

CIO Total Fund Performance & Risk Report

ASSET CLASS REVIEW



Month Ending December 31, 2013

Investment Belief 6: Strategic asset allocation is the dominant determinant of portfolio risk and return. CalPERS strategic asset allocation process transforms the fund's targeted rate of return to the market exposures that staff will manage. CalPERS will aim to diversify its overall portfolio across distinct risk factors and return drivers.

Total Fund Objective

CalPERS general investment goals are broad in nature. The overall objective of CalPERS investment program is to provide members and beneficiaries with benefits as required by law. CalPERS has generated strong long-term returns by effectively managing investments to achieve the highest possible return at an acceptable level of risk. The CalPERS portfolio is diversified into several asset classes. In the long run, a well-diversified portfolio determines our long-term performance, protects the Retirement Fund, and ensures any weaknesses in one area are offset by gains in another.

The starting point and most important element of CalPERS successful return on investment is our asset allocation - our diversification among stocks, bonds, cash and other investments. Asset allocation is not an asset-only or liability-only decision. All factors, including liabilities, benefit payments, operating expenses, and employer and member contributions are taken into account in determining the appropriate asset allocation mix. Our goal is to maximize returns at a prudent level of risk - an ever-changing balancing act between market volatility and long-term goals.

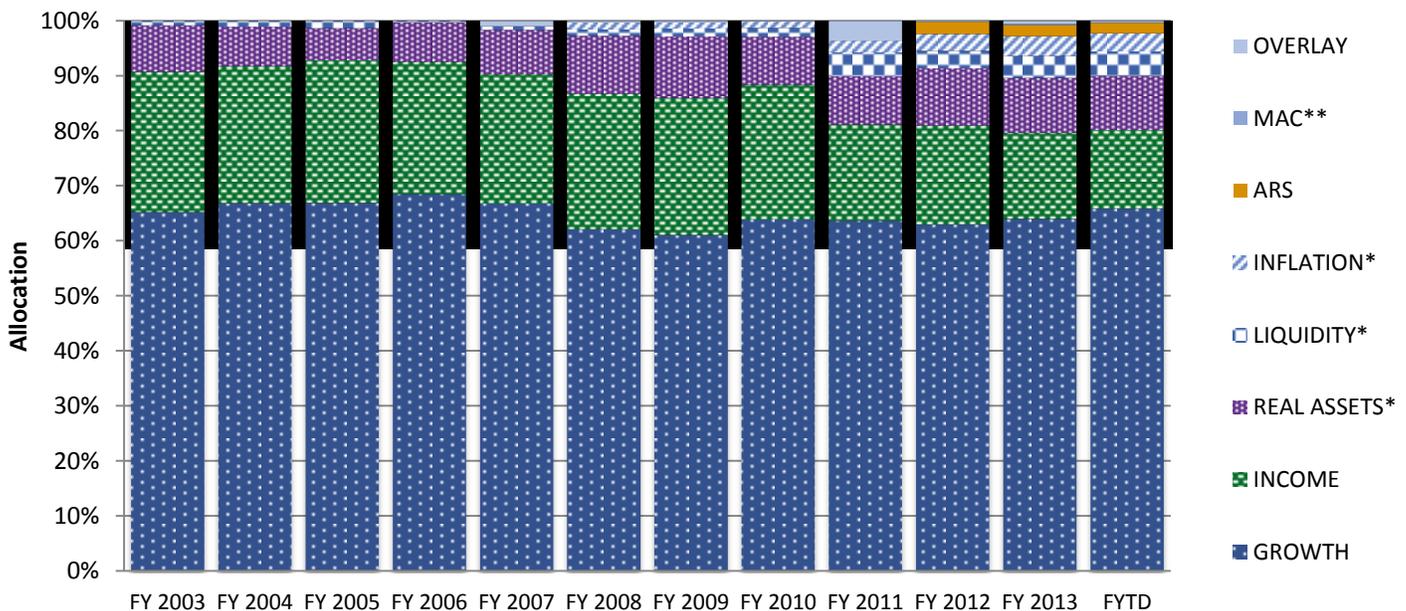
Total Fund Characteristics

Chief Investment Officer: Joseph A. Dear

Assets: \$283.5 Billion

- Investments span domestic and international markets
- Invest ~12% of CalPERS total assets in California
- Utilize multiple asset classes to diversify investments
 - Global Equity
 - Private Equity
 - Income
 - Liquidity
 - Inflation Assets
 - Real Assets
 - Absolute Return Strategies (ARS)

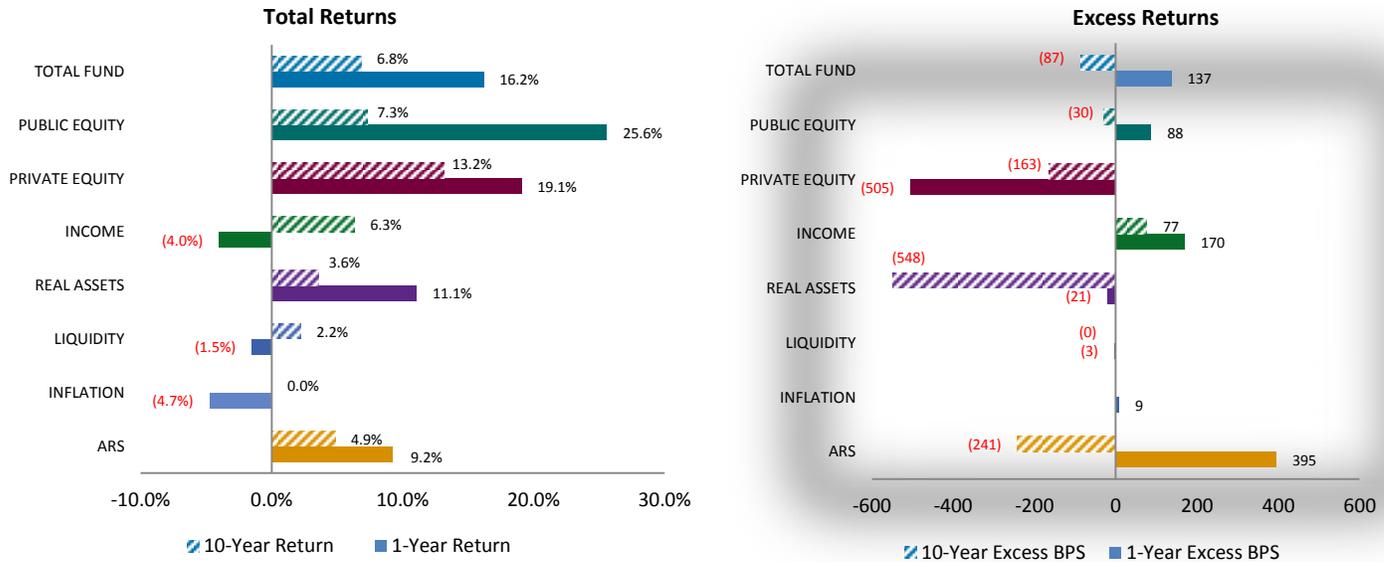
Actual Asset Allocation



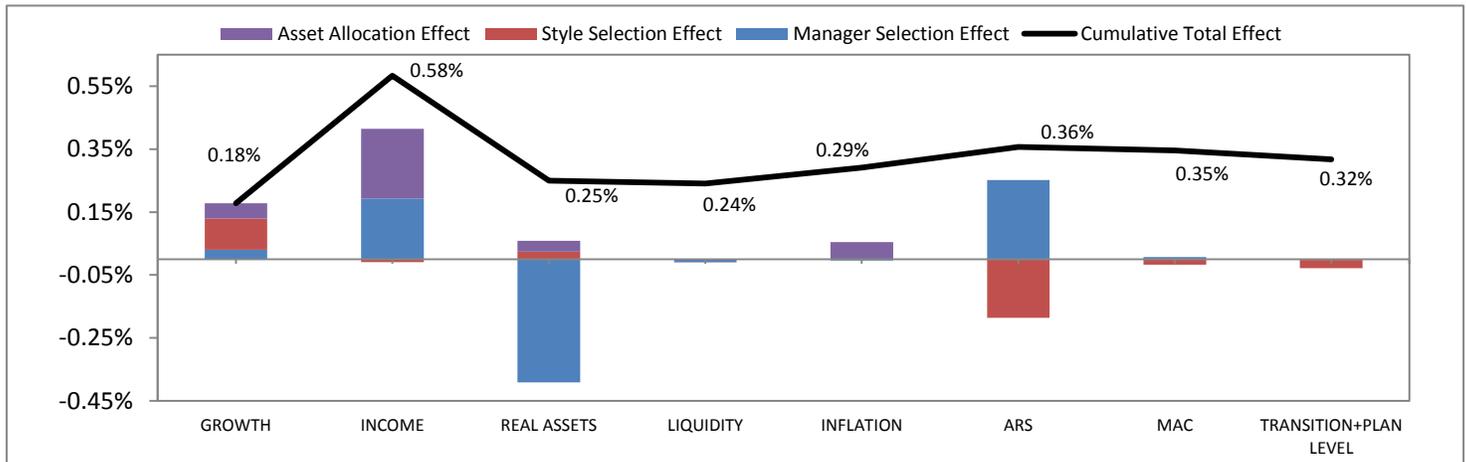
* Inflation, Liquidity and Real Assets were created on July 1, 2011 from existing portfolios; therefore historical values are being represented for prior years.

** Multi Asset Class (MAC) funded in December 2012.

TOTAL FUND PERFORMANCE



TOTAL FUND ATTRIBUTION



| FYTD 6/30/2013 - 12/31/2013 | Portfolio | | | Portfolio Benchmark | Policy Benchmark | | | Macro Attribution | | | |
|--------------------------------|----------------|----------------|---------------|------------------------|------------------|----------------|---------------|------------------------|--------------------------|-------------------------|------------------------|
| | Asset Class | Average Weight | Total Return | Contribution to Return | Total Return | Average Weight | Total Return | Contribution to Return | Manager Selection Effect | Asset Allocation Effect | Style Selection Effect |
| Total Fund ex Overlay | 100.00% | 10.64% | 10.64% | 10.57% | 100.00% | 10.33% | 10.33% | 0.07% | 0.36% | -0.12% | 0.32% |
| GROWTH | 65.19% | 15.48% | 9.88% | 15.43% | 64.00% | 15.27% | 9.60% | 0.03% | 0.05% | 0.10% | 0.18% |
| PUBLIC EQUITY | 53.56% | 16.89% | 8.80% | 16.56% | 0.00% | 0.00% | 0.00% | 0.17% | 0.00% | 0.65% | 0.82% |
| PRIVATE EQUITY | 11.63% | 9.26% | 1.08% | 10.41% | 0.00% | 0.00% | 0.00% | -0.14% | 0.00% | -0.55% | -0.69% |
| INCOME | 15.04% | 0.91% | 0.15% | -0.30% | 17.00% | -0.25% | -0.04% | 0.19% | 0.22% | -0.01% | 0.41% |
| REAL ASSETS | 9.88% | 2.66% | 0.27% | 6.44% | 11.00% | 6.20% | 0.69% | -0.39% | 0.03% | 0.02% | -0.33% |
| REAL ESTATE | 8.61% | 2.84% | 0.25% | 7.07% | 0.00% | 0.00% | 0.00% | -0.38% | 0.00% | 0.08% | -0.30% |
| FORESTLAND | 0.84% | -1.34% | -0.01% | 7.07% | 0.00% | 0.00% | 0.00% | -0.03% | 0.00% | -0.04% | -0.07% |
| INFRASTRUCTURE | 0.43% | 6.97% | 0.03% | 2.58% | 0.00% | 0.00% | 0.00% | 0.02% | 0.00% | -0.02% | 0.00% |
| LIQUIDITY | 3.96% | -0.34% | -0.01% | -0.13% | 4.00% | -0.13% | 0.00% | -0.01% | 0.00% | 0.00% | -0.01% |
| INFLATION | 3.40% | 1.50% | 0.05% | 1.60% | 4.00% | 1.60% | 0.07% | 0.00% | 0.05% | 0.00% | 0.05% |
| ARS | 2.11% | 13.05% | 0.30% | 2.40% | 0.00% | 0.00% | 0.00% | 0.25% | 0.00% | -0.19% | 0.07% |
| MAC | 0.27% | 4.88% | 0.02% | 3.68% | 0.00% | 0.00% | 0.00% | 0.01% | 0.00% | -0.02% | -0.01% |
| TRANSITION+PLAN LEVEL | 0.15% | -2.58% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.03% | -0.03% |

Global Equity Summary

Investment Objective

The role of equities is total return oriented and to capture the equity risk premium, defined as the excess return over risk free government bonds, by means of ownership risk in companies and exposure to corporate earnings growth. The major driver is appreciation, with some cash yield.

- CalPERS ALM Workshop (2013)

Internal Equity provides CalPERS broad exposure to the equity asset class at the lowest possible cost. The Internal Equity Unit has historically been able to earn enhanced market returns relative to our benchmarks generating strong relative performance.

The Portfolio & Strategy Relationships Unit is responsible for monitoring all internally and externally managed Global Equity strategies, establishing and managing all relationships with external managers and vendors and identifying active management strategies that may add value to the Global Equity asset class.

Asset Class Characteristics

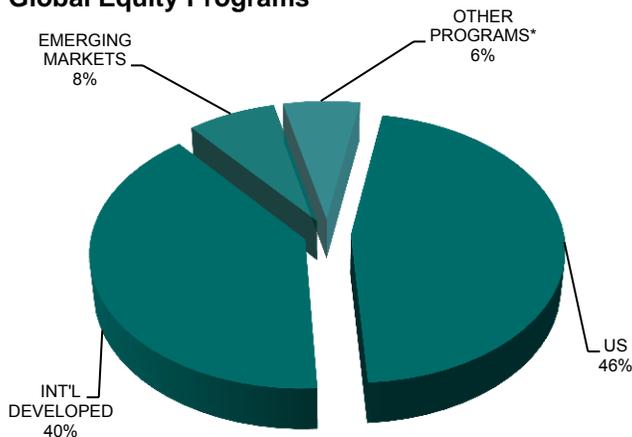
Senior Investment Officer: Dan Bienvenue (Interim)

Assets: \$156.1 Billion

Benchmark: FTSE All-World, All-Capitalization Index

- Coverage includes 47 countries, 37 currencies, and approximately 10,000 securities
- CalPERS customization excludes tobacco, firearms, Iran/Sudan and applies emerging market principles
- Utilize 78 total strategies
 - 5 index - oriented (66%)
 - 73 active strategies (34%)
- Internal management of 19 strategies
- External management of 59 strategies by 51 external managers
- International equity ~ 50% of the portfolio

Global Equity Programs

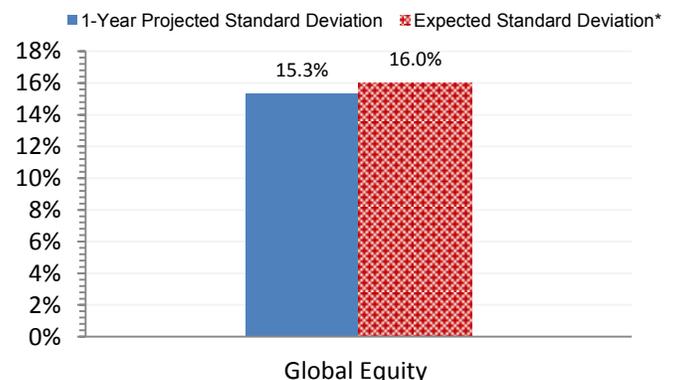
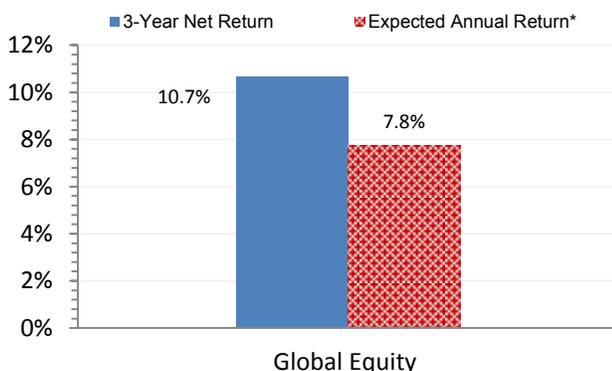


*Other Programs includes MDP, Corp Gov and Fund of Funds investments

| Class Allocation | Global Equity |
|---|------------------|
| Strategic Target Range % | 42-56% |
| Interim Strategic Target % | 50% |
| Actual Investment % | 55% |
| Variance % (Strategic vs. Actual) | 5% |
| Interim Strategic Target | \$ 141.8 Billion |
| Actual Investment | \$ 156.1 Billion |
| Variance \$(Interim Strategic vs. Actual) | \$ 14.4 Billion |

Asset Liability Management Expectations

*Capital markets assumptions used in the 2010 ALM Workshop

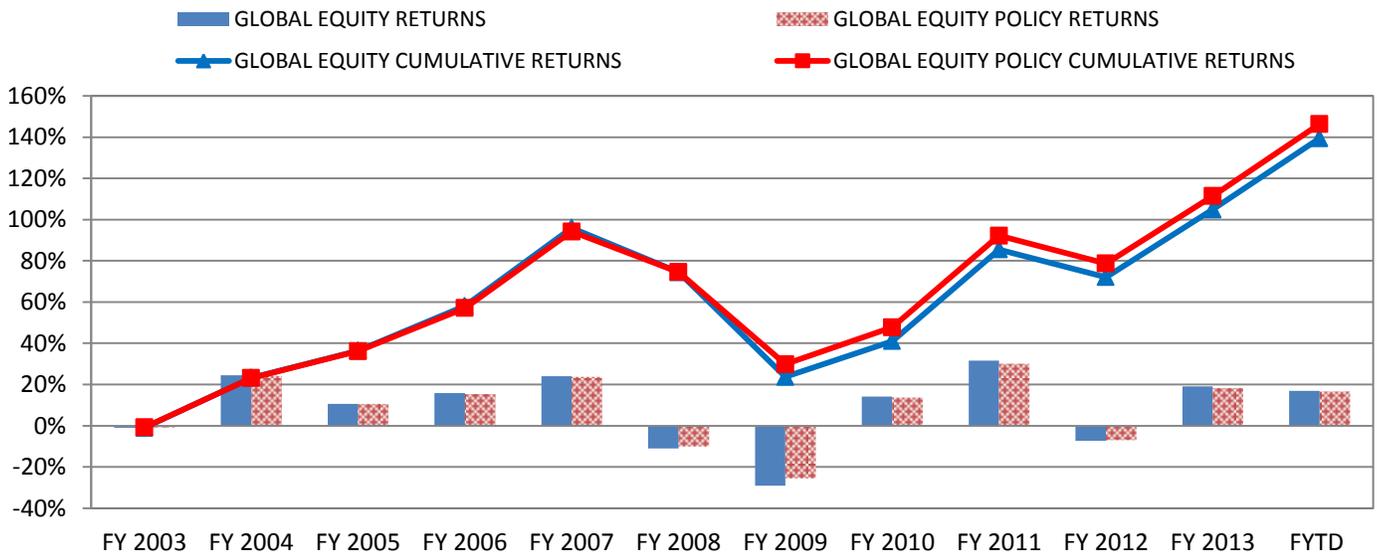


GLOBAL EQUITY PERFORMANCE

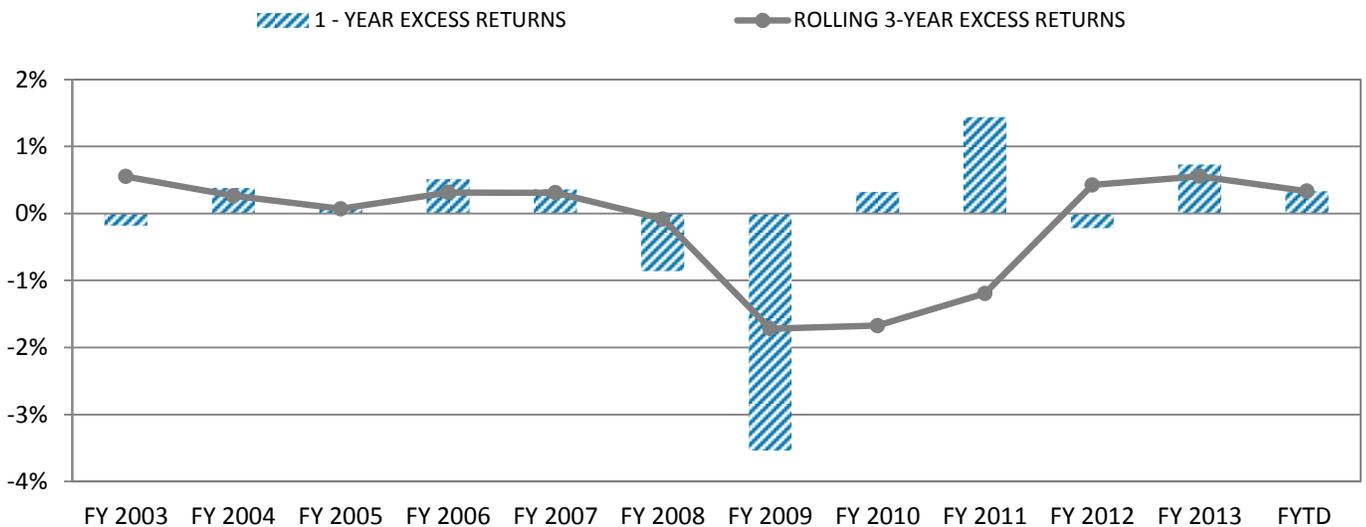
| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|--------------------------------|-------------------------|--------------|------------|--------------|------------|--------------|------------|-------------|-------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| GLOBAL EQUITY | \$ 156.1 Billion | 16.9% | 33 | 10.7% | 33 | 16.2% | (1) | 7.3% | (30) |
| TOTAL DOMESTIC EQUITY | \$ 75.7 Billion | 17.5% | 21 | 16.4% | 24 | 19.1% | 47 | 7.9% | 4 |
| TOTAL INTERNATIONAL EQUITY | \$ 77.0 Billion | 16.2% | (5) | 5.8% | (65) | 13.8% | 82 | 8.0% | 24 |

* Performance for the total asset class and top 2 strategies based on ending market value

Global Equity Cumulative Return



Global Equity 3-Year Rolling Excess Return



Private Equity Summary

Investment Objective

Private equity allocations are a means of enhancing equity returns through a value-added approach to investment management of a diverse set of portfolio companies and to capture the illiquidity premium. The major driver for returns is appreciation, with negligible cash yield.

- CalPERS ALM Workshop (2013)

Private Equity funds investments and customized investment accounts to target top-performing funds with strong track records and high growth potential while also providing exposure to attractive geographies and sectors. Private Equity utilizes secondary sales and purchases to restructure and rebalance the portfolio.

Co-Investments alongside Fund Partners provide access to high quality General Partners with strong industry fundamentals and attractive business and valuations.

Asset Class Characteristics

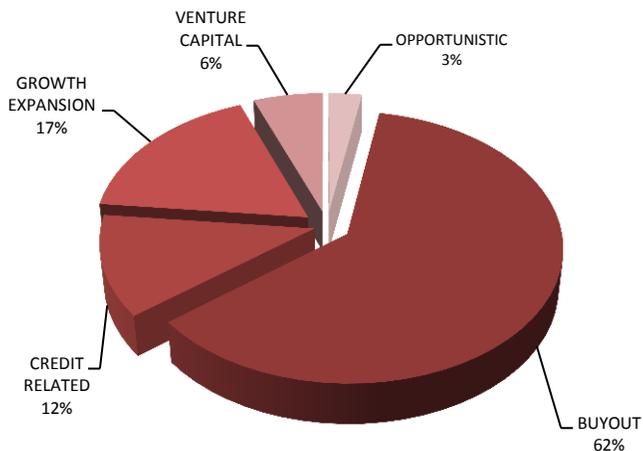
Senior Investment Officer: Réal Desrochers

Assets: \$30.6 Billion

Benchmark: (67% FTSE U.S. TMI + 33% FTSE All World ex-U.S. TMI) + 3% lagged one quarter

- Unfunded commitments of \$13 billion
- Portfolio is invested 75% in the United States, 14% in Europe, 10% in Emerging Markets and 1% in other Developed Markets
- 741 Funds with 389 direct and fund of fund managers;
- Proactive California co-investment strategy including working with partners experienced in mezzanine lending to target attractive California firms

Private Equity Programs



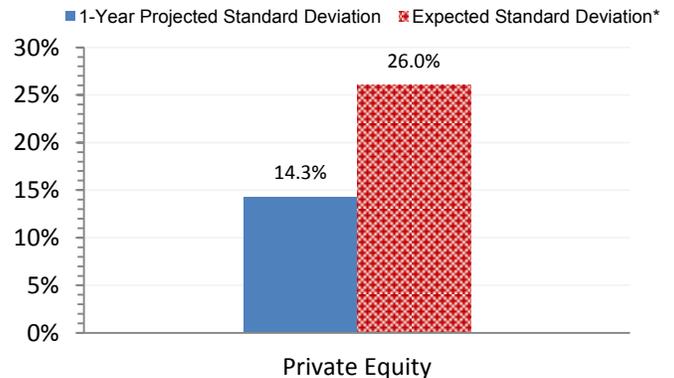
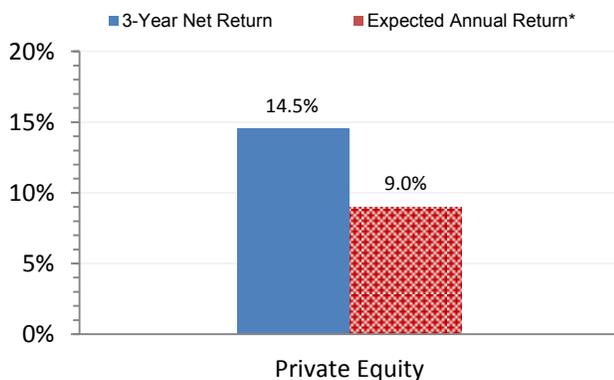
Class Allocation

Private Equity

| | |
|---|-----------------|
| Strategic Target Range % | 10-18% |
| Interim Strategic Target % | 14% |
| Actual Investment % | 11% |
| Variance % (Strategic vs. Actual) | (3%) |
| Interim Strategic Target | \$ 39.7 Billion |
| Actual Investment | \$ 30.6 Billion |
| Variance \$(Interim Strategic vs. Actual) | \$(9.1 Billion) |

Asset Liability Management Expectations

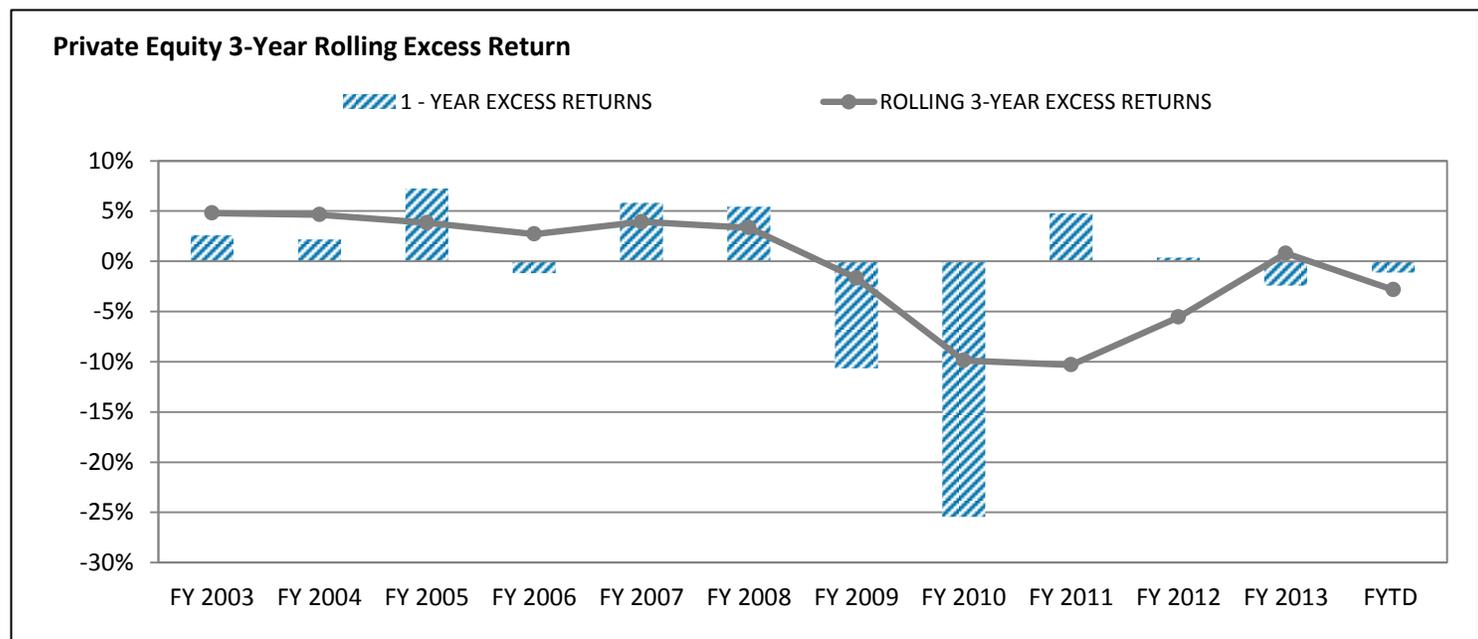
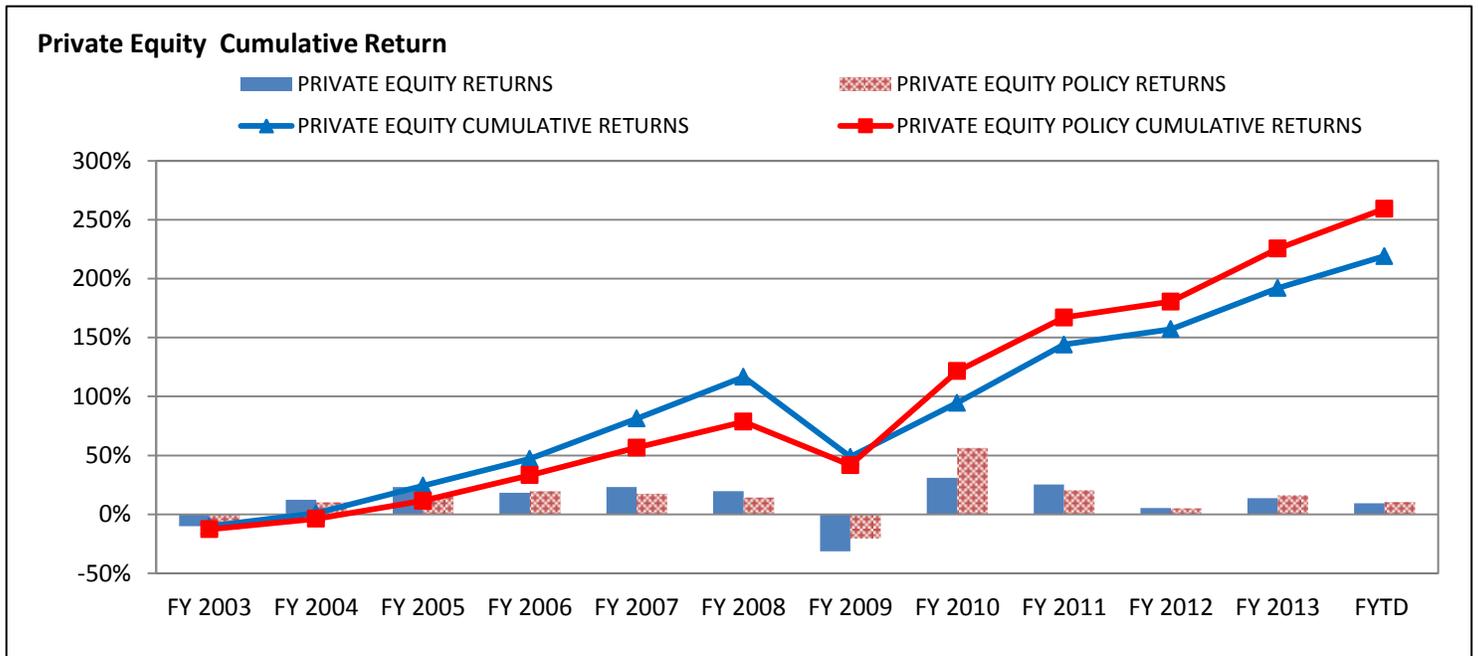
*Capital markets assumptions used in the 2010 ALM Workshop



PRIVATE EQUITY PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|--------------------------------|------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| PRIVATE EQUITY | \$ 30.6 Billion | 9.3% | (115) | 14.5% | (284) | 11.4% | (447) | 13.2% | (163) |
| BUYOUT | \$ 18.7 Billion | 8.9% | | 14.6% | | 10.4% | | 17.7% | |
| GROWTH EXPANSION | \$ 5.3 Billion | 14.4% | | 13.9% | | 12.7% | | 8.8% | |
| CREDIT RELATED | \$ 3.7 Billion | 6.9% | | 18.8% | | 17.7% | | 15.6% | |
| VENTURE CAPITAL | \$ 1.8 Billion | 8.4% | | 8.0% | | 2.8% | | 5.0% | |
| OPPORTUNISTIC | \$ 0.9 Billion | 1.9% | | 9.5% | | 8.8% | | 6.1% | |

* Performance for the total asset class and top 5 strategies based on ending market value



Income Summary

Investment Objective

The role of Global Fixed Income is to serve as an economic diversifier to equity risk and be a reliable source of income.

- CalPERS ALM Workshop (2013)

The Fixed Income team actively manages CalPERS assets in various fixed income instruments, including commercial real estate mortgages, corporates, residential mortgages, treasuries, agencies and others

The strategic objective of limited duration investments is to provide a mechanism to increase returns of other sectors or strategies by investing available cash in short-term fixed income instruments.

The credit enhancement program earns fee income to CalPERS with limited principal risk by providing credit enhancement to municipal issuers of short-term debt.

Asset Class Characteristics

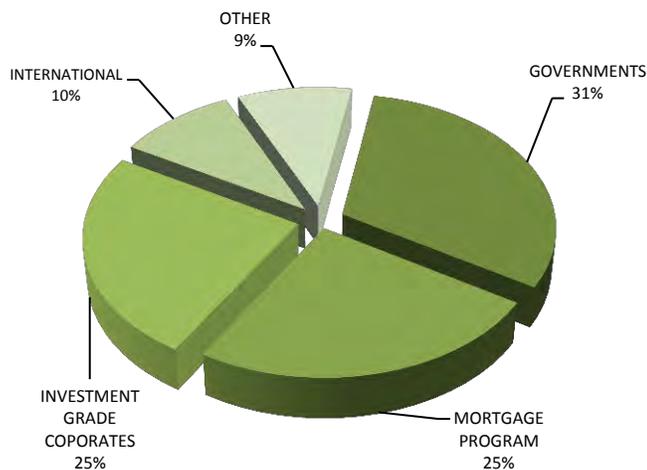
Senior Investment Officer: Curtis D. Ishii

Assets: \$40.5 Billion

Benchmark: 90% Barclays Long Liabilities + 10% Barclays International Fixed Income Index GDP Weighted ex-U.S.

- The Investment Office staff manages all programs internally, with the exception of a portion of the high yield allocation and the international fixed income.
- CalPERS long-term investment horizon allows staff to generate alpha by shifting sector risks during an economic cycle.
- Global Fixed Income administers the Securities Lending program which includes the lending and reinvesting all CalPERS securities

Income Programs

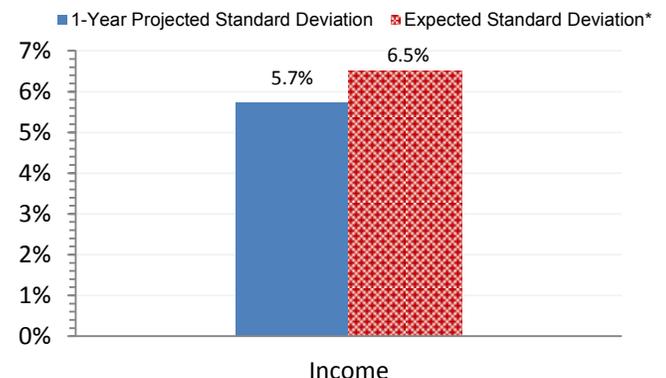
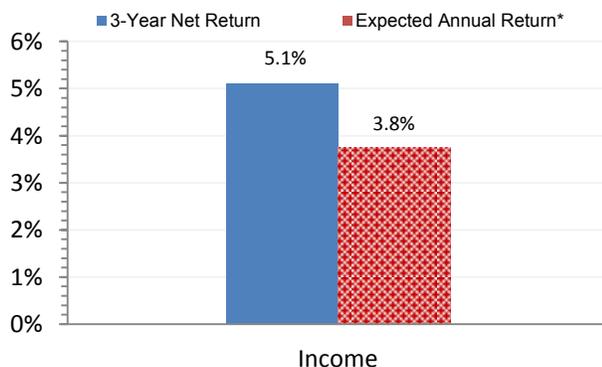


Class Allocation

| Class Allocation | Income |
|---|-----------------|
| Strategic Target Range % | 11-21% |
| Interim Strategic Target % | 17% |
| Actual Investment % | 14% |
| Variance % (Strategic vs. Actual) | (3%) |
| Interim Strategic Target | \$ 48.2 Billion |
| Actual Investment | \$ 40.5 Billion |
| Variance \$(Interim Strategic vs. Actual) | \$(7.7 Billion) |

Asset Liability Management Expectations

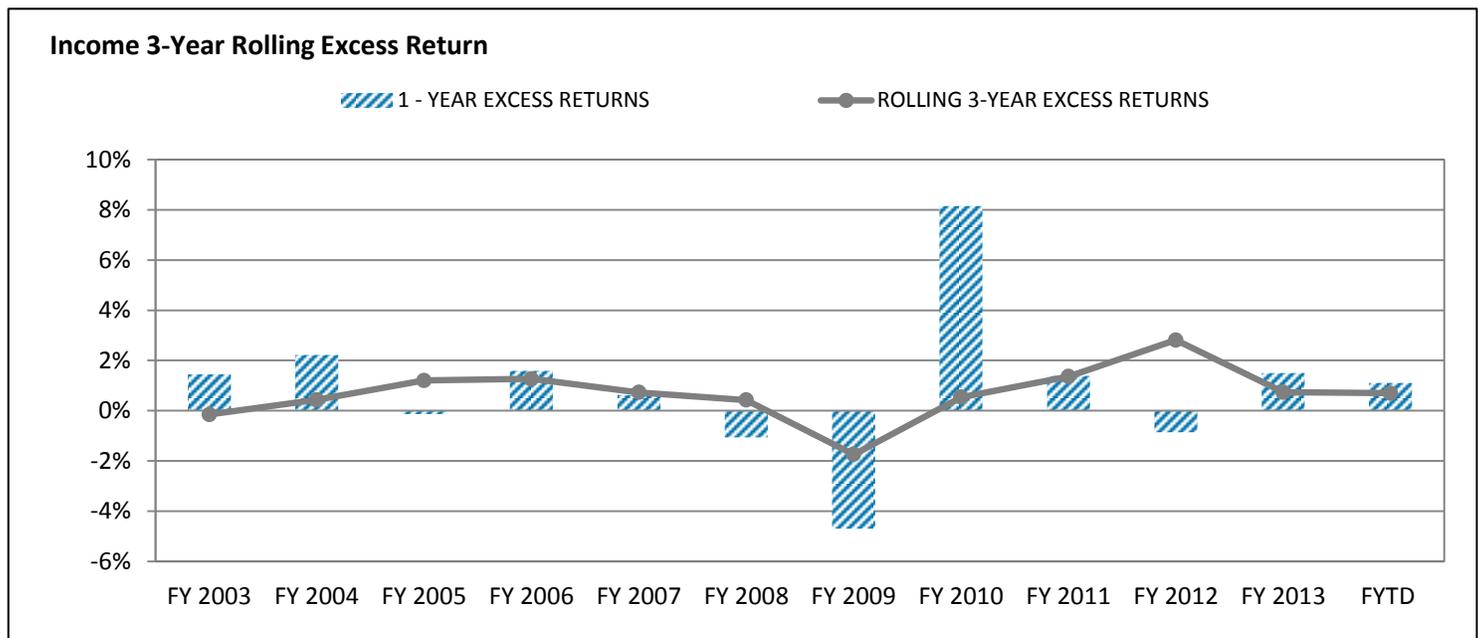
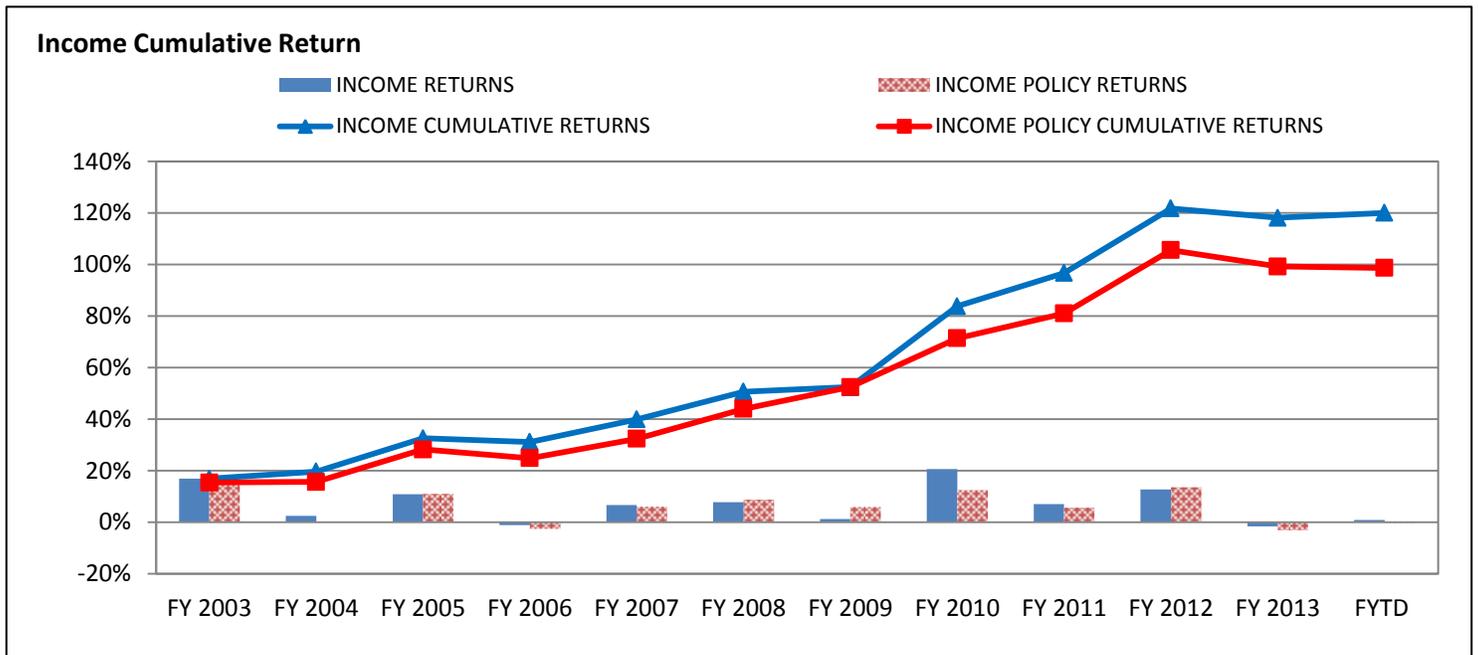
*Capital markets assumptions used in the 2010 ALM Workshop



INCOME PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|----------------------------------|------------------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS |
| INCOME | \$ 40.5 Billion | 0.9% | 115 | 5.1% | 70 | 8.7% | 295 | 6.3% | 77 |
| TOTAL DOMESTIC FIXED INCOME | \$ 36.5 Billion | 0.7% | 132 | 5.5% | 64 | 9.2% | 309 | 6.5% | 80 |
| TOTAL INTERNATIONAL FIXED INCOME | \$ 4.0 Billion | 3.1% | 19 | 1.5% | 91 | 4.6% | 217 | 4.8% | 73 |

* Performance for the total asset class and top 2 strategies based on ending market value



Liquidity Summary

Investment Objective

The role of Liquidity is to exhibit safety and capital preservation properties as well as to provide effective risk protection during a financial crisis.

- CalPERS ALM Workshop (2013)

The liquidity program is composed of two sub-programs: U.S. Treasury 2-10 year portfolio and a short-term portfolio. The U.S. Treasury portfolio is internally managed and represents approximately 3% of the CalPERS portfolio.

The short-term portfolio is also internally managed and represents approximately 1% of the CalPERS portfolio. The strategic objective of both programs is to achieve the highest total rate of return with a prudent level of risk.

Asset Class Characteristics

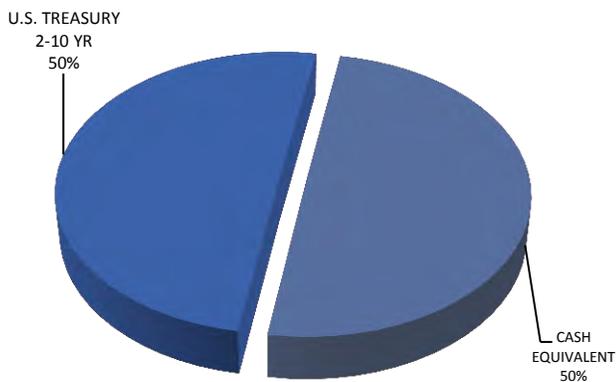
Senior Investment Officer: Curtis D. Ishii

Assets: \$12.6 Billion

Benchmark: 75% Barclays Treasury 2-10 yr + 25% 1-mo 1-mo T-bill

- The Liquidity Program was initiated in 2011 and is comprised of two components
 - U.S. Treasury 2-10 Year Portfolio
 - Short-Term Liquidity Portfolio

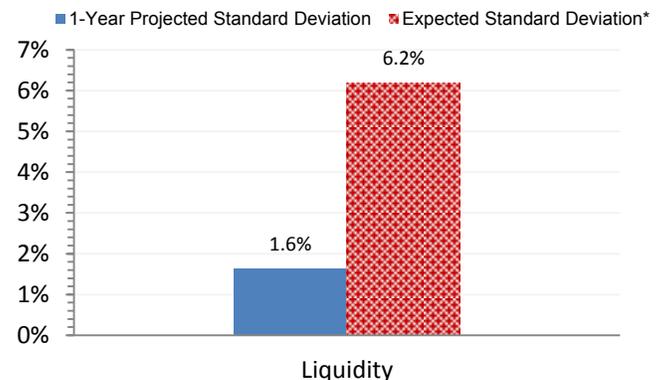
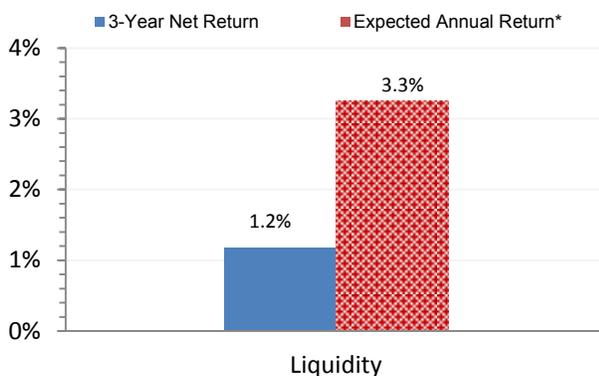
Liquidity Programs



| Class Allocation | Income |
|---|-----------------|
| Strategic Target Range % | 1-7% |
| Interim Strategic Target % | 4% |
| Actual Investment % | 4% |
| Variance % (Strategic vs. Actual) | 0% |
| Interim Strategic Target | \$ 11.3 Billion |
| Actual Investment | \$ 12.6 Billion |
| Variance \$(Interim Strategic vs. Actual) | \$ 1.3 Billion |

Asset Liability Management Expectations

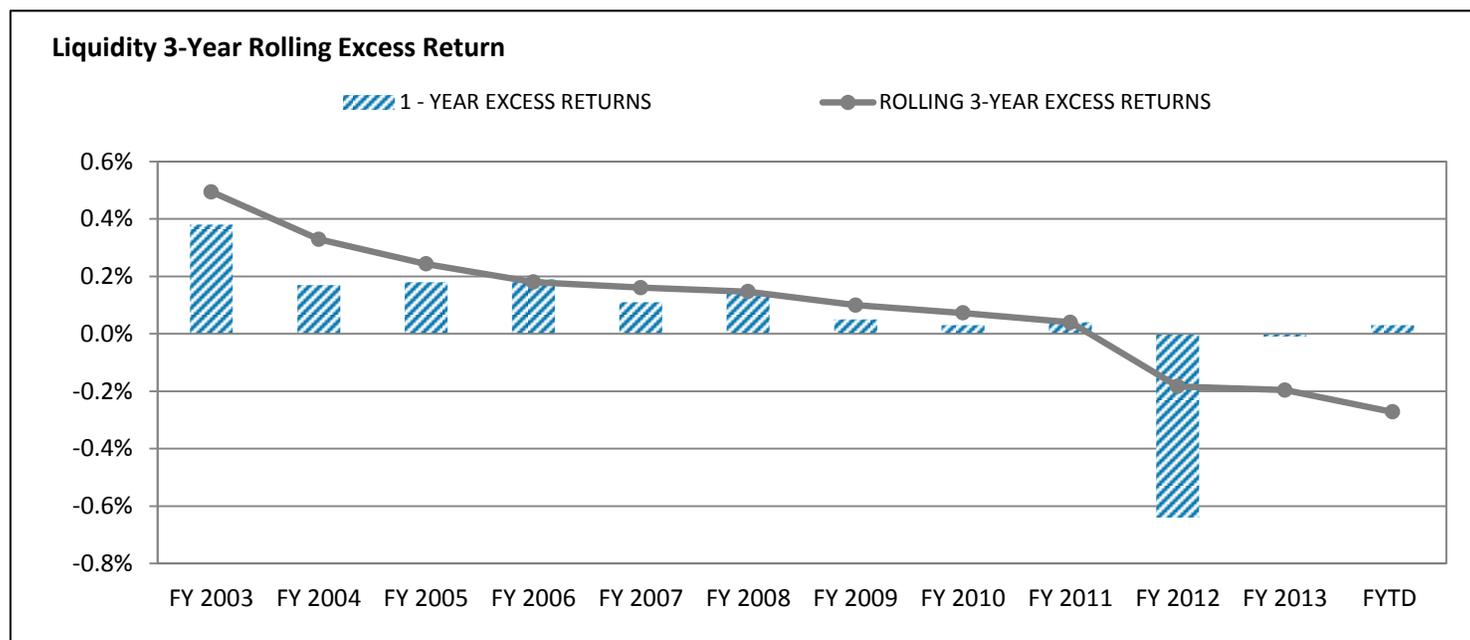
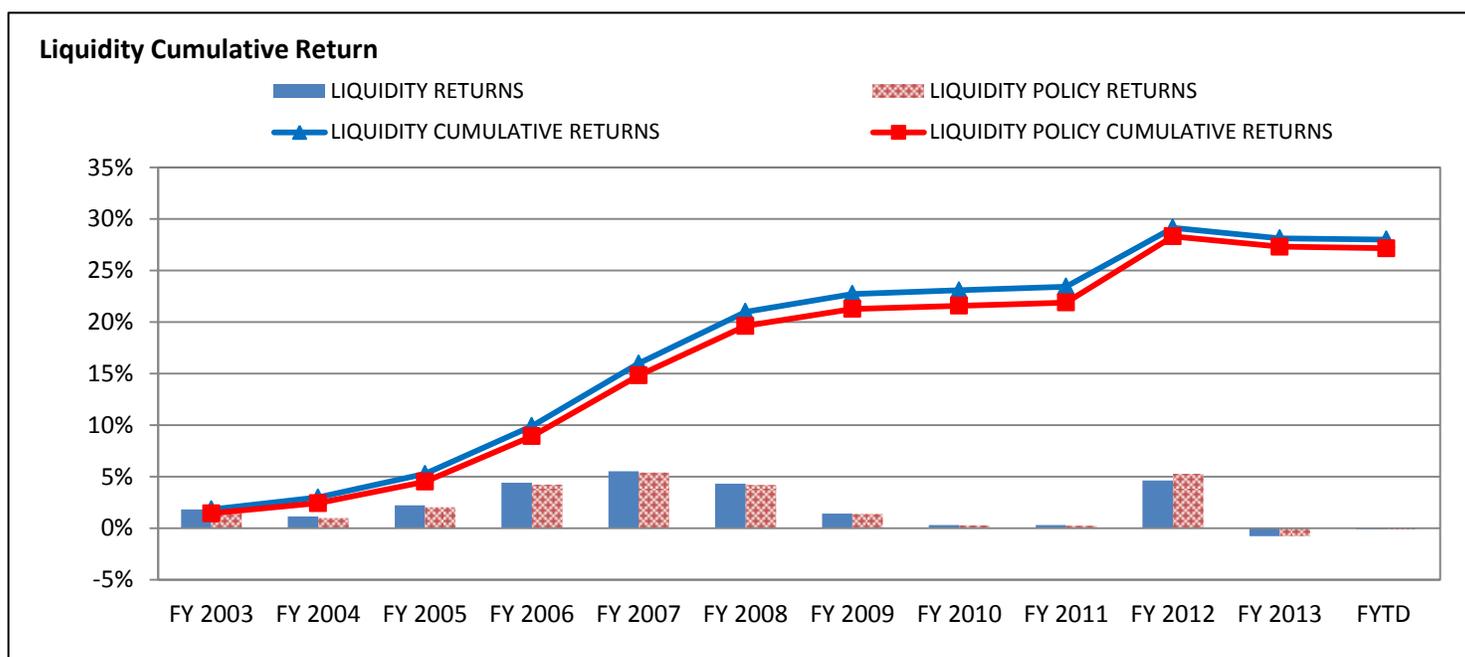
*Capital markets assumptions used in the 2010 ALM Workshop



LIQUIDITY PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|--------------------------------|------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| LIQUIDITY | \$ 12.6 Billion | (0.3%) | (21) | 1.2% | (27) | 0.9% | (15) | 2.2% | (0) |
| US 2-10 YR TREASURY | \$ 6.3 Billion | (0.6%) | (37) | N/A | N/A | N/A | N/A | N/A | N/A |
| INTERNAL SHORT TERM PORTFOLIO | \$ 4.9 Billion | 0.0% | 7 | 0.1% | 12 | 0.2% | 8 | 1.9% | 9 |

* Performance for the total asset class and top 2 strategies based on ending market value



Inflation Summary

Investment Objective

The role of Inflation Assets is to provide liquid and strong protection against inflation.

- CalPERS ALM Workshop (2013)

The role of Inflation-Linked Bonds is to provide a direct hedge against inflation using liquid securities and to be a partial liability hedge with some income yield. Inflation-linked bonds are internally managed and represent approximately 3% of the CalPERS portfolio.

Commodities is also internally managed and represents approximately 1% of the CalPERS portfolio. Commodities is managed through an unlevered exposure to a diversified group of commodity futures or their investment equivalents.

Asset Class Characteristics

Senior Investment Officer: Curtis D. Ishii

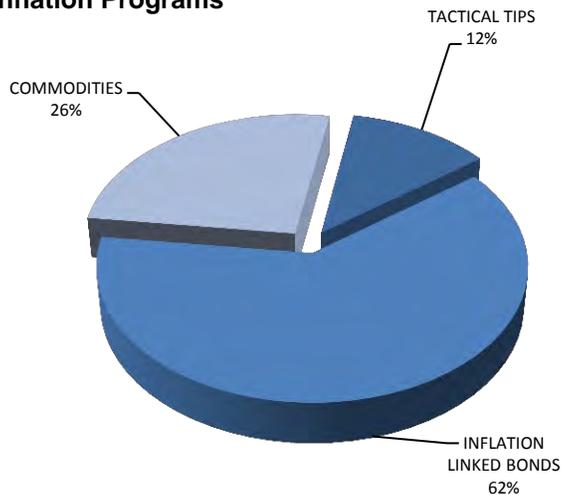
Assets: \$9.3 Billion

Benchmark: 75% Global ILB Custom Index + 25%
Standard & Poor's GSCI Total Return Index

*Global ILB Custom Index : Blend of 67% Barclays Global Inflation-Linked U.S. and 33% Barclays Universal Government Inflation Linked Bond Index ex-US

- The Inflation Program was initiated in 2008 and is comprised of 2 main components
 - Inflation-Linked Bonds
 - Commodities
- Inflation assets provide strong liquid inflation protection
 - Liquidity
 - Moderate growth risks
 - Low Cash yield

Inflation Programs

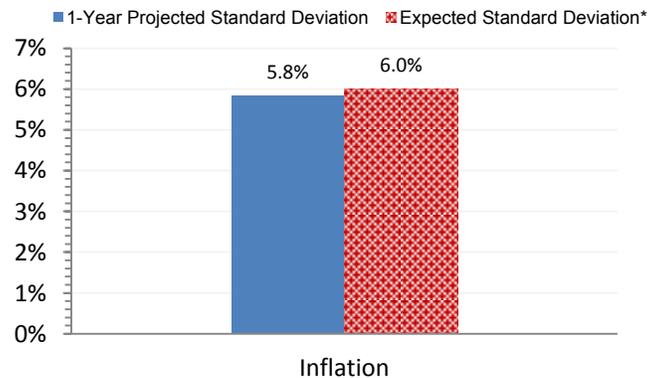
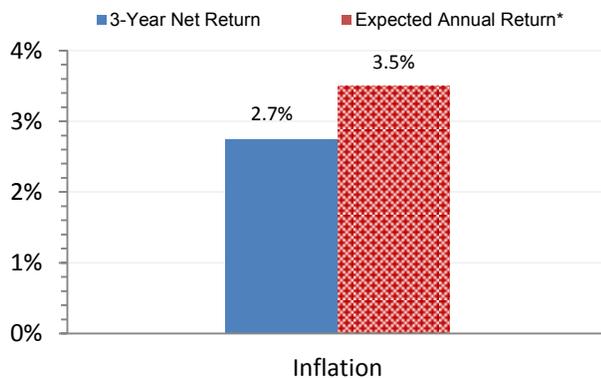


Class Allocation

| Class Allocation | Inflation |
|---|-----------------|
| Strategic Target Range % | 1-7% |
| Interim Strategic Target % | 4% |
| Actual Investment % | 3% |
| Variance % (Strategic vs. Actual) | (1%) |
| Interim Strategic Target | \$ 11.3 Billion |
| Actual Investment | \$ 9.3 Billion |
| Variance \$(Interim Strategic vs. Actual) | \$(2.1 Billion) |

Asset Liability Management Expectations

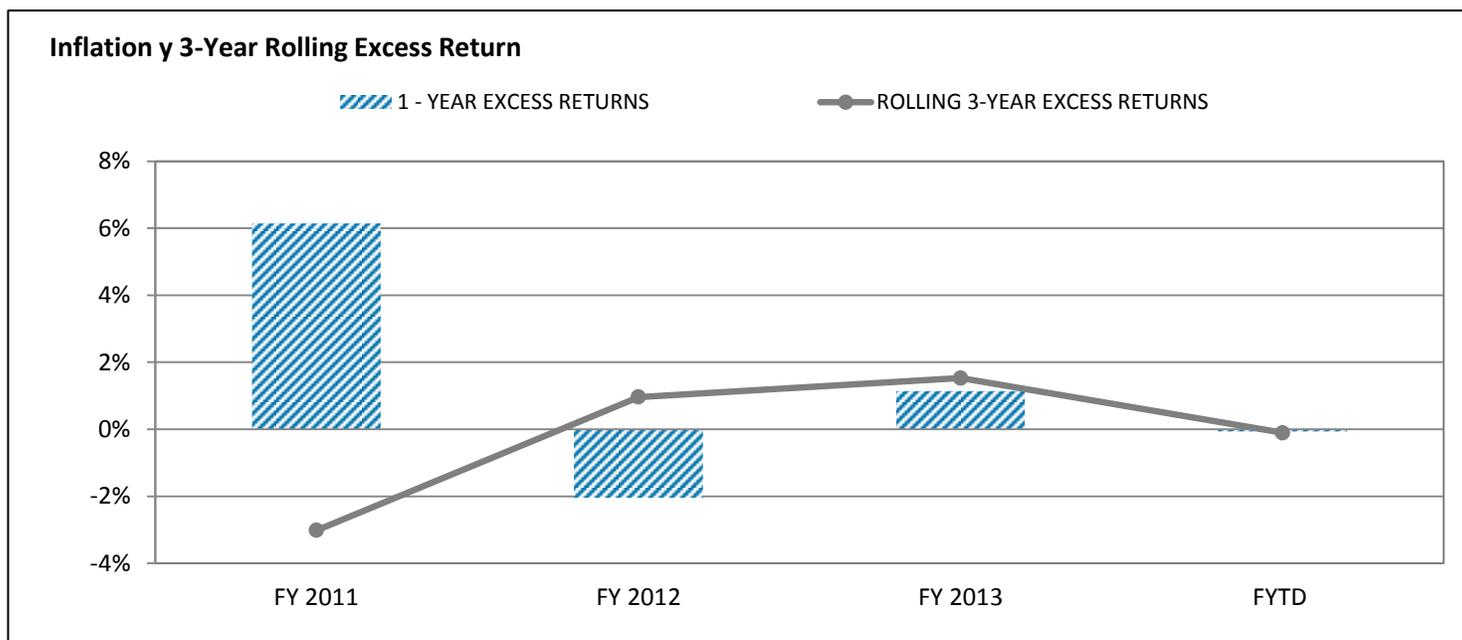
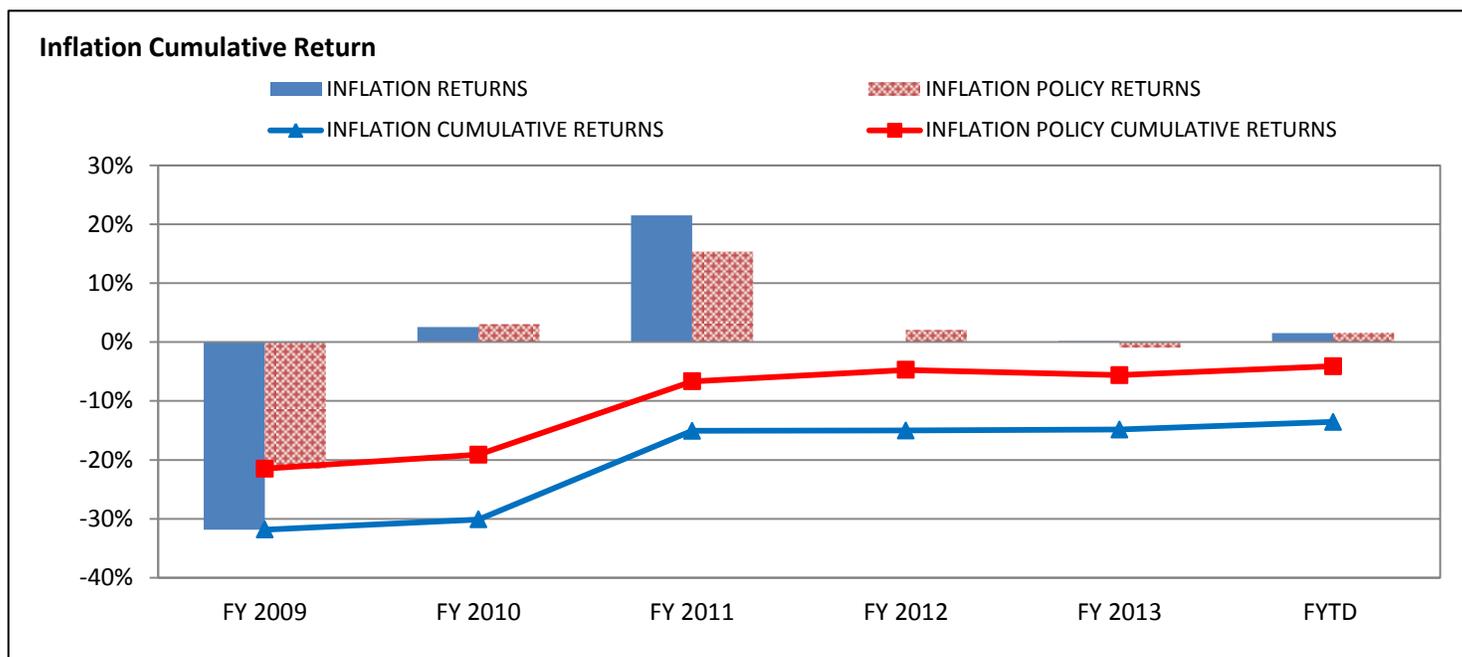
*Capital markets assumptions used in the 2010 ALM Workshop



INFLATION PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|--------------------------------|-----------------------|-------------|------------|-------------|-------------|-------------|------------|------------|------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| INFLATION | \$ 9.3 Billion | 1.5% | (7) | 2.7% | (11) | 6.2% | 75 | N/A | N/A |
| CORE INFLATION LINKED BONDS | \$ 5.8 Billion | 1.0% | 8 | 4.8% | 42 | 6.3% | 25 | N/A | N/A |
| INTERNAL COMMODITIES | \$ 1.2 Billion | 2.8% | (167) | (1.1%) | (37) | 3.9% | 3 | N/A | N/A |
| TACTICAL COMMODITIES | \$ 1.2 Billion | 3.9% | (48) | N/A | N/A | N/A | N/A | N/A | N/A |
| TACTICAL TIPS | \$ 1.1 Billion | (1.5%) | (21) | N/A | N/A | N/A | N/A | N/A | N/A |

* Performance for the total asset class and top 4 strategies based on ending market value



Real Assets Summary

Investment Objective

The role of Real Estate is to have ownership risk in real property with stable cash yield and act as an economic diversifier to equity risk. Capital allocation is an added, but lower source of return.

- CalPERS ALM Workshop (2013)

The role of Infrastructure is to have ownership risk in essential infrastructure assets and provide predictable returns with moderate long-term inflation protection. Infrastructure also acts as an economic diversifier to equity risk.

- CalPERS ALM Workshop (2013)

The role of Forestland is to have ownership risk in forestland properties, enhance long-term inflation protection and provide moderate cash yield.

- CalPERS ALM Workshop (2013)

Asset Class Characteristics

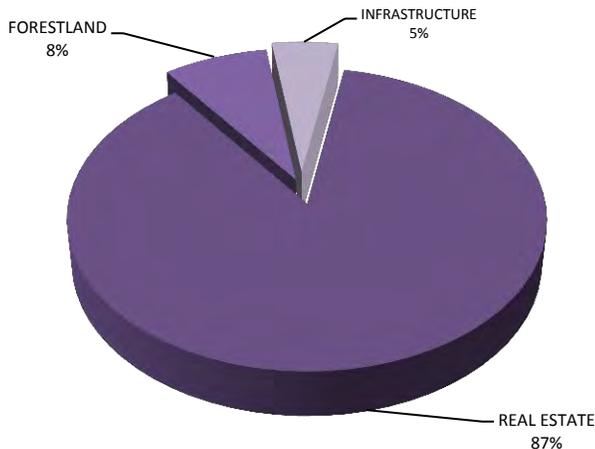
Senior Investment Officer: Theodore Eliopoulos

Assets: \$27.8 Billion

Benchmark: 77% Real Estate benchmark + 15% Infrastructure benchmark + 8% Forestland benchmark

- Real Estate Program
Benchmark: Exceed NCREIF ODCE
 - Stable cash yield with real property ownership
 - Acts as a partial inflation hedge
- Infrastructure Program
Benchmark: CPI +4%, lagged one quarter
 - Predictable returns with essential infrastructure assets ownership
 - Economic diversifier
- Forestland Program
Benchmark: NCREIF Timberland
 - Forestland properties ownership
 - Inflation protection, illiquid

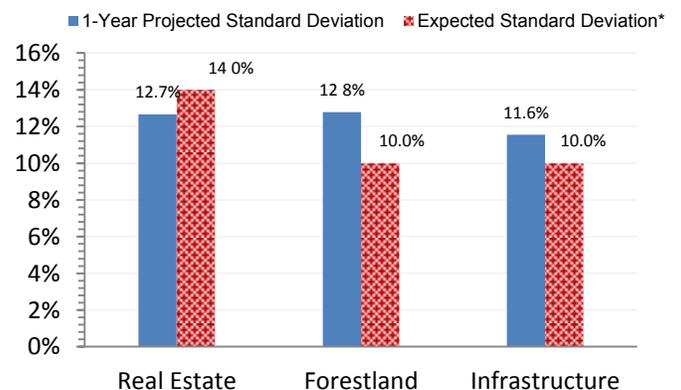
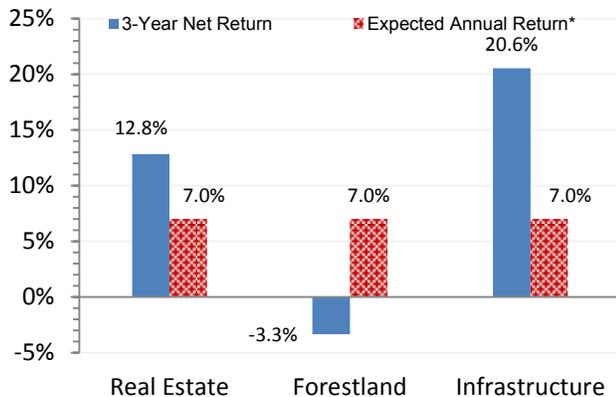
Real Assets Programs



| Class Allocation | Real Estate | Forestland/Infrastructure |
|-----------------------------|-----------------|---------------------------|
| Strategic Target Range % | 7-13% | 1-5% |
| Interim Strategic Target % | 9% | 2% |
| Actual Investment % | 9% | 1% |
| Variance | 0% | (1%) |
| Interim Strategic Target \$ | \$ 25.5 Billion | \$ 5.7 Billion |
| Actual Investment \$ | \$ 24.2 Billion | \$ 3.6 Billion |
| Variance \$ | \$(1.3 Billion) | \$(2.1 Billion) |

Asset Liability Management Expectations

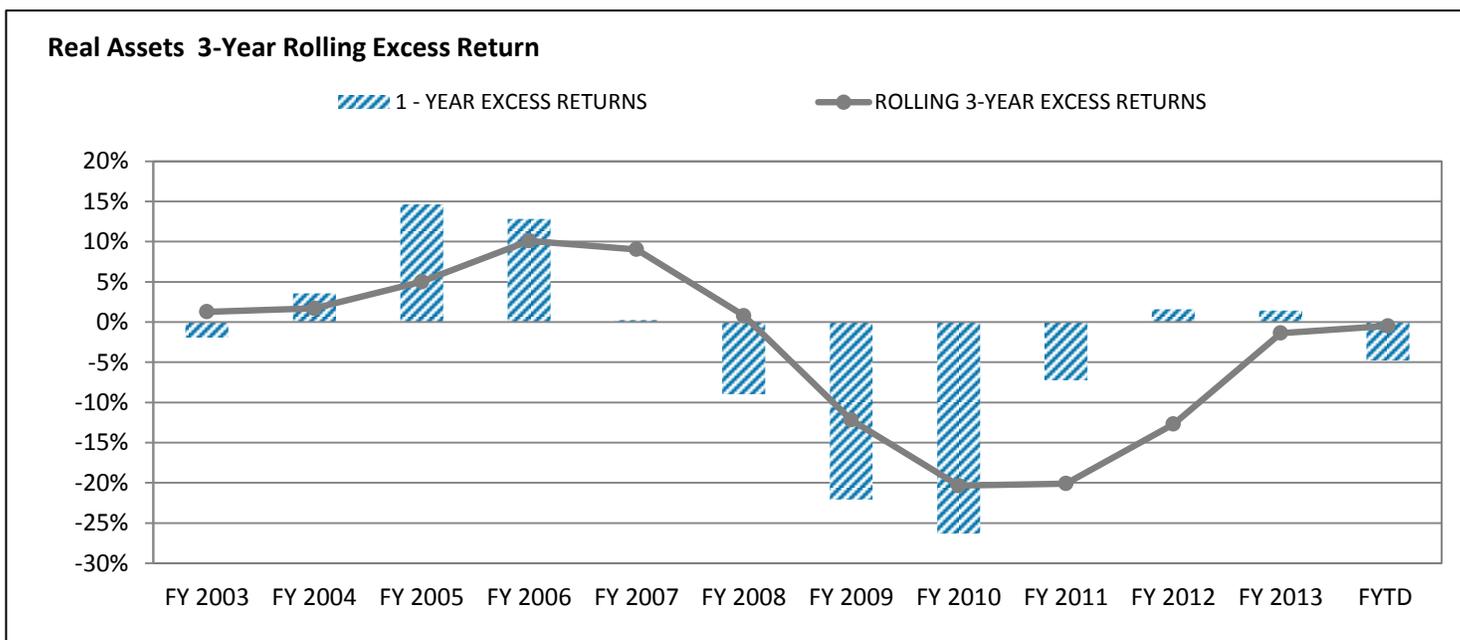
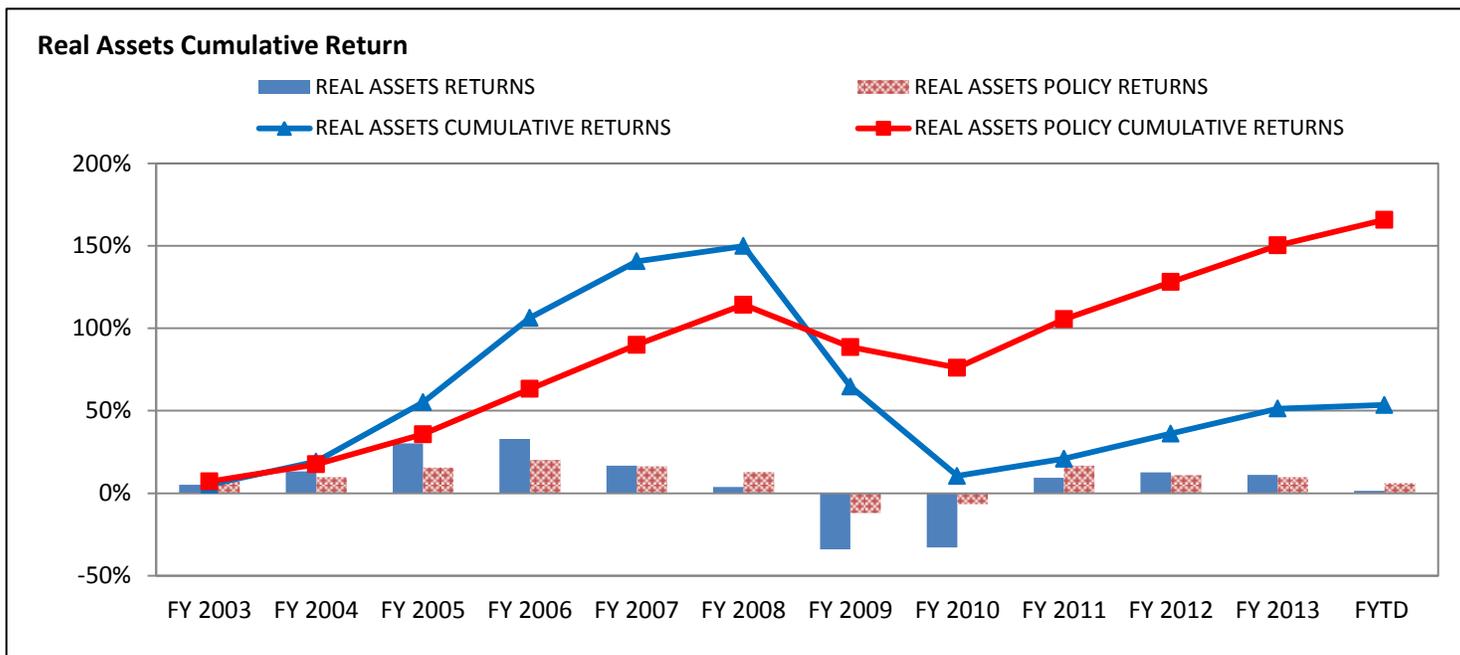
*Capital markets assumptions used in the 2010 ALM Workshop



REAL ASSETS PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|--------------------------------|------------------------|-------------|--------------|--------------|-------------|---------------|--------------|-------------|--------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| REAL ASSETS | \$ 27.8 Billion | 2.7% | (353) | 11.3% | (49) | (5.6%) | (993) | 3.6% | (548) |
| REAL ESTATE | \$ 24.2 Billion | 2.8% | (423) | 12.8% | (33) | (6.5%) | (1249) | 2.9% | (675) |
| FORESTLAND | \$ 2.2 Billion | (1.3%) | (333) | (3.3%) | (731) | (1.5%) | (352) | N/A | N/A |
| INFRASTRUCTURE | \$ 1.4 Billion | 7.0% | 439 | 20.6% | 1363 | 16.2% | 943 | N/A | N/A |

* Performance for the total asset class and top 3 strategies based on ending market value



Absolute Return Strategies (ARS) Summary

Investment Objective

The role of Absolute Return Strategies (ARS) is to act as an economic diversifier to equity risk and provide capital protection in bearish markets.

- CalPERS ALM Workshop (2013)

The Absolute Return Strategies (ARS) program acts as a diversifier to equity growth risk in the CalPERS Total Fund by providing a return stream that demonstrates a low beta to Global Equity.

ARS provides insights into markets, risk appetites, and opportunities through partnership with ARS external managers. ARS is able to produce returns when traditional asset classes underperform and reduce volatility by focusing on capital preservation

Asset Class Characteristics

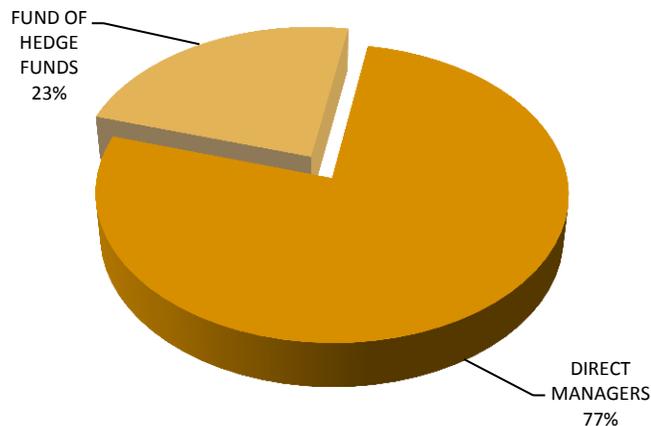
Senior Portfolio Manager: Ed Robertiello

Assets: \$5.4 Billion

Benchmark: 1 yr. Treasury Note + 5%

- Performance is measured in an absolute sense rather than relative to a benchmark
- ARS manages approximately \$1.5 billion in fund of funds
 - Emerging Fund of Funds
 - Asian Fund of Funds
 - European Fund of Funds
- Oversee approximately \$3.5 billion in direct investments through multiple strategies
 - Equity & Credit Long/Short
 - Commodities
 - Global Macro
 - Market Neutral

ARS Programs



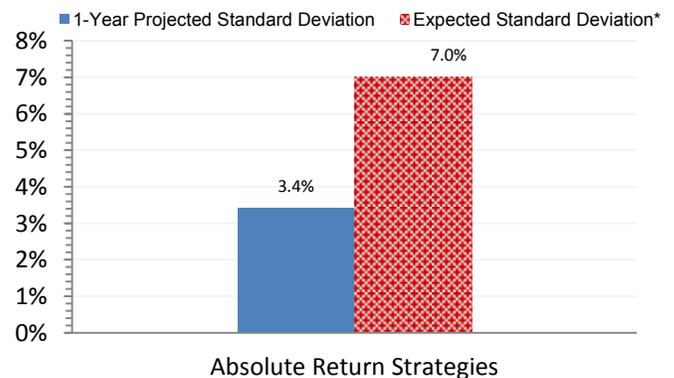
Class Allocation

ARS

| | |
|---|----------------|
| Strategic Target Range % | N/A |
| Interim Strategic Target % | N/A |
| Actual Investment % | 2% |
| Variance % (Strategic vs. Actual) | N/A |
| Interim Strategic Target | N/A |
| Actual Investment | \$ 5.4 Billion |
| Variance \$(Interim Strategic vs. Actual) | N/A |

Absolute Return Strategies Expectations

*Assumptions reported in the 2013 Annual Program Review



ABSOLUTE RETURN STRATEGIES PERFORMANCE

| MONTH ENDING DECEMBER 31, 2013 | | FYTD | | 3-YR | | 5-YR | | 10-YR | |
|-----------------------------------|-----------------------|-------------|------------|-------------|--------------|-------------|------------|-------------|--------------|
| Asset Class* | Ending Market Value | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS | Net Return | Excess BPS |
| ABSOLUTE RETURN STRATEGIES | \$ 5.4 Billion | 4.6% | 203 | 3.3% | (209) | 6.2% | 66 | 4.9% | (241) |
| ARS DIRECT MANAGERS | \$ 4.1 Billion | 5.3% | 266 | 3.7% | (168) | 7.4% | 188 | 5.3% | (183) |
| ARS FUND OF HEDGE FUNDS | \$ 1.2 Billion | 3.3% | 66 | 2.3% | (307) | 2.8% | (275) | N/A | N/A |

* Performance for the total asset class and top 2 strategies based on ending market value

