

**AGENDA**  
**INVESTMENT ADVISORY COUNCIL MEETING**  
**Tuesday, February 18, 2014**  
**12:00 Noon**  
**State Board of Investment**  
**Board Room – First Floor**  
**60 Empire Drive, St. Paul, MN**

- |   |            |
|---|------------|
| <b>1. Approval of Minutes of November 19, 2013</b>  | <b>TAB</b> |
| <b>2. Report from the Executive Director (M. Perry)</b>   | <b>A</b>   |
| A. Quarterly Investment Review<br>(October 1, 2013 – December 31, 2013)   |            |
| B. Administrative Report  | <b>B</b>   |
| 1. Reports on Budget and Travel   |            |
| 2. FY13 Audit Report  |            |
| 3. Update on Sudan  |            |
| 4. Update on Iran   |            |
| 5. Workplan Update  |            |
| 6. Legislative Updates  |            |
| 7. Consideration of a new Contract for the State's 529 Plan   |            |
| 8. Litigation Update  |            |
| 9. Staff Announcement   |            |
| <b>3. Review of manager performance for the period ending<br/>December 31, 2013 (M. Perry)</b>  | <b>C</b>   |
| <b>4. Alternative Investment Report (J. Griebenow)</b>  | <b>D</b>   |
| A. Review of current strategy.  |            |
| B. Consideration of investment commitments with one existing<br>resource manager, two existing private equity managers and<br>one commitment previously authorized. |            |
| <b>5. Other items</b>   | <b>E</b>   |
| A. Discussion of Role of IAC.   |            |
| B. Roundtable Presentation and Discussion:  |            |
| • Direct Lending and Private Debt Opportunities.  |            |

**INVESTMENT ADVISORY COUNCIL**

**MINUTES**

**February 18, 2014**

## STATE BOARD OF INVESTMENT

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### Minutes Investment Advisory Council November 19, 2013

The Investment Advisory Council (IAC) met at 12:00 P.M. Tuesday, November 19, 2013 in the Board Room – First Floor, 60 Empire Drive, St. Paul, Minnesota.

**MEMBERS PRESENT:** Denise Anderson, Jeff Bailey, Dave Bergstrom, John Bohan, Doug Gorence, Kim Faust, Laurie Hacking, Kristin Hanson (for Jim Schowalter), Jay Kiedrowski, Gary Martin, Malcolm McDonald, Mary Vanek and Elaine Voss.

**MEMBERS ABSENT:** Kerry Brick and Dennis Duerst.

**SBI STAFF:** Mansco Perry, LeaAnn Stagg, Tammy Brusehaver, Patricia Ammann, Stephanie Gleeson, Mike Menssen, Ryan Hill, Steve Kuettel, Aaron Griga, Paul Anderson, John Griebenow, J.J. Kirby, Debbie Griebenow, Charlene Olson and Melissa Mader.

**OTHERS ATTENDING:** Ann Posey, Callan Associates Inc.; Micah Hines, Bert Black, Celeste Grant, Christie Eller, Richard Baert, Pension & Investments; Margaret Martin, Center of the American Experiment; Carmen Marg-Patton and Cassie Harland, Office of the Legislative Auditor; Don Leathers, John Fisher, REAM and Gordon Voss.

Mr. Bailey welcomed Mr. Perry as the new Executive Director of the SBI and the minutes of the August 20, 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 September 30, 2013 (Combined Funds 8.4% vs. Composite 8.1%) and had provided a real rate of return over the latest 20 year period (Combined Funds 8.3% vs. CPI 2.4%).

Mr. Perry said that the Combined Funds' assets increased 4.0% for the quarter ending September 30, 2013 due to positive market performance. He said that the asset mix is on target, and he stated that the Combined Funds outperformed its Composite Index for the quarter (Combined Funds 5.1% vs. Composite 4.8%), for the year (Combined Funds 14.9% vs. Composite 13.5%) and over longer periods.

Mr. Perry reported that the domestic stock manager group outperformed its target for the quarter (Domestic Stocks 7.1% vs. Domestic Equity Asset Class Target 6.3%) and for the year (Domestic Stock 23.0% vs. Domestic Equity Asset Class Target 21.6%). He said the

international stock manager group underperformed its target for the quarter (International Stock 9.7% vs. International Equity Asset Class Target 10.1%) but outperformed for the year (International Stock 18.2% vs. International Equity Asset Class Target 16.5%). Mr. Perry stated that the bond segment outperformed its target for the quarter (Bonds 0.7% vs. Fixed Income Asset Class Target 0.6%) and for the year (Bonds -0.8% vs. Fixed Income Asset Class Target -1.7%). He stated that the alternative investments returned 2.1% for the quarter and 13.3% for the year. He concluded his report with the comment that, as of September 30, 2013, the SBI was responsible for over \$69 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 is working on the financial audit of SBI operations and that members will receive a copy as soon as it is available. He added that members will be receiving a draft copy of the annual report and that the final report should be available by year-end. Mr. Perry noted the tentative meeting dates for calendar year 2014. He stated that Tab B contains updated information on Sudan and Iran.

Mr. Perry stated that SBI staff and the Minnesota State Retirement System staff are recommending that legislation be pursued which will give greater flexibility for the investment options in the Supplemental Investment Fund. Mr. Kiedrowski moved approval of the recommendation, as stated in Tab B. Ms. Voss seconded the motion. The motion passed.

Mr. Perry reported that the 529 College Savings Plan's contract will expire in August 2014. He stated that staff is working with the Higher Education Services Organization (HESO) on getting an RFP ready and is also discussing with HESO the possibility of making some changes to the plan to make it more competitive. He added that Commissioner Pogemiller has been in discussions with the Department of Revenue about potential tax incentives. Mr. Perry noted that there is currently no litigation involving the SBI.

Mr. Perry referred members to Tab C of the meeting materials for updated information on the SBI's equity and fixed income managers. He referred members to a memo distributed regarding a review of Knelman Asset Management Group, a domestic equity manager (see **Attachment A.**) He stated that the firm has been cited by the Securities and Exchange Commission for a couple of violations. He noted that the violations did not involve any of the SBI's assets. He added that the firm has also suffered staff turnover and underperformance and that staff is recommending that the SBI terminate the relationship. Mr. McDonald moved approval of the recommendation, as stated in Attachment A. Ms. Hacking seconded the motion. The motion passed.

Mr. Perry referred members to page A-86 of Tab C for updated performance on the non-retirement managers. He said that staff will keep members apprised of any issues as needed going forward. Mr. Bergstrom added that staff performs due diligence on the Deferred Compensation managers as well.

Mr. Griebenow referred members to Tab D of the meeting materials and briefly reviewed new investments with one existing resource manager, Energy Capital Partners and one new private equity manager, Permira. Tom Lister, a Managing General Partner with Permira, then gave members a presentation on the Permira investment. Mr. McDonald moved approval of both

recommendations, as stated in Tab D of the meeting materials. Ms. Hacking seconded the motion. The motion passed.

Mr. Perry discussed his view of the role of the IAC, and he thanked members for their service. A lengthy discussion followed regarding several topics such as structure of the IAC, investment approval procedures, and ways to ensure that the IAC is effectively serving and advising the Board members.

Mr. Perry stated that he had asked Ms. Posey to prepare some information regarding the SBI's bond portfolio (see **Attachment B**.) Ms. Posey reviewed the material regarding the potential impact of rising interest rates on the bond portfolio. A discussion followed with several members discussing their organizations' situations. In response to a question from Mr. Kiedrowski, Mr. Perry stated that unfunded alternative assets are included in with the fixed income allocation due to statutory restrictions. Mr. Perry stated that staff will continue to examine the issues in the fixed income area.

The meeting adjourned at 2:00 P.M.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mansco Perry III". The signature is written in a cursive style with a large, stylized "M" and "P".

Mansco Perry III  
Executive Director

(Blank)

DATE: November 19, 2013

TO: Members, Investment Advisory Council

FROM: Tammy Brusehaver  
PatC Ammann

**SUBJECT: Review of Knelman Asset Management Group LLC, a domestic equity manager**

### **Organization**

The SBI hired Knelman Asset Management Group LLC in January 2005 to manage a large cap growth portfolio.

### Securities and Exchange Commission sanction

On October 28, SBI staff was informed that the Securities and Exchange Commission sanctioned Knelman for violating the "custody rule" that requires them to meet certain standards when maintaining custody of their clients' funds or securities. In consenting to a censure and cease-and-desist order KAMG (Knelman Asset Management Group) agreed to pay a \$60,000 penalty and Kip Knelman agreed to pay a \$75,000 penalty and is barred from acting as chief compliance officer for at least three years. All citations were related to a fund of private equity funds named Rancho Partners I, that the SBI did not invest in. Additionally, the SBI's equity mandate with Knelman is custodied at State Street.

### Investment Staff

The investment staff has had significant turnover. At the beginning of the year, the staff included Kip Knelman, Senior Managing Director, David Lettenberger, Senior Portfolio Manager/Chief Compliance Officer, and Seth Heimermann, Analyst. Seth left in February 2013. David left in May 2013. Knelman hired Derek Jose as a Senior Portfolio Manager/Chief Compliance Officer and Minzhi Qiu as an intern in July 2013. Kip Knelman remains on the investment staff.

### **Performance**

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

As of September 30, 2013

	<b>One year</b>	<b>Two years</b>	<b>Three years</b>	<b>Four years</b>	<b>Five years</b>	<b>Since inception</b>
Knelman	15.1	21.2	14.3	13.3	10.1	5.8
Russell 1000 Growth	19.3	24.1	16.9	15.9	12.1	7.0
<b>Net performance</b>	<b>-4.2</b>	<b>-2.9</b>	<b>-2.6</b>	<b>-2.6</b>	<b>-2.0</b>	<b>-1.2</b>

Calendar Year Ending

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Knelman	16.6	-3.3	18.1	31.1	-39.9
Russell 1000 Growth	15.3	2.6	16.7	37.2	-38.4
<b>Net performance</b>	<b>1.3</b>	<b>-5.9</b>	<b>1.4</b>	<b>-6.1</b>	<b>-1.5</b>

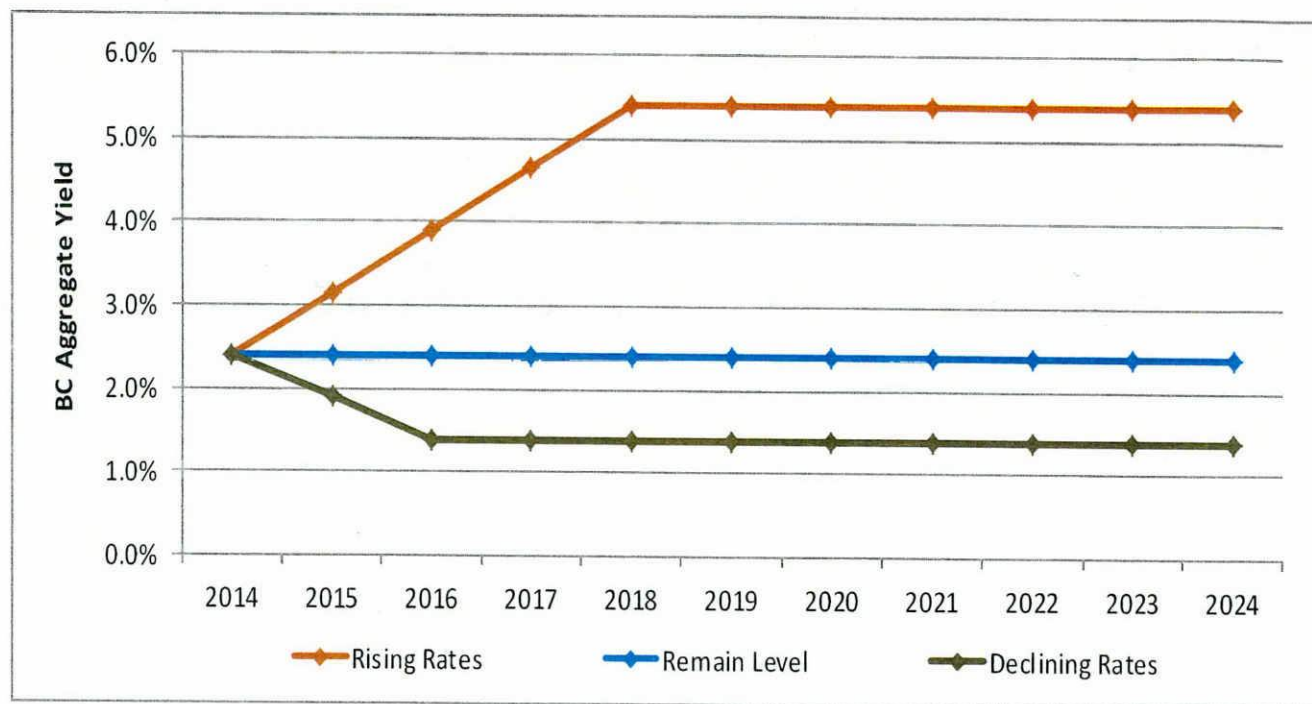
**RECOMMENDATION:**

**Due to the Securities and Exchange Commission sanction, the turnover in investment staff, and underperformance staff recommends that the SBI terminate the relationship with Knelman Asset Management Group LLC.**



# Impact of Rising Rates

- **Fixed income returns derive from coupon income, capital gains/losses and reinvestment**
  - A rise in yields may lead to higher returns over the long run.
  - A prolonged period of low rates is not a good environment for long-term investors.
- ***Preliminary* Callan 2014 – 2023 baseline capital market expectations continue to include a rising rates scenario**
- **For a 0.5% parallel rise in the yield curve, all else equal, the BC Aggregate will return 0% over the next year.**



	1-Year*	3-Year*	10-Year*
Rising Rates	-1.5%	-0.8%	3.0%
Level Rates	2.4%	2.4%	2.4%
Declining Rates	5.0%	3.6%	2.1%

\* Assumes a constant 5.6 year duration, parallel shift in the yield curve and 100% reinvestment every year.

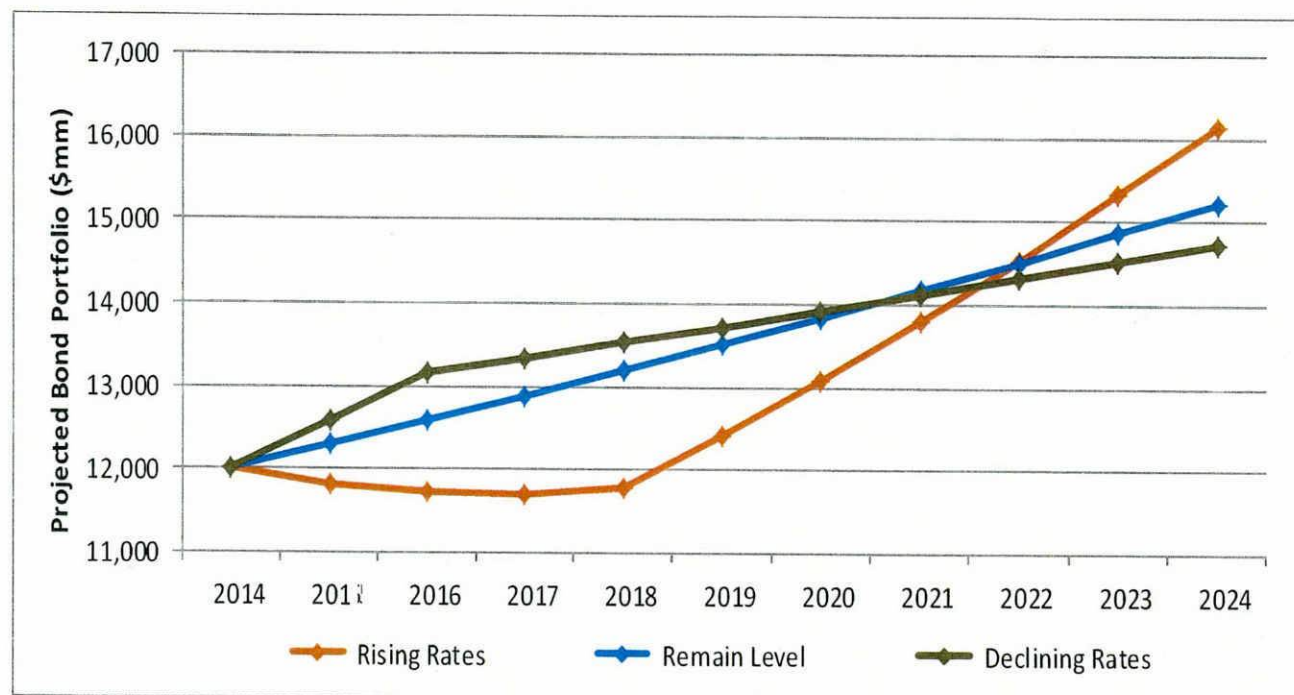
# Projected Bond Portfolio Values

- **Rising Rate Scenario**

- Assets fall in short term
- Long term, asset are higher due to high income

- **Declining Rate Scenario**

- Higher asset levels in short term
- Long term: Worse case outcome.

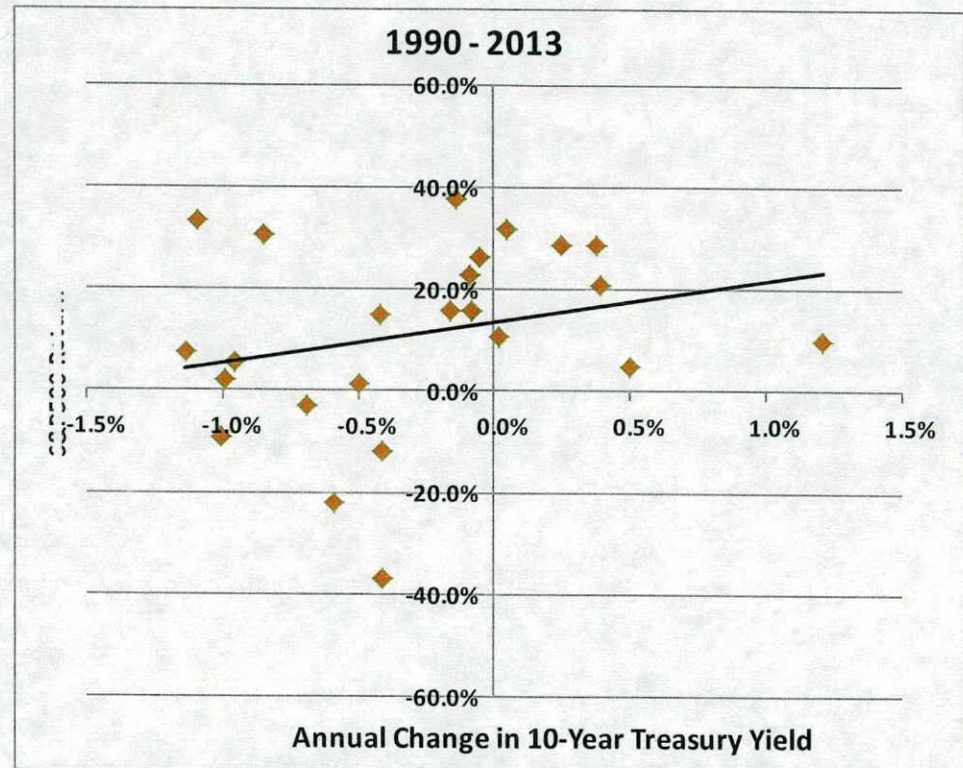
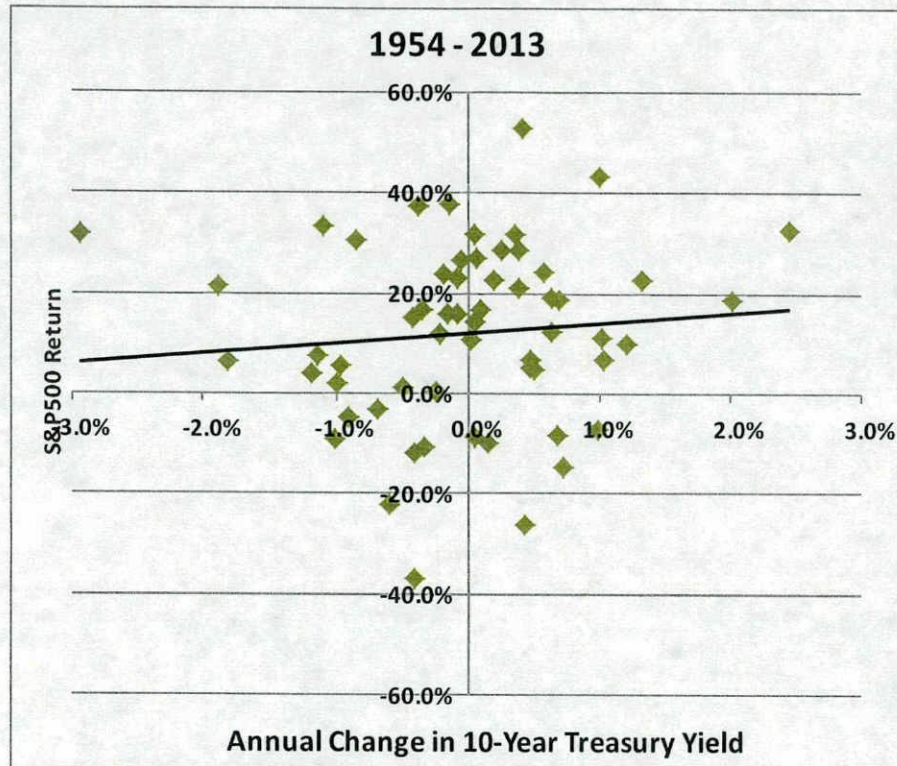


## Cumulative Dollar Gain/(Loss) in Bond Portfolio (\$mm)

	1-Year*	3-Year*	10-Year*
Rising Rates	(\$185)	(\$294)	\$4,147
Remain Level	\$288	\$885	\$3,212
Declining Rates	\$601	\$1,352	\$2,717

\* Asset Projection is based on yield scenarios in prior slide.

# Equities and Interest Rates



- The above charts illustrate the weak relationship between equities (S&P500) and interest rates (10-year Treasury yield) over a one-year horizon going back to 1954 and 1990 respectively.
  - The black line is a fitted linear regression line. A flat line indicates no relationship (zero correlation).
- In theory, equities should decline in price as interest rates rise.
  - Not only does the cost of borrowing increase but stocks are less attractive when the risk-free rate is higher.
- Unfortunately, the theory is not supported by empirical evidence (regression line is upward sloping from 1990 – 2013)
  - Rising interest rates may be indicative of a strengthening economy which is naturally an ideal environment for equity.
- Given that rates are (the risk-free rate is) very low today, interest rates may need to rise significantly before impacting the growth prospects for U.S. stocks.

TAB

A

**LONG TERM OBJECTIVES**  
**Period Ending 12/31/2013**

<b>COMBINED FUNDS: \$57.1 Billion</b>	<b>Result</b>	<b>Compared to Objective</b>
<p><b>Match or Exceed Composite Index (10 Yr.)</b></p> <p>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.</p>	<b>8.1% (1)</b>	0.3 percentage point above the target
<p><b>Provide Real Return (20 yr.)</b></p> <p>Provide returns that are 3-5 percentage points greater than inflation over the latest 20 year period.</p>	<b>8.5%</b>	6.2 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

**Assets**

Current Actuarial Value \$48.8 billion

**Funding Ratio**Current Actuarial Value divided by  
Accrued Liabilities 74.9%**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

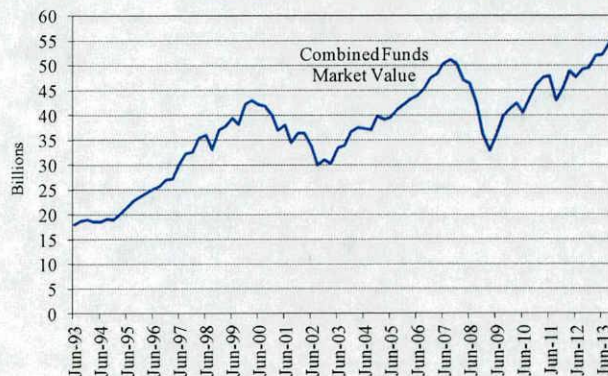
**EXECUTIVE SUMMARY**  
**Combined Funds (Net of Fees)**

**Asset Growth**

The market value of the Combined Funds increased 5.4% during the fourth quarter of 2013. Positive investment returns caused the increase in market value.

**Asset Growth**  
**During Fourth Quarter 2013**  
**(Millions)**

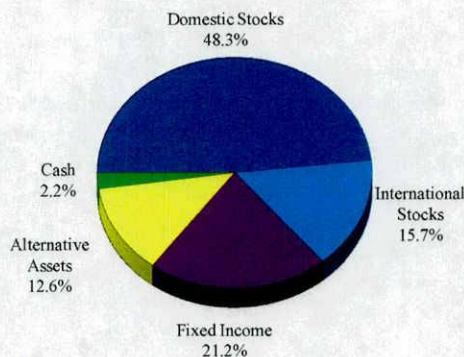
Beginning Value	\$ 54,188
Net Contributions	-475
Investment Return	3,422
Ending Value	\$ 57,135



**Asset Mix**

The allocation to domestic equities increased due to their outperformance relative to the other asset classes.

	Policy Targets	Actual Mix 12/31/2013	Actual Market Value (Millions)
Domestic Stocks	45.0%	48.3%	\$27,607
Int'l. Stocks	15.0	15.7	8,967
Bonds	18.0	21.2	12,084
Alternative Assets*	20.0	12.6	7,221
Cash	2.0	2.2	1,256
	100.0%	100.0%	\$57,135

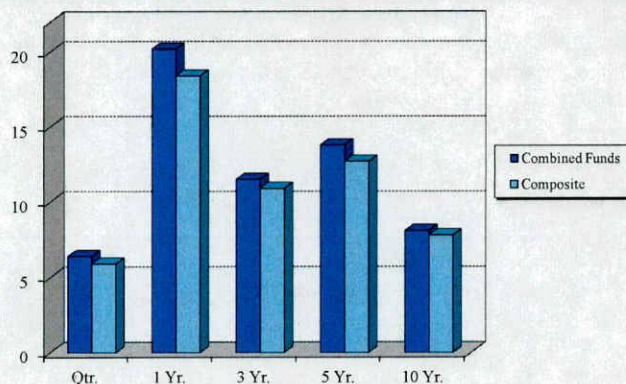


\* Any uninvested allocation is held in bonds.

**Fund Performance (Net of Fees)**

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

	Period Ending 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Combined Funds	6.4%	20.2%	11.5%	13.8%	8.1%
Composite	5.9	18.4	10.9	12.7	7.8



**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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Dom. Stocks</b>	<b>10.2%</b>	<b>35.1%</b>	<b>16.5%</b>	<b>19.1%</b>	<b>7.9%</b>
Asset Class Target*	10.1	33.6	16.2	18.7	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) outperformed its target for the quarter and 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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Int'l. Stocks</b>	<b>5.5%</b>	<b>17.8%</b>	<b>5.9%</b>	<b>13.5%</b>	<b>7.9%</b>
Asset Class Target*	4.8	15.3	5.1	12.8	7.6

\* 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). From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) + Emerging Markets Free (EMF) (net), and from 7/1/99 to 12/31/00 was MSCI EAFE Free (net) + EMF (gross). From 7/1/99 to 9/30/03, the weight of each index fluctuated with market cap.

**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.

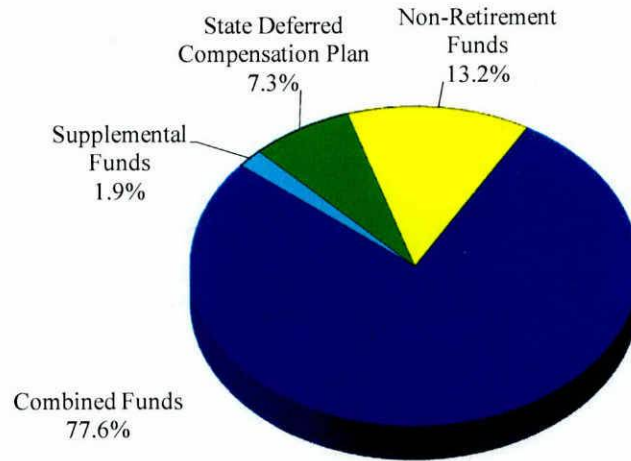
	Period Ending 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Bonds</b>	<b>0.1%</b>	<b>-1.3%</b>	<b>4.1%</b>	<b>7.1%</b>	<b>4.9%</b>
Asset Class Target	-0.1	-2.0	3.3	4.4	4.5

**Alternative Investments**

	Period Ending 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternatives</b>	<b>5.6%</b>	<b>15.8%</b>	<b>13.7%</b>	<b>8.5%</b>	<b>15.6%</b>



**EXECUTIVE SUMMARY**  
**Funds Under Management**



	<b>12/31/2013 Market Value (Billions)</b>
<b>Retirement Funds</b>	
Combined Funds	\$57.1
Supplemental Investment Fund	1.4
- Excluding Deferred Compensation Plan Assets	
State Deferred Compensation Plan	5.4
<b>Non-Retirement Funds</b>	
Assigned Risk Plan	0.3
Permanent School Fund	1.0
Environmental Trust Fund	0.8
Miscellaneous Trust Accounts	0.1
Other Post Employment Benefits Accounts	0.4
State Cash Accounts	7.1
<b>Total</b>	<b>\$73.8*</b>

\* Total may not add due to rounding.

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# MINNESOTA STATE BOARD OF INVESTMENT

## QUARTERLY INVESTMENT REPORT

Fourth Quarter 2013  
(October 1, 2013 - December 31, 2013)

### Table of Contents

	Page
Capital Market Indices .....	2
Financial Markets Review .....	3
Combined Funds.....	5
Stock and Bond Manager Pools.....	9
Alternative Investments .....	10
Supplemental Investment Fund.....	11
Fund Description	
Income Share Account	
Growth Share Account	
Common Stock Index Account	
International Share Account	
Bond Market Account	
Money Market Account	
Fixed Interest Account	
Volunteer Firefighter Account	
Deferred Compensation Plan.....	14
Assigned Risk Plan .....	17
Permanent School Fund.....	18
Environmental Trust Fund.....	19
State Cash Accounts .....	20
Composition of State Investment Portfolios.....	21

## VARIOUS CAPITAL MARKET INDICES

	Period Ending 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity</b>					
Russell 3000 (broad market)	10.1%	33.6%	16.2%	18.7%	7.9%
Russell 1000 (large cap)	10.2	33.1	16.3	18.6	7.8
Russell 2000 (small cap)	8.7	38.8	15.7	20.1	9.1
Dow Jones Wilshire Composite	10.1	33.5	16.2	18.9	8.1
Dow Jones Industrials	10.2	29.7	15.7	16.7	7.5
S&P 500	10.5	32.4	16.2	17.9	7.4
<b>Domestic Fixed Income</b>					
Barclays Capital Aggregate (1)	-0.1	-2.0	3.3	4.4	4.5
Barclays Capital Gov't./Corp.	0.0	-2.4	3.6	4.4	4.5
3 month U.S. Treasury Bills	0.0	0.1	0.1	0.1	1.7
<b>International</b>					
Emerging Markets Free (2)	1.8	-2.6	-2.1	14.8	11.2
ACWI Free ex-U.S. (3)	4.8	15.3	5.1	12.8	7.6
EAFE (4)	5.7	22.8	8.2	12.4	6.9
World ex-U.S. (5)	5.6	21.0	7.3	12.5	7.1
Salomon Non U.S. Gov't. Bond	-1.2	-4.6	0.6	2.3	4.1
<b>Inflation Measure</b>					
Consumer Price Index CPI-U (6)	-0.5	1.5	2.1	2.1	2.3
Consumer Price Index CPI-W (7)	-0.6	1.5	2.1	2.3	2.5

(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 10.1% return for the fourth quarter of 2013. Despite beginning the quarter with the federal government shutdown, U.S. stocks continued their strong advance in the fourth quarter, on the back of an improving economy and unprecedented stimulus from the Federal Reserve. Within the Russell 3000, Producer Durables was the best performing sector with a 12.8% return while Utilities was the weakest with a 4.6% return for the quarter. Large capitalization stocks outperformed their small cap counterparts during the quarter.

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

Large Growth	Russell 1000 Growth	10.4%
Large Value	Russell 1000 Value	10.0%
Small Growth	Russell 2000 Growth	8.2%
Small Value	Russell 2000 Value	9.3%

The Russell 3000 index returned 33.6% for the year ending December 31, 2013.

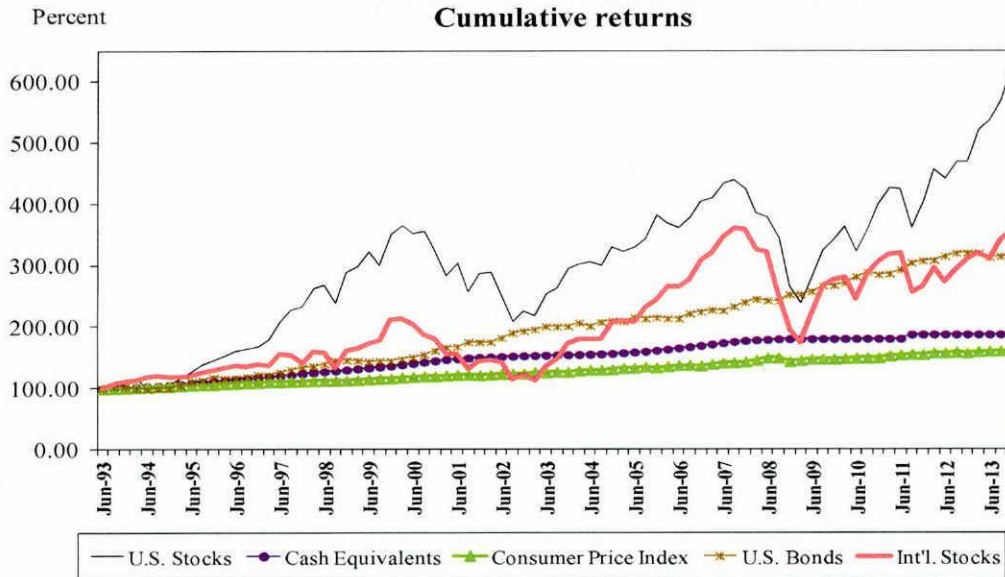
DOMESTIC BONDS

The U.S. bond market, as measured by the Barclays Capital U.S. Aggregate Bond Index, produced a total return of -0.1% for the quarter. Yields on U.S. Treasuries rose during the quarter. The 2-year U.S. Treasury ended the third quarter higher by 6 basis points at 0.4%, the 5-year yield increased by 36 basis points to 1.7%, the 10-year yield increased by 42 basis points to 3.0%, and the 30-year yield increased by 28 basis points to 3.9%. Investment grade corporate bonds, CMBS, ABS, and Agency bonds outperformed the benchmark during the quarter, while U.S. Treasuries and Agency MBS underperformed the broader benchmark.

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

U.S. Treasury	-0.8%
Agency	-0.1
Corporates	1.1
Agency MBS	-0.4
Commercial Mortgages	0.5
Asset-backed	0.3

PERFORMANCE OF CAPITAL MARKETS  
Cumulative returns



## 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 5.6% for the quarter. The quarterly performance of the six largest stock markets is shown below:

Japan	2.3%
United Kingdom	7.4
Canada	4.0
France	6.0
Switzerland	4.3
Germany	13.3

The World ex U.S. index returned 21.0% 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 1.8% for the quarter. The quarterly performance of the six largest stock markets in the index is shown below:

China	3.8%
Korea	4.0
Taiwan	4.3
Brazil	-5.6
South Africa	2.3
India	10.3

The Emerging Markets Free index returned -2.6% 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 fourth quarter of 2013, real estate posted its 16<sup>th</sup> consecutive quarter of positive returns with the NCREIF Property Index posting a return of 2.5%. Real Estate markets have seen a healthy recovery since the 2008-2009 crash. Fundraising for private real estate funds reached a post-crisis high of \$76 billion in 2013, as investor appetite for the asset class has continued to grow. (source: Prequin)

### PRIVATE EQUITY

The buyout industry has posted consistent aggregate new deal value over the last three years, growing from \$265 billion in 2011, \$264 billion in 2012 and \$274 billion in 2013. The number of buyout deals announced, however, dropped to 2,830 in 2013 from 3,185 in 2012 and 3,180 in 2011. Capital markets have been accommodative, as low interest rates and investor demand for yield fuels demand for LBO debt. Private Equity exit volume increased to \$303 billion in 2013 (on 1,348 exits) from \$285 billion (on 1,299 exits) in 2012. Investor demand for private equity remains strong, with \$105 billion in aggregate capital secured by new funds in 4Q13, bringing the 2013 year-to-date total raised to \$432 billion, more than at any point since 2008. (source: Prequin)

### RESOURCE FUNDS

During the fourth quarter of 2013, crude oil traded between a range of \$92/bbl and \$104/bbl. The average price for the fourth quarter of 2013 was \$97/bbl, which is \$8 below the average price from the third quarter of 2013. Strong global energy demand and unrest in the Middle East should continue to provide strength to oil prices.

COMBINED FUNDS

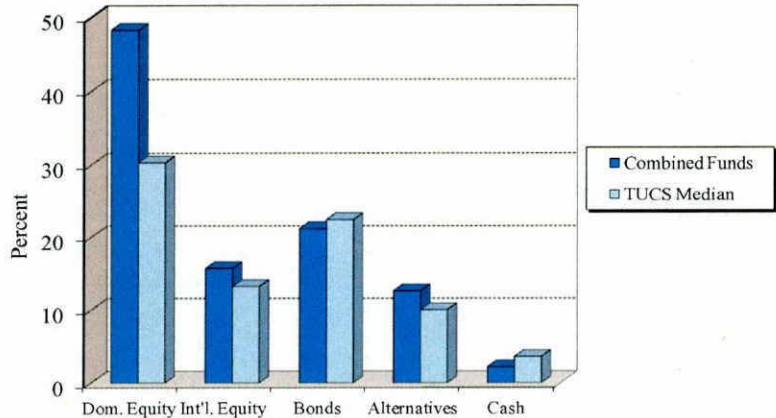
The comparison universe used by the SBI is the Trust Universe Comparison Service (TUCS). Only funds with assets over \$1 billion are included in the comparisons shown in this section.

Asset Mix Compared to Other Pension Funds

On 12/31/2013, the asset mix of the Combined Funds was:

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:

	\$ Millions	%
Domestic Stocks	\$27,607	48.3%
International Stocks	8,967	15.7
Bonds	12,084	21.2
Alternative Assets	7,221	12.6
Unallocated Cash	1,256	2.2
<b>Total</b>	<b>\$57,135</b>	<b>100.0%</b>



	Dom. Equity	Int'l Equity	Bonds	Alternatives	Cash
<b>Combined Funds</b>	<b>48.3%</b>	<b>15.7%</b>	<b>21.2%</b>	<b>12.6%</b>	<b>2.2%</b>
Median Allocation in TUCS*	30.3	13.2	22.4	10.0**	3.6

\* Public and corporate plans over \$1 billion.  
 \*\* May include assets other than alternatives.

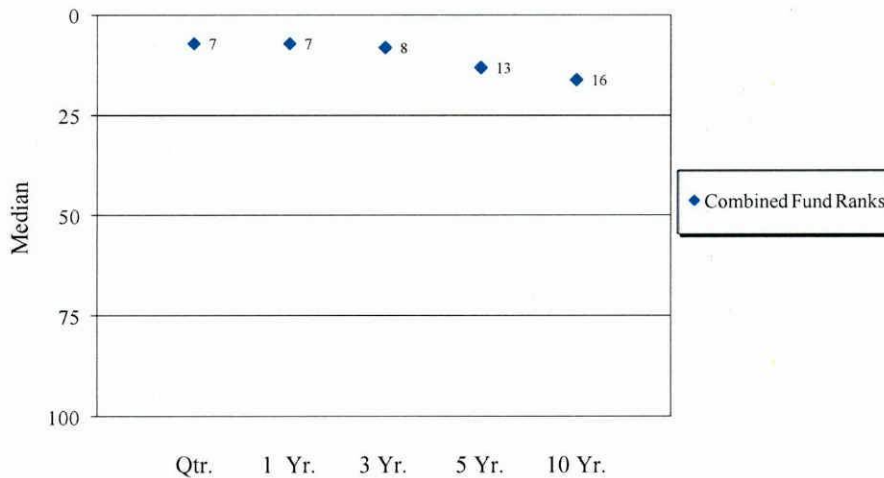
**COMBINED FUNDS**  
**Performance Compared to Other Pension Funds**

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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Combined Funds Percentile Rank in TUCS*	7th	7th	8th	13th	16th

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

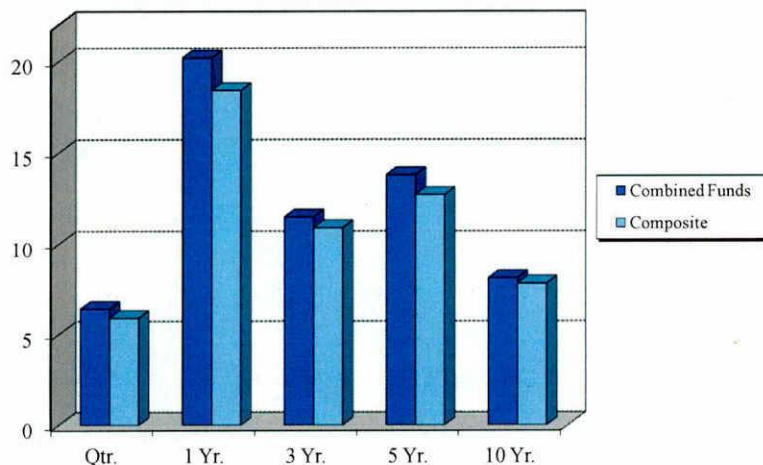


**COMBINED FUNDS  
Performance Compared to Composite Index**

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:

	<b>Market Index</b>	<b>Combined Funds Composite* 4Q13</b>
Domestic Stocks	Russell 3000	45.0%
Int'l. Stocks	MSCI ACWI Free ex-U.S.	15.0
Bonds	Barclays Capital Aggregate	24.9*
Alternative Investments	Alternative Investments	13.1*
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.



	<b>Period Ending 12/31/2013</b>				
	<b>Qtr.</b>	<b>1 Yr.</b>	<b>3 Yr.</b>	<b>Annualized 5 Yr.</b>	<b>10 Yr.</b>
<b>Combined Funds**</b>	<b>6.4%</b>	<b>20.2%</b>	<b>11.5%</b>	<b>13.8%</b>	<b>8.1%</b>
<b>Composite Index</b>	<b>5.9</b>	<b>18.4</b>	<b>10.9</b>	<b>12.7</b>	<b>7.8</b>

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

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**STOCK AND BOND MANAGERS**  
**Performance of Asset Pools (Net of Fees)**

**Domestic Stocks**

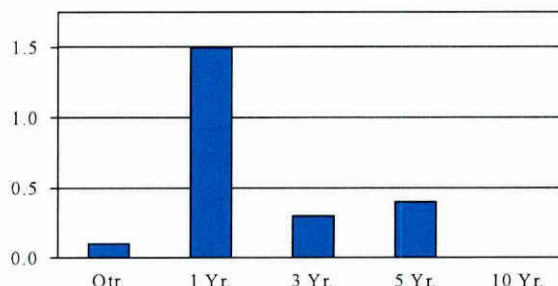
**Target:** Russell 3000

**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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Stocks</b>	<b>10.2%</b>	<b>35.1%</b>	<b>16.5%</b>	<b>19.1%</b>	<b>7.9%</b>
Asset Class Target*	10.1	33.6	16.2	18.7	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**

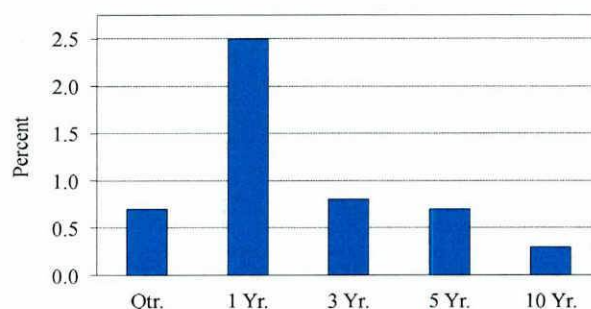
**Target:** Standard MSCI ACWI Free ex U.S. (net)

**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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Int'l. Stocks</b>	<b>5.5%</b>	<b>17.8%</b>	<b>5.9%</b>	<b>13.5%</b>	<b>7.9%</b>
Asset Class Target*	4.8	15.3	5.1	12.8	7.6

\* The Int'l Equity Asset Class Target is MSCI ACWI Free ex U.S. (net) effective 10/1/03. From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) + Emerging Markets Free (EMF) (net), and from 7/1/99 to 12/31/00 was MSCI EAFE Free (net) + EMF (gross). From 7/1/99 to 9/30/03, the weight of each index fluctuated with market cap.

Value Added to International Equity Target



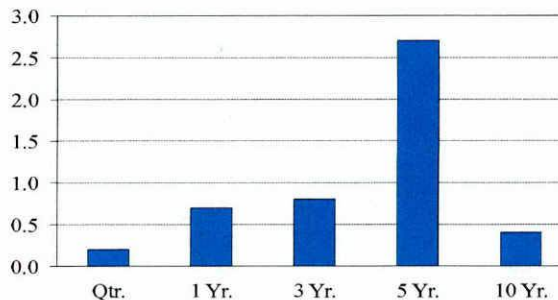
**Bonds**

**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 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Bonds</b>	<b>0.1%</b>	<b>-1.3%</b>	<b>4.1%</b>	<b>7.1%</b>	<b>4.9%</b>
Asset Class Target	-0.1	-2.0	3.3	4.4	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 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
	Annualized				
Alternatives	5.6%	15.8%	13.7%	8.5%	15.6%
Inflation	-0.5%	1.5%	2.1%	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 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
	Annualized				
Real Estate	6.8%	13.5%	12.3%	-0.6%	7.3%

**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 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
	Annualized				
Private Equity	5.2%	16.4%	14.2%	11.3%	16.6%

**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 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
	Annualized				
Resource	5.3%	16.3%	14.0%	8.9%	27.9%

**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 12/31/2013				
	Qtr.	Yr.	3 Yr.	5 Yr.	10 Yr.
	Annualized				
Yield Oriented	7.1%	16.8%	14.1%	8.4%	17.0%

## 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 12/31/2013 the market value of the entire Fund was \$1.4 billion.**

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## Investment Options

	12/31/2013 Market Value (In Millions)
<b>Income Share Account</b> – a balanced portfolio utilizing both common stocks and bonds.	\$331
<b>Growth Share Account</b> – an actively managed, all common stock portfolio.	\$190
<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.	\$239
<b>International Share Account</b> – a portfolio of non U.S. stocks that incorporates both active and passive management.	\$99
<b>Bond Market Account</b> – an actively managed, all bond portfolio.	\$109
<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.	\$25

## 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%	63.0%
Bonds	35.0	32.1
Cash	5.0	4.9
	100.0%	100.0%

## Period Ending 12/31/2013

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	6.3%	19.7%	11.4%	13.9%	7.1%
Benchmark*	5.9	18.3	10.9	12.9	6.5

\* 60% Russell 3000/35% Barclays Capital Aggregate Bond Index/5% T-Bills Composite since 10/1/03. 60% Wilshire 5000/35% Barclays Capital Aggregate Bond Index/5% T-Bills composite through 9/30/03.

## 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 12/31/2013

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	10.2%	35.9%	16.7%	19.3%	7.7%
Benchmark*	10.1	33.6	16.2	18.7	7.9

\* Russell 3000 since 10/1/03. 100% Wilshire 5000 Investable from July 1999 to September 2003.

## 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 12/31/2013

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	10.1%	33.6%	16.1%	18.7%	8.0%
Benchmark*	10.1	33.6	16.2	18.7	7.9

\* Russell 3000 since 10/1/03. Wilshire 5000 Investable from 7/1/00 to 9/30/03. Wilshire 5000 through 6/30/00.

## 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 12/31/2013

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total Account	5.5%	17.8%	5.9%	13.5%	8.0%
Benchmark*	4.8	15.3	5.1	12.8	7.6

\* The Int'l Equity Asset Class Target is MSCI ACWI Free ex U.S. (net) since 10/1/03. From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) + Emerging Markets Free (EMF) (net), and from 7/1/99 to 12/31/00 was MSCI EAFE Free (net) + EMF (gross). From 7/1/99 to 9/30/03, the weight of each index fluctuated with market cap.

## 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 12/31/2013**

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Account</b>	0.1%	-1.3%	4.1%	7.1%	4.9%
Barclays Capital Aggregate	-0.1	-2.0	3.3	4.4	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 12/31/2013**

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Account</b>	0.0%	0.2%	0.2%	0.2%	1.9%
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 12/31/2013**

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Account</b>	0.5%	2.2%	2.8%	3.4%	4.0%
Benchmark*	0.3	1.0	1.0	1.3	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:

	Target	Actual
Domestic Stocks	35.0	35.8%
International Stocks	15.0	15.2
Bonds	45.0	41.8
Cash	5.0	7.2
	100.0%	100.0%

**Period Ending 12/31/2013**

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Account</b>	4.3%	13.0%	8.5	N/A	N/A
Benchmark*	4.1	12.2	8.1	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.

## 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>12/31/2013 Market Value (in Millions)</b>
Vanguard Index Institutional Plus Shares (passive)	\$865
Janus Twenty (active)	\$527
Vanguard Mid Cap Index Institutional Shares (passive)	\$353
T. Rowe Price Small-Cap Stock (active)	\$614
Fidelity Diversified International (active)	\$290
Vanguard Total International Stock Index Institutional Plus (passive)	\$140
Vanguard Balanced Index Institutional Shares (passive)	\$611
Dodge & Cox Income Fund (active)	\$188
Vanguard Total Bond Market Index Institutional Shares (passive)	\$164
SIF Money Market Account	\$67
SIF Fixed Interest Account (stable value)	\$1,375
State Street Global Advisors MN Target Retirement Funds	\$174
Income Fund	\$23
2015 Fund	\$28
2020 Fund	\$41
2025 Fund	\$31
2030 Fund	\$18
2035 Fund	\$13
2040 Fund	\$8
2045 Fund	\$6
2050 Fund	\$3
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 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	10.5%	32.4%	16.2%	18.0%
S&P 500	10.5	32.4	16.2	17.9

**Janus Twenty (active)**

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

Fund	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	11.4%	33.1%	14.4%	18.0%
S&P 500	10.5	32.4	16.2	17.9

## 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 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	8.6%	35.2%	15.4%	22.1%
CRSP US Mid-Cap	8.6	35.0	15.4	22.1

## 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 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	8.6%	37.7%	17.5%	24.4%
Russell 2000	8.7	38.8	15.7	20.1

## 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 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	8.3%	25.2%	8.8%	13.2%
MSCI EAFE	5.7	22.8	8.2	12.4

**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 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
				Annualized
	4.9%	15.2%	N/A	N/A
ACWI ex US IMI	4.8	15.9	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.

	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
<b>Fund</b>	<b>5.9%</b>	<b>18.1%</b>	<b>11.2%</b>	<b>13.3%</b>
Benchmark	5.9	18.2	11.1	13.3

**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.

	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
<b>Fund</b>	<b>1.1%</b>	<b>0.6%</b>	<b>4.4%</b>	<b>7.2%</b>
Barclays Capital Agg.	-0.1	-2.0	3.3	4.4

**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.

	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
<b>Fund</b>	<b>-0.2%</b>	<b>-2.1%</b>	<b>3.2%</b>	<b>4.4%</b>
Barclays Capital Agg.	-0.1	-2.0	3.3	4.4

**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.

	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
<b>Fund</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>
3-Mo. Treas.	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.

	Period Ending 12/31/2013			
	Qtr.	1 Yr.	3 Yr.	5 Yr.
<b>Fund</b>	<b>0.5%</b>	<b>2.2%</b>	<b>2.8%</b>	<b>3.4%</b>
Benchmark	0.3	1.0	1.0	1.3

**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.

	12/31/2013 Target	12/31/2013 Actual
Stocks	20.0%	22.3%
Bonds	80.0	77.7
Total	100.0%	100.0%

**Investment Management**

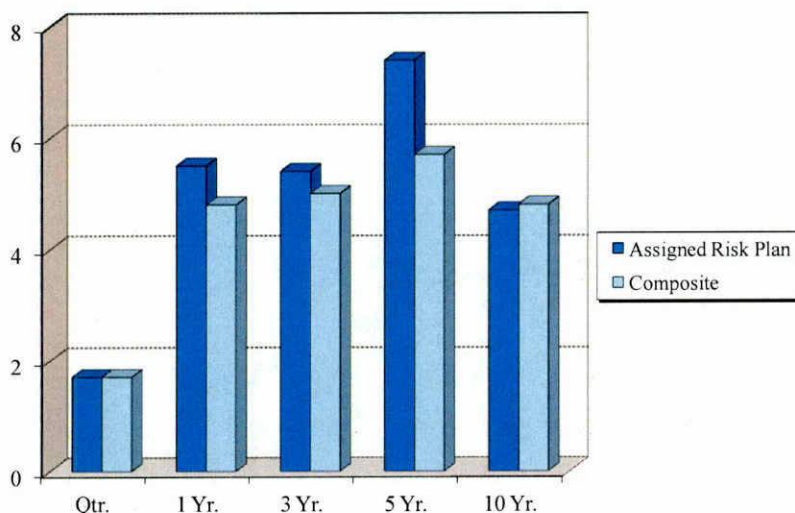
RBC Global Asset Management (US) manages the bond segment of the Fund. GE Investment Management manages the equity segment.

**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 December 31, 2013 the market value of the Assigned Risk Plan was \$285 million.



Period Ending 12/31/2013

	Annualized				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	<b>1.7%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>7.4%</b>	<b>4.7%</b>
Composite	1.7	4.8	5.0	5.7	4.8
<b>Equity Segment*</b>	<b>9.4</b>	<b>34.5</b>	<b>15.4</b>	<b>17.6</b>	<b>7.4</b>
Benchmark	10.5	32.4	16.2	17.9	7.4
<b>Bond Segment*</b>	<b>-0.4</b>	<b>-1.3</b>	<b>2.5</b>	<b>4.8</b>	<b>3.7</b>
Benchmark	-0.4	-1.2	2.2	2.5	3.9

\* 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.

	12/31/2013 Target	12/31/2013 Actual
Stocks	50.0%	51.9%
Bond	48.0	46.2
Cash	2.0	1.9
Total	100.0%	100.0%

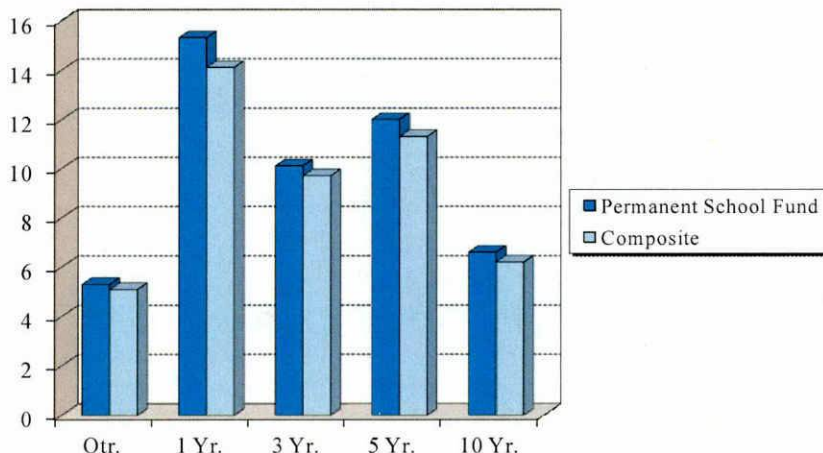
Prior to FY98, the Fund was invested entirely in fixed income securities in order to maximize current income. It is understood that the change in asset mix will reduce portfolio income in the short term, but will enhance the value of the fund, over time.

**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 December 31, 2013 the market value of the Permanent School Fund was \$1,038 million.



**Period Ending 12/31/2013  
Annualized**

	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	<b>5.3%</b>	<b>15.3%</b>	<b>10.1%</b>	<b>12.0%</b>	<b>6.6%</b>
Composite	5.1	14.1	9.7	11.3	6.2
<b>Equity Segment*</b>	<b>10.5</b>	<b>32.2</b>	<b>16.2</b>	<b>17.9</b>	<b>7.4</b>
S&P 500	10.5	32.4	16.2	17.9	7.4
<b>Bond Segment*</b>	<b>0.3</b>	<b>0.0</b>	<b>3.7</b>	<b>5.9</b>	<b>5.2</b>
Barclays Capital Agg.	-0.1	-2.0	3.3	4.4	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.

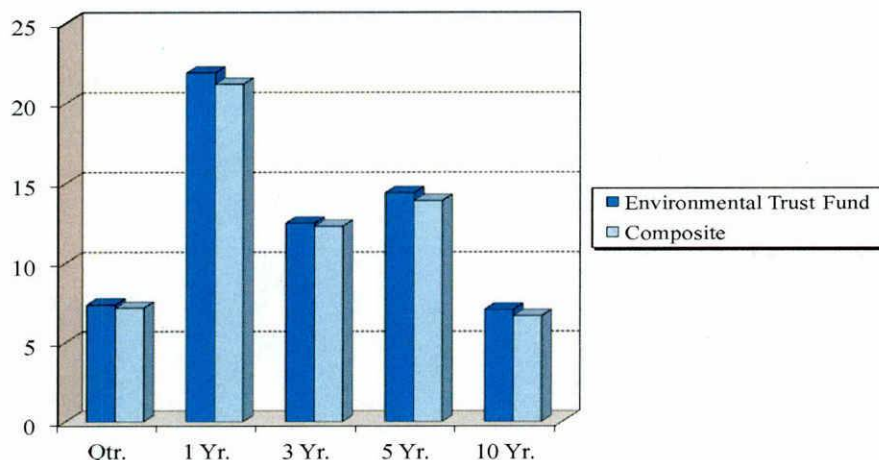
**Investment Management**

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 December 31, 2013 the market value of the Environmental Trust Fund was \$796 million.

	12/31/2013 Target	12/31/2013 Actual
Stocks	70.0%	71.4%
Bonds	28.0	26.7
Cash	2.0	1.9
Total	100.0%	100.0%



	Period Ending 12/31/2013				
	Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund*</b>	7.4%	21.9%	12.5%	14.4%	7.1%
Composite	7.2	21.2	12.3	13.9	6.7
<b>Equity Segment*</b>	10.5	32.2	16.2	17.9	7.5
S&P 500	10.5	32.4	16.2	17.9	7.4
<b>Bond Segment*</b>	0.3	0.0	3.7	5.9	5.2
Barclays Capital Agg.	-0.1	-2.0	3.3	4.4	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 12/31/2013				
		Qtr.	1 Yr.	3 Yr.	Annualized 5 Yr.	10 Yr.
Treasurer's Cash Pool*	\$7,141	0.1%	0.4%	0.5%	1.0%	2.3%
Custom Benchmark**		0.0	0.0	0.0	0.1	1.5
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 December 31, 2013 (in Thousands)**

	<b>Cash &amp; ST</b>	<b>Bonds Int</b>	<b>Bonds Ext</b>	<b>Stock Int</b>	<b>Stock Ext</b>	<b>Ext Intl</b>	<b>Alternative</b>	<b>Total</b>
<b>COMBINED RETIREMENT FUNDS</b>								
Teachers Retirement Fund	421,247 2.16%	0	4,144,394 21.16%	0	9,468,210 48.34%	3,075,435 15.70%	2,476,489 12.64%	19,585,775 100%
Public Employees Retirement Fund	373,631 2.25%	0	3,511,696 21.14%	0	8,022,759 48.29%	2,605,928 15.69%	2,098,419 12.63%	16,612,433 100%
State Employees Retirement Fund	233,339 2.12%	0	2,328,715 21.16%	0	5,320,142 48.36%	1,728,072 15.71%	1,391,527 12.65%	11,001,795 100%
Public Employees Police & Fire	150,168 2.16%	0	1,474,675 21.16%	0	3,369,016 48.34%	1,094,314 15.70%	881,194 12.64%	6,969,367 100%
Highway Patrol Retirement Fund	13,544 2.10%	0	136,633 21.17%	0	312,151 48.37%	101,392 15.71%	81,646 12.65%	645,366 100%
Judges Retirement Fund	3,773 2.23%	0	35,770 21.14%	0	81,720 48.30%	26,544 15.69%	21,374 12.64%	169,181 100%
Correctional Employees Retirement	17,945 2.16%	0	175,405 21.16%	0	400,727 48.34%	130,163 15.70%	104,813 12.64%	829,053 100%
Public Employees Correctional	10,185 2.43%	0	88,369 21.10%	0	201,886 48.20%	65,576 15.66%	52,805 12.61%	418,821 100%
Legislative Retirement Fund	206 1.97%	0	2,220 21.20%	0	5,070 48.43%	1,647 15.73%	1,326 12.67%	10,469 100%
PERA Minneapolis Retirement	30,937 3.47%	0	186,365 20.88%	0	425,771 47.69%	138,298 15.49%	111,364 12.47%	892,735 100%
<b>TOTAL COMBINED FUNDS</b>	<b>1,254,975 2.20%</b>	<b>0</b>	<b>12,084,242 21.15%</b>	<b>0</b>	<b>27,607,452 48.32%</b>	<b>8,967,369 15.69%</b>	<b>7,220,957 12.64%</b>	<b>57,134,995 100%</b>

	Cash & ST	Bonds Int	Bonds Ext	Stock Int	Stock Ext	Ext Intl	Alternative	Total
<b>MINNESOTA SUPPLEMENTAL FUNDS:</b>								
Income Share Account	16,308 4.92%	106,401 32.11%	0	0	208,689 62.97%	0	0	331,398 100%
Growth Share Account	0	0	0	0	189,856 100.00%	0	0	189,856 100%
Money Market Account	246,068 100.00%	0	0	0	0	0	0	246,068 100%
Common Stock Index	0	0	0	0	238,636 100.00%	0	0	238,636 100%
Bond Market Account	0	0	108,938 100.00%	0	0	0	0	108,938 100%
International Share Account	0	0	0	0	0	99,186 100.00%	0	99,186 100%
Fixed Interest Account	0	0	193,918 100.00%	0	0	0	0	193,918 100%
Volunteer Firefighters Account	1,836 7.25%	0	10,588 41.77%	0	9,082 35.83%	3,840 15.15%	0	25,346 100%
<b>TOTAL SUPPLEMENTAL FUNDS</b>	264,212 18.43%	106,401 7.42%	313,444 21.87%	0	646,263 45.09%	103,026 7.19%	0	1,433,346 100%
<b>MN DEFERRED COMP PLAN</b>	71,088 1.32%	0	2,036,316 37.94%	0	2,801,117 52.19%	458,713 8.55%	0	5,367,234 100%
<b>TOTAL RETIREMENT FUNDS</b>	1,590,275 2.49%	106,401 0.17%	14,434,002 22.58%	0	31,054,832 48.57%	9,529,108 14.90%	7,220,957 11.29%	63,935,575 100%



	Cash & ST	Bonds Int	Bonds Ext	Stock Int	Stock Ext	Ext Intl	Alternative	Total
<b>ASSIGNED RISK PLAN</b>	1,476 0.52%	0	219,890 77.16%	0	63,603 22.32%	0	0	284,969 100%
<b>ENVIRONMENTAL FUND</b>	14,841 1.86%	212,279 26.66%	0	569,160 71.48%	0	0	0	796,280 100%
<b>PERMANENT SCHOOL FUND</b>	20,082 1.94%	479,553 46.19%	0	538,511 51.87%	0	0	0	1,038,146 100%
<b>Miscellaneous Trust Funds</b>	354 0.26%	57,578 42.55%	0	77,402 57.19%	0	0	0	135,334 100%
<b>Other Post Employment Funds (OPEB's)</b>	20,035 4.65%	67,533 15.68%	0	343,155 79.67%	0	0	0	430,723 100%
<b>TREASURERS CASH</b>	6,868,392 100.00%	0	0	0	0	0	0	6,868,392 100%
<b>MISCELLANEOUS STATE ACCOUNTS</b>	0	272,664 100.00%	0		0	0	0	272,664 100%
<b>TOTAL CASH AND NON-RETIREMENT</b>	6,925,180 70.47%	1,089,607 11.09%	219,890 2.24%	1,528,228 15.55%	63,603 0.65%	0	0	9,826,508 100%
<b>GRAND TOTAL</b>	8,515,455 11.54%	1,196,008 1.62%	14,653,892 19.87%	1,528,228 2.07%	31,118,435 42.19%	9,529,108 12.92%	7,220,957 9.79%	73,762,083 100%

**TAB**

**B**

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

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DATE: February 11, 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 January 31, 2014 is included as **Attachment A**.

A report on travel for the period from November 3, 2013 - February 1, 2014 is included as **Attachment B**.

### **2. Results of FY13 Financial Audit**

Each member of the State Board of Investment and the Investment Advisory Council will receive a copy of the final report when it becomes available.

### **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 fourth quarter, SBI managers divested 40,100 shares in companies on the divestment list.

**Attachment C** is a copy of the December 13, 2013 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 D** 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 percent shall be sold within nine months after the company appeared on the scrutinized list.
- 100 percent, within fifteen months after the company appeared on the scrutinized list.

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

**Attachment E** is a copy of the December 13, 2013 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. Workplan Update

At the November 2013 meeting, the IAC requested that I report back my plans with regards to the Executive Director's Workplan which had been submitted by my predecessor. In general, I plan to adhere to the approved plan. However, as a result of external factors and the timing of my becoming reacquainted with the operations of the State Board of Investment, the development or implementation of several projects will be delayed.

In particular, each of the projects identified under the heading of "A. DEVELOPMENT OF INVESTMENT POLICIES" will be deferred. The Review of Transition Managers and Review of Investment Options for Unclassified Employees Plan will be deferred to the FY15 Workplan. The three remaining

projects, Using Swaps, Derivatives in Fixed Income Program, and Municipal Bond Pool may be deferred until FY15 or later.

The remaining items identified in the current workplan will proceed as planned.

## **6. Legislative Updates**

I will present a verbal update on any legislative activity of interest to the SBI.

## **7. Consideration of a new Contract for the State's 529 Plan**

The SBI has joint responsibility with the Minnesota Office of Higher Education (OHE) for selecting a vendor or vendors to provide administrative, marketing and investment services for the State's College Savings Plan, an internal revenue code section 529 plan. TIAA-CREF Tuition Financing Inc. (TFI) is the current vendor offering all services for the Plan. The Minnesota 529 plan currently has approximately \$1 billion in assets. The current contract expires August 31, 2014.

SBI staff worked with the staff of OHE to write and distribute a request for proposal. Three responses were received from the following vendors:

TIAA-CREF Tuition Financing Inc. (TFI)  
Upromise Investments  
Union Bank and Trust

OHE and SBI staff evaluated the responses and had the following observations:

- All three vendors had strong underlying investment programs.
- Upromise Investments had the highest fee proposal and expressed concerns about the legal requirements in the RFP.
- The fee proposals for TIAA-CREF (TFI) and Union Bank and Trust were very similar with Union Bank's fees coming in slightly lower than TFI.
- TIAA-CREF (TFI) received significantly higher scores for customer service, marketing and experience with administration of 529 plans compared to Union Bank and Trust.

In concurrence with the OHE, staff recommends that a new five year contract be entered into with TIAA-CREF TFI for the 529 Plan.

### **RECOMMENDATION:**

**Staff, in concurrence with the Commissioner of the Office of 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.**

**8. Litigation Update**

SBI legal counsel will give the Board a verbal update on the status of the litigation at the Board meeting on March 4, 2014.

**9. Staff Announcements**

ATTACHMENT A

STATE BOARD OF INVESTMENT  
 FISCAL YEAR 2014 ADMINISTRATIVE BUDGET REPORT  
 FISCAL YEAR TO DATE THROUGH JANUARY 31, 2014

ITEM	FISCAL YEAR 2014 BUDGET	FISCAL YEAR 2014 1/31/2014
<b>PERSONAL SERVICES</b>		
FULL TIME EMPLOYEES	\$ 3,286,000	\$ 1,813,069
PART TIME EMPLOYEES	\$ 72,000	\$ 42,227
MISCELLANEOUS PAYROLL	235,000	148,278
<b>SUBTOTAL</b>	<b>\$ 3,593,000</b>	<b>\$ 2,003,574</b>
<b>STATE OPERATIONS</b>		
RENTS & LEASES	200,000	116,954
REPAIRS/ALTERATIONS/MAINTENANCE	10,000	8,230
PRINTING & BINDING	5,000	3,521
PROFESSIONAL/TECHNICAL SERVICES	250,000	89,300
COMPUTER SYSTEMS SERVICES	23,000	4,100
COMMUNICATIONS	26,000	11,124
TRAVEL, IN-STATE	1,000	447
TRAVEL, OUT-STATE	42,000	22,026
SUPPLIES	20,000	10,951
EQUIPMENT	20,000	5,512
EMPLOYEE DEVELOPMENT	10,000	654
OTHER OPERATING COSTS	140,000	48,822
<b>SUBTOTAL</b>	<b>\$ 747,000</b>	<b>\$ 321,642</b>
<b>TOTAL ADMINISTRATIVE BUDGET</b>	<b>\$ 4,340,000</b>	<b>\$ 2,325,216</b>

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ATTACHMENT B

STATE BOARD OF INVESTMENT

Travel Summary by Date  
SBI Travel November 3, 2013 – February 1, 2014

Purpose	Name(s)	Destination and Date	Total Cost
<b>Manager Monitoring Consultant:</b> Callan Associates Inc.	M. Perry	San Francisco, CA 11/5-11/6	\$1,768.94
<b>Conference:</b> T. Rowe Price Investment Symposium 2013	L. Stagg	Baltimore, MD 11/13-11/15	\$1,318.54
<b>Manager Monitoring Alternative Investment Manager:</b> EMG; First Reserve	J. Griebenow	Houston, TX 1/22-1/23	\$1,465.84
<b>Conference:</b> Beneficial Owner's Securities Lending Conference sponsored by Information Management Network (IMN)	S. Kuettel	Austin, TX 1/27-1/29	\$1,530.37

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ATTACHMENT C

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

December 13, 2013

**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 September 16, 2013 letter you received. **This new list is effective December 17, 2013.**

- The following companies have been **added** to the Restricted List:
  - **Andritz AG** Austria
  - **China Machinery Engineering Corporation** China
  - **Sinopec Engineering Group Co. Ltd.** China
  - **Harbin Electric Company Ltd.** China
  - **Bharat Electronics Limited** India
  - **Bharat Heavy Electricals Limited** India
  - **Engen** Malaysia
  - **Malaysia Marine & Heavy Engineering Holdings** Malaysia
  - **Scomi Engineering Services Bhd** Malaysia
  - **GAZ Group** Russia
  - **Avtodizel OAO** Russia
  - **GAZ Auto Plant** Russia
  - **Pavlovsky Bus Plant** Russia
  - **Tverskoy Excavator OJSC** Russia
  - **URAL Truck Plant** Russia
  - **Yaroclavsky Diesel Equipment Plant OAO** Russia

- The following companies have been **removed** from the Restricted List:
  - **Wuhan Boiler** **China**
  - **AviChina Industry and Technology Limited** **China**
  - **Hafei Aviation Industry** **China**
  - **Harbin Dongan Auto Engine Company** **China**
  - **Mercator Limited** **India**
  - **Mercator Lines Singapore** **India**
  - **Atlas Copco AB** **Sweden**
  - **FMC Technologies Inc.** **US**

**Attachment 2** is the List of Sudan Stocks Requiring Divestment.

- **FMC Technologies Inc.** was **removed** from the Divestment List.

**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, Manager, Public Programs  
Tammy Brusehaver, Manager, Domestic Equities  
Patricia Ammann, Portfolio Manager, Domestic Equities  
Stephanie Gleeson, Manager, International Equities

**ATTACHMENT 1**

<b>Restricted Sudan Stocks</b>	
<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
Managem	Morocco
Societe Metallurgique D'imiter	Morocco
Petroliam Nasional Berhad AKA Petronas	Malaysia
KLCC Property Holdings Bhd	Malaysia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia

**ATTACHMENT 1**

<b>Restricted Sudan Stocks</b>	
<b>Company Name</b>	<b>Country of Origin</b>
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 Engineering Services Bhd	Malaysia
GAZ Group	Russia
Avtodizel OAO	Russia
GAZ Auto Plant	Russia
Pavlovsky Bus Plant	Russia
Tverskoy Excavator OJSC	Russia
URAL Truck Plant	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: December 17, 2013

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

Note: AKA means "Also Known As"

Source: Conflict Risk Network

SBI Effective Date: December 17, 2013

Security Identifiers for "Scrutinized" Stocks

The following security identifiers correlate with the Fourth Quarter 2013 Sudan Company Report and are current as of November 08, 2013

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
ALSTOM SA	ALSTOM	Equiduct (XEQT)	Common Stock	ALSTOM	ALO BQ	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	BATS Europe (BATE)	Common Stock	ALSTOM	ALO EB	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	EN Paris (XPAR)	Common Stock	ALSTOM	ALO FP	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	TOM MTF (TMX)	Common Stock	ALSTOM	ALO MT	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Sigma X MTF (SGMX)	Common Stock	ALSTOM	ALO S1	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Turquoise (TRQX)	Common Stock	ALSTOM	ALO TQ	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Chi-X Alt TS (CHIX)	Common Stock	ALSTOM	ALSP IX	A0F7BK	B0DJ8Q5 FR			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GB	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GD	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GE	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GF	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GH	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GI	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GM	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GR	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GS	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Frankfurt (XFRA)	Common Stock	ALSTOM	AOMD GT	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Tradegate (XGAT)	Common Stock	ALSTOM	AOMD TH	A0F7BK	B0G0412 DE			FR0010220475	022581074	
ALSTOM SA	ALSTOM	OTC US (OOTC)	Common Stock	ALSTOM	AOMFF PQ	A0F7BK	B0GLY93 US			FR0010220475	022581074	F0259M475
ALSTOM SA	ALSTOM	OTC US (OOTC)	Common Stock	ALSTOM	AOMFF US	A0F7BK	B0GLY93 US			FR0010220475	022581074	F0259M475
ALSTOM SA	ALSTOM	OTC US (OOTC)	Common Stock	ALSTOM	AOMFF UV	A0F7BK	B0GLY93 US			FR0010220475	022581074	F0259M475
ALSTOM SA	ALSTOM	Euro Comp (XLON)	Common Stock	ALSTOM	ALO EU	A0F7BK	B0YLTQ7 GB			FR0010220475	022581074	
ALSTOM SA	ALSTOM	LSE EuropeQS (XLON)	Common Stock	ALSTOM	ALO LI	A0F7BK	B0YLTQ7 GB			FR0010220475	022581074	
ALSTOM SA	ALSTOM	LSE EuropeQS (XLON)	Common Stock	ALSTOM	ALO LO	A0F7BK	B0YLTQ7 GB			FR0010220475	022581074	
ALSTOM SA	ALSTOM	Euro TLX (ETLX)	Common Stock	ALSTOM	ALO TE	A0F7BK	B3NVFN8 IT			FR0010220475	022581074	
ALSTOM SA	ALSTOM	OTC US (OOTC)	GDR	ALSTOM	ALSMY PQ	A1CS4B	B3DY4Z2 US	021244207		US0212442075	081982660	
ALSTOM SA	ALSTOM	OTC US (OOTC)	GDR	ALSTOM	ALSMY US	A1CS4B	B3DY4Z2 US	021244207		US0212442075	081982660	
ALSTOM SA	ALSTOM	OTC US (OOTC)	GDR	ALSTOM	ALSMY UV	A1CS4B	B3DY4Z2 US	021244207		US0212442075	081982660	
ALSTOM INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IB	A0EAYM	6230834 IN			INE878A01011		
ALSTOM INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IN	A0EAYM	6230834 IN			INE878A01011		
ALSTOM INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	ALSTOM PROJECTS INDIA LTD	ALST IS	A0EAYM	6230834 IN			INE878A01011		
ALSTOM T&D INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IB	A0RB87	6139890 IN			INE200A01026		
ALSTOM T&D INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IN	A0RB87	6139890 IN			INE200A01026		
ALSTOM T&D INDIA LTD	ALSTOM	Natl India (XNSE)	Common Stock	AREVA T&D INDIA LTD	ATD IS	A0RB87	6139890 IN			INE200A01026		
ANDRITZ AG	ANDRITZ GROUP	Vienna (WBAH)	Common Stock	ANDRITZ AG	ANDR AV	632305	B1WVF68 AT			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	BATS Europe (BATE)	Common Stock	ANDRITZ AG	ANDR EB	632305	B1WVF68 AT			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Chi-X Europe (CHIX)	Common Stock	ANDRITZ AG	ANDR IX	632305	B1WVF68 AT			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Sigma X MTF (SGMX)	Common Stock	ANDRITZ AG	ANDR S1	632305	B1WVF68 AT			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Turquoise (TRQX)	Common Stock	ANDRITZ AG	ANDR TQ	632305	B1WVF68 AT			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GB	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GD	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GH	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GI	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GR	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GS	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Xetra (XETR)	Common Stock	ANDRITZ AG	AZZ GT	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	Tradegate (XGAT)	Common Stock	ANDRITZ AG	AZZ TH	632305	B1X9FH2 DE			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	OTC US (OOTC)	Common Stock	ANDRITZ AG	ADRZF US	632305	B1XBL36 US			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	OTC US (OOTC)	Common Stock	ANDRITZ AG	ADRZF LV	632305	B1XBL36 US			AT0000730007	013042748	A11123105
ANDRITZ AG	ANDRITZ GROUP	Euro Comp (XLON)	Common Stock	ANDRITZ AG	ANDR EU	632305	B28F3F6 GB			AT0000730007	013042748	A11123105
ANDRITZ AG	ANDRITZ GROUP	LSE EuropeQS (XLON)	Common Stock	ANDRITZ AG	ANDR LI	632305	B28F3F6 GB			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	LSE EuropeQS (XLON)	Common Stock	ANDRITZ AG	ANDR LO	632305	B28F3F6 GB			AT0000730007	013042748	
ANDRITZ AG	ANDRITZ GROUP	OTC US (OOTC)	ADR	ANDRITZ AG-UNSPON ADR	ADRZY PQ		B3DY4P2 US	034522102		US0345221024		
ANDRITZ AG	ANDRITZ GROUP	OTC US (OOTC)	ADR	ANDRITZ AG-UNSPON ADR	ADRZY US		B3DY4P2 US	034522102		US0345221024		
ANDRITZ AG	ANDRITZ GROUP	OTC US (OOTC)	ADR	ANDRITZ AG-UNSPON ADR	ADRZY UV		B3DY4P2 US	034522102		US0345221024		
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IB	120304	6139715 IN			INE263A01016		
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IG	120304	6139715 IN			INE263A01016		
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IN	120304	6139715 IN			INE263A01016		
BHARAT ELECTRONICS LIMITED	BHARAT ELECTRONICS LIMITED	Natl India (XNSE)	Common Stock	BHARAT ELECTRONICS LIMITED	BHE IS	120304	6139715 IN			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		
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IG	A1JLKM	B6SNRV2 IN			INE257A01026		
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IN	A1JLKM	B6SNRV2 IN			INE257A01026		
BHARAT HEAVY ELECTRICALS	BHARAT HEAVY ELECTRICALS	Natl India (XNSE)	Common Stock	BHARAT HEAVY ELECTRICALS	BHEL IS	A1JLKM	B6SNRV2 IN			INE257A01026		





PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	Shanghai (XSHG)	Common Stock	PETROCHINA CO LTD	601857 CH	A0NANC	B285LD9 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	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UC	936983	2568841 US	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UD	936983	2568841 US	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UF	936983	2568841 US	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UM	936983	2568841 US	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UN	936983	2568841 US	74646E100		US71646E1001	011511449
PETROCHINA CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	New York (XNYS)	ADR	PETROCHINA CO LTD -ADR	PTR UO	936983	2568841 US	74646E100		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	Frankfurt (XFRA)	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	Mexico (XMEX)	ADR	PETROCHINA CO LTD -ADR	PTRN MM	936983	B569834	71646E100		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	A0M3ZT	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	A0M3ZT	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	6340078 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	B01DDZ3 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	B01DDZ3 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	B01DDZ3 US	952131		BMG5320C1082	050092003
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNPC HONG KONG LTD-UNSP	KLYCY PQ	A1J7V7	B3L2812 US	50126A101		US50126A1016	
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNPC HONG KONG LTD-UNSP	KLYCY US	A1J7V7	B3L2812 US	50126A101		US50126A1016	
KUNLUN ENERGY CO LTD	CHINA NATIONAL PETROLEUM CORP aka CNPC	OTC Exchange (OOTC)	ADR	CNPC HONG KONG LTD-UNSP	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	





SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI GB	887169	5734638 DE	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI GF	887169	5734638 DE	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI GM	887169	5734638 DE	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI GR	887169	5734638 DE	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Frankfurt (XFRA)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI GS	887169	5734638 DE	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Singapore (XSES)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI SP	887169	B3MNGN2	82935M109	908289	US82935M1099	012248750	
SINOPEC SHANGHAI PETROCHEMICALS LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	New York (XNYS)	ADR	SINOPEC SHANGHAI-SPONS ADR SHI US	887169	2800059 US		908289	US82935M1099	012248750	
SINOPEC YIZHENG CHEMICAL FIBRE CO LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Shanghai (XSHG)	Common Stock	SINOPEC YIZHENG CHEMICAL -A 600871 CG	A0M3V6	6986740			CNE000000HS3		
SINOPEC YIZHENG CHEMICAL FIBRE CO LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Shanghai (XSHG)	Common Stock	SINOPEC YIZHENG CHEMICAL -A 600871 CH	A0M3V6	6986740			CNE000000HS3		
SINOPEC YIZHENG CHEMICAL FIBRE CO LTD	CHINA PETROCHEMICAL CORP aka SINOPEC GROUP	Hong Kong (XHKG)	Common Stock	SINOPEC YIZHENG CHEMICAL-H 1033 HK	A0M4Y6	6984669 HK		917709	CNE1000004D6	008069662	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	Common Stock	DONGFENG MOTOR GRP CO LTD-H DNFDF PQ	A0M4XY	80XZY65 US			CNE 100000312	023857456	Y21042109
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	Common Stock	DONGFENG MOTOR GRP CO LTD-H DNFDF UV	A0M4XY	80XZY65 US			CNE 100000312	023857456	Y21042109
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Hong Kong (XHKG)	Common Stock	DONGFENG MOTOR GRP CO LTD-H 489 HK	A0M4XY	80PH5N3 HK			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GB	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GF	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GM	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GR	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GS	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	Frankfurt (XFRA)	Common Stock	DONGFENG MOTOR GRP CO LTD-H D4D GY	A0M4XY	80TB866 DE			CNE100000312	023857456	
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	Common Stock	DONGFENG MOTOR GRP CO LTD-H DNFDF US	A0M4XY	80XZY65 US			CNE100000312	023857456	Y21042109
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	Common Stock	DONGFENG MOTOR GRP CO LTD-H DNFDF PQ	B3SQPT4 US	257738203			US2577382037		
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	ADR	DONGFENG MOTOR GRP-H-UNS ADR DNFDF US	B3SQPT4 US	257738203			US2577382037		
DONGFENG MOTOR GROUP COMPANY LIMITED	DONGFENG MOTOR GROUP COMPANY LIMITED	OTC US (OOTC)	Common Stock	DONGFENG MOTOR GRP CO LTD-H DNFDF UV	B3SQPT4 US	257738203			US2577382037		
EGYPT KUWAIT HOLDING CO	EGYPT KUWAIT HOLDING CO	Kuwait (XKUW)	Common Stock	EGYPTIAN KUWAITI HOLDING CO EKHOLDIN KK	A0H1G7	80S8H15 KW			EG69082C013		
EGYPT KUWAIT HOLDING CO	EGYPT KUWAIT HOLDING CO	Cairo (XCAI)	Common Stock	EGYPTIAN KUWAITI HOLDING CO EKHO EC	A0H1G7	80QMD00 EG			EGS69082C013		
EGYPT KUWAIT HOLDING CO	EGYPT KUWAIT HOLDING CO	Cairo (XCAI)	Common Stock	EGYPTIAN KUWAITI HOLDING CO EKHO EY	A0H1G7	80QMD00 EG			EGS69082C013		
ENERGY HOUSE HOLDING CO KSCC/THE	ENERGY HOLDING CO KSCC/THE	Kuwait (XKUW)	Common Stock	ENERGY HOLDING CO KSCC/THE ENERGYH KK	A0KD4C	813BW99 KW			KW0EQ0601801		
AVTODIZEL OAO	GAZ GROUP	RTS (RTSX)	Common Stock	AVTODIZEL-\$BOARD AVDZ RR	909056	4039312 RU			RU0009090567		
AVTODIZEL OAO	GAZ GROUP	RTS (RTSX)	Common Stock	AVTODIZEL-\$BOARD AVDZ RU	909056	4039312 RU			RU0009090567		
AVTODIZEL OAO	GAZ GROUP	RTS (RTSX)	Preference	AVTODIZEL-\$BOARD PFD AVDZP RR	909057	7154502 RU			RU0009090575		
AVTODIZEL OAO	GAZ GROUP	RTS (RTSX)	Preference	AVTODIZEL-\$BOARD PFD AVDZP RU	909057	7154502 RU			RU0009090575		
GAZ AUTO PLANT	GAZ GROUP	MICEX Main (MISX)	Common Stock	GAZ-CLS GAZA RM	903426	858KBJ9 RU		950579	RU0009034268	034991693	
GAZ AUTO PLANT	GAZ GROUP	MICEX Main (MISX)	Common Stock	GAZ-CLS GAZA RX	903426	858KBJ9 RU		950579	RU0009034268	034991693	
GAZ AUTO PLANT	GAZ GROUP	MICEX Main (MISX)	Preference	GAZ-CLS-PFD GAZAP RM	910283	858KC29 RU			RU0009102834		
PAVLOVSKY BUS PLANT	GAZ GROUP	MICEX Main (MISX)	Common Stock	GAZ-CLS-PFD GAZAP RU	910283	858KC29 RU			RU0009102834		
PAVLOVSKY BUS PLANT	GAZ GROUP	MICEX Main (MISX)	Common Stock	PAVLOVSKY BUS-CLS PAZA RM	908324	857MPG4 RU			RU0009083240		
TVERSKOY EXCAVATOR OJSC	GAZ GROUP	MICEX Main (MISX)	Common Stock	PAVLOVSKY BUS-CLS PAZA RX	908324	857MPG4 RU			RU0009083240		
TVERSKOY EXCAVATOR OJSC	GAZ GROUP	RTS (RTSX)	Common Stock	TVERSKOY EXCAVATOR - RTS TVET RR		83CJL57 RU			RU000A0JNL12		
YAROC LAVSKY DIESEL EQUIPMENT PLANT OAO	GAZ GROUP	RTS (RTSX)	Common Stock	TVERSKOY EXCAVATOR - RTS TVET RU		83CJL57 RU			RU000A0JNL12		
YAROC LAVSKY DIESEL EQUIPMENT PLANT OAO	GAZ GROUP	RTS (RTSX)	Common Stock	YAROC LAVSKY DIESEL EQUIP-BRD YZDA RR		83CJL8 RU			RU0009848360		
YAROC LAVSKY DIESEL EQUIPMENT PLANT OAO	GAZ GROUP	RTS (RTSX)	Common Stock	YAROC LAVSKY DIESEL EQUIP-BRD YZDA RU		83CJL8 RU			RU0009848360		
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Hong Kong (XHKG)	Common Stock	GLENCORE XSTRATA PLC 805 HK	A1JAGV	83NFYS8 HK			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	Common Stock	GLENCORE XSTRATA PLC GLCNF PQ	A1JAGV	84MSC69 US			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	Common Stock	GLENCORE XSTRATA PLC GLCNF US	A1JAGV	84MSC69 US			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	Common Stock	GLENCORE XSTRATA PLC GLCNF UV	A1JAGV	84MSC69 US			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	BATS Europe (BATE)	Common Stock	GLENCORE XSTRATA PLC GLEN EB	A1JAGV	84T3BW6 GB			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Chi-X Europe (CHIX)	Common Stock	GLENCORE XSTRATA PLC GLEN IX	A1JAGV	84T3BW6 GB			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	London Intl (XLON)	Common Stock	GLENCORE XSTRATA PLC GLEN LN	A1JAGV	84T3BW6 GB			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Turquoise (TRQX)	Common Stock	GLENCORE XSTRATA PLC GLEN TQ	A1JAGV	84T3BW6 GB			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GB	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC DE	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GF	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GM	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GR	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GS	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	Common Stock	GLENCORE XSTRATA PLC 8GC GY	A1JAGV	855NST3 DE			JE00B4T3BW64	063082236	

GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Tradegate (XGAT)	Common Stock	GLENCORE XSTRATA PLC	8GC TH	A1JAGV				JE00B4T3BW64	063082236
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Equiduct (XEQT)	Common Stock	GLENCORE XSTRATA PLC	GLEEN BU	A1JAGV				JE00B4T3BW64	063082236
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Euro Comp (XLON)	Common Stock	GLENCORE XSTRATA PLC	GLEEN EQ	A1JAGV				JE00B4T3BW64	063082236
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Quote MTF (QMTF)	Common Stock	GLENCORE XSTRATA PLC	GLEEN QM	A1JAGV				JE00B4T3BW64	063082236
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Euro Comp (XLON)	Common Stock	GLENCORE XSTRATA PLC	GLENEUR EU	A1JAGV				JE00B4T3BW64	063082236
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	ADR	GLENCORE XSTRATA -UNSP ADR	GLNCY PQ	A1WY82	B99L415 US	37827X100		US37827X1000	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	ADR	GLENCORE XSTRATA -UNSP ADR	GLNCY US	A1WY82	B99L415 US	37827X100		US37827X1000	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	OTC US (OOTC)	ADR	GLENCORE XSTRATA -UNSP ADR	GLNCY UV	A1WY82	B99L415 US	37827X100		US37827X1000	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	ADR	GLENCORE XSTRATA -UNSP ADR	8GCA GF	A1WY82	BCZW866 DE	37827X100		US37827X1000	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	ADR	GLENCORE XSTRATA -UNSP ADR	8GCA GR	A1WY82	BCZW866 DE	37827X100		US37827X1000	
GLENCORE XSTRATA PLC	GLENCORE XSTRATA PLC	Frankfurt (XFRA)	ADR	GLENCORE XSTRATA -UNSP ADR	8GCA GS	A1WY82	BCZW866 DE	37827X100		US37827X1000	
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	Singapore (XSSE)	Common Stock	CHEMOIL ENERGY LTD	CHEME SP	A0LBTC	B1DL5V2 SG			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	Berlin (XBER)	Common Stock	CHEMOIL ENERGY LTD	LHT GB	A0LBTC	B1L6R79 DE			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	Berlin (XBER)	Common Stock	CHEMOIL ENERGY LTD	LHT GF	A0LBTC	B1L6R79 DE			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	Berlin (XBER)	Common Stock	CHEMOIL ENERGY LTD	LHT GM	A0LBTC	B1L6R79 DE			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	Berlin (XBER)	Common Stock	CHEMOIL ENERGY LTD	LHT GR	A0LBTC	B1L6R79 DE			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	OTC US (OOTC)	Common Stock	CHEMOIL ENERGY LTD	CLRGF US	A0LBTC	B1L97FE			HK0000035813	027111866
CHEMOIL ENERGY LIMITED	GLENCORE XSTRATA PLC	OTC US (OOTC)	Common Stock	CHEMOIL ENERGY LTD	CLRGF UV	A0LBTC	B1L97FE			HK0000035813	027111866
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	Hong Kong (XHKG)	Common Stock	HARBIN ELECTRIC CO LTD-H	1133 HK	A0M4X8	6422761 HK	930709	CNE1000003CO	011043780	
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	Frankfurt (XFRA)	Common Stock	HARBIN ELECTRIC CO LTD-H	HPFH GB	A0M4X8	B1HJDX0 DE	930709	CNE1000003CO	011043780	
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	Frankfurt (XFRA)	Common Stock	HARBIN ELECTRIC CO LTD-H	HPFH GF	A0M4X8	B1HJDX0 DE	930709	CNE1000003CO	011043780	
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	Frankfurt (XFRA)	Common Stock	HARBIN ELECTRIC CO LTD-H	HPFH GR	A0M4X8	B1HJDX0 DE	930709	CNE1000003CO	011043780	
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	OTC US (OOTC)	Common Stock	HARBIN ELECTRIC CO LTD-H	HPWF US	A0M4X8	B3BHKK0 US	930709	CNE1000003CO	011043780	Y30683109
HARBIN ELECTRIC CO LTD	HARBIN ELECTRIC CO LTD	OTC US (OOTC)	Common Stock	HARBIN ELECTRIC CO LTD-H	HPWF UV	A0M4X8	B3BHKK0 US	930709	CNE1000003CO	011043780	Y30683109
INDIAN OIL CORP LTD	INDIAN OIL CORP LTD aka IOCL	Natl India (XNSE)	Common Stock	INDIAN OIL CORPORATION LTD	IOCL IB	A0B9FM	6253767 IN		INE242A01010		
INDIAN OIL CORP LTD	INDIAN OIL CORP LTD aka IOCL	Natl India (XNSE)	Common Stock	INDIAN OIL CORPORATION LTD	IOCL IG	A0B9FM	6253767 IN		INE242A01010		
INDIAN OIL CORP LTD	INDIAN OIL CORP LTD aka IOCL	Natl India (XNSE)	Common Stock	INDIAN OIL CORPORATION LTD	IOCL IN	A0B9FM	6253767 IN		INE242A01010		
INDIAN OIL CORP LTD	INDIAN OIL CORP LTD aka IOCL	Natl India (XNSE)	Common Stock	INDIAN OIL CORPORATION LTD	IOCL IS	A0B9FM	6253767 IN		INE242A01010		
CHENNAI PETROLEUM CORPORATION LIMITED	INDIAN OIL CORP LTD aka IOCL	Mumbai (XBOM)	Common Stock	CHENNAI PETROLEUM CORP LTD	MRL IB	A0B968	6121563 IN		INE178A01016		
CHENNAI PETROLEUM CORPORATION LIMITED	INDIAN OIL CORP LTD aka IOCL	Mumbai (XBOM)	Common Stock	CHENNAI PETROLEUM CORP LTD	MRL IG	A0B968	6121563 IN		INE178A01016		
CHENNAI PETROLEUM CORPORATION LIMITED	INDIAN OIL CORP LTD aka IOCL	Mumbai (XBOM)	Common Stock	CHENNAI PETROLEUM CORP LTD	MRL IN	A0B968	6121563 IN		INE178A01016		
CHENNAI PETROLEUM CORPORATION LIMITED	INDIAN OIL CORP LTD aka IOCL	Mumbai (XBOM)	Common Stock	CHENNAI PETROLEUM CORP LTD	MRL IS	A0B968	6121563 IN		INE178A01016		
LANKA IOC PLC	INDIAN OIL CORP LTD aka IOCL	Colombo (XCOL)	Common Stock	LANKA IOC PLC	LIQC SL	A0D83L	B0591G4 LK		LK0345N00005		
JIANGXI HONGDU AVIATION INDUSTRY CO LTD	JIANGXI HONGDU AVIATION INDUSTRY CO LTD	Shanghai (XSHG)	Common Stock	JIANGXI HONGDU AVIATION-A	600316 CG	A0M4EK	6304375 CN		CNE0000015N3		
JIANGXI HONGDU AVIATION INDUSTRY CO LTD	JIANGXI HONGDU AVIATION INDUSTRY CO LTD	Shanghai (XSHG)	Common Stock	JIANGXI HONGDU AVIATION-A	600316 CH	A0M4EK	6304375 CN		CNE0000015N3		
JX HOLDINGS INC	JX HOLDINGS INC	Frankfurt (XFRA)	Common Stock	JX HOLDINGS INC	JXHJ GF	A1CS9H	B55WTCO DE		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Frankfurt (XFRA)	Common Stock	JX HOLDINGS INC	JXHJ GM	A1CS9H	B55WTCO DE		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Frankfurt (XFRA)	Common Stock	JX HOLDINGS INC	JXHJ GR	A1CS9H	B55WTCO DE		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Frankfurt (XFRA)	Common Stock	JX HOLDINGS INC	JXHJ GS	A1CS9H	B55WTCO DE		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JE	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JJ	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JI	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JN	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JP	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	JX HOLDINGS INC	5020 JT	A1CS9H	B627LW9 JP		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	Common Stock	JX HOLDINGS INC	JXHGF US	A1CS9H	B6R59M4 US		JP3386450005	049326777	
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	Common Stock	JX HOLDINGS INC	JXHGF UV	A1CS9H	B6R59M4 US		JP3386450005	049326777	J29699105
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLY PQ	A1CVU3	B588T28 US	466295102		US4662951023	
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLY US	A1CVU3	B588T28 US	466295102	968503	US4662951023	
JX HOLDINGS INC	JX HOLDINGS INC	OTC US (OOTC)	ADR	JX HOLDINGS INC - UNSPON ADR	JXHLY UV	A1CVU3	B588T28 US	466295102		US4662951023	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JE	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JJ	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JI	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JN	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JS	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JT	857846	6640789 JP		JP3750200002	001227858	
NIPPO CORP	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	NIPPO CORP	1881 JU	857846	6640789 JP		JP3750200002	001227858	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JE	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JJ	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JI	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JN	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JS	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JT	857914	6894627		JP3601800000	006339204	
TOHO TITANIUM CO	JX HOLDINGS INC	Tokyo (XTKS)	Common Stock	TOHO TITANIUM CO LTD	5727 JU	857914	6894627		JP3601800000	006339204	
LS INDUSTRIAL SYSTEMS CO. LTD	LS INDUSTRIAL SYSTEMS CO. LTD	Korea (KRX)	Common Stock	LS INDUSTRIAL SYSTEMS	010120 KP	895497	6378217 KR		KR7010120004		
LS INDUSTRIAL SYSTEMS CO. LTD	LS INDUSTRIAL SYSTEMS CO. LTD	Korea (KRX)	Common Stock	LS INDUSTRIAL SYSTEMS	010120 KS	895497	6378217 KR		KR7010120004		
MANAGEM	MANAGEM	Casablanca (XCAS)	Common Stock	MANAGEM	MNG MC	165414	6287454 MA		MA0000011058		
SOCIETE METALLURGIQUE D'IMITER	MANAGEM	Casablanca (XCAS)	Common Stock	SOCIETE METALLURGI D'IMITER	SMI MC	256307	6007759 MA		MA0000011068		
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Natl India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IN	A1HEP4	6139362 IN		INE213A01029		
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Natl India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IB	A1HEP4	6139362 IS		INE213A01029		
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Natl India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IG	A1HEP4	6139362 IS		INE213A01029		
OIL & NATURAL GAS CORP LTD	OIL & NATURAL GAS CORP	Natl India (XNSE)	Common Stock	OIL & NATURAL GAS CORP LTD	ONGC IS	A1HEP4	6139362 IS		INE213A01029		

MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IB	A0NANW	6121530 IN		INE103A01014
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IG	A0NANW	6121530 IN		INE103A01014
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IN	A0NANW	6121530 IN		INE103A01014
MANGALORE REFINERY & PETROCHEMICALS LIMITED	OIL & NATURAL GAS CORP	Mumbai (XBOM)	Common Stock	MANGALORE REFINERY & PETROCHEMICALS LIMITED	MRPL IS	A0NANW	6121530 IN		INE103A01014
OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OINL IB	A0X9PF	B409HQ9 IN		INE274J01014
OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OINL IG	A0X9PF	B409HQ9 IN		INE274J01014
OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OINL IN	A0X9PF	B409HQ9 IN		INE274J01014
OIL INDIA LTD	OIL INDIA LTD	Natl India (XNSE)	Common Stock	OIL INDIA LTD	OINL IS	A0X9PF	B409HQ9 IN		INE274J01014
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG DS	A1T8LS	B84J7Q3	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CJ	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CN	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG CV	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG DV	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TG	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TJ	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TK	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TN	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Venture (XTSX)	Common Stock	ORCA GOLD INC	ORG TV	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	OTC US (OQTC)	Common Stock	ORCA GOLD INC	ORG TW	A1T8LS	B84J7Q3 CA	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	CANWF PQ	A1T8LS	B8JYMF7 US	68558N104	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HJEA GF	A1T8LS	B9L5S59	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HJEA GB	A1T8LS	B9L5S59 DE	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HJEA GR	A1T8LS	B9L5S59 DE	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	Frankfurt (XFRA)	Common Stock	ORCA GOLD INC	HJEA GS	A1T8LS	B9L5S59 DE	68558N102	091768224
ORCA GOLD INC	ORCA GOLD INC	OTC US (OQTC)	Common Stock	ORCA GOLD INC	CANWF US	A1T8LS	B8JYMF7 US	68558N103	091768225
ORCA GOLD INC	ORCA GOLD INC	OTC US (OQTC)	Common Stock	ORCA GOLD INC	CANWF UV	A1T8LS	B8JYMF7 US	68558N102	091768224
ENGEN	PETROLIAM NASIONAL BERHAD aka PETRONAS	Gaborone (XBOT)	Common Stock	ENGEN	ENGN BG	546632	B063G04		BW0000000058
KLCC PROPERTY HOLDINGS BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	KLCC PROPERTY HOLDINGS BHD	KLCCSS MK	A1T91X	B92NSW7 MY		MYL5235SS008
MALAYSIA INTERNATIONAL SHIPPING COMPANY aka MISC BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	MISC BHD	MISC MK	880504	6557997 MY	905279	MYL3816O0005 003527883
MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malays (XKLS)	Common Stock	MALAYSIA MARINE AND HEAVY EN	MMHE MK	A1C7U6	B3W5NN7		MYL5186O0001 055049394
PETRONAS CHEMICALS GROUP BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS CHEMICALS GROUP BHD	PCHEM MK	A1C891	B5KQGT3 MY		MYL5183O0008 055800235
PETRONAS DAGANGAN BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS DAGANGAN BHD	PETD MK	895131	6695938 MY		MYL5681O0001 003738044
PETRONAS GAS BHD	PETROLIAM NASIONAL BERHAD aka PETRONAS	Bursa Malaysia (XKLS)	Common Stock	PETRONAS GAS BHD	PTG MK	896633	6703972 MY		MYL6033O0004 007076959
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELiance INDUSTRIES LTD	RIL IB	946078	6099626 IN	964067	INE002A01018
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELiance INDUSTRIES LTD	RIL IG	946078	6099626 IN	964067	INE002A01018
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELiance INDUSTRIES LTD	RIL IN	946078	6099626 IN	964067	INE002A01018
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Common Stock	RELiance INDUSTRIES LTD	RIL IS	946078	6099626 IN	964067	INE002A01018
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Second Lending	RELiance INDUSTRIES LTD	RILS IN				N.A.
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Natl India (XNSE)	Second Lending	RELiance INDUSTRIES LTD	RILS IS				N.A.
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Luxembourg (XLUX)	GDR	RELiance INDUSTRIES LTD	RIGDS LX	884241	4731146 LU	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELiance INDUSTRIES LTD	RLI GB	884241	5732568 DE	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELiance INDUSTRIES LTD	RLI GF	884241	5732568 DE	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELiance INDUSTRIES LTD	RLI GF	884241	5732568 DE	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELiance INDUSTRIES LTD	RLI GS	884241	5732568 DE	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Frankfurt (XFRA)	GDR	RELiance INDUSTRIES LTD	RLI GY	884241	5732568 DE	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	BATS Europe (BATE)	GDR	RELiance INDUSTRIES LTD	RIGD EB	884241	B16CYP9 GB	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Chi-X Europe (CHIX)	GDR	RELiance INDUSTRIES LTD	RIGD IX	884241	B16CYP9 GB	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	London Int'l (XLON)	GDR	RELiance INDUSTRIES LTD	RIGD LI	884241	B16CYP9 GB	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Turquoise (TRQX)	GDR	RELiance INDUSTRIES LTD	RIGD TQ	884241	B16CYP9 GB	759470107	964066 US7594701077 010146160
RELiance INDUSTRIES LTD	RELiance INDUSTRIES LTD	Euro Comp (XLON)	Receipt	RELiance INDS-SPONS GDR 144ARIGD EU		884241			US7594701077 010146160
SCOMI GROUP BERHAD	SCOMI GROUP BERHAD	Bursa Malaysia (XKLS)	Common Stock	SCOMI GROUP BHD	SGB MK	120745	B00PKJ3 MY	759470107	964066 MYL7158O0008 024633128
SCOMI ENERGY SERVICES BHD	SCOMI GROUP BERHAD	Bursa Malays (XKLS)	Common Stock	SCOMI ENERGY SERVICES BHD	SES MK	215406	6081593		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	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CJ	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CN	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR CV	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR DV	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TJ	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TG	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TK	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TN	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TV	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885
STATESMAN RESOURCES LIMITED	STATESMAN RESOURCES LIMITED	Venture (XTSX)	Common Stock	STATESMAN RESOURCES LTD	SRR TV	A1J2NC	B80L116 CA	857652200	CA8576522004 025302885





# ATTACHMENT D

## EIRIS Conflict Risk Network (CRN) List of "Scrutinized" Companies in Sudan List Effective Through February 28, 2014

<u>Company Name</u>	<u>Country of Origin</u>
<b>Alstom</b>	France
Alstom India Ltd	India
Areva T&D India Ltd.	India
Wuhan Boiler Company	China
<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 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.	China
PetroChina Co., Ltd.	Hong Kong
<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>	China
<b>Energy House Holding Company KSCC</b> (previously known as AREF Energy Holding Company)	Egypt
<b>GAZ Group</b>	Kuwait
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>	Russia
Biopetrol Industries	Switzerland
Chemoil Energy Ltd	Switzerland
Viterra Inc.	Singapore
<b>Harbin Electric Company Ltd.</b>	Canada
<b>Indian Oil Corporation Ltd. AKA IOCL</b>	China
Chennai Petroleum Corporation Limited AKA CPCL	India
Lanka IOC Ltd	India
<b>Jiangxi Hongdu Aviation AKA Hongdu Aviation</b>	India
<b>JX Holdings</b>	China
Nippo Corporation	Japan
Toho Titanium Co.	Japan
<b>LS Industrial Systems</b>	Japan
<b>Managem</b>	South Korea
ONA S.A.	Morocco
Societe Metallurgique D'imiter	Morocco
<b>Oil and Natural Gas Corporation Limited, AKA ONGC</b>	Morocco
Mangalore Refinery and Petrochemicals Ltd. AKA MRPL	India
<b>Oil India Ltd.</b>	India
<b>Orca Gold Inc.</b> (previously known as Shark Minerals)	India
<b>Petroliam Nasional Berhad AKA Petronas</b>	India
Engen	Canada
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>	Malaysia
<b>Trafigura Beheer</b>	Canada
	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 February 28, 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 February 28, 2014**

<b><u>Company Name</u></b>	<b><u>Country of Origin</u></b>
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 Machinery Engineering Company (CMEC)	China
China Poly Group Corporation	China
Poly Investment Ltd.	Hong Kong
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
MAN SE	Germany
Mercator Limited	India
Mott MacDonald	UK
MTN Group	South Africa
Petrolin Group	Gabon
Petronneeds Service International Company	Sudan
Saras S.p.A.	Italy
Shandong Electric Power Construction Corporation	China
Shanghai Electric Group Co. Ltd	China
Shanghai Electric Group Finance Co. Ltd.	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 E

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

December 13, 2013

**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 September 16, 2013 letter you received. **This new list is effective December 17, 2013.**

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

- **Maire Tecnimont S.p.A.** **Italy**

The following companies have been **removed** from the restricted list:

- **Petrofac Ltd.** **United Kingdom**
- **Technip.** **France**

**Attachment 2** is the List of Iran Companies Requiring Divestment.

- **Petrofac Ltd.** and **Technip** have been removed from the divestment 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, Manager, Public Programs  
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 Nafta DD	Croatia
Indian Oil Corporation Ltd.	India
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: December 17, 2013

**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: December 17, 2013



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

<b>COMPANY_NAME</b>	<b>SEDOL</b>	<b>ISIN</b>	<b>SYMBOL</b>	<b>CUSIP</b>	<b>CUSIP_2</b>	<b>COUNTRY</b>
Bharat Petroleum Corporation Ltd.	6099723	INE029A01011	500547			India
China Petroleum & Chemical Corp	2654375	US16941R1086	386	16941R108		China
China Petroleum & Chemical Corp	BORSW00	US16941R1086	386	16941R108		China
China Petroleum & Chemical Corp	2639189	US16941R1086	386	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	386	16941R108		China
China Petroleum & Chemical Corp	B1C5SX8	ARDEUT114071	386	16941R108		China
Daelim Industrial	6246604	KR7000211003	A000210			South Korea
Daelim Industrial	B1T52M8	KR7000211003	A000210			South Korea
Daelim Industrial	6249584	KR7000210005	A000210			South Korea
Gail (India) Ltd.	B1HJOL7	US36268T2069	532155	36268T206	36268T107	India
Gail (India) Ltd.	3235520	US36268T2069	532155	36268T206	36268T107	India
Gail (India) Ltd.	B2NTDN1	US36268T2069	532155	36268T206	36268T107	India
Gail (India) Ltd.	B033102	US36268T2069	532155	36268T206	36268T107	India
Gail (India) Ltd.	2498517	US36268T1079	532155	36268T206	36268T107	India
Gail (India) Ltd.	3235490	US36268T1079	532155	36268T206	36268T107	India
Gail (India) Ltd.	6133405	INE129A01019	532155	36268T206	36268T107	India
Gazprom OAO	B0338T0	US3682873068	GAZP	368287207	368287108	Russia
Gazprom OAO	5385003	US3682873068	GAZP	368287207	368287108	Russia
Gazprom OAO	2016629	US3682872078	GAZP	368287207	368287108	Russia
Gazprom OAO	5259528	US3682872078	GAZP	368287207	368287108	Russia
Gazprom OAO	5140989	US3682872078	GAZP	368287207	368287108	Russia
Gazprom OAO	2398899	US3682871088	GAZP	368287207	368287108	Russia
Gazprom OAO	3313181	US3682871088	GAZP	368287207	368287108	Russia
Gazprom OAO	4364928	RU0007661625	GAZP	368287207	368287108	Russia
Gazprom OAO	B2NH841	ARDEUT114261	GAZP	368287207	368287108	Russia

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

<b>COMPANY_NAME</b>	<b>SEDOL</b>	<b>ISIN</b>	<b>SYMBOL</b>	<b>CUSIP</b>	<b>CUSIP_2</b>	<b>COUNTRY</b>
GS Engineering & Construction Corp	B06ZHC9	KR7006360002	A006360			Korea South
GS Engineering & Construction Corp	6537096	KR7006360002	A006360			Korea South
GS Holdings	B02FVX2	KR7078931003	A078930			Korea South
GS Holdings	B01RJV3	KR7078930005	A078930			Korea South
Gubre Fabrikalari T.A.S.	B03MTC7	TRAGUBRF91E2	GUBRF			Turkey
Gubre Fabrikalari T.A.S.	B188YV1	TRAGUBRF91E2	GUBRF			Turkey
Ina-Industrija Nafta DD	B1L56D5	US45325E2019	INA-R-A	45325E102		Croatia
Ina-Industrija Nafta DD	B1L1YV7	US45325E2019	INA-R-A	45325E102		Croatia
Ina-Industrija Nafta DD	B1HJKC8	US45325E2019	INA-R-A	45325E102		Croatia
Ina-Industrija Nafta DD	B1HJKF1	US45325E1029	INA-R-A	45325E102		Croatia
Ina-Industrija Nafta DD	B1L5RN2	US45325E1029	INA-R-A	45325E102		Croatia
Ina-Industrija Nafta DD	B1JMYF6	HRINAORA0007	INA-R-A	45325E102		Croatia
Indian Oil Corporation Ltd.	6253767	INE242A01010	530965			India
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	8031	606827202		Japan
Mitsui & Co. Ltd	2597061	US6068272029	8031	606827202		Japan
Mitsui & Co. Ltd	B1HHX89	US6068272029	8031	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

**ATTACHMENT 3  
IRAN RESTRICTED COMPANIES  
Security Identifiers**

<b>COMPANY_NAME</b>	<b>SEDOL</b>	<b>ISIN</b>	<b>SYMBOL</b>	<b>CUSIP</b>	<b>CUSIP_2</b>	<b>COUNTRY</b>
Oil & Natural Gas Corporation Ltd.	6139362	INE213A01011	500312	Y64606117		India
PetroChina Co. Ltd.	2568841	US71646E1001	857	71646E100		China
PetroChina Co. Ltd.	4633327	US71646E1001	857	71646E100		China
PetroChina Co. Ltd.	B28SLD9	CNE1000007Q1	857	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	857	71646E100		China
Punj Lloyd Ltd.	B1VJSG4	INE701B01021	532693			India
Toyota Tsusho Corporation	6900580	JP3635000007	8015			Japan

Effective Date: December 17, 2013

## Letter to SBI Fixed Income Managers

December 13, 2013

### 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 September 16, 2013 letter you received. **This new list is effective December 17, 2013.**

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

- **Maire Tecnimont S.p.A.** **Italy**

The following companies have been **removed** from the restricted list:

- **Petrofac Ltd.** **United Kingdom**
- **Technip** **France**

**Attachment 2** is the List of Iran Companies Requiring Divestment.

- **Petrofac Ltd.** and **Technip** have been removed from the divestment 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, Manager, Public Programs  
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 Nafta DD	Croatia
Indian Oil Corporation Ltd.	India
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: December 17, 2013

**ATTACHMENT 2**

**LIST OF IRAN COMPANIES REQUIRING DIVESTMENT**

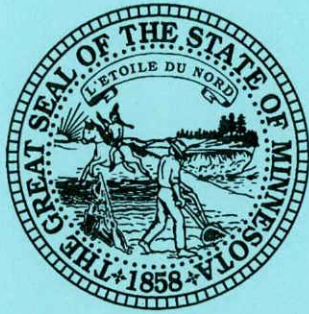
<b>Company Name</b>	<b>Country of Origin</b>	<b>Divest 50 Percent By this Date</b>	<b>Divest 100 Percent By this Date</b>
Gazprom Oao	Russia	July 31, 2010	January 31, 2011
Mitsui & Company, Ltd.	Japan	September 30, 2012	March 31, 2013
Toyota Tsusho	Japan	September 30, 2012	March 31, 2013

Effective Date: December 17, 2013

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# STATE BOARD OF INVESTMENT

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## Domestic Equity Manager Evaluation Reports

Fourth Quarter, 2013

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A-2

## Domestic Equity

### Table of Contents

	<b>Page</b>
Domestic Equity Performance Summary	A-5
Active Manager Performance Summary (quarter, 1, 3, 5 year periods)	A-6
Semi-Passive and Passive Manager Performance Summary (quarter, 1, 3, 5 year periods)	A-7
Active Manager Performance Summary (by calendar year)	A-8
Semi-Passive and Passive Manager Performance Summary (by calendar years)	A-9
Large Cap Growth (R1000 Growth)	A-11
Large Cap Value (R1000 Value)	A-19
Small Cap Growth (R2000 Growth)	A-27
Small Cap Value (R2000 Value)	A-33
Semi-Passive and Passive	A-41

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A-4

**COMBINED RETIREMENT FUNDS  
ACTIVE DOMESTIC EQUITY MANAGERS  
Periods Ending December, 2013**

	Quarter		1 Year		3 Years		5 Years	
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %
Russell 1000 Growth Aggregate	9.8	10.4	42.0	33.5	17.8	16.5	23.0	20.4
Russell 1000 Value Aggregate	10.2	10.0	36.5	32.5	16.0	16.1	17.3	16.7
Russell 2000 Growth Aggregate	6.4	8.2	47.2	43.3	15.9	16.8	21.8	22.6
Russell 2000 Value Aggregate	10.4	9.3	40.8	34.5	17.2	14.5	23.4	17.6
<b>Active Manager Aggregate</b>	<b>9.5</b>	<b>9.8</b>	<b>40.2</b>	<b>34.7</b>	<b>16.4</b>	<b>16.1</b>	<b>20.1</b>	<b>18.9</b>
<b>Semi-Passive Aggregate</b>	<b>10.7</b>	<b>10.2</b>	<b>33.2</b>	<b>33.1</b>	<b>17.0</b>	<b>16.3</b>	<b>18.8</b>	<b>18.6</b>
<b>Passive Manager (BlackRock)</b>	<b>10.1</b>	<b>10.1</b>	<b>33.5</b>	<b>33.6</b>	<b>16.2</b>	<b>16.2</b>	<b>18.7</b>	<b>18.7</b>
<b>Total Aggregate</b>	<b>10.2</b>	<b>10.1</b>	<b>35.1</b>	<b>33.6</b>	<b>16.5</b>	<b>16.2</b>	<b>19.1</b>	<b>18.7</b>
<b>Russell 3000 Index</b>		<b>10.1</b>		<b>33.6</b>		<b>16.2</b>		<b>18.7</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 December, 2013**  
**Performance versus Russell Style Benchmarks for All Periods**

	Quarter		1 Year		3 Years		5 Years		Since Inception (1)		Market Value (in millions)	Pool %
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %		
<b>Russell 1000 Growth</b>												
INTECH	11.2	10.4	34.1	33.5	16.5	16.5	20.4	20.4	7.2	8.0	\$521.2	1.8%
Jacobs Levy	11.4	10.4	37.0	33.5	18.2	16.5	22.0	20.4	6.8	8.0	\$604.5	2.1%
Sands Capital	9.9	10.4	42.4	33.5	22.0	16.5	31.6	20.4	10.9	8.0	\$637.5	2.3%
Winslow-Large Cap	11.1	10.4	37.4	33.5	16.1	16.5	20.8	20.4	9.6	8.0	\$276.5	1.0%
Zevenbergen Capital	6.1	10.4	60.6	33.5	16.1	16.5	24.8	20.4	10.6	8.9	\$587.4	2.1%
<b>Aggregate</b>	<b>9.8</b>	<b>10.4</b>	<b>42.0</b>	<b>33.5</b>	<b>17.8</b>	<b>16.5</b>	<b>23.0</b>	<b>20.4</b>			<b>\$2,627.0</b>	<b>9.3%</b>
<b>Russell 1000 Value</b>												
Barrow, Hanley	10.3	10.0	35.5	32.5	16.7	16.1	16.7	16.7	7.9	7.5	\$739.2	2.6%
Earnest Partners	10.3	10.0	32.0	32.5	11.7	16.1	16.8	16.7	6.0	6.7	\$496.5	1.8%
LSV Asset Mgmt.	11.6	10.0	41.2	32.5	19.0	16.1	19.0	16.7	8.9	7.5	\$738.4	2.6%
Systematic Financial Mgmt.	8.7	10.0	35.0	32.5	13.9	16.1	16.5	16.7	7.5	7.5	\$691.3	2.4%
<b>Aggregate</b>	<b>10.2</b>	<b>10.0</b>	<b>36.5</b>	<b>32.5</b>	<b>16.0</b>	<b>16.1</b>	<b>17.3</b>	<b>16.7</b>			<b>\$2,665.4</b>	<b>9.4%</b>
<b>SMALL CAP</b>												
<b>Russell 2000 Growth</b>												
McKinley Capital	9.7	8.2	51.6	43.3	19.8	16.8	23.1	22.6	7.8	9.4	\$379.3	1.3%
Next Century Growth	3.6	8.2	50.3	43.3	13.5	16.8	20.7	22.6	3.5	4.3	\$393.1	1.4%
Turner Investment Partners	6.1	8.2	40.8	43.3	14.9	16.8	21.8	22.6	9.2	9.4	\$417.2	1.5%
<b>Aggregate</b>	<b>6.4</b>	<b>8.2</b>	<b>47.2</b>	<b>43.3</b>	<b>15.9</b>	<b>16.8</b>	<b>21.8</b>	<b>22.6</b>			<b>\$1,189.6</b>	<b>4.2%</b>
<b>Russell 2000 Value</b>												
Goldman Sachs	9.7	9.3	39.3	34.5	18.0	14.5	21.7	17.6	10.6	8.6	\$255.3	0.9%
Hotchkis & Wiley	12.8	9.3	46.0	34.5	17.3	14.5	30.4	17.6	9.5	8.6	\$231.0	0.8%
Martingale Asset Mgmt.	11.7	9.3	43.1	34.5	17.6	14.5	19.9	17.6	8.1	8.6	\$203.6	0.7%
Peregrine Capital	8.7	9.3	37.3	34.5	16.1	14.5	23.8	17.6	11.5	10.6	\$339.7	1.2%
<b>Aggregate</b>	<b>10.4</b>	<b>9.3</b>	<b>40.8</b>	<b>34.5</b>	<b>17.2</b>	<b>14.5</b>	<b>23.4</b>	<b>17.6</b>			<b>\$1,029.6</b>	<b>3.6%</b>
<b>Active Mgr. Aggregate (2)</b>	<b>9.5</b>	<b>9.8</b>	<b>40.2</b>	<b>34.7</b>	<b>16.4</b>	<b>16.1</b>	<b>20.1</b>	<b>18.9</b>			<b>\$7,511.6</b>	<b>26.6%</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 December, 2013  
Versus Manager Benchmarks**

	Quarter		1 Year		3 Years		5 Years		Since Inception (1)		Market Value (in millions)	Pool %
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk		
	%	%	%	%	%	%	%	%	%	%		%
<b>SEMI-PASSIVE MANAGERS (2)</b>												
BlackRock Institutional	10.3	10.2	33.3	33.1	17.3	16.3	18.6	18.6	9.5	9.2	\$2,935.5	10.4%
INTECH	11.1	10.2	33.0	33.1	16.8	16.3			16.0	15.7	\$2,437.2	8.6%
JP Morgan	11.0	10.2	33.7	33.1	16.7	16.3	19.6	18.6	9.5	9.2	\$3,576.8	12.7%
Mellon Capital	10.4	10.2	32.6	33.1	17.6	16.3	18.3	18.6	8.8	9.2	\$2,516.2	8.9%
<b>Semi-Passive Aggregate (R1000)</b>	<b>10.7</b>	<b>10.2</b>	<b>33.2</b>	<b>33.1</b>	<b>17.0</b>	<b>16.3</b>	<b>18.8</b>	<b>18.6</b>			<b>\$11,465.7</b>	<b>40.6%</b>
<b>PASSIVE MANAGER (R3000)</b>												
BlackRock Institutional	10.1	10.1	33.5	33.6	16.2	16.2	18.7	18.7	8.9	8.8	\$9,276.4	32.8%
<b>Total Aggregate (3)</b>	<b>10.2</b>	<b>10.1</b>	<b>35.1</b>	<b>33.6</b>	<b>16.5</b>	<b>16.2</b>	<b>19.1</b>	<b>18.7</b>	<b>10.5</b>	<b>10.6</b>	<b>\$28,253.7</b>	<b>100.0%</b>
Russell 3000		10.1		33.6		16.2		18.7		11.0		
Russell 1000		10.2		33.1		16.3		18.6		11.1		
Russell 2000		8.7		38.8		15.7		20.1		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
Turner Investment Partners	40.8	43.3	13.1	14.6	-4.8	-2.9	29.0	29.1	36.9	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)**

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A-12

## Large Cap Growth (R1000 Growth)

### Table of Contents

	<b>Page</b>
INTECH Investment Management LLC	A-14
Jacobs Levy Equity Management, Inc.	A-15
Sands Capital Management, LLC	A-16
Winslow Capital Management, LLC	A-17
Zevenbergen Capital Investments LLC	A-18

**INTECH INVESTMENT MANAGEMENT LLC**  
**Periods Ending December, 2013**

**Portfolio Manager: Adrian Banner**

**Assets Under Management: \$521,191,533**

**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 at their office during the quarter.

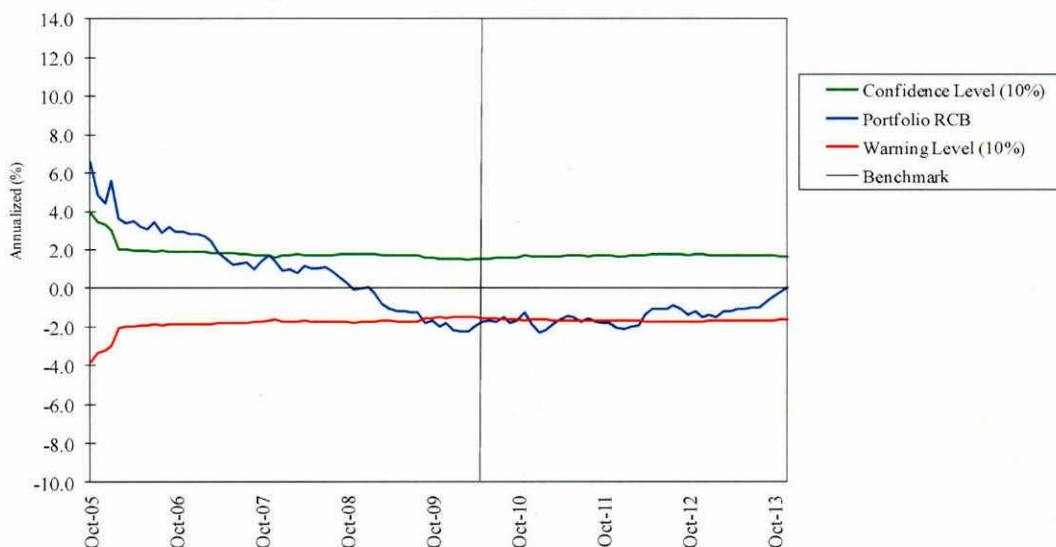
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	11.2%	10.4%
Last 1 year	34.1	33.5
Last 2 years	25.7	24.0
Last 3 years	16.5	16.5
Last 4 years	17.3	16.5
Last 5 years	20.4	20.4
Since Inception (1/05)	7.2	8.0

**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 December, 2013**

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

**Assets Under Management: \$604,453,721**

**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.

Staff met with Jacobs Levy at their office during the quarter.

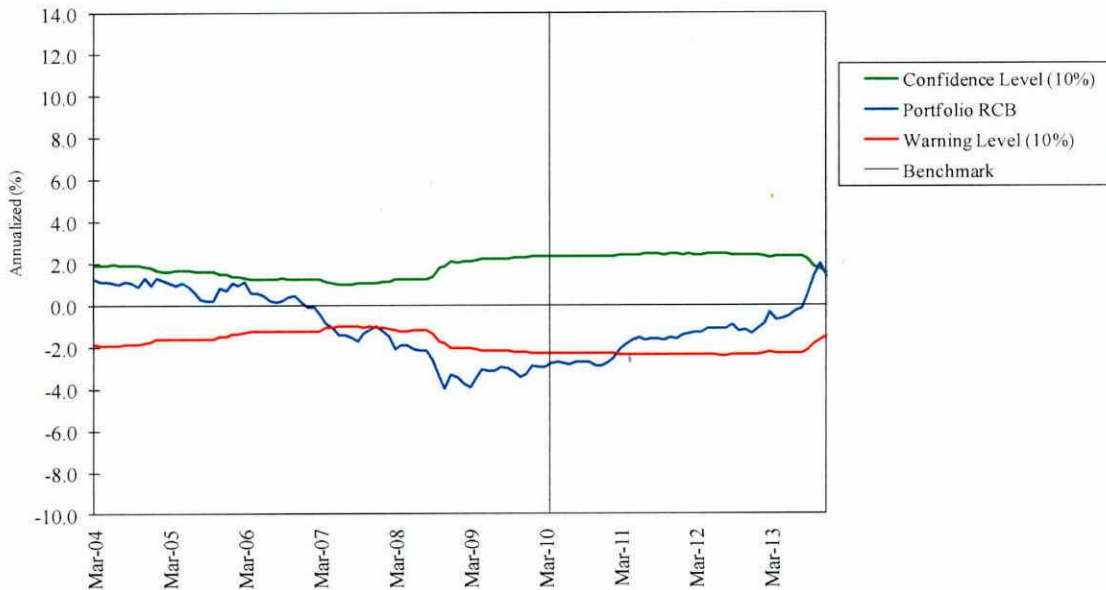
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	11.4%	10.4%
Last 1 year	37.0	33.5
Last 2 years	24.5	24.0
Last 3 years	18.2	16.5
Last 4 years	18.5	16.5
Last 5 years	22.0	20.4
Since Inception (1/05)	6.8	8.0

**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 December, 2013**

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

**Assets Under Management: \$637,473,212**

**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.

Staff met with Sands during the quarter.

**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	9.9%	10.4%
Last 1 year	42.4	33.5
Last 2 years	33.0	24.0
Last 3 years	22.0	16.5
Last 4 years	23.2	16.5
Last 5 years	31.6	20.4
Since Inception (1/05)	10.9	8.0

**Recommendation**

No action required.

**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 December, 2013

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

**Assets Under Management: \$276,515,968**

## 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

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

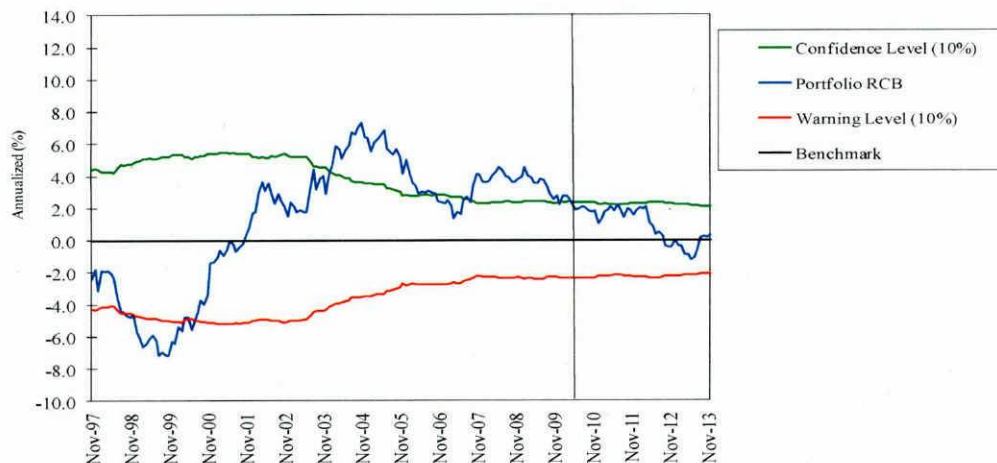
## Quantitative Evaluation

	Actual	R1000 Growth
Last Quarter	11.1%	10.4%
Last 1 year	37.4	33.5
Last 2 years	25.0	24.0
Last 3 years	16.1	16.5
Last 4 years	16.2	16.5
Last 5 years	20.8	20.4
Since Inception (1/05)	9.6	8.0

## 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 December, 2013**

**Portfolio Manager:** Nancy Zevenbergen

**Assets Under Management:** \$587,376,023

**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. The significant one-year outperformance was helped by stock selection in the Consumer Discretionary sector.

Staff met with Zevenbergen during the quarter.

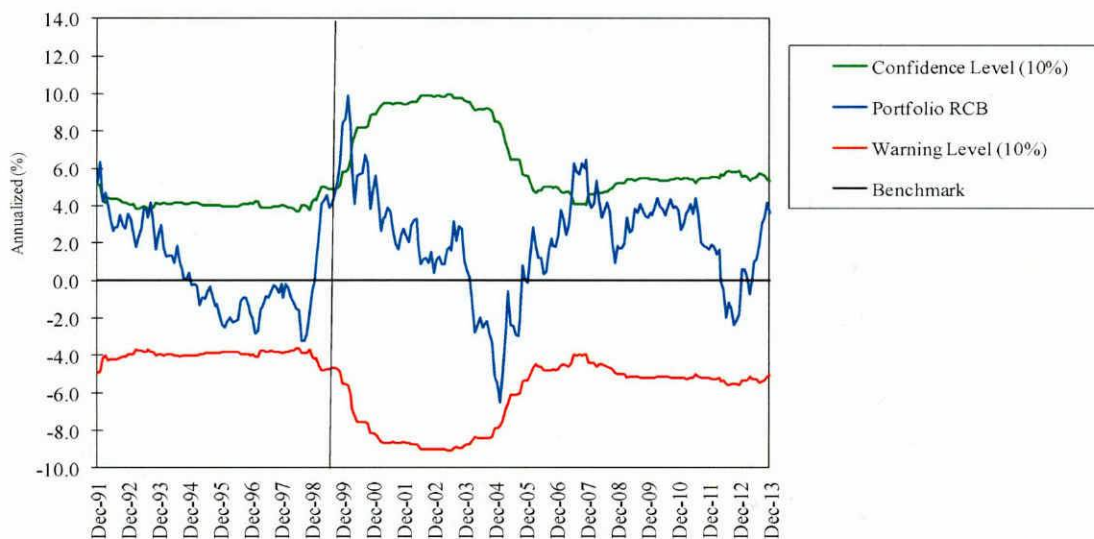
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Growth</b>
Last Quarter	6.1%	10.4%
Last 1 year	60.6	33.5
Last 2 years	31.7	24.0
Last 3 years	16.1	16.5
Last 4 years	17.7	16.5
Last 5 years	24.8	20.4
Since Inception (4/94)	10.6	8.9

**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)**

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A-20

## Large Cap Value (R1000 Value)

### Table of Contents

	<b>Page</b>
Barrow, Hanley, Mewhinney & Strauss, Inc.	A-22
Earnest Partners, LLC	A-23
LSV Asset Management	A-24
Systematic Financial Management, L.P.	A-25

**BARROW, HANLEY, MEWHINNEY & STRAUSS, INC.**  
**Periods Ending December, 2013**

**Portfolio Manager: Tim Culler**

**Assets Under Management: \$739,181,165**

**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.

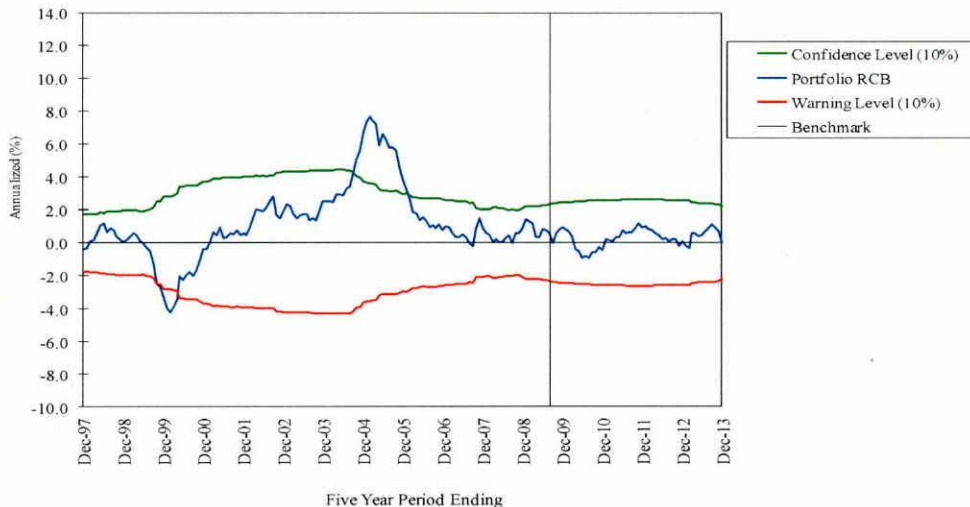
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	10.3%	10.0%
Last 1 year	35.5	32.5
Last 2 years	25.1	24.8
Last 3 years	16.7	16.1
Last 4 years	15.1	15.9
Last 5 years	16.7	16.7
Since Inception (4/04)	7.9	7.5

**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 December, 2013**

**Portfolio Manager: Paul Viera**

**Assets Under Management: \$496,467,063**

**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.

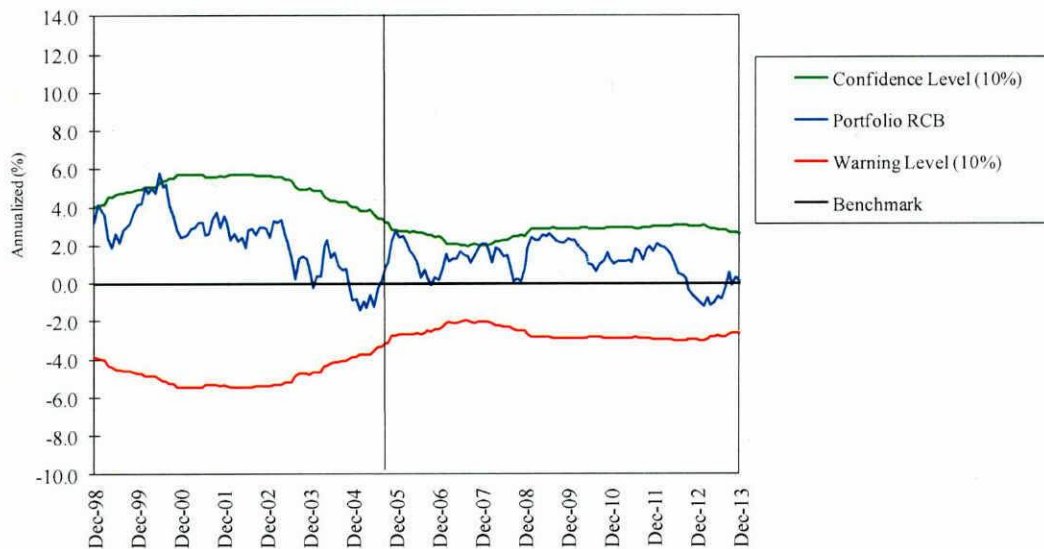
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	10.3%	10.0%
Last 1 year	32.0	32.5
Last 2 years	20.9	24.8
Last 3 years	11.7	16.1
Last 4 years	13.4	15.9
Last 5 years	16.8	16.7
Since Inception (7/00)	6.0	6.7

**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 December, 2013**

**Portfolio Manager: Josef Lakonishok**

**Assets Under Management: \$738,426,974**

**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.

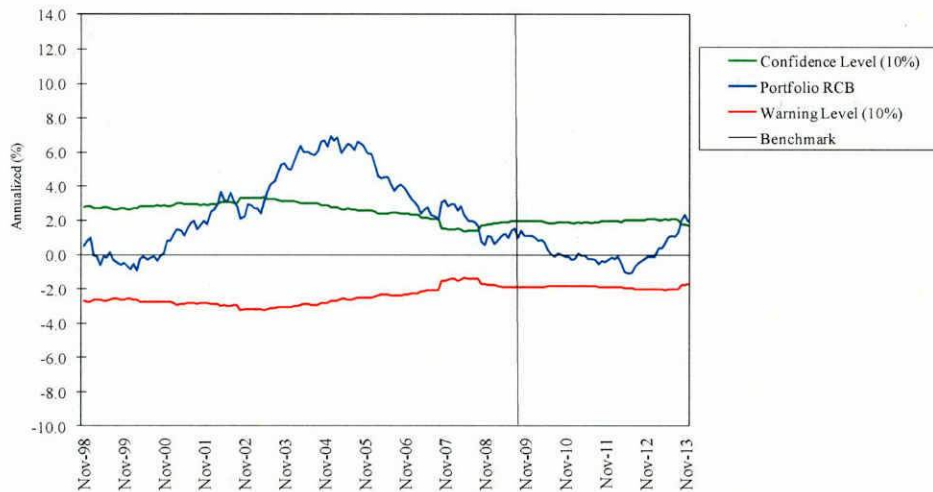
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	11.6%	10.0%
Last 1 year	41.2	32.5
Last 2 years	30.4	24.8
Last 3 years	19.0	16.1
Last 4 years	17.8	15.9
Last 5 years	19.0	16.7
Since Inception (4/04)	8.9	7.5

**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 December, 2013**

**Portfolio Manager: Kevin McCreesh**

**Assets Under Management: \$691,328,751**

**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.

Staff met with Systematic at their office during the quarter.

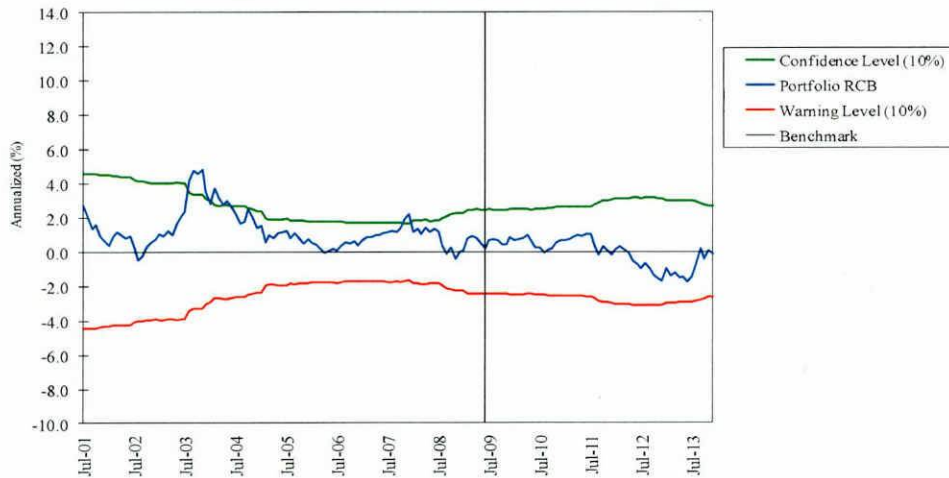
**Quantitative Evaluation**

	<b>Actual</b>	<b>R1000 Value</b>
Last Quarter	8.7%	10.0%
Last 1 year	35.0	32.5
Last 2 years	26.3	24.8
Last 3 years	13.9	16.1
Last 4 years	14.9	15.9
Last 5 years	16.5	16.7
Since Inception (4/04)	7.5	7.5

**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)**

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A-28

## Small Cap Growth (R2000 Growth)

### Table of Contents

	<b>Page</b>
McKinley Capital Management, LLC	A-30
Next Century Growth Investors, LLC	A-31
Turner Investment Partners, L.P.	A-32

**MCKINLEY CAPITAL MANAGEMENT, LLC.**  
**Periods Ending December, 2013**

**Portfolio Manager: Robert A. Gillam**

**Assets Under Management: \$379,269,592**

**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.

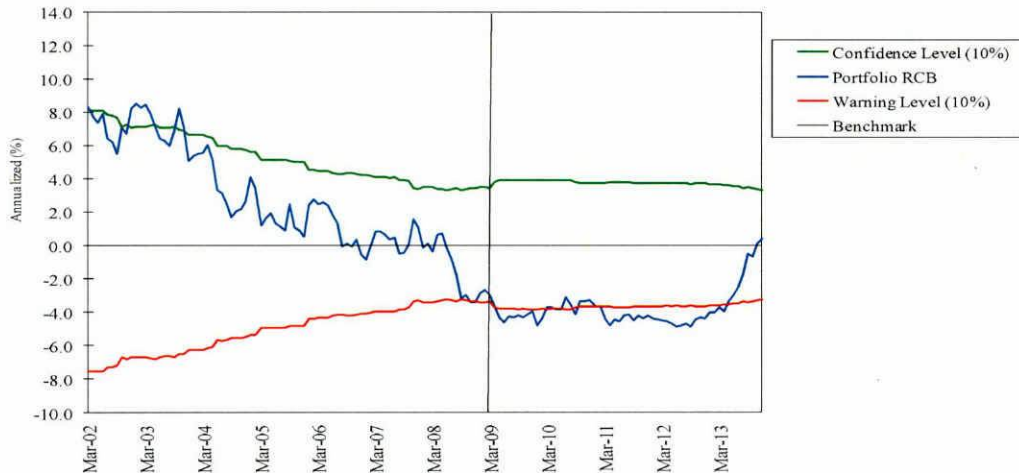
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Growth</b>
Last Quarter	9.7%	8.2%
Last 1 year	51.6	43.3
Last 2 years	36.7	28.1
Last 3 years	19.8	16.8
Last 4 years	21.9	19.8
Last 5 years	23.1	22.6
Since Inception (1/04)	7.8	9.4

**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 December, 2013**

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

**Assets Under Management: \$393,095,017**

**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 one-year outperformance was helped by stock selection, especially in the Technology sector.

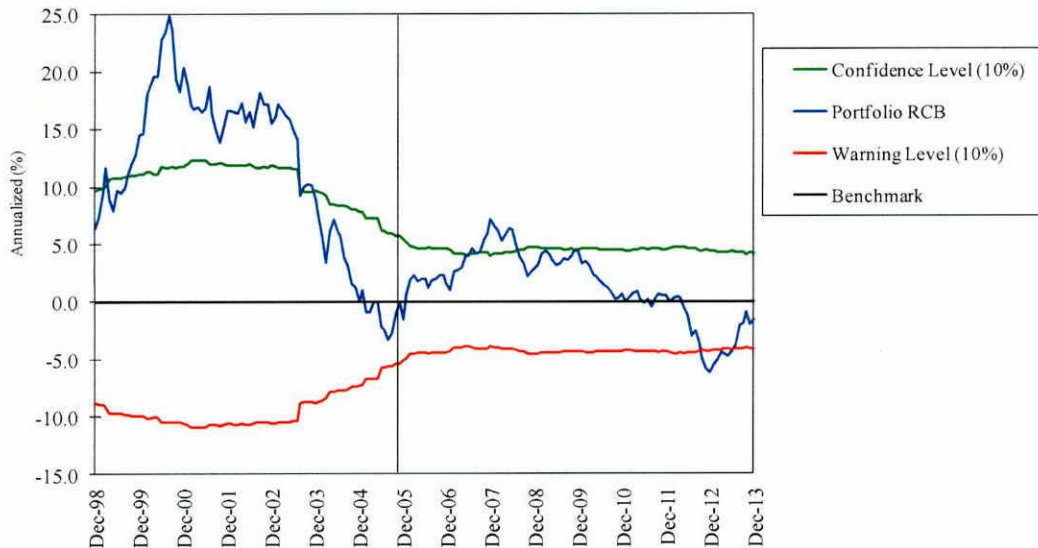
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Growth</b>
Last Quarter	3.6%	8.2%
Last 1 year	50.3	43.3
Last 2 years	23.7	28.1
Last 3 years	13.5	16.8
Last 4 years	17.3	19.8
Last 5 years	20.7	22.6
Since Inception (7/00)	3.5	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.

**TURNER INVESTMENT PARTNERS, L.P.**  
**Periods Ending December, 2013**

**Portfolio Manager: Jason Schrotberger**

**Assets Under Management: \$417,211,945**

**Investment Philosophy**

The team's investment philosophy is based on the belief that earnings expectations drive stock prices. The team adds value primarily through stock selection and pursues a bottom-up strategy. Ideal candidates for investment are growth companies that have above average earnings prospects, reasonable valuations, favorable trading volume, and price patterns. Each security is subjected to three separate evaluation criteria: fundamental analysis (80%), quantitative screening (10%), and technical analysis (10%).

Proprietary computer models enable the team to assess the universe based on multiple earnings growth and valuation factors. The factors are specific to each economic sector. Fundamental analysis is the heart of the stock selection process and helps the team determine if a company will exceed, meet or fall short of consensus earnings expectations. Technical analysis is used to evaluate trends in trading volume and price patterns for individual stocks as the team searches for attractive entry and exit points.

**Staff Comments**

The portfolio manager, William McVail, left Turner in December to pursue other interests. Jason Schrotberger has replaced William McVail on all of the small cap products. Staff will continue to monitor and provide updates as necessary.

Staff met with Turner during the quarter.

Turner's performance has struggled due to stock selection, primarily in the Technology sector. Turner hired a new senior technology analyst, Amit Baid, in November.

**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Growth</b>
Last Quarter	6.1%	8.2%
Last 1 year	40.8	43.3
Last 2 years	26.2	28.1
Last 3 years	14.9	16.8
Last 4 years	18.3	19.8
Last 5 years	21.8	22.6
Since Inception (1/04)	9.2	9.4

**Recommendation**

No action required.



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



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

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A-34

## Small Cap Value (R2000 Value)

### Table of Contents

	<b>Page</b>
Goldman Sachs Asset Management, L.P.	A-36
Hotchkis & Wiley Capital Management	A-37
Martingale Asset Management, L.P.	A-38
Peregrine Capital Management	A-39

**GOLDMAN SACHS ASSET MANAGEMENT, L.P.**  
**Periods Ending December, 2013**

**Portfolio Manager: Sally Pope-Davis and Rob Crystal      Assets Under Management: \$255,276,063**

**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.

Staff met with Goldman at their office during the quarter.

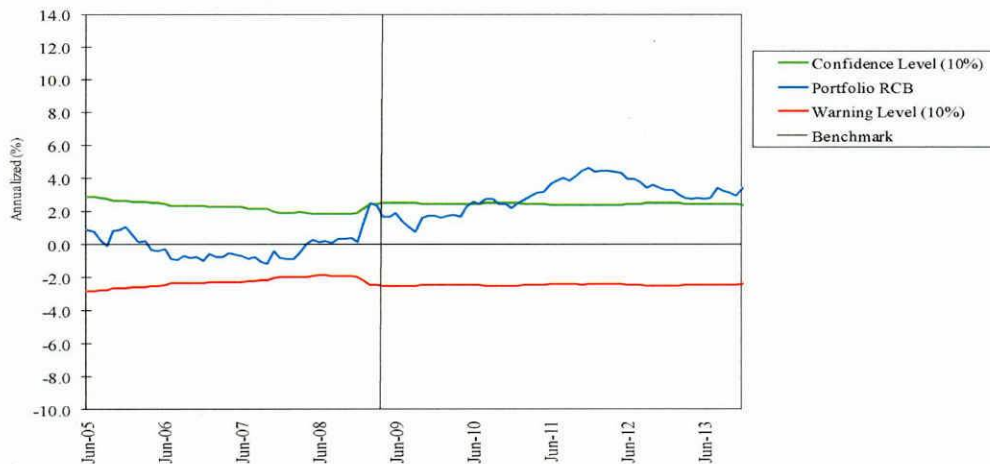
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	9.7%	9.3%
Last 1 year	39.3	34.5
Last 2 years	27.5	26.0
Last 3 years	18.0	14.5
Last 4 years	20.2	16.9
Last 5 years	21.7	17.6
Since Inception (1/04)	10.6	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 December, 2013**

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

**Assets Under Management: \$231,016,557**

**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.

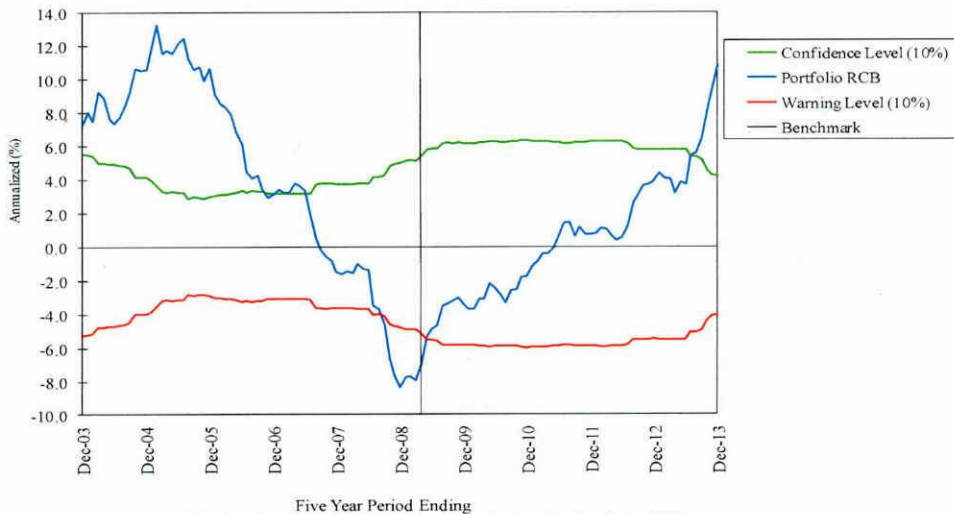
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	12.8%	9.3%
Last 1 year	46.0	34.5
Last 2 years	34.6	26.0
Last 3 years	17.3	14.5
Last 4 years	23.4	16.9
Last 5 years	30.4	17.6
Since Inception (1/04)	9.5	8.6

**Recommendation**

No action required.

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



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

**MARTINGALE ASSET MANAGEMENT, L.P.**  
**Periods Ending December, 2013**

**Portfolio Manager: William Jacques**

**Assets Under Management: \$203,562,174**

**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**

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

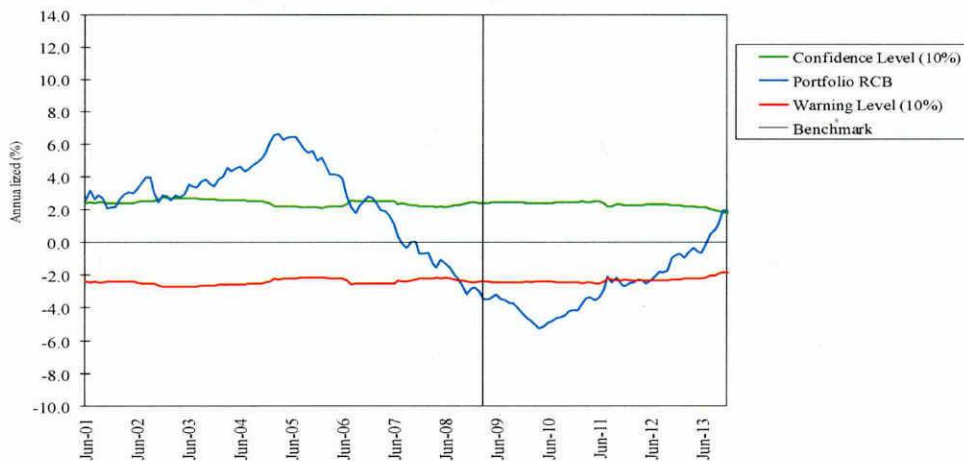
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	11.7%	9.3%
Last 1 year	43.1	34.5
Last 2 years	31.1	26.0
Last 3 years	17.6	14.5
Last 4 years	20.0	16.9
Last 5 years	19.9	17.6
Since Inception (1/04)	8.1	8.6

**Recommendation**

No action required.

MARTINGALE 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.

**PEREGRINE CAPITAL MANAGEMENT, INC**  
**Periods Ending December, 2013**

**Portfolio Manager: Doug Pugh and Tasso Coin**

**Assets Under Management: \$339,699,132**

**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.

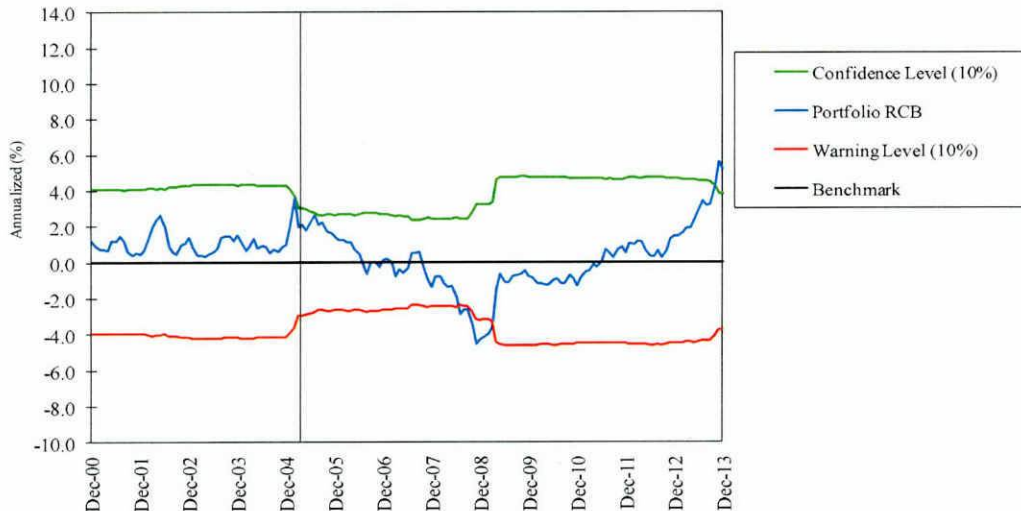
**Quantitative Evaluation**

	<b>Actual</b>	<b>R2000 Value</b>
Last Quarter	8.7%	9.3%
Last 1 year	37.3	34.5
Last 2 years	27.7	26.0
Last 3 years	16.1	14.5
Last 4 years	18.8	16.9
Last 5 years	23.8	17.6
Since Inception (7/00)	11.5	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**

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A-42

## **Semi-Passive and Passive**

### **Table of Contents**

	<b>Page</b>
<b>Semi-Passive</b>	
BlackRock Institutional Trust Co., N.A. (Russell 1000)	A-44
INTECH Investment Management LLC (Russell 1000)	A-45
J.P. Morgan Investment Management, Inc. (Russell 1000)	A-46
Mellon Capital Management Corporation (Russell 1000)	A-47
<b>Passive</b>	
BlackRock Institutional Trust Co., N.A. (Russell 3000)	A-48

**BLACKROCK INSTITUTIONAL TRUST CO., N.A.**  
**Periods Ending December, 2013**

**Portfolio Manager: Raffaele Savi**

**Assets Under Management: \$2,935,451,447**

**Investment Philosophy – Semi-Passive Style**

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 Comments**

In January, BlackRock reached a settlement with the New York Attorney General (AG) regarding the use of analyst surveys by their Scientific Active Equity team (SAE). The agreement includes no fine or penalty. Instead, without admitting or denying the AG's findings, BlackRock agreed to cover the costs of the AG's investigation in the amount of \$400,000. BlackRock stated that they discontinued using the surveys in the U.S. a year ago.

**Quantitative Evaluation**

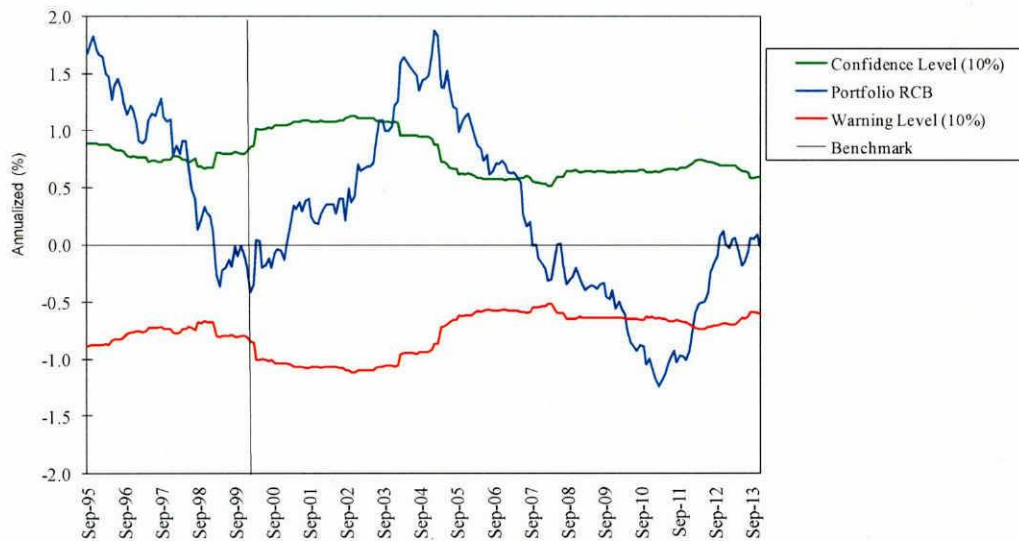
	<b>Actual</b>	<b>Manager Benchmark*</b>
Last Quarter	10.3%	10.2%
Last 1 year	33.3	33.1
Last 2 years	26.0	24.5
Last 3 years	17.3	16.3
Last 4 years	16.4	16.2
Last 5 years	18.6	18.6
Since Inception (1/95)	9.5	9.2

**Recommendation**

No action required.

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

**BLACKROCK INSTITUTIONAL TRUST CO.- 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.

**INTECH INVESTMENT MANAGEMENT LLC**  
**Periods Ending December, 2013**

**Portfolio Manager: Adrian Banner**

**Assets Under Management: \$2,437,159,033**

**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 at their office during the quarter.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Russell 1000</b>
Last Quarter	11.1%	10.2%
Last 1 year	33.0	33.1
Last 2 years	24.5	24.5
Last 3 years	16.8	16.3
Last 4 years	N/A	N/A
Last 5 years	N/A	N/A
Since Inception (4/10)	16.0	15.7

**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 December, 2013**

**Portfolio Manager: Ralph Zingone**

**Assets Under Management: \$3,576,842,369**

**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 the second quarter. Zingone and Scott Blasdell co-managed until Blasdell transitioned to the lead portfolio manager position for the large cap value product.

Staff met with JP Morgan at their office during the quarter.

**Quantitative Evaluation**

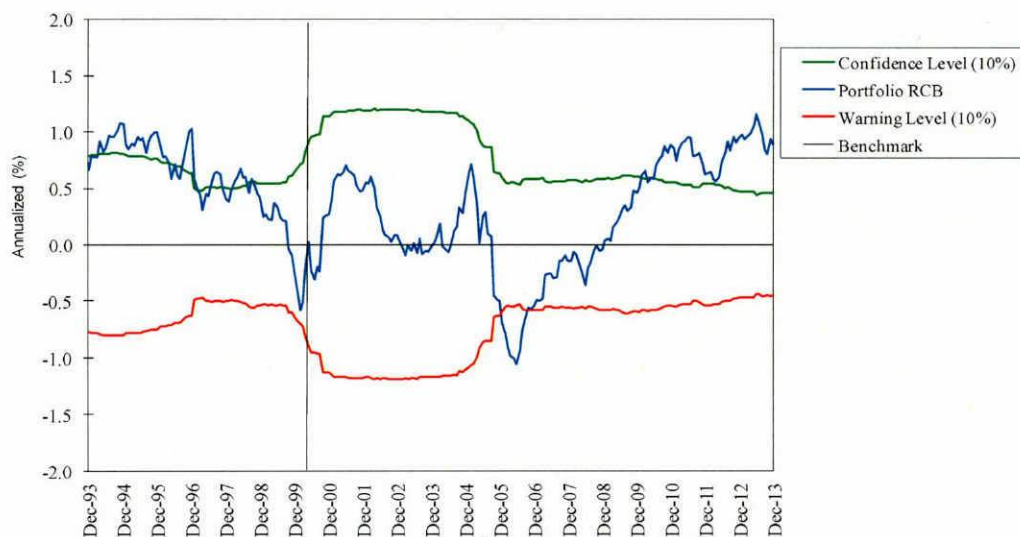
	<b>Actual</b>	<b>Manager Benchmark*</b>
Last Quarter	11.0%	10.2%
Last 1 year	33.7	33.1
Last 2 years	25.4	24.5
Last 3 years	16.7	16.3
Last 4 years	16.7	16.2
Last 5 years	19.6	18.6
Since Inception (1/95)	9.5	9.2

**Recommendation**

No action required.

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

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 December, 2013**

**Portfolio Manager: Warren Chiang**

**Assets Under Management: \$2,516,207,867**

**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.

**Quantitative Evaluation**

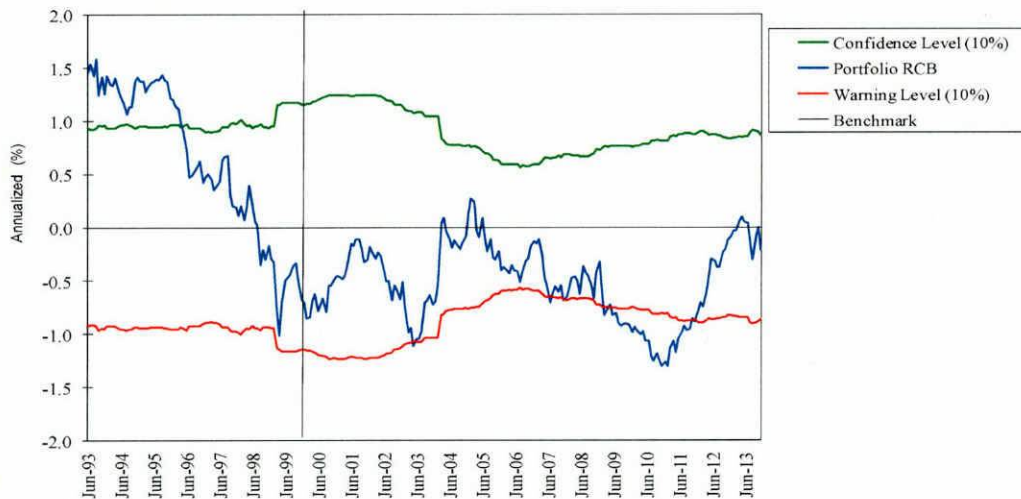
	<b>Actual</b>	<b>Manager Benchmark*</b>
Last Quarter	10.4%	10.2%
Last 1 year	32.6	33.1
Last 2 years	24.7	24.5
Last 3 years	17.6	16.3
Last 4 years	16.6	16.2
Last 5 years	18.3	18.6
Since Inception (1/95)	8.8	9.2

**Recommendation**

No action required.

\* 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 December, 2013**

**Portfolio Manager: Peter Sietsema**

**Assets Under Management: \$9,276,445,235**

**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**

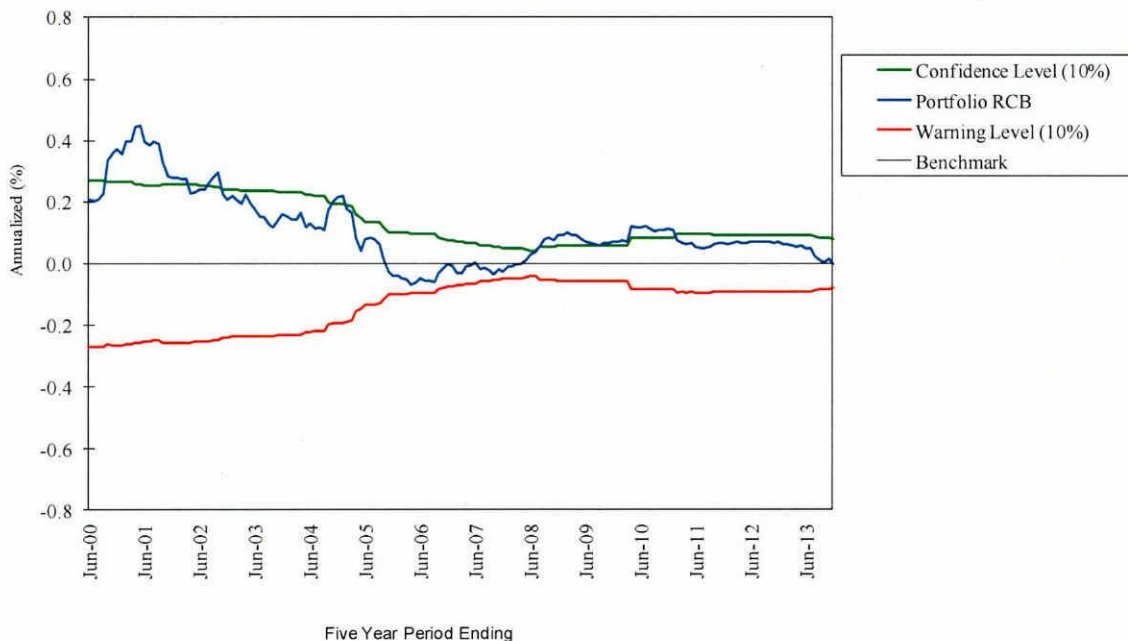
**Recommendation**

	<b>Actual</b>	<b>Manager Benchmark*</b>
Last Quarter	10.1%	10.1%
Last 1 year	33.5	33.6
Last 2 years	24.7	24.7
Last 3 years	16.2	16.2
Last 4 years	16.4	16.4
Last 5 years	18.7	18.7
Since Inception (7/95)	8.9	8.8

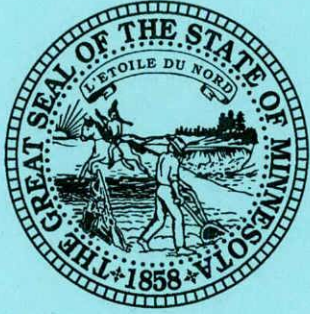
No action required.

\* 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

Fourth Quarter, 2013

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A-50

## **Bond Managers**

### **Table of Contents**

	<b>Page</b>
Bond Manager Performance Summary (quarter, 1, 3, 5, year periods)	A-52
Bond Manager Performance Summary (by calendar years)	A-53
Aberdeen Asset Management Inc.	A-54
Columbia Management Investment Advisers, LLC	A-55
Dodge & Cox	A-56
Pacific Investment Management Company LLC (PIMCO)	A-57
Western Asset Management Company	A-58
BlackRock Financial Management, Inc.	A-59
Goldman Sachs Asset Management	A-60
Neuberger Berman Fixed Income LLC	A-61

**COMBINED RETIREMENT FUNDS  
BOND MANAGERS  
Periods Ending December, 2013**

	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	0.2	-0.1	-1.5	-2.0	4.7	3.3	8.5	4.4	5.7	5.7	\$918.8	7.5%
Columbia (RiverSource)	0.3	-0.1	-1.0	-2.0	4.6	3.3	7.1	4.4	5.8	5.8	\$1,096.7	9.0%
Dodge & Cox	1.1	-0.1	0.9	-2.0	4.8	3.3	7.6	4.4	6.8	5.7	\$1,292.0	10.6%
PIMCO	-0.5	-0.1	-1.3	-2.0	4.1	3.3	7.9	4.4	7.5	5.1	\$1,383.7	11.3%
Western	0.3	-0.1	-1.4	-2.0	4.4	3.3	8.2	4.4	9.1	7.9	\$1,421.8	11.7%
<b>Active Mgr. Aggregate</b>	<b>0.3</b>	<b>-0.1</b>	<b>-0.8</b>	<b>-2.0</b>	<b>4.5</b>	<b>3.3</b>	<b>7.9</b>	<b>4.4</b>			<b>\$6,113.0</b>	<b>50.1%</b>
<b>Semi-Passive Managers</b>												
BlackRock	-0.2	-0.1	-1.8	-2.0	3.6	3.3	5.4	4.4	5.8	5.8	\$1,712.4	14.0%
Goldman	-0.1	-0.1	-1.7	-2.0	3.9	3.3	6.3	4.4	6.1	5.7	\$2,198.4	18.0%
Neuberger	0.0	-0.1	-2.0	-2.0	3.6	3.3	6.7	4.4	7.0	6.8	\$2,179.9	17.9%
<b>Semi-Passive Mgr. Aggregate</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-1.8</b>	<b>-2.0</b>	<b>3.7</b>	<b>3.3</b>	<b>6.2</b>	<b>4.4</b>			<b>\$6,090.7</b>	<b>49.9%</b>
<b>Historical Aggregate (2)</b>	<b>0.1</b>	<b>-0.1</b>	<b>-1.3</b>	<b>-2.0</b>	<b>4.1</b>	<b>3.3</b>	<b>7.1</b>	<b>4.4</b>	<b>8.1</b>	<b>8.0</b>	<b>\$12,203.7</b>	<b>100.0%</b>
Barclays Capital Aggregate (3)		-0.1		-2.0		3.3		4.4		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 December, 2013**

**Portfolio Manager: Neil Moriarty**

**Assets Under Management: \$918,833,945**

**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 Artio Global Investors, Inc. during the second quarter of 2013. Artio managed \$9.2 billion in global high-yield and total return fixed income assets and \$1.4 billion in global equities prior to the acquisition. The global high-yield and total return fixed income teams from Artio will remain separate from the core fixed income team in Philadelphia, PA. The acquisition should not affect the SBI portfolio. Staff met with Aberdeen during the quarter.

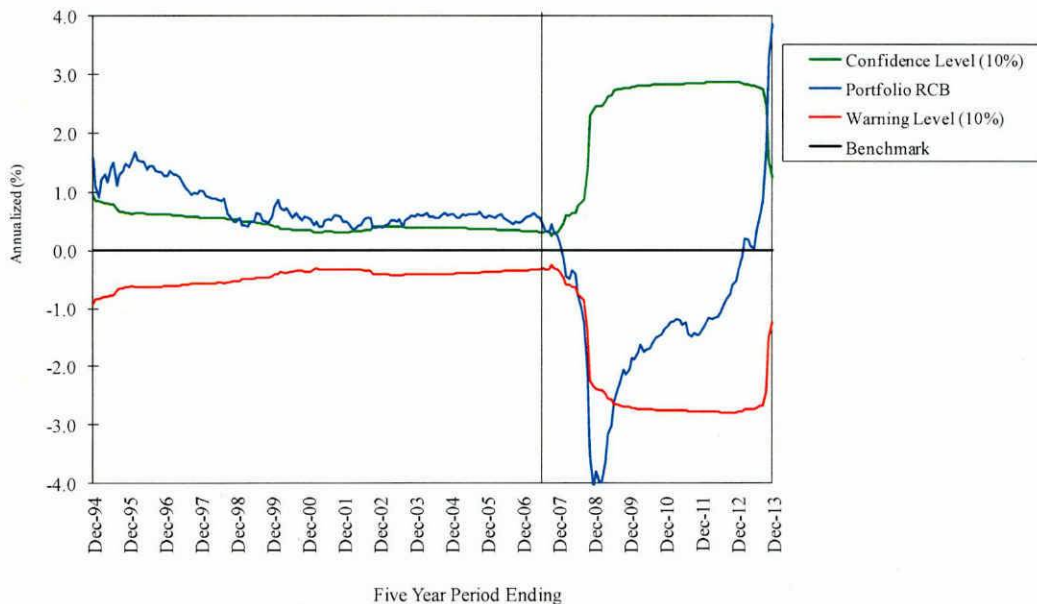
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.2%	-0.1%
Last 1 year	-1.5	-2.0
Last 2 years	3.0	1.0
Last 3 years	4.7	3.3
Last 4 years	6.1	4.1
Last 5 years	8.5	4.4
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 December, 2013**

**Portfolio Manager: Colin Lundgren**

**Assets Under Management: \$1,096,653,279**

**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 has no concerns at this time.

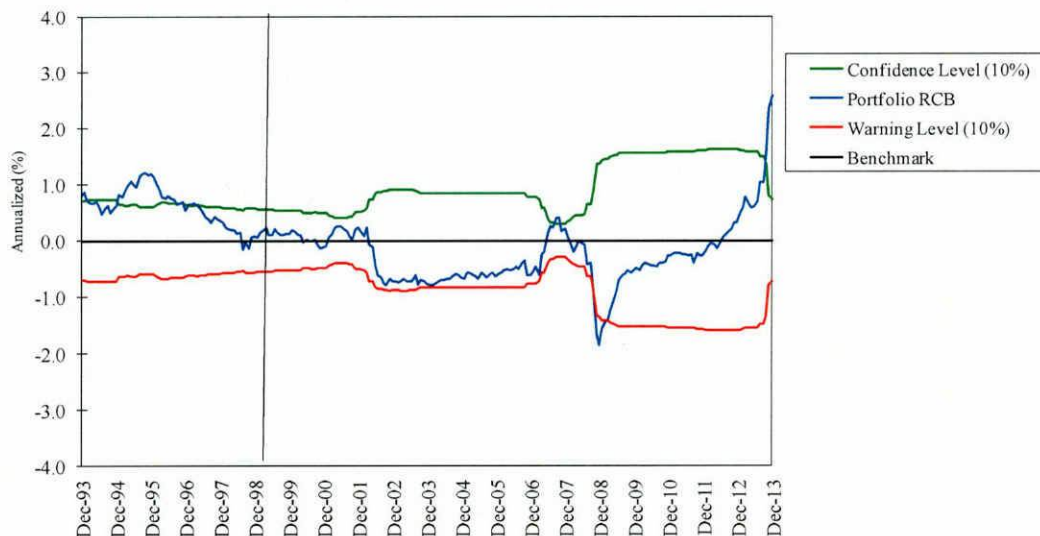
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.3%	-0.1%
Last 1 year	-1.0	-2.0
Last 2 years	2.9	1.0
Last 3 years	4.6	3.3
Last 4 years	5.5	4.1
Last 5 years	7.1	4.4
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 December, 2013**

**Portfolio Manager: Dana Emery**

**Assets Under Management: \$1,292,017,064**

**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**

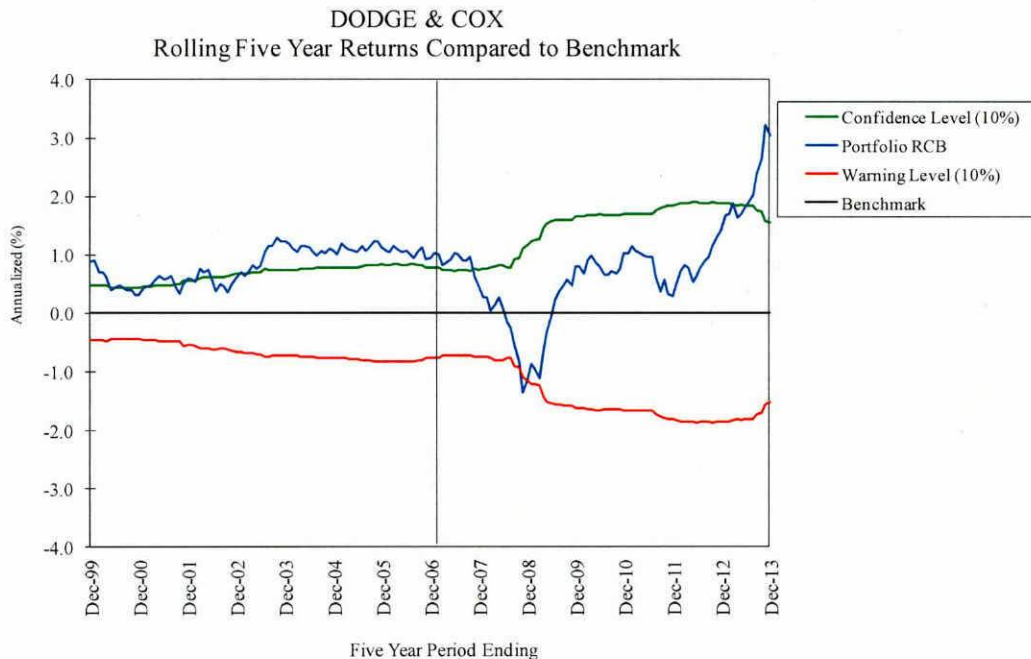
Dodge & Cox completed a company management change during the second quarter of 2013. Dana Emery assumed the role of Chief Executive Officer and President and will continue in her role as Director of Fixed Income. The organizational change should not affect the SBI portfolio. Staff met with Dodge & Cox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

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	1.1%	-0.1%
Last 1 year	0.9	-2.0
Last 2 years	4.6	1.0
Last 3 years	4.8	3.3
Last 4 years	5.5	4.1
Last 5 years	7.6	4.4
Since Inception (2/00)	6.8	5.7

**Recommendations**

No action required.



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



**PACIFIC INVESTMENT MANAGEMENT COMPANY LLC (PIMCO)**  
**Periods Ending December, 2013**

**Portfolio Manager: Bill Gross**

**Assets Under Management: \$1,383,714,389**

**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, will resign from PIMCO effective March 2014. Although Mr. El-Erian is not the Portfolio Manager for the SBI portfolio, he is a member of PIMCO's Investment Committee. A new CEO and six deputy CIOs have been named following Mr. El-Erian's resignation. Staff met with PIMCO during the quarter.

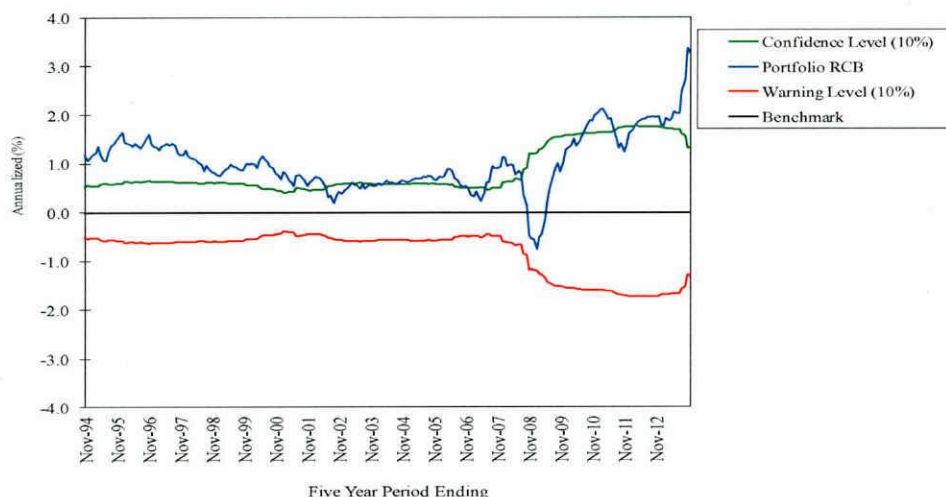
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-0.5%	-0.1%
Last 1 year	-1.3	-2.0
Last 2 years	3.9	1.0
Last 3 years	4.1	3.3
Last 4 years	6.0	4.1
Last 5 years	7.9	4.4
Since Inception (9/08)	7.5	5.1

**Recommendations**

No action required.

PACIFIC INVESTMENT MANAGEMENT CO.  
 Rolling Five Year Returns Compared to Benchmark



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

**WESTERN ASSET MANAGEMENT COMPANY**  
**Periods Ending December, 2013**

**Portfolio Manager: Steve Walsh**

**Assets Under Management: \$1,421,777,769**

**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, will retire in March 2014. Ken Leech will become CIO at that time. Mr. Leech previously served as Western's co-CIO from 1998 to 2008 with Mr. Walsh. Paul Jablansky, Head of Structured Credit, Deborah Slogoff, Head of CMBS, and Steve Fulton, Head of Agency MBS, all left the firm in 2013. Anup Agarwal was hired as Head of Structured Credit during the 3<sup>rd</sup> quarter and also assumed leadership of the Agency MBS and CMBS teams. Staff will continue to monitor the Agency MBS, CMBS, and Structured Credit areas for any impact to the SBI portfolio.

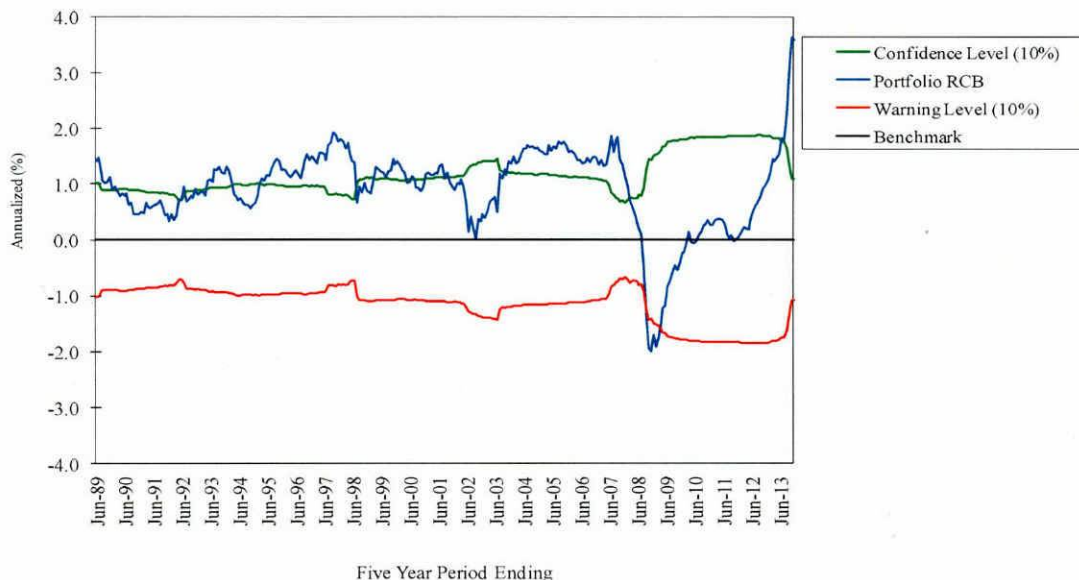
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.3%	-0.1%
Last 1 year	-1.4	-2.0
Last 2 years	3.1	1.0
Last 3 years	4.4	3.3
Last 4 years	6.0	4.1
Last 5 years	8.2	4.4
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 December, 2013**

**Portfolio Manager: Brian Weinstein**

**Assets Under Management: \$1,712,357,241**

**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**

Blackrock has experienced significant organizational changes at the top level in the firm. However, the portfolio management team assigned to the SBI fixed income portfolio has been stable since that time. Staff will continue to monitor and provide updates as necessary. Staff met with BlackRock during the quarter.

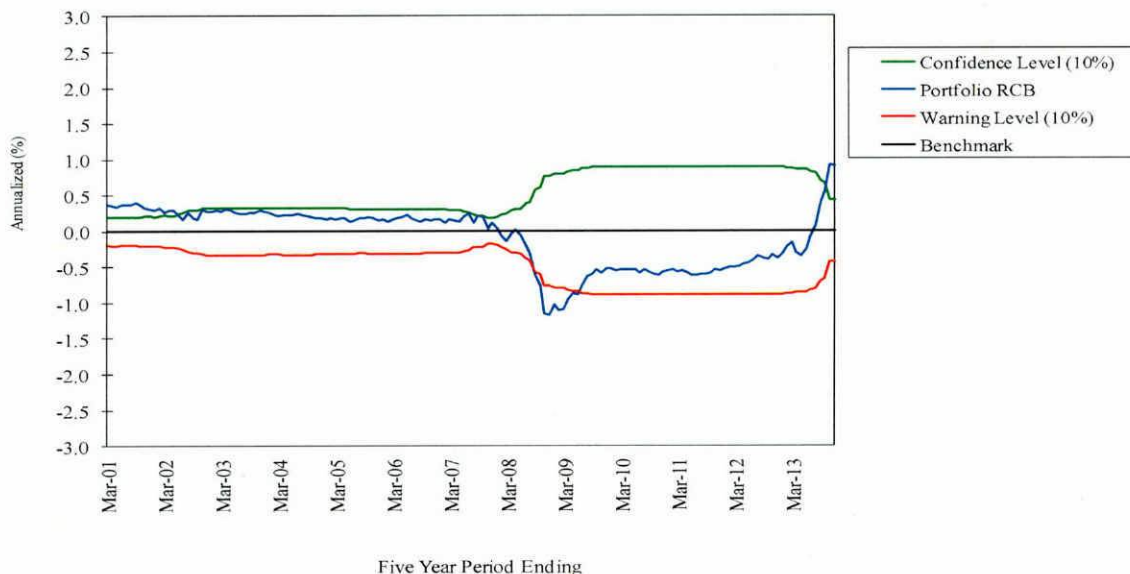
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-0.2%	-0.1%
Last 1 year	-1.8	-2.0
Last 2 years	1.5	1.0
Last 3 years	3.6	3.3
Last 4 years	4.4	4.1
Last 5 years	5.4	4.4
Since Inception (4/96)	5.8	5.8

**Recommendation**

No action required.

BLACKROCK, INC.  
 Rolling Five Year Returns Compared to Benchmark



**GOLDMAN SACHS ASSET MANAGEMENT**  
**Periods Ending December, 2013**

**Portfolio Manager: Mike Goosay**

**Assets Under Management: \$2,198,441,697**

**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.

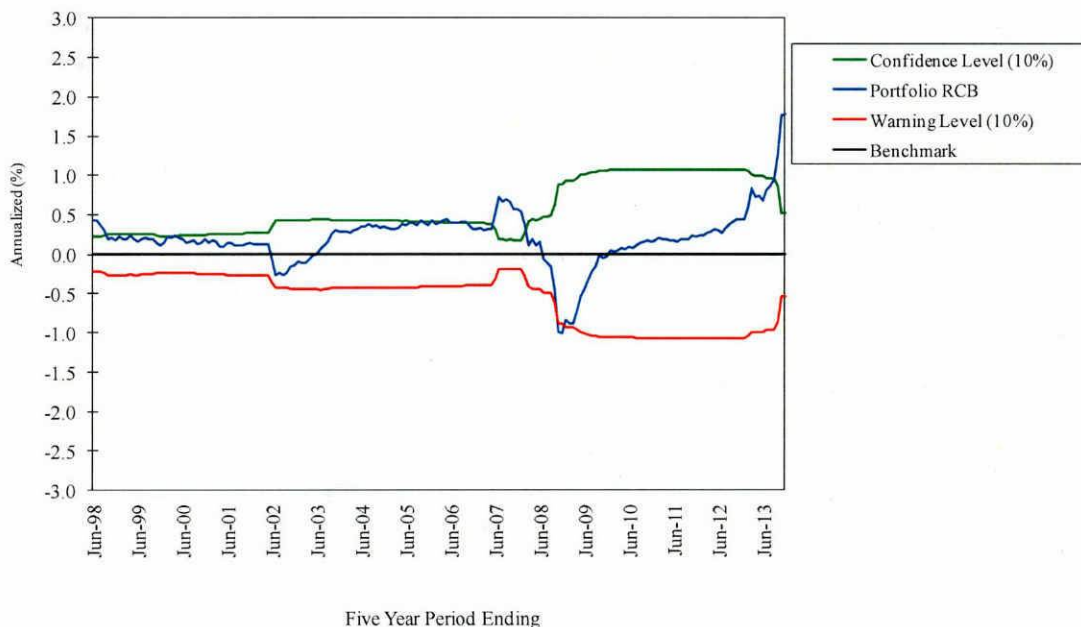
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	-0.1%	-0.1%
Last 1 year	-1.7	-2.0
Last 2 years	1.8	1.0
Last 3 years	3.9	3.3
Last 4 years	4.9	4.1
Last 5 years	6.3	4.4
Since Inception (7/93)	6.1	5.7

**Recommendations**

No action required.

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



**NEUBERGER BERMAN FIXED INCOME LLC**  
**Periods Ending December, 2013**

**Portfolio Manager: Andrew Johnson**

**Assets Under Management: \$2,179,869,151**

**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**

Neuberger significantly expanded its emerging markets debt team during the second quarter of 2013 by hiring 22 investment professionals, 19 of whom joined the firm from a competitor. The firm also hired Jon Jonsson for the newly created role of Senior Portfolio Manager of Global Fixed Income. Neither the expansion of the emerging markets debt team nor the hiring of Mr. Jonsson should affect the SBI portfolio.

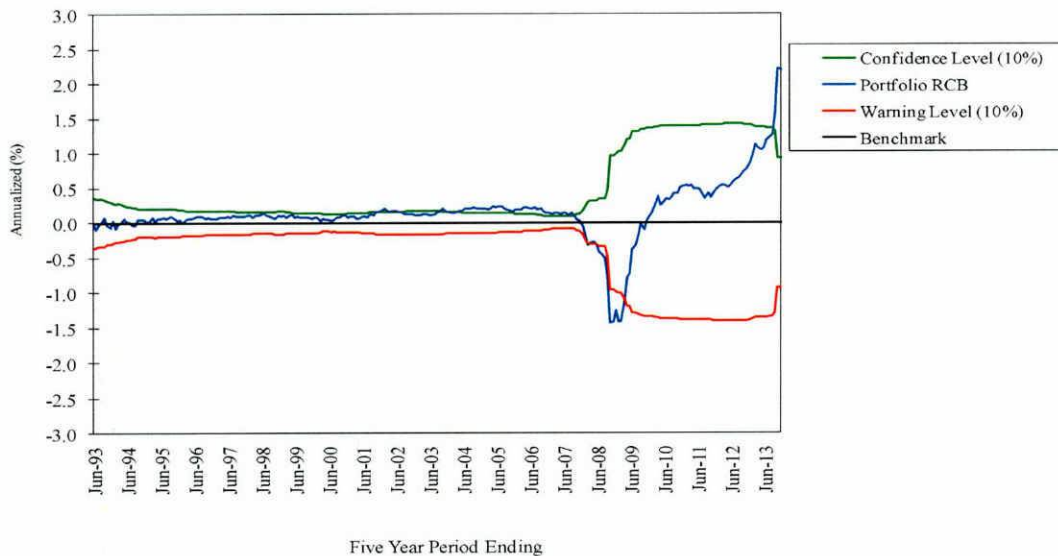
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.0%	-0.1%
Last 1 year	-2.0	-2.0
Last 2 years	1.7	1.0
Last 3 years	3.6	3.3
Last 4 years	4.9	4.1
Last 5 years	6.7	4.4
Since Inception (7/88)	7.0	6.8

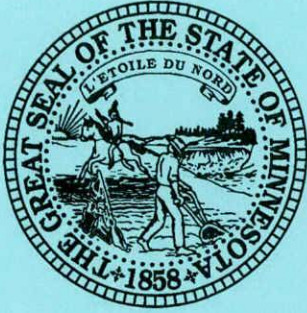
**Recommendations**

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

Fourth Quarter, 2013

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A-64



# International Managers

## Table of Contents

	<b>Page</b>
International Manager Performance Summary (quarter, 1, 3, 5, year periods)	A-66
International Manager Performance Summary (by calendar years)	A-67
Acadian Asset Management, LLC	A-68
Columbia Management Investment Advisers, LLC	A-69
J.P. Morgan Investment Management Inc.	A-70
Marathon Asset Management LLP	A-71
McKinley Capital Management LLC	A-72
Pyramis Global Advisors Trust Company – Active	A-73
Capital International, Inc.	A-74
Morgan Stanley Investment Management Inc.	A-75
AQR Capital Management, LLC	A-76
Pyramis Global Advisors Trust Company – Semi-Passive	A-77
State Street Global Advisors – Semi-Passive	A-78
State Street Global Advisors – Passive Emerging Markets	A-79
State Street Global Advisors – Passive Developed Markets	A-80

**COMBINED RETIREMENT FUNDS  
INTERNATIONAL STOCK MANAGERS**  
Periods Ending December, 2013

	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 Developed Markets (2)</b>												
Acadian	7.9	5.6	26.1	21.0	8.9	7.4	13.6	12.5	6.1	6.1	\$368.4	4.1%
Columbia	5.8	5.6	23.9	21.0	9.0	7.4	14.1	12.5	2.5	3.6	\$357.7	3.9%
J.P. Morgan	5.0	5.6	19.5	21.0	8.3	7.4	13.4	12.5	6.3	6.1	\$306.2	3.4%
Marathon	7.3	5.6	28.5	21.0	11.2	7.4	15.4	12.5	9.1	5.6	\$753.5	8.3%
McKinley	7.7	5.6	28.0	21.0	8.1	7.4	11.9	12.5	5.7	6.1	\$305.5	3.4%
Pyramis (Fidelity)	7.1	5.6	26.7	21.0	10.3	7.4	15.2	12.5	8.2	6.1	\$363.4	4.0%
<b>Aggregate</b>	<b>6.9</b>	<b>5.6</b>	<b>25.4</b>	<b>21.0</b>	<b>9.3</b>	<b>7.4</b>	<b>14.0</b>	<b>12.5</b>			<b>\$2,454.7</b>	<b>27.1%</b>
<b>Active Emerging Markets (3)</b>												
Capital International	3.1	1.8	0.7	-2.6	-4.0	-2.1	13.5	14.8	11.0	11.5	\$748.0	8.2%
Morgan Stanley	2.2	1.8	0.5	-2.6	0.0	-2.1	15.3	14.8	12.2	11.5	\$799.7	8.8%
<b>Aggregate</b>	<b>2.6</b>	<b>1.8</b>	<b>0.6</b>	<b>-2.6</b>	<b>-2.1</b>	<b>-2.1</b>	<b>14.2</b>	<b>14.8</b>			<b>\$1,547.6</b>	<b>17.1%</b>
<b>Semi-Passive Developed Markets (2)</b>												
AQR	6.5	5.6	24.1	21.0	8.9	7.4	14.3	12.5	6.8	6.1	\$349.7	3.9%
Pyramis (Fidelity)	7.0	5.6	23.2	21.0	8.7	7.4	13.3	12.5	7.3	6.1	\$521.9	5.8%
State Street	7.3	5.6	25.3	21.0	7.4	7.4	12.7	12.5	5.7	6.1	\$318.2	3.5%
<b>Aggregate</b>	<b>6.9</b>	<b>5.6</b>	<b>24.0</b>	<b>21.0</b>	<b>8.4</b>	<b>7.4</b>	<b>13.5</b>	<b>12.5</b>			<b>\$1,189.9</b>	<b>13.1%</b>
<b>Passive Developed Markets (2)</b>												
State Street	5.6	5.6	21.4	21.0	7.7	7.4	13.0	12.5	6.9	6.6	\$3,578.2	39.4%
<b>Passive Emerging Markets (3)</b>												
State Street	2.0	1.8	-2.5	-2.6					7.5	7.3	\$299.9	3.3%
<b>Since 10/1/92</b>												
Equity Only (4) (6)	5.5	4.8	17.8	15.3	5.9	5.1	13.5	12.8	7.3	6.8	\$9,070.4	100.0%
<b>Total Program (5) (6)</b>	<b>5.5</b>	<b>4.8</b>	<b>17.8</b>	<b>15.3</b>	<b>5.9</b>	<b>5.1</b>	<b>13.5</b>	<b>12.8</b>	<b>7.5</b>	<b>6.8</b>	<b>\$9,070.4</b>	<b>100.0%</b>
SBI Int'l Equity Target (6)		4.8		15.3		5.1		12.8		6.8		
MSCI ACWI Free ex. U.S. (7)		4.8		15.3		5.1		12.8		7.0		
MSCI World ex U.S. (net)		5.6		21.0		7.4		12.5		6.7		
MSCI EAFE Free (net)		5.7		22.8		8.2		12.4		6.5		
MSCI Emerging Markets Free (8)		1.8		-2.6		-2.1		14.8		8.3		

(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 December, 2013**

**Portfolio Manager: John Chisholm**

**Assets Under Management: \$368,366,425**

**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**

Acadian has a stable organization and team with improved performance. The SBI has confidence that the strategy will add value over time. Staff met with the manager at the SBI in January 2014.

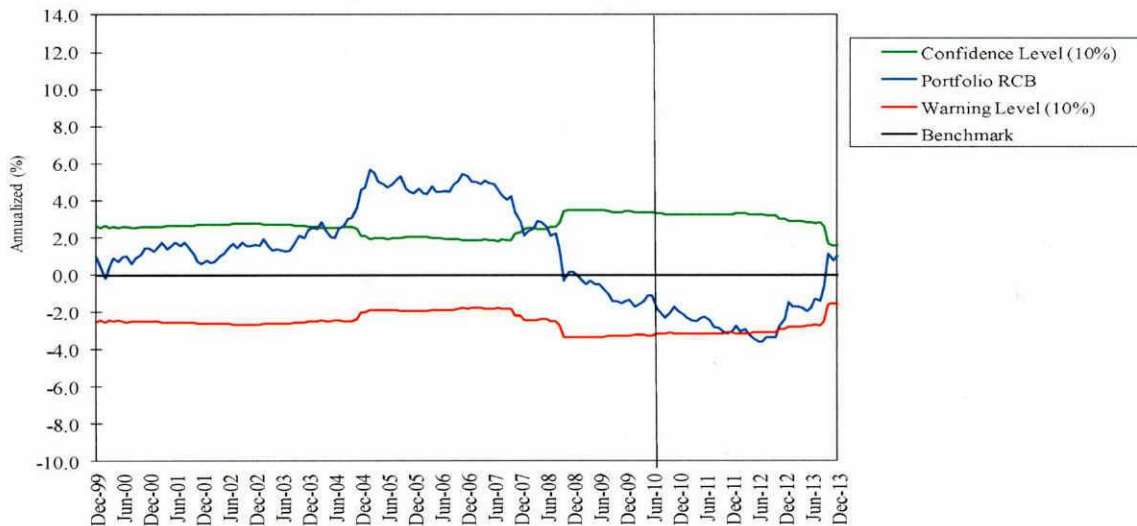
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	7.9%	5.6%
Last 1 year	26.1	21.0
Last 2 years	21.8	18.7
Last 3 years	8.9	7.4
Last 4 years	10.1	7.7
Last 5 years	13.6	12.5
Since Inception (7/05)	6.1	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 December, 2013**

**Portfolio Manager:** William Davies

**Assets Under Management:** \$357,736,771

**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.

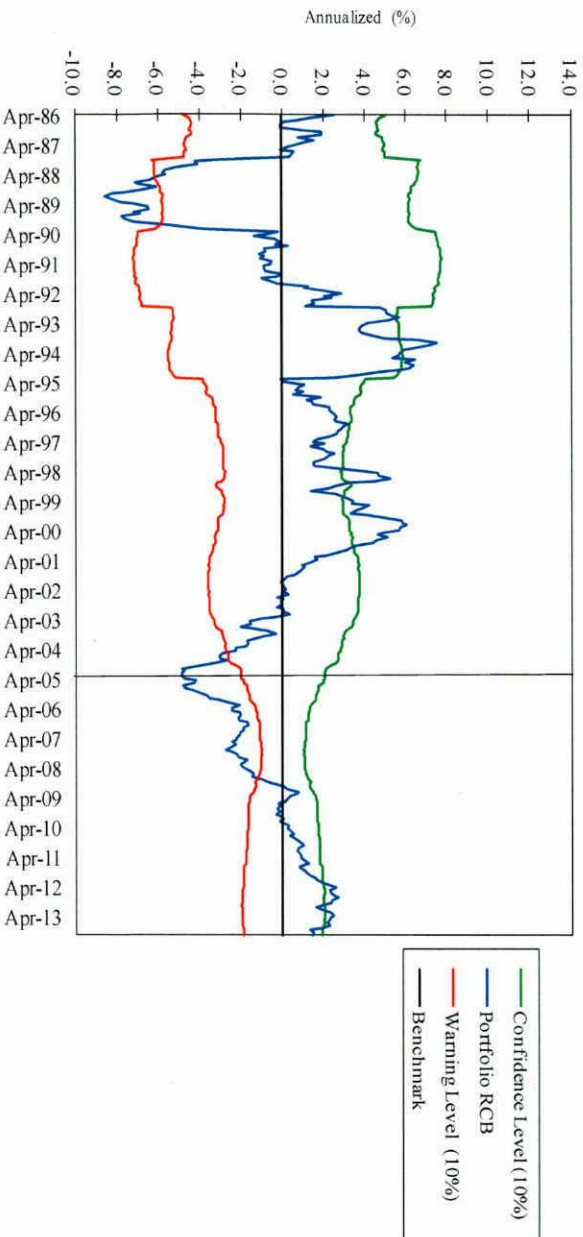
**Quantitative Evaluation**

Last Quarter	5.8%
Last 1 year	23.9
Last 2 years	21.4
Last 3 years	9.0
Last 4 years	10.6
Last 5 years	14.1
Since Inception (3/00)	2.5

**Recommendations**

No action required.

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



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

**J.P. MORGAN INVESTMENT MANAGEMENT INC.**  
**Periods Ending December, 2013**

**Portfolio Manager: James Fisher**

**Assets Under Management: \$306,176,683**

**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**

J.P. Morgan has a stable organization and team. Staff met with the manager at the SBI during the quarter.

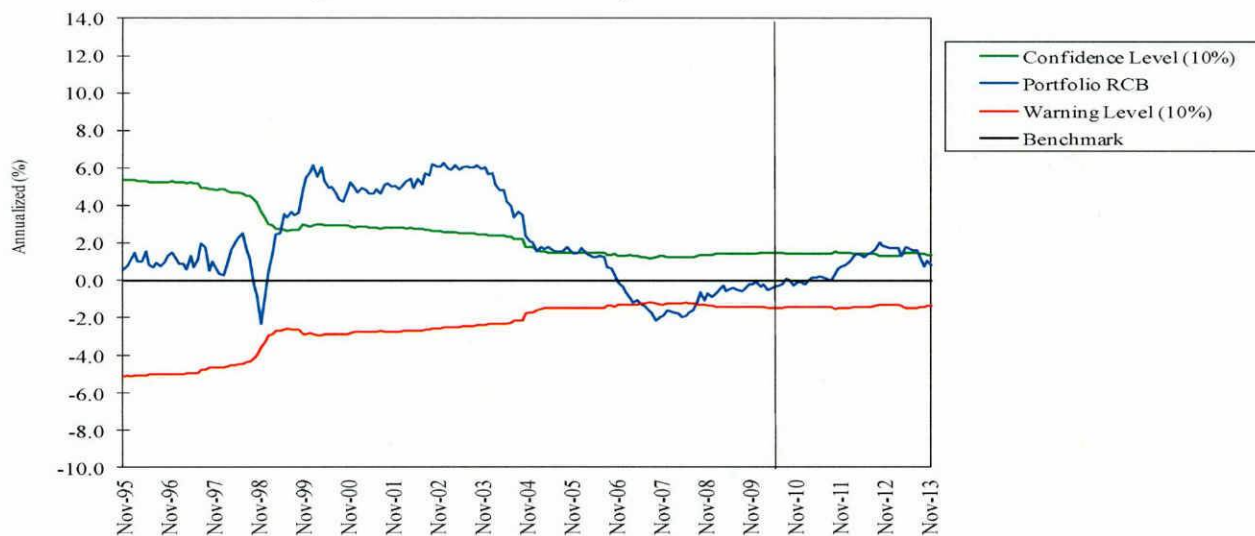
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	5.0%	5.6%
Last 1 year	19.5	21.0
Last 2 years	18.9	18.7
Last 3 years	8.3	7.4
Last 4 years	8.1	7.7
Last 5 years	13.4	12.5
Since Inception (7/05)	6.3	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 December, 2013**

**Portfolio Manager: William Arah**

**Assets Under Management: \$753,455,040**

**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**

Previous changes to the investment team do not materially impact the management of the SBI's portfolio.

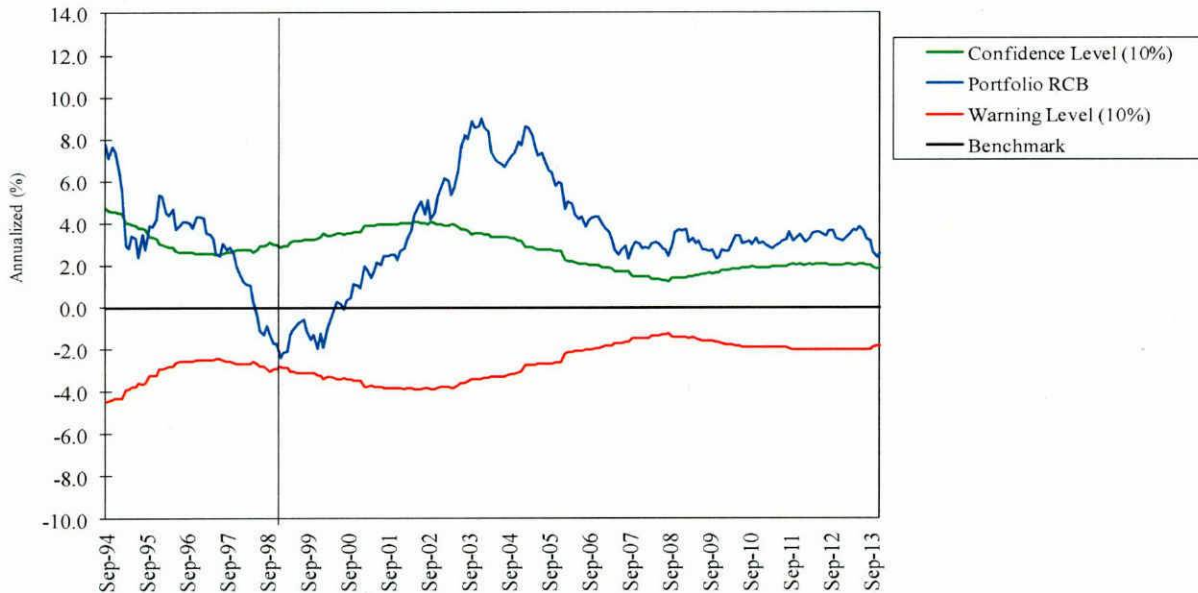
**Quantitative Evaluation**

	Custom	
	Actual	Benchmark
Last Quarter	7.3%	5.6%
Last 1 year	28.5	21.0
Last 2 years	23.1	18.7
Last 3 years	11.2	7.4
Last 4 years	12.0	7.7
Last 5 years	15.4	12.5
Since Inception (11/93)	9.1	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 December, 2013**

**Portfolio Manager: Robert A. Gillam**

**Assets Under Management: \$305,541,227**

**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.

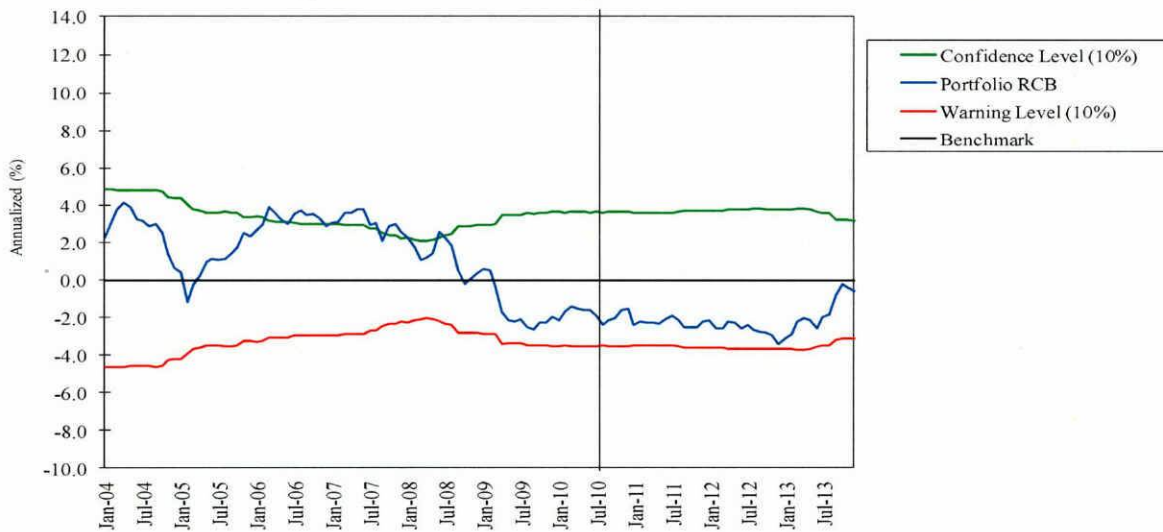
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	7.7%	5.6%
Last 1 year	28.0	21.0
Last 2 years	22.3	18.7
Last 3 years	8.1	7.4
Last 4 years	9.0	7.7
Last 5 years	11.9	12.5
Since Inception (7/05)	5.7	6.1

**Recommendations**

No action required.

**MCKINLEY CAPITAL 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



**PYRAMIS GLOBAL ADVISORS TRUST COMPANY (Active)**  
**Periods Ending December, 2013**

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

**Assets Under Management:** \$363,410,487

**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 due to changes announced during the third quarter of 2013, but does not expect them to negatively impact the performance of the state's portfolio.

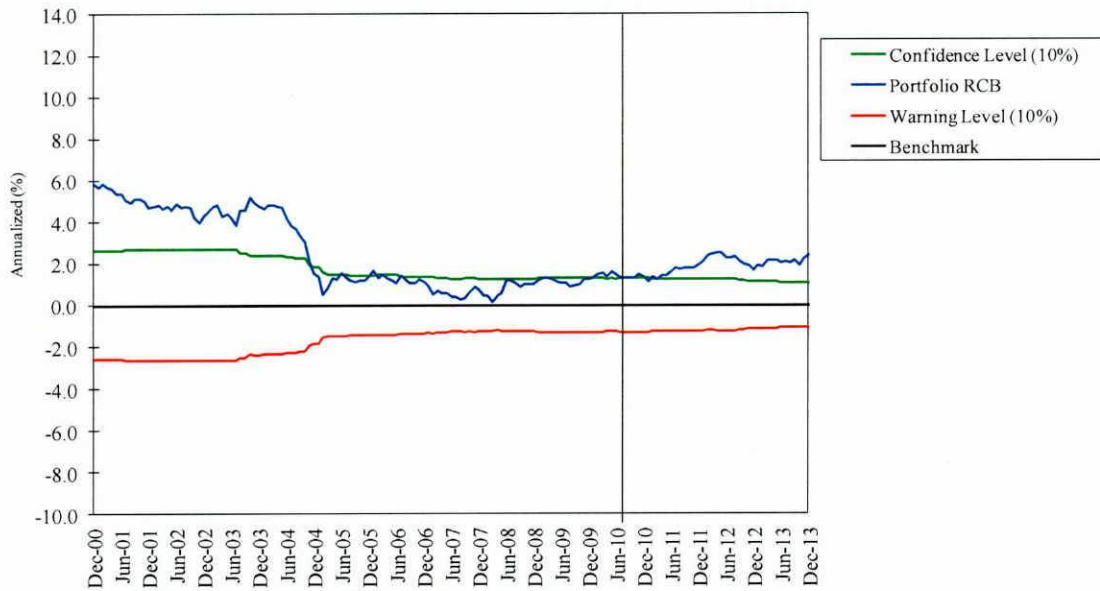
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	7.1%	5.6%
Last 1 year	26.7	21.0
Last 2 years	23.5	18.7
Last 3 years	10.3	7.4
Last 4 years	10.7	7.7
Last 5 years	15.2	12.5
Since Inception (7/05)	8.2	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 December, 2013**

**Portfolio Manager: Victor Kohn**

**Assets Under Management: \$747,970,701**

**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.

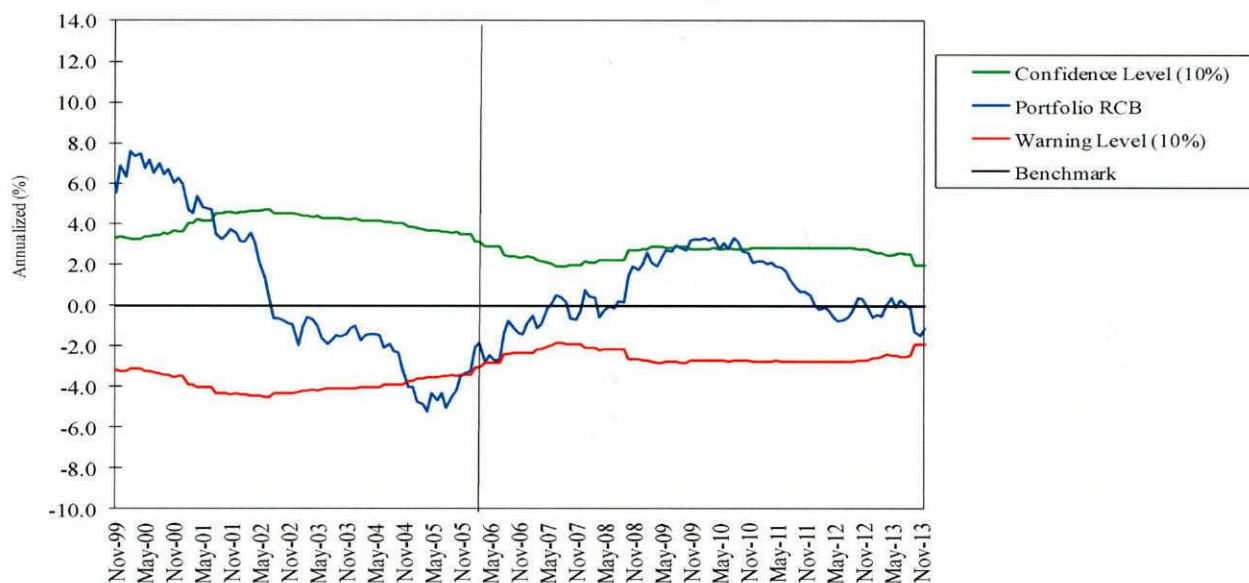
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	3.1%	1.8%
Last 1 year	0.7	-2.6
Last 2 years	7.1	7.3
Last 3 years	-4.0	-2.1
Last 4 years	0.7	2.8
Last 5 years	13.5	14.8
Since Inception (3/01)	11.0	11.5

**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 December, 2013**

**Portfolio Manager: Ruchir Sharma**

**Assets Under Management: \$799,666,459**

**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.

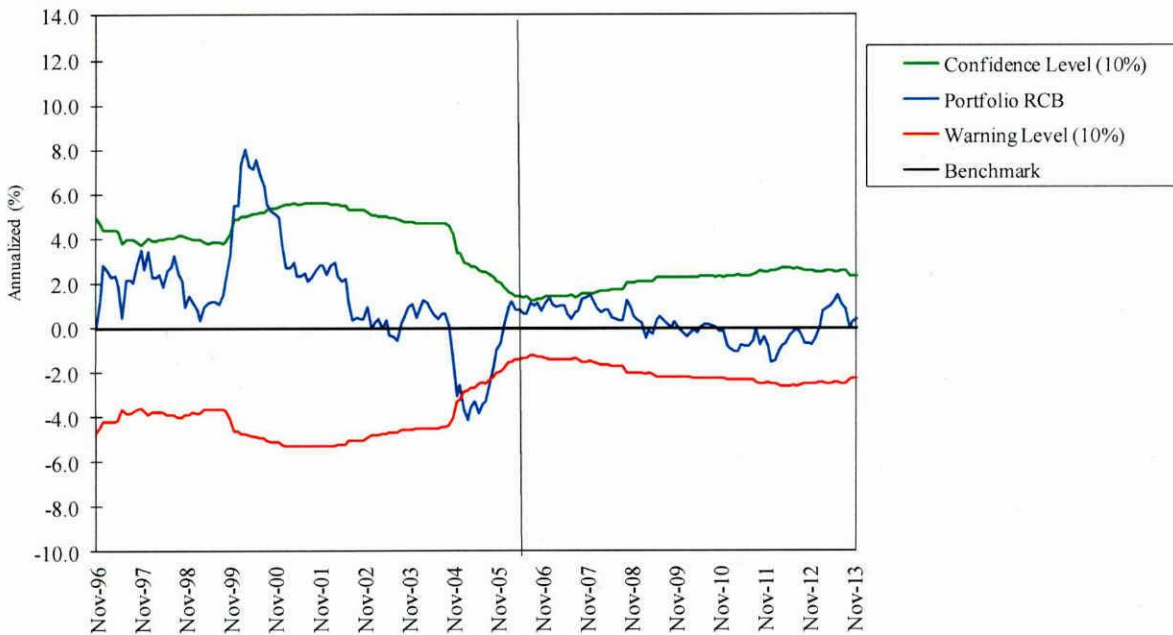
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.2%	1.8%
Last 1 year	0.5	-2.6
Last 2 years	10.3	7.3
Last 3 years	0.0	-2.1
Last 4 years	4.3	2.8
Last 5 years	15.3	14.8
Since Inception (3/01)	12.2	11.5

**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 December, 2013**

**Portfolio Manager:** Cliff Asness

**Assets Under Management:** \$349,749,676

**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**

AQR has a stable organization and investment process. Staff met with the manager at the SBI during the quarter.

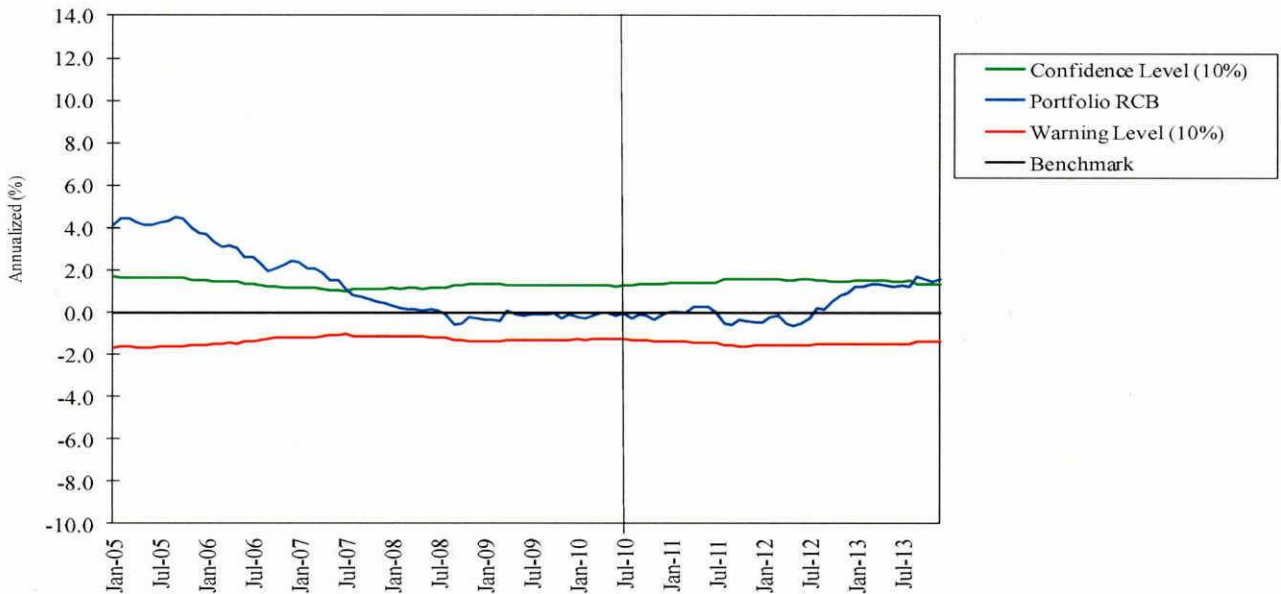
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	6.5%	5.6%
Last 1 year	24.1	21.0
Last 2 years	22.4	18.7
Last 3 years	8.9	7.4
Last 4 years	9.5	7.7
Last 5 years	14.3	12.5
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 December, 2013**

**Portfolio Manager: Cesar Hernandez**

**Assets Under Management: \$521,903,217**

**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.

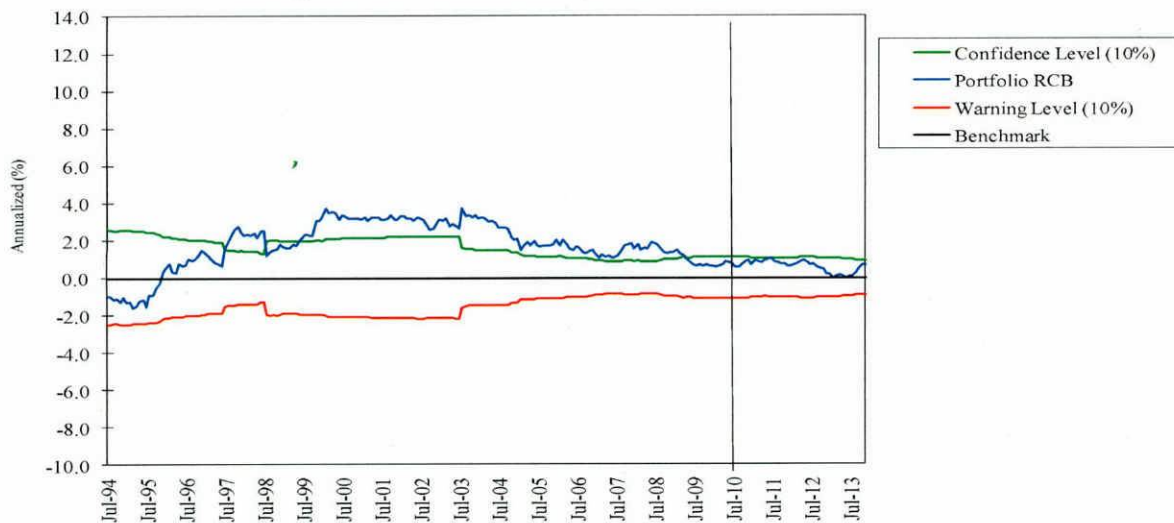
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	7.0%	5.6%
Last 1 year	23.2	21.0
Last 2 years	21.3	18.7
Last 3 years	8.7	7.4
Last 4 years	9.4	7.7
Last 5 years	13.3	12.5
Since Inception (7/05)	7.3	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 December, 2013**

**Portfolio Manager: Adel Daghmouri**

**Assets Under Management: \$318,213,338**

**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**

There have been significant changes to the investment team recently and shortly after inception of the account. In addition, there have also been changes to the investment process. The SBI is monitoring this strategy closely due to these recent changes.

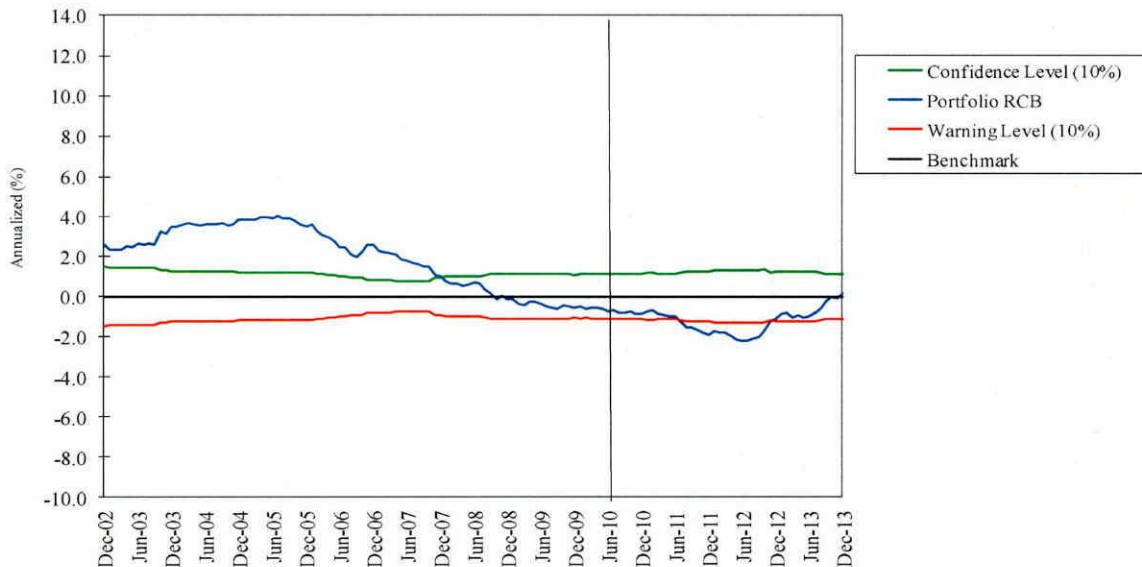
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	7.3%	5.6%
Last 1 year	25.3	21.0
Last 2 years	21.2	18.7
Last 3 years	7.4	7.4
Last 4 years	7.8	7.7
Last 5 years	12.7	12.5
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 December, 2013**

**Portfolio Manager: Lynn Blake**

**Assets Under Management: \$3,578,150,683**

**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.

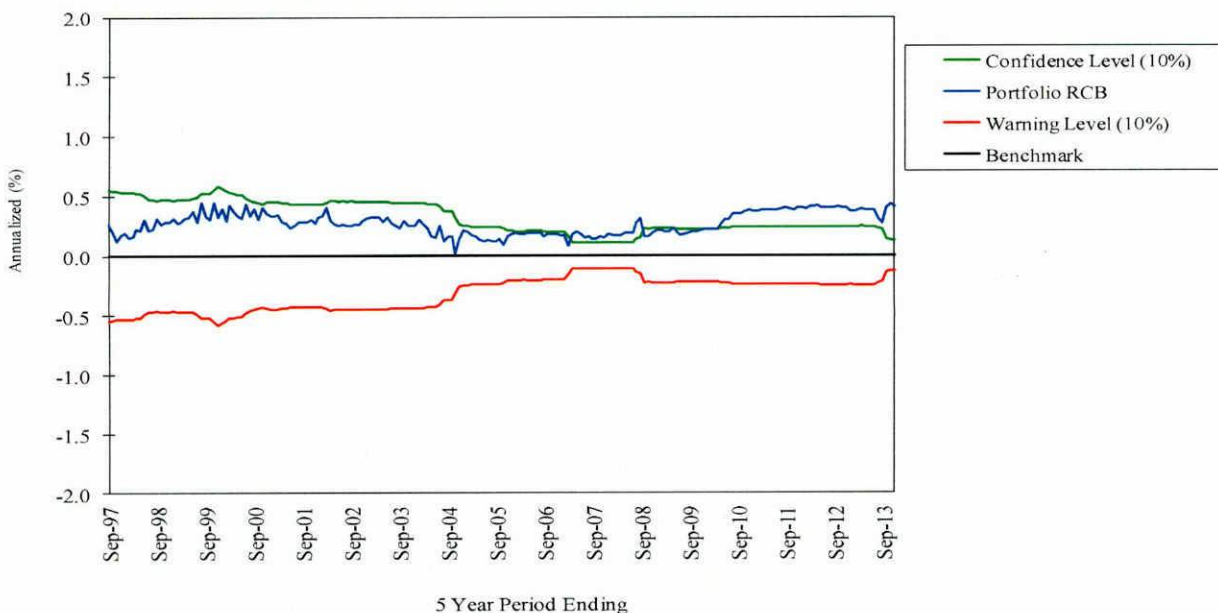
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	5.6%	5.6%
Last 1 year	21.4	21.0
Last 2 years	19.0	18.7
Last 3 years	7.7	7.4
Last 4 years	8.2	7.7
Last 5 years	13.0	12.5
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 December, 2013**

**Portfolio Manager: Tom Coleman**

**Assets Under Management: \$299,873,349**

**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**

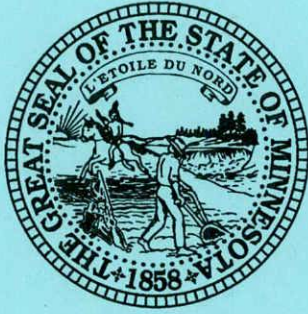
	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	2.0%	1.8%
Last 1 year	-2.5	-2.6
Last 2 years	7.5	7.3
Last 3 years	N/A	N/A
Last 4 years	N/A	N/A
Last 5 years	N/A	N/A
Since Inception (12/11)	7.5	7.3

**Recommendation**

No action required.

**VAM Graph will be drawn for period ending 3/31/14.**





# STATE BOARD OF INVESTMENT

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## Non-Retirement Manager Evaluation Reports

Fourth Quarter, 2013

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A-82

## Non-Retirement Managers

### Table of Contents

	<b>Page</b>
Non-Retirement Manager Performance Summary (quarter, 1, 3, 5 year periods)	A-84
Non-Retirement Manager Performance Summary (by calendar year)	A-85
GE Asset Management Inc. – Assigned Risk Plan	A-86
RBC Global Asset Management (U.S.) Inc. – Assigned Risk Plan	A-87
Galliard Capital Management, Inc.	A-88
Internal Stock Pool – Trust/Non-Retirement Assets	A-89
Internal Bond Pool – Income Share Account	A-90
Internal Bond Pool – Trust/Non-Retirement Assets	A-91

**NON - RETIREMENT MANAGERS**  
**Periods Ending December, 2013**

	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)	9.4	10.5	34.5	32.4	15.4	16.2	17.6	17.9	10.1	9.7	\$64.7
RBC Global Asset Management (2) (Barclays Capital Intermediate Government)	-0.4	-0.4	-1.3	-1.2	2.5	2.2	4.8	2.5	5.6	5.7	\$220.2
Galliard Capital Management (3 yr. Constant Maturity Treasury + 45 bp)	0.5	0.3	2.2	1.0	2.8	1.0	3.4	1.3	5.0	3.9	\$1,568.4
Internal Stock Pool (S&P 500 Index)	10.5	10.5	32.2	32.4	16.1	16.2	17.9	17.9	9.3	9.2	\$1,525.8
Internal Bond Pool - Income Share (Barclays Capital Aggregate)	0.5	-0.1	0.6	-2.0	4.0	3.3	6.3	4.4	7.3	6.8	\$106.4
Internal Bond Pool - Trust (Barclays Capital Aggregate)	0.3	-0.1	0.0	-2.0	3.7	3.3	5.9	4.4	6.6	6.1	\$815.1

(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 December, 2013**

**Portfolio Manager: Dave Carlson**

**Assets Under Management: \$64,738,546**

**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 met with the manager during the quarter. Staff has no concerns at this time.

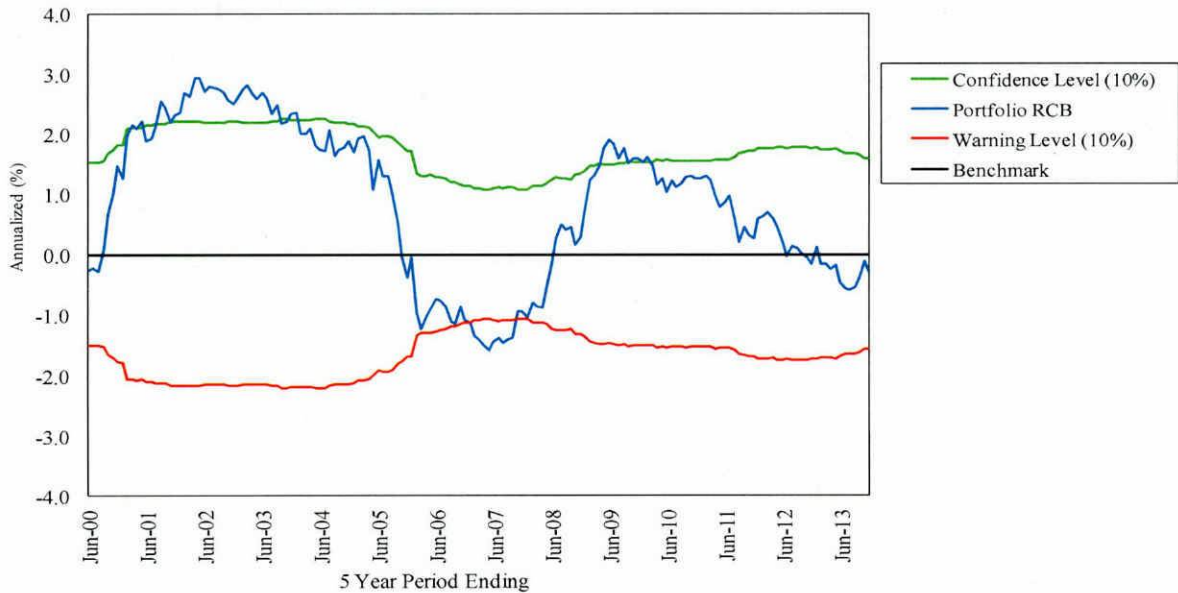
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	9.4%	10.5%
Last 1 year	34.5	32.4
Last 2 years	25.4	23.9
Last 3 years	15.4	16.2
Last 4 years	14.2	15.9
Last 5 years	17.6	17.9
Since Inception (1/95)	10.1	9.7

**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 December, 2013**

**Portfolio Manager: Brian Svendahl**

**Assets Under Management: \$220,230,733**

**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 met with the manager during the quarter. Staff has no concerns at this time.

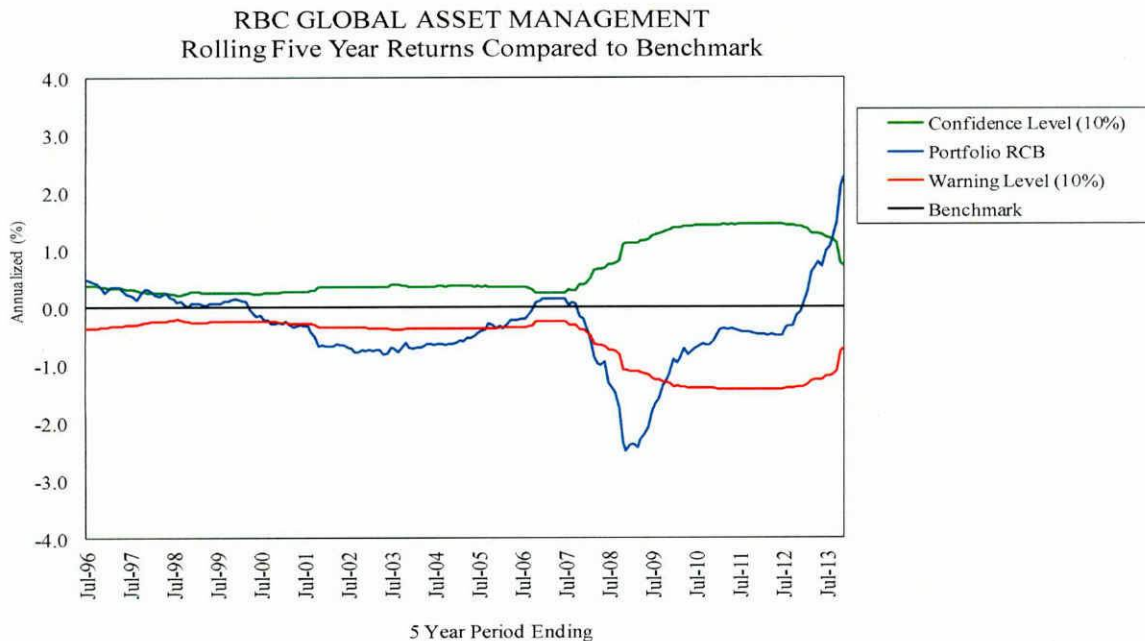
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	-0.4%	-0.4%
Last 1 year	-1.3	-1.2
Last 2 years	0.2	0.2
Last 3 years	2.5	2.2
Last 4 years	3.9	2.9
Last 5 years	4.8	2.5
Since Inception (7/91)	5.6	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 December, 2013**

**Portfolio Manager: Karl Tourville**

**Assets Under Management: \$1,568,405,422**

**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 met with the manager during the quarter. Staff has no concerns at this time.

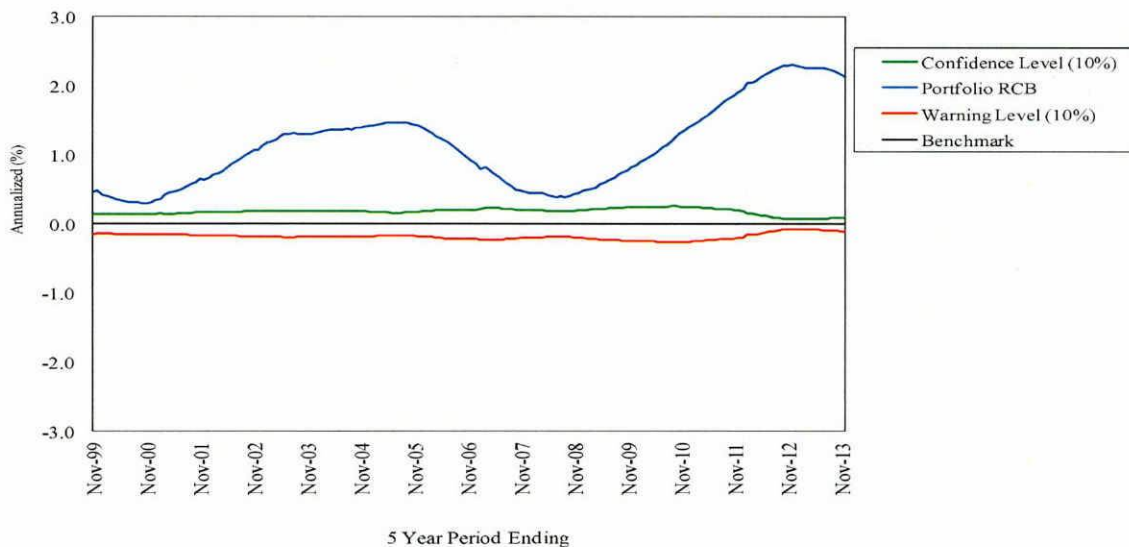
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.5%	0.3%
Last 1 year	2.2	1.0
Last 2 years	2.5	0.9
Last 3 years	2.8	1.0
Last 4 years	3.1	1.1
Last 5 years	3.4	1.3
Since Inception (11/94)	5.0	3.9

**Recommendation**

No action required.

**GALLIARD CAPITAL MANAGEMENT**  
**Rolling Five Year Returns Compared to Benchmark**





**INTERNAL STOCK POOL - Trust/Non-Retirement Assets**  
**Periods Ending December, 2013**

**Portfolio Manager: Mike Messen**

**Assets Under Management: \$1,525,794,514**

**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.

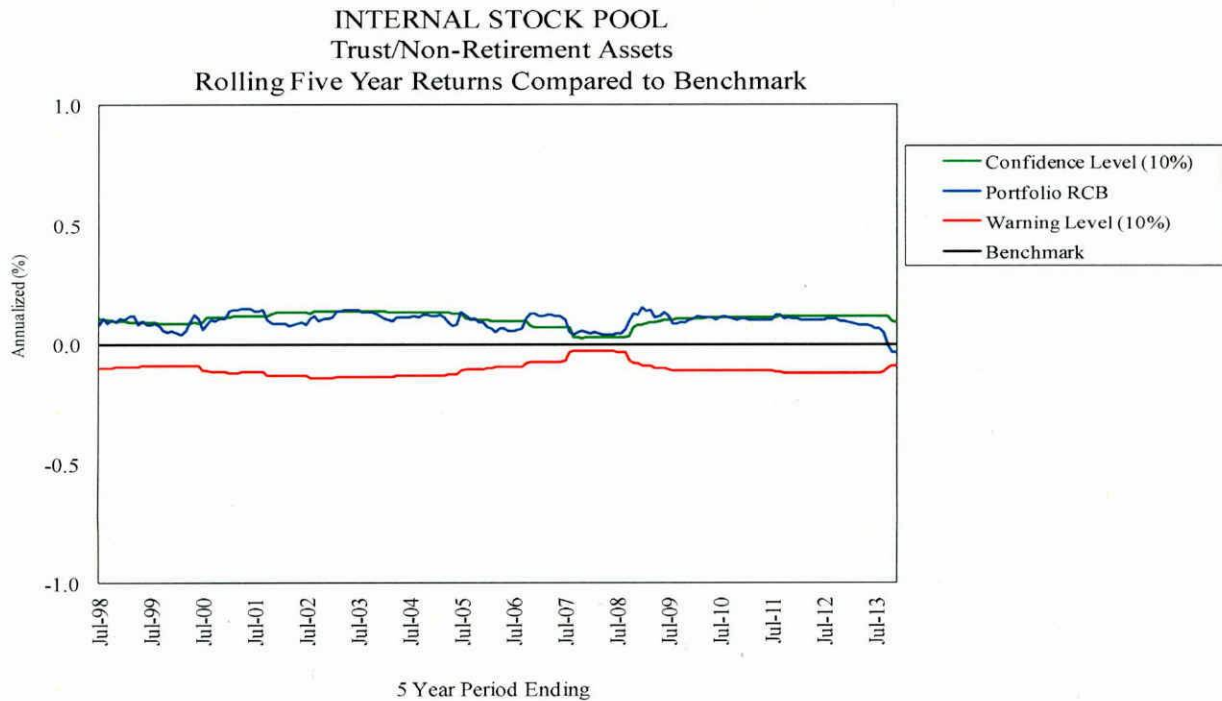
Staff has no concerns at this time.

**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	10.5%	10.5%
Last 1 year	32.2	32.4
Last 2 years	23.8	23.9
Last 3 years	16.1	16.2
Last 4 years	15.9	15.9
Last 5 years	17.9	17.9
Since Inception (7/93)	9.3	9.2

No action required.



**INTERNAL BOND POOL - Income Share Account**  
**Periods Ending December, 2013**

**Portfolio Manager: Mike Messen**

**Assets Under Management: \$106,400,340**

**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.

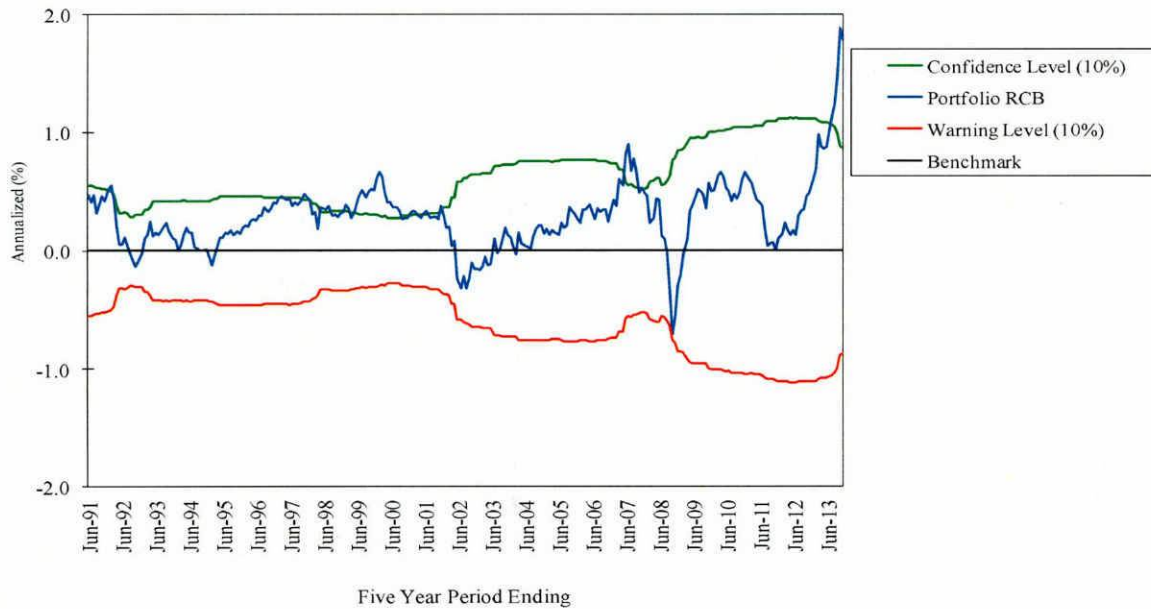
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark</b>
Last Quarter	0.5%	-0.1%
Last 1 year	0.6	-2.0
Last 2 years	3.4	1.0
Last 3 years	4.0	3.3
Last 4 years	4.7	4.1
Last 5 years	6.3	4.4
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 December, 2013**

**Portfolio Manager: Mike Messen**

**Assets Under Management: \$815,068,843**

**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.

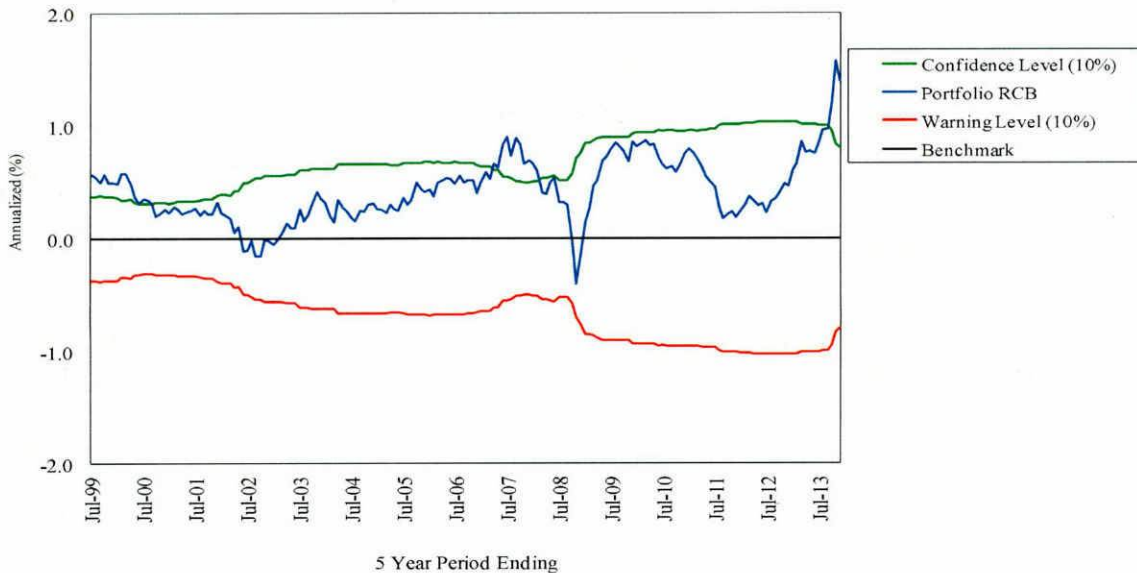
**Quantitative Evaluation**

**Recommendation**

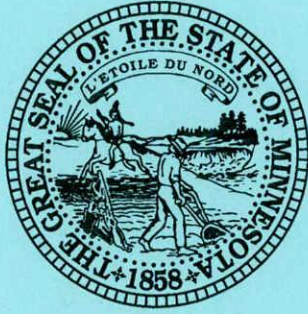
	<b>Actual</b>	<b>Benchmark</b>	
Last Quarter	0.3%	-0.1%	No action required.
Last 1 year	0.0	-2.0	
Last 2 years	2.9	1.0	
Last 3 years	3.7	3.3	
Last 4 years	4.4	4.1	
Last 5 years	5.9	4.4	
Since Inception (7/94)*	6.6	6.1	

\* 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

Fourth Quarter, 2013

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A-94

# Deferred Compensation Plan

## Table of Contents

	<b>Page</b>
Fund Manager Performance Summary (quarter, 1, 3, 5 year periods)	A-96
Fund Manager Performance Summary (by calendar year)	A-98
Janus Twenty	A-100
Vanguard Index Institutional Plus	A-101
Vanguard Mid-Cap Index Institutional	A-102
T. Rowe Price Small Cap Stock Fund	A-103
Vanguard Balanced Index Institutional Fund	A-104
Dodge & Cox Income Fund	A-105
Vanguard Total Bond Market Index Institutional	A-106
Fidelity Diversified International	A-107
Vanguard Total International Stock Index Institutional Plus	A-108
State Street Global Advisors MN Target Retirement Funds	A-109

**MN STATE 457 DEFERRED COMPENSATION PLAN**  
**FUND OPTIONS (1)**  
**Periods Ending December, 2013**

457 Mutual Funds	Quarter		1 Year		3 Years		5 Years		Since (2) Retention by SBI		State's Participation In Fund (\$ millions)	
	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	Actual %	Bmk %	%	%		
<b>Large Cap Equity:</b>												
Janus Twenty (S&P 500)	11.4	10.5	33.1	32.4	14.4	16.2	18.0	17.9	4.0	4.0	\$527.1	
Vanguard Institutional Index Plus (S&P 500)	10.5	10.5	32.4	32.4	16.2	16.2	18.0	17.9	4.1	4.0	\$865.0	
<b>Mid Cap Equity:</b>												
Vanguard Mid-Cap Index (CRSP US Mid-Cap) (3)	8.6	8.6	35.2	35.0	15.4	15.4	22.1	22.1	10.1	10.1	\$353.3	
<b>Small Cap Equity:</b>												
T. Rowe Price Small-Cap Stock (Russell 2000)	8.6	8.7	37.7	38.8	17.5	15.7	24.4	20.1	10.8	8.1	\$613.8	
<b>Balanced:</b>												
Vanguard Balanced Index Inst. Fund (60% CRSP US Total Market, 40% Barclays Capital Agg) (4)	5.9	5.9	18.1	18.2	11.2	11.1	13.3	13.3	7.3	7.2	\$611.0	
<b>Bond:</b>												
Dodge & Cox Income Fund (Barclays Capital Aggregate)	1.1	-0.1	0.6	-2.0	4.4	3.3	7.2	4.4	6.1	5.5	\$187.6	
Vanguard Total Bond Market Index Inst. (Barclays Capital Aggregate)	-0.2	-0.1	-2.1	-2.0	3.2	3.3	4.4	4.4	4.6	4.6	\$163.7	
<b>International:</b>												
Fidelity Diversified International (MSCI EAFE-Free)	8.3	5.7	25.2	22.8	8.8	8.2	13.2	12.4	7.5	4.4	\$289.9	
Vanguard Total International Stock Index (FTSE Global All Cap ex US) (5)	4.9	4.8	15.2	15.9	5.2	5.1	12.1	12.6	4.7	4.7	\$140.0	

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 December, 2013

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	2.1	2.1	5.1	5.3	6.4	6.6	8.7	8.9	6.0	6.2	\$22.5
2015 Fund	2.3	2.3	5.6	5.8	7.8	7.9	10.1	10.1	7.5	7.7	\$28.3
2020 Fund	3.3	3.3	8.8	9.1	9.5	9.7	12.1	12.0	9.5	9.6	\$40.7
2025 Fund	4.6	4.6	13.2	13.5	10.9	11.0	13.5	13.4	11.0	11.2	\$31.2
2030 Fund	5.3	5.4	16.0	16.3	11.6	11.7	14.3	14.3	11.8	12.0	\$18.2
2035 Fund	5.9	5.9	18.1	18.5	12.0	12.1	15.1	15.1	12.3	12.4	\$12.7
2040 Fund	6.3	6.3	19.7	20.0	12.0	12.0	15.6	15.6	12.2	12.3	\$8.3
2045 Fund	6.6	6.6	21.3	21.6	12.0	12.1	15.8	15.8	12.3	12.3	\$5.8
2050 Fund	6.7	6.7	21.4	21.7	12.1	12.2	15.8	15.8	12.3	12.4	\$3.2
2055 Fund	6.7	6.7	21.4	21.7	12.1	12.2	15.8	15.8	12.3	12.4	\$1.5
2060 Fund	6.7	6.7	21.4	21.7					12.3	12.4	\$1.9

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	Actual	Bmk		
	%	%	%	%	%	%	%	%		
S&P 500 Index Fund (S&P 500)	10.5	10.5	32.4	32.4	16.2	16.2	18.0	17.9	17.0	16.9
DJ-UBS Roll Select Commodity Index Fund (DJ-UBS Roll Select Commodity Index)	-0.7	-0.7	-9.3	-9.1					-3.8	-3.5
Russell Small/Mid Cap Index Fund (Russell Small Cap Completeness Index)	8.5	8.5	38.4	38.5					31.5	31.4
Global All Cap Equity ex US Index Fund (MSCI ACWI ex U.S. IMI)	4.9	4.7	15.4	15.8					5.1	4.7
Global Real Estate Securities Index Fund (FTSE EPRA/NAREIT Dev Liquid)	-0.8	-1.0	2.7	2.5	7.8	7.2			6.9	6.2
Long Government Bond Index Fund (Barclays Capital Long Government)	-3.0	-3.0	-12.5	-12.5	5.4	5.5	2.4	2.4	5.6	5.6
Bond Index Fund (Barclays Capital Aggregate)	-0.2	-0.1	-2.1	-2.0	3.2	3.3	4.5	4.4	2.8	2.8
Inflation Protection Bond Index Fund (Barclays Capital U.S. TIPS)	-2.0	-2.0	-8.6	-8.6	3.5	3.5	5.6	5.6	1.9	1.9
High Yield Bond Index Fund (Barclays Capital U.S. High Yield Very Liquid)	3.7	3.7	6.6	6.6	8.9	9.3			8.8	9.1
U.S. Short-Term Govt/Credit Index Fund (Barclays Capital 1-3 Yr Govt/Credit)	0.2	0.2	0.6	0.6	2.0	1.2			2.0	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	
	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk	Actual	Bmk
	%	%	%	%	%	%	%	%	%	%
<b>457 Mutual Funds</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	35.0	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 December, 2013**

**Portfolio Manager: Marc Pinto**

**State's Participation in Fund: \$527,086,123  
Total Assets in Fund: \$9,950,000,000**

**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**

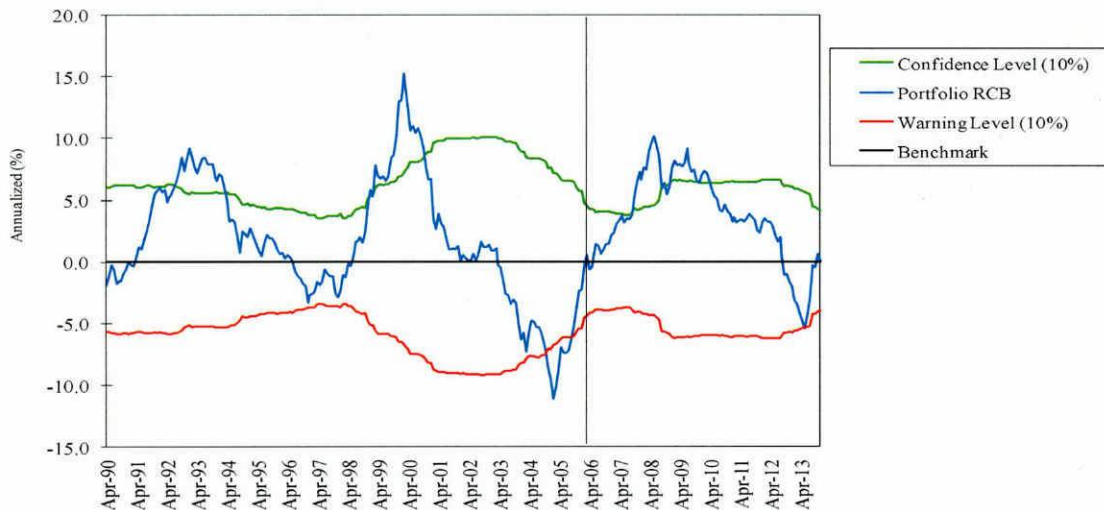
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	11.4%	10.5%
Last 1 year	33.1	32.4
Last 2 years	27.6	23.9
Last 3 years	14.4	16.2
Last 4 years	12.5	15.9
Last 5 years	18.0	17.9
Since Retention by SBI (7/99)	4.0	4.0

**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 December, 2013**

**Portfolio Manager: Mike Buck**

**State's Participation in Fund: \$864,952,373  
Total Assets in Fund: \$74,915,000,000**

**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**

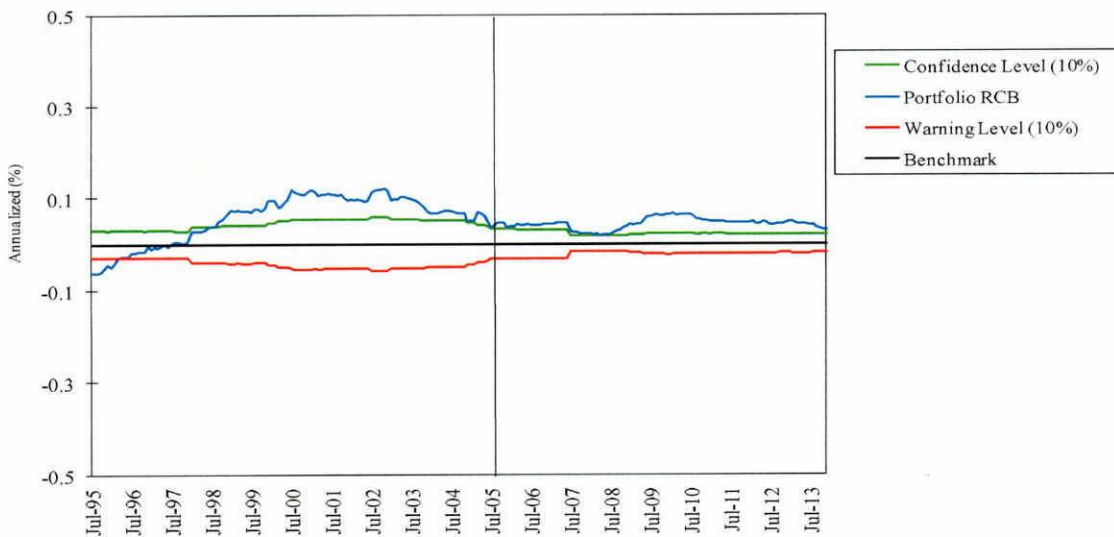
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	10.5%	10.5%
Last 1 year	32.4	32.4
Last 2 years	23.9	23.9
Last 3 years	16.2	16.2
Last 4 years	15.9	15.9
Last 5 years	18.0	17.9
Since Retention by SBI (7/99)	4.1	4.0

**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 December, 2013**

**Portfolio Manager: Donald Butler**

**State's Participation in Fund: \$353,279,304  
Total Assets in Fund: \$9,368,000,000**

**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**

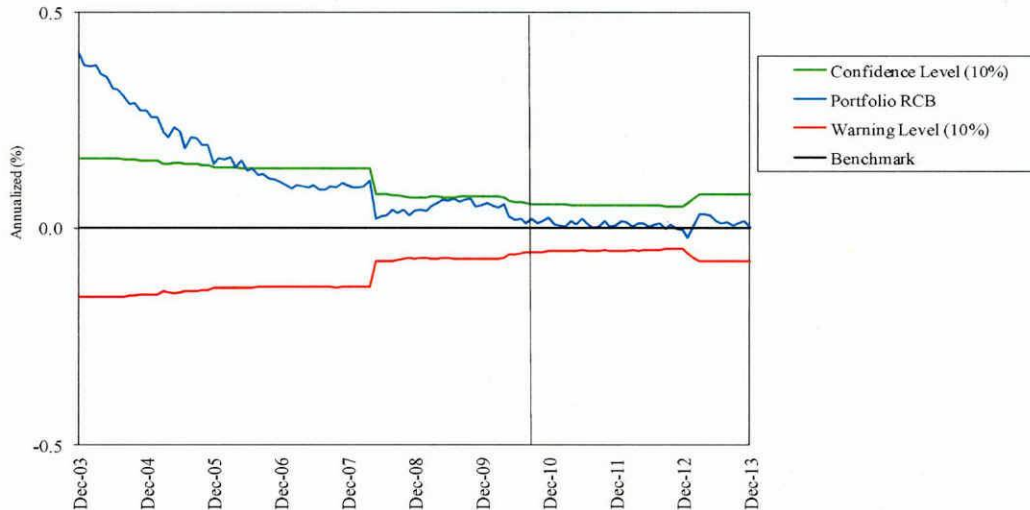
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	8.6%	8.6%
Last 1 year	35.2	35.0
Last 2 years	25.2	25.2
Last 3 years	15.4	15.4
Last 4 years	17.9	17.9
Last 5 years	22.1	22.1
Since Retention by SBI (1/04)	10.1	10.1

**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 December, 2013**

**Portfolio Manager: Gregory A. McCrickard**

**State's Participation in Fund: \$613,838,539**  
**Total Assets in Fund: \$10,318,099,318**

**Investment Philosophy**  
**T. Rowe Price Small Cap Equity Fund**

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 Comments**

Staff met with the manager during the quarter. Staff has no concerns at this time.

**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	8.6%	8.7%
Last 1 year	37.7	38.8
Last 2 years	27.5	27.1
Last 3 years	17.5	15.7
Last 4 years	21.1	18.4
Last 5 years	24.4	20.1
Since Retention by SBI (7/99)	10.8	8.1

**Recommendation**

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 December, 2013**

**Portfolio Manager: Michael Perre**

**State's Participation in Fund: \$610,977,868  
Total Assets in Fund: \$6,938,000,000**

**Investment Philosophy  
Vanguard Balanced Index Fund**

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.

**Staff Comments**

No tracking issues.

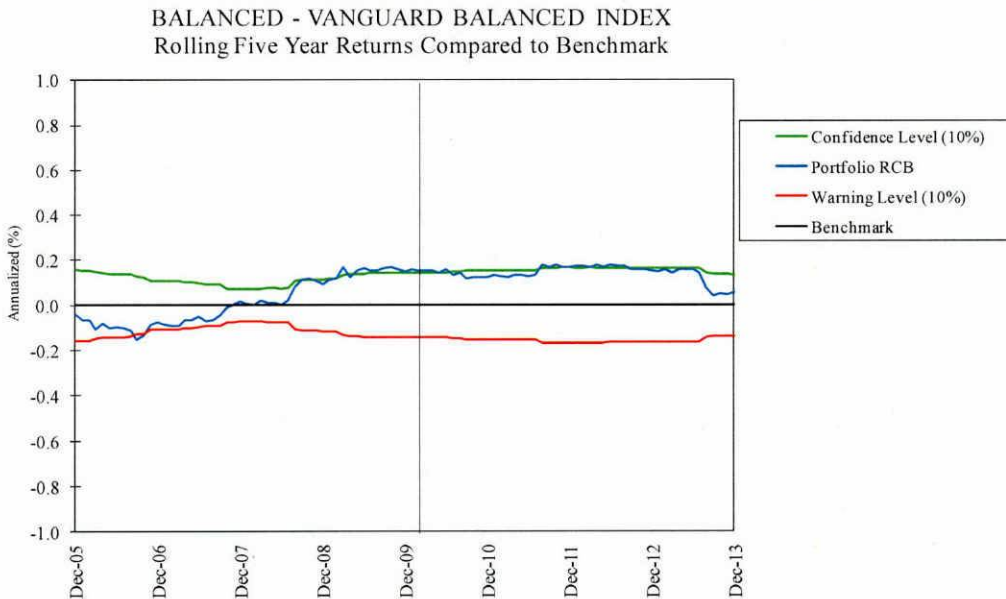
**Quantitative Evaluation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	5.9%	5.9%
Last 1 year	18.1	18.2
Last 2 years	14.7	14.9
Last 3 years	11.2	11.1
Last 4 years	11.7	11.7
Last 5 years	13.3	13.3
Since Retention by SBI (12/03)	7.3	7.2

**Recommendation**

No action required.

\*Benchmark is 60% CRSP US Total Market Index and 40% Barclays Capital US Aggregate Bond Index.



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 December, 2013**

**Portfolio Manager: Dana Emery**

**State's Participation in Fund: \$187,595,896  
Total Assets in Fund: \$24,654,084,101**

**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**

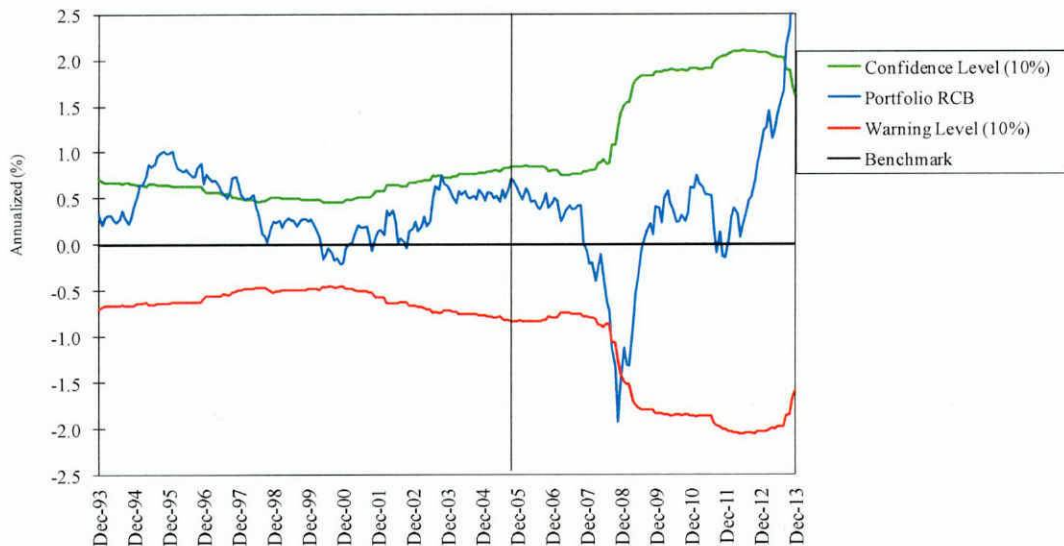
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	1.1%	-0.1%
Last 1 year	0.6	-2.0
Last 2 years	4.2	1.0
Last 3 years	4.4	3.3
Last 4 years	5.1	4.1
Last 5 years	7.2	4.4
Since Retention By SBI (7/99)	6.1	5.5

**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 December, 2013

**Portfolio Manager: Kenneth Volpert**

**State's Participation in Fund: \$163,744,913**  
**Total Assets in Fund: \$20,206,000,000**

**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.

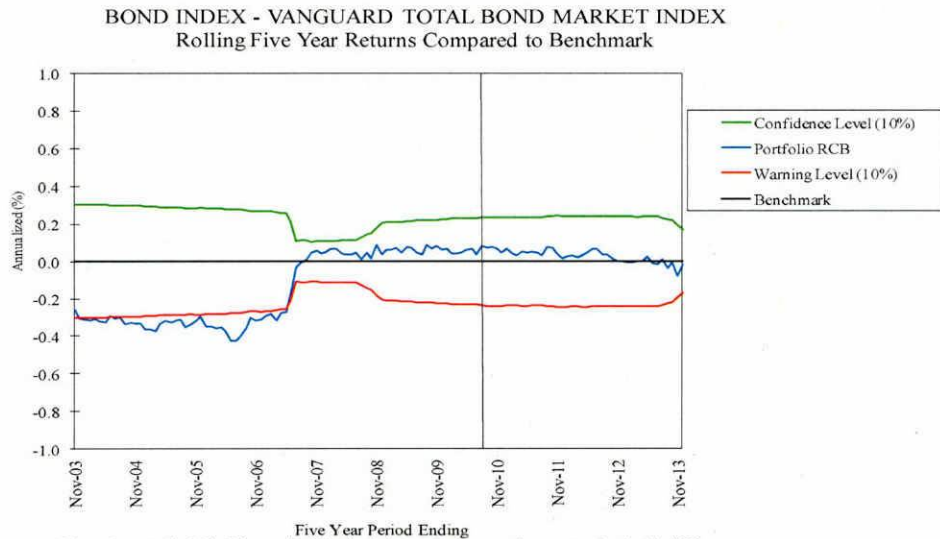
**Quantitative Evaluation**

**Recommendation**

	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	-0.2%	-0.1%
Last 1 year	-2.1	-2.0
Last 2 years	1.0	1.0
Last 3 years	3.2	3.3
Last 4 years	4.0	4.1
Last 5 years	4.4	4.4
Since Retention by SBI (12/03)	4.6	4.6

No action required.

\*Benchmark is the Barclays Capital Aggregate.



**MN STATE 457 DEFERRED COMPENSATION PLAN  
INTERNATIONAL – FIDELITY DIVERSIFIED INTERNATIONAL  
Periods Ending December, 2013**

**Portfolio Manager: William Bower**

**State's Participation in Fund: \$289,867,611  
Total Assets in Fund: \$14,906,580,000**

**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**

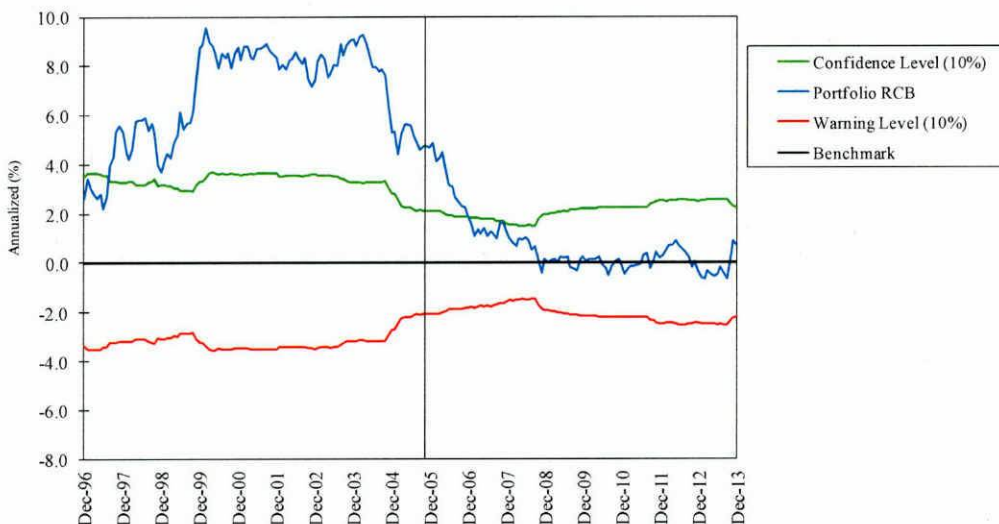
	<b>Actual</b>	<b>Benchmark*</b>
Last Quarter	8.3%	5.7%
Last 1 year	25.2	22.8
Last 2 years	22.2	20.0
Last 3 years	8.8	8.2
Last 4 years	9.0	8.1
Last 5 years	13.2	12.4
Since Retention By SBI (7/99)	7.5	4.4

**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 December, 2013**

**Portfolio Manager: Michael Perre**

**State's Participation in Fund: \$140,022,648  
Total Assets in Fund: \$24,804,000,000**

**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	4.9%	4.8%
Last 1 year	15.2	15.9
Last 2 years	16.7	16.5
Last 3 years	5.2	5.1
Last 4 years	6.6	6.5
Last 5 years	12.1	12.6
Since Retention by SBI (7/11)	4.7	4.7

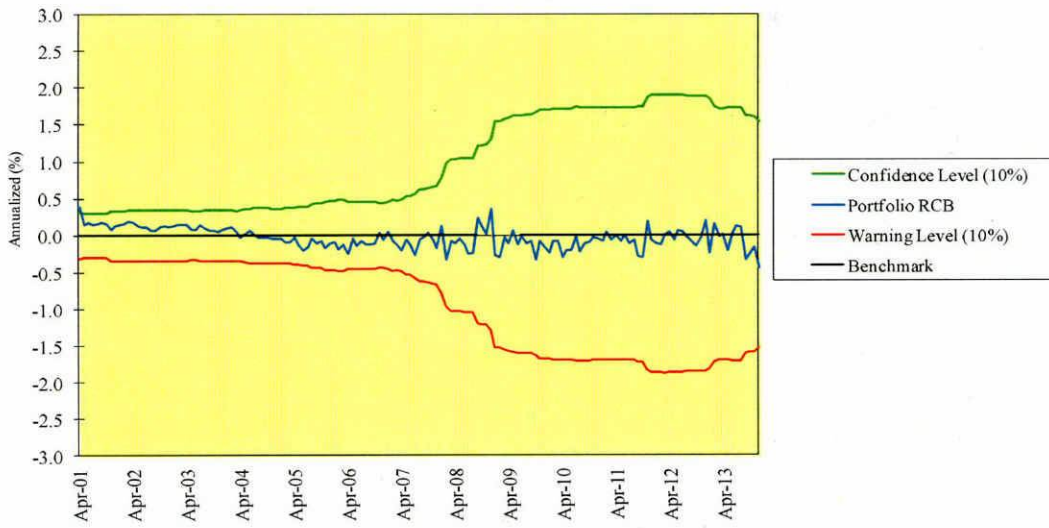
**Recommendation**

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 December, 2013**

<b>Portfolio Manager: Various Index Fund Managers</b>	<b>State's Participation in Fund: \$174,341,229</b>
	<b>Total Assets in Fund: \$2,347,772,839</b>

**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	89.0	11.0	0.0	0.0	1.0	0.0	10.0	38.8	16.8	3.5	29.9	0.0
2040	84.0	16.0	0.0	0.0	6.0	0.0	10.0	38.3	14.5	3.5	27.7	0.0
2035	78.5	21.5	0.0	0.0	11.0	0.5	10.0	37.5	12.2	3.5	25.3	0.0
2030	71.0	29.0	0.0	2.5	13.0	3.5	10.0	35.0	10.0	3.5	22.5	0.0
2025	62.5	37.5	0.0	4.7	17.0	5.8	10.0	30.6	7.5	3.5	18.9	2.0
2020	50.0	50.0	0.0	8.8	25.0	6.2	10.0	23.8	4.9	3.5	13.3	4.5
2015	37.5	62.5	15.0	18.0	20.0	7.0	2.5	17.5	3.1	3.5	8.4	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**

**D**

DATE: February 11, 2014

TO: Members, Investment Advisory Council

FROM: **John Griebenow**  
**J.J. Kirby**

Staff has reviewed the following information and action agenda items:

- Review of current strategy.
- New investments with one existing (Energy & Minerals Group) resource manager and two existing (Lexington Capital Partners, Strategic Partners) private equity managers.
- Recommendation to allow Public Pension Capital (PPC Fund) flexibility to close on a minimum amount of \$400 million.

**IAC action is required on the second and third 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 can 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 resource manager, The Energy & Minerals Group (EMG), in The Energy & Minerals Group Fund III, L.P. (EMG III).**

EMG is seeking investors for a new \$2.5 billion resource fund, EMG III. This fund is a successor to two flagship resource funds managed by EMG. The SBI invested in the two prior funds. Like the prior resource funds, this fund will focus on investments across the entire energy complex and all facets of the minerals and metals industry.

In addition to reviewing the attractiveness of the EMG investment offering, staff has conducted on-site due diligence, reference checks, performed a literature database search and reviewed the potential investor base for the fund.

More information on the EMG III fund is included as **Attachment C**.

#### **RECOMMENDATION:**

**Staff recommends a commitment of \$200 million, or 20% of EMG III, whichever is less. Approval by the Investment Advisory Council 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.**

**2) Investment with an existing private equity manager, Lexington Capital Partners (Lexington), in Lexington Capital Partners VIII, L.P. (LCP VIII).**

Lexington is seeking investors for a new \$8 billion private equity fund, Lexington VIII. This fund is a successor to seven flagship private equity secondary interest funds managed by Lexington. The SBI invested in the two most recent funds. Like the prior private equity funds, this fund will focus on constructing a diversified portfolio of secondary interests in established global private investment funds at attractive discounts to market value.

In addition to reviewing the attractiveness of the Lexington VIII investment offering, staff has conducted on-site due diligence, reference checks, performed a literature database search and reviewed the potential investor base for the fund.

More information on the Lexington VIII fund is included as **Attachment D**.

**RECOMMENDATION:**

**Staff recommends a commitment of \$150 million, or 20% of Lexington VIII, whichever is less. Approval by the Investment Advisory Council 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.**

**3) Investment with an existing private equity manager, Strategic Partners, in Strategic Partners Fund VI, L.P. (SP VI).**

Strategic Partners is seeking investors for a new \$3.5 billion private equity fund, SP VI. This fund is a successor to five flagship private equity secondary interest funds managed by Strategic Partners. The SBI invested in all the prior funds. Like its predecessor funds, SP VI will seek significant capital appreciation primarily through the purchase of secondary interests in mature, high-quality leveraged buyout funds.

In 2013, The Blackstone Group acquired the Strategic Partners business from Credit Suisse. Blackstone has created an independent division for Strategic Partners to focus on its core business. Strategic Partners' partnership with Blackstone is expected to significantly enhance its business by enabling it to harness Blackstone's global capabilities, relationships and expertise to provide significant competitive advantages

in sourcing and executing secondary transactions and ultimately strengthen Strategic Partners' investment platform.

In addition to reviewing the attractiveness of the SP VI investment offering, staff has conducted on-site due diligence, reference checks, performed a literature database search and reviewed the potential investor base for the fund.

More information on the SP VI fund is included as **Attachment E**.

**RECOMMENDATION:**

**Staff recommends a commitment of \$150 million, or 20% of Strategic Partners VI, whichever is less. Approval by the Investment Advisory Council 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.**

- 4) Allow Public Pension Capital (PPC Fund) the flexibility to close on a minimum amount of \$400 million instead of the previously stipulated \$500 million for the fund.**

At its December 6, 2012 meeting the State Board of Investment approved a \$100 million commitment to a new \$500 million private equity fund, The PPC Fund. The proposed PPC Fund is a new fund bringing together experienced investors in a new management organization utilizing a modified fund model designed to enhance the alignment of interest between investors and Fund management. The Fund will build upon the extensive private equity investment experience of Perry Golkin and Michael T. Tokarz who were employed by Kohlberg Kravis Roberts & Co. ("KKR") for 25 and 17 years, respectively, and they worked there together for 16 years. The SBI has invested with KKR in multiple fund investments since 1984. This fund will focus on investing in conservatively priced businesses with sustainable competitive advantages and favorable industry dynamics in the middle-market.

The original SBI approved recommendation was for a commitment of \$100 million, or 20% of the PPC Fund, whichever is less. Additionally, the commitment was contingent on PPC obtaining at least \$500 million in signed and finalized Limited Partner commitments to the Fund from at least four (4) other Limited Partner

investors in the Fund by June 30, 2013. At its June 5, 2013 meeting the Board approved an extension of the fundraising deadline to June 30, 2014.

So far, PPC has approximately \$400 million in likely investor commitments (six (6) investors plus the general partner), assuming \$80 million from the SBI. Several additional potential limited partners are in the process of performing due diligence. Given the slower than expected fundraising for the PPC fund, staff believes that allowing PPC additional flexibility to close on a minimum amount of \$400 million instead of the previously stipulated \$500 million for the fund is warranted.

#### **RECOMMENDATION:**

**Staff recommends 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.**



ATTACHMENT A

**Minnesota State Board of Investment**  
*Pooled Alternative Investments*  
**Combined Funds**  
*December 31, 2013*

Combined Funds Market Value	\$57,134,994,334
Amount Available for Investment	<b>\$4,363,866,685</b>

	Current Level	Target Level	Difference
Market Value (MV)	\$7,063,132,182	\$11,426,998,867	\$4,363,866,685
MV +Unfunded	\$11,945,563,484	\$19,997,248,017	\$8,051,684,533

Asset Class	Market Value	Unfunded Commitment	Total
Private Equity	\$4,222,777,285	\$3,123,177,230	\$7,345,954,515
Real Estate	\$673,784,399	\$193,240,128	\$867,024,528
Resource	\$1,159,177,782	\$959,710,950	\$2,118,888,733
Yield-Oriented	\$1,007,392,715	\$606,302,994	\$1,613,695,708
<b>Total</b>	<b>\$7,063,132,182</b>	<b>\$4,882,431,303</b>	<b>\$11,945,563,484</b>



**ATTACHMENT B**  
**Minnesota State Board of Investment**  
**- Alternative Investments -**

As of December 31, 2013

Investment	Total Commitment	Funded Commitment	Market Value	Distributions	Unfunded Commitment	IRR %	MOIC*	Period Years
<b>I. REAL ESTATE</b>								
<b>Blackstone</b>								
<i>Blackstone Real Estate Partners V</i>	100,000,000	96,786,582	116,060,311	51,896,055	4,417,812	9.94	1.74	7.68
<i>Blackstone Real Estate Partners VI</i>	100,000,000	98,348,663	127,599,914	30,350,416	3,909,435	10.30	1.61	6.75
<i>Blackstone Real Estate Partners VII</i>	100,000,000	61,462,823	70,788,723	10,720,544	38,537,177	22.83	1.33	2.09
<b>Blackstone Strategic Partners (CSFB/DLJ)</b>								
<i>Strategic Partners III RE</i>	25,000,000	25,179,307	12,287,426	668,043	385,410	-11.26	0.51	8.50
<i>Strategic Partners IV RE</i>	50,000,000	49,247,580	27,190,191	15,427,654	1,340,633	-3.55	0.87	5.54
<b>Colony Capital</b>								
<i>Colony Investors II</i>	80,000,000	78,482,328	2,800	90,022,404	1,517,672	4.68	1.15	18.75
<i>Colony Investors III</i>	100,000,000	100,000,000	4,504,100	167,834,385	0	14.56	1.72	16.00
<b>Retail Properties of America</b>								
<i>Retail Properties of America A Common Stoc</i>	7,441	7,441	4,121	1,119	0	-38.80	0.70	1.78
<b>Silverpeak Real Estate Partners</b>								
<i>Silverpeak Legacy Pension Partners II</i>	75,000,000	70,753,841	33,277,839	37,912,058	9,857,501	0.14	1.01	8.50
<i>Silverpeak Legacy Pension Partners III</i>	150,000,000	66,143,137	26,444,952	0	83,274,488	-16.42	0.40	5.62
<b>T.A. Associates Realty</b>								
<i>Realty Associates Fund VI</i>	50,000,000	50,000,000	3,817,965	73,024,715	0	9.53	1.54	11.51
<i>Realty Associates Fund VII</i>	75,000,000	75,000,000	39,984,063	36,962,573	0	0.39	1.03	9.13
<i>Realty Associates Fund VIII</i>	100,000,000	100,000,000	64,339,813	11,776,412	0	-4.75	0.76	7.50
<i>Realty Associates Fund IX</i>	100,000,000	100,000,000	97,468,531	30,611,959	0	9.22	1.28	5.35
<i>Realty Associates Fund X</i>	100,000,000	50,000,000	50,013,650	1,588,117	50,000,000	5.54	1.03	1.83
<b>Real Estate Total</b>	<b>1,205,007,441</b>	<b>1,021,411,702</b>	<b>673,784,399</b>	<b>558,796,454</b>	<b>193,240,128</b>		<b>1.21</b>	
<b>II. RESOURCE</b>								
<b>Apache Corp.</b>								
<i>1986 Net Profits Interest</i>	30,000,000	30,000,000	2,827,110	57,049,533	0	12.16	2.00	27.00
<b>EIG Global Energy Partners</b>								
<i>EIG Energy Fund XIV</i>	100,000,000	102,362,373	52,822,675	79,394,332	12,251,063	9.22	1.29	6.70
<i>EIG Energy Fund XV</i>	150,000,000	101,832,172	112,768,767	18,790,041	48,167,828	16.01	1.29	3.57
<i>EIG Energy Fund XVI</i>	200,000,000	17,500,000	17,500,000	0	182,500,000	0.00	1.00	0.30
<b>EnCap Energy</b>								
<i>EnCap Energy Capital Fund VII</i>	100,000,000	88,990,445	26,903,361	107,058,487	11,562,298	18.36	1.51	6.50
<i>EnCap Energy Capital Fund VIII</i>	100,000,000	57,787,243	60,586,234	5,681,596	42,212,757	11.05	1.15	3.25
<i>EnCap Energy Capital Fund IX</i>	100,000,000	12,924,820	11,702,791	0	87,075,180	-21.59	0.91	1.07
<b>Energy &amp; Minerals Group</b>								
<i>NGP Midstream &amp; Resources</i>	100,000,000	97,354,368	113,344,070	96,174,849	2,956,655	23.84	2.15	6.75
<i>The Energy &amp; Minerals Group Fund II</i>	100,000,000	63,453,625	69,175,048	100,956	36,546,375	8.69	1.09	2.27
<b>Energy Capital Partners</b>								
<i>Energy Capital Partners II-A</i>	100,000,000	83,160,743	89,546,434	26,109,945	20,779,790	19.26	1.39	3.45
<i>Energy Capital Partners III</i>	200,000,000	0	0	0	200,000,000	N/A	0.00	0.03
<b>First Reserve</b>								
<i>First Reserve Fund X</i>	100,000,000	100,000,000	10,038,219	174,470,147	0	30.87	1.85	9.16
<i>First Reserve Fund XI</i>	150,000,000	150,000,000	108,952,786	77,273,838	0	5.24	1.24	7.03
<i>First Reserve Fund XII</i>	150,000,000	136,218,048	131,083,585	21,660,902	13,781,952	3.86	1.12	5.17
<i>First Reserve Fund XIII</i>	200,000,000	0	0	0	200,000,000	N/A	0.00	0.16
<b>NGP</b>								
<i>Natural Gas Partners IX</i>	150,000,000	134,719,525	114,560,906	83,494,642	12,620,284	13.30	1.47	6.19
<i>NGP Natural Resources X</i>	150,000,000	68,993,232	78,476,766	1,087,926	81,006,768	15.53	1.15	2.23
<b>Sheridan</b>								
<i>Sheridan Production Partners I</i>	100,000,000	100,002,260	76,194,009	75,500,000	0	11.95	1.52	6.75
<i>Sheridan Production Partners II</i>	100,000,000	91,750,000	82,695,022	4,000,000	8,250,000	-4.83	0.94	3.25
<b>Resource Total</b>	<b>2,380,000,000</b>	<b>1,437,048,854</b>	<b>1,159,177,782</b>	<b>827,847,194</b>	<b>959,710,950</b>		<b>1.38</b>	
<b>III. YIELD-ORIENTED</b>								
<b>Audax Group</b>								
<i>Audax Mezzanine Fund III</i>	100,000,000	48,823,269	42,861,383	12,107,463	51,176,731	8.10	1.13	3.74
<b>Court Square Capital Partners</b>								
<i>Citicorp Mezzanine III</i>	100,000,000	88,029,296	2,437,418	132,324,719	0	15.78	1.53	14.17
<b>Crescent Capital Group</b>								
<i>TCW/Crescent Mezzanine Partners III</i>	75,000,000	68,868,042	5,954,043	156,103,491	29,701,079	36.05	2.35	12.76
<b>DLJ Investment Partners</b>								
<i>DLJ Investment Partners II</i>	27,375,168	23,164,217	966,302	34,750,077	4,955,172	10.66	1.54	14.00
<i>DLJ Investment Partners III</i>	100,000,000	52,922,318	17,376,751	47,162,248	49,076,971	4.57	1.22	7.53
<b>Gold Hill Venture Lending</b>								
<i>Gold Hill Venture Lending</i>	40,000,000	40,000,000	5,905,313	54,870,900	0	9.64	1.52	9.26
<i>Gold Hill 2008</i>	25,852,584	25,852,584	23,927,342	12,374,591	0	13.50	1.40	5.50
<b>GS Mezzanine Partners</b>								
<i>GS Mezzanine Partners III</i>	75,000,000	74,934,629	140,195	100,709,739	65,371	8.38	1.35	10.48
<i>GS Mezzanine Partners 2006 Institutional</i>	100,000,000	74,999,888	32,824,354	89,634,916	25,000,112	3.09	1.63	7.73
<i>GS Mezzanine Partners V</i>	150,000,000	75,756,155	47,322,923	49,120,593	65,227,832	8.77	1.27	6.19
<b>Merit Capital Partners</b>								
<i>William Blair Mezzan. Cap. Fd. III</i>	60,000,000	57,243,241	2,575,573	105,578,503	2,756,759	15.13	1.89	14.00
<i>Merit Mezzanine Fund IV</i>	75,000,000	69,807,692	33,765,725	65,113,954	5,192,308	8.23	1.42	9.04
<i>Merit Mezzanine Fund V</i>	75,000,000	44,448,980	40,431,033	2,564,501	30,551,020	-1.77	0.97	4.04
<b>Merit Energy Partners</b>								
<i>Merit Energy Partners B</i>	24,000,000	24,000,000	54,287,945	138,501,940	0	24.58	8.03	17.50
<i>Merit Energy Partners C</i>	50,000,000	50,000,000	174,848,042	321,989,456	0	31.18	9.94	15.18
<i>Merit Energy Partners D</i>	88,000,000	70,938,303	118,607,568	231,512,015	0	23.60	4.94	12.60
<i>Merit Energy Partners E</i>	100,000,000	39,983,197	50,346,448	53,746,644	0	15.50	2.60	9.21
<i>Merit Energy Partners F</i>	100,000,000	57,841,607	36,825,412	22,337,486	42,158,394	0.55	1.02	7.77
<i>Merit Energy Partners H</i>	100,000,000	32,547,044	28,038,605	3,339,129	67,452,956	-2.19	0.96	2.91



**Minnesota State Board of Investment  
- Alternative Investments -**

As of December 31, 2013

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<b>Prudential Capital Partners</b>								
<i>Prudential Capital Partners I</i>	100,000,000	97,649,912	21,013,373	133,299,578	7,093,524	11.24	1.58	12.70
<i>Prudential Capital Partners II</i>	100,000,000	94,296,891	33,253,077	105,326,450	6,105,077	9.49	1.47	8.50
<i>Prudential Capital Partners III</i>	100,000,000	92,073,255	82,480,729	44,994,221	10,833,212	13.29	1.38	4.71
<i>Prudential Capital Partners IV</i>	100,000,000	13,136,416	13,704,343	379,181	86,863,584	14.44	1.07	1.95
<b>Summit Partners</b>								
<i>Summit Subordinated Debt Fund II</i>	45,000,000	40,500,000	5,105,162	88,869,391	4,500,000	56.28	2.32	16.42
<i>Summit Subordinated Debt Fund III</i>	45,000,000	42,690,965	14,605,605	41,580,820	2,850,000	8.79	1.32	9.88
<i>Summit Subordinated Debt Fund IV</i>	50,000,000	35,605,902	33,714,582	8,287,216	14,394,098	7.82	1.18	5.76
<b>Windjammer Capital Investors</b>								
<i>Windjammer Mezzanine &amp; Equity Fund II</i>	66,708,861	52,095,147	4,070,769	74,344,991	14,360,347	8.39	1.51	13.75
<i>Windjammer Senior Equity Fund III</i>	75,000,000	64,451,545	55,394,448	56,033,403	13,139,865	16.45	1.73	7.99
<i>Windjammer Senior Equity Fund IV</i>	100,000,000	27,151,418	24,608,253	0	72,848,582	-24.12	0.91	1.85
<i>Yield-Oriented Total</i>	2,246,936,613	1,579,811,913	1,007,392,715	2,186,957,616	606,302,994		2.02	
<b>IV. Private Equity</b>								
<b>Adams Street Partners</b>								
<i>Adams Street Global Secondary Fund S</i>	100,000,000	15,370,000	15,376,763	0	84,630,000	0.08	1.00	1.54
<b>Advent International</b>								
<i>Advent International GPE VI-A</i>	50,000,000	47,450,005	52,379,410	24,012,971	2,549,995	17.44	1.61	5.75
<i>Advent International GPE VII</i>	90,000,000	26,010,000	30,995,389	0	63,990,000	23.92	1.19	1.29
<b>Affinity Ventures</b>								
<i>Affinity Ventures IV</i>	4,000,000	4,000,000	1,948,228	1,541,970	0	-3.61	0.87	9.50
<i>Affinity Ventures V</i>	5,000,000	4,250,000	2,421,891	1,218,342	750,000	-5.36	0.86	5.49
<b>APAX Partners</b>								
<i>Apax VIII - USD</i>	200,000,000	48,837,980	50,720,978	0	151,162,020	8.18	1.04	0.82
<b>Banc Fund</b>								
<i>Banc Fund VII</i>	45,000,000	45,000,000	35,687,655	812,725	0	-3.02	0.81	8.75
<i>Banc Fund VIII</i>	98,250,000	91,372,500	112,768,741	4,517,973	6,877,500	12.54	1.28	5.68
<b>Blackstone</b>								
<i>Blackstone Capital Partners IV</i>	70,000,000	72,086,971	29,079,124	160,073,122	2,184,337	37.67	2.62	11.47
<i>Blackstone Capital Partners V</i>	140,000,000	129,256,088	126,191,309	50,012,564	12,666,617	5.31	1.36	7.91
<i>Blackstone Capital Partners VI</i>	100,000,000	24,956,589	28,486,699	2,272,200	75,043,411	6.33	1.23	5.43
<b>Blackstone Strategic Partners (CSFB/ DLJ)</b>								
<i>DLJ Strategic Partners</i>	100,000,000	94,940,605	5,014,582	168,395,567	3,509,395	22.46	1.83	12.95
<i>Strategic Partners II-B</i>	100,000,000	83,964,406	5,853,165	154,638,348	10,235,594	35.24	1.91	10.46
<i>Strategic Partners III VC</i>	25,000,000	24,065,089	12,095,870	19,491,293	934,911	6.40	1.31	8.58
<i>Strategic Partners III-B</i>	100,000,000	76,480,785	44,339,918	65,131,673	16,677,119	6.59	1.43	8.58
<i>Strategic Partners IV-B</i>	100,000,000	89,338,972	61,645,512	73,754,663	10,661,028	13.57	1.52	5.77
<i>Strategic Partners IV VC</i>	40,500,000	38,352,931	27,114,117	24,405,291	1,982,175	9.06	1.34	5.54
<i>Strategic Partners V</i>	100,000,000	60,145,050	67,241,484	18,047,146	39,854,950	36.67	1.42	2.37
<b>BLUM Capital Partners</b>								
<i>Blum Strategic Partners II</i>	50,000,000	40,185,889	295,538	89,708,870	2,127,584	22.44	2.24	12.45
<i>Blum Strategic Partners III</i>	75,000,000	74,806,485	14,188,792	58,926,460	193,515	-1.92	0.98	8.58
<i>Blum Strategic Partners IV</i>	150,000,000	147,168,674	86,626,492	53,545,792	15,258,645	-1.25	0.95	6.12
<b>Carval Investors</b>								
<i>CVI Global Value Fund</i>	200,000,000	190,000,000	110,313,873	185,763,185	10,000,000	9.27	1.56	6.97
<i>CVI Credit Value Fund I</i>	100,000,000	95,000,000	155,590,620	63,000	5,000,000	21.05	1.64	3.25
<i>CVI Credit Value Fund A II</i>	150,000,000	112,500,000	123,566,240	428,690	37,500,000	19.15	1.10	1.17
<b>Chicago Growth Partners (William Blair)</b>								
<i>William Blair Capital Partners VII</i>	50,000,000	48,150,000	3,742,754	64,492,866	1,650,000	8.50	1.42	12.82
<i>Chicago Growth Partners I</i>	50,000,000	52,441,998	22,001,904	38,696,559	300,000	3.84	1.16	8.44
<i>Chicago Growth Partners II</i>	60,000,000	51,416,980	49,966,568	30,399,660	8,331,020	18.51	1.56	5.81
<i>Chicago Growth Partners III</i>	75,000,000	0	0	0	75,000,000	N/A	0.00	0.84
<b>Court Square Capital Partners</b>								
<i>Court Square Capital Partners</i>	100,000,000	80,294,872	1,397,496	180,017,021	10,505,273	28.95	2.26	12.05
<i>Court Square Capital Partners II</i>	175,000,000	158,635,030	111,935,966	111,101,110	18,005,176	9.62	1.41	7.32
<i>Court Square Capital Partners III</i>	175,000,000	17,723,867	15,316,436	1,782,195	157,276,133	-4.90	0.96	1.58
<b>Crescendo</b>								
<i>Crescendo III</i>	25,000,000	25,000,000	647,506	10,907,735	0	-12.72	0.46	15.15
<i>Crescendo IV</i>	101,500,000	101,500,000	12,815,131	34,972,153	0	-7.69	0.47	13.81
<b>CVC Capital Partners</b>								
<i>CVC European Equity Partners V</i>	122,358,288	109,967,689	96,278,360	55,611,444	12,390,599	12.52	1.38	5.77
<i>CVC Capital Partners VI</i>	288,776,231	0	0	0	288,776,231	N/A	0.00	0.48
<b>Diamond Castle Partners</b>								
<i>Diamond Castle Partners IV</i>	100,000,000	87,864,799	44,220,719	50,992,817	12,175,686	1.48	1.08	7.31
<b>DLJ (CSFB/DLJ)</b>								
<i>DLJ Merchant Banking Partners III</i>	125,000,000	121,862,168	23,514,600	256,875,415	3,137,832	19.24	2.30	13.25
<b>DSV Partners</b>								
<i>DSV Partners IV</i>	10,000,000	10,000,000	31,931	39,196,082	0	10.61	3.92	28.73
<b>EBF and Associates</b>								
<i>Merced Partners II</i>	75,000,000	63,768,881	18,461,769	104,406,983	0	24.39	1.93	6.75
<i>Merced Partners III</i>	100,000,000	100,000,000	116,979,900	0	0	7.39	1.17	3.65
<i>Merced Partners IV</i>	125,000,000	18,750,000	18,518,419	0	106,250,000	-2.28	0.99	0.47
<b>Elevation Partners</b>								
<i>Elevation Partners</i>	75,000,000	68,857,617	7,212,533	97,347,813	12,227,973	10.43	1.52	8.62
<b>Fox Paine &amp; Company</b>								
<i>Fox Paine Capital Fund II</i>	50,000,000	45,804,112	17,444,986	73,394,027	12,448,726	19.75	1.98	13.50
<b>GHJM Marathon Fund</b>								
<i>GHJM Marathon Fund V</i>	50,000,000	49,725,514	29,102,927	55,935,083	351,197	10.76	1.71	9.25
<i>TrailHead Fund</i>	20,000,000	9,464,187	8,724,230	0	10,535,813	-8.40	0.92	1.85
<b>GS Capital Partners</b>								
<i>GS Capital Partners 2000</i>	50,000,000	50,000,000	6,024,902	103,043,781	0	22.38	2.18	13.33
<i>GS Capital Partners V</i>	100,000,000	66,390,364	43,034,080	132,105,287	26,041,099	16.78	2.64	8.75
<i>GS Capital Partners VI</i>	100,000,000	67,099,679	40,001,941	48,165,515	25,067,315	4.97	1.31	6.91

**Minnesota State Board of Investment  
- Alternative Investments -**

As of December 31, 2013

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<b>GTCR Golder Rauner</b>								
<i>Golder, Thoma, Cressey &amp; Rauner Fund IV</i>	20,000,000	20,000,000	97,022	42,300,018	0	25.06	2.12	19.92
<i>GTCR VI</i>	90,000,000	90,000,000	2,345,386	77,813,800	0	-3.85	0.89	15.50
<b>GTCR VII</b>								
<i>GTCR Fund VII</i>	131,250,000	129,390,615	540,437	306,551,141	1,859,375	21.93	2.37	13.90
<i>GTCR Fund VII-A</i>	43,750,000	29,859,374	172,883	80,771,585	13,890,626	82.03	2.71	12.95
<i>GTCR IX</i>	75,000,000	69,539,933	53,275,641	52,306,171	5,460,067	11.98	1.52	7.50
<i>GTCR X</i>	100,000,000	64,198,604	71,770,013	3,402,166	35,801,396	9.82	1.17	3.06
<i>GTCR Fund XI</i>	110,000,000	0	0	0	110,000,000	N/A	0.00	0.13
<b>Hellman &amp; Friedman</b>								
<i>Hellman &amp; Friedman Capital Partners V</i>	160,000,000	145,980,521	36,552,679	364,798,717	16,052,501	27.74	2.75	9.08
<i>Hellman &amp; Friedman Capital Partners VI</i>	175,000,000	168,223,042	96,720,199	150,488,234	7,899,577	8.49	1.47	6.75
<i>Hellman &amp; Friedman Capital Partners VII</i>	50,000,000	21,050,899	19,362,341	2,385,664	28,949,101	2.34	1.03	4.70
<b>IK Investment Partners</b>								
<i>IK Fund VII</i>	204,375,509	44,060,512	44,784,659	0	160,314,997	1.69	1.02	0.30
<b>Kohlberg Kravis Roberts</b>								
<i>KKR Millennium Fund</i>	200,000,000	200,000,000	87,180,602	306,151,065	0	16.33	1.97	11.06
<i>KKR 2006 Fund</i>	200,000,000	201,493,014	147,718,804	136,988,594	11,811,184	7.21	1.41	7.26
<b>Leonard Green &amp; Partners</b>								
<i>Green Equity Investors VI</i>	200,000,000	36,754,166	35,158,263	508,257	163,245,834	-4.04	0.97	1.80
<b>Lexington Capital Partners</b>								
<i>Lexington Capital Partners VI-B</i>	100,000,000	97,619,472	58,082,998	73,196,185	2,380,528	7.74	1.34	8.02
<i>Lexington Capital Partners VII</i>	200,000,000	138,235,314	122,980,972	59,321,192	61,764,686	17.89	1.32	4.55
<b>Nordic Capital</b>								
<i>Nordic Capital Fund VIII</i>	204,244,422	20,291,412	20,523,764	0	183,953,010	1.15	1.01	0.30
<b>Permira</b>								
<i>Permira V</i>	206,692,425	0	0	0	206,692,425	N/A	0.00	0.00
<b>RWI Ventures</b>								
<i>RWI Ventures I</i>	7,603,265	7,603,265	547,248	6,094,262	0	-4.40	0.87	7.50
<i>RWI Group III</i>	616,430	616,430	32,546	526,806	0	-3.33	0.91	7.50
<b>Sightline Healthcare</b>								
<i>Sightline Healthcare Fund III</i>	20,000,000	20,000,000	1,523,115	5,465,766	0	-11.92	0.35	14.94
<i>Sightline Healthcare Fund IV</i>	7,700,000	7,753,673	2,572,426	4,621,834	0	-1.91	0.93	10.27
<b>Silver Lake Partners</b>								
<i>Silver Lake Partners II</i>	100,000,000	89,314,415	45,610,101	98,049,082	11,681,453	9.51	1.61	9.50
<i>Silver Lake Partners III</i>	100,000,000	80,067,488	67,358,324	51,730,700	20,667,939	14.94	1.49	6.75
<i>Silver Lake Partners IV</i>	100,000,000	4,754,815	4,754,815	0	95,245,185	0.00	1.00	1.26
<b>Split Rock Partners</b>								
<i>Split Rock Partners</i>	50,000,000	44,799,999	32,889,101	597,892	5,200,001	-5.53	0.75	8.67
<i>Split Rock Partners II</i>	60,000,000	36,200,000	29,893,186	479,262	23,100,000	-7.94	0.84	5.68
<b>Summit Partners</b>								
<i>Summit Ventures V</i>	25,000,000	24,125,000	81,634	33,274,796	875,000	8.10	1.38	15.75
<i>Summit Partners Growth Equity Fund VIII</i>	100,000,000	27,500,000	26,339,363	0	72,500,000	-7.19	0.96	2.66
<i>T. Rowe Price</i>	95,993,757	95,993,757	66,191,274	31,699,276	0	3.47	1.02	5.82
<b>Thoma Cressey</b>								
<i>Thoma Cressey Fund VI</i>	35,000,000	33,915,000	585,430	34,118,041	1,085,000	0.27	1.02	15.36
<i>Thoma Cressey Fund VII</i>	50,000,000	50,000,000	4,413,306	96,040,355	0	23.23	2.01	13.35
<i>Thoma Cressey Fund VIII</i>	70,000,000	68,932,574	71,977,832	84,866,446	770,000	15.20	2.28	7.67
<b>Thomas, McNerney &amp; Partners</b>								
<i>Thomas, McNerney &amp; Partners I</i>	30,000,000	29,400,000	12,895,302	10,504,694	600,000	-4.88	0.80	11.15
<i>Thomas, McNerney &amp; Partners II</i>	50,000,000	43,375,000	32,404,583	13,574,160	6,625,000	1.58	1.06	7.50
<b>Varde Fund</b>								
<i>Varde Fund IX</i>	100,000,000	100,000,000	79,178,184	117,987,286	0	15.42	1.97	5.52
<i>Varde Fund X</i>	150,000,000	150,000,000	202,565,100	0	0	11.95	1.35	3.70
<i>Varde Fund XI</i>	200,000,000	150,000,000	152,608,200	0	50,000,000	3.39	1.02	0.48
<b>Vestar Capital Partners</b>								
<i>Vestar Capital Partners IV</i>	55,000,000	52,761,494	3,277,467	89,397,763	746,945	13.03	1.76	14.05
<i>Vestar Capital Partners V</i>	75,000,000	74,467,459	62,730,236	22,488,956	857,770	2.86	1.14	8.04
<i>Vestar Capital Partners VI</i>	100,000,000	11,262,514	8,977,778	0	88,737,486	-39.95	0.80	2.27
<b>Warburg Pincus</b>								
<i>Warburg Pincus Equity Partners</i>	100,000,000	100,000,000	3,123,843	158,591,853	0	9.95	1.62	15.52
<i>Warburg Pincus Private Equity VIII</i>	100,000,000	100,000,000	54,572,415	183,618,505	0	15.99	2.38	11.71
<i>Warburg Pincus Private Equity IX</i>	100,000,000	100,000,000	45,053,290	132,719,508	0	10.87	1.78	8.43
<i>Warburg Pincus Private Equity X</i>	150,000,000	150,060,914	128,327,484	62,124,306	0	6.86	1.27	6.19
<i>Warburg Pincus Private Equity XI</i>	200,000,000	55,883,377	58,344,481	680,000	144,116,623	7.96	1.06	1.03
<b>Wayzata</b>								
<i>Wayzata Opportunities Fund</i>	100,000,000	93,180,000	42,119,352	131,165,230	6,820,000	10.22	1.86	8.03
<i>Wayzata Opportunities Fund II</i>	150,000,000	57,450,000	94,623,982	77,679,900	92,550,000	15.43	3.00	6.19
<i>Wayzata Opportunities Fund III</i>	150,000,000	12,135,000	10,679,031	136,917	137,865,000	-16.08	0.89	1.54
<b>Welsh, Carson, Anderson &amp; Stowe</b>								
<i>Welsh, Carson, Anderson &amp; Stowe VIII</i>	100,000,000	100,000,000	110,216	128,668,552	0	3.10	1.29	15.44
<i>Welsh, Carson, Anderson &amp; Stowe IX</i>	125,000,000	123,750,000	21,916,331	174,650,584	1,250,000	10.80	1.59	13.51
<i>Welsh, Carson, Anderson &amp; Stowe X</i>	100,000,000	98,578,466	78,176,119	63,449,485	2,000,000	6.71	1.44	8.04
<i>Welsh, Carson, Anderson &amp; Stowe XI</i>	100,000,000	84,450,347	91,740,080	18,975,412	15,549,653	12.91	1.31	5.45
<b>Private Equity Total</b>	<b>9,922,610,328</b>	<b>6,795,284,642</b>	<b>4,222,777,285</b>	<b>6,137,165,811</b>	<b>3,123,177,230</b>		<b>1.52</b>	
<b>Alternatives Total</b>	<b>15,754,554,382</b>	<b>10,833,557,111</b>	<b>7,063,132,182</b>	<b>9,710,767,075</b>	<b>4,882,431,303</b>		<b>1.55</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



<b>RESOURCE MANAGER SUMMARY PROFILE</b>
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**I. Background Data**

<b>Name of Fund:</b>	The Energy & Minerals Group Fund III, L.P.
<b>Type of Fund:</b>	Resource Limited Partnership
<b>Target Fund Size:</b>	\$2.5 billion
<b>Fund Manager:</b>	EMG Fund III Management, LP
<b>Manager Contact:</b>	John Raymond 811 Main Street, Suite 4200 Houston, TX 77002 P: 713-579-5000

**II. Organization and Staff**

EMG was formed in 2006 by John T. Raymond and John G. Calvert to pursue a broad natural resources mandate allowing for “three-dimensional” diversity by geography, commodity and business function, which the Firm believes provides the necessary capital allocation flexibility to optimize risk-adjusted returns. Mr. John Raymond, Chief Executive Officer of EMG, has substantial operating experience in the natural resources industry having served in various executive roles throughout his career. Prior to cofounding EMG, he served as CEO of Vulcan Energy Corp. (the private company successor to Plains Resources, Inc. where he also served as CEO), President and COO of Plains Exploration and Production and Director of Plains All American Pipeline, L.P. Mr. John Calvert, Chief Operating Officer of EMG, has spent his entire career in the natural resources sector. Prior to co-founding EMG, he provided strategic counsel and transaction execution advice to some of the world’s largest mining and metals companies while serving as a Managing Director at Deutsche Bank Securities and as Managing Director and global head of mining investment banking at Credit Suisse First Boston.

The Firm’s Investment Committee will be comprised of the Co-Founders and Mr. Lee Raymond, the former CEO of ExxonMobil. The members of the Investment Committee are supported by, amongst others, experienced Managing Directors, Jeffrey C. Rawls, Patrick G. Wade and Jeff A. Ball. In the aggregate, the EMG team is comprised of 12 investment professionals and a 12-person tax, finance and reporting team that has experience in structuring investments in an efficient manner. In addition, the Firm expects to augment the team throughout the life of EMG III.

**III. Investment Strategy**

EMG pursues investments across the natural resources industry with an emphasis on the entire energy complex and all facets of the minerals and metals industry, with a particular emphasis on the non-substitutable, industrial commodities. In order to generate what EMG believes are the

most attractive risk-adjusted returns across the natural resources industry, the Firm utilizes an investment strategy with “three dimensional” diversity by geography, commodity and business function, which allows the Firm to adapt to the ever changing investment landscape. The Firm will continue to utilize this three-dimensional investment approach for EMG III. As a focused investor with a global network of relationships and capability to pursue opportunities in multiple jurisdictions, EMG has executed transactions in the United States, Canada, South Africa and Australia. The Firm’s strategy is to invest in jurisdictions that have a historical precedent of rule of law and general operating practices, which has manifested itself in EMG’s track record of investing in the four aforementioned countries, with the majority of capital being invested in North America. In addition, EMG has expertise across the entire energy value chain and spectrum of steel industry inputs, coal, platinum group metals, and base metals that should enable it to understand current sub-sector dynamics and identify areas of interest appropriately. Unlike many energy-related private equity firms, EMG is not solely focused on one sub-sector of the industry in one region (e.g. North American upstream oil and gas) and therefore it can allocate capital to what the Firm believes are the most attractive risk-adjusted opportunities across the natural resources industry in the countries identified above.

To execute on the Firm’s broad investment mandate, EMG has a consistent, disciplined investment thesis and approach. Specifically, the Firm seeks to identify investments that represent each of the following three key tenets:

- 1) Low cost sources of supply and/or production – EMG believes businesses with low cost sources of supply and/or production, either direct or underlying, will be able to compete effectively on a through-cycle basis in the global natural resources industry.
- 2) High quality commodity based products – The Firm targets companies with high quality commodity based products, either direct or derivatives thereof, in order to maximize margins and achieve superior profitability.
- 3) Strategic proximal locations – EMG seeks to ensure that its portfolio companies are strategically located near their direct end user(s) or key export points in order to have the ability to deliver the respective products to market on a cost competitive basis.

#### **IV. Investment Performance**

The historical investment performance of EMG as of September 30, 2013 is presented below:

<b>Fund</b>	<b>Inception Date</b>	<b>Total Equity Commitments</b>	<b>SBI Investment</b>	<b>Net IRR from Inception *</b>	<b>Net MOIC from Inception*</b>
The Energy & Minerals Group Fund II, L.P.	2011	\$2.25 billion	\$100 million	11.9%	1.1
NGP Midstream & Resources, L.P. (EMG Fund I)	2007	\$1.4 billion	\$100 million	24.5%	2.1

\* 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 EMG.

**V. General Partner's Investment**

The General Partner will make a commitment equal to 2.0% of the aggregate commitments.

**VI. Management Fee**

During the Investment Period, 1.75% per annum of the overall commitments up to \$2 billion and 1.50% of the overall commitments in excess of \$2 billion, stepping down after the Investment Period.

**VII. Distributions**

80% of realized profits to the Limited Partners and 20% to the General Partner, subject to an 8% preferred return to the Limited Partners.

**IX. Investment Period and Term**

The investment period will terminate on the fifth anniversary of the final closing date.

The Fund will terminate after 10 years, subject to extension provisions.

*\* 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.2*



<b>PRIVATE EQUITY MANAGER SUMMARY PROFILE</b>
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**I. Background Data**

<i>Name of Fund:</i>	Lexington Capital Partners VIII, L.P.
<i>Type of Fund:</i>	Private Equity Limited Partnership
<i>Target Fund Size:</i>	\$8 billion
<i>Fund Manager:</i>	Lexington Partners
<i>Administrative Contact:</i>	Jenny Kheng Lexington Partners 3000 Sand Hill Road, Ste 1-220 Menlo Park, CA 94025 (650) 561-9600

**II. Organization and Staff**

Lexington is the largest independent manager of secondary acquisition and co-investment funds with more than \$22 billion in original committed capital. Lexington's funds pursue innovative strategies in two principal areas: (i) providing secondary liquidity to owners of private equity and alternative investments and (ii) making co-investments alongside leading sponsors. In addition, since 1998, Lexington's secondary funds have made select commitments to new private investment funds during their initial formation to complement Lexington's secondary acquisition strategy. Lexington has been at the forefront of private equity innovation since principals of Lexington helped pioneer the development of the secondary market for private investment fund interests over 20 years ago and also created one of the first independent co-investment programs 15 years ago. Lexington's leadership position in the secondary and co-investment markets has attracted commitments from more than 250 institutional investors in over 30 countries, including many of the largest global investors with alternative asset commitments.

Since 1990, principals of Lexington have successfully originated, analyzed, negotiated, and closed over 340 secondary transactions acquiring over 2,200 private investment fund interests managed by more than 580 sponsors. Lexington employs professionals skilled in all aspects of global secondary, co-investment, and primary origination, financial analysis, negotiation, monitoring, investor relations, fund accounting, and administration. Lexington currently employs 77 people and has offices located in major centers for private equity and alternative investing – New York, Boston, Menlo Park, London, and Hong Kong. In addition, Lexington has advisors located in key areas of emerging interest– Asia, Australia, and Latin America. Lexington's private equity secondary strategy is led by Partners Brent Nicklas, Kirk Beaton, Duncan Chapman, Tom Giannetti, Charles Grant, Rebecca John, Tom Newby, Marshall Parke, Pål Ristvedt, John Rudge, Lee Tesconi, Wilson Warren, and Victor Wu.

**III. Investment Strategy**

Lexington intends to capitalize on the experience of its principals, its substantial expertise in secondary market transactions, its proprietary database of information, and its extensive global sourcing networks to seek superior investment returns for LCP VIII. Lexington's investment



strategy targets the entire spectrum of secondary transactions, from complex, multi-billion dollar portfolio transactions to the purchase of individual fund interests. While LCP VIII is expected to concentrate on acquiring portfolios of interests in global private investment funds, the Partnership will also consider a full range of transaction types including direct secondary investments, hedge fund private equity assets, institutional equity co-investments, captive financial spin-outs, and private investment fund recapitalizations. Lexington believes that the firm's broad, opportunistic investment strategy will allow LCP VIII to deploy capital to the segments of the secondary market offering the most attractive risk-adjusted returns.

The private investment fund interests that may be available for purchase in the secondary market during the investment period of the Partnership are expected to be similar to those of its predecessor, LCP VII. While the majority of LCP VII's capital has been committed to private equity funds, LCP VII has invested approximately 10% of its capital in other alternative investments such as infrastructure, credit, and energy. This is a reflection of the greater share of primary capital committed to these investment strategies in recent years.

#### **IV. Investment Performance**

Previous fund performance as of June 30, 2013 for Lexington Partners 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>
Lexington Capital Partners VII	2010	\$7,053 million	\$200 million	21.2%	1.3
Lexington Capital Partners VI	2006	\$3,773 million	\$100 million	6.2%	1.2
Lexington Capital Partners V	2002	\$2,004 million	--	19.3%	1.6
Lexington Capital Partners IV	2000	\$606 million	--	19.4%	1.8
Lexington Capital Partners III	1999	\$656 million	--	8.7%	1.3
Lexington Capital Partners II	1998	\$1,111 million	--	8.3%	1.3
Lexington Capital Partners I	1996	\$242 million	--	13.2%	1.3

\* 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 Lexington Partners.

#### **V. General Partner's Investment**

Lexington Partners will make an aggregate capital commitment to the Fund equal to the lesser of \$100 million or 2% of the Fund's total capital commitments.

## **VI. Management Fees**

During the investment period, 0.90% to 1.0% of capital committed to the Fund, depending on the size of the investor's commitment. After the investment period, the fee will be based on the value of remaining investments and their unfunded commitments.

## **VII. Distributions**

90.0% of realized profits to the Limited Partners and 10.0% to the General Partner, subject to 7% preferred return test to the Limited Partners. 87.5% of realized profits to the Limited Partners and 12.5% to the General Partner, subject to 10% preferred return test to the Limited Partners.

## **VIII. Investment Period and Term**

The Investment Period will last until the earlier of (i) full commitment or (ii) five years from final closing.

The Fund will have a term of ten years, subject to possible extension.

*\* 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 supplemental thereto.*



<b>PRIVATE EQUITY MANAGER SUMMARY PROFILE</b>
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**I. Background Data**

<b><i>Name of Fund:</i></b>	Strategic Partners Fund VI, L.P.
<b><i>Type of Fund:</i></b>	Private Equity Limited Partnership
<b><i>Target Fund Size:</i></b>	\$3.5 billion
<b><i>Fund Manager:</i></b>	Strategic Partners
<b><i>Administrative Contact:</i></b>	Stephen Can Strategic Partners Fund Solutions The Blackstone Group L.P. 345 Park Avenue New York, NY 10154 (212) 583 5000

**II. Organization and Staff**

Strategic Partners was established in 2000 as Donaldson, Lufkin and Jenrette's ("DLJ") dedicated secondary private equity manager prior to the acquisition of DLJ by Credit Suisse. Since its founding in 2000, Strategic Partners has raised approximately \$11.8 billion dedicated to secondary private equity investing. SP VI will be the first secondary private equity fund sponsored by Blackstone and the sixth managed and led by the Strategic Partners team members. With over 13 years of experience, Strategic Partners is recognized as an innovative and market-leading secondary private equity investor, with broad transaction capabilities on a global scale through its network of strong relationships, as well as a leading reputation for executing transactions on a fair, timely and confidential basis.

In 2013, Blackstone acquired the Strategic Partners business from Credit Suisse. Blackstone has created an independent division for Strategic Partners to focus on its core business. Strategic Partners' partnership with Blackstone is expected to significantly enhance its business by enabling it to harness Blackstone's global capabilities, relationships and expertise to provide significant competitive advantages in sourcing and executing secondary transactions and ultimately strengthen Strategic Partners' investment platform. Strategic Partners believes that leveraging its partnership with Blackstone, while still preserving its investment philosophy and focus, should translate into enhanced investment returns for its limited partners.

Strategic Partners, headquartered in New York, is comprised of 30 dedicated investment professionals.

**III. Investment Strategy**

Like its predecessor funds, SP VI will seek significant capital appreciation primarily through the purchase of secondary interests in mature, high-quality leveraged buyout funds from investors seeking liquidity prior to the termination of these funds, with secondary interests in mezzanine, venture capital, distressed securities, fund of funds and other asset classes also considered. The Fund may also, to a lesser extent, make primary investments in underlying funds and direct

equity, equity-like and debt investments. While SP VI will have a global investment mandate, it is anticipated that its portfolio will mainly be comprised of funds managed by U.S. and Western European sponsors.

#### **IV. Investment Performance**

Previous fund performance as of June 30, 2013 for Strategic Partners 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>
SP V	2011	\$ 2,429 million	\$100 million	57.8%	1.42
SP IV	2008	\$ 2,073 million	\$100 million	15.1%	1.49
SP III	2005	\$ 1,900 million	\$100 million	5.5%	1.23
SP II	2003	\$ 1,625 million	\$100 million	30.9%	1.67
SP I	2001	\$ 832 million	\$100 million	18.0%	1.65

\* 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 Strategic Partners.

#### **V. General Partner's Investment**

Strategic Partners professionals and Blackstone will make aggregate capital commitments to the Fund of the lesser of \$60 million or 2% of the Fund's total capital commitments.

#### **VI. Management Fees**

During the investment period, 0.75% to 1.0% of capital committed to the Fund, depending on the size of investor commitment. After the investment period, the fee will be based on the value of remaining investments.

#### **VII. Distributions**

87.5% of realized profits to the Limited Partners and 12.5% to the General Partner, subject to an 8% preferred return to the Limited Partners.

#### **VIII. Investment Period and Term**

The Investment Period will last for a period of four years, subject to possible extension.

The Fund will have a term of ten years, subject to possible extension.

*\* 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 supplemental thereto.*

TAB

E

DATE: February 11, 2014

TO: Members, Investment Advisory Council

FROM: SBI Staff

**SUBJECT: Roundtable Discussion – Direct Lending and Private Debt Opportunities**

As part of a roundtable discussion, staff will present information on private senior debt investment opportunities which could be considered for investment by the SBI for the Combined Funds in the future. In addition, a guest speaker will provide additional insights on the subject.

Generally, senior debt strategies can offer attractive yield and risk characteristics when compared to traditional equity and fixed income opportunities. The market for senior debt is expanding rapidly as banks have backed away from this market due to restrictive regulatory lending requirements. Therefore, other investors such as public pension funds are filling in the gap and are finding a wide range of new and attractive investment opportunities.

For the alternative investment portfolio, staff is examining senior debt investment opportunities through commingled funds (including limited partnerships) which invest in senior corporate or real estate loans. Traditionally, the SBI's alternative investment portfolio has invested in equity and subordinated debt portfolios which offer higher returns at the cost of higher risk. Senior debt investments may offer slightly lower, yet still attractive, returns in exchange for lower risk characteristics.

For the fixed income portfolio, staff is examining senior bank loan investment opportunities which offer high yields compared to traditional fixed income investments and a floating rate which can help lessen price and interest rate risk.

Currently, many other investors, including other public pension plans, are examining and incorporating private senior debt investment strategies as part of broader allocations to credit investments. These investments can have attractive risk/return characteristics for the SBI's Combined Funds. Going forward, staff believes further investigation of these investment strategies is warranted.

On the next page is a short biography of our invited speaker.

**Louis Salvatore**  
**Senior Managing Director of The Blackstone Group**  
**Head of Portfolio Management of GSO Capital Partners**

Louis Salvatore is a Senior Managing Director of The Blackstone Group and Head of Portfolio Management of GSO Capital Partners. Mr. Salvatore focuses on coordinating all of GSO's Investment Committee functions as well as sourcing and investing capital in both public and private opportunities. Mr. Salvatore is a member of GSO's Investment Committee. Before joining GSO Capital Partners in 2005, Mr. Salvatore was a Principal of DLJ Investment Partners, the mezzanine fund of CSFB's Alternative Capital Division. Mr. Salvatore joined CSFB in 2000 when it acquired DLJ, where he was a member of the Merchant Banking Group. He had been a member of DLJ's Leveraged Finance Group, specializing in corporate restructurings. Prior to that, he worked for Kidder Peabody. Mr. Salvatore received a BA in Economics from Cornell University and an MBA from the Wharton School of the University of Pennsylvania.