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Date: May 9, 2014

TO: MEMBERS, INVESTMENT COMMITTEE

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|-------------------------------------|---|
| I. AGENDA ITEM # AND TITLE : | Agenda Item 5 – Market Outlook and Economic Update |
| II. NAME AND PROGRAM: | Deutsche Asset Management |
| III. ACTIVITY: | <input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory |
| IV. JUSTIFICATION: | <input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff |

V. EXECUTIVE SUMMARY:

Mr. Josh Feinman, Chief Global Economist at Deutsche Asset and Wealth Management (DeAWM) will provide a broad macroeconomic update.

VI. ANALYSIS:

Mr. Josh Feinman will provide a broad macroeconomic update focusing on the U.S. The update will focus on financial markets, monetary policy, housing, employment and other topical broad economic themes.



State Fund Investment Committee

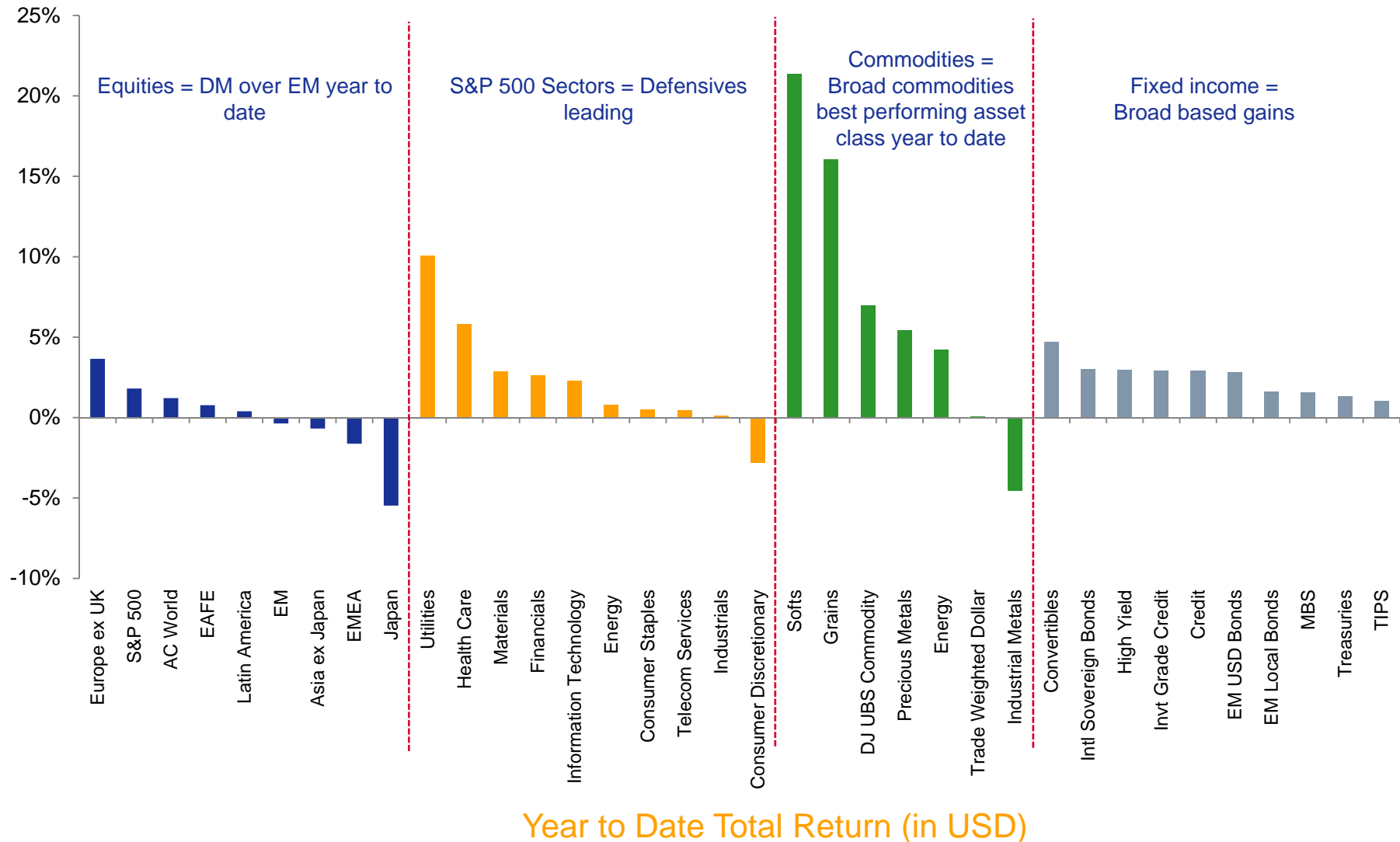
Market Outlook and Economic Update Deutsche Asset and Wealth Management

May 22, 2014

Overview and retrospection: Q1 market scorecard



“Weathering” physical and political instability



Footnotes: Year to date total return as of March 31, 2014. International returns are in USD.
 Source: FactSet, Deutsche Asset & Wealth Management.

Economic outlook



| GDP | 2013 | | | | 2014 | | | | 2015 |
|---------------|------|-----|-----|-----|------|------|-----|-----|------|
| (% qoq, saar) | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| US | 1.1 | 2.5 | 4.1 | 2.6 | 1.5 | 3.5 | 3.3 | 3.2 | 3.2 |
| Japan | 4.4 | 4.0 | 0.8 | 0.8 | 3.0 | -0.3 | 2.5 | 2.0 | 1.7 |
| Euroland | -0.9 | 1.3 | 0.6 | 0.9 | 0.9 | 0.9 | 1.1 | 1.3 | 1.4 |
| UK | 1.4 | 3.0 | 3.4 | 2.7 | 2.6 | 2.5 | 2.6 | 2.8 | 2.7 |
| Canada | 2.8 | 2.1 | 2.7 | 2.9 | 1.7 | 2.8 | 2.7 | 2.8 | 2.8 |

| Other US statistics | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
|---------------------------------------|------|------|------|------|------|------|------|------|------|
| Unemployment rate (%) ¹ | 7.7 | 7.5 | 7.2 | 7.0 | 6.7 | 6.6 | 6.5 | 6.4 | 6.2 |
| Core inflation (% yoy) ² | 1.5 | 1.2 | 1.2 | 1.2 | 1.2 | 1.3 | 1.4 | 1.5 | 1.5 |
| S&P 500 ³ | 1551 | 1619 | 1687 | 1808 | 1864 | 1860 | 1885 | 1910 | 1975 |
| 10 Yr Treasury Yield (%) ³ | 1.96 | 2.30 | 2.81 | 2.90 | 2.72 | 2.90 | 3.10 | 3.35 | 3.55 |

Source: DeAM forecasts, Bloomberg Finance LP

Projections are shaded as of April 10, 2014

¹Quarterly average

²PCE core inflation (Personal Consumption Expenditure) – favored by Fed

³Daily average last month of quarter.

This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those represented.