

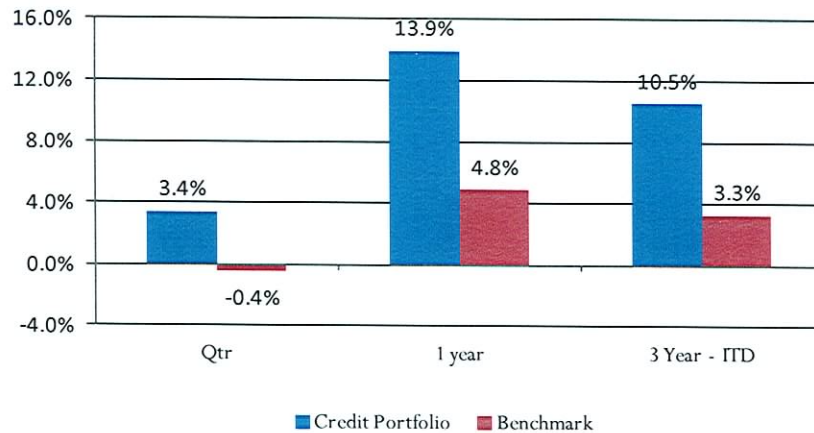


Credit Portfolio Overview

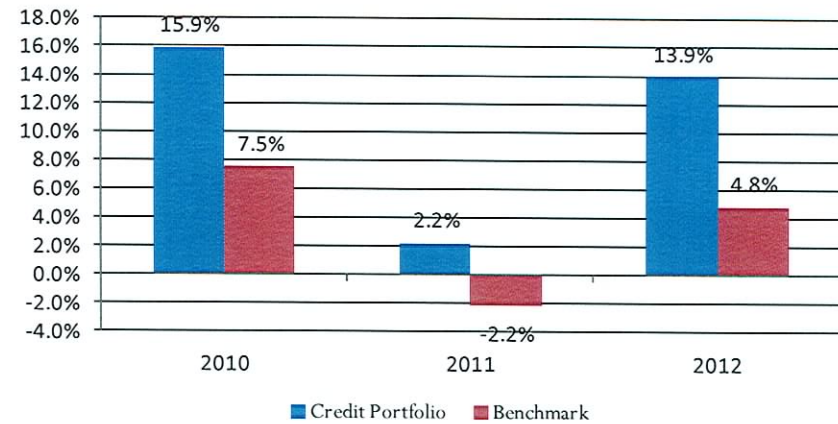
February 27, 2013

Credit Portfolio Performance

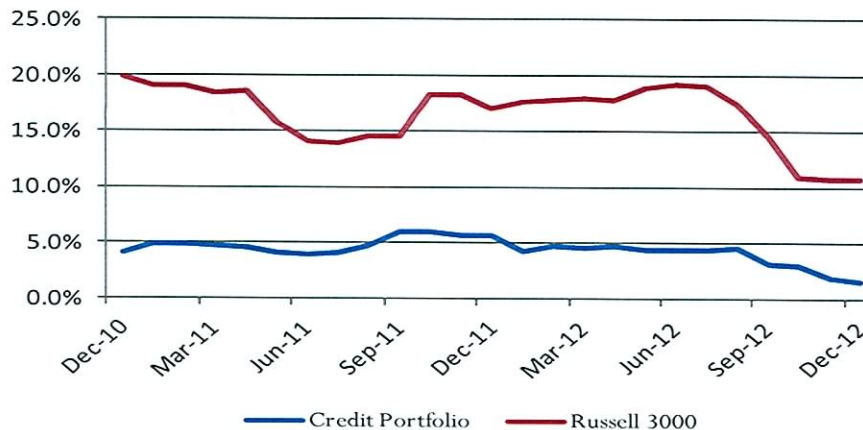
Annualized Performance



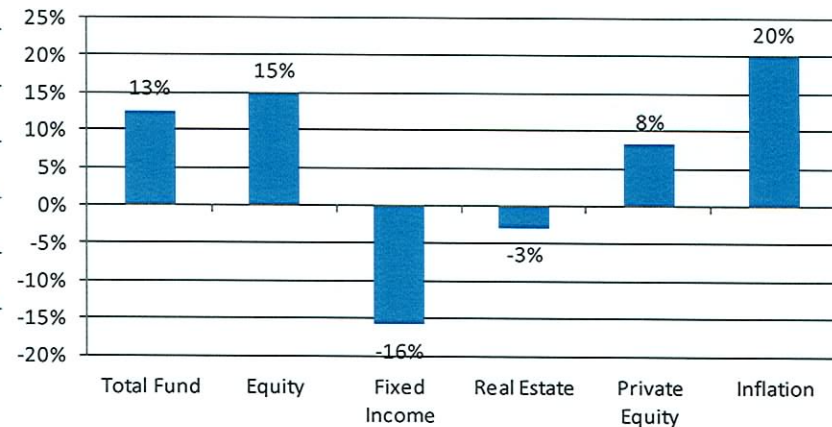
Calendar Year Performance



Rolling 1-Year Volatility

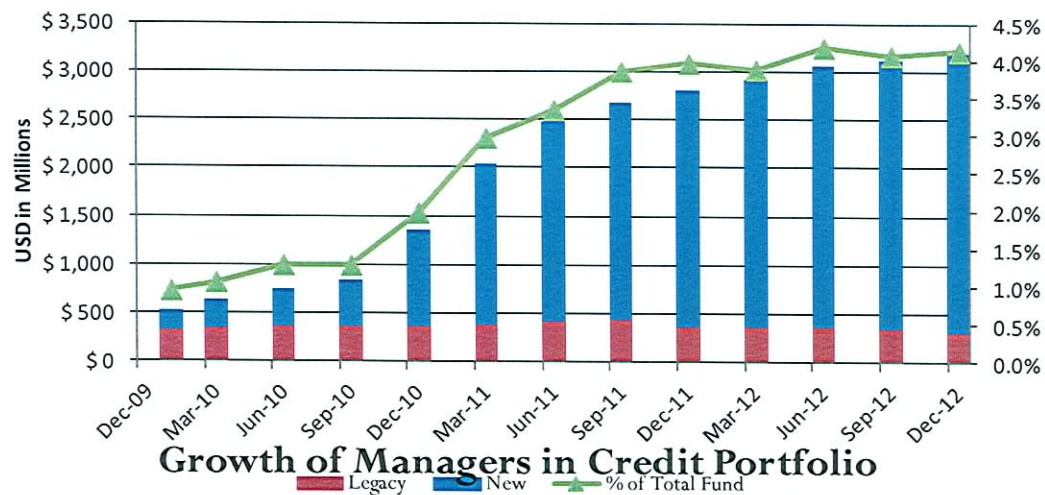


Historical 3-Year Correlation

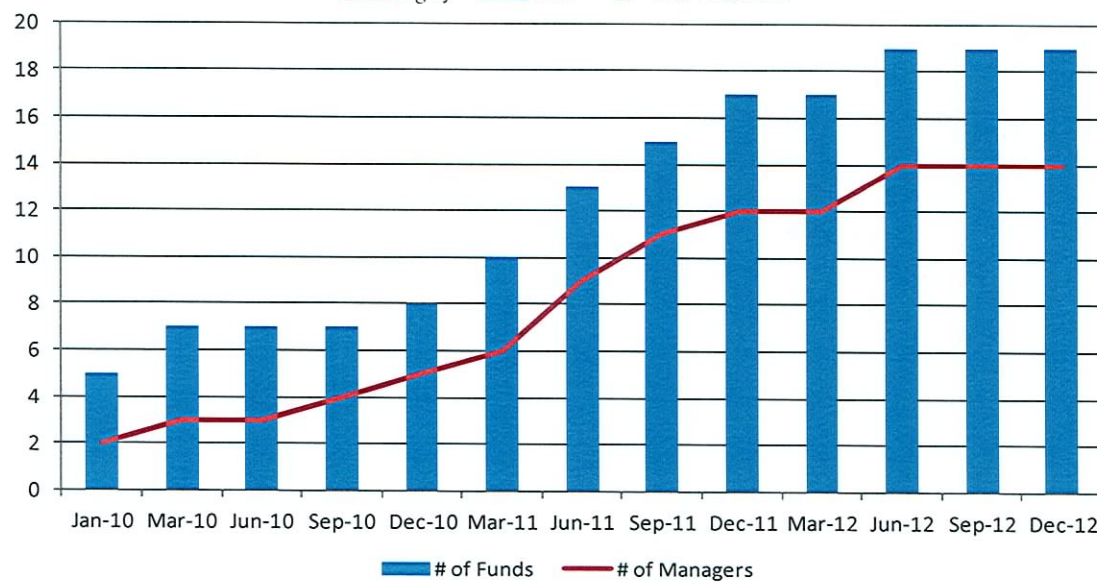


Credit Portfolio History

Credit Portfolio Market Value Timeline



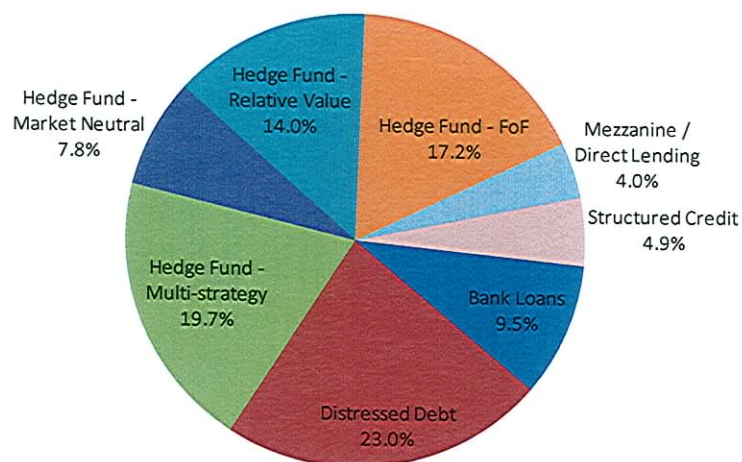
Growth of Managers in Credit Portfolio



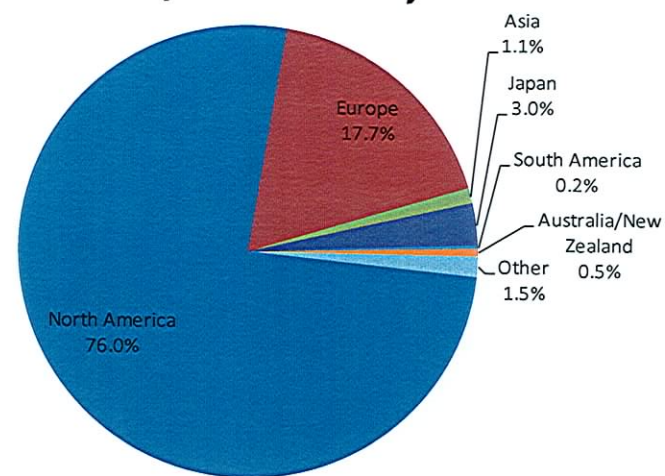
*As of 12/31/12

Credit Portfolio Characteristics

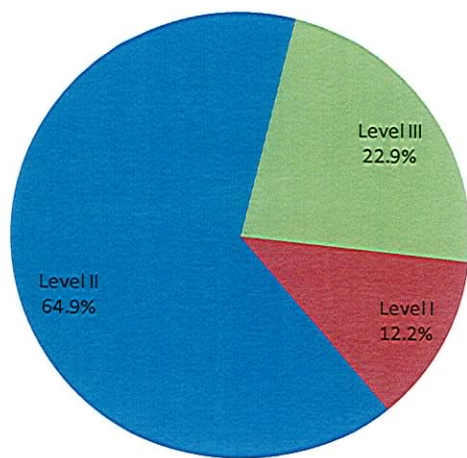
Strategy Allocation



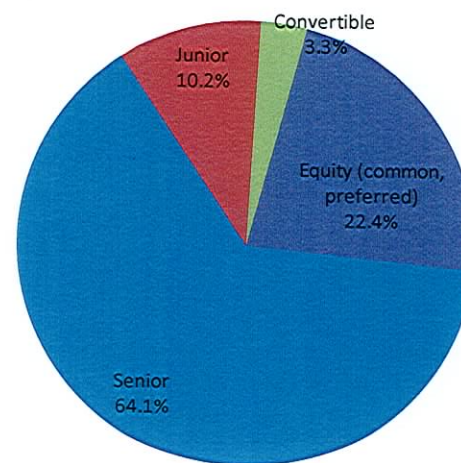
Assets by Marketability



Liquidity of Underlying Assets



Capital Structure Allocation

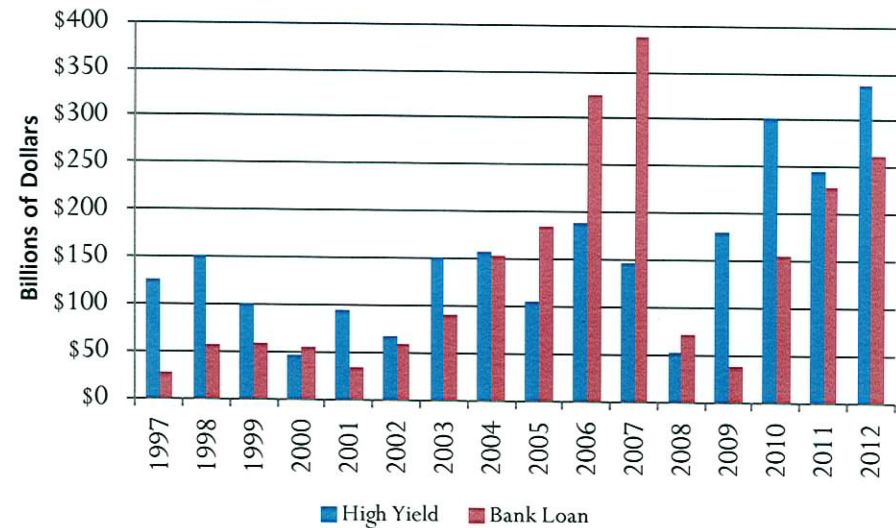


* As of 12/31/12

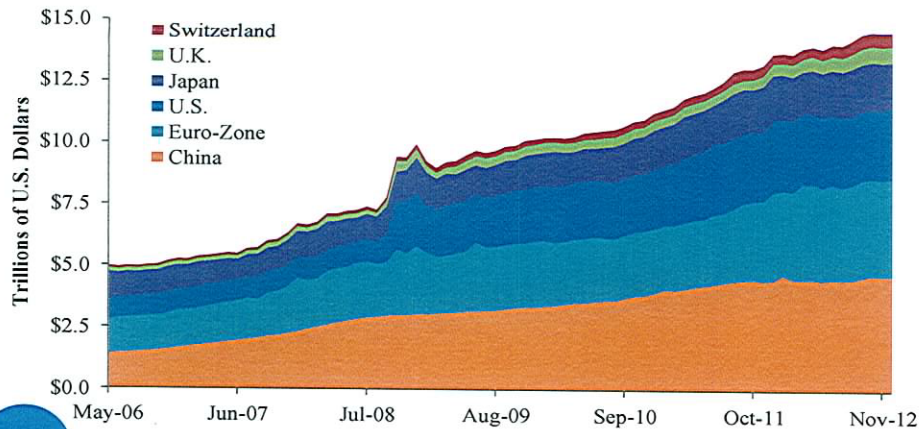
Credit Portfolio Market Environment

REDACTED: CONTAINS
CONFIDENTIAL INFORMATION
PROVIDED BY A VENDOR

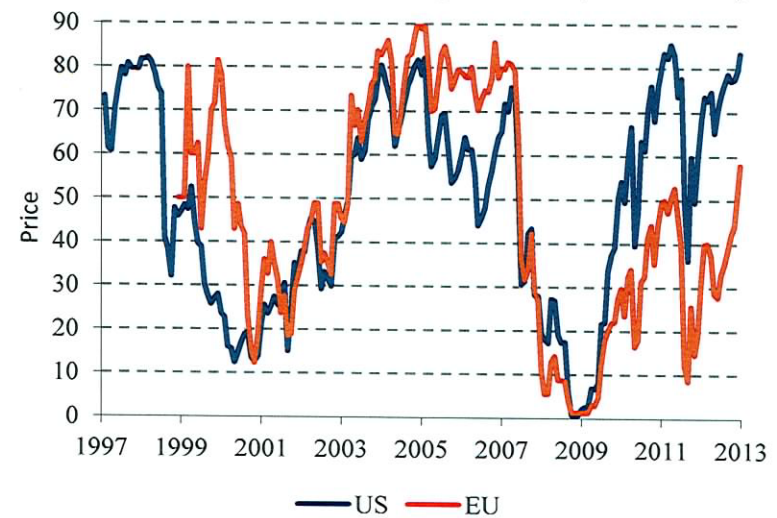
High Yield & Bank Loan Issuance²



Cumulative Assets of Major Central Banks³



High Yield Bonds Trading to Call (% to total)⁴



Portfolio Review

- Performed annual portfolio review with staff, Albourne, and Investcorp

Findings

- The credit portfolio is well structured and has performed well
 - 3 Year Annualized Statistics: 10.5% Return, 4.4% Volatility, 2.39 Sharpe Ratio
- Forward looking return expectations are lower due to compressed yields across credit universe
- We should selectively consider the following:
 - Increasing exposure to structured credit
 - Increasing exposure to niche and less liquid opportunities
 - Increasing exposure to Europe

Credit Portfolio Attributes and 2013 Objective

Positive Attributes

- Delivering on the portfolio mandate
- Continuing to drive thoughtful LP terms

2013 Objectives

- Explore Direct Lending
- Implement SAS Risk Management Tool
- Build out Manager Diversification in Sub Category Strategies
- Explore Opportunistic Allocations
- Explore Niche/Lower Correlated Credit Strategies