

# Nebraska Investment Council

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## Fourth Quarter 2014 Performance Review

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## Highlights

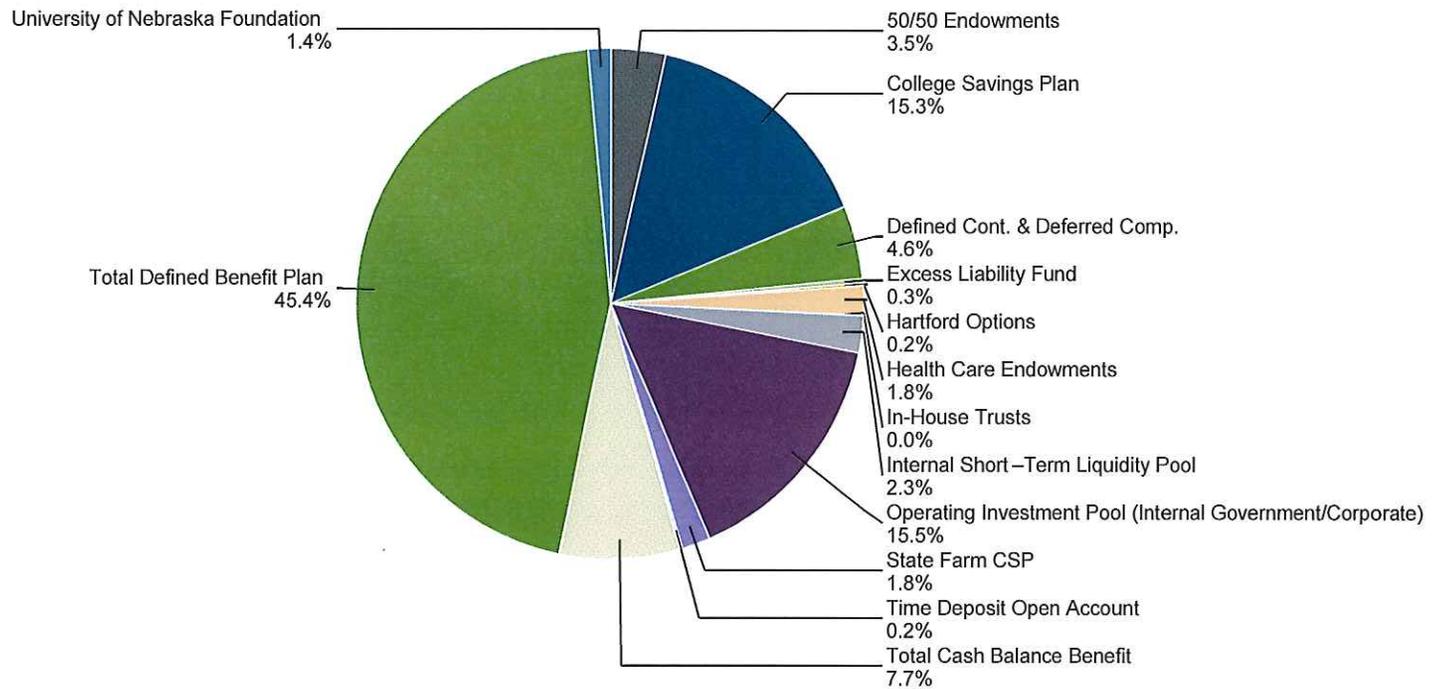
## Total Assets by Plan

Total Defined Benefit Plan	\$9,962,206,258
Defined Cont. & Deferred Comp.	\$1,011,554,707
Total Cash Balance Benefit	\$1,686,494,632
Hartford Options	\$38,135,134
College Savings Plan	\$3,363,446,292
State Farm CSP	\$393,311,381
Health Care Endowments	\$393,887,134
50/50 Endowments	\$768,934,895
Excess Liability Fund	\$67,381,896
In-House Trusts	\$9,489,258
Internal Short-Term Liquidity Pool	\$512,671,474
Operating Investment Pool (Internal Government/Corporate)	\$3,408,244,963
Time Deposit Open Account	\$39,900,000
University of Nebraska Foundation	\$308,010,000
<b>Total</b>	<b>\$21,963,668,025</b>

	Performance(%)					
	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
<b>Major Capital Markets</b>						
Dow Jones U.S. Total Stock Market Index	5.2	5.2	12.5	20.4	15.7	8.1
MSCI AC World ex USA Index (Net)	-3.9	-8.9	-3.9	9.0	4.4	5.1
Barclays Universal	1.3	1.3	5.6	3.2	4.8	4.9
CPI	-1.4	-1.5	0.8	1.3	1.7	2.1

Asset Allocation by Plan

December 31, 2014 : \$21,963,668,025



## All Plans – Actual vs. Policy Allocation

	Defined Benefit Plan				Cash Balance Benefit			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
<b>U.S. Equity</b>	36.9%	32.5%	4.4%	26.5% - 36.5%	36.7%	32.5%	4.2%	26.5% - 36.5%
<b>Non-U.S. Equity</b>	10.6%	13.5%	-2.9%	8.5% - 18.5%	10.6%	13.5%	-2.9%	8.5% - 18.5%
<b>Global Equity</b>	15.7%	15.0%	0.7%	10.0% - 20.0%	15.6%	15.0%	0.6%	10.0% - 20.0%
<b>Fixed Income</b>	28.0%	30.0%	-2.0%	25.0% - 35.0%	28.4%	30.0%	-1.6%	25.0% - 35.0%
<b>Real Estate</b>	4.6%	5.0%	-0.4%	0.0% - 10.0%	4.6%	5.0%	-0.4%	0.0% - 10.0%
<b>Private Equity*</b>	4.1%	4.0%	0.1%	0.0% - 10.0%	4.1%	4.0%	0.1%	0.0% - 10.0%

	Health Care Endowment				50/50 Endowment			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
<b>U.S. Equity</b>	42.8%	41.0%	1.8%	35.0% - 45.0%	30.5%	27.0%	3.5%	20.0% - 30.0%
<b>Non-U.S. Equity</b>	14.5%	15.0%	-0.5%	10.0% - 20.0%	8.9%	10.0%	-1.1%	5.0% - 15.0%
<b>Global Equity</b>	12.3%	10.0%	2.3%	5.0% - 15.0%	5.0%	5.0%	0.0%	0.0% - 10.0%
<b>Fixed Income</b>	21.5%	25.0%	-3.5%	20.0% - 30.0%	47.9%	50.0%	-2.1%	45.0% - 55.0%
<b>Real Estate</b>	4.5%	5.0%	-0.5%	0.0% - 10.0%	3.4%	4.0%	-0.6%	0.0% - 10.0%
<b>Private Equity*</b>	4.3%	4.0%	0.3%	0.0% - 10.0%	4.3%	4.0%	0.3%	0.0% - 10.0%

- The intermediate-term Private Equity policy allocation is 4% for the Defined Benefit and Cash Balance Benefit Plans, 4% for the Health Care Endowments, and 4% for the 50/50 Endowments.
- The long-term target allocation to Real Estate is 7.5% and will be funded from U.S. Equity over time.

## Selected\* Plans

As of December 31, 2014

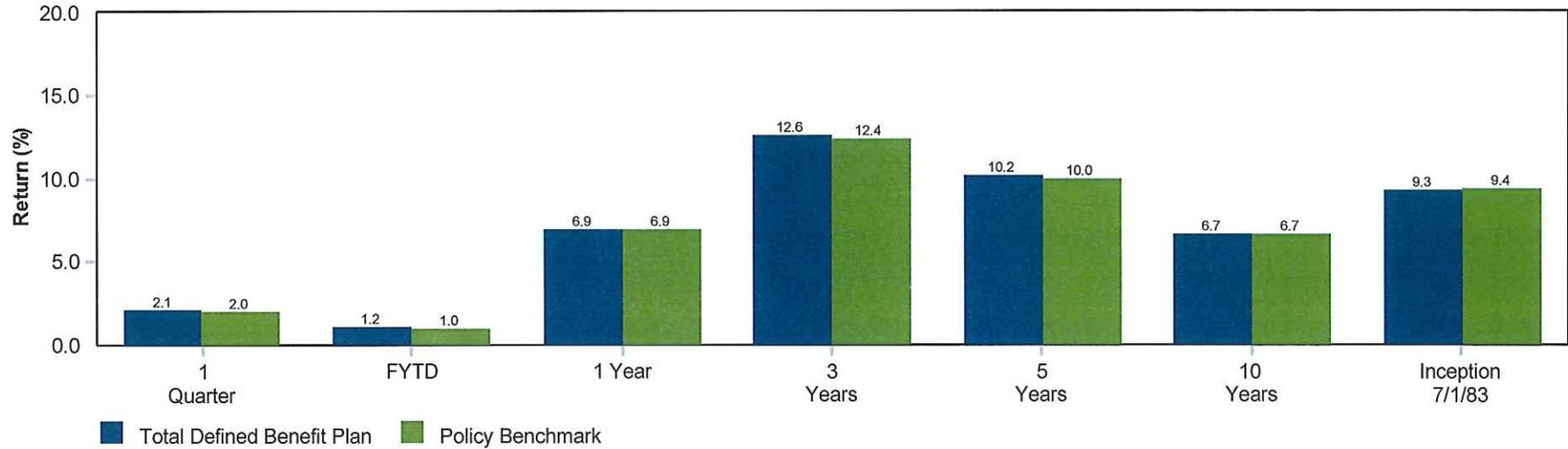
## Asset Allocation &amp; Performance

	Allocation	Performance(%)							Inception Date
	Market Value (\$)	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	
Total Defined Benefit Plan	9,962,206,258	2.1	1.2	6.9	12.6	10.2	6.7	9.3	07/01/1983
Policy Benchmark		2.0	1.0	6.9	12.4	10.0	6.7	9.4	
Total Cash Balance Benefit Plan	1,686,494,632	2.1	1.2	6.9	12.6	10.2	6.6	8.0	01/01/2003
Policy Benchmark		2.0	1.0	6.9	12.4	10.0	6.7	8.2	
Health Care Endowment	393,887,134	2.1	1.5	6.8	13.9	10.9	6.8	6.6	01/01/2001
Health Care Policy		2.2	1.2	6.7	13.0	10.2	6.6	5.5	
50/50 Endowments	768,934,895	2.1	1.4	7.2	10.5	9.2	6.7	7.7	01/01/1996
50/50 Endowment Policy		2.1	1.5	7.0	10.0	8.9	6.4	7.1	
Excess Liability Fund	67,381,896	1.5	1.3	5.7	3.6	5.1	5.5	6.1	07/01/1997
Performance Benchmark		1.3	1.3	5.6	3.2	4.8	4.9	5.8	
Total OIP	3,927,963,969	0.9	0.9	3.1	1.6	2.6	3.5	4.3	01/01/1997
Policy Benchmark		0.9	0.9	2.8	1.8	3.1	3.8	4.8	
Aeronautics	6,729,460	2.1	2.5	5.9	1.7	4.0	4.8	6.7	01/01/1990
Barclays U.S. Treasury Index		1.9	2.3	5.1	1.4	3.9	4.4	6.2	
Agricultural Development	2,759,798	2.0	2.4	5.6	1.7	4.2	4.4	6.9	01/01/1989
Barclays U.S. Treasury Index		1.9	2.3	5.1	1.4	3.9	4.4	6.5	

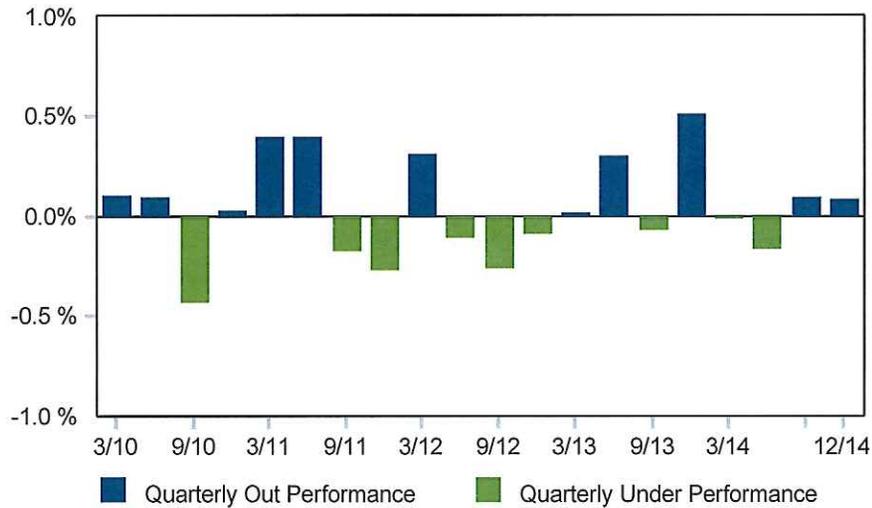
\*Only includes Plans that have a total fund return. As such, Defined Contribution, Deferred Compensation, Hartford, College Savings Plans, TDOA, and University Fund N Plan are not shown

Total Plan Performance Summary

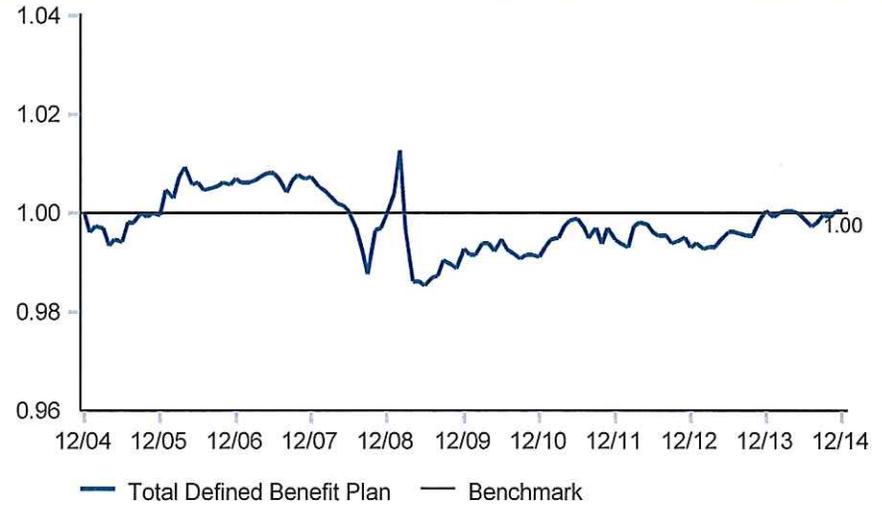
Return Summary



Quarterly Excess Performance

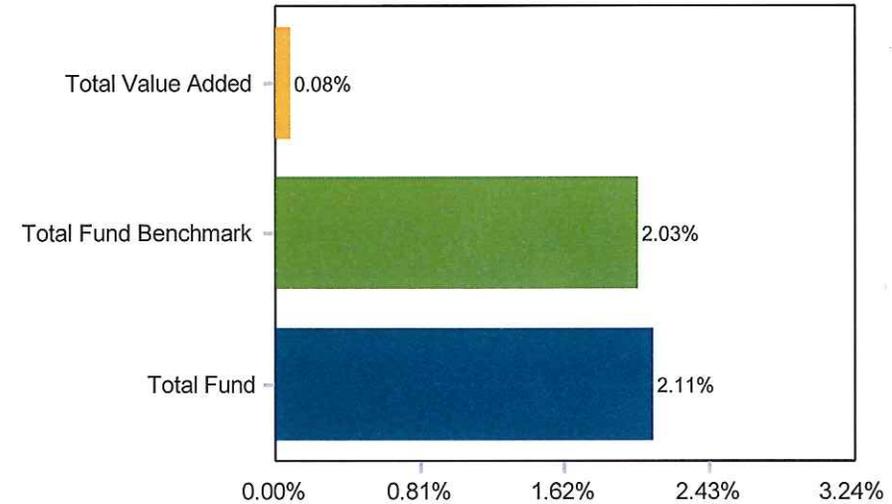


Ratio of Cumulative Wealth - 10 Years

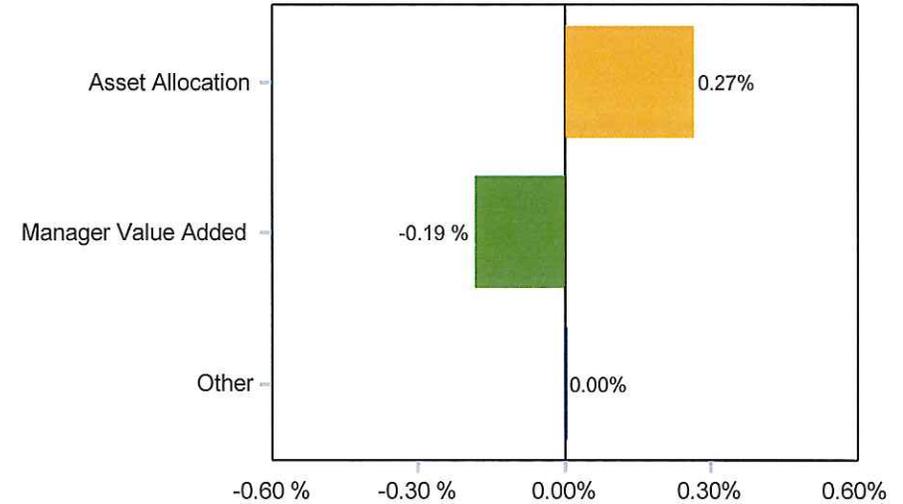


**Total Fund Attribution**

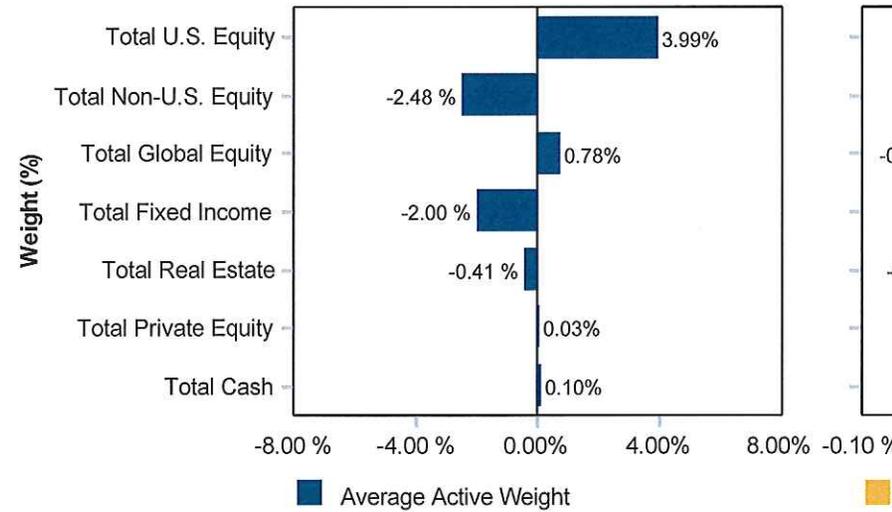
**Total Fund Performance**



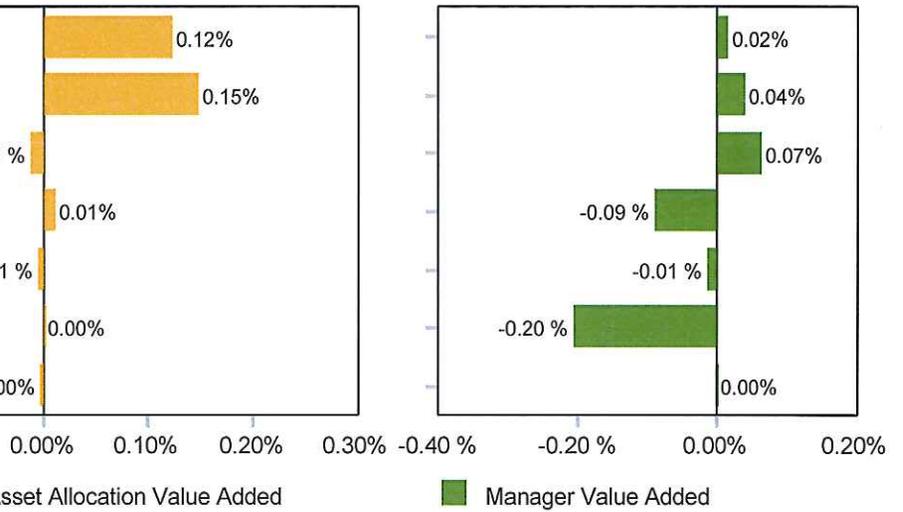
**Total Value Added: 0.08%**



**Total Asset Allocation: 0.27%**

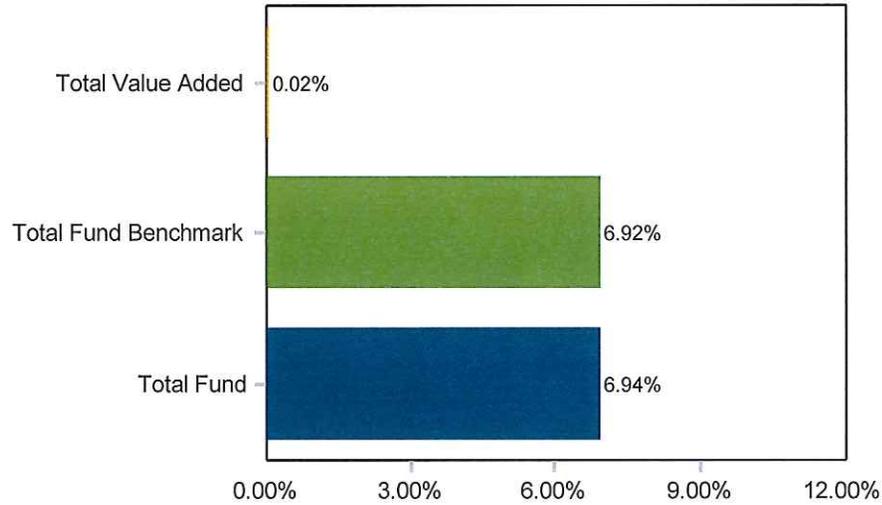


**Total Manager Value Added: -0.19%**

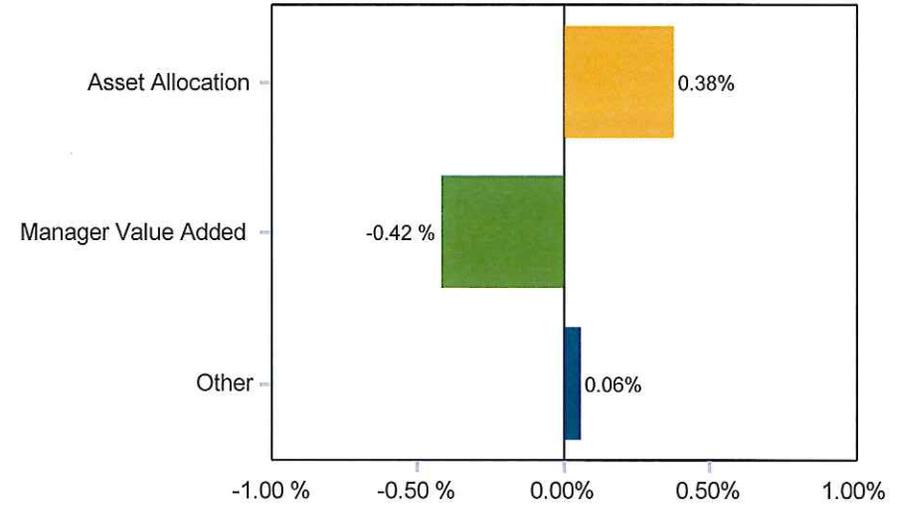


Total Fund Attribution

Total Fund Performance

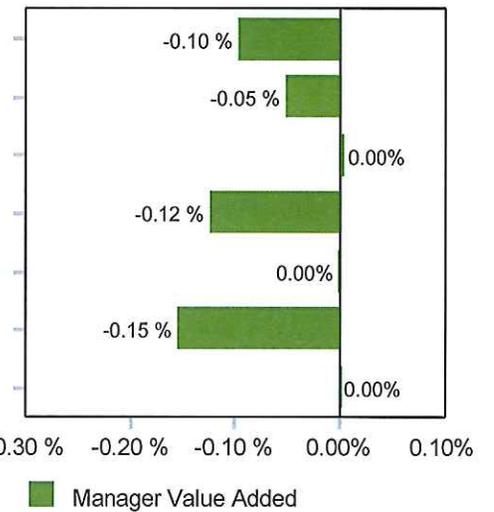
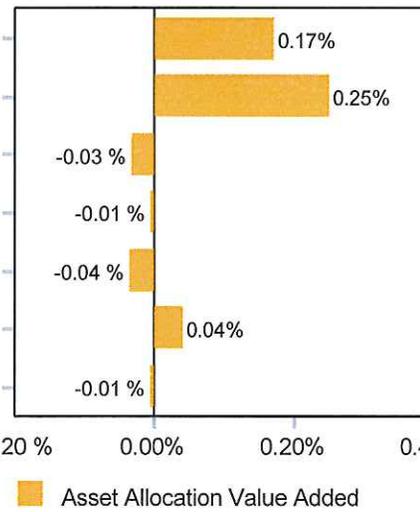
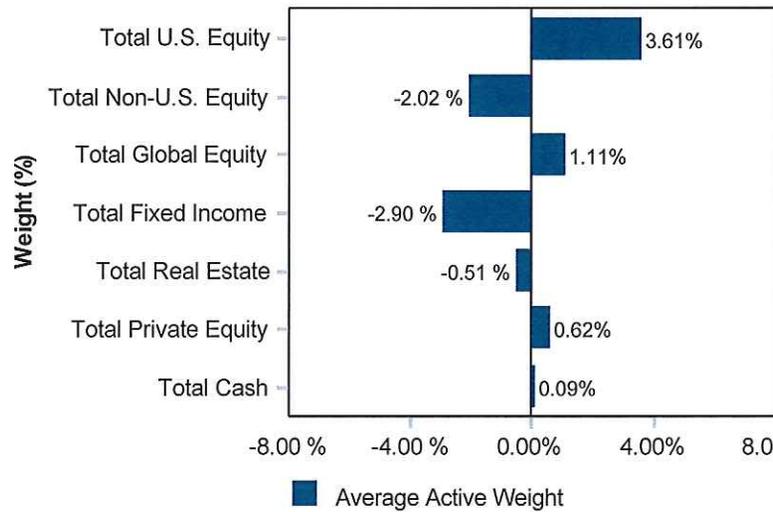


Total Value Added: 0.02%



Total Asset Allocation: 0.38%

Total Manager Value Added: -0.42%



## Risk Budgeting Defined Benefit – Total Plan\*

Asset Class	Allocation			Benchmark Risk	Benchmark Risk Attribution		
	(\$ millions)	Percent of Total	Policy		Manager Effect	Allocation Effect	Total
US Equity	\$ 3,679	40.7%	36.4%	0.31%	9.4%		67.9%
Non US Equity	\$ 1,059	11.7%	14.7%	1.28%	9.3%		-23.1%
Global Equity	\$ 1,563	17.3%	16.3%	1.47%	4.7%		16.8%
Fixed Income	\$ 2,741	30.3%	32.6%	1.25%	35.0%		38.4%
<b>Total Fund</b>	<b>\$ 9,042</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.77%</b>	<b>58.3%</b>	<b>41.7%</b>	<b>100.0%</b>

\*Excluding Real Estate, Private Equity, managers with residual balances, and the distressed mortgage managers.

Defined Benefit & Cash Balance Benefit Plans

As of December 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value \$	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Total Defined Benefit Plan</b>	<b>\$9,962,206,258</b>	<b>100.0</b>	<b>2.1 (27)</b>	<b>1.2 (20)</b>	<b>6.9 (28)</b>	<b>12.6 (18)</b>	<b>10.2 (18)</b>	<b>6.7 (24)</b>	<b>9.3</b>	<b>07/01/1983</b>
<i>Policy Benchmark</i>			2.0 (28)	1.0 (22)	6.9 (28)	12.4 (24)	10.0 (26)	6.7 (25)	9.4	
Total U.S. Equity	\$3,679,011,562	36.9	5.3 (47)	5.2 (28)	12.2 (20)	20.5 (22)	15.8 (32)	7.8 (43)	9.8	07/01/1983
<i>Dow Jones U.S. Total Stock Market</i>			5.2 (50)	5.2 (30)	12.5 (16)	20.4 (30)	15.7 (34)	8.1 (30)	10.7	
Total Non-U.S. Equity	\$1,059,501,037	10.6	-3.5 (74)	-8.7 (74)	-4.2 (81)	9.4 (74)	4.2 (88)	4.5 (84)	5.6	10/01/1991
<i>MSCI All Country World ex-U.S. IMI*</i>			-3.9 (84)	-9.1 (83)	-3.9 (67)	9.2 (78)	4.6 (82)	5.5 (58)	6.1	
Total Global Equity	\$1,562,888,009	15.7	1.0 (46)	-2.1 (52)	3.9 (44)	15.0 (51)	10.3 (47)		7.3 (27)	09/01/2005
<i>MSCI All Country World IMI*</i>			0.6 (55)	-2.3 (53)	3.8 (44)	14.3 (62)	9.3 (62)		6.2 (58)	
Total Fixed Income	\$2,787,845,780	28.0	1.0 (58)	0.8 (52)	5.1 (71)	3.8 (55)	5.5 (63)	5.3 (40)	8.5	07/01/1983
<i>Barclays Universal Bond Index*</i>			1.3 (33)	1.3 (39)	5.6 (52)	3.2 (69)	4.8 (76)	4.9 (57)	8.4	
Total Real Estate	\$459,993,232	4.6	2.7	6.2	11.7	9.9	10.9	5.4	5.9	12/01/2004
<i>Performance Benchmark</i>			3.0	5.8	11.8	11.1	12.1	8.1	8.6	
Total Private Equity	\$405,919,108	4.1	0.9	3.3	11.9	11.5	14.0		0.8	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			6.0	6.7	15.8	24.0	19.1		11.6	
Total Cash	\$7,047,532	0.1								

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Total Cash Balance Benefit Plan</b>	<b>1,686,494,632</b>	<b>100.0</b>	<b>2.1 (27)</b>	<b>1.2 (20)</b>	<b>6.9 (28)</b>	<b>12.6 (18)</b>	<b>10.2 (18)</b>	<b>6.6 (27)</b>	<b>8.0 (45)</b>	<b>01/01/2003</b>
<i>Policy Benchmark</i>			2.0 (28)	1.0 (22)	6.9 (28)	12.4 (24)	10.0 (26)	6.7 (25)	8.2 (38)	
Total U.S. Equity	619,770,126	36.7	5.3 (47)	5.2 (28)	12.2 (20)	20.5 (22)	15.8 (32)	7.8 (43)	10.1 (22)	01/01/2003
<i>Dow Jones U.S. Total Stock Market</i>			5.2 (50)	5.2 (30)	12.5 (16)	20.4 (30)	15.7 (34)	8.1 (30)	10.3 (17)	
Total Non-U.S. Equity	178,484,650	10.6	-3.5 (74)	-8.7 (74)	-4.2 (81)	9.4 (74)	4.2 (88)	4.5 (86)	8.4 (83)	01/01/2003
<i>MSCI All Country World ex-U.S. IMI*</i>			-3.9 (84)	-9.1 (83)	-3.9 (67)	9.2 (78)	4.6 (82)	5.5 (58)	9.3 (42)	
Total Global Equity	263,285,744	15.6	1.0 (46)	-2.1 (52)	3.9 (44)	15.0 (51)	10.3 (47)		7.8 (20)	09/01/2005
<i>MSCI All Country World IMI*</i>			0.6 (55)	-2.3 (53)	3.8 (44)	14.3 (62)	9.3 (62)		6.2 (58)	
Total Fixed Income	479,081,616	28.4	1.0 (59)	0.8 (53)	5.1 (76)	3.8 (55)	5.4 (65)	5.3 (41)	5.2 (71)	01/01/2003
<i>Barclays Universal Bond Index*</i>			1.3 (33)	1.3 (39)	5.6 (52)	3.2 (69)	4.8 (76)	4.9 (57)	5.0 (74)	
Total Real Estate	77,490,940	4.6	2.7	6.2	11.7	9.9	10.9	5.5	6.0	12/01/2004
<i>Performance Benchmark</i>			3.0	5.8	11.8	11.1	12.1	8.1	8.6	
Total Private Equity	68,381,556	4.1	0.9	3.3	11.9	11.5	14.0		0.8	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			6.0	6.7	15.8	24.0	19.1		11.6	

\*Denotes a performance benchmark that is a splice of more than one index. Descriptions can be found in the appendix of this report.  
 Note: The Total Fixed Income market value for the Cash Balance Benefit plan includes the CBB-GICS & Money Market.  
 Nebraska Investment Council

Defined Contribution & Deferred Compensation Plans

As of December 31, 2014

Asset Allocation

	\$	Total Fund	%
Total Defined Cont. & Deferred Comp.	1,011,554,707		100.0

	\$	Total Fund	%
Total Hartford Options	38,135,134		100.0

Asset Allocation		
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	\$	Total Fund	%
<b>First National</b>	<b>3,363,446,292</b>		<b>100.0</b>
Direct	1,687,873,432		50.2
TD	781,039,409		23.2
Advisor	894,533,452		26.6
A	560,309,320		16.7
C	334,224,131		9.9

	\$	Total Fund	%
<b>Total State Farm College Savings Plan</b>	<b>393,311,381</b>		<b>100.0</b>
State Farm Fixed Allocation	98,329,185		25.0
State Farm Enrollment Based	289,916,350		73.7
State Farm Individual Portfolios	5,065,846		1.3

Total Endowment

As of December 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Endowment	1,145,533,740	100.0	2.2	1.4	7.2	10.9	9.2		7.1	01/01/2006
Total U.S. Equity	403,599,753	35.2	5.3	4.7	12.3	20.6	15.7	7.6	6.8	01/01/2002
<i>Dow Jones U.S. Total Stock Market Index</i>			5.2	5.2	12.5	20.4	15.7	8.1	7.5	
Total Non-U.S. Equity	125,826,632	11.0	-3.9	-9.0	-3.5	8.8	4.0	4.7	4.2	01/01/2001
<i>MSCI All Country World ex-U.S. IMI*</i>			-3.9	-9.1	-3.9	9.2	4.6	5.2	4.8	
Total Global Equity	86,682,496	7.6	1.1	-1.6	4.4	15.3	10.3		9.0	09/01/2005
<i>MSCI All Country World IMI*</i>			0.6	-2.3	3.8	14.3	9.3		6.2	
Total Fixed Income	435,646,777	38.0	1.5	1.3	5.7	3.8	5.2	5.6	6.2	07/01/1997
<i>Barclays Universal Bond Index*</i>			1.3	1.3	5.6	3.2	4.8	4.9	5.8	
Total Real Estate	44,000,501	3.8								
Total Private Equity	49,777,581	4.3								

\*Denotes a performance benchmark that is a splice of more than one index. Descriptions can be found in the appendix of this report.

The Total Endowment includes the Health Care Endowment, 50/50 Endowment, and the Excess Liability Fund. It does not include the Health Care Endowment Fixed, as this is internally managed.

Total In House Trusts & OIP

As of December 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Total In-House Plans</b>	<b>9,489,258</b>	<b>100.0</b>								
Aeronautics	6,729,460	70.9	2.1	2.5	5.9	1.7	4.0	4.8	6.7	01/01/1990
<i>Barclays U.S. Treasury Index</i>			1.9	2.3	5.1	1.4	3.9	4.4	6.2	
Agricultural Development	2,759,798	29.1	2.0	2.4	5.6	1.7	4.2	4.4	6.9	01/01/1989
<i>Barclays U.S. Treasury Index</i>			1.9	2.3	5.1	1.4	3.9	4.4	6.5	

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Total OIP</b>	<b>3,927,963,969</b>	<b>100.0</b>	<b>0.9</b>	<b>0.9</b>	<b>3.1</b>	<b>1.6</b>	<b>2.6</b>	<b>3.5</b>	<b>4.3</b>	<b>01/01/1997</b>
<i>Policy Benchmark</i>			0.9	0.9	2.8	1.8	3.1	3.8	4.8	
Internal Short-Term Liquidity Pool	519,719,006	13.2	0.0	0.0	0.0	0.0	1.1	2.5	3.7	01/01/1997
<i>Performance Benchmark</i>			0.0	0.1	0.2	0.2	1.9	2.9	4.1	
Operating Investment Pool (Internal Government/Corporate)	3,408,244,963	86.8	1.0	1.1	3.6	1.9			2.0	11/01/2011
<i>Performance Benchmark</i>			1.0	1.0	3.3	2.1			2.1	

	Total Fund	
	\$	%
<b>Time Deposit Open Account</b>	<b>39,900,000</b>	<b>100.0</b>

The Internal Short-Term Liquidity Pool includes the DB STIF amount of \$7,047,532. When summing the assets of all NIC plans, the DB STIF has been counted in the DB Plan and removed from the In-House Plan to avoid double counting.