



## NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

November 4, 2014

Joint Legislative Commission  
on Governmental Operations  
North Carolina General Assembly  
Raleigh, North Carolina 27601

Re: Quarterly report on Investment Funds for the period ended  
September 30, 2014.

### Commission Members:

Pursuant to statutory reporting requirements<sup>1</sup>, we are providing a report on the investment activities of the State Treasurer. The report outlines investment activities in summary form for:

- The Cash Management Program – responsible for managing the operating funds of the State. The primary participants in this program are the State's General Fund and Highway Funds.
- The Trust Funds Investment Program – responsible for managing assets of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firemen's and Rescue Squad Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund and the Retiree Health Benefit Trust Fund. Collectively, these systems and funds are referred to as the North Carolina Retirement Systems or the Pension Fund. The Trust Funds Investment Program also includes other participants such as the State Health Plan, the Disability Income Plan, and the State Educational Assistance Authority.
- The Ancillary Investment Programs - as authorized by the General Assembly, responsible for managing assets for the Escheats Fund, Public Hospital Funds, CEEF and the Local Government Other Post-Employment Benefits Fund.

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<sup>1</sup> The requirements include those found in G.S. 147-68(d) & (d1), 147-69.1(e), 147-69.2(b)(10a), 147-69.3(h), 147-69.3(i), and 147-86.11(c).

### Cash Management Program

The Cash Management Program, composed mostly of the Short-Term Investment Fund ("STIF"), produced a one year return of 0.42% for the participants. It also includes the Bond Proceeds Fund which is a separate investment account for each state bond issue to comply with Internal Revenue Service regulations on bond arbitrage.

#### Short Term Investment Fund

| <u>Historical T-Bill rates</u> | <u>9/30/13</u> | <u>3/31/14</u> | <u>9/30/14</u> |
|--------------------------------|----------------|----------------|----------------|
| 3-Mo. T-Bill                   | 0.008%         | 0.033%         | 0.018%         |
| 6-Mo. T-Bill                   | 0.030%         | 0.056%         | 0.033%         |

The Short-Term Investment Fund produced a one year return of 0.42% for the participants. The investable balances earning income for the General Fund were \$486 million lower than one year earlier based on book value. The investable balances, which earn income for the Highway Funds, were \$82 million higher than at the same time last year.

The investments held by the STIF on a particular date may be accruing income at different levels from current short-term interest rates. For example, if the investments were made when interest rates were lower, the earnings would continue to be at the lower rates of return, even though current interest rates may have moved higher. This happens in reverse as well.

The Bond Proceeds Fund is managed by a private investment company under contract with the Department of State Treasurer. The investments are valued at amortized cost, which approximates fair value.

### Trust Funds Investment Program

The investment results for the Trust Funds Investment Program ("Trust Funds") are managed and reported on a cumulative total return basis. Total return includes realized income and the appreciation or depreciation of fair market value. Two funds comprise the vast majority of the Trust Funds assets. They are the Long-Term Investment Fund ("LTIF") and the Equity Investment Fund ("EIF").

|                      | <u>1 Year</u> | <u>2 Year</u> | <u>3 Year</u> | <u>5 Year</u> |
|----------------------|---------------|---------------|---------------|---------------|
| Total Trust Returns: | 9.31%         | 9.54%         | 10.96%        | 9.01%         |

#### Long Term Investment Fund

|               | <u>1 Year</u> | <u>2 Year</u> | <u>3 Year</u> | <u>5 Year</u> |
|---------------|---------------|---------------|---------------|---------------|
| LTIF Returns: | 5.90%         | 1.29%         | 3.65%         | 5.87%         |

The below table provides a trend comparison of the current Treasury yields to the previous quarter.



| US Treasury Yields | 5 Year UST | 10 Year UST | 30 Year UST |
|--------------------|------------|-------------|-------------|
| As of 9/30/14      | 1.757%     | 2.490%      | 3.197%      |
| As of 6/30/14      | 1.631%     | 2.531%      | 3.360%      |

- Long Term assets (based on market value) ended the quarter approximately \$2.526 billion lower than at the end of the prior reporting period.
- The realized earnings for the fiscal year to date are \$627 million.
- Approximately \$2.64 billion was used to pay benefits or was reallocated to other investment funds this quarter.

#### Equity Investment Fund

|              | 1 Year | 2 Year | 3 Year | 5 Year |
|--------------|--------|--------|--------|--------|
| EIF Returns: | 10.82% | 15.95% | 18.06% | 11.42% |

The below table provides third quarter equity market returns as measured by major indices.

|                          |              |       |           |        |
|--------------------------|--------------|-------|-----------|--------|
| Quarterly Index Returns: | S&P 500      | 1.13% | DJIA      | 1.29%  |
|                          | Russell 3000 | 0.01% | MSCI EAFE | -5.88% |

- Assets of the fund (based on market value) ended the quarter approximately \$3.267 billion lower than at the end of the prior reporting period.
- Approximately \$699 million was used to pay benefits or was reallocated to other investment funds this quarter.

Pursuant to Session Law 2009-98 and G.S. 147-69.2, the Treasurer is authorized to invest in credit and inflation-linked strategies. These classifications are reflected in the attached report.

#### Ancillary Investment Programs

The Ancillary Investment Programs, as authorized by the General Assembly, are responsible for managing assets for the Escheats Fund, Public Hospital Funds, the Local Government Other Post-Employment Benefits Fund and the Conservation Easement Endowment Fund.

Pursuant to G.S. 116-37, deposits are held for the Watauga Medical Center, New Hanover Memorial Hospital, Margaret R. Pardee Hospital, and Columbus Regional Healthcare System, all subject to compliance with G.S. 147-69.2. The assets are allocated as follows: STIF, LTIF and authorized Equity funds. For the quarter ending September 30, 2014, the invested assets were valued at \$171 million after returns in the domestic and international equity accounts of 0.51% and -4.75% respectively.

Pursuant to G.S. 147-69.2(b)(12), up to 20% of the Escheat Fund's assets can be invested in authorized Equity, Real Estate, and Alternative Investments. For the quarter ending September 30, 2014, \$40 million has been invested in equity, of which \$41 million has been received in distributions; \$20 million has been invested in real estate, of which \$16.5 million has been returned; and commitments totaling \$57.1 million have been made to private equity, of which \$54.5 million has been contributed.

Pursuant to G.S. 159-30.1, 147-69.2(a)(17g), and 147-69.2(b4), deposits are held for the Local Government Other Post-Employment Benefits Fund. The assets are allocated as follows: STIF, LTIF, and authorized Equity funds. For the quarter ending September 30, 2014, the externally invested assets were valued at \$105 million after returns in the domestic and international equity accounts of 0.51% and -4.75% respectively.

Reporting Requirements for Green Managers and Funds

Pursuant to G.S. 147-68(d1), the Treasurer "shall include a specific listing of all investments made with certified green managers and companies and funds that support sustainable practices, including the names of the companies, managers, and funds, the amount invested, and the State's return on investment." Based on currently available research, there is no validation group or process that certifies green managers for investments, and the statute provides no definition of the term "sustainable practices" that would enable the Treasurer to determine which companies and funds would fall under this provision. Thus, it is not possible to report any relevant data at this time.

Investment Policy

Pursuant to G.S. 147-69.3(i) the following link is provided for ease of access to the current Investment Policy:

<https://www.nctreasurer.com/inv/Policies/InvestmentPolicyForNCRetirementSystems.pdf>

Thank you for your attention. Please feel free to contact the Department of State Treasurer if you have any questions.

Sincerely,



Janet Cowell

Attachments

cc: Kevin SigRist, Chief Investment Officer  
Fran Lawrence, Chief Financial Officer

**DEPARTMENT OF STATE TREASURER**  
**COMBINED STATEMENT OF NET POSITION - ALL POOLS AND ACCOUNTS**  
**SEPTEMBER 30, 2014**

|   | *Cash Management Program         |                          |                   | **Trust Funds<br>Investment Program |                           | All Pools          |
|---|----------------------------------|--------------------------|-------------------|-------------------------------------|---------------------------|--------------------|
|   | Short-term<br>Investment<br>Fund | Bond<br>Proceeds<br>Fund | Subtotal          | Subtotal                            | Intrafund<br>Eliminations | Total              |
| Net Assets:   |                                  |                          |                   |                                     |                           |                    |
| Investment Securities:                                |                                  |                          |                   |                                     |                           |                    |
| Cash Equivalents                                      | \$ -                             | \$ -                     | \$ -              | \$ -                                | \$ -                      | \$ -               |
| Certificates of Deposit                               | 13,600,000                       |                          | 13,600,000        | -                                   | -                         | 13,600,000         |
| Repurchase Agreements                                 | 1,940,000,000                    |                          | 1,940,000,000     | -                                   | -                         | 1,940,000,000      |
| Discount Notes/Bills                                  |                                  |                          | -                 | -                                   | -                         | -                  |
| U.S. Treasury Bills/ Notes/ Bonds                     | 7,405,878,955                    |                          | 7,405,878,955     | 6,404,644,380                       | -                         | 13,810,523,335     |
| U.S. Government Agency Notes/ Bonds                   | 6,591,481,008                    |                          | 6,591,481,008     | 1,246,769,595                       | -                         | 7,838,250,603      |
| GNMA Certificates                                     |                                  |                          | -                 | 8,821,770,290                       | -                         | 8,821,770,290      |
| Corporate Obligations                                 | 54,928,713                       |                          | 54,928,713        | 9,404,547,310                       | -                         | 9,459,476,023      |
| Other Investments                                     |                                  |                          |                   | 9,392,089                           |                           | 9,392,089          |
| Investments in RMBS and CMBS                          |                                  |                          | -                 | 260,373,570                         |                           | 260,373,570        |
| Investments in Equity Securities                      |                                  |                          | -                 | 12,184,643                          | -                         | 12,184,643         |
| Bond proceeds Advisory                                |                                  | 37,276,548               | 37,276,548        | -                                   | -                         | 37,276,548         |
| Investments in Equity Trusts                          |                                  |                          | -                 | 38,954,432,107                      | -                         | 38,954,432,107     |
| Investments in Real Estate Trust Funds & Partnerships |                                  |                          | -                 | 6,990,756,089                       | -                         | 6,990,756,089      |
| Investments in Alternative Partnerships               |                                  |                          | -                 | 5,585,639,938                       | -                         | 5,585,639,938      |
| Investments in Credit Partnerships                    |                                  | -                        | -                 | 4,875,615,519                       | -                         | 4,875,615,519      |
| Investments in Inflation Partnerships                 |                                  | -                        | -                 | 3,064,548,737                       | -                         | 3,064,548,737      |
|   |                                  |                          |                   |                                     |                           |                    |
| Total Investment Securities                           | \$ 16,005,888,676                | \$ 37,276,548            | \$ 16,043,165,224 | \$ 85,630,674,267                   | \$ -                      | \$ 101,673,839,491 |
| Cash in Bank  | 200,823,850                      | -                        | 200,823,850       |                                     | -                         | 200,823,850        |
| Deposits in Short-term Investment Fund                |                                  | -                        | -                 | 3,927,151,364                       | (3,927,151,364)           | -                  |
| Other Assets, Net of Liabilities                      | 30,296,961                       | -                        | 30,296,961        | 181,107,943                         | -                         | 211,404,904        |
| Total Net Assets                                      | \$ 16,237,009,487                | \$ 37,276,548            | \$ 16,274,286,035 | \$ 89,738,933,574                   | \$ (3,927,151,364)        | \$ 102,086,068,245 |
|   |                                  |                          |                   |                                     |                           |                    |
| Participant Equity:                                   |                                  |                          |                   |                                     |                           |                    |
| General Fund  | \$ 2,245,245,406                 |                          | \$ 2,245,245,406  | \$ -                                | \$ -                      | \$ 2,245,245,406   |
| Other Funds Which Earn Interest                       |                                  |                          |                   | -                                   |                           |                    |
| for General Fund                                      | 1,389,202,937                    | 37,276,548               | 1,426,479,485     | -                                   | -                         | 1,426,479,485      |
| Highway Fund  | 369,127,972                      |                          | 369,127,972       | -                                   | -                         | 369,127,972        |
| Highway Trust Fund                                    | 872,519,708                      |                          | 872,519,708       | -                                   | -                         | 872,519,708        |
| University Trust Funds                                | 2,445,331,829                    |                          | 2,445,331,829     | -                                   | -                         | 2,445,331,829      |
| Pension Trust Funds                                   | 248,012,127                      |                          | 248,012,127       | 88,463,848,132                      | -                         | 88,711,860,259     |
| Other Independent Trust Funds                         | 3,941,864,546                    |                          | 3,941,864,546     | 1,275,085,442                       | -                         | 5,216,949,988      |
| Local Political Subdivisions                          | 767,600,692                      |                          | 767,600,692       | -                                   | -                         | 767,600,692        |
| Licensing Boards                                      | 30,952,906                       |                          | 30,952,906        | -                                   | -                         | 30,952,906         |
| Other Investment Funds                                | 3,927,151,364                    |                          | 3,927,151,364     | -                                   | (3,927,151,364)           | -                  |
| Total Participant Equity                              | \$ 16,237,009,487                | \$ 37,276,548            | \$ 16,274,286,035 | \$ 89,738,933,574                   | \$ (3,927,151,364)        | \$ 102,086,068,245 |
|   |                                  |                          |                   |                                     |                           |                    |
| Percent of Total                                      | 15.91                            | 0.04                     | 15.95             | 87.91                               | -3.86                     | 100.00             |

\* The Cash Management Program is presented at book value.  
\*\*The Trust Funds Investment Program is presented at market value. Trust Funds detail is included on Combining Statement of Net Position.

**DEPARTMENT OF STATE TREASURER**  
**COMBINING STATEMENT OF NET POSITION - TRUST FUNDS INVESTMENT PROGRAM**  
**SEPTEMBER 30, 2014**

|   | Cash<br>Investment<br>Fund | Long-term<br>Investment<br>Fund | External Fixed Inc.<br>Investment<br>Fund | Equity<br>Investment<br>Fund | Real Estate<br>Investment<br>Fund | Alternative<br>Investment<br>Fund | Credit<br>Investment<br>Fund | Inflation<br>Investment<br>Fund | Totals            |
|---|----------------------------|---------------------------------|---|------------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------------|-------------------|
| Net Assets:   |                            |                                 |   |                              |                                   |                                   |                              |                                 |                   |
| Investment Securities:                                |                            |                                 |   |                              |                                   |                                   |                              |                                 |                   |
| Cash and Cash Equivalents                             | \$                         |                                 |   |                              |                                   |                                   |                              | \$                              |                   |
| U.S. Treasury Bills/ Notes/ Bonds                     |                            | 5,810,367,579                   |   |                              |                                   |                                   |                              | 594,276,801                     | 6,404,644,380     |
| U.S. Government Agency Notes/ Bonds                   |                            | 926,467,492                     | 9,905,811                                 |                              |                                   |                                   |                              | 310,396,292                     | 1,246,769,595     |
| GNMA Certificates                                     |                            | 8,821,770,290                   |   |                              |                                   |                                   |                              |                                 | 8,821,770,290     |
| Corporate Obligations                                 |                            | 9,404,547,310                   |   |                              |                                   |                                   |                              |                                 | 9,404,547,310     |
| Other Investments                                     | 1,597,981                  |                                 | 7,794,108                                 |                              |                                   |                                   |                              |                                 | 9,392,089         |
| Investments in RMBS and CMBS                          |                            |                                 | 260,373,570                               |                              |                                   |                                   |                              |                                 | 260,373,570       |
| Investments in Equity Securities                      |                            |                                 |   |                              |                                   | 12,184,643                        |                              |                                 | 12,184,643        |
| Bond Proceeds Advisory                                |                            |                                 |   |                              |                                   |                                   |                              |                                 | -                 |
| Investments in Equity Trusts                          |                            |                                 |   | 38,954,432,107               |                                   |                                   |                              |                                 | 38,954,432,107    |
| Investments in Real Estate Trust Funds & Partnerships |                            |                                 |   |                              | 6,990,756,089                     |                                   |                              |                                 | 6,990,756,089     |
| Investments in Alternative Partnerships               |                            |                                 |   |                              |                                   | 5,585,639,938                     |                              |                                 | 5,585,639,938     |
| Investments in Credit Partnerships                    |                            |                                 |   |                              |                                   |                                   | 4,875,615,519                |                                 | 4,875,615,519     |
| Investments in Inflation Partnerships & Other Invest. |                            |                                 |   |                              |                                   |                                   |                              | 3,064,548,737                   | 3,064,548,737     |
| Total Investment Securities                           | \$ 1,597,981               | 24,963,152,671                  | \$ 278,073,489                            | \$ 38,954,432,107            | \$ 6,990,756,089                  | \$ 5,597,824,581                  | \$ 4,875,615,519             | \$ 3,969,221,830                | \$ 85,630,674,267 |
| Cash in Bank  |                            |                                 |   |                              |                                   |                                   |                              |                                 | -                 |
| Deposits in Short-term Investment Fund                | 1,008,575,053              | 148,903,927                     | 2,769,672,384                             |                              |                                   |                                   |                              |                                 | 3,927,151,364     |
| Other Assets, Net of Liabilities                      | 69                         | 189,015,549                     | (8,281,146)                               |                              |                                   |                                   |                              | 373,471                         | 181,107,943       |
| Total Net Assets                                      | \$ 1,010,173,103           | 25,301,072,147                  | \$ 3,039,464,727                          | 38,954,432,107               | 6,990,756,089                     | 5,597,824,581                     | 4,875,615,519                | 3,969,595,301                   | 89,738,933,574    |
| Participant Equity:                                   |                            |                                 |   |                              |                                   |                                   |                              |                                 |                   |
| Pension Trust Funds                                   | \$ 1,010,173,103           | 24,025,986,705                  | 3,039,464,727                             | 38,954,432,107               | 6,990,756,089                     | 5,597,824,581                     | 4,875,615,519                | 3,969,595,301                   | 88,463,848,132    |
| Other Independent Trust Funds                         |                            | 1,275,085,442                   | -   | -                            | -                                 | -                                 | -                            | -                               | 1,275,085,442     |
| Total Participant Equity                              | \$ 1,010,173,103           | 25,301,072,147                  | \$ 3,039,464,727                          | 38,954,432,107               | 6,990,756,089                     | 5,597,824,581                     | 4,875,615,519                | 3,969,595,301                   | 89,738,933,574    |
| Percent of Total                                      | 1.13                       | 28.19                           | 3.39                                      | 43.41                        | 7.79                              | 6.24                              | 5.43                         | 4.42                            | 100.00            |

**DEPARTMENT OF STATE TREASURER**  
**ANCILLARY INVESTMENT PROGRAMS**  
**SEPTEMBER 30, 2014**

|   | Escheats<br>External<br>Investments | OPEB<br>External<br>Investments | Hospital<br>External<br>Investments | Totals                |
|---|-------------------------------------|---------------------------------|-------------------------------------|-----------------------|
| Net Assets:                             |                                     |                                 |                                     |                       |
| Deposits in Equity Investment Fund      | \$                                  | 105,162,750                     | 170,883,816                         | \$ 276,046,566        |
| Deposits in Alternative Investment Fund | 41,374,421                          |                                 |                                     | 41,374,421            |
| Total Net Assets                        | <u>\$ 41,374,421</u>                | <u>\$ 105,162,750</u>           | <u>\$ 170,883,816</u>               | <u>\$ 317,420,987</u> |

**DEPARTMENT OF STATE TREASURER**  
**COMBINED STATEMENT OF OPERATIONS - ALL POOLS AND ACCOUNTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

|  | Cash Management Program          |                          |               | *Trust Funds     | Memorandum                |                  |
|--|----------------------------------|--------------------------|---------------|------------------|---------------------------|------------------|
|  | Investment Program               |                          | Subtotal      | Subtotal         | Investment Program        |                  |
|  | Short-term<br>Investment<br>Fund | Bond<br>Proceeds<br>Fund |               |                  | Intrafund<br>Eliminations | Total            |
| Revenues:                                |                                  |                          |               |                  |                           |                  |
| Investment Income:                       |                                  |                          |               |                  |                           |                  |
| Investment Earnings                      | \$ 16,921,426                    | 5,229                    | \$ 16,926,655 | \$ 1,550,628,391 | \$ -                      | \$ 1,567,555,046 |
| Intra-Pool Interest Earnings             |                                  |                          | -             | 3,234,078        | (3,234,078)               | -                |
| Income from Security Lending             |                                  |                          | -             | 2,822,340        | -                         | 2,822,340        |
| Commission Recapture                     |                                  |                          | -             | 21,126           | -                         | 21,126           |
| Other Income                             |                                  |                          | -             | 1,128,952        | -                         | 1,128,952        |
| Subtotal                                 | 16,921,426                       | 5,229                    | 16,926,655    | 1,557,834,887    | (3,234,078)               | 1,571,527,464    |
| Net Unrealized Appreciation/Depreciation |                                  |                          |               | (2,408,086,805)  | -                         | (2,408,086,805)  |
| Total Investment Income                  | 16,921,426                       | 5,229                    | 16,926,655    | (850,251,918)    | (3,234,078)               | (836,559,341)    |
| Expenditures:                            |                                  |                          |               |                  |                           |                  |
| Treasurer's Allocated Cost               | (132,594)                        |                          | (132,594)     | (1,335,151)      | -                         | (1,467,745)      |
| Management Fees                          |                                  | (4,933)                  | (4,933)       | (26,597,767)     | -                         | (26,602,700)     |
| Placement Fees                           |                                  |                          |               | -                |                           | -                |
| Dividend Withholding Tax                 |                                  |                          | -             | (7,014,169)      | -                         | (7,014,169)      |
| Other Cost                               | (413,005)                        |                          | (413,005)     | (7,487,277)      | -                         | (7,900,282)      |
| Total Expenditures                       | (545,599)                        | (4,933)                  | (550,532)     | (42,434,364)     | -                         | (42,984,896)     |
| Net Investment Income (Loss)             | \$ 16,375,827                    | \$ 296                   | \$ 16,376,123 | \$ (892,686,282) | \$ (3,234,078)            | \$ (879,544,237) |
| Total Investment Income Allocated:       |                                  |                          |               |                  |                           |                  |
| General Fund                             | \$ 3,766,214                     |                          | 3,766,214     | \$ -             | \$ -                      | \$ 3,766,214     |
| Highway Fund                             | 401,512                          |                          | 401,512       | -                | -                         | 401,512          |
| Highway Trust Fund                       | 916,639                          |                          | 916,639       | -                | -                         | 916,639          |
| University Trust Funds                   | 2,512,293                        |                          | 2,512,293     | -                | -                         | 2,512,293        |
| Pension Trust Funds                      | 471,551                          |                          | 471,551       | (897,722,860)    | -                         | (897,251,309)    |
| Other Independent Trust Funds            | 4,227,391                        |                          | 4,227,391     | 5,036,578        | -                         | 9,263,969        |
| Local Political Subdivisions             | 813,895                          |                          | 813,895       | -                | -                         | 813,895          |
| Licensing Boards                         | 32,254                           |                          | 32,254        | -                | -                         | 32,254           |
| Other Investment Funds                   | 3,234,078                        | 296                      | 3,234,374     | -                | (3,234,078)               | 296              |
| Total Investment Income Allocated        | \$ 16,375,827                    | \$ 296                   | \$ 16,376,123 | \$ (892,686,282) | \$ (3,234,078)            | \$ (879,544,237) |

**Cash Return, Fiscal Year-to-Date (Annualized)**      0.417%      0.016%      0.416%

\*Trust Funds detail is included on the Combining Statement of Operations-Trust Funds Investment Program.



**DEPARTMENT OF STATE TREASURER**  
**COMBINING STATEMENT OF OPERATIONS - TRUST FUNDS INVESTMENT PROGRAM**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

| Trust Funds Investment Program              |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
|---|----------------------------|---------------------------------|---|------------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------------|------------------|
|   | Cash<br>Investment<br>Fund | Long-term<br>Investment<br>Fund | External Fixed Inc.<br>Investment<br>Fund | Equity<br>Investment<br>Fund | Real Estate<br>Investment<br>Fund | Alternative<br>Investment<br>Fund | Credit<br>Investment<br>Fund | Inflation<br>Investment<br>Fund | Totals           |
| Revenues:                                   |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
| Investment Income:                          |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
| Investment Earnings                         | \$ 485                     | 627,101,727                     | 5,551,718                                 | 615,635,113                  | 139,989,402                       | 176,781,720                       | 10,503,171                   | (24,934,945)                    | \$ 1,550,628,391 |
| Intra-Pool Interest Earnings                | 887,350                    | 210,982                         | 2,135,746                                 |                              |                                   |                                   |                              |                                 | 3,234,078        |
| Income from Security Lending                |                            |                                 |   | 2,822,340                    |                                   |                                   |                              |                                 | 2,822,340        |
| Commission Recapture                        |                            |                                 |   | 21,126                       |                                   |                                   |                              |                                 | 21,126           |
| Other Income                                |                            |                                 |   | 1,128,952                    |                                   |                                   |                              |                                 | 1,128,952        |
| Subtotal                                    | 887,835                    | 627,312,709                     | 7,687,464                                 | 619,607,531                  | 139,989,402                       | 176,781,720                       | 10,503,171                   | (24,934,945)                    | 1,557,834,887    |
| Net Unrealized Appreciation/Depreciation    |                            | (513,308,851)                   | (1,446,069)                               | (1,786,024,034)              | 73,914,577                        | (121,052,961)                     | (35,903,120)                 | (24,266,347)                    | (2,408,086,805)  |
| Total Investment Income                     | 887,835                    | 114,003,858                     | 6,241,395                                 | (1,166,416,503)              | 213,903,979                       | 55,728,759                        | (25,399,949)                 | (49,201,292)                    | (850,251,918)    |
| Expenditures:                               |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
| Treasurer's Allocated Cost                  | (11,226)                   | (393,761)                       | (25,396)                                  | (600,628)                    | (104,797)                         | (76,129)                          | (70,668)                     | (52,546)                        | (1,335,151)      |
| Management Fees                             |                            |                                 |   | (5,884,773)                  | (7,967,475)                       | (10,444,025)                      | (992,340)                    | (1,309,154)                     | (26,597,767)     |
| Placement Fees                              |                            |                                 |   |                              |                                   |                                   |                              |                                 | -                |
| Dividend Withholding Tax                    |                            |                                 |   | (6,990,214)                  | (23,955)                          |                                   |                              |                                 | (7,014,169)      |
| Other Cost                                  |                            | (289,256)                       | (68,575)                                  | (549,158)                    | 1,830,382                         | (4,891,978)                       | (1,719,763)                  | (1,798,929)                     | (7,487,277)      |
| Total Expenditures                          | (11,226)                   | (683,017)                       | (93,971)                                  | (14,024,773)                 | (6,265,845)                       | (15,412,132)                      | (2,782,771)                  | (3,160,629)                     | (42,434,364)     |
| Net Investment Income (Loss)                | \$ 876,609                 | 113,320,841                     | 6,147,424                                 | (1,180,441,276)              | 207,638,134                       | 40,316,627                        | (28,182,720)                 | (52,361,921)                    | \$ (892,686,282) |
| Total Investment Income Allocated:          |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
| General Fund                                | \$ -                       | -                               | \$ -                                      | -                            | \$ -                              | -                                 | \$ -                         | -                               | \$ -             |
| Highway Fund                                | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| Highway Trust Fund                          | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| University Trust Funds                      | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| Pension Trust Funds                         | 876,609                    | 108,284,263                     | 6,147,424                                 | (1,180,441,276)              | 207,638,134                       | 40,316,627                        | (28,182,720)                 | (52,361,921)                    | (897,722,860)    |
| Other Independent Trust Funds               |                            | 5,036,578                       | -   | -                            | -                                 | -                                 | -                            | -                               | 5,036,578        |
| Local Political Subdivisions                | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| Licensing Boards                            | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| Other Investment Funds                      | -                          | -                               | -   | -                            | -                                 | -                                 | -                            | -                               | -                |
| Total Investment Income Allocated           | \$ 876,609                 | 113,320,841                     | \$ 6,147,424                              | \$ (1,180,441,276)           | \$ 207,638,134                    | \$ 40,316,627                     | \$ (28,182,720)              | \$ (52,361,921)                 | \$ (892,686,282) |
| Total Return, 12, 24, and 36 and 60 months: |                            |                                 |   |                              |                                   |                                   |                              |                                 |                  |
| 12 months                                   | 0.45%                      | 5.90%                           | 4.30%                                     | 10.82%                       | 12.85%                            | 15.48%                            | 9.71%                        | 3.94%                           | 9.31%            |
| 24 months                                   | N/A                        | 1.29%                           | 4.57%                                     | 15.95%                       | 12.33%                            | 11.53%                            | 12.80%                       | -1.15%                          | 9.54%            |
| 36 months                                   | N/A                        | 3.65%                           | 7.90%                                     | 18.06%                       | 10.60%                            | 9.19%                             | 11.40%                       | 0.79%                           | 10.96%           |
| 60 months                                   | N/A                        | 5.87%                           | 7.81%                                     | 11.42%                       | 8.09%                             | 10.23%                            | N/A                          | N/A                             | 9.01%            |