGAT)	Common Stock	ANDRITZ AG	AZZ TH	632305	81X9FH2 DE			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	OTC US (OOC)	Common Stock	ANDRITZ AG	ADRZF US	632305	81XBL36 US			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	OTC US (OOC)	Common Stock	ANDRITZ AG	ADRZF UV	632305	81XBL36 US			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	Euro Comp (XLON)	Common Stock	ANDRITZ AG	ANDR EU	632305	B28F3F6 GB			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	LSE EuropeGS (XLON)	Common Stock	ANDRITZ AG	ANDR LI	632305	B28F3F6 GB			AT0000730007	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	OTC US (OOC)	ADR	ANDRITZ AG-UNSPON ADR	DRZV PQ	632305	B3DY4P2 US	034522102		US0345221024	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	OTC US (OOC)	ADR	ANDRITZ AG-UNSPON ADR	DRZV US	632305	B3DY4P2 US	034522102		US0345221024	013042748		
ANDRITZ AG	ANDRITZ GROUP	ANDRITZ GROUP	OTC US (OOC)	ADR	ANDRITZ AG-UNSPON ADR	DRZV UV	632305	B3DY4P2 US	034522102		US0345221024	013042748		
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IB	120304	6139715 IN	INE263A01016			INE263A01016			
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IG	120304	6139715 IN	INE263A01016			INE263A01016			
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IN	120304	6139715 IN	INE263A01016			INE263A01016			
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IS	120304	6139715 IN	INE263A01016			INE263A01016			
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LTD-QFI	BHE/Q IB									
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LTD-QFI	BHE/Q IN									
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LTD-QFI	BHE/Q IS									
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IB	A1JLKM	B6SNRV2 IN	INE257A01026			INE257A01026			
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IG	A1JLKM	B6SNRV2 IN	INE257A01026			INE257A01026			
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IN	A1JLKM	B6SNRV2 IN	INE257A01026			INE257A01026			
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IS	A1JLKM	B6SNRV2 IN	INE257A01026			INE257A01026			
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Second Lending	BHARAT HEAVY ELECTRICALS-SLB	BHEL/IS IN									
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Second Lending	BHARAT HEAVY ELECTRICALS-SLB	BHE/US IS									
CATERPILLAR INC	CATERPILLAR INC	Buenos Aires (XBUE)	Receipt	CATERPILLAR INC-CEDEAR	CAT AF		237A277 AR				AR00E11T10029	033876R74		



CATERPILLAR INC	CATERPILLAR INC	Buenos Floor (XBUE)	Receipt	CATERPILLAR INC-CEDEAR	CAT AR	2378277 AR		ARDEUT110079	033876874
CATERPILLAR INC	CATERPILLAR INC	Buenos Floor (XBUE)	Receipt	CATERPILLAR INC-CEDEAR	CAT AS	2378277 AR		ARDEUT110079	033876874
CATERPILLAR INC	CATERPILLAR INC	Soma (BVMF)	BDR	CATERPILLAR-BDR	CATP34 BN	8463G79		BRCATPBDOR003	
CATERPILLAR INC	CATERPILLAR INC	Soma (BVMF)	BDR	CATERPILLAR-BDR	CATP34 BS	8463G79		BRCATPBDOR003	
CATERPILLAR INC	CATERPILLAR INC	Soma (BVMF)	BDR	CATERPILLAR-BDR	CATP34 BZ	8463G79		BRCATPBDOR003	
CATERPILLAR INC	CATERPILLAR INC	Euro Comp (XLON)	Common Stock	CATERPILLAR INC	CATEUR EU	850598	0180182 GB	149123101	
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UB	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UC	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UD	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UF	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UM	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UN	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UO	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UP	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT US	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UT	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT UX	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT VJ	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT VK	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	New York (XNYS)	Common Stock	CATERPILLAR INC	CAT VY	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Mexico (XMEK)	Common Stock	CATERPILLAR INC	CAT* MM	850598	2180201 US	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Lima (LXLM)	Common Stock	CATERPILLAR INC	CAT PE	850598	2695979 MX	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	EN Paris (XPAR)	Common Stock	CATERPILLAR INC	CATR FP	850598	2743778 PE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	SIX Swiss Ex (XSWX)	Common Stock	CATERPILLAR INC	CAT SE	850598	4516310 CH	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	SIX Swiss Ex (XSWX)	Common Stock	CATERPILLAR INC	CAT SW	850598	4516310 CH	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GB	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GD	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GF	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GH	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GI	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GM	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GR	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GS	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 GY	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT1 TH	850598	5626520 DE	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT TE	850598	883VZ14 IT	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Frankfurt (XFRA)	Common Stock	CATERPILLAR INC	CAT CC	850598	888LXY2 CL	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Santiago Comercio (XSGO)	Common Stock	CATERPILLAR INC	CAT CE	850598	888LXY2 CL	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Santiago Comercio (XSGO)	Common Stock	CATERPILLAR INC	CAT CI	850598	888LXY2 CL	149123101	00986537
CATERPILLAR INC	CATERPILLAR INC	Euro Comp (XLON)	Common Stock	CATERPILLAR INC	CATCHF EU	850598	888LXY2 CL	149123101	00986537
SINOHYDRO GROUP	CHINA HYDRAULIC AND HYDROELECTRIC CONSTRUCTION GROUP (SINOHYDRO)	Shanghai (XSHG)	Common Stock	SINOHYDRO GROUP LTD-A	601669 CG	A1JNL6	B4TH690 CN	CNE1000017G1	
SINOHYDRO GROUP	CHINA HYDRAULIC AND HYDROELECTRIC CONSTRUCTION GROUP (SINOHYDRO)	Shanghai (XSHG)	Common Stock	SINOHYDRO GROUP LTD-A	601669 CH	A1JNL6	B4TH690 CN	CNE1000017G1	
CHINA MACHINERY ENGINEERING CORPORATION	CHINA MACHINERY ENGINEERING CORPORATION	Hong Kong (XHKG)	Common Stock	CHINA MACHINERY ENGINEERING-H	1829 HK	A1KAFT	B54VG58 HK	CNE100001NP4	086987414
CHINA MACHINERY ENGINEERING CORPORATION	CHINA MACHINERY ENGINEERING CORPORATION	Frankfurt (XFRA)	Common Stock	CHINA MACHINERY ENGINEERING-H	C3M GF	A1KAFT		CNE100001NP4	086987414
CHINA MACHINERY ENGINEERING CORPORATION	CHINA MACHINERY ENGINEERING CORPORATION	Frankfurt (XFRA)	Common Stock	CHINA MACHINERY ENGINEERING-H	C3M GR	A1KAFT		CNE100001NP4	086987414
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Buenos Floor (XBUE)	Receipt	PETROCHINA CO LTD-CEDEAR	PTR AF		B1C5SR2 AR	ARDEUT113956	
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Buenos Floor (XBUE)	Receipt	PETROCHINA CO LTD-CEDEAR	PTR AR		B1C5SR2 AR	ARDEUT113956	
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GB	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GD	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GF	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GH	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GM	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GR	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GS	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	PETROCHINA CO LTD	PC6 GY	A0M4YQ	5939507 DE	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Hong Kong (XHKG)	Common Stock	PETROCHINA CO LTD-H	857 HK	A0M4YQ	6226576 HK	CNE1000003V8	011014674
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC US (OOTC)	Common Stock	PETROCHINA CO LTD	PCCYF US	A0M4YQ	B01DNL9 US	CNE1000003V8	011014674 Y6883Q104
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC US (OOTC)	Common Stock	PETROCHINA CO LTD	PCCYF UV	A0M4YQ	B01DNL9 US	CNE1000003V8	011014674 Y6883Q104
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shanghai (XSHG)	Common Stock	PETROCHINA CO LTD	601857 CG	A0NANC	B28SLD9 CN	CNE1000007Q1	033421664
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shanghai (XSHG)	Common Stock	PETROCHINA CO LTD	601857 CH	A0NANC	B28SLD9 CN	CNE1000007Q1	033421664
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UB	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UC	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UD	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UF	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UM	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UN	936983	2568841 US	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UO	936983	2568841 US	US71646E1001	011511449



PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR UP	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR US	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR UT	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR UX	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR VJ	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR VK	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD-ADR	PTR VY	936983	2568841 US	74646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GB	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GF	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GM	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GR	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GS	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	ADR	PETROCHINA CO LTD-ADR	PC6A GY	936983	4633327 DE	71646E100	US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Singapore (XSES)	ADR	PETROCHINA CO LTD-ADR	PTR SP	936983	B3KTK63 SG		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Tradegate (XGAT)	ADR	PETROCHINA CO LTD-ADR	PC6A TH	936983		74646E100	US71646E1001	011511449
DAQING HUAKE GROUP CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shenzhen (XSHE)	Common Stock	DAQING HUAKE GROUP CO-A	000985 CH	A0M4C2	6277949 CN		CNE000001402	
DAQING HUAKE GROUP CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shenzhen (XSHE)	Common Stock	DAQING HUAKE GROUP CO-A	000985 CS	A0M4C2	6277949 CN		CNE000001402	
JINAN DIESEL ENGINE CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shenzhen (XSHE)	Common Stock	JINAN DIESEL ENGINE CO-A	000617 CH	A0M32T	6486109 CN		CNE000000MS3	
JINAN DIESEL ENGINE CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shenzhen (XSHE)	Common Stock	JINAN DIESEL ENGINE CO-A	000617 CS	A0M32T	6486109 CN		CNE000000MS3	
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 GB	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 GF	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 GM	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 GR	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Frankfurt (XFRA)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 GS	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Tradegate (XGAT)	Common Stock	KUNLUN ENERGY CO LTD	CTJ1 TH	A1CV3E	5387753 DE	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Hong Kong (XHKG)	Common Stock	KUNLUN ENERGY CO LTD	135 HK	A1CV3E	6340076 HK	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	Common Stock	KUNLUN ENERGY CO LTD	KUNUF PQ	A1CV3E	B01DD23 US	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	Common Stock	KUNLUN ENERGY CO LTD	KUNUF US	A1CV3E	B01DD23 US	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	Common Stock	KUNLUN ENERGY CO LTD	KUNUF UV	A1CV3E	B01DD23 US	952131	BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNCP HONG KONG LTD-UNSP ADR	KLYCY PQ	A1J7V7	B3L2812 US	50126A101	US50126A1016	
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNCP HONG KONG LTD-UNSP ADR	KLYCY US	A1J7V7	B3L2812 US	50126A101	US50126A1016	
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNCP HONG KONG LTD-UNSP ADR	KLYCY UV	A1J7V7	B3L2812 US	50126A101	US50126A1016	
NORINCO INTERNATIONAL COOPERATION LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	NORINCO INTL COOPERATION -A	000065 CH	A0M35W	6112125 CN		CNE000000V29	
NORINCO INTERNATIONAL COOPERATION LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	NORINCO INTL COOPERATION -A	000065 CS	A0M35W	6112125 CN		CNE000000V29	
AKM INDUSTRIAL CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Hong Kong (XHKG)	Common Stock	AKM INDUSTRIAL CO LTD	8298 HK	A0D86T	B02J0J3 HK		HK8298013897	021553654
AKM INDUSTRIAL CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Berlin (XBER)	Common Stock	AKM INDUSTRIAL CO LTD	AIQ GB	A0D86T	B06LOH3 DE		HK8298013897	021553654
AKM INDUSTRIAL CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Berlin (XBER)	Common Stock	AKM INDUSTRIAL CO LTD	AIQ GR	A0D86T	B06LOH3 DE		HK8298013897	021553654
LIAONING HUAJIN TONGDA CHEMICALS CO. LTD	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	LIAONING HUAJIN TONGDA CHE -A	000059 CH	A0M30T	6796143 CN		CNE000000NY9	
LIAONING HUAJIN TONGDA CHEMICALS CO. LTD	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	LIAONING HUAJIN TONGDA CHE -A	000059 CS	A0M30T	6796143 CN		CNE000000NY9	
NORTH NAVIGATION CONTROL TECHNOLOGY CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	NORTH NAVIGATION CONTROL T-A	600435 CG	A0M4L5	6649946 CN		CNE000001F88	
NORTH NAVIGATION CONTROL TECHNOLOGY CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	NORTH NAVIGATION CONTROL T-A	600435 CH	A0M4L5	6649946 CN		CNE000001F88	
SICHUAN NITROCELL CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	SICHUAN NITROCELL CO LTD-A	002246 CH	A0RPGJ	B39G5K4 CN		CNE100000BW7	
SICHUAN NITROCELL CO. LTD.	CHINA NORTH INDUSTRIES GROUP CORPORATION (CNGC/NORINCO)	Shenzhen (XSHE)	Common Stock	SICHUAN NITROCELL CO LTD-A	002246 CS	A0RPGJ	B39G5K4 CN		CNE100000BW7	
CHINA PETROLEUM & CHEMICAL CORP aka SINOPEC CORP	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Hong Kong (XHKG)	Common Stock	CHINA PETROLEUM & CHEMICAL -H	386 HK	A0M4XN	6291819 HK		CNE1000002Q2	012150504
CHINA PETROLEUM & CHEMICAL CORP aka SINOPEC CORP	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	Common Stock	CHINA PETROLEUM & CHEMICAL -H	CHU GB	A0M4XN	7027756 DE		CNE1000002Q2	012150504
CHINA PETROLEUM & CHEMICAL CORP aka SINOPEC CORP	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	Common Stock	CHINA PETROLEUM & CHEMICAL -H	CHU GD	A0M4XN	7027756 DE		CNE1000002Q2	012150504
CHINA PETROLEUM & CHEMICAL CORP aka SINOPEC CORP	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	Common Stock	CHINA PETROLEUM & CHEMICAL -H	CHU GF	A0M4XN	7027756 DE		CNE1000002Q2	012150504



CHINA PETROLEUM & CHEMICAL - H	CHU GH	A0M4XN	7027756 DE		CNE1000002Q2	012150504	
CHINA PETROLEUM & CHEMICAL - H	CHU GM	A0M4XN	7027756 DE		CNE1000002Q2	012150504	
CHINA PETROLEUM & CHEMICAL - H	CHU GR	A0M4XN	7027756 DE		CNE1000002Q2	012150504	
CHINA PETROLEUM & CHEMICAL - H	CHU GS	A0M4XN	7027756 DE		CNE1000002Q2	012150504	
CHINA PETROLEUM & CHEMICAL - H	CHU GY	A0M4XN	7027756 DE		CNE1000002Q2	012150504	
CHINA PETROLEUM & CHEMICAL - H	SNPMF PQ	A0M4XN	B01XXR4 US		CNE1000002Q2	012150504	Y15010104
CHINA PETROLEUM & CHEMICAL - H	SNPMF US	A0M4XN	B01XXR4 US		CNE1000002Q2	012150504	Y15010104
CHINA PETROLEUM & CHEMICAL - H	SNPMF UV	A0M4XN	B01XXR4 US		CNE1000002Q2	012150504	Y15010104
CHINA PETROLEUM & CHEMICAL - A	600028 CH	A0M4G4	6373728 CN		CNE0000018G1		
CHINA PETROLEUM & CHEMICAL - A	600028 CG	A0M4G4	6373728 CN		CNE1000018G1		
CHINA PETROLEUM & CHEMICAL - ADR	SNP UB	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UC	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UD	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UF	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UM	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UN	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UO	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UP	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP US	578971	2639189 US		US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UT	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP UX	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP VJ	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP VK	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNP VY	578971	2639189 US	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GB	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GF	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GM	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GR	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GS	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA GY	578971	B0RSW00 DE	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	SNPN MM	578971	B4QSP22 MX	16941R108	US16941R1086	011899374	
CHINA PETROLEUM & CHEMICAL - ADR	CHUA TH	578971		16941R108	US16941R1086	011899374	
KINGDREAM PUBLIC LIMITED - A	000852 CH	A0M37A	6136385 CN		CNE000000XK7		
KINGDREAM PUBLIC LIMITED - A	000852 CS	A0M37A	6136385 CN		CNE000000XK7		
SINOPEC ENGINEERING GROUP - H	2386 HK	A1T97T	B92NYC9		CNE100001NV2	093502256	
SINOPEC ENGINEERING GROUP - H	1NS GD	A1T97T	B96VKB3		CNE100001NV2		
SINOPEC ENGINEERING GROUP - H	1NS GF	A1T97T	B96VKB3		CNE100001NV2		
SINOPEC ENGINEERING GROUP - H	1NS GM	A1T97T	B96VKB3		CNE100001NV2		
SINOPEC ENGINEERING GROUP - H	1NS GR	A1T97T	B96VKB3		CNE100001NV2		
SINOPEC ENGINEERING GROUP - H	1NS GS	A1T97T	B96VKB3		CNE100001NV2		
SINOPEC KANTONS HOLDINGS	SAK GB	923923	4601197 DE		BMG8165U1009	011563384	
SINOPEC KANTONS HOLDINGS	SAK GF	923923	4601197 DE		BMG8165U1009	011563384	
SINOPEC KANTONS HOLDINGS	SAK GR	923923	4601197 DE		BMG8165U1009	011563384	
SINOPEC KANTONS HOLDINGS	SAK GS	923923	4601197 DE		BMG8165U1009	011563384	
SINOPEC KANTONS HOLDINGS	934 HK	923923	6162692 HK		BMG8165U1009	011563384	
SINOPEC SHANGHAI PETROCHEMICAL - A	600688 CG	A0M3RA	6802794		CNE0000000B2		
SINOPEC SHANGHAI PETROCHEMICAL - A	600688 CH	A0M3RA	6802794		CNE0000000B2		











JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JE	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JI	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JJ	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JN	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JN	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JT	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JU	A1CS9H	B627LV6 JP	JP3386450005	049326777
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	Common Stock	JX HOLDINGS INC	JXHG UV	A1CS9H	B6R59M4 US	JP3386450005	49326777 J29699105
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	Common Stock	JX HOLDINGS INC	JXHG UV	A1CS9H	B6R59M4 US	JP3386450005	49326777 J29699105
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLV PQ	A1CVU3	B588T28 US	466295102	US4662951023
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLV US	A1CVU3	B588T28 US	466295102	968503 US4662951023
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLV UV	A1CVU3	B588T28 US	466295102	US4662951023
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JE	857846	6640789 JP	968503	JP3750200002
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JJ	857846	6640789 JP	968503	JP3750200002
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JJ	857846	6640789 JP	968503	JP3750200002
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JT	857846	6640789 JP	968503	JP3750200002
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JT	857846	6640789 JP	968503	JP3750200002
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JT	857846	6640789 JP	968503	JP3750200002
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JE	857914	6894627	JP3611800000	006339204
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JJ	857914	6894627	JP3611800000	006339204
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JJ	857914	6894627	JP3611800000	006339204
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JP	857914	6894627	JP3611800000	006339204
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JT	857914	6894627	JP3611800000	006339204
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JT	857914	6894627	JP3611800000	006339204
LS INDUSTRIAL SYSTEMS CO. LTD	LS INDUSTRIAL SYSTEMS CO. LTD	Korea (KRXR)	Common Stock	LS INDUSTRIAL SYSTEMS	010120 KP	855487	6378217 KR	KR7010120004	
LS INDUSTRIAL SYSTEMS CO. LTD	LS INDUSTRIAL SYSTEMS CO. LTD	Korea (KRXR)	Common Stock	LS INDUSTRIAL SYSTEMS	010120 KS	855487	6378217 KR	KR7010120004	
MANAGEM	MANAGEM	Casablanca (XCAS)	Common Stock	MANAGEM	MNG MC	165414	6267454 MA	MA0000010058	
SOCIETE METALLURGIQUE D'IMITER	MANAGEM	Casablanca (XCAS)	Common Stock	SOCIETE METALLURGI D'IMITER	SMI MC	256307	6007759 MA	MA0000010058	
MAN SE	MAN SE	Equiduct (XEOT)	Common Stock	MAN SE	MAN BQ	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	BATS Europe (BATE)	Common Stock	MAN SE	MAN EB	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GB	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GD	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GF	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GH	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GI	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GM	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GR	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GS	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Common Stock	MAN SE	MAN GY	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Sigma X MTF (SGMX)	Common Stock	MAN SE	MAN ST	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Tradegate (XGAT)	Common Stock	MAN SE	MAN TH	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Turquoise (TRQX)	Common Stock	MAN SE	MAN TO	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	Chi-X Europe (CHIX)	Common Stock	MAN SE	MAN UG	593700	5563520 DE	944020	DE0005937007
MAN SE	MAN SE	OTC US (OOTC)	Common Stock	MAN SE	MAGOF US	593700	8031840 US	944020	DE0005937007
MAN SE	MAN SE	OTC US (OOTC)	Common Stock	MAN SE	MAGOF UV	593700	8031840 US	944020	DE0005937007
MAN SE	MAN SE	Euro Comp (XLON)	Common Stock	MAN SE	MAN EU	593700	B10LRX1 GB	944020	DE0005937007
MAN SE	MAN SE	Euro TLX (ETLX)	Common Stock	MAN SE	MAN TE	593700	B88F0L3 IT	944020	DE0005937007
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GB	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GD	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GF	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GH	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GI	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GM	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GR	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GS	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Xetra (XETR)	Preference	MAN SE-VORZUGSAKTIE	MAN3 GY	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Turquoise (TRQX)	Preference	MAN SE-VORZUGSAKTIE	MAN3 EU	593703	5563531 DE	944021	DE0005937031
MAN SE	MAN SE	Euro Comp (XLON)	Preference	MAN SE-VORZUGSAKTIE	MAN3 TH	593703	B28K2R6 GB	944021	DE0005937031
MAN SE	MAN SE	Tradegate (XGAT)	Preference	MAN SE-VORZUGSAKTIE	MAN3 TH	593703	B28K2R6 GB	944021	DE0005937031
MAN SE	MAN SE	OTC US (OOTC)	ADR	MAN SE-UNSPONSORED ADR	MAGGY PQ	ADYF6N	B3DY856 US	561641101	US5616411014
MAN SE	MAN SE	OTC US (OOTC)	ADR	MAN SE-UNSPONSORED ADR	MAGGY US	ADYF6N	B3DY856 US	561641101	US5616411014
MAN SE	MAN SE	OTC US (OOTC)	ADR	MAN SE-UNSPONSORED ADR	MAGGY UV	ADYF6N	B3DY856 US	561641101	US5616411014
MAN SE	MAN SE	Frankfurt (XFRA)	ADR	MAN SE-UNSPONSORED ADR	MANG CF	ADYF6N	B5900P0 DE	561641101	US5616411014
MAN SE	MAN SE	Frankfurt (XFRA)	ADR	MAN SE-UNSPONSORED ADR	MANG GR	ADYF6N	B5900P0 DE	561641101	US5616411014
MAN SE	MAN SE	Frankfurt (XFRA)	ADR	MAN SE-UNSPONSORED ADR	MANG GS	ADYF6N	B5900P0 DE	561641101	US5616411014
MAN SE	MAN SE	Frankfurt (XFRA)	ADR	MAN SE-UNSPONSORED ADR	MANG GY	ADYF6N	B5900P0 DE	561641101	US5616411014
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GB	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GD	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GF	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GM	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GR	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GS	785000	5559699 DE	916291	DE0007850000
RENK AG	MAN SE	Frankfurt (XFRA)	Common Stock	RENK AG	ZAR GU	785000	5559699 DE	916291	DE0007850000
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IN	A1H6P4	6139362 IN	INE213A01029	
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IB	A1H6P4	6139362 IS	INE213A01029	
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IG	A1H6P4	6139362 IS	INE213A01029	
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IS	A1H6P4	6139362 IS	INE213A01029	
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Second Lending	OIL & NATURAL GAS CORP - SLB	ONGC/IS IN			N.A.	
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Nat India (XNSE)	Second Lending	OIL & NATURAL GAS CORP - SLB	ONGC/IS IS			N.A.	
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IB	AQANWV	6121530 IN	INE103A01014	
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IG	AQANWV	6121530 IN	INE103A01014	
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IN	AQANWV	6121530 IN	INE103A01014	
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IS	AQANWV	6121530 IN	INE103A01014	
OIL INDIA LTD	OIL INDIA LTD	Nat India (XNSE)	Common Stock	OIL INDIA LTD	OILN IB	ADXPFF	B409HQ9 IN	INE274J01014	
OIL INDIA LTD	OIL INDIA LTD	Nat India (XNSE)	Common Stock	OIL INDIA LTD	OILN IG	ADXPFF	B409HQ9 IN	INE274J01014	



OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OIL IN	ADX9PF	B409HG9 IN	INE274J01014	
OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OIL IN	ADX9PF	B409HG9 IN	INE274J01014	
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG DS	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG DG	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CJ	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CN	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CV	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG DV	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TG	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TJ	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TK	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TN	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TV	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TW	A1T8LS	B84J7Q3 CA	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	OTC US (OOTC)	Common Stock	ORCA GOLD INC	CANWF US	A1T8LS	B8JYMF7 US	88558N103	091768225
ORCA GOLD INC	ORCA GOLD INC	OTC US (OOTC)	Common Stock	ORCA GOLD INC	CANWF UV	A1T8LS	B8JYMF7 US	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	CANWF PQ	A1T8LS	B8JYMF7 US	88558N104	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HUGA GF	A1T8LS	B9L55S8 DE	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HUGA GB	A1T8LS	B9L55S8 DE	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HUGA GR	A1T8LS	B9L55S8 DE	88558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HUGA GS	A1T8LS	B9L55S8 DE	88558N102	091768224
ENGEN	PETROLIUM NASIONAL BERHAD aka PETRONAS	Gaborone (XBOT)	Common Stock	ENGEN	ENGN BG	546632	B063G04	BW0000000058	
KLCC PROPERTY HOLDINGS BHD	PETRONAS	Bursa Malaysia (XKLS)	Common Stock	KLCC PROPERTY HOLDINGS BHD	KLCCSS MK	A1T91X	B92NSW7 MY	MYL5235S0008	
MALAYSIA INTERNATIONAL SHIPPING COMPANY aka MISC BHD	PETRONAS NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	MISC BHD	MISC MK	880504	655797 MY	905279	MYL3816O0005
MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BHD	PETRONAS NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	MALAYSIA MARINE AND HEAVY EN PETRONAS CHEMICALS GROUP BHD	MMHE MK	A1C7U6	B3W5NN7	MYL5186O0001	055049394
PETRONAS CHEMICALS GROUP BHD	PETRONAS NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS CHEMICALS GROUP BHD	PICHEM MK	A1C891	B5KQGT3 MY	MYL5183O0008	055800235
PETRONAS DAGANGAN BHD	PETRONAS NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS DAGANGAN BHD	PETD MK	895131	6695938 MY	MYL5681O0001	005378044
PETRONAS GAS BHD	PETRONAS NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS GAS BHD	PTG MK	896633	6703972 MY	MYL6033O0004	007076959
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELANCE INDUSTRIES LTD	RIL IB	946078	6099626 IN	964067	INE002A01018
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELANCE INDUSTRIES LTD	RIL IG	946078	6099626 IN	964067	INE002A01018
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELANCE INDUSTRIES LTD	RIL IN	946078	6099626 IN	964067	INE002A01018
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Natl India (XNSE)	Second Lending	RELANCE INDUSTRIES LTD	RIL IS	946078	6099626 IN	964067	INE002A01018
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Natl India (XNSE)	Second Lending	RELANCE INDUSTRIES LTD	RIL IS				N.A.
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Luxembourg (XLUX)	GDR	RELANCE INDUSTRIES LTD	RIGOS LX	884241	4731146 LU	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GB	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GO	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GF	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GR	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GS	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELANCE INDUSTRIES LTD	RLI GY	884241	5732568 DE	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	BATS Europe (BATE)	GDR	RELANCE INDUSTRIES LTD	RIGD EB	884241	B16CYP9 GB	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Chi-X Europe (CHIX)	GDR	RELANCE INDUSTRIES LTD	RIGD IG	884241	B16CYP9 GB	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	London Int'l (XLON)	GDR	RELANCE INDUSTRIES LTD	RIGD LI	884241	B16CYP9 GB	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Turquoise (TRGX)	GDR	RELANCE INDUSTRIES LTD	RIGD TQ	884241	B16CYP9 GB	759470107	964066
RELANCE INDUSTRIES LTD	RELANCE INDUSTRIES LTD	Euro Comp (XLON)	Receipt	RELANCE INDS-SPONS GDR 144A	RIGD EU	884241		759470107	964066
SCOMI GROUP BERHAD	SCOMI GROUP BERHAD	Bursa Malaysia (XKLS)	Common Stock	SCOMI GROUP BHD	SGB MK	120745	B00PKJ3 MY	MYL7158O0008	024633128
SCOMI ENERGY SERVICES BHD	SCOMI GROUP BERHAD	Bursa Malaysia (XKLS)	Common Stock	SCOMI ENERGY SERVICES BHD	SES MK	215406	6081993	MYL7045O0007	
SCOMI ENGINEERING BERHAD	SCOMI GROUP BERHAD	Bursa Malaysia (XKLS)	Common Stock	SCOMI ENGINEERING BHD	SEB MK	903056	6098452 MY	MYL7366O0007	
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR DS	A1J2NC	B80L116 CA	857652200	CA8576522004
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CJ	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CN	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CV	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR DV	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR DG	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TG	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TJ	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TK	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TN	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TV	A1J2NC	B80L116 CA	857652200	025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TW	A1J2NC	B80L116 CA	857652200	025302885





# ATTACHMENT E

## EIRIS Conflict Risk Network (CRN) List of "Scrutinized" Companies in Sudan List Effective Through May 31, 2014

Company Name	Country of Origin
<b>Alstom</b>	France
Alstom India Ltd	India
Areva T&D India Ltd.	India
<b>Andritz AG</b>	Austria
<b>Bharat Electronics Limited</b>	India
<b>Bharat Heavy Electricals Limited</b>	India
<b>Caterpillar Inc.</b>	US
<b>China Gezhouba Group Company Ltd.</b>	China
<b>China Hydraulic and Hydroelectric Construction Group AKA Sinohydro</b>	China
Sichuan Power Development Co., Ltd.	China
Sinohydro Engineering Bureau 8 Co. Ltd	China
Sinohydro Bureau 7 Co., Ltd.	China
Sinohydro Group Ltd.	China
<b>China Machinery Engineering Corporation</b>	China
<b>China National Petroleum Corporation AKA CNPC</b>	China
Daqing Huake Group Co., Ltd.	China
Jinan Diesel Co., Ltd.	China
Kunlun Energy Co., Ltd.	Hong Kong
PetroChina Co., Ltd.	China
<b>China North Industries Group Corporation AKA CNGC/NORINCO</b>	China
AKM Industrial Co., Ltd.	Hong Kong
Liaoning Huajin Tongda Chemicals	China
NORINCO International Cooperation Ltd.	China
North Navigation Control Technology Co., Ltd	China
Sichuan Nitrocell Co., Ltd	China
<b>China Petrochemical Corporation AKA Sinopec Group</b>	China
China Petroleum and Chemical Corporation AKA Sinopec Corp	China
Kingdream PLC	China
Sinopec Engineering Group Co. Ltd.	China
Sinopec Kanton Holdings Ltd.	Hong Kong
Sinopec Shanghai Petrochemicals Ltd.	China
Sinopec Yizheng Chemical Fibre Co., Ltd.	China
<b>Dongfeng Motor Group Co. Ltd.</b>	China
<b>Egypt Kuwait Holding Company</b>	Egypt
<b>Energy House Holding Company KSCC (previously known as AREF Energy Holding Company)</b>	Kuwait
<b>GAZ Group</b>	Russia
Avtodizel OAO	Russia
GAZ Auto Plant	Russia
Pavlovsky Bus Plant	Russia
Tverskoy Excavator OJSC	Russia
Ural Truck Plant	Russia
Yaroslavsky Diesel Equipment Plant	Russia
<b>Glencore Xstrata PLC</b>	Switzerland
Chemoil Energy Ltd	Singapore
Viterra Inc.	Canada
<b>Harbin Electric Company Ltd.</b>	China
<b>Indian Oil Corporation Ltd. AKA IOCL</b>	India
Chennai Petroleum Corporation Limited AKA CPCL	India
Lanka IOC Ltd	India
<b>Jiangxi Hongdu Aviation AKA Hongdu Aviation</b>	China
<b>JX Holdings</b>	Japan
Nippon Corporation	Japan
Eneos Globe Company	Japan
Toho Titanium Co.	Japan
<b>LS Industrial Systems</b>	South Korea
<b>MAN SE</b>	Germany
Renk AG	Germany
<b>Managem</b>	Morocco
ONA S.A.	Morocco
Societe Metallurgique D'imiter	Morocco
<b>Oil and Natural Gas Corporation Limited, AKA ONGC</b>	India
ONGC Videsh Limited AKA OVL	India
Mangalore Refinery and Petrochemicals Ltd. AKA MRPL	India
<b>Oil India Ltd.</b>	India
<b>Orca Gold Inc. (previously known as Shark Minerals)</b>	Canada
<b>Petroleum Nasional Berhad AKA Petronas</b>	Malaysia
Engen	Malaysia
KLCC Property Holdings Bhd	Malaysia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Petronas Chemicals Group Berhad	Malaysia
Petronas Dagangan Bhd	Malaysia
Petronas Gas Bhd	Malaysia
<b>PT Pertamina Persero</b>	Indonesia
<b>Ranhill Berhad</b>	Malaysia
<b>Reliance Industries Ltd.</b>	India
<b>Scomi Group Berhad</b>	Malaysia
Scomi Energy Services Bhd	Malaysia
Scomi Engineering Berhad	Malaysia
<b>Statesman Resources Limited</b>	Canada
<b>Trafigura Beheer</b>	Netherlands

Note: List contains parent companies and subsidiaries publicly traded  
AKA means "also known as"

EIRIS Conflict Risk Network (CRN) List of Companies in Sudan for "Substantial Action"  
List Effective Through May 31, 2014

<u>Company Name</u>	<u>Country of Origin</u>
Atlas Copco	Sweden
Schlumberger LTD	Netherlands
Wartsila OYJ	Finland



EIRIS Conflict Risk Network (CRN) List of Companies in Sudan with "No Publicly Traded Equity"  
or "Not Relevant under the CRN Targeted Divestment Model"  
List Effective Through May 31, 2014

<u>Company Name</u>	<u>Country of Origin</u>
Abdel Hadi Abdullah Al-Qahtani & Sons Group of Companies	Saudi Arabia
Africa Energy	Nigeria
Ansan Wikfs Investments Ltd.	Yemen
APS Engineering Company S.p.A.	Italy
Arcadia Petroleum	UK
Ascom Group SA	Moldova
China International Water & Electric Corp AKA CWE	China
China Poly Group Corporation	China
Citadel Capital	Egypt
Daedong Industrial Machinery Co., Ltd	South Korea
Dindir Petroleum International/Edgo Group	Jordan
Emirates Telecommunication Corporation	UAE
Express Petroleum and Gas Company	Nigeria
FMC Technologies Inc.	US
GIAD Automotive Industry Co.	Sudan
Hi-Tech Petroleum Group Co., Ltd.	Sudan
HTC Yemen International Ltd.	Yemen
Kamaz OJSC	Russia
Neftekamsky Avtozavod AKA NEFAZ	Russia
Kuwait Foreign Petroleum Exploration Company AKA KUFPEC	Kuwait
La Mancha Resources	Canada
Lahmeyer International	Germany
Mott MacDonald	UK
MTN Group	South Africa
Petrolin Group	Gabon
Petroneeds Service International Company	Sudan
Saras S.p.A.	Italy
Shandong Electric Power Construction Corporation	China
Shanghai Electric Group Co. Ltd	China
Shanghai Electric Group	China
Shanghai Mechanical and Electrical Industry Co. Ltd.	China
Shanghai Power Transmission and Distribution Co. Ltd.	China
SMEC Holdings Limited AKA Snowy Mountain Engineering Corporation	Australia
Star Petroleum S.A.	Spain
Sudan Petroleum Corporation AKA Sudapet	Sudan
Sudatel Telecom Group Limited	Sudan
Tamoil	Libya
Toro Gold Ltd.	UK
UAE for Gold Minerals and Investment Company Ltd.	United Arab Emirates
Vitol Group	Switzerland
Zain Group	Kuwait

Source: EIRIS Conflict Risk Network: EIRIS CRN is a project of the merger November 10, 2010 of  
Save Darfur Coalition and Genocide Intervention Network



ATTACHMENT F

**Letter to SBI International Equity and Domestic Equity Managers**

March 17, 2014

**Regarding: Iran Companies**

Dear Manager:

The Minnesota State Board of Investment (SBI) sent you prior communication concerning holdings in companies doing business in Iran. **This new communication applies to all SBI equity portfolios managed by your organization and replaces all prior communications. This communication also applies to all depository receipts or ADR's of any of the listed companies.**

*Minnesota Statutes*, section 11A.244, requires the Minnesota State Board of Investment (SBI) to implement an Iran restriction.

**Attachment 1** is the List of Restricted Iran Companies. **These securities may not be purchased for the SBI portfolio that your organization manages.** If you own securities of companies on the Restricted List **and** the companies are **not** on the divestment list, then you do not need to sell your holdings. Please note that the attached List makes changes to the List of Restricted Iran Companies that was attached to the December 13, 2013 letter you received. **This new list is effective March 19, 2014.**

The following company has been **added** to the restricted list:

- **L G International** **South Korea**

**Attachment 2** is the List of Iran Companies Requiring Divestment. There were no changes to this list.



**If you own securities of companies on the List of Iran Companies Requiring Divestment in the SBI portfolio that your organization manages, then you must divest those holdings according to the schedule provided in the Attachment:**

- At least 50 percent of a company's holdings must be sold by the date indicated, and
- At least 100 percent of a company's holdings must be sold by the date indicated.

**Attachment 3** is a list of security identifiers for the companies on the List of Restricted Iran Companies (**Attachment 1**) that your organization may use. The SBI does not represent that this is a complete list of identifiers. The manager is responsible for identifying all listings.

If you have any questions about this matter, please contact Tammy Brusehaver or Patricia Ammann, Domestic Equity; Stephanie Gleeson, Manager, International Equity or me.

Sincerely,

Mansco Perry III  
Executive Director

Enclosures

cc: LeaAnn M. Stagg, Chief Operating Officer  
Tammy Brusehaver, Manager, Domestic Equity  
Patricia Ammann, Portfolio Manager, Domestic Equity  
Stephanie Gleeson, Manager, International Equity

**ATTACHMENT 1**  
**RESTRICTED IRAN COMPANIES**  
**SECURITIES OF COMPANIES MAY NOT BE PURCHASED FOR PORTFOLIO**

<b>COMPANY NAME</b>	<b>COUNTRY</b>
Bharat Petroleum Corporation Ltd.	India
China Petroleum & Chemical Corp	China
Daelim Industrial	South Korea
Gail (India) Ltd.	India
Gazprom	Russia
GS Engineering & Construction Corp	South Korea
GS Holdings	South Korea
Gubre Fabrikalari T.A.S.	Turkey
Ina-Industrija Nafte DD	Croatia
Indian Oil Corporation Ltd.	India
L G International	South Korea
Liquefied Natural Gas Ltd	Australia
Marie Tecnimont S.p.A.	Italy
Mitsui & Co. Ltd	Japan
Nagarjuna Fertilizers & Chemicals Ltd.	India
Oil & Natural Gas Corporation Ltd.	India
PetroChina Co. Ltd.	China
Punj Lloyd Ltd.	India
Toyota Tsusho Corporation	Japan

Effective Date: March 19, 2014

**ATTACHMENT 2**

**LIST OF IRAN COMPANIES REQUIRING DIVESTMENT**

<b>Company Name</b>	<b>Country of Origin</b>	<b>Divest 50 Percent By this Date</b>	<b>Divest 100 Percent By this Date</b>
Gazprom Oao	Russia	July 31, 2010	January 31, 2011
Mitsui & Company, Ltd.	Japan	September 30, 2012	March 31, 2013
Toyota Tsusho	Japan	September 30, 2012	March 31, 2013

Effective Date: March 19, 2014



**ATTACHMENT 3**  
**IRAN RESTRICTED COMPANIES**  
**Security Identifiers**

COMPANY_NAME	SEDOL	ISIN	SYMBOL	CUSIP	CUSIP_2	COUNTRY
Bharat Petroleum Corporation Ltd.	6099723	INE029A01011	500547			India
China Petroleum & Chemical Corp	2654375	US16941R1086		16941R108		China
China Petroleum & Chemical Corp	B0RSW00	US16941R1086		16941R108		China
China Petroleum & Chemical Corp	2639189	US16941R1086		16941R108		China
China Petroleum & Chemical Corp	B01XKR4	CNE1000002Q2	386	16941R108		China
China Petroleum & Chemical Corp	7027756	CNE1000002Q2	386	16941R108		China
China Petroleum & Chemical Corp	6291819	CNE1000002Q2	386	16941R108		China
China Petroleum & Chemical Corp	6373728	CNE0000018G1		16941R108		China
China Petroleum & Chemical Corp	B1C5SX8	ARDEUT114071		16941R108		China
Daelim Industrial	6246604	KR7000211003				South Korea
Daelim Industrial	B1T52M8	KR7000211003				South Korea
Daelim Industrial	6249584	KR7000210005	A000210			South Korea
Gail (India) Ltd.	B1HJ0L7	US36268T2069		36268T206	36268T107	India
Gail (India) Ltd.	3235520	US36268T2069		36268T206	36268T107	India
Gail (India) Ltd.	B2NTDN1	US36268T2069		36268T206	36268T107	India
Gail (India) Ltd.	B033102	US36268T2069		36268T206	36268T107	India
Gail (India) Ltd.	2498517	US36268T1079		36268T206	36268T107	India
Gail (India) Ltd.	3235490	US36268T1079		36268T206	36268T107	India
Gail (India) Ltd.	6133405	INE129A01019	532155	36268T206	36268T107	India
Gazprom OAO	B0338T0	US3682873068		368287207	368287108	Russia
Gazprom OAO	5385003	US3682873068		368287207	368287108	Russia
Gazprom OAO	2016629	US3682872078		368287207	368287108	Russia
Gazprom OAO	5259528	US3682872078		368287207	368287108	Russia
Gazprom OAO	5140989	US3682872078		368287207	368287108	Russia
Gazprom OAO	2398899	US3682871088		368287207	368287108	Russia
Gazprom OAO	3313181	US3682871088		368287207	368287108	Russia
Gazprom OAO	4364928	RU0007661625	GAZP	368287207	368287108	Russia
Gazprom OAO	B2NH841	ARDEUT114261		368287207	368287108	Russia
GS Engineering & Construction Corp	B06ZHC9	KR7006360002	A006360			South Korea
GS Engineering & Construction Corp	6537096	KR7006360002	A006360			South Korea

**ATTACHMENT 3**  
**IRAN RESTRICTED COMPANIES**  
**Security Identifiers**

COMPANY_NAME	SEDOL	ISIN	SYMBOL	CUSIP	CUSIP_2	COUNTRY
GS Holdings	B02FVX2	KR7078931003				South Korea
GS Holdings	B01RJV3	KR7078930005	A078930			South Korea
Gubre Fabrikalari T.A.S.	B03MTC7	TRAGUBRF91E2	GUBRF			Turkey
Gubre Fabrikalari T.A.S.	B188YV1	TRAGUBRF91E2	GUBRF			Turkey
Ina-Industrija Nafte DD	B1L56D5	US45325E2019		45325E102		Croatia
Ina-Industrija Nafte DD	B1L1YV7	US45325E2019		45325E102		Croatia
Ina-Industrija Nafte DD	B1HJKC8	US45325E2019		45325E102		Croatia
Ina-Industrija Nafte DD	B1HJKF1	US45325E1029		45325E102		Croatia
Ina-Industrija Nafte DD	B1L5RN2	US45325E1029		45325E102		Croatia
Ina-Industrija Nafte DD	B1JMYF6	HRINA0RA0007	INA-R-A	45325E102		Croatia
Indian Oil Corporation Ltd.	6253767	INE242A01010	530965			India
L G International	B02PV43	KR7001120005	A001120			Korea South
L G International	6537115	KR7001120005	A001120			Korea South
Liquefied Natural Gas Ltd	B05KKL5	AU000000LNG0	LNG			Australia
Liquefied Natural Gas Ltd	B2RHN19	AU000000LNG0	LNG			Australia
Liquefied Natural Gas Ltd	B02L5H2	AU000000LNG0	LNG			Australia
Maire Tecnimont S.p.A.	B2N7CX8	IT0004251689	MT	56064T101		Italy
Maire Tecnimont S.p.A.	B298VS3	IT0004251689	MT	56064T101		Italy
Maire Tecnimont S.p.A.	B29M561	IT0004251689	MT	56064T101		Italy
Mitsui & Co. Ltd	4597058	XS0029348686		606827202		Japan
Mitsui & Co. Ltd	2597061	US6068272029		606827202		Japan
Mitsui & Co. Ltd	B1HHX89	US6068272029		606827202		Japan
Mitsui & Co. Ltd	B0ZGPX0	JP3893600001	8031	606827202		Japan
Mitsui & Co. Ltd	B03KWZ5	JP3893600001	8031	606827202		Japan
Mitsui & Co. Ltd	5736463	JP3893600001	8031	606827202		Japan
Mitsui & Co. Ltd	4594071	JP3893600001	8031	606827202		Japan
Mitsui & Co. Ltd	6597302	JP3893600001	8031	606827202		Japan
Nagarjuna Fertilizers & Chemicals Ltd.	6628644	INE580A01013	500075			India
Oil & Natural Gas Corporation Ltd.	6139362	INE213A01011	500312	Y64606117		India
PetroChina Co. Ltd.	2568841	US71646E1001		71646E100		China

**ATTACHMENT 3**  
**IRAN RESTRICTED COMPANIES**  
**Security Identifiers**

COMPANY_NAME	SEDOL	ISIN	SYMBOL	CUSIP	CUSIP_2	COUNTRY
PetroChina Co. Ltd.	4633327	US71646E1001		71646E100		China
PetroChina Co. Ltd.	B28SLD9	CNE1000007Q1		71646E100		China
PetroChina Co. Ltd.	B17H0R7	CNE1000003W8	857	71646E100		China
PetroChina Co. Ltd.	5939507	CNE1000003W8	857	71646E100		China
PetroChina Co. Ltd.	B01DNL9	CNE1000003W8	857	71646E100		China
PetroChina Co. Ltd.	6226576	CNE1000003W8	857	71646E100		China
PetroChina Co. Ltd.	B1C5SR2	ARDEUT113958		71646E100		China
Punj Lloyd Ltd.	B1VJSG4	INE701B01021	532693			India
Toyota Tsusho Corporation	6900580	JP3635000007	8015			Japan

Effective Date: March 19, 2014



## Letter to SBI Fixed Income Managers

March 17, 2014

### Regarding: Iran Companies

Dear Manager:

The Minnesota State Board of Investment (SBI) sent you prior communication concerning holdings in companies doing business in Iran. **This communication applies to the SBI fixed income portfolio managed by your organization.**

*Minnesota Statutes*, section 11A.244, requires the Minnesota State Board of Investment (SBI) to implement an Iran restriction.

**Attachment 1** is the List of Restricted Iran Companies. **These securities may not be purchased for the SBI portfolio that your organization manages.** If you own securities of companies on the Restricted List **and** the companies are **not** on the divestment list, then you do not need to sell your holdings. Please note that the attached List makes changes to the List of Restricted Iran Companies that was attached to the December 13, 2013 letter you received. **This new list is effective March 19, 2014.**

The following company has been **added** to the restricted list:

- **L G International** **South Korea**

**Attachment 2** is the List of Iran Companies Requiring Divestment. There were no changes to this list.

**If you own securities of companies on the List of Iran Companies Requiring Divestment in the SBI portfolio that your organization manages, then you must divest those holdings according to the schedule provided in the Attachment:**

- At least 50 percent of a company's holdings must be sold by the date indicated, and
- At least 100 percent of a company's holdings must be sold by the date indicated.

If you have any questions about this matter, please contact Ryan Hill, Portfolio Manager, Long-Term Debt or me.

Sincerely,

Mansco Perry III  
Executive Director

Enclosures

cc: LeaAnn M. Stagg, Chief Operating Officer  
Ryan Hill, Portfolio Manager, Long-Term Debt  
Steve Kuettel, Manager, Short-Term Debt  
Michael J. Menssen, Manager, Long-Term Debt

**ATTACHMENT 1**  
**RESTRICTED IRAN COMPANIES**  
**SECURITIES OF COMPANIES MAY NOT BE PURCHASED FOR PORTFOLIO**

<b>COMPANY NAME</b>	<b>COUNTRY</b>
Bharat Petroleum Corporation Ltd.	India
China Petroleum & Chemical Corp	China
Daelim Industrial	South Korea
Gail (India) Ltd.	India
Gazprom	Russia
GS Engineering & Construction Corp	South Korea
GS Holdings	South Korea
Gubre Fabrikalari T.A.S.	Turkey
Ina-Industrija Nafte DD	Croatia
Indian Oil Corporation Ltd.	India
L G International	South Korea
Liquefied Natural Gas Ltd	Australia
Marie Tecnimont S.p.A.	Italy
Mitsui & Co. Ltd	Japan
Nagarjuna Fertilizers & Chemicals Ltd.	India
Oil & Natural Gas Corporation Ltd.	India
PetroChina Co. Ltd.	China
Punj Lloyd Ltd.	India
Toyota Tsusho Corporation	Japan

Effective Date: March 19, 2014



**ATTACHMENT 2**

**LIST OF IRAN COMPANIES REQUIRING DIVESTMENT**

<b>Company Name</b>	<b>Country of Origin</b>	<b>Divest 50 Percent By this Date</b>	<b>Divest 100 Percent By this Date</b>
Gazprom Oao	Russia	July 31, 2010	January 31, 2011
Mitsui & Company, Ltd.	Japan	September 30, 2012	March 31, 2013
Toyota Tsusho	Japan	September 30, 2012	March 31, 2013

Effective Date: March 19, 2014

TAB

C

## **SBI ADMINISTRATIVE COMMITTEE REPORT**

---

DATE: May 22, 2014

TO: Members, State Board of Investment

FROM: **SBI Administrative Committee**

The Administrative Committee met on April 30, 2014 to consider the following agenda items:

- Review of Executive Director's Proposed Workplan for FY15
- Review of Budget Plan for FY14, FY15, and FY16
- Review of Continuing Fiduciary Education Plan
- Review of Executive Director's Evaluation Process
- Update of Business Continuity Plan

**Action is required by the SBI on the first four items.**

### **1. Review of Executive Director's Proposed Workplan for FY15.**

The Executive Director's Proposed Workplan for FY15 was presented. As in previous workplans, the FY15 plan follows the same category order found in the Executive Director's position description. The plan is a compilation of on-going responsibilities as well as the new initiatives the Executive Director will undertake during the next fiscal year.

A summary of the proposed plan is shown in **Attachment A** on **page 5** of this Tab. Supporting information was sent to each Board member in April 2014 as part of the FY15 Management and Budget Plan document.

### **RECOMMENDATION:**

**The Committee recommends that the SBI approve the FY15 Executive Director's Workplan. Further, the Committee recommends that the Workplan serve as the basis for the Executive Director's performance evaluation for FY15.**



## **2. Administrative Budget Plan.**

The SBI's Administrative budget is set annually by the Board with direct charge-back to entities that invest with the SBI. The general fund appropriation for the management of general fund assets is appropriated by the Legislature.

An overview of the budget is **Attachment B** on **page 9** of this tab. Supporting information was sent to each Board member in April 2014 as part of the FY15 Management and Budget Plan.

### **RECOMMENDATION:**

**The Committee recommends that the SBI approve the FY14, FY15, and FY16 Administrative Budget Plan, as presented to the Committee, and that the Executive Director have the flexibility to reallocate funds between budget categories if the Executive Director deems necessary.**

## **3. Review of Continuing Fiduciary Education Plan.**

*Minnesota Statutes*, Chapter 356A requires each public pension plan to establish a continuing education plan for its fiduciaries. The plan approved by the Committee is in **Attachment C** on **page 11** of this Tab. Please note that the travel allocation policy for Board members and their designees is included in the plan.

### **RECOMMENDATION:**

**The Committee recommends that the SBI adopt the attached Continuing Fiduciary Education Plan.**

## **4. Review of Executive Director's Evaluation and Salary Process.**

The Committee discussed the process that will be used by the Board to evaluate the Executive Director for FY14. The Committee members agreed that the performance reviews should be completed prior to the September 2014 meeting of the SBI and should follow the process used in the past.

### **RECOMMENDATION:**

**The Committee recommends that the SBI adopt the following process for the Executive Director's FY14 performance evaluation:**

- The evaluation will be completed prior to the September 2014 meeting of the SBI and will be based on the results of the Executive Director's workplan for FY14.**

- The SBI deputies/designees will develop an appropriate evaluation form for use by each member, which will reflect the categories in the Executive Director's position description and workplan.
- Governor's office will coordinate distribution and collection of the evaluation forms and will forward the completed forms to the Executive Director. Board members are encouraged to meet individually with the Executive Director to review their own evaluation.

**5. Update of Business Continuity Plan.**

Staff updated the Committee regarding the SBI's Business Continuity Plan. The plan provides information and procedures required to respond to an emergency.





ATTACHMENT A

**STATE BOARD OF INVESTMENT  
Executive Director's Proposed Workplan**

**FY15**

**(Categories A, B, C, D, E correspond to the position description)**

<b>A. DEVELOPMENT OF INVESTMENT POLICIES</b>	<b>Projected Time Frame</b>
1. Review of Transition Managers	Jul. – Sep.
2. Review of Fixed Income Investment Structure for the Combined Funds	Begin Jan. 2015
3. Review of Public Equity Investment Structure for the Combined Funds	Begin Jul. 2014
4. Review of Liquid Alternative Investment Strategies for the Combined Funds and Other SBI Investment Programs	Oct. 2014
5. Investigate Potential Risk Management	Jul. 2014
6. Using Swaps and Other Derivatives	Ongoing
7. Review of Investments in Defined Contribution Plans	Jul. – Jul. 2015
<b>B. IMPLEMENTATION OF INVESTMENT POLICIES APPROVED BY THE SBI</b>	
1. Meet or Exceed the Performance Objectives	Ongoing
2. Implementation of New Investment Structure for State's 529 Plan	Mar. – Aug.
3. Investments with New and Existing Alternative Asset Managers	Ongoing
4. Manager Search Process	Ongoing
5. Conduct Investment Manager Compliance Review of Guidelines and Contracts	Ongoing
6. Implement State Law Concerning Iran	Ongoing
7. Implement State Law Concerning Sudan	Ongoing

### **C. REVIEW AND CONTROL OF INVESTMENT POLICIES**

#### **Projected Time Frame**

- |  |             |
|--|-------------|
| 1. Monitor and Evaluate Investment Manager Performance                                   | Ongoing     |
| 2. Manager Guidelines  | May – Jun.  |
| 3. Provide Staff Support to Proxy Committee for Proxy Voting and Shareholder Initiatives | Jul. – Jun. |
| 4. Monitor Implementation of Northern Ireland Mandate                                    | Oct. – Mar. |
| 5. Provide Staff Support for Corporate Actions and Miscellaneous Legal Issues            | Jul. – Jun. |
| 6. Monitor and Assess Impact of Regulatory Reform on Debt Markets                        | Jul. – Jun. |

### **D. ADMINISTRATION AND MANAGEMENT**

- |  |             |
|--|-------------|
| 1. Coordinate Financial Audit by Legislative Auditor   | Jul. – Dec. |
| 2. Prepare 2015 Legislative Package  | Jul. – May  |
| 3. Prepare Fiscal Year 2016 Management and Budget Plan   | Feb. – Jun. |
| 4. Annual Update of Business Continuity Plan   | Apr. – Jun. |
| 5. Implementation of GASB 67   | Jan. – Dec. |
| 6. Accounting Process Improvements   | Jan. – Dec. |
| 7. Prepare Annual SIF Investment Options Prospectus and Information Booklet for the Voluntary Statewide Volunteer Firefighter Plan (VSVFP) | May – Sep.  |

## **E. COMMUNICATION AND REPORTING**

### **Projected Time Frame**

- |  |              |
|--|--------------|
| 1. Prepare reports on investment results                           | Qtly         |
| 2. Prepare Status Reports  | As requested |
| 3. Meet with SBI and IAC   | Qtly         |
| 4. Meet with Board's designees                                     | Qtly         |
| 5. Prepare Fiscal Year 2014 Annual Report                          | Jul. – Jan.  |
| 6. Convert Performance Reporting System                            | Jul. – Dec.  |
| 7. Coordinate Public Pension Plan Performance Reporting Disclosure | Ongoing      |
| 8. Conduct Manager Roundtables                                     | Periodic     |





# ATTACHMENT B

## Administrative Budget Fiscal Year 2015 & 2016 Budget Plan Overview

The Fiscal Year 2015/2016 budget request is based on budget procedures instituted by Department of Minnesota Management and Budget.

New statutory authority was passed during the 2006 legislative session to establish a fixed amount from the General Fund and to have the balance of the MSBI's budget billed to organizations that use the MSBI's services. This authority was used to generate the fiscal year 2014 budget and also is the basis for the 2015 & 2016 budget projections. The 2015 budget includes the addition of five new positions, additional office space and one-time moving costs. On document E-3 we show the incremental budget impact of the additional staff positions.

	<b>FY2014 Budget</b>	<b>FY2014 Projected</b>	<b>FY2015 Request</b>	<b>FY2016 Request</b>
Personnel Services	\$3,593,000	\$3,401,433	\$4,251,000	\$4,358,000
Operating Expense	747,000	526,953	847,000	738,200
Total	\$4,340,000	\$3,928,396	\$5,098,000	\$5,096,200

**Personnel Services:**      **83% of the requested budget FY2015, 86% of the requested budget FY2016**  
Salaries, retirement, insurance, FICA, severance

**Operating Expenses:**      **17% of the requested budget FY2015, 14% of the requested budget FY2016**  
Rents, leases, printing, data processing  
Communications, travel, employee development, misc. fees  
Office equipment, furnishings, supplies

**STATE BOARD OF INVESTMENT  
FISCAL YEARS 2015 AND 2016 BUDGET PLAN  
MSBI OPERATING FUND SUMMARY**

DESCRIPTION	FY2014 BUDGET	FY2014 PROJECTED	FY2015 PROPOSED	FY2016 PROPOSED
<b>PERSONAL SERVICES</b>				
FULL TIME EMPLOYEES	\$ 3,286,000	\$ 3,117,997	\$ 4,151,000	\$ 4,258,000
PART TIME EMPLOYEES	72,000	49,310	-	-
OTHER BENEFITS	235,000	234,135	100,000	100,000
SUBTOTAL	\$ 3,593,000	\$ 3,401,443	\$ 4,251,000	\$ 4,358,000
<b>STATE OPERATIONS</b>				
RENTS & LEASES	200,000	200,493	242,000	244,000
REPAIRS/ALTERATIONS/MAINTENANCE	10,000	12,919	12,000	12,000
PRINTING & BINDING	5,000	6,089	5,000	5,200
PROFESSIONAL/TECHNICAL SERVICES	250,000	89,529	150,000	150,000
COMPUTER SYSTEMS SERVICES	23,000	14,696	20,000	21,000
COMMUNICATIONS	26,000	27,000	30,000	31,000
TRAVEL, IN-STATE	1,000	875	1,000	1,000
TRAVEL, OUT-STATE	42,000	43,632	56,000	61,000
SUPPLIES	20,000	24,288	52,000	22,000
EQUIPMENT	20,000	33,512	33,000	24,000
EMPLOYEE DEVELOPMENT	10,000	7,701	25,000	25,000
OTHER OPERATING COSTS	140,000	110,421	221,000	142,000
REIMBURSEMENT FROM MMB		(44,201)		
<b>SUBTOTAL</b>	<b>\$ 747,000</b>	<b>\$ 526,953</b>	<b>\$ 847,000</b>	<b>\$ 738,200</b>
<b>TOTAL MSBI OPERATING FUND</b>	<b>\$ 4,340,000</b>	<b>\$ 3,928,396</b>	<b>\$ 5,098,000</b>	<b>\$ 5,096,200</b>
PERCENT INCREASE (DECREASE) OVER PRIOR			29.8%	0.0%
ADDITIONAL POSTIONS ADDED			\$ 719,000	738,000
ADDITIONAL RENT & MOVING COSTS			165,000	40,000
TOTAL ADDITIONAL COSTS			\$ 884,000	\$ 778,000
<b>OPERATING BUDGET WITHOUT ADDITIONAL COSTS</b>			<b>\$ 4,214,000</b>	<b>\$ 4,318,200</b>
PERCENT INCREASE (DECREASE) OVER PRIOR YEAR WITHOUT ADDITIONAL COSTS			7.3%	2.5%



## **CONTINUING FIDUCIARY EDUCATION PLAN**

### **REQUIRED BY MS 356A.13**

The State Board of Investment (SBI) undertakes the following activities related to fiduciary education. Taken as a group, these activities shall constitute the plan for continuing fiduciary education required by Minnesota Statutes 356A.13 (copy attached). In addition, pursuant to statutory requirements of qualification, the SBI executive director and many members of the Board's Investment Advisory Council (IAC) can be reasonably considered to be experts with respect to their duties as fiduciaries.

#### **1. Briefing for New Board/IAC Members**

Shortly after election to the Board or appointment to the IAC, each new member is briefed on SBI operations and policies. As part of the briefing, SBI's legal counsel will review the member's fiduciary obligations and responsibilities as specified in Minnesota Statutes Chapters 11A and 356A.

#### **2. Development and Review of Investment Policies**

The SBI adopts comprehensive investment policies for each fund under its control. The policies cover investment objectives, asset allocation, management structure, and performance evaluation. Policy papers or reports on these topics are developed and written by SBI staff in conjunction with the IAC and consultants. Relevant research and analyses from the academic and professional investment fields are used to formulate these policy guidelines.

After the Board formally adopts them, these written policies guide the management of all assets under the SBI's control. The SBI intends to review its stated investment policies periodically. This review may occur within the framework of the SBI's regular quarterly meetings or may take place at special meetings or seminars specifically designated for this purpose.

#### **3. Input from Board's Consultants**

The SBI retains outside investment consultants to advise the Board members on a wide variety of investment management issues. As part of their contracts with the SBI, the consultants offer to meet with the Board members or their designees to discuss investment-related issues. These individual consultations occur throughout the year. In addition, the general consultant is available at each meeting of the Board and IAC. These meetings are supplemented by quarterly reports on investment performance prepared by the general consultant.

#### 4. **Manager Roundtables**

The SBI intends to convene small groups of its external money managers to discuss issues related to investment management and the financial markets. These roundtable discussions will be held periodically throughout the year and will be open to Board members and their designees, IAC members and other interested parties. It is anticipated that 2-3 roundtables will be held each year.

#### 5. **Travel Allocation**

The SBI allocates \$4,000 annually to each Board member (or their designee) for costs associated with attendance at investment-related seminars and conferences. This allocation is used at the discretion of each Board member.

### **2013 Minnesota Statutes**

#### 356A.13. CONTINUING FIDUCIARY EDUCATION.

Subdivision 1. **Obligation of fiduciaries.** A fiduciary of a covered pension plan shall make reasonable effort to obtain knowledge and skills sufficient to enable the fiduciary to perform fiduciary activities adequately. At a minimum, a fiduciary of a covered pension plan shall comply with the program established in accordance with subdivision 2.

Subd. 2. **Continuing fiduciary education program.** The governing boards covered pension plans shall each develop and periodically revise a program for the continuing education of any of their board members and any of their chief administrative officers who are not reasonably considered to be experts with respect to their activities as fiduciaries. The program must be designed to provide those persons with knowledge and skills sufficient to enable them to perform their fiduciary activities adequately.

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## INVESTMENT ADVISORY COUNCIL REPORT

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DATE: May 22, 2014

TO: Members, State Board Investment

FROM: Members, Investment Advisory Council

The Investment Advisory Council met on Tuesday, May 20, 2014 to consider the following agenda items:

- Review the manager performance for the period ending March 31, 2014.
- Investment Manager Review: Turner Investments, L.P., a domestic equity manager.

**Board action is required on the last item.**

### INFORMATION ITEMS:

#### 1. Review the manager performance for the period ending March 31, 2014.

- *Domestic Equity Program*

For the period ending March 31, 2014, the **Domestic Equity Program** outperformed the benchmark over all time periods.

Time period	Total Program	Russell 3000
Quarter	2.1%	2.0%
1 Year	24.1%	22.6%
3 Years	14.9%	14.6%
5 Years	22.3%	21.9%

The performance evaluation reports for the domestic equity managers start on the **blue page A-1** of this Tab.

- ***Fixed Income Program***

For the period ending March 31, 2014, the **Fixed Income Program** outperformed over all time periods.

<b>Time period</b>	<b>Total Program</b>	<b>Barclays Capital Aggregate</b>
<b>Quarter</b>	2.0%	1.8%
<b>1 Year</b>	0.5%	-0.1%
<b>3 Years</b>	4.5%	3.7%
<b>5 Years</b>	7.3%	4.8%

The performance evaluation reports for the fixed income managers start on the **blue page A-49** of this Tab.

- ***International Equity Program***

For the period ending March 31, 2014, the **International Equity Program** outperformed over the one, three and five year time periods and underperformed over the quarter.

<b>Time Period</b>	<b>Total Program</b>	<b>Int'l Equity Asset Class Target*</b>
<b>Quarter</b>	0.2%	0.5%
<b>1 Year</b>	13.4%	12.3%
<b>3 Year</b>	5.0%	4.2%
<b>5 Year</b>	16.1%	15.5%

\* Since 6/1/08 the International Equity asset class target is the Standard MSCI ACWI ex U.S. (net). From 10/1/07 to 5/31/08, the International Equity asset class target was the Provisional Standard MSCI ACWI ex U.S. (net). From 10/1/03 to 9/30/07, the target was the MSCI ACWI Free ex. U.S. (net).

The performance evaluation reports for the international equity managers start on the **blue page A-63** of this Tab.

## ACTION ITEM:

### 1. Investment Manager Review: Turner Investments, L.P., a domestic equity manager.

#### Organization

The SBI hired Turner Investments, L.P. in January 2004 to manage a small-cap growth portfolio with Bill McVail as the portfolio manager for the account. The investment staff has recently experienced significant turnover. At Turner, all investment staff have analyst responsibilities. Since September 2012, seven analysts have left from a team of 26. The two recent departures have been the most significant. Bill McVail, the SBI's portfolio manager, left in December 2013 and was also an analyst on the consumer discretionary team. McVail was replaced by Jason Schrotberger, who worked alongside McVail for 19 years, 12 of those at Turner. Due to McVail's mentoring of Schrotberger, staff expected continuity of the investment decisions. Staff continued to monitor the firm closely with the understanding that any additional personnel losses would be unacceptable. Vijay Shankaran departed in March 2014. Shankaran was a highly regarded analyst on the health care team who specialized in biotech and was also a portfolio manager. The client service contact has changed several times since 2012.

#### Assets

Firm assets have significantly declined since 2010, primarily in the large-cap portfolios. The small-cap assets remained fairly stable during this time. The SBI's small-cap growth portfolio was valued at \$417 million as of December 31, 2013.

Turner's Assets (Millions)	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08
Total Firm	\$8,428	\$10,731	\$13,363	\$17,976	\$17,655	\$15,447
Small Cap Growth Strategy	\$1,921	\$1,950	\$1,833	\$2,239	\$1,532	\$1,073

#### Performance

As of December 2013, the portfolio has underperformed its benchmark for all time periods shown.

	One year	Two years	Three years	Four years	Five years	Seven years	Since inception (Jan 04)
Turner	40.8	26.2	14.9	18.3	21.8	8.7	9.2
Russell 2000 Growth	43.3	28.1	16.8	19.8	22.6	8.9	9.4
Net performance	-2.5	-1.9	-1.9	-1.5	-0.8	-0.2	-0.2

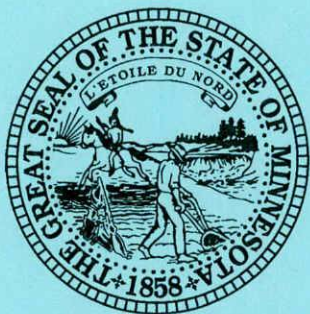


The portfolio outperformed in 2009, underperformed slightly in 2010 and trailed in each of the most recent calendar years.

Calendar Year Ending	2013	2012	2011	2010	2009
Turner	40.8	13.1	-4.8	29.0	36.9
Russell 2000 Growth	43.3	14.6	-2.9	29.1	34.5
<b>Net performance</b>	<b>-2.5</b>	<b>-1.5</b>	<b>-1.9</b>	<b>-0.1</b>	<b>2.4</b>

#### **RECOMMENDATION:**

**Due to significant staff departures, loss of firm assets and continued long- and short-term underperformance, staff and the IAC recommend that the SBI terminate the relationship with Turner Investments L.P.**



# STATE BOARD OF INVESTMENT

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## Domestic Equity Manager Evaluation Reports

First Quarter, 2014





## **Domestic Equity**

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**COMBINED RETIREMENT FUNDS**  
**ACTIVE DOMESTIC EQUITY MANAGERS**  
**Periods Ending March, 2014**

	Quarter		1 Year		3 Years		5 Years	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%
Russell 1000 Growth Aggregate	0.6	1.1	30.9	23.2	15.2	14.6	23.8	21.7
Russell 1000 Value Aggregate	3.1	3.0	25.9	21.6	14.6	14.8	21.8	21.8
Russell 2000 Growth Aggregate	-0.9	0.5	29.3	27.2	11.5	13.6	23.6	25.2
Russell 2000 Value Aggregate	2.0	1.8	26.9	22.6	14.9	12.7	28.5	23.3
<b>Active Manager Aggregate</b>	<b>1.6</b>	<b>1.8</b>	<b>28.3</b>	<b>23.1</b>	<b>14.1</b>	<b>14.3</b>	<b>22.9</b>	<b>22.3</b>
<b>Semi-Passive Aggregate</b>	<b>2.4</b>	<b>2.0</b>	<b>22.8</b>	<b>22.4</b>	<b>15.6</b>	<b>14.7</b>	<b>22.2</b>	<b>21.7</b>
<b>Passive Manager (BlackRock)</b>	<b>2.0</b>	<b>2.0</b>	<b>22.6</b>	<b>22.6</b>	<b>14.6</b>	<b>14.6</b>	<b>21.9</b>	<b>21.9</b>
<b>Total Aggregate</b>	<b>2.1</b>	<b>2.0</b>	<b>24.1</b>	<b>22.6</b>	<b>14.9</b>	<b>14.6</b>	<b>22.3</b>	<b>21.9</b>
<b>Russell 3000 Index</b>		<b>2.0</b>		<b>22.6</b>		<b>14.6</b>		<b>21.9</b>

	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
Russell 1000 Growth Aggregate	42.0	33.5	15.5	15.3	-0.4	2.6	19.3	16.7	44.5	37.2
Russell 1000 Value Aggregate	36.5	32.5	16.9	17.5	-2.1	0.4	15.0	15.5	23.8	19.7
Russell 2000 Growth Aggregate	47.2	43.3	12.0	14.6	-5.6	-2.9	29.1	29.1	33.6	34.5
Russell 2000 Value Aggregate	40.8	34.5	19.6	18.1	-4.5	-5.5	30.5	24.5	36.3	20.6
Active Manager Aggregate	40.2	34.7	15.4	16.3	-2.7	0.0	19.7	18.7	32.3	27.9
Semi-Passive Aggregate	33.2	33.1	17.7	16.4	2.2	1.5	15.2	16.1	28.5	28.4
Passive Manager (BlackRock)	33.5	33.6	16.4	16.4	0.8	1.0	17.2	16.9	28.2	28.3
Total Aggregate	35.1	33.6	16.6	16.4	0.4	1.0	17.1	16.9	29.6	28.3
Russell 3000 Index		33.6		16.4		1.0		16.9		28.3



**COMBINED RETIREMENT FUNDS**  
**ACTIVE DOMESTIC EQUITY MANAGERS**  
**Periods Ending March, 2014**  
**Performance versus Russell Style Benchmarks for All Periods**

	Quarter		1 Year		3 Years		5 Years		Since Inception (1)		Market Value	Pool
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	(in millions)	%
	%	%	%	%	%	%	%	%	%	%		
<b>Russell 1000 Growth</b>												
INTECH	1.3	1.1	25.6	23.2	14.6	14.6	21.9	21.7	7.2	7.9	\$528.1	2.0%
Jacobs Levy	1.1	1.1	25.8	23.2	15.1	14.6	23.8	21.7	6.7	7.9	\$611.2	2.3%
Sands Capital	0.6	1.1	33.6	23.2	20.4	14.6	30.5	21.7	10.7	7.9	\$641.3	2.4%
Winslow-Large Cap	-1.2	1.1	24.1	23.2	12.8	14.6	20.6	21.7	9.1	7.9	\$273.1	1.0%
Zevenbergen Capital	0.2	1.1	43.8	23.2	12.8	14.6	25.3	21.7	10.5	8.8	\$588.5	2.2%
<b>Aggregate</b>	<b>0.6</b>	<b>1.1</b>	<b>30.9</b>	<b>23.2</b>	<b>15.2</b>	<b>14.6</b>	<b>23.8</b>	<b>21.7</b>			<b>\$2,642.3</b>	<b>9.8%</b>
<b>Russell 1000 Value</b>												
Barrow, Hanley	3.6	3.0	26.1	21.6	15.4	14.8	21.4	21.8	8.1	7.6	\$765.5	2.8%
Earnest Partners	1.8	3.0	22.7	21.6	10.7	14.8	19.6	21.8	6.0	6.8	\$505.6	1.9%
LSV Asset Mgmt.	3.6	3.0	29.0	21.6	17.2	14.8	24.1	21.8	9.1	7.6	\$764.9	2.8%
Systematic Financial Mgmt.	3.1	3.0	24.9	21.6	12.6	14.8	20.6	21.8	7.6	7.6	\$713.1	2.7%
<b>Aggregate</b>	<b>3.1</b>	<b>3.0</b>	<b>25.9</b>	<b>21.6</b>	<b>14.6</b>	<b>14.8</b>	<b>21.8</b>	<b>21.8</b>			<b>\$2,749.2</b>	<b>10.2%</b>
<b>SMALL CAP</b>												
<b>Russell 2000 Growth</b>												
McKinley Capital	1.1	0.5	36.5	27.2	17.7	13.6	25.0	25.2	7.7	9.2	\$383.5	1.4%
Next Century Growth	-0.8	0.5	30.3	27.2	8.2	13.6	22.4	25.2	3.4	4.3	\$390.1	1.5%
<b>Aggregate</b>	<b>-0.9</b>	<b>0.5</b>	<b>29.3</b>	<b>27.2</b>	<b>11.5</b>	<b>13.6</b>	<b>23.6</b>	<b>25.2</b>			<b>\$773.6</b>	<b>2.9%</b>
<b>Russell 2000 Value</b>												
Goldman Sachs	2.0	1.8	26.0	22.6	15.9	12.7	25.6	23.3	10.5	8.6	\$260.5	1.0%
Hotchkis & Wiley	2.6	1.8	29.5	22.6	15.5	12.7	35.2	23.3	9.5	8.6	\$237.1	0.9%
Martingale Asset Mgmt.	2.3	1.8	29.7	22.6	15.7	12.7	25.9	23.3	8.1	8.6	\$208.2	0.8%
Peregrine Capital	1.3	1.8	24.2	22.6	13.4	12.7	29.2	23.3	11.4	10.6	\$344.0	1.3%
<b>Aggregate</b>	<b>2.0</b>	<b>1.8</b>	<b>26.9</b>	<b>22.6</b>	<b>14.9</b>	<b>12.7</b>	<b>28.5</b>	<b>23.3</b>			<b>\$1,049.7</b>	<b>3.9%</b>
<b>Active Mgr. Aggregate (2)</b>	<b>1.6</b>	<b>1.8</b>	<b>28.3</b>	<b>23.1</b>	<b>14.1</b>	<b>14.3</b>	<b>22.9</b>	<b>22.3</b>			<b>\$7,217.0</b>	<b>26.9%</b>

(1) Since retention by the SBI. Time period varies for each manager.

(2) The Active Manager Aggregate Benchmark is the aggregate of the weighted average of the active manager benchmarks and is not the Russell 3000.

Note: All aggregates include the performance of terminated managers.

**COMBINED RETIREMENT FUNDS  
DOMESTIC EQUITY MANAGERS  
Periods Ending March, 2014  
Versus Manager Benchmarks**

	Quarter		1 Year		3 Years		5 Years		Since Inception (1)		Market Value	Pool
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	(in millions)	%
	%	%	%	%	%	%	%	%	%	%		
<b>SEMI-PASSIVE MANAGERS (2)</b>												
BlackRock Institutional	2.1	2.0	23.0	22.4	16.0	14.7	21.8	21.7	9.5	9.2	\$2,227.5	8.3%
INTECH	1.8	2.0	22.2	22.4	15.1	14.7			15.5	15.2	\$2,480.8	9.2%
JP Morgan	2.7	2.0	23.4	22.4	15.5	14.7	22.8	21.7	9.5	9.2	\$2,897.0	10.8%
Mellon Capital	2.9	2.0	22.1	22.4	16.0	14.7	22.1	21.7	8.8	9.2	\$2,589.7	9.6%
<b>Semi-Passive Aggregate (R1000)</b>	<b>2.4</b>	<b>2.0</b>	<b>22.8</b>	<b>22.4</b>	<b>15.6</b>	<b>14.7</b>	<b>22.2</b>	<b>21.7</b>			<b>\$10,195.1</b>	<b>38.0%</b>
<b>PASSIVE MANAGER (R3000)</b>												
BlackRock Institutional	2.0	2.0	22.6	22.6	14.6	14.6	21.9	21.9	8.9	8.8	\$9,449.2	35.2%
									<b>Since 1/1/84</b>			
<b>Total Aggregate (3)</b>	<b>2.1</b>	<b>2.0</b>	<b>24.1</b>	<b>22.6</b>	<b>14.9</b>	<b>14.6</b>	<b>22.3</b>	<b>21.9</b>	<b>10.5</b>	<b>10.6</b>	<b>\$26,862.1</b>	<b>100.0%</b>
Russell 3000		2.0		22.6		14.6		21.9		10.9		
Russell 1000		2.0		22.4		14.7		21.7		11.1		
Russell 2000		1.1		24.9		13.2		24.3		9.8		

(1) Since retention by the SBI. Time period varies for each manager.

(2) Semi-Passive managers' benchmark is the Russell 1000 index beginning 1/1/04 and was the Completeness Fund benchmark prior to 1/1/04.

(3) The Total Aggregate benchmark is the Russell 3000 effective 10/1/03. From 7/1/99 to 9/30/03, it was the Wilshire 5000 Investable Index. From 11/1/93 to 6/30/99, the target was the Wilshire 5000 as reported with no adjustments. Prior to 11/1/93, the Wilshire 5000 was adjusted to reflect SBI mandated restrictions, which included liquor and tobacco, American Home Products and South Africa.

Note: All aggregates include the performance of terminated managers.

**COMBINED RETIREMENT FUNDS**  
**ACTIVE DOMESTIC EQUITY MANAGERS**  
**Calendar Year Returns Versus**  
**Russell Style Benchmarks for All Periods**

	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
<b>Russell 1000 Growth</b>										
INTECH	34.1	33.5	17.8	15.3	0.1	2.6	19.5	16.7	34.0	37.2
Jacobs Levy	37.0	33.5	13.0	15.3	6.6	2.6	19.5	16.7	37.1	37.2
Sands Capital	42.4	33.5	24.2	15.3	2.7	2.6	26.8	16.7	71.6	37.2
Winslow-Large Cap	37.4	33.5	13.7	15.3	0.1	2.6	16.8	16.7	40.9	37.2
Zevenbergen Capital	60.6	33.5	8.0	15.3	-9.8	2.6	22.9	16.7	57.4	37.2
<b>Aggregate</b>	<b>42.0</b>	<b>33.5</b>	<b>15.5</b>	<b>15.3</b>	<b>-0.4</b>	<b>2.6</b>	<b>19.3</b>	<b>16.7</b>	<b>44.5</b>	<b>37.2</b>
<b>Russell 1000 Value</b>										
Barrow, Hanley	35.5	32.5	15.5	17.5	1.7	0.4	10.4	15.5	23.2	19.7
Earnest Partners	32.0	32.5	10.7	17.5	-4.7	0.4	18.5	15.5	31.6	19.7
LSV Asset Mgmt.	41.2	32.5	20.4	17.5	-0.8	0.4	14.0	15.5	24.0	19.7
Systematic Financial Mgmt.	35.0	32.5	18.2	17.5	-7.4	0.4	18.1	15.5	23.2	19.7
<b>Aggregate</b>	<b>36.5</b>	<b>32.5</b>	<b>16.9</b>	<b>17.5</b>	<b>-2.1</b>	<b>0.4</b>	<b>15.0</b>	<b>15.5</b>	<b>23.8</b>	<b>19.7</b>
<b>SMALL CAP</b>										
<b>Russell 2000 Growth</b>										
McKinley Capital	51.6	43.3	23.2	14.6	-7.9	-2.9	28.5	29.1	28.0	34.5
Next Century Growth	50.3	43.3	1.9	14.6	-4.5	-2.9	29.6	29.1	35.0	34.5
<b>Aggregate</b>	<b>47.2</b>	<b>43.3</b>	<b>12.0</b>	<b>14.6</b>	<b>-5.6</b>	<b>-2.9</b>	<b>29.1</b>	<b>29.1</b>	<b>33.6</b>	<b>34.5</b>
<b>Russell 2000 Value</b>										
Goldman Sachs	39.3	34.5	16.6	18.1	1.3	-5.5	27.0	24.5	27.8	20.6
Hotchkis & Wiley	46.0	34.5	24.1	18.1	-10.8	-5.5	43.4	24.5	62.5	20.6
Martingale Asset Mgmt.	43.1	34.5	20.1	18.1	-5.2	-5.5	27.4	24.5	19.4	20.6
Peregrine Capital	37.3	34.5	18.8	18.1	-4.1	-5.5	27.3	24.5	45.8	20.6
<b>Aggregate</b>	<b>40.8</b>	<b>34.5</b>	<b>19.6</b>	<b>18.1</b>	<b>-4.5</b>	<b>-5.5</b>	<b>30.5</b>	<b>24.5</b>	<b>36.3</b>	<b>20.6</b>
<b>Active Mgr. Aggregate (1)</b>	<b>40.2</b>	<b>34.7</b>	<b>15.4</b>	<b>16.3</b>	<b>-2.7</b>	<b>0.0</b>	<b>19.7</b>	<b>18.7</b>	<b>32.3</b>	<b>27.9</b>

(1) The Active Manager Aggregate Benchmark is the aggregate of the weighted average of the active manager benchmarks and is not the Russell 3000.

Note: All aggregates include the performance of terminated managers. Returns shown are full-year returns only.  
Performance of managers hired during a calendar year are reported beginning with the following calendar year.



**COMBINED RETIREMENT FUNDS  
DOMESTIC EQUITY MANAGERS  
Calendar Year Returns Versus  
Manager Benchmarks**

	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
<b>SEMI-PASSIVE MANAGERS</b>										
BlackRock Institutional	33.3	33.1	19.0	16.4	1.6	1.5	14.0	16.1	27.6	28.4
INTECH	33.0	33.1	16.6	16.4	2.9	1.5				
JP Morgan	33.7	33.1	17.6	16.4	1.1	1.5	16.8	16.1	32.1	28.4
Mellon Capital	32.6	33.1	17.3	16.4	4.6	1.5	13.7	16.1	25.6	28.4
<b>Semi-Passive Aggregate (R1000)</b>	<b>33.2</b>	<b>33.1</b>	<b>17.7</b>	<b>16.4</b>	<b>2.2</b>	<b>1.5</b>	<b>15.2</b>	<b>16.1</b>	<b>28.5</b>	<b>28.4</b>
<b>PASSIVE MANAGER (R3000)</b>										
BlackRock Institutional	33.5	33.6	16.4	16.4	0.8	1.0	17.2	16.9	28.2	28.3
<b>Total Aggregate</b>	<b>35.1</b>	<b>33.6</b>	<b>16.6</b>	<b>16.4</b>	<b>0.4</b>	<b>1.0</b>	<b>17.1</b>	<b>16.9</b>	<b>29.6</b>	<b>28.3</b>
Russell 3000		33.6		16.4		1.0		16.9		28.3
Russell 1000		33.1		16.4		1.5		16.1		28.4
Russell 2000		38.8		16.3		-4.2		26.9		27.2

Note: All aggregates include the performance of terminated managers. Returns shown are full-year returns only.  
Performance of managers hired during a calendar year are reported beginning with the following calendar year.



## **Large Cap Growth (R1000 Growth)**





## **Large Cap Growth (R1000 Growth)**

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**INTECH INVESTMENT MANAGEMENT LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Adrian Banner**

**Assets Under Management: \$528,120,176**

**Investment Philosophy**

Through the application of a proprietary mathematical process, the investment strategy is designed to determine more efficient weightings of the securities within the Russell 1000 Growth benchmark. No specific sector or security selection decisions based on fundamentals are required. Risk parameters include: 1) minimize absolute standard deviation or maximize information ratio, 2) security positions limited to lesser of 2.5% or 10 times maximum index security weight, and 3) beta equal to or less than benchmark beta. Target security positions are established using an optimization routine designed to build a portfolio that will outperform a passive benchmark over the long term. Rebalancing to target proportions occurs every six (6) business days, and partial re-optimization occurs weekly.

**Staff Comments**

Staff has no concerns or issues with INTECH at this time.

Staff met with INTECH this quarter.

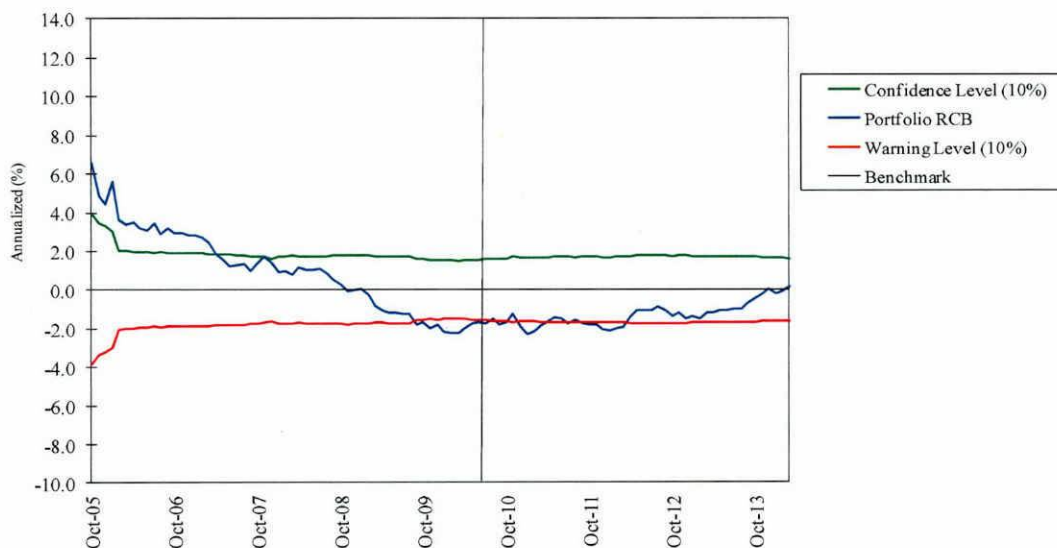
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	1.3%	1.1%
Last 1 year	25.6	23.2
Last 2 years	17.6	16.5
Last 3 years	14.6	14.6
Last 4 years	16.3	15.5
Last 5 years	21.9	21.7
Since Inception (1/05)	7.2	7.9

**Recommendation**

No action required.

**INTECH INVESTMENT MANAGEMENT LLC**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area left of the vertical line includes performance prior to retention by the SBI.



**JACOBS LEVY EQUITY MANAGEMENT, INC.**  
**Periods Ending March, 2014**

**Portfolio Manager:** Bruce Jacobs and Ken Levy

**Assets Under Management:** \$611,247,400

**Investment Philosophy**

The strategy combines human insight and intuition, finance and behavioral theory, and state-of-the-art quantitative and statistical methods. Security expected returns generated from numerous models become inputs for the firm's proprietary portfolio optimizer. The optimizer is run daily with the objective of maximizing the information ratio, while ensuring proper diversification across market inefficiencies, securities, industries, and sectors. Extensive data scrubbing is conducted on a daily basis using both human and technology resources. Liquidity, trading costs, and investor guidelines are incorporated within the optimizing process.

**Staff Comments**

Staff has no concerns or issues with Jacobs Levy at this time.

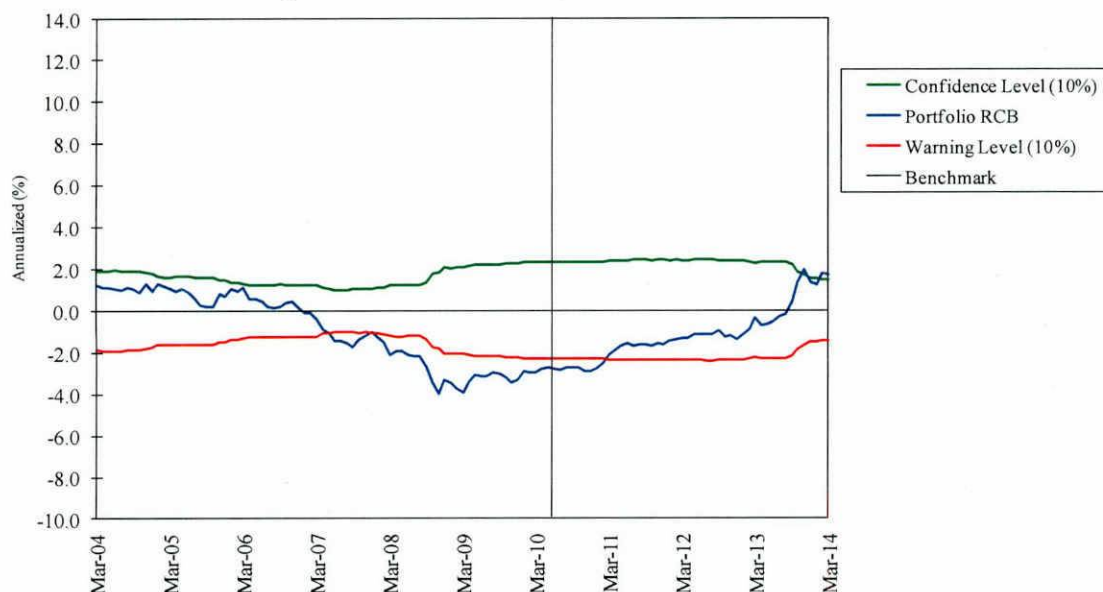
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	1.1%	1.1%
Last 1 year	25.8	23.2
Last 2 years	17.1	16.5
Last 3 years	15.1	14.6
Last 4 years	17.1	15.5
Last 5 years	23.8	21.7
Since Inception (1/05)	6.7	7.9

**Recommendation**

No action required.

**JACOBS LEVY EQUITY MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI.

**SANDS CAPITAL MANAGEMENT, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Frank Sands, Jr.**

**Assets Under Management: \$641,312,256**

**Investment Philosophy**

The manager invests in high-quality, seasoned and growing businesses. Bottom-up, company-focused, long-term oriented research is the cornerstone of the investment process. The strategy focuses on six (6) key investment criteria: 1) sustainable above average earnings growth; 2) leadership position in a promising business space; 3) significant competitive advantages or unique business franchise; 4) management with a clear mission and value added focus; 5) financial strength; and 6) rational valuation relative to the overall market and the company's business prospects.

**Staff Comments**

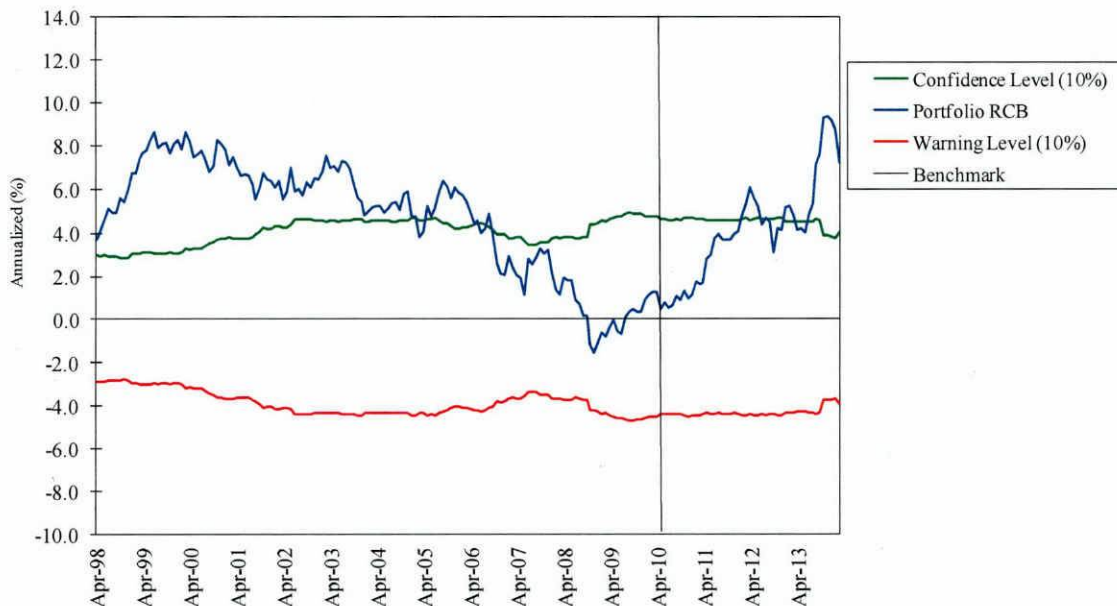
Staff has no concerns or issues with Sands at this time.

**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>	<b>No action required.</b>
Last Quarter	0.6%	1.1%	
Last 1 year	33.6	23.2	
Last 2 years	19.6	16.5	
Last 3 years	20.4	14.6	
Last 4 years	22.4	15.5	
Last 5 years	30.5	21.7	
Since Inception (1/05)	10.7	7.9	

**Recommendation**

**SANDS CAPITAL MANAGEMENT, LLC**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to the left of vertical line includes performance prior to retention by the SBI.

# WINSLOW CAPITAL MANAGEMENT, LLC

## Periods Ending March, 2014

**Portfolio Manager:** Justin Kelly and Patrick Burton

**Assets Under Management:** \$273,120,148

### Investment Philosophy

The strategy identifies companies that can grow earnings above consensus expectations to build portfolios with forward weighted earnings growth in the range of 15-20% annually. A quantitative screen is employed for factors such as revenue and earnings growth, return on invested capital, earnings consistency, earnings revisions, low financial leverage and high free cash flow rates relative to net income. Resulting companies are subjected to a qualitative assessment within the context of industry sectors. Detailed examination of income statements, cash flow and balance sheet projections is conducted, along with a judgment on the quality of management. Attractively valued stocks are chosen based on P/E relative to the benchmark, sector peers, the company's sustainable future growth rate and return on invested capital. Final portfolio construction includes diversification by economic sectors, earnings growth rates, price/earnings ratios and market capitalizations.

### Staff Comments

Winslow has been consistent with their investment process. One of the co-portfolio managers changed a year ago and the team has been stable since then.

On April 14<sup>th</sup>, Nuveen announced that TIAA-CREF has entered into an agreement to purchase Nuveen Investments, which is Winslow's parent company.

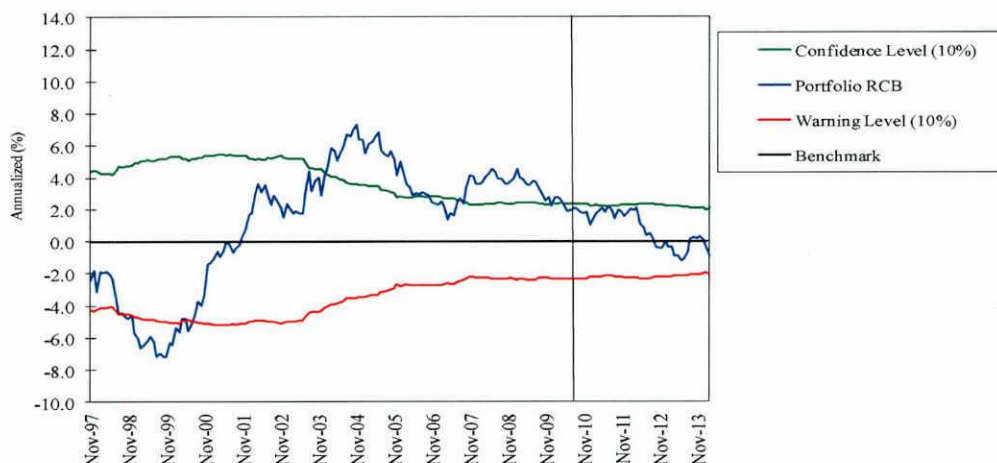
### Quantitative Evaluation

	Actual	R1000 Growth
Last Quarter	-1.2%	1.1%
Last 1 year	24.1	23.2
Last 2 years	14.6	16.5
Last 3 years	12.8	14.6
Last 4 years	14.9	15.5
Last 5 years	20.6	21.7
Since Inception (1/05)	9.1	7.9

### Recommendation

No action required.

WINSLOW CAPITAL MANAGEMENT, LLC  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of vertical line includes performance prior to retention by the SBI.



**ZEVENBERGEN CAPITAL INVESTMENTS LLC**  
**Periods Ending March, 2014**

**Portfolio Manager:** Nancy Zevenbergen

**Assets Under Management:** \$588,493,770

**Investment Philosophy**

Zevenbergen is an equity growth manager. The investment philosophy is based on the belief that earnings drive stock prices while quality provides capital protection. Hence, portfolios are constructed with companies showing above-average earnings growth prospects and strong financial characteristics. They consider diversification for company size, expected growth rates and industry weightings to be important risk control factors. Zevenbergen uses a bottom-up fundamental approach to security analysis. Research efforts focus on finding companies with superior products or services showing consistent profitability. Attractive buy candidates are reviewed for sufficient liquidity and potential diversification. The firm emphasizes that they are not market timers.

**Staff Comments**

Zevenbergen has been consistent with their investment process, and the organization remains stable. The significant outperformance for the year is not a concern due to the expected higher tracking error, or active risk, for this portfolio.

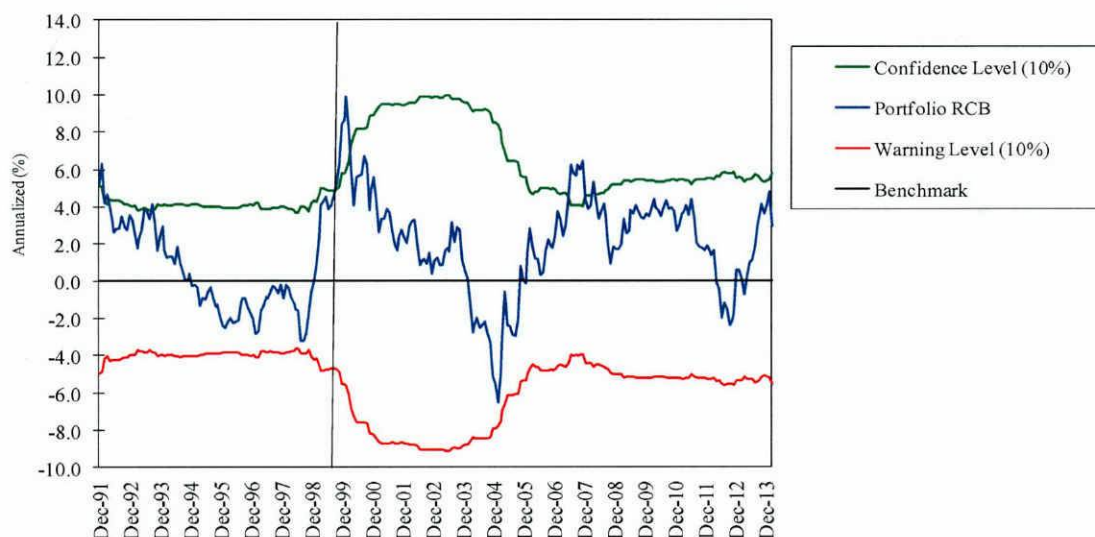
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	0.2%	1.1%
Last 1 year	43.8	23.2
Last 2 years	21.5	16.5
Last 3 years	12.8	14.6
Last 4 years	16.6	15.5
Last 5 years	25.3	21.7
Since Inception (4/94)	10.5	8.8

**Recommendation**

No action required.

**ZEVENBERGEN CAPITAL INVESTMENTS LLC**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to the left of vertical line includes performance prior to retention by the SBI.

## **Large Cap Value (R1000 Value)**





## **Large Cap Value (R1000 Value)**

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**BARROW, HANLEY, MEWHINNEY & STRAUSS, INC.**  
**Periods Ending March, 2014**

**Portfolio Manager: Tim Culler**

**Assets Under Management: \$765,511,094**

**Investment Philosophy**

The manager's approach is based on the underlying philosophy that markets are inefficient. Inefficiencies can best be exploited through adherence to a value-oriented investment process dedicated to the selection of securities on a bottom-up basis. The team does not attempt to time the market or rotate in and out of broad market sectors.

The manager remains fully invested with a defensive, conservative orientation based on the belief that superior returns can be achieved while taking below average risks. This strategy is implemented by constructing portfolios of individual stocks that exhibit price/earnings and price/book ratios significantly *below* the market and dividend yields significantly *above* the market. Risk control is achieved by limiting sector weights to 35% and industry weights to 15%. In periods of economic recovery and rising equity markets, profitability and earnings growth are rewarded by the expansion of price/earnings ratios and the generation of excess returns.

**Staff Comments**

Staff has no concerns or issues with Barrow Hanley at this time.

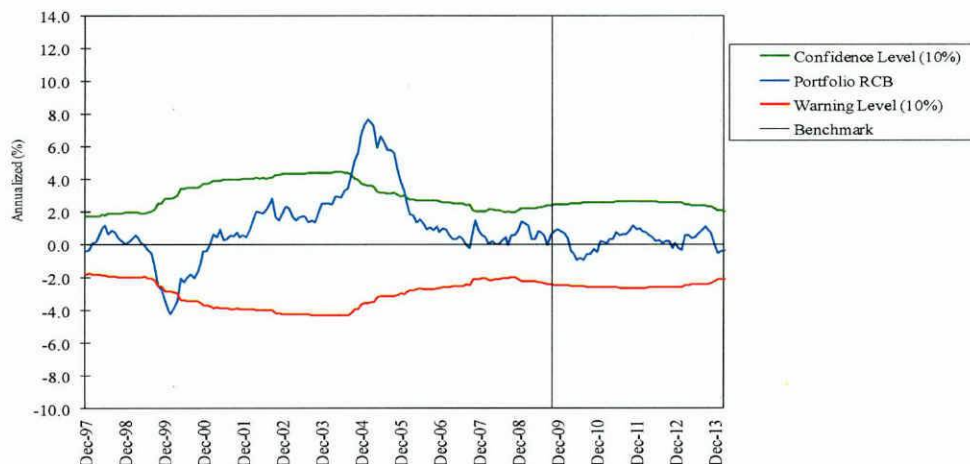
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	3.6%	3.0%
Last 1 year	26.1	21.6
Last 2 years	20.9	20.2
Last 3 years	15.4	14.8
Last 4 years	14.5	14.9
Last 5 years	21.4	21.8
Since Inception (4/04)	8.1	7.6

**Recommendation**

No action required.

BARROW, HANLEY, MEWHINNEY & STRAUSS, INC.  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**EARNEST PARTNERS, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Paul Viera**

**Assets Under Management: \$505,640,236**

**Investment Philosophy**

Earnest Partners utilizes its proprietary Return Pattern Recognition model and rigorous fundamental review to identify stocks with the most attractive relative returns. They have identified six performance drivers – valuation measures, operating trends, market trends, growth measures, profitability measures and macroeconomic measures. Extensive research is conducted to determine which combination of performance drivers, or return patterns, precede out-performance for stocks in each sector. They select stocks whose return patterns suggest favorable performance and control risk using a statistical program designed to measure and control the prospects of substantially under-performing the benchmark. The portfolio is diversified across industry groups.

**Staff Comments**

Earnest has been consistent with their investment process and the organization has remained stable.

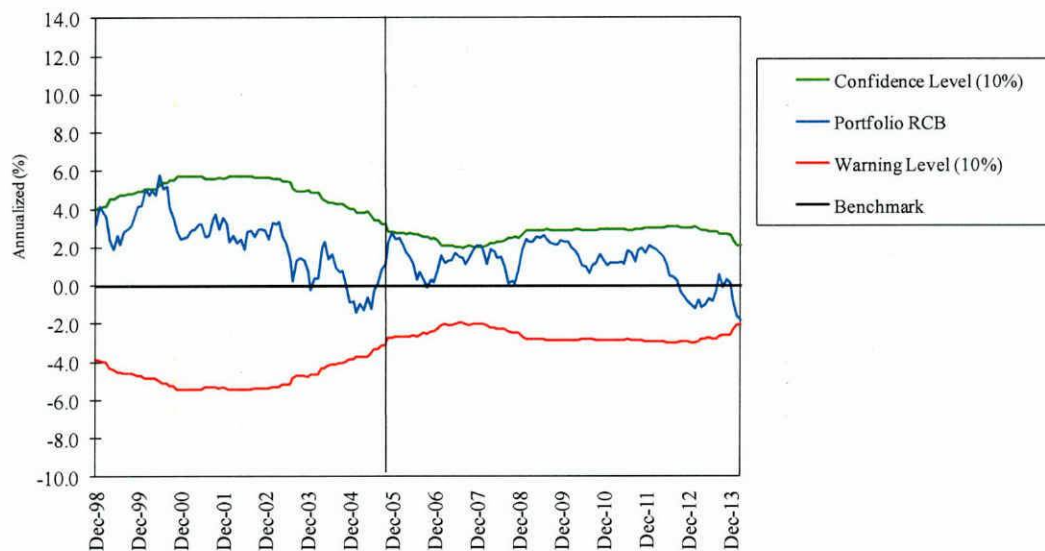
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	1.8%	3.0%
Last 1 year	22.7	21.6
Last 2 years	15.2	20.2
Last 3 years	10.7	14.8
Last 4 years	11.7	14.9
Last 5 years	19.6	21.8
Since Inception (7/00)	6.0	6.8

**Recommendation**

No action required.

**EARNEST PARTNERS**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to left of vertical line includes performance prior to retention by the SBI.



**LSV ASSET MANAGEMENT**  
Periods Ending March, 2014

**Portfolio Manager:** Josef Lakonishok

**Assets Under Management:** \$764,921,031

**Investment Philosophy**

The fundamental premise on which LSV's investment philosophy is based is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. These include: the tendency to extrapolate the past too far into the future, wrongly equating a good company with a good investment irrespective of price, ignoring statistical evidence and developing a "mindset" about a company.

The strategy's primary emphasis is the use of quantitative techniques to select individual securities in what would be considered a bottom-up approach. Value factors and security selection dominate sector/industry factors as explanatory variables of performance. The competitive strength of this strategy is that it avoids introducing to the process any judgmental biases and behavioral weaknesses that often influence investment decisions.

**Staff Comments**

Staff has no concerns or issues with LSV at this time.

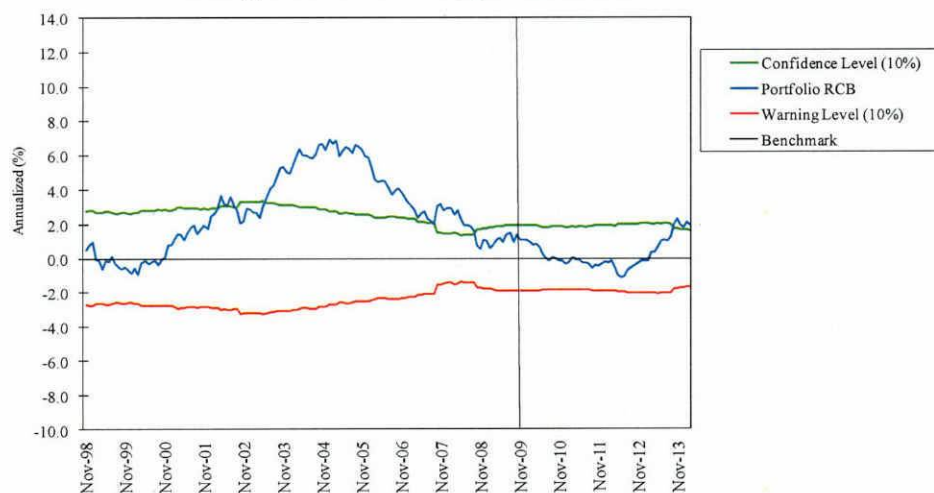
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	3.6%	3.0%
Last 1 year	29.0	21.6
Last 2 years	24.6	20.2
Last 3 years	17.2	14.8
Last 4 years	16.9	14.9
Last 5 years	24.1	21.8
Since Inception (4/04)	9.1	7.6

**Recommendation**

No action required.

LSV ASSET MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**SYSTEMATIC FINANCIAL MANAGEMENT, L.P.**  
**Periods Ending March, 2014**

**Portfolio Manager: Kevin McCreesh**

**Assets Under Management: \$713,083,175**

**Investment Philosophy**

Systematic's investment strategy favors companies with low forward P/E multiples and a positive earnings catalyst. Cash flow is analyzed to confirm earnings and to avoid companies that may have employed accounting gimmicks to report earnings in excess of Wall Street expectations. The investment strategy attempts to avoid stocks in the "value trap" by focusing only on companies with confirmed fundamental improvement as evidenced by a genuine positive earnings surprise.

The investment process begins with quantitative screening that ranks the universe based on: 1) low forward P/E, and 2) a positive earnings catalyst, which is determined by a proprietary 16-factor model that is designed to be predictive of future positive earnings surprises. The screening process generates a research focus list of 150 companies, sorted by sector, upon which rigorous fundamental analysis is conducted to confirm each stock's value and catalysts for appreciation.

**Staff Comments**

Staff has no concerns or issues with Systematic at this time.

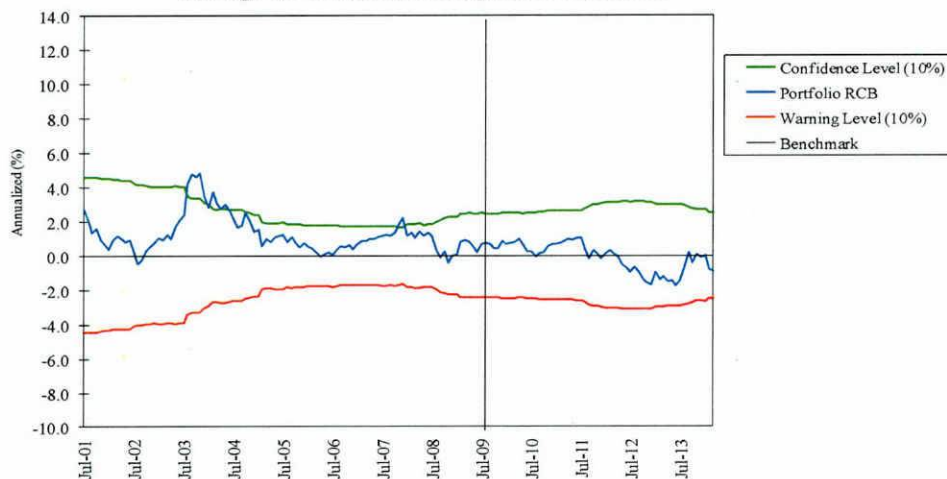
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	3.1%	3.0%
Last 1 year	24.9	21.6
Last 2 years	19.5	20.2
Last 3 years	12.6	14.8
Last 4 years	13.7	14.9
Last 5 years	20.6	21.8
Since Inception (4/04)	7.6	7.6

**Recommendation**

No action required.

SYSTEMATIC FINANCIAL MANAGEMENT, LP  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

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## **Small Cap Growth (R2000 Growth)**



## **Small Cap Growth (R2000 Growth)**

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# MCKINLEY CAPITAL MANAGEMENT, LLC.

Periods Ending March, 2014

Portfolio Manager: Robert A. Gillam

Assets Under Management: \$383,464,651

## Investment Philosophy

The team believes that excess market returns can be achieved through the construction and management of a diversified, fundamentally sound portfolio of inefficiently priced securities whose earnings growth rates are accelerating above market expectations. Using proprietary quantitative models, the team systematically searches for and identifies early signs of accelerating growth. The initial universe consists of growth and value stocks from all capitalization categories.

The primary model includes a linear regression model to identify common stocks that are inefficiently priced relative to the market while adjusting each security for standard deviation. The ratio of alpha to standard deviation is the primary screening value and is used to filter out all but the top 10% of stocks in its initial universe. The remaining candidates are tested for liquidity and strength of earnings. In the final portfolio construction process, qualitative aspects are examined, including economic factors, Wall Street research, and specific industry themes.

## Staff Comments

Staff has no concerns or issues with McKinley at this time.

Staff met with McKinley this quarter.

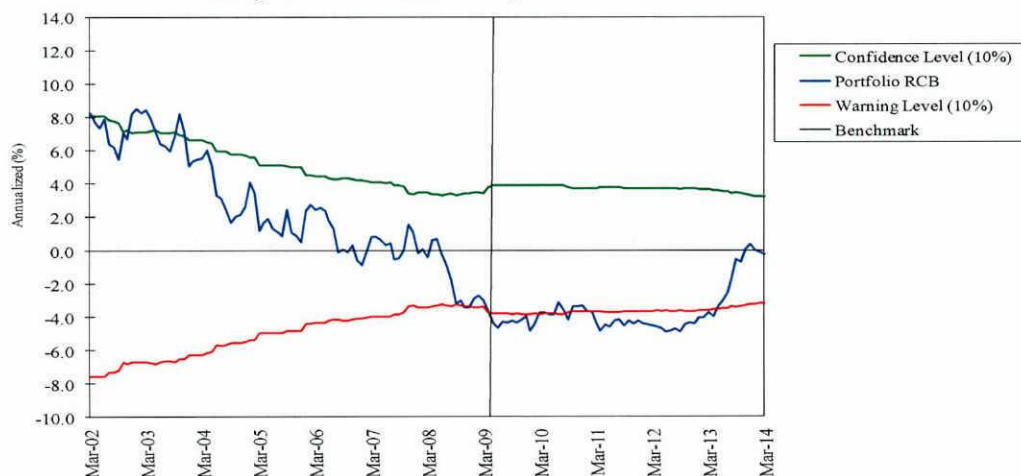
## Quantitative Evaluation

	Actual	R2000 Growth
Last Quarter	1.1%	0.5%
Last 1 year	36.5	27.2
Last 2 years	28.2	20.7
Last 3 years	17.7	13.6
Last 4 years	20.2	17.7
Last 5 years	25.0	25.2
Since Inception (1/04)	7.7	9.2

## Recommendation

No action required.

MCKINLEY CAPITAL MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending

Note: Area to left of vertical line includes performance prior to retention by the SBI.

**NEXT CENTURY GROWTH INVESTORS, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Thomas Press and Don Longlet**

**Assets Under Management: \$390,136,883**

**Investment Philosophy**

Next Century Growth's (NCG) goal is to invest in the highest quality and fastest growing companies in America. They believe that growth opportunities exist regardless of the economic cycle. NCG uses fundamental analysis to identify companies that will surpass consensus earnings estimates, which they believe to be the number one predictor of future out-performance. Their investment process focuses on growth companies that have superior top line revenue growth (15% or greater), high profitability, and strong balance sheets, and are well poised to outperform the market. NCG believes in broad industry diversification; sector exposures are limited to twice the benchmark weighting and individual positions to five percent.

**Staff Comments**

Next Century has been consistent with their investment process and staff remains stable. The quarterly performance was hurt by stock selection, primarily in the technology sector. However, the technology sector continues to positively impact the one-year outperformance.

Staff met with Next Century in April.

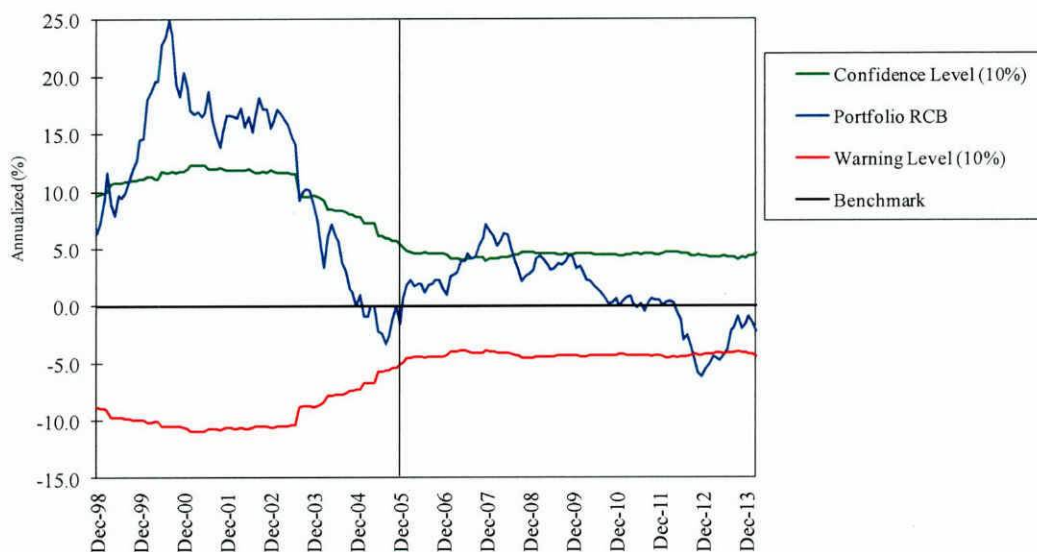
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Growth</b>
Last Quarter	-0.8%	0.5%
Last 1 year	30.3	27.2
Last 2 years	15.2	20.7
Last 3 years	8.2	13.6
Last 4 years	15.0	17.7
Last 5 years	22.4	25.2
Since Inception (7/00)	3.4	4.3

**Recommendation**

No action required.

**NEXT CENTURY GROWTH INVESTORS, LLC**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to left of vertical line includes performance prior to the retention by the SBI.

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## **Small Cap Value (R2000 Value)**



## **Small Cap Value (R2000 Value)**

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**GOLDMAN SACHS ASSET MANAGEMENT, L.P.**  
**Periods Ending March, 2014**

**Portfolio Manager:** Sally Pope-Davis and Rob Crystal      **Assets Under Management:** \$260,465,810

**Investment Philosophy**

The firm's value equity philosophy is based on the belief that all successful investing begins with fundamental stock selection that should thoughtfully weigh a stock's price and prospects. A company's prospective ability to generate high cash flow returns on capital will strongly influence investment success. The team follows a strong valuation discipline to purchase well-positioned, cash generating businesses run by shareholder-oriented management teams.

Through extensive proprietary research, the team confirms that a candidate company's long-term competitive advantage and earnings power are intact. The team seeks to purchase a stock at a price that encompasses a healthy margin of safety. The investment process involves three steps: 1) prioritizing research, 2) analyzing fundamentals, and 3) portfolio construction. The independent Risk and Performance Analytics Group (RPAG) monitors daily portfolio management risk, adherence to client guidelines and general portfolio strategy.

**Staff Comments**

Staff has no concerns or issues with Goldman at this time.

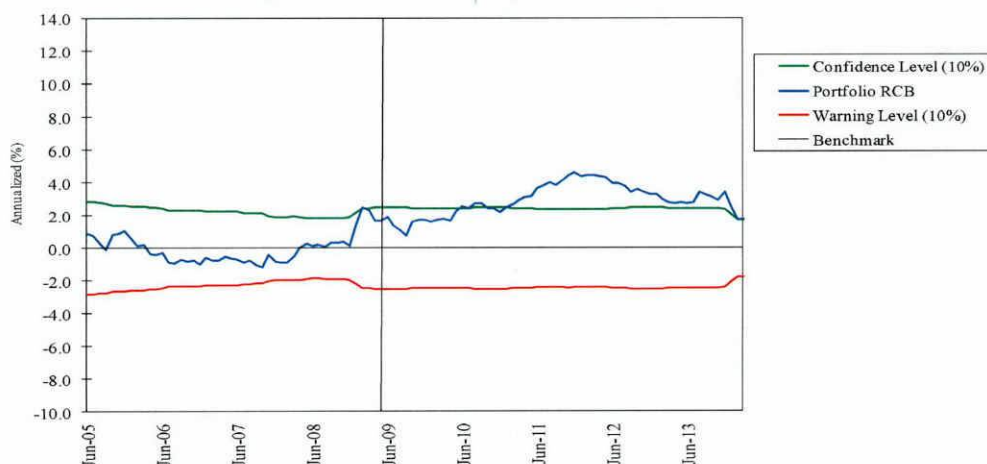
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	2.0%	1.8%
Last 1 year	26.0	22.6
Last 2 years	21.9	20.3
Last 3 years	15.9	12.7
Last 4 years	18.1	14.7
Last 5 years	25.6	23.3
Since Inception (1/04)	10.5	8.6

**Recommendation**

No action required.

GOLDMAN SACHS ASSET MANAGEMENT, L.P.  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to left of vertical line includes performance prior to retention by the SBI.

# HOTCHKIS & WILEY CAPITAL MANAGEMENT

## Periods Ending March, 2014

**Portfolio Manager:** Jim Miles and David Green

**Assets Under Management:** \$237,083,108

### Investment Philosophy

The firm seeks to exploit mispriced securities in the small cap market by investing in “undiscovered” or “out of favor” companies. The team invests in stocks where the present value of the company's future cash flows exceeds the current market price. This approach exploits equity market inefficiencies created by irrational investor behavior and lack of Wall Street research coverage of smaller capitalization stocks. The team employs a disciplined, bottom-up investment process that emphasizes internally generated fundamental research.

The investment process begins with a quantitative screen based on market capitalization, trading liquidity and enterprise value/normalized EBIT, supplemented with ideas generated from the investment team. Internal research is then utilized to identify the most attractive valuation opportunities within this value universe. The primary focus of the research analyst is to determine a company's “normal” earnings power, which is the basis for security valuation.

### Staff Comments

Staff has no concerns or issues with Hotchkis at this time.

Staff met with Hotchkis this quarter.

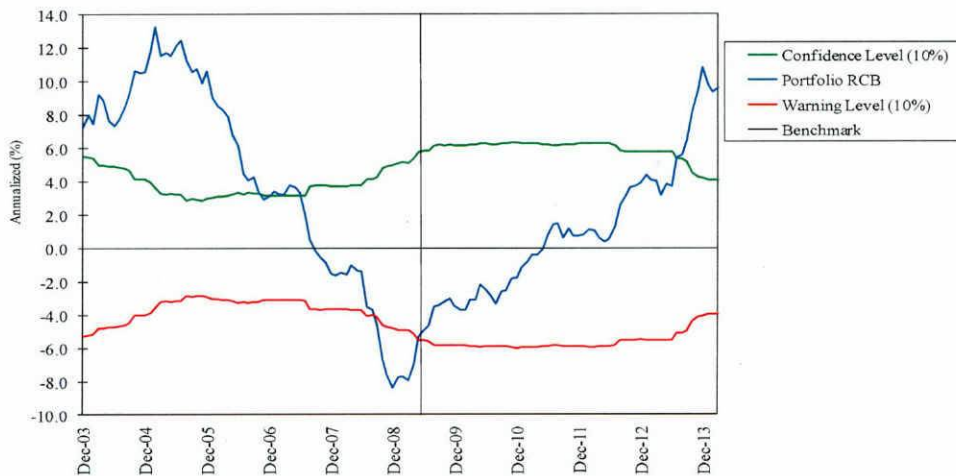
### Quantitative Evaluation

	Actual	R2000 Value
Last Quarter	2.6%	1.8%
Last 1 year	29.5	22.6
Last 2 years	27.0	20.3
Last 3 years	15.5	12.7
Last 4 years	19.7	14.7
Last 5 years	35.2	23.3
Since Inception (1/04)	9.5	8.6

### Recommendation

No action required.

HOTCHKIS & WILEY CAPITAL MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to left of vertical line includes performance prior to retention by the SBI.

**MARTINGALE ASSET MANAGEMENT, L.P.**  
**Periods Ending March, 2014**

**Portfolio Manager: William Jacques**

**Assets Under Management: \$208,188,651**

**Investment Philosophy**

Martingale's investment process seeks to exploit the long-term link between undervalued company fundamentals and current market prices to achieve superior investment returns. Martingale has a long history of employing sound quantitative methods.

The valuation process is comprised of well-researched valuation indicators that have stood the test of time, with improvements made only after careful evaluation, testing and analysis. Multiple characteristics of quality, value and momentum are examined. The quality of company management is assessed by reviewing commitment to R&D, accounting practices with regard to earnings and cash flow from operations, and the ability to manage inventory.

The average holding period of a stock is typically one year. Every holding is approached as an investment in the business, with the intention of holding it until either objectives are reached, or it becomes apparent that there are better opportunities in other stocks.

**Staff Comments**

Staff has no concerns or issues with Martingale at this time.

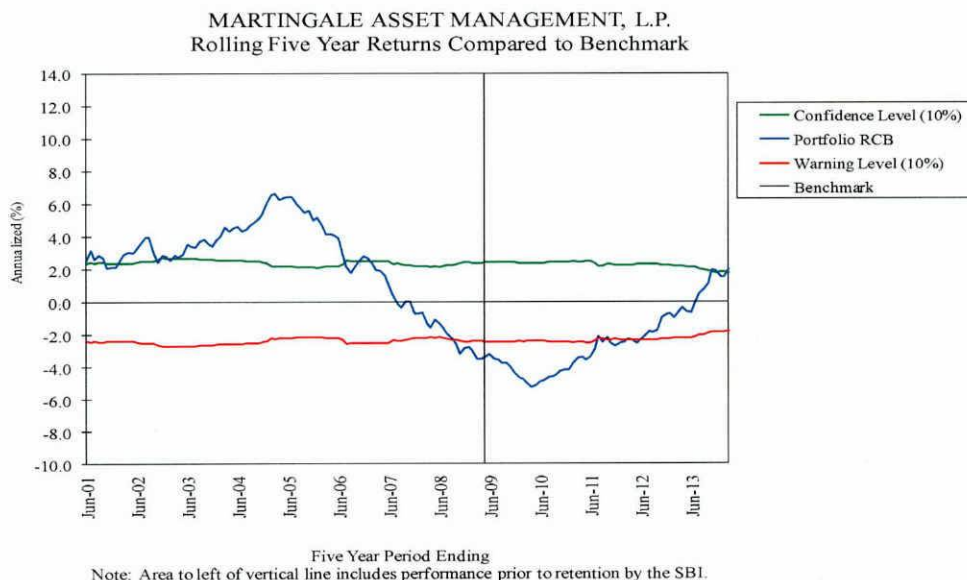
Staff met with Martingale this quarter.

**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	2.3%	1.8%
Last 1 year	29.7	22.6
Last 2 years	24.8	20.3
Last 3 years	15.7	12.7
Last 4 years	18.2	14.7
Last 5 years	25.9	23.3
Since Inception (1/04)	8.1	8.6

**Recommendation**

No action required.





# PEREGRINE CAPITAL MANAGEMENT, INC

Periods Ending March, 2014

Portfolio Manager: Doug Pugh and Tasso Coin

Assets Under Management: \$343,979,961

## Investment Philosophy

Peregrine's Small Cap Value investment process begins with the style's proprietary valuation analysis, which is designed to identify the small cap value stocks most likely to outperform. The valuation analysis identifies the most under-priced securities on a sector-by-sector basis. Drawing on thirty years of data, the analysis looks at different combinations of sixty fundamental factors most relevant in each independent sector to identify stocks that offer significant value relative to the companies' underlying fundamentals. The focus of the team's fundamental research is to determine if one or more of the style's "Value Buy Criteria" are present. These include short-term problems, unrecognized assets, take-over potential, and catalysts for change. The portfolio is diversified and sector weights are aligned closely with the benchmark. This allows stock selection to drive performance.

## Staff Comments

Staff has no concerns or issues with Peregrine at this time.

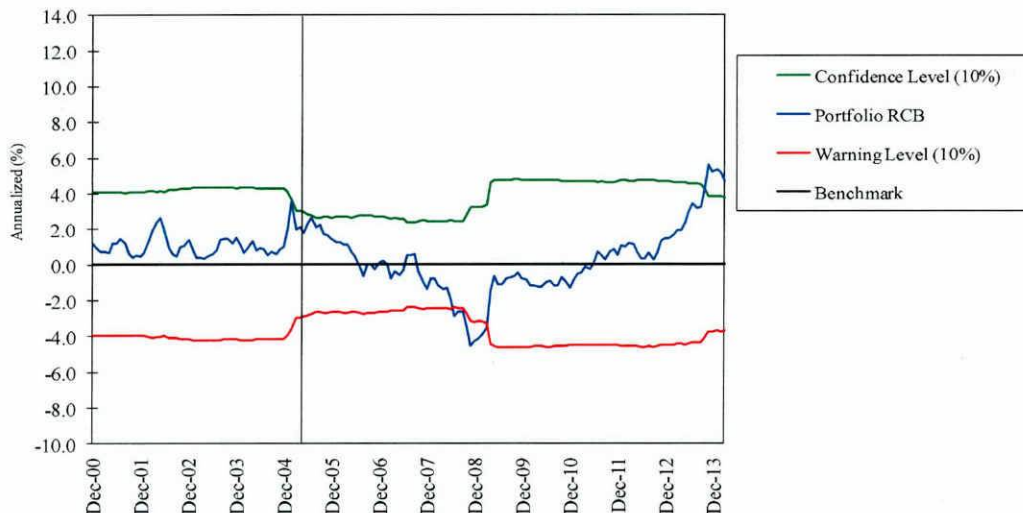
## Quantitative Evaluation

	Actual	R2000 Value
Last Quarter	1.3%	1.8%
Last 1 year	24.2	22.6
Last 2 years	19.3	20.3
Last 3 years	13.4	12.7
Last 4 years	16.4	14.7
Last 5 years	29.2	23.3
Since Inception (7/00)	11.4	10.6

## Recommendation

No action required.

PEREGRINE CAPITAL MANAGEMENT, INC.  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to left of vertical line includes performance prior to retention by SBI.

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## **Semi-Passive and Passive**





## **Semi-Passive and Passive**

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**BLACKROCK INSTITUTIONAL TRUST CO., N.A.**  
**Periods Ending March, 2014**

**Portfolio Manager: Raffaele Savi**

**Assets Under Management: \$2,227,505,418**

**Investment Philosophy – Semi-Passive Style**

**Staff Comments**

The Core Alpha Model disaggregates individual equity returns for each of the 3500 stocks in their universe into fundamental, expectational, and technical components. The fundamental factors look at measures of underlying company value including earnings, book value, cash flow, and sales. These factors help identify securities that trade at prices below their true economic value. The expectational factors incorporate future earnings and growth rate forecasts made by over 2500 security analysts. The technical factors provide a measure of recent changes in company fundamentals, consensus expectations, and performance. Estimated alphas are then calculated and are used in a portfolio optimization algorithm to identify the optimal portfolio.

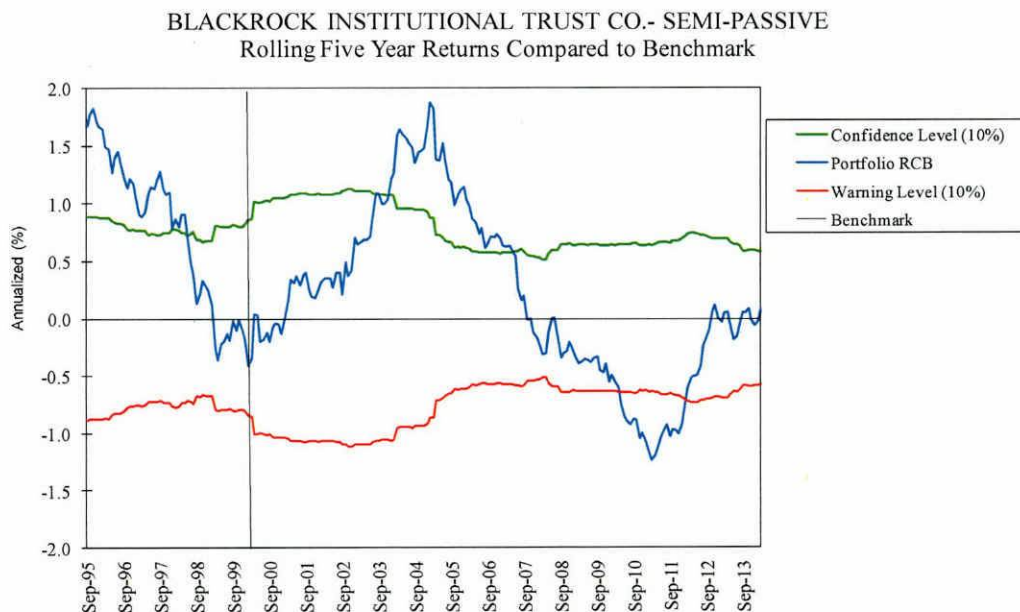
Staff has no concerns or issues with BlackRock at this time.

**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Manager Benchmark*</b>	
Last Quarter	2.1%	2.0%	No action required.
Last 1 year	23.0	22.4	
Last 2 years	18.7	18.4	
Last 3 years	16.0	14.7	
Last 4 years	15.5	15.2	
Last 5 years	21.8	21.7	
Since Inception (1/95)	9.5	9.2	

\* Russell 1000 since 1/1/04. Completeness Fund through 12/31/03.



Five Year Period Ending  
 Note: Area to the left of vertical line includes performance prior to retention by the SBI.



**INTECH INVESTMENT MANAGEMENT LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Adrian Banner**

**Assets Under Management: \$2,480,840,723**

**Investment Philosophy – Semi-Passive Style**

Through the application of a proprietary mathematical process, the investment strategy is designed to determine more efficient weightings of the securities within the Russell 1000 benchmark. No specific sector or security selection decisions based on fundamentals are required. Risk parameters include: 1) minimize absolute standard deviation or maximize information ratio, 2) security positions limited to lesser of 1.0% or 8 times maximum index security weight, 3) beta equal to or less than benchmark beta, and 4) constraining the weighted average capital distribution to be roughly equal to the capital distribution of the benchmark. Target security positions are established using a weekly optimization routine designed to build a portfolio that will outperform a passive benchmark over the long term. Rebalancing to target proportions occurs every six (6) business days.

**Staff Comments**

Staff has no concerns or issues with INTECH at this time.

Staff met with INTECH this quarter.

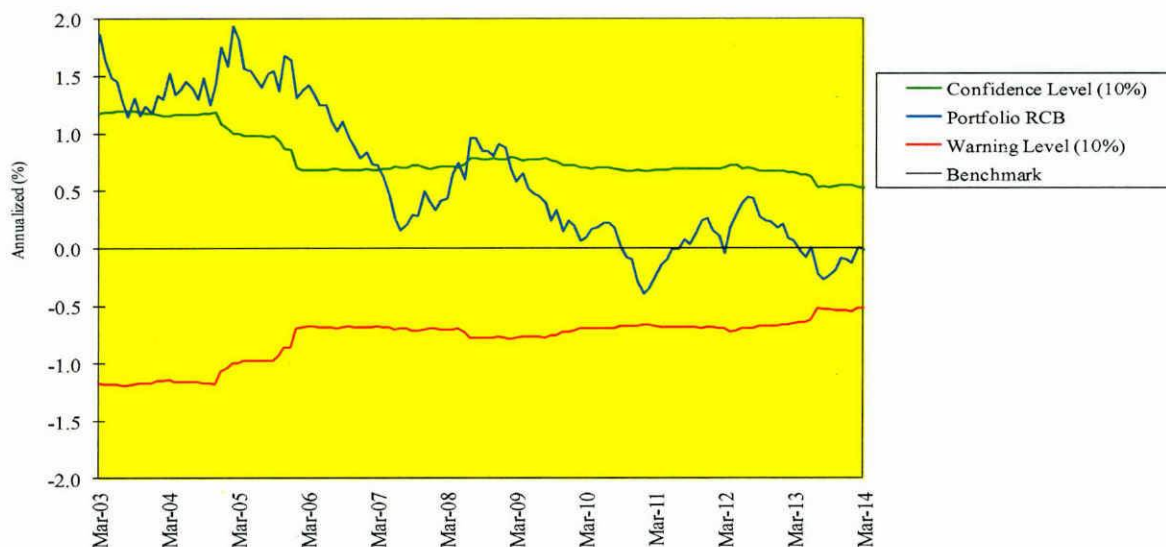
**Quantitative Evaluation**

	<b>Actual</b>	<b>Russell 1000</b>
Last Quarter	1.8%	2.0%
Last 1 year	22.2	22.4
Last 2 years	18.8	18.4
Last 3 years	15.1	14.7
Last 4 years	15.5	15.2
Last 5 years	N/A	N/A
Since Inception (4/10)	15.5	15.2

**Recommendation**

No action required.

INTECH Investment Management LLC - Semi-Passive  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Shaded area includes performance prior to retention by the SBI.

**J.P. MORGAN INVESTMENT MANAGEMENT INC.**  
**Periods Ending March, 2014**

**Portfolio Manager: Ralph Zingone**

**Assets Under Management: \$2,897,026,690**

**Investment Philosophy – Semi-Passive Style**

J.P. Morgan believes that superior stock selection is necessary to achieve excellent investment results. To accomplish this objective, they use fundamental research and a systematic valuation model. Analysts forecast the earnings and dividends for the 650 stock universe and enter them into a stock valuation model that calculates an expected return for each security. The stocks are ranked according to their expected return within their economic sectors. The most undervalued stocks are placed in the first quintile. The portfolio includes stocks from the first four quintiles, always favoring the highest ranked stocks whenever possible. Stocks in the fifth quintile are sold. In addition, the portfolio closely approximates the sector, style, and security weightings of the index chosen by the plan sponsor. The firm remains fully invested at all times.

**Staff Comments**

Ralph Zingone has been the lead portfolio manager since June 2013. Ralph Zingone and Scott Blasdel co-managed until Scott transitioned to the lead portfolio manager position for the large cap value product.

Staff has no concerns or issues with J.P. Morgan at this time.

**Quantitative Evaluation**

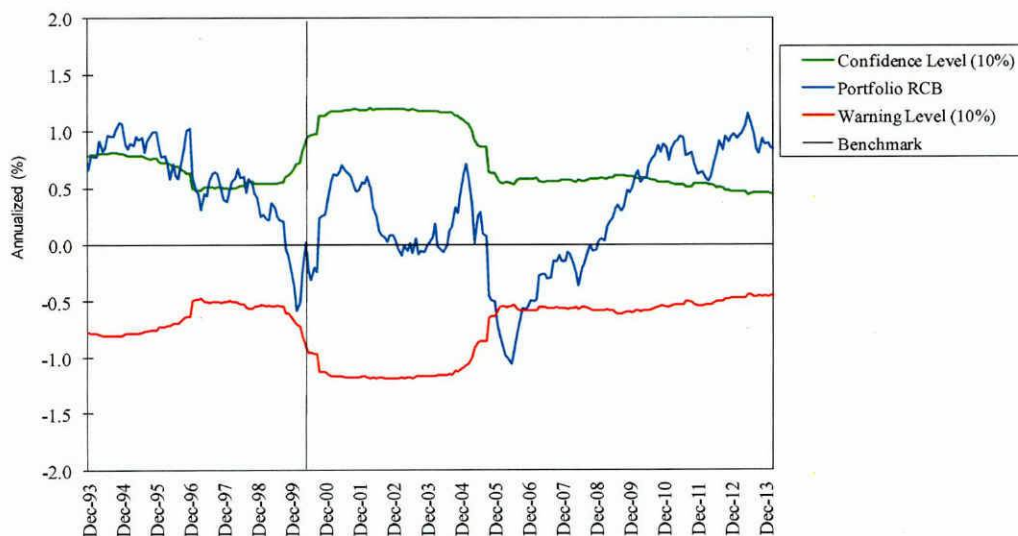
	<b>Actual</b>	<b>Manager Benchmark*</b>
Last Quarter	2.7%	2.0%
Last 1 year	23.4	22.4
Last 2 years	19.5	18.4
Last 3 years	15.5	14.7
Last 4 years	15.8	15.2
Last 5 years	22.8	21.7
Since Inception (1/95)	9.5	9.2

No action required.

\* Russell 1000 since 1/1/04. Completeness Fund through 12/31/03.

**Recommendation**

**JP MORGAN - SEMI-PASSIVE**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to left of vertical line includes performance prior to retention by SBI.

**MELLON CAPITAL MANAGEMENT CORPORATION**  
**Periods Ending March, 2014**

**Portfolio Manager: Warren Chiang**

**Assets Under Management: \$2,589,706,132**

**Investment Philosophy – Semi-Passive Style**

Mellon believes that rigorous and consistent application of fundamentally based valuation criteria will produce value added investment returns. Mellon builds a portfolio by using a series of more than 30 integrated computer models that value a universe of 3500 stocks. Their models rank each security based on fundamental momentum, relative value, future cash flow, and supplementary models. A composite ranking then provides one ranked list of securities reflecting their relative attractiveness. Stocks that fall below the median ranking are sold, and proceeds are reinvested in stocks from the top deciles in the ranking system. They use the BARRA risk model to monitor the portfolio's systematic risk and industry weightings relative to the selected benchmark. For this semi-passive mandate, they seek to achieve a residual risk of 1.5% or less. The firm remains fully invested at all times.

**Staff Comments**

Staff has no concerns or issues with Mellon at this time.

Staff met with Mellon this quarter.

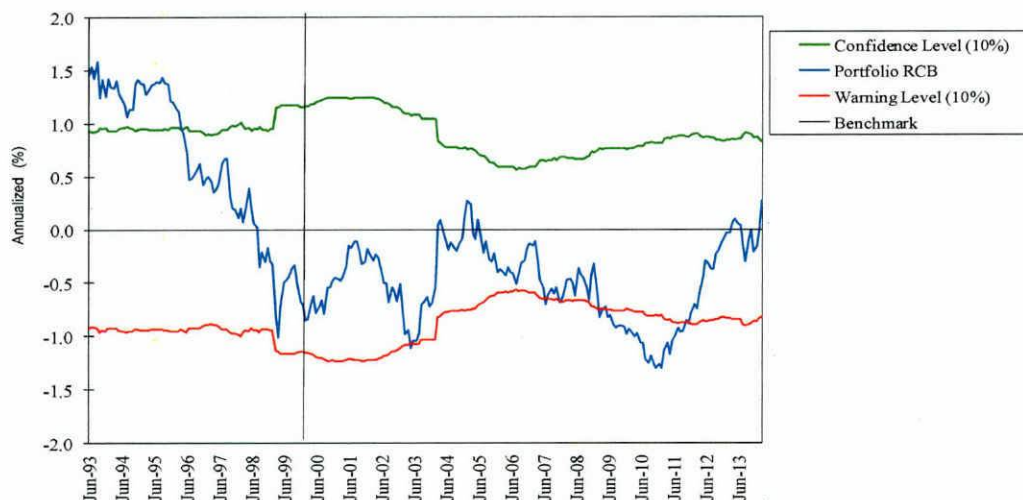
**Quantitative Evaluation**

	<b>Actual</b>	<b>Manager Benchmark*</b>	
Last Quarter	2.9%	2.0%	No action required.
Last 1 year	22.1	22.4	
Last 2 years	18.4	18.4	
Last 3 years	16.0	14.7	
Last 4 years	15.8	15.2	
Last 5 years	22.1	21.7	
Since Inception (1/95)	8.8	9.2	

**Recommendation**

\* Russell 1000 since 1/1/04. Completeness Fund through 12/31/03.

MELLON CAPITAL MANAGEMENT- SEMI-PASSIVE  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of vertical line includes performance prior to retention by the SBI.



**BLACKROCK INSTITUTIONAL TRUST CO., N.A.**  
**Periods Ending March, 2014**

**Portfolio Manager: Peter Sietsema**

**Assets Under Management: \$9,449,175,737**

**Investment Philosophy – Passive Style**

**Staff Comments**

Barclays Global Investors seeks to minimize 1) tracking error, 2) transaction costs, and 3) investment and operational risks. The portfolio is passively managed against the asset class target using a proprietary optimization process that integrates a transaction cost model. The resulting portfolio closely matches the characteristics of the benchmark with less exposure to illiquid stocks.

Staff has no concerns or issues with BlackRock at this time.

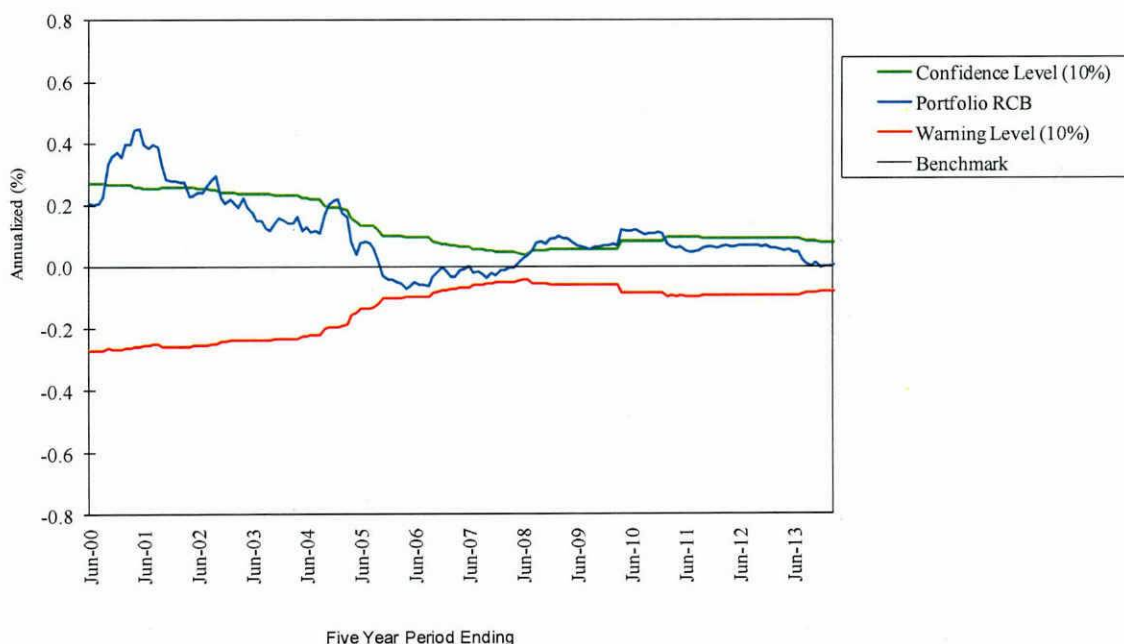
**Quantitative Evaluation**

**Recommendation**

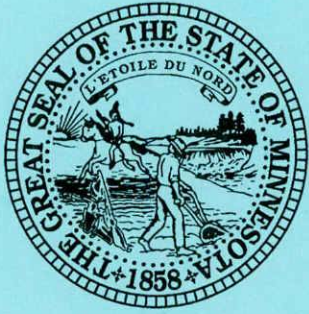
	<b>Actual</b>	<b>Manager Benchmark*</b>	
Last Quarter	2.0%	2.0%	No action required.
Last 1 year	22.6	22.6	
Last 2 years	18.5	18.5	
Last 3 years	14.6	14.6	
Last 4 years	15.3	15.3	
Last 5 years	21.9	21.9	
Since Inception (7/95)	8.9	8.8	

\* Russell 3000 since 10/1/03, Wilshire 5000 through 7/1/95.

**BLACKROCK INSTITUTIONAL TRUST CO.- PASSIVE**  
**Rolling Five Year Returns Compared to Benchmark**







# STATE BOARD OF INVESTMENT

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## Bond Manager Evaluation Reports

First Quarter, 2014



## **Bond Managers**

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**COMBINED RETIREMENT FUNDS**  
**BOND MANAGERS**  
Periods Ending March, 2014

	Quarter		1 Year		3 Years		5 Years		Since (1) Inception		Market Value (in millions)	Pool %
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %		
<b>Active Managers</b>												
Aberdeen	2.1	1.8	0.4	-0.1	4.9	3.7	8.7	4.8	5.7	5.7	\$1,065.8	7.8%
Columbia (RiverSource)	1.9	1.8	0.7	-0.1	5.0	3.7	7.0	4.8	5.8	5.8	\$1,168.6	8.5%
Dodge & Cox	2.4	1.8	2.6	-0.1	5.1	3.7	8.2	4.8	6.9	5.7	\$1,475.6	10.8%
PIMCO	1.5	1.8	-0.4	-0.1	4.1	3.7	8.1	4.8	7.5	5.2	\$1,556.6	11.3%
Western	2.4	1.8	0.8	-0.1	5.0	3.7	8.4	4.8	9.1	7.9	\$1,609.2	11.7%
<b>Active Mgr. Aggregate</b>	<b>2.1</b>	<b>1.8</b>	<b>0.8</b>	<b>-0.1</b>	<b>4.8</b>	<b>3.7</b>	<b>8.1</b>	<b>4.8</b>			<b>\$6,875.9</b>	<b>50.1%</b>
<b>Semi-Passive Managers</b>												
BlackRock	1.9	1.8	0.2	-0.1	4.1	3.7	5.7	4.8	5.8	5.8	\$1,871.6	13.6%
Goldman	1.9	1.8	0.2	-0.1	4.3	3.7	6.5	4.8	6.1	5.8	\$2,495.0	18.2%
Neuberger	1.8	1.8	0.0	-0.1	4.0	3.7	7.1	4.8	7.0	6.8	\$2,473.9	18.0%
<b>Semi-Passive Mgr. Aggregate</b>	<b>1.9</b>	<b>1.8</b>	<b>0.1</b>	<b>-0.1</b>	<b>4.2</b>	<b>3.7</b>	<b>6.4</b>	<b>4.8</b>			<b>\$6,840.5</b>	<b>49.9%</b>
<b>Historical Aggregate (2)</b>												
	2.0	1.8	0.5	-0.1	4.5	3.7	7.3	4.8	Since 7/1/84		\$13,716.4	100.0%
Barclays Capital Aggregate (3)		1.8		-0.1		3.7		4.8		7.9		

(1) Since retention by the SBI. Time period varies for each manager.

(2) Includes performance of terminated managers.

(3) Prior to July 1994, this index reflects the Salomon BIG.



**COMBINED RETIREMENT FUNDS**  
**BOND MANAGERS**  
**Calendar Year Returns**

	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
<b>Active Managers</b>										
Aberdeen	-1.5	-2.0	7.7	4.2	8.0	7.8	10.7	6.5	18.4	5.9
Columbia (RiverSource)	-1.0	-2.0	6.9	4.2	8.1	7.8	8.1	6.5	14.0	5.9
Dodge & Cox	0.9	-2.0	8.5	4.2	5.0	7.8	7.8	6.5	16.5	5.9
PIMCO	-1.3	-2.0	9.3	4.2	4.5	7.8	12.1	6.5	15.5	5.9
Western	-1.4	-2.0	7.8	4.2	7.1	7.8	10.9	6.5	17.5	5.9
<b>Active Mgr. Aggregate</b>	<b>-0.8</b>	<b>-2.0</b>	<b>8.1</b>	<b>4.2</b>	<b>6.4</b>	<b>7.8</b>	<b>10.0</b>	<b>6.5</b>	<b>16.5</b>	<b>5.9</b>
<b>Semi-Passive Managers</b>										
BlackRock	-1.8	-2.0	5.0	4.2	8.0	7.8	6.5	6.5	9.6	5.9
Goldman	-1.7	-2.0	5.4	4.2	8.3	7.8	8.0	6.5	12.0	5.9
Neuberger	-2.0	-2.0	5.4	4.2	7.6	7.8	9.1	6.5	14.3	5.9
<b>Semi-Passive Mgr. Aggregate</b>	<b>-1.8</b>	<b>-2.0</b>	<b>5.3</b>	<b>4.2</b>	<b>8.0</b>	<b>7.8</b>	<b>7.9</b>	<b>6.5</b>	<b>12.0</b>	<b>5.9</b>
<b>Historical Aggregate</b>	<b>-1.3</b>	<b>-2.0</b>	<b>6.7</b>	<b>4.2</b>	<b>7.2</b>	<b>7.8</b>	<b>9.0</b>	<b>6.5</b>	<b>14.3</b>	<b>5.9</b>
Barclays Capital Aggregate		-2.0		4.2		7.8		6.5		5.9

The benchmark for the Fixed Income Asset Class is the Barclays Capital U.S. Aggregate Bond Index.

**ABERDEEN ASSET MANAGEMENT INC.**  
**Periods Ending March, 2014**

**Portfolio Manager:** Neil Moriarty

**Assets Under Management:** \$1,065,785,880

**Investment Philosophy**

Aberdeen (formerly Deutsche) believes there are pricing inefficiencies inherent in bond markets and that diligent credit analysis, security structure evaluation, and relative value assessment can be used to exploit these inefficiencies. The firm avoids interest rate forecasting and sector rotation because they believe these strategies will not deliver consistent outperformance versus the benchmark over time. The firm's valued added is derived primarily from individual security selection. Portfolio managers and analysts research bonds within their sector of expertise and construct portfolios from the bottom-up, bond by bond. Sector weightings are a byproduct of the bottom-up security selection. Aberdeen was retained by the SBI in February 2000.

**Staff Comments**

Aberdeen completed their acquisition of Scottish Window Investment Partners (SWIP) on April 1, 2014. SWIP managed \$220B prior to the acquisition, with \$75B representing fixed income assets. The acquisition should not affect the SBI portfolio.

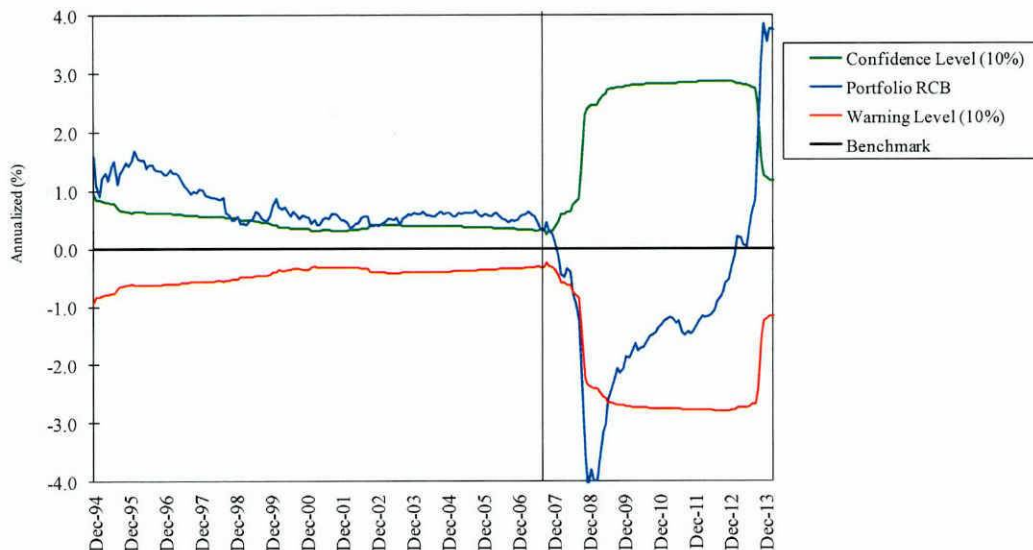
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.1%	1.8%
Last 1 year	0.4	-0.1
Last 2 years	3.2	1.8
Last 3 years	4.9	3.7
Last 4 years	5.8	4.1
Last 5 years	8.7	4.8
Since Inception (2/00)	5.7	5.7

**Recommendations**

No action required.

ABERDEEN ASSET MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager:** Colin Lundgren

**Assets Under Management:** \$1,168,637,169

**Investment Philosophy**

Columbia (formerly American Express and RiverSource) manages portfolios using a top-down approach culminating with in-depth fundamental research and credit analysis. Five portfolio components are actively managed: duration, maturity structure, sector selection, industry emphasis, and security selection. Duration and maturity structure are determined by the firm's economic analysis and interest rate outlook. This analysis also identifies sectors and industries expected to produce the best risk-adjusted return. In-depth fundamental research and credit analysis combined with proprietary valuation disciplines is used to identify attractive individual securities. Columbia was retained by the SBI in July 1993.

**Staff Comments**

Staff met with Columbia during the quarter.

Staff has no concerns at this time.

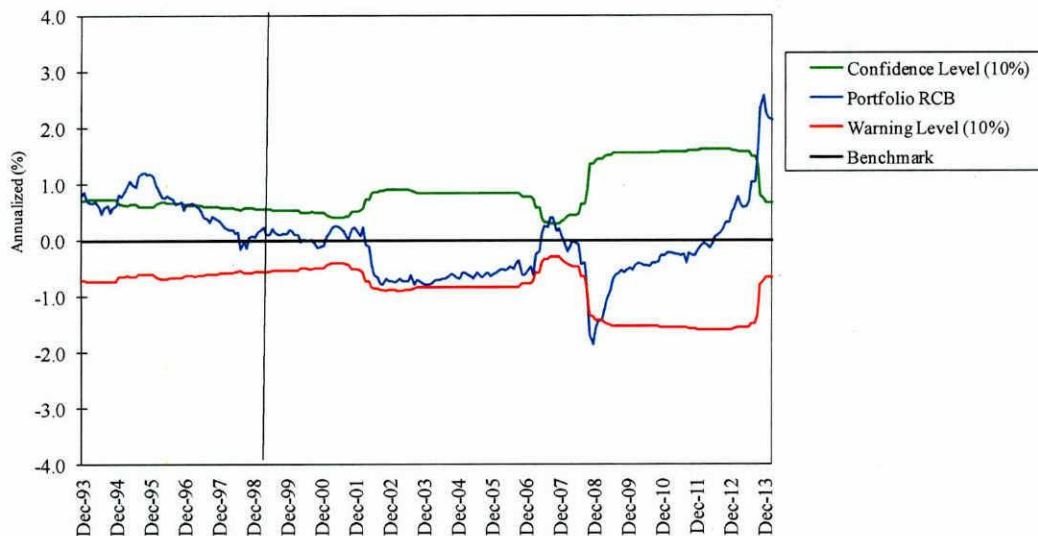
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.9%	1.8%
Last 1 year	0.7	-0.1
Last 2 years	3.1	1.8
Last 3 years	5.0	3.7
Last 4 years	5.4	4.1
Last 5 years	7.0	4.8
Since Inception (7/93)	5.8	5.8

**Recommendations**

No action required.

**COLUMBIA MANAGEMENT - FIXED INCOME**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**DODGE & COX, INC.**  
**Periods Ending March, 2014**

**Portfolio Manager:** Dana Emery

**Assets Under Management:** \$1,475,640,635

**Investment Philosophy**

Dodge & Cox manages a high quality, diversified portfolio of securities that are selected through fundamental analysis. The firm believes that by combining fundamental research with a long-term investment horizon it is possible to uncover inefficiencies in market sectors and individual securities. The firm combines this fundamental research with a disciplined program of risk analysis. To seek superior returns over the long-term, Dodge & Cox emphasizes sector and security selection, strives to build portfolios that have a higher yield than the broad bond market, and analyzes portfolio and individual security risk. Dodge & Cox was retained by the SBI in February 2000.

**Staff Comments**

Dodge & Cox completed a company management change during the second quarter of 2013. Dana Emery assumed the role of Chief Executive Officer and President and will continue in her role as Director of Fixed Income. The organizational change should not affect the SBI portfolio. Staff met with Dodge & Cox during the quarter.

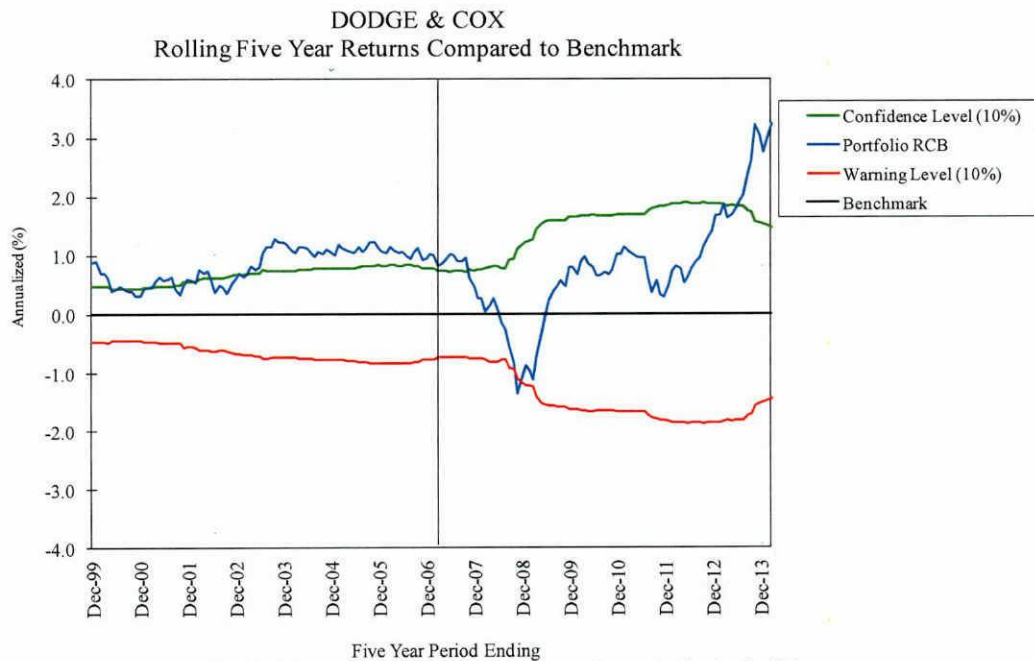
Staff has no concerns at this time.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.4%	1.8%
Last 1 year	2.6	-0.1
Last 2 years	4.3	1.8
Last 3 years	5.1	3.7
Last 4 years	5.5	4.1
Last 5 years	8.2	4.8
Since Inception (2/00)	6.9	5.7

**Recommendations**

No action required.





**PACIFIC INVESTMENT MANAGEMENT COMPANY LLC (PIMCO)**  
**Periods Ending March, 2014**

**Portfolio Manager: Bill Gross**

**Assets Under Management: \$1,556,560,300**

**Investment Philosophy**

PIMCO's investment approach seeks to outperform a client's benchmark on a consistent basis, while maintaining overall risk similar to the index. PIMCO's approach to investing has three key principles: the utilization of multiple strategies, a long-term orientation and bond selection from a broad universe. PIMCO's investment process starts with an annual Secular Forum. The goal of this Forum is to look beyond the current business cycle and determine how secular forces will play out over the next 3 to 5 years. Quarterly, PIMCO holds Economic Forums to evaluate growth and inflation over the next 6 to 9 months. Following PIMCO's Secular and Economic Forums, the PIMCO Investment Committee (IC) develops key portfolio strategies. They consider both the "top-down" conclusions emanating from PIMCO's Forum, as well as the "bottom-up" market intelligence provided by PIMCO's teams of sector specialist portfolio managers. Through an interactive series of meetings, the IC defines a set of consistent strategies that are then implemented. PIMCO was retained by the SBI in September 2008.

**Staff Comments**

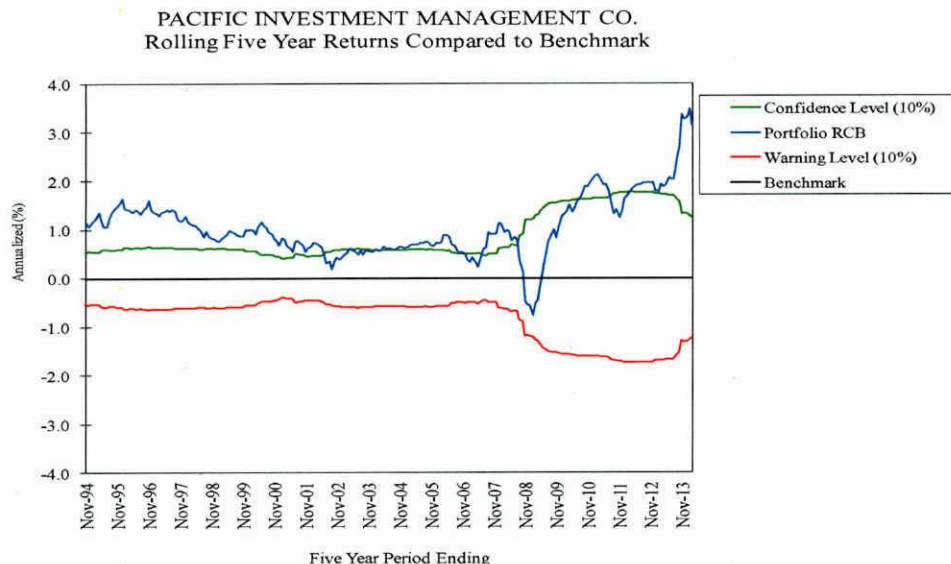
Mohammed El-Erian, Chief Executive Officer and Co-Chief Investment Officer, resigned from PIMCO in March 2014. Although Mr. El-Erian was not the Portfolio Manager for the SBI portfolio, he was a member of PIMCO's Investment Committee. A new CEO and six deputy CIOs were named following Mr. El-Erian's resignation. In addition, PIMCO created and filled the new position of President. Staff met with PIMCO during the quarter and will continue to monitor the recent organizational changes.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.5%	1.8%
Last 1 year	-0.4	-0.1
Last 2 years	3.4	1.8
Last 3 years	4.1	3.7
Last 4 years	5.5	4.1
Last 5 years	8.1	4.8
Since Inception (9/08)	7.5	5.2

**Recommendations**

No action required.



Note: Graph includes performance of the manager prior to retention by SBI.

**WESTERN ASSET MANAGEMENT COMPANY**  
**Periods Ending March, 2014**

**Portfolio Manager: Ken Leech**

**Assets Under Management: \$1,609,245,310**

**Investment Philosophy**

Western emphasizes the use of multiple strategies and active sector and issue selection, while constraining interest rate risk. Multiple strategies are proportioned so that results do not depend on one or two opportunities. This approach adds consistent value over time and can reduce volatility. Long-term value investing is Western's fundamental approach. In making their sector decision, the firm seeks out the greatest long-term value by analyzing all fixed income market sectors and their economic expectations. Individual issues are identified based on relative credit strength, liquidity, issue structure, event risk, and market valuation. Western believes that successful interest rate forecasting is extremely difficult and consequently keeps portfolio duration within a narrow band around the benchmark. Western was retained by the SBI in July 1984.

**Staff Comments**

Steve Walsh, CIO, retired in March 2014. Ken Leech, who previously served as Western's co-CIO with Mr. Walsh from 1998 to 2008, was named CIO. Western reached settlements with the SEC and U.S. Department of Labor relating to two investigations into certain fixed income trades. In reaching the settlements, Western neither confirmed nor denied the allegations. The SBI portfolio was not affected by the trades or the settlement.

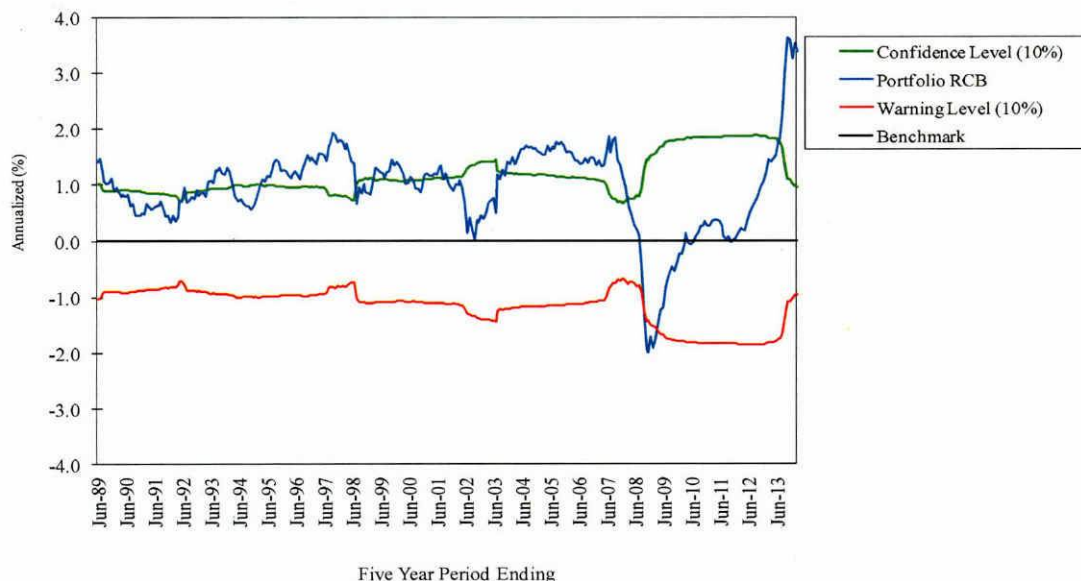
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.4%	1.8%
Last 1 year	0.8	-0.1
Last 2 years	3.5	1.8
Last 3 years	5.0	3.7
Last 4 years	5.8	4.1
Last 5 years	8.4	4.8
Since Inception (7/84)	9.1	7.9

**Recommendations**

No action required.

**WESTERN ASSET MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



**BLACKROCK FINANCIAL MANAGEMENT**  
**Periods Ending March, 2014**

**Portfolio Manager: Brian Weinstein**

**Assets Under Management: \$1,871,629,438**

**Investment Philosophy**

BlackRock manages an enhanced index portfolio closely tracking the Barclays Capital U.S. Aggregate Bond Index. The firm's enhanced index strategy is a controlled-duration, sector rotation style, which can be described as active management with tighter duration, sector, and quality constraints. BlackRock seeks to add value through: (i) controlling portfolio duration within a narrow band relative to the benchmark, (ii) relative value sector/sub-sector rotation and security selection, (iii) rigorous quantitative analysis to the valuation of each security and of the portfolio as a whole, (iv) intense credit analysis and review, and (v) the judgment of experienced portfolio managers. Advanced risk analytics measure the potential impact of various sector and security strategies to ensure consistent value added and controlled volatility. BlackRock was retained by the SBI in April 1996.

**Staff Comments**

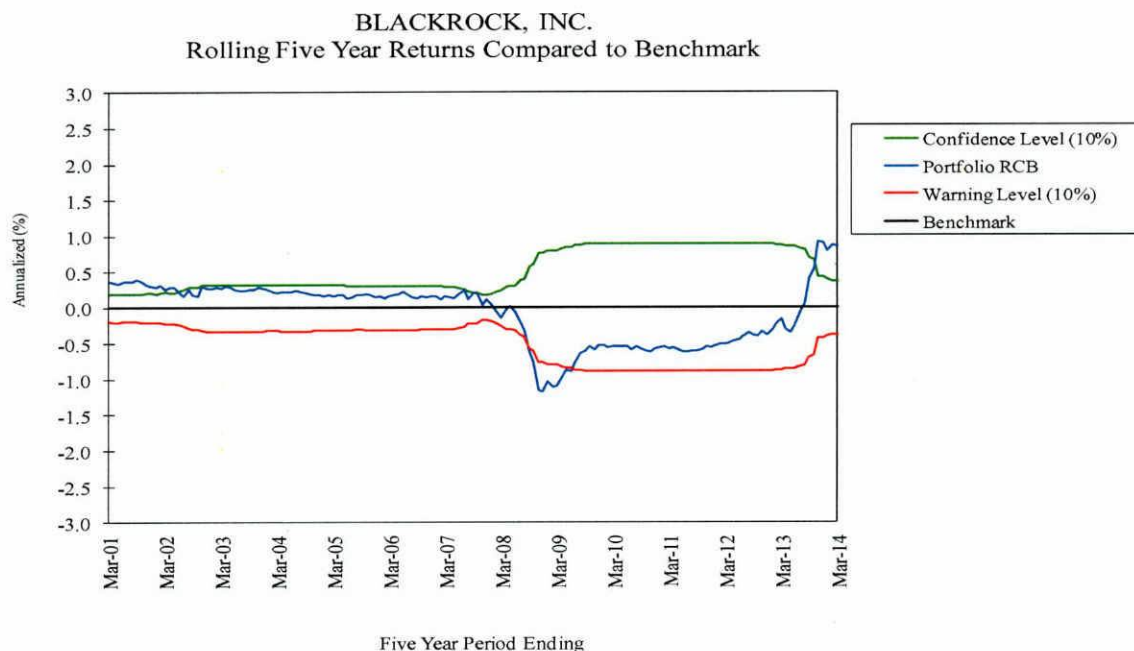
Brian Weinstein, Head of Multi-Sector Institutional Fixed Income and Portfolio Manager for the SBI portfolio, will resign from BlackRock in June 2014. Akiva Dickstein, Head of Mortgages, will replace Mr. Weinstein as Portfolio Manager for the SBI portfolio. BlackRock also expanded its Executive Leadership team and hired Barry Knapp as Head of Thematic Strategies within the Americas Fixed Income group. Staff will meet with BlackRock during the second quarter to discuss the transition and recent organizational changes.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.9%	1.8%
Last 1 year	0.2	-0.1
Last 2 years	2.2	1.8
Last 3 years	4.1	3.7
Last 4 years	4.4	4.1
Last 5 years	5.7	4.8
Since Inception (4/96)	5.8	5.8

**Recommendation**

No action required.





**GOLDMAN SACHS ASSET MANAGEMENT**  
**Periods Ending March, 2014**

**Portfolio Manager:** Mike Goosay

**Assets Under Management:** \$2,495,010,753

**Investment Philosophy**

Goldman manages an enhanced index portfolio closely tracking the Barclays Capital U.S. Aggregate Bond Index. Goldman's process can be viewed as active management within a very risk-controlled framework. The firm relies primarily on sector allocation and security selection strategies to generate incremental return. To a lesser degree, term structure strategies are also implemented. Goldman combines long-term strategic investment tilts with short-term tactical trading opportunities. Strategic tilts are based on fundamental and quantitative sector research and seek to optimize the long-term risk/return profile of portfolios. Tactical trades between sectors and securities within sectors are implemented to take advantage of short-term market anomalies. Goldman was retained by the SBI in July 1993.

**Staff Comments**

Staff has no concerns at this time.

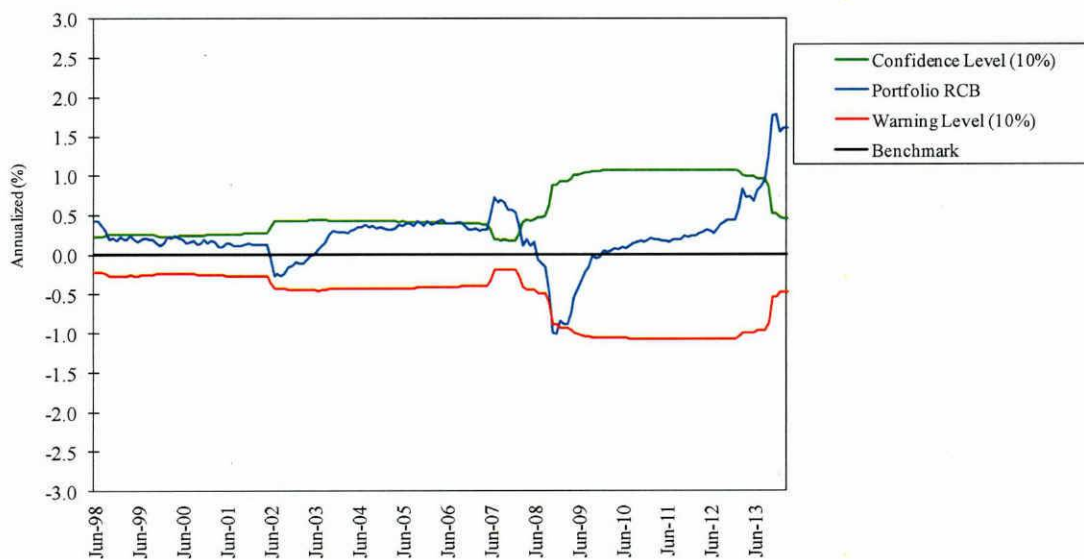
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.9%	1.8%
Last 1 year	0.2	-0.1
Last 2 years	2.4	1.8
Last 3 years	4.3	3.7
Last 4 years	4.8	4.1
Last 5 years	6.5	4.8
Since Inception (7/93)	6.1	5.8

**Recommendations**

No action required.

**GOLDMAN SACHS ASSET MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending



**NEUBERGER BERMAN FIXED INCOME LLC**  
**Periods Ending March, 2014**

**Portfolio Manager: Andrew Johnson**

**Assets Under Management: \$2,473,871,702**

**Investment Philosophy**

Neuberger (formerly Lincoln) manages an enhanced index portfolio closely tracking the Barclays Capital U.S. Aggregate Bond Index. Neuberger's process relies on a combination of quantitative tools and active management judgment. Explicit quantification and control of risks are at the heart of their process. Neuberger uses proprietary risk exposure measures to analyze 24 interest rate factors, and over 30 spread-related factors. For each interest rate factor, the portfolio is very closely matched to the index to ensure that the portfolio earns the same return as the index for any change in interest rates. For each spread factor, the portfolio can deviate slightly from the index as a means of seeking value-added. Setting target active risk exposures that must fall within pre-established maximums controls risk. To control credit risk, corporate holdings are diversified across a large number of issues. Neuberger was retained by the SBI in July 1988.

**Staff Comments**

Staff has no concerns at this time.

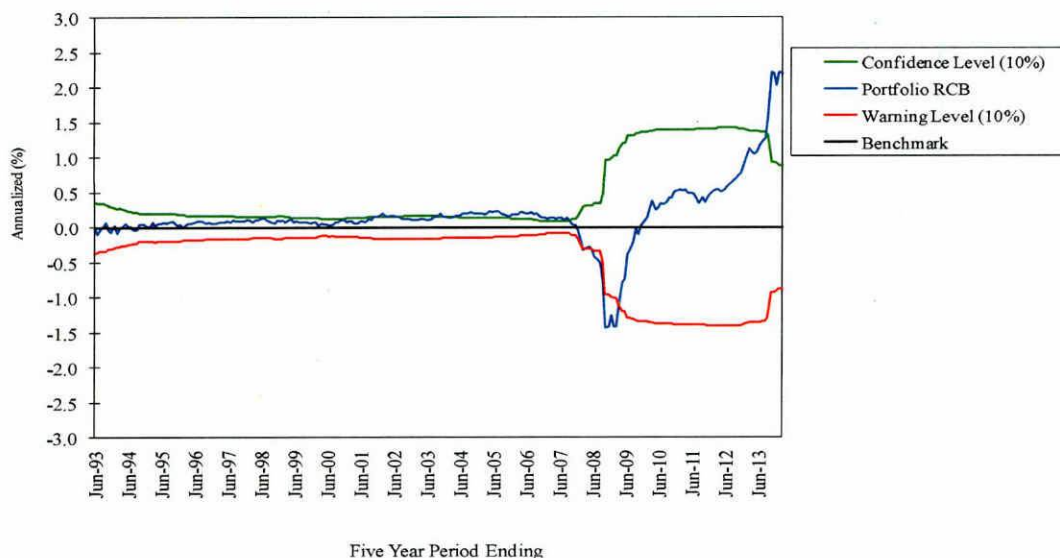
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.8%	1.8%
Last 1 year	0.0	-0.1
Last 2 years	2.1	1.8
Last 3 years	4.0	3.7
Last 4 years	4.7	4.1
Last 5 years	7.1	4.8
Since Inception (7/88)	7.0	6.8

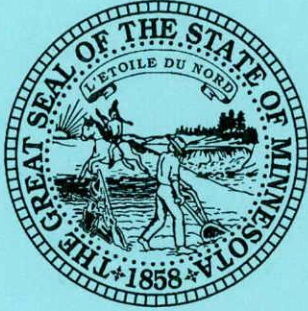
**Recommendations**

No action required.

**NEUBERGER BERMAN**  
**Rolling Five Year Returns Compared to Benchmark**



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# STATE BOARD OF INVESTMENT

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## International Manager Evaluation Reports

First Quarter, 2014





# **International Managers**

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**COMBINED RETIREMENT FUNDS  
INTERNATIONAL STOCK MANAGERS  
Periods Ending March, 2014**

	Quarter		1 Year		3 Years		5 Years		Since (1) Inception		Market	Pool
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Value	%
	%	%	%	%	%	%	%	%	%	%	(in millions)	
<b>Active Developed Markets (2)</b>												
Acadian	3.4	0.7	21.6	16.5	9.0	6.3	18.0	15.9	6.3	6.1	\$380.8	4.2%
Columbia	-3.4	0.7	12.7	16.5	6.5	6.3	15.9	15.9	2.2	3.6	\$345.6	3.8%
J.P. Morgan	-1.0	0.7	14.1	16.5	6.3	6.3	16.2	15.9	6.0	6.1	\$303.2	3.3%
Marathon	1.1	0.7	20.5	16.5	10.3	6.3	18.9	15.9	9.0	5.6	\$761.7	8.4%
McKinley	0.9	0.7	19.1	16.5	7.9	6.3	15.1	15.9	5.6	6.1	\$308.3	3.4%
Pyramis (Fidelity)	-1.4	0.7	18.1	16.5	8.7	6.3	17.7	15.9	7.8	6.1	\$358.5	3.9%
<b>Aggregate</b>	<b>0.1</b>	<b>0.7</b>	<b>18.2</b>	<b>16.5</b>	<b>8.2</b>	<b>6.3</b>	<b>17.1</b>	<b>15.9</b>			<b>\$2,458.2</b>	<b>27.0%</b>
<b>Active Emerging Markets (3)</b>												
Capital International	-2.3	-0.4	-1.4	-1.4	-5.2	-2.9	12.3	14.5	10.6	11.2	\$730.6	8.0%
Morgan Stanley	-0.6	-0.4	-1.3	-1.4	0.2	-2.9	15.8	14.5	11.9	11.2	\$794.7	8.7%
<b>Aggregate</b>	<b>-1.4</b>	<b>-0.4</b>	<b>-1.3</b>	<b>-1.4</b>	<b>-2.7</b>	<b>-2.9</b>	<b>13.9</b>	<b>14.5</b>			<b>\$1,525.3</b>	<b>16.8%</b>
<b>Semi-Passive Developed Markets (2)</b>												
AQR	1.3	0.7	19.0	16.5	7.9	6.3	17.9	15.9	6.8	6.1	\$354.4	3.9%
Pyramis (Fidelity)	0.1	0.7	18.2	16.5	7.4	6.3	16.5	15.9	7.1	6.1	\$522.4	5.7%
State Street	1.8	0.7	21.9	16.5	6.4	6.3	16.3	15.9	5.7	6.1	\$323.8	3.6%
<b>Aggregate</b>	<b>0.9</b>	<b>0.7</b>	<b>19.4</b>	<b>16.5</b>	<b>7.3</b>	<b>6.3</b>	<b>16.9</b>	<b>15.9</b>			<b>\$1,200.6</b>	<b>13.2%</b>
<b>Passive Developed Markets (2)</b>												
State Street	0.8	0.7	16.9	16.5	6.6	6.3	16.4	15.9	6.9	6.6	\$3,607.8	39.7%
<b>Passive Emerging Markets (3)</b>												
State Street	-0.8	-0.4	-1.2	-1.4					6.2	6.3	\$297.4	3.3%
<b>Since 10/1/92</b>												
Equity Only (4) (6)	0.2	0.5	13.4	12.3	5.0	4.2	16.1	15.5	7.2	6.7	\$9,089.4	100.0%
<b>Total Program (5) (6)</b>	<b>0.2</b>	<b>0.5</b>	<b>13.4</b>	<b>12.3</b>	<b>5.0</b>	<b>4.2</b>	<b>16.1</b>	<b>15.5</b>	<b>7.4</b>	<b>6.7</b>	<b>\$9,089.4</b>	<b>100.0%</b>
SBI Int'l Equity Target (6)	0.5		12.3		4.2		15.5		6.7			
MSCI ACWI Free ex. U.S. (7)	0.5		12.3		4.2		15.5		7.0			
MSCI World ex U.S. (net)	0.7		16.5		6.3		15.9		6.7			
MSCI EAFE Free (net)	0.7		17.6		7.2		16.0		6.5			
MSCI Emerging Markets Free (8)	-0.4		-1.4		-2.9		14.5		8.2			

(1) Since retention by the SBI. Time period varies for each manager.

(2) Since 6/1/08 the developed markets manager's benchmark is the Standard (large + mid) MSCI World ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI World ex U.S. (net). From 10/1/03 to 9/30/07 the benchmark was MSCI World ex U.S. (net). Prior to that date, it was MSCI EAFE Free (net). From 10/1/01 to 5/31/02 the benchmark was the Provisional MSCI EAFE Free (net).

(3) Since 6/1/08 the emerging markets manager's benchmark is the Standard (large + mid) MSCI Emerging Markets Free (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI Emerging Markets Free (net). From 1/1/01 to 9/30/07 the benchmark was MSCI Emerging Markets Free (net). Prior to that date, it was MSCI Emerging Markets Free (gross). From 10/1/01 to 5/31/02 the benchmark was the Provisional MSCI Emerging Markets Free (net).

(4) Equity managers only. Includes impact of terminated managers.

(5) Includes impact of currency overlay on the passive EAFE portfolio from 12/1/95-10/31/00.

(6) Since 6/1/08 the International Equity asset class target is the Standard (large + mid) MSCI ACWI ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI ACWI ex U.S. (net). From 10/1/03 to 9/30/07 the target was MSCI ACWI ex U.S. (net). From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) plus Emerging Markets Free (net), and from 7/1/99 to 12/31/00 the target was MSCI EAFE Free (net) plus Emerging Markets Free (gross). From 7/1/99 to 9/30/03, the weighting of each index fluctuated with market capitalization. From 10/1/01 to 5/31/02 all international benchmarks being reported were the MSCI Provisional indices. From 12/31/96 to 6/30/99 the benchmark was fixed at 87% EAFE Free (net)/13% Emerging Markets Free (gross). On 5/1/96, the portfolio began transitioning from 100% EAFE Free (net) to the 12/31/96 fixed weights. 100% EAFE Free (net) prior to 5/1/96.

(7) MSCI ACWI Free ex U.S. (gross) through 12/31/00. MSCI ACWI Free ex U.S. (net) thereafter.

(8) MSCI Emerging Markets Free (gross) through 12/31/00. MSCI Emerging Markets Free (net) thereafter.

**COMBINED RETIREMENT FUNDS  
INTERNATIONAL STOCK MANAGERS  
Calendar Year Returns**

	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
<b>Active Developed Markets (1)</b>										
Acadian	26.1	21.0	17.6	16.4	-12.9	-12.2	13.9	8.9	28.8	33.7
Columbia	23.9	21.0	19.0	16.4	-12.1	-12.2	15.2	8.9	29.3	33.7
J.P. Morgan	19.5	21.0	18.4	16.4	-10.2	-12.2	7.6	8.9	37.5	33.7
Marathon	28.5	21.0	17.9	16.4	-9.2	-12.2	14.4	8.9	29.8	33.7
McKinley	28.0	21.0	16.9	16.4	-15.5	-12.2	11.8	8.9	24.1	33.7
Pyramis (Fidelity)	26.7	21.0	20.3	16.4	-11.9	-12.2	11.7	8.9	35.1	33.7
<b>Aggregate</b>	<b>25.4</b>	<b>21.0</b>	<b>17.9</b>	<b>16.4</b>	<b>-11.7</b>	<b>-12.2</b>	<b>11.9</b>	<b>8.9</b>	<b>31.9</b>	<b>33.7</b>
<b>Active Emerging Markets (2)</b>										
Capital International	0.7	-2.6	13.8	18.2	-22.8	-18.4	16.1	18.9	83.1	78.5
Morgan Stanley	0.5	-2.6	21.1	18.2	-17.8	-18.4	18.4	18.9	71.7	78.5
<b>Aggregate</b>	<b>0.6</b>	<b>-2.6</b>	<b>17.5</b>	<b>18.2</b>	<b>-20.6</b>	<b>-18.4</b>	<b>17.1</b>	<b>18.9</b>	<b>77.3</b>	<b>78.5</b>
<b>Semi-Passive Developed Markets (1)</b>										
AQR	24.1	21.0	20.8	16.4	-13.9	-12.2	11.4	8.9	36.0	33.7
Pyramis (Fidelity)	23.2	21.0	19.4	16.4	-12.6	-12.2	11.5	8.9	30.2	33.7
State Street	25.3	21.0	17.3	16.4	-15.6	-12.2	8.7	8.9	34.9	33.7
<b>Aggregate</b>	<b>24.0</b>	<b>21.0</b>	<b>19.2</b>	<b>16.4</b>	<b>-13.8</b>	<b>-12.2</b>	<b>10.6</b>	<b>8.9</b>	<b>33.6</b>	<b>33.7</b>
<b>Passive Developed Markets (1)</b>										
State Street	21.4	21.0	16.7	16.4	-11.9	-12.2	9.9	8.9	34.0	33.7
<b>Passive Emerging Markets (2)</b>										
State Street	-2.5	-2.6	18.5	18.2						
Equity Only (3) (4)	17.8	15.3	17.6	16.8	-14.2	-13.7	12.3	11.2	41.2	41.5
<b>Total Program (4)</b>	<b>17.8</b>	<b>15.3</b>	<b>17.6</b>	<b>16.8</b>	<b>-14.2</b>	<b>-13.7</b>	<b>12.3</b>	<b>11.2</b>	<b>41.2</b>	<b>41.5</b>
SBI Int'l Equity Target (5)		15.3		16.8		-13.7		11.2		41.5
MSCI ACWI Free ex. U.S. (net)		15.3		16.8		-13.7		11.2		41.5
MSCI World ex U.S. (net)		21.0		16.4		-12.2		8.9		33.7
MSCI EAFE Free (net)		22.8		17.3		-12.1		7.7		31.8
MSCI Emerging Markets Free (net)		-2.6		18.2		-18.4		18.9		78.5

- (1) Since 6/1/08 the developed markets manager's benchmark is the Standard (large + mid) MSCI World ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI World ex U.S. (net). From 10/1/03 to 9/30/07 the benchmark was MSCI World ex U.S. (net).
- (2) Since 6/1/08 the emerging markets manager's benchmark is the Standard (large + mid) MSCI Emerging Markets Free (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI Emerging Markets Free (net). From 1/1/01 to 9/30/07 the benchmark was MSCI Emerging Markets Free (net).
- (3) Equity managers only. Includes impact of terminated managers.
- (4) Since 6/1/08 the International Equity asset class target is the Standard (large + mid) MSCI ACWI ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI ACWI ex U.S. (net). From 10/1/03 to 9/30/07 the target was MSCI ACWI ex U.S. (net).



**ACADIAN ASSET MANAGEMENT, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager:** John Chisholm

**Assets Under Management:** \$380,848,301

**Investment Philosophy**

Acadian believes there are inefficiencies in the global equity markets that can be exploited by a disciplined quantitative investment process. In evaluating markets and stocks, Acadian believes it is most effective to use a range of measures, including valuation, price trends, financial quality and earnings information. Risk control is a critical part of the Acadian approach. Acadian's process seeks to capture value-added at both the stock and the sector/country level. The process is active and bottom-up, but each stock forecast also contains a sector/country forecast. Selection is made from a very broad investment universe using disciplined, factor-driven quantitative models. Portfolios are constructed with an optimizer and are focused on targeting a desired level of active risk relative to a client's chosen benchmark index.

**Staff Comments**

Staff has no concerns at this time.

Staff met with the manager at the SBI during the quarter.

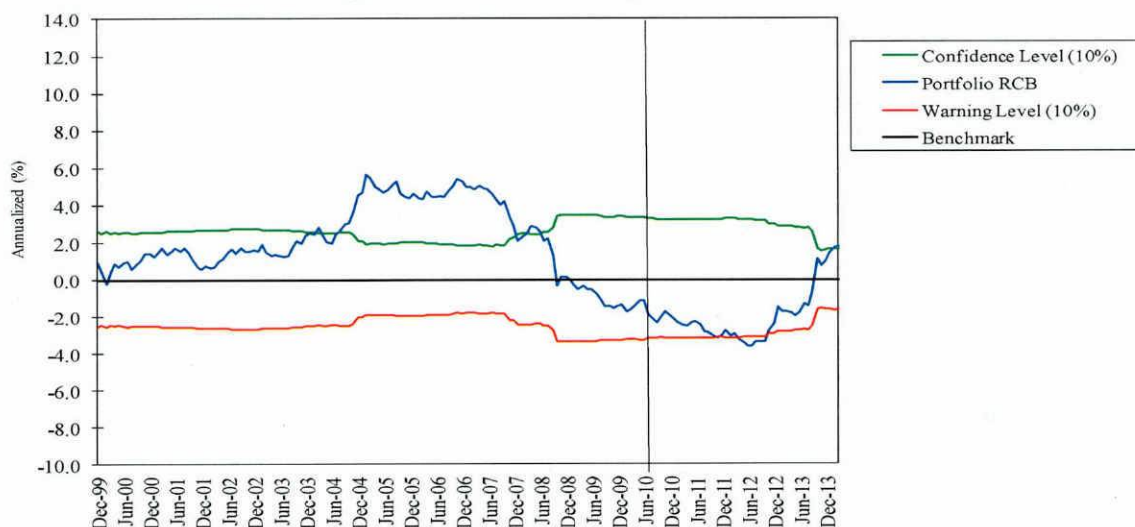
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	3.4%	0.7%
Last 1 year	21.6	16.5
Last 2 years	17.6	13.4
Last 3 years	9.0	6.3
Last 4 years	10.5	7.6
Last 5 years	18.0	15.9
Since Inception (7/05)	6.3	6.1

**Recommendations**

No action required.

**ACADIAN ASSET MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending  
 Note: Area to the left of vertical line includes performance prior to retention by the SBI.



**COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager:** William Davies

**Assets Under Management:** \$345,618,333

**Investment Philosophy**

Columbia's philosophy focuses on key forces of change in markets and the companies that will benefit. The firm believes that in a global marketplace, where sustainable competitive advantage is rare, their research should focus on the dynamics of change. A good understanding of the likely impact of these changes at a company level, complemented with an appreciation of the ability of management to exploit these changes, creates significant opportunities to pick winners and avoid losers.

**Staff Comments**

Columbia announced in the 3Q13 that portfolio manager, Esther Perkins, left the firm. She has been replaced by William Davies who is head of the Global Equity team. The SBI will closely monitor this transition and the portfolio's performance going forward.

Staff met with the manager in May.

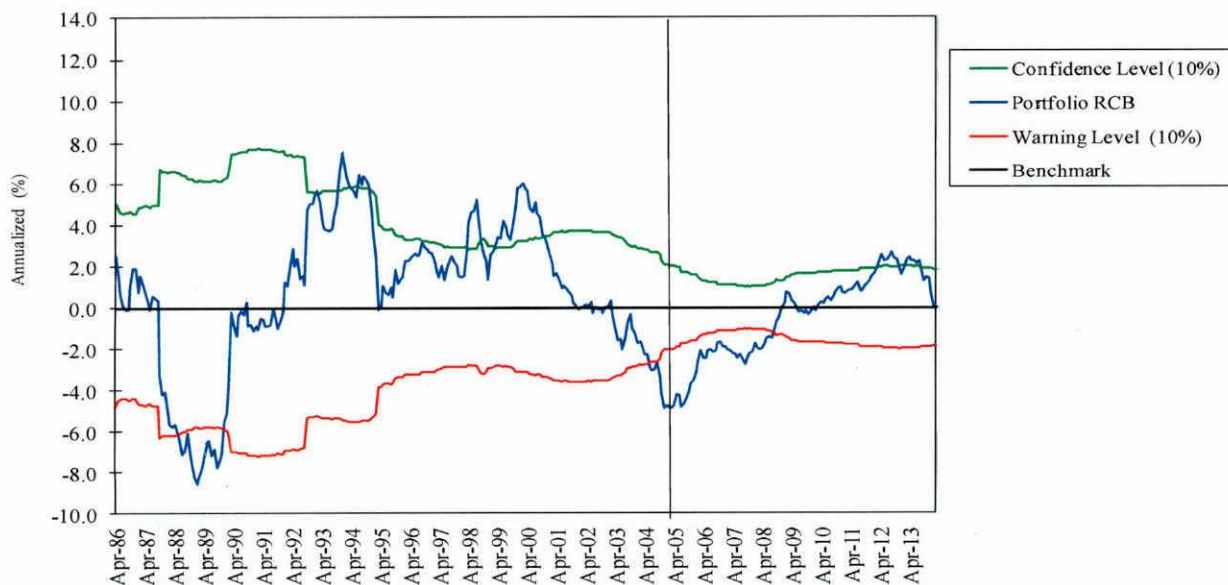
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-3.4%	0.7%
Last 1 year	12.7	16.5
Last 2 years	12.2	13.4
Last 3 years	6.5	6.3
Last 4 years	9.0	7.6
Last 5 years	15.9	15.9
Since Inception (3/00)	2.2	3.6

**Recommendations**

No action required.

**COLUMBIA MANAGEMENT INVESTMENT ADVISERS**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI.

**J.P. MORGAN INVESTMENT MANAGEMENT INC.**  
**Periods Ending March, 2014**

**Portfolio Manager:** James Fisher

**Assets Under Management:** \$303,209,625

**Investment Philosophy**

JP Morgan's international equity strategy seeks to add value through active stock selection, while remaining diversified by both sector and region. The portfolio displays a large capitalization size bias and a slight growth orientation. Stock selection decisions reflect the insights of approximately 150 locally based investors, ranking companies within their respective local markets. The most attractive names in each region are then further validated by a team of Global Sector Specialists who seek to take the regional team rankings and put these into a global context. The team of six senior portfolio managers draws together the insights of both the regional and global specialists, constructing a portfolio of the most attractive names.

**Staff Comments**

Staff has no concerns at this time.

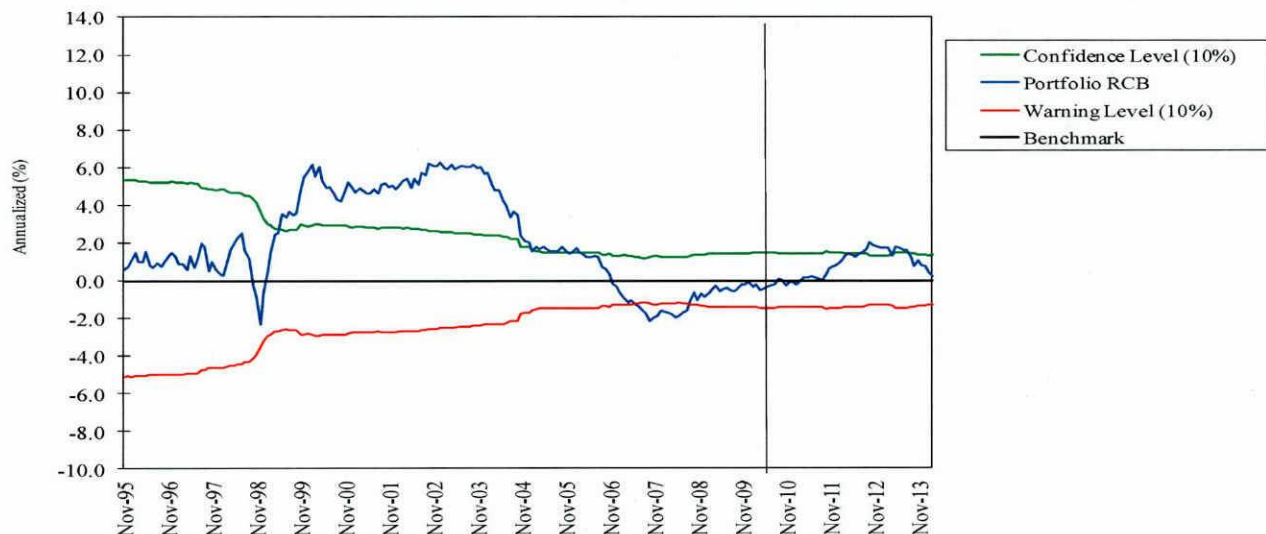
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-1.0%	0.7%
Last 1 year	14.1	16.5
Last 2 years	12.2	13.4
Last 3 years	6.3	6.3
Last 4 years	7.8	7.6
Last 5 years	16.2	15.9
Since Inception (7/05)	6.0	6.1

**Recommendations**

No action required.

**J.P. MORGAN INVESTMENT MANAGEMENT, INC.**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI

**MARATHON ASSET MANAGEMENT LLP**  
**Periods Ending March, 2014**

**Portfolio Manager:** William Arah

**Assets Under Management:** \$761,700,975

**Investment Philosophy**

Marathon uses a blend of flexible, qualitative disciplines to construct portfolios which exhibit a value bias. Style and emphasis will vary over time and by market, depending on Marathon's perception of lowest risk opportunity. Since they believe that competition determines profitability, Marathon is attracted to industries where the level of competition is declining and they will hold a sector position as long as the level of competition does not increase. At the stock level, Marathon tracks a company's competitive position versus the attractiveness of their products or services and attempts to determine whether the company is following an appropriate reinvestment strategy for their current competitive position.

**Staff Comments**

Staff has no concerns at this time.

Staff met with the manager at the SBI during the quarter.

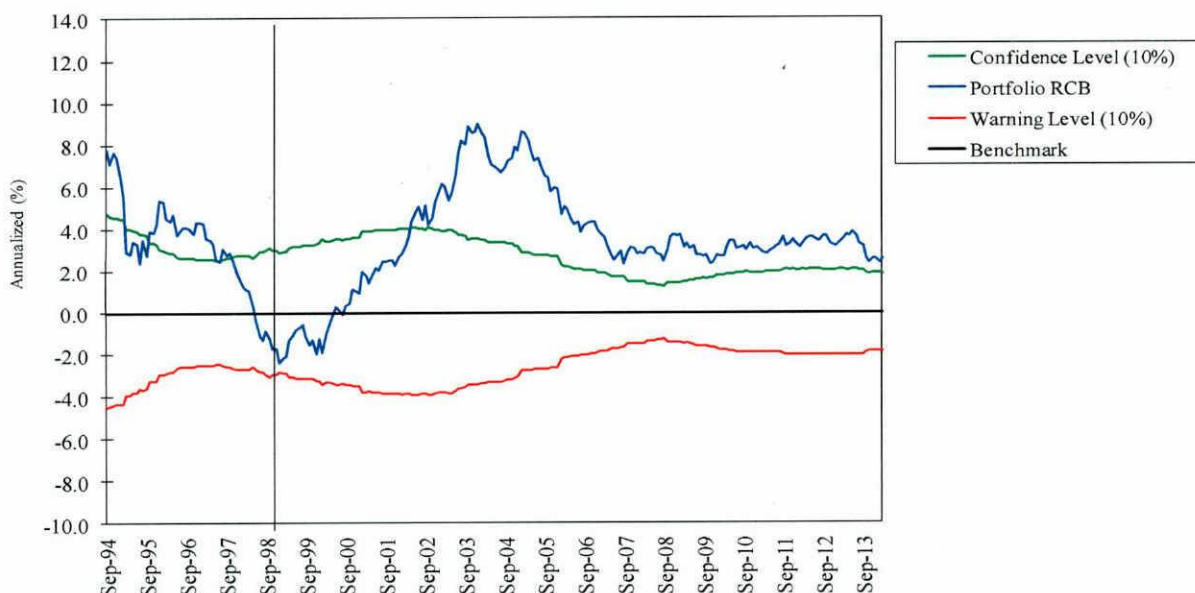
**Quantitative Evaluation**

	Actual	Custom Benchmark
Last Quarter	1.1%	0.7%
Last 1 year	20.5	16.5
Last 2 years	17.3	13.4
Last 3 years	10.3	6.3
Last 4 years	11.1	7.6
Last 5 years	18.9	15.9
Since Inception (11/93)	9.0	5.6

**Recommendations**

No action required.

**MARATHON ASSET MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI.



# MCKINLEY CAPITAL MANAGEMENT LLC

Periods Ending March, 2014

Portfolio Manager: Robert A. Gillam

Assets Under Management: \$308,332,287

## Investment Philosophy

At McKinley Capital, investment decisions are based on the philosophy that excess market returns can be achieved through the construction and active management of a diversified, fundamentally sound portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations. A disciplined quantitative investment process drives all product strategies. The firm can be described as a bottom-up growth manager. They employ both a systematic screening process and a qualitative overview to construct and manage portfolios. Investment ideas are initially generated by the quantitative investment process. The balance of the qualitative overlay seeks to identify securities with earnings estimates that are reasonable and sustainable. All portfolios managed by McKinley Capital use the same investment process and construction methodology to manage portfolios.

## Staff Comments

Stable organization and process with improved recent returns. The SBI has confidence in the strategy to add value when growth is being rewarded in the market.

Staff met with the manager at the SBI during the quarter.

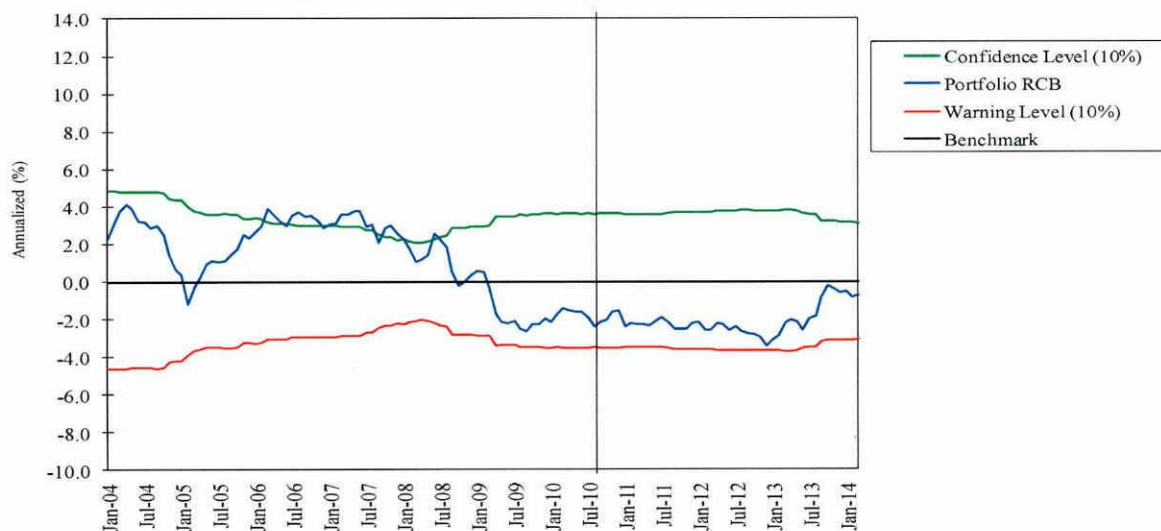
## Quantitative Evaluation

	Actual	Benchmark
Last Quarter	0.9%	0.7%
Last 1 year	19.1	16.5
Last 2 years	16.7	13.4
Last 3 years	7.9	6.3
Last 4 years	9.0	7.6
Last 5 years	15.1	15.9
Since Inception (7/05)	5.6	6.1

## Recommendations

No action required.

MCKINLEY CAPITAL MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark



Note: Area to the left of vertical line includes performance prior to retention by the SBI



**PYRAMIS GLOBAL ADVISORS TRUST COMPANY (Active)**  
**Periods Ending March, 2014**

**Portfolio Manager:** Chris Steward & Brian Hoesly

**Assets Under Management:** \$358,493,267

**Investment Philosophy**

Pyramis' International Growth is a core, growth-oriented strategy that provides diversified exposure to the developed international markets. The investment process combines active stock selection and regional asset allocation. Four portfolio managers in London, Tokyo, Hong Kong, Smithfield Rhode Island, and Toronto construct regional sub-portfolios, selecting stocks based on Fidelity analysts' bottom-up research and their own judgment and expertise. Portfolio guidelines seek to ensure risk is commensurate with the performance target and to focus active risk on stock selection. Resulting portfolios typically contain between 200-250 holdings.

**Staff Comments**

SBI is closely monitoring the investment team changes announced during the third quarter of 2013, but does not expect them to negatively impact the performance of the state's portfolio.

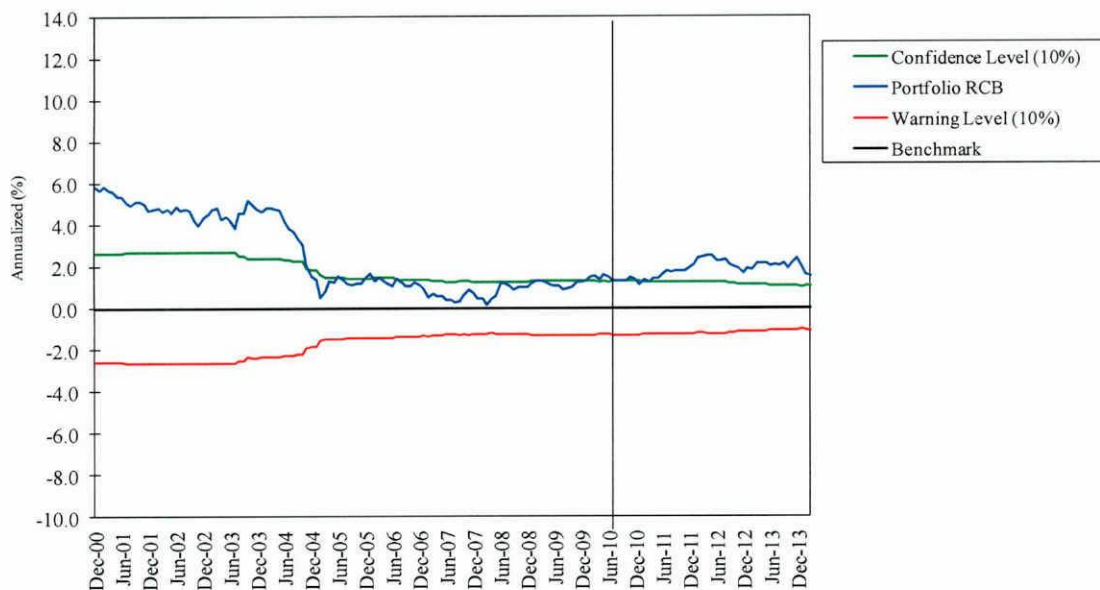
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-1.4%	0.7%
Last 1 year	18.1	16.5
Last 2 years	15.9	13.4
Last 3 years	8.7	6.3
Last 4 years	9.9	7.6
Last 5 years	17.7	15.9
Since Inception (7/05)	7.8	6.1

**Recommendations**

No action required.

**PYRAMIS GLOBAL ADVISORS TRUST CO. - INTL GROWTH**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI

# CAPITAL INTERNATIONAL, INC.

Periods Ending March, 2014

Portfolio Manager: Victor Kohn

Assets Under Management: \$730,579,851

## Investment Philosophy

Capital International's philosophy is value-oriented, as they focus on identifying the difference between the underlying value of a company and the price of its securities in its home market. Capital International's basic, fundamental, bottom-up approach is blended with macroeconomic and political judgments on the outlook for economies, industries, currencies and markets. The team of portfolio managers and analysts each select stocks for the portfolio based on extensive field research and direct company contact.

## Staff Comments

SBI is monitoring the investment team changes announced during the third quarter of 2013 and will continue to closely monitor the portfolio's performance going forward.

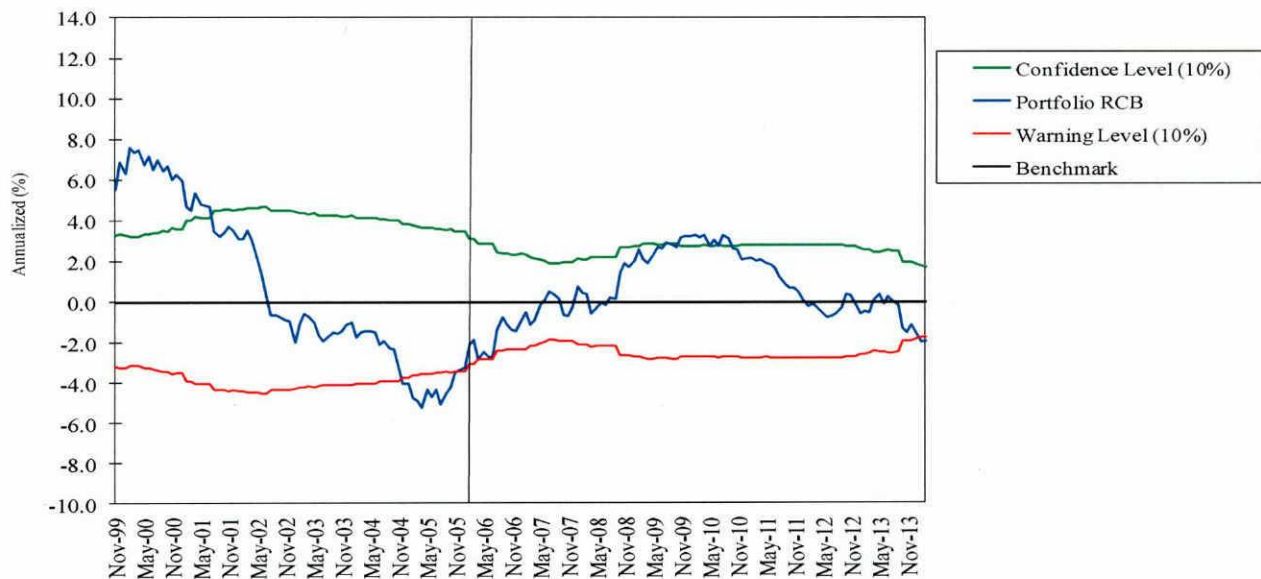
## Quantitative Evaluation

	Actual	Benchmark
Last Quarter	-2.3%	-0.4%
Last 1 year	-1.4	-1.4
Last 2 years	-0.5	0.2
Last 3 years	-5.2	-2.9
Last 4 years	-0.3	2.1
Last 5 years	12.3	14.5
Since Inception (3/01)	10.6	11.2

## Recommendations

No action required.

CAPITAL INTERNATIONAL, INC.  
Rolling Five Year Returns Compared to Benchmark



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI.

**MORGAN STANLEY INVESTMENT MANAGEMENT INC.**  
**Periods Ending March, 2014**

**Portfolio Manager: Ruchir Sharma**

**Assets Under Management: \$794,717,522**

**Investment Philosophy**

Morgan Stanley's style is core with a growth bias. They follow a top-down approach to country allocation and a bottom-up approach to stock selection. Morgan Stanley's macro-economic and stock selection analyses are qualitative as well as quantitative, concentrating on fundamentals. Their top-down analysis highlights countries with improving fundamentals and attractive valuations. Their bottom-up approach to stock selection focuses on purchasing companies with strong operating earnings potential at attractive valuations.

**Staff Comments**

Staff has no concerns at this time.

Staff met with the manager at their offices during the quarter.

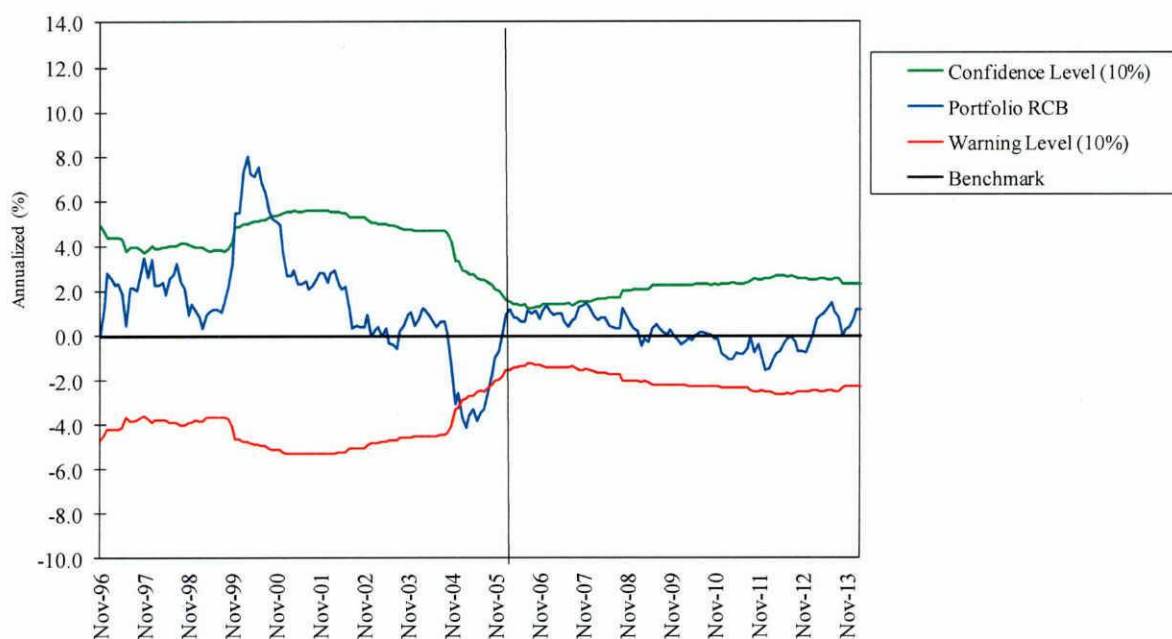
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-0.6%	-0.4%
Last 1 year	-1.3	-1.4
Last 2 years	3.4	0.2
Last 3 years	0.2	-2.9
Last 4 years	4.0	2.1
Last 5 years	15.8	14.5
Since Inception (3/01)	11.9	11.2

**Recommendations**

No action required.

**MORGAN STANLEY INVESTMENT MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI.

**AQR CAPITAL MANAGEMENT, LLC**  
**Periods Ending March, 2014**

**Portfolio Manager:** Cliff Asness

**Assets Under Management:** \$354,412,592

**Investment Philosophy**

AQR employs a disciplined quantitative approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions to generate excess returns. AQR's investment philosophy is based on the fundamental concepts of value and momentum. AQR's international equity product incorporates stock selection, country selection, and currency selection models as the primary alpha sources. Dynamic strategy allocation (between the three primary alpha sources) and style weighting are employed as secondary alpha sources.

**Staff Comments**

Staff has no concerns at this time.

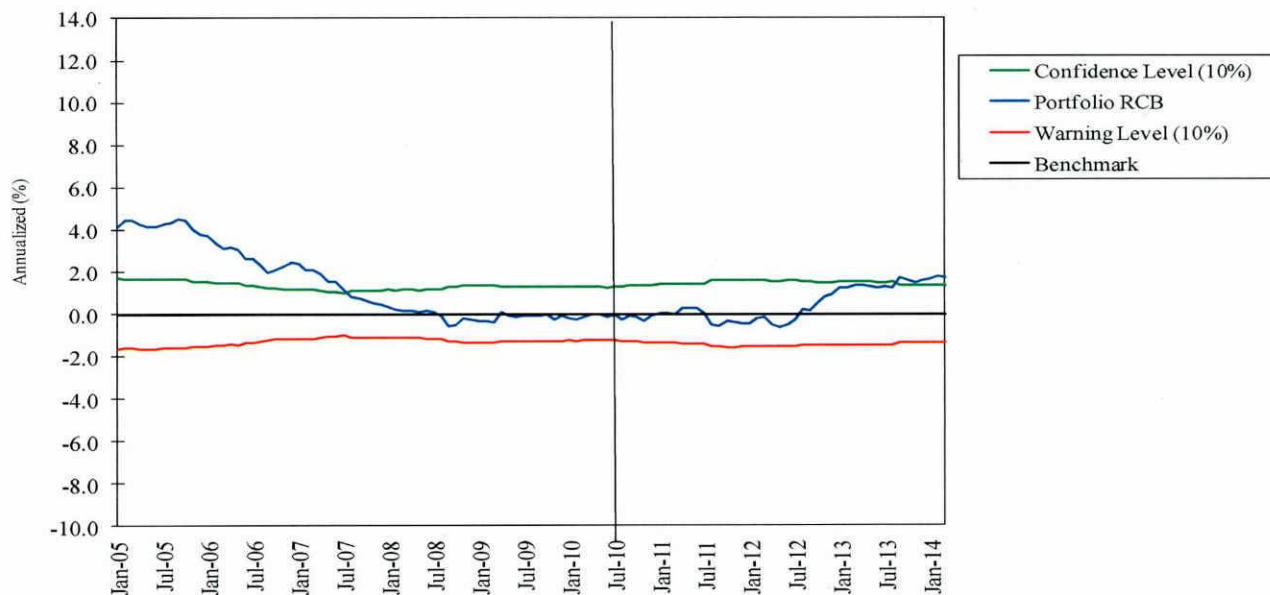
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.3%	0.7%
Last 1 year	19.0	16.5
Last 2 years	17.1	13.4
Last 3 years	7.9	6.3
Last 4 years	9.4	7.6
Last 5 years	17.9	15.9
Since Inception (7/05)	6.8	6.1

**Recommendations**

No action required.

**AQR CAPITAL MANAGEMENT, LLC**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI



**PYRAMIS GLOBAL ADVISORS TRUST COMPANY (Semi-Passive)**  
**Periods Ending March, 2014**

**Portfolio Manager:** Cesar Hernandez

**Assets Under Management:** \$522,365,263

**Investment Philosophy**

Pyramis' Select International strategy combines active stock selection with quantitative risk control to provide consistent excess returns above the benchmark while minimizing relative volatility and risk. By combining five regional sub-portfolios in the U.K., Canada, Continental Europe, Japan, and the Pacific Basin ex Japan, the portfolio manager produces a portfolio made up of the best ideas of the firm's research analysts. Each regional portfolio is created so that stock selection is the largest contributor to active return while systematic, sector, and factor risks are minimized. The portfolio manager uses a combination of proprietary and third-party optimization models to monitor and control risk within each regional module. Resulting portfolios typically contain between 275 and 325 holdings.

**Staff Comments**

Staff has no concerns at this time.

Staff met with the manager at the SBI in April 2014.

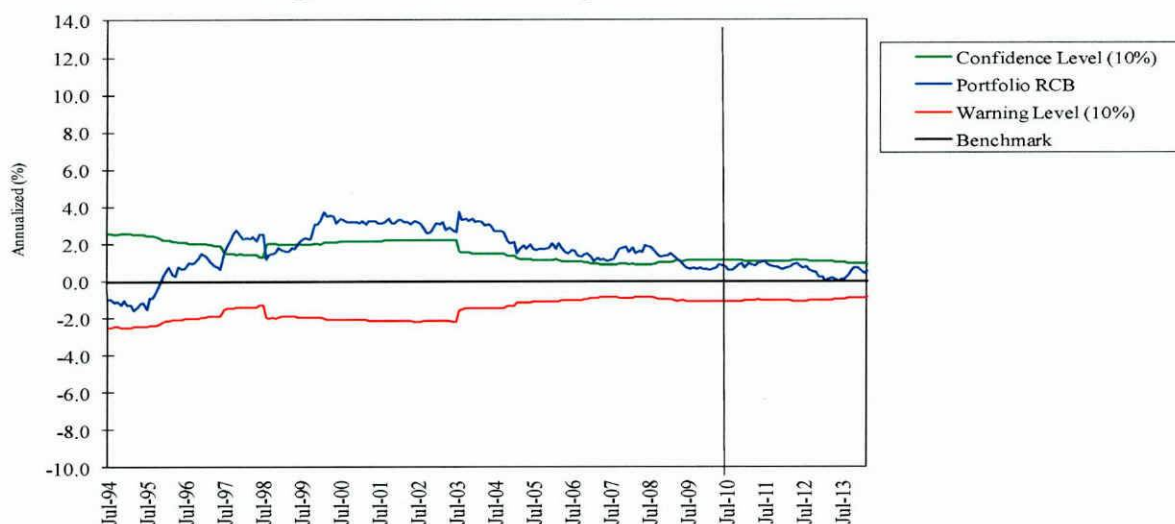
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.1%	0.7%
Last 1 year	18.2	16.5
Last 2 years	14.9	13.4
Last 3 years	7.4	6.3
Last 4 years	9.1	7.6
Last 5 years	16.5	15.9
Since Inception (7/05)	7.1	6.1

**Recommendations**

No action required.

**PYRAMIS GLOBAL ADVISORS TRUST CO. - SELECT INTL**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending  
 Note: Area to the left of vertical line includes performance prior to retention by the SBI

**STATE STREET GLOBAL ADVISORS (Semi-Passive)**  
**Periods Ending March, 2014**

**Portfolio Manager:** Adel Daghmouri

**Assets Under Management:** \$323,818,346

**Investment Philosophy**

SSgA's Alpha strategy is managed using a quantitative process. Stock selection provides the best opportunity to add consistent value. Industry factors have come to dominate country factors and an approach that uses industry weights to add incremental value complements stock selection. Unwanted biases are controlled through disciplined risk-control techniques. Country and regional allocations are a result of the security selection process but are managed to remain with +/- 5% of the benchmarks allocation. Sector and industry allocations are managed to be within +/- 3% of the benchmarks allocation. The portfolio managers on this team have extensive experience and insight, which is used in conjunction with the models to create core portfolios.

**Staff Comments**

Staff has no concerns at this time.

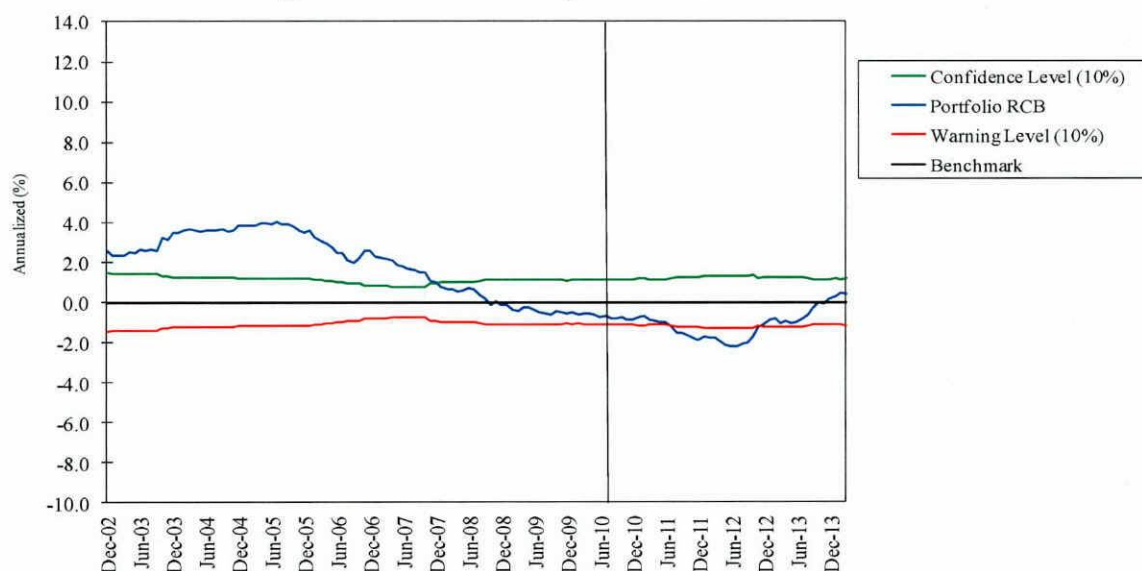
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.8%	0.7%
Last 1 year	21.9	16.5
Last 2 years	16.1	13.4
Last 3 years	6.4	6.3
Last 4 years	7.8	7.6
Last 5 years	16.3	15.9
Since Inception (7/05)	5.7	6.1

**Recommendations**

No action required.

**STATE STREET GLOBAL ADVISORS - ALPHA**  
**Rolling Five Year Returns Compared to Benchmark**



5 Year Period Ending

Note: Area to the left of vertical line includes performance prior to retention by the SBI

**STATE STREET GLOBAL ADVISORS (Passive Developed Markets)**  
**Periods Ending March, 2014**

**Portfolio Manager: Lynn Blake**

**Assets Under Management: \$3,607,768,923**

**Investment Philosophy**

State Street Global Advisors (SSgA) passively manages the portfolio against the Morgan Stanley Capital International (MSCI) World ex U.S. index of 23 markets located in the developed markets outside of the United States (including Canada). SSgA fully replicates the index whenever possible because it results in lower turnover, higher tracking accuracy and lower market impact costs. The MSCI World ex U.S. (net) index reinvests dividends assuming a withholding tax on dividends, according to the Luxembourg tax rate. Whereas the portfolio reinvests dividends using all available reclaims and tax credits available to a U.S. pension fund, which should result in modest positive tracking error, over time.

**Staff Comments**

Staff has no concerns at this time.

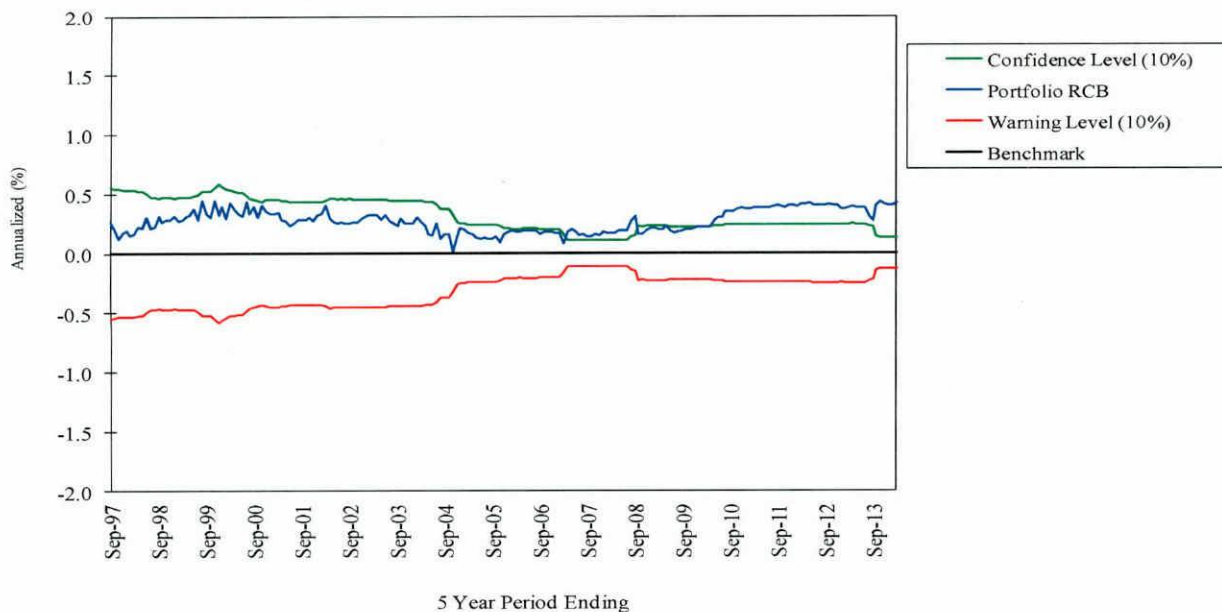
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.8%	0.7%
Last 1 year	16.9	16.5
Last 2 years	13.7	13.4
Last 3 years	6.6	6.3
Last 4 years	8.1	7.6
Last 5 years	16.4	15.9
Since Inception (10/92)	6.9	6.6

**Recommendation**

No action required.

**SSGA - PASSIVE DEVELOPED MARKETS**  
**Rolling Five Year Returns Compared to Benchmark**



**STATE STREET GLOBAL ADVISORS (Passive Emerging Markets)**  
**Periods Ending March, 2014**

**Portfolio Manager: Tom Coleman**

**Assets Under Management: \$297,382,608**

**Investment Philosophy**

State Street Global Advisors passively manages the portfolio against the Morgan Stanley Capital International (MSCI) Emerging Markets index of 21 markets located in the emerging markets outside of the United States. SSgA fully replicates the index whenever possible because it results in lower turnover, higher tracking accuracy and lower market impact costs.

**Staff Comments**

Staff has no concerns at this time.

**Quantitative Evaluation**

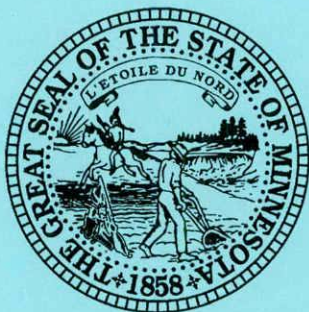
	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-0.8%	-0.4%
Last 1 year	-1.2	-1.4
Last 2 years	0.5	0.2
Last 3 years	N/A	N/A
Last 4 years	N/A	N/A
Last 5 years	N/A	N/A
Since Inception (12/11)	6.2	6.3

**Recommendation**

No action required.

**VAM Graph will be drawn for period ending 6/30/14.**





# STATE BOARD OF INVESTMENT

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## Non-Retirement Manager Evaluation Reports

First Quarter, 2014

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## **Non-Retirement Managers**

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**NON - RETIREMENT MANAGERS**  
**Periods Ending March, 2014**

	Quarter		1 Year		3 Years		5 Years		Since (1) Inception		Market Value (in millions)
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	
GE Asset Management (S&P 500 Index)	2.2	1.8	23.9	21.9	14.0	14.7	19.8	21.2	10.1	9.6	\$66.1
RBC Global Asset Management (2) (Barclays Capital Intermediate Government)	0.7	0.6	-0.8	-0.8	2.3	2.3	4.8	2.5	5.5	5.7	\$221.7
Galliard Capital Management (3 yr. Constant Maturity Treasury + 45 bp)	0.4	0.3	2.0	1.1	2.7	1.0	3.3	1.2	5.0	3.8	\$1,560.6
Internal Stock Pool (S&P 500 Index)	1.8	1.8	21.7	21.9	14.6	14.7	21.1	21.2	9.3	9.2	\$1,538.3
Internal Bond Pool - Income Share (Barclays Capital Aggregate)	2.0	1.8	1.5	-0.1	4.4	3.7	6.3	4.8	7.3	6.8	\$117.2
Internal Bond Pool - Trust (Barclays Capital Aggregate)	1.9	1.8	1.3	-0.1	4.2	3.7	5.7	4.8	6.7	6.1	\$849.5

(1) Since retention by the SBI. Time period varies by manager.

(2) Prior to July 2011, a blended benchmark consisting of 25% Merrill Lynch (ML) Mortgage Master, 25% ML 1-3 Yr. Gov't, 25% ML 5-10 Yr. Tsy/Ag, 15% ML 3-5 Yr. Tsy/Ag, and 10% ML 91 day T-Bill was utilized.



**NON - RETIREMENT MANAGERS**  
**Calendar Year Returns**

	2013		2012		2011		2010		2009	
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %
GE Asset Management (S&P 500 Index)	34.5	32.4	16.8	16.0	-2.2	2.1	10.7	15.1	32.3	26.5
RBC Global Asset Management (1) (Barclays Capital intermediate Government)	-1.3	-1.2	1.8	1.7	7.1	6.2	8.4	5.0	8.3	0.9
Galliard Capital Management (3 yr. Constant Maturity Treasury + 45 bp)	2.2	1.0	2.8	0.8	3.4	1.2	4.1	1.5	4.7	1.9
Internal Stock Pool (S&P 500 Index)	32.2	32.4	16.0	16.0	2.2	2.1	15.1	15.1	26.3	26.5
Internal Bond Pool - Income Share (Barclays Capital Aggregate)	0.6	-2.0	6.2	4.2	5.3	7.8	7.0	6.5	12.9	5.9
Internal Bond Pool - Trust (Barclays Capital Aggregate)	0.0	-2.0	5.8	4.2	5.6	7.8	6.3	6.5	12.2	5.9

(1) Prior to July 2011, a blended benchmark consisting of 25% Merrill Lynch (ML) Mortgage Master, 25% ML 1-3 Yr. Gov't, 25% ML 5-10 Yr. Tsy/Ag, 15% ML 3-5 Yr. Tsy/Ag, and 10% ML 91 day T-Bill was utilized.

**GE ASSET MANAGEMENT INC. - Assigned Risk Plan**  
**Periods Ending March, 2014**

**Portfolio Manager: Dave Carlson**

**Assets Under Management: \$66,147,606**

**Investment Philosophy**  
**Assigned Risk Plan**

GE's Multi-Style Equity program attempts to outperform the S&P 500 consistently while controlling overall portfolio risk through a multiple manager approach. A value portfolio, a growth portfolio and a research portfolio are combined to create a well diversified equity portfolio while maintaining low relative volatility and a style-neutral position between growth and value. All GE managers focus on stock selection from a bottom-up perspective.

**Staff Comments**

Staff has no concerns at this time.

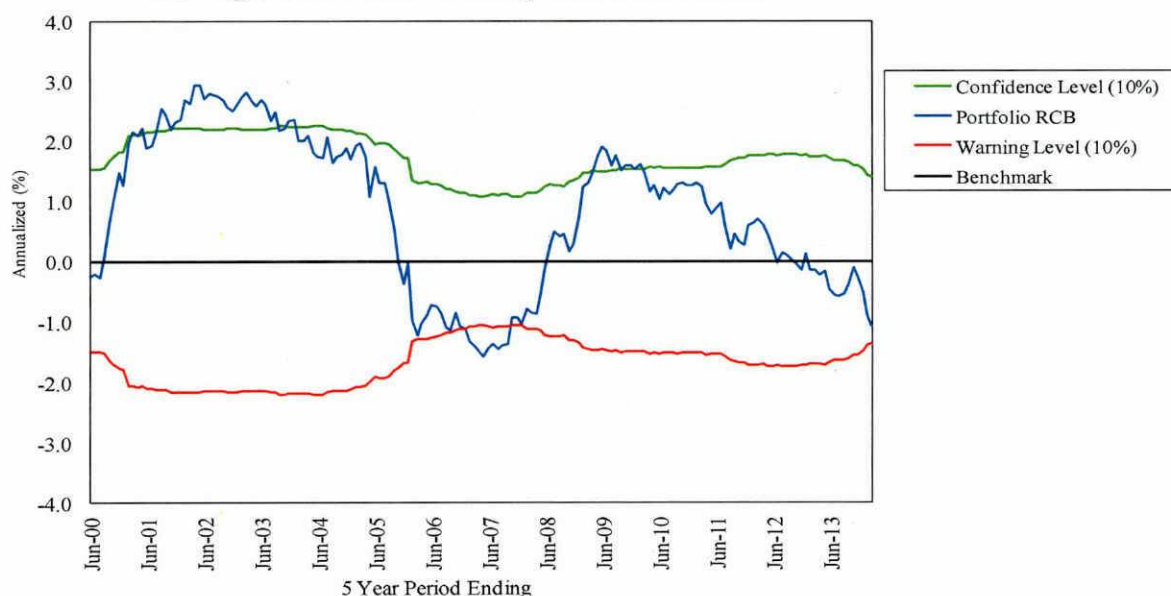
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.2%	1.8%
Last 1 year	23.9	21.9
Last 2 years	18.5	17.8
Last 3 years	14.0	14.7
Last 4 years	13.4	14.9
Last 5 years	19.8	21.2
Since Inception (1/95)	10.1	9.6

**Recommendation**

No action required.

**GE ASSET MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**



**RBC GLOBAL ASSET MANAGEMENT (U.S.) INC. - Assigned Risk Plan**  
**Periods Ending March, 2014**

**Portfolio Manager: Brian Svendahl**

**Assets Under Management: \$221,669,581**

**Investment Philosophy**  
**Assigned Risk Plan**

RBC uses a top-down approach to fixed income investing. Their objective is to obtain superior long-term investment returns over a pre-determined benchmark that reflects the quality constraints and risk tolerance of the Assigned Risk Plan. Due to the specific liability requirement of the plan, return enhancement will focus on sector analysis and security selection. Yield curve and duration analysis are secondary considerations.

**Staff Comments**

Staff has no concerns at this time.

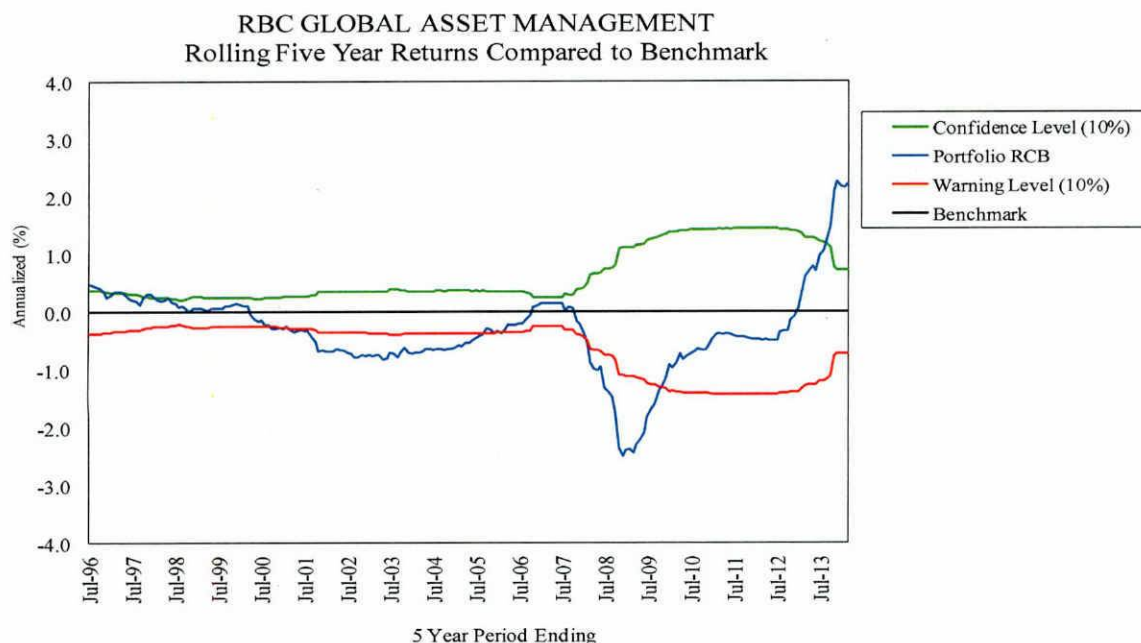
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	0.7%	0.6%
Last 1 year	-0.8	-0.8
Last 2 years	0.7	0.7
Last 3 years	2.3	2.3
Last 4 years	3.4	2.7
Last 5 years	4.8	2.5
Since Inception (7/91)	5.5	5.7

**Recommendation**

No action required.

\* From 4/1/02-6/30/11, blended benchmark consisted of 25% Merrill Lynch (ML) Mortgage Master, 25% ML 1-3 Yr. Gov't, 25% ML 5-10 Yr. Tsy/Ag, 15% ML 3-5 Yr. Tsy/Ag, 10% ML 91 day T-Bill. Effective 7/1/11, Barclays Capital Intermediate Government Index.



# GALLIARD CAPITAL MANAGEMENT, INC.

Periods Ending March, 2014

Portfolio Manager: Karl Tourville

Assets Under Management: \$1,560,556,091

## Investment Philosophy

Galliard Capital Management manages the Fixed Interest Account in the Supplemental Investment Fund. The stable value fund is managed to protect principal and provide competitive interest rates using instruments somewhat longer than typically found in money market-type accounts. The manager invests cash flows to optimize yields. The manager invests in high quality fixed income securities and investment contracts with U.S. and non-U.S. financial institutions. To maintain necessary liquidity, the manager invests a portion of the portfolio in its Stable Return Fund and in cash equivalents. The Stable Return Fund is a large, daily priced fund consisting of a wide range of stable value instruments that is available to retirement plans of all sizes.

## Staff Comments

Staff has no concerns at this time.

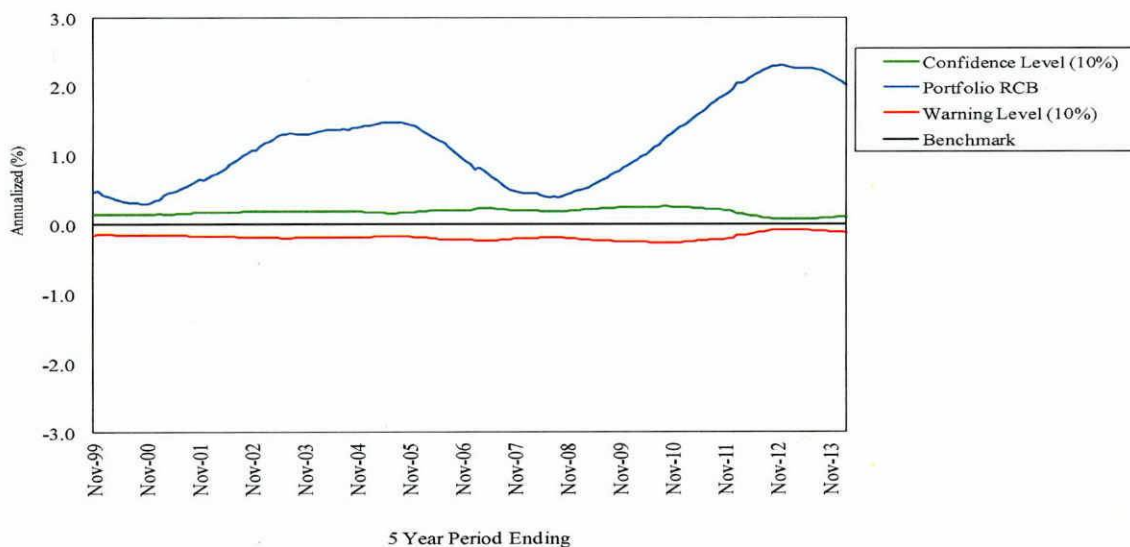
## Quantitative Evaluation

	Actual	Benchmark
Last Quarter	0.4%	0.3%
Last 1 year	2.0	1.1
Last 2 years	2.4	0.9
Last 3 years	2.7	1.0
Last 4 years	3.0	1.1
Last 5 years	3.3	1.2
Since Inception (11/94)	5.0	3.8

## Recommendation

No action required.

GALLIARD CAPITAL MANAGEMENT  
Rolling Five Year Returns Compared to Benchmark





**INTERNAL STOCK POOL - Trust/Non-Retirement Assets**  
**Periods Ending March, 2014**

**Portfolio Manager: Mike Menssen**

**Assets Under Management: \$1,538,271,602**

**Investment Philosophy**  
**Environmental Trust Fund**  
**Permanent School Fund**

**Staff Comments**

The Internal Equity Pool is managed to closely track the S&P 500 Index. The strategy replicates the S&P 500 by owning all of the names in the index at weightings similar to those of the index. The optimization model's estimate of tracking error with this strategy is approximately 10 basis points per year.

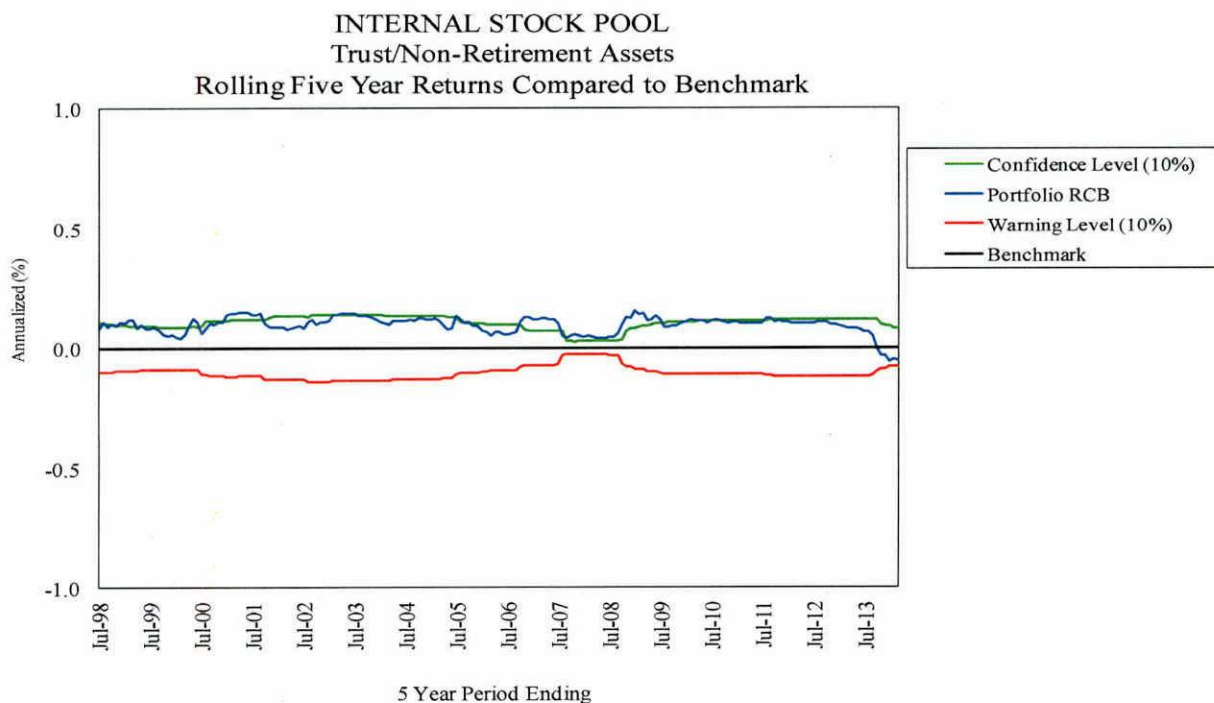
Staff has no concerns at this time.

**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.8%	1.8%
Last 1 year	21.7	21.9
Last 2 years	17.7	17.8
Last 3 years	14.6	14.7
Last 4 years	14.9	14.9
Last 5 years	21.1	21.2
Since Inception (7/93)	9.3	9.2

No action required.



**INTERNAL BOND POOL - Income Share Account**  
**Periods Ending March, 2014**

**Portfolio Manager: Mike Menssen**

**Assets Under Management: \$117,223,723**

**Investment Philosophy**  
**Income Share Account**

The investment approach emphasizes sector and security selection. The approach utilizes sector trading and relative spread analysis of both sectors and individual issues. The portfolio weightings in mortgage and corporate securities are consistently equal to or greater than the market weightings. The portfolio duration remains close to the benchmark duration but may be shortened or lengthened depending on changes in the economic outlook.

**Staff Comments**

Staff has no concerns at this time.

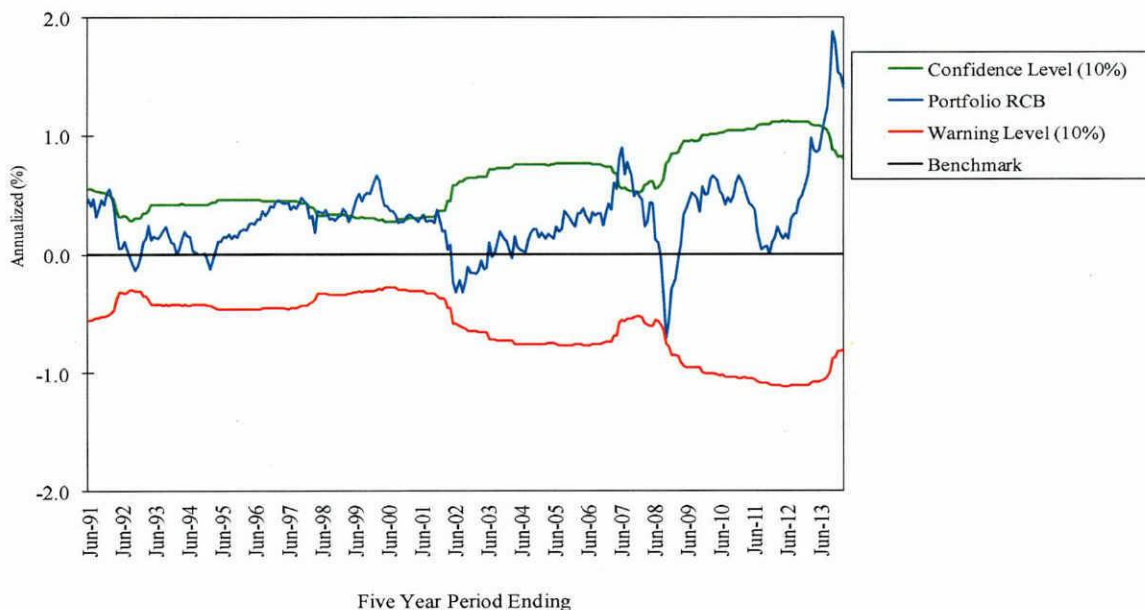
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.0%	1.8%
Last 1 year	1.5	-0.1
Last 2 years	3.5	1.8
Last 3 years	4.4	3.7
Last 4 years	4.7	4.1
Last 5 years	6.3	4.8
Since Inception (7/86)	7.3	6.8

**Recommendation**

No action required.

**INTERNAL BOND POOL - INCOME SHARE ACCOUNT**  
**Rolling Five Year Returns Compared to Benchmark**



**INTERNAL BOND POOL - Trust/Non-Retirement Assets**  
**Periods Ending March, 2014**

**Portfolio Manager: Mike Menssen**

**Assets Under Management: \$849,457,645**

**Investment Philosophy**  
**Environmental Trust Fund**  
**Permanent School Trust Fund**

**Staff Comments**

The internal bond portfolio's investment approach emphasizes sector and security selection. The approach utilizes sector trading and relative spread analysis of both sectors and individual issues. The portfolio weightings in mortgage and corporate securities are consistently equal to or greater than the market weightings. The portfolio duration remains close to the benchmark duration but may be shortened or lengthened depending on changes in the economic outlook.

Staff has no concerns at this time.

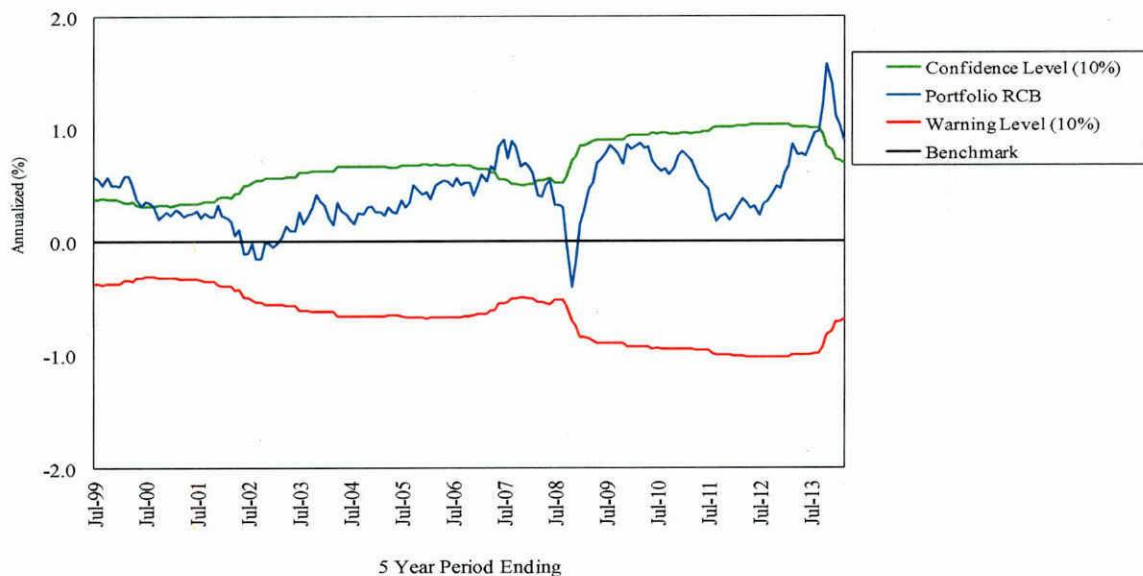
**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Benchmark</b>	
Last Quarter	1.9%	1.8%	No action required.
Last 1 year	1.3	-0.1	
Last 2 years	3.1	1.8	
Last 3 years	4.2	3.7	
Last 4 years	4.4	4.1	
Last 5 years	5.7	4.8	
Since Inception (7/94)*	6.7	6.1	

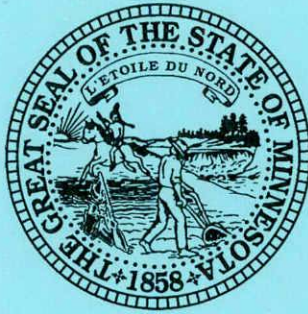
\* Date started managing the pool against the Barclays Capital Aggregate.

**INTERNAL BOND POOL - TRUST/NON-RETIREMENT ASSETS**  
**Rolling Five Year Returns Compared to Benchmark**



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# STATE BOARD OF INVESTMENT

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## Deferred Compensation Plan Evaluation Reports

First Quarter, 2014



## **Deferred Compensation Plan**

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**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**FUND OPTIONS (1)**  
**Periods Ending March, 2014**

	Quarter		1 Year		3 Years		5 Years		Since (2) Retention by SBI		State's Participation In Fund (\$ millions)
457 Mutual Funds	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	%	%	
<b>Large Cap Equity:</b>											
Janus Twenty (S&P 500)	-1.5	1.8	24.8	21.9	13.4	14.7	17.6	21.2	3.8	4.1	\$515.9
Vanguard Institutional Index Plus (S&P 500)	1.8	1.8	21.9	21.9	14.7	14.7	21.2	21.2	4.1	4.1	\$880.1
<b>Mid Cap Equity:</b>											
Vanguard Mid-Cap Index (CRSP US Mid-Cap) (3)	3.3	3.3	23.7	23.7	13.6	13.7	25.1	25.2	10.2	10.2	\$370.4
<b>Small Cap Equity:</b>											
T. Rowe Price Small-Cap Stock (Russell 2000)	2.1	1.1	24.9	24.9	14.9	13.2	27.4	24.3	10.8	8.0	\$619.3
<b>Balanced:</b>											
Vanguard Balanced Index Inst. Fund (60% CRSP US Total Market, 40% Barclays Capital Agg) (4)	2.0	2.0	13.0	13.2	10.5	10.4	15.2	15.2	7.3	7.2	\$621.9
<b>Bond:</b>											
Dodge & Cox Income Fund (Barclays Capital Aggregate)	2.3	1.8	2.4	-0.1	4.7	3.7	7.6	4.8	6.2	5.6	\$189.8
Vanguard Total Bond Market Index Inst. (Barclays Capital Aggregate)	1.9	1.8	-0.2	-0.1	3.7	3.7	4.7	4.8	4.7	4.7	\$164.6
<b>International:</b>											
Fidelity Diversified International (MSCI EAFE-Free)	-0.8	0.7	18.9	17.6	7.4	7.2	15.9	16.0	7.3	4.4	\$286.5
Vanguard Total International Stock Index (FTSE Global All Cap ex US) (5)	0.8	1.0	12.8	13.0	4.5	4.4	15.4	15.5	4.6	4.7	\$146.4

Numbers in blue include returns prior to retention by SBI.

Benchmarks for the Funds are noted in parentheses below the Fund names.

- (1) Money Market Account and Fixed Interest Accounts are also offered in the Supplemental Investment Fund, which is described within Tab A. Performance for these accounts is reported under the Deferred Compensation Plan accounts within Tab A.
- (2) Vanguard Total International retained July 2011; Vanguard Mid-Cap Index Fund retained January 2004; Vanguard Balanced, Vanguard Total Bond Mkt. retained December 2003; all others, July 1999.
- (3) Benchmark is the CRSP US Mid-Cap Index beginning February 2013. Prior to that date it was the MSCI US Mid-Cap 450 Index.
- (4) Benchmark is 60% CRSP US Total Market Index and 40% Barclays Capital US Aggregate Bond Index beginning January 2013. Prior to that date it was 60% MSCI US Broad Market Index and 40% Barclays Capital US Aggregate Bond Index.
- (5) Benchmark is the FTSE Global All Cap ex US Index beginning June 2013; MSCI ACWI ex US IMI beginning December 2010; MSCI EAFE and Emerging Markets Index beginning August 2006. Prior to that date it was the total International Composite Index, which is the MSCI EAFE Index and the Select Emerging Markets Free Index.



**MN STATE 457 DEFERRED COMPENSATION PLAN  
FUND OPTIONS  
Periods Ending March, 2014**

SSgA Target Retirement Funds	Quarter		1 Year		3 Years		5 Years		Since Retention by the SBI*		State Participation in Fund (\$ millions)
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	
	%	%	%	%	%	%	%	%	%	%	
Income Fund	1.8	1.8	4.3	4.4	6.1	6.3	9.6	9.9	6.1	6.3	\$26.2
2015 Fund	2.0	2.0	4.7	4.8	7.5	7.6	11.9	11.9	7.6	7.7	\$30.5
2020 Fund	2.5	2.6	7.6	7.7	9.2	9.3	14.4	14.4	9.6	9.7	\$46.2
2025 Fund	2.4	2.5	10.6	10.7	10.4	10.5	16.1	16.1	11.0	11.1	\$35.2
2030 Fund	2.4	2.4	12.5	12.6	10.9	11.0	17.2	17.2	11.7	11.8	\$19.6
2035 Fund	2.3	2.3	14.0	14.0	11.2	11.3	18.1	18.1	12.0	12.2	\$14.7
2040 Fund	2.3	2.3	15.0	15.1	11.0	11.1	18.6	18.7	11.9	12.0	\$9.7
2045 Fund	2.3	2.3	16.0	16.1	11.0	11.1	18.9	18.9	12.0	12.1	\$6.3
2050 Fund	2.3	2.3	16.2	16.2	11.1	11.1	18.8	19.0	12.0	12.1	\$3.7
2055 Fund	2.3	2.3	16.2	16.2	11.1	11.1	18.9	19.0	12.0	12.1	\$1.9
2060 Fund	2.3	2.3	16.2	16.2					12.0	12.1	\$2.3

Note: Each Fund benchmark is the aggregate of the returns of the Fund's underlying index funds weighted by the Fund's asset allocation.  
The underlying index funds are listed below.

SSgA Index Funds	Quarter		1 Year		3 Years		5 Years			
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk		
	%	%	%	%	%	%	%	%		
S&P 500 Index Fund (S&P 500)	1.8	1.8	21.9	21.9	14.7	14.7	21.2	21.2	16.1	16.0
DJ-UBS Roll Select Commodity Index Fund (DJ-UBS Roll Select Commodity Index)	6.2	6.3	-2.3	-2.0					0.1	0.4
Russell Small/Mid Cap Index Fund (Russell Small Cap Completeness Index)	2.4	2.5	25.5	25.7					28.2	28.1
Global All Cap Equity ex US Index Fund (MSCI ACWI ex U.S. IMI)	0.9	0.9	13.3	12.8	4.7	4.3			4.9	4.6
Global Real Estate Securities Index Fund (FTSE EPRA/NAREIT Dev Liquid)	3.9	3.7	1.8	1.1	8.2	7.4			7.8	7.0
Long Government Bond Index Fund (Barclays Capital Long Government)	7.0	7.0	-4.2	-4.2	8.1	8.2	4.9	5.0	7.7	7.7
Bond Index Fund (Barclays Capital Aggregate)	1.9	1.8	-0.1	-0.1	3.7	3.7	4.9	4.8	3.2	3.2
Inflation Protection Bond Index Fund (Barclays Capital U.S. TIPS)	1.9	1.9	-6.5	-6.5	3.5	3.5	4.8	4.9	2.4	2.5
High Yield Bond Index Fund (Barclays Capital U.S. High Yield Very Liquid)	3.1	3.1	7.3	7.3	8.7	8.9			9.2	9.5
U.S. Short-Term Govt/Credit Index Fund (Barclays Capital 1-3 Yr Govt/Credit)	0.2	0.2	0.6	0.7	2.0	1.2			1.9	1.0

Numbers in blue include returns prior to retention by SBI.

Benchmarks for the Funds are noted in parenthesis below the Fund names.

\*Target Retirement Funds inception date is July 2011.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**FUND OPTIONS (1)**  
**Calendar Year Returns**

	2013		2012		2011		2010		2009	
<b>457 Mutual Funds</b>	<b>Actual</b>	<b>Bmk</b>	<b>Actual</b>	<b>Bmk</b>	<b>Actual</b>	<b>Bmk</b>	<b>Actual</b>	<b>Bmk</b>	<b>Actual</b>	<b>Bmk</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Large Cap Equity:</b>										
Janus Twenty (S&P 500)	33.1	32.4	22.3	16.0	-8.2	2.1	7.0	15.1	43.3	26.5
Vanguard Institutional Index Plus (S&P 500)	32.4	32.4	16.0	16.0	2.1	2.1	15.1	15.1	26.7	26.5
<b>Mid Cap Equity:</b>										
Vanguard Mid-Cap Index (CRSP US Mid-Cap) (2)	35.2	35.4	16.0	16.0	-2.0	-1.9	25.7	25.7	40.5	40.5
<b>Small Cap Equity:</b>										
T. Rowe Price Small-Cap Stock (Russell 2000)	37.7	38.8	18.0	16.3	-0.1	-4.2	32.5	26.9	38.5	27.2
<b>Balanced:</b>										
Vanguard Balanced Index Inst. Fund (60% CRSP US Total Market, 40% Barclays Capital Agg) (3)	18.1	18.2	11.5	11.6	4.3	4.1	13.3	13.5	20.2	19.7
<b>Bond:</b>										
Dodge & Cox Income Fund (Barclays Capital Aggregate)	0.6	-2.0	8.0	4.2	4.8	7.8	7.2	6.5	16.1	5.9
Vanguard Total Bond Market Index Inst. (Barclays Capital Aggregate)	-2.1	-2.0	4.2	4.2	7.7	7.8	6.6	6.5	6.1	5.9
<b>International:</b>										
Fidelity Diversified International (MSCI EAFE-Free)	25.2	22.8	19.4	17.3	-13.8	-12.1	9.7	7.7	31.8	31.8
Vanguard Total International Stock Index (FTSE Global All Cap ex US) (4)	15.2	15.9	18.3	17.0	-14.6	-14.3	11.1	10.7	36.7	40.4

Numbers in blue include returns prior to retention by SBI.

Benchmarks for the Funds are noted in parentheses below the Fund names.

- (1) Money Market Account and Fixed Interest Accounts are also offered in the Supplemental Investment Fund, which is described within Tab A. Performance for these accounts are reported under the Deferred Compensation Plan accounts within Tab A.
- (2) Benchmark is the CRSP US Mid-Cap Index beginning February 2013. Prior to that date it was the MSCI US Mid-Cap 450 Index.
- (3) Benchmark is 60% CRSP US Total Market Index and 40% Barclays Capital US Aggregate Bond Index beginning January 2013. Prior to that date it was 60% MSCI US Broad Market Index and 40% Barclays Capital US Aggregate Bond Index.
- (4) Benchmark is the FTSE Global All Cap ex US Index beginning June 2013; MSCI ACWI ex US IMI beginning December 2010; MSCI EAFE and Emerging Markets Index beginning August 2006. Prior to that date it was the total International Composite Index, which is the MSCI EAFE Index and the Select Emerging Markets Free Index.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**FUND OPTIONS**  
**Calendar Year Returns**

SSgA Target Retirement Funds	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
Income Fund	5.1	5.3	9.7	9.8	4.6	4.8	9.6	10.1	14.8	15.0
2015 Fund	5.6	5.8	11.0	11.0	6.9	7.1	12.1	12.5	15.3	14.4
2020 Fund	8.8	9.1	12.5	12.5	7.3	7.4	13.6	13.9	18.3	17.5
2025 Fund	13.2	13.5	13.7	13.7	5.9	6.0	14.6	14.7	20.3	19.6
2030 Fund	16.0	16.3	14.3	14.1	4.9	5.0	15.1	15.3	21.9	21.4
2035 Fund	18.1	18.5	14.9	14.7	3.5	3.6	15.7	15.8	24.3	23.9
2040 Fund	19.7	20.0	15.5	15.3	1.5	1.6	15.9	16.1	26.7	26.5
2045 Fund	21.3	21.6	16.0	15.8	0.0	0.1	16.2	16.2	27.2	27.0
2050 Fund	21.4	21.7	15.9	15.8	0.1	0.1	16.1	16.2	27.2	27.0
2055 Fund	21.4	21.7	15.9	15.8	0.1	0.1	16.1	16.2	27.2	27.0
2060 Fund	21.4	21.7	16.0	15.8						

Note: Each Fund benchmark is the aggregate of the returns of the Fund's underlying index funds weighted by the Fund's asset allocation.  
The underlying index funds are listed below.

SSgA Index Funds	2013		2012		2011		2010		2009	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
S&P 500 Index Fund (S&P 500)	32.4	32.4	16.0	16.0	2.1	2.1	15.1	15.1	26.7	26.5
DJ-UBS Roll Sheet Commodity Index Fund (DJ-UBS Roll Select Commodity Index)	-9.3	-9.1								
Russell Small/Mid Cap Index Fund (Russell Small Cap Completeness Index)	38.4	38.5								
Global All Cap Equity ex U.S. Index Fund (MSCI ACWI ex U.S. IMI)	15.4	15.8	18.2	17.0						
Global Real Estate Securities Index Fund (FTSE EPRA/NAREIT Dev Liquid)	2.7	2.5	28.9	27.5	-5.4	-5.8	19.1	18.4		
Long Government Bond Index Fund (Barclays Capital Long Government)	-12.5	-12.5	3.8	3.8	29.2	29.1	9.5	9.4	-12.2	-12.2
Bond Index Fund (Barclays Capital Aggregate)	-2.1	-2.0	4.2	4.2	7.8	7.8	6.6	6.5	6.4	5.9
Inflation Protection Bond Index Fund (Barclays Capital U.S. TIPS)	-8.6	-8.6	6.9	7.0	13.5	13.6	6.2	6.3	11.3	11.4
High Yield Bond Index Fund (Barclays Capital U.S. High Yield Very Liquid)	6.6	6.6	14.8	15.4	5.7	6.1	12.5	15.1		
U.S. Short-Term Govt/Credit Bond Index Fund (Barclays Capital 1-3 Yr Govt/Credit)	0.6	0.6	3.9	1.3	1.5	1.6	2.4	2.8		

Numbers in blue include returns prior to retention by SBI.

Benchmarks for the Funds are noted in parenthesis below the Fund names.



**MN STATE 457 DEFERRED COMPENSATION PLAN  
LARGE CAP EQUITY – JANUS TWENTY  
Periods Ending March, 2014**

**Portfolio Manager: Marc Pinto**

**State's Participation in Fund: \$515,911,505  
Total Assets in Fund: \$9,489,450,067**

**Investment Philosophy  
Janus Twenty**

The investment objective of this fund is long-term growth of capital from increases in the market value of the stocks it owns. The fund will concentrate its investments in a core position of between twenty to thirty common stocks. This non-diversified fund seeks to invest in companies that the portfolio manager believes have strong current financial positions and offer growth potential.

**Staff Comments**

Staff continues to monitor the change in portfolio manager from 2013.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	-1.5%	1.8%
Last 1 year	24.8	21.9
Last 2 years	15.6	17.8
Last 3 years	13.4	14.7
Last 4 years	11.0	14.9
Last 5 years	17.6	21.2
Since Retention by SBI (7/99)	3.8	4.1

**Recommendation**

No action required.

\*Benchmark is the S&P 500.

**LARGE CAP EQUITY - JANUS TWENTY  
Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending

Note: Area to the left of the vertical line includes performance prior to retention by the SBI.



**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**EQUITY INDEX – VANGUARD INSTITUTIONAL INDEX PLUS**  
 Periods Ending March, 2014

**Portfolio Manager: Mike Buek**

**State's Participation in Fund: \$880,140,411**  
**Total Assets in Fund: \$76,510,000,000**

**Investment Philosophy**  
**Vanguard Institutional Index**

This fund attempts to provide investment results, before fund expenses, that parallel the performance of the Standard & Poor's 500 Index. The fund invests in all 500 stocks listed in the S&P 500 index in approximately the same proportions as they are represented in the index. The managers have tracked the S&P 500's performance with a high degree of accuracy. The fund may use futures and options for temporary purposes, but generally remains fully invested in common stock.

**Staff Comments**

No tracking issues.

**Quantitative Evaluation**

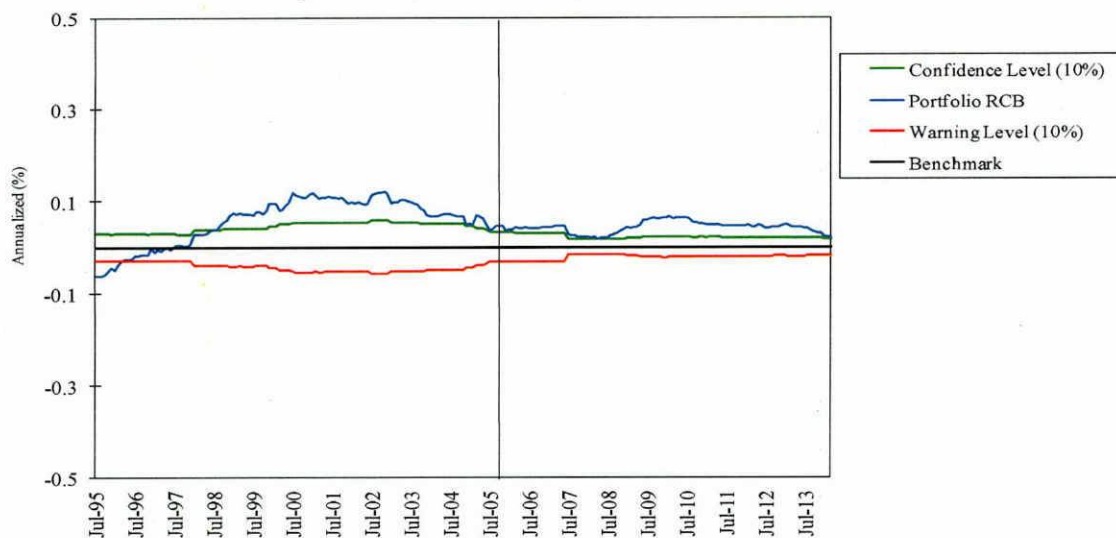
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	1.8%	1.8%
Last 1 year	21.9	21.9
Last 2 years	17.8	17.8
Last 3 years	14.7	14.7
Last 4 years	14.9	14.9
Last 5 years	21.2	21.2
Since Retention by SBI (7/99)	4.1	4.1

**Recommendation**

No action required.

\*Benchmark is the S&P 500.

**EQUITY INDEX - VANGUARD INSTITUTIONAL INDEX PLUS**  
 Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending

Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**MID CAP EQUITY – VANGUARD MID-CAP INDEX**  
**Periods Ending March, 2014**

**Portfolio Manager: Donald Butler**

**State's Participation in Fund: \$370,358,718**  
**Total Assets in Fund: \$9,814,000,000**

**Investment Philosophy**  
**Vanguard Mid-Cap Index**

The fund employs a "passive management"- or indexing-investment approach designed to track the performance of the MSCI US Mid Cap 450 Index, a broadly diversified index of stocks of medium-size U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.

**Staff Comments**

No tracking issues.

**Quantitative Evaluation**

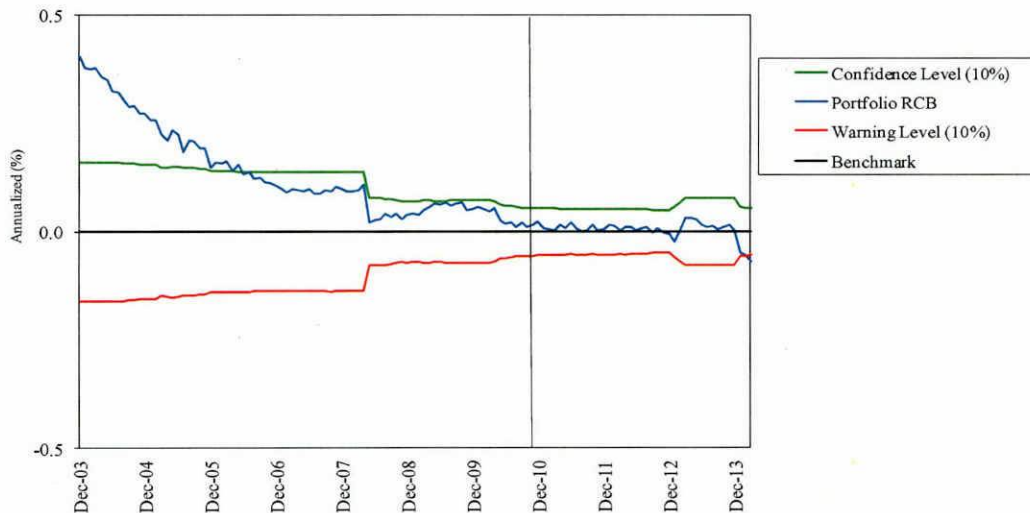
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	3.3%	3.3%
Last 1 year	23.7	23.7
Last 2 years	19.5	19.6
Last 3 years	13.6	13.7
Last 4 years	16.4	16.5
Last 5 years	25.1	25.2
Since Retention by SBI (1/04)	10.2	10.2

**Recommendation**

No action required.

\*Benchmark is the CRSP US Mid-Cap Index.

**MID CAP EQUITY - VANGUARD MID-CAP INDEX**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**SMALL CAP EQUITY – T. ROWE PRICE SMALL CAP STOCK FUND**  
**Periods Ending March, 2014**

**Portfolio Manager:** Gregory A. McCrickard

**State's Participation in Fund:** \$619,319,776  
**Total Assets in Fund:** \$10,456,247,106

**Investment Philosophy**  
**T. Rowe Price Small Cap Equity Fund**

**Staff Comments**

The strategy of this fund is to invest primarily in stocks of small to medium-sized companies that are believed to offer either superior earnings growth or appear undervalued. The fund normally invests at least 80% of assets in equities of small companies in the Russell 2000 or S&P Small-Cap 600. The manager does not favor making big bets on any particular sector or any particular stock. The fund's combination of growth and value stocks offers investors relatively more stable performance compared to other small cap stock funds.

Staff has no concerns at this time.

**Quantitative Evaluation**

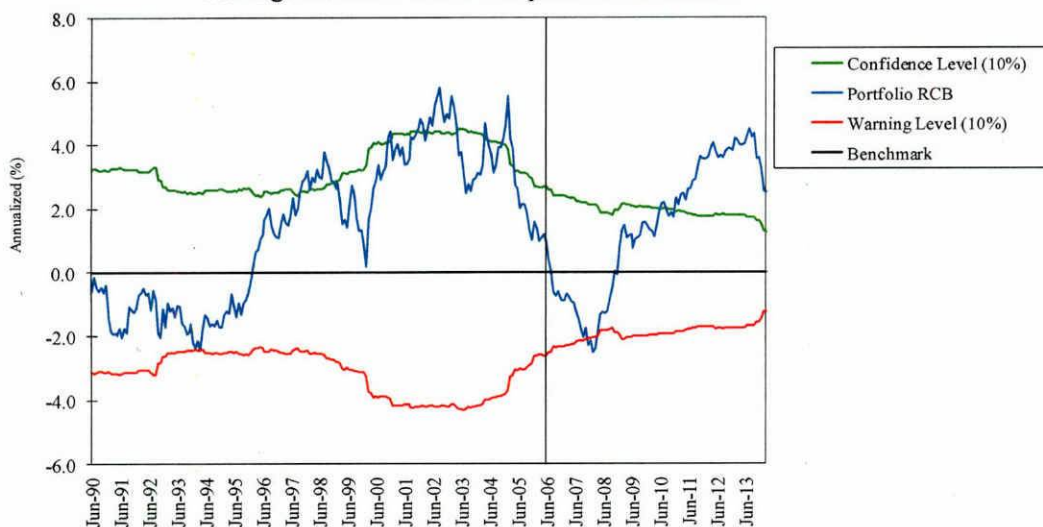
**Recommendation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	2.1%	1.1%
Last 1 year	24.9	24.9
Last 2 years	20.9	20.5
Last 3 years	14.9	13.2
Last 4 years	19.0	16.2
Last 5 years	27.4	24.3
Since Retention by SBI (7/99)	10.8	8.0

No action required.

\*Benchmark is the Russell 2000.

**SMALL CAP EQUITY - T. ROWE PRICE SMALL CAP STOCK FUND**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending

Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**BALANCED – VANGUARD BALANCED INDEX INSTITUTIONAL FUND**  
**Periods Ending March, 2014**

**Portfolio Manager: Michael Perre**

**State's Participation in Fund: \$621,900,125**  
**Total Assets in Fund: \$6,684,000,000**

**Investment Philosophy**  
**Vanguard Balanced Index Fund**

**Staff Comments**

The fund's assets are divided between stocks and bonds, with an average of 60% of its assets in stocks and 40% in bonds. The fund's stock segment attempts to track the performance of the MSCI US Broad Market Index, an unmanaged index representing the overall U.S. equity market. The fund's bond segment attempts to track the performance of the Barclays Capital Aggregate Bond Index, an unmanaged index that covers virtually all taxable fixed-income securities.

No tracking issues.

**Quantitative Evaluation**

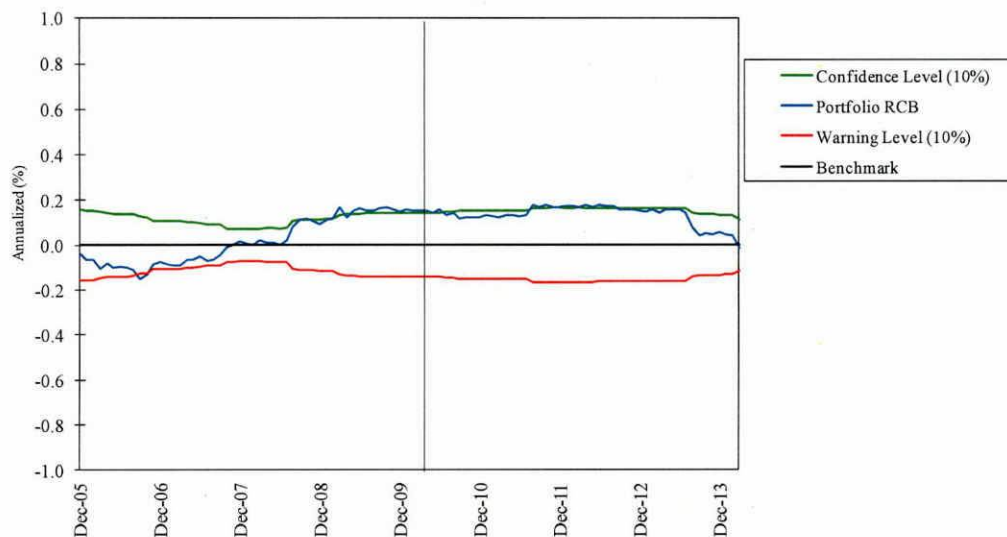
**Recommendation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	2.0%	2.0%
Last 1 year	13.0	13.2
Last 2 years	11.7	11.7
Last 3 years	10.5	10.4
Last 4 years	11.1	11.1
Last 5 years	15.2	15.2
Since Retention by SBI (12/03)	7.3	7.2

No action required.

\*Benchmark is 60% CRSP US Total Market Index and 40% Barclays Capital US Aggregate Bond Index.

**BALANCED - VANGUARD BALANCED INDEX**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending  
 Note: Area to the left of the vertical line includes performance prior to retention by the SBI.



**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**BOND – DODGE & COX INCOME FUND**  
**Periods Ending March, 2014**

**Portfolio Manager:** Dana Emery

**State's Participation in Fund:** \$189,775,201  
**Total Assets in Fund:** \$25,708,847,935

**Investment Philosophy**  
**Dodge & Cox Income Fund**

The objective of this fund is a high and stable rate of current income with capital appreciation being a secondary consideration. This portfolio is invested primarily in intermediate term, investment-grade quality corporate and mortgage bonds and, to a lesser extent, government issues. While the fund invests primarily in the U.S. bond market, it may invest a small portion of assets in dollar-denominated foreign securities. The duration of the portfolio is kept near that of the bond market as a whole.

**Staff Comments**

Dodge & Cox completed a company management change during the second quarter of 2013. Dana Emery assumed the role of Chief Executive Officer and President and will continue in her role as Director of Fixed Income. The organizational change should not affect the SBI portfolio. Staff met with Dodge & Cox during the quarter. Staff has no concerns at this time.

**Quantitative Evaluation**

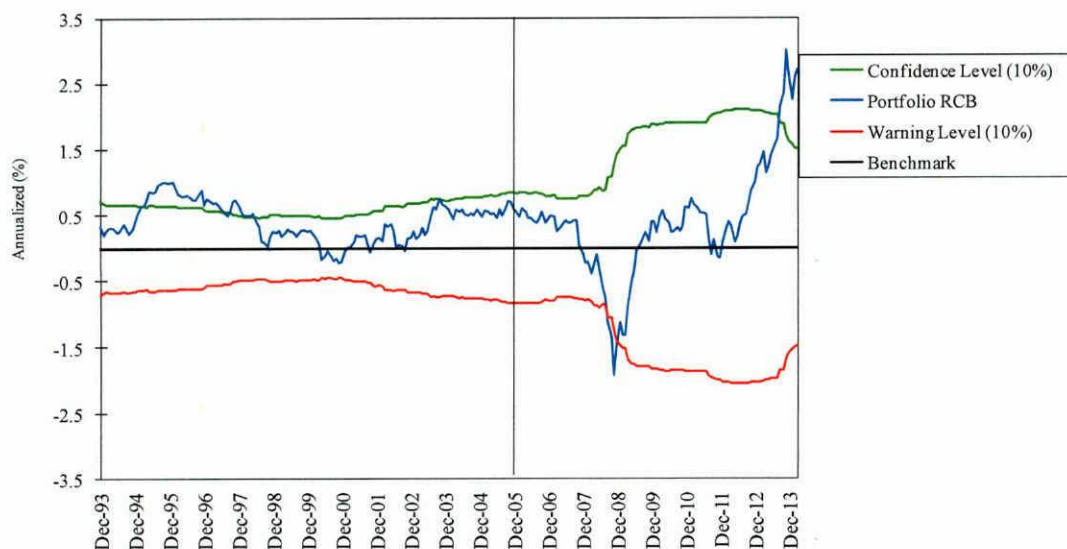
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	2.3%	1.8%
Last 1 year	2.4	-0.1
Last 2 years	3.9	1.8
Last 3 years	4.7	3.7
Last 4 years	5.1	4.1
Last 5 years	7.6	4.8
Since Retention By SBI (7/99)	6.2	5.6

**Recommendation**

No action required.

\*Benchmark is the Barclays Capital Aggregate.

**BOND - DODGE & COX INCOME FUND**  
**Rolling Five Year Returns Compared to Benchmark**



Five Year Period Ending

Note: Area to the left of the vertical line includes performance prior to retention by the SBI.

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**BOND – VANGUARD TOTAL BOND MARKET INDEX INSTITUTIONAL**  
**Periods Ending March, 2014**

<b>Portfolio Manager: Kenneth Volpert</b>	<b>State's Participation in Fund: \$164,620,105</b> <b>Total Assets in Fund: \$20,864,000,000</b>
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**Investment Philosophy**  
**Vanguard Total Bond Market Index**  
**Institutional**

**Staff Comments**

The fund attempts to track the performance of the Barclays Capital Aggregate Bond Index, which is a widely recognized measure of the entire taxable U.S. bond market. The index consists of more than 7,800 U.S. Treasury, federal agency, mortgage-backed, and investment-grade corporate securities. Because it is not practical or cost-effective to own every security in the index, the fund invests in a large sampling that matches key characteristics of the index (such as market-sector weightings, coupon interest rates, credit quality, and maturity). To boost returns, the fund holds a higher percentage than the index in short-term, investment-grade corporate bonds and a lower percentage in short-term Treasury securities.

No tracking issues.

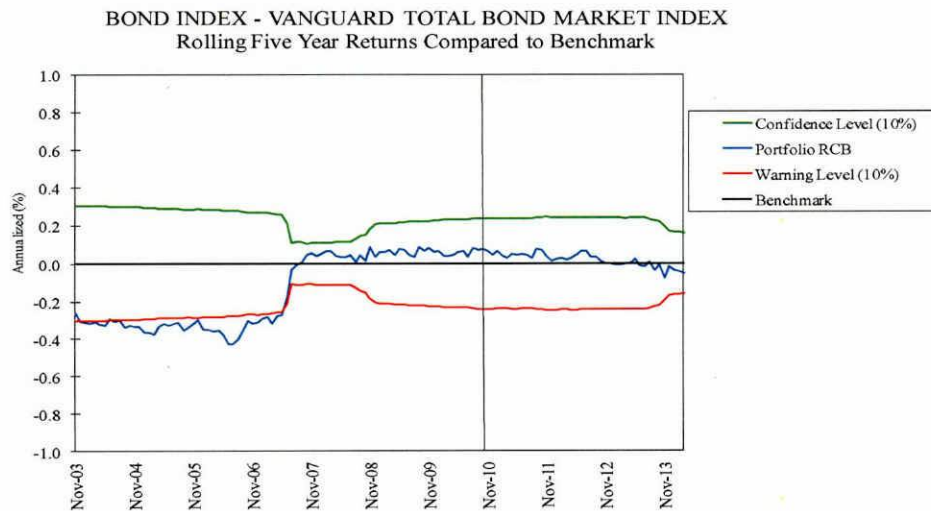
**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	1.9%	1.8%
Last 1 year	-0.2	-0.1
Last 2 years	1.8	1.8
Last 3 years	3.7	3.7
Last 4 years	4.1	4.1
Last 5 years	4.7	4.8
Since Retention by SBI (12/03)	4.7	4.7

No action required.

\*Benchmark is the Barclays Capital Aggregate.



**MN STATE 457 DEFERRED COMPENSATION PLAN  
INTERNATIONAL – FIDELITY DIVERSIFIED INTERNATIONAL  
Periods Ending March, 2014**

**Portfolio Manager: William Bower**

**State's Participation in Fund: \$286,510,362  
Total Assets in Fund: \$15,019,340,000**

**Investment Philosophy  
Fidelity Diversified International**

The goal of this fund is capital appreciation by investing in securities of companies located outside of the United States. While the fund invests primarily in stocks, it may also invest in bonds. Most investments are made in companies that have a market capitalization of \$100 million or more and which are located in developed countries. To select the securities, the manager uses fundamental analysis of companies supplemented by relevant economic and regulatory factors and computer-aided quantitative analysis. The manager rarely invests in currency to protect the account from exchange fluctuations.

**Staff Comments**

Staff has no concerns at this time.

**Quantitative Evaluation**

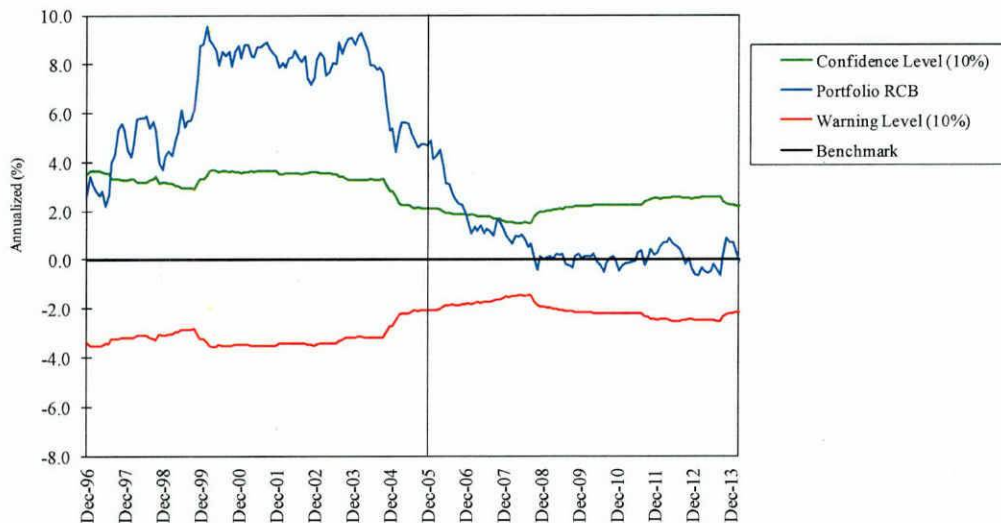
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	-0.8%	0.7%
Last 1 year	18.9	17.6
Last 2 years	14.7	14.4
Last 3 years	7.4	7.2
Last 4 years	8.6	8.0
Last 5 years	15.9	16.0
Since Retention By SBI (7/99)	7.3	4.4

**Recommendation**

No action required.

\*Benchmark is the MSCI EAFE-Free.

INTERNATIONAL - FIDELITY DIVERSIFIED INTERNATIONAL  
Rolling Five Year Returns Compared to Benchmark



Five Year Period Ending  
Note: Area to the left of the vertical line includes performance prior to retention by the SBI.



**MN STATE 457 DEFERRED COMPENSATION PLAN  
INTERNATIONAL – VANGUARD TOTAL INTERNATIONAL STOCK INDEX  
Periods Ending March, 2014**

**Portfolio Manager: Michael Perre**

**State's Participation in Fund: \$146,366,782  
Total Assets in Fund: \$28,248,000,000**

**Investment Philosophy  
Vanguard Total International Stock Index**

The fund seeks to track the performance of the FTSE Global All Cap ex US Index, an index designed to measure equity market performance in developed and emerging markets, excluding the United States. The fund assets are invested in the small, mid, and large cap common stocks included in the target index. The fund assets are allocated based on each region's weighting in the index.

**Staff Comments**

Tracking error due to fair value pricing.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	0.8%	1.0%
Last 1 year	12.8	13.0
Last 2 years	10.7	10.8
Last 3 years	4.5	4.4
Last 4 years	6.5	6.4
Last 5 years	15.4	15.5
Since Retention by SBI (7/11)	4.6	4.7

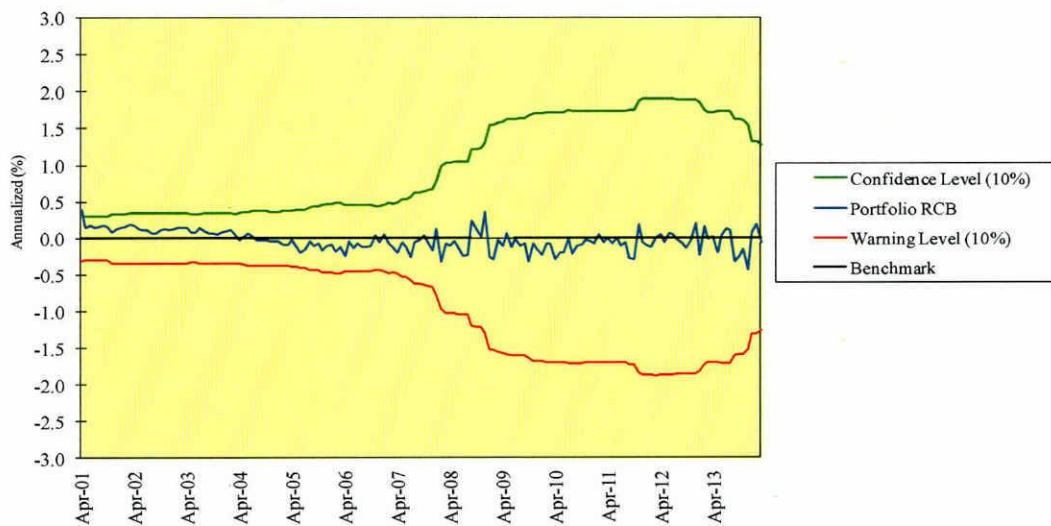
**Recommendation**

No action required.

Numbers in blue include returns prior to retention by SBI.

\* Benchmark is the FTSE Global All Cap ex US Index beginning June 2013; MSCI ACWI ex US IMI Index beginning December 2010; MSCI EAFE + Emerging Markets Index beginning August 2006. Prior to that date it was the Total International Composite Index, which is the MSCI EAFE Index and the Select Emerging Markets Free Index.

**INTERNATIONAL - VANGUARD TOTAL INTERNATIONAL INDEX  
Rolling Five Year Returns Compared to Benchmark**



Note: Shaded area includes performance prior to retention by SBI.



**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**TARGET RETIREMENT FUNDS – STATE STREET GLOBAL ADVISORS (SSgA)**  
**Periods Ending March, 2014**

<b>Portfolio Manager: Various Index Fund Managers</b>	<b>State's Participation in Fund: \$196,270,975</b> <b>Total Assets in Fund: \$2,324,815,931</b>
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**Investment Philosophy**  
**Target Retirement Funds**

The most important factor in determining the asset allocation mix is the time horizon of each fund. Funds with longer time horizons are assigned initial risk and return objectives which reflect the need to outpace inflation, the ability to take on more short-term volatility, and a reduced need for regular income. This results in larger starting equity allocations. Funds with shorter time horizons are assigned risk and return objectives that reflect a lower tolerance for volatility and an increased need for regular income, and therefore lower equity allocations.

The broad equity/fixed allocations are driven by the risk and return objectives for each fund. In determining the mix, the following factors are considered:

- The time horizon of each fund, which translates into a specific risk/return objective.
- SSgA current capital market assumptions and their impact on the forward looking risk/return of the portfolio.
- The need to differentiate the risk/return profiles for each portfolio so as to offer distinctly different options for plan participants.

**Staff Comments**

Staff has no concerns at this time.

**Recommendation**

No action required.

**Targeted Asset Allocations: Rebalanced Quarterly**

Fund	Total Equity	Total Fixed Income	US 1-3 Yr Gov't Credit	US TIPS	US Agg - Bonds	US High Yield Bonds	US Long-Term Gov't Bonds	Large US Stocks	Small/Mid Cap Stocks	Commodities	Non-US Stocks	Global REITs
2060	90.0	10.0	0.0	0.0	0.0	0.0	10.0	38.9	17.3	3.5	30.3	0.0
2055	90.0	10.0	0.0	0.0	0.0	0.0	10.0	38.9	17.3	3.5	30.3	0.0
2050	90.0	10.0	0.0	0.0	0.0	0.0	10.0	38.9	17.3	3.5	30.3	0.0
2045	88.8	11.2	0.0	0.0	1.2	0.0	10.0	38.8	16.7	3.5	29.8	0.0
2040	83.8	16.2	0.0	0.0	6.2	0.0	10.0	38.3	14.4	3.5	27.6	0.0
2035	78.1	21.9	0.0	0.2	11.0	0.7	10.0	37.3	12.1	3.5	25.2	0.0
2030	70.7	29.3	0.0	2.6	13.1	3.6	10.0	34.8	10.0	3.5	22.4	0.0
2025	61.8	38.2	0.0	4.8	17.5	5.9	10.0	30.3	7.3	3.5	18.6	2.1
2020	49.4	50.6	0.6	9.4	25.0	6.2	9.4	23.4	4.8	3.5	13.1	4.6
2015	36.9	63.1	16.2	18.0	20.0	7.0	1.9	17.1	3.1	3.5	8.2	5.0
Income	35.0	65.0	20.0	18.0	20.0	7.0	0.0	15.8	3.0	3.5	7.7	5.0

Note: Totals may not add due to rounding.

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# TAB E

## **INVESTMENT ADVISORY COUNCIL REPORT**

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DATE: May 22, 2014

TO: Members, State Board of Investment

**FROM: Members, Investment Advisory Council**

The Investment Advisory Council met on May 20, 2014 to review the following information and action agenda items:

- Review of current strategy.
- New investments with one existing resource manager (Merit Energy) and one existing private equity manager (Banc Funds).

**Board action is required on the last two items.**

### **INFORMATION ITEM:**

#### **1) Review of Current Strategy.**

To increase overall portfolio diversification, 20% of the Combined Funds is allocated to alternative investments. Alternative investments include real estate, private equity, resource, and yield-oriented investments in which Minnesota State Board of Investment (SBI) participation is limited to commingled funds or other pooled vehicles. Charts summarizing the Board's current commitments are attached (see **Attachments A and B**).

- a. The real estate investment strategy is to establish and maintain a broadly diversified real estate portfolio comprised of investments that provide overall diversification by property type and location. The main component of this portfolio consists of investments in diversified Real Estate Investment Trusts (REITs) and closed-end commingled funds. The remaining portion of the portfolio may include investments in less diversified, more focused (specialty) commingled funds and REITs.
- b. The private equity investment strategy, which includes leveraged buyouts and venture capital, is to establish and maintain a broadly diversified private equity portfolio comprised of investments that provide diversification by industry type, stage of corporate development and location.



- c. The strategy for resource investments is to establish and maintain a portfolio of resource investment vehicles that provide an inflation hedge and additional diversification. Resource investments will include oil and gas investments, energy service industry investments and other investments that are diversified geographically and by type.
- d. The strategy for yield-oriented investments is to target funds that typically provide a current return and may have an equity component such as subordinated debt or mezzanine investments. Yield-oriented investments will provide diversification by including investments in the private equity, resource and real estate categories.

#### **ACTION ITEMS:**

**1) Investment with an existing private equity manager, The Banc Funds Company (Banc Funds), in Banc Fund IX, L.P. (Banc Fund IX)**

Banc Funds is seeking investors for a new \$600 million private equity fund, Banc Fund IX. This fund is a successor to eight flagship private equity funds managed by Banc Funds. The SBI invested in five of the prior funds. Like the prior private equity funds, this fund will focus on investments in subregional banking and other financial institutions across the United States.

In addition to reviewing the attractiveness of the Banc Fund investment offering, staff has conducted on-site due diligence, reference checks, a literature database search and reviewed the potential investor base for the fund.

More information on the Banc Fund IX fund is included as **Attachment C**.

#### **RECOMMENDATION:**

**The Investment Advisory Council concurs with staff's recommendation that the SBI authorize the Executive Director, with assistance from the SBI's legal counsel, to negotiate and execute a commitment of up to \$125 million, or 20% of Banc Fund IX, whichever is less. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by Banc Funds upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on Banc Funds or reduction or termination of the commitment.**

**2) Investment with an existing resource manager, Merit Energy (Merit), in Merit Energy Partners I, L.P. (Merit I).**

Merit is seeking investors for a new \$1 billion resource fund, Merit I. This fund is a successor to eight flagship resource funds managed by Merit. The SBI invested in six of the prior funds. Like the prior resource funds, Merit I will focus on acquiring and developing producing oil and gas properties in North America.

In addition to reviewing the attractiveness of the Merit I investment offering, staff has conducted on-site due diligence, reference checks, a literature database search and reviewed the potential investor base for the fund.

More information on the Merit I fund is included as **Attachment D**.

**RECOMMENDATION:**

**The Investment Advisory Council concurs with staff's recommendation that the SBI authorize the Executive Director, with assistance from the SBI's legal counsel, to negotiate and execute a commitment of up to \$200 million, or 20% of Merit I, whichever is less. Approval by the SBI of this potential commitment is not intended to be, and does not constitute in any way, a binding or legal agreement or impose any legal obligations on the State Board of Investment and neither the State of Minnesota, the Investment Advisory Council, the State Board of Investment nor its Executive Director have any liability for reliance by Merit upon this approval. Until the Executive Director on behalf of the SBI executes a formal agreement, further due diligence and negotiations may result in the imposition of additional terms and conditions on Merit or reduction or termination of the commitment.**

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ATTACHMENT A

**Minnesota State Board of Investment**  
*Pooled Alternative Investments*  
**Combined Funds**  
**March 31, 2014**

Combined Funds Market Value \$57,755,549,839

Amount Available for Investment **\$4,411,156,967**

	Current Level	Target Level	Difference
Market Value (MV)	\$7,139,953,001	\$11,551,109,968	\$4,411,156,967
MV +Unfunded	\$12,042,765,204	\$20,214,442,444	\$8,171,677,240

Asset Class	Market Value	Unfunded Commitment	Total
Private Equity	\$4,393,667,505	\$3,017,069,169	\$7,410,736,673
Real Estate	\$657,290,736	\$189,114,224	\$846,404,960
Resource	\$1,151,624,721	\$1,116,743,503	\$2,268,368,224
Yield-Oriented	\$937,370,039	\$579,885,307	\$1,517,255,346
<b>Total</b>	<b>\$7,139,953,001</b>	<b>\$4,902,812,203</b>	<b>\$12,042,765,204</b>





## ATTACHMENT B

**Minnesota State Board of Investment**  
**- Alternative Investments -**  
**As of March 31, 2014**

Investment	Total Commitment	Funded Commitment	Market Value	Distributions	Unfunded Commitment	IRR %	MOIC*	Period Years
<b>I. REAL ESTATE</b>								
Blackstone								
Blackstone Real Estate Partners V	100,000,000	96,786,582	109,315,638	58,779,223	4,417,812	9.63	1.74	7.92
Blackstone Real Estate Partners VI	100,000,000	98,348,663	123,872,566	34,220,604	3,909,435	9.80	1.61	7.00
Blackstone Real Estate Partners VII	100,000,000	65,509,362	74,196,927	11,735,689	34,490,638	18.93	1.31	2.34
Blackstone Strategic Partners (CSFB/ DLJ)								
Strategic Partners III RE	25,000,000	25,258,672	12,307,646	985,503	306,045	-10.51	0.53	8.75
Strategic Partners IV RE	50,000,000	49,247,580	26,731,723	16,818,313	1,340,633	-2.96	0.88	5.79
Colony Capital								
Colony Investors II	80,000,000	78,482,328	2,800	90,022,404	1,517,672	4.68	1.15	19.00
Colony Investors III	100,000,000	100,000,000	4,504,100	167,834,385	0	14.55	1.72	16.25
Silverpeak Real Estate Partners								
Silverpeak Legacy Pension Partners II	75,000,000	70,753,841	29,381,624	44,736,036	9,857,501	0.94	1.05	8.75
Silverpeak Legacy Pension Partners III	150,000,000	66,143,137	26,890,029	0	83,274,488	-15.45	0.41	5.86
T.A. Associates Realty								
Realty Associates Fund VI	50,000,000	50,000,000	364,106	75,950,501	0	9.42	1.53	11.76
Realty Associates Fund VII	75,000,000	75,000,000	37,039,256	37,124,821	0	-0.22	0.99	9.37
Realty Associates Fund VIII	100,000,000	100,000,000	63,756,774	12,349,629	0	-4.59	0.76	7.75
Realty Associates Fund IX	100,000,000	100,000,000	97,945,398	33,525,639	0	9.56	1.31	5.60
Realty Associates Fund X	100,000,000	50,000,000	50,982,150	1,588,117	50,000,000	6.48	1.05	2.08
<b>Real Estate Total</b>	<b>1,205,000,000</b>	<b>1,025,530,165</b>	<b>657,290,736</b>	<b>585,670,864</b>	<b>189,114,224</b>		<b>1.21</b>	
<b>II. RESOURCE</b>								
Apache Corp.								
1986 Net Profits Interest	30,000,000	30,000,000	2,473,080	57,133,977	0	12.15	1.99	27.25
EIG Global Energy Partners								
EIG Energy Fund XIV	100,000,000	103,941,741	52,361,154	79,833,136	10,671,695	8.56	1.27	6.95
EIG Energy Fund XV	150,000,000	106,707,172	116,208,380	20,495,064	43,292,828	14.32	1.28	3.81
EIG Energy Fund XVI	200,000,000	22,500,000	17,014,950	0	177,500,000	-28.65	0.76	0.55
EnCap Energy								
EnCap Energy Capital Fund VII	100,000,000	89,680,365	29,078,716	107,058,487	10,872,378	18.46	1.52	6.75
EnCap Energy Capital Fund VIII	100,000,000	64,480,243	70,005,517	5,681,596	35,519,757	12.13	1.17	3.50
EnCap Energy Fund IX	100,000,000	15,501,148	15,334,247	0	84,498,852	-1.93	0.99	1.31
Energy & Minerals Group								
NGP Midstream & Resources	100,000,000	97,746,144	112,925,360	97,444,476	2,564,879	23.15	2.15	7.00
The Energy & Minerals Group Fund II	100,000,000	68,137,207	73,858,688	119,824	31,862,793	6.99	1.09	2.52
The Energy & Minerals Group Fund III	200,000,000	0	0	0	200,000,000	N/A	0.00	0.07
Energy Capital Partners								
Energy Capital Partners II-A	100,000,000	87,411,316	97,729,196	26,109,945	16,529,217	19.20	1.42	3.70
Energy Capital Partners III	200,000,000	0	0	0	200,000,000	N/A	0.00	0.28
First Reserve								
First Reserve Fund X	100,000,000	100,000,000	8,113,145	174,838,540	0	30.67	1.83	9.41
First Reserve Fund XI	150,000,000	150,000,000	91,187,304	78,206,920	0	2.87	1.13	7.27
First Reserve Fund XII	150,000,000	136,884,556	120,937,804	37,489,560	13,115,444	4.64	1.16	5.42
First Reserve Fund XIII	200,000,000	0	0	0	200,000,000	N/A	0.00	0.41
NGP								
Natural Gas Partners IX	150,000,000	134,741,220	116,586,997	106,550,659	12,598,589	16.66	1.66	6.44
NGP Natural Resources X	150,000,000	80,532,929	88,977,129	1,568,670	69,467,071	11.60	1.12	2.47
Sheridan								
Sheridan Production Partners I	100,000,000	100,002,260	80,886,011	77,500,000	0	12.71	1.58	7.00
Sheridan Production Partners II	100,000,000	91,750,000	57,947,044	4,250,000	8,250,000	-25.30	0.68	3.50
<b>Resource Total</b>	<b>2,580,000,000</b>	<b>1,480,016,301</b>	<b>1,151,624,721</b>	<b>874,280,854</b>	<b>1,116,743,503</b>		<b>1.37</b>	
<b>III. YIELD-ORIENTED</b>								
Audax Group								
Audax Mezzanine Fund III	100,000,000	48,823,269	41,875,430	14,037,175	51,176,731	8.27	1.15	3.99
Citicorp Mezzanine								
CM Liquidating Partnership	100,000,000	88,029,296	2,436,662	132,324,719	0	15.77	1.53	14.41
Crescent Capital Group								
TCW/Crescent Mezzanine Partners III	75,000,000	68,868,042	5,954,043	156,103,491	29,701,079	36.04	2.35	13.00
Gold Hill Venture Lending								
Gold Hill Venture Lending	40,000,000	40,000,000	5,742,363	54,870,900	0	9.55	1.52	9.51
Gold Hill 2008	25,852,584	25,852,584	24,305,824	14,583,367	0	15.28	1.50	5.75
GS Mezzanine Partners								
GS Mezzanine Partners III	75,000,000	74,934,629	721,628	100,709,739	65,371	8.53	1.35	10.72
GS Mezzanine Partners 2006 Institutional	100,000,000	74,999,888	24,698,442	100,379,132	25,000,112	3.62	1.67	7.98
GS Mezzanine Partners V	150,000,000	88,656,155	52,121,915	63,276,193	52,327,832	10.01	1.30	6.44
Merit Capital Partners								
William Blair Mezzan. Cap. Fd. III	60,000,000	57,243,241	17	111,114,465	2,756,759	15.36	1.94	14.25
Merit Mezzanine Fund IV	75,000,000	69,807,692	28,997,379	70,239,977	5,192,308	8.18	1.42	9.29
Merit Mezzanine Fund V	75,000,000	44,448,980	35,796,732	10,556,419	30,551,020	2.01	1.04	4.28

**Minnesota State Board of Investment**  
**- Alternative Investments -**  
**As of March 31, 2014**

Investment	Total Commitment	Funded Commitment	Market Value	Distributions	Unfunded Commitment	IRR %	MOIC*	Period Years
<b>Merit Energy Partners</b>								
Merit Energy Partners B	24,000,000	24,000,000	52,379,951	141,874,092	0	24.55	8.09	17.75
Merit Energy Partners C	50,000,000	50,000,000	156,463,482	361,529,858	0	31.28	10.36	15.42
Merit Energy Partners D	88,000,000	70,938,303	86,084,249	283,696,625	0	23.93	5.21	12.85
Merit Energy Partners E	100,000,000	39,983,197	51,839,015	61,918,007	0	16.44	2.85	9.46
Merit Energy Partners F	100,000,000	57,841,607	43,788,917	22,337,486	42,158,394	3.08	1.14	8.02
Merit Energy Partners H	100,000,000	32,547,044	30,542,541	3,339,129	67,452,956	2.16	1.04	3.16
<b>Portfolio Advisors (DLJ Investment Partners)</b>								
DLJ Investment Partners II	27,375,168	23,164,217	966,302	34,750,077	4,955,172	10.65	1.54	14.25
DLJ Investment Partners III	100,000,000	55,454,629	16,717,023	51,382,614	46,544,660	5.03	1.23	7.77
<b>Prudential Capital Partners</b>								
Prudential Capital Partners I	100,000,000	97,768,017	6,915,226	148,562,578	6,975,419	11.29	1.59	12.95
Prudential Capital Partners II	100,000,000	94,465,185	32,615,784	106,486,045	5,936,783	9.43	1.47	8.75
Prudential Capital Partners III	100,000,000	93,030,745	80,746,616	49,916,559	9,875,722	13.21	1.40	4.96
Prudential Capital Partners IV	100,000,000	22,877,902	23,445,823	675,905	77,122,098	12.54	1.05	2.20
<b>Summit Partners</b>								
Summit Subordinated Debt Fund II	45,000,000	40,500,000	5,105,162	88,869,391	4,500,000	56.28	2.32	16.66
Summit Subordinated Debt Fund III	45,000,000	42,690,965	13,492,117	42,695,450	2,850,000	8.68	1.32	10.12
Summit Subordinated Debt Fund IV	50,000,000	35,605,902	31,339,892	11,788,955	14,394,098	8.39	1.21	6.01
<b>Windjammer Capital Investors</b>								
Windjammer Mezzanine & Equity Fund II	66,708,861	52,095,147	1,960,293	79,007,099	14,360,347	8.83	1.55	14.00
Windjammer Senior Equity Fund III	75,000,000	64,451,545	55,639,696	56,033,403	13,139,865	16.04	1.73	8.24
Windjammer Senior Equity Fund IV	100,000,000	27,151,418	24,677,516	0	72,848,582	-14.49	0.91	2.10
<b>Yield-Oriented Total</b>	<b>2,246,936,613</b>	<b>1,606,229,600</b>	<b>937,370,039</b>	<b>2,373,058,850</b>	<b>579,885,307</b>		<b>2.06</b>	
<b>IV. PRIVATE EQUITY</b>								
<b>Adams Street Partners</b>								
Adams Street Global Secondary Fund 5	100,000,000	15,370,000	16,338,971	0	84,630,000	7.89	1.06	1.78
<b>Advent International</b>								
Advent International GPE VI-A	50,000,000	47,450,005	56,745,215	27,137,971	2,549,995	19.82	1.77	6.00
Advent International GPE VII	90,000,000	34,650,000	41,670,747	900,000	55,350,000	28.02	1.23	1.53
<b>Affinity Ventures</b>								
Affinity Ventures IV	4,000,000	4,000,000	1,537,942	1,541,970	0	-6.96	0.77	9.75
Affinity Ventures V	5,000,000	4,250,000	2,813,194	1,218,342	750,000	-1.71	0.95	5.74
<b>Apax Partners</b>								
Apax VIII	200,000,000	48,157,111	47,258,789	0	151,842,889	-3.71	0.98	1.06
<b>Banc Fund</b>								
Banc Fund VII	45,000,000	45,000,000	39,300,660	812,725	0	-1.61	0.89	9.00
Banc Fund VIII	98,250,000	98,250,000	128,480,936	6,089,973	0	15.09	1.37	5.93
<b>Blackstone</b>								
Blackstone Capital Partners IV	70,000,000	72,133,455	34,788,510	160,260,899	2,137,853	37.84	2.70	11.72
Blackstone Capital Partners V	140,000,000	129,280,499	123,604,231	68,807,600	12,642,206	6.74	1.49	8.16
Blackstone Capital Partners VI	100,000,000	38,148,539	42,217,588	3,928,923	61,851,461	8.61	1.21	5.68
<b>Blackstone Strategic Partners (CSFB/ DLJ)</b>								
DLJ Strategic Partners	100,000,000	95,151,569	4,677,280	168,943,833	3,298,431	22.45	1.82	13.19
Strategic Partners II-B	100,000,000	83,946,446	5,400,803	155,240,535	10,253,554	35.22	1.91	10.70
Strategic Partners III VC	25,000,000	24,195,371	10,769,525	21,159,899	804,629	6.42	1.32	8.83
Strategic Partners III-B	100,000,000	76,480,785	44,821,099	66,919,249	16,677,119	6.84	1.46	8.83
Strategic Partners IV-B	100,000,000	89,409,541	56,279,280	79,191,473	10,590,459	13.05	1.52	6.01
Strategic Partners IV VC	40,500,000	38,460,180	26,763,064	25,654,736	1,874,926	9.18	1.36	5.79
Strategic Partners V	100,000,000	63,495,291	71,314,358	23,009,259	36,504,709	36.19	1.49	2.62
<b>BLUM Capital Partners</b>								
Blum Strategic Partners II	50,000,000	40,185,889	263,002	89,708,870	2,127,584	22.43	2.24	12.70
Blum Strategic Partners III	75,000,000	74,806,485	16,853,576	58,926,460	193,515	-0.90	1.01	8.83
Blum Strategic Partners IV	150,000,000	147,168,674	89,614,518	63,978,778	15,258,645	0.68	1.04	6.36
<b>Carval Investors</b>								
CVI Global Value Fund	200,000,000	190,000,000	97,992,649	205,231,571	10,000,000	9.59	1.60	7.21
CVI Credit Value Fund I	100,000,000	95,000,000	159,631,806	5,920,869	5,000,000	21.70	1.74	3.50
CVI Credit Value Fund A II	150,000,000	142,500,000	161,640,070	428,690	7,500,000	22.43	1.14	1.42
<b>Chicago Growth Partners (William Blair)</b>								
William Blair Capital Partners VII	50,000,000	48,150,000	3,742,754	64,492,866	1,650,000	8.48	1.42	13.06
Chicago Growth Partners I	50,000,000	52,441,998	18,542,747	40,242,061	300,000	2.97	1.12	8.68
Chicago Growth Partners II	60,000,000	51,416,980	52,487,160	30,829,134	8,331,020	18.87	1.62	6.05
<b>Court Square Capital Partners</b>								
Court Square Capital Partners	100,000,000	80,294,872	1,359,078	180,017,021	10,505,273	28.94	2.26	12.30
Court Square Capital Partners II	175,000,000	158,809,890	91,035,500	135,923,758	17,830,316	9.78	1.43	7.57
Court Square Capital Partners III	175,000,000	26,865,456	25,572,909	1,950,384	148,134,544	0.03	1.02	1.83
<b>Crescendo</b>								
Crescendo IV	101,500,000	101,500,000	16,423,777	34,972,153	0	-6.83	0.51	14.06
<b>CVC Capital Partners</b>								
CVC European Equity Partners V	122,692,365	116,251,993	107,783,937	55,611,444	6,440,372	13.04	1.41	6.01
CVC Capital Partners VI	310,101,252	2,139,605	2,144,506	0	307,961,647	0.23	1.00	0.73
<b>Diamond Castle Partners</b>								
Diamond Castle Partners IV	100,000,000	89,548,359	45,904,286	51,011,538	10,492,126	1.45	1.08	7.56
<b>DLJ (CSFB/DLJ)</b>								
DLJ Merchant Banking Partners III	125,000,000	121,917,361	5,040,540	275,407,509	3,082,639	19.23	2.30	13.50



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Investment	Total Commitment	Funded Commitment	Market Value	Distributions	Unfunded Commitment	IRR %	MOIC*	Period Years
DSV Partners								
DSV Partners IV	10,000,000	10,000,000	31,658	39,196,082	0	10.61	3.92	28.97
EBF and Associates								
Merced Partners II	75,000,000	63,768,881	21,752,905	104,406,983	0	24.80	1.98	7.00
Merced Partners III	100,000,000	100,000,000	114,220,352	7,497,107	0	8.36	1.22	3.90
Merced Partners IV	125,000,000	25,000,000	24,194,775	0	100,000,000	-5.57	0.97	0.72
Elevation Partners								
Elevation Partners	75,000,000	68,921,100	9,155,221	97,347,813	12,164,490	10.80	1.55	8.87
Fox Paine & Company								
Fox Paine Capital Fund II	50,000,000	45,926,013	16,855,254	73,394,027	12,326,825	19.54	1.97	13.75
GHJM Marathon Fund								
GHJM Marathon Fund V	50,000,000	49,826,594	35,978,926	55,935,083	250,117	11.96	1.84	9.49
TrailHead Fund	20,000,000	9,464,187	8,724,230	6,955	10,535,813	-6.69	0.92	2.10
GS Capital Partners								
GS Capital Partners 2000	50,000,000	50,000,000	6,169,271	103,415,528	0	22.39	2.19	13.58
GS Capital Partners V	100,000,000	66,390,364	45,461,097	135,380,001	26,041,099	17.15	2.72	9.00
GS Capital Partners VI	100,000,000	67,099,679	41,034,913	48,165,515	25,067,315	5.14	1.33	7.16
GTCR Golder Rauner								
Golder, Thoma, Cressey & Rauner Fund IV	20,000,000	20,000,000	97,022	42,300,018	0	25.06	2.12	20.16
GTCR VI	90,000,000	90,000,000	2,302,731	77,813,800	0	-3.87	0.89	15.75
GTCR VII	131,250,000	129,390,615	642,453	306,551,141	1,859,375	21.93	2.37	14.14
GTCR IX	75,000,000	69,539,933	57,190,316	52,306,171	5,460,067	12.57	1.57	7.75
GTCR X	100,000,000	77,448,604	89,246,321	3,402,166	22,551,396	11.59	1.20	3.30
GTCR XI	110,000,000	0	0	0	110,000,000	N/A	0.00	0.37
Hellman & Friedman								
Hellman & Friedman Capital Partners V	160,000,000	146,031,273	29,145,818	385,066,976	16,001,749	28.06	2.84	9.33
Hellman & Friedman Capital Partners VI	175,000,000	168,449,182	97,551,860	170,836,684	7,673,437	10.06	1.59	7.00
Hellman & Friedman Capital Partners VII	50,000,000	29,413,118	29,103,168	2,385,664	20,586,882	5.68	1.07	4.94
IK Investment Partners								
IK Fund VII	206,341,780	44,060,512	40,413,563	0	162,281,268	-8.40	0.92	0.54
Kohlberg Kravis Roberts								
KKR Millennium Fund	200,000,000	200,000,000	73,541,589	327,335,870	0	16.50	2.00	11.31
KKR 2006 Fund	200,000,000	201,493,014	152,356,343	142,830,655	11,811,184	7.78	1.46	7.51
Leonard Green & Partners								
Green Equity Investors VI	200,000,000	42,121,505	39,312,699	587,512	157,878,495	-6.05	0.95	2.04
Lexington Capital Partners								
Lexington Capital Partners VI-B	100,000,000	98,533,784	56,999,417	75,823,713	1,466,216	7.66	1.35	8.26
Lexington Capital Partners VII	200,000,000	145,491,280	122,305,854	67,494,983	54,508,720	16.34	1.30	4.80
Lexington Capital Partners VIII	150,000,000	0	0	0	150,000,000	N/A	0.00	0.07
Nordic Capital								
Nordic Capital Fund VIII	201,668,181	16,360,626	13,943,521	49,418	185,307,555	-12.54	0.86	0.55
Permira								
Permira V	206,460,241	14,194,426	14,471,620	0	192,265,815	1.95	1.02	0.25
RWI Ventures								
RWI Ventures I	7,603,265	7,603,265	521,963	6,094,262	0	-4.51	0.87	7.75
Sightline Healthcare								
Sightline Healthcare Fund III	20,000,000	20,000,000	1,523,115	5,465,766	0	-11.81	0.35	15.19
Sightline Healthcare Fund IV	7,700,000	7,753,673	2,572,426	4,621,834	0	-1.87	0.93	10.51
Silver Lake Partners								
Silver Lake Partners II	100,000,000	89,314,415	46,381,259	100,197,836	11,681,453	9.71	1.64	9.75
Silver Lake Partners III	100,000,000	80,067,488	67,627,674	60,137,829	20,667,939	16.31	1.60	7.00
Silver Lake Partners IV	100,000,000	5,154,175	4,238,051	0	94,845,825	-18.38	0.82	1.51
Split Rock Partners								
Split Rock Partners	50,000,000	44,799,999	33,127,767	597,892	5,200,001	-5.15	0.75	8.91
Split Rock Partners II	60,000,000	40,300,000	34,434,879	479,262	19,000,000	-6.51	0.87	5.92
Summit Partners								
Summit Ventures V	25,000,000	24,125,000	81,634	33,274,796	875,000	8.10	1.38	16.00
Summit Partners Growth Equity Fund VIII	100,000,000	34,000,000	32,839,342	0	66,000,000	-5.03	0.97	2.90
T. Rowe Price	100,522,181	100,522,181	79,325,259	33,048,065	0	15.54	1.12	6.06
Thoma Cressey								
Thoma Cressey Fund VI	35,000,000	33,915,000	702,746	34,128,882	1,085,000	0.31	1.03	15.61
Thoma Cressey Fund VII	50,000,000	50,000,000	5,519,882	96,053,915	0	23.33	2.03	13.60
Thoma Cressey Fund VIII	70,000,000	68,932,574	74,987,427	92,278,226	770,000	15.96	2.43	7.92
Thomas, McNerney & Partners								
Thomas, McNerney & Partners I	30,000,000	29,400,000	16,037,336	10,504,694	600,000	-2.02	0.90	11.40
Thomas, McNerney & Partners II	50,000,000	43,375,000	34,718,075	13,574,160	6,625,000	2.77	1.11	7.75
Varde Fund								
Varde Fund IX	100,000,000	100,000,000	66,483,743	121,470,971	0	14.07	1.88	5.77
Varde Fund X	150,000,000	150,000,000	208,246,950	0	0	11.94	1.39	3.94
Varde Fund XI	200,000,000	180,000,000	186,638,040	0	20,000,000	5.95	1.04	0.72
Vestar Capital Partners								
Vestar Capital Partners IV	55,000,000	52,761,494	7,184,424	89,471,667	746,945	13.55	1.83	14.29
Vestar Capital Partners V	75,000,000	74,741,675	65,037,635	22,488,956	583,554	3.23	1.17	8.28
Vestar Capital Partners VI	100,000,000	11,262,514	8,818,447	0	88,737,486	-29.32	0.78	2.52



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Investment	Total Commitment	Funded Commitment	Market Value	Distributions	Unfunded Commitment	IRR %	MOIC*	Period Years
Warburg Pincus								
Warburg Pincus Equity Partners	100,000,000	100,000,000	3,102,205	158,591,853	0	9.95	1.62	15.76
Warburg Pincus Private Equity VIII	100,000,000	100,000,000	62,664,094	183,618,505	0	16.29	2.46	11.96
Warburg Pincus Private Equity IX	100,000,000	100,000,000	43,278,539	135,612,078	0	10.86	1.79	8.68
Warburg Pincus Private Equity X	150,000,000	150,060,914	130,334,537	74,240,456	0	8.52	1.36	6.43
Warburg Pincus Private Equity XI	200,000,000	61,683,377	62,155,436	4,519,400	138,316,623	9.68	1.08	1.27
Wayzata								
Wayzata Opportunities Fund	100,000,000	93,180,000	37,204,958	138,265,230	6,820,000	10.32	1.88	8.28
Wayzata Opportunities Fund II	150,000,000	57,450,000	82,881,912	105,111,450	92,550,000	16.53	3.27	6.44
Wayzata Opportunities Fund III	150,000,000	18,030,000	16,299,012	136,917	131,970,000	-15.14	0.91	1.79
Welsh, Carson, Anderson & Stowe								
Welsh, Carson, Anderson & Stowe VIII	100,000,000	100,000,000	122,754	128,668,552	0	3.10	1.29	15.69
Welsh, Carson, Anderson & Stowe IX	125,000,000	123,750,000	16,366,460	182,443,310	1,250,000	10.92	1.61	13.76
Welsh, Carson, Anderson & Stowe X	100,000,000	98,578,466	76,586,179	66,692,077	2,000,000	6.76	1.45	8.29
Welsh, Carson, Anderson & Stowe XI	100,000,000	85,859,387	92,605,443	24,716,737	14,140,613	13.85	1.37	5.69
<b>Private Equity Total</b>	<b>9,953,589,264</b>	<b>6,932,371,640</b>	<b>4,393,667,505</b>	<b>6,351,505,936</b>	<b>3,017,069,169</b>		<b>1.55</b>	
<b>Alternatives Total</b>	<b>15,985,525,877</b>	<b>11,044,147,706</b>	<b>7,139,953,001</b>	<b>10,184,516,504</b>	<b>4,902,812,203</b>		<b>1.57</b>	

**Notes**

None of the data presented herein has been reviewed or approved by either the general partner or investment manager. The performance and valuation data presented herein is not a guarantee or prediction of future results. Ultimately, the actual performance and value of any investment is not known until final liquidation. Because there is no industry-standardized method for valuation or reporting, comparisons of performance and valuation data among different investments is difficult.

\* MOIC: Multiple of Invested Capital

<p align="center"><b>PRIVATE EQUITY MANAGER SUMMARY PROFILE</b></p>
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**I. Background Data**

<i>Name of Fund:</i>	Banc Fund IX L.P.
<i>Type of Fund:</i>	Private Equity Limited Partnership
<i>Target Fund Size:</i>	\$600 million
<i>Fund Manager:</i>	The Banc Funds Company, L.L.C.
<i>Administrative Contact:</i>	Charles J. Moore The Banc Funds Company 20 North Wacker Drive, Suite 3300 Chicago, IL 60606 (312) 855-6202

**II. Organization and Staff**

The Banc Funds Company, L.L.C. ("TBFC"), registered as an investment advisor with the Securities and Exchange Commission since 1997, will be the investment advisor to Fund IX. The key personnel involved in managing Fund IX, all employees of TBFC, will be the same individuals who have managed Funds I, II, III, IV, V, VI, VII and VIII. These individuals are Charles J. Moore, John M. Baker, Richard H. Hein, Elizabeth J. Tyron, Jean T. Riggs, Thomas Ronczy, Gerald R. King, Ronald J. Peterson, and Mary P. Quinn. Fund management successfully identified the initial Midwest subregional bank investment opportunity for Fund I in 1986, expanded the concept to include savings & loan companies in 1991, added investments in other U.S. regions beginning in 1992, and have invested in other opportunities in related financial service sectors beginning in 1997. Fund Management will be responsible for the day-to-day operations of Fund IX, including researching, negotiating, making investments, and managing the Fund's portfolio. Fund Management has been responsible for investing \$3.7 billion across Funds I – VIII.

TBFC will also form a Valuation Committee, separate from Fund Management, consisting of individuals not employed by TBFC. The Valuation Committee will value the assets of Fund IX using valuation techniques similar to those used for Funds I – VIII, but in compliance with FASB ASC Topic 820 (formerly known as SFAS 157).

**III. Investment Strategy**

Banc Fund IX will invest in very small financial services companies in the U.S. which are inexpensively valued and have significant M&A opportunities. These companies present several value creation opportunities. First, the initial investment in these companies does not require a large premium. Second, these companies grow off a very small base. Third, because they are located in growth areas, they can build their customer bases and books of business. Fourth, as they get larger, they become more efficient and more profitable. Finally, their franchises have



value to acquirers who pay a premium to acquire their books of business while reducing duplicative costs.

Banc Fund IX will utilize the experience of its management team to capitalize upon these opportunities. Specifically, The Banc Funds can take advantage of current low valuations amongst financial services companies, its extensive knowledge of financial services, its relationships with bankers and intermediaries, its 27-year history of monitoring and investing in subregional depositories, and its work in identifying companies that are likely targets of strategic buyers paying takeover premiums.

#### **IV. Investment Performance**

Previous fund performance as of December 31, 2013 for The Banc Funds and the SBI's investments with previous funds, where applicable, is shown below:

<b>Fund</b>	<b>Inception Date</b>	<b>Total Commitments</b>	<b>SBI Investment</b>	<b>Net IRR from Inception *</b>	<b>Net MOIC from Inception*</b>
Banc Fund VIII	2008	\$649,745,251	\$98,250,000	17.67%	1.42
Banc Fund VII	2005	\$449,813,279	\$45,000,000	-1.32%	0.91
Banc Fund VI	2002	\$319,755,632	\$0	1.70%	1.15
Banc Fund V	1998	\$299,759,363	\$48,000,000	15.59%	2.28
Banc Fund IV	1996	\$149,734,601	\$25,000,000	15.59%	2.30
Banc Fund III	1992	\$124,646,340	\$20,000,000	19.15%	2.63
Banc Fund II	1989	\$60,212,189	\$0	20.64%	2.60
Banc Fund I	1986	\$51,045,769	\$0	15.42%	2.30

\* Previous Fund investments may be relatively immature and, therefore, returns may not be indicative of future results. Net IRR and Multiple of Invested Capital (MOIC) were provided by The Banc Funds.

#### **V. General Partner's Investment**

The General Partner will invest \$20 million in Banc Fund IX.

#### **VI. Management Fees**

Management fees are based on capital called, not committed capital. Fund IX LPs will pay an annual management fee equal to 5% of the first \$20 million of Fund IX's capital that is called; 1.79% of the next \$280 million of capital called, and 2% of amounts, if any, over \$300 million. When all capital is called, the management fee will be set at 2% of contributed capital.

## **VII. Distributions**

On an annual basis, Fund IX will distribute net income and capital gains to its Partners. The Fund will not distribute any carried interest to the General Partner until the Limited Partners have received distributions equal to 100% of their contributed capital. Afterward, the General Partner shall collect 20% of capital gains, with the remaining 80% going to Limited Partners.

## **VIII. Investment Period and Term**

Scheduled Fund IX wind-up will be December 31, 2023.

Fund IX will make investments during the first 8.5 years of its existence.

*\* This document is a summary of more detailed information provided in the Confidential Private Placement Memorandum (the "PPM"). It is qualified in its entirety by the more detailed information provided in the PPM and any supplement thereto.*



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<b>RESOURCE MANAGER SUMMARY PROFILE</b>
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**I. Background Data**

<b>Name of Fund:</b>	Merit Energy Partners I
<b>Type of Fund:</b>	Resource Limited Partnership
<b>Total Fund Size:</b>	\$1 billion
<b>Fund Manager:</b>	Merit Energy Company
<b>Manager Contact:</b>	Meghan Cuddihy Merit Energy 13727 Noel Rd. Dallas Texas, 75240 P: 972-701-8377

**II. Organization and Staff**

Merit Energy Company ("Merit") was formed in 1989 with a strategy that has been successful for 25 years: to acquire, operate and develop high quality, mature producing oil and gas properties. Merit has called \$3.5 billion of equity capital from its limited partners since inception. That \$3.5 billion has been used to purchase over \$6 billion of assets, and have generated over \$9 billion in net income. Merit has also distributed over \$8 billion to its partners, and currently has total assets with a book value of over \$4.6 billion. The partnerships have benefited from diverse portfolios of assets, with operations across North America. The large geographical footprint, along with a reserve mix of 71% oil and natural gas liquids (NGLs) and 29% natural gas, has given Merit valuable experience operating all types of assets in various environments.

Merit has a field staff of over 400 employees located in 11 field offices. In 25 years, Merit has produced 431 million barrels of oil equivalent (BOE) and has a current proved reserve base of 393 million BOE. In 2013, Merit's production averaged 64,000 BOE per day.

**III. Investment Strategy**

Merit's goal is to provide low-risk energy exposure and attractive long term returns to its partners. Merit intends to acquire, develop and operate mature, producing oil and gas properties. Currently Merit operates 86% of its assets, allowing them to control the pace of capital development and operating costs. This approach exploits Merit's principal strengths, places a high priority on control of physical operations, and has been successful in producing consistent, attractive overall returns for Merit's existing and prior funds.

Merit focuses on acquiring assets that fit its long-term operational profile which generates returns via production rather than attempting to "time the market." Merit maintains a long-term view towards efficient operations and concentrates on buying mature,

producing long-life assets. Merit is not constrained by deal size; Merit's recent acquisitions have ranged in value from \$1 million to over \$1 billion. Merit's large operational footprint across the U.S. allows them insight into opportunities to improve operations, reduce costs, and enhance development. Merit focuses on long reserve to production life ("R/P") assets with a development inventory that can be executed over an extended period of time to generate value and investment multiples; Merit does not seek a quick asset flip and exit.

Merit maintains a low risk approach to capital development, spending approximately 25% of its operating cash flow annually. Merit's annual capital programs emphasize drilling for proven reserves, wellbore recompletions, stimulations, and facility upgrades. Merit implements capital projects that are appropriate for the current operating environment and add the most long-term value over the life of our portfolio. Merit generally seeks to divest approximately 5-7% of their portfolio annually with assets that are either scattered from core operations or are not performing as expected. In addition, Merit regularly reviews their portfolio and considers strategic divestitures should market valuations be attractive. Merit's reputation, ability to close transactions, operational expertise, and integrity will continue to allow them to be competitive on deals they target. As an equity-driven company, Merit's ability to pay for assets with cash and close acquisitions quickly has proven to be a significant competitive advantage. Taking over field operations at the time of closing is another competitive advantage for Merit. Merit maintains a consistent presence in the acquisitions market and has a reputation as a credible and reliable buyer. Merit performs a rigorous due diligence process on each acquisition to fully understand the scope of the assets. In addition, Merit benefits from strong relationships with large, publicly traded oil and gas companies (the "majors"), large independents and private companies, as well as investment banks and asset brokers.

#### **IV. Investment Performance**

The historical investment performance of Merit Energy Funds with SBI participation as of December 31, 2013 is presented below:

<b>Fund</b>	<b>Inception Date</b>	<b>Total Commitments</b>	<b>SBI Investment</b>	<b>Net IRR from Inception*</b>	<b>Net MOIC from Inception *</b>
Merit Fund A	1994	\$13.7	\$0	20.5%	7.3x
Merit Fund B	1996	\$130 million	\$24 million	24.9%	9.2x
Merit Fund C	1998	\$300 million	\$50 million	31.8%	12.0x
Merit Fund D	2000	\$465 million	\$88 million	24.0%	4.6x
Merit Fund E	2004	\$825 million	\$100 million	17.6%	3.3x
Merit Fund F	2005	\$1,300 million	\$100 million	4.4%	1.7x
Merit Fund G	2008	\$575	\$0	11.6%	2.3x
Merit Fund H	2010	\$912.5	\$100 million	12.2%	2.3x

\* Previous Fund investments may be relatively immature and, therefore, returns may not be indicative of future results. Net IRR and Multiple of Invested Capital (MOIC) were provided by Merit.



## **V. General Partner's Investment**

The General Partner will commit 1% of the total non-LP committed capital in the Fund and will be obligated to directly invest 2% of the acquisition cost of oil and gas assets.

## **VII. Management Fee**

The General Partner will receive an annual management fee of 1.25% on the greater of invested capital or book value up to the committed capital amount, and 1.00% on additional amounts (which may exceed the committed capital amount due to retained earnings).

## **VIII. Distributions**

Cash distributions are made annually for each fiscal year during the investment period. Cash will be distributed (i) first, to the capital contributing partners in an amount not less than 6% of the lesser of called capital commitments or actual capital account, (ii) second, to the General Partner in an amount equal to the General Partner's carried interest (13% of annual profits, but only to the extent profits exceed the 8% preferred return to limited partners), and (iii) third, any cash not held for reinvestment in the discretion of the General Partner will be distributed to the capital contributing partners. After the expiration of the investment period, beginning no later than year ten, 100% of discretionary cash flow will be distributed to the partners quarterly in the priority described above with no hold back for reinvestment.

Allocations of profit will be made annually, generally as follows: (i) 100% to the capital contributing partners until they receive a cumulative 8% return, then (ii) 100% to the General Partner as a carried interest until it has received 13% of cumulative profits (after depletion) as a carried interest, then (iii) 87% to the capital contributing partners and 13% to the General Partner as a carried interest.

## **IX. Investment Period and Term**

Generally, capital may be called for approximately six years.

The term of the Partnership is approximately 15 years, with termination of the Partnership on December 31, 2029 (unless terminated early as provided in the Partnership Agreement); provided, however, that the term can be extended for two 2-year periods upon the approval of the General Partner and a Majority Interest.

*\* This document is a summary of more detailed information provided in the Confidential Private Placement Memorandum (the "PPM"). It is qualified in its entirety by the more detailed information provided in the PPM.*



