ANNUAL FINANCIAL REPORT
of the
RETIREMENT BENEFITS INVESTMENT FUND
(a Component Unit of the State of Nevada)

For the Fiscal Year Ended
June 30, 2010

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EGGHART & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund ("RBIF"), a component unit of the State of Nevada, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the management of the RBIF. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from RBIF's 2009 financial statements and, in our report dated September 16, 2009, we expressed an unqualified opinion on such information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Benefits Investment Fund as of June 30, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RBIF's financial statements as a whole. The supplementary schedule of participating entities on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of participating entities is fairly stated in all material respects in relation to the financial statements as a whole.

Egghart & Associates, LLC, CPAs

Reno, Nevada
September 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial performance of the Retirement Benefits Investment Fund (RBIF or Fund) provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2010. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow the MD&A.

RBIF was created during the 2007 Legislative Session, was effective July 1, 2007, and received its first investment contribution in January 2008. The purpose of the Fund is to invest contributions made by participating entities to support financing of other post employment benefits at some time in the future. Monies received by the Fund from participating entities are not held in a fiduciary capacity. At June 30, 2010, there were three participating entities: the Public Employees' Benefits Program of Nevada, Washoe County School District, and Truckee Meadows Water Authority.

After the end of the fiscal year, Washoe County, Nevada Other Post Employment Benefit Trust joined the Fund as a new participating agency with a contribution of $21.0 million.

Financial Highlights

- Total contributions were $5,866,227 during fiscal year 2010, a decrease of 76.4% from fiscal year 2009.
- Total distributions were $24,700,000 during fiscal year 2010. There were no previous distributions.
- Net investment gain was $6,527,185 as of June 30, 2010, as compared to a loss of $5,740,411 at June 30, 2009.
- Total investments at fair value as of June 30, 2010, were $25,406,181, a decrease of 33.1% from fiscal year 2009.

Overview of Financial Statements

The basic financial statements consist of the statement of net assets, statement of changes in net assets, notes to the financial statements, and supplementary information.

The statement of net assets includes all of the RBIF assets, liabilities, and net assets at the end of the fiscal year. The statement of changes in net assets reports earned income, unrealized and realized gain/loss, and expenses incurred during the year to arrive at a net income figure. In addition, this statement includes contributions and distributions made to and from entities participating in the Fund during the year. Over time the increase or decrease in net assets serves

MANAGEMENT'S DISCUSSION AND ANALYSIS

as an indicator of the financial health of the Fund. The notes to the financial statements provide additional information required by generally accepted accounting principles. The supplementary information following the notes to the financial statements consists of a schedule of participating entities.

Financial Analysis

The following are summary comparative statements of the Fund:

CONDENSED STATEMENTS OF NET ASSETS

	As of June 30, 2010	As of June 30, 2009	As of June 30, 2008	Percentage Increase/ (Decrease) from 2009 to 2010
Cash and cash equivalents	$ 5,969,877	$ 6,880,055	$ 300,819	(13.2) %
Receivables	37,763	415,164	42,505	(90.9)
Investments, at fair value	25,406,181	37,966,522	18,896,249	(33.1)
Total assets	31,413,821	45,261,741	19,239,573	(30.6)
Accounts payable and accrued expenses	14,321	15,451	35,519	(7.3)
Pending trades payable	5,475,724	6,970,268	24,011	(21.4)
Total liabilities	5,490,045	6,985,719	59,530	(21.4)
Net assets	$ 25,923,776	$ 38,276,022	$ 19,180,043	(32.3) %

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended June 30,

	2010	2009	2008	Percentage Increase/ (Decrease) from 2009 to 2010
Contributions	$ 5,866,227	$ 24,906,410	$ 19,622,376	(76.4) %
Net investment gain (loss)	6,527,185	(5,740,411)	(451,483)	213.7
Other income	53	934	45,269	(94.4)
Total additions	12,393,465	19,166,933	19,216,162	(35.3)
Distributions	24,700,000	-	-	-
Administrative expense	45,711	70,954	36,119	(35.6)
Total deductions	24,745,711	70,954	36,119	34775.7
Increase (decrease) in net assets	(12,352,246)	19,095,979	19,180,043	(164.7)
Net assets, beginning of year	38,276,022	19,180,043	-	99.6
Net assets, end of year	$ 25,923,776	$ 38,276,022	$ 19,180,043	(32.3) %

The net assets decreased by $12.3 million during fiscal year 2010. This can be attributed primarily to three items: additional contributions of $5.9 million, a net investment gain of $6.5 million, and a distribution of $24.7 million during fiscal year 2010. The Public Employees' Benefits Program requested the distribution of $24.7 million.

The Fund generated a 13.0% return this year, which is above the investment objective of 8.0%. During the fiscal year RBIF's U.S. stocks were up 14.2%, international stocks increased 4.2%, and real estate securities increased 55.1%. RBIF's portfolio had 63.0% of its assets allocated to these securities.

STATEMENT OF NET ASSETS
June 30, 2010
(With Comparative Totals for June 30, 2009)

	2010	2009
Assets		
Cash and cash equivalents	$ 5,969,877	$ 6,880,055
Receivables	37,763	415,164
Investments, at fair value		
Fixed income securities	8,051,151	11,359,489
Marketable equity securities	16,075,886	24,714,931
International securities	1,279,144	1,892,102
Total investments	25,406,181	37,966,522
Total assets	31,413,821	45,261,741
Liabilities		
Accounts payable and accrued expenses	14,321	15,451
Pending trades payable	5,475,724	6,970,268
Total liabilities	5,490,045	6,985,719
Net assets	$ 25,923,776	$ 38,276,022

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended June 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	2010	2009
Additions		
Contributions from public entities	$ 5,866,227	$ 24,906,410
Investment Income:		
Net appreciation (depreciation) in fair value of investments	5,524,208	(6,718,320)
Interest and dividend income	1,012,899	984,258
	6,537,107	(5,734,062)
Less investment expense	9,922	6,349
Total net investment income (loss)	6,527,185	(5,740,411)
Other income:		
Other income	53	934
Total other income	53	934
Total additions	12,393,465	19,166,933
Deductions		
Distributions:		
To public entities	24,700,000	-
Other expenses	45,711	70,954
Total deductions	24,745,711	70,954
Increase (decrease) in net assets	(12,352,246)	19,095,979
Net assets held in fund:		
Beginning of year	38,276,022	19,180,043
End of year	$ 25,923,776	$ 38,276,022

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Fund Description

History and Purpose

The Nevada Legislature established the Fund with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating public entities, as defined in Section 355.220 of the Nevada Revised Statutes (NRS), to enable such entities to support financing of other post employment benefits at some time in the future. Per NRS 355.220(2) monies received by the Retirement Benefits Investment Board (RBIB or Board) from participating entities are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the Fund. At June 30, 2010, there were three participating entities.

Contributions

Contributions received by the Fund are for investment purposes only and are not held in any fiduciary capacity by RBIF. Any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested.

To enable maximum investment return and consistent reporting on such, participating entities are required to provide advance notification to RBIF of the amount of contributions or distributions the entity wishes to make during any given month. RBIF has no direction or control over amounts the participating entities choose to contribute or distribute.

NOTE 2 – Summary of Significant Accounting Policies and Fund Asset Matters

Financial Reporting Entity

RBIF is governed by a seven-member Board. The Board consists of the same governor-appointed individuals who serve on the Public Employees' Retirement Board. Furthermore, they serve on RBIB in the capacity ex officio and without any additional compensation.

NOTES TO FINANCIAL STATEMENTS

The Board consisted of the following members as of June 30, 2010:

George W. Stevens	Chairman	2011
Mark R. Vincent	Vice Chairman	2014
James Green	Member	2013
David F. Kallas	Member	2010
Bart T. Mangino	Member	2013
David Olsen	Member	2013
Charles A. Silvestri	Member	2011

Terms expire on June 30 of the year noted.

Paul C. Page replaced David F. Kallas during July 2010. Mr. Page's term will expire in 2014.

The Fund has developed criteria in accordance with standards issued by the Governmental Accounting Standards Board (GASB) to determine whether participating state or public agencies, boards, and commissions should be included within its financial reporting entity as component units. A component unit is defined as a legally separate organization for which officials of the Fund are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Fund are such that exclusion would cause the Fund's financial statements to be misleading or incomplete.

In accordance with GASB, the following criteria are used when evaluating financial accountability: The ability of the Fund to appoint a voting majority of the organization's governing body and (1) the ability to impose its will on the other organization, or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Fund. In addition, RBIF may be financially accountable if an organization is fiscally dependent on the Fund regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

RBIF has no relationship with another entity that meets the above criteria and has not included any other entity as a component unit of its financial reporting entity.

RBIF is classified as a component unit of the State of Nevada for financial reporting purposes in accordance with the provisions of GASB.

Basis of Accounting

The accompanying financial statements of RBIF have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. RBIF has

NOTES TO FINANCIAL STATEMENTS

adopted the pronouncements of GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned and become measurable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2009 financial statements and has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year. Amounts for pending trades receivable, pending trades payable, fixed income securities, marketable equity securities, international securities, and net appreciation (depreciation) in fair value of investments have been reclassified for comparability with fiscal year 2010. These reclassifications had no affect on net assets held in the Fund as previously reported.

Fund Oversight

The Fund was established per NRS 355.220 and is administered by RBIB. An annual financial report, which includes the independent auditor's opinion, is presented to and accepted by RBIB. RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, nor is it so required, as it is a public fund.

Cash and Other Short-Term Investments

Cash and other short-term investments include cash on deposit and highly liquid financial instruments with original maturities of one year or less.

Investment Valuation

Investments are reported at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. The fair values of investments in securities are based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, however, fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The investments are marked-to-market daily.

RBIF's policy regarding amortizing cost applies to mortgage-backed assets or collateralized mortgage obligations (CMO) only. RBIF does not currently hold either type of these assets in its investment portfolio.

NOTES TO FINANCIAL STATEMENTS

Realized gains and losses on securities are calculated by subtracting the security cost from the price of the asset at the point of sale. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of the investments (unrealized gains/losses). Unrealized gains and losses are calculated by subtracting the cost of the security from the fair value of the asset at the end of the month. Realized gains and losses on investments that are held in more than one fiscal year and sold in another are included as a net change in the fair value of the investments in the year they are sold.

Earned Income and Expenses

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity. Specifically, on a pro-rata basis for each entity's participation, RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each entity according to their proportional share in the Fund. As of June 30, 2010, three entities participated in the Fund. A schedule of participating entities is reported in the Supplementary Information section of this report. This schedule lists the contributions made since inception by each participating entity.

NOTE 3 – Investments

The Board serves as the administrator of the Fund. RBIF's assets are managed in accordance with RBIF's investment objectives and policies. In general, the authorized investments include: fixed income, both U.S. commingled and non-U.S. commingled; domestic, international, and commingled equity; money market funds; and short-term investments.

NOTE 4 – Deposit and Investment Risk Disclosures

NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money in the PERS Investment Fund is invested. The PERS Investment Fund is governed primarily by the "prudent person" standard. The prudent person standard, as set forth by NRS 286.682, authorizes the Retirement Board to invest PERS' funds in "every kind of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account." PERS has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm.

Given the Fund's significantly smaller size than the PERS Investment Fund, there are differences in structure between the two portfolios. However, both portfolios maintain a similar statistical return and risk profile.

The majority of the Fund's investments are held by the Depository Trust Company (DTC) in DTC's nominee name, and trading is conducted through DTC's book-entry system. The holder of record for the Fund is The Bank of New York Mellon (BNYM).

NOTES TO FINANCIAL STATEMENTS

A summary of investments as of June 30, 2010, is as follows:

Investment Type	Par Value / No. of Shares	Maturity Date Range	Interest Rate Range		Fair Value at June 30, 2010
Fixed income, domestic and international	46,831,009	1/2011 to 3/2049	0.3 to 8.75%	$	9,295,530
Equity, domestic and international	492,824				16,110,651
Total investments				$	25,406,181

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of its depository financial institution, the Fund will not be able to recover its deposits.

At June 30, 2010, the carrying amount of the Fund's commercial cash deposits and commercial bank balance was $2,597. Amounts reported as cash and cash equivalents on the accompanying statement of net assets also include $26,288 of amounts held in custodial accounts by BNYM as well as $5,940,992 of money market funds at June 30, 2010. The bank balance was fully insured by the Federal Deposit Insurance Corporation (FDIC). The commercial bank balance is, according to a depository pledge agreement between the Fund and the Fund's commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the Fund's agent in the Fund's name.

Custodial cash is swept nightly from the custodial bank to an overnight short-term investment fund held outside the bank. Monies arriving at the bank after the overnight sweep deadline are part of the custodial bank cash reserve and are covered up to the FDIC limit of $250,000. Any amount in the cash reserve in excess of $250,000 is subject to custodial credit risk.

The custodial bank also carries insurance covering destruction of cash or securities on or off premises (including securities or others held in custody) with a limit of $850,000,000 per occurrence.

Credit Risk - Investments

Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the Fund and c*ustodial credit risk for investments* is the risk that, in the event of the failure of the counterparty to a transaction, RBIF will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

NOTES TO FINANCIAL STATEMENTS

RBIF policies provide protection from undue investment credit risk as follows:

- Investment in commercial paper provided it, or the guarantor, is rated A1, F1, and P1, or the equivalent, by at least two of Moody's, Standard & Poor's, or Fitch.

- Certificates of deposit, bankers' acceptances, and time deposits are only allowed of banks with a minimum of $10 billion in bank capital which have a quality rating of A or better by at least two of Moody's, Standard & Poor's, or Fitch.

- Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) and such collateral is delivered to the Fund's bank or its correspondent.

- Money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard & Poor's, or Fitch whose investment guidelines are substantially equivalent to and consistent with the Fund's overall short-term investment criteria.

- Bonds, notes of United States corporations, and asset-backed instruments are required to have an investment grade rating by at least two of Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

- Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index, provided that both interest and principal are payable in U.S. dollars in the United States and provided that such debt is rated investment grade by at least two of Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

- To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Outstanding TBA positions with a single broker may not exceed 10% of the manager's portfolio.

NOTES TO FINANCIAL STATEMENTS

The following table shows Standard and Poor's (S & P) credit quality ratings of the Fund's investments in fixed income securities as of June 30, 2010.

QUALITY RATING

Investment Type (in thousands)	**AAA**	**AA**	**A**	**BB+**	**Not Rated**	**Total**
Commingled funds	$ -	$ -	$ -	$ -	$ 8,051.1	$ 8,051.1
Non-U.S. markets	393.4	661.0	110.0	23.9	56.1	1,244.4
Short-term	-	-	-	-	5,941.0	5,941.0
Total fixed income and short-term	$ 393.4	$ 661.0	$ 110.0	$ 23.9	$ 14,048.2	$ 15,236.5

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. RBIF policy limits corporate issuers to 5% per issuer (including all subsidiaries for parent/subsidiary relationships). Asset-backed, commercial mortgage-backed, and private label mortgage-backed securities are limited to 5% per issuer (each pool or trust shall be considered a separate issuer for this purpose). RBIF policies also require the manager's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.

The Fund combined with the Judicial Retirement System, Legislators' Retirement System, and PERS shall not permanently constitute more than 20% of any firm's assets within the asset class (equity, bonds, real estate, or alternative investments) managed. Staff shall provide an annual report of combined assets to the Board consistent with this policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates interest rate risk through portfolio diversification. The Fund's investment policy and investment portfolio manager mandates permit investment in all securities within the Barclays Aggregate Index benchmark. If securities purchased are outside the Barclays Aggregate Index, they must be of investment grade rating by at least two of Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

NOTES TO FINANCIAL STATEMENTS

The following table shows the fair value of fixed income securities and the applicable investment maturities, as of June 30, 2010.

INVESTMENT MATURITIES (in years)

Investment Type (in thousands)	**Less than 1**	**1-5**	**6 to 10**	**More than 10**	**Total**
Commingled funds	$ 8,051.1	$ -	$ -	$ -	$ 8,051.1
Non-U.S. markets	38.5	466.3	435.6	304.0	1,244.4
Short-term	5,941.0	-	-	-	5,941.0
Total fixed income and short-term	$ 14,030.6	$ 466.3	$ 435.6	$ 304.0	$ 15,236.5

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency deposits and options on foreign currency positions are allowed by the Fund’s policy for purposes of hedging, including cross currency hedges. Highly speculative positions in currency are not permitted.

NOTES TO FINANCIAL STATEMENTS

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2010, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE (in thousands)

Currency Type	Fixed Income	Cash	Total
Australian Dollar	$ 9.0	$ 1.8	$ 10.8
British Pound Sterling	86.3	5.4	91.7
Canadian Dollar	33.8	2.9	36.7
Danish Krone	8.2	2.3	10.5
Euro Currency	529.5	2.3	531.8
Japanese Yen	545.0	4.4	549.4
Malaysian Ringgit	6.9	0.5	7.4
Norwegian Krone	2.4	0.7	3.1
Polish Zloty	7.8	1.9	9.7
Singapore Dollar	3.1	1.6	4.7
Swedish Krona	6.4	1.2	7.6
Swiss Franc	6.0	1.1	7.1
Total	$ 1,244.4	$ 26.1	$ 1,270.5

SUPPLEMENTARY INFORMATION

PARTICIPATING ENTITIES

Entity	Net Contributions from Inception through June 30, 2010	Market Value as of June 30, 2010
Public Employees' Benefits Program	$ 1,348,775	$ 760,739
Washoe County School District	19,939,413	20,260,298
Truckee Meadows Water Authority	4,406,825	4,914,463
Totals	$ 25,695,013	$ 25,935,500

Net Contributions include both contributions and distributions for each participating entity from the inception of the Fund through the end of the current fiscal year.

The market value for each participating entity includes the market value of all assets held at the custodial bank, BNYM, based on their net contributions. This amount does not include any assets or transactions outside of BNYM.