

Nebraska Investment Council

Third Quarter 2014 Performance Review

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Executive Summary

Highlights

Total Assets by Plan

Total Defined Benefit Plan	\$9,802,891,947
Defined Cont. & Deferred Comp.	\$983,049,238
Total Cash Balance Benefit	\$1,648,251,666
Hartford Options	\$38,394,135
College Savings Plan	\$3,238,844,178
State Farm CSP	\$377,738,460
Health Care Endowments	\$385,611,581
50/50 Endowments	\$753,413,694
Excess Liability Fund	\$67,390,386
In-House Trusts	\$9,474,187
Internal Short-Term Liquidity Pool	\$608,665,670
Operating Investment Pool (Internal Government/Corporate)	\$3,324,860,246
Time Deposit Open Account	\$37,900,000
University of Nebraska Foundation	\$318,036,541
Total	\$21,594,521,929

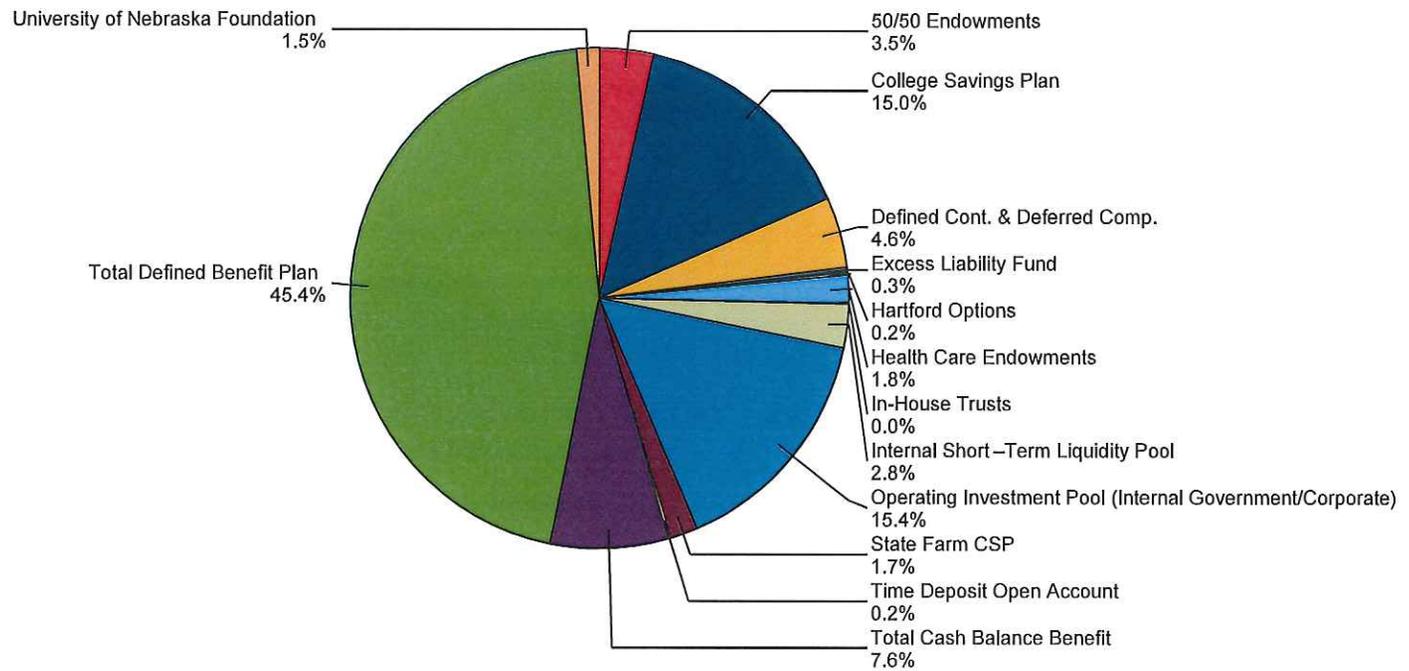
Performance(%)

	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years
Major Capital Markets							
Dow Jones U.S. Total Stock Market Index	-0.1	-0.1	6.9	17.7	23.0	15.8	8.6
MSCI AC World ex U.S. Index (Net)	-5.3	-5.3	0.0	4.8	11.8	6.0	7.1
Barclays Universal	0.0	0.0	4.2	4.4	3.2	4.7	4.9
CPI	-0.1	-0.1	2.1	1.7	1.6	2.0	2.3

- The University of Nebraska Foundation market value is as of 6/30/2014 due to availability
Nebraska Investment Council

Asset Allocation by Plan

September 30, 2014 : \$21,594,521,929



All Plans – Actual vs. Policy Allocation

	Defined Benefit Plan				Cash Balance Benefit			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
U.S. Equity	36.1%	31.5%	4.6%	26.5% - 36.5%	36.1%	31.5%	4.6%	26.5% - 36.5%
Non-U.S. Equity	11.2%	13.5%	-2.3%	8.5% - 18.5%	11.2%	13.5%	-2.3%	8.5% - 18.5%
Global Equity	15.8%	15.0%	0.8%	10.0% - 20.0%	15.8%	15.0%	0.8%	10.0% - 20.0%
Fixed Income	28.1%	30.0%	-1.9%	25.0% - 35.0%	28.3%	30.0%	-1.7%	25.0% - 35.0%
Real Estate	4.6%	5.0%	-0.4%	0.0% - 10.0%	4.6%	5.0%	-0.4%	0.0% - 10.0%
Private Equity*	4.1%	5.0%	-0.9%	0.0% - 10.0%	4.1%	5.0%	-0.9%	0.0% - 10.0%

	Health Care Endowment				50/50 Endowment			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
U.S. Equity	41.7%	40.0%	1.7%	35.0% - 45.0%	29.8%	25.0%	4.8%	20.0% - 30.0%
Non-U.S. Equity	15.4%	15.0%	0.4%	10.0% - 20.0%	9.5%	10.0%	-0.5%	5.0% - 15.0%
Global Equity	12.4%	10.0%	2.4%	5.0% - 15.0%	5.0%	5.0%	0.0%	0.0% - 10.0%
Fixed Income	21.7%	25.0%	-3.3%	20.0% - 30.0%	48.2%	50.0%	-1.8%	45.0% - 55.0%
Real Estate	4.7%	5.0%	-0.3%	0.0% - 10.0%	3.5%	5.0%	-1.5%	0.0% - 10.0%
Private Equity*	4.1%	5.0%	-0.9%	0.0% - 10.0%	4.1%	5.0%	-0.9%	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 September 30, 2014

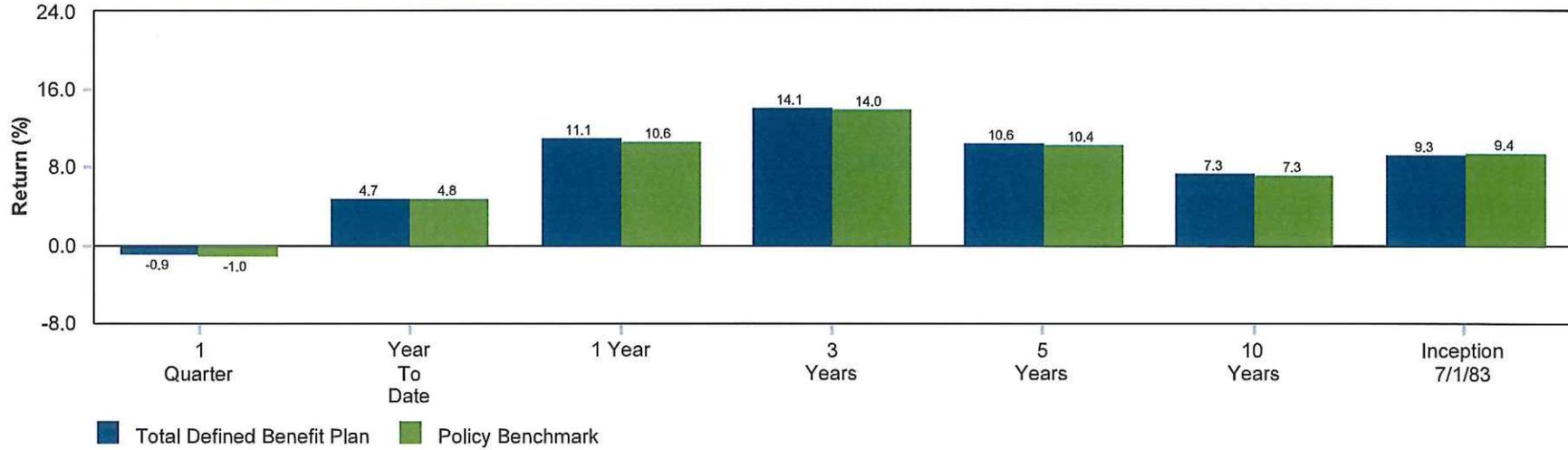
Asset Allocation & Performance

	Allocation	Performance(%)								
	Market Value (\$)	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Defined Benefit Plan	9,802,891,947	-0.9	-0.9	4.7	11.1	14.1	10.6	7.3	9.3	07/01/1983
Policy Benchmark		-1.0	-1.0	4.8	10.6	14.0	10.4	7.3	9.4	
Total Cash Balance Benefit Plan	1,648,251,666	-0.9	-0.9	4.7	11.1	14.1	10.6	7.1	8.0	01/01/2003
Policy Benchmark		-1.0	-1.0	4.8	10.6	14.0	10.4	7.3	8.2	
Health Care Endowment	385,611,581	-0.6	-0.6	4.6	11.4	16.1	11.2	7.5	6.6	01/01/2001
Health Care Policy		-1.1	-1.1	4.4	11.1	15.3	10.8	7.4	5.6	
50/50 Endowments	753,413,694	-0.7	-0.7	5.0	9.4	11.8	9.4	7.1	7.7	01/01/1996
50/50 Endowment Policy		-0.6	-0.6	4.8	9.5	11.7	9.3	6.9	7.1	
Excess Liability Fund	67,390,386	-0.2	-0.2	4.2	4.3	3.6	5.1	5.5	6.1	07/01/1997
Performance Benchmark		0.0	0.0	4.2	4.4	3.2	4.7	4.9	5.8	
Total OIP	3,933,525,916	0.1	0.1	2.2	2.1	1.5	2.5	3.4	4.3	01/01/1997
Policy Benchmark		0.0	0.0	1.9	1.9	1.7	3.0	3.8	4.6	
Aeronautics	6,630,934	0.4	0.4	3.7	2.8	1.4	3.3	4.6	6.7	01/01/1990
Barclays U.S. Treasury Index		0.3	0.3	3.1	2.3	1.0	3.2	4.2	6.2	
Agricultural Development	2,843,253	0.4	0.4	3.6	2.8	1.4	3.5	4.3	6.9	01/01/1989
Barclays U.S. Treasury Index		0.3	0.3	3.1	2.3	1.0	3.2	4.2	6.5	

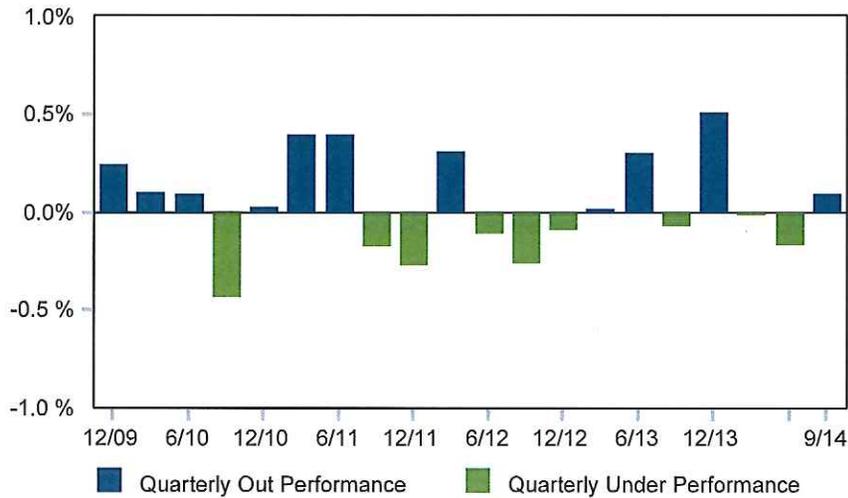
*Only includes Plans that have a total fund return. As such, Defined Contribution, Deferred Compensation, Hartford, College Savings Plans, TDOA, and University Fund N Plan are not shown

Total Plan Performance Summary

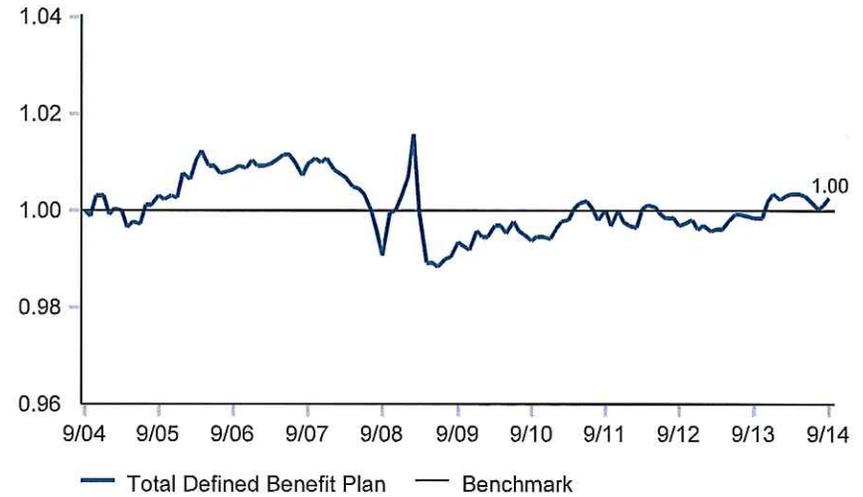
Return Summary



Quarterly Excess Performance

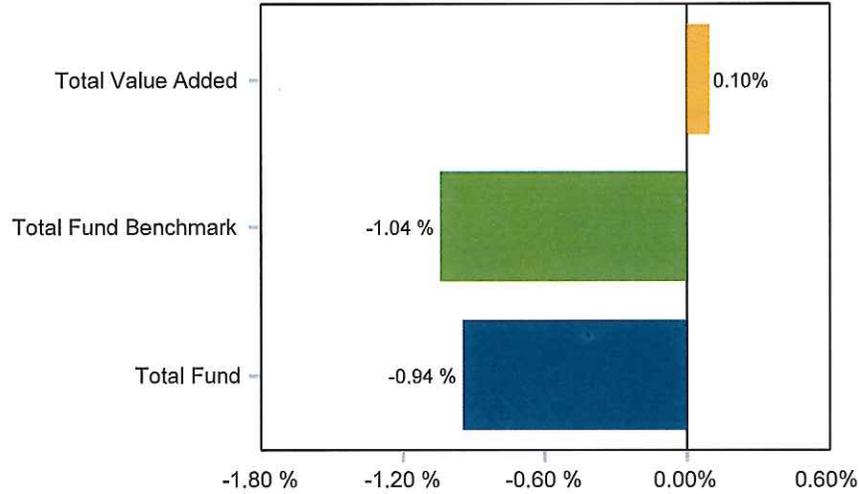


Ratio of Cumulative Wealth - 10 Years

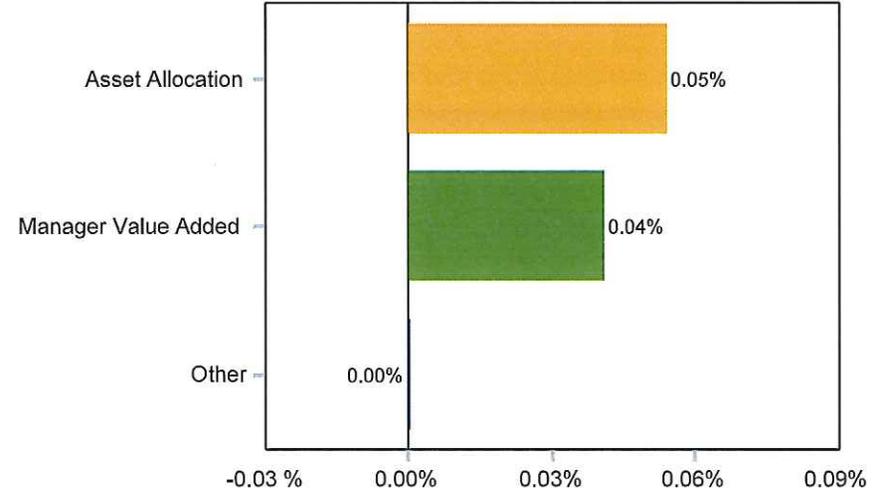


Total Fund Attribution

Total Fund Performance

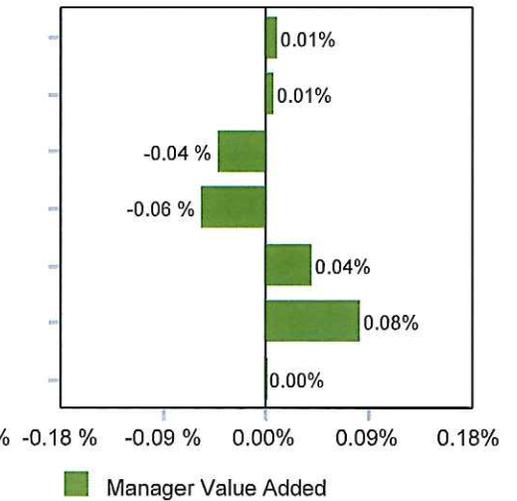
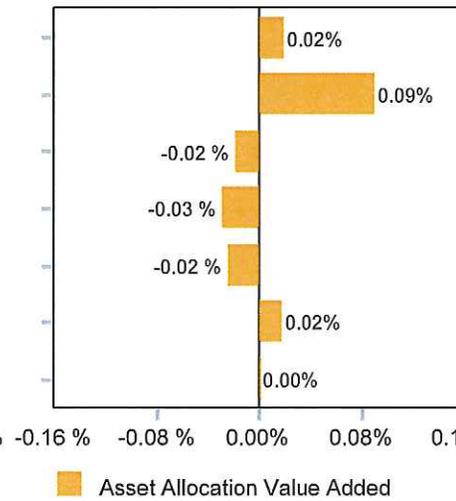
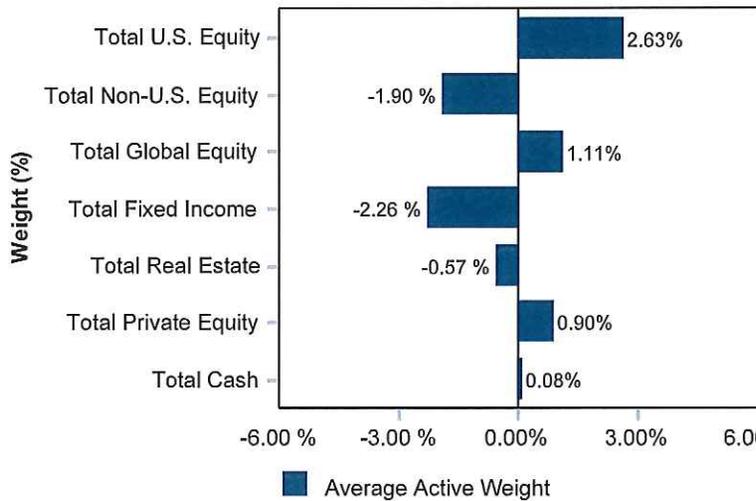


Total Value Added:0.10%



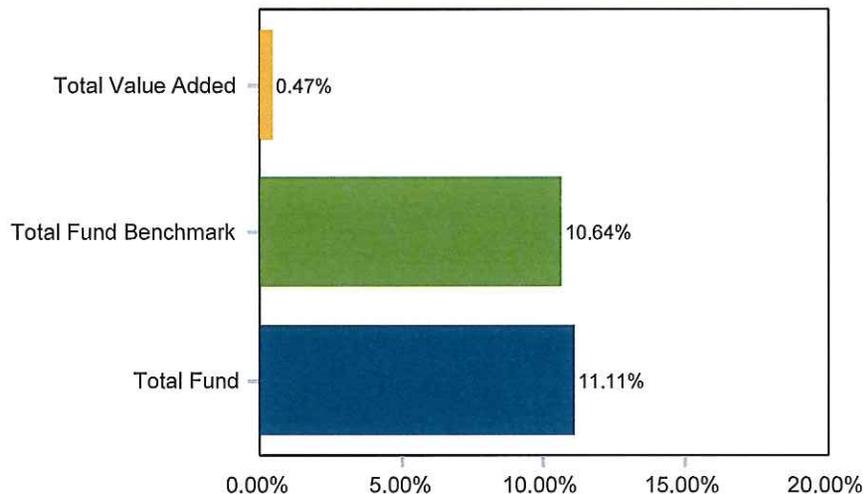
Total Asset Allocation:0.05%

Total Manager Value Added:0.04%

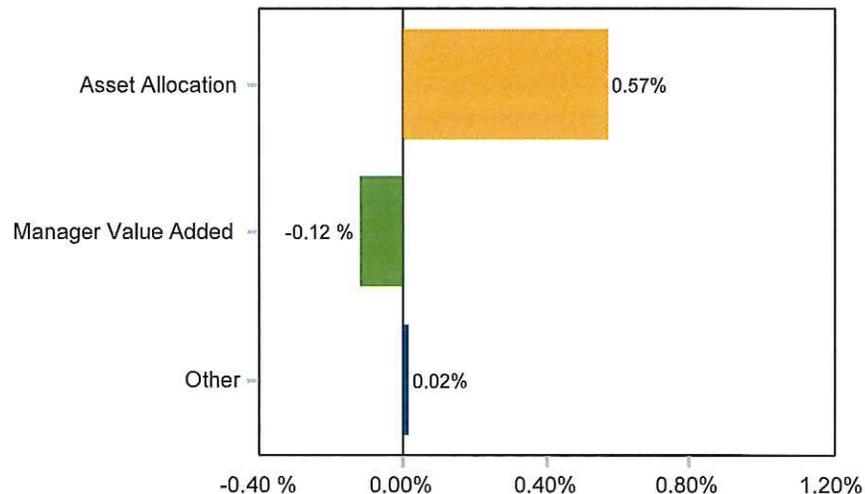


Total Fund Attribution

Total Fund Performance

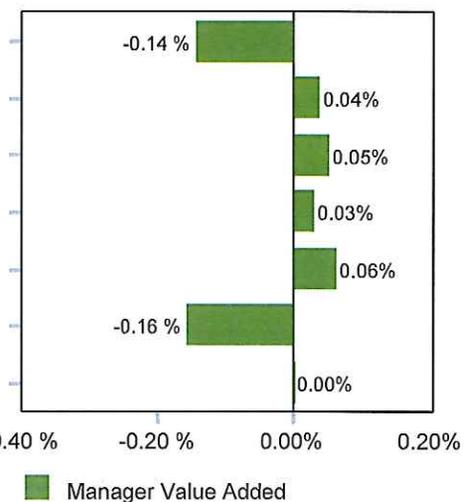
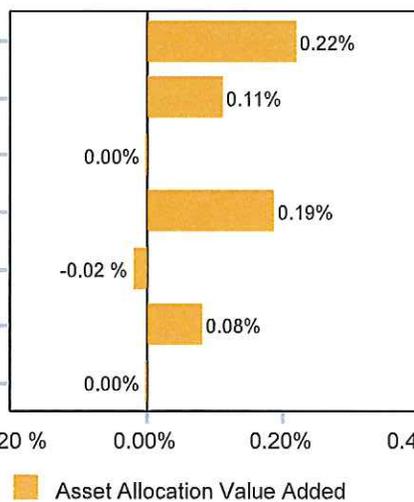
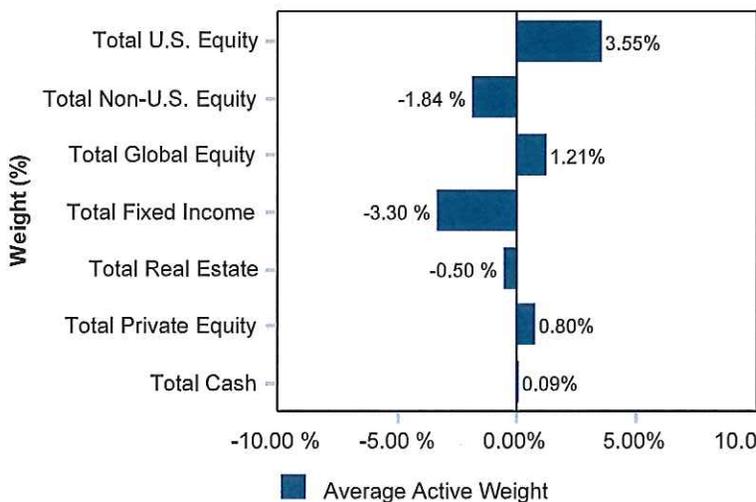


Total Value Added:0.47%



Total Asset Allocation:0.57%

Total Manager Value Added:-0.12 %



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	\$ 3,540	39.8%	36.4%	0.33%	10.3%		58.2%
Non US Equity	\$ 1,099	12.3%	14.7%	1.27%	9.6%		-18.5%
Global Equity	\$ 1,548	17.4%	16.3%	1.46%	4.2%		18.5%
Fixed Income	\$ 2,716	30.5%	32.6%	1.28%	38.3%		41.8%
Total Fund	\$ 8,904	100.0%	100.0%	0.75%	62.5%	37.5%	100.0%

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

Defined Benefit & Cash Balance Benefit Plans

As of September 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value \$	%	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Defined Benefit Plan	\$9,802,891,947	100.0	-0.9 (31)	-0.9 (31)	4.7 (49)	11.1 (16)	14.1 (15)	10.6 (21)	7.3 (32)	9.3	07/01/1983
<i>Policy Benchmark</i>			-1.0 (40)	-1.0 (40)	4.8 (49)	10.6 (26)	14.0 (16)	10.4 (31)	7.3 (35)	9.4	
Total U.S. Equity	\$3,540,486,662	36.1	0.0 (18)	0.0 (18)	6.6 (21)	17.3 (25)	23.0 (24)	16.0 (24)	8.3 (53)	9.7	07/01/1983
<i>Dow Jones U.S. Total Stock Market</i>			-0.1 (20)	-0.1 (20)	6.9 (16)	17.7 (13)	23.0 (24)	15.8 (29)	8.6 (25)	10.6	
Total Non-U.S. Equity	\$1,098,874,244	11.2	-5.4 (58)	-5.4 (58)	-0.7 (69)	5.1 (34)	12.1 (74)	5.7 (91)	6.3 (84)	5.9	10/01/1991
<i>MSCI All Country World ex-U.S. IMI*</i>			-5.5 (63)	-5.5 (63)	0.0 (35)	4.7 (50)	11.9 (81)	6.3 (84)	7.4 (43)	6.3	
Total Global Equity	\$1,548,167,756	15.8	-3.1 (56)	-3.1 (56)	2.8 (48)	11.0 (39)	17.3 (50)	11.0 (49)		7.4 (25)	09/01/2005
<i>MSCI All Country World IMI*</i>			-2.8 (50)	-2.8 (50)	3.2 (43)	10.7 (43)	16.7 (58)	10.2 (64)		6.3 (59)	
Total Fixed Income	\$2,753,346,201	28.1	-0.2 (61)	-0.2 (61)	4.1 (79)	4.5 (67)	4.1 (51)	5.6 (56)	5.4 (35)	8.5	07/01/1983
<i>Barclays Universal Bond Index*</i>			0.0 (52)	0.0 (52)	4.2 (74)	4.4 (72)	3.2 (76)	4.7 (82)	4.9 (57)	8.4	
Total Real Estate	\$454,862,329	4.6	3.6	3.6	9.1	12.6	10.3	9.7		5.8	12/01/2004
<i>Performance Benchmark</i>			2.6	2.6	8.5	11.3	11.1	11.5		8.5	
Total Private Equity	\$399,207,693	4.1	2.9	2.9	11.7	16.7	11.5	14.3		0.8	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			0.7	0.7	9.3	21.2	26.6	19.3		11.2	
Total Cash	\$7,947,061	0.1									

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Cash Balance Benefit Plan	1,648,251,666	100.0	-0.9 (30)	-0.9 (30)	4.7 (49)	11.1 (17)	14.1 (15)	10.6 (21)	7.1 (45)	8.0 (49)	01/01/2003
<i>Policy Benchmark</i>			-1.0 (40)	-1.0 (40)	4.8 (49)	10.6 (26)	14.0 (16)	10.4 (31)	7.3 (35)	8.2 (43)	
Total U.S. Equity	594,371,477	36.1	0.0 (18)	0.0 (18)	6.6 (21)	17.3 (25)	23.0 (24)	16.0 (24)	8.3 (52)	9.8 (35)	01/01/2003
<i>Dow Jones U.S. Total Stock Market</i>			-0.1 (20)	-0.1 (20)	6.9 (16)	17.7 (13)	23.0 (24)	15.8 (29)	8.6 (25)	10.0 (28)	
Total Non-U.S. Equity	184,477,325	11.2	-5.4 (58)	-5.4 (58)	-0.7 (69)	5.1 (34)	12.1 (74)	5.7 (91)	6.3 (82)	8.9 (84)	01/01/2003
<i>MSCI All Country World ex-U.S. IMI*</i>			-5.5 (63)	-5.5 (63)	0.0 (35)	4.7 (50)	11.9 (81)	6.3 (84)	7.4 (43)	9.9 (32)	
Total Global Equity	259,904,031	15.8	-3.1 (56)	-3.1 (56)	2.8 (48)	11.0 (39)	17.3 (50)	11.0 (49)		7.9 (19)	09/01/2005
<i>MSCI All Country World IMI*</i>			-2.8 (50)	-2.8 (50)	3.2 (43)	10.7 (43)	16.7 (58)	10.2 (64)		6.3 (59)	
Total Fixed Income	466,118,867	28.3	-0.2 (58)	-0.2 (58)	4.0 (81)	4.5 (68)	4.1 (51)	5.5 (60)	5.3 (38)	5.2 (53)	01/01/2003
<i>Barclays Universal Bond Index*</i>			0.0 (52)	0.0 (52)	4.2 (74)	4.4 (72)	3.2 (76)	4.7 (82)	4.9 (57)	5.0 (61)	
Total Real Estate	76,361,591	4.6	3.6	3.6	9.1	12.6	10.3	9.7		5.9	12/01/2004
<i>Performance Benchmark</i>			2.6	2.6	8.5	11.3	11.1	11.5		8.5	
Total Private Equity	67,018,376	4.1	2.9	2.9	11.7	16.7	11.5	14.3		0.8	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			0.7	0.7	9.3	21.2	26.6	19.3		11.2	

*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 September 30, 2014

Asset Allocation

	\$	Total Fund	%
Total Defined Cont. & Deferred Comp.	983,049,238		100.0

	\$	Total Fund	%
Total Hartford Options	38,394,135		100.0

Asset Allocation

	\$	Total Fund	%
First National	3,238,844,178		100.0
Direct	1,633,519,948		50.4
TD	739,861,978		22.8
Advisor	865,462,252		26.7
A	539,762,516		16.7
C	325,699,736		10.1

	\$	Total Fund	%
Total State Farm College Savings Plan	377,738,460		100.0
State Farm Fixed Allocation	94,349,867		25.0
State Farm Enrollment Based	278,479,431		73.7
State Farm Individual Portfolios	4,909,162		1.3

Total Endowment

As of September 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Endowment	1,122,674,513	100.0	-0.7	-0.7	4.9	10.2	12.3	9.4		7.0	01/01/2006
Total U.S. Equity	384,895,188	34.3	-0.5	-0.5	6.7	17.2	23.0	15.8	8.1	6.5	01/01/2002
<i>Dow Jones U.S. Total Stock Market Index</i>			-0.1	-0.1	6.9	17.7	23.0	15.8	8.6	7.2	
Total Non-U.S. Equity	131,016,962	11.7	-5.2	-5.2	0.5	5.5	11.6	4.9	6.6	4.6	01/01/2001
<i>MSCI All Country World ex-U.S. IMI*</i>			-5.5	-5.5	0.0	4.7	11.9	6.2	7.1	5.2	
Total Global Equity	85,716,054	7.6	-2.7	-2.7	3.2	11.1	17.6	10.9		9.1	09/01/2005
<i>MSCI All Country World IMI*</i>			-2.8	-2.8	3.2	10.7	16.7	10.2		6.3	
Total Fixed Income	430,331,225	38.3	-0.2	-0.2	4.2	4.7	3.8	5.2	5.6	6.2	07/01/1997
<i>Barclays Universal Bond Index*</i>			0.0	0.0	4.2	4.4	3.2	4.7	4.9	5.8	
Total Real Estate	44,075,592	3.9									
Total Private Equity	46,639,492	4.2									

*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 September 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total In-House Plans	9,474,187	100.0									
Aeronautics	6,630,934	70.0	0.4	0.4	3.7	2.8	1.4	3.3	4.6	6.7	01/01/1990
<i>Barclays U.S. Treasury Index</i>			0.3	0.3	3.1	2.3	1.0	3.2	4.2	6.2	
Agricultural Development	2,843,253	30.0	0.4	0.4	3.6	2.8	1.4	3.5	4.3	6.9	01/01/1989
<i>Barclays U.S. Treasury Index</i>			0.3	0.3	3.1	2.3	1.0	3.2	4.2	6.5	

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	FYTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total OIP	3,933,525,916	100.0	0.1	0.1	2.2	2.1	1.5	2.5	3.4	4.3	01/01/1997
<i>Policy Benchmark</i>			0.0	0.0	1.9	1.9	1.7	3.0	3.8	4.6	
Internal Short-Term Liquidity Pool	608,665,670	15.5	0.0	0.0	0.0	0.0	0.1	1.1	2.6	3.8	01/01/1997
<i>Performance Benchmark</i>			0.0	0.0	0.1	0.1	0.1	1.8	3.0	4.1	
Operating Investment Pool (Internal Government/Corporate)	3,324,860,246	84.5	0.1	0.1	2.6	2.3				1.8	11/01/2011
<i>Barclays Intermediate Government/Credit</i>			0.0	0.0	2.2	2.2				2.0	

	Total Fund	
	\$	
	%	
Time Deposit Open Account	37,900,000	100.0

The Operating Investment Pool (Internal Government/Corporate) includes the DB STIF amount of \$7,947,061. 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.