ANNUAL FINANCIAL REPORT
of the
RETIREMENT BENEFITS INVESTMENT FUND

(a Component Unit of the State of Nevada)

For the Fiscal Year Ended
June 30, 2013

Table of Contents

Page

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund ("RBIF"), a component unit of the State of Nevada, which comprise the Statement of Net Position as of June 30, 2013, and the related Statement of Changes in Net Position, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not 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 regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RBIF's financial statements. The supplementary schedule of participating entities on page 21 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.

Casey, Neilon + Associates, LLC

Carson City, Nevada
October 7, 2013

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, 2013. 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, 2013, there were six participating entities: the Public Employees' Benefits Program of Nevada, Washoe County School District, Truckee Meadows Water Authority, Washoe County, the City of Las Vegas, and the Tahoe Douglas Fire Protection District.

Overview of Financial Statements

The basic financial statements consist of: the Statement of Net Position, the Statement of Changes in Net Position, the Notes to the Financial Statements, and Supplementary Information.

The **Statement of Net Position** includes all of the Fund's assets, liabilities, and the net position at the end of the fiscal year.

The **Statement of Changes in Net Position** reports additions to and deductions from the Fund during the fiscal year presented. Over time the increase or decrease in net position serves as a useful indicator of the health of the Fund's financial position.

The **Notes to the Financial Statements** provide additional information that is required by generally accepted accounting principles.

The **Supplementary Information** following the notes to the financial statements consists of a schedule of participating entities.

Financial Highlights

- Total contributions were $15,414,900 during fiscal year 2013, a decrease of 28.1% from fiscal year 2012. In 2012 Tahoe Douglas Fire Protection District (TDFP) joined RBIF and made an initial contribution of $2.5 million. In 2011 Washoe County (WCOT) joined RBIF and made an initial contribution of $76.1 million.

- There were no distributions in fiscal year 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Net investment gain was $19,437,370 during fiscal year 2013, as compared to a gain of $3,669,944 during fiscal year 2012.

- Total investments at fair value as of June 30, 2013, were $182,179,209, an increase of 25.0% from fiscal year 2012.

Financial Analysis

The following are summary comparative statements of the Fund:

CONDENSED STATEMENTS OF NET POSITION

	As of June 30, 2013	As of June 30, 2012	As of June 30, 2011	Percentage Increase/ (Decrease) from 2012 to 2013
Cash and cash equivalents	$ 3,618,695	$ 10,725,936	$ 13,305,789	(66.3) %
Receivables	2,674,824	749,458	892,192	256.9
Investments, at fair value	182,179,209	145,751,032	122,037,264	25.0
Total assets	188,472,728	157,226,426	136,235,245	19.9
Accounts payable and accrued expenses	24,182	22,648	15,082	6.8
Pending trades payable	4,369,902	7,944,288	12,034,491	(45.0)
Total liabilities	4,394,084	7,966,936	12,049,573	(44.9)
Net investment in capital assets	184,078,644	149,259,490	124,185,672	23.3
Total net position	$ 184,078,644	$ 149,259,490	$ 124,185,672	23.3 %

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended June 30,

	2013	2012	2011	Percentage Increase/ (Decrease) from 2012 to 2013
ADDITIONS				
Contributions	$ 15,414,900	$ 21,437,080	$ 86,923,111	(28.1) %
Net investment gain	19,437,370	3,669,944	11,373,154	429.6
Other income	174	312	1,235	(44.2)
Total additions	34,852,444	25,107,336	98,297,500	38.8
DEDUCTIONS				
Administrative expense	33,290	33,518	35,604	(0.7)
Total deductions	33,290	33,518	35,604	(0.7)
Change in net position	34,819,154	25,073,818	98,261,896	38.9
Net position, beginning of year	149,259,490	124,185,672	25,923,776	20.2
Net position, end of year	$ 184,078,644	$ 149,259,490	$ 124,185,672	23.3 %

The net position increased by $34.8 million during fiscal year 2013. This can be attributed primarily to two items: contributions of $15.4 million and net investment gain of $19.4 million during fiscal year 2013.

The Fund generated a 12.9% return (net of fees) this year, which is above the investment objective of 8.0%. During the fiscal year RBIF's U.S. stocks were up 20.6%, international stocks increased 18.6%, U.S. bonds decreased 0.9%, and international bonds decreased 5.9%. RBIF's portfolio had 99% of its assets allocated to these securities.

STATEMENT OF NET POSITION

June 30, 2013

(With Comparative Totals for June 30, 2012)

		2013		2012
ASSETS				
Cash and cash equivalents	$	3,618,695	$	10,725,936
Receivables		2,674,824		749,458
Investments, at fair value:				
Fixed income securities		41,964,486		44,101,191
Marketable equity securities		87,152,793		60,117,375
International securities		53,061,930		41,532,466
Total investments		182,179,209		145,751,032
Total assets		188,472,728		157,226,426
LIABILITIES				
Accounts payable and accrued expenses		24,182		22,648
Pending trades payable		4,369,902		7,944,288
Total liabilities		4,394,084		7,966,936
NET POSITION	$	184,078,644	$	149,259,490

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

STATEMENT OF CHANGES IN NET POSITION

For the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

		2013		2012
ADDITIONS				
Contributions from public entities	$	15,414,900	$	21,437,080
Investment income:				
Net appreciation (depreciation) in fair value of investments		14,723,458		(123,491)
Interest and dividend income		4,748,976		3,824,600
		19,472,434		3,701,109
Less investment expense		35,064		31,165
Total net investment gain (loss)		19,437,370		3,669,944
Other income:				
Other income		174		312
Total other income		174		312
Total additions		34,852,444		25,107,336
DEDUCTIONS				
Distributions:				
Other expenses		33,290		33,518
Total deductions		33,290		33,518
CHANGE IN NET POSITION		34,819,154		25,073,818
NET POSITION:				
Beginning of year		149,259,490		124,185,672
End of year	$	184,078,644	$	149,259,490

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies and Fund Asset Matters

Financial Reporting Entity

The Retirement Benefits Investment Fund (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 the Retirement Benefits Investment Board (RBIB or Board) in an ex officio capacity and without any additional compensation.

The Board for the fiscal year ended June 30, 2013, consisted of the following members:

Mark R. Vincent	Chairman	2014
James Green	Vice Chairman	2013
Chris Collins	Member	2014
Bart Mangino	Member	2013
Rusty McAllister	Member	2015
David Olsen	Member	2013
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

The Board currently consists of the following members:

Mark R. Vincent	Chairman	2014
Chris Collins	Vice Chairman	2014
Al Martinez	Member	2017
Rusty McAllister	Member	2015
Audrey Noriega	Member	2017
David Olsen	Member	2017
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

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.

NOTES TO FINANCIAL STATEMENTS

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 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, 2012 financial statements and has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

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.

NOTES TO FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Derivatives

Cash and cash equivalents (other short-term investments) include cash on deposit and highly liquid financial instruments with original maturities of three months or less.

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels or currency exchange rates, and are reported at fair value. The types of derivatives used and limits on their use are defined in the Fund's Investment Objectives and Policies. Only foreign currency forward contracts are permitted to reduce foreign currency risk. All other derivatives are prohibited within the Fund.

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. and non-U.S.; domestic and international equity; money market funds; and cash equivalents (other short-term investments).

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.

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

NOTES TO FINANCIAL STATEMENTS

(both administrative and investment) to each entity according to their proportional share in the Fund. As of June 30, 2013, six 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.

New Accounting Pronouncement

During the year ended June 30, 2013, the Fund adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which was issued to provide guidance for reporting financial statement elements which are distinct from assets and liabilities. The Statement also identifies net position as the residual of all other elements presented in the statement of financial position, thereby renaming this residual as net position rather than net assets.

NOTE 2 – 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 RBIB 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.

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 3 – 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 invested in the PERS Investment Fund. 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

NOTES TO FINANCIAL STATEMENTS

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).

A summary of investments as of June 30, 2013, is as follows:

Investment Type	Par Value/ No. of Shares	Maturity Date Range	Interest Rate Range		Fair Value at June 30, 2013
Cash and cash equivalents					
Commercial bank				$	4,318
Custodial bank					289,129
Short-term treasuries	3,325,248	7/2013	0.0%		3,325,248
Total cash and cash equivalents				$	3,618,695
Investments					
Fixed income, domestic and international	380,236,813	12/2013 to 5/2068	0.375 to 19.875%	$	54,792,125
Equity, domestic and international	5,212,454				127,387,084
Total investments				$	182,179,209

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, 2013, the carrying amount of the Fund's commercial cash deposits and commercial bank balance was $4,318. Amounts reported as cash and cash equivalents on the accompanying statement of net assets also include $289,129 of amounts held in custodial accounts by BNYM, as well as $3,325,248 of money market funds at June 30, 2013. 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.

NOTES TO FINANCIAL STATEMENTS

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.

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 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, and

- 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.

- Corporate short-term investments of any Counsel shall be limited to 5% of a single issuer. Counsel'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.

- Bonds and notes of United States corporations and asset-backed instruments which are rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.

NOTES TO FINANCIAL STATEMENTS

- 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 (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.

- 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.

- Bonds, notes, and deposits of foreign governments and government agencies included in the Citigroup Non-Dollar Government Bond Index and warranted by Counsel to be of the same investment quality as Moody's Aa3 and Standard and Poor's/Fitch's AA- ratings. At least two of the three ratings must be above the policy minimum.

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, 2013.

QUALITY RATING

Investment Type (in thousands)	**AAA**	**AA**	**A**	**BBB**	**BB**	**Not Rated**	**Total**
Cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 3,325.2	$ 3,325.2
Collateralized mortgage obligations	471.1	-	-	222.5	-	204.2	897.8
Corporate bonds and other	663.5	1,490.4	5,068.3	3,460.2	100.4	-	10,782.8
Non-U.S. markets	893.5	418.3	445.2	1,143.3	-	7,858.8	10,759.1
Treasuries	-	16,781.6	-	-	-	-	16,781.6
U.S. Government	-	13,987.2	-	-	-	1,583.7	15,570.9
Total	$ 2,028.1	$ 32,677.5	$ 5,513.5	$ 4,826.0	$ 100.4	$ 12,971.9	$ 58,117.4

The above table does not include commercial cash of $4.3 thousand and cash in custodial of $283.1 thousand.

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 disproportionate share of the total portfolio.

NOTES TO FINANCIAL STATEMENTS

The Fund combined with the Judicial Retirement System, Legislators' Retirement System, and PERS shall not permanently constitute more than 25% 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).

The following table shows the fair value of fixed income securities and the applicable investment maturities, as of June 30, 2013.

INVESTMENT MATURITIES
(in years)

Investment Type (in thousands)	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**	**Total**
Cash equivalents	$ 3,325.2	$ -	$ -	$ -	$ 3,325.2
Collateralized mortgage obligations	-	-	-	897.8	897.8
Corporate bonds and other	-	5,040.6	3,019.9	2,722.3	10,782.8
Non-U.S. markets	19.9	4,551.8	3,239.8	2,947.6	10,759.1
Treasuries	551.6	11,849.5	2,746.9	1,633.6	16,781.6
U.S. Government	-	2,446.1	304.4	12,820.4	15,570.9
Total	$ 3,896.7	$ 23,888.0	$ 9,311.0	$ 21,021.7	$ 58,117.4

NOTES TO FINANCIAL STATEMENTS

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 (non USD securities) and in countries in the Citigroup Non-Dollar Government Bond Index are authorized. Highly speculative positions in currency are not permitted.

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2013, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE

Currency Type	Fixed Income	Equity	Derivatives	Cash	Total
Australian Dollar	$ 141,279	$ 3,003,540	$ 23,708	$ 3,912	$ 3,172,439
British Pound Sterling	705,735	8,103,365	70,347	28,914	8,908,361
Canadian Dollar	233,412	-	(12,657)	5,315	226,070
Danish Krone	79,017	415,402	1,160	822	496,401
Euro	3,932,543	10,519,650	71,119	67,503	14,590,815
Hong Kong Dollar	-	1,140,362	11,926	5,733	1,158,021
Israeli Shekel	-	187,263	(9,614)	9,832	187,481
Japanese Yen	3,562,884	8,423,518	(12,407)	85,242	12,059,237
Malaysian Ringgit	36,317	-	-	2,512	38,829
Mexican New Peso	95,670	-	(3,764)	5,672	97,578
New Zealand Dollar	-	45,830	-	60	45,890
Norwegian Krone	22,407	303,785	931	8,380	335,503
Polish Zloty	66,720	-	2,981	2,304	72,005
S African Comm Rand	49,255	-	636	4,617	54,508
Singapore Dollar	21,001	604,490	1,440	17,696	644,627
Swedish Krona	44,520	1,163,303	12,231	10,565	1,230,619
Swiss Franc	27,998	3,445,775	13,698	29,328	3,516,799
Total	$ 9,018,758	$ 37,356,283	$ 171,735	$ 288,407	$ 46,835,183

NOTES TO FINANCIAL STATEMENTS

Derivatives

Foreign exchange forward contracts are periodically employed by the Fund to hedge currency risk of investments in foreign currencies. No other derivatives are permitted within the Fund's portfolio.

Generally, derivatives are subject to both market and counterparty risk. The derivatives utilized by the Fund typically have no greater market risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. *Counterparty risk*, the risk that the "other party" to a contract will default, is managed by careful screening of counterparties.

Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

The Fund's derivative transactions for fiscal year 2013 are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
For Year Ended June 30, 2013

Currency	Purchases	Realized Gain / Loss	Sells	Realized Gain / Loss	Total Realized Gain / Loss
Australian Dollar	$ 685,211	$ (2,597)	$ (128,720)	$ 604	$ (1,993)
British Pound Sterling	1,791,581	911	(277,664)	105	1,016
Canadian Dollar	82,442	44	(38,493)	87	131
Danish Krone	110,850	83	(19,120)	20	103
Euro	3,250,578	(4,496)	(629,507)	409	(4,087)
Hong Kong Dollar	212,732	39	(13,979)	-	39
Israeli Shekel	44,548	37	(1,639)	32	69
Japanese Yen	2,813,330	(2,197)	(582,494)	366	(1,831)
Mexican New Peso	40,923	254	(14,550)	(18)	236
New Zealand Dollar	7,123	(26)	-	-	(26)
Norwegian Krone	82,780	116	(19,880)	237	353
Polish Zloty	32,943	(17)	(18,885)	203	186
S African Comm Rand	70,896	(1,263)	(7,226)	(177)	(1,440)
Singapore Dollar	132,767	358	(38,443)	276	634
Swedish Krona	236,539	10	(64,329)	912	922
Swiss Franc	666,788	152	(127,371)	11	163
Total	$ 10,262,031	$ (8,592)	$ (1,982,300)	$ 3,067	$ (5,525)

NOTES TO FINANCIAL STATEMENTS

The Fund's pending derivative transactions as of June 30, 2013, are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
Pending as of June 30, 2013

Currency	Purchases	Unrealized Gain / Loss	Sells	Unrealized Gain / Loss	Total Unrealized Gain / Loss
Australian Dollar	$ 27,460	$ 26	$ (3,753)	$ -	$ 26
British Pound Sterling	70,347	(64)	-	-	(64)
Canadian Dollar	-	-	(12,657)	-	-
Danish Krone	1,160	-	-	-	-
Euro	71,119	(8)	-	-	(8)
Hong Kong Dollar	11,926	1	-	-	1
Israeli Shekel	-	-	(9,615)	25	25
Japanese Yen	11,074	(22)	(23,481)	-	(22)
Mexican New Peso	-	-	(3,764)	-	-
Norwegian Krone	931	-	-	-	-
Polish Zloty	2,981	-	-	-	-
S African Comm Rand	637	-	-	-	-
Singapore Dollar	1,440	-	-	-	-
Swedish Krona	12,231	(21)	-	-	(21)
Swiss Franc	13,740	(24)	(42)	-	(24)
Total	$ 225,046	$ (112)	$ (53,312)	$ 25	$ (87)

Management believes that it is unlikely that any of the derivatives in the Fund's portfolio could have a material adverse effect on the financial condition of the Fund. In addition, the credit, market, or legal risks are not above and beyond those risks apparent by the nature of the type of investment for any of the securities contained within the portfolio.

NOTE 4 – Subsequent Events

Management has evaluated subsequent events through October 7, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PARTICIPATING ENTITIES

Participating Entities	Net Contributions from Inception through June 30, 2013	Market Value as of June 30, 2013
Public Employees' Benefits Program (PEBP)	$ 1,348,775	$ 1,060,841
Washoe County School District (WCSD)	32,685,602	42,908,104
Truckee Meadows Water Authority (TMWA)	4,506,824	6,974,414
Washoe County (WCOT)	97,428,902	118,405,953
City of Las Vegas (LVOT)	10,000,000	10,972,954
Tahoe Douglas Fire Protection District (TDFP)	3,500,000	3,776,242
Totals	$ 149,470,103	$ 184,098,508

Net Contributions equals contributions less distributions for each participating agency from the inception of the Fund through the end of the current fiscal year.

The market value for each participating agency includes the market value of all assets held at the custodial bank, BNYM, based on their net contributions.

Reconciliation of Market Value to Net Position	
Market value as of June 30, 2013	$ 184,098,508
Cash in commercial bank	4,318
Accounts payable and accrued expenses	(24,182)
Total net position as of June 30, 2013	$ 184,078,644