PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Board Meeting
Tuesday, August 11, 2015
9:30 a.m.

I. MINUTES. (Voting Item)

II. EXECUTIVE DIRECTOR/CHIEF INVESTMENT OFFICER REPORT.

III. INVESTMENT REPORT.

A. Public Markets Portfolio Update.

B. Investment Research Update: Foreign Currency Hedging.

C. Hedge Funds.

1. Portfolio Update.
2. Direct Hedge Fund Investment Recommendation: Mudrick Capital Distressed Opportunity Strategy. **(Voting Item)**

D. Private Equity.

1. Performance Summary and Cash Flows.
2. Commitment Summary.

E. Real Estate and Timberland.

1. Performance Review and Market Update.
2. Timberland Appraiser Request for Qualifications – Search Committee Recommendation. **(Voting Item)**
3. TA Associates Realty – Termination Recommendation. **(Voting Item)**

IV. FINANCE AND ADMINISTRATION REPORT.

A. Legal / Legislative Update.

B. June 2015 PRIM Budget.

C. Travel and Staff Development Update.

D. Client Services.

V. LITIGATION UPDATES (EXECUTIVE SESSION).

Appendices

A. Minutes of the PRIM Board meeting on June 4, 2015.
B. Callan *PRIT Fund Performance Report* Color Charts (June 30, 2015).
C. BNY Mellon Gross of Fees Performance Report (June 30, 2015).
D. Callan *Investment Measurement Service Monthly Review* (June 30, 2015).
E. PRIT Fund Performance & Public Markets Performance Detail (June 30, 2015).
F. Investment Research Update: Foreign Currency Hedging.
G. Real Estate and Timberland Portfolio Report (June 30, 2015).
H. Timber RFQ Evaluation Report.
I. TTG Timber RFQ Recommendation.
J. Due Diligence Travel, Trustee and Staff Fiduciary Education, and Professional Development.

I. Minutes. (Voting Item)

The minutes of the PRIM Board meeting on June 4, 2015 are contained at **Appendix A.**

II. Executive Director/Chief Investment Officer Report.

Organizational Updates

I am pleased to announce Amaran Soja joined PRIM in July as the new Executive Assistant to Chris and me. Amaran joins us from Governo Law Firm where she was a Senior Legal Secretary supporting senior partners. Prior to that, Amaran worked at Liberty Mutual and also interned for Senator Ted Kennedy in Constituent Services. Amaran graduated from Westfield State with a B.A. in Political Science. She has already begun studying for the CFA Institute's Claritas Program which covers the essentials of finance, ethics, and global investments.

Erin McCafferty, on the Private Equity team, was promoted to Senior Investment Officer. Erin joined PRIM in April 2014 as an Investment Officer. At the time of her hiring, it was the only opening available on the team, but we communicated to her that if she performed well, she would be eligible for a promotion after one year's time when another Senior Investment Officer position would be available in the budget. Erin performed very well over her first year and we are delighted to promote her. She is a highly-valued member of the PRIM team and we look forward to her contributions.

In other news, we announced a new program at PRIM to pilot a cross-training and career development program. Many of our peers around the nation have similar plans in order to develop employee interdisciplinary skills and to reduce silos in their organizations. One of the great attractions of PRIM, and a reason why many people join PRIM, is to gain exposure to our large, sophisticated and complex investment program spanning several asset classes. This program will allow our high-performing employees to grow their expertise beyond their core responsibilities. We are calling the program the PRIM Professional Development Program and we announced that Sarah Samuels, PRIM's Deputy Chief Investment Officer and Director of Public Markets and Research, will be the first participant.

Sarah will rotate through private equity, real estate, hedge funds and risk management for four month intervals to learn more about them, to contribute to their work, and to encourage cross fertilization of ideas and initiatives. Sarah is an excellent first choice because she is the Deputy Chief Investment Officer, she has consistently demonstrated an eagerness and an ability to work cooperatively with others, and she has built a very strong team in public markets who can assume additional responsibilities. This program, if it is successful, and we have every reason to believe it will be, will be offered to additional, high-performing employees next year, and in the coming years.

Market Analysis and PRIT Fund Performance

The mixed economic data around the globe coupled with continued turbulence in Greece, China, Puerto Rico, and the Middle East, continues to fuel market volatility. At the Investment Committee meeting last month, we spoke of developments around the globe that could indicate that the markets, now well into the 7th year of expansion, are acting as if they are in a peak zone. The anemic market performance for fiscal year 2015 validates our concerns and makes us comfortable with our asset allocation changes that were implemented in order to reduce the PRIT Fund's volatility. Specifically, we brought our global equities target down from 49% five years ago to 40% today, and we are continuing our search for non-correlated, diversifying asset classes such as U.S. Treasury securities and Portfolio Completion Strategies.

For the calendar year through June 2015, markets have weakened and international markets, for the first time in many years, led the U.S market, partly due to a divergence in global monetary policies. While international economies are implementing stimulative monetary policies with lower interest rates, the U.S.

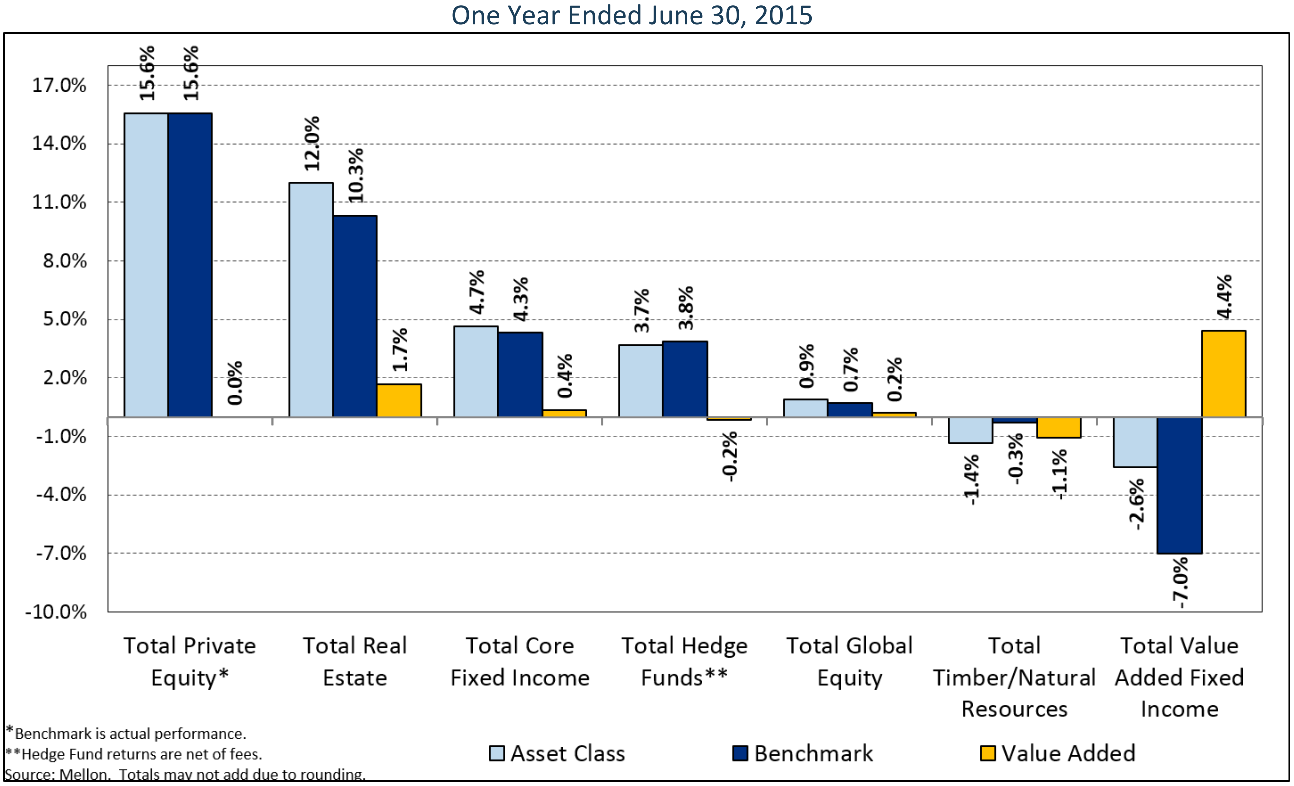
is nearing the implementation of tighter monetary policy through higher interest rates. There is still abundant uncertainty of the exact timing, but it is widely anticipated that the Federal Reserve will raise interest rates before the end of the calendar year. As a result, for the calendar year through June, U.S Large Cap equities are up only 1.2%, while developed international and emerging markets equities are up 5.5% and 2.9%, respectively. Diversified bonds are nearly flat for the calendar year, while long-duration Treasuries are down 9.6%.

Following very strong fiscal years in 2013 and 2014 in which the PRIT Fund was up 12.7% and 17.6%, respectively, markets weakened in fiscal year 2015. U.S. Large Cap equities were up 7.4% in the one-year period ending June 2015, while developed international equities were down 4.2% and emerging market equities were down 5.1%. Diversified bonds were up 1.9%, while long-duration Treasuries were up 8.9%.

The PRIT fund was up 3.9% in fiscal 2015, outperforming the benchmark by 113 basis points. The PRIT Fund's net asset value was $61.2 billion on June 30, 2015. For the one-year period ending June 30, 2015.

- This performance equates to an investment gain of $2.35 billion.
- This outperformance equates to $684 million of value above the benchmark return.
- Net total outflows to pay benefits in fiscal 2015 were approximately $1.5 billion.
- Five of the seven major asset classes outperformed their benchmarks.

PRIT Asset Class Performance (Gross of Fees)
One Year Ended June 30, 2015



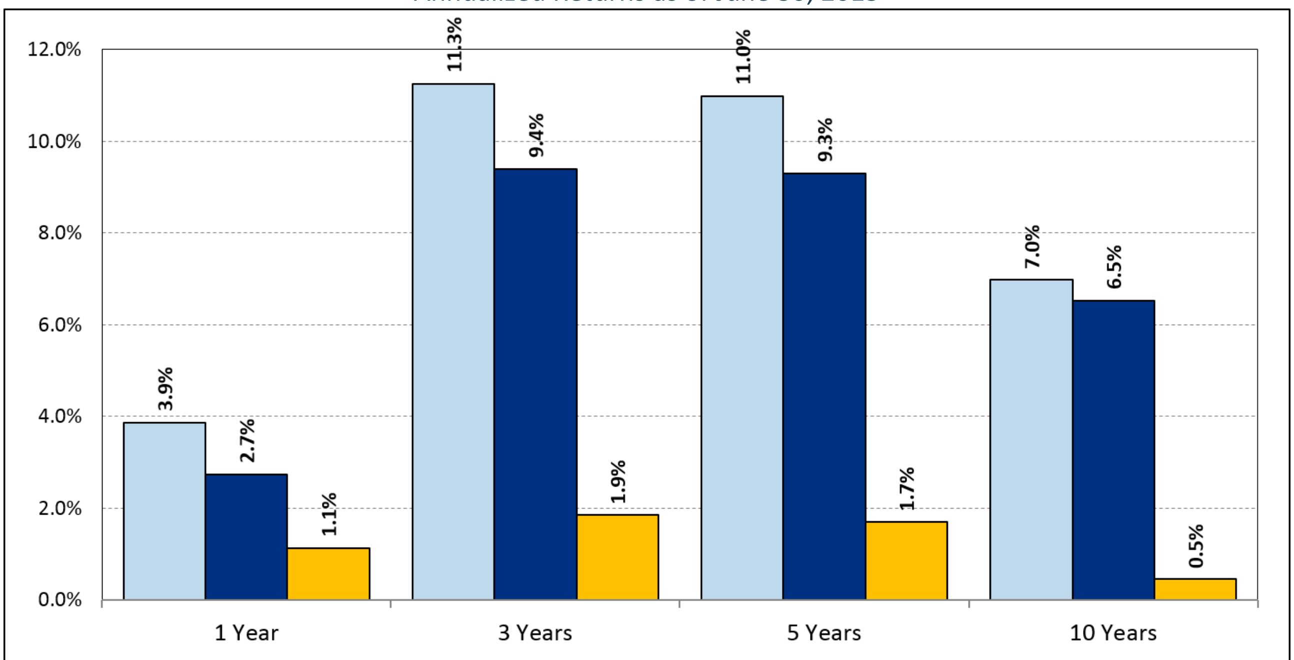
Trailing 1-Year Performance: June 30, 2015	Return	Benchmark Return	Over/(Under) Benchmark (bps)	$Value (millions)	% of PRIT Fund
Total PRIT Fund	**3.9%**	**2.7%**	**113**	**61,174**	**100%**
Total Global Equity	**0.9%**	**0.7%**	**19**	**26,098**	**42.7%**
Domestic Equity	*6.8%*	*7.1%*	*(37)*	*11,745*	*19.2%*
International Developed	*-2.8%*	*-4.5%*	*178*	*10,341*	*16.9%*
Emerging Markets	*-5.9%*	*-3.9%*	*(193)*	*4,011*	*6.6%*
Private Equity	**15.6%**	**15.6%**	**0**	**6,936**	**11.3%**
Real Estate	**12.0%**	**10.3%**	**167**	**6,093**	**10.0%**
Timberland/Natural Resources	**-1.4%**	**-0.3%**	**(107)**	**2,347**	**3.8%**
Hedge Funds	**3.7%**	**3.8%**	**(16)**	**5,575**	**9.1%**
Value Added Fixed Income	**-2.6%**	**-7.0%**	**441**	**5,053**	**8.3%**
Core Fixed Income	**4.7%**	**4.3%**	**38**	**8,378**	**13.7%**

Performance for the fiscal year was driven by strong results in our alternative investments and core fixed income, while global equities, value-added fixed income and timberland/natural resources portfolios were weaker. We will review each asset class in more detail at the Board meeting.

Results for the 3, 5 and 10-year periods were strong on an absolute and relative basis; Alternative investments, specifically private equity and real estate, have consistently been top-performers, as depicted in the charts below.

Total PRIT Fund Returns (Gross of Fees)

Annualized Returns as of June 30, 2015



Total Core Benchmark includes private equity benchmark.
Source: Mellon. Totals may not add due to rounding.

PRIT Asset Class Performance (Gross of Fees)

Annualized Returns as of June 30, 2015

1 Year	3 Year	5 Year	10 Year
Private Equity 15.6%	Private Equity 18.7%	Private Equity 18.4%	Private Equity 16.9%
Real Estate 12.0%	Global Equity 13.7%	Real Estate 13.8%	Real Estate 8.6%
Core Fixed Income 4.7%	Real Estate 12.8%	Global Equity 12.7%	Value-Added Fixed Income 7.7%
Hedge Funds 3.7%	Hedge Funds 8.8%	Value-Added Fixed Income 7.0%	Global Equity 6.7%
Global Equity 0.9%	Timber / Natural Resources 6.2%	Hedge Funds 6.4%	Timber / Natural Resources 6.4%
Timber / Natural Resources (1.3%)	Value-Added Fixed Income 4.9%	Timber / Natural Resources 5.8%	Hedge Funds 4.9%
Value-Added Fixed Income (2.6%)	Core Fixed Income 3.3%	Core Fixed Income 4.7%	Core Fixed Income 4.7%

The following detailed performance reports on the PRIT Fund as of June 30, 2015 are available in the Board package:

- Callan *PRIT Fund Performance Report* Color Charts. **(Appendix B)**
- BNY Mellon Gross of Fees Performance Report. **(Appendix C)**
- Callan I*nvestment Measurement Service Monthly Review*. **(Appendix D)**

III. Investment Report.

A. Public Markets Portfolio Update.

Sarah N. Samuels, CFA, Deputy Chief Investment Officer, will provide an update on the public markets portfolio strategies. Ms. Samuels' presentation is contained at **Appendix E**.

B. Investment Research Update: Foreign Currency Hedging.

Sarah N. Samuels, CFA and Andre Clapp, Ph.D, CFA will present their research on the empirical findings and practical implications of implementing a developed market foreign currency hedging strategy. The presentation is contained at **Appendix F**.

C. Hedge Funds.

1. Portfolio Update.

   Eric R. Nierenberg, Ph.D., Senior Investment Officer – Director of Hedge Funds and Low Volatility Strategies, will provide an update on the hedge fund portfolio.

2. Direct Hedge Fund Investment Recommendation: Mudrick Capital Distressed Opportunity Strategy. **(Voting Item)**

Manager Name:	Mudrick Capital Management
Fund/Strategy Name:	Mudrick Distressed Opportunity
Manager Size:	$1.2 billion
Fund/Strategy Size:	$780 million

Firm Overview

The Mudrick Distressed Opportunity strategy aims to achieve equity-like returns with credit-like risk and volatility in a relatively uncorrelated fashion to the overall markets. The portfolio is comprised of long and short investments primarily in distressed leveraged loans, distressed bonds, post-bankruptcy securities and other event driven special situations. Mudrick seeks to use the potential or actual restructuring process as a catalyst to capture the spread between market price and net asset values. Mudrick seeks to purchase cash flow positive businesses at low multiples of operating cash flow and uses its short portfolio to hedge longs, market/macro risks and generate alpha from overvalued securities. The strategy focuses primarily in North America and looks across the capital structure.

In addition to the issuer size premium enjoyed by the strategy, Mudrick's portfolio also offers uncorrelated returns to other stressed/distressed managers. Mudrick has been able to deploy capital in the current market environment and has been able to avoid larger "on-the-run" investment names with significant market beta. The combination of detailed bottom up analysis with the middle market focus has led to significant "credit selection alpha" relative to the index over time.

Firm History and Ownership

Mudrick Capital was founded in February 2009 by Jason Mudrick; the fund has an event-driven stressed/distressed credit mandate with catalysts coming from the restructuring process. Prior to founding Mudrick Capital, Jason Mudrick joined Contrarian Capital Management in 2001 where he focused on distressed investing. In October 2002, Mudrick launched the Contrarian ("post re-org") Equity Fund, which was an investment vehicle focused on purchasing distressed debt that would be restructured into equity, post-bankruptcy equities and other event-driven deep value special situations. As Managing Director and Portfolio Manager at Contrarian, Jason Mudrick grew the Contrarian Equity Fund to peak assets of approximately $400mn and close to $1bn in total assets for the strategy (including the positions in Contrarian's other funds co-invested alongside Jason's fund). Jason left Contrarian in October 2008 to launch Mudrick Capital. The Contrarian fund has an audited track record (19.5% net annualized return) from October 2002 – October 2008.

The firm has 17 employees, of which 8 are investment professionals. The firm has been looking to further match assets to investor liabilities and has announced its plan to close the quarterly investor share class to new investors (currently representing $500mn) at year-end and concurrently launch a drawdown vehicle. The firm also manages two sidecar funds allowing investors to size up its media (15% NAV) and energy themes (20% NAV); these sidecar funds were created in 2014 and 2015 respectively.

Officer	Biography
Jason Mudrick, President & Chief Investment Officer	Jason Mudrick is the primary risk taker at the firm. Mudrick is actively involved in the corporate restructuring process and has served on multiple creditors' committees and served on the Board of Directors of numerous public and private companies including Safety-Kleen Holdings, Integrated Alarm Services Group, Salton and Rotech Healthcare. In October 2002 Jason Mudrick launched the Contrarian ("post re-org") Equity Fund which was an investment vehicle focused on purchasing distressed debt that would be restructured into equity, post-bankruptcy equities and other event-driven deep value special situations. As Managing Director and Portfolio Manager at Contrarian, Jason Mudrick grew the Contrarian Equity Fund to peak assets of ~$400mn and close to $1bn in total assets (including the positions Contrarian's other funds co-invested alongside Jason's fund). Jason left Contrarian in October 2008 to launch Mudrick Capital. The fund has an audited track record (19.5% net annualized return) from October 2002 – October 2008. Jason earned a B.A. in Political Science from the University of Chicago and a J.D., *cum laude*, from Harvard Law School.
Victor Danh Head of Research & Senior Analyst	Victor Danh is Head of Research and a Senior Analyst at Mudrick Capital. He is responsible for analyzing distressed credit and equity opportunities across a diverse range of industries and oversees the research team. Danh focused on deep value and distressed investments in a wide range of industries across the entire capital structure while at Contrarian with Jason Mudrick. Victor earned an A.B. in Economics from Harvard University.
David Kirsch Senior Analyst	David Kirsch is a Senior Analyst at Mudrick Capital responsible for analyzing distressed credit and equity opportunities across a diverse range of industries. David was a Senior Analyst and Managing Director at Miura Global Management (a global long-short equity hedge fund) covering the financial and consumer industries across the Americas, Europe and Asia. David has restructuring experience as a Director at Alvarez & Marsal. He served in management roles on an interim basis for distressed companies and advised creditors on balance sheet solutions. Engagements include representing Senior Secured Creditors in the Delphi and Oneida restructurings and overseeing the Tarragon (public real estate development company) Finance Department during its restructuring.

David earned a B.S. in Economics, *magna cum laude*, from the Wharton School at the University of Pennsylvania.

Fund Strategy

Mudrick focuses on "off-the-run" opportunities typically overlooked by larger distressed-focused firms; its investment universe consists of companies with enterprise values between $500mn-$2bn ("middle market" companies). Mudrick Capital is a value-focused, fundamentally driven investment firm with a niche in identifying value created by balance sheet events, or more generally, the restructuring process (potential or realized). Balance sheet events are used as a catalyst to capture the spread between market and net asset values. The fund focuses on low security valuations with a higher perceived margin of safety (2-4x EBITDA, cash flow positive) and repairable capital structures.

Investment Characteristics

(i) low securities valuations and higher perceived margin of safety (2-4x EBITDA; cash flow positive; large discount to asset value: expanding margins).
(ii) "good" businesses with repairable capital structures (i.e., companies with high barriers to entry, difficult to replicate).
(iii) securities trading at discounted valuations due to event-related dynamics (facing technical selling pressure, complex and difficult to analyze distressed situations, possessing potential catalysts for value recognition).
(iv) favorable risk/reward opportunities (capital structure arbitrage, pre-bankruptcy, distressed securities, post-bankruptcy securities).

Risk Management and Operational Review

Mudrick seeks to control risk through its bottom-up research approach on each individual security (roughly 35-40 names). Mudrick utilizes a deep value investment methodology of seeking to purchase free cash flow positive businesses at low multiples of earnings to provide some margin of safety. The strategy guidelines generally call for limited or no use of leverage on the long side and some hedging using bond shorts, CDS and equity index puts to manage downside risk. Additionally, the firm has been very deliberate in matching the liquidity terms of the strategy with the liquidity of the underlying assets in the portfolio.

Additional flexibility will be provided in the mandate to allow Mudrick to invest up to 20% of the portfolio in opportunistic, less liquid or other investments not otherwise accessible through the Mudrick flagship program or as otherwise agreed by the parties.

Recommendation

The Investment Committee and PRIM Staff are recommending that the PRIM Board approve an initial allocation of up to $150 million to the Mudrick Capital Distressed Opportunity strategy.

D. Private Equity.

1. Performance Summary and Cash Flows.

PRIM Board Private Equity Portfolio Performance as of June 30, 2015 [1]					
Committed	**Contributed [2]**	**Distributed**	**Market Value**	**Total Value**	**Net IRR [3]**
16,387,226,490	13,517,411,775	14,733,843,875	6,805,240,229	21,539,084,104	13.23%

1. Excludes Alternative Fixed Income and Private Natural Resources partnerships.

2. Contributions include fees.

3. Net IRR since inception, as calculated by Hamilton Lane's Portfolio Reporting System.

2015 Cash Flows [1]

Quarter	Contributions [2]	Distributions	Net Cash Flow
31-Mar-15	283,673,072	395,791,674	112,118,602
30-Jun-15	327,220,461	615,355,722	288,135,261
30-Sep-15			
31-Dec-15			
TOTAL	$610,893,533	$1,011,147,396	$400,253,862

1. Excludes Alternative Fixed Income and Private Natural Resources partnerships.
2. Contributions include fees.

2. Commitment Summary.

PRIM
Private Equity
2015 Investment Summary
($ in Millions)

*Denotes existing PRIM relationship

Partnership	Investment Focus	Special Equity	Venture Capital	Total PRIT Commitment
Approved as Interim Recommendations January 20th				
*Catalyst Investors IV, L.P. **			$ 65	
*Insight Venture Partners IX, L.P. **			$ 120	
*Insight Growth-Buyout Coinvestment Fund, L.P. **			$ 40	
Approved at the February 11th Board Meeting				
*Flagship Ventures Fund V, L.P. **			$ 25	
Rhône Partners V, L.P.		$ 106		
Approved at the April 7th Board Meeting				
*Blackstone Capital Partners VII, L.P. **		$ 225		
*TA XII, L.P. **			$ 200	
*Thoma Bravo Special Opportunities Fund II, L.P. **		$ 50		
Approved at the June 4th Board Meeting				
*Charterhouse Capital Partners X, L.P. **		$ 112		
*Quantum Parallel Partners VI-C, L.P. **		$ 45		
Total		**$ 537**	**$ 450**	**$ 987**
2015 Investment Plan				**$1,700**
Remaining To Be Committed				**$713**

PRIM
Alternative Fixed Income
2015 Investment Summary
($ in Millions)

*Denotes existing PRIM relationship

Partnership	Total PRIT Commitment	
Approved as Interim Recommendations March 2nd		
*Oaktree Opportunities Fund X, L.P. **	$ 75	
*Oaktree Opportunities Fund Xb, L.P. **	$ 150	
Approved at the April 7th Board Meeting		
CVI Credit Value Fund III, L.P.	$ 150	
Total	**$ 375**	
2015 Investment Plan		**$700**
Remaining To Be Committed		**$325**

E. Real Estate and Timberland

1. Performance Review and Market Update.

Real Estate.

Total Real Estate Performance.

Through June 30, 2015, returns for real estate over periods of one, three, five and ten years are as follows:

	PRIM Real Estate	Combined Benchmark*	Out/Under Performance
1 Year	12.0%	10.3%	1.7%
3 Year	12.8%	11.2%	1.6%
5 Year	13.8%	12.9%	0.8%
10 Year	8.6%	7.9%	0.7%

**Includes NCREIF Property Index as of March 31, 2015 (One Quarter Lag). June returns not available in time for month-end performance calculation.*

Private Real Estate Performance.

Through June 30, 2015, returns for private real estate over periods of one, three, five and ten years are as follows:

	PRIM Private Real Estate	Benchmark*	Out/Under Performance
1 Year	15.30%	12.70%	2.50%
3 Year	14.00%	11.50%	2.50%
5 Year	14.40%	12.80%	1.70%
10 Year	9.50%	8.40%	1.10%

**NCREIF Property Index as of March 31, 2015 (One Quarter Lag). June Index returns not available in time for month-end performance calculation.*

Real Estate Securities Performance.

Through June 30, 2015, returns for REITs year-to-date and over periods of one, three, five and ten years are as follows:

	PRIM REITs	Benchmark*	Out/Under Performance
YTD	-2.30%	-2.90%	0.60%
1 Year	0.90%	0.30%	0.70%
3 Year	9.50%	9.40%	0.10%
5 Year	12.40%	12.50%	-0.10%
10 Year	5.30%	5.00%	0.40%

**FTSE EPRA NAREIT Developed Net Total Return as of June 30, 2015.*

Commentary - Real Estate.

As of June 30, 2015, the real estate portfolio was valued at $6.1 billion, 10% of the PRIT Fund, which is at the target allocation. Core real estate assets represent 74% of the total real estate portfolio, 7% is invested in non-core assets, and 19% of the portfolio is invested in REITs. The remainder is in short term cash pending reinvestment.

The private real estate portfolio returned 15.3% for the one-year period ended June 30, 2015, 254 basis points above benchmark. PRIM outperformed on both a levered and unlevered basis. One year NCREIF returns were driven by strong industrial and retail performance, which returned 14.2% and 13.8%, respectively. NCREIF apartment returns underperformed within the group, returning 11.0%. Year to date, PRIM's advisors have acquired seven new properties for $558.1 million in equity and sold one property that resulted in a net distribution of $74.7 million.

PRIM's Global REIT portfolio returned 0.9% for the one-year period ended June 30, 2015, outperforming the benchmark by 65 basis points. Global REIT markets decreased 5.7% in the second quarter with the Americas leading on the downside, returning -10.0%. Global markets were down -4.0% in June with all regions showing negative returns. Recent volatility continues to be driven primarily by interest rate fears and shifts in global sentiment based on a number of macroeconomic themes including Greek debt and Chinese equity markets. While much of the world is showing signs of strengthening economies, these global dynamics may slow growth rates in certain regions and impact bond yields in the near term. Geopolitical undercurrents are also creating greater volatility across equity and bond markets, currencies and interest rates.

The U.S. is experiencing the strongest job growth since the 1990's. U.S. jobs have moved above their pre-crisis levels with accelerating job growth leading to lower unemployment rates. Vacancy rates are now approaching long term averages resulting in higher growth trends in rents and operating incomes. The Pension Real Estate Association's most recent investor survey indicated expected commercial real estate returns of 8% over the next five years. Transaction levels for individual properties are now above the prior peak in 2007 at over $300 billion (2014). This strong performance has resulted in historically low cap rates.

Timberland.

Timberland Performance.

Through June 30, 2015, returns for timberland over periods of one, three, five and ten years are as follows:

	PRIM Timberland	Benchmark*	Out/Under Performance
1 Year	9.7%	10.6%	-0.9%
3 Year	9.4%	9.8%	-0.4%
5 Year	6.5%	6.2%	0.3%
10 Year	8.7%	8.6%	0.1%

** NCREIF Timberland Index as of March 31, 2015. June Index returns not available in time for month-end performance calculation.*

Total Timberland and Natural Resources Performance.

Through June 30, 2015, returns for timberland and natural resources over periods of one, three, five and ten years are as follows:

	PRIM Total Natural Resources	Benchmark*	Out/Under Performance
1 Year	-1.4%	-0.3%	-1.1%
3 Year	6.2%	7.4%	-1.2%
5 Year	5.8%	6.3%	-0.5%
10 Year	6.4%	6.1%	0.4%

** Includes NCREIF Timberland Index as of March 31, 2015. June Index returns not available in time for month-end performance calculation. Benchmark also includes the Lipper NR Global Fund Index (peer group data). Weightings are adjusted quarterly.*

Commentary – Timberland and Natural Resources.

As of June 30, 2015, the timberland and natural resources portfolio was valued at $2.3 billion, 3.8% of the PRIT Fund, which is 0.2% below the target allocation. Timberland investments comprise $1.7 billion, or 72%, of the portfolio while public and private natural resource investments comprise the remaining $651 million, or 28% of the portfolio.

The timberland portfolio returned 9.7% over the one-year period ended June 30, 2015, 95 basis points below the timberland benchmark. Recent underperformance has been driven in part by international currency weakness impacting foreign demand and asset valuation. Regional NCREIF returns were 11.0% in the Pacific Northwest and 10.4% in the South year over year.

The public natural resources portfolio returned -27.9% over the one-year period ended June 30, 2015, 197 basis points below benchmark. Negative performance has been driven primarily by the steep decline in energy prices beginning in June 2014 as well as volatility in one of PRIM's two portfolios, driven by a more active, small cap strategy.

Performance data for real estate and timberland is contained at **Appendix G**.

2. Timberland Appraisal Request for Qualifications – Search Committee Recommendation. **(Voting Item)**

Background.
PRIM issued a Request for Qualifications ("RFQ") for timberland appraisal services on June 15, 2015. The purpose of the RFQ is to update PRIM's list of approved timberland appraisal firms. Firms selected as a result of this RFQ will be eligible to competitively bid for appraisal assignments that are scheduled to occur over the next three years (2015 to 2017). The search was advertised in Pension & Investments and was posted on PRIM's Web site. Responses to the RFQ were due by 3:00 p.m. ET on June 30, 2015. Eight responses were submitted by the deadline. A summary for each respondent is available in the evaluation committee report.

Evaluation Committee.
The Evaluation Committee members are as follows:
1. David Gurtz, Interim CFO & COO
2. John La Cara, Senior Investment Officer
3. Dr. Jack Lutz, Real Estate and Timber Committee
4. Tim Schlitzer, Senior Investment Officer
5. Dan Stenger, Consultant, The Townsend Group

Search Process.
Ten firms responded to the RFQ. Two firms submitted a response after the submission deadline and were not given further consideration. Responses were evaluated based on each firm's relevant qualifications and experience, knowledge of timberland valuations and appraisals, quality of RFQ response, quality of the proposed team, and references - particularly from PRIM's timberland investment managers. Seven of the responding firms are currently on PRIM's list of approved appraisal firms. Accordingly, given PRIM's familiarity with these seven firms, experience with past assignments and feedback from PRIM's timberland investment managers, they were considered qualified to remain on PRIM's list. The last respondent was invited to interview with members of the Evaluation Committee via a conference call. Subsequent to the call it was determined that the firm demonstrated the necessary qualifications required by PRIM to provide appraisal services.

Recommendation.
PRIM staff and the Real Estate and Timber Committee (unanimous vote) recommends that all eight responding firms be placed on PRIM's list of approved timberland appraisers. The firms are as follows:
1. Forecon Inc.

2. Larson & McGowin, Inc.
3. Legacy Appraisal Services, LLC
4. Mason Bruce & Girard, Inc.
5. Sizemore & Sizemore, Inc.
6. Sterling Consulting, LLC
7. Terra Source Valuation, LLC
8. The Healy Company.

Each firm will be eligible to bid on timberland appraisal assignments that are scheduled to occur for calendar years ending 2015, 2016 and 2017. The complete evaluation committee report can be found at **Appendix H**. A recommendation from the Townsend Group can be found at **Appendix I**.

3. TA Associates Realty – Termination Recommendation. **(Voting Item)**

On July 22, 2015, staff presented the Real Estate and Timberland Committee with a recommendation to terminate TA Realty's core real estate mandate. The recommendation received unanimous support from the Committee. In the interest of time and in an effort to mitigate operational risk at the property level, staff informed TA of the decision immediately after the meeting. We are seeking retroactive Board approval of the termination, effective July 23, 2015.

<u>Rationale</u>
TA began a formal performance improvement plan on February 1, 2014. During the 18 month period that followed, PRIM's real estate staff and TA's portfolio management team met monthly to discuss performance as well as transactional and operational matters. PRIM also hosted two meetings with TA which were attended by members of PRIM's Real Estate and Timberland Committee and executive staff from both organizations.

The decision to terminate was based on the following four primary factors:

1. Performance – As of June 30, 2015, TA's performance remains under PRIM's benchmark across all time periods. TA also ranks in the third quartile versus its peer group across the three and five year periods.
2. Turnover – TA recently informed PRIM of four related departures of senior level staff members including two members of PRIM's portfolio management team and two of TA's five senior acquisitions officers.
3. Recent sale of company – In October, 2014, TA announced the sale of 70% of their investment management platform to The Rockefeller Group, a wholly owned subsidiary of Mitsubishi Estate Co., Ltd, a Japanese real estate company. The sale introduced uncertainty to the future of the organization. The turnover referenced above appears to be a direct result of the change in ownership.
4. Strategy – TA's strategy of buying smaller assets, often located in secondary markets, no longer fits PRIM's core investment strategy or return requirements. The below benchmark performance of the portfolio since inception supports this change.

Management of the portfolio will be transferred in the near-term to AEW Capital Management. AEW was selected due to their strong performance since inception, demonstrated portfolio management capabilities and capacity, and attractive fees. AEW's headquarters are located in Boston, which should allow for increased levels of interaction and communication throughout the transition process.

IV. Finance and Administration Report.

A. Legal / Legislative Update.

PRIM's General Counsel will update the Board on legal and legislative matters.

B. June 2015 PRIM Budget.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD					
Budget as of June 30, 2015					
FY 2015	Investment Management Fees	YTD Actual	YTD Budget	Variance Under (Over)	%
16,030,444	Domestic Equity	14,077,599	16,030,444	1,952,845	12%
19,180,985	International Equity	16,408,905	19,180,985	2,772,080	14%
15,940,909	Emerging Markets Equity	11,641,465	15,940,909	4,299,444	27%
5,664,998	Core Fixed Income	6,116,599	5,664,998	(451,601)	-8%
11,100,907	Value Added Fixed Income	10,414,025	11,100,907	686,882	6%
5,541,369	Real Estate - REIT's	5,443,769	5,541,369	97,600	2%
450,000	Real Estate - Core Strategy	8,048,246	450,000	(7,598,246)	-1688%
3,502,456	Timber/Natural Resources	8,891,527	3,502,456	(5,389,071)	-154%
2,945,000	Private Equity	1,499,500	2,945,000	1,445,500	49%
0	Hedge Funds	37,637	-	(37,637)	0%
490,000	Overlay/Foreign Currency	600,188	490,000	(110,188)	-22%
80,847,068	**Subtotal**	**83,179,460**	**80,847,068**	**(2,332,392)**	**-3%**
PRIM Operations:					
	Custody & Outside Advisors				
725,000	Custodian	674,303	725,000	50,697	7%
779,024	Consultant - General	718,270	779,024	60,754	8%
1,760,000	Consultant - Private Equity	1,617,412	1,760,000	142,588	8%
663,000	Consultant - Real Estate	791,469	663,000	(128,469)	-19%
2,125,000	Consultant - Hedge Funds	973,607	2,125,000	1,151,393	54%
0	Portfolio Completion Strategie	77,452	-	(77,452)	0%
459,500	Audit & Tax	322,407	459,500	137,093	30%
375,000	Legal	533,268	375,000	(158,268)	-42%
250,658	Governance	214,231	250,658	36,427	15%
1,029,573	Risk Management	928,735	1,029,573	100,838	10%
8,166,755	**Subtotal**	**6,851,154**	**8,166,755**	**1,315,601**	**16%**
	Operations:				
6,114,492	Salaries	6,040,093	6,114,492	74,399	1%
935,966	Occupany	689,682	935,966	246,284	26%
297,951	Insurance	183,189	297,951	114,762	39%
152,507	Employee Benefits	104,761	152,507	47,746	31%
243,232	General Office Expenses	200,381	243,232	42,851	18%
1,001,980	Computer & MIS	576,079	1,001,980	425,901	43%
215,000	Due Diligence Travel	134,226	215,000	80,774	38%
100,000	Professional Development	69,329	100,000	30,671	31%
81,412	Client Service	26,381	81,412	55,031	68%
70,000	Dues & Subscriptions	45,906	70,000	24,094	34%
35,000	Temporary Labor	68,930	35,000	(33,930)	-97%
9,247,540	**Subtotal**	**8,138,957**	**9,247,540**	**1,108,583**	**12%**
17,414,295	**Total Operations & Advisors**	**14,990,111**	**17,414,295**	**2,424,184**	**14%**
98,261,363	**Total PRIM Direct Operating Budget**	**98,169,571**	**98,261,363**	**91,792**	**0%**
	Indirect Fees				
21,725,165	Real Estate	21,151,362	21,725,165	573,803	3%
3,892,636	Timber	2,417,120	3,892,636	1,475,516	38%
112,109,597	Private Equity	97,657,278	112,109,597	14,452,319	13%
26,085,100	Distressed Debt	20,418,768	26,085,100	5,666,332	22%
89,446,352	Hedge Funds	77,352,642	89,446,352	12,093,710	14%
53,000	Portable Alpha Wind Down	9,058	53,000	43,942	83%
8,130,000	Commingled Funds	7,777,668	8,130,000	352,332	4%
0	Portfolio Completion Strategie	187,228	-	(187,228)	0%
261,441,850	**Total PRIM Indirect Budget**	**226,971,124**	**261,441,850**	**34,470,726**	**13%**
359,703,213	**Total PRIM Direct & Indirect Fees**	**325,140,695**	**359,703,213**	**34,562,518**	**10%**

C. Travel and Staff Development Update.

A detailed schedule of expenses associated with due diligence travel and fiduciary education or professional development that have been reimbursed to employees since our prior report is attached as **Appendix J**.

Additional due diligence travel and fiduciary education or professional development that has either been approved or has occurred since our prior report, but has not yet been reimbursed, is outlined below:

Date:	Name:	Location:	Organization:	Purpose:
5/7/2015	Peony K. Keve	Cambridge, MA	Kepha Partners 2015 Annual Meeting	DD
5/14/2015-5/15/2015	Eric R. Nierenberg	Cambridge, MA	State Street Global Markets Conference	DD & FE/PD
5/15/2015	Michael R. Bailey	Waltham, MA	Meeting at Brandeis	FE/PD
5/19/2015-5/20/2015	Peony K. Keve	Boston, MA	Bain Capital Annual Meeting	DD
6/11/2015-6/12/2015	Eric R. Nierenberg	New York, NY	2015 Carter Burden Investment Conference	DD & FE/PD
6/16/2015-6/18/2015	Peony K. Keve	Boston, MA	Super Return US 2015	FE/PD
6/18/2015	Jiazhu Zhang	New York, NY	Inside the Black Box Conference	FE/PD
6/23/2015-6/26/2015	Chris Supple	Austin, TX	NAPPA 2015	FE/PD
7/13/2015-7/14/2015	Chuck LaPosta	New York, NY	Institutional Investor Forums	FE/PD
7/14/2015-7/15/2015	Eric R. Nierenberg	New York, NY	Arden, CNBC Delivering Alpha Conference, Mudrick, BlackRock	DD & FE/PD
7/27/2015-7/31/2015	Timothy V. Schlitzer	London, Paris	Investment Manager Due Diligence	DD
8/24/2015-8/25/2015	Michael M. McGirr	Los Angeles, CA	LMCP	DD
8/24/2015-8/25/2015	Sarah N. Samuels & Chuck LaPosta	San Francisco, CA & Los Angeles, CA	Progress Investment Management Company, LLC, Lovell Minnick, & Huber	DD
10/20/2015-10/21/2015	Sarah N. Samuels	Washington, DC	Kayo Women's Private Equity Conference	FE/PD
10/26/2015-10/28/2015	Michael G. Trotsky	Boston, MA	Global ARC Conference	FE/PD
11/12/2015	Michael G. Trotsky	Boston, MA	Boston Investment Conference	FE/PD

Key: DD=Due Diligence; FE/PD=Fiduciary Education and/or Professional Development

D. Client Services.

There are 94 retirement systems that currently invest in the PRIT Fund: 55 systems are fully invested ("Participating Systems"), including the State Employees/MA Turnpike, State Teachers, the State-Boston Retirement System - Teachers ("SBRS/Teachers"), and the Massachusetts State College Building Authority ("MSCBA"); 39 systems are partial investors that participate in the Segmentation Program. PRIM serves as an investment manager for approximately 90% of all state and local retirement systems. There are currently 12 unaffiliated retirement systems that do not invest through PRIM. PRIM also manages the assets of the State Retiree Benefits Trust Fund ("SRBTF"), the Commonwealth's Other Post-Employment Benefits ("OPEB") liability fund.

Client and Other Meetings.

The client service team continues to meet with many of PRIM's member retirement systems and other jurisdictions. The Senior Client Services Officer also meets with professional organizations and government entities interested in learning more about the SRBTF. Some recent and upcoming meetings are as follows: Webster (7/15/2015); Essex Regional Retirement Board (7/20/2015); MassPort (8/20/2015); Newton (8/25/2015); Barnstable (8/25/2015); Lexington (8/26/2015); Gloucester (8/26/2015); Wellesly (8/27/2015); Haverhill (9/8/2015); and Chicopee (9/10/2015).

SRBTF Update.

The SRBTF Board approved two new local submissions for investment in the SRBTF at its June 2015 meeting: the Town of Ayer and the City of Newburyport. In addition to the Massachusetts State Retirees' OPEB assets, the SRBTF now has 38 government entity clients that have opted to invest in the SRBTF. As of June 30, 2015, the market value of the total SRBTF was $852 million.

V. Litigation Updates (Executive Session).

PRIM's General Counsel will provide in Executive Session an update on litigation matters.

(This page was intentionally left blank)

Appendix A

Minutes of the PRIM Board Meeting
June 4, 2015

(This page was intentionally left blank)

COMMONWEALTH OF MASSACHUSETTS
PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Minutes of the June 4, 2015, Board Meeting commencing at 9:30 a.m.

in the
PRIM Board Offices
at 84 State Street
Boston, Massachusetts

I N D E X

D O C U M E N T S*

- A Minutes of the PRIM Board Meeting of April 7, 2015
- B 2015 Board Education Plan
- C Callan PRIT Fund Performance Report Color Charts (April 30, 2015)
- D BNY Mellon Gross of Fees Performance Report (April 30, 2015)
- E Callan Investment Measurement Service Monthly Review (April 30, 2015)
- F PRIT Fund Performance & Public Markets Detail (April 30, 2015)
- G Securities Lending Presentation
- H Real Estate and Timberland Portfolio Report
- I Diversity Initiative Update
- J KPMG 2015 Audit Plan
- K PRIT Core Realty Holdings, LLC December 31, 2014 Audited Financial Statements
- L Travel and Staff Development
- M Handout - Parental Leave Memo

*Referred to and/or used at the meeting and retained at the PRIM Board office.

A T T E N D E E S

Board Members

· Treasurer Deborah B. Goldberg, Chair
· Robert L. Brousseau
· Ruth Ellen Fitch
· Michael J. Heffernan
· Anthony Hubbard, Esq.
· Dennis J. Naughton
· Dana A. Pullman
· Paul E. Shanley, Esq.

Others Attending:

· Chandra Allard, Treasury
· Kevin Blanchette, Worcester Regional
· Richard Bowers, Baystate Financial
· Nora Bowman, eSecLending
· Patrick Brock, Hampshire County
· Christopher Crevier, Neuberger Berman
· Melissa Cunningham, Middlesex County
· Henry Davis, Arden
· Michael DeVito, PERAC
· Constance Everson, Investment Committee
· Nicola Favorita, State Retirement Board
· Nicole Giambusso, O'Neill and Associates
· Sarah Kim, Treasurer's Office
· Michael Koenig, Hamilton Lane
· Chuck Kostro, Essex Regional
· Jim MacDonald, First Deputy Treasurer
· Kevin Meehan, Goldman Sachs
· Phil Nelson, NEPC
· Jon Ostrowsky, Treasurer's Office
· Bud Pellechia, Callan
· Jim Quirk, Barnstable
· Carolyn J. Rogers, RPR, C.J. Reporting
· Dylan Ross, eSecLending
· Bruce Shain, BNY Mellon
· Kevin Sullivan, BNY Mellon
· Timothy Vaill, Investment Committee
· Millie Viqueira, Callan

P R O C E E D I N G S

A meeting of the Pension Reserves Investment Management Board (PRIM Board) was held on June 4, 2015, at the PRIM Board office located at 84 State Street, Boston, Massachusetts.

Call to Order:

The meeting convened at 9:38 a.m. Treasurer and Receiver-General Deborah Goldberg Chaired the meeting.

TREASURER GOLDBERG: Everybody all set? We're rocking and rolling. The Massachusetts open meeting law permits meetings to be recorded and states that the Chair shall inform attendees at the beginning of the meeting of any such recordings. So accordingly, I am informing you that Carolyn Rogers, seated here to my left is transcribing and also recording this meeting. If anyone else in attendance today is recording the meeting I would ask that you identify yourselves.

Also, for the benefit of our stenographer and all those who are listening, please identify yourself by name when you speak and speak clearly and audibly. Thank you very much.

The first item on the agenda is a

consent agenda. Dave.

MR. GURTZ: Good morning, everybody, and we're going to try something a little different. My name is David Gurtz and about a year ago this Board approved the use of a consent agenda, but we haven't done it yet. We decided to utilize it today in order to optimize the Board's time and focus on the most sensitive discussions rather than spend a lot of time on sort of routine or non-controversial discussions.

We haven't utilized a consent agenda until today's meeting. So today we have six items that we think can be voted on as a single item under this consent agenda. We think these items are routine and non-controversial, and they were also all unanimously recommended by the respective committees.

In terms of procedures, if one or more board members would like to discuss an item in more detail, that item will be removed from the consent agenda and voted on separately. With that said, questions or discussions can still occur after this motion has been seconded, like every other vote. It's just if the board member would like to substantively talk about an item, then we will remove that item and vote on it separately. The consent agenda is not designed to shortchange discussion or questions but rather to optimize our discussions on more important topics later this afternoon or this morning.

So page 3 and 4 of your agenda highlights these six items for your consideration. I'm happy to answer any questions on them at this point in time. Otherwise, hear your thoughts and if you want to make a motion or not.

TREASURER GOLDBERG: Well, I want to mention that we do this at the retirement board, and what it does is allows us more -- you know how whenever we get towards the end of a meeting, we're rushing and can't always necessarily discuss some of the substantive issues, this allows us to move more quickly through these items unless there is one that needs to be discussed.

So I would entertain a motion on approval of these six items. Is there a motion?

MR. BROUSSEAU: So moved.

MR. SHANLEY: Second.

TREASURER GOLDBERG: Is there a question or a discussion on any of them?

MR. NAUGHTON: Dennis Naughton. I just have a quick question on Item No. 3. Is the idea there to maintain a three-year time period or to increase it to five?

MR. GURTZ: For the request for proposals for real estate appraisal services?

MR. NAUGHTON: Right.

MR. GURTZ: Yes. At this point in time, it still can continue on as a three-year cycle.

MR. NAUGHTON: Thanks.

MR. BROUSSEAU: Dana, did you want to make a correction the minutes?

MR. PULLMAN: I was omitted from the minutes.

MR. BROUSSEAU: He was here the last meeting. I was reading through the minutes and he seconded one of the motions.

MR. TROTSKY: We'll make that correction.

TREASURER GOLDBERG: We'll amend the attendance of the minutes to reflect that Dana was here. I saw him. With that, we have a motion, we have a second. All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Opposed? Thank you.

(VOTED: That the PRIM Board approve the Consent Agenda Items 1 through 6 as described in the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: The next item on the agenda would be the executive director's report. The executive director or chief investment officer has a problem. I've taken away his analogy, his bucket analogy, and I now own it. I've trademarked it.

MR. TROTSKY: I'm happy to donate it.

TREASURER GOLDBERG: Thank you.

MR. TROTSKY: And for any of you who don't know, the analogy is that we have a bucket of assets. We're trying to fill that bucket to fill the unfunded liability gap, but that bucket has a hole in it. So it makes our job more difficult filling that bucket. The hole is the outflow to pay benefits. So that's the analogy. I'm glad you like it, and feel free to use it.

TREASURER GOLDBERG: I elaborated. I said as we're pouring water in it, has a hole, and some of the water escapes down to the bottom.

MR. TROTSKY: I will find one to steal from you some day. Thank you.

We have a lot on the agenda today. So the consent was a great idea. Not the least of which we'll be putting $700 million to work today in our investment program. That will include later on hearing from the hedge fund team. One hedge fund, one new hedge fund, two new portfolio completion strategies, and then the private equity team will be presenting two new private equity deals for a total of $700 million, should you approve that today.

I'll begin with an organizational update, and you'll notice today Tom Hanna is no longer with PRIM. Many of you know, Tom decided to leave PRIM at the end of May to take an extended break and know that he's already enjoying that break somewhere in Europe. As many of you may not know, about two years ago Tom had major surgery. He came to me a couple months ago and he said, gee, you know, I'm in my early 50s, my parents were sick and passed when they were young. I'm young, single, have some money saved, I want to take some time off.

And I did try to convince him out of doing that. It was a hard thing to do. I think we'd all like to take that time off if we're able, but after several weeks of trying to convince Tom not to leave, he was resolute in his decision, and we're going to miss him. He was hardworking, dependable, he was a great friend to me, to many of you on the board, and a great colleague to work with. He was here for 15 years, loyal, dependable, hardworking. We'll really miss him.

We all have a great luxury here at PRIM in that we at the table seldom worry about the accuracy, timeliness, completeness of our financial reporting. That's in large part due to the unsung heroes on the finance and operations team that I always talk about. It's a great luxury not to have to worry about that end of the business. We have won awards for the transparency and completeness of our financials for ten straight years, and it's largely due to the staff that Tom built around it. The silver lining, however, is that we have built a deep bench here at PRIM.

I immediately announced that David Gurtz has been appointed interim CFO-COO while we conduct a search for Tom's replacement. Dave is in his eighth year at PRIM and is both a CFA and a CPA. He is the only one here at PRIM to have expertise both on the investment side, having headed our risk group and also due diligence, but he also has experience on the finance side. You may not be aware that he spent his first years at PRIM on the finance team and before that he was a hedge fund auditor and an investment management auditor for KPMG. He is our go-to guy for operations and investment due diligence on any manager regardless of the asset class. We intend to keep using him in that capacity, but most important Dave's institutional knowledge after eight and a half years is truly unsurpassed. He has both sides of the equation.

I also announced at the same time that Sarah Samuels has been promoted to deputy CIO from her previous position as senior investment officer in charge of public markets and director of investment research. Sarah was hired as an investment officer about four years ago. You have seen her work and you have witnessed with me her incredible path to success. She is a success. You'll hear more about that later in addition to this promotion.

But nobody in the history of PRIM has

been promoted more quickly than Sarah, and I can honestly say that no one's deserved it as much as Sarah. So we're delighted to have that occur. Sarah has exceeded our expectations at every juncture. I also announced that both Sarah and Dave will join Chris and me on the executive management team. That's the group that meets weekly to discussion operational matters, day-to-day matters, as well as strategic matters.

In other news around the organization, I'm pleased to report that Michael Bailey was recently nominated for the Institutional Investor Intelligence Award for private equity. This nomination recognizes the most outstanding and innovative public plan employees in North America. That's great. And also Sarah Samuels was selected as one of Chief Investment Officer Magazine's 40 under 40 list.

Sarah's award recognizes up-and-coming asset owner employees who have made meaningful investment contributions to their organization. Congratulations to both of you. These are the two most recent examples of PRIM receiving national recognition for the success and strength of our staff and the success and our innovation of our investment program. So that's great news.

I also want to mention briefly that last month Governor Baker declared the month of May as Putting Investors First month. This was a result of some effort of the CFA institute and the local Boston Chapter of the CFA institute called the Boston Securities Analyst Society. I'm a board member of both organizations. It's important to me. Their initiative, called the Future of Finance, of which Putting Investors First month is part of, is designed to promote integrity in the financial services industry. You know that I've been involved in the Asset Manager Code of Conduct, and this is the same institution that brought us GIBS compliant performance reporting and the Investor Bill of Rights and several financial literacy programs, some of which we're pursuing with Treasury. So I'll stop there. That's the organizational update. Lots of good going on. You'll hear from Dave and Sarah later, as Dave will take the helm from Tom on an interim basis.

Now I'll turn to markets, if you will, just briefly before we move into the agenda. The markets continue to be volatile in 2015. January was down. February was up. March was down. April and May were pretty solid. So kind of a roller coaster. Right. For the year international markets have led the way. That's good for us. If you remember, we've been bringing our global equity exposure down, but we've been maintaining a pretty high exposure to international developed markets and emerging markets, particularly in equity, that served us well.

While the S&P is up only 3.2 percent for the calendar year, developed international markets are up nearly 9 percent, and emerging markets are up nearly 6 percent. Bonds have been relatively flat for the year. The Barclays Agg. was up about 1 percent for the year. Our STRIPS portfolio, which we'll talk about later, is down about 3.4 percent for the year. We'll talk more about that later, but I will say that at the Investment Committee meeting we talked a lot about the economic environment still being mixed.

Some of the positives include the leading economic indicators have strengthened. Just today we read about the trade gap narrowing and the job market has been strengthening.

Initial jobless claims are low, and the unemployment rate fell to 5.4 percent. Still in the negative side, wage growth is anemic, industrial production is weak, consumer confidence has been plummeting, and GDP growth, as you know, in Q1 actually contracted. So in Q1 the initial reading was for 0.2 percent positive. It actually came in at a negative 0.7 percent. The international monetary fund has been cutting its growth estimates for the US. This all the while stocks continue to rise, albeit slowly. This means that valuations in the stock market have become a little bit stretched.

Turning to performance, and there should be performance slides in front of you or in your packet. You'll notice from the PRIT fund total returns the one-year performance of 8.6 percent through April, we don't have May yet. We believe May will probably be up a little bit, but for the one year, 8.6 percent, that's a 95 basis point outperformance above benchmark. That equates to an investment gain of $5 billion. We're filling the bucket by $5 billion over the last year. The outperformance is $560 million above benchmark. The outflow to pay benefits for the year were

$1.5 billion.

You can see that all time periods were solidly positive, both on an absolute and relative basis. The five-year number, 9.9 percent, very strong. That indicates the strength since the world financial crisis, and even including the world financial crisis, the 10 year number up 7.5 percent.

Last month I also received some very, very good news that I don't normally talk about. I don't normally talk about the TUCS rankings. TUCS are the rankings of PRIM relative to its peers but it ignores asset allocation differences. Asset allocation differences are very important because every board around the country has a different investment program and a different risk appetite. However, I will mention it today in that our rankings improved dramatically. In Q1 we're in the top 15 percentile of all managers around the country. Our one-year number and our three-year number are solidly in the top quartile, and our ten-year number is solidly in the top quartile. This is a sharp difference from five years ago when these numbers showed that we're in the bottom decile.

In fact, I think one of the numbers I saw was a 98 percentile almost five years ago. So admittedly, we've had a very strong equity market and a rebound providing a tailwind to us, but we're very -- this is our sweet spot. This is our sweet spot in that our rankings are improving.

Asset class performance, and you'll hear more about this later, alternatives remain very strong. Private equity leads away for the one year returning 14 percent. Real estate also very strong. Our direct real estate program is firing on all cylinders, up 13.4 percent, and even our hedge funds strong at 6.7 percent. All of them have outperformed their respective benchmarks.

I'll draw your attention quickly before I stop to total core fixed income. For the one year through April 30th our total core fixed income portfolio was up 12.6 percent. I've said it before and I'll say it again. Don't get used to that kind of performance for total core fixed income. Usually single digit kind of returns. The success that we saw last year was largely due to our STRIPS portfolio allocation that we made in February of 2014. STRIPS were up 25 percent for the year ending April 30th, the strongest performing asset class in the universe, compared to the Barclays Agg. which was up only 4.4 percent. You're going to hear more about the STRIPS portfolio during the public markets discussion. We will be scaling that back again, and you'll hear about that from Sarah and Chuck shortly. So that's my update. I'll take any questions, or we can move into the rest of the agenda. Thank you.

TREASURER GOLDBERG: Great. Thank you, Michael. So we're doing well with the bucket.

MR. TROTSKY: The bucket is filling.

TREASURER GOLDBERG: Are there any questions on the executive director's report? Let's move on to the investment report, public markets update and strategy review.

MS. SAMUELS: Good morning, everyone. We're at Appendix F. I'll give you a few moments to get there. It's called PRIT Fund Performance and Public Markets Performance Detail. So this morning I'm going to give a brief update on performance on the equity portfolio, and then Chuck LaPosta, our senior investment officer covering fixed income is going to talk about fixed income performance, and then both Chuck and I are going to sort of take a step back and talk about the fund from a holistic 30,000-foot level. We're going to talk about our asset allocation, our portfolio construction, and the drivers of risk and return at the fund level.

So as Michael mentioned, despite the mixed economic data, the S&P 500 has actually hit record and cycle highs. It's trading at about 17 times forward earnings compared to a five-year average of 13.9. So by some metrics it does seem somewhat expensive. Growth in stocks have outperformed over the last year and quality and value stocks have under performed over the last year. This really isn't surprising in the mid to later stage of the current economic cycle where the market leadership becomes more narrow and investors continue to bid up a smaller subset of stocks.

If we turn to performance on page 3 of this Appendix F, our public equity portfolios total about $27 billion. This is roughly 43 percent of the PRIT fund, and I'm going to focus my remarks this morning on the two equity asset classes that we have the largest exposure to, and therefore they're the biggest drivers of our equity return such as US large cap equity and developed non-US equity. So that's the leftmost and the rightmost assets classes on this chart.

US large cap, that's the S&P 500, rose 13 percent in the last year on record profit margins, and our portfolios outperformed the index by 20 basis points, which is in line with our expectations because we are largely indexed here. Developed non-US equities on the other hand, which are about two-thirds Europe and 20 percent Japan, were up only about 3 percent in the last year. They were up more in local terms but when we translate it back after the currency depreciation in Europe and Japan, the returns were less favorable in dollar terms. But our portfolios, on the bright side, did outperform by 1.3 percent in the last year. And this has to do with two factors, one is an overweight to Japan. Japan was up actually 20 percent in dollar terms and even more in local terms, and strong stock selection in Japan and the UK.

MR. LAPOSTA: And I will walk through our public fixed income portfolio as well. This portfolio is about 21 percent of our asset, representing $13 billion, and as we've alluded to, the largest driver is the STRIPS allocation and the returns experienced there, that is the outlier on the extreme left, 25 percent of return for that portfolio over the 12 months ending on April 30th as a result of falling interest rates in long-term bond markets. So they fell 75 basis points in net basis over that period. However, during that period they actually have fallen significantly lower through January 2015 and then kind of crept up a little bit higher more recently.

The next asset class is TIPS and ILBs, which returned 6 percent, and they also benefitted from interest rate fall as the market has kind of shifted its expectations from growth, and inflation has been fairly benign and still below fed target. Real rates have fallen and TIPS and ILBs have benefitted from that without any additional benefit from inflation.

The next four asset classes are all more credit sensitive asset classes. They have some interest rate sensitivity, but they also have credit sensitivity within them. The last 12 months environment through credit has been fairly benign. It has not moved dramatically one way or the other, and this is reflective of a slow but steadily improving economy. So the real benefit in here has been from the rate sensitivity component, and they all have something in the 4 to 5 percent return rate for the year, and then on the extreme right end is emerging market local debt, which has a negative 9.4 percent return for the asset class and slightly better for our portfolios, but this has been largely driven by the depreciation in foreign currencies. In fact, foreign currency return was negative 16 percent for emerging markets during the period and then coupon and price performance gave the asset class a little bit more of a benefit.

So all in all, the portfolio was constructed to be exposed to various conditions and we lived through them. We can start a new analogy, we have the roller coaster analogy, specifically for the interest rates we've gone through the period where we come down the great little thing like this and everyone puts their hands in the air. We may be climbing up but we may be coming down again, and at the end we're going to end and ride again. And with that analogy, feel free to steal it.

TREASURER GOLDBERG: Well, I don't know if you saw my hand motions about what the market's been doing. I went like this, this, and this. I do that stuff too. It's called the investment dance.

MS. SAMUELS: If we just take a step back from the asset class performance and turn to page 5. I'm going to talk for a moment about the factors that drive risk and return for the PRIT fund. We do have a voting item related to this discussion, and we'll come to that in just a moment.

We've had several conversations with committee and board members who are worried about the volatility of the STRIPS component of our portfolio. We spent a great deal of time at the Investment Committee discussing the research that we've put into our portfolio construction and some of the scenario analysis that we've done to understand how our portfolio behaves in this market environment, and we're going to go through that with you this morning.

So on page 5, the thought process behind our portfolio construction at the end of the day is that the majority of the fund is necessarily growth oriented. And that's because we need to achieve an 8 percent return target over the long term.

Page 5 breaks down our asset class exposures three ways. The first bar on the left breaks down our market value exposures. So this breaks down how our money is invested. The second bar is broken out by contribution to total return over the last year. So for example, global equities, that's the bar on the bottom in blue, contributed almost 40 percent to the fund's total return of 8.6 percent in the last year, and then the third bar on the right is broken out by contribution to risk, and risk is defined as standard deviation or volatility of the fund.

So a couple points that I'd like you to take away from this page. One is that equity-like growth, sensitive assets comprise about 60 percent of the fund. Two is that these equity-like assets comprise not 60 percent but more like 85 percent of the fund's total risk. Meaning that equity drives the bus when it comes to our risk and return. When equities do well, PRIM will do well. And when equities suffer, PRIM's return will likely be disappointing. And the third point is that we actually do have dedicated assets to offset this meaningful equity risk, and that's primarily our core fixed income and our STRIPS portfolio. That's the portfolio construction point.

So if you look at the bar on the right, you look at the purple bar, it's small and it's actually negative. It's below the line. This is our core fixed income contribution to risk. You can see that it's below the line meaning that it actually decreases our fund's total volatility, and that's because of the negative correlation to equities.

This point is shown a little bit differently on page 6. The chart on page 6 plots our asset classes according to when they'll do best according to different economic environments. So you'll probably see this chart going forward in my performance reviews. This chart takes a little bit of explaining. There's a lot going on here. So I'll try to show you what we're trying to illustrate here.

I like to view portfolio construction as a perennial garden. We've got another analogy here. In any given season I want something to be in bloom. And if you assume that equities and rates are uncorrelated, something will always be in bloom. The size of the bubbles on this chart roughly represent the allocation in dollar terms. So the bigger the bubble the more dollars we have allocated to an asset class, and the color and number inside the bubbles represent the one-year return.

In this case it's through December 31st of 2013, and I'll explain why in a moment, but it's basically because that's an example of a time period were long interest rates rose meaningfully. So basically the color scheme is in the legend here. Dark green means a return greater than 10 percent. Bright red means less than negative 10 percent and the rest is in the middle.

This chart is really designed to show us visually where our portfolio's economic exposures are. There are four quadrants here, and using the season analogy you can view each quadrant as a season. The top left is rising growth and low inflation. The top right is rising growth and high inflation. The bottom left is a falling growth deflationary environment, and the bottom right is a stagflationary environment where growth is falling but inflation is rising. So our portfolio construction is designed with two things in mind. One is that our growth bias is really necessary in order to achieve an 8 percent return. So you might notice that the majority of our asset classes are above that horizontal line. And two is that our asset allocation roughly approximates the frequency of these regimes or seasons when we look back historically. So research shows that the top two quadrants, rising growth environments, have occurred about 60 percent of the time historically, and we've got about 60 percent of our assets invested in growth-oriented asset classes.

The bottom left quadrant, that's your falling growth/falling inflation environment, has actually occurred 30 percent of the time historically, and I think that's a figure that's probably higher than folks might think it is when you think about it intuitively. So we did a lot of research on this about 18 months ago. We determined that we were under protected in this type of environment. So we decided to allocate strategically a portion of our fund to long Treasuries, which will do well in this type of environment. And then the bottom right quadrant is the stagflationary environment that occurs about 10 percent of the time historically.

So pages 6 through 8, I'm not going to go through all of them, but you might notice that there are some similarities. This is the same graph for three different time periods in which long interest rates rose meaningfully. So you can see in each of these graphs, if you just flip through them, the bottom left quadrant has a big bright red bubble for long treasuries. That's because long treasuries will experience negative returns. But what I would like to draw your attention to is that in each of these examples, the rest of the portfolio, for the most part, is dark green, the rest of the portfolio is going to do quite well when long rates fall off. This is because rising interest rates typically reflect a growing economy and the PRIT fund is geared toward doing well in this type of environment.

MR. LAPOSTA: One other thing, so the PRIT fund total return is outside the box in the left corner as well. So you can see examples of the performance of the PRIT fund in general in total experience. So 15, 17, and 23 percent.

TREASURER GOLDBERG: Skip page 9.

MR. LAPOSTA: So unfortunately, we cannot skip page 9. Page 9 may occur again. And we have to be prepared for these page 9 scenarios. And this is the exact scenario where our STRIPS allocation, which is new in the history of PRIM, it's been in place for about a year and a half but had not been in existence in 2009, but were it in place in 2009, STRIPS performed 24 percent whereas the Agg. returned negative 1 percent for that time period. So in the periods where growth is falling and inflation is falling, that's the period where interest rate sensitive assets do best.

So interest rates fell 75 basis points in this period in 2009. Long US Treasuries rose 24 percent. And that dampened the blow in an otherwise dismal market for growth assets. And these occur about 30 percent of the time. So like I said, we can't skip 2009, but we can only prepare for having a better experience than 2009. So again, the factors that lead to positive performance in growth assets typically lead to negative performance in treasuries because when growth inflation is higher, interest rates tend to rise. Conversely, when growth and inflation are falling, rates tend to fall, treasuries do better. So again, it's designed to cushion the blow, if you will, for these types of scenarios.

So again, we have a negative correlation historically over long periods of time. There can be periods of positive correlation between equities and rates, but in the long periods of time they're typically regular negatively correlated, and in the last five bear markets, which are markets where equities were greater than negative 10 percent or less than negative 10 percent returns, interest rate sensitive assets have provided positive returns to dampen that blow. So again, that speaks to the rationale behind this construction, what we had discussed at length over the last year and a half or so, and things that we continue to consider as we move forward.

I'll turn your attention to page 10 a little bit to give you some further analysis in the examples of the analysis we continue to do as we review the portfolio, and this looks at various iterations of our portfolio. So the blue box represents the total PRIT fund portfolio, and then across the columns we have various scenarios, and then on the green box we have just the fixed income allocation on a standalone basis in the same scenarios.

So the important thing to look at, and, again, we try to look at the total portfolio because that is the most meaningful piece of what we're doing here, but we can't ignore the fixed income piece in general. Total portfolio volatility, if we were allocated to the Agg., which is where we were a year and a half ago, volatility is at 8.6 but moving to STRIPS reduces the volatility of the total portfolio to 8.3, and that is in the first column under volatility, and then modulating a bit the allocation between STRIPS and the Agg. will alter the total portfolio volatility.

In the next line is 100 basis point interest rate increase. So if interest rates were to rise 100 basis points, you would expect the longer duration assets to underperform, and that's true. So looking at the Agg., which has the duration of about five versus the portfolio with an allocation to STRIPS with a duration of 26, you have about 190 basis points underperformance relative to the portfolio. That only includes the Agg., and that's for 100 basis point rate increase.

If you skip over to the global equities up 25 percent, you will see that, as we've alluded to, we are kind of geared towards equity risk. If equities go up, we will do well, 16 percent return. I think everyone would be quite happy with that in that scenario. However, the STRIPS, because in the environment where equities go up, interest rates typically rise, therefore STRIPS would underperform other fixed income assets. So we would have some negative impact to our total portfolio because of that.

The important thing to know is that in the converse scenarios where rates decrease or equities fall, the STRIPS portfolio provides the benefit, and that benefit is typically greater than the cost, if you will, in the rising rate or growing equity scenarios. But turning your attention to the green bar which has the isolated fixed income, you can see that STRIPS are highly volatile. Almost 20 percent volatility. That is as volatile as some of the most volatile equity asset classes. Whereas an Agg. portfolio would only have a 3.7 percent volatility, which is typical, run of the mill fixed income volatility that many people look for in their fixed income, but because that volatility is negatively correlated, the higher volatility actually reduces portfolio risk by more than the Agg. volatility.

So these, as I've mentioned, they're all things we've considered and discussed many times, but if you look at various connotations of the STRIPS portfolio, so we are currently -- we were at 7 percent. We're a little bit lower in our STRIPS allocation, but if we were to move from 7 percent STRIPS to 5 percent STRIPS, which is roughly the breakout in the PRIT fund 15-year duration, which is the last portfolio, the volatility is about the same, and the return experiences in various scenarios is fairly similar as well.

So as we've mentioned, we have had many discussions, we've discussed this, you know, in 2014 when we made the original recommendation to migrate to 10 percent STRIPS, our fixed income from Agg. STRIPS, that was made in February 2014. In February 2015 we decided having had outside returns experienced from STRIPS kind of going down that roller coaster, everyone had their hands up and said yay, we decided that maybe it is time to pull back a little bit, and we determined that a 7 percent allocation to STRIPS was appropriate, and the other 3 percent would be invested in the Agg.

In the May Investment Committee meeting we had discussed having greater flexibility and ability to modulate our exposure between 7 1/2 percent and 2 1/2 percent in PRIT fund assets to kind of smooth that roller coaster ride, if you will. So we're seeking your approval currently to authorize us to move between 7 1/2 to 2 1/2 percent PRIT fund assets to be allocated to our STRIPS portfolio.

TREASURER GOLDBERG: So we at the Investment Committee had this conversation and admitted, you know, I know everyone knows when I arrived even during the transition, we began these conversations because although I wasn't with you as we went "whee," I was looking at the numbers and went "wooh-whee," and so said this has been a great ride, surprisingly great ride, but the issue around interest rates was making me itchy, and we've seen that.

I mean, I saw Connie come in. Connie gives the most phenomenal explanations in trying to explain what the Fed and the world are doing around interest rates, and we've seen strange remarks coming out of the Fed, but as of last week now we're seeing more affirmative remarks again that they are seriously looking at shifting interest rates. It's been all over the place, and of course that could change again. But meanwhile, this is a volatile investment. We've done a great job with it. It is a strong correlation against equities, but when we talk about some of the shifts we're looking at in our equity investments to take advantage of where the growth is, we at the Investment Committee had a lengthy discussion about this, and feel very comfortable with the recommendation. I don't know if anyone else wants to comment on it. One of the people who really has a strong understanding of equities is Mr. Heffernan, and he's on the Investment Committee. But I know that we can't have a conversation until I entertain a motion. So first I'm going to entertain a motion.

MR. BROUSSEAU: So moved.

MR. HEFFERNAN: Second.

TREASURER GOLDBERG: And then I really would appreciate Mr. Heffernan's comments on this. Sorry to put you on the spot.

MR. HEFFERNAN: I'm going to start with a question. We actually had outperformance at STRIPS and at the same time we had outperformance, which is counter to the hedge that we want. How often does that happen, and do we know, and if we go back in time with that environment, what happens in the next leg of our roller coaster analogy when you've actually had both asset classes outperform? So you didn't get the hedge which is good, but what happens?

MS. SAMUELS: There are other examples of periods like 2014. So 1995, '97, and '98. So there are even examples of two years in a row with them both doing quite well, but I think generally the year following that strong rally you would see a little bit of that.

MR. TROTSKY: We're starting to see that.

MR. HEFFERNAN: So again reflecting your tactical move to have the flexibility to take that hedge off, even though we made money for the -- we had the best of the Goldilocks world is what we call it when everything works at the same time.

MR. TROTSKY: I'm glad you mentioned that. I mean, you're right if you take a look at page 6, which ends in December 2013. If we had the same chart that said December 2014, it would show that everything is in that top left quadrant. Everything is bright green and that can't -- that's part of the rationale of this decision. It's like we just went through a really anomalous time. Let's take some of the money off the table.

MR. HEFFERNAN: So the way to look at it is that we know what happens when it -- it's not unusual for all these asset classes to move in lockstep, but it tells you in that asset class, even though it's there in the equity hedge, to take it back down relatively quickly for our purposes in order not to get our fingers wet. And then just on rates in general, is the US still considered to have the highest real rates?

MR. LAPOSTA: Well, in developed markets, compared to Germany and specifically yes, US has the highest real rates, and that has provided some level of support as other investors have sought real rate opportunities but that may come and go.

MR. HEFFERNAN: Which kind of underlays where our allocation to fixed income as a whole is going to come from?

MS. SAMUELS: I'll just add that although both assets classes were up in 2014, the correlation was actually still negative when you look at the daily and monthly correlation, and that's because STRIPS did zig when equities zagged, but in aggregate they did rise.

MR. HUBBARD: When you look at correlations, it is very time-period dependent. We look at them daily, we look at them monthly, we look at short periods, long periods, and they've all been negative, but there are periods of time, especially within the short term daily correlations where they have been positive in those dates that it doesn't feel great to have this position, but in the long run they migrate towards.

MR. HEFFERNAN: And just to reflect back on our Investment Committee meeting, I think we realized how volatile the STRIPS can be and I think we built in an inherent flexibility to investment staff to make those tactile decisions on getting in and getting out of STRIPS because of that inherent volatility.

MR. TROTSKY: And also to Chuck's comment, there's no guarantee that it will be negatively correlated when you need it the most, and that wasn't the case in some time periods in 2008 and 2009. We became positively correlated in a negative direction for periods of time.

MR. HUBBARD: So as you take this down from 7 to 5, what is the trade? Is it into the Barclays Agg.? That's what it's going to be?

MR. TROTSKY: Yes.

MR. HUBBARD: Are the trades just completely discretionary or do you have like -- when we got into this we had a plan. As the S&P moved in certain directions and certain amounts, you were going to move so much into the long term treasury. What is the plan?

MR. TROTSKY: We haven't specifically talked about that, but it will probably be a regular and systematic monthly move to get to that point, just like we did last time.

MR. HEFFERNAN: And we talked about that at the investment, you're moving a large amount of money, and it takes a little bit of time to make those asset allocations.

MR. TROTSKY: Similar to what we do in other asset class moves.

TREASURER GOLDBERG: So we have a motion. We have a second. I think we've had a really good conversation about this, including at the Investment Committee. And so all those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Opposed? Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's recommendation to grant to the Executive Director the authority to move the STRIPS Portfolio within the range of 2.5%-7.5% of the PRIT Fund without requiring further approval from the Board or Committee, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: Thank you very much.

MR. TROTSKY: Good job.

TREASURER GOLDBERG: Next is our securities lending program update.

MR. PAYNE: I'm going to be referring to

Appendix G in your package. A brief background on securities lending, the program we had set up here at MassPRIM, and how the program has progressed since we implemented it the beginning of 2015. In short, securities lending is an investment strategy in which investors make short-term loans of their securities to generate incremental revenues. These loans are collateralized up to 105 percent which reduces credit exposure to the borrower. Beneficial owners of the securities retain all economic benefits except the ability to vote shares. The PRIM program was launched at the hiring of eSecLending in 2015. The goal of the PRIM program is to be very conservative. PRIM would focus on the intrinsic value lending, which is based on the demands of the security in the market. The higher the demand and the less supply of the security the higher premium the market will pay to borrow it. PRIM has set its minimum threshold for lending at an intrinsic value of 50 basis points. Cash collateral received is then reinvested by the lender. This is where lenders got themselves in trouble in 2008. They incurred losses through reinvestment strategies.

PRIM has chosen to reinvest in liquid, low-risk securities, namely government backed securities. PRIM has also chosen to restrict lending in markets where lending could have any potential negative impact on our portfolio managers.

Page 2 summarizes the program results to date. As you can see, the program has been ramping up and as of April was generating just north of a million dollars per month in revenue while only utilizing about 1.5 percent of our lendable assets, which is significantly lower than our peers, who typically lend about 10 percent of their assets. We will see this amount increase in Q2, due to it being peak European dividend season. To date, we feel the program has met our intended target via Project SAVE and generating approximately $10 to $15 million a year in incremental revenues for the fund with minimal incremental risk, and I'm happy to answer any questions.

TREASURER GOLDBERG: This is not a vote. This is just an update. Are there any questions about this? Okay, great. Thank you very much.

Hedge fund and portfolio completion strategies. Eric.

MR. NIERENBERG: So I'm here to talk about hedge funds and portfolio completion strategies. I want to start off with managed accounts, which is something I've been talking about a lot over the last year and a half. We've now completed four managed accounts: One is a new hedge fund; one is a new portfolio completion strategy; and we converted two of our existing hedge fund managers into managed accounts.

With your approvals today, which we'll get into in a minute, there will be two more managed accounts, one on the hedge fund side and one on the portfolio completion strategy side, along with the fund of one. If you approve those recommendations today, we'll have over $1.3 billion allocated to customized vehicles, the vast majority of which is in managed accounts.

And I want to specifically thank our finance and operations team, Matt Liposky in particular, for their dedication and hard work in making this managed account process a smooth one. I really can't emphasize how much we really rely on our operations team to coordinate this effort and make sure that it goes well.

I also wanted to provide an update, and if you have any questions on the managed accounts or anything else, please feel free to interrupt me at any time. I also wanted to provide an update on the Project SAVE achievements for hedge funds and PCS. Since the beginning of the fiscal year, based on actual returns, we have now realized $13 million in savings from a combination of lower management fees and incentive fees. That does not include the perpetual $40 million run rate in savings from the switch from fund of funds to direct hedge fund investing.

Hedge fund replication efforts continue. That part of the portfolio performs well, and we're researching potential extensions. Our efforts to enhance the risk management of our hedge fund portfolio, which is really closely tied to our managed accounts effort is ongoing. We're working closely with our risk team, David Gurtz and Donny Payne, as well as with Arden and our hedge fund team, to enhance our reporting in that respect.

In close conjunction with Arden, our

advisor, we've been meeting with a number of smaller managers, many of whom are developing into very solid prospects, one of whom we will be bringing to you today, 400 Capital. And with that I'd like to move to the investment recommendations where we seek your approval, unless there are questions about any of the things I mentioned.

TREASURER GOLDBERG: At this time I'm going to do it in the right order. I'm going to seek a motion that we -- the approval of a capital commitment of up to $150 million to 400 Capital Credit Opportunities Strategy, that the PRIM Board approve the Investment Committee's recommendation of an initial capital commitment of up to $150 million to 400 Capital Credit Opportunities Strategy, and further to authorize the executive director to take on the actions necessary to effectuate this vote. Is there a motion?

MS. FITCH: So moved.

MR. BROUSSEAU: Second.

TREASURER GOLDBERG: Discussion?

MR. TROTSKY: Do you want to present it?

TREASURER GOLDBERG: Sorry about that.

MR. NIERENBERG: 400 Capital is a structured credit manager based in New York, founded by Chris Hentemann, who is the CIO. His background in structured credit prior to 400 Capital was at Banc of America Securities.

Currently the firm manages about $1.6 billion across structured credit and private debt and will look to generate positive returns with low volatility and low correlation to traditional fixed income and equity markets. They invest across the structured credit universe. The principal sectors in which they invest are US Residential Mortgage-Backed Securities, known as RMBS, Collateralized Loan Obligations (CLOs), as well as Commercial Mortgage-Backed Securities. The firm is managed by Chris Hentemann and Alex Cha. Chris Hentemann is the managing partner and chief investment officer. Alex Cha is partner and head of portfolio management. Heloisa Chaney is partner and chief operating officer.

The firm currently has a focus on vintage RMBS. So these are the same securities that brought down the financial institutions leading into the crisis. There's actually value in a lot of these vintage RMBS. And this team in particular has shown themselves to be really skilled at navigating this sector, finding those pockets of value where the market seems to have really misestimated the likelihood of delinquencies or possibility of recovery and some of the underlying home values. Unless there are any other questions, I'll stop there.

MR. HEFFERNAN: Just a conversation we had off line. They do it without leverage?

MR. NIERENBERG: Yes.

MR. HEFFERNAN: Purely investment.

MR. NIERENBERG: Yes. I think leverage would be inappropriate here. You have a lot of embedded leverage because we're buying in securities at such a low dollar price already, and also these are not securities which the banks would provide leverage on.

TREASURER GOLDBERG: Are there any other questions or comments? I did the exact opposite. I did the motion ahead of time. We have a motion and a second. All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's

recommendation of an initial capital commitment of up to $150 million to 400 Capital Credit Opportunities Strategy, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: Next.

(Mr. Hubbard leaves the room.)

MR. NIERENBERG: The next two are for portfolio completion strategies, and these are similar strategies. The first is the Goldman Sachs Active Management Diversifying Alternative Risk Premia (DARP) Strategy. This is along the lines of the recommendation that we voted on back last year, which is the Panagora Effective Premium which is designed to be a risk premia fund to capture certain market premia that we think are not captured by traditional asset classes and which can provide hopefully positive returns and zero or very low correlation way to our existing equity and fixed income allocations and provide consistent returns over time.

Specifically, GSAM is one of the world's largest investment managers with over 2,000 professionals in 33 offices worldwide. This product is managed by the Advanced Investment Strategies Group, which manages over $4 billion in advanced beta strategies. What we're specifically looking at here is a portfolio of 12 sub-strategies which trades across equities, bond/rate futures, credit default indices, foreign exchange and commodities. And again, the goal was to achieve attractive risk-adjusted returns with target volatility of 10 percent and near zero correlation to the S&P.

TREASURER GOLDBERG: So I would seek a motion that the PRIM board approve the Investment Committee's recommendation of an initial capital commitment of up to $200 million to Goldman Sachs Asset Management Diversifying Alternative Risk Premia, better known as DARP strategy, and further to authorize the executive director to take all actions necessary to effectuate this vote.

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Second?

^ : Second.

TREASURER GOLDBERG: Discussion? Any discussion or questions? All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Opposed? Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's

recommendation of an initial capital commitment of up to $200 million to Goldman Sachs Asset Management Diversifying Alternative Risk Premia (DARP) Strategy, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: Thank you.

(Mr. Hubbard enters the room.)

MR. NIERENBERG: Thank you very much. The final recommendation is also for portfolio completion strategy. This is for AQR Capital Management Style Premia Strategy.

TREASURER GOLDBERG: Pardon me. Before you continue. I just want to -- although we all saw that Anthony left the room, he intentionally recused himself from this vote. So we want that on the record. Sorry, Eric. Go ahead.

MR. NIERENBERG: So the style premia bears some resemblance to the Goldman Sachs strategy. It's a multi-strategy risk premia program launched by AQR. They have $6 billion under management. AQR is also one of the world's leading asset management firms. This strategy is a systematic market neutral strategy that takes long/short exposure across equities, fixed income, foreign exchange and commodities which

AQR refers to as Style Premia. This strategy has a target volatility of 12 percent. The goal of this program is to achieve a long-term Sharpe ratio 0.7 over a full market cycle, and since all of the strategies are designed to be market neutral, it has targeted very low correlation, which, again, is one of the defined features of the portfolio completion strategies program that we've authorized. And both of these are very liquid strategies.

TREASURER GOLDBERG: I would seek a motion that the PRIM board approve the Investment Committee's recommendation of an initial capital commitment of up to $200 million in AQR Capital Management Style Premia Strategy and further to authorize the executive director to take all actions necessary to effectuate this vote. Do I see a motion?

MR. HEFFERNAN: So moved.

MR. BROUSSEAU: Second.

TREASURER GOLDBERG: Discussion? Questions? Seeing none, all those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's

recommendation of an initial capital commitment of up to $200 million to AQR Capital Management Style Premia Strategy, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: So moving on to Mike Bailey.

MR. BAILEY: Thank you. I'm just going to say a few words about performance, and we've got a couple of voting items that my colleagues will present on, and we'll be working off of page 17 of the expanded agenda. As Michael and Sarah talked about, the equities markets continue to perform strongly in private equity, which reflects that led the asset classes with about a 14 percent one-year performance number. You're seeing that ease off a little bit as we get more towards long-term performance in that mid teen range.

We had some very high performance at the end of 2014 that partly reflected some really strong technology venture capital backed companies that went public in prior reporting periods, and we picked up extraordinarily high performance from that. So 14 is a great number. Still leading the equities benchmark by over a hundred basis points for the one-year period and the music continues to play, not to keep bringing in analogies.

Another article in the paper today about the private equity world taking advantage of very liquid capital markets, pretty strong credit markets, as Chuck mentioned, all of the ingredients that would continue to drive performance, and this is a largely domestically oriented portfolio, and as we've talked about in the past, the earnings growth in these small companies is pretty strong. So even without multiple expansion or higher PE multiples, I think you can continue to see some good valuation increases as these private companies continue to benefit from the maybe clunky economic recovery, but if you're a small company, a little economic recovery goes a long way in your income statement.

The drivers of performance are, as you can imagine, around a $7 billion portfolio. There are a lot of small companies in here, but we could call out a private drug company that had a very strong valuation increase as it raised some additional capital. Several software companies drove performance over the one-year period. Several companies delivering enterprise software and, as you know, about 7 percent of the portfolio is publically traded, and that generally benefitted us with companies like a technology infrastructure company, a well-known specialty retailer, and on the negative side, as we've talked about, with respect to energy, if you were a publicly-traded energy company, especially in the upstream oil area, you got hurt, we have some small exposure there, and that did detract from performance in the one-year period.

And I think some of those companies that are highly levered, we don't know where commodity prices will go, but it's pretty likely some of those private companies won't be able to survive without a debt restructuring. So you'll probably see some of the equities actually go to zero in that portfolio, but again, it won't hurt us a lot. It's a pretty small piece of the portfolio. And then on the long-term performance on the bottom of 17, holding steady at about 13.2 percent.

And the exposure, we talked about this, and I kind of think of this as a big ship with a small rudder, we can drive this in really minute ways in short periods of time, but it did ease off to about 10.8 percent, about 30 basis points lower than it was at the end of 2014. Largely because the denominator continues to grow. The PRIT fund continues to grow. This $7 billion just became a little bit smaller part of the PRIM fund. We sort of held steady about at $7 billion. As we got more money back than we put in, as you can see on page 18, performance kind of made up for that decrease in market value.

And then I would just say that we're on track to -- you can see on the table on 18 that we've approved about $900 million of new commitments today. You remember that we had talked about a $1.7 billion run rate of approvals for this year. So we're a little over halfway there. And if you approve the investments that we're going to recommend in a few minutes, we'll be over a billion dollars of commitment.

Something we don't talk about a lot but I've talked with Anthony and Michael about recently is you're seeing about I guess this will be about ten investments that we've come to you for approval. What you didn't see is about 6 or 7 investments that came back to us this year that we decided not to bring to you for approval because they didn't meet our high bar for investment. I'm really proud of the team's work. The team is being very disciplined. There's no free pass in private equity. You really have to generate great performance on a risk adjusted basis to deserve to be in the portfolio. So about half of the investments that came back did not get to the level that we felt comfortable recommending them to you. So with that I think I'll stop unless there are questions, and we can move on to the recommendations.

TREASURER GOLDBERG: Any questions?

MS. MCCAFFERTY: I'm here this morning to recommend a capital commitment of up to €100 million to Charterhouse Capital Partners X. It's on page 19 of the agenda.

Charterhouse is targeting a fund size of €3 billion for Fund X. The fund will invest in mid to large market buyouts in Western Europe that typically represent controlling equity stakes in private companies. PRIM has invested in one previous Charterhouse fund, committing €80 million in 2009 to Charterhouse Capital Partners IX.

Charterhouse was founded in 1934. They manage nine investment vehicles and have one office located in London. We're recommending this investment based on Charterhouse's investments in mid-market media companies with strong earnings growth, their ability to build strong companies through acquisition, and their attractive risk return profile. Charterhouse is a strong firm in the middle market space in Europe that invests in market leading companies that have clear growth prospects and defensible positioning in partnership with management. The firm generates returns by selecting companies with strong earnings growth and in addition will pursue acquisition strategies to grow companies as well.

The low leverage and historic low loss ratios make Charterhouse an attractive investment based on its risk return profile. PRIM staff and the Investment Committee, by unanimous vote, are recommending that the PRIM board approve a capital commitment of up to €100 million to Charterhouse Capital Partners X. With that I'll answer questions.

TREASURER GOLDBERG: So I will entertain a motion that the PRIM Board approve the Investment Committee's recommendation of a capital commitment of up to €100 million to Charterhouse Capital Partners X, L.P., and to further authorize the executive director to take all actions necessary to effectuate this vote. May I have a motion, please.

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Second?

MR. SHANLEY: Second.

TREASURER GOLDBERG: Any discussion or questions on this recommendation?

MR. BROUSSEAU: What has been our previous return on this, the 2009 fund, the only one we've invested in? I know we invested in this one and then in the quantum also. Those are all previous investments. What has been our --

MS. MCCAFFERTY: Our returns, about 13 percent, but that was also hurt about 300 basis points by FX.

TREASURER GOLDBERG: Any other questions? We have a motion. We have a second. All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's recommendation of a capital commitment of up to €100 million to Charterhouse Capital Partners X, L.P., and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: Next.

MR. BAILEY: We have one more. Michael McGirr is going to present on Quantum.

MR. MCGIRR: So we're recommending a commitment of up to $50 million dollars to the Quantum Parallel Partners VI-C. This writeup is also on page 19. Quantum is an energy-focused private equity firm that makes investments in the upstream oil and gas, midstream power generation, and energy sectors. Quantum is targeting $750 million in commitments for the parallel fund VI-C. PRIM has committed to two previous Quantum funds starting in 2009, and this past fall the PRIM Board closed on $100 million commitment in Quantum VI.

The parallel fund that we are presenting today will coinvest alongside Fund VI. The new parallel fund will invest in the exact same terms and conditions as Fund VI, and only existing L.P.s in Fund VI are permitted into this parallel partnership. And importantly, there's no fees and no carrier associated with this investment. We are recommending an investment of up to $50 million in Parallel Partners VI-C.

TREASURER GOLDBERG: So I will entertain a motion that the PRIM Board approve the Investment Committee's recommendation of a capital commitment of up to $50 million to Quantum Parallel Partners VI-C, L.P., and further to authorize the executive director to take all actions necessary to effectuate this vote. Is there a motion?

MR. SHANLEY: So moved.

TREASURER GOLDBERG: Is there a second?

MR. BROUSSEAU: Second.

TREASURER GOLDBERG: Discussion? Questions?

MR. BROUSSEAU: Same question. What have been our returns on the previous two funds?

MR. MCGIRR: So Fund VI, really, it's too early to tell. The returns aren't meaningful there.

MR. BROUSSEAU: The 2009 one.

MR. MCGIRR: 2005 and 2009, and these

returns were affected by the downturn in commodity prices, but as of 12/31 they're generating a 21 percent net IRR with a 1.4 multiple.

MR. BROUSSEAU: Okay. Just a commentary, not a criticism. I see that, again, this is an energy investment. And of course, we've had the go around here out front and at the legislature on fossil fuels, and I guess that is more or less dead this year in the legislature. I guess the commission was not approved, I don't think. In our private equity, Michael, do you know approximately how many of these private equity investors do we have that are in the oil, gas, this energy thing that is categorized as fossil fuel. I know sometime down the road we're probably going to have to get our hands around this if we're asked to quantify exactly what PRIM's commitment is to these things.

TREASURER GOLDBERG: Well, isn't this also including -- this is a fund that looks at alternative energies also.

MR. BROUSSEAU: Renewables and alternatives.

MR. MCGIRR: We should think of this investment as being primarily upstream oil and gas.

MR. BAILEY: I think compared to many of our peers, we're underweight in this type of investment in the private portfolio. You can count on really one hand the number of managers, and as you know, there are over a hundred managers. So call it five or six with two hands firms that pay attention to that sector. And some of them are more focused on infrastructure investing like power generation than upstream oil and gas.

As Michael pointed out, this one really -- you can think of as out there on the upstream oil and gas side, but it's a small part of the portfolio, and we can come back to you with the exact dollar numbers, but just looking at it quickly, it's about 5 percent of the 7 billion, 5 percent of the 7 billion in exposure right now.

MR. BROUSSEAU: I guess I'm amazed that some of the critics of our investment in fossil fuels are saying that we have a billion and a half dollars only that would be impacted by fossil fuels, and I'm saying, I don't know where they're getting these figures from because even we don't have that information as a board. Now, where these figures are coming from, somebody they've told people in the legislature that it would impact PRIM to a billion and a half to divest in this, and I don't know where this is coming from, and I don't think we've even taken the time nor have we been mandated to do an impact study of what this would do in terms of fossil fuels. Just a commentary. It doesn't require an answer, but I think it's out there.

TREASURER GOLDBERG: Any comments on that? So this is a -- what you're suggesting is that it's a fictitious number?

MR. BROUSSEAU: No. I don't know what the figure would be. I don't know if somebody just grabbed a figure out of thin air when even nobody on this board has an idea of what our exposure is to fossil fuel investment. That would take an indepth study, probably a consultant and an analysis to do this. But I think at some point in time I think we are going to be asked to do it, probably sooner than later, as this -- because there are people in the legislature who are very much in favor of moving in this direction, and I think we have to be cognizant of it.

TREASURER GOLDBERG: You may want to know that my family and I have divested from fossil fuels in our investments, and it has not negatively impacted. It's not at these numbers but it is identifiable. So we will be able to do it, not even necessarily needing a consultant.

MR. BROUSSEAU: We can do this in-house?

TREASURER GOLDBERG: I believe so. Don't you agree, Michael?

MR. TROTSKY: Well, I think the only thing that I've said publicly about this issue is that the concept of what a fossil fuel investment is, it is not clearly defined to us. So that, you know, my testimony that I submitted 2 1/2 years ago at this point, and I haven't said a thing since, is that in order to do an impact study, we would need a more clear definition of what that is. The term fossil fuel company is very ambiguous to us, and it's impossible, based on that alone, to do an impact study.

TREASURER GOLDBERG: Well, plus the work that I've been doing with CERES and talking with other treasurers who are socially progressive treasurers is that we are actually having an impact on a lot of the quote/unquote fossil fuel companies by proxy voting, by attending their annual meetings and speaking out about their valuations of their old line fossil fuels and the like. And it's actually beginning to have some impact and, of course, we've talked about activism with proxy voting, which we are finding is a really good strategy in terms of real impact, and it's becoming the norm. Shareholder activism is becoming the norm, not just in public pension funds but with private funds also, which I'm finding fascinating. It's a real change over the last 20 years.

MR. TROTSKY: So two other clarifications, I guess, is maybe even a question but the divestment piece of the legislation I've even seen up until now does not include private investments. It's only public markets. So this wouldn't even fall under the divestment mandate of any of the legislation that I've seen.

TREASURER GOLDBERG: Well, regardless, nothing has been laid out. If there's actually a study committee, then I'm assuming everything is on the table, but anyway.

MR. TROTSKY: And secondarily, the only

point I'd want to make is that the fact that we're seeing a parallel partner shift opportunity is evidence that we're at a point in the cycle where money can be made here, and our private equity folks see that as a huge opportunity to make money. Despite how you feel about anything else, it is clear to us that at this point there's a lot of opportunity. Some of our colleagues in endowment spaces have increased their exposure to fossil fuel investments sevenfold, some locally.

MR. BROUSSEAU: Just a commentary. At the Mass Teachers Association annual meeting in May here in the city, the Mass 350 group, their presence was very strong, and they offered a new business item to urge the PRIM Board and to get the legislature to have us divest of all fossil fuel investments. Dennis and I, through the network we had and our ability -- this discussion went on for over one hour on this very issue. We were able to get it defeated through an amendment that if and when this came that MTA would push the idea of an impact study as to how it would impact PRIM specifically, because it was aimed at them, but these people are not going to go away, and they were very vocal, but we had an hour discussion on just one new business item. That's an issue that has generated a great deal of interest. It was defeated overwhelmingly, but thanks to some of us who were there who know this investment world that we're dealing with, and the delegates usually listen to their people who serve on these boards.

MR. NAUGHTON: I spoke at the annual meeting, MTA annual meeting, and the sense I had, I don't know if you share this, but the sense I had on the vote on that, what I explained to people was that you did not want to fool around with investments in a willy-nilly fashion until you saw clearly how it would impact on the investments. And of course, when you tell people that when they retire, and there were a large number of retiree delegates, including Bob and I, but everyone got this. It was an overwhelming vote against, based on the fact that they clearly placed their primary concern on the returns until they could see clearly that those returns would not be negatively affected.

TREASURER GOLDBERG: And that's what we've talked about. I mean, even Mike and I discussed that during our campaign last year, that you don't want to negatively impact returns. You want to be socially conscious, and you want to do a lot of the right things, but you want to balance it against the returns, because our fiduciary duty is to assure that the assets are available to support the retirement system, and that retirement system is the economic security of a lot of people out there, and the good news is people are living longer, and so we need to make sure we have the liquidity to support them in their retirement.

And I think that what you're saying, Dennis, is that once you put that out there that it's critical that we look at it, and if we do anything ever, we do it in a very slow and methodical way to make sure that all our -- that we don't drop. I mean, right now we're trying to have greater than anticipated returns. We're trying to fill that bucket. Because we still have an unfunded liability, and the whole concept is to get there faster and faster, if we can.

MR. NAUGHTON: When we left the meeting, though, the motion that people supported, was to prevail in the legislature to ask us to conduct a study, and I don't think that's been successful this year.

MR. BROUSSEAU: Well, I think they monitor what's going on in the legislature and establishing the investment commission, which I think will probably be charged to do this, am I correct, did not pass the legislature. It did but there was a proposal for a divestment commission, and I think that has, from what I've read, is off the table right now.

MR. SUPPLE: The proposal that was made as part of the budget process did not go forward as part of the budget process, but there are freestanding pieces of legislature that are still in place.

MR. BROUSSEAU: And that's what our motion addressed at the annual meeting.

MR. NAUGHTON: I think if it doesn't succeed soon, the consequence of that, we'll take an example of the MTA membership, it might not be so easy to get as many people in the future, they might figure, well, we wanted the best. We have to take a chance on it. I don't know how long it would take people to get to that point, but I personally would like to see a study done.

MR. BROUSSEAU: I don't like to have us be in a reactive mode. I'd rather be on top of this and ahead of the curve. It's not going to go away, because it's all over the county. So I'd rather not to be reactive but be right there with the information we need. I'm off the subject.

TREASURER GOLDBERG: We have a motion and we have a second on a $50 million investment. All those favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Thank you.

(VOTED: That the PRIM Board approve the Investment Committee's recommendation of a capital commitment of up to $50 million to Quantum Parallel Partners VI-C, L.P., and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: I think we're moving on to real estate and timber.

MR. BAILEY: Thank you.

MR. SCHLITZER: First of all, thank you for approving that RFP. I'm just going to give an overview of performance and then we can move on to the Admin. & Audit portion of the meeting. I'm just going to go through everything verbally as I typically do, but the materials begin on page 19, and additional information in Appendix H. So just starting with commercial real estate, from an allocation perspective we're valued at 5.9 billion. That's 9.5 percent of the PRIT fund. That leaves us with approximately $340 million, which potentially could be invested to get to target.

We've completed five new acquisitions year to date, $460 million. One thing that I did want to mention which was discussed in length at the Real Estate Committee meeting was that one of our investment managers had recently recommended the sale of PRIM's largest asset, which is a class A office building located in downtown San Francisco. 333 Bush Street is the address.

So again, we did discuss this in a fair amount of detail at the meeting. I want to make it clear that this is a discretionary recommendation so there's no vote, but especially given that we're in separate accounts, we always have a lot of ability to be involved in these things and to not accept a recommendation if we so choose. Just to give you a dollar estimate, we would probably expect roughly $350 million in return of capital were the building to be sold, and that would be reinvested in real estate.

Moving on to performance, total real estate performed 13.4 percent. That's 160 basis points over benchmark. The private portion of that returned 14 percent, 220 basis points above benchmark. I just thought I'd mention operationally that the portfolio continues to be in pretty good shape. The core portfolio was 94 percent occupied. We have 4.5 years of average remaining lease term in place. So what that really means is that we have a very durable, contractual cash flow in place over the next four to five years in the event of a downturn. And then, lastly, we did have just under a 2 percent writeup in the first quarter. We're still waiting for second quarter appraisals to come in. So that's an increase of 91 million.

The REIT portfolio was up 11.3 percent over the past year. That's 50 basis points above benchmark. Michael mentioned some monthly volatility in the public markets, and we're certainly seeing that in the REIT markets as well. I'd say a lot of that is driven by interest rate speculation, and we'll talk about markets a little more, but the fundamental story at the real estate level has not changed much. So this environment has probably provided some trading opportunities. But generally our managers, as you know, take more of a long-term view in terms of company selection.

Again, things are pretty good, both from a fundamentals and capital markets perspective. We've seen no pull back in capital demand. I've talked a little bit about this from US or international investors in currency or oil prices or anything else. It's a very, very robust capital market environment. Initially, yields are 4 to 5 percent, which is 150, 200 basis points above the ten-year treasury, and we have the opportunity going in to further add 200 to 300 basis points of additional return in expected rental growth.

And then lastly, vacancies are down about 1 percent across all property types. We're approaching equilibrium levels from a supply and demand perspective. That feels pretty good and could lead to rent growth that's being underwritten going forward.

If there aren't any questions on real estate, and I'm happy to answer any, I'll just move on to the natural resources portfolio. From an allocation perspective, the total natural resources portfolio is valued at $2.4 billion. That's 3.48 percent of the fund. The timberland portion of that bucket is 1.7 billion or 2.7 percent of the fund. That leaves us with approximately $530 million, which is currently invested in public natural resource equity portfolios. It's liquidity for new timberland investments going forward. We have not completed any new timberland acquisitions year to date, and I've talked about how illiquid that market has been and how lumpy it's been. There are a couple of large portfolios that are in the market currently and they're in different stages, and PRIM is involved in both of those. And to the extent that either of them materialize for the fund, we'll certainly let you know.

Moving on to performance. Total natural resources returned 1.8 percent over the last twelve months. That's 61 basis points below benchmark. So let me just talk about how that breaks out. Timberland returned 9.4 percent. That's 112 basis points below benchmark. This has been referenced earlier in the meeting, but currency is probably the primary culprit there. We've had a negative impact from the translation effect on our Australian investment. Although, operations continue to be very good there, but valuation has been hurt by the currency issue. And we've experienced a pretty steep drop in European demand for certain types of timber due to Euro weakness. So that has affected one property in particular that's an overweight in the fund. So those issues being both overweights from a portfolio perspective brought down relative performance.

The public natural resources portfolio, again, where the uninvested timberland capital was held, was down 14 percent over the past year. That's 46 basis points below benchmark. That's really sort of been driven by one manager. This particular group is running a smaller market cap strategy. They're much more growth focused, and that particular approach has not performed very well, as you might imagine, in this energy environment. I would note that this same group is outperforming by over 300 basis points year to date as oil prices have recovered. So there's certainly some ebb and flow in the short-term figures.

Just lastly, let me make a couple of points on the timberland markets. You may have seen that housing starts did jump quite a bit in April. Starts are now running at 1.4 million. That's about 20 percent above the March figures. Single family starts were up 17 percent. Multi-family continues to be strong at 32 percent. And permits were up 10 percent.

In terms of timber prices, we're still working off Q1 numbers, which had a lot of noise and have been pretty volatile in general. Lumber futures are up quite a bit based on the housing numbers, and we're expected to see some positive data in the timber prices in the second quarter.

So I'm happy to answer any questions on the natural resources portfolio.

TREASURER GOLDBERG: We do not have a vote. This was an update. So this is discussion and any questions -- I'm going to have to make my standard operating procedure comment: I'm still waiting for the fieldtrip, and now I know we need to stop in San Francisco on the way to Australia. So we can do real estate and timberland in one trip.

MR. SHANLEY: Are we recommending that we're going to sell it?

MR. SCHLITZER: I am. We're very comfortable.

MR. SHANLEY: What was our initial investment?

MR. SCHLITZER: We bought the property for about $265 million. There was some debt involved, and we do have a joint venture partner, but there was the gross price going there, and we'll -- I don't want to get ahead of myself because we haven't started marketing it, but we'll potentially realize a very good return, which is why we think it's prudent to accept the recommendation.

TREASURER GOLDBERG: Very good.

MR. SCHLITZER: Thank you.

TREASURER GOLDBERG: Thank you. Next on the agenda. Finance and Administration report. David, we have a very -- from my point of view a very exciting item, Item No. A.

MR. GURTZ: Yes. We make a lot of babies here at PRIM.

TREASURER GOLDBERG: And I'm going to say exactly what I've said at a few other meetings, that, believe it or not, our first deputy has a background in emergency treatment. So if ever needed, it will happen. He really does, actually.

MR. MACDONALD: I've done six in the field.

TREASURER GOLDBERG: I'm telling you, he can run down from the State House really fast. I wasn't kidding. So given the water here. . .

MR. GURTZ: So this is the last voting item of the day. We'll be speaking a little bit to this interoffice memo that was left in front of your seat. So PRIM's parental leave policy historically provides only two weeks at full pay. And birth mothers may have taken an additional two weeks short-term disabilities at two-thirds pay, up to a maximum of $1,000 per week. That parental leave policy has been in place for quite some time and appears to be have been based on the Commonwealth's Human Resource Division's red book policy of family leave.

And we discussed this topic at the Admin. & Audit Committee on May 21, and PRIM staff and several board and committee members believed that this policy was insufficient and quite honestly not competitive with some other governmental agencies and more importantly with other local financial services institutions with whom PRIM competes to attract and retain our employees. So therefore, Michael Trotsky emailed on May 28th of this year and changed PRIM's parental leave program to include eight fully paid weeks for birth mothers and/or primary care providers upon the birth or adoption of a child, and this is an increase from the previous two weeks that we've had in place.

PRIM determined that the eight weeks was a good first step that needed to be done immediately based open our informal review of local investment firms and other governmental agencies as well as from our compensation consultants 2014 formal survey that they conducted. McLagan, our compensation consultant, surveyed 68 investment firms of which 62 percent of those firms provided 100 percent of pay for at least eight weeks or more. And in fact, nearly half of the firms, 46 percent to be precise, provided 100 percent of paid for 12 weeks or more.

So further review of this policy and PRIM's entire employee handbook will continue throughout this year to ensure PRIM remains a competitive employer, but PRIM today is seeking retroactive ratification for the outdated parental leave policy. With that, I'm happy to answer any questions or if anybody has any thoughts or comments.

TREASURER GOLDBERG: Yes. I think that I should let everyone in the room know that this morning Treasury announced a 12-week parental leave policy, and it is being very well received. When we had our meeting last week and we discussed on the -- well, we had not a meeting but a group conversation, I felt that this was an excellent proposal because it was a step in the right direction, and we all said on the phone that this was the beginning, and one of the things is to do the right thing, it's also to be a supportive employer and an attractive employer.

And in many ways, it's a step in our diversity initiatives, because we are competing for a younger cohort of very highly regarded individuals, both male and female who feel that support of a family, because so many families are both working in very demanding careers, that this gives us an advantage and out there in the private investment world, they're doing this, and we have a passion about diversifying everyone who works here and those that we work with and so we should be leading on this, not following the red book.

So what we decided yesterday at Treasury was that we felt strongly for both parents, and in birth or adoption, that we have 12 weeks. And we did it and we announced it. And maybe Jay ran it this morning. So I feel that although we are initially proposing eight, I think we should do twelve.

MR. HEFFERNAN: I second that motion.

TREASURER GOLDBERG: So we now have a motion, an amended motion, and a second on an amended motion. Discussion?

MR. BROUSSEAU: I'm all for it. No problem.

MR. HUBBARD: Retroactive back to when?

MR. BROUSSEAU: May 28.

MR. HEFFERNAN: It's retroactive to when the memo came out.

MR. GURTZ: That's correct.

TREASURER GOLDBERG: I'm so proud of everybody.

MS. FITCH: It's a go.

MR. TROTSKY: Definitely a go.

TREASURER GOLDBERG: So we have a formal amended motion that the PRIM Board retroactively ratify the updated parental leave policy as described in the expanded agenda and amended by the Board, and in the executive director's email as amended by the board now of May 28, 2015, to PRIM Board, Committee and Staff members, and further to authorize the executive director to take all actions necessary to effectuate this vote. All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Thank you.

(VOTED: That the PRIM Board retroactively ratify the Updated Parental Leave Policy, as described in the Expanded Agenda and amended by the Board, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.)

TREASURER GOLDBERG: This is the way that we're going to continue to attract smart and terrific families into state government work, and that's what we need to do. So thank you. Next item.

MR. GURTZ: The next topic is the diversity initiative. So I'm going to invite a couple more colleagues up here. Sarah Samuels will be joining me as well as Dan Eckman, who is the director of finance here at PRIM. And I'll be referring to or we'll being referring to Appendix I.

As you find that Appendix I, PRIM has been thinking about diversity for several years, but today for the first time, we present PRIM's firm-wide diversity initiative to this Board. We did discuss this at the Committee Meeting a couple weeks ago. While today is the first time we're doing it as a firm-wide initiative, it certainly will not be the last, and I think we expect to regularly update both the committee and the board on this initiative. It's one of those initiatives that will not be corrected overnight and so we want to be continually updating you guys on our progress.

So if you do have that agenda, I want to flip through the agenda real briefly. Today we're going to discuss the recent research that supports why diversity is important, how public plans are playing an active role in this growing initiative. Sarah is going to be discussing the industry challenges, and Dan and Sarah will present what PRIM as an organization has done both from a staffing perspective as well as from an investment management perspective.

So on page 2, why it's important. In February of this year McKenzie and Company published their Diversity Matters report. Their report reviewed 366 public companies across a range of industries located in the UK, Canada, the US, and Latin America. The research looked at the relationship between the level of diversity defined as woman in ethnicity in the leadership of large companies, and a company's financial performance measured as the average earning before interest and taxes or EBIT from 2010 to 2013.

Now, McKenzie's findings showed that companies with the highest gender or ethnic diversity in leadership positions reported significantly better financial performance, higher than companies with low gender or ethnic diversity. In fact, McKenzie states, "The companies in the top quartile for gender diversity were 15 percent more likely to have financial returns that were above their national industry median, and that companies in the top quartile for racial ethnic diversity were 35 percent more likely to have financial returns above their national industry median."

So McKenzie's research revealed that more diverse companies performed better. McKenzie's report also identified key factors driving better performance, highlighted on page 3. These factors include recruiting the best talent, stronger customer orientation, increased employee satisfaction, and improved decision making.

For PRIM, I think the relevant factors are winning the war for talent by recruiting the best, which leads to improved decision making, which ultimately, bottom line, hopefully improves the PRIT fund's returns.

PRIM is not alone in this. Many public plans are playing an active role and encouraging diversity, and I've noted two quick examples that have gained headlines recently. The first one in March, nine public pension plans representing over a trillion dollars in investment assets sent a letter to the SEC to update its board nominee disclosure awards in order to help investors better know their board's diversity.

Specifically, the letter asked that the rules require companies to create a chart or a matrix of each nominee's gender, race, ethnicity, skill, experience, and attributes. And then just last month the 160 billion New York City pension plan announced new diversity guidelines that will be used in hiring investment managers. The New York City pension plan is expected to survey managers this year seeking information about the ethnic and gender breakdown of their boards and executives.

So with that I'll turn it over to Sarah to talk about the challenges we face.

MS. SAMUELS: Thanks, Dave. If we turn to pages 5 and 6, these pages show external research and suggest that both women and minorities are under represented in leadership positions across the financial services industry. So page 5 shows research put out by Chief Investment Officer Magazine, and this breaks out senior female leadership roles by financial profession.

So for example, the top left shows that 10 percent of long-only investment firm leaders are women. That compares to 3 percent for hedge funds on the far right. Other industries outside of asset management have better female leadership representation with law at 22 percent; STEM, that's Science, Technology, Engineering, and Math, at 24 percent.

TREASURER GOLDBERG: You said better but it's still not good. I want to make that clear.

MS. SAMUELS: And women practicing medicine at 34 percent. Page 6 shows research by the Government Accountability Office, and this page breaks out minority leadership representation across financial services industries. According to this research, in 2011 less than 20 percent of managers in the financial services industry were classified as minorities.

MR. ECKMAN: Thanks, Sarah. Moving on to the next slide, slide 7, what PRIM has done in staffing. In an effort to increase the amount of diverse candidates we get responding to job postings, we reached out to local investment firms, Wellington and State Street Global Advisors to learn about their diversity recruitment programs.

Both firms were happy to share information and invited us in for meetings. During these visits it was clear how much effort both firms put into their programs on an ongoing basis as they're competing with other investment firms, investment banks, commercial banks, and management consulting firms.

On the new hire front they work with colleges and universities through attending on-campus job fairs, inhouse workshops, and speaking at events that students will be in attendance. Through these methods both have created a presence on campuses and built a pipeline of full-time and internship hires.

The firms have employed similar strategies on the experienced hire side as well. Groups such as National Association of Black Accountants, NABA, the Tweego Foundation, the Partnership, the Boston Club, and 100 Woman in Hedge Funds are targeted high-priority affinity groups. Employees are encouraged to become members and foster relationships between the firms and the groups. These relationships are important not only to build pipelines for new employees but also to increase the amount of diverse workers in the investments industry.

Another consistent strategy between firms was if using recruiters to fill positions, both firms instruct recruiters to provide them with a full slate of candidates. Searches aren't closed until this goal is met. In trying to expand our pool for applicants, we've already targeted groups NABA, Tweego Foundation, and 13 local university and college affinity groups. In some cases this has already produced results in terms of applicants.

As in prior years we've continued our internship programs receiving over 60 applicants and hiring five summer interns from various schools, Brandeis, Cornell, and Boston University. Two, Rebecca and Bernardo, are here today, and the other three will be starting in the next month or so. We're excited for them, and we feel this program is crucial as we try to build a pipeline going forward.

Once again, it's clear how lucky we are to have Sarah Samuels, our new deputy CIO, as she is already a member of the 100 Woman in Hedge Funds and the Boston Club. In addition, she attended and was a speaker at the AICIO, the Missing Women of Asset Management Conference. On that note, I'll turn it back over to Sarah.

MS. SAMUELS: So Dan spoke about what we've done on the staffing front to promote diversity. I'm going to speak on page 8 about what we've done to promote diversity in our investment program. First and foremost, in 2011 PRIM adopted an emerging manager policy, and this encourages the hiring of small investment firms and/or minority or women-owned investment firms as part of our program.

Today PRIM invests nearly $1 billion, almost 2 percent across eleven women in minority owned investment firms across the fund. We issued an RFP for emerging manager of managers in 2012, and the board voted in 2013 to hire one international equity emerging manager. And we also placed a core fixed income emerging manager on our manager bench. This is Progress Investment Management. They manage a Barclays Aggregate portfolio. The reason we put them on the bench was because we had high conviction. In 2013 we were about to embark on a full scale review of our core fixed income portfolio, which we've talked about at length, and we weren't sure what would happen to it with the restructure of our portfolio, because of some of the asset allocation changes that we've made through our core fixed income portfolio, the fact that we are keeping an allocation to the Barclays Agg., we're going to revisit Progress Investment, and you may see a recommendation regarding that organization later this year.

Elsewhere in our program PRIM has retained one woman-owned real estate investment advisor. And finally, as you all know quite well, we recently improved our proxy voting guidelines to include firms who employ diversity and equal employment opportunity.

MR. TROTSKY: Just a clarification, Sarah, they're on the bench so they are preapproved. So it won't require an approval, but we'll be refreshing our due diligence and make sure we're comfortable with them.

MR. GURTZ: So page 9 is PRIM's next steps. As I said, I want to obtain your feedback, some feedback from the Admin. Committee, and I'd like to get your feedback today or at any other point in time. This is an ongoing initiative. So if at any point in time if you think of some idea or you've heard some good idea from another colleague or some other organization, please let us know. We're going to continue to reach out and expand our presence in affinity groups in terms of recruiting more employees. We're working with the Boston Securities Analysts Society to host a women in investment management conference here in Boston.

TREASURER GOLDBERG: When will that be; do you know?

MR. GURTZ: We're looking at I think this fall. They hosted one actually yesterday. It was out in New Mexico. So we want to do --

TREASURER GOLDBERG: I would like you, as soon as you can, to make sure that that is on my schedule, because I think what I am finding is that my chairing so many of these boards, MSTA, it is encouraging more women to look toward the work that we do. I can tell you, and I was recruiting during transition, we had many women and many minority applicants, and we hired quite a number, and part of it is because when a woman can walk in a room and see the person leading the meeting is a woman, it is meaningful. And for those who have already been there I have found they're stepping up more and expressing themselves more and engaging more, which is going to give them more opportunity for personal growth. There's a greater level of confidence.

So I want to be at that meeting, and any recruiting opportunities where you feel I can help close the deal, I want to make myself available.

MR. GURTZ: Thank you. Michael, as Sarah just mentioned, we're going to continue to fund PRIM's emerging managers program. Specifically, first in line is Progress, and then again, last but not least, this is not a one and done conversation, and we're going to continue to update this board on our initiative going forward.

TREASURER GOLDBERG: And in fact, I think one of things I've talked about with Ruth Ellen is she and I together have a very personal interest in this, and Ruth Ellen, I'd like you to add something at this point.

MS. FITCH: My particular interest is in the emerging managers and how we go about it, how we do it, and I get the high level stuff, but I think it's all in the details, and that's really what matters, and one of the things that we talked about was a subcommittee or a committee that I really would like to see --

TREASURER GOLDBERG: And Michael is fully aware of this and supportive of it.

MS. FITCH: And what I'd really like to see it come together not only for myself but I think for the benefit of PRIM to really understand what we're doing and what we cannot necessarily do better because we are doing, but what more perhaps we can do and how we target and use our resources, et cetera, et cetera, because I think it's absolutely doable in a very substantive way, but we all have these lives that we lead and so we just need to focus, and I think it's really important, in both women and emerging managers, but I will say from that from my perspective, emerging managers is really important.

TREASURER GOLDBERG: And then the other thing, which some of you may recall, I said at the end of the conversation last time is we want to be leading on this. We want to show the way that it can be done and with others, and so as we do this, we also want to push our vendors to be thinking that way too, and when we do RFPs, I don't know how we can be encouraging, but in the same way in our proxy voting guidelines, although it wasn't a compelling -- we weren't requiring companies, we were asking them to look at things around wage equity and pay transparency and supporting those kind of issues, and I think that that's what we need to also be taking it to the next step with our vendors. So I see this as the beginning, and I feel that we can succeed in it, and I look forward to working with you, all of you, on this. You know, everybody's job that's involved here at the Board is to also, when you're out there, be identifying talent that we could bring within. It's amazing how that can actually work. So it's all of our jobs.

MS. FITCH: Let me just add that what I see us really being able to take advantage of, and I think it's in everyone's head, that we've got a heck of a presence in this world, we being PRIM, in the success that we've had, that we can use to our advantage in these circumstances.

TREASURER GOLDBERG: And again, for all of us who are here, public service is appealing. There are intrinsic rewards. And so there are people who understand that they may not necessarily make the same kind of money as they would out there in more of a dog-eat-dog world, and that's why, though, we have to continue in, like, the parental leave is a piece of this is what we're about. You may not make as much money, but you're serving the public good.

I think that one of things we always need to remind people is a visual that I actually talked about this week, which is what we are all doing is that 85-year old woman who was a teacher who is on a walker in a fixed income is supported by the work that we do. We're creating economic security for her, for the firefighter, for the state trooper, you name it. Those are the people who have done for us, and now we're doing for them, and I think when people see that visual, because we talk about investments and this is a business here, but when we realize at the end of the day it's the bucket.

MR. BROUSSEAU: This came before the Admin. Committee, and we had a very indepth conversation about this and made the recommendation that this report come to the board today, not only to make us aware but to build a certain level of sensitivity among all board members to this issue, and I know that as we go forward, as PRIM put some of these policies in place and Dana will be updating the Admin. Committee meeting probably, at least on a quarterly basis, if not more often, on our successes in this area, and we'll likewise be informing the Board of this.

TREASURER GOLDBERG: Very good.

MR. HUBBARD: I just want to applaud the staff. This is a great step forward. I'm interested to hear, and maybe this isn't the right time, but how PRIM will interact with some of the affinity groups and so forth. There's a number of solid asset managers and professionals that sometimes haven't met our investment criteria over whatever period of time, but interacting with them and having them better understand what we're looking for I think would be significant.

TREASURER GOLDBERG: Terrific. Very good.

MR. GURTZ: Thank you. On page 22 of your agenda, the topic is audit reports and interim audit update. I want to give you an update. So as our year ended June 30th is fast approaching, our audits have begun on the PRIT and PRIM organization. Dave Gagnon, KPMG's audit partner discussed at the Admin. & Audit Committee the 2015 audit plan. KPMG's 2015 audit plan is contained in Appendix J. I'm certainly not going to go through it, but we did go through that at the meeting.

Mr. Gagnon also reviewed the PRIT core real estate holdings LLC audit, which is as of December 31, 2014, and as a reminder, this audit is now required due to our debt leverage program for our real estate portfolio. This LLC audit contains five of our core real estate investment managers, our global REITs, and our non-core partnerships in our real estate portfolio. It is a very complicated audit, as you can see, it's in Appendix K. It's a 50-page set of financials. It did receive an unqualified opinion from KPMG.

And I think the only thing I want to leave you with KPMG and our audit process is we seem to have an audit going on pretty much year-round now with KPMG. We do a number of audits. The PRIT-PRIM audit, the LLC is not only an audit but it's also a quarterly review that they do for us. KPMG also does a writeup on procedures regarding our procurement process as well as our benchmarks. They also review our annual CAFR and they do the three audits of our timberland portfolios as well as the five core real estate managers, and they're going to be working on some new managed accounts for our hedge fund managers.

So we've got KPMG in touch on a weekly basis, and they're working almost year-round at this point. So if there's any questions, I'm happy to answer them.

TREASURER GOLDBERG: Do we have a legal and legislative update?

MR. SUPPLE: Good morning. Chris Supple. I just have one legislative update. I don't have a need to request an executive session today. The legislative update is that the state budget process is underway, and there are a couple of provisions that are in play that could affect PRIM. There were previously a larger number, but as the process has unfolded some of those have gone by the wayside and there's just a couple still left. And just by way of a reminder, we're not part of the state budget but because it's a legislative vehicle that moves forward every year, people try to put proposals tacked onto it called "outside sections" or "budget riders." And those are the provisions typically that tend to affect us, and that's the case this year as well.

So one subject is the size of the PRIM Board and the composition of the PRIM Board. Those of you who were here at this time last year remember we had a similar discussion because last year the house budget included a provision which would have added two members, the president of MACRS or his designee. And as the Treasurer pointed out last time, we now know that the president of MACRS will actually be a her and not a he, as I think the election was earlier this week. But it said the president of MACRS or his designee, and last year it would have added the secretary of state as well. So that was passed as an amendment on the house side to the House Ways and Means budget. It then went to the senate. A similar amendment was offered on the senate side to add those two additional members. That did not pass in the Senate budget last year. So the issue went to conference in that format, and the conference committee report did not include the House version. So that provision died at that point, and there was no change made to the PRIM Board.

So fast forward to this year, a close cousin of the House provision from last year was proposed again this year to add the president of MACRS, but this time it was not the secretary of state, it was the president of AIM, the Associated Industries of Massachusetts. That provision passed in the House budget. So that is in the House budget this year. Then the Senate took up its budget process and a proposal was made to amend the Senate Ways and Means budget proposal to add to the PRIM Board, again the president of MACRS, and also an appointment of the Treasurer. That provision passed. So that provision is now in the House budget, and now that goes to conference -- I'm sorry, it's in the Senate budget.

So you have the one provision in the House, MACRS and AIM, and a separate provision in the Senate, MACRS and a Treasury appointment. So that now goes to conference and State House News is reporting that the conference committee is meeting today for the first time.

TREASURER GOLDBERG: Have they worked out the rules?

MR. SUPPLE: I think that's usually what they start off with as business item No. 1 when they meet. So that's probably going to happen today, but it's three House members. It's the ways and means chair, the vice chair, and the ranking minority member, and three members on the Senate side, same thing, ways and means chair, vice chair, and ranking minority member. So that provision will be discussed in conference and we will see what happens.

MR. NAUGHTON: Can I ask a question. So when it comes to how the law is stated in terms of the current situation, is there anybody besides the constitutional officers that have designee rights?

MR. SUPPLE: That's it, just the constitutional officers.

MR. NAUGHTON: This is way out of ordinary that the MACRS person would be able to choose a designee.

MR. SUPPLE: It is for the PRIM Board legislation. It's not unusual in other boards affecting other areas where organizations that are involved will be named and the organization usually can offer the designee. It's not unheard of, but you're correct that it would be new to the PRIM Board, except for the constitutional officers as you mentioned.

MR. BROUSSEAU: If I may, just a few comments, needless to say, I was quoted in the Boston Globe article yesterday. I am not ashamed of what I said. I am absolutely opposed to this thing. We saw it last year and it wasn't included. All research that is done. We have Cortex Applied Research. They've been with us since 2004. They tell us you look at large public pension funds, over 300 of them, none of them have 11 member boards. It is not good business practice. The range is 5 to 9. You might rule -- nine might be at the upper levels.

When this law was initially passed in 1983, some of the historian, this grew out of the Elio Commission of the early 1980s, when they began to get a handle -- I think it was in the Dukakis administration -- on the tremendous unfunded liability that we face in this state, and this piece of legislation, Chapter 32, Section 23, was very carefully crafted by the legislature. They worked closely with the Elio Commission in establishing PRIM, what its duties and responsibilities would be, the makeup of the board, and it was purposely done to keep this from becoming -- or keep us as non-political as possible in this kind of environment.

As I quoted yesterday, I think this proposal, if enacted, would politicize the board which is not a good thing, number one; and number two, it is bad public policy. We're in the business of investing billions of dollars for 350,000 beneficiaries, and I cannot see how adding two more members to this board is going to make us operate more efficiently or do a better job or make more money.

And I'm not one to hold my tongue when I feel strongly about something, but this I do feel strongly about, and I would hope that the rest of the board would feel that way also. I know this afternoon myself and several other people from this board, we're going to go up to the hill, and we're going to speak with the president of the senate and also with the chair of the House Ways and Means Committee on this issue. There's a lot of talking points we could do, but I'm just appalled that this would happen in this kind of a vacuum and nobody up there could not see the fallacy of this kind of a proposal, and I'm still -- not in shock. I know things can happen up there that shouldn't put me in shock, but this one I really feel strongly about.

MR. NAUGHTON: If I may, I'd like to make a further observation, I agree with what you said, but even if I felt otherwise, it's not just what's being proposed, it's the way it's being proposed in a way that will obviate any kind of true analysis and discussion of the impact of such a change, but rather to just go ahead and do it. To me, it's not a considerate way to do business, particularly with the kind of responsibilities that this Board has.

TREASURER GOLDBERG: So I would like to make a comment about -- since you raised the article. I feel it misrepresented my position to a certain degree and I called Michael about it yesterday morning. I was not aware of this going on until actually Dennis told me about it, and so when I started to look into it, I could not understand, for example, why AIM was being proposed. It turns out AIM has no interest in being on our board, because this is a public pension fund, and it's -- I could not -- I just couldn't fathom it.

So my comments to those proposing it were, and I didn't argue for it, and it's not called -- it shouldn't be "her"; it was referred to as "her amendment." I said if you're going to do something like this, then the Treasurer should be involved in it and should be appointing someone who's relevant to the work we do. I'm not taking a position on this at all, and I think the way that Dennis just articulated it, that it if we were to expand the board, it should be done so in a more considerate fashion.

Now, I'm going to say, I do understand MACRS's viewpoint in terms of some systems are now fully invested with us, and they represent a certain group of employees who are not sitting at this table, and you've got to remember, I come from a contributory retirement system in Brookline. So I understand their point of view. But I also came into this in the middle of the process. And so I did not like the way I was portrayed in that article, and I was going to say this to people individually, but since it has now come up in the room, I might as will state it fully that it really kind of misrepresented the flavor, because Dennis is well aware of the fact that I didn't know until you told me about it, and I called Michael and said What is this, and then I called people who I guess were proposing it to find out what this was about. So it will be interesting to see.

MR. BROUSSEAU: I can understand the concerns of some of the MACRS people, but there are three board members sitting here who are representing constituent organizations who already belong to MACRS. They were all at the conference Monday, Tuesday, Wednesday. Paul, you're representing an organization that is a constituent member of MACRS. Theresa does. Dennis does. And the fact that it's not representation, our committee, the Admin. Committee has two MACRS people on the committee. So this -- I mean, some do not know all of this information, which we're going to try to make them aware of.

TREASURER GOLDBERG: Any other comments on this?

MR. NAUGHTON: Just one, I've never heard it said that anyone felt that any damage was suffered at the hand of the current board for any of the MACRS contributors. So that would be a question I would ask. When you got to the point where you want to make that big a change, it's got to be something that rattled your cage.

MR. BROUSSEAU: When I went on this board in 1987 we had 1.7 billion. We're at 62 billion plus. We must be doing something right. If it ain't broke, don't fix it.

MR. NAUGHTON: Well, that's assuming it's based on the issues and not something else.

TREASURER GOLDBERG: Any other comments?

MR. BROUSSEAU: Motion to adjourn.

TREASURER GOLDBERG: Motion to adjourn.

MR. NAUGHTON: So moved.

TREASURER GOLDBERG: Do I have a second?

MR. HUBBARD: Second.

TREASURER GOLDBERG: Any discussion around that? All those in favor?

THE BOARD: Aye (unanimous).

TREASURER GOLDBERG: Opposed? Thank you.

(VOTED: That the PRIM Board approve the adjournment of the June 4, 2015 board meeting at 11:51 a.m.)

(This page was intentionally left blank)

PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD

Appendix B

Callan PRIT Fund Performance Report Color Charts.
June 30, 2015

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

Callan

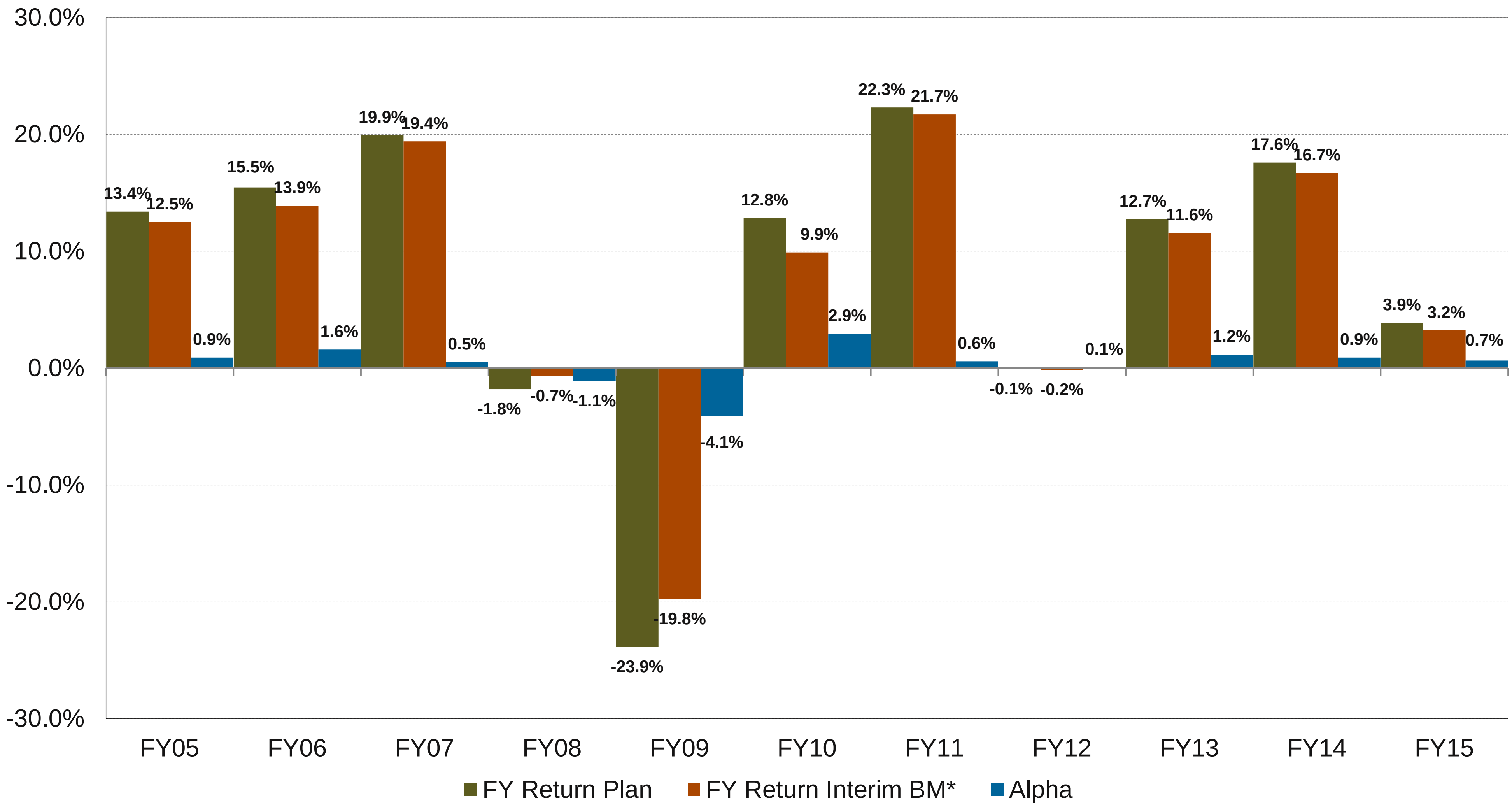
Commonwealth of Massachusetts Pension Reserves Investment Management Board

PRIT Fund Performance Report

Gross of Fees for Period ending June 30, 2015

Total PRIT Fund Fiscal Year Performance

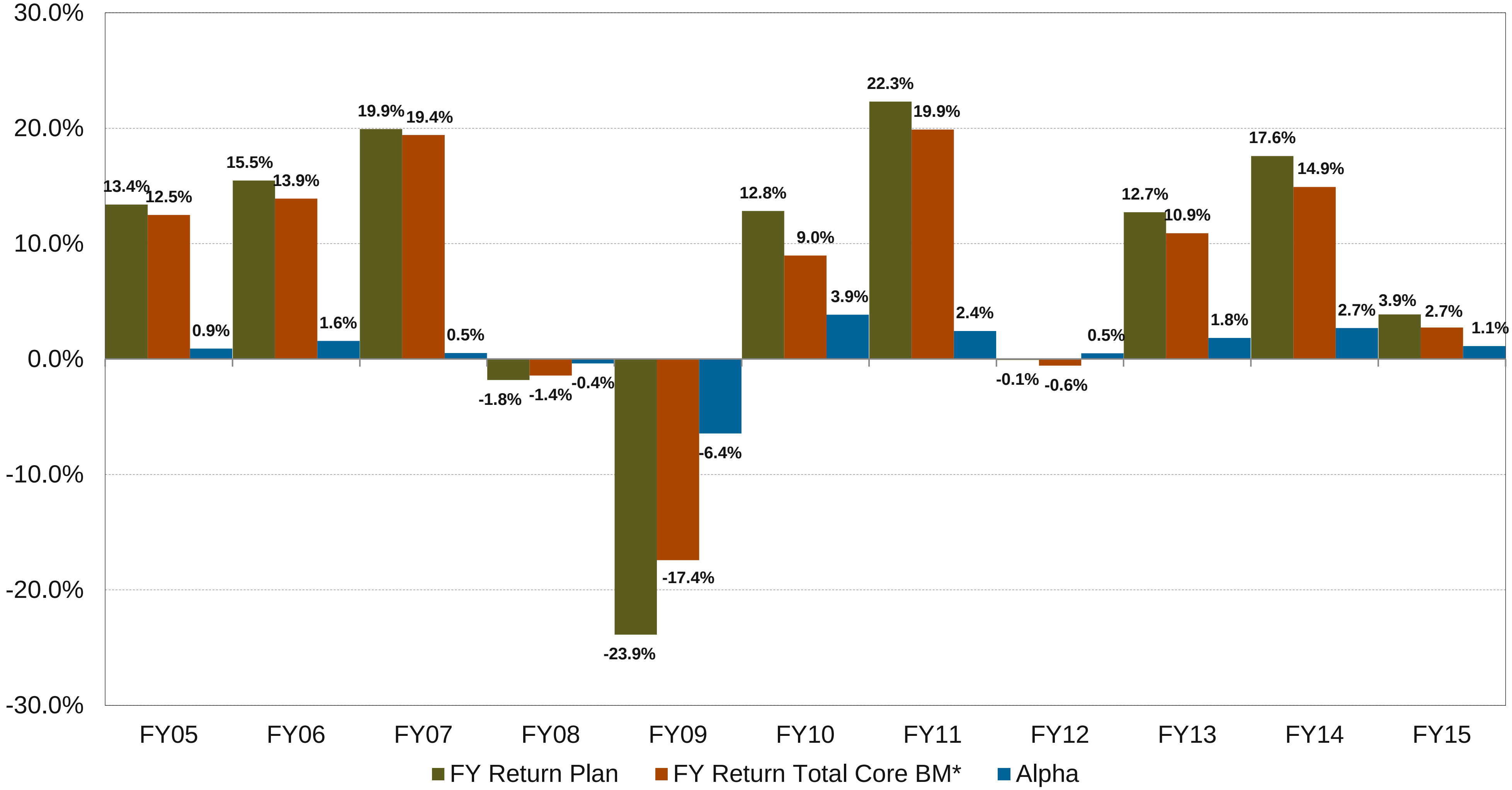
Gross of Fees



**Excludes Private Equity Benchmark*

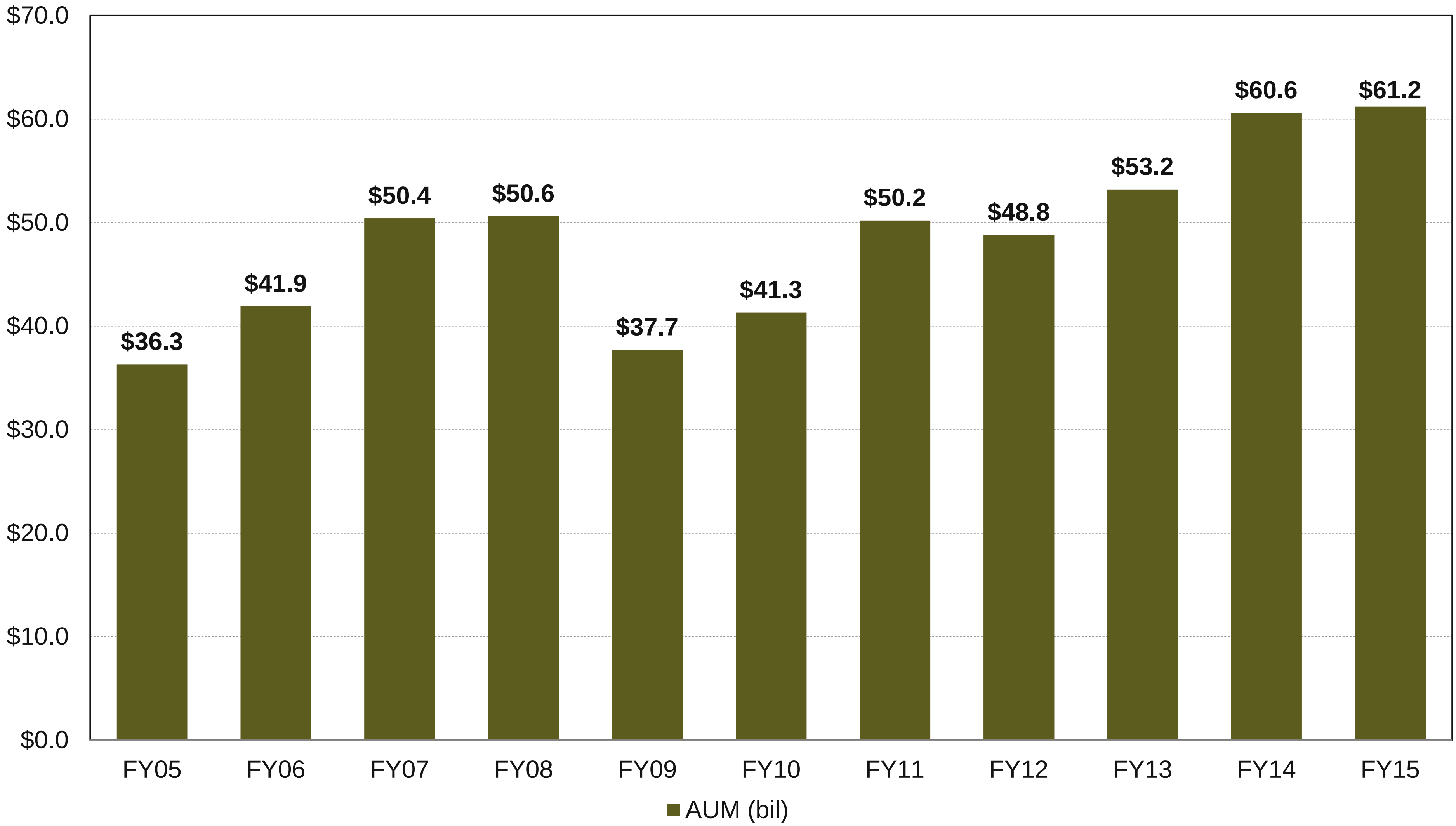
Total PRIT Fund Fiscal Year Performance

Gross of Fees



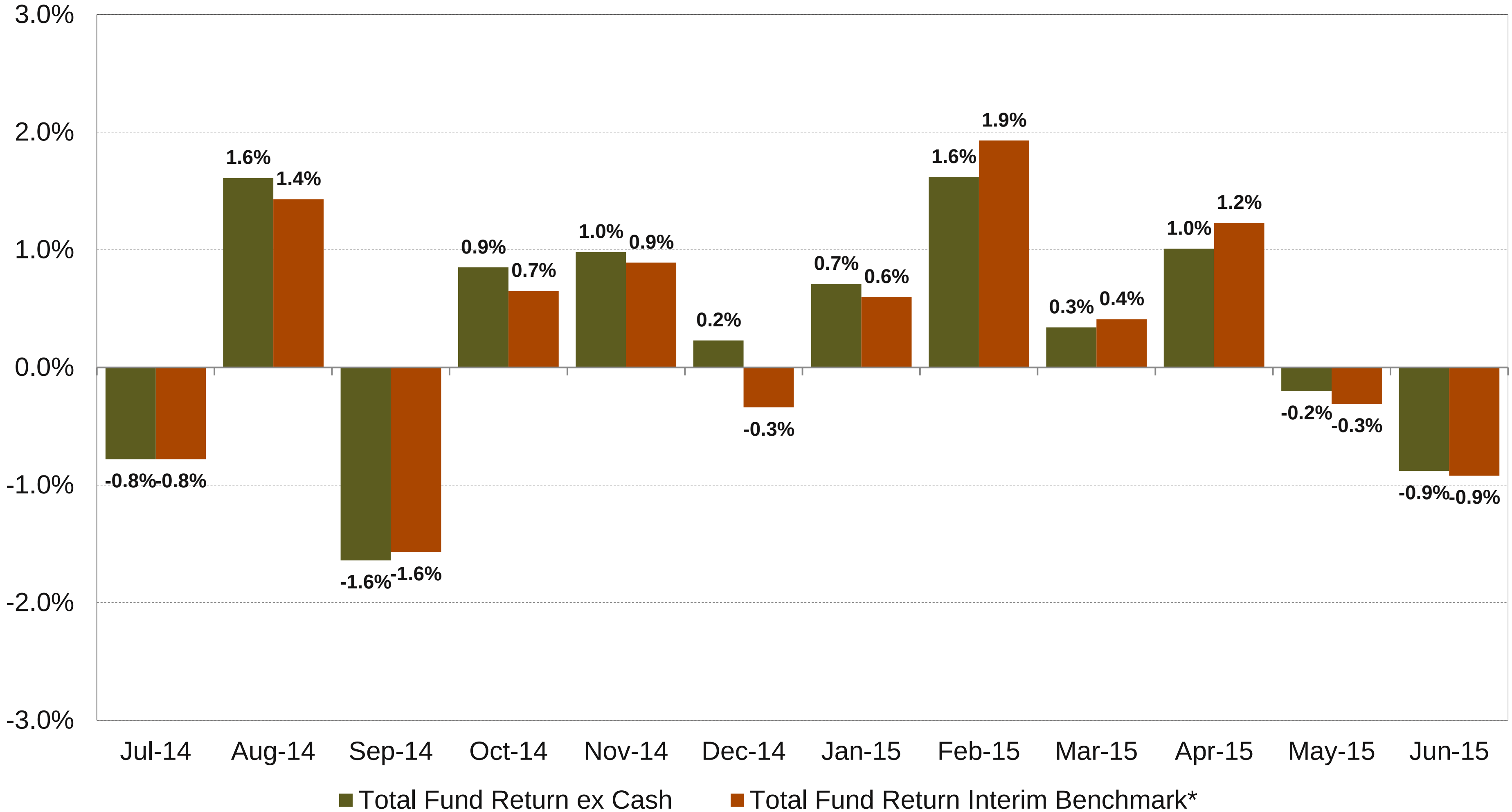
**Includes Private Equity Benchmark*

Total PRIT Fund Fiscal Year Market Value ($Billions)



Total PRIT Fund Monthly Performance FY15

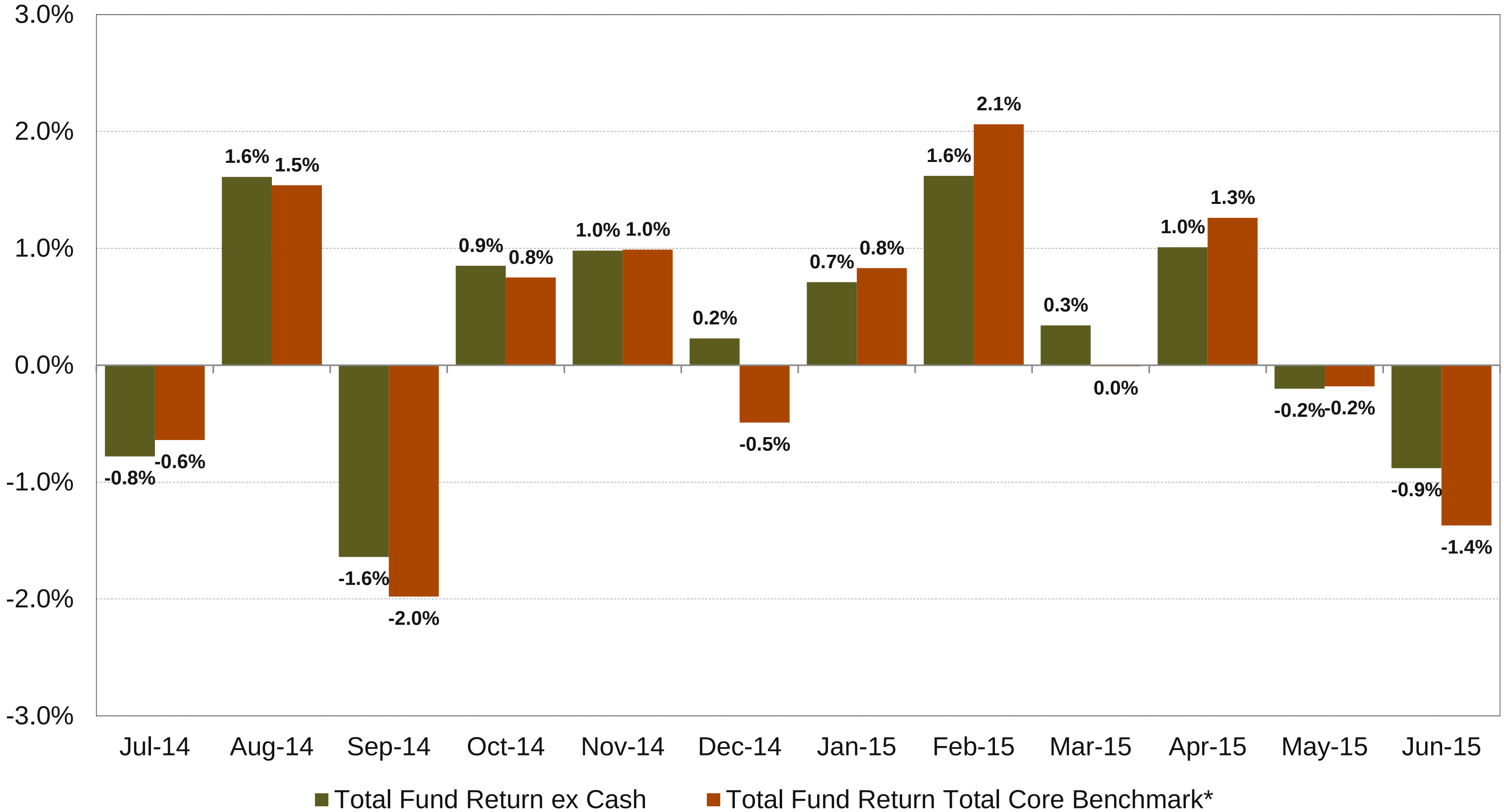
Gross of Fees



**Excludes Private Equity Benchmark*

Total PRIT Fund Monthly Performance FY15

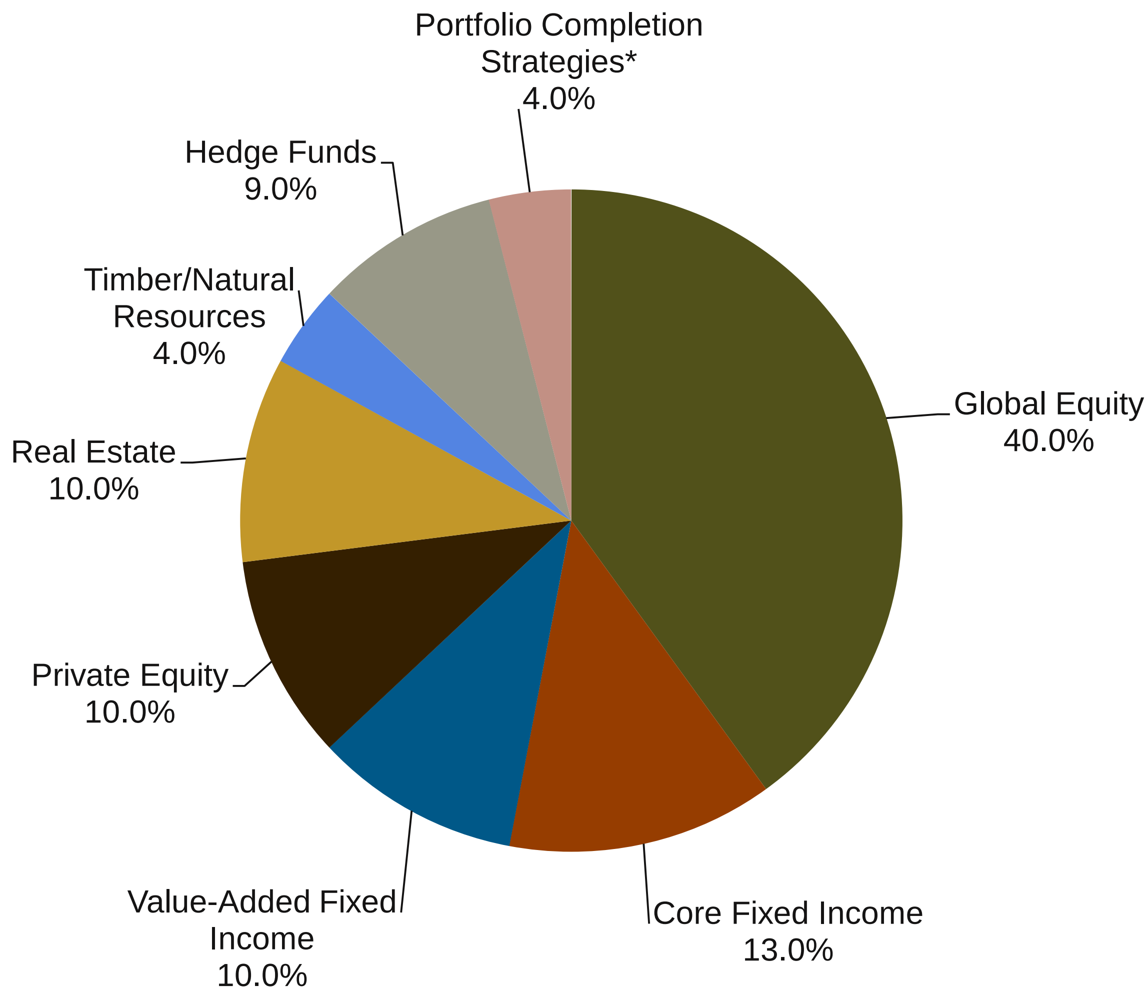
Gross of Fees



**Includes Private Equity Benchmark*

PRIT Fund Asset Allocation

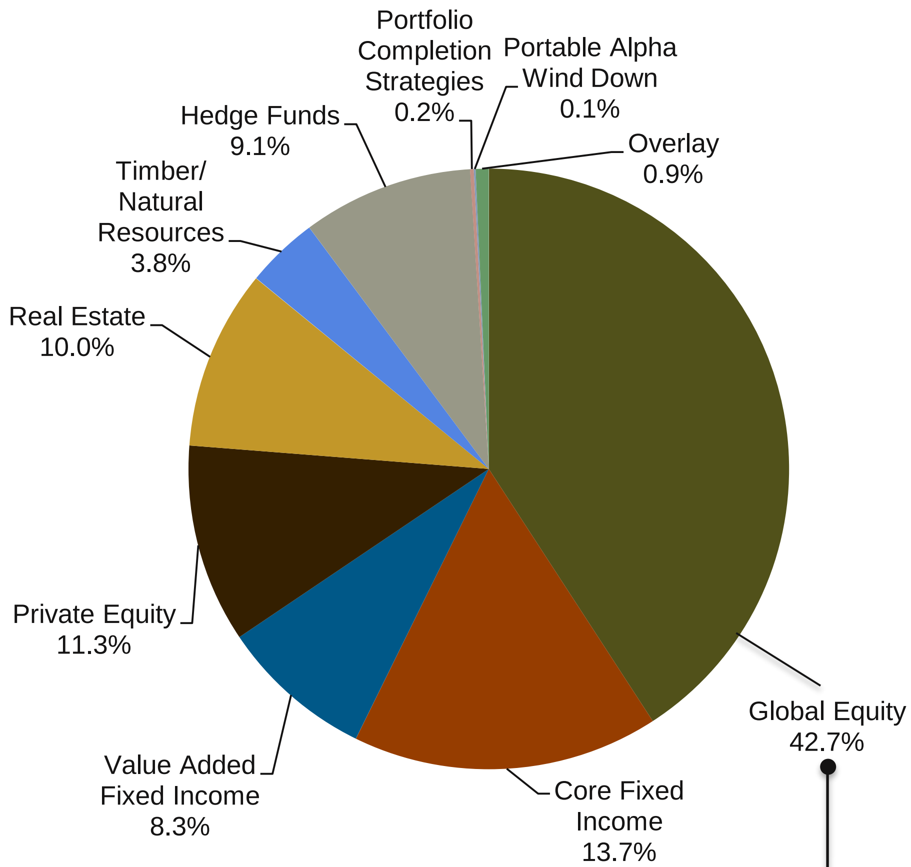
Long-Term Asset Allocation Targets



**Portfolio Completion Strategies (PCS) to be funded from Global Equities and Hedge Funds as new PCS investment strategies are recommended by PRIM Staff and approved by the Board.*

PRIT Fund Asset Allocation

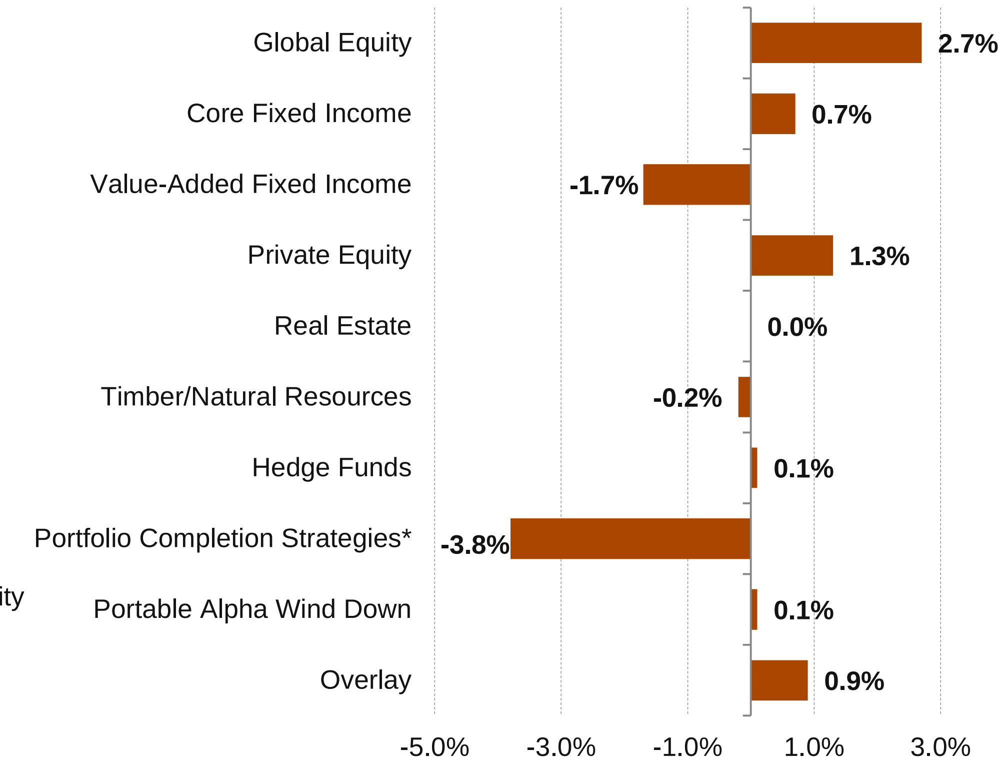
Actual Allocation as of June 30, 2015



Global Equity Breakdown

Domestic Equity	19.2%
International Equity	16.9%
Emerging Markets Equity	6.6%

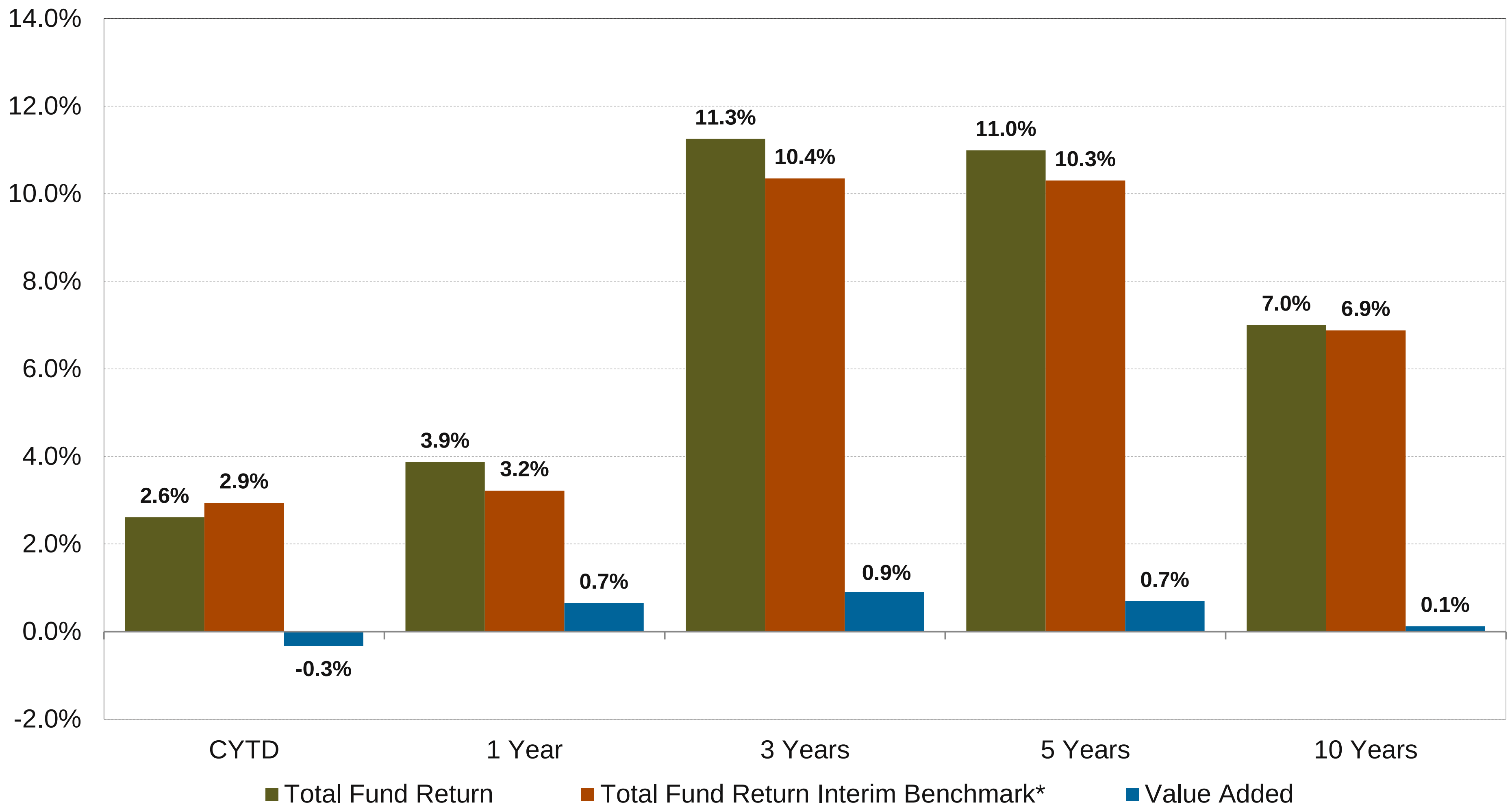
Actual Allocation vs. Target Allocation



**Portfolio Completion Strategies (PCS) to be funded from Global Equities and Hedge Funds as new PCS investment strategies are recommended by PRIM Staff and approved by the Board.*

Total PRIT Fund Performance ($61.2 Billion in Assets)

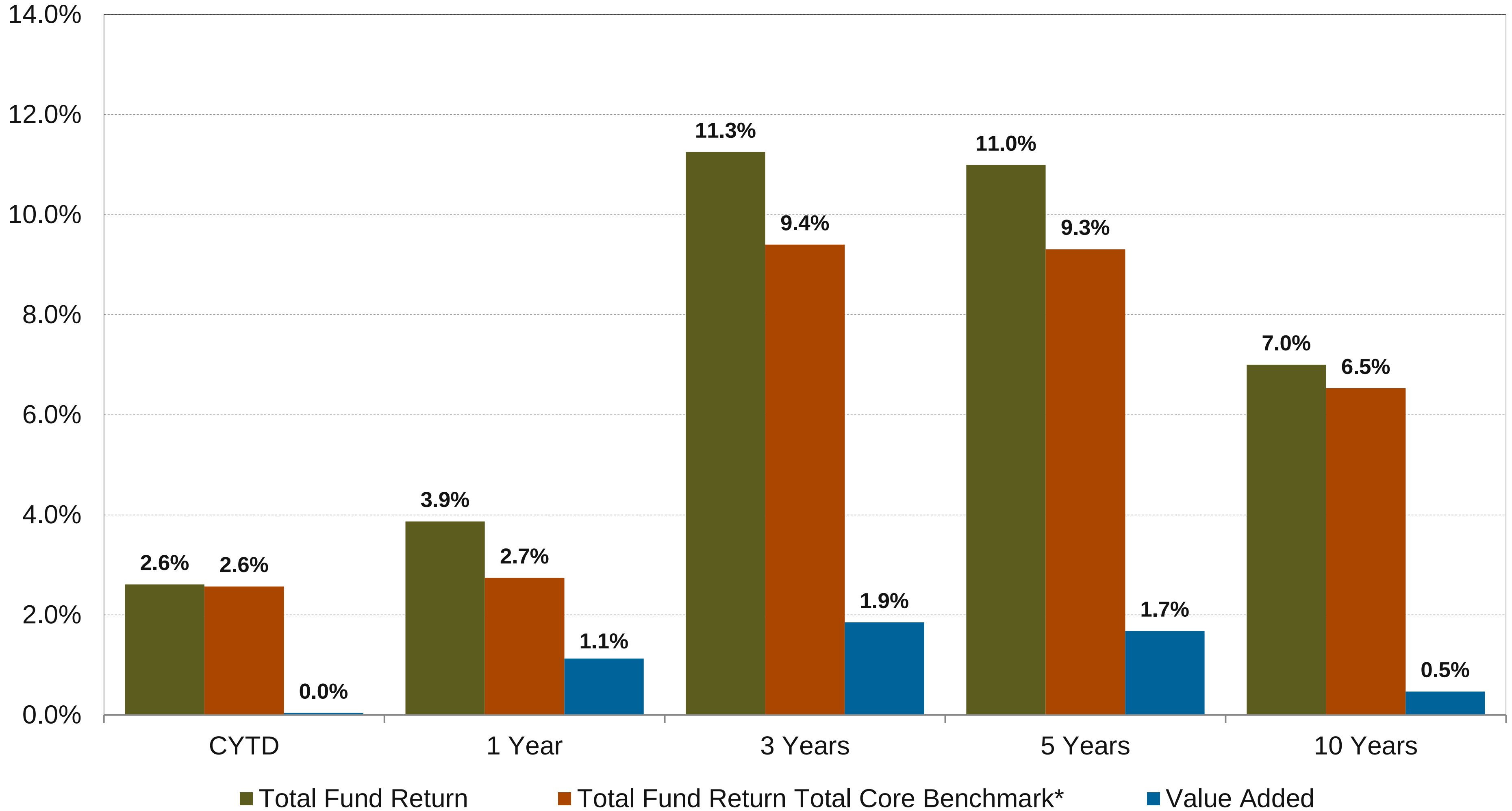
Gross of Fees as of June 30, 2015



**Excludes Private Equity Benchmark*

Total PRIT Fund Performance ($61.2 Billion in Assets)

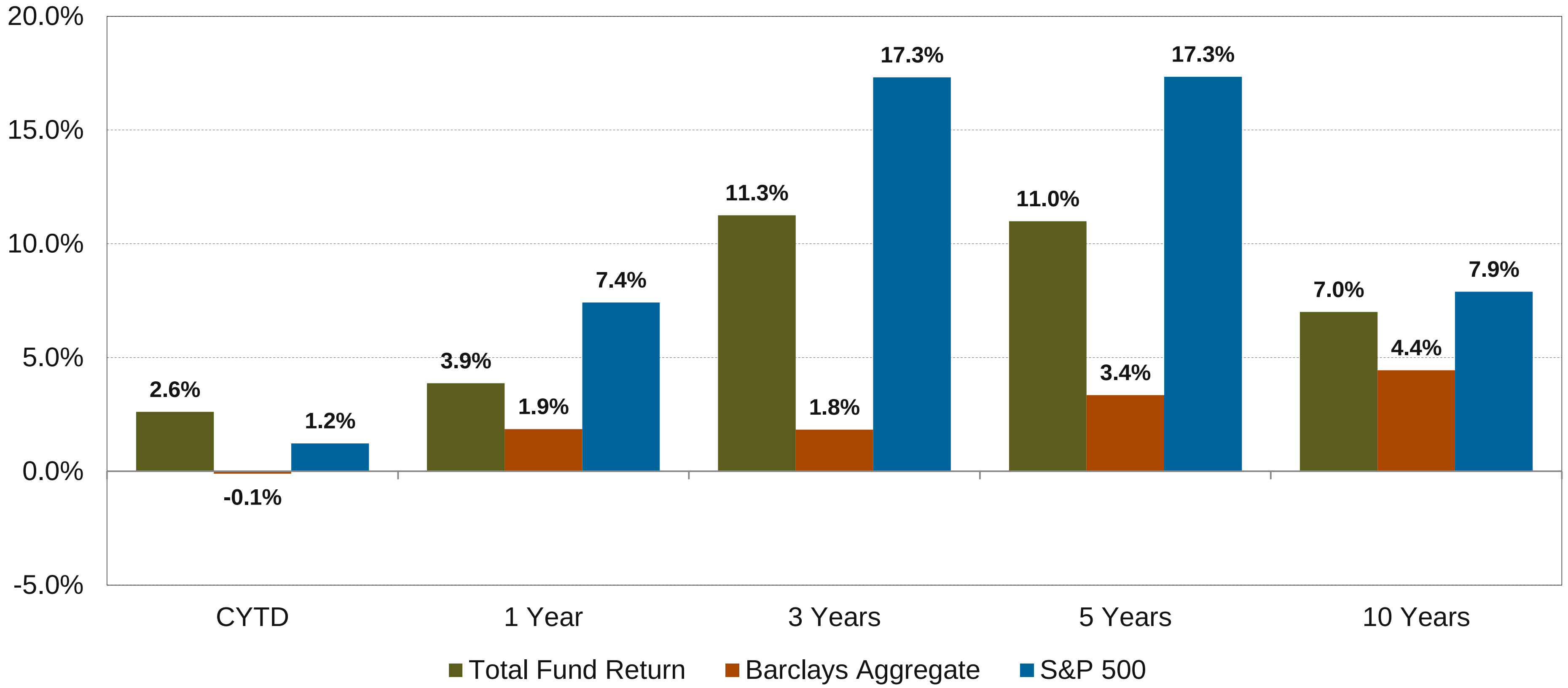
Gross of Fees as of June 30, 2015



**Includes Private Equity Benchmark*

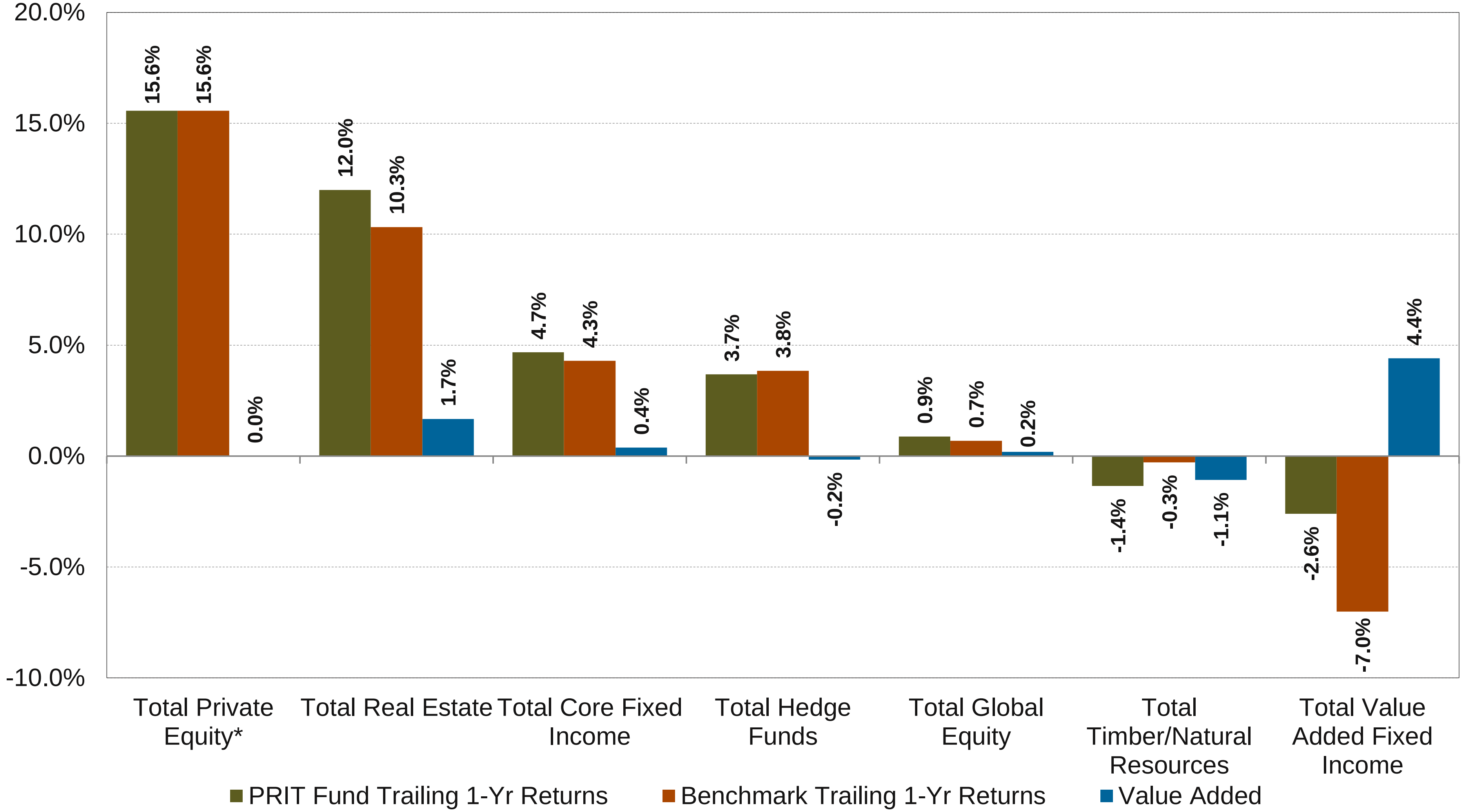
Total PRIT Fund Performance

Gross of Fees compared to Bonds and Stocks as of June 30, 2015



PRIT Asset Class Gross Performance – Trailing 1-Year

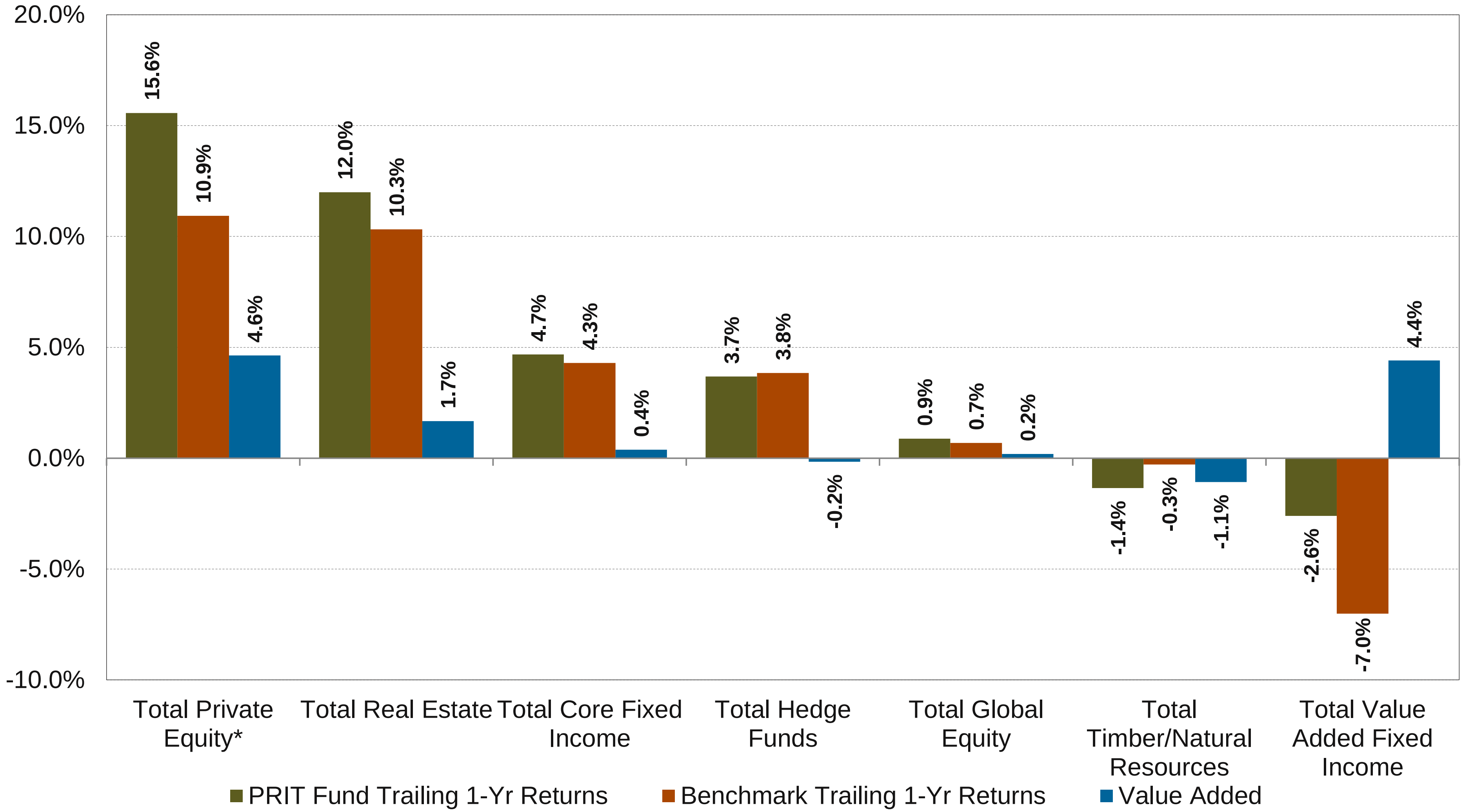
as of June 30, 2015



**Benchmark is actual performance*

PRIT Asset Class Gross Performance – Trailing 1-Year

as of June 30, 2015



**Benchmark is 7yr Annualized Russell 3000 +3%*

Total PRIT Fund Performance Attribution

Gross of Fees as of June 30, 2015

June Attribution

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Core Fixed Income	14%	13%	(3.61%)	(3.69%)	0.01%	(0.03%)	(0.02%)
Value Added Fixed Inc	8%	10%	(0.47%)	(1.34%)	0.07%	(0.00%)	0.07%
Real Estate	10%	10%	1.76%	2.08%	(0.03%)	(0.01%)	(0.04%)
Timber/Natural Resources	4%	4%	0.09%	0.16%	(0.00%)	(0.00%)	(0.01%)
Private Equity	11%	10%	5.49%	1.00%	0.48%	0.01%	0.49%
Overlay	1%	0%	(1.86%)	(1.86%)	0.00%	(0.01%)	(0.01%)
Portable Alpha	0%	0%	(3.08%)	(3.08%)	0.00%	(0.00%)	(0.00%)
Portfolio Completion Stra	0%	0%	(2.40%)	0.26%	(0.00%)	(0.00%)	(0.00%)
Global Equity	43%	43%	(2.13%)	(2.23%)	0.05%	(0.00%)	0.04%
Hedge Funds	9%	10%	(1.45%)	(1.17%)	(0.03%)	(0.00%)	(0.03%)
Total			**(0.88%) =**	**(1.37%) +**	**0.55% +**	**(0.05%)**	**0.49%**

One Year Attribution

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Core Fixed Income	15%	13%	4.68%	4.30%	0.05%	(0.03%)	0.03%
Value Added Fixed Income	8%	10%	(2.60%)	(7.01%)	0.40%	0.17%	0.57%
Real Estate	9%	10%	11.99%	10.31%	0.15%	(0.07%)	0.08%
Timber/Natural Resources	4%	4%	(1.35%)	(0.28%)	(0.04%)	(0.01%)	(0.05%)
Private Equity	11%	10%	15.57%	10.93%	0.48%	0.05%	0.53%
Overlay	1%	0%	2.09%	2.09%	0.00%	(0.01%)	(0.01%)
Portable Alpha	0%	0%	(4.27%)	(4.27%)	0.00%	(0.00%)	(0.00%)
Portfolio Completion Stra	0%	0%	(5.09%)	1.58%	(0.01%)	0.00%	(0.01%)
Global Equity	42%	43%	0.88%	0.69%	0.09%	(0.05%)	0.03%
Hedge Funds	9%	10%	3.68%	3.84%	(0.02%)	(0.01%)	(0.03%)
Total			**3.87% =**	**2.74% +**	**1.10% +**	**0.03%**	**1.13%**

Total Global Equity Performance Attribution

Gross of Fees as of June 30, 2015

June Attribution

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	35%	(2.01%)	(1.94%)	(0.02%)	0.00%	(0.02%)
Small/SMID Equity	10%	9%	(0.11%)	(0.40%)	0.03%	0.01%	0.03%
International Equity	40%	40%	(2.48%)	(2.73%)	0.10%	0.00%	0.10%
Emerging Equity	15%	16%	(2.77%)	(2.71%)	(0.01%)	0.00%	(0.01%)
Cash Equiv	0%	0%	58.89%	58.89%	0.00%	0.00%	0.00%
Total			**(2.13%) =**	**(2.23%) +**	**0.09% +**	**0.01%**	**0.11%**

One Year Attribution

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	36%	35%	7.63%	7.42%	0.07%	0.01%	0.08%
Small/SMID Equity	10%	9%	3.31%	5.71%	(0.22%)	(0.02%)	(0.25%)
International Equity	39%	40%	(2.76%)	(4.54%)	0.71%	0.03%	0.75%
Emerging Equity	16%	16%	(5.85%)	(3.92%)	(0.33%)	(0.05%)	(0.38%)
Cash Equiv	0%	0%	143.63%	143.63%	0.00%	0.00%	0.00%
Total			**0.88% =**	**0.69% +**	**0.23% +**	**(0.03%)**	**0.20%**

Appendix

Gross of Fees Asset Class & Manager Specific Performance

Major Contributors Gross Performance – Trailing 1-Year

as of June 30, 2015

	% of PRIT Fund	1-Year Relative Performance (BPS)	One Year	3 Years	5 Years	10 Years	Since Inception	Inception
DISTRESSED DEBT	2.2%	36.73	3.55	12.12	11.64	11.52	14.36	07/31/2001
Altman NYU Saloman Center Combined Defaulted Public Bond & Bank Loan Index			-13.09	5.52	4.98	7.23	11.20	
Value Added (bps)			1663	660	666	428	316	
MARATHON ASSET MANAGEMENT	4.0%	17.22	0.02	15.06	12.23	8.73	8.97	10/31/1996
Custom MSCI EAFE Standard Index Net Divs			-4.25	12.06	9.47	5.11	4.83	
Value Added (bps)			427	300	276	362	414	
AEW	1.6%	9.69	18.72	14.36			14.65	01/31/2011
NCREIF Property One Qtr Lag			12.72	11.47	-	-	12.49	
Value Added (bps)			600	289	-	-	216	
BAILLIE GIFFORD	3.0%	8.47	-1.40	13.14	11.44	7.52	8.42	08/31/2004
Custom MSCI EAFE Standard Index Net Divs			-4.25	12.06	9.47	5.11	6.23	
Value Added (bps)			285	108	197	240	219	
SSGA WORLD EX-US	8.4%	5.74	-4.47	12.17	9.76	5.75	6.30	03/31/1992
Custom MSCI World Ex-US IMI Net Divs			-5.15	11.51	9.17	5.12	5.81	
Value Added (bps)			68	66	60	64	48	
DIRECT HEDGE FUNDS	6.6%	3.37	4.35	8.78			7.45	11/30/2011
HFRI Fund of Funds Composite Index			3.84	6.23	-	-	5.06	
Value Added (bps)			51	254	-	-	239	
INTECH	1.4%	3.36	9.74	18.26	18.02		8.14	01/31/2006
S&P 500			7.42	17.31	17.34	-	7.69	
Value Added (bps)			232	96	68	-	46	
LOOMIS SAYLES CORE	1.8%	2.16	3.04	3.58	4.96	5.31	7.51	05/31/1990
Barclays Capital Aggregate			1.86	1.83	3.35	4.44	6.52	
Value Added (bps)			118	175	161	87	99	
CENTERSQUARE GLOBAL REIT	1.2%	2.02	1.92	9.98			9.31	05/31/2012
FTSE EPRA NAREIT Developed Net Total Return			0.29	9.37	-	-	8.76	
Value Added (bps)			164	61	-	-	55	
T.ROWE PRICE NR	0.3%	1.31	-21.80	5.10	5.70		-3.93	07/31/2008
Lipper Natural Resources Global Fund Index			-25.93	0.81	1.80	-	-7.17	
Value Added (bps)			414	429	390	-	324	

**The relative outperformance is calculated by multiplying the outperformance versus the benchmark times the allocation to the overall PRIT fund.*

Major Detractors Gross Performance – Trailing 1-Year

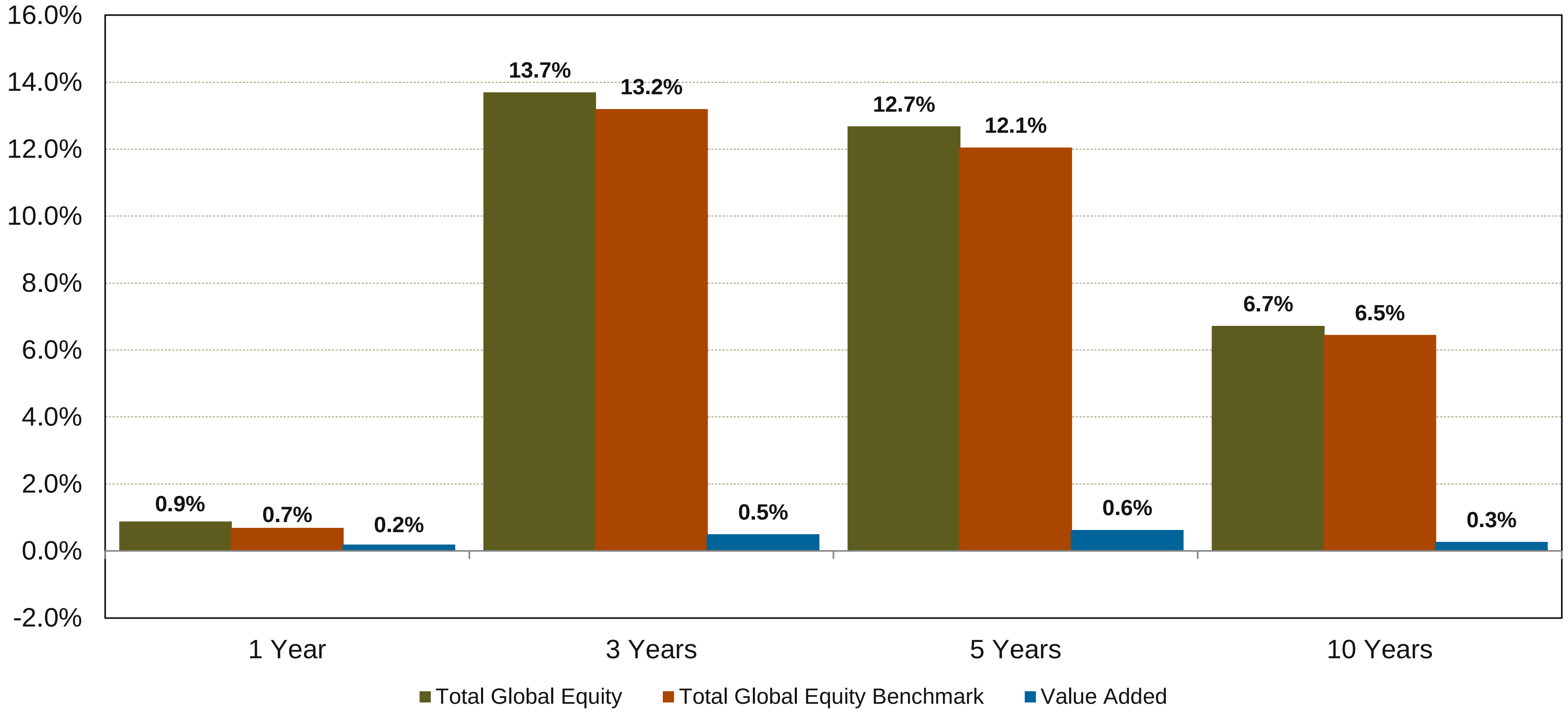
as of June 30, 2015

	% of PRIT Fund	1-Year Relative Performance (BPS)	One Year	3 Years	5 Years	10 Years	Since Inception	Inception
HUBER	0.4%	-5.23	-11.60				3.98	05/31/2013
Russell 2000 Value			0.78	-	-	-	11.53	
Value Added (bps)			-1237	-	-	-	-755	
TA ASSOCIATES	1.8%	-4.58	10.20	10.31	11.59	7.91	8.89	09/30/2000
NCREIF Property One Qtr Lag			12.72	11.47	12.75	8.39	9.08	
Value Added (bps)			-252	-115	-117	-48	-18	
PAAMCO	2.0%	-4.42	1.61	9.67	6.42	5.57	5.39	08/31/2004
100% HFRI Fund of Funds Composite Index			3.84	6.23	4.14	5.08	5.17	
Value Added (bps)			-224	343	228	50	22	
FOREST INVESTMENTS	1.8%	-3.13	8.92	9.38	6.46	7.38	7.67	01/31/2002
NCREIF Timber Index One Qtr Lag			10.64	9.80	6.20	8.60	7.43	
Value Added (bps)			-172	-42	26	-122	25	
JP MORGAN	1.2%	-3.12	10.19	8.97	12.94	6.13	10.48	09/30/2000
NCREIF Property One Qtr Lag			12.72	11.47	12.75	8.39	9.08	
Value Added (bps)			-253	-249	18	-226	141	
SOUTHERNSUN	0.3%	-2.49	-3.92				15.34	05/31/2013
Russell 2500			5.92	-	-	-	15.10	
Value Added (bps)			-984	-	-	-	24	
JENNISON	0.3%	-2.25	-33.23	-1.06	0.42		-5.21	07/31/2008
Lipper Natural Resources Global Fund Index			-25.93	0.81	1.80	-	-7.17	
Value Added (bps)			-730	-187	-138	-	196	
ASHMORE	0.8%	-1.78	-3.79	3.08	6.54	8.30	9.51	01/31/2004
JPM EMBI Global			-1.57	3.44	6.52	7.34	7.85	
Value Added (bps)			-222	-35	2	96	167	
SUMMIT CREEK	0.3%	-1.13	9.08				17.46	05/31/2013
Russell 2000 Growth			12.34	-	-	-	19.20	
Value Added (bps)			-326	-	-	-	-175	
SSGA S&P 500	12.0%	-0.76	7.36	17.46			17.69	12/31/2011
S&P 500			7.42	17.31	-	-	17.56	
Value Added (bps)			-6	15	-	-	13	

**The relative underperformance is calculated by multiplying the underperformance versus the benchmark times the allocation to the overall PRIT fund.*

PRIT Global Equity ($26.1 Billion)

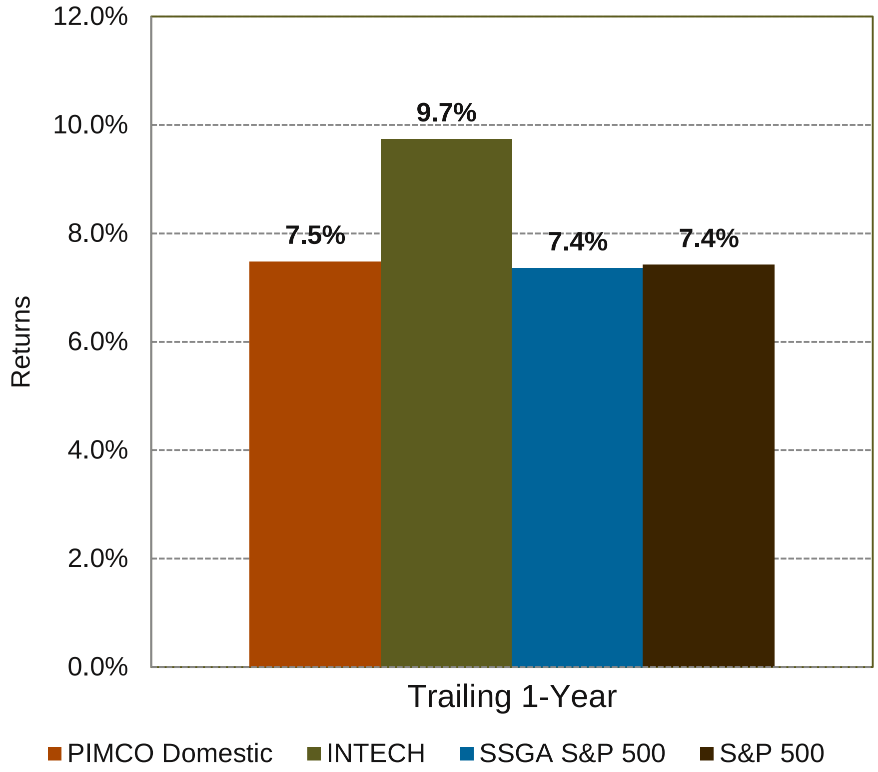
Gross of Fees Performance as of June 30, 2015



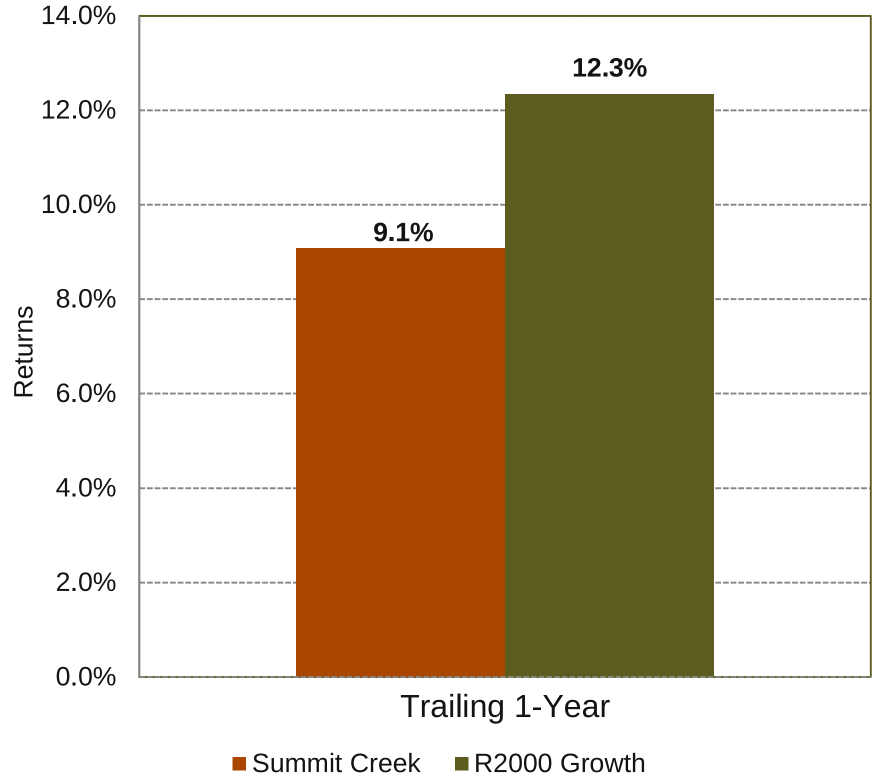
Domestic Equity Managers

as of June 30, 2015

Large Cap Managers vs. S&P 500



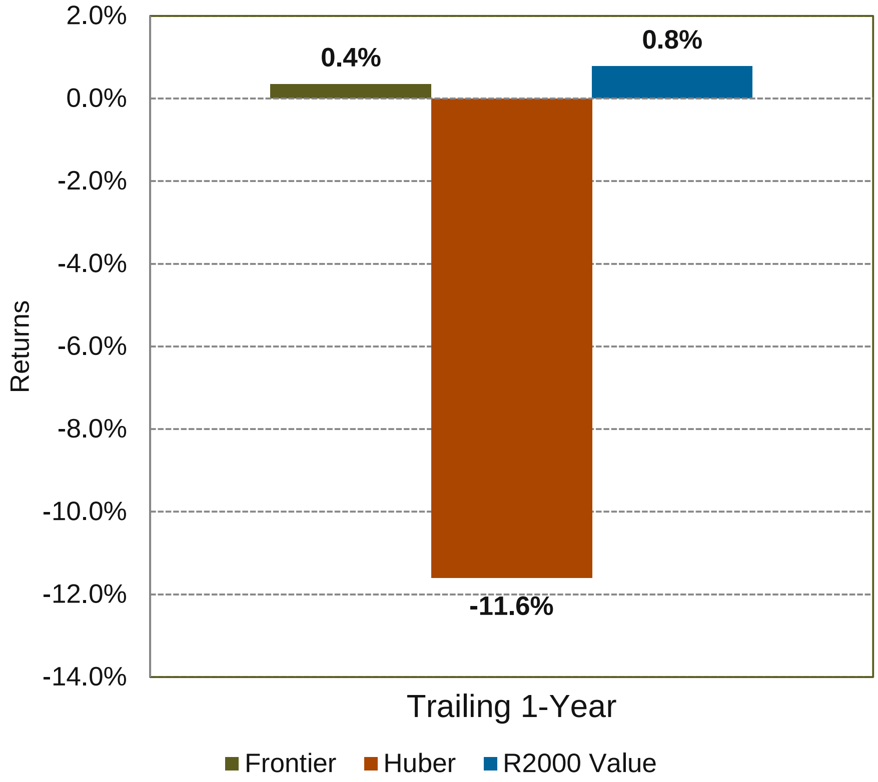
Small Cap Growth Manager vs. R2000 Growth



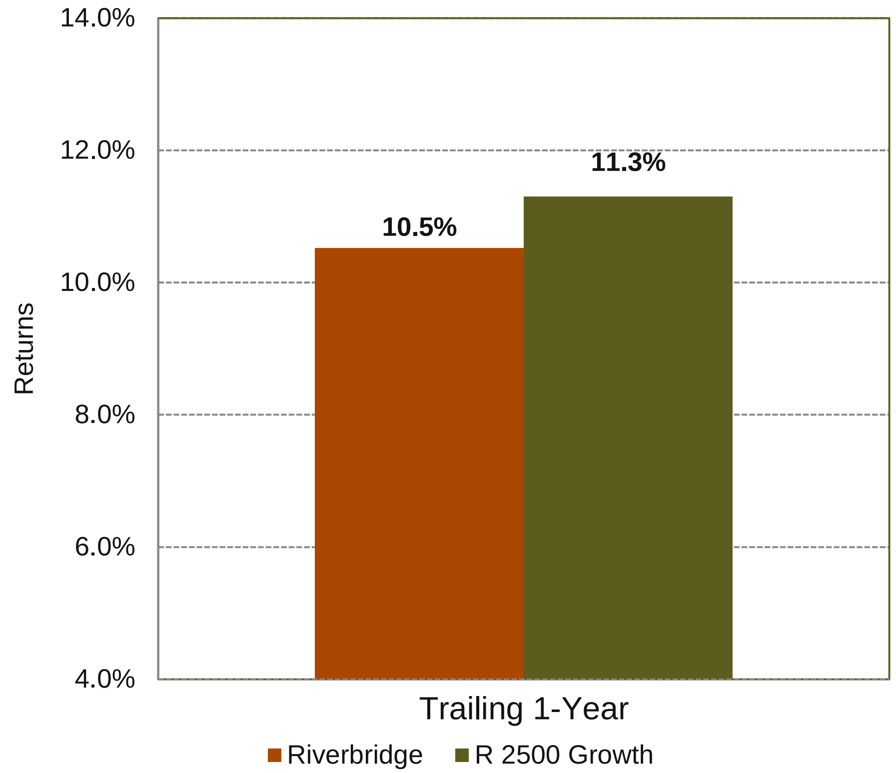
Domestic Equity Managers

as of June 30, 2015

Small Cap Value Managers vs. Russell 2000 Value



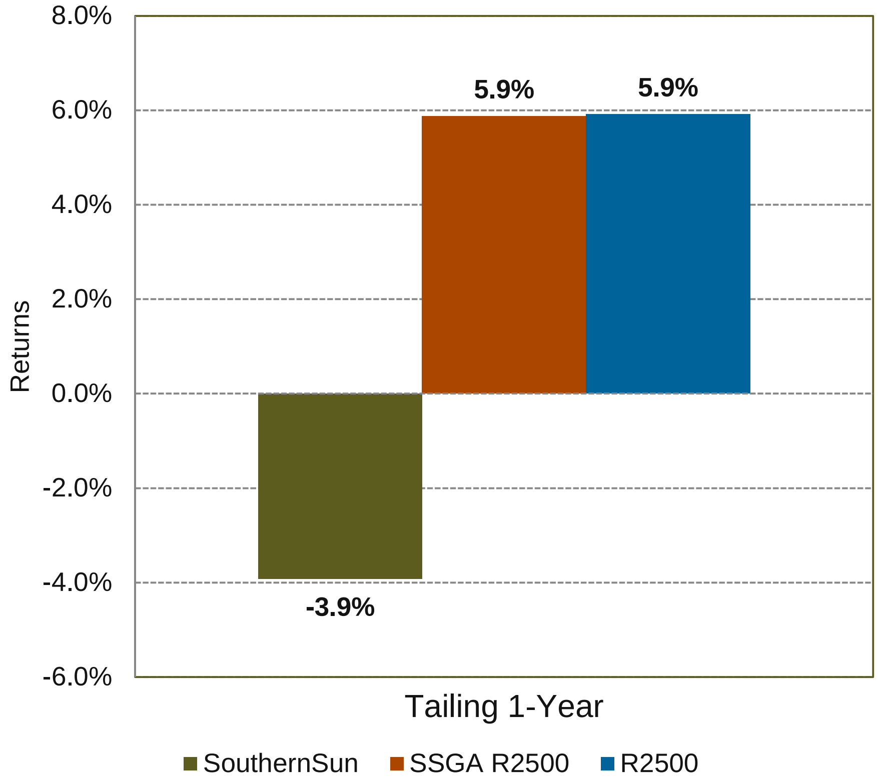
Smid Cap Growth Manager vs. Russell 2500



Domestic Equity Managers

as of June 30, 2015

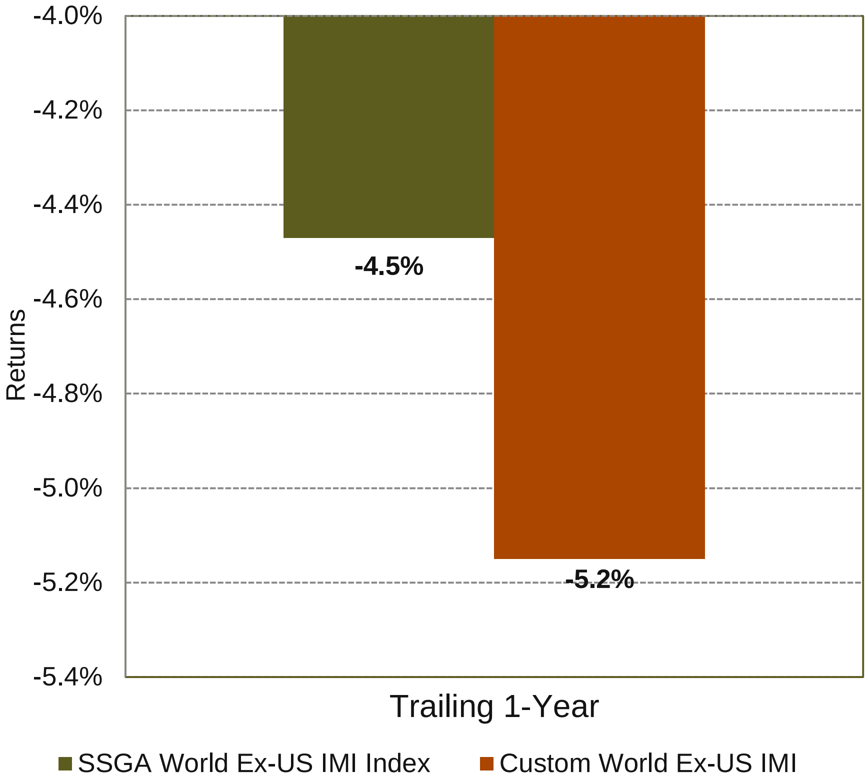
Smid Cap Core Managers vs. Russell 2500



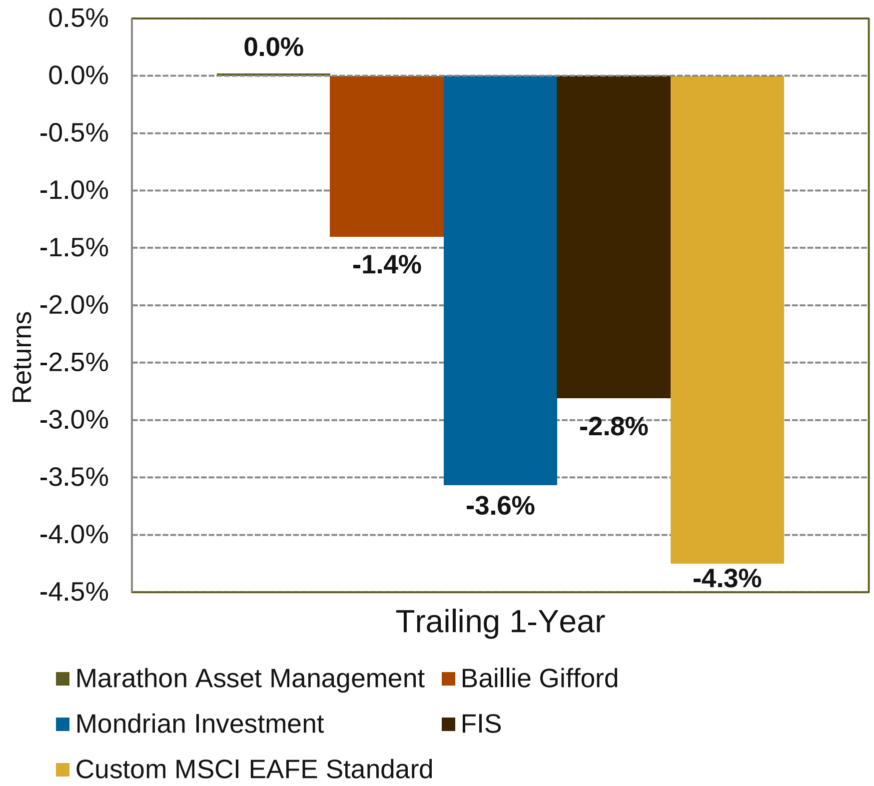
PRIT International Equity Managers

as of June 30, 2015

Versus World Ex-US IMI Index



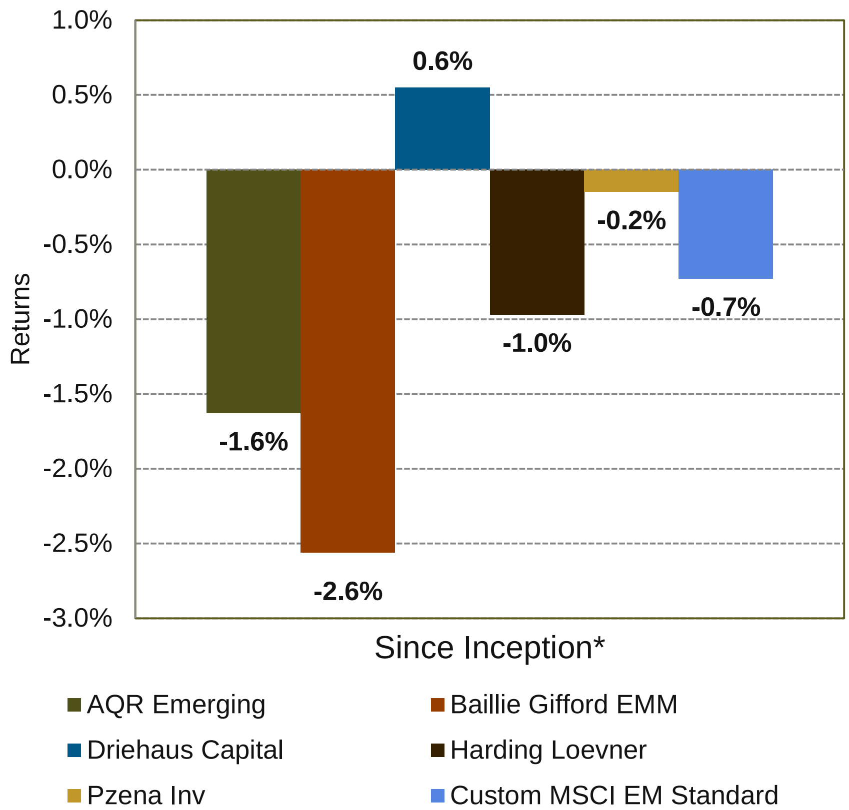
Versus MSCI EAFE Standard Index



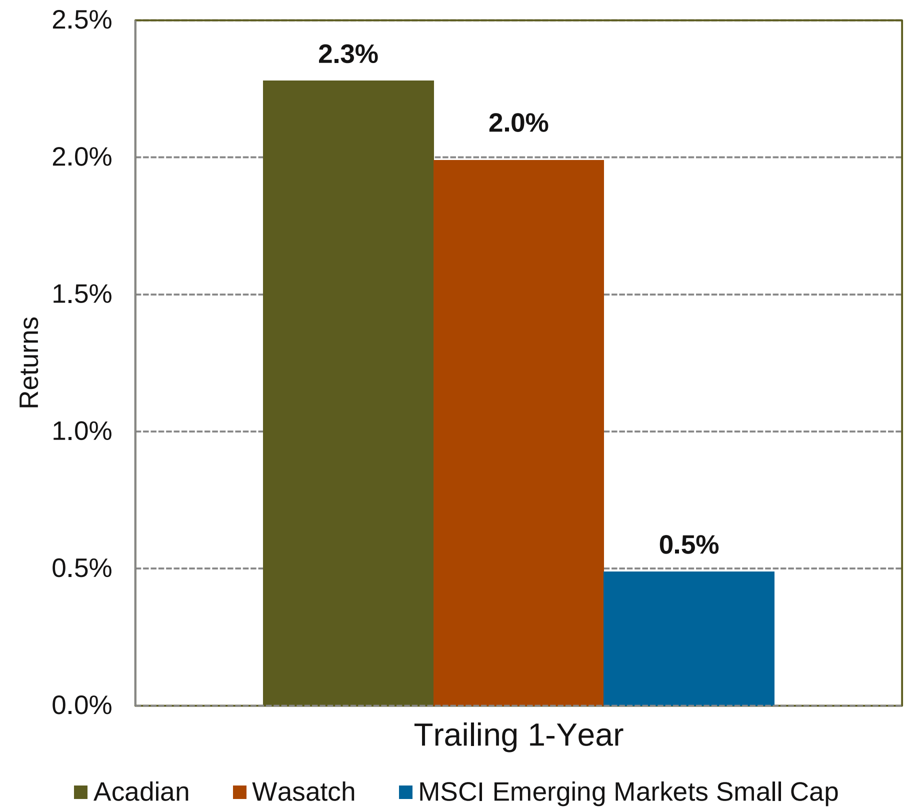
PRIT Emerging Markets Equity Managers

as of June 30, 2015

Versus MSCI Emerging Markets Standard Index



Versus MSCI Emerging Markets Small Cap Index

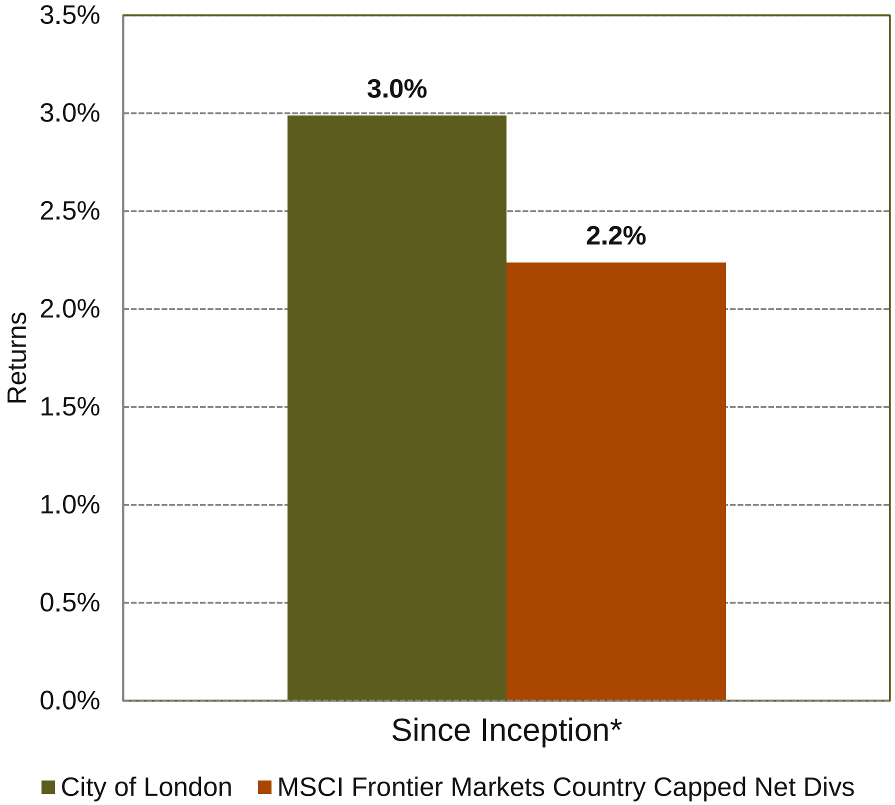


** "Since Inception" figure used due to lack of trailing 1-year returns. Inception date of 3/31/2015 for AQR Emerging, Baillie Gifford EMM, Driehaus Capital, Harding Loevner and Pzena Inv.*

PRIT Emerging Markets Equity Managers

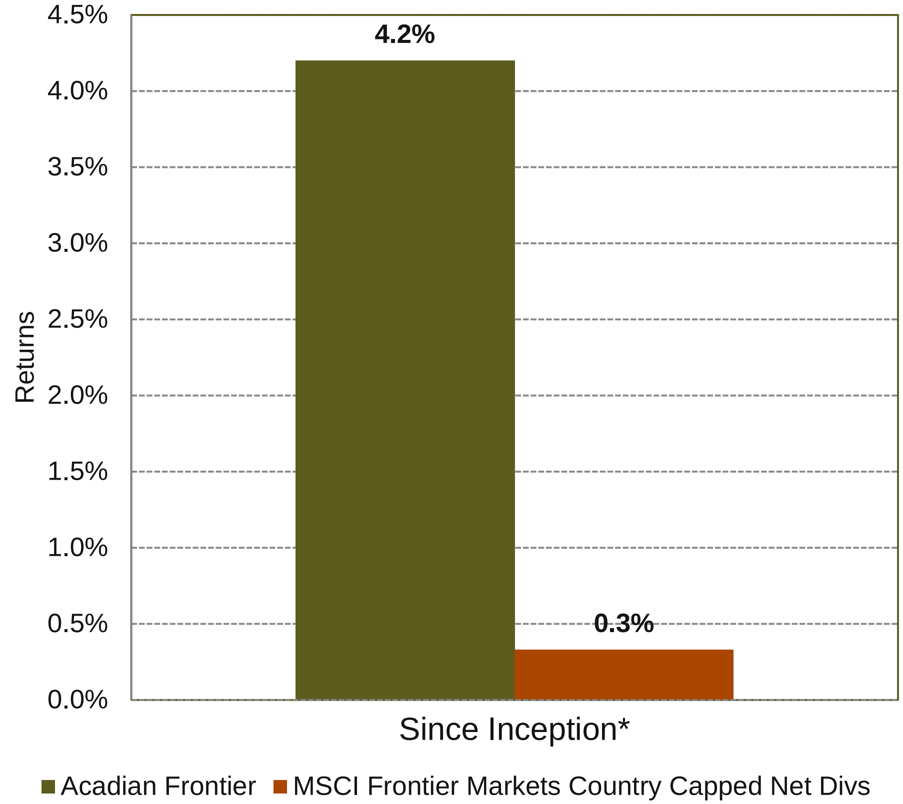
as of June 30, 2015

Versus MSCI Frontier Markets Country Capped Index



** "Since Inception" figure used due to lack of trailing 1-year returns. Inception date of 2/28/2015 for City of London.*

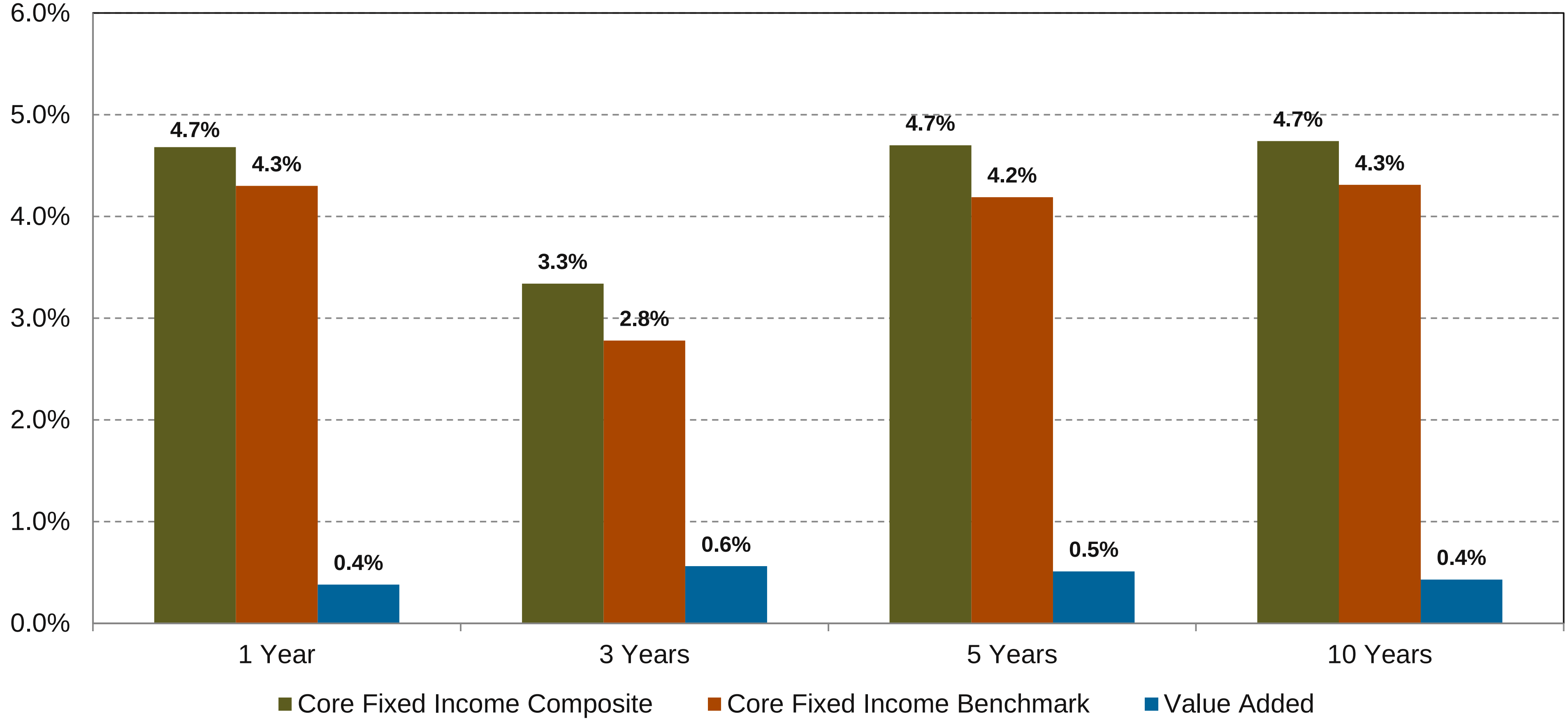
Versus MSCI Frontier Markets Country Capped Index



** "Since Inception" figure used due to lack of trailing 1-year returns. Inception date of 4/30/2015 for Acadian Frontier.*

PRIT Core Fixed Income ($8.4 Billion)

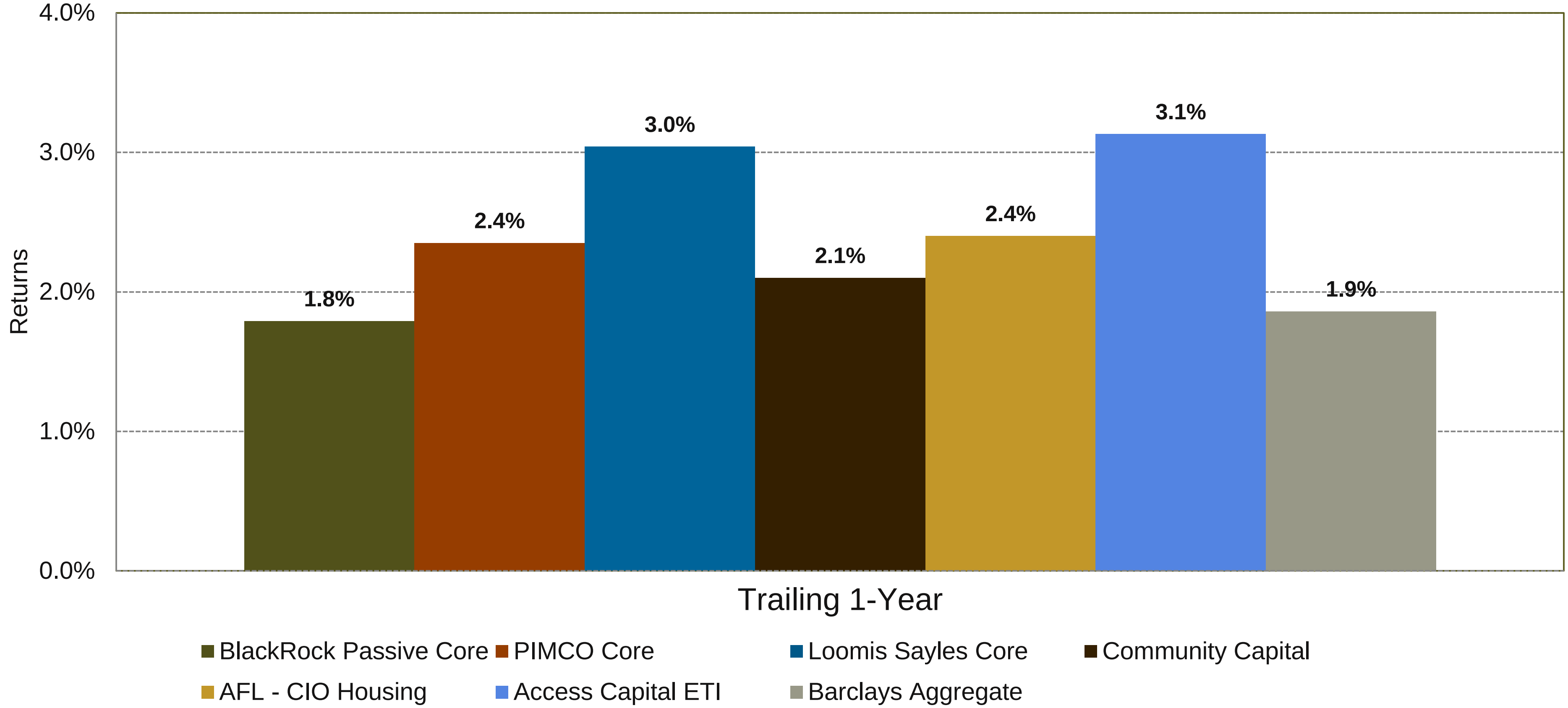
Gross of Fees Performance as of June 30, 2015



PRIT Fixed Income Managers

as of June 30, 2015

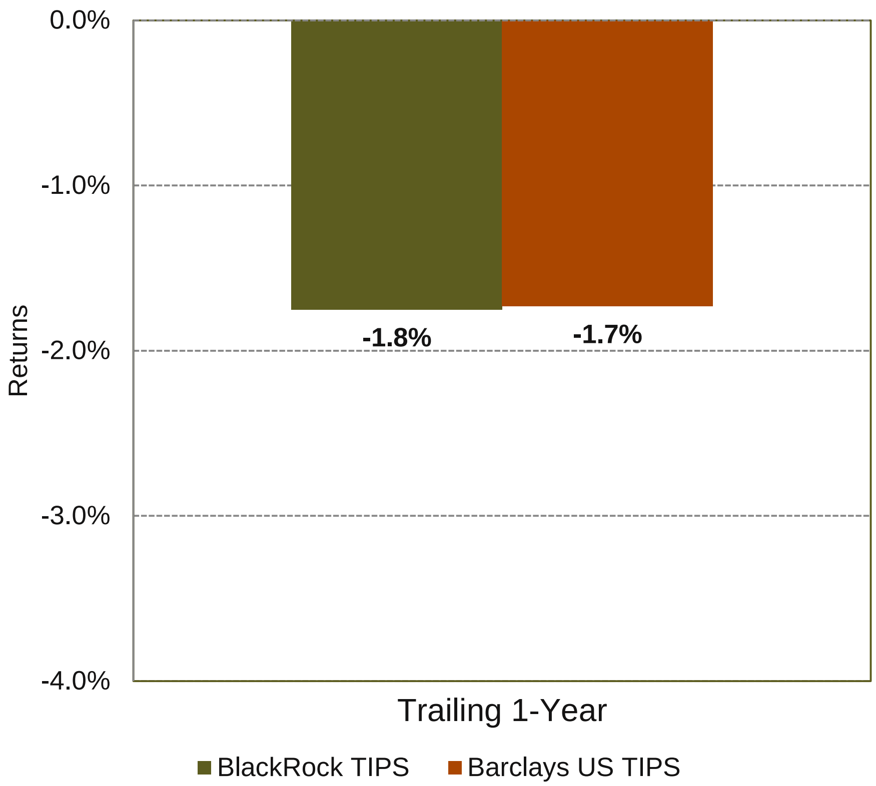
Versus Barclays Aggregate



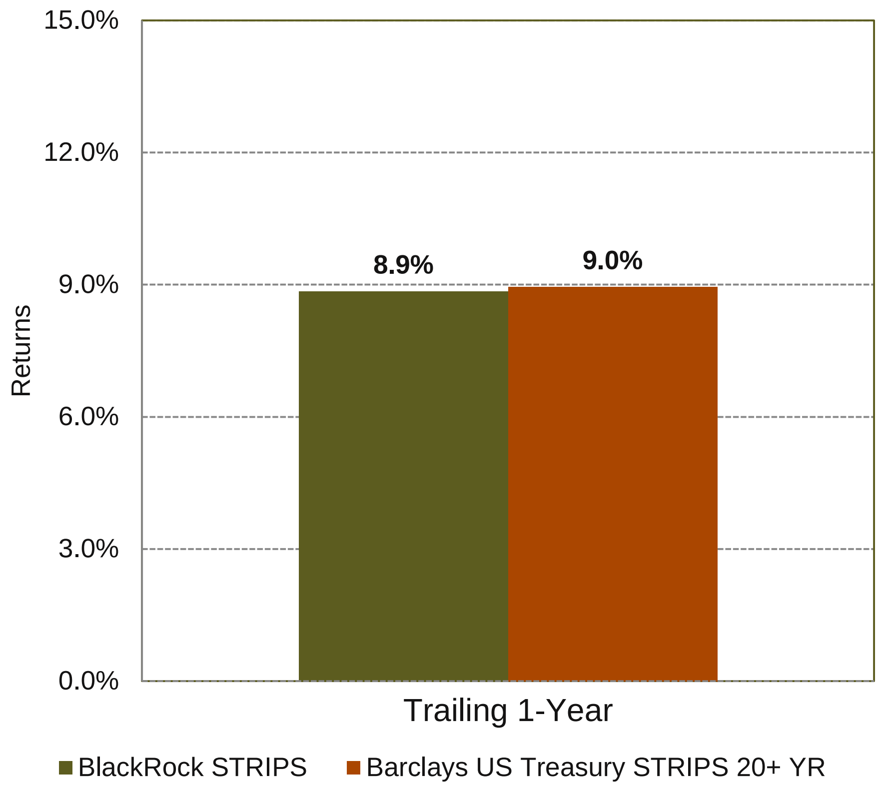
PRIT Fixed Income Managers

as of June 30, 2015

BlackRock Versus Barclays U.S. TIPS



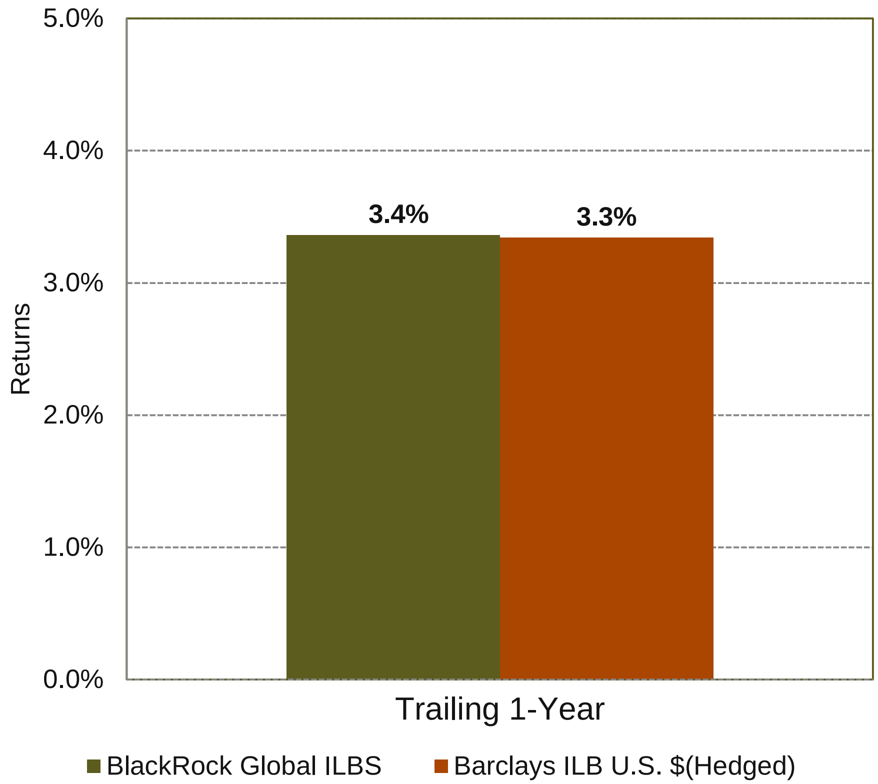
BlackRock STRIPS vs. BC U.S. Treasury STRIPS 20+ Year



PRIT Fixed Income Managers

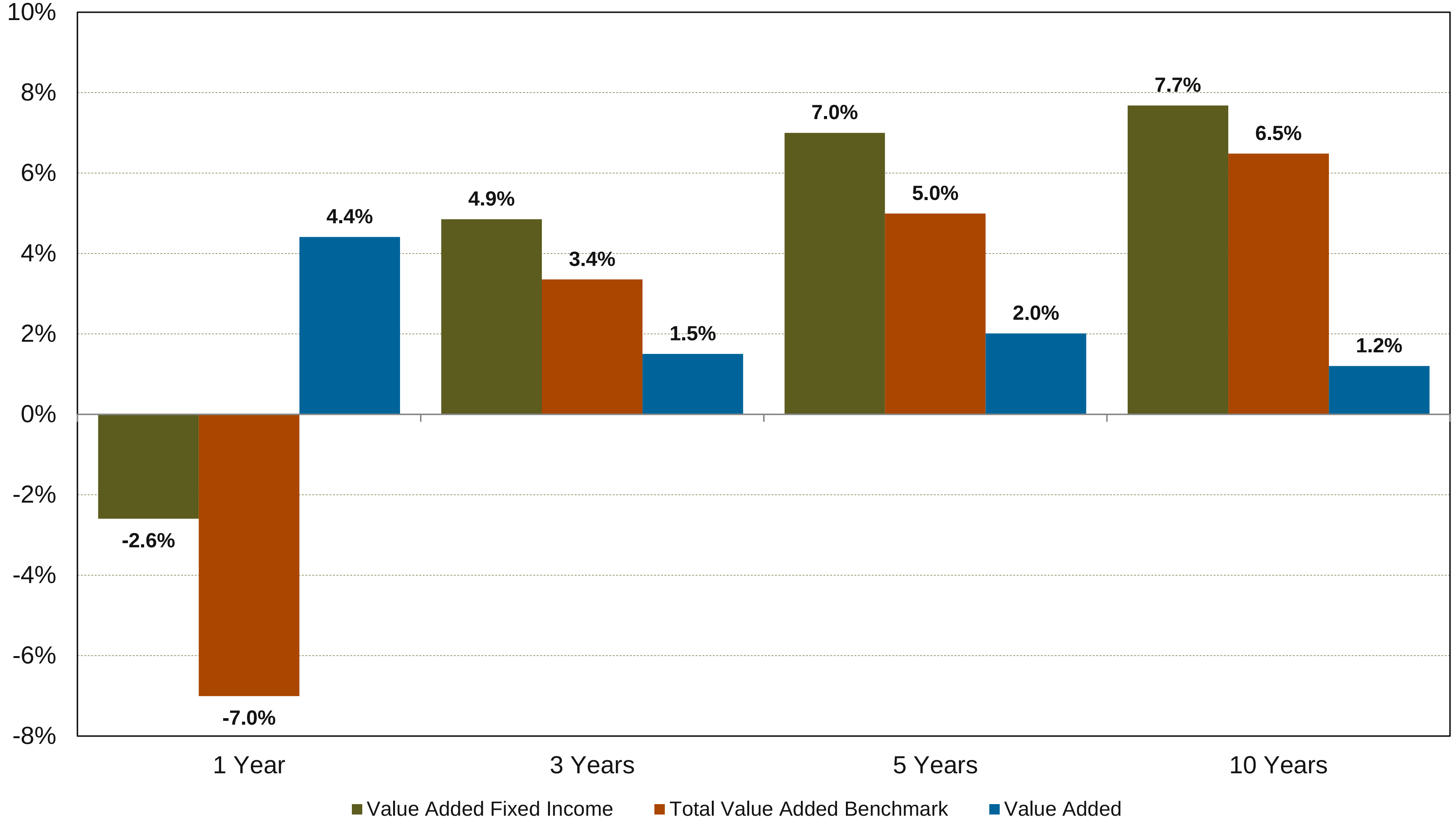
as of June 30, 2015

BlackRock Global vs. Barclays ILB U.S.$ (Hedged)



PRIT Value Added Fixed Income ($5.1 Billion)

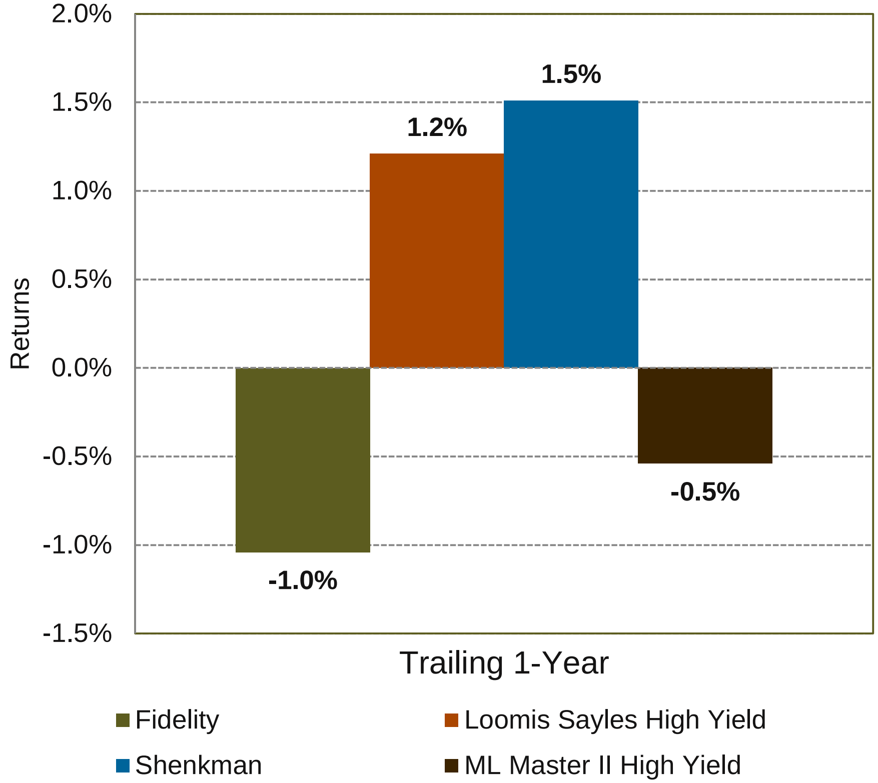
Gross of Fees Performance as of June 30, 2015



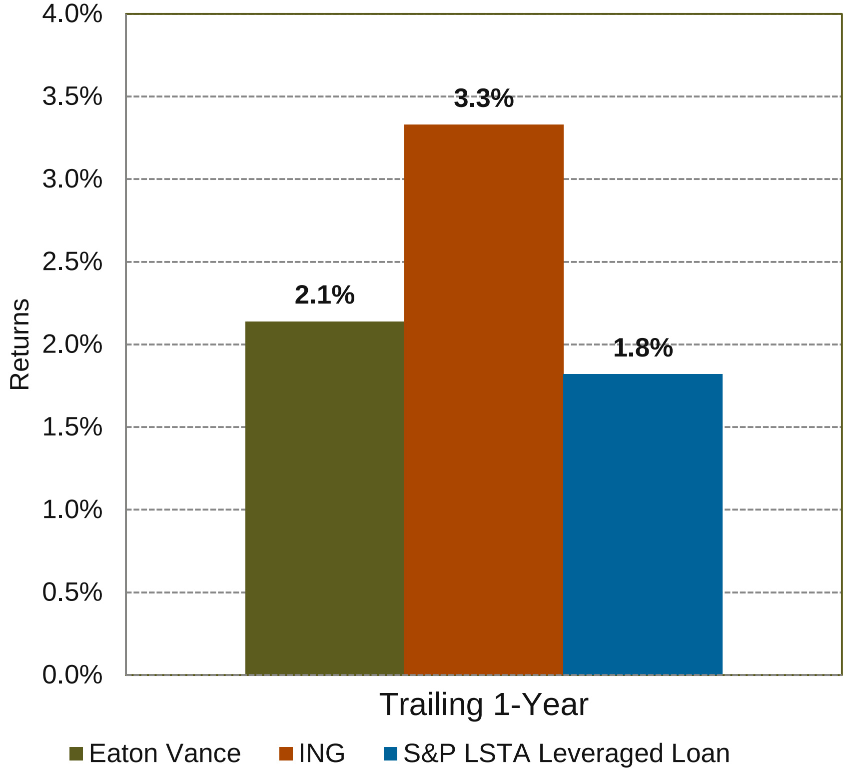
PRIT Value Added Fixed Income Managers

as of June 30, 2015

High Yield Managers vs. ML Master II High Yield



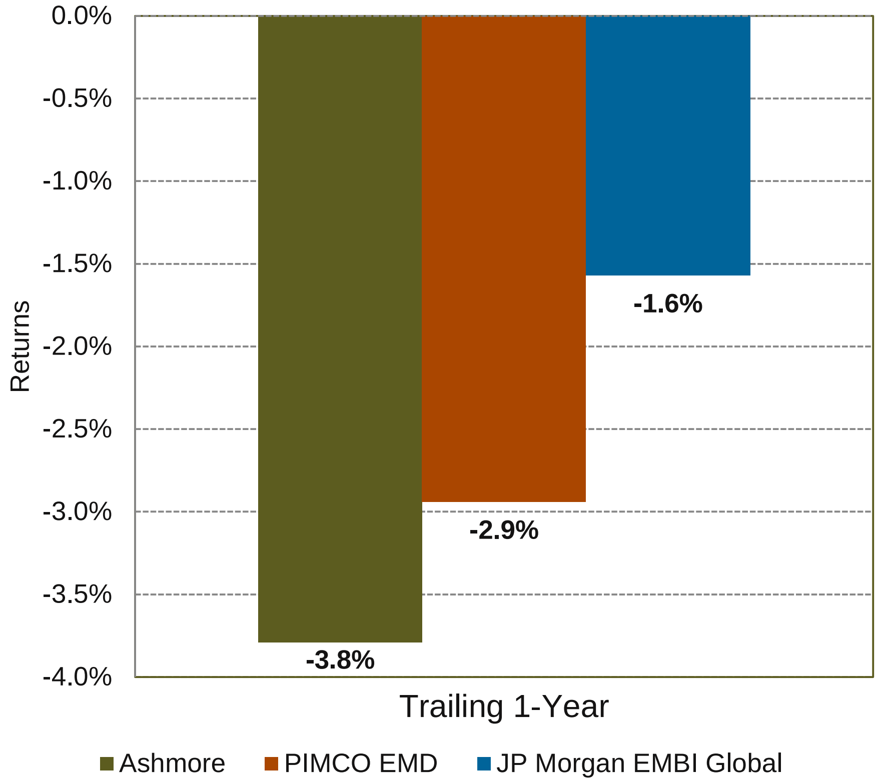
Bank Loan Managers vs. S&P LSTA Leveraged Loan



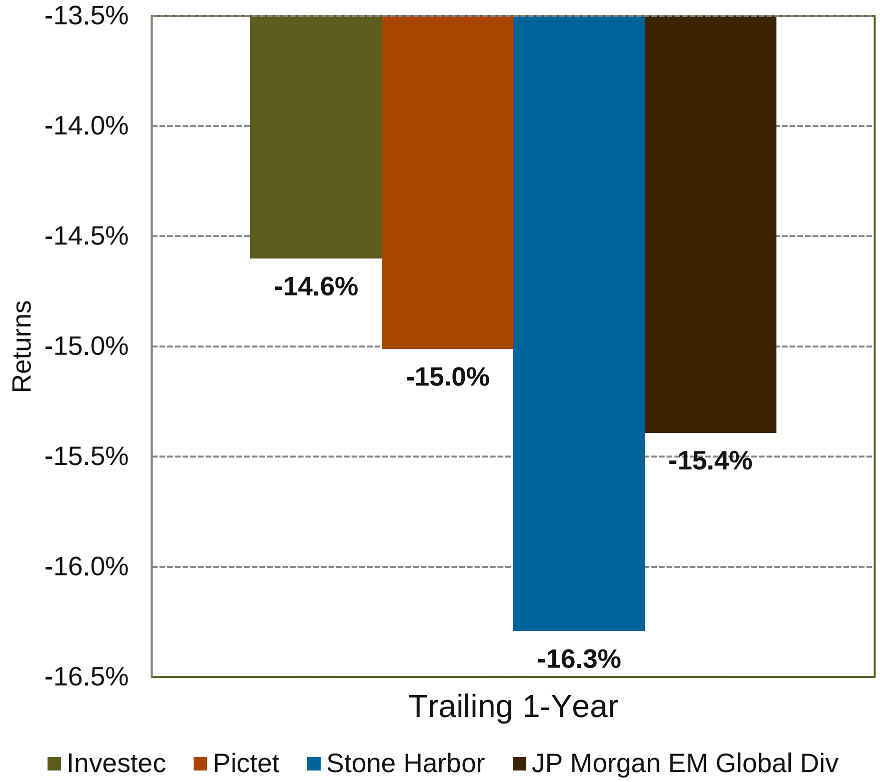
PRIT Value Added Fixed Income Managers

as of June 30, 2015

Emerging Debt Managers vs. JP Morgan EMBI Global



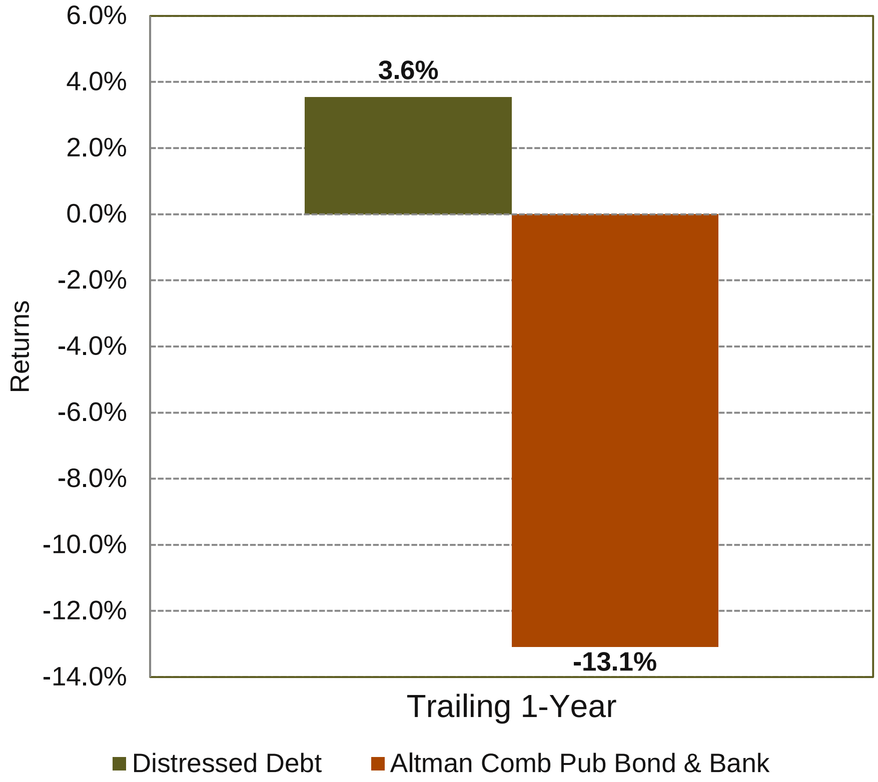
Emerging Markets Debt Local vs. JP Morgan EM Global Diversified



PRIT Value Added Fixed Income Managers

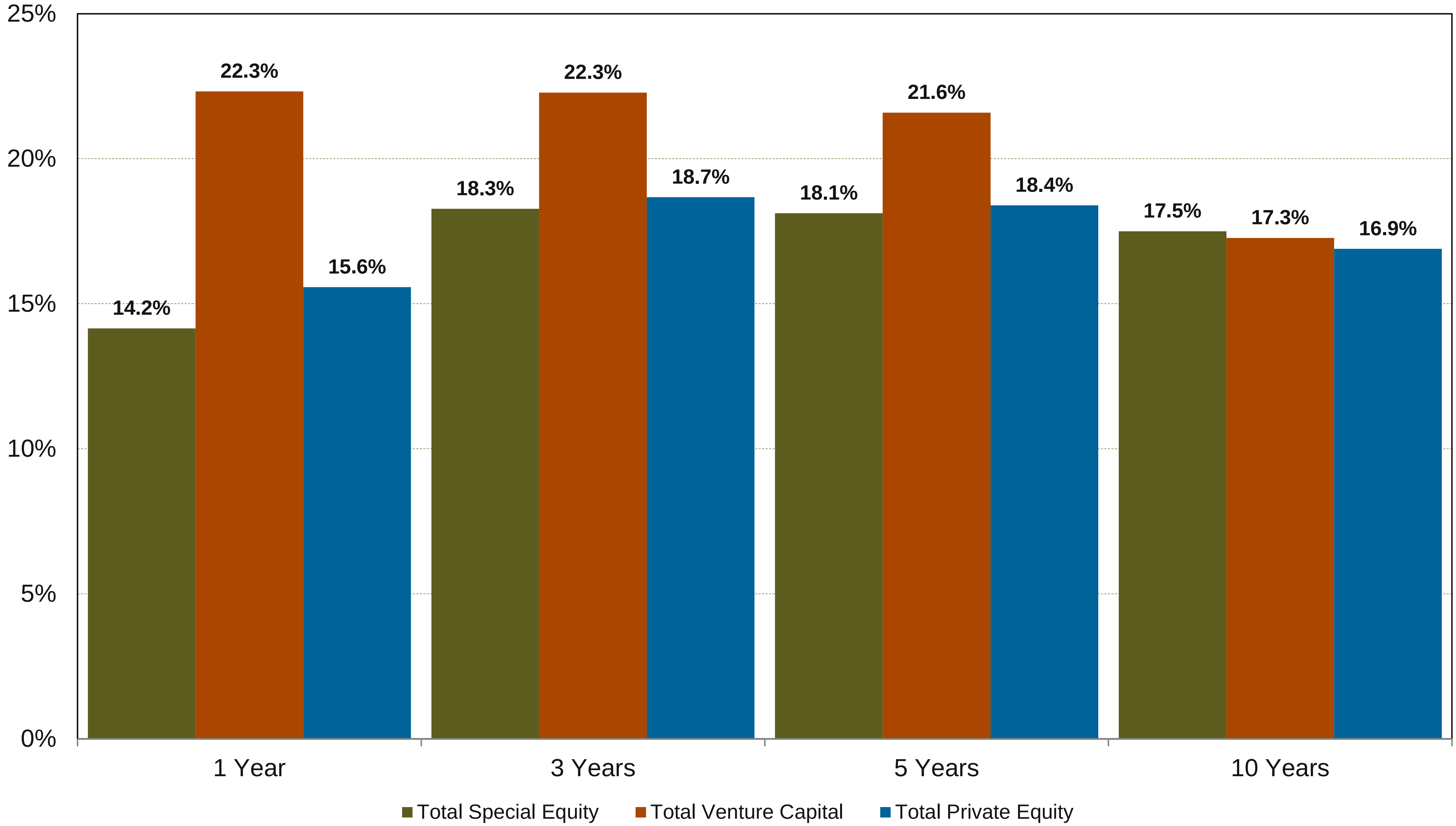
as of June 30, 2015

Distressed Debt vs. Altman Comb Pub Bond & Bank



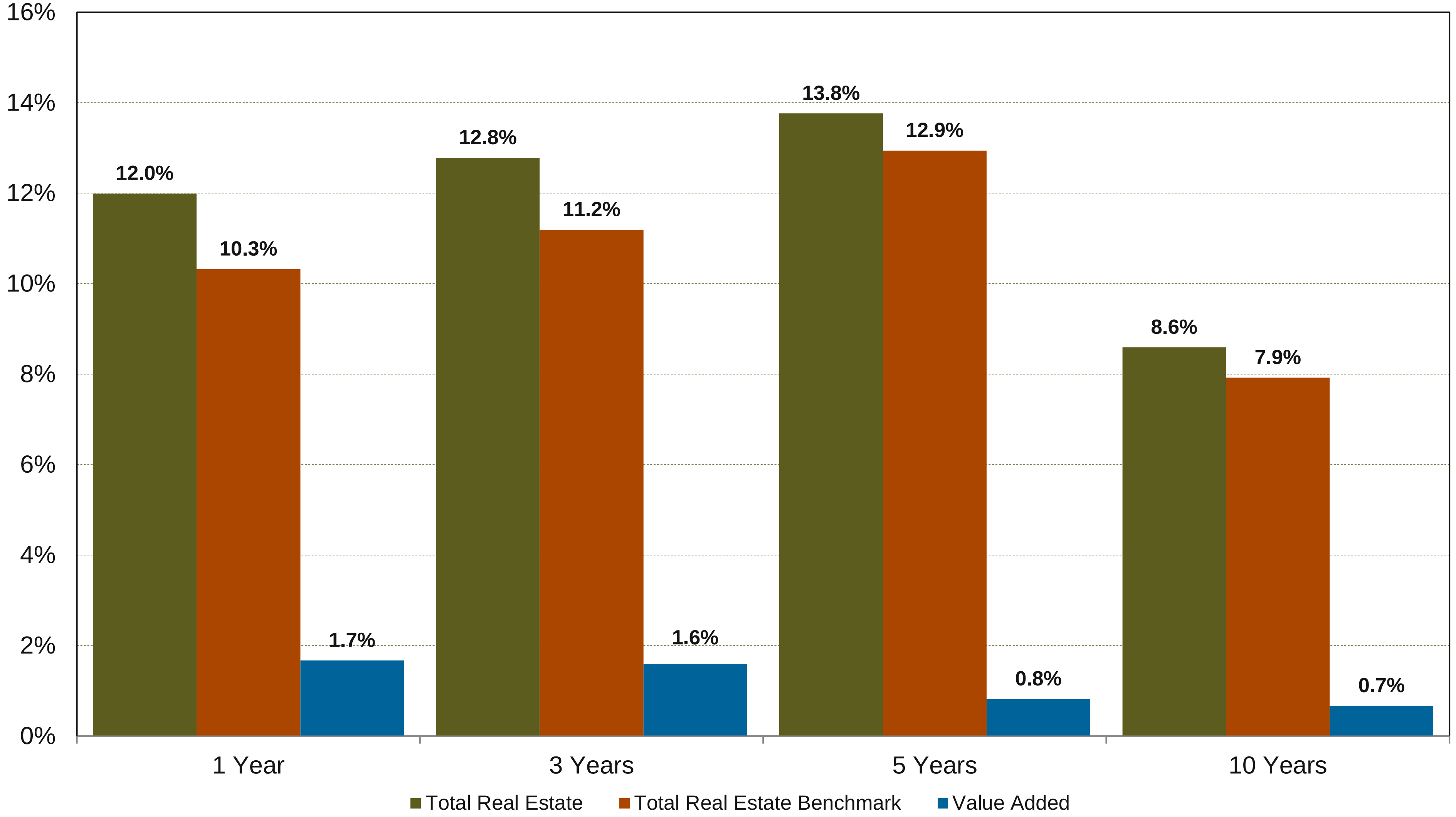
PRIT Private Equity ($6.9 Billion)

Gross of Fees Performance as of June 30, 2015



PRIT Real Estate ($6.1 Billion)

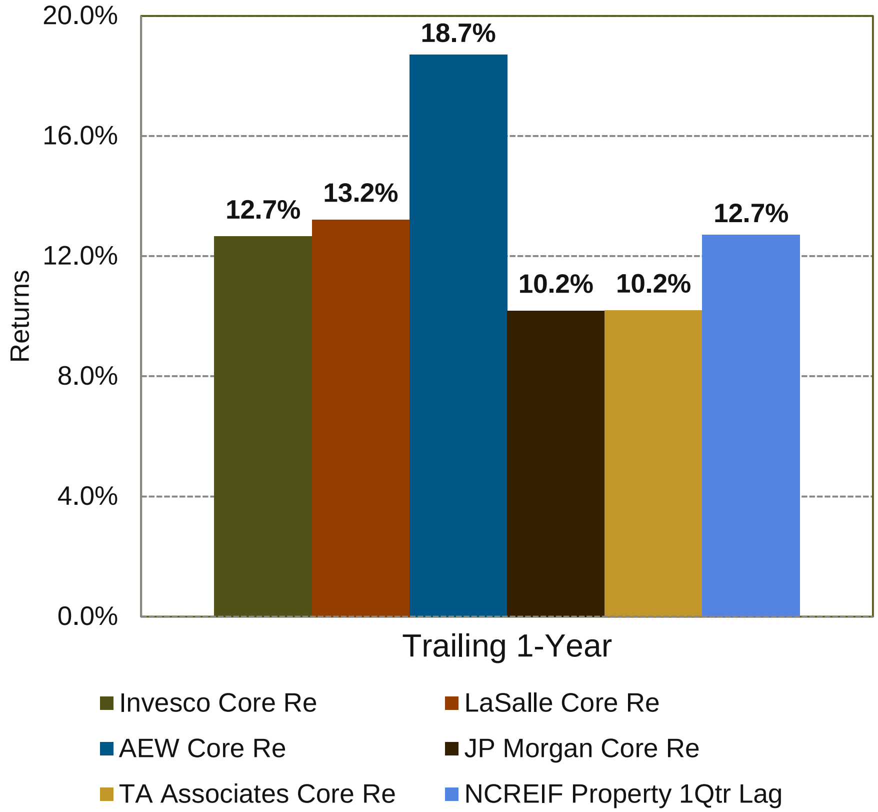
Gross of Fees Performance as of June 30, 2015



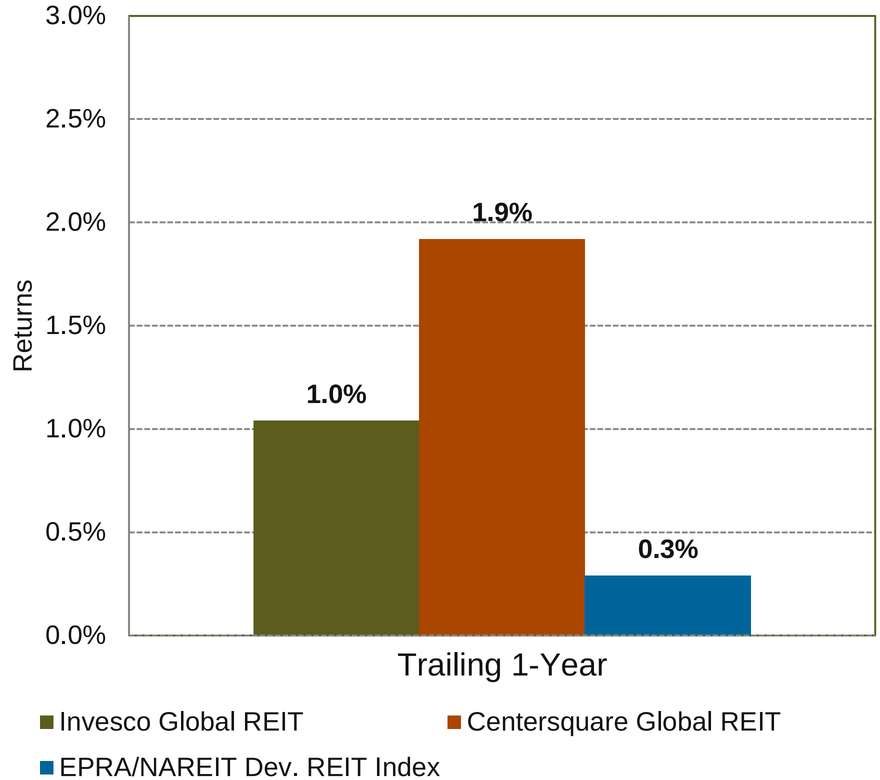
PRIT Real Estate Managers

as of June 30, 2015

Real Estate (SA) vs. NCREIF (One Quarter Lag)

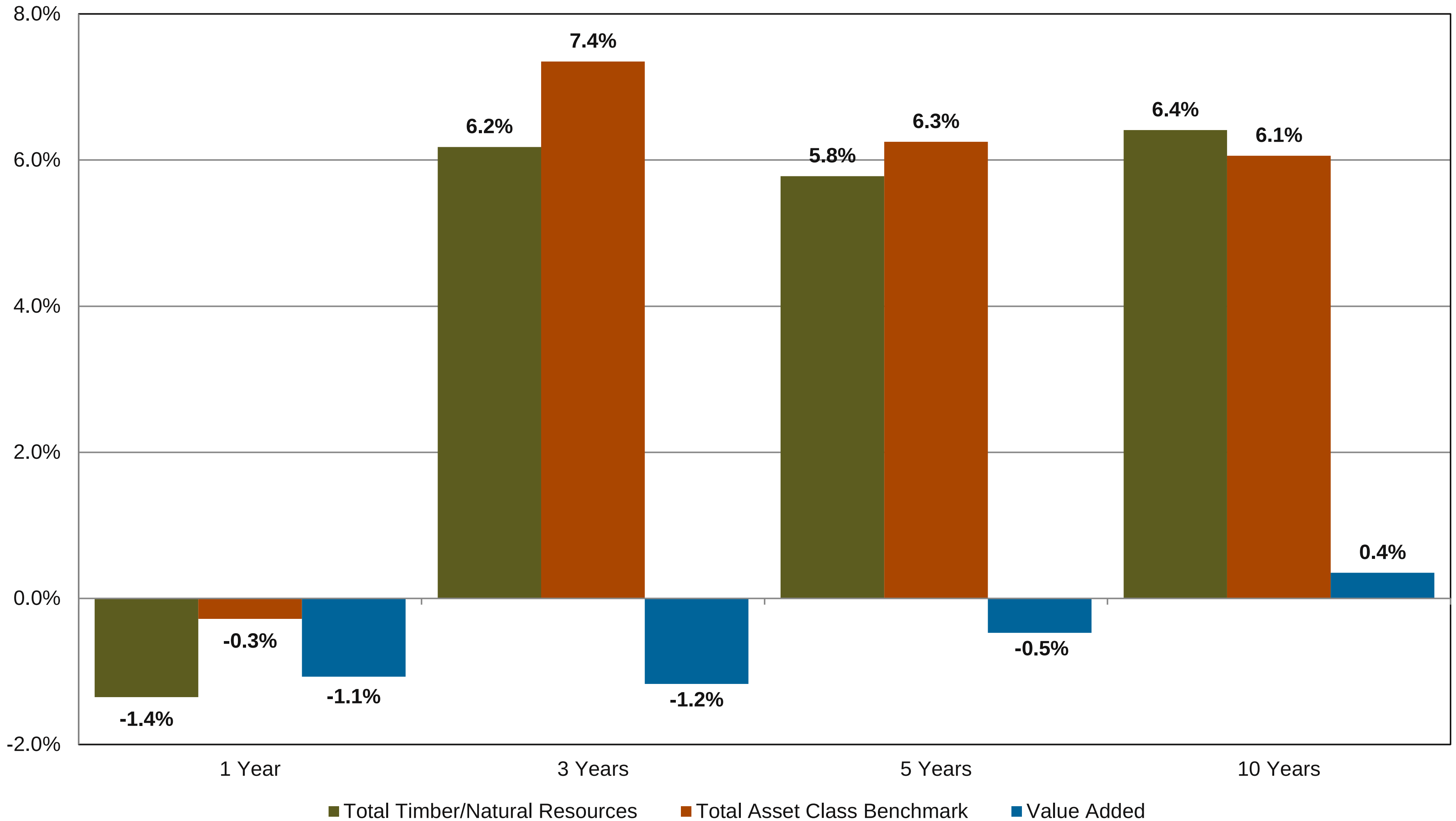


Global REIT Managers vs. EPRA/NAREIT Developed REIT Index



PRIT Timber/Natural Resources ($2.3 Billion)

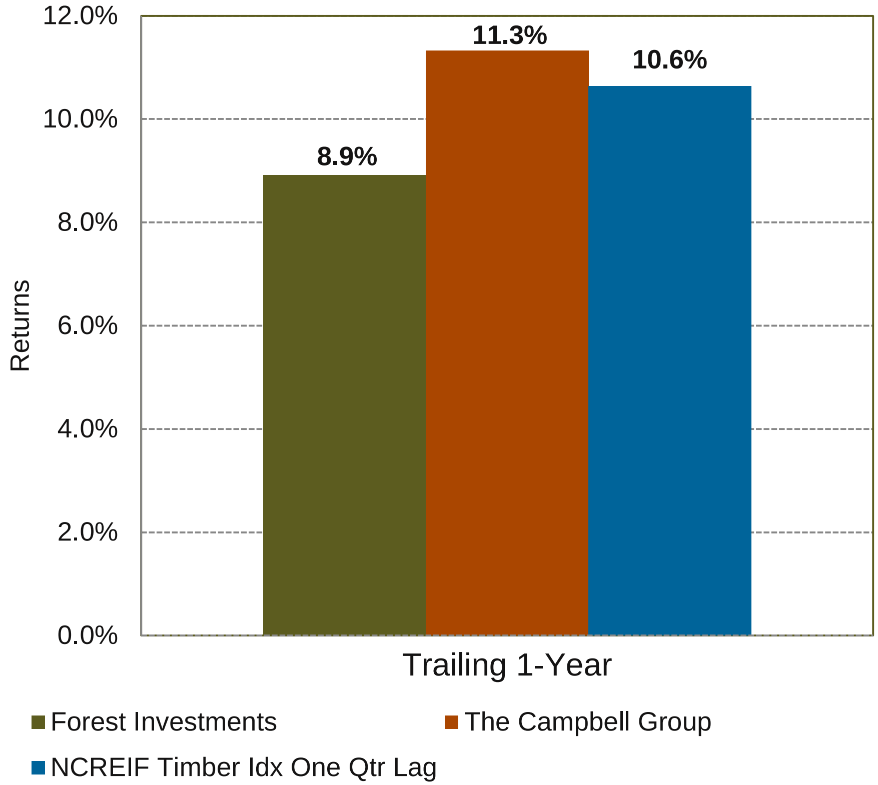
Gross of Fees Performance as of June 30, 2015



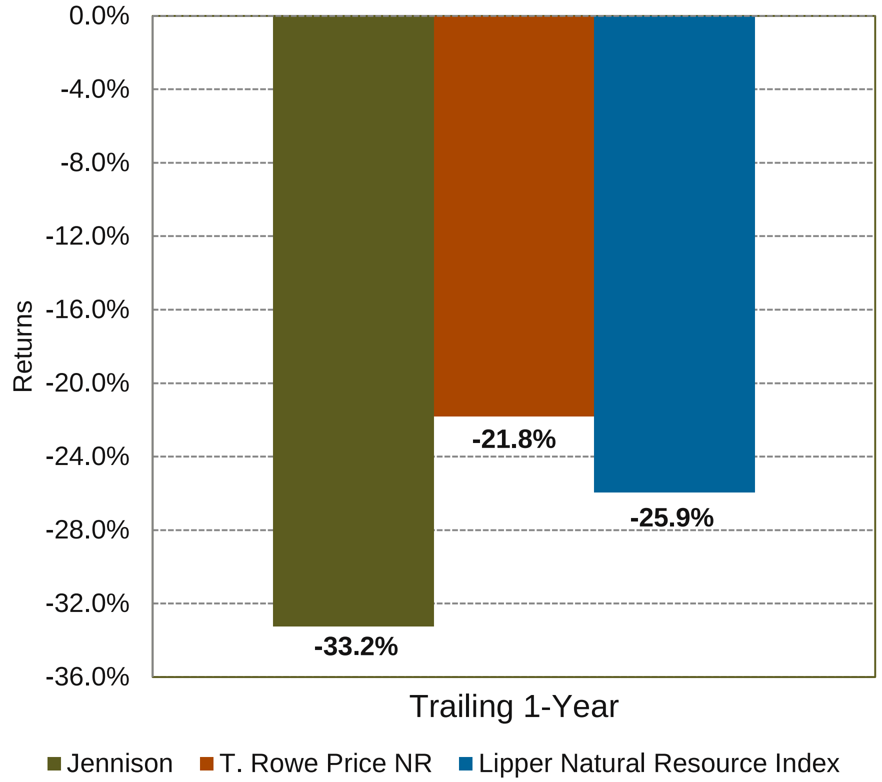
PRIT Timber/Natural Resource Managers

as of June 30, 2015

Timber Managers vs. NCREIF Timber (One Qtr Lag)



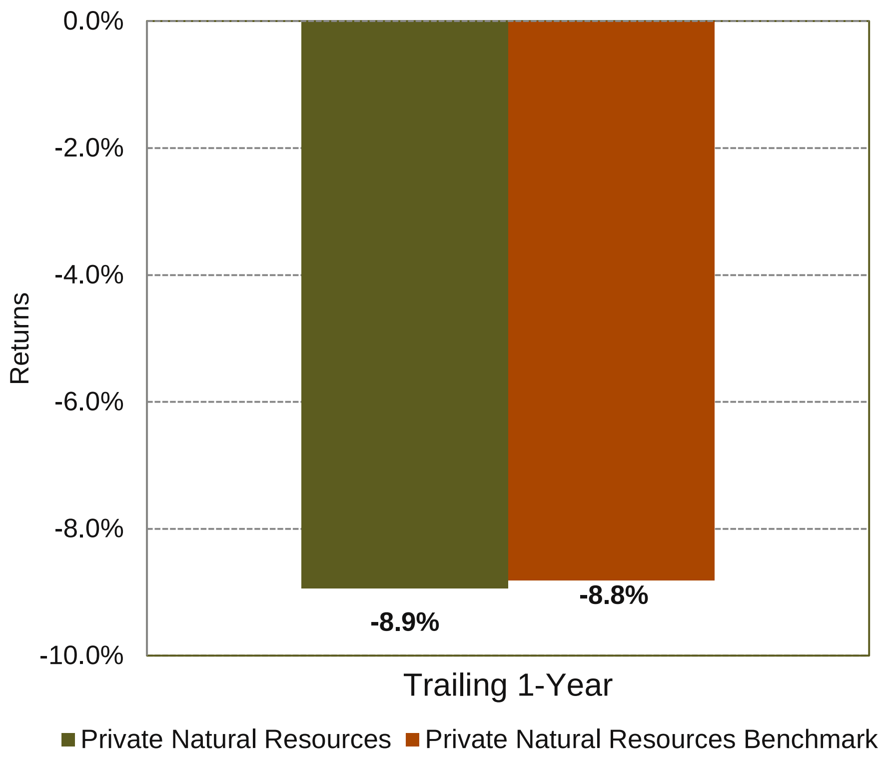
Natural Resources vs. Lipper Natural Resource Index



PRIT Private Natural Resource Managers

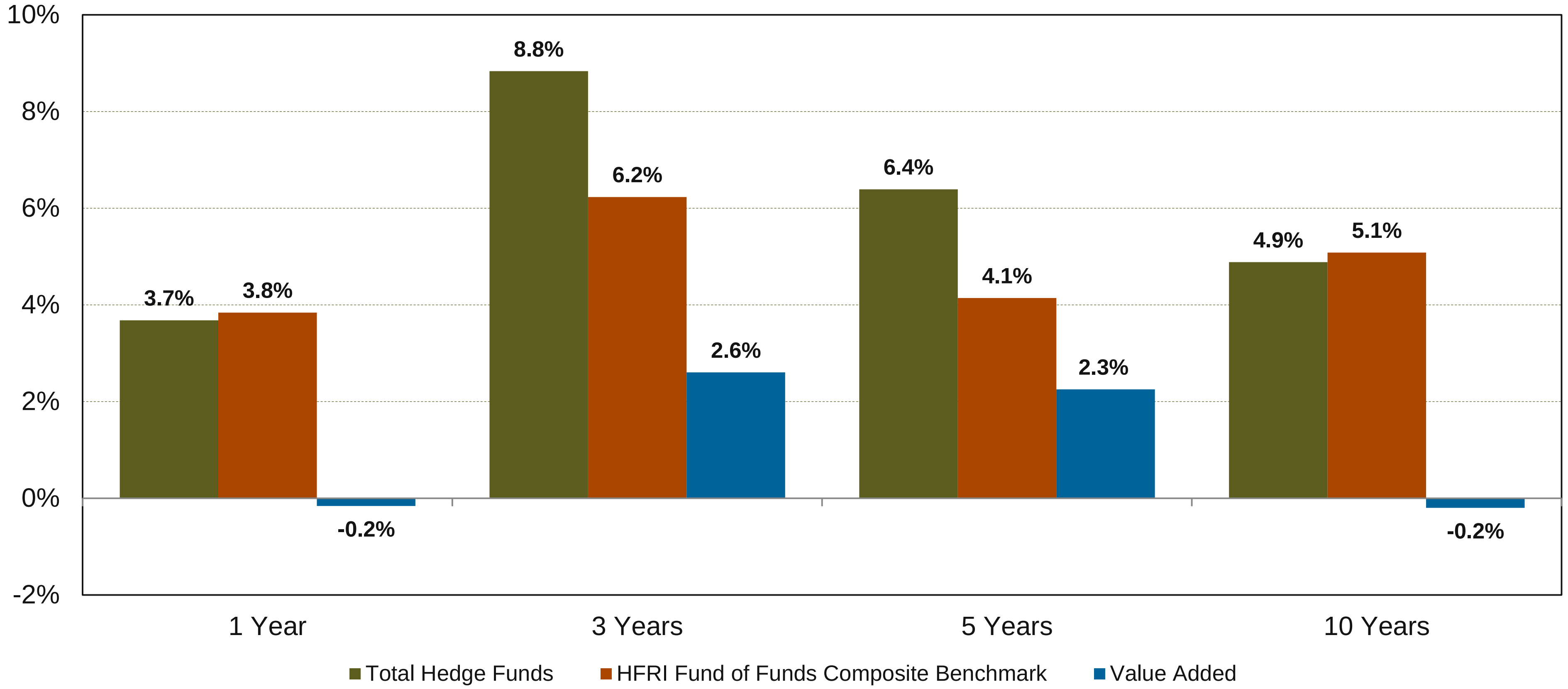
as of June 30, 2015

Private Natural Resources vs. Private Natural Resources Benchmark



PRIT Hedge Funds ($5.6 Billion)

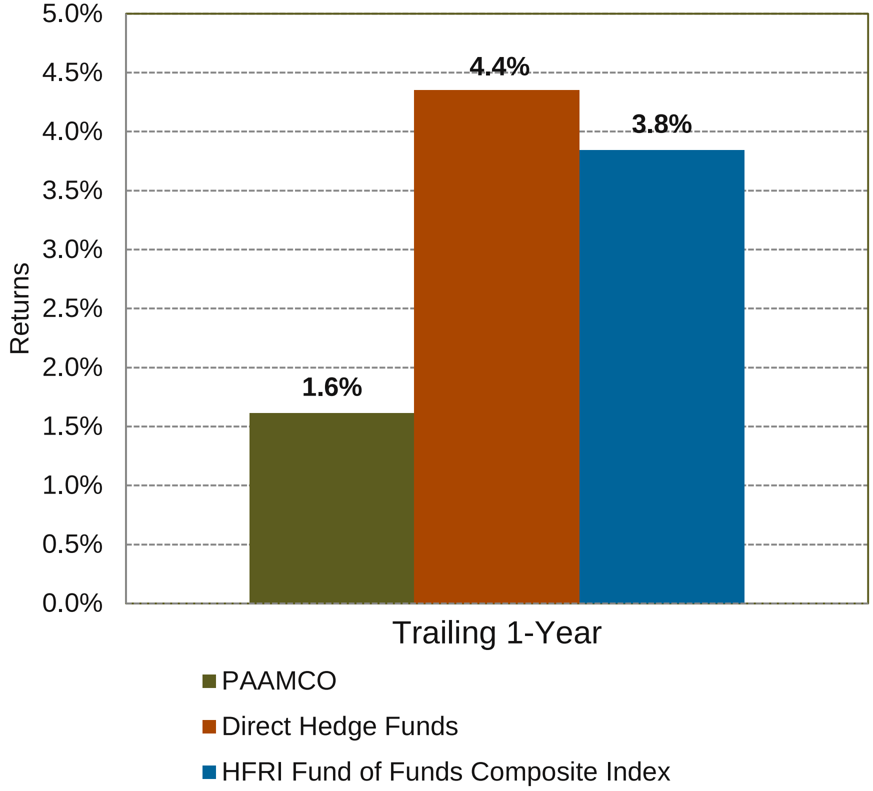
NET of Fees Performance as of June 30, 2015



PRIT Hedge Fund Managers

NET of Fees Performance as of June 30, 2015

Hedge Funds Versus HFRI Fund of Funds Composite Index



(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Appendix C

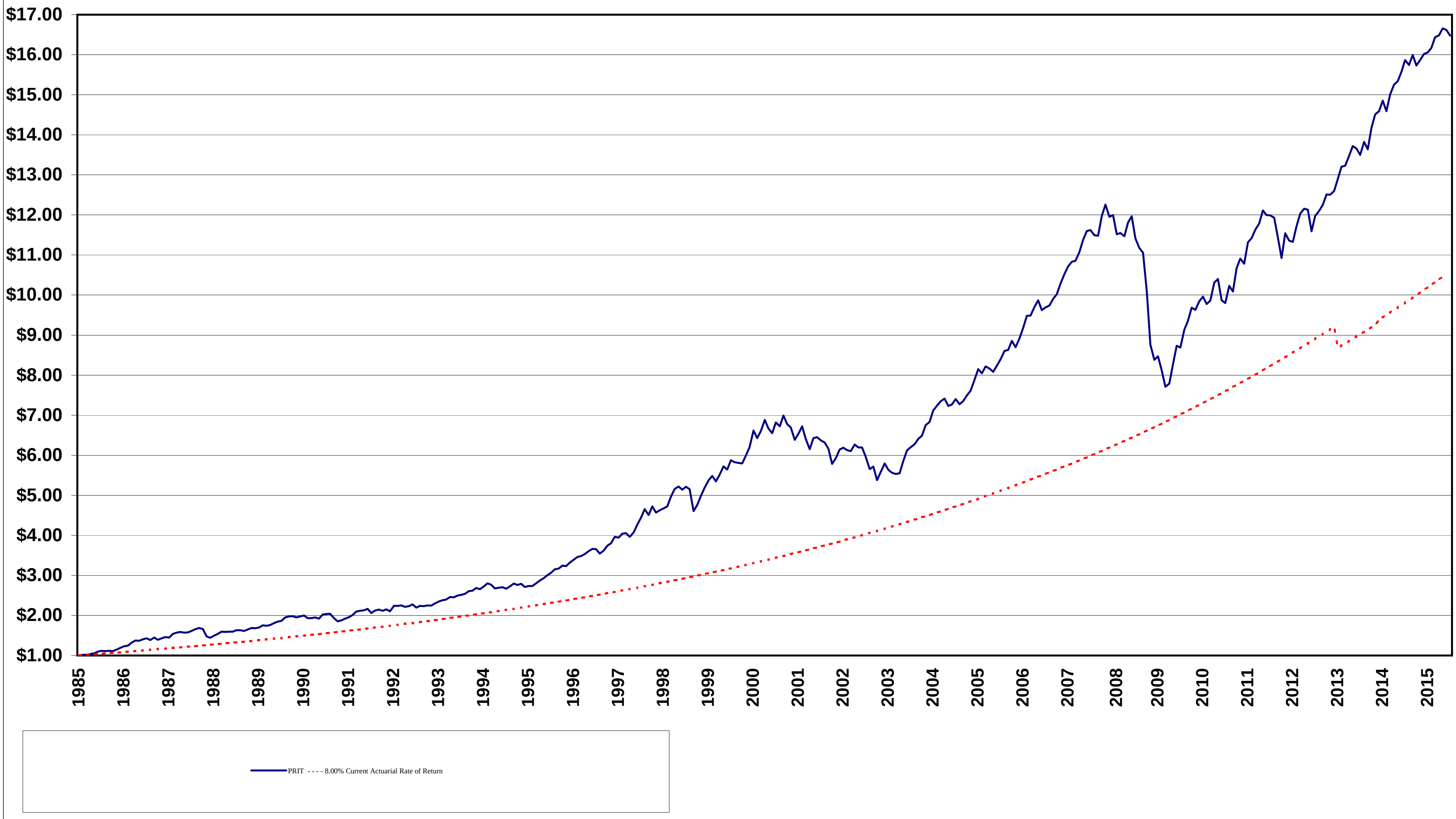
BNY Mellon Gross of Fees Performance Report.
June 30, 2015

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

Pension Reserves Investment Management Board
Performance Measurement
June 30, 2015

Growth of a Dollar invested in the PRIT Fund
Monthly, December 31, 1984 to June 30, 2015
$1.00 invested in the PRIT Fund on January 1, 1985 would have grown to $16.48 by June 30, 2015



PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	Target Allocation %	Actual Allocation %	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	26,097,951	42.8%	42.7%	-2.13	0.77	3.61	0.88	13.70	12.68	6.72	5.67
CORE FIXED INCOME	8,377,734	13.0%	13.7%	-3.61	-7.85	-4.29	4.68	3.34	4.70	4.74	7.64
VALUE-ADDED FIXED INCOME	5,053,195	10.0%	8.3%	-0.47	0.75	0.76	-2.60	4.85	7.00	7.68	8.82
PRIVATE EQUITY	6,935,726	10.0%	11.3%	5.49	5.79	9.29	15.57	18.67	18.39	16.89	14.58
REAL ESTATE	6,093,142	10.0%	10.0%	1.76	1.80	5.20	11.99	12.78	13.76	8.59	6.42
TIMBER/NATURAL RESOURCES	2,347,050	4.0%	3.8%	0.09	0.54	-1.09	-1.35	6.18	5.78	6.41	8.11
HEDGE FUNDS (NET OF FEES)	5,575,153	10.0%	9.1%	-1.45	-0.52	2.58	3.68	8.83	6.39	4.88	5.04
PORTFOLIO COMPLETION STRATEGIES	94,882	0.2%	0.2%	-2.40	-8.83	-5.09					-5.09
PORTABLE ALPHA WIND DOWN (NET OF FEES)	32,057	0.0%	0.1%	-3.08	-4.34	-5.37	-4.28	-2.63	-1.88		-5.64
OVERLAY	567,427	0.0%	0.9%	-1.86	-1.56	0.68	2.09				6.59
TOTAL CORE	**61,174,316**	**100%**	**100%**	**-0.88**	**-0.07**	**2.61**	**3.87**	**11.25**	**10.99**	**7.00**	**9.57**
INTERIM BENCHMARK (target allocation without private equity benchmark) [1]				*-0.92*	*-0.04*	*2.94*	*3.22*	*10.35*	*10.30*	*6.88*	*10.10*
TOTAL CORE BENCHMARK (target allocation with private equity benchmark) [2]				*-1.37*	*-0.34*	*2.57*	*2.74*	*9.40*	*9.31*	*6.53*	*9.98*
PARTICIPANTS CASH	21,175			0.01	0.04	0.07	0.14	0.14	0.16	1.55	4.02
TEACHERS' AND EMPLOYEES' CASH	48,253			0.01	0.04	0.07	0.13	0.14	0.16	1.29	2.79
TOTAL FUND	**61,243,745**			**-0.88**	**-0.07**	**2.61**	**3.86**	**11.21**	**10.95**	**6.98**	**9.62**

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
DOMESTIC EQUITY												
INTECH	886,396	1.4%	-2.60	-1.02	1.97	9.74	18.26	18.02		8.14	*7.69*	1/31/2006
PIMCO DOMESTIC	926,182	1.5%	-2.06	0.16	1.61	7.48	18.13	18.51		8.19	*7.46*	2/28/2006
SSGA S&P 500	7,367,985	12.0%	-1.93	0.23	1.21	7.36	17.46			17.69	*17.56*	12/31/2011
CLOSED PORTFOLIOS	-	0.0%										
TOTAL LARGE CAP MANAGERS	9,180,563	15.0%	-2.01	0.09	1.32	7.63	17.62	19.35	8.72	7.44	*6.76*	7/31/1997
S&P 500			*-1.94*	*0.28*	*1.23*	*7.42*	*17.31*	*17.34*	*7.89*			
SUMMIT CREEK	212,092	0.3%	3.42	1.74	6.92	9.08				17.46	*19.20*	5/31/2013
RUSSELL 2000 GROWTH			*1.34*	*1.98*	*8.74*	*12.34*						
FRONTIER	182,870	0.3%	0.84	-0.12	2.54	0.35				13.95	*11.53*	5/31/2013
HUBER	258,487	0.4%	-0.27	0.82	-0.28	-11.60				3.98	*11.53*	5/31/2013
TOTAL SMALL CAP VALUE	441,356	0.7%	0.19	0.43	0.87	-7.01				7.64	*11.53*	5/31/2013
RUSSELL 2000 VALUE			*0.13*	*-1.20*	*0.76*	*0.78*						
RIVERBRIDGE	167,014	0.3%	2.88	2.87	4.82	10.52				14.40	*18.54*	5/31/2013
RUSSELL 2500 GROWTH			*-0.33*	*0.61*	*8.09*	*11.30*						
SOUTHERNSUN	155,016	0.3%	-2.82	-2.11	4.51	-3.92				15.34	*15.10*	5/31/2013
SSGA R2500	1,589,947	2.6%	-0.68	-0.36	4.69	5.88	18.42			17.90	*18.07*	12/31/2011
TOTAL SMID CAP CORE	1,744,963	2.9%	-0.87	-0.52	4.68	4.93	18.41			17.89	*18.07*	12/31/2011
RUSSELL 2500			*-0.69*	*-0.34*	*4.81*	*5.92*	*18.66*					
TOTAL SMALL/SMID CAP EQUITY	2,565,425	4.2%	-0.11	0.04	4.19	3.31	17.51			17.14	*18.01*	12/31/2011
70.5% RUSSELL 2500/5.5% RUSSELL 2500 GROWTH/6.5% RUSSELL 2000 GROWTH/17.5% RUSSELL 2000 VALUE [3]			*-0.40*	*-0.29*	*4.53*	*5.71*	*18.58*					
CLOSED PORTFOLIOS	0	0.0%										
DOMESTIC EQUITY CASH	(636)	0.0%										
TOTAL DOMESTIC EQUITY	**11,745,353**	**19.2%**	**-1.59**	**0.11**	**1.95**	**6.75**	**17.64**	**17.41**	**6.86**	**10.42**	***10.67***	**2/28/1985**
ASSET CLASS BENCHMARK: 78.9% S&P 500/14.88% RUSSELL 2500/1.16% RUSSELL 2500 GROWTH/1.37% RUSSELL 2000 GROWTH/ 3.69% RUSSELL 2000 VALUE [4]			*-1.61*	*0.17*	*1.94*	*7.12*	*17.59*	*17.45*	*7.74*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
INTERNATIONAL EQUITY												
SSGA WORLD EX-US	5,154,161	8.4%	-2.59	1.05	5.14	-4.47	12.17	9.76	5.75	6.30	*5.81*	3/31/1992
CUSTOM MSCI WORLD EX-US IMI NET DIVS [5]			*-2.64*	*0.87*	*4.78*	*-5.15*	*11.51*	*9.17*	*5.12*			
MARATHON ASSET MANAGEMENT	2,468,187	4.0%	-2.07	3.12	9.40	0.02	15.06	12.23	8.73	8.97	*4.83*	10/31/1996
BAILLIE GIFFORD	1,815,041	3.0%	-2.55	0.93	7.18	-1.40	13.14	11.44	7.52	8.42	*6.23*	8/31/2004
MONDRIAN INVESTMENT	794,660	1.3%	-2.81	0.09	5.49	-3.57	12.81	10.46		1.39	*0.69*	6/30/2008
FIS	108,145	0.2%	-2.71	1.60	6.71	-2.81				4.97	*3.40*	10/31/2013
SSGA TRANSITION INTERNATIONAL EQUITY	-	0.0%										
CLOSED PORTFOLIOS	17	0.0%										
INTERNATIONAL EQUITY CASH	1,097	0.0%										
CUSTOM MSCI EAFE STANDARD INDEX NET DIVS [6]			*-2.81*	*0.51*	*5.45*	*-4.25*	*12.06*	*9.47*	*5.11*			
TOTAL INTERNATIONAL EQUITY	**10,341,307**	**16.9%**	**-2.48**	**1.46**	**6.57**	**-2.76**	**13.10**	**10.76**	**6.22**	**8.18**	***6.65***	**7/31/1986**
ASSET CLASS BENCHMARK: 50% CUSTOM MSCI WORLD EX-US IMI NET DIVS, 50% CUSTOM MSCI EAFE STANDARD INDEX NET DIVS [7]			*-2.73*	*0.69*	*5.11*	*-4.54*	*11.74*	*9.31*	*5.18*			
EMERGING MARKETS EQUITY												
SSGA EMERGING MKTS	1,038,913	1.7%	-2.81	1.19	3.83	-3.66	4.74	4.32		2.22	*1.89*	5/31/2010
CUSTOM MSCI EM IMI NET DIVS [8]			*-2.87*	*1.11*	*3.62*	*-3.83*	*4.57*	*3.99*				
AQR EMERGING	483,909	0.8%	-3.08	0.10						-1.63	*-0.73*	3/31/2015
BAILLIE GIFFORD EMM	561,314	0.9%	-3.39	-0.33						-2.56	*-0.73*	3/31/2015
DRIEHAUS CAPITAL	586,818	1.0%	-2.17	1.48						0.55	*-0.73*	3/31/2015
HARDING LOEVNER	373,989	0.6%	-1.30	1.00						-0.97	*-0.73*	3/31/2015
PZENA INV	505,836	0.8%	-3.85	2.69						-0.15	*-0.73*	3/31/2015
EMERGING MARKETS TRANSITION	65,348	0.1%										
TOTAL EMERGING MARKETS CORE	2,577,214	4.2%	-2.83	1.00	-0.09	-8.09	3.22	3.03	6.85	9.53	*5.46*	2/28/1990
CUSTOM MSCI EM STANDARD INDEX NET DIVS [9]			*-2.60*	*0.58*	*2.89*	*-4.48*	*4.07*	*3.82*	*8.25*			
CLOSED PORTFOLIOS	77	0.0%										
EMERGING MARKETS CASH	1,473	0.0%										
ACADIAN	145,923	0.2%	-4.00	1.71	6.83	2.28	19.33			15.93	*5.42*	5/31/2012
WASATCH	106,088	0.2%	-2.65	3.14	4.36	1.99	6.76			3.78	*5.42*	5/31/2012
TOTAL EMERGING MARKETS SMALL CAP	252,011	0.4%	-3.44	2.31	5.78	1.86	10.79			7.66	*5.42*	5/31/2012
CUSTOM MSCI EM SMALL CAP NET DIVS [10]			*-4.45*	*4.59*	*8.42*	*0.49*	*8.03*					
ACADIAN FRONTIER	39,991	0.1%	-1.08	4.20						4.20	*0.33*	4/30/2015
CITY OF LONDON	101,613	0.2%	0.09	3.87						2.99	*2.24*	2/28/2015
TOTAL FRONTIER	141,604	0.2%	-0.25	3.80						2.92	*2.24*	2/28/2015
CUSTOM MSCI FRONTIER MKTS COUNTRY CAPPED INDEX NET DIVS			*-0.04*	*0.33*								
TOTAL EMERGING MARKETS	**4,011,292**	**6.6%**	**-2.77**	**1.27**	**1.62**	**-5.85**	**4.23**	**4.11**	**7.31**	**9.71**	***5.50***	**2/28/1990**
ASSET CLASS BENCHMARK [11]			*-2.71*	*1.03*	*3.52*	*-3.92*	*4.54*	*3.97*	*8.34*			
TOTAL GLOBAL EQUITY[12]	**26,097,951**	**42.7%**	**-2.13**	**0.77**	**3.61**	**0.88**	**13.70**	**12.68**	**6.72**	**5.67**	***4.69***	**1/31/2001**
ASSET CLASS BENCHMARK: 44% DOMESTIC EQUITY BM/40% INTERNATIONAL EQUITY BM/16% EMERGING MARKETS BM [13]			*-2.23*	*0.56*	*3.52*	*0.69*	*13.20*	*12.05*	*6.45*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
DOMESTIC INVESTMENT GRADE FIXED INCOME												
BLACKROCK PASSIVE	508,665	0.8%	-1.12	-1.74	-0.20	1.79	1.82	3.40	4.52	5.63	*5.64*	6/30/1995
PIMCO CORE	788,245	1.3%	-0.67	-1.12	0.35	2.35	2.67	3.82	5.31	7.35	*6.41*	9/30/1990
LOOMIS SAYLES CORE	1,120,762	1.8%	-0.93	-1.32	0.71	3.04	3.58	4.96	5.31	7.51	*6.52*	5/31/1990
COMMUNITY CAPITAL MANAGEMENT	27,595	0.0%	-0.80	-1.11	0.42	2.10	2.15	3.16		4.86	*5.04*	7/31/2006
AFL - CIO HOUSING INVESTMENT	124,473	0.2%	-0.93	-1.15	0.47	2.40	2.00	3.61		5.08	*4.85*	8/31/2007
ACCESS CAPITAL - ETI	102,668	0.2%	-0.53	-0.31	0.94	3.13	2.57	3.32	4.45	4.37	*4.32*	4/30/2004
TOTAL AGGREGATE[14]	2,672,408	4.4%	-0.87	-1.29	0.45	2.58	2.55	3.89	4.80	5.75	*5.36*	7/31/1999
BARCLAYS CAPITAL AGGREGATE			*-1.09*	*-1.68*	*-0.10*	*1.86*	*1.83*	*3.35*	*4.44*			
BLACKROCK - STRIPS	3,860,954	6.3%	-6.39	-14.29	-9.52	8.85				13.82	*13.75*	4/30/2014
BC US TREASURY STRIPS 20+ YR INDEX			*-6.41*	*-14.32*	*-9.57*	*8.95*						
CLOSED PORTFOLIOS	1	0.0%										
FIXED INCOME CASH	2	0.0%										
TOTAL DOMESTIC INVESTMENT GRADE FIXED INCOME	**6,533,365**	**10.7%**	**-4.21**	**-9.27**	**-5.47**	**5.40**	**3.87**	**4.80**	***5.29***	**6.09**	***5.64***	**7/31/1999**
DOMESTIC INVESTMENT GRADE FIXED INCOME BM [15]			*-4.31*	*-9.43*	*-5.70*	*4.92*	*3.25*	*4.21*	*4.88*			
INFLATION-LINKED FIXED INCOME												
BLACKROCK - TIPS	594,742	1.0%	-0.96	-1.06	0.41	-1.75	-0.77	3.29	4.11	5.55	*5.61*	4/30/2001
BARCLAYS CAPITAL US TIPS			*-0.97*	*-1.06*	*0.34*	*-1.73*	*-0.76*	*3.29*	*4.14*			
BLACKROCK ILBs	1,249,627	2.0%	-1.68	-2.93	0.07	3.36	2.42	4.58		1.00	*0.49*	10/31/2005
CLOSED PORTFOLIOS	-	0.0%										
TOTAL ILBs	1,249,627	2.0%	-1.68	-2.93	0.07	3.36	2.42	4.58		0.84	*0.49*	10/31/2005
BC LB US$ HEDGED [16]			*-1.65*	*-2.51*	*-0.16*	*3.34*	*1.88*	*4.24*				
TOTAL INFLATION-LINKED FIXED INCOME	**1,844,369**	**3.0%**	**-1.45**	**-2.34**	**0.18**	**1.66**	**1.35**	**4.21**	**1.50**	**3.67**	***1.30***	**4/30/2001**
33% BC US TIPS/67% BC ILB US$ HEDGED [17]			*-1.43*	*-2.03*	*0.01*	*1.65*	*1.01*	*3.94*	*1.27*			
TOTAL CORE FIXED INCOME	**8,377,734**	**13.7%**	**-3.61**	**-7.85**	**-4.29**	**4.68**	**3.34**	**4.70**	**4.74**	**7.64**	***7.07***	**9/30/1985**
ASSET CLASS BENCHMARK [18]			*-3.69*	*-7.93*	*-4.51*	*4.30*	*2.78*	*4.19*	*4.31*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
VALUE-ADDED FIXED INCOME												
FIDELITY	317,433	0.5%	-1.32	0.34	2.68	-1.04	7.26	9.52	8.08	10.05	*9.09*	1/31/1990
LOOMIS SAYLES HIGH YIELD	327,944	0.5%	-1.24	0.79	2.92	1.21	8.76	10.11	9.63	9.30	*7.30*	7/31/1997
SHENKMAN	303,063	0.5%	-1.32	0.41	3.79	1.51	6.28	7.96	7.14	7.10	*7.83*	4/30/2004
HIGH YIELD DEBT CASH	63	0.0%										
TOTAL HIGH YIELD BONDS	948,503	1.6%	-1.29	0.53	3.13	0.56	7.45	9.22	7.97	8.62	*8.80*	7/31/2001
ML MASTER II HY CONSTRAINED INDEX [19]			*-1.52*	*-0.05*	*2.49*	*-0.54*	*6.80*	*8.38*	*7.85*			
EATON VANCE	470,543	0.8%	-0.41	0.43	2.44	2.14	4.34	5.25		5.58	*5.61*	7/31/2008
ING	465,831	0.8%	-0.20	0.65	3.01	3.33	5.86	6.37		6.08	*5.61*	7/31/2008
TOTAL BANK LOANS	936,373	1.5%	-0.31	0.54	2.73	2.73	5.10	5.80		5.82	*5.61*	7/31/2008
S&P LSTA LEVERAGED LOAN			*-0.42*	*0.69*	*2.83*	*1.82*	*4.89*	*5.48*				
ASHMORE	489,951	0.8%	-1.78	2.41	4.40	-3.79	3.08	6.54	8.30	9.51	*7.85*	1/31/2004
PIMCO EMD	307,387	0.5%	-1.95	0.59	2.89	-2.94	3.13	6.11	7.25	7.87	*7.86*	2/29/2004
TOTAL EMERGING MARKET DEBT	797,339	1.3%	-1.84	1.70	3.81	-3.46	3.10	6.37	7.30	8.38	*7.85*	1/31/2004
JPM EMBI GLOBAL			*-1.69*	*-0.29*	*1.76*	*-1.57*	*3.44*	*6.52*	*7.34*			
INVESTEC	283,814	0.5%	-1.79	-1.50	-5.05	-14.60	-3.16			-4.02	*-4.24*	5/31/2012
PICTET	455,285	0.7%	-1.31	-1.21	-5.32	-15.01	-4.36			-5.17	*-4.24*	5/31/2012
STONE HARBOR	281,558	0.5%	-1.44	-0.64	-3.60	-16.29	-5.20			-5.87	*-4.24*	5/31/2012
TOTAL EMERGING MARKET DEBT LOCAL	1,020,657	1.7%	-1.48	-1.13	-4.78	-15.25	-4.25			-5.04	*-4.24*	5/31/2012
JPM GBI EM GLOBAL DIVERSIFIED			*-1.22*	*-0.96*	*-4.88*	*-15.39*	*-3.78*					
PUBLIC VALUE-ADDED FIXED INCOME	**3,702,871**	**6.1%**	**-1.22**	**0.31**	**0.86**	**-4.69**	**2.44**	**5.41**	**6.26**	**7.62**	***7.78***	**7/31/2001**
ASSET CLASS BENCHMARK [20] *PUBLIC VALUE-ADDED FIXED INCOME BENCHMARK*			*-1.19*	*-0.16*	*0.26*	*-4.79*	*2.41*	*5.26*	*6.30*			
DISTRESSED DEBT	1,350,752	2.2%	1.63	1.97	0.50	3.55	12.12	11.64	11.52	14.36	*11.20*	7/31/2001
DISTRESSED DEBT CASH	(428)	0.0%										
TOTAL DISTRESSED DEBT	1,350,323	2.2%	1.63	1.97	0.50	3.55	12.09	11.61	11.55	14.38	*11.20*	7/31/2001
ALTMAN NYU SALOMON CENTER COMBINED DEFAULTED PUBLIC BOND & BANK LOAN INDEX [21]			*-1.73*	*-0.12*	*2.48*	*-13.09*	*5.52*	*4.98*	*7.23*			
TOTAL VALUE-ADDED FIXED INCOME[22]	**5,053,195**	**8.3%**	**-0.47**	**0.75**	**0.76**	**-2.60**	**4.85**	**7.00**	**7.68**	**8.82**	***8.27***	**7/31/2001**
ASSET CLASS BENCHMARK [23] *VALUE-ADDED FIXED INCOME BENCHMARK*			*-1.34*	*-0.14*	*0.86*	*-7.01*	*3.35*	*4.99*	*6.48*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
PRIVATE EQUITY												
SPECIAL EQUITY	20,109	0.0%	-1.42	-1.44	8.42	26.42	18.28	18.57	14.93	14.98		9/30/1986
SPECIAL EQUITY - 2000	26,278	0.0%	10.30	10.60	13.45	39.55	26.24	19.15	19.00	16.41		2/29/2000
SPECIAL EQUITY - 2001	58,975	0.1%	1.94	2.51	11.71	9.04	20.22	16.11	21.00	20.59		4/30/2001
SPECIAL EQUITY - 2002	5,931	0.0%	8.19	9.69	5.27	1.26	10.69	25.53	24.32	18.08		7/31/2002
SPECIAL EQUITY - 2003	93,532	0.2%	2.61	2.93	1.93	11.24	10.73	11.67	17.35	16.11		7/31/2003
SPECIAL EQUITY - 2004	79,432	0.1%	7.07	7.73	14.67	15.56	21.12	21.65	14.44	12.85		7/31/2004
SPECIAL EQUITY - 2005	462,544	0.8%	3.62	3.93	6.68	12.84	16.60	17.93	11.92	11.81		6/30/2005
SPECIAL EQUITY - 2006	664,031	1.1%	6.92	7.09	5.88	12.05	17.42	18.36		5.74		4/30/2006
SPECIAL EQUITY - 2007	916,868	1.5%	6.30	7.18	5.68	7.71	15.93	15.96		7.57		7/31/2007
SPECIAL EQUITY - 2008	917,470	1.5%	7.25	7.47	9.62	17.99	23.68	21.79		9.52		4/30/2008
SPECIAL EQUITY - 2009	240,603	0.4%	6.59	6.72	12.68	27.70	25.57	17.09		10.62		8/31/2009
SPECIAL EQUITY - 2010	499,110	0.8%	4.74	4.77	6.05	13.57	16.59			4.75		1/31/2011
SPECIAL EQUITY - 2011	555,383	0.9%	9.74	9.66	19.04	27.87	17.18			-27.66		7/31/2011
SPECIAL EQUITY - 2012	241,373	0.4%	8.51	10.54	6.03	3.98				-14.25		8/31/2012
SPECIAL EQUITY - 2013	160,564	0.3%	4.63	4.50	3.37	0.56				3.82		6/30/2013
SPECIAL EQUITY - 2014	145,969	0.2%	2.42	1.21	-0.36	-7.38				-13.52		5/31/2014
SPECIAL EQUITY - 2015	46,354	0.1%	-1.04	-3.45						-3.45		3/31/2015
TOTAL SPECIAL EQUITY	5,134,525	8.4%	6.26	6.57	8.14	14.15	18.27	18.12	17.50	16.19		9/30/1986
VENTURE CAPITAL	14,025	0.0%	-3.08	-3.03	6.54	12.51	11.65	9.71	16.24	11.50		4/30/1986
VENTURE CAPITAL - 2000	68,032	0.1%	0.46	0.45	2.68	-4.56	8.70	10.79	10.61	6.28		2/29/2000
VENTURE CAPITAL - 2001	39,196	0.1%	-0.19	-0.05	5.91	6.77	9.81	10.78	13.44	12.35		2/28/2001
VENTURE CAPITAL - 2002	14,160	0.0%	-1.82	-1.82	0.66	6.09	4.81	3.02	0.20	0.01		4/30/2003
VENTURE CAPITAL - 2003	31,565	0.1%	18.51	18.67	22.57	23.63	33.87	23.00	14.19	13.61		2/29/2004
VENTURE CAPITAL - 2004	36,050	0.1%	0.22	0.22	30.03	-12.10	21.24	42.02	27.85	26.14		2/28/2005
VENTURE CAPITAL - 2005	120,090	0.2%	3.88	3.89	17.70	32.81	21.54	19.53	11.93	11.17		3/31/2005
VENTURE CAPITAL - 2006	137,004	0.2%	-2.04	-2.16	7.35	17.23	16.61	17.97		11.21		4/30/2006
VENTURE CAPITAL - 2007	193,133	0.3%	5.65	5.66	7.98	24.53	22.46	26.75		16.67		4/30/2007
VENTURE CAPITAL - 2008	31,510	0.1%	1.82	1.82	6.25	27.95	29.36	39.69		25.01		7/31/2008
VENTURE CAPITAL - 2009	248,306	0.4%	3.47	3.42	13.32	24.68	24.56	19.36		12.56		8/31/2009
VENTURE CAPITAL - 2010	266,451	0.4%	0.54	0.56	29.77	38.08	36.73	19.64		17.42		4/30/2010
VENTURE CAPITAL - 2011	87,853	0.1%	13.26	13.58	17.79	27.51	22.68			12.97		2/28/2011
VENTURE CAPITAL - 2012	206,058	0.3%	8.16	10.54	16.47	28.97	22.66			11.29		5/31/2012
VENTURE CAPITAL - 2013	41,821	0.1%	2.44	2.44	8.36	8.83				3.56		6/30/2013
VENTURE CAPITAL - 2014	43,818	0.1%	4.72	4.40	3.03	-2.37				-3.40		6/30/2014
VENTURE CAPITAL - 2015	1,372	0.0%	-8.89	-8.89						-9.01		3/31/2015
TOTAL VENTURE CAPITAL	1,580,445	2.6%	3.64	3.91	14.55	22.32	22.28	21.59	17.27	13.04		4/30/1986
PRIVATE EQUITY CASH	220,756	0.4%										
TOTAL PRIVATE EQUITY	**6,935,726**	**11.3%**	**5.49**	**5.79**	**9.29**	**15.57**	**18.67**	**18.39**	**16.89**	**14.58**	***17.11***	**4/30/1986**
ASSET CLASS BENCHMARK [24]			*5.49*	*5.79*	*9.29*	*15.57*	*18.67*	*18.39*	*16.89*			
7 YEAR ANNUALIZED RETURN PE [25]			**0.92**	**2.65**	**5.23**	**10.97**	**12.61**	**14.55**		**14.86**	***7.64***	**7/31/2007**
7 YEAR ANNUALIZED RUSSELL 3000 +3% [26]			*1.00*	*2.87*	*5.81*	*10.93*	*9.31*	*8.53*				

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
PRIVATE REAL ESTATE												
CORE												
INVESCO CORE	1,115,216	1.8%	0.77	1.52	2.71	12.66	13.21	14.61	8.96	9.91	*9.73*	5/31/1995
LASALLE	1,556,639	2.5%	3.53	4.23	6.82	13.22	13.46	14.82	9.10	10.49	*9.66*	1/31/1995
AEW	988,716	1.6%	3.90	4.92	8.19	18.72	14.36			14.65	*12.49*	1/31/2011
JP MORGAN	754,954	1.2%	1.91	2.65	5.38	10.19	8.97	12.94	6.13	10.48	*9.08*	9/30/2000
TA ASSOCIATES	1,109,776	1.8%	2.27	3.07	6.51	10.20	10.31	11.59	7.91	8.89	*9.08*	9/30/2000
CLOSED PORTFOLIOS	-	0.0%										
TOTAL CORE ACCOUNTS	5,525,301	9.0%	2.56	3.35	5.95	12.87	12.02	13.32	8.40	9.96	*9.70*	12/31/1994
PORTFOLIO DEBT	(999,907)	-1.6%										
CLOSED PORTFOLIOS	-	0.0%										
TOTAL SEPARATE ACCOUNTS - LEVERAGED	**4,525,394**	**7.4%**	**3.21**	**4.08**	**6.84**	**15.33**				**15.29**	***12.10***	**2/28/2013**
NON-CORE												
NON-CORE	409,972	0.7%	2.48	2.83	6.31	14.15	15.34			11.88	*11.48*	1/31/2012
NON-CORE (ETI EXCLUDED)	409,972	0.7%	2.48	2.83	6.31	14.15	15.34			11.88	*11.48*	1/31/2012
ETI (PARTNERSHIPS)												
CANYON JOHNSON II	5,519	0.0%	-0.42	-0.42	1.09	5.06	-2.45	-2.50	-4.75	-4.67	*8.61*	5/31/2005
INTERCONT IV	1,036	0.0%	28.66	28.66	22.15	51.21	19.37	14.72	-1.36	-1.36	*8.39*	7/31/2005
NEW BOSTON URBAN I	7,450	0.0%	1.85	1.85	-2.33	0.12	3.63	4.38		-4.49	*7.02*	12/31/2006
TOTAL ETI ACCOUNTS	14,005	0.0%	2.52	2.52	0.14	6.57	2.24	2.09	-4.85	-4.77	*8.61*	5/31/2005
TOTAL NON-CORE	**423,977**	**0.7%**	**2.48**	**2.82**	**6.07**	**13.87**	**11.90**	**7.10**	**-2.54**	**-2.50**	***8.61***	**5/31/2005**
TOTAL PRIVATE REAL ESTATE[27]	**4,949,370**	**8.1%**	**3.15**	**3.97**	**6.77**	**15.26**	**13.97**	**14.43**	**9.45**	**10.99**	***9.66***	**11/30/1994**
NCREIF PROPERTY ONE QTR LAG			*3.57*	*3.57*	*6.72*	*12.72*	*11.47*	*12.75*	*8.39*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
PUBLIC REAL ESTATE (REITS)												
INVESCO GLOBAL REIT	264,037	0.4%	-3.73	-6.61	-2.64	1.04	9.97			9.33	*8.76*	5/31/2012
CENTERSQUARE GLOBAL REIT	753,455	1.2%	-3.84	-6.50	-2.04	1.92	9.98			9.31	*8.76*	5/31/2012
INVESCO TRANSITION	144,325	0.2%	-3.72	-6.59	-2.71					-0.77	*-0.04*	8/31/2014
TOTAL GLOBAL REITS	1,161,818	1.9%	-3.80	-6.54	-2.30	0.91	9.45			8.73	*8.76*	5/31/2012
FTSE EPRA NAREIT DEVELOPED NET TOTAL RETURN			*-3.90*	*-6.73*	*-2.87*	*0.29*	*9.37*					
CLOSED PORTFOLIOS	27											
REIT CASH	25	0.0%										
TOTAL REITS	**1,161,870**	**1.9%**	**-3.79**	**-6.53**	**-2.28**	**0.94**	**9.46**	**12.42**	**5.34**	**9.62**	***8.18***	**6/30/1998**
100% FTSE EPRA NAREIT DEVELOPED NET TOTAL RETURN [28]			*-3.90*	*-6.73*	*-2.87*	*0.29*	*9.37*	*12.47*	*4.96*			
REAL ESTATE LEVERAGE CASH	(94)	0.0%										
CORE REAL ESTATE CASH	(18,004)	0.0%										
REAL ESTATE TRANSITION	0	0.0%										
TOTAL CORE ACCOUNT	6,093,142	10.0%	1.76	1.80	5.20	11.99	12.78	13.76	8.59	10.67	*9.84*	12/31/1994
TOTAL REAL ESTATE	**6,093,142**	**10.0%**	**1.76**	**1.80**	**5.20**	**11.99**	**12.78**	**13.76**	**8.59**	**6.42**	***7.94***	**1/31/1986**
ASSET CLASS BENCHMARK: 80% NCREIF PROPERTY ONE QTR LAG/20% FTSE EPRA NAREIT DEVELOPED NET TOTAL RETURN [29]			*2.08*	*1.47*	*4.81*	*10.32*	*11.19*	*12.94*	*7.92*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
TIMBER												
FOREST INVESTMENTS	1,109,273	1.8%	0.36	0.36	1.45	8.92	9.38	6.46	7.38	7.67	*7.43*	1/31/2002
THE CAMPBELL GROUP	549,695	0.9%	4.42	4.48	3.36	11.32	9.19			7.54	*8.10*	11/30/2011
TIMBER CASH	36,715	0.1%										
TOTAL TIMBER	**1,695,683**	**2.8%**	**1.67**	**1.69**	**2.08**	**9.69**	**9.42**	**6.51**	**8.74**	**9.85**	***7.43***	**1/31/2002**
NCREIF TIMBER INDEX ONE QTR LAG [30]			*1.75*	*1.75*	*7.88*	*10.64*	*9.80*	*6.20*	*8.60*			
NATURAL RESOURCES - PUBLIC												
JENNISON	188,502	0.3%	-4.50	-1.69	-3.23	-33.23	-1.06	0.42		-5.21	*-7.17*	7/31/2008
T.ROWE PRICE NR	193,291	0.3%	-4.70	-2.69	-3.26	-21.80	5.10	5.70		-3.93	*-7.17*	7/31/2008
PUBLIC NATURAL RESOURCES CASH	1	0.0%										
TOTAL NATURAL RESOURCES PUBLIC	381,794	0.6%	-4.60	-2.20	-3.24	-27.90	1.86	3.04		-4.52	*-7.17*	7/31/2008
LIPPER NATURAL RESOURCES GLOBAL FUND INDEX			*-4.61*	*-1.06*	*-2.23*	*-25.93*	*0.81*	*1.80*				
NATURAL RESOURCES- PRIVATE												
NATURAL RESOURCES- PRIVATE	269,793	0.4%	-2.61	-2.49	-14.58	-8.94	-4.46	4.71		1.54	*1.09*	8/31/2008
PRIVATE NATURAL RESOURCES CASH	(219)	0.0%										
TOTAL NATURAL RESOURCES PRIVATE	269,573	0.4%	-2.60	-2.48	-14.51	-8.81	-4.34	4.84		1.09	*1.09*	8/31/2008
BENCHMARK - NAT. RES. PRIVATE [31]			*-2.60*	*-2.48*	*-14.51*	*-8.81*	*-4.34*	*4.84*				
TOTAL TIMBER/NATURAL RESOURCES	**2,347,050**	**3.8%**	**0.09**	**0.54**	**-1.09**	**-1.35**	**6.18**	**5.78**	**6.41**	**8.11**	***5.56***	**1/31/2002**
ASSET CLASS BENCHMARK [32]			*0.16*	*0.84*	*3.21*	*-0.28*	*7.35*	*6.25*	*6.06*			

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
HEDGE FUNDS (NET OF FEES)												
ARDEN HFOF LIQUIDATION	52,532	0.1%	-0.23	1.69	2.46	2.43				7.18		10/31/2012
IVY LIQUIDATION	4,692	0.0%	-1.67	1.12	2.92	12.83	6.89	2.92		2.92		3/31/2009
PAAMCO	1,210,770	2.0%	-0.85	0.77	3.27	1.61	9.67	6.42	5.57	5.39	*5.17*	8/31/2004
100% HFRI FUND OF FUNDS COMPOSITE INDEX [33]			*-1.17*	*0.09*	*2.58*	*3.84*	*6.23*	*4.14*	*5.08*			
DIRECT HEDGE FUNDS	4,056,051	6.6%	-1.71	-1.03	2.31	4.35	8.78			7.45	*5.06*	11/30/2011
HFRI FUND OF FUNDS COMPOSITE INDEX [34]			*-1.17*	*0.09*	*2.58*	*3.84*	*6.23*					
HEDGE FUND CASH	251,108	0.4%										
TOTAL HEDGE FUNDS (NET OF FEES)	**5,575,153**	**9.1%**	**-1.45**	**-0.52**	**2.58**	**3.68**	**8.83**	**6.39**	**4.88**	**5.04**	***5.17***	**7/31/2004**
ASSET CLASS BENCHMARK:												
HFRI FUND OF FUNDS COMPOSITE INDEX [35]			*-1.17*	*0.09*	*2.58*	*3.84*	*6.23*	*4.14*	*5.08*			
PORTFOLIO COMPLETION STRATEGIES	**94,882**	**0.2%**	**-2.40**	**-8.83**	**-5.09**					**-5.09**	***1.58***	**1/31/2015**
PORTFOLIO COMPLETION STRATEGIES COMPOSITE INDEX [36]			*0.26*	*0.79*	*1.58*							

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
PORTABLE ALPHA WIND DOWN (NET OF FEES)												
AUSTIN CAPITAL	1,597	0.0%	0.02	0.65	0.44	1.55	-11.68	-10.92		-9.84	*-0.57*	9/30/2008
CRESTLINE	11,223	0.0%	-6.70	-7.76	-9.59	-5.96	-2.60	-0.21		0.73	*-0.06*	9/30/2006
STRATEGIC	15,385	0.0%	-0.54	-2.15	-2.45	-3.96	-0.50	-1.51		-0.64	*-0.35*	10/31/2006
TOTAL FUND OF FUNDS (NET OF FEES)	28,205	0.0%	-3.15	-4.41	-5.45	-4.38	-2.66	-1.81		-0.57	*-0.06*	9/30/2006
CLOSED PORTFOLIOS	-	0.0%										
PORTABLE ALPHA CASH	3,852	0.0%										
TOTAL PORTABLE ALPHA WIND DOWN (NET OF FEES)	**32,057**	**0.1%**	**-3.08**	**-4.34**	**-5.37**	**-4.28**	**-2.63**	**-1.88**		**-5.64**	***-0.06***	**9/30/2006**
ASSET CLASS BENCHMARK:												
HFRI FUND OF FUNDS COMPOSITE INDEX [37]			*-1.17*	*0.09*	*2.58*	*3.84*	*6.23*	*4.14*				
OVERLAY												
CLIFTON	168,947	0.3%	-2.74	-2.38	0.85	1.90				8.02	*8.02*	10/31/2013
OVERLAY CASH	398,480	0.7%										
TOTAL OVERLAY	**567,427**	**0.9%**	**-1.86**	**-1.56**	**0.68**	**2.09**				**6.59**	***6.59***	**10/31/2013**
ASSET CLASS BENCHMARK [38]			*-1.86*	*-1.56*	*0.68*	*2.09*						

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2015

	NAV $ (M)	%	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Manager ITD	Manager Benchmark - ITD	Inception Month
TOTAL CORE	**61,174,316**	**99.9%**	**-0.88**	**-0.07**	**2.61**	**3.87**	**11.25**	**10.99**	**7.00**	**9.57**		**2/28/1985**
CASH FUND												
PARTICIPANTS' CASH (NET OF FEES)	21,175	0.0%	0.01	0.04	0.07	0.14	0.14	0.16	1.55	4.02	*3.85*	7/31/1985
MERRILL LYNCH 90 DAY T BILL			*0.00*	*0.01*	*0.01*	*0.02*	*0.06*	*0.08*	*1.42*			
MASS STATE TEACHERS CASH (NET OF FEES)	25,844	0.0%	0.01	0.04	0.07	0.13	0.14	0.15	1.30	2.62	*2.63*	7/31/1996
MASS STATE EMPLOYEES CASH (NET OF FEES)	22,408	0.0%	0.01	0.04	0.07	0.13	0.14	0.16	1.30	2.62	*2.63*	7/31/1996
MERRILL LYNCH 90 DAY T BILL [39]			*0.00*	*0.01*	*0.01*	*0.02*	*0.06*	*0.08*	*1.55*			
TEACHERS' AND EMPLOYEES' CASH	48,253	0.1%	0.01	0.04	0.07	0.13	0.14	0.16	1.29	2.79		7/31/1996
TOTAL FUND	**61,243,745**	**100.0%**	**-0.88**	**-0.07**	**2.61**	**3.86**	**11.21**	**10.95**	**6.98**	**9.62**		**1/31/1985**
POLICY RETURN[40]			-1.36	-0.41	2.18	3.39	10.58	10.56	7.19	9.69		
TOTAL CORE BENCHMARK			*-1.37*	*-0.34*	*2.57*	*2.74*	*9.40*	*9.31*	*6.53*	*9.98*		

PENSION RESERVES INVESTMENT TRUST
FOOTNOTES
RATES OF RETURN
Periods Ending June 30, 2015

Direct Real Estate

(1) Direct core and value real estate performance is time series weighted and based on property distributed income and capital appreciation/depreciation resulting from external appraisals and dispositions. PRIM's real estate appraisal policy requires that approximately one quarter of the directly owned properties be appraised by a real estate appraiser with an MAI designation every quarter. The goal is to obtain updated market values for each property annually.

(2) The NCREIF Property Index (NPI) is an unleveraged, time series composite measurement of the investment performance of a large group of commercial real estate properties. The NPI is released 25 days after the end of each quarter. Because Mellon's performance report is released earlier, the NPI used as benchmark is lagged one quarter.

(3) Direct Real Estate Manager NAV's are net of property level debt.

Timber/Natural Resources

(4) PRIM's Timber/Natural resources appraisal policy states that all timber/natural resources properties be externally appraised every three years using a full narrative report format. These reports (and property values) are then updated annually by a Timber/Natural Resources Appraiser to reflect changes in timber markets, inventories and land values. The goal is to obtain market values for each timberland annually.

(5) PRIM's timber portfolio currently does not utilize leverage.

(6) The NCREIF Timber/Natural Resources Index (NTI) is an unleveraged, time series composite measurement of the investment performance of individual timber properties. The NTI is released 25 days after the end of each quarter. Because Mellon's performance report is released earlier, the NTI used as benchmark is lagged one quarter.

REITs

(7) The FTSE NAREIT ALL EQUITY REITS Index is an unmanaged index of publicly traded U.S., tax-qualified REITs that have 75% or more of their gross assets invested in the equity ownership of real estate. This index does not include Real Estate Operating Companies (REOCs) although these are acceptable investments as part of the manager's guidelines and included in PRIM's REIT holdings.

(8) The FTSE NAREIT ALL EQUITY REITS index can be considered a "leveraged" index given that the majority of the REITs included in the index use leverage as part of their investment strategy.

ETI

(9) Real estate ETI Funds are primarily invested in development projects with a three to five year lifecycle. These investments require substantial capital investment with very little income during the initial stage of the cycle, resulting in a J curve return profile. The returns are expected later in the cycle, upon project completion and lease up. For lack of a better benchmark, the NPI which is a core property benchmark used to track stabilized, institutional grade properties is used by PRIM. However, Staff is focused more on deal flow quality and on returns generated relative to the risk adjusted returns projected by Managers in their offering memoranda.

Private Equity

(10) Private Equity performance represents time weighted returns reflecting the most recent partnership financial statement valuations (typically lagging one calendar quarter) adjusted for actual cash flows through the reporting date. The Private Equity portfolio consists primarily of assets that are illiquid in nature, and valuations are determined by the General Partner based on current industry fair market value practices. Limited Partnership valuations are reviewed through a formal audit process annually, and valuations are also commonly reviewed by partnership advisory boards on a quarterly basis.

Hedge Fund of Funds

(11) The Hedge Fund of Fund valuations are net of underlying manager fees and net of all Hedge Fund manager administrative, base and performance fees.

PENSION RESERVES INVESTMENT TRUST
BENCHMARK/COMPOSITE FOOTNOTES
RATES OF RETURN
Periods Ending June 30, 2015

Interim Benchmark

(1) Interim benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The PE component of this uses the S&P 500 + 5% through 6/30/2000; currently Actual PE Performance (formally labeled Interim Policy Benchmark)

Total Core Benchmark

(2) The Total Core benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The Private Equity benchmark used for the Total Core benchmark calculation is the 7-year annualized return of the Russell 3000 +3% (formally labeled Policy Benchmark)

Domestic Equity

(3) Russell 2500 through 6/30/14; currently 70.5% Russell 2500/5.5% Russell 2500 Growth/6.5% Russell 2000 Growth/17.5% Russell 2000 Value

(4) Dow Jones Wilshire 5000 through 04/30/08; Russell 3000 through 06/30/2009; 78% Russell 3000/22% 3 Month Libor + 3% through 12/31/2009; Russell 3000 through 10/31/2011; 80% S&P 500/20% Russell 2500 through 6/30/2014; currently 78.9% S&P 500/14.88% Russell 2500/1.16% Russell 2500 Growth/1.37% Russell 2000 Growth/3.69% Russell 2000 Value

International

(5) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; currently Custom World ex-US IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(6) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2010; currently Custom MSCI EAFE Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(7) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; Custom World ex-US IMI Net Dividends through 8/31/2014; currently 50% custom MSCI World Ex-US IMI Net Dividends, 50% Custom MSCI EAFE Standard Index Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Emerging Markets

(8) MSCI Emerging Markets IMI Net Dividends through 12/31/2010; currently Custom MSCI Emerging Markets IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(9) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 12/31/2010; currently Custom MSCI Emerging Markets Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(10) MSCI Emerging Markets Small Cap Net Dividendss Index through 8/31/2014; currently Custom MSCI Emerging Market Small Cap Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(11) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 4/30/2010; MSCI Emerging Markets IMI Net Dividends through 12/31/2010; Custom MSCI Emerging Markets IMI Net Dividends through 8/31/2014; 50% Custom MSCI EM IMI Net Dividends, 43% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends through 1/31/2015; 25% Custom MSCI EM IMI Net Dividends, 67.37% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends, .63% Custom MSCI Frontier Markets Country Capped Net Dividends through 2/28/2015. currently weights are based on the beginning adjusted monthly market value of each index group, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Global Equity

(12) The Total Global Equity composite inception date coincides with the establishment of the MSCI All Country World Index on January 1, 2001.

(13) MSCI All Country World Net Index through 4/30/2010; MSCI All Country World IMI Net Dividends through 12/31/2010; Custom MSCI All Country World IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities through 10/31/2011; 35% S&P 500/8% Russell 2500/42% Custom MSCI World Ex-US IMI Net Dividends/15% Custom MSCI EM IMI Net Dividends through 4/30/2012; 35% S&P 500/9% Russell 2500/40% Custom MSCI World Ex-US IMI Net Dividends/16% Custom MSCI EM IMI Net Dividends through 6/30/2014; currently 44% Domestic Equity BM/40% International Equity BM/16% Emerging Markets BM

Core Fixed Income

(14) Effective 2/28/2015, the Total Aggregate performance was changed to include the complete performance histories of Economically Targeted Investment managers: Access Capital, Community Capital Management, and AFL-CIO Housing Investment. As a result, prior period Total Aggregate performance was revised from 4/30/2004-1/31/2015.

(15) 100% BC Aggregate through 2/28/2014; 34% BC Agg/66% BC STRIPS 20+ through 2/28/2015; currently Domestic Investment Grade Fixed Income benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the core fixed income portfolio.

(16) BC Aggregate through 6/01; 67% BC Aggregate / 20% BC US TIPS/13% Custom Commodities BM ; Custom Commodities BM through 06/30/2009; currently BC ILB US$ Hedged

(17) 33% BC US TIPS/67% BC ILB US$ Hedged

(18) 77% BC Aggregate / 8% BC US TIPS/15% BC ILB US$ Hedged through 2/28/2014; currently weights are based on the beginning adjusted monthly market value of each index group.

Value-Added Fixed Income

(19) CSFB Thru 07/2002; ML Master II HY Thru 02/2007; currently ML Master II HY Constrained Index

(20) Public Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the public value added fixed income portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

(21) Actual Performance through 2/07; ML Master II FI Constrained Index through 12/31/2009; currently Altman NYU Salomon Center Combined Defaulted Public Bond & Bank Loan Index

(22) The Total Value-Added Fixed Income composite inception date coincides with PRIM's initiative to separate High Yield from Core Fixed Income. Underlying manager market values and cash flows are unavailable prior to July 1, 2001.

(23) CSFB through 7/02 / 43% ML Master II HY Index/43% JPM EMBI Global/14% Actual Distressed Debt through 02/07/ through 06/08 60% ML Master II HY Constrained Index and 40% JPM EMBI Global/ 50% ML Master II HY Constrained Index/ 33% JPM EMBI Global/17% S&P LSTA Leveraged Index through 06/30/2009; 58% ML Master II HY Constrained Index/ 25% JPM EMBI Global/17% S&P LSTA Leveraged Index through 12/31/2009; 24% ML Master II HY Constrained Index/17% S&P LSTA Leveraged Index/20% JPM EMBI Global/39% Altman Index through 03/31/2010; 24.20% ML Master II HY Constrained Index/16.56% S&P LSTA Leveraged Index/19.43% JPM EMBI Global/39.81% Altman Index through 06/30/2010; 22.10% ML Master II HY Constrained Index/14.60% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/42.65% Altman Index through 09/30/2010; 22.46% ML Master II HY Constrained Index/12.92% S&P LSTA Leveraged Loan Index/21.56% JPM EMBI Global/43.06% Altman Index through 12/31/2010; 22.14% ML Master II HY Constrained Index/11.13% S&P LSTA Leveraged Loan Index/21.60% JPM EMBI Global/45.13% Altman Index through 3/31/2011; 23.15% ML Master II HY Constrained Index/9.45% S&P LSTA Leveraged Loan Index/22.74% JPM EMBI Global/44.66% Altman Index through 6/30/2011; 23.95% ML Master II HY Constrained Index/9.21% S&P LSTA Leveraged Loan Index/22.96% JPM EMBI Global/43.88% Altman Index

through 9/30/2011; 21.58% ML Master II HY Constrained Index/11.08% S&P LSTA Leveraged Loan Index/22.24% JPM EMBI Global/45.10% Altman Index through 12/31/2011; 27.90% ML Master II HY Constrained Index/13.58% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/37.87% Altman Index through 3/31/2012; 28.24% ML Master II HY Constrained Index/13.30% S&P LSTA Leveraged Loan Index/20.71% JPM EMBI Global/37.75% Altman Index through 4/30/2012; 23.55% ML Master II HY Constrained Index/10.63% S&P LSTA Leveraged Loan Index/16.61% JPM EMBI Global/20.36% JPM GBI-EM Global Diversified/28.85% Altman Index through 6/30/2012; 18.21% ML Master II HY Constrained Index/11.24% S&P LSTA Leveraged Loan Index/17.63% JPM EMBI Global/20.80% JPM GBI-EM Global Diversified/32.12% Altman Index through 9/30/2012; 18.29% ML Master II HY Constrained Index/11.98% S&P LSTA Leveraged Loan Index/18% JPM EMBI Global/21.03% JPM GBI-EM Global Diversified/30.70% Altman Index through 12/31/2012; 19.40% ML Master II HY Constrained Index/11.90% S&P LSTA Leveraged Loan Index/18.28% JPM EMBI Global/21.32% JPM GBI-EM Global Diversified/29.10% Altman Index through 2/28/2013; Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the value added fixed income portfolio. These weightings will be automatically adjusted at t end of every quarter for usage in the upcoming quarter.

Private Equity

(24) Through 6/30/2000, S&P 500 + 5%; currently Actual Performance. This benchmark is used in the Interim Policy Benchmark.

(25) The 7 Year Annualized performance is used in the Policy Return and Policy Benchmark.

(26) Wilshire 5000 + 3% through 4/30/2008; Currently 7 Year Annualized Russell 3000 + 3%

PENSION RESERVES INVESTMENT TRUST
BENCHMARK/COMPOSITE FOOTNOTES
RATES OF RETURN
Periods Ending June 30, 2015

Real Estate - Private/Public

(27) On 06/30/02 PRIM instituted portfolio leverage of up to 40%; increased to 50% leverage on 02/03/04. Portfolio leverage was paid down in September 2005 ($450 million), October 2005 ($200 million), and July 2007 ($450 million). Composite includes Value Added Separate Account opened 4/30/2007 and closed 12/31/2010.

(28) FTSE NAREIT ALL EQUITY REITS through 3/31/2008; 63% FTSE NAREIT ALL EQUITY REITS/27% NAREIT Global REIT/10% NAREIT International REIT through 06/30/09; 50% FTSE NAREIT ALL EQUITY REITS/50% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 100% FTSE EPRA NAREIT Developed Net Total Return

(29) NCREIF through 6/30/03; 67% NCREIF/33% FTSE NAREIT ALL EQUITY REITS through 12/31/06; NCREIF + Ratio of 2% FTSE NAREIT ALL EQUITY REITS to PRIT Fund through 03/31/08; 73% NCREIF Property One Qtr Lag/17% FTSE NAREIT ALL EQUITY REITS/7.25% NAREIT Global REIT/2.75% NAREIT Intl REIT through 06/30/09; 82% NCREIF Property One Qtr Lag/9% FTSE NAREIT ALL EQUITY REITS/9% FTSE EPRA NAREIT Developed Ex US REIT through 7/31/09; 80% NCREIF Property One Qtr Lag/10% FTSE NAREIT ALL EQUITY REITS/10% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 80% NCREIF PROPERTY ONE QTR LAG/20% FTSE EPRA NAREIT Developed Net Total

Timber/Natural Resources

(30) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 2/28/2010; currently NCREIF Timber Index

(31) Currently Private Natural Resources Actual Performance.

(32) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 06/30/08; 50% NCREIF Timber Index Ex-PRIM/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2010; 50% NCREIF Timber Index/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 10/31/2011; 53% NCREIF Timber Index/ 39% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2014; currently the Timber/Natural Resources benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Timber/Natural Resources portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

Hedge Funds

(33) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(34) HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(35) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Portfolio Completion Strategies

(36) Portfolio Completion Strategies Composite Index is calculated by applying the underlying benchmark return for each manager to the manager's weight within the Portfolio Completion Strategies Composite. These weights are based on the beginning adjusted monthly market value of each portfolio.

Portable Alpha Wind Down

(37) S&P 500 Index through April 2008; Russell 3000 Index through July 2009; US 3 Month Libor + 3% through 12/31/2009; currently HFRI FOF Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Overlay

(38) Actual performance

Total Fund

(39) ML 90 Day T-Bill through 6/30/03; ML 3-Month Libor through 03/31/08; currently ML 90 Day T-Bill

Policy Return

(40) The Policy Return is calculated by applying the investment performance of each asset class times its actual allocation. The Private Equity portion of the Policy Return is the 7-year annualized return of the Private Equity asset class monthized.

(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Appendix D

Callan Investment Measurement Service Monthly Review.
June 30, 2015

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

Callan

June 30, 2015

Massachusetts Pension Reserves Investment Management Board

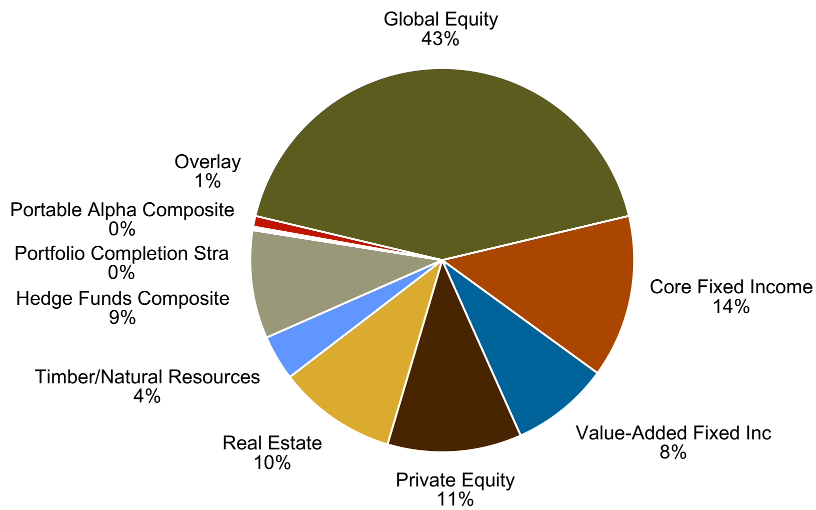
Investment Measurement Service Monthly Review

Table of Contents
Massachusetts Pension Reserves Investment Management Board
June 30, 2015

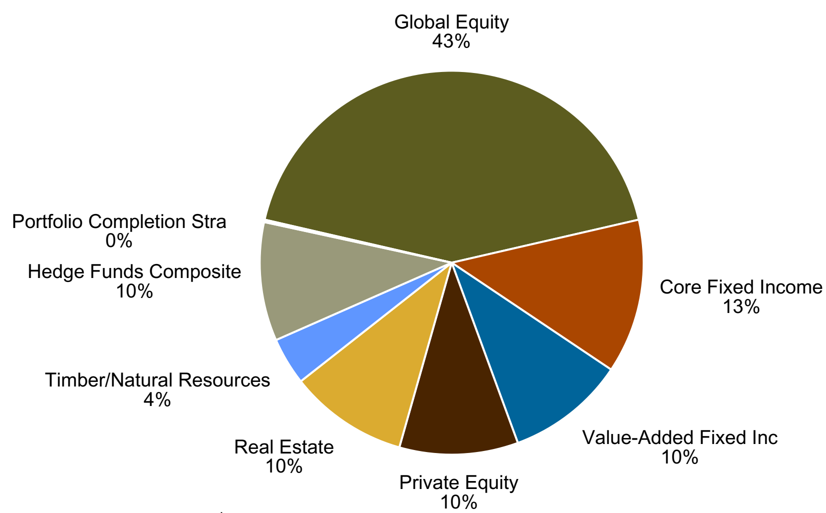
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2015. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



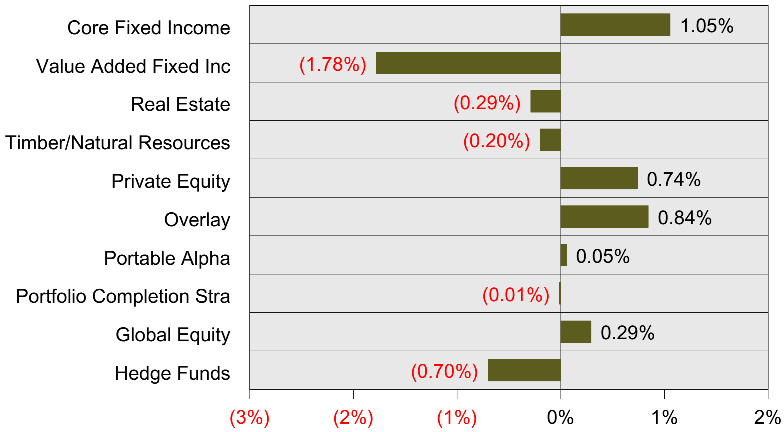
Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Global Equity	26,097,951	42.7%	42.8%	(0.1%)	(84,656)
Core Fixed Income	8,377,734	13.7%	13.0%	0.7%	425,072
Value-Added Fixed Inc	5,053,195	8.3%	10.0%	(1.7%)	(1,064,237)
Private Equity	6,935,726	11.3%	10.0%	1.3%	818,294
Real Estate	6,093,142	10.0%	10.0%	0.0%	(24,289)
Timber/Natural Resources	2,347,050	3.8%	4.0%	(0.2%)	(99,922)
Hedge Funds Composite	5,575,153	9.1%	10.0%	(0.9%)	(542,279)
Portfolio Completion Stra	94,882	0.2%	0.2%	0.0%	(27,466)
Portable Alpha Composite	32,057	0.1%	0.0%	0.1%	32,057
Overlay	567,427	0.9%	0.0%	0.9%	567,427
Total	61,174,316	100.0%	100.0%		

*Current Month Target Performance is calculated using monthly rebalancing.

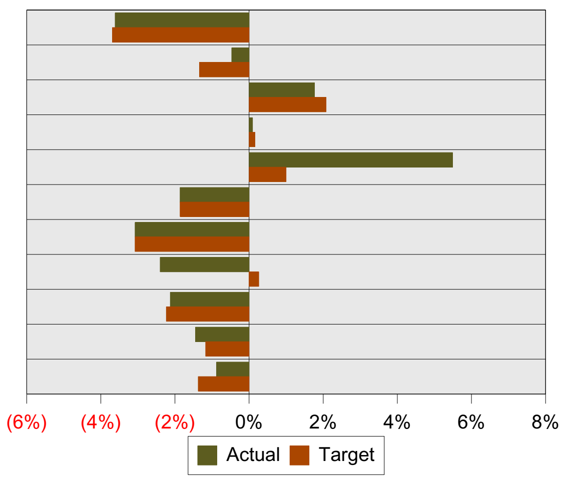
Monthly Total Fund Relative Attribution - June 30, 2015

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

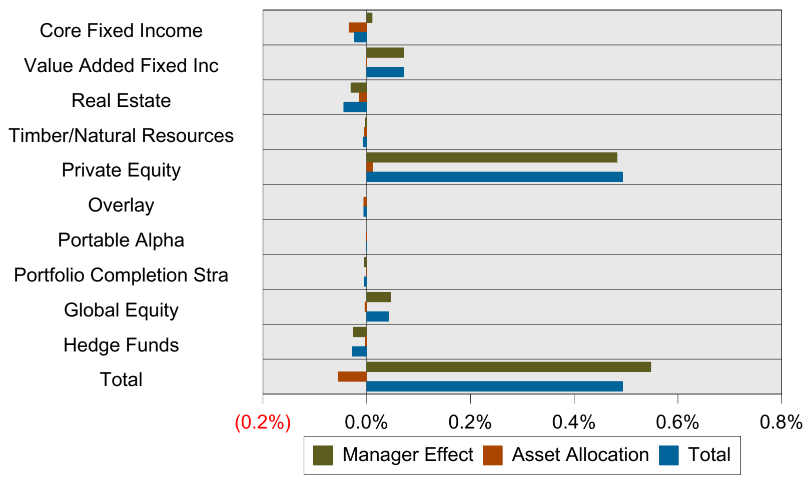
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended June 30, 2015

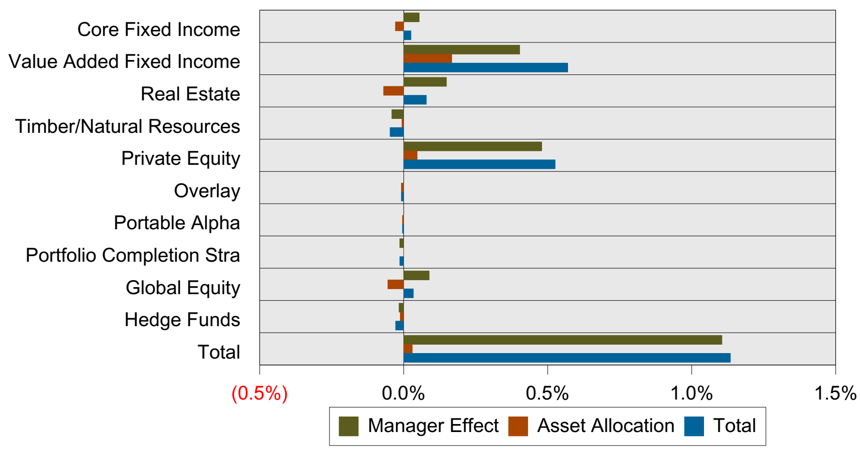
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Core Fixed Income	14%	13%	(3.61%)	(3.69%)	0.01%	(0.03%)	(0.02%)
Value Added Fixed Inc	8%	10%	(0.47%)	(1.34%)	0.07%	(0.00%)	0.07%
Real Estate	10%	10%	1.76%	2.08%	(0.03%)	(0.01%)	(0.04%)
Timber/Natural Resources	4%	4%	0.09%	0.16%	(0.00%)	(0.00%)	(0.01%)
Private Equity	11%	10%	5.49%	1.00%	0.48%	0.01%	0.49%
Overlay	1%	0%	(1.86%)	(1.86%)	0.00%	(0.01%)	(0.01%)
Portable Alpha	0%	0%	(3.08%)	(3.08%)	0.00%	(0.00%)	(0.00%)
Portfolio Completion Stra	0%	0%	(2.40%)	0.26%	(0.00%)	(0.00%)	(0.00%)
Global Equity	43%	43%	(2.13%)	(2.23%)	0.05%	(0.00%)	0.04%
Hedge Funds	9%	10%	(1.45%)	(1.17%)	(0.03%)	(0.00%)	(0.03%)
Total			**(0.88%) =**	**(1.37%) +**	**0.55% +**	**(0.05%)**	**0.49%**

* Current Month Target = 42.8% Global Equity Benchmark (12), 13.0% Core Fixed Income Benchmark, 10.0% Value-Added FI Benchmark (21), 10.0% Real Estate Benchmark (27), 10.0% Hedge Fund Benchmark (33), 10.0% 7 YEAR ANNUALIZED Rus 3000+3% (24), 4.0% Timberland/Natural Benchmark (30) and 0.2% MassPRIM-Portfolio Completion Stat B.
Attribution is run on Gross returns.

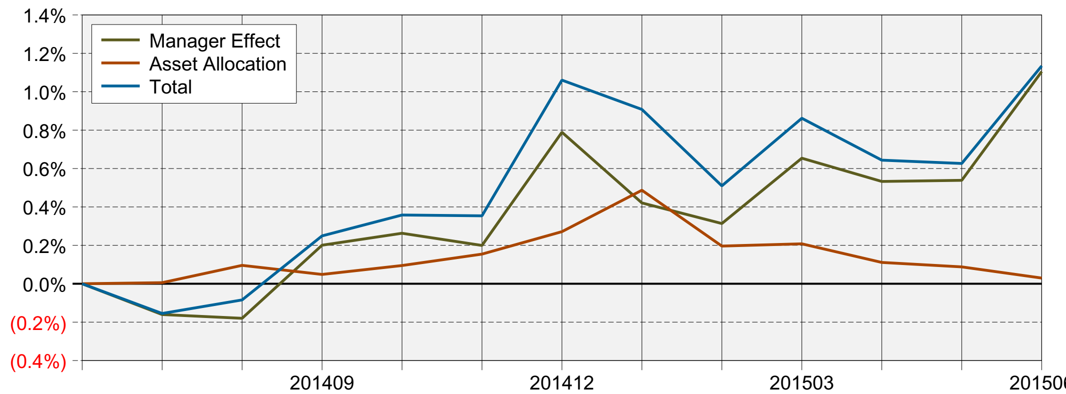
Cumulative Total Fund Relative Attribution - June 30, 2015

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

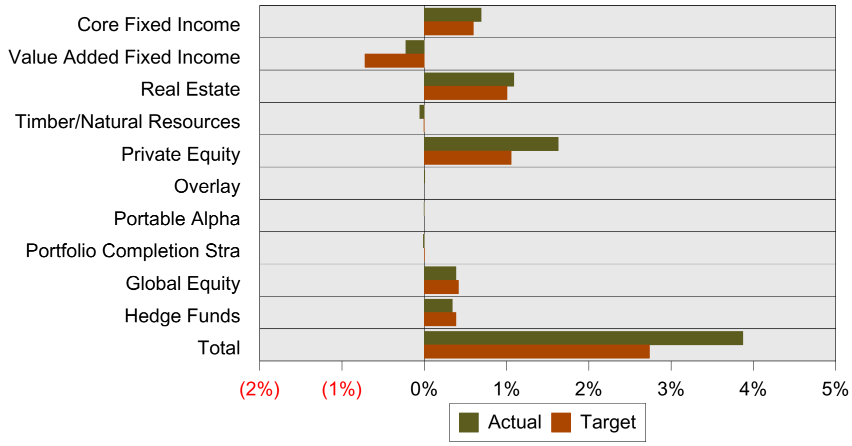
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Core Fixed Income	15%	13%	4.68%	4.30%	0.05%	(0.03%)	0.03%
Value Added Fixed Income	8%	10%	(2.60%)	(7.01%)	0.40%	0.17%	0.57%
Real Estate	9%	10%	11.99%	10.31%	0.15%	(0.07%)	0.08%
Timber/Natural Resources	4%	4%	(1.35%)	(0.28%)	(0.04%)	(0.01%)	(0.05%)
Private Equity	11%	10%	15.57%	10.93%	0.48%	0.05%	0.53%
Overlay	1%	0%	2.09%	2.09%	0.00%	(0.01%)	(0.01%)
Portable Alpha	0%	0%	(4.27%)	(4.27%)	0.00%	(0.00%)	(0.00%)
Portfolio Completion Stra	0%	0%	(5.09%)	1.58%	(0.01%)	0.00%	(0.01%)
Global Equity	42%	43%	0.88%	0.69%	0.09%	(0.05%)	0.03%
Hedge Funds	9%	10%	3.68%	3.84%	(0.02%)	(0.01%)	(0.03%)
Total			**3.87% =**	**2.74% +**	**1.10% +**	**0.03%**	**1.13%**

* Current Month Target = 42.8% Global Equity Benchmark (12), 13.0% Core Fixed Income Benchmark, 10.0% Value-Added FI Benchmark (21), 10.0% Real Estate Benchmark (27), 10.0% Hedge Fund Benchmark (33), 10.0% 7 YEAR ANNUALIZED Rus 3000+3% (24), 4.0% Timberland/Natural Benchmark (30) and 0.2% MassPRIM-Portfolio Completion Stat B.
Attribution is run on Gross returns.

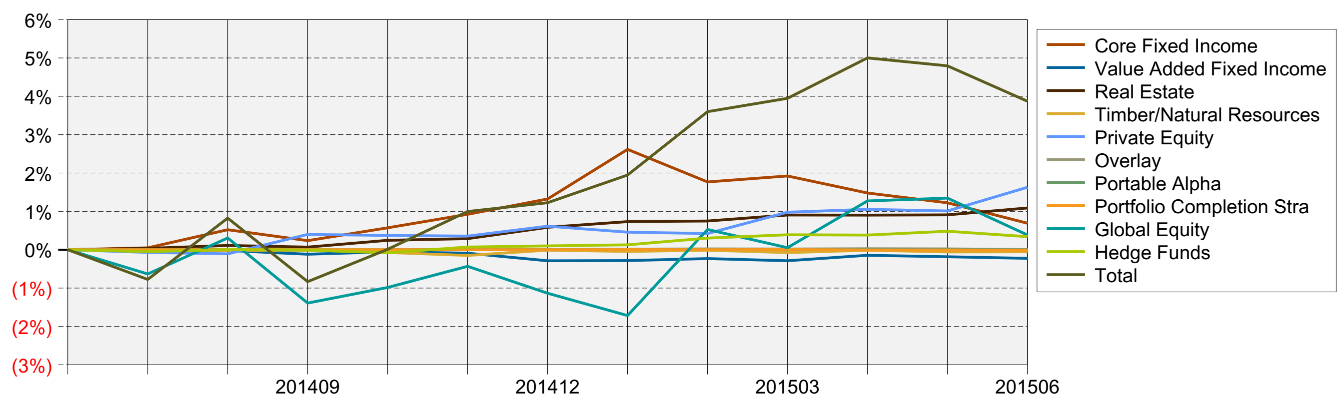
Cumulative Total Fund Absolute Attribution - June 30, 2015

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of absolute total fund Performance and target performance. These cumulative results quantify the longer-term contribution of each asset class to absolute total fund return as well as the target return.

One Year Absolute Return Contributions



Cumulative Absolute Return Contributions



One Year Absolute Attribution Effects

Asset Class	Effective Actual Weight	Actual Return	Absolute Return Contribution	Effective Target Weight	Target Return	Target Return Contribution	Return Contribution Difference
Core Fixed Income	15%	4.68%	0.69%	13%	4.30%	0.60%	0.09%
Value Added Fixed Income	8%	(2.60%)	(0.22%)	10%	(7.01%)	(0.72%)	0.50%
Real Estate	9%	11.99%	1.09%	10%	10.31%	1.01%	0.08%
Timber/Natural Resources	4%	(1.35%)	(0.05%)	4%	(0.28%)	(0.00%)	(0.05%)
Private Equity	11%	15.57%	1.63%	10%	10.93%	1.06%	0.57%
Overlay	1%	2.09%	0.01%	0%	2.09%	0.00%	0.01%
Portable Alpha	0%	(4.27%)	(0.00%)	0%	(4.27%)	0.00%	(0.00%)
Portfolio Completion Stra	0%	(5.09%)	(0.01%)	0%	1.58%	0.00%	(0.01%)
Global Equity	42%	0.88%	0.39%	43%	0.69%	0.42%	(0.03%)
Hedge Funds	9%	3.68%	0.34%	10%	3.84%	0.39%	(0.04%)

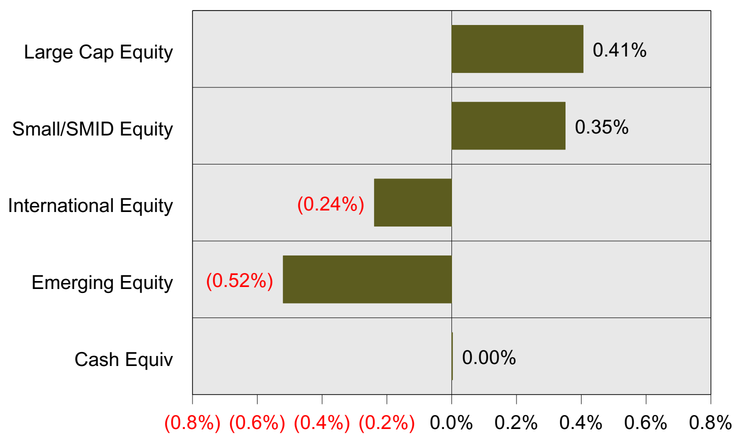
Total Fund Return 3.87% **Target Return 2.74%** **1.13%**

* Current Month Target = 42.8% Global Equity Benchmark (12), 13.0% Core Fixed Income Benchmark, 10.0% Value-Added FI Benchmark (21), 10.0% Real Estate Benchmark (27), 10.0% Hedge Fund Benchmark (33), 10.0% 7 YEAR ANNUALIZED Rus 3000+3% (24), 4.0% Timberland/Natural Benchmark (30) and 0.2% MassPRIM-Portfolio Completion Stat B.
Attribution is run on Gross returns.

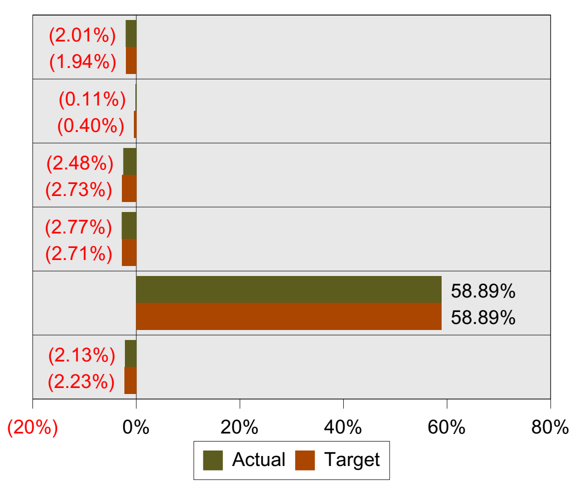
Monthly Total Fund Relative Attribution - June 30, 2015

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

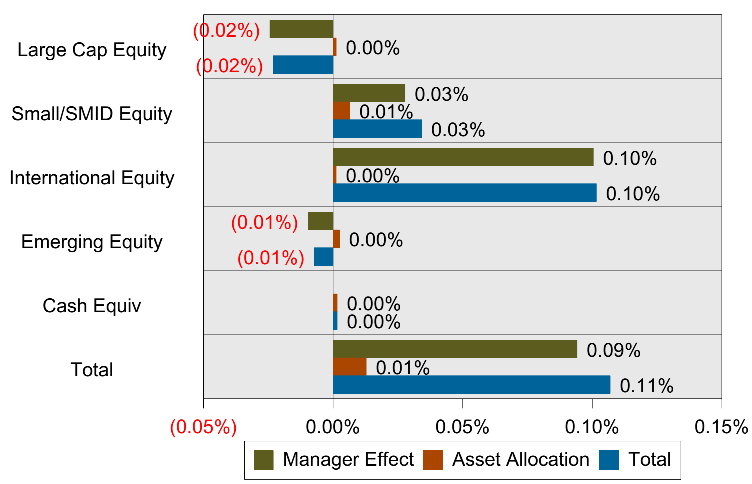
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended June 30, 2015

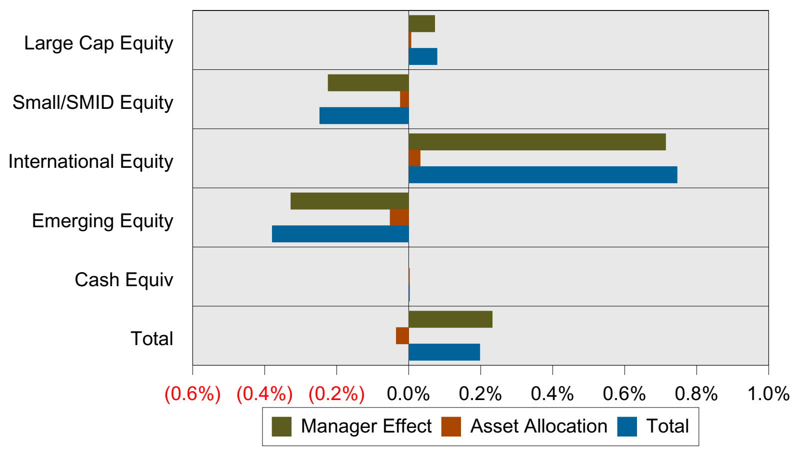
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	35%	(2.01%)	(1.94%)	(0.02%)	0.00%	(0.02%)
Small/SMID Equity	10%	9%	(0.11%)	(0.40%)	0.03%	0.01%	0.03%
International Equity	40%	40%	(2.48%)	(2.73%)	0.10%	0.00%	0.10%
Emerging Equity	15%	16%	(2.77%)	(2.71%)	(0.01%)	0.00%	(0.01%)
Cash Equiv	0%	0%	58.89%	58.89%	0.00%	0.00%	0.00%
Total			**(2.13%) =**	**(2.23%) +**	**0.09% +**	**0.01%**	**0.11%**

* Current Month Target = 40.0% Custom World Ex-US IMI Net Divs (7), 34.7% S&P 500 Index, 16.0% Custom MSCI EM IMI Net Divs (10), 6.5% Russell 2500 Index, 1.6% Russell 2000 Value Index, 0.6% Russell 2000 Growth Index and 0.5% Russell 2500 Growth Index.
Attribution is run on Gross returns.

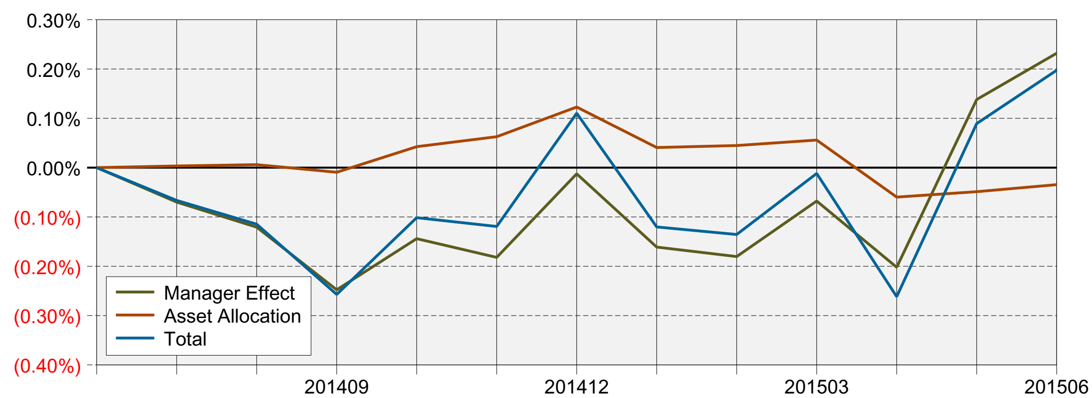
Cumulative Total Fund Relative Attribution - June 30, 2015

The charts below accumulate the Total Global Equity Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total global equity fund performance relative to target. These cumulative results quantify the longer-term sources of total global equity fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total global equity fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

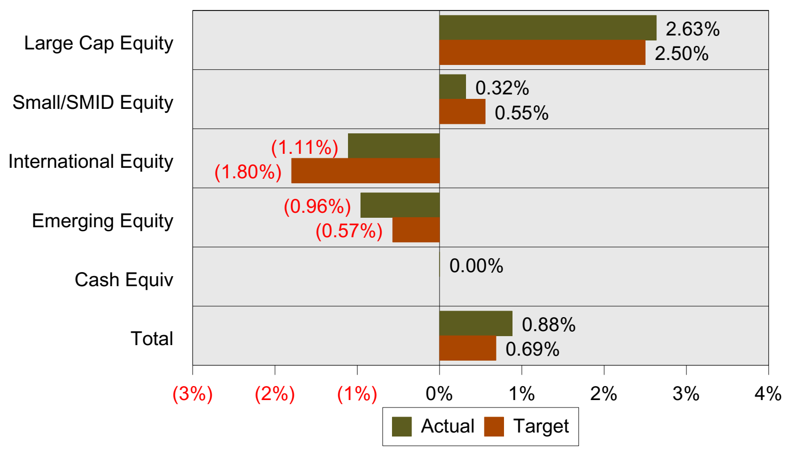
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	36%	35%	7.63%	7.42%	0.07%	0.01%	0.08%
Small/SMID Equity	10%	9%	3.31%	5.71%	(0.22%)	(0.02%)	(0.25%)
International Equity	39%	40%	(2.76%)	(4.54%)	0.71%	0.03%	0.75%
Emerging Equity	16%	16%	(5.85%)	(3.92%)	(0.33%)	(0.05%)	(0.38%)
Cash Equiv	0%	0%	143.63%	143.63%	0.00%	0.00%	0.00%
Total			**0.88% =**	**0.69% +**	**0.23% +**	**(0.03%)**	**0.20%**

* Current Month Target = 40.0% Custom World Ex-US IMI Net Divs (7), 34.7% S&P 500 Index, 16.0% Custom MSCI EM IMI Net Divs (10), 6.5% Russell 2500 Index, 1.6% Russell 2000 Value Index, 0.6% Russell 2000 Growth Index and 0.5% Russell 2500 Growth Index.
Attribution is run on Gross returns.

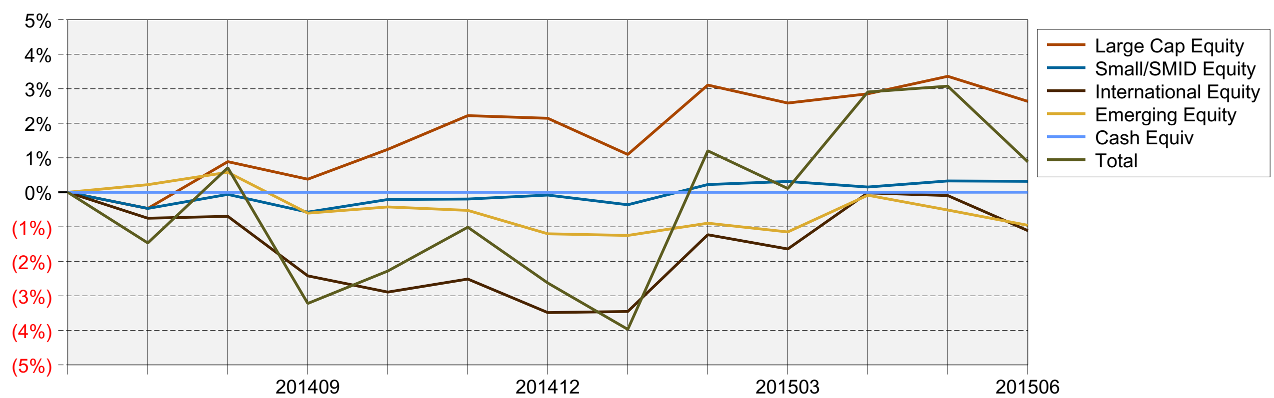
Cumulative Total Fund Absolute Attribution - June 30, 2015

The charts below accumulate the Total Global Equity Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total global equity fund performance relative to target. These cumulative results quantify the longer-term sources of total global equity fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total global equity fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Absolute Return Contributions



Cumulative Absolute Return Contributions



One Year Absolute Attribution Effects

Asset Class	Effective Actual Weight	Actual Return	Absolute Return Contribution	Effective Target Weight	Target Return	Target Return Contribution	Return Contribution Difference
Large Cap Equity	36%	7.63%	2.63%	35%	7.42%	2.50%	0.14%
Small/SMID Equity	10%	3.31%	0.32%	9%	5.71%	0.55%	(0.24%)
International Equity	39%	(2.76%)	(1.11%)	40%	(4.54%)	(1.80%)	0.69%
Emerging Equity	16%	(5.85%)	(0.96%)	16%	(3.92%)	(0.57%)	(0.39%)
Cash Equiv	0%	143.63%	0.00%	0%	143.63%	0.00%	0.00%

Total Fund Return	**0.88%**	**Target Return**	**0.69%**	**0.20%**

* Current Month Target = 40.0% Custom World Ex-US IMI Net Divs (7), 34.7% S&P 500 Index, 16.0% Custom MSCI EM IMI Net Divs (10), 6.5% Russell 2500 Index, 1.6% Russell 2000 Value Index, 0.6% Russell 2000 Growth Index and 0.5% Russell 2500 Growth Index.
Attribution is run on Gross returns.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2015, with the distribution as of December 31, 2014. All Returns and market values provided by custodian.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Total Fund	Market Value	% of Total Fund
Total Global Equity	**$26,097,951,300**	**42.61%**	**$26,665,650,381**	**42.99%**
Intech	886,396,382	1.45%	909,713,970	1.47%
PIMCO Stock Plus	926,181,873	1.51%	945,928,544	1.53%
SSgA S&P 500	7,367,984,710	12.03%	7,512,709,151	12.11%
Summit Creek SCG	212,091,555	0.35%	205,227,720	0.33%
Frontier SCV	182,869,503	0.30%	181,475,747	0.29%
Huber SCV	258,486,774	0.42%	259,460,658	0.42%
Riverbridge SMIDG	167,014,402	0.27%	162,438,682	0.26%
SouthernSun SMID	155,016,477	0.25%	159,605,654	0.26%
SSgA Russell 2500	1,589,946,661	2.60%	1,600,801,268	2.58%
Domestic Equity Closed Portfolios	138	0.00%	48	0.00%
Domestic Eq. Cash	-635,771	(0.00%)	-771,340	(0.00%)
SSgA World ex-US	5,154,160,650	8.42%	5,291,456,065	8.53%
Marathon Asset Mgmt	2,468,186,814	4.03%	2,519,146,739	4.06%
Baillie Gifford	1,815,041,445	2.96%	1,861,849,956	3.00%
Mondrian Investment Partners	794,659,875	1.30%	817,906,805	1.32%
FIS	108,144,844	0.18%	111,052,506	0.18%
International Equity Cash	1,096,532	0.00%	1,158,498	0.00%
SSgA Emerging Markets	1,038,912,981	1.70%	1,068,951,062	1.72%
AQR Emerging	483,908,791	0.79%	499,308,445	0.81%
Baillie Gifford EMM	561,314,237	0.92%	581,037,403	0.94%
Driehaud Capital	586,818,276	0.96%	599,709,024	0.97%
Harding Loevner	373,988,940	0.61%	379,145,682	0.61%
Pzena Inv	505,835,575	0.83%	526,361,298	0.85%
Acadian EM SC	145,922,623	0.24%	152,146,314	0.25%
Wasatch EM SC	106,088,128	0.17%	109,076,802	0.18%
City of London EM	101,612,966	0.17%	101,583,919	0.16%
Emerging Markets Transition	65,348,252	0.11%	83,528,712	0.13%
Emerging Markets Cash	1,473,494	0.00%	100,908	0.00%
Core Fixed Income	**$8,377,733,753**	**13.68%**	**$8,692,106,880**	**14.01%**
Blackrock Passive (Core)	508,664,708	0.83%	514,412,033	0.83%
PIMCO (Core)	788,245,144	1.29%	793,649,466	1.28%
Loomis Sayles Core Corporate	1,120,761,762	1.83%	1,131,035,616	1.82%
Blackrock STRIPS	3,860,953,727	6.30%	4,124,599,412	6.65%
Blackrock TIPS	594,741,796	0.97%	600,496,606	0.97%
Blackrock Global ILBs	1,249,627,424	2.04%	1,271,123,390	2.05%
Access Capital/Merrill Lnch ETI	102,668,105	0.17%	103,268,611	0.17%
Community Capital Management	27,594,945	0.05%	27,797,693	0.04%
AFL-CIO Housing Investor Trust	124,472,968	0.20%	125,651,875	0.20%
Core FI Closed Portfolios	752	0.00%	766	0.00%
Core Fixed Cash	2,423	0.00%	71,411	0.00%
Value Added Fixed Income	**$5,053,194,500**	**8.25%**	**$5,095,617,563**	**8.22%**
Fidelity (High Yield)	317,432,969	0.52%	321,489,620	0.52%
Loomis Sayles High Yield	327,944,082	0.54%	331,828,833	0.54%
Shenkman	303,062,767	0.49%	307,226,292	0.50%
FI Distressed Debt Cash	-428,389	(0.00%)	12,894,994	0.02%
FI High Yield Debt Cash	62,985	0.00%	94,711	0.00%
Eaton Vance Bank Loans	470,542,790	0.77%	472,724,497	0.76%
ING Bank Loans	465,830,540	0.76%	466,890,942	0.75%
Ashmore Emerging Markets Debt	489,951,301	0.80%	498,991,843	0.80%
PIMCO Emerging Debt	307,387,207	0.50%	313,590,560	0.51%
Investec EM Debt	283,814,173	0.46%	289,129,533	0.47%
Pictet EM Debt	455,284,572	0.74%	461,518,401	0.74%
Stone Harbor EM Debt	281,557,879	0.46%	285,814,739	0.46%
Distressed Debt Portfolio	1,350,751,623	2.21%	1,333,422,598	2.15%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2015, with the distribution as of December 31, 2014. All Returns and market values provided by custodian.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Total Fund	Market Value	% of Total Fund
Private Equity	**$6,935,726,050**	**11.32%**	**$6,712,295,422**	**10.82%**
Special Equity	20,109,378	0.03%	20,399,522	0.03%
Special Equity 2000	26,277,508	0.04%	30,000,618	0.05%
Special Equity 2001	58,974,950	0.10%	61,171,369	0.10%
Special Equity 2002	5,931,014	0.01%	5,482,245	0.01%
Special Equity 2003	93,532,161	0.15%	108,849,940	0.18%
Special Equity 2004	79,431,783	0.13%	77,501,935	0.12%
Special Equity 2005	462,543,919	0.76%	456,471,753	0.74%
Special Equity 2006	664,031,231	1.08%	657,454,278	1.06%
Special Equity 2007	916,867,633	1.50%	901,219,484	1.45%
Special Equity 2008	917,469,664	1.50%	882,284,468	1.42%
Special Equity 2009	240,603,028	0.39%	236,910,420	0.38%
Special Equity 2010	499,110,262	0.81%	477,781,188	0.77%
Special Equity 2011	555,382,871	0.91%	545,485,936	0.88%
Special Equity 2012	241,373,337	0.39%	206,124,986	0.33%
Special Equity 2013	160,563,600	0.26%	131,787,073	0.21%
Special Equity 2014	145,969,106	0.24%	137,644,536	0.22%
Special Equity 2015	46,353,727	0.08%	41,346,675	0.07%
Venture Capital	14,025,229	0.02%	14,471,167	0.02%
Venture Capital 2000	68,031,856	0.11%	69,744,514	0.11%
Venture Capital 2001	39,196,486	0.06%	40,159,310	0.06%
Venture Capital 2002	14,159,907	0.02%	14,465,187	0.02%
Venture Capital 2003	31,565,111	0.05%	28,464,435	0.05%
Venture Capital 2004	36,050,216	0.06%	37,008,440	0.06%
Venture Capital 2005	120,089,920	0.20%	117,519,755	0.19%
Venture Capital 2006	137,004,347	0.22%	145,111,750	0.23%
Venture Capital 2007	193,133,428	0.32%	183,529,433	0.30%
Venture Capital 2008	31,509,807	0.05%	31,031,037	0.05%
Venture Capital 2009	248,305,506	0.41%	235,720,641	0.38%
Venture Capital 2010	266,451,442	0.44%	264,526,230	0.43%
Venture Capital 2011	87,853,219	0.14%	81,570,418	0.13%
Venture Capital 2012	206,057,612	0.34%	188,173,035	0.30%
Venture Capital 2013	41,821,323	0.07%	37,988,588	0.06%
Venture Capital 2014	43,817,868	0.07%	38,646,335	0.06%
Venture Capital 2015	1,371,814	0.00%	625,000	0.00%
Private Equity Cash	220,755,804	0.36%	205,623,743	0.33%
Real Estate	**$6,093,142,272**	**9.95%**	**$6,010,397,024**	**9.69%**
Invesco Core	1,115,216,044	1.82%	1,115,351,551	1.80%
LaSalle Core	1,556,639,446	2.54%	1,513,153,141	2.44%
AEW Core	988,715,767	1.61%	958,522,798	1.55%
JP Morgan I.M.	754,953,656	1.23%	682,322,337	1.10%
TA Associates	1,109,776,283	1.81%	1,088,659,828	1.76%
Core Real Estate Portfolio Debt	-999,907,266	(1.63%)	-1,004,112,597	(1.62%)
Canyon-Johnson II	5,518,556	0.01%	5,561,675	0.01%
Intercontinental IV	1,035,695	0.00%	811,307	0.00%
New Boston Urban I	7,450,445	0.01%	7,328,757	0.01%
Non Core 2011	409,971,817	0.67%	413,438,159	0.67%
INVESCO Global REIT	264,037,448	0.43%	274,051,732	0.44%
CenterSquare Global REIT	753,455,466	1.23%	783,095,084	1.26%
EII (INVESCO TRAN)	144,324,777	0.24%	149,526,657	0.24%
RREEF/European Investors Tran	27,313	0.00%	27,317	0.00%
Real Estate Leverage Cash	-94,266	(0.00%)	-65,629	(0.00%)
REIT Cash	24,811	0.00%	39,775	0.00%
Core Real Estate Cash	-18,003,720	(0.03%)	22,685,129	0.04%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2015, with the distribution as of December 31, 2014. All Returns and market values provided by custodian.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	**% of Total Fund**	**Market Value**	**% of Total Fund**
Timber/Natural Resources	**$2,347,050,322**	**3.83%**	**$2,349,993,430**	**3.79%**
Forest Investment Associates	1,109,272,886	1.81%	1,132,443,566	1.83%
The Campbell Group	549,694,971	0.90%	539,881,753	0.87%
Timber Cash	36,714,907	0.06%	38,662	0.00%
Jennison Natural Resources	188,501,646	0.31%	197,466,767	0.32%
T Rowe Natural Resources	193,291,066	0.32%	202,645,944	0.33%
Public Natural Resources Cash	1,485	0.00%	3,338	0.00%
Private Natural Resources	269,792,600	0.44%	277,759,599	0.45%
Private Natural Resources Cash	-219,239	(0.00%)	-246,200	(0.00%)
Portfolio Completion Strategy	**$94,882,180**	**0.15%**	**$97,219,239**	**0.16%**
Portfolio Completion Strategy	94,882,180	0.15%	97,219,239	0.16%
Hedge Funds	**$5,575,152,724**	**9.10%**	**$5,848,562,865**	**9.43%**
Arden HFOF (Liquidating)	52,531,717	0.09%	59,667,408	0.10%
Ivy (Liquidating)	4,692,340	0.01%	5,887,420	0.01%
PAAMCO	1,210,769,665	1.98%	1,471,838,187	2.37%
Direct Hedge Funds	4,056,051,431	6.62%	4,311,150,473	6.95%
Hedge Fund Cash	251,107,571	0.41%	19,377	0.00%
Portable Alpha	**$32,056,768**	**0.05%**	**$33,105,468**	**0.05%**
Austin Capital Management	1,596,713	0.00%	1,596,326	0.00%
Crestline Advisors	11,223,216	0.02%	14,250,495	0.02%
Strategic Investment	15,384,770	0.03%	17,225,990	0.03%
Portable Alpha Cash	3,852,069	0.01%	32,657	0.00%
Total Overlay	**$567,426,575**	**0.93%**	**$465,938,648**	**0.75%**
Clifton Overlay	168,947,006	0.28%	192,350,286	0.31%
Overlay Cash	398,479,569	0.65%	273,588,362	0.44%
Participant Cash	21,175,315	0.03%	14,991,513	0.02%
Teachers and Employees Cash	48,252,787	0.08%	37,779,467	0.06%
Total Fund	**$61,243,744,546**	**100.0%**	**$62,023,657,900**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Total Fund ex-cash (Core)	**(0.88%)**	**3.87%**	**11.25%**	**10.99%**
Interim Benchmark (1)	(0.92%)	3.22%	10.35%	10.30%
Total Core Bechmark (2)	(1.37%)	2.74%	9.40%	9.31%
Global Equity	(2.13%)	0.88%	13.70%	12.68%
Global Equity Benchmark (13)	(2.23%)	0.69%	13.20%	12.05%
Core Fixed Income	(3.61%)	4.68%	3.34%	4.70%
Core Fixed-Income Bench (18)	(3.69%)	4.30%	2.78%	4.19%
Value-Added Fixed Income	(0.47%)	(2.60%)	4.85%	7.00%
Value-Added Benchmark (23)	(1.34%)	(7.01%)	3.36%	4.99%
Private Equity	5.49%	15.57%	18.67%	18.39%
Private Equity Benchmark (24)	5.49%	15.57%	18.67%	18.39%
Private Equity Benchmark (26)	1.00%	10.93%	9.31%	8.53%
Real Estate	1.76%	11.99%	12.78%	13.76%
Real Estate Benchmark (29)	2.08%	10.31%	11.19%	12.94%
Timber/Natural Resources	0.09%	(1.35%)	6.18%	5.78%
Timber/Natural Benchmark (32)	0.16%	(0.28%)	7.35%	6.25%
Portfolio Completion Strategy	(2.40%)	-	-	-
Portfolio Completion Benchmark (36)	0.26%	-	-	-
Hedge Funds	(1.45%)	3.68%	8.83%	6.39%
Hedge Funds Benchmark (35)	(1.17%)	3.84%	6.23%	4.14%
Portable Alpha	(3.08%)	(4.27%)	(2.63%)	(1.88%)
Portable Alpha Benchmark (37)	(1.17%)	3.84%	6.23%	4.14%
Total Overlay	(1.86%)	2.09%	-	-
Total Overlay Benchmark (38)	(1.86%)	2.09%	-	-
Participant Cash	0.01%	0.14%	0.14%	0.16%
Teachers and Employees Cash	0.01%	0.13%	0.14%	0.16%
Merrill Lynch 90 Day Tbill (39)	0.00%	0.02%	0.06%	0.08%
Total Fund	**(0.88%)**	**3.86%**	**11.21%**	**10.95%**
Interim Benchmark (1)	(0.92%)	3.22%	10.35%	10.30%
Total Core Bechmark (2)	(1.37%)	2.74%	9.40%	9.31%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Domestic Equity	**$11,745,352,704**	**45.00%**	**$11,936,592,437**	**44.76%**
Large Cap	**$9,180,562,966**	**35.18%**	**$9,368,353,618**	**35.13%**
Intech	886,396,382	3.40%	909,713,970	3.41%
PIMCO Stock Plus	926,181,873	3.55%	945,928,544	3.55%
SSgA S&P 500	7,367,984,710	28.23%	7,512,709,151	28.17%
Small/SMID Cap Core	**$2,565,425,371**	**9.83%**	**$2,569,009,728**	**9.63%**
Small Cap Growth				
Summit Creek SCG	212,091,555	0.81%	205,227,720	0.77%
Small Cap Value	**$441,356,277**	**1.69%**	**$440,936,405**	**1.65%**
Frontier SCV	182,869,503	0.70%	181,475,747	0.68%
Huber SCV	258,486,774	0.99%	259,460,658	0.97%
SMID Growth				
Riverbridge SMIDG	167,014,402	0.64%	162,438,682	0.61%
SMID Cap Core	**$1,744,963,138**	**6.69%**	**$1,760,406,922**	**6.60%**
SouthernSun SMID	155,016,477	0.59%	159,605,654	0.60%
SSgA Russell 2500	1,589,946,661	6.09%	1,600,801,268	6.00%
Domestic Equity Closed Portfolios	138	0.00%	48	0.00%
Domestic Eq. Cash	-635,771	(0.00%)	-771,340	(0.00%)
International Equity	**$10,341,306,709**	**39.62%**	**$10,602,586,852**	**39.76%**
SSgA World ex-US	5,154,160,650	19.75%	5,291,456,065	19.84%
Marathon Asset Mgmt	2,468,186,814	9.46%	2,519,146,739	9.45%
Baillie Gifford	1,815,041,445	6.95%	1,861,849,956	6.98%
Mondrian Investment Partners	794,659,875	3.04%	817,906,805	3.07%
FIS	108,144,844	0.41%	111,052,506	0.42%
International Equity Cash	1,096,532	0.00%	1,158,498	0.00%
Emerging Markets	**$4,011,291,888**	**15.37%**	**$4,126,471,092**	**15.47%**
Acadian Frontier	39,991,098	0.15%	25,478,937	0.10%
SSgA Emerging Markets	1,038,912,981	3.98%	1,068,951,062	4.01%
AQR Emerging	483,908,791	1.85%	499,308,445	1.87%
Baillie Gifford EMM	561,314,237	2.15%	581,037,403	2.18%
Driehaud Capital	586,818,276	2.25%	599,709,024	2.25%
Harding Loevner	373,988,940	1.43%	379,145,682	1.42%
Pzena Inv	505,835,575	1.94%	526,361,298	1.97%
Acadian EM SC	145,922,623	0.56%	152,146,314	0.57%
Wasatch EM SC	106,088,128	0.41%	109,076,802	0.41%
City of London EM	101,612,966	0.39%	101,583,919	0.38%
Emerging Markets Transition	65,348,252	0.25%	83,528,712	0.31%
Emerging Markets Cash	1,473,494	0.01%	100,908	0.00%
Total Global Equity	**$26,097,951,300**	**100.0%**	**$26,665,650,381**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equity	**(1.59%)**	**6.75%**	**17.64%**	**17.41%**
Domestic Equity Benchmark (4)	(4.31%)	4.92%	3.25%	4.21%
Large Cap	**(2.01%)**	**7.63%**	**17.62%**	**19.35%**
Intech	(2.60%)	9.74%	18.26%	18.02%
PIMCO Stock Plus	(2.06%)	7.48%	18.13%	18.51%
SSgA S&P 500	(1.93%)	7.36%	17.46%	-
S&P 500 Index	(1.94%)	7.42%	17.31%	17.34%
Small/SMID Cap Core	**(0.11%)**	**3.31%**	**17.51%**	**-**
Small/SMID Benchmark (3)	(0.40%)	5.71%	18.58%	-
Small Cap Growth				
Summit Creek SCG	3.42%	9.08%	-	-
Russell 2000 Growth Index	1.34%	12.34%	20.11%	19.33%
Small Cap Value	**0.19%**	**(7.01%)**	**-**	**-**
Frontier SCV	0.84%	0.35%	-	-
Huber SCV	(0.27%)	(11.60%)	-	-
Russell 2000 Value Index	0.13%	0.78%	15.50%	14.81%
SMID Cap Growth				
Riverbridge SMIDG	2.88%	10.52%	-	-
Russell 2500 Growth Index	(0.33%)	11.30%	20.35%	19.55%
SMID Cap Core	**(0.87%)**	**4.93%**	**18.41%**	**-**
SouthernSun SMID	(2.82%)	(3.92%)	-	-
SSgA Russell 2500	(0.68%)	5.88%	18.42%	-
Russell 2500 Index	(0.69%)	5.92%	18.66%	17.85%
International Equity	**(2.48%)**	**(2.76%)**	**13.10%**	**10.76%**
International Equity Benchmark (7)	(2.73%)	(4.54%)	11.74%	9.31%
SSgA World ex-US	(2.59%)	(4.47%)	12.17%	9.76%
International Equity Benchmark (5)	(2.64%)	(5.15%)	11.51%	9.17%
Marathon Asset Mgmt	(2.07%)	0.02%	15.06%	12.23%
Baillie Gifford	(2.55%)	(1.40%)	13.14%	11.44%
Mondrian Investment Partners	(2.81%)	(3.57%)	12.81%	10.46%
FIS	(2.71%)	(2.81%)	-	-
International Equity Benchmark (6)	(2.81%)	(4.25%)	12.06%	9.47%
Emerging Markets	**(2.77%)**	**(5.85%)**	**4.23%**	**4.11%**
EM Benchmark (8)	(2.71%)	(3.92%)	4.54%	3.97%
SSgA Emerging Markets	(2.81%)	(3.66%)	4.74%	4.32%
CUSTOM MSCI EM IMI NET DIVS (8)	(2.87%)	(3.83%)	4.57%	3.99%
AQR Emerging	(3.08%)	-	-	-
Baillie Gifford EMM	(3.39%)	-	-	-
Driehaud Capital	(2.17%)	-	-	-
Harding Loevner	(1.30%)	-	-	-
Pzena Inv	(3.85%)	-	-	-
Custom MSCI EM STANDARD INDEX (9)	(2.60%)	(4.48%)	4.07%	3.82%
Emerging Markets Small Cap	**(3.44%)**	**1.86%**	**10.79%**	**-**
Acadian EM SC	(4.00%)	2.28%	19.33%	-
Wasatch EM SC	(2.65%)	1.99%	6.76%	-
Custom MSCI Emer Mkt SC (10)	(4.45%)	0.50%	8.03%	-
Total Frontier	**(0.25%)**	**-**	**-**	**-**
Acadian Frontier	(1.08%)	-	-	-
City of London EM	0.09%	-	-	-
Custom MSCI Frontier Mkt Capped Net	(0.04%)	-	-	-
Global Equity (12)	**(2.13%)**	**0.88%**	**13.70%**	**12.68%**
Global Equity Benchmark (13)	(2.23%)	0.69%	13.20%	12.05%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	**% of Asset Class**	**Market Value**	**% of Asset Class**
Domestic Investment Grade Fixed Income	**$6,533,364,533**	**77.98%**	**$6,820,486,884**	**78.47%**
Total Aggregate	**$2,674,434,526**	**31.92%**	**$2,698,095,695**	**31.04%**
Blackrock Passive (Core)	508,664,708	6.07%	514,412,033	5.92%
PIMCO (Core)	788,245,144	9.41%	793,649,466	9.13%
Loomis Sayles Core Corporate	1,120,761,762	13.38%	1,131,035,616	13.01%
Access Capital/Merrill Lynch ETI	102,668,105	1.23%	103,268,611	1.19%
Community Capital Management	27,594,945	0.33%	27,797,693	0.32%
AFL-CIO Housing Investor Trust	124,472,968	1.49%	125,651,875	1.45%
Blackrock STRIPS	**$3,861,204,716**	**46.09%**	**$4,124,797,065**	**47.45%**
TIPS & ILBs Fixed Income	**$1,844,369,220**	**22.02%**	**$1,871,619,996**	**21.53%**
Blackrock TIPS	594,741,796	7.10%	600,496,606	6.91%
Blackrock Global ILBs	1,249,627,424	14.92%	1,271,123,390	14.62%
Core Fixed Cash	2,423	0.00%	71,411	0.00%
Core FI Closed Portfolios	752	0.00%	766	0.00%
Core Fixed Income	**$8,377,733,753**	**100.0%**	**$8,692,106,880**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Investment Grade Fixed Income	**(4.21%)**	**5.40%**	**3.88%**	**4.79%**
Domestic Invest Grade Fixed (15)	(4.31%)	4.92%	3.25%	4.21%
Total Aggregate (14)	**(0.87%)**	**2.59%**	**2.55%**	**3.89%**
Blackrock Passive (Core)	(1.12%)	1.79%	1.81%	3.40%
PIMCO (Core)	(0.67%)	2.35%	2.67%	3.82%
Loomis Sayles Core Corporate	(0.93%)	3.04%	3.58%	4.96%
Community Capital Management	(0.80%)	2.10%	2.15%	3.16%
AFL-CIO Housing Investor Trust	(0.93%)	2.40%	2.00%	3.61%
Access Capital/Merrill Lynch ETI	(0.53%)	3.13%	2.57%	3.32%
Barclays Aggregate Index	(1.09%)	1.86%	1.83%	3.35%
Blackrock STRIPS	**(6.39%)**	**8.85%**	**-**	**-**
Barclays US Strip 20+ Idx	(6.41%)	8.95%	0.76%	9.04%
TIPS & ILBs Fixed Income	**(1.45%)**	**1.66%**	**1.35%**	**4.21%**
33% BC Tips/67% BC ILB Hedged (17)	(1.43%)	1.65%	1.01%	3.94%
Blackrock TIPS	(0.96%)	(1.75%)	(0.77%)	3.29%
Barclays US TIPS Index	(0.97%)	(1.73%)	(0.76%)	3.29%
Blackrock Global ILBs	(1.68%)	3.36%	2.42%	4.58%
BC ILB US Hedged (16)	(1.65%)	3.34%	1.88%	4.24%
Core Fixed Income	**(3.61%)**	**4.68%**	**3.34%**	**4.70%**
Core Fixed-Income Bench (18)	(3.69%)	4.30%	2.78%	4.19%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	**% of Asset Class**	**Market Value**	**% of Asset Class**
Total High Yield	**$948,502,803**	**18.77%**	**$960,639,455**	**18.85%**
Pyramis (High Yield)	317,432,969	6.28%	321,489,620	6.31%
Loomis Sayles High Yield	327,944,082	6.49%	331,828,833	6.51%
Shenkman	303,062,767	6.00%	307,226,292	6.03%
FI High Yield Debt Cash	62,985	0.00%	94,711	0.00%
Total Bank Loans	**$936,373,330**	**18.53%**	**$939,615,440**	**18.44%**
Eaton Vance Bank Loans	470,542,790	9.31%	472,724,497	9.28%
ING Bank Loans	465,830,540	9.22%	466,890,942	9.16%
Total Emerging Debt	**$797,338,508**	**15.78%**	**$812,582,403**	**15.95%**
Ashmore Emerging Markets Debt	489,951,301	9.70%	498,991,843	9.79%
PIMCO Emerging	307,387,207	6.08%	313,590,560	6.15%
Total EM Debt - Local	**$1,020,656,624**	**20.20%**	**$1,036,462,673**	**20.34%**
Investec	283,814,173	5.62%	289,129,533	5.67%
Pictet	455,284,572	9.01%	461,518,401	9.06%
Stone Harbor	281,557,879	5.57%	285,814,739	5.61%
Distressed Debt Portfolio	1,350,751,623	26.73%	1,333,422,598	26.17%
Distressed Debt Cash	-428,389	(0.01%)	12,894,994	0.25%
Value Added Fixed Income	**$5,053,194,500**	**100.0%**	**$5,095,617,563**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Total High Yield	**(1.29%)**	**0.56%**	**7.45%**	**9.22%**
Pyramis (High Yield)	(1.32%)	(1.04%)	7.26%	9.52%
Loomis Sayles High Yield	(1.24%)	1.21%	8.76%	10.11%
Shenkman	(1.32%)	1.51%	6.28%	7.96%
ML Master II HY Benchmark (19)	(1.52%)	(0.54%)	6.80%	8.38%
Total Bank Loans	**(0.31%)**	**2.73%**	**5.10%**	**5.80%**
Eaton Vance Bank Loans	(0.41%)	2.14%	4.34%	5.25%
ING Bank Loans	(0.20%)	3.33%	5.86%	6.37%
S&P/LSTA Leveraged Loan	(0.42%)	1.82%	4.89%	5.45%
Total Emerging Debt	**(1.84%)**	**(3.46%)**	**3.10%**	**6.37%**
Ashmore Emerging Markets Debt	(1.78%)	(3.79%)	3.08%	6.54%
PIMCO Emerging	(1.95%)	(2.94%)	3.13%	6.11%
JPM EMBI Global	(1.69%)	(1.57%)	3.44%	6.52%
Total EM Debt - Local	**(1.48%)**	**(15.25%)**	**(4.25%)**	**-**
Investec	(1.79%)	(14.60%)	(3.16%)	-
Pictet	(1.31%)	(15.01%)	(4.36%)	-
Stone Harbor	(1.44%)	(16.29%)	(5.20%)	-
JPM GBI EM Gl Diversified	(1.22%)	(15.39%)	(3.78%)	0.94%
Public Value-Add Fixed Income	**(1.22%)**	**(4.72%)**	**2.43%**	**5.40%**
Public VAFI BM (19)	(1.19%)	(4.77%)	2.42%	5.26%
Distressed Debt Portfolio	1.63%	3.55%	12.12%	11.64%
Altman Benchmark (21)	(1.73%)	(13.09%)	5.53%	4.99%
Value Added Fixed Income (22)	**(0.47%)**	**(2.60%)**	**4.85%**	**7.00%**
Value-Added Benchmark (23)	(1.34%)	(7.01%)	3.36%	4.99%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Total Special Equity	**$5,134,525,173**	**74.03%**	**$4,977,916,426**	**74.16%**
Special Equity	20,109,378	0.29%	20,399,522	0.30%
Special Equity 2000	26,277,508	0.38%	30,000,618	0.45%
Special Equity 2001	58,974,950	0.85%	61,171,369	0.91%
Special Equity 2002	5,931,014	0.09%	5,482,245	0.08%
Special Equity 2003	93,532,161	1.35%	108,849,940	1.62%
Special Equity 2004	79,431,783	1.15%	77,501,935	1.15%
Special Equity 2005	462,543,919	6.67%	456,471,753	6.80%
Special Equity 2006	664,031,231	9.57%	657,454,278	9.79%
Special Equity 2007	916,867,633	13.22%	901,219,484	13.43%
Special Equity 2008	917,469,664	13.23%	882,284,468	13.14%
Special Equity 2009	240,603,028	3.47%	236,910,420	3.53%
Special Equity 2010	499,110,262	7.20%	477,781,188	7.12%
Special Equity 2011	555,382,871	8.01%	545,485,936	8.13%
Special Equity 2012	241,373,337	3.48%	206,124,986	3.07%
Special Equity 2013	160,563,600	2.32%	131,787,073	1.96%
Special Equity 2014	145,969,106	2.10%	137,644,536	2.05%
Special Equity 2015	46,353,727	0.67%	41,346,675	0.62%
Total Venture Capital	**$1,580,445,091**	**22.79%**	**$1,528,755,274**	**22.78%**
Venture Capital	14,025,229	0.20%	14,471,167	0.22%
Venture Capital 2000	68,031,856	0.98%	69,744,514	1.04%
Venture Capital 2001	39,196,486	0.57%	40,159,310	0.60%
Venture Capital 2002	14,159,907	0.20%	14,465,187	0.22%
Venture Capital 2003	31,565,111	0.46%	28,464,435	0.42%
Venture Capital 2004	36,050,216	0.52%	37,008,440	0.55%
Venture Capital 2005	120,089,920	1.73%	117,519,755	1.75%
Venture Capital 2006	137,004,347	1.98%	145,111,750	2.16%
Venture Capital 2007	193,133,428	2.78%	183,529,433	2.73%
Venture Capital 2008	31,509,807	0.45%	31,031,037	0.46%
Venture Capital 2009	248,305,506	3.58%	235,720,641	3.51%
Venture Capital 2010	266,451,442	3.84%	264,526,230	3.94%
Venture Capital 2011	87,853,219	1.27%	81,570,418	1.22%
Venture Capital 2012	206,057,612	2.97%	188,173,035	2.80%
Venture Capital 2013	41,821,323	0.60%	37,988,588	0.57%
Venture Capital 2014	43,817,868	0.63%	38,646,335	0.58%
Venture Capital 2015	1,371,814	0.02%	625,000	0.01%
Private Equity Cash	220,755,804	3.18%	205,623,743	3.06%
Private Equity	**$6,935,726,050**	**100.0%**	**$6,712,295,422**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Total Special Equity	**6.26%**	**14.15%**	**18.27%**	**18.12%**
Special Equity	(1.42%)	26.42%	18.28%	18.57%
Special Equity 2000	10.30%	39.55%	26.24%	19.15%
Special Equity 2001	1.94%	9.04%	20.22%	16.11%
Special Equity 2002	8.19%	1.26%	10.69%	25.53%
Special Equity 2003	2.61%	11.24%	10.73%	11.67%
Special Equity 2004	7.07%	15.56%	21.12%	21.65%
Special Equity 2005	3.62%	12.84%	16.60%	17.93%
Special Equity 2006	6.92%	12.05%	17.42%	18.36%
Special Equity 2007	6.30%	7.71%	15.93%	15.96%
Special Equity 2008	7.25%	17.99%	23.68%	21.79%
Special Equity 2009	6.59%	27.70%	25.57%	17.09%
Special Equity 2010	4.74%	13.57%	16.59%	-
Special Equity 2011	9.74%	27.87%	17.18%	-
Special Equity 2012	8.51%	3.98%	-	-
Special Equity 2013	4.63%	0.56%	-	-
Special Equity 2014	2.42%	(7.38%)	-	-
Special Equity 2015	(1.04%)	-	-	-
Total Venture Capital	**3.64%**	**22.32%**	**22.28%**	**21.59%**
Venture Capital	(3.08%)	12.51%	11.65%	9.71%
Venture Capital 2000	0.46%	(4.56%)	8.70%	10.79%
Venture Capital 2001	(0.19%)	6.77%	9.81%	10.78%
Venture Capital 2002	(1.82%)	6.09%	4.81%	3.02%
Venture Capital 2003	18.51%	23.63%	33.87%	23.00%
Venture Capital 2004	0.22%	(12.10%)	21.24%	42.02%
Venture Capital 2005	3.88%	32.81%	21.54%	19.53%
Venture Capital 2006	(2.04%)	17.23%	16.61%	17.97%
Venture Capital 2007	5.65%	24.52%	22.46%	26.75%
Venture Capital 2008	1.82%	27.95%	29.36%	39.69%
Venture Capital 2009	3.47%	24.68%	24.56%	19.36%
Venture Capital 2010	0.54%	38.08%	36.73%	19.64%
Venture Capital 2011	13.26%	27.51%	22.68%	-
Venture Capital 2012	8.16%	28.97%	22.66%	-
Venture Capital 2013	2.44%	8.83%	-	-
Venture Capital 2014	4.72%	(2.37%)	-	-
Venture Capital 2015	(8.89%)	-	-	-
Private Equity	**5.49%**	**15.57%**	**18.67%**	**18.39%**
Private Equity Benchmark (24)	5.49%	15.57%	18.67%	18.39%
Private Equity Benchmark (26)	1.00%	10.93%	9.31%	8.53%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Private Real Estate	**$4,949,370,442**	**81.23%**	**$4,781,036,955**	**79.55%**
Private Core Real Estate	**$5,525,301,196**	**90.68%**	**$5,358,009,654**	**89.15%**
Invesco Core	1,115,216,044	18.30%	1,115,351,551	18.56%
LaSalle Core	1,556,639,446	25.55%	1,513,153,141	25.18%
AEW Core	988,715,767	16.23%	958,522,798	15.95%
JP Morgan I.M.	754,953,656	12.39%	682,322,337	11.35%
TA Associates	1,109,776,283	18.21%	1,088,659,828	18.11%
Core Real Estate Debt	-999,907,266	(16.41%)	-1,004,112,597	(16.71%)
Total Non-Core	**$402,813,307**	**6.61%**	**$427,139,898**	**7.11%**
Total ETI	**$14,004,696**	**0.23%**	**$13,701,739**	**0.23%**
Canyon-Johnson II	5,518,556	0.09%	5,561,675	0.09%
Intercontinental IV	1,035,695	0.02%	811,307	0.01%
New Boston Urban I	7,450,445	0.12%	7,328,757	0.12%
Non Core 2011	409,971,817	6.73%	413,438,159	6.88%
Total REITs	**$1,161,869,814**	**19.07%**	**$1,206,740,566**	**20.08%**
Global REITS	**$1,630,928,038**	**26.77%**	**$1,208,812,103**	**20.11%**
INVESCO Global REIT	264,037,448	4.33%	274,051,732	4.56%
CenterSquare Global REIT	753,455,466	12.37%	783,095,084	13.03%
EII (INVESCO TRAN)	144,324,777	2.37%	149,526,657	2.49%
RREEF/European Investors Tran	27,313	0.00%	27,317	0.00%
REIT Cash	24,811	0.00%	39,775	0.00%
Real Estate Leverage Cash	-94,266	(0.00%)	-65,629	(0.00%)
Core Real Estate Cash	-18,003,720	(0.30%)	22,685,129	0.38%
Total Real Estate	**$6,093,142,272**	**100.0%**	**$6,010,397,024**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Total Private Real Estate (27)	**3.15%**	**15.26%**	**13.97%**	**14.43%**
Private Core Real Estate	**2.56%**	**12.87%**	**12.02%**	**13.32%**
Invesco Core	0.77%	12.66%	13.21%	14.61%
LaSalle Core	3.53%	13.22%	13.46%	14.82%
AEW Core	3.90%	18.72%	14.36%	-
JP Morgan I.M.	1.91%	10.19%	8.97%	12.94%
TA Associates	2.27%	10.20%	10.31%	11.59%
NCREIF Property 1Q Lag	3.57%	12.72%	11.47%	12.75%
Total Non-Core Real Estate	**2.48%**	**13.87%**	**11.90%**	**7.10%**
ETI (Partnerships)	**2.52%**	**6.57%**	**2.24%**	**2.09%**
Canyon-Johnson II	(0.42%)	5.06%	(2.45%)	(2.50%)
Intercontinental IV	28.66%	51.21%	19.37%	14.72%
New Boston Urban I	1.85%	0.12%	3.63%	4.38%
Non Core 2011	2.48%	14.15%	15.34%	-
NCREIF Property 1Q Lag	3.57%	12.72%	11.47%	12.75%
Total REITs	**(3.79%)**	**0.94%**	**9.46%**	**12.42%**
REIT Benchmark (28)	(3.90%)	0.29%	9.37%	12.47%
Global REITS	**(3.80%)**	**0.91%**	**9.45%**	**-**
INVESCO Global REIT	(3.73%)	1.04%	9.97%	-
CenterSquare Global REIT	(3.84%)	1.92%	9.98%	-
EII (INVESCO TRAN)	(3.72%)	-	-	-
EPRA/NAREIT Dev Net Total Idx	(3.90%)	0.28%	9.37%	-
Real Estate	**1.76%**	**11.99%**	**12.78%**	**13.76%**
Real Estate Benchmark (29)	2.08%	10.31%	11.19%	12.94%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	**% of Asset Class**	**Market Value**	**% of Asset Class**
Total Timber	**$1,695,682,764**	**72.25%**	**$1,672,363,982**	**71.16%**
Forest Investment Associates	1,109,272,886	47.26%	1,132,443,566	48.19%
The Campbell Group	549,694,971	23.42%	539,881,753	22.97%
Timber Cash	36,714,907	1.56%	38,662	0.00%
Natural Resources - Public	**$381,794,197**	**16.27%**	**$400,116,049**	**17.03%**
Jennison Natural Resources	188,501,646	8.03%	197,466,767	8.40%
T. Rowe Natural Resources	193,291,066	8.24%	202,645,944	8.62%
Public Natural Resources Cash	1,485	0.00%	3,338	0.00%
Natural Resources - Private	**$269,573,361**	**11.49%**	**$277,513,399**	**11.81%**
Private Natural Resources	269,792,600	11.49%	277,759,599	11.82%
Private Natural Resources Cash	-219,239	(0.01%)	-246,200	(0.01%)
Total Timber/Natural Resources	**$2,347,050,322**	**100.0%**	**$2,349,993,430**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Total Timber	**1.67%**	**9.69%**	**9.42%**	**6.51%**
Forest Investment Associates	0.36%	8.92%	9.38%	6.46%
The Campbell Group	4.42%	11.32%	9.19%	-
NCREIF Timber Index 1 Qtr Lag (30)	1.75%	10.64%	9.80%	6.20%
Natural Resources Public	**(4.60%)**	**(27.90%)**	**1.86%**	**3.04%**
Jennison Natural Resources	(4.50%)	(33.23%)	(1.06%)	0.42%
T. Rowe Natural Resources	(4.70%)	(21.80%)	5.10%	5.70%
Lipper Glbl Nat Res Idx	(4.61%)	(25.93%)	0.80%	1.79%
Total Natural Resources Private	**(2.60%)**	**(8.81%)**	**(4.34%)**	**4.84%**
Private Natural Resources	(2.61%)	(8.94%)	(4.46%)	4.71%
Natural Resource Private Bench (31)	(2.60%)	(8.81%)	(4.34%)	4.84%
Timber/Natural Resources	**0.09%**	**(1.35%)**	**6.18%**	**5.78%**
Timber/Natural Benchmark (32)	0.16%	(0.28%)	7.35%	6.25%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Portfolio Completion Strategy	94,882,180	100.00%	97,219,239	100.00%
Total Portfolio Completion Strategy	**$94,882,180**	**100.0%**	**$97,219,239**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Portfolio Completion Strategy	(2.40%)	-	-	-
Total Portfolio Completion Strategy	**(2.40%)**	**-**	**-**	**-**
Total Portfolio Completion BM (35)	0.26%	-	-	-

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Arden HFOF (Liquidating)	52,531,717	0.94%	59,667,408	1.02%
Ivy (Liquidating)	4,692,340	0.08%	5,887,420	0.10%
PAAMCO	1,210,769,665	21.72%	1,471,838,187	25.17%
Direct Hedge Funds	4,056,051,431	72.75%	4,311,150,473	73.71%
Hedge Fund Cash	251,107,571	4.50%	19,377	0.00%
Hedge Funds Composite	**$5,575,152,724**	**100.0%**	**$5,848,562,865**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Arden HFOF (Liquidating)	(0.23%)	2.43%	-	-
Ivy Liquidating	(1.67%)	12.83%	6.89%	2.92%
PAAMCO	(0.85%)	1.61%	9.67%	6.42%
HFRI Composite Index (32)	(1.17%)	3.84%	6.23%	4.14%
Direct Hedge Funds	(1.71%)	4.35%	8.78%	-
HFRI Composite Index (33)	(1.17%)	3.84%	6.23%	-
Hedge Funds	**(1.45%)**	**3.68%**	**8.83%**	**6.39%**
Total Hedge Funds Benchmark (34)	(1.17%)	3.84%	6.23%	4.14%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	**% of Asset Class**	**Market Value**	**% of Asset Class**
Portable Alpha	**$28,204,699**	**87.98%**	**$33,072,811**	**99.90%**
Austin Capital Management	1,596,713	4.98%	1,596,326	4.82%
Crestline Advisors	11,223,216	35.01%	14,250,495	43.05%
Strategic Investment	15,384,770	47.99%	17,225,990	52.03%
Portable Alpha Cash	3,852,069	12.02%	32,657	0.10%
Total Portable Alpha Wind Down	**$32,056,768**	**100.0%**	**$33,105,468**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Portable Alpha	**(3.15%)**	**(4.38%)**	**(2.66%)**	**(1.81%)**
Austin Capital Management	0.02%	1.55%	(11.68%)	(10.92%)
Crestline Advisors	(6.70%)	(5.96%)	(2.60%)	(0.21%)
Strategic Investment	(0.54%)	(3.96%)	(0.50%)	(1.51%)
Total Portable Alpha	**(3.08%)**	**(4.27%)**	**(2.63%)**	**(1.88%)**
Portable Alpha Benchmark (35)	(1.17%)	3.84%	6.23%	4.14%

All returns reported gross-of-fee.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2015, with the distribution as of May 31, 2015.

Asset Distribution Across Investment Managers

	June 30, 2015		May 31, 2015	
	Market Value	% of Asset Class	Market Value	% of Asset Class
Clifton Overlay	168,947,006	29.77%	192,350,286	41.28%
Overlay Cash	398,479,569	70.23%	273,588,362	58.72%
Total Overlay	**$567,426,575**	**100.0%**	**$465,938,648**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Clifton Overlay	(2.74%)	1.90%	-	-
Total Overlay	**(1.86%)**	**2.09%**	**-**	**-**
Total Overlay Benchmark (36)	(1.86%)	2.09%	-	-

All returns reported gross-of-fee.

Interim Benchmark

(1) Interim benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The PE component of this uses the S&P 500 + 5% through 6/30/2000; currently Actual PE Performance (formally labeled Interim Policy Benchmark)

Total Core Benchmark

(2) The Total Core benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The Private Equity benchmark used for the Total Core benchmark calculation is the 7-year annualized return of the Russell 3000 +3% (formally labeled Policy Benchmark)

Adjusted Policy Benchmark

(2) The Adjusted Policy Benchmark is calculated by subtracting the cost of all the Fund's illiquid investments for the applicable fiscal year (for example, Private Equity, Hedge Funds, Distressed Debt, Real Estate, Timber and Natural Resources) from the Policy Benchmark.

Domestic Equity

(3) Russell 2500 through 6/30/14; currently 70.5% Russell 2500/5.5% Russell 2500 Growth/6.5% Russell 2000 Growth/17.5% Russell 2000 Value

(4) Dow Jones Wilshire 5000 through 04/30/08; Russell 3000 through 06/30/2009; 78% Russell 3000/22% 3 Month Libor + 3% through 12/31/2009; Russell 3000 through 10/31/2011; 80% S&P 500/20% Russell 2500 through 6/30/2014; currently 78.9% S&P 500/14.88% Russell 2500/1.16% Russell 2500 Growth/1.37% Russell 2000 Growth/3.69% Russell 2000 Value

International

(5) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; currently Custom World ex-US IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(6) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2010; currently Custom MSCI EAFE Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(7) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; Custom World ex-US IMI Net Dividends through 8/31/2014; currently 50% custom MSCI World Ex-US IMI Net Dividends, 50% Custom MSCI EAFE Standard Index Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Emerging Markets

(8) MSCI Emerging Markets IMI Net Dividends through 12/31/2010; currently Custom MSCI Emerging Markets IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(9) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 12/31/2010; currently Custom MSCI Emerging Markets Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(10) MSCI Emerging Markets Small Cap Net Dividendss Index through 8/31/2014; currently Custom MSCI Emerging Market Small Cap Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(11) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 4/30/2010; MSCI Emerging Markets IMI Net Dividends through 12/31/2010; Custom MSCI Emerging Markets IMI Net Dividends through 8/31/2014; 50% Custom MSCI EM IMI Net Dividends, 43% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends through 1/31/2015; 25% Custom MSCI EM IMI Net Dividends, 67.37% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends, .63% Custom MSCI Frontier Markets Country Capped Net Dividends through 2/28/2015. currently weights are based on the beginning adjusted monthly market value of each index group, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Global Equity

(12) The Total Global Equity composite inception date coincides with the establishment of the MSCI All Country World Index on January 1, 2001.

(13) MSCI All Country World Net Index through 4/30/2010; MSCI All Country World IMI Net Dividends through 12/31/2010; Custom MSCI All Country World IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities through 10/31/2011; 35% S&P 500/8% Russell 2500/42% Custom MSCI World Ex-US IMI Net Dividends/15% Custom MSCI EM IMI Net Dividends through 4/30/2012; 35% S&P 500/9% Russell 2500/40% Custom MSCI World Ex-US IMI Net Dividends/16% Custom MSCI EM IMI Net Dividends through 6/30/2014; currently 44% Domestic Equity BM/40% International Equity BM/16% Emerging Markets BM

Core Fixed Income

(14) Effective 2/28/2015, the Total Aggregate performance was changed to include the complete performance histories of Economically Targeted Investment managers: Access Capital, Community Capital Management, and AFL-CIO Housing Investment. As a result, prior period Total Aggregate performance was revised from 4/30/2004-1/31/2015.

(15) 100% BC Aggregate through 2/28/2014; 34% BC Agg/66% BC STRIPS 20+ through 2/28/2015; currently Domestic Investment Grade Fixed Income benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the core fixed income portfolio.

(16) BC Aggregate through 6/01; 67% BC Aggregate / 20% BC US TIPS/13% Custom Commodities BM ; Custom Commodities BM through 06/30/2009; currently BC ILB US$ Hedged

(17) 33% BC US TIPS/67% BC ILB US$ Hedged

(16) 80% ML MTGS 30 YR / 20% ML US TREAS 1-10 YR through 12/31/08; currently BC Securitized Index

(18) 77% BC Aggregate / 8% BC US TIPS/15% BC ILB US$ Hedged through 2/28/2014; currently weights are based on the beginning adjusted monthly market value of each index group.

Value-Added Fixed Income

(19) CSFB Thru 07/2002; ML Master II HY Thru 02/2007; currently ML Master II HY Constrained Index

(20) Public Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the public value added fixed income portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

(21) Actual Performance through 2/07; ML Master II FI Constrained Index through 12/31/2009; currently Altman NYU Salomon Center Combined Defaulted Public Bond & Bank Loan Index

(22) The Total Value-Added Fixed Income composite inception date coincides with PRIM's initiative to separate High Yield from Core Fixed Income. Underlying manager market values and cash flows are unavailable prior to July 1, 2001.

(23) CSFB through 7/02 / 43% ML Master II HY Index/43% JPM EMBI Global/14% Actual Distressed Debt through 02/07/ through 06/08 60% ML Master II HY Constrained Index and 40% JPM EMBI Global/ 50% ML Master II HY Constrained Index/ 33% JPM EMBI Global/17% S&P LSTA Leveraged Index through 06/30/2009; 58% ML Master II HY Constrained Index/ 25% JPM EMBI Global/17% S&P LSTA Leveraged Index through 12/31/2009; 24% ML Master II HY Constrained Index/17% S&P LSTA Leveraged Index/20% JPM EMBI Global/39% Altman Index through 03/31/2010; 24.20% ML Master II HY Constrained Index/16.56% S&P LSTA Leveraged Index/19.43% JPM EMBI Global/39.81% Altman Index through 06/30/2010; 22.10% ML Master II HY Constrained Index/14.60% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/42.65% Altman Index through 09/30/2010; 22.46% ML Master II HY Constrained Index/12.92% S&P LSTA Leveraged Loan Index/21.56% JPM EMBI Global/43.06% Altman Index through 12/31/2010; 22.14% ML Master II HY Constrained Index/11.13% S&P LSTA Leveraged Loan Index/21.60% JPM EMBI Global/45.13% Altman Index through 3/31/2011; 23.15% ML Master II HY Constrained Index/9.45% S&P LSTA Leveraged Loan Index/22.74% JPM EMBI Global/44.66% Altman Index through 6/30/2011; 23.95% ML Master II HY Constrained Index/9.21% S&P LSTA Leveraged Loan Index/22.96% JPM EMBI Global/43.88% Altman Index through 9/30/2011; 21.58% ML Master II HY Constrained Index/11.08% S&P LSTA Leveraged Loan Index/22.24% JPM EMBI Global/45.10% Altman Index through 12/31/2011; 27.90% ML Master II HY Constrained Index/13.58% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/37.87% Altman Index through 3/31/2012; 28.24% ML Master II HY Constrained Index/13.30% S&P LSTA Leveraged Loan Index/20.71% JPM EMBI Global/37.75% Altman Index through 4/30/2012; 23.55% ML Master II HY Constrained Index/10.63% S&P LSTA Leveraged Loan Index/16.61% JPM EMBI Global/20.36% JPM GBI-EM Global Diversified/28.85% Altman Index through 6/30/2012; 18.21% ML Master II HY Constrained Index/11.24% S&P LSTA Leveraged Loan Index/17.63% JPM EMBI Global/20.80% JPM GBI-EM Global Diversified/32.12% Altman Index through 9/30/2012; 18.29% ML Master II HY Constrained Index/11.98% S&P LSTA Leveraged Loan Index/18% JPM EMBI Global/21.03% JPM GBI-EM Global Diversified/30.70% Altman Index through 12/31/2012; 19.40% ML Master II HY Constrained Index/11.90% S&P LSTA Leveraged Loan Index/18.28% JPM EMBI Global/21.32% JPM GBI-EM Global Diversified/29.10% Altman Index through 2/28/2013; Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the value added fixed income portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

Private Equity

(24) Through 6/30/2000, S&P 500 + 5%; currently Actual Performance. This benchmark is used in the Interim Policy Benchmark

(25) The 7 Year Annualized performance is used in the Policy Return and Policy Benchmark.

(26) Wilshire 5000 + 3% through 4/30/2008; Currently 7 Year Annualized Russell 3000 + 3%

Real Estate - Private/Public

(27) On 06/30/02 PRIM instituted portfolio leverage of up to 40%; increased to 50% leverage on 02/03/04. Portfolio leverage was paid down in September 2005 ($450 million), October 2005 ($200 million), and July 2007 ($450 million). Composite includes Value Added Separate Account opened 4/30/2007 and closed 12/31/2010.

(28) FTSE NAREIT ALL EQUITY REITS through 3/31/2008; 63% FTSE NAREIT ALL EQUITY REITS/27% NAREIT Global REIT/10% NAREIT International REIT through 06/30/09; 50% FTSE NAREIT ALL EQUITY REITS/50% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 100% FTSE EPRA NAREIT Developed Net Total Return

(29) NCREIF through 6/30/03; 67% NCREIF/33% FTSE NAREIT ALL EQUITY REITS through 12/31/06; NCREIF + Ratio of 2% FTSE NAREIT ALL EQUITY REITS to PRIT Fund through 03/31/08; 73% NCREIF Property One Qtr Lag/17% FTSE NAREIT ALL EQUITY REITS/7.25% NAREIT Global REIT/2.75% NAREIT Intl REIT through 06/30/09; 82% NCREIF Property One Qtr Lag/9% FTSE NAREIT ALL EQUITY REITS/9% FTSE EPRA NAREIT Developed Ex US REIT through 7/31/09; 80% NCREIF Property One Qtr Lag/10% FTSE NAREIT ALL EQUITY REITS/10% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 80% NCREIF PROPERTY ONE QTR LAG/20% FTSE EPRA NAREIT Developed Net Total Return

Timber/Natural Resources

(30) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 2/28/2010; currently NCREIF Timber Index

(31) Currently Private Natural Resources Actual Performance.

(32) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 06/30/08; 50% NCREIF Timber Index Ex-PRIM/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2010; 50% NCREIF Timber Index/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 10/31/2011; 53% NCREIF Timber Index/ 39% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2014; currently the Timber/Natural Resources benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Timber/Natural Resources portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

Hedge Funds

(27) ML 90 Day T-Bill + 4% through 12/31/2009; currently 60% HFRI Fund of Funds Conservative Index/20% HFRI Relative Value Total Index/20% HFRI Equity Market Neutral Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(33) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(29) ML 90 Day T-Bill + 4% through 12/31/2009; currently 60% HFRI Fund of Funds Conservative Index/40% HFRI Event Driven Distressed/Restructuring Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(30) ML 90 Day T-Bill + 4% through 12/31/2009; 90% HFRI Fund of Funds Conservative Index/10% HFRI Emerging Markets Global Index through 12/31/2010; currently 100% HFRI Fund of Funds Composite Index(HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(34) HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(35) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Portfolio Completion Strategies

(36) Portfolio Completion Strategies Composite Index is calculated by applying the underlying benchmark return for each manager to the manager’s weight within the Portfolio Completion Strategies Composite. These weights are based on the beginning adjusted monthly market value of each portfolio.

Portable Alpha Wind Down

(37) S&P 500 Index through April 2008; Russell 3000 Index through July 2009; US 3 Month Libor + 3% through 12/31/2009; currently HFRI FOF Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Overlay

(38) Actual performance

Total Fund

(39) ML 90 Day T-Bill through 6/30/03; ML 3-Month Libor through 03/31/08; currently ML 90 Day T-Bill

Policy Return

(40) The Policy Return is calculated by applying the investment performance of each asset class times its actual allocation. The Private Equity portion of the Policy Return is the 7-year annualized return of the Private Equity asset class monthized.

Investment Manager Returns

The table below details the rates of return for the fund’s investment managers over various time periods ended June 30, 2015. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund’s accounts for that asset class.

Returns for Periods Ended June 30, 2015

	Last Month	Last 12 Months	Last 36 Months	Last 60 Months
Clifton Overlay	(2.74%)	1.90%	-	-
Total Overlay	**(1.86%)**	**2.09%**	**-**	**-**
Total Overlay Benchmark (36)	(1.86%)	2.09%	-	-

All returns reported gross-of-fee.

Interim Benchmark

(1) Interim benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The PE component of this uses the S&P 500 + 5% through 6/30/2000; currently Actual PE Performance (formally labeled Interim Policy Benchmark)

Total Core Benchmark

(2) The Total Core benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The Private Equity benchmark used for the Total Core benchmark calculation is the 7-year annualized return of the Russell 3000 +3% (formally labeled Policy Benchmark)

Adjusted Policy Benchmark

(2) The Adjusted Policy Benchmark is calculated by subtracting the cost of all the Fund's illiquid investments for the applicable fiscal year (for example, Private Equity, Hedge Funds, Distressed Debt, Real Estate, Timber and Natural Resources) from the Policy Benchmark.

Domestic Equity

(3) Russell 2500 through 6/30/14; currently 70.5% Russell 2500/5.5% Russell 2500 Growth/6.5% Russell 2000 Growth/17.5% Russell 2000 Value

(4) Dow Jones Wilshire 5000 through 04/30/08; Russell 3000 through 06/30/2009; 78% Russell 3000/22% 3 Month Libor + 3% through 12/31/2009; Russell 3000 through 10/31/2011; 80% S&P 500/20% Russell 2500 through 6/30/2014; currently 78.9% S&P 500/14.88% Russell 2500/1.16% Russell 2500 Growth/1.37% Russell 2000 Growth/3.69% Russell 2000 Value

International

(5) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; currently Custom World ex-US IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(6) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2010; currently Custom MSCI EAFE Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(7) MSCI EAFE Net Dividends through 9/30/2007; MSCI EAFE Net Dividends Provisional Standard Index through 5/31/2008; MSCI EAFE Net Dividends Standard Index through 12/31/2009; MSCI World ex-US IMI Net Dividends through 12/31/2010; Custom World ex-US IMI Net Dividends through 8/31/2014; currently 50% custom MSCI World Ex-US IMI Net Dividends, 50% Custom MSCI EAFE Standard Index Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Emerging Markets

(8) MSCI Emerging Markets IMI Net Dividends through 12/31/2010; currently Custom MSCI Emerging Markets IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(9) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 12/31/2010; currently Custom MSCI Emerging Markets Net Dividends Standard Index, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(10) MSCI Emerging Markets Small Cap Net Dividendss Index through 8/31/2014; currently Custom MSCI Emerging Market Small Cap Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities.

(11) MSCI EMF through 6/30/2004; MSCI Emerging Markets Net Dividends through 9/30/2007; MSCI Emerging Markets Net Dividends Provisional Standard Index through 5/31/2008; MSCI Emerging Markets Net Dividends Standard Index through 4/30/2010; MSCI Emerging Markets IMI Net Dividends through 12/31/2010; Custom MSCI Emerging Markets IMI Net Dividends through 8/31/2014; 50% Custom MSCI EM IMI Net Dividends, 43% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends through 1/31/2015; 25% Custom MSCI EM IMI Net Dividends, 67.37% Custom MSCI EM Standard Net Dividends, 7% Custom MSCI EM Small Cap Net Dividends, .63% Custom MSCI Frontier Markets Country Capped Net Dividends through 2/28/2015. currently weights are based on the beginning adjusted monthly market value of each index group, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities. (Current blend is maintained by MSCI)

Global Equity

(12) The Total Global Equity composite inception date coincides with the establishment of the MSCI All Country World Index on January 1, 2001.

(13) MSCI All Country World Net Index through 4/30/2010; MSCI All Country World IMI Net Dividends through 12/31/2010; Custom MSCI All Country World IMI Net Dividends, customized to exclude legislatively prohibited tobacco, Sudan and Iran securities through 10/31/2011; 35% S&P 500/8% Russell 2500/42% Custom MSCI World Ex-US IMI Net Dividends/15% Custom MSCI EM IMI Net Dividends through 4/30/2012; 35% S&P 500/9% Russell 2500/40% Custom MSCI World Ex-US IMI Net Dividends/16% Custom MSCI EM IMI Net Dividends through 6/30/2014; currently 44% Domestic Equity BM/40% International Equity BM/16% Emerging Markets BM

Core Fixed Income

(14) Effective 2/28/2015, the Total Aggregate performance was changed to include the complete performance histories of Economically Targeted Investment managers: Access Capital, Community Capital Management, and AFL-CIO Housing Investment. As a result, prior period Total Aggregate performance was revised from 4/30/2004-1/31/2015.

(15) 100% BC Aggregate through 2/28/2014; 34% BC Agg/66% BC STRIPS 20+ through 2/28/2015; currently Domestic Investment Grade Fixed Income benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the core fixed income portfolio.

(16) BC Aggregate through 6/01; 67% BC Aggregate / 20% BC US TIPS/13% Custom Commodities BM ; Custom Commodities BM through 06/30/2009; currently BC ILB US$ Hedged

(17) 33% BC US TIPS/67% BC ILB US$ Hedged

(16) 80% ML MTGS 30 YR / 20% ML US TREAS 1-10 YR through 12/31/08; currently BC Securitized Index

(18) 77% BC Aggregate / 8% BC US TIPS/15% BC ILB US$ Hedged through 2/28/2014; currently weights are based on the beginning adjusted monthly market value of each index group.

Value-Added Fixed Income

(19) CSFB Thru 07/2002; ML Master II HY Thru 02/2007; currently ML Master II HY Constrained Index

(20) Public Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the public value added fixed income portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

(21) Actual Performance through 2/07; ML Master II FI Constrained Index through 12/31/2009; currently Altman NYU Salomon Center Combined Defaulted Public Bond & Bank Loan Index

(22) The Total Value-Added Fixed Income composite inception date coincides with PRIM's initiative to separate High Yield from Core Fixed Income. Underlying manager market values and cash flows are unavailable prior to July 1, 2001.

(23) CSFB through 7/02 / 43% ML Master II HY Index/43% JPM EMBI Global/14% Actual Distressed Debt through 02/07/ through 06/08 60% ML Master II HY Constrained Index and 40% JPM EMBI Global/ 50% ML Master II HY Constrained Index/ 33% JPM EMBI Global/17% S&P LSTA Leveraged Index through 06/30/2009; 58% ML Master II HY Constrained Index/ 25% JPM EMBI Global/17% S&P LSTA Leveraged Index through 12/31/2009; 24% ML Master II HY Constrained Index/17% S&P LSTA Leveraged Index/20% JPM EMBI Global/39% Altman Index through 03/31/2010; 24.20% ML Master II HY Constrained Index/16.56% S&P LSTA Leveraged Index/19.43% JPM EMBI Global/39.81% Altman Index through 06/30/2010; 22.10% ML Master II HY Constrained Index/14.60% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/42.65% Altman Index through 09/30/2010; 22.46% ML Master II HY Constrained Index/12.92% S&P LSTA Leveraged Loan Index/21.56% JPM EMBI Global/43.06% Altman Index through 12/31/2010; 22.14% ML Master II HY Constrained Index/11.13% S&P LSTA Leveraged Loan Index/21.60% JPM EMBI Global/45.13% Altman Index through 3/31/2011; 23.15% ML Master II HY Constrained Index/9.45% S&P LSTA Leveraged Loan Index/22.74% JPM EMBI Global/44.66% Altman Index through 6/30/2011; 23.95% ML Master II HY Constrained Index/9.21% S&P LSTA Leveraged Loan Index/22.96% JPM EMBI Global/43.88% Altman Index through 9/30/2011; 21.58% ML Master II HY Constrained Index/11.08% S&P LSTA Leveraged Loan Index/22.24% JPM EMBI Global/45.10% Altman Index through 12/31/2011; 27.90% ML Master II HY Constrained Index/13.58% S&P LSTA Leveraged Loan Index/20.65% JPM EMBI Global/37.87% Altman Index through 3/31/2012; 28.24% ML Master II HY Constrained Index/13.30% S&P LSTA Leveraged Loan Index/20.71% JPM EMBI Global/37.75% Altman Index through 4/30/2012; 23.55% ML Master II HY Constrained Index/10.63% S&P LSTA Leveraged Loan Index/16.61% JPM EMBI Global/20.36% JPM GBI-EM Global Diversified/28.85% Altman Index through 6/30/2012; 18.21% ML Master II HY Constrained Index/11.24% S&P LSTA Leveraged Loan Index/17.63% JPM EMBI Global/20.80% JPM GBI-EM Global Diversified/32.12% Altman Index through 9/30/2012; 18.29% ML Master II HY Constrained Index/11.98% S&P LSTA Leveraged Loan Index/18% JPM EMBI Global/21.03% JPM GBI-EM Global Diversified/30.70% Altman Index through 12/31/2012; 19.40% ML Master II HY Constrained Index/11.90% S&P LSTA Leveraged Loan Index/18.28% JPM EMBI Global/21.32% JPM GBI-EM Global Diversified/29.10% Altman Index through 2/28/2013; Value Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the value added fixed income portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

Private Equity

(24) Through 6/30/2000, S&P 500 + 5%; currently Actual Performance. This benchmark is used in the Interim Policy Benchmark

(25) The 7 Year Annualized performance is used in the Policy Return and Policy Benchmark.

(26) Wilshire 5000 + 3% through 4/30/2008; Currently 7 Year Annualized Russell 3000 + 3%

Real Estate - Private/Public

(27) On 06/30/02 PRIM instituted portfolio leverage of up to 40%; increased to 50% leverage on 02/03/04. Portfolio leverage was paid down in September 2005 ($450 million), October 2005 ($200 million), and July 2007 ($450 million). Composite includes Value Added Separate Account opened 4/30/2007 and closed 12/31/2010.

(28) FTSE NAREIT ALL EQUITY REITS through 3/31/2008; 63% FTSE NAREIT ALL EQUITY REITS/27% NAREIT Global REIT/10% NAREIT International REIT through 06/30/09; 50% FTSE NAREIT ALL EQUITY REITS/50% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 100% FTSE EPRA NAREIT Developed Net Total Return

(29) NCREIF through 6/30/03; 67% NCREIF/33% FTSE NAREIT ALL EQUITY REITS through 12/31/06; NCREIF + Ratio of 2% FTSE NAREIT ALL EQUITY REITS to PRIT Fund through 03/31/08; 73% NCREIF Property One Qtr Lag/17% FTSE NAREIT ALL EQUITY REITS/7.25% NAREIT Global REIT/2.75% NAREIT Intl REIT through 06/30/09; 82% NCREIF Property One Qtr Lag/9% FTSE NAREIT ALL EQUITY REITS/9% FTSE EPRA NAREIT Developed Ex US REIT through 7/31/09; 80% NCREIF Property One Qtr Lag/10% FTSE NAREIT ALL EQUITY REITS/10% FTSE EPRA NAREIT Developed Ex US REIT through 4/30/2012; currently 80% NCREIF PROPERTY ONE QTR LAG/20% FTSE EPRA NAREIT Developed Net Total Return

Timber/Natural Resources

(30) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 2/28/2010; currently NCREIF Timber Index

(31) Currently Private Natural Resources Actual Performance.

(32) NCREIF Timber Index through 6/30/03; NCREIF Timber Index Ex-PRIM through 06/30/08; 50% NCREIF Timber Index Ex-PRIM/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2010; 50% NCREIF Timber Index/ 42% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 10/31/2011; 53% NCREIF Timber Index/ 39% Lipper Natural Resources Global Fund Index/ 8% Actual Natural Resources Private through 2/28/2014; currently the Timber/Natural Resources benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Timber/Natural Resources portfolio. These weightings will be automatically adjusted at the end of every quarter for usage in the upcoming quarter.

Hedge Funds

(27) ML 90 Day T-Bill + 4% through 12/31/2009; currently 60% HFRI Fund of Funds Conservative Index/20% HFRI Relative Value Total Index/20% HFRI Equity Market Neutral Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(33) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(29) ML 90 Day T-Bill + 4% through 12/31/2009; currently 60% HFRI Fund of Funds Conservative Index/40% HFRI Event Driven Distressed/Restructuring Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(30) ML 90 Day T-Bill + 4% through 12/31/2009; 90% HFRI Fund of Funds Conservative Index/10% HFRI Emerging Markets Global Index through 12/31/2010; currently 100% HFRI Fund of Funds Composite Index(HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(34) HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

(35) ML 90 Day T-Bill + 4% through 12/31/2009; currently HFRI Fund of Funds Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Portfolio Completion Strategies

(36) Portfolio Completion Strategies Composite Index is calculated by applying the underlying benchmark return for each manager to the manager's weight within the Portfolio Completion Strategies Composite. These weights are based on the beginning adjusted monthly market value of each portfolio.

Portable Alpha Wind Down

(37) S&P 500 Index through April 2008; Russell 3000 Index through July 2009; US 3 Month Libor + 3% through 12/31/2009; currently HFRI FOF Composite Index. (HFRI indices - Flash returns are used through 12/31/11. Current returns reflect most up to date performance and are subject to change)

Overlay
(38) Actual performance

Total Fund
(39) ML 90 Day T-Bill through 6/30/03; ML 3-Month Libor through 03/31/08; currently ML 90 Day T-Bill

Policy Return
(40) The Policy Return is calculated by applying the investment performance of each asset class times its actual allocation. The Private Equity portion of the Policy Return is the 7-year annualized return of the Private Equity asset class monthized.

Appendix E

PRIT Fund Performance & Public Markets Performance Detail.
June 30, 2015

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

PRIT Fund Performance
&
Public Markets Performance Detail

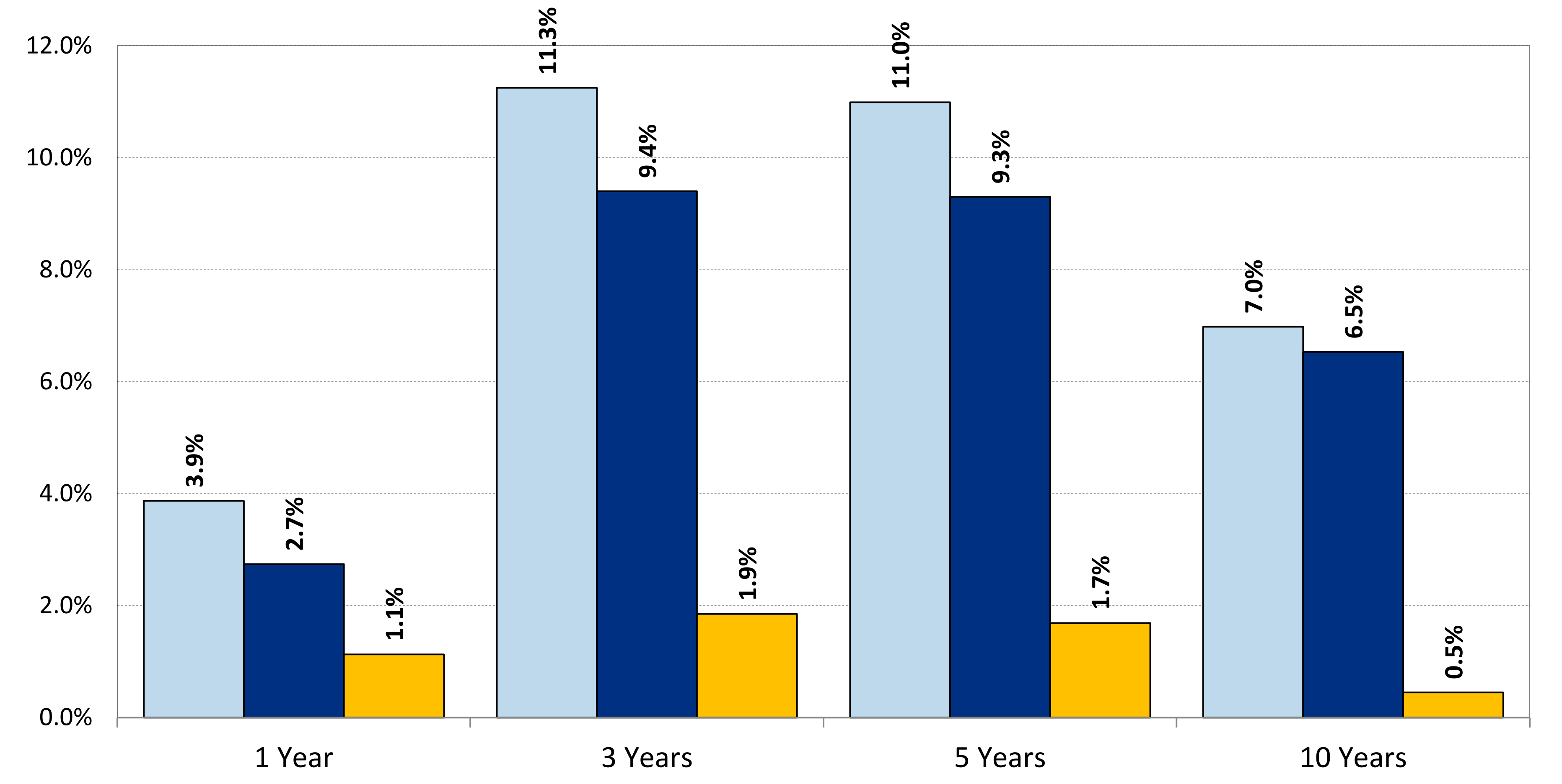
Presentation to the PRIM Board

August 11, 2015

Deborah B. Goldberg, Treasurer and Receiver General, Chair
Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

Total PRIT Fund Returns (Gross of Fees)

Annualized Returns as of June 30, 2015

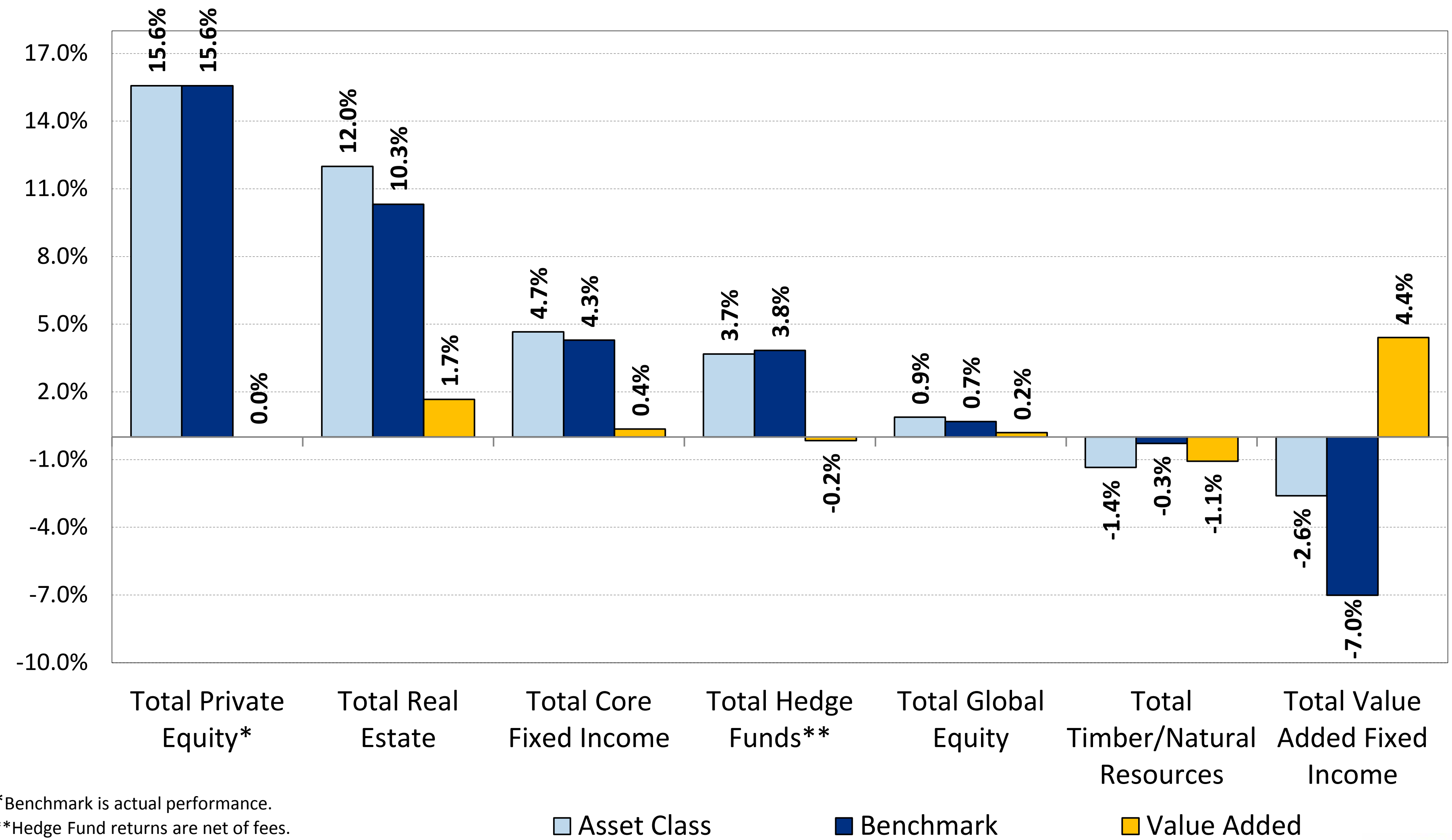


Total Core Benchmark includes private equity benchmark.
Source: Mellon. Totals may not add due to rounding.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

PRIT Asset Class Performance (Gross of Fees)

One Year Ended June 30, 2015



*Benchmark is actual performance.
**Hedge Fund returns are net of fees.
Source: Mellon. Totals may not add due to rounding.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

PRIT Asset Class Performance (Gross of Fees)

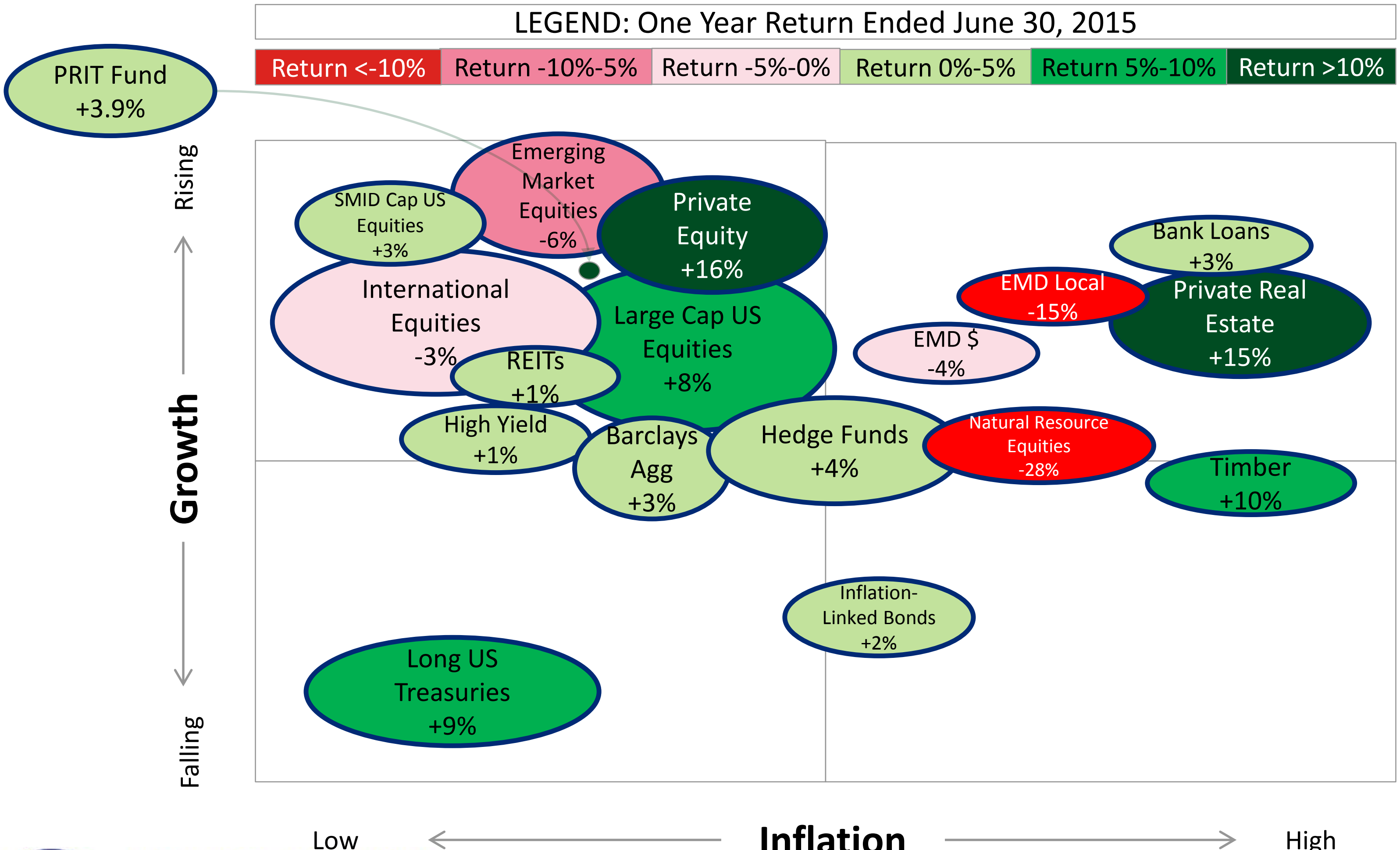
Annualized Returns as of June 30, 2015

1 Year	3 Year	5 Year	10 Year
Private Equity 15.6%	Private Equity 18.7%	Private Equity 18.4%	Private Equity 16.9%
Real Estate 12.0%	Global Equity 13.7%	Real Estate 13.8%	Real Estate 8.6%
Core Fixed Income 4.7%	Real Estate 12.8%	Global Equity 12.7%	Value-Added Fixed Income 7.7%
Hedge Funds 3.7%	Hedge Funds 8.8%	Value-Added Fixed Income 7.0%	Global Equity 6.7%
Global Equity 0.9%	Timber / Natural Resources 6.2%	Hedge Funds 6.4%	Timber / Natural Resources 6.4%
Timber / Natural Resources (1.3%)	Value-Added Fixed Income 4.9%	Timber / Natural Resources 5.8%	Hedge Funds 4.9%
Value-Added Fixed Income (2.6%)	Core Fixed Income 3.3%	Core Fixed Income 4.7%	Core Fixed Income 4.7%

Hedge fund returns are net of fees.

Asset Classes & Regimes – One Year Ended June 30, 2015

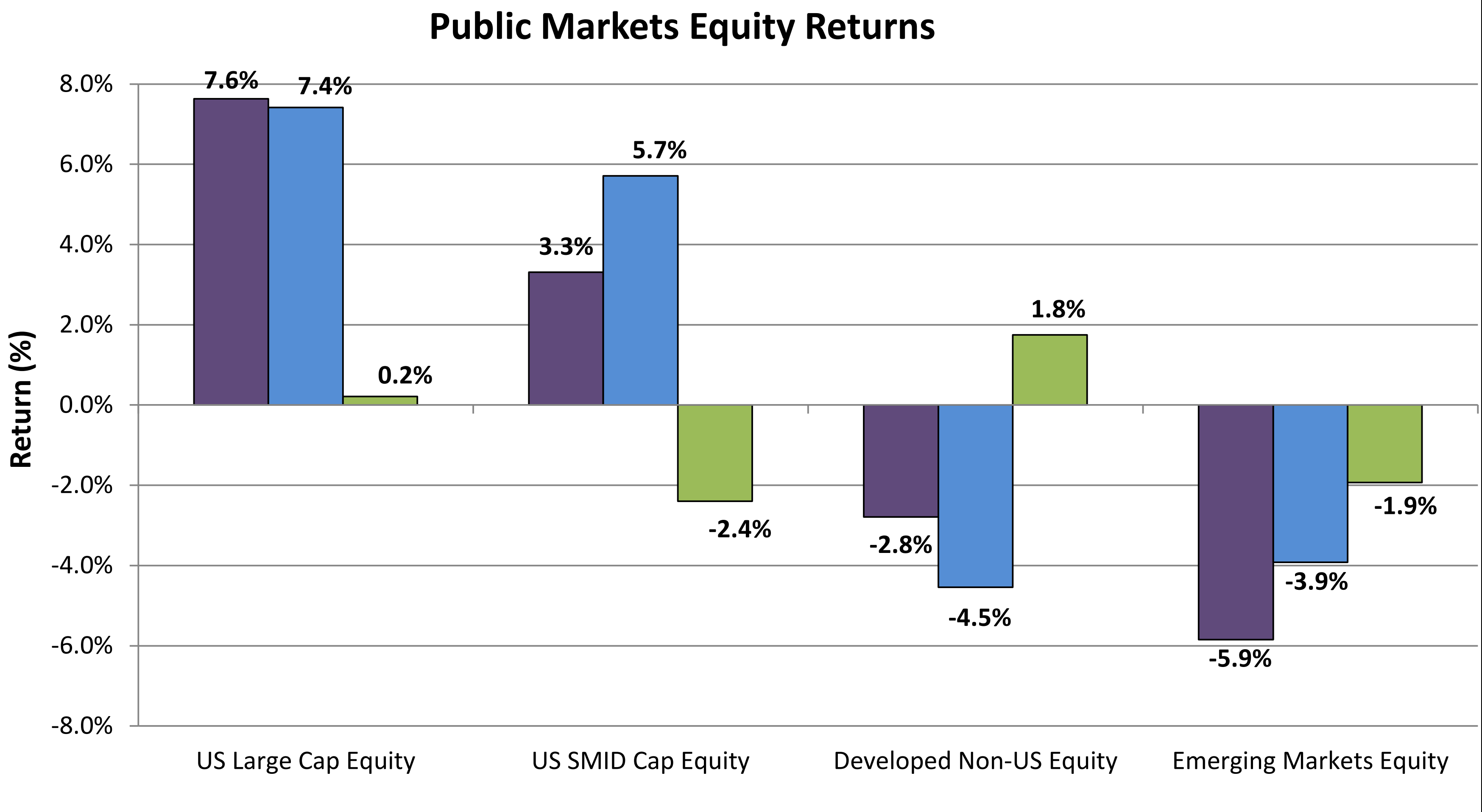
- GDP Growth: +2.9%
- CPI: +1.7%
- 30yr yields: -24 bps



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Public Markets Performance – Equities (42.7% of PRIT Fund)

One Year Ended June 30, 2015

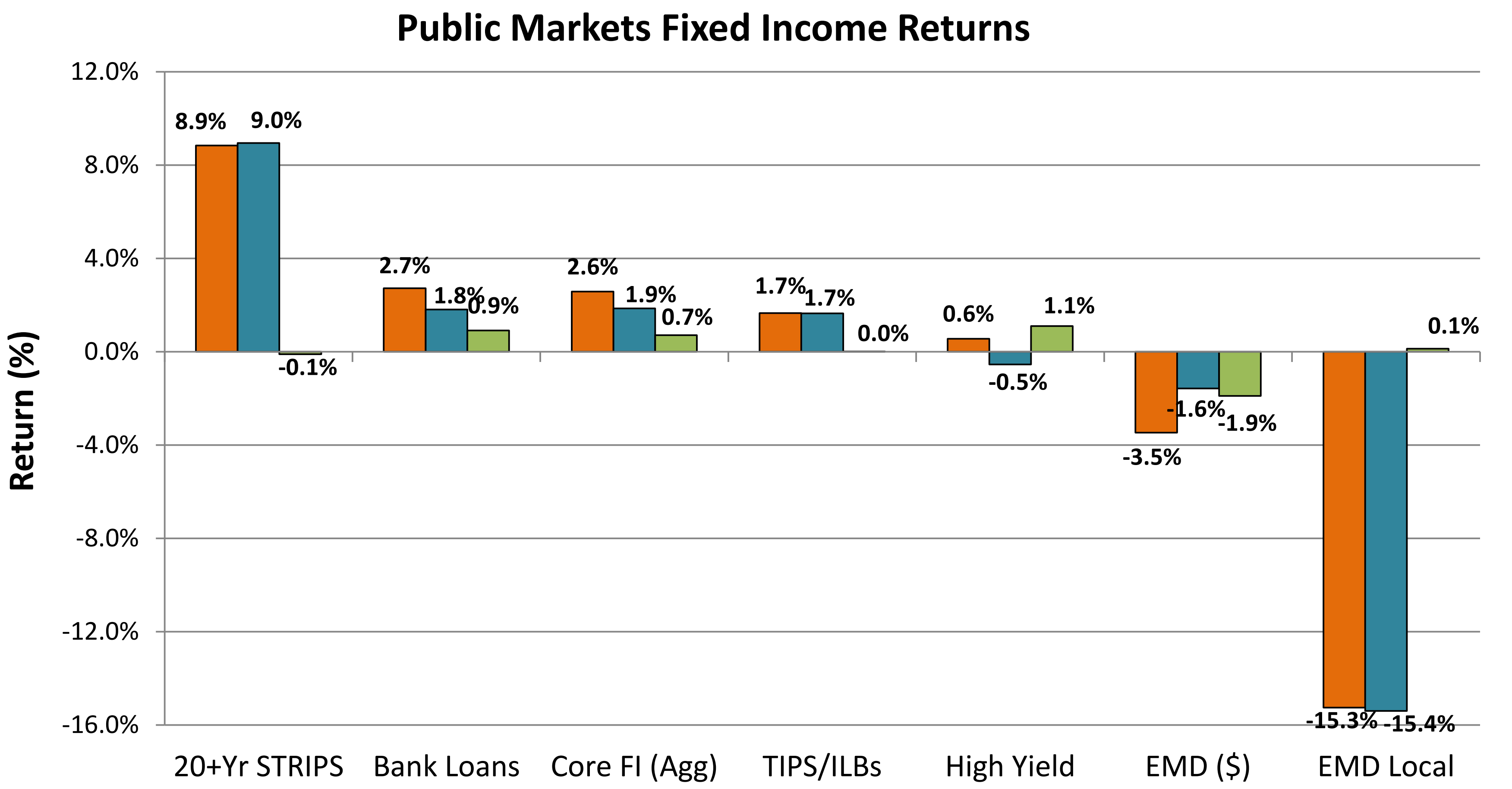


Source: Mellon
Totals may not add due to rounding.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Public Markets Performance – Fixed Income (19.8% of PRIT Fund)

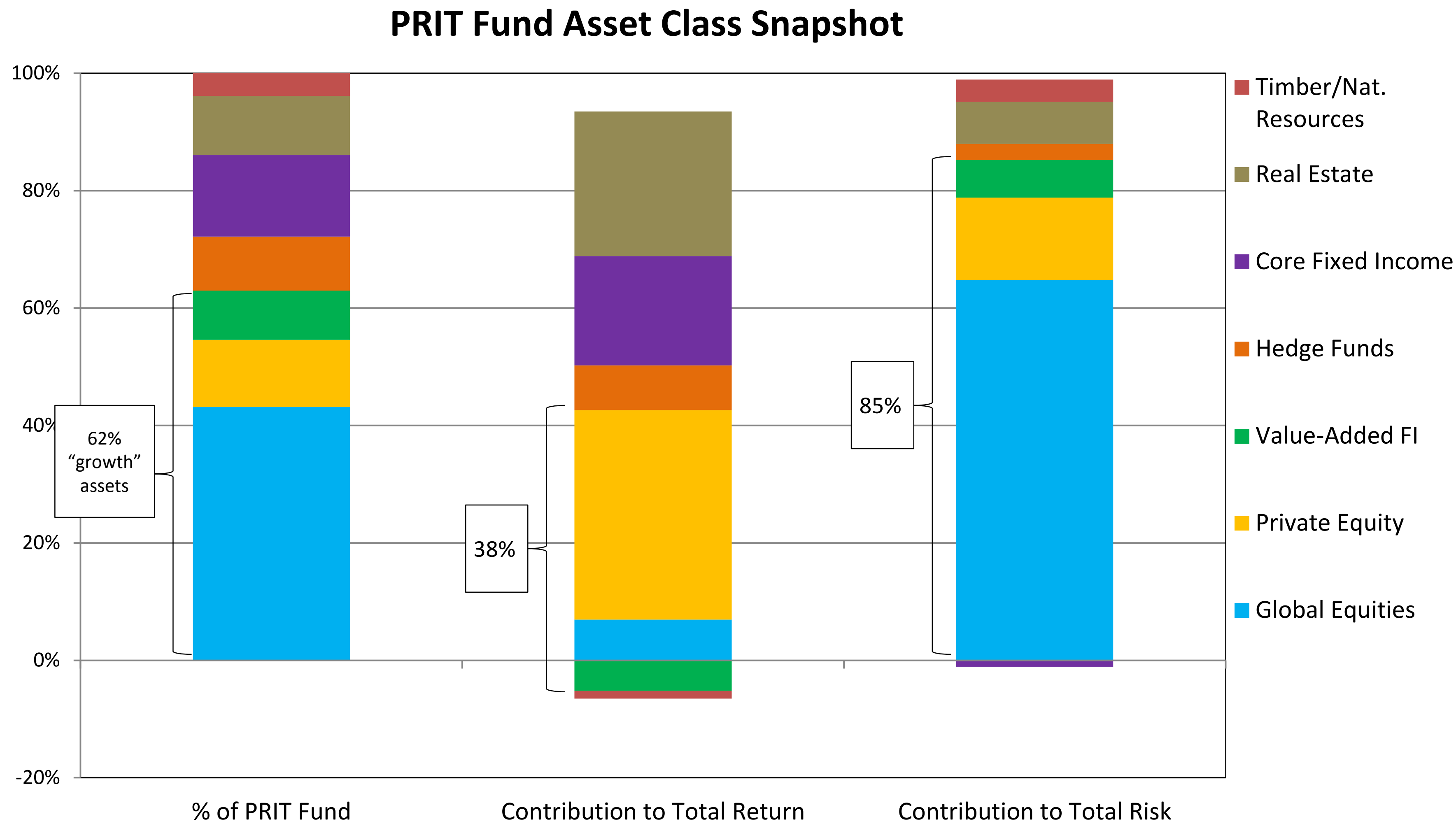
One Year Ended June 30, 2015



Source: Mellon
Totals may not add due to rounding.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Appendix: Overall PRIT Fund – Risk & Return



Sources: Barra, Mellon, PRIM Staff
Contribution to Return = One Year Ended 6/30/15 (+3.9%); Contribution to Total Risk = forward-looking from Barra (8.2%)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD

Appendix F

Investment Research Update: Foreign Currency Hedging.

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Foreign Currency Hedging Research

Presentation to PRIM Board
August 11, 2015

By: Andre Clapp, Ph.D, CFA & Sarah Samuels, CFA

Foreign Currency (FX) Hedging: Scope of Research

Why hedge?
1) Volatility (risk) reduction
2) Return enhancement
3) Removing the currency translation effect

Why focus on Developed Market (DM) currencies, and not Emerging Markets (EM)?

Over time, exposure to EM currencies has added significant value, 3.2% per year over the last 15 years, unlike DM currencies. Hedging EM currencies is prohibitively costly because of the large forward premiums that must be paid by the hedger, 4% per year today.

ASSET	$ VALUE	% of PRIT
Developed Market Equity	$10.65B	17%
20% of Private Equity	$1.25B	2%
Total	$11.9B	19%

FX Hedging: Summary of Findings

- Hedging FX may not add much value in terms of risk/return.
  - a) Return reduction greater than 1% per year since 1973.
  - b) Volatility reduction not that large.
- Cash losses can be significant on short time periods, requiring forced selling.
  - a) Quarterly losses can exceed $1.5 billion, and must be paid in cash.
- Large monthly/quarterly cash flows are generated, creating:
  - a) Forced selling or buying of assets.
  - b) Associated transaction costs.
  - c) Need for structures to deal with cash flows.
- Costs and risks associated with hedging:
  - a) Transaction costs and fees that cannot be recouped.
  - b) Risk/cost of forced selling in a down market to cover hedging losses.
  - c) Counterparty and operational risks.
  - d) Accounting/financial reporting requirements.
  - e) Monitoring of positions and exposures.

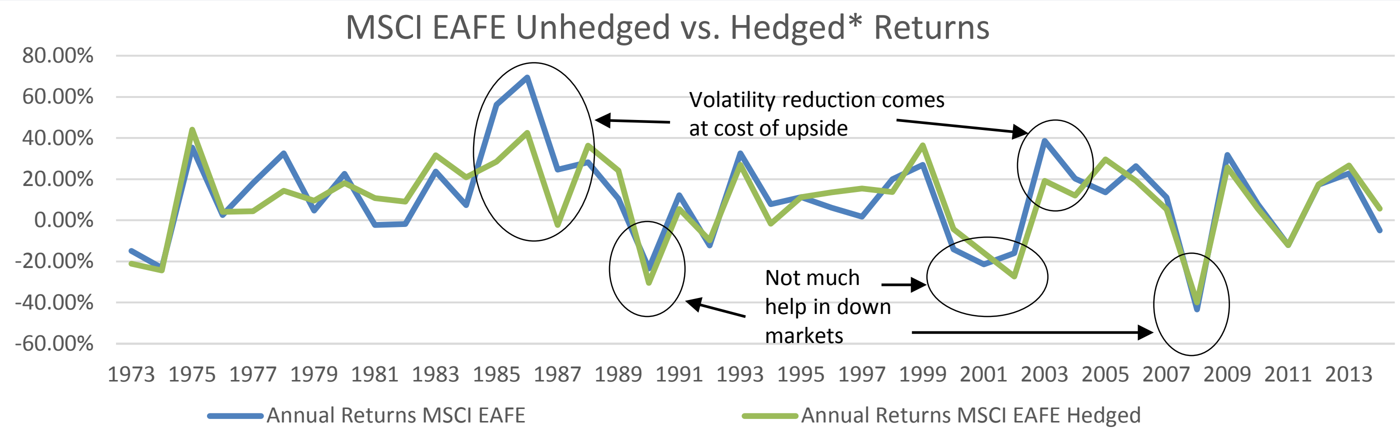
RECOMMENDATION: Based on our analysis, it is difficult to make a strong argument in favor of currency hedging.

Hedging FX May Not Add Much Value in Terms of Risk/Return

1973-2014	MSCI EAFE	MSCI EAFE Hedged	Reduction
Annualized Total Return	8.5%	7.5%*	-12%
Annual Risk (Standard Deviation)	22.2%	19.9%	-10%

Sources: MSCI, Bloomberg, NEPC, PRIM Staff .
**Gross of trading costs and fees associated with FX hedging.*

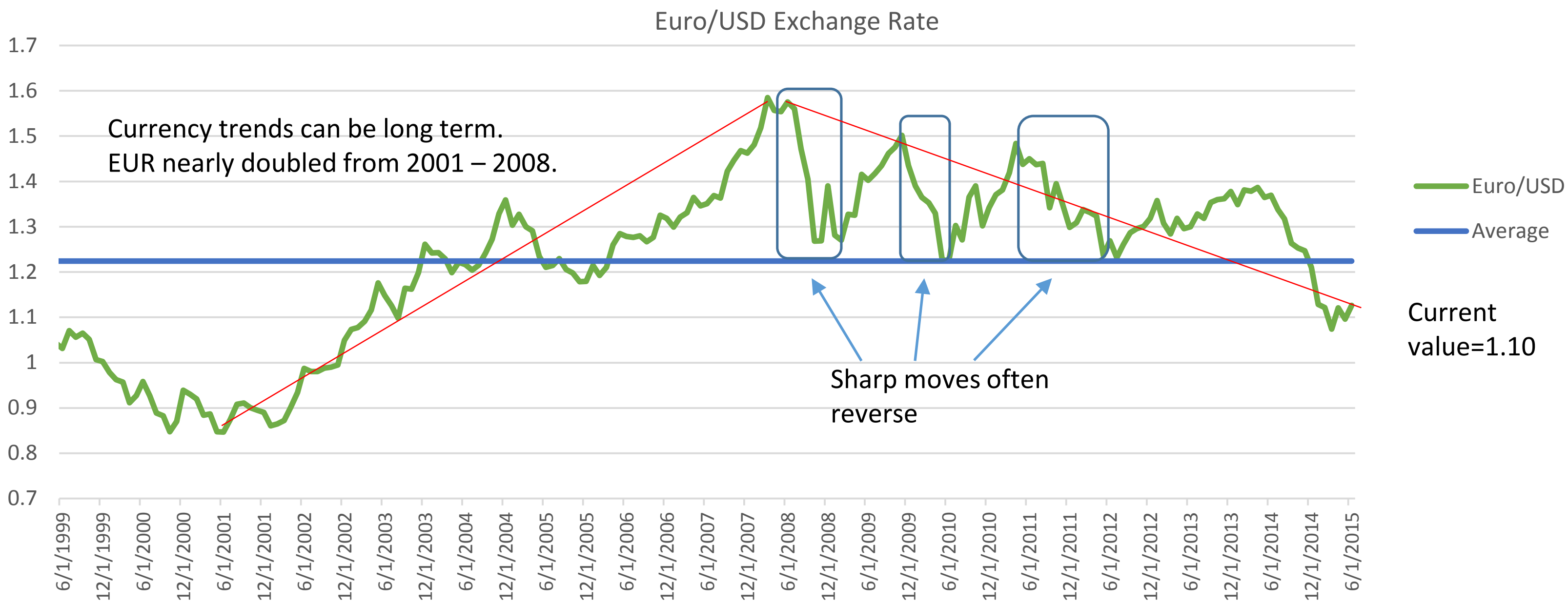
- Since 1973, hedging EAFE currencies has reduced returns by over 1% per year.
- The reduction in volatility does not make up for the reduction in return, and reduces the Sharpe ratio.
- The decision to hedge FX should be viewed in the context of the overall PRIT Fund.
  - The volatility of the Developed Non-US Equity portfolio can be diversified with other less correlated investments.
  - However, the loss of return cannot be recouped.



Sources: MSCI, Bloomberg, NEPC, PRIM Staff.
*From 1/1973 – 11/1988, EAFE Hedged returns are not available, and EAFE Local returns are used as a proxy.

Counter-Argument: We "Know" the USD Will Appreciate

- In order to argue for a currency hedge, one really needs to take a *macro perspective*.
  1. Japan and Europe have much more serious debt problems than the U.S.
  2. Demographics are much better in the U.S. than Japan or Europe.
  3. The USD has been in a strengthening trend since 2008. USD trends typically last 7-10 years.
- However, these factors may already be priced in. Purchasing Power Parity indicates the USD is overvalued. SSGA has a fair value for the Euro/USD of 1.29, and the Economist's "Big Mac Index" recently indicated 1.35.



Sources: FactSet, PRIM Staff.

Cash Drawdowns/Losses Can Be Significant

EAFE Hedge since 1973 on $11.9B portfolio				
	1m	3m	1y	3y
MAX LOSS (m)	$ (1,192)	$ (1,760)	$ (3,517)	$ (5,741)
MAX GAIN (m)	$ 1,127	$ 1,638	$ 2,309	$ 4,355
Sources: MSCI, Bloomberg, NEPC, PRIM Staff.				

- Based on data since 1973, and assuming a full currency hedge:
  - Monthly losses can exceed $1 billion.
  - Quarterly losses can exceed $1.5 billion.
  - Annual losses can exceed $3 billion.
  - Three year losses can exceed $5 billion.

- Examples of historical losses:

Q3 2010	Hedge loss = -8.5% ($1.0B)	Q2 2002	Hedge loss = -9.9% ($1.2B)
11/08 to 11/09	Hedge loss = -14.1% ($1.7B)	2003	Hedge loss = -14.7% ($1.8B)
2002-2004	Hedge loss = -31.6% ($3.8B)	1985-1987	Hedge loss = -48.3% ($5.7B)

Large Cash Flows Can Be Generated

Average Transaction Costs Due to Hedge Cash Flows: 1973 - 2014

MONTHLY		QUARTERLY	
Total Cost Since 1973	Cost per year	Total Cost Since 1973	Cost per year
$ 350m	$ 8.2m	$ 220m	$ 5.2m

Sources: MSCI, Bloomberg, NEPC, PRIM Staff.

- These calculations are based on the following assumptions:
  - Gains/losses on the currency hedge would be sourced from/invested in the public markets portfolio.
  - Estimated transaction cost for the public markets portfolio is 30 bps (source: Harbor Analytics).
- Since 1973, transaction costs related to currency hedging cash flows, assuming a quarterly rebalance, averaged $5.2 million per year, but could be larger during any given time period.
- For example, Q3 '08 – Q2 '09 had a total of $2.6B in cash flows with a transaction cost of $7.7m.
- These transaction costs cannot be recouped.
- ***Counter-Argument***
  - A large pool of cash could be held and equitized in the overlay account to collateralize possible losses from the currency hedge.
  - We estimate this collateral pool might need to be as large as $2 billion.
  - This solution has a number of problems, including EAFE futures are not available at this scale, and there are still significant costs and risks (overlay management fee, futures transaction costs, allocating capital away from value-adding, high conviction managers).

Costs & Risks Associated with FX Hedging

- Costs:
  - Transaction costs.
  - Management fees.

- Risks:
  - Forced selling in down markets, or forced buying in up markets.
  - Counterparty risk.
  - Operational risk.
  - Accounting and financial reporting requirements.
  - Monitoring of positions and exposures.

FX Hedging: Conclusions

- Hedging FX may not add much value in terms of risk/return.

- Volatility reduction from FX hedging has come at the cost of reduced upside, but has not helped much on the downside.

- Cash losses can be significant requiring forced selling, possibly in down markets.

- Large monthly/quarterly cash flows are generated creating transaction costs.

- Costs and risks associated with hedging:
  - a) Forced selling or buying.
  - b) Transaction costs and fees that cannot be recouped.
  - c) Counterparty and operational risks.
  - d) Accounting/financial reporting requirements.
  - e) Monitoring of positions and exposures.

RECOMMENDATION: Based on our analysis, it is difficult to make a strong argument for currency hedging.

(This page was intentionally left blank)

Appendix G

Real Estate and Timberland Portfolio Report.
June 30, 2015

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Real Estate and Timberland Portfolio Report

By Timothy V. Schlitzer, CRE
Senior Investment Officer
Director of Real Estate and Timberland Investments

Presentation to the PRIM Board

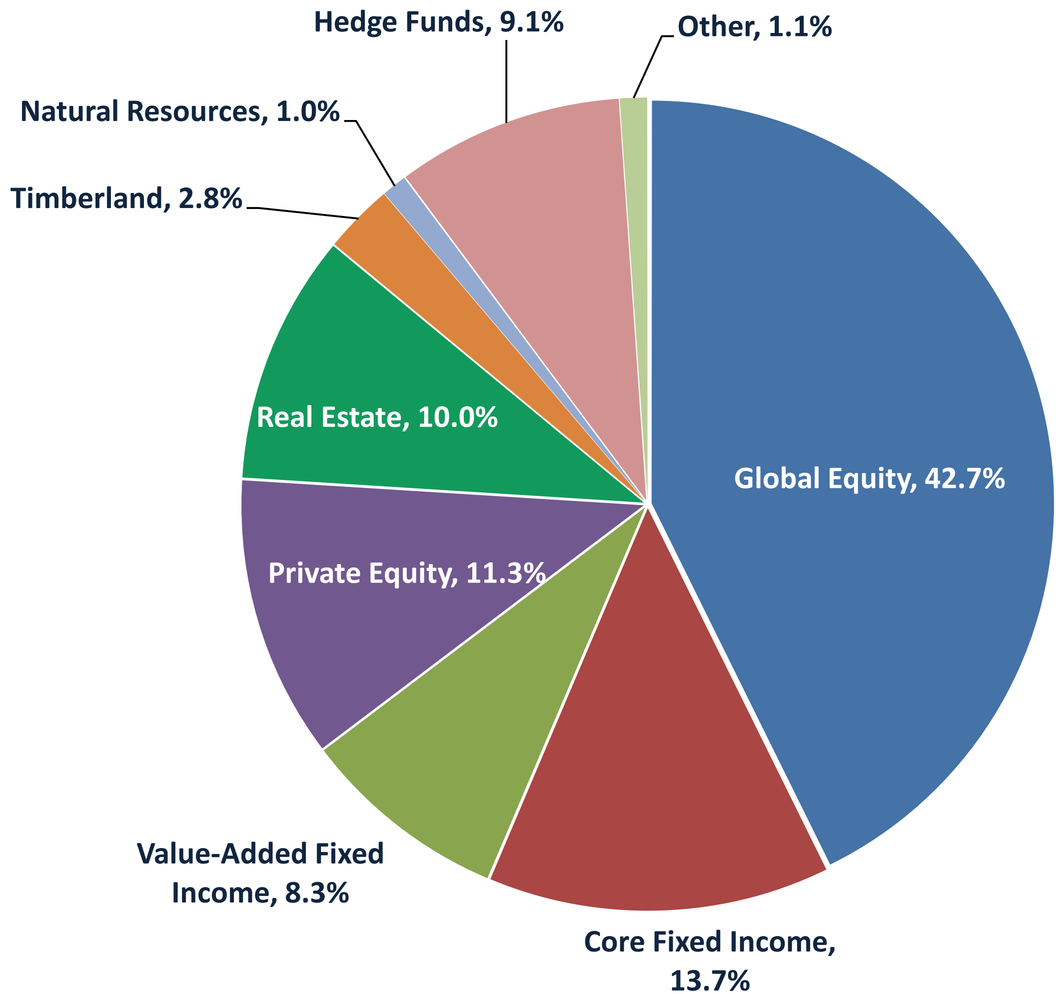
August 11, 2015

Table of Content

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

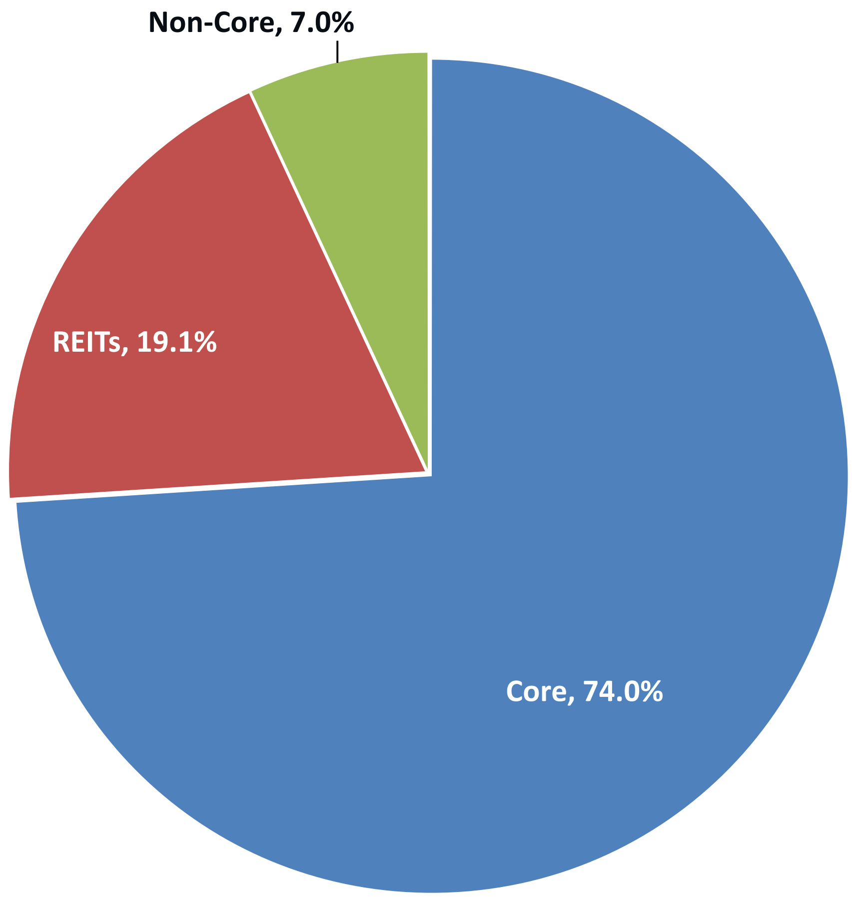
Portfolio Overview

PRIT Asset Allocation



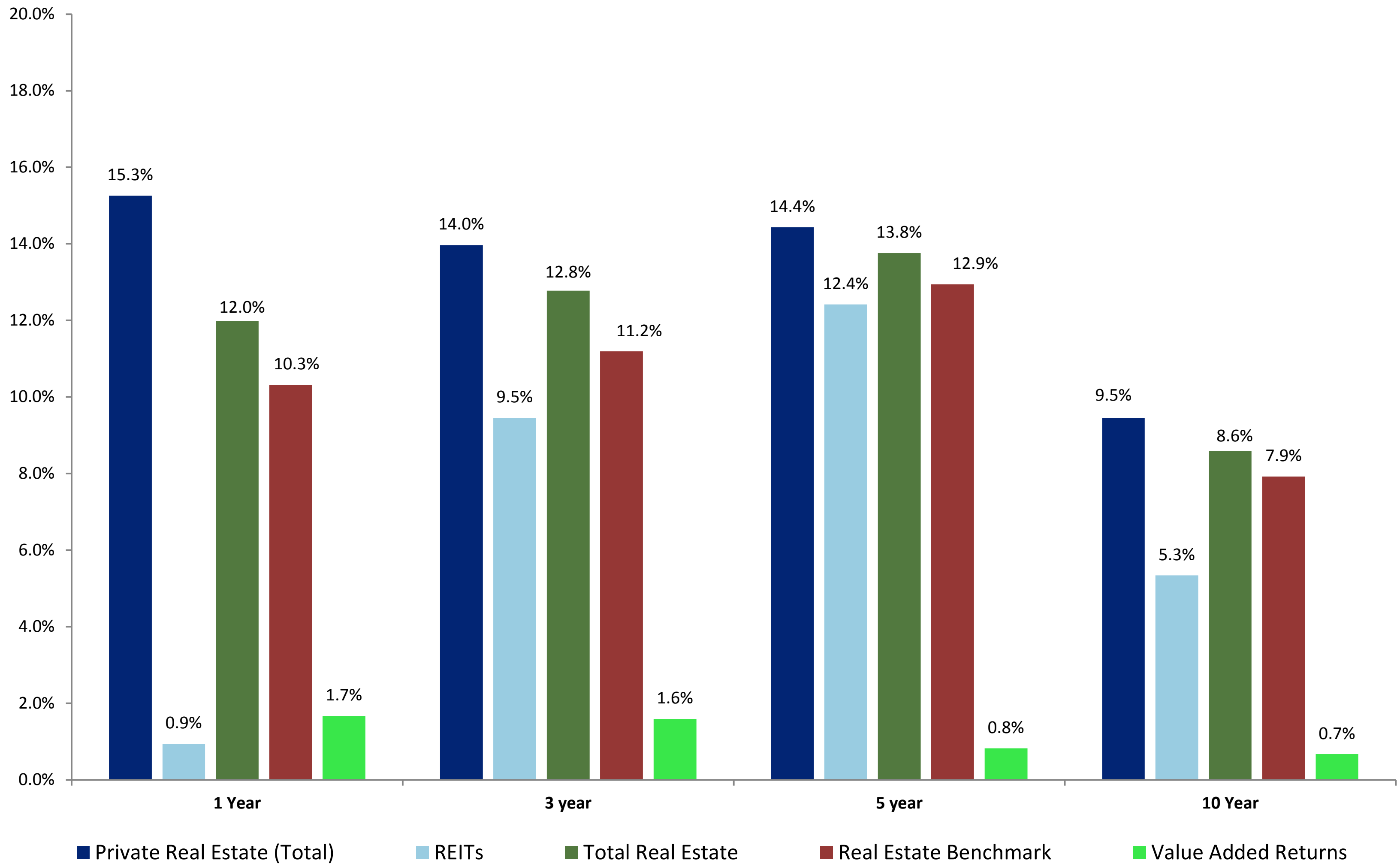
Real Estate Asset Allocation

Targets	
Core	70%
Non-Core	10%
REITs	20%



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Total Real Estate Performance



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Private Real Estate Portfolio

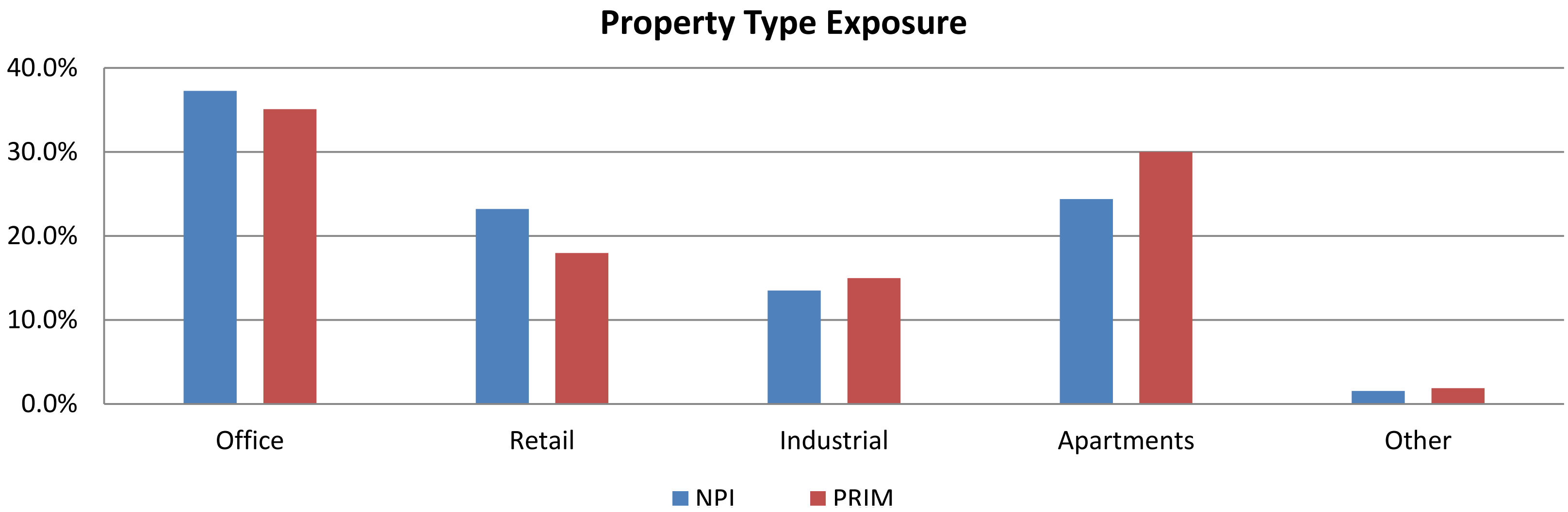
Manager Performance

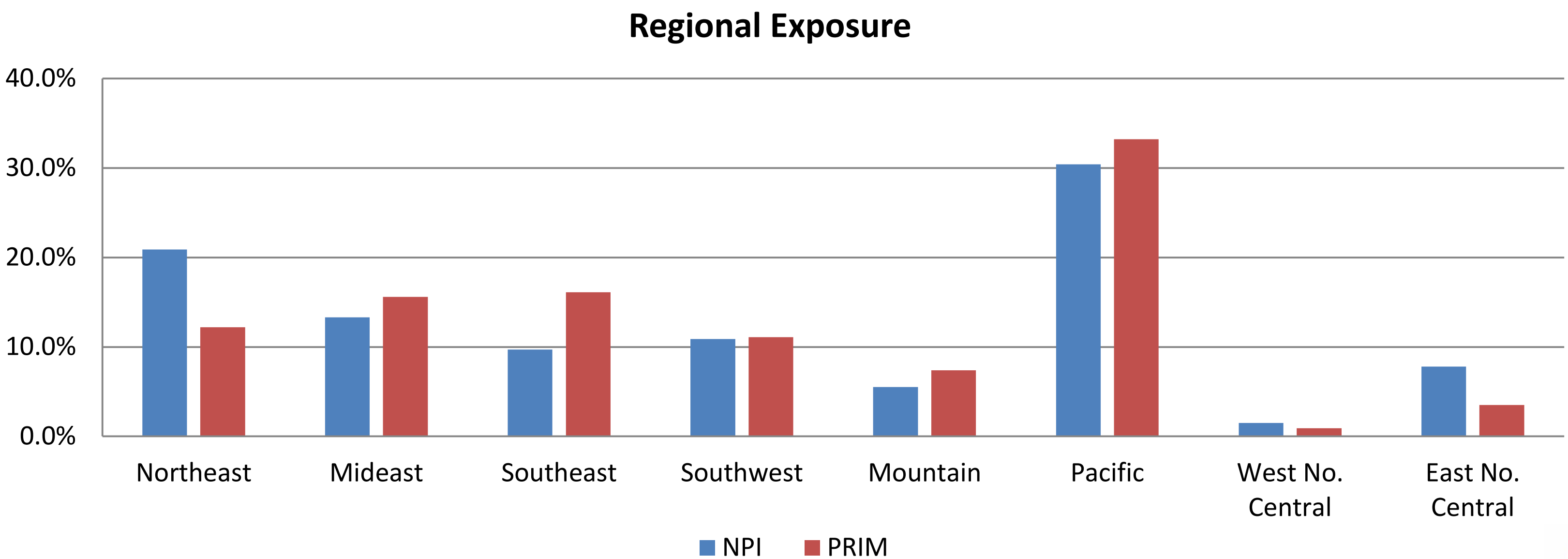
Separate Accounts	1 year	3 years	5 years	10 years	ITD
AEW	**18.7%**	**14.4%**			**14.7%**
Excess Return	*6.0%*	*2.9%*			*2.2%*
LaSalle	**13.2%**	**13.5%**	**14.8%**	**9.1%**	**10.5%**
Excess Return	*0.5%*	*2.0%*	*2.1%*	*0.7%*	*0.8%*
TA	**10.2%**	**10.3%**	**11.6%**	**7.9%**	**8.9%**
Excess Return	*-2.5%*	*-1.2%*	*-1.2%*	*-0.5%*	*-0.2%*
Invesco	**12.7%**	**13.2%**	**14.6%**	**9.0%**	**9.9%**
Excess Return	*-0.1%*	*1.7%*	*1.9%*	*0.6%*	*0.2%*
J.P. Morgan	**10.2%**	**9.0%**	**12.9%**	**6.1%**	**10.5%**
Excess Return	*-2.5%*	*-2.5%*	*0.2%*	*-2.3%*	*1.4%*
Total Core Composite	**12.9%**	**12.0%**	**13.3%**	**8.4%**	**10.0%**
Excess Return	*0.2%*	*0.6%*	*0.6%*	*0.0%*	*0.3%*
Total Core Composite Leveraged	**15.3%**				**15.3%**
Excess Return	*2.6%*				*3.2%*
NCREIF Property Index (Quarter Lag)	**12.7%**	**11.5%**	**12.8%**	**8.4%**	

** Green Box: Positive Relative Return. Red Box: Negative Relative Return*

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

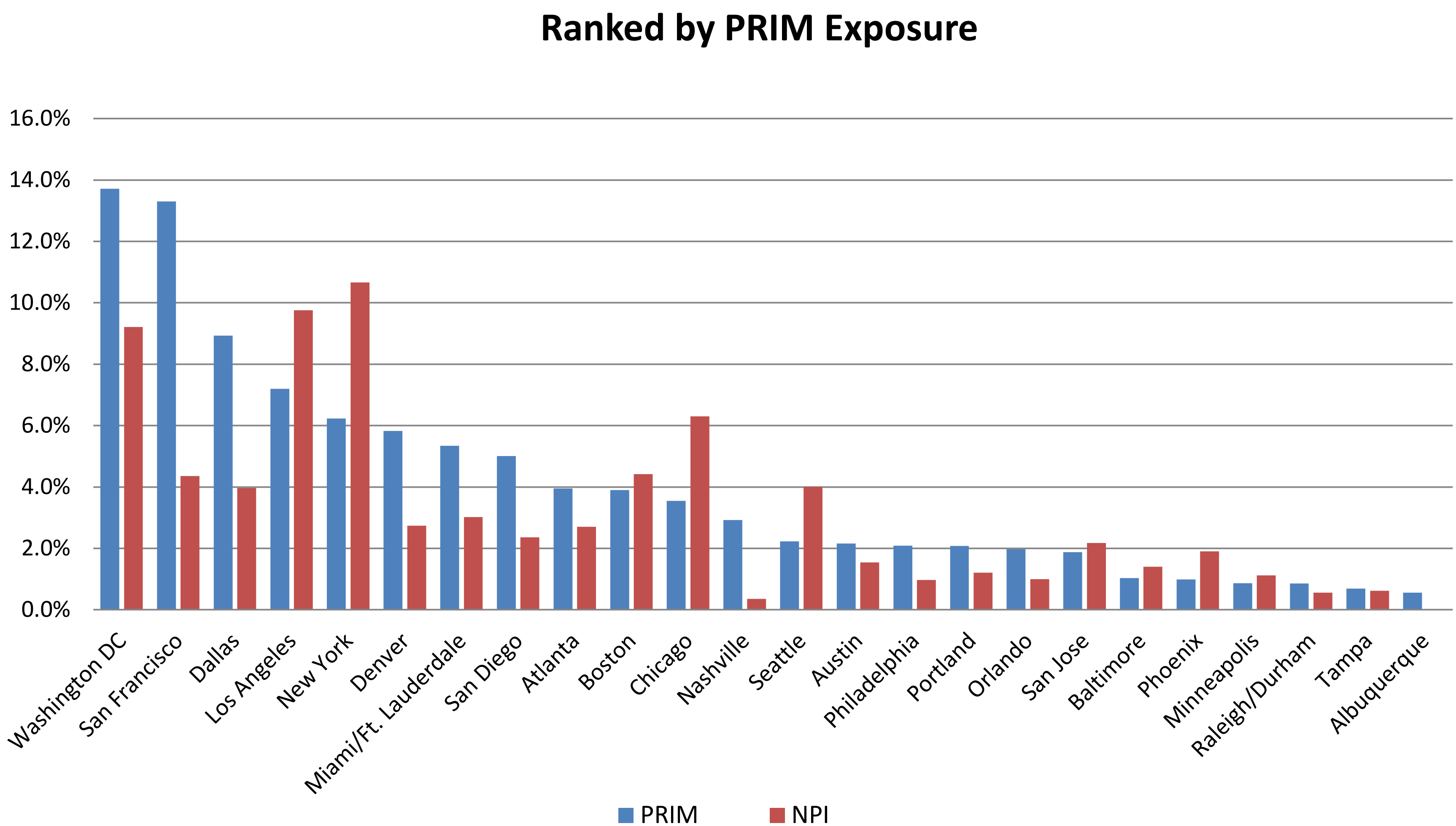
Exposure





PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Exposure by MSA



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Non-Core Real Estate

Performance & Summary of Fund Investments

	1 year	3 years	5 years	ITD
Intercon IV	51.2%	19.4%	14.7%	-1.4%
Excess Return	*38.5%*	*7.9%*	*2.0%*	*-9.8%*
Canyon Johnson	5.1%	-2.5%	-2.5%	-4.7%
Excess Return	*-7.7%*	*-13.9%*	*-15.3%*	*-13.3%*
New Boston	0.1%	3.6%	4.4%	-4.5%
Excess Return	*-12.6%*	*-7.8%*	*-8.4%*	*-11.5%*
Non Core (Ex. ETI)*	14.2%	15.3%		11.9%
Excess Return	*1.4%*	*3.9%*		*0.4%*
NCREIF Property Index (Quarter lag)	**12.7%**	**11.5%**	**12.8%**	

Green Box: Positive Relative Return; Red Box: Negative Relative Return

**Reflects J-curve impact of development projects*

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Real Estate Securities (REITs) Portfolio

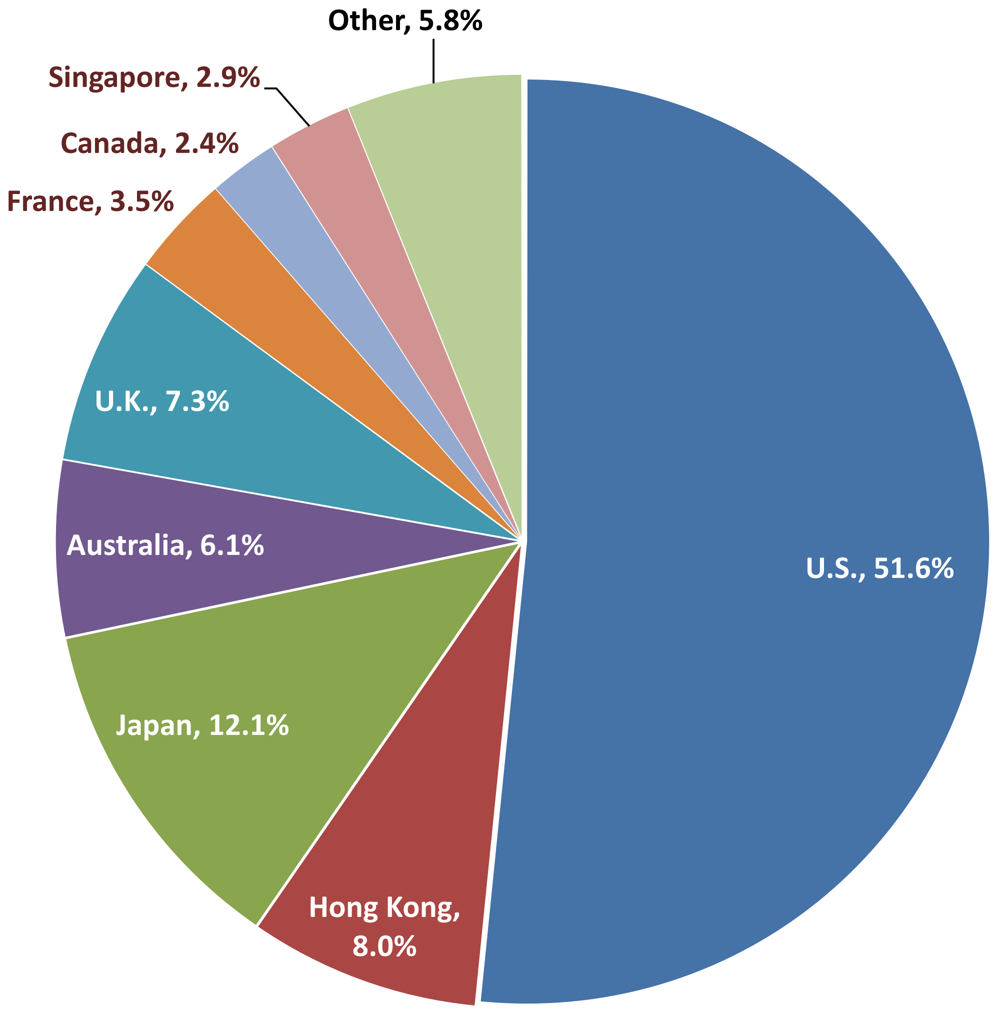
Manager Performance & Top Holdings

REITs Performance					
Global REITs	**Month**	**1 year**	**3 years**	**5 years**	**ITD**
Invesco	-3.7%	1.0%	10.0%		9.3%
Excess Return	*0.2%*	*0.8%*	*0.6%*		*0.6%*
CenterSquare	-3.8%	1.9%	10.0%		9.3%
Excess Return	*0.1%*	*1.6%*	*0.6%*		*0.6%*
Invesco Takeover	-3.7%				-0.8%
Excess Return	*0.2%*				*-0.8%*
EPRA NAREIT Developed	**-3.9%**	**0.3%**	**9.4%**		

** Green Box: Positive Relative Return; Red Box: Negative Relative Return.*

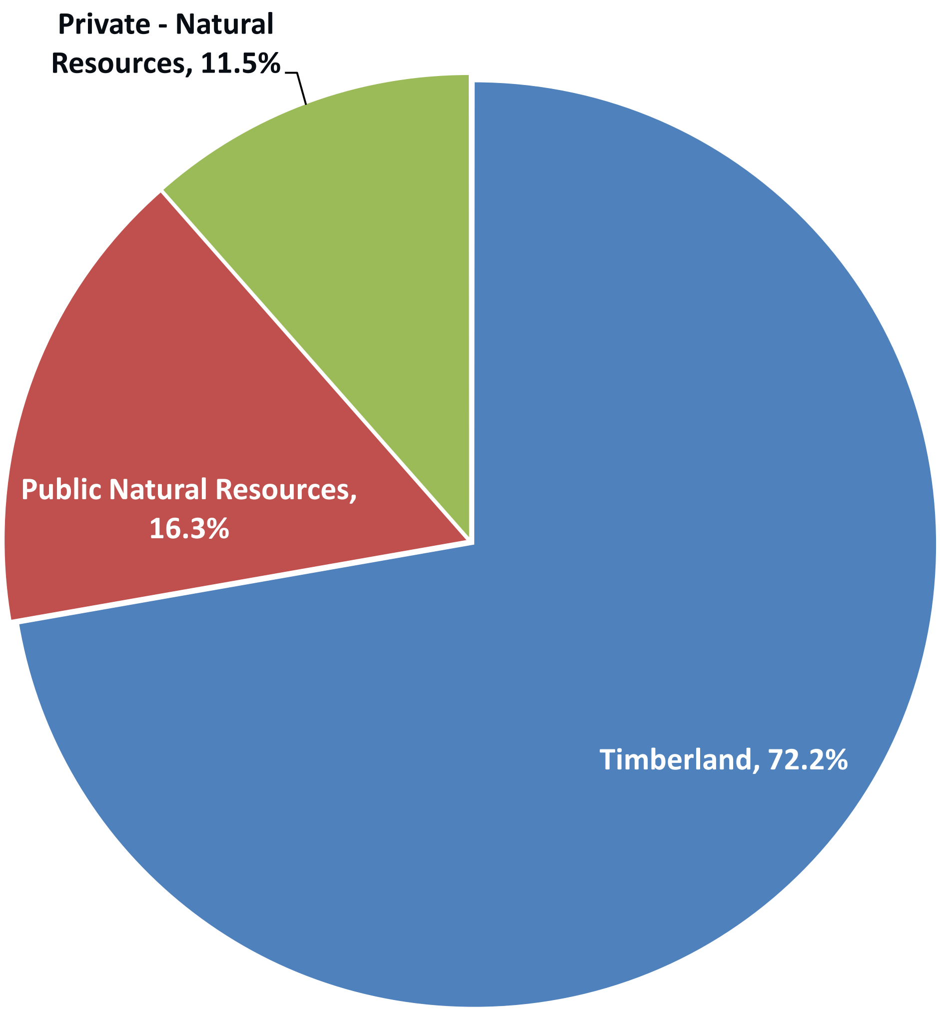
Total REITs	Month	1 year	3 years	5 years	ITD
Total REITs Composite	-3.8%	0.9%	9.5%	12.4%	9.6%
Excess Return	*0.1%*	*0.7%*	*0.1%*	*-0.1%*	*1.4%*
Total REITs Benchmark	**-3.9%**	**0.3%**	**9.4%**	**12.5%**	**8.2%**

REITs Exposure by Country



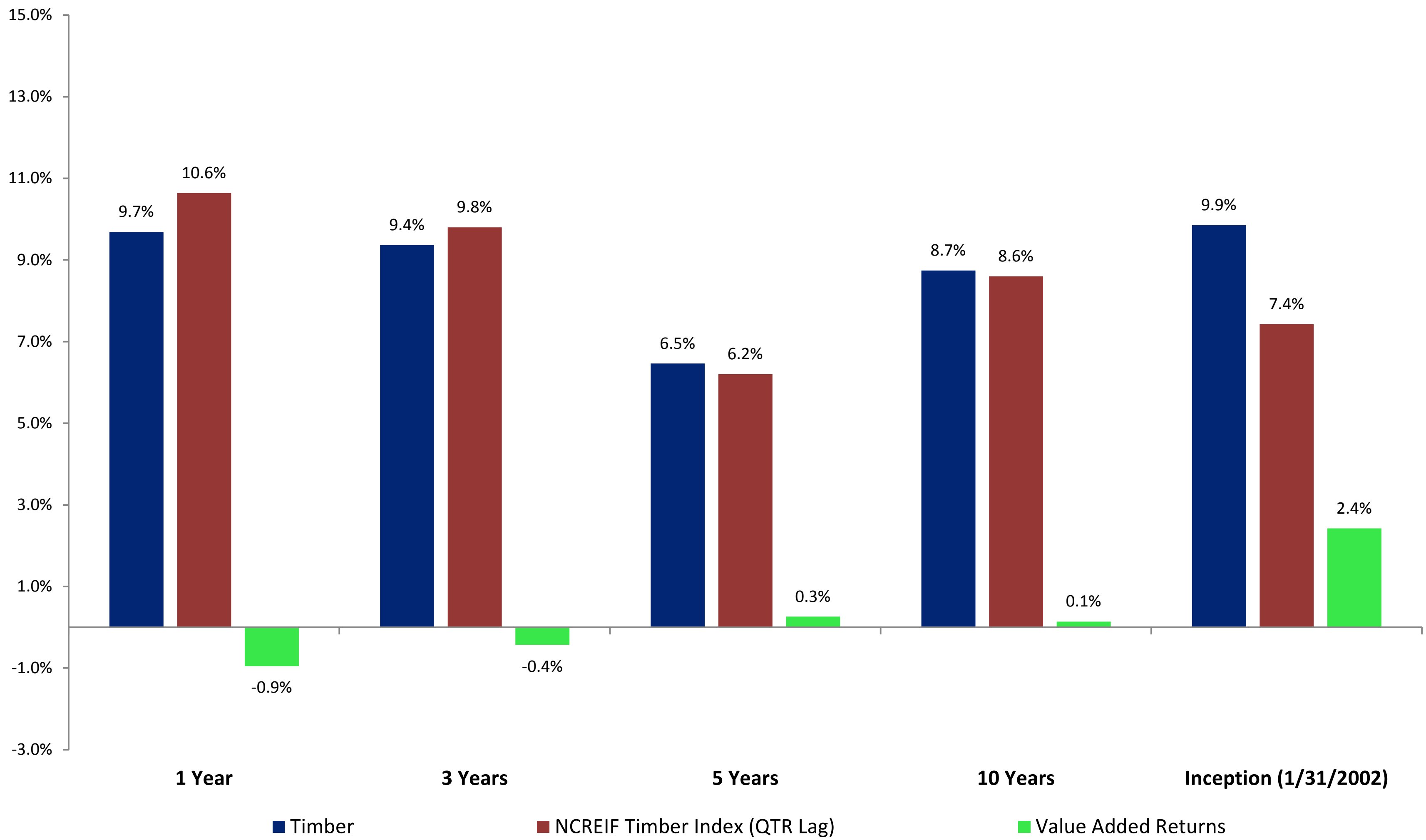
Timberland Portfolio

Natural Resources Allocation

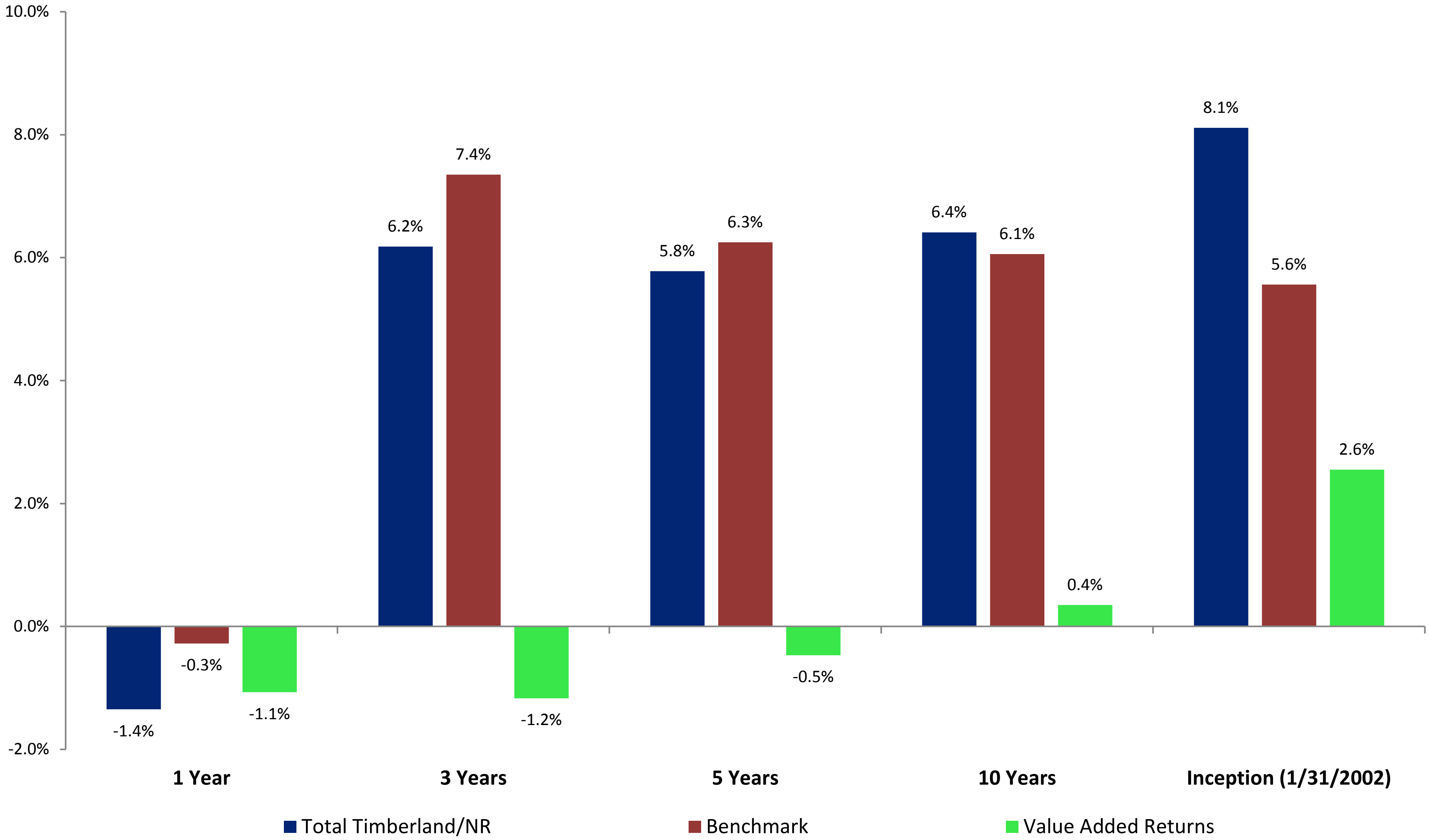


PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Timberland Performance



Total Timberland/Natural Resources Performance



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Manager Performance

Timberland	1 year	3 years	5 years	ITD
FIA	8.9%	9.4%	6.5%	7.7%
Excess Return vs. NTI	*-1.7%*	*-0.4%*	*0.3%*	*0.2%*
CG	11.3%	9.2%		7.5%
Excess Return vs. NTI	*0.7%*	*-0.6%*		*-0.6%*
Total Timber Composite	9.7%	9.4%	6.5%	9.9%
Excess Return vs. NTI	*-0.9%*	*-0.4%*	*0.3%*	*2.4%*
NCREIF Timber Index (Quarter Lag)	**10.6%**	**9.8%**	**6.2%**	

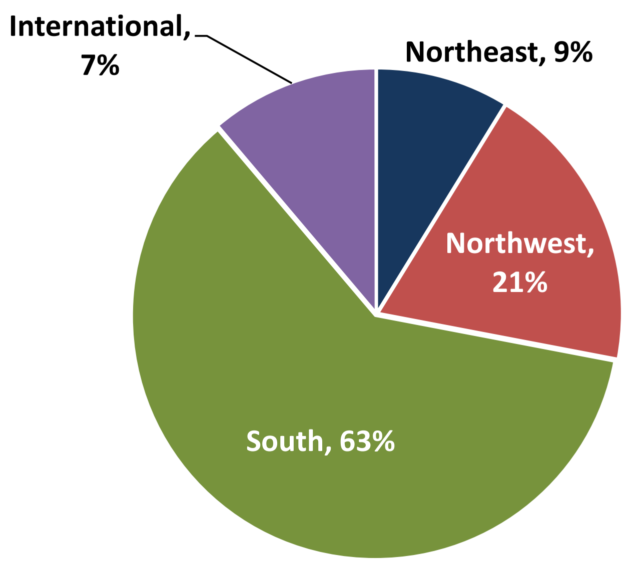
** Green Box: Positive Relative Return; Red Box: Negative Relative Return.*

Natural Resources	1 year	3 years	5 years	ITD
Jennison	-33.2%	-1.1%	0.4%	-5.2%
Excess Return	*-7.3%*	*-1.9%*	*-1.4%*	*2.0%*
T. Rowe Price	-21.8%	5.1%	5.7%	-3.9%
Excess Return	*4.1%*	*4.3%*	*3.9%*	*3.2%*
Total Composite	-27.9%	1.9%	3.0%	-4.5%
Excess Return	*-2.0%*	*1.1%*	*1.2%*	*2.7%*
Lipper Natural Resources Global Fund Index	**-25.9%**	**0.8%**	**1.8%**	

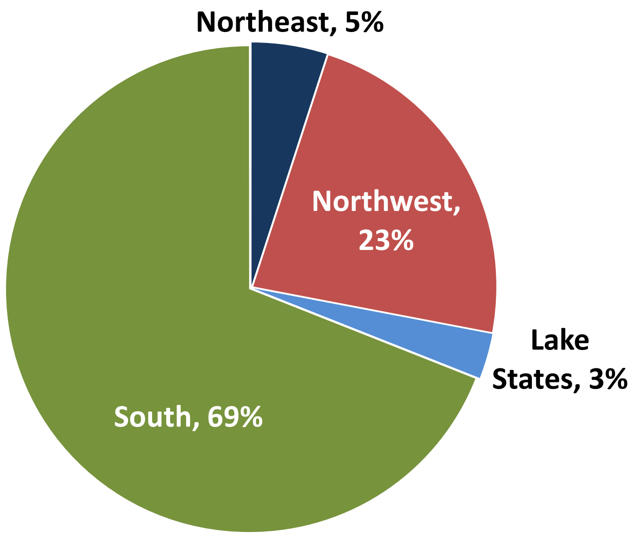
** Green Box: Positive Relative Return; Red Box: Negative Relative Return.*

Exposure to Timberland by Region

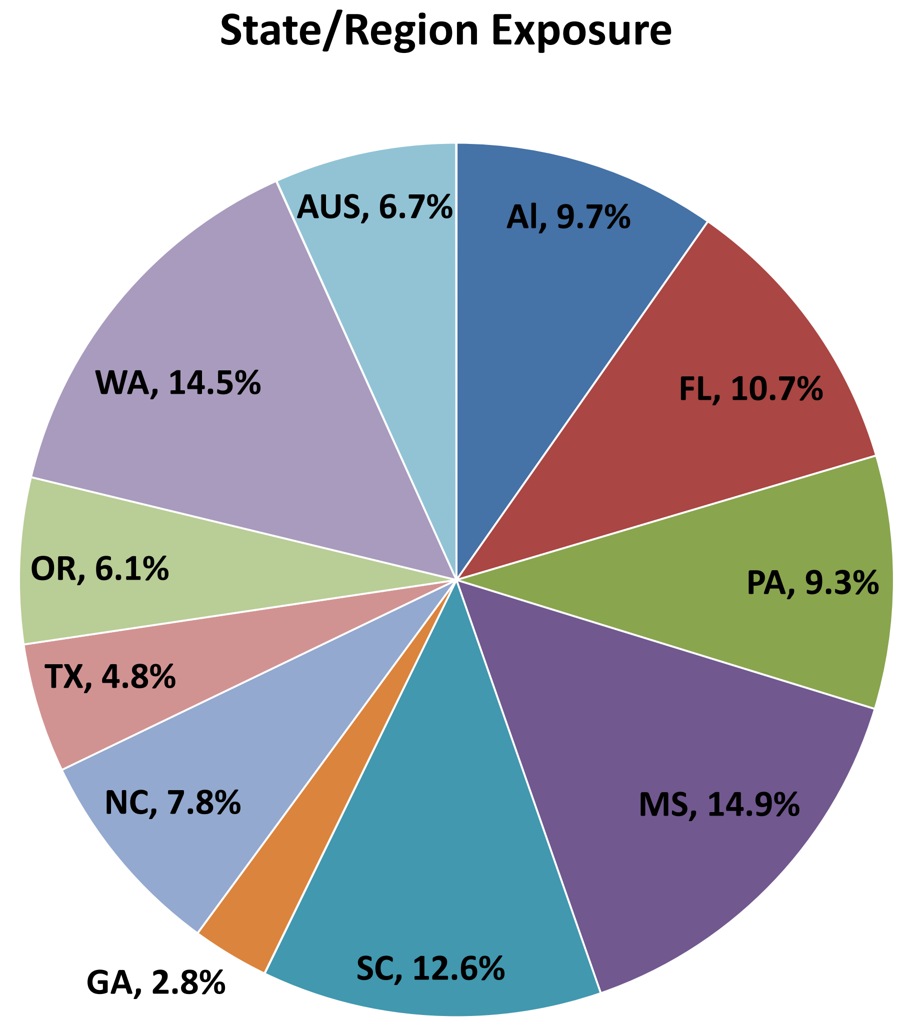
Regional Exposure



Benchmark



Exposure to Timberland by State



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Appendix H

Timber RFQ Evaluation Report.

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD
Timberland Appraisal Services

Responses to RFQ

PRIM issued a Request for Qualifications ("RFQ") for timberland appraisal services on June 15, 2015. The purpose of the RFQ is to update PRIM's list of approved timberland appraisal firms. Firms selected as a result of this RFQ will be eligible to competitively bid for appraisal assignments that are scheduled to occur over the next three years (2015 to 2017). The search was advertised in Pension & Investments and was posted on PRIM's Web site. Responses to the RFQ were due by 3:00 p.m. ET on June 30, 2015. Eight responses were submitted by the deadline.

Evaluation Committee

The Evaluation Committee members are as follows:

1. David Gurtz, Interim CFO & COO
2. John La Cara, Senior Investment Officer
3. Dr. Jack Lutz, Real Estate and Timber Committee
4. Tim Schlitzer, Senior Investment Officer
5. Dan Stenger, Consultant, The Townsend Group

Summary of Respondents

1. Forecon, Inc. ("Forecon") provides multiple services in the forestry and natural resources industry, including appraisal services, geographic information systems, timber sales administration, and land management services. The firm was incorporated in 1976 as the successor to C.H. Bauer, which was previously established in 1954. Forecon maintains six locations throughout three states (New York, Pennsylvania and West Virginia) and employs approximately 43 employees. The firm's appraisal history has been in the Northeast and South. The appraisal department consists of three people that include two certified appraisers. The appraisers for PRIM would be Chuck Alexander, who is director of appraisal services and John Gifford, the firm's vice president. Combined, Messrs. Alexander and Gifford possess approximately 50 years of appraisal experience with an expertise in hardwoods. Forecon has been engaged by other institutional entities, including GMO, Bank of America and FIA. Forecon is currently on PRIM's approved list of appraisal firms.

2. Larson & McGowin, Inc. ("L&M") dates back to 1938 as a firm that conducted timber cruises and consulting services for large land owners during the development of the forest industry in the U.S. South. L&M currently operate from eight locations throughout Texas, Georgia, Alabama, Arkansas and Louisiana. In addition to appraisal services they provide a full range of land management services including harvest planning, reforestation planning, timber sales preparation, intensive pine management, and wood basin studies. Mr. L. Alexander McCall, Executive Vice President, and Mr. Robert Foster, President, are designated for PRIM's assignments. Mr. McCall is active in a number of professional organizations and is registered as a Forester and a Licensed Real Property Appraiser. Additionally, he has served as an expert witness on numerous

occasions regarding the negotiation of leases and other real property issues. Mr. Foster leads the company's Appraisal Services Group and has extensive experience in land management operations auditing. Mr. Foster is also registered as a Forester and a Licensed Real Property Appraiser. L&M have performed valuation services for other large investors, such as Plum Creek, Rice University and The Forestland Group. L&M has not responded to past RFQ issued by PRIM, thus it is not on PRIM's list of approved appraisal firms.

3. Legacy Appraisal Services, LLC ("Legacy"), based in High Springs, FL, provides timberland and rural property valuation services across the U.S. and South America. Legacy specializes in consulting, due diligence and the valuation of large timberland ownerships with diverse structures. This includes partial interests, conservation easements, mitigation banks and properties with other various forms of encumbrances. Legacy's focus is primarily in the Southeast and specializes in pine timberlands. Legacy values millions of acres of timberland each year for TIMOs, REITs, direct investors and agricultural lenders. Legacy staff includes three full time appraisers who are all State Certified General Appraisers. The team is led by Scott Brodbeck, MAI. Legacy's clients include Hancock Timber, Molpus, Resource Management Service and Campbell Global. Legacy is currently on PRIM's approved list of appraisal firms.

4. Mason, Bruce & Girard, Inc. ("MB&G") is a full service natural resources consulting company with 50 employees and was established in 1921. MB&G maintains offices in California, Idaho, Colorado, and is headquartered in Portland, Oregon. MB&G's business lines include property management, forest inventory and biometrics, timber cruising, and appraisals. Over the past five years, MB&G has completed timberland appraisal assignments totaling 9.4 million acres that are worth more than $26 billion dollars. The appraiser that would be assigned to PRIM is Roger Lord, Principal. Mr. Lord is a State Certified General Real Estate Appraiser in Oregon, Washington, and Idaho and has also appraised timberlands in Montana, California, and British Columbia. He has over 29 years of experience in forest economics and policy analysis, fiber supply analysis, timberland appraisal and investment analysis, and short and long term forest management planning. MB&G has performed assignments for Brookfield Timber Management, FIA, Molpus, and Hancock Timber. MB&G is currently on PRIM's approved list of appraisal firms.

5. Sizemore & Sizemore, Inc. ("Sizemore") was established in 1949 and employs 18 people in Alabama, including five appraisers. Sizemore is primarily focused in the U.S. South and specializes in valuations services, growth and yield projections, wood flows, cash flows, harvest scheduling, and timber supply agreements. The firm is regularly involved with large timberland acquisitions and dispositions activity on behalf of the timber industry, TIMOs, and high-net-worth individuals. The appraisers responsible for PRIM's assignments would be Jack Fillingham, Chairman of Sizemore; Steve Burak, Ph.D., Richard Pinkowski, Jr., Susanna Fillingham, and Seth Fillingham. Sizemore has performed assignments for Molpus, Hancock Timber and Campbell Global. Sizemore is currently on PRIM's approved list of appraisal firms.

6. Sterling Consulting, LLC ("Sterling") was formed in 2009 by Mr. Sterling Brothers. Sterling Brothers is a Certified General Appraiser and Forester. Sterling provides land and timber appraisals and investment analysis throughout the U.S. Sterling has also provided clients with acquisition and disposition consulting in real estate transactions

and provided expert witness testimony. Sterling has performed assignments for Hancock Timber, FIA and Molpus. Sterling is currently on PRIM's approved list of appraisers.

7. TerraSource Valuation, LLC ("TSV") was founded in 2005 by Mr. Jeff Wikle and Mr. Phil Bailey. Combined they have thirty-seven years of timberland valuation experience. TSV offers valuation consulting services to professional timberland investors, including timberland due diligence analysis and certified appraisals, timber price indexes, conservation easement valuations and portfolio tract valuations. Located in the North Carloina, TSV has many years of southern pine and bottomland hardwood valuation experience. TSV also has a unique, well-recognized valuation niche in the more complex natural hardwood forests located throughout the U.S. East, particularly Appalachia. Having performed many projects in international locations, TSV has competency with eucalyptus, teak, mahogany, pine plantations and tropical broadleaf forests. TSV has also performed appraisal work for other large investors, such as Plum Creek, RMK, and Molpus Group. TSV is currently on PRIM's list of approved appraisers.

8. The Healy Company, LLP ('Healy") is located in Beaverton, Oregon and specializes in valuing timberlands in the U.S. West. Healy was originally started in 1992 and is currently owned by Mr. Martin Healy, Jr. and Mr. Charles Barber. Healy employs approximately five to seven people who specialize in timberland appraisals. Messrs. Healy and Barber would be the designated appraisers for PRIM's engagement. Healy's list of clients include Hancock Timber, GMO, Campbell Global and FIA. Healy is currently on PRIM's list of approved appraisers.

Search Process

Ten firms responded to the RFQ. Two firms (American Forest Management and Sewall) submitted a response after the submission deadline and were not given further consideration. Responses were evaluated based on each firm's relevant qualifications and experience, knowledge of timberland valuations and appraisals, quality of RFQ response, quality of the proposed team, and references - particularly from PRIM's timberland investment managers (FIA and Campbell Global). Seven of the responding firms are currently on PRIM's list of approved appraisal firms. Accordingly, given PRIM's familiarity with these seven firms, experience with past assignments and feedback from FIA and Campbell Global, they were considered qualified to remain on PRIM's list.

The last respondent (L&M) was invited to interview with members of the Evaluation Committee via a conference call on July 8, 2015. Subsequent to the call it was determined that L&M demonstrated the necessary qualifications required by PRIM to provide appraisal services.

Timberland Appraisal Services Recommendation

The Evaluation Committee recommends that all eight responding firms be placed on PRIM's list of approved timberland appraisers. Each firm will be eligible to bid on timberland appraisal assignments that are scheduled to occur for calendar years ending 2015, 2016 and 2017. The firms are as follows:

1. Forecon Inc.
2. Larson & McGowin, Inc.
3. Legacy Appraisal Services, LLC

4. Mason Bruce & Girard, Inc.
5. Sizemore & Sizemore, Inc.
6. Sterling Consulting, LLC
7. Terra Source Valuation, LLC
8. The Healy Company.

Appendix I

TTG Timber RFQ Recommendation.

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

M E M O R A N D U M

TO: Tim Schlitzer, Senior Investment Officer, Real Estate and Timberland Massachusetts Pension Reserves Investment Management Board ("PRIM")

FROM: The Townsend Group

SUBJECT: Timberland Appraisal RFQ

DATE: July 13, 2015

CC: John LaCara, Investment Officer, Real Estate and Timberland PRIM

Massachusetts PRIM issued an RFQ for timberland appraisal services with initial responses due back on June 30th. Ten responses were received in total and included:

- Forecon
- MB&G
- The Healy Company
- Legacy Appraisal Services
- Sterling Consulting
- Sizemore & Sizemore
- Larson and McGowin
- Sewall
- Terrasource Valuations
- American Forest Mgmt

Two responses were declined as they were received after the response deadline including:

- Sewall
- American Forest Mgmt

Each of the firms met the RFQ's requirements and therefore qualified for inclusion.
Following an initial review of the RFQ responses by PRIM's Search Committee, phone interviews were scheduled with those firms that PRIM didn't have prior engagements and included:

- Larson and McGowin

The interview covered multiple points on the appraisal firms and included:

- Location of appraisal expertise
- Representative client list
- Overview of team and certified appraisal personnel
- Quantity of engagements completed in prior years
- Capacity to complete engagements in the current year
- Overview of appraisal process and discount rate assumptions
- Expected changes in staffing

Following the call, Larson and McGowin was included on the approved list of timberland appraisers.

Townsend recommends that all eight firms be included on PRIM's approved list of timberland appraisers. This designation will allow each of these firms to bid on appraisal work for the calendar years of 2015-17. It is expected that a review of changes at each of the respondent firms would be completed at the time of bid submission to assure the firms selected continue to meet PRIM's requirements.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Appendix J

Due Diligence Travel, Trustee and Staff Fiduciary Education, and Professional Development.

PRIM Board Meeting
Tuesday, August 11, 2015

(This page was intentionally left blank)

PRIM BOARD

Due Diligence Travel, Trustee and Staff Fiduciary Education, and Professional Development

FY 2015

Dates	*Name*	*Organization*	*Location*	*Due Diligence Travel*	*Staff Development*
4/20/15-4/23/15	Michael Bailey	Investor Roundtable and Oaktree Capital/Crescent Capital	Los Angeles, CA	1,001.46	836.87
6/23/15-6/24/15	Michael Bailey	TowerBrook Annual Meeting	New York City, NY	781.81	
	Total Michael Bailey			1,783.27	836.87
3/23/15-3/24/15	Andre Clapp	Marathon Client Lunch and Dinner/Pzena	New York, NY	931.26	
3/31/2015	Andre Clapp	Meeting at Arowstreet	Boston, MA	26.95	
4/8/2015	Andre Clapp	BSAS Seminar, "Forklore of Finance"	Boston, MA		40.00
6/9/15-6/14/15	Andre Clapp	Meeting with several managers/Ashmore Emerging Market Conference	London, UK	2,049.64	2,049.65
	Total Andre Clapp			3,007.85	2,089.65
6/17/15-6/19/15	Anthony Falzone	FTF Senior Delegate Roundtable	Newport, RI		815.69
	Total Anthony Falzone			-	815.69
5/4/15-5/5/15	David Gurtz	ISRP Conference	Cambridge, MA		515.40
5/14/2015	David Gurtz	Presenter at KPMG Hedge Fund Conference	Boston, MA		22.40
	Total David Gurtz			-	537.80
6/11/2015	Ellen Hennessy	NSCP Compliance Forum	Boston, MA		149.00
	Total Ellen Hennessy			-	149.00
4/22/15-4/23/15	Peony Keve	Vista Equity Partners /KPS /Orbi Med meeting	New York City, NY	1,184.58	
4/28/15-4/30/15	Peony Keve	GTCR 2015 Annual Meeting and Odyssey	Chicago, IL / New York City,NY	1,281.96	
4/30/2015	Peony Keve	WAVE Healthcare Panel	Boston, MA		26.90
5/11/15-5/14/15	Peony Keve	Hellman & Friedman/Soffinnova Ventures and Canvas Venture	San Francisco,CA / Menlo Park, CA	2,066.57	
6/3/2015	Peony Keve	Orbmed	New York City, NY	259.74	
	Total Peony Keve			4,792.85	26.90
3/1/15-3/4/15	John LaCara	Citi Real Estate Conference	Hollywood, FL	1,083.86	
4/28/2015	John LaCara	AEW and LaSalle	Hoboken, NJ	599.37	
6/8/15-6/9/15	John LaCara	Silver Creek	Atlanta, GA	761.32	
6/16/15-6/18/15	John LaCara	Campbell Group and Silver Creek	Portland, OR / Seattle, WA	1,804.64	
	Total John LaCara			4,249.19	-
4/28/15-4/29/15	Matthew Liposky	BNY Mellon CGNP Client Advisory Board	New York City, NY		773.76
	Total Matthew Liposky			-	773.76
6/2/15 & 6/11/15	Izzy Markov	CPE courses and material	Boston, MA		398.00
	Total Izzy Markov			-	398.00
2/11/15-2/13/15	Erin McCafferty	TA Associates Advisory Board Meeting	Boston, MA	193.87	
4/15/2015	Erin McCafferty	Gores	Beverly Hills,CA	830.97	
4/19/15-4/23/15	Erin McCafferty	Index, Montagu	London,UK and Switzerland	5,556.61	
5/10/15-5/18/15	Erin McCafferty	Several Managers	New York City, NY	943.50	
5/29/2015	Erin McCafferty	Several Managers	New York City, NY	817.77	
6/10-6/13/15	Erin McCafferty	Rhone Annual and Advisory Board Meeting	Amsterdam, Holland	3,569.29	
6/15/15-6/17/15	Erin McCafferty	RFK Compass Conference	Hyannisport, MA		257.89
6/22/15-6/24/15	Erin McCafferty	KKR Annual Meeting	Palos Verdes, CA	1,750.18	
	Total Erin McCafferty			13,662.19	257.89
2/15/2015	Michael McGirr	BSAS Seminar	Boston, MA		55.60
3/9/15-3/19/15	Michael McGirr	Nordic, CarVal, GSO and Inflexion	London, UK	4,491.31	
2/16/15-2/18/15	Michael McGirr	CarVal and Blackstone	Minneapolis.MN /New York, NY	2,198.99	
4/16/15-4/16/15	Michael McGirr	GSO Annual and Olympus meeting	Stamford,CT / New York,NY	873.93	
4/22/15-4/23/15	Michael McGirr	ACON and Spark meetings	Washington, D.C. / New York City, NY	1,898.28	
4/29/15-5/8/15	Michael McGirr	AG Conference	London, UK		4,568.69
	Total Michael McGirr			9,462.51	4,624.29
3/20/15-3/23/15	Eric Nierenberg	Meeting with Blackgold	Houston,TX	526.98	
4/1/15-4/2/15	Eric Nierenberg	Arden	New York City, NY	762.44	

4/7/15-4/9/15	Eric Nierenberg	Peer meetings	Atlanta, GA	1,321.93	
4/26/15-4/29/15	Eric Nierenberg	Global Agriculture Investing and Arden	Chicago, IL /New York City,NY	854.27	854.28
5/5/2015	Eric Nierenberg	400 Capital and Mann Quantitative Summitt	New York City, NY	221.30	221.29
6/18/15-6/19/15	Eric Nierenberg	Carter Borden Investing Forum and Arden	New York City, NY	1,415.98	
	Total Eric Nierenberg			5,102.90	1,075.57
5/4/15-5/5/15	Donald Payne	ISRP Conference	Boston, MA		520.93
6/1/2015	Donald Payne	CFA registration and material	Boston, MA		1,621.34
	Total Donald Payne			-	2,142.27
4/8/2015	Sarah Samuels	BSAS Seminar, "Forklore of Finance"	Boston, MA		40.00
4 /15/15-4/17/15	Sarah Samuels	CIO Summit	New York City, NY		1,653.03
5/11/15-5/13/15	Sarah Samuels	Citi Conference and Appollo Annual Meeting	New York City, NY	775.39	1,789.60
5/19/2015	Sarah Samuels	RFK Compass Conference	Hyannisport,MA		1,181.58
	Total Sarah Samuels			#REF!	4,664.21
4/28/2015	Timothy Schlitzer	AEW and LaSalle	Hoboken,NJ	587.56	
6/8/15-6/9/15	Timothy Schlitzer	Silver Creek	Atlanta, GA	1,025.15	
6/16/15-6/18/15	Timothy Schlitzer	Campbell Group and Silver Creek	Portland,OR / Seattle, WA	2,966.50	
	Total Tim Schlitzer			4,579.21	#REF!
6/23/15-6/25/15	Chris Supple	NAPPA Attorney's 2015 Annual Meeting	Austin, TX		1,636.08
	Total Chris Supple			-	1,636.08
5/4/15-5/6/15	Michael Trotsky	Mann Quantiative Summit - Speaker	New York City, NY		728.18
5/19/2015	Michael Trotsky	QWAFAFEW Meeting, "Sheep in Wolves' Clothing"	Boston, MA		30.00
6/30/2015	Michael Trotsky	Highfields Meeting	Boston, MA	23.15	
	Total Michael Trotsky			23.15	758.18