



ARCHITECTS OF INVESTMENT SOLUTIONS



State of North Carolina

AUGUST 13, 2015

STATE OF NORTH CAROLINA

TABLE OF CONTENTS

SECTION I:	Galliard Capital Management Firm Update
SECTION II:	Stable Value Market Update
SECTION III:	Relationship Milestones & Expense Disclosure
SECTION IV:	State of North Carolina 401(k) Stable Value Fund Portfolio Review
SECTION V:	State of North Carolina 457 Stable Value Fund Portfolio Review
APPENDIX:	Economic Update Professional Biography

SECTION I

GALLIARD CAPITAL MANAGEMENT

BUSINESS PROFILE AS OF 6/30/15



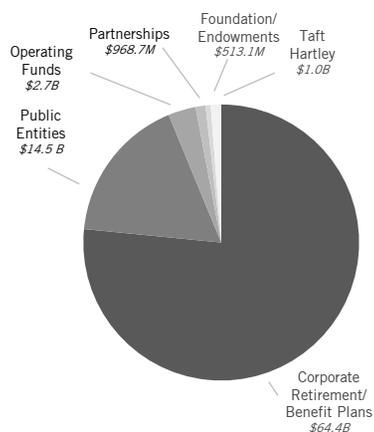
- **18** fortune 100 clients; **51** fortune 500 clients
- **117** stable value separate accounts

FIRM INITIATIVES & MARKET PERSPECTIVE

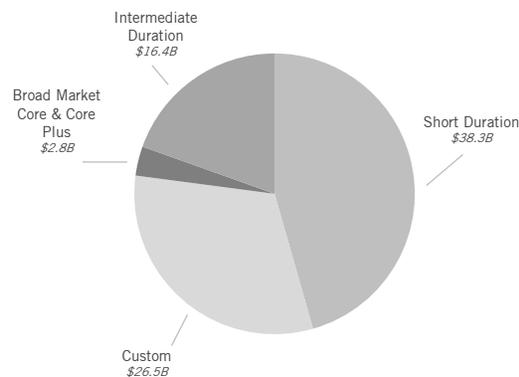
- Celebration of Galliard's **20th** Year Anniversary and recognition of firm accomplishments
- Stable value interest from new plan sponsor types such as **529** and **403(b)** plans
- Potential **stable value** opportunities with plan sponsors that have typically utilized money market funds as their **capital preservation** option
- Stable value participant cashflows flat to slightly negative
- Brand expansion of **long duration** fixed income product
- Development of **high-quality short duration fund** product
- Implementation of **new client reporting system**

ASSETS UNDER MANAGEMENT

BY PLAN TYPE



BY STRATEGY



SECTION II

STABLE VALUE MARKET UPDATE

STABLE VALUE MARKET VIEW

	MARKET VIEW	GALLIARD POSITIONING
CONTRACT ISSUERS	<ul style="list-style-type: none">• Capacity continues to improve; current supply is greater than the demand• 17 providers in the market currently issuing capacity (4 banks & 13 insurance companies)• Issuers continue to be selective about the managers and portfolio strategies they are willing to wrap• Contract issuers more flexible with respect to the investment guidelines• More favorable/balanced approach to contract provisions• Contract fees appear to have peaked	<ul style="list-style-type: none">• Galliard has ample capacity and is conducting placements through competitive bid process• Galliard has strong relationships with all major market participants• Galliard continues to be a preferred manager• Galliard has obtained broader investment latitude across issuers• Negotiating to standardize more advantageous contract provisions• Working with issuers to reduce fees
PORTFOLIO	<ul style="list-style-type: none">• Evidence of participant reallocation to riskier assets• Economic data suggests increased likelihood of rising rates• Reinvestment rates remain historically low	<ul style="list-style-type: none">• Liquidity buffers well positioned to accommodate participant redemptions• Maintaining portfolio durations between 2.5 to 3 years to be more responsive to rising rates• Opportunistically seeking yield in high quality spread assets
REGULATORY/DC MARKET ENVIRONMENT	<ul style="list-style-type: none">• Dodd Frank stable value study yet to be completed• SEC approved changes to money market mutual fund regulations; Expected implementation in 2016• DC plan design evolving to improve participant outcomes	<ul style="list-style-type: none">• Existing contracts exempt; no detrimental impact expected• Monitoring impact on liquidity vehicles used• Leading industry efforts to ensure stable value meets plan sponsor needs

STABLE VALUE MARKET UPDATE CONTRACT ISSUER SUMMARY

AS OF JULY 2015

NAME	ACCEPTING DEPOSITS FROM NEW CLIENTS*	ACCEPTING DEPOSITS FROM EXISTING CLIENTS*	CONTRACT TYPE**	ASSET MANAGEMENT***	S&P CREDIT RATING	MOODY'S CREDIT RATING
AMERICAN GENERAL LIFE	Yes	Yes	SBIC	Dodge & Cox, Galliard, Payden & Rygel	A+	A2
MASSMUTUAL LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, Babson	AA+	Aa2
METROPOLITAN LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, PIMCO, Dodge & Cox, Loomis Sayles	AA-	Aa3
NATIONWIDE LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Dodge & Cox, PIMCO	A+	A1
NEW YORK LIFE INS. CO.**	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
PACIFIC LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Loomis Sayles, PIMCO	A+	A1
PRUDENTIAL LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A1
RGA REINSURANCE CO.	Yes	Yes	SBIC	Galliard	AA-	A1
ROYAL BANK OF CANADA	Yes	Yes	SBIC	Galliard	AA-	Aa3
STATE STREET BANK AND TRUST CO.	Yes	Yes	SBIC	Galliard	AA-	A1
TIAA-CREF LIFE	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aa1
TRANSAMERICA PREMIER LIFE INS. CO.****	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
VOYA RETIREMENT AND ANNUITY COMPANY****	Yes	Yes	SBIC	Galliard, Voya, PIMCO, Dodge & Cox, IR&M	A	A2

*Providers accepting deposits on a case by case basis

**Security Backed Investment Contract (SBIC) or Separate Account GIC (SAGIC)

***Managers typically utilized within Galliard Stable Value Solutions

****Previously known as Monumental Life and ING Life, respectively

SECTION III

STATE OF NORTH CAROLINA STABLE VALUE FUNDS RELATIONSHIP MILESTONES

DECEMBER 2010

- Galliard assumes oversight, daily valuations, and administration of stable value funds
 - Transitioned custody of the 457 Plan Payden & Rygel portfolio to Wells Fargo
-

2011

- Changed 401(k) Plan's Prudential benchmark from Broad Market to Intermediate Aggregate
 - Transitioned PIMCO to intermediate duration strategy wrapped by MetLife and increase allocation to 15% of assets
 - Funded Galliard short duration strategy with United of Omaha Wrap
 - Began termination of State Street securities lending program in the 401(k) Plan
 - Transitioned 457 Plan's Prudential intermediate duration strategy to Galliard collective trust
 - Liquidation of GWL trading account and funding of the Wells Fargo STIF and Wells Fargo SRF liquidity buffer
 - Transitioned custody of the 401(k) Payden & Rygel portfolio to Wells Fargo
 - New guidelines established for Payden short duration strategy
 - Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
 - Moved from declared rate to actual portfolio returns
-

2012

- Changed STIF to Wells Fargo Government Money Market
 - Finalize portfolio strategy recommendations
-

2013

- Secured wrap coverage for Payden & Rygel with American General Life
 - Reduced exposure to PIMCO/Met Life to 13% target
 - Allocated 15% to Jennison under Prudential wrap
-

2014

- Finalized Nationwide wrap contract to replace United of Omaha
 - Reduced Great West Life allocation to target (20%)
-

2015

- Added Dodge & Cox as sub-advisor to both the 401(k) and 457 plan's stable value funds, replacing PIMCO

STATE OF NORTH CAROLINA EXPENSE DISCLOSURE

TOTAL ANNUAL OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

Expense	401(k) Plan	401(k) Plan	457 Plan	457 Plan
	Expense Ratio (as of 6/30/15)	Est. Annual Revenue	Expense Ratio (as of 6/30/15)	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.073%	\$1,403,227	0.073%	\$289,352
Investment Management Fees paid to Non-Affiliated Investment Advisors	0.045%	\$870,506	0.047%	\$186,445
Investment Contract Fees ¹	0.173%	\$3,329,493	0.176%	\$696,636
Acquired Fund Fees ²	0.046%	\$890,673	0.043%	\$172,157
-Investment Contract Fees	0.013%	\$253,645	0.013%	\$52,564
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors ³	0.033%	\$637,029	0.030%	\$119,593
12b-1 Distribution Fee	None	None	None	None
Other Expenses	0.104%	\$2,001,156	0.104%	\$412,648
Total Annual Fund Operating Expense⁴	0.441%	\$8,495,055	0.443%	\$1,757,239

¹These are fees paid to create and maintain the investments used by a stable value fund

²These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees

³Includes audit fees for the cost of producing a report by a qualified auditor

⁴Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV)

SECTION IV

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

Book Value Performance	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees - NAV Level)***	0.15	0.47	0.91	1.83	2.07	2.56	---	2.44
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.51	1.03	1.07	1.09	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.38	0.76	1.53	1.57	1.59	2.95	1.59
3 Year Constant Maturity Treasury Yield	0.09	0.24	0.48	0.97	0.70	0.69	1.88	0.68
Market Value Benchmark								
Blended Benchmark****	-0.40	-0.36	0.61	1.42	1.33	2.09	3.52	1.91

Calendar Year Performance

Book Value Performance	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Portfolio (net of all fees - NAV Level)***	1.80	2.15	2.75	3.27	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.04	1.08	1.12	1.11	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.55	1.58	1.62	1.61	1.64
3 Year Constant Maturity Treasury Yield	0.90	0.54	0.38	0.75	1.10
Market Value Benchmark					
Blended Benchmark****	2.69	-0.41	2.52	4.05	4.53
Market Indices					
Merrill Lynch 3 Month T-Bill	0.03	0.07	0.11	0.10	0.13
Consumer Price Index	0.76	1.62	2.26	2.96	1.50

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement.

****10% BofAML 3 Month U.S. T-Bills, 30% Barclays 1-3 Yr U.S. Govt/Credit, 60% Barclays Intermediate U.S. Aggregate. This blended market value benchmark approximates the asset allocation target for the State of North Carolina Stable Value Fund. It is important to note that fundamental differences arise when comparing book value performance to a market index, especially when comparing performance for periods shorter than 10 years. Market value indices immediately reflect the gains/(losses) resulting from changing market interest rates while book value performance amortizes these gains/(losses).

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Second Quarter 2015

Portfolio Characteristics

Total Assets	\$1,924,187,717	Blended Yield (After fees)*	1.90%
Average Holdings Quality**	AA+	Effective Duration	2.87 years
Number of Contract Issuers	5	Market/Book Value Ratio	101.62%

*Blended yield is after investment management fees, wrap fees and administration fees.

**The Average Holdings Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Average Holdings Quality shown represents an average quality of the underlying individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u>	
		<u>06/30/2015</u>	<u>03/31/2015</u>
Cash & Equivalents*	68,648,876	3.6	3.4
Stable Value Funds	125,398,860	6.5	6.5
Separate Account GICs	636,352,509	33.1	33.1
Intermediate Portfolio	636,352,509	33.1	33.1
Security Backed Investment Contracts	1,093,787,472	56.8	57.0
Short Portfolio	560,614,911	29.1	29.2
Intermediate Portfolio	533,172,560	27.7	27.7
Total	\$1,924,187,717	100.0%**	100.0%**

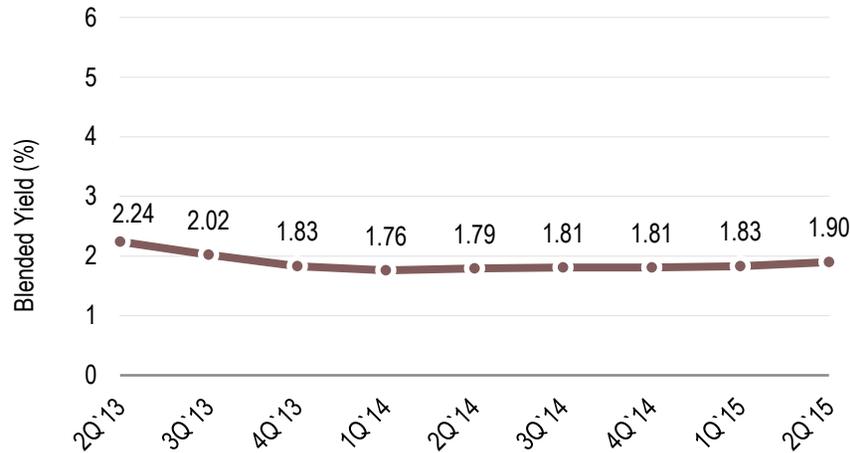
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

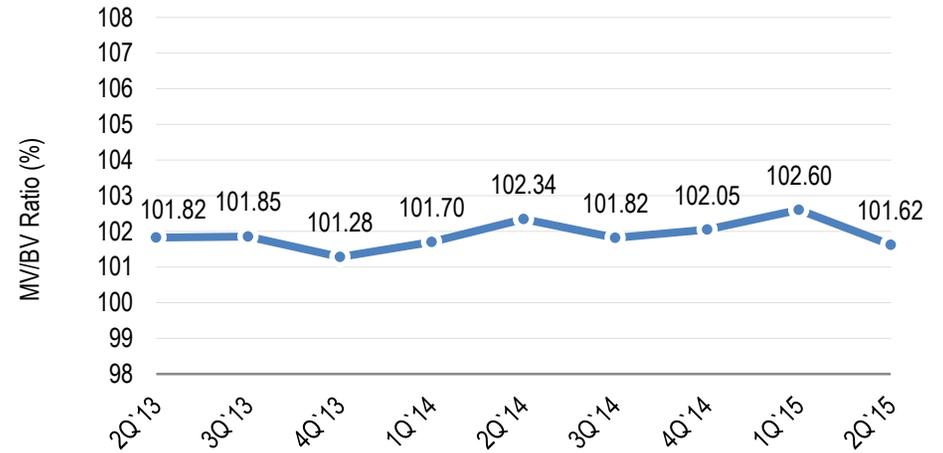
Second Quarter 2015

Historical Book Value Crediting Rate*

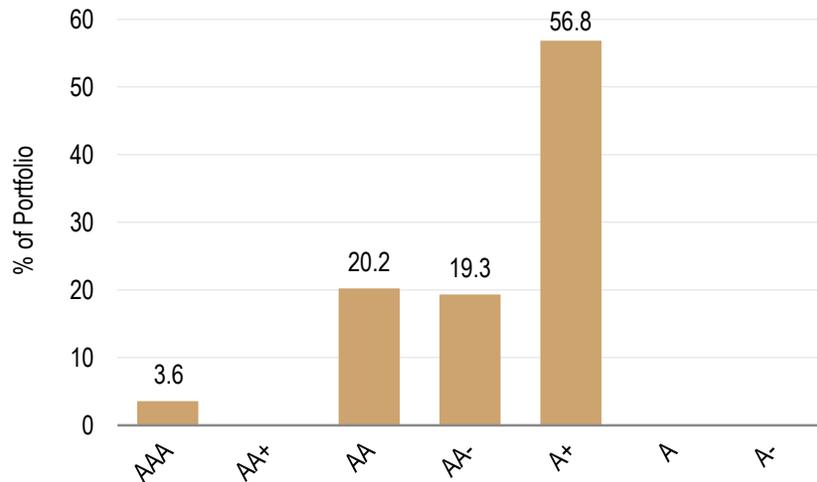


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

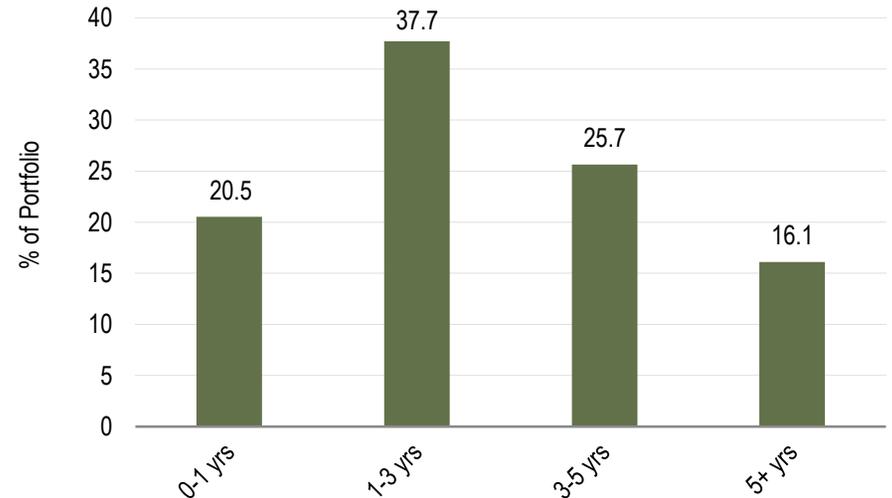
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



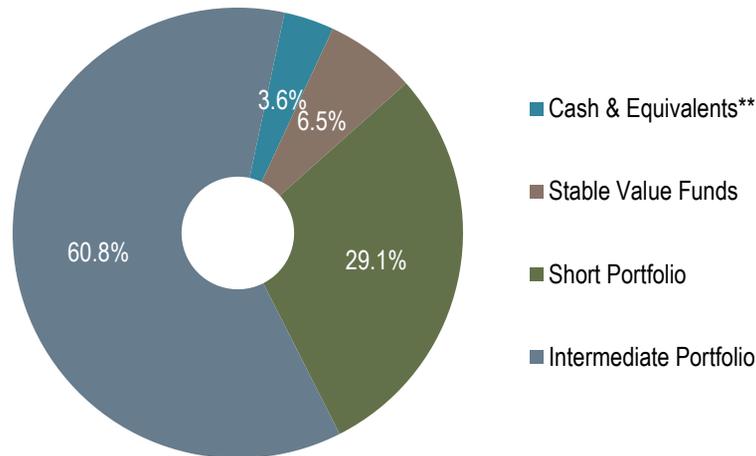
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Second Quarter 2015

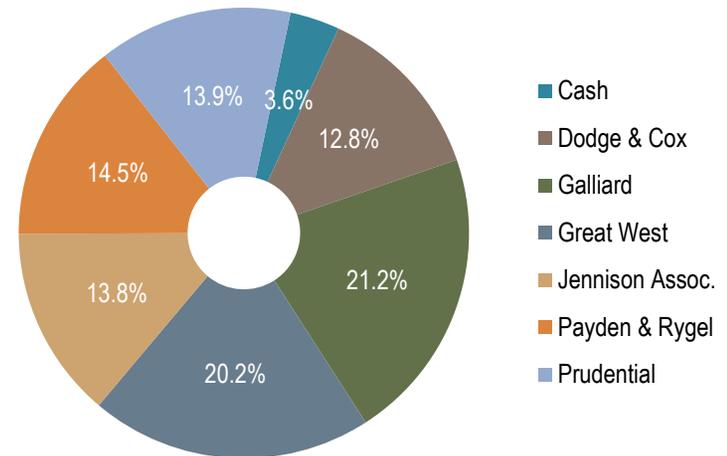
Portfolio Distribution*



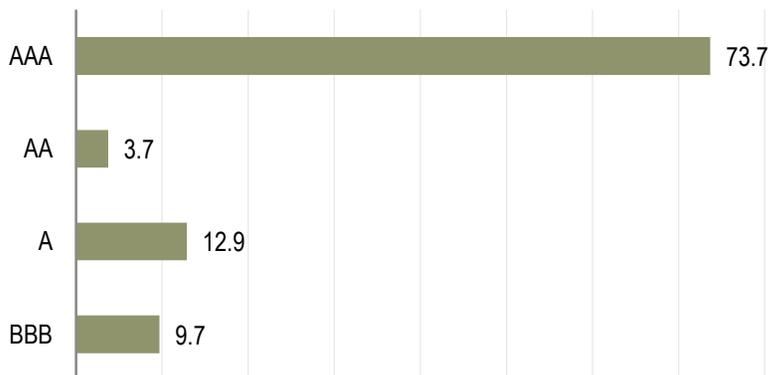
*Book value

**Includes Receivables and Payables

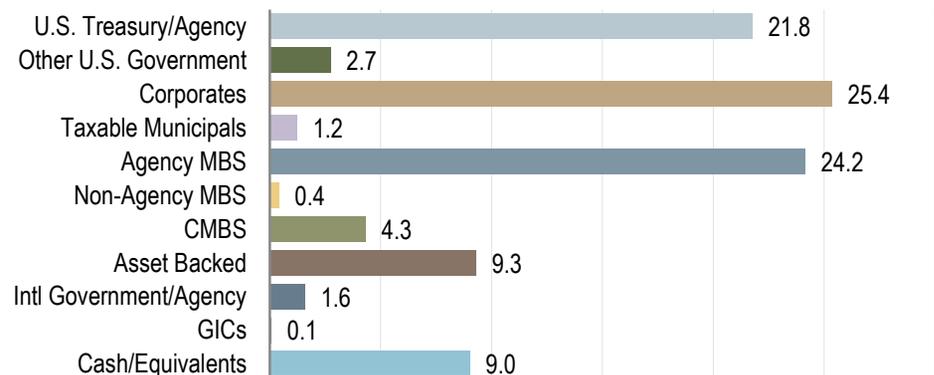
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



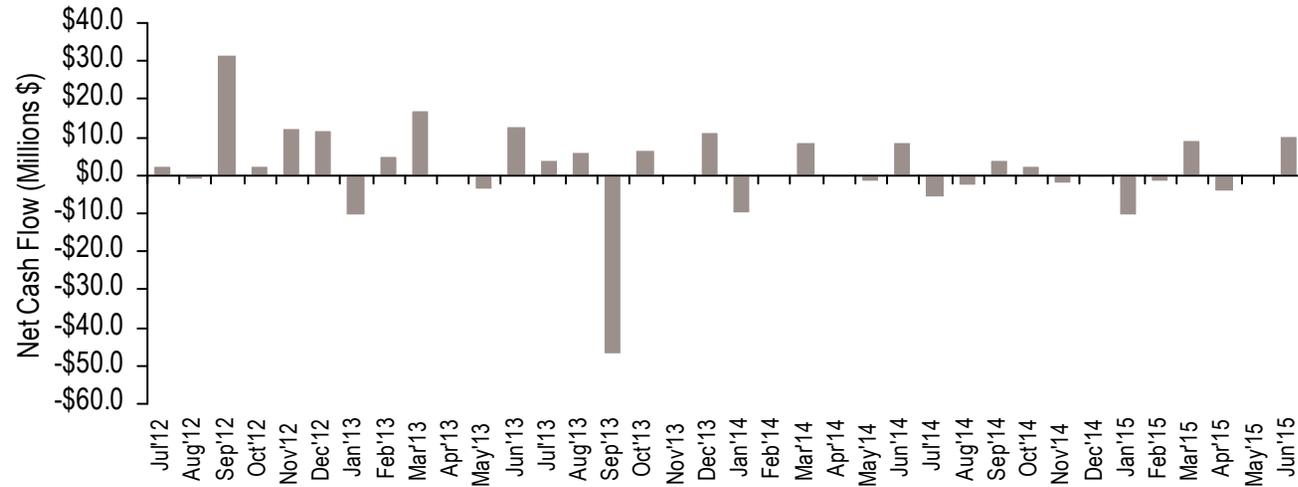
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Second Quarter 2015

Historical Cashflows



	YTD	2014	2013	2012	2011
Beginning Assets	\$1,904.2	\$1,870.9	\$1,829.1	\$1,702.4	\$1,594.4
Net Cash Flow (\$)*	\$2.7	-\$0.3	\$2.4	\$79.1	\$33.1
Net Cash Flow (%)	0.14%	-0.02%	0.13%	4.65%	2.08%
Estimated Investment Earnings	\$17.3	\$33.6	\$39.4	\$47.6	\$74.9
Ending Assets**	\$1,924.2	\$1,904.2	\$1,870.9	\$1,829.1	\$1,702.4

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 401(K) PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.16%	0.99%	1.32%		2.28%	7/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>0.13%</u>	<u>0.93%</u>	<u>0.94%</u>		<u>1.59%</u>	
	0.02%	0.05%	0.39%		0.68%	
Galliard**	0.00%	1.18%	1.19%		2.15%	1/1/2010
Barclays U.S.1-3 Yr. Government *	0.15%	0.91%	0.68%		1.12%	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>0.13%</u>	<u>0.93%</u>	<u>0.94%</u>		<u>1.41%</u>	
	-0.15%	0.27%	0.51%		1.03%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-0.66%	1.98%	1.85%		2.86%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>-0.67%</u>	<u>1.89%</u>	<u>1.74%</u>		<u>2.72%</u>	
	0.01%	0.09%	0.11%		0.13%	
PIMCO	-0.57%	1.19%	1.12%		2.83%	2/1/2011
Barclays U.S.Intermediate Aggregate	<u>-0.67%</u>	<u>1.89%</u>	<u>1.74%</u>		<u>2.90%</u>	
	0.10%	-0.69%	0.12%		-0.07%	
Great West Life	-0.41%	2.02%	1.88%		2.39%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>-0.63%</u>	<u>1.96%</u>	<u>1.57%</u>		<u>1.96%</u>	
	0.22%	0.06%	0.31%		0.44%	
Jennison	-1.05%	2.09%	1.65%		2.92%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>-0.62%</u>	<u>1.68%</u>	<u>1.60%</u>		<u>2.61%</u>	
	-0.43%	0.41%	0.05%		0.32%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration.

STATE OF NORTH CAROLINA STABLE VALUE FUNDS
MANAGER-LEVEL CHARACTERISTICS – 401(K) PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	3/31/2015	\$ 277,644,418	\$ 280,139,118	100.9%	0.90%	1.49	1.15%
		6/30/2015	<u>\$ 278,658,948</u>	<u>\$ 280,577,586</u>	<u>100.7%</u>	<u>1.03%</u>	<u>1.47</u>	<u>1.26%</u>
			\$ 1,014,530	\$ 438,468	-0.2%	0.13%	(0.02)	0.11%
	Galliard	3/31/2015	\$ 280,560,494	\$ 285,427,788	101.7%	1.16%	1.98	1.81%
		6/30/2015	<u>\$ 281,955,963</u>	<u>\$ 285,429,883</u>	<u>101.2%</u>	<u>1.36%</u>	<u>1.95</u>	<u>1.78%</u>
			\$ 1,395,469	\$ 2,095	-0.5%	0.20%	(0.03)	-0.03%
Intermediate Duration	Prudential	3/31/2015	\$ 265,467,707	\$ 277,636,560	104.6%	1.71%	3.59	2.46%
		6/30/2015	<u>\$ 267,781,353</u>	<u>\$ 275,704,727</u>	<u>103.0%</u>	<u>1.76%</u>	<u>3.34</u>	<u>2.59%</u>
			\$ 2,313,646	\$ (1,931,833)	-1.6%	0.05%	(0.25)	0.13%
	PIMCO/DODGE&COX	3/31/2015	\$ 245,614,841	\$ 252,141,282	102.7%	1.76%	3.46	2.10%
		6/30/2015	<u>\$ 246,848,095</u>	<u>\$ 249,916,786</u>	<u>101.2%</u>	<u>2.13%</u>	<u>3.57</u>	<u>2.04%</u>
			\$ 1,233,254	\$ (2,224,496)	-1.4%	0.37%	0.11	-0.06%
	Great West Life	3/31/2015	\$ 386,860,085	\$ 398,354,764	103.0%	2.00%	3.05	2.54%
		6/30/2015	<u>\$ 389,504,415</u>	<u>\$ 396,515,366</u>	<u>101.8%</u>	<u>2.29%</u>	<u>3.61</u>	<u>2.77%</u>
			\$ 2,644,330	\$ (1,839,398)	-1.2%	0.29%	0.56	0.23%
	Jennison	3/31/2015	\$ 264,098,014	\$ 276,204,082	104.6%	1.40%	4.14	2.46%
		6/30/2015	<u>\$ 265,391,207</u>	<u>\$ 273,243,859</u>	<u>103.0%</u>	<u>1.65%</u>	<u>4.01</u>	<u>2.59%</u>
			\$ 1,293,193	\$ (2,960,223)	-1.6%	0.25%	(0.13)	0.13%
Total Fund		3/31/2015	\$ 1,909,299,715	\$ 1,958,957,751	102.6%	1.48%	2.81	2.01%
		6/30/2015	<u>\$ 1,924,187,717</u>	<u>\$ 1,955,435,942</u>	<u>101.6%</u>	<u>1.67%</u>	<u>2.87</u>	<u>2.10%</u>
			\$ 14,888,002	\$ (3,521,809)	-1.0%	0.19%	0.06	0.09%

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Second Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>6/30/2015</u>	<u>3/31/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Group diversity is a strength as only remaining insurer with leading positions in both Life and Property & Casualty
- Leading positions in most Life and Annuity products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets such as COLID/BOLI for non-qualified executive benefits
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital levels rebounded in the first quarter, but have yet to take dividends from the entity

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings
- Significant variable annuity hedging has resulted in volatile investment earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios jumped to above average following a large reinsurance transaction in 1Q15
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only. For institutional investors only.

North Carolina 401(k) Stable Value Fund Portfolio Review

Portfolio Holdings

June 30, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-1,102,631	-1,102,631	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		69,751,507	69,751,507	100.0	3.6	0.01		0.10	AAA	Aaa	
Total Cash & Equivalents			68,648,876	68,648,876	100.0	3.6	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		125,398,860	125,398,860	100.0	6.5	1.77		2.54	AA-	Aa3	
Total Stable Value Funds			125,398,860	125,398,860	100.0	6.5	1.77		2.54	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	389,504,415	396,515,366	101.8	20.2	2.77	N.S.M.	3.61	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	Dodge & Cox	246,848,095	249,916,786	101.2	12.8	2.04	N.S.M.	3.57	AA-	Aa3	20.0
Total Intermediate Portfolio			636,352,509	646,432,153	101.6	33.1	2.49		3.59	AA	Aa3	
Total Separate Account GICs			636,352,509	646,432,153	101.6	33.1	2.49		3.59	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996EE1	American General Life Ins. Co.	Payden & Rygel	278,658,948	280,577,586	100.7	14.5	1.26	N.S.M.	1.47	A+	A2	25.0
896994GW4	Nationwide Life Ins. Co.	Galliard	281,955,963	285,429,883	101.2	14.7	1.78	N.S.M.	1.95	A+	A1	23.0
Total Short Portfolio			560,614,911	566,007,469	101.0	29.1	1.52		1.71	A+	A1	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Jennison Assoc.	265,391,207	273,243,859	103.0	13.8	2.59	N.S.M.	4.01	AA-	A1	17.0
744999CV3	Prudential Ins. Co. of America	Prudential	267,781,353	275,704,727	103.0	13.9	2.59	N.S.M.	3.34	AA-	A1	17.0
Total Intermediate Portfolio			533,172,560	548,948,585	103.0	27.7	2.59		3.68	AA-	A1	
Total Security Backed Investment Contracts			1,093,787,472	1,114,956,054	101.9	56.8	2.04		2.67	A+	A1	
Total Fund			1,924,187,717	1,955,435,942	101.6	100.0	2.10		2.87	AA-	A1	

*N.S.M. = No Stated Maturity

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.16	0.76	0.99	1.32	1.74	2.28
Benchmark***	0.13	0.72	0.93	0.94	1.17	1.59

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: July 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA-	AA+	Total Assets	\$280.6 million
Weighted Average Maturity	1.95 years	1.88 years	Number of Issues	233
Yield to Maturity	1.03%	0.88%	Weighted Coupon	1.33%
Effective Duration	1.47 years	1.83 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	34.4%	27.2%	70.0%
Other U.S. Government	2.2%	2.1%	0.0%
Taxable Municipal	2.1%	2.1%	0.6%
Corporates	41.9%	42.8%	22.6%
Asset Backed Securities (ABS)	7.7%	13.3%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	3.3%	3.1%	0.0%
Sovereign / Supranationals	7.6%	9.2%	6.9%
Cash / Equivalents	0.7%	0.3%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	55.9%	55.3%	72.5%
AA	4.2%	4.0%	6.7%
A	23.5%	23.3%	12.5%
BBB	16.4%	17.4%	8.3%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

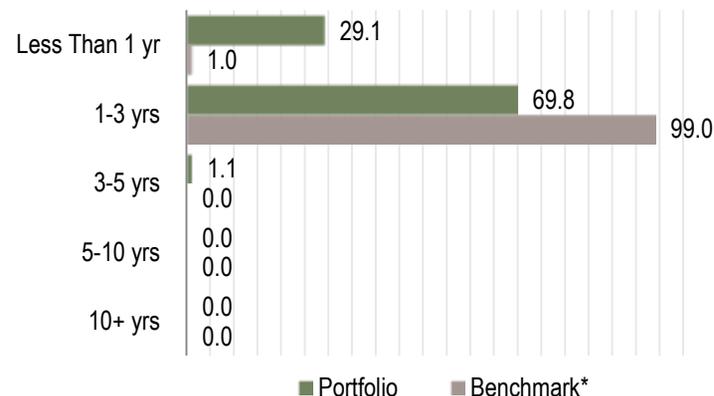
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Second Quarter 2015

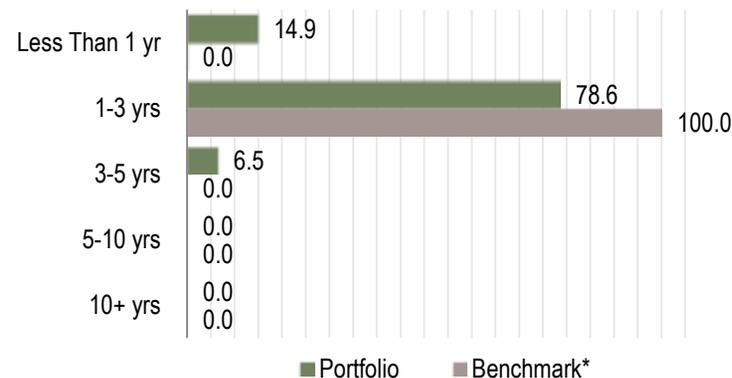
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
0-1 yrs	28.2%	29.1%	1.0%
1-3 yrs	71.0%	69.8%	99.0%
3-5 yrs	0.7%	1.1%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
0-1 yrs	12.0%	14.9%	0.0%
1-3 yrs	79.9%	78.6%	100.0%
3-5 yrs	8.1%	6.5%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.15	0.00	0.83	1.18	1.19	---	2.15
Barclay's 1-3 Year Govt/Credit	-0.03	0.13	0.72	0.93	0.94	1.17	1.41

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>10 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.15	0.00	0.83	1.18	1.20	1.97	2.96	2.99
Benchmark***	0.02	0.15	0.69	0.91	0.68	0.85	2.60	2.56

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2005

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,705.0 million
Weighted Average Maturity	2.36 years	1.83 years	Number of Issues	1386
Yield to Maturity	1.36%	0.62%	Weighted Coupon	1.95%
Effective Duration	1.95 years	1.79 years	Estimated Annual Income	\$261.7 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	9.5%	9.4%	100.0%
Other U.S. Government	3.9%	3.7%	0.0%
Taxable Municipal	2.4%	2.7%	0.0%
Corporates	22.5%	23.1%	0.0%
Asset Backed Securities (ABS)	24.5%	24.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.8%	6.1%	0.0%
Mortgage Backed Securities (MBS)	24.0%	23.1%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	6.5%	7.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2015</i>
Citigroup Inc	0.7%
JPMorgan Chase & Co	0.6%
Bank of America Corp	0.6%
US Bancorp/MN	0.6%
Royal Bank of Canada	0.6%
Total	3.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	77.6%	76.4%	96.1%
AA	8.0%	8.3%	3.8%
A	13.8%	14.1%	0.1%
BBB	0.6%	1.2%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

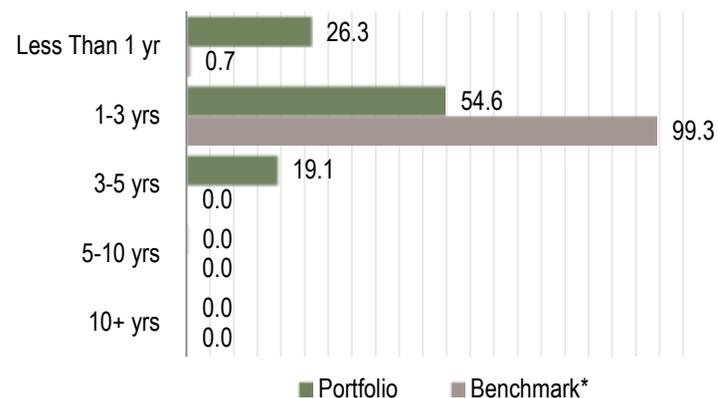
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

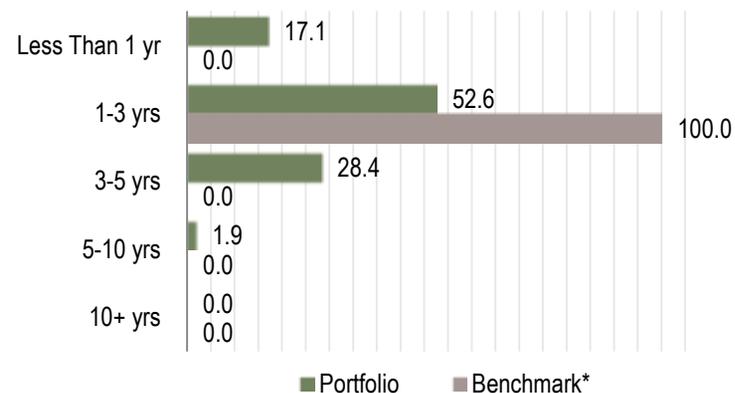
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	24.7%	26.3%	0.7%
1-3 yrs	55.9%	54.6%	99.3%
3-5 yrs	19.2%	19.1%	0.0%
5-10 yrs	0.1%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.4%	17.1%	0.0%
1-3 yrs	52.6%	52.6%	100.0%
3-5 yrs	30.2%	28.4%	0.0%
5-10 yrs	1.8%	1.9%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.66	0.72	1.98	1.85	--	2.86
Benchmark***	-0.67	0.64	1.89	1.74	2.89	2.72

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,635.7 million
Weighted Average Maturity	4.07 years	5.07 years	Number of Issues	975
Yield to Maturity	1.76%	2.08%	Weighted Coupon	2.59%
Effective Duration	3.34 years	4.07 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	39.5%	33.8%	39.8%
Other U.S. Government	1.8%	1.2%	0.7%
Taxable Municipal	0.2%	0.2%	0.5%
Corporates	20.1%	17.9%	19.2%
Asset Backed Securities (ABS)	0.5%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	4.0%	3.3%	1.6%
Mortgage Backed Securities (MBS)	32.7%	27.6%	32.9%
Sovereign / Supranationals	0.7%	0.6%	4.6%
Cash / Equivalents	0.4%	15.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	78.4%	80.7%	76.9%
AA	2.0%	1.8%	4.1%
A	10.1%	8.9%	9.6%
BBB	9.5%	8.7%	9.4%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

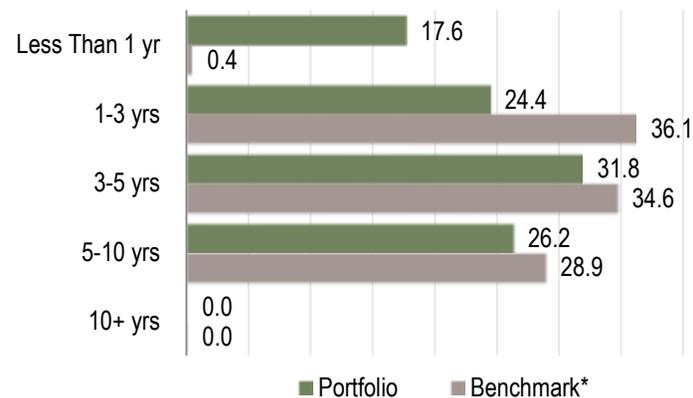
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

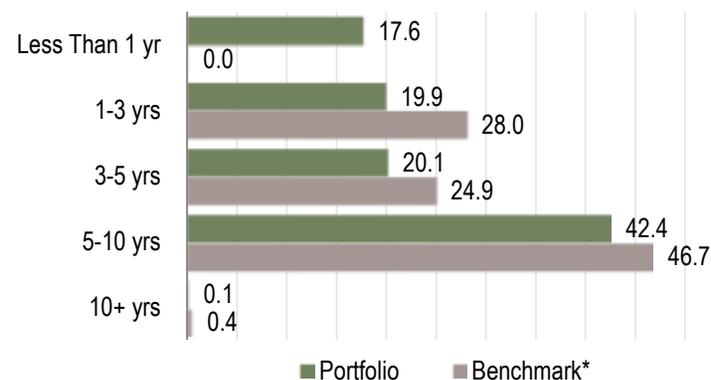
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	2.7%	17.6%	0.4%
1-3 yrs	45.7%	24.4%	36.1%
3-5 yrs	28.2%	31.8%	34.6%
5-10 yrs	23.5%	26.2%	28.9%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	2.5%	17.6%	0.0%
1-3 yrs	26.9%	19.9%	28.0%
3-5 yrs	35.6%	20.1%	24.9%
5-10 yrs	35.1%	42.4%	46.7%
10+ yrs	0.0%	0.1%	0.4%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.41	0.86	2.02	1.88	--	2.39
Benchmark***	-0.63	0.62	1.96	1.57	2.69	1.96

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA+	Total Assets	\$396.5 million
Weighted Average Maturity	5.04 years	5.04 years	Number of Issues	497
Yield to Maturity	2.29%	1.96%	Weighted Coupon	3.46%
Effective Duration	3.61 years	4.01 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	3.1%	1.2%	43.9%
Other U.S. Government	6.3%	6.5%	0.8%
Taxable Municipal	0.0%	0.0%	0.5%
Corporates	15.1%	14.3%	12.2%
Asset Backed Securities (ABS)	7.8%	6.9%	0.7%
Commercial Mortgage Backed Securities (CMBS)	10.9%	12.7%	1.6%
Mortgage Backed Securities (MBS)	57.0%	56.4%	36.3%
Sovereign / Supranationals	0.0%	0.0%	3.9%
Cash / Equivalents	-0.3%	2.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	84.5%	85.4%	84.9%
AA	4.5%	4.4%	4.5%
A	9.7%	8.4%	10.6%
BBB	1.2%	1.9%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

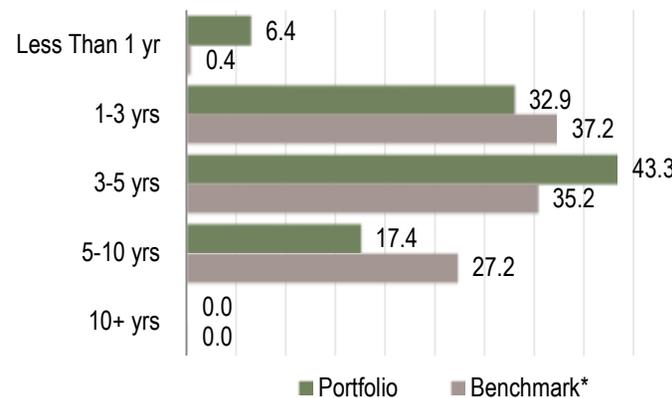
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Second Quarter 2015

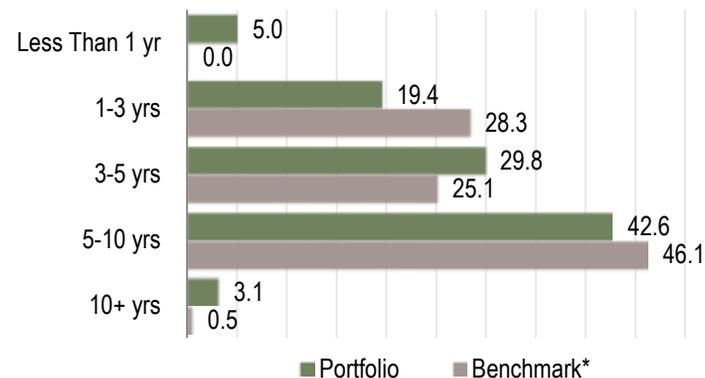
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	7.5%	6.4%	0.4%
1-3 yrs	41.9%	32.9%	37.2%
3-5 yrs	42.8%	43.3%	35.2%
5-10 yrs	7.8%	17.4%	27.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	5.8%	5.0%	0.0%
1-3 yrs	15.3%	19.4%	28.3%
3-5 yrs	41.9%	29.8%	25.1%
5-10 yrs	37.0%	42.6%	46.1%
10+ yrs	0.0%	3.1%	0.5%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.70	-1.05	0.66	2.09	1.65	--	2.92
Benchmark***	-0.60	-0.62	0.82	1.68	1.60	2.79	2.61

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA	Total Assets	\$2,959.6 million
Weighted Average Maturity	6.96 years	4.18 years	Number of Issues	241
Yield to Maturity	1.65%	1.72%	Weighted Coupon	2.36%
Effective Duration	4.01 years	3.86 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	63.1%	61.4%	62.1%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.0%	0.1%	0.7%
Corporates	29.1%	31.2%	30.0%
Asset Backed Securities (ABS)	4.5%	3.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.1%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	1.3%	1.2%	7.2%
Cash / Equivalents	2.0%	2.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	71.4%	69.5%	64.9%
AA	1.8%	2.4%	6.0%
A	14.6%	15.7%	14.7%
BBB	12.1%	12.4%	14.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

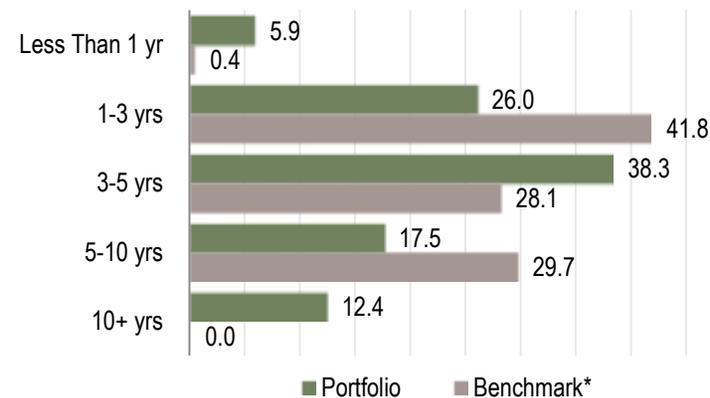
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

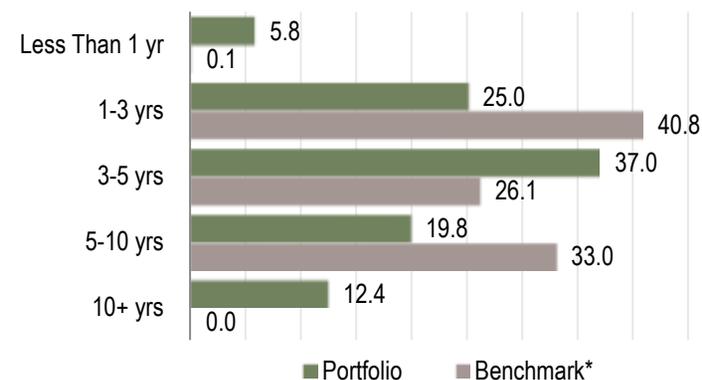
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	6.9%	5.9%	0.4%
1-3 yrs	33.6%	26.0%	41.8%
3-5 yrs	29.5%	38.3%	28.1%
5-10 yrs	17.2%	17.5%	29.7%
10+ yrs	12.8%	12.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	6.9%	5.8%	0.1%
1-3 yrs	24.7%	25.0%	40.8%
3-5 yrs	37.4%	37.0%	26.1%
5-10 yrs	17.9%	19.8%	33.0%
10+ yrs	13.1%	12.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.69	-1.18	--	--	--	-0.80
Benchmark***	-0.66	-0.67	1.89	1.74	2.89	-0.22

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA-	AA+	Total Assets	\$572.3 million
Weighted Average Maturity	4.57 years	5.07 years	Number of Issues	139
Yield to Maturity	2.13%	2.08%	Weighted Coupon	3.00%
Effective Duration	3.57 years	4.07 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	23.3%	15.1%	39.8%
Other U.S. Government	0.0%	0.6%	0.7%
Taxable Municipal	1.1%	2.2%	0.5%
Corporates	36.0%	35.0%	19.2%
Asset Backed Securities (ABS)	7.0%	7.6%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.6%
Mortgage Backed Securities (MBS)	32.1%	33.4%	32.9%
Sovereign / Supranationals	0.0%	0.0%	4.6%
Cash / Equivalents	0.5%	6.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	62.9%	62.8%	76.9%
AA	1.7%	0.3%	4.1%
A	11.9%	11.4%	9.6%
BBB	23.5%	25.4%	9.4%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

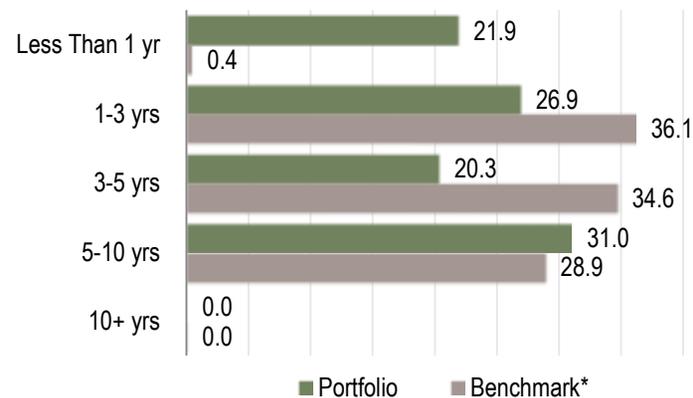
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

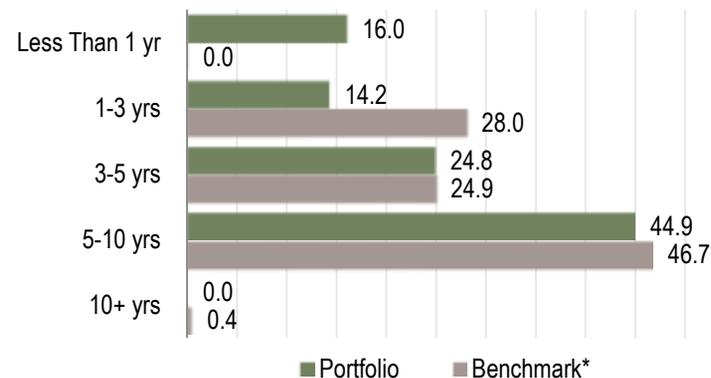
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.8%	21.9%	0.4%
1-3 yrs	41.8%	26.9%	36.1%
3-5 yrs	14.7%	20.3%	34.6%
5-10 yrs	27.6%	31.0%	28.9%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.8%	16.0%	0.0%
1-3 yrs	18.1%	14.2%	28.0%
3-5 yrs	34.7%	24.8%	24.9%
5-10 yrs	31.4%	44.9%	46.7%
10+ yrs	0.0%	0.0%	0.4%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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SECTION V

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

Book Value Performance	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees - NAV Level)***	0.15	0.47	0.92	1.86	2.08	2.58	---	2.46
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.51	1.03	1.07	1.09	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.38	0.76	1.53	1.57	1.59	2.95	1.59
3 Year Constant Maturity Treasury Yield	0.09	0.24	0.48	0.97	0.70	0.69	1.88	0.68

Market Value Benchmark								
Blended Benchmark****	-0.40	-0.36	0.61	1.42	1.33	2.09	3.52	1.91

Calendar Year Performance

Book Value Performance	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Portfolio (net of all fees - NAV Level)***	1.80	2.15	2.77	3.30	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.04	1.08	1.12	1.11	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.55	1.58	1.62	1.61	1.64
3 Year Constant Maturity Treasury Yield	0.90	0.54	0.38	0.75	1.10

Market Value Benchmark					
Blended Benchmark****	2.69	-0.41	2.52	4.05	4.53

Market Indices					
Merrill Lynch 3 Month T-Bill	0.03	0.07	0.11	0.10	0.13
Consumer Price Index	0.76	1.62	2.26	2.96	1.50

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement

****10% BofAML 3 Month U.S. T-Bills, 30% Barclays 1-3 Yr U.S. Govt/Credit, 60% Barclays Intermediate U.S. Aggregate. This blended market value benchmark approximates the asset allocation target for the State of North Carolina Stable Value Fund. It is important to note that fundamental differences arise when comparing book value performance to a market index, especially when comparing performance for periods shorter than 10 years. Market value indices immediately reflect the gains/(losses) resulting from changing market interest rates while book value performance amortizes these gains/(losses).

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2015

Portfolio Characteristics

Total Assets	\$396,777,097	Blended Yield (After fees)*	1.90%
Average Holdings Quality**	AA	Effective Duration	2.88 years
Number of Contract Issuers	5	Market/Book Value Ratio	101.67%

*Blended yield is after investment management fees, wrap fees and administration fees.

**The Average Holdings Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Average Holdings Quality shown represents an average quality of the underlying individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u>	
		<u>06/30/2015</u>	<u>03/31/2015</u>
Cash & Equivalents*	10,777,888	2.7	1.2
Stable Value Funds	25,986,839	6.5	6.6
Separate Account GICs	134,889,924	34.0	34.1
Intermediate Portfolio	134,889,924	34.0	34.1
Security Backed Investment Contracts	225,122,447	56.7	58.0
Short Portfolio	121,694,547	30.7	30.9
Intermediate Portfolio	103,427,900	26.1	27.2
Total	\$396,777,097	100.0%**	100.0%**

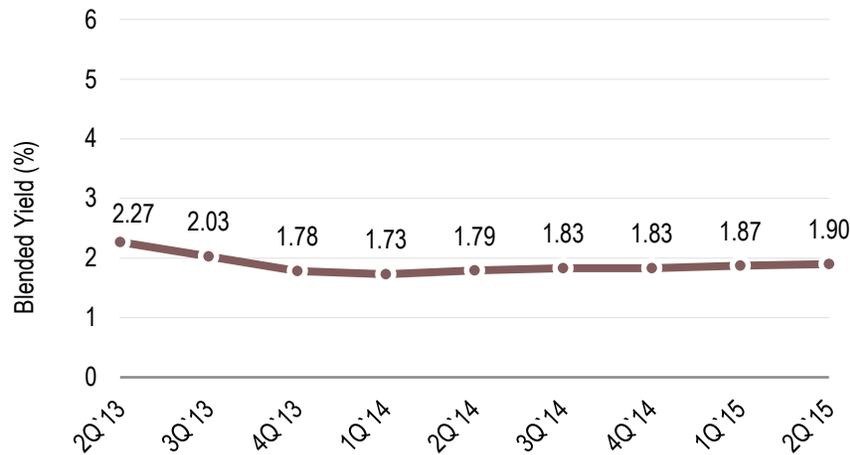
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

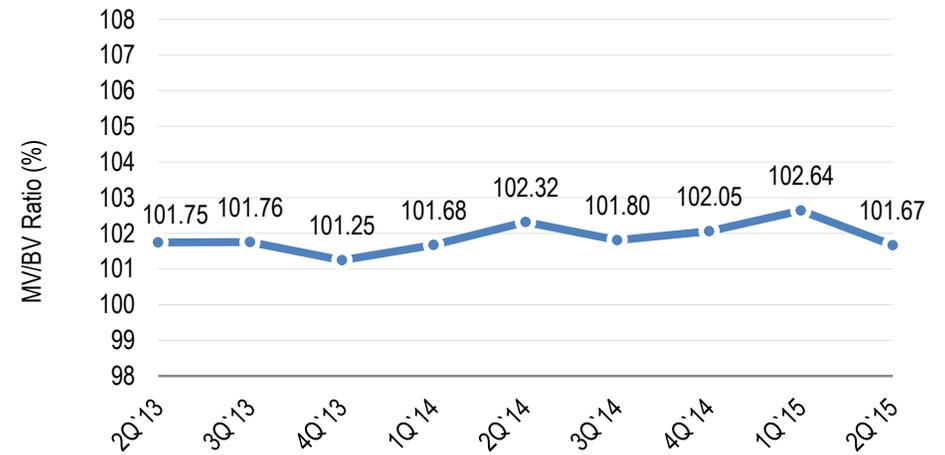
Second Quarter 2015

Historical Book Value Crediting Rate*

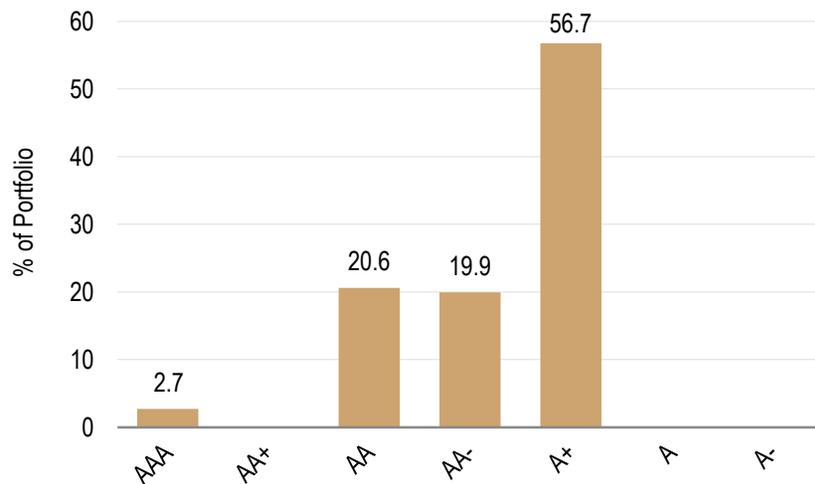


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

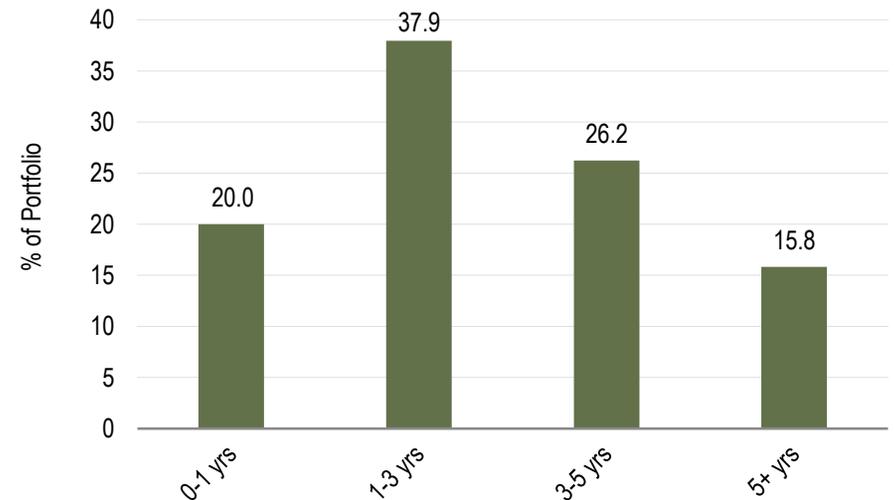
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



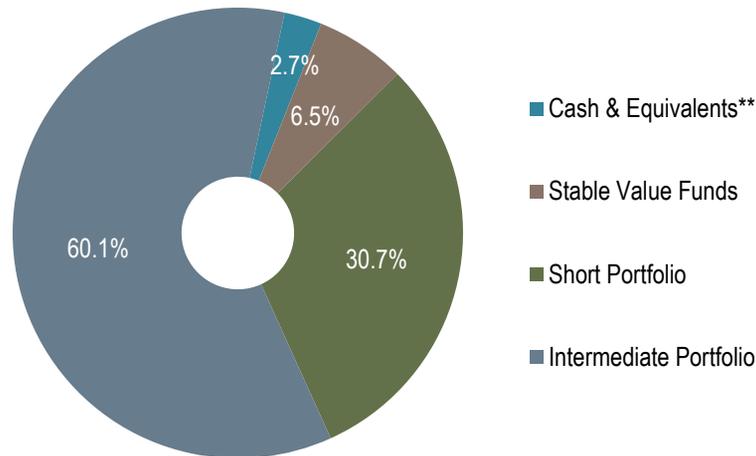
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2015

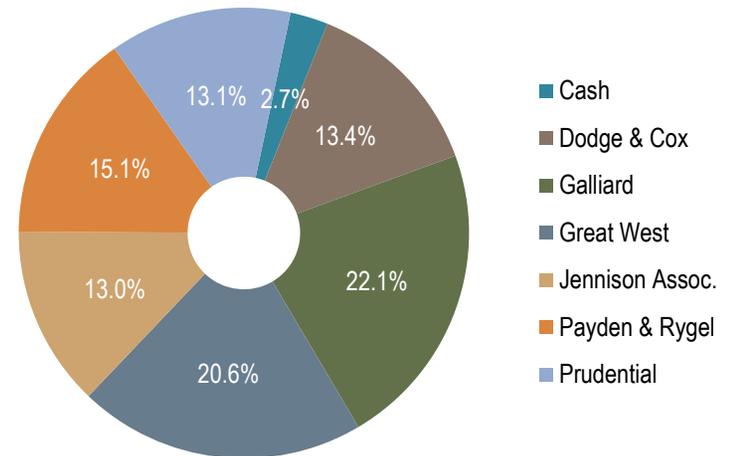
Portfolio Distribution*



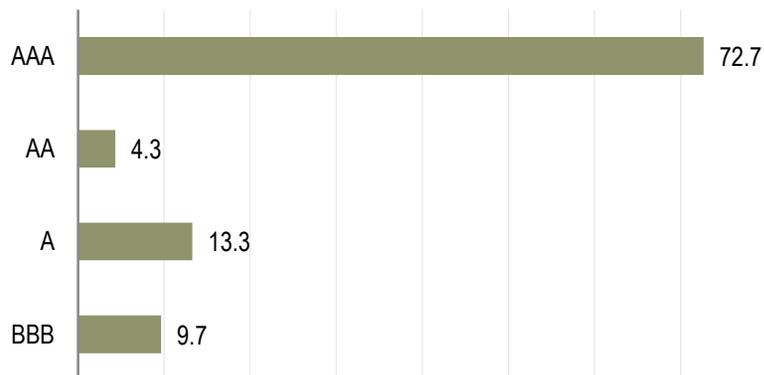
*Book value

**Includes Receivables and Payables

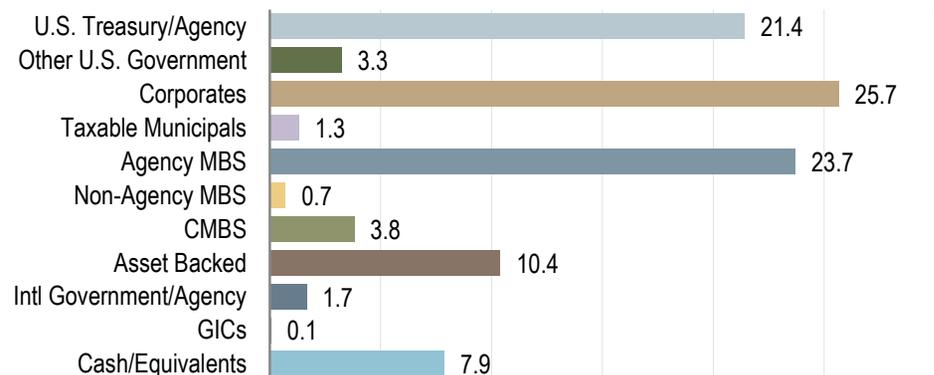
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



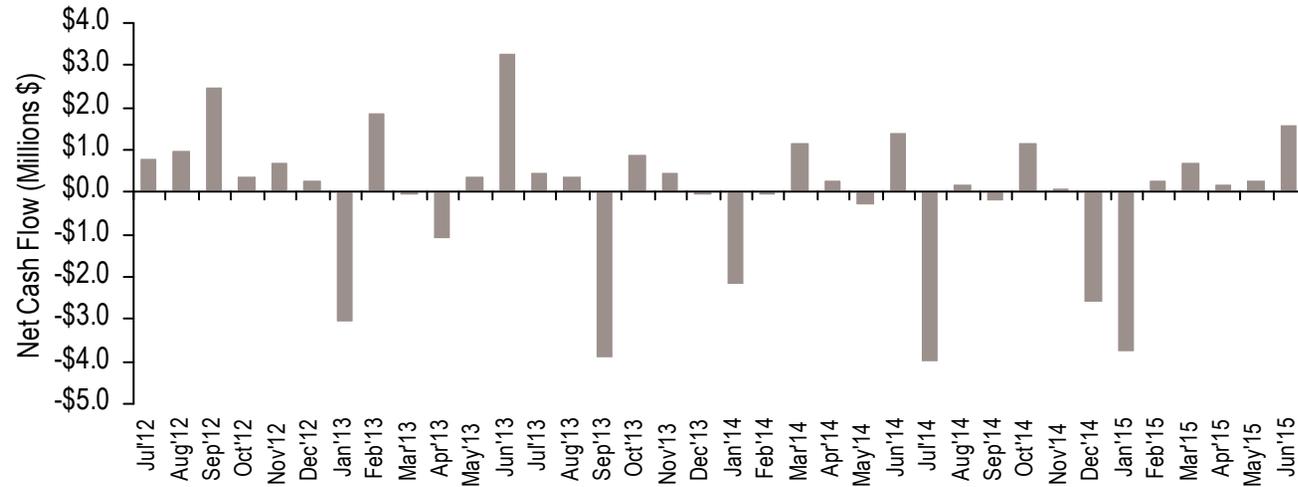
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2015

Historical Cashflows



	YTD	2014	2013	2012	2011
Beginning Assets	\$393.8	\$392.0	\$384.1	\$368.8	\$343.5
Net Cash Flow (\$)*	-\$0.7	-\$5.2	-\$0.4	\$5.1	\$11.3
Net Cash Flow (%)	-0.18%	-1.33%	-0.10%	1.38%	3.29%
Estimated Investment Earnings	\$3.6	\$7.0	\$8.3	\$10.3	\$13.9
Ending Assets**	\$396.8	\$393.8	\$392.0	\$384.1	\$368.8

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 457PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.15%	0.99%	1.32%		2.02%	8/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>0.13%</u>	<u>0.93%</u>	<u>0.94%</u>		<u>1.54%</u>	
	0.01%	0.06%	0.38%		0.48%	
Galliard**	0.00%	1.18%	1.19%		2.15%	1/1/2010
Barclays U.S.1-3 Yr. Government *	0.15%	0.91%	0.68%		1.12%	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>0.13%</u>	<u>0.93%</u>	<u>0.94%</u>		<u>1.41%</u>	
	-0.15%	0.27%	0.51%		1.03%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-0.66%	1.98%	1.85%		2.86%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>-0.67%</u>	<u>1.89%</u>	<u>1.74%</u>		<u>2.72%</u>	
	0.01%	0.09%	0.11%		0.13%	
PIMCO	-0.57%	1.19%	1.12%		2.83%	2/1/2011
Barclays U.S.Intermediate Aggregate	<u>-0.67%</u>	<u>1.89%</u>	<u>1.74%</u>		<u>2.90%</u>	
	0.10%	-0.69%	-0.62%		-0.07%	
Great West Life	-0.38%	1.93%	1.92%		2.32%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>-0.63%</u>	<u>1.96%</u>	<u>1.57%</u>		<u>1.96%</u>	
	0.25%	-0.03%	0.35%		0.36%	
Jennison	-1.05%	2.09%	1.65%		2.92%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>-0.62%</u>	<u>1.68%</u>	<u>1.60%</u>		<u>2.61%</u>	
	-0.43%	0.41%	0.05%		0.32%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration.

STATE OF NORTH CAROLINA STABLE VALUE FUNDS
MANAGER-LEVEL CHARACTERISTICS – 457 PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	3/31/2015	\$ 59,892,659	\$ 60,423,744	100.9%	0.89%	1.45	1.15%
		6/30/2015	\$ 60,111,510	\$ 60,512,757	<u>100.7%</u>	<u>1.01%</u>	<u>1.41</u>	<u>1.26%</u>
			\$ 218,851	\$ 89,013	-0.2%	0.12%	(0.04)	0.11%
	Galliard	3/31/2015	\$ 61,279,745	\$ 62,321,888	101.7%	1.16%	1.98	1.79%
		6/30/2015	\$ 61,583,037	\$ 62,322,346	<u>101.2%</u>	<u>1.36%</u>	<u>1.95</u>	<u>1.77%</u>
			\$ 303,292	\$ 458	-0.5%	0.20%	(0.03)	-0.02%
Intermediate Duration	Prudential	3/31/2015	\$ 53,446,126	\$ 56,037,725	104.8%	1.71%	3.59	2.54%
		6/30/2015	\$ 51,916,260	\$ 53,661,482	<u>103.4%</u>	<u>1.76%</u>	<u>3.34</u>	<u>2.66%</u>
			\$ (1,529,866)	\$ (2,376,243)	-1.5%	0.05%	(0.25)	0.12%
	PIMCO/DODGE&COX	3/31/2015	\$ 52,839,153	\$ 54,286,399	102.7%	1.76%	3.46	2.13%
		6/30/2015	\$ 53,107,258	\$ 53,812,468	<u>101.3%</u>	<u>2.13%</u>	<u>3.57</u>	<u>2.06%</u>
			\$ 268,105	\$ (473,931)	-1.4%	0.37%	0.11	-0.07%
	Great West Life	3/31/2015	\$ 81,253,084	\$ 83,426,501	102.7%	2.01%	3.14	2.42%
		6/30/2015	\$ 81,782,666	\$ 83,066,487	<u>101.6%</u>	<u>2.32%</u>	<u>3.66</u>	<u>2.64%</u>
			\$ 529,582	\$ (360,014)	-1.1%	0.31%	0.52	0.22%
	Jennison	3/31/2015	\$ 53,246,047	\$ 55,827,944	104.8%	1.40%	4.14	2.54%
		6/30/2015	\$ 51,511,640	\$ 53,243,260	<u>103.4%</u>	<u>1.65%</u>	<u>4.01</u>	<u>2.66%</u>
			\$ (1,734,407)	\$ (2,584,684)	-1.5%	0.25%	(0.13)	0.12%
Total Fund		3/31/2015	\$ 392,706,525	\$ 403,073,912	102.6%	1.50%	2.86	2.04%
		6/30/2015	\$ 396,777,097	\$ 403,383,526	<u>101.7%</u>	<u>1.69%</u>	<u>2.88</u>	<u>2.09%</u>
			\$ 4,070,572	\$ 309,614	-1.0%	0.19%	0.02	0.05%

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>6/30/2015</u>	<u>3/31/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Group diversity is a strength as only remaining insurer with leading positions in both Life and Property & Casualty
- Leading positions in most Life and Annuity products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets such as COLID/BOLI for non-qualified executive benefits
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital levels rebounded in the first quarter, but have yet to take dividends from the entity

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings
- Significant variable annuity hedging has resulted in volatile investment earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios jumped to above average following a large reinsurance transaction in 1Q15
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only. For institutional investors only.

North Carolina 457 Stable Value Fund Portfolio Review

Transaction Report

04/01/2015 - 06/30/2015

Asset ID	Issuer	Par Amount	Maturity*	Trade Date	Settle Date	S&P Rating	Moody's Rating
Sales							
Security Backed Investment Contracts							
744999CF8	Prudential Ins. Co. of America	4,000,000	N.S.M.	06/01/2015	06/01/2015	AA-	A1
Total Security Backed Investment Contracts		4,000,000					
Total Sales		4,000,000					

*N.S.M. = No Stated Maturity

North Carolina 457 Stable Value Fund Portfolio Review

Portfolio Holdings

June 30, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-229,494	-229,494	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		11,007,382	11,007,382	100.0	2.8	0.01		0.10	AAA	Aaa	
Total Cash & Equivalents			10,777,888	10,777,888	100.0	2.7	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		25,986,839	25,986,839	100.0	6.5	1.77		2.54	AA-	Aa3	
Total Stable Value Funds			25,986,839	25,986,839	100.0	6.5	1.77		2.54	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	81,782,666	83,066,487	101.6	20.6	2.64	N.S.M.	3.66	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	Dodge & Cox	53,107,258	53,812,468	101.3	13.4	2.06	N.S.M.	3.57	AA-	Aa3	20.0
Total Intermediate Portfolio			134,889,924	136,878,955	101.5	34.0	2.41		3.63	AA	Aa3	
Total Separate Account GICs			134,889,924	136,878,955	101.5	34.0	2.41		3.63	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996DV4	American General Life Ins. Co.	Payden & Rygel	60,111,510	60,512,757	100.7	15.1	1.26	N.S.M.	1.41	A+	A2	25.0
896994MP2	Nationwide Life Ins. Co.	Galliard	61,583,037	62,322,346	101.2	15.5	1.77	N.S.M.	1.95	A+	A1	23.0
Total Short Portfolio			121,694,547	122,835,103	100.9	30.7	1.52		1.69	A+	A1	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Jennison Assoc.	51,511,640	53,243,260	103.4	13.0	2.66	N.S.M.	4.01	AA-	A1	17.0
744999CF8	Prudential Ins. Co. of America	Prudential	51,916,260	53,661,482	103.4	13.1	2.66	N.S.M.	3.34	AA-	A1	17.0
Total Intermediate Portfolio			103,427,900	106,904,742	103.4	26.1	2.66		3.68	AA-	A1	
Total Security Backed Investment Contracts			225,122,447	229,739,845	102.1	56.7	2.04		2.60	A+	A1	
Total Fund			396,777,097	403,383,526	101.7	100.0	2.09		2.88	AA-	A1	

*N.S.M. = No Stated Maturity

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.15	0.75	0.99	1.32	1.73	2.02
Benchmark***	0.13	0.72	0.93	0.94	1.17	1.54

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA-	AA+	Total Assets	\$60.5 million
Weighted Average Maturity	1.94 years	1.88 years	Number of Issues	212
Yield to Maturity	1.01%	0.88%	Weighted Coupon	1.31%
Effective Duration	1.41 years	1.83 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	33.3%	27.4%	70.0%
Other U.S. Government	2.1%	2.0%	0.0%
Taxable Municipal	2.5%	2.5%	0.6%
Corporates	40.9%	41.5%	22.6%
Asset Backed Securities (ABS)	9.2%	13.7%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	3.4%	3.2%	0.0%
Sovereign / Supranationals	7.9%	9.4%	6.9%
Cash / Equivalents	0.6%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	56.2%	55.9%	72.5%
AA	4.7%	4.3%	6.7%
A	22.1%	22.5%	12.5%
BBB	17.1%	17.3%	8.3%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

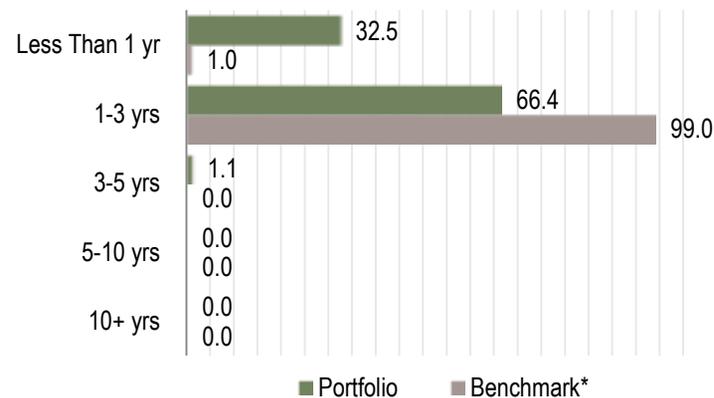
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Second Quarter 2015

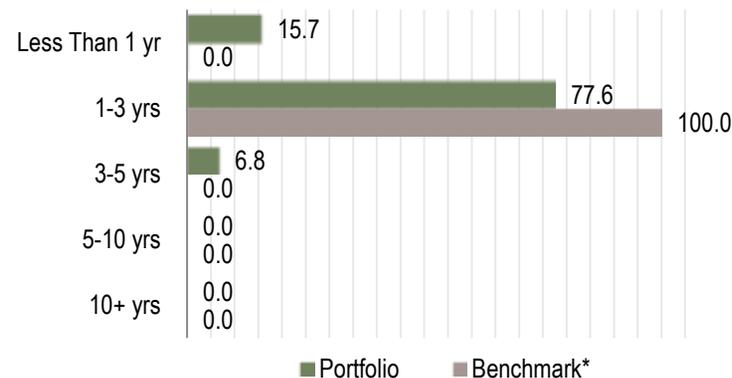
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	31.7%	32.5%	1.0%
1-3 yrs	67.5%	66.4%	99.0%
3-5 yrs	0.7%	1.1%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	13.2%	15.7%	0.0%
1-3 yrs	78.1%	77.6%	100.0%
3-5 yrs	8.7%	6.8%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.15	0.00	0.83	1.18	1.19	---	2.15
Barclay's 1-3 Year Govt/Credit	-0.03	0.13	0.72	0.93	0.94	1.17	1.41

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>10 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.15	0.00	0.83	1.18	1.20	1.97	2.96	2.99
Benchmark***	0.02	0.15	0.69	0.91	0.68	0.85	2.60	2.56

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2005

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,705.0 million
Weighted Average Maturity	2.36 years	1.83 years	Number of Issues	1386
Yield to Maturity	1.36%	0.62%	Weighted Coupon	1.95%
Effective Duration	1.95 years	1.79 years	Estimated Annual Income	\$261.7 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	9.5%	9.4%	100.0%
Other U.S. Government	3.9%	3.7%	0.0%
Taxable Municipal	2.4%	2.7%	0.0%
Corporates	22.5%	23.1%	0.0%
Asset Backed Securities (ABS)	24.5%	24.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.8%	6.1%	0.0%
Mortgage Backed Securities (MBS)	24.0%	23.1%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	6.5%	7.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2015</i>
Citigroup Inc	0.7%
JPMorgan Chase & Co	0.6%
Bank of America Corp	0.6%
US Bancorp/MN	0.6%
Royal Bank of Canada	0.6%
Total	3.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	77.6%	76.4%	96.1%
AA	8.0%	8.3%	3.8%
A	13.8%	14.1%	0.1%
BBB	0.6%	1.2%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

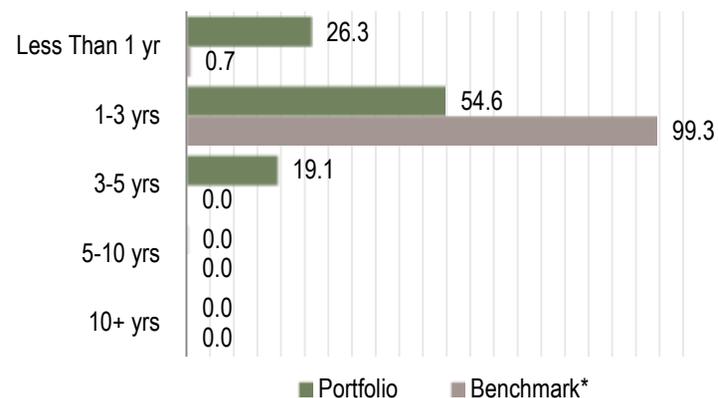
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Second Quarter 2015

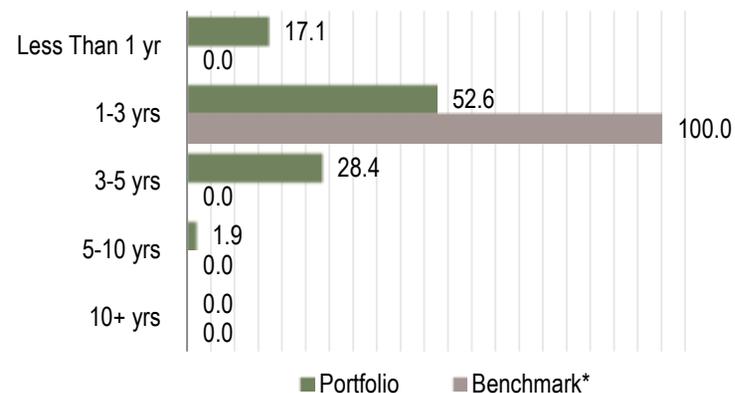
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	24.7%	26.3%	0.7%
1-3 yrs	55.9%	54.6%	99.3%
3-5 yrs	19.2%	19.1%	0.0%
5-10 yrs	0.1%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.4%	17.1%	0.0%
1-3 yrs	52.6%	52.6%	100.0%
3-5 yrs	30.2%	28.4%	0.0%
5-10 yrs	1.8%	1.9%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.66	0.72	1.98	1.85	--	2.86
Benchmark***	-0.67	0.64	1.89	1.74	2.89	2.72

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,635.7 million
Weighted Average Maturity	4.07 years	5.07 years	Number of Issues	975
Yield to Maturity	1.76%	2.08%	Weighted Coupon	2.59%
Effective Duration	3.34 years	4.07 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	39.5%	33.8%	39.8%
Other U.S. Government	1.8%	1.2%	0.7%
Taxable Municipal	0.2%	0.2%	0.5%
Corporates	20.1%	17.9%	19.2%
Asset Backed Securities (ABS)	0.5%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	4.0%	3.3%	1.6%
Mortgage Backed Securities (MBS)	32.7%	27.6%	32.9%
Sovereign / Supranationals	0.7%	0.6%	4.6%
Cash / Equivalents	0.4%	15.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	78.4%	80.7%	76.9%
AA	2.0%	1.8%	4.1%
A	10.1%	8.9%	9.6%
BBB	9.5%	8.7%	9.4%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

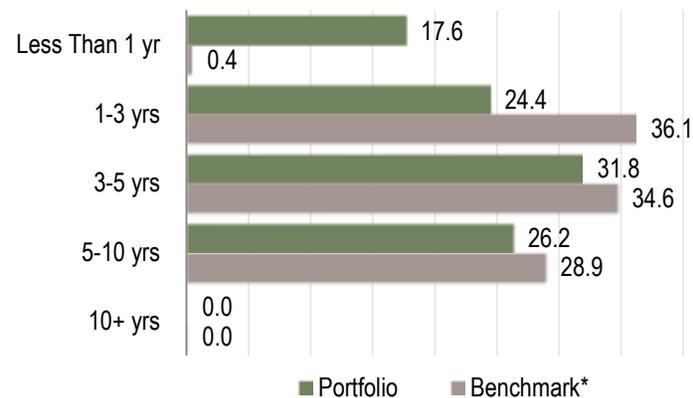
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Second Quarter 2015

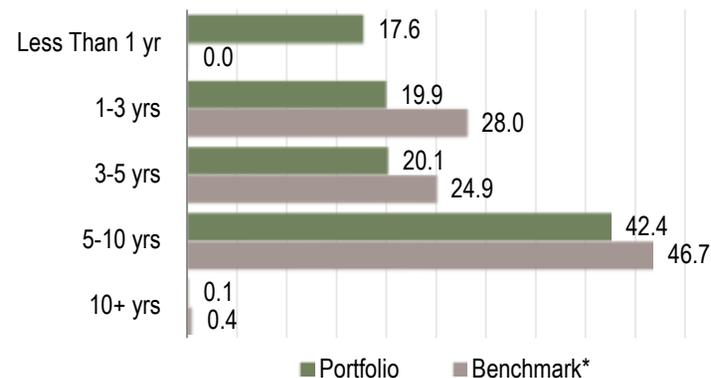
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	2.7%	17.6%	0.4%
1-3 yrs	45.7%	24.4%	36.1%
3-5 yrs	28.2%	31.8%	34.6%
5-10 yrs	23.5%	26.2%	28.9%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	2.5%	17.6%	0.0%
1-3 yrs	26.9%	19.9%	28.0%
3-5 yrs	35.6%	20.1%	24.9%
5-10 yrs	35.1%	42.4%	46.7%
10+ yrs	0.0%	0.1%	0.4%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Second Quarter 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.38	0.96	2.21	2.01	--	2.39
Benchmark***	-0.63	0.62	1.96	1.57	2.69	1.96

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA+	Total Assets	\$83.1 million
Weighted Average Maturity	4.92 years	5.04 years	Number of Issues	200
Yield to Maturity	2.32%	1.96%	Weighted Coupon	3.44%
Effective Duration	3.66 years	4.01 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Second Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	1.0%	1.2%	43.9%
Other U.S. Government	8.0%	8.7%	0.8%
Taxable Municipal	0.0%	0.0%	0.5%
Corporates	17.2%	15.1%	12.2%
Asset Backed Securities (ABS)	10.6%	10.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	8.2%	9.9%	1.6%
Mortgage Backed Securities (MBS)	54.1%	53.9%	36.3%
Sovereign / Supranationals	0.0%	0.0%	3.9%
Cash / Equivalents	0.9%	0.8%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	79.5%	81.9%	84.9%
AA	7.4%	6.6%	4.5%
A	11.5%	10.2%	10.6%
BBB	1.4%	1.2%	0.0%
< BBB	0.2%	0.1%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

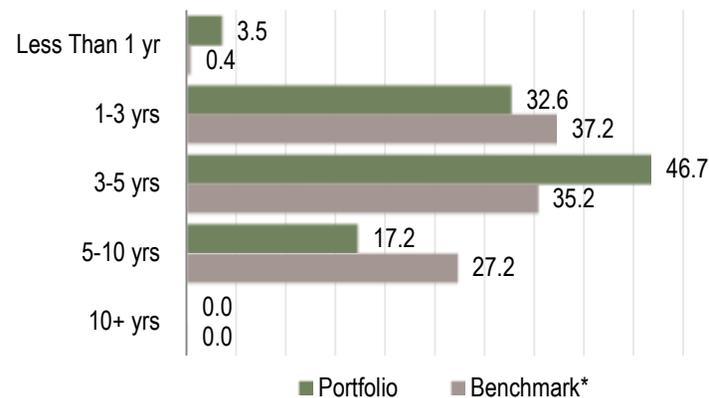
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Second Quarter 2015

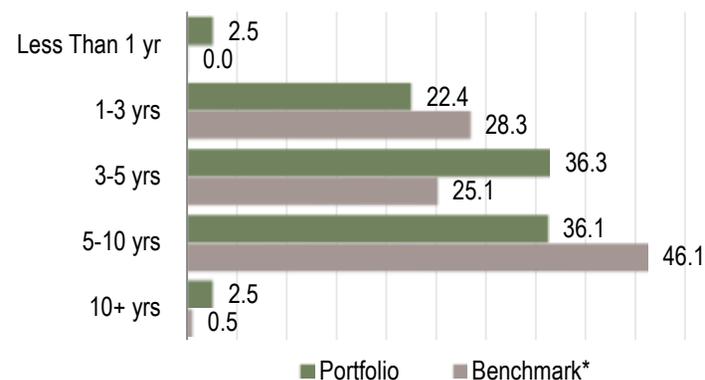
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
0-1 yrs	3.7%	3.5%	0.4%
1-3 yrs	43.8%	32.6%	37.2%
3-5 yrs	45.3%	46.7%	35.2%
5-10 yrs	7.1%	17.2%	27.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
0-1 yrs	2.6%	2.5%	0.0%
1-3 yrs	19.6%	22.4%	28.3%
3-5 yrs	46.3%	36.3%	25.1%
5-10 yrs	31.4%	36.1%	46.1%
10+ yrs	0.0%	2.5%	0.5%
Total	100.0%**	100.0%**	100.0%**



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*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.70	-1.05	0.66	2.09	1.65	--	2.92
Benchmark***	-0.60	-0.62	0.82	1.68	1.60	2.79	2.61

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AA	Total Assets	\$2,959.6 million
Weighted Average Maturity	6.96 years	4.18 years	Number of Issues	241
Yield to Maturity	1.65%	1.72%	Weighted Coupon	2.36%
Effective Duration	4.01 years	3.86 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	63.1%	61.4%	62.1%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.0%	0.1%	0.7%
Corporates	29.1%	31.2%	30.0%
Asset Backed Securities (ABS)	4.5%	3.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.1%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	1.3%	1.2%	7.2%
Cash / Equivalents	2.0%	2.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	71.4%	69.5%	64.9%
AA	1.8%	2.4%	6.0%
A	14.6%	15.7%	14.7%
BBB	12.1%	12.4%	14.5%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

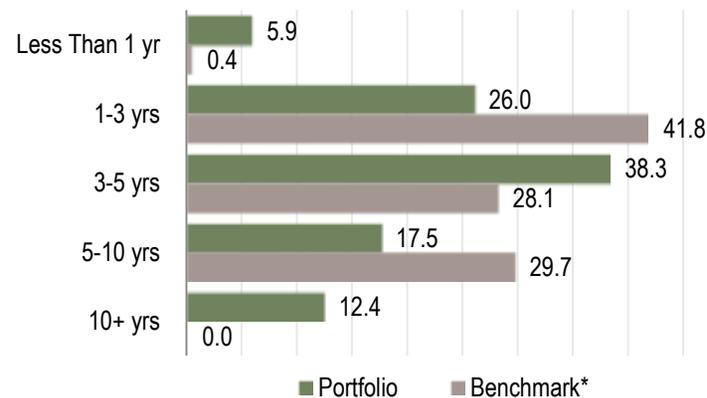
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

June 2015

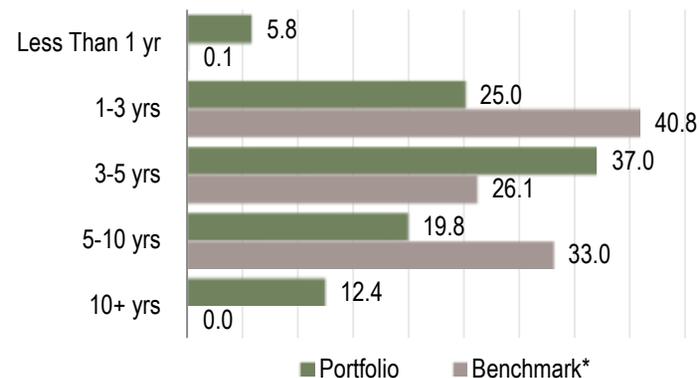
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	6.9%	5.9%	0.4%
1-3 yrs	33.6%	26.0%	41.8%
3-5 yrs	29.5%	38.3%	28.1%
5-10 yrs	17.2%	17.5%	29.7%
10+ yrs	12.8%	12.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	6.9%	5.8%	0.1%
1-3 yrs	24.7%	25.0%	40.8%
3-5 yrs	37.4%	37.0%	26.1%
5-10 yrs	17.9%	19.8%	33.0%
10+ yrs	13.1%	12.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

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Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

Annualized Investment Performance*

Periods Ending June 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.69	-1.18	--	--	--	-0.80
Benchmark***	-0.66	-0.67	1.89	1.74	2.89	-0.22

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA-	AA+	Total Assets	\$572.3 million
Weighted Average Maturity	4.57 years	5.07 years	Number of Issues	139
Yield to Maturity	2.13%	2.08%	Weighted Coupon	3.00%
Effective Duration	3.57 years	4.07 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
U.S. Government/Agency Debentures	23.3%	15.1%	39.8%
Other U.S. Government	0.0%	0.6%	0.7%
Taxable Municipal	1.1%	2.2%	0.5%
Corporates	36.0%	35.0%	19.2%
Asset Backed Securities (ABS)	7.0%	7.6%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.6%
Mortgage Backed Securities (MBS)	32.1%	33.4%	32.9%
Sovereign / Supranationals	0.0%	0.0%	4.6%
Cash / Equivalents	0.5%	6.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2015</i>	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Benchmark*</i> <i>06/30/2015</i>
AAA	62.9%	62.8%	76.9%
AA	1.7%	0.3%	4.1%
A	11.9%	11.4%	9.6%
BBB	23.5%	25.4%	9.4%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

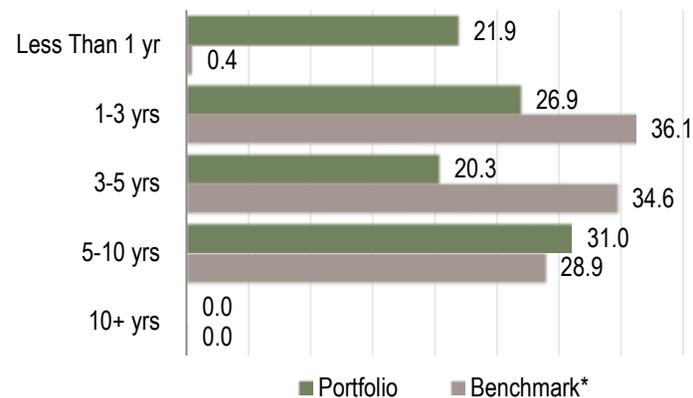
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Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

June 2015

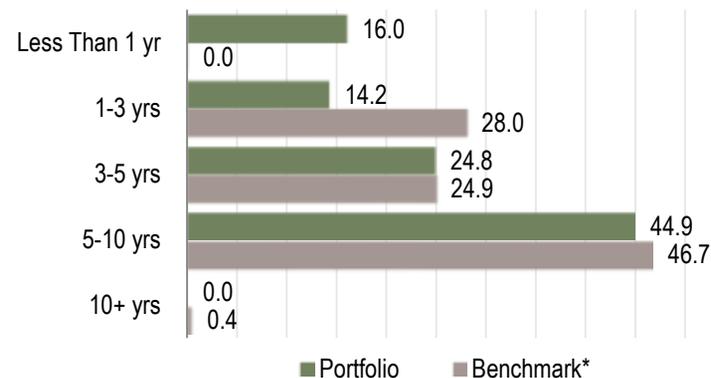
Duration Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.8%	21.9%	0.4%
1-3 yrs	41.8%	26.9%	36.1%
3-5 yrs	14.7%	20.3%	34.6%
5-10 yrs	27.6%	31.0%	28.9%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 03/31/2015</i>	<i>% of Portfolio 06/30/2015</i>	<i>% of Benchmark* 06/30/2015</i>
0-1 yrs	15.8%	16.0%	0.0%
1-3 yrs	18.1%	14.2%	28.0%
3-5 yrs	34.7%	24.8%	24.9%
5-10 yrs	31.4%	44.9%	46.7%
10+ yrs	0.0%	0.0%	0.4%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

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APPENDIX

MARKET REVIEW

SECOND QUARTER 2015

U.S. Economy Picks Up Steam

- As employment, wage growth, and housing continue to gather positive momentum, the consensus GDP forecast is trending back up to the 2.3% - 2.7% range for the year.
- Home sales continue to impress, with new home sales coming in above estimates by a percentage point at 546k (monthly) units during May, and existing home sales rising 5.1% to 5.35M annualized units.
- Consumer confidence levels continue to rise as consumers are upbeat on employment, business conditions, and short-term economic outlook, as indicated by the Conference Board's Consumer Confidence Index reading of 101.4 (vs. prior month's reading of 94.6), which exceeded expectations.



Global Economy Remains Mixed

- Ex-U.S., the global economy saw only a soft expansion during the second quarter. The JP Morgan Global Manufacturing PMI came in at 51.0 in June, slightly lower than May's reading of 51.3.
- The Eurozone economy held fairly steady despite Grexit drama, led by France and Germany. Markit's Eurozone Manufacturing PMI remained unchanged at 52.5 in June.
- China's manufacturing sector continued to contract, posting a 49.4 reading in June. Adding to its woes, the Shanghai Stock Exchange Composite Index entered bear market territory compelling China's central bank to intervene quickly and cut another 25 bps off its key interest rate, to 4.85%.
- Low oil prices and a declining manufacturing sector have placed Canada on the brink of a recession as its economy has contracted for four consecutive months.

Source: Bloomberg



Source: Bloomberg

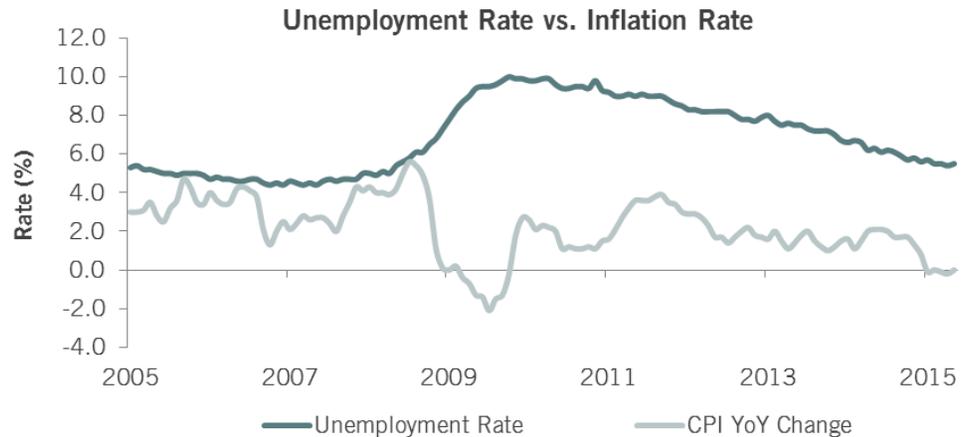
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MARKET REVIEW

SECOND QUARTER 2015

September Liftoff Likely

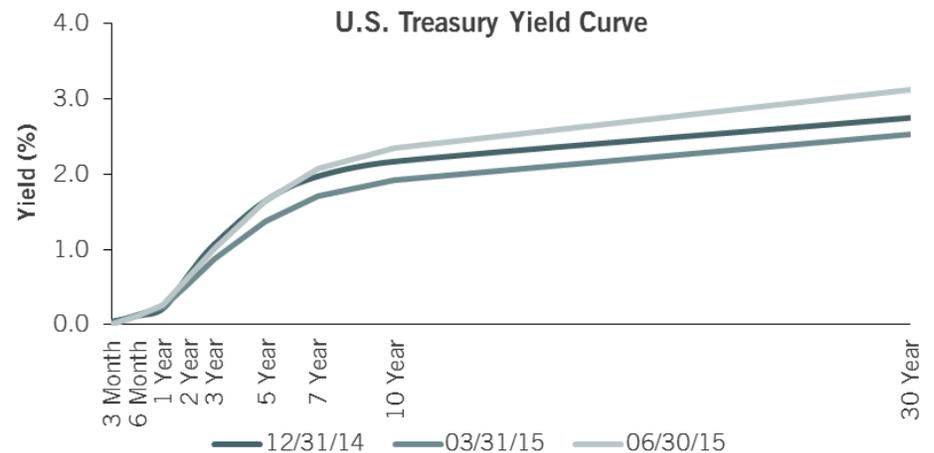
- We continue to believe a September rate increase remains the most probable outcome as the Fed continues to assess the health of the economy and its ability to withstand higher rates.
- Wages improved slightly (+0.2% in June) and the unemployment rate declined to 5.3% after private payrolls added 223k jobs in June.
- Deflationary pressures eased as gasoline prices increased sharply in May. Headline CPI increased 0.4% m/o/m but remained unchanged y/o/y.
- There is some concern that a softer global growth picture may cause an economic drag in the U.S. – this would likely affect the pact of Fed tightening more than the timing of initial liftoff.



Source: Bloomberg

Treasuries Reverse Course

- The U.S. Treasury yield curve moved higher during the second quarter, erasing gains from the previous quarter in the longer (10+ year) part of the curve.
- Despite the selloff, yields on the short and intermediate segments of the curve (maturities from 1-7 years) are within 5-10 basis points of where they started the year.
- Longer dated U.S. Treasury bonds (10+ years) are now near their peak for the year as building sentiment for a September Fed rate hike and higher inflation expectations pushed yields higher.

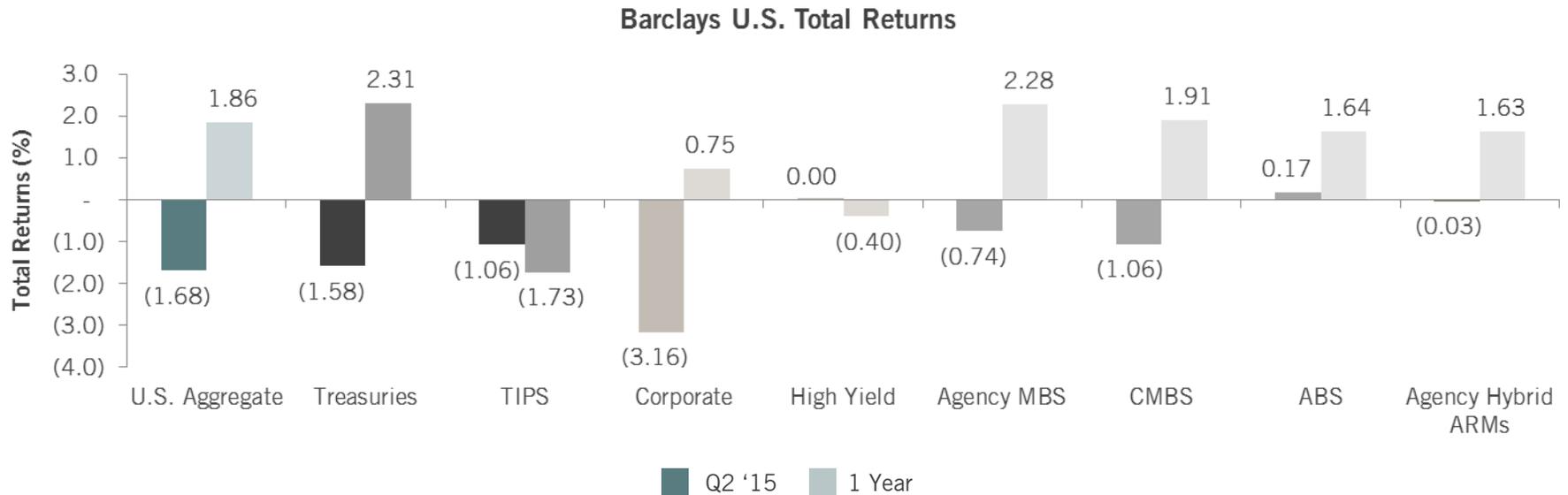


Source: Bloomberg

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MARKET REVIEW SECOND QUARTER 2015

Rough Quarter for Bonds as Yields Rise



Source: Barclays

- The U.S. Treasury rally in the first quarter was mostly offset by negative returns during the second quarter, particularly at 10- and 30- year segments of the curve where the rise in rates not only eliminated first quarter's positive returns but also dragged total return into negative territory for the year.
- The yield curve remains relatively steep in anticipation of eventual Fed rate hikes. The 3-7 year part of the yield curve remains relatively attractive.
- Investment grade corporates was the worst performing sector during the second quarter while total returns remain positive for the 1-year period. Longer maturity securities underperformed intermediate bonds, while below-investment grade securities – which are generally less sensitive to rate moves - outperformed investment-grade bonds as rates rose during the quarter.
- Within structured products, ABS continued to outperform similar duration U.S. Treasuries while Agency MBS was slightly positive. Both sectors benefitted from a bid for higher quality spread assets and, in the case of Agency MBS, the rate selloff definitely reduced concerns over higher refis which had come into play following Q1's rally.
- CMBS generated negative 31 bps of excess return for the quarter, bringing its excess return down to 5 bps on the year as spread widening in credit bled into investor demand for CMBS. New issuance remains robust, and commercial real estate values continue to march higher. Fundamentals remain supportive of current valuations; however, investors continue to be wary of relaxed underwriting standards.

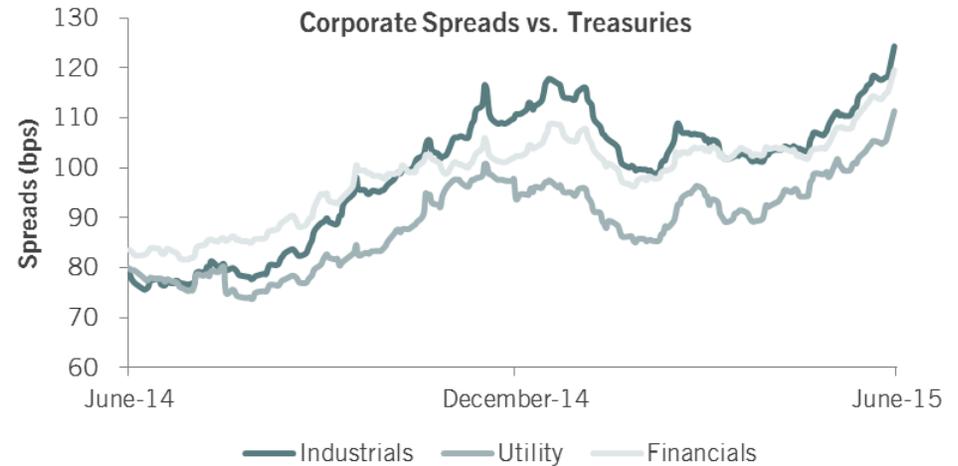
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MARKET REVIEW

SECOND QUARTER 2015

Favorable Economic Reports Supportive for Corporate Credit

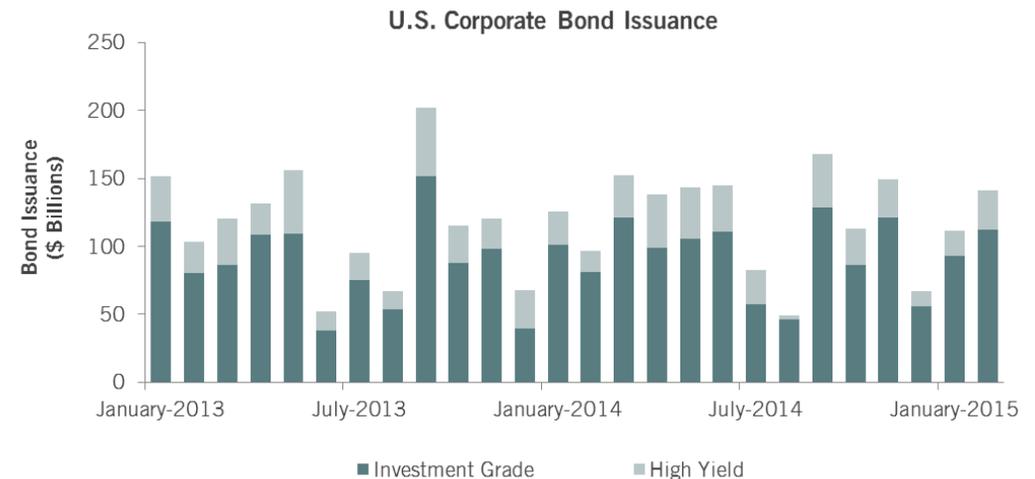
- First quarter earnings reports showed that 72% of companies in the S&P 500 beat earnings estimates; however, only 48% topped revenue estimates highlighting the negative impact of the strong dollar on revenues for companies with large overseas operations.
- Long utilities were the weakest credit industry during the quarter, partially reflecting their rich prior valuations relative to financials and industrials, and higher interest rate sensitivity.
- During the quarter, there was noticeable improvement in the beaten-down energy space, although energy-related bonds still carry the widest spread levels within the broader industrial category.



New Issue Activity Remains Robust While Market Liquidity Deteriorates

- Corporate new issuance is already north of \$700 billion for the year; however, the resulting increase in balance sheet leverage, while benefitting shareholder returns, is unmistakably weakening credit fundamentals for bond investors, even if we haven't seen a material uptick in defaults - yet.
- Almost half of the new issuance this year will be net new debt, rather than refinancing to replace debt already outstanding. Most of this new debt is being used to finance M&A in sectors such as technology and healthcare, and to fund shareholder enhancements.
- Market liquidity continues to deteriorate in 2015 as the largest brokers and investment banks are showing little interest (and ability) to commit capital to facilitate secondary trading.

Source: Barclays



Source: SIFMA

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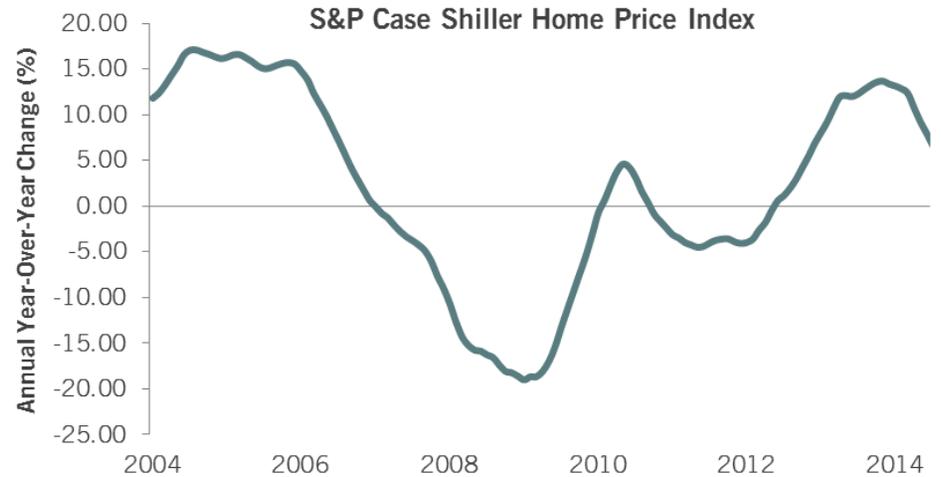
MARKET REVIEW SECOND QUARTER 2015

Strong Housing Data Exceeds Market Expectations

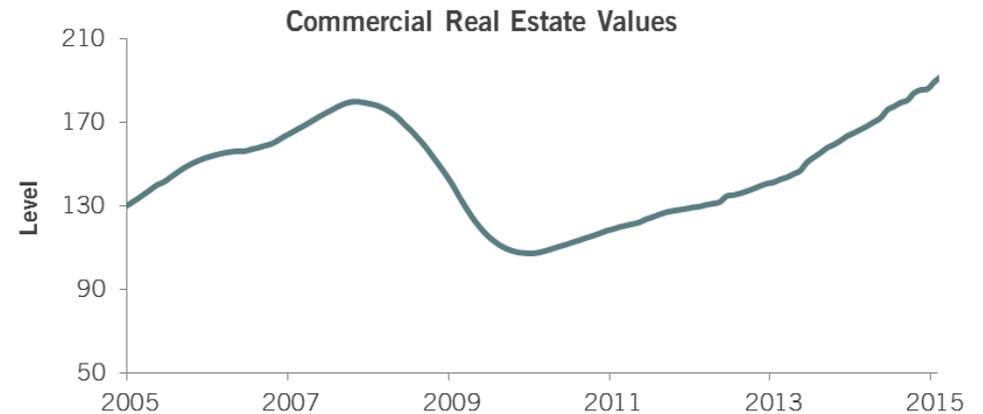
- The S&P Case-Shiller Home Price Index registered a 4.61% y/o/y increase for the month of April - although the increase was lower than the previous month's year over year gain.
- After falling approximately 20 bps in first quarter, mortgage rates, as measured by the Freddie Mac Weekly Survey Rate, are now 15 bps higher than at the end of 2014.
- The housing market will remain focused on economic data for signals as to the path of interest rates. A rising interest rate environment could slow recent housing strength.

Strong Auto Sales and Commercial Real Estate Values Drive ABS/CMBS Issuance

- The ABS primary market had total new supply of approximately \$55 billion in the second quarter to bring year-to-date total ABS issuance to \$107 billion.
- Auto ABS is leading the way with \$58 billion of new supply in 2015. U.S. auto sales reached a 17.7 million unit annualized rate in May; the highest rate since August 2005.
- The CMBS new issue market had \$24 billion of supply in the second quarter. Between conduit and single-asset/single-borrower transactions, private label CMBS new supply has been \$51 billion year-to-date; 30% more than the same period last year.
- Commercial real estate values continue to trend higher. As of April, the Moody's/RCA Commercial Property Price Index is now approximately 10% higher than the peak of 2007.



Source: S&P/Dow Jones Indices



Source: Moody's/RCA CPPI

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GALLIARD CAPITAL MANAGEMENT PROFESSIONALS



William Weber
Senior Director
612.667.6401
william.l.weber@galliard.com

Responsibilities

As a member of the Client Service and Stable Value Portfolio Management teams, William serves primarily as an Institutional Relationship Manager. He works with clients and their consultants to develop strategy and ensure expectations and objectives are met. In addition, William is a member of the Consultant Relations team, serving as a liaison between Galliard's investment professionals and clients to articulate portfolio and relationship goals. He also supports Galliard's Fund Direct business, working with advisors and trading partners to serve investors in the Wells Fargo Stable Return Fund and the Galliard Managed Income Fund.

Oversight Committees and Working Groups

External Manager Oversight Committee, Stable Value Strategy Working Group, Wrap Contract Review Committee

Experience

- Joined Galliard in 2009
- Previously a manager at PricewaterhouseCoopers, LLP

Education

B.S., Business, Finance, Accounting, Carlson School of Management at the University of Minnesota