International Union of Operating Engineers Local #487

Third Quarter Review

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SEI New ways. New answers.®

November 29th, 2012

Agenda

- Capital Markets Review
- Economic and Market Outlook
- Plans Assets and Metrics
- Appendix

IUOE Local #487
2012 executive summary, 10/31/2012

Summary

- Pension Portfolio returns for the year-to-date period ending 10/31/2012: 11.7%
- Pension Portfolio market value: $49,372,356
- H&W Portfolio returns for the year-to-date period ending 10/31/2012: 9.6%
- H&W Portfolio market value: $2,579,581
- A&T Portfolio returns for the year-to-date period ending 10/31/2012: 8.1%
- A&T Portfolio market value: $606,638

Investment strategy

- Mitigate drawdown risk
- Broadly diversify plan assets

2012 portfolio highlights

- Pension Plan funded $2.5 million in Core Property

SEI's market and economic outlook

- Recent rally may fade in the near term
  - Weak economic data, "fiscal cliff," European headlines pose downside risks
- Need evidence of economic improvement/reduction of uncertainties before becoming more constructive on U.S. and emerging-market equities

Capital Markets Review

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Global market review: Central banks support markets

Market review

- Accommodative central banks drove sharp market reversal from "risk off" in second quarter to "risk on" in the third
  - Investors reached for risk as high-beta stocks /non-treasury fixed-income outperformed
- However, no signs that central bank action improved economic conditions

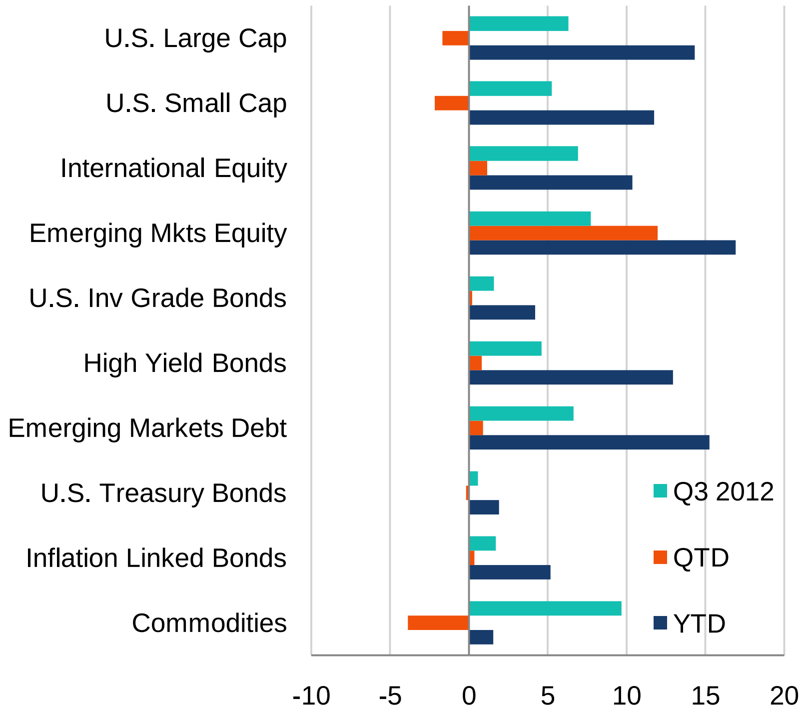
Strategy positioning

- Strong returns for quarter and year to date as both fixed-income and equity allocations were broadly positioned for continued growth
- Diversification has mitigated year-to-date volatility

SEI's market and economic outlook

- Recent rally may fade in the near term
  - Weak economic data, "fiscal cliff," European headlines pose downside risks
- Need evidence of economic improvement/reduction of uncertainties before becoming more constructive on U.S. and emerging-market equities

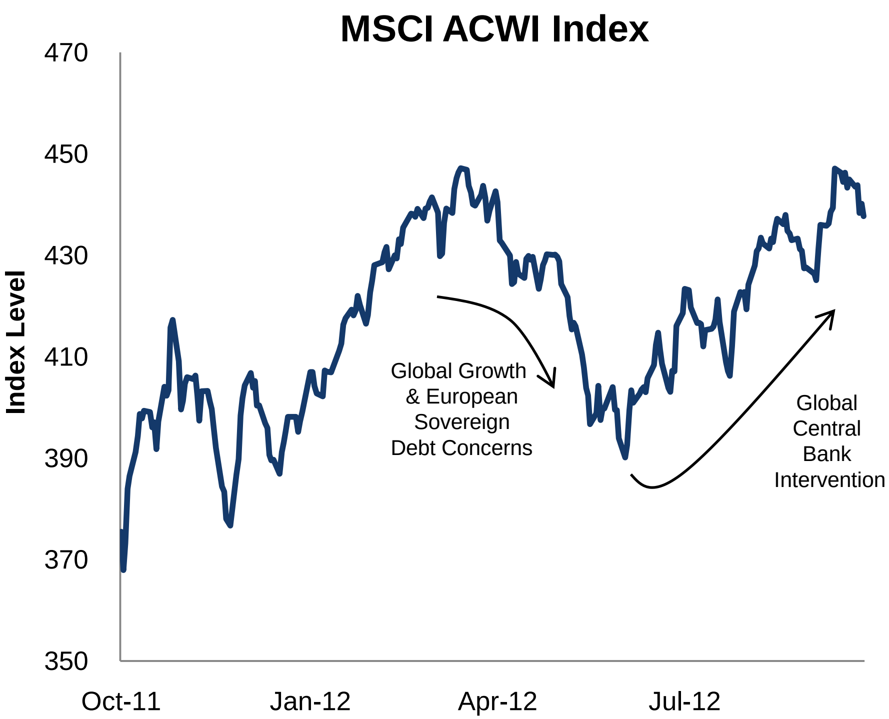
Financial Markets Performance Selected Markets Q3, QTD and YTD as of 10/31/12 (%)

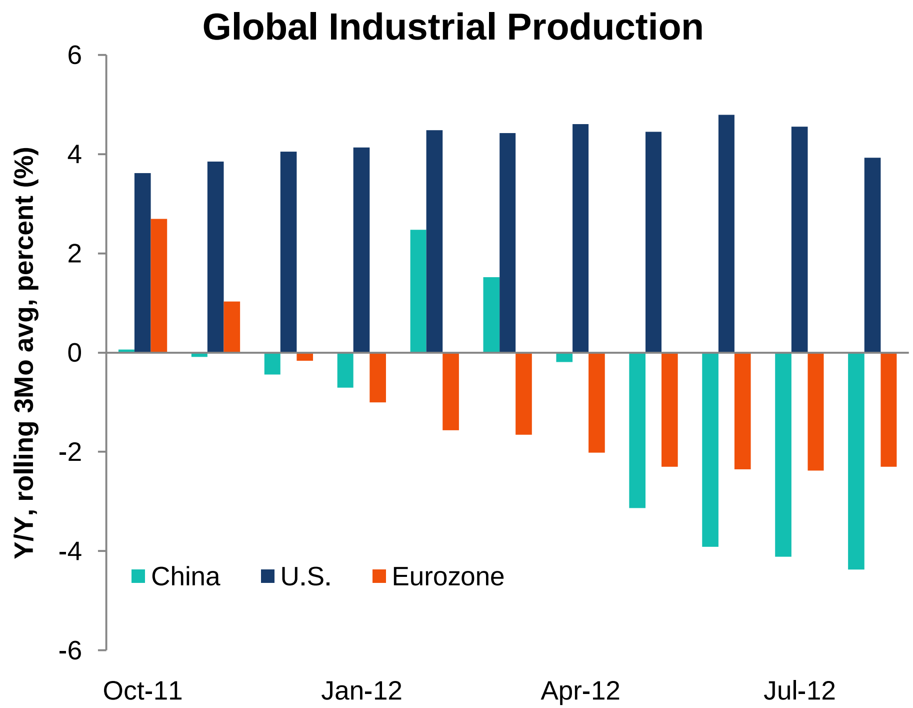


U.S. Large Cap = Russell 1000, U.S. Small Cap = Russell 2000, International Equity = MSCI EAFE, Emerging Markets Equity = MSCI EME, U.S. Investment Grade Bonds = Barclays U.S. Aggregate, High Yield = BofA ML Master II HY Constrained, Emerging Markets Debt = JP Morgan EMBI Global Diversified, Treasury = Treasury component of the Barclays U.S. Aggregate, Inflation Linked = Barclays 1-10 Year TIPS, Commodities = DJ UBS Commodity Index.

Source: SEI, FactSet

Disconnect between markets and global fundamentals





- In July, European Central Bank president declared willingness to “do whatever it takes” to support Euro
  - The Outright Monetary Transaction program (announced in early September) gives ECB potentially unlimited power to purchase sovereign debt of troubled European countries
- U.S. Federal Reserve announced additional quantitative easing (QE3) to support economic growth
- Central bank action quelled euro-breakup fears; still no sign of improvement in economic fundamentals

Sources: Factset, Thomson Reuters Datastream

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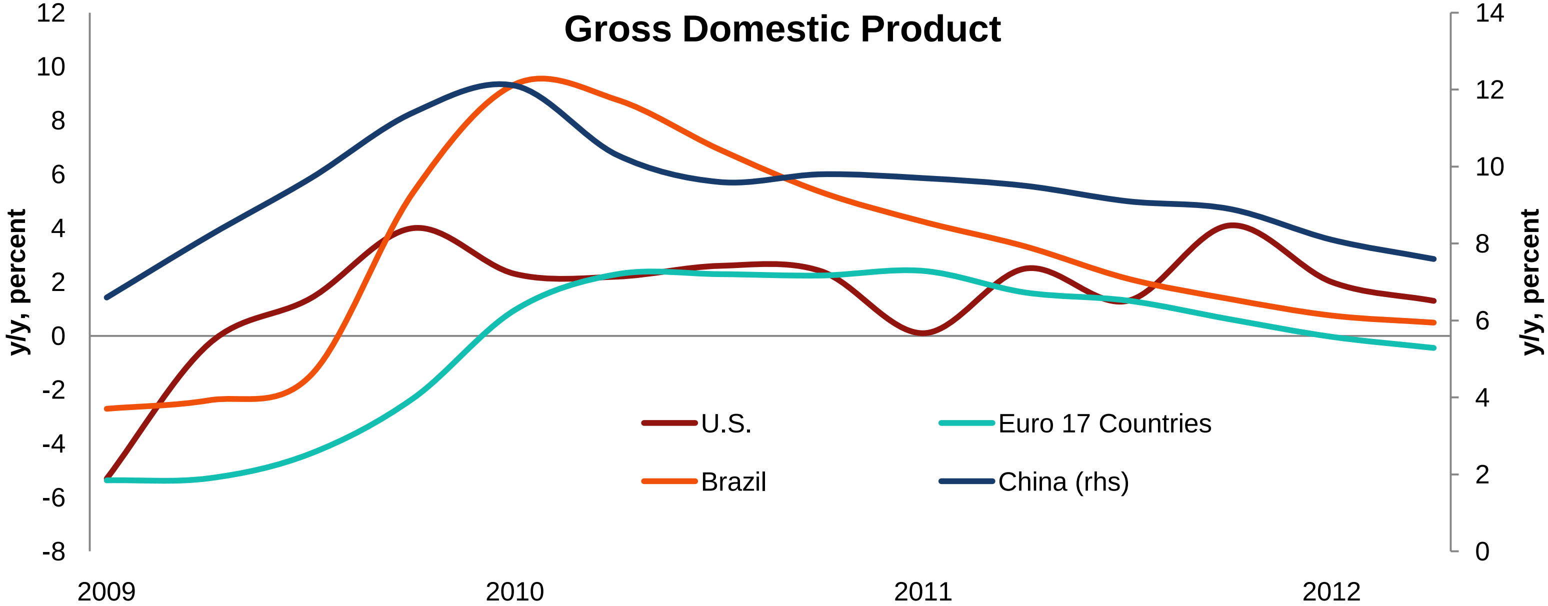
SEI Point of View:
Economic and Market Outlook

Economic outlook: Slow, slowing and shrinking

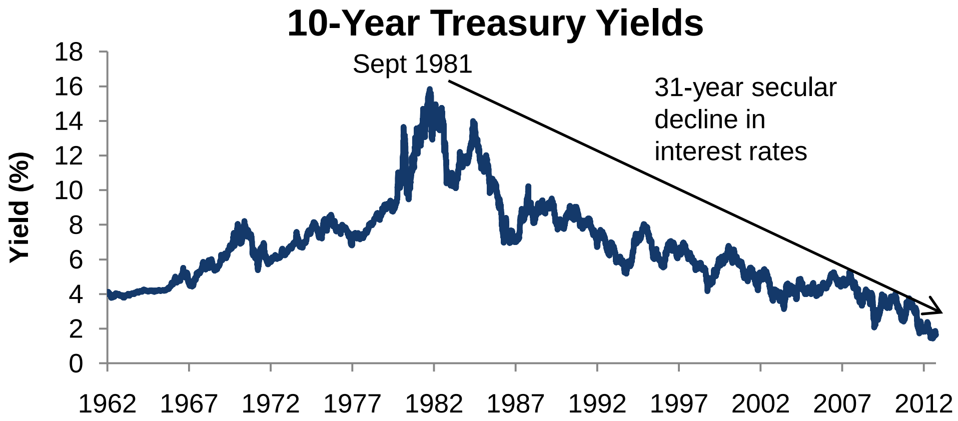


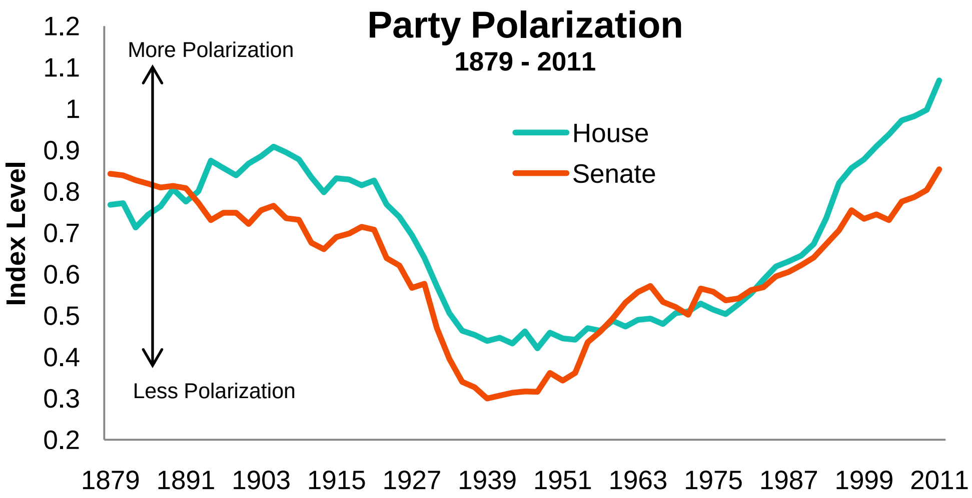
- ***Slow:*** U.S. recovery remains tepid (for now)
  - Post-election clarity/resolution of "fiscal cliff" could support spending by consumers and industry
- ***Slowing:*** Emerging markets continue to slow
  - Signs that slowdown in China is ending will be catalyst for us to make a move
- ***Shrinking:*** Europe sliding into recession
  - SEI expects contraction to continue and contagion fears to reaccelerate

Sources: Thomson Reuters Datastream

U.S. stock/bond outlook:
Hard to make a move before year end

- U.S. stocks attractive relative to investment-grade fixed income
  - Investment-grade fixed offers low *absolute* return opportunities going forward
  - Spread sectors offer attractive *relative* return opportunities
- However, impending "fiscal cliff"/upcoming election cloud U.S. picture
  - Partisanship at record "high" in Washington D.C.
- Investors need clarity before looking to longer-term





Source = Thomson Reuters Datastream, "Measuring Bias and Uncertainty in Ideal Point Estimates via the Parametric Bootstrap." *Political Analysis*, 2004, Jeffrey B. Lewis and Keith T. Poole. Voteview.com. Index of political polarization as measured by the gap between voting patterns among Liberals and Conservatives.

Plan Assets and Performance

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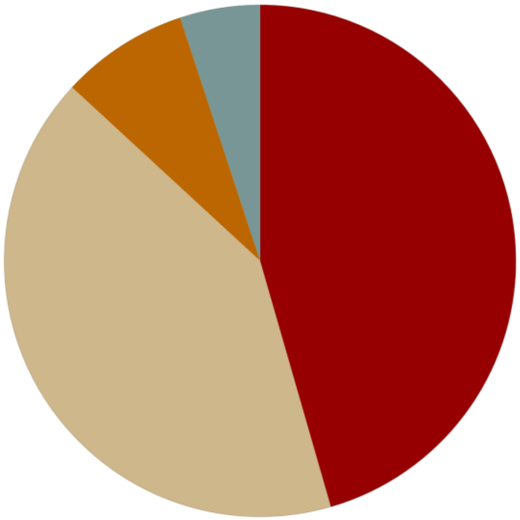
Year to Date Fund Performance as of 10/31/12

Fund	SEI (%)	Index (%)	Difference
Large Cap	14.58	14.32	0.26
Small Cap	9.90	11.75	-1.85
World Equity ex-US	12.41	10.81	1.60
Core Fixed Income	6.97	4.20	2.77
High Yield Bond	14.40	12.90	1.50
Emerging Market Debt	15.28	14.07	1.21
Enhanced LIBOR Opportunities	6.73	0.45	6.28
Short Duration Government	1.85	0.31	1.54

Large Cap Equity = Russell 1000, Small Cap Index = Russell 2000, World Equity ex U.S. Index = MSCI All Country ex US (net), Core Fixed Income Index = Barclays Capital U.S. Aggregate, High Yield Bond Index = BofA ML Master II HY Constrained, Emerging Markets Debt Index = 50% JP Morgan EMBI Global Diversified/50% JP Morgan EM Global Diversified; Short Duration Govt Index = BofA ML Treasury 1-2.99; Enhanced LIBOR Opportunity = ML 3 Month Con Mat LIBOR

Asset Allocation – Pension SEI Only 10/31/12

Current Portfolio Allocation



Asset Class		Total Market Value	% Allocation
US Equity	$	22,486,245	45.5%
Fixed Income	$	20,399,012	41.3%
World Equity x-US	$	3,987,499	8.1%
Real Estate / Property	$	2,500,000	5.1%
TOTAL	**$**	**49,372,756**	**100%**

Manager/Asset	Style	Total Market Value		% Allocation
SEI LARGE CAP FUND	US Equity	$	18,608,514	37.7%
SEI CORE FIXED INCOME FUND	Core Fixed Income	$	15,402,767	31.2%
SEI WORLD EQUITY EX-US FUND	World Equity x-US	$	3,987,499	8.1%
SEI SMALL CAP FUND	US Equity	$	3,877,731	7.9%
SEI HIGH YIELD BOND FUND	High Yield Fixed Income	$	3,004,875	6.1%
SEI CORE PROPERTY COLLECTIVE INVEST TR	Real Estate / Property	$	2,500,000	5.1%
SEI EMERGING MARKETS DEBT FUND	Emerging Markets Fixed Income	$	1,991,370	4.0%
CASH & ACCRUED INCOME		$	0	0.0%
	TOTALS	**$**	**49,372,756**	**100%**

Portfolio Performance – Pension SEI Only Portfolio 10/31/12

Total Portfolio Returns

	1 Month	3 Month	YTD	1 Year	FYTD	ITD*
TOTAL PORTFOLIO RETURNS (Gross)	-0.42%	3.31%	11.72%	11.33%	2.42%	10.63%
TOTAL PORTFOLIO RETURNS (Net)	-0.47%	3.15%	11.19%	10.69%	2.04%	9.99%
TOTAL INDEX	*-0.58%*	*2.41%*	*9.43%*	*9.01%*	*2.44%*	*9.44%*

* Inception Date: 5/31/10

Asset Growth

	1 Month	3 Month	YTD	Fiscal YTD (03/31)	Since Inception (05/31/10)
Beginning Market Value	$47,251,170	$48,373,632	$38,526,665	$49,328,994	$18,296,533
Net Cash Flows	($160,000)	($3,066,587)	$3,387,577	($3,562,490)	$18,779,790
Net Funds for Investment	$47,091,170	$45,307,045	$41,914,242	$45,766,504	$37,076,323
Investment Gain/Loss	$2,281,586	$4,065,711	$7,458,514	$3,606,252	$12,296,434
Ending Market Value	**$49,372,756**	**$49,372,756**	**$49,372,756**	**$49,372,756**	**$49,372,756**

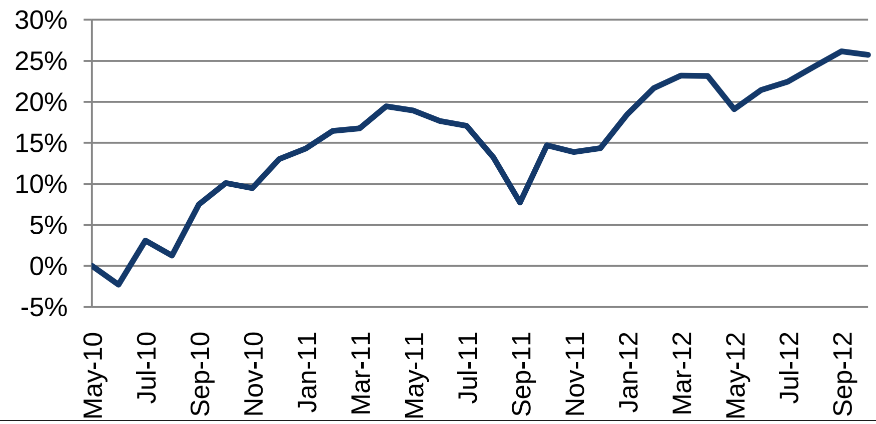
Current Blended Benchmark

10/01/12 - 10/31/12

41.00% BARCLAY US AGG TRIX
38.00% RUSSELL 1000 TR
8.00% MSCI AC WRLD X US NR USD
8.00% RUSSELL 2000 TR
5.00% HISTORICAL BLEND FOR THE CORE PROPERTY FUND

Total Portfolio Value including ARS: $49,932,756

Cumulative Return History



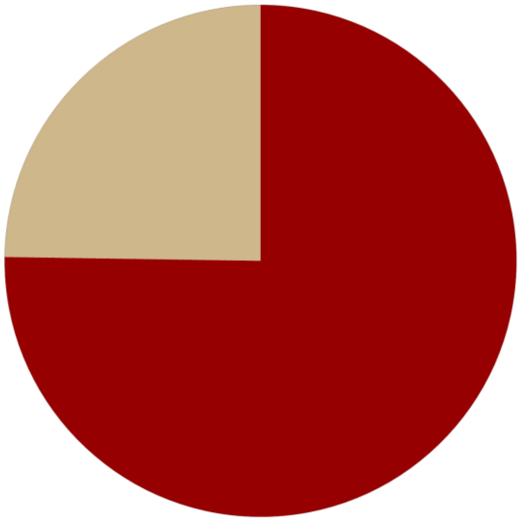
Portfolio Note

Market Value 10/31/12 - $49,372,756
Net Cash Flows – ($272,523)
Net Funds for Investment - 49,100,233
Market Value 11/26/12 - $ 49,046,704
Loss of $53,529 – approx. -0.11%

Investment gain since inception: $12.3 million

Asset Allocation – H&W SEI Only 10/31/12

Current Portfolio Allocation



Asset Class		Total Market Value	% Allocation
Fixed Income	$	1,940,811	75.2%
US Equity	$	638,771	24.8%
TOTAL	**$**	**2,579,581**	**100%**

Manager/Asset	Style		Total Market Value	% Allocation
SEI CORE FIXED INCOME FUND	Core Fixed Income	$	1,344,401	52.1%
SEI LARGE CAP FUND	US Equity	$	562,431	21.8%
SEI ENHANCED LIBOR OPPS FUND	Other Fixed Income	$	335,858	13.0%
SEI HIGH YIELD BOND FUND	High Yield Fixed Income	$	130,952	5.1%
SEI EMERGING MARKETS DEBT FUND	Emerging Markets Fixed Income	$	129,599	5.0%
SEI SMALL CAP FUND	US Equity	$	76,340	3.0%
CASH & ACCRUED INCOME		$	0	0.0%
	TOTALS	**$**	**2,579,581**	**100%**

Portfolio Performance – H&W SEI Only Portfolio 10/31/12

Total Portfolio Returns

	1 Month	3 Month	YTD	1 Year	FYTD	ITD*
TOTAL PORTFOLIO RETURNS (Gross)	-0.03%	2.52%	9.63%	10.07%	3.63%	8.65%
TOTAL PORTFOLIO RETURNS (Net)	-0.06%	2.42%	9.30%	9.67%	3.39%	8.25%
TOTAL INDEX	*-0.31%*	*1.40%*	*6.77%*	*7.04%*	*2.73%*	*6.73%*

* Inception Date: 5/31/10

Asset Growth

	1 Month	3 Month	YTD	Fiscal YTD (03/31)	Since Inception (05/31/10)
Beginning Market Value	$2,580,778	$2,518,511	$2,359,492	$2,493,707	$2,311,721
Net Cash Flows	$0	($1,067)	($2,875)	($1,890)	($189,168)
Net Funds for Investment	$2,580,778	$2,517,444	$2,356,618	$2,491,817	$2,122,553
Investment Gain/Loss	($1,197)	$62,137	$222,963	$87,765	$457,028
Ending Market Value	**$2,579,581**	**$2,579,581**	**$2,579,581**	**$2,579,581**	**$2,579,581**

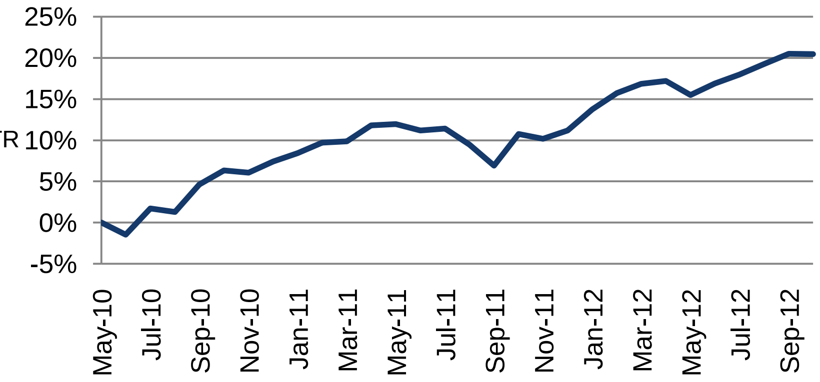
Current Blended Benchmark

10/01/12 - 10/31/12

62.00% BARCLAY US AGG TRIX
22.00% RUSSELL 1000 TR
13.00% BOFAML USD LIBOR 3M CON MAT TR
3.00% RUSSELL 2000 TR

Total Portfolio Value including ARS: $2,754,581

Cumulative Return History



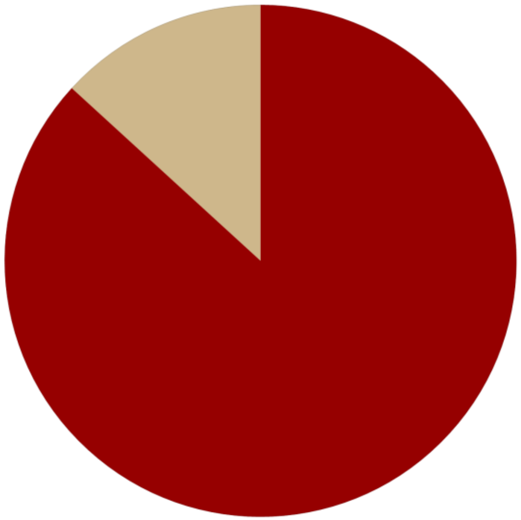
Portfolio Note

Market Value 10/31/12 - $2,579,581
Net Cash Flows – ($1,449)
Net Funds for Investment - $2,578,132
Market Value 11/26/12 - $2,577,321
Loss of $811

Investment gain since inception: $457 thousand

Asset Allocation – A&T Total Portfolio 10/31/12

Current Portfolio Allocation



Asset Class		Total Market Value	% Allocation
Fixed Income	$	526,471	86.8%
US Equity	$	80,166	13.2%
TOTAL	**$**	**606,638**	**100%**

Manager/Asset	Style	Total Market Value		% Allocation
SEI CORE FIXED INCOME FUND	Core Fixed Income	$	310,624	51.2%
SEI SHORT-DURATION GOVERNMENT FUND	Municipal Fixed Income	$	84,203	13.9%
SEI LARGE CAP FUND	US Equity	$	80,166	13.2%
SEI HIGH YIELD BOND FUND	High Yield Fixed Income	$	52,239	8.6%
SEI ENHANCED LIBOR OPPS FUND	Other Fixed Income	$	47,262	7.8%
SEI EMERGING MARKETS DEBT FUND	Emerging Markets Fixed Income	$	32,143	5.3%
CASH & ACCRUED INCOME		$	0	0.0%
	TOTALS	**$**	**606,638**	**100%**

Portfolio Performance – A&T Total Portfolio 10/31/12

Total Portfolio Returns

	1 Month	3 Month	YTD	1 Year	FYTD	ITD*
TOTAL PORTFOLIO RETURNS (Gross)	0.17%	1.96%	8.12%	8.97%	4.30%	6.90%
TOTAL PORTFOLIO RETURNS (Net)	0.14%	1.86%	7.79%	8.57%	4.07%	6.50%
TOTAL INDEX	*-0.08%*	*0.66%*	*4.54%*	*5.32%*	*2.79%*	*4.64%*

* Inception Date: 5/31/10

Asset Growth

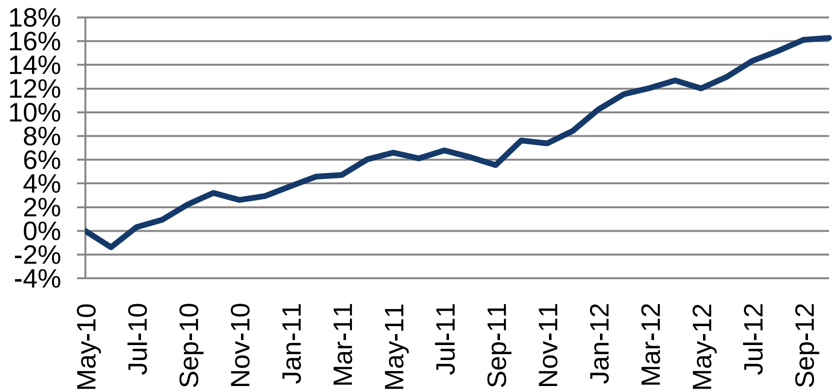
	1 Month	3 Month	YTD	Fiscal YTD (03/31)	Since Inception (05/31/10)
Beginning Market Value	$620,711	$610,231	$595,928	$612,047	$502,056
Net Cash Flows	($15,000)	($15,227)	($35,627)	($30,403)	$16,113
Net Funds for Investment	$605,711	$595,004	$560,301	$581,644	$518,169
Investment Gain/Loss	$927	$11,633	$46,337	$24,994	$88,468
Ending Market Value	**$606,638**	**$606,638**	**$606,638**	**$606,638**	**$606,638**

Current Blended Benchmark

12/01/11 - 10/31/12

65.00% BARCLAY US AGG TRIX
15.00% BOFAML 1-3Y US TRS TRIX
12.00% RUSSELL 1000 TR
8.00% BOFAML USD LIBOR 3M CON MAT TR

Cumulative Return History



Portfolio Note

Market Value 10/31/12 - $606,638
Net Cash Flows – ($293)
Net Funds for Investment - $606,345
Market Value 11/26/12 - $606,144
Loss of $201

Investment gain since inception: $88 thousand

Auction Rate Securities - Remaining

				Cost Basis	MV as of 5/31/10	10/31/2012		"Cost"
Plan	Name	Acquired	Units	Karpus	Karpus	Bid	Estimated Principal	Bank
H&W	ALLIANCEBERNSTEIN NATL	6/18/2008	8	$ 187,000.00	$ 187,000.00	70	$ 140,000.00	$ (47,000.00)
Pension	WESTERN ASSET MANAGED MU	6/17/2008	7	$ 163,625.00	$ 163,625.00	70	$ 122,500.00	$ (41,125.00)
Pension	WESTERN ASSET MANAGED MU	6/17/2008	10	$ 233,750.00	$ 233,750.00	70	$ 175,000.00	$ (58,750.00)
H&W	AGIC CONV & INC PFD	8/5/2008	2	$ 46,000.00	$ 30,000.00	70	$ 35,000.00	$ (11,000.00)
Pension	AGIC CVT & INC II PFD SER D	8/5/2008	7	$ 161,000.00	$ 161,000.00	70	$ 122,500.00	$ (38,500.00)
Pension	PUTNAM MUNICIPAL OPPORTU	3/17/2010	8	$ 181,125.00	$ 178,000.00	70	$ 140,000.00	$ (41,125.00)
	TOTAL			$ 972,500.00	$ 953,375.00		$ 735,000.00	$(237,500.00)

Auction Rate Securities - Sold

				Sold			Redeemed	
Plan	**Name**	**Units**	**Cost Basis**	**Principal**	**Commission**	**NET**	**NET**	**Gain/Loss**
Pension	BLACKROCK FL MUNI INC TR	17	$ 361,250.00	$ 340,000.00	$ 408.00	$ 339,592.00		**$ (21,658.00)**
Pension	BLACKROCK MUNI BOND TRUS	7	$ 148,750.00	$ 140,000.00	$ 168.00	$ 139,832.00		**$ (8,918.00)**
H&W	BLACKROCK VA MUNI BOND	1	$ 21,250.00	$ 20,000.00	$ 24.00	$ 19,976.00		**$ (1,274.00)**
Pension	BLACKROCK VA MUNI BOND	9	$ 191,250.00	$ 180,000.00	$ 216.00	$ 179,784.00		**$ (11,466.00)**
Pension	BLACKROCK NJ MUNI BOND	7	$ 148,750.00	$ 140,000.00	$ 168.00	$ 139,832.00		**$ (8,918.00)**
H&W	BLACKROCK CRED ALLOC IV	2	$ 42,500.00	$ 44,000.00	$ 52.80	$ 43,947.20		**$ 1,447.20**
H&W	BLACKROCK MUNI NY INSUR	1	$ 21,250.00	$ 20,000.00	$ 24.00	$ 19,976.00		**$ (1,274.00)**
Pension	BLACKROCK MUNI NY INSUR	8	$ 150,000.00	$ 160,000.00	$ 192.00	$ 159,808.00	-	**$ 9,808.00**
Pension	BLACKROCK MUNI NY INSUR	17	$ 361,250.00	$ 340,000.00	$ 408.00	$ 339,592.00		**$ (21,658.00)**
Pension	WESTERN ASSET VARIABLE RATE	11,032	$ 184,730.84			$ 171,105.63		**$ (13,625.21)**
H&W	WESTERN ASSET VARIABLE RATE	1,435	$ 24,053.27			$ 22,199.00		**$ (1,854.27)**
Training	WESTERN ASSET VARIABLE RATE	307	$ 5,026.20			$ 5,001.83		**$ (24.37)**
Pension	BLACKROCK MUNI INTER DUR	5	$ 106,250.00	$ 100,000.00	$ 120.00	$ 99,880.00		**$ (6,370.00)**
H&W	NUVEEN ARIZONA DVD ADV	4	$ 67,000.00	$ 83,000.00	$ 99.60	$ 82,900.40	-	**$ 15,900.40**
Training	NUVEEN INSURED OPPORTUNT	1	$ 23,000.00	$ 21,750.00	$ 26.10	$ 21,723.90		**$ (1,276.10)**
Training	NUVEEN INSURED OPPORTUN	1	$ 22,000.00	$ 21,750.00	$ 26.10	$ 21,723.90	-	**$ (276.10)**
Pension	NUVEEN INSD QUAL	14	$ 234,500.00	$ 290,500.00	$ 348.60	$ 290,151.40	-	**$ 55,651.40**
Training	NUVEEN SELECT QUALITY	1	$ 22,000.00	$ 21,750.00	$ 26.10	$ 21,723.90	-	**$ (276.10)**
H&W	NUVEEN SELECT QUALITY	3	$ 66,000.00	$ 65,250.00	$ 78.30	$ 65,171.70		**$ (828.30)**
Pension	NUVEEN QUAL INCM	22	$ 484,000.00	$ 473,000.00	$ 567.60	$ 472,432.40		**$ (11,567.60)**
Pension	NUVEEN CA DIV ADV MUNI 3	1	$ 22,000.00	$ 21,500.00	$ 25.80	$ 21,474.20	-	**$ (525.80)**
Pension	PIMCO MUNI INCOME FD II	4	$ 75,000.00	$ 72,000.00	$ 86.40	$ 71,913.60		**$ (3,086.40)**
Pension	PUTNAM MUNICIPAL OPPORTU	1	$ 22,500.00	$ 20,000.00	$ 24.00	$ 19,976.00		**$ (2,524.00)**
H&W	ING PRIME RATE TRUST	4	$ 83,000.00	$ 83,250.00	$ 99.90	$ 83,150.10	-	**$ 150.10**
Pension	ING PRIME RATE TRUST	3	$ 62,250.00	-	-	-	$75,000.00	**$ 12,750.00**
Pension	ING PRIME RATE TRUST	15	$ 311,250.00	$ 312,187.50	$ 374.63	$ 311,812.87	-	**$ 562.87**
Training	BLACKROCK MUNI BOND TRUS	1.00	$ 23,375.00	$ 22,000.00	$ 26.40	$ 21,973.60	-	**$ (1,401.40)**
	TOTAL		**$3,284,185.31**	**$2,991,937.50**		**$3,186,653.63**	**$75,000.00**	**$ (22,531.68)**

Appendix

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SIIT Large Cap Fund
Performance review

Overview

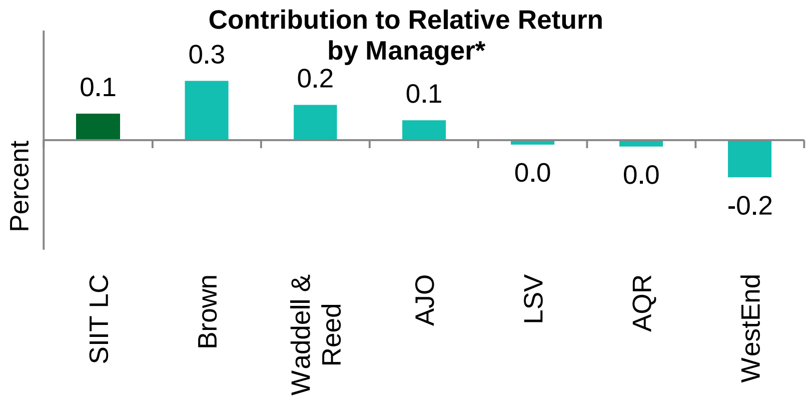
- The risk-on environment was favorable for all managers' strategies, but alpha was generated primarily from large- and mega-cap names.

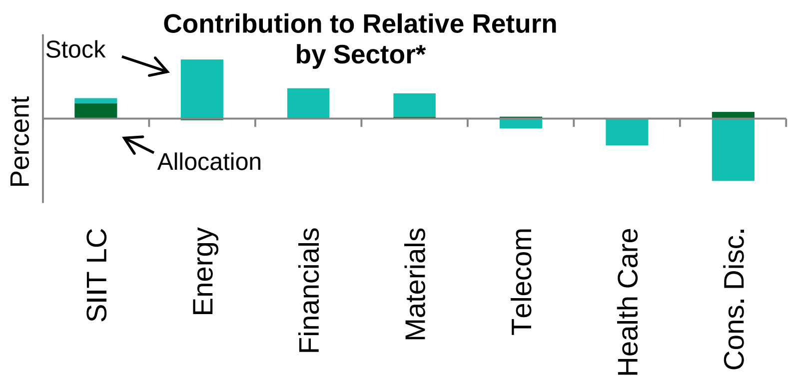
Manager performance

- Brown and Waddell benefitted from their IT picks. However, the impact was muted by WestEnd's IT selections.
- AJO's Energy and Financials picks added value.

Sector performance

- Underweights to Utilities and Industrials were the primary sources of sector allocation alpha.
- Within Energy, a small number of refiners and exploration & production companies drove outperformance.
- Selection within Consumer Discretionary was a challenge, especially consumer services and autos.





* Versus Fund benchmark; top 3/bottom 3 only. In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. Index = Russell 1000 Index.

SIIT Large Cap Fund
Outlook and positioning

Outlook

- We believe the fourth quarter has the potential to be a bumpy ride given the uncertainty regarding the presidential election and the looming fiscal cliff.

Manager positioning

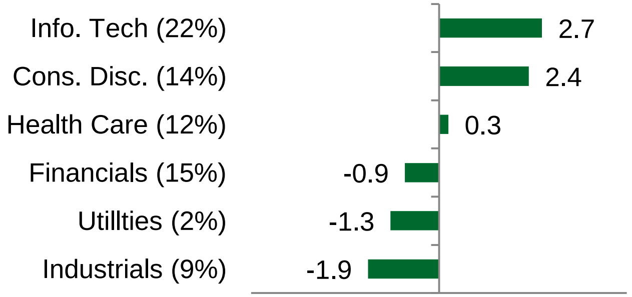
- In order to mitigate exposure to volatility, we have left a portion of the Fund's cash unexposed to the market and may increase it further.
- We are maintaining a neutral stance on growth versus value.

Sector positioning

- Safety remains expensive and could remain so until there is a clear resolution of the European debt crisis and more political certainty in the U.S.
- The Fund remains underweight Industrials as the managers prefer companies that are not highly levered to economic growth.

Manager Allocations (%)	
Aronson+Johnson+Ortiz	18
AQR Capital Management	15
LSV	15
Waddell & Reed	14
Delaware Management Company	13
Brown Advisory	12
WestEnd Advisors	11

Active Sector Allocation *



*Figures in parenthesis are actual fund weights as of September 30, 2012; top 3/bottom 3 only. Cash represented 2.0% of Fund assets. In Base Currency, Gross of Fees.
Past Performance is Not a Guarantee of Future Performance. Index = Russell 1000 Index

SIIT Small Cap Fund
Performance review

Overview

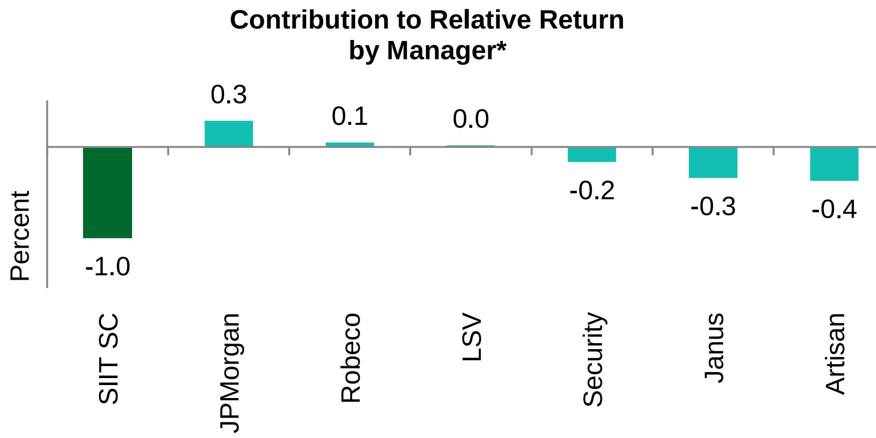
- The Fund returned 4.28% versus 5.25% for the benchmark.
- Value continued to beat growth but by a relatively narrow spread of 83 basis points.

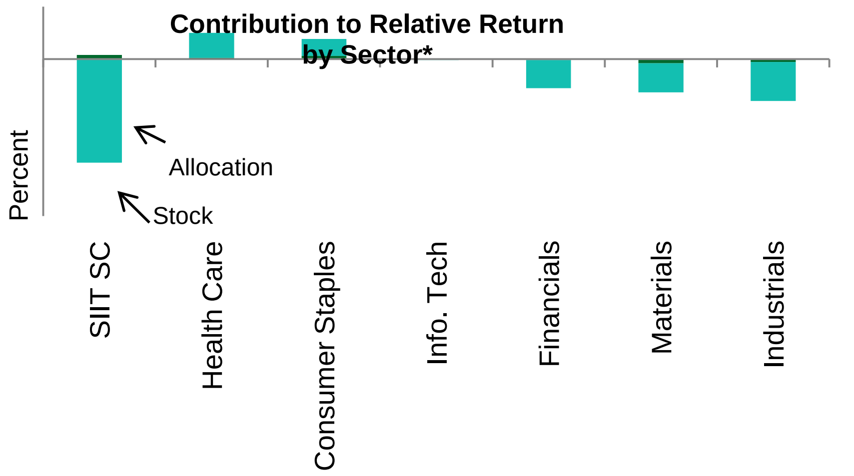
Manager performance

- JPMorgan benefited from growth and volatility exposures, particularly in Tech and Health Care.
- Janus' longer-term, steady compounders approach went unrewarded.
- Artisan's value approach underperformed.

Sector performance

- Stock selection was broadly negative, affecting both value and growth managers.
- Health Care (biotech) and Consumer Staples were the lone contributors.





* Versus Fund benchmark; top 3/bottom 3 only. In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. Index = Russell 2000 Index.

SIIT Small Cap Fund
Outlook and positioning

Outlook

- Small cap valuations remain reasonable. We expect slow economic growth into 2013.
- Political visibility in the U.S. should improve in the fourth quarter. Global macroeconomic volatility remains the biggest risk to performance.

Manager positioning

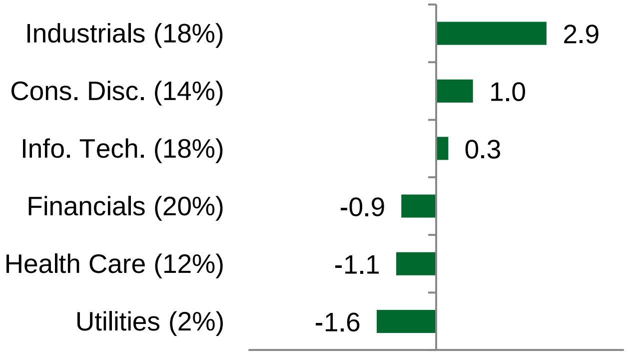
- We are maintaining a balanced allocation to growth and value given the uncertain outlook and our modest growth expectations.
- We terminated Allianz and increased Timberline to full strategic weight. We terminated core manager Wellington on reduced conviction.

Sector positioning

- The Fund has a moderately pro-cyclical sector profile. Managers have reduced an overweight to Energy and added to Consumer Discretionary.

Manager Allocations (%)	
AQR	16
Janus	11
Timberline	11
Lee Munder	10
JPMorgan	10
Robeco	9
AllianceBernstein	9
William Blair	8
Artisan	7
LSV	6
Security	3

Active Sector Allocation *



*Figures in parenthesis are actual fund weights as of September 30, 2012; top 3/bottom 3 only. Cash represented 2.0% of Fund assets. In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. Index = Russell 2000 Index.

SIIT World Equity ex-U.S. Fund Performance review

Overview

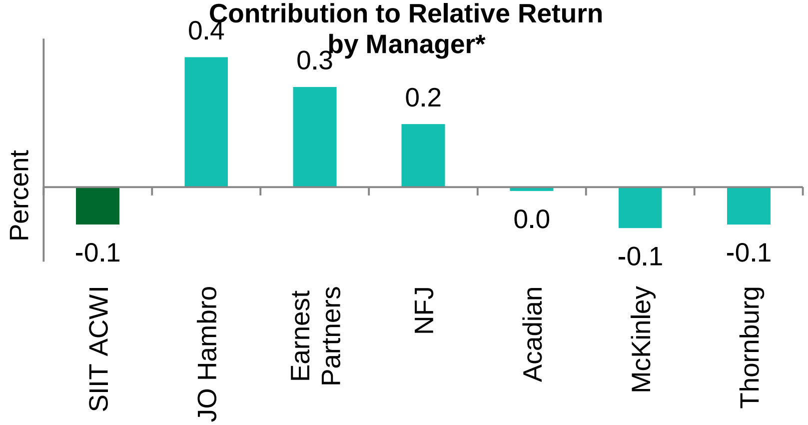
- The Fund returned 7.30%. Its benchmark, the MSCI ACWI ex-US Index, returned 7.40%
- Manager level performance was mixed.
- JO Hambro and Earnest Partners both outperformed, with strong stock selection across a number of sectors.
- Thornburg and McKinley struggled, with weak selection in financials and consumer staples, respectively.

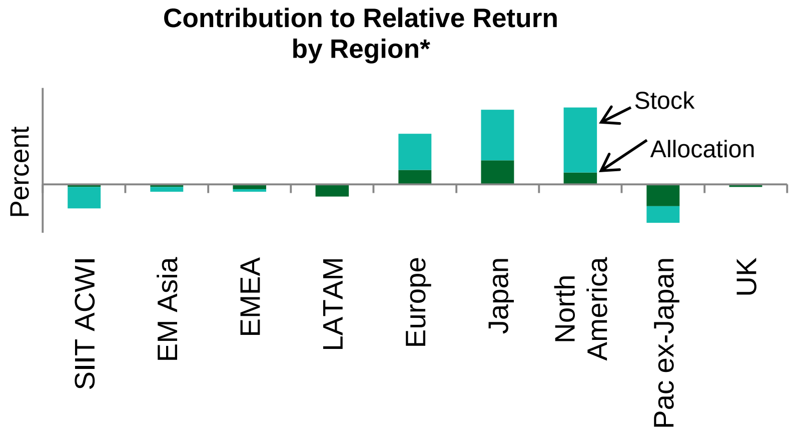
Regional performance

- Canada and Japan saw strong stock selection.
- An overweight to Brazil and underweight to Australia both hurt results

Sector performance

- Selection was strong in Energy and Health Care
- Weak selection in Consumer Staples and an underweight to Financials detracted.





* Versus Fund benchmark; top 3/bottom 3 only. In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance; Index = MSCI ACWI ex US Index.

SIIT World Equity ex-U.S. Fund
Outlook and positioning

Outlook

- Europe will “muddle through,” supported by the central bank’s efforts to stem panic by providing liquidity.
- We believe emerging markets present the best opportunities for growth. They may struggle in the near term due to reliance on exports to developed nations.

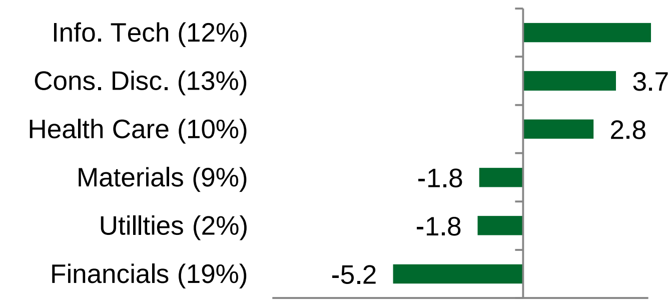
Regional positioning

- Given our outlook, our managers collectively remain underweight to peripheral Europe and selectively positioned in Emerging Markets, with an overweight to Brazil and underweight to Taiwan and Russia.
- The underweight to Pacific ex-Japan is primarily due to lack of exposure to Australian financial stocks.

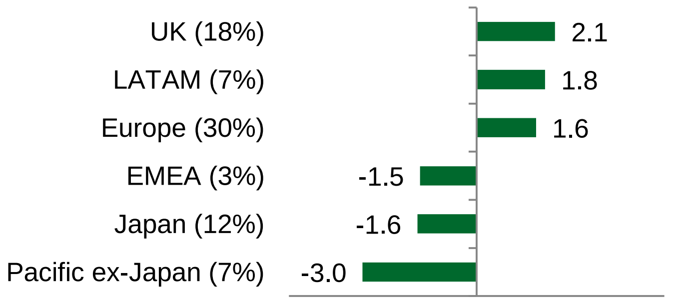
Sector positioning

- In the aggregate, our managers continue to prefer IT, Consumer Discretionary, and Health Care.
- Continued concerns for the prospects of the Financials sector has led our managers to remain underweight the sector relative to the benchmark.

Active Sector Allocation *



Active Region Allocation *



*Figures in parenthesis are actual fund weights as of September 30, 2012; top 3/bottom 3 only. Cash represented 2.0% of Fund assets. In Base Currency, Gross of Fees.
Past Performance is Not a Guarantee of Future Performance. Index = MSCI ACWI ex US Index.

SIIT Core Fixed Income Fund
Performance review

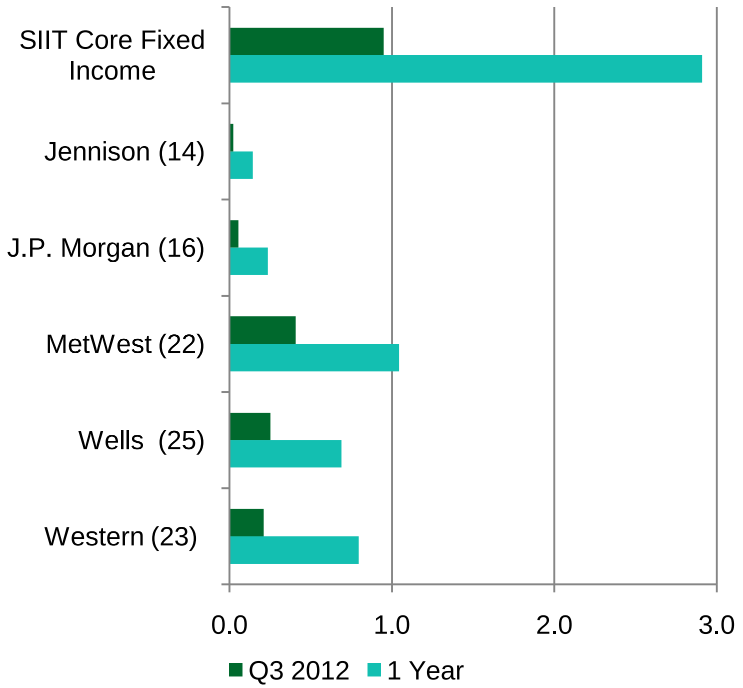
Contributors

- MetWest, Western and J.P. Morgan's overweights to non-agency mortgage-backed securities (MBS) contributed to performance, as the sector continues to perform well.
- MetWest, Western and Jennison's overweights to financials added.
- Wells and MetWest's overweights to commercial mortgage-backed securities (CMBS) contributed.
- Wells' security selection within the agency MBS and corporate sectors was beneficial.

Detractors

- Jennison and Western's yield-curve postures (flatteners) detracted from performance, as the yield curve steepened.
- The Fund's underweight to agency debt detracted.

SIIT Core Fixed Income
Manager Contribution to Excess Return (%)



In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. (#) indicates the percent allocation in the Fund.
Index = Barclays Capital US Aggregate Index

SIIT Core Fixed Income Fund
Positioning and actions

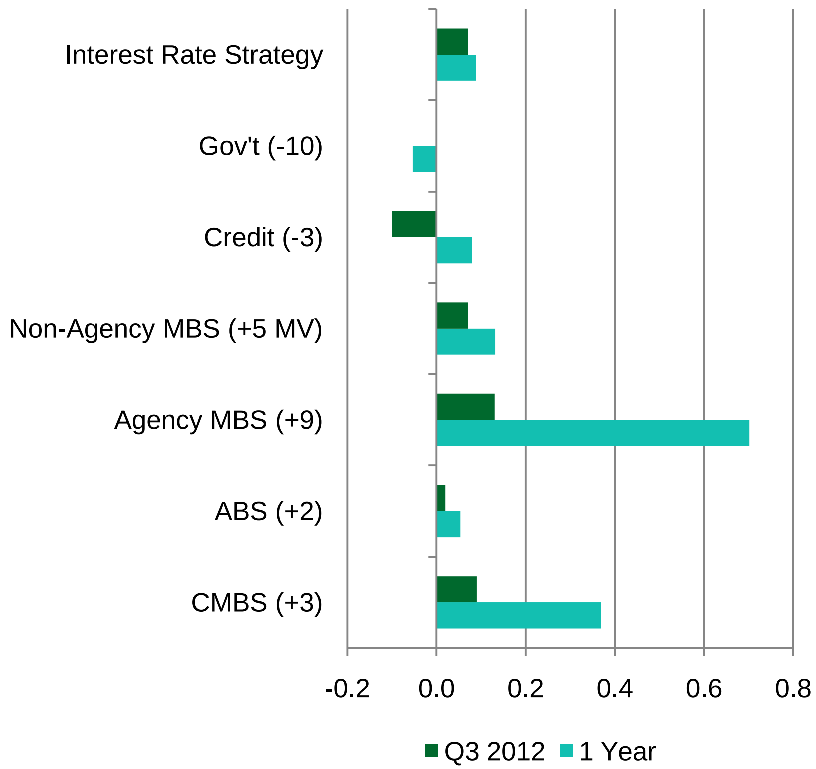
Positioning

- Managers continue to emphasize overweight positions in non-agency MBS, financials, and lower-beta CMBS. However, exposures were reduced during the quarter.
- We expect managers to continue to tactically trade agency MBS given the tightening in spreads.
- The Fund is underweight to the government sector (Treasurys and agency debt) as historically high risk premiums in other sectors are more attractive.

Actions

- Allocations to opportunistic, higher-tracking-error managers (Western & MetWest) are currently being maintained, as managers have reduced risk overall in their individual portfolios.

SIIT Core Fixed Income
Sector Contribution to Excess Return (%)



(#) indicates the relative CTD % weight to the benchmark In Base Currency, Gross of Fees.

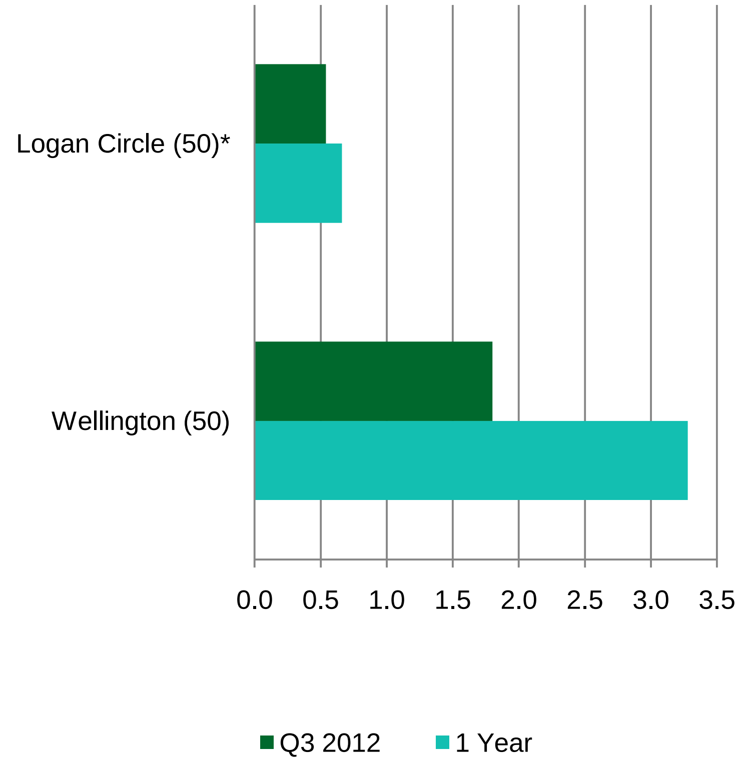
Sources: SEI. Index = Barclays Capital US Aggregate Index.

SIIT Ultra Short Duration Bond Fund
Performance review

Contributors

- The non-agency market rallied as investors continued to demonstrate strong interest on the back of improving housing prices and negative net new issuance. Also, the non-agency Mortgage-Backed Securities market benefited from investor searching for yield in a low interest rate environment.
- U.S. investment-grade corporate bonds outperformed duration-equivalent Treasuries and credit spreads tightened significantly. This came about despite a robust new issuance calendar and softening fundamentals.
- Certain sub-sectors in the U.S. Credit space, notably banking and homebuilders, continued to benefit from the gradual rebound in the U.S. housing market.

SIIT Ultra Short Bond Fund*
Manager Contribution to Excess Return (%)



*In Base Currency, Gross of Fees

Past Performance is Not a Guarantee of Future Performance

(#) indicates the percent allocation in the Fund

Index = Barclays Capital U.S. Treasury 9-12 Month

* Logan circle was funded 5/1/2012. Inception-to-date return was used for 1-year
.

SIIT Ultra Short Duration Bond Fund
Positioning and actions

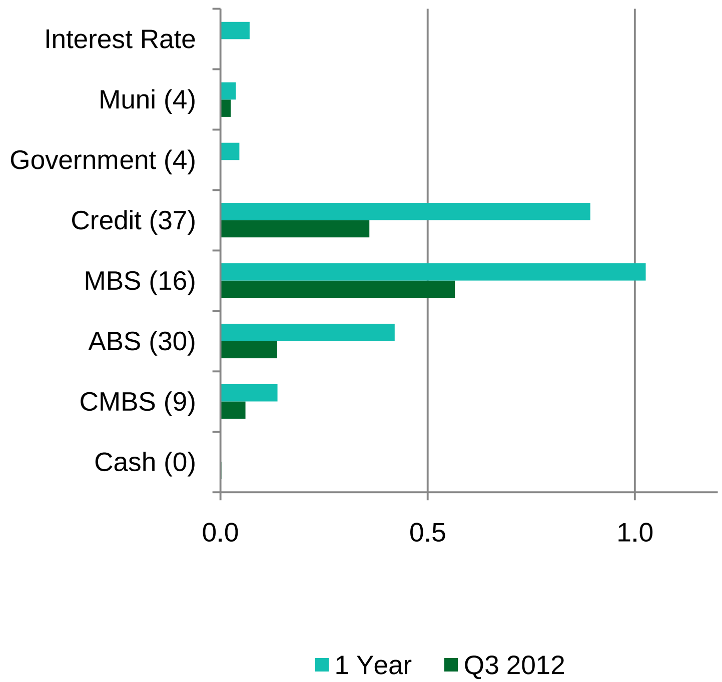
Positioning

- The fund maintains allocations to the non-Treasury sectors (benchmark is composed of 100% Treasuries), especially Consumer Asset Backed Securities, Corporate securities, Agency Mortgage Backed Securities (MBS), Commercial MBS and Non-agency MBS. The Fund focuses on well seasoned, short average life securities at the top of the capital structure, which provide attractive yields and strong default and loss protection.

Actions

- During the quarter, our managers reduced credit risk by trimming non-agency MBS and corporate exposure, before adding back corporate exposure at quarter-end following the announcement of a third round of quantitative easing. Managers also added some seasoned short weighted average life Commercial Mortgage Backed Securities.

SIIT Ultra Short Bond Fund
Sector Contribution to Excess Return (%)



Sources: SEI, BlackRock Solutions
Index = Barclays Capital U.S. Treasury 9-12 Month
(#) indicates the relative weight to the benchmark

SDIT Short Duration Government Fund Performance review

Contributors

- The Fund benefited from its overweight to agency MBS as spreads compressed after the Fed's QE3 announcement of additional MBS purchases.
- The Fund benefited from exposure to 15-Year Federal National Mortgage Association (FNMA) MBS and security selection across the coupon stack, favoring lower coupon securities.

Detractors

- None

Sources: SEI, Fund sub-advisors

In Base Currency, Gross of Fees

Past Performance is No Guarantee of Future Performance.

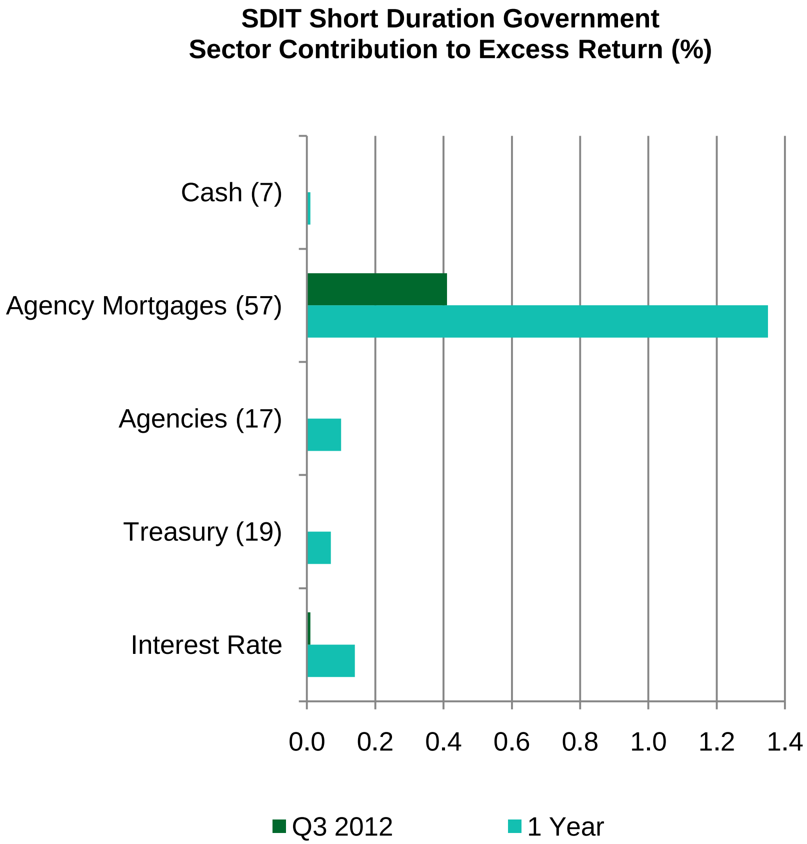
(#) indicates the percent allocation in the Fund.

Index = ML 1-3 Year US Treasuries

SDIT Short Duration Government Fund
Positioning and actions

Positioning and Actions

- The Fund maintains a yield advantage over the Treasury benchmark as we expect returns to be driven by the yield advantage versus price appreciation.
- The Fund continues to hold agency MBS, intermediate agency debentures and agency multi-family sectors.
- The Fund continues to favor agency MBS as changes in the mortgage capital market have reduced cash-flow variability and supply/demand technicals continue to support the asset class. In addition, the Fed's announcement to purchase $40 billion monthly of agency MBS in addition to reinvesting proceeds of maturing agency MBS back into the market serves as a modest positive technical to the mortgage market.



Past Performance is No Guarantee of Future Performance.

(#) indicates the relative weight to the benchmark.

Sources: SEI, BlackRock Solutions

Index = ML 1-3 Year US Treasuries

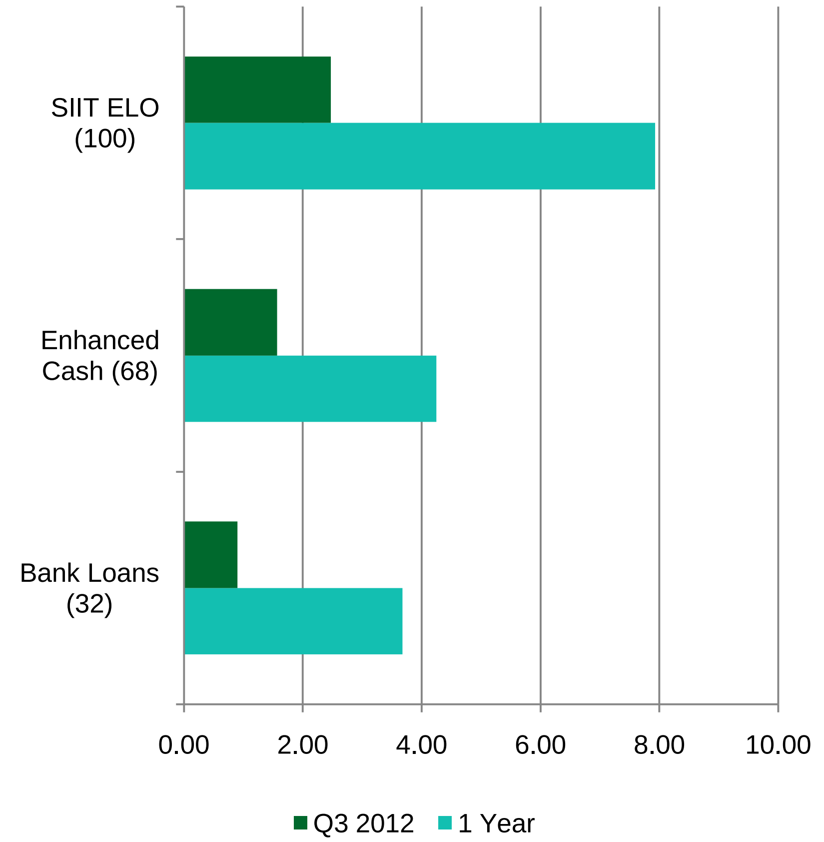
SIIT Enhanced Libor Opportunities Fund
Third-quarter performance review

Contributors

- An allocation to non-agency Residential Mortgage Backed Securities benefited from the recovering housing market as well as favorable supply/demand technicals and attractive valuation metrics
- The bank loan allocation contributed to relative performance, as leveraged loans returned 3.14%
- The Fund's allocation to Commercial Mortgage backed Securities added to performance, as the sector benefited from investors' appetite for yield and the Federal Reserve's announcement of a third round of quantitative easing

Detractors

- The Fund's allocation to Agency Debt detracted slightly from relative performance



In Base Currency, Gross of Fees

Past Performance is No Guarantee of Future Performance

(#) indicates the percent allocation in the Fund

Index = Merrill Lynch Three-Month Constant Maturity LIBOR

SIIT Enhanced Libor Opportunities Fund
Positioning and actions

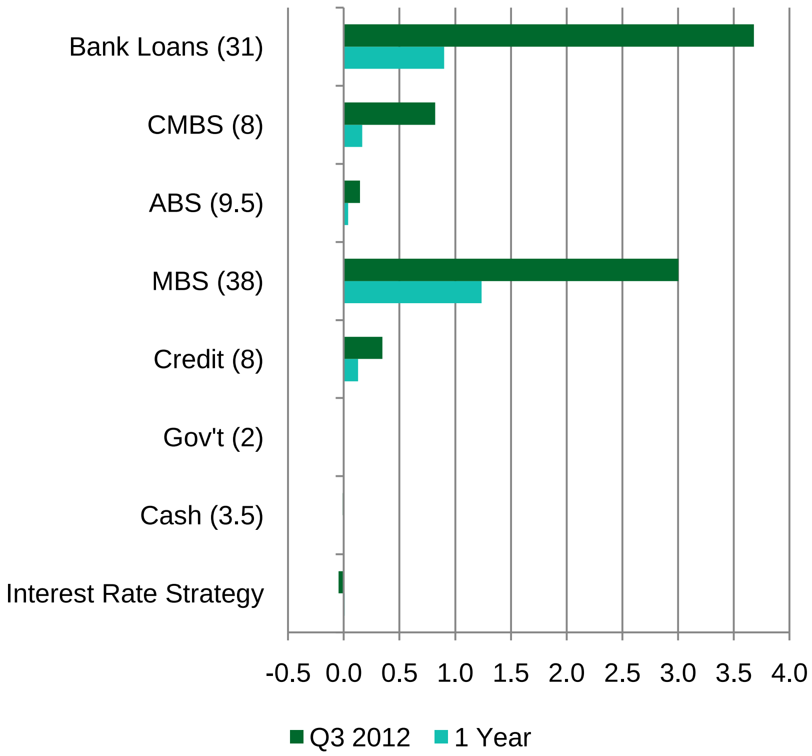
Positioning

- The fund continues to provide a yield advantage over the benchmark*
- Our enhanced cash managers are focusing on seasoned, short-average-life securities at the top of the capital structure that provide attractive yields and solid default and loss protection
- We expect returns going forward to be driven less by price appreciation and more by the yield advantage of these securities versus the benchmark

Actions

- Throughout the quarter the fund took down cash holdings and increased allocations to bank loans, corporates and mortgages
- The fund selectively added Commercial Mortgage Backed Security Interest Only positions and both agency multi-family and reverse mortgages
- The Fund has been using the new-issue bank loan market to source deals with good covenants and the secondary market for lower-priced securities

SIIT Enhanced Libor Opportunities
Sector Contribution to Excess Return (%)



Source: SEI, BondEdge

(#) indicates the relative weight to the benchmark

*Index = ML 3M Constant Maturity LIBOR

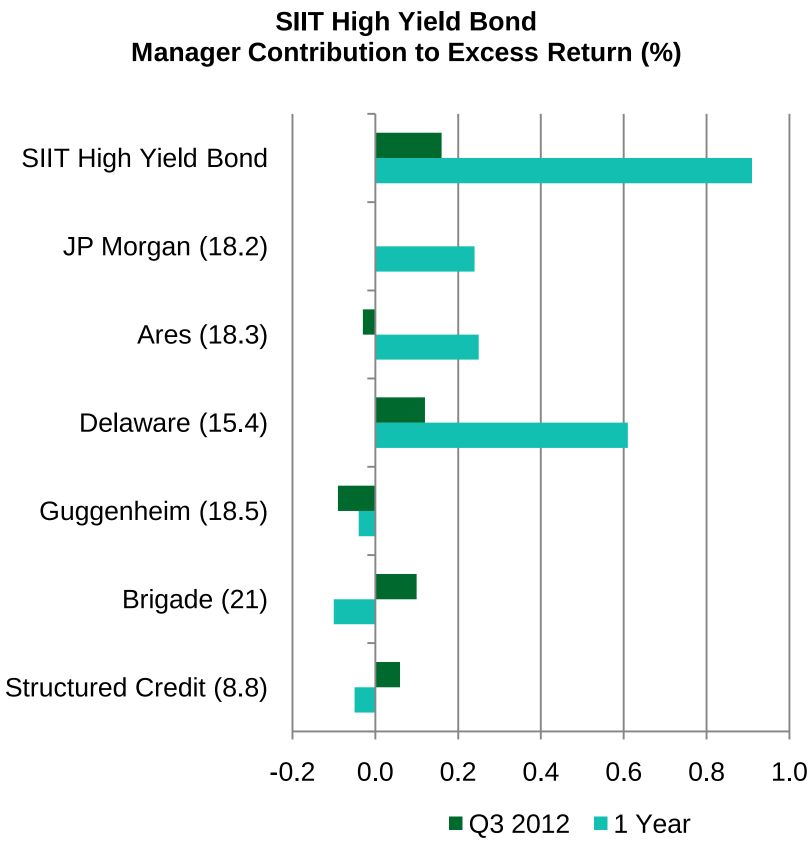
SIIT High Yield Bond
Performance review

Contributors

- Selection in the consumer non-cyclical sector (consumer products and municipal tobacco bonds)
- Underweight basic industry sector and security selection within mining companies
- Selection in consumer cyclical sector, specifically an underweight to SuperValu

Detractors

- An underweight and security selection in the outperforming bank sector
- Defensive positioning in the short HY CDX as the market delivered strong returns
- An underweight to Sprint whose bonds rallied with market



In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. (#) indicates the percent allocation in the Fund .
Index = ML US High Yield Master II Constrained

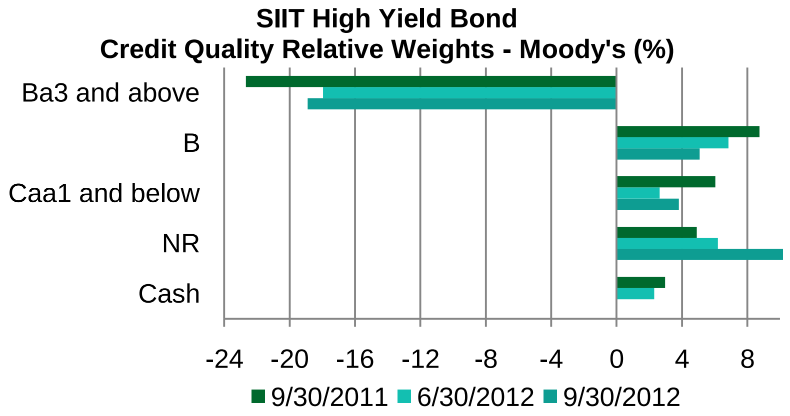
SIIT High Yield Bond
Positioning and actions

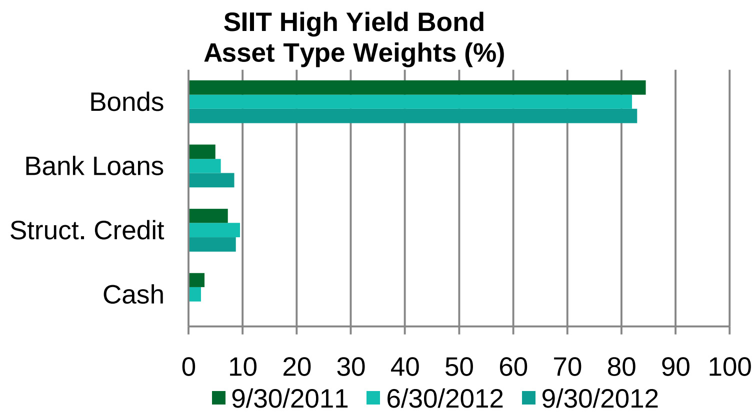
Positioning

- Maintaining a slightly more defensive posture through an increased allocation to loans, reduction in CCC bonds and short HY CDX.
- Underweight energy and utility sectors based on valuation, and the banking and financial services sectors on operational concerns. Overweight more defensive healthcare sector.
- Underweight BB rated securities due to higher interest rate sensitivity and lower yield. Reduced underweight as managers rotated out of riskier names.

Actions

- Fundamentals and technicals remain strong, but market yield is at record low and index price is above par. Managers are more selective and have increased loan allocation.
- Market uncertainty created by upcoming U.S. election and probable recession in Europe has made managers more cautious on the industrial sector.





Source: SEI, Factset . Index = ML US High Yield Master II Constrained.

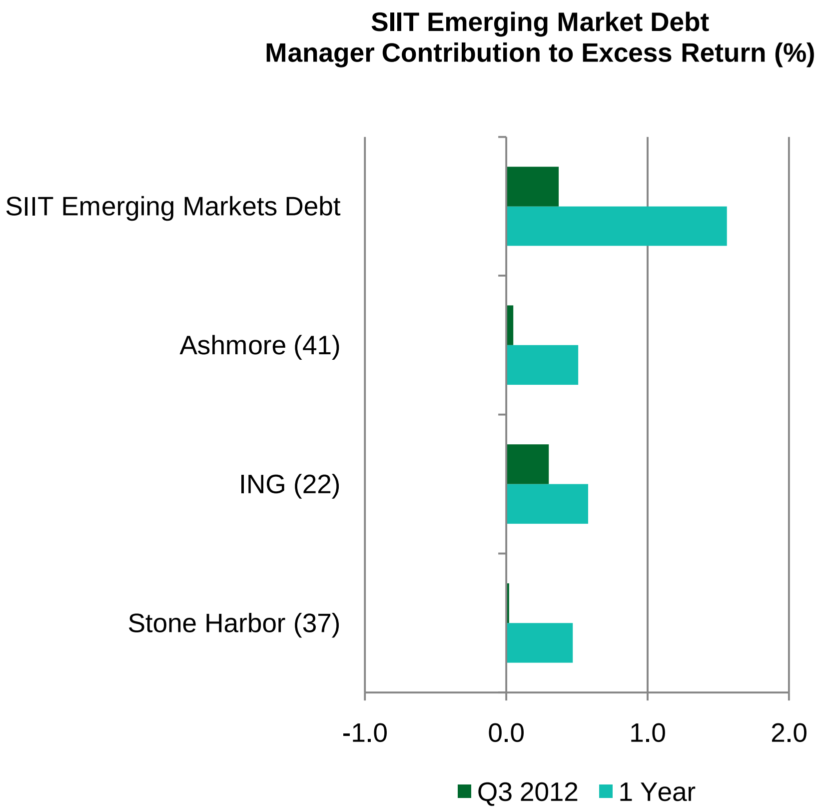
SIIT Emerging Markets Debt
Performance review

Contributors

- Ashmore added with security selection in Malaysia, Thailand, Turkey, and local currency in Brazil.
- ING benefited from overweights to Argentina and Venezuela, and from security selection in Russia and Mexico.
- Stone Harbor added with overweights to Argentina and Iraq, as well as selection in Russia and local currency assets in Colombia.

Detractors

- Ashmore suffered from security selection in Russian local currency assets, China and Poland.
- ING underperformed from security selection in Hungary and Ukraine.
- Stone Harbor detracted due to security selection in Venezuela, corporate debt in Indonesia, and Hungary.



In Base Currency, Gross of Fees. Past Performance is Not a Guarantee of Future Performance. (#) indicates the percent allocation in the Fund.

Index = 50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified. Prior to 6/30/12 the index is 100% JPM EMBI Global Diversified.

SIIT Emerging Markets Debt
Positioning and actions

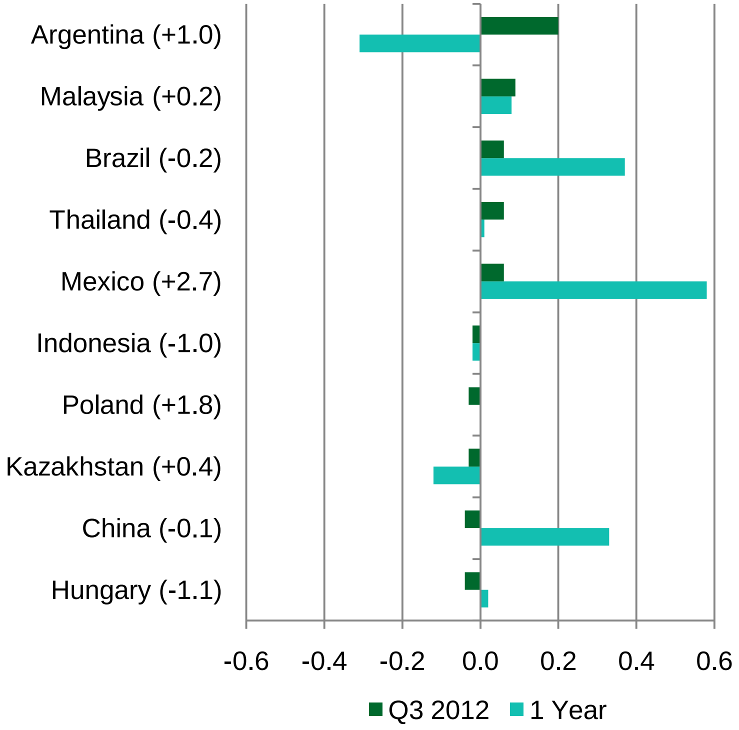
Positioning

- Fund managers maintain an overweight in high yield as it continues to look attractive.
- The Fund holds an overweight in local-currency debt relative to external debt.
- The Fund maintains its short-duration position as external-debt yields continue to hit new lows.

Actions

- Managers marginally added to high-yield external debt for its attractive risk/reward profile.
- Managers increased local currency exposure given accommodative central bank policies and attractive foreign exchange rates.
- Corporate debt was reduced due to the benchmark change, and managers are rotating into higher quality credits at the margin.

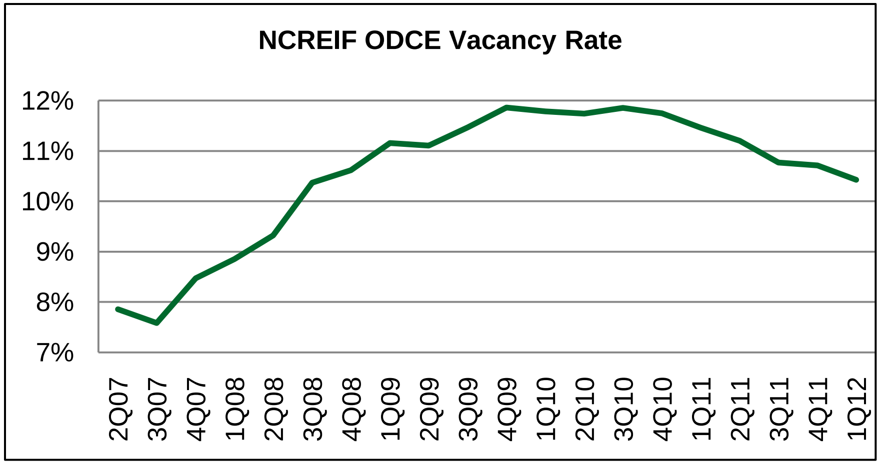
SIT Emerging Market Debt
Country Contribution to Excess Return (%)

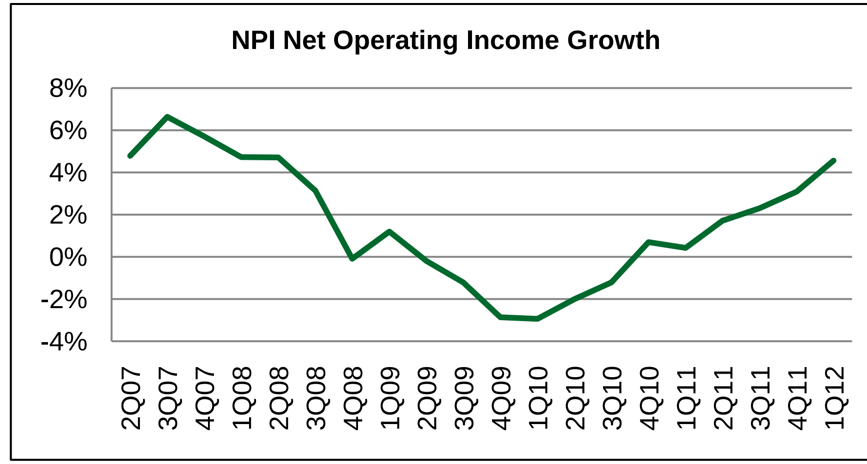


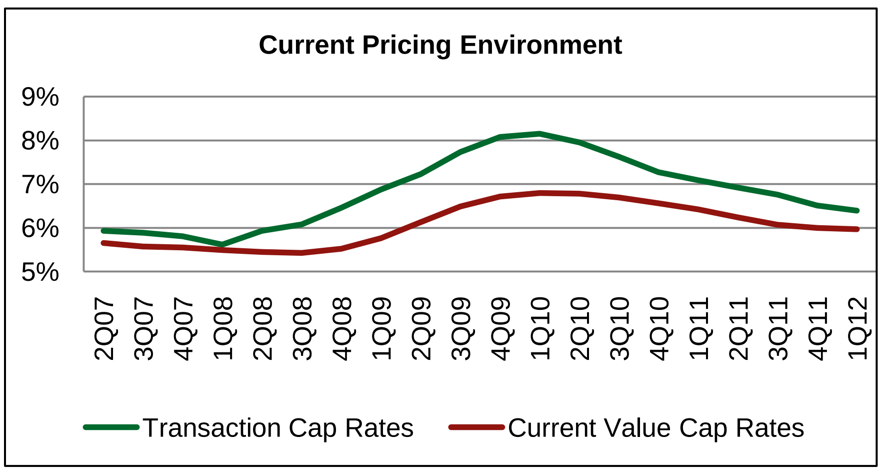
(#) indicates the relative weight to the benchmark. Sources: SEI, Factset

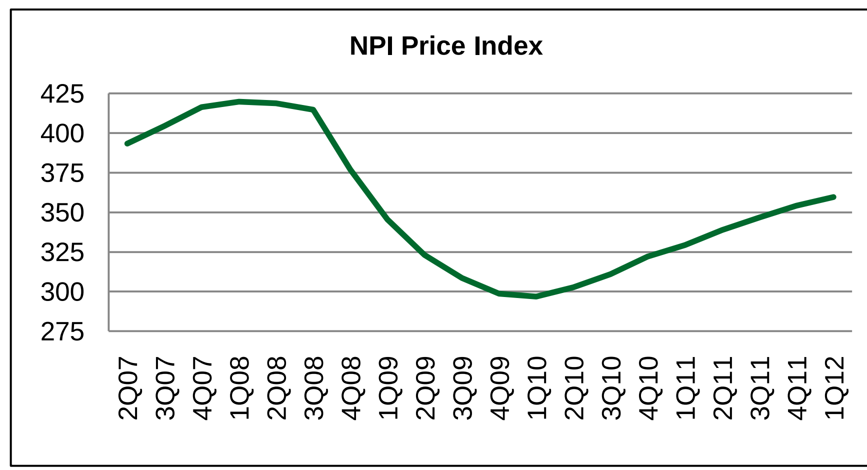
Index = 50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified. Prior to 6/30/12 the index is 100% JPM EMBI Global Diversified.

U.S. property market landscape





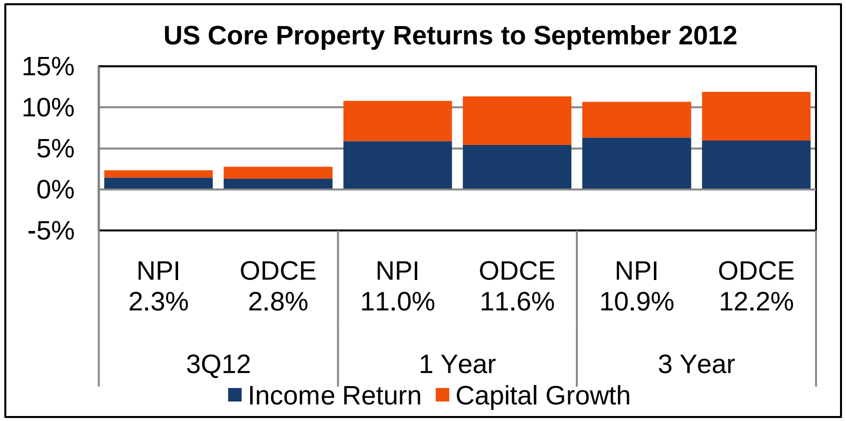


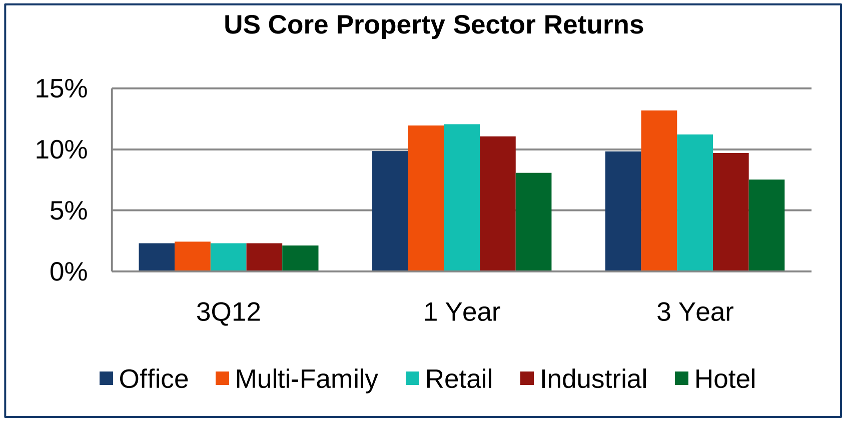


Sources: NCREIF ODCE Vacancy Rate is from the NCREIF ODCE Trends spreadsheet and is calculated as 1 minus the Occupancy rate; NPI Net Operating Income Growth, Transaction Cap Rates, Current Value cap Rates, and NPI Price Index are from the NCREIF Trends Report and are 4-quarter rolling averages.

U.S. property market returns

- The third quarter was another positive period for the U.S. property market. Both income and capital appreciation contributed.
- Continued investor interest in core properties once again drove demand for assets and pushed prices up. Appreciation contributed 1.2% of the Open-End Diversified Core Equity Index's (ODCE) 2.8% total return for the third quarter.
- While all five sectors had gains over 2%, Multi-Family led the way, followed closely by Retail, Industrial, and Office . Hotels lagged slightly.
- Regionally, the West performed strongest during the quarter with a rise of 2.7%. Both the occupancy rate and net operating income declined slightly.





Source: NCREIF; NPI is a quarterly time series composite total rate of return measure of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only on an unlevered basis. The ODCE (Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

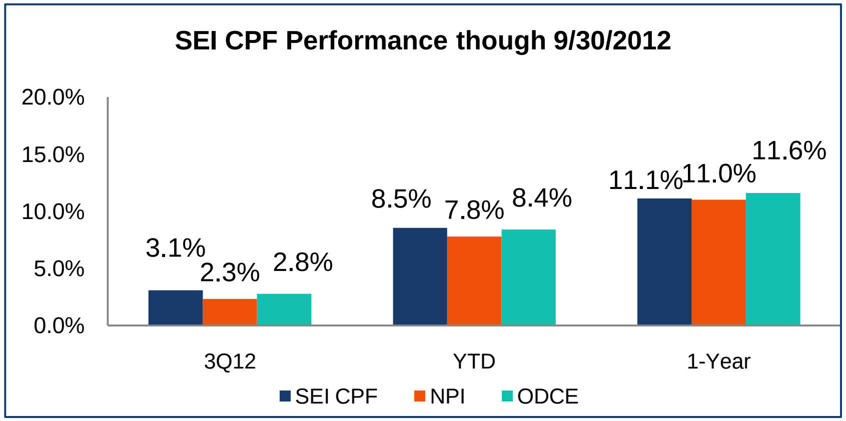
Core Property Fund: Performance review

Contributors

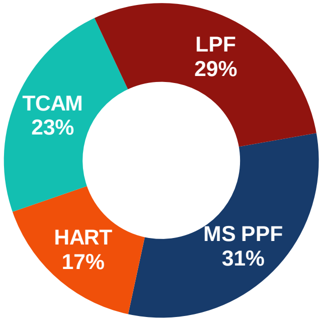
- Three of the Fund's four managers outperformed both the NPI benchmark and the ODCE peer group, with gains of at least 3%.
- Gains were broad-based as all four of the primary sectors posted positive returns.
- New leases signed to fill vacant space led to additional appreciation gains. Asset sales at prices higher than carrying values provided some realized gains.

Detractors

- The negative impact associated with debt valuation, or marking the debt to market rates, mitigated some during the quarter but still impeded performance.
- Outside the main sectors, the Fund's hotel portfolio, while still posting appreciation, increased at a slower rate than all other categories.



SEI CPF Manager Allocation as of 9/30/2012 (Based on NAV)



Core Property Fund: Positioning and actions

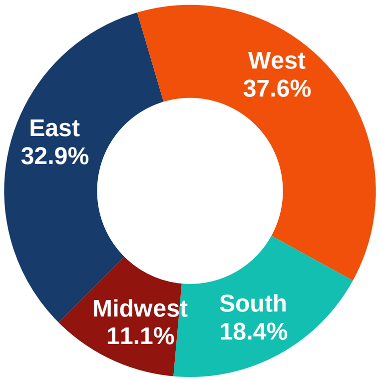
Positioning

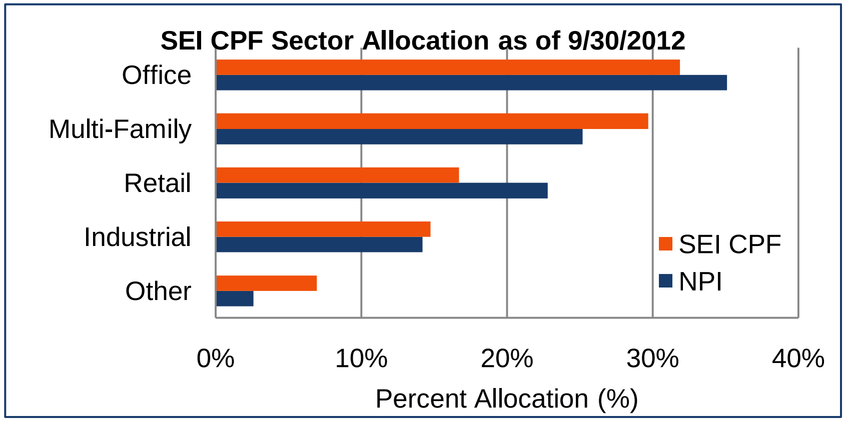
- The Fund's regional and sector exposures are broadly in-line with the NCREIF National Property Index (NPI). The Fund does maintain slight off-benchmark allocations to hotels, self storage and land.
- Fund-level leverage at 28.4% and occupancy at 93.2% are higher than the corresponding ODCE figures by 590 and 130 basis points, respectively.
- The Fund remains well diversified through its four managers. In total, exposure to more than 450 individual properties is provided.

Actions

- The Fund received additional commitments of $74 million during the third quarter, bringing the total net asset value to over $468 million.
- No new managers were added during the quarter. Additional investments were made to two existing managers.

SEI CPF Geographic Allocation as of 9/30/2012





Source: SEI, NPI. Based on actual invested position of money drawn by managers and excluding cash; "Other" includes predominantly self-storage, hotel and land.

Disclosures

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice. This information is for educational purposes only. There is no assurance as of the date of this material that the securities mentioned remain in or out of the portfolios.

There are risks involved with investing, including loss of principal. Diversification may not protect against market risk.

For those SEI strategies which employ the ‘Manager of Managers’ structure, SEI Investments Management Corporation has the ultimate responsibility for the investment performance of the strategies due to its responsibility to oversee the sub-advisers and recommend their hiring, termination, and replacement.

Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

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Disclosures

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Annual performance is calculated based on monthly return streams, geometrically linked as of the end of the specified month end.

Performance history prior to inception date does not represent the performance of the SEI strategy. It was constructed using the methodologies described below in an effort to create a minimum track record of at least 15 years. Specifically, performance prior to inception date was constructed using the performance of either other portfolios that were in existence at that time, indexes, or sub-adviser composites as proxies. Consequently, performance prior to the inception date may have limitations and may be of limited value. Each of these techniques is described in more detail below.

Results are shown gross of fees and do not reflect the effect of investment fees which would lower performance. More information on the methodology used for this investment research, including weightings and sub-adviser composites, is available upon request. For the performance shown that is based on sub-adviser's actual performance, such performance information reflects the reinvestment of dividends and other earnings. Performance information shown does not reflect any charges or fees which may or may not be imposed by SEI Investments Management Corporation or the money manager which will reduce performance returns. For example, for an account charged 1% with a stated annual return of 10%, the net total return before taxes would be reduced from 10% to 9%. A ten-year investment of $100,000 at 10% would grow to $259,374, and at 9%, to $236,736 before taxes. For a complete description of all fees and expenses, please refer to SEI Investments Management Corporation's ADV Part 2A. For more details on the manager's fees and expenses please refer to their ADV Part 2A.

Sub-adviser composites

Sub-advisers manage mandates within each of the underlying SEI portfolios. Composite performance is provided by the sub-advisers and there will be differences between these management strategies and those investment techniques which will be used for the SEI strategy. The composites of each of the sub-advisers in the mandate at inception are weighted according to the weights at the inception of the strategy. Composite history is used as far back as readily available. Sub-adviser composites are subject to numerous limitations, some of which are discussed below:

Similarity of Strategy: Performance used for each sub-adviser represents the composite performance for accounts that the sub-adviser managed in accordance with a comparable portfolio. There can be no assurance that the sub-advisers actually managed client accounts during this period in a manner comparable to the portfolio. Consequently, the performance shown for this period may not be indicative of how sub-advisers actually have managed accounts in accordance with the portfolio.