

Judicial Investment Program

In 2001 the Judicial Retirement System was created to fund retirement benefits for Nevada's Judges.

Since the Judicial Retirement System and Legislators' Retirement System are smaller than \$100 million and both have the same goals (identical to the PERS' fund), the Judicial portfolio is invested identically to the Legislators' fund. The Legislators' program has a much longer history and has proven to effectively track the performance of the PERS' portfolio at a very low cost.

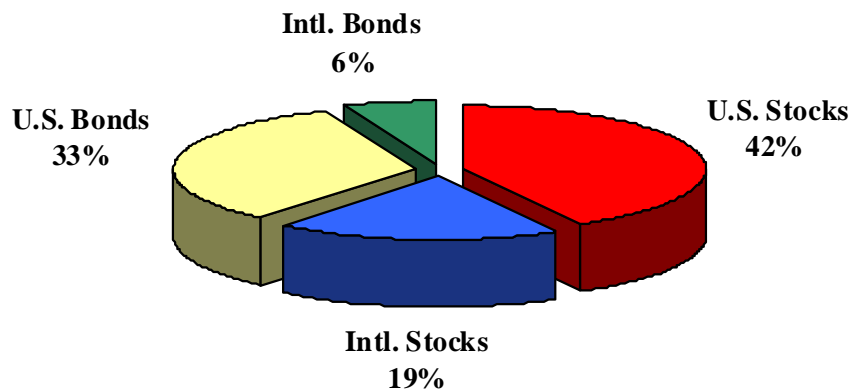
The investment objective of the Judicial fund is to:

- Generate 8% by producing a long-term total return from investments which exceeds the rate of inflation (CPI) by 4.5% by capturing market returns within each asset class;
- Invest so the short-term volatility of returns will not cause the System to alter its long-term strategy; and
- Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

Asset Allocation

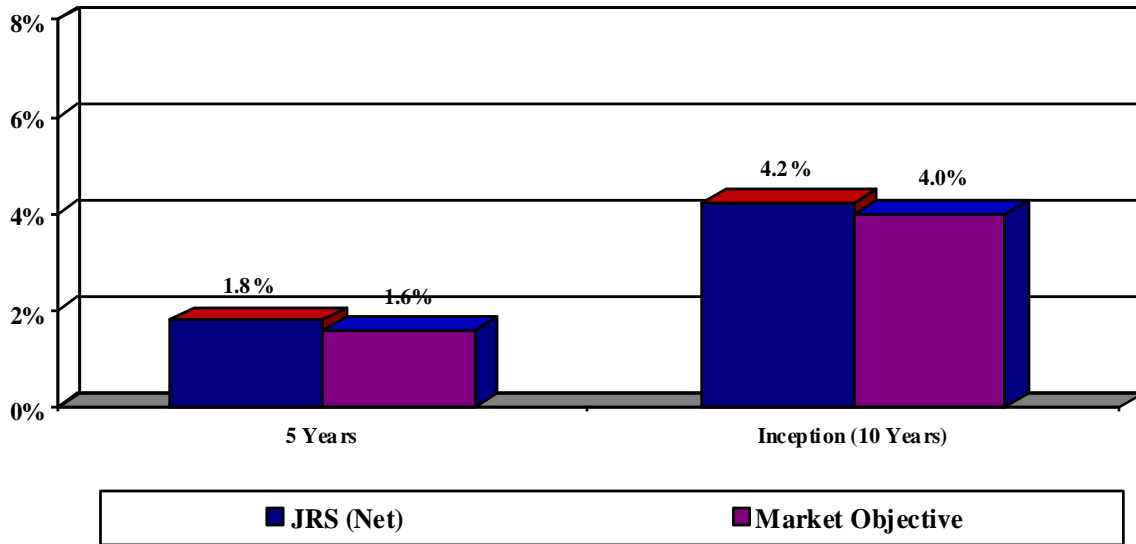
The Judicial portfolio is broadly diversified. The program utilizes 100% index management to support return stability versus the market and efficient administration. Since PERS' managers are utilized for this fund, management fees are quite low. Management costs for this program are 0.03%, which is 94% below the industry average.

Asset allocation and rebalancing are the primary tools the Board uses to manage risk and return and add value to the program. As of September 30, 2011, total assets were \$55.0 million. The target asset allocation for the Judicial portfolio is detailed below:



Investment Return

Since the fund's 2001 inception, the portfolio generated a 4.2% return. The annualized return from U.S. stocks for the same period is 1.3%. Even though this portfolio is 61% invested in stocks, the Judicial fund's total return is much higher due to the diversified investment strategy. An emphasis on index management and disciplined rebalancing has helped this program outperform its market objective in each measurement period. Fund performance as of September 30, 2011 is detailed below:



Administration

The Judicial portfolio is managed on a fully discretionary basis by external managers. Each firm is also a manager for the PERS fund. Each firm is charged with a specific mandate as follows:

Firm:	Retained:	Mandate:
AllianceBernstein	2001	S&P 500 Index
BlackRock	2003	Barclays Aggregate Index
Mellon Capital	2003	Intl Stock Index
Payden & Rygel	2004	Intl Bond Index
Callan Associates	2001	Investment Consultant