



August 16, 2012

## **Idaho Endowment Fund Investment Board**

2<sup>nd</sup> Quarter 2012  
Performance Review

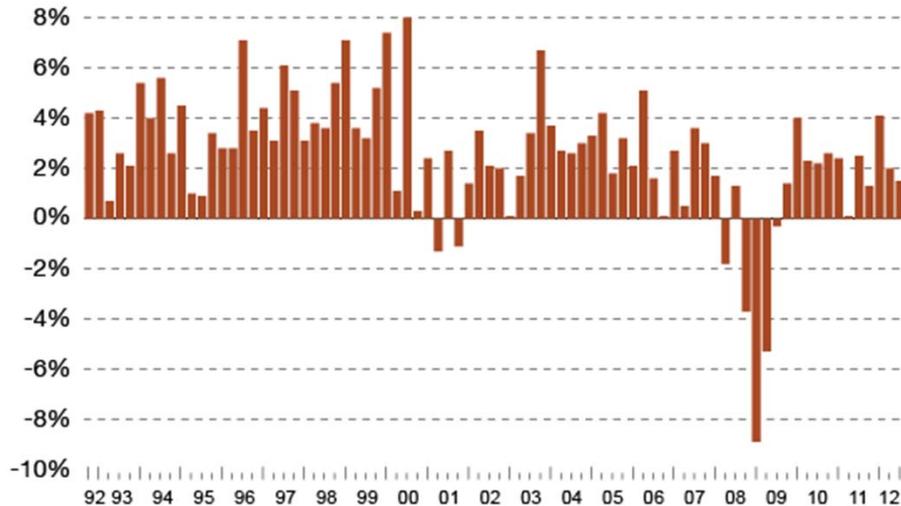
---

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

# U.S. Economy

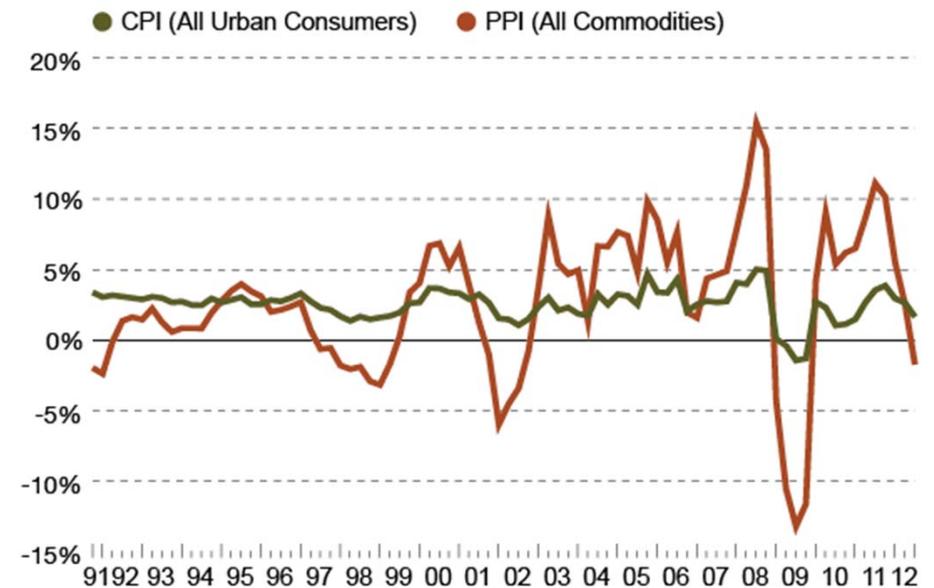
Quarterly Real GDP Growth\*

(20 Years)



Source: U.S. Department of Labor

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

- Job market stagnant, unemployment rate rose to 8.3%
- 2<sup>nd</sup> quarter GDP increased 1.5%; down from a 2.0% in the 1<sup>st</sup> quarter
- Headline & Core CPI increased 1.7% and 2.2%, respectively, over the trailing twelve-months
- The Fed extended “Operation Twist” through the end of 2012 (\$267B)

# Asset Class Performance

- For Quarter:
  - Bonds on top
  - Domestic Equity ahead of International Equity
- For Year:
  - Bonds exceed equities
  - International Equity very negative
- Last 3 years:
  - Small cap best
  - Stocks beat bonds (except Intl' Equity)

## July Update

- S&P 500 1.4%
- Russell 2000 -1.4%
- EAFE 1.1%
- BC 1-3 0.4%
- BC Agg 1.4%

**Periodic Table of Investment Returns  
for Periods Ended June 30, 2012**

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays Aggregate Index 2.1%	Barclays Aggregate Index 7.5%	S&P:600 Small Cap 19.8%	Barclays Aggregate Index 6.8%	MSCI:Emer Markets 14.4%
3 Month T-Bill 0.0%	S&P:500 5.4%	S&P:500 16.4%	S&P:600 Small Cap 1.8%	S&P:600 Small Cap 7.9%
S&P:500 (2.8%)	S&P:600 Small Cap 1.4%	MSCI:Emer Markets 10.1%	3 Month T-Bill 1.0%	Barclays Aggregate Index 5.6%
S&P:600 Small Cap (3.6%)	3 Month T-Bill 0.1%	Barclays Aggregate Index 6.9%	S&P:500 0.2%	S&P:500 5.3%
MSCI:EAFE US\$ (7.1%)	MSCI:EAFE US\$ (13.8%)	MSCI:EAFE US\$ 6.0%	MSCI:Emer Markets 0.2%	MSCI:EAFE US\$ 5.1%
MSCI:Emer Markets (8.8%)	MSCI:Emer Markets (15.7%)	3 Month T-Bill 0.1%	MSCI:EAFE US\$ (6.1%)	3 Month T-Bill 1.9%

# U.S. Equity Returns

## Economic Sector Exposure

(Russell 3000)

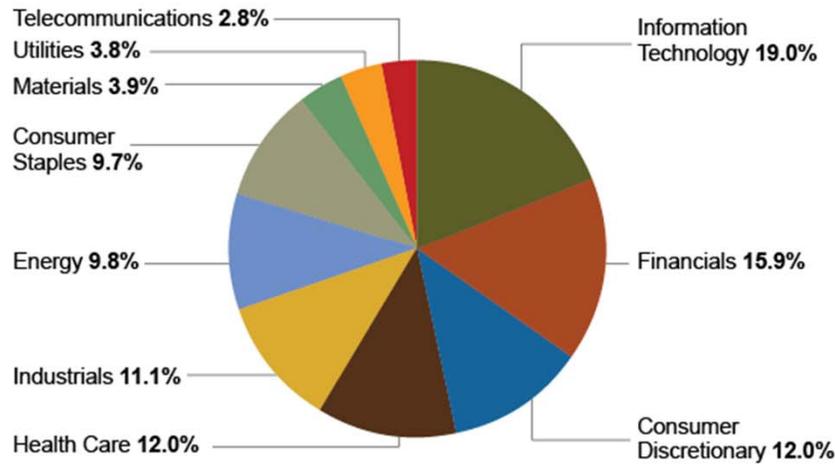
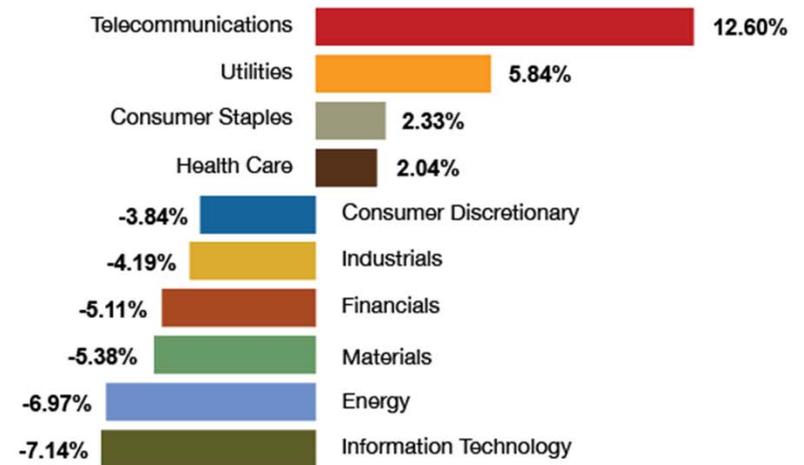


Chart may not sum to 100% due to rounding.  
Source: Russell Investment Group

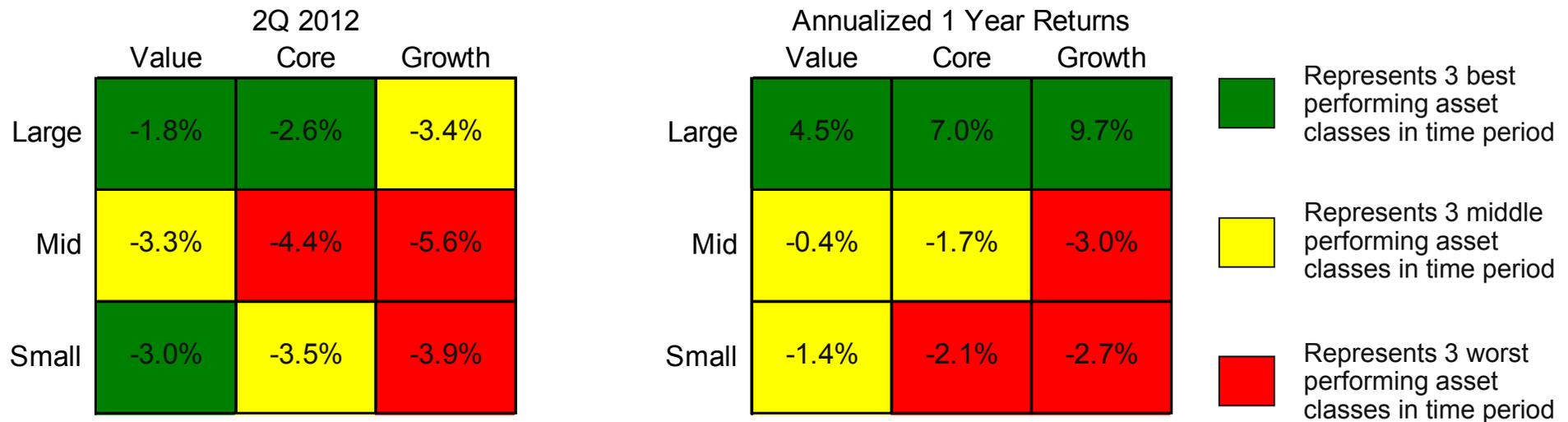
## Economic Sector Quarterly Returns

(Russell 3000)



- Economically sensitive sectors lagged defensive sectors
- Value stocks outperformed growth across all market segments

# U.S. Equity Style Returns

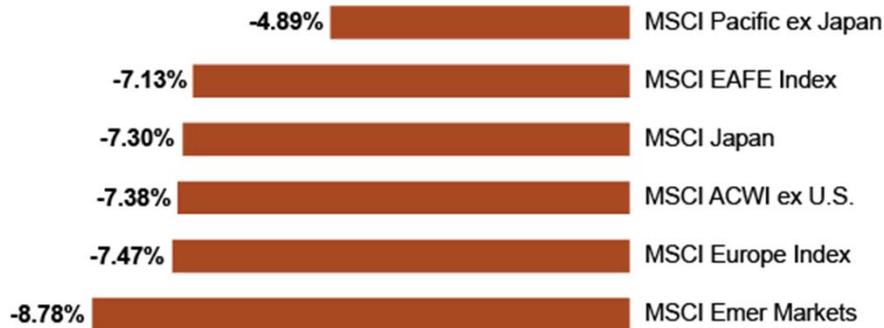


- Last Quarter: Value outperformed growth; large outperformed small
- Last Year: Large cap growth the best, mid cap value the worst

Large Cap Core is represented by the Russell Top 200 Index, Large Cap Value is represented by the Russell Top 200 Value Index and Large Cap Growth is represented by the Russell Top 200 Growth Index. Mid Cap Core is represented by the Russell Mid Cap Index, Mid Cap Value is represented by the Russell Mid Cap Value Index and Mid Cap Growth is represented by the Russell Mid Cap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

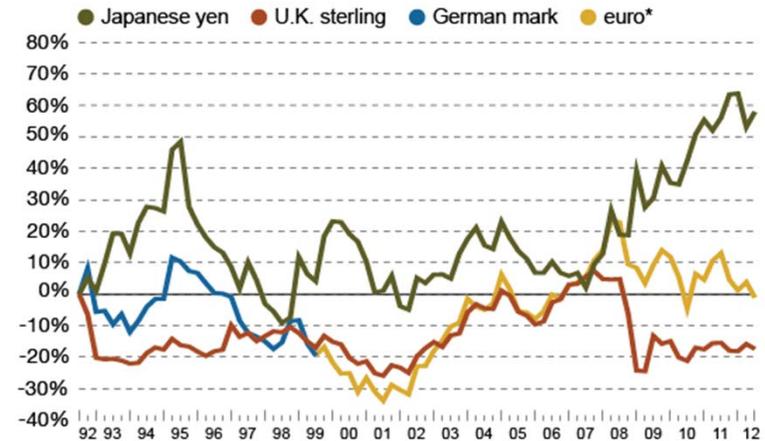
# International Equity Returns

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



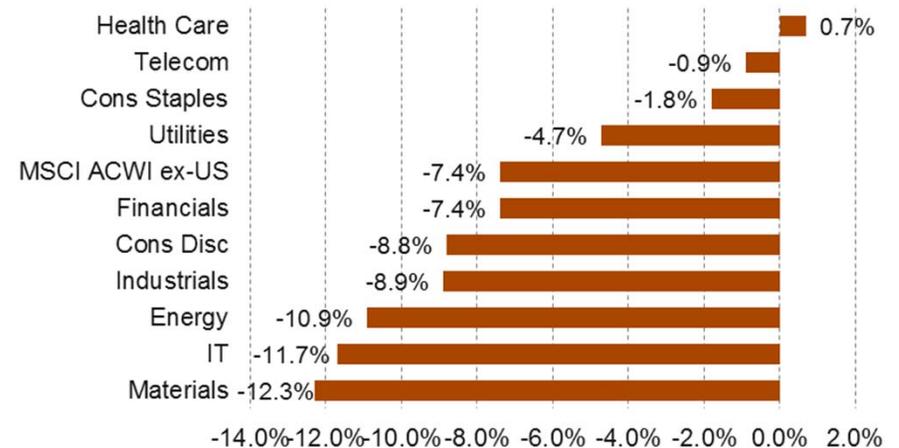
Source: MSCI Inc.

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



\*euro returns from 1Q99  
Source: MSCI Inc.

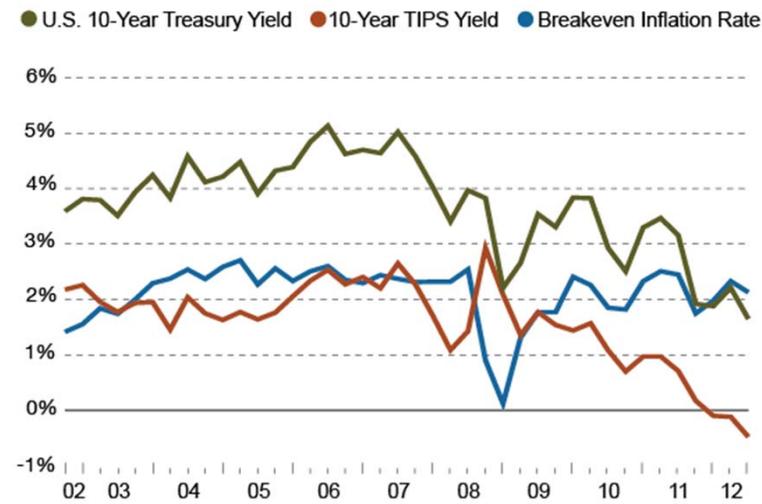
## ACWI ex-U.S. Sector Returns



- Non-U.S. stocks (-7.4%) had a weak quarter in all regions
- All of the sectors of the MSCI ACWI ex-US Index fell except Health Care (+0.7%)
- Developed markets (EAFE: -7.1%) outperformed emerging markets (MSCI EM: -8.8%)

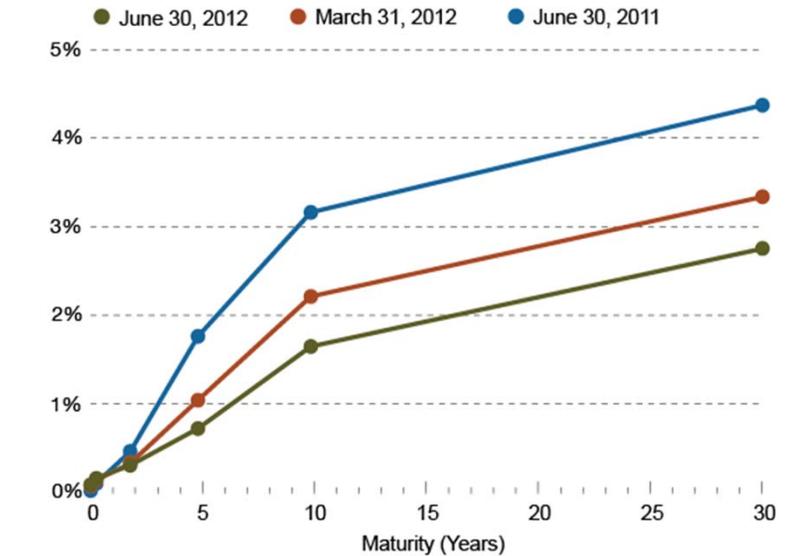
# Fixed Income

## Historic 10-Year Yields



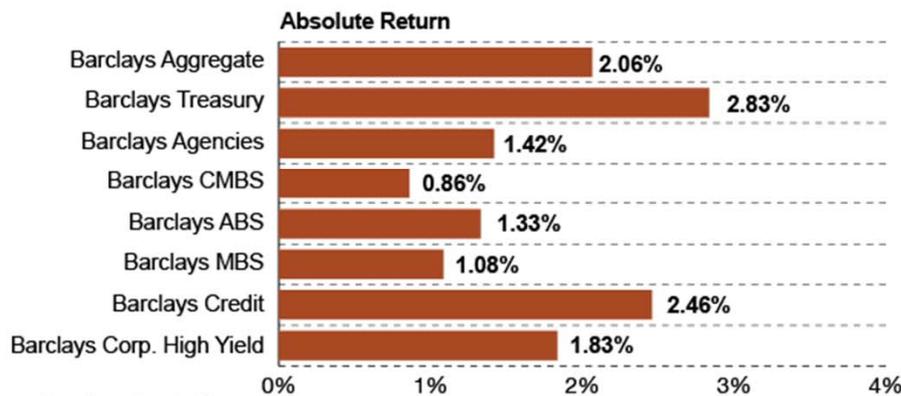
Source: Bloomberg

## U.S. Treasury Yield Curves



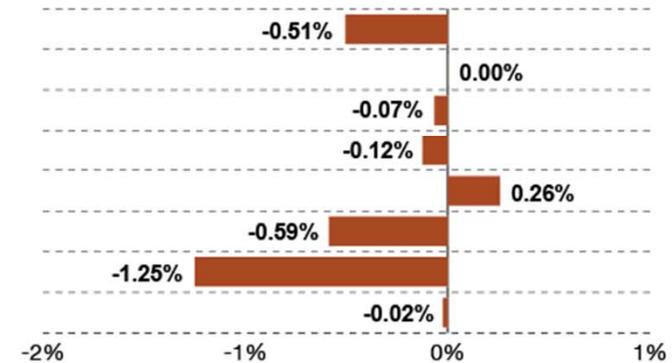
Source: Bloomberg

## Fixed Income Index Quarterly Returns



Source: Barclays Capital Inc.

## Excess Return versus Like-Duration Treasuries





## Fund Specific Review

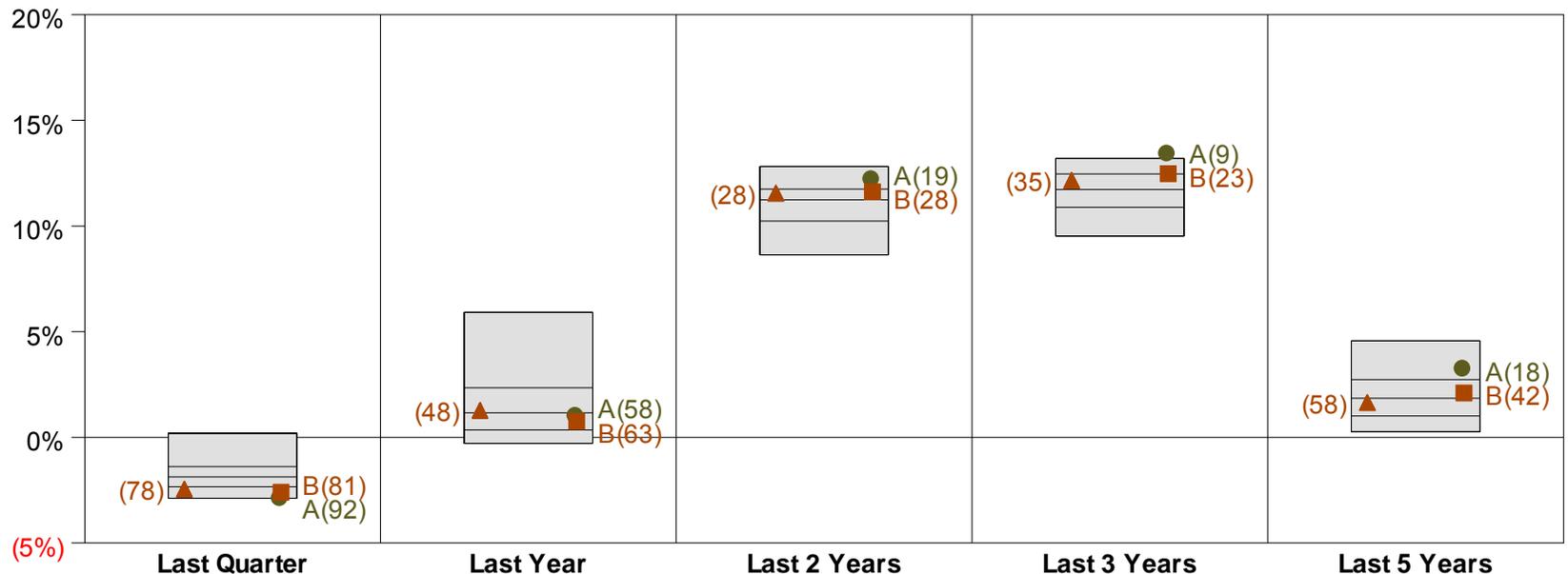
# Endowments – Asset Allocation

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
<b>Total Equity</b>	<b>\$893,200,327</b>	<b>70.32%</b>	<b>\$(886,496)</b>	<b>\$(48,709,819)</b>	<b>\$942,796,642</b>	<b>71.59%</b>
<b>Domestic Equity</b>	<b>\$605,220,230</b>	<b>47.65%</b>	<b>\$(764,653)</b>	<b>\$(28,536,847)</b>	<b>\$634,521,729</b>	<b>48.18%</b>
<b>Large Cap</b>	<b>\$427,519,336</b>	<b>33.66%</b>	<b>\$(764,653)</b>	<b>\$(15,670,082)</b>	<b>\$443,954,071</b>	<b>33.71%</b>
NTGI S&P 500	138,560,537	10.91%	(764,653)	(3,720,150)	143,045,339	10.86%
LSV Asset Mgmt	68,389,455	5.38%	0	(2,788,158)	71,177,613	5.40%
Robeco Investment Mgmt	71,822,276	5.65%	0	(2,776,475)	74,598,751	5.66%
INTECH	72,898,898	5.74%	0	(824,243)	73,723,142	5.60%
Sands Capital	75,848,170	5.97%	0	(5,561,056)	81,409,226	6.18%
<b>Mid Cap</b>	<b>\$116,406,451</b>	<b>9.16%</b>	<b>\$0</b>	<b>\$(6,146,623)</b>	<b>\$122,553,073</b>	<b>9.31%</b>
Systematic Financial	56,494,796	4.45%	0	(3,098,433)	59,593,229	4.53%
Times Square	59,911,654	4.72%	0	(3,048,190)	62,959,844	4.78%
<b>Small Cap</b>	<b>\$61,294,443</b>	<b>4.83%</b>	<b>\$0</b>	<b>\$(6,720,142)</b>	<b>\$68,014,585</b>	<b>5.16%</b>
Barrow, Hanley	32,588,116	2.57%	0	(3,988,242)	36,576,358	2.78%
Eagle Asset Management	28,706,327	2.26%	0	(2,731,900)	31,438,227	2.39%
<b>International Equity</b>	<b>\$171,734,426</b>	<b>13.52%</b>	<b>\$(121,844)</b>	<b>\$(15,377,419)</b>	<b>\$187,233,689</b>	<b>14.22%</b>
Vanguard MSCI ACWI ex US	68,992,521	5.43%	72,260,396	(3,267,875)	-	-
Marvin & Palmer	80,483,992	6.34%	0	(5,322,771)	85,806,764	6.52%
Tradewinds	198,769	0.02%	(72,382,239)	(4,182,894)	76,763,902	5.83%
Capital International	11,201,285	0.88%	0	(1,424,791)	12,626,077	0.96%
Grantham May o	10,857,859	0.85%	0	(1,179,087)	12,036,946	0.91%
<b>Global Equity</b>	<b>\$116,245,671</b>	<b>9.15%</b>	<b>\$0</b>	<b>\$(4,795,553)</b>	<b>\$121,041,224</b>	<b>9.19%</b>
Aberdeen	59,775,235	4.71%	0	(2,121,710)	61,896,945	4.70%
Lazard	56,470,437	4.45%	0	(2,673,843)	59,144,280	4.49%
<b>Domestic Fixed Income</b>	<b>\$364,397,323</b>	<b>28.69%</b>	<b>\$(1,754,580)</b>	<b>\$8,139,806</b>	<b>\$358,012,097</b>	<b>27.19%</b>
State Street Global Advisors	364,397,323	28.69%	(1,754,580)	8,139,806	358,012,097	27.19%
<b>Equitization</b>	<b>\$4,394,713</b>	<b>0.35%</b>	<b>\$207,929</b>	<b>\$1,805,087</b>	<b>\$2,381,697</b>	<b>0.18%</b>
<b>Cash</b>	<b>\$8,224,041</b>	<b>0.65%</b>	<b>\$(5,504,465)</b>	<b>\$287</b>	<b>\$13,728,219</b>	<b>1.04%</b>
<b>Total Plan ex Equitization</b>	<b>\$1,265,821,692</b>	<b>99.65%</b>	<b>\$(8,145,541)</b>	<b>\$(40,569,726)</b>	<b>\$1,314,536,958</b>	<b>99.82%</b>
<b>Total Plan</b>	<b>\$1,270,216,405</b>	<b>100.0%</b>	<b>\$(7,937,611)</b>	<b>\$(38,764,639)</b>	<b>\$1,316,918,655</b>	<b>100.0%</b>

–\$46.7 million

# Endowments – Total Fund Performance

## Performance vs CAI Public Fund Sponsor Database (Gross)

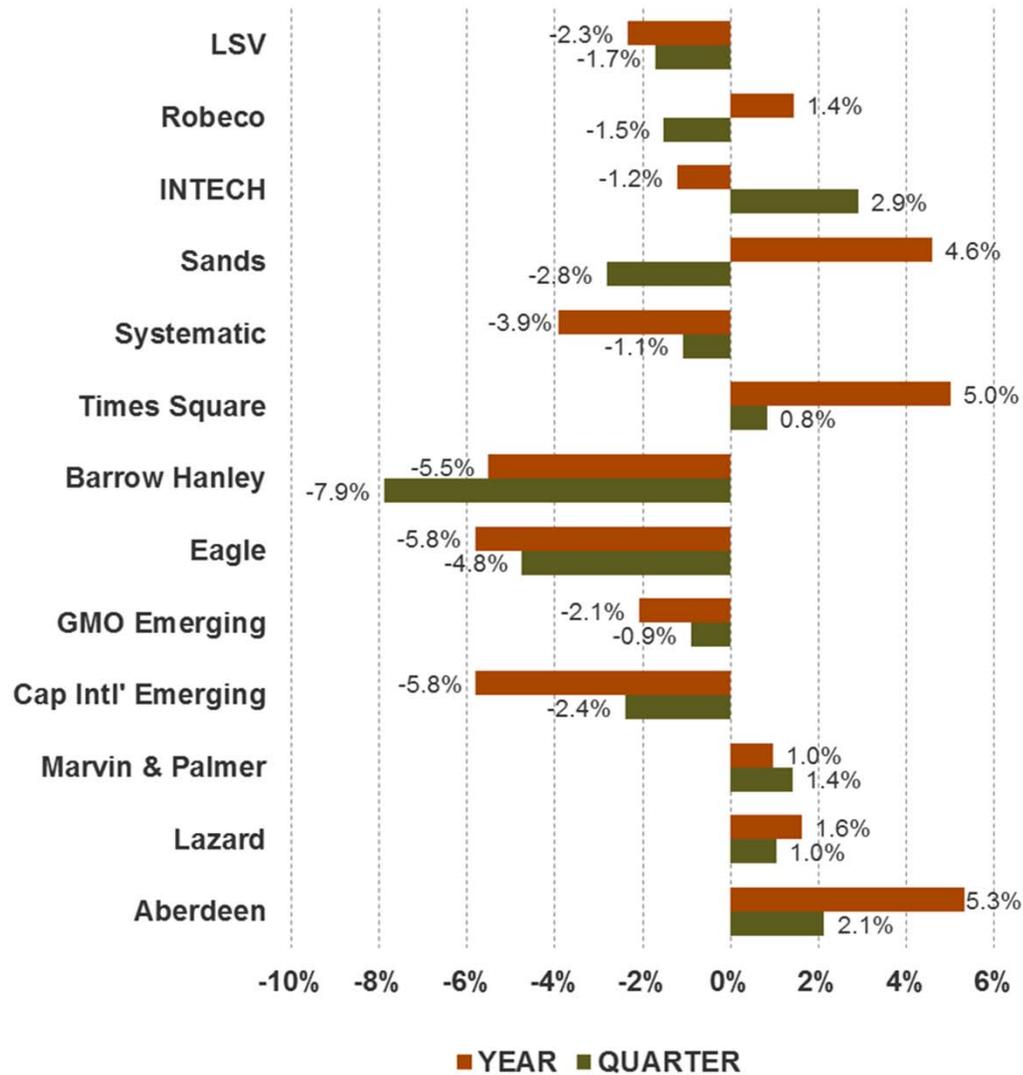


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.19	5.91	12.81	13.20	4.57
25th Percentile	(1.38)	2.34	11.74	12.46	2.73
Median	(1.87)	1.16	11.24	11.73	1.86
75th Percentile	(2.34)	0.35	10.24	10.88	1.01
90th Percentile	(2.88)	(0.29)	8.63	9.52	0.26
Total Plan	● A (2.95)	0.95	12.16	13.37	3.17
Secondary Benchmark	■ B (2.60)	0.75	11.61	12.47	2.10
Total Plan Target	▲ (2.45)	1.28	11.56	12.16	1.65

- For the quarter, underperformed the target by 50 bps, ranking 92<sup>nd</sup> percentile
- For the last year, underperformed the target by 33 bps, 58<sup>th</sup> percentile
- Fund ranked 45<sup>th</sup> percentile against Endowment/Fdn for last year

# Dashboard – All Managers

## % Deviation from Benchmark



### Quarter:

Below Benchmark:

- LSV
- Robeco
- Sands
- Systematic
- Barrow Hanley
- Eagle
- GMO
- Capital Intl

### Year:

Below Benchmark:

- LSV
- INTECH
- Systematic
- Barrow Hanley
- Eagle
- Capital Intl

\*Robeco has four full quarters of performance

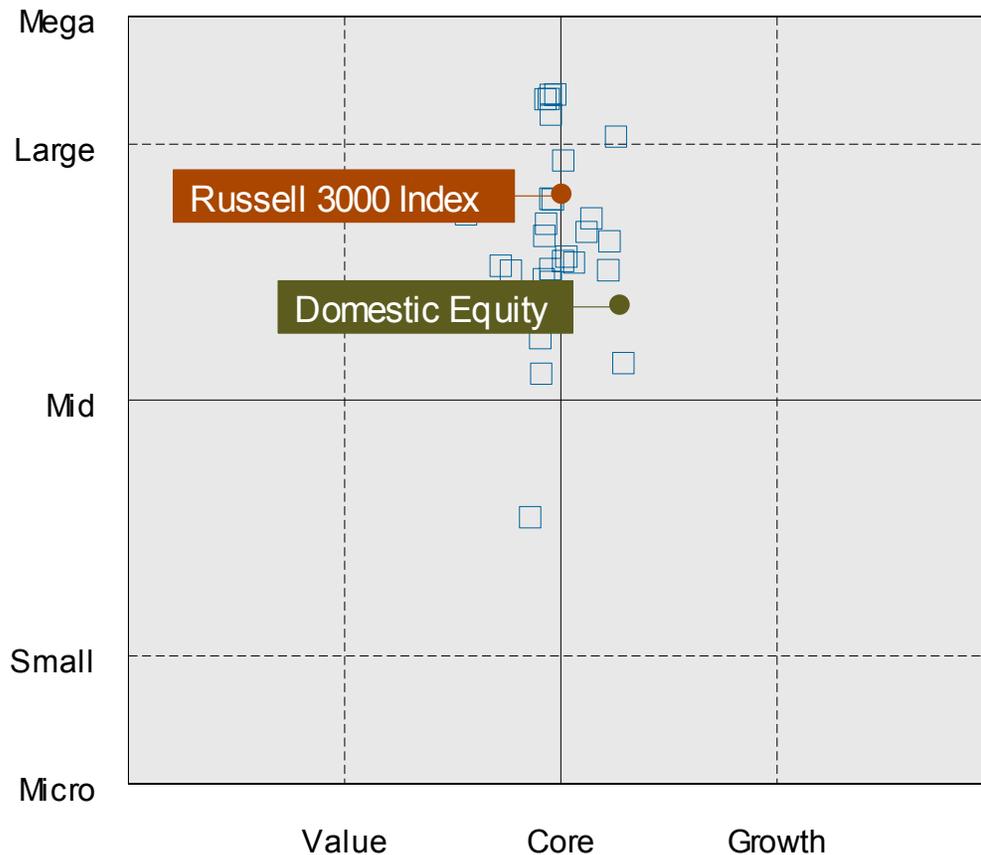
# Endowments – U.S. Equity Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>Total Equity</b>	<b>(5.17%)</b>	<b>(2.49%)</b>	<b>15.34%</b>	<b>2.54%</b>	<b>0.69%</b>
<b>Domestic Equity</b>	<b>(4.50%)</b>	<b>2.55%</b>	<b>18.80%</b>	<b>5.29%</b>	<b>2.10%</b>
Russell 3000	(3.15%)	3.84%	16.73%	3.96%	0.39%
<b>Large Cap</b>	<b>(3.53%)</b>	<b>5.19%</b>	<b>18.31%</b>	<b>5.42%</b>	<b>2.00%</b>
Russell 1000	(3.12%)	4.37%	16.64%	3.85%	0.39%
<b>Large Cap Core</b>	<b>(2.60%)</b>	<b>5.62%</b>	<b>16.52%</b>	<b>4.10%</b>	<b>0.48%</b>
NTGI S&P 500	(2.60%)	5.62%	16.52%	4.10%	0.48%
S&P 500	(2.75%)	5.45%	16.40%	3.86%	0.22%
<b>Large Cap Value</b>	<b>(3.82%)</b>	<b>2.51%</b>	<b>16.38%</b>	<b>3.99%</b>	<b>(0.21%)</b>
LSV Asset Management	(3.92%)	0.67%	14.91%	2.81%	(2.79%)
Robeco Investment Mgmt	(3.72%)	4.33%	-	-	-
Russell 1000 Value	(2.20%)	3.01%	15.80%	2.46%	(2.19%)
<b>Large Cap Growth</b>	<b>(4.12%)</b>	<b>7.42%</b>	<b>21.91%</b>	<b>7.82%</b>	<b>5.69%</b>
INTECH	(1.12%)	4.54%	16.89%	5.09%	3.26%
Sands Capital	(6.83%)	10.34%	27.00%	10.95%	8.61%
Russell 1000 Growth	(4.02%)	5.76%	17.50%	5.20%	2.87%
<b>Mid Cap</b>	<b>(5.02%)</b>	<b>(1.74%)</b>	<b>17.69%</b>	<b>3.02%</b>	<b>1.00%</b>
Russell MidCap Index	(4.40%)	(1.65%)	19.44%	4.37%	1.06%
Systematic Financial	(5.20%)	(4.77%)	18.05%	4.48%	2.24%
S&P/Citi 400 Value Index	(4.12%)	(0.86%)	18.42%	4.84%	0.98%
Times Square	(4.84%)	1.30%	17.30%	-	-
S&P/Citi 400 Growth Index	(5.67%)	(3.70%)	20.34%	5.50%	4.13%
<b>Small Cap</b>	<b>(9.88%)</b>	<b>(7.19%)</b>	<b>23.52%</b>	<b>8.99%</b>	<b>4.93%</b>
Russell 2000	(3.47%)	(2.08%)	17.80%	5.22%	0.54%
Barrow, Hanley	(10.90%)	(6.95%)	24.62%	9.58%	3.90%
Russell 2000 Value	(3.01%)	(1.44%)	17.43%	4.89%	(1.05%)
Eagle Asset Management	(8.69%)	(8.53%)	21.29%	7.38%	-
Russell 2000 Growth	(3.94%)	(2.71%)	18.09%	5.47%	1.99%

- Domestic equity composite lagged the Russell 3000 by 1.4%
- Strong relative performance from INTECH
- Worst absolute and relative performance was Barrow Hanley

# U.S. Equity Style Map

Style Map vs Public Fund - Dom Equity Holdings as of June 30, 2012



- U.S. Equity composite exhibits a slight growth and smaller capitalization bias
- Smaller capitalization bias comes primarily from overweight in mid cap
- For the quarter smaller cap bias detracted as large caps outperformed small and mid caps

# Endowments – Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>International Equity</b>	<b>(8.21%)</b>	<b>(16.63%)</b>	<b>5.65%</b>	<b>(4.89%)</b>	<b>(3.02%)</b>
International Equity Target	(7.61%)	(14.57%)	6.97%	(4.11%)	(5.45%)
MSCI ACWI x US (Net)	(7.61%)	(14.57%)	6.97%	(4.11%)	(4.62%)
Marvin & Palmer	(6.20%)	(13.60%)	8.88%	(7.76%)	(4.73%)
MSCI EAFE Growth	(7.06%)	(12.22%)	7.98%	(4.29%)	(4.25%)
Capital International	(11.28%)	(21.74%)	6.10%	-	-
Grantham Mayo	(9.80%)	(18.03%)	10.31%	-	-
MSCI Emerging Mkts (net)	(8.89%)	(15.94%)	9.78%	(1.23%)	(0.09%)
<b>Global Equity</b>	<b>(3.96%)</b>	<b>(2.99%)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Aberdeen	(3.43%)	(1.16%)	-	-	-
Lazard	(4.52%)	(4.86%)	-	-	-
MSCI ACWI - Net	(5.56%)	(6.49%)	10.80%	(0.98%)	(2.70%)
<b>Domestic Fixed Income</b>	<b>2.28%</b>	<b>8.24%</b>	<b>7.25%</b>	<b>6.89%</b>	<b>7.20%</b>
State Street Global Advisors	2.28%	8.24%	-	-	-
BC Aggregate	2.06%	7.47%	6.93%	6.71%	6.79%
85% Agg/ 15% TIPS	2.23%	8.09%	7.27%	6.79%	7.01%
<b>Cash</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.76%</b>	<b>0.80%</b>	<b>1.43%</b>
3-month Treasury Bill	0.03%	0.06%	0.12%	0.33%	0.98%
<b>Total Plan ex Equitization</b>	<b>(3.09%)</b>	<b>0.46%</b>	<b>12.99%</b>	<b>4.41%</b>	<b>3.10%</b>
<b>Total Plan</b>	<b>(2.95%)</b>	<b>0.95%</b>	<b>13.37%</b>	<b>4.56%</b>	<b>3.17%</b>
Total Plan Target	(2.45%)	1.28%	12.16%	3.82%	1.65%
Secondary Benchmark	(2.60%)	0.75%	12.47%	3.83%	2.10%
CPI All Urban Consumers	0.04%	1.66%	2.09%	1.20%	1.95%

- International equity had a very rough quarter and year
- Global equity managers are performing well
- Total fund trailed target by 50bps for quarter and by 33bps for Fiscal Year

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

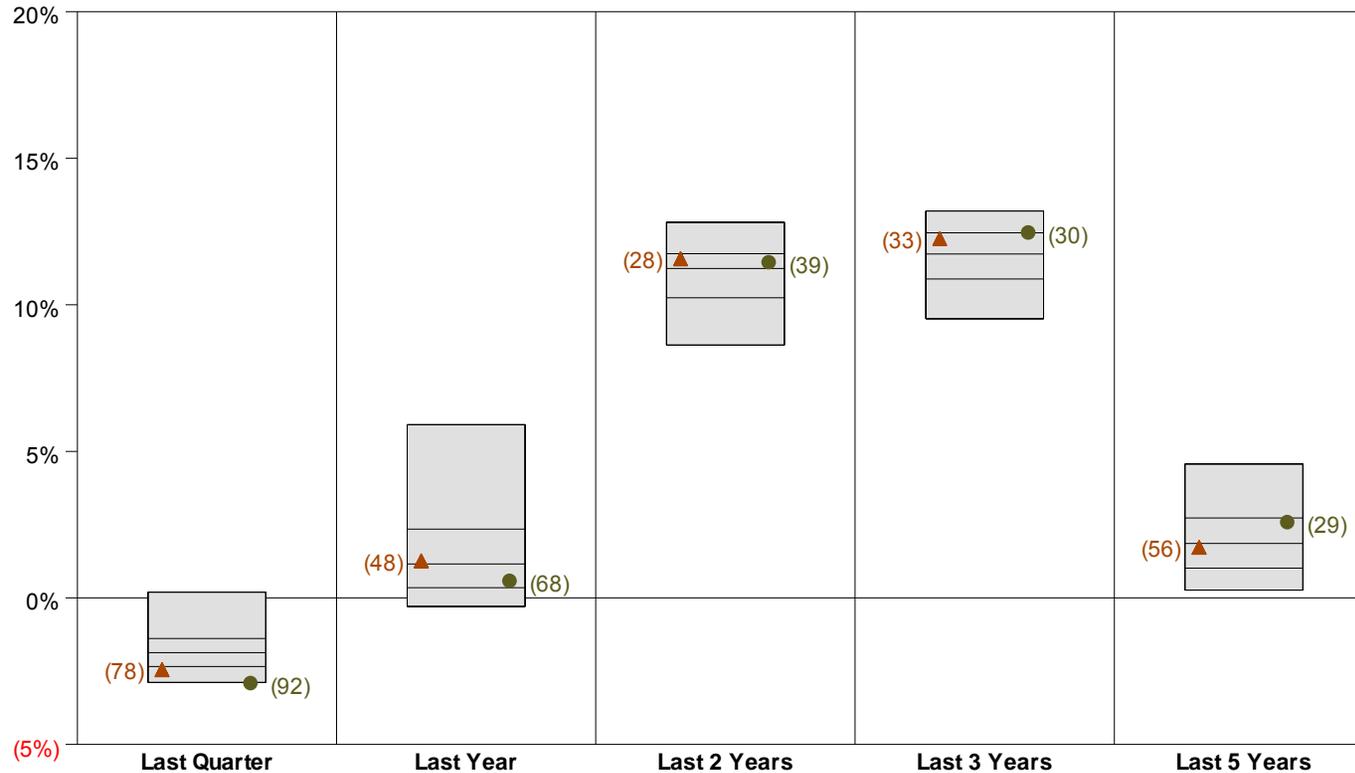
# Judges – Asset Allocation

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
<b>Total Equity</b>	\$42,585,500	70.52%	<b>\$(587,281)</b>	<b>\$(2,205,438)</b>	\$45,378,219	72.20%
<b>Domestic Equity</b>	\$30,622,619	50.71%	<b>\$(587,281)</b>	<b>\$(1,259,616)</b>	\$32,469,517	51.66%
<b>Large Cap</b>	\$21,585,988	35.75%	<b>\$(477,529)</b>	<b>\$(617,782)</b>	\$22,681,298	36.09%
iShares S&P 500	21,585,988	35.75%	<b>(477,529)</b>	<b>(617,782)</b>	22,681,298	36.09%
<b>Mid Cap</b>	<b>\$6,147,170</b>	<b>10.18%</b>	<b>\$(111,000)</b>	<b>\$(329,598)</b>	<b>\$6,587,768</b>	<b>10.48%</b>
Systematic Financial	3,024,540	5.01%	0	<b>(165,104)</b>	3,189,645	5.08%
Times Square	3,122,630	5.17%	<b>(111,000)</b>	<b>(164,494)</b>	3,398,124	5.41%
<b>Small Cap</b>	<b>\$2,889,461</b>	<b>4.78%</b>	<b>\$1,248</b>	<b>\$(312,237)</b>	<b>\$3,200,450</b>	<b>5.09%</b>
Barrow, Hanley	1,394,151	2.31%	0	<b>(170,507)</b>	1,564,658	2.49%
Eagle Asset Management	1,495,310	2.48%	1,248	<b>(141,730)</b>	1,635,792	2.60%
<b>International Equity</b>	<b>\$11,962,881</b>	<b>19.81%</b>	<b>\$0</b>	<b>\$(945,821)</b>	<b>\$12,908,703</b>	<b>20.54%</b>
Vanguard FTSE ex-US	11,962,881	19.81%	0	<b>(945,821)</b>	12,908,703	20.54%
<b>Domestic Fixed Income</b>	<b>\$17,700,707</b>	<b>29.31%</b>	<b>\$(113,236)</b>	<b>\$343,838</b>	<b>\$17,470,105</b>	<b>27.80%</b>
iShares BC Aggregate	17,700,707	29.31%	<b>(113,236)</b>	343,838	17,470,105	27.80%
<b>Cash</b>	<b>\$100,973</b>	<b>0.17%</b>	<b>\$100,842</b>	<b>\$2</b>	<b>\$129</b>	<b>0.00%</b>
<b>Total Plan</b>	<b>\$60,387,180</b>	<b>100.0%</b>	<b>\$(599,676)</b>	<b>\$(1,861,598)</b>	<b>\$62,848,453</b>	<b>100.0%</b>

**-\$2.4 million**

# Judges – Total Fund Performance

## Performance vs CAI Public Fund Sponsor Database (Gross)



(5%)

Last Quarter

Last Year

Last 2 Years

Last 3 Years

Last 5 Years

10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

0.19  
(1.38)  
(1.87)  
(2.34)  
(2.88)

5.91  
2.34  
1.16  
0.35  
(0.29)

12.81  
11.74  
11.24  
10.24  
8.63

13.20  
12.46  
11.73  
10.88  
9.52

4.57  
2.73  
1.86  
1.01  
0.26

**Total Plan** ●

(2.95)

0.52

11.40

12.41

2.53

**Total Plan Target** ▲

(2.45)

1.26

11.57

12.26

1.73

- For the quarter, JRS finished behind target by 50 bps, ranking 92<sup>nd</sup> percentile
- For the year, Fund finished 74 bps behind the target, ranking 68<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>(4.84%)</b>	<b>(2.66%)</b>	<b>14.47%</b>	<b>2.00%</b>	<b>(0.65%)</b>
<b>Domestic Equity</b>	<b>(3.85%)</b>	<b>2.72%</b>	<b>17.34%</b>	<b>4.14%</b>	<b>0.33%</b>
Russell 3000	(3.15%)	3.84%	16.73%	3.96%	0.39%
<b>Large Cap</b>	<b>(2.69%)</b>	<b>5.45%</b>	<b>16.29%</b>	<b>3.67%</b>	<b>0.05%</b>
Russell 1000	(3.12%)	4.37%	16.64%	3.85%	0.39%
iShares S&P 500	(2.69%)	5.45%	16.29%	3.67%	0.05%
S&P 500	(2.75%)	5.45%	16.40%	3.86%	0.22%
<b>Mid Cap</b>	<b>(4.98%)</b>	<b>(1.84%)</b>	<b>17.72%</b>	<b>2.82%</b>	<b>(0.99%)</b>
Russell Mid Cap	(4.40%)	(1.65%)	19.44%	4.37%	1.06%
Systematic Financial	(5.18%)	(4.69%)	18.08%	-	-
S&P/Citi 400 Value	(4.12%)	(0.86%)	18.42%	4.84%	0.98%
Times Square	(4.80%)	0.97%	17.31%	-	-
S&P/Citi 400 Growth	(5.67%)	(3.70%)	20.34%	5.50%	4.13%
<b>Small Cap</b>	<b>(9.75%)</b>	<b>(7.93%)</b>	<b>22.82%</b>	<b>8.54%</b>	<b>3.66%</b>
Russell 2000	(3.47%)	(2.08%)	17.80%	5.22%	0.54%
Barrow, Hanley	(10.90%)	(8.16%)	23.19%	8.38%	2.86%
Russell 2000 Value	(3.01%)	(1.44%)	17.43%	4.89%	(1.05%)
Eagle Asset Management	(8.66%)	(8.52%)	21.45%	-	-
Russell 2000 Growth	(3.94%)	(2.71%)	18.09%	5.47%	1.99%
<b>International Equity</b>	<b>(7.33%)</b>	<b>(14.80%)</b>	<b>7.14%</b>	<b>(3.68%)</b>	<b>(2.71%)</b>
Vanguard FTSE ex-US	(7.33%)	(14.80%)	7.15%	(3.03%)	-
MSCI ACWI x US (Net)	(7.61%)	(14.57%)	6.97%	(4.11%)	(4.62%)
<b>Domestic Fixed Income</b>	<b>1.97%</b>	<b>7.45%</b>	<b>6.54%</b>	<b>6.47%</b>	<b>6.60%</b>
iShares BC Agg	1.97%	7.45%	6.54%	6.47%	6.60%
BC Aggregate	2.06%	7.47%	6.93%	6.71%	6.79%
<b>Cash</b>	<b>0.00%</b>	<b>0.20%</b>	<b>0.16%</b>	<b>0.37%</b>	<b>0.98%</b>
3-month Treasury Bill	0.03%	0.06%	0.12%	0.33%	0.98%
<b>Total Plan</b>	<b>(2.95%)</b>	<b>0.52%</b>	<b>12.41%</b>	<b>4.57%</b>	<b>2.53%</b>
Total Plan Target	(2.45%)	1.26%	12.26%	3.91%	1.73%
CPI All Urban Consumers	0.04%	1.66%	2.09%	1.20%	1.95%

- Active small cap equity was the worst; international equity also struggled in the second quarter
- Bonds had a positive return for the quarter
- Total fund exceeds target for all time periods three years or longer

# SIF – Asset Allocation

	June 30, 2012		Net New Inv.	Inv. Return	March 31, 2012	
	Market Value	Percent			Market Value	Percent
Total Equity	\$71,747,918	12.12%	\$3,173	\$(3,432,640)	\$75,177,385	12.67%
Domestic Equity	\$57,527,844	9.71%	\$3,173	\$(2,293,905)	\$59,818,576	10.08%
Large Cap	\$41,382,834	6.99%	\$3,173	\$(1,166,069)	\$42,545,731	7.17%
NTGI S&P 500	41,382,834	6.99%	3,173	(1,166,069)	42,545,731	7.17%
<b>Mid Cap</b>	<b>\$11,268,324</b>	<b>1.90%</b>	<b>\$0</b>	<b>\$(595,102)</b>	<b>\$11,863,426</b>	<b>2.00%</b>
Systematic Financial	5,478,816	0.93%	0	(299,729)	5,778,545	0.97%
Times Square	5,789,507	0.98%	0	(295,374)	6,084,881	1.03%
<b>Small Cap</b>	<b>\$4,876,686</b>	<b>0.82%</b>	<b>\$0</b>	<b>\$(532,733)</b>	<b>\$5,409,419</b>	<b>0.91%</b>
Barrow, Hanley	2,388,127	0.40%	0	(292,391)	2,680,518	0.45%
Eagle Asset Management	2,488,559	0.42%	0	(240,342)	2,728,901	0.46%
<b>International Equity</b>	<b>\$14,220,074</b>	<b>2.40%</b>	<b>\$0</b>	<b>\$(1,138,736)</b>	<b>\$15,358,809</b>	<b>2.59%</b>
Tradewinds	879	0.00%	0	0	879	0.00%
Vanguard FTSE ex-US	14,219,195	2.40%	0	(1,138,736)	15,357,930	2.59%
<b>Domestic Fixed Income</b>	<b>\$520,456,891</b>	<b>87.88%</b>	<b>\$(8,000,000)</b>	<b>\$10,203,399</b>	<b>\$518,253,492</b>	<b>87.33%</b>
NTGI Blended Fixed Income	467,120,165	78.88%	(8,000,000)	8,587,597	466,532,569	78.62%
NTGI TIPS	53,336,725	9.01%	0	1,615,802	51,720,923	8.72%
<b>Total Plan</b>	<b>\$592,204,808</b>	<b>100.0%</b>	<b>\$(7,996,827)</b>	<b>\$6,770,759</b>	<b>\$593,430,877</b>	<b>100.0%</b>

**-\$1.2 million**

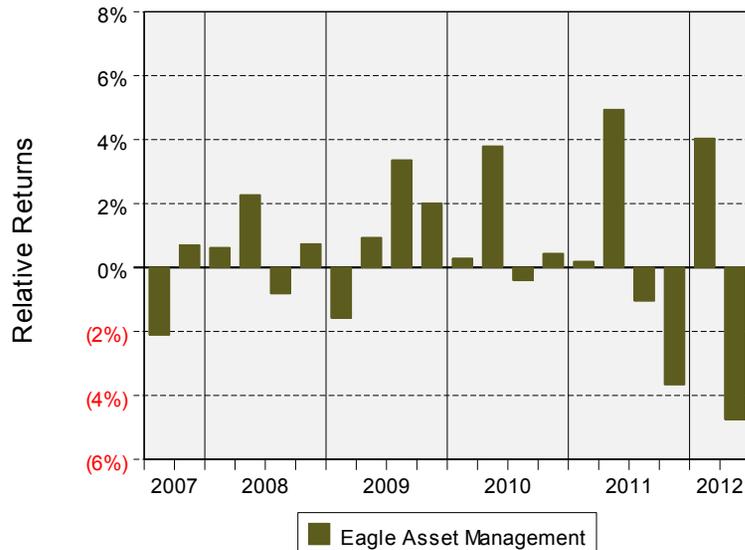
# SIF – Manager Performance

	Last Quarter	Last Year	Last 3 Years	Last 4 Years	Last 5 Years
<b>Total Equity</b>	<b>(4.57%)</b>	<b>(1.30%)</b>	<b>15.21%</b>	<b>2.65%</b>	<b>(0.21%)</b>
<b>Domestic Equity</b>	<b>(3.83%)</b>	<b>2.67%</b>	<b>17.40%</b>	<b>4.27%</b>	<b>0.39%</b>
Russell 3000	(3.15%)	3.84%	16.73%	3.96%	0.39%
<b>Large Cap</b>	<b>(2.74%)</b>	<b>5.42%</b>	<b>16.29%</b>	<b>3.85%</b>	<b>0.25%</b>
Russell 1000	(3.12%)	4.37%	16.64%	3.85%	0.39%
NTGI S&P 500	(2.74%)	5.42%	16.29%	3.85%	0.26%
S&P 500	(2.75%)	5.45%	16.40%	3.86%	0.22%
<b>Mid Cap</b>	<b>(5.02%)</b>	<b>(1.81%)</b>	<b>17.62%</b>	<b>2.92%</b>	<b>(0.91%)</b>
Russell Mid Cap	(4.40%)	(1.65%)	19.44%	4.37%	1.06%
Systematic Financial	(5.19%)	(4.71%)	17.83%	-	-
S&P/Citi 400 Value	(4.12%)	(0.86%)	18.42%	4.84%	0.98%
Times Square	(4.85%)	1.10%	17.33%	-	-
S&P/Citi 400 Growth	(5.67%)	(3.70%)	20.34%	5.50%	4.13%
<b>Small Cap</b>	<b>(9.85%)</b>	<b>(7.97%)</b>	<b>23.07%</b>	<b>8.99%</b>	<b>4.01%</b>
Russell 2000	(3.47%)	(2.08%)	17.80%	5.22%	0.54%
Barrow, Hanley	(10.91%)	(7.48%)	23.96%	9.38%	3.77%
Russell 2000 Value	(3.01%)	(1.44%)	17.43%	4.89%	(1.05%)
Eagle Asset Management	(8.81%)	(8.44%)	21.13%	-	-
Russell 2000 Growth	(3.94%)	(2.71%)	18.09%	5.47%	1.99%
<b>International Equity</b>	<b>(7.41%)</b>	<b>(14.64%)</b>	<b>7.17%</b>	<b>(3.76%)</b>	<b>(2.67%)</b>
Vanguard FTSE ex-US	(7.41%)	(14.64%)	7.17%	(3.15%)	-
MSCI ACWI x US (Net)	(7.61%)	(14.57%)	6.97%	(4.11%)	(4.62%)
<b>Domestic Fixed Income</b>	<b>1.98%</b>	<b>7.32%</b>	<b>6.10%</b>	<b>5.82%</b>	<b>6.33%</b>
Domestic Fixed Income Target**	1.60%	5.82%	5.74%	5.50%	6.00%
NTGI Blended Fixed Income	1.85%	6.83%	5.69%	5.68%	6.08%
Blended Benchmark	1.42%	5.18%	5.31%	5.33%	5.72%
NTGI TIPS	3.12%	11.81%	9.67%	6.87%	8.48%
BC US TIPS Index	3.15%	11.66%	9.63%	6.84%	8.44%
<b>Total Plan</b>	<b>1.15%</b>	<b>6.24%</b>	<b>7.21%</b>	<b>5.56%</b>	<b>5.59%</b>
Total Plan Target	0.83%	4.99%	6.96%	5.29%	5.32%
CPI All Urban Consumers	0.04%	1.66%	2.09%	1.20%	1.95%

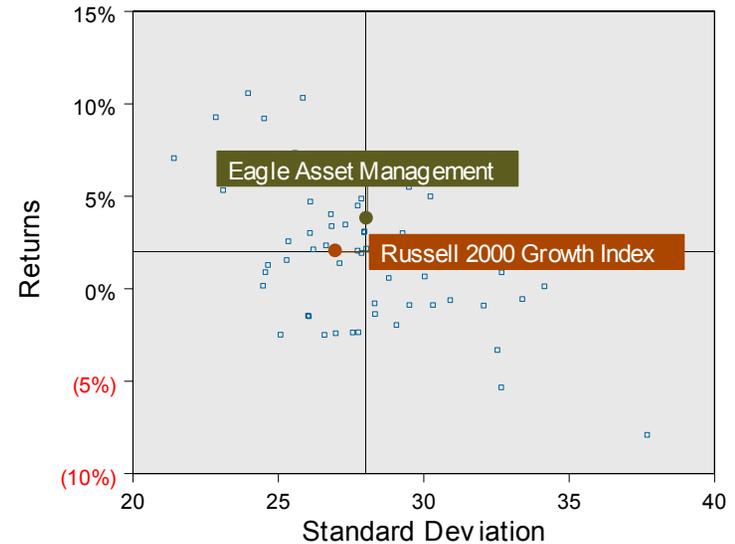
- Fixed income had a positive impact in all time periods except last three years
- Total fund return for quarter up 1.2%

# Eagle – Small Cap Growth

Relative Return vs Russell 2000 Growth Index

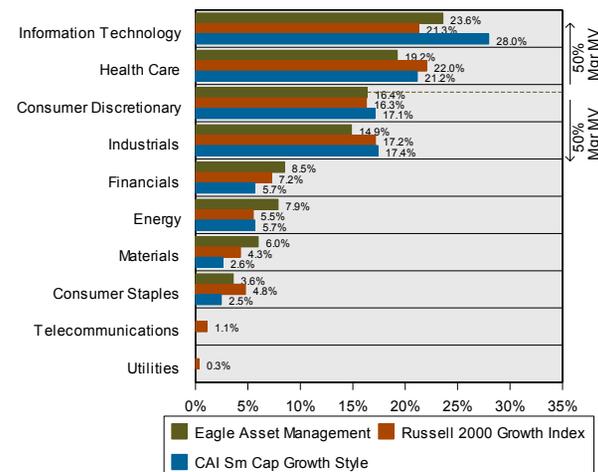


CAI Small Cap Growth Style (Gross) Annualized Five Year Risk vs Return

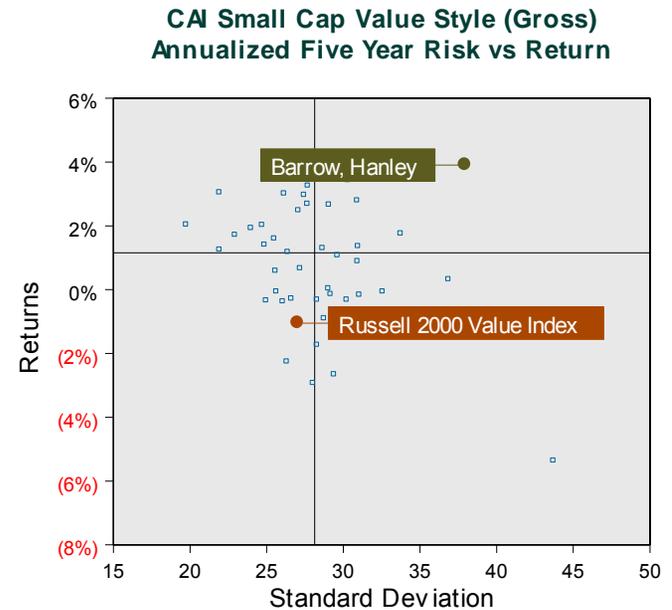
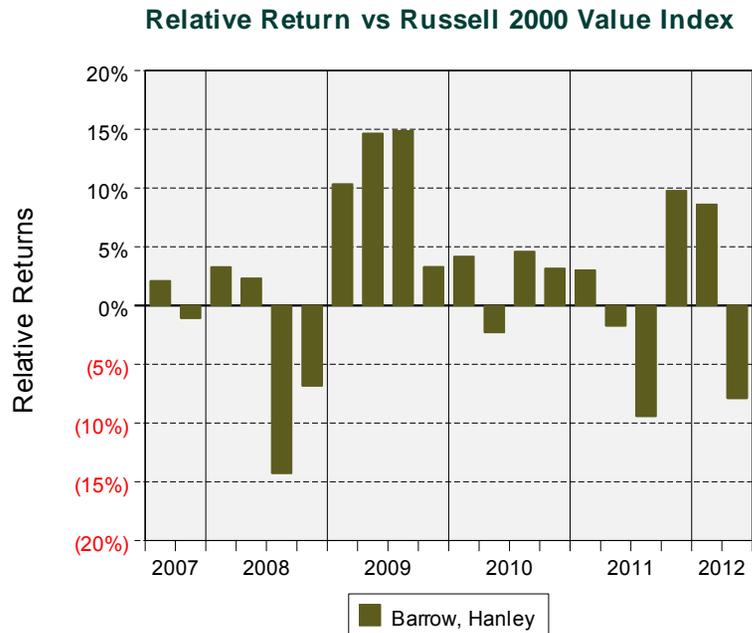


- A very poor quarter, trailing the benchmark by 475 basis points
- Security selection detracted 4.30% and sector concentration detracted 0.44% in the quarter
- Health Care was Eagle's worst performing sector
- Ranked 91<sup>st</sup> last quarter, but 36<sup>th</sup> over the last 3 years, and 22<sup>nd</sup> since inception

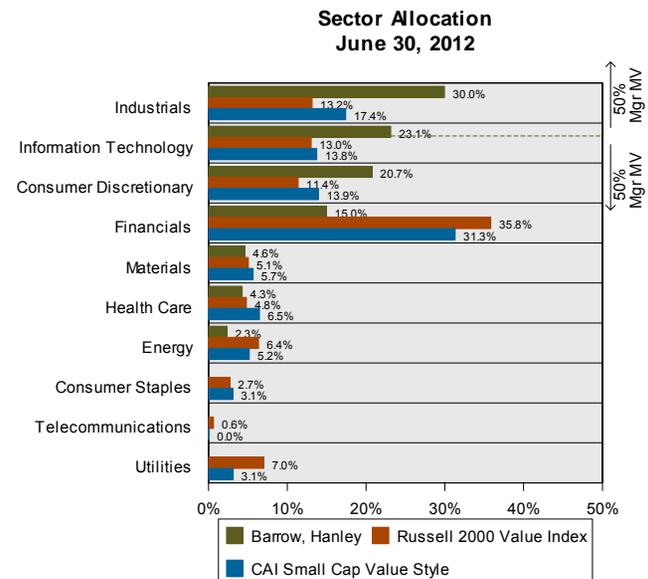
Sector Allocation June 30, 2012



# Barrow Hanley – Small Cap Value

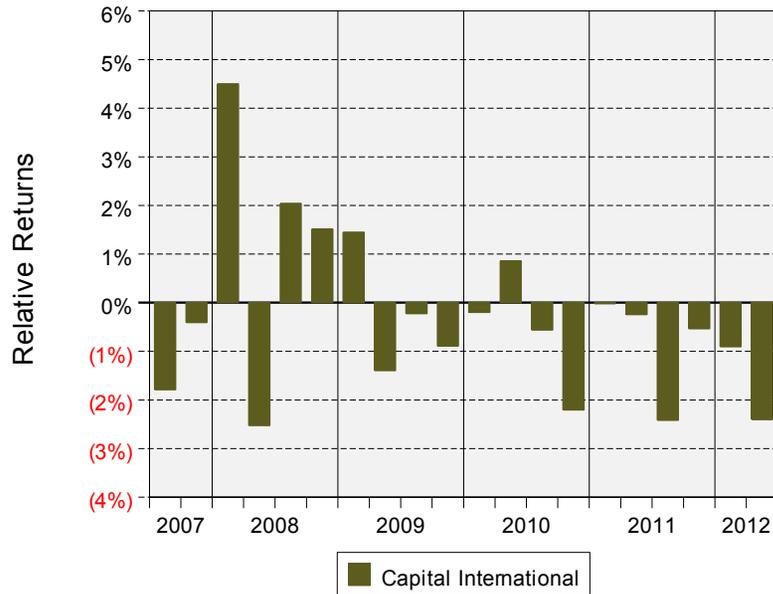


- A very bad quarter versus the benchmark and in absolute terms, hurt mostly by security selection
- Leading benchmark by 719 bps over last three years
- Ranked in 1<sup>st</sup> percentile over last 5 years; possibly due to being less “value-y” during a growth cycle than peers

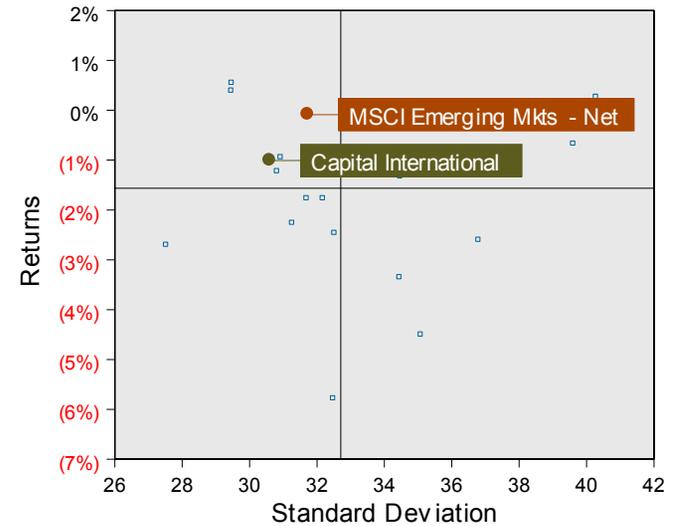


# Capital International – Emerging Markets

Relative Return vs MSCI Emerging Mkts - Net

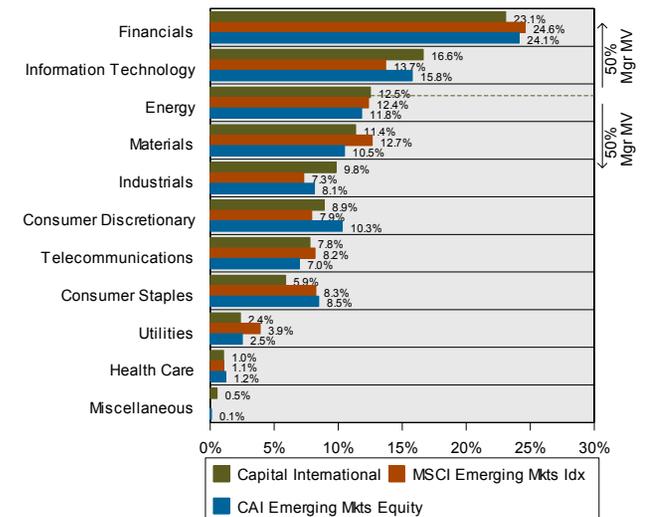


CAI MF - Emerging Markets Style (Net)  
Annualized Five Year Risk vs Return



- A negative quarter versus benchmark and peers, hurt by security selection
- Lagging benchmark by 580 bps over last year; ranking in 87<sup>th</sup> percentile
- Investments in commodity producers hurt returns

Sector Allocation  
June 30, 2012





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%	70.30%
Domestic	40%-50%	45.00%	47.70%
Large cap	26.5%-36.5%	31.50%	33.70%
Mid cap	5%-13%	9.00%	9.20%
Small cap	2.0%-7%	4.50%	4.80%
International	12%-20%	16.00%	13.50%
Global	5-13%	9.00%	9.20%
Fixed Income	27%-33%	30.00%	28.70%
Cash and Equivalents	0%-5%	0.00%	0.70%

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 exhibited core-like style characteristics for quarter.

Note 2: LSV and INTECH trail their index returns; Systematic, Times Square, and Capital International are behind both their median and index returns.

# JRS Compliance Report

<b>Objectives – Three Years</b>	<b>Compliant?</b>	<b>Comments</b>
Maintain purchasing power (3-year trailing)	Yes	
Obtain excess returns	Yes	
Achieve 7.9% annualized return (3-year trailing)	Yes	

<b>Asset Allocation</b>			
<b>Category</b>	<b>Range</b>	<b>Target</b>	<b>Actual</b>
Equities	60%-80%	70%	70.50%
Domestic	44%-54%	49%	50.70%
Large cap	29.3%-39.3%	34.30%	35.80%
Mid cap	5.8%-13.8%	9.80%	10.20%
Small cap	1.9%-7.9%	4.90%	4.80%
International	17%-25%	21%	19.80%
Fixed Income	25%-35%	30%	29.30%
Cash and Equivalents	0%-5%	0%	0.00%

<b>Rebalancing</b>		
Managers remain in specified style	Yes	

<b>Performance</b>		
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 continues to exhibit core-like style characteristics.

Note 2: Systematic and Times Square are behind their median and index returns.

# SIF Compliance Report

<b>Objectives – Three Years</b>	<b>Compliant?</b>	<b>Comments</b>
Provide reserves for workers' compensation claims	Yes	\$592.2 million in assets

<b>Asset Allocation</b>			
<b>Category</b>	<b>Range</b>	<b>Target</b>	<b>Actual</b>
Equities	10-15%	13.00%	12.10%
Domestic		9.00%	9.70%
Large cap		6.30%	7.00%
Mid cap		1.80%	1.90%
Small cap		0.90%	0.80%
International		4.00%	2.40%
Fixed Income	70%-90%	87.30%	87.90%
Blended Fixed Income		78.40%	78.90%
TIPS		8.70%	9.00%
Cash and Equivalents	0%-15%	0.00%	0.00%

<b>Rebalancing</b>		
Applied when appropriate	Yes	

<b>Performance</b>		
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 exhibited core-like style characteristics for quarter.

Note 2: Systematic and Times Square are behind their median and index returns.