IOWA JUDICIAL RETIREMENT SYSTEM

STATUS OF JUDICIAL RETIREMENT FUND

PRESENTATION TO PUBLIC RETIREMENT SYSTEMS COMMITTEE

November 10, 2011

JUDICIAL RETIREMENT MEMBERSHIP

ACTIVE MEMBERS (7/1/11):

▪ Supreme Court Justices	7
▪ Court of Appeals Judges	9
▪ District Court Judges	116
▪ District Associate Judges	62
▪ Associate Juvenile Judges	6

Total	200

RETIRED MEMBERS:

▪ Senior Judges and Retired Senior Judges	57
▪ Retired Judges	71
▪ Surviving Spouses	48

Total Receiving Monthly Benefit	176
Inactive	8

BASIC RETIREMENT BENEFIT:

- Average salary highest three (3) years of service
- Times three and one-fourth percent (3.25%)
- Times years of service
- Equals yearly benefit

Not to exceed sixty-five percent (65%) of highest basic annual salary

ELIGIBILITY FOR RETIREMENT:

Eligibility for retirement is four (4) years of service as a judge **AND** sixty-five (65) years of age **OR** twenty (20) years of service and age fifty (50)

Iowa Judicial Retirement System

Brief History of Funding

- May 13, 1949 – Established by the 53rd General Assembly – Supreme Court Justices and District Court Judges covered.

  A judge contributes 3% and the State 3%, or as much as necessary to finance the system.

- 1961 – Judge's contribution increased to 4%.

- 1962 – Amendment to the State constitution states that the General Assembly shall prescribe mandatory retirement for judges and provide for adequate retirement compensation.

- 1981 – Miscellaneous court costs redirected into judicial retirement fund.

- 1985 -- Additional court costs redirected into judicial retirement fund.

- 1994 – Change in funding of State share to 23.7% instead of filing fees being paid directly to the fund (July 1st). Appropriated directly to Judicial Retirement Fund.

- July 1, 2000 – Judge's contribution increased from 4% to 5%.

- July 1, 2001 – State contributes 15.65% in FY 02.

- July 1, 2002 – State contributes 10.2% for FY 03.

- July 1, 2003 – State contributes 9.90% for FY 04.

- July 1, 2004 – State contributes 9.71% for FY 05.

- July 1, 2005 – State contributes 9.71% for FY 06.

- July 1, 2006 – State contributes 9.16% for FY 07.

- July 1, 2006 -- Judge's contribution increased to 6% multiplied by a fraction equal to the actual percentage rate contributed by the State divided by 23.7%.

- July 1, 2007 – State contributes 22.52% for FY 08.

- July 1, 2008 – Judge's contribution increased to 7.7% - State contributes 30.6% for FY 09

- July 1, 2009 – Judge's contribution increased to 8.7% - State contributes 30.6% of payroll for FY 10 from Judicial Branch's operation appropriation. The State share is no longer a direct appropriation to the Judicial Retirement Fund.

- July 1, 2010 – Judge's contribution increased to 9.35% - State contributes 30.6% of payroll for FY 11.

Source: State Court Administrator's Office
Date: November 10, 2011

This report presents the results of the July 1, 2011 actuarial valuation for the State of Iowa Judicial Retirement Fund (System). The primary purposes of performing an actuarial valuation are to:

- determine the employer contribution rate required to fund the System on an actuarial basis;
- disclose asset and liability measures as of the valuation date;
- determine the experience of the System since the last valuation date; and
- analyze and report on trends in System contributions, assets, and liabilities over the past several years.

Section I of the report is a summary of the principal results of the valuation.

Section II of the report provides details of the assets and liabilities used in the actuarial valuation.

Section III of the report provides the calculation of the Annual Required Contribution, the Net Pension Obligation, and the Annual Pension Cost. Much of this information is necessary for compliance with Statements Number 25 and 27 of the Governmental Accounting Standards Board.

The Appendices provide a summary of the data, methods and assumptions used in the preparation of this report. The assumptions and methods used in our calculation are acceptable for purposes of GASB as well as for purposes of determining an appropriate level of contributions to be made to the fund.

The 2008 Legislature passed SF2424, which contains statutory reporting requirements for all statewide public retirement systems, including the Judicial Retirement System. This information is contained in the Addendum at the end of this report.

While this is not the first valuation report prepared by Cavanaugh Macdonald Consulting LLC, it is the first valuation prepared using Cavanaugh Macdonald Consulting's valuation software. The July 1, 2010 valuation results were developed using Milliman's valuation software. As part of our transition work, we replicated the July 1, 2010 actuarial valuation. Results were well within acceptable limits, but there were some differences in the key valuation results. The normal cost rate at July 1, 2010, as determined using CMC's valuation software, was 20.90% versus 21.21% shown in the July 1, 2010 valuation report. The actuarial accrued liability, calculated using CMC's valuation software, was $157.7 million compared to $156.0 million in the July 1, 2010 valuation report. These differences are neither unusual nor significant. It is very common for differences in valuation results to occur due to the use of different pension valuation software.

The valuation results provide a "snapshot" view of the System's financial condition on July 1, 2011. As of July 1, 2011, the System has an unfunded actuarial accrued liability (UAAL) of $55 million. The UAAL decreased by $2 million from last year's amount due to various factors. A more complete analysis of the change in the unfunded actuarial accrued liability from July 1, 2010 to July 1, 2011 is shown on page 14.

The highlights of the valuation are:

Funded Status	Actuarial Valuation Date July 1, 2011	July 1, 2010
Using Actuarial Value of Assets		
Actuarial Accrued Liability	$164,511,490	$156,029,125
Actuarial Assets	109,511,743	99,415,804
Unfunded Actuarial Accrued Liability	$ 54,999,747	$ 56,613,321
Funded Ratio	66.6%	63.7%
Using Market Value of Assets		
Actuarial Accrued Liability	$164,511,490	$156,029,125
Market Assets	111,571,876	91,321,799
Unfunded Actuarial Accrued Liability	$ 52,939,614	$ 64,707,326
Funded Ratio	67.8%	58.5%

The total actuarial required contribution in the 2011 valuation decreased slightly as a percent of payroll, but increased as a dollar amount. The State's actuarial contribution rate decreased from 31.38% in the 2010 valuation to 31.15% in the 2011 valuation. The statutory contribution rate is 30.60% of pay, resulting in a contribution shortfall of 0.55%, as shown below:

Required Contribution Rate	Actuarial Valuation Date July 1, 2011	July 1, 2010
1. Normal Cost	$ 5,577,516	$ 5,212,950
2. Amortization Payment	4,736,896	4,795,666
3. Interest	379,798	368,538
4. Total Contribution (1) + (2) + (3)	10,694,210	10,377,154
5. Expected Member Contributions	2,468,652	2,382,343
6. State Contributions (4) - (5)	$ 8,225,558	$ 7,994,811
7. State Contribution Rate	31.15%	31.38%
8. Statutory Contribution Rate	30.60%	30.60%
9. Shortfall	0.55%	0.78%

EXPERIENCE

July 1, 2010 – June 30, 2011

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2011. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in the System's assets and liabilities impacted the change in the actuarial contribution rates between the July 1, 2010 and July 1, 2011 actuarial valuations. On the following pages each component is discussed.

ASSETS

As of July 1, 2011, the System had total funds when measured on a market value basis, of $112 million. This was an increase of $21 million from the July 1, 2010 figure of $91 million.

The market value of assets is not used directly in the calculation of contribution rates. An asset valuation method is used to smooth the effect of market fluctuations. See page 10 for the detailed development of the actuarial value of assets as of July 1, 2011.

The actuarial value of assets as of July 1, 2011, was $110 million. The annualized dollar-weighted rate of return for FY2011, measured on the actuarial value of assets was approximately 8.2%, and measured on the market value of assets was approximately 19.9%, net of investment expenses. The components of the change in the market and actuarial value of assets for the System (in millions) are set forth below.

	Market Value $(millions)	Actuarial Value $(millions)
Net Assets, July 1, 2010	$91	$99
· Employer and Member Contributions	11	11
· Benefit Payments and Expenses	(9)	(9)
· Investment Income	19	9
Net Assets, July 1, 2011	$112	$110
Estimated Rate of Return	19.9%	8.2%

Due to the strong return on the market value of assets for FY2011 (about 20%), the return on the actuarial value of assets was greater than the assumed rate of 7.5%. Due to the use of an asset smoothing method, there is about $2 million of net deferred investment gain that has not been recognized. Absent unfavorable investment experience in future years to offset the recognition of the deferred gain, it will flow through the asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial accrued liability (UAAL). The unfunded actuarial accrued liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest on the previous balance of the unfunded actuarial accrued liability.

The unfunded actuarial accrued liability as of July 1, 2011 is shown below:

Actuarial Accrued Liability	$ 164,511,490
Actuarial Value of Assets	109,511,743
Unfunded Actuarial Accrued Liability	$ 54,999,747

Factors influencing the UAAL from year to year include actual experience versus that expected based on the actuarial assumptions (both asset and liability), changes in actuarial assumptions, procedures or methods and changes in benefit provisions. The actual experience measured in this valuation is that which occurred during the prior plan year (fiscal year 2011). There was an experience gain on both the actuarial value of assets and on the actuarial liabilities. There was no change in the actuarial assumptions and methods.

The UAAL decreased from $57 million on July 1, 2010 to $55 million on July 1, 2011. The Fund experienced a total actuarial gain of $2 million for the year ending June 30, 2011. Actuarial experience (gain or loss) is measured by comparing the expected UAAL (developed using the actuarial assumptions) and the actual UAAL. Several factors contributed to the change in the UAAL:

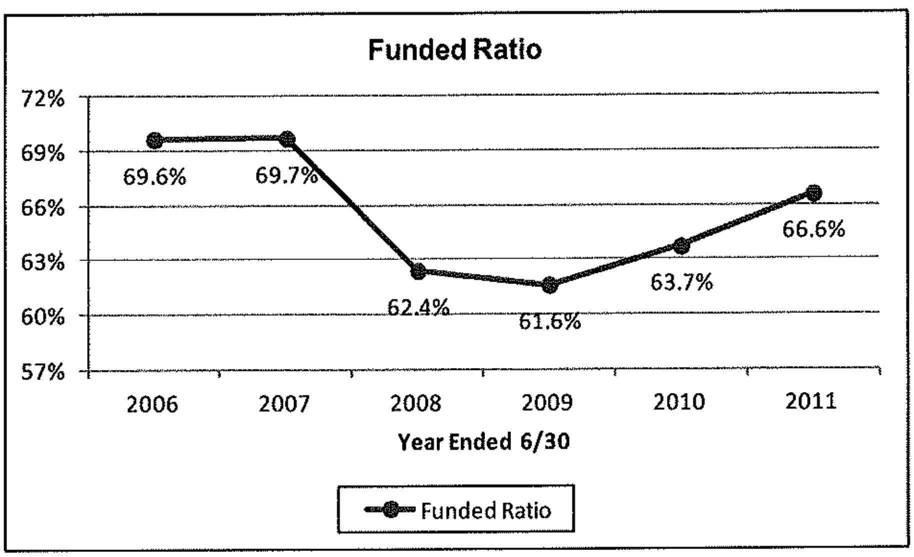
- The return on the actuarial value of assets was approximately 8.2%, which is higher than the actuarial assumption of 7.5%. This resulted in an actuarial gain of about $700,000 which decreased the UAAL.
- There was an actuarial experience gain on liabilities of around $1.5 million, largely due to lower salaries at July 1, 2011 than expected, which decreased the actuarial liability.

Between July 1, 2010 and July 1, 2011 the change in the unfunded actuarial accrued liability for the System was as follow (in millions):

	$ millions
Unfunded Actuarial Accrued Liability, July 1, 2010	56.6
· effect of contributions less than the actuarial rate	0.2
· expected increase due to amortization method	(1.1)
· investment experience	(0.7)
· liability experience[1]	(1.5)
· change in actuarial software	1.7
· change in actuarial assumptions	0.0
· change in benefit provisions	0.0
· other actuarial experience	(0.2)
Unfunded Actuarial Accrued Liability, July 1, 2011	55.0

[1] Liability gain is about 0.9% of total actuarial accrued liability

An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded status, which is the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status is shown in the graph below:



CONTRIBUTION RATES

The funding objective of the System is to pay the normal cost rate plus the amortization of each piece of the unfunded actuarial accrued liability over a 25-year period commencing with the valuation date on which the base was created.

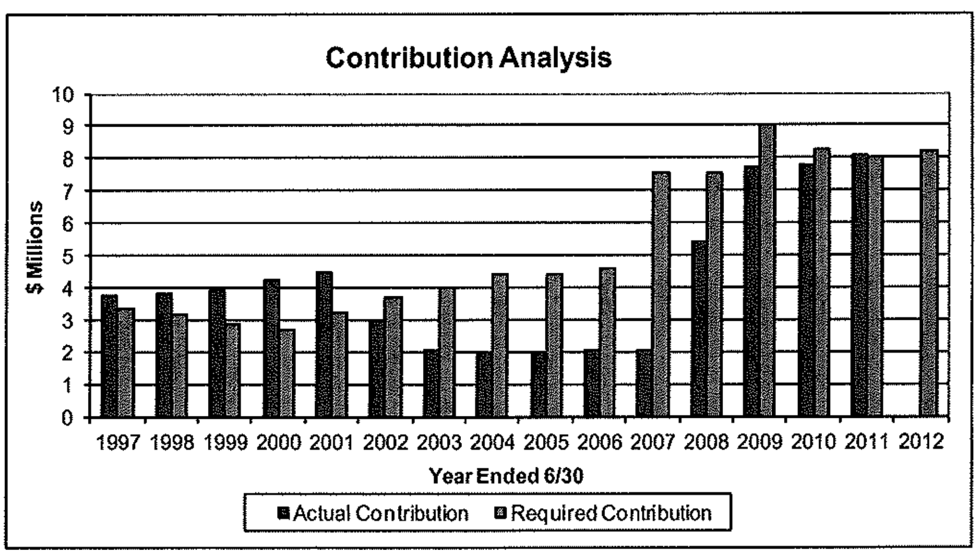
Under the Entry Age Normal cost method, the actuarial contribution rate consists of:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date,
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

	Plan Year Beginning	
	July 1, 2011	July 1, 2010
Prior year total contribution rate	40.73%	39.50%
· change due to asset (gains)/losses	(0.23%)	0.92%
· change due to other actuarial experience	(0.29%)	0.25%
· change due to change in actuarial software	0.24%	0.00%
· change due to actual contribution rate lower than actuarial rate	0.05%	0.07%
Current year total actuarial contribution rate	40.50%	40.73%
Member's contribution rate	9.35%	9.35%
State's actuarial contribution rate	31.15%	31.38%

Contributions to the System are made by the members and the state. The rates are set in statute. The member contribution rate was 8.70% of pay for FY2010 and increased to 9.35% for FY2011 and beyond. The employer contribution rate is 30.60% of pay so the total statutory contribution rate is 39.95%.

The following graph summarizes the actual and the actuarial employer contributions in recent years.



COMMENTS

Over the period from FY2002 through 2010, the State contributed far less than the actuarial contribution rate and the funded ratio of the System declined. The 2008 Legislature passed SF2424, which provided for significantly higher contributions to the system. However, the investment loss from FY2009 decreased the System's funded ratio and increased the actuarial contribution rate, offsetting some of the expected improvement in funding from the higher contributions. Due to the strong investment returns in FY2010 and FY2011, the investment loss from FY2009 has now been fully recognized in the asset smoothing method and the market value of assets is greater than the actuarial value. The impact of the remaining unrecognized loss from 2009 was eliminated in this valuation by the very strong investment return for FY2011.

Given the strong investment returns in the last two years, coupled with liability gains largely due to lower salary increases than expected based on the actuarial assumption, the System's funded status has improved. As a result, the actuarial contribution rate is now only slightly higher than the statutory contribution rate. If all actuarial assumptions are met in future years, the funded ratio of the System is expected to increase over time. As with most public retirement systems, the actual investment experience in future years will heavily impact the funding of the System and the sufficiency of the current statutory contribution rates.

STATE OF IOWA
JUDICIAL RETIREMENT FUND

SUMMARY OF PRINCIPAL VALUATION RESULTS

	Actuarial Valuation as of July 1, 2011	Actuarial Valuation as of July 1, 2010
1. SUMMARY OF DATA		
Active Judges	197	190
Senior Judges and Retired Senior Judges	56	56
Retired Judges	71	71
Beneficiaries of Deceased Judges	53	49
Inactive Vested Judges	8	5
Total Members	385	371
2. ACTIVE PARTICIPANT STATISTICS		
Total Compensation	$ 26,402,700	$ 25,479,600
Average Compensation	134,024	134,103
Average Age	56.8	56.9
Average Service	12.0	12.4
3. ASSET AND LIABILITY INFORMATION		
Actuarial Accrued Liability	$ 164,511,490	$ 156,029,125
Actuarial Value of Assets	109,511,743	99,415,804
Unfunded Actuarial Accrued Liability (UAAL)	54,999,747	56,613,321
Funded Ratio (Actuarial Value)	66.6%	63.7%
Market Value of Assets	111,571,876	91,321,799
Funded Ratio (Market Value)	67.8%	58.5%
4. CONTRIBUTION INFORMATION		
Normal Cost	21.12%	21.21%
UAAL Payment	18.60%	19.52%
Total Actuarial Contribution	40.50%	40.73%
Less Member Contribution	(9.35%)	(9.35%)
State Contribution	31.15%	31.38%
Less Statutory Contribution	30.60%	30.60%
Shortfall	0.55%	0.78%

DETERMINATION OF REQUIRED CONTRIBUTION RATE

1. Normal Cost	
Retirement Benefits	$ 5,464,700
Pre-Retirement Death Benefits	101,183
Withdrawal Benefits	11,633
Total	$ 5,577,516
2. Unfunded Actuarial Accrued Liability	
Actuarial Accrued Liability	$ 164,511,490
Actuarial Value of Assets	109,511,743
Unfunded Actuarial Accrued Liability (UAAL)	54,999,747
3. Amortization Payment on UAAL	$ 4,736,896
4. Total Contribution for Fiscal Year $[(1) + (3)] \times (1.075)^{1/2}$	$ 10,694,210
5. Projected Payroll for Fiscal Year	$ 26,402,700
6. Total Contribution as Percent of Payroll	40.50%
7. Member Contributions	9.35%
8. State Contribution (6) - (7)	31.15%
9. State Statutory Contribution Rate	30.60%
10. Contribution Rate Shortfall	0.55%

Schedule of Funding Progress
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets[2] (a)	Actuarial Accrued Liability (AAL)[1] (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL/ Covered Payroll ((b-a)/c)
July 1, 2006	$86,110	$123,670	$37,560	70%	$24,094	156%
July 1, 2007	96,619	138,662	42,043	70%	24,426	172%
July 1, 2008	88,198	141,364	53,166	62%	26,663	199%
July 1, 2009	93,045	151,029	57,984	62%	26,811	216%
July 1, 2010	99,416	156,029	56,613	64%	25,480	222%
July 1, 2011	109,512	164,511	55,000	67%	26,403	208%

1 Reporting for years before 2008 is based on the Projected Unit Credit cost method. For 2008 and later, the Entry Age Normal cost method is used.

2 The actuarial value of assets was changed from pure market value to the expected value plus 25% of the difference between actual and expected value effective with the July 1, 2009 valuation.

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
June 30, 2006	$4,614,846	44%
June 30, 2007	7,560,981	27%
June 30, 2008	7,552,722	72%
June 30, 2009	9,024,252	86%
June 30, 2010	8,257,696	95%
June 30, 2011	7,994,811	101%

Notes to the Required Schedules:

1. The cost method was Projected Unit Credit for years ending June 30, 2009 and before. After that, the cost method has been Entry Age Normal.

2. The actuarial value of assets was equal to the fair market value for years ending June 30, 2008 and before. The expected value plus 25% of the difference between actual market value and expected value method has been used since year ended June 30, 2009.

3. Economic assumptions are as follows:
   Inflation rate of 3.25%
   Investment return rate of 7.50%
   Salary increases of 4.50% per year.
   Post-retirement benefit increases vary from 0.00% to 4.50%

4. Each year's change in the UAL is amortized over a closed amortization period of 25 years, determined as a level dollar amount.

IOWA JUDICIAL RETIREMENT FUND CERTIFICATION

We have prepared an actuarial valuation of the Iowa Judicial Retirement Fund as of July 1, 2011, for the fiscal year ending June 30, 2012. The results of the valuation are set forth in this addendum, which reflects the benefit provisions in effect on July 1, 2011.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete, or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The results in this Addendum have been prepared for the sole purpose of providing the information required under Chapter 97 D.5 of the Iowa code. Calculations are based on the following prescribed methods:

Actuarial cost method: Entry Age Normal
Amortization method: Level percent of payroll
Amortization period: 30 years, open period

All other assumptions, methodologies, and System provisions used are consistent with those used in the regular July 1, 2011 valuation for the Iowa Judicial Retirement Fund.

The results shown in this Addendum are not consistent with those in the regular July 1, 2011 valuation. The July 1, 2011, valuation results were determined in accordance with generally accepted actuarial principles and practices that are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying opinion and supporting recommendations of the American Academy of Actuaries. The results shown in this Addendum are not necessarily based on the methodologies adopted by the System.

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Patrice Beckham

Patrice A. Beckham, F.S.A. — Date

Brent A. Banister

Brent A. Banister, F.S.A. — Date

IOWA JUDICIAL RETIREMENT FUND
SUMMARY OF VALUATION RESULTS UNDER PRESCRIBED METHODOLOGY

This addendum report has been prepared to present the results of a valuation of the State of Iowa Judicial Retirement Fund as of July 1, 2010, based on the prescribed methodology under current statutes and regulations issued thereunder.

The unfunded actuarial accrued liability has been amortized as a level percent of payroll over 30 years. The payroll growth assumption used was 4%.

A summary of principal valuation results from the current and the prior valuation follows.

	Actuarial Valuation as of	
	July 1, 2011	**July 1, 2010**
Summary of Costs		
Normal cost at July 1	$ 5,577,516	$ 5,212,950
UAAL amortization	2,844,460	2,927,910
Total	8,421,976	8,140,860
Interest to Year End	631,648	610,565
Total Actuarially Required Contribution at Year End	9,053,624	8,751,425
Less Employee contributions with interest	2,559,553	2,470,066
State Required Contribution	6,494,071	6,281,359
Expected Payroll FYE	$ 26,402,700	$ 25,479,600
State Actuarially Required Contribution Rate	24.60%	24.65%
Funded Status		
Actuarial accrued liability	$164,511,490	$156,029,125
Actuarial value of assets	109,511,743	99,415,804
Unfunded actuarial accrued liability	$ 54,999,747	$ 56,613,321
Funded ratio	66.57%	63.70%
Asset Values		
Market value of assets	$111,571,876	$ 91,321,799
Actuarial Value of Assets	$109,511,743	$ 99,415,804

Executive Summary

The Iowa Judicial Retirement Fund

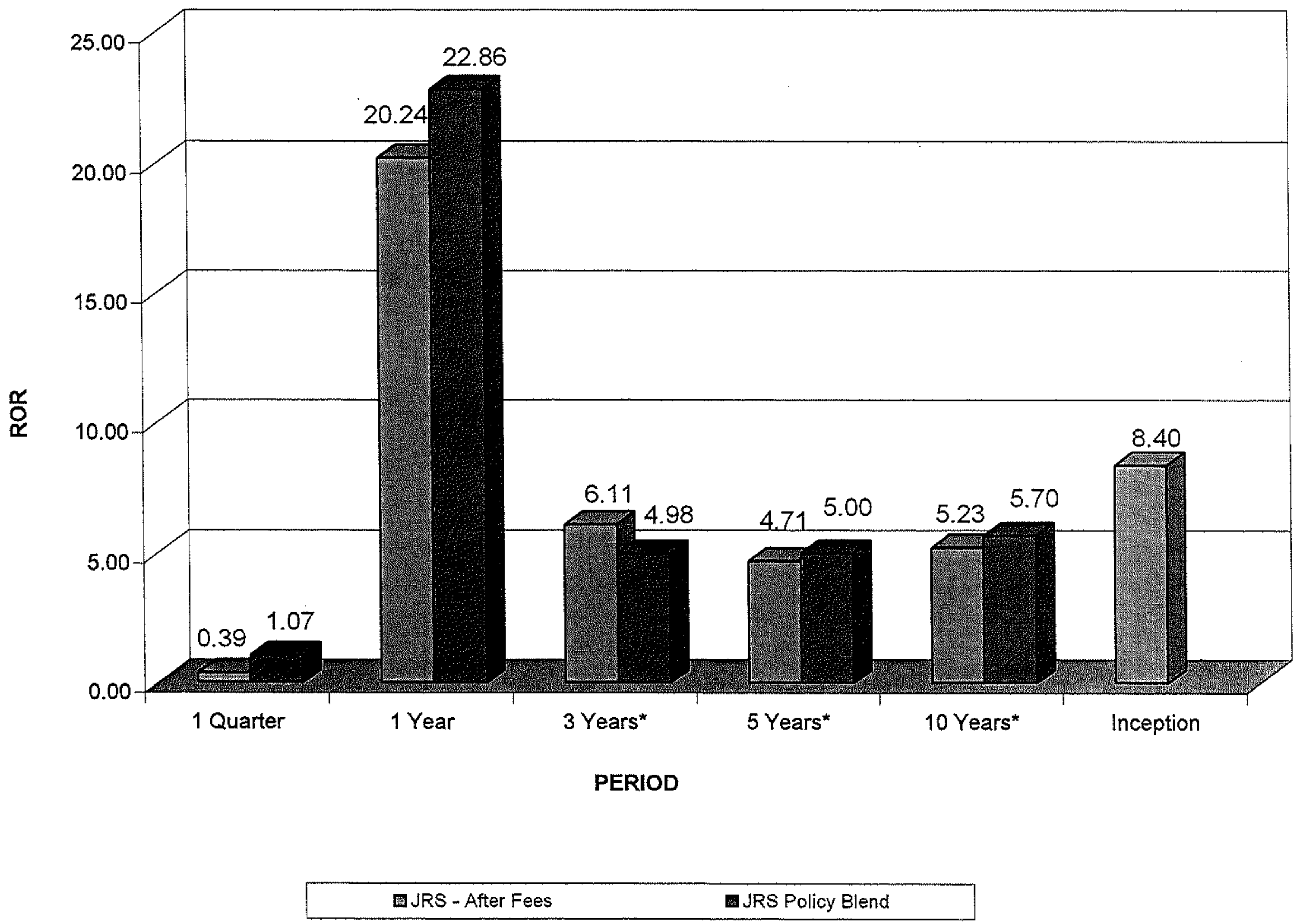
The market value of the Iowa Judicial Retirement Fund (Fund) investments was $112,036,834.70 on June 30, 2011. That is an increase of $638,871.78 from the market value on March 31, 2011. For a year over year comparison, the portfolio increased $20,161,365.26 from the market value on June 30, 2010. For the quarter, the Fund had an annualized return of 0.48% before fees. The quarterly performance of the Fund (before fees) ranked in the 39th percentile of all master trusts reporting to the Trust Universe Comparison Service (TUCS)[1]. The performance before fees was below that of the Policy Index, which had an annualized return of 1.07% for the quarter. (The Policy Index measures the performance of a strictly passive investment strategy, and is the weighted average return that would result if the Fund's assets had been allocated to the passive indices representing each asset class in the exact proportions established in the investment policy.)

The Fund earned an annual return after fees of 20.24% for the year ending June 30, 2011. This performance was above the policy goal of beating inflation by four percentage points (inflation was 3.40% for the one-year period) and above the actuarial interest rate assumption of 7.50%. The Fund's performance for the one-year period was below the Policy Index return of 22.86%. The Fund's annual return (before fees) for the year ranked in the 64th percentile of all master trusts reporting to TUCS. Victory Capital Management showed a -2.58% return for the quarter. For comparison, the S&P 500 Index had a quarterly return of 0.10%. This gave Victory a TUCS ranking of 89th. For the quarter ending June 30, 2011, William Blair, the small cap growth stock manager, had a quarter return of -1.09% versus a -0.59% rate of return for the Russell 2000 Small Growth. William Blair's performance before fees ranked 72nd in the TUCS small cap growth universe while the Russell 2000 Growth ranked 63rd. Wasatch Advisors, the fund's small cap value manager, reported a -1.09% quarter return, which ranked 58th in the TUCS small cap value universe. Wasatch's benchmark is the Russell 2000 Value Index, which had a quarter return of -2.65% and placed 89th in the index of all accounts reporting to TUCS. For the year ending June 30, 2011, Wasatch had a return of 34.37%, ranking them 43rd in the TUCS universe. Baillie Gifford, the international equities index manager for the fund, had a quarterly return of 2.06%, which ranked them 30th in the TUCS universe. Baillie Gifford's benchmark is the MSCI EAFE Index, which experienced a quarter return of 1.56%. Principal Global Investors and Dix Hills, the core plus fixed income managers, returned 2.29% and 1.77% for the quarter, respectively. For the quarter, Principal's return was above the benchmark and Dix Hills was above the benchmark. Guggenheim, the real estate manager, had a return of 4.76% for the quarter versus the benchmark (70% NCREIF, 30% NAREIF) of 3.36%.

For the three-year period, the Fund has earned an annualized return of 6.46% before fees. This performance is above the policy goal of beating inflation by four percentage points (inflation was 1.01% for the three-year period) and below the actuarial interest rate assumption of 7.50%. The Fund outperformed the Policy Index, which returned 4.98%. The Fund's performance ranks in the 4th percentile of all master trusts reporting to TUCS for the three-year period. Over the five-year period, the Fund has earned an annualized return of 5.06% before fees. This performance did not meet the policy goal of outperforming inflation plus four percentage points (6.09%), and was above the Policy Index return of 4.71%. The Fund ranks in the 19th percentile of the TUCS universe of master trusts for the five-year period. The Fund's Sharpe Ratio, which measures excess return per unit of risk, for the five-year period was 0.27, which was less than the 0.29 Sharpe ratio for the Policy Index.

[1] Please note that other funds reporting to TUCS may be greatly larger or may have significantly riskier investment policies than the Fund.

JUDICAL RETIREMENT SYSTEM vs. POLICY INDEX FOR THE PERIOD ENDING 06/30/2011



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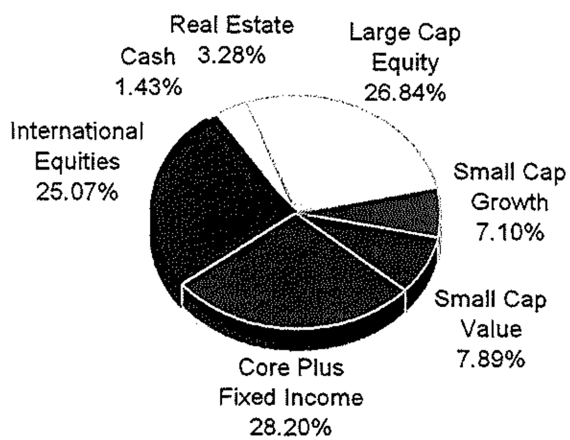
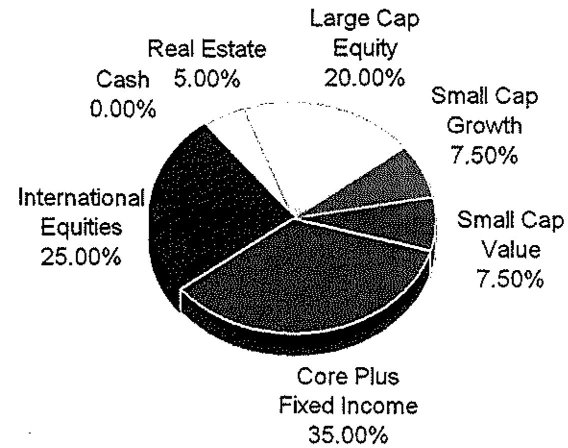
ACTUAL ASSET ALLOCATION VERSUS TARGET ASSET ALLOCATION
AS OF JUNE 30, 2011

ACTUAL ASSET ALLOCATION



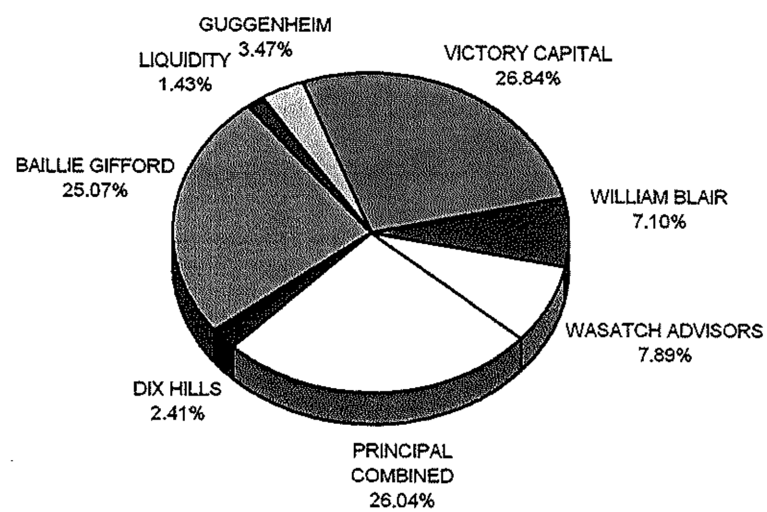
TARGET ASSET ALLOCATION



Asset Class	$ Value Actual	Percent Actual	Percent Target	Percent Difference	$ Difference
Large Cap Equity	30,065,651	26.84%	20.00%	6.8%	7,658,284
Small Cap Growth	7,959,114	7.10%	7.50%	-0.4%	-443,648
Small Cap Value	8,838,806	7.89%	7.50%	0.4%	436,044
Core Plus Fixed Income	31,594,030	28.20%	35.00%	-6.8%	-7,618,862
International Equities	28,085,973	25.07%	25.00%	0.1%	76,764
Cash	1,600,522	1.43%	0.00%	1.4%	1,600,522
Real Estate	3,892,738	3.47%	5.00%	-1.5%	-1,709,103
Total Fund	**112,036,835**	**100%**	**100%**		

MANAGER DISTRIBUTION
AS OF JUNE 30, 2011

JUDICIAL RETIREMENT SYSTEM



MGR NAME	MARKET VALUE	% OF TOTAL
VICTORY CAPITAL	30,065,650.52	**26.84%**
WILLIAM BLAIR	7,959,114.48	**7.10%**
WASATCH ADVISORS	8,838,806.21	**7.89%**
PRINCIPAL COMBINED	29,177,238.50	**26.04%**
DIX HILLS US FIXED	2,416,791.29	**2.16%**
BAILLIE GIFFORD	28,085,973.13	**25.07%**
LIQUIDITY	1,600,522.24	**1.43%**
GUGGENHEIM	3,892,738.33	**3.47%**
TOTAL	**112,036,834.70**	**100.00%**