September 17, 2017

Alaska Retirement Management Board
State of Alaska, Department of Revenue
Treasury Division
333 Willoughby Avenue, 11th Floor
Juneau, Alaska 99801

Dear Board Members:

This letter reviews the investment performance of the Alaska Retirement Management Board (ARMB) for the fiscal year ended June 30, 2017.

Callan LLC (Callan) calculates time-weighted performance statistics based on underlying custodial data provided by the Board’s custodian, State Street Bank and Trust Company. The performance calculations were made using a time-weighted return methodology based upon current market values. ARMB’s real estate consultant, the Townsend Group, calculates returns for the real estate segment of the portfolio and Callan incorporated Townsend data into the ARMB’s Total Fund returns.

Callan serves as the ARMB Board’s (Board) independent general investment consultant and evaluates ARMB’s performance in relation to market benchmarks, appropriate manager peer groups and other public pension systems. The performance calculations are made using a methodology broadly similar to the Global Investment Performance Standards.

ARMB purposely seeks to invest assets prudently, expertly, and according to governing law and industry practices. The objective of this approach is that assets under supervision be sufficient to pay promised benefits to members and beneficiaries. In pursuit of these objectives, the ARMB periodically evaluates liabilities, expected contributions and potential earnings. This analysis considers a wide range of potentially viable investment strategies. With thoughtful consideration of multiple factors, the Board selects a strategic investment policy that balances long-term growth potential and acceptable risk. A policy benchmark is constructed that mirrors the Board’s strategic decision regarding asset allocation policy. The custom policy benchmark comprises equity, fixed income, real estate and other market indices weighted in proportions corresponding to the ARMB’s investment policy.

Market Overview

Equity markets posted strong returns across the globe in fiscal year 2017. The Russell 3000 Index, a measure of broad U.S. equity, returned 18.51% in the period. Non-U.S. stocks outperformed their U.S. counterparts, aided by a declining dollar. International stocks, as measured by the MSCI ACWI ex-U.S. Index, gained 21.00% for the fiscal year. A broad measure of the total global equity market (MSCI All Country World Index) rose 19.42%.
Rising rates weighed on fixed income performance over the last 12 months. The Bloomberg Barclays U.S. Aggregate Bond Index, a widely used gauge of the investment grade domestic bond market, fell -0.31%. Absolute return hedge fund-of-fund strategies trailed the equity markets despite notching positive returns for the fiscal year. The Callan Absolute Return Hedge Fund-of-Funds Style median return was 6.50% (net-of-fees). Private real estate investments, as measured by the NCREIF Property Index, continued an impressive run of positive returns for every fiscal year going back to 2011. In fiscal year 2017, the NCREIF Property Index returned 6.97%. Publicly traded real estate, as measured by the NAREIT All Equity Index, lagged the private markets, gaining only 0.22%.

ARMB’s various asset groups performed as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Stocks</td>
<td>17.74%</td>
</tr>
<tr>
<td>Int’l Stocks</td>
<td>20.48%</td>
</tr>
<tr>
<td>Alternative Equity</td>
<td>11.27%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>2.89%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>5.98%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>17.04%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>8.47%</td>
</tr>
</tbody>
</table>

For the fiscal year ended 30 June 2017, the Public Employees Retirement System (PERS) had a time-weighted total return of 13.35%. The Teachers Retirement System (TRS) had a time-weighted total return of 13.36%. Both systems’ gross return exceeded their strategic policy target return of 13.26% and the median return for Callan’s Public Fund Sponsor database of 12.42%.

Over longer periods, PERS and TRS have closely tracked their target index returns. For example, PERS’ 7-year annualized return was 9.55% while TRS’s return was slightly higher at 9.60%. These returns were in line with but slightly above their target return of 9.44%. Over 25.75 years (the longest period for which Callan has detailed data), PERS and TRS achieved annualized total returns of 7.72% and 7.77%, respectively; the policy benchmark return for both Plans over this period was 7.69%.

Both systems are well diversified and currently have asset allocation policies that, in Callan’s opinion, are consistent with achieving a long-term "real" (above inflation) return of 4.5%.

In summary, fiscal 2017 was a year in which the ARMB’s asset class returns were positive across the board. The PERS and TRS portfolios are well-diversified. They produced returns well above the average public fund, ranking in the 29th percentile within the Public Fund Sponsor peer group.

Sincerely,

[Signature]

Paul Erlendson
Senior Vice President
## Department of Revenue Treasury Division Staff
### As of June 30, 2017

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner</td>
<td>Randall Hoffbeck</td>
</tr>
<tr>
<td>Deputy Commissioner</td>
<td>Jerry Burnett</td>
</tr>
<tr>
<td>Director</td>
<td>Pamela Leary, CPA</td>
</tr>
<tr>
<td>Chief Investment Officer</td>
<td>Bob G. Mitchell</td>
</tr>
<tr>
<td>Comptroller</td>
<td>Scott Jones, CPA</td>
</tr>
<tr>
<td>Cash Management</td>
<td>Michelle M. Prebula, MBA, CPA, CCM</td>
</tr>
<tr>
<td>ARMB Liaison Officer</td>
<td>Stephanie Alexander</td>
</tr>
<tr>
<td>Investment Officers</td>
<td>Zachary Hanna</td>
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<td></td>
<td>Stephen R. Sikes</td>
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<td>Victor Djajile</td>
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<td>Steve Verschoor</td>
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<td>Shane Carson</td>
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<td>Ross Alexander</td>
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<td>Nicolas Orr</td>
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<td>Sean Howard</td>
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<td>Casey Colton</td>
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<td>Emily Howard</td>
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<td></td>
<td>Mackenzie Willems</td>
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<td></td>
<td>Kevin Lui</td>
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<td></td>
<td>Kevin Buckland</td>
</tr>
<tr>
<td></td>
<td>Mike Barnhill</td>
</tr>
</tbody>
</table>

## External Money Managers and Consultants

### Domestic Equity Large Capitalization
- Allianz Global Investors
  - San Francisco, CA
- Barrow, Hanley, Mewhinney & Strauss
  - Dallas, TX
- McKinley Capital Management, Inc.
  - Anchorage, AK
- Quantitative Management Associates
  - Newark, NJ
- State Street Global Advisors
  - San Francisco, CA

### Domestic Equity Small Capitalization
- Barrow, Hanley, Mewhinney & Strauss
  - Dallas, TX
- BMO Global Asset Management
  - Chicago, IL
- Fidelity Investments
  - Smithfield, RI
- Frontier Capital Management
  - Boston, MA
- Jennison Associates LLC
  - New York, NY
- Lord Abbott & Co.
  - Jersey City, NJ
- Luther King Capital Management
  - Fort Worth, TX
- State Street Global Advisors
  - San Francisco, CA
- Sycamore Capital Management
  - Cincinnati, OH

### Domestic Equity Micro Capitalization
- DePrince, Race & Zollo, Inc.
  - Winter Park, FL
- Lord Abbott & Co.
  - Jersey City, NJ
- Zebra Capital Management
  - Mitford, CT

### International Small Capitalization
- Mondrian Investment Partners
  - London, England
- Schroders Investment Management NA
  - London, England

### Emerging Market Income
- Lazard Asset Management
  - New York, NY

### International Equity – EAFE, Emerging Markets
#### Non U.S., and Global Equity
- Allianz Global Investors
  - San Francisco, CA
- Arrowstreet Capital, LP
  - Boston, MA
- BlackRock
  - San Francisco, CA
- Bulleth Gifford Overseas Ltd.
  - Edinburgh, Scotland
- Brandes Investment Partners, L.P.
  - San Diego, CA
- Capital Guardian Trust Co.
  - Los Angeles, CA
- Lazard Asset Management
  - New York, NY
- McKinley Capital Management, Inc.
  - Anchorage, AK
- Parametric Clifton
  - Seattle, WA
- State Street Global Advisors
  - San Francisco, CA

### International Fixed Income
- Mondrian Investment Partners
  - London, England
- Lazard Asset Management
  - New York, NY
- Schroders Investment Management NA
  - New York, NY

### High Yield/Convertible Bond/Tactical Bond
- Advent Capital Management
  - New York, NY
- Columbia Threadneedle Investment Management
  - Minneapolis, MN
- Eaton Vance Trust Company
  - Boston, MA
- Fidelity Investment Asset Management
  - Smithfield, RI
- MacKay Shields LLC
  - New York, NY

### Alternative Equity
- Analytic Investors
  - Los Angeles, CA
- State Street Global Advisors
  - San Francisco, CA
- Quantitative Management Associates
  - Newark, NJ
## External Money Managers and Consultants (cont.)

<table>
<thead>
<tr>
<th>Taxable Municipal Bonds</th>
<th>Real Assets—Infrastructure</th>
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</thead>
<tbody>
<tr>
<td>Guggenheim Partners LLC</td>
<td>Brookfield Investment Management</td>
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<td>Santa Monica, CA</td>
<td>New York, NY</td>
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<td>Western Asset Management Company</td>
<td>Industry Funds Management</td>
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<td>Pasadena, CA</td>
<td>New York, NY</td>
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<td></td>
<td>JP Morgan Asset Management</td>
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<td></td>
<td>New York, NY</td>
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<td></td>
<td>Lazard Asset Management</td>
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<td>New York, NY</td>
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<tr>
<td><strong>Master Limited Partnerships</strong></td>
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<tr>
<td>Advisory Research</td>
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<tr>
<td>St. Louis, MO</td>
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<tr>
<td>Tortoise Capital Advisors LLC</td>
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<tr>
<td>Leawood, KS</td>
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<tr>
<td><strong>Absolute Return</strong></td>
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<tr>
<td>Allianz Global Investors</td>
<td>Hancock Agricultural Investment Group</td>
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<tr>
<td>New York, NY</td>
<td>Boston, MA</td>
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<tr>
<td>Crestline Investors, Inc.</td>
<td>UBS Farmland Investors, LLC</td>
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<tr>
<td>Fort Worth, TX</td>
<td>Hartford, CT</td>
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<tr>
<td>Global Assets Management Inc.</td>
<td>Hancock Timber Resource Group</td>
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<tr>
<td>New York, NY</td>
<td>Boston, MA</td>
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<tr>
<td>Prisma Capital</td>
<td>Timberland Investment Resources LLC</td>
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<tr>
<td>New York, NY</td>
<td>Atlanta, GA</td>
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<tr>
<td>Zebra Capital Management</td>
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<td>Milford, CT</td>
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<tr>
<td><strong>Private Equity</strong></td>
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<tr>
<td>Abbott Capital Management, L.P.</td>
<td>T. Rowe Price Investment Services</td>
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<tr>
<td>New York, NY</td>
<td>Baltimore, MD</td>
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<td>Angelo, Gordon &amp; Co.</td>
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<td>New York, NY</td>
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<td>Advent International</td>
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<td>Boston, MA</td>
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<tr>
<td>Dyal Capital Partners</td>
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<td>New York, NY</td>
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<td>Glendon Capital</td>
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<td>Santa Monica, CA</td>
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<td>KKR Lending Partners</td>
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<td>New York, NY</td>
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<td>Lexington Partners</td>
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<td>New York, NY</td>
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<td>Meriti Capital Partners</td>
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<td>Chicago, IL</td>
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<td>Neuberger Berman</td>
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<td>New York, NY</td>
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<td>New Mountain Partners</td>
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<td>New York, NY</td>
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<td>NGP</td>
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<td>Irvine, TX</td>
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<td>Onex</td>
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<td>New York, NY</td>
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<tr>
<td>Pathway Capital Management, LLC</td>
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<td>Irvine, CA</td>
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<td>Summit Partners</td>
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<td>Boston, MA</td>
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<td>The Jordan Company</td>
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<td>New York, NY</td>
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<td>Warburg Pincus</td>
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<tr>
<td>New York, NY</td>
<td></td>
</tr>
</tbody>
</table>

**Real Assets—Farmland and Timber**

- Hancock Agricultural Investment Group
  - Boston, MA
- UBS Farmland Investors, LLC
  - Hartford, CT
- Hancock Timber Resource Group
  - Boston, MA
- Timberland Investment Resources LLC
  - Atlanta, GA

**Supplemental Benefits System, Deferred Compensation Plan and Defined Contribution Plan**

- Allianz Global Investors
  - San Francisco, CA
- BlackRock
  - San Francisco, CA
- Brandes Investment Partners
  - San Diego, CA
- State Street Global Advisors
  - Boston, MA
- T. Rowe Price Investment Services
  - Baltimore, MD

**Tactical Fixed Income**

- Fidelity Investment Asset Management
  - Merrimack, NH

**Global Master Custodian**

- State Street Bank & Trust Co.
  - Boston, MA

**Investment Consultants**

- Callan Associates, Inc.
  - Denver, CO
- The Townsend Group
  - San Francisco, CA

**Investment Advisory Council**

- William Jennings
  - Colorado Springs, CO
- Jerrold Mitchell
  - Wayland, MA
- Robert Shaw
  - San Francisco, CA

**Independent Auditors**

- KPMG, LLP
  - Anchorage, AK

**Actuaries**

- Conduent HR Consulting, LLC
  - Denver, CO
- Gabriel Roeder Smith
  - Denver, CO
<table>
<thead>
<tr>
<th>Real Assets – Real Estate Core Separate Accounts</th>
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</thead>
<tbody>
<tr>
<td>Lasalle Investment Management</td>
</tr>
<tr>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Sentinel Real Estate Corporation</td>
</tr>
<tr>
<td>New York, NY</td>
</tr>
<tr>
<td>UBS Realty Investors, LLC</td>
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<tr>
<td>Hartford, CT</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Real Assets – Commingled Real Estate Funds</th>
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</thead>
<tbody>
<tr>
<td>Almanac Realty Investors</td>
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<tr>
<td>New York, NY</td>
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<tr>
<td>BlackRock Realty</td>
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<td>New York, NY</td>
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<tr>
<td>Baring Real Estate Advisors</td>
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<td>Hartford, CT</td>
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<tr>
<td>Colony NorthStar Capital</td>
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<tr>
<td>Los Angeles, CA</td>
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<tr>
<td>Coventry Real Estate Fund II, LLC</td>
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<tr>
<td>New York, NY</td>
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<td>Clarion Partners</td>
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<tr>
<td>KKR &amp; Co.</td>
</tr>
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<td>J.P. Morgan Investment Management Inc.</td>
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<td>New York, NY</td>
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<td>Lasalle Investment Management</td>
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<tr>
<td>Chicago, IL</td>
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<tr>
<td>Lowe Hospitality Investment Partners, LLC</td>
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<td>Los Angeles, CA</td>
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<tr>
<td>Sentinel Real Estate Corporation</td>
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<td>New York, NY</td>
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<td>Silverpeak Real Estate Partners</td>
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<td>New York, NY</td>
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<tr>
<td>Tishman Speyer Properties</td>
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<td>UBS Realty Investors, LLC</td>
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<td>Hartford, CT</td>
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<table>
<thead>
<tr>
<th>Real Assets – Energy</th>
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</thead>
<tbody>
<tr>
<td>EIG Global Energy Partners</td>
</tr>
<tr>
<td>Washington, DC</td>
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</tbody>
</table>
INVESTMENTS

The investment goals of the State of Alaska Public Employees’ Retirement System are the long-term return and sustainability of the pension funds under management. Annually, the Alaska Retirement Management Board (ARMB) sets its asset allocation strategy in order to reflect changes in the marketplace while still retaining an expected optimal risk/return level within the set constraints and objectives of the ARMB.

The ARMB categorizes its investments into eight asset classes: domestic equities, global equities ex-U.S., alternative equity strategies, private equity, real assets, fixed income, absolute return and cash equivalents. The performance of each asset class is compared with a benchmark comprised of one or more market indices. The performance for the total portfolio is compared with its policy portfolio, determined by calculating the weighted performance of the underlying asset class benchmarks at the portfolio’s target asset allocation. The asset class benchmarks are illustrated below:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>Russell 3000 Index</td>
</tr>
<tr>
<td>Global Equities Ex-U.S.</td>
<td>MSCI All Country World Ex-U.S. Index</td>
</tr>
</tbody>
</table>
| Alternative Equities Strategies | 50% S&P 500 Index  
30% CBOE Buy Write Index  
20% Bank of America Yield Alternative Index |
| Private Equity               | 1/3 S&P 500 Index  
1/3 Russell 2000 Index  
1/3 MSCI EAFE Index          |
| Real Assets                  | 50% NCREIF Property Index  
15% Barclays TIPS Index  
10% NCREIF Farmland Index  
10% NCREIF Timberland Index  
5% FTSE NAREIT All Equity REIT Index  
10% S&P Global Infrastructure |
| Fixed Income                 | 80% Barclays Intermediate Treasury Index  
10% Bank of America Merrill Lynch US High Yield Master II Constrained Index  
7% Citigroup World Gov. Bond Ex-U.S. Index  
3% JP Morgan Global Bond Index - Emerging Markets Global Diversified Index |
| Absolute Return              | 91 Day Treasury Bill + 5%                                                 |
| Cash Equivalents             | 91 Day Treasury Bill                                                     |

The target asset allocation is determined by the ARMB, utilizing capital market assumptions provided by its independent general investment consultant, Callan Associates. During the 2017 fiscal year, the ARMB’s target asset allocation was 26% domestic equities, 22% global equities ex-U.S., 5% alternative equity strategies, 9% private equity, 17% real assets, 12% fixed income, 7% absolute return, and 1% cash equivalents. The target asset allocation is expected to generate a return of 7.1% with a standard deviation of 15.0%.
<table>
<thead>
<tr>
<th>Public Employees’ Retirement System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule of Investment Results</td>
</tr>
<tr>
<td>Fiscal Years Ended June 30</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Annualized</th>
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<tr>
<td></td>
<td>3 Year</td>
<td>5 Year</td>
<td>3 Year</td>
<td>5 Year</td>
<td>3 Year</td>
<td>5 Year</td>
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<tr>
<td><strong>Total Fund</strong></td>
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<tr>
<td>PERS</td>
<td>12.50%</td>
<td>18.56%</td>
<td>3.29%</td>
<td>(0.36)%</td>
<td>13.35%</td>
<td>5.27%</td>
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<tr>
<td>Actuarial Earnings Rate</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
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<tr>
<td><strong>U.S. Common Stock Returns</strong></td>
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<tr>
<td>PERS Domestic Equities</td>
<td>21.23</td>
<td>25.81</td>
<td>7.84</td>
<td>0.58</td>
<td>18.55</td>
<td>8.74</td>
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<tr>
<td>Custom Composite Index</td>
<td>21.46</td>
<td>25.22</td>
<td>7.29</td>
<td>2.14</td>
<td>18.51</td>
<td>9.10</td>
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<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PERS</td>
<td>0.57</td>
<td>5.14</td>
<td>(0.74)</td>
<td>5.15</td>
<td>2.91</td>
<td>2.41</td>
</tr>
<tr>
<td>Custom Composite Index</td>
<td>(0.04)</td>
<td>3.31</td>
<td>0.41</td>
<td>4.79</td>
<td>0.02</td>
<td>1.44</td>
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<tr>
<td><strong>Real Assets</strong></td>
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</tr>
<tr>
<td>PERS</td>
<td>10.47</td>
<td>13.28</td>
<td>3.70</td>
<td>4.76</td>
<td>5.98</td>
<td>4.81</td>
</tr>
<tr>
<td>Custom Composite Index</td>
<td>8.35</td>
<td>10.98</td>
<td>7.99</td>
<td>8.87</td>
<td>5.66</td>
<td>7.50</td>
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<tr>
<td><strong>International Stock Returns</strong></td>
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<td></td>
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</tr>
<tr>
<td>PERS International Equities</td>
<td>15.01</td>
<td>23.43</td>
<td>(3.32)</td>
<td>(9.15)</td>
<td>20.41</td>
<td>1.89</td>
</tr>
<tr>
<td>MSCI ACWI ex-US</td>
<td>14.14</td>
<td>22.27</td>
<td>(4.85)</td>
<td>(9.80)</td>
<td>21.00</td>
<td>1.27</td>
</tr>
<tr>
<td><strong>Private Equity</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PERS</td>
<td>11.61</td>
<td>24.19</td>
<td>13.77</td>
<td>4.71</td>
<td>17.04</td>
<td>11.72</td>
</tr>
<tr>
<td><strong>Absolute Return</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS</td>
<td>8.41</td>
<td>6.51</td>
<td>9.24</td>
<td>(3.09)</td>
<td>8.47</td>
<td>4.72</td>
</tr>
<tr>
<td>3-month Treasury Bill +5%</td>
<td>5.11</td>
<td>5.05</td>
<td>5.02</td>
<td>5.19</td>
<td>5.49</td>
<td>5.23</td>
</tr>
<tr>
<td><strong>Alternative Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS</td>
<td>----</td>
<td>22.36</td>
<td>(0.89)</td>
<td>3.41</td>
<td>11.38</td>
<td>4.51</td>
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<tr>
<td>Custom Composite Index</td>
<td>----</td>
<td>18.70</td>
<td>4.26</td>
<td>2.09</td>
<td>15.07</td>
<td>6.99</td>
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<tr>
<td><strong>Cash Equivalents</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>PERS</td>
<td>0.25</td>
<td>0.27</td>
<td>0.28</td>
<td>0.55</td>
<td>0.79</td>
<td>0.54</td>
</tr>
<tr>
<td>3-month Treasury Bill</td>
<td>0.11</td>
<td>0.05</td>
<td>0.02</td>
<td>0.19</td>
<td>0.49</td>
<td>0.23</td>
</tr>
</tbody>
</table>

MSCI ACWI = Morgan Stanley Capital International All Country World Index

Returns for periods longer than one year are reported on an annualized basis.

Basis of calculation: Time-Weighed rate of return based on the market rate of return.
Policy

Global Equity Ex-US
22% ± 4%

Cash and Cash Equivalents
1% ± 3%/ -1%

Broad Domestic Equity
26% ± 6%

Fixed Income Securities
13% ± 5%

Private Equity
9% ± 5%

Absolute Return
7% ± 4%

Alternative Equity Strategies
5% ± 2%

Real Assets
17% ± 8%

Actual – Defined Benefit Pension

Global Equity Ex-US
23.65%

Cash and Cash Equivalents
1.96%

Broad Domestic Equity
25.54%

Fixed Income Securities
13.29%

Private Equity
8.43%

Absolute Return
6.34%

Alternative Equity Strategies
3.84%

Real Assets
16.95%
Actual – Defined Contribution Participant Directed

- Collective Investment Funds: 41.22%
- Pooled Investment Funds: 55.67%
- Cash and Cash Equivalents: 3.11%

Actual – Defined Benefit Alaska Retiree Healthcare Trust

- Global Equity Ex-US: 23.66%
- Broad Domestic Equities: 25.57%
- Cash and Cash Equivalents: 1.91%
- Fixed Income Securities: 13.30%
- Alternative Equity Strategies: 3.84%
- Private Equity: 8.43%
- Absolute Return: 6.34%
- Real Assets: 16.95%
Investment Section

Public Employees’ Retirement System
Asset Allocation
June 30, 2017

Actual — Health Reimbursement Arrangement

- Global Equity Ex-US: 23.64%
- Broad Domestic Equities: 25.56%
- Cash and Cash Equivalents: 1.99%
- Fixed Income Securities: 13.29%
- Alternative Equity Strategies: 3.83%
- Private Equity: 8.42%
- Absolute Return: 6.33%
- Real Assets: 16.94%

Actual — Occupational Death & Disability

- Global Equity Ex-US: 23.64%
- Broad Domestic Equities: 25.57%
- Cash and Cash Equivalents: 1.98%
- Fixed Income Securities: 13.29%
- Alternative Equity Strategies: 3.83%
- Private Equity: 8.42%
- Absolute Return: 6.33%
- Real Assets: 16.94%
Public Employees’ Retirement System
Asset Allocation
June 30, 2017

Actual — Retiree Medical Plan

- Global Equity Ex-US: 23.64%
- Broad Domestic Equities: 25.55%
- Cash and Cash Equivalents: 2.00%

- Fixed Income Securities: 13.29%
- Alternative Equity Strategies: 3.83%
- Real Assets: 16.94%
- Absolute Return: 6.33%
- Private Equity: 8.42%
Invested assets under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB) have been commingled in various investment pools to manage the overall cost of the program. Using investment pools increases investment efficiency in three ways. First, combining individual funds’ cash inflows and outflows to offset each other reduces the amount of cash on hand needed to support daily operations. Second, pooling investments significantly reduces accounting, budgeting, and administrative costs. Finally, the ARMB can achieve economies of scale by making available investment options that could not otherwise be practically provided for smaller retirement funds. Below are the ten largest fixed income and equity holdings.

### Fixed Income

<table>
<thead>
<tr>
<th>Rank</th>
<th>Largest Fixed Income Holdings</th>
<th>Market Value</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US Treasury 2.125% 1/31/2021</td>
<td>$139,250,723</td>
<td>$137,140,001</td>
</tr>
<tr>
<td>2</td>
<td>US Treasury 1.375% 8/31/2020</td>
<td>89,366,989</td>
<td>89,999,777</td>
</tr>
<tr>
<td>3</td>
<td>US Treasury 2.125% 5/15/2025</td>
<td>58,042,353</td>
<td>58,409,692</td>
</tr>
<tr>
<td>4</td>
<td>US Treasury 2.625% 11/15/2020</td>
<td>52,283,066</td>
<td>50,656,535</td>
</tr>
<tr>
<td>5</td>
<td>US Treasury 2.000% 8/15/2025</td>
<td>49,669,072</td>
<td>50,527,638</td>
</tr>
<tr>
<td>6</td>
<td>US Treasury 1.125% 6/30/2021</td>
<td>48,936,411</td>
<td>50,140,947</td>
</tr>
<tr>
<td>7</td>
<td>US Treasury 2.375% 8/15/2024</td>
<td>47,894,999</td>
<td>47,176,315</td>
</tr>
<tr>
<td>8</td>
<td>US Treasury 1.375% 7/31/2018</td>
<td>39,669,886</td>
<td>39,635,838</td>
</tr>
<tr>
<td>9</td>
<td>US Treasury 0.750% 7/31/2018</td>
<td>36,200,066</td>
<td>36,413,412</td>
</tr>
<tr>
<td>10</td>
<td>US Treasury 2.250% 11/15/2024</td>
<td>32,158,089</td>
<td>31,981,932</td>
</tr>
</tbody>
</table>

### Equities

<table>
<thead>
<tr>
<th>Rank</th>
<th>Largest Equity Holdings</th>
<th>Market Value</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple Inc.</td>
<td>$102,355,738</td>
<td>$710,566</td>
</tr>
<tr>
<td>2</td>
<td>Microsoft Corp.</td>
<td>79,896,205</td>
<td>1,159,092</td>
</tr>
<tr>
<td>3</td>
<td>Johnson &amp; Johnson</td>
<td>61,277,346</td>
<td>463,205</td>
</tr>
<tr>
<td>4</td>
<td>Exxon Mobil Corp.</td>
<td>52,449,780</td>
<td>649,694</td>
</tr>
<tr>
<td>5</td>
<td>Facebook Inc.</td>
<td>48,355,523</td>
<td>320,278</td>
</tr>
<tr>
<td>6</td>
<td>Amazon.com Inc.</td>
<td>48,134,665</td>
<td>49,726</td>
</tr>
<tr>
<td>7</td>
<td>Pfizer Inc.</td>
<td>46,015,063</td>
<td>1,369,904</td>
</tr>
<tr>
<td>8</td>
<td>Alphabet, Inc.</td>
<td>42,487,118</td>
<td>45,701</td>
</tr>
<tr>
<td>9</td>
<td>JP Morgan &amp; Chase</td>
<td>41,682,962</td>
<td>456,050</td>
</tr>
<tr>
<td>10</td>
<td>Procter &amp; Gamble Co./The</td>
<td>37,981,448</td>
<td>435,817</td>
</tr>
</tbody>
</table>

Additional investment information may be obtained from the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405.
## Public Employees’ Retirement System
### Schedule of Investment Management Fees
#### Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Fixed Income</th>
<th></th>
<th>Total Fair Value</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Columbia Threadneedle**</td>
<td></td>
<td>$103,020,026</td>
<td>$511,818</td>
</tr>
<tr>
<td>** Eaton Vance High Yield**</td>
<td></td>
<td>84,376,971</td>
<td>506,930</td>
</tr>
<tr>
<td>** Fidelity Institute Asset Management**</td>
<td></td>
<td>89,996,066</td>
<td>306,306</td>
</tr>
<tr>
<td>** Fidelity Institute Asset Management High Yield**</td>
<td></td>
<td>140,364,320</td>
<td>944,357</td>
</tr>
<tr>
<td>** Guggenheim Partners**</td>
<td></td>
<td>67,977,926</td>
<td>165,790</td>
</tr>
<tr>
<td>** Lazard Emerging Income**</td>
<td></td>
<td>110,142,297</td>
<td>576,108</td>
</tr>
<tr>
<td>** MacKay Shields**</td>
<td></td>
<td>99,778,238</td>
<td>595,316</td>
</tr>
<tr>
<td>** Mondrian Investment Partners**</td>
<td></td>
<td>121,828,968</td>
<td>822,737</td>
</tr>
<tr>
<td>** Schroders Insurance Linked Securities**</td>
<td></td>
<td>58,245,657</td>
<td>284,648</td>
</tr>
<tr>
<td>** Western Asset Management Company**</td>
<td></td>
<td>71,407,369</td>
<td>181,141</td>
</tr>
<tr>
<td>** Total Fixed Income**</td>
<td></td>
<td>947,137,738</td>
<td>4,895,151</td>
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</table>

<table>
<thead>
<tr>
<th>Broad Domestic Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>** Allianz Global Investors Large Cap**</td>
<td></td>
<td>152,194,073</td>
<td>567,834</td>
</tr>
<tr>
<td>** Barrow, Hanley, Mewhinney &amp; Strauss Large Cap**</td>
<td></td>
<td>145,636,576</td>
<td>736,671</td>
</tr>
<tr>
<td>** Barrow, Hanley, Mewhinney &amp; Strauss Small Cap**</td>
<td></td>
<td>19,621,656</td>
<td>367,158</td>
</tr>
<tr>
<td>** BMO DSCC Small Cap**</td>
<td></td>
<td>50,236,975</td>
<td>156,637</td>
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<tr>
<td>** DePrince, Race &amp; Zollo**</td>
<td></td>
<td>67,043,309</td>
<td>619,334</td>
</tr>
<tr>
<td>** Fidelity Institutional Asset Management Small Cap**</td>
<td></td>
<td>91,766,040</td>
<td>1,003,425</td>
</tr>
<tr>
<td>** Frontier Capital Management Small Cap**</td>
<td></td>
<td>50,440,611</td>
<td>803,374</td>
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<tr>
<td>** Jennison Associates Small Cap**</td>
<td></td>
<td>67,279,737</td>
<td>497,542</td>
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<tr>
<td>** Lazard Freres Asset Management**</td>
<td></td>
<td>278,196,982</td>
<td>553,192</td>
</tr>
<tr>
<td>** Lord Abbett Large Cap**</td>
<td></td>
<td>66,968,739</td>
<td>560,483</td>
</tr>
<tr>
<td>** Lord Abbett Small Cap**</td>
<td></td>
<td>35,944,463</td>
<td>388,903</td>
</tr>
<tr>
<td>** McKinley Capital**</td>
<td></td>
<td>146,042,297</td>
<td>671,524</td>
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<tr>
<td>** Portable Alpha**</td>
<td></td>
<td>319,109,285</td>
<td>236,572</td>
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<tr>
<td>** Quantitative Management Associates**</td>
<td></td>
<td>163,844,838</td>
<td>519,542</td>
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<tr>
<td>** SSGA Futures Large Cap**</td>
<td></td>
<td>1,491,639</td>
<td>5,228</td>
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<tr>
<td>** SSGA Futures Small Cap**</td>
<td></td>
<td>1,623,016</td>
<td>4,211</td>
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<tr>
<td>** SSGA Managed Volatility- Russell 1000**</td>
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<td>63,563,867</td>
<td>47,822</td>
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<tr>
<td>** SSGA Managed Volatility- Russell 2000**</td>
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<td>61,911,433</td>
<td>52,952</td>
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<tr>
<td>** SSGA Russell 1000 Growth**</td>
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<td>777,615,320</td>
<td>81,523</td>
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<tr>
<td>** SSGA Russell 1000 Value**</td>
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<td>699,002,588</td>
<td>75,166</td>
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<tr>
<td>** SSGA Russell 200**</td>
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<td>420,315,811</td>
<td>58,669</td>
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<tr>
<td>** SSGA Russell 2000 Growth**</td>
<td></td>
<td>7,136</td>
<td>5,873</td>
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<tr>
<td>** SSGA Russell 2000 Value**</td>
<td></td>
<td>151,432</td>
<td>10,693</td>
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<tr>
<td>** Victory Capital Management Small Cap**</td>
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<td>94,151,970</td>
<td>780,275</td>
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<tr>
<td>** Zebra Capital Management**</td>
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<td>62,889,226</td>
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<tr>
<td>** Total Broad Domestic Equities**</td>
<td></td>
<td>3,327,045,019</td>
<td>9,132,005</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Global Equity Ex-U.S.</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>** Allianz Global Investors International**</td>
<td></td>
<td>189,468,672</td>
<td>676,768</td>
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<tr>
<td>** Arrowstreet Capital**</td>
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<td>232,886,521</td>
<td>990,447</td>
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<tr>
<td>** Baillie Gifford Overseas**</td>
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<td>291,925,162</td>
<td>1,121,753</td>
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<tr>
<td>** BlackRock ACWI Ex-US IMI**</td>
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<td>380,460,101</td>
<td>218,735</td>
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<td>** Brandes Investment Partners**</td>
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<td>452,802,410</td>
<td>1,790,656</td>
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<td>** Capital Guardian Trust**</td>
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<td>383,429,423</td>
<td>1,655,800</td>
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<td>** Eaton Vance Management Emerging Markets**</td>
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<td>181,596,700</td>
<td>2,072,340</td>
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<tr>
<td>** Lazard Asset Management Emerging Markets**</td>
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<td>338,135,351</td>
<td>2,536,015</td>
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<tr>
<td>** Lazard Asset Management**</td>
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<td>256,112,295</td>
<td>253,393</td>
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<tr>
<td>** McKinley Capital International**</td>
<td></td>
<td>388,624,171</td>
<td>1,652,259</td>
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<tr>
<td>** Mondrian Investment Partners**</td>
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<td>113,291,505</td>
<td>746,048</td>
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<tr>
<td>** Schroders Investment Management**</td>
<td></td>
<td>125,861,955</td>
<td>859,305</td>
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<tr>
<td>** State Street Global Advisors International**</td>
<td></td>
<td>613,958,621</td>
<td>332,670</td>
</tr>
<tr>
<td>** Total International Equities**</td>
<td></td>
<td>3,948,552,887</td>
<td>14,906,189</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative Equity Strategies</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>** Advent Capital Convertible Bond**</td>
<td></td>
<td>126,583,057</td>
<td>811,741</td>
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<tr>
<td>** Analytic Buy Write Account**</td>
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<td>5,612,301</td>
<td>257,183</td>
</tr>
<tr>
<td>** Analytic SSGA Account**</td>
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<td>186,092,695</td>
<td>22,883</td>
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<tr>
<td>** Quantitative Management Associates**</td>
<td></td>
<td>110,926,521</td>
<td>337,478</td>
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<td>** Total Alternative Equity Strategies**</td>
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<td>429,214,574</td>
<td>1,429,285</td>
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<tr>
<td>Private Equity</td>
<td>Total Fair Value</td>
<td>Fees</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Abbott Capital Management</td>
<td>553,489,478</td>
<td>1,350,520</td>
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<tr>
<td>Advent International GPE Fund VIII-B</td>
<td>3,822,316</td>
<td>221,537</td>
<td></td>
</tr>
<tr>
<td>Angelo, Gordon &amp; Co.</td>
<td>584,545</td>
<td>29,213</td>
<td></td>
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<tr>
<td>Dyal Capital Partners III</td>
<td>13,189,122</td>
<td>1,163,064</td>
<td></td>
</tr>
<tr>
<td>Glendon Opportunities</td>
<td>20,360,362</td>
<td>359,910</td>
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</tr>
<tr>
<td>Lexington Partners VII</td>
<td>19,479,689</td>
<td>355,898</td>
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<tr>
<td>Lexington Partners VIII</td>
<td>8,127,219</td>
<td>341,554</td>
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<tr>
<td>Merit Capital Partners</td>
<td>11,885,485</td>
<td>91,266</td>
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<tr>
<td>Neuberger Berman Secondary Opportunities Fund I</td>
<td>19,372,898</td>
<td>415,218</td>
<td></td>
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<tr>
<td>New Mountain Partners IV</td>
<td>14,148,717</td>
<td>192,298</td>
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</tr>
<tr>
<td>NGP</td>
<td>19,749,689</td>
<td>444,798</td>
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</tr>
<tr>
<td>Onex Partners III</td>
<td>10,145,885</td>
<td>125,127</td>
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</tr>
<tr>
<td>Pathway Capital Management</td>
<td>604,331,576</td>
<td>1,805,873</td>
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<tr>
<td>Resolute Fund III</td>
<td>5,474,851</td>
<td>114,918</td>
<td></td>
</tr>
<tr>
<td>Warburg Pincus X</td>
<td>10,286,595</td>
<td>58,132</td>
<td></td>
</tr>
<tr>
<td>Warburg Pincus XI</td>
<td>20,395,697</td>
<td>445,433</td>
<td></td>
</tr>
<tr>
<td>Warburg Pincus XII</td>
<td>13,228,696</td>
<td>607,170</td>
<td></td>
</tr>
<tr>
<td><strong>Total Private Equity</strong></td>
<td>1,348,035,678</td>
<td>7,814,522</td>
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</table>

<table>
<thead>
<tr>
<th>Absolute Return</th>
<th>Total Fair Value</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altimus Global Investors</td>
<td>240,457,074</td>
<td>6,848,578</td>
</tr>
<tr>
<td>Crestline (Blue Glacier)</td>
<td>277,284,064</td>
<td>2,436,779</td>
</tr>
<tr>
<td>Crestline Speciality Fund</td>
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<td>KKR Apex Equity Fund</td>
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<td>Prima Capital Partners (Polar Bear)</td>
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<td>Zebra Global Equity Advantage Fund</td>
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<td>Zebra Global Equity Fund</td>
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<td><strong>Total Absolute Return</strong></td>
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<td>Almanac Realty Securities VII</td>
<td>12,224,935</td>
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<td>EIG Energy Fund XIV-A</td>
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<td>EIG Energy Fund XVI</td>
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<td>176,769,707</td>
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<td>Hancock Natural Resource Group</td>
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<td>IFM Global Infrastructure</td>
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<td>JP Morgan Strategic Property Fund</td>
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<td>JPM Infrastructure Investment</td>
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<td>KKR Real Estate Partners Americas</td>
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<td>LaSalle Separate Account</td>
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<td><strong>Lazard Infrastructure</strong></td>
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<td>Sentinel Separate Account</td>
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<td>Silverpeak Real Estate Partners II</td>
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<td>Silverpeak Real Estate Partners III</td>
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<td>Timberland Investment Resources</td>
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<td>1,484,435</td>
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<td>Tishman Speyer VI</td>
<td>22,679,997</td>
<td>153,801</td>
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<td>Tishman Speyer VII</td>
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<td><strong>Torre Grande MLP</strong></td>
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<td>UBS Agvest</td>
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<td>UBS Separate Account</td>
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<td>UBS Trumbull Property Fund</td>
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<td><strong>Total Real Assets</strong></td>
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<table>
<thead>
<tr>
<th>Custodian</th>
<th>Total Fair Value</th>
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<td>* State Street Bank</td>
<td>841,076</td>
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<table>
<thead>
<tr>
<th>Investment Advisory</th>
<th>Total Fair Value</th>
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<tr>
<td>* Callan Associates</td>
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<td>* Investment Advisory Council</td>
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<td>* Townsend Group</td>
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<td><strong>Total Investment Advisory</strong></td>
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<table>
<thead>
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<th>Investment Performance</th>
<th>Total Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Callan Associates</td>
<td>208,709</td>
</tr>
</tbody>
</table>

| *These fees are paid through the Integrated Resource Information System (IRIS) |
| **These fees are deducted from earnings by the fund manager and are not directly recorded in IRIS|
### Public Employees’ Retirement System

#### Investment Summary Schedule

**June 30, 2017**

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Defined Benefit - Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Asset Allocation</td>
</tr>
<tr>
<td></td>
<td>Policy</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td></td>
</tr>
<tr>
<td>Short-term Fixed Income Securities</td>
<td></td>
</tr>
<tr>
<td>Securities Lending Income</td>
<td></td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Fixed Income Securities</strong></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Fixed Income Pool</td>
<td></td>
</tr>
<tr>
<td>Taxable Municipal Bond Pool</td>
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</tr>
<tr>
<td>Tactical Fixed Income</td>
<td></td>
</tr>
<tr>
<td>High Yield Pool</td>
<td></td>
</tr>
<tr>
<td>International Fixed Income Pool</td>
<td></td>
</tr>
<tr>
<td>Emerging Debt Pool</td>
<td></td>
</tr>
<tr>
<td>Total Fixed Income Securities</td>
<td>13.00%</td>
</tr>
<tr>
<td><strong>Broad Domestic Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Large Cap Pool</td>
<td></td>
</tr>
<tr>
<td>Small Cap Pool</td>
<td></td>
</tr>
<tr>
<td>Total Broad Domestic Equity</td>
<td>26.00%</td>
</tr>
<tr>
<td><strong>Global Equity Ex-U.S.</strong></td>
<td></td>
</tr>
<tr>
<td>International Equity Pool</td>
<td></td>
</tr>
<tr>
<td>International Equity Small Cap Pool</td>
<td></td>
</tr>
<tr>
<td>Emerging Markets Equity Pool</td>
<td></td>
</tr>
<tr>
<td>Total Global Equity Ex-U.S.</td>
<td>22.00%</td>
</tr>
<tr>
<td><strong>Alternative Equity Strategies</strong></td>
<td></td>
</tr>
<tr>
<td>Alternative Equity Strategies</td>
<td></td>
</tr>
<tr>
<td>Convertible Bond Pool</td>
<td></td>
</tr>
<tr>
<td>Total Alternative Equities</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Private Equity</strong></td>
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<tr>
<td>Private Equity Pool</td>
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<tr>
<td>Total Private Equity</td>
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<td><strong>Absolute Return</strong></td>
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<td>Absolute Return Pool</td>
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<td>Total Absolute Return</td>
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<tr>
<td><strong>Real Assets</strong></td>
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<tr>
<td>Real Estate Pool</td>
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<tr>
<td>Real Estate Investment Trust Pool</td>
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<td>Infrastructure Private Pool</td>
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<td>Infrastructure Public Pool</td>
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<td>Farmland Pool</td>
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<tr>
<td>Timber Pool</td>
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</tr>
<tr>
<td>Treasury Inflation Protected Securities Pool</td>
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</tr>
<tr>
<td>Total Real Assets</td>
<td>17.00%</td>
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<tr>
<td><strong>Total Invested Assets</strong></td>
<td>100.00%</td>
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</tbody>
</table>
# Investment Section

## Public Employees’ Retirement System

### Investment Summary Schedule

**June 30, 2017**

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Asset Allocation</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td><strong>Policy</strong></td>
<td><strong>Range</strong></td>
<td><strong>Fair Value</strong></td>
<td></td>
<td><strong>% of Total Assets</strong></td>
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<tr>
<td>Short-term Fixed Income Pool</td>
<td>100.00%</td>
<td>0%</td>
<td>$27,626,255</td>
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<tr>
<td>Total Cash and Cash Equivalents</td>
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<td>27,626,255</td>
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<td><strong>Pooled Investment Funds (1)</strong></td>
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<td>T. Rowe Price</td>
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<td>Target 2010 Trust</td>
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<td>Target 2015 Trust</td>
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<td>Target 2020 Trust</td>
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<td>Target 2025 Trust</td>
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<td>Target 2030 Trust</td>
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<td>Target 2035 Trust</td>
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<td>Target 2040 Trust</td>
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<td>Target 2045 Trust</td>
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<td>Target 2055 Trust</td>
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<td>Target 2060 Trust</td>
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<td>Total Pooled Investment Funds</td>
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<td><strong>Collective Investment Funds (1)</strong></td>
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<td>State Street Global Advisors</td>
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<td>Barclays</td>
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<td>Daily Government/Corporate Bond Fund</td>
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<td>Brandes Institutional</td>
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<td>Alaska International Equity Fund</td>
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<td>Small-Cap Fund</td>
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<td>Total Collective Investment Funds</td>
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(1) Pooled Investment Funds and Collective Investment Funds are participant directed and therefore are not subject to an asset allocation.
### Defined Benefit - Alaska Retiree Health Care Trust

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Asset Allocation</th>
<th>Fair Value</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>Policy</td>
<td>Range</td>
<td></td>
</tr>
<tr>
<td>Short-term Fixed Income Pool</td>
<td>$ 140,836,328</td>
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<tr>
<td>Securities Lending Income</td>
<td>92,326</td>
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<tr>
<td>Total Cash and Cash Equivalents</td>
<td>1,00%</td>
<td>± 3%/-1%</td>
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<tr>
<td><strong>Fixed Income Securities</strong></td>
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<tr>
<td>U.S. Treasury Fixed Income Pool</td>
<td>562,062,699</td>
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<tr>
<td>Taxable Municipal Bond Pool</td>
<td>61,565,498</td>
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<tr>
<td>Tactical Fixed Income</td>
<td>65,477,367</td>
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<td>High Yield Pool</td>
<td>188,841,332</td>
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<tr>
<td>International Fixed Income Pool</td>
<td>53,811,032</td>
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<tr>
<td>Emerging Debt Pool</td>
<td>48,649,108</td>
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<td>Total Fixed Income Securities</td>
<td>13.00%</td>
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<td><strong>Broad Domestic Equity</strong></td>
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<tr>
<td>Large Cap Pool</td>
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<tr>
<td>Small Cap Pool</td>
<td>320,515,075</td>
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<tr>
<td>Total Broad Domestic Equity</td>
<td>26.00%</td>
<td>± 6%</td>
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<tr>
<td><strong>Global Equity Ex-U.S.</strong></td>
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<td>22,00%</td>
</tr>
<tr>
<td>International Equity Pool</td>
<td>1,408,854,524</td>
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<td></td>
</tr>
<tr>
<td>International Equity Small Cap Pool</td>
<td>105,632,467</td>
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</tr>
<tr>
<td>Emerging Markets Equity Pool</td>
<td>229,562,135</td>
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<tr>
<td>Total Global Equity Ex-U.S.</td>
<td>22.00%</td>
<td>± 4%</td>
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<tr>
<td><strong>Alternative Equity Strategies</strong></td>
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<td>5.00%</td>
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<tr>
<td>Alternative Equity Strategies</td>
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<tr>
<td>Convertible Bond Pool</td>
<td>55,910,881</td>
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<tr>
<td>Total Alternative Equities</td>
<td>5.00%</td>
<td>± 2%</td>
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<td><strong>Private Equity</strong></td>
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<td>9.00%</td>
</tr>
<tr>
<td>Private Equity Pool</td>
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<tr>
<td>Total Private Equity</td>
<td>621,378,560</td>
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<tr>
<td><strong>Absolute Return</strong></td>
<td></td>
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<tr>
<td>Absolute Return Pool</td>
<td>467,293,702</td>
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<td>Total Absolute Return</td>
<td>467,293,702</td>
<td>± 4%</td>
<td>467,293,702</td>
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<tr>
<td><strong>Real Assets</strong></td>
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<td>115,761,389</td>
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<td>72,100,650</td>
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<td>Energy Pool</td>
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<tr>
<td>Farmland Pool</td>
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<tr>
<td>Timber Pool</td>
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<tr>
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<tr>
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<tr>
<td><strong>Total Invested Assets</strong></td>
<td>100.00%</td>
<td>$ 7,371,307,994</td>
<td>100.00%</td>
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</table>
# Public Employees’ Retirement System
## Investment Summary Schedule
### June 30, 2017

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Asset Allocation</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy</td>
<td>Range</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
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</tr>
<tr>
<td>Short-term Fixed Income Pool</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Securities Lending Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
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<td>± 3%/-1%</td>
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<tr>
<td><strong>Fixed Income Securities</strong></td>
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<td></td>
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<tr>
<td>U.S. Treasury Fixed Income Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable Municipal Bond Pool</td>
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<td></td>
</tr>
<tr>
<td>Tactical Fixed Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Yield Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Fixed Income Pool</td>
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<td></td>
</tr>
<tr>
<td>Emerging Debt Pool</td>
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<td></td>
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<tr>
<td><strong>Total Fixed Income Securities</strong></td>
<td>13.00%</td>
<td>± 5%</td>
</tr>
<tr>
<td><strong>Broad Domestic Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Pool</td>
<td></td>
<td></td>
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<tr>
<td>Small Cap Pool</td>
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<tr>
<td><strong>Total Broad Domestic Equity</strong></td>
<td>26.00%</td>
<td>± 6%</td>
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<tr>
<td><strong>Global Equity Ex-U.S.</strong></td>
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<tr>
<td>International Equity Pool</td>
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<td></td>
</tr>
<tr>
<td>International Equity Small Cap Pool</td>
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<tr>
<td>Emerging Markets Equity Pool</td>
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<tr>
<td><strong>Total Global Equity Ex-U.S.</strong></td>
<td>22.00%</td>
<td>± 4%</td>
</tr>
<tr>
<td><strong>Alternative Equity Strategies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Equity Strategies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Bond Pool</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Alternative Equities</strong></td>
<td>5.00%</td>
<td>± 2%</td>
</tr>
<tr>
<td><strong>Private Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Equity Pool</td>
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<td></td>
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<tr>
<td><strong>Total Private Equity</strong></td>
<td>9.00%</td>
<td>± 5%</td>
</tr>
<tr>
<td><strong>Absolute Return</strong></td>
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<td></td>
</tr>
<tr>
<td>Absolute Return Pool</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Absolute Return</strong></td>
<td>7.00%</td>
<td>± 4%</td>
</tr>
<tr>
<td><strong>Real Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Investment Trust Pool</td>
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<tr>
<td>Infrastructure Private Pool</td>
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<td></td>
</tr>
<tr>
<td>Infrastructure Public Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master Limited Partnership Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energe Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmland Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timber Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Inflation Protected Securities Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Real Assets</strong></td>
<td>17.00%</td>
<td>± 8%</td>
</tr>
<tr>
<td><strong>Total Invested Assets</strong></td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>
Public Employees’ Retirement System  
Investment Summary Schedule  
June 30, 2017

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Asset Allocation</th>
<th>Fair Value</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>Policy</td>
<td>Range</td>
<td></td>
</tr>
<tr>
<td>Short-term Fixed Income Pool</td>
<td>$</td>
<td>526,213</td>
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<td>Securities Lending Income</td>
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<td>331</td>
<td></td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>1.00%</td>
<td>± 3%/ - 1%</td>
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<tr>
<td><strong>Fixed Income Securities</strong></td>
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<tr>
<td>U.S. Treasury Fixed Income Pool</td>
<td></td>
<td>2,027,058</td>
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<tr>
<td>Taxable Municipal Bond Pool</td>
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<td>222,034</td>
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<tr>
<td>Tactical Fixed Income</td>
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<tr>
<td>High Yield Pool</td>
<td></td>
<td>681,049</td>
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<tr>
<td>International Fixed Income Pool</td>
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<td>194,067</td>
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<td>Emerging Debt Pool</td>
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<td>175,451</td>
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<td>Total Fixed Income Securities</td>
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<td>± 5%</td>
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<td><strong>Broad Domestic Equity</strong></td>
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<tr>
<td>Small Cap Pool</td>
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<tr>
<td>Total Broad Domestic Equity</td>
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<td>± 6%</td>
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<td><strong>Global Equity Ex-U.S.</strong></td>
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<tr>
<td>International Equity Pool</td>
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<td>International Equity Small Cap Pool</td>
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<tr>
<td>Emerging Markets Equity Pool</td>
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<td>827,907</td>
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</tr>
<tr>
<td>Total Global Equity Ex-U.S.</td>
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<td>± 4%</td>
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<td><strong>Alternative Equity Strategies</strong></td>
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<tr>
<td>Alternative Equity Strategies</td>
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<td>818,527</td>
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<td>Convertible Bond Pool</td>
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<tr>
<td>Total Alternative Equities</td>
<td>5.00%</td>
<td>± 2%</td>
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<td><strong>Private Equity</strong></td>
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<td></td>
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</tr>
<tr>
<td>Private Equity Pool</td>
<td></td>
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<tr>
<td>Total Private Equity</td>
<td>9.00%</td>
<td>± 5%</td>
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<td><strong>Absolute Return</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Absolute Return Pool</td>
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<td>1,685,277</td>
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<tr>
<td>Total Absolute Return</td>
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<td>± 4%</td>
<td>1,685,277</td>
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<td><strong>Real Assets</strong></td>
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<td></td>
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<tr>
<td>Real Estate Pool</td>
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<td>1,518,654</td>
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<td>Infrastructure Private Pool</td>
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<td>Infrastructure Public Pool</td>
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<td>260,028</td>
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<tr>
<td>Master Limited Partnership Pool</td>
<td></td>
<td>529,992</td>
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<tr>
<td>Energy Pool</td>
<td></td>
<td>97,488</td>
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<tr>
<td>Farmland Pool</td>
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<td>882,179</td>
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<td>Timber Pool</td>
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<td>± 8%</td>
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<tr>
<td><strong>Total Invested Assets</strong></td>
<td>100.00%</td>
<td></td>
<td>$ 26,602,867</td>
</tr>
</tbody>
</table>
### Public Employees’ Retirement System
#### Investment Summary Schedule
**June 30, 2017**

<table>
<thead>
<tr>
<th>Investments (at Fair Value)</th>
<th>Asset Allocation</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy</td>
<td>Range</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Fixed Income Pool</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Securities Lending Income</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>1.00%</td>
<td>± 3%/-1%</td>
</tr>
<tr>
<td>Fixed Income Securities</td>
<td></td>
<td></td>
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<tr>
<td>U.S. Treasury Fixed Income Pool</td>
<td>6,143,277</td>
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<tr>
<td>Taxable Municipal Bond Pool</td>
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<td>± 5%</td>
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<tr>
<td>Broad Domestic Equity</td>
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<tr>
<td>Large Cap Pool</td>
<td>17,097,570</td>
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<tr>
<td>Small Cap Pool</td>
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<td>± 6%</td>
</tr>
<tr>
<td>Global Equity Ex-U.S.</td>
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<tr>
<td>International Equity Pool</td>
<td>15,398,608</td>
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<td>International Equity Small Cap Pool</td>
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<td>Emerging Markets Equity Pool</td>
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<tr>
<td>Total Global Equity Ex-U.S.</td>
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<td>± 4%</td>
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<tr>
<td>Alternative Equity Strategies</td>
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<td>Convertible Bond Pool</td>
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<td>Total Alternative Equities</td>
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<td>± 2%</td>
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<tr>
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<td>± 5%</td>
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<td>Absolute Return</td>
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<td>Absolute Return Pool</td>
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<td>± 4%</td>
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<tr>
<td>Real Assets</td>
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</tr>
<tr>
<td>Real Estate Pool</td>
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<td>Energy Pool</td>
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<td>Farmland Pool</td>
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<td>Timber Pool</td>
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<td>Treasury Inflation Protected Securities Pool</td>
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<td>Total Real Assets</td>
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<td>± 8%</td>
</tr>
<tr>
<td>Total Invested Assets</td>
<td>100.00%</td>
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</tr>
</tbody>
</table>
Public Employees’ Retirement System  
Recaptured Commission Fees  
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Fund</th>
<th>Broad Domestic Equity Pool</th>
<th>Global Equity Ex-U.S.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined Benefit Plan - Pension</td>
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<td>$57,939</td>
<td>$118,242</td>
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<tr>
<td>Postemployment Benefit - Alaska Retiree Healthcare Trust</td>
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<td>47,890</td>
<td>97,736</td>
</tr>
<tr>
<td>Postemployment Benefit - Occupational Death &amp; Disability</td>
<td>1,975</td>
<td>1,898</td>
<td>3,873</td>
</tr>
<tr>
<td>Postemployment Benefit - Retiree Medical Pan</td>
<td>180</td>
<td>172</td>
<td>352</td>
</tr>
<tr>
<td>Postemployment Benefit - Health Reimbursement Arrangement</td>
<td>545</td>
<td>523</td>
<td>1,068</td>
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<tr>
<td><strong>Total Recapture Commission Fees</strong></td>
<td><strong>$112,849</strong></td>
<td><strong>$108,422</strong></td>
<td><strong>$221,271</strong></td>
</tr>
</tbody>
</table>

The ARMB’s Commission Recapture program has been in place since 1995, first working with various brokers then switching to the State Street program in 2005. Under a commission recapture program, a portion of the commissions and mark-ups on trades (placed through the State Street broker network) flow directly back to the fund.

The program allows managers to place trades for commission recapture purposes. The ARMB has established direction percentages for the managers to strive for, but is only requiring best efforts to meet them given their fiduciary obligation to achieve best execution of transactions.

The current rebate arrangement with State Street Global Markets (SSGM) is: 90% of the commissions received in excess of executing the brokers’ execution-only rates; 100% of commissions in excess of its execution-only rates for all trading directed through SSGM.