

August 2014



**Idaho Endowment Fund  
Investment Board**

2<sup>nd</sup> Quarter 2014  
Performance Review

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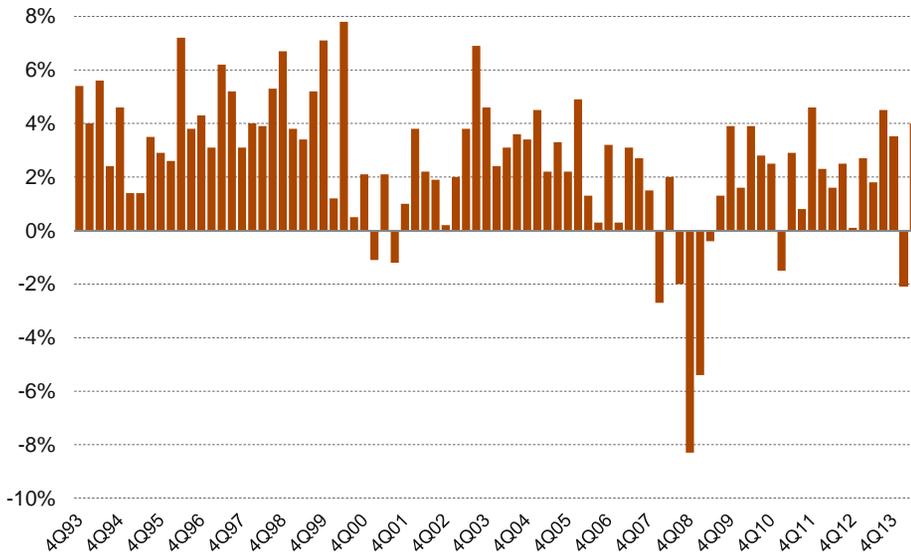
**Janet Becker-Wold, CFA**  
Senior Vice President

**William Howard, CFA**  
Senior Vice President

# U.S. Economy

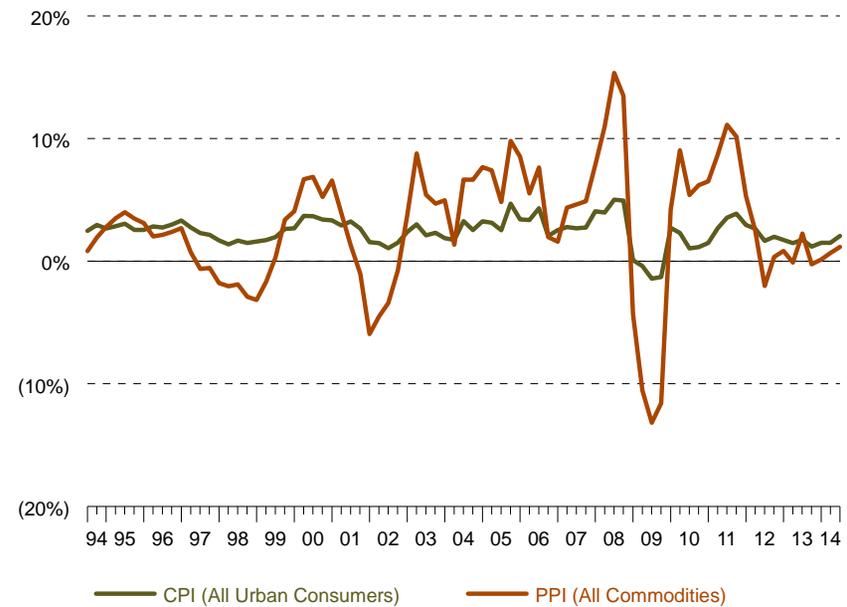
Periods Ending June 30, 2014

Quarterly Real GDP Growth (20 Years)\*



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

- Fed continued to taper bond purchases by an additional \$10B to \$35B/month in July.
- Second quarter GDP was up 4.0%, a dramatic improvement from -2.1% in the first quarter.
- June headline & core CPI increased over the trailing year by 2.1% and 1.9%, respectively.
- The unemployment rate declined from last quarter to 6.1%.

# Asset Class Performance

Periods Ending June 30, 2014

- Emerging markets best for quarter, up 6.7%
- S&P 500 gained 5.2% for quarter and 24.6% for the trailing year
- Aggregate rose 2.0% for quarter and 4.4% for the trailing year
- International equities lagged domestic equities over every time period shown

July	Month	YTD
S&P 500	-1.4%	5.7%
Russell 2000	-6.1%	-3.1%
EAFE	-2.0%	2.7%
EM	2.0%	8.5%
BC Agg	-0.3%	3.7%

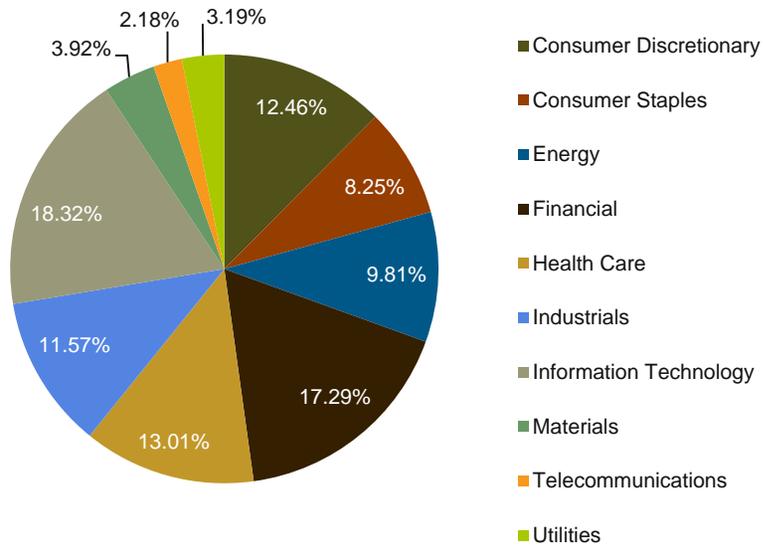
**Periodic Table of Investment Returns  
for Periods Ended June 30, 2014**

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:Emer Markets 6.7%	S&P:500 24.6%	S&P:500 16.6%	Russell:2000 Index 20.2%	MSCI:Emer Markets 12.3%
S&P:500 5.2%	Russell:2000 Index 23.6%	Russell:2000 Index 14.6%	S&P:500 18.8%	Russell:2000 Index 8.7%
MSCI:EAFE US\$ 4.1%	MSCI:EAFE US\$ 23.6%	MSCI:EAFE US\$ 8.1%	MSCI:EAFE US\$ 11.8%	S&P:500 7.8%
Russell:2000 Index 2.0%	MSCI:Emer Markets 14.7%	Barclays:Aggregate Index 3.7%	MSCI:Emer Markets 9.6%	MSCI:EAFE US\$ 6.9%
Barclays:Aggregate Index 2.0%	Barclays:Aggregate Index 4.4%	3 Month T-Bill 0.1%	Barclays:Aggregate Index 4.9%	Barclays:Aggregate Index 4.9%
3 Month T-Bill 0.0%	3 Month T-Bill 0.1%	MSCI:Emer Markets (0.1%)	3 Month T-Bill 0.1%	3 Month T-Bill 1.6%

# U.S. Equity Returns

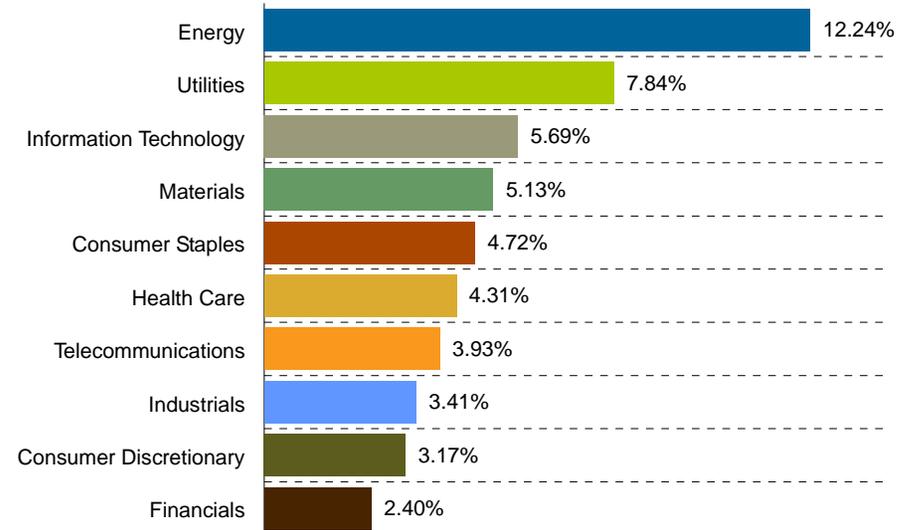
Periods Ending June 30, 2014

**Economic Sector Exposure (Russell 3000)**



Pie chart may not sum to 100% due to rounding  
Source: Russell Investment Group

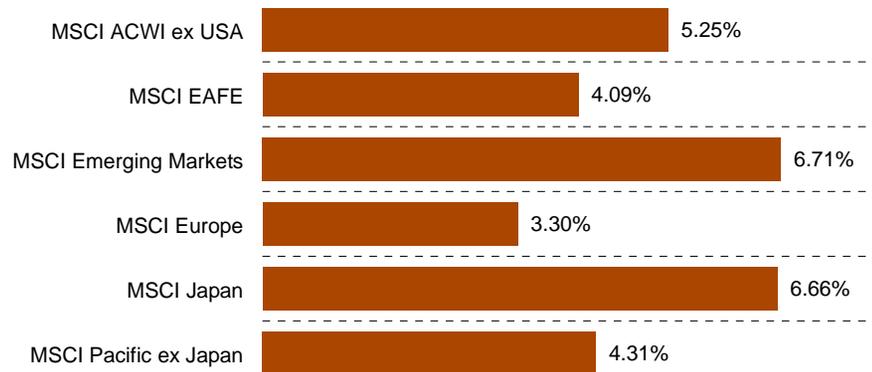
**Quarterly Returns (Russell 3000)**



# International Equity Returns

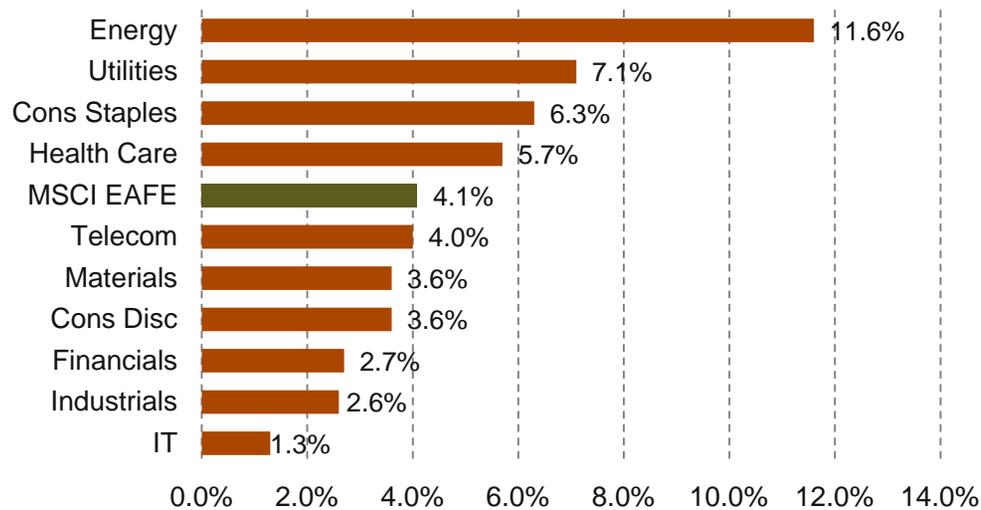
Periods Ending June 30, 2014

## Regional Quarterly Performance (U.S. Dollar)



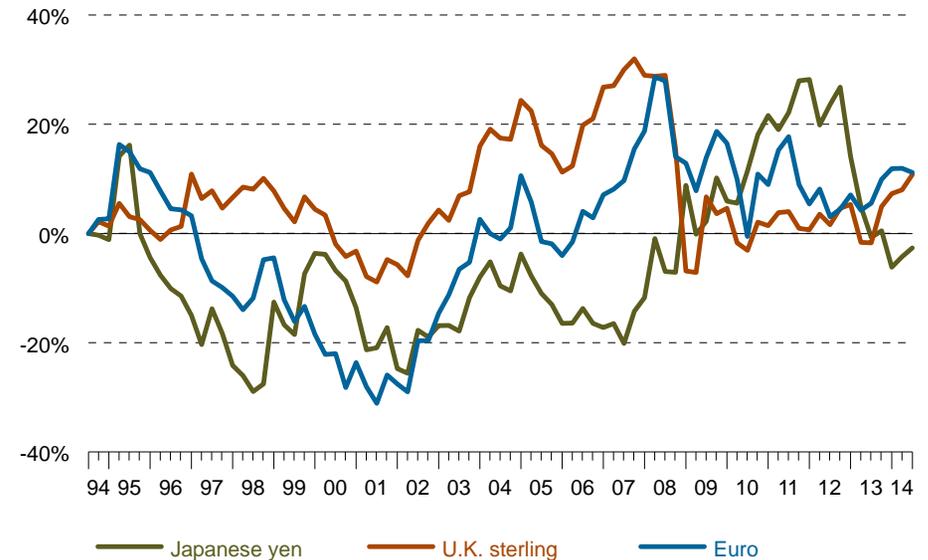
Source: MSCI

## MSCI EAFE Sector Returns



Source: Barrow Hanley Quarterly Benchmark Review

## Major Currencies' Cumulative Returns (vs. U.S. Dollar)



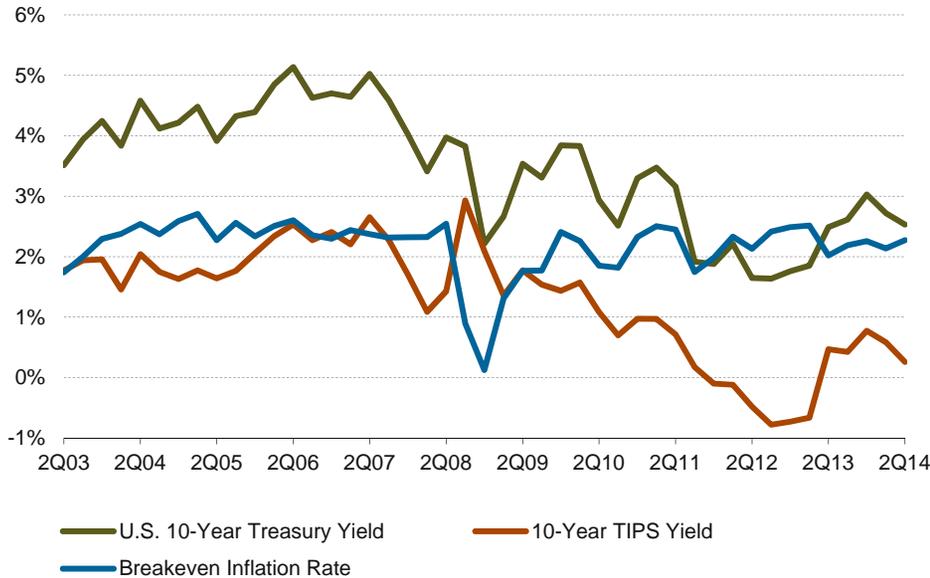
\*Euro returns from 1Q99. German mark prior to 1Q99.  
Source: MSCI

- ACWI ex-U.S. rose in the quarter and led the U.S.; Europe lagged (3.3%).
- The euro depreciated while the yen and pound appreciated versus the U.S. dollar.
- Emerging markets surged on improving investor sentiment, gaining 6.7%

# Yield Curve Changes

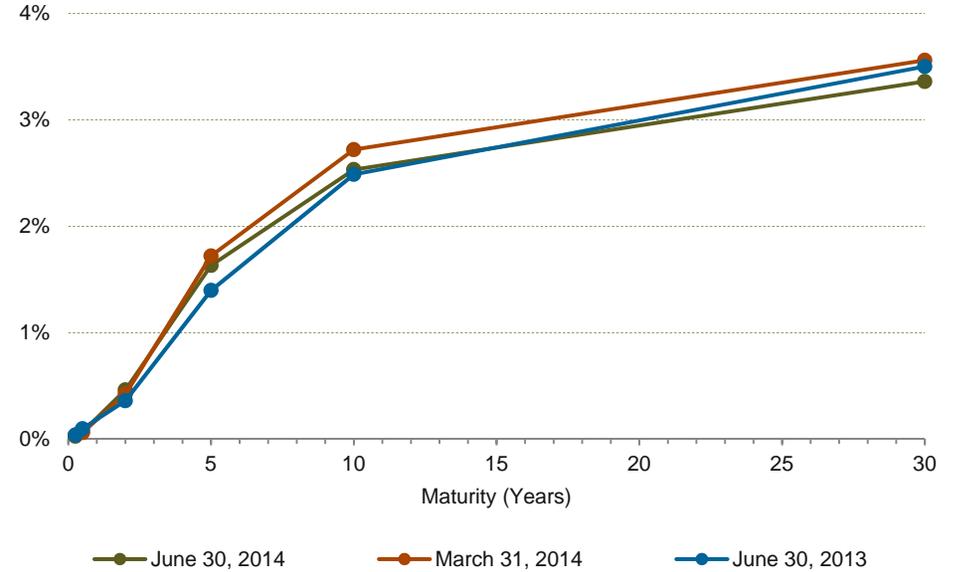
Periods Ending June 30, 2014

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



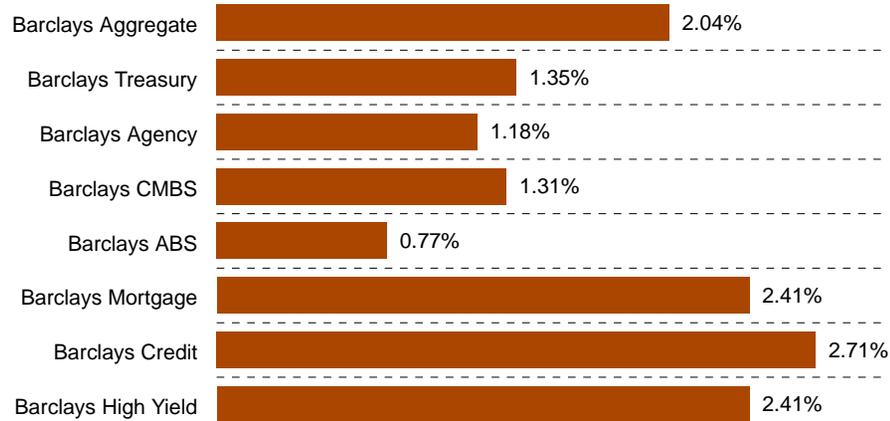
Source: Bloomberg

- A flattening of the yield curve helped long-term treasury returns.
- The ten-year treasury yield declined 19 basis points from last quarter ending at 2.53%.
- TIPS returned 3.8% in the quarter, exceeding the Aggregate (+2.0%).

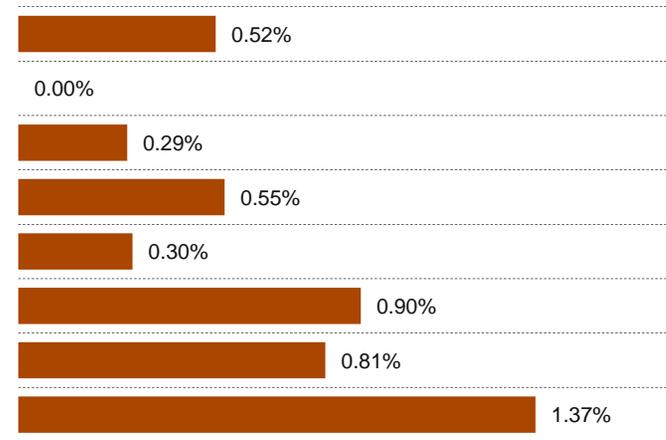
# Total Rates of Return by Bond Sector

Periods Ending June 30, 2014

## Absolute Returns

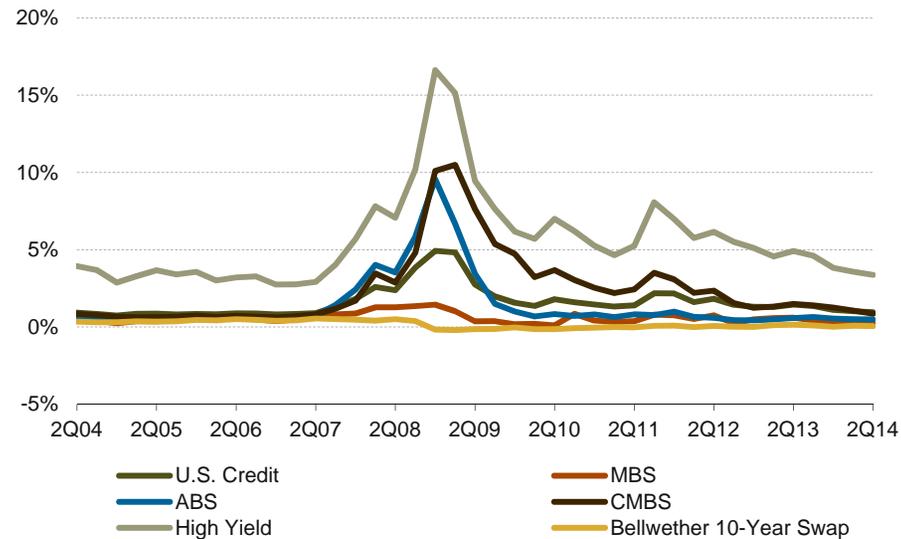


## Excess Return versus Like-Duration Treasuries



Source: Barclays

## Effective Yield Over Treasuries



Source: Barclays



# Fund Specific Review

# Endowments – Asset Allocation

	June 30, 2014			March 31, 2014		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Total Equity</b>	<b>\$1,248,075,679</b>	<b>71.90%</b>	<b>\$0</b>	<b>\$48,804,317</b>	<b>\$1,199,271,363</b>	<b>71.21%</b>
<b>Domestic Equity</b>	<b>\$818,311,220</b>	<b>47.14%</b>	<b>\$0</b>	<b>\$28,440,147</b>	<b>\$789,871,074</b>	<b>46.90%</b>
<b>Large Cap</b>	<b>\$559,679,811</b>	<b>32.24%</b>	<b>\$0</b>	<b>\$21,307,016</b>	<b>\$538,372,795</b>	<b>31.97%</b>
NTGI S&P 500 SMA	185,854,101	10.71%	0	9,210,393	176,643,708	10.49%
LSV Asset Mgmt	95,236,743	5.49%	0	3,847,650	91,389,093	5.43%
Robeco Investment Mgmt	98,768,916	5.69%	0	2,456,463	96,312,453	5.72%
INTECH	91,007,907	5.24%	0	4,555,962	86,451,944	5.13%
Sands Capital	88,812,145	5.12%	0	1,236,548	87,575,598	5.20%
<b>Mid Cap</b>	<b>\$168,658,287</b>	<b>9.72%</b>	<b>\$0</b>	<b>\$5,919,748</b>	<b>\$162,738,539</b>	<b>9.66%</b>
Systematic Financial	83,960,571	4.84%	0	3,708,181	80,252,391	4.77%
Times Square	84,697,716	4.88%	0	2,211,567	82,486,148	4.90%
<b>Small Cap</b>	<b>\$89,973,122</b>	<b>5.18%</b>	<b>\$0</b>	<b>\$1,213,383</b>	<b>\$88,759,739</b>	<b>5.27%</b>
Barrow, Hanley	45,974,840	2.65%	0	197,071	45,777,770	2.72%
Eagle Asset Management	43,998,282	2.53%	0	1,016,312	42,981,970	2.55%
<b>International Equity</b>	<b>\$266,771,956</b>	<b>15.37%</b>	<b>\$0</b>	<b>\$11,665,761</b>	<b>\$255,106,195</b>	<b>15.15%</b>
Allianz	118,347,439	6.82%	0	5,757,112	112,590,327	6.69%
Marvin & Palmer	143,238	0.01%	0	(731)	143,969	0.01%
WCM	119,643,420	6.89%	0	4,134,016	115,509,404	6.86%
Tradewinds	8,167	0.00%	0	(54)	8,221	0.00%
Capital International	14,202,915	0.82%	0	694,998	13,507,917	0.80%
Grantham Mayo	14,426,775	0.83%	0	1,080,420	13,346,356	0.79%
<b>Global Equity</b>	<b>\$162,992,504</b>	<b>9.39%</b>	<b>\$0</b>	<b>\$8,698,410</b>	<b>\$154,294,094</b>	<b>9.16%</b>
Aberdeen	81,183,180	4.68%	0	4,045,396	77,137,783	4.58%
Lazard	81,809,324	4.71%	0	4,653,014	77,156,311	4.58%
<b>Domestic Fixed Income</b>	<b>\$469,246,061</b>	<b>27.03%</b>	<b>\$0</b>	<b>\$10,791,851</b>	<b>\$458,454,210</b>	<b>27.22%</b>
State Street Global Advisors	469,246,061	27.03%	0	10,791,851	458,454,210	27.22%
<b>Equitization</b>	<b>\$1,948,256</b>	<b>0.11%</b>	<b>\$(1,000,000)</b>	<b>\$841,525</b>	<b>\$2,106,732</b>	<b>0.13%</b>
<b>Cash</b>	<b>\$16,605,181</b>	<b>0.96%</b>	<b>\$(7,761,419)</b>	<b>\$394</b>	<b>\$24,366,207</b>	<b>1.45%</b>
<b>Total Plan ex Equitization</b>	<b>\$1,733,926,922</b>	<b>99.89%</b>	<b>\$(7,761,419)</b>	<b>\$59,596,563</b>	<b>\$1,682,091,779</b>	<b>99.87%</b>
<b>Total Plan</b>	<b>\$1,735,875,179</b>	<b>100.0%</b>	<b>\$(8,761,419)</b>	<b>\$60,438,087</b>	<b>\$1,684,198,511</b>	<b>100.0%</b>

**+\$51.7 million**

# Endowments – Total Fund Performance

## Performance vs Public Fund Sponsor Database (Gross)



10th Percentile	4.09	18.56	16.42	11.12	14.10	6.50	8.01	7.02
25th Percentile	3.76	17.60	15.49	10.52	13.41	5.91	7.64	6.59
Median	3.52	16.11	13.97	9.70	12.54	5.45	7.29	6.13
75th Percentile	3.18	14.66	12.51	8.74	11.04	4.79	6.73	5.73
90th Percentile	2.85	13.48	10.84	7.66	9.91	4.12	6.25	5.32

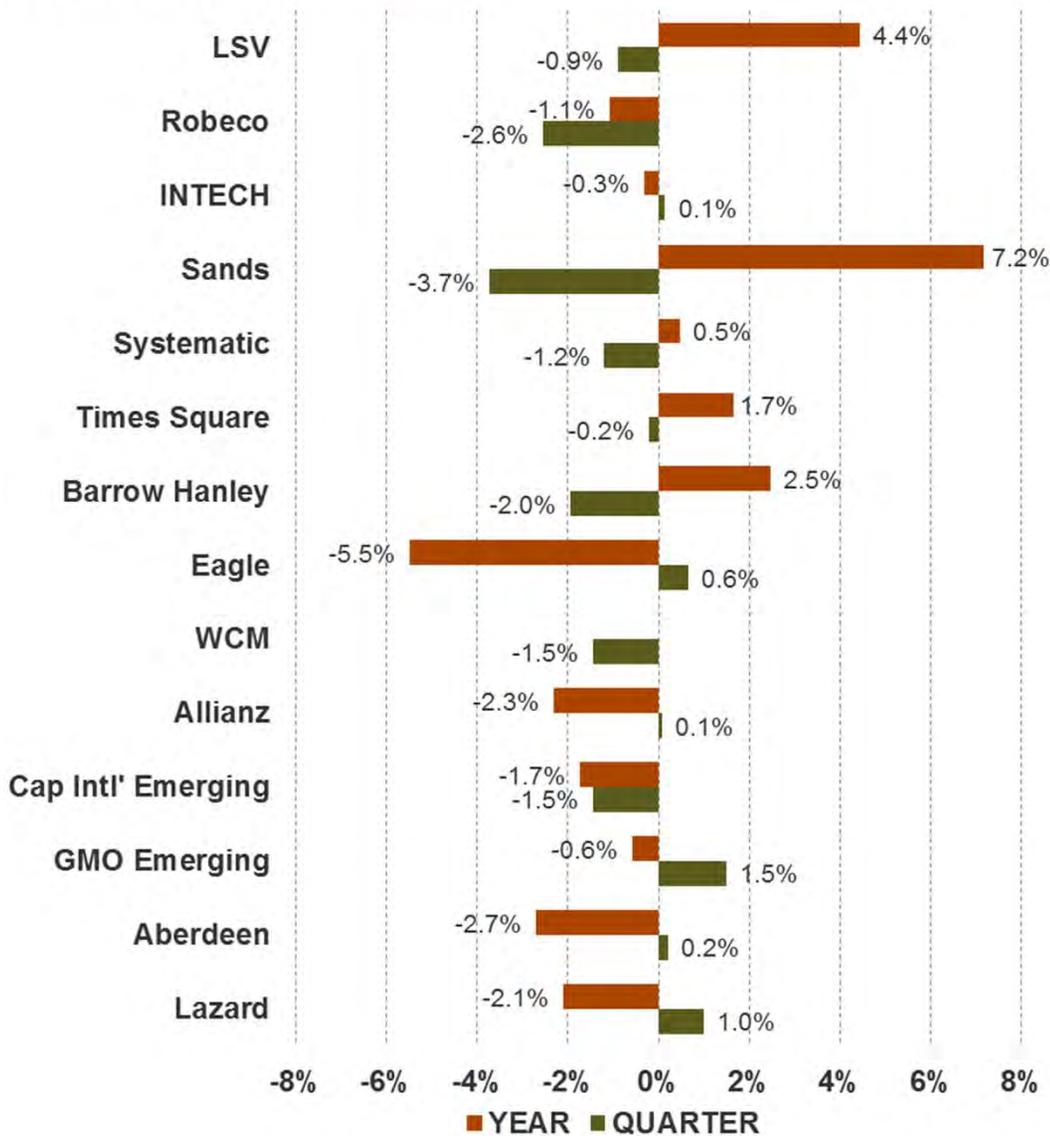
Total Plan Secondary Benchmark	● A	3.62	18.82	16.56	11.10	14.63	6.83	8.46	5.90
	■ B	4.07	17.83	15.28	10.22	13.59	5.70	7.79	-

Total Plan Target	▲	4.06	18.00	15.39	10.48	13.44	5.40	7.12	5.29
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- For the quarter, underperformed the target by 44 basis points, ranking 38<sup>th</sup> percentile
- For the last year, outperformed the target by 82 bps, ranking 8<sup>th</sup> percentile
- Fund ranked 7<sup>th</sup> percentile against the Endowment/Foundation database for the last year

# Dashboard – All Managers

## % Deviation from Benchmark



### Quarter:

Below Benchmark:

- LSV
- Robeco
- Sands
- Systematic
- Times Square
- Barrow Hanley
- WCM
- Capital Int'l

### Year:

Below Benchmark:

- Robeco
- INTECH
- Eagle
- Allianz
- Capital Int'l
- GMO
- Aberdeen
- Lazard

# Endowments – U.S. Equity Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>Total Equity</b>	<b>4.07%</b>	<b>24.53%</b>	<b>13.66%</b>	<b>18.24%</b>	<b>18.23%</b>
<b>Domestic Equity</b>	<b>3.60%</b>	<b>26.32%</b>	<b>17.12%</b>	<b>21.51%</b>	<b>21.30%</b>
Russell 3000	4.87%	25.22%	16.46%	20.24%	19.33%
<b>Large Cap</b>	<b>3.96%</b>	<b>27.01%</b>	<b>17.79%</b>	<b>21.72%</b>	<b>20.80%</b>
Russell 1000	5.12%	25.35%	16.63%	20.28%	19.25%
<b>Large Cap Core</b>	<b>5.21%</b>	<b>24.48%</b>	<b>16.55%</b>	<b>19.95%</b>	<b>18.85%</b>
NTGI S&P 500 SMA	5.21%	24.48%	16.55%	19.95%	18.85%
S&P 500	5.23%	24.61%	16.58%	19.96%	18.83%
<b>Large Cap Value</b>	<b>3.36%</b>	<b>25.41%</b>	<b>18.72%</b>	<b>21.67%</b>	<b>20.81%</b>
LSV Asset Management	4.21%	28.25%	19.18%	21.49%	20.60%
Boston Partners	2.55%	22.73%	18.28%	-	-
Russell 1000 Value	5.10%	23.81%	16.92%	19.81%	19.23%
<b>Large Cap Growth</b>	<b>3.32%</b>	<b>30.68%</b>	<b>17.89%</b>	<b>23.28%</b>	<b>22.54%</b>
INTECH	5.27%	26.59%	15.31%	20.05%	18.56%
Sands Capital	1.40%	34.08%	20.24%	26.33%	26.40%
Russell 1000 Growth	5.13%	26.92%	16.26%	20.69%	19.24%
<b>Mid Cap</b>	<b>3.64%</b>	<b>26.36%</b>	<b>15.86%</b>	<b>20.40%</b>	<b>20.87%</b>
Russell MidCap Index	4.97%	26.85%	16.09%	21.32%	22.07%
Systematic Financial	4.62%	27.85%	14.59%	20.15%	21.06%
S&P/Citi 400 Value Index	5.82%	27.38%	17.06%	20.95%	21.86%
Times Square	2.68%	24.85%	17.05%	20.60%	20.64%
S&P/Citi 400 Growth Index	2.90%	23.20%	13.56%	20.83%	21.52%
<b>Small Cap</b>	<b>1.37%</b>	<b>22.17%</b>	<b>14.76%</b>	<b>21.99%</b>	<b>25.14%</b>
Russell 2000	2.05%	23.64%	14.57%	19.89%	20.21%
Barrow, Hanley	0.43%	25.01%	16.90%	22.73%	27.14%
Russell 2000 Value	2.38%	22.54%	14.65%	18.61%	19.88%
Eagle Asset Management	2.36%	19.23%	11.92%	20.61%	22.29%
Russell 2000 Growth	1.72%	24.73%	14.49%	21.14%	20.50%

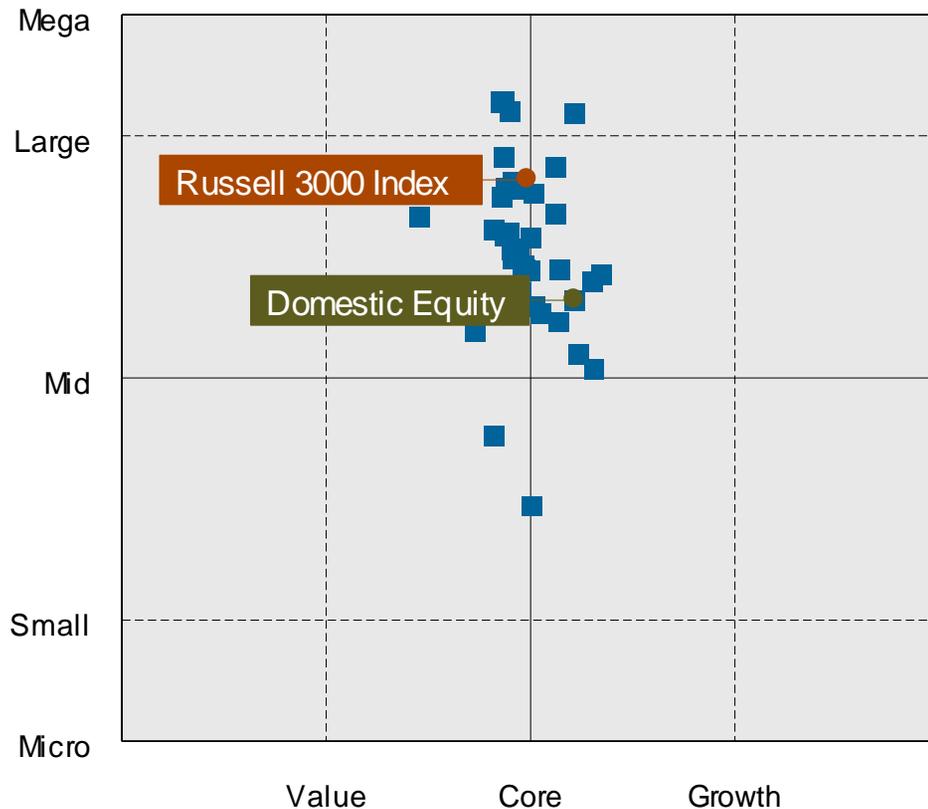
## For the Quarter:

- Domestic equity composite lagged the Russell 3000 by 1.3%
- Poor performance from Sands (-3.7% vs. index) and Boston Partners (-2.6% vs. index)
- Best absolute performance came from INTECH and S&P 500 Index fund

# U.S. Equity Style Map

(\$818 Million; 47.1% of the Portfolio)

### Style Map vs Pub Pln- Dom Equity Holdings as of June 30, 2014



- U.S. Equity composite exhibits a slight growth and smaller capitalization bias
- For the quarter, the smaller capitalization bias was a drag as large caps outperformed small caps

— Russell Top 200 Index: 5.2%  
— Russell 2000 Index: 2.0%

# Endowments – Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>International Equity</b>	<b>4.57%</b>	<b>20.54%</b>	<b>4.93%</b>	<b>10.21%</b>	<b>10.32%</b>
International Equity Target	5.03%	21.75%	5.73%	11.28%	11.11%
MSCI ACWI x US (Net)	5.03%	21.75%	5.73%	11.28%	11.11%
WCM	3.58%	-	-	-	-
MSCI EAFE Growth	3.67%	20.75%	8.06%	13.53%	12.60%
Allianz	5.11%	19.43%	-	-	-
MSCI EAFE Value	5.02%	27.49%	9.08%	13.99%	11.87%
Capital International	5.15%	12.57%	(2.91%)	3.26%	6.91%
Grantham Mayo	8.10%	13.72%	(2.78%)	5.44%	8.52%
MSCI Emerging Mkts (net)	6.60%	14.31%	(0.39%)	6.01%	9.24%
<b>Global Equity</b>	<b>5.64%</b>	<b>20.52%</b>	<b>10.06%</b>	<b>13.91%</b>	-
Aberdeen	5.24%	20.25%	10.31%	15.13%	-
Lazard	6.03%	20.85%	9.81%	12.74%	-
MSCI ACWI - Net	5.04%	22.95%	10.25%	14.92%	14.28%
<b>Domestic Fixed Income</b>	<b>2.35%</b>	<b>4.37%</b>	<b>3.67%</b>	<b>3.80%</b>	<b>4.89%</b>
State Street Global Advisors	2.35%	4.37%	3.67%	3.80%	-
BC Aggregate	2.04%	4.37%	3.66%	3.72%	4.85%
85% Agg/ 15% TIPS	2.31%	4.39%	3.66%	3.81%	4.93%
<b>Cash</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.07%</b>	<b>0.27%</b>	<b>0.49%</b>
3-month Treasury Bill	0.01%	0.05%	0.07%	0.10%	0.11%
<b>Total Plan ex Equitization</b>	<b>3.57%</b>	<b>18.75%</b>	<b>10.89%</b>	<b>14.11%</b>	<b>14.38%</b>
<b>Total Plan</b>	<b>3.62%</b>	<b>18.82%</b>	<b>11.10%</b>	<b>14.33%</b>	<b>14.63%</b>
Total Plan Target	4.06%	18.00%	10.48%	13.46%	13.44%
Secondary Benchmark	4.07%	17.83%	10.22%	13.43%	13.59%
CPI All Urban Consumers	0.87%	2.07%	1.83%	2.26%	2.02%

- Int'l equity returns trailed the benchmark for the quarter and over the last year
- Global equity composite beat the benchmark for the quarter and lagged over the last year
- TIPS helped fixed income performance (BC TIPS Index: +3.8%)
- Total fund lagged target by 44 bps for quarter but led by 82 bps for the year

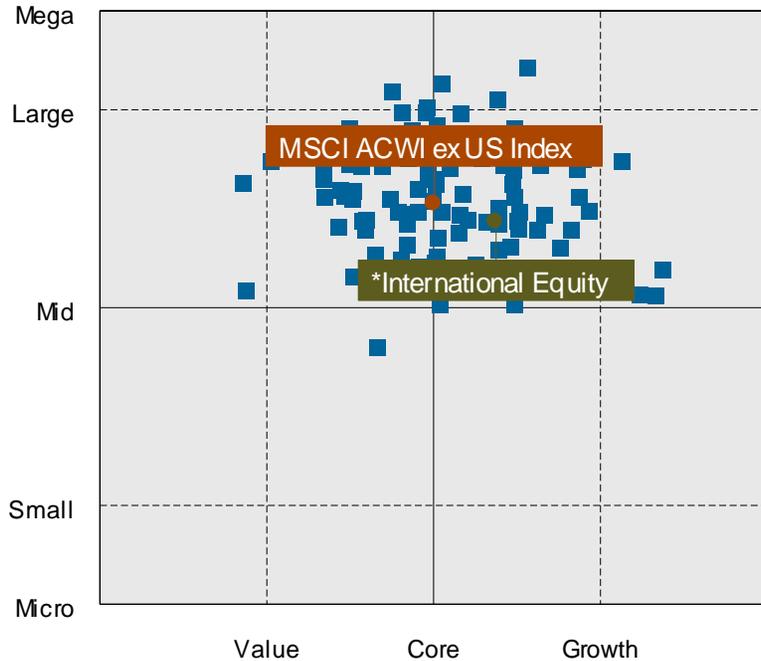
Total Plan Target: 45.0% Russell 3000; 30.0% BC Aggregate; 16.0% MSCI ACWI ex-US (net); 9.0% MSCI All Count World (net)

Secondary Benchmark: 30.8% Russell 1000; 25.5% BC Aggregate; 14.00% MSCI ACWI ex-US (Net); 9.1% MSCI ACWI (Net); 9.0% S&P Mid Cap 400; 5.0% Russell 2000; 4.5% BC US TIPS; 2.1% MSCI Emerging Markets (Net)

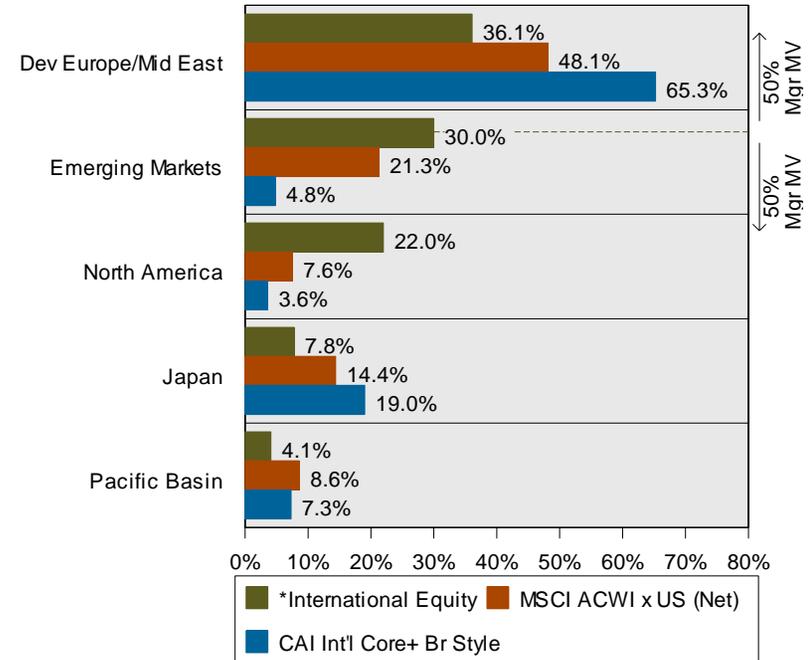
# International Equity

(\$267 Million; 15.4% of the Portfolio)

Style Map vs CAI Non-U.S. Equity Style Holdings as of June 30, 2014



Regional Allocation June 30, 2014



- International composite exhibits a slightly smaller capitalization and growth bias relative to the index
- Portfolio's regional exposure deviates from the benchmark with overweights to North America and Emerging Markets\*\*

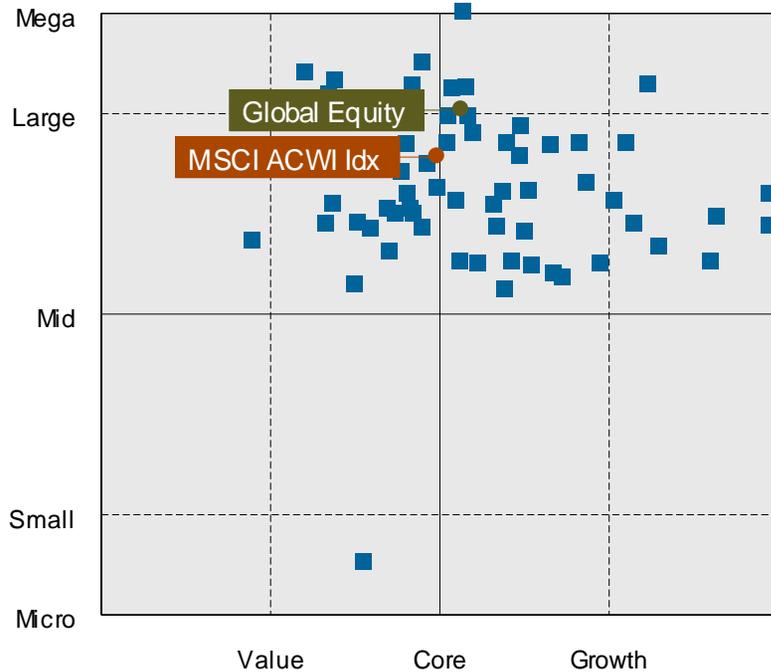
\*6/30/14 portfolio characteristics generated using most recently available holdings (3/31/14) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

\*\*WCM, which currently accounts for 45% of the international equity composite, has nearly 29% of their portfolio allocated to stocks listed on the NYSE. However, when looking at country of domicile less than 10% of their portfolio is within the United States.

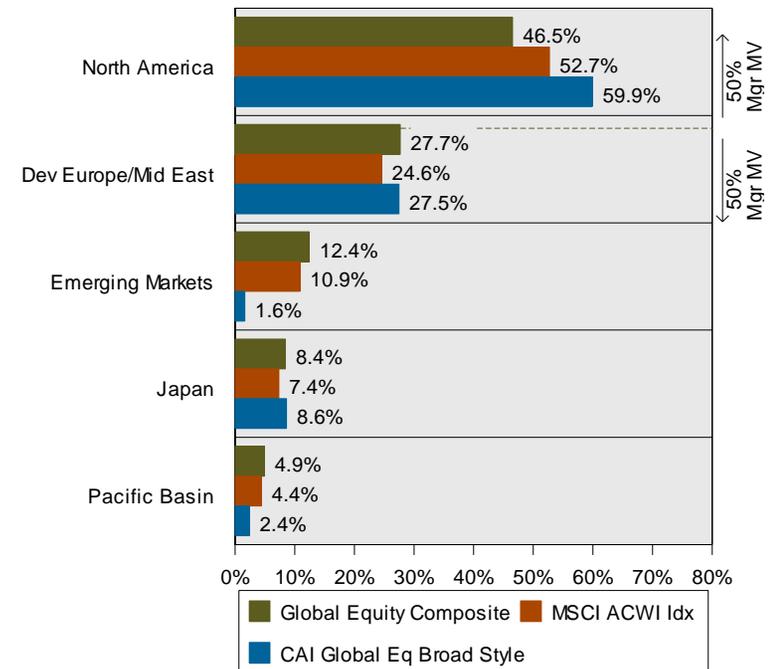
# Global Equity

(\$163 Million; 9.4% of the Portfolio)

Style Map vs CAI Global Eq Broad Style Holdings as of June 30, 2014



Regional Allocation June 30, 2014



- Global composite exhibits a larger capitalization than the index
- Portfolio's regional exposure maintains a non-U.S. bias

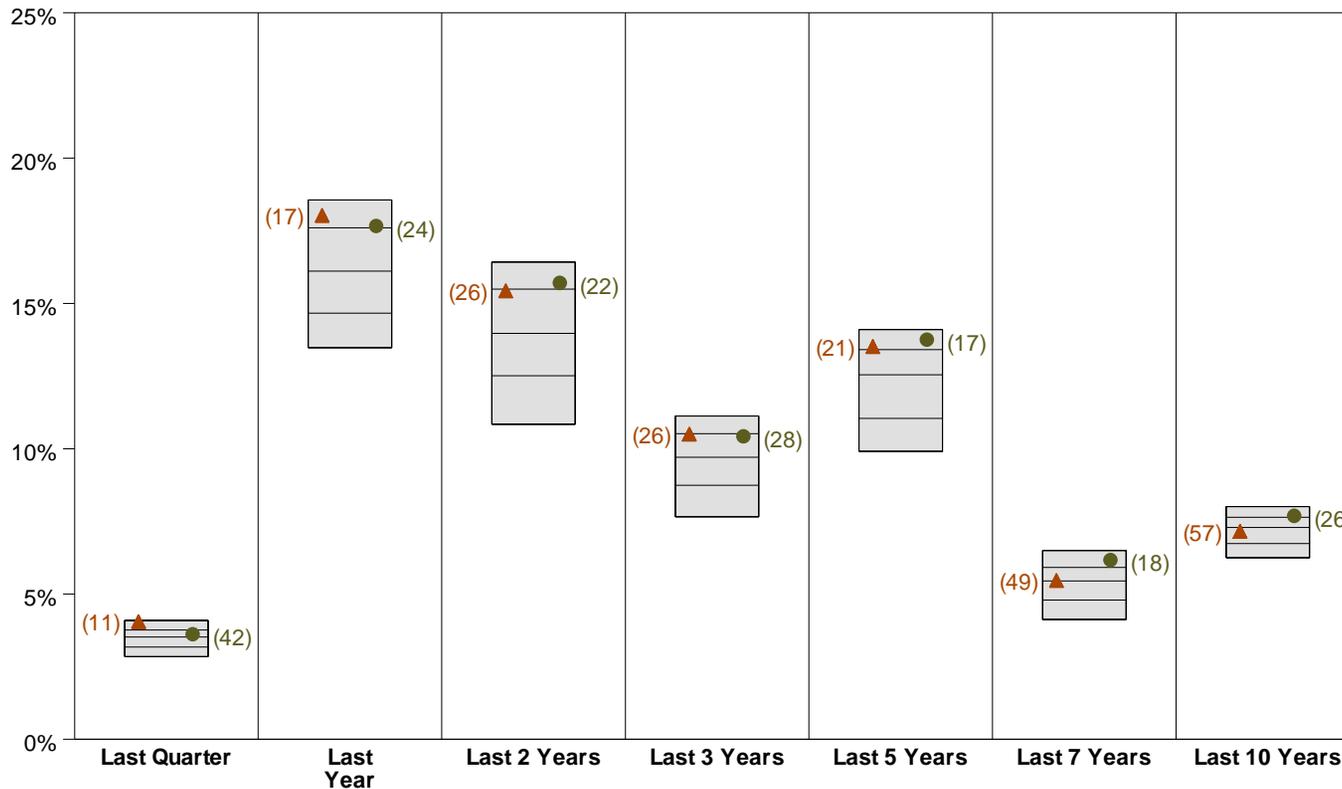
# Judges – Asset Allocation

	June 30, 2014				March 31, 2014	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Total Equity</b>	<b>\$54,449,201</b>	<b>72.54%</b>	<b>\$(921,833)</b>	<b>\$2,211,999</b>	<b>\$53,159,035</b>	<b>72.16%</b>
<b>Domestic Equity</b>	<b>\$39,301,019</b>	<b>52.36%</b>	<b>\$(743,762)</b>	<b>\$1,572,241</b>	<b>\$38,472,539</b>	<b>52.22%</b>
<b>Large Cap</b>	<b>\$27,167,649</b>	<b>36.19%</b>	<b>\$(243,762)</b>	<b>\$1,355,208</b>	<b>\$26,056,203</b>	<b>35.37%</b>
Vanguard S&P 500	27,167,649	36.19%	(243,762)	1,355,208	26,056,203	35.37%
<b>Mid Cap</b>	<b>\$8,066,771</b>	<b>10.75%</b>	<b>\$(450,000)</b>	<b>\$233,348</b>	<b>\$8,283,422</b>	<b>11.24%</b>
Systematic Financial	4,095,967	5.46%	(250,000)	152,140	4,193,827	5.69%
Times Square	3,970,804	5.29%	(200,000)	81,209	4,089,595	5.55%
<b>Small Cap</b>	<b>\$4,066,599</b>	<b>5.42%</b>	<b>\$(50,000)</b>	<b>\$(16,315)</b>	<b>\$4,132,914</b>	<b>5.61%</b>
Barrow, Hanley	2,022,465	2.69%	(50,000)	(20,822)	2,093,287	2.84%
Eagle Asset Management	2,044,134	2.72%	0	4,507	2,039,627	2.77%
<b>International Equity</b>	<b>\$15,148,182</b>	<b>20.18%</b>	<b>\$(178,071)</b>	<b>\$639,758</b>	<b>\$14,686,496</b>	<b>19.94%</b>
Vanguard FTSE ex-US	15,148,182	20.18%	(178,071)	639,758	14,686,496	19.94%
<b>Domestic Fixed Income</b>	<b>\$20,616,025</b>	<b>27.46%</b>	<b>\$(136,617)</b>	<b>\$400,418</b>	<b>\$20,352,224</b>	<b>27.63%</b>
Vanguard Total Bond Fund	20,616,025	27.46%	(136,617)	400,418	20,352,224	27.63%
<b>Cash</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$(158,235)</b>	<b>\$3</b>	<b>\$158,232</b>	<b>0.21%</b>
<b>Total Plan</b>	<b>\$75,065,226</b>	<b>100.0%</b>	<b>\$(1,216,685)</b>	<b>\$2,612,420</b>	<b>\$73,669,491</b>	<b>100.0%</b>

**+\$1.4 million**

# Judges – Total Fund Performance

## Performance vs Public Fund Sponsor Database (Gross)



- For the quarter, underperformed the target by 49 basis points, ranking 42<sup>nd</sup> percentile
- For the last year, underperformed the target by 43 bps, ranking 24<sup>th</sup> percentile

# Judges – Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>Total Equity</b>	<b>4.17%</b>	<b>23.35%</b>	<b>12.94%</b>	<b>17.62%</b>	<b>17.29%</b>
<b>Domestic Equity</b>	<b>4.11%</b>	<b>24.24%</b>	<b>16.12%</b>	<b>20.14%</b>	<b>19.76%</b>
Russell 3000	4.87%	25.22%	16.46%	20.24%	19.33%
<b>Large Cap</b>	<b>5.22%</b>	<b>24.54%</b>	<b>16.55%</b>	<b>19.91%</b>	<b>18.75%</b>
Vanguard S&P 500	5.22%	24.54%	-	-	-
Russell 1000	5.12%	25.35%	16.63%	20.28%	19.25%
S&P 500	5.23%	24.61%	16.58%	19.96%	18.83%
<b>Mid Cap</b>	<b>2.82%</b>	<b>25.43%</b>	<b>15.56%</b>	<b>20.20%</b>	<b>20.72%</b>
Russell Mid Cap	4.97%	26.85%	16.09%	21.32%	22.07%
Systematic Financial	3.66%	26.70%	14.26%	19.91%	20.84%
S&P/Citi 400 Value	5.82%	27.38%	17.06%	20.95%	21.86%
Times Square	1.96%	24.14%	16.81%	20.44%	20.57%
S&P/Citi 400 Growth	2.90%	23.20%	13.56%	20.83%	21.52%
<b>Small Cap</b>	<b>(0.31%)</b>	<b>20.21%</b>	<b>13.69%</b>	<b>21.23%</b>	<b>24.21%</b>
Russell 2000	2.05%	23.64%	14.57%	19.89%	20.21%
Barrow, Hanley	<b>(0.89%)</b>	23.46%	15.84%	21.81%	25.91%
Russell 2000 Value	2.38%	22.54%	14.65%	18.61%	19.88%
Eagle Asset Management	0.22%	16.88%	11.25%	20.33%	21.94%
Russell 2000 Growth	1.72%	24.73%	14.49%	21.14%	20.50%
<b>International Equity</b>	<b>4.36%</b>	<b>21.11%</b>	<b>5.27%</b>	<b>11.52%</b>	<b>10.99%</b>
Vanguard FTSE ex-US	4.36%	21.11%	5.28%	11.52%	10.99%
MSCI ACWI x US (Net)	5.03%	21.75%	5.73%	11.28%	11.11%
<b>Domestic Fixed Income</b>	<b>1.98%</b>	<b>4.29%</b>	<b>3.54%</b>	<b>3.47%</b>	<b>4.55%</b>
Vanguard Total Bond Market	1.98%	4.29%	-	-	-
BC Aggregate	2.04%	4.37%	3.66%	3.72%	4.85%
<b>Cash</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.08%</b>	<b>0.09%</b>	<b>0.10%</b>
3-month Treasury Bill	0.01%	0.05%	0.07%	0.10%	0.11%
<b>Total Plan</b>	<b>3.57%</b>	<b>17.60%</b>	<b>10.37%</b>	<b>13.50%</b>	<b>13.70%</b>
Total Plan Target	4.06%	18.03%	10.50%	13.49%	13.52%
CPI All Urban Consumers	0.87%	2.07%	1.83%	2.26%	2.02%

## For the Quarter:

- Mid Cap and Small Cap composites lagged their respective benchmarks
- Domestic returns lagged international returns
- Fixed income was positive for the quarter and year
- Total fund lagged target for the quarter and year but led for the 4- and 5-year periods

# SIF – Asset Allocation

	June 30, 2014		Net New Inv.	Inv. Return	March 31, 2014	
	Market Value	Weight			Market Value	Weight
<b>Total Equity</b>	<b>\$93,869,581</b>	<b>14.89%</b>	<b>\$669</b>	<b>\$4,187,372</b>	<b>\$89,681,539</b>	<b>14.54%</b>
<b>Domestic Equity</b>	<b>\$74,195,031</b>	<b>11.77%</b>	<b>\$669</b>	<b>\$3,220,545</b>	<b>\$70,973,817</b>	<b>11.51%</b>
<b>Large Cap</b>	<b>\$52,681,554</b>	<b>8.36%</b>	<b>\$669</b>	<b>\$2,609,633</b>	<b>\$50,071,251</b>	<b>8.12%</b>
NTGI S&P 500	52,681,554	8.36%	669	2,609,633	50,071,251	8.12%
<b>Mid Cap</b>	<b>\$14,768,668</b>	<b>2.34%</b>	<b>\$0</b>	<b>\$517,776</b>	<b>\$14,250,892</b>	<b>2.31%</b>
Systematic Financial	7,316,173	1.16%	0	322,971	6,993,202	1.13%
Times Square	7,452,495	1.18%	0	194,806	7,257,689	1.18%
<b>Small Cap</b>	<b>\$6,744,810</b>	<b>1.07%</b>	<b>\$0</b>	<b>\$93,135</b>	<b>\$6,651,675</b>	<b>1.08%</b>
Barrow, Hanley	3,457,830	0.55%	0	14,610	3,443,219	0.56%
Eagle Asset Management	3,286,980	0.52%	0	78,525	3,208,455	0.52%
<b>International Equity</b>	<b>\$19,674,550</b>	<b>3.12%</b>	<b>\$0</b>	<b>\$966,828</b>	<b>\$18,707,722</b>	<b>3.03%</b>
Vanguard FTSE ex-US	19,674,550	3.12%	0	966,828	18,707,722	3.03%
<b>Domestic Fixed Income</b>	<b>\$536,351,485</b>	<b>85.11%</b>	<b>\$0</b>	<b>\$9,151,573</b>	<b>\$527,199,913</b>	<b>85.46%</b>
NTGI Blended Fixed Income	483,239,779	76.68%	0	7,182,933	476,056,846	77.17%
NTGI TIPS	53,111,706	8.43%	0	1,968,639	51,143,067	8.29%
<b>Cash</b>	<b>-</b>	<b>-</b>	<b>\$(411)</b>	<b>\$411</b>	<b>-</b>	<b>-</b>
<b>Total Plan</b>	<b>\$630,221,066</b>	<b>100.0%</b>	<b>\$258</b>	<b>\$13,339,356</b>	<b>\$616,881,452</b>	<b>100.0%</b>

**+\$13.3 million**

# SIF – Manager Performance

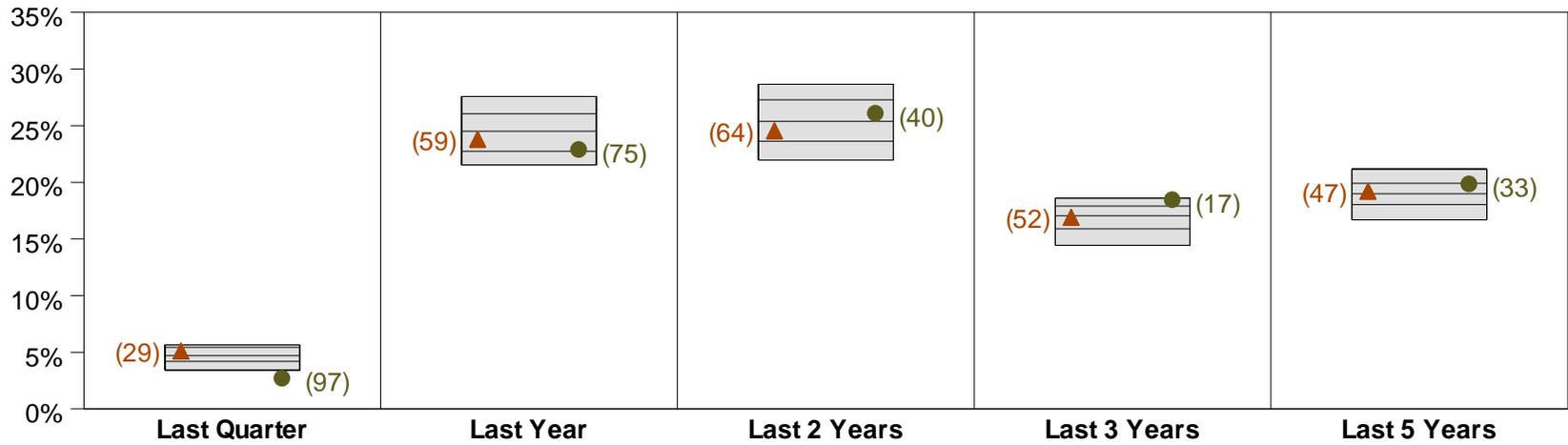
	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>Total Equity</b>	<b>4.67%</b>	<b>23.97%</b>	<b>13.86%</b>	<b>18.36%</b>	<b>17.99%</b>
<b>Domestic Equity</b>	<b>4.54%</b>	<b>24.45%</b>	<b>16.07%</b>	<b>20.14%</b>	<b>19.77%</b>
Russell 3000	4.87%	25.22%	16.46%	20.24%	19.33%
<b>Large Cap</b>	<b>5.21%</b>	<b>24.18%</b>	<b>16.37%</b>	<b>19.76%</b>	<b>18.65%</b>
Russell 1000	5.12%	25.35%	16.63%	20.28%	19.25%
NTGI S&P 500	5.21%	24.18%	16.37%	19.76%	18.65%
S&P 500	5.23%	24.61%	16.58%	19.96%	18.83%
<b>Mid Cap</b>	<b>3.63%</b>	<b>26.15%</b>	<b>15.78%</b>	<b>20.34%</b>	<b>20.80%</b>
Russell Mid Cap	4.97%	26.85%	16.09%	21.32%	22.07%
Systematic Financial	4.62%	27.59%	14.52%	20.08%	20.86%
S&P/Citi 400 Value	5.82%	27.38%	17.06%	20.95%	21.86%
Times Square	2.68%	24.77%	17.00%	20.53%	20.67%
S&P/Citi 400 Growth	2.90%	23.20%	13.56%	20.83%	21.52%
<b>Small Cap</b>	<b>1.40%</b>	<b>22.07%</b>	<b>14.20%</b>	<b>21.69%</b>	<b>24.71%</b>
Russell 2000	2.05%	23.64%	14.57%	19.89%	20.21%
Barrow, Hanley	0.42%	24.92%	16.59%	22.61%	26.68%
Russell 2000 Value	2.38%	22.54%	14.65%	18.61%	19.88%
Eagle Asset Management	2.45%	19.18%	11.85%	20.61%	22.12%
Russell 2000 Growth	1.72%	24.73%	14.49%	21.14%	20.50%
<b>International Equity</b>	<b>5.17%</b>	<b>21.90%</b>	<b>5.70%</b>	<b>11.67%</b>	<b>11.24%</b>
Vanguard FTSE ex-US	5.17%	21.91%	5.70%	11.67%	11.24%
MSCI ACWI x US (Net)	5.03%	21.75%	5.73%	11.28%	11.11%
<b>Domestic Fixed Income</b>	<b>1.74%</b>	<b>3.24%</b>	<b>3.16%</b>	<b>3.26%</b>	<b>4.09%</b>
Domestic Fixed Income Target**	1.59%	3.10%	2.76%	3.00%	3.93%
NTGI Blended Fixed Income	1.51%	3.12%	3.11%	3.11%	3.91%
Blended Benchmark	1.34%	2.95%	2.66%	2.82%	3.74%
NTGI TIPS	3.85%	4.34%	3.64%	4.63%	5.61%
BC US TIPS Index	3.81%	4.44%	3.55%	4.58%	5.55%
<b>Total Plan</b>	<b>2.16%</b>	<b>6.02%</b>	<b>4.64%</b>	<b>5.26%</b>	<b>5.85%</b>
Total Plan Target	2.01%	5.69%	4.16%	4.90%	5.67%
CPI All Urban Consumers	0.87%	2.07%	1.83%	2.26%	2.02%

## For the Quarter:

- Active management in Mid and Small Cap detracted from performance
- Fixed income positive for the quarter and year
- Total Plan ahead of target over all time periods shown

# Robeco Boston Partners – Large Cap Value (\$99M, 5.69%)

## Performance vs CAI Large Cap Value Style (Gross)

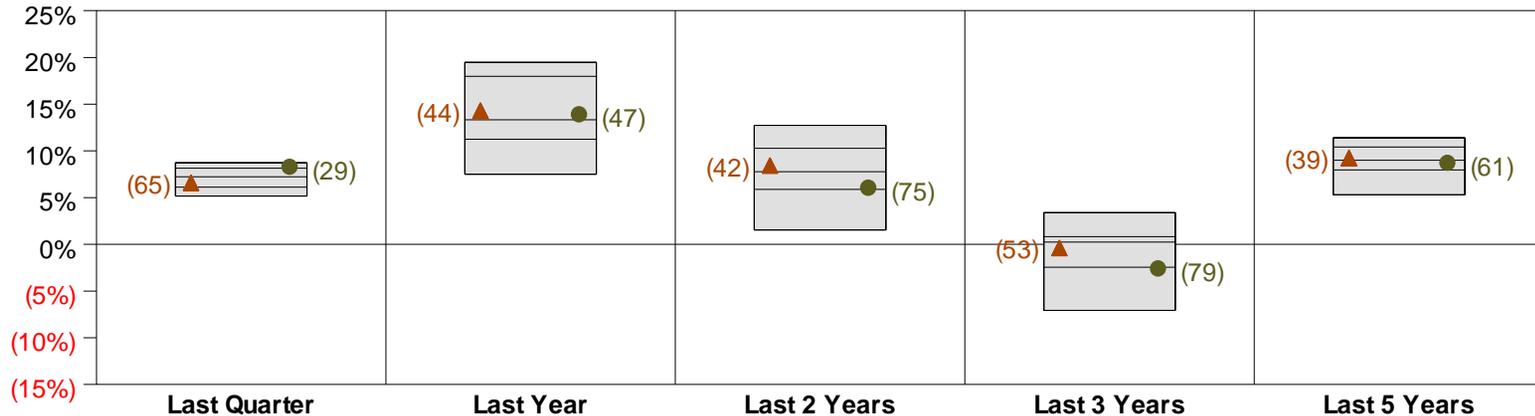


10th Percentile	5.66	27.58	28.66	18.60	21.17
25th Percentile	5.45	26.06	27.28	17.91	19.91
Median	4.71	24.51	25.39	17.05	18.99
75th Percentile	4.20	22.73	23.62	15.91	18.03
90th Percentile	3.43	21.54	21.96	14.44	16.69
<b>Boston Partners</b>	● 2.55	22.73	25.95	18.28	19.67
Russell 1000 Value Index	▲ 5.10	23.81	24.56	16.92	19.23

- Poor security selection main driver in underperformance
- Technology sector returns lagged index by 7%, detracting 1.0% in relative performance
- Stock selection in the Energy sector subtracted 0.6% from performance versus the index
- Underweighted REIT's and Utilities, which posted strong returns for the quarter

# GMO – Emerging Markets (\$14.4M, 0.8%)

## Performance vs CAI MF - Emerging Markets Style (Net)

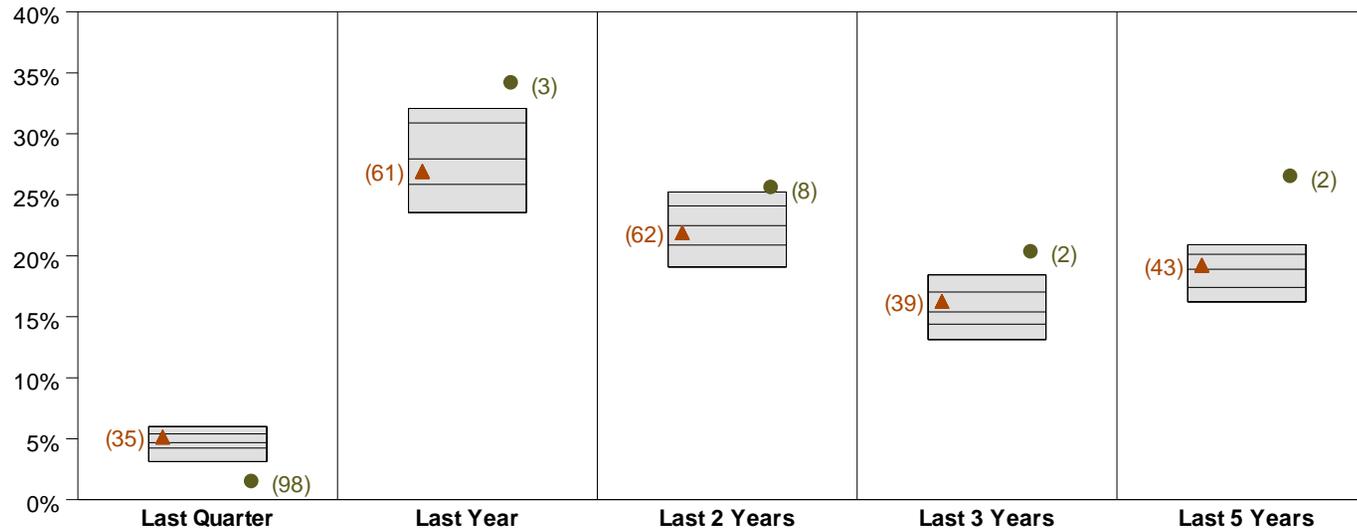


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	8.72	19.46	12.73	3.40	11.41
25th Percentile	8.15	17.98	10.27	0.81	10.41
Median	7.22	13.33	7.78	0.23	9.00
75th Percentile	6.12	11.25	5.88	(2.44)	7.97
90th Percentile	5.17	7.50	1.54	(7.07)	5.31
<b>Grantham Mayo</b> ●	8.10	13.72	5.87	(2.78)	8.52
<b>MSCI Emerging Mkts - Net</b> ▲	6.60	14.31	8.44	(0.39)	9.24

- GMO rebounded strongly after poor first quarter
- The following region/sectors outperformed: Brazil Utilities; Turkey Financials; Taiwan IT; Russia IT; India Financials
- The portfolio exhibits value characteristics with lower price/book, price/cash flow and z-score relative to the MSCI Emerging Markets Index
- Portfolio is overweight Energy, Telecommunications and Utilities and underweight Financials, Information Technology and Consumer Staples.

# Sands Capital – Large Cap Growth (\$89M, 5.1%)

## Performance vs CAI Large Cap Growth Style (Gross)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	6.00	32.09	25.23	18.43	20.91
25th Percentile	5.40	30.89	24.10	17.03	20.12
Median	4.68	27.94	22.47	15.40	18.90
75th Percentile	4.24	25.86	20.88	14.39	17.40
90th Percentile	3.13	23.54	19.08	13.13	16.22
<b>Sands Capital</b> ●	1.40	34.08	25.52	20.24	26.40
Russell 1000 Growth Index ▲	5.13	26.92	21.89	16.26	19.24

- Stock selection hurt relative performance
- Consumer Staples, Consumer Discretionary, Health Care and Information Technology stock selections all had a negative impact on the portfolio
- Bottom relative contributors: Splunk, athenahealth, ARM Holdings, Whole Foods
- While Sands struggled in 2Q14, top decile performer over each of the last 4 time periods



Appendix

# Endowments Compliance Report

Objectives – Three Years	Compliant?	Comments
Maintain purchasing power (3-year trailing)	Yes	

Asset Allocation			
Category	Range	Target	Actual
Equities	67%-73%	70.00%	71.9%
Domestic	40%-50%	44.80%	47.1%
Large cap	26%-36%	30.80%	32.2%
Mid cap	5%-13%	9.00%	9.7%
Small cap	3%-7%	5.00%	5.2%
International	12%-20%	16.10%	15.4%
Global	5-13%	9.10%	9.4%
Fixed Income	27%-33%	30.00%	27.0%
Cash and Equivalents	0%-5%	0.00%	1.0%

Rebalancing		
Applied when appropriate	Yes	

Performance		
Managers remain in specified style	No	See 1 below
Active managers above median/indices for 3-years	No	See 2 below

Note 1: Barrow Hanley, a value manager, is exhibiting core characteristics

Note 2: Aberdeen is behind its median; INTECH, Systematic, Eagle, Capital International, GMO and Lazard are behind their median and index

# SIF Compliance Report

Objectives – Three Years	Compliant?	Comments
Provide reserves for workers' compensation claims	Yes	\$630.2 million in assets

Asset Allocation			
Category	Range	Target	Actual
Equities		13.0%	14.9%
Domestic	7%-11%	9.0%	11.8%
Large cap		6.3%	8.4%
Mid cap		1.8%	2.3%
Small cap		0.9%	1.1%
International	2%-6%	4.0%	3.1%
Fixed Income	80%-90%	87.0%	85.1%
Blended Fixed Income		78.4%	76.7%
TIPS		8.6%	8.4%
Cash and Equivalents	0%-3%	0.0%	0.0%

Rebalancing		
Applied when appropriate	No	See 1 below

Performance		
Managers remain in specified style	No	See 2 below
Active managers above median/indices for 3-years	No	See 3 below

Note 1: Domestic Equity exceeded its range at quarter end

Note 2: Barrow Hanley, a value manager, is exhibiting core characteristics

Note 3: Systematic and Eagle are behind their median and index