Dallas Employees' Retirement Fund
Executive Summary of Performance
Third Quarter 2015

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Capital Market Overview

Global stock markets swooned in the third quarter of 2015 as concerns over an economic slowdown in China overwhelmed strong signals of a strengthening U.S. economy and fueled further losses in already-battered commodities markets. The Chinese stock market suffered a major sell-off in the quarter (MSCI China, net dividends: -22.74% local currency, -22.71% US dollar terms); China's central bank devalued the yuan in August in an attempt to stimulate the economy, a poorly-communicated move that only exacerbated the stock market's plunge and unnerved global investors. In contrast, U.S. real GDP growth was strong during the second quarter of 2015, expanding 3.9% on an annualized basis. Economic growth has improved during the last two years, and 12-month trailing real GDP growth stood at 2.7% through June 30, 2015. Growth was broad-based during the quarter with consumer, business and government spending all exhibiting gains. Despite weakness abroad, the U.S. economy continues to grow due, in part, to strong personal consumption, which continued a positive trend into the third quarter. Additionally, solid jobs growth in the U.S. continued into the third quarter as total nonfarm employment increased an average of 221,000 jobs per month during the three months ending August. The unemployment rate has steadily decreased this year, failing to 5.1% in August versus 5.6% for year-end 2014. Despite these promising economic indicators, overall U.S. consumer inflation continues to run at historically low levels, as falling prices in the volatile Food & Energy segments of the economy overwhelmed moderate inflation in core goods and services in the third quarter (U.S. Consumer Price Index, All Urban Consumers: -0.29%; CPI-U less Food & Energy: 0.41%). Crude oil futures fell over 25% during the quarter, ending at $45.09 per barrel. Despite global economic turmoil, gold fell over 5% in the third quarter as well. Although much focus has been placed on China and global growth, the inflation picture in the U.S. also weighed into the Federal Open Market Committee's decision at their September meeting to stand pat on interest rates. The FOMC's favored price signal, the Personal Consumption Expenditures Index, has been running below their target rate of 2% for a little more than three years. Recently, both this index and U.S. CPI have been trending towards zero, in part due to declines in airfare and gasoline prices. The ultimate risk, of course, is entering a period of sustained deflation, something Japan has struggled with for more than two decades. In addition, the decline in global equities spurred a safe-haven rotation into U.S. Treasuries and other low-risk fixed income asset space, pushing bond yields lower and widening spreads for higher-risk credits. Ten-year U.S. breakeven inflation—the difference in yields between 10-year nominal U.S. Treasury Bonds and 10-Year Treasury Inflation-Protected Securities (TIPS)—dipped to 141 basis points as of September 30, 2015. Although breakeven has risen since that low point, this bellwether statistic points to a market consensus of very low inflation in the near term, further supporting the FOMC's decision to hold fast on raising interest rates.

U.S. Equity Market

The U.S. stock market, represented by the Wilshire 5000 Total Market Index^{SM}, was down for the third quarter of 2015, falling -6.91%. This marked the first negative quarter in three years, ending the longest "win" streak since the mid-late nineties. The first major sell-off of the quarter occurred in August, a week after China devalued its currency, which had been strengthening versus both the Euro and Yen at a time when China's economic growth was failing to meet its official growth target. Another minor sell-off occurred in September after the FOMC announced it would not raise the Fed funds rate at that time. China played a role here as well, as the Committee

expressed concerns about global growth prospects, which clearly unnerved investors. Large capitalization stocks outperformed smaller shares with the Wilshire Large-Cap Index℠ down -6.44% versus a loss of -10.88% for the Wilshire US Small-Cap Index℠. Larger shares trail slightly for the past twelve months although both indices are within a range of 0% to -0.5%. The Wilshire US Micro-Cap Index℠ was down -12.60% for the quarter and -1.11% for the past one-year. Growth stocks trailed value during the third quarter in both large- and small-cap spaces (Wilshire US Large Growth℠, -6.63: Wilshire US Large Value℠, -6.26%; Wilshire US Small Growth℠, -12.87%; Wilshire US Small Value℠, -8.93%). Sector performance in the Wilshire 5000 was mostly negative, although Utilities were able to produce a gain, up 4.90% for the quarter; the second-best performing sector, Consumer Staples, dropped a scant -0.73%. The three sectors that were down the most were Energy, Materials and Health Care, down -18.53%, -17.20% and -10.91%, respectively. U.S.-based real estate stocks provided one of the few bright spots in the third quarter, with share prices recovering some of the ground lost in their second quarter slump (Wilshire US Real Estate Securities℠, 2.85%). MLPs endured a dismal quarter, with the collapse in oil prices helping to send share values sharply lower despite the midstream focus of most MLPs (Alerian MLP Index, -22.10%).

Fixed Income Market

U.S. bond markets managed moderate gains in the third quarter, buoyed mostly by strong performance in Treasuries and structured finance bonds such as mortgage-backed and asset-backed securities (Barclays U.S. Aggregate, 1.23%). China's economic woes sent many investors to the relative safety of U.S. Treasuries, pushing yields down across most maturities during the quarter. The bellwether ten-year U.S. Treasury yield ended the third quarter down 29 bps at 2.06%. The ten-year has struggled to stay above 2% this year, a level not seen since early 2013. The U.S. Treasury yield curve flattened over the quarter; the two-year yield stayed at 0.64%, while the 30-year yield dropped 24 bps to end the quarter at 2.87%. Long-term Treasuries outperformed shorter-term issues by a wide margin (Barclays U.S. Treasury 1-3 Years, 0.31%; Barclays U.S. Treasury Long, 5.08%). The FOMC refrained from raising interest rates in September, but many officials have suggested that rates will be raised by year-end. With financing conditions already tightening in corporate-bond space, the anticipation of increased borrowing costs has pushed spreads higher relative to Treasuries (Barclays U.S. Corporate Investment Grade, 0.83%; Barclays U.S. Treasury, 1.76%). High yield bonds saw spreads jump dramatically over the last quarter, making these bonds the worst-performing broad sector in fixed income space (Barclays U.S. High Yield, -4.86%).

Non-U.S. Markets

Stock markets worldwide were rocked in the third quarter by jitters over the impact of China's economic slowdown on global commerce and central bank policies in multiple world regions (MSCI All-Country World ex-US, net: -9.62% local, -12.17% USD). European equities experienced somewhat smaller losses than Asia-Pacific region stocks, as the Eurozone's economy in the second quarter grew at a higher rate than analysts had expected (MSCI Europe, net, -6.99% local, -8.69% USD; MSCI Pacific, net, -12.79% local, -13.21% USD). The euro's recent weakness against the U.S. dollar has boosted the region's exports, and stock valuations are at unusually attractive levels after recent market plunges. Emerging market equities were dragged down by China as well as by the collapse in commodities markets (MSCI Emerging Markets, net: -12.09% local, -17.90% USD).

Summary of Index Returns

For Periods Ended September 30, 2015

	Quarter	One Year	Three Years	Five Years	Ten Years
Domestic Equity					
Standard & Poor's 500	-6.44%	-0.61%	12.41%	13.34%	6.80%
Wilshire 5000	-6.91	-0.38	12.42	13.17	6.97
Wilshire 4500	-9.78	0.77	13.29	12.98	7.89
Wilshire Large Cap	-6.44	-0.42	12.43	13.20	6.89
Wilshire Small Cap	-10.88	-0.14	12.38	12.93	8.09
Wilshire Micro Cap	-12.60	-1.11	11.39	11.98	5.14
Domestic Equity					
Wilshire Large Value	-6.26%	-3.13%	10.89%	12.28%	5.82%
Wilshire Large Growth	-6.63	2.63	14.22	14.24	7.92
Wilshire Mid Value	-6.60	0.55	13.36	12.98	7.36
Wilshire Mid Growth	-10.81	-0.83	14.28	13.28	8.98
Wilshire Small Value	-8.93	0.37	12.05	12.47	7.56
Wilshire Small Growth	-12.87	-0.63	12.72	13.32	8.57
International Equity					
MSCI All World ex U.S. (USD)	-12.17%	-12.16%	2.34%	1.82%	3.03%
MSCI All World ex U.S. (local currency)	-9.33	-1.30	10.39	6.81	4.19
MSCI EAFE	-10.23	-8.66	5.63	3.98	2.97
MSCI Europe	-8.69	-9.32	6.03	4.28	3.31
MSCI Pacific	-13.21	-7.51	4.80	3.49	2.34
MSCI Emerging Markets Index	-17.89	-19.28	-5.27	-3.57	4.27
Domestic Fixed Income					
Barclays Aggregate Bond	1.23%	2.94%	1.71%	3.10%	4.64%
Barclays Credit	0.53	1.50	2.02	4.09	5.28
Barclays Mortgage	1.30	3.43	1.98	3.03	4.71
Barclays Treasury	1.76	3.76	1.29	2.55	4.35
Citigroup High Yield Cash Pay	-5.54	-4.44	2.87	5.77	6.80
Barclays US TIPS	-1.15	-0.83	-1.83	2.55	4.01
91-Day Treasury Bill	0.01	0.03	0.06	0.08	1.33
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	1.71%	- 7.01%	-4.59%	-1.32%	2.92%
Citigroup World Gov. Bond	1.71	-3.83	-2.85	-0.19	3.37
Citigroup Hedged Non-U.S. Gov.	2.01	4.01	4.39	3.87	4.31
Currency*					
Euro vs. $	0.18%	-11.64%	-4.62%	-3.95%	-0.77%
Yen vs. $	2.17	- 8.41	-13.39	-6.95	-0.55
Pound vs. $	-3.68	-6.56	2.11	-0.79	-1.54
Real Estate					
Wilshire REIT Index	2.88%	11.66%	10.09%	12.52%	6.81%
Wilshire RESI	2.85	12.01	10.26	12.55	6.79
NCREIFC Property Index	3.09	13.47	11.90	12.55	8.02

*Positive values indicate dollar depreciation.

Total Fund Overview

Asset Class Performance

	Assets		Performance (%)					
	($Mil)	(%)	QTR	YTD	1-year	3-year	5-year	10-year
U.S. Equity	459.1	14.5	-8.13	-5.05	0.34	11.97	12.83	6.72
International Equity	441.0	13.9	-11.00	-6.20	-9.81	5.04	3.95	3.90
Global Equity	144.7	4.6	-9.65	-7.23	-7.05	6.61	-.-	-.-
Global Low Volatility	329.7	10.4	-3.96	-.-	-.-	-.-	-.-	-.-
Real Estate	444.4	14.0	2.66	2.94	10.68	10.74	12.23	6.67
Global Fixed Income	452.5	14.3	1.15	1.05	2.75	2.14	3.97	4.50
High Yield	479.6	15.2	-4.43	-0.90	-1.85	3.54	6.07	6.28
Public Real Assets	245.2	7.8	-24.51	-28.52	-33.27	4.06	-.-	-.-
Private Equity	142.1	4.5	4.63	10.57	11.64	12.60	12.20	-.-
Cash Equivalents	24.9	0.8	0.02	0.03	0.03	0.07	0.08	-0.14
Total Fund	**3,163.3**	**100.0**	**-6.10**	**-3.99**	**-2.91**	**6.98**	**8.11**	**6.05**
Asset Allocation Policy			**-6.09**	**-4.21**	**-3.66**	**6.51**	**7.89**	**6.10**
Value Added vs Policy			*-0.01*	*0.22*	*0.75*	*0.47*	*0.22*	*-0.05*
Actuarial Rate			2.00	8.25	8.25	8.25	8.25	8.25
Wilshire 5000 Index			-6.91	-5.36	-0.38	12.42	13.17	6.97
S&P 500 Index			-6.44	-5.29	-0.62	12.41	13.34	6.80
MSCI ACWI x-U.S. IMI Index			-11.88	-7.84	-11.42	2.74	2.08	3.31
MSCI EAFE Index			-10.23	-5.28	-8.66	5.63	3.98	2.97
Barclays Aggregate Bond Index			1.23	1.13	2.94	1.71	3.10	4.64
Citigroup High Yield Cash Pay			-5.54	-3.13	-4.44	2.87	5.77	6.80
Wilshire RE Securities Index			2.85	-2.63	12.01	10.26	12.55	6.79
91-Day Treasury Bill			0.01	0.02	0.03	0.06	0.08	1.33

Total Fund Asset Growth

($Millions)	Beg. Mkt Value	Net Contrib.	Net Distrib.	Investment Fees	Investment Gain/Loss	End Mkt Value	Total Return
3Q12	2,846.2	13.7	55.6	3.3	148.7	2,949.6	5.08%
4Q12	2,949.6	20.2	55.7	2.3	73.5	2,985.2	2.43%
1Q13	2,985.2	18.3	56.8	3.4	179.4	3,122.7	5.92%
2Q13	3,122.7	22.3	59.0	3.2	8.1	3,091.0	0.15%
3Q13	3,091.0	18.0	58.2	3.4	151.2	3,198.6	4.76%
4Q13	3,198.6	24.1	57.2	3.3	169.8	3,332.1	5.22%
1Q14	3,332.1	26.1	62.0	4.3	76.3	3,368.2	2.21%
2Q14	3,368.2	25.4	58.8	3.9	148.0	3,479.0	4.26%
3Q14	3,479.0	22.6	62.0	2.5	(39.5)	3,397.5	-1.21%
4Q14	3,397.5	30.7	62.8	3.3	40.4	3,402.5	1.10%
1Q15	3,402.5	36.1	72.3	3.5	84.0	3,446.8	2.36%
2Q15	3,446.8	44.4	77.2	3.9	0.4	3,410.6	-0.11%
3Q15	3,410.6	29.6	68.5	3.4	(205.0)	3,163.3	-6.10%

- At the end of the third quarter of 2015, the Fund's market value was $3,163 million, which represented a decrease of $274 million in total net asset value over the previous quarter. The decrease in the Fund's value was driven by $68.5 million in net outflows and $3.4 million in investment fees. This was partially offset by $29.6 million in net contributions. The investment gain/loss for the period was -$205 million.

Total Fund Attribution vs. Policy

Asset Class	Assets (%)		Policy (%)		Difference (%)		Total Fund Return Contribution (%)			
	Weight	Return	Weight	Return	Weight	Return	Actual Allocation	Interaction	Active Management	Total
U.S. Equity	14.7	-8.13	15.0	-6.91	-0.3	-1.22	0.00	0.00	-0.19	-0.18
International Equity	14.4	-11.00	15.0	-11.88	-0.6	0.88	0.04	-0.01	0.14	0.17
Global Equity	4.7	-9.65	5.0	-9.45	-0.3	-0.20	0.01	0.00	-0.01	0.00
Global Low Volatility	10.2	-3.96	10.0	-4.36	0.2	0.40	0.00	0.00	0.04	0.04
Public REITs	5.3	2.94	5.0	2.85	0.3	0.10	0.01	0.00	0.00	0.02
Direct Core Real Estate	8.0	2.46	5.0	3.68	3.0	-1.22	0.30	-0.04	-0.06	0.20
Global Fixed Income	13.9	1.15	12.5	1.23	1.4	-0.08	0.11	0.00	-0.01	0.10
High Yield	15.1	-4.43	15.0	-5.54	0.1	1.11	0.00	0.00	0.16	0.16
Credit Opportunities	0.0	0.00	2.5	1.23	-2.5	-1.23	-0.18	0.03	-0.03	-0.18
Public Real Assets	9.2	-24.51	10.0	-22.10	-0.8	-2.41	0.15	0.02	-0.28	-0.10
Private Equity	4.0	4.63	5.0	5.63	-1.0	-1.00	-0.12	0.02	-0.06	-0.15
Cash Equivalents	0.6	0.02	0.0	0.01	0.6	0.01	0.02	0.00	0.00	0.02
Monthly Linked Return	**100.0**	**-5.99**	**100.0**	**-6.09**		**0.10**	**0.34**	**0.04**	**-0.28**	**0.10**
Trading/Hedging		*-0.11*		*0.00*		*-0.11*				***-0.11***
Total		**-6.10**		**-6.09**		**-0.02**				**-0.02**

-6.09	**Asset Allocation Policy**
0.34	Actual/Tactical Asset Allocation
-0.28	Active Management
0.04	Interaction
-0.11	Trading
-6.10	**Total Fund Return**

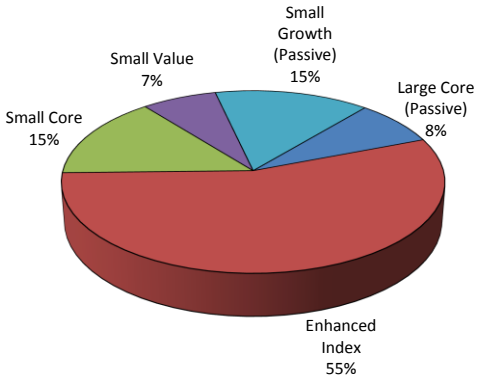
*Note: factors may not sum exactly to total return due to rounding.

The Total Fund attribution table, shown above, displays the return contribution of each asset class to the Total Fund's overall return. The attribution provides some insights as to whether tactical allocation and active management within asset classes helped or hurt performance during the quarter.

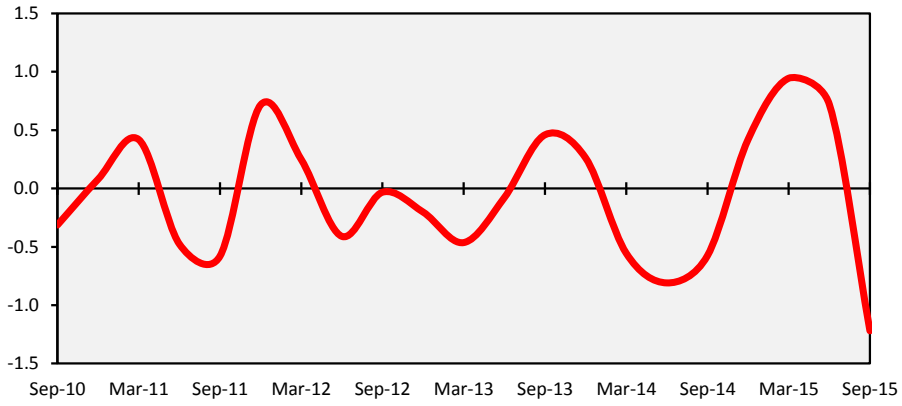
- ***Strategic Policy:*** The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
- ***Actual Allocation:*** The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e.: the actual allocation to U.S. equity was higher than the policy allocation). A positive number would indicate an overweight allocation benefited performance, and vice versa.
- ***Active Management:*** The return contribution from active management. This number would be positive if the asset class outperformed the designated policy index and vice versa (i.e.: the U.S. equity segment outperformed the policy index, the Wilshire 5000 Index, during the quarter and contributed positively to active management).
- ***Interaction:*** Captures the interaction of managers' performance and asset class weighting differences.
- ***Actual Return:*** The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.

Domestic Equity Overview

Domestic Equity Structure



U.S. Equity Composite Quarterly Excess Return



Composite

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	10-year
		Performance					
Total U.S. Equity	**$ 459.1**	**-8.13**	**-5.05**	**0.34**	**11.97**	**12.83**	**6.72**
Custom Benchmark [1]		-6.91	-5.36	-0.38	12.42	13.17	6.97
Value Added vs Benchmark		*-1.22*	*0.31*	*0.72*	*-0.45*	*-0.34*	*-0.25*
Enhanced Composite	**$ 254.8**	-6.04	-4.68	-0.24	12.14	13.24	-.-
Small Cap Composite	**$ 167.5**	-11.48	-4.89	3.45	11.90	11.74	6.48
Wilshire 5000 Index		-6.91	-5.36	-0.38	12.42	13.17	6.97
S&P 500 Index		-6.44	-5.29	-0.62	12.41	13.34	6.80
Russell 2000 Index		-11.92	-7.73	1.25	11.02	11.73	6.55

Domestic Equity Managers

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
		Performance (%)						
Large Core - Passive								
Northern Trust S&P 500	**$ 36.9**	**-6.43**	**-5.28**	**-0.58**	**12.44**	**13.36**	**9.24**	**Dec-94**
S&P 500 Index		-6.44	-5.29	-0.62	12.41	13.34	9.19	Dec-94
Value Added vs Benchmark		*0.01*	*0.01*	*0.04*	*0.03*	*0.02*	*0.05*	
Enhanced Index								
INTECH	**$ 127.9**	**-5.43**	**-4.99**	**-0.74**	**11.70**	**12.98**	**6.43**	**Mar-06**
S&P 500 Index + 1.5%		-6.07	-4.16	0.88	13.91	14.84	7.98	Mar-06
Value Added vs Objective		*0.64*	*-0.83*	*-1.62*	*-2.21*	*-1.86*	*-1.55*	
S&P 500 Index		-6.44	-5.29	-0.62	12.41	13.34	6.48	Mar-06
Value Added vs Benchmark		*1.01*	*0.30*	*-0.12*	*-0.71*	*-0.36*	*-0.05*	
Information Ratio				**-0.09**	**-0.62**	**-0.30**		
Sharpe Ratio				**-0.07**	**1.19**	**1.13**		

[1] Domestic Equity Custom Benchmark: Wilshire 5000 Index (3q99 – Present); S&P 500 Index (1q90 – 2q99).

Domestic Equity Overview (Continued)

Domestic Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Enhanced Index								
T. Rowe Price	**$ 126.9**	**-6.25**	**-4.23**	**0.41**	**12.63**	**13.52**	**7.00**	**Mar-06**
S&P 500 Index + 1.5%		-6.07	-4.16	0.88	13.91	14.84	7.98	Mar-06
Value Added vs Objective		*-0.18*	*-0.07*	*-0.47*	*-1.28*	*-1.32*	*-0.98*	
S&P 500 Index		-6.44	-5.29	-0.62	12.41	13.34	6.48	Mar-06
Value Added vs Benchmark		*0.19*	*1.06*	*1.03*	*0.22*	*0.18*	*0.52*	
Information Ratio				**1.06**	**0.08**	**0.09**		
Sharpe Ratio				**0.00**	**1.28**	**1.14**		
Small Core - Active								
Systematic Financial	**$ 67.3**	**-10.06**	**-3.31**	**4.34**	**13.50**	**12.87**	**10.29**	**Jun-03**
Russell 2000 Index + 2%		-11.42	-6.23	3.25	13.02	13.73	11.02	Jun-03
Value Added vs Objective		*1.36*	*2.92*	*1.09*	*0.48*	*-0.86*	*-0.73*	
Russell 2000 Index		-11.92	-7.73	1.25	11.02	11.73	9.02	Jun-03
Value Added vs Benchmark		*1.86*	*4.42*	*3.09*	*2.48*	*1.14*	*1.27*	
Information Ratio				**0.74**	**0.67**	**0.31**		
Sharpe Ratio				**0.38**	**1.06**	**0.79**		
Small Value - Active								
Channing Capital Management	**$ 32.7**	**-11.18**	**-7.17**	**0.02**	**-.-**	**-.-**	**1.18**	**Oct-13**
Russell 2000 Value Index + 2%		-10.24	-8.56	0.40	-.-	-.-	1.60	Oct-13
Value Added vs Objective		*-0.94*	*1.39*	*-0.38*			*-0.42*	
Russell 2000 Value Index		-10.73	-10.06	-1.60	-.-	-.-	-0.40	Oct-13
Value Added vs Benchmark		*-0.45*	*2.89*	*1.62*			*1.58*	
Information Ratio				**0.39**	**-.-**	**-.-**		
Sharpe Ratio				**0.00**	**-.-**	**-.-**		
Small Growth - Passive								
Northern Trust Rusell 2000 Growt	**$ 67.5**	**-12.99**	**-5.31**	**4.31**	**-.-**	**-.-**	**4.31**	**Sep-14**
Russell 2000 Growth Index		-13.06	-5.47	4.04	-.-	-.-	4.04	Sep-14
Value Added vs Benchmark		*0.07*	*0.16*	*0.27*			*0.27*	

- The Fund's domestic equity composite generated a return of -8.13% during the third quarter of 2015, trailing the Wilshire 5000 Total Market Index which return -6.91%. This quarter's underperformance was driven primarily by the small-cap value portfolio managed by Channing Capital, which encountered difficulties related to broad-based sector weighting. The rest of the portfolio's active managers (in enhanced index and small-cap core strategies) performed well and added value over their respective benchmarks. Additionally, small-cap strategies comprised a larger proportion of the Fund's domestic equity composite relative to the overall market (represented here by the Wilshire 5000). Small-cap stocks were especially hard-hit in the current environment, significantly trailing their large-part counterparts. As a result, the composite's increased relative exposure to small-caps was another source of underperformance during the quarter. In an environment in which small-cap stocks lead the other market-capitalization ranges, this structural component of the composite would likely contribute positive towards outperformance. The domestic equity composite is currently outperforming against it benchmark over the year-to-date (+31 bps) and one-year (+72 bps) periods, as well as since inception (+13 bps) (12/89).

Domestic Equity Overview (Continued)

Northern Trust (Passive)

- Northern Trust manages a passive large-cap core equity portfolio for the Fund, which is designed to track the S&P 500 Index and replicate the performance of overall market. To date, the passive large-cap core portfolio is performing in line with expectations, matching the risk and return profile of the benchmark index and exhibiting very low tracking error over all time periods.

- Northern Trust also manages a passive small-cap growth portfolio for the Fund. Benchmarked against the Russell 2000 Growth Index, this portfolio gives the Fund exposure to the smaller-capitalization stocks whose earnings are expected to grow at an above-average rate relative to the market. As a passive investment, this portfolio seeks to replicate the performance of the overall small-cap growth universe of companies rather than relying on security selection to add value. After its third full quarter of performance, the small-cap growth portfolio is performing in line with expectations and tracking it benchmark index.

INTECH (Enhanced)

- INTECH manages one of the Fund's two enhanced equity index portfolios. During the third quarter, the INTECH portfolio returned -5.43%, outperforming its benchmark index (S&P 500) which returned -6.44%. The INTECH portfolio also outperformed its performance objective (S&P 500 + 1.5%) which returned -6.07%. This quarter's results were driven primarily by strong individual stock selection. The portfolio's industrials holdings performed especially well relative to the overall benchmark, seeing their value decline only -1.92% in what was a challenging month for large cap stocks (recall the broader benchmark dropped by -6.44%). The portfolio also benefitted from strong stock selection among its energy and consumer staples holdings. Energy stocks have been under pressure for a prolonged period at this point; however, while the energy sector as a whole saw steep losses of -17.27% during the quarter, the portfolio's holdings collectively returned -12.20%. Additionally, the portfolio's consumer staples stocks managed to post a positive return (1.41%) in what was a negative month for the sector (-0.21% return) and broader benchmark. Top-down sector weighting was also additive during the period. The portfolio benefitted from its underweight allocation to the energy sector, which was the worst performer among the ten sectors. Energy stocks comprised just over 6% of the portfolio, versus nearly 8% for the benchmark. Further contributing to outperformance was the portfolio's overweight allocation to the utilities sector, which was the only sector to deliver positive performance within the large cap market during the period (5.50% return). Stock selection was also positive among the portfolio's utilities holdings, making this allocation among the stronger drivers of added value for the quarter. The INTECH portfolio has taken steps to reduce its exposure to the energy sector over the last several quarters given the strain placed on these stocks. Meanwhile, the portfolio is maintaining modest overweights to industrials and healthcare stocks. The INTECH portfolio is outperforming against its benchmark over the year-to-date period (+30 bps), and underperforming over all longer time periods, including since inception (3/06).

T. Rowe Price (Enhanced)

- T. Rowe Price manages the Fund's other enhanced equity index portfolio. The T. Rowe Price portfolio returned -6.25 during the third quarter, outperforming its benchmark index (S&P 500) which returned -6.44%. With individual stock selection detractive for the period, sector weighting emerged as the primary driver of this quarter's outperformance. Stock selection was strong in the consumer discretionary and materials sectors, but had a negative impact in virtually all other sectors of the market. As a result, the cumulative result of stock selection cost the portfolio some ground relative to the benchmark. However, the portfolio derived some benefit from it smaller degree of exposure to the depressed energy sector, which was the worst performer during the period. As a whole, the energy sector represented approximately 6.7% of the portfolio's total assets compared to 7.9% for the benchmark. This difference alone accounted for much of the period's outperformance. The portfolio also had a small overweight allocation to the strong-performing utilities sector (3.4% portfolio weight vs. 2.8% benchmark weight)

Domestic Equity Overview (Continued)

which had a mildly positive impact on overall performance versus the benchmark. The T. Rowe portfolio remains highly concentrated in large-capitalization stocks (with an average market cap of $121,049 million), and its overall sector allocation does not historically deviate too broadly from the Standard & Poor's 500 (approximately +/- 1%). The T. Rowe portfolio is currently outperforming against its benchmark over the one-year (+103 bps), three-year (+22 bps), five-year (+18 bps), and since inception periods (+52 bps) (3/06).

Systematic Financial (Small-Cap Core)

- Systematic Financial manages the Fund's small-cap core portfolio. The Systematic portfolio returned -10.06% during the third quarter, outperforming its benchmark (Russell 2000) which returned -11.92%. The Systematic portfolio also outperformed against its performance objective (Russell 2000 + 2%) which returned -11.42%. The portfolio was aided by a combination of strong individual stock selection coupled with favorable sector weighting, both delivering strong positive gains during the period. Stock selection excelled in the consumer discretionary sector, where the portfolio's holdings as a group posted a decline that was less than half the losses incurred in the benchmark (-5.70% portfolio return vs. -11.91% benchmark return). Many of the portfolio's single-best performing names came from among this group of holdings, including "Foot Locker" (+7.79% return), "Nutrisystem" (+7.21%), and "Churchhill Downs" (7.01%). Additionally, stock selection was a strong contributor among the portfolio's healthcare and industrials holdings, each of which saw smaller declines than their broader sectors and the overall benchmark itself. Some of these gains were eroded by issues among the information technology holdings, which saw steep losses (-19.03%) far in excess of the sector (-10.36%). Still, on a cumulative basis stock selection was a strong driver of outperformance for the period. Turning to sector weighting, the portfolio benefitted from its overweight exposure to the financial sector (31% portfolio weight vs. 24% benchmark weight). This sector was among the bright spots in what was an otherwise deeply negative market for the period. Conversely, the portfolio's underweight exposure to the health care sector as a whole (8% portfolio weight vs. 16% benchmark weight) was accretive as this sector was among the worst performing segments of the market. The Systematic portfolio continues to hold relatively cheaper (or undervalued) stocks when compared to benchmark, with a current average P/E ratio of 21.5 (Russell 2000 P/E ratio is 34.7) – although the recent decline has narrowed that gap somewhat. The portfolio also continues to exhibit a large historical overweight allocation to financials, which accounts for nearly a third of the portfolio's total net asset value compared to approximately 26% for the benchmark. The Systematic portfolio is outperforming against its benchmark for the one-year (+309 bps), three-year (+248 bps) and five-year (+114 bps) periods, as well as since inception (+127 bps) (9/03).

Channing Capital Management (Small-Cap Value)

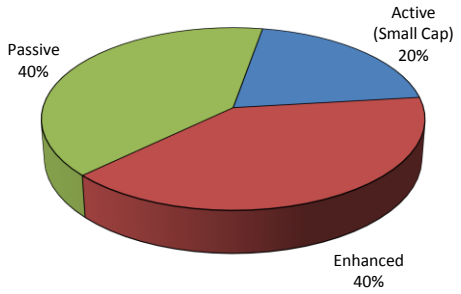
- Channing Capital manages the Fund's small-cap value portfolio. The Channing portfolio returned -11.18% during the third quarter, underperforming its benchmark (Russell 2000 Value) which returned -10.73%. Individual stock selection was strongly positive within the materials sector. While this sector saw a drop in value of more than 26%, the portfolio's holdings produced a gain of 0.71%. While the return differential was hugely positive here, stock selection was negative within several other segments of the market, including most notably financials and consumer discretionary. As a result, the positive contribution derived from stock selection came virtually all from one segment of the market (materials), and was heavily reduced through negative impacts in several other segments of the market. The portfolio lost some ground relative to the benchmark due to its underweight exposure to utilities, which was the only sector to post a positive return during the period. Utility sector stocks comprised 1.7% of the portfolio's total assets compared to 6.5% of the benchmark. Additionally, the portfolio had more than twice as much exposure to the industrials sector (25% portfolio weight vs. 12% benchmark weight). This proved to be a detractor as the industrials sector was among the hardest hit, posting a loss of -16.64% for the quarter. Overall, the sector weighting framework employed for the period had a negative impact on relative performance at the total portfolio level. As

Domestic Equity Overview (Continued)

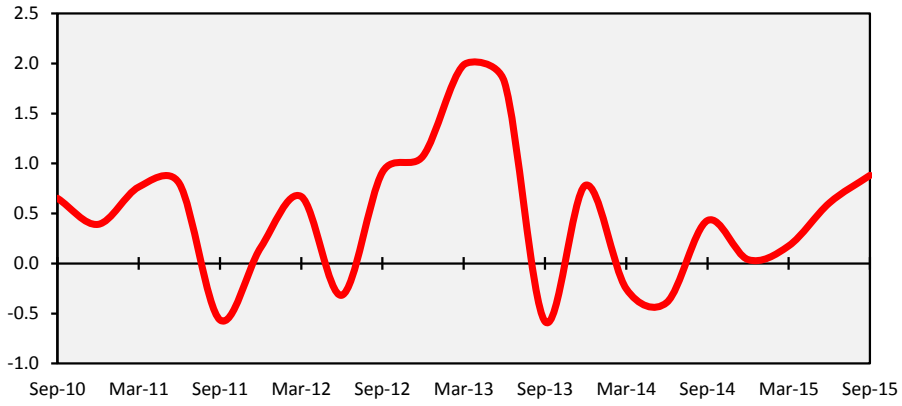
this negative impact was great than the benefit derived from stock selection, active management taken as a whole was a detractive force leading to this quarter's underperformance. To date, the Channing portfolio is consistently positioned with an underweight allocation to the financial sector (33% portfolio weight vs. 44% benchmark weight). The Channing portfolio is currently outperforming against its benchmark for the one-year (+162 bps) period; as well as since inception (+158 bps) (12/13).

International Equity Overview

International Equity Structure



International Equity Composite
Quarterly Excess Return



International Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total International Equity	**$ 441.0**	**-11.00**	**-6.20**	**-9.81**	**5.04**	**3.95**	**3.90**
Custom Benchmark [1]		-11.88	-7.84	-11.42	2.74	2.08	3.21
Value Added vs Benchmark		*0.88*	*1.64*	*1.61*	*2.30*	*1.87*	*0.69*
MSCI ACWI x-US IMI (Net)		-11.88	-7.84	-11.42	2.74	2.08	3.31
MSCI ACWI x-US (Net)		-12.17	-8.63	-12.16	2.34	1.82	3.03
MSCI EAFE (Net)		-10.23	-5.28	-8.66	5.63	3.98	2.97
MSCI Emerging Markets		-17.89	-15.47	-19.28	-5.27	-3.57	4.27

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Small Cap - Active								
Acadian International	**$ 89.8**	**-9.91**	**-3.30**	**-9.23**	**7.03**	**6.90**	**8.02**	**Mar-89**
Custom Benchmark + 2%		-9.52	-1.04	-4.41	7.51	5.85	7.52	Mar-89
Value Added vs Objective		*-0.39*	*-2.26*	*-4.82*	*-0.48*	*1.05*	*0.50*	
Custom Benchmark		-10.02	-2.54	-6.41	5.51	3.85	5.52	Mar-89
Value Added vs Benchmark		*0.11*	*-0.76*	*-2.82*	*1.52*	*3.05*	*2.50*	
Information Ratio				**-1.10**	**0.41**	**0.91**		
Sharpe Ratio				**-0.84**	**0.58**	**0.43**		

[2] International Equity Custom Benchmark: MSCI ACWI x-US IMI (2q10 – Present); MSCI ACWI x-US (1q99 – 1q10); Wilshire Non-US/Non-SA (2q96 – 4q98); MSCI EAFE (4q89 – 1q96)

[3] Acadian Custom Benchmark: MSCI ACWI x-US Small Cap (3q09 – Present); MSCI EAFE Small Cap (4q99 – 2q09); S&P/Citigroup Eur/Pac EMI Index (2q96 – 3q99); MSCI EAFE (2q89 – 1q96). Performance Objective: Custom Benchmark +2% (1q05 – Present); +1% (2q89 – 4q04).

International Equity Overview (Continued)

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Enhanced Index								
AQR Capital Management	**$ 175.3**	**-9.87**	**-6.20**	**-9.32**	**5.58**	**3.98**	**1.56**	**Mar-06**
Custom Benchmark + 1.5%		-11.80	-7.50	-10.66	3.84	3.32	2.31	Mar-06
Value Added vs Objective		*1.93*	*1.30*	*1.34*	*1.74*	*0.66*	*-0.75*	
Custom Benchmark		-12.17	-8.63	-12.16	2.34	1.82	0.81	Mar-06
Value Added vs Benchmark		*2.30*	*2.43*	*2.84*	*3.24*	*2.16*	*0.75*	
Information Ratio				**1.48**	**1.39**	**0.86**		
Sharpe Ratio				**-0.85**	**0.49**	**0.24**		
Int'l Active/Passive								
Baring International	**$ 175.9**	**-12.45**	**-7.69**	**-10.51**	**3.14**	**2.01**	**6.34**	**Mar-88**
Custom Benchmark + 2%		-11.67	-7.13	-10.16	4.34	3.82	6.72	Mar-88
Value Added vs Objective		*-0.78*	*-0.56*	*-0.35*	*-1.20*	*-1.81*	*-0.38*	
Custom Benchmark		-12.17	-8.63	-12.16	2.34	1.82	4.72	Mar-88
Value Added vs Benchmark		*-0.28*	*0.94*	*1.65*	*0.80*	*0.19*	*1.62*	
Information Ratio				**1.45**	**0.49**	**0.13**		
Sharpe Ratio				**-0.83**	**0.27**	**0.13**		

- The Fund's international equity composite returned -11.00% during the third quarter of 2015, outperforming the MSCI ACWI x-US Investable Market Index (IMI) which returned -11.88%. This quarter's outperformance was driven primarily by AQR Capital Management, which added value through strong stock selection and sector weighting. The segment's international small-cap equity strategy (managed by Acadian) also finished the quarter in front of its benchmark, although to a lesser degree than did AQR. Acadian's results were driven almost solely by strong stock selection in certain country markets. Despite the challenging environment for equity securities, particularly outside the U.S., both actively managed strategies are continuing to add value for the Fund. The international equity composite is outperforming against its benchmark for the year-to-date (+164 bps), one-year (+161 bps), three-year (+230 bps), five-year (+187 bps), and ten-year (+69 bps) periods, as well as since inception (+100 bps) (12/89).

Acadian (International Small-Cap)

- Acadian International manages the Fund's active small-cap international equity portfolio. During the third quarter the Acadian portfolio returned -9.91%, outperforming its benchmark (MSCI ACWI x-US Small Cap) which returned -10.02%. While individual stock selection was a positive contributor for the period, virtually all the remaining components of active management were detractors. Stock selection was strongest within the Canadian and French markets, with additional smaller contributions coming from a handful of other country markets. However, many of these gains were hampered by losses from broader-based sector weighting in each market. Sector weighting was most detractive in the United Kingdom, followed by Thailand, Germany, and Japan. Stepping back even more broadly, the portfolio's allocation to different country markets as a whole – and those variances with the benchmark – was another detracting force during the period. One bright spot was its overall underweight exposure to the Chinese market (<1% portfolio weight vs. 5.4% benchmark weight) which saw its value fall sharply. However, in

[4] Baring Custom Benchmark: MSCI ACWI x-US (2q02 – Present); PMSCI ACWI x-US (G) (3q01 – 1q02); MSCI ACWI x-US (2q99 – 2q01); Wilshire Non-US/Non-SA (2q96 – 1q99); MSCI EAFE (2q88 – 1q96) . Performance objective: Custom Benchmark + 2%.

[5] AQR Custom Benchmark: MSCI ACWI x-US (2q10 – Present); MSCI EAFE (1q06 – 1q10); Performance Objective: Custom Benchmark + 1.5%.

International Equity Overview (Continued)

many other instances the Acadian portfolio was on the wrong side of that trade, with overweight exposure to poor-performance markets and underweight exposure to strong-performing markets. The movement in foreign currency markets also had a negative impact on a cumulative basis. The relative strength of the U.S. dollar relative to local currencies moved against the portfolio in the majority of countries where the portfolio had exposure. As of quarter-end, the Acadian portfolio is outperforming against its benchmark for the three-year (+152 bps), five-year (+305 bps), and ten-year (+236 bps) periods, as well as since inception (+250 bps) (3/89).

Baring (International Active/Passive)

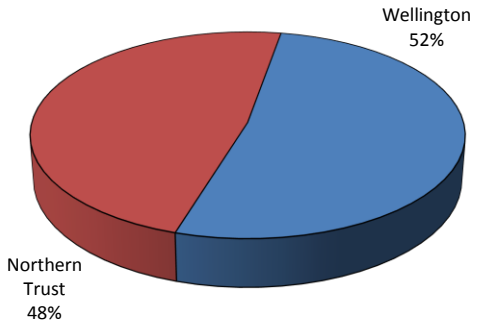
- Baring International, the Fund's international equity large-cap manager, manages an active/passive portfolio. The objective is to actively manage the broad-based country and sector allocations, while passively managing security selection by investing in market indexes. During the third quarter, the Baring portfolio returned -12.45%, underperforming its benchmark (MSCI ACWI x-US) which returned -12.17%. The Baring portfolio is currently outperforming against its custom benchmark since inception (+162 bps) (03/88).

AQR Capital Management (International Enhanced)

- AQR Capital manages the Fund's enhanced international equity portfolio. The AQR portfolio returned -9.87% during the third quarter, outperforming its benchmark (MSCI ACWI x-US) which returned -12.17%. The Acadian portfolio also outperformed its performance objective (MSCI ACWI x-US + 2%) which returned -11.80%. Individual stock selection was positive during the period, with the biggest gains coming from within the markets of Germany, United Kingdom, and Australia. While the German market saw declines of nearly 11% ($USD) for the quarter, the portfolio's German holdings returned -4.5% as a group. At the total portfolio level, these gains were somewhat reduced by negative stock selection coming out of a few country markets, namely Japan and Canada. Sector weighting was another positive contributor during the period, particularly in Canada and Germany. More broadly speaking, the overall country market allocations were detractive on a cumulative basis. One of the biggest detractors here was the portfolio's overweight allocation to the weak Norwegian market. This country made up nearly 5% of the portfolio's total value compared to less than 1% for the benchmark. With the Norwegian market posting a sharp decline of -17.68% for the quarter, this weighting variance was a detractor for the portfolio. The movement in foreign exchange markets had an overall positive effect on the portfolio. The AQR portfolio is outperforming against its benchmark for the year-to-date (+243 bps), one-year (+284 bps), three-year (+324 bps) and five-year (+216 bps) periods, as well as since inception (+75 bps) (03/06).

Global Equity Overview

Global Equity Structure



Global Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Global Equity	**$ 144.7**	**-9.65**	**-7.23**	**-7.05**	**6.61**	**-.-**	**-.-**
MSCI ACWI (Net)		-9.45	-7.04	-6.66	6.95	-.-	-.-
Value Added vs Index		*-0.20*	*-0.19*	*-0.39*	*-0.34*		
MSCI ACWI IMI (Net)		-9.59	-6.76	-6.21	7.20	6.99	4.84
MSCI ACWI (Net)		-9.45	-7.04	-6.66	6.95	6.82	4.58
MSCI World (Net)		-8.45	-6.04	-5.09	8.58	8.28	4.73

Global Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Equity - Active								
Wellington	**$ 75.0**	**-7.79**	**-1.80**	**2.21**	**13.46**	**-.-**	**14.29**	**Aug-12**
MSCI ACWI (Net) + 2%		-8.95	-5.54	-4.66	8.95	-.-	9.83	Aug-12
Value Added vs Objective		*1.16*	*3.74*	*6.87*	*4.51*		*4.46*	
MSCI ACWI (Net)		-9.45	-7.04	-6.66	6.95	-.-	7.83	Aug-12
Value Added vs Benchmark		*1.66*	*5.24*	*8.87*	*6.51*		*6.46*	
Information Ratio				**4.09**	**1.93**	**-.-**		
Sharpe Ratio				**0.19**	**1.27**	**-.-**		
Global Equity - Passive								
Northern Trust	**$ 69.3**	**-.-**	**-.-**	**-.-**	**-.-**	**-.-**	**-.-**	**Oct-15**
MSCI ACWI (Net)		-.-	-.-	-.-	-.-	-.-	-.-	Oct-15
Value Added vs Benchmark								

Global Equity Overview (Continued)

- Towards the end of the third quarter, the Fund liquidated its investment with Aberdeen and moved the assets to Northern Trust. Now, the global equity composite is comprised of an actively-managed strategy (with U.S. bias) through Wellington, and a passively-managed strategy through Northern Trust. As of quarter-end, each strategy is allotted roughly half of the composite's total value. The Wellington portfolio fared well during the third quarter. The strength of the U.S. market relative to the rest of the world, coupled with positive stock selection and sector weighting led this strategy to outperform versus the MSCI ACWI. However, the overall composite as a whole nonetheless trailed the benchmark as a result of residual performance attributed to Aberdeen during the first two months of the quarter. The global equity composite is currently underperforming over all measured periods, including since inception (9/12).

Wellington (Active)

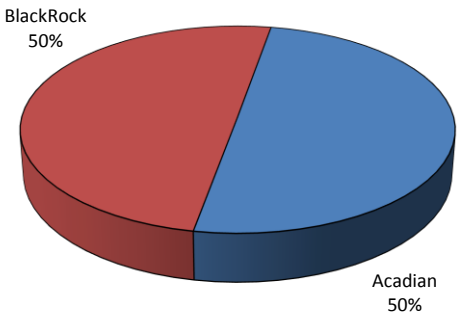
- Wellington manages the Fund's active global equity portfolio. During the third quarter, the Wellington portfolio returned -7.79%, outperforming its benchmark (MSCI ACWI) which returned -9.45%. The Wellington portfolio also outperformed against its performance objective (MSCI ACWI + 2%) which returned -8.95%. The Wellington portfolio is structured with a consistent overweight bias towards the home country market (U.S.). As a result, whatever happens domestically quarter-to-quarter is a powerful determinant of how the overall portfolio will fare in relation to the benchmark. At the end of the third quarter, the U.S. comprised over 64% of the portfolio's total asset value, compared to 56% of the benchmark. Despite this quarter's pervasive sell-off in the U.S. equity markets (small-cap stocks were particularly hard hit), the domestic market as a whole still led most major international indices by a comfortable margin (MSCI EAFE -10.23%, MSCI Europe -8.69%, MSCI Pacific -13.21%). As a s result, the portfolio's structural composition (which overweights the U.S. market) reemerged as the predominant explanatory variable when comparing the performance of the portfolio to the benchmark. Furthermore, the portfolio had less exposure to the pacific region (12% portfolio weight vs. 18% benchmark weight) which was also strongly additive. The pacific region significantly trailed Europe during the period mostly as a result of China's economic slowdown. Individual stock selection within country markets was another positive contributor for the period, particularly in Japan, Germany, the Netherlands, and the United States. In Japan, broader-based sector weighting was also strongly positive. The movements in foreign exchange markets had a cumulative impact on the portfolio that was positive as well. The Wellington portfolio is significantly outperforming for the one-year period (+887 bps), as well as since inception (+651 bps) (09/12).

Northern Trust (Passive)

- In early September the Fund added a new global equity manager to the composite. Managed by Northern Trust, this strategy gives broadly diversified exposure to global stocks via a passively managed investment vehicle, which will result in lower turnover and costs (fees) incurred by the Fund. The Northern Trust global equity portfolio was funded with proceeds from the liquidated Aberdeen global equity portfolio. The portfolio has been quickly built up to size and by quarter-end represented nearly 50% of the segment's total value. Full reporting for this investment will commence starting next quarter, after its first full quarter of performance within the Fund.

Global Low Volatility Equity Overview

Global Low Volatility Structure



Global Low Volatility Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Global Low Volatility	**$ 329.7**	**-3.96**	-.-	-.-	-.-	-.-	-.-
MSCI ACWI Minimum Volatility (Net)		-4.36	-.-	-.-	-.-	-.-	-.-
Value Added vs Index		*0.40*					
MSCI ACWI Minimum Volatility (Net)		-4.36	-2.23	1.93	7.89	9.11	6.95
MSCI World x-US Minimum Volatility (Net)		-4.57	0.27	0.49	6.11	6.70	6.10

Global Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Low Volatility - Active								
Acadian Global Low Vol	**$ 165.2**	**-3.67**	-.-	-.-	-.-	-.-	**-3.67**	**Jun-15**
MSCI ACWI Min Vol (Net) + 2%		-3.86	-.-	-.-	-.-	-.-	-3.86	Jun-15
Value Added vs Objective		*0.19*					*0.19*	
MSCI ACWI Min Vol (Net)		-4.36	-.-	-.-	-.-	-.-	-4.36	Jun-15
Value Added vs Benchmark		*0.69*					*0.69*	
Information Ratio				-.-	-.-	-.-		
Sharpe Ratio				-.-	-.-	-.-		
Global Low Volatility - Passive								
BlackRock Global Low Vol	**$ 164.5**	**-4.25**	-.-	-.-	-.-	-.-	**-4.25**	**Jun-15**
MSCI ACWI Min Vol (Net)		-4.36	-.-	-.-	-.-	-.-	-4.36	Jun-15
Value Added vs Benchmark		*0.11*					*0.11*	

Global Low Volatility Equity Overview (Continued)

- In June of 2015, the Fund transferred assets from existing strategies into two new global low volatility equity funds. One strategy is actively-managed, run by Acadian; the other strategy is a passively-managed index fund through BlackRock. Both funds will add diversification benefits to the existing suite of public equity managers. After its first full quarter of performance within the Fund, the global low volatility equity composite is outperforming against the MSCI ACWI Minimum Volatility Index. Much of this outperformance was driven by the actively-managed strategy, run by Acadian.

Acadian (Global Low Volatility – Active)

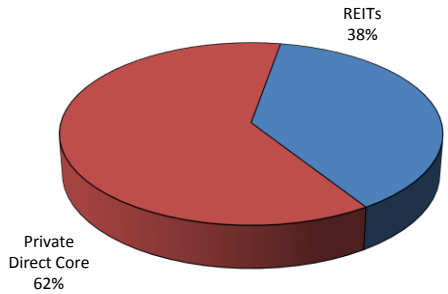
- Acaidan manages the Fund's new active global low volatility equity portfolio. The strategy was funded during June and has just completed its first full quarter of performance within the Fund. During the third quarter, the Acadian portfolio returned -3.67%, outperforming its benchmark (MSCI ACWI Minimum Volatility) which returned -4.36. The Acadian portfolio also outperformed its performance objective (MSCI ACWI Minimum Volatility + 2%) which returned -3.86%. Strong individual stock selection coupled with favorable sector weighting drove this quarter's results. Many of the portfolio's best-performing names saw their value climb by nearly 50% in the third quarter alone. These include "Megmilk Snow Brand" (+48.77%), "McBride" (+42.58%), and "Alliance Pharmaceuticals" (+37.34%). The Acadian portfolio has considerably less exposure to the U.S. market in comparison to the benchmark. While U.S. equities comprise over 50% of the low volatility index, they make up just over one third of the portfolio's total value. This country weighting variance with the benchmark provides a strong source of return differentiation, particularly in instances such as the current market environment which see performance diverging across geographic regions and economic sectors. After its first full quarter of performance, the Acadian portfolio is outperforming its benchmark since inception (+69 bps) (07/15).

BlackRock (Global Low Volatility – Passive)

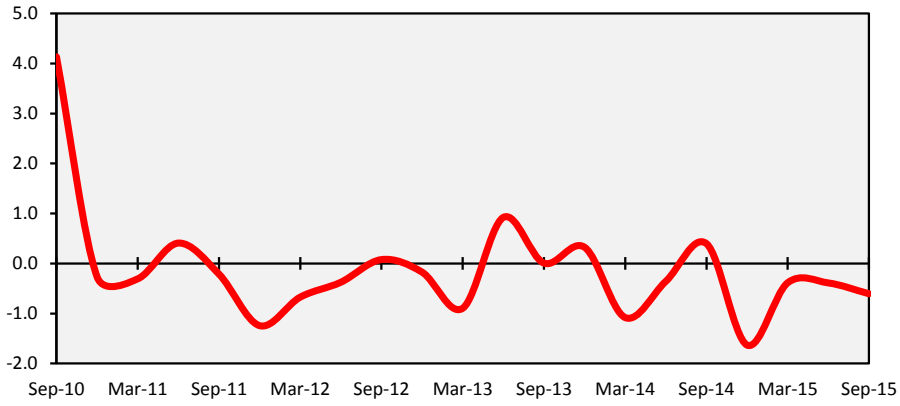
- BlackRock manages the Fund's passive global volatility equity strategy. Like Acadian, this strategy is new within the Fund having been funded at the end of June. TheBlackRock portfolio is intended to provide a low-cost, highly diversified global equity investment strategy focused on minimizing volatility. BlackRock just completed its first full quarter of performance, and continue to perform in line with expectations, closely tracking the risk and return profile of the benchmark index.

Real Estate Overview

Real Estate Structure



Total Real Estate Composite
Quarterly 1-Year Excess Return



Real Estate Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Real Estate	**$ 444.4**	**2.66**	**2.94**	**10.68**	**10.74**	**12.23**	**6.67**
Custom Benchmark [1]		3.35	4.39	13.92	12.17	14.04	7.49
Value Added vs Benchmark		*-0.69*	*-1.45*	*-3.24*	*-1.43*	*-1.81*	*-0.82*
REIT Strategies	$ 169.5	2.94	-2.36	12.41	10.36	12.24	6.68
Private Core Real Estate	$ 274.9	2.46	6.76	9.34	11.08	11.86	-.-
Wilshire Real Estate Securities Index		2.85	-2.63	12.01	10.26	12.55	6.79
NCREIF Open Diversified Core Equity		3.68	11.29	14.92	13.44	14.02	6.71

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Real Estate Securities - Public								
Adelante Capital Management	**$ 84.8**	**2.87**	**-1.34**	**13.14**	**11.21**	**12.98**	**10.69**	**Sep-01**
Wilshire Real Estate Securities + 1%		3.10	-1.88	13.01	11.26	13.55	11.91	Sep-01
Value Added vs Objective		*-0.23*	*0.54*	*0.13*	*-0.05*	*-0.57*	*-1.22*	
Wilshire Real Estate Securities		2.85	-2.63	12.01	10.26	12.55	10.91	Sep-01
Value Added vs Index		*0.02*	*1.29*	*1.13*	*0.95*	*0.43*	*-0.22*	
Information Ratio				**0.60**	**0.50**	**0.22**		
Sharpe Ratio				**0.77**	**0.83**	**0.86**		
Security Capital	**$ 84.7**	**3.02**	**-3.37**	**11.67**	**9.50**	**11.49**	**10.73**	**Sep-01**
Wilshire Real Estate Securities + 1%		3.10	-1.88	13.01	11.26	13.55	11.91	Sep-01
Value Added vs Objective		*-0.08*	*-1.49*	*-1.34*	*-1.76*	*-2.06*	*-1.18*	
Wilshire Real Estate Securities		2.85	-2.63	12.01	10.26	12.55	10.91	Sep-01
Value Added vs Index		*0.17*	*-0.74*	*-0.34*	*-0.76*	*-1.06*	*-0.18*	
Information Ratio				**-0.25**	**-0.67**	**-0.84**		
Sharpe Ratio				**0.63**	**0.65**	**0.71**		

[6] Real Estate Custom Benchmark: 50% Wilshire RESI / 50% NCREIF ODCE (1q11 – Present); Wilshire RESI (4q89 – 4q10).

Real Estate Overview (Continued)

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Direct Core Real Estate - Private								
Heitman America Real Estate Trust	**$ 122.1**	**3.39**	**10.48**	**12.20**	**12.70**	**13.26**	**13.03**	**Aug-10**
NCREIF Open-End Diversified Core		3.68	11.29	14.92	13.44	14.02	14.97	Aug-10
Value Added vs Index		*-0.29*	*-0.81*	*-2.72*	*-0.74*	*-0.76*	*-1.94*	
Invesco Core Real Estate USA	**$ 127.2**	**2.08**	**4.61**	**7.32**	**10.15**	**11.14**	**10.94**	**Aug-10**
NCREIF Open-End Diversified Core		3.68	11.29	14.92	13.44	14.02	14.97	Aug-10
Value Added vs Index		*-1.60*	*-6.68*	*-7.60*	*-3.29*	*-2.88*	*-4.03*	
Invesco II	**$ 25.6**	**0.02**	**-2.99**	**9.53**	**-.-**	**-.-**	**-0.13**	**Oct-13**
NCREIF Open-End Diversified Core		3.68	11.29	14.92	-.-	-.-	14.28	Oct-13
Value Added vs Index		*-3.66*	*-14.28*	*-5.39*			*-14.41*	

- The Fund's total real estate composite (comprised of both public REIT and private direct core real estate strategies) returned 2.66% during the third quarter, underperforming its custom benchmark (currently 50% Wilshire Real Estate Securities Index, 50% NCREIF Open-End Diversified Core Index) which returned 3.35%. The Fund's REIT strategies each performed well, both on account of strong sector weighting which included underweight allocations to struggling hotel properties. The direct core real estate strategies generally delivered modest positive returns (with the exception of Invesco II), but failed to keep pace with the NCREIF ODCE Index overall. Currently, the Fund's total real estate composite is underperforming over all measured periods, including since inception (12/89).

Adelante Capital Management (REITs)

- Adelante Capital manages one of the Fund's two REIT portfolios. During the third quarter, the Adelante portfolio returned 2.87%, matching the performance of its benchmark index (Wilshire Real Estate Securities). While individual stock selection was a detractor, sector weighting was positive and the two largely cancelled each other out for the period. Stock selection was most detractive among holdings classified as "other." Here, the portfolio's holdings as a group returned 0.99% compared to 3.60% for the benchmark. Furthermore, these holdings made up the greatest proportion of the portfolio's assets by far, accounting for over 40% of the total. As a result, even a small margin of underperformance attributable to poor stock selection here would have a meaningful impact at the total portfolio level. Somewhat mitigating the losses here, the stock selection was additive among the regional retail and apartment stocks. Sector weighting contributed positively during the period, and this was largely tied to one segment of the market – hotels. The portfolio had less representation of the hotel sector compared to the benchmark (<2% portfolio weight vs. 5.4% benchmark weight). Since the hotel sector was by far the worst-performing sector during the quarter (declining -15.63%), this weighting difference produced substantial benefit for the portfolio. To a lesser degree, sector weighting also contributed positive in the office space sector. In this case, an underweight allocation to office space paid off as this sector, too, was put under pressure (-2.44% return). The Adelante portfolio is currently outperforming against its benchmark for the year-to-date (+129 bps), one-year (+113 bps), three-year (+95 bps), and five-year (+43 bps) periods; the portfolio is underperforming over the since inception period (09/01).

Security Capital (REITs)

- Security Capital manages the Fund's other REIT portfolio. The Security portfolio returned 3.02% during the third quarter, outperforming its benchmark (Wilshire Real Estate Securities Index) which returned -9.61%. This quarter's

Real Estate Overview (Continued)

results were driven by sector weighting. The portfolio benefitted from underweight exposure to hotels, which were the worst performing sector by a high degree of margin. Hotels, which as a whole saw their value fall by -15.63%, comprised 4.2% of the portfolio compared to 5.4% of the benchmark. For comparison purposes, the next-worst performing sector was "diversified" properties, which saw its value decline by a more modest -3.71%. As a result, the portfolio's underweight exposure relative to the benchmark was a strong source of added value. Underweight allocations to office space and diversified properties also contributed positively towards outperformance. Overall, individual stock selection was detractive during the period, mostly notably within the hotel and "other" sectors. The portfolio's mix of hotel properties – an already depressed market segment – fared particularly bad. As a group they returned -19.05%, trailing the -15.63% return for the sector and the 2.85% return for the benchmark. The Security portfolio is currently underperforming its benchmark over all measured periods greater than the current quarter, including since inception (09/01).

Invesco (Private Real Estate – Direct Core)

- Invesco Core Real Estate USA is one of the Fund's two private direct core real estate portfolios. During the third quarter, the Invesco portfolio returned 2.08%, trailing the NCREIF Open-End Diversified Core Index, which returned 3.68%. Since inception (09/10), the manager has returned 10.94%, underperforming the benchmark return of 14.97% (-404 bps).

  According to the manager's own commentary, debt mark-to-market continued to be a headwind for the fund. The Fund has a relatively longer debt duration than its peers, making it more sensitive to changes in interest rates. Nevertheless, Invesco believes that locking in current low rates on a long term basis is the right course of action at this point in the cycle.

  Industrials led the way in terms of performance, followed by office, retail, and apartments. Industrials have also been the top performer on a one year basis, again followed by office, retail, and apartments. Appreciation continued to be broad-based across product types and regions with only a handful of properties in the portfolio experiencing write-downs during the quarter.

Heitman (Private Real Estate – Direct Core)

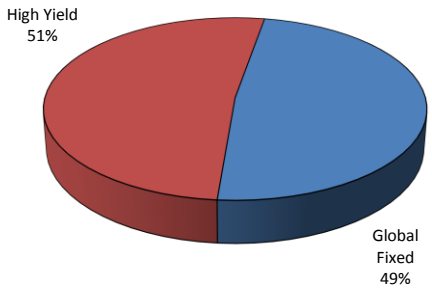
- Heitman America Real Estate Trust ("HART") is the Fund's other private direct core real estate portfolio. During the third quarter, Heitman returned 3.398%, trailing the NCREIF Open-End Diversified Core Index, which returned 3.68%. Since inception (09/10), the manager has returned 13.03%, underperforming against the benchmark return of 14.97% (-194 bps).

  The Heitman strategy pursues an income generating strategy that targets infill locations in major metropolitan areas. Attractive opportunities will have strong site attributes, such as proximity to amenities, employment centers, and transportation networks. Additionally important criteria are that investments are well-constructed, with features that will appeal to tenants over long periods of time.

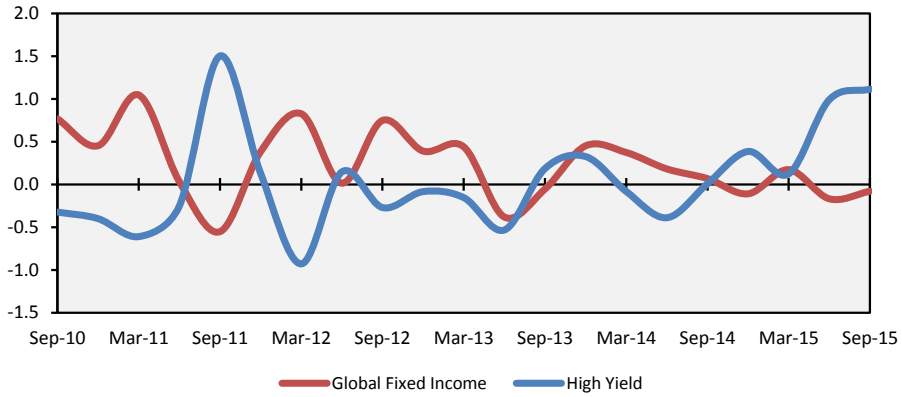
  According to Heitman's own commentary, the overall leasing level of the HART portfolio increased to 96% at quarter-end (97% excluding self-storage properties). Same-property revenues year-to-date increased 4.4% over the same period in 2014, with the self-storage, apartment, and retail sectors achieving the largest increases. Heitman anticipates paying a September dividend of $10.94 per share, providing investors with a gross yield of 1.10% and a trailing one-year gross yield of 4.54%.

Fixed Income Overview

Fixed Income Structure



Global Fixed Income and High Yield
Quarterly Excess Return



Fixed Income Composites

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Global Fixed Income	**$ 452.5**	**1.15**	**1.05**	**2.75**	**2.14**	**3.97**	**4.50**
Barclays Aggregate Bond Index		1.23	1.13	2.94	1.71	3.10	4.64
Value Added vs Benchmark		*-0.08*	*-0.08*	*-0.19*	*0.43*	*0.87*	*-0.14*
High Yield	**$ 479.6**	**-4.43**	**-0.90**	**-1.85**	**3.54**	**6.07**	**6.28**
Custom Benchmark [1]		-5.54	-3.13	-4.44	2.87	5.77	6.80
Value Added vs Benchmark		*1.11*	*2.23*	*2.59*	*0.67*	*0.30*	*-0.52*
Barclays Aggregate		1.23	1.13	2.94	1.71	3.10	4.64
Citigroup High Yield Cash Pay		-5.54	-3.13	-4.44	2.87	5.77	6.80
BofA ML High Yield Master II		-4.90	-2.53	-3.57	3.46	5.94	7.11

Global Fixed Income Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Fixed Income								
Advantus Capital Management	**$ 189.5**	**1.03**	**1.59**	**3.26**	**2.57**	**4.33**	**4.81**	**Apr-07**
Barclays Aggregate + 0.5%		1.36	1.50	3.44	2.21	3.60	5.18	Apr-07
Value Added vs Objective		*-0.33*	*0.09*	*-0.18*	*0.36*	*0.73*	*-0.37*	
Barclays Aggregate		1.23	1.13	2.94	1.71	3.10	4.68	Apr-07
Value Added vs Benchmark		*-0.20*	*0.46*	*0.32*	*0.86*	*1.23*	*0.13*	
Information Ratio				**0.74**	**2.04**	**1.80**		
Sharpe Ratio				**1.06**	**0.87**	**1.54**		
Aberdeen	**$ 193.7**	**1.08**	**0.56**	**2.04**	**1.54**	**3.50**	**5.37**	**Apr-07**
Barclays Aggregate + 0.5%		1.36	1.50	3.44	2.21	3.60	5.18	Apr-07
Value Added vs Objective		*-0.28*	*-0.94*	*-1.40*	*-0.67*	*-0.10*	*0.19*	
Barclays Aggregate		1.23	1.13	2.94	1.71	3.10	4.68	Apr-07
Value Added vs Benchmark		*-0.15*	*-0.57*	*-0.90*	*-0.17*	*0.40*	*0.69*	
Information Ratio				**-2.18**	**-0.22**	**0.34**		
Sharpe Ratio				**0.69**	**0.47**	**1.15**		

[7] High Yield Custom Benchmark: Citigroup High Yield Cash Pay (4q99 – Present); Citigroup High Yield Composite Index (1q97 – 3q99).

Fixed Income Overview (Continued)

Global Fixed Income Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Fixed Income								
Garcia Hamilton	**$ 69.3**	**1.71**	**0.80**	**3.24**	**-.-**	**-.-**	**4.26**	**Oct-13**
Barclays Aggregate + 0.5%		1.36	1.50	3.44	-.-	-.-	3.67	Oct-13
Value Added vs Objective		*0.35*	*-0.70*	*-0.20*			*0.59*	
Barclays Aggregate		1.23	1.13	2.94	-.-	-.-	3.17	Oct-13
Value Added vs Benchmark		*0.48*	*-0.33*	*0.30*			*1.09*	
Information Ratio				**0.23**	**-.-**	**-.-**		
Sharpe Ratio				**0.78**	**-.-**	**-.-**		

- The Fund's global fixed income composite returned 1.15% during the third quarter of 2015, underperforming against the Barclays U.S. Aggregate Bond Index, which returned 1.23%. The Advantus and Aberdeen strategies trailed the benchmark index mostly due to underweight exposure to Treasuries, which generally outpaced corporates across all maturities during the quarter. The strategy managed by Garcia Hamilton, however, was able to add value through opposite positioning (overweight exposure to Treasuries) coupled with strong issue selection. Each of the three strategies has more exposure to longer-dated bonds, relative to the benchmark, which in the current environment accrued positively to performance. The global fixed income composite is outperforming against the Barclays Aggregate over three-year (+43 bps), and five-year (+87 bps) periods.

Advantus Capital Management (Core Fixed Income)

- Advantus Capital manages one of the Fund's three global fixed income portfolios. During the third quarter, the Advantus portfolio returned 1.03%, underperforming its benchmark (Barclays Aggregate) which returned 1.23%. The Advantus portfolio has a persistent and long-standing underweight allocation to government/agency securities (including Treasuries), which most recently made up only 17% of the portfolio compared to 42% for the benchmark. This sector weighting variance in part explains why the portfolio trailed its benchmark for the quarter. Treasury securities generally outperformed corporate bonds over all maturities during the period (Barclays U.S. Treasury Index returned 1.76% while the Barclays U.S. Corporate Index returned 0.83%). As the time to maturity increased, the performance differential grew more profound (Barclays Long U.S. Treasury Index returned 5.08% while the Barclays Long U.S. Corporate Index returned 1.10%). Therefore, the significant underweight exposure to government and agency securities, particularly Treasuries, was a significant detractor during the period. The portfolio had a slightly larger weighted-average life (years to effective maturity), clocking in at 9.16 years vs. 7.86 years for the benchmark. This helped mitigate losses because, as noted, longer-dated bonds tended to perform better across the board during the period. While the Advantus portfolio has a slightly lower weighted-average quality compared to the benchmark (A vs. AA), this was not a meaningful driver of relative performance in the current market environment. The portfolio had greater representation of financial and utility sector bonds, which performed well against other corporate paper as well as Treasuries themselves. As a result, this positioning was also a positive contributor which helped offset losses elsewhere in the portfolio. The Advantus portfolio is currently outperforming against its benchmark over the year-to-date (+46 bps), one-year (+32 bps), three-year (+86 bps), and five-year (+123 bps) periods as well as since inception (+13 bps) (06/07).

Fixed Income Overview (Continued)

Aberdeen (Core Fixed Income)

- Aberdeen (formerly Artio Global Investors) manages another of the Fund's global fixed income portfolios. During the third quarter the Aberdeen portfolio returned -1.08%, underperforming its benchmark (Barclays Aggregate) which returned 1.23%. The Aberdeen portfolio was similarly positioned as the Advantus portfolio in many respects, with substantial underweight exposure to government and agency bonds (20% portfolio weight vs. 42% benchmark weight). This sector weighting variance was a detractor during a period in which Treasuries generally outperformed corporate bonds across multiple time horizons. Additionally, issue selection was detractive with many of the portfolio individual holdings failing to appreciate at the same rate as the overall benchmark. Relative to the benchmark, a greater proportion of the portfolio's holdings matured in ten or more years. Greater exposure to longer-dated bond issues contributed positively and helped offset losses incurred elsewhere in the portfolio. The portfolio has a slightly lower weighted-average credit quality (A vs. AA). While this has historically been a source of added or detracted value for the portfolio, in the current environment it had little effect one way or the other. The Aberdeen portfolio is outperforming against its benchmark over the five-year (+40 bps) period, as well as since inception (+69 bps) (06/07).

Garcia Hamilton (Core Fixed Income)

- Garcia Hamilton is the Fund's third global fixed income manager. During the third quarter, the portfolio returned 1.71%, outperforming its benchmark index (Barclays Aggregate) which returned 1.23%. The Garcia Hamilton portfolio also outperformed its performance objective (Barclays Aggregate + 0.5%) which returned 1.36%. Unlike the two other strategies in the segment (Advantus and Aberdeen), the Garcia Hamilton portfolio has typically maintained exposure to government and agency bonds (including Treasuries) greater than that of the benchmark. At the end of the quarter, these holdings comprised 53% of the portfolio's total value compared to 42% for the benchmark. In the current market environment, with Treasuries generally outperforming corporate bonds across all maturities, this sector variance was a strong source of added value. Furthermore, a significant portion of the portfolio's holdings had very long maturities (twenty years or more). These holdings made up of a third of the portfolio's total value, dwarfing the 11% weight in the benchmark. This maturity mismatch was another powerful drive of relative performance during the period, as performance tended to increase dramatically in step with time to maturity. For example, the "Intermediate" component of the Barclays U.S. Treasury Index returned 1.24% while the "20+ Year" component of that same index returned 5.32%. The portfolio's weighted average credit quality closed matched that of the benchmark (AA) such that this was not a meaningful source of added or detracted value. Issue selection was additive during the period, further helping drive outperformance. The Garcia Hamilton portfolio is currently outperforming against its benchmark for the one-year (+30 bps) period, as well since inception (+109 bps) (12/13).

Fixed Income Overview (Continued)

High Yield Managers

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
		Performance (%)						
High Yield								
Oaktree Capital Management	**$ 240.2**	**-5.12**	**-2.96**	**-3.86**	**2.62**	**5.51**	**6.74**	**Dec-96**
Performance Objective		-5.29	-2.38	-3.44	3.87	6.77	7.77	Dec-96
Value Added vs Objective		*0.17*	*-0.58*	*-0.42*	*-1.25*	*-1.26*	*-1.03*	
Custom Benchmark		-5.54	-3.13	-4.44	2.87	5.77	6.77	Dec-96
Value Added vs Benchmark		*0.42*	*0.17*	*0.58*	*-0.25*	*-0.26*	*-0.03*	
Information Ratio				**1.07**	**-0.26**	**-0.22**		
Sharpe Ratio				**-0.75**	**0.51**	**0.95**		
BlackRock High Yield	**$ 239.5**	**-3.75**	**1.15**	**0.14**	**4.45**	**6.62**	**6.60**	**Sep-06**
Citigroup High Yield Cash Pay + 1%		-5.29	-2.38	-3.44	3.87	6.77	7.73	Sep-06
Value Added vs Objective		*1.54*	*3.53*	*3.58*	*0.58*	*-0.15*	*-1.13*	
Citigroup High Yield Cash Pay		-5.54	-3.13	-4.44	2.87	5.77	6.73	Sep-06
Value Added vs Benchmark		*1.79*	*4.28*	*4.58*	*1.58*	*0.85*	*-0.13*	
Information Ratio				**0.83**	**0.44**	**0.24**		
Sharpe Ratio				**-0.41**	**0.76**	**1.08**		

- The high yield composite returned -4.43% during the third quarter, outperforming against the Citigroup High Yield Cash Pay Index which returned -5.54%. Both of the composite's strategies (managed by Oaktree and BlackRock) performed well in what was a challenging environment for non-investment grade credit. Sector positioning as well as issue selection played a pivotal role in each strategy's success during the period. The BlackRock portfolio fared better during the quarter, and as a result was the larger driver of outperformance at the composite level. The composite is currently split equally between the two actively-managed strategies. The high yield composite is currently outperforming over the year-to-date (+223 bps), one-year (+259 bps), three-year (+67 bps), and five-year (+30 bps) periods, while the composite is underperforming over the since inception period (03/97).

Oaktree Capital Management (High Yield Fixed Income)

- Oaktree Capital manages one of the Fund's two high yield fixed income portfolios. The Oaktree portfolio returned -5.12% during the third quarter, outperforming its benchmark (Citigroup High Yield Cash Pay). The portfolio also outperformed its performance objective (Citigroup High Yield Cash Pay + 1%). Taking their lead from equities, high yield bonds also suffered meaningful losses, dragged down by the troubled energy and metals and mining sectors. In this difficult environment, investors cast aside concerns about a Fed rate hike and embraced higher-quality, longer-duration fixed income assets. As a result, the 10-year Treasury note was the quarter's best performer, earning a solid 3%. CCC-rated bonds came under significant selling pressure in this challenging period. The bottom tier declined 8.2%, its worst quarterly result since the European debt crisis in 2011. The higher rating categories were not much better. BB-rated bonds were off 4.3%, while B-rated bonds dropped 6.1%. After withdrawing $9 billion from high yield mutual funds and ETFs in the second quarter, retail investors continued on a "buyers strike" for most of the third quarter. In July and August alone, roughly $7 billion exited the funds. Retail investors added modestly to their holdings in September, when the high yield bond market experienced its largest declines. Six issuers defaulted

[8] Oaktree Capital Management Performance Objective: Citigroup High Yield Cash Pay + 1% (4q99 – Present); Citigroup High Yield Composite Index + 1% (2q97 – Present).

Fixed Income Overview (Continued)

on $6.6 billion of bonds in the third quarter, bringing the rolling-four-quarter default rate to 1.9%, still well below the 3.9% long-term average. In a replay of the second quarter, most of the credit problems were concentrated in the energy and metals and mining sectors. Overall fundamentals remain healthy (outside energy and metals and mining). Although top-line growth has been slowing a bit, corporate profits have been steady. Today's yield spreads of over 700 bps provide ample cushion to weather a significant deterioration in the credit environment. The Oaktree portfolio is currently outperforming over the year-to-date (17 bps) and one-year (58 bps) periods, and is flat over the since inception period (03/97).

BlackRock (High Yield Fixed Income)

- BlackRock manages the Fund's other high yield portfolio. During the third quarter, the BlackRock portfolio returned -3.75%, outperforming its benchmark (Citigroup High Yield Cash Pay) which returned -5.54%. The BlackRock portfolio also outperformed its performance objective (Citigroup High Yield Cash Pay +1%) which returned -5.29%. The portfolio's maturity allocation resembled that of the benchmark, such that this was not a source of return variation during the period. Security selection contributed to performance, as did underweight allocations to metals & mining and oil & gas equipment & services. The portfolio had been underweight BB-rated for some time, which had mostly been offset by an allocation to loans and CLO securities not included in the benchmark index. This strategy helped during the quarter, as the portfolio's high yield BB credit holdings featured significant exposure to energy and metals & mining. Stock selection within independent energy, where the portfolio had a higher quality bias, also helped. The portfolio's equity positions were the largest detractors over the quarter, particularly those in Amaya, Ally Financial, and Huntsman. The portfolio held an underweight position in BB-rated in favor of floating-rate loans and collateralized loan obligation (CLO) securities. The portfolio also had underweight exposure to more volatile, riskier assets. The BlackRock portfolio is currently outperforming over the year-to-date (+428 bps), one-year (+458 bps), three-year (+158 bps), and five-year (+85 bps) periods, while the portfolio is underperforming over the since inception period (09/06).

Private Equity Overview

Private Equity Composite

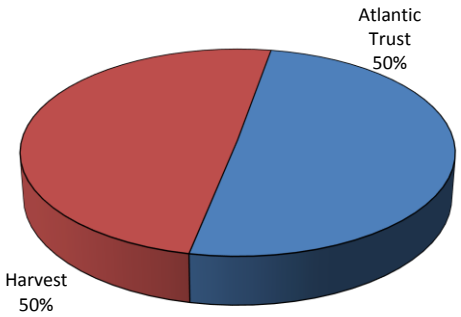
	Total Commitment	Cumulative Capital Called		Cumulative Distributions	Capital Balance	Multiple	Calculated IRR
Hamilton Lane Fund VII LP (Series A)	30,000,000	23,815,291	79.4%	8,430,690	24,275,064	1.37	12.3%
Hamilton Lane Fund VII LP (Series B)	20,000,000	17,642,586	88.2%	4,548,864	15,515,869	1.14	5.9%
Hamilton Lane Fund VII LP (Total)	*50,000,000*	*41,457,877*	82.9%	*12,979,554*	*39,790,933*	1.27	10.9%
Hamilton Lane Secondary Fund II LP	25,000,000	22,472,611	89.9%	21,177,107	8,098,819	1.30	11.6%
Hamilton Lane Secondary Fund III LP	30,000,000	15,362,996	51.2%	9,190,645	14,749,047	1.56	43.1%
Hamilton Lane Fund VIII LP (Global)	30,000,000	9,813,922	32.7%	786,144	11,199,516	1.22	16.1%
GCM-CFIG *	135,000,000	55,316,016	41.0%	1,016,325	68,058,295	1.25	10.9%
Fairview Capital III	40,000,000	430,648	1.1%	-	177,896	0.41	NM
Total Private Equity Program	**310,000,000**	**144,854,070**	**46.7%**	**45,149,775**	**142,093,464**	**1.29**	**12.26**

- Multiple calculation = (market value + distributions) / capital called
- Internal Rate of Return shown here is calculated by Wilshire based on cumulative cash flows and annualized since inception.

* Formerly Credit Suisse

Public Real Assets Overview

Fixed Income Structure



Public Real Assets Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Public Real Assets	**$ 245.2**	**-24.51**	**-28.52**	**-33.27**	**4.06**	**-.-**	**-.-**
Alerian MLP Index		-22.10	-30.67	-39.19	-3.62	-.-	-.-
Value Added vs Index		*-2.41*	*2.15*	*5.92*	*7.68*		
Alerian MLP Index		-22.10	-30.67	-39.19	-3.62	3.86	8.22
S&P MLP Index		-24.23	-30.40	-38.77	-2.04	4.91	7.99
Bloomberg Commodities Index		-14.47	-15.80	-25.99	-16.02	-8.89	-5.67

Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Public Real Assets								
Harvest Fund Advisors	**$ 123.6**	**-24.41**	**-28.12**	**-32.75**	**4.23**	**-.-**	**7.30**	**Nov-11**
Alerian MLP Index + 1.5%		-21.73	-29.55	-37.69	-2.12	-.-	2.20	Nov-11
Value Added vs Objective		*-2.68*	*1.43*	*4.94*	*6.35*		*5.10*	
Alerian MLP Index		-22.10	-30.67	-39.19	-3.62	-.-	0.70	Nov-11
Value Added vs Benchmark		*-2.31*	*2.55*	*6.44*	*7.85*		*6.60*	
Information Ratio				**1.44**	**1.68**	**-.-**		
Sharpe Ratio				**-1.82**	**0.25**	**-.-**		
Atlantic Trust CIBC	**$ 121.6**	**-24.62**	**-28.93**	**-33.95**	**3.81**	**-.-**	**8.89**	**Nov-11**
Alerian MLP Index + 1.5%		-21.73	-29.55	-37.69	-2.12	-.-	2.20	Nov-11
Value Added vs Objective		*-2.89*	*0.62*	*3.74*	*5.93*		*6.69*	
Alerian MLP Index		-22.10	-30.67	-39.19	-3.62	-.-	0.70	Nov-11
Value Added vs Benchmark		*-2.52*	*1.74*	*5.24*	*7.43*		*8.19*	
Information Ratio				**1.45**	**1.73**	**-.-**		
Sharpe Ratio				**-1.85**	**0.22**	**-.-**		

Public Real Assets Overview (Continued)

- The Fund's Master Limited Partnership (MLP) program is comprised of two individual managers, Harvest Fund Advisors and Invesco, with the mandates essentially evenly split between the two. The energy market has remained depressed for a significant period, and this challenging environment has begun to take a toll on the Fund's MLP strategies. After several quarters of outperformance – driven by persistent strong stock selection and small measures of sector diversification – both the Harvest Fund Advisors and Atlantic Trust portfolios have failed to keep pace with the broader market (as represented by the Alerian MLP Index). There is now wide dispersion in returns not only among individual MLP stocks but also across different segments of the market, For example, many names saw their value plummet by nearly 50% in the third quarter alone, while others saw much more modest declines in the range of 0% to 5%. Additionally, while the energy sector remains challenged, the sparse utilities and industrials sectors are performing comparatively well (although still negative). Despite the challenging environment, both strategies continue to add significant value over longer historical periods. The MLP composite continues to is currently outperforming over the year-to-date (+215 bps), one-year (+592 bps) and three-year (+768 bps) periods, as well as since inception (+792 bps) (09/12).

Harvest Fund Advisors (MLPs)

- Harvest Fund Advisors manages one of the Fund's two MLP portfolios. During the third quarter the Harvest portfolio returned -24.41%, underperforming its benchmark (Alerian MLP) which returned -22.10%. Since the Harvest portfolio typically has approximately 97% to 100% of its value invested in energy sector MLPs, sector weighting has not historically been a meaningful source of added or detracted value. However, given the protracted depression in the energy market and high degrees of performance diversion across different areas of the market, sector weighting is playing an increasingly important role. During the third quarter, the Harvest portfolio trailed its benchmark as a result of poor stock selection coupled with unfavorable sector weighting. Among MLP stocks, those classified into the utility sector were among the best performers (incurred losses roughly half the overall benchmark, -11.12% vs. -24.23%). The portfolio had less than one percent of its assets allocated to this sector, compared to 2.3% for the benchmark. This modest underrepresentation in the portfolio was a significant detractor during the period, given the large degree of performance differential between the utility sector and the broader benchmark. As noted, stock selection was also negative with most of the impact coming from its energy holdings. Here, the portfolio's holdings as a whole failed to keep pace with the broader sector (-24.54% return) or the benchmark (-24.23% return). Fortunately, none of the portfolio's more concentrated positions were among its worst performers. Most of the worst performing names each represented less than 1% of the portfolio's total value. Still, several of them saw their values drop by nearly 50% in one quarter alone. The single-worst performer was "Gaslog Ltd" (0.3% weight) which saw its stock fall by -51.23%. Further losses were somewhat mitigated by the portfolio's defensive posture; the allocation to cash remained elevated at around 4% which helped buoy the portfolio against falling prices. The portfolio has lower current yield, but with the expectation of higher dividend growth over the five-year period. The Harvest Fund Advisors MLP portfolio continues to outperform against its benchmark for the year-to-date (+255 bps), one-year (+644 bps) and three-year (+785 bps) periods, as well as since inception (+660 bps) (12/11).

Atlantic Trust (MLPs)

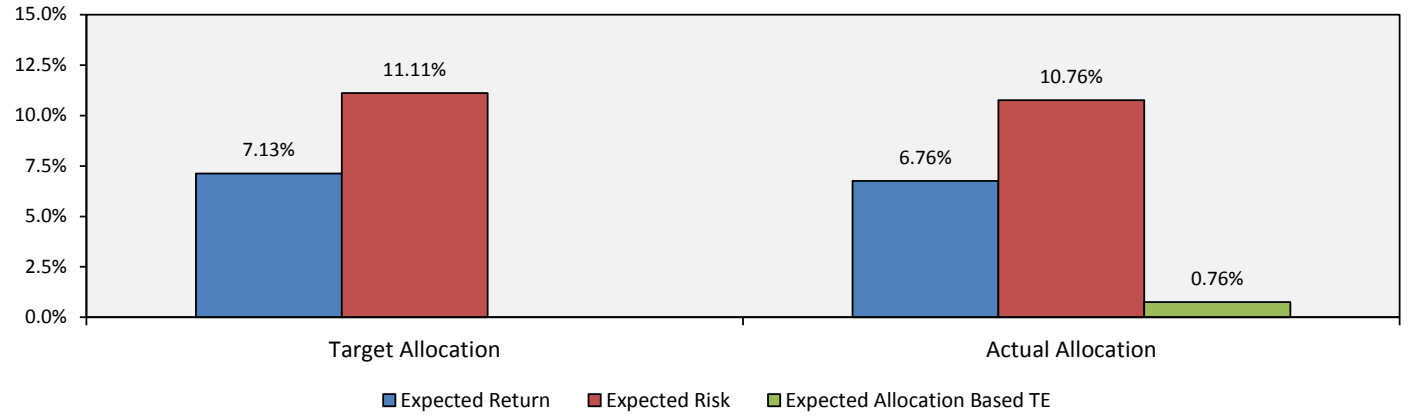
- Atlantic Trust CIBC (formerly Invesco) manages the Fund's other MLP portfolio. During the third quarter, the Atlantic Trust portfolio returned -24.62%, underperforming its benchmark (Alerian MLP) which returned -22.10%. The Atlantic Trust portfolio maintains a small but persistent allocation to the utilities sector (currently a little over 1%). Over the last several quarters, utilities-focused MLP stocks have outperformed their energy-focused counterparts and, as a result, this exposure is typically accrues positively to the portfolio. Moving in to the latter half of 2015, however, the portfolio's exposure to the utilities became underweighted relative to the benchmark. As a result, this sector weighting variance (where the portfolio suddenly had less exposure to one of the strongest performing

Public Real Assets Overview (Continued)

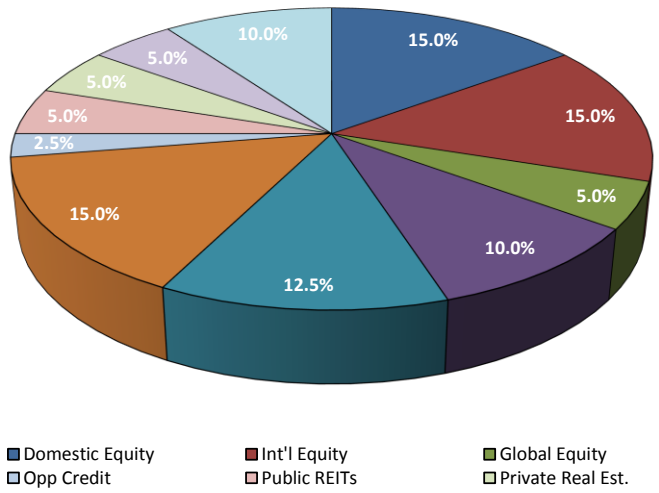
sectors) became a detractor. Currently, the portfolio's exposure to the utilities sector is approximately half that of the benchmark. In terms of stock selection, all of the negative impact was confined to the portfolio's energy holdings. As a group, the portfolio's energy holdings produced a -25.35% return, which trailed the broader sector (-24.54% return) and benchmark (-24.23% return), The portfolio's allocation to cash hovered around 3% at the end of the quarter. In an environment of falling market prices, the cash position provides a buffer against greater losses. It is important to note that the Atlantic Trust portfolio (containing 35 stocks) is much more concentrated than the Harvest portfolio (68 stocks). As a result, many of its position sizes are relatively much larger and have a greater impact on the overall return. The portfolio has lower current yield, but with the expectation of slightly higher dividend growth over the five-year period. The Atlantic Trust MLP portfolio is outperforming against its benchmark for the year-to-date (174 bps), one-year (+524 bps) and three-year (+743) periods, as well as since inception (+819) (12/11).

Appendix: Risk Analysis

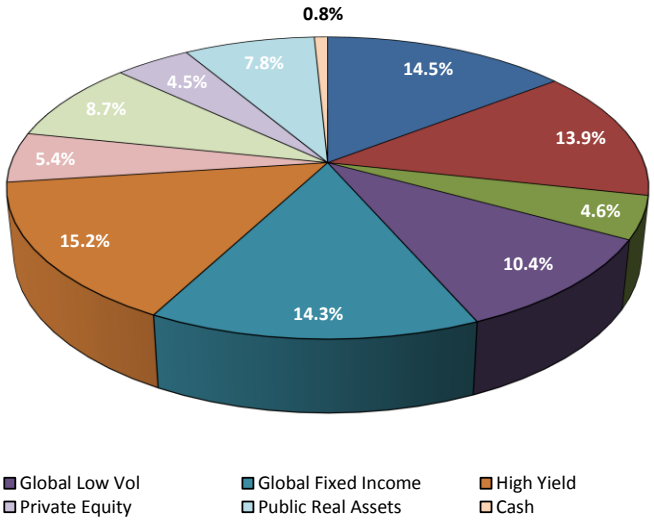
Expected Return and Risk



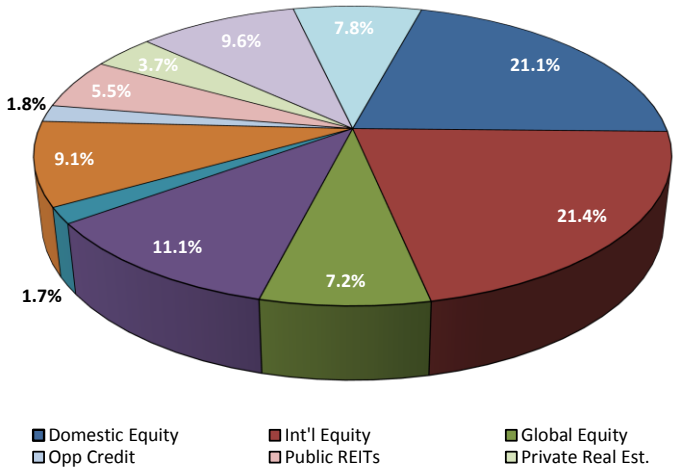
Target Asset Allocation



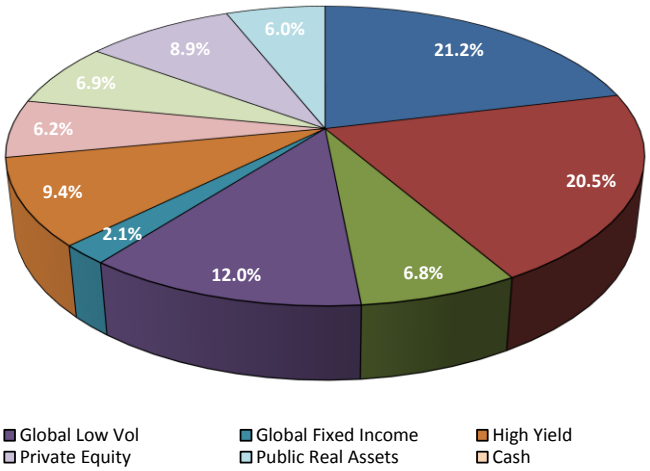
Actual Asset Allocation



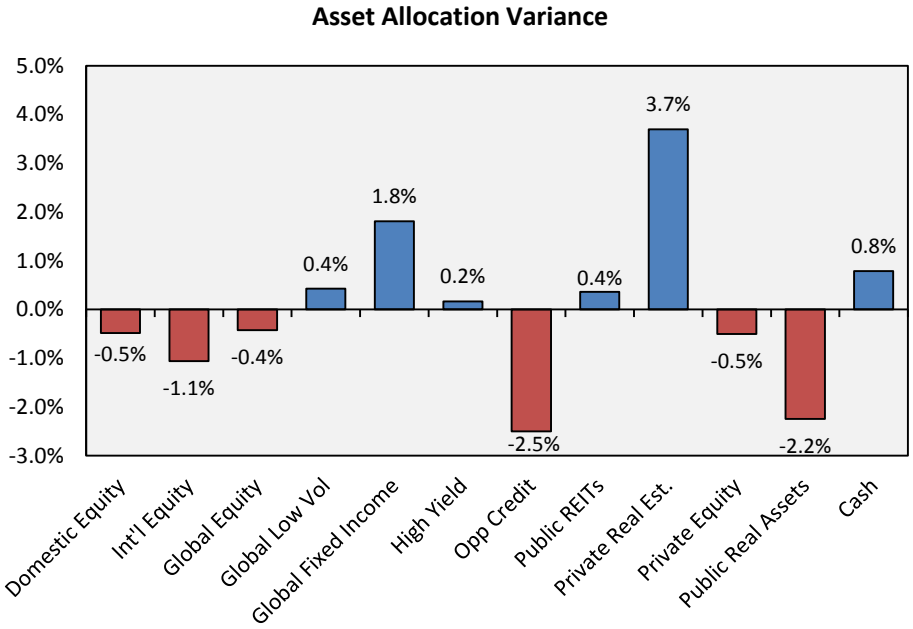
Contribution to Total Risk - Target Allocation

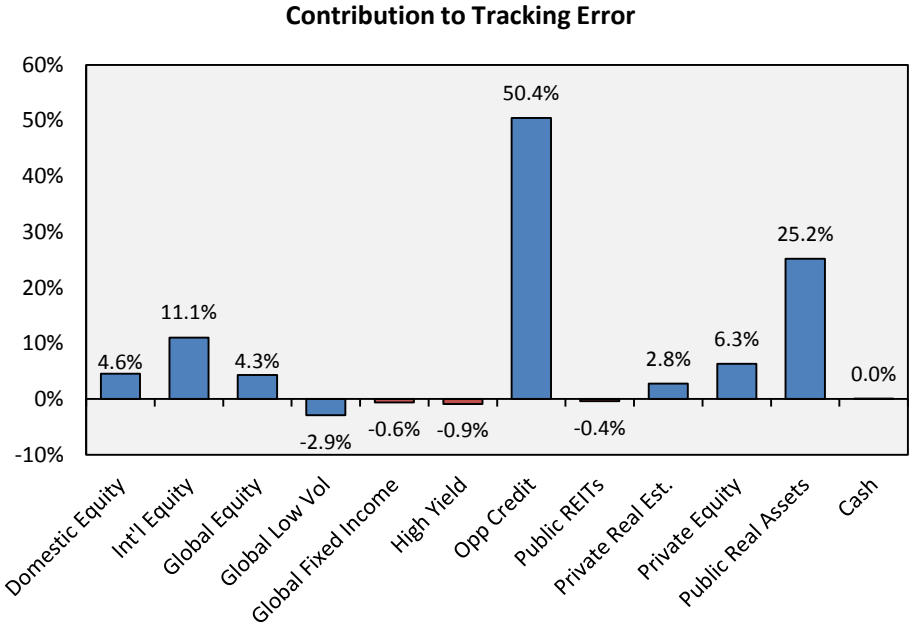


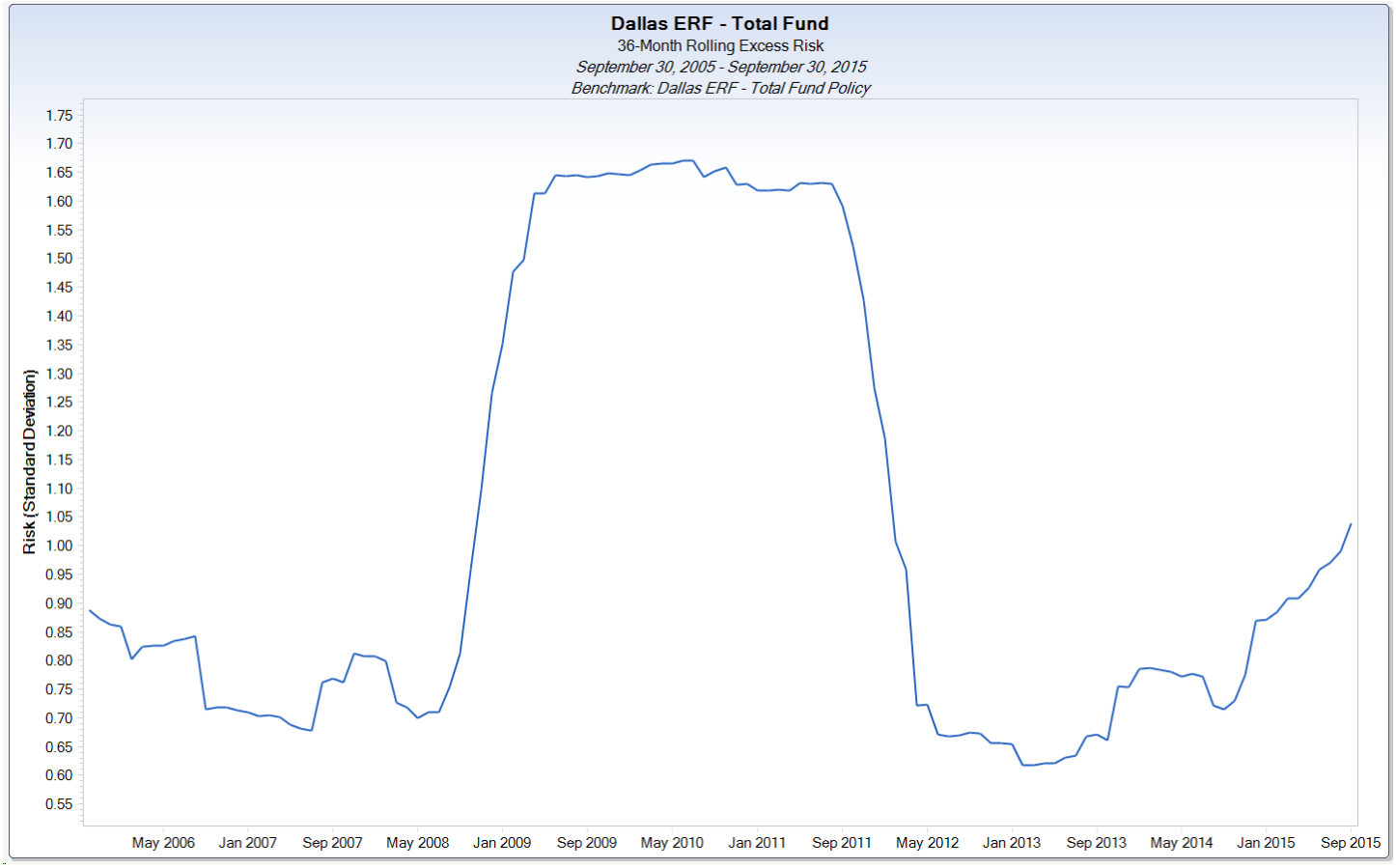
Contribution to Total Risk - Actual Allocation



Expected Return and Tracking Error based on Wilshire's Asset Assumptions





- The variance between the Fund's actual asset allocation and the target allocation is a source of tracking error for the Fund. This "asset allocation tracking error" is currently forecasted to be 0.76% (for the one-year period) at quarter-end. The Fund's opportunistic credit segment is the by far the largest contributor to the overall tracking error. This is due to the fact that the Fund recently instituted a 2.5% target allocation to this segment but has yet to fund any investment strategies, naturally leading to a sustained (albeit small) underweight allocation. Public real assets and international equity also contributed towards tracking error. The global fixed income and high yield segments each had a marginally diversifying impact, dampening the Fund's overall tracking error.

- Below is a historical visualization of realized tracking error ("ex-post") for Dallas ERF over the preceding ten years: