

INVESTMENT

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SURS2013

BUILDING A SUSTAINABLE FUTURE

The Comprehensive Annual Financial Report
for Fiscal Year Ended June 30, 2013

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, 2012 through June 30, 2013.

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 the 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.

THE NORTHERN TRUST COMPANY

By: 
Patricia Somerville-Koulouris, Vice President

LETTER OF TRANSMITTAL



State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL
61820

1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

Investment Department

December 18, 2013

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, Illinois 61820

I am pleased to present the Investment Section of the State Universities Retirement System (SURS) Comprehensive Annual Financial Report (CAFR) for fiscal year 2013. SURS maintains a large, public defined benefit investment program with assets in excess of \$15.0 billion for the fiscal year ending June 30, 2013. In addition, the Self-Managed Plan (SMP), a defined contribution structure offered to members, continues to increase in size with assets in excess of \$1.2 billion.

SURS investment performance for the fiscal year ended June 30, 2013 was strong, returning 12.5%, net of investment management fees. All measurements shown have been calculated using standard performance evaluation methods and are presented in a manner that is consistent with investment industry standards. Investment performance is calculated using a time-weighted rate of return consistent with investment industry standards.

In fiscal year 2013, the System's funding ratio level, based on the market value of assets, increased from 41.3% to 43.7%. The actuarial funding ratio, utilizing the asset smoothing valuation methodology adopted per legislation in 2009, declined from 42.1% to 41.5%. In October 2010, at the recommendation of the actuary and the investment consultant, the Board of Trustees reduced the assumed rate of investment return from 8.5% to 7.75%. Aside from the actuarial modifications, the current funding ratio levels continue to be the result of inadequate funding received from the State over many years, and not due to investment performance. However, it is encouraging to note that SURS received the full fiscal year 2013 annual statutory contribution of \$1,402.8 million, in addition to the fiscal year 2012 annual statutory contribution of \$980.5 million from the State of Illinois. Also, the legislature has appropriated the fiscal year 2014 annual statutory contribution of \$1,509.8 million. The recent funding near the annual required contribution (ARC) levels suggests renewed efforts by the legislature to improve the severe underfunding status of SURS.

Longer-term investment performance remains favorable. Over the past 10- and 20-year periods, the SURS portfolio has earned 7.7% and 8.0% annualized rates of return, net of investment management fees, respectively. For longer time periods, the 25- and 30-year portfolio returns are also positive, with returns of 8.5% and 9.2%, respectively. It is important to note that the longer term investment performance remains well in excess of the 7.75% assumed rate of investment return. As of June 30, 2013, five-year investment performance, reflecting the global recession in 2008 and 2009, is approximating benchmark levels, returning 5.3% for the period.

A critical duty of the SURS Board of Trustees is to develop, approve and implement an asset allocation strategy. These actions assist in achieving stable long-term investment returns and provide cash flow liquidity for benefit payments while maintaining a desired level of risk in the investment portfolio. The investment strategy is anchored by a comprehensive asset/liability study, which was last conducted during fiscal year 2011. Callan Associates, with the assistance of SURS Investment staff, presented the results, which were approved by the Board of Trustees in June 2011. An investment consultant search is currently in progress, and a new asset/liability study will be conducted during fiscal year 2014.

Outputs – Fiscal Year Ending June 30, 2013

Many of the accomplishments achieved during fiscal year 2013 were the result of the implementation process of the asset/liability study approved by the Board in June 2011. Enhancements during the recent fiscal year included an asset

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structure analysis of both the fixed income and Treasury Inflation Protected Securities (TIPS) asset classes. These modifications included the implementation of an unconstrained fixed income investment strategy into the portfolio as well as a rebalancing of the assets managed by the existing investment manager lineup.

The enhancements to the portfolio increased the allocation to minority-, female- and persons with disability-owned investment managers to 25.1% of the SURS investment program, approximating \$3.7 billion in assets.

During the fiscal year, additional commitments of \$400 million were made in both core and non-core real estate investments. These commitments will assist in achieving the asset class target allocation of 10% of the investment program as approved in the 2011 asset/liability study. Capital will be called as necessary over the next several years. Implementation of real estate and other alternative strategies is expected to be a multi-year process, which will ensure the portfolio maintains proper diversification over vintage years.

A three-year funding plan was approved by the Board in fiscal year 2012 to continue investing in the private equity asset class. Continuous investing is necessary to maintain the target allocation and vintage year diversification of the private equity portfolio. During the year, \$300 million of commitments were approved by the Board.

SURS is currently exploring avenues to more effectively monitor and manage the overall risk of the portfolio. Currently the 66% target equity allocation provides approximately 90% of the overall portfolio volatility.

In conclusion, a number of key accomplishments were achieved during fiscal year 2013, several of which are documented below. The Investment section of this Report provides a more detailed review of these items.

- The portfolio produced favorable investment performance for fiscal year 2013, delivering a return of 12.5%, net of investment management fees.
- Total combined fund assets in the defined benefit and defined contribution plans are in excess of \$17 billion, with the SURS Investment Program continuing its ranking as one of the largest 100 pension plans in the United States.
- Fixed Income – An asset structure analysis was completed of the \$3.0 billion fixed income and \$500 million Treasury Inflation Protected Securities (TIPS) asset classes.
- Real Estate Asset Class – Core and non-core real estate searches were conducted during the year, which resulted in an additional \$400 million in commitments.
- Private Equity Asset Class – During the year, \$225 million in commitments in domestic and global strategies were approved by the Board.
- Private Equity Emerging Manager Fund of Funds Provider – A commitment of \$75 million was approved with the mandate of identifying and investing with general partners that are at least 51% owned by minorities, females, and persons with a disability.
- Enhancement of Risk Management Oversight Practices – Quarterly reporting is provided by the custodian, which provides increased monitoring and oversight of financial risk within the SURS investment portfolio.
- Continued expansion of the Manager Diversity Program (MDP) occurred during the year. As of June 30, 2013, \$3.7 billion, amounting to 25.1% of assets in the SURS investment portfolio, are managed by investment firms owned by minorities, females, and persons with a disability.
- The Self-Managed Plan (SMP) completed its fifteenth year of existence, currently exceeding \$1.2 billion in member assets.

SURS continues to face the ongoing challenges and concerns regarding the funding status of the Plan. SURS is currently 41.5% funded as of June 30, 2013 and will pay approximately \$2.0 billion in benefit payments during fiscal year 2014. Strong investment performance alone will not be sufficient to ease the existing funding gap. SURS interacts

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frequently with various stakeholders in an attempt to identify potential funding solutions for the state pension systems. For additional information regarding the Investment Program, the SURS Fiscal Year 2014 Investment Plan is posted on the SURS website.

The SURS investment program continues to operate effectively and efficiently during these volatile and constantly challenging market conditions. The organization is pleased with the steady long-term investment performance over time, but realizes the challenge of adequate funding is ongoing. The Board of Trustees is committed to SURS membership to deliver an optimal, risk-controlled investment program with the objective of providing favorable long-term results.

Sincerely,



Daniel L. Allen
Chief Investment Officer

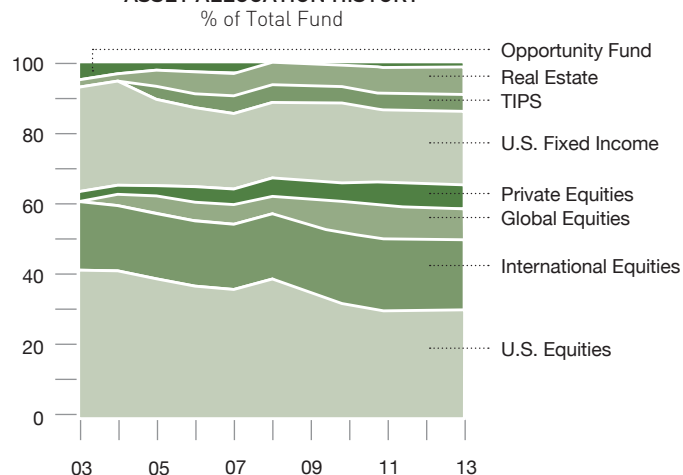
INVESTMENT SUMMARY

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 investment policy of SURS provides an efficient allocation of assets to achieve overall risk and return objectives. Periodically, asset allocation studies are conducted and the results of these studies guide the setting of investment policy. An asset/liability study completed in June 2011 resulted in slight modifications to SURS' asset allocation targets. The modified long-term strategic asset allocation targets are: 31.0% of the total fund invested in U.S. equities, 21.0% in non-U.S. equities, 8.0% in global equities, 6.0% in private equities, 19.0% in fixed income, 4.0% in treasury inflation-protected securities (TIPS), 10.0% in real estate investment trust securities (REITs) and direct real estate (through funds), and 1.0% in the Opportunity Fund. These strategic asset allocation targets will be implemented over time to allow for proper diversification into direct real estate through funds. The graph titled Asset Allocation History details the various investment policy changes during the past 10 years.

ASSET ALLOCATION HISTORY

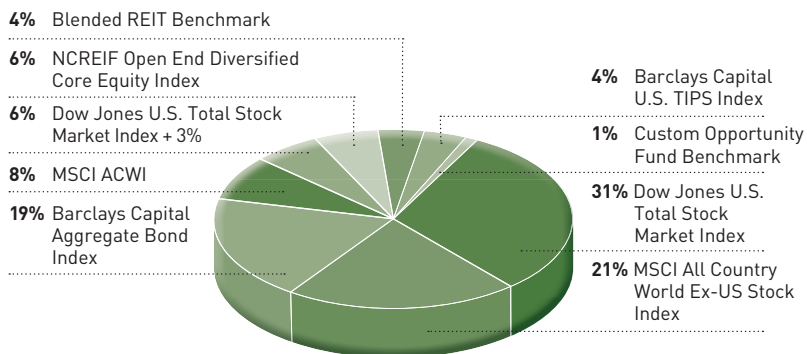


Investment Objectives

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 investment policy. The policy portfolio reflects a passive implementation of the investment policy. The strategic policy portfolio is comprised of the following benchmarks.

POLICY PORTFOLIO

as of June 30, 2013



Asset Class	Benchmark	Strategic Policy Portfolio
U.S. Equity	Dow Jones U.S. Total Stock Market Index	31.0%
Non-U.S. Equity	Morgan Stanley All Country World Ex-U.S. Index	21.0
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
Direct Real Estate	NCREIF Open End Diversified Core Equity Index	6.0
REITs	Blend of Dow Jones U.S. Select Real Estate Securities Index and FTSE EPRA/NAREIT Developed Index	4.0
Opportunity Fund	Custom benchmark of the combined investments	1.0
		<hr/> 100.0%

INVESTMENT SUMMARY

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 Callan Associates' Public Funds - Large (over \$1 billion) Index.

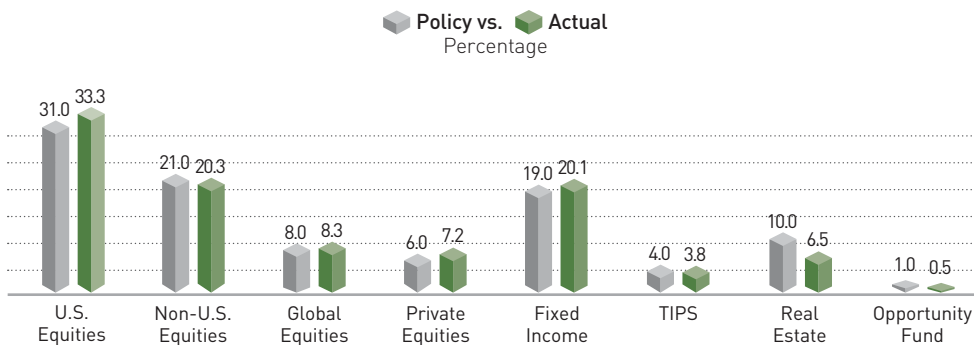
Investment Strategies

■ 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, 2013, the System had retained the services of 47 investment management firms, several of which manage multiple mandates, and an additional 21 managers through the Progress Emerging Manager of Managers program, of which seven 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.

■ 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 System cash flows. At year end, the fund was invested 74% in equities, 24% in fixed income, and 2% in direct real estate through funds, as compared with the target allocations of 71%, 23%, and 6%, respectively. Staff is gradually implementing the policy target allocations that were approved by the Board on June 10, 2011, through the strategic transition of assets among investment managers.



INVESTMENT RESULTS

Long-Term Investment Results

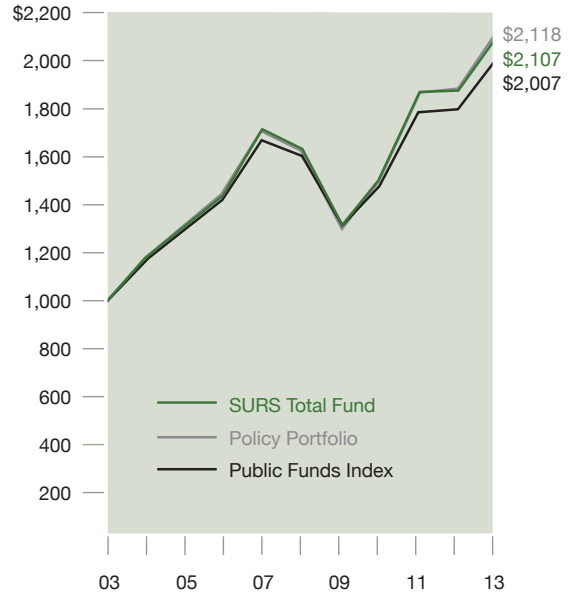
The 10-year period ended June 30, 2013, provided returns that have matched the overall benchmark. SURS total portfolio earned an annualized total return, net of all investment management expenses, of 7.7%. As shown in the investment results table, over the long term, SURS total fund returns are consistent with its market goal (policy portfolio) and 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 \$2,107, while the same \$1,000 invested in the policy portfolio and median public funds index would have grown to \$2,118 and \$2,007, respectively.

Fiscal Year 2013 Results

For the fiscal year ended June 30, 2013, SURS total fund returned 12.5%, outpacing the market goal, or policy portfolio by 0.1%. SURS' one-year return exceeded that of the median public pension fund return, as measured by the Callan Associates' Public Pension Funds – Large Index, by 0.6%. For the period, seven of the nine asset class portfolios, including U.S. equities, non-U.S. equities, core/core plus fixed income, TIPS, direct real estate, REITs and the Opportunity Fund, met or exceeded the returns of their respective benchmarks. Strong absolute returns were experienced in U.S. equity, non-U.S. equity, global equity and private equity.

TOTAL FUND GROWTH OF \$1,000



INVESTMENT RESULTS

	Fiscal Year Ended June 30					Annualized		
	2009	2010	2011	2012	2013	3 YRS	5 YRS	10 YRS
Total Fund								
SURS	(19.7)%	15.0%	23.8%	0.5%	12.5%	11.8%	5.3%	7.7%
Policy Portfolio	(20.1)	16.0	23.4	1.7	12.4	12.1	5.5	7.8
Public Funds Index	(17.8)	11.8	20.9	0.7	11.9	10.9	4.6	7.2
CPI	(1.4)	1.0	3.6	1.7	1.8	2.3	1.3	2.4
U.S. Stock Returns								
SURS	(27.3)	17.8	33.8	2.9	21.9	18.9	7.5	7.8
Dow Jones U.S. Total Stock Market	(26.4)	16.1	32.4	4.0	21.5	18.7	7.4	8.1
Non-U.S. Stock Returns								
SURS	(32.2)	7.8	31.2	(13.5)	15.0	9.3	(0.9)	8.4
MSCI All Country World Index Ex-U.S.	(30.9)	10.4	29.7	(14.6)	13.6	8.0	(0.8)	8.6
Global Stock Returns								
SURS	(29.0)	12.6	29.9	(5.8)	15.1	12.1	2.4	5.7
Performance Benchmark	(27.9)	11.8	30.1	(6.5)	16.6	12.4	2.7	5.7
Private Equity Returns (1)								
SURS	(21.3)	18.5	19.8	8.4	7.1	12.1	5.2	11.5
Dow Jones U.S. Total Stock Market + 3%	(33.0)	57.6	22.7	12.3	17.5	16.1	9.5	12.4
Fixed Income Returns								
SURS	5.5	14.5	5.2	6.7	0.8	4.2	6.4	5.5
Performance Benchmark (3)	6.0	9.5	3.9	7.5	(0.7)	3.5	5.2	4.7
TIPS Returns								
SURS	-	11.6	7.9	12.0	(4.4)	4.9	5.2	5.6
Performance Benchmark	(1.1)	9.5	7.7	11.7	(4.8)	4.6	4.4	5.0
Direct Real Estate Returns (2)								
SURS	(28.4)	(6.4)	19.2	12.5	9.8	13.6	0.1	3.6
Performance Benchmark	(23.8)	(18.8)	19.0	13.6	9.7	14.0	(1.7)	4.8
Real Estate Returns (REITs)								
SURS	(40.1)	41.5	34.7	7.2	10.1	16.7	6.1	10.4
Performance Benchmark	(41.3)	42.7	34.1	7.7	10.0	16.7	5.5	9.9
Opportunity Fund Returns								
SURS	(27.1)	44.7	22.2	2.6	27.0	16.8	10.9	11.7
Performance Benchmark	(34.4)	33.5	11.0	10.3	6.2	8.4	2.1	5.5

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 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) Direct real estate returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.
- (3) Barclays Universal Bond Index through March 2006; Barclays Capital Aggregate Bond Index since April 2006.

INVESTMENT RESULTS

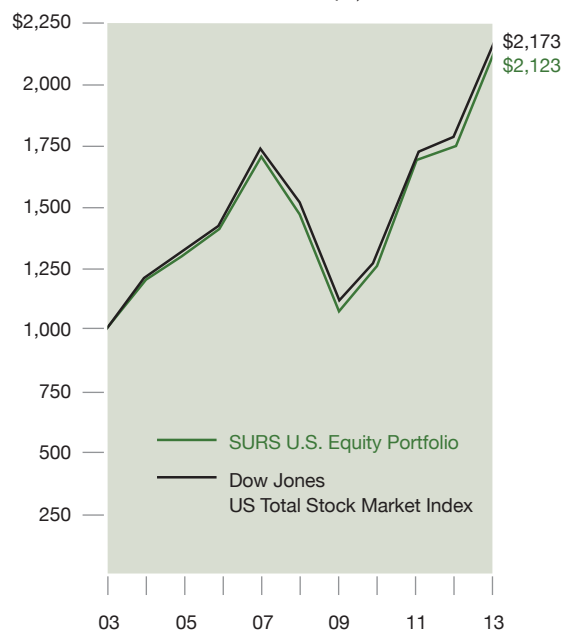
U.S. Equities

For the fiscal year 2013, SURS U.S. equity portfolio returned 21.9%. SURS portfolio outperformed its market benchmark, the Dow Jones U.S. Total Stock Market (DJ U.S. TSM) Index, by 0.4%. As the table indicates, the Dow Jones U.S. Total Stock Market Index returned 21.5%. All segments of the U.S. equity market posted positive returns. Results were mixed between value and growth stocks, while small cap outpaced large cap stocks. As a result of enhancements from the 2011 Asset/Liability Study conducted by the Investment Consultant, the portfolio currently maintains a slight bias 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 \$2,123 (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 \$2,173.

	FY 2013	3 YR	5 YR	10 YR
SURS	21.9%	18.9%	7.5%	7.8%
DJ U.S. TSM	21.5	18.7	7.4	8.1
DJ U.S. Large Cap TSM	20.9	18.5	7.0	7.7
DJ U.S. Large Cap Growth TSM	17.3	17.6	6.6	7.4
DJ U.S. Large Cap Value TSM	22.6	18.6	6.8	7.5
DJ U.S. Small Cap TSM	26.1	20.2	10.9	11.2
DJ U.S. Small Cap Growth TSM	26.9	21.2	10.5	11.7
DJ U.S. Small Cap Value TSM	25.3	19.1	11.2	10.7
S&P 500	20.6	18.5	7.0	7.3
Russell 3000	21.5	18.6	7.2	7.8
Russell 2000	24.2	18.7	8.8	9.5

U.S. EQUITY PORTFOLIO
GROWTH OF \$1,000



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

	Shares	Carrying Value
Apple Inc	260,530	\$103,190,722
Exxon Mobil Corp	1,050,688	94,929,661
Microsoft Corp	2,137,346	73,802,557
Johnson & Johnson	758,178	65,097,163
Chevron Corp	529,942	62,713,336
Google Inc	71,136	62,626,000
JP Morgan Chase & Co	1,121,863	59,223,148
General Electric Co	2,486,858	57,670,237
Procter & Gamble	746,819	57,497,595
Pfizer Inc	1,888,760	52,904,168

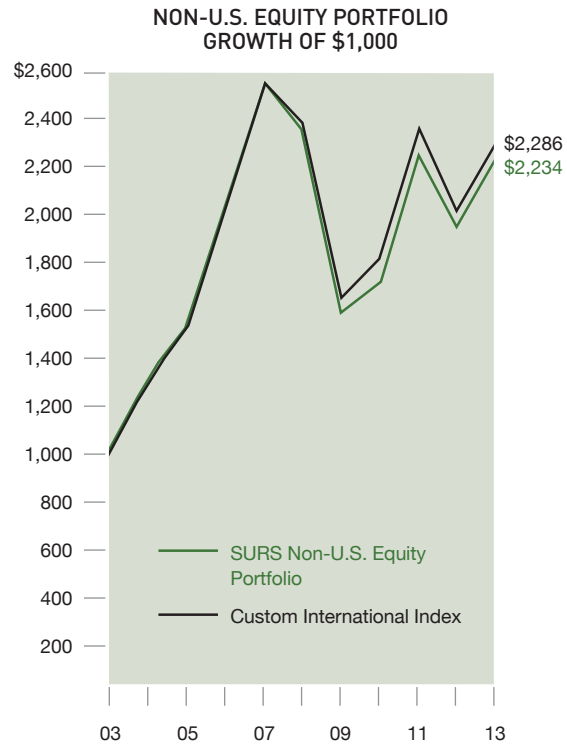
Note: A complete list of the portfolio holdings is available upon request.

INVESTMENT RESULTS

Non-U.S. Equities

For fiscal year 2013, SURS non-U.S. equity portfolio returned 15.0%, surpassing its benchmark return by 1.4%. The non-U.S. equity portfolio performance benchmark, the Morgan Stanley All Country World Ex-US Index, rose 13.6% 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 \$2,234 (net of investment management expenses), while the same \$1,000 invested in the performance benchmark would have grown to \$2,286.



	FY 2013	3 YR	5 YR	10 YR
SURS	15.0%	9.3%	(0.9)%	8.4%
MSCI ACWI Ex-US	13.6	8.0	(0.8)	8.6
MSCI EAFE	18.6	10.0	(0.6)	7.7
MSCI Emerging Markets	2.9	3.4	(0.4)	13.7

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

	Shares	Carrying Value
HSBC Holdings (United Kingdom)	2,195,548	\$22,710,515
Nestle SA (Switzerland)	340,469	22,292,506
Novo-Nordisk (Denmark)	140,273	21,829,996
BG Group (United Kingdom)	1,130,712	19,181,725
Sanofi (France)	180,790	18,710,691
Novartis AG (Switzerland)	250,141	17,739,746
Accenture PLC (Ireland)	225,018	16,192,295
SAP AG (Germany)	210,233	15,374,248
BP (United Kingdom)	2,173,732	15,009,133
Roche Holdings AG (Switzerland)	59,061	14,669,275

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

INVESTMENT RESULTS

Global Equities

SURS initially invested in global equities through its Opportunity Fund in 2002. A separate global asset class was created during fiscal year 2004. As the table indicates, SURS global equity portfolio trailed its benchmark by 1.5% for the fiscal year, returning 15.1%. 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.

	FY 2013	3 YR	5 YR
SURS	15.1%	12.1%	2.4%
MSCI ACWI	16.6	12.4	2.3
MSCI World	18.6	13.7	2.7
Dow Jones	21.5	18.7	7.4
U.S. Total Stock Market			
MSCI EAFE	18.6	10.0	(0.6)
MSCI ACWI Ex US	13.6	8.0	(0.8)

Private Equities

SURS private equity portfolio posted a positive return of 7.1% during fiscal year 2013. The portfolio's benchmark, the Dow Jones U.S. Total Stock Market Index +3% returned 17.5%. As of June 30, 2013, the valuation of SURS private equity portfolio was \$1.067 billion, representing 7.2% of total plan assets. Since inception, the asset class has added significant value to the SURS investment program. Private equity is a challenging, and sometimes difficult asset class to benchmark.

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 has been diversified by a number of different measures which include 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 \$2.600 billion has been committed to these funds, and of this amount approximately \$2.039 billion has been invested. In addition, during this same period, SURS has received more than \$2.171 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 20-year period. The adjacent table indicates that since inception SURS private equity portfolio has significantly exceeded its benchmark return.

	FY 2013	3 YR	5 YR	10 YR	Since Inception
SURS	7.1%	12.1%	5.2%	11.5%	21.8%
Performance Benchmark	17.5	16.1	9.5	12.4	13.1%
(Dow Jones U.S. Total Stock Market + 300 Basis Points)					

Fixed Income

The SURS fixed income portfolio returned 0.8% for fiscal year 2013, exceeding the (0.7)% return of the portfolio's benchmark. 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. bonds. This asset class has proven to be the most consistent asset of all the portfolios, generating above benchmark returns in 22 of the past 25 fiscal years.

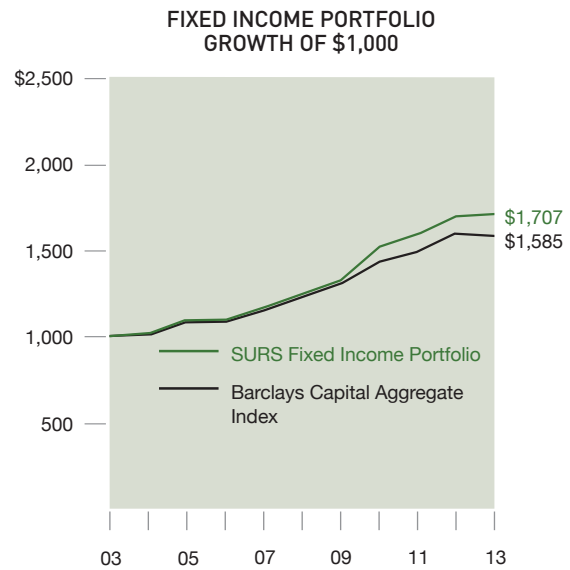
During fiscal year 2013, an asset structure analysis of the asset class was conducted. The restructuring process included the implementation of an unconstrained fixed income investment strategy into the portfolio as well as a rebalancing of the assets managed by the existing investment manager lineup.

	FY 2013	3 YR	5 YR	10 YR
SURS	0.8%	4.2%	6.4%	5.5%
Barclays Capital Aggregate	(0.7)	3.5	5.2	4.5
Barclays Capital Universal	0.2	4.1	5.5	4.8
Long Term Govt.	(8.2)	6.2	7.5	6.1
Intermediate Govt.	(0.6)	2.3	3.8	3.7
Long Term Corp.	(1.3)	7.5	9.4	6.2
Intermediate Corp.	2.4	5.1	6.6	4.9
Mortgage-Backed	(1.1)	2.5	4.8	4.7

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. As the table above indicates, SURS portfolio has consistently added value over each of the longer-term periods presented.

INVESTMENT RESULTS

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 \$1,707 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,585.



TEN LARGEST FIXED INCOME HOLDINGS (excludes commingled funds)

Asset Description	S & P Rating	Interest Rate	Maturity Date	Par Value	Carrying Value
Federal National Mortgage Association Single Family Mortgage	AA+	4.000	July 15, 2043	\$ 97,000,000	\$101,050,526
U.S. Treasury Notes	AA+	0.750	February 28, 2018	63,510,000	61,956,990
U.S. Treasury Inflation Index Bonds	AA+	2.375	January 15, 2025	32,780,000	48,176,529
U.S. Treasury Bills	AA+	0.250	May 31, 2014	43,300,000	43,325,374
U.S. Treasury Inflation Index Notes	AA+	0.132	April 15, 2016	39,175,000	42,334,460
U.S. Treasury Notes	AA+	0.128	April 15, 2017	34,015,000	35,733,345
U.S. Treasury Notes	AA+	0.750	March 31, 2018	36,190,000	35,225,862
U.S. Treasury Inflation Index Notes	AA+	0.645	July 15, 2021	32,510,000	34,618,931
U.S. Treasury Inflation Index Notes	AA+	0.126	July 15, 2022	33,950,000	33,557,455
U.S. Treasury Notes	AA+	1.750	May 15, 2022	34,350,000	32,753,275

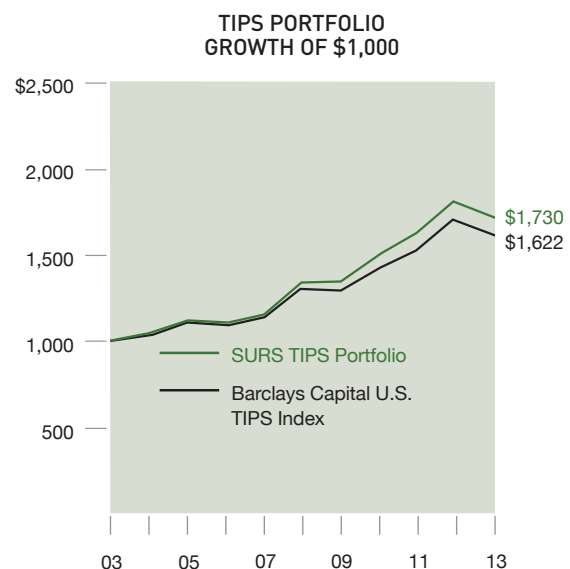
Note: A complete list of the portfolio holdings is available upon request.

Treasury Inflation-Protected Securities (TIPS)

During 2004, the TIPS portfolios were transferred from the Opportunity Fund to a separate asset class. At June 30, 2013, TIPS accounted for a 3.8% allocation of the total fund. The TIPS portfolio returned (4.4)% for fiscal year 2013, exceeding its Barclays Capital U.S. TIPS benchmark by 0.4%. The portfolio's three- and five-year returns outpaced the annualized benchmark returns by 0.3% and 0.8%, respectively.

	FY 2013	3 YR	5 YR
SURS	(4.4)%	4.9%	5.2%
Performance Benchmark	(4.8)	4.6	4.4

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 \$1,730 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,622.



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 through 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 \$637 million has been committed to direct real estate funds, and of this amount approximately \$493 million has been invested. The direct real estate portfolio returned 9.8% for the fiscal year, outperforming its benchmark by 0.1%. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open End Diversified Core Equity (ODCE) Index benchmark returned 9.7% 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.

	FY 2013	3 YR	5 YR	Since Inception
SURS	9.8%	13.6%	0.1%	3.6%
NCREIF ODCE Index	9.7	14.0	(1.7)	4.8

SURS total REITs portfolio increased 10.1% during the fiscal year, outperforming its benchmark, a blend of the Dow Jones U.S. Select Real Estate Securities Index and the FTSE EPRA/NAREIT Developed Index, by 0.1%. The portfolio's three-year return matched the benchmark return and the five-year return exceeded the benchmark return by 0.6% on an annualized basis.

	FY 2013	3 YR	5 YR	10 YR
SURS	10.1%	16.7%	6.1%	10.4%
Performance Benchmark	10.0	16.7	5.5	9.9
Dow Jones U.S. Select Real Estate Securities	7.7	18.0	6.8	10.8
FTSE EPRA/NAREIT Developed Index	13.5	15.2	(1.6)	NMF
FTSE EPRA/NAREIT Developed Ex-U.S. Index	18.4	13.8	(3.0)	NMF

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, 2013, there were two types of investments in the portfolio: an infrastructure portfolio and a minimal investment remaining in a public-private investment program (PPIP). SURS has committed \$80 million to the infrastructure portfolio.

The Opportunity Fund returned 27.0% during the fiscal year, surpassing its custom benchmark return by 20.8%. 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 2013	3 YR	5 YR	10 YR
SURS	27.0%	16.8%	10.9%	11.7%
Performance Benchmark	6.2	8.4	2.1	5.5

Self-Managed Plan

Fiscal year 2013 marks the fifteenth complete year of the Self-Managed Plan (SMP). As of June 30, 2013, the SMP had accumulated plan assets of \$1.26 billion. This represents an increase of approximately \$217 million since the end of fiscal year 2012. Contributing to the growth in plan assets was a market-related increase, net of asset withdrawals, of \$147 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, 30% fixed income and 1% real estate. This was a 2% increase 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.

ASSET ALLOCATION

Self-Managed Plan Asset Allocation June 30, 2013

	U.S. Stocks	Non-U.S. Stocks	Fixed Income	Balanced	Real Estate	Total
Fidelity Funds						
Fidelity Managed Income Portfolio Class 2	\$ -	\$ -	\$ 22,889,682	\$ -	\$ -	\$ 22,889,682
Spartan U.S. Bond Index Inst.	-	-	19,793,307	-	-	19,793,307
PIMCO Total Return Inst.	-	-	32,153,800	-	-	32,153,800
Fidelity Four In One Index	-	-	-	9,655,976	-	9,655,976
Fidelity Puritan Class K	-	-	-	146,616,676	-	146,616,676
Ariel Fund Inst.	20,454,671	-	-	-	-	20,454,671
American Beacon Large Cap Value Inst.	5,075,834	-	-	-	-	5,075,834
Buffalo Small Cap	10,474,404	-	-	-	-	10,474,404
Hartford Capital Appreciation Y	27,928,199	-	-	-	-	27,928,199
Fidelity Growth Company Class K	52,444,013	-	-	-	-	52,444,013
Spartan Extended Market Index Advantage	20,149,967	-	-	-	-	20,149,967
Fidelity Contrafund Class K	63,509,739	-	-	-	-	63,509,739
Fidelity Low Priced Stock Class K	34,474,824	-	-	-	-	34,474,824
Spartan Total Market Index Inst.	13,820,097	-	-	-	-	13,820,097
Spartan 500 Index Inst.	60,405,824	-	-	-	-	60,405,824
Fidelity Diversified International Class K	-	31,811,858	-	-	-	31,811,858
Spartan International Index Inst.	-	11,805,334	-	-	-	11,805,334
Fidelity Worldwide	-	16,828,816	-	-	-	16,828,816
Fidelity Real Estate Investment	-	-	-	-	9,549,162	9,549,162
Fidelity Freedom K 2000 (1)	-	-	-	211,057	-	211,057
Fidelity Freedom K 2005 (1)	-	-	-	480,132	-	480,132
Fidelity Freedom K 2010 (1)	-	-	-	1,565,621	-	1,565,621
Fidelity Freedom K 2015 (1)	-	-	-	4,421,725	-	4,421,725
Fidelity Freedom K 2020 (1)	-	-	-	9,775,162	-	9,775,162
Fidelity Freedom K 2025 (1)	-	-	-	11,407,537	-	11,407,537
Fidelity Freedom K 2030 (1)	-	-	-	14,685,381	-	14,685,381
Fidelity Freedom K 2035 (1)	-	-	-	11,970,209	-	11,970,209
Fidelity Freedom K 2040 (1)	-	-	-	11,304,718	-	11,304,718
Fidelity Freedom K 2045 (1)	-	-	-	5,811,421	-	5,811,421
Fidelity Freedom K 2050 (1)	-	-	-	3,660,104	-	3,660,104
Fidelity Freedom K 2055 (1)	-	-	-	320,862	-	320,862
Fidelity Freedom K Income	-	-	-	1,174,029	-	1,174,029
Fidelity Total	308,737,572	60,446,008	74,836,789	233,060,610	9,549,162	686,630,141
						58.2%
TIAA-CREF Funds						
CREF Money Market Account	-	-	18,179,106	-	-	18,179,106
TIAA Traditional Annuity	-	-	76,644,722	-	-	76,644,722
CREF Bond Market Account	-	-	37,520,290	-	-	37,520,290
CREF Inflation-Linked Bond Account	-	-	21,224,710	-	-	21,224,710
CREF Social Choice Account	-	-	-	40,045,037	-	40,045,037
CREF Equity Index Account	52,385,272	-	-	-	-	52,385,272
CREF Growth Account (2)	287,827	-	-	-	-	287,827
CREF Stock Account	114,660,376	-	-	-	-	114,660,376
CREF Global Equities Account	-	38,066,758	-	-	-	38,066,758
TIAA Real Estate Account	-	-	-	-	6,289,514	6,289,514
TIAA-CREF Large-Cap Growth Index - Inst.	56,694,204	-	-	-	-	56,694,204
TIAA-CREF Lifecycle Fund 2010 - Inst.	-	-	-	967,531	-	967,531
TIAA-CREF Lifecycle Fund 2015 - Inst.	-	-	-	2,146,652	-	2,146,652
TIAA-CREF Lifecycle Fund 2020 - Inst.	-	-	-	2,899,137	-	2,899,137
TIAA-CREF Lifecycle Fund 2025 - Inst.	-	-	-	4,140,804	-	4,140,804
TIAA-CREF Lifecycle Fund 2030 - Inst.	-	-	-	5,046,789	-	5,046,789
TIAA-CREF Lifecycle Fund 2035 - Inst.	-	-	-	4,586,095	-	4,586,095
TIAA-CREF Lifecycle Fund 2040 - Inst.	-	-	-	7,806,969	-	7,806,969
TIAA-CREF Lifecycle Fund 2045 - Inst.	-	-	-	2,198,545	-	2,198,545
TIAA-CREF Lifecycle Fund 2050 - Inst.	-	-	-	963,863	-	963,863
TIAA-CREF Lifecycle Fund 2055 - Inst.	-	-	-	232,687	-	232,687
TIAA-CREF Lifecycle Retirement Inc - Inst.	-	-	-	272,224	-	272,224
TIAA-CREF Total	224,027,679	38,066,758	153,568,828	71,306,333	6,289,514	493,259,112
						41.8%
GRAND TOTALS	\$ 532,765,251	\$ 98,512,766	\$ 228,405,617	\$ 304,366,943	\$15,838,676	\$1,179,889,253
	45.2%	8.3%	19.4%	25.8%	1.3%	100.0%
SMP Forfeiture Reserve (3)						6,190,997
SMP Disability Reserve (3)						68,513,925
Total SMP Investments						\$1,254,594,175

1. As of June 30, 2013, 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.
2. 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.
3. 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

ASSET ALLOCATION

Defined Benefit Plan Asset Allocation June 30, 2013 (\$ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
U.S. Equity Managers - Passive					
Northern Trust Investments	\$1,668,032	\$ -	\$ -	\$1,668,032	11%
RhumbLine Advisers	1,194,368	-	-	1,194,368	8%
Subtotal	2,862,400	-	-	2,862,400	19%
Non-U.S. Equity Managers - Passive					
BlackRock Institutional Trust Custom International Fund	1,296,160	-	-	1,296,160	9%
BlackRock Institutional Trust Emerging Markets Fund	131,157	-	-	131,157	1%
Subtotal	1,427,317	-	-	1,427,317	10%
U.S. Equity Managers - Active					
CastleArk Management	83,600	-	-	83,600	1%
Channing Capital Management	90,112	-	-	90,112	1%
EARNEST Partners	79,278	-	-	79,278	1%
Fiduciary Management Associates	82,996	-	-	82,996	1%
Holland Capital Management	79,575	-	-	79,575	1%
Jacobs Levy Equity Management	297,487	-	-	297,487	2%
Lombardia Capital Partners	87,466	-	-	87,466	1%
Pacific Investment Management Company - StocksPlus	293,568	-	-	293,568	2%
Piedmont Investment Advisors	297,523	-	-	297,523	2%
Profit Investment Management	76,978	-	-	76,978	1%
Progress Emerging Managers	299,993	-	-	299,993	2%
T. Rowe Price	297,623	-	-	297,623	2%
Subtotal	2,066,199	-	-	2,066,199	14%
Non-U.S. Equity Managers - Active					
Ativo Capital Management	90,270	-	-	90,270	1%
BlackRock Institutional Trust International Alpha Tilts	367,696	-	-	367,696	2%
GlobeFlex Capital	176,305	-	-	176,305	1%
Herndon Capital Management	136,944	-	-	136,944	1%
Martin Currie	175,089	-	-	175,089	1%
Progress Emerging Managers	144,163	-	-	144,163	1%
Pyramis Global Advisors	421,660	-	-	421,660	3%
Strategic Global Advisors	76,792	-	-	76,792	1%
Subtotal	1,588,919	-	-	1,588,919	11%
Global Equity Managers - Active					
Calamos Investments	284,185	-	-	284,185	2%
Mondrian Investment Partners	318,452	-	-	318,452	2%
T. Rowe Price	305,093	-	-	305,093	2%
Wellington Management	315,781	-	-	315,781	2%
Subtotal	1,223,511	-	-	1,223,511	8%
Private Equity Managers					
Adams Street Partnerships	246,047	-	-	246,047	2%
Adams Street 2013 Offering	1,402	-	-	1,402	0%
Adams Street 2012 Offering	6,509	-	-	6,509	0%
Adams Street 2009 Offering	46,223	-	-	46,223	0%
Adams Street 2008 Offering	58,909	-	-	58,909	0%
Adams Street 2007 Global Oppor Ptf	91,711	-	-	91,711	1%
Adams Street Global Secondary Fund	9,612	-	-	9,612	0%
Adams Street Secondary 5	903	-	-	903	0%
Adams Street Non-U.S. Partnerships	39,279	-	-	39,279	0%
Muller and Monroe ILPEFF	12,191	-	-	12,191	0%
Muller and Monroe MPEFF	19,774	-	-	19,774	0%
Pantheon Europe Fund III	46,430	-	-	46,430	0%
Pantheon Europe Fund VI	26,964	-	-	26,964	0%
Pantheon Europe Fund VII	9,569	-	-	9,569	0%
Pantheon Global	986	-	-	986	0%
Pantheon Global Secondary Fund II	7,875	-	-	7,875	0%
Pantheon USA IX	18,078	-	-	18,078	0%
Pantheon USA 8	75,462	-	-	75,462	1%
Pantheon Ventures, Inc.	377,494	-	-	377,494	3%
Progress Investment	944	-	-	944	0%
Subtotal	1,096,362	-	-	1,096,362	7%

ASSET ALLOCATION

Defined Benefit Plan Asset Allocation June 30, 2013 (\$ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
Fixed Income Managers - Passive					
Cash	\$ -	\$ 197,398	\$ -	\$ 197,398	1%
State Street Global Advisors	-	381,736	-	381,736	3%
Subtotal	-	579,134	-	579,134	4%
Fixed Income Managers - Active					
Chicago Equity Partners	-	278,643	-	278,643	2%
Garcia Hamilton & Associates	-	69,343	-	69,343	0%
LM Capital Group	-	109,716	-	109,716	1%
Neuberger Berman	-	282,440	-	282,440	2%
Pacific Investment Management Company (PIMCO)	-	411,528	-	411,528	3%
Pacific Investment Management Company (PIMCO) Unconstrained	-	422,935	-	422,935	3%
Progress Emerging Managers	-	111,175	-	111,175	1%
Pugh Capital Management	-	110,941	-	110,941	1%
Smith Graham & Company	-	69,643	-	69,643	0%
Taplin Canida & Habacht	-	109,858	-	109,858	1%
TCW Metropolitan West Asset Mgmt	-	418,445	-	418,445	3%
Subtotal	-	2,394,667	-	2,394,667	16%
Treasury Inflation-Protected Securities - Active					
Longfellow Investment Management	-	141,461	-	141,461	1%
New Century Advisors	-	137,445	-	137,445	1%
Pacific Investment Management Company - U.S. TIPS	-	290,557	-	290,557	2%
Subtotal	-	569,463	-	569,463	4%
Direct Real Estate					
Dune Real Estate Parallel Fund II	-	-	39,423	39,423	0%
Franklin Templeton EMREFF	-	-	28,997	28,997	0%
Franklin Templeton FTPREF	-	-	11,844	11,844	0%
Mesirow MFIRE II	-	-	19,173	19,173	0%
RREEF America III Fund	-	-	17,150	17,150	0%
RREEF West Funds	-	-	150	150	0%
UBS Trumbull Property Fund	-	-	268,039	268,039	2%
Subtotal	-	-	384,776	384,776	3%
Real Estate Investment Securities: U.S. - Passive					
BlackRock Institutional Trust Company	103,192	-	-	103,192	1%
Subtotal	103,192	-	-	103,192	1%
Real Estate Investment Securities: U.S. - Active					
CBRE Clarion Real Estate Securities	120,091	-	-	120,091	1%
Subtotal	120,091	-	-	120,091	1%
Real Estate Investment Securities: Global					
BlackRock Institutional Trust Company - Passive	272,792	-	-	272,792	2%
CBRE Clarion Real Estate Securities - Active	89,808	-	-	89,808	1%
Subtotal	362,600	-	-	362,600	2%
Opportunity Fund					
Alinda Capital Partners	25,093	-	-	25,093	0%
Macquarie Capital	50,380	-	-	50,380	0%
Subtotal	75,473	-	-	75,473	1%
SMP Forfeiture/Disability Reserves (B)	(50,612)	(23,211)	(882)	(74,705)	(1)%
TOTAL FUND	\$10,875,452	\$ 3,520,053	\$ 383,894	\$ 14,779,399(A)	100%
% OF TOTAL FUND (C)	73.6%	23.8%	2.6%	100%	

(A) Amount includes net pending transactions of (\$277,757) and accrued investment income receivable of \$38,851.

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

(C) The % of Total Fund may not add to 100% due to rounding.

SUPPORTING SCHEDULES

Top 50 Brokers and Total Domestic Equity Investment Commissions For the Year Ended June 30, 2013

Investment Brokerage Firm	2013		
	Commission	Shares Traded	Commission per Share
ITG (Investment Technology Group) (ECN)	\$ 110,344	16,894,793	\$ 0.01
Loop Capital Markets	98,134	3,573,722	0.03
CAPIS (Capital Institutional Services)	77,662	1,909,411	0.04
Cabrera Capital Markets	67,951	1,889,896	0.04
MR Beal & Company	55,598	2,374,789	0.02
Credit Suisse (ECN)	47,288	1,793,950	0.03
JP Morgan Chase & Company (ECN)	46,971	1,719,628	0.03
Citigroup Global Markets (ECN)	43,214	2,988,965	0.01
Northern Trust Securities	37,484	2,999,040	0.01
Bank of New York ConvergeX Execution	37,262	906,293	0.04
Bank of New York ConvergeX Execution (ECN)	35,947	1,199,776	0.03
Jackson Partners & Associates	32,848	821,200	0.04
Williams Capital Group	31,368	957,606	0.03
Cabrera Capital Markets (ECN)	30,392	1,503,985	0.02
Williams Capital Group (ECN)	30,231	1,490,106	0.02
Morgan Stanley	29,258	865,720	0.03
Cantor Fitzgerald	28,925	1,072,623	0.03
CL King & Associates	26,577	587,734	0.05
Liquidnet (ECN)	25,502	1,303,077	0.02
JP Morgan Chase & Company	24,990	894,287	0.03
Stifel, Nicolaus & Company	24,455	682,101	0.04
William Blair & Company	24,427	611,971	0.04
Telsey Advisory Group	23,629	517,830	0.05
Robert W. Baird & Company	23,530	606,845	0.04
BOE Securities (ECN)	23,369	1,168,433	0.02
Loop Capital Markets (ECN)	23,156	1,860,955	0.01
Stephens	22,574	601,695	0.04
Credit Suisse	21,577	633,860	0.03
Piper Jaffray & Company	21,008	600,031	0.04
CastleOak Securities (ECN)	20,985	699,513	0.03
Barclays	19,654	635,533	0.03
Guzman & Company	19,092	1,436,520	0.01
Goldman Sachs	18,076	448,346	0.04
Craig-Hallum	17,203	525,825	0.03
Merrill Lynch	17,087	523,904	0.03
Bloomberg Tradebook (ECN)	16,125	492,505	0.03
M Ramsey King Securities	16,100	594,383	0.03
Cheevers & Company	16,051	586,134	0.03
BNY Mellon (ECN)	15,349	512,040	0.03
Jefferies & Company	15,161	387,366	0.04
SunTrust Robinson Humphrey	15,100	427,411	0.04
Merrill Lynch (ECN)	14,679	1,171,979	0.01
BNY Mellon	14,560	328,045	0.04
CAPIS (Capital Institutional Services) (ECN)	13,898	463,250	0.03
Direct Access Partners	13,890	363,281	0.04
JonesTrading Institutional Services	12,951	598,265	0.02
ISI Group	11,142	323,681	0.03
Sanford C. Bernstein	11,128	411,766	0.03
Liquidnet	10,561	536,900	0.02
Oppenheimer & Company	10,346	262,406	0.04
All Other Brokers	379,229	12,583,079	0.03
Grand Totals, All Brokers	\$ 1,824,038	79,342,454	\$ 0.02

SUPPORTING SCHEDULES

Top 50 Brokers and Total International Equity Investment Commissions For the Year Ended June 30, 2013

Investment Brokerage Firm	2013		
	Commission	Shares Traded	Commission per Share
UBS (EM)	\$ 133,805	27,305,529	\$ -
Direct Access Partners	95,761	5,925,703	0.02
Goldman Sachs	93,632	8,041,595	0.01
Loop Capital Markets (ECN)	84,371	12,915,351	0.01
Cabrera Capital Markets (ECN) (EM)	76,066	9,917,909	0.01
Loop Capital Markets (ECN) (EM)	71,103	50,365,283	-
Credit Suisse	67,927	6,040,018	0.01
Loop Capital Markets	61,127	3,205,662	0.02
Deutsche Bank	56,918	4,885,159	0.01
UBS	55,201	3,841,741	0.01
JP Morgan Chase & Company	52,888	3,339,717	0.02
Instinet	52,411	4,614,846	0.01
Nomura	50,967	3,813,203	0.01
ITG (Investment Technology Group)	50,566	3,467,852	0.01
Morgan Stanley	49,708	3,537,912	0.01
MR Beal & Company	46,442	2,372,626	0.02
Cabrera Capital Markets (ECN)	46,222	3,124,037	0.01
Cheevers & Company (ECN) (EM)	45,442	7,764,781	0.01
Melvin Securities	44,330	2,668,893	0.02
Bank of New York ConvergeX Execution (ECN) (EM)	39,302	20,291,897	-
Merrill Lynch	37,793	4,568,785	0.01
BTIG (Bass Trading International Group)	33,450	1,978,621	0.02
Bank of New York ConvergeX Execution	31,778	1,145,078	0.03
Barclays (ECN)	29,633	7,560,954	-
Citigroup Global Markets	29,314	9,409,768	-
Barclays	24,615	2,123,816	0.01
Macquarie Securities	24,439	2,027,583	0.01
Bank of America	21,331	563,640	0.04
Daiwa Securities Group	20,361	1,261,673	0.02
Cabrera Capital Markets	19,556	2,398,757	0.01
Calyon	18,573	6,899,825	-
Societe Generale Securities	17,735	899,452	0.02
Exane	17,619	363,173	0.05
Instinet (ECN)	17,271	1,157,955	0.01
M Ramsey King Securities	16,997	764,300	0.02
BNY Mellon (ECN)	15,884	520,041	0.03
Credit Suisse (ECN)	13,003	1,482,089	0.01
Jefferies & Company	12,345	709,058	0.02
Royal Bank of Canada	10,855	440,546	0.02
Keefe, Bruyette & Woods	9,290	271,624	0.03
CLSA	8,492	1,180,561	0.01
Sanford C. Bernstein	7,377	224,831	0.03
Mizuho Securities	6,986	562,684	0.01
DBS Vickers Securities	6,563	4,945,300	-
Macquarie Securities (ECN)	6,454	468,971	0.01
Guzman & Company	6,171	447,202	0.01
Instinet (ECN) (EM)	5,865	163,306	0.04
Credit Agricole	5,642	350,885	0.02
Goldman Sachs (ECN)	5,199	429,055	0.01
Kepler Capital Markets	5,113	435,572	0.01
All Other Brokers	120,315	15,830,004	0.01
Grand Totals, All Brokers	\$ 1,880,208	259,024,823	\$ 0.01

SUPPORTING SCHEDULES

Top 50 Brokers and Total Global Equity Investment Commissions For the Year Ended June 30, 2013

Investment Brokerage Firm	2013		
	Commission	Shares Traded	Commission per Share
Loop Capital Markets	\$ 117,879	3,511,959	\$ 0.03
Cabrera Capital Markets	101,797	4,143,570	0.02
Goldman Sachs	56,558	3,348,002	0.02
Citigroup Global Markets	48,789	3,679,462	0.01
Credit Suisse	48,428	4,465,798	0.01
Williams Capital Group	40,572	1,754,508	0.02
UBS	37,848	1,812,439	0.02
Morgan Stanley	36,658	3,658,993	0.01
Barclays	34,920	1,686,895	0.02
JP Morgan Chase & Company	32,687	1,334,581	0.02
Goldman Sachs (ECN)	25,860	3,646,701	0.01
Deutsche Bank (EM)	25,728	2,283,457	0.01
Credit Suisse (ECN)	25,211	5,943,912	-
Deutsche Bank	24,831	1,780,204	0.01
Bank of America	24,461	2,707,478	0.01
Morgan Stanley (ECN)	23,905	4,769,568	0.01
Bank of America (EM)	22,827	1,412,436	0.02
Citigroup Global Markets (EM)	20,918	2,172,278	0.01
Deutsche Bank (ECN)	19,976	2,051,639	0.01
UBS (ECN)	19,066	4,053,437	-
Credit Agricole	19,039	3,235,740	0.01
Credit Suisse (EM)	18,278	2,445,032	0.01
M Ramsey King Securities	18,226	806,888	0.02
Merrill Lynch (ECN)	17,265	3,034,852	0.01
Jefferies & Company	16,667	698,823	0.02
Macquarie Securities	16,306	1,418,263	0.01
Citigroup Global Markets (ECN)	16,182	2,058,724	0.01
Cabrera Capital Markets (ECN)	15,660	1,140,900	0.01
JP Morgan Chase & Company (EM)	14,475	1,246,900	0.01
Barclays (ECN)	12,875	1,312,447	0.01
UBS (EM)	12,647	1,234,565	0.01
Cabrera Capital Markets (EM)	12,641	1,110,576	0.01
RBC Capital Markets (ECN)	12,505	1,375,502	0.01
Nomura	12,460	362,526	0.03
Morgan Stanley (EM)	12,272	860,327	0.01
Sanford C. Bernstein (ECN)	10,797	1,640,643	0.01
Merrill Lynch	10,757	2,102,284	0.01
Societe Generale Securities	10,178	490,798	0.02
CLSA (ECN)	10,043	1,029,300	0.01
MR Beal & Company	9,460	276,840	0.03
Stifel, Nicolaus & Company	9,345	254,428	0.04
CL King & Associates	8,856	232,700	0.04
Loop Capital Markets (ECN)	8,510	1,070,357	0.01
Redburn Partners	8,248	177,763	0.05
Banco Itau (EM)	8,198	357,400	0.02
HSBC (EM)	8,126	811,782	0.01
Goldman Sachs (EM)	7,981	339,596	0.02
Credit Agricole (EM)	7,875	861,000	0.01
Sanford C. Bernstein	7,330	1,009,018	0.01
HSBC	7,239	542,175	0.01
All Other Brokers	266,042	14,115,121	0.02
Grand Totals, All Brokers	\$ 1,415,402	107,870,587	\$ 0.01

SUPPORTING SCHEDULES

Top 50 Brokers and Total REIT Investment Commissions For the Year Ended June 30, 2013

Investment Brokerage Firm	2013		
	Commission	Shares Traded	Commission per Share
Cheevers & Company	\$ 66,687	1,665,638	\$ 0.04
UBS	37,296	2,147,860	0.02
Citigroup Global Markets	20,609	2,288,713	0.01
Merrill Lynch	16,870	1,727,799	0.01
Barclays	14,236	632,380	0.02
Citigroup Global Markets (ECN)	12,790	1,020,186	0.01
JP Morgan Chase & Company	12,758	1,793,593	0.01
Green Street Advisors	12,485	357,787	0.03
Morgan Stanley	11,768	1,534,003	0.01
RBC Capital Markets	10,761	259,168	0.04
UBS (ECN)	10,439	1,420,206	0.01
Stifel, Nicolaus & Company	8,998	220,010	0.04
Jefferies & Company	7,938	234,534	0.03
Credit Suisse	6,934	888,465	0.01
Macquarie Securities	6,313	1,155,379	0.01
Kempen & Company	5,391	164,548	0.03
Goldman Sachs	5,022	779,568	0.01
MKM Partners	4,833	161,111	0.03
Weeden & Company	4,736	157,857	0.03
Wells Fargo Advisors (ECN)	4,152	207,607	0.02
Wells Fargo Advisors	3,144	79,900	0.04
Nomura	3,133	291,943	0.01
Barclays (ECN)	2,623	261,998	0.01
Credit Lyonnais	2,230	379,167	0.01
Raymond James & Associates	2,200	49,726	0.04
RBC Dain Rauscher	2,149	53,728	0.04
Cantor Fitzgerald	2,014	67,147	0.03
KeyBanc Capital Markets	1,905	44,293	0.04
HSBC	1,865	133,472	0.01
Oppenheimer & Company	1,778	39,650	0.04
ABN Amro	1,776	47,074	0.04
Robert W. Baird & Company	1,655	45,481	0.04
Sumitomo Mitsui Banking Corporation	1,629	70,129	0.02
Goldman Sachs (ECN)	1,570	215,437	0.01
Merrill Lynch (ECN)	1,551	154,367	0.01
ISI Group	1,328	30,867	0.04
Cowen & Company	1,215	28,400	0.04
BMO Capital Markets	1,209	28,814	0.04
Deutsche Bank	1,146	233,574	0.00
Credit Suisse (ECN)	1,030	36,487	0.03
Mizuho Securities	1,007	20,031	0.05
ITG (Investment Technology Group)	918	30,600	0.03
Daiwa Securities Group	866	27,921	0.03
Loop Capital Markets	863	28,760	0.03
Morgan Stanley (ECN)	777	94,408	0.01
Rabo Securities	767	17,173	0.04
Nomura (ECN)	632	483,575	0.00
JP Morgan Chase & Company (ECN)	628	96,232	0.01
Exane	628	6,555	0.10
Commonwealth Securities	593	67,603	0.01
All Other Brokers	6,688	989,267	0.01
Grand Totals, All Brokers	\$ 332,533	22,970,191	\$ 0.01

SUPPORTING SCHEDULES

Top 50 Brokers and Total Fixed Income Investment Brokerage For the Year Ended June 30, 2013

Investment Brokerage Firm	2013 Market Value Traded
Barclays	\$ 1,189,390,825
CastleOak Securities	797,760,512
Credit Suisse	792,277,603
Goldman Sachs	662,204,589
Morgan Stanley	542,617,794
Loop Capital Markets	516,633,282
Citigroup Global Markets	478,910,736
Toussaint Capital Partners	466,950,885
Deutsche Bank	425,589,169
Loop Capital Markets (ECN)	424,718,510
JP Morgan Chase & Company	396,281,378
RBS Securities	307,483,857
Williams Capital Group	270,997,381
MR Beal & Company	258,995,042
Wells Fargo Advisors	250,361,328
Nomura	239,486,213
Merrill Lynch	235,876,130
Bank of America	221,641,702
Citibank (ECN)	205,647,122
UBS	193,951,624
Royal Bank of Canada	151,302,793
Citibank	148,840,220
Bank of New York ConvergeEx Execution	130,711,645
Mizuho Securities	126,378,616
Goldman Sachs (ECN)	113,407,092
HSBC	100,465,996
CastleOak Securities (ECN)	89,089,532
Mizuho Securities (ECN)	83,762,084
Nomura (ECN)	80,268,750
Bank of New York ConvergeEx Execution (ECN)	76,414,042
BNP Paribas	67,062,106
Rice Financial Products Company	57,792,656
Jefferies & Company	55,893,203
JP Morgan Chase & Company (ECN)	52,582,838
Barclays (ECN)	50,907,490
Cabrera Capital Markets	50,533,979
Bank of America Securities	48,914,604
Morgan Stanley (ECN)	48,760,533
Credit Suisse (ECN)	46,729,070
Credit Agricole	40,410,348
Bank of America (ECN)	38,372,468
Royal Bank of Canada (ECN)	37,666,998
First Tennessee	24,299,798
Bank of Nova Scotia	22,368,791
Banco Santander	21,023,615
TD Securities	20,953,007
Deutsche Bank (ECN)	19,974,990
Royal Bank of Scotland	19,370,675
BNY Mellon	17,972,408
FTN Financial Capital Markets	14,703,874
All Other Brokers	336,846,932
Grand Total, All Brokers	\$ 11,071,556,835

SUPPORTING SCHEDULES

Top 50 Brokers and Total TIPS Investment Brokerage For the Year Ended June 30, 2013

Investment Brokerage Firm	2013 Market Value Traded
Deutsche Bank (ECN)	\$ 99,357,454
BNP Paribas (ECN)	80,188,371
CastleOak Securities	67,545,742
Barclays	50,495,139
Barclays (ECN)	34,395,402
Citigroup Global Markets	29,779,721
Mesirow Financial	29,559,306
Nomura	24,340,133
Credit Suisse (ECN)	22,426,349
JP Morgan Chase & Company	21,873,562
Merrill Lynch	20,576,601
Morgan Stanley (ECN)	19,835,887
Greenwich Capital Markets	18,633,986
BNP Paribas (EM)	17,753,712
Royal Bank of Scotland	15,679,949
Deutsche Bank	15,470,081
Drexel Hamilton	15,389,212
Toussaint Capital Partners	15,199,457
RBS Securities (ECN)	14,079,464
UBS	13,736,434
BNP Paribas	13,716,565
Credit Suisse	13,108,285
JP Morgan Chase & Company (ECN)	12,854,660
Goldman Sachs	11,461,278
Deutsche Bank (EM)	11,359,427
RBS Securities	11,233,659
Nomura (ECN)	9,825,643
ANZ Securities	8,699,602
Morgan Stanley	8,621,878
HSBC	8,375,184
Citigroup Global Markets (ECN)	6,272,018
Banco Bilbao Vizcaya	6,062,054
RBS Securities (EM)	6,010,797
National Bank Financial (Canada)	5,653,478
MR Beal & Company	3,999,716
Jefferies & Company (ECN)	3,447,089
Citigroup Global Markets (EM)	3,341,891
Williams Capital Group	3,299,885
Rice Financial Products Company	3,199,896
Societe Generale Securities (EM)	2,928,755
Nomura (EM)	2,914,964
Banco Santander	2,863,185
Jefferies & Company	2,787,519
First Ballantyne	2,531,983
Societe Generale Securities	2,289,551
Banca IMI Securities	2,194,897
Barclays (EM)	2,056,775
TD Securities	1,966,255
RBC Dain Rauscher	1,947,973
RBC Dain Rauscher (EM)	1,918,377
All Other Brokers	15,839,302
Grand Total, All Brokers	\$ 819,098,503

