



Callan Associates Inc.
1900 16th Street
Suite 1175
Denver, CO 80202



Main 303.861.1900
Fax 303.832.8230

www.callan.com

September 9, 2015

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, 2015.

Callan Associates Inc. (Callan) independently 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. Callan incorporates that data into the total plan returns.

Callan serves as ARMB's 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 were made using methodology similar to Global Investment Performance Standards.

ARMB's primary investment objective is to prudently and expertly invest assets, in accordance with governing law and industry practices, in a manner that will help ensure assets under supervision are sufficient to pay promised benefits to its members and their beneficiaries. In pursuit of this objective, ARMB periodically evaluates liabilities, expected contributions and potential earnings. This analysis is used to consider a wide range of potentially viable investment strategies. 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 asset allocation policy. This policy benchmark is a custom index comprised of equity, fixed income, real estate and other market indices weighted in the same proportions as ARMB's investment policy.

Equity markets in the U.S. climbed steadily higher during the fiscal year 2015. The Russell 3000 Index, a measure of broad U.S. equity, gained 7.29%. Returns for equities outside of the U.S. did not fare as well. International stocks, as measured by the MSCI ACWI ex-U.S. Index, lost 4.85% for the period. A broad measure of the total global equity market (MSCI All Country World Index) rose 1.23%.

Investment Section

A flattening yield curve during the period boosted fixed income performance. The Barclays Capital Aggregate Bond Index, a widely used gauge of the investment grade domestic bond market, gained 1.86%. Absolute return strategies, such as hedge fund-of-funds, posted modest gains during the fiscal year. The Callan Absolute Return Hedge Fund-of-Funds Style median return was 2.28% (net-of-fee). Private real estate investments (NCREIF Property Index) turned in another solid year, returning 12.98%. Publicly traded real estate, as measured by the NAREIT Equity Index, did not perform as well and increased only 4.14%.

ARMB's various asset group returns performed as expected.

Domestic stocks	7.84%
Int'l Stocks	-3.32%
Alternative Equity	-0.81%
Fixed Income	-0.73%
Real Assets	3.71%
Private Equity	13.77%
Absolute Return	9.24%

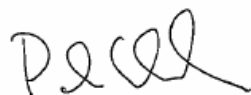
For the fiscal year, the Public Employees Retirement System (PERS) had a time-weighted total return of 3.29% and the Teachers Retirement System (TRS) had a time-weighted total return of 3.30%. Both systems outperformed their strategic policy benchmark target return of 2.74% and the median return for Callan's Public Fund database of 3.21%.

Over longer-term periods, PERS and TRS have closely tracked their target index returns. For example, PERS' 10-year annualized return was 6.69% while TRS's return was slightly higher at 6.73%. These returns were in line, but slightly above, their target return of 6.54%. Over the longest period for which Callan has detailed data (23.75 years), PERS and TRS have achieved annualized total returns of 7.84% and 7.90%, respectively, while the policy benchmark return was 7.80%.

Both systems are well diversified and currently have asset allocation policies that, in our opinion, are consistent with achievement of a long-term "real" return of 4.5% or better.

In summary, fiscal 2015 was a year in which asset class returns were varied and a well-diversified portfolio was able to produce positive results.

Sincerely,



Paul Erlendson
Senior Vice President

Department of Revenue Treasury Division Staff As of June 30, 2015

Commissioner
Randall Hoffbeck

Chief Investment Officer
Gary Bader

Investment Officers

Bob G. Mitchell

Casey Colton

Stephen R. Sikes

Nicholas Orr

Deputy Commissioner
Jerry Burnett

Comptroller
Scott Jones, CPA

Zachary Hanna

Victor Djajalie

Steve Verschoor

Joy Wilkinson

Shane Carson

Alyson Campbell

Director
Pamela Leary, CPA

Cash Management
Michelle M. Prebula, MBA, CPA, CCM

Sean Howard

Emily Peyton

Paul Hackenmueller

ARMB Liaison Officer

Judy Hall

External Money Managers and Consultants

Domestic Equity Large Capitalization

Allianz Global Investors

San Francisco, CA

Analytic Investors LLC

Los Angeles, CA

Barrow, Hanley, Mewhinney & Strauss

Dallas, TX

Capital Guardian Trust Co.

Los Angeles, CA

McKinley Capital Management, Inc.

Anchorage, AK

Relational Investors LLC

San Diego, CA

Quantitative Management Associates

Newark, NJ

State Street Global Advisors

San Francisco, CA

Domestic Equity Small Capitalization

Barrow, Hanley, Mewhinney & Strauss

Dallas, TX

Frontier Capital Management

Boston, MA

Jennison Associates LLC

New York, NY

Lord Abbett & Co.

Jersey City, NJ

Luther King Capital Management

Fort Worth, TX

State Street Global Advisors

San Francisco, CA

Victory Capital Management

St. Louis, MO

Domestic Equity MicroCap

DePrince, Race & Zollo, Inc.

Winter Park, FL

Lord Abbett & Co.

Jersey City, NJ

Zebra Capital Management

Mitford, CT

Domestic Equity Index Fund

State Street Global Advisors

San Francisco, CA

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

Baillie 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 Small Cap

Mondrian Investment Partners

London, England

Schroders Investment Management NA

New York, NY

Emerging Market Income

Lazard Asset Management

New York, NY

NFJ Investment Group

Dallas, TX

International Fixed Income

Mondrian Investment Partners

London, England

High Yield/Convertible Bond/Tactical Bond

MacKay Shields LLC

New York, NY

Advent Capital Management

New York, NY

Pyramis Global Advisors

Smithfield, RI

Investment Section

External Money Managers and Consultants (cont.)

Taxable Municipal Bonds

Guggenheim Partners LLC
Santa Monica, CA
Western Asset Management Company
Pasadena, CA

Master Limited Partnerships

Advisory Research
St. Louis, MO
Tortoise Capital Advisors LLC
Leawood, KS

Absolute Return

Allianz Global Investors
New York, NY
Crestline Investors, Inc.
Fort Worth, TX
Global Assets Management Inc.
Los Angeles, CA
KKR (formerly Prisma Capital Partners)
New York, NY

Private Equity

Abbott Capital Management, L.P.
New York, NY
Pathway Capital Management, LLC
Irvine, CA

Real Assets – Real Estate Core Separate Accounts

LaSalle Investment Management
Chicago, IL
Sentinel Real Estate Corporation
New York, NY
UBS Realty Investors, LLC
San Francisco, CA

Real Assets – Commingled Real Estate Funds

Almanac Realty Investors
Alpharetta, GA
BlackRock Realty
San Francisco, CA
Colony Capital
Los Angeles, CA
Coventry Real Estate Fund II, LLC
New York, NY
Clarion Partners
New York, NY
J.P. Morgan Investment Management Inc.
New York, NY
Silverpeake Real Estate Partners
New York, NY
Lowe Hospitality Investment Partners, LLC
Los Angeles, CA
Sentinel Real Estate Corporation
New York, NY
Tishman Speyer Properties
New York, NY
UBS Realty Investors, LLC
Hartford, CT

Real Assets – Energy

EIG Global Energy Partners
Washington, DC

Real Assets – Infrastructure

Brookfield Investment Management
Encinitas, CA
Industry Funds Management
New York, NY
JP Morgan Asset Management
San Francisco, CA
Lazard Asset Management
New York, NY

Real Assets – Farmland and Timber

Hancock Agricultural Investment Group
Boston, MA
UBS AgriVest, LLC
Hartford, CT
Hancock Timber Resource Group
Charlotte, NC
Timberland Investment Resources LLC
Brookline, MA

Supplemental Benefits System, Deferred Compensation Plan and Defined Contribution Plan

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

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

Buck Consultants
Denver, CO
Gabriel Roeder Smith
Denver, CO

Teachers' Retirement System Investment Report

INVESTMENTS

The investment goals of the State of Alaska Teachers' Retirement System (TRS) 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:

Asset Class	Benchmark
Domestic Equity	Russell 3000 Index
Global Equities Ex-U.S.	MSCI All Country World Ex-U.S. Index
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 2015 fiscal year, ARMB's target asset allocation was 26% domestic equities, 25% global equities ex-U.S., 3% alternative equity strategies, 9% private equity, 17% real assets, 12% fixed income, 5% absolute return, and 3% cash equivalents. The target asset allocation is expected to generate a return of 7.22% with a standard deviation of 15.01%.

Investment Section

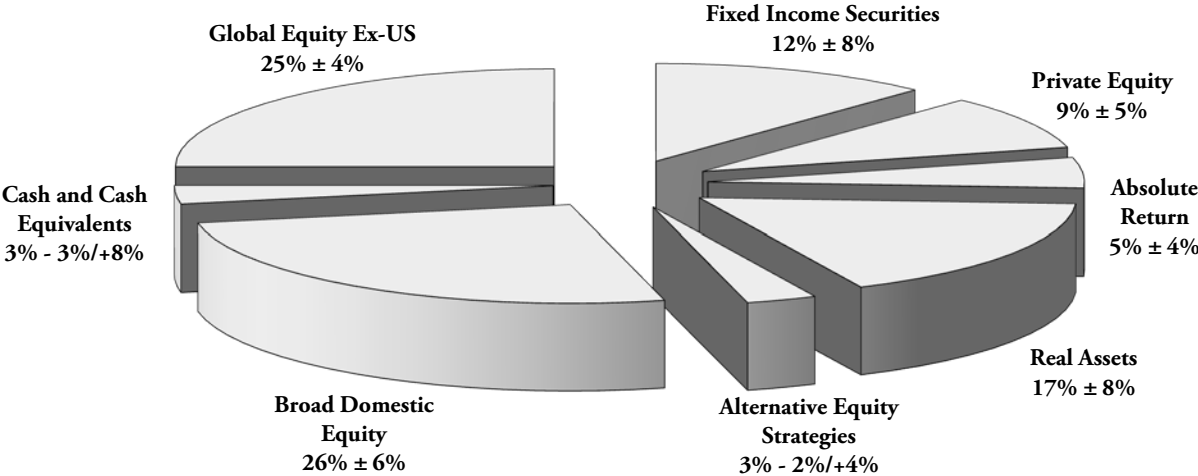
Teachers' Retirement System Schedule of Investment Results Fiscal Years Ended June 30

	2011	2012	2013	2014	2015	Annualized	
						3 Year	5 Year
Total Fund							
TRS	21.40%	0.51%	12.59%	18.46%	3.30%	11.30%	10.96%
<i>Actuarial Earnings Rate</i>	8.00	8.00	8.00	8.00	8.00	8.00	8.00
U.S. Common Stock Returns							
TRS Domestic Equities	33.38	1.83	21.24	25.45	7.85	18.04	17.44
<i>Custom Composite Index</i>	32.37	3.84	21.46	25.22	7.29	17.73	17.54
Fixed Income							
TRS	5.55	4.82	0.57	5.14	(0.73)	1.63	3.04
<i>Custom Composite Index</i>	5.06	5.08	(0.04)	3.31	0.41	1.22	2.74
Real Assets							
TRS	15.51	10.45	10.65	12.71	3.69	9.13	10.59
<i>Custom Composite Index</i>	12.66	11.41	8.35	10.98	7.99	9.10	10.26
International Stock Returns							
TRS International Equities	28.27	(13.66)	15.03	23.41	(3.28)	11.14	8.74
<i>MSCI ACWI ex-US</i>	30.27	(14.15)	14.14	22.27	(4.85)	9.92	8.23
Private Equity							
TRS	20.12	9.44	11.68	24.19	13.77	16.42	15.71
<i>Custom Composite Index</i>	32.93	(3.61)	21.24	24.01	3.33	15.82	14.76
Absolute Return							
TRS	5.99	(2.05)	8.41	6.51	9.24	8.05	5.54
<i>3-month Treasury Bill +5%</i>	5.16	5.06	5.11	5.05	5.02	5.06	5.08
Alternative Equity							
TRS	—	—	—	24.55	(0.88)	—	—
<i>Custom Composite Index</i>	—	—	—	18.70	4.26	—	—
Cash Equivalents							
TRS	0.46	0.42	0.25	0.26	0.27	0.26	0.33
<i>3-month Treasury Bill</i>	0.16	0.06	0.11	0.05	0.02	0.06	0.08

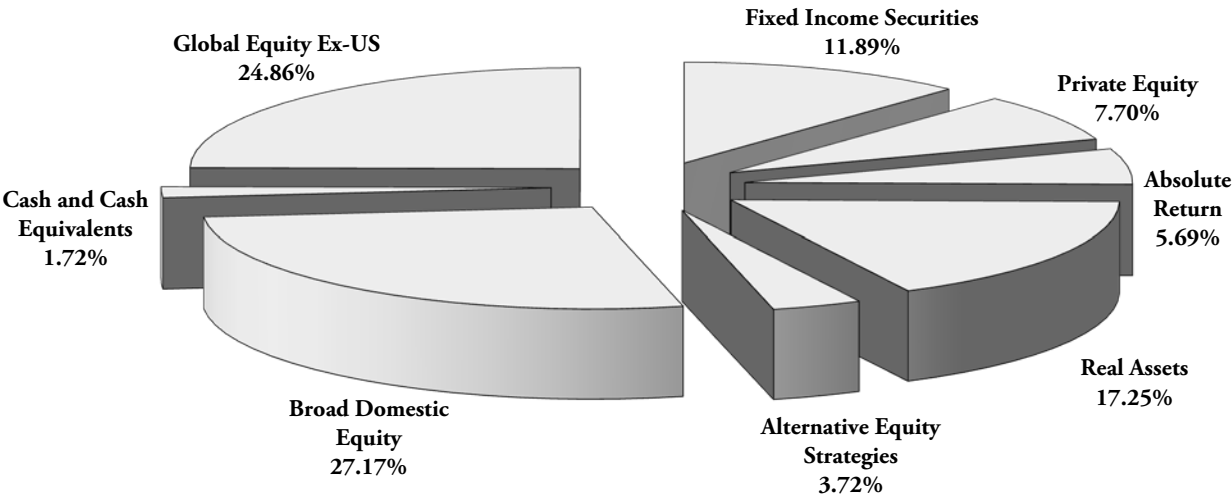
MSCI ACWI =Morgan Stanley Capital International All Country World Index
Returns for periods longer than one year are reported on an annualized basis.
Basis of calculation: Time-Weighed rate of return based on the market rate of return.

**Teachers' Retirement System
Asset Allocation
June 30, 2015**

Policy



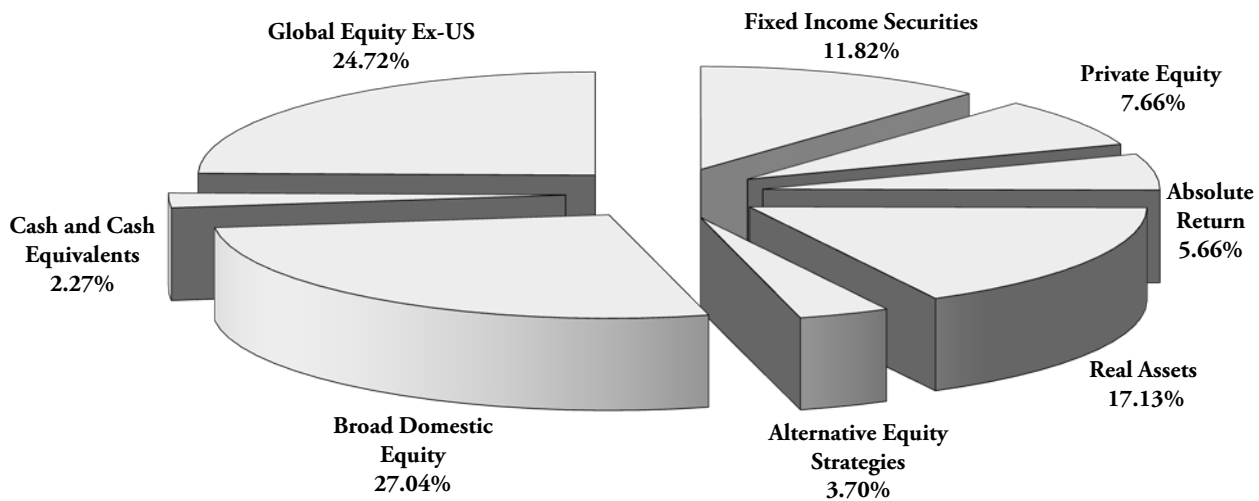
Actual — Defined Benefit Pension



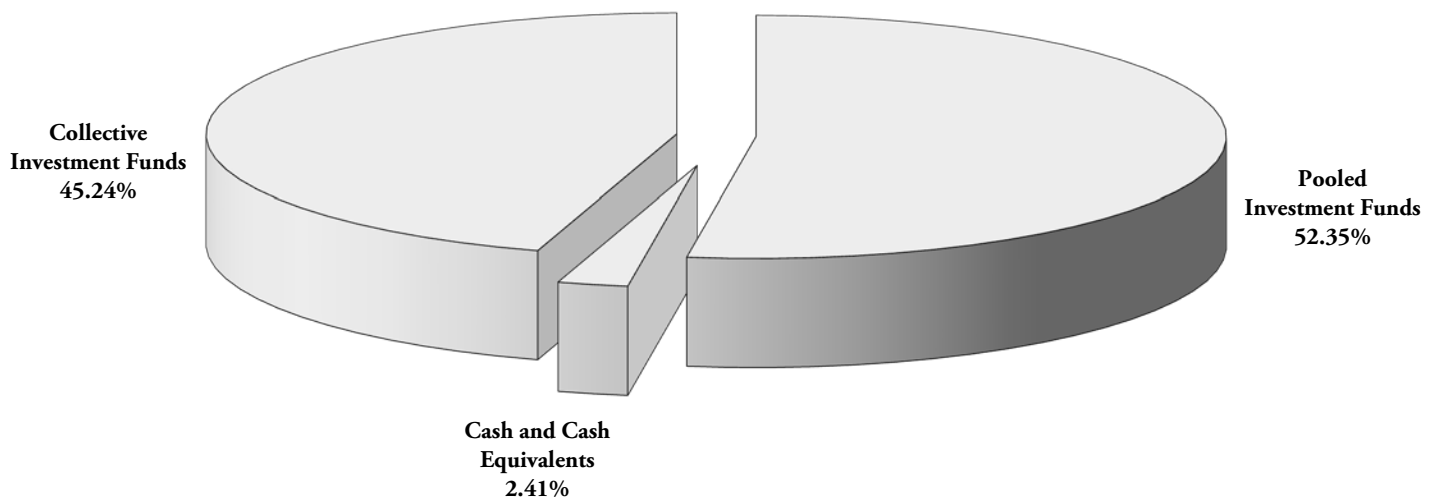
Investment Section

Teachers' Retirement System Asset Allocation June 30, 2015

Actual — Defined Benefit Alaska Retiree Healthcare Trust

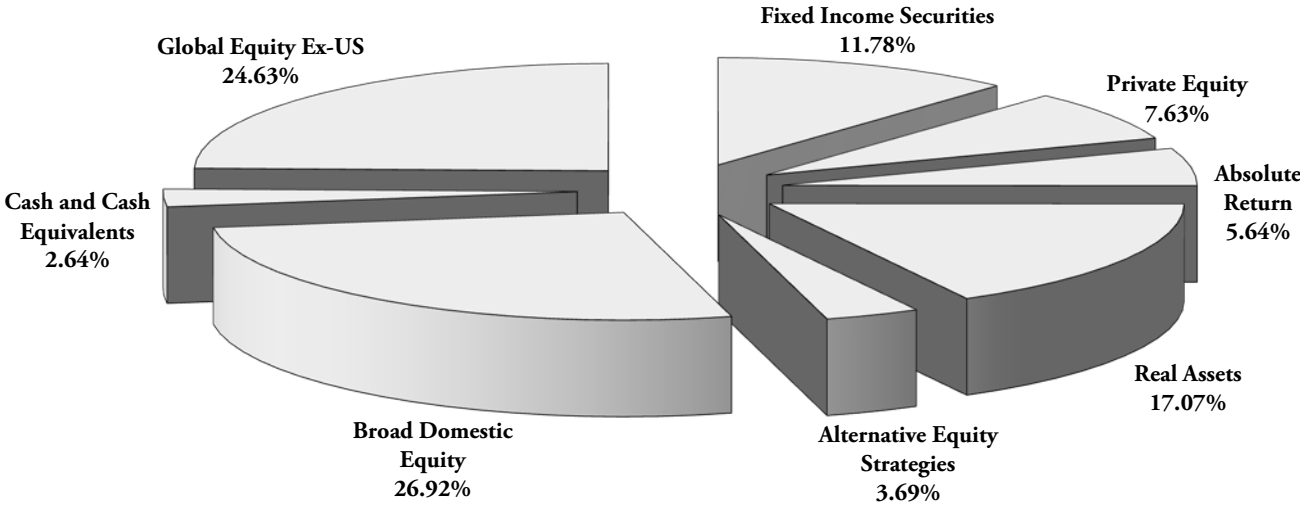


Actual — Defined Contribution Participant Directed

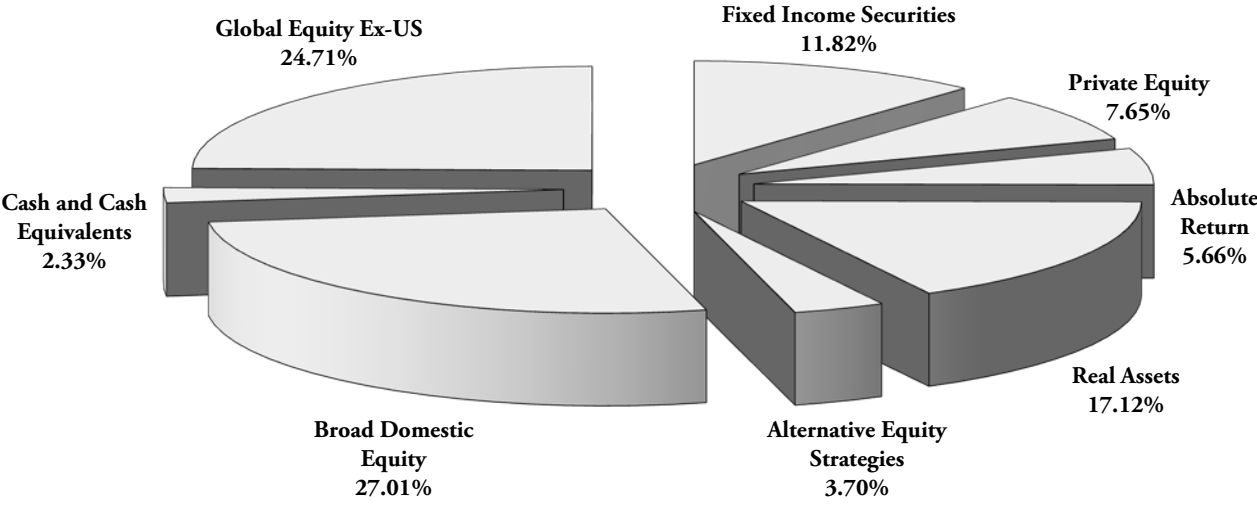


Teachers' Retirement System
Asset Allocation
June 30, 2015

Actual — Health Reimbursement Arrangement



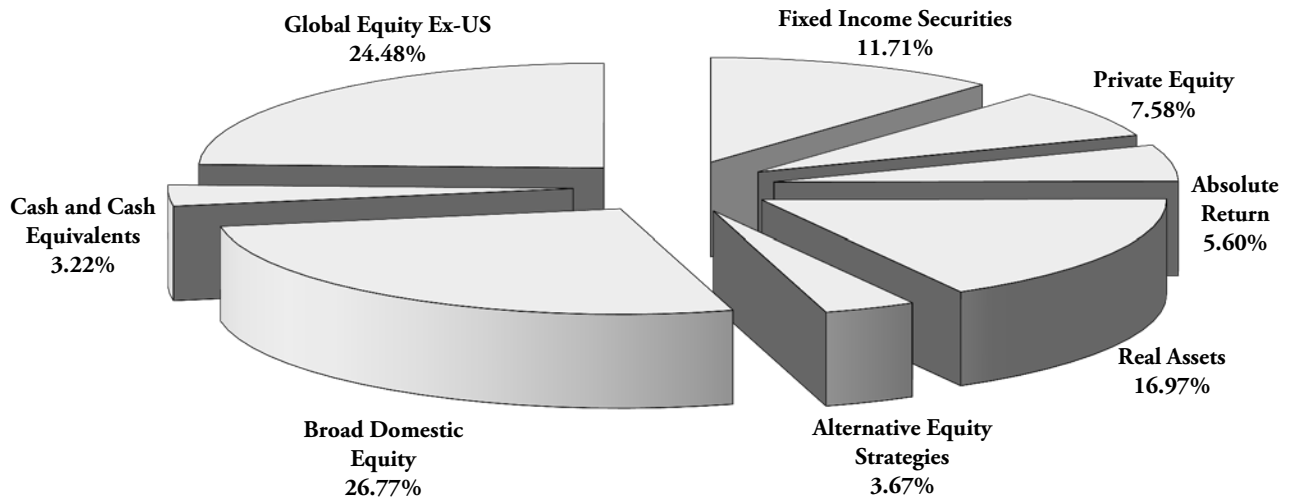
Actual — Occupational Death & Disability



Investment Section

**Teachers' Retirement System
Asset Allocation
June 30, 2015**

Actual — Retiree Medical Plan



Alaska Retirement Management Board
Top Ten Holdings by Asset Type
June 30, 2015

Invested assets under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB) have been commingled in various investment pools to minimize costs and maximize returns. Treasury Division has created twenty-six different mutual fund-like pools to accomplish the investment asset allocation policies of the ARMB. 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

<u>Rank</u>	<u>Largest Fixed Income Holdings</u>	<u>Market Value</u>	<u>Par Value</u>
1	US Treasury 1.750% 9/30/2019	\$61,695,677	\$60,962,241
2	US Treasury 1.375% 2/29/2020	50,417,351	50,858,394
3	US Treasury 0.875% 5/15/2018	49,744,668	49,690,307
4	US Treasury 2.125% 5/15/2025	29,869,536	30,420,915
5	US Treasury 0.750% 4/15/2018	23,922,400	24,048,269
6	US Treasury 1.500% 2/28/2019	23,467,240	23,270,880
7	US Treasury 1.250% 10/31/2018	19,953,120	19,884,756
8	US Treasury 1.500% 8/31/2018	18,806,989	18,564,775
9	US Treasury 1.250% 1/31/2020	11,206,915	11,359,565
10	US Treasury 1.625% 4/30/2019	10,451,050	10,335,581

Equities

<u>Rank</u>	<u>Largest Equity Holdings</u>	<u>Market Value</u>
1	Apple Inc.	\$61,183,130
2	Microsoft Corp.	35,129,291
3	Exxon Mobil Corp.	29,366,197
4	Wells Fargo & Co.	27,976,852
5	Pfizer Inc.	25,486,103
6	JPMorgan Chase & Co.	25,217,517
7	Johnson & Johnson	24,096,538
8	Citigroup Inc.	20,787,017
9	General Electric Co.	20,762,451
10	Procter & Gamble Co./The	19,877,148

Additional investment information may be obtained from the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405.

Investment Section

Teachers' Retirement System Schedule of Investment Management Fees Year Ended June 30, 2015

	<u>Total Fair Value</u>	<u>Fees</u>
Fixed Income		
Municipal Bond Pool		
* Guggenheim Partners	\$ 36,943,300	\$ 72,200
* Western Asset Management	38,363,810	78,441
Total Municipal Bond Pool	<u>75,307,110</u>	<u>150,641</u>
High Yield Pool		
* Mackay Shields, LLC	206,319,985	775,142
Tactical Fixed Income		
* Pyramis Global Advisors	40,454,065	88,858
International Fixed Income		
* Mondrian Investment Partners	127,351,428	421,912
Broad Domestic Equity Pools		
* Allianz Global Investors	121,682,556	279,980
* Barrow, Hanley, Mewhinney & Strauss, INC (LC)	119,021,296	350,238
* Barrow, Hanley, Mewhinney & Strauss, INC (SC)	37,266,641	170,833
* DePrince, Race & Zollo Inc.-Micro Cap	29,094,052	278,945
* Frontier Capital Management	35,951,847	256,678
* Jennison Associates LLC	37,437,795	257,757
* Lazard Asset Management	129,807,079	289,163
* Lord Abbett & Co. (Micro)	39,645,513	310,960
* Lord Abbett & Co. (SC)	38,393,921	225,424
* Luther King Cap. Management	36,259,265	169,238
* McKinley Capital	122,341,907	354,659
* Quantitative Management Associates	114,026,545	302,024
* SSgA Future Small Cap	3,990,781	3,283
* SSgA Futures Large Cap	4,717,513	4,032
* SSgA Russell 1000 Growth	389,569,847	40,698
* SSgA Russell 1000 Value	474,895,561	40,966
* SSgA Russell 200	259,322,581	21,110
* SSgA Russell 2000 Growth	6,587,094	2,637
* SSgA Russell 2000 Value	21,639,403	9,181
* SSgA Volatility - Russell 1000	32,972,386	11,753
* SSgA Volatility - Russell 2000	32,745,237	11,530
* Sycamore Capital Management	38,680,185	253,674
* Zebra Capital Management	24,896,008	2,393
Total Domestic Equities	<u>2,150,945,013</u>	<u>3,647,156</u>
Global Equity Ex-U.S.		
* Allianz Global Investors	85,043,704	290,163
* Arrow Street Capital	70,206,866	194,252
* Baillie Gifford Overseas Limited	91,713,356	302,522
* Blackrock ACWI Ex-US IMI	180,377,812	95,838
* Brandes Investment Partners	363,702,479	1,146,307
* Capital Guardian Trust Co.	269,141,856	818,967
* Lazard Freres	134,833,346	172,095
* McKinley Capital Mgmt.	173,699,569	651,386
* Mondrian Investment Partners	51,996,623	320,678
* Schroder Investment Management	55,784,398	361,108
* SSgA	279,535,137	123,046
Total International Equities	<u>1,756,035,146</u>	<u>4,476,362</u>
Alternative Equity Strategies		
Alternative Equity Pool		
* Analytic SSgA Account	94,982,825	104,786
* Quantitative Management Associates MPS	65,719,373	44,831
** Relational Investors, LLC	22,633,846	458,159
Total Alternative Equity	<u>183,336,044</u>	<u>607,776</u>
Convertible Bond Pool		
* Advent Capital	65,684,789	320,002
Private Equity Pool		
* Abbott Capital Management	257,797,867	574,166
** Angelo Gordon & Co.	1,988,690	40,488
** BlumCapital Partners-Strategic	979,142	62,149
** Glendon Opportunities	6,615,238	39,535
** Lexington Partners	15,890,682	137,184
** Merit Capital Partners	4,729,794	94,864
** Neuberger Berman Secondary Opportunities	5,659,212	207,029
** New Mountain Partners	1,803,000	207,745
** NGP XI	741,903	107,342
** Onex Partners	8,114,883	49,274
* Pathway Capital Management	276,971,080	704,404
** Warburg Pincus	14,891,596	168,768
Total Private Equities	<u>596,183,087</u>	<u>2,392,948</u>

Teachers' Retirement System Schedule of Investment Management Fees (cont.) Year Ended June 30, 2013

	Total Fair Value	Fees
Absolute Return Pool		
** Allianz Global Investors	\$ 70,227,419	\$ 1,512,723
** Crestline Investors Inc.	70,787,701	501,248
** Global Asset Management	125,414,184	834,303
** Prisma Capital Partners	148,897,437	956,777
Total Absolute Return	<u>415,326,741</u>	<u>3,805,051</u>
Real Assets		
Real Estate Pool		
** Almanac Realty Securities IV	740,482	34,811
** Almanac Realty Securities V	5,539,874	76,190
** BlackRock Diamond	5,824,311	86,111
** Colony Investors VIII, L.P.	6,135,709	184,308
** Cornerstone	-	112,050
** Cornerstone Apartment Venture III	75,462	12,247
** Coventry	4,271,540	106,667
** ING Clarion Development Venture III	4,355,522	79,201
** ING Clarion Development Venture 4	3,638,458	1,896
** JPM Strategic	83,654,972	689,711
** KKR	12,431,735	108,700
** LaSalle Separate	49,586,837	270,889
** LaSalle Medical Office Fund II	998,573	25,530
** Lowe Hospitality	588,053	6,723
** Sentinel Separate	67,147,491	325,353
** Silverpeak Real Estate Partners II	14,298,902	160,060
** Silverpeak Real Estate Partners III	2,285,307	54,693
** Tishman Speyer Fund VI	11,998,752	124,889
** Tishman Speyer Fund VII	2,465,621	51,100
** UBS Consolidated	29,119,315	300,116
** UBS Separate	132,453,757	626,119
Total Real Estate	<u>437,610,673</u>	<u>3,437,364</u>
Infrastructure Public Pool		
* Brookfield Investment Management	41,806,267	209,597
* Lazard Asset Management	41,758,765	491,767
Total Infrastructure Public Pool	<u>83,565,032</u>	<u>701,364</u>
Master Limited Partnerships Pool		
* Advisory Research Inc	85,039,208	338,394
* Tortoise MLP	89,944,113	463,127
Total Master Limited Partnerships Pool	<u>174,983,321</u>	<u>801,521</u>
Energy Pool		
** EIG Energy Fund XV	12,270,168	155,167
** EIG Energy Fund XD	2,308,796	26,368
** EIG Energy Fund XIV-A	14,673,144	225,426
** EIG Energy Fund XVI	4,646,611	222,663
Total Energy Pool	<u>33,898,719</u>	<u>629,624</u>
Farmland Pool		
** Hancock Agriculture Investment Group	80,674,508	637,182
** UBS Agrivest	175,702,372	1,349,778
Total Farmland	<u>256,376,880</u>	<u>1,986,960</u>
Timber Pool		
** Hancock Natural Resource Group	33,825,136	235,401
** Timberland Investment Resources	93,974,741	717,621
Total Timber Pool	<u>127,799,877</u>	<u>953,022</u>
Custodian		
* State Street Bank		<u>308,544</u>
Investment Advisory		
* Callan Associates		64,441
* Investment Advisory Council		23,789
* Townsend Group		28,854
Total Investment Advisory		<u>117,084</u>
Investment Performance		
* Callan Associates		77,926
Total External Management Fees		<u><u>\$ 25,699,257</u></u>

*These fees are paid through the Alaska Statewide Accounting System (AKSAS)

**These fees are deducted from earnings by the fund manager and are not directly recorded in AKSAS

Investment Section

Teachers' Retirement System Investment Summary Schedule June 30, 2015

Investments (at Fair Value)	Asset Allocation		Fair Market Value	% of Total Assets
	Policy	Range		
Defined Benefit - Pension				
Cash and Cash Equivalents				
Short-term Fixed Income Pool	3.00%	-3%/+8%	\$ 90,096,133	
Total Cash and Cash Equivalents			<u>90,096,133</u>	1.72%
Fixed Income Securities				
U.S. Treasury Fixed Income Pool			289,689,316	
Taxable Municipal Bond Pool			49,887,570	
Tactical Fixed Income			26,798,997	
High Yield Pool			136,677,700	
International Fixed Income Pool			84,364,589	
Emerging Debt Pool			35,759,274	
Total Fixed Income Securities	12.00%	± 8%	<u>623,177,446</u>	11.89%
Broad Domestic Equity				
Large Cap Pool			1,171,457,095	
Small Cap Pool			253,452,741	
Total Broad Domestic Equity	26.00%	± 6%	<u>1,424,909,836</u>	27.17%
Global Equity Ex-U.S.				
International Equity Pool			1,091,894,163	
International Equity Small Cap Pool			71,400,075	
Frontier Markets Pool			1,196,068	
Emerging Markets Equity Pool			138,605,300	
Total Global Equity Ex-U.S.	25.00%	± 4%	<u>1,303,095,606</u>	24.86%
Alternative Equity Strategies				
Alternative Equity Strategies			151,622,501	
Convertible Bond Pool			43,513,217	
Total Alternative Equities	3.00%	-2%/+4%	<u>195,135,718</u>	3.72%
Private Equity				
Private Equity Pool			403,605,488	
Total Private Equity	9.00%	± 5%	<u>403,605,488</u>	7.70%
Absolute Return				
Absolute Return Pool			298,331,377	
Total Absolute Return	5.00%	± 4%	<u>298,331,377</u>	5.69%
Real Assets				
Real Estate Pool			291,075,201	
Real Estate Investment Trust Pool			71,955,450	
Infrastructure Private Pool			63,431,701	
Infrastructure Public Pool			55,358,072	
Master Limited Partnership Pool			115,918,573	
Energy Pool			22,456,375	
Farmland Pool			169,838,143	
Timber Pool			84,661,668	
Treasury Inflation Protected Securities Pool			29,398,547	
Total Real Assets	<u>17.00%</u>	± 8%	<u>904,093,730</u>	17.25%
Total Invested Assets	<u>100.00%</u>		<u>\$ 5,242,445,334</u>	<u>100.00%</u>

Teachers' Retirement System Investment Summary Schedule June 30, 2015

Defined Benefit - Alaska Retiree Health Care Trust				
Investments (at Fair Value)	Asset Allocation		Fair Market Value	% of Total Assets
	Policy	Range		
Cash and Cash Equivalents				
Short-term Fixed Income Pool	3.00%	-3%/+8%	\$ 59,170,760	
Total Cash and Cash Equivalents			<u>59,170,760</u>	2.27%
Fixed Income Securities				
U.S. Treasury Fixed Income Pool			143,231,811	
Taxable Municipal Bond Pool			24,666,036	
Tactical Fixed Income			13,250,296	
High Yield Pool			67,577,897	
International Fixed Income Pool			41,712,593	
Emerging Debt Pool			17,680,547	
Total Fixed Income Securities	12.00%	± 8%	<u>308,119,180</u>	11.82%
Broad Domestic Equity				
Large Cap Pool			579,206,453	
Small Cap Pool			125,315,272	
Total Broad Domestic Equity	26.00%	± 6%	<u>704,521,725</u>	27.04%
Global Equity Ex-U.S.				
International Equity Pool			539,867,953	
International Equity Small Cap Pool			35,302,517	
Frontier Markets Pool			591,375	
Emerging Markets Equity Pool			68,530,964	
Total Global Equity Ex-U.S.	25.00%	± 4%	<u>644,292,809</u>	24.72%
Alternative Equity Strategies				
Alternative Equity Strategies			74,967,091	
Convertible Bond Pool			21,514,348	
Total Alternative Equities	3.00%	-2%/+4%	<u>96,481,439</u>	3.70%
Private Equity				
Private Equity Pool			199,555,667	
Total Private Equity	9.00%	± 5%	<u>199,555,667</u>	7.66%
Absolute Return				
Absolute Return Pool			147,504,726	
Total Absolute Return	5.00%	± 4%	<u>147,504,726</u>	5.66%
Real Assets				
Real Estate Pool			143,388,584	
Real Estate Investment Trust Pool			35,577,111	
Infrastructure Private Pool			31,362,695	
Infrastructure Public Pool			27,370,830	
Master Limited Partnership Pool			57,313,909	
Energy Pool			11,103,162	
Farmland Pool			83,973,496	
Timber Pool			41,859,478	
Treasury Inflation Protected Securities Pool			14,535,597	
Total Real Assets	17.00%	± 8%	<u>446,484,862</u>	17.13%
Total Invested Assets	100.00%		\$ 2,606,131,168	100.00%

Investment Section

Teachers' Retirement System Investment Summary Schedule June 30, 2015

Investments (at Fair Value)	Asset Allocation		Fair Market Value	% of Total Assets
	Policy	Range		
Defined Contribution - Participant Directed				
Cash and Cash Equivalents				
Short-term Fixed Income Pool	100.00%	0%	\$ 6,188,350	
Total Cash and Cash Equivalents			<u>6,188,350</u>	2.41%
Pooled Investment Funds (1)				
T. Rowe Price				
Target 2010 Trust			492,947	
Target 2015 Trust			2,304,213	
Target 2020 Trust			5,434,807	
Target 2025 Trust			8,224,217	
Target 2030 Trust			8,843,948	
Target 2035 Trust			13,656,716	
Target 2040 Trust			14,583,592	
Target 2045 Trust			24,371,719	
Target 2050 Trust			33,516,154	
Target 2055 Trust			8,526,511	
Alaska Balanced Fund			1,817,287	
Long-Term Balanced Fund			10,605,257	
Alaska Money Market			1,778,841	
Total Pooled Investment Funds			<u>134,156,209</u>	52.35%
Collective Investment Funds (1)				
State Street Global Advisors				
Money Market Fund			265,867	
S&P Stock Index Fund			13,175,490	
Russell 3000 Index			15,078,390	
Real Estate Investment Trust Index			3,720,312	
World Equity Ex-U.S. Index			10,918,969	
Long U.S. Treasury Bond Index			166,088	
Treasury Inflation Protected Securities Index			1,650,203	
World Government Bond Ex-U.S. Index			3,861,605	
Global Balanced Fund			11,047,922	
Barclays				
Daily Government/Corporate Bond Fund			18,243,408	
Intermediate Bond Fund			115,658	
Brandes Institutional				
Alaska International Equity Fund			15,180,162	
RCM				
Socially Responsible Fund			1,066,828	
T. Rowe Price				
Small-Cap Fund			21,439,157	
Total Collective Investment Funds			<u>115,930,059</u>	45.24%
Total Invested Assets			<u><u>\$ 256,274,618</u></u>	<u><u>100.00%</u></u>

(1) Pooled Investment Funds and Collective Investment Funds are participant directed and therefore are not subject to an asset allocation.

Teachers' Retirement System Investment Summary Schedule June 30, 2015

<u>Investments (at Fair Value)</u>	<u>Health Reimbursement Arrangement</u>		<u>Fair Market Value</u>	<u>% of Total Assets</u>
	<u>Asset Allocation</u>			
	<u>Policy</u>	<u>Range</u>		
Cash and Cash Equivalents				
Short-term Fixed Income Pool	3.00%	-3%/+8%	\$ 1,566,780	
Total Cash and Cash Equivalents			<u>1,566,780</u>	2.64%
Fixed Income Securities				
U.S. Treasury Fixed Income Pool			3,251,233	
Taxable Municipal Bond Pool			559,897	
Tactical Fixed Income			300,770	
High Yield Pool			1,533,957	
International Fixed Income Pool			946,839	
Emerging Debt Pool			<u>401,332</u>	
Total Fixed Income Securities	12.00%	± 8%	<u>6,994,028</u>	11.78%
Broad Domestic Equity				
Large Cap Pool			13,147,468	
Small Cap Pool			<u>2,844,544</u>	
Total Broad Domestic Equity	26.00%	± 6%	<u>15,992,012</u>	26.92%
Global Equity Ex-U.S.				
International Equity Pool			12,254,519	
International Equity Small Cap Pool			801,335	
Frontier Markets Pool			13,424	
Emerging Markets Equity Pool			<u>1,555,592</u>	
Total Global Equity Ex-U.S.	25.00%	± 4%	<u>14,624,870</u>	24.63%
Alternative Equity Strategies				
Alternative Equity Strategies			1,701,686	
Convertible Bond Pool			<u>488,356</u>	
Total Alternative Equities	3.00%	-2%/+4%	<u>2,190,042</u>	3.69%
Private Equity				
Private Equity Pool			<u>4,529,735</u>	
Total Private Equity	9.00%	± 5%	<u>4,529,735</u>	7.63%
Absolute Return				
Absolute Return Pool			<u>3,348,225</u>	
Total Absolute Return	5.00%	± 4%	<u>3,348,225</u>	5.64%
Real Assets				
Real Estate Pool			3,254,792	
Real Estate Investment Trust Pool			807,568	
Infrastructure Private Pool			711,906	
Infrastructure Public Pool			621,293	
Master Limited Partnership Pool			1,300,974	
Energy Pool			252,032	
Farmland Pool			1,906,123	
Timber Pool			950,173	
Treasury Inflation Protected Securities Pool			<u>329,945</u>	
Total Real Assets	<u>17.00%</u>	± 8%	<u>10,134,806</u>	<u>17.07%</u>
Total Invested Assets	<u>100.00%</u>		<u>\$ 59,380,498</u>	<u>100.00%</u>

Investment Section

Teachers' Retirement System Investment Summary Schedule June 30, 2015

<u>Investments (at Fair Value)</u>	<u>Asset Allocation</u>		<u>Occupational Death and Disability</u>	
	<u>Policy</u>	<u>Range</u>	<u>Fair Market Value</u>	<u>% of Total Assets</u>
Cash and Cash Equivalents				
Short-term Fixed Income Pool	3.00%	-3%/+8%	\$ 73,878	
Total Cash and Cash Equivalents			<u>73,878</u>	2.33%
Fixed Income Securities				
U.S. Treasury Fixed Income Pool			173,808	
Taxable Municipal Bond Pool			29,932	
Tactical Fixed Income			16,079	
High Yield Pool			82,004	
International Fixed Income Pool			50,617	
Emerging Debt Pool			21,455	
Total Fixed Income Securities	12.00%	± 8%	<u>373,895</u>	11.82%
Broad Domestic Equity				
Large Cap Pool			702,850	
Small Cap Pool			152,067	
Total Broad Domestic Equity	26.00%	± 6%	<u>854,917</u>	27.01%
Global Equity Ex-U.S.				
International Equity Pool			655,114	
International Equity Small Cap Pool			42,839	
Frontier Markets Pool			717	
Emerging Markets Equity Pool			83,160	
Total Global Equity Ex-U.S.	25.00%	± 4%	<u>781,830</u>	24.71%
Alternative Equity Strategies				
Alternative Equity Strategies			90,970	
Convertible Bond Pool			26,107	
Total Alternative Equities	3.00%	-2%/+4%	<u>117,077</u>	3.70%
Private Equity				
Private Equity Pool			242,155	
Total Private Equity	9.00%	± 5%	<u>242,155</u>	7.65%
Absolute Return				
Absolute Return Pool			178,992	
Total Absolute Return	5.00%	± 4%	<u>178,992</u>	5.66%
Real Assets				
Real Estate Pool			173,998	
Real Estate Investment Trust Pool			43,172	
Infrastructure Private Pool			38,057	
Infrastructure Public Pool			33,213	
Master Limited Partnership Pool			69,549	
Energy Pool			13,473	
Farmland Pool			101,900	
Timber Pool			50,796	
Treasury Inflation Protected Securities Pool			17,639	
Total Real Assets	<u>17.00%</u>	± 8%	<u>541,797</u>	17.12%
Total Invested Assets	<u>100.00%</u>		<u>\$ 3,164,541</u>	<u>100.00%</u>

Teachers' Retirement System Investment Summary Schedule June 30, 2015

<u>Investments (at Fair Value)</u>	<u>Asset Allocation</u>		<u>Retiree Medical Plan</u>	
	<u>Policy</u>	<u>Range</u>	<u>Fair Market Value</u>	<u>% of Total Assets</u>
Cash and Cash Equivalents				
Short-term Fixed Income Pool	3.00%	-3%/+8%	\$ 562,330	
Total Cash and Cash Equivalents			<u>562,330</u>	3.22%
Fixed Income Securities				
U.S. Treasury Fixed Income Pool			950,437	
Taxable Municipal Bond Pool			163,675	
Tactical Fixed Income			87,924	
High Yield Pool			448,423	
International Fixed Income Pool			276,790	
Emerging Debt Pool			<u>117,323</u>	
Total Fixed Income Securities	12.00%	± 8%	<u>2,044,572</u>	11.71%
Broad Domestic Equity				
Large Cap Pool			3,843,412	
Small Cap Pool			<u>831,549</u>	
Total Broad Domestic Equity	26.00%	± 6%	<u>4,674,961</u>	26.77%
Global Equity Ex-U.S.				
International Equity Pool			3,582,375	
International Equity Small Cap Pool			234,255	
Frontier Markets Pool			3,924	
Emerging Markets Equity Pool			<u>454,748</u>	
Total Global Equity Ex-U.S.	25.00%	± 4%	<u>4,275,302</u>	24.48%
Alternative Equity Strategies				
Alternative Equity Strategies			497,455	
Convertible Bond Pool			<u>142,762</u>	
Total Alternative Equities	3.00%	-2%/+4%	<u>640,217</u>	3.67%
Private Equity				
Private Equity Pool			<u>1,324,182</u>	
Total Private Equity	9.00%	± 5%	<u>1,324,182</u>	7.58%
Absolute Return				
Absolute Return Pool			<u>978,790</u>	
Total Absolute Return	5.00%	± 4%	<u>978,790</u>	5.60%
Real Assets				
Real Estate Pool			951,476	
Real Estate Investment Trust Pool			236,077	
Infrastructure Private Pool			208,112	
Infrastructure Public Pool			181,624	
Master Limited Partnership Pool			380,315	
Energy Pool			73,677	
Farmland Pool			557,219	
Timber Pool			277,765	
Treasury Inflation Protected Securities Pool			<u>96,453</u>	
Total Real Assets	17.00%	± 8%	<u>2,962,718</u>	16.97%
Total Invested Assets	100.00%		\$ 17,463,072	100.00%

Investment Section

Teachers' Retirement System Recaptured Commission Fees Year Ended June 30, 2015

Fund	Domestic Equity Pool	International Equity Pool	Total
Defined Benefit Plan - Pension	\$2,173	\$1,485	\$3,658
Postemployment Benefit - Alaska Retiree Healthcare Trust	1,074	734	1,808
Postemployment Benefit - Health Reimbursement Arrangement	24	17	41
Postemployment Benefit - Occupational Death & Disability	1	1	2
Postemployment Benefit - Retiree Medical Plan	7	5	12
Total Recapture Commission Fees	\$3,279	\$2,242	\$5,521

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.