Investment Section

CHIEF INVESTMENT OFFICER'S REPORT

INVESTMENT OVERVIEW

The Maryland State Retirement and Pension System returned 2.68 percent net of fees in fiscal year 2015. After the payment of benefits, the market value of assets increased by approximately $418 million, from $45.42 billion on June 30, 2014 to $45.83 billion on June 30, 2015. While the fund did not meet the actuarial return target of 7.55 percent, it did outperform its policy benchmark of 0.86 percent.

Private markets provided the best returns for the year with private equity and private real estate, producing 13.2 percent and 14.4 percent, respectively. In public markets, for the third consecutive fiscal year, public equity was the best-performing asset class, with a return of 3.7 percent.

The public equity program has three components: U.S. equities, international equities and global equities. The U.S. public equity portfolio returned 6.4 percent, trailing the return of the Russell 3000 Index, which returned 7.3 percent. The international equity portfolio returned -0.3 percent compared to -5.3 percent for its benchmark, the Morgan Stanley Capital International (MSCI) All Country World ex-U.S. Index. The global equity portfolio returned 4.8 percent compared to 0.7 percent for its benchmark, the MSCI All Country World Index, a broad measure of stock performance in the developed and emerging markets. The outperformance of the international and global equity programs relative to their respective benchmarks can be attributed to excess returns produced by active managers, gains from the System's currency overlay program as a result of a strengthening U.S. dollar relative to foreign currencies, as well as the long/short equity strategies in the global equity program.

The fixed income portfolio returned 2.0 percent, compared to 1.9 percent for its blended benchmark: 80 percent Barclays Capital (BC) Intermediate Aggregate Index and 20 percent BC Global Bond 1 – 10 year Index. The credit/debt strategies portfolio returned -0.8 percent compared to -3.1 percent for its blended benchmark: 50 percent BC U.S. High Yield Index, 20 percent BC US Credit Index, 20 percent JP Morgan GBI EM Global Diversified, and 10 percent S&P/LSTA Leveraged Loan Index. This portfolio was established in 2009 to take advantage of the dislocation in the credit markets, and is expected to provide near equity-like returns at a reduced level of risk.

The real return portfolio returned -5.2 percent, compared to -6.6 percent for its blended benchmark, which consists of three components:

- 30 percent Dow Jones UBS Commodities Index (total return);
- 10 percent Consumer Price Index + 5 percent, with this second component having a maximum total benchmark return of 8 percent; and
- 60 percent inflation linked bonds (consisting of 50 percent BC U.S. Treasury Inflation-Protected Securities (TIPS) Index and 50 percent BC World Govt Inflation-Linked Bond (U.S. dollar hedged) Index).

The absolute return portfolio returned 0.7 percent, compared to the 2.7 percent return for its benchmark: Hedge Funds Research, Inc. (HFRI) Fund of Funds Index: Conservative. The real estate portfolio returned 12.1 percent versus 10.4 percent for its blended benchmark: NCREIF Fund Index - Open End Diversified Core Equity (NCREIF ODCE (one quarter lag)) and the Financial Times Stock Exchange European Public Real Estate Association/NAREIT Developed REIT Index (Net) (FTSE EPRA NAREIT).

The private equity program returned 13.2 percent, compared to the 7.6 percent return of its benchmark, the State Street Private Equity Index (one quarter lag).

The public market Terra Maria program for the System returned 1.8 percent, compared to 2.2 percent for its customized benchmark. As more fully described below, the program is comprised of smaller investment management firms focusing primarily on equity and fixed income investments.

INVESTMENT POLICY AND OBJECTIVES

The Board of Trustees is charged with the responsibility of managing the assets of the System. In doing so, the Board is required to exercise its fiduciary duties solely in the interest of the participants with the care, skill, and diligence that a prudent person would exercise under similar circumstances. This standard of care encourages diversifying investments across various asset classes.

Investment objectives are designed to support the fulfillment of the Board's mission to optimize risk-adjusted returns to ensure that sufficient assets are available to pay benefits to members and beneficiaries when due. As a long-term investor, the Board understands that short-term market returns will fluctuate.

These investment objectives are implemented in accordance with investment policies developed by the Board. The "prudent person standard", as outlined in both the Maryland Annotated Code and the Board's investment policies, allows for the Board to set investment policies and delegate authority to investment professionals employing active and passive strategies. Firms retained generally have a demonstrated performance record and a clearly defined and consistently applied investment process.

The Board manages the assets for the System with the goal of achieving an annualized investment return that over a long-term time frame: (1) meets or exceeds the investment policy benchmark for the System; (2) in nominal terms, equals or exceeds the actuarial investment return assumption adopted by the Board; and (3) in real terms, exceeds the U.S. inflation rate by at least 3 percent. A more detailed discussion of each of these goals follows below.

1. **Meeting or exceeding the Investment Policy Benchmark for the System.** The Investment Policy Benchmark is calculated by using a weighted average of the Board-established benchmarks for each asset class. This benchmark enables the comparison of the actual performance of the System to a passively managed proxy, and provides a measure of the contribution of active management and policy implementation to overall fund returns.
2. **In nominal terms, equaling or exceeding the actuarial investment return assumption of the System.** The Board adopts the actuarial rate of interest, which was set at 7.55 percent for fiscal year 2015. The actuarial investment return assumption functions as an estimate of the long-term rate of growth of the assets for the System. In adopting an actuarial return assumption, the Board anticipates that the investment portfolio will achieve higher or lower returns each year but will trend toward 7.55% over time.
3. **In real terms, exceeding the U.S. inflation rate by at least 3 percent.** The inflation related objective compares the investment performance against a rate of inflation measured by the Consumer Price Index (CPI) plus 3 percent. The inflation measure provides a link to the liabilities of the System, which have an embedded sensitivity to changes in the inflation rate.

The Board is also responsible for establishing the asset allocation policy for the System. It does this by weighing three liability-oriented objectives when making asset allocation determinations. These objectives include:

1. achieving and maintaining a fully funded pension plan;
2. minimizing contribution volatility year to year; and
3. realizing surplus assets.

Asset allocation policy targets are determined by recognizing that liabilities (future benefit payments to the participants and beneficiaries of the System) must be paid in full and on time. The mix of asset classes is chosen to provide sufficient growth to meet the long term return objective of the System, while providing sufficient diversification to moderate the volatility of that return. For example, a portfolio of equities will likely provide the required return over a long time horizon, but will subject the market value of the portfolio to unacceptable levels of volatility such that the goals of minimizing contribution volatility and realizing surplus assets would be difficult to achieve. Combining other asset classes with equities will provide differentiated return sources, reduce the volatility of returns and help realize those liability oriented objectives.

The Board's long-term asset class targets and ranges as of June 30, 2015 are shown below.

ASSET CLASS	LONG-TERM POLICY TARGET	RANGE
Domestic Equity		
International Equity		
Global Equity		
Total Public Equity	**35%**	**+/-4%**
Private Equity	10%	+/-4%
Fixed Income	10%	+/-4%
Credit / Debt Strategies	10%	+/-4%
Real Estate	10%	+/-4%
Real Return	14%	+/-4%
Absolute Return	10%	+/-4%
Cash	1%	0-5%
TOTAL ASSETS	**100%**	

For private market investments in the real estate and private equity asset classes, additional risk reduction may be achieved through temporal diversification, making investments over time to take advantage of varying opportunities. To reflect the desirability of investing over time in accordance with a prudent pacing schedule, transitional allocations are implemented. Assets not yet deployed to private equity are assigned to the public equity transitional target. Assets not yet deployed to real estate and real return are assigned to the fixed income transitional target.

INVESTMENT PERFORMANCE

Investment performance is calculated using time-weighted rates of total return. Total return includes interest and dividends, as well as capital appreciation.

The investment program realized a return of 2.7 percent for fiscal year 2015. Annualized returns for the 3-, 5-, 10-, 20- and 25-year periods ending June 30, 2015 were 9.1 percent, 9.4 percent, 5.8 percent, 6.6 percent and 7.5 percent, respectively.

	FY 2015 SRPS Performance	FY 2015 Benchmark Performance	SRPS Exposure June 30, 2015
Public Equity	3.7%		37.6%
Custom Benchmark		0.6%	
U.S. Equity	6.4%		10.2%
S&P 500		7.4%	
Russell 3000		7.3%	
International Equity	-0.3%		11.0%
MSCI ACWI ex. U.S.		-5.3%	
MSCI EAFE		-4.2%	
MSCI Emerging Markets		-5.1%	
MSCI World ex U.S.		-5.3%	
Global Equity	4.8%		16.4%
MSCI AC World		0.7%	
Private Equity	13.2%		8.0%
Custom State Street PE		7.6%	
Fixed Income	2.0%		12.9%
Custom Benchmark		1.9%	
BC Intermediate Aggregate		1.9%	
BC Global Bond Agg		2.1%	
Credit / Debt Strategies	-0.8%		9.7%
Custom Benchmark		-3.1%	
BC High Yield		-0.4%	
BC Credit		0.9%	
JP Morgan GBI EM GD		-15.4%	
S&P LSTA Leverage Loan		0.4%	
Real Estate	12.1%		7.4%
Custom Benchmark		10.4%	
NCREIF ODCE		13.5%	
FTSE EPRA NAREIT		-0.4%	
Real Return	-5.2%		13.2%
Custom Benchmark		-6.6%	
Absolute Return	0.7%		10.7%
Custom Benchmark		2.7%	
TOTAL FUND	**2.7%**	**0.9%**	

The allocation as of June 30, 2015 reflects the ranges and transitional targets of the System's described in the previous section.

ECONOMIC AND CAPITAL MARKET OVERVIEW

For fiscal year 2015, the System produced its sixth consecutive year of positive performance. The period since the 2008 financial crisis has been good for financial markets and the global economy. This was a year characterized by modest investment returns from a portfolio perspective, but widely varied returns within the underlying investments of the fund. Overall, the assets for the System produced a net return of 2.7 percent, representing a modest absolute return, but an attractive return relative to the policy benchmark portfolio return of 0.9 percent.
This moderate return belies the large movements in financial markets that produced it. Interestingly, when observing the major allocations within the investment portfolio, it might have seemed like returns would be higher. Domestic stocks produced a return in excess of 7 percent. Developed non-U.S. stocks produced a return of more than 11 percent in local currencies and emerging market stocks produced about 3 percent in local terms. Domestic bonds also produced a positive return of nearly 2 percent as measured by the Barclays Aggregate Bond index.

Most of the market volatility during fiscal year 2015 can be attributed to currencies and commodities, as both markets experienced extreme volatility. Currency volatility versus the dollar was broad, ranging from emerging market currencies such as Russia (-62%) and Brazil (-40%), to developed market currencies like the Japanese Yen (-21%) and the Euro (-19%). To the extent investors had exposure to non-dollar investments, returns were negatively impacted by the broad based strength in the dollar. Currency movements were driven by changes and anticipated changes in monetary policy. The Euro weakened after the ECB announced a quantitative easing policy in an effort to stimulate growth and inflation. Emerging market currencies began to weaken when the Federal Reserve signaled the impending end to the zero interest rate policy regime. Emerging economy central banks were forced to decide whether to defend their currency by selling hard currency reserves or allowing the currency to devalue to improve the balance of payments. These movements in currencies had a big impact on investment results depending on your local currency. In U.S. dollar terms, developed market stocks outside the U.S. fell 5.3 percent, while emerging market stocks fell 5.1 percent.

Commodities were another source of extreme volatility. From an economic impact perspective, oil led the way with a decline from $95 to $60 per barrel of West Texas Intermediate crude for the year ending June 30, 2015. The surge in productive capacity from the U.S. shale boom helped create a supply and demand imbalance in crude. Other commodities such as copper (-18%) and iron ore (-32%) were impacted by a slowdown in China economic growth. Overall, the Bloomberg commodity index fell 24 percent.

Commodity prices impacted the high yield bond markets. Metals, mining and energy companies make up a significant portion of the Barclays High Yield index at 19.1 percent as of June 30, 2015. The prodigious drop in commodity prices, combined with the rapid growth in borrowing in these sectors over the past several years, put significant pressure on yield spreads. Higher default risk was not the only source of pressure on spreads. The Dodd-Frank Act curtailed the willingness of banks to hold corporate bond inventory. The deteriorating fundamentals and poor technical condition of the market drove high yield spreads wider by over 140 basis points (1.4%). During this fiscal year, this widening in spreads, combined with a modest increase in treasury yields, drove high yield bond returns into negative territory for the year (-0.4%).
Commodity prices and currencies also impacted the expectations for inflation. Lower commodity prices and a stronger dollar reduced inflation in the U.S. during the fiscal year. Lower inflation was a drag on inflation-protected securities both in terms of current income and the forecast for future inflation.

Fiscal year 2015 saw a continuation of the recent pattern of outperformance of U.S. stocks. For the five-year period ending June 30, 2015, the Russell 3000 index produced 8% more return than the MSCI EAFE index on an annualized basis, and nearly 14 percent more than emerging market equities as measured by the MSCI Emerging Markets Index. Asset allocations with a bias to U.S. equities have had a significant return advantage over this time frame.

PUBLIC EQUITIES

As of June 30, 2015, approximately $17.2 billion of the total assets of the System were invested in public equities, representing 37.6 percent of total assets. The public equity program has three components: U.S. equities, international equities and global equities. The program is constructed without a home country bias. Accordingly, the weightings of the three components are adjusted from time to time, reflecting the investable global public equity opportunity set.

The Terra Maria program for the System, which seeks to identify promising smaller or developing management firms, is an integral part of the public equities asset class. As of June 30, 2015, 74.3 percent of the Terra Maria program was invested in public equities, with 47.0 percent in U.S. equities. Each of the managers in the Terra Maria program has an active management mandate. A more detailed discussion of the Terra Maria program follows below.

A. U.S. Equities

As of June 30, 2015, approximately $4.7 billion, or 10.2 percent of total assets, were invested in U.S. public equities. Passively and enhanced passively managed equities totaled $3.2 billion, while actively managed assets outside of the Terra Maria program totaled $191 million and Terra Maria program assets were $1.3 billion, representing 6.9 percent, 0.4 percent, and 2.9 percent of total assets, respectively.

U.S. Equity	$ Millions	% of Total Plan
Passively Managed	**$3,145.4**	**6.9%**
Actively Managed (exclude T.M.)	**$191.1**	**0.4%**
Terra Maria Program	**$1,347.5**	**2.9%**
Total U.S. Equity	**$4,684.0**	**10.2%**

For fiscal year 2015, U.S. equities returned 6.4 percent, compared to 7.3 percent for its benchmark, the Russell 3000 Index.

B. International Equities

As of June 30, 2015, approximately $5.1 billion, or 11.0 percent of total assets, were invested in international equities. Passively managed assets totaled approximately $2.5 billion, while actively managed assets outside of the Terra Maria program totaled approximately $1.8 billion and Terra Maria assets were $0.8 billion, representing 5.4 percent, 3.9 percent and 1.7 percent of total assets, respectively. As more fully described below, in 2009 the System instituted a currency overlay program which is designed to protect the value of some foreign equities in a rising dollar environment.

International Equity	$ Millions	% of Total Plan
Passively Managed	**$2,460.8**	**5.4%**
Actively Managed (exclude T.M.)	**$1,779.8**	**3.9%**
Terra Maria Program	**$761.2**	**1.7%**
Currency Overlay	**$61.2**	**0.1%**
Total International Equity	**$5,063.0**	**11.0%**

For fiscal year 2015, international equities, including the impact of the currency overlay program, returned -0.3 percent compared to -5.3 percent for its benchmark, the MSCI All Country World ex-U.S. Index.

C. Global Equities

As of June 30, 2015, approximately $7.5 billion, or 16.4 percent of total assets were invested in global equities. Actively managed long-only assets outside of the Terra Maria program totaled $5.3 billion; Terra Maria assets were $22.5 million, and actively managed long-short assets totaled $1.8 billion, representing 11.5 percent, 0.0 percent, and 3.8 percent of total assets, respectively. The currency overlay program is also applied to the global equity program.

Global Equity	$ Millions	% of Total Plan
Passively Managed	**$418.4**	**0.9%**
Actively Managed (exclude T.M.)	**$5,269.8**	**11.5%**
Terra Maria Program	**$22.5**	**0.0%**
Long/Short Funds	**$1,754.3**	**3.8%**
Currency Overlay	**$35.0**	**0.1%**
Total Global Equity	**$7,500.0**	**16.4%**

For fiscal year 2015, global equities returned 4.8 percent compared to 0.7 percent for the MSCI All Country World Index.

CURRENCY OVERLAY PROGRAM

The currency overlay program was implemented in May of 2009. An objective of the program is to provide insurance against a strengthening dollar, which could negatively impact returns from foreign currency denominated equities. Managers in this program use a systematic currency overlay strategy and generally, do not make fundamental currency valuation assessments. The strategy is also dynamic in that the degree to which currency hedging is applied changes depending on currency market conditions. Managers in this program tend to use low hedge ratios when the dollar is weak and high hedge ratios when the dollar is strong.

During fiscal year 2015, the currency program added significant value in the international and global public equity programs as the U.S. dollar strengthened relative to other currencies. The value generated by the currency overlay program during the fiscal year was $368.9 million. In addition to generating substantial value during fiscal year 2015, the currency hedging program has also served to reduce volatility and improve the risk/return profile of the international and global equity programs since its inception.

PRIVATE EQUITY

As of June 30, 2015, private equity totaled $3.7 billion, or 8.0 percent of total assets. This asset class includes buyouts, growth equity, venture capital, secondaries and funds-of-funds.

In fiscal year 2015, commitments were made to 20 private equity funds, totaling $1.7 billion. Since the inception of the private equity program in fiscal year 2005, $8.6 billion in commitments have been made to 151 different funds. In fiscal year 2015, the private equity program returned 13.2 percent, compared to 7.6 percent for its benchmark, the State Street Private Equity Index.

In fiscal year 2016, the Board expects that exposure to private equity will continue to increase toward its long-term targeted levels as unfunded commitments of $4.1 billion are drawn down by the fund managers. Future commitments will follow a pacing model designed to approach the 10 percent allocation target for invested assets. This allocation will be maintained with distributions from mature partnerships, providing the funds to invest in new partnerships.

FIXED INCOME

As of June 30, 2015, the fixed income portfolio represented $5.9 billion, or 12.9 percent of total assets. The absolute and relative performance of the portfolio was modest, returning 2.0 percent for the fiscal year, versus 1.9 percent for its benchmark. The portfolio has a blended benchmark of 80 percent Barclays Capital US Aggregate Intermediate Index and 20 percent Barclays Capital Global Bond 1-10 year Hedged Index.

CREDIT/DEBT STRATEGIES

The credit/debt strategies portfolio totaled approximately $4.5 billion, representing 9.7 percent of total plan assets as of June 30, 2015. Investments in this asset class are held in both liquid and illiquid structures. Asset types in the portfolio include: mezzanine and distressed debt, high yield and investment grade bonds, bank loans and emerging market debt. The portfolio has a blended benchmark of 50 percent Barclays U.S. High Yield Index, 20 percent Barclays U.S. Credit Index, 20 percent JP Morgan GBI EM Global Diversified Index and 10 percent S&P LSTA Leveraged Loan Index. The portfolio returned -0.8 percent for the fiscal year, versus -3.1 percent for its benchmark. This outperformance relative to the benchmark was primarily due to the stronger performance of the alternative credit investments of the System.

REAL ESTATE

In fiscal year 2015, the real estate portfolio returned 12.1 percent versus 10.4 percent for its custom benchmark, a blend of the NCREIF ODCE and FTSE-EPRA NAREIT. At the end of the fiscal year, real estate was valued at $3.4 billion and accounted for 7.4 percent of total assets. The program includes private investment funds and publicly-traded securities.

The NCREIF ODCE index returned 13.5 percent for the twelve months ending March 31, 2015. (Because of lags in the valuation of private real estate investments, performance is reported with a one quarter lag.) Through June 30, 2015, public real estate securities, as measured by the Financial Times Stock Exchange European Public Real Estate Association/NAREIT Developed REIT Index (Net), had one-year return of -0.4%.

REAL RETURN

The real return portfolio totaled approximately $6.0 billion, representing 13.2 percent of total assets as of June 30, 2015. The objectives of this asset class are to provide a level of protection against inflation and event risk, and to enhance diversification for the total fund. As of June 30, 2015, the largest components of the asset class were Treasury Inflation Protected Securities (TIPS) and global inflation-linked bonds totaling $3.6 billion, or 7.8 percent of total assets. Combined, these two components had a return of 0.6 percent. There was also an allocation to commodities, representing $1.7 billion, or 3.6 percent of total assets and the remaining assets consisted of publicly-traded Master Limited Partnerships (MLPs) and private investments in infrastructure, timber and energy-related assets.

The real return portfolio returned -5.2 percent in fiscal 2015 versus -6.6 percent for its custom benchmark. The main driver of outperformance for this portfolio relative to the benchmark was the commodity portfolio, which had investments that benefited from falling oil prices.

ABSOLUTE RETURN

The absolute return portfolio totaled approximately $4.9 billion, representing 10.7 percent of total assets as of June 30, 2015. The portfolio consists of four global macro funds, one risk parity strategy, two fund-of-funds, five relative value multi-strategy funds, and one insurance fund. Its goal is to provide diversification for the total plan through its low correlation to the broad financial markets. This portfolio underperformed its benchmark in fiscal 2015, returning 0.7 percent versus 2.8 percent for the HFRI Fund of Funds: Conservative Index.

TERRA MARIA PROGRAM

As previously mentioned, the Terra Maria program seeks to identify promising smaller or developing managers. The seven existing public market program managers serve as an extension of staff to source investment managers, perform manager due diligence, monitor managers and prepare manager "hire/fire" and funding recommendations. The managers include Attucks Asset Management, Bivium Capital Partners, Capital Prospects, FIS Group, Leading Edge Investment Advisors, Northern Trust Global Advisors and Progress Investment Management Company.

Terra Maria publicly-traded assets totaled approximately $2.9 billion, or 6.3 percent of total assets at June 30, 2015. The program returned 1.8 percent for the fiscal year, compared to the custom benchmark return of 2.2 percent. The relative performance results have remained positive since the April 2007 inception of the program.

During fiscal year 2011, the Terra Maria program was expanded to include investments in private equity partnerships. Since January 2011, $5.2 billion has been committed globally to 70 private equity funds. Of this, $3.0 billion has been committed to 39 domestic funds, which includes $510 million to 14 Terra Maria emerging managers.

Additionally, at the end of fiscal year 2015, $5.2 billion, or 11.3 percent of the System's total assets, were managed by minority and women-owned firms.

In the Terra Maria program, as well as in other parts of the fund's portfolio, the Chief Investment Officer has the ultimate responsibility for making manager selection and termination decisions, and for determining funding allocations.

CONCLUSION

Fiscal year 2015 was a transition period for investments. While returns were low, they were within the expected range of variability for the asset allocation of the System. Effective manager selection and risk management programs improved the System's experience. Asset classes that had been strong performers in recent years were challenged by large swings in commodity and currency values, with the performance leadership moving to private market investments. Fiscal year 2015 demonstrated the importance of having a diversified set of investments that minimize the dominance of any single asset class and the value of proactively identifying strategies to mitigate portfolio level risks.

I begin my association with the System in fiscal year 2016 and am submitting this report on behalf of the Board and investment staff that worked together to produce these results. I look forward to working alongside these groups to continue to provide investment results that meet the specific objectives of the MSRPS and its beneficiaries. I also take this opportunity to thank Robert Burd, who served in the role of Interim Chief Investment Officer, for his stewardship over the last year.

Respectfully submitted,

Andrew C. Palmer CFA
Chief Investment Officer

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MARYLAND STATE RETIREMENT AND PENSION SYSTEM

INVESTMENT PORTFOLIO SUMMARY
as of June 30, 2015 and 2014
(Expressed in Thousands)

		2015		2014	
		Fair Value	**% of Fair Value**	**Fair Value**	**% of Fair Value**
	Fixed Income				
	Fixed Income	$ 6,195,853	13.5	$ 6,665,867	14.7 %
	Credit Opportunity	4,219,953	9.2	4,292,793	9.5
(2)	Net cash & cash equivalents (manager)	(24,713)	(0.1)	339,556	0.6
	Total Fixed Income	**10,391,093**	**22.6**	**11,298,216**	**24.8**
	Public Equity				
	Domestic stocks	4,599,465	10.0	4,601,678	10.2
	Global stocks	7,386,829	16.1	7,424,509	16.3
	International stocks	4,907,783	10.7	5,416,324	11.9
(2)	Net cash & cash equivalents (manager)	352,908	0.8	228,746	0.5
	Total Equity	**17,246,985**	**37.6**	**17,671,257**	**38.9**
	Absolute Return	**4,873,922**	**10.7**	**4,252,178**	**9.4**
	Private Equity	**3,675,473**	**8.0**	**3,184,976**	**7.0**
	Real Estate (includes private)	**3,361,700**	**7.4**	**3,074,722**	**6.8**
	Real Return	**5,949,023**	**13.0**	**5,073,620**	**11.2**
(2)	**Net cash & cash equivalents (manager)**	**108,667**	**0.2**	**360,622**	**0.8**
(1)	**Cash (non-manager)**	**226,580**	**0.5**	**499,960**	**1.1**
	Total Portfolio	**$45,833,443**	**100.0**	**$45,415,551**	**100.0 %**

(1) Security Lending collateral payable has been netted against the actual collateral. The amounts net to zero.

(2) Includes investment receivables and payables.

Note: This schedule includes assets invested on behalf of the Maryland Transit Administration.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

INVESTMENT PORTFOLIOS BY MANAGER
as of June 30, 2015
(Expressed in Thousands)

	Fair Value	Investment Advisory Fees
Public Equity		
State Street Global Advisors	$ 3,475,710	$ 2,155
Equity Long Short (1)	1,754,318	36,851
RhumbLine Advisors	1,560,952	153
AQR Capital Management, LLC	1,197,443	4,184
D E Shaw & Co., LP	1,188,728	3,883
T. Rowe Price Associates, Inc.	718,929	2,055
Templeton Investment Counsel, Inc.	621,462	1,995
Acadian Asset Management	512,738	1,905
Artisan Partners Limited Partnership	506,816	2,572
Baillie Gifford & Company	498,564	2,307
Brown Capital Management	471,642	2,705
Schroders Investment Management	455,016	1,416
GMO Global All Country	451,773	851
Northern Trust Global Advisors, Inc.(1)	434,443	1,995
Dimensional Fund Advisors, Inc.	415,043	1,630
Capital Prospects, LLC (1)	390,211	1,944
FIS Group, Inc.(1)	364,323	1,809
Leading Edge Invest. Advisors, LLC (1)	332,284	2,483
Attucks Asset Management, LLC (1)	307,026	2,032
Longview Partners Ltd.	304,557	1,858
Bivium Capital Partners(1)	302,837	2,016
UBS Global Asset Management, Inc.	260,530	1,056
Genesis Asset Management	221,146	1,868
Earnest Partners	212,134	1,233
Zevenbergen Capital Investment LLC	101,692	586
Record Currency Management	96,221	4,816
Relational Investors, LLC	89,472	6,213
Other (2)	975	3,870
	$ 17,246,985 (3)	$ 98,440 (4)

	Fair Value	Investment Advisory Fees
Fixed Income Manager		
Western Asset Management	$ 1,889,628	$ 2,984
Pacific Investment Management Company	776,803	1,787
Aberdeen Asset Management, Inc.	612,944	1,064
State Street Global Advisors	438,700	71
Dodge & Cox	428,618	484
Pyramis Global Advisors	426,929	628
Principal Global Investors	420,738	583
Goldman Sachs Asset Management	417,822	791
Progress Investment Management (1)	312,151	1,202
Northern Trust Global Advisors, Inc.(1)	164,993	375
Attucks Asset Management, LLC (1)	125,248	472
Capital Prospects, LLC (1)	69,539	145
Leading Edge Invest. Advisors, LLC (1)	44,940	225
Bivium Capital Partners (1)	21,148	116
Other (2)	0	1,062
	$ 6,150,200 (3)	$ 11,989 (4)
Real Return (1)	$ 6,002,535	$ 33,670
Absolute Return (1)	4,881,869	55,856
Credit/Debt Related (1)	4,276,667	51,287
Private Equity Funds (1)	3,675,473	62,639
Real Estate		
Private Real Estate (1)	2,710,867	26,323
Morgan Stanley Investment Management	414,205	2,316
SSGA Global Liquid RE Securities	242,520	220
Record Currency Management	5,397	218
Other (2)	144	5,975
Cash - *Internally Managed*	226,580	N/A
	$ 22,436,257 (3)	$ 238,504 (4)

(1) Sub-managers separately listed on the following pages
(2) Consulting fees and/or investment managers no longer under contract as of 6/30/15
(3) Includes assets invested on behalf of the Maryland Transit Administration.
(4) Includes management fees allocated to the Maryland Transit Administration.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ALTERNATIVE INVESTMENTS RELATIONSHIP LISTING

as of June 30, 2015

Private Equity

.406 Ventures II
Abbott Capital Private Equity Fund III
ABS Capital Partners VI LP
ABS Capital Partners VII LP
Adams Street Partners LLC
Advent Central & Eastern Europe IV LP
Advent International GPE V-D LP
Advent International GPE VI-A LP
AIF Capital Asia IV
Alchemy Partners LP
Apax Europe VI-A LP
Apax Europe VII-A LP
Apax France VIII
Apollo Investment Fund VII (AIF) LP
Apollo Investment Fund VIII (AIF) LP
Arcadia II Beteiligungen BT GmbH & Co
Audax Private Equity Fund II LP
Audax Private Equity Fund III LP
Audax Private Equity Fund IV LP
Azure Capital Partners II LP
Azure Capital Partners III LP
Bain Capital European Fund IV
Bain Capital Fund IX LP
Bain Capital IX Coinvestment Fund LP
Bain Capital Fund X LP
Bain Capital X Coinvestment Fund LP
Bain Capital Fund XI LP
BC European Capital VIII LP
BC European Capital IX LP
Black River Capital Partners Fund (Agr. A) LP
Blackstone Capital Partners VI
Blue Wolf III
Brazos Equity Advisors III LP
Bunker Hill Capital II LP
Calvert Street Capital Partners III
Camden Partners Strategic Fund IV
Carlyle Partners V LP
Carlyle Partners VI LP
CDH Fund V
Charterhouse Capital Partners VIII LP
Charterhouse Capital Partners IX LP
Clayton, Dubilier & Rice Fund VIII
Clayton, Dubilier & Rice Fund IX
Collar Capital Partners VI
Commonwealth Capital Ventures IV LP
Court Square
Crescent Capital Partners IV
Crescent Capital Partners V
CVC European Equity Partners V-B LP
Dover Street VII LP
ECI 8 LP
ECI 9 LP
Equistone Partners Europe IV
Equistone Partners Europe V
Everstone Capital Partners II LLC
Fort Point Capital I
Frazier Healthcare V LP
Frazier Healthcare VI LP
Frazier Healthcare VII LP
Frontier Fund
Frontier Fund IV
Goldman Sachs Vintage Fund V LP
Graphite Capital Partners VII
Graphite Capital Partners VII Top Up
Graphite Capital Partners VIII
Great Hill Equity Partners III
Great Hill Equity Partners IV
Great Hill Equity Partners V
Hancock Park Capital III
HarbourVest Partners VI Buyout Fund
HarbourVest Partners VI Partnership Fund
Hellman & Friedman Investors VI LLC
Hellman & Friedman Investors VII LLC
Hg Capital 5 LP
Hg Capital 6A LP
Hg Capital 7 LP
Hg Mercury
Hg Capital 7 LP
Institutional Venture Partners XV
ICV Partners III
KKR European Fund III LP
Landmark Equity Partners XIV
Landmark Equity Partners XV
Lexington Capital Partners VII
Lexington Middle Market
Lion Capital Fund I LP
Lion Capital Fund II LP
Lion Capital Fund III
Littlejohn Fund III LP
Littlejohn Fund IV LP
Littlejohn Fund V LP
LLR Equity Partners IV
Lombard Asia
Longitude Venture Partners LP
Longitude Venture Partners II LP
Madison Dearborn Capital Partners V LP
Madison Dearborn Capital Partners VI LP
MBK Partners Fund III
MD Asia Investors, LP
MD Asia Investors II, LP
Navis Asia Fund VI
New Mainstream Capital II
New Mountain Partners III LP
New Mountain Partners IV LP
North Sky Clean Tech Fund IV LP
Northstar Equity Partners IV
Orchid Asia V
Orchid Asia VI
Partners Group Secondary 2008 LP
Partners Group Secondary 2011 LP
Partners Group Emerging 2011 LP
Permira IV LP 2
Private Equity Partners Fund IV
Quaker BioVentures II
Riverside Asia Pacific Fund II
Riverside Capital Appreciation V LP
Riverside Capital Appreciation VI LP
Riverside Europe Fund IV LP
RLH Investors II LP
RLH Investors III LP
Siris Partners II
SSG Capital Partners III
Summer Street Capital Fund II LP
Summer Street Capital Fund III LP
Symmetric Partners LP
TA X LP
TA XI LP
TDR Capital III
TPG Partners VI LP
Triton Fund III
Triton Fund IV
Valhalla Partners II LP
Vector Capital IV LP
Vestar Capital Partners V LP
Vista Equity Partners IV
Vista Equity Partners V
Vista Foundation
Vistria I
Wind Point Partners VII LP
Yucaipa American Alliance Fund II LP

Private Real Estate

AEW Senior Housing Fund II
Blackrock Asia Property Fund III
CBRE Strategic Partners Europe Fund III
CBRE Strategic Partners UK Fund III
CBRE Strategic Partners US Value 5 LP
CBRE Strategic Partners US Value 6 LP
CBRE Strategic Partners US Value 7 LP
Chesapeake Maryland Limited Partnership
Covenant Apartment Fund VII
Europe Fund III LP
Federal Capital Partners II
Frogmore Real Estate Partners II
GI Partners Fund III LP
GI Partners Fund IV LP
JP Morgan Investment Management Inc
Lion Industrial Trust
Lone Star Real Estate Fund II
Lone Star Real Estate Fund III
Lubert Adler Real Estate Fund III
Lubert Adler Real Estate Fund VI
Lubert Adler Real Estate Fund VI-A
Morgan Stanley Prime Property Fund
PRISA II (Prudential Real Estate Investors)
Realty Associates Fund IX
Realty Associates Fund X
Rockwood Capital R E Partners Fund VIII LP
Rockwood Capital R E Partners Fund IX LP
Secured Capital Japan R E Partners Asia LP
Secured Capital Japan R E Partners IV LP
Starwood Debt Fund II LP
Starwood Hospitality Fund II
Tristan Cap- European Special Opps 3
UBS Trumbull Property Fund

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ALTERNATIVE INVESTMENTS RELATIONSHIP LISTING

as of June 30, 2015

(continued)

Real Return

Alinda Infrastructure Fund II
Astenbeck Commodities Fund
Black River Commodity Trading Fund
Core Commodity Management Diversified I
Edesia Comm Dynamic Agriculture Fund
EIF Power Fund IV
First Reserve Fund XII LP
Global Timber Investors 9
Gresham Investment Management LLC
Hancock Timber X LP
Harvest Fund Advisors
Koppenberg Macro Commodity Fund
Natural Gas Partners VIII LP
Natural Gas Partners IX LP
Natural Gas Partners X LP
Natural Gas Partners XI LP
NGP Midstream & Resources LP
PIMCO Global Inflation Linked Bonds
Quantum Energy Partners IV LP
Quantum Energy Partners V LP
Quantum Energy Partners VI LP
RMS Forest Growth III
State Street Global Advisors US Tips
State Street Global Advisors Global Linkers
Taylor Woods Partners
Timbervest Partners III LP
Tortoise Capital Advisors
Vermillion/Celadon Commodities Fund
Western Global Inflation Linked Bonds
White Deer Energy

Absolute Return

Aristeia Capital
BlackRock Global Ascent
Bridgewater All Weather
Bridgewater Pure Alpha
Carlson Double Black Diamond
DGAM Diversified Strategies Fund
Graham Tactical Trend
Hudson Bay Fund
Hutchin Hill Diversified Alpha
Mellon Global Alpha II
Nephia Palmetto Fund
Pine River Fund
Rock Creek Potomac Fund

FIXED INCOME RELATIONSHIP LISTING

as of June 30, 2015

Credit/Debt Related

Alchemy Special Opps Fund II
Alchemy Special Opps Fund III
Anchorage Capital Group
Apollo Credit Opps Fund III
CarVal Credit Value Fund A LP
CarVal Credit Value Fund II
CarVal Credit Value Fund III
Castle Lake III
Clearlake Capital Group
Crescent Capital Mezzanine Partners VI
EIG Energy Fund XV
EIG Energy Fund XVI
Falcon Strategic Partners III
Falcon Strategic Partners IV
King Street Capital
KKR Flexible Credit
KKR Mezzanine Partners 1
LBC Credit Partners II LP
Mackay Shields
Merit Mezzanine Fund V
Neuberger Berman Flexible Credit
Oaktree Capital Management
Oaktree European Principal Fund III
Oaktree Opportunity Fund VIII
Oaktree Opportunity Fund VIIIB
Oaktree Principal Fund V
Park Square Capital Partners II
Partners Group European Mezzanine 2008 LP
Peninsula Fund V
Perella Weinberg Partners
Prudential Capital Partners III
Prudential Capital Partners IV
Shoreline China Val Fund III
SSGA Emerging Markets Debt
Stone Harbour Emerging Debt
TA Subordinated Debt Fund III
Varde Fund X
Wayzata Investment Partners III

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

TERRA MARIA PROGRAM
as of June 30, 2014

Terra Maria Program

Attucks Asset Management
Advent Capital Management
Apex Capital Management
Brown Investment Advisory
Campbell Newman Asset Management
Chicago Equity Partners
Globeflex Capital LP
GW Capital Inc
Hanseatic Management Services Inc
LM Capital Group LLC
Lombardia Capital Partners LLC
Mar Vista Investment Partners
Nicholas Investment Partners
Opus Capital Management
Paradigm Asset Management Co.
Seizert Capital Partners
The Edgar Lomax Company
Thomas White International LTD
Bivium Capital Partners
ARGA Investment Management LP
Aristotle Capital Management
Bailard Inc
Chautauqua Capital Management LLC
Cheswold Lane Asset Management LLC
Cornerstone Capital Management Inc
Cupps Capital Management
Phocas Financial Corporation
SW Asset Management LLC
Vulcan Value Partners
WCM Investment Management
Capital Prospects LLC
AH Lisanti Capital Growth LLC
Bernzott Capital Advisors
Geneva Capital Management Ltd
Inview Investment Management LLC
Lesa Sroufe & Co.
Matrix Asset Advisors Inc
Next Century Growth Investors LLC
Paradigm Asset Management Co LLC
Piedmont Investment Advisors LLC
Profit Investment Management
Redwood Investment LLC
Twin Capital Management Inc
Valley Forge Asset Management
Walthausen & Co LLC
FIS Group
Arbor Capital Management
Ativo Capital Management
Ativo Capital Management - Emerging
Black Creek Investment Management, Inc.
Channing Capital Management LLC
Greenfield Seitz Capital Management LLC
Hanoverian Capital Management
Martin Investment Management
Seizert Capital Partners
Leading Edge Investment Advisors
Apex Capital Management
Driehaus Capital Management LLC
Gratry & Company Inc
Herndon Capital Management
Kirr, Marbach & Co.
Markston International LLC
New Century Investment Management Inc
Penn Capital Management Co Inc
Reed, Conner & Birdwell
SIT Investment Associates Inc
Westwood Global Investments
Northern Trust
ClariVest Asset Management LLC
Cornerstone Investment Partners
Dolan McEniry Capital Management
Herndon Capital Management
Hexavest Inc.
Longfellow Investment Management
Magee Thompson Investment Partners
New Century Advisors
Profit Investment Management
Riverbridge Partners
Strategic Global Advisors
Summit Creek Advisors
Progress Investment Management
Garcia Hamilton
New Century Advisors
Pugh Capital Management Inc

Bold denotes Program Manager for the Terra Maria Program

EQUITY RELATIONSHIP LISTING
as of June 30, 2015

Equity Long Short

Amici Qualified Associates
Criterion Capital
Hoplite OnShore
Indus-Pacific Opportunities Fund
Marshall Wace Eureka Fund
Neon Liberty Capital Management
Scopia Capital Management
Stelliam Fund

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

EQUITY COMMISSIONS TO BROKERS
for the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

Brokers (1)	Total Shares	Total Commission
Credit Suisse Securities	139,463	$ 350
Merrill Lynch	88,810	345
Goldman Sachs	90,378	340
Morgan Stanley	67,254	311
J P Morgan Securities	41,710	294
Instinet	80,798	279
UBS	37,534	253
State Street Bank and Trust	63,149	270
Citigroup Global Markets	29,283	202
Deutsche Bank	49,191	182
Investment Technology Group	13,488	130
HSBC	47,551	125
Barclays Capital, Inc.	22,279	124
G Trade Securities	13,165	111
Jefferies & Company	9,880	106
Sanford C. Bernstein	7,773	105
ITG Inc.	14,286	103
Other Broker Fees	225,275	2,095
Total broker commissions	1,041,267	$ 5,725

(1) Proceeds from the sale and disbursements for the purchase of securities are reported net of brokers' commissions. As such, brokers' commissions are not included as investment expenses on the Statement of Changes in Plan Net Assets. Other broker fees include 278 brokers each receiving less than $100,000 in total commissions.

For the fiscal year ended June 30, 2015, total domestic equity commissions averaged .56 cents per share, and total international equity commissions averaged 8.37 basis points per share.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

LARGEST STOCK & BOND HOLDINGS AT MARKET
as of June 30, 2015

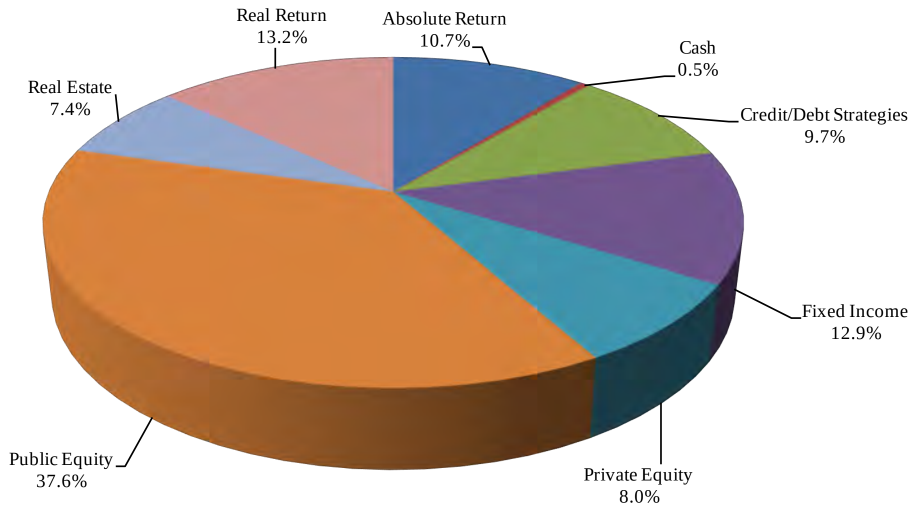
EQUITY INCOME SECURITIES:	Shares	Market Value
Apple Inc.	1,439,915	$ 180,601,339
Amazon.Com Inc.	281,216	122,073,053
Microsoft Corporation	2,201,517	97,196,976
Gilead Sciences Inc.	708,641	82,967,688
Roche Holdings AG Genusschein	294,744	82,631,136
Exxon Moble Corporation	974,762	81,100,198
Nestle SA Reg	1,014,561	73,278,977
Facebook Inc. A	839,530	72,002,290
JP Morgan Chase & Co	1,060,031	71,827,701
Johnson & Johnson	735,617	71,693,233
Pfizer Inc.	2,087,230	69,984,822
Navartis AG Reg	663,963	65,469,146
Toyota Motor Corporation	963,125	64,565,148
Citigroup Inc.	1,048,582	57,923,670
Merck & Co Inc.	994,002	56,588,534

FIXED INCOME SECURITIES:	Par Value	Market Value
United States Treasury Inflation Linked, 0.125%, due Jan 15, 2023	$ 166,166,635	$ 163,232,132
United States Treasury Inflation Linked, 0.125%, due Apr 15, 2019	147,445,610	149,357,980
United States Treasury Inflation Linked, 0.125%, due Apr 15, 2018	139,831,996	142,027,358
United States Treasury Inflation Linked, 0.125%, due Jul 15, 2022	135,543,375	134,515,956
United States Treasury Inflation Linked, 2.375%, due Jan 15, 2025	112,368,682	132,191,641
United States Treasury Inflation Linked, 0.125%, due Jul 15, 2024	134,831,979	131,492,191
United States Treasury Inflation Linked, 0.25%, due Jan 15, 2025	129,135,399	126,663,747
United States Treasury Inflation Linked, 0.375%, due Jul 15, 2023	123,587,479	124,032,429
United States Treasury Inflation Linked, 0.625%, due Jan 15, 2024	119,373,943	121,410,570
United States Treasury Inflation Linked, 0.125%, due Jan 15, 2022	109,539,515	108,557,092
United States Treasury Inflation Linked, 0.125%, due Apr 15, 2017	100,817,353	102,187,461
United States Treasury Inflation Linked, 1.125%, due Jan 15, 2021	86,431,245	91,420,921
United States Treasury Inflation Linked, 3.875%, due Apr 15, 2029	64,431,005	91,260,720
United States Treasury Inflation Linked, 1.375%, due Feb 15, 2044	84,556,303	90,264,709
United States Treasury Inflation Linked, 2.375%, due Jan 15, 2027	69,560,061	83,227,222

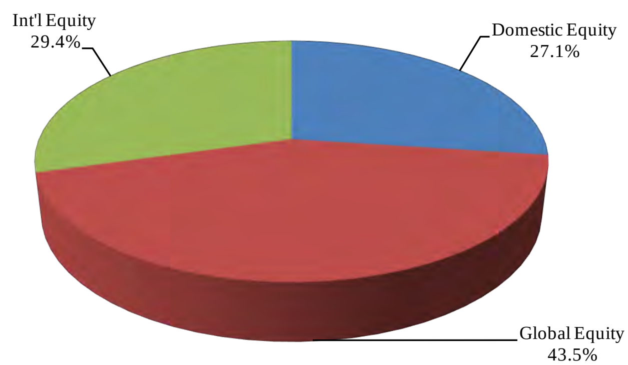
A complete list of portfolio holdings is available upon request.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

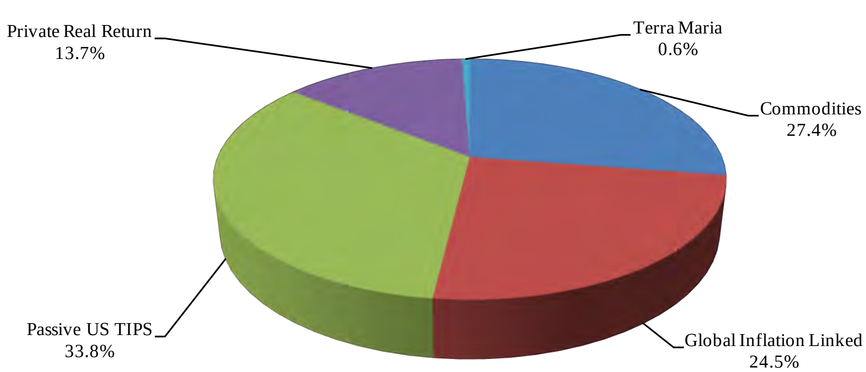
INVESTMENT PORTFOLIO ALLOCATION
as of June 30, 2015



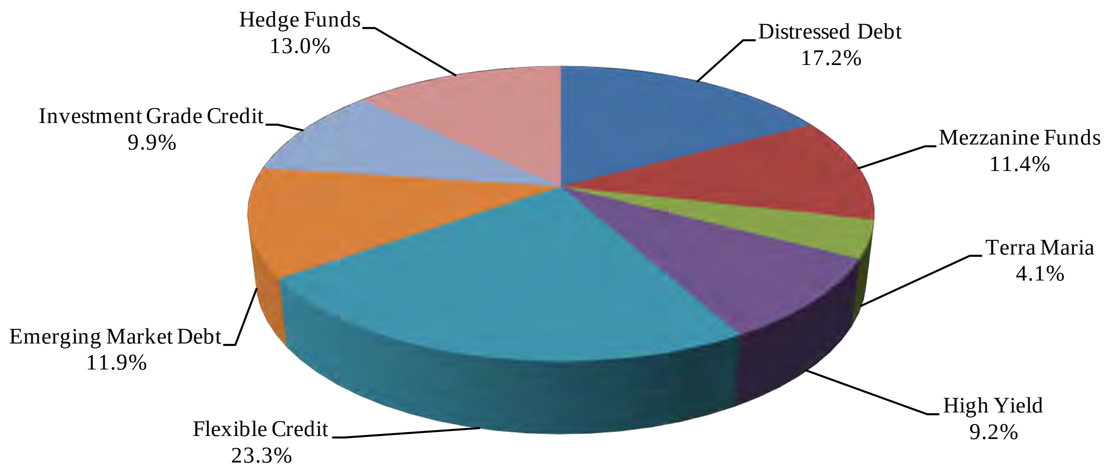
PUBLIC EQUITY DISTRIBUTION BY TYPE
as of June 30, 2015



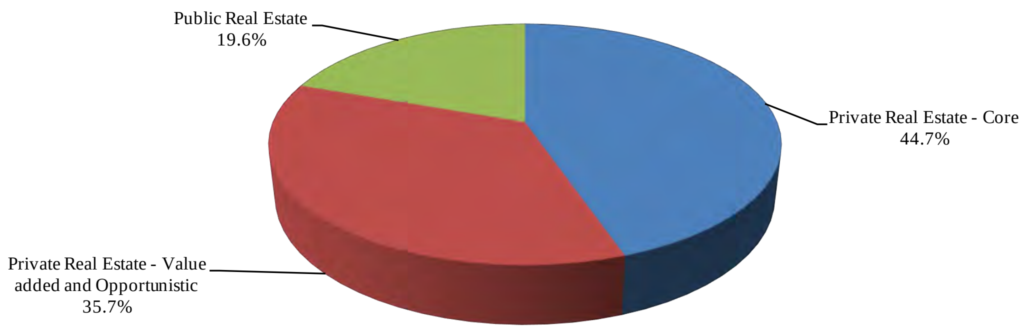
REAL RETURN DISTRIBUTION BY TYPE
as of June 30, 2015



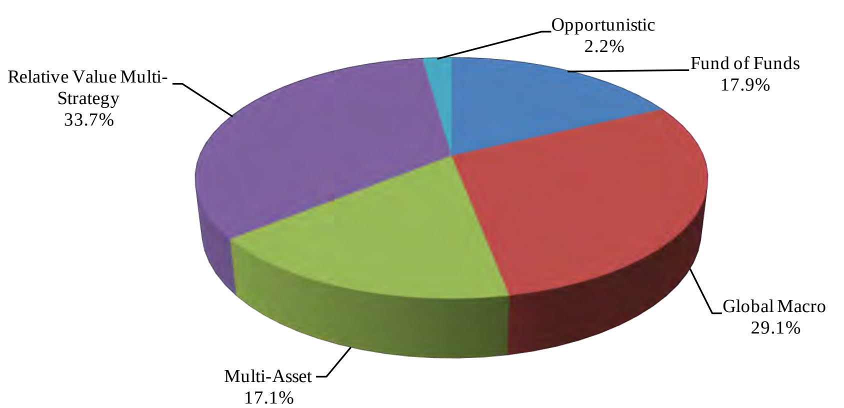
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
CREDIT/DEBT STRATEGIES DISTRIBUTION BY TYPE
as of June 30, 2015



REAL ESTATE DISTRIBUTION BY TYPE
as of June 30, 2015

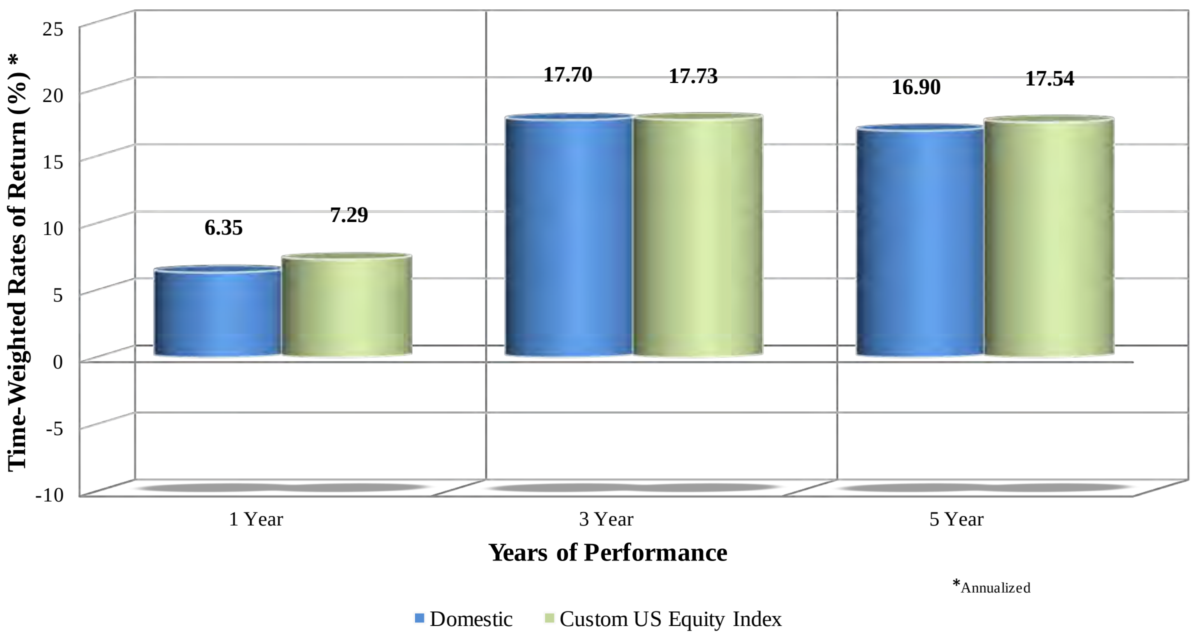


ABSOLUTE RETURN DISTRIBUTION BY TYPE
as of June 30, 2015

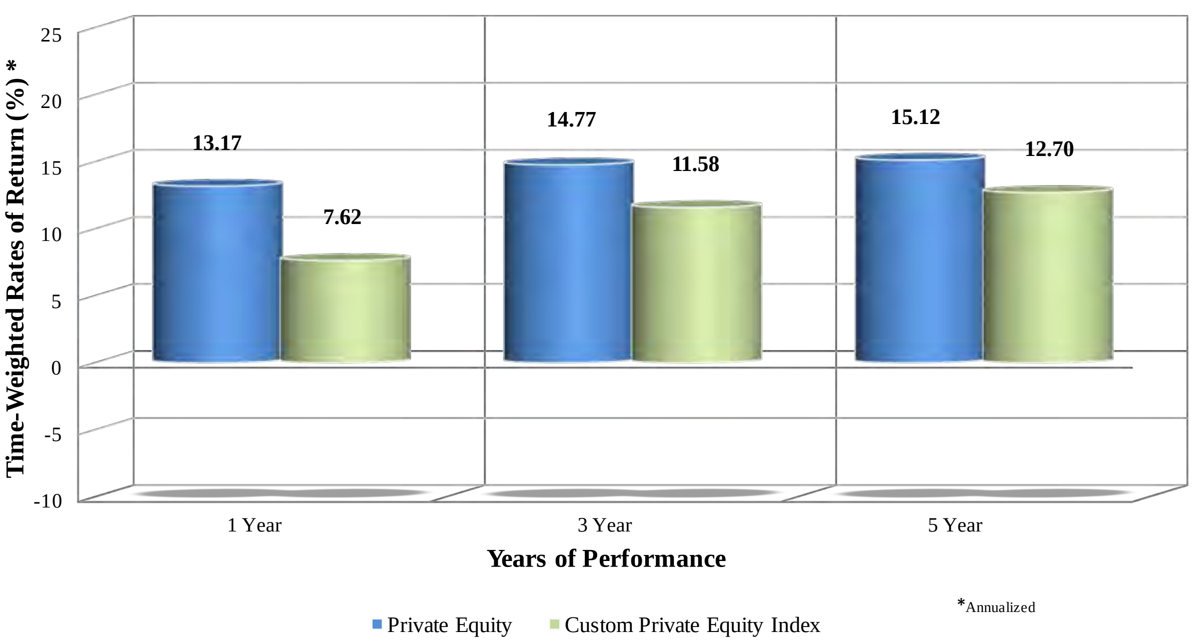


MARYLAND STATE RETIREMENT AND PENSION SYSTEM
COMPARATIVE INVESTMENT RETURNS ENDING JUNE 30, 2015

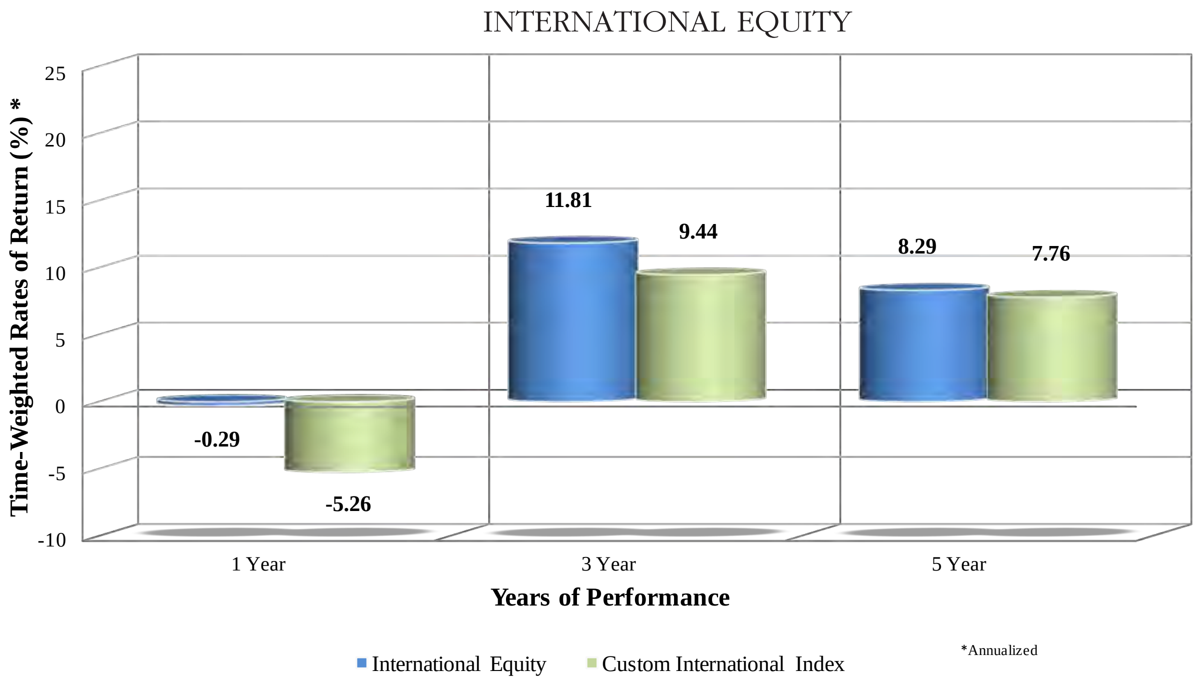
DOMESTIC EQUITY

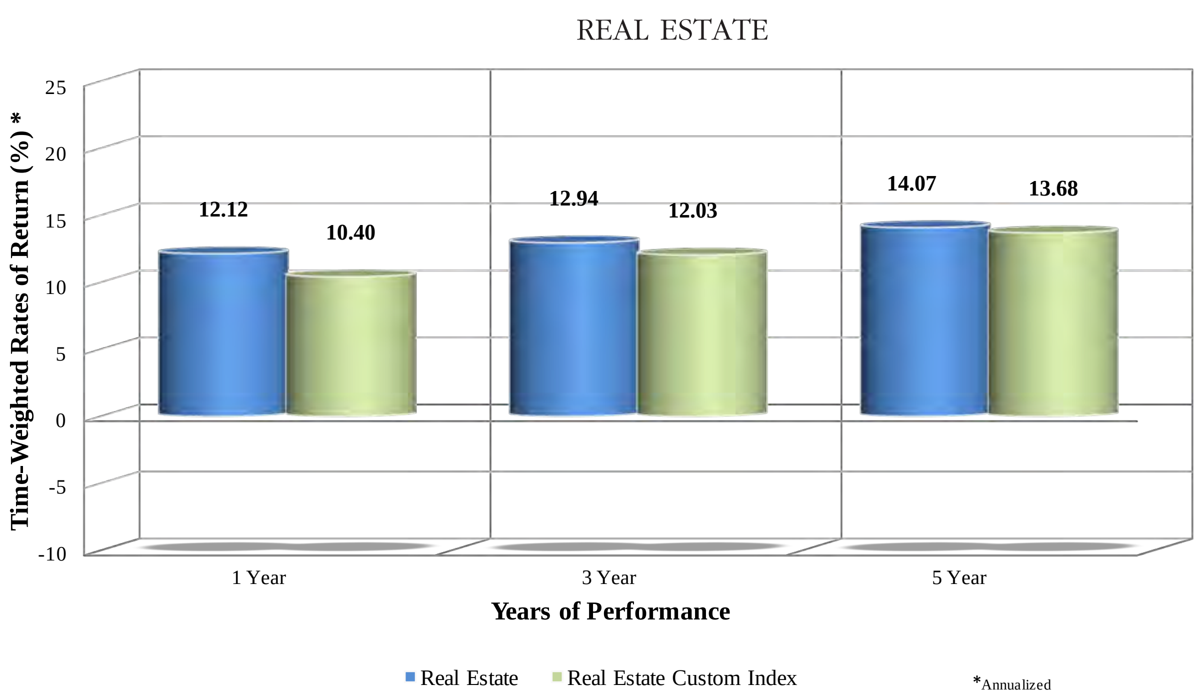


PRIVATE EQUITY



MARYLAND STATE RETIREMENT AND PENSION SYSTEM
COMPARATIVE INVESTMENT RETURNS ENDING JUNE 30, 2015

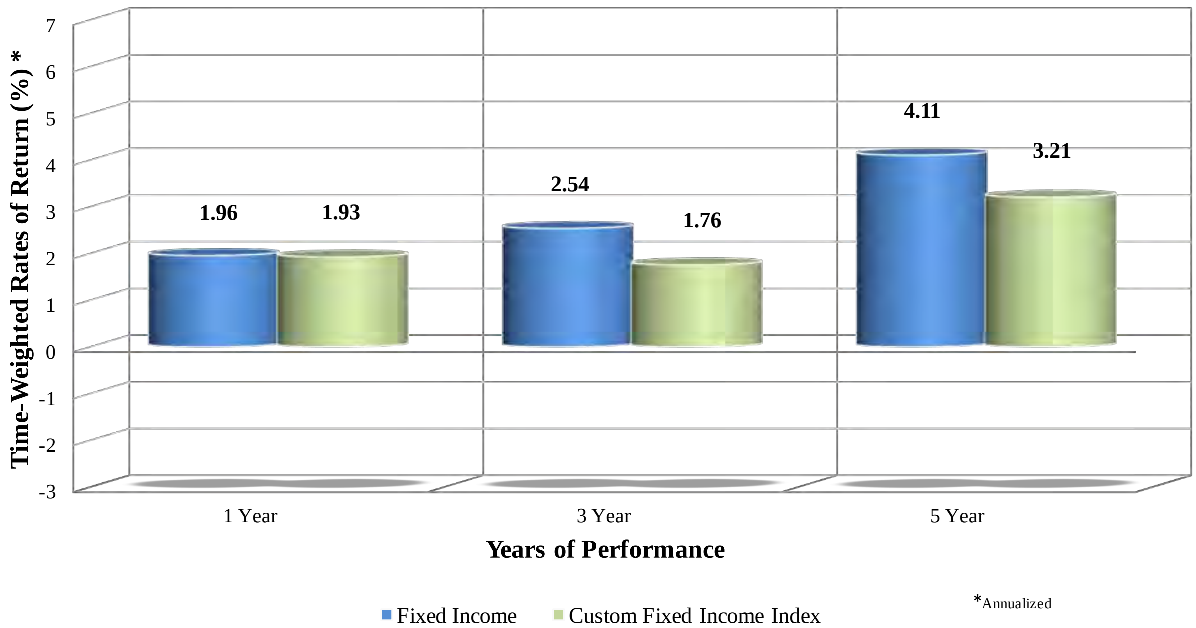




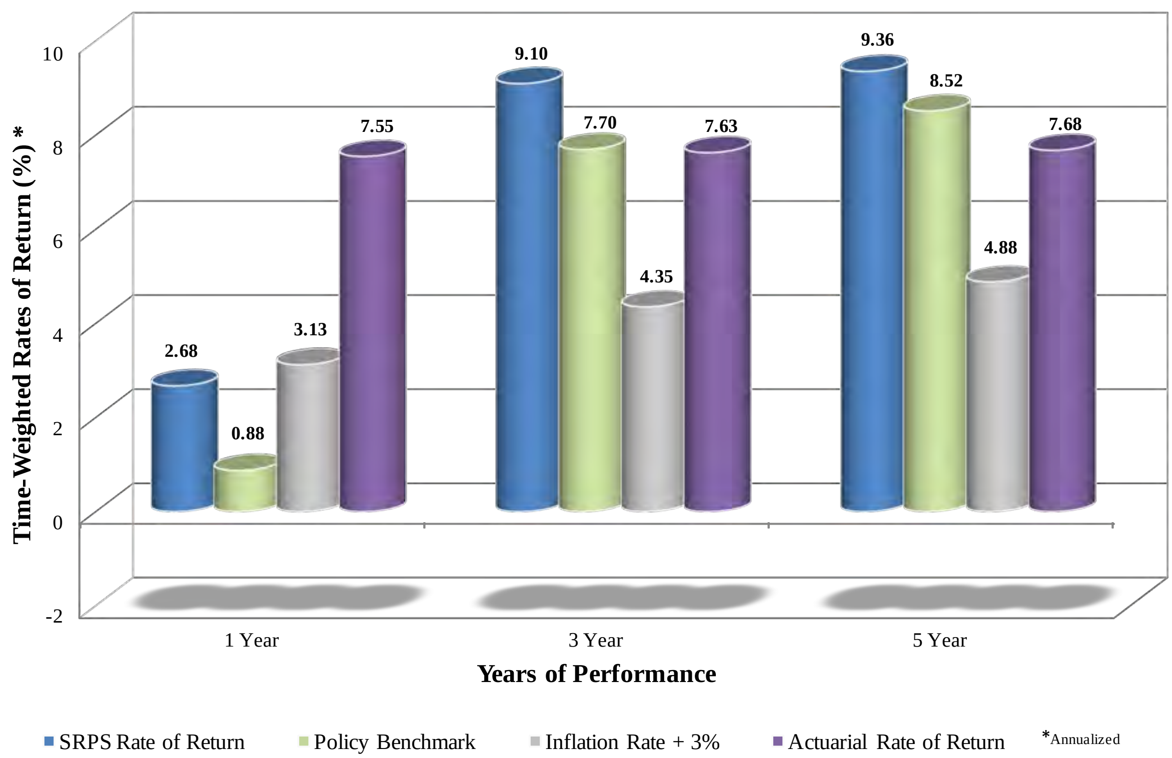
MARYLAND STATE RETIREMENT AND PENSION SYSTEM

COMPARATIVE INVESTMENT RETURNS ENDING JUNE 30, 2015

FIXED INCOME



TOTAL PLAN



MARYLAND STATE RETIREMENT AND PENSION SYSTEM