

INVESTMENT

The electronic age, change to annual increases, more communication



1979

SURS purchased its first computer, an IBM 4331 Central Processing Unit with one megabyte of memory.

The Automatic Annual Increase for annuitants rose from 2 percent to 3 percent. The change was made retroactive for each annuitant whose employee status terminated after August 14, 1969.



1983

Annuitants received the first issue of *Newsnotes*, an informational newsletter from SURS.

The System received its first Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the U.S. and Canada. SURS has received the award every year since then.

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- ▣ Investment Summary
- ▣ Investment Results
- ▣ Investment Allocation
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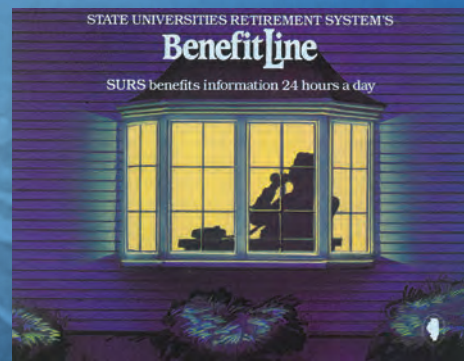


1984

The first electronic funds transfer took place.

A legislative amendment passed requiring immediate participation in SURS by new employees.

The first issue of *The Participant*, a newsletter for SURS members, was mailed.



1990

BenefitLine, a toll-free, automated hotline, debuted to provide 24-hour benefits information.

AS/400 model B60 hardware, the first piece of a new technical system, arrived and was soon joined by the second piece, the first infamous Juke Box. Staff members received IBM 386SX Model 65 Personal Computers.

LETTER OF CERTIFICATION

The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
(312) 630-6000



Northern Trust


To the Board of Trustees and the Executive Director:

The Northern Trust Company as Master Trustee has provided annual Statements of Account for the State Universities Retirement System Master Trust ("Trust") which, to the best of its knowledge, provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Trust for the period July 1, 2015 through June 30, 2016.

In addition to the custody of assets, pursuant to and in accordance with the terms of the agreement establishing the Trust, The Northern Trust Company provided and continues to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in connection with investment transactions in accordance with the instructions of appointed Investment Managers.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Transfer securities to a lending agent appointed by The Board of Trustees pursuant to directions from such lending agent.
6. Begin, maintain or defend any litigation necessary in connection with the investment, reinvestment of the Trust Fund and the administration of the Trust.
7. Invest cash balances held from time to time in the individual investment management accounts in short term-cash equivalent securities.
8. Exercise rights of ownership with respect to securities held in the trust fund, including but not limited to, proxy voting in accordance with the instructions of appointed Investment Managers; respond to stock subscriptions, conversion rights, and other capital changes pursuant to procedures set forth in the operating guidelines of The Northern Trust Company in effect from time to time.
9. Hold securities in the name of the Trust or nominee form or other means as provided in the agreement establishing the Trust.
10. Use the Federal Book Entry Account System for deposit of Treasury securities, and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of other securities.
11. Employ agents with consent of the Board of Trustees to the extent provided in the agreement establishing the Trust.
12. Provide disbursement services.
13. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
14. Provide performance reporting and private monitor services pursuant to procedures agreed to by the Trust and The Northern Trust Company.

THE NORTHERN TRUST COMPANY

By: 
Patricia Somerville-Koulouris, Vice President

REPORT OF INVESTMENT ACTIVITY



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www.surs.org

December 12, 2016

Board of Trustees
State Universities Retirement System
1901 Fox Drive
Champaign, IL 61820

Dear Board of Trustees:

I am pleased to present the Investment Section of the SURS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016, including this report on investment activity. SURS maintains both a defined benefit and a defined contribution plan, known as the Self-Managed Plan (SMP). As of June 30, 2016, the defined benefit plan is valued at approximately \$17.0 billion while the SMP is valued at approximately \$1.8 billion.

Investment performance is calculated using a time-weighted rate of return. Returns are calculated by Northern Trust using industry best practices. Northern Trust calculated performance rates of return by portfolio and all composites used throughout this section. The SURS portfolio returned 0.2% during fiscal year 2016, net of fees, trailing the policy portfolio return of 0.8%. The relative performance for the period can be attributed to both structural issues, described later, and investment manager underperformance in the domestic equity and fixed income asset classes.

When compared to a universe of other large public funds, the SURS return ranks near the median for the one-, three- and five-year periods ending June 30, 2016. The portfolio ranks near the top quartile in the peer universe over longer time periods.

Many of the projects completed during FY 2016 focused on continuing implementation of the asset allocation policy targets approved by the SURS Board in June 2014. As discussed in prior years, the new policy targets focus on increased portfolio diversification, with a reduction in the U.S. equity allocation and new commitments to emerging market debt, commodities and hedged strategies. The changes are expected to reduce the portfolio volatility while maintaining our expected return.

Over the past year, SURS completed searches in private equity (emerging manager mandate), hedged strategies, commodities, and a portfolio index option overlay strategy. In addition, SURS took steps to continue its longstanding presence in the alternative investment marketplace, with total commitments of \$250 million to private equity investments during the year. Approximately \$1.7 billion in asset reallocations took place during the fiscal year. As a result of this activity, the SURS portfolio is very near its long-term policy asset allocation targets.

As previously mentioned, the domestic equity and fixed income asset class structures contributed to the portfolio's negative relative performance in fiscal year 2016. The U.S. equity portfolio's performance was negatively impacted by maintaining a structural overweight allocation to small- and mid-cap securities relative to the broad U.S. equity benchmark. The relative performance of large-cap and smaller-cap securities are highlighted when comparing the returns of the large cap S&P 500 and the small cap Russell 2000, shown in the U.S. Equities Investment Results section. Similarly, the fixed income portfolio maintains an allocation designed to hedge against rising interest rates. As interest rates continued to fall over the course of the fiscal year, this position accounted for nearly half of the fixed income portfolio performance shortfall.

REPORT OF INVESTMENT ACTIVITY

The SURS investment program's focus over the coming year will shift from implementing the new asset allocation to a thorough review and assessment of the structure in each asset class, with an objective of increasing the portfolio's efficiency where possible.

SURS is committed to providing opportunities for minority-, female-, and persons with a disability-owned ("MFDB") investment management firms. As of June 30, 2016, assets under management with MFDB firms are approximately \$4.2 billion or 24.7% of the Total Fund.

The continuing challenge to SURS remains the funding status of the Plan. Despite strong long-term returns, SURS remains substantially underfunded. SURS is approximately 41.1% funded as of June 30, 2016, when comparing the fair value of assets to plan liabilities. It is important to note, however, that since FY 2011, SURS has received the full annual statutory contribution from the State of Illinois.

In April 2016, a significant SMP project was completed with the implementation of Fidelity in the role of master administrator. In addition, a streamlined menu of 27 investment options is now being offered. The investment option lineup was designed to offer robust choice, while using the SMP economy of scale to further reduce costs to members.

Finally, on August 1, 2016, Daniel Allen, Chief Investment Officer for the past 11 years, retired from the organization. His contributions were instrumental in the investment program's success over the last decade. SURS thanks Dan for his commitment, dedication and service to the SURS' membership and staff, and wishes him well in the future.

Detailed information on the investment program can be found in the Fiscal Year 2017 Investment Plan, available on SURS website.

SURS staff and investment consultant, with oversight from the Board of Trustees, continue to work on behalf of our constituents to secure and deliver the retirement benefits promised.

Sincerely,



Douglas C. Wesley, CFA
Interim Chief Investment Officer

INVESTMENT SUMMARY

The SURS Board of Trustees is charged with the responsibility of investing the assets entrusted to them solely for the benefit of the System's participants and beneficiaries. The Trustees, in carrying out their responsibilities, adhere to applicable Illinois statutes and the prudent expert rule, which states that the Trustees must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims. In carrying out their fiduciary duties, the Trustees have set forth clearly defined investment policy, objectives, and strategies.

Investment Policy

The Board approves the *Statement of Investment Policy*, which outlines the investment philosophy and practices of SURS. The policy describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; establishes a framework for making investment decisions, and monitoring investment activity; and promotes effective communication between the Board, Staff, and other involved parties.

Investment Objectives

The investment objective of the total portfolio is to produce annualized investment returns, net of all management fees, which exceed the return of a composite market benchmark or policy portfolio. The policy portfolio is comprised of market indices, which are consistent with the overall asset allocation. The policy portfolio reflects a passive implementation of the investment policy. The strategic policy portfolio is comprised of the benchmarks shown below. Comparisons of total fund performance are also made with a universe of public pension funds implementing generally comparable investment policies. The public pension fund index used for comparative purposes is the Investorforce Public DB Funds > \$1 Billion Index.

Investment Strategies

■ Asset Allocation

Asset allocation studies are completed to provide an efficient allocation of assets to achieve overall risk and return objectives. An asset/liability study completed in June 2014 resulted in slight modifications to SURS' asset allocation targets and incorporated three additional asset classes: emerging market debt, hedged equities, and commodities. The modified long-term strategic asset allocation targets are:

Asset Class	Benchmark	Strategic Policy Portfolio
U.S. Equity	Dow Jones U.S. Total Stock Market Index	23.0%
Non-U.S. Equity	Morgan Stanley All Country World Ex-U.S. Index	19.0
Global Equity	Morgan Stanley All Country World Index	8.0
Private Equity	Dow Jones U.S. Total Stock Market Index + 3.0%	6.0
Fixed Income	Barclays Capital Aggregate Bond Index	19.0
TIPS	Barclays Capital U.S. TIPS Index	4.0
Emerging Market Debt	Blend of JP Morgan GBI-EM Global Diversified, JP Morgan EMBI Global Diversified and JP Morgan Corporate Emerging Markets Bond Index - Broad	3.0
Direct Real Estate	NCREIF Open End Diversified Core Equity Index	6.0
REITs	FTSE EPRA/NAREIT Developed Index	4.0
Commodities	Bloomberg Commodity Index	2.0
Hedged Strategies	LIBOR +5.0%	5.0
Opportunity Fund	Custom benchmark of the combined investments	1.0
		100.0%

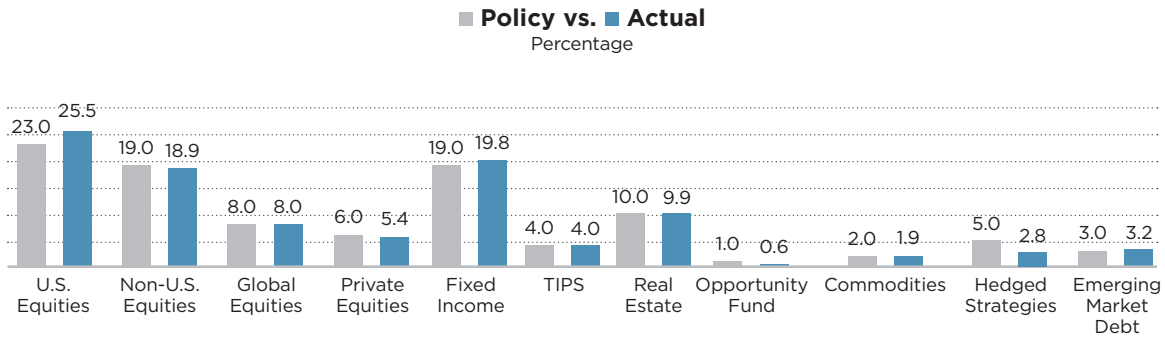
■ Diversification

SURS invests in multiple asset classes utilizing various investment managers and strategies as a method to ensure overall fund diversification. As of June 30, 2016, the System had retained the services of 52 investment management firms, several of which manage multiple mandates, and an additional 12 managers through the Progress Emerging Manager of Managers program, of which six also have a direct relationship with SURS. Each investment management firm is afforded full discretion to diversify its portfolio(s) in a manner deemed appropriate. The Trustees have developed guidelines to direct the investment managers in their execution of the overall investment policy. The guidelines are specific to the asset class and strategy managed.

INVESTMENT RESULTS

■ Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be conducted as needed to ensure conformance with policy target levels. Such rebalancing is necessary to reflect cash flows and performance imbalances among investment managers who are hired to manage assets with a specified strategy. Although a strategy may be within a specified asset class, the manager may be authorized to utilize other instruments in another asset class. SURS' rebalancing policy calls for rebalancing, as soon as practical, if an asset class exceeds or falls below its target allocation by 3%. Ongoing rebalancing of the investment portfolio occurred as needed during the year with the assistance of a cash overlay strategy and System cash flows. At year end, the fund was invested 66% in equities, 28% in fixed income, and 6% in direct real estate funds, as compared with the target allocations of 68%, 26%, and 6%, respectively. Staff is gradually implementing the policy target allocations that were approved by the Board on June 13, 2014, through the strategic transition of assets among investment managers and planned searches.



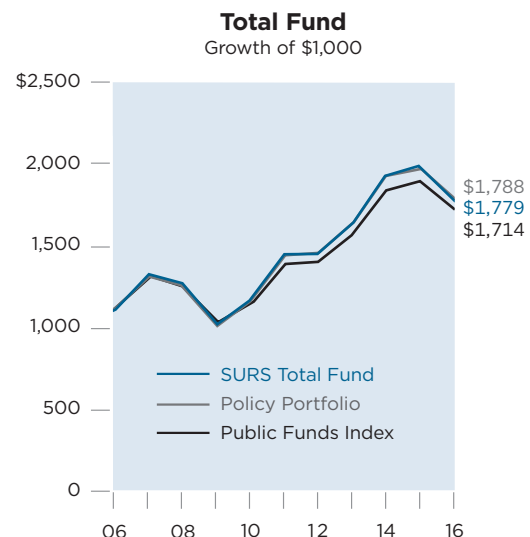
Long-Term Investment Results

The 10-year period ended June 30, 2016, provided returns that have matched the overall benchmark. SURS total portfolio earned an annualized total return, net of all investment management expenses, of 5.9%. As shown in the investment results table, over the long term, SURS total fund returns are consistent with its market goal (policy portfolio) and more favorable than the median public pension funds benchmark.

This consistent performance is best illustrated by the growth of \$1,000 invested in SURS total fund, the policy portfolio and median public funds index during the past 10 years. The ending points indicate that \$1,000 invested in SURS total fund would have grown to \$1,779, while the same \$1,000 invested in the policy portfolio and median public funds index would have grown to \$1,788 and \$1,714, respectively.

Fiscal Year 2016 Results

For the fiscal year ended June 30, 2016, SURS total fund returned 0.2%, trailing the market goal or policy portfolio, by 0.6%. SURS' one-year return lagged that of the median public pension fund return, as measured by the Investorforce Public DB > \$1 Billion Index, by 0.6%. For the period, four of the 10 asset class portfolios, including non-U.S. equity, global equity, private equity, and the Opportunity Fund, met or exceeded the returns of their respective benchmarks. Strong absolute returns were experienced in private equity, fixed income, TIPS, emerging market debt, direct real estate, REITs, and the Opportunity Fund.



INVESTMENT RESULTS

	Fiscal Year Ended June 30					Annualized		
	2012	2013	2014	2015	2016	3 YR	5 YR	10 YR
Total Fund								
SURS	0.5%	12.5%	18.2%	2.9%	0.2%	6.8%	6.6%	5.9%
Policy Portfolio	1.7	12.4	18.0	2.9	0.8	7.0	6.9	6.0
Public Funds Index	0.7	11.9	17.6	2.6	0.8	6.7	6.5	5.5
CPI-U	1.7	1.8	2.1	0.1	1.0	1.1	1.3	1.7
U.S. Equity								
SURS	2.9	21.9	24.8	7.6	0.8	10.6	11.2	7.3
Dow Jones U.S. Total Stock Market	4.0	21.5	25.0	7.2	2.0	11.0	11.5	7.5
Non-U.S. Equity								
SURS	(13.5)	15.0	22.4	(3.7)	(9.6)	2.1	1.2	1.9
MSCI All Country World Index Ex-U.S.	(14.6)	13.6	21.8	(5.3)	(10.2)	1.2	0.1	1.9
Global Equity (2)								
SURS	(5.8)	15.1	24.3	2.7	(2.4)	7.6	6.2	4.4
Performance Benchmark	(6.5)	16.6	22.9	0.7	(3.7)	6.0	5.4	4.2
Private Equity (1)								
SURS	8.4	7.1	18.7	6.2	4.4	10.4	9.1	10.2
Dow Jones U.S. Total Stock Market + 3%	12.3	17.5	25.6	15.2	2.6	14.1	14.0	10.0
Fixed Income								
SURS	6.7	0.8	4.4	1.7	4.3	3.4	3.5	5.6
Performance Benchmark	7.5	(0.7)	4.4	1.9	6.0	4.1	3.8	5.1
TIPS								
SURS	12.0	(4.4)	4.9	(2.4)	3.8	2.0	2.6	5.2
Performance Benchmark	11.7	(4.8)	4.4	(1.7)	4.4	2.3	2.6	4.7
Emerging Market Debt								
SURS					3.9	1.6		
Performance Benchmark					4.9	3.8		
Direct Real Estate (1)								
SURS	12.5	9.8	14.6	12.2	12.2	12.9	12.2	6.9
Performance Benchmark	13.6	9.7	13.5	11.1	12.6	12.6	12.2	5.4
Real Estate (REITs)								
SURS	7.2	10.1	14.1	1.7	15.4	10.2	9.6	5.6
Performance Benchmark	7.7	10.0	13.4	1.7	15.5	10.1	9.6	4.9
Opportunity Fund								
SURS	2.6	27.0	8.1	5.4	8.7	7.4	10.0	10.3
Performance Benchmark	10.3	6.2	1.5	5.0	6.0	5.9	7.5	4.1

Return calculations (except for private equities and direct real estate) were prepared using a time-weighted rate of return methodology in accordance with the Performance Presentation Standards of the CFA Institute.

- (1) Private equity returns and direct real estate returns were prepared using an Internal Rate of Return (IRR) methodology which is consistent with industry standards. Additionally, the returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.
- (2) MSCI World Index through July 2008; asset-weighted benchmark of MSCI World Index and MSCI All Country World Index (ACWI) from August 2008 through November 2008; MSCI ACWI since December 2008.

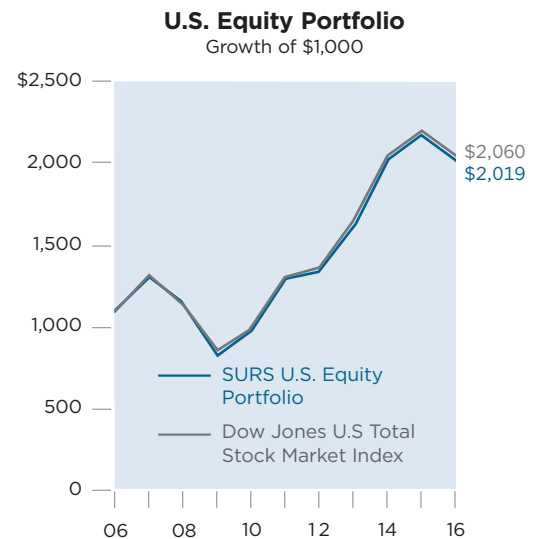
INVESTMENT RESULTS

U.S. Equities

For the fiscal year 2016, SURS U.S. equity portfolio returned 0.8%. SURS portfolio trailed its market benchmark, the Dow Jones U.S. Total Stock Market (DJ U.S. TSM) Index, by 1.2%. As the table indicates, the Dow Jones U.S. Total Stock Market Index returned 2.0%. Over the past year, value outperformed growth stocks, and large cap outpaced small cap stocks. The portfolio currently maintains a structural tilt to small/mid cap equities. The SURS U.S. equity portfolio is by design, style neutral relative to the Dow Jones U.S. Total Stock Market Index. The returns from this portfolio are expected to track consistently with the broad market.

The accompanying chart indicates the growth of \$1,000 invested in the U.S. equity market during the past 10 years. The ending points indicate that \$1,000 invested in SURS U.S. equity portfolio would have increased to \$2,019 (net of investment management expenses), while the same \$1,000 invested in the Dow Jones U.S. Total Stock Market Index would have increased to \$2,060.

	FY 2016	3 YR	5 YR	10 YR
SURS	0.8%	10.6%	11.2%	7.3%
DJ U.S. Total Stock Market (TSM)	2.0	11.0	11.5	7.5
DJ U.S. Large Cap TSM	3.2	11.4	11.9	7.5
DJ U.S. Large Cap Growth TSM	(2.2)	12.3	11.6	8.1
DJ U.S. Large Cap Value TSM	7.1	10.2	11.7	6.4
DJ U.S. Small Cap TSM	(4.0)	8.4	9.7	7.9
DJ U.S. Small Cap Growth TSM	(11.9)	6.3	8.1	7.7
DJ U.S. Small Cap Value TSM	4.0	10.5	11.1	8.0
S & P 500	4.0	11.7	12.1	7.4
Russell 3000	2.1	11.1	11.6	7.4
Russell 2000	(6.7)	7.1	8.4	6.2



TEN LARGEST U.S. EQUITY HOLDINGS (excludes commingled funds)

	Shares	Carrying Value
Apple Inc	978,318	\$93,527,201
Microsoft Corp	1,665,070	85,201,632
Amazon.com Inc	103,489	74,058,798
Johnson & Johnson	575,823	69,847,330
Exxon Mobil Corp	669,146	62,725,746
Facebook Inc Class A	469,748	53,682,801
AT&T Inc	1,223,899	52,884,676
Pfizer Inc	1,417,243	49,901,126
Wells Fargo & Co	926,381	43,845,613
Procter & Gamble	517,464	43,813,677

Note: A complete list of the portfolio holdings is available upon request.

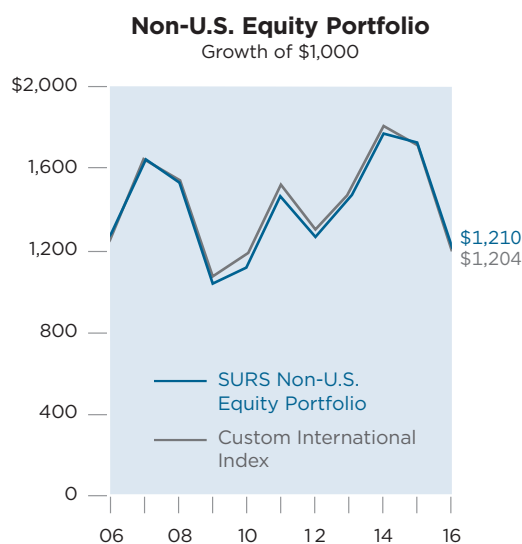
INVESTMENT RESULTS

Non-U.S. Equities

For fiscal year 2016, SURS non-U.S. equity portfolio returned (9.6)%, surpassing its benchmark return by 0.6%. The non-U.S. equity portfolio performance benchmark, the Morgan Stanley All Country World Ex-US Index, fell 10.2% during the fiscal year. The benchmark represents a mixture of both developed and emerging markets, which varies over time depending on market performance. This mix accurately portrays the manner in which SURS non-U.S. equity investments are allocated.

The accompanying chart indicates the growth of \$1,000 invested in the non-U.S. equity markets during the past 10 years. The ending points indicate that \$1,000 invested in SURS non-U.S. equity portfolio would have grown to \$1,210 (net of investment management expenses), while the same \$1,000 invested in the performance benchmark would have grown to \$1,204.

	FY 2016	3 YR	5 YR	10 YR
SURS	(9.6)%	2.1%	1.2%	1.9%
ACWI Ex-US	(10.2)	1.2	0.1	1.9
MSCI EAFE	(10.2)	2.1	1.7	1.6
MSCI Emerging Markets	(12.1)	(1.6)	(3.8)	3.5



TEN LARGEST NON-U.S. EQUITY HOLDINGS (excludes commingled funds) Shares Carrying Value

GlaxoSmithKline PLC (United Kingdom)	1,093,229	\$23,448,619
Allergan PLC (Ireland)	101,454	23,445,005
Nestle SA (Switzerland)	273,667	21,110,732
Daito Trust Construction (Japan)	127,100	20,615,499
Diageo PLC (United Kingdom)	733,250	20,452,051
Accenture PLC (Ireland)	149,195	16,902,302
Sanofi (France)	200,363	16,676,689
Medtronic PLC (Ireland)	178,379	15,477,946
Unilever PLC (Netherlands)	316,603	15,147,576
Tyco International PLC (Ireland)	344,217	14,663,644

Note: A complete list of the portfolio holdings is available upon request.

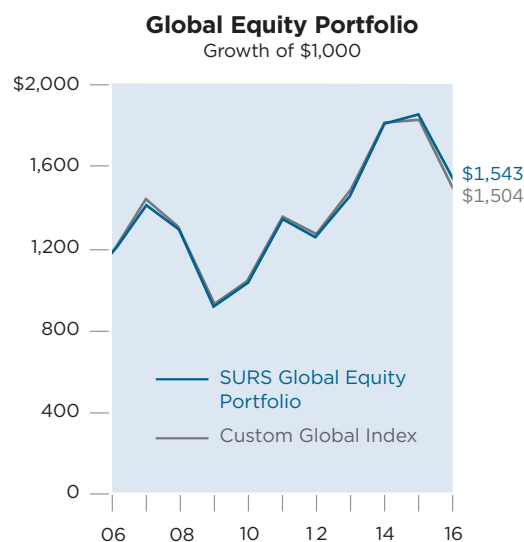
INVESTMENT RESULTS

Global Equities

SURS global equity portfolio surpassed its benchmark by 1.3% for the fiscal year, returning (2.4)%. The benchmark for this portfolio was modified in November of 2008 from the MSCI World Index to the MSCI All Country World Index (ACWI), to include emerging markets as well as developed markets in the benchmark.

The accompanying chart indicates the growth of \$1,000 invested in the global equity markets during the past 10 years. The ending points indicate that \$1,000 invested in SURS global equity portfolio would have grown to \$1,543 (net of investment management expenses), while the same \$1,000 invested in the performance benchmark would have grown to \$1,504.

	FY 2016	3 YR	5 YR	10 YR
SURS	(2.4)%	7.6%	6.2%	4.4%
MSCI ACWI	(3.7)	6.0	5.4	4.3
MSCI World	(2.8)	6.9	6.6	4.4
Dow Jones U.S. Total Stock Market	2.0	11.0	11.5	7.5
MSCI EAFE	(10.2)	2.1	1.7	1.6
MSCI ACWI Ex-US	(10.2)	1.2	0.1	1.9



Private Equities

SURS private equity portfolio posted a positive return of 4.4% during fiscal year 2016. The portfolio's benchmark, the Dow Jones U.S. Total Stock Market Index +3%, returned 2.6%. As of June 30, 2016, the valuation of SURS private equity portfolio was \$0.916 billion, representing 5.4% of total plan assets. Since inception, the asset class has added significant value to the SURS investment program.

SURS private equity portfolio is well diversified. Since its inception in 1990, the SURS private equity portfolio has made commitments to numerous partnership funds. The private equity portfolio is diversified by vintage year, general partner groups and sub-asset class types. This diversification effort has benefited the portfolio as different sub-classes perform better under different economic and market conditions.

Since its inception, a total of approximately \$3.0 billion has been committed to the asset class, and of this amount approximately \$2.4 billion has been invested. In addition, during this same period, SURS has received approximately \$3.0 billion in distributions, which, when combined with the current value of the portfolio, indicates that the portfolio has generated a significant return over the approximately 25-year period. The table below indicates that since inception SURS private equity portfolio has significantly exceeded its benchmark return. The returns from this asset class lag one quarter due to the time frame associated with data collection for both accounting and performance reporting purposes.

	FY 2016	3 YR	5 YR	10 YR	Since Inception
SURS	4.4%	10.4%	9.1%	10.2%	20.7%
Performance Benchmark	2.6	14.1	14.0	10.0	13.0

(Dow Jones U.S. Total Stock Market + 300 Basis Points)

INVESTMENT RESULTS

Fixed Income

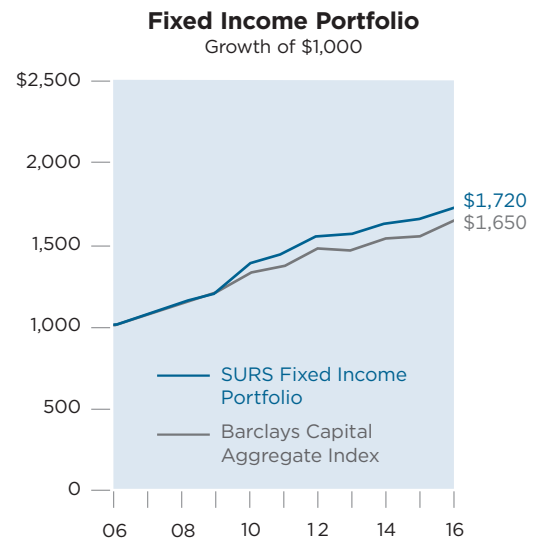
The SURS fixed income portfolio returned 4.3% for fiscal year 2016, trailing the 6.0% return of the portfolio's benchmark by 1.7%. The fixed income portfolio's benchmark is the Barclays Capital Aggregate Bond Index, which reflects the manner in which the assets are invested. SURS investment managers typically employ a Core/Core Plus approach that utilizes securities which include government, corporate, mortgage, high yield, and non-U.S. sectors. This asset class has proven to be the most consistent asset of all the portfolios, generating above benchmark returns in 23 of the past 28 fiscal years.

During fiscal year 2013, an unconstrained fixed income investment strategy was introduced into the portfolio. The addition of the unconstrained strategy provided further diversification and downside protection within the overall fixed income portfolio by introducing a strategy that has a low correlation with SURS other fixed income strategies. The unconstrained portfolio employs both a top-down and a bottom-up approach to the global fixed income universe with the opportunity to add exposure to securities outside of those included in the Barclays Capital Aggregate Index.

SURS fixed income portfolio is structured to capture the return of the broad market over the long term. Consequently, the returns from this portfolio will tend to track that of the broad fixed income market (Barclays Capital Aggregate Bond Index) over longer periods of time.

The accompanying chart indicates the growth of \$1,000 invested in the U.S. fixed income market during the past 10 years. The ending points show that \$1,000 invested in SURS U.S. fixed income portfolio would have grown to \$1,720 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,650.

	FY 2016	3 YR	5 YR	10 YR
SURS	4.3%	3.4%	3.5%	5.6%
Barclays Capital Aggregate	6.0	4.1	3.8	5.1
Barclays Capital Universal	5.8	4.2	4.0	5.3
Long-Term Government	19.0	10.4	10.2	8.7
Intermediate Government	3.9	2.4	2.3	4.1
Long-Term Corporate	14.1	8.6	8.5	8.1
Intermediate Corporate	5.4	4.1	4.3	5.6
Mortgage-Backed	4.3	3.8	3.0	5.0



TEN LARGEST FIXED INCOME HOLDINGS (excludes commingled funds)

Asset Description	S & P Rating	Interest Rate	Maturity Date	Par Value	Carrying Value
Fannie Mae Mortgage-Backed Bonds	AA+	3.500	August 15, 2046	96,700,000	101,912,710
Fannie Mae Mortgage-Backed Bonds	AA+	3.000	August 15, 2046	58,385,000	60,480,905
U.S. Treasury Inflation Index Notes	AA+	0.125	July 15, 2024	56,445,000	57,439,408
U.S. Treasury Bonds	AA+	2.750	August 15, 2042	47,640,000	52,489,609
U.S. Treasury Inflation Index Bonds	AA+	1.750	January 15, 2028	35,530,000	47,431,409
U.S. Treasury Inflation Index Bonds	AA+	2.375	January 15, 2027	31,885,000	46,402,940
U.S. Treasury Inflation Index Bonds	AA+	2.375	January 15, 2025	28,380,000	43,004,598
U.S. Treasury Notes	AA+	2.500	May 15, 2024	39,085,000	42,451,508
U.S. Treasury Notes	AA+	2.250	November 15, 2024	39,606,500	42,249,006
U.S. Treasury Bonds	AA+	1.375	February 15, 2044	35,230,000	41,803,188

Note: A complete list of the portfolio holdings is available upon request.

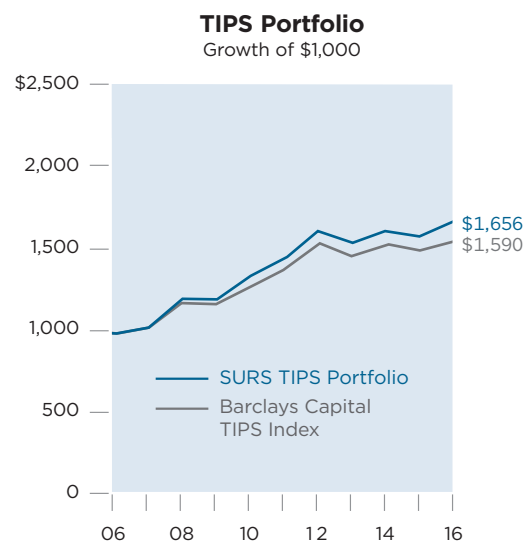
INVESTMENT RESULTS

Treasury Inflation-Protected Securities (TIPS)

During 2004, the TIPS portfolios were transferred from the Opportunity Fund to a separate asset class. At June 30, 2016, TIPS accounted for a 4.0% allocation of the total fund. The TIPS portfolio returned 3.8% for fiscal year 2016, lagging its Barclays Capital U.S. TIPS benchmark by 0.6%. The portfolio's ten-year return outpaced the annualized benchmark return by 0.5%.

The accompanying chart indicates the growth of \$1,000 invested in the U.S. TIPS market during the past 10 years. The ending points indicate that \$1,000 invested in SURS U.S. TIPS portfolio would have grown to \$1,656 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,590.

	FY 2016	3 YR	5 YR	10 YR
SURS	3.8%	2.0%	2.6%	5.2%
Barclays Capital U.S. TIPS	4.4	2.3	2.6	4.7



Emerging Market Debt

At the June 2014 Board of Trustees meeting, the results of an asset/liability study were presented and the Board of Trustees approved new asset allocation policy targets. As a result of the study, emerging market debt became a new asset class with a target allocation of 3% of the overall SURS portfolio. A search was completed during FY 2015 and emerging market debt managers were funded beginning in March 2015. SURS emerging market debt portfolio employs a combination of strategies including local currency, corporate, and blended strategies. The combination of strategies provides diversification within the asset class and gives SURS exposure to government and corporate emerging market debt denominated in U.S. dollar or local currency.

	FY 2016	3 YR
SURS	3.9%	1.6%
Custom Benchmark	4.9	3.8
JPM CEMBI Broad	5.6	5.8
JPM EMBI Global Diversified	9.8	.5
JPM GBI-EM Global Diversified	2.0	0.8

INVESTMENT RESULTS

Real Estate

The SURS Board of Trustees adopted an asset allocation during fiscal year 2001 that created a 2% allocation to publicly traded real estate securities (REITs). During fiscal year 2005, the target allocation to the real estate asset class was increased to 6%, comprised of 4% REITs and 2% direct real estate funds. Funding of the direct real estate allocation began at the conclusion of fiscal year 2006. During fiscal year 2007, an allocation to global REITs was approved as a component of the 4% REITs target allocation with initial funding commencing April 2007. The real estate asset class target allocation was subsequently increased to 10% during fiscal year 2009, to be comprised of 4% REITs and 6% direct real estate when fully invested. Implementation of the strategy is currently in progress.

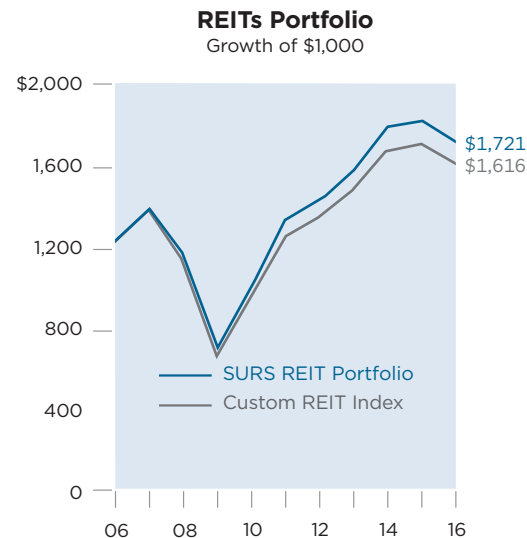
Since its inception, a total of approximately \$1.137 billion has been committed to direct real estate funds, and of this amount approximately \$553 million has been invested. The direct real estate portfolio returned 12.2% for the fiscal year, lagging its benchmark by 0.4%. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open End Diversified Core Equity (ODCE) Index benchmark returned 12.6% for the same period. The returns from this asset class lag one quarter due to the time frame associated with data collection for both accounting and performance reporting purposes.

SURS REIT portfolio increased 15.4% during the fiscal year, trailing its benchmark, the FTSE EPRA/NAREIT Developed Index by 0.1%. The portfolio's three- and ten-year returns exceeded the benchmark return by 0.1% and 0.7%, respectively, on an annualized basis.

The accompanying chart indicates the growth of \$1,000 invested in the REIT market during the past 10 years. The ending points indicate that \$1,000 invested in SURS REIT portfolio would have increased to \$1,721 (net of investment management expenses), while the same \$1,000 invested in the performance benchmark would have grown to \$1,616.

	FY 2016	3 YR	5 YR	10 YR
SURS	12.2%	12.9%	12.2%	6.9%
NCREIF ODCE Index	12.6	12.6	12.2	5.4

	FY 2016	3 YR	5 YR	10 YR
SURS	15.4%	10.2%	9.6%	5.6%
Performance Benchmark	15.5	10.1	9.6	4.9
FTSE EPRA /NAREIT Developed	11.6	8.1	7.8	4.2
FTSE EPRA /NAREIT Developed Ex-US	0.8	3.8	4.5	2.7



INVESTMENT RESULTS

Opportunity Fund

The SURS Board of Trustees created the Opportunity Fund during fiscal year 2000 to provide an arena for investments in new opportunities, which might otherwise not be included in the total investment portfolio. Each of the investment portfolios is evaluated on an annual basis to determine whether or not they continue to merit inclusion in the fund. This unique portfolio has been designed in such a manner that no more than approximately 5% of the total fund assets can be invested in the fund. As of June 30, 2016, there was one type of investment in the portfolio: an infrastructure portfolio. SURS has committed \$130 million to the infrastructure portfolio.

The Opportunity Fund returned 8.7% during the fiscal year, surpassing its custom benchmark return by 2.7%. In order to accurately monitor these investments, a custom benchmark has been established. The benchmark reflects a passive implementation of the various portfolios included in the Fund.

	FY 2016	3 YR	5 YR	10 YR
SURS	8.7%	7.4%	10.0%	10.3%
Performance Benchmark	6.0	5.9	7.5	4.1

Commodities

At the June 2014 Board of Trustees meeting, the results of an asset/liability study were presented and the Board of Trustees approved new asset allocation policy targets. As a result of the study, commodities became a new asset class with a target allocation of 2% of the overall SURS portfolio. Initially, the 2% exposure was achieved passively through the Parametric Clifton overlay program using futures to mimic the benchmark, the Bloomberg Commodity Index. The intent was to remove this passive commodity exposure as active managers were hired at the conclusion of a manager search that began in June 2015. In December 2015, the Board of Trustees selected two active commodities managers to fulfill the 2% targeted mandate. These two managers were funded in June 2016 and have therefore just begun to invest the mandate. As a result, it is too early to tell how the two managers are performing.

Hedged Strategies

At the June 2014 Board of Trustees meeting, the results of an asset/liability study were presented and the Board of Trustees approved new asset allocation policy targets. As a result of the study, hedged strategies became a new asset class with a target allocation of 5% of the overall SURS portfolio. A search was initiated in December 2014 to identify diversified, multi-strategy Fund of Hedge Fund providers. In October 2015, two firms were selected by the Board to manage a total of 3% of the portfolio and begin the initial implementation of the hedged strategies allocation. Initial funding occurred in March and April of 2016.

Self-Managed Plan

Fiscal year 2016 marks the 18th complete year of the Self-Managed Plan (SMP). As of June 30, 2016, the SMP had accumulated plan assets of approximately \$1.83 billion. This represents an increase of \$72 million since the end of fiscal year 2015. Contributing to the growth in plan assets was a market-related increase, net of asset withdrawals, of approximately \$3 million. During the past several years, SMP participants have continued to maintain a balanced exposure to equities. In aggregate, the total funds invested by SMP participants have an allocation of 69% equity, 29% fixed income, and 2% real estate. This was a 2% decrease in the equity allocation as compared to last year's position.

A detailed schedule of the funds available in this plan, along with the investment totals for each fund, can be found in the accompanying table.

INVESTMENT ALLOCATION

Self-Managed Plan Investment Allocation June 30, 2016

	U.S. Equity	Non-U.S. Equity	Fixed Income	Balanced	Real Estate	Total
Fidelity Funds						
Fidelity Managed Income Portfolio Class 2	\$ -	\$ -	\$ 35,186,130	\$ -	\$ -	\$ 35,186,130
Fidelity U.S. Bond Index Institutional	-	-	36,645,993	-	-	36,645,993
PIMCO Total Return Institutional	-	-	37,787,611	-	-	37,787,611
Fidelity Puritan Class K	-	-	-	182,769,217	-	182,769,217
Ariel Fund Institutional	27,223,075	-	-	-	-	27,223,075
American Beacon Large Cap Value Inst.	9,066,752	-	-	-	-	9,066,752
Wells Fargo Small Company Growth R6	12,654,547	-	-	-	-	12,654,547
Fidelity Growth Company Commingled Pool	83,564,506	-	-	-	-	83,564,506
Fidelity Extended Market Index Advantage	31,658,143	-	-	-	-	31,658,143
Fidelity Contrafund Commingled Pool	88,011,817	-	-	-	-	88,011,817
Fidelity Low Priced Stock Class K	43,311,468	-	-	-	-	43,311,468
Fidelity 500 Index Institutional	164,513,499	-	-	-	-	164,513,499
Fidelity Diversified International Class K	-	38,096,191	-	-	-	38,096,191
Fidelity Global ex-U.S. Index Institutional	-	19,737,909	-	-	-	19,737,909
Fidelity Real Estate Investment	-	-	-	-	20,981,351	20,981,351
Fidelity Freedom Index 2005 (1)	-	-	-	677,285	-	677,285
Fidelity Freedom Index 2010 (1)	-	-	-	2,181,754	-	2,181,754
Fidelity Freedom Index 2015 (1)	-	-	-	8,735,826	-	8,735,826
Fidelity Freedom Index 2020 (1)	-	-	-	25,653,252	-	25,653,252
Fidelity Freedom Index 2025 (1)	-	-	-	27,925,050	-	27,925,050
Fidelity Freedom Index 2030 (1)	-	-	-	32,784,784	-	32,784,784
Fidelity Freedom Index 2035 (1)	-	-	-	32,140,491	-	32,140,491
Fidelity Freedom Index 2040 (1)	-	-	-	30,431,568	-	30,431,568
Fidelity Freedom Index 2045 (1)	-	-	-	15,175,930	-	15,175,930
Fidelity Freedom Index 2050 (1)	-	-	-	9,943,478	-	9,943,478
Fidelity Freedom Index 2055 (1)	-	-	-	2,865,692	-	2,865,692
Fidelity Freedom Index 2060 (1)	-	-	-	138,882	-	138,882
Fidelity Freedom Index Income	-	-	-	2,170,373	-	2,170,373
Fidelity Total	460,003,807	57,834,100	109,619,734	373,593,582	20,981,351	1,022,032,574
						59.3%
TIAA-CREF Funds						
CREF Money Market Account R3	-	-	19,691,669	-	-	19,691,669
TIAA Traditional Annuity	-	-	99,381,595	-	-	99,381,595
CREF Bond Market Account R3	-	-	49,038,631	-	-	49,038,631
CREF Inflation-Linked Bond Account R3	-	-	23,222,854	-	-	23,222,854
CREF Social Choice Account R3	-	-	-	50,157,639	-	50,157,639
CREF Equity Index Account R3	73,696,405	-	-	-	-	73,696,405
CREF Growth Account R3 (2)	490,779	-	-	-	-	490,779
CREF Stock Account R3	145,701,581	-	-	-	-	145,701,581
CREF Global Equities Account R3	-	49,096,935	-	-	-	49,096,935
TIAA Real Estate Account	-	-	-	-	16,069,924	16,069,924
TIAA-CREF Large-Cap Growth Index Inst	94,335,418	-	-	-	-	94,335,418
TIAA-CREF Lifecycle Index Fund 2010 - Inst	-	-	-	1,049,497	-	1,049,497
TIAA-CREF Lifecycle Index Fund 2015 - Inst	-	-	-	3,689,230	-	3,689,230
TIAA-CREF Lifecycle Index Fund 2020 - Inst	-	-	-	9,103,209	-	9,103,209
TIAA-CREF Lifecycle Index Fund 2025 - Inst	-	-	-	9,995,364	-	9,995,364
TIAA-CREF Lifecycle Index Fund 2030 - Inst	-	-	-	12,769,196	-	12,769,196
TIAA-CREF Lifecycle Index Fund 2035 - Inst	-	-	-	11,582,377	-	11,582,377
TIAA-CREF Lifecycle Index Fund 2040 - Inst	-	-	-	17,151,001	-	17,151,001
TIAA-CREF Lifecycle Index Fund 2045 - Inst	-	-	-	8,408,047	-	8,408,047
TIAA-CREF Lifecycle Index Fund 2050 - Inst	-	-	-	4,627,926	-	4,627,926
TIAA-CREF Lifecycle Index Fund 2055 - Inst	-	-	-	1,480,363	-	1,480,363
TIAA-CREF Lifecycle Index Fund 2060 - Inst	-	-	-	33,239	-	33,239
TIAA-CREF Lifecycle Retirement Inc - Inst	-	-	-	848,492	-	848,492
TIAA-CREF Total	314,224,183	49,096,935	191,334,749	130,895,580	16,069,924	701,621,371
						40.7%
GRAND TOTALS	\$ 774,227,990	\$106,931,035	\$300,954,483	\$504,489,162	\$37,051,275	\$1,723,653,945
	44.9%	6.2%	17.5%	29.3%	2.1%	100.0%
SMP Forfeiture Reserve (3)						9,519,791
SMP Disability Reserve (3)						87,339,088
Total SMP Investments						\$1,820,512,824

- As of June 30, 2016, the Fidelity Freedom Fund (lifecycle) series is the default fund for members who have selected the Self-Managed Plan, but have not yet selected individual mutual/variable annuity funds.
- CREF Growth Account is no longer an approved option for the Self-Managed Plan. Assets remaining in the Account were invested prior to termination of this option.
- These assets are commingled with the SURS defined benefit plan investments and accrue interest equal to the overall annual rate of return of the fund, net of fees.

INVESTMENT ALLOCATION

Defined Benefit Plan Investment Allocation June 30, 2016 (\$ thousands)

	Fair Value
U.S. Equity Managers	
Northern Trust Asset Management	\$ 1,658,879
RhumbLine Advisers	998,001
CastleArk Management	139,625
Channing Capital Management	156,547
EARNEST Partners	110,930
Holland Capital Management	103,694
Lombardia Capital Partners	96,861
Mesirov Financial Investment Mgmt	141,228
Piedmont Investment Advisors	460,822
T. Rowe Price	335,665
Subtotal	4,202,252
Non-U.S. Equity Managers	
BTC Custom International Fund	1,174,880
BTC Emerging Markets Fund	153,460
Ativo Capital Management	234,892
BTC International Alpha Tilts	421,411
Fidelity Institutional Asset Management	455,645
GlobeFlex Capital	236,555
Progress Emerging Managers	167,974
Strategic Global Advisors	261,227
Subtotal	3,106,044
Global Equity Managers - Active	
Mondrian Investment Partners	371,266
Parametric Clifton Transition	234,584
T. Rowe Price	381,283
Wellington Management	361,205
Subtotal	1,348,338
Private Equity Managers	
Adams Street Partners	93,074
Adams Street 2015 Global Fund	7,637
Adams Street 2014 Global Fund	35,446
Adams Street 2013 Global Fund	47,949
Adams Street 2012 Global Fund	47,632
Adams Street 2009 Global Offering	80,583
Adams Street 2008 Global Offering	80,960
Adams Street 2007 Global Oppor Ptf	59,424
Adams Street Global Oppor Secondary	4,896
Adams Street Global Secondary Fund 5	8,756
Adams Street 2004 Non-U.S. Fund	17,437
Fairview Lincoln Fund I	17,073
Muller and Monroe ILPEFF	8,081
Muller and Monroe MPEFF	11,565
Pantheon Europe Fund III	13,313
Pantheon Europe Fund VI	26,401
Pantheon Europe Fund VII	24,607
Pantheon Multi-Strategy Program 2014	16,292
Pantheon Global	145
Pantheon Global Secondary Fund II	4,868
Pantheon USA IX	63,861
Pantheon USA VIII	89,802
Pantheon Ventures, Inc.	173,860
Subtotal	933,662
Treasury Inflation-Protected Securities	
Longfellow Investment Management	171,370
New Century Advisors	170,277
Pacific Investment - U.S. TIPS	340,079
Subtotal	\$ 681,726

INVESTMENT ALLOCATION

Defined Benefit Plan Investment Allocation June 30, 2016 (\$ thousands)

	Fair Value
Emerging Market Debt	
BlueBay Emerging Markets Select Debt	174,694
Colchester Local Markets Debt Fund	102,108
Progress Emerging Manager	70,822
Prudential Emerging Markets Debt Blend	<u>184,309</u>
Subtotal	531,933
Fixed Income Managers	
Cash	220,777
State Street Global Advisors	430,344
Chicago Equity Partners	339,889
Garcia Hamilton & Associates	158,253
LM Capital Group	161,596
Neuberger Berman	337,216
Pacific Investment - Total Return	386,720
Pacific Investment - Unconstrained	437,875
Progress Emerging Managers	143,988
Pugh Capital Management	162,566
Smith Graham & Company	104,601
TCW Metropolitan West Asset Mgmt	<u>538,550</u>
Subtotal	3,422,375
Direct Real Estate	
Blue Vista Real Estate Partners IV	7,189
Brookfield Strategic RE Partners II	11,225
Crow Holdings Realty Partners VII	15,132
Dune Real Estate Parallel Fund II	32,727
Dune Real Estate Fund III	68,924
Franklin Templeton EMREFF	49,265
Franklin Templeton FTPREF	25,672
Franklin Templeton MDP RE 2015	3,068
Heitman America Real Estate Trust	183,742
JPMCB Strategic Property Fund	188,547
Courtland/Pru RE Global Partnership II	47,029
RREEF America III Fund	1,747
RREEF West VI Fund	140
UBS Trumbull Property Fund	<u>358,877</u>
Subtotal	993,284
Real Estate Investment Securities	
BTC Developed Real Estate Index	409,128
CBRE Clarion Real Estate Securities	<u>287,863</u>
Subtotal	696,991
Cash Overlay	
Parametric Clifton	<u>66,052</u>
Subtotal	66,052
Hedged Strategies	
KKR Prisma Codlin Fund	270,131
PAAMCO Newport Monarch Fund	<u>195,833</u>
Subtotal	465,964
Commodities	
Invesco Balanced Risk Commodity Trust	255,670
PIMCO Commodity Alpha Fund	<u>83,218</u>
Subtotal	338,888
Infrastructure Managers	
Alinda Capital Partners	45,945
Macquarie Infrastructure Partners II	32,068
Macquarie Infrastructure Partners III	<u>20,799</u>
Subtotal	98,812
SMP Forfeiture/Disability Reserves (B)	
	(96,859)
Total Fund	<u>\$ 16,789,462(A)</u>

(A) Amount includes net pending transactions of (\$419,473) and accrued investment income receivable of \$42,367.

(B) These assets are commingled with the SURS defined benefit plan investments.

SUPPORTING SCHEDULES

Top 50 Brokers and Total Domestic Equity Investment Commissions For the Year Ended June 30, 2016

Investment Brokerage Firm	2016		
	Commission	Shares Traded	Commission per Share
Loop Capital Markets	\$ 157,942	7,068,293	\$ 0.02
Cheevers & Company	120,549	6,527,759	0.02
Credit Suisse	108,197	4,013,593	0.03
Williams Capital Group	107,028	5,873,328	0.03
ITG (Investment Technology Group)	74,537	6,414,786	0.05
Interstate Group	66,922	2,210,109	0.03
Bank of New York ConvergEx Execution	65,877	1,973,976	0.03
JP Morgan Chase & Company	60,300	2,064,223	0.03
Robert W. Baird & Company	54,150	1,532,886	0.03
Barclays	53,177	1,835,339	0.03
CAPIS (Capital Institutional Services)	46,196	1,293,193	0.04
Stifel, Nicolaus & Company	45,705	1,340,567	0.04
Merrill Lynch	44,843	1,024,102	0.05
Goldman Sachs	38,826	2,152,052	0.03
William Blair & Company	36,929	1,196,323	0.03
Cabrera Capital Markets	33,589	1,355,935	0.03
Northern Trust Securities	30,717	3,071,687	0.01
M Ramsey King Securities	27,347	1,080,397	0.03
Topeka Capital Markets	27,342	970,993	0.03
Jefferies & Company	26,666	1,060,701	0.03
Guzman & Company	25,238	2,509,030	0.01
Craig-Hallum	23,334	789,881	0.03
JonesTrading Institutional Services	22,165	796,662	0.03
Stephens	20,952	673,493	0.03
BTIG (Bass Trading International Group)	19,546	451,275	0.04
Morgan Stanley	18,415	570,657	0.03
CL King & Associates	18,371	606,152	0.03
Andes Capital Group	17,713	440,898	0.04
Instinet	17,253	722,264	0.03
BNY Mellon	16,980	562,230	0.03
Ivy Securities	16,744	400,721	0.04
Valdes & Moreno	15,401	369,050	0.04
Cantor Fitzgerald	14,872	517,352	0.03
CastleOak Securities	14,112	468,643	0.03
Piper Jaffray & Company	13,067	427,351	0.03
Raymond James & Associates	11,321	319,593	0.04
Mischler Financial Group	9,642	345,854	0.03
KeyBanc Capital Markets	9,306	287,678	0.03
Northland Securities	8,934	304,020	0.03
Sanford C. Bernstein	8,668	459,855	0.03
Keefe, Bruyette & Woods	8,301	202,097	0.04
Liquidnet	7,638	370,181	0.01
Citigroup Global Markets	7,502	382,325	0.03
Security Capital Brokerage	7,381	166,968	0.04
Wunderlich Securities	7,018	199,947	0.04
RBC Capital Markets	6,794	393,187	0.03
ROTH Capital Partners	6,755	225,153	0.03
Bloomberg Tradebook	6,574	214,982	0.03
Needham & Company	6,441	224,150	0.03
ISI Group	6,114	177,096	0.03
All Other Brokers	150,402	6,112,369	0.02
Grand Totals, All Brokers	\$ 1,769,793	74,751,356	\$ 0.02

SUPPORTING SCHEDULES

Top 50 Brokers and Total International Equity Investment Commissions For the Year Ended June 30, 2016

Investment Brokerage Firm	2016		
	Commission	Shares Traded	Commission per Share
Loop Capital Markets	\$ 168,738	25,211,421	\$ 0.01
Instinet	124,704	13,720,802	0.02
North South Capital	111,353	5,611,050	0.02
Goldman Sachs	109,063	9,982,300	0.01
UBS	89,832	24,461,788	0.00
M Ramsey King Securities	79,453	17,951,442	0.00
Jefferies & Company	69,893	4,791,711	0.02
Cheever & Company	68,118	9,876,440	0.03
Deutsche Bank	61,086	5,656,166	0.02
Bank of New York ConvergEx Execution	52,162	14,199,409	0.01
BTIG (Bass Trading International Group)	50,562	1,459,022	0.03
Credit Suisse	50,465	4,962,157	0.02
CLSA	48,219	13,169,930	0.01
ITG (Investment Technology Group)	41,811	4,809,782	0.01
Penserra Securities	33,816	5,768,902	0.01
JP Morgan Chase & Company	31,560	1,800,326	0.02
Merrill Lynch	31,312	7,889,898	0.00
Citigroup Global Markets	31,200	2,934,759	0.01
Northern Trust Securities	30,895	8,960,554	0.00
Exane	18,636	1,537,124	0.02
Macquarie Securities	18,288	2,574,260	0.01
Bloomberg Tradebook	17,624	2,152,087	0.01
Morgan Stanley	17,519	5,683,667	0.00
Wallachbeth Capital	14,897	2,979,312	0.01
HSBC	13,079	2,547,689	0.02
Cabrera Capital Markets	10,722	1,482,903	0.01
Guzman & Company	9,749	1,085,366	0.01
Sanford C. Bernstein	9,098	475,157	0.05
Daiwa Securities Group	6,581	652,650	0.01
Barclays	6,000	301,982	0.02
Mischler Financial Group	5,654	62,700	0.09
Weeden & Company	4,832	277,100	0.02
Liquidnet	4,256	1,098,299	0.00
Scotia Capital	4,157	401,800	0.01
Royal Bank of Canada	4,150	307,368	0.02
CAPIS (Capital Institutional Services)	4,150	40,157	0.10
China International Capital	3,718	913,000	0.00
Societe Generale Securities	3,420	654,418	0.00
BMO Capital Markets	3,284	206,300	0.02
Divine Capital Markets	2,763	92,100	0.03
Topeka Capital Markets	2,753	245,037	0.01
Investec Securities	2,610	465,399	0.01
Williams Capital Group	2,330	79,888	0.03
Cantor Fitzgerald	2,270	116,459	0.02
Auerbach Grayson & Company	2,221	125,050	0.02
Mizuho Securities	1,847	102,625	0.02
JonesTrading Institutional Services	1,786	89,858	0.02
Nordea Bank	1,775	159,512	0.01
Themis Trading	1,638	327,570	0.01
Sumitomo Mitsui Banking Corporation	1,627	529,293	0.00
All Other Brokers	20,565	2,636,109	0.01
Grand Totals, All Brokers	\$ 1,508,241	213,620,098	\$ 0.01

SUPPORTING SCHEDULES

Top 50 Brokers and Total Global Equity Investment Commissions For the Year Ended June 30, 2016

Investment Brokerage Firm	2016		
	Commission	Shares Traded	Commission per Share
Goldman Sachs	\$ 70,171	7,296,975	\$ 0.01
Morgan Stanley	67,260	8,283,017	0.01
UBS	64,481	8,800,087	0.02
Citigroup Global Markets	55,181	8,898,085	0.02
Bank of America	53,688	5,700,692	0.02
Sanford C. Bernstein	44,377	9,454,356	0.01
Deutsche Bank	38,834	5,094,108	0.01
Credit Suisse	37,893	3,330,190	0.02
JP Morgan Chase & Company	35,011	3,969,657	0.01
Loop Capital Markets	32,174	3,139,047	0.02
Cabrera Capital Markets	29,480	1,393,250	0.02
CLSA	27,033	3,586,026	0.02
Jefferies & Company	26,702	2,628,978	0.02
Telsey Advisory Group	25,988	745,490	0.03
Barclays	23,650	1,259,439	0.02
Nomura	21,926	3,291,419	0.02
Drexel Hamilton	21,180	605,079	0.04
Macquarie Securities	19,078	3,996,160	0.01
HSBC	19,021	4,923,965	0.01
Academy Securities	17,575	637,205	0.03
RBC Capital Markets	17,121	1,831,706	0.02
Danske Bank	14,297	204,794	0.07
Exane	13,477	1,414,938	0.03
Mischler Financial Group	12,557	1,002,085	0.04
Credit Agricole	12,323	2,963,087	0.01
Instinet	12,104	902,157	0.01
Redburn Partners	11,160	1,250,306	0.01
CRT Capital Group	10,665	269,148	0.04
Liquidnet	10,099	3,373,713	0.00
CL King & Associates	9,251	266,660	0.03
Merrill Lynch	8,759	3,371,826	0.00
Wells Fargo Advisors	7,417	390,483	0.03
Daiwa Securities Group	7,318	402,831	0.02
Raymond James & Associates	6,549	209,548	0.03
Mizuho Securities	6,371	659,421	0.01
Societe Generale Securities	6,216	189,699	0.03
Haitong Securities Company	6,148	44,594	0.14
ITG (Investment Technology Group)	5,972	2,712,403	0.00
Stifel, Nicolaus & Company	5,622	189,505	0.04
Evercore Partners	5,615	555,928	0.04
BMO Capital Markets	5,277	185,279	0.03
Kepler Capital Markets	5,209	130,803	0.04
Williams Capital Group	4,522	122,226	0.04
M Ramsey King Securities	3,999	135,496	0.03
BTG Pactual	3,785	288,785	0.03
Bank of America Securities	3,760	100,584	0.04
Investec Securities	3,667	107,952	0.01
CastleOak Securities	3,004	85,839	0.03
Robert W. Baird & Company	2,670	72,084	0.04
Mediobanca	2,624	614,431	0.00
All Other Brokers	78,454	8,638,760	0.01
Grand Totals, All Brokers	\$ 1,036,715	119,720,296	\$ 0.01

SUPPORTING SCHEDULES

All Brokers and Total REIT Investment Commissions For the Year Ended June 30, 2016

Investment Brokerage Firm	2016		
	Commission	Shares Traded	Commission per Share
Cheevers & Company	\$ 101,037	2,278,865	\$ 0.04
UBS	19,327	2,630,540	0.01
JP Morgan Chase & Company	15,704	1,970,165	0.01
Merrill Lynch	8,566	866,839	0.01
Citigroup Global Markets	8,041	1,578,307	0.01
Morgan Stanley	6,004	724,846	0.01
CLSA	5,967	1,334,410	0.00
Kempen & Company	5,956	165,717	0.04
Jefferies & Company	5,295	260,433	0.02
Deutsche Bank	3,658	219,006	0.02
Macquarie Securities	3,629	1,164,013	0.01
Exane	3,413	149,917	0.02
Green Street Advisors	3,212	88,451	0.04
Credit Suisse	2,881	457,014	0.01
Raymond James & Associates	2,871	74,800	0.04
Stifel, Nicolaus & Company	2,354	103,084	0.02
Instinet	2,167	24,437	0.26
Daiwa Securities Group	2,101	61,230	0.03
Mizuho Securities	2,010	27,900	0.07
Evercore Partners	1,911	125,761	0.03
Sumitomo Mitsui Banking Corporation	1,894	15,525	0.12
Goldman Sachs	1,716	355,164	0.00
BMO Capital Markets	1,715	47,473	0.04
Robert W. Baird & Company	1,686	40,700	0.04
JMP Securities	1,503	41,500	0.04
DBS Vickers Securities	1,072	449,256	0.00
Mitsubishi UFJ Securities	1,026	10,831	0.09
KeyBanc Capital Markets	822	20,870	0.04
MKM Partners	717	23,900	0.03
Barclays	686	13,942	0.05
Societe Generale Securities	653	8,092	0.14
Moelis & Company	647	220,458	0.00
Cowen & Company	495	11,000	0.05
Oppenheimer & Company	103	2,300	0.05
Wells Fargo Advisors	90	2,000	0.05
ABN Amro	52	511	0.10
Commonwealth Securities	32	6,853	0.00
Grand Totals, All Brokers	\$ 221,013	15,576,110	\$ 0.01

SUPPORTING SCHEDULES

Top 50 Brokers and Total Fixed Income Investment Brokerage For the Year Ended June 30, 2016

	2016
Investment Brokerage Firm	Fair Value Traded
CastleOak Securities	\$ 2,303,753,075
Barclays	1,017,363,112
Goldman Sachs	903,550,559
JP Morgan Chase & Company	739,153,487
Citigroup Global Markets	722,041,244
Credit Suisse	618,582,256
Nomura	557,593,113
Deutsche Bank	511,443,198
Ramirez & Company	510,320,907
Loop Capital Markets	491,111,986
Morgan Stanley	342,480,730
Wells Fargo Advisors	285,312,225
Bank of America	182,950,138
Cabrera Capital Markets	158,942,150
Merrill Lynch	158,604,334
UBS	113,075,927
RBS Securities	110,687,271
RBC Capital Markets	97,920,625
Williams Capital Group	88,213,943
HSBC	71,561,035
Mizuho Securities	65,098,138
Daiwa Securities Group	63,190,684
BNP Paribas	61,935,901
Bank of America Securities	54,807,886
Amherst Securities Group	46,900,729
Lebenthal & Company	40,000,000
MFR Securities	38,472,570
Jefferies & Company	38,391,752
Royal Bank of Canada	38,181,349
Mischler Financial Group	38,040,841
FTN Financial Capital Markets	35,724,905
CAPIS (Capital Institutional Services)	35,230,697
RBC Dain Rauscher	34,889,488
MF Global	32,400,000
Brown Brothers Harriman & Company	29,412,669
Credit Agricole	22,495,383
SMBC Nikko Securities	22,397,390
Royal Bank of Scotland	18,337,284
TD Securities	18,225,137
Danske Bank	17,579,174
Stifel, Nicolaus & Company	16,145,043
US Bancorp	15,536,910
Mitsubishi UFJ Securities	15,221,543
SunTrust Robinson Humphrey	14,257,524
Alamo Capital	13,935,351
First Tennessee	13,465,682
Jyske Bank	13,226,513
Stephens	13,209,548
SG Americas Securities	11,459,359
BMO Capital Markets	10,675,601
All Other Brokers	192,765,665
Grand Totals, All Brokers	\$11,066,272,031

SUPPORTING SCHEDULES

Top 50 Brokers and Total TIPS Investment Brokerage For the Year Ended June 30, 2016

Investment Brokerage Firm	2016
	Fair Value Traded
Bank of America	\$ 172,379,916
Barclays	161,363,983
Goldman Sachs	82,130,611
Deutsche Bank	63,754,016
Credit Suisse	60,944,139
Ramirez & Company	60,176,697
Societe Generale Securities	53,770,022
Morgan Stanley	51,783,070
Nomura	46,573,757
Merrill Lynch	36,614,956
RBS Securities	33,037,719
JP Morgan Chase & Company	32,745,794
TD Securities	28,866,503
CastleOak Securities	28,758,320
HSBC	26,826,809
Scotia Capital	25,723,976
Cabrera Capital Markets	25,564,515
Wells Fargo Advisors	24,126,786
Citigroup Global Markets	18,986,638
Mizuho Securities	17,994,277
Jefferies & Company	16,773,680
BNP Paribas	15,931,347
Westpac Group	14,194,870
Bank of Nova Scotia	13,913,120
UBS	12,614,236
Banco Santander	10,677,809
Royal Bank of Scotland	9,381,569
Daiwa Securities Group	7,756,160
Mesirow Financial	6,809,000
SG Americas Securities	6,410,817
Banca IMI Securities	6,005,760
Loop Capital Markets	5,948,881
Guggenheim Capital Markets	5,798,750
Credit Agricole	5,734,008
ANZ Securities	3,320,912
Sierra Pacific Securities	2,114,377
First Tryon Securities	2,035,580
Royal Bank of Canada	1,952,821
Danske Bank	1,544,917
SEB Enskilda	1,515,024
Banco Bilbao Vizcaya	1,335,911
Commerzbank	1,283,384
Itau Securities	1,256,413
UniCredit Banca Mobiliare S.p.A.	1,229,435
Susquehanna Financial Group	741,435
Incapital Securities	704,755
Brown Brothers Harriman & Company	568,756
Rabo Securities	419,063
Cantor Fitzgerald	404,300
Jyske Bank	402,974
All Other Brokers	1,337,364
Grand Totals, All Brokers	\$1,212,239,932