



# Commonwealth of Pennsylvania State Employees' Retirement System

Quarterly Investment Performance Analysis

Period Ended: June 30, 2015

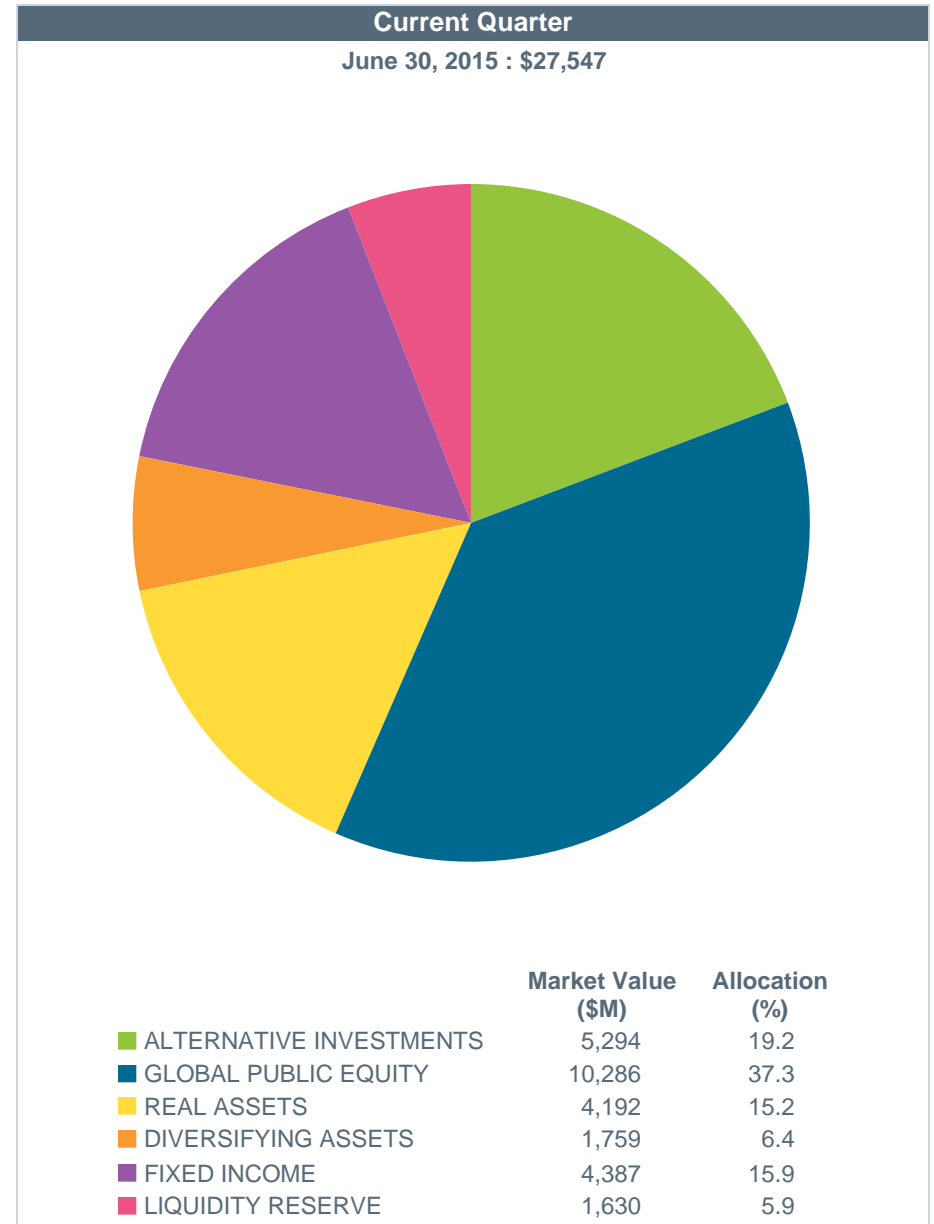
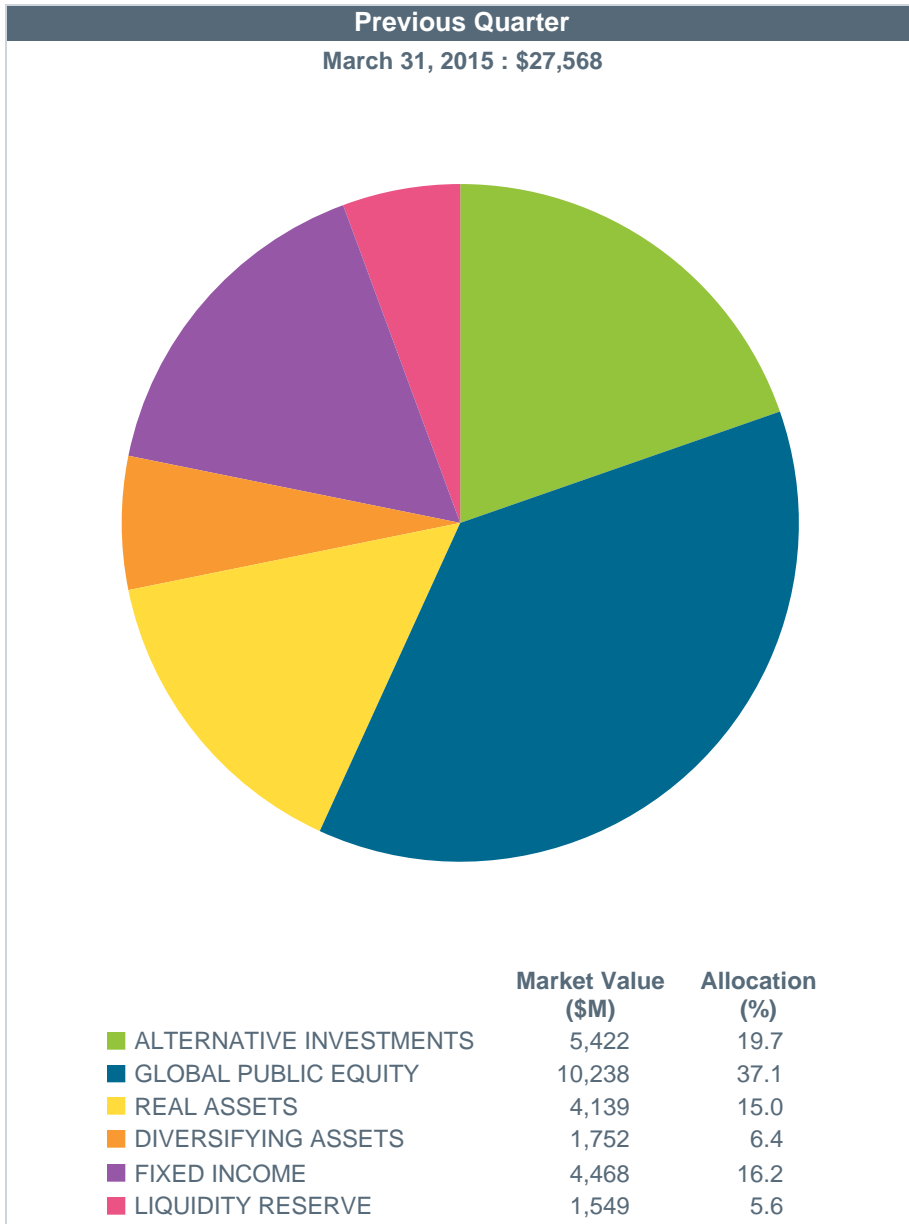


**Commonwealth of Pennsylvania State Employees' Retirement System**  
**Table of Contents**  
**As of June 30, 2015**

<b>Total Fund Composite</b>	<b>Tab 1</b>
<b>Sub-Composites</b>	<b>Tab 2</b>
<b>Capital Markets Review</b>	<b>Tab 3</b>
<b>Addendum &amp; Glossary</b>	<b>Tab 4</b>

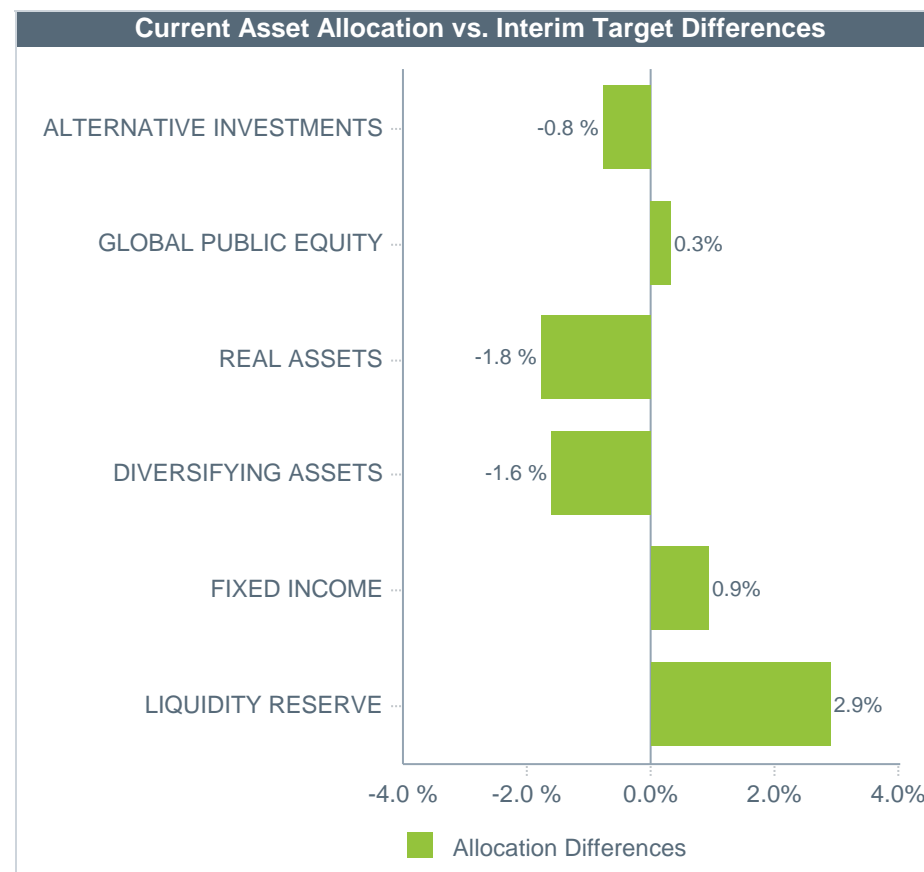
# Total Fund Composite





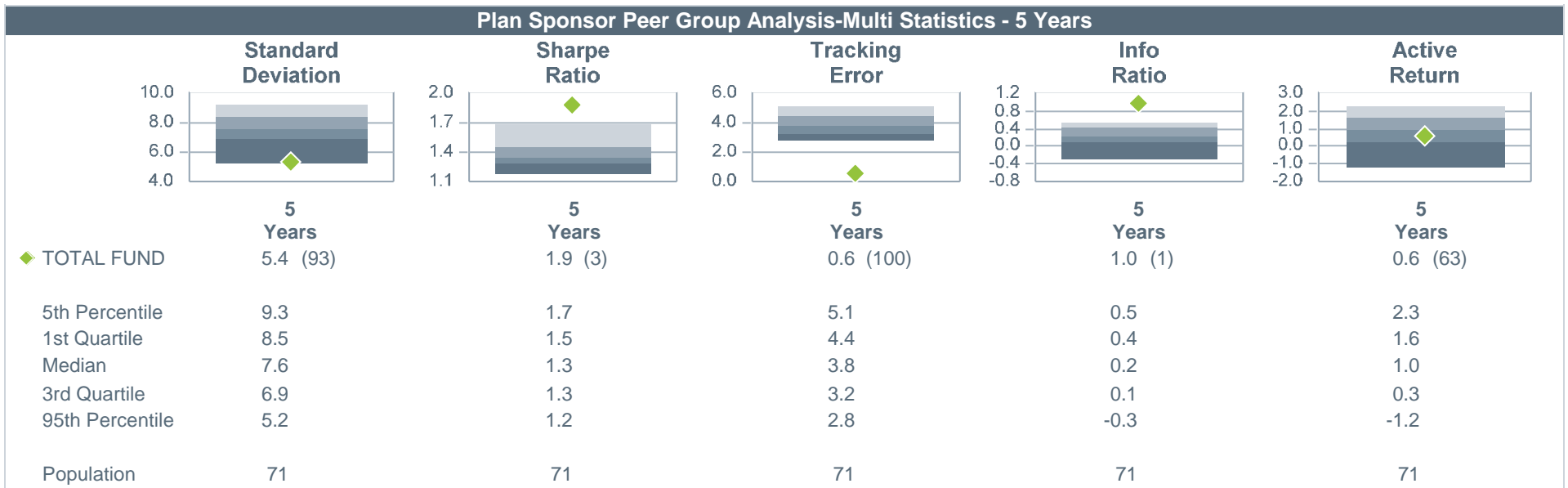
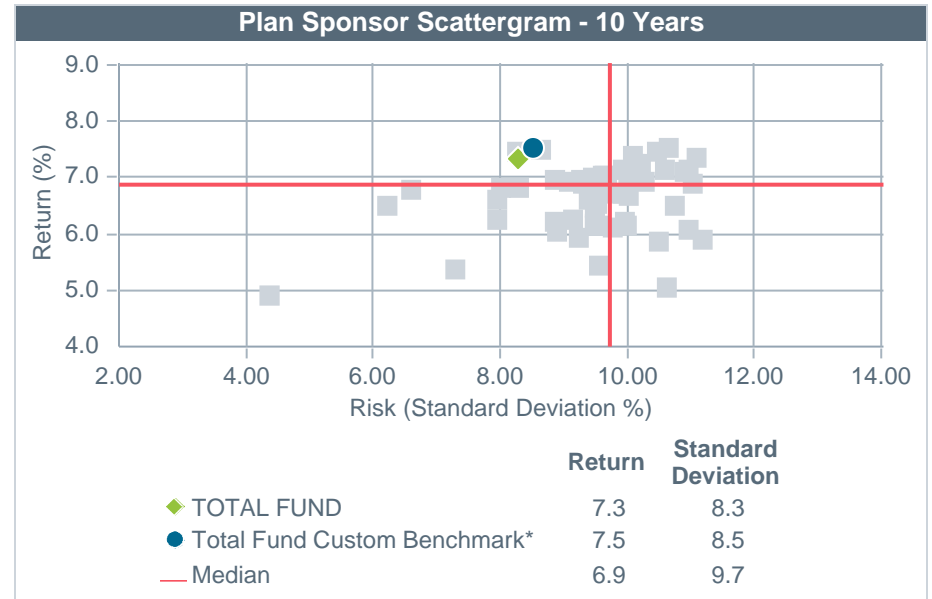
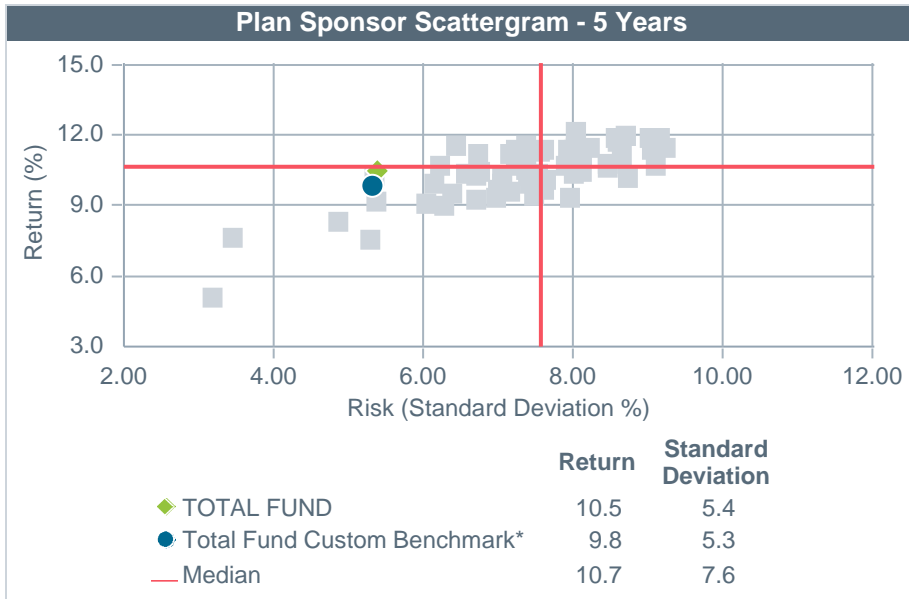
Allocations shown may not sum up to 100% exactly due to rounding.

Current Asset Allocation vs. Interim Target			
	Market Value (\$M)	Allocation (%)	Target (%)
ALTERNATIVE INVESTMENTS	5,294	19.2	20.0
GLOBAL PUBLIC EQUITY	10,286	37.3	37.0
REAL ASSETS	4,192	15.2	17.0
DIVERSIFYING ASSETS	1,759	6.4	8.0
FIXED INCOME	4,387	15.9	15.0
LIQUIDITY RESERVE	1,630	5.9	3.0
Total Fund	27,547	100.0	100.0



Schedule of Investable Assets						
Periods Ending	Beginning Market Value (\$M)	Net Cash Flow (\$M)	Gain/Loss (\$M)	Ending Market Value (\$M)	% Return	Unit Value
CYTD	27,601	-818	764	27,547	2.8	102.8

Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. Target allocations represent interim targets.

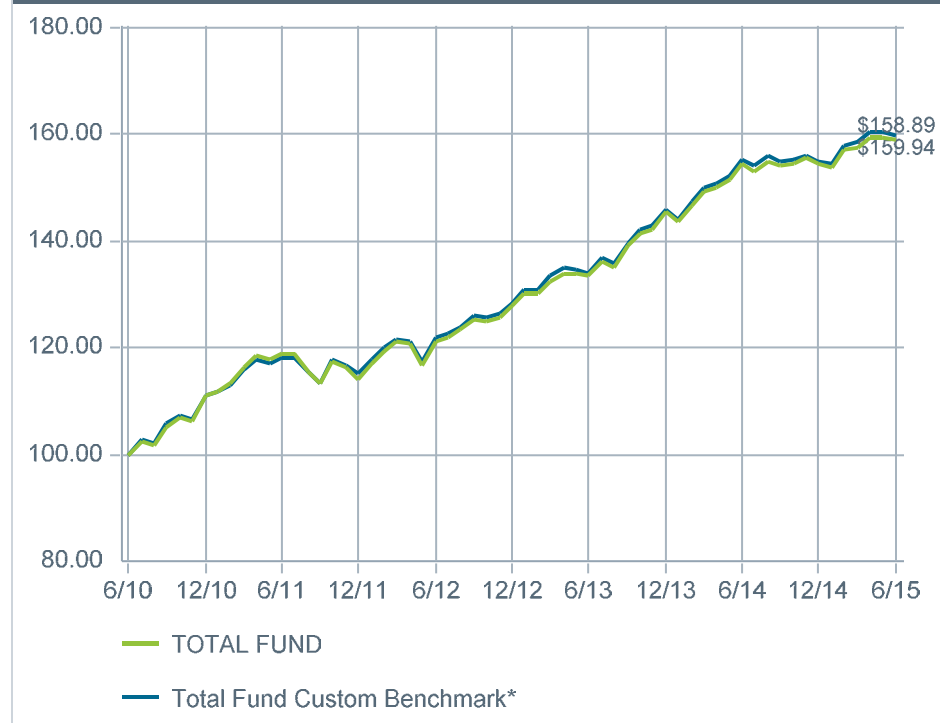


Performance shown is gross of fees. Calculation is based on monthly periodicity. Parentheses contain percentile ranks. \*Please see Addendum for the complete history of the benchmark.

Plan Sponsor Peer Group Analysis - All Public Plans > \$1B-Total Fund

	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years
◆ TOTAL FUND (Gross)	1.1 (5)	3.1 (21)	3.5 (31)	10.2 (57)	10.5 (57)	4.4 (100)	7.3 (14)
5th Percentile	1.0	3.7	5.0	12.5	12.2	7.6	7.6
1st Quartile	0.6	3.1	3.8	11.3	11.4	7.1	7.1
Median	0.3	2.6	2.9	10.6	10.7	6.5	6.9
3rd Quartile	-0.1	2.3	2.3	9.5	10.0	6.0	6.2
95th Percentile	-1.5	0.7	0.7	7.4	8.6	5.1	5.5
Population	78	78	78	73	71	69	66

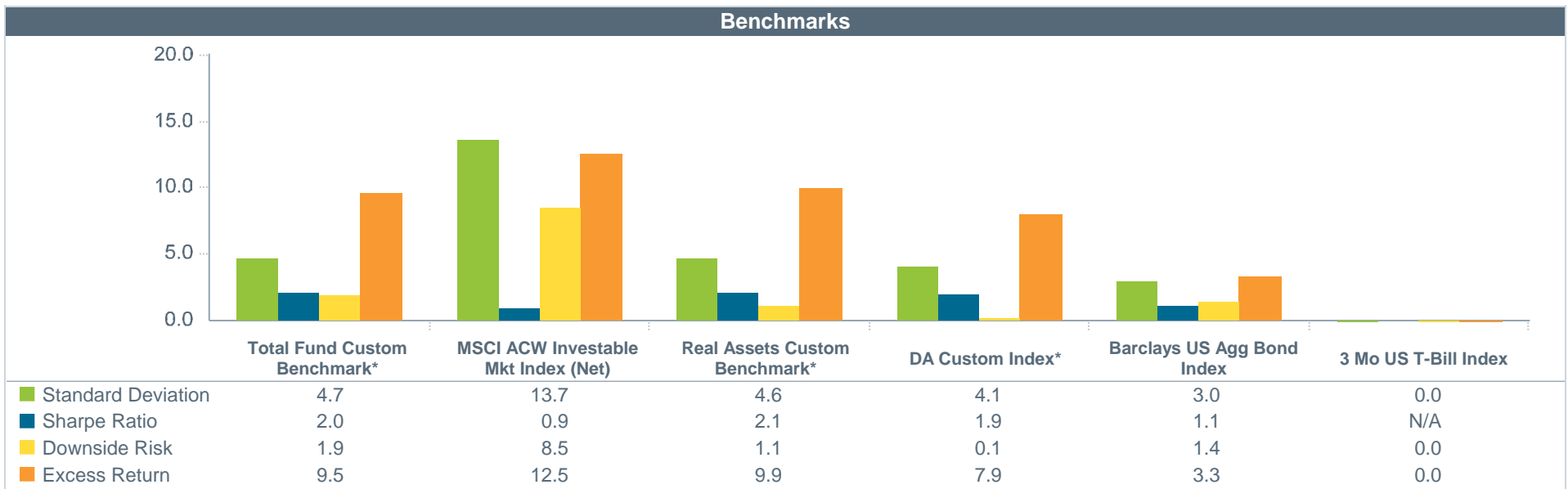
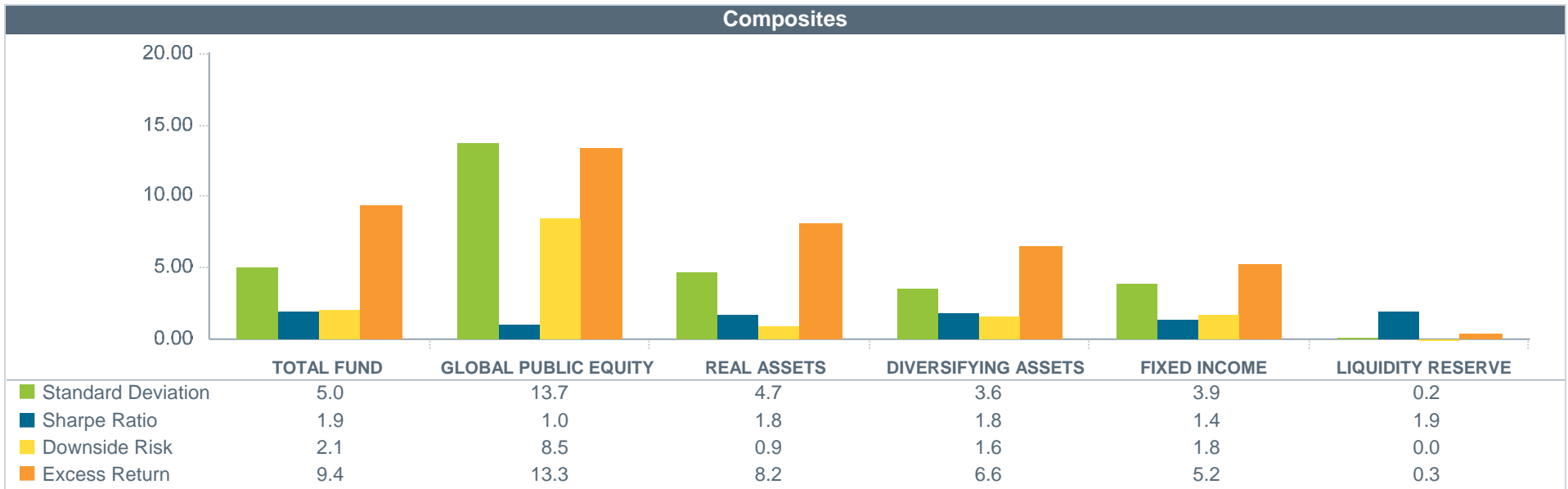
Growth of \$100 - 5 Years



Risk and Return - 5 Years

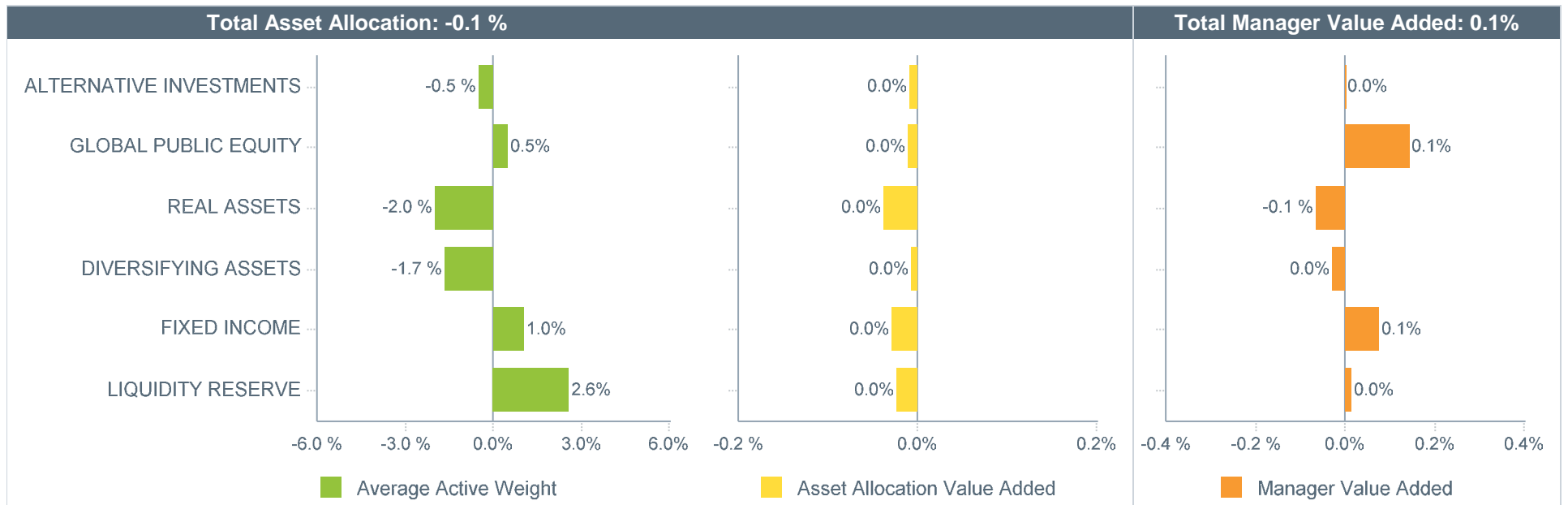
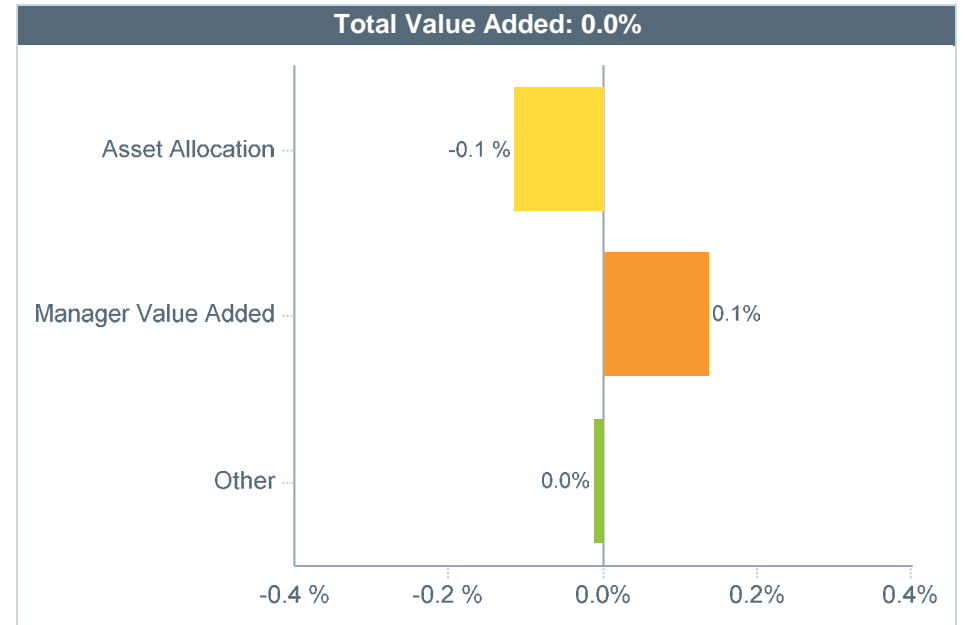
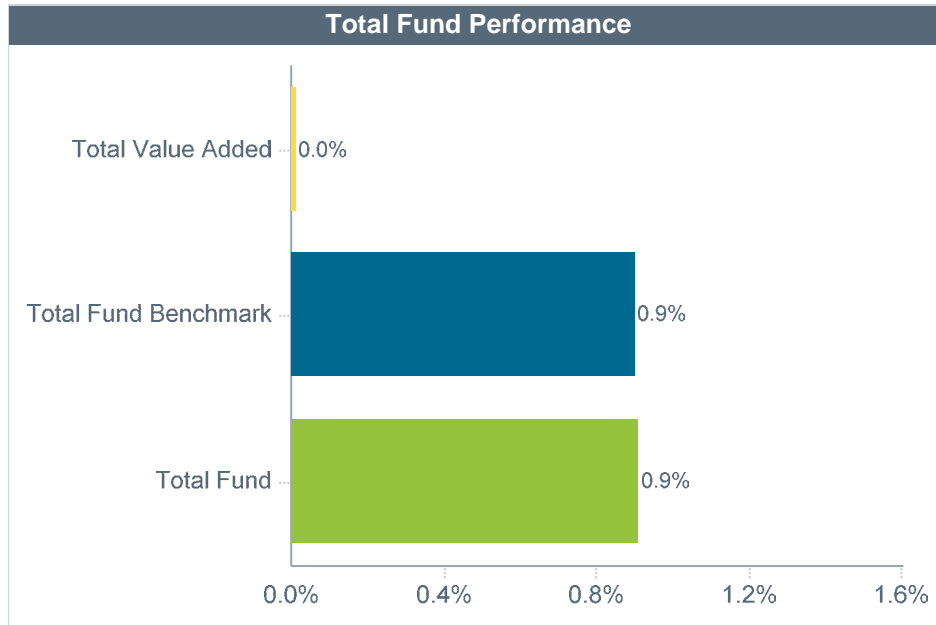


Performance shown is net of fees unless otherwise noted. Calculation is based on monthly periodicity. Parentheses contain percentile ranks. \*Please see Addendum for the complete history of the benchmark. Composites with less history than the specified time period will not appear in the chart. Quarter lagged composites are not shown in risk and return chart.

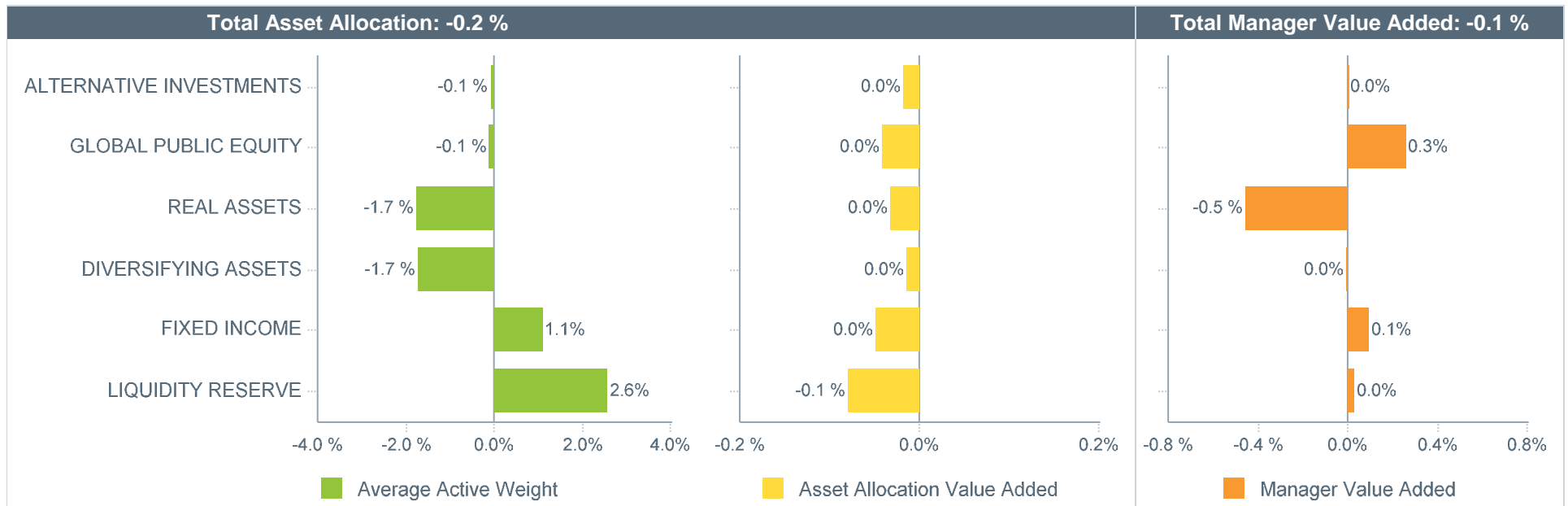
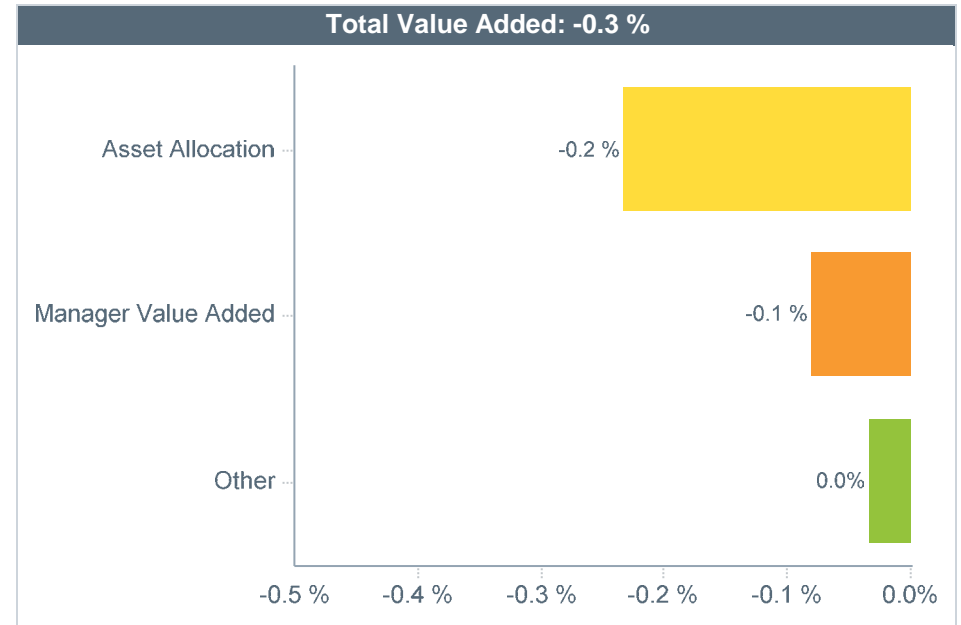
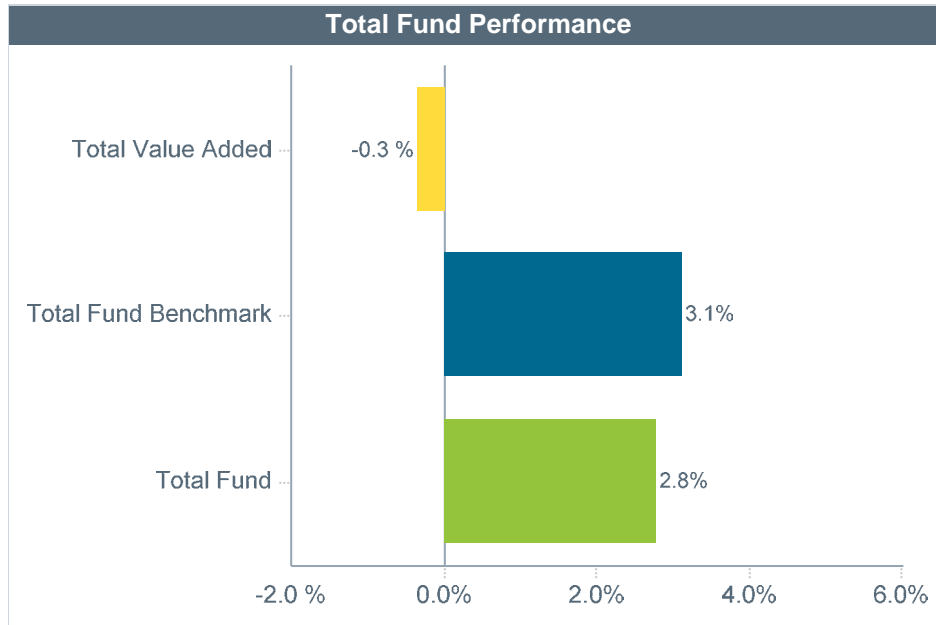


Statistics shown are based on net of fees returns. Calculation is based on quarterly periodicity. \*Please see Addendum for the complete history of the benchmark. Excess Return statistic is calculated against the BofA ML 3 Mo US T-Bill Index. Quarter lagged composites are not shown in historical statistic charts.

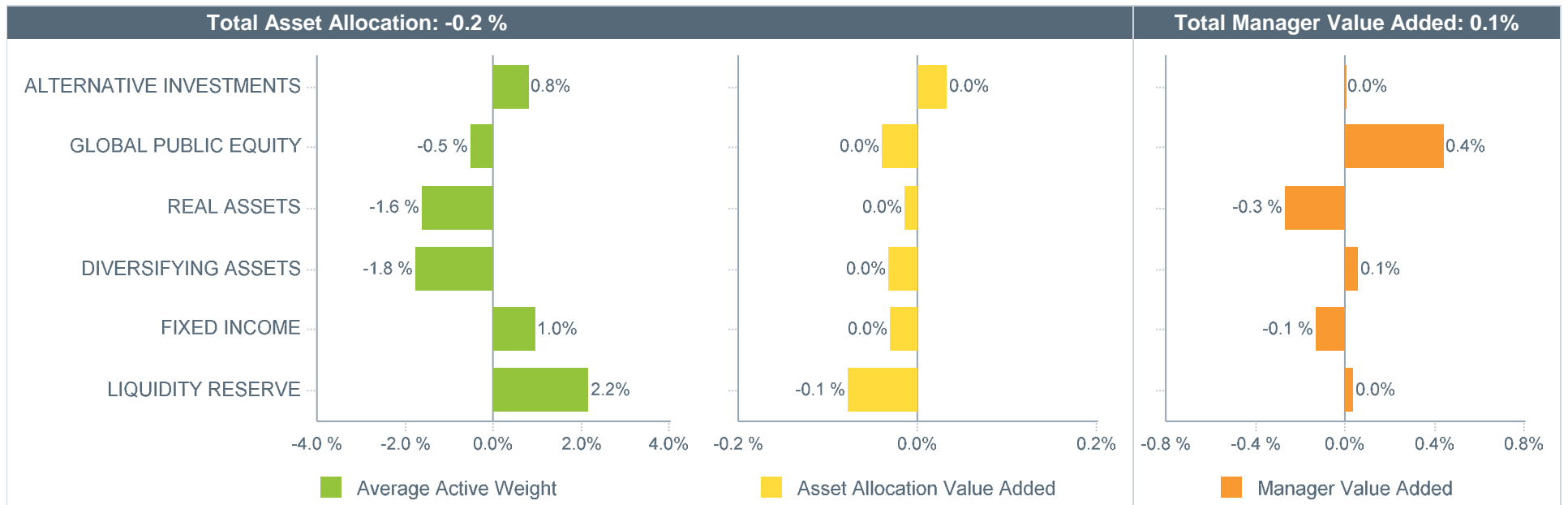
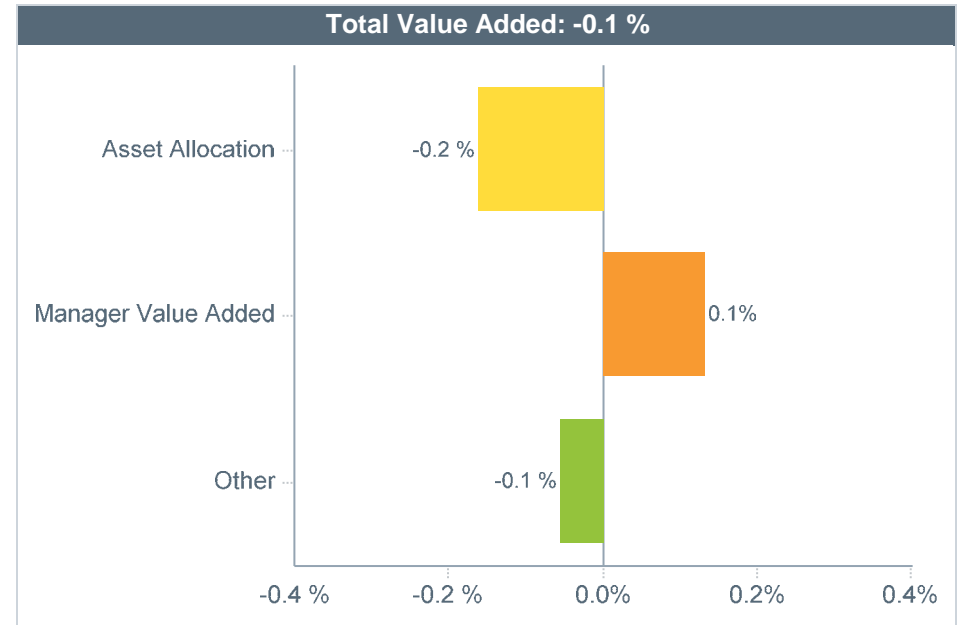
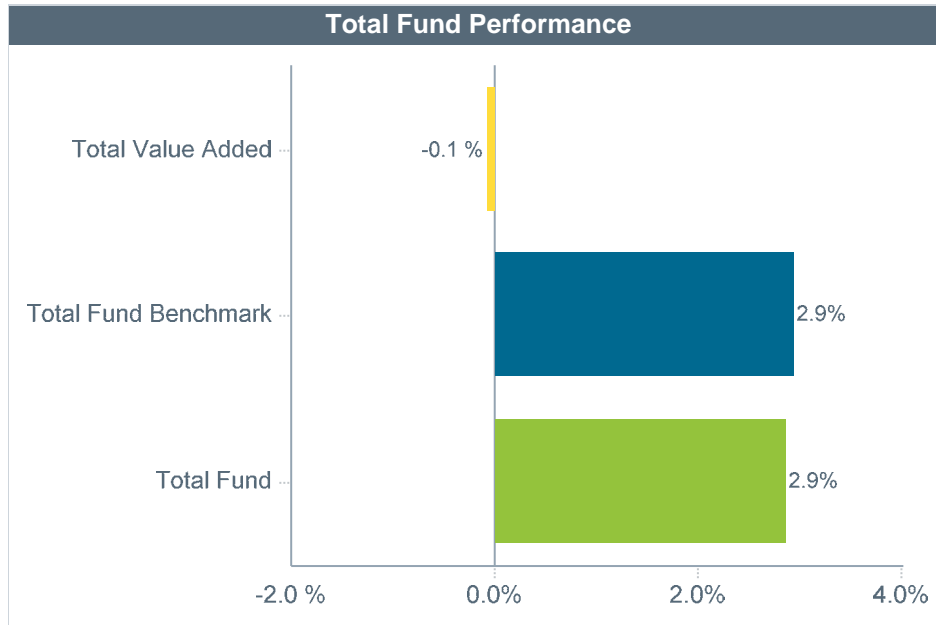




Performance shown is net of fees. Calculation is based on monthly periodicity. See Glossary for additional information regarding the Total Fund Attribution calculation. \*Please see Addendum for the complete history of the benchmark.



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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 Composites - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)								
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>TOTAL FUND</b>	<b>27,547</b>	<b>100.0</b>	<b>0.9</b>	<b>2.8</b>	<b>2.9</b>	<b>9.5</b>	<b>9.7</b>	<b>3.6</b>	<b>6.5</b>	<b>9.9</b>	<b>01/01/1981</b>
<i>Total Fund Custom Benchmark*</i>			0.9	3.1	2.9	9.5	9.8	5.5	7.5	N/A	
<i>Total Fund Public Mkt Equiv Benchmark*</i>			0.9	3.8	4.6	10.7	10.9	6.2	8.0	N/A	
<b>ALTERNATIVE INVESTMENTS</b>	<b>5,294</b>	<b>19.2</b>	<b>1.9</b>	<b>4.3</b>	<b>7.3</b>	<b>10.7</b>	<b>12.3</b>	<b>7.1</b>	<b>11.8</b>	<b>11.1</b>	<b>01/01/1986</b>
<i>Burgiss All Private Equity Custom Index (Qtr Lag)</i>			0.5	3.9	8.9	13.0	13.5	7.6	12.2	17.1	
<i>Russell 3000 Index + 3% (Qtr Lag)</i>			2.6	8.7	15.7	19.9	18.2	12.6	11.6	14.4	
<b>GLOBAL PUBLIC EQUITY</b>	<b>10,286</b>	<b>37.3</b>	<b>0.9</b>	<b>3.8</b>	<b>2.0</b>	<b>14.3</b>	<b>13.0</b>	<b>4.3</b>	<b>6.1</b>	<b>6.6</b>	<b>01/01/2002</b>
<i>MSCI ACW Investable Mkt Index (Net)</i>			0.5	3.1	0.8	13.3	12.2	5.2	6.7	7.0	
<b>REAL ASSETS</b>	<b>4,192</b>	<b>15.2</b>	<b>2.3</b>	<b>1.5</b>	<b>0.8</b>	<b>6.6</b>	<b>8.4</b>	<b>-0.2</b>	<b>6.4</b>	<b>7.5</b>	<b>01/01/1984</b>
<i>Real Assets Custom Benchmark*</i>			2.7	4.4	2.5	8.1	10.2	0.4	5.5	6.5	
<i>Consumer Price Index + 3%</i>			1.8	3.1	3.1	4.4	4.9	4.3	5.1	5.8	
<b>DIVERSIFYING ASSETS</b>	<b>1,759</b>	<b>6.4</b>	<b>0.8</b>	<b>3.8</b>	<b>5.5</b>	<b>9.3</b>	<b>6.7</b>	<b>4.3</b>	<b>N/A</b>	<b>3.9</b>	<b>07/01/2007</b>
<i>DA Custom Index*</i>			1.2	3.9	4.6	11.5	8.2	6.8	6.2	6.6	
<i>HFRI FOF Strategic Index</i>			1.2	3.9	4.6	7.4	4.7	1.3	3.6	1.0	
<b>FIXED INCOME</b>	<b>4,387</b>	<b>15.9</b>	<b>-1.2</b>	<b>0.5</b>	<b>1.1</b>	<b>3.0</b>	<b>5.4</b>	<b>5.9</b>	<b>5.6</b>	<b>9.0</b>	<b>01/01/1981</b>
<i>Barclays US Agg Bond Index</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	8.2	
<b>LIQUIDITY RESERVE</b>	<b>1,630</b>	<b>5.9</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>1.8</b>	<b>4.0</b>	<b>01/01/1987</b>
<i>BofA ML 3 Mo US T-Bill Index</i>			0.0	0.0	0.0	0.1	0.1	0.2	1.4	3.7	

Performance shown is net of fees. Performance is annualized for periods greater than one year. Allocations shown may not sum to 100% exactly due to rounding. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. \*Please see Addendum for the complete history of the benchmark. Burgiss index data has been provided by StepStone.



Commonwealth of Pennsylvania State Employees' Retirement System  
 Calendar Years  
 Composites - NET OF FEES

As of June 30, 2015

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>TOTAL FUND</b>	<b>6.4</b>	<b>13.6</b>	<b>12.0</b>	<b>2.7</b>	<b>11.9</b>	<b>9.2</b>	<b>-28.7</b>	<b>17.2</b>	<b>16.4</b>	<b>14.5</b>
<i>Total Fund Custom Benchmark*</i>	6.3	13.7	11.4	3.6	11.3	18.7	-25.4	14.3	16.2	13.6
<i>Total Fund Public Mkt Equiv Benchmark*</i>	7.6	15.5	15.7	0.9	11.3	18.7	-25.4	14.3	16.2	13.6
<b>ALTERNATIVE INVESTMENTS</b>	<b>13.1</b>	<b>12.8</b>	<b>11.4</b>	<b>12.7</b>	<b>16.5</b>	<b>-7.8</b>	<b>-6.8</b>	<b>35.8</b>	<b>18.4</b>	<b>27.1</b>
<i>Burgiss All Private Equity Custom Index (Qtr Lag)</i>	16.1	15.8	12.3	12.8	15.6	-9.8	-7.0	33.3	23.6	26.6
<i>Russell 3000 Index + 3% (Qtr Lag)</i>	21.3	25.2	34.1	3.6	14.3	-3.6	-19.2	20.0	13.5	18.0
<b>GLOBAL PUBLIC EQUITY</b>	<b>3.3</b>	<b>26.3</b>	<b>17.6</b>	<b>-7.0</b>	<b>15.4</b>	<b>35.8</b>	<b>-48.6</b>	<b>12.8</b>	<b>21.6</b>	<b>11.7</b>
<i>MSCI ACW Investable Mkt Index (Net)</i>	3.8	23.6	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5
<b>REAL ASSETS</b>	<b>6.3</b>	<b>8.0</b>	<b>8.6</b>	<b>6.0</b>	<b>7.4</b>	<b>-15.8</b>	<b>-13.0</b>	<b>24.8</b>	<b>18.4</b>	<b>29.9</b>
<i>Real Assets Custom Benchmark*</i>	5.4	9.1	11.5	7.3	9.2	-19.8	-10.1	20.7	13.0	21.1
<i>Consumer Price Index + 3%</i>	3.8	4.5	4.8	6.1	4.5	5.8	3.1	7.2	5.6	6.5
<b>DIVERSIFYING ASSETS</b>	<b>6.7</b>	<b>11.2</b>	<b>8.6</b>	<b>-1.8</b>	<b>6.3</b>	<b>13.7</b>	<b>-15.9</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>DA Custom Index*</i>	4.1	22.2	6.6	3.3	3.4	3.7	3.8	5.6	5.1	3.1
<i>HFR1 FOF Strategic Index</i>	3.1	10.5	5.8	-7.3	6.3	13.2	-25.2	12.8	11.8	10.3
<b>FIXED INCOME</b>	<b>6.1</b>	<b>-2.2</b>	<b>10.0</b>	<b>6.2</b>	<b>11.7</b>	<b>31.9</b>	<b>-17.4</b>	<b>6.1</b>	<b>7.7</b>	<b>4.9</b>
<i>Barclays US Agg Bond Index</i>	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4
<b>LIQUIDITY RESERVE</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>3.4</b>	<b>5.1</b>	<b>4.9</b>	<b>2.9</b>
<i>BofA ML 3 Mo US T-Bill Index</i>	0.0	0.1	0.1	0.1	0.1	0.2	2.1	5.0	4.8	3.1

Performance shown is net of fees. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies.  
 \*Please see Addendum for the complete history of the benchmark. Burgiss index data has been provided by StepStone.

Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 ALTERNATIVE INVESTMENTS - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>ALTERNATIVE INVESTMENTS</b>	<b>5,294</b>	<b>19.2</b>	<b>1.9</b>	<b>4.3</b>	<b>7.3</b>	<b>10.7</b>	<b>12.3</b>	<b>7.1</b>	<b>11.8</b>	<b>13.1</b>	<b>12.8</b>	<b>11.1</b>	<b>01/01/1986</b>
<i>Burgiss All Private Equity Custom Index (Qtr Lag)</i>			0.5	3.9	8.9	13.0	13.5	7.6	12.2	16.1	15.8	17.1	
<i>Russell 3000 Index + 3% (Qtr Lag)</i>			2.6	8.7	15.7	19.9	18.2	12.6	11.6	21.3	25.2	14.4	
<b>Private Equity</b>	<b>3,154</b>	<b>11.4</b>	<b>2.7</b>	<b>5.6</b>	<b>9.8</b>	<b>12.5</b>	<b>13.6</b>	<b>7.8</b>	<b>13.9</b>	<b>15.4</b>	<b>14.3</b>	<b>13.2</b>	<b>04/01/1986</b>
<i>Burgiss Buyout Custom Index (Qtr Lag)</i>			-0.4	2.0	6.3	12.1	13.4	7.0	13.1	15.2	16.1	25.8	
<b>Special Situations</b>	<b>802</b>	<b>2.9</b>	<b>0.9</b>	<b>2.3</b>	<b>3.8</b>	<b>10.6</b>	<b>11.3</b>	<b>8.7</b>	<b>12.7</b>	<b>9.0</b>	<b>16.8</b>	<b>13.1</b>	<b>01/01/1995</b>
<i>Burgiss Special Situations Custom Index (Qtr Lag)</i>			0.3	0.8	5.3	10.5	10.1	6.8	9.6	12.2	13.7	11.6	
<b>Venture Capital</b>	<b>1,338</b>	<b>4.9</b>	<b>0.4</b>	<b>2.5</b>	<b>3.7</b>	<b>6.2</b>	<b>9.5</b>	<b>4.2</b>	<b>5.6</b>	<b>9.9</b>	<b>6.1</b>	<b>6.4</b>	<b>01/01/1986</b>
<i>Burgiss Venture Capital Custom Index (Qtr Lag)</i>			3.3	12.8	21.2	17.3	16.5	9.9	10.6	23.4	14.9	14.8	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 GLOBAL PUBLIC EQUITY - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>GLOBAL PUBLIC EQUITY</b>	<b>10,286</b>	<b>37.3</b>	<b>0.9</b>	<b>3.8</b>	<b>2.0</b>	<b>14.3</b>	<b>13.0</b>	<b>4.3</b>	<b>6.1</b>	<b>3.3</b>	<b>26.3</b>	<b>6.6</b>	<b>01/01/2002</b>
<i>MSCI ACW Investable Mkt Index (Net)</i>			0.5	3.1	0.8	13.3	12.2	5.2	6.7	3.8	23.6	7.0	
<b>Global Mandates</b>	<b>670</b>	<b>2.4</b>	<b>1.2</b>	<b>3.1</b>	<b>3.8</b>	<b>13.1</b>	<b>12.7</b>	<b>7.5</b>	<b>N/A</b>	<b>3.9</b>	<b>22.3</b>	<b>6.8</b>	<b>11/01/2006</b>
<i>MSCI World Index (Net)</i>			0.3	2.6	1.4	14.3	13.1	5.3	6.4	4.9	26.7	4.5	
Walter Scott & Ptnrs Gbl Gr Eq (SA)	670	2.4	1.2	3.1	3.8	13.1	12.5	7.6	N/A	3.9	22.3	7.7	10/01/2006
<i>MSCI World Index (Net)</i>			0.3	2.6	1.4	14.3	13.1	5.3	6.4	4.9	26.7	4.9	
<b>U.S. Equity</b>	<b>5,254</b>	<b>19.1</b>	<b>0.7</b>	<b>2.5</b>	<b>7.5</b>	<b>17.9</b>	<b>18.0</b>	<b>7.0</b>	<b>7.2</b>	<b>11.2</b>	<b>34.1</b>	<b>10.8</b>	<b>01/01/1981</b>
<i>Russell 3000 Index*</i>			0.1	1.9	7.3	17.7	17.5	9.7	8.2	12.6	33.6	10.9	
<b>U.S. Mid/Large Cap Equity</b>	<b>4,494</b>	<b>16.3</b>	<b>0.5</b>	<b>2.0</b>	<b>7.6</b>	<b>18.0</b>	<b>18.3</b>	<b>7.2</b>	<b>7.8</b>	<b>12.7</b>	<b>33.8</b>	<b>9.3</b>	<b>01/01/1994</b>
<i>Russell 1000 Index</i>			0.1	1.7	7.4	17.7	17.6	9.6	8.1	13.2	33.1	9.4	
Cornerstone LC Growth (SA)	370	1.3	1.9	4.4	10.4	14.4	N/A	N/A	N/A	9.0	25.6	14.4	07/01/2012
<i>Russell 1000 Growth Index</i>			0.1	4.0	10.6	18.0	18.6	10.5	9.1	13.1	33.5	18.0	
Diamond Hill LC (SA)	432	1.6	2.7	2.8	7.3	19.5	N/A	N/A	N/A	10.5	38.6	19.5	07/01/2012
<i>Russell 1000 Index</i>			0.1	1.7	7.4	17.7	17.6	9.6	8.1	13.2	33.1	17.7	
Epoch LC Value (SA)	396	1.4	-0.4	0.1	8.8	17.0	N/A	N/A	N/A	13.9	34.6	17.0	07/01/2012
<i>Russell 1000 Value Index</i>			0.1	-0.6	4.1	17.3	16.5	8.6	7.0	13.5	32.5	17.3	
Iridian Asset Mgmt MCV (SA)	415	1.5	0.9	2.8	5.7	25.0	22.2	13.0	12.7	14.1	43.2	14.7	03/01/1995
<i>Russell Mid Cap Index</i>			-1.5	2.4	6.6	19.3	18.2	10.5	9.4	13.2	34.8	11.5	
MCM Russell 1000 Index (SA)	2,880	10.5	0.1	1.7	7.4	17.7	N/A	N/A	N/A	13.2	33.1	17.9	01/01/2012
<i>Russell 1000 Index</i>			0.1	1.7	7.4	17.7	17.6	9.6	8.1	13.2	33.1	18.0	
<b>U.S. Small Cap Equity</b>	<b>760</b>	<b>2.8</b>	<b>1.3</b>	<b>5.5</b>	<b>7.1</b>	<b>17.3</b>	<b>16.8</b>	<b>9.4</b>	<b>7.5</b>	<b>2.7</b>	<b>36.4</b>	<b>10.0</b>	<b>01/01/1994</b>
<i>Russell 2500 Index*</i>			-0.3	4.8	5.9	18.7	17.9	10.9	9.1	7.1	36.8	10.9	
Emerald Adv PA Sm Cap Core Eq (SA)	473	1.7	2.2	6.7	7.5	16.4	16.1	9.6	10.6	0.9	35.0	13.1	10/01/1994
<i>Russell 2500 Index*</i>			-0.3	4.8	5.9	18.7	17.9	10.9	9.1	7.1	36.8	9.9	
Mellon Cap Mgmt PA Quant Eq (SA)	287	1.0	-0.2	3.7	6.3	18.8	18.2	10.3	8.6	5.6	38.8	12.7	10/01/1994
<i>Russell 2500 Index*</i>			-0.3	4.8	5.9	18.7	17.9	10.9	9.1	7.1	36.8	11.4	

Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. \*Please see Addendum for the complete history of the benchmark.

Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 GLOBAL PUBLIC EQUITY - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>Non-U.S. Equity</b>	<b>4,361</b>	<b>15.8</b>	<b>1.2</b>	<b>5.6</b>	<b>-4.2</b>	<b>10.5</b>	<b>8.7</b>	<b>0.6</b>	<b>4.6</b>	<b>-5.1</b>	<b>18.3</b>	<b>6.6</b>	<b>11/01/1995</b>
<i>MSCI ACW Ex US IMI (Net)*</i>			1.0	4.6	-5.0	9.8	8.0	1.9	5.9	-3.9	15.8	5.9	
<b>Non-U.S. Developed Markets Equity</b>	<b>3,505</b>	<b>12.7</b>	<b>1.1</b>	<b>6.1</b>	<b>-3.5</b>	<b>12.5</b>	<b>10.5</b>	<b>1.6</b>	<b>4.9</b>	<b>-4.8</b>	<b>23.6</b>	<b>6.6</b>	<b>01/01/2002</b>
<i>MSCI ACW Ex US IMI (Net)</i>			1.0	4.6	-5.0	9.8	8.0	1.9	5.8	-3.9	15.8	7.5	
<b>Non-U.S. Dev Mid/Large Cap Equity</b>	<b>2,971</b>	<b>10.8</b>	<b>0.9</b>	<b>5.2</b>	<b>-3.9</b>	<b>12.0</b>	<b>10.4</b>	<b>0.3</b>	<b>4.1</b>	<b>-4.5</b>	<b>22.4</b>	<b>5.7</b>	<b>01/01/2002</b>
<i>MSCI World Ex US Index (Net)</i>			0.5	4.3	-5.3	11.1	9.0	1.7	5.2	-4.3	21.0	6.4	
Artisan Int'l Growth Eq (SA)	444	1.6	0.0	3.9	0.3	14.5	14.0	5.4	8.7	-0.1	27.6	11.0	04/01/2003
<i>MSCI ACW Ex US Index (Net)*</i>			0.5	4.0	-5.3	9.4	7.8	1.1	4.7	-3.9	15.3	9.5	
MCM MSCI World Ex US Index (SA)	1,475	5.4	0.7	4.6	-5.0	11.5	N/A	N/A	N/A	-4.3	21.6	10.7	01/01/2012
<i>MSCI World Ex US Index (Net)</i>			0.5	4.3	-5.3	11.1	9.0	1.7	5.2	-4.3	21.0	10.2	
Morgan Stanley Inv Mgmt Int'l Eq (SA)	426	1.5	1.9	6.7	-4.0	11.3	10.3	3.9	6.0	-5.9	21.7	7.1	12/01/1999
<i>MSCI EAFE Index (Net)*</i>			0.6	5.5	-4.2	12.0	9.5	2.0	5.2	-4.9	22.8	3.6	
Templeton Int'l Eq (SA)	626	2.3	1.2	6.5	-4.2	11.9	9.2	2.5	5.6	-7.1	21.4	7.7	01/01/1995
<i>MSCI ACW Ex US Index (Net)*</i>			0.5	4.0	-5.3	9.4	7.8	1.1	4.7	-3.9	15.3	5.3	
<b>Non-U.S. Dev Small Cap Equity</b>	<b>534</b>	<b>1.9</b>	<b>2.4</b>	<b>11.8</b>	<b>-1.0</b>	<b>15.5</b>	<b>11.5</b>	<b>6.5</b>	<b>8.1</b>	<b>-6.8</b>	<b>31.2</b>	<b>7.6</b>	<b>10/01/1993</b>
<i>MSCI Wrld Ex US Sm Cap Index (Net)</i>			4.2	8.4	-4.0	13.6	11.1	4.7	6.3	-5.3	25.6	N/A	
Harris Assoc Int'l SCV (SA)	534	1.9	2.4	11.8	-1.0	15.5	11.9	9.8	9.6	-6.8	31.3	13.3	07/01/2003
<i>MSCI Wrld Ex US Sm Cap Index (Net)</i>			4.2	8.4	-4.0	13.6	11.1	4.7	6.3	-5.3	25.6	10.5	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 GLOBAL PUBLIC EQUITY - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>Emerging Markets Equity</b>	<b>857</b>	<b>3.1</b>	<b>1.6</b>	<b>3.4</b>	<b>-7.1</b>	<b>3.0</b>	<b>2.2</b>	<b>-2.7</b>	<b>4.0</b>	<b>-5.9</b>	<b>-1.1</b>	<b>7.7</b>	<b>01/01/2002</b>
<i>MSCI Emg Mkts Index (Net)</i>			<i>0.7</i>	<i>2.9</i>	<i>-5.1</i>	<i>3.7</i>	<i>3.7</i>	<i>0.9</i>	<i>8.1</i>	<i>-2.2</i>	<i>-2.6</i>	<i>11.3</i>	
Ashmore Emerging Small Cap Equity (SA)	129	0.5	4.9	9.1	-5.3	N/A	N/A	N/A	N/A	-10.9	N/A	0.8	05/01/2013
<i>MSCI Emg Mkts Small Cap Index (Net)</i>			<i>4.5</i>	<i>8.3</i>	<i>0.3</i>	<i>8.0</i>	<i>5.0</i>	<i>5.3</i>	<i>10.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.8</i>	
BlackRock Emg Mkts Index (CF)	147	0.5	0.6	2.8	-5.3	3.5	3.1	N/A	N/A	-2.5	-2.7	6.0	07/01/2009
<i>MSCI Emg Mkts Index (Net)</i>			<i>0.7</i>	<i>2.9</i>	<i>-5.1</i>	<i>3.7</i>	<i>3.7</i>	<i>0.9</i>	<i>8.1</i>	<i>-2.2</i>	<i>-2.6</i>	<i>6.7</i>	
Delaware Emerging Markets Equity (SA)	257	0.9	3.4	2.0	-9.4	N/A	N/A	N/A	N/A	-7.2	N/A	0.2	05/01/2013
<i>MSCI Emg Mkts Index (Net)</i>			<i>0.7</i>	<i>2.9</i>	<i>-5.1</i>	<i>3.7</i>	<i>3.7</i>	<i>0.9</i>	<i>8.1</i>	<i>-2.2</i>	<i>-2.6</i>	<i>-0.5</i>	
GlobeFlex Emerging Small Cap (SA)	86	0.3	0.6	6.4	-0.6	N/A	N/A	N/A	N/A	3.1	N/A	8.3	08/01/2013
<i>MSCI Emg Mkts Small Cap Index (Net)</i>			<i>4.5</i>	<i>8.3</i>	<i>0.3</i>	<i>8.0</i>	<i>5.0</i>	<i>5.3</i>	<i>10.0</i>	<i>1.0</i>	<i>1.0</i>	<i>7.0</i>	
Martin Currie Emerging Markets Equity (SA)	237	0.9	-1.0	1.3	-8.6	N/A	N/A	N/A	N/A	-6.8	N/A	-3.8	01/01/2014
<i>MSCI Emg Mkts Index (Net)</i>			<i>0.7</i>	<i>2.9</i>	<i>-5.1</i>	<i>3.7</i>	<i>3.7</i>	<i>0.9</i>	<i>8.1</i>	<i>-2.2</i>	<i>-2.6</i>	<i>0.5</i>	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 REAL ASSETS - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										Inception Date
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	
<b>REAL ASSETS</b>	<b>4,192</b>	<b>15.2</b>	<b>2.3</b>	<b>1.5</b>	<b>0.8</b>	<b>6.6</b>	<b>8.4</b>	<b>-0.2</b>	<b>6.4</b>	<b>6.3</b>	<b>8.0</b>	<b>7.5</b>	<b>01/01/1984</b>
<i>Real Assets Custom Benchmark*</i>			2.7	4.4	2.5	8.1	10.2	0.4	5.5	5.4	9.1	6.5	
<i>Consumer Price Index + 3%</i>			1.8	3.1	3.1	4.4	4.9	4.3	5.1	3.8	4.5	5.8	
<b>Private Real Assets</b>	<b>796</b>	<b>2.9</b>	<b>2.0</b>	<b>0.2</b>	<b>7.4</b>	<b>10.9</b>	<b>13.4</b>	<b>1.3</b>	<b>7.3</b>	<b>15.8</b>	<b>13.3</b>	<b>8.5</b>	<b>01/01/1984</b>
<i>Private Real Assets Custom Benchmark*</i>			3.1	7.1	13.6	13.9	14.8	4.6	7.4	14.2	15.4	6.9	
<i>Consumer Price Index + 3%</i>			1.8	3.1	3.1	4.4	4.9	4.3	5.1	3.8	4.5	5.8	
<b>Private Energy</b>	<b>184</b>	<b>0.7</b>	<b>-1.1</b>	<b>-18.6</b>	<b>-11.5</b>	<b>-1.3</b>	<b>6.7</b>	<b>4.0</b>	<b>17.5</b>	<b>14.0</b>	<b>5.9</b>	<b>16.1</b>	<b>04/01/2005</b>
<i>Russell 3000 Index + 3% (Qtr Lag)</i>			2.6	8.7	15.7	19.9	18.2	12.6	11.6	21.3	25.2	11.2	
<b>Non-Core Real Estate</b>	<b>613</b>	<b>2.2</b>	<b>2.9</b>	<b>7.0</b>	<b>14.2</b>	<b>15.1</b>	<b>15.5</b>	<b>-0.2</b>	<b>5.4</b>	<b>16.4</b>	<b>15.5</b>	<b>7.9</b>	<b>01/01/1984</b>
<i>All-Open End Funds Index (Qtr Lag)</i>			3.2	6.5	12.7	12.2	14.2	1.6	5.7	12.0	12.6	6.4	
<b>Public Real Assets</b>	<b>3,396</b>	<b>12.3</b>	<b>2.4</b>	<b>1.8</b>	<b>-1.1</b>	<b>5.3</b>	<b>6.8</b>	<b>-0.8</b>	<b>5.9</b>	<b>3.7</b>	<b>6.3</b>	<b>6.4</b>	<b>07/01/1986</b>
<i>Public Real Assets Custom Benchmark*</i>			2.6	3.7	-0.5	6.4	8.8	-0.8	4.8	2.8	7.2	5.9	
<i>Consumer Price Index + 3%</i>			1.8	3.1	3.1	4.4	4.9	4.3	5.1	3.8	4.5	5.8	
<b>Core Real Estate</b>	<b>1,942</b>	<b>7.0</b>	<b>2.8</b>	<b>3.0</b>	<b>8.5</b>	<b>9.2</b>	<b>8.8</b>	<b>-0.2</b>	<b>5.0</b>	<b>9.1</b>	<b>13.0</b>	<b>5.8</b>	<b>07/01/1986</b>
<i>Custom Core Index (Qtr Lag)</i>			3.1	6.6	12.6	11.9	13.1	2.1	6.0	11.9	12.3	6.0	
<b>REITs</b>	<b>366</b>	<b>1.3</b>	<b>4.4</b>	<b>13.6</b>	<b>17.4</b>	<b>13.4</b>	<b>12.9</b>	<b>7.3</b>	<b>9.8</b>	<b>8.4</b>	<b>12.0</b>	<b>11.3</b>	<b>04/01/1996</b>
<i>Custom Public Index (Qtr Lag)</i>			4.8	12.5	16.3	13.5	12.7	5.5	8.0	7.0	12.4	10.8	
<b>Commodities &amp; Infrastructure</b>	<b>1,088</b>	<b>3.9</b>	<b>0.9</b>	<b>-3.5</b>	<b>-18.1</b>	<b>-2.9</b>	<b>1.4</b>	<b>-5.5</b>	<b>1.5</b>	<b>-5.1</b>	<b>-5.4</b>	<b>6.9</b>	<b>11/01/2001</b>
<i>Commodities &amp; Infrastructure Custom Benchmark*</i>			1.2	-3.7	-21.3	-3.7	1.0	-7.6	-0.6	-10.2	-2.2	4.7	
BAAM Custom Commodities Fund LP	441	1.6	4.0	-3.4	-21.1	-6.5	-0.9	-5.2	N/A	-11.0	-9.9	0.5	05/01/2007
<i>BAAM Custom Index</i>			4.4	-2.4	-25.6	-8.2	-2.5	-10.1	N/A	-19.3	-6.1	-3.9	
Harvest Fund Advisors MLP	176	0.6	-2.4	-4.8	-8.5	N/A	N/A	N/A	N/A	17.5	N/A	8.5	05/01/2013
<i>S&amp;P MLP Index (TR)</i>			-5.2	-8.1	-16.5	10.5	13.3	13.6	N/A	7.7	29.8	2.7	
Kayne Anderson MLP	157	0.6	-2.9	-4.9	-13.1	N/A	N/A	N/A	N/A	8.4	N/A	3.7	05/01/2013
<i>S&amp;P MLP Index (TR)</i>			-5.2	-8.1	-16.5	10.5	13.3	13.6	N/A	7.7	29.8	2.7	
Wellington Inf Protection (CF)	314	1.1	0.6	-2.2	-21.2	-4.8	0.3	-6.3	2.8	-12.7	-4.4	3.5	01/01/2005
<i>Wellington Dvf'd Infl Hedge Comp Index</i>			1.1	-1.9	-17.8	-2.1	2.7	-2.6	4.5	-8.2	-1.9	5.0	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 DIVERSIFYING ASSETS - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>DIVERSIFYING ASSETS HISTORY</b>	<b>1,759</b>	<b>6.4</b>	<b>0.8</b>	<b>3.8</b>	<b>5.5</b>	<b>9.3</b>	<b>6.7</b>	<b>4.2</b>	<b>5.2</b>	<b>6.7</b>	<b>11.2</b>	<b>5.3</b>	<b>01/01/2002</b>
<b>DIVERSIFYING ASSETS</b>	<b>1,759</b>	<b>6.4</b>	<b>0.8</b>	<b>3.8</b>	<b>5.5</b>	<b>9.3</b>	<b>6.7</b>	<b>4.3</b>	<b>N/A</b>	<b>6.7</b>	<b>11.2</b>	<b>3.9</b>	<b>07/01/2007</b>
<i>DA Custom Index*</i>			1.2	3.9	4.6	11.5	8.2	6.8	6.2	4.1	22.2	6.6	
<i>HFRI FOF Strategic Index</i>			1.2	3.9	4.6	7.4	4.7	1.3	3.6	3.1	10.5	1.0	
<b>Direct Hedge Funds</b>	<b>112</b>	<b>0.4</b>	<b>0.6</b>	<b>3.0</b>	<b>4.0</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.8</b>	<b>N/A</b>	<b>4.6</b>	<b>10/01/2013</b>
Hoplite Partners, L.P.	23	0.1	1.3	4.7	7.4	N/A	N/A	N/A	N/A	4.2	N/A	7.7	10/01/2013
<i>HFRI Eq Hedge (Tot) Index</i>			1.9	3.9	2.4	8.4	6.0	3.2	4.9	1.8	14.3	6.0	
Luxor Capital Partners LP	19	0.1	4.4	4.4	-5.8	N/A	N/A	N/A	N/A	-9.8	N/A	-4.0	01/01/2014
<i>HFRI ED: (Tot) Index</i>			0.6	2.4	-0.8	7.4	6.0	4.7	5.7	1.1	12.5	2.3	
MKP Opportunity Partners, L.P.	15	0.1	-1.6	4.8	8.8	N/A	N/A	N/A	N/A	-2.2	N/A	1.7	01/01/2014
<i>HFRI Macro (Tot) Index</i>			-3.5	-0.4	4.1	1.8	1.9	1.5	4.2	5.6	-0.4	3.4	
Pine River Fund Ltd.	22	0.1	2.3	4.2	7.6	N/A	N/A	N/A	N/A	4.9	N/A	5.5	10/01/2013
<i>HFRI Rel Value (Tot) Index</i>			0.7	2.6	1.8	6.6	6.3	5.7	6.5	4.0	7.1	5.2	
Samlyn Onshore Fund LP	17	0.1	-0.1	6.4	12.9	N/A	N/A	N/A	N/A	N/A	N/A	12.9	07/01/2014
<i>HFRI Eq Hedge (Tot) Index</i>			1.9	3.9	2.4	8.4	6.0	3.2	4.9	1.8	14.3	2.4	
Stelliam Fund LP	16	0.1	-4.1	-7.2	-5.0	N/A	N/A	N/A	N/A	13.9	N/A	4.0	02/01/2014
<i>HFRI Eq Hedge (Tot) Index</i>			1.9	3.9	2.4	8.4	6.0	3.2	4.9	1.8	14.3	4.8	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 DIVERSIFYING ASSETS - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>Absolute Return</b>	<b>132</b>	<b>0.5</b>	<b>-1.2</b>	<b>1.5</b>	<b>1.3</b>	<b>2.6</b>	<b>2.8</b>	<b>1.5</b>	<b>N/A</b>	<b>-1.4</b>	<b>3.3</b>	<b>1.5</b>	<b>07/01/2007</b>
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.6</i>	
Arden Inst'l LP	26	0.1	-2.4	4.5	9.6	9.1	6.8	3.8	N/A	12.9	6.2	4.0	10/01/2006
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.8</i>	
BAAM Custom ARS Fund LP	42	0.2	-4.1	-7.5	-5.6	1.3	2.9	1.4	3.8	5.2	2.5	4.3	01/01/2002
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</i>	
Mesirow Multi-Manager Fund III LP	32	0.1	1.0	8.4	7.7	11.4	8.6	5.4	6.4	4.1	14.3	6.6	10/01/2002
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.4</i>	
MSAIP Inst'l LP	14	0.0	-0.9	7.7	10.4	11.6	8.5	4.2	5.4	14.7	8.7	5.4	07/01/2002
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</i>	
PAAMCO Newport Sequoia Fund LLC	14	0.0	4.4	11.8	-6.6	-22.5	-16.7	-13.4	-6.3	-51.0	-14.8	-3.7	07/01/2002
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</i>	
Rock Creek Penn Quarter LP	5	0.0	0.0	-4.3	-8.1	3.3	3.0	0.9	N/A	0.3	8.6	1.6	10/01/2006
<i>3 Mo LIBOR Index + 3%*</i>			<i>0.8</i>	<i>1.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>3.4</i>	<i>3.8</i>	<i>3.2</i>	<i>3.3</i>	<i>3.8</i>	
<b>Hedged Strategies</b>	<b>1,515</b>	<b>5.5</b>	<b>1.0</b>	<b>4.0</b>	<b>6.1</b>	<b>10.8</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>8.1</b>	<b>13.2</b>	<b>9.1</b>	<b>04/01/2012</b>
<i>HFRI FOF Comp Index</i>			<i>0.2</i>	<i>2.7</i>	<i>3.9</i>	<i>6.3</i>	<i>4.1</i>	<i>1.2</i>	<i>3.2</i>	<i>3.4</i>	<i>9.0</i>	<i>5.0</i>	
Arden Keystone Fund LP	153	0.6	0.3	3.7	3.5	N/A	N/A	N/A	N/A	5.4	N/A	8.1	05/01/2013
<i>HFRI FOF Comp Index</i>			<i>0.2</i>	<i>2.7</i>	<i>3.9</i>	<i>6.3</i>	<i>4.1</i>	<i>1.2</i>	<i>3.2</i>	<i>3.4</i>	<i>9.0</i>	<i>4.9</i>	
Blackstone Keystone Fund	1,039	3.8	1.2	4.5	7.8	12.8	N/A	N/A	N/A	9.5	15.7	12.8	07/01/2012
<i>HFRI FOF Comp Index</i>			<i>0.2</i>	<i>2.7</i>	<i>3.9</i>	<i>6.3</i>	<i>4.1</i>	<i>1.2</i>	<i>3.2</i>	<i>3.4</i>	<i>9.0</i>	<i>6.3</i>	
Entrust Keystone Fund	323	1.2	0.4	2.9	2.3	9.5	N/A	N/A	N/A	5.9	13.9	8.2	04/01/2012
<i>HFRI FOF Comp Index</i>			<i>0.2</i>	<i>2.7</i>	<i>3.9</i>	<i>6.3</i>	<i>4.1</i>	<i>1.2</i>	<i>3.2</i>	<i>3.4</i>	<i>9.0</i>	<i>5.0</i>	
Tiger Keystone Partners, L.P.	1	0.0	-11.1	-11.8	-14.1	-1.5	N/A	N/A	N/A	0.2	4.6	-2.4	04/01/2012
<i>HFRI FOF Comp Index</i>			<i>0.2</i>	<i>2.7</i>	<i>3.9</i>	<i>6.3</i>	<i>4.1</i>	<i>1.2</i>	<i>3.2</i>	<i>3.4</i>	<i>9.0</i>	<i>5.0</i>	

Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. \*Please see Addendum for the complete history of the benchmark. Performance for DIVERSIFYING ASSETS HISTORY is for reference purposes only.

Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 FIXED INCOME - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>FIXED INCOME</b>	<b>4,387</b>	<b>15.9</b>	<b>-1.2</b>	<b>0.5</b>	<b>1.1</b>	<b>3.0</b>	<b>5.4</b>	<b>5.9</b>	<b>5.6</b>	<b>6.1</b>	<b>-2.2</b>	<b>9.0</b>	<b>01/01/1981</b>
<i>Barclays US Agg Bond Index</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	6.0	-2.0	8.2	
<b>Core Plus Fixed Income</b>	<b>1,250</b>	<b>4.5</b>	<b>0.2</b>	<b>1.8</b>	<b>1.1</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.0</b>	<b>4.4</b>	<b>5.7</b>	<b>10/01/2012</b>
Brandywine Global Opp (SA)	186	0.7	-3.2	-3.8	-5.9	2.1	N/A	N/A	N/A	6.0	-3.7	4.5	02/01/2011
<i>Citigroup Wrld Gov't Bond Index</i>			-1.5	-4.0	-9.0	-2.4	1.0	1.7	3.1	-0.5	-4.0	-0.2	
Pyramis Gbl Adv HY CMBS (SA)	305	1.1	-0.1	3.3	6.0	12.4	13.9	10.6	7.4	10.4	10.7	9.6	04/01/1997
<i>Barclays US CMBS Ex AAA Index</i>			-0.9	0.7	1.5	4.8	8.6	0.5	-1.1	3.9	1.4	N/A	
SEI Struc Cred: HY Bank Loans (CF)	247	0.9	3.5	3.3	5.5	10.0	14.2	15.4	N/A	6.2	6.0	15.5	05/01/2008
<i>Citigroup High Yield Market Index</i>			0.2	2.6	-0.9	6.4	8.4	8.9	7.5	1.8	7.2	8.3	
Stone Harbor EMD (SA)	125	0.5	0.6	2.8	-5.1	2.3	6.0	7.7	7.6	1.3	-9.8	8.1	04/01/2005
<i>JPM Emg Mkt Bond Index</i>			-0.3	1.8	-1.6	3.4	6.5	7.4	7.3	5.5	-6.6	7.8	
Stone Harbor Gbl HY (SA)	194	0.7	-0.7	2.0	-2.4	6.6	7.6	8.3	7.2	1.3	8.3	8.3	07/01/2000
<i>Citigroup High Yield Market Index</i>			0.2	2.6	-0.9	6.4	8.4	8.9	7.5	1.8	7.2	7.5	
Waterfall Asset Mgmt ABS (SA)	176	0.6	0.9	2.4	4.5	8.8	10.6	N/A	N/A	6.4	9.6	10.6	03/01/2010
<i>3 Mo LIBOR Index + 8%</i>			2.0	4.1	8.3	8.3	8.3	8.6	9.9	8.3	8.3	8.3	
WR Huff HY Bond Fund (SA)	15	0.1	-1.3	2.4	-5.2	15.9	16.7	16.9	12.3	6.7	23.1	10.9	07/01/1986
<i>Citigroup High Yield Market Index</i>			0.2	2.6	-0.9	6.4	8.4	8.9	7.5	1.8	7.2	8.4	

WR Huff HY Bond Fund (SA) is currently undergoing liquidation.

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 FIXED INCOME - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>Core Fixed Income</b>	<b>1,844</b>	<b>6.7</b>	<b>-1.8</b>	<b>-0.2</b>	<b>1.5</b>	<b>2.6</b>	<b>4.6</b>	<b>5.9</b>	<b>4.9</b>	<b>6.0</b>	<b>-2.1</b>	<b>5.2</b>	<b>01/01/2002</b>
<i>Barclays US Agg Bond Index</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	6.0	-2.0	4.9	
Mackay Shields Core Fixed Income (SA)	195	0.7	-1.9	-0.2	1.2	N/A	N/A	N/A	N/A	5.1	N/A	3.0	07/01/2013
<i>Barclays US Agg Bond Index</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	6.0	-2.0	3.1	
Mellon Cap Mgmt Bond Index (SA)	1,126	4.1	-1.7	-0.1	1.8	1.7	3.2	4.4	4.3	6.0	-2.3	7.7	04/01/1984
<i>Barclays US Agg Bond Index*</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	6.0	-2.0	8.0	
PIMCO Core Bond Fund (SA)	247	0.9	-1.6	0.4	1.9	N/A	N/A	N/A	N/A	5.9	-2.8	1.3	01/01/2013
<i>Barclays US Agg ex Trsy</i>			-1.7	-0.2	1.6	2.4	3.7	5.0	4.7	6.5	-1.6	1.8	
Taplin, Canida & Habacht Corp FI (SA)	174	0.6	-3.0	-1.2	-0.4	3.5	5.2	6.5	5.3	7.3	-1.2	6.2	12/01/2000
<i>Barclays US Credit Index</i>			-2.9	-0.8	0.9	3.0	4.9	6.1	5.1	7.5	-2.0	6.1	
UBS Core Bond (SA)	102	0.4	-1.9	-0.5	1.2	N/A	N/A	N/A	N/A	5.7	N/A	3.0	07/01/2013
<i>Barclays US Agg Bond Index</i>			-1.7	-0.1	1.9	1.8	3.3	4.6	4.4	6.0	-2.0	3.1	
<b>Global TIPS</b>	<b>770</b>	<b>2.8</b>	<b>-0.9</b>	<b>0.3</b>	<b>-1.7</b>	<b>-0.6</b>	<b>1.9</b>	<b>2.3</b>	<b>3.5</b>	<b>3.9</b>	<b>-8.1</b>	<b>3.4</b>	<b>02/01/2003</b>
<i>Barclays US Trsy: US TIPS Index</i>			-1.1	0.3	-1.7	-0.8	3.3	3.5	4.1	3.6	-8.6	4.8	
Brown Brothers TIPS (SA)	204	0.7	-0.9	0.7	-1.1	-0.4	N/A	N/A	N/A	3.8	-8.4	0.2	02/01/2012
<i>Barclays US Trsy: US TIPS Index</i>			-1.1	0.3	-1.7	-0.8	3.3	3.5	4.1	3.6	-8.6	-0.2	
New Century Global TIPS (SA)	106	0.4	-0.3	-0.8	-2.9	1.5	N/A	N/A	N/A	5.2	-4.9	1.3	02/01/2012
<i>Barclays Wrld Gov Infl-Lnkd Index (Unhedged)</i>			0.0	-1.2	-3.4	0.7	4.4	2.4	4.2	4.1	-4.8	0.6	
NISA Inv Adv TIPS (SA)	460	1.7	-1.1	0.4	-1.7	-1.1	1.5	2.0	N/A	3.6	-8.7	3.3	04/01/2007
<i>Barclays US Trsy: US TIPS Index*</i>			-1.1	0.3	-1.7	-1.0	1.5	2.0	N/A	3.6	-8.6	N/A	

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Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 FIXED INCOME - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>Nominal U.S. Treasuries</b>	<b>523</b>	<b>1.9</b>	<b>-2.9</b>	<b>-0.3</b>	<b>3.8</b>	<b>0.8</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.4</b>	<b>-7.5</b>	<b>2.1</b>	<b>09/01/2011</b>
<i>Barclays US Trsy Bellwethers: 10 Yr</i>			-3.0	-0.5	3.8	0.8	4.1	5.2	4.7	10.7	-7.8	2.5	
PIMCO US Treasuries (SA)	263	1.0	-2.7	-0.1	3.8	0.8	N/A	N/A	N/A	10.1	-7.2	2.2	09/01/2011
<i>Barclays US Trsy Bellwethers: 10 Yr</i>			-3.0	-0.5	3.8	0.8	4.1	5.2	4.7	10.7	-7.8	2.5	
Wellington US Treasuries (SA)	260	0.9	-3.1	-0.5	3.9	0.7	N/A	N/A	N/A	10.7	-7.8	1.4	10/01/2011
<i>Barclays US Trsy Bellwethers: 10 Yr</i>			-3.0	-0.5	3.8	0.8	4.1	5.2	4.7	10.7	-7.8	1.8	

Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. \*Please see Addendum for the complete history of the benchmark.

Commonwealth of Pennsylvania State Employees' Retirement System  
 Asset Allocation & Performance  
 LIQUIDITY RESERVE - NET OF FEES

As of June 30, 2015

	Allocation		Performance (%)										
	Market Value (\$M)	%	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	Since Incep.	Inception Date
<b>LIQUIDITY RESERVE</b>	<b>1,630</b>	<b>5.9</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>1.8</b>	<b>0.5</b>	<b>0.3</b>	<b>4.0</b>	<b>01/01/1987</b>
<b>Cash Equivalent</b>	<b>1,279</b>	<b>4.6</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>	<b>1.8</b>	<b>0.4</b>	<b>0.2</b>	<b>4.0</b>	<b>01/01/1987</b>
<i>BofA ML 3 Mo US T-Bill Index</i>			<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>1.4</i>	<i>0.0</i>	<i>0.1</i>	<i>3.7</i>	
Cash Management (SA)	1,251	4.5	0.3	0.5	0.6	0.4	0.4	0.6	1.8	0.4	0.2	4.0	01/01/1987
<i>BofA ML 3 Mo US T-Bill Index</i>			<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>1.4</i>	<i>0.0</i>	<i>0.1</i>	<i>3.7</i>	
Overnight Cash (SA)	27	0.1	0.0	0.0	0.1	0.1	0.1	0.3	N/A	0.1	0.1	0.6	12/01/2007
<i>BofA ML 3 Mo US T-Bill Index</i>			<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>1.4</i>	<i>0.0</i>	<i>0.1</i>	<i>0.4</i>	
<b>Short-Term Notes</b>	<b>351</b>	<b>1.3</b>	<b>0.1</b>	<b>0.6</b>	<b>0.8</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.8</b>	<b>N/A</b>	<b>0.8</b>	<b>04/01/2013</b>
<i>Barclays US Gov't/Credit: 1-3 Yr Bond Index</i>			<i>0.1</i>	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>1.2</i>	<i>2.1</i>	<i>2.8</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	
PNC Short Duration (SA)	234	0.8	0.1	0.6	0.8	N/A	N/A	N/A	N/A	0.7	N/A	0.7	04/01/2013
<i>Barclays US Gov't/Credit: 1-3 Yr Bond Index</i>			<i>0.1</i>	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>1.2</i>	<i>2.1</i>	<i>2.8</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	
StoneRidge Short Duration (SA)	117	0.4	0.1	0.7	0.9	N/A	N/A	N/A	N/A	1.0	N/A	0.8	04/01/2013
<i>Barclays US Gov't/Credit: 1-3 Yr Bond Index</i>			<i>0.1</i>	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>1.2</i>	<i>2.1</i>	<i>2.8</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	

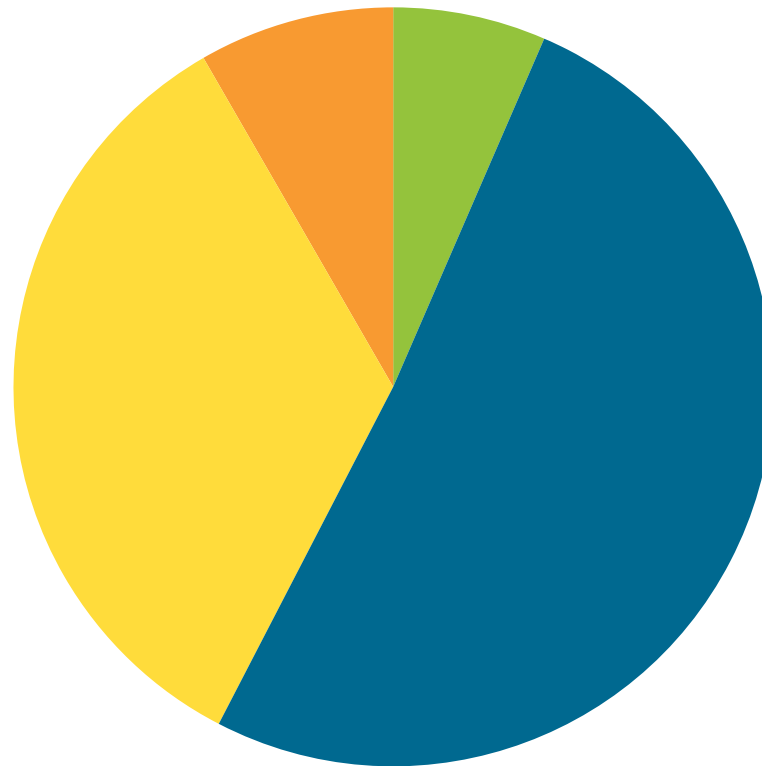
Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies.



# Sub-Composites



June 30, 2015 : \$10,286



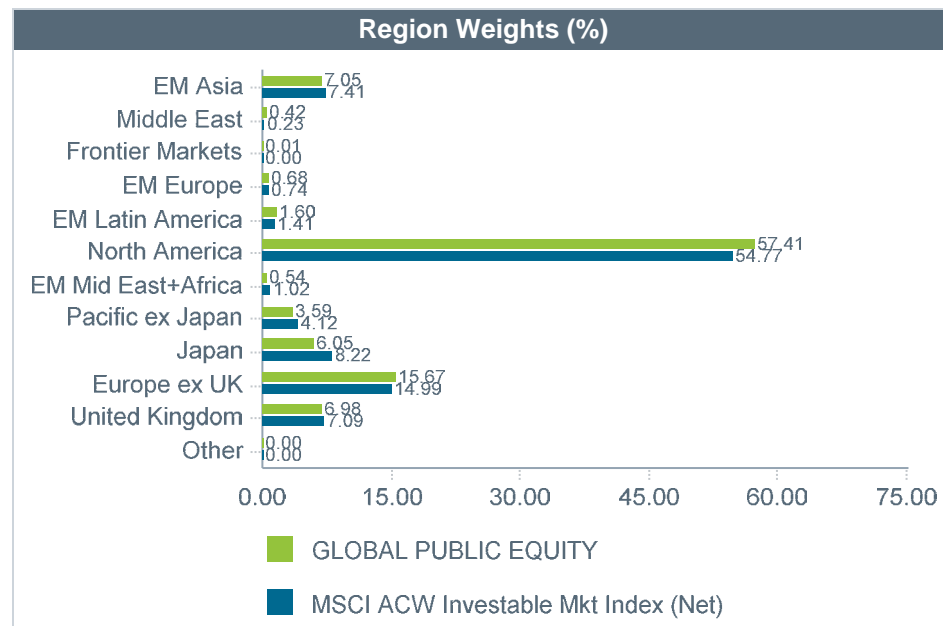
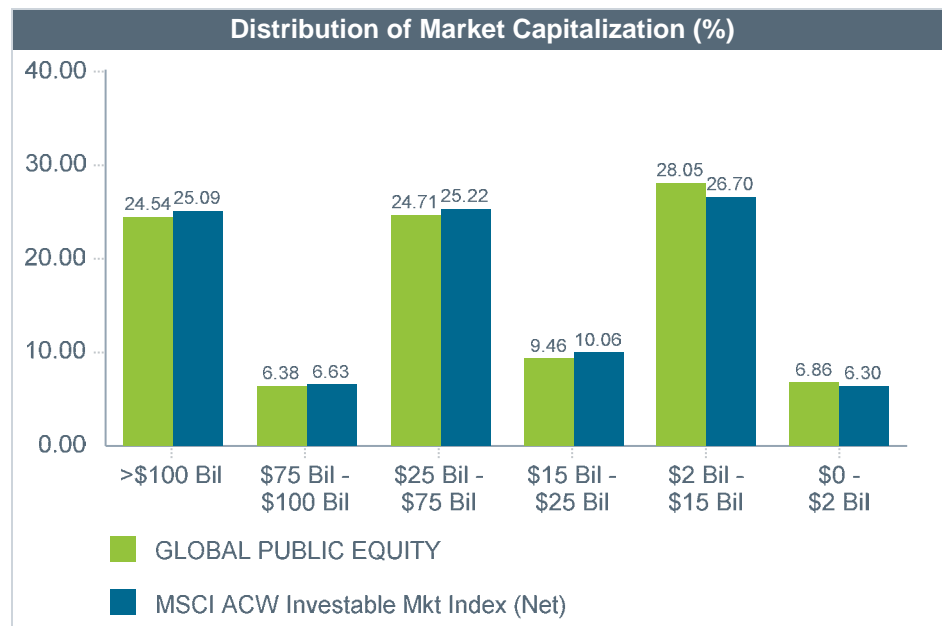
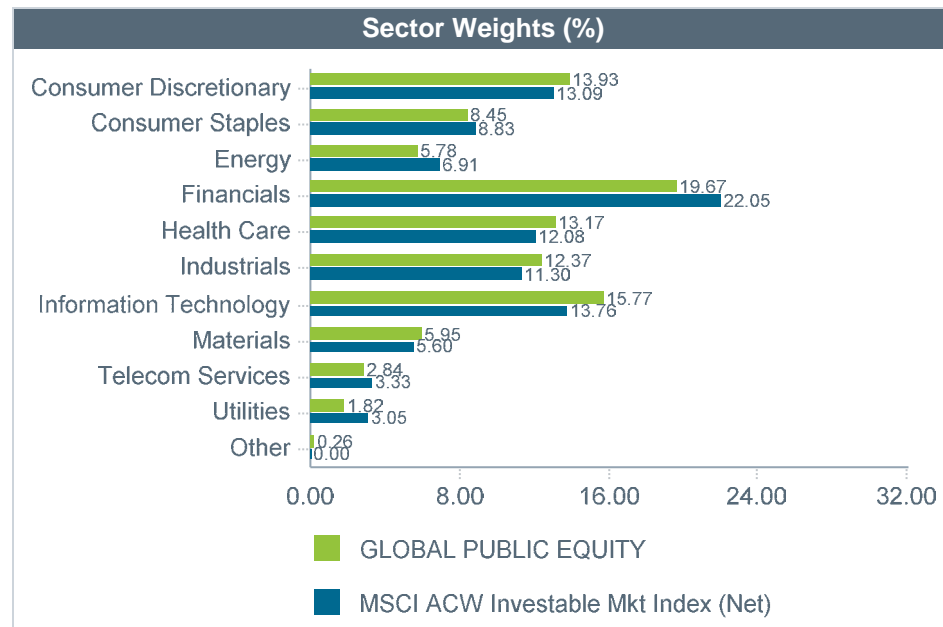
	Market Value (\$M)	Allocation (%)
Global Mandates	670	6.52
U.S. Equity	5,254	51.08
Non-U.S. Developed Markets Equity	3,505	34.07
Emerging Markets Equity	857	8.33

Allocations shown may not sum up to 100% exactly due to rounding.

**Commonwealth of Pennsylvania State Employees' Retirement System**  
**GLOBAL PUBLIC EQUITY vs. MSCI ACW Investable Mkt Index (Net)**  
**Portfolio Characteristics**

As of June 30, 2015

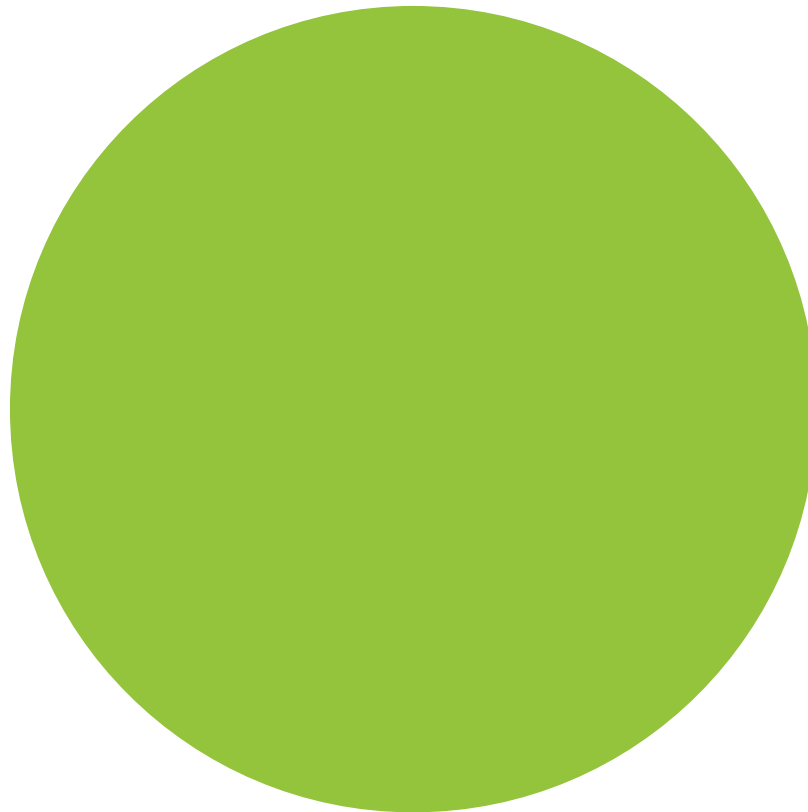
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	77,390	79,543
Median Mkt. Cap (\$M)	6,775	1,479
Price/Earnings Ratio	17.91	17.41
Price/Book Ratio	2.76	2.58
5 Yr. EPS Growth Rate (%)	13.06	12.40
Current Yield (%)	2.15	2.41
Beta (5 Years, Monthly)	0.99	1.00
Number of Securities	3,305	8,645



Sector allocation to "Other" consists of ETF holdings. Region allocation to "Other" consists of holdings domiciled in countries/regions that do not meet economic development, size, liquidity, or market accessibility criteria as defined by the MSCI region standards.



June 30, 2015 : \$670



	Market Value (\$M)	Allocation (%)
■ Walter Scott & Ptnrs Gbl Gr Eq (SA)	670	100.00

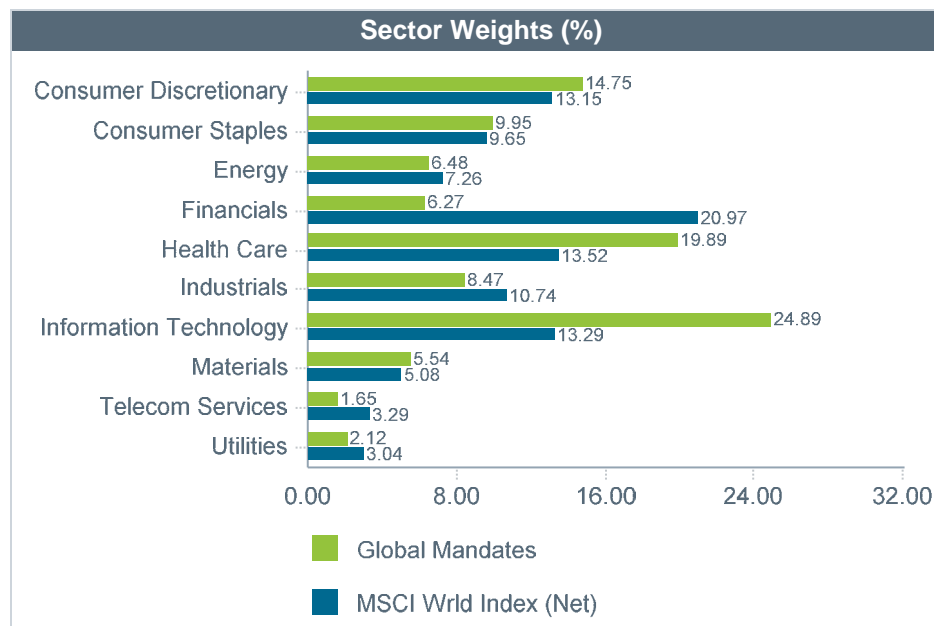
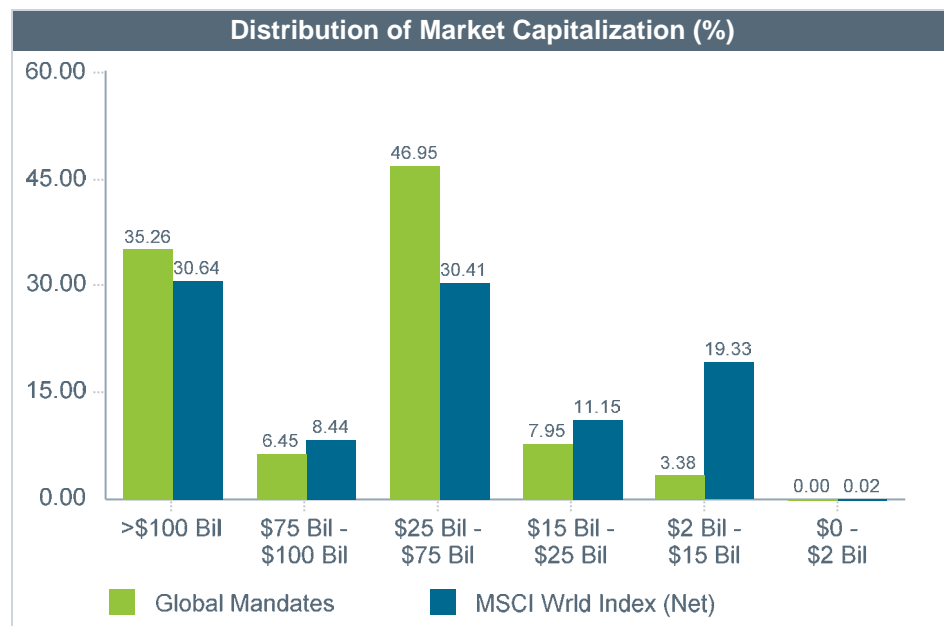
Allocations shown may not sum up to 100% exactly due to rounding.

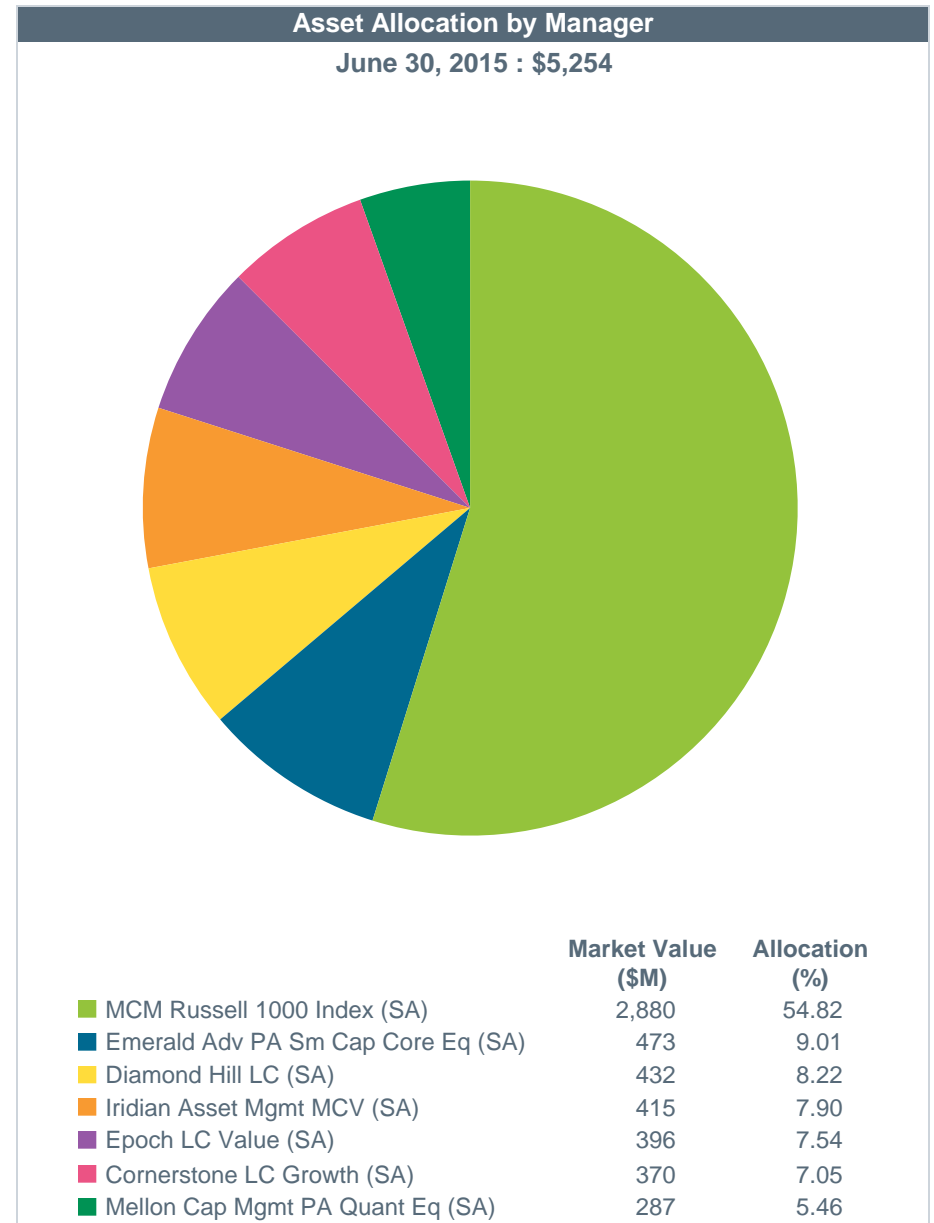
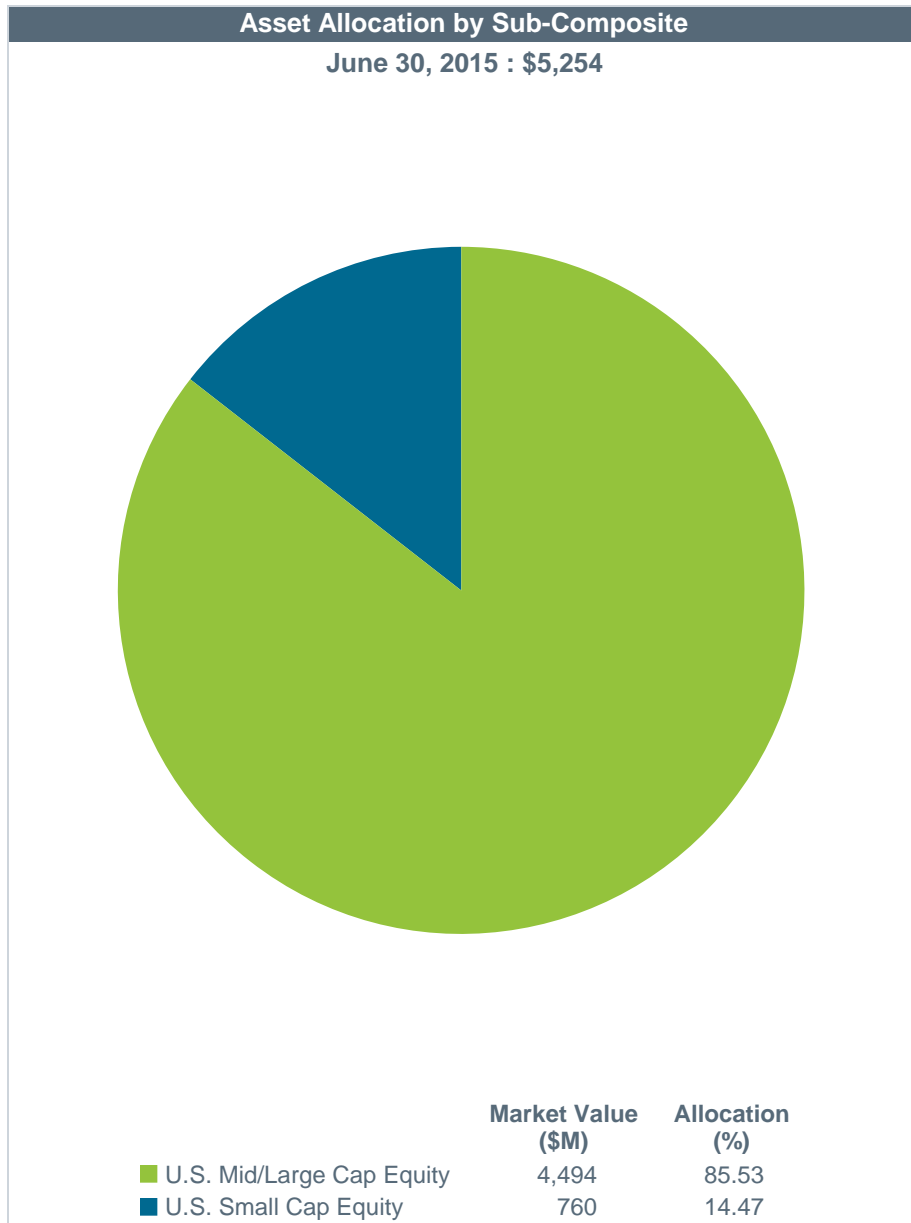
Commonwealth of Pennsylvania State Employees' Retirement System  
Global Mandates vs. MSCI Wrld Index (Net)  
Portfolio Characteristics

As of June 30, 2015

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Novo Nordisk A/S	3.52	0.31	3.21	1.87
MasterCard Inc	3.13	0.28	2.85	8.40
Keyence Corp	3.03	0.07	2.96	-1.23
TJX Companies Inc (The)	3.00	0.13	2.87	-5.24
Industria De Diseno Textil Inditex SA	2.58	0.11	2.47	2.22
AIA Group Ltd	2.52	0.23	2.29	4.69
Precision Castparts Corp.	2.40	0.08	2.32	-4.81
Gilead Sciences Inc	2.34	0.52	1.82	19.75
Fanuc Corp	2.27	0.12	2.15	-6.36
Nike Inc	2.27	0.22	2.05	7.96
% of Portfolio	27.06	2.07		

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	94,665	97,302
Median Mkt. Cap (\$M)	56,221	11,586
Price/Earnings Ratio	21.12	17.99
Price/Book Ratio	3.50	2.66
5 Yr. EPS Growth Rate (%)	12.70	12.30
Current Yield (%)	1.92	2.45
Beta (5 Years, Monthly)	0.92	1.00
Number of Securities	55	1,645





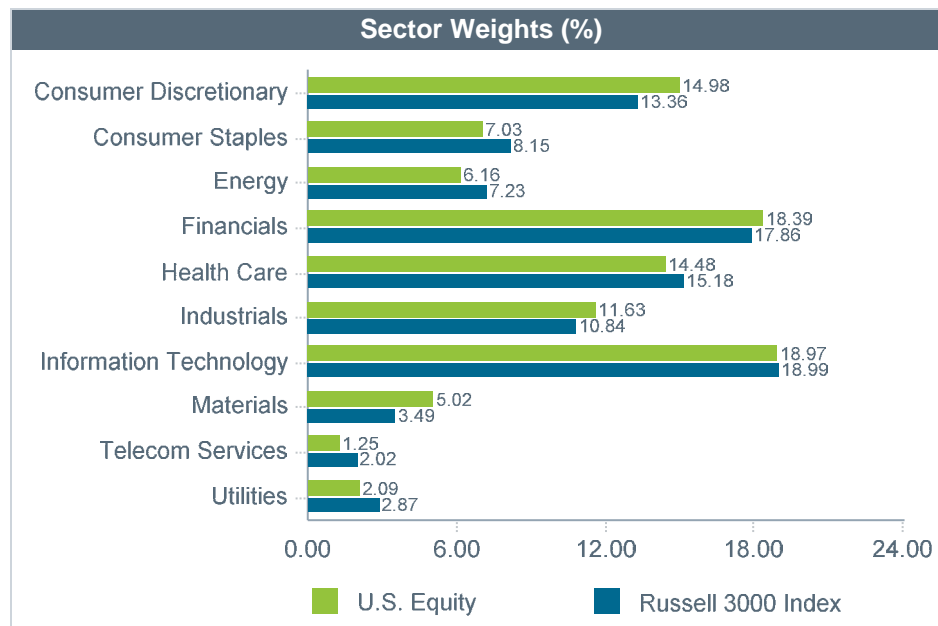
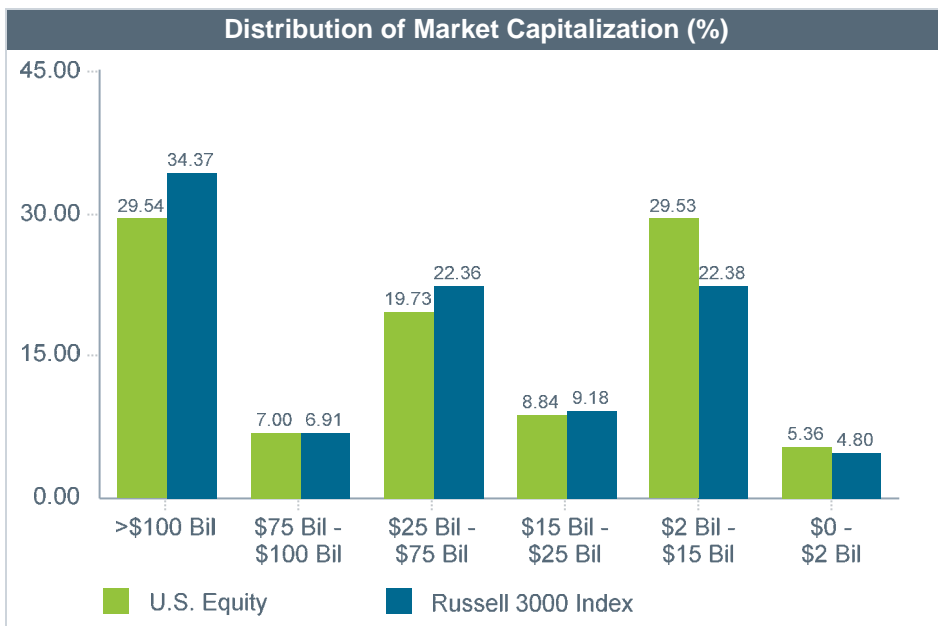
Allocations shown may not sum up to 100% exactly due to rounding. Asset Allocation by Manager excludes liquidating accounts.

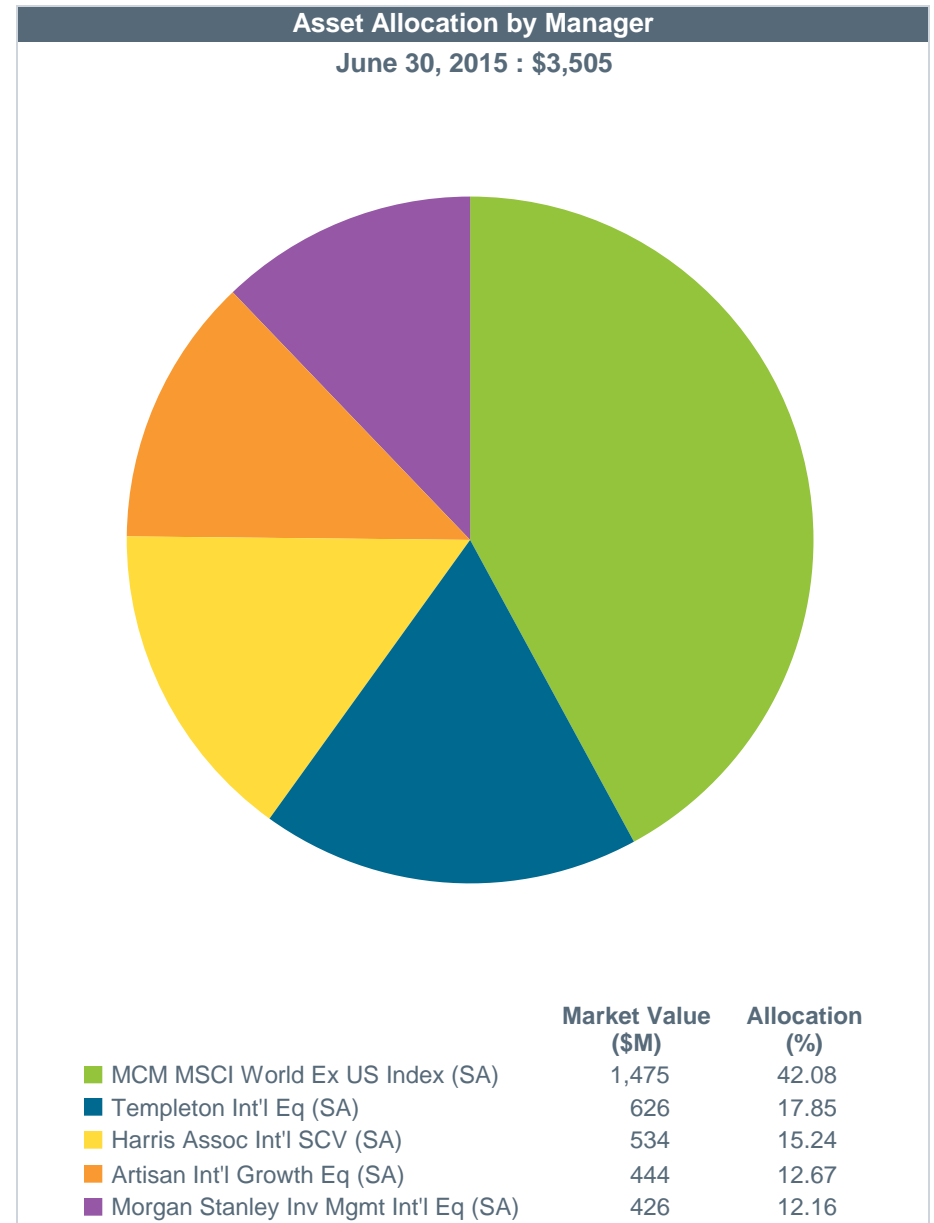
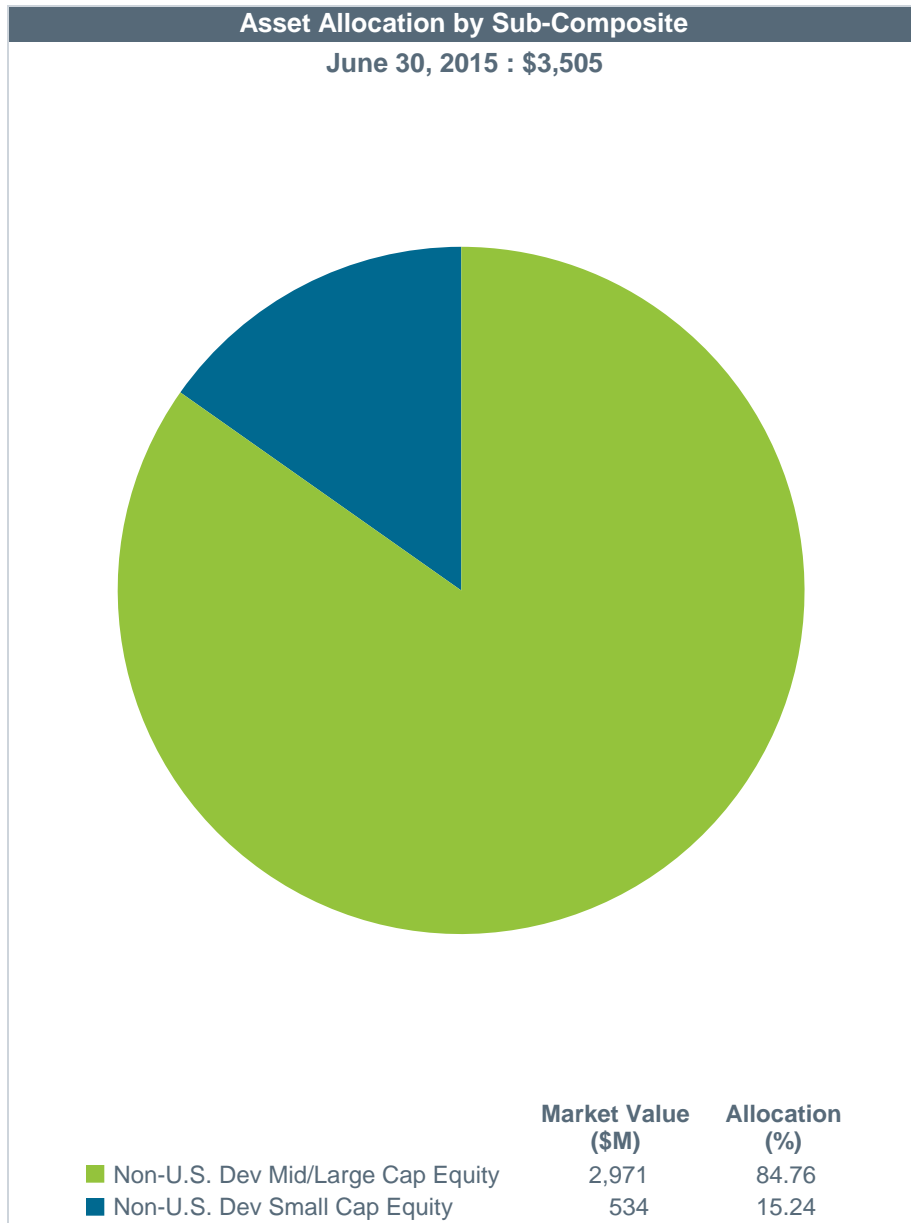
Commonwealth of Pennsylvania State Employees' Retirement System  
 U.S. Equity vs. Russell 3000 Index  
 Portfolio Characteristics

As of June 30, 2015

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	3.07	3.16	-0.09	1.22
Microsoft Corp	1.61	1.56	0.05	9.30
Walt Disney Co (The)	1.45	0.85	0.60	8.82
JPMorgan Chase & Co	1.18	1.10	0.08	12.60
Citigroup Inc	1.05	0.73	0.32	7.32
Procter & Gamble Co (The)	1.01	0.93	0.08	-3.73
Pfizer Inc	0.99	0.90	0.09	-2.82
American International Group Inc	0.96	0.36	0.60	13.07
Exxon Mobil Corp	0.92	1.52	-0.60	-1.29
United Technologies Corp	0.86	0.43	0.43	-4.83
% of Portfolio	13.10	11.54		

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	96,360	108,212
Median Mkt. Cap (\$M)	7,398	1,605
Price/Earnings Ratio	19.30	19.50
Price/Book Ratio	3.18	3.01
5 Yr. EPS Growth Rate (%)	14.23	13.14
Current Yield (%)	1.71	1.93
Beta (5 Years, Monthly)	1.03	1.00
Number of Securities	1,135	3,004





Allocations shown may not sum up to 100% exactly due to rounding. Asset Allocation by Manager excludes liquidating accounts.



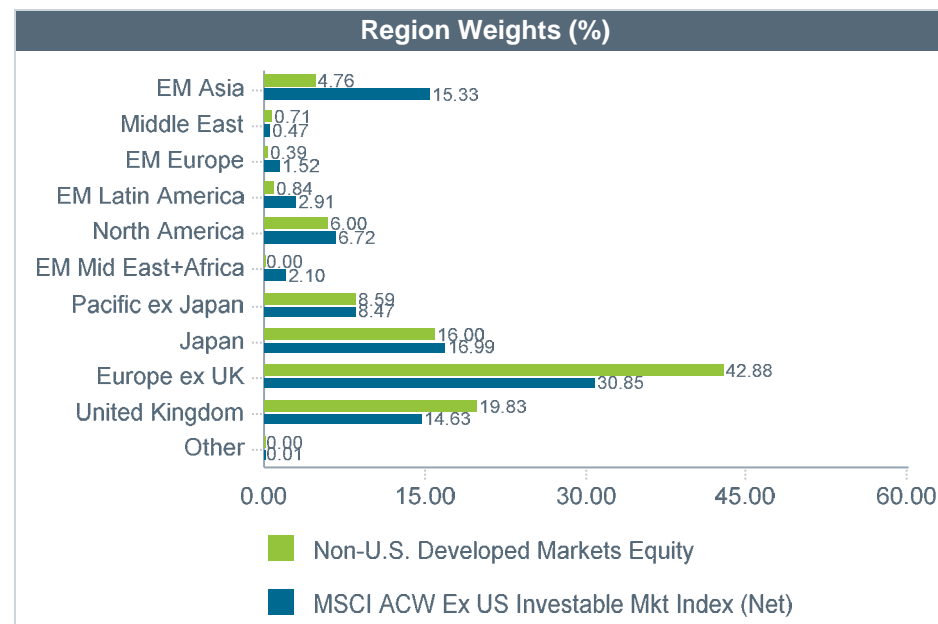
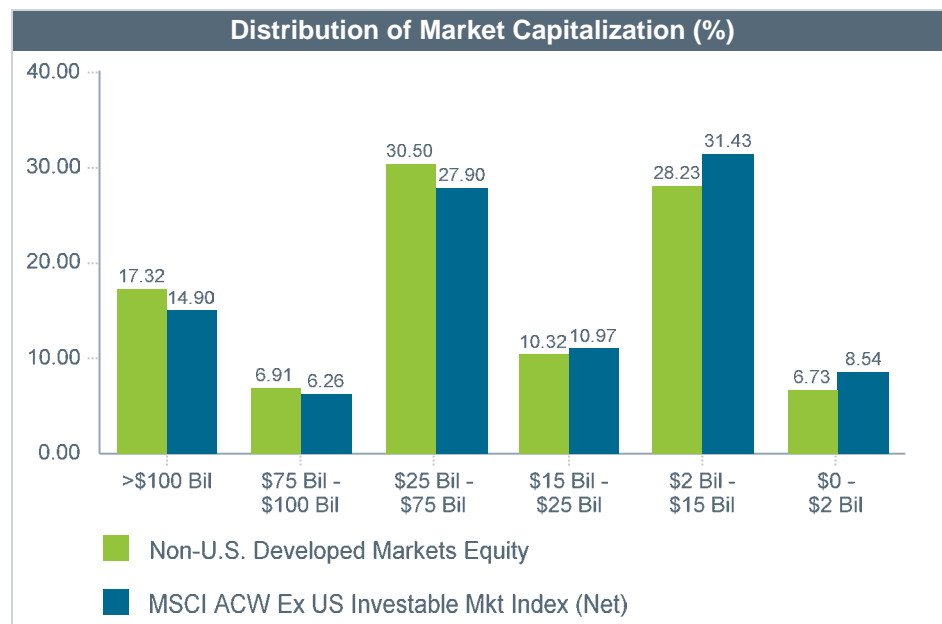
Commonwealth of Pennsylvania State Employees' Retirement System  
 Non-U.S. Developed Markets Equity vs. MSCI ACW Ex US Investable Mkt Index (Net)

As of June 30, 2015

Portfolio Characteristics

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Roche Holding AG	1.71	0.93	0.78	1.59
Nestle SA, Cham Und Vevey	1.65	1.10	0.55	-1.56
Toyota Motor Corp	1.62	0.87	0.75	-4.10
Bayer AG	1.53	0.55	0.98	-5.29
Novartis AG	1.50	1.08	0.42	-0.37
Sanofi	1.16	0.55	0.61	2.85
AIA Group Ltd	0.99	0.37	0.62	4.69
British American Tobacco PLC	0.90	0.47	0.43	3.71
Lloyds Banking Group PLC	0.89	0.36	0.53	16.46
Glaxosmithkline PLC	0.85	0.48	0.37	-8.17
% of Portfolio	12.80	6.76		

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	54,373	48,234
Median Mkt. Cap (\$M)	8,834	1,245
Price/Earnings Ratio	16.94	15.54
Price/Book Ratio	2.28	2.15
5 Yr. EPS Growth Rate (%)	10.53	11.39
Current Yield (%)	2.79	2.90
Beta (5 Years, Monthly)	0.97	1.00
Number of Securities	1,122	6,129



Allocation to "Other" consists of holdings domiciled in countries/regions that do not meet economic development, size, liquidity, or market accessibility criteria as defined by the MSCI region standards.



June 30, 2015 : \$857



	Market Value (\$M)	Allocation (%)
Delaware Emerging Markets Equity (SA)	257	30.06
Martin Currie Emerging Markets Equity (SA)	237	27.72
BlackRock Emg Mkts Index (CF)	147	17.21
Ashmore Emerging Small Cap Equity (SA)	129	15.02
GlobeFlex Emerging Small Cap (SA)	86	9.99

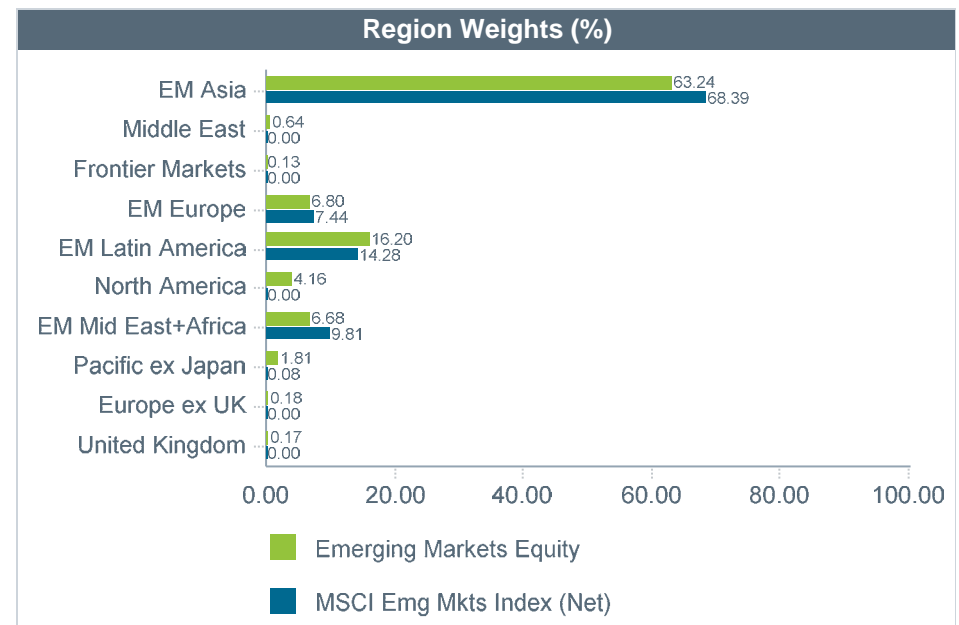
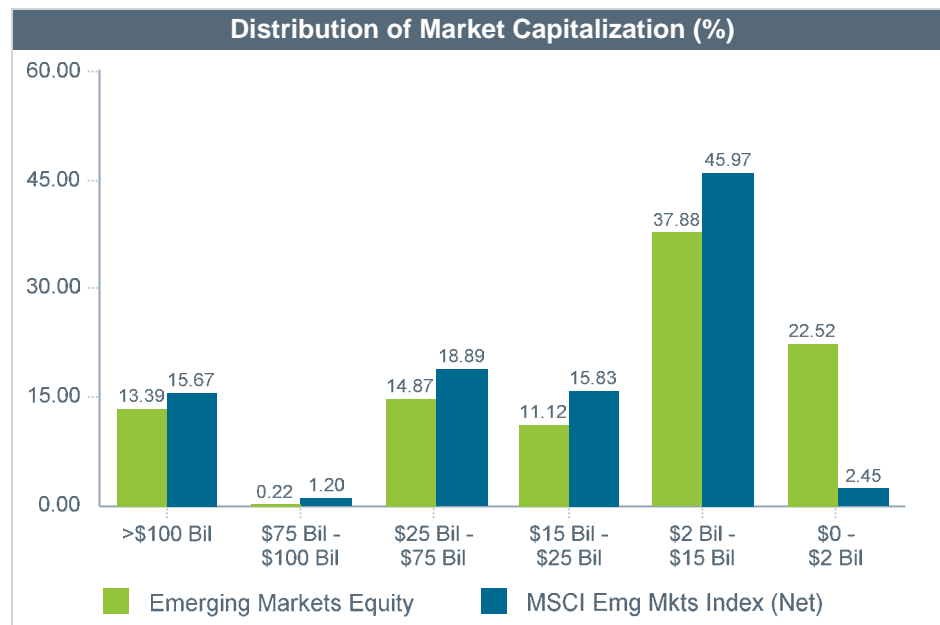
Allocations shown may not sum up to 100% exactly due to rounding.

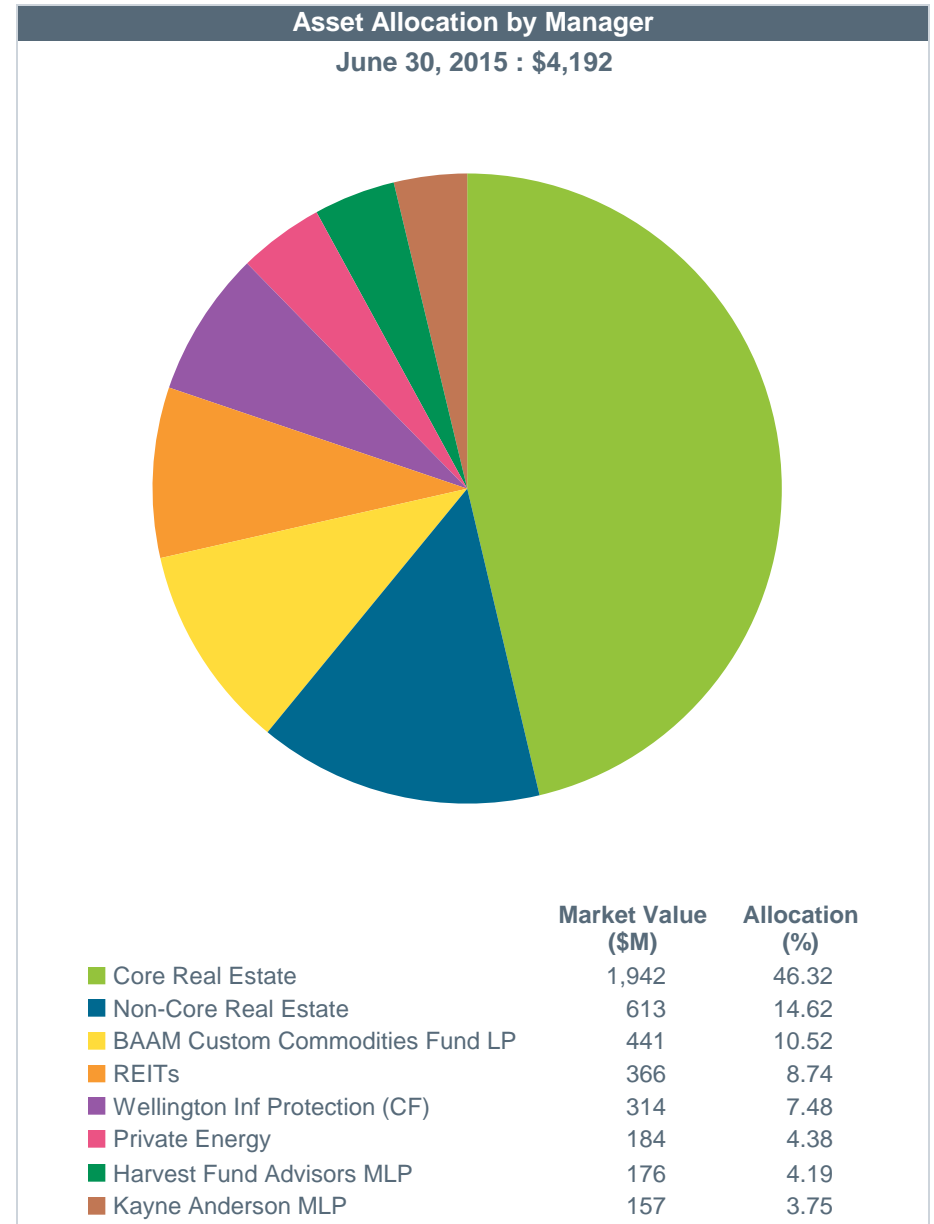
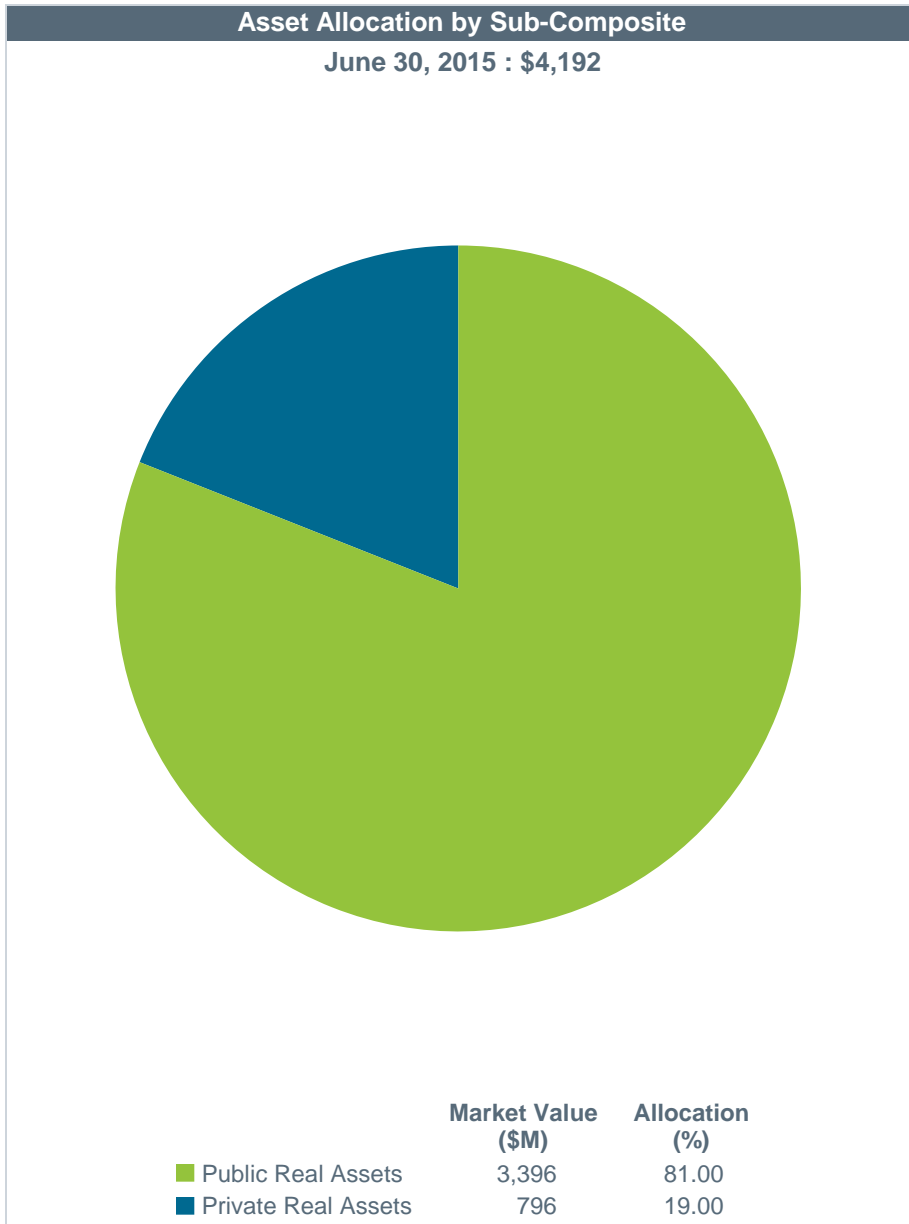
Commonwealth of Pennsylvania State Employees' Retirement System  
 Emerging Markets Equity vs. MSCI Emg Mkts Index (Net)  
 Portfolio Characteristics

As of June 30, 2015

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Samsung Electronics Co Ltd	3.60	3.14	0.46	-12.79
Ind. & Com. Bank of China Ltd	2.39	1.47	0.92	13.41
iShares MSCI India ETF	2.35	0.00	2.35	-5.00
Tencent Holdings LTD	2.19	2.58	-0.39	5.33
Taiwan Semiconductor Mfg	1.55	2.80	-1.25	0.82
Baidu Inc	1.53	0.00	1.53	-4.47
Naspers Ltd	1.51	1.55	-0.04	1.13
Taiwan Semiconductor Mfg (ADR)	1.47	2.80	-1.33	-0.13
Reliance Industries Ltd	1.36	0.51	0.85	19.14
Chinatrust Financial Holdings Co Ltd	1.19	0.27	0.92	18.14
% of Portfolio	19.14	15.12		

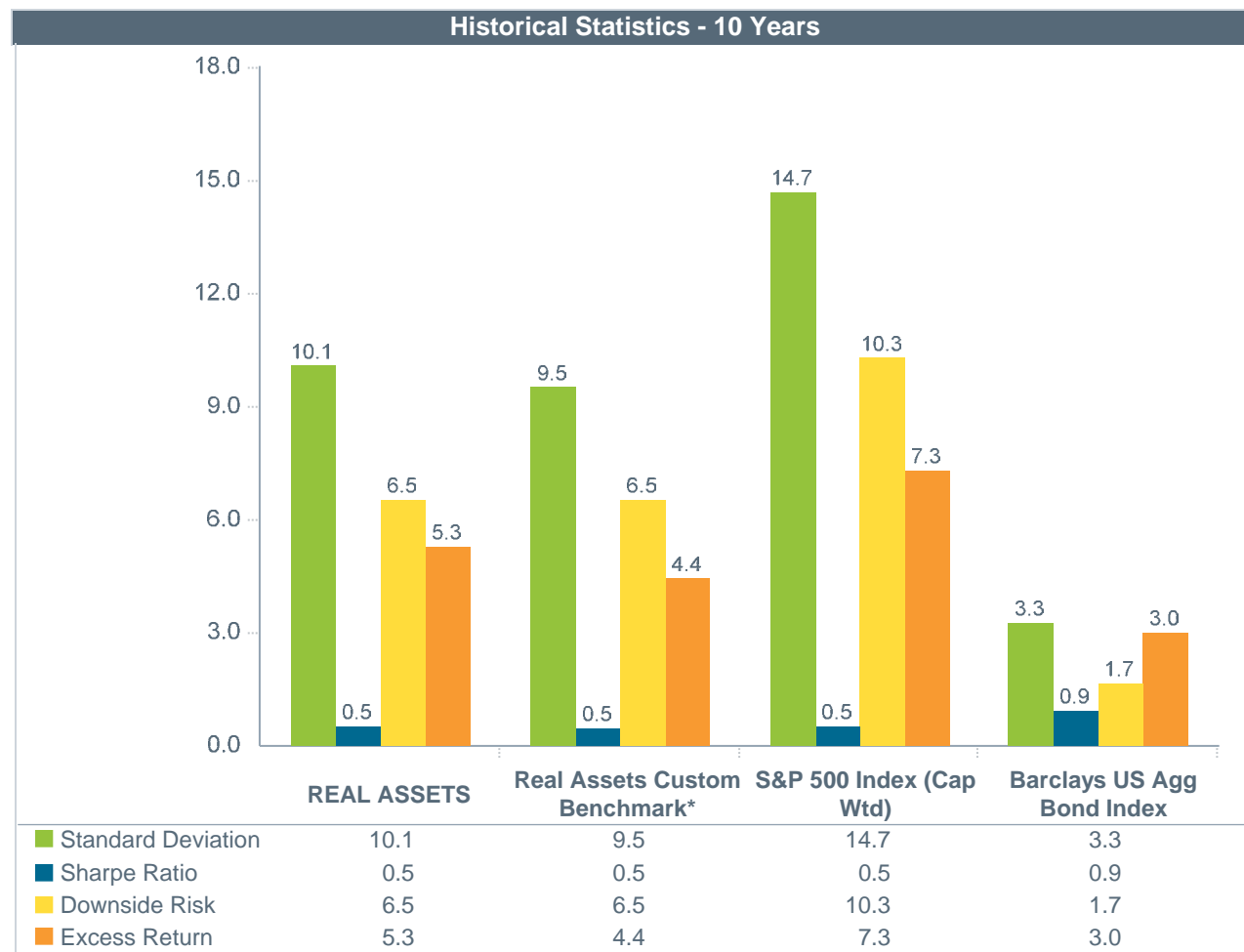
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	36,270	44,210
Median Mkt. Cap (\$M)	4,290	5,552
Price/Earnings Ratio	12.70	12.70
Price/Book Ratio	2.06	2.12
5 Yr. EPS Growth Rate (%)	16.25	12.56
Current Yield (%)	2.53	2.86
Beta (5 Years, Monthly)	0.99	1.00
Number of Securities	1,095	838





Allocations shown may not sum up to 100% exactly due to rounding.

Comparative Performance												
	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	2012	Since Incep.	Inception Date
<b>REAL ASSETS</b>	<b>2.3</b>	<b>1.5</b>	<b>0.8</b>	<b>6.6</b>	<b>8.4</b>	<b>-0.2</b>	<b>6.4</b>	<b>6.3</b>	<b>8.0</b>	<b>8.6</b>	<b>7.5</b>	<b>01/01/1984</b>
Real Assets Custom Benchmark*	2.7	4.4	2.5	8.1	10.2	0.4	5.5	5.4	9.1	11.5	6.5	
Difference	-0.4	-2.9	-1.7	-1.5	-1.8	-0.6	0.9	0.9	-1.1	-2.9	1.0	

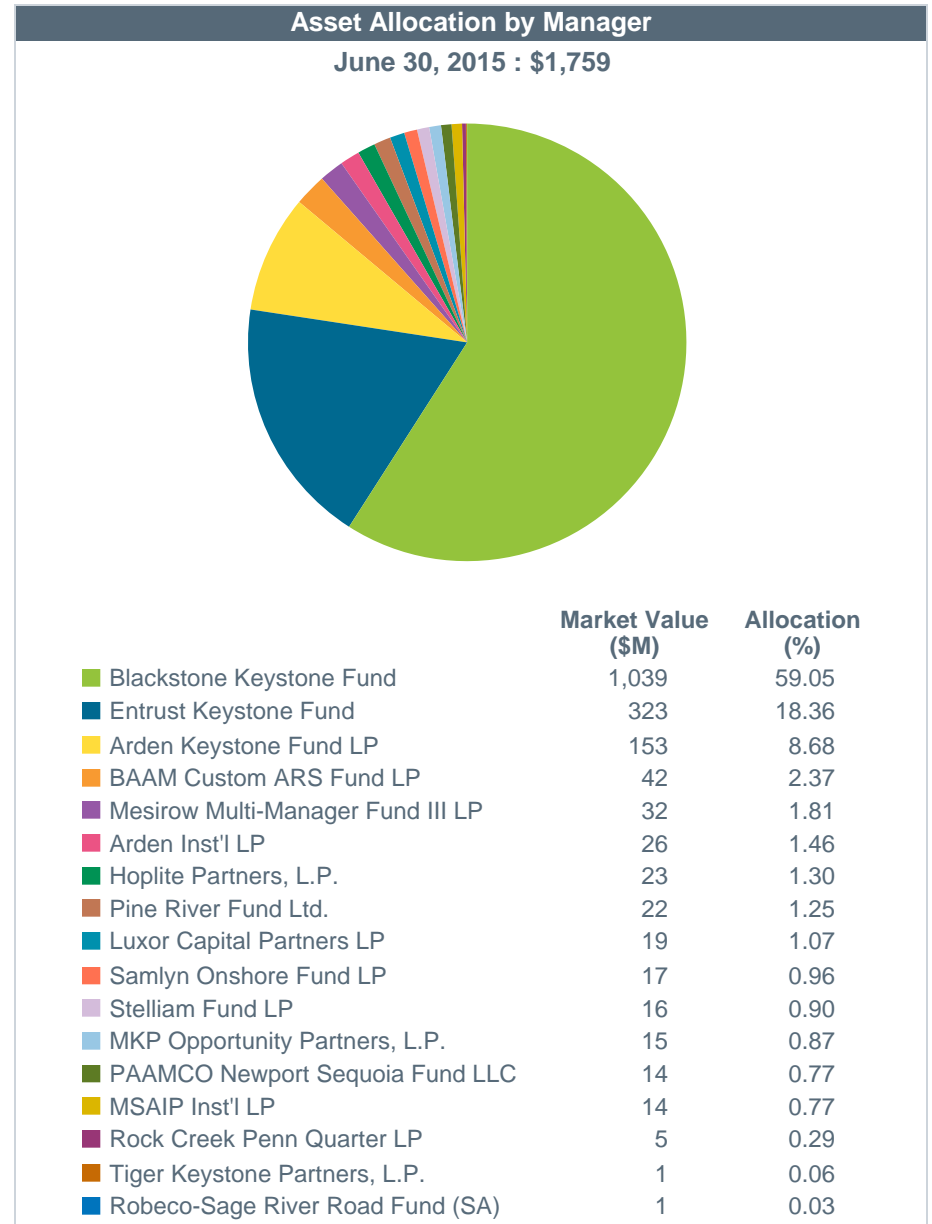
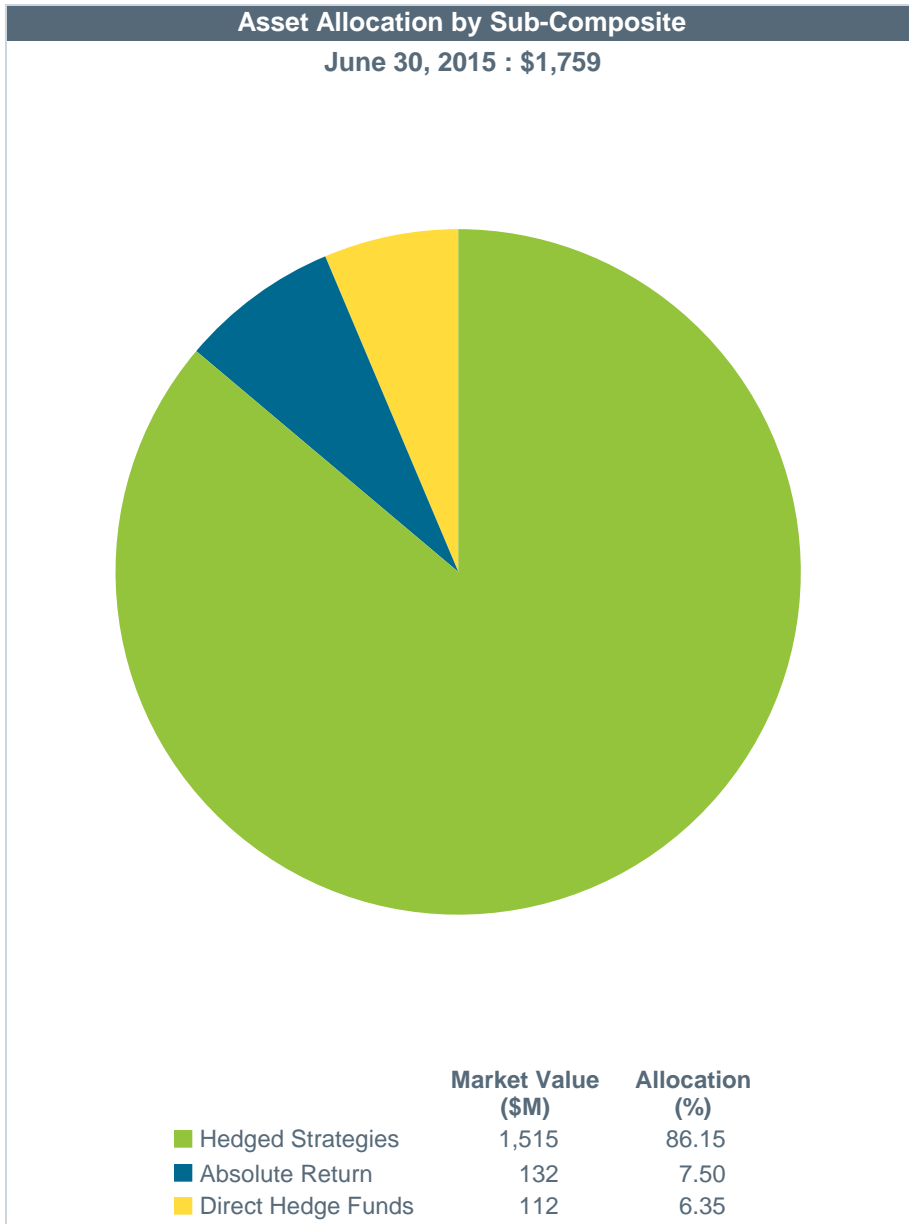


**Actual Correlation - 10 Years**

	Actual Correlation
Real Assets Custom Benchmark*	0.93
S&P 500 Index (Cap Wtd)	0.00
Russell 2000 Index	-0.01
MSCI EAFE Index (Net)	0.07
MSCI Emg Mkts Index (Net)	0.06
Barclays US Agg Bond Index	-0.33
Barclays US Trsy: US TIPS Index	-0.25
Wilshire US REIT Index	-0.15
HFN FOF Multi-Strat Index (Net)	0.26
Bbrg Cmnty Index (TR)	0.23
3 Mo US T-Bill Index	0.21
Consumer Price Index	0.27

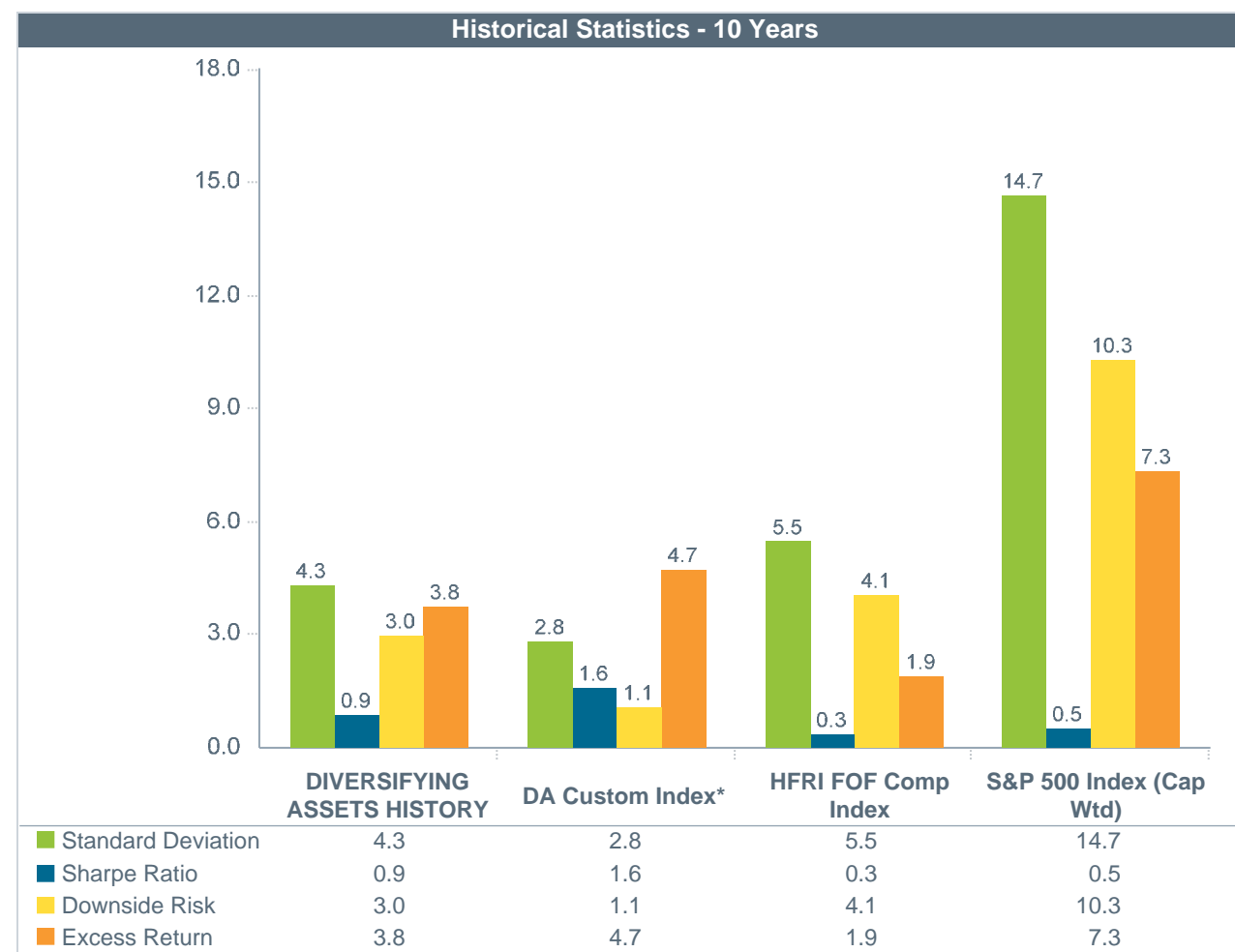
Performance shown is net of fees. Calculation is based on monthly periodicity.  
 \*Please see Addendum for the complete history of the benchmark.  
 Excess Return statistic is calculated against the BofA ML 3 Mo US T-Bill Index.





Allocations shown may not sum up to 100% exactly due to rounding.

Comparative Performance												
	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2014	2013	2012	Since Incep.	Inception Date
<b>DIVERSIFYING ASSETS HISTORY</b>	<b>0.8</b>	<b>3.8</b>	<b>5.5</b>	<b>9.3</b>	<b>6.7</b>	<b>4.2</b>	<b>5.2</b>	<b>6.7</b>	<b>11.2</b>	<b>8.6</b>	<b>5.3</b>	<b>01/01/2002</b>
DA Custom Index*	1.2	3.9	4.6	11.5	8.2	6.8	6.2	4.1	22.2	6.6	5.0	
Difference	-0.4	-0.1	0.9	-2.2	-1.5	-2.6	-1.0	2.6	-11.0	2.0	0.3	

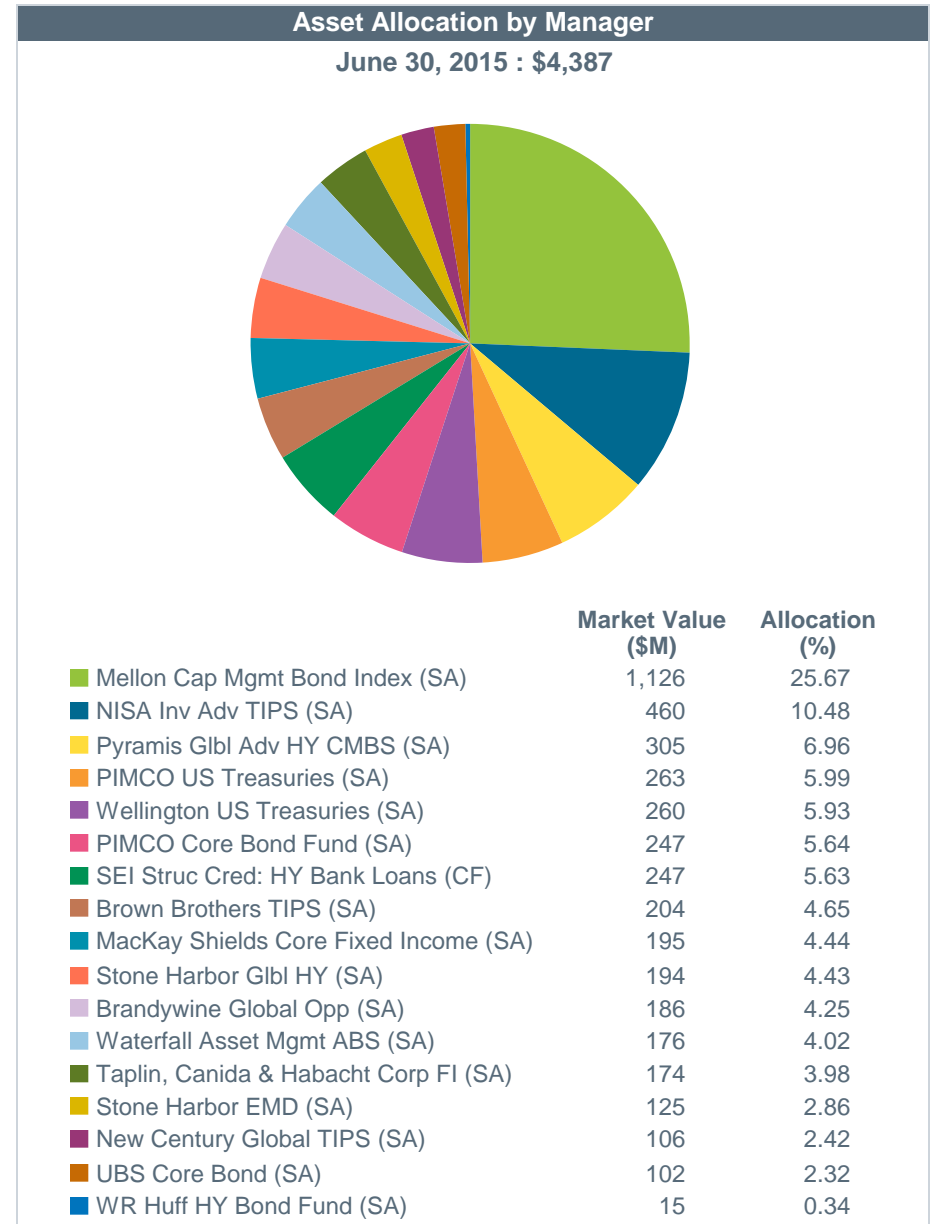
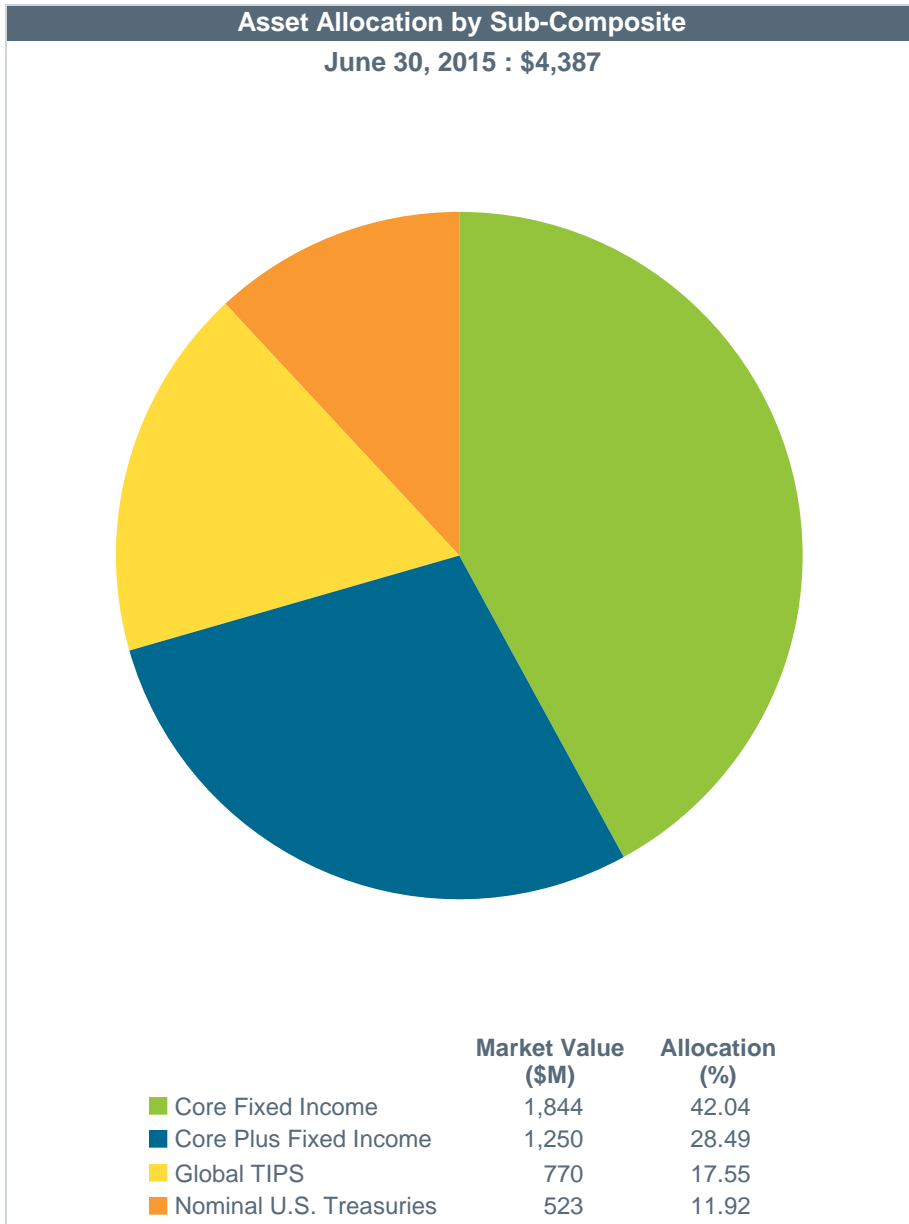


### Actual Correlation - 10 Years

	Actual Correlation
DA Custom Index*	0.30
HFRI FOF Strategic Index	0.90
HFRI FOF Comp Index	0.94
S&P 500 Index (Cap Wtd)	0.60
Russell 2000 Index	0.54
MSCI EAFE Index (Net)	0.66
MSCI Emg Mkts Index (Net)	0.64
Barclays US Agg Bond Index	-0.09
Barclays US Trsy: US TIPS Index	0.12
Wilshire US REIT Index	0.29
HFN FOF Multi-Strat Index (Net)	0.93
Bbrg Cmdty Index (TR)	0.56
3 Mo US T-Bill Index	-0.08
Consumer Price Index	0.29

Performance shown is net of fees. Calculation is based on monthly periodicity. \*Please see Addendum for the complete history of the benchmark. Excess Return statistic is calculated against the BofA ML 3 Mo US T-Bill Index. Performance for DIVERSIFYING ASSETS HISTORY is for reference purposes only.





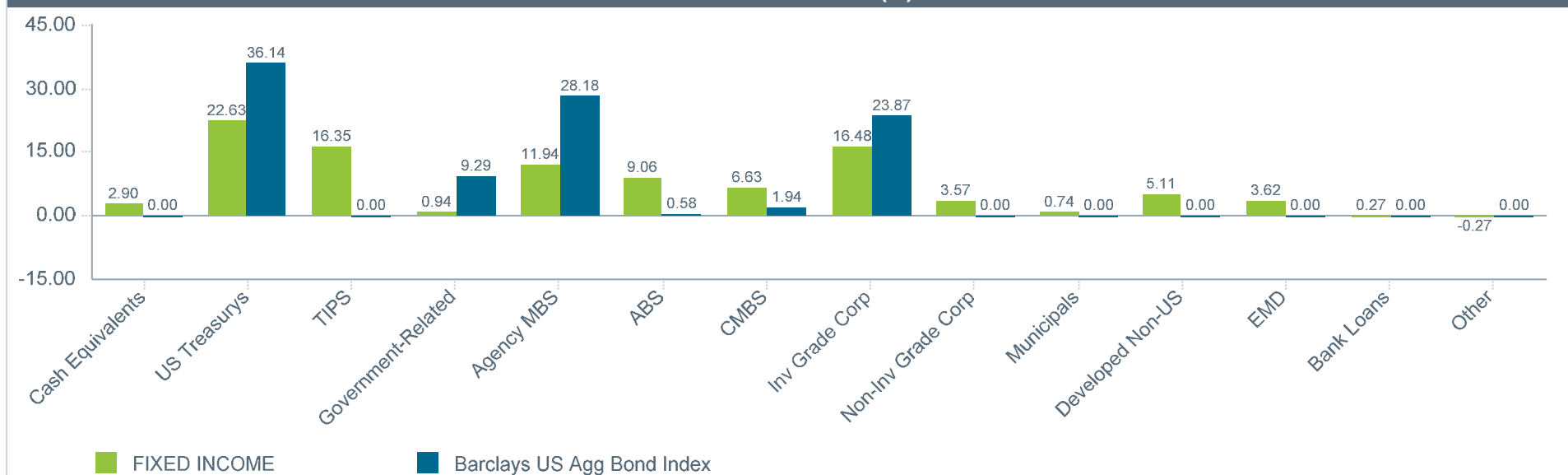
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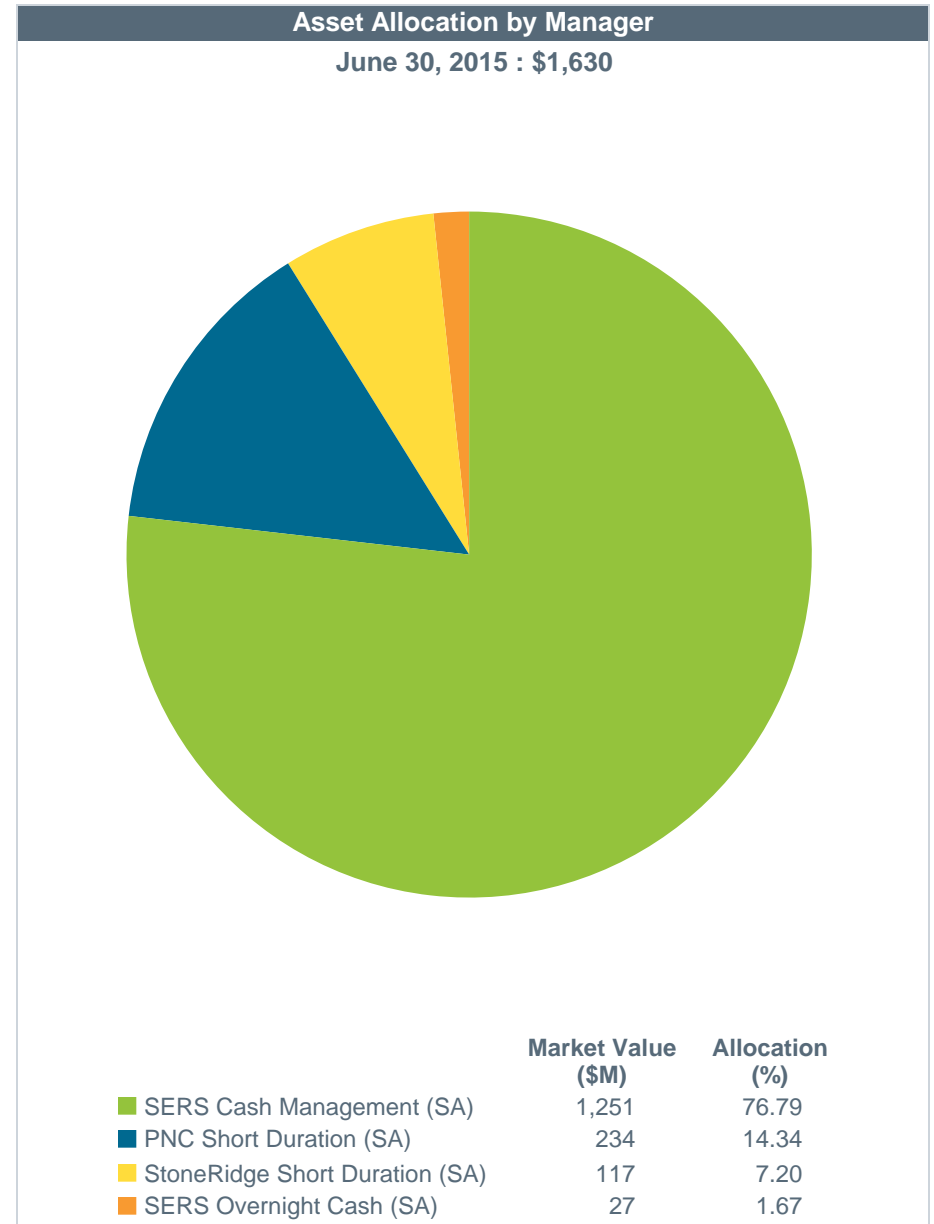
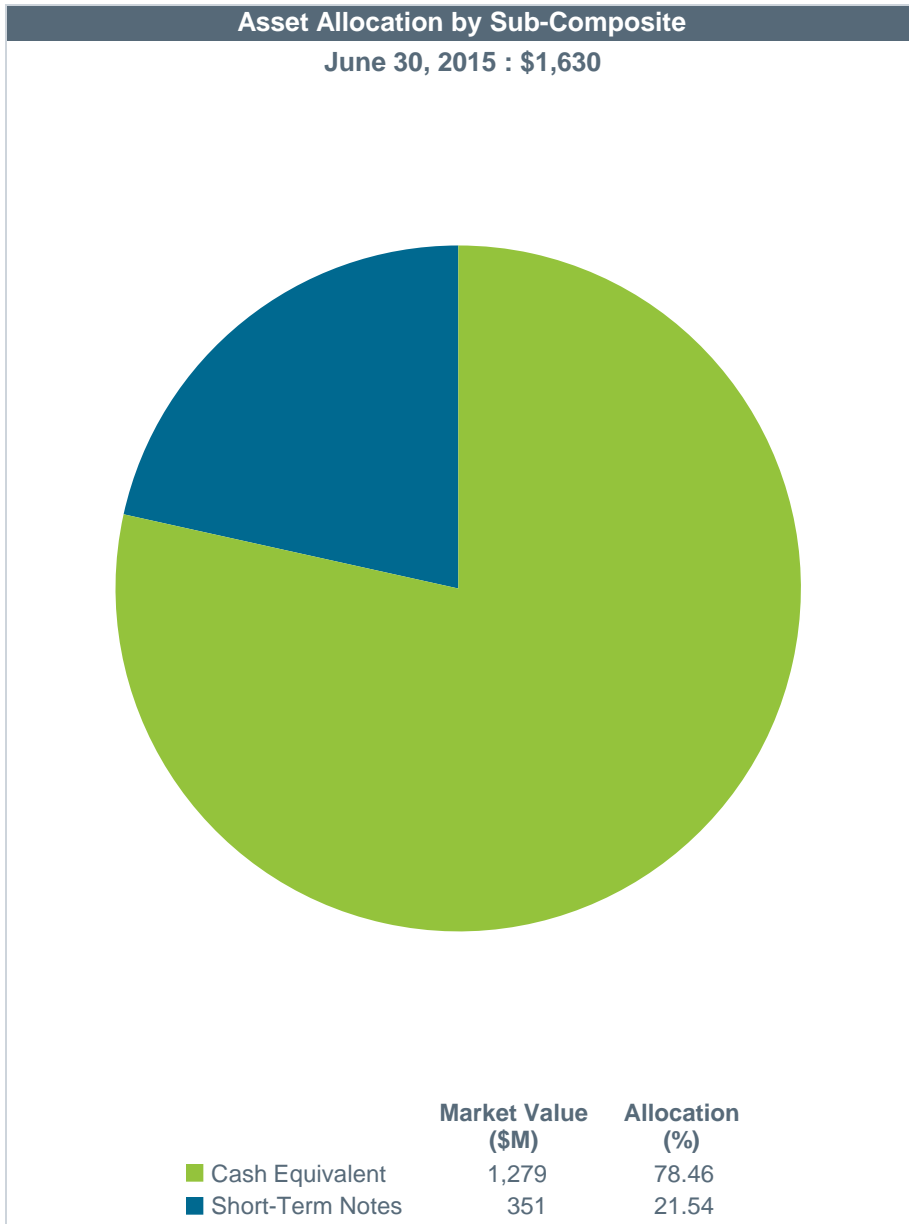
**Portfolio Characteristics**

	Portfolio	Benchmark
Effective Duration	6.28	5.63
Avg. Maturity	8.63	7.87
Avg. Quality	A	Aa1/Aa2
Yield To Maturity (%)	3.36	2.39

**Sector Distribution (%)**



Allocation to "Other" consists of equity, warrants, accrued interest, unrealized G/L on forwards, high yield and other securitized products. Negative sector allocation reflects managers' use of derivatives. Data shown does not include liquidating accounts and fixed income transition accounts. Effective Duration, Average Quality, and Yield to Maturity statistics have been estimated using the manager's benchmark when statistics are not provided by the manager.



Allocations shown may not sum up to 100% exactly due to rounding.

# Capital Markets Review



**Second Quarter Economic Environment**

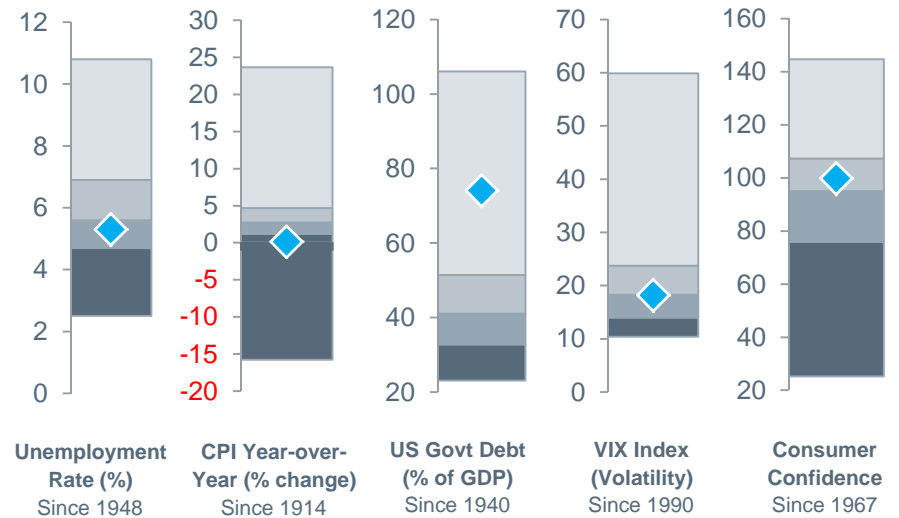
**Key Economic Indicators**

Market activity in the second quarter of 2015 saw the reversal of several major trends. First, US Dollar strength dissipated to a degree, as it sold off almost 3% relative to other developed currencies. Second, developed market interest rates, which had been trending lower and were negative in some markets, reversed sharply. Finally, oil prices, in part helped by weakness in the US Dollar, bounced off the Q1 lows and finished the second quarter higher. Relatively benign equity volatility in April and May gave way to heightened volatility in the second half of June, with investors fixated on Greece's debt situation and government intervention in China. Still, global equity markets generally finished the quarter with small gains. Uninspiring first half economic data across a number of categories was enough to convince the Federal Reserve to maintain interest rates at 0%. The Board cited below target inflation, softer GDP growth, and lower labor productivity as reasons to be wary of increasing rates. Economic data released during the second quarter was largely consistent with that view.

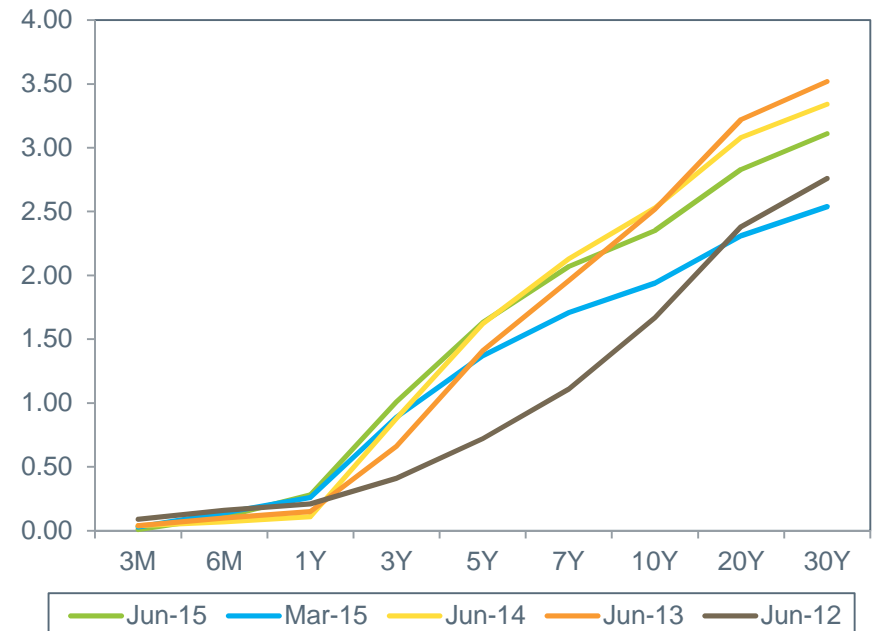
Economic Indicators	Jun-15	Mar-15	Jun-14	Jun-12	20 Yr
Federal Funds Rate (%)	0.08 ▲	0.06	0.09	0.09	2.74
Breakeven Infl. - 1 Yr (%)	0.73 ▼	1.46	1.46	-0.09	N/A
Breakeven Infl. - 10 Yr (%)	1.89 ▲	1.78	2.24	2.10	N/A
CPI YoY (Headline) (%)	0.1 ▲	-0.1	2.1	1.7	2.3
Unemployment Rate (%)	5.3 ▼	5.5	6.1	8.2	6.0
Real GDP YoY (%)	2.3 ▼	2.9	2.6	2.5	2.4
PMI - Manufacturing	53.50 ▲	51.50	55.70	51.30	52.00
USD Total Wtd Idx	89.94 ▼	92.06	75.73	74.50	86.43
WTI Crude Oil per Barrel (\$)	59 ▲	48	105	85	54
Gold Spot per Oz (\$)	1,172 ▼	1,184	1,327	1,597	723

Market Performance (%)	QTD	CYTD	1 Yr	5 Yr	10 Yr
S&P 500 (Cap Wtd)	0.28	1.23	7.42	17.34	7.89
Russell 2000	0.42	4.75	6.49	17.08	8.40
MSCI EAFE (Net)	0.62	5.52	-4.22	9.54	5.12
MSCI EAFE SC (Net)	4.34	10.15	-0.77	12.40	6.59
MSCI Emg Mkts (Net)	0.69	2.95	-5.12	3.69	8.11
Barclays US Agg Bond	-1.68	-0.10	1.86	3.35	4.44
BofA ML 3 Mo US T-Bill	0.01	0.01	0.02	0.08	1.42
NCREIF ODCE (Gross)	3.82	7.34	14.43	14.41	6.85
Wilshire US REIT	-9.93	-5.73	5.21	14.73	6.92
HFN FOF Multi-Strat	0.07	2.60	3.45	3.97	2.94
Bloomberg Cmnty (TR)	4.66	-1.56	-23.71	-3.91	-2.62

**Key Economic Indicators**



**Treasury Yield Curve (%)**



Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as N/A.



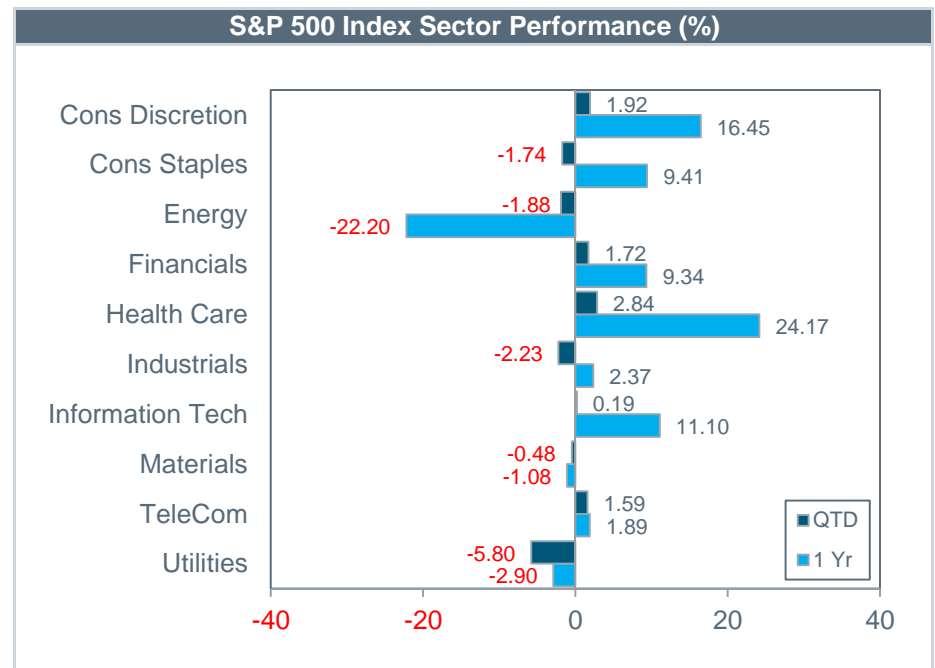
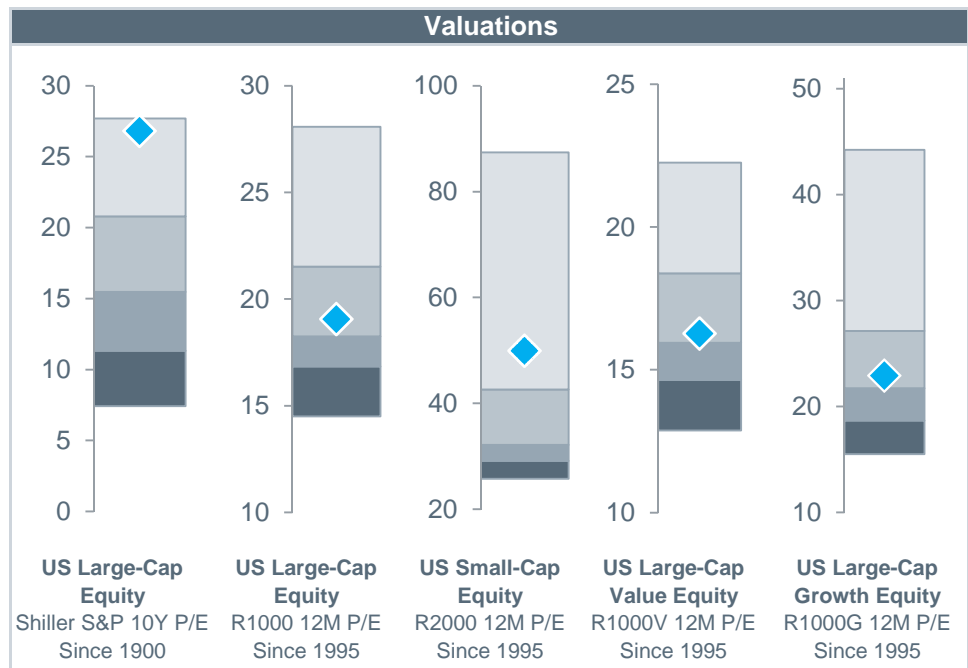
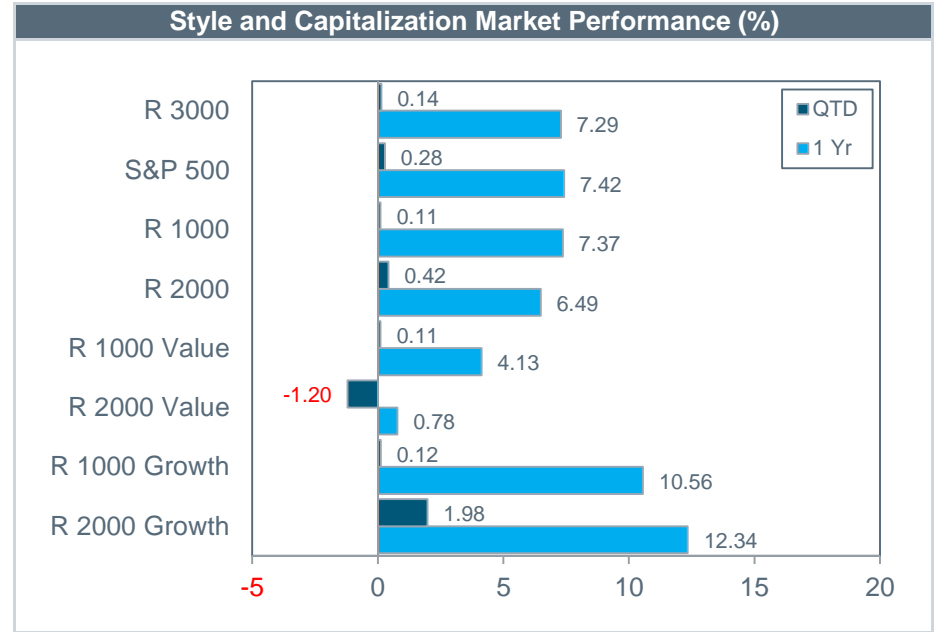
### Second Quarter Review

**Broad Market**  
 The US equity market ended the quarter relatively flat as market turmoil overseas impacted domestic markets in June and erased otherwise positive April and May performance.

**Market Cap**  
 Large-cap stocks experienced mainly flat performance, while mid-cap stocks faced strong headwinds and ended in negative territory. Micro- and small-cap stocks were the top performers during the quarter.

**Style**  
 The Russell 3000 Index finished the quarter returning 0.14%, with growth moderately outperforming value. Within the micro- and small-cap segments, growth outperformed value by 414 and 318 basis points, respectively.

**Sector**  
 Investors with exposure to the consumer discretionary and health care sectors benefited from gains in those segments. The energy, industrials, REIT and utilities sectors posted notably negative performance.



Valuation data courtesy of Bloomberg Professional Service and Robert J. Shiller, Irrational Exuberance, Second Edition. P/E metrics shown represent the 5th through 95th percentiles to minimize the effect of outliers.



**Second Quarter Review**

**Broad Market**

During the second quarter of 2015, international markets, both developed and emerging, outperformed the US markets by 48 and 55 bps, respectively.

**Market Cap & Style**

Within the developed markets, growth stocks continued to outperform value stocks; while within emerging markets, value stocks outperformed growth stocks. On average, small-cap stocks tended to outperform their larger-cap counterparts.

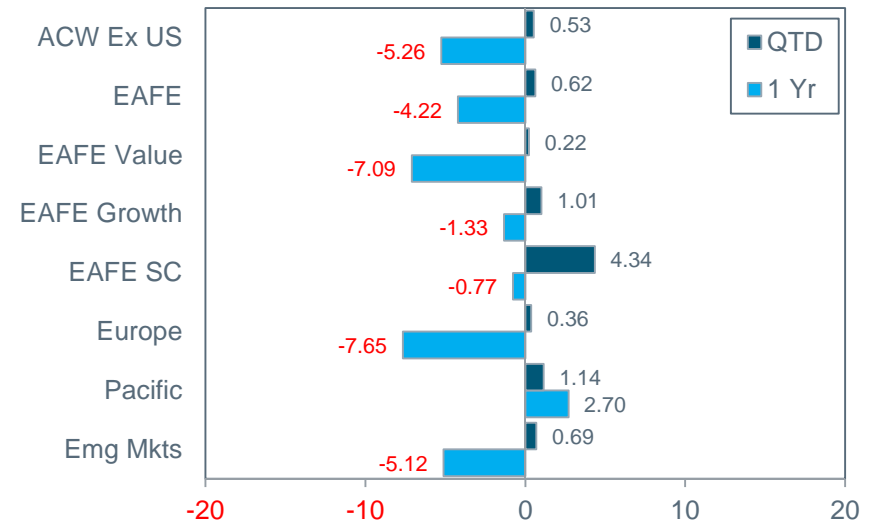
**Developed Markets**

The strongest contributor to performance for the quarter, as measured by the MSCI EAFE Index, was Japan. Japan reported 2.4% GDP growth for the previous quarter, giving some confidence that Abenomics has started to work.

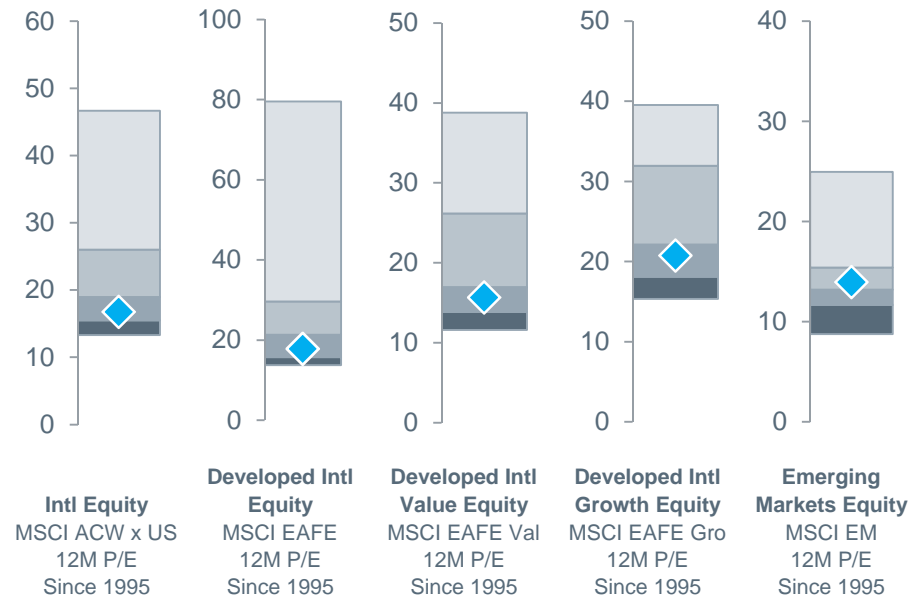
**Emerging Markets**

The emerging markets slightly outperformed their developed counterparts. Greece's debt crisis dominated the headlines yet its equity markets actually saw positive performance for the quarter. Over the past year, the Shanghai composite has risen over 150%, partially fueled by government intervention.

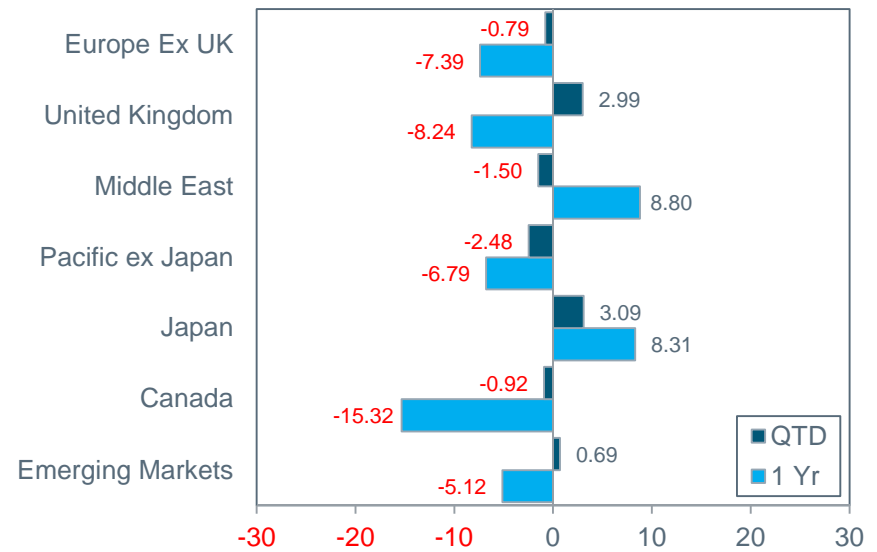
**MSCI Style and Capitalization Market Performance (%)**



**Valuations**



**MSCI Region Performance (%)**



Valuation data courtesy of Bloomberg Professional Service.

P/E metrics shown represent the 5th through 95th percentiles to minimize the effect of outliers.

All returns are shown net of foreign taxes on dividends.



**Second Quarter Review**

**Broad Market**

Fixed income markets were down as rates rose and credit spreads widened. The Barclays US Aggregate Bond Index was down 1.68% posting negative returns for all three months of Q2 – the first 3-month negative run since 2008. Reduced liquidity in fixed income markets has led to higher market price volatility and increased trading costs.

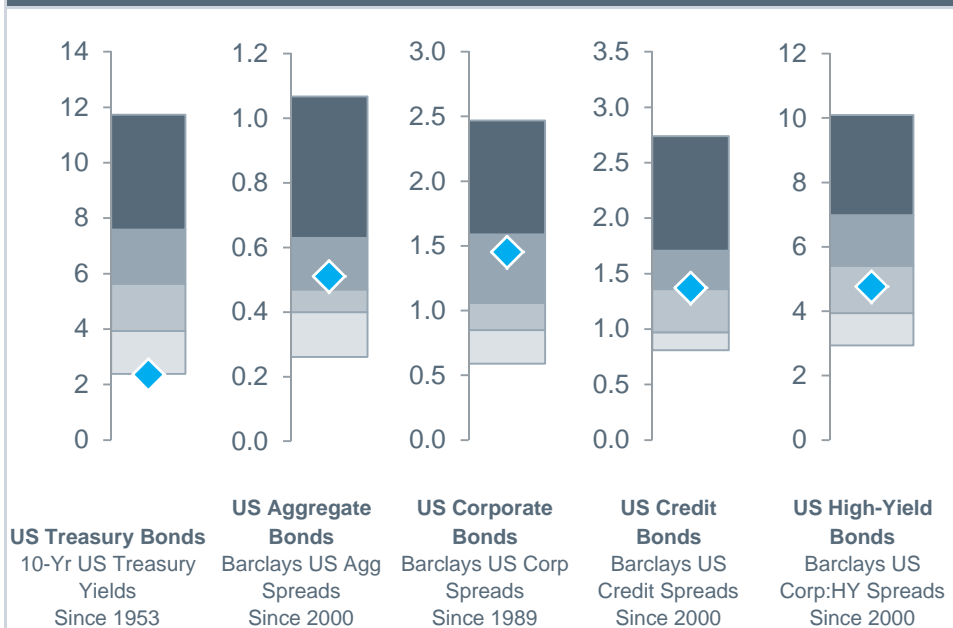
**US Treasury Market**

The 10- and 30-year Treasury yields rose by 40 and 57 basis points, respectively, in anticipation of a Fed funds rate hike. Long duration bonds suffered accordingly.

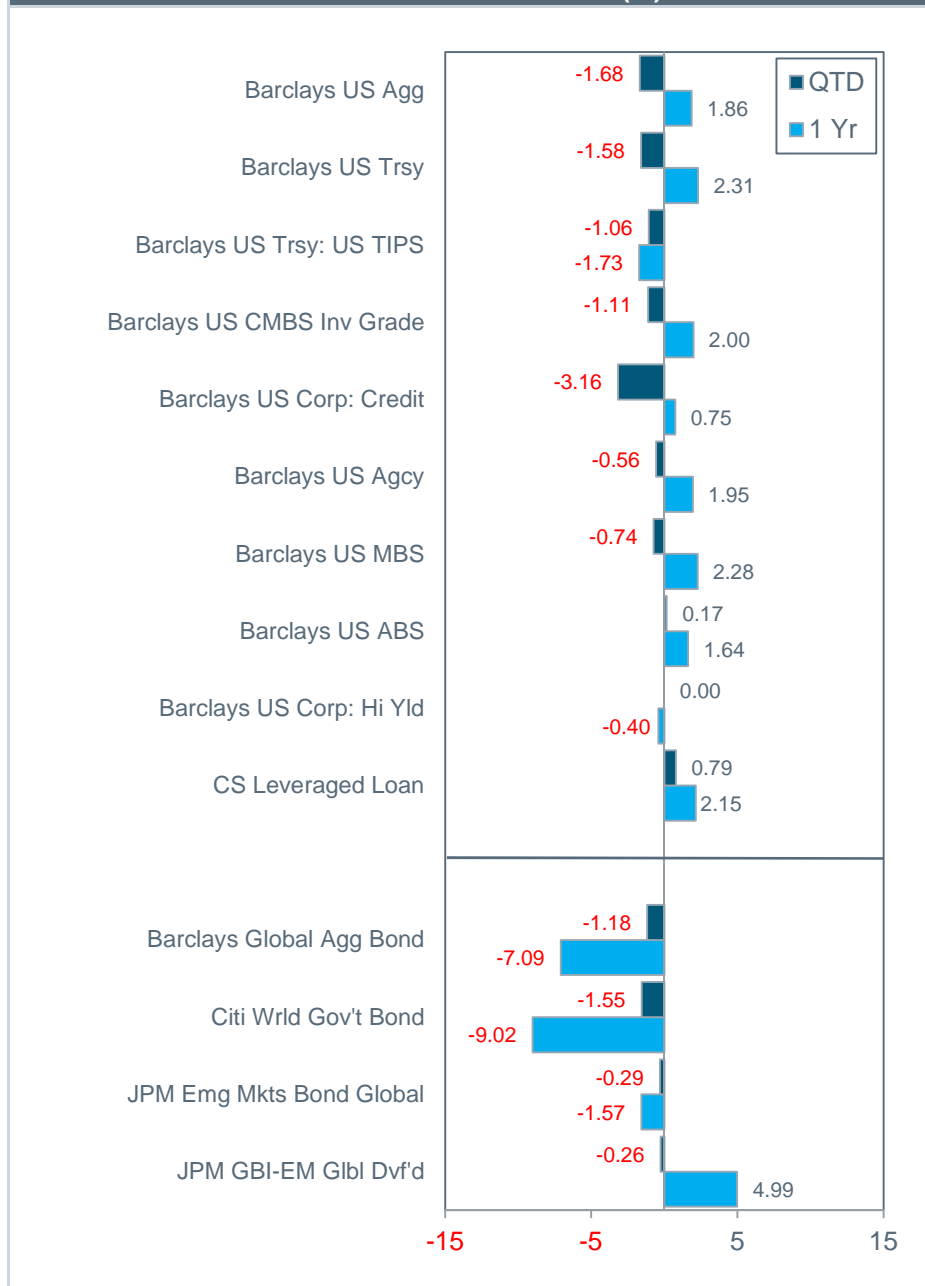
**Foreign Currency**

Government bond yields for many of the larger European countries bottomed out in April and climbed through the month of May and June as questions arose about whether Greece would be able to service its debt. Hard currency emerging market debt outperformed local currency for the ninth consecutive quarter.

**Valuations**



**Fixed Income Performance (%)**



Valuation data courtesy of Bloomberg Professional Service. Valuations shown represent the 5th through 95th percentiles to minimize the effect of outliers.

**Second Quarter Review - Absolute Return**

**General Market - Hedge Funds**

Most hedge fund strategies generated positive returns in the second quarter, adding to gains realized in Q1. Long/Short equity funds in particular are having a strong 2015. Top tier managers have added alpha on both their long and short positions as they were able to capture the majority of equity market upside during the months of April and May, and protected capital well toward the end of June as markets sold off.

**General Market - Global Tactical Asset Allocation (GTAA)**

In April and May, most GTAA managers posted gains and outperformed a relatively-undiversified, US-centric 60/40 allocation; however, the majority posted losses for the quarter due to the volatility that occurred in June. In a break from performance characteristics of the past two quarters, valuation driven managers outperformed growth-oriented equity strategies. Thematic and/or secular focuses on yield-oriented holdings, however, were a key determinant in the underperformance of several managers as yield-sensitive equities, especially REITs, lagged.

**Second Quarter Review - Real Assets**

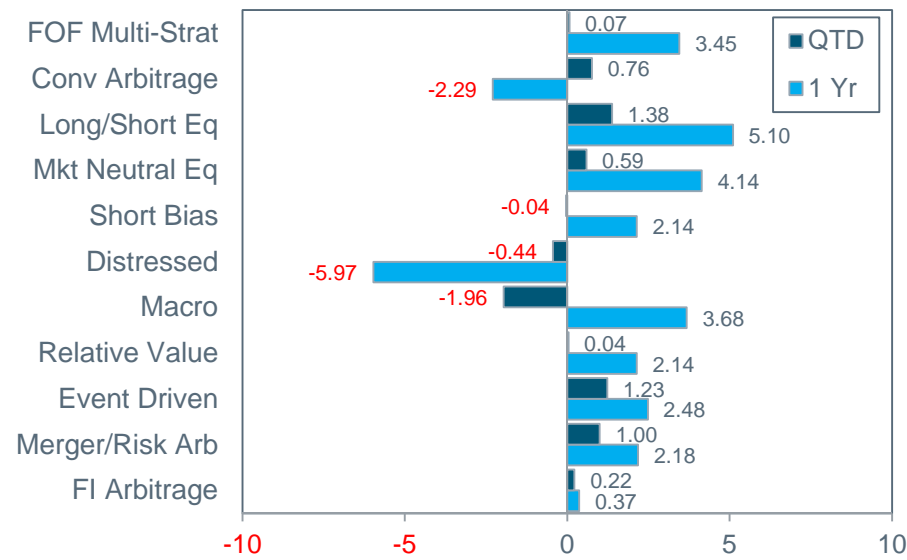
**General Market - Diversified Inflation Strategies (DIS)**

Even with low short-term inflation expectations, disparate measures of inflation, a difficult quarter for equities and rising real yields, most diversified inflation strategies outperformed a moderate duration TIPS allocation. Managers with larger energy and agricultural commodities exposures saw a key reversal of their underperformance from earlier in the year. Managers with larger US REIT equity allocations underperformed. Managers with larger TIPS exposures, especially those in longer duration securities, underperformed the broader group.

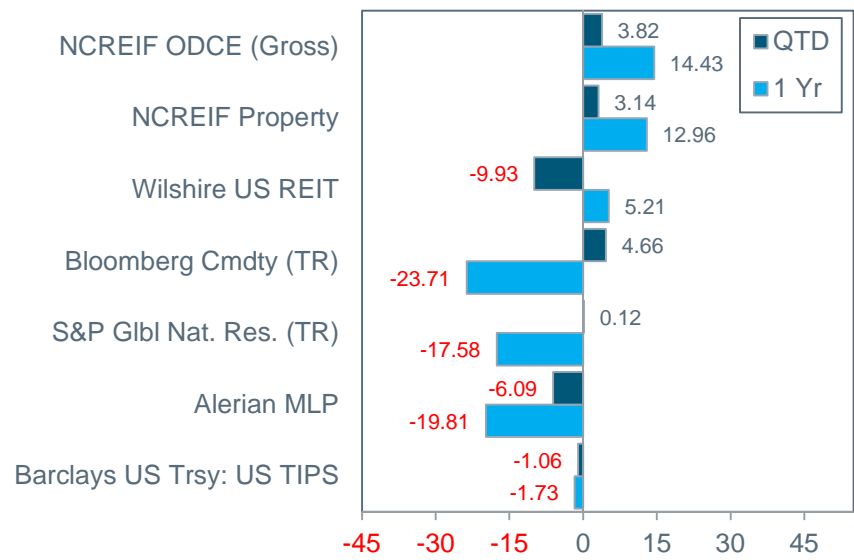
**General Market - Real Estate**

While real estate securities returns were hampered by rising long-term interest rates in Q2, as evidenced by a -8.93% return in the FTSE NAREIT All REITS Index, private real estate continued its run of strong, positive returns. Preliminary reports from the NCREIF ODCE Index show that US Core Real Estate returned 3.82% for the quarter and 14.43% for the trailing year, marking the 21st consecutive quarter of positive returns in this sector.

**HFN Hedge Fund Performance (%)**



**Real Asset Performance (%)**





Annual Asset Class Performance

As of June 30, 2015

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD
Best	12.35	25.91	61.34	33.16	34.00	35.97	39.38	8.44	78.51	28.60	22.49	20.00	38.82	31.78	10.15
	8.44	16.56	55.81	31.45	26.19	32.18	16.23	5.24	58.21	26.86	15.99	18.23	32.39	19.31	7.34
	7.89	14.81	47.25	25.55	21.39	26.34	15.97	2.06	46.78	22.04	13.56	17.59	29.30	13.69	5.52
	7.28	10.25	38.59	20.25	21.36	19.31	11.63	-2.35	31.78	18.88	9.24	17.32	22.78	12.50	4.75
	6.61	5.54	36.18	18.33	13.82	18.37	11.17	-10.01	28.60	16.83	7.84	16.34	13.94	5.97	2.95
	5.64	3.58	28.97	13.06	13.54	16.32	9.91	-20.47	27.18	16.36	4.98	16.00	9.10	4.89	2.60
	5.28	3.12	28.68	11.13	6.75	15.79	6.97	-26.16	26.46	15.12	2.11	15.81	7.44	3.64	2.53
	4.42	1.78	23.93	10.88	5.33	11.85	6.60	-33.79	18.91	15.06	0.10	10.94	1.86	3.03	1.23
	2.49	-1.41	11.93	9.15	4.91	9.85	5.49	-35.65	11.41	10.16	-4.18	8.82	0.07	2.45	0.34
	-2.62	-6.17	9.28	8.56	4.55	4.85	5.00	-37.00	9.72	7.75	-5.55	6.98	-2.02	0.04	0.01
	-11.89	-7.83	8.39	8.46	3.07	4.33	1.87	-39.20	5.93	6.54	-12.14	4.80	-2.60	-2.19	-0.10
	-12.53	-15.94	5.87	6.79	2.84	2.71	1.45	-43.38	1.92	6.31	-13.32	4.21	-8.61	-4.90	-1.56
	-19.51	-20.48	4.10	4.34	2.74	2.07	-1.57	-47.01	0.21	4.77	-15.94	0.11	-8.83	-4.95	-4.47
Worst	-21.44	-22.10	1.15	1.33	2.43	0.41	-17.55	-53.33	-29.76	0.13	-18.42	-1.06	-9.52	-17.01	-5.73
	S&P 500 - US Large Cap	R 2000 - US Small Cap	MSCI EAFE (Net) - Int'l Dev.	MSCI EAFE SC (Net) - Int'l SC	MSCI EM (Net) - Int'l Emg Mkts	Barclays US Agg Bond - FI	Barclays US Corp: Hi Yield - FI	Barclays US Trsy: US TIPS - FI	Barclays US Gov/Credit: Lng - FI	NCREIF ODCE (Gross) - Real Estate	Wilshire US REIT - REITs	HFN FOF Multi-Strat (Net) - ARS	Bloomberg Cmdty (TR) - Commod.	BofA ML 3 Mo T-Bill - Cash Equiv	



# Addendum & Glossary



**Performance Related Comments**

- Performance shown is net of fees except where noted.
- Allocations shown may not sum up to 100% exactly due to rounding.
- RVK, Inc. began monitoring the assets of the Commonwealth of Pennsylvania State Employees' Retirement System as of October 1, 2011. Prior historical data was provided by BNY Mellon and Rocaton. Subsequent restructuring of composites during Q4 2012 caused staff to direct BNY to recalculate select composites. This updated history was provided to RVK from inception through 12/31/2012 and cannot be independently verified by RVK due to the absence of accounting history related to newly created historical composites.
- Gross performance shown for the Total Fund Composite is calculated by BNY Mellon by adding the estimated annual expense ratio to the net return stream.
- Manager-reported performance may differ from custodian-reported performance for Diversifying Asset managers due to cash flows and valuation revisions.
- Due to the nature of the fund, the market value and performance for SEI Struc Cred: HY Bank Loans (CF) is lagged by one month.
- Beginning in Q2 2012, PAAMCO Newport Sequoia Fund LLC reports performance on a two month lag.
- Due to the nature of the asset classes, performance for Private Equity, Special Situations, Venture Capital, Private Energy, Non-Core Real Estate, Core Real Estate, and REITs are lagged by one quarter.
- RVK calculates performance beginning with the first full month following inception.
- Total Fund Composite performance shown for calendar years 1981-1984 was updated to be consistent with the 1983-1985 CAFR letters as directed by SERS staff. RVK received the updated calendar year performance for 1981-1984 directly from BNY Mellon. Each calendar year return was converted to twelve equal monthly returns so that the linked performance matches each total calendar year performance. It is important to note that the methodology used to derive these monthly returns may affect the accuracy of risk measures for periods including 1981-1984. The updated calendar year performance and all linked performance shown has not been independently reviewed by RVK.
- Liquidating accounts with market values under \$1 million are not shown in this report, but are included in the composites' market values and performance calculations.
- Fixed Income characteristics and allocations are provided by the managers.

**Peer Group and Index Comments**

- The All Public Plans > \$1 Billion-Total Fund plan sponsor universe includes public funds with total fund market values over \$1 billion in the Investment Metrics (IM) and BNY Mellon universe.
- See the following pages for the complete historical composition of indices marked with an asterisk (\*).
- Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.
- Effective October 1, 2013 the Wellington Diversified Inflation Hedges Composite Index consists of 25% MSCI World Energy >\$3B, 7% MSCI World Agriculture Products, Fertilizers & Agricultural Chemicals, and Forest Products, 3% MSCI World Construction & Farm Machinery, Packaged Food & Meats, and Paper Product, 5% MSCI World Metals & Mining > \$3B, 3% MSCI World Utilities, 1% MSCI World Oil & Gas, Storage & Transport, 0.5% MSCI World Telecommunications, 0.5% MSCI World Transportation Ex. Air Freight, Logistics, and Airlines, 3.5% MSCI ACW IMI Gold & Precious Metals, 1.5% S&P GSCI Precious Metals Total Return, 25% Bloomberg Commodity Index Total Return, 20% Barclays US TIPS 1-10 Year, and 5% Barclays Emerging Markets Tradable Government Inflation-Linked Bond.

**Plan Sponsor Peer Groups** - RVK utilizes the Mellon Analytical Solutions Trust Universe along with the Investment Metrics Plan Sponsor Universe. The combined Mellon Analytical Solutions Trust Universe and Investment Metrics Plan Sponsor Universe is used for comparison of total fund composite results and utilizes actual client returns compiled from consultant and custodial data. The Plan Sponsor Peer Group database includes performance and other quantitative data for over 1,273 plans which include corporate, endowment, foundation, public, and Taft Hartley plans, across 6 standard peer groups. Plan Sponsor Peer Groups are gross of fees.

**Indices** - All indices and related information are considered intellectual property and are licensed by each index provider. The indices may not be copied, used or distributed without the index provider's prior written approval. Index providers make no warranties and bear no liability with respect to the indices, any related data, their quality, accuracy, suitability and/or completeness.

<u>Manager/Composite/Benchmark Name</u>	<u>Benchmark Composition</u>	<u>Since</u>
Total Fund Custom Benchmark* (Historical performance through 9/30/2011 was provided by Rocaton)	The custom index is calculated monthly using January 1st and December 31st actual plan weights of the asset allocation structure.	Inception
	The custom index is calculated using the Strategic Target Weights.	8/1/2007
	The custom index is calculated using 12/31/2009 actual plan weights and the 2010 target weights.	1/1/2010
	The custom index is calculated using 2011 target weights, and consists of:	10/1/2011
	24.5% SERS - Alternative Investment Composite Returns	
	3.9% MSCI World Index (Net)	
	9.6% Russell 3000 Index	
	16.5% MSCI ACW Ex US IMI (Net)	
	15.5% 3 Mo LIBOR Index + 3%	
	9.5% Townsend Stylized Benchmark	
3% Commodities & Infrastructure Custom Benchmark*		
17.5% Fixed Income Custom Index*		
		7/1/2012
	21% SERS - Alternative Investment Composite Returns	
	37% MSCI ACW Investable Mkt Index (Net)	
	15% Real Assets Custom Benchmark*	
	12% Diversifying Assets Custom Benchmark*	
	17% Barclays US Agg Bond Index	
	3% BofA Merrill Lynch 3 Month US Treasury Bill Index	
	<b>The custom index is calculated using interim target weights, and currently consists of:</b>	<b>4/1/2014</b>
	<b>20% SERS - Alternative Investment Composite Returns</b>	
	<b>37% MSCI ACW Investable Mkt Index (Net)</b>	
	<b>17% Real Assets Custom Benchmark*</b>	
	<b>8% DA Custom Index*</b>	
	<b>15% Barclays US Agg Bond Index</b>	
	<b>3% BofA Merrill Lynch 3 Month US Treasury Bill Index</b>	

**Commonwealth of Pennsylvania State Employees' Retirement System  
Custom Benchmark Composition**

**As of June 30, 2015**

<u>Manager/Composite/Benchmark Name</u>	<u>Benchmark Composition</u>	<u>Since</u>
Total Fund Public Mkt Equiv Benchmark* (Historical performance through 9/30/2011 was provided by Rocaton)	The custom index is calculated monthly using January 1st and December 31st actual plan weights of the asset allocation structure.	Inception
	The custom index is calculated using the Strategic Target Weights.	8/1/2007
	The custom index is calculated using 12/31/2009 actual plan weights and the 2010 target weights.	1/1/2010
	The custom index is calculated using 2011 target weights, and consists of:	
	24.5% Russell 3000 Index + 3% (Qtr Lag) 3.9% MSCI World Index (Net) 9.6% R 3000 Index 16.5% MSCI ACW Ex US IMI (Net) 15.5% 3 Mo LIBOR Index + 3% 9.5% Consumer Price Index + 3% 3% Consumer Price Index + 3% 17.5% Fixed Income Custom Index*	10/1/2011
	21% Russell 3000 Index + 3% (Qtr Lag) 37% MSCI ACW Investable Mkt Index (Net) 15% Consumer Price Index + 3% 12% Diversifying Assets Custom Benchmark* 17% Barclays US Agg Bond Index 3% BofA Merrill Lynch 3 Month US Treasury Bill Index	7/1/2012
	<b>The custom index is calculated using interim target weights, and currently consists of:</b>	<b>4/1/2014</b>
	<b>20% Russell 3000 Index + 3% (Qtr Lag)</b> <b>37% MSCI ACW Investable Mkt Index (Net)</b> <b>17% Consumer Price Index + 3%</b> <b>8% DA Custom Index*</b> <b>15% Barclays US Agg Bond Index</b> <b>3% BofA Merrill Lynch 3 Month US Treasury Bill Index</b>	
Burgiss Custom Indices	The custom indices utilize the Burgiss private equity database and are provided by StepStone. They are calculated using the time-weighted returns for a composite of funds based on their specified strategies and with the same vintage dates as SERS's funds. For all Burgiss benchmarks, Geographic Focus, Industry Focus, Fund Size, and Currency are all inclusive across countries, industries, funds, and currencies, respectively. Asset Class compositions are listed below for each index.	
Burgiss All Private Equity Custom Index (Qtr Lag)	<b>Asset Class: Corporate Finance, Generalist, Venture Capital</b>	
Burgiss Buyout Custom Index (Qtr Lag)	<b>Asset Class: Corporate Finance/Buyout</b>	

**Commonwealth of Pennsylvania State Employees' Retirement System  
Custom Benchmark Composition**

**As of June 30, 2015**

<u>Manager/Composite/Benchmark Name</u>	<u>Benchmark Composition</u>	<u>Since</u>
Burgiss Special Situations Custom Index (Qtr Lag)	<b>Asset Class: Corporate Finance/Distressed Securities, Corporate Finance/Mezzanine, Corporate Finance/Special Situations</b>	
Burgiss Venture Capital Custom Index (Qtr Lag)	<b>Asset Class: Venture Capital</b>	
US Equity	100% Wilshire 5000 Value Wtd Total Index <b>100% Russell 3000 Index</b>	Inception <b>1/1/1999</b>
US Small Cap Equity	100% Wilshire 4500 Completion Index <b>100% Russell 2500 Index</b>	Inception <b>1/1/1999</b>
Mellon Cap Mgmt PA Quant Eq (SA)	100% Wilshire 4500 Completion Index <b>100% Russell 2500 Index</b>	Inception <b>1/1/1999</b>
Emerald Adv PA Growth Eq (SA)	100% Russell 2000 Index <b>100% Russell 2500 Index</b>	Inception <b>1/1/2005</b>
Non-US Equity (Historical performance through 9/30/2008 was provided by Rocaton)	80% SERS Custom Core International Index 20% FTSE Europe & Pacific Medium/Small Cap Index	Inception
	80% MSCI EAFE Index (Free) 20% FTSE Europe & Pacific Medium/Small Cap Index	2/1/2000
	80% MSCI EAFE Index (Free) 20% S&P World Equity EMI EPAC	7/1/2000
	68.56% MSCI EAFE Index (Free) 17.15% S&P World Equity EMI EPAC 14.29% MSCI EMF Index (Net) (Effective 1/1/2001)	11/1/2000
	85.71% S&P World Equity EMI EPAC 14.29% MSCI EMF Index (Net) (Effective 1/1/2001)	5/1/2001
	Month-End% S&P World Equity EMI EPAC Month-End% MSCI EMF Index (Net) (Effective 1/1/2001)	1/1/2002
	62.98% MSCI EAFE Index (Net) 15.74% S&P EMI EPAC (Gross)	10/1/2006
	21.28% MSCI Emerging Markets Index (Net) 64.8% MSCI EAFE Index (Net) 16.2% S&P EMI EPAC (Gross) 19.0% MSCI Emerging Markets Index (Net)	7/1/2007

**Commonwealth of Pennsylvania State Employees' Retirement System  
Custom Benchmark Composition**

**As of June 30, 2015**

<u>Manager/Composite/Benchmark Name</u>	<u>Benchmark Composition</u>	<u>Since</u>
	100% MSCI ACW Ex US IM Index (Net)	10/1/2008
	65.5% MSCI EAFE IM Index (Net) 34.5% MSCI Emerging Markets Index (Net)	1/1/2010
	<b>100% MSCI ACW Ex US IM Index (Net)</b>	<b>1/1/2011</b>
Morgan Stanley Inv Mgmt Int'l Eq (SA)	100% MSCI EAFE Free Index (Net) 100% S&P Developed Ex US Large/Mid Cap TR Index (Gross) <b>100% MSCI EAFE Index (Net)</b>	Inception 5/1/2000 <b>10/1/2006</b>
Templeton Int'l Eq (SA)	100% SERS Custom Core International Index 100% MSCI ACW Ex US Free Index (Gross) 100% S&P Global Ex US BM TR Index (Gross) 100% S&P Global Ex US Lg Mid Cap Index (Gross) 100% MSCI EAFE Index (Net) <b>100% MSCI ACW Ex US Index (Net)</b>	Inception 2/1/2000 5/1/2001 1/1/2004 10/1/2006 <b>1/1/2010</b>
Artisan Int'l Growth Eq (SA)	100% S&P Global Ex US BM TR Index (Gross) 100% MSCI EAFE Index (Net) <b>100% MSCI ACW Ex US Index (Net)</b>	Inception 10/1/2006 <b>1/1/2010</b>
Real Assets Custom Benchmark	Provided by Townsend <b>The custom index is calculated monthly using beginning of the month asset class weights applied to each corresponding primary benchmark return.</b>	Inception <b>1/1/2013</b>
Private Real Assets Custom Benchmark	Provided by Townsend <b>The custom index is calculated monthly using beginning of the month asset class weights applied to each corresponding primary benchmark return.</b>	Inception <b>1/1/2013</b>
Public Real Assets Custom Benchmark	Provided by Townsend <b>The custom index is calculated monthly using beginning of the month asset class weights applied to each corresponding primary benchmark return.</b>	Inception <b>1/1/2013</b>
Custom Core Index (Qtr Lag)	<b>Composed of NFI All Open-end Funds Index and NFI Timber Index in proportion to the Open-end funds plus IMAs and Timber of SERS' Core Portfolio.</b>	
Custom Public Index (Qtr Lag)	Wilshire Real Estate Securities Index <b>S&amp;P Citigroup Global Index</b>	Inception <b>1/1/2006</b>
Commodities & Infrastructure Custom Benchmark	100% S&P GS Commodity Index  71.4% S&P GS Commodity Index 28.6% Wellington Dvf'd Inf Hedge Comp Index	Inception  1/1/2005

Commonwealth of Pennsylvania State Employees' Retirement System  
 Custom Benchmark Composition

As of June 30, 2015

<u>Manager/Composite/Benchmark Name</u>	<u>Benchmark Composition</u>	<u>Since</u>
	28.6% S&P GS Commodity Index 35.7% Wellington Dvf'd Inf Hedge Comp Index 35.7% BAAM Custom Index	5/1/2007
	50% Wellington Dvf'd Inf Hedge Comp Index 50% BAAM Custom Index	2/1/2010
	<b>50% BAAM Custom Index</b> <b>25% Wellington Dvf'd Inf Hedge Comp Index</b> <b>25% S&amp;P MLP Index (TR)</b>	<b>5/1/2013</b>
DA Custom Index*	3 Mo LIBOR Index	Inception
	3 Mo LIBOR Index + 3%	1/1/2009
	65% Russell 3000 Index 35% 3 Mo LIBOR Index + 3%	7/1/2012
	<b>100% HFRI FOF: Strategic Index</b>	<b>4/1/2014</b>
Absolute Return Composite & Underlying Managers	3 Mo LIBOR Index	Inception
	<b>3 Mo LIBOR Index + 3%</b>	<b>1/1/2009</b>
NISA Inv Adv TIPS (SA)	The Custom TIPS Benchmark is a custom blend of TIPS determined monthly based on the following rules of inclusion and weighting: 1. Identify all TIPS with real durations between 4 and 6 years and find the average duration of all such securities. 2. Identify all TIPS with real durations between 2 and 4 years and find the average duration of all such securities. 3. Weight each of the buckets created in steps 1 and 2 such that the weighted average real duration of all included securities is 4.0 years.  If there are less than two securities identified in #1 above, the two TIPS with real durations immediately above 4 years will be identified. If there are less than two securities identified in #2 above, the two TIPS with real durations immediately below 4 years will be identified.	Inception
	<b>100% Barclays US Trsy: US TIPS Index</b>	<b>1/1/2013</b>
Mellon Cap Mgmt Bond Index (SA)	20% Barclays US Gov: Intermediate Term Bond Index 30% Barclays US Gov: Long Term Bond Index 25% Barclays US Corp: Investment Grade Index 25% Barclays US MBS Index	Inception
	<b>100% Barclays US Agg Bond Index</b>	<b>1/1/2003</b>





## Glossary

**Alpha** - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market or a portfolio's non-systematic return.

**Alpha Ratio** - A measure of a portfolio's non-systematic return per unit of downside risk. It is measured by dividing the alpha of a portfolio by the downside risk. The non-systematic return is a measure of a portfolio's historical performance not explained by movements of the market.

**Average Quality** - Bond quality ratings are reported using the investment managers' and the index providers' preferred rating agency. **Average Quality for managers unable to provide this statistic has been estimated using a credit quality distribution provided by the manager.** There are two primary rating agencies in the US. *Moody's* assigns ratings on a system that employs up to four symbols (consisting of letters and numbers) such as, Aaa, Aa2, etc., with Aaa being the highest or safest rating. *Standard & Poor's (S&P)* employs a system that uses + and - along with letters such as AAA, AA+, etc. The two rating agencies' systems are summarized below:

<u>S&amp;P</u>	<u>Moody's</u>	<u>Explanation</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>Explanation</u>
<b>Higher Credit Quality – Investment Grade</b>			<b>Lower Credit Quality – Below Investment Grade</b>		
AAA	Aaa	Prime/Highest credit quality	BB+	Ba1	Speculative/Low credit quality
AA+	Aa1	High credit quality	BB	Ba2	
AA	Aa2		BB-	Ba3	
AA-	Aa3		B+	B1	Highly speculative
A+	A1	Upper-medium credit quality	B	B2	
A	A2		B-	B3	
A-	A3		CCC+	Caa1	Substantial credit/default risk
BBB+	Baa1	Lower-medium credit quality	CCC	Caa2	Extremely speculative
BBB	Baa2		CCC-	Caa3	
BBB-	Baa3		CC	Ca	Vulnerable to default
			C	Ca	
			D	C	In default

**Beta** - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

**Buy and Hold Attribution** - At the beginning of the time period under analysis, the manager and benchmark portfolios are broken down into segments (i.e., styles, sectors, countries, and regions) based on the desired type of attribution. The formula assumes zero turn-over to the manager and benchmark portfolios throughout the period and calculates the segment returns ("buy and hold returns") to arrive at performance attribution. Due to portfolio turnover, buy and hold attribution may not accurately represent quarterly performance relative to the benchmark. Country, region, sector, and style allocations are as of the date one quarter prior to the reporting date, and the returns shown are for those segments throughout the quarter reported. Due to disclosure guidelines set by each investment manager, equity characteristics shown are as of the most recent date available. The following is the methodology for segment classification:

**Sector** - Attribution is calculated using the Global Industry Classification Standard (GICS) which is a detailed and comprehensive structure for sector and industry analysis. Stocks are classified by their primary sector, as defined by S&P Capital IQ data.

**Country/Region** - Attribution is calculated using the Morgan Stanley Capital International (MSCI) region standards. Stocks are classified by their domicile country/region, as defined by S&P Capital IQ data.

**Style** - Stocks are classified into the following style boxes: large/mid/small vs. growth/neutral/value. Stocks are classified along large/mid/small categories at the time of the Russell index rebalancing, using the index market cap boundaries as cutoff points. Stocks are classified along growth/neutral/value categories at the time of the Russell index rebalancing, using the price/book ratio as supplied by S&P Capital IQ. Stocks in the Russell 3000 Index portfolio are sorted by price/book ratio; names with the highest price/book ratio that make up 1/3 of the total market capitalization are assigned to the growth category, names that make up the subsequent 1/3 of the total market capitalization are assigned to the neutral category, while the balance of the names are assigned to the value category.

Portfolio Characteristics and Buy and Hold Attribution reports utilize product-specific data for all mutual funds and commingled funds.

## Glossary

### Capital Markets Review -

**Breakeven Inflation** - Measures the expected inflation rate at each stated maturity by taking the difference between the real yield of the inflation-linked maturity curve and the yield of the closest nominal Treasury maturity.

**Consumer Confidence** - Measures domestic consumer confidence as defined by the degree of optimism on the state of the economy that consumers express through saving and spending.

**Consumer Price Index (CPI)** - Measures the change in the price level of consumer goods and services.

**Option-Adjusted Spread** - Measures the flat spread of an index or bond to the Treasury yield curve after removing the effect of any embedded options.

**Purchasing Managers Index (PMI)** - Measures economic activity by surveying purchasing managers on a monthly basis as to whether business conditions have improved, worsened, or stayed the same.

**US Dollar Total Weighted Index** - Measures the value of the US Dollar relative to a basket of other world currencies. It is calculated as the weighted geometric mean of the dollar's value versus the EUR, GBP, CAD, SEK, CHF, and JPY.

**VIX** - Measures the implied volatility of S&P 500 Index options by looking at the market's expectation of the S&P 500 Index volatility over the next 30 day period. Commonly referred to as the "fear index" or the "fear gauge."

**Consistency** - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Convexity** - A measure of the shape of the curve that describes the relationship between bond prices and bond yields.

**Correlation** - A statistical measure of the relationship between asset class returns. A value of 1.00 is a perfect correlation; that is, the asset classes always move in the same direction. A value of -1.00 indicates a perfect negative correlation, in which the asset classes always move in opposite directions of each other. A value of 0 indicates there is no relationship between the direction of returns of the two asset classes. Correlation calculations only consider the direction of changes relative to two variables and not the magnitude of those changes.

**Coupon Rate** - The percentage rate of interest paid on a bond or fixed income security; it is typically paid twice per year.

**Current Yield** - The annual income of a security divided by the security's current price.

**Down Market Capture** - Down market by definition is negative benchmark return and down market capture represents the ratio in % terms of the average portfolios return over the benchmark during the down market period. The lower the value of the down market capture the better the product's performance.

**Downside Risk** - A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.

**Earnings Per Share** - It is backward looking, calculated using the one year current EPS divided by the one year EPS five years ago.

**Effective Duration** - The weighted average duration of all the bonds in a given portfolio, weighted by their dollar values.

**Excess Return vs. Market** - Average of the monthly arithmetic difference between the manager's return and the benchmark return over a specified time period, shown on an annualized basis.

**Excess Return vs. Risk Free** - Average of the monthly arithmetic difference between the manager's return and the risk-free return (i.e., BofA ML 3 Mo US T-Bill Index unless specified otherwise) over a specified time period, shown on an annualized basis.

**Excess Risk** - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

**Expense Ratios** - Morningstar is the source for mutual fund expense ratios.

**Gain/Loss** - The net increase or decrease in the market value of a portfolio excluding its Net Cash Flow for a given period.

**Indices** - All indices and related information are considered intellectual property and are licensed by each index provider. The indices may not be copied, used or distributed without the index provider's prior written approval. Index providers make no warranties and bear no liability with respect to the indices, any related data, their quality, accuracy, suitability and/or completeness.

**Information Ratio** - Measured by dividing the active rate of return by the tracking error. The higher the information ratio, the more value-added contribution by the manager.

## Glossary

**Liability Driven Investing (LDI)** - A method to optimally structure asset investments relative to liabilities. The change in liabilities is estimated by the Ryan Labs Generic PPA Index of appropriate duration for that Plan. This benchmark is based on generic data and is therefore an approximation. RVK is not an actuarial firm, and does not have actuarial expertise.

**Estimated Funded Status** - The estimated ratio of a Plan's assets relative to its future liabilities. This is calculated by dividing the Plan's asset market value by the estimated present value of its liabilities. The higher the estimated funded status, the better the Plan's ability to cover its projected benefit obligations. An estimated funded status of 100% indicates a Plan that is fully funded.

**Estimated PV of Liabilities** - An estimate of a Plan's future liabilities in present value terms. The beginning of the period liability is provided by the Plan's actuary. The period-end present value liability estimate provided in this report is derived by applying the estimated percentage change generated using the Ryan Labs Generic PPA Index with duration similar to that reported on the most recent actuarial valuation report.

**Duration of Liabilities** - The sensitivity of the value of a Plan's liabilities to changes in interest rates, as calculated by the Plan's actuary.

**Duration of Assets** - The dollar-weighted average duration of all the individual Plan assets.

**Estimated Plan Hedge Ratio** - The estimate of how well a Plan's investment portfolio is hedged against changes in interest rates - a primary driver of funded status movements. This is calculated by dividing the dollar-weighted values of both the Plan asset duration by the liability duration and multiplying by the estimated funded status. An estimated plan hedge ratio of zero indicates that the Plan's liabilities have not been hedged, whereas a value of one indicates fully hedged.

**Modified Duration** - The approximate percentage change in a bond's price for a 100 basis point change in yield.

**Mutual Fund Performance** - Whenever possible, manager performance is extended for any share class that does not have 10 years of history. Using Morningstar's methodology, a single ticker within the same fund family (often the oldest share class) is chosen to append historical performance.

**Net Cash Flow** - The sum, in dollars, of a portfolio's contributions and withdrawals. This includes all management fees and expenses only when performance shown is gross of fees.

### Peer Groups -

**Plan Sponsor Peer Groups** - RVK utilizes the Mellon Analytical Solutions Trust Universe along with the Investment Metrics Plan Sponsor Universe. The combined Mellon Analytical Solutions Trust Universe and Investment Metrics Plan Sponsor Universe is used for comparison of total fund composite results and utilizes actual client returns compiled from consultant and custodial data. The Plan Sponsor Peer Group database includes performance and other quantitative data for over 2,100 plans which include corporate, endowment, foundation, public, and Taft Hartley plans. Plan Sponsor Peer Groups are gross of fees.

**Institutional Peer Groups (Separate Account and Commingled Fund)** - RVK utilizes the Investment Metrics Separate Account and Commingled Fund Manager Peer Groups for peer comparison and rankings. The Separate Account and Commingled Fund Peer Group database includes performance and other quantitative data for over 1,000 investment management firms, 6,400 investment products, across 100 standard peer groups. Separate Account and Commingled Fund Peer Groups are gross of fees.

**Mutual Fund (MF) Peer Groups** - RVK utilizes the Lipper Mutual Fund Manager Peer Groups for peer comparison and rankings. The Lipper Manager Peer Group database includes performance and other quantitative data for over 700 investment management firms and 24,500 investment products, across more than 140 standard peer groups. Mutual Fund Peer Groups are net of fees.

**Percentile Rankings** - Percentile rank compares an individual fund's performance with those of other funds within a defined peer group of managers possessing a similar investment style. Percentile rank identifies the percentage of a fund's peer group that has a higher return (or other comparative measurement) than the fund being ranked. Conversely, 100 minus the individual fund's ranking will identify the percentage of funds within the peer group that have a lower return than the fund being ranked.

1 - Highest Statistical Value

100 - Lowest Statistical Value

*Example: American Funds AMCP;R-4 (RAFEX) is ranked in the 4<sup>th</sup> percentile within the IM US Equity Large-Cap Growth Funds (MF) Peer Group for the Sharpe Ratio. Within the IM US Equity Large-Cap Growth Funds peer group, 4% of the other funds performed better than American Funds AMCP;R-4 (RAFEX), while 96% of the funds performed worse.*

**Performance Methodology** - RVK endorses the Global Investment Performance Standards (GIPS) and calculates performance for investment managers and composites using different methodologies. Investment manager performance is calculated by revaluing the portfolio on the date of all large external cash flows while composite performance is calculated using the Modified Dietz calculation methodology. According to the CFA Institute, "Only investment management firms that actually manage assets can claim compliance with the Standards. Plan Sponsors and consultants cannot make a claim of compliance unless they actually manage assets for which they are making a claim of compliance. They can claim to endorse the Standards and/or require that their investment managers comply with the Standards."

**Investment Managers** - Performance is calculated for interim periods between all large external cash flows for a given month and geometrically linked to calculate period returns. An external cash flow is defined as cash, securities, or assets that enter or exit a portfolio. RVK defines a "large cash flow" as a net aggregate cash flow of  $\geq 10\%$  of the beginning-period portfolio market value or any cash flow that causes RVK calculated performance to deviate from manager/custodian reported performance in excess of 5 basis points for a given month.

## Glossary

**Composites** - The Modified Dietz methodology is utilized to calculate asset class, sub-asset class, and total fund composite performance. The Modified Dietz method calculates a time-weighted total rate of return that considers the timing of external cash flows; however, it does not utilize interim period performance to mitigate the impact of significant cash in- and outflows to the composite.

RVK calculates performance beginning with the first full month following inception. Since inception performance may vary from manager reported performance due to RVK using the first full month of returns as the inception date. Performance for both managers and composites is annualized for periods greater than one year.

**Portfolio Characteristics** - Due to disclosure guidelines set by each investment manager, portfolio characteristics shown are as of the most recent date available.

**Private Equity Quartile Ranks** - Private Equity quartile ranks are generated using vintage year peer group data provided by Thomson Reuters, and are based on each fund's annualized, since inception internal rate of return (IRR). Three Private Equity peer groups are available via Thomson Reuters: Buyout, Venture, and All Private Equity. Ranks are available quarterly, at a one-quarter lag.

**Return** - Compounded rate of return for the period.

**% Return** - The time-weighted rate of return of a portfolio for a given period.

**R-Squared** - The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**Risk Free Benchmark** - BofA ML 3 Mo US T-Bill Index unless specified otherwise.

**RVK Liquidity Rating** - A qualitative method for determining the relative amount of liquidity in a portfolio. The characteristics considered when determining relative liquidity include trading volume, gates for redemption, leverage, nature of transactions, and pricing mechanisms. The RVK Liquidity Rating is calculated using beginning of month investment weights applied to each corresponding asset class liquidity rating.

<u>Asset Class</u>	<u>RVK Liquidity Rating</u>	<u>Asset Class</u>	<u>RVK Liquidity Rating</u>
<u>Liquid Investments</u>		<u>Less Liquid Investments</u>	
T-Bills and Treasurys	100	Fixed Income Plus Sector	50
Cash Equivalents	98	Bank Loans	50
TIPS	95	Stable Value (Plan Sponsor Directed)	50
US Large Cap Equity	95	Absolute Return Strategies	35
Diversified Real Return	93		
Stable Value (Participant Directed)	91		
Non-US Large Cap Equity	90	<u>Not Liquid Investments</u>	
Global Tactical Asset Allocation	88	Core Real Estate	25
US Small Cap Equity	85	Core Plus Real Estate	15
REITS	85	Plus Only Real Estate	5
Non-US Small Cap Equity	85	Private Equity Funds of Funds	5
Emerging Markets Equity	85		
Core Fixed Income	85		
Core Plus Fixed Income	80		

**Sharpe Ratio** - Represents the excess rate of return over the risk-free return (i.e., BofA ML 3 Mo US T-Bill Index unless specified otherwise), divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

**Simple Alpha** - The difference between the manager's return and the benchmark's return.

**Spread Duration** - A measure of the price sensitivity of a bond to a 100 basis-point movement of the bond's spread relative to Treasurys.

## Glossary

**Standard Deviation** - A statistical measure of the range of a portfolio's performance. The variability of a return around its average return over a specified time period.

**Time Period Abbreviations** - **QTD** - Quarter-to-Date. **CYTD** - Calendar Year-to-Date. **FYTD** - Fiscal Year-to-Date. **YOY** - Year Over Year.

**Thematic Classification** - Represents dedicated manager allocations; as such, thematic allocations are approximations. RVK categorizes the following asset classes as Alpha, Capital Appreciation, Capital Preservation, and Inflation:

### Alpha

Absolute Return Strategies  
Currency Overlay

### Capital Appreciation

Public Equity  
Private Equity  
Preferred Securities  
High Yield  
Convertible Fixed Income  
TALF Funds  
Distressed Debt  
Emerging Market Fixed Income  
Value Added Real Estate  
Opportunistic Real Estate

### Capital Preservation

Core Fixed Income  
CMBS Fixed Income  
Asset Backed Fixed Income  
Domestic Core Plus Fixed Income  
Mortgage Backed Fixed Income  
International Developed Fixed Income  
Cash Equivalents  
Stable Value

### Inflation

TIPS  
Bank Loans  
Core Real Estate  
Real Return  
Inflation Hedges  
REITS  
Commodities

**Total Fund Attribution** - A method for identifying the sources of a total fund's over- or underperformance relative to its benchmark. The calculation identifies the contributions of positive or negative total fund excess return caused by allocation differences relative to the total fund's custom benchmark, and performance differences of the investment managers relative to the benchmark components that represent them.

### **Total Fund Performance** -

**Total Fund** - The percentage return of the total fund for the specified time period.

**Total Fund Benchmark** - The percentage return of the total fund benchmark for the specified time period; calculated using the target asset allocation and the corresponding benchmark returns.

**Total Value Added** - The percentage of over- or underperformance of the total fund as compared to the total fund benchmark.

### **Total Value Added** -

**Asset Allocation** - Shows how the variance of the total fund's actual allocation from its target allocation added to or subtracted from fund performance.

**Manager Value Added** - The portion of the total value added attributable to the outperformance or underperformance of the fund's investment managers, relative to the individual benchmarks that represent them in the total fund benchmark.

**Market Timing/Other** - The contribution of other residual factors, including estimation error and transaction timing.

**Total Fund Beta** - Total Fund Beta is calculated using the S&P 500 as the benchmark. It represents a measure of the sensitivity of the total fund to movements in the S&P 500 and is a measure of the Total Fund's non-diversifiable or systematic risk.

**Tracking Error** - A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.

**Treynor Ratio** - Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Treynor ratio represents the excess rate of return over the risk-free rate (i.e., BofA ML 3 Mo US T-Bill Index unless specified otherwise) divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better historical risk-adjusted performance.

**Unit Value** - The dollar value of a portfolio, assuming an initial nominal investment of \$100, growing at the compounded rate of %Return for a given period.

**Up Market Capture** - Up market by definition is positive benchmark return and up market capture represents the ratio in % terms of the average portfolios return over the benchmark during the up market period. The higher the value of the up market capture the better the product's performance.

**Yield to Maturity** - The rate of return achieved on a bond or other fixed income security assuming the security is bought and held to maturity and that the coupon interest paid over the life of the bond will be reinvested at the same rate of return.

**Yield to Worst** - The bond yield calculated by using the worst possible yield taking into consideration all call, put, and optional sink dates.

PORTLAND

CHICAGO

NEW YORK

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