

This document explains why SURS sends the SMP performance sheet and how to best interpret the information on the sheet.

Why does SURS send a performance sheet?

Participants are responsible for the allocation of their assets among the investment options of the SMP and bear the risk of investment results from the options and asset allocations that they select. Participants may use the information on the SMP performance sheet to make informed decisions regarding the investment alternatives available under the SMP. Participants may evaluate the performance of each investment option versus a selected benchmark appropriate for the investment option. Each investment offering in the SMP is listed with its inception date, performance returns for the time periods shown, and current expense ratio. Investment options are categorized by asset class and grouped by similar investment objective. Benchmarks are shown in *italics* and are listed below the investment options to which they apply.

What is a benchmark and how is it determined?

When evaluating the performance of any investment option, it is important to compare it against an appropriate standard, or benchmark. In the financial field, a benchmark is a market index that reflects the investment style of an investment option and can be used to evaluate the performance of the investment option.

Each investment option in the SMP seeks to track or exceed the performance of its designated benchmark. Some offerings have specific goals (e.g., outperforming a growth index) while other options strive to outperform the market in general (e.g., a broad index such as the S&P 500 or Wilshire 5000). Due to the various investment styles, different benchmarks are used to evaluate different options.

Balanced funds and lifecycle funds invest in both stocks and bonds. Balanced and lifecycle funds are evaluated versus *custom benchmarks*, which are a combination of two or more market indexes (e.g., a bond index and a stock index). A custom benchmark is designed to reflect the stated investment style of a specific investment option. Benchmarks are **not** available as investment options, as explained in Footnote B on the SMP performance sheet.

The table below appears on the SMP performance sheet and defines the composition of custom benchmarks utilized for specific investment options:

Fund Name	Benchmark Composition
Fidelity Four-in-One Index	55% S&P 500 Index, 15% Dow Jones 4500 Completion Index, 15% MSCI EAFE, 15% Barclays Capital Aggregate Bond Index
Fidelity Puritan	60% Russell 3000 Value, 40% Barclays Capital Aggregate Bond
CREF Inflation-Linked Bond	Citigroup Inflation-Linked Securities Index through 9/30/03, Barclays Capital U.S. Treasury Inflation Notes Index since
CREF Social Choice	60% Dow Jones U.S. Total Stock Market Index, 40% Barclays Capital Aggregate Bond Index
CREF Stock	80% Dow Jones U.S. Total Stock Market Index, 20% MSCI EAFE + Canada
CREF Growth	Russell 3000 Growth through 9/30/02, Russell 1000 Growth since 10/1/02
TIAA-CREF Large Cap Growth Index Fund	Russell 3000 Growth through 9/30/02, Russell 1000 Growth since 10/1/02
Fidelity Freedom Funds, TIAA-CREF Lifecycle Funds	Weighted benchmark of equity and fixed income indices based upon the asset allocation history of each fund. The asset allocation of each fund will become more conservative over time as the fund's target date approaches.