

FIXED INCOME FUND

as of 12/31/2011

RISK PROFILE

Low  Moderate High

Benchmark: Barclays Aggregate Bond Index | **Expense ratio: 0.13%**

For illustrative purposes only, for further information regarding risk, read our Risk Disclosure at <http://www.in.gov/inprs/files/RiskDisclosure.pdf>

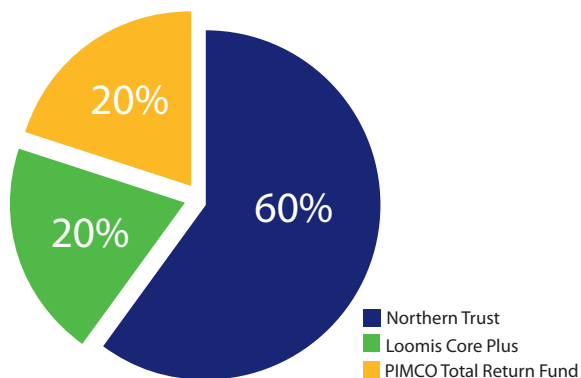
INVESTMENT OBJECTIVE:

The Investment Objective of the Fixed Income Fund is to seek total return, consisting of income and capital appreciation.

INVESTMENT MANAGERS:

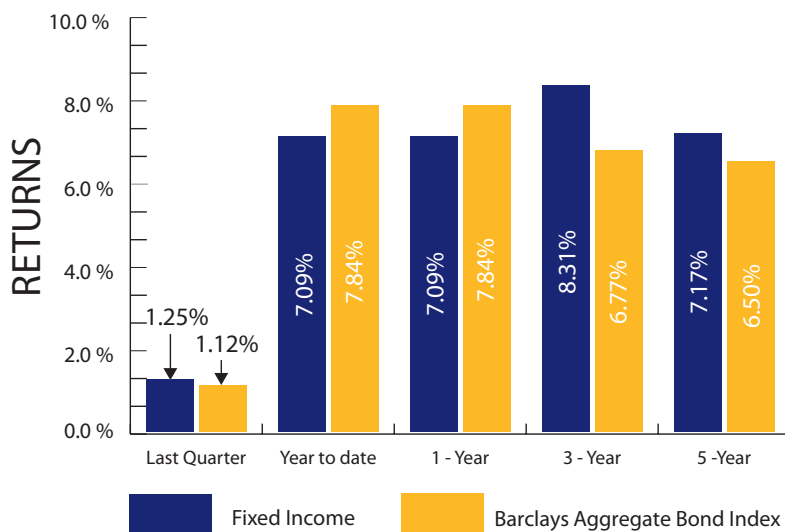
The Fixed Income Fund is comprised of the following three underlying managers: Northern Trust, PIMCO and Loomis Sayles. Northern Trust utilizes passive management to attempt to match the characteristics and performance of the Barclays Aggregate Bond Index. Both PIMCO and Loomis utilize active management with the objective of adding value relative to the benchmark. PIMCO actively rotates between fixed income sectors and will take a macroeconomic approach to capitalizing on inefficiencies in the market. Loomis tends to favor a bottom-up, fundamental approach to fixed income management. Together, the three managers provide for a diversified portfolio of high quality bonds.

COMPOSITION:



INVESTMENT PERFORMANCE:

	TOTAL RETURN		AVERAGE TOTAL ANNUAL RETURN		
	Last Quarter	YTD	1-year	3-year	5-year
Fixed Income Fund	1.25%	7.09%	7.09%	8.31%	7.17%
Barclays Aggregate Bond Index	1.12%	7.84%	7.84%	6.77%	6.50%



Disclosures:

Past performance is not a guarantee or a reliable indicator of future results. Bond fund values fluctuate in response to changes in interest rates, the financial condition of individual issuers, general market and economic conditions. In general, when interest rates rise, bond fund values fall and investors may lose principal value. The use of derivatives may reduce returns and/or increase volatility. Active trading results in increased turnover and trading expenses, and may generate higher short-term capital gains. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). This fund is exposed to foreign investment risk and mortgage- and asset-backed securities risk.

Investment returns include both actual performance results and investment manager composite data for historical comparison purposes. Prior to 7/30/2010, all data presented is calculated from manager composite performance. After 7/30/2010, all performance presented consists of actual investment returns experienced by members.

Fixed Income Fund Composite Performance- 60% Northern Trust Aggregate Bond Index, 20% Loomis Core Plus, 20% PIMCO Total Return.

- Northern Trust Aggregate Bond Index Non-Lending Fund performance began in February 2009; therefore, for comparative purposes, Northern Trust Aggregate Bond Index Lending Fund is used for performance prior to the second quarter of 2009. Performance is net of fees.
- Loomis Core Plus Commingled Fund performance (net of fees) began in the third quarter of 2010; therefore, for comparative purposes, Loomis Core Plus Separate Account (gross of fees) is used for performance prior to the third quarter of 2010.
- PIMCO Total Return Fund performance is gross of fees.

LINKS TO UNDERLYING MANAGERS:

Northern Trust:

<http://www.in.gov/inprs/files/NorthernTrustFixedIncome123111.pdf>

Loomis:

<http://www.loomisayles.com/Internet/FundProfiles.nsf/>

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PIMCO:

<http://www.pimco.com/LeftNav/ProductsServices/TotalReturn.htm>

