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State of North Carolina

August 14, 2014



GALLIARD
CAPITAL MANAGEMENT, INC.

Section I

Galliard Capital Management

At a Glance



Client Aligned Investment Solutions

- | Customized investment mandates for institutions
- | The cornerstone of our business...
A consultative approach to produce innovative investment solutions
- | Total return/traditional market driven benchmarks for short, intermediate and long duration strategies
- | Specialized fixed income strategies
 - Stable value
 - Liability driven investing (LDI)
 - Operating funds management
 - Custom blended benchmarks
 - Insurance reserves

Disciplined Lender's Approach to Investing

- | Value investors seeking a realizable yield advantage

Sustainable Performance

- | In our 18th year of successfully achieving risk-controlled alpha generation for our clients

Exceptional Stability

- | No changes in ownership, management or investment philosophy since the firm's inception

\$87.9

Billion in AUM

\$79.7

Billion in Stable
Value assets

18+

Years in business
Est. 1995

246

Institutional Investors
Nationwide

106

Employees

16

CFA Charterholders

36

Investment
Professionals

as of 6/30/14

Galliard Capital Management

Composition of Business*

Galliard Firm Assets Under Management | **\$87.9**
Billion

Assets Under Management (By Strategy):

- | Short Duration: \$37.6 Billion
- | Intermediate Duration: \$15.2 Billion
- | Broad Market Core & Core Plus: \$2.6 Billion
- | Custom: \$32.4 Billion

Assets Under Management (By Plan Type):

- | Corporate Retirement/Benefit Plans: \$68.8 Billion
- | Public Entities: \$14.3 Billion
- | Operating Funds: \$2.6 Billion
- | Partnerships: \$1.3 Billion
- | Foundation/Endowments: \$510.0 Million
- | Taft Hartley: \$427.1 Million

Stable Value Assets | **\$79.7**
Billion

2014 Stable Value Summary

- | \$3.4 Billion new assets
- | 10 new clients

Representative Stable Value Clients:**

- | Archer Daniels Midland
- | AkzoNobel Inc.
- | National Oilwell Varco
- | Halliburton

We have successfully managed portfolios for a broad array of applications and clients

*As of 6/30/14

**Excludes those requesting confidentiality. Inclusion is not performance based nor does it represent any endorsement of Galliard's services by the client.

Galliard Capital Management

Organization Chart

Executive Management Team

Carrie Callahan
Managing Partner

John Caswell, CFA
Founding Managing Partner

Richard Merriam, CFA
Founding Managing Partner

Ajay Mirza, CFA
Managing Partner

Karl Tourville
Founding Managing Partner

Client Portfolio Management & Service

Mike Norman Partner	Linh Buoen Associate Director
Leela Scattum Partner	Robert Crandall, CFA Associate Director
Erol Sonderegger, CFA Principal	Doug Rangel, CFA Associate Director
Andrew Apostol Senior Director	Jordan Bewley Senior Associate
Taylor Benson Senior Director	Michelle Boss Senior Associate
David Ferry Senior Director	Jennifer Hopper, CFA Senior Associate
Nick Gage, CFA Senior Director	Will Moeller, CFA Senior Associate
Andrea Johnson, CFA Director	Kaleigh Causey Associate
Laura Sell, CFA Director	Evan Hewitt Associate
William Weber Director	Steve Swanson Associate

Fixed Income Sector Teams

<i>Credit</i>	<i>Structured Product</i>
Richard Merriam, CFA Founding Managing Partner Sector Head	Ajay Mirza, CFA Managing Partner Sector Head
Matt Bentley Principal	Matt Robertson, CFA Senior Director
Chad Callahan Principal	Mike Meerovich Director
Rene Hoogmoed, CFA Principal	Marco Perzichilli Director
Brandon Kanz, CFA Senior Director	Gauri Jadhav Associate Director
John Kenley, CFA Director	John Hammar Senior Associate
Robert Barrett, CFA Associate Director	Elizabeth Smithley Senior Associate
	Tyler Wadsworth Senior Associate

Portfolio Analysis & Support

Rasaan Ellison Associate Director	Jeff Hay Associate
Mark Otto Associate Director	Matt Heutinck Associate
Carmen Rangel, CPA Associate Director	Adam Maatz Associate
Brian Brooks Senior Associate	Andrew McKessock Associate
Phil Kos Senior Associate	Ben Modica Associate
Suthisa Krupinski Senior Associate	Tim Noel Associate
Jason Skull Senior Associate	Lily Sihavong Associate
Jesse Ahlbrecht Associate	
Heather Goserud Associate	

Operations & Technology

Chad Foote Chief Operating Officer Senior Principal	Fiona Donahoe Senior Associate
Peter Anderson Director	Brian Heruth Senior Associate
George Jones Director	Deanna Moriarty Senior Associate
Marylynn Shapiro Director	Stephanie Ripley Senior Associate
Sue Stachel Director	Corey Weber Senior Associate
Lisa Anderson Associate Director	Michael Amundsen Associate
Joe Atkinson Associate Director	Preston Ghizoni Associate
William Ingle Associate Director	Geneva Hanvik Associate
Elena Ketter Associate Director	Charles Head Associate
Gary Poon Associate Director	Lee Jacobsen Associate
Christopher Smith Associate Director	Tiffany Peterson Associate
Troy Visnovac Associate Director	Stacie Sandager Associate
Mike Bouska Senior Associate	Angela Walton Associate
Jennifer deFiebre Senior Associate	

Marketing & Client Support

Jane Marie Petty Principal	Seth Mork Senior Associate	Khonsavanh Phonesavanh Associate
Jennifer Miller Associate Director	Alison Johnson Associate	Erick Tralle Associate
Jennifer Wedan Associate Director	Mark Perzichilli Associate	Jenny Wagner Associate
Scott Baber Senior Associate		

Contract Management & Administration

David Lui Principal	Christina Mosher Senior Associate
Kristin Daniels, CPA Senior Director	Nicole Berger Associate
Tami Pearse-Byczek Senior Director	Erica Bloudek Associate
Paula Novick Director	Christopher Hoffman Associate
Eric Vercauteren Associate Director	Leslie Laubach Associate

Compliance

Jennifer Lammers Chief Compliance Officer
Brian Renelt Senior Associate
Laurie Kern Associate
Madonna Mochinski Associate

New in 2013

New in 2014

Wells Fargo Resources

Human Resources, Legal Department, Trust Operations, Investment Mgmt Technology, Compliance/Risk Mgmt, Economic Research, Credit Research, Finance



GALLIARD
CAPITAL MANAGEMENT, INC.

Section II

Galliard Outlook Overview

Stable Value Strategy & Positioning

	Market View	Galliard Positioning
Market Update	<ul style="list-style-type: none"> Participants are finally actively moving assets to riskier asset classes In a rising rate environment, stable value is positioned well to outperform alternative capital preservation options 	<ul style="list-style-type: none"> Galliard liquidity buffers are well positioned to accommodate these participant activities Galliard's portfolios are positioned to be able to respond to an increase in rates while continuing to outperform alternative options
Wrap Providers	<ul style="list-style-type: none"> Continued improvement in wrap capacity with 18 providers currently and more expected Supply no longer an issue ample capacity available from established and new entrance including previously exiting providers Continued selectivity regarding managers and underwriting Mostly Insurance companies and a few committed bank issuers Improved comfort with broader investment guidelines 	<ul style="list-style-type: none"> Galliard is currently working with 13 wrap providers – all committed to the market Able to access capacity for new or existing clients from new providers Galliard beneficiary of manager consolidation Replaced all JP Morgan, Rabobank and Natixis contracts. Will replace small amount of remaining Bank of America contracts this year. Increasing allocations to spread sectors, increased flexibility with duration tolerances, increasing allocations for 144a's and ABS JP Morgan, Pacific Life, State Street Bank and Trust Co.
External Managers	<ul style="list-style-type: none"> Initial signs of more flexibility with external manager allocations by wrap providers 	<ul style="list-style-type: none"> Galliard's external manager team beginning the process of screening new underlying fixed income managers; Mass Mutual wrapping Galliard
Portfolio Segments		
Cash	<ul style="list-style-type: none"> Massive inflows and low reinvestment rate environment resulted in increase allocation to cash 	<ul style="list-style-type: none"> Flows normalizing allows for reinvestment
GICs	<ul style="list-style-type: none"> Lack of providers, credit quality and low rates made GICs unattractive 	<ul style="list-style-type: none"> GIC opportunities still limited and not aligned with diversified GCM philosophy
Traditional Synthetics	<ul style="list-style-type: none"> New providers entering/recently entered the market Existing providers increasing capacity Diversified manager style 	<ul style="list-style-type: none"> Nationwide, Lincoln Financial, Reinsurance Group of America American General Life, Prudential, Royal Bank of Canada PIMCO, Dodge & Cox, Jennison, ING, NY Life
Insurance Separate Accounts	<ul style="list-style-type: none"> New providers entering/recently entered the market Existing providers increasing capacity Diversified manager style 	<ul style="list-style-type: none"> Mass Mutual, TIAA-CREF MetLife PIMCO, Babson, Galliard

Stable Value Market Update

Galliard Wrap Issuer Summary

As of May 2014:

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	Galliard, Payden & Rygel	A+	A2
ING Life Ins. and Annuity Co.	Yes	Yes	SBIC	Galliard, Voya, PIMCO, Dodge & Cox, IR&M	A-	A3
MassMutual Life Ins. Co.	Yes	Yes	SAGIC	Galliard, Babson	AA+	Aa2
Metropolitan Life Ins. Co.	Yes	Yes	SAGIC	Galliard, PIMCO, Dodge & Cox	AA-	Aa3
Monumental Life Ins. Co.	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
Nationwide Life Insurance	Yes	Yes	SBIC	Galliard	A+	A1
New York Life	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
Pacific Life Ins. Co.	Yes	Yes	SBIC	Galliard, PIMCO, Pacific Asset	A+	A1
Prudential Life Ins. Co	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A1
Reinsurance Group of America	Yes	Yes	SBIC	Galliard	AA-	A1
Royal Bank of Canada	Yes	Yes	SBIC	Galliard	AA-	Aa3
TIAA-CREF Life	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aaa
State Street Bank and Trust Co.	Yes	Yes	SBIC	Galliard	AA-	Aa3

*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



GALLIARD
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Section III

State of North Carolina Stable Value Funds

Transition Update

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

January 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

February 2011

- 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

March 2011

- Transition 401(k) Plan's Prudential investment to intermediate duration collective trust

July 2011

- 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

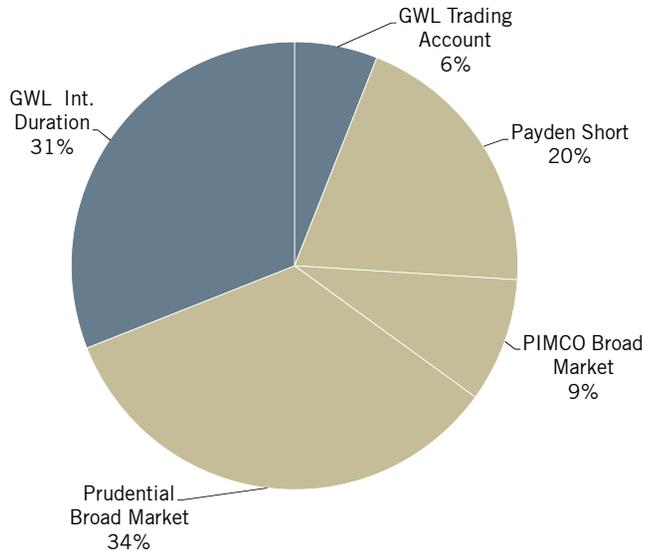
2014

- Finalized Nationwide wrap contract to replace United of Omaha
- Reducing Great West Life to 20% target (date to be determined)

State of North Carolina 401(k) Plan

Transition Update

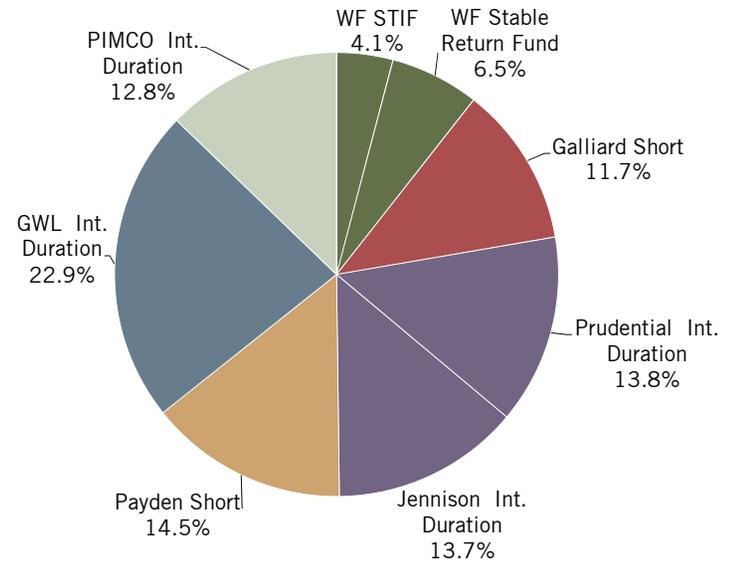
Initial Portfolio Allocation



- = Prudential Wrap
- = Great West Life Wrap

Duration	3.1 years
Avg. Quality	AA
# of Managers	4
# of Providers	2

Portfolio Allocation 401(k) 6/30/14



- = Liquidity Buffer
- = Prudential Wrap
- = AGL
- = GWL
- = MetLife
- = Nationwide

Duration	3.04 years
Avg. Quality	AA+
# of Managers	6
# of Providers	5

State of North Carolina

Expense Disclosure

Total Annual Fund 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 6/30/14)	Est. Annual Revenue	Expense Ratio (as of 6/30/14)	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.073%	\$1,381,286	0.073%	\$288,789
Investment Management Fees paid to Non-Affiliated Investment Advisors	0.057%	\$1,078,539	0.058%	\$229,449
Investment Contract Fees ¹	0.170%	\$3,216,694	0.171%	\$676,478
Acquired Fund Fees ²	0.047%	\$889,321	0.045%	\$178,021
-Investment Contract Fees	0.012%		0.012%	
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors ³	0.035%		0.033%	
12b-1 Distribution Fee	None		None	
Other Expenses	0.104%	\$1,967,860	0.104%	\$411,425
Total Annual Fund Operating Expense⁴	0.451%	\$8,533,700	0.451%	\$1,784,162

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)



GALLIARD
CAPITAL MANAGEMENT, INC.

Section IV

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

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<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>
Book Value Performance								
Portfolio (net of all fees)	0.14	0.45	0.88	1.85	2.43	---	---	2.61
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.52	1.06	1.08	---	---	1.10
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	0.77	1.57	1.59	1.62	3.16	1.60
3 Year Constant Maturity Treasury Yield	0.07	0.22	0.41	0.74	0.52	0.78	2.12	0.60
Market Value Benchmark								
Blended Benchmark***	0.01	1.07	1.87	2.43	2.02	3.06	3.80	2.05

Calendar Year Performance

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Book Value Performance					
Portfolio (net of all fees)	2.15	2.75	3.27	---	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.08	1.12	1.11	---	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.58	1.62	1.61	1.64	1.72
3 Year Constant Maturity Treasury Yield	0.54	0.38	0.75	1.10	1.43
Market Value Benchmark					
Blended Benchmark***	-0.41	2.52	4.05	4.53	5.03
Market Indices					
Merrill Lynch 3 Month T-Bill	0.07	0.11	0.10	0.13	0.21
Consumer Price Index	1.62	2.26	2.96	1.50	2.72

*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.

***10% BofAML 3 Month U.S. T-Bills, 30% Barclays Capital 1-3 Yr U.S. Govt/Credit, 60% Barclays Capital 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 2014

Portfolio Characteristics

Total Assets	\$1,892,172,998	Blended Yield (After fees)*	1.82%
Average Holdings Quality**	AA+	Effective Duration	3.04 years
Number of Contract Issuers	5	Market/Book Value Ratio	102.34%

*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>06/30/2014</u>	<u>% of Portfolio</u> <u>03/31/2014</u>
Money Market*	77,008,075	4.1	3.9
Stable Value Funds	123,357,187	6.5	6.5
Insurance Separate Accounts	675,722,557	35.7	35.8
Intermediate Portfolio	675,722,557	35.7	35.8
Security Backed Contracts	1,016,085,179	53.7	53.8
Short Portfolio	496,458,812	26.2	26.2
Intermediate Portfolio	519,626,367	27.5	27.6
Total	\$1,892,172,998	100.0%**	100.0%**

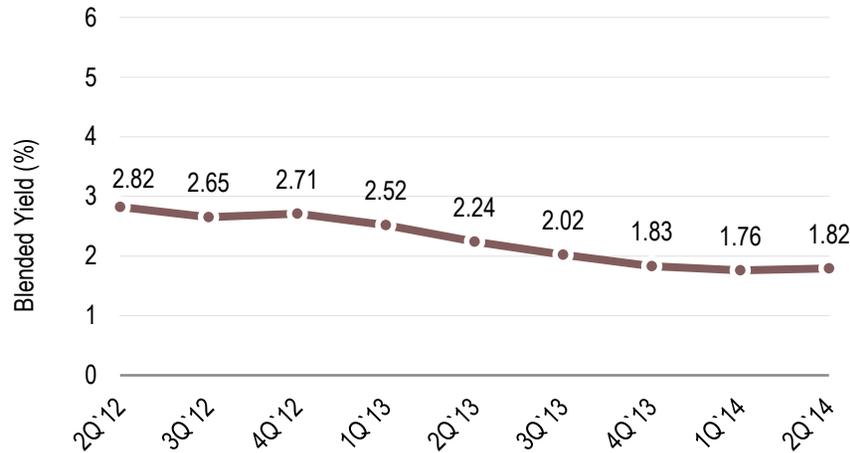
*Includes Receivables and Payables

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

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

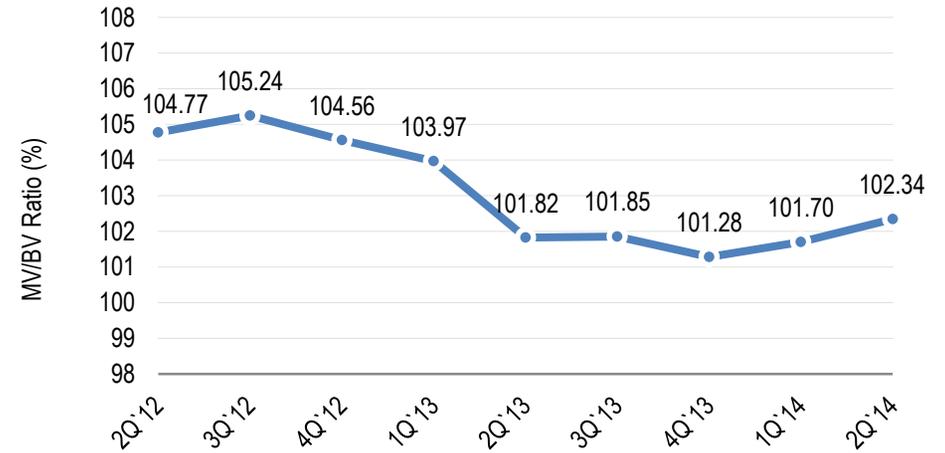
Second Quarter 2014

Historical Book Value Crediting Rate*

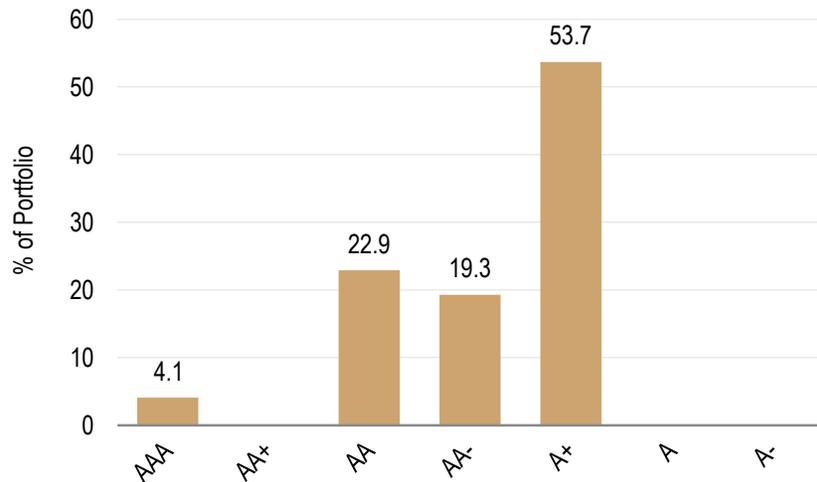


*Blended yield is after investment management fees, wrap fees and administration fees.

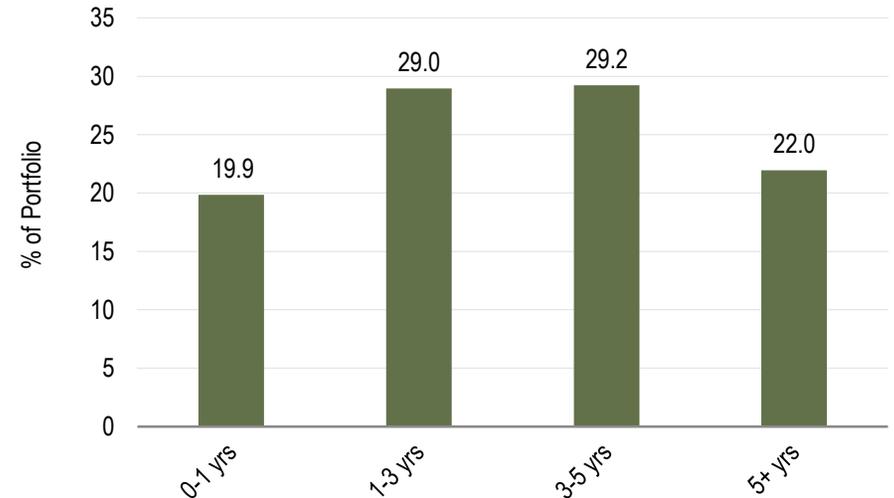
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



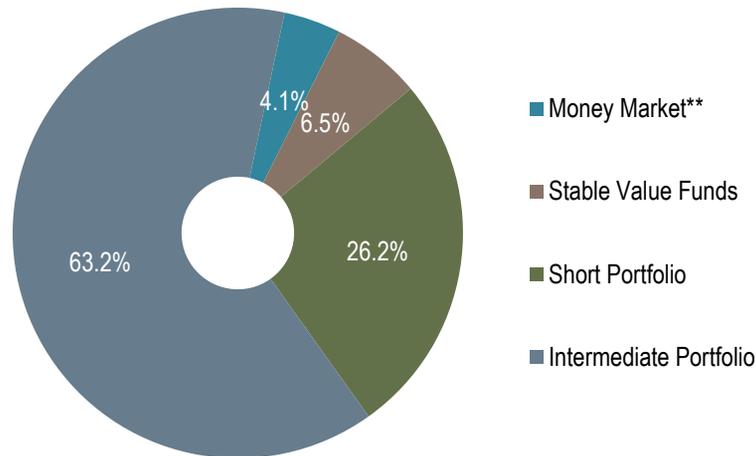
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**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 2014

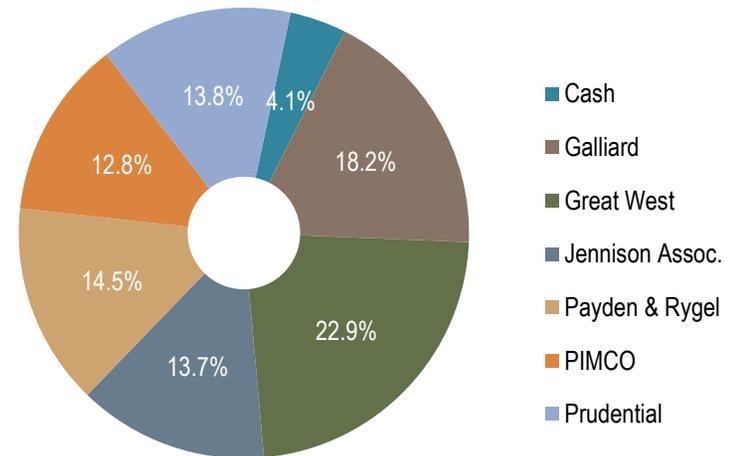
Portfolio Distribution*



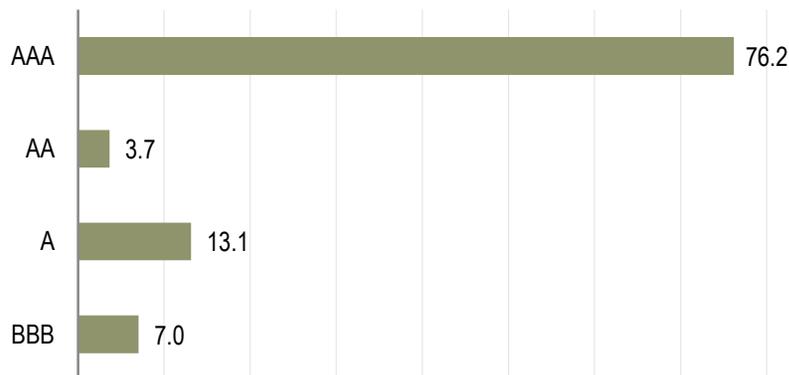
*Book value

**Includes Receivables and Payables

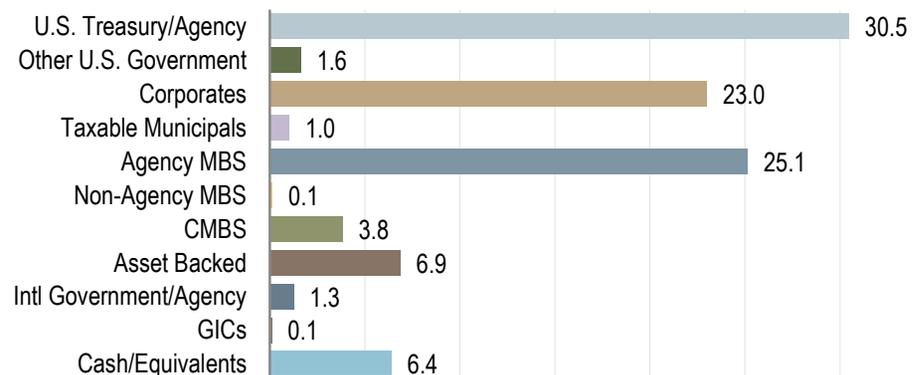
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



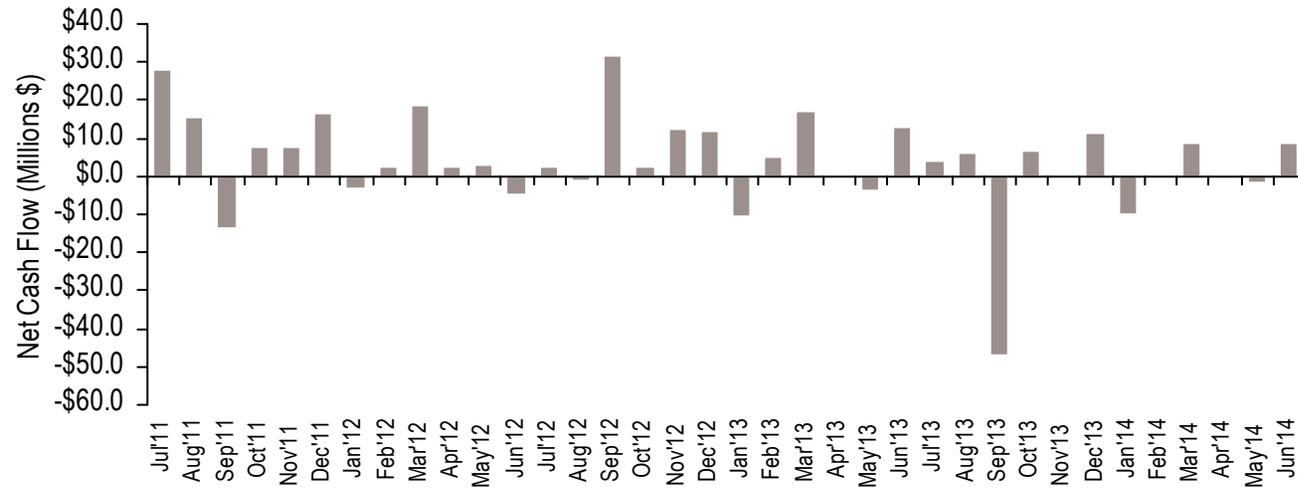
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

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

Second Quarter 2014

Historical Cashflows



	YTD	2013	2012	2011
Beginning Assets	\$1,870.9	\$1,829.1	\$1,702.4	\$1,594.4
Net Cash Flow (\$)*	\$4.9	\$2.4	\$79.1	\$33.1
Net Cash Flow (%)	0.26%	0.13%	4.65%	2.08%
Estimated Investment Earnings	\$16.4	\$39.4	\$47.6	\$74.9
Ending Assets**	\$1,892.2	\$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	0.45%	1.71%	1.73%		2.54%	7/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.33%</u>	<u>1.14%</u>	<u>1.00%</u>		<u>1.73%</u>	
	0.12%	0.58%	0.73%		0.81%	
Galliard**	0.69%	1.87%	1.72%		2.36%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.27%	0.77%	0.66%		1.17%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.33%</u>	<u>1.14%</u>	<u>1.00%</u>		<u>1.52%</u>	
	0.42%	1.10%	1.06%		1.20%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.71%	3.66%	3.01%		3.08%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>1.62%</u>	<u>3.48%</u>	<u>2.86%</u>		<u>2.94%</u>	
	0.08%	0.18%	0.15%		0.14%	
PIMCO	1.62%	3.01%	3.07%		3.31%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>1.62%</u>	<u>3.48%</u>	<u>2.86%</u>		<u>3.20%</u>	
	-0.01%	-0.47%	0.12%		0.11%	
Great West Life	1.66%	3.64%	2.95%		2.53%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>1.55%</u>	<u>3.15%</u>	<u>2.60%</u>		<u>1.95%</u>	
	0.11%	0.49%	0.35%		0.58%	
Jennison	1.40%	2.88%	3.36%		3.14%	8/1/2010
Barclays Capital Intermediate Govt/Credit	<u>1.23%</u>	<u>2.86%</u>	<u>2.83%</u>		<u>2.85%</u>	
	0.16%	0.02%	0.53%		0.29%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration. Returns shown are after investment management fees.

**Reflects performance of Galliard Short Duration Fund B through 2/28/14 at which time Fund B was consolidated.

State of North Carolina Stable Value Funds

Impact of Rising Market Rates – 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	3/31/2014	\$ 273,560,550	\$ 276,610,703	101.1%	0.82%	1.56	1.36%
		6/30/2014	<u>\$ 274,620,410</u>	<u>\$ 277,842,918</u>	<u>101.2%</u>	<u>0.75%</u>	<u>1.53</u>	<u>1.29%</u>
			\$ 1,059,860	\$ 1,232,215	0.1%	-0.07%	(0.03)	-0.07%
	Galliard	3/31/2014	\$ 219,167,231	\$ 224,392,182	102.4%	1.20%	2.01	2.02%
		6/30/2014	<u>\$ 221,838,402</u>	<u>\$ 225,946,160</u>	<u>101.9%</u>	<u>1.08%</u>	<u>1.99</u>	<u>1.71%</u>
			\$ 2,671,172	\$ 1,553,979	-0.5%	-0.12%	(0.02)	-0.31%
Intermediate Duration	Prudential	3/31/2014	\$ 259,949,649	\$ 266,146,853	102.4%	1.96%	4.10	2.02%
		6/30/2014	<u>\$ 261,114,179</u>	<u>\$ 270,654,465</u>	<u>103.7%</u>	<u>1.72%</u>	<u>3.94</u>	<u>2.30%</u>
			\$ 1,164,531	\$ 4,507,612	1.3%	-0.24%	(0.16)	0.28%
	PIMCO	3/31/2014	\$ 240,499,150	\$ 244,635,598	101.7%	1.98%	3.98	2.10%
		6/30/2014	<u>\$ 241,866,483</u>	<u>\$ 248,399,521</u>	<u>102.7%</u>	<u>1.78%</u>	<u>3.95</u>	<u>2.30%</u>
			\$ 1,367,333	\$ 3,763,923	1.0%	-0.20%	(0.03)	0.20%
	Great West Life	3/31/2014	\$ 431,067,591	\$ 438,203,367	101.7%	2.30%	3.81	2.68%
		6/30/2014	<u>\$ 433,856,074</u>	<u>\$ 445,302,829</u>	<u>102.6%</u>	<u>2.09%</u>	<u>3.62</u>	<u>2.62%</u>
			\$ 2,788,483	\$ 7,099,463	1.0%	-0.21%	(0.19)	-0.06%
	Jennison	3/31/2014	\$ 258,186,565	\$ 264,341,738	102.4%	1.47%	3.97	2.02%
		6/30/2014	<u>\$ 258,512,188</u>	<u>\$ 267,957,405</u>	<u>103.7%</u>	<u>1.41%</u>	<u>3.98</u>	<u>2.30%</u>
			\$ 325,623	\$ 3,615,667	1.3%	-0.06%	0.01	0.28%
Total Fund		3/31/2014	\$ 1,877,694,648	\$ 1,909,594,353	101.7%	1.61%	3.12	1.97%
		6/30/2014	<u>\$ 1,892,172,998</u>	<u>\$ 1,936,468,561</u>	<u>102.3%</u>	<u>1.47%</u>	<u>3.04</u>	<u>2.01%</u>
			\$ 14,478,351	\$ 26,874,209	0.6%	-0.14%	(0.08)	0.04%

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

Second Quarter 2014

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2014</u>	<u>3/31/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</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

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, 2014

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)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-1,048,945	-1,048,945	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		78,057,020	78,057,020	100.0	4.1	0.01		0.10	AAA	Aaa	
Total Money Market			77,008,075	77,008,075	100.0	4.1	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		123,357,187	123,357,187	100.0	6.5	1.54		2.40	AA-	Aa3	
Total Stable Value Funds			123,357,187	123,357,187	100.0	6.5	1.54		2.40	AA-	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	433,856,074	445,302,829	102.6	22.9	2.62	N.S.M.	3.62	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	PIMCO	241,866,483	248,399,521	102.7	12.8	2.30	N.S.M.	3.95	AA-	Aa3	20.0
Total Intermediate Portfolio			675,722,557	693,702,351	102.7	35.7	2.51		3.74	AA	Aa3	
Total Insurance Separate Accounts			675,722,557	693,702,351	102.7	35.7	2.51		3.74	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
946996EE1	American General Life Ins. Co.	Payden & Rygel	274,620,410	277,842,918	101.2	14.5	1.29	N.S.M.	1.53	A+	A2	25.0
896994GW4	Nationwide Life Ins. Co.	Galliard	221,838,402	225,946,160	101.9	11.7	1.71	N.S.M.	1.99	A+	A1	23.0
Total Short Portfolio			496,458,812	503,789,079	101.5	26.2	1.48		1.74	A+	A2	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Jennison Assoc.	258,512,188	267,957,405	103.7	13.7	2.30	N.S.M.	3.98	AA-	A1	17.0
744999CV3	Prudential Ins. Co. of America	Prudential	261,114,179	270,654,465	103.7	13.8	2.30	N.S.M.	3.94	AA-	A1	17.0
Total Intermediate Portfolio			519,626,367	538,611,870	103.7	27.5	2.30		3.96	AA-	A1	
Total Security Backed Contracts			1,016,085,179	1,042,400,949	102.6	53.7	1.90		2.87	AA-	A1	
Total Fund			1,892,172,998	1,936,468,561	102.3	100.0	2.01		3.04	AA-	A1	

*N.S.M. = No Stated Maturity

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

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.45	0.77	1.71	1.73	2.54	2.54
Benchmark***	0.33	0.56	1.14	1.00	1.73	1.73

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$277.8 million
Weighted Average Maturity	2.21 years	1.92 years	Number of Issues	209
Yield to Maturity	0.75%	0.58%	Weighted Coupon	1.31%
Effective Duration	1.53 years	1.87 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	28.9%	32.7%	72.4%
Other U.S. Government	2.6%	2.5%	0.0%
Taxable Municipal	2.9%	2.8%	0.8%
Corporates	44.1%	42.4%	19.4%
Asset Backed Securities (ABS)	9.8%	9.3%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	4.5%	4.2%	0.0%
Sovereign / Supranationals	6.8%	5.9%	7.4%
Cash / Equivalents	0.4%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	52.8%	55.5%	75.9%
AA	4.3%	2.9%	6.7%
A	23.0%	21.9%	9.7%
BBB	19.9%	19.7%	7.7%
< 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

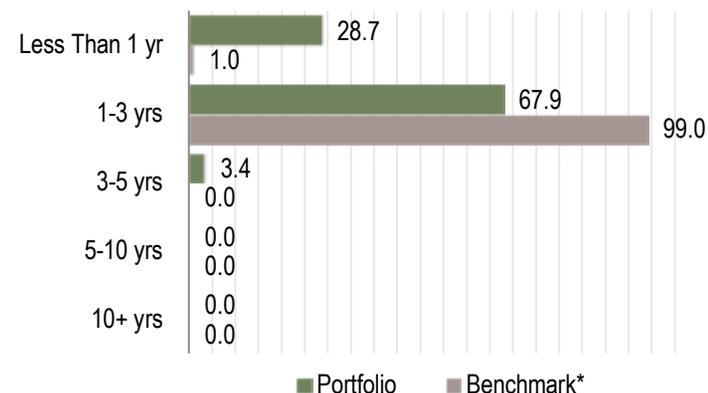
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

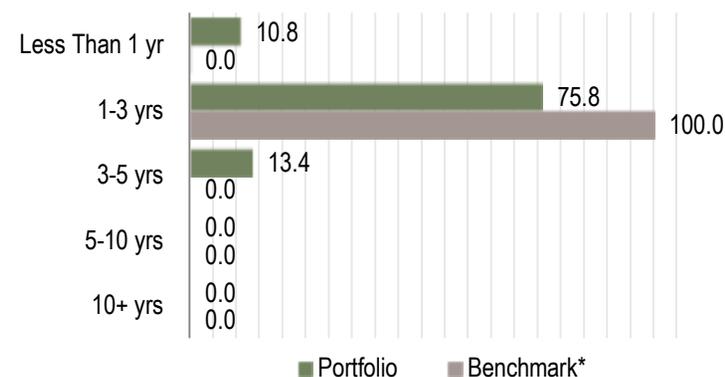
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	32.4%	28.7%	1.0%
1-3 yrs	63.8%	67.9%	99.0%
3-5 yrs	3.8%	3.4%	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>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	13.2%	10.8%	0.0%
1-3 yrs	73.1%	75.8%	100.0%
3-5 yrs	13.6%	13.4%	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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<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	0.03	0.69	1.22	1.87	1.72	---	2.36
Barclay's 1-3 Year Govt/Credit	-0.05	0.33	0.56	1.14	1.00	1.73	1.52

*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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.03	0.69	1.22	1.89	1.66	3.25	3.18
Benchmark***	-0.05	0.27	0.42	0.77	0.66	1.24	2.74

*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	\$13,034.8 million
Weighted Average Maturity	2.42 years	1.90 years	Number of Issues	1419
Yield to Maturity	1.08%	0.44%	Weighted Coupon	2.02%
Effective Duration	1.99 years	1.86 years	Estimated Annual Income	\$260.0 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	11.8%	12.2%	100.0%
Other U.S. Government	4.0%	4.2%	0.0%
Taxable Municipal	2.4%	2.2%	0.0%
Corporates	17.7%	18.2%	0.0%
Asset Backed Securities (ABS)	18.0%	19.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	8.3%	7.8%	0.0%
Mortgage Backed Securities (MBS)	27.1%	26.1%	0.0%
Sovereign / Supranationals	0.4%	0.0%	0.0%
Cash / Equivalents	10.5%	9.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2014</i>
Royal Bank of Canada	0.6%
Bank of America Corp	0.6%
Goldman Sachs Group Inc/The	0.5%
Bank of New York Mellon Corp/The	0.4%
BNP Paribas SA	0.4%
Total	2.5%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	82.6%	82.7%	96.9%
AA	6.1%	5.9%	3.0%
A	11.0%	11.0%	0.0%
BBB	0.4%	0.3%	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

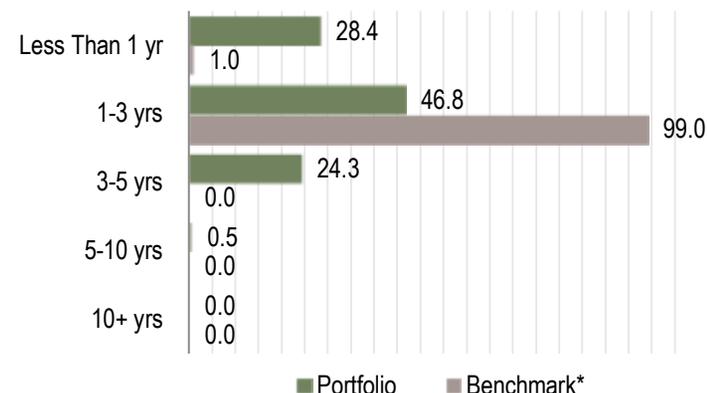
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

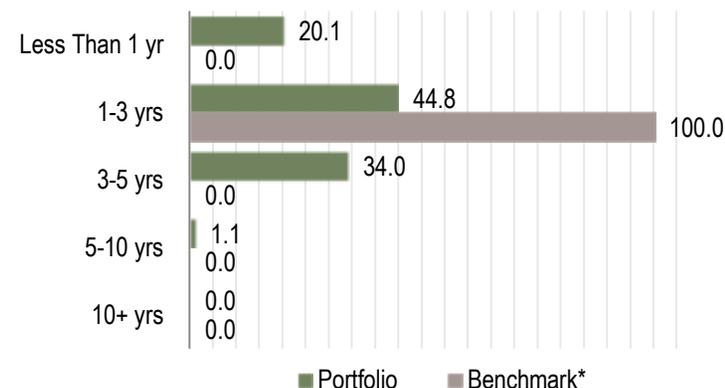
Duration Distribution

	<i>% of Portfolio</i> 03/31/2014	<i>% of Portfolio</i> 06/30/2014	<i>% of Benchmark*</i> 06/30/2014
0-1 yrs	29.5%	28.4%	1.0%
1-3 yrs	42.3%	46.8%	99.0%
3-5 yrs	27.4%	24.3%	0.0%
5-10 yrs	0.8%	0.5%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> 03/31/2014	<i>% of Portfolio</i> 06/30/2014	<i>% of Benchmark*</i> 06/30/2014
0-1 yrs	20.9%	20.1%	0.0%
1-3 yrs	39.3%	44.8%	100.0%
3-5 yrs	37.7%	34.0%	0.0%
5-10 yrs	2.1%	1.1%	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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	1.71	2.96	3.66	3.01	--	3.08
Benchmark***	1.62	2.85	3.48	2.86	4.23	2.94

*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	\$2,009.0 million
Weighted Average Maturity	4.36 years	5.10 years	Number of Issues	1084
Yield to Maturity	1.72%	1.93%	Weighted Coupon	3.03%
Effective Duration	3.94 years	4.19 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	39.3%	39.8%	39.7%
Other U.S. Government	0.3%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.5%
Corporates	22.3%	22.4%	19.2%
Asset Backed Securities (ABS)	0.5%	0.5%	0.6%
Commercial Mortgage Backed Securities (CMBS)	4.3%	4.2%	1.9%
Mortgage Backed Securities (MBS)	31.7%	31.9%	33.6%
Sovereign / Supranationals	0.6%	0.6%	4.5%
Cash / Equivalents	0.7%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	75.7%	75.6%	76.7%
AA	3.1%	3.3%	4.6%
A	11.6%	11.5%	9.4%
BBB	9.6%	9.6%	9.3%
< 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. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

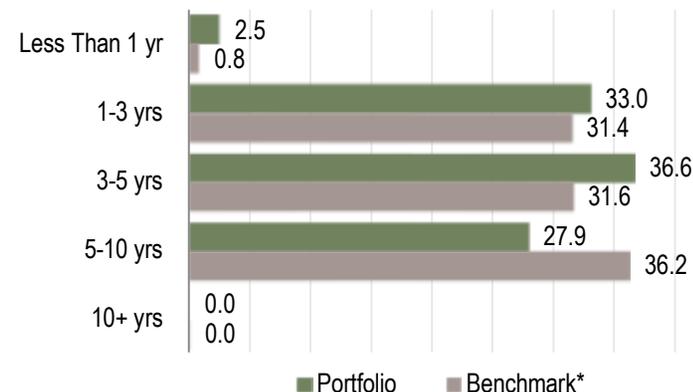
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

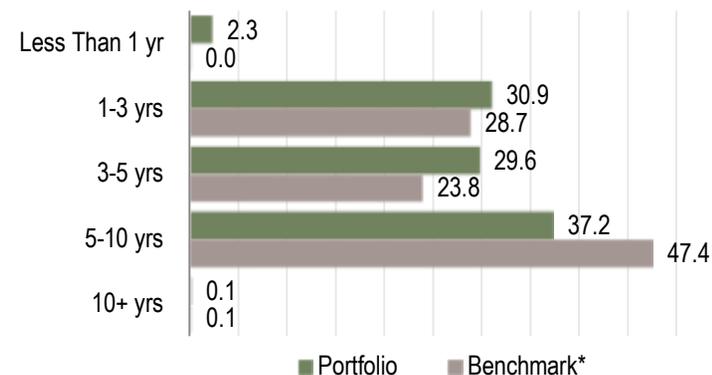
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	4.6%	2.5%	0.8%
1-3 yrs	26.4%	33.0%	31.4%
3-5 yrs	34.2%	36.6%	31.6%
5-10 yrs	34.8%	27.9%	36.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	3.3%	2.3%	0.0%
1-3 yrs	26.2%	30.9%	28.7%
3-5 yrs	30.0%	29.6%	23.8%
5-10 yrs	40.4%	37.2%	47.4%
10+ yrs	0.2%	0.1%	0.1%
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 Acct 654 - Commingled (PIMCO)

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	1.62	2.82	3.01	3.07	--	3.31
Benchmark***	1.62	2.85	3.48	2.86	4.23	3.20

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

**Performance Inception: February 01, 2011

***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	\$1,324.3 million
Weighted Average Maturity	3.79 years	5.10 years	Number of Issues	169
Yield to Maturity	1.78%	1.93%	Weighted Coupon	2.13%
Effective Duration	3.95 years	4.19 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 Acct 654 - Commingled (PIMCO)

Second Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	63.9%	61.0%	39.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.1%	1.2%	0.5%
Corporates	16.0%	22.7%	19.2%
Asset Backed Securities (ABS)	0.0%	0.0%	0.6%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.9%
Mortgage Backed Securities (MBS)	27.9%	17.8%	33.6%
Sovereign / Supranationals	1.6%	1.1%	4.5%
Cash / Equivalents	-10.6%	-3.8%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	81.4%	75.5%	76.7%
AA	3.1%	3.0%	4.6%
A	11.2%	14.9%	9.4%
BBB	4.3%	6.6%	9.3%
< 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. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

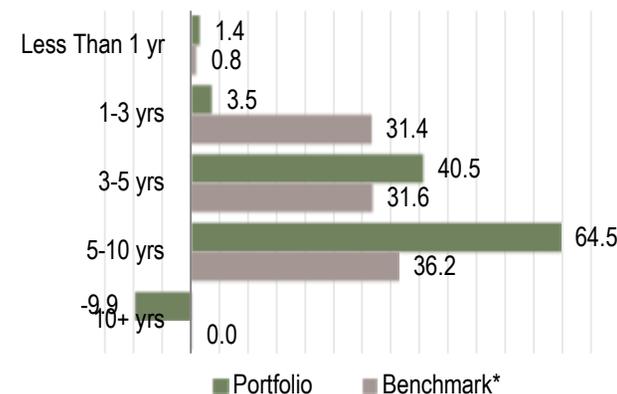
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2014

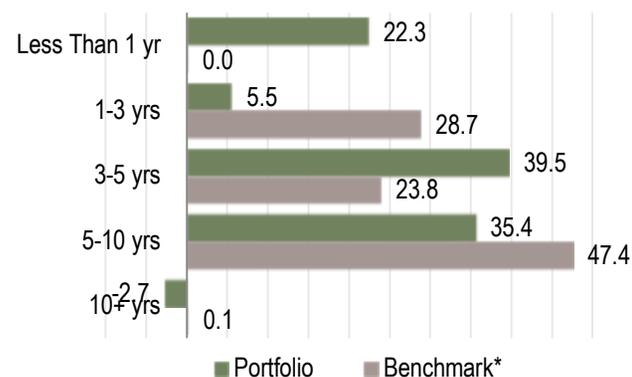
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	0.5%	1.4%	0.8%
1-3 yrs	2.4%	3.5%	31.4%
3-5 yrs	39.9%	40.5%	31.6%
5-10 yrs	66.6%	64.5%	36.2%
10+ yrs	-9.4%	-9.9%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	22.4%	22.3%	0.0%
1-3 yrs	4.8%	5.5%	28.7%
3-5 yrs	33.4%	39.5%	23.8%
5-10 yrs	39.8%	35.4%	47.4%
10+ yrs	-0.3%	-2.7%	0.1%
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 401k - Great West ISA

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	1.66	2.84	3.64	2.95	--	2.53
Benchmark***	1.55	2.67	3.15	2.60	3.91	1.95

*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+	AAA	Total Assets	\$445.3 million
Weighted Average Maturity	4.86 years	5.08 years	Number of Issues	514
Yield to Maturity	2.09%	1.85%	Weighted Coupon	3.61%
Effective Duration	3.62 years	4.15 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	3.8%	4.0%	43.8%
Other U.S. Government	3.2%	2.2%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	17.6%	17.3%	12.3%
Asset Backed Securities (ABS)	7.1%	7.7%	0.6%
Commercial Mortgage Backed Securities (CMBS)	9.4%	8.5%	1.9%
Mortgage Backed Securities (MBS)	58.1%	59.8%	37.0%
Sovereign / Supranationals	0.0%	0.0%	3.8%
Cash / Equivalents	0.8%	0.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	82.2%	82.6%	84.5%
AA	4.6%	4.6%	5.1%
A	11.8%	11.5%	10.4%
BBB	1.4%	1.4%	0.0%
< BBB	0.0%	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

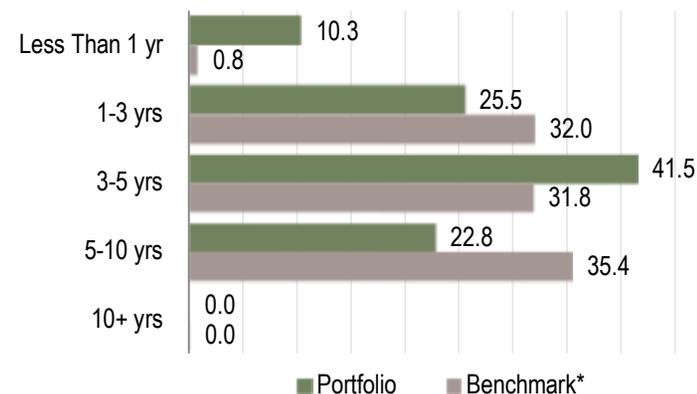
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

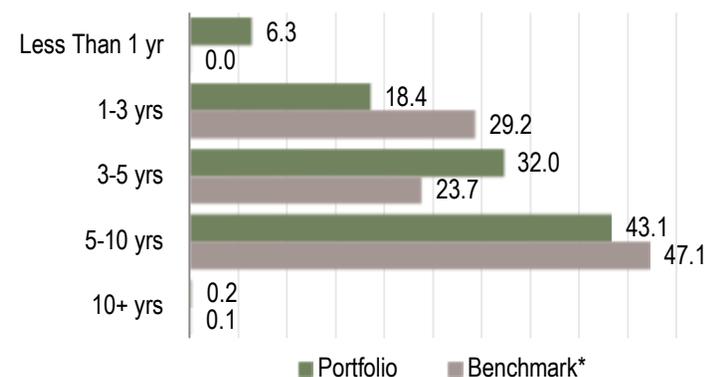
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	12.4%	10.3%	0.8%
1-3 yrs	20.7%	25.5%	32.0%
3-5 yrs	38.8%	41.5%	31.8%
5-10 yrs	28.2%	22.8%	35.4%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	6.5%	6.3%	0.0%
1-3 yrs	17.6%	18.4%	29.2%
3-5 yrs	30.9%	32.0%	23.7%
5-10 yrs	42.7%	43.1%	47.1%
10+ yrs	2.3%	0.2%	0.1%
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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.05	1.40	2.94	2.88	3.36	--	3.14
Benchmark***	-0.07	1.23	2.25	2.86	2.83	4.09	2.85

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,823.0 million
Weighted Average Maturity	7.11 years	4.14 years	Number of Issues	203
Yield to Maturity	1.41%	1.48%	Weighted Coupon	2.14%
Effective Duration	3.98 years	3.82 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	64.2%	65.0%	62.1%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.1%	0.9%
Corporates	24.8%	25.2%	30.0%
Asset Backed Securities (ABS)	5.5%	5.4%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.2%	0.0%	0.0%
Sovereign / Supranationals	1.2%	1.2%	7.1%
Cash / Equivalents	3.9%	3.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	75.7%	75.3%	64.7%
AA	2.3%	2.0%	6.7%
A	13.0%	13.2%	14.4%
BBB	9.0%	9.4%	14.2%
< 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

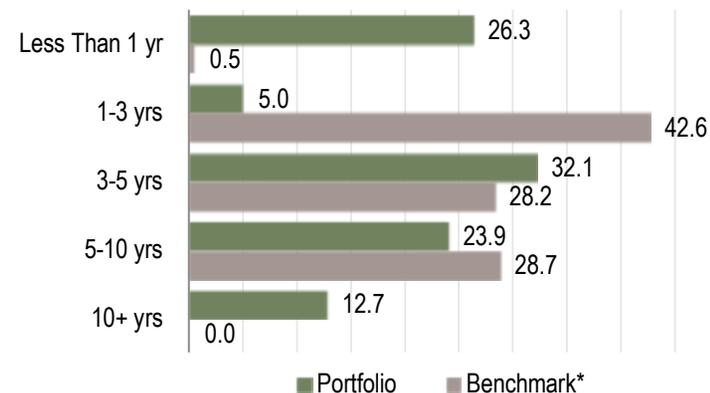
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

June 2014

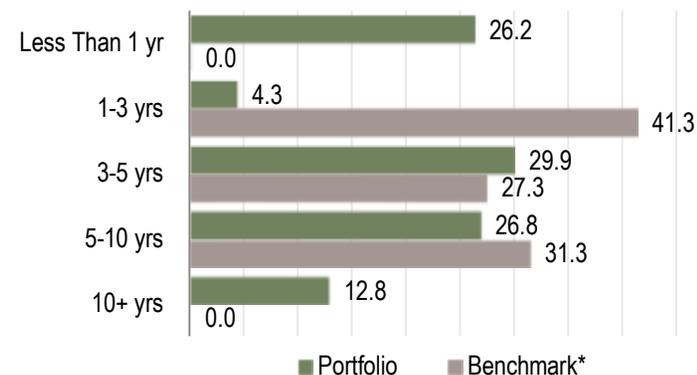
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	30.7%	26.3%	0.5%
1-3 yrs	5.5%	5.0%	42.6%
3-5 yrs	27.5%	32.1%	28.2%
5-10 yrs	23.3%	23.9%	28.7%
10+ yrs	13.1%	12.7%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	30.6%	26.2%	0.0%
1-3 yrs	5.1%	4.3%	41.3%
3-5 yrs	26.6%	29.9%	27.3%
5-10 yrs	24.6%	26.8%	31.3%
10+ yrs	13.1%	12.8%	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

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GALLIARD
CAPITAL MANAGEMENT, INC.

Section V

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<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>
Book Value Performance								
Portfolio (net of all fees)	0.14	0.45	0.87	1.84	2.45	---	---	2.63
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.52	1.06	1.08	---	---	1.10
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	0.77	1.57	1.59	1.62	3.16	1.60
3 Year Constant Maturity Treasury Yield	0.07	0.22	0.41	0.74	0.52	0.78	2.12	0.60
Market Value Benchmark								
Blended Benchmark***	0.01	1.07	1.87	2.43	2.02	3.06	3.80	2.05

Calendar Year Performance

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Book Value Performance					
Portfolio (net of all fees)	2.15	2.77	3.30	---	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.08	1.12	1.11	---	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.58	1.62	1.61	1.64	1.72
3 Year Constant Maturity Treasury Yield	0.54	0.38	0.75	1.10	1.43
Market Value Benchmark					
Blended Benchmark***	-0.41	2.52	4.05	4.53	5.03
Market Indices					
Merrill Lynch 3 Month T-Bill	0.07	0.11	0.10	0.13	0.21
Consumer Price Index	1.62	2.26	2.96	1.50	2.72

*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.

***10% BofAML 3 Month U.S. T-Bills, 30% Barclays Capital 1-3 Yr U.S. Govt/Credit, 60% Barclays Capital 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 2014

Portfolio Characteristics

Total Assets	\$395,601,433	Blended Yield (After fees)*	1.81%
Average Holdings Quality**	AA+	Effective Duration	3.04 years
Number of Contract Issuers	5	Market/Book Value Ratio	102.32%

*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>06/30/2014</u>	<u>03/31/2014</u>
Money Market*	14,054,114	3.6	3.3
Stable Value Funds	25,563,736	6.5	6.5
Insurance Separate Accounts	144,642,961	36.6	36.6
Intermediate Portfolio	144,642,961	36.6	36.6
Security Backed Contracts	211,340,622	53.4	53.6
Short Portfolio	106,711,393	27.0	27.0
Intermediate Portfolio	104,629,229	26.4	26.6
Total	\$395,601,433	100.0%**	100.0%**

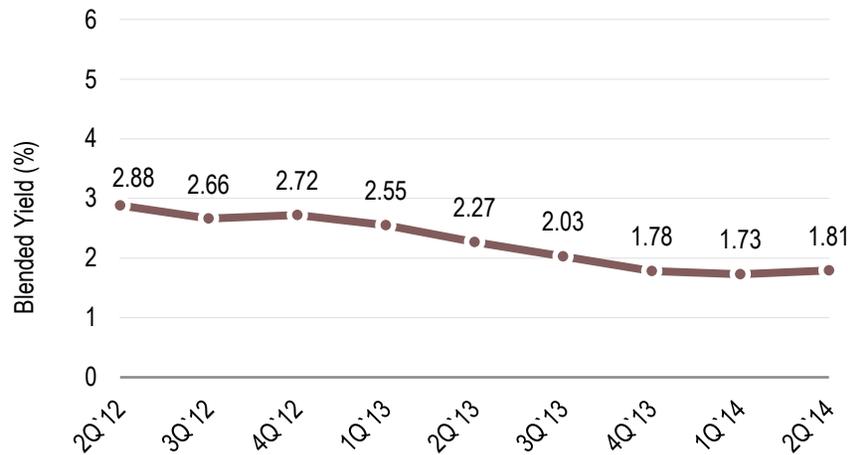
*Includes Receivables and Payables

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

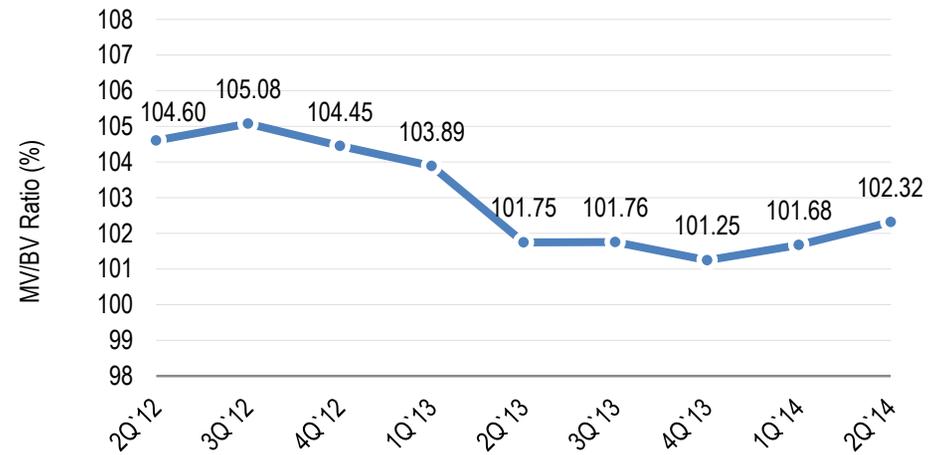
Second Quarter 2014

Historical Book Value Crediting Rate*

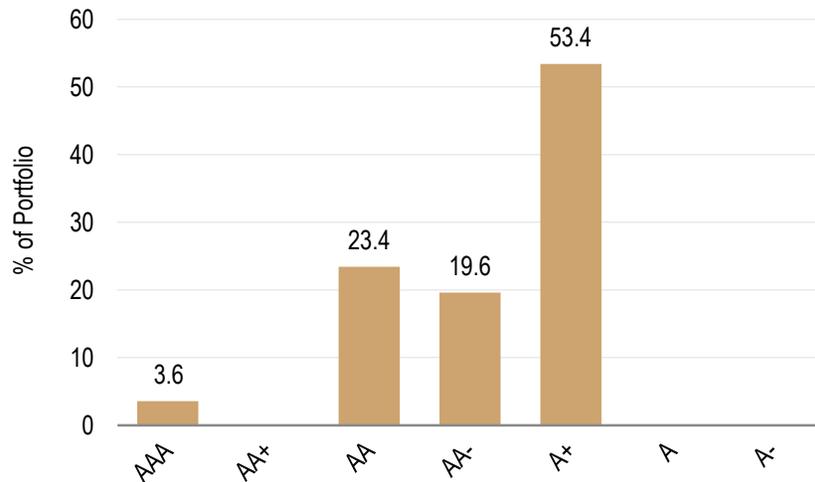


*Blended yield is after investment management fees, wrap fees and administration fees.

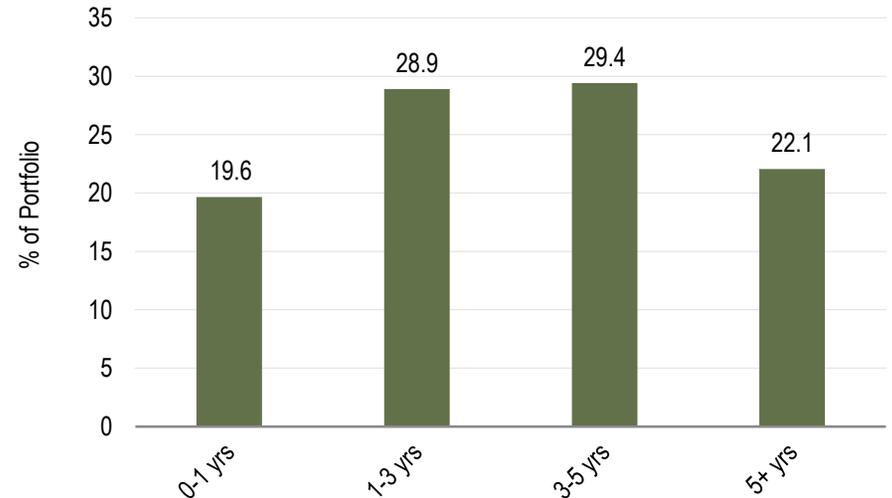
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



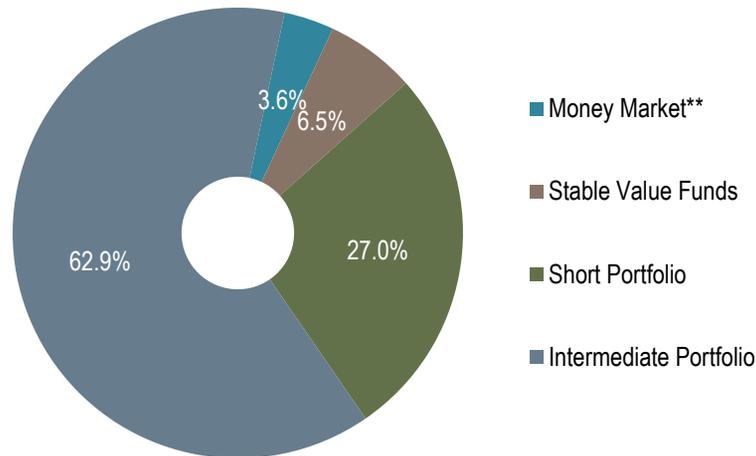
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**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 2014

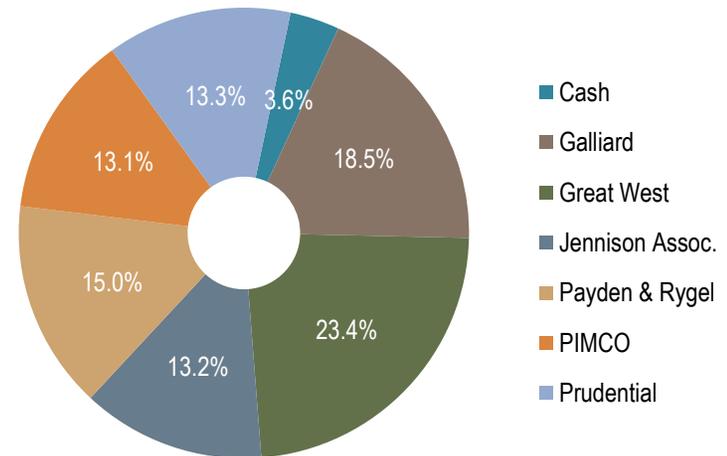
Portfolio Distribution*



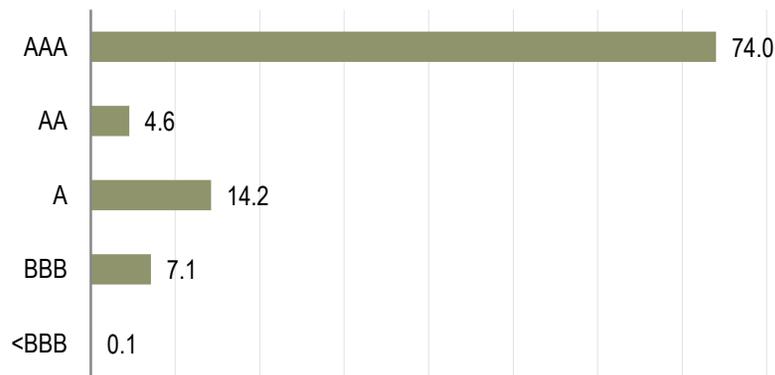
*Book value

**Includes Receivables and Payables

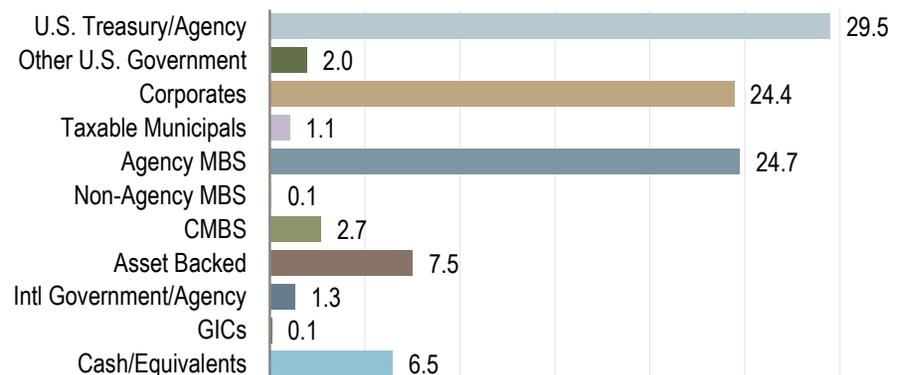
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



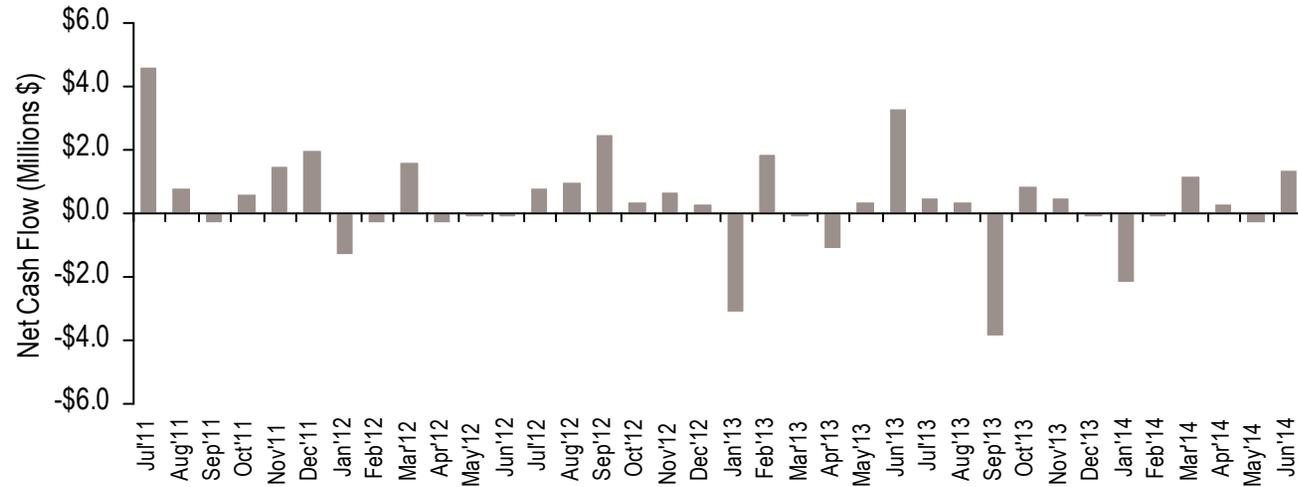
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2014

Historical Cashflows



	YTD	2013	2012	2011
Beginning Assets	\$392.0	\$384.1	\$368.8	\$343.5
Net Cash Flow (\$)*	\$0.2	-\$0.4	\$5.1	\$11.3
Net Cash Flow (%)	0.05%	-0.10%	1.38%	3.29%
Estimated Investment Earnings	\$3.4	\$8.3	\$10.3	\$13.9
Ending Assets**	\$395.6	\$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 457 Plan Performance Summary

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.44%	1.73%	1.71%		2.23%	8/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.33%</u>	<u>1.14%</u>	<u>1.00%</u>		<u>1.66%</u>	
	0.11%	0.59%	0.71%		0.57%	
Galliard**	0.69%	1.87%	1.72%		2.36%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.27%	0.77%	0.66%		1.17%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.33%</u>	<u>1.14%</u>	<u>1.00%</u>		<u>1.52%</u>	
	0.42%	1.10%	1.06%		1.20%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.71%	3.66%	3.01%		3.08%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>1.62%</u>	<u>3.48%</u>	<u>2.86%</u>		<u>2.94%</u>	
	0.08%	0.18%	0.15%		0.14%	
PIMCO	1.62%	3.01%	3.07%		3.31%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>1.62%</u>	<u>3.48%</u>	<u>2.86%</u>		<u>3.20%</u>	
	-0.01%	-0.47%	0.22%		0.11%	
Great West Life	1.66%	3.80%	2.81%		2.46%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>1.55%</u>	<u>3.15%</u>	<u>2.60%</u>		<u>1.95%</u>	
	0.11%	0.64%	0.21%		0.51%	
Jennison	1.40%	2.88%	3.36%		3.14%	8/1/2010
Barclays Capital Intermediate Govt/Credit	<u>1.23%</u>	<u>2.86%</u>	<u>2.83%</u>		<u>2.85%</u>	
	0.16%	0.02%	0.53%		0.29%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration. Returns shown are after investment management fees.

**Reflects performance of Galliard Short Duration Fund B through 2/28/14 at which time Fund B was consolidated.

State of North Carolina Stable Value Funds

Impact of Rising Market Rates – 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	3/31/2014	\$ 59,006,827	\$ 59,660,699	101.1%	0.83%	1.52	1.37%
		6/30/2014	<u>\$ 59,237,867</u>	<u>\$ 59,921,101</u>	<u>101.2%</u>	<u>0.75%</u>	<u>1.49</u>	<u>1.28%</u>
			\$ 231,040	\$ 260,402	0.0%	-0.08%	(0.03)	-0.09%
	Galliard	3/31/2014	\$ 46,816,805	\$ 48,046,221	102.6%	1.20%	2.01	2.10%
		6/30/2014	<u>\$ 47,473,526</u>	<u>\$ 48,378,955</u>	<u>101.9%</u>	<u>1.08%</u>	<u>1.99</u>	<u>1.74%</u>
			\$ 656,722	\$ 332,734	-0.7%	-0.12%	(0.02)	-0.36%
Intermediate Duration	Prudential	3/31/2014	\$ 52,344,097	\$ 53,718,661	102.6%	1.96%	4.10	2.17%
		6/30/2014	<u>\$ 52,539,373</u>	<u>\$ 54,628,470</u>	<u>104.0%</u>	<u>1.72%</u>	<u>3.94</u>	<u>2.38%</u>
			\$ 195,276	\$ 909,809	1.4%	-0.24%	(0.16)	0.21%
	PIMCO	3/31/2014	\$ 51,723,420	\$ 52,670,315	101.8%	1.98%	3.98	2.13%
		6/30/2014	<u>\$ 52,021,291</u>	<u>\$ 53,480,720</u>	<u>102.8%</u>	<u>1.78%</u>	<u>3.95</u>	<u>2.33%</u>
			\$ 297,871	\$ 810,405	1.0%	-0.20%	(0.03)	0.20%
	Great West Life	3/31/2014	\$ 92,066,659	\$ 93,074,343	101.1%	2.27%	3.76	2.40%
		6/30/2014	<u>\$ 92,621,670</u>	<u>\$ 94,573,294</u>	<u>102.1%</u>	<u>2.14%</u>	<u>3.63</u>	<u>2.44%</u>
			\$ 555,011	\$ 1,498,951	1.0%	-0.13%	(0.13)	0.04%
	Jennison	3/31/2014	\$ 52,063,075	\$ 53,430,260	102.6%	1.47%	3.97	2.17%
		6/30/2014	<u>\$ 52,089,856</u>	<u>\$ 54,161,079</u>	<u>104.0%</u>	<u>1.41%</u>	<u>3.98</u>	<u>2.38%</u>
			\$ 26,780	\$ 730,819	1.4%	-0.06%	0.01	0.21%
Total Fund		3/31/2014	\$ 392,556,658	\$ 399,136,273	101.7%	1.61%	3.11	1.95%
		6/30/2014	<u>\$ 395,601,433</u>	<u>\$ 404,761,468</u>	<u>102.3%</u>	<u>1.49%</u>	<u>3.04</u>	<u>2.01%</u>
			\$ 3,044,775	\$ 5,625,195	0.6%	-0.12%	(0.07)	0.06%

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2014

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2014</u>	<u>3/31/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</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

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

Portfolio Holdings

June 30, 2014

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)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-236,019	-236,019	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		14,290,134	14,290,134	100.0	3.6	0.01		0.10	AAA	Aaa	
Total Money Market			14,054,114	14,054,114	100.0	3.6	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		25,563,736	25,563,736	100.0	6.5	1.54		2.40	AA-	Aa3	
Total Stable Value Funds			25,563,736	25,563,736	100.0	6.5	1.54		2.40	AA-	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	92,621,670	94,573,294	102.1	23.4	2.44	N.S.M.	3.63	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	PIMCO	52,021,291	53,480,720	102.8	13.1	2.33	N.S.M.	3.95	AA-	Aa3	20.0
Total Intermediate Portfolio			144,642,961	148,054,013	102.4	36.6	2.40		3.74	AA	Aa3	
Total Insurance Separate Accounts			144,642,961	148,054,013	102.4	36.6	2.40		3.74	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
946996DV4	American General Life Ins. Co.	Payden & Rygel	59,237,867	59,921,101	101.2	15.0	1.31	N.S.M.	1.49	A+	A2	25.0
896994MP2	Nationwide Life Ins. Co.	Galliard	47,473,526	48,378,955	101.9	12.0	1.74	N.S.M.	1.99	A+	A1	23.0
Total Short Portfolio			106,711,393	108,300,056	101.5	27.0	1.50		1.71	A+	A2	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Jennison Assoc.	52,089,856	54,161,079	104.0	13.2	2.38	N.S.M.	3.98	AA-	A1	17.0
744999CF8	Prudential Ins. Co. of America	Prudential	52,539,373	54,628,470	104.0	13.3	2.38	N.S.M.	3.94	AA-	A1	17.0
Total Intermediate Portfolio			104,629,229	108,789,549	104.0	26.4	2.38		3.96	AA-	A1	
Total Security Backed Contracts			211,340,622	217,089,605	102.7	53.4	1.94		2.83	A+	A1	
Total Fund			395,601,433	404,761,468	102.3	100.0	2.01		3.04	AA-	A1	

*N.S.M. = No Stated Maturity

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

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.44	0.78	1.73	1.71	--	2.23
Benchmark***	0.33	0.56	1.14	1.00	1.73	1.66

*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	\$59.9 million
Weighted Average Maturity	2.26 years	1.92 years	Number of Issues	186
Yield to Maturity	0.75%	0.58%	Weighted Coupon	1.31%
Effective Duration	1.49 years	1.87 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	26.5%	31.1%	72.4%
Other U.S. Government	2.5%	2.4%	0.0%
Taxable Municipal	2.9%	2.9%	0.8%
Corporates	43.5%	41.6%	19.4%
Asset Backed Securities (ABS)	11.9%	10.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	4.7%	4.4%	0.0%
Sovereign / Supranationals	7.0%	6.1%	7.4%
Cash / Equivalents	0.9%	0.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	53.1%	55.8%	75.9%
AA	6.3%	3.5%	6.7%
A	21.3%	21.5%	9.7%
BBB	19.3%	19.2%	7.7%
< 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

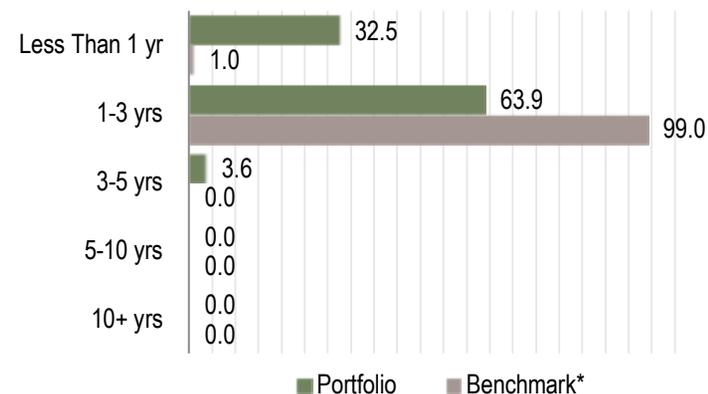
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

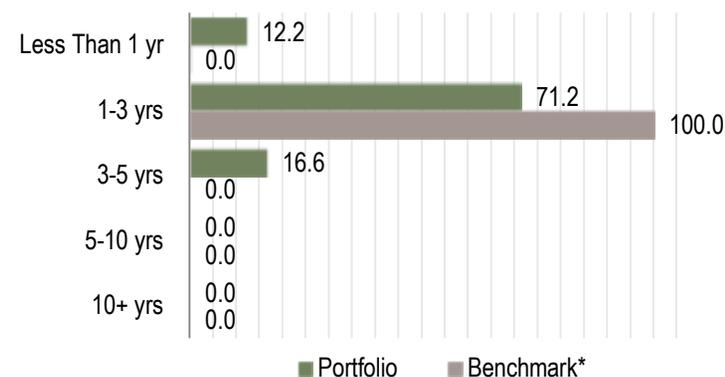
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	35.4%	32.5%	1.0%
1-3 yrs	61.1%	63.9%	99.0%
3-5 yrs	3.5%	3.6%	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>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	14.7%	12.2%	0.0%
1-3 yrs	69.7%	71.2%	100.0%
3-5 yrs	15.6%	16.6%	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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

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)	0.14	0.45	0.88	1.85	2.43	---	---	2.61
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.52	1.06	1.08	---	---	1.10
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	0.77	1.57	1.59	1.62	3.16	1.60
3 Year Constant Maturity Treasury Yield	0.07	0.22	0.41	0.74	0.52	0.78	2.12	0.60
Market Value Benchmark								
Blended Benchmark***	0.01	1.07	1.87	2.43	2.02	3.06	3.80	2.05

*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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<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	0.03	0.69	1.22	1.89	1.66	3.25	3.18
Benchmark***	-0.05	0.27	0.42	0.77	0.66	1.24	2.74

*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

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,034.8 million
Weighted Average Maturity	2.42 years	1.90 years	Number of Issues	1419
Yield to Maturity	1.08%	0.44%	Weighted Coupon	2.02%
Effective Duration	1.99 years	1.86 years	Estimated Annual Income	\$260.0 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	11.8%	12.2%	100.0%
Other U.S. Government	4.0%	4.2%	0.0%
Taxable Municipal	2.4%	2.2%	0.0%
Corporates	17.7%	18.2%	0.0%
Asset Backed Securities (ABS)	18.0%	19.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	8.3%	7.8%	0.0%
Mortgage Backed Securities (MBS)	27.1%	26.1%	0.0%
Sovereign / Supranationals	0.4%	0.0%	0.0%
Cash / Equivalents	10.5%	9.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2014</i>
Royal Bank of Canada	0.6%
Bank of America Corp	0.6%
Goldman Sachs Group Inc/The	0.5%
Bank of New York Mellon Corp/The	0.4%
BNP Paribas SA	0.4%
Total	2.5%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	82.6%	82.7%	96.9%
AA	6.1%	5.9%	3.0%
A	11.0%	11.0%	0.0%
BBB	0.4%	0.3%	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

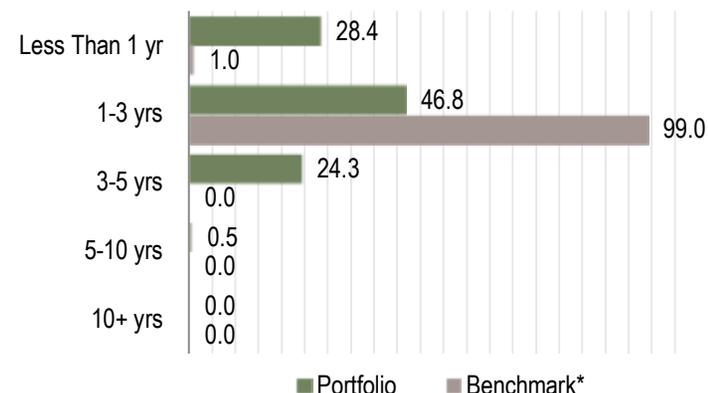
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

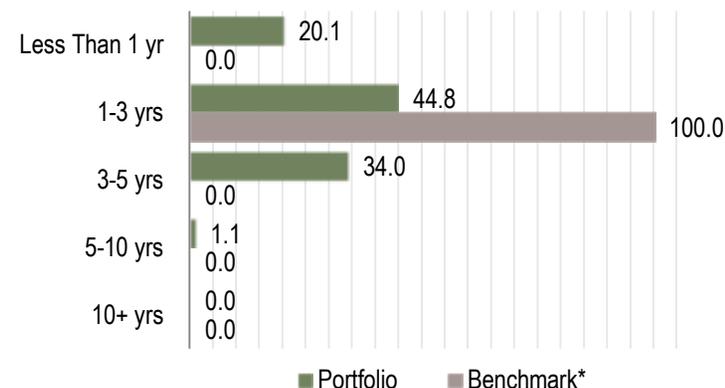
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	29.5%	28.4%	1.0%
1-3 yrs	42.3%	46.8%	99.0%
3-5 yrs	27.4%	24.3%	0.0%
5-10 yrs	0.8%	0.5%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	20.9%	20.1%	0.0%
1-3 yrs	39.3%	44.8%	100.0%
3-5 yrs	37.7%	34.0%	0.0%
5-10 yrs	2.1%	1.1%	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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	1.71	2.96	3.66	3.01	--	3.08
Benchmark***	1.62	2.85	3.48	2.86	4.23	2.94

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,009.0 million
Weighted Average Maturity	4.36 years	5.10 years	Number of Issues	1084
Yield to Maturity	1.72%	1.93%	Weighted Coupon	3.03%
Effective Duration	3.94 years	4.19 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	39.3%	39.8%	39.7%
Other U.S. Government	0.3%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.5%
Corporates	22.3%	22.4%	19.2%
Asset Backed Securities (ABS)	0.5%	0.5%	0.6%
Commercial Mortgage Backed Securities (CMBS)	4.3%	4.2%	1.9%
Mortgage Backed Securities (MBS)	31.7%	31.9%	33.6%
Sovereign / Supranationals	0.6%	0.6%	4.5%
Cash / Equivalents	0.7%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	75.7%	75.6%	76.7%
AA	3.1%	3.3%	4.6%
A	11.6%	11.5%	9.4%
BBB	9.6%	9.6%	9.3%
< 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. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

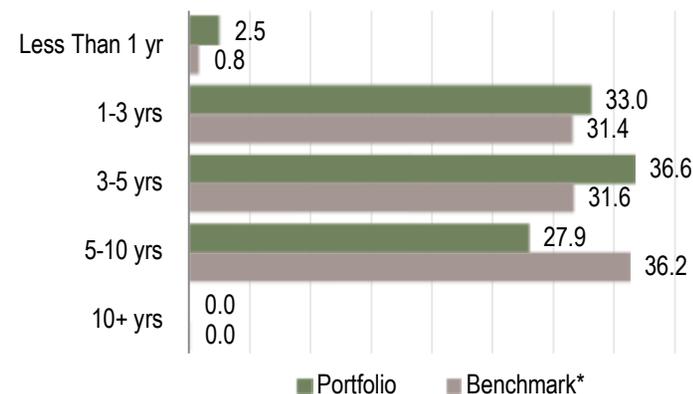
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

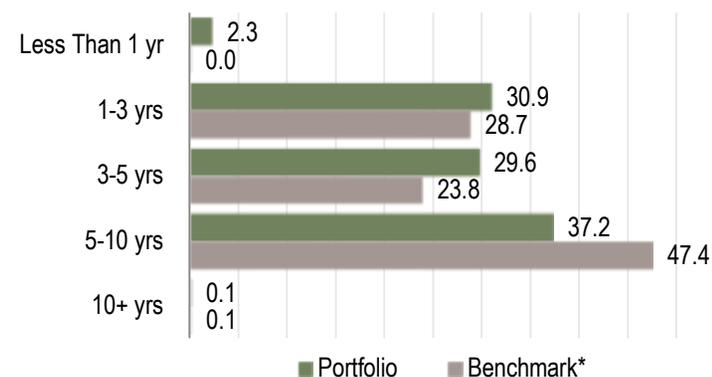
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	4.6%	2.5%	0.8%
1-3 yrs	26.4%	33.0%	31.4%
3-5 yrs	34.2%	36.6%	31.6%
5-10 yrs	34.8%	27.9%	36.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	3.3%	2.3%	0.0%
1-3 yrs	26.2%	30.9%	28.7%
3-5 yrs	30.0%	29.6%	23.8%
5-10 yrs	40.4%	37.2%	47.4%
10+ yrs	0.2%	0.1%	0.1%
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 - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	1.62	2.82	3.01	3.07	--	3.31
Benchmark***	1.62	2.85	3.48	2.86	4.23	3.20

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

**Performance Inception: February 01, 2011

***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	\$1,324.3 million
Weighted Average Maturity	3.79 years	5.10 years	Number of Issues	169
Yield to Maturity	1.78%	1.93%	Weighted Coupon	2.13%
Effective Duration	3.95 years	4.19 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 Acct 654 - Commingled (PIMCO)

Second Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	63.9%	61.0%	39.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.1%	1.2%	0.5%
Corporates	16.0%	22.7%	19.2%
Asset Backed Securities (ABS)	0.0%	0.0%	0.6%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.9%
Mortgage Backed Securities (MBS)	27.9%	17.8%	33.6%
Sovereign / Supranationals	1.6%	1.1%	4.5%
Cash / Equivalents	-10.6%	-3.8%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	81.4%	75.5%	76.7%
AA	3.1%	3.0%	4.6%
A	11.2%	14.9%	9.4%
BBB	4.3%	6.6%	9.3%
< 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. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

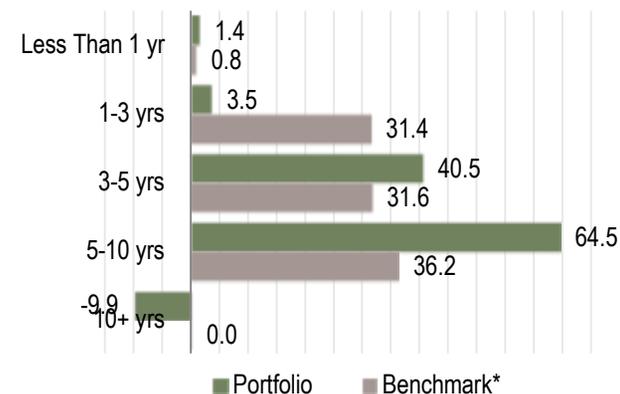
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2014

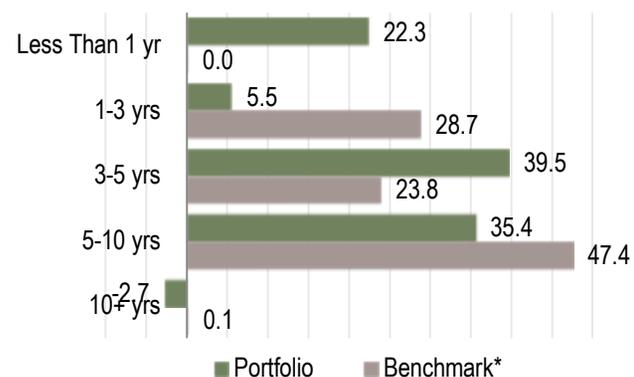
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	0.5%	1.4%	0.8%
1-3 yrs	2.4%	3.5%	31.4%
3-5 yrs	39.9%	40.5%	31.6%
5-10 yrs	66.6%	64.5%	36.2%
10+ yrs	-9.4%	-9.9%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	22.4%	22.3%	0.0%
1-3 yrs	4.8%	5.5%	28.7%
3-5 yrs	33.4%	39.5%	23.8%
5-10 yrs	39.8%	35.4%	47.4%
10+ yrs	-0.3%	-2.7%	0.1%
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 457 - Great West ISA

Second Quarter 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	1.66	2.88	3.80	2.81	--	2.46
Benchmark***	1.55	2.67	3.15	2.60	3.91	1.95

*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+	AAA	Total Assets	\$94.6 million
Weighted Average Maturity	4.68 years	5.08 years	Number of Issues	207
Yield to Maturity	2.14%	1.85%	Weighted Coupon	3.70%
Effective Duration	3.63 years	4.15 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	1.2%	1.2%	43.8%
Other U.S. Government	3.6%	3.6%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	23.6%	23.2%	12.3%
Asset Backed Securities (ABS)	7.9%	9.1%	0.6%
Commercial Mortgage Backed Securities (CMBS)	4.6%	3.5%	1.9%
Mortgage Backed Securities (MBS)	56.4%	56.8%	37.0%
Sovereign / Supranationals	0.0%	0.0%	3.8%
Cash / Equivalents	2.6%	2.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	73.0%	73.7%	84.5%
AA	8.0%	7.9%	5.1%
A	16.5%	16.1%	10.4%
BBB	2.0%	1.9%	0.0%
< BBB	0.4%	0.4%	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

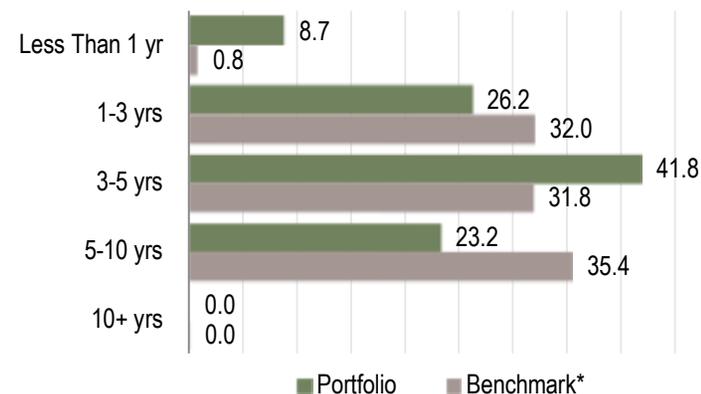
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2014

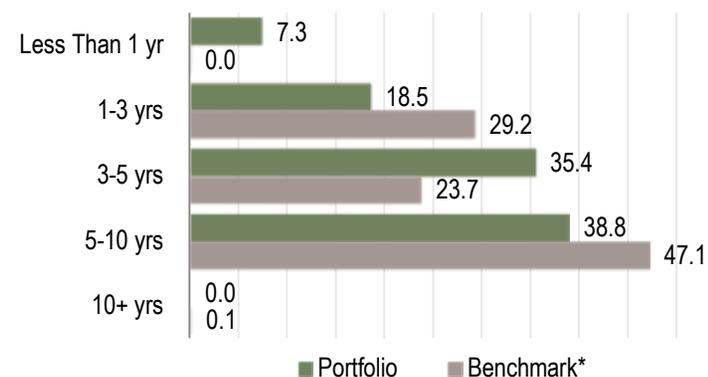
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	9.9%	8.7%	0.8%
1-3 yrs	21.7%	26.2%	32.0%
3-5 yrs	43.3%	41.8%	31.8%
5-10 yrs	25.1%	23.2%	35.4%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	7.7%	7.3%	0.0%
1-3 yrs	17.9%	18.5%	29.2%
3-5 yrs	34.4%	35.4%	23.7%
5-10 yrs	39.6%	38.8%	47.1%
10+ yrs	0.5%	0.0%	0.1%
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 2014

Annualized Investment Performance*

Periods Ending June 30, 2014

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.05	1.40	2.94	2.88	3.36	--	3.14
Benchmark***	-0.07	1.23	2.25	2.86	2.83	4.09	2.85

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,823.0 million
Weighted Average Maturity	7.11 years	4.14 years	Number of Issues	203
Yield to Maturity	1.41%	1.48%	Weighted Coupon	2.14%
Effective Duration	3.98 years	3.82 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 2014

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
U.S. Government/Agency Debentures	64.2%	65.0%	62.1%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.1%	0.9%
Corporates	24.8%	25.2%	30.0%
Asset Backed Securities (ABS)	5.5%	5.4%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.2%	0.0%	0.0%
Sovereign / Supranationals	1.2%	1.2%	7.1%
Cash / Equivalents	3.9%	3.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
AAA	75.7%	75.3%	64.7%
AA	2.3%	2.0%	6.7%
A	13.0%	13.2%	14.4%
BBB	9.0%	9.4%	14.2%
< 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

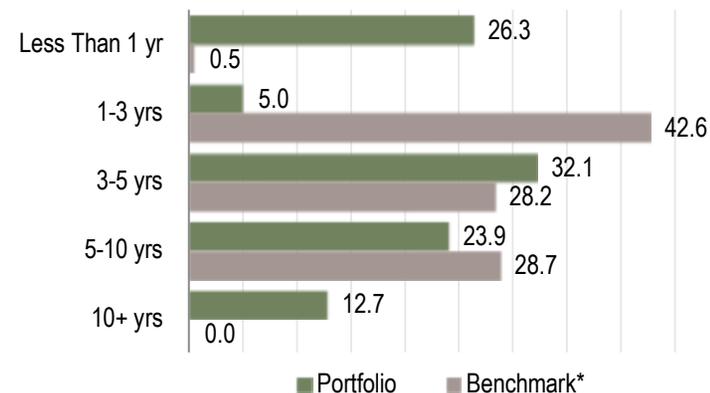
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

June 2014

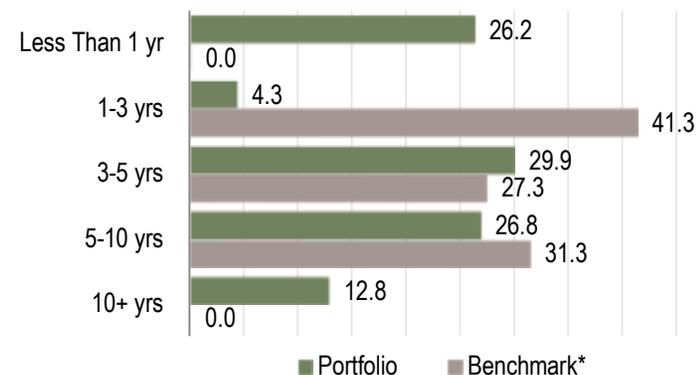
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	30.7%	26.3%	0.5%
1-3 yrs	5.5%	5.0%	42.6%
3-5 yrs	27.5%	32.1%	28.2%
5-10 yrs	23.3%	23.9%	28.7%
10+ yrs	13.1%	12.7%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Portfolio</i> <i>06/30/2014</i>	<i>% of Benchmark*</i> <i>06/30/2014</i>
0-1 yrs	30.6%	26.2%	0.0%
1-3 yrs	5.1%	4.3%	41.3%
3-5 yrs	26.6%	29.9%	27.3%
5-10 yrs	24.6%	26.8%	31.3%
10+ yrs	13.1%	12.8%	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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GALLIARD
CAPITAL MANAGEMENT, INC.

Appendix

Portfolio Strategy and Positioning

Investment Outlook – July/August 2014

	Galliard View	Galliard Positioning
Duration	<ul style="list-style-type: none"> U.S. economic growth is rebounding after negative Q1; we expect a bounce back to 2%+ growth for the full year Fed will continue to taper its asset purchases and hold its policy lending rate at zero Inflation picture remains muted, but recent data suggest more pressures to higher (not lower) inflation Global developed economy continues to rebound; EM growth will remain highly sensitive to central bank action 	<ul style="list-style-type: none"> Neutral duration positioning Cautious outlook on TIPS – expect continued price volatility Favor spread assets with adequate yield cushion over Treasuries
Yield Curve	<ul style="list-style-type: none"> Yield curve remains steep, partially due to distortions from Fed purchases and taper effects 3-7 year part of the curve looks attractive relative to 10-year 	<ul style="list-style-type: none"> Avoid 10-year Treasuries Swap spreads and rate volatility are low; avoid assets priced at tight levels to the swap curve Maintain small TIPS position in 10-year maturities
Sector		
Credit	<ul style="list-style-type: none"> Spreads are very tight for high quality issuers New issuance has been very strong, met with equally strong demand Seeing some signs of corporate credit metrics peaking, and M&A activity is also becoming more prevalent 	<ul style="list-style-type: none"> Maintain MV% overweight, neutral spread duration Maintain underwriting discipline to avoid LBO and management risks Opportunistic trading at the margins
MBS	<ul style="list-style-type: none"> Taper impacts remain major topic for 2014 – should produce continued volatility Housing market improving, should filter down to increased supply 	<ul style="list-style-type: none"> 30-year collateral remains rich; favor 10/15-years and Hybrid ARMS Maintain focus on specified pools with more stable cashflows
CMBS/ABS	<ul style="list-style-type: none"> Consumer credit expanding, should result in strong supply of consumer ABS CMBS new issuance also growing as economy improves; underwriting standards are loosening – a trend to watch 	<ul style="list-style-type: none"> Continue to add short high-quality consumer ABS CMBS spreads are attractive versus high-quality corporates
US Gov't	<ul style="list-style-type: none"> Assets priced off of swap curve are rich on a Treasury spread basis 	<ul style="list-style-type: none"> Maintain overweight to sub-sectors with yield advantage to Treasuries Opportunistic trading at the margins

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 investor use only.

Professional Biographies



John R. Caswell, CFA
Founding Managing Partner

John is a Founding Partner and Chairman of Galliard's Fixed Income Committee. He is responsible for overseeing investment policy and strategy formulation. Prior to co-founding Galliard, John was Chief Investment Officer of Norwest Investment Management. John began his investment career in 1975 and holds a BBA degree in Finance and an MBA degree in Finance from the University of Iowa. He has authored and collaborated on many articles and chapters on fixed income and stable value investment management.



Richard J. Merriam, CFA
Founding Managing Partner

Richard is a Founding Partner and Galliard's Chief Investment Strategist. In this role, he is responsible for asset selection and strategy formulation for the firm's portfolios. He also serves as Corporate Sector Head. Prior to co-founding Galliard, Richard was Chief Investment Officer of Insight Investment Management. He began his investment career in 1985 and holds BA degrees in Economics and English from the University of Michigan and an MBA degree in Finance from the University of Minnesota.



Karl P. Tourville
Founding Managing Partner

Karl is a Founding Partner and Chairman of Galliard's Management Committee. He is involved in client portfolio management, developing investment strategy and designing new products. Prior to co-founding Galliard, Karl was Director of Fixed Income for Norwest Investment Management. Karl is a past member of the Board of Directors of the Stable Value Investment Association and has authored and collaborated on many articles and chapters on fixed income and stable value investment management. He holds a BA in Economics and an MBA in Finance from the University of St. Thomas.

Professional Biographies



Carrie A. Callahan
Managing Partner

Carrie is a Managing Partner at Galliard Capital Management and directs client service and consultant relations for the firm. Prior to joining Galliard, Carrie was a Group Vice President in consultant relations at Trusco Capital. Prior to Trusco, Carrie was a Senior Vice President for SunTrust Banks where she was responsible for bundled 401K sales and high net worth relationship management. She began her career in investment management, institutional sales and consultant relations in 1991. Carrie holds a BA in economics from the University of Central Florida. She sits on the Investment Committee for the University of Central Florida Foundation.



Ajay Mirza, CFA
Managing Partner

Ajay is a Managing Partner and serves as Structured Securities Sector Head. Prior to joining Galliard, Ajay was a mortgage backed securities analyst with Insight Investment Management. He also served as a research analyst at Lehman Brothers, where he worked on the mortgage backed securities trading desk. Ajay holds a BE in Instrumentation from the Birla Institute of Technology (India), an MA in Economics from Tulane University, and a MBA from the University of Minnesota. Ajay began his investment career in 1994 and has been with Galliard since the firm's inception.



Michael D. Norman
Partner

Mike is responsible for client administration. Prior to joining Galliard, Mike served as a Securities Lending Trader and Trust Officer with Norwest Bank. Mike began his investment career in 1993 and has been involved in the stable value industry since 1996. Mike also served on the Stable Value Investment Association's (SVIA) Board of Directors along with a number of other boards and associations. Mike holds a BA from the University of Notre Dame and an MBA from the University of Minnesota.

Professional Biographies



Leela J. Scattum
Partner

In her role as Head of Contract Strategy and Placements, Leela develops strategies that address and align the portfolios, investment guidelines and Plan risk profile with the demands of the current stable value environment, and works with the client portfolio analysts to implement those strategies. She began her investment career in 1992 and has been with Galliard since the firm's inception in mid 1995. Leela holds B.Sc. (Statistics) and B.Ed. (Education) degrees from the University of Bombay. She also completed her course work for the Master of Science degree in Applied Mathematics from the University of Bombay, and holds an MBA degree from the University of St. Thomas.



Chad M. Foote, CPA (inactive)
Chief Operating Officer
Senior Principal

As Chief Operating Officer of Galliard, Chad is responsible for accounting operations and the implementation of new technology and business initiatives. Chad holds a CPA (inactive) and a CISA (inactive). Before joining Galliard, Chad was the head of risk management at Alliance Financial Services. He also served as a Director at PricewaterhouseCoopers consulting on financial operations and risk management practices, and was a Compliance Officer for First American Funds. Chad holds a BS in Management from the University of Minnesota's Carlson School of Management.



Jennifer Lammers
Chief Compliance Officer

Jennifer is the Chief Compliance Officer at Galliard and is responsible for the firm's compliance program and regulatory matters. Prior to joining Galliard, Jennifer was Chief Financial Officer and Chief Compliance Officer for Fiduciary Counselling, Inc. and Chief Compliance Officer for both Clearwater Management Company and Clearwater Investment Trust. Before her duties at Fiduciary Counselling, Inc. and Clearwater, Jennifer was the Chief Compliance Officer at RiverSource Investments and RiverSource Funds (now Columbia Management and Columbia Funds.) Prior to working for RiverSource, Jennifer was Director of Finance and President of Tamarack Mutual Funds for Voyageur Asset Management. Jennifer has also managed an internal audit department for a Fortune 500 company and been the controller of a start-up company. She holds a B.S. from Brigham Young University and an M.B.A. from the University of Houston. She is also a certified public accountant.

Professional Biographies



David H. Lui
Principal

David is responsible for leading the contract negotiation team at Galliard. Prior to joining Galliard, David was the Chief Compliance Officer of FAF Advisors and First American Funds. Previously, David was Chief Compliance Officer of Franklin Advisers and Chief Compliance Counsel for Charles Schwab in San Francisco. David earned his B.A. in history from Brown University in Providence, Rhode Island, and a J.D. from the University of California, Hastings College of Law, in San Francisco. He has been admitted to practice law in both California and Minnesota. He is a past Chairman of the Board of Directors of the National Society of Compliance Professionals and is a nationally recognized speaker in compliance issues. David has more than 20 years of experience in compliance and investment law.



Erol D. Sonderegger, CFA
Principal

Erol leads Fixed Income Client Portfolio Management. Erol is a member of the Fixed Income Committee and provides input on investment strategy for both Fixed Income and Stable Value. Erol is also responsible for the external manager oversight program. Prior to joining Galliard, Erol was a Portfolio Manager with RiverSource Investments and was a member of their Fixed Income Strategy Committee. Erol's portfolio management experience at RiverSource included co-managing a number of fixed income and balanced investment products. Prior to working at RiverSource, Erol was an investment analyst for the Minnesota State Board of Investments. Erol earned his BA in International Business, with a concentration in Finance, from George Washington University in Washington D.C. and is a CFA Charterholder.



Andy C. Apostol
Senior Director

Andy is responsible for stable value client relationships and client portfolio management. Prior to joining Galliard, Andy was a Senior Vice President at Dwight Asset Management, overseeing fixed income and stable value portfolios. Prior to Dwight, Andy was a Senior Account Manager for INVESCO's fixed income and stable value business. Andy earned his B.S. in Business Administration from the University of Oregon.

Professional Biographies



Taylor Benson
Senior Director

Taylor is responsible for client service and consultant relationship management. Prior to joining Galliard, Taylor was an Investment Consultant at Segal Advisors for defined benefit and defined contribution plans. Prior to Segal, Taylor was a client service associate for Legg Mason & Co., where she was responsible for servicing the Western Asset Management's Institutional Mutual Fund clients. She began her career as a business analyst for Hewitt Associates. Taylor holds a BS in Finance from Providence College.



David B. Ferry
Senior Director

David is responsible for client and consultant relationship management. In this capacity, David works with current and prospective clients, as well as the consultants who serve them to develop strategy and to assure execution of client mandates. Prior to joining Galliard, David was a Senior Vice President with SunGard Wealth Management, managing sales and relationships for the SunGard platform. He earned his BS in Business and his MBA in Finance from the University of Minnesota.



Nick Gage, CFA
Senior Director

Nick is head of stable value separate account management. Prior to joining Galliard, Nick served as a Senior Investment Analyst for Wells Fargo Institutional Asset Advisors, where he provided investment manager due diligence and asset allocation analysis for defined contribution and defined benefit plans. Nick is currently serving as a member of the Stable Value Investment Association's Board of Directors. Nick holds a BS in Economics from Vanderbilt University.

Professional Biographies



Andrea Johnson, CFA, CIPM
Director

As a part of the Client Portfolio Management team, Andrea assists in the management of Galliard's fixed income and stable value portfolios. Andrea also contributes to firm investment communication pieces and works closely with the client services team. Prior to joining Galliard in 2005, Andrea served as an Investment Sales Associate and Brokerage Settlement Specialist with Marshall & Ilsley Corporation, where she prepared portfolio reviews, provided support in creating financial and asset allocation plans and ensured proper execution of trades. Andrea holds a BA in Economics and Spanish from Ripon College.



Doug Rangel, CFA
Associate Director

As a part of the Client Portfolio Management team, Doug assists in the management of Galliard's fixed income and stable value portfolios. Doug is responsible for performance analysis on our trading desk and also works closely with the client services team. He has extensive experience in fixed income analytics and performance attribution. Prior to joining Galliard, Doug was a senior investment analyst for the ELCA Board of Pensions where he was responsible for a range of investment analysis including the Board's socially-oriented investment initiatives. Prior to working at the Board of Pensions, Doug was a senior business analyst for RiverSource Investments on the structured assets investment team. Doug earned his BS in Business Management with an emphasis in Economics, from Greenville College, received his MBA from the University of St. Thomas and is a CFA Charterholder.