



**GALLIARD**  
Capital Management, Inc.

## **STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM**

FIRST QUARTER 2016 PORTFOLIO REVIEW

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# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

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*The information contained in this report is for informational purposes only. It is intended to provide a summary of portfolio performance and characteristics, and an accounting based view of transactions and holdings. This is a standardized report and is not intended to be used for compliance purposes. Individual portfolio compliance requirements may not be captured in this report.*

## STABLE VALUE PORTFOLIO REVIEW

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Board	Mtg Date	Item #
DC	6.14.16	11g3

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

<b>GALLIARD INCEPTION DATE</b>	July 01, 1998										
<b>INVESTMENT OBJECTIVE</b>	The primary investment objective of the Account is preservation of principal. The secondary objective is to provide a competitive, stable crediting rate.										
<b>BENCHMARK</b>	3 Year Constant Maturity Treasury Yield										
<b>STABLE VALUE PORTFOLIO COMPONENTS</b>	<table><thead><tr><th><u>COMPONENTS</u></th><th><u>MAX ALLOCATION</u></th></tr></thead><tbody><tr><td>Liquidity Buffer (Cash/Cash Equivalents, Money Market Funds, STIF Vehicles, Stable Value Funds)</td><td>50%</td></tr><tr><td>Guaranteed Investment Contracts (GICs)</td><td>10%</td></tr><tr><td>Separate Account GICs</td><td>50%</td></tr><tr><td>Synthetic GICs</td><td>95%</td></tr></tbody></table>	<u>COMPONENTS</u>	<u>MAX ALLOCATION</u>	Liquidity Buffer (Cash/Cash Equivalents, Money Market Funds, STIF Vehicles, Stable Value Funds)	50%	Guaranteed Investment Contracts (GICs)	10%	Separate Account GICs	50%	Synthetic GICs	95%
<u>COMPONENTS</u>	<u>MAX ALLOCATION</u>										
Liquidity Buffer (Cash/Cash Equivalents, Money Market Funds, STIF Vehicles, Stable Value Funds)	50%										
Guaranteed Investment Contracts (GICs)	10%										
Separate Account GICs	50%										
Synthetic GICs	95%										
<b>KEY PORTFOLIO GUIDELINES</b>											
<b>Portfolio Duration</b>	3.5 Year Maximum										
<b>Minimum Portfolio Quality</b>	AA- (underlying portfolio level)										
<b>Minimum Issuer Quality</b>	A- (contract level) at time of purchase										

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

## ANNUALIZED INVESTMENT PERFORMANCE<sup>1</sup>

Period Ending March 31, 2016

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
<b>Portfolio (before inv. mgmt. fees)<sup>2</sup></b>	0.50	2.06	2.03	2.39	3.62
<b>Portfolio (net of inv. mgmt. fees)<sup>3</sup></b>	0.46	1.89	1.86	2.22	3.44
<b>Linked Benchmark<sup>4</sup></b>	0.26	1.35	1.44	1.25	2.16

## CALENDAR YEAR PERFORMANCE

	2015	2014	2013	2012	2011
<b>Portfolio (before inv. mgmt. fees)<sup>2</sup></b>	2.03	1.91	2.27	2.81	3.31
<b>Portfolio (net of inv. mgmt. fees)<sup>3</sup></b>	1.85	1.73	2.10	2.63	3.13
<b>Linked Benchmark<sup>4</sup></b>	1.45	---	---	---	---

## MARKET INDICES

<b>BofAML US 3-Mon T-Bill</b>	0.05	0.03	0.07	0.11	0.10
<b>Consumer Price Index</b>	0.73	0.76	1.51	1.74	2.96

1: Returns for periods of less than one year are not annualized.

2: Returns are net of book value contract fees only.

3: Returns are net of book value contract, Galliard investment management fees, and, if applicable, external manager fees and Wells Fargo collective fund administrative fees.

4: Linked benchmark: 5 Year Constant Maturity Treasury; Prior to 11/1/15 was the 3 Year Constant Maturity Treasury.

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

## PORTFOLIO CHARACTERISTICS

<b>Total Assets</b>	\$605,478,256	<b>Blended Yield (before fees)<sup>1</sup></b>	2.01%
<b>Average Holdings Quality<sup>2</sup></b>	A1/A+	<b>Effective Duration</b>	2.68 years
<b>Number of Contract Issuers</b>	5	<b>Market/Book Value Ratio</b>	101.65%

1: Blended yield is before investment management fees and after wrap fees.

2: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the contracts and cash held by the portfolio as rated by S&P and Moody's.

## SECTOR DISTRIBUTION

PORTFOLIO DISTRIBUTION	CONTRACT VALUE (\$)	% OF PORTFOLIO 03/31/2016	% OF PORTFOLIO 12/31/2015
<b>Cash &amp; Equivalents<sup>1</sup></b>	<b>7,583,234</b>	<b>1.3</b>	<b>1.0</b>
<b>Stable Value Funds</b>	<b>43,435,686</b>	<b>7.2</b>	<b>7.2</b>
<b>Security Backed Investment Contracts</b>	<b>554,459,336</b>	<b>91.6</b>	<b>91.8</b>
Short Portfolio	280,521,302	46.3	46.7
Intermediate Portfolio	273,938,034	45.2	45.1
<b>Total</b>	<b>\$605,478,256</b>	<b>100.0%<sup>2</sup></b>	<b>100.0%<sup>2</sup></b>

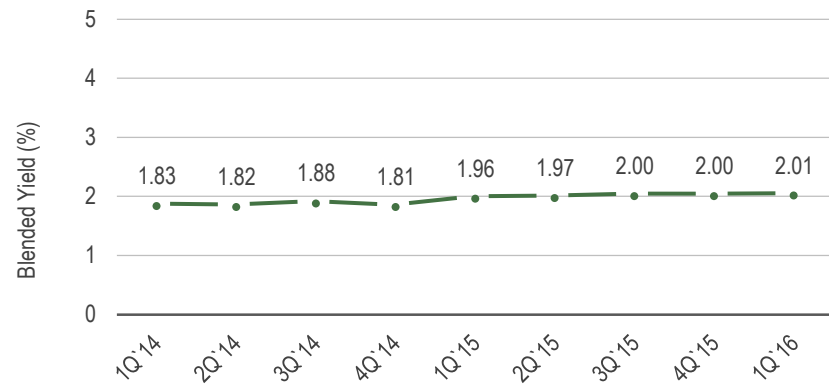
1: Includes Receivables and Payables.

2: Total % of portfolio may not add to 100% due to rounding.

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

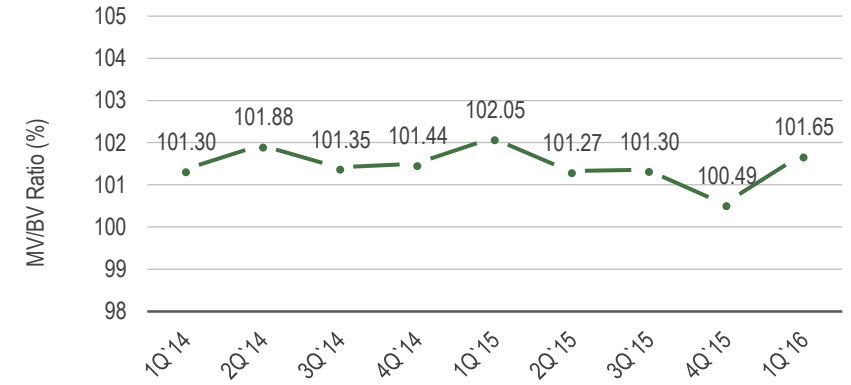
First Quarter 2016

## HISTORICAL BLENDED YIELD<sup>1</sup>

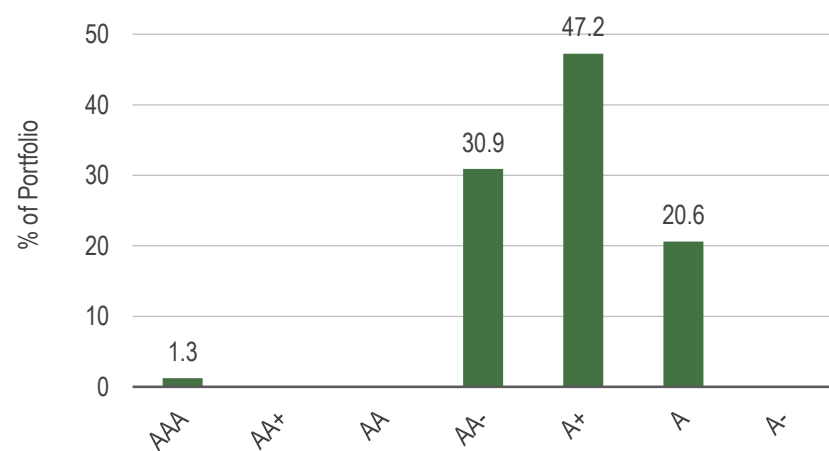


1: As of quarter end. Blended yield is before investment management fees and after wrap fees.

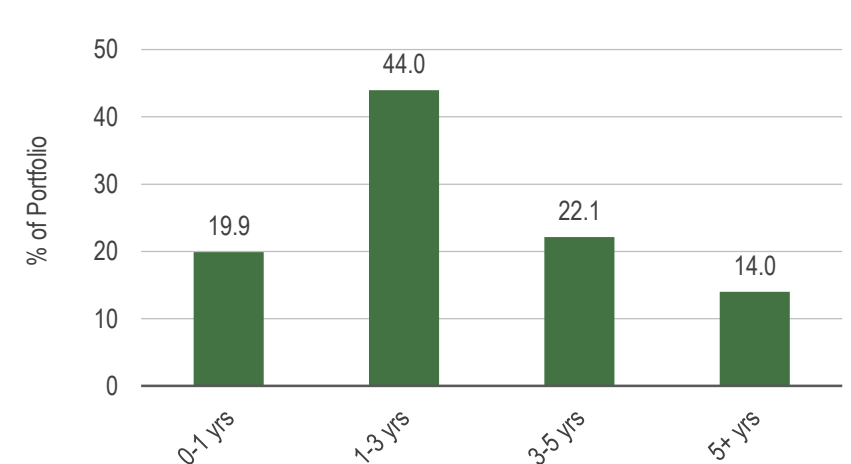
## HISTORICAL MARKET VALUE TO BOOK VALUE RATIO



## CONTRACT QUALITY DISTRIBUTION<sup>1</sup>



## UNDERLYING DURATION DISTRIBUTION<sup>2</sup>



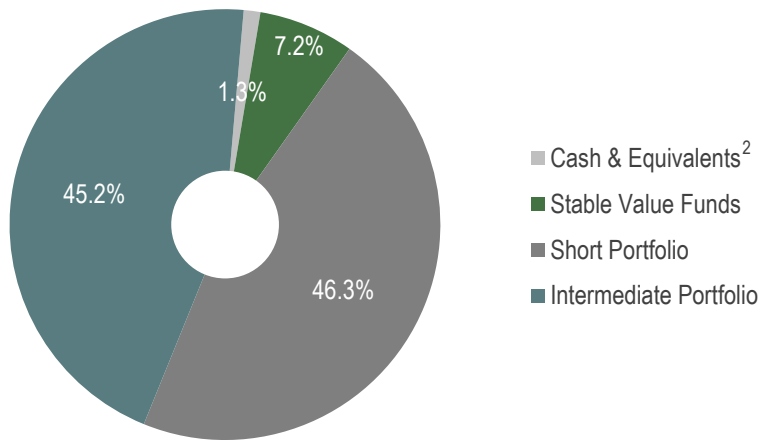
1: Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

2: Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

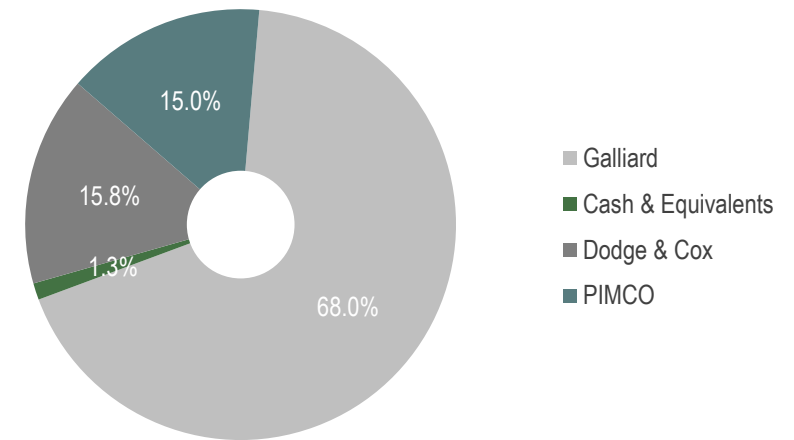
## PORTFOLIO DISTRIBUTION<sup>1</sup>



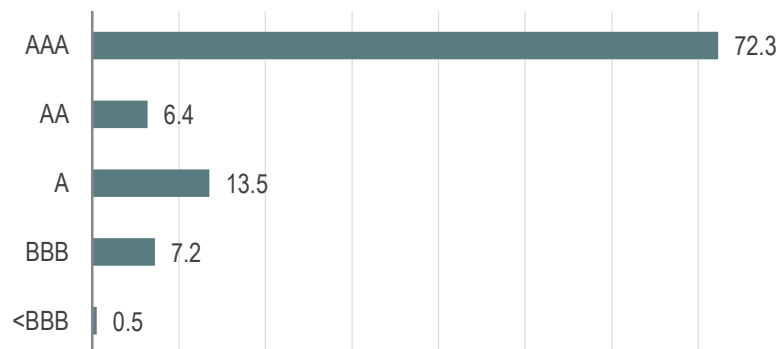
1: Book value.

2: Includes Receivables and Payables.

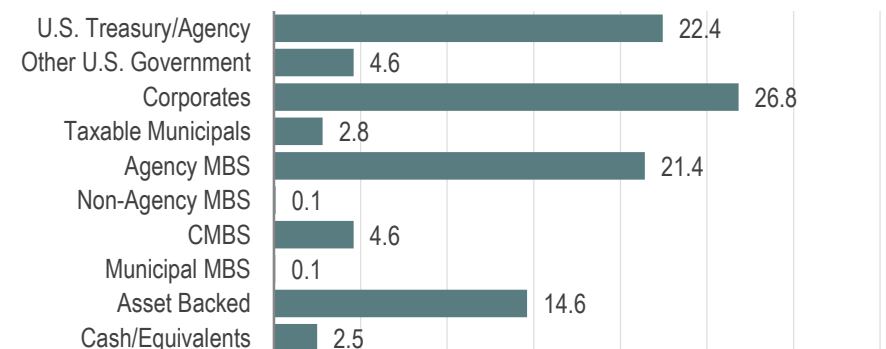
## MANAGER DISTRIBUTION<sup>1</sup>



## UNDERLYING FIXED INCOME CREDIT QUALITY<sup>1</sup>



## UNDERLYING FIXED INCOME ASSET ALLOCATION<sup>2</sup>



1: Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

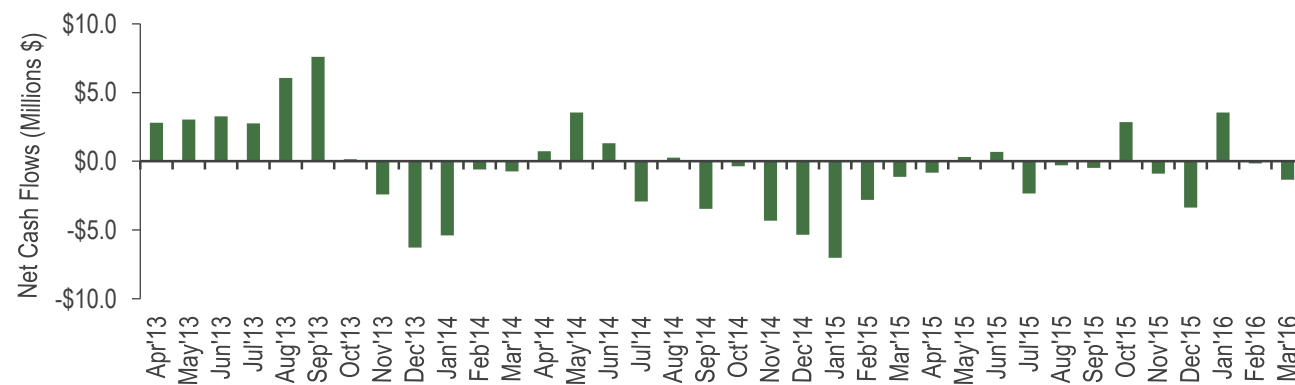
2: Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.



# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

## HISTORICAL CASHFLOWS



	YTD	2015	2014	2013	2012
<b>Beginning Assets</b>	\$600.7	\$605.0	\$611.7	\$578.7	\$550.5
<b>Net Cash Flow (\$)¹</b>	\$2.1	-\$15.3	-\$17.2	\$20.6	\$13.6
<b>Net Cash Flow (%)</b>	0.34%	-2.53%	-2.82%	3.56%	2.47%
<b>Estimated Investment Earnings</b>	\$2.8	\$11.0	\$10.5	\$12.4	\$14.6
<b>Ending Assets²</b>	\$605.5	\$600.7	\$605.0	\$611.7	\$578.7

1: Contributions, Withdrawals and Investment Transfers

2: Cashflows may not net to final assets due to rounding.

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

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## ISSUER RATING SUMMARY

	<u>S &amp; P RATING</u>		<u>MOODY'S RATING</u>	
	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>3/31/2016</u>	<u>12/31/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1
Transamerica Premier Life Ins. Co.	AA-	AA-	A1	A1
Voya Ret. Ins. and Annuity Co.	A	A	A2	A2

# STABLE VALUE PORTFOLIO REVIEW - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

## ISSUER RATING SUMMARY

### AMERICAN GENERAL LIFE INS. CO.

- Solid capital levels
- Leading positions in most Life and Annuity products
- Situation continues to develop at the parent regarding activist investors pushing for a separation of the Life and P&C operations. We do not think a separation is likely, but it would be a significant credit concern if it happened.

### NATIONWIDE LIFE INS. CO.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings

### PRUDENTIAL INS. CO. OF AMERICA

- A leading diversified U.S. life insurer
- Capital ratios are now average following a large captive reinsurance transaction, however the quality of the ratios was lowered by the transaction

### TRANSAMERICA PREMIER LIFE INS. CO.

- Capital levels are near average following the merger with Western Reserve Life Assurance Co. of Ohio, a sister company also owned by AEGON
- Part of a large diverse insurance group which uses significant intercompany reinsurance, resulting in operating leverage appearing higher than it is

### VOYA RET. INS. AND ANNUITY CO.

- Recently upgraded one notch by Moody's and S&P, reflecting the stabilization of operations
- ING Groep the former Dutch parent has now sold all of its VOYA shares

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only.  
For institutional investors only.

# STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM PORTFOLIO HOLDINGS

March 31, 2016

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity <sup>1</sup>	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fees (bps)
<b>CASH &amp; EQUIVALENTS</b>												
FUNDAVAIL	Cash Receivable / (Payable)		-403,466	-403,466	100.0	-0.1	0.42		0.10	AAA	Aaa	
9983008\$P	WF/BlackRock Short Term Investment Fund S		7,986,700	7,986,700	100.0	1.3	0.42		0.10	AAA	Aaa	
<b>TOTAL CASH &amp; EQUIVALENTS</b>			<b>7,583,234</b>	<b>7,583,234</b>	<b>100.0</b>	<b>1.3</b>	<b>0.42</b>		<b>0.10</b>	<b>AAA</b>	<b>Aaa</b>	
<b>STABLE VALUE FUNDS</b>												
94988K104	Wells Fargo Stable Value Fund W	Galliard	43,435,686	43,435,686	100.0	7.2	1.77		2.45	AA-	Aa3	
<b>TOTAL STABLE VALUE FUNDS</b>			<b>43,435,686</b>	<b>43,435,686</b>	<b>100.0</b>	<b>7.2</b>	<b>1.77</b>		<b>2.45</b>	<b>AA-</b>	<b>Aa3</b>	
<b>SECURITY BACKED INVESTMENT CONTRACTS</b>												
<b>Short Portfolio</b>												
946996EP6	American General Life Ins. Co.	Galliard	72,882,862	73,979,227	101.5	12.0	1.91	N.S.M.	1.97	A+	A2	22.0
896994DP2	Nationwide Life Ins. Co.	Galliard	33,190,439	33,596,620	101.2	5.5	1.76	N.S.M.	1.97	A+	A1	21.0
744999ZU0	Prudential Ins. Co. of America	Galliard	60,332,656	61,619,961	102.1	10.0	2.19	N.S.M.	1.97	AA-	A1	20.0
600996CC4	Transamerica Premier Life Ins. Co.	Galliard	51,060,519	52,486,884	102.8	8.4	2.47	N.S.M.	1.97	AA-	A1	20.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	Galliard	63,054,826	63,654,669	101.0	10.4	1.74	N.S.M.	1.97	A	A2	20.0
<b>Total Short Portfolio</b>			<b>280,521,302</b>	<b>285,337,359</b>	<b>101.7</b>	<b>46.3</b>	<b>2.02</b>		<b>1.97</b>	<b>A+</b>	<b>A1</b>	
<b>Intermediate Portfolio</b>												
946996EP6	American General Life Ins. Co.	Galliard	45,539,434	46,224,476	101.5	7.5	1.91	N.S.M.	4.04	A+	A2	22.0
896994DP2	Nationwide Life Ins. Co.	Dodge & Cox	32,127,408	32,520,579	101.2	5.3	1.76	N.S.M.	3.40	A+	A1	21.0
744999ZU0	Prudential Ins. Co. of America	Galliard	41,942,042	42,836,951	102.1	6.9	2.19	N.S.M.	4.04	AA-	A1	20.0
600996CC4	Transamerica Premier Life Ins. Co.	Dodge & Cox	63,370,753	65,141,002	102.8	10.5	2.47	N.S.M.	3.40	AA-	A1	20.0
600996CC4	Transamerica Premier Life Ins. Co.	PIMCO	29,200,470	30,016,179	102.8	4.8	2.47	N.S.M.	3.12	AA-	A1	20.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	PIMCO	61,757,926	62,345,431	101.0	10.2	1.74	N.S.M.	3.12	A	A2	20.0
<b>Total Intermediate Portfolio</b>			<b>273,938,034</b>	<b>279,084,619</b>	<b>101.9</b>	<b>45.2</b>	<b>2.09</b>		<b>3.51</b>	<b>A+</b>	<b>A1</b>	
<b>TOTAL SECURITY BACKED INVESTMENT CONTRACTS</b>			<b>554,459,336</b>	<b>564,421,979</b>	<b>101.8</b>	<b>91.6</b>	<b>2.05</b>		<b>2.73</b>	<b>A+</b>	<b>A1</b>	
<b>TOTAL PORTFOLIO</b>			<b>605,478,256</b>	<b>615,440,898</b>	<b>101.6</b>	<b>100.0</b>	<b>2.01</b>		<b>2.68</b>	<b>A+</b>	<b>A1</b>	

1: N.S.M. = No Stated Maturity

## STABLE VALUE PORTFOLIO REVIEW

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# STABLE VALUE PORTFOLIO REVIEW - WELLS FARGO STABLE VALUE FUND W

First Quarter 2016

## PORTFOLIO CHARACTERISTICS

<b>Total Assets</b>	\$29,920,276,265	<b>Blended Yield (before fees)<sup>1</sup></b>	1.77%
<b>Average Holdings Quality<sup>2</sup></b>	Aa3/AA-	<b>Effective Duration</b>	2.45 years
<b>Number of Contract Issuers</b>	12	<b>Market/Book Value Ratio</b>	101.53%

1: Blended yield is before investment management fees and after wrap and trustee fees

2: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the contracts and cash held by the portfolio as rated by S&P and Moody's.

## SECTOR DISTRIBUTION

PORTFOLIO DISTRIBUTION	CONTRACT VALUE (\$)	% OF PORTFOLIO 03/31/2016	% OF PORTFOLIO 12/31/2015
<b>Cash &amp; Equivalents<sup>1</sup></b>	<b>3,079,743,822</b>	<b>10.3</b>	<b>10.0</b>
<b>Guaranteed Investment Contracts (GICs)</b>	<b>204,643,220</b>	<b>0.7</b>	<b>0.7</b>
<b>Separate Account GICs</b>	<b>6,475,873,533</b>	<b>21.6</b>	<b>22.0</b>
<b>Security Backed Investment Contracts</b>	<b>20,160,015,690</b>	<b>67.4</b>	<b>67.3</b>
<b>Total</b>	<b>\$29,920,276,265</b>	<b>100.0%<sup>2</sup></b>	<b>100.0%<sup>2</sup></b>

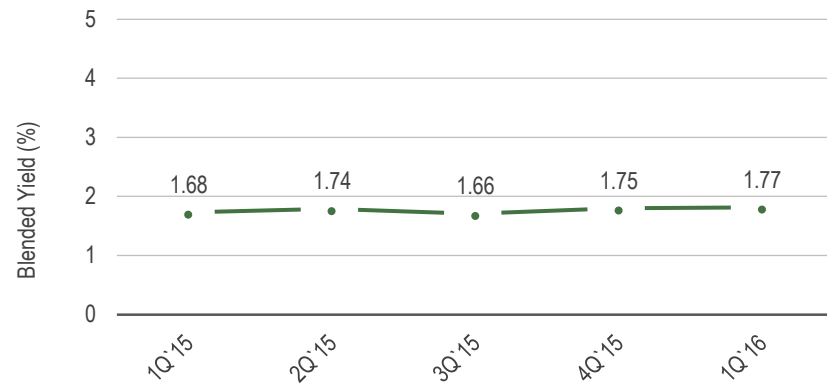
1: Includes Stable Value Collective Funds, Receivables, and Payables.

2: Total % of portfolio may not add to 100% due to rounding.

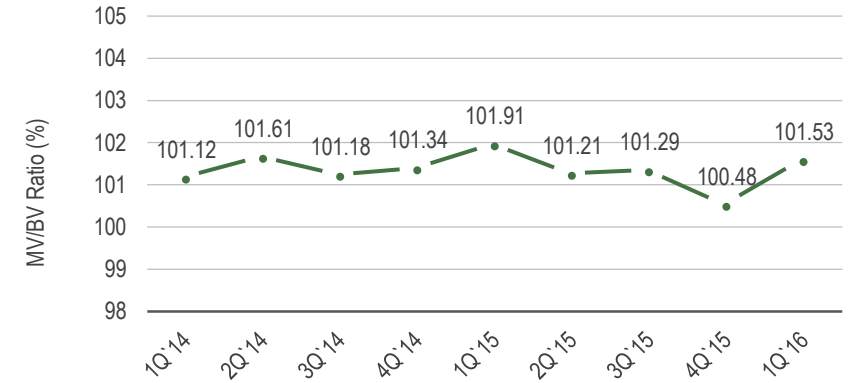
# STABLE VALUE PORTFOLIO REVIEW - WELLS FARGO STABLE VALUE FUND W

First Quarter 2016

## HISTORICAL BLENDED YIELD<sup>1</sup>

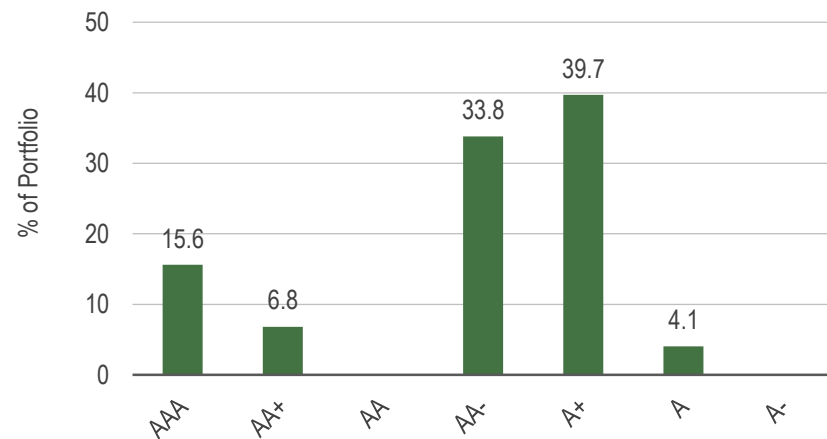


## HISTORICAL MARKET VALUE TO BOOK VALUE RATIO

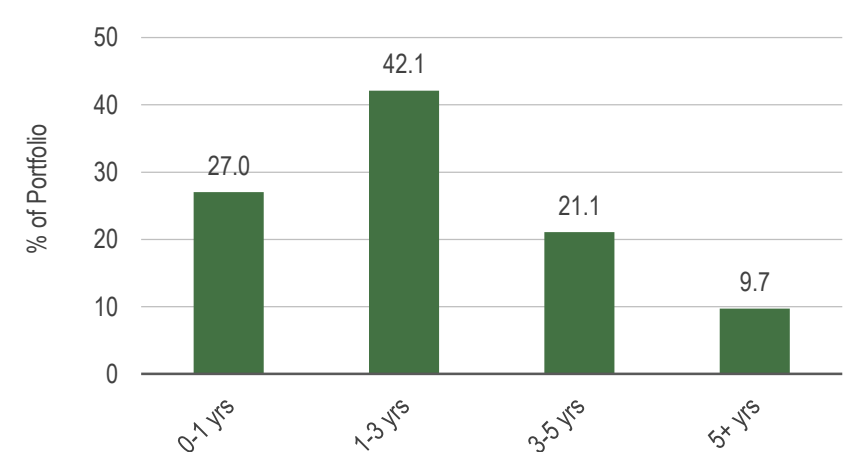


1: As of quarter end. Blended yield is before investment management fees and after wrap and trustee fees. Effective February 2, 2015 assets invested in the Wells Fargo Stable Return Fund G were transferred to Wells Fargo Stable Value Fund W.

## CONTRACT QUALITY DISTRIBUTION<sup>1</sup>



## UNDERLYING DURATION DISTRIBUTION<sup>2</sup>



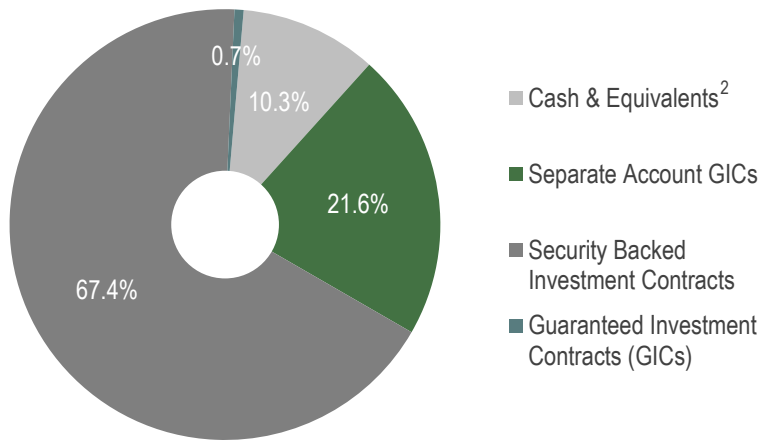
1: Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

2: Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

# STABLE VALUE PORTFOLIO REVIEW - WELLS FARGO STABLE VALUE FUND W

First Quarter 2016

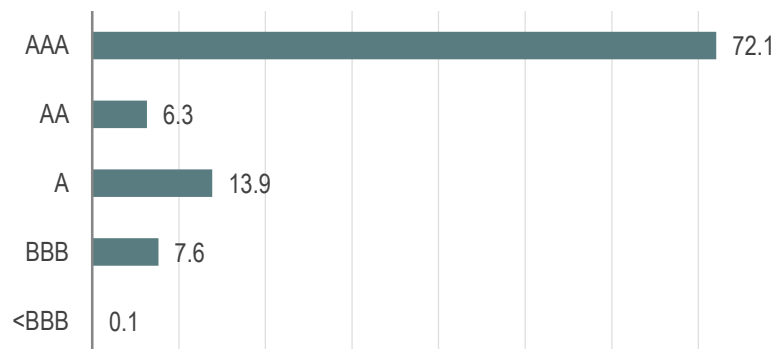
## PORTFOLIO DISTRIBUTION<sup>1</sup>



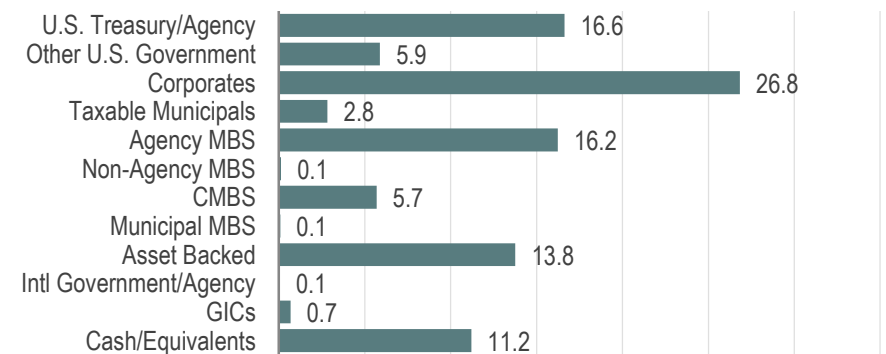
1: Book value.

2: Includes Receivables and Payables.

## UNDERLYING FIXED INCOME CREDIT QUALITY<sup>1</sup>



## UNDERLYING FIXED INCOME ASSET ALLOCATION<sup>2</sup>



1: Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology.

2: Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.



# WELLS FARGO STABLE VALUE FUND W PORTFOLIO HOLDINGS

March 31, 2016

## PORTFOLIO HOLDINGS

### SECURITY BACKED INVESTMENT CONTRACTS

Issuer	% of Portfolio	Moody's Rating	S&P Rating
American General Life Ins. Co.	15.97%	A2	A+
Nationwide Life Ins. Co.	1.71%	A1	A+
Pacific Life Ins. Co.	6.08%	A1	A+
Prudential Ins. Co. of America	15.92%	A1	AA-
Transamerica Premier Life Ins. Co.	8.56%	A1	AA-
Voya Ret. Ins. and Annuity Co.	4.07%	A2	A
New York Life Ins. Co.	4.63%	Aaa	AA+
Royal Bank of Canada	7.10%	Aa3	AA-
State Street Bank and Trust Co.	3.33%	A1	AA-
<b>Total Security Backed Investment Contracts</b>	<b>67.38%</b>	<b>A1</b>	<b>AA-</b>

### CASH & EQUIVALENTS

	% of Portfolio	Moody's Rating	S&P Rating
Short Term Investment Fund	10.29%	Aaa	AAA
<b>Total Cash &amp; Equivalents</b>	<b>10.29%</b>	<b>Aaa</b>	<b>AAA</b>

### GUARANTEED INVESTMENT CONTRACTS (GICs)

Issuer	% of Portfolio	Moody's Rating	S&P Rating
New York Life Ins. Co.	0.68%	Aaa	AA+
<b>Total Guaranteed Investment Contracts (GICs)</b>	<b>0.68%</b>	<b>Aaa</b>	<b>AA+</b>

### SEPARATE ACCOUNT GICs

Issuer	% of Portfolio	Moody's Rating	S&P Rating
Metropolitan Life Ins. Co.	14.81%	Aa3	AA-
Mass Mutual Life Ins. Co.	3.55%	Aa2	AA+
TIAA-CREF Life Ins. Co.	3.28%	Aa1	AA+
<b>Total Separate Account GICs</b>	<b>21.64%</b>	<b>Aa3</b>	<b>AA</b>

## MARKET REVIEW

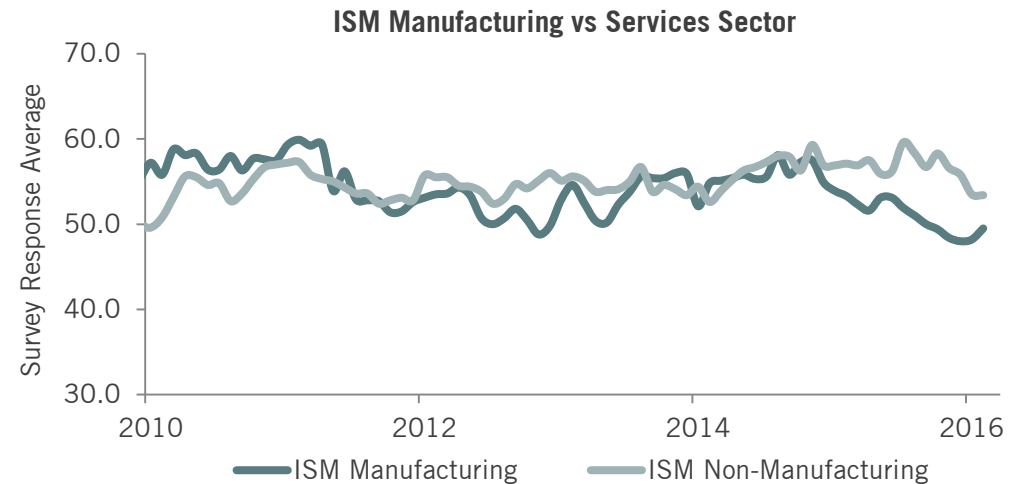
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# MARKET REVIEW

First Quarter 2016

## FED KEEPS INTEREST RATES UNCHANGED AS US ECONOMIC GROWTH SOFTENS

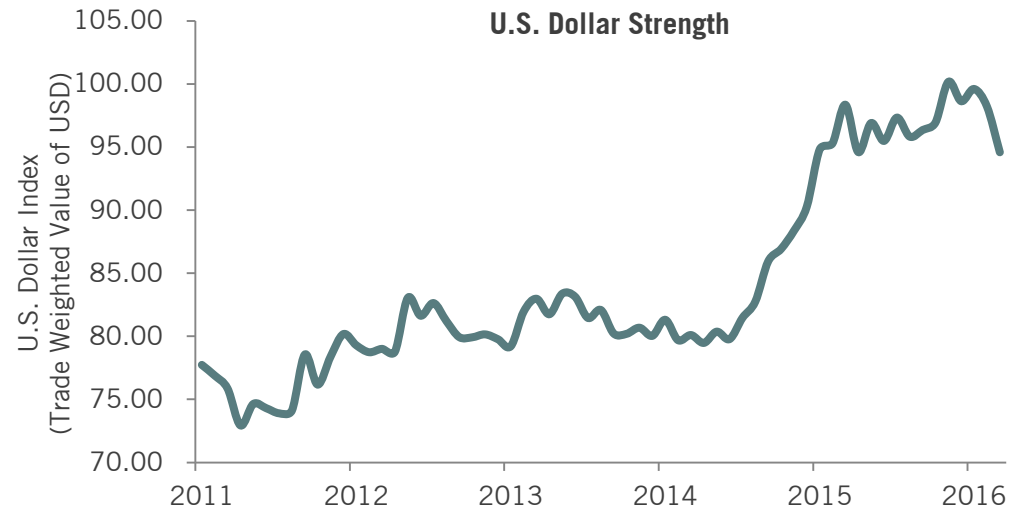
- | U.S. economic growth slowed to 1.4% in Q4, hurt by decreased consumer demand for goods, lower non-residential investment and softer exports relative to the third quarter.
- | The Fed kept interest rates unchanged during the quarter, and signaled lowered expectations for growth, inflation and the path of policy rate hikes in 2016 and 2017.
- | Readings from the Institute of Supply Management's (ISM) monthly activity survey ended the quarter on a firmer note, after a lackluster start to the year. The ISM Manufacturing survey climbed to 51.8, the highest reading in seven months. The Non-Manufacturing survey also came in higher than expected at 54.5, rebounding from February's nearly two-year low reading.



Source: Bloomberg

## GLOBAL CENTRAL BANKS REMAIN ACCOMMODATIVE

- | Global central bank policies remained accommodative during Q1. Japan's central bank (BOJ) bolstered markets in late-January by cutting its policy rate into negative territory to spur inflation. The European Central Bank lowered its policy rate and expanded its asset purchase program.
- | The Federal Reserve used its March policy meeting to significantly walk-back its own forecasts for growth, inflation and the path of policy rate hikes.
- | The U.S. dollar reversed course and fell sharply versus most currencies during the quarter as investors lowered U.S. growth and Fed rate hike expectations.
- | Oil prices rose off February's lows and West Texas Intermediate (WTI) crude stabilized in the \$35-40/barrel range.



Source: Bloomberg

# MARKET REVIEW

First Quarter 2016

## STRONG EMPLOYMENT NUMBERS, WITH A TWIST

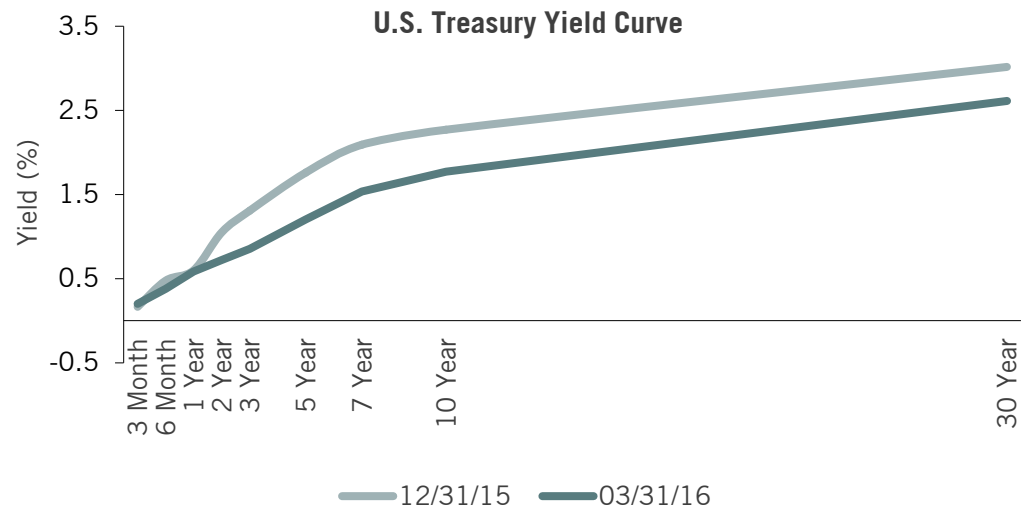
- | Employers added +632k new jobs during the first quarter, while average hourly earnings also grew by 2.3% year-over-year (March reading).
- | The unemployment rate ticked up to 5.0% from 4.9% as more job seekers re-entered the workforce as employment prospects have improved.
- | Headline inflation measures remained low during the quarter, aided by continued declines in energy prices. At the core level, however, CPI rose 2.3% for the 12 months ending in February. Over the last three months ending in February, Core CPI rose at a 3.0% annualized rate.



Source: Bloomberg

## YIELD CURVE FLATTENS AS RATES MOVE LOWER

- | Growth concerns and central bank policy actions combined to drive US interest rates lower across the yield curve during the quarter.
- | Yields on maturities between 5 and 10 years fell the most. The yield on the 5-year Treasury Note fell by 55bps, while the yield on the 2-year Treasury Note and 30-year Treasury Bond fell 33bps and 40bps, respectively.



Source: Bloomberg

## APPENDIX

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## APPENDIX - STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM

First Quarter 2016

### TOTAL ANNUAL FUND OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

Expense	Expense Ratio 3/31/16	Per \$1000
Investment Management Fees paid to Galliard	0.090%	\$0.90
Investment Management fees paid to Non-Affiliated Investment Advisors	None	None
Investment Contract Fees <sup>1</sup>	0.188%	\$1.88
Acquired Fund Fees <sup>2</sup>	0.092%	\$0.92
-Investment Contract Fees	0.014%	\$0.14
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors <sup>3</sup>	0.078%	\$0.78
12b-1 Distribution Fee	None	None
Other Expenses	None	None
<b>Total Annual Fund Operating Expenses<sup>4</sup></b>	<b>0.370%</b>	<b>\$3.70</b>

1: These are fees paid to create and maintain the investments used by a stable value fund.

2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.

3: Includes audit fees for the cost of producing a report by a qualified auditor.

4: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).