

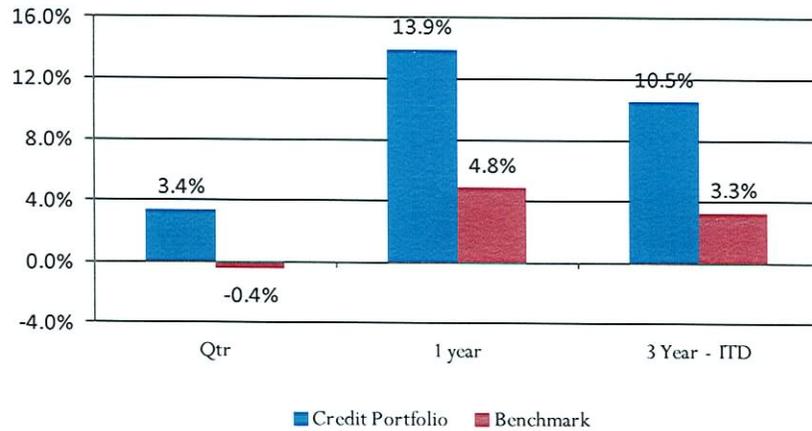


# Credit Portfolio Overview

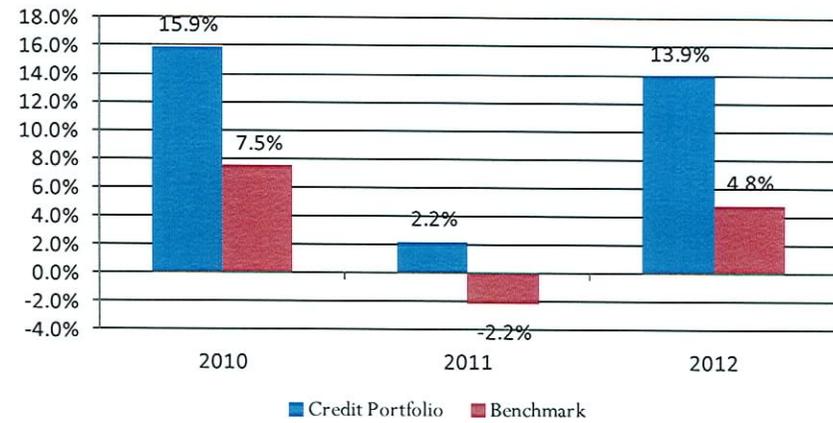
February 27, 2013

# Credit Portfolio Performance

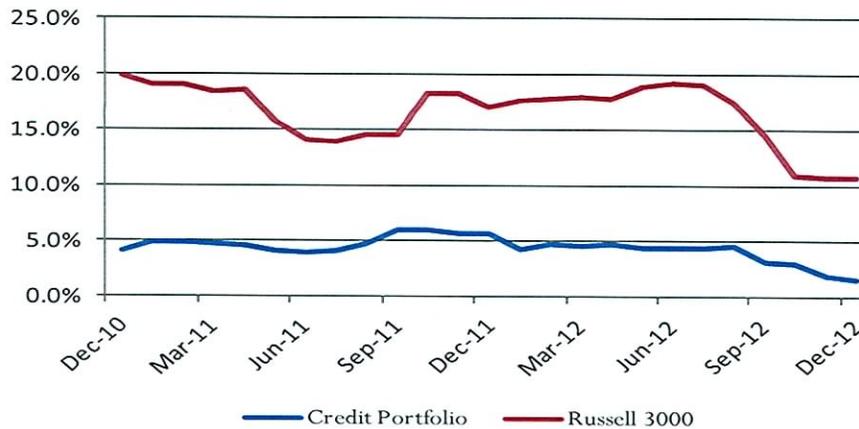
## Annualized Performance



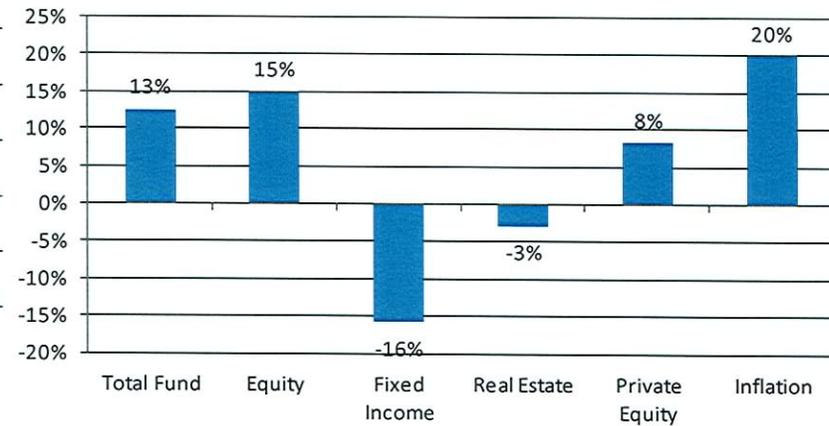
## Calendar Year Performance



## Rolling 1-Year Volatility

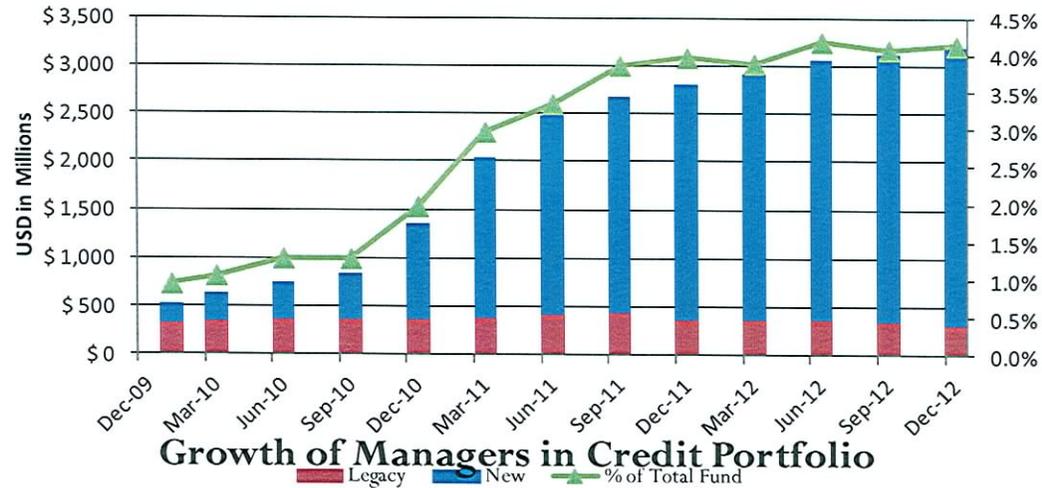


## Historical 3-Year Correlation

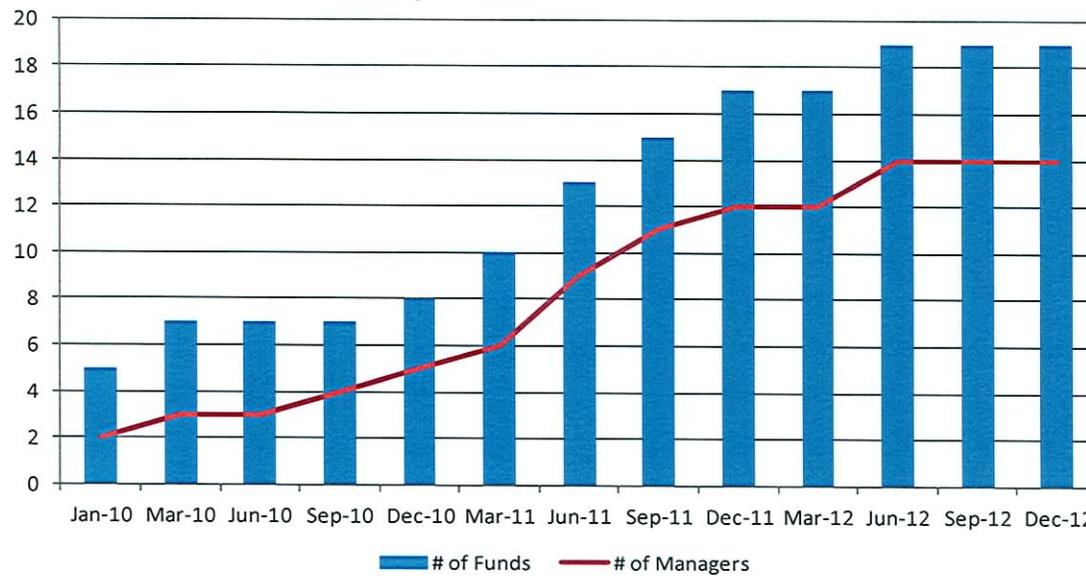


# Credit Portfolio History

## Credit Portfolio Market Value Timeline

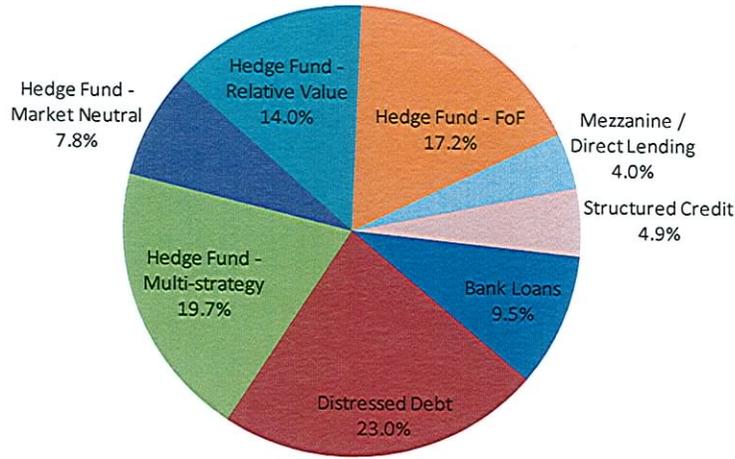


## Growth of Managers in Credit Portfolio

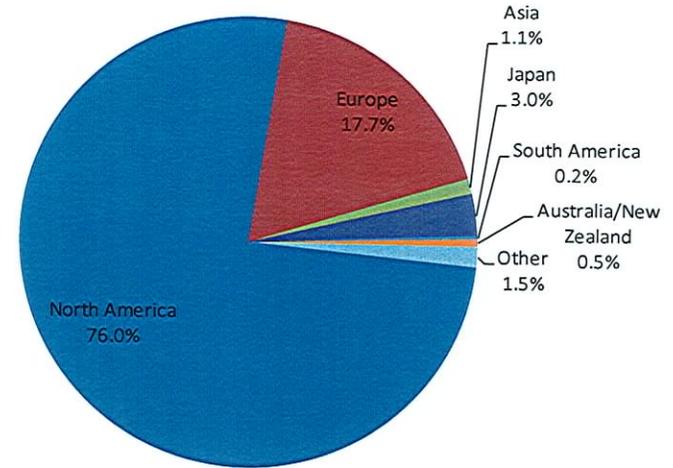


# Credit Portfolio Characteristics

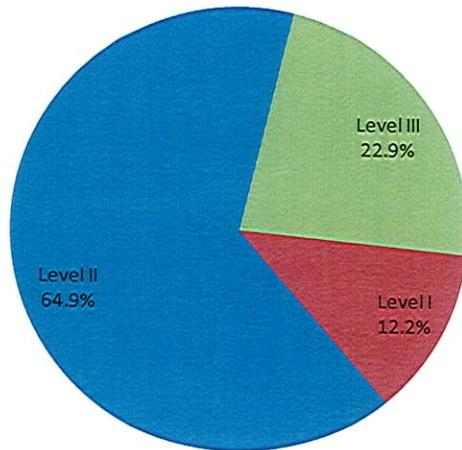
## Strategy Allocation



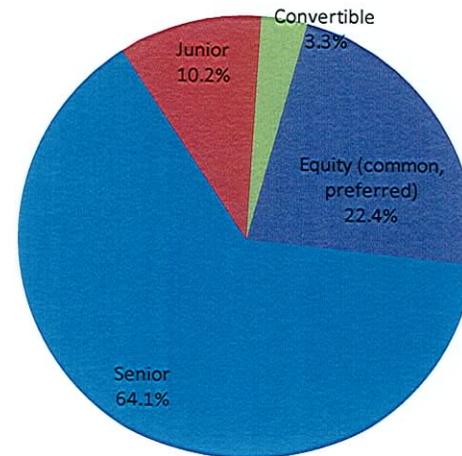
## Assets by Marketability



## Liquidity of Underlying Assets



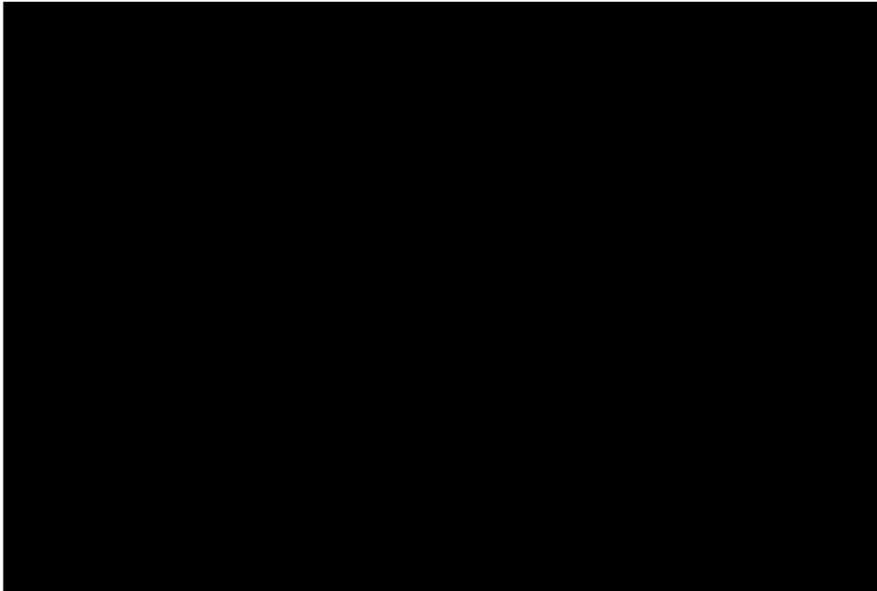
## Capital Structure Allocation



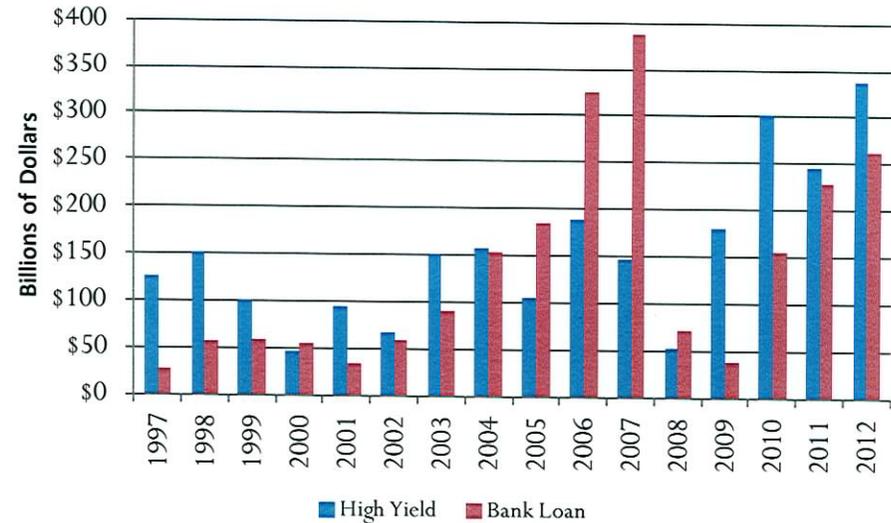
\* As of 12/31/12

# Credit Portfolio Market Environment

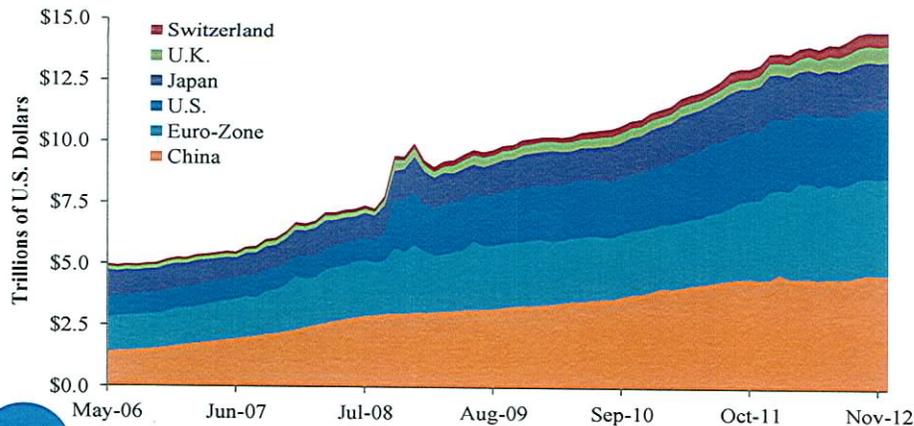
REDACTED: CONTAINS  
CONFIDENTIAL INFORMATION  
PROVIDED BY A VENDOR



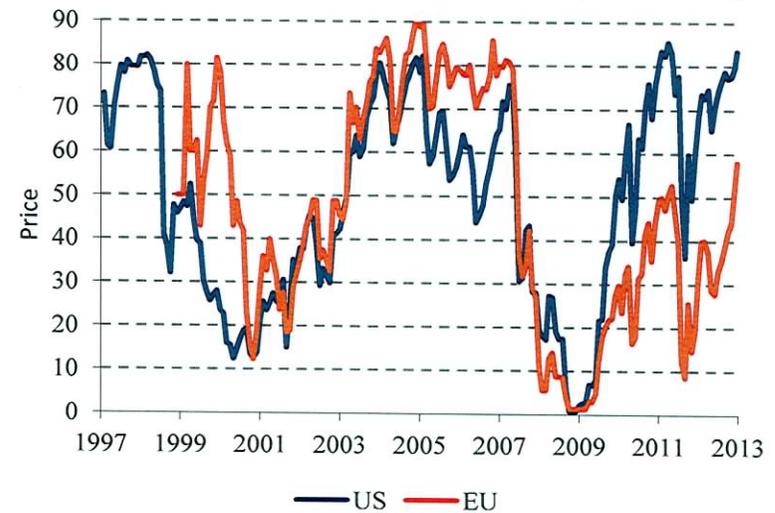
### High Yield & Bank Loan Issuance<sup>2</sup>



### Cumulative Assets of Major Central Banks<sup>3</sup>



### High Yield Bonds Trading to Call (% to total)<sup>4</sup>



# Portfolio Review

- Performed annual portfolio review with staff, Albourne, and Investcorp

## Findings

- The credit portfolio is well structured and has performed well
  - 3 Year Annualized Statistics: 10.5% Return, 4.4% Volatility, 2.39 Sharpe Ratio
- Forward looking return expectations are lower due to compressed yields across credit universe
- We should selectively consider the following:
  - Increasing exposure to structured credit
  - Increasing exposure to niche and less liquid opportunities
  - Increasing exposure to Europe

# Credit Portfolio Attributes and 2013 Objective

## Positive Attributes

- Delivering on the portfolio mandate
- Continuing to drive thoughtful LP terms

## 2013 Objectives

- Explore Direct Lending
- Implement SAS Risk Management Tool
- Build out Manager Diversification in Sub Category Strategies
- Explore Opportunistic Allocations
- Explore Niche/Lower Correlated Credit Strategies