Financial Security

Peace of Mind about Investment Decisions

Because PSRS and PEERS are Defined Benefit (DB) pension plans, you don't need to worry about making investment decisions regarding your retirement funds. PSRS/PEERS professional investment staff and managers expertly invest your PSRS/PEERS funds.

We are a large institutional investor, and can invest all our members' retirement funds economically, pooling risk and providing reliable retirement security through long-term investments.

Investment Section

Letter from Towers Watson

TOWERS WATSON

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December 4, 2015

To the Members of the Board:

In contrast to the prior few fiscal years of strong equity returns, fiscal year 2015 saw mixed results in equity markets, with U.S. equities producing modest returns while international developed and emerging markets struggled. Europe witnessed heightened volatility due to the uncertainty around Greece while a sell-off in domestic Chinese shares drove emerging markets lower. Domestic fixed income markets also produced mixed results as longer dated U.S. government bonds rallied and credit bonds detracted amid speculation of interest rate increases. Longer dated U.S. government bonds returned +6% while long corporate bonds had -0.9% returns as spreads widened after hitting near all-time lows in 2014. Looking forward to the coming year, the focus will remain on when the Fed will decide to raise interest rates and what the outlook is for global economic growth, specifically in China.

PSRS and PEERS plans are combined to show one performance number for the consolidated Missouri Education Pension Trust (MEPT). The Total Fund return for the fiscal year ended June 30, 2015 was 4.52%, which was ahead of the policy benchmark return of 3.50%. The MEPT fiscal year return for public risk assets were moderate at +4.10% and safe assets were also positive for the year at +1.19%. MEPT private risk assets returned +10.88% vs. +8.75% for its benchmark.

The Fund continues to evolve through ongoing refinement of the public risk portfolio, specifically within the equity and credit portfolios. As a result of this work, PSRS/PEERS will look to take advantage of both internal and external resources in their effort to manage the portfolio through the volatile investment climate.

In the next fiscal year, Towers Watson will begin work with the PSRS/PEERS internal investment staff, evaluating the overall asset allocation through the completion of an asset liability modelling study.

We at Towers Watson have enjoyed our relationship with Missouri PSRS/PEERS and are looking forward to the coming year.

Regards,
Towers Watson Investment Services, Inc.

Michael M. Hall, ASA, CFA
West Division Investment Leader

Letter from the Chief Investment Officer

PSRS/PEERS
PUBLIC SCHOOL & EDUCATION EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI

November 24, 2015

To the Members of the Systems:

Throughout this year's Financial Report you will see the phrase: ***"Peace of Mind in Retirement"***. As an active member within PSRS or PEERS, you have the ability to focus on your family and your career knowing that you have retirement security in the future. As a retired PSRS or PEERS member, you experience that security more tangibly through a monthly retirement benefit. Thus, whether you are an active member or a retiree, you experience ***Peace of Mind*** regarding your retirement. The foundation of that ***Peace of Mind*** is the professional investment program that has been developed at PSRS and PEERS throughout the last 30 years. The Systems have invested for your retirement through the Stock Market Crash of 1987, the Asian Crisis in 1997, the Dotcom Bubble in 2000 and the Global Financial Crisis in 2007. Despite the market volatility, the PSRS and PEERS investment program has been able to focus on the long-term, resulting in an annualized investment return for the Systems over the last 30 years of 9.1%.

Low bond yields and negative returns in the non-U.S. stock market provided a difficult environment for institutional investors in fiscal year 2015. However, the strength in the U.S. stock market, private equity and the real estate markets allowed PSRS/PEERS to achieve positive returns during the year. The Systems' assets increased through investment earnings by over $1.1 billion from the previous year with a total fund performance of 4.5% for both PSRS and PEERS.

Key Points within this year's Financial Report

As you review the financial information in this report for the fiscal year ended June 30, 2015, it is important to be aware of the following points:

- The PSRS and PEERS investment returns for fiscal year 2015 exceeded 85% of the peer group as defined by the Wilshire TUCS universe of public pension plans with assets in excess of $1 billion,
- The Systems generated the investment return while taking less risk than approximately two-thirds of comparable public funds,
- The PSRS/PEERS internal investment staff and external investment managers added value above the policy benchmark of over $300 million, net of all fees and expenses. The outperformance in 2015 was due to portfolio construction and tactical asset allocation decisions by internal investment staff (overweighting and underweighting asset classes around targets) as well as active management on the part of external managers,
- The majority of the Systems' primary asset categories (U.S. Equity, Non-U.S. Equity, Hedged Assets and Private Risk Assets) generated returns in excess of established policy benchmarks for the year,
- The PSRS/PEERS investment expenses (including accrued performance based fees and all internal investment staff expenses) for fiscal year 2015 were 1.16%, or $1.16 for every $100 managed.

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The investment returns reported throughout this publication are mostly net of these fees. The investment return net of all fees and expenses for PSRS and PEERS was 4.32%,

- Total Systems' assets have increased through investment earnings by $16.8 billion over the last five years,
- Investment performance throughout this report is calculated using a time-weighted rate of return based on market values, and
- The total assets of both PSRS and PEERS were approximately $38.6 billion on June 30, 2015, making the combined entity larger than all other public retirement plans in the state combined, and the 44th largest defined benefit plan in the United States.

Fiscal Year 2015 Year in Review

The internal investment staff, under the direction of the PSRS/PEERS Board of Trustees, has adopted a disciplined and diversified investment portfolio over the past several years that includes allocations to multiple asset classes. In each year or market cycle, every specific asset class within the PSRS/PEERS investment portfolio performs a valuable function.

In fiscal year 2015, the combined asset allocation provided the Systems with below average (yet positive) investment returns. U.S. stocks returned 7.3% for the fiscal year ended June 30, 2015 (as measured by the Russell 3000 Index), non-U.S. developed stocks declined 4.2% (as measured by the MSCI EAFE Index), and emerging market stocks fell 5.1% (as measured by the MSCI Emerging Markets Index). U.S. Treasury Bonds provided low absolute returns for PSRS/PEERS, increasing 1.8% for the year.

Diversification into private equity and private real estate proved beneficial for the year as the Real Estate Composite returned 14.0% and the Private Equity Composite increased 9.6%. The adoption of private asset classes were not only additive to the PSRS/PEERS total fund performance in fiscal year 2015 but also proved beneficial over the last five years. The Hedged Asset Program generated a 3.2% return for the fiscal year, outperforming the 1-year return of the HFRI Hedge Fund Index at 2.3%. The objective of the Hedged Assets Program is to provide competitive returns, diversification and lower volatility (risk) than the Systems' stock portfolios.

As noted above, significant absolute returns in a couple of the major asset classes contributed to the 4.5% return for PSRS and PEERS in fiscal year 2015. Additionally, the investment returns were supported by solid implementation (stock selection) and tactical asset allocation decisions. For example, the PSRS/PEERS Non-U.S. Equity Composite outperformed its benchmark (MSCI All Country World Free ex U.S. Index) by 4.7% in fiscal year 2015, while the PSRS/PEERS Real Estate Composite outperformed its benchmark (NCREIF Property Index) by 1.1%. From a portfolio construction and tactical standpoint, the internal investment staff maintained a substantial overweight to U.S. stocks and emerging market stocks relative to Europe throughout the year. The overweight to U.S. stocks relative to non-U.S. developed stocks provided meaningful contribution to the overall PSRS/PEERS return in fiscal year 2015.

Fiscal Year 2016: Low Return Environment

In my annual letter last year I wrote about the low return environment that PSRS/PEERS, and all institutional investors, were facing. As I write the annual letter this year (at the end of November 2015), not much has changed. Investors are still waiting for the Federal Reserve to raise interest rates and asset prices are very similar to a year ago. The yield on the 10-year Treasury was 2.2% on November 30, 2014 and the S&P 500 was at 2,067. As we close out November of 2015, the current yield on the 10-year Treasury and the price of the S&P 500 remain close to the levels of last year.

Letter from the Chief Investment Officer, continued

PSRS/PEERS have developed a long-term strategic asset allocation that is designed to achieve the assumed investment return of 8.0% over long periods of time. The Board has also adopted an Investment Policy that provides the PSRS/PEERS internal investment staff and external advisors with the flexibility to deviate from the strategic asset allocation within appropriate bands. To that end, due to historically low interest rates and attractive valuations within the equity markets, PSRS and PEERS were significantly overweight to stocks and underweight to safe (riskless) assets beginning in 2009. However, toward the end of calendar year 2014, the Systems' internal investment staff began to move back toward the long-term target asset allocation by reducing the amount in U.S. stocks and increasing the amount in safe assets (specifically cash) and private assets. The move was directed because stock prices increased throughout 2014, indicating full valuation from a fundamental standpoint. Moreover, the Systems continued to increase the allocation to private investments (real estate, private equity) in the low-rate environment primarily because there is a return premium afforded to those investors willing to accept illiquidity risk and because it increases the diversification of the fund. At the end of 2015, PSRS/PEERS remain close to the long-term targets in all asset classes.

We continue to believe that in the current environment it is prudent to maintain a healthy allocation to safe assets (Treasuries and cash) and hedged assets to reduce the total volatility of the fund. PSRS/PEERS is obviously sacrificing yield in the short-term but it is expected that this will give the Systems more flexibility in the future. In the simplest form, we strive to provide consistent performance by building a portfolio that offers significant protection during market weakness but also can participate in periods of market strength.

As we move closer to calendar year 2016, the PSRS/PEERS asset allocation continues to exhibit an overweight to U.S. stocks (relative to developed non-U.S. stocks) due to an uncertain outlook for Europe. Additionally, the Systems are overweight to emerging market stocks due to higher long-term growth prospects and better fundamental valuations. Corporate bonds became more attractive in the latter stages of calendar year 2015. As such, the Systems increased the allocation to both investment grade and below investment corporate bonds. Finally, in terms of investment implementation, PSRS/PEERS have maintained a healthy allocation to active management due to an expectation that a greater level of 'alpha' (or excess return above the market) can be achieved in a less certain market environment.

Under the support and guidance of the Board of Trustees, I am confident that the investment program at PSRS/PEERS will continue to provide the Systems with an excellent opportunity to achieve solid investment returns over future economic and capital market environments. Most importantly, I believe the portfolio is well-positioned to ensure that all members receive the financial security and ***Peace of Mind*** they have earned through their hard work and dedication.

Respectfully,

Craig A. Husting, CFA
Chief Investment Officer

Investment Policy Summary

The Board of Trustees of the Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is charged with the responsibility for investing the assets of the Systems in a manner consistent with the fiduciary standards set forth in the 'prudent person' rule. To that end, the Board has adopted the following principles to guide all investment-related decisions:

1. Act in the exclusive interest of the members of the Systems,
2. Maximize total return within prudent risk parameters, and
3. Preserve the long-term purchasing power of the Systems.

The investment portfolios of PSRS and PEERS represent all contributions to the plans, from members and their employers, as well as all net earnings on these assets. These funds are held in support of both current and future liabilities. In total, approximately 62% of every dollar used to pay retirees is generated from investment earnings[1].

The Board of Trustees of PSRS and PEERS approved the commingling of assets for purposes of investment as allowed by state statute. In order to implement this change, PSRS and PEERS adopted the Missouri Education Pension Trust Agreement (MEPT), which is managed by the PSRS and PEERS Board of Trustees and Investment Staff. Effective July 1, 2013, the invested assets of the Systems were pooled and invested in MEPT. All assets held by MEPT are for the exclusive benefit of PSRS and PEERS. Each of the Systems has equity in MEPT based on funds contributed and earnings allocated. Earnings of MEPT are allocated based on the average daily balances of each of the respective Systems. Individual investments in MEPT are not specifically identified to the respective Systems. Due to the fact all invested assets are invested in MEPT, the rate of return for each of the Systems is approximately the same. Therefore, the following discussions focus on MEPT in total and not the individual Systems.

Investment Objective

Based on the general beliefs about the long-term investment returns available from a well-diversified, prudently invested portfolio, the Board has adopted an objective to achieve a **total nominal investment return of 8.0% with a real rate of return of at least 5.5% per annum over time**.[2]

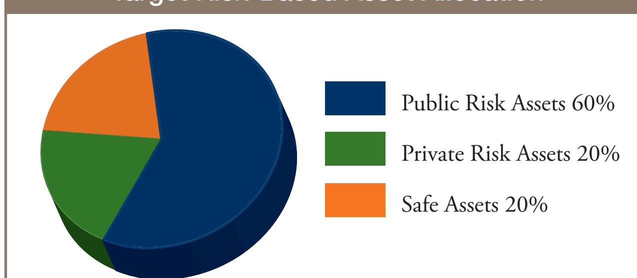
In order to achieve this rate of return, the Systems have developed a portfolio that is prudently invested across a broad array of assets that reflects the long-term nature of the Systems' pension obligations. The principles of diversification, risk control, and competitive rates of return provide the framework for selecting an asset allocation that is expected, over longer periods of time and in the aggregate, to give the Systems the most competitive long-term return within a prudent level of risk.

Understanding Risk

Selection of an appropriate asset allocation is one of the most important decisions made by a retirement plan. Within that asset allocation, it is important to not only consider the expected investment return, but also to understand the risks. The importance of risk consideration for institutional investors is critical to long-term success. To that end, the Systems employ an effective and intuitive risk-based approach to setting and reporting the asset allocation decision. The Systems developed a risk-based asset allocation to clearly define the prudent risks taken within its investment portfolios. The Systems consider a variety of risks including, but not limited to, liquidity risk, volatility, tail risk (the possibility that an investment will move much more than expected) and the ability to meet the Systems' assumed rate of return when structuring the portfolio.

This analysis results in an asset allocation to Public Risk Assets, Safe Assets and Private Risk Assets. Within each risk allocation, the Systems' investment portfolio includes strategic, long-term commitments to specific asset programs.

Target Risk-Based Asset Allocation



[1] *Based on a twenty-year average for fiscal years 1995-2015.*

[2] *The real rate of return is the rate by which the long-term total return exceeds the long-term inflation rate. The Board of Trustees shall employ an actuarial consultant for purposes of determining the inflation rate to be used in calculating the pension obligations. The assumed inflation rate as of June 30, 2015 was 2.5% per annum.*

Roles and Responsibilities

Board of Trustees

It is the responsibility of the Board of Trustees (Board) to establish and maintain policies and objectives for all aspects of the Systems' investment program including the determination of long-term policies for risk tolerance and asset allocation.

In keeping with its obligation to serve as the governing fiduciary, any changes to the investment policy or investment implementation manuals require the Board's approval.

As one of the largest public pension funds in the United States, the Systems' operational requirements are complex. In order to properly administer the Systems and carry out investment strategies, the Board relies heavily on both internal staff and external service providers. Due to the number of parties involved, their roles as fiduciaries are clearly identified to ensure distinct lines of responsibility and proper controls exist, while providing increased operational efficiency and elimination of duplication of effort.

Executive Director

The Executive Director (Director) is appointed by, and serves at the pleasure of the Board. The Director is responsible for planning, organizing, and administering all operations of the Systems under the broad policy guidance and direction of the Board. The Director, with the assistance of the investment staff, monitors the performance of the investment portfolio; ensures that funds are invested in accordance with Board policies; and, ensures that proper internal controls are developed to safeguard the assets of the Systems. In fulfilling these responsibilities, the Director relies heavily on the Chief Investment Officer and external asset consultants.

Chief Investment Officer

The Chief Investment Officer (CIO) serves at the pleasure of the Director yet has a direct, but limited, link to the Board on investment-related issues. The CIO's sole access to the Board is for submission of investment reports, information, or communications required by the investment policy and any other information or opinions specifically requested by the Board with regard to the investment program. The CIO is the individual primarily responsible for providing direction for the investment program. It is the CIO's responsibility to work with the Director, the general consultant, specialty consultants, and other external service providers, with the assistance of the internal staff, in advising the Board on policies related to the investment program. The CIO has responsibilities related to hiring and terminating service providers.

Critical functions of the CIO include recommendations for implementation decisions related to the investment plan and for the strategic allocation of the portfolio within broad ranges approved by the Board.

External Asset Consultants

The Systems employ Towers Watson as a general consultant and Albourne America, LLC (Albourne), Pathway Capital Management (Pathway) and The Townsend Group (Townsend) as specialty consultants. Towers Watson is an independent resource available to collaborate with the Board and staff on the investment process. This typically includes regular meetings with the Board to provide an independent perspective on the Systems' goals, structure, performance and external service providers. Additionally, Towers Watson may be involved with the strategic allocation shifts for the portfolio.

The specialty consultants work on specific programs within the overall investment program. Albourne is utilized for the Private Credit, Private Equity, Hedged Assets and Alpha Overlay programs, Pathway is a consultant for the Private Equity and Private Credit programs and Townsend consults on the Real Estate program.

External Investment Managers

The Systems employ external investment managers that include external money managers which may be structured as public or private entities in the form of a partnership, limited liability company, trust, separately managed account, commingled account, or some other form of operational structure in which assets may be held by an external custodian selected and monitored by the external manager.

Managers are given explicit written directions detailing their particular assignments or they follow the investment program outlined in their offering documents or Limited Partnership Agreements, and will construct and manage investment portfolios that are consistent with the investment philosophy and disciplines for which they were hired. Discretion is delegated to the managers to carry out investment actions as directed by the Systems.

Master Custodian

JP Morgan Chase Bank, NA (JP Morgan) serves as the master custodian for the Systems. The master custodian holds most cash and securities for the Systems, except in cases where investment in a partnership, commingled account, or unique asset class makes it impossible to do so. The Systems thoroughly evaluate the structure of all investments and their custody arrangements. JP Morgan is responsible for providing the official book of record for performance reporting and accounting, and serves as an additional layer of risk control in safekeeping the Systems' assets.

Asset Allocation

The asset allocation decision is generally regarded as the most important decision in the investment management process since it is crucial to achieving the long-term objectives established by the Board. In that light, it is the Board's responsibility to determine the appropriate policy asset allocation based upon several criteria with input and guidance from internal staff and Towers Watson. These criteria are as follows:

1. The expected rate of return for each asset classification;
2. The expected risk of each asset classification (expressed as the standard deviation of the rate of return);
3. The correlation of returns between asset types;
4. The investment objectives and risk constraints of the Systems (including but not limited to liquidity needs and the expected time horizon);
5. The funded ratio and cash flow requirements for PSRS and PEERS; and
6. The impact of the Systems' return volatility on the contribution rate.

The long-term policy allocation as of June 30, 2015 is illustrated in the following table. The allocation to each investment program considers both the risk tolerance of the Systems and the long-term return objective.

Asset Allocation

Investment Type	Long-Term Target	Policy Range
Public Risk Asset Programs		
U.S. Public Equity	27.00%	16% - 48%
Public Credit	12.00%	0% - 20%
Hedged Assets	6.00%	0% - 25%
Non-U.S. Public Equity	15.00%	8% - 28%
Total Public Risk Assets	**60.00%**	**35% - 75%**
Safe Asset Programs		
U.S. Treasuries	16.00%	0% - 40%
U.S. TIPS	4.00%	0% - 40%
Cash Equivalents	0.00%	0% - 10%
Total Safe Assets	**20.00%**	**10% - 40%**
Private Risk Asset Programs		
Private Equity	10.50%	4% - 14%
Private Real Estate	7.50%	4% - 10%
Private Credit	2.00%	0% - 7%
Total Private Risk Assets	**20.00%**	**5% - 25%**
Total Fund	**100.0%**	

The Board recognizes the cyclical nature of the investment markets and it has allowed the internal staff to capitalize upon opportunities by changing the allocation of each asset class or sub-asset class within broad strategic bands or policy ranges (as indicated in the table above). The flexibility given to the internal staff in establishing the strategic mix provides opportunities for the Systems to take advantage of changing market conditions. To ensure appropriate controls, the Director, CIO and Towers Watson must unanimously agree upon all material strategic changes prior to implementation.

Performance Objectives and Monitoring Process

Generating a total nominal rate of return net of expenses of at least 8% and a real rate of return net of expenses of at least 5.5% per annum is an important consideration in the asset allocation decision and the primary performance objective for the Systems over long periods of time. The need for a long-term focus is necessary to preclude the temptation to overreact to events in the financial markets that have no relevance to long-term asset/liability management of the Systems. The resulting dilemma is the conflicting requirement to evaluate investment policy implementation over shorter time periods while maintaining a longer-term focus on meeting the return objectives. In order to determine if the Systems' shorter-term and long-term objectives are being achieved, the Board evaluates performance relative to policy and strategic benchmarks. The policy benchmarks allow the Systems to be judged by performance relative to a defined set of broad market indices (i.e., the Systems' long-term asset allocation objective). The strategic benchmarks allow the Board to consider the additional value generated from the latitude given to the internal staff to alter the asset class or sub-asset class allocations.

Policy Decisions

The value added through policy decisions is measured by the difference between the policy benchmark return and the actuarial required rate of return objective (defined as Real Return Objective + Inflation). A policy benchmark return greater than the actuarial required rate of return reflects value added. A policy benchmark return less than the actuarial required rate of return reflects losses or shortfalls in performance in funding the liabilities of the Systems. These policy decisions are measured over long periods of time.

Strategy Decisions

Strategy decisions are asset class or sub-asset class asset allocation choices made by the internal staff to deviate from the policy benchmark weights, with approval from the General Consultant and the Director that the proposed material deviation is in compliance with the Board's investment policy. The value added through these decisions to overweight and/or underweight these sub-asset classes is measured by the difference between the strategic benchmark return and the policy benchmark return. This difference captures the value added by internal staff through sub-asset class strategic decisions relative to the Board's broad policy allocation decisions. A strategic benchmark return greater than the policy benchmark return reflects value added through the allocation decisions. A strategic benchmark return less than the policy benchmark return reflects losses to the fund's performance based upon strategy decisions.

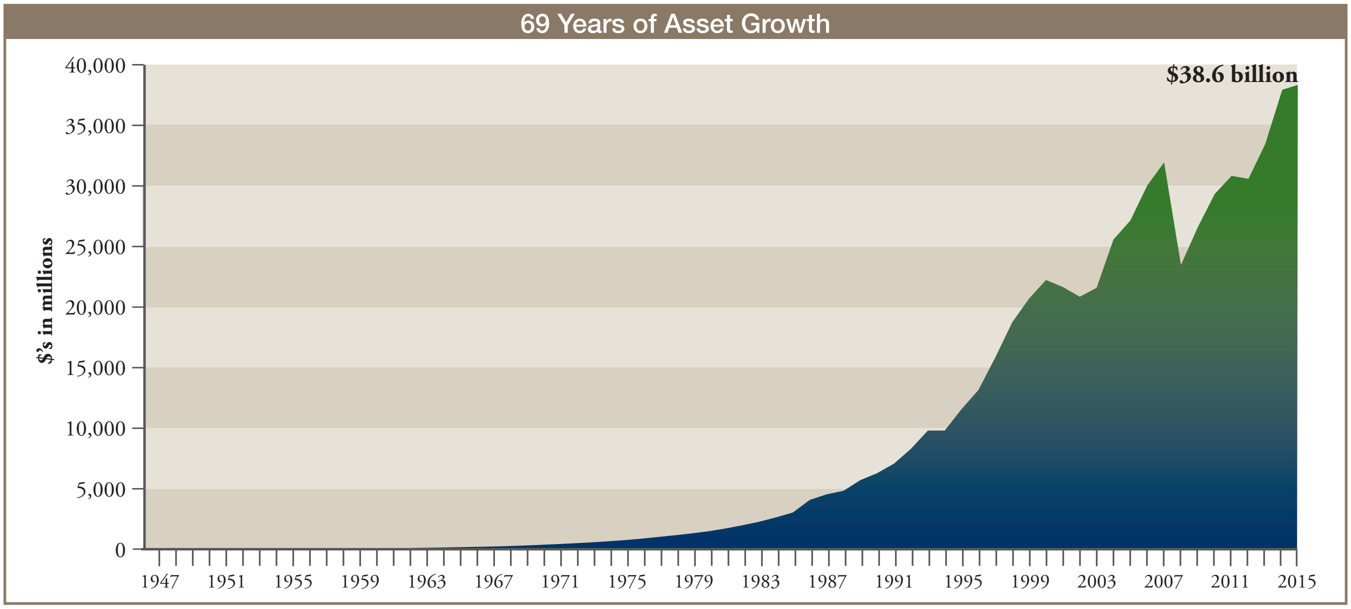
Implementation Decisions

Implementation decisions are manager selection choices made by the internal staff with the approval of a consultant(s) and the Director. The value added through these manager selection decisions is measured by the difference between the actual portfolio return and the strategic benchmark return. An actual portfolio return greater than the strategic benchmark return reflects value added through these manager selection decisions. An actual portfolio return less than the strategic benchmark return reflects losses to the fund's performance based upon implementation decisions.

Risk Controls

The Board recognizes that even though the Systems' investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. Given the importance of the broad asset allocation decision to the Systems' long-term investment success, internal staff is required to conduct an asset allocation/liability study at least every five years and to report the results of that study to the Board. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016. In addition, the CIO must annually evaluate the asset allocation mix and any strategic allocation of the portfolio and provide a report to the Board on the results of that evaluation. This ongoing review of the asset allocation process helps to ensure the asset allocation is being monitored and modified as needed to meet the financial obligations of the Systems.

Total Fund Review



The Systems' total invested assets were $38.6 billion as of June 30, 2015. There has been a consistent and long-term growth in assets since the inception of PSRS in 1946 and PEERS in 1965, as shown in the graph above.

Investment Performance[3]

The Systems earned an investment return of 4.5% for fiscal year 2015. The total plan return exceeded the total plan policy benchmark return of 3.5% but fell short of the long-term objective (actuarial assumption) of 8.0%. The Systems' 2015 fiscal year return net of all fees and expenses was 4.3%. Over long periods of time, the Systems continue to produce investment returns that meet or exceed the Systems' objective. The annualized investment return for the Systems' over the last five years is 11.3% and 9.1% over the last 30 years.

As illustrated in the tables below, within the Systems' investment portfolios, U.S. equities delivered returns of 7.9%, private equity (investments in private companies) increased 9.6%, real estate produced 14.0% returns, and hedged assets returned 3.2%. Each of these asset classes strongly contributed to the total returns of the Systems while providing diversification from non-US equities and fixed income securities.

Total Fund Performance

Assets	Total Return	Weighted Contribution*
U.S. Public Equity	7.9%	2.4%
Public Credit	0.0%	0.0%
Hedged Assets	3.2%	0.4%
Non-U.S. Public Equity	-0.6%	-0.1%
Public Risk Assets	**4.1%**	**2.7%**
U.S. Treasuries	1.8%	0.3%
U.S. TIPS	-1.9%	-0.1%
Cash Equivalents	0.5%	0.0%
Safe Assets	**1.2%**	**0.2%**
Private Equity	9.6%	0.7%
Private Real Estate	14.0%	1.0%
Private Credit	-2.9%	-0.1%
Private Risk Assets	**10.9%**	**1.6%**
TOTAL RETURN	**4.5%**	**4.5%**

**Percentages have been adjusted to reflect compounding effects and changes in asset weights.*

[3] Investment returns were prepared using a time-weighted rate of return based on market values.

Investment Performance Relative to Benchmarks**

	Fiscal Year	3-Year	5-Year	10-Year*
Public Risk Assets Programs				
U.S. Public Equity	**7.9%**	**18.7%**	**18.4%**	**8.6%**
Russell 3000 Index	7.3%	17.7%	17.5%	8.2%
Public Credit	**0.0%**	**2.1%**	**4.2%**	**n/a**
Barclays U.S. Intermediate Credit Index	1.5%	2.9%	4.2%	n/a
Hedged Assets	**3.2%**	**9.0%**	**9.0%**	**n/a**
Hedged Assets Benchmark	1.3%	8.2%	8.6%	n/a
Benchmark consists of:				
50.0% Barclays U.S. Intermediate Credit Index				
25.0% MSCI ACWI ex-USA Index				
25.0% Russell 3000 Index				
Non-U.S. Public Equity	**-0.6%**	**12.0%**	**9.8%**	**6.3%**
MSCI ACWI ex-USA Index	-5.3%	9.1%	8.1%	5.7%
Total Public Risk Assets	**4.1%**	**12.9%**	**12.6%**	**6.8%**
Public Risk Assets Benchmark	2.4%	11.6%	11.7%	5.7%
Benchmark consists of:				
47.5% Russell 3000 Index				
27.5% MSCI ACWI ex-USA Index				
25.0% Barclays U.S. Intermediate Credit Index				
Safe Assets Program				
Total Safe Assets	**1.2%**	**0.4%**	**2.4%**	**3.8%**
Safe Assets Benchmark	1.4%	0.7%	2.6%	3.7%
Benchmark consists of:				
72.0% Barclays U.S. Treasury: Intermediate Index				
8.0% Barclays U.S. Treasury: Long Index				
20.0% Barclays U.S. TIPS 1-10 Years Index				
Private Risk Assets Program				
Private Equity	**9.6%**	**16.5%**	**15.5%**	**11.2%**
Russell 3000 Index	7.3%	17.7%	17.5%	8.2%
Private Real Estate	**14.0%**	**13.4%**	**14.1%**	**4.8%**
NCREIF Property Index	13.0%	11.6%	12.7%	5.5%
Private Credit	**-2.9%**	**8.0%**	**10.0%**	**n/a**
Merrill Lynch High Yield Master II Index	-0.6%	6.8%	8.4%	n/a
Total Private Risk Assets	**10.9%**	**14.4%**	**14.4%**	**n/a**
Private Risk Assets Benchmark	8.8%	14.4%	15.0%	n/a
Benchmark consists of:				
52.5% Russell 3000 Index				
37.5% NCREIF Property Index				
10.0% Merrill Lynch High Yield Master II Index				
TOTAL FUND				
Total Fund	**4.5%**	**11.2%**	**11.3%**	**6.6%**
Total Fund Benchmark	3.5%	10.0%	10.6%	6.1%
Benchmark consists of:				
39.0% Russell 3000 Index				
16.5% MSCI ACWI ex-USA Index				
14.4% Barclays U.S. Treasury: Intermediate Index				
1.6% Barclays U.S. Treasury: Long Index				
15.0% Barclays U.S. Intermediate Credit Index				
7.5% NCREIF Property Index				
4.0% Barclays U.S. TIPS 1-10 Years Index				
2.0% Merrill Lynch High Yield Master II Index				
Actuarially Required Rate of Return	**8.0%**	**8.0%**	**8.0%**	**8.0%**
TUCS Universe Median	**3.2%**	**10.4%**	**10.9%**	**6.9%**

**Some programs have been established more recently and therefore 10-year returns are not available.*

***Investment returns were prepared using a time-weighted rate of return based on market values.*

Investment Performance Relative to Benchmarks

The Board has established a long-term goal to achieve a total investment return of at least 8.0% per year and a real rate of return of at least 5.5% per year. The investment returns for the three-year and five- year time periods are substantially higher than the long-term investment objective. Additionally, the 30-year annualized total return of 9.1% for the Systems exceeds the long-term return objective of 8.0%.

As discussed previously, in order to determine if the Systems' shorter-term and long-term objectives are being achieved, the Board also utilizes three benchmarks by which the Systems' progress may be judged: (1) performance relative to a **policy benchmark** (defined set of broad market indices that reflects the Systems' long-term asset allocation, or market beta), (2) performance relative to a **strategic benchmark** which indicates value added by the internal staff, and, to a lesser extent, (3) performance relative to other public pension systems and their investment managers as a reference point of oversight.

The investment return for fiscal year was lower than the long-term expected return of 8.0% but far better than most other institutional investors. The Systems' investment return for fiscal year 2015 exceeded 85% of the peer group as defined by the Wilshire TUCS universe of public pension plans with assets in excess of $1 billion. Additionally, the Systems generated the fiscal year 2015 return (and longer-term investment returns) while taking less risk than approximately two-thirds of comparable public funds in the United States.

As the chart on page 54 indicates, the total returns for the fiscal year, three-year and five-year time periods significantly exceeded the median return of other large public funds. Total returns for ten-year time periods were marginally below the public fund median return primarily due to asset allocation and risk tolerance differences. The 2015 TUCS universe data indicates the Systems have taken substantially less risk than comparable funds during all time periods.

The internal staff presents to the Board a detailed attribution of the total fund performance at the end of each fiscal year. Value is added over and above expected market returns if the strategic benchmark exceeds the policy benchmark (i.e., the internal staff made positive strategic decisions) and/or if the actual total fund return exceeds the strategic benchmark. The table below summarizes the substantial value that has been created over recent time periods. The total plan strategic benchmark was established more recently so a 10-year return is not available.

Performance Attribution

	Fiscal Year	3 Year	5 Year
Strategic Benchmark	3.33%	10.59%	10.83%
Policy Benchmark	3.50%	9.95%	10.55%
Value Added Through Strategic Decisions to Reposition Portfolio	***-0.17%***	***0.64%***	***0.28%***
Actual Fund Return	4.52%	11.22%	11.30%
Strategic Benchmark	3.33%	10.59%	10.83%
Value Added Through Implementation	***1.19%***	***0.63%***	***0.47%***
Total Value Added	1.02%	1.27%	0.75%
Fees Paid Outside of Investment Structures	-0.20%	-0.20%	-0.20%
Total Value Added (Net of Fees and Expenses)	***0.82%***	***1.07%***	***0.55%***

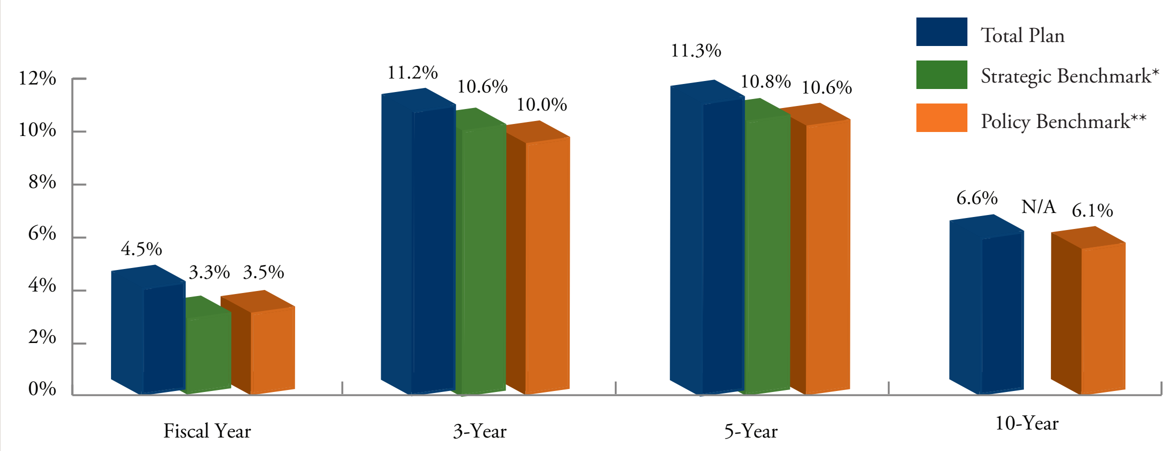
The total returns exceeded the policy benchmark by 0.82% (net of all fees and expenses), for fiscal year 2015. This resulted in over $300 million in excess performance to the Systems. The Systems have experienced approximately $950 million (net of all fees and expense) excess performance over the past five years. The total fund returns have exceeded the policy benchmark in eight of the last ten fiscal years, an indication that internal staff and active investment management have added value to the Systems.

Statistical Performance

One of the primary investment objectives of the Systems is to achieve returns similar to the market but at lower risk or volatility levels. To that end, internal staff monitors a number of quantitative risk statistics related to the total investment portfolio as well as individual composites. The table below indicates that the Systems have taken less risk than the policy benchmark (as measured by standard deviation) over all time periods while achieving higher returns, thereby indicating strong risk-adjusted performance.

Beta measures the volatility, or systematic risk, of a security or portfolio in comparison to the market as a whole. If a portfolio has a beta of 1.0, it indicates that the portfolio moves in unison with the market. The Systems' portfolios have a beta of less than 1.0 relative to the policy benchmark, indicating less market volatility. The Systems' beta relative to the world stock index (ACWI World Index) is approximately 0.50. This signifies that the Systems' portfolio moves up or down approximately half as much as the world stock index.

PSRS/PEERS vs. Benchmarks



Total Plan Statistical Performance

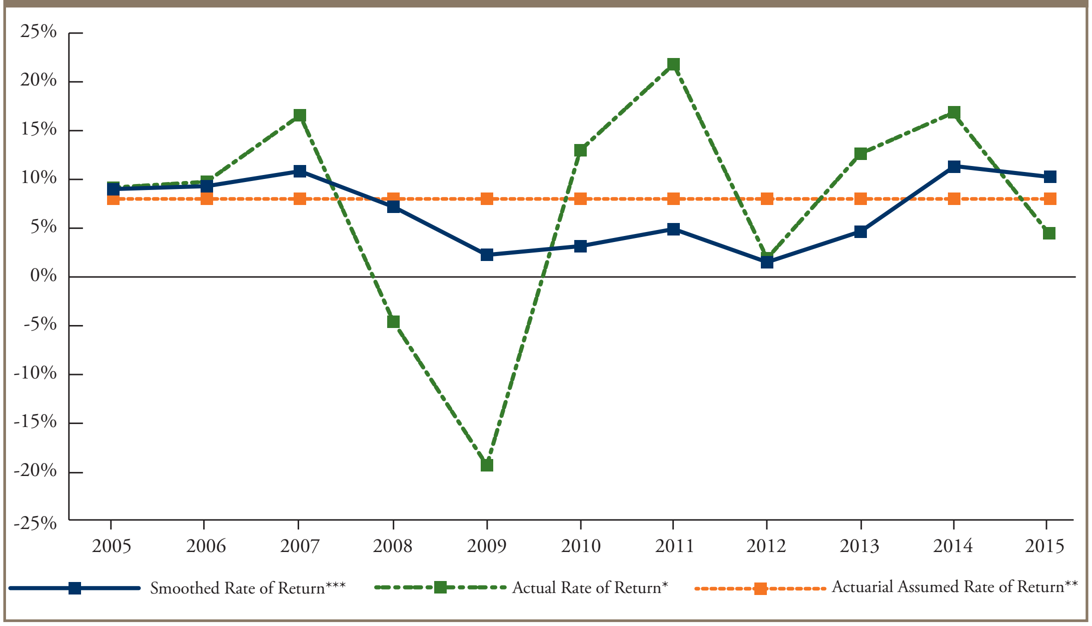
Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
Annualized Total Plan Return	4.5%	11.2%	11.3%	6.6%
Annualized Policy Benchmark Return**	3.5%	10.0%	10.6%	6.1%
Annualized Strategic Benchmark Return*	3.3%	10.6%	10.8%	N/A
Excess return	1.0%	1.2%	0.7%	0.5%
Annualized Standard Deviation of Composite	4.2%	4.5%	6.7%	8.8%
Annualized Standard Deviation of Policy Benchmark	4.8%	4.9%	7.3%	9.8%
Beta to Policy Benchmark	0.87	0.91	0.92	0.88
Beta to ACWI World Index	0.43	0.49	0.49	0.52

**As of June 30, 2015: 35.3% Russell 3000 Index, 18.7% MSCI ACWI ex-USA Index, 14.7% Barclays U.S. Intermediate Credit Index, 10.2 % Barclays U.S. Treasury: Intermediate Index, 1.1% Barclays U.S. Treasury: Long Index, 10.6% Merrill Lynch 3- Month U.S. Treasury Bill Index, 7.0% NCREIF Property Index, 1.4% Barclays U.S. TIPS 1-10 Years Index, and 1% Merrill Lynch High Yield Master II Index. The Total Plan Strategic Benchmark changes monthly based on the actual asset allocation at the end of the previous month. It was established more recently so a 10-year return is not available.*

***As of June 30, 2015: 39.0% Russell 3000 Index, 16.5% MSCI ACWI ex-USA Index, 14.4% Barclays U.S. Treasury: Intermediate Index, 1.6% Barclays U.S. Treasury: Long Index, 15% Barclays U.S. Intermediate Credit Index, 7.5% NCREIF Property Index, 4% Barclays U.S. TIPS 1-10 Years Index, and 2% Merrill Lynch High Yield Master II Index.*

The following chart shows the relationship between market value returns, the actuarially assumed rate of return and the utilization of an actuarial asset valuation method of smoothed assets. To reduce volatility in employer and employee contribution rates, a common actuarial practice of "asset smoothing" is utilized. The application of this practice results in full recognition of returns at the actuarial assumed rate and recognizes any annual excess or deficiency relative to the assumed rate over a period of five years.

Investment Rates of Return



**The Actual Rate of Return (market return) consists of all investment gains and losses (net of investment expenses) on the fair market value of assets each year.*

***The Actuarial Assumed Rate of Return is the assumed rate of return on the actuarial value of assets and is used in establishing contribution rates and pension obligations, including the net pension liability.*

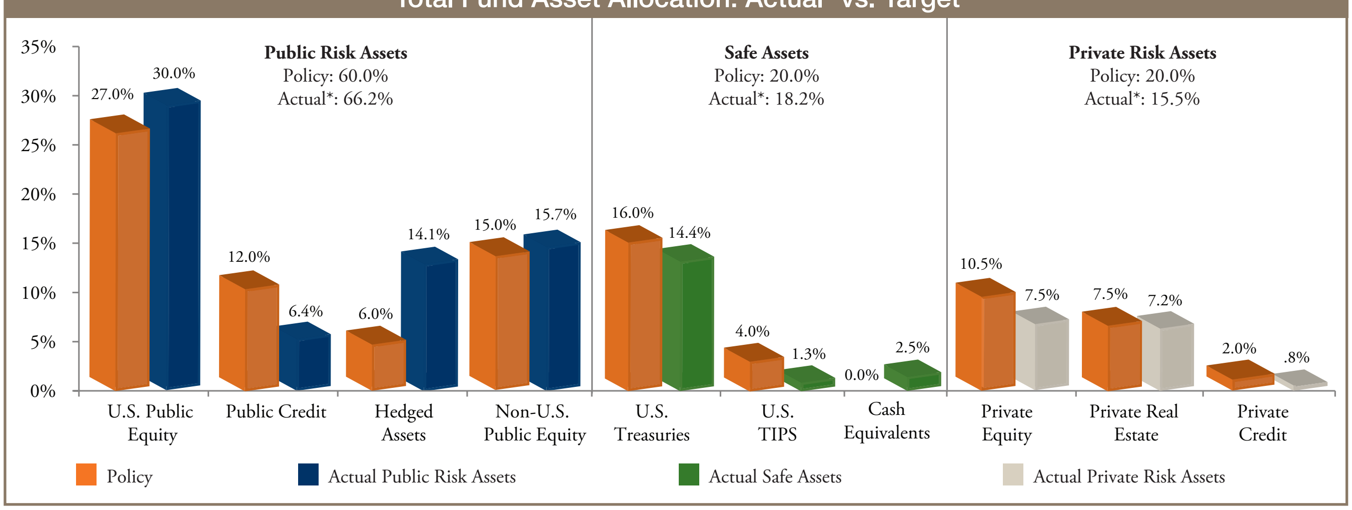
****Investment earnings in excess or deficient of the expected 8.0% rate of return are smoothed over a 5-year period for actuarial funding purposes. Twenty percent of the excess or deficiency is recognized annually for a 5 year period. This calculation results in the Smoothed Rate of Return.*

Asset Allocation: Actual Versus Target

The Board's broad policy allocation target as of June 30, 2015 was 60% Public Risk Assets, 20% Safe Assets and 20% Private Risk Assets. Within each broad policy target, the Board has established sub-asset class targets. For example, as the chart below indicates, the target allocation to U.S. Public Equity was 27% as of June 30, 2015.

As illustrated in the chart, internal staff utilized the flexibility built into the investment policy to strategically overweight or underweight certain asset classes throughout the year. Strategic decisions within the Public Risk Assets program included an overweight to U.S. equities and emerging market stocks relative to Europe. The overweight to U.S. equities relative to non-U.S. developed equities provided meaningful returns to the Systems in fiscal year 2015.

Total Fund Asset Allocation: Actual* vs. Target



**Actual assets include 0.1% invested in cash and cash equivalents that is not reflected in the chart above.*

Public Risk Assets Class Summary

As of June 30, 2015, the Public Risk assets had a market value of approximately $25.5 billion, representing 66.2% of total assets.

Investment Program Description

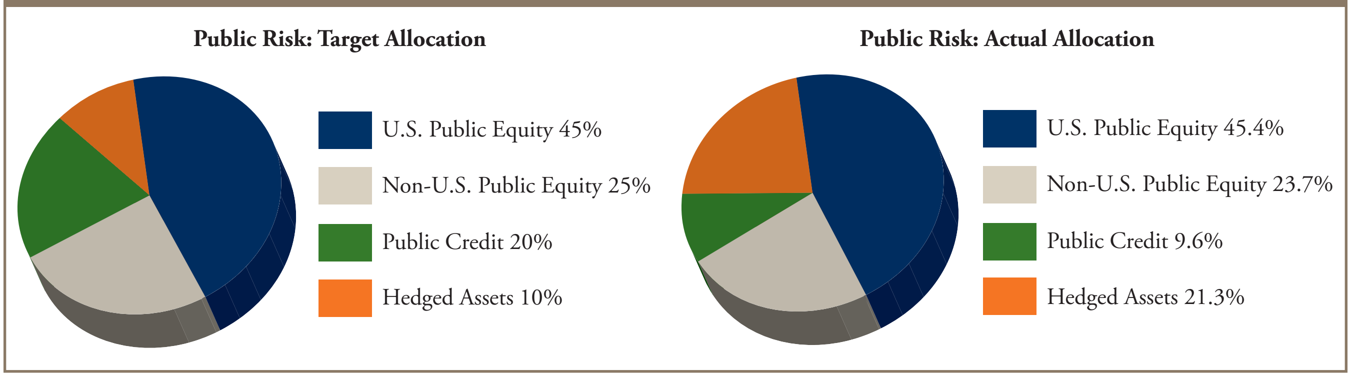
The Board of Trustees has adopted an asset allocation policy that includes a significant allocation to Public Risk Assets. The four programs within the Public Risk Asset composite are U.S. Public Equity, Public Credit, Hedged Assets and Non-U.S. Public Equity. Each program within the Public Risk allocation is a separate multi-manager composite that is treated generally as a single portfolio. Each program serves a specific and distinct role within the overall Public Risk composite and also within the overall total plan allocation. Over time, the Public Risk composite and its sub-components serve as an effective and efficient vehicle to supply the underlying beta exposure to a portfolio of global risk assets required by the Systems' asset allocation policy, while providing the opportunity to achieve excess returns above that of an equity benchmark through the prudent combination of passive investment vehicles and a wide range of active investment strategies.

Structure

As of June 30, 2015, 45.4% of the Systems' Public Risk assets were invested in the U.S. Public Equity program, 23.7% in the Non-U.S. Public Equity program, 9.6% in the Public Credit program and 21.3% in the Hedged Assets program. Each of these programs is discussed in more detail on the following pages.

The internal staff strategically overweighted the total plan to Public Risk assets during the year. The target allocation for Public Risk assets is 60% and the Systems' allocation at the end of the fiscal year was 66.2%. Within the Public Risk Assets composite, internal staff continued to overweight U.S. Public Equity, while underweighting Public Credit and non-U.S. developed markets.

Public Risk Assets Allocation



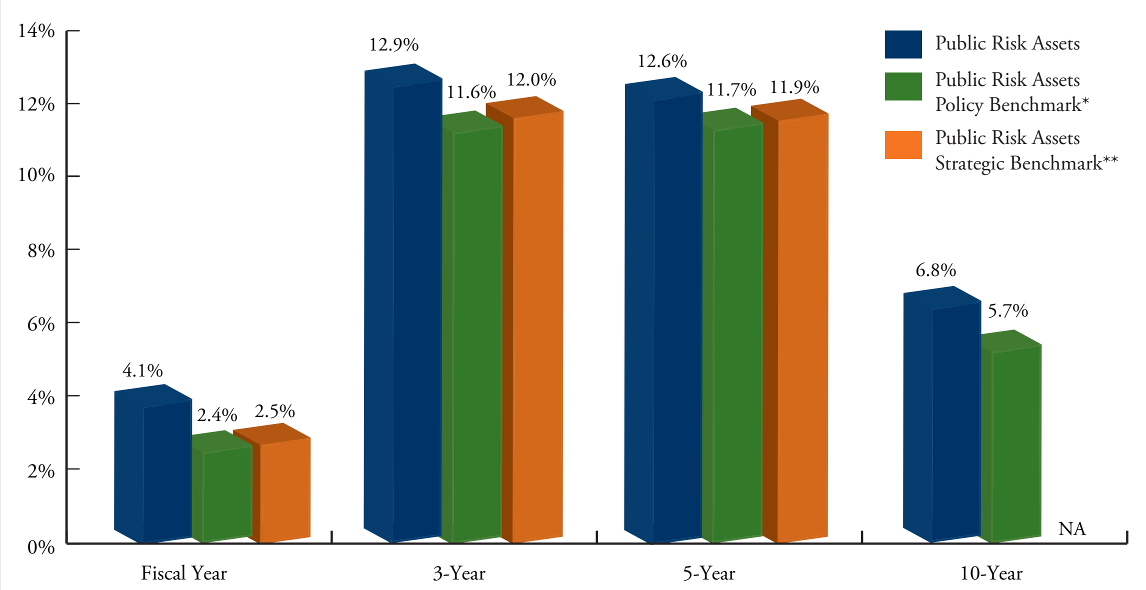
Market Overview

The global equity markets experienced substantial volatility during the fiscal year, due to signs of weakening economic growth outside the U.S. and concerns about the timing of the Federal Reserve's tightening of monetary policy. The Eurozone markets remained fragile from a steep decline in oil prices and geopolitical uncertainty. The Russell 3000 Index (broad measure of the U.S. stock market) was up 7.3% for the year and the MSCI ACWI ex-USA Index (broad measure of the international stock markets) declined 5.3%. Bond markets experienced volatility and continued historically low interest rates, resulting in a modest gain for the Public Credit benchmark (Barclays U.S. Intermediate Credit Index) of 1.5%.

Performance

The total return for the Systems' Public Risk portfolio was 4.1% , which outperformed the policy benchmark by 170 basis points. The strong performance relative to the benchmark can be attributed to tactical asset allocations by the internal staff and solid active management from external money managers. For the three-, five- and ten-year time periods, the Systems' significantly outperformed the benchmark as noted below.

Public Risk Assets Performance



Public Risk Assets Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
Annualized Return	4.1%	12.9%	12.6%	6.8%
Annualized Policy Benchmark Return*	2.4%	11.6%	11.7%	5.7%
Annualized Strategic Benchmark Return**	2.5%	12.0%	11.9%	n/a
Excess return	1.7%	1.3%	0.9%	1.1%
Annualized Standard Deviation of Composite	6.5%	6.6%	9.9%	13.7%
Annualized Standard Deviation of Policy Benchmark*	6.8%	6.6%	10.1%	14.1%
Beta to Policy Benchmark*	0.96	0.98	0.98	0.96
Beta to ACWI World Index	0.69	0.73	0.72	0.81

**The Public Risk Assets Policy Benchmark is composed as follows: 47.5% Russell 3000 Index, 27.5% MSCI ACWI ex-U.S.A. Index, 25.0% Barclays U.S. Intermediate Credit Index.*

*** The Public Risk Assets Strategic Benchmark changes monthly based on the actual asset allocation at the end of the previous month. It was established more recently so a ten-year returns is not available.*

The table indicates that the Systems have taken less risk relative to the policy benchmark (as measured by standard deviation) while achieving substantially higher returns over all time periods, thereby indicating strong risk-adjusted performance. Additionally, the Systems' portfolios have a beta of less than 1.0 relative to the policy benchmark, indicating less market risk.

U.S. Public Equity Program Summary

As of June 30, 2015, the U.S. Public Equity assets had a market value of approximately $11.6 billion, representing 30.0% of total assets.

Investment Program Description

U.S. Public Equity is comprised of the Large-Cap and Small-Cap programs which seek to provide long-term capital appreciation and dividend income in excess of inflation through the investment in domestic equity securities. Returns above a purely passive investment benchmark are targeted through the use of a wide variety of active investment strategies that may employ exposure to both equity securities and other types of investments. The primary ***beta*** exposure is achieved through investments in passive investment vehicles (including derivatives), traditional long-only active domestic equity management, and active long/short approaches. ***Alpha*** (or, excess returns above a passive alternative) is expected to be achieved through traditional long-only active domestic equity management, active long/short approaches and alpha overlay strategies (described in greater detail at the end of this section).

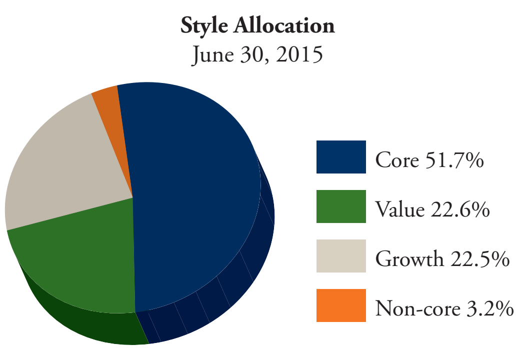
Structure

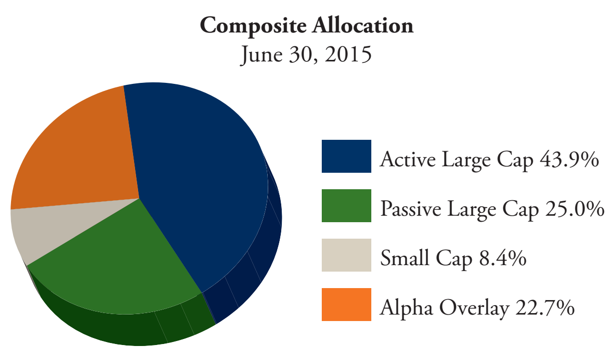
As of June 30, 2015, 25% of the U.S. Public Equity composite was passively managed. The remainder of the portfolio was actively managed and diversified across a broad array of capitalization ranges and investment styles, including the Small-Cap Alpha Pool (S-CAP) and the Alpha Overlay program. Both programs represent multi-manager pools of assets managed within the overall U.S. Public Equity structure. The S-CAP Program encompasses all small capitalization assets. The Alpha Overlay composite focuses on the separation of returns into alpha and beta, and encompasses alternative equity mandates including hedge fund portfolios.

Exposure to the various segments of the domestic equity market (i.e., growth-oriented, value-oriented, and core) and to the approved investment strategy types are achieved through the identification, selection and on-going management of SEC-registered investment advisors qualified to serve as fiduciaries to the Systems.

The pie charts below depict the U.S. Public Equity portfolio by presenting the current style structure of the portfolio as well as the allocation by composite and market sector.

U.S. Public Equity Allocations: Style and Composite





Internal staff maintained a substantial overweight to U.S. public equities relative to Europe during the fiscal year. All investment strategies within the U.S. Public Equity program provided strong absolute and relative returns. The U.S. Large-Cap strategy returned 7.6%, Alpha Overlay returned 9.0% and the S-CAP program returned 7.2% for the fiscal year. Internal staff slightly decreased the U.S. Public Equity exposure from fiscal year 2014 levels through a disciplined process, to lower total portfolio risk as equity markets continued to move higher.

Market Overview

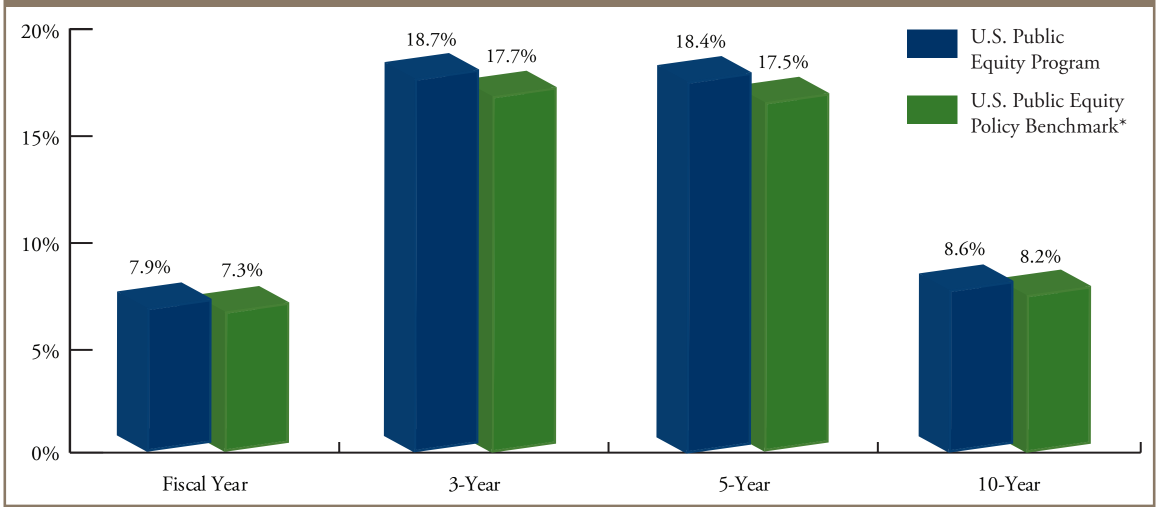
The U.S. stock markets had another very strong year across both market capitalization and styles as the comprehensive measure of the U.S. stock market (Russell 3000 Index) increased 7.3%. Small-cap stocks (Russell 2000 Index) increased 6.5% for the year with large-cap growth stocks (Russell 1000 Growth Index) outperforming large-cap value stocks (Russell 1000 Value Index) with a return of 10.6% compared to 4.1%.

Performance

The total return for the U.S. Public Equity program was 7.9% compared to the benchmark return of 7.3% for the fiscal year ended June 30, 2015. As shown in the table and graph below, the annualized U.S. equity composite return outperformed the benchmark by 60 basis points. The positive performance of the portfolio relative to the policy benchmark indicates value added by the internal staff through both strategic asset allocation decisions and manager selection decisions. Active management strategies contributed significantly to the outperformance, with the Alpha Overlay program exceeding its benchmark by 160 basis points for the year.

As indicated in the table and graph, the U.S. Public Equity portfolio outperformed the benchmark for all reported time periods. Over longer periods of time, the Systems' U.S. Public Equity portfolio is designed to deliver approximately 50-100 basis points of excess return through a combination of active and passive investment strategies.

U.S. Public Equity Performance



U.S. Public Equity Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
U.S. Public Equity Return	7.9%	18.7%	18.4%	8.6%
Annualized Policy Benchmark Return*	7.3%	17.7%	17.5%	8.2%
Excess return	0.6%	1.0%	0.9%	0.4%

**The U.S. Public Equity Policy Benchmark is the Russell 3000 Index.*

Statistics

The following table displays the statistical characteristics of the Systems' U.S. Public Equity program as of June 30, 2015 with comparisons shown to the portfolio's policy benchmark. In addition, the top ten U.S. stock holdings as of June 30, 2015 are shown in the table to the right.

U.S. Public Equity Characteristics

Characteristics	June 30, 2015 Combined Systems*	June 30, 2015 Russell 3000 Index
Number of Securities	1,875	3,004
Dividend Yield	1.7%	1.9%
Price-to-Earnings Ratio	20.1	19.7
Avg. Market Capitalization	92.1 bil	108.9 bil
Price-to-Book Ratio	3.1	2.8

** Includes only actively managed separate accounts*
A complete list of portfolio holdings is available upon request.

U.S. Public Equity - Top 10 Holdings

Top 10 Largest Holdings* June 30, 2015	Market Value	% of Total U.S. Public Equity
Johnson & Johnson	$ 90,503,500	0.8%
JPMorgan Chase & Co	77,739,015	0.7%
Apple, Inc.	68,292,533	0.6%
Amdocs, Ltd.	55,967,415	0.5%
Celgene, Corp.	53,293,190	0.5%
Amazon.com, Inc.	52,680,294	0.5%
Verizon Communications, Inc.	51,418,288	0.4%
Exxon Mobil, Corp.	49,282,438	0.4%
Gilead Sciences, Inc.	48,710,783	0.4%
Kroger Co.	46,319,606	0.4%
TOTAL	**$ 594,207,061**	**5.2%**

Investment Advisors

As of June 30, 2015, the Systems had contracts with 14 external investment advisors who managed 22 portfolios that comprised 77.3% of the U.S. Public Equity portfolio. The remaining 22.7% of the portfolio was in the Alpha Overlay program described in the next section. There were no changes in manager assignments during the fiscal year.

U.S. Public Equity Investment Advisors

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
Analytic Investors	Structured Large Cap Value	268,396,258	0.7%
Analytic Investors	U.S. Low Volatility Equity	1,112,318,985	2.9%
AQR Capital Management	Large Cap 140/40 Core	577,723,366	1.5%
Aronson + Johnson + Ortiz	Active Large Cap 130/30 Value	407,394,449	1.1%
Aronson + Johnson + Ortiz	Active Large Cap Value	612,997,539	1.6%
Blackrock	Passive Russell 1000 Index	2,486,999,677	6.4%
Blackrock	Passive Russell 1000 Growth Index	402,398,594	1.0%
Columbia Management	Active Large Cap Growth	364,721,726	0.9%
Martingale Asset Management	Active Large Cap 130/30 Growth	345,773,363	0.9%
Westwood Management	Active Large Cap Value	541,166,175	1.4%
Westwood Management	Master Limited Partnerships	286,132,551	0.7%
Zevenbergen Capital	Active All Cap Growth	565,185,719	1.5%
S-CAP: Allianz	*Active Micro Cap Growth*	*99,773,716*	*0.3%*
S-CAP: Allianz	*Active Ultra Micro Cap Growth*	*35,088,293*	*0.1%*
S-CAP: AQR Capital Management	*Active Small Cap Value*	*161,155,242*	*0.4%*
S-CAP: Chartwell Investment Partners	*Active Small Cap Value*	*150,185,659*	*0.4%*
S-CAP: Columbus Circle	*Active Small Cap Growth*	*114,878,565*	*0.3%*
S-CAP: Next Century Growth Investors	*Active Small Cap Growth*	*69,945,714*	*0.2%*
S-CAP: Next Century Growth Investors	*Active Micro Cap Growth*	*14,121,983*	*0.0%*
S-CAP: NISA Investment Advisors	*Russell 2000 Value Exposure*	*35,466,018*	*0.1%*
S-CAP: NISA Investment Advisors	*Russell 2000 Exposure*	*111,208,580*	*0.3%*
S-CAP: RBC Global Asset Management	*Active Small Cap Core*	*174,417,010*	*0.5%*
Small Cap Alpha Pool (S-CAP) Subtotal		***966,240,780***	***2.6%***
Total		**$ 8,937,449,182**	**23.2%**

**Includes manager cash*

Alpha Overlay Program Summary

As of June 30, 2015, the Alpha Overlay allocation had a market value of approximately $2.6 billion, representing 6.8% of total assets.

Investment Program Description

The Alpha Overlay portfolio resides within the U.S. Large-Cap Equity program. The Alpha Overlay portfolio has been constructed to assist in meeting the long-term goals established for the overall U.S. Large-Cap Equity allocation. Specifically, Alpha Overlay provides broad exposure to large-cap U.S. stocks using S&P 500 total return swaps, while the returns of a select portfolio of hedge fund strategies provides the opportunity to earn excess returns above the passive S&P 500 Index. By combining the market exposure obtained through the S&P 500 total return swaps with the diversified exposures to investment strategies focused on alpha generation, the combined portfolio is constructed and managed to produce a return stream with volatility and beta characteristics similar to the passive S&P 500 Index, while generating excess returns (or alpha) of approximately 200-250 basis points over longer periods of time.

Structure

As of June 30, 2015, 27.0% of the Alpha Overlay composite assets were passively managed by NISA Investment Advisors using S&P 500 total return swaps to attain equitization. An additional 68.3% of the portfolio was actively managed across a diversified range of multi-strategy and market neutral hedge fund mandates. The remaining 4.7% of the portfolio was actively managed by Zevenbergen Capital in a long-only mandate. The chart below displays the specific investment advisor exposure within the composite as of June 30, 2015.

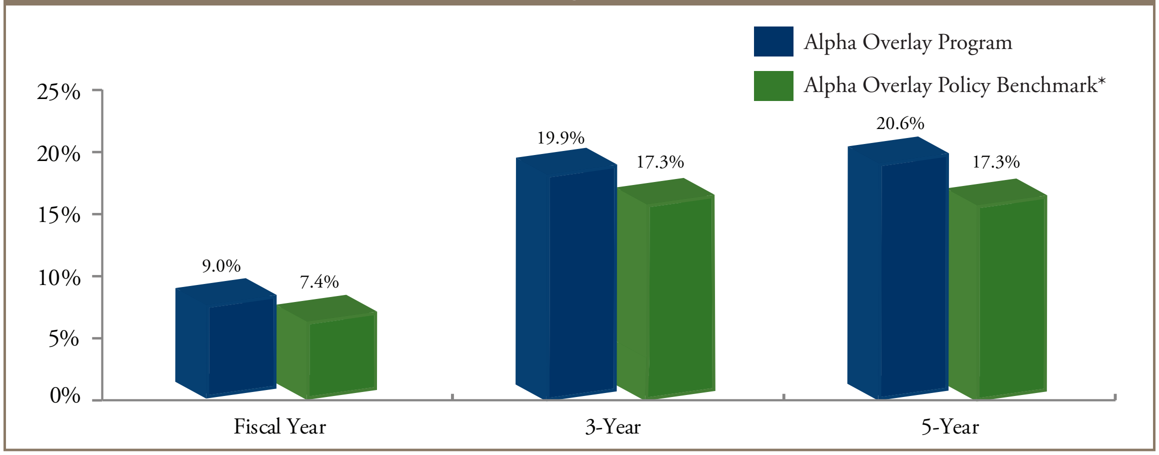
Alpha Overlay Investment Advisors			
Investment Advisor	**Investment Style**	**Market Value* As of June 30, 2015**	**% of Total Market Value**
Algert Coldiron Investors	Multi-Strategy Market Neutral	$ 702,841	0.0%
Analytic Investors	Japan Market Neutral	34,235,029	0.1%
AQR Absolute Return Fund	Multi-Strategy	137,682,734	0.4%
Bridgewater Pure Alpha II	Asset Allocation/Global Macro	270,066,737	0.7%
Bridgewater Pure Alpha Major Markets	Asset Allocation/Global Macro	107,793,813	0.3%
Carlson Black Diamond	Multi-Strategy	202,980,929	0.5%
Davidson Kempner Institutional Partners	Multi-Strategy	252,807,952	0.6%
NISA Investment Advisors	S&P 500 Exposure	711,070,701	1.8%
Och-Ziff Domestic Partners	Multi-Strategy	186,586,206	0.5%
Pershing Square	Equity Long/short	67,431,992	0.2%
Renaissance Institutional Equities Fund	Equity Long/short	188,589,736	0.5%
Stark Investments Limited Partners	Equity Long/short	2,293,117	0.0%
UBS O'Connor Multi-Strategy Alpha	Multi-Strategy	234,118,321	0.6%
York Capital	Multi-Strategy	110,479,258	0.3%
Zevenbergen Capital	Active All-Cap Growth	123,291,511	0.3%
Total		**$ 2,630,130,877**	**6.8%**

** Includes manager cash*

Performance

The total return for the Alpha Overlay program was 9.0% compared to the benchmark return of 7.4% for the fiscal year ended June 30, 2015. As shown in the table and graph below, the Alpha Overlay composite returns substantially exceeded the benchmark over all time periods while maintaining a risk profile (standard deviation and beta) lower than the benchmark over all time periods.

Alpha Overlay Performance



Alpha Overlay Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year
Annualized Alpha Overlay Return	9.0%	19.9%	20.6%
Annualized Policy Benchmark Return*	7.4%	17.3%	17.3%
Excess return	1.6%	2.6%	3.3%
Annualized Standard Deviation of Composite	8.3%	8.4%	11.9%
Annualized Standard Deviation of Policy Benchmark*	9.3%	8.6%	12.0%
Beta to Benchmark*	0.85	0.96	0.97

**The Alpha Overlay Policy Benchmark is the S&P 500 Index. Ten-year returns are not available due to the age of the asset class.*

Non-U.S. Public Equity Program Summary

As of June 30, 2015, the Non-U.S. Public Equity assets had a market value of approximately $6.0 billion, representing 15.7% of total assets.

Investment Program Description

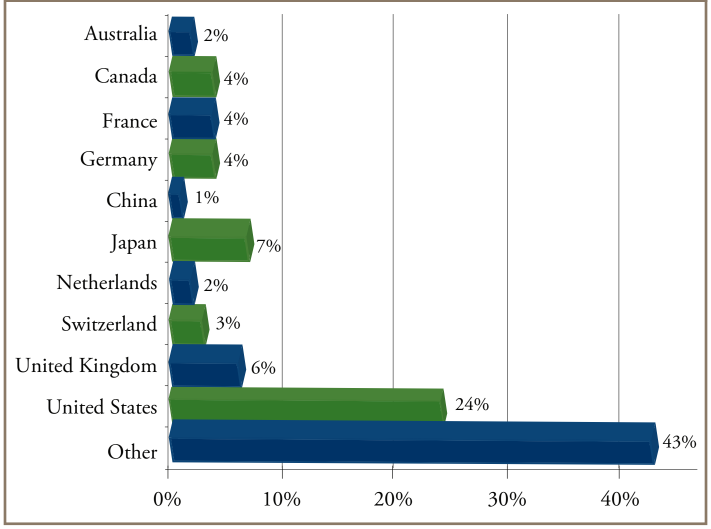
The Non-U.S. Public Equity program provides long-term capital appreciation and dividend income in excess of inflation through exposure to public equity securities on a global basis. Specific investment strategies approved for the Non-U.S. Public Equity program include passive investment vehicles, traditional long-only active equity management and active long/short approaches. Exposure to the various segments of the global equity market (i.e., U.S., developed non-U.S., emerging, growth-oriented, value-oriented, and core) and to the approved investment strategy types are achieved through the identification, selection and on-going management of SEC-registered investment advisors qualified to serve as fiduciaries to the Systems. The Non-U.S. portfolios provide an element of diversification relative to the domestic equity portfolios. Currency is another aspect of international investing that can impact the performance and volatility of the asset class over the short-term, however, over the long-term the effect from currency is expected to be neutral.

Structure

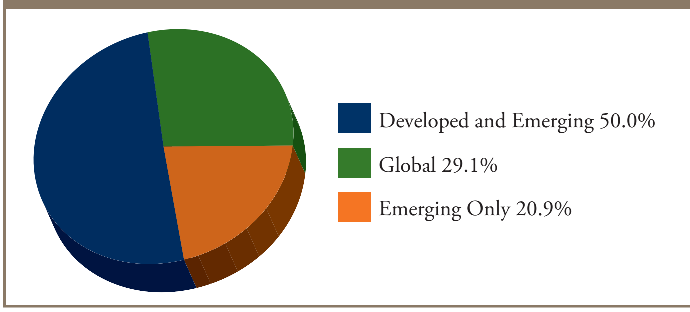
As of June 30, 2015, 18.4% of the Non-U.S. Public Equity composite was passively managed. The remainder of the portfolio was actively managed and diversified across capitalization ranges, styles and a number of developed and emerging market countries.

The bar graph displays the specific country exposure within the composite while the pie chart indicates broader exposure by investment mandate.

Non-U.S. Public Equity Country Allocation



Non-U.S. Public Equity Allocation



Market Overview

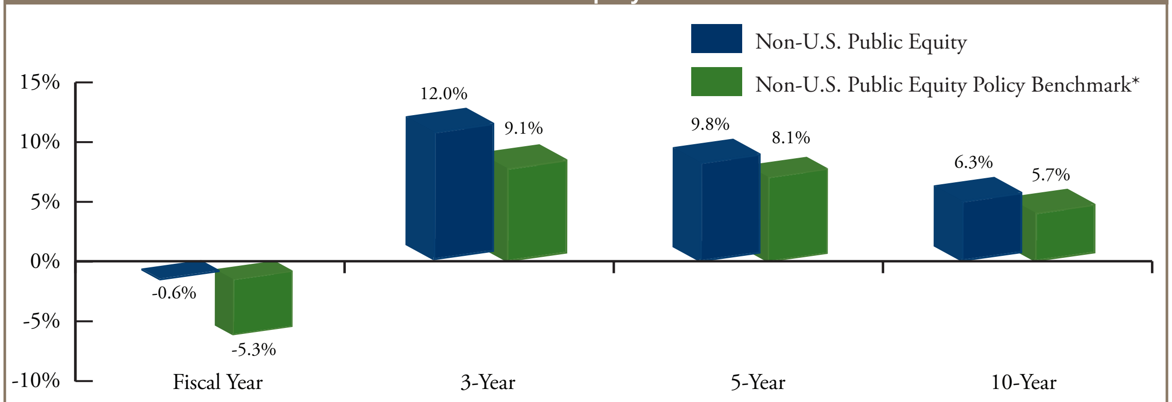
Global markets substantially decreased in fiscal year 2015. Divergent monetary policies from the major central banks throughout the world and the downturn in the Chinese economy negatively impacted market returns. The broad measure for developed international markets (MSCI EAFE Index) decreased 4.2%, emerging markets (MSCI EM Index) decreased 5.1% and global stocks (MSCI World) increased a modest 1.4%.

Performance

As shown in the table and graph below, the Systems' Non-U.S. Public Equity composite returns substantially outperformed the benchmark during all time periods. The total return for the Non-U.S. Public Equity program was -0.6% compared to the benchmark return of -5.3% for the fiscal year ended June 30, 2015. The absolute return for the fiscal year is slightly negative, but on a relative basis the program outperformed the benchmark by 470 basis points. The positive performance of the portfolio relative to the policy benchmark indicates substantial value added by the internal staff through both strategic asset allocation decisions and manager selection decisions.

Over long periods of time, the Systems' Non-U.S. Public Equity portfolio is designed to deliver approximately 100-150 basis points of excess returns through a combination of active and passive investment strategies.

Non-U.S. Public Equity Performance



Non-U.S. Public Equity Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
Annualized Non-U.S. Public Equity Return	-0.6%	12.0%	9.8%	6.3%
Annualized Policy Benchmark Return*	-5.3%	9.1%	8.1%	5.7%
Excess return	4.7%	2.9%	1.7%	0.6%

**The Non-U.S. Public Equity Benchmark is the MSCI ACWI ex-USA Index.*

Statistics

The following table displays the top ten global stock holdings as of June 30, 2015.

Non-U.S. Public Equity - Top 10 Holdings

Top 10 Largest Holdings* June 30, 2015	Market Value	% of Total Non-U.S. Public Equity
Roche Holdings AG	$ 40,746,460	0.7%
Bayer AG	39,424,441	0.7%
Nestle SA	37,603,542	0.6%
ING	30,759,037	0.5%
Compass Group	28,298,768	0.5%
Hoya Corp.	26,863,885	0.4%
WPP Plc	26,351,644	0.4%
AIA Group Ltd.	26,264,797	0.4%
Honda Motor Co.	25,876,901	0.4%
HSBC Holdings	25,009,441	0.4%
Total	**$ 307,198,916**	**5.0%**

** Includes only actively managed separate accounts*

A complete list of portfolio holdings is available upon request.

Investment Advisors

As of June 30, 2015, the Systems had contracts with 11 external investment advisors who managed 14 portfolios within the Non-U.S. Public Equity portfolio. In fiscal year 2015, one new investment advisor was added: an emerging market assignment by Coronation Asset Management Limited.

Non-U.S. Public Equity Investment Advisors			
Investment Advisor	**Investment Style**	**Market Value* As of June 30, 2015**	**% of Total Market Value**
Acadian Asset Management	Active Emerging Markets	$ 229,384,701	0.6%
AllianceBernstein Institutional Mgmt.	Active Intl Value	351,750,384	0.9%
Analytic Investors	Active Global	623,496,113	1.6%
AQR Capital Management	Active Intl Core	655,859,513	1.7%
Arrowstreet Capital	Active Emerging Markets	215,781,300	0.6%
Arrowstreet Capital	Active Global	538,821,824	1.4%
Arrowstreet Capital	Global Long/Short	595,723,949	1.6%
Blackrock	Passive Intl Core	780,263,819	2.0%
Coronation Asset Management Limited	Active Emerging Markets	202,449,921	0.5%
MFS Investment Management	Active Intl Core	774,748,903	2.0%
MFS Investment Management	Active Intl Concentrated Core	125,894,203	0.3%
Neon Capital Management	Active Emerging Markets	87,552,124	0.2%
NISA Investment Advisors	ACWI Swaps	332,722,549	0.9%
Rock Creek Group	Active Emerging Markets	525,586,205	1.4%
Transition accounts	Transition accounts	604,843	0.0%
Total		**$ 6,040,640,351**	**15.7%**

** Includes manager cash.*

Public Credit Program Summary

As of June 30, 2015, the Public Credit assets had a market value of approximately $2.5 billion, representing 6.4% of total assets.

Investment Program Description

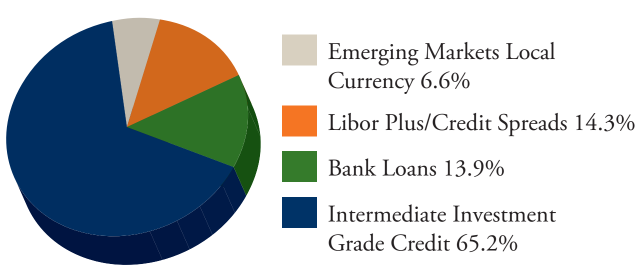
The Public Credit Program is designed to provide a source of income and capital appreciation for the Systems while creating substantial diversification to the total plan with a low correlation to other asset classes. Most securities in this program exhibit high liquidity. Specific investments can include investment grade corporate securities, below investment grade debt instruments, distressed debt securities, convertible bonds, bank loans, agencies, mortgage-backed securities, asset-backed securities, and interest rate sensitive securities (including those issued or guaranteed by the United States government or its agencies). Investments in this program may include debt of both U.S. and non-U.S. issuers.

The performance objective for the Public Credit program is to exceed the returns of the investment grade credit markets through the use of a wide variety of active management approaches while incurring a level of risk that is generally consistent with the policy benchmark.

Structure

As of June 30, 2015, the Public Credit composite was actively managed and diversified across high quality corporate bonds, bank loans and non-dollar currencies of both developed and emerging countries. The pie chart below presents the strategy allocation of the Systems' Public Credit assets as of June 30, 2015.

Public Credit Allocation



The target allocation for the Public Credit program is 12.0% and the Systems' allocation at the end of the fiscal year was 6.4%. Within the Public Credit composite, the Systems' internal staff has built a diversified portfolio with a base of high quality, shorter duration corporate bonds.

Market Overview

Interest rates experienced significant volatility during fiscal year 2015, with the intermediate and long ends of the treasury yield curve hitting all time lows. The yield on the 10-year Treasury decreased to 2.35% on June 30, 2015 from 2.53% on June 30, 2014.

Investment grade credit corporate bonds (Barclays U.S. Intermediate Credit Index) increased 1.5% for the year while a broader measure of the U.S. bond market (Barclays U.S. Aggregate Index) increased 1.9%. High yield, or lower quality, bonds (Merrill Lynch High Yield Master II Index) decreased 0.5% for the year and global bonds (Barclays U.S. Global Bond Index) decreased 13.2%.

Statistics

The following table displays the top ten Public Credit holdings as of June 30, 2015.

Public Credit - Top 10 Holdings

Top 10 Largest Holdings* June 30, 2015	Market Value	% of Total Public Credit
PIMCO Developing Local Markets Fund	$ 161,573,119	6.5%
Bank of America Corp., 6.4%, 8/28/2017	52,749,728	2.1%
AT&T Inc., 0.00%, 11/27/2022	47,927,250	1.9%
SunTrust Banks, Inc. 2.35%, 11/1/2018	35,221,900	1.4%
Sumitomo Mitsui Banking, 1.35%, 7/11/2017	34,989,850	1.4%
MUFG Union Bank NA, 2.625%, 06/26/2018	34,751,988	1.4%
ACE INA, Holdings, Inc. 5.7%, 2/15/2017	32,624,565	1.3%
Goldman Sachs Group, 6.25%, 9/1/2017	32,645,743	1.3%
Metropolitan Edison Co., 4.0%, 4/15/2025	32,506,244	1.3%
Verizon Communications, Inc., 4.27%, 1/15/2036	32,114,594	1.3%
Total	**$ 497,104,981**	**19.9%**

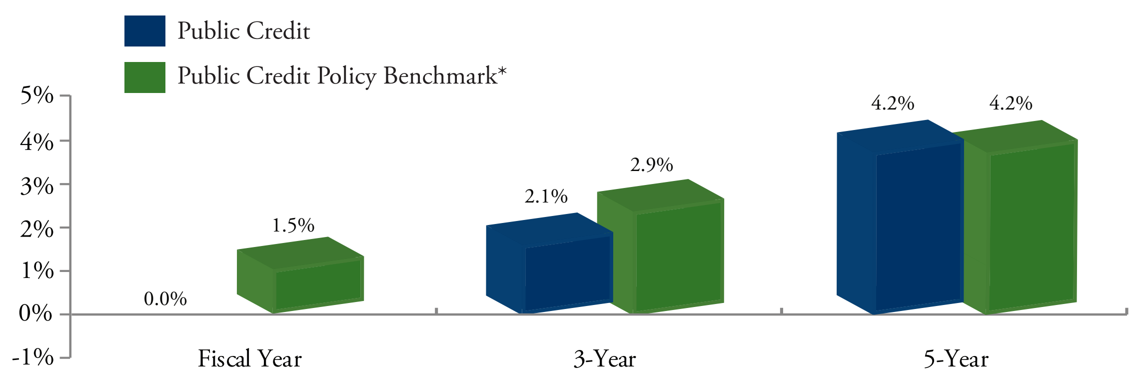
** Includes only actively managed separate accounts.*

A complete list of portfolio holdings is available upon request.

Performance

The total return for the Public Credit program was 0.0% compared to the benchmark return of 1.5% for the fiscal year ended June 30, 2015. As indicated in the table and graph, the Public Credit portfolio underperformed the policy benchmark in fiscal year 2015. The underperformance was partially due to an allocation to emerging market bonds and currencies which declined significantly during the year. Over long periods of time, the Systems' Public Credit portfolio is designed to deliver approximately 30-70 basis points of excess return through a combination of active and passive strategies.

Public Credit Performance



Public Credit Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year
Annualized Public Credit Return	0.0%	2.1%	4.2%
Annualized Policy Benchmark Return*	1.5%	2.9%	4.2%
Excess return	-1.5%	-0.8%	0.0%

**The Public Credit Policy Benchmark is the Barclays U.S. Intermediate Credit Index.*

The Public Credit Program was established in December 2008, so ten-year returns are not available.

Investment Advisors

As of June 30, 2015, the Systems had contracts with three external investment advisors who managed four portfolios in the Public Credit portfolio. The Systems repositioned the portfolio during the fiscal year by terminating one portfolio.

Public Credit Investment Advisors

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
NISA Investment Advisors	Corporate Credit	1,610,870,430	4.2%
Oaktree Bank Loans	Senior Bank Loans	344,076,253	0.9%
Pacific Investment Management Co.	LIBOR Plus	352,481,363	0.9%
Pacific Investment Management Co.	Developing Local Markets	161,573,119	0.4%
Total		**$ 2,469,001,165**	**6.4%**

**Includes manager cash*

Hedged Assets Program Summary

As of June 30, 2015, the Hedged Assets portfolio had a market value of approximately $5.4 billion, representing 14.1% of total assets.

Investment Program Description

The Hedged Assets program's objective is to provide diversification to the total portfolio and reduce volatility within the Public Risk composite. The purpose of this program is to enhance the overall risk/return profile of the Public Risk composite through the inclusion of specialized investment strategies that typically generate returns in a different fashion (i.e., absent a high correlation to equities or bonds). These strategies may utilize leverage as allowed within their governing documents. The returns from these strategies have historically had a low-to-moderate correlation with the traditional equity markets, thus providing diversification benefits in addition to portfolio return enhancement. These strategies seek to control risks and maintain a focus on absolute returns. The inherent nature of these vehicles to serve as a "hedge" provides for the expectation that the Program will lag the equity market during times when equities are performing above the long-term averages. However, when equities are performing below the long-term averages, the program would be expected to outperform the equity market. In addition, managers within this asset class have historically possessed significantly lower volatility relative to traditional equity managers.

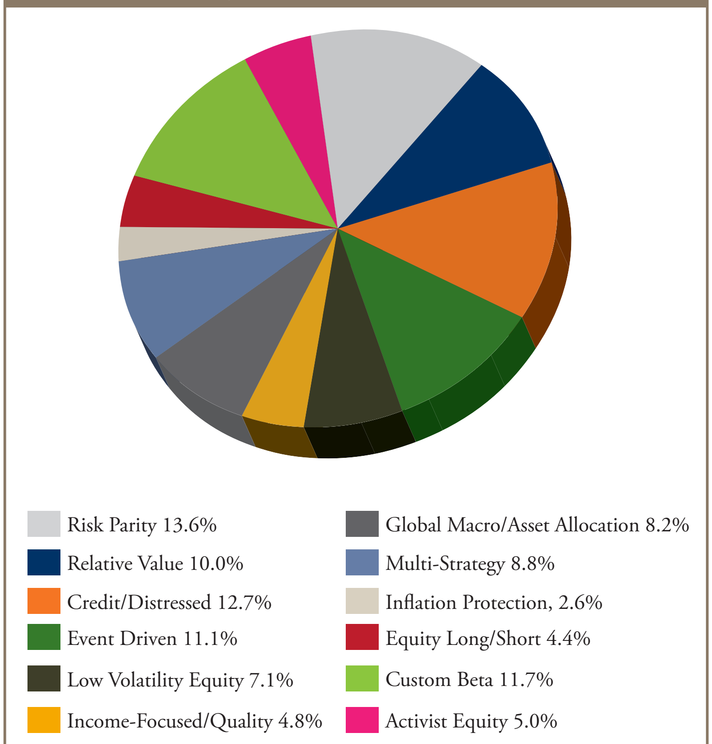
Structure

The Systems have retained Albourne America, LLC (Albourne) as its hedge fund Consultant. Albourne is an independent global advisory with a significant focus on hedge funds. The Systems utilize direct investments into hedge funds as opposed to incorporating fund-of-funds. The Systems' internal staff believe the benefits of direct investments, including lower fees, customized portfolio exposures, direct access to manager knowledge, and higher levels of transparency, outweighed the benefit of quicker implementation offered by fund-of-funds.

As the chart below indicates, the Hedged Assets program is diversified into Multi-Strategy Managers, Asset Allocation/Global Macro, Diversified Beta/Inflation, Credit/Distressed Specialists and Equity Long/Short. Multi-Strategy managers include those focused on event-driven, credit, and relative value. The Systems manage the Hedged Assets portfolio to a blended benchmark of 25% Russell 3000 Index, 25% MSCI ACWI Ex-USA. Index, and 50% Barclays U.S. Intermediate Credit Index.

Internal staff's decision to continue a substantial overweight to Hedged Assets relative to Safe Assets and Public Credit throughout fiscal year 2015 added value to the Systems.

Hedged Assets Diversification

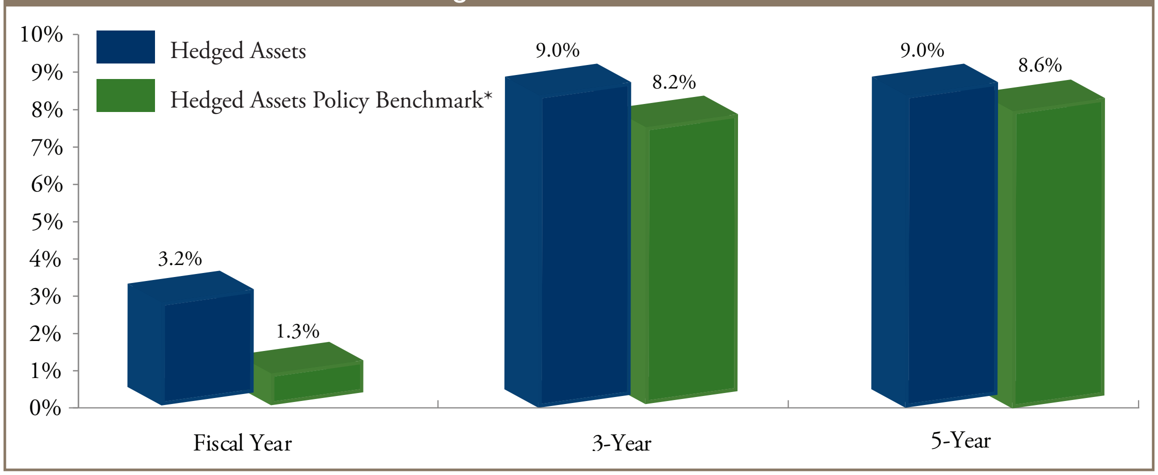


Performance

The total annualized return on the Systems' Hedged Assets portfolios was 3.2%, compared to the benchmark return of 1.3% for the fiscal year ended June 30, 2015. The one-year return outperformed the policy benchmark by 190 basis points, providing strong relative returns.

Over the past five years, the Hedged Assets Program has outperformed its benchmark by 40 bps on an annualized basis. The outperformance relative to the policy benchmark is particularly significant given the strong performance of equities over the past five years. The Russell 3000 Index was up an annualized 17.5% over the past five years and the MSCI ACWI Index was up an annualized 13.1%. As discussed previously, the hedging characteristics of the Hedged Assets Program provide for the expectation that its performance will lag equity markets and/or its policy benchmark during periods of higher-than-normal equity returns. The Hedged Assets Program is expected to outperform in more normal and down markets. As the table indicates, the longer term performance was accomplished by assuming less than one-half of the volatility of the world stock index and achieving a beta of approximately .40 to the index, signifying that the Systems' portfolios move up or down less than half as much as the world stock index.

Hedged Assets Performance



Hedged Assets Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year
Annualized Hedged Assets Return	3.2%	9.0%	9.0%
Annualized Policy Benchmark Return*	1.3%	8.2%	8.6%
Annualized S&P 500 Return	7.4%	17.3%	17.3%
Annualized MSCI ACWI Index	0.7%	13.0%	11.9%
Annualized Standard Deviation of Composite	4.4%	4.9%	6.2%
Annualized Standard Deviation of Policy Benchmark	4.9%	5.0%	7.4%
Annualized Standard Deviation of S&P 500	9.3%	8.6%	12.0%
Annualized Standard Deviation to MSCI ACWI Index	9.0%	8.7%	13.6%
Beta to Policy Benchmark	0.81	0.90	0.77
Beta to S&P 500	0.30	0.41	0.42
Beta to MSCI ACWI Index	0.38	0.47	0.40

**The Hedged Assets Policy Benchmark is composed as follows: 50% Barclays U.S. Intermediate Credit Index, 25% MSCI ACWI ex-USA, 25% Russell 3000 Index.*

Investment Advisors

As of June 30, 2015, the Systems had contracts with 16 external investment advisors who managed 24 portfolios. There were no changes in manager assignments during the fiscal year.

Hedged Assets Investment Advisors

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
AQR Absolute Return Fund	Multi-Strategy	$ 137,682,734	0.4%
AQR Diversified Beta Fund	Diversified Beta/Inflation	364,444,763	0.9%
AQR Real Asset Fund	Multi-Strategy	4,702,766	0.1%
Bridgewater All Weather	Equity Long/short	371,825,315	1.0%
Bridgewater Inflation Pool	Diversified Beta/Inflation	97,040,885	0.3%
Bridgewater Pure Alpha II	Asset Allocation/Global Macro	195,565,583	0.5%
Bridgewater Pure Alpha Major Markets	Asset Allocation/Global Macro	251,518,880	0.7%
Carlson Black Diamond	Multi-Strategy	248,087,802	0.6%
Davidson Kempner Institutional Partners	Multi-Strategy	206,842,870	0.5%
Davidson Kempner Distressed Opportunities Fund	Distressed Debt/Credit	225,723,546	0.6%
GoldenTree Partners	Distressed Debt/Credit	462,166,587	1.2%
Indus Asia Pacific Fund	Equity Long/short	92,360,437	0.2%
Maverick Fund USA	Equity Long/short	147,137,795	0.4%
NISA Investment Advisors	Diversified Beta/Inflation	635,736,808	1.6%
Och-Ziff Domestic Partners	Multi-Strategy	228,049,807	0.6%
Och-Ziff Europe	Multi-Strategy	52,107,607	0.1%
Och-Ziff Asia	Multi-Strategy	194,253,152	0.5%
Owl Creek Overseas Fund	Multi-Strategy	134,779,424	0.3%
Pershing Square	Equity Long/short	269,727,969	0.7%
Renaissance Institutional Equities Fund	Equity Long/short	382,894,313	1.0%
Stark Investments Limited Partners	Equity Long/short	4,258,645	0.0%
UBS O'Connor Multi-Strategy Alpha	Multi-Strategy	156,078,880	0.4%
Westwood Management	Diversified Beta/Inflation	259,756,652	0.7%
York Capital Management	Multi-Strategy	257,784,990	0.7%
Total		**$ 5,420,528,210**	**14.1%**

**Includes manager cash*

Safe Assets Class Summary

As of June 30, 2015, the Safe Assets had a market value of approximately $7.0 billion, representing 18.2% of total assets.

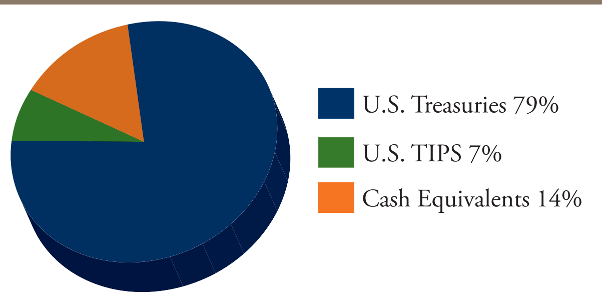
Investment Program Description

The Safe Assets program is intended to act as a source of safety and income for the Systems. The program is designed to create substantial diversification to the total portfolio and reduce volatility through low correlation to other asset classes. Specifically, the Safe Assets portfolio should provide asset protection at the total fund level in periods of economic stress. The policy benchmark for the Safe Assets allocation is 80% Barclays U.S. Treasury Blended Index (a combination of the Barclays U.S. Treasury Intermediate Index and the Barclays U.S. Treasury Long Index) and 20% Barclays U.S. TIPS 1-10 Year Index.

Structure

As of June 30, 2015, the Systems' entire Safe Assets program was managed by NISA Investment Advisors. The assets held within the program exhibit high liquidity and safety. The pie chart below depicts the Safe Assets Program by showing the sector and composite allocations as of June 30, 2015.

Safe Assets Sector and Composite Allocation



Internal staff continues to maintain a slight underweight to Safe Assets due in part to historically low yields and due to better expected risk/adjusted returns going forward within the Public Risk program. The Systems' allocation to Safe Assets was 18.2% as of June, 30, 2015, as compared to the benchmark weight of 20%. The Systems' allocation to Safe Assets increased from the prior year with the establishment of the Cash Equivalents portfolio late in fiscal year 2014. The cash balances provide the Systems with flexibility to deploy cash opportunistically as the market environment dictates.

Market Overview

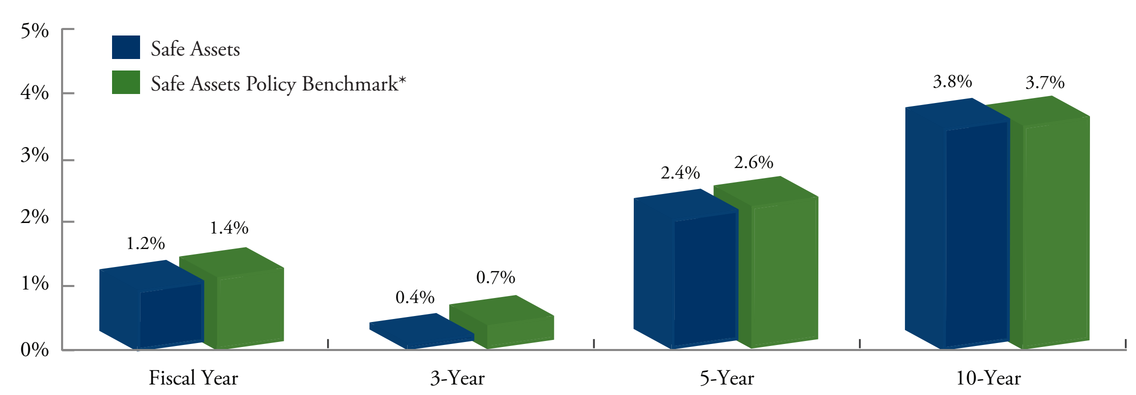
Interest rates experienced significant volatility during fiscal year 2015, with the intermediate and long ends of the treasury yield curve hitting all time lows. The yield on the 10-year Treasury decreased to 2.35% on June 30, 2015 from 2.53% on June 30, 2014.

Performance

The total return for Safe Assets portfolio was 1.2% for the fiscal year ended June 30, 2015. The portfolio underperformed the benchmark for the year by 20 basis points. For the three- and five -year time periods, the Systems' modestly underperformed the Safe Assets benchmark. The Systems' performance exceeded the benchmark over the longer time period of 10 years.

The absolute return of the Safe Assets portfolio is relatively modest over longer time periods. However, the Safe Assets portfolio continues to provide asset protection at the total fund level in periods of economic stress and ultimate liquidity to the Systems. An allocation to Safe Assets allows the Systems to accept market risk in other portions of the total fund portfolio.

Safe Assets Performance



Safe Assets Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
Annualized Safe Assets Return	1.2%	0.4%	2.4%	3.8%
Annualized Policy Benchmark Return*	1.4%	0.7%	2.6%	3.7%
Excess return	-0.2%	1.6%	-0.2%	0.1%
Annualized Standard Deviation of Composite	3.2%	2.7%	2.9%	3.4%
Annualized Standard Deviation of Policy Benchmark*	3.3%	2.8%	3.0%	3.4%
Beta to Policy Benchmark*	0.93	0.92	0.95	0.96
Beta to ACWI World Index	-0.09	-0.01	-0.06	-0.02

**The Safe Assets Policy Benchmark is composed as follows: 72.0% Barclays U.S. Treasury: Intermediate Index, 20% Barclays U.S. TIPS 1-10 Yrs. Index and 8.0% Barclays U.S. Treasury: Long Index.*

The Systems have taken less risk compared to the Policy benchmark more recently with the addition of the cash equivalents portfolio. Additionally, the Systems' portfolios have a beta slightly less than 1.0 relative to the policy benchmark over all time periods, indicating less market volatility. Most importantly, the Safe Asset portfolio exhibits a beta of approximately zero relative to the world stock index (MSCI ACWI Index), indicating no correlation to risk assets. These statistics support one of the primary objectives of Safe Assets: diversification from other risk assets in the total fund.

Statistics

The following table displays the statistical characteristics of the Systems' Safe Assets Program as of June 30, 2015 with comparisons shown to the Barclays U.S. Treasury: Intermediate Index. Additionally, the top ten Safe Asset holdings as of June 30, 2015 are shown in the table below the characteristics.

Safe Assets Characteristics

Characteristics	June 30, 2015 Combined Systems	June 30, 2015 Barclays U.S. Treasury: Intermediate Index
Number of Securities	100	209
Average Coupon	1.5%	1.8%
Yield to Maturity	1.0%	1.2%
Average Maturity (Years)	6.8	4.0
Duration (Years)	4.8	3.8

Safe Assets - Top 10 Holdings

Top 10 Largest Holdings* June 30, 2015	Market Value	% of Total Safe Assets
United States Treasury Note, 0.50%, 08/31/2016	$ 567,704,336	8.1%
United States Treasury Note, 0.375%, 04/30/16	383,448,226	5.5%
United States Treasury Note, 1.00%, 09/15/17	260,250,604	3.7%
United States Treasury Note, 1.25%, 10/31/15	235,831,510	3.4%
United States Treasury Note, 3.50%, 5/15/20	212,045,473	3.0%
United States Treasury Note, 2.375%, 08/15/24	211,654,703	3.0%
United States Treasury Bill, 0.00%, 8/06/15	204,670,000	2.9%
United States Treasury Note, 0.250%, 02/29/16	195,427,426	2.8%
United States Treasury Note, 2.50%, 02/15/45	182,968,632	2.6%
United States Treasury Note, 2.875%, 05/15/43	170,124,204	2.4%
Total	**$ 2,624,125,114**	**37.4%**

**Includes only actively managed separate accounts.*

A complete list of portfolio holdings is available upon request.

Investment Advisors

NISA Investment Advisors managed the Safe Assets program as of June 30, 2015. The Systems added the Cash Equivalents portfolio at the end of fiscal year 2014. The following table lists the firm's management by investment style.

Safe Assets Investment Advisor

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
NISA Investment Advisors	U.S. Treasuries	$ 5,537,641,283	14.4%
NISA Investment Advisors	Cash Equivalents	957,142,426	2.5%
NISA Investment Advisors	U.S. TIPS	516,740,787	1.3%
Total		**$ 7,011,524,496**	**18.2%**

**Includes manager cash*

Private Risk Assets Class Summary

As of June 30, 2015, the Private Risk assets had a market value of approximately $5.7 billion, representing 15.0% of total assets.

Investment Program Description

The allocation to Private Risk investments is viewed as a separate asset class for inclusion in the Systems' overall investment portfolios. The process of building the Systems' Private Risk program and fully funding the target allocation is expected to occur over a period of several years. Additional new investments will be necessary beyond the initial start-up period in order to maintain the long-term 20% target allocation. The three programs within the Private Risk Assets composite are Private Equity, Private Real Estate and Private Credit. Each program within the Private Risk allocation is a separate multi-manager composite that is treated generally as a single portfolio. Each program serves a specific and distinct role within the overall Private Risk Composite and also within the overall Total Plan allocation. Over time, the Private Risk Composite serves as a long-term vehicle to supply the underlying beta exposure to a portfolio of private assets.

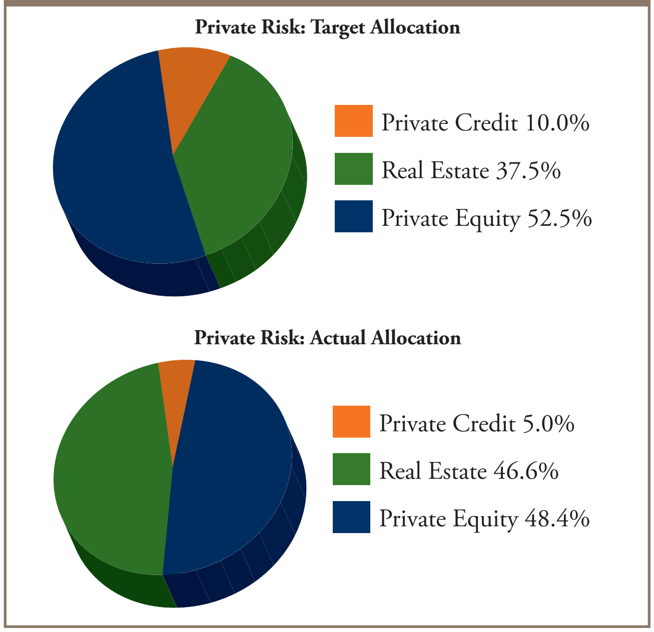
Investments in Private Risk Assets differ substantially from the Systems' public markets asset classes (Public Risk Assets and Safe Assets) in part because they are typically very long-term in nature, not publicly traded, relatively illiquid, and offer the potential for substantially higher returns (along with a commensurate level of risk). The illiquid nature of Private Risk Assets can result from the form of the asset or security itself, or it can be a function of the investment structure being utilized (e.g., a limited partnership).

Due to the fact that Private Risk Assets are not publicly traded, pricing and performance measurements prior to realization of gains are less reliable than in the traditional publicly traded asset classes. The Systems continually monitor the valuation policies and procedures utilized for such investments.

Structure

As of June 30, 2015, 48.4% of Private Risk assets were invested in the Private Equity program, 46.6% in the Private Real Estate program, and 5.0% in the Private Credit program. Each of these programs is discussed in more detail on the following pages.

Private Risk Assets Allocation

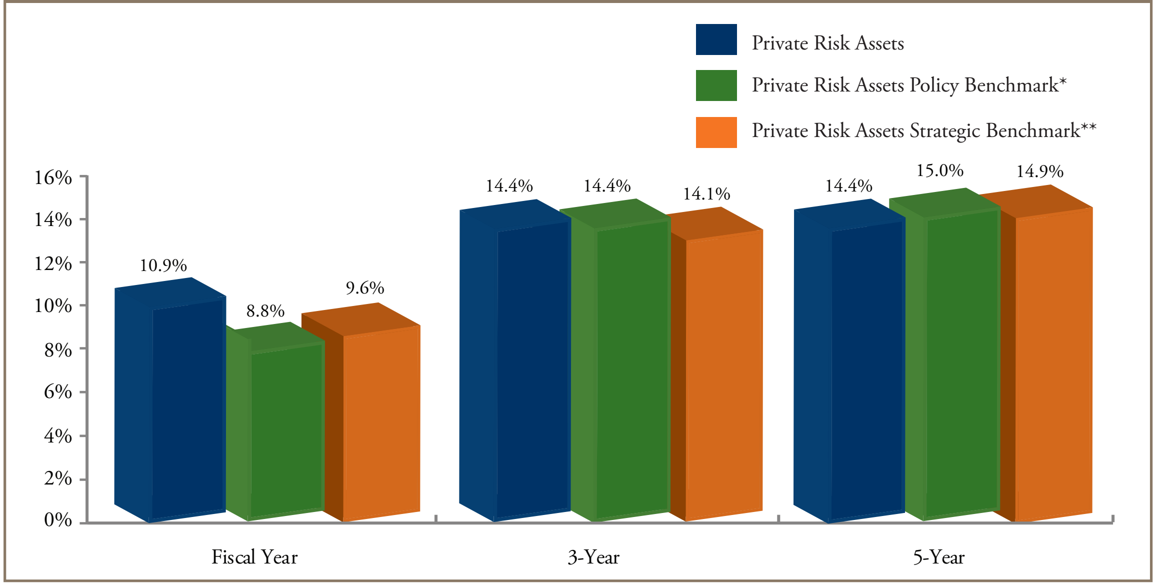


Performance

The total return for the Private Risk portfolio was 10.9%, compared to the policy benchmark return of 8.8% for the fiscal year ended June 30, 2015. For the three- and five-year time periods, the Systems equaled or marginally underperformed the benchmark as noted below. The underperformance is partially due to the policy benchmark being constructed based on the long term asset allocation. Private Equity is currently underweight to the long term target. The strategic benchmark is adjusted monthly based on the actual asset allocation.

The pricing and performance methodology utilized for private assets can provide for significant performance variances over short time periods. For instance, the Systems utilize a liquid benchmark (Russell 3000 Index) to measure an illiquid (private equity) asset class. Thus, there will be significant performance differences over short time periods in volatile markets. Due to the long term nature of Private Risk assets, the performance can be more appropriately judged over a longer timeframe. As the table below indicates, the Private Risk portfolios have produced strong absolute returns over all time periods.

Private Risk Assets Investment Returns



Private Risk Assets Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year
Annualized Private Risk Assets Return	10.9%	14.4%	14.4%
Annualized Policy Benchmark Return*	8.8%	14.4%	15.0%
Excess return	2.1%	0.0%	-0.6%
Annualized Strategic Benchmark Return**	9.6%	14.1%	14.9%

**The Private Risk Assets Policy Benchmark is composed as follows: 52.5% Russell 3000 Index, 37.5% NCREIF Property Index and 10.0% Merrill Lynch High Yield Master II Index.*

*** The Private Risk Assets Strategic Benchmark changes monthly based on the actual asset allocation at the end of the previous month.*

The Private Risk Assets composite was established more recently, so ten-year returns are not available.

Private Equity Program Summary

As of June 30, 2015, the Private Equity assets had a market value of approximately $2.9 billion, representing 7.5% of total assets.

Investment Program Description

The Private Equity asset class is comprised of investment opportunities not typically included within the public equity and fixed income markets. Private Equity investments provide financing for start-up companies, private middle market companies, firms in financial distress and public and non-public firms seeking buyout financing. Private Equity investments can be classified into three basic sub-asset class categories:

- Venture Capital,
- Buyouts, and
- Debt-Related.

Investments in the sub-asset classes can be made in the U.S. or foreign countries. In total, the allocation to Non-U.S. Private Equity investments will not exceed 40.0% of the overall Private Equity target allocation. The risks associated with Private Equity will be viewed both in isolation and within the context of the entire fund.

In January 2014, the Board of Trustees approved the development and implementation of a Private Equity Co-Investment Program. The Co-Investment Program is expected to further advance the goals and objectives of the overall Private Equity Program by obtaining additional exposure to underlying portfolio company investments through direct equity investments made on a side-by-side basis with private equity funds where the Systems have an existing relationship. Co-investments serve to increase exposure to the Private Equity asset class with little or no additional fees and/or performance carry paid to the underlying private equity partnerships. The objective of the Co-Investment Program is to leverage existing, high-quality relationships with private equity managers in order to increase commitments to the asset class in a format that does not materially increase overall risk, while simultaneously helping to lower fees and performance carry.

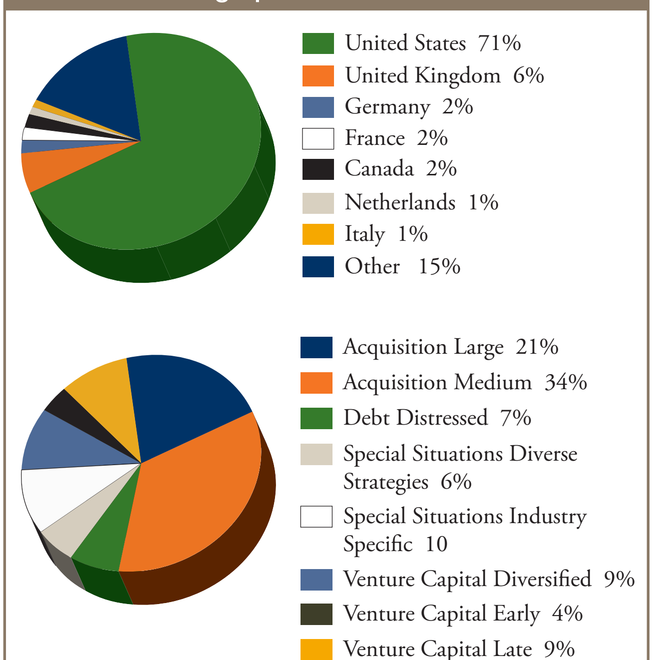
Structure

As of June 30, 2015, Private Equity assets committed* for investment were $6.7 billion. The market value of funds that had been drawn down and actually invested as of June 30, 2015 were approximately $2.9 billion, representing 7.5% of total assets. The Systems private equity investment commitments that have not yet been funded were approximately $2.9 billion as of June 30, 2015.

The objective for the Systems' allocation to Private Equity is to achieve returns that are higher than those attainable in the public equity markets with the added benefit of diversification. The target allocation to Private Equity is 10.5%. However, as of June 30, 2015, the actual allocation for the Systems was just 7.5% because the long-term and illiquid nature of the private equity asset class dictates that capital must be invested at a measured pace. In addition, private equity investments have made record distributions in recent years. Pathway Capital Management has been retained by the Systems to provide private equity investment management services through three structures; a discretionary fund-of-funds relationship, an advisory relationship and a co-investment program. Additionally, the Systems have invested in private equity secondary funds and also utilize Albourne America, LLC to provide private equity advisory services.

The pie charts below show the diversification (utilizing the market value of the assets that have been invested) of the Systems' private equity holdings as of June 30, 2015 from both strategy and country perspectives.

Private Equity Asset Class and Geographic Diversification



** Committed capital reflects the total amount of capital that the Systems are legally obligated to supply to the partnerships and funds as the capital is needed to invest in underlying holdings. Market value reflects capital that has actually been drawn and invested by the partnerships and funds.*

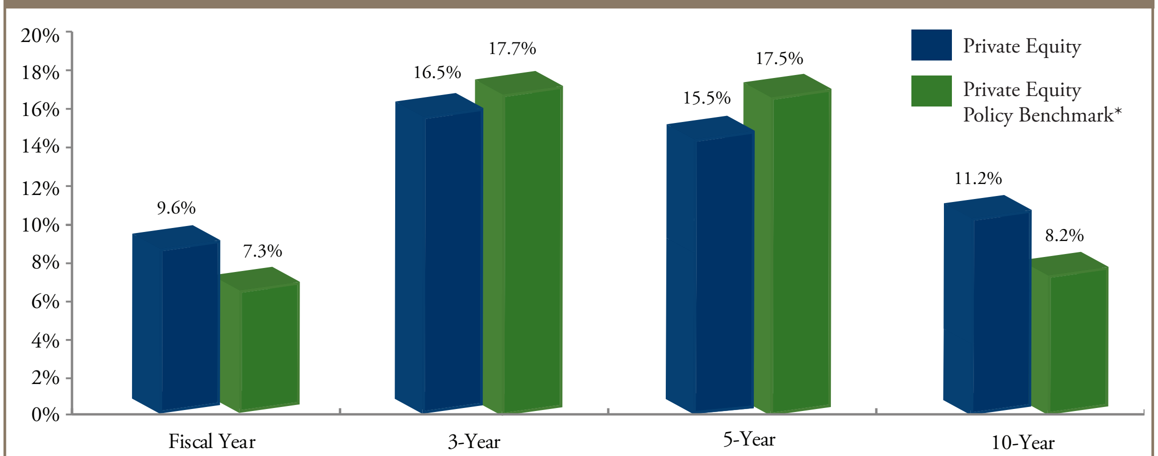
Market Overview

Private equity funds continued to perform well in fiscal year 2015. Volatility in the financial markets adversely impacted global IPO issues during the fiscal year. As such, private equity firms found greater success monetizing their investment in the M&A market, which remained robust amid market volatility. Many private equity firms welcomed the volatility and uncertainty in the fiscal year as opportunities to deploy more capital in attractive investment opportunities.

Performance

The total return for the Private Equity program was 9.6%, compared to the benchmark return of 7.3% for the fiscal year ended June 30, 2015. While short-term returns are not overly insightful for the Private Equity Program in comparison to a benchmark, the one-year return exceeded the benchmark by 230 basis points. The underperformance for the three- and five-year time frames noted below is partially due to the Systems utilizing a liquid benchmark (Russell 3000 Index) to measure an illiquid (private equity) asset class. As such, there could be significant performance differences over short time periods in volatile markets. Due to the long term nature of the asset class, the performance of a private equity portfolio can be more appropriately judged over a longer timeframe. As the table below indicates, the Private Equity portfolio has produced strong absolute returns over all time periods. The ten-year return exceeded the benchmark by 300 basis points.

Private Equity Investment Returns



Private Equity Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year	10-Year
Annualized Private Equity Return	9.6%	16.5%	15.5%	11.2%
Annualized Policy Benchmark Return*	7.3%	17.7%	17.5%	8.2%
Excess return	2.3%	-1.2%	-2.0%	3.0%

**The Private Equity policy benchmark is the Russell 3000 Index.*

Investment Advisors

As of June 30, 2015, the Systems had committed to 91 separate partnerships with 46 firms within the Private Equity asset class. In fiscal year 2015, the Systems committed to 15 new partnerships for $616 million. Additionally, the Systems received total distributions from the private equity partnerships in excess of $697 million in fiscal year 2015.

Private Equity Investment Advisors

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
Advent International GPE VII-B	Acquisition - Medium	$ 36,894,143	0.1%
BC European IX	Acquisition - Medium	22,978,782	0.1%
Blackstone Capital Partners V and VI	Acquisition - Large	36,375,876	0.1%
Canaan Partners IX, and X	Venture Capital	24,308,565	0.1%
Carlyle Europe Partners III	Acquisition - Medium	20,343,895	0.1%
Carlyle Partners IV, V and VI	Acquisition - Large	42,300,912	0.1%
Centerbridge Capital Partners I, II, and III	Acquisition & Debt	52,962,405	0.1%
Centerbridge Capital Special Credit Partners II	Debt - Distressed	39,426,259	0.1%
CVC Capital Partners VI	Acquisition - Large	3,077,871	0.0%
CVC European Equity Partners IV and V	Acquisition - Large	23,265,130	0.0%
CVC European Equity Tandem Fund	Acquisition - Large	2,966,399	0.0%
Encap VIII Co-Investors, IX, Flatrock III, and Energy fund X	Acquisition - Energy	34,633,337	0.1%
Exponent Partners II	Acquisition - Medium	21,323,159	0.1%
First Reserve Fund XI and XII	Acquisition - Energy	24,901,407	0.0%
Genstar Capital Partners V	Acquisition - Medium	4,761,179	0.0%
Glendon Opportunities Fund	Debt - Distressed	15,650,863	0.0%
GTCR Fund IX, XI, and X	Acquisition - Medium	64,576,232	0.1%
Hellman & Friedman Capital Partners VI, VIII, and VII	Acquisition - Large	35,289,506	0.1%
Insight Venture Partners IX	Acquisition - Technology	4,455,864	0.0%
Institutional Investment Partners XV	Venture Capital	1,506,279	0.0%
Kelso Investment Associates VIII	Acquisition - Medium	34,027,352	0.1%
KKR 2006 Fund	Acquisition - Large	27,171,918	0.1%
KRG Fund IV	Acquisition - Medium	18,386,569	0.0%
Lexington Capital Partners VI-B, VII and VIII	Secondary Fund	156,645,475	0.5%
Madison Dearborn VI	Acquisition - Large	21,144,903	0.1%
Montagu III and IV	Acquisition - Medium	24,643,968	0.1%
Nordic VII and VIII	Acquisition - Medium	43,777,054	0.1%
New Enterprise Associates 13, 14, and 15	Venture Capital	82,793,733	0.2%
Oak Investment Partners XIII	Venture Capital	25,742,420	0.1%
OCM Principal Opportunities Fund IV, VII, VIIb, Xb and IX	Debt - Distressed	48,657,484	0.2%
Odyssey Investment Partners IV, V	Acquisition - Medium	13,176,810	0.0%
Onex Partners II, III, and IV	Acquisition - Medium	48,490,040	0.1%
Pantheon Global Secondary Fund III and IV	Secondary Fund	89,003,219	0.2%
Pathway Capital Management	Fund-of-Funds	1,294,557,500	3.4%
Paul Capital Partners IX	Secondary Fund	29,617,132	0.1%
Permira IV and V	Acquisition - Large	22,982,470	0.0%
Providence Equity Partners VI	Acquisition - Medium	23,546,400	0.1%
Quad-C Partners VIII	Acquisition - Medium	30,717,177	0.1%
Quantum Energy Partners V, V-C, V1, and V1-C	Acquisition - Energy	21,338,700	0.0%
The Resolute Fund II and III	Acquisition - Medium	29,860,382	0.1%
Silver Lake Partners III	Acquisition - Technology	22,464,276	0.1%
Spectrum Equity Investors VI, VII	Acquisition - Medium	15,400,652	0.0%
TA XI, XII	Acquisition - Large	24,949,997	0.1%
TCV VI, VII and VIII	Venture Capital	61,663,688	0.1%
Thoma Bravo Special Opps Fund II	Acquisition - Medium	7,668,548	0.0%
Thoma Cressey Fund VIII	Acquisition - Medium	19,861,125	0.1%
TPG Partners V and VI	Acquisition - Large	44,039,540	0.1%
Vista Equity Partners V	Acquisition - Medium	20,820,679	0.1%
Wayzata Opportunities Fund I, II and III	Debt - Distressed	25,302,326	0.0%
Wind Point Partners VI and VII	Acquisition - Medium	40,798,195	0.1%
Cash and cash equivalents	Cash and cash equivalents	1,357,918	0.0%
Stock distribution account	Public Stocks	4,608,500	0.0%
Total		**$ 2,887,214,213**	7.5%

**Market values are reported by the Systems' Private Equity advisors. Market values reflect the most current net asset values. In instances where the most current net asset values were not as of June 30, 2015, the net asset values utilized were cash flow adjusted through June 30, 2015.*

Private Credit Program Summary

As of June 30, 2015, the Private Credit assets had a market value of approximately $296 million, representing 0.8% of total assets.

Investment Program Description

Investments in Private Credit are similar to Private Equity investments in that they are typically very long-term in nature, not publicly traded, relatively illiquid, and offer the potential for substantially higher returns (along with a commensurate level of risk). The Private Credit portfolio also differs from the Private Equity portfolio, and is a separate and distinct composite within Private Risk Assets. The Private Credit asset class is comprised primarily of debt-related investments that provide a current yield along with equity participation (usually warrants) referred to as an 'equity kicker.' Primary strategies are distressed debt, bankruptcy restructurings, mezzanine debt, bank loans, and other credit-driven or debt-related investment strategies. Investments can be made in the U.S. or foreign countries. In total, the allocation to Non-U.S. Private Credit investments will not exceed 40% of the overall Private Credit target allocation. The risks associated with Private Credit will be viewed both in isolation and within the context of the entire fund.

Structure

As of June 30, 2015, Private Credit assets committed* for investment were $827 million. The market value of funds that have been drawn down and actually invested as of June 30, 2015 was approximately $296 million, representing 0.8% of total assets. The Systems' private credit investment commitments that have not yet been funded were approximately $150 million as of June 30, 2015.

The objective for the Systems' allocation to Private Credit is to achieve returns that are higher than those attainable in the public markets with the added benefit of diversification. In December 2009, the Board of Trustees approved 2.0% for the target allocation to the Private Credit asset class. The long-term and illiquid nature of the Private Credit asset class dictates that capital must be invested at a measured pace. Pathway Capital Management has been retained by the Systems to provide private credit investment management services through two structures; a discretionary fund-of-funds relationship and an advisory relationship. Albourne America, LLC has also been retained to provide private credit advisory services.

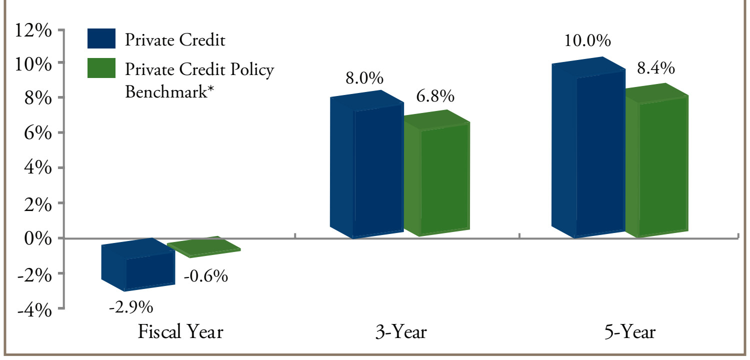
Market Overview

Private credit markets experienced increased volatility and slightly negative returns as credit spreads widened throughout fiscal year 2015. The Systems' Private Credit partnerships continued to take advantage of market opportunities to realize investments and return cash to investors.

Performance

The total return for the Private Credit program was -2.9%, compared to the benchmark return of -0.6% for the fiscal year ended June 30, 2015. Short-term returns can be volatile for the Private Credit Program in comparison to a public benchmark, as discussed previously; private assets are more appropriately evaluated over longer time frames. For the five-year time period, the systems outperformed the benchmark by 160 basis points.

Private Credit Investment Returns



Private Credit Statistical Performance

Portfolio Characteristics	Fiscal Year	3-Year	5-Year
Annualized Private Credit Return	-2.9%	8.0%	10.0%
Annualized Policy Benchmark Return*	-0.6%	6.8%	8.4%
Excess return	-2.3%	1.2%	1.6%

**The Private Credit Policy Benchmark is the Merrill Lynch High Yield Master II Index.*

The Private Credit Program was established in December 2007, so ten-year returns are not available.

** Committed capital reflects the total amount of capital that the Systems are legally obligated to supply to the partnerships and funds as the capital is needed to invest in underlying holdings. Market value reflects capital that has actually been drawn and invested by the partnerships and funds.*

Investment Advisors

As of June 30, 2015, the Systems had committed to 12 separate partnerships with 10 firms within the Private Credit asset class. In fiscal year 2015, the Systems did not commit to new private credit partnerships. The Systems received total distributions from the private credit partnerships of approximately $119 million in fiscal year 2015.

Private Credit Investment Advisors

Investment Advisor	Investment Style	Market Value* As of June 30, 2015	% of Total Market Value
Avenue Capital Group Fund V	Debt - Distressed	$ 1,687,553	0.0%
Caltius IV	Debt - Mezzanine	2,238,094	0.0%
Centerbridge Special Capital Partners	Debt - Distressed	9,566,196	0.0%
EIG Energy Fund XVI	Debt - Energy	23,222,314	0.1%
Encap Fund VII	Acquisition - Energy	6,124,178	0.0%
Encap Fund VIII	Acquisition - Energy	24,795,189	0.1%
Indigo Capital V	Debt - Mezzanine	7,269,271	0.0%
Lone Star Real Estate Fund II	Debt - Distressed	13,592,749	0.0%
OCM Opportunities Fund VIII	Debt - Distressed	16,833,629	0.0%
OCM Opportunities Fund VIII b	Debt - Distressed	30,731,472	0.1%
Pathway Capital Management	Funds-of-Funds	141,078,606	0.1%
TA Subordinated Debt Fund III	Debt - Mezzanine	19,119,186	0.4%
Total		**$ 296,258,437**	**0.8%**

**Market values are reported by the Systems' Private Credit advisors. Market values reflect the most current net asset values. In instances where the most current net asset values were not as of June 30, 2015, the net asset values utilized were cash flow adjusted through June 30, 2015.*

Private Real Estate Program Summary

As of June 30, 2015, the Private Real Estate assets had a market value of approximately $2.8 billion, representing 7.2% of total assets.

Investment Program Description

The Real Estate allocation is intended to provide exposure to a diversified portfolio of institutional quality private real estate investments that will provide meaningful, consistent returns, and act as a hedge against inflation and as a diversifier to the overall investment portfolio. The specific objectives of the real estate allocation will be to optimize yield and return, preserve capital and enhance portfolio value across market cycles. The risks associated with Private Real Estate will be viewed both in isolation and within the context of the entire fund.

Structure

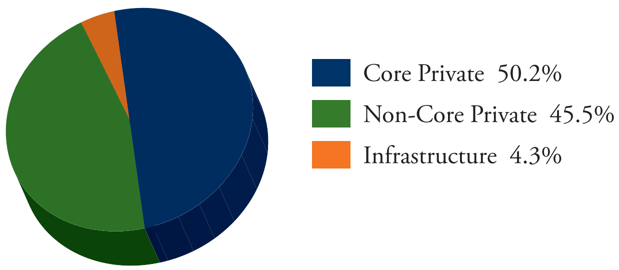
As of June 30, 2015, the Systems' private real estate assets committed* for investment were $3.8 billion. The market value of funds that had been drawn down and actually invested as of June 30, 2015 was approximately $2.8 billion, representing 7.2% of total assets. The Systems' private real estate investment commitments that had not yet been funded were approximately $849 million as of June 30, 2015.

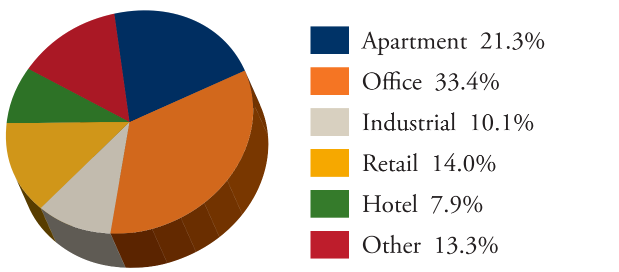
Within the overall Real Estate allocation, the Systems have established a 55% target allocation to non-core real estate and a 45% allocation to core private real estate. Non-Core investments represent those properties and/or investment strategies that require specialized acquisition and management expertise or skill to mitigate the business and leasing risk that may be associated with individual investments. Non-Core investments have greater associated volatility compared to Core investments. Core investments include existing, substantially leased income-producing properties located mainly in metropolitan areas that exhibit reasonable economic diversification and growth.

** Committed capital reflects the total amount of capital that the Systems are legally obligated to supply to the partnerships and funds as the capital is needed to invest in underlying holdings. Market value reflects capital that has actually been drawn and invested by the partnerships and funds.*

The following pie charts indicate the current allocation to real estate investment strategies utilizing the market value of the Systems' invested real estate assets and the diversification within the real estate composite by property type.

Private Real Estate Diversification





Market Overview

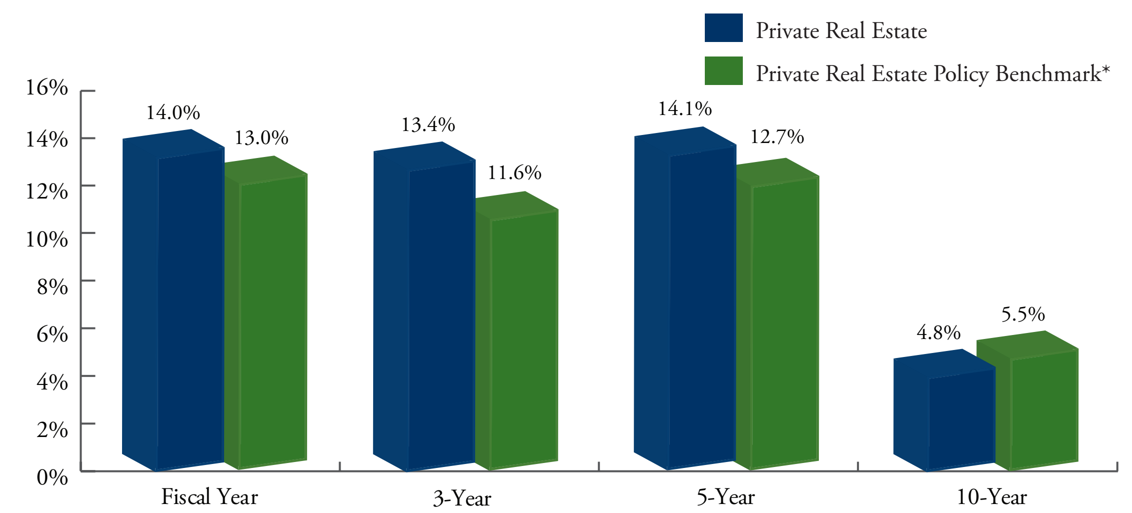
A strengthening labor market supported a continued improvement in the commercial real estate market. Vacancies declined, further supporting rent gains across all major property types. Home ownership is at an all-time low with an increasing demand in the multi-family real estate space. Overall, most real estate markets experienced economic expansion with superior demand relative to supply. The private real estate benchmark, the NCREIF Property Index ("NPI"), increased 13.0% in fiscal year 2015.

The Systems maintain a sizable allocation to high-quality, stabilized real estate assets (core) held in primary markets due to the secure income return. Additionally, the Systems have an allocation to non-core assets to participate in the distressed sector of the real estate market. The Systems will continue to focus real estate efforts going forward on investments that complement the existing portfolio.

Performance

The total return for the Private Real Estate program was 14.0%, compared to the benchmark return of 13.0% for the fiscal year ended June 30, 2015. The Systems significantly outperformed the policy benchmark for all time periods as noted below, with the exception of the 10-year time period. The underperformance for the 10-year time period was primarily due to the significant downward pressure on real estate valuations during the credit crisis of 2008 and 2009.

Private Real Estate Investment Returns



Private Real Estate Statistical Performance

Portfolio Characteristics	**Fiscal Year**	**3-Year**	**5-Year**	**10-Year**
Annualized Private Real Estate Return	14.0%	13.4%	14.1%	4.8%
Annualized Policy Benchmark Return*	13.0%	11.6%	12.7%	5.5%
Excess return	1.0%	1.8%	1.4%	-0.7%

**The Real Estate Policy Benchmark is the NCREIF Property Index.*

Investment Advisors

As of June 30, 2015, the Systems had committed to 54 separate partnerships with 29 firms within the Private Real Estate asset class. In fiscal year 2015, the Systems committed to five new partnerships totaling $381 million. Additionally, the Systems received total distributions from the real estate partnerships in excess of $488 million in fiscal year 2015.

Private Real Estate Investment Advisors			
Investment Advisor	**Investment Style**	**Market Value* As of June 30, 2015**	**% of Total Market Value**
Alinda Infrastructure Fund I	Infrastructure	$ 53,439,086	0.1%
Alterna Core Capital Assets Fund II	Infrastructure	24,485,475	0.1%
AMB Alliance III	Non-Core - Private	59,816,662	0.2%
AEW Core Property Fund	Core - Private	89,733,296	0.2%
Blackstone R.E. Partners V, VI, VII, X, and Real Estate Partners Asia	Non-Core - Private	229,775,994	0.7%
Brockton Capital II	Non-Core - Private	40,811,587	0.1%
Carlyle Europe Real Estate Partners III	Non-Core - Private	29,208,058	0.1%
Carlyle Realty V and VI, VII	Non-Core - Private	93,783,435	0.2%
CBRE Fund IV, US Value 5, US Value 6, US Value 7	Non-Core - Private	104,574,063	0.3%
CIM Fund III, and VIII	Non-Core - Private	95,665,618	0.3%
CIM Urban REIT	Non-Core - Private	42,865,472	0.1%
Colony Investors VIII	Non-Core - Private	20,987,706	0.1%
CPI Capital Partners Europe	Non-Core - Private	5,372,372	0.0%
Dune Real Estate Fund I	Non-Core - Private	13,704,165	0.0%
Forum Asian Realty Income II	Non-Core - Private	8,065,024	0.0%
Heitman Value Partners I, II, and III	Non-Core - Private	48,430,175	0.1%
JPMorgan Special Situation Property Fund	Non-Core - Private	110,375,698	0.3%
JPMorgan Strategic Property Fund	Core - Private	306,666,180	0.8%
KKR Real Estate Partners America	Non-Core - Private	40,424,852	0.1%
LaSalle Asia Opportunity Fund II and III	Non-Core - Private	17,108,463	0.0%
LaSalle Income & Growth IV and V	Non-Core - Private	40,019,840	0.1%
LaSalle Japan Logistics Fund II	Non-Core - Private	520,520	0.0%
LaSalle Property Fund	Core - Private	129,299,424	0.3%
Lone Star V and VI	Non-Core - Private	19,266,325	0.0%
Lone Star Real Estate Fund	Non-Core - Private	4,461,826	0.0%
Macquarie Infrastructure Partners	Infrastructure	41,980,753	0.1%
MSREF V International	Non-Core - Private	2,230,545	0.0%
Morgan Stanley Prime Property Fund	Core - Private	349,078,320	0.9%
NREP Real Estate Debt Fund	Non-Core - Private	621,303	0.0%
Noble Hospitality Fund	Non-Core - Private	65,708,698	0.2%
Principal Enhanced Property Fund	Core - Private	41,454,122	0.1%
Prudential PRISA Fund	Core - Private	162,382,462	0.4%
Prudential PRISA III	Non-Core - Private	33,059,085	0.1%
RREEF America REIT III	Non-Core - Private	17,464,097	0.1%
Standard Life European Real Estate Fund	Non-Core - Private	24,347,737	0.1%
Starwood Hospitality Fund	Non-Core - Private	11,628,564	0.0%
UBS Trumbull Property Fund	Core - Private	317,014,714	0.8%
Westbrook R.E. Fund VII, VIII, and IX	Non-Core - Private	83,818,604	0.2%
Total		**$ 2,779,650,320**	**7.2%**

**Market values are reported by the Systems' Private Real Estate advisors. Market values reflect the most current net asset values. In instances where the most current net asset values were not as of June 30, 2015, the net asset values utilized were cash flow adjusted through June 30, 2015.*

U.S. Public Equity Broker Commissions Report				
Brokerage Firm	**Shares Traded**	**Dollars Traded**	**Commissions Paid**	**Cost Per Share**
Capital Institutional Services	8,279,724	$ 409,507,210	$ 294,731	$ 0.04
Merrill Lynch	26,065,963	1,008,539,362	270,358	0.01
Investment Technology Group	33,182,270	1,418,425,702	262,633	0.01
Deutsche Bank	23,470,607	847,613,545	215,466	0.01
Instinet, LLC	15,126,750	503,247,036	194,408	0.01
UBS Securities, LLC	5,691,194	177,318,084	148,875	0.03
SG Cowen & Co	15,402,378	606,663,282	146,880	0.01
Citigroup Global Markets, Inc.	6,993,921	235,190,438	120,391	0.02
Bank of New York	9,436,408	308,329,936	119,348	0.01
Weeden & Co	10,086,003	535,373,965	114,716	0.01
Other (< $100,000)	89,856,106	3,260,195,035	1,622,490	0.02
Total	**243,591,324**	**$ 9,310,403,595**	**$ 3,510,296**	**$ 0.01**

Non-U.S. Public Equity Broker Commissions Report				
Brokerage Firm	**Shares Traded**	**Dollars Traded**	**Commissions Paid**	**Cost (Basis Points)**
Merrill Lynch	70,171,130	$ 398,958,700	$ 247,902	6.2
Instinet, LLC	92,175,796	509,360,070	203,975	4.0
Morgan Stanley & Co Incorporated	50,991,929	240,722,283	190,220	7.9
Goldman Sachs and Company	66,562,692	306,559,493	170,032	5.5
Deutsche Bank	63,062,262	275,434,728	156,917	5.7
Citigroup Global Markets, Inc.	35,781,003	136,602,867	146,355	10.7
Investment Technology Group	42,232,363	317,271,258	123,705	3.9
Credit Suisse Securities, LLC	24,066,323	81,328,801	106,114	13.0
JP Morgan Chase	16,529,819	140,907,784	106,045	7.5
UBS Securities, LLC	16,217,336	137,643,305	102,986	7.5
Daiwa Securities Company, LTD	26,983,430	195,529,586	81,038	4.1
Other (< $50,000)	108,531,758	641,843,689	445,778	6.9
Total	**613,305,841**	**$ 3,382,162,565**	**$ 2,081,068**	**6.2**

Investment Summary as of June 30, 2015			
		Percent of Total Fair Value	
Asset Type	**Fair Value**	**FY 2015**	**FY 2014**
Public Risk Assets			
U.S. Public Equity	$ 11,567,580,059	30.0%	32.8%
Non-U.S. Public Equity	6,040,640,351	15.7%	15.4%
Public Credit	2,469,001,165	6.4%	7.7%
Hedged Assets	5,420,528,210	14.1%	13.5%
Total Public Risk Assets	***25,497,749,785***	***66.2%***	***69.4%***
Safe Assets			
U.S. Treasuries	5,537,641,283	14.4%	11.0%
U.S. TIPS	516,740,787	1.3%	1.4%
Cash Equivalents	957,142,426	2.5%	2.9%
Total Safe Assets	***7,011,524,496***	***18.2%***	***15.3%***
Private Risk Assets			
Private Real Estate	2,779,650,320	7.2%	7.0%
Private Equity	2,887,214,213	7.5%	7.0%
Private Credit	296,258,437	0.8%	1.0%
Total Private Risk Assets	***5,963,122,970***	***15.5%***	***15.0%***
Securities Lending Collateral	***3,452***	***0.0%***	***0.0%***
Cash & Equivalents*	***100,551,365***	***0.1%***	***0.3%***
Total Investments**	**$ 38,572,952,068**	**100.0%**	**100.0%**
Reconciliation with Financial Statements			
Total from above	$ 38,572,952,068		
Accrued payable for investments purchased	2,129,529,627		
Accrued income payable	120,467		
Accrued receivable for investments sold	(1,588,159,926)		
Accrued income receivable	(69,989,802)		
Securities lending collateral	(3,452)		
Short-term investments designated for benefits	(94,820,703)		
Statements of Fiduciary Net Position	**$ 38,949,628,279**		

**Managers may hold cash or cash equivalents as part of an active management strategy. Cash or cash equivalents held as part of an active management strategy are not separately listed.*

*** Total Investments includes accrued income and securities lending collateral as of June 30, 2015.*

Investment Expenses for the Fiscal Year Ended June 30, 2015

Investment Managers	
Investment Management Fees	
NISA Investment Advisors - Core	$ 4,243,514
NISA Investment Advisors - TIPS	332,425
Safe Assets Fees	4,575,939
NISA Investment Advisors - Corporate	1,023,740
Oaktree Bank Loans	1,710,936
Pacific Investment Management Company	4,684,207
Public Credit Fees	7,418,883
Analytic Investors, LLC	2,053,100
AQR Capital Management	2,256,428
Aronson & Johnson & Ortiz	2,310,780
BlackRock Investment Management	186,806
Columbia Management	929,830
Martingale Asset Management	1,236,478
Westwood Management	3,724,901
Zevenbergen Capital	1,377,866
US Public Equity Fees	14,076,189
Acadian Asset Management	634,830
Alliance Bernstein Institutional Management	1,181,115
Analytic Investors, LLC	1,009,770
AQR Capital Management	1,904,197
Arrowstreet Capital	6,139,569
BlackRock - ACWI EX US	454,578
Coronation Asset Management Limited	1,269,662
MFS Institutional Advisors	3,177,070
Neon Capital Management	1,154,390
NISA Investment Advisors	78,462
The Rock Creek Group	3,221,902
Non-U.S. Public Equity Fees	20,225,545
Allianz	968,421
AQR Capital Management	761,952
Chartwell Investment Partners	595,924
Columbus Circle	805,712
NISA Investment Advisors	88,319
Next Century Growth Investors	637,907
RBC Global Asset Management	1,035,105
S-Cap Fees	4,893,341
Alpha Overlay Fees	50,948,037
Hedged Assets Fees	117,311,467
Private Real Estate Fees	52,719,111
Private Credit Fees	190,011
Private Equity Fees	163,045,041
Commission Recapture Income	(247,913)
Investment Management Expense	435,155,651
Custodial Services	
JP Morgan Chase, NA	549,710
Custodial Fees	549,710
Investment Consultants	
Albourne America, LLC	800,000
Pathway Consulting	3,025,750
Institutional Shareholder Services, Inc.	65,000
Towers Watson	398,673
Townsend	350,000
RVK, Inc.	31,089
Investment Consultant Fees	4,670,512
Legal Expenses	4,851,374
Staff Investment Expenses	2,880,272
Total Investment Expenses	$ 448,107,519