



## State of Montana 401(a) Defined Contribution Plan

June 30, 2010

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Market Environment  
Investment Performance Analysis

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June 30, 2010



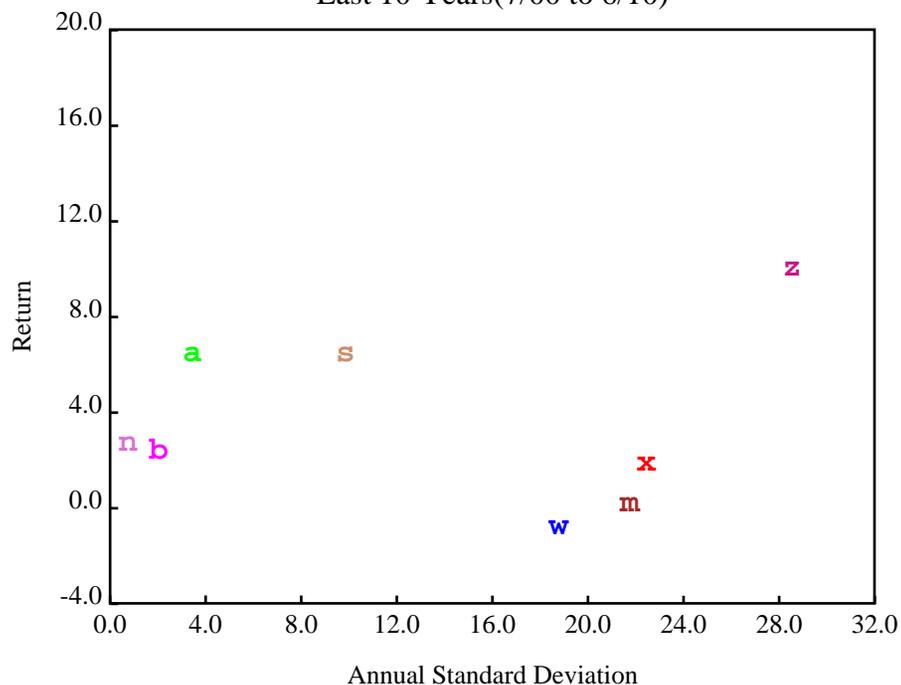
# Market Environment

## Overview of Major Asset Classes

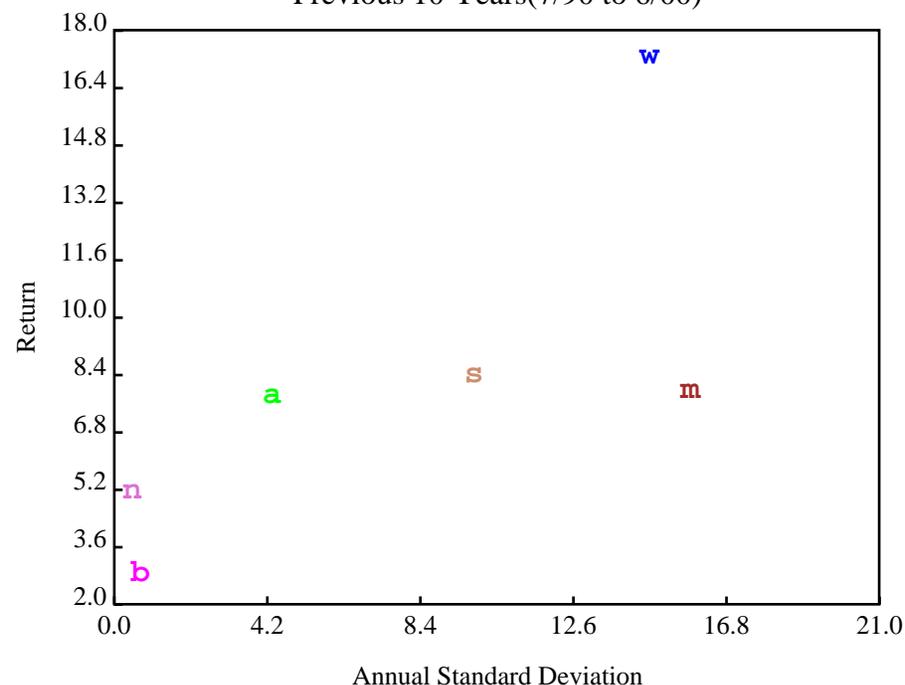
As of 6/30/10

Indices	Legend	Returns							10 Year Std Dev
		Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	
U.S. Equity (Wilshire 5000)	w	-11.19	-5.83	15.68	-9.36	-0.28	-0.78	7.87	18.98
U.S. Bonds (Barclays Aggregate)	a	3.49	5.33	9.50	7.55	5.54	6.47	7.14	3.67
Non U.S. Equity (ACWI X US Net)	x	-12.45	-11.06	10.43	-10.70	3.38	1.86	--	22.65
Developed Equity (EAFE Net)	m	-13.97	-13.23	5.92	-13.38	0.88	0.16	3.99	21.96
Emerging Equity (Emg Mkts Net)	z	-8.37	-6.17	23.15	-2.50	12.73	10.02	--	28.74
Intl Bonds (Citi Non-US Gov)	s	-1.26	-3.34	1.52	7.66	4.98	6.44	7.42	10.06
Treasury Bills (91 Day)	n	0.04	0.05	0.15	1.56	2.76	2.70	3.93	0.97
Consumer Price Index	b	0.15	0.93	1.05	1.51	2.30	2.37	2.62	2.23

Last 10 Years(7/00 to 6/10)



Previous 10 Years(7/90 to 6/00)



# Market Environment U.S. Common Stocks As of 6/30/10



	Returns						
	Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs
<b>Indices</b>							
Standard & Poor's 500	-11.43	-6.67	14.40	-9.82	-0.79	-1.59	7.67
Wilshire 5000	-11.19	-5.83	15.68	-9.36	-0.28	-0.78	7.87
Wilshire 4500	-9.87	-1.11	23.68	-7.40	1.63	1.61	8.75
Wilshire US Large Cap	-11.36	-6.41	14.41	-9.55	-0.50	-1.39	7.73
Wilshire US Small Cap	-9.76	-1.01	26.87	-6.74	2.18	4.27	9.55
Wilshire Real Est. Secs	-4.42	5.40	56.07	-10.48	-0.47	9.49	7.92
<b>Styles</b>							
Wilshire US Large Growth	-12.90	-8.73	13.38	-7.05	0.49	-4.60	7.04
Wilshire US Large Value	-9.92	-4.14	15.35	-12.15	-1.64	1.99	8.08
Wilshire US Small Growth	-8.39	-0.79	23.62	-6.38	2.65	0.13	7.60
Wilshire US Small Value	-11.12	-1.26	30.25	-7.09	1.69	8.26	11.06
<b>Sectors (Wilshire 5000)</b>							
Consumer Discretionary	-11.25	-0.80	29.33	-8.99	-1.62	--	--
Consumer Staples	-8.56	-3.08	13.28	0.02	4.70	--	--
Energy	-10.99	-10.22	5.96	-8.64	4.12	--	--
Financials	-12.05	-1.47	18.82	-21.33	-9.08	--	--
Health Care	-11.13	-7.18	9.95	-4.64	0.33	--	--
Industrials	-11.54	-1.29	25.65	-10.62	0.24	--	--
Information Technology	-12.02	-9.98	16.38	-4.60	2.62	--	--
Materials	-15.32	-11.71	17.00	-9.11	3.98	--	--
Telecommunication Services	-4.75	-8.19	8.76	-12.21	1.30	--	--
Utilities	-3.57	-5.82	7.53	-6.39	1.85	--	--

### Index Definitions

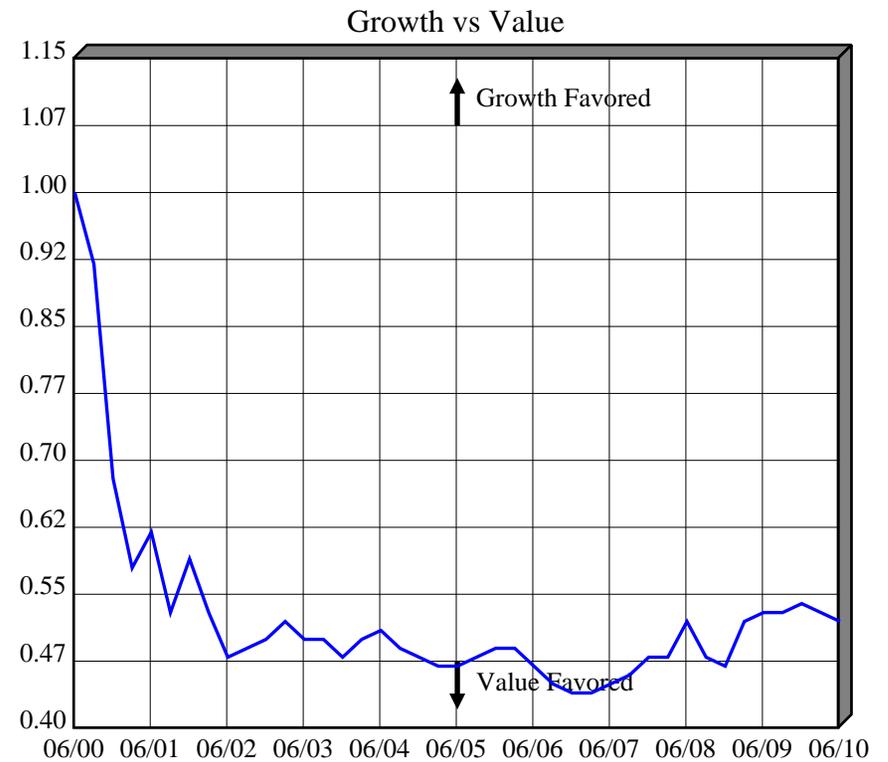
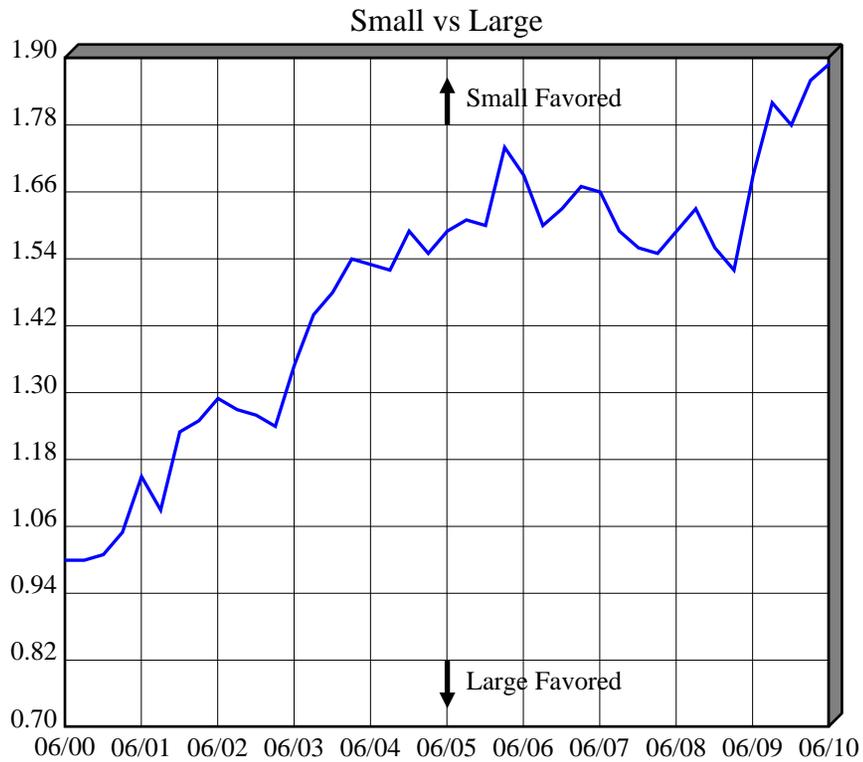
Wilshire 5000: All publicly traded U.S. corporations  
 Wilshire 4500: All Wilshire 5000 companies excluding large S&P500 companies  
 Wilshire US Large Cap: Largest 750 publicly traded companies  
 Wilshire US Small Cap: Companies ranking between 750 and 2500 by market capitalization

### Style Definitions (Wilshire Style Indices)

Large Co: Largest 750 companies in the Wilshire 5000  
 Small Co: Next 1750 companies in the Wilshire 5000  
 Value: Relatively low P/E and P/B ratios  
 Growth: Relatively high P/E and P/B ratios



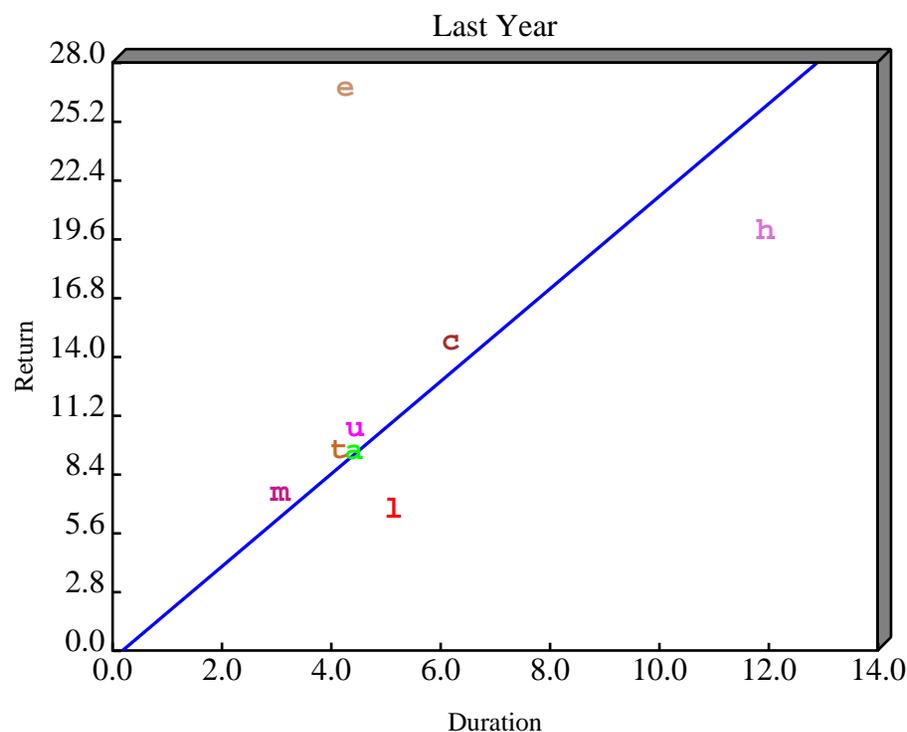
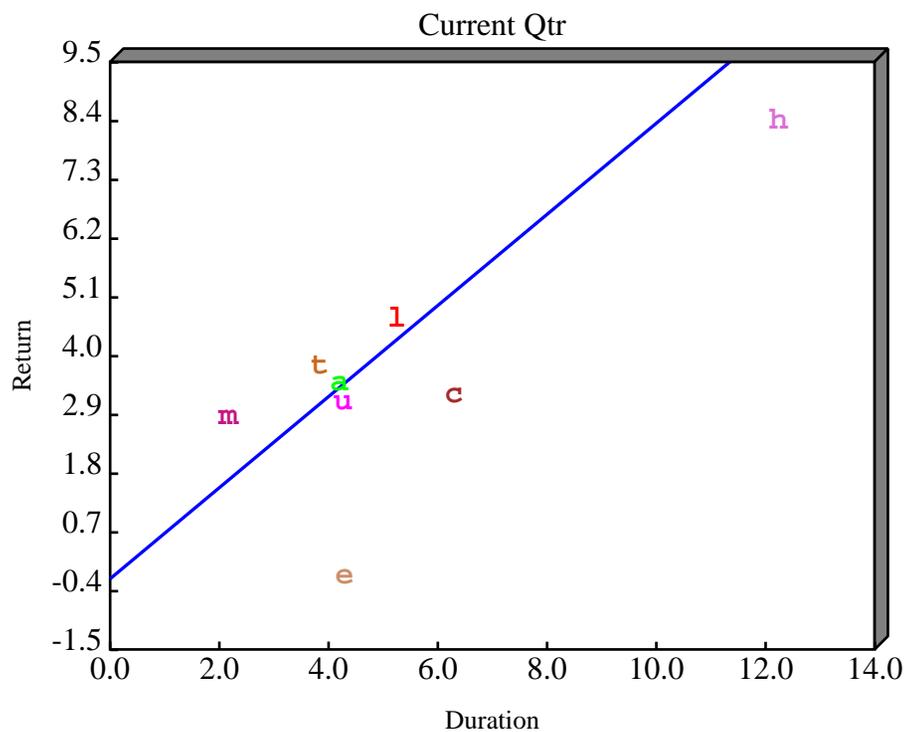
# Market Environment U.S. Common Stocks Relative Return As of 6/30/10



Based on Wilshire Style Indices

# Market Environment U.S. Fixed Income Indices As of 6/30/10

Indices	Legend	Returns							Characteristics (Current Qtr)		
		Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	Eff Maturity	Eff Duration	Yld to Mat
Barclays Aggregate	a	3.49	5.33	9.50	7.55	5.54	6.47	7.14	6.47	4.30	2.83
Barclays Treasury	l	4.69	5.86	6.68	7.81	5.38	6.20	6.99	6.73	5.34	1.77
Barclays Credit (Corporate)	c	3.27	5.62	14.69	7.41	5.31	6.94	7.56	10.06	6.39	4.03
Barclays Mortgage	m	2.87	4.45	7.48	8.23	6.25	6.54	7.14	4.52	2.26	3.10
Barclays High Yield	e	-0.11	4.50	26.77	6.54	7.17	7.32	8.79	6.79	4.38	9.16
Citigroup High Grade	h	8.40	10.35	19.93	8.95	5.09	8.40	8.49	25.00	12.33	5.28
Barclays Universal	u	3.14	5.24	10.59	7.22	5.57	6.59	7.26	6.56	4.35	3.26
Barclays US TIPS	t	3.82	4.41	9.52	7.62	4.97	7.45	--	9.16	3.92	2.73

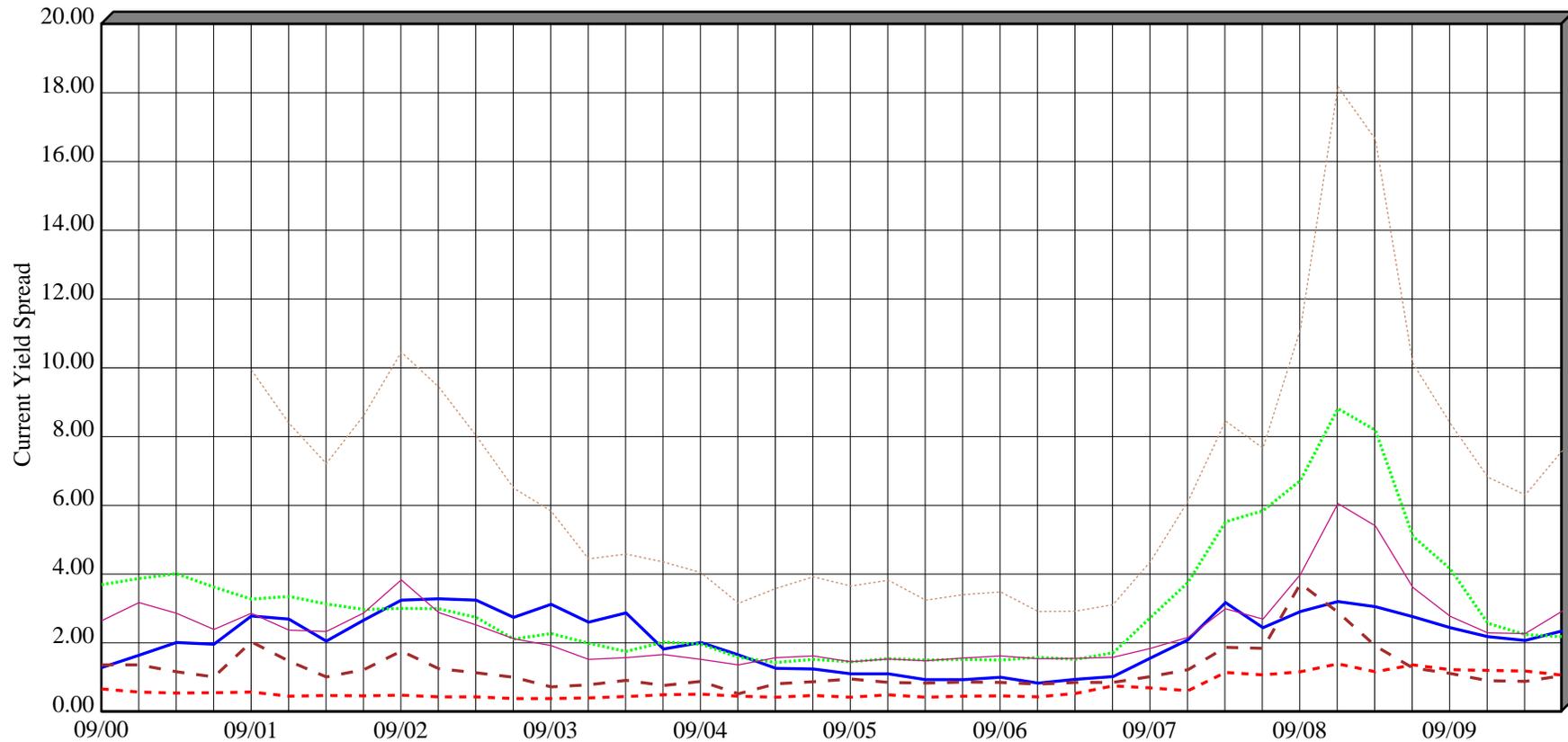




# Market Environment

## U.S. Fixed Income Markets

Historical Spread Comparison to Treasuries As of 6/30/10

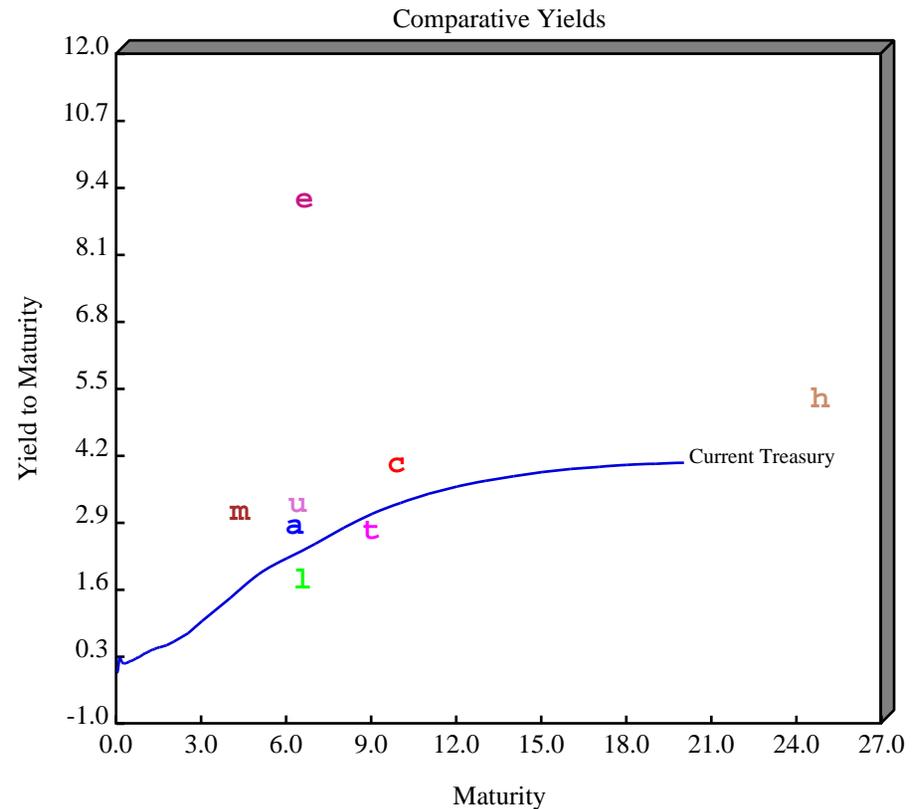
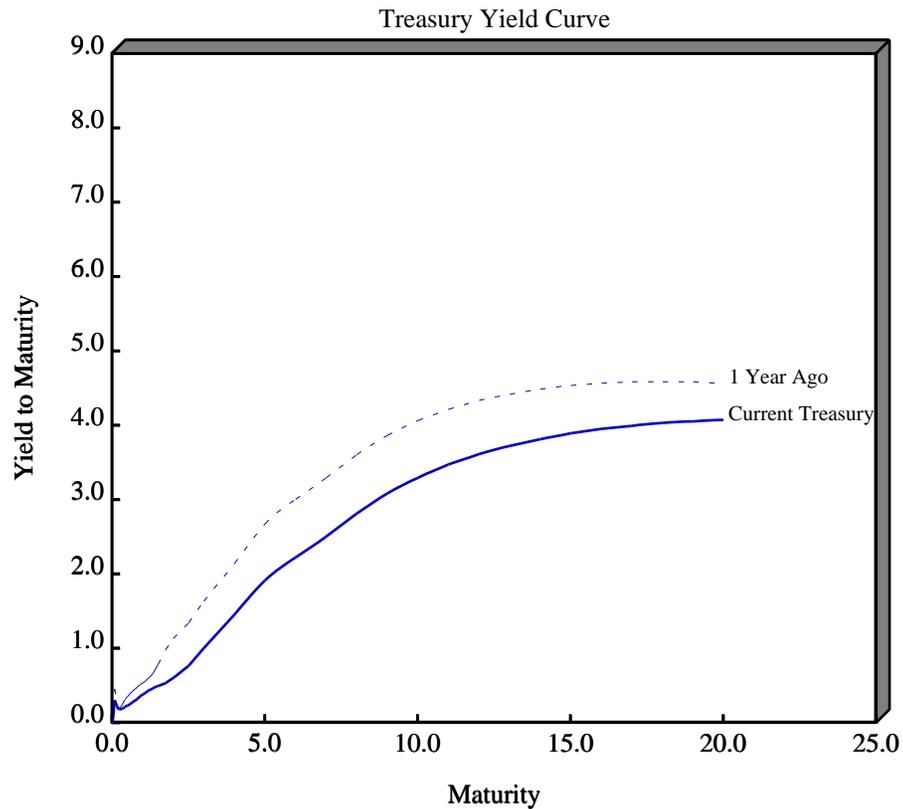


Description	Legend	Current Qtr Spread	Median Spread (10 Years)
Barclays Mortgage	<span style="color: blue;">—</span>	2.36	2.09
GIC's 5 Year	<span style="color: green;">⋯</span>	2.19	2.67
Barclays Long Agencies	<span style="color: red;">---</span>	1.07	0.51
Barclays AAA Long Corp	<span style="color: red;">---</span>	1.06	1.02
Barclays BAA Long Corp	<span style="color: pink;">—</span>	2.94	2.29
Barclays High Yield	<span style="color: brown;">⋯</span>	7.61	NA

# Market Environment

## U.S. Fixed Income Markets

### Yield Spread To Treasuries As of 6/30/10



Description	Legend	Eff Maturity	Yield to Mat
Barclays Aggregate	a	6.47	2.83
Barclays Treasury	l	6.73	1.77
Barclays Credit	c	10.06	4.03
Barclays Mortgage	m	4.52	3.10
Barclays High Yield	e	6.79	9.16
Citigroup High Grade	h	25.00	5.28
Barclays Universal	u	6.56	3.26
Barclays U.S. TIPS	t	9.16	2.73

# Market Environment International Markets

As of 6/30/10



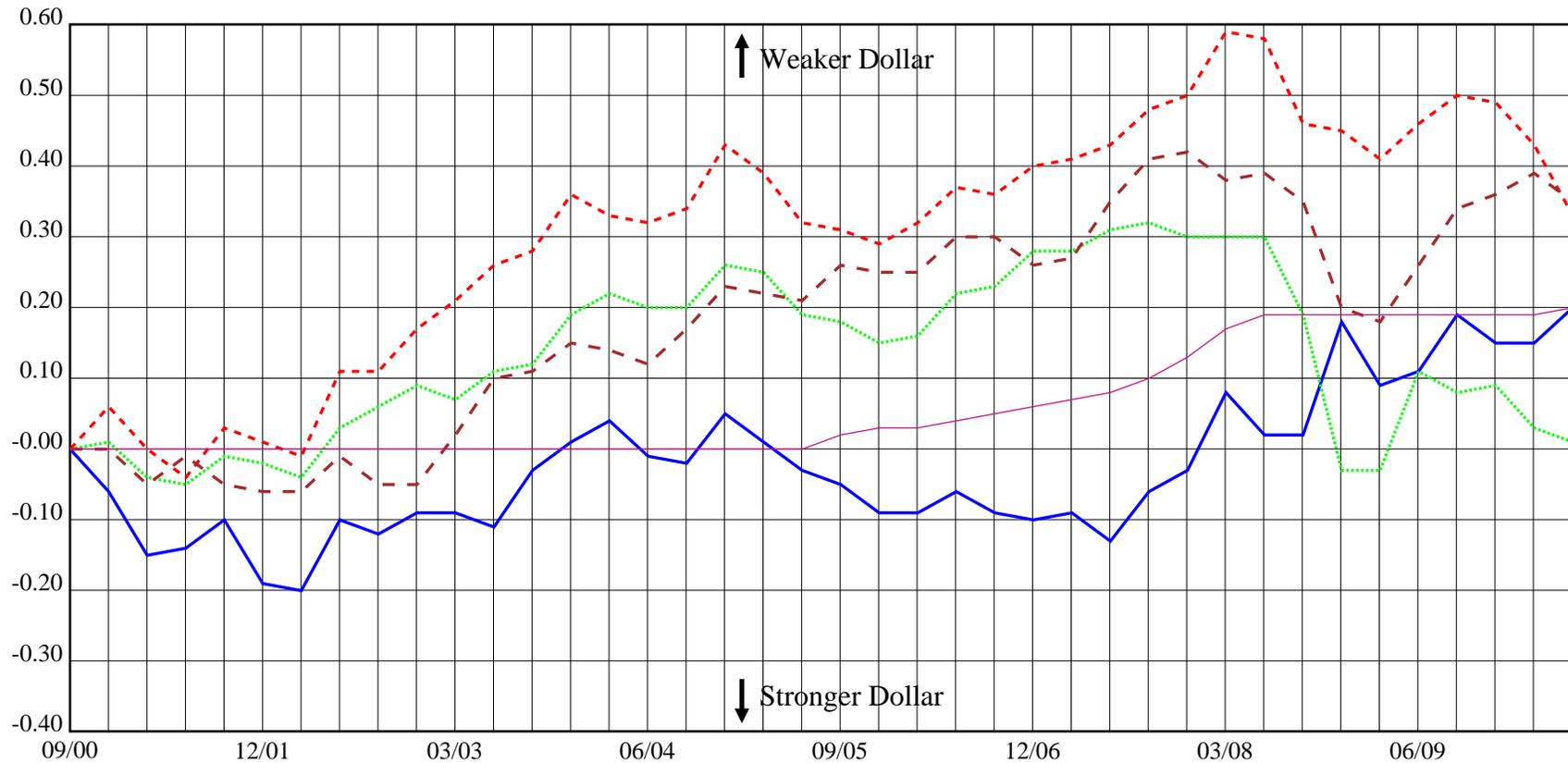
	Returns							10 Year Std Dev
	Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	
<b>Equity(in U.S. dollars)</b>								
U.S. (S & P 500)	-11.43	-6.67	14.40	-9.82	-0.79	-1.59	7.67	18.26
Non U.S. (ACWI X U.S.) Net	-12.45	-11.06	10.43	-10.70	3.38	1.86	--	22.65
Developed (EAFE) Net	-13.97	-13.23	5.92	-13.38	0.88	0.16	3.99	21.96
Emerging (Emg Mkts) Net	-8.37	-6.17	23.15	-2.50	12.73	10.02	--	28.74
Europe	-15.18	-16.71	5.69	-15.03	0.27	0.44	6.47	23.84
Pacific	-11.57	-6.02	6.41	-9.92	2.08	-0.55	0.89	20.89
France	-18.85	-22.01	0.76	-16.38	-0.57	-1.10	5.77	25.68
Germany	-12.79	-15.10	6.90	-14.42	3.92	0.45	5.22	30.53
Japan	-10.07	-2.71	0.76	-12.00	-0.15	-3.40	-0.99	21.17
United Kingdom	-13.85	-14.37	8.55	-14.74	-0.93	1.05	6.35	21.55
<b>Equity(in local currency)</b>								
Non U.S. (ACWI X US) Net	-9.52	-6.35	11.92	-10.46	2.31	--	--	--
Developed (EAFE) Net	-11.15	-7.34	9.94	-13.24	-0.13	-1.82	2.89	19.03
Emerging (Emg Mkts) Net	-5.61	-4.30	19.82	-0.94	12.56	--	--	--
Europe	-9.86	-6.70	16.58	-11.18	0.83	-1.30	6.70	19.96
Pacific	-13.05	-7.88	-0.92	-16.73	-1.54	-2.48	-1.49	19.57
France	-10.35	-8.64	15.38	-13.61	-0.80	-3.49	5.55	22.27
Germany	-3.67	-0.56	22.42	-11.59	3.68	-1.98	5.11	27.28
Japan	-14.84	-7.52	-7.59	-21.26	-4.54	-5.11	-3.62	21.58
United Kingdom	-12.65	-7.57	19.49	-5.98	2.72	1.17	7.18	16.53
<b>% Change in Exchange Rates</b>								
Euro vs Dollar	-9.47	-14.63	-12.67	-3.20	0.23	2.48	--	10.99
Yen vs Dollar	5.59	5.20	9.03	11.75	4.60	1.80	2.73	11.56
Pound vs Dollar	-1.37	-7.35	-9.15	-9.32	-3.55	-0.12	-0.78	10.74
<b>International Fixed Income</b>								
Citigroup Non-US Bond	-1.26	-3.34	1.52	7.66	4.98	6.44	7.42	10.06
Citigroup World Bond	0.29	-1.04	3.03	7.83	5.14	6.52	7.23	8.42
Citigroup Non-US Hedged	1.56	2.69	4.92	6.00	4.44	5.21	7.10	3.10
Barclays Global Aggregate	-0.03	-0.32	5.01	6.80	5.04	6.40	7.06	6.50



# Market Environment

## U.S. Dollar Cost of Foreign Currencies

As of 6/30/10



Description	Legend
Japanese Yen	—
U.K. Pound	⋯
Euro	- - -
Canadian Dollar	- - -
Chinese Yuan	—

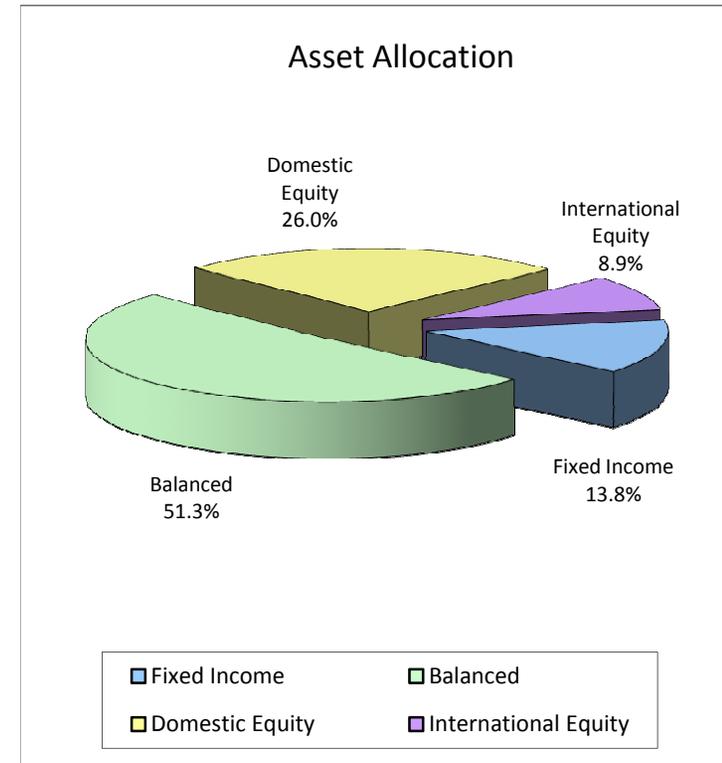
**FUND OVERVIEW FOR STATE OF MONTANA 401(a) DEFINED CONTRIBUTION PLAN**

Asset Class	Name	Ticker	Current Status
Fixed Income	State of Montana Stable Value - PIMCO	n/a	Retention
Fixed Income	Vanguard Total Bond Market Signal	VBTSX	Retention
Balanced	Vanguard Balanced Index Institutional	VBAIX	Retention
Large Growth	American Funds Growth Fund of America A	AGTHX	Retention
Large Broad	Vanguard Growth & Income Admiral	VGIAX	Probation
Large Broad	BlackRock Equity Index	MDSRX	Retention
Large Value	Vanguard Equity Income Admiral	VEIRX	Retention
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Probation
Mid Value	Janus/Perkins Mid Cap Value T	JMCVX	Retention
Small Growth	Managers AMG Essex Small/Micro Growth	MBRSX	Terminated/Replaced
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention
Small Broad	Vanguard Small Cap Index Signal	VSISX	Retention
Small Value	Target Small Capitalization Value Fund	TASVX	Retention
Global	American Funds New Perspective Fund A	ANWPX	Retention
International	Oakmark International I	OAKIX	Retention
International	Principal Inv International Growth Inst	PITIX	Terminated/Replaced
International	Vanguard Total International Stock Index	VGTSX	Retention

State of Montana 401(a) Defined Contribution Plan  
June 30, 2010

Asset Allocation as of June 30, 2010

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>7,723,847</b>	<b>13.8%</b>
Montana Stable Value	6,231,926	11.1%
Vanguard Total Bond Market Index	1,491,921	2.7%
<b>Balanced</b>	<b>28,767,864</b>	<b>51.3%</b>
Vanguard Balanced Index	28,767,864	51.3%
<b>Domestic Equity</b>	<b>14,616,374</b>	<b>26.0%</b>
<i>Large Cap</i>	<u>6,770,707</u>	<u>12.1%</u>
American Funds Growth Fund of America	3,834,850	6.8%
Vanguard Growth & Income	965,666	1.7%
BlackRock Equity Index	268,721	0.5%
Vanguard Equity Income	1,701,470	3.0%
<i>Mid Cap</i>	<u>4,119,093</u>	<u>7.3%</u>
Munder Mid Cap Core Growth	1,360,878	2.4%
Janus/Perkins Mid Cap Value	2,758,214	4.9%
<i>Small Cap</i>	<u>3,726,575</u>	<u>6.6%</u>
Manager Essex Small/Micro Growth	1,119,734	2.0%
Vanguard Small Cap Index	1,362,724	2.4%
Target Small Capitalization Value	1,244,117	2.2%
<b>International Equity</b>	<b>5,015,949</b>	<b>8.9%</b>
American Funds New Perspective	2,649,886	4.7%
Principal Inv International Growth Instl	394,076	0.7%
Oakmark International	1,971,986	3.5%
<b>TOTAL STATE OF MONTANA 401(a)</b>	<b>\$ 56,124,035</b>	



Montana Stable Value	Trailing Total Returns (annualized)			
Style: Intermediate Gov/Credit FI	Quarter	1 Year	3 Year	5 Year
Montana Stable Value	3.31	12.92	7.81	5.94
Barclays Int Gov/Credit Bond + 0.35%	3.06	8.63	7.33	5.61

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	--	--
5 yr	n/a	--	--	--

**Fund Narrative**  
The fund continued to add value this quarter, outperforming the benchmark by 25 basis points, pushing its one-year outperformance to 429 basis points. The fund leads the benchmark over all time periods. The outperformance was due to the exposure to treasuries which led virtually all sectors in the quarter amid the global flight to less risky assets.  
**Current Status: Retention, no change recommended.**

Vanguard Total Bond Index	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
Vanguard Total Bond Index	3.61	9.41	7.64	5.58
Barclays Aggregate	3.49	9.50	7.55	5.54
Intermediate Fixed MF Mean	3.04	12.96	6.88	4.94

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.5	1.0	1.5
5 yr	★★★★	0.7	0.5	0.7
10 yr	★★★★	--	--	--

**Fund Narrative**  
As expected of an index fund, this fund performed in line with the Barclays Aggregate Bond Index for all measured time periods. The manager's Sharpe Ratios easily led the category mean for the 3- and 5-year time periods and the fund's consistent 4-star Morningstar Ratings exceed the State's investment policy requirement. **Current Status: Retention, no change recommended.**

Vanguard Balanced Index	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Vanguard Balanced Index	(5.42)	13.84	(2.13)	2.53
60% MSCI US Broad Mkt / 40% Barclays Agg	(5.43)	13.57	(2.40)	2.38
Balanced MF Mean	(6.20)	12.82	(3.53)	1.85

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	-0.2	-0.3	-0.3
5 yr	★★★★	0.0	-0.1	0.0
10 yr	★★★	--	--	--

**Fund Narrative**  
As expected of an index fund, this fund's returns were within range of the US Balanced Index for the quarter and all other time horizons. Moreover, the manager's Sharpe Ratios were greater than the category mean and the fund's 4-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

American Funds Growth Fund	Trailing Total Returns (annualized)			
Style: Large Growth	Quarter	1 Year	3 Year	5 Year
American Funds Growth Fund	(11.70)	10.39	(8.51)	0.83
S&P 500 Index	(11.43)	14.43	(9.81)	(0.79)
Large Cap Growth MF Mean	(12.36)	11.68	(8.10)	(0.56)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★	-0.4	-0.4	-0.5
5 yr	★★★	0.0	-0.2	-0.1
10 yr	★★★★	--	--	--

**Fund Narrative**  
Like all equity funds, this large growth fund had a poor negative quarter and lagged the S&P 500 Index benchmark; however, the manager still outperformed for the 3- and 5-year. The manager's Sharpe Ratio exceeded the category mean for only the 5-year and the the 3-star Morningstar rating minimum requirement was only met for the 5-year. **Current Status: Retention, no change recommended.**

Vanguard Growth and Income	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Growth and Income	(11.25)	14.23	(11.37)	(2.24)
S&P 500 Index	(11.43)	14.43	(9.81)	(0.79)
Large Cap Blend MF Mean	(12.15)	12.25	(9.85)	(0.82)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★	-0.5	-0.5	-0.5
5 yr	★★	-0.2	-0.2	-0.1
10 yr	★★★	--	--	--

Fund Narrative
This diversified large cap core fund led the S&P 500 Index for the quarter, but trails for all measured time periods. The manager's Sharpe Ratios are not above the category mean and the 2-star Morningstar Ratings, along with the underperformance, do not meet the State requirement. <b>Current Status: Probation, no change recommended.</b>

BlackRock Equity Index (S&P 500)	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
BlackRock Equity Index (S&P 500)	(11.45)	14.34	(9.84)	(0.88)
S&P 500 Index	(11.43)	14.43	(9.81)	(0.79)
Large Cap Blend MF Mean	(12.15)	12.25	(9.85)	(0.82)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	-0.5	-0.5	-0.5
5 yr	★★★	-0.1	-0.2	-0.1
10 yr	★★★	--	--	--

Fund Narrative
This index fund performed in line with the S&P 500 Index for the quarter and all other time periods, as expected. The manager's Sharpe Ratios matched the category mean and the consistent 3-star Morningstar Ratings meet the State requirement. <b>Current Status: Retention, no change recommended.</b>

Vanguard Equity-Income	Trailing Total Returns (annualized)			
Style: Large Value	Quarter	1 Year	3 Year	5 Year
Vanguard Equity-Income	(9.35)	15.60	(8.89)	0.29
Russell 1000 Value Index	(11.15)	16.92	(12.32)	(1.64)
Large Cap Value MF Mean	(12.46)	12.82	(11.82)	(1.70)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	-0.4	-0.6	-0.5
5 yr	★★★★	-0.1	-0.3	-0.1
10 yr	★★★★	--	--	--

Fund Narrative
This large value fund led the Russell 1000 Value Index over the quarter and outperformed for the 3- and 5- year time periods. With consistent 4-star Morningstar ratings and Sharpe Ratios higher than the category mean, this fund meets the requirements of the State. <b>Current Status: Retention, no change recommended.</b>

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	(7.60)	21.34	(8.70)	0.98
S&P Mid Cap 400 Index	(9.59)	24.93	(5.90)	2.21
Mid Cap Growth MF Mean	(9.33)	20.36	(8.19)	1.15

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	-0.3	-0.4	-0.2
5 yr	★★★	0.0	-0.1	0.1
10 yr	★★★★	--	--	--

Fund Narrative
The fund led the benchmark for the quarter but lagged for all other time periods. However, the Sharpe Ratios remain above the category mean and the 3-star Morningstar ratings for both 3- and 5-year time periods meet the requirements. <b>Current Status: Probation, no change recommended.</b>

Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)			
Style: Mid Value	Quarter	1 Year	3 Year	5 Year
Janus Mid Cap Value	(8.85)	16.29	(3.82)	3.90
Russell Mid Cap Value Index	(9.57)	28.91	(9.44)	0.71
Mid Cap Value MF Mean	(10.19)	24.64	(9.19)	0.87

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	-0.2	-0.4	-0.3
5 yr	★★★★★	0.2	-0.1	0.0
10 yr	★★★★★	--	--	--

**Fund Narrative**  
This fund outperformed the Russell Mid Cap Value Index for the quarter and significantly leads over the 3- and 5-year periods. The manager's Sharpe Ratios are above the category mean and the fund's consistent 5-star Morningstar Ratings exceed the requirements of the State. **Current Status: Retention, no change recommended.**

Managers Essex Sm/Micro Growth	Trailing Total Returns (annualized)			
Style: Small Growth	Quarter	1 Year	3 Year	5 Year
Managers Essex Sm/Micro Growth	(7.50)	11.01	(12.49)	(0.39)
Russell 2000 Growth Index	(9.22)	17.96	(7.54)	1.14
Small Cap Growth MF Mean	(9.35)	18.81	(8.56)	0.21

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★	-0.4	-0.4	-0.2
5 yr	★★	0.0	-0.1	0.0
10 yr	--	--	--	--

**Fund Narrative**  
The fund led the benchmark this quarter but underperformed over all other time periods. The fund's borderline Sharpe Ratios, the 1- and 2-star Morningstar ratings, and underperformance do not meet the State's minimum requirements. **Current Status: Termination; replaced by the Vanguard Small Cap Growth Index.**

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)			
Style: Small Growth	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Growth Idx	(9.91)	22.77	(6.84)	2.21
MSCI US Small Cap Growth Index	(10.03)	25.16	(7.40)	1.35
Small Cap Growth MF Mean	(9.35)	18.81	(8.56)	0.21

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	-0.2	-0.4	-0.2
5 yr	★★★★★	0.1	-0.1	0.1
10 yr	★★★★★	--	--	--

**Fund Narrative**  
This Vanguard index fund replaced the Managers Essex Sm/Micro Growth fund and is designed to track the MSCI US Small Cap Growth index. The fund's outperformance for the 3- and 5-year time periods, 3- and 4-star Morningstar ratings, and above category mean Sharpe Ratios meet the State's requirements. **Current Status: Retention, no change recommended.**

Vanguard Small Cap Index	Trailing Total Returns (annualized)			
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Index	(10.01)	25.28	(7.20)	1.50
MSCI US Small Cap 1750 Index	(10.03)	25.16	(7.40)	1.35
Small Cap Blend MF Mean	(9.52)	22.37	(8.46)	0.78

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	-0.2	-0.4	-0.2
5 yr	★★★	0.1	-0.1	0.1
10 yr	★★★	--	--	--

**Fund Narrative**  
This fund's return tracked the benchmark return within an acceptable range for all time periods, as expected of an index fund. With 3-star Morningstar ratings and above-category mean Sharpe Ratios, this fund meets all of the State's minimum requirements. **Current Status: Retention, no change recommended.**

Target Small Capitalization Value	Trailing Total Returns (annualized)			
Style: Small Value	Quarter	1 Year	3 Year	5 Year
Target Small Capitalization Value	(8.60)	24.10	(5.29)	2.45
Russell 2000 Value Index	(10.60)	25.07	(9.85)	(0.51)
Small Cap Value MF Mean	(9.33)	26.82	(7.53)	1.53

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	-0.2	-0.3	-0.3
5 yr	★★★★	0.1	0.0	0.0
10 yr	★★★★★	--	--	--

Fund Narrative
This small value fund outperformed the benchmark for the quarter and greatly leads for the 3- and 5-year time periods. Furthermore, the fund's Sharpe Ratios are higher than the category mean and the 4-star Morningstar ratings exceed the State's minimum requirements. <b>Current Status: Retention, no change recommended.</b>

American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	(11.39)	13.39	(6.60)	4.13
MSCI World Index	(12.67)	10.20	(11.46)	0.06
World Equity MF Mean	(11.65)	11.49	(10.05)	1.26

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	-0.3	-0.5	-0.5
5 yr	★★★★	0.2	-0.1	0.0
10 yr	★★★★	--	--	--

Fund Narrative
This global equity fund led the MSCI World Index benchmark for the quarter and 1-year, and significantly outperformed for the 3- and 5-year time periods. The manager's Sharpe Ratios were higher than the category mean and the 4-star Morningstar Ratings exceed the requirements of the State. <b>Current Status: Retention, no change recommended.</b>

Oakmark International	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oakmark International	(10.73)	22.06	(7.21)	4.77
MSCI EAFE Value Index	(15.53)	3.21	(15.11)	0.01
Non-US Equity MF Mean	(13.14)	8.15	(12.74)	1.46

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	-0.2	-0.5	-0.5
5 yr	★★★★★	0.2	-0.1	0.0
10 yr	★★★★★	--	--	--

Fund Narrative
This international value equity (developed countries only) manager once again greatly outperformed the MSCI EAFE Value Index for the quarter and as a result, outperformed for all time periods. The manager's Sharpe Ratios were well above the category mean and the fund's consistent 5- star Morningstar ratings exceed the State's requirements. <b>Current Status: Retention, no change recommended.</b>

Principal International Growth Inst	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Principal Inv International Growth Inst	(13.60)	6.85	(16.67)	(0.86)
MSCI EAFE Growth Index	(12.44)	8.59	(11.70)	1.68
Non-US Equity MF Mean	(13.14)	8.15	(12.74)	1.46

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★	-0.6	-0.5	-0.5
5 yr	★	-0.1	-0.1	0.0
10 yr	--	--	--	--

Fund Narrative
This international growth equity (developed markets only) fund lagged the MSCI EAFE Growth Index for the quarter and for all other periods. The fund's 3-year Sharpe Ratio is below category mean while the 5-year is in line. The 1-star Morningstar Ratings do not satisfy the State's minimum requirements. Recent performance merits probation. <b>Current Status: Termination; replaced by the Vanguard Total International Stock Index fund.</b>

Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Vanguard Total Int'l Stock Index	(13.33)	8.63	(11.46)	2.77
MSCI ACWI ex-US Index	(12.45)	10.43	(10.70)	3.38
Non-US Equity MF Mean	(13.14)	8.15	(12.74)	1.46

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	-0.4	-0.5	-0.3
5 yr	★★★★	0.1	-0.1	0.1
10 yr	★★★★	--	--	--

**Fund Narrative**

This Vanguard fund replaced the Principal International Growth fund and aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund will be benchmarked to the MSCI ACWI ex-US Index. The fund currently lags the benchmark over all time periods, but has above-category mean Sharpe Ratios, and 3- and 4-star Morningstar ratings. **Current Status: Retention, no change recommended.**

State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Vanguard Total Bond Market Signal

Ticker: VBTSX

<b>Fund Strategy</b>
This index fund seeks to mirror the performance and duration of the Barclays Aggregate Bond Index.

<b>Manager Information</b>	
Lead Manager	Kenneth Volpert
Inception	9/1/2006
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics				Trailing Total Returns (annualized)				
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years
Vanguard Total Bond Mkt	★★★★	4.37	6.40	AA	3.6%	5.4%	9.4%	7.6%	5.6%
Barclays Aggregate					3.5%	5.3%	9.5%	7.5%	5.5%
Interm Fixed MF Mean					3.0%	5.6%	13.0%	6.9%	4.9%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	4.17	0.07	1.48	0.51	4.12	1.48
5-Year	3.76	0.01	0.74	0.42	3.70	0.74

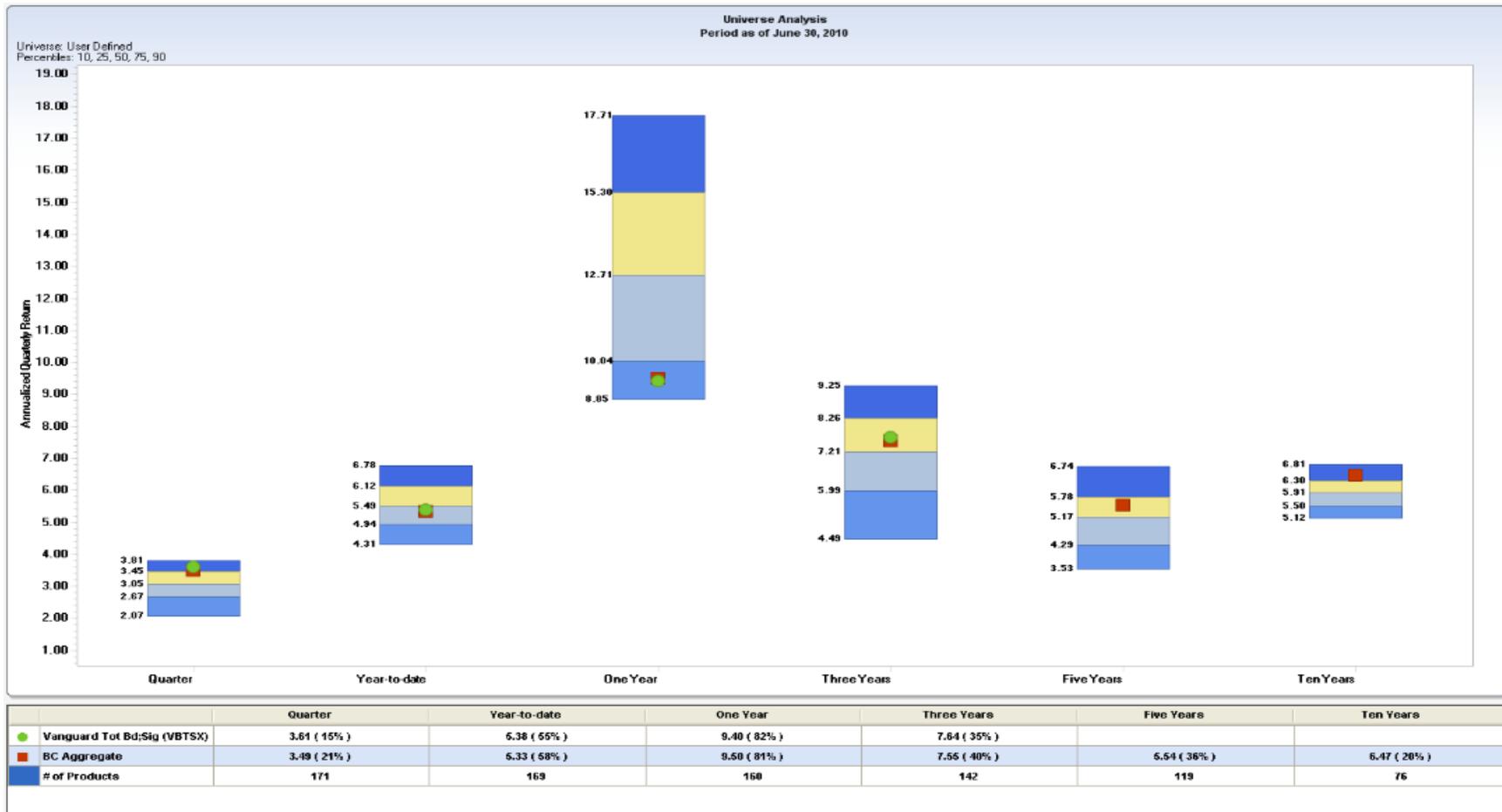
<b>Portfolio Characteristics 6-30-10</b>	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	76.8%
AA	4.1%
A	10.2%
BBB	8.9%
< BBB	0.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	19.6%
3 - 5 yrs.	16.0%
5 - 7 yrs.	9.0%
7 - 10 yrs.	14.0%
10 - 15 yrs.	5.7%
15 - 20 yrs.	2.5%
20 + yrs.	33.2%

<b>Sector Weights 6-30-10</b>		
<i>versus Barclays Aggregate</i>	<b>%</b>	<b>+ / -</b>
US Government	40.9%	-1.1%
Mortgage	33.5%	-3.5%
Credit	18.9%	-0.1%
Foreign	6.7%	4.7%
Cash	0.0%	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.12%
12b-1 Fee Included	-
Category Average	1.04%
Minimum Investment	\$100,000

<b>Year-End Assets (\$ Mil.)</b>	
2009	\$8,450
2008	\$7,372
2007	\$5,414
2006	\$632

## Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional

Ticker: VBAIX

**Fund Strategy**

The fund is 60% stocks and 40% bonds. It tracks the MSCI Broad Market Index on the stock allocation and the Barclays Brothers Aggregate Bond Index on the fixed income allocation.

**Manager Information**

Lead Manager Michael Perre & Gregory Davis  
Avg. Tenure 12/1/2000  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Balanced Indx Instl	★★★★	\$25,355	7,684	-5.4%	-1.3%	13.8%	-2.1%	2.5%	2.5%
US Balanced Index				-5.4%	-1.3%	13.6%	-2.4%	2.4%	2.5%
Balanced MF Mean				-6.2%	-2.7%	12.8%	-3.5%	1.9%	2.5%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	13.40	0.96	-0.36	-0.19	2.21	13.33	-0.29
5-Year	10.79	0.95	-1.02	0.04	2.00	10.75	-0.03

Top 10 Holdings 6-30-10	
Company	% of Portfolio
CMT Market Liquidity Rate	2.43%
ExxonMobil Corporation	1.44%
Apple, Inc.	1.13%
Microsoft Corporation	0.90%
Procter & Gamble Company	0.86%
Johnson & Johnson	0.80%
International Business Machines Cc	0.79%
General Electric Company	0.76%
J.P. Morgan Chase & Co	0.72%
Bank of America Corporation	0.71%

Sector Weights 3-31-10		
versus S&P 500	%	+ / -
Consumer Discretionary	10.9%	0.9%
Consumer Staples	9.8%	-1.2%
Energy	10.5%	-0.5%
Financials	16.4%	-0.6%
Health Care	12.4%	0.4%
Industrials	11.2%	0.2%
Information Technology	18.9%	-0.1%
Materials	3.9%	0.9%
Telecom Services	2.6%	-0.4%
Utilities	3.5%	0.5%

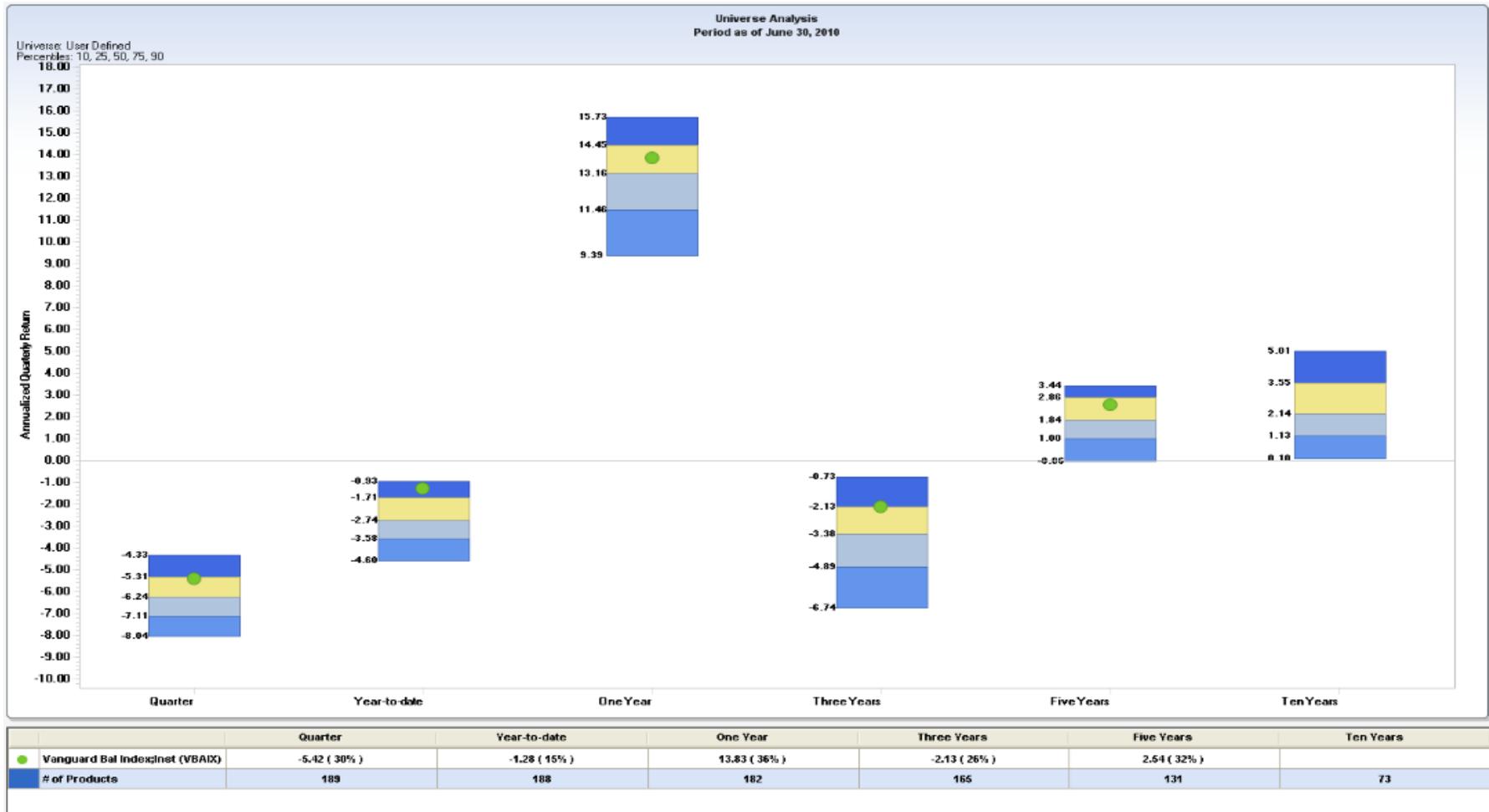
Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	55%

Fixed Income Characteristics	
Avg. Duration (yrs.)	4.38
Avg. Maturity (yrs.)	6.50
Avg. Quality	AA

Sector Weights 6-30-10		
versus Barclays Aggregate	%	+ / -
US Government	40.6%	-1.4%
Mortgage	33.3%	-3.7%
Credit	19.2%	0.2%
Foreign	7.0%	5.0%
Cash	0.0%	0.0%

Year-End Assets (\$ Mil.)	
2009	\$2,869
2008	\$2,299
2007	\$2,901
2006	\$2,666
2005	\$2,014
2004	\$1,656
2003	\$1,131

## Balanced Universe



State of Montana 401(a) Defined Contribution Plan  
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American Funds Growth Fund of America A Ticker: AGTHX

**Fund Strategy**  
This fund invests based on the GARP (growth at a reasonable price) investment philosophy. It is managed by a team of managers who invest independently from one another. Consequently, the portfolio is broadly diversified and tends to have lower volatility than most growth funds.

**Manager Information**  
Lead Manager James E. Drasdo + Team  
Inception 11/30/1973  
Prospectus [www.americanfunds.com](http://www.americanfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds Grw FOA	★★★	\$43,008	430	-11.7%	-8.0%	10.4%	-8.5%	0.8%	0.0%
S & P 500				-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
Large Cap Growth MF Mean				-12.4%	-8.5%	11.7%	-8.1%	-0.6%	-3.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.53	0.96	1.02	-0.39	4.98	20.73	-	-0.45
5-Year	16.93	0.97	1.58	-0.02	4.74	16.83	-	-0.12

**Top 10 Holdings 6-30-10**

Company	% of Portfolio
Oracle Corporation	2.95%
Google, Inc.	2.88%
Microsoft Corporation	2.60%
Apple, Inc.	1.95%
Barrick Gold Corporation	1.52%
United States Treas Nts 3.5%	1.37%
J.P. Morgan Chase & Co.	1.31%
Cisco Systems, Inc.	1.21%
Union Pacific Corporation	1.20%
Suncor Energy, Inc.	1.14%

**Sector Weights 3-31-10**

versus S&P 500	%	+/-
Consumer Discretionary	11.7%	1.7%
Consumer Staples	6.5%	-4.5%
Energy	10.9%	-0.1%
Financials	11.7%	-5.3%
Health Care	13.5%	1.5%
Industrials	8.3%	-2.7%
Information Technology	26.1%	7.1%
Materials	9.3%	6.3%
Telecom Services	1.3%	-1.7%
Utilities	0.7%	-2.3%

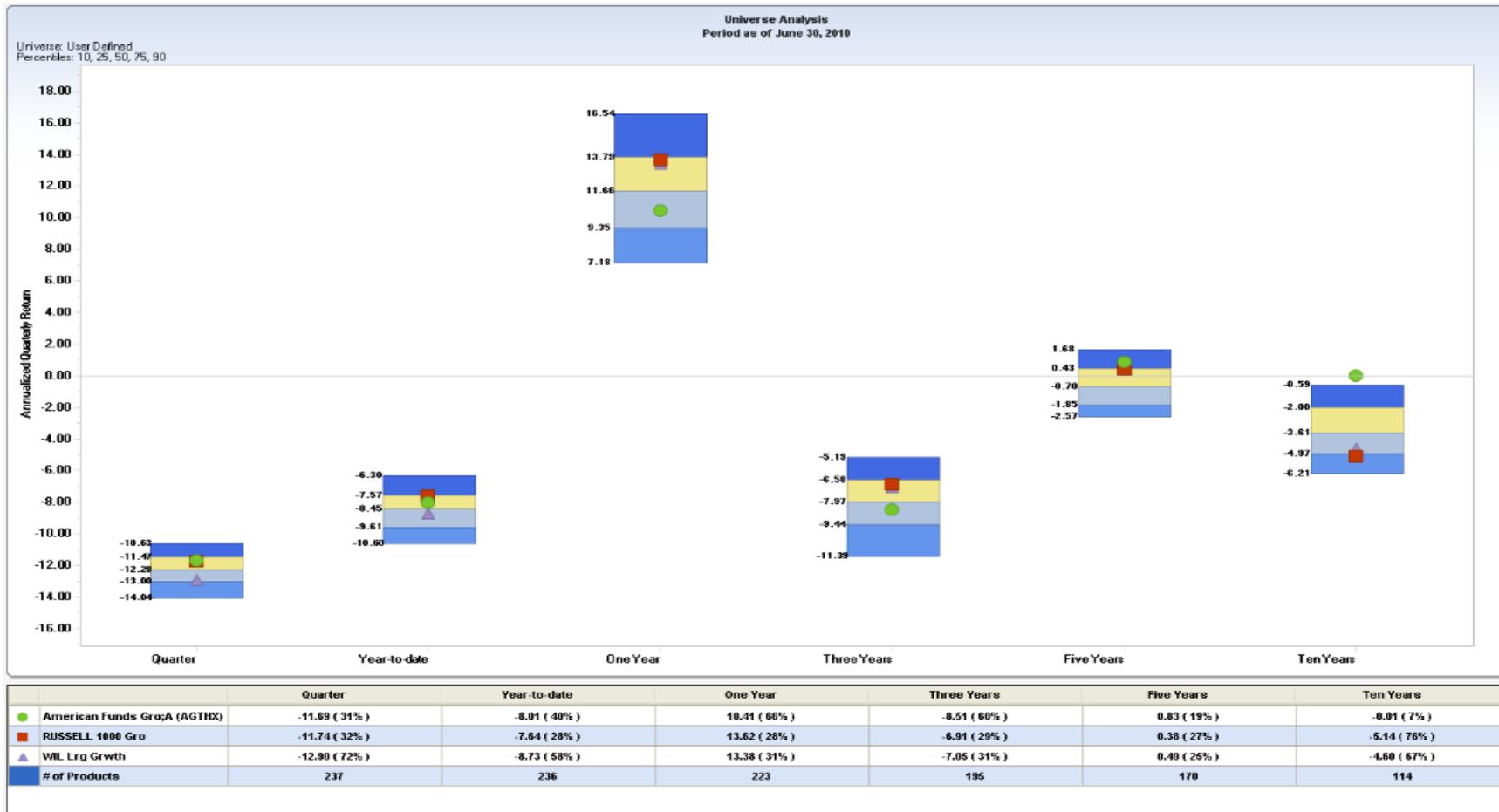
**Portfolio Information**

Expense Ratio	0.75%
12b-1 Fee Included	0.25%
Morningstar Average	1.38%
Minimum Investment	\$250
Avg. Annual Turnover	38%

**Year-End Assets (\$ Mil.)**

2009	\$66,117
2008	\$52,596
2007	\$91,391
2006	\$83,868

## Large Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Vanguard Growth & Income Admiral

Ticker: VGIAX

**Fund Strategy**

Using a quantitative approach, this fund seeks to build a stock portfolio with a risk level comparable to the S&P 500 Index but is able to earn an annual return higher than the Index. Computer models rank 4000 stocks based on value, discounted cash flow, and earnings momentum. Portfolio weights are similar to the Index; managers take many small positions to overweight or underweight the Index based on individual stocks risk/reward profile.

**Manager Information**

Lead Manager Oliver E. Buckley - Mellon  
Inception 5/14/2001  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Grw & Income Adm	★★	\$42,405	138	-11.3%	-6.1%	14.2%	-11.4%	-2.2%	-1.8%
S & P 500				-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
Large Cap Core MF Mean				-12.2%	-7.7%	12.3%	-9.9%	-0.8%	-0.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.31	1.02	-1.38	-0.52	2.28	20.73	-	-0.45
5-Year	17.27	1.02	-1.34	-0.20	2.03	16.83	-	-0.12

Top 10 Holdings 6-30-10	
Company	% of Portfolio
ExxonMobil Corporation	3.12%
Johnson & Johnson	2.96%
IBM	2.63%
Microsoft Corporation	2.61%
Chevron Corporation	2.54%
AT&T, Inc.	2.52%
J.P. Morgan Chase & Co.	2.37%
Procter & Gamble Company	2.33%
Apple, Inc.	1.93%
Amgen, Inc.	1.59%

Sector Weights 3-31-10		
versus S&P 500	%	+/-
Consumer Discretionary	9.7%	-0.3%
Consumer Staples	10.4%	-0.6%
Energy	10.4%	-0.6%
Financials	16.6%	-0.4%
Health Care	13.5%	1.5%
Industrials	9.2%	-1.8%
Information Technology	20.3%	1.3%
Materials	3.1%	0.1%
Telecom Services	3.2%	0.2%
Utilities	3.6%	0.6%

Portfolio Information	
Expense Ratio	0.21%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$100,000
Avg. Annual Turnover	83%

Year-End Assets (\$ Mil.)	
2009	\$1,378
2008	\$1,385
2007	\$2,525
2006	\$2,488
2005	\$2,140
2004	\$998
2003	\$929

State of Montana 401(a) Defined Contribution Plan  
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BlackRock Equity Index

Ticker: MDSRX

**Fund Strategy**

The BlackRock Equity Index fund is designed to track the Standard & Poor's 500 Index. Like most index funds, this offering has a large number of portfolio holdings and small positions in these holdings. Funds like this tend to be less volatile than more-concentrated offerings because they are so broadly diversified.

**Manager Information**

Lead Manager Diane Hsiung + Greg Savage  
Inception 7/2/1993  
Prospectus [www.barclaysglobal.com](http://www.barclaysglobal.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>BlackRock Eq Index (S&amp;P 500)</b>	★★★	\$40,525	503	-11.4%	-6.7%	14.3%	-9.8%	-0.9%	-1.7%
S & P 500				-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
Large Cap Core MF Mean				-12.2%	-7.7%	12.3%	-9.9%	-0.8%	-0.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.71	1.00	-0.05	-0.46	0.12	20.73	-	-0.45
5-Year	16.80	1.00	-0.10	-0.13	0.10	16.83	-	-0.12

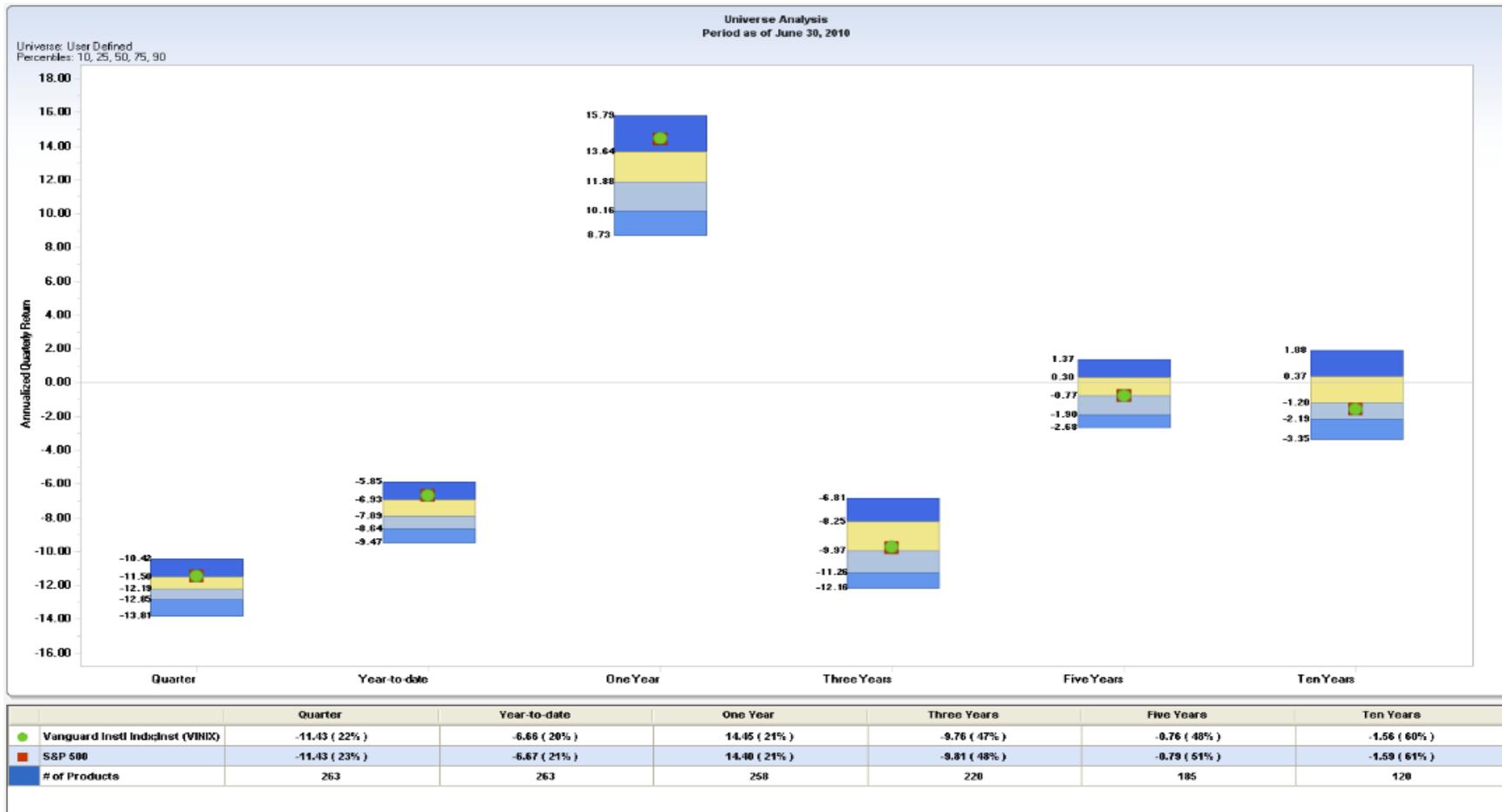
Top 10 Holdings 6-30-10	
Company	% of Portfolio
ExxonMobil Corporation	2.98%
Microsoft Corporation	2.11%
Apple, Inc.	2.01%
General Electric Company	1.83%
Proctor & Gamble Company	1.74%
Johnson & Johnson	1.69%
Bank of America Corporation	1.69%
J.P. Morgan Chase & Co.	1.67%
IBM	1.57%
Wells Fargo Company	1.52%

Sector Weights 3-31-10		
versus S&P 500	%	+ / -
Consumer Discretionary	10.6%	0.6%
Consumer Staples	10.9%	-0.1%
Energy	11.2%	0.2%
Financials	16.5%	-0.5%
Health Care	11.6%	-0.4%
Industrials	10.8%	-0.2%
Information Technology	18.9%	-0.1%
Materials	3.5%	0.5%
Telecom Services	2.7%	-0.3%
Utilities	3.5%	0.5%

Portfolio Information	
Expense Ratio	0.20%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	5%

Year-End Assets (\$ Mil.)	
2009	\$216
2008	\$170
2007	\$331
2006	\$270

## Large Cap Core Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Vanguard Equity Income Admiral

Ticker: VEIRX

**Fund Strategy**

This fund seeks to find stocks in high quality companies that are temporarily undervalued and have a high dividend yield in an effort to deliver a combination of steady returns and above average income. The portfolio is broadly diversified. Wellington subadvises 60% of the portfolio while Vanguard's quantitative group manages the remaining 40%.

**Manager Information**

Lead Manager James Stetler - Wellington/Vanguard  
Inception 8/13/2001  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Equity Income Adm	★★★★	\$45,589	159	-9.4%	-5.2%	15.6%	-8.9%	0.3%	3.3%
Russell 1000 Value Index				-11.1%	-5.1%	16.9%	-12.3%	-1.6%	2.4%
Large Cap Value MF Mean				-12.5%	-7.4%	12.8%	-11.8%	-1.7%	1.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.48	0.91	-0.07	-0.44	4.99	22.28	-	-0.53
5-Year	15.75	0.91	0.73	-0.07	4.14	18.08	-	-0.15

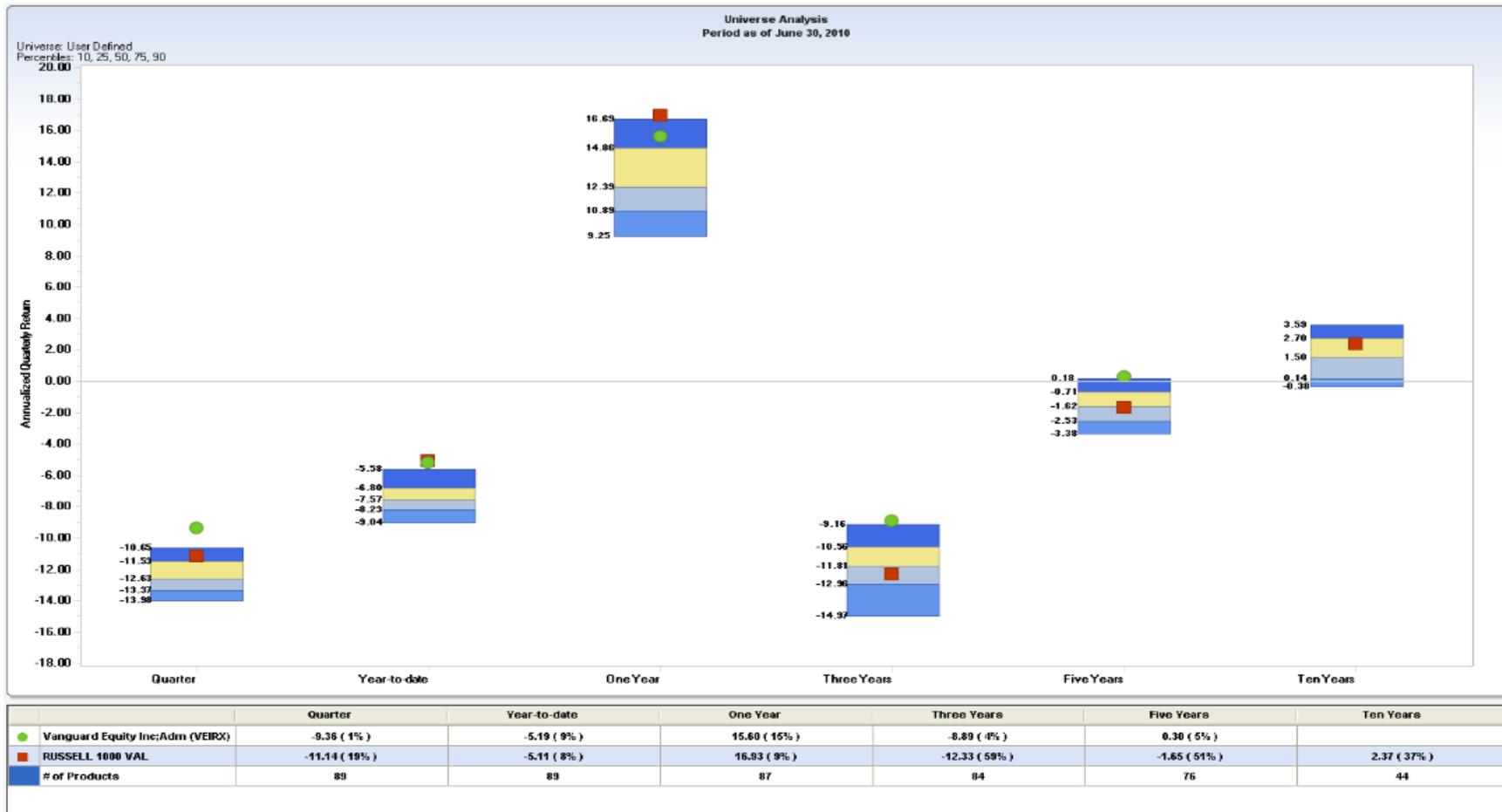
Top 10 Holdings 6-30-10	
Company	% of Portfolio
Johnson & Johnson	3.58%
Chevron Corporation	3.53%
Merck & Co., Inc.	2.91%
Microsoft Corporation	2.89%
J.P. Morgan Chase & Co	2.84%
Pfizer Inc.	2.57%
3M Company	2.57%
AT&T, Inc.	2.47%
General Electric Company	2.45%
ExxonMobil Corporation	2.36%

Sector Weights 3-31-10		
versus Russell 1000 Value	%	+/-
Consumer Discretionary	10.2%	-0.4%
Consumer Staples	14.3%	8.8%
Energy	11.8%	-5.7%
Financials	14.9%	-11.2%
Health Care	12.1%	3.5%
Industrials	14.9%	4.0%
Information Technology	8.4%	3.4%
Materials	3.3%	-0.8%
Telecom Services	3.5%	-1.6%
Utilities	6.4%	0.0%

Portfolio Information	
Expense Ratio	0.24%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$100,000
Avg. Annual Turnover	51%

Year-End Assets (\$ Mil.)	
2009	\$1,522
2008	\$1,386
2007	\$2,138
2006	\$1,986

## Large Cap Value Universe



State of Montana 401(a) Defined Contribution Plan

June 30, 2010



Munder Mid Cap Core Growth A Ticker: MGOAX

**Fund Strategy**

This fund operates in the mid-capitalization space and managers seek to invest in companies that are temporarily out of favor and trade cheap relative to their growth prospects. The fund keeps sector weightings within 3% of the benchmark. The fund generally holds 70-85 stocks and individual positions are capped at 3%.

**Manager Information**

Lead Manager Tony Y. Dong + Team  
 Inception 6/30/2000  
 Prospectus [www.munder.com](http://www.munder.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★	\$3,941	95	-7.6%	-1.2%	21.3%	-8.7%	1.0%	4.9%
S&P MidCap 400 Index				-9.6%	-1.4%	24.9%	-5.9%	2.2%	5.3%
Mid Cap Growth MF Mean				-9.3%	-3.2%	20.4%	-8.2%	1.2%	-0.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	23.25	1.07	2.48	-0.33	7.14	24.86	-	-0.17
5-Year	19.43	1.08	2.44	0.02	7.10	20.23	-	0.08

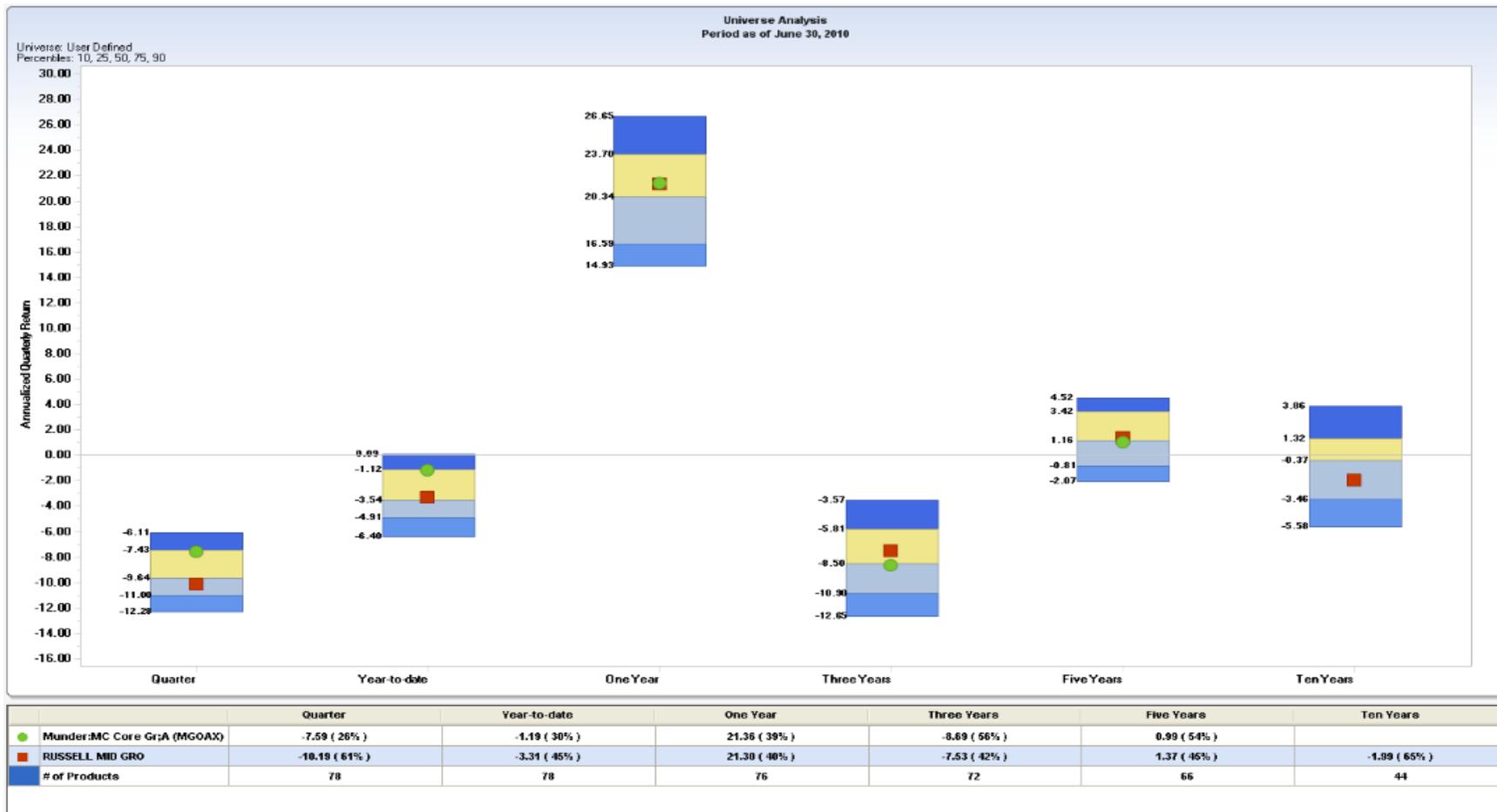
Top 10 Holdings 6-30-10	
Company	% of Portfolio
BorgWarner, Inc.	1.79%
Cognizant Tech Solutions Corp	1.75%
Digital Realty Trust, Inc	1.72%
Core Laboratories N.V.	1.72%
LKQ Corporation	1.70%
ResMed Inc.	1.62%
HIS, Inc. A	1.55%
American Tower Corporation A	1.55%
Stericycle, Inc.	1.52%
Crown Holdings, Inc.	1.52%

Sector Weights 3-31-10		
versus S&P MidCap 400	%	+/-
Consumer Discretionary	17.5%	2.9%
Consumer Staples	3.7%	-0.2%
Energy	6.6%	0.7%
Financials	17.7%	-2.6%
Health Care	11.3%	-1.4%
Industrials	12.4%	-2.0%
Information Technology	16.7%	2.0%
Materials	5.3%	-1.5%
Telecom Services	2.5%	1.6%
Utilities	6.3%	0.4%

Portfolio Information	
Expense Ratio	1.35%
12b-1 Fee Included	0.25%
Morningstar Average	1.52%
Minimum Investment	\$2,500
Avg. Annual Turnover	65%

Year-End Assets (\$ Mil.)	
2009	\$1,497
2008	\$1,319
2007	\$2,263
2006	\$1,350

## Mid Cap Growth Universe



**State of Montana 401(a) Defined Contribution Plan**  
**June 30, 2010**



Janus/Perkins Mid Cap Value T Ticker: JMCVX

**Fund Strategy**  
 This fund operates in the mid-capitalization space and has a value, turnaround story, and contrarian orientation. Managers seek to find stocks trading near their historic low in price but have strong cash flows, minimal debt and a proven management team. The portfolio holds 120-150 companies and individual positions are capped at 3%.

**Manager Information**  
 Lead Manager Thomas M. Perkins  
 Inception 8/12/1998  
 Prospectus [www.janus.com](http://www.janus.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Janus/Perkins Mid Cap Value T	★★★★★	\$8,333	159	-8.8%	-3.7%	16.3%	-3.8%	3.9%	10.0%
Russell Mid Cap Value Index				-9.6%	-0.9%	28.9%	-9.4%	0.7%	7.6%
Mid Cap Value MF Mean				-10.2%	-2.6%	24.6%	-9.2%	0.9%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.55	0.92	5.38	-0.17	4.90	26.41	-	-0.29
5-Year	15.92	0.91	4.31	0.16	4.42	21.14	-	0.02

**Top 10 Holdings 12-31-09**

Company	% of Portfolio
URS Corporation	1.36%
Everest Re Group, Ltd.	1.35%
Noble Energy, Inc.	1.32%
Kroger Company	1.29%
Allstate Corporation	1.29%
Invesco Ltd	1.29%
People's United Financial, Inc	1.29%
Kansas City Southern Inc	1.22%
Centurytel, Inc.	1.22%
Laboratory Corp of America	1.19%

**Sector Weights 3-31-10**

vs Russell Mid Cap Value	%	+/-
Consumer Discretionary	11.2%	-2.4%
Consumer Staples	8.5%	2.1%
Energy	11.7%	3.0%
Financials	22.2%	-6.6%
Health Care	12.4%	8.3%
Industrials	12.3%	1.6%
Information Technology	10.7%	4.1%
Materials	5.5%	-2.5%
Telecom Services	1.8%	-0.7%
Utilities	3.7%	-6.9%

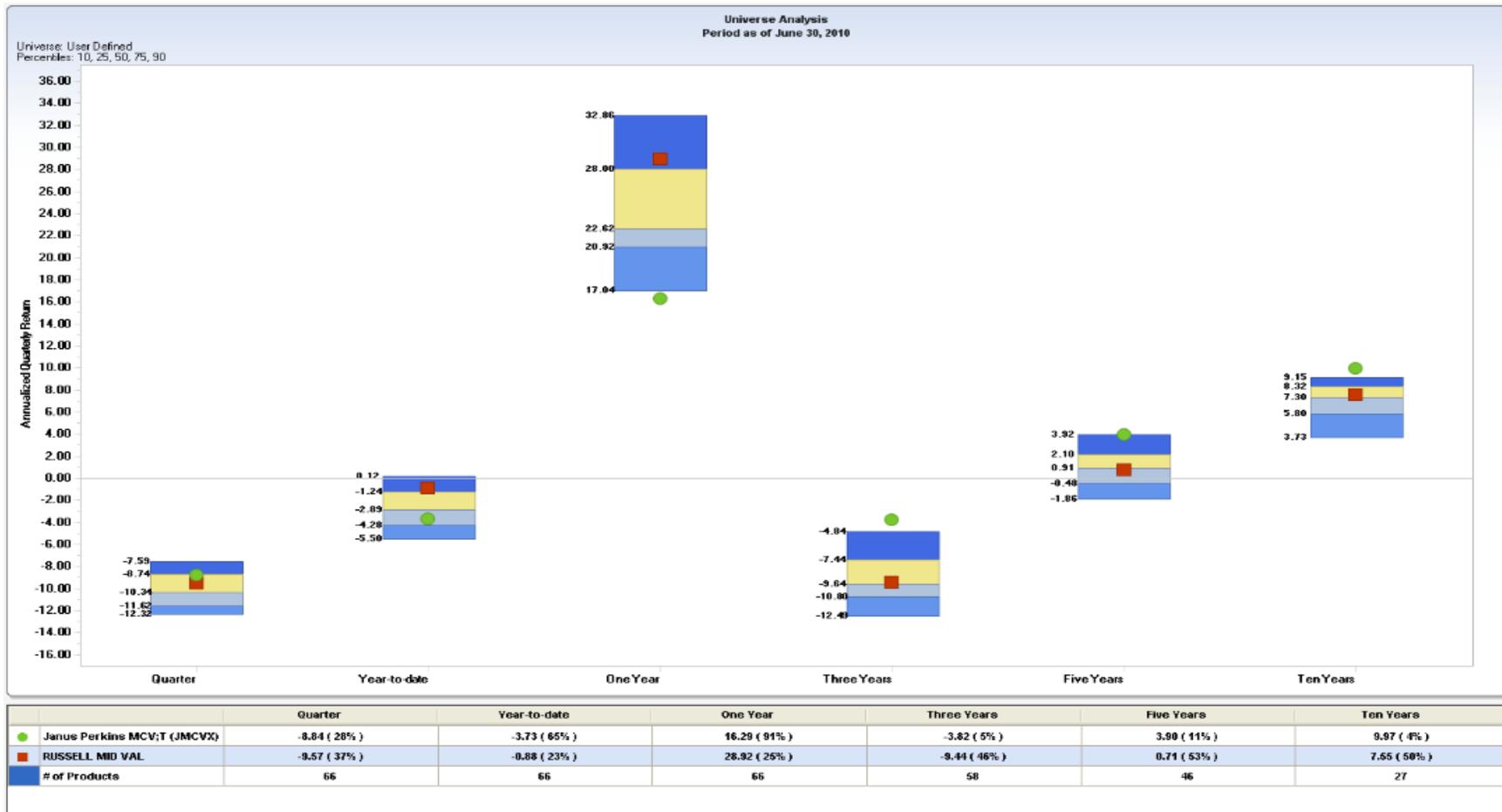
**Portfolio Information**

Expense Ratio	1.11%
12b-1 Fee Included	-
Morningstar Average	1.37%
Minimum Investment	\$2,500
Avg. Annual Turnover	88%

**Year-End Assets (\$ Mil.)**

2009	\$7,778
2008	\$5,264
2007	\$5,610
2006	\$5,373

## Mid Cap Value Universe



State of Montana 401(a) Defined Contribution Plan

June 30, 2010



Managers AMG Essex Small/Micro Growth

Ticker: MBR SX

**Fund Strategy**

This fund seeks capital appreciation through investing in a diversified portfolio of small capitalization (less than \$2.5 billion at time of investment) US growth stocks. *This fund has been terminated and will be replaced by the Vanguard Small Cap Growth Index fund (VISGX).*

**Manager Information**

Lead Manager Nancy Prial  
 Inception 6/25/2002  
 Prospectus [www.managersinvest.com](http://www.managersinvest.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Mgr AMG Essex Sml/Mic Grw</b>	★★	\$538	107	-7.5%	-4.8%	11.0%	-12.5%	-0.4%	-
Russell 2000 Growth Index				-9.2%	-2.3%	18.0%	-7.5%	1.1%	-1.7%
Small Cap Growth MF Mean				-9.4%	-2.6%	18.8%	-8.6%	0.2%	-1.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	28.37	1.21	0.96	-0.37	14.00	26.34	-	-0.21
5-Year	24.24	1.22	2.46	0.00	13.38	22.11	-	0.04

Top 10 Holdings 6-30-10	
Company	% of Portfolio
HeartWare International, Inc.	2.42%
Acme Packet, Inc.	1.93%
GSI Commerce, Inc.	1.79%
Interactive Intelligence, Inc.	1.75%
Thoratec Laboratories Corp	1.72%
Parexel International Corporatior	1.70%
Neogen Corporation	1.69%
Blackboard, Inc.	1.62%
Power-One, Inc.	1.49%
Steven Madden	1.48%

Sector Weights 3-31-10		
versus Russell 2000 Growth	%	+ / -
Consumer Discretionary	14.5%	-2.8%
Consumer Staples	0.6%	-2.9%
Energy	3.5%	-0.6%
Financials	2.1%	-3.7%
Health Care	24.9%	0.3%
Industrials	13.7%	-0.5%
Information Technology	39.9%	13.4%
Materials	0.8%	-1.6%
Telecom Services	0.0%	-1.4%
Utilities	0.0%	-0.2%

Portfolio Information	
Expense Ratio	1.49%
12b-1 Fee Included	0.25%
Morningstar Average	1.63%
Minimum Investment	\$2,000
Avg. Annual Turnover	67%

Year-End Assets (\$ Mil.)	
2009	\$182
2008	\$153
2007	\$138
2006	\$76

State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Vanguard Small Cap Growth Index

Ticker: VISGX

<b>Fund Strategy</b>
This index fund tracks the MSCI US Small Cap Growth Index fund. The MSCI US Small Cap Growth index represents the growth companies of the MSCI US Small Cap 1750 Index.

<b>Manager Information</b>	
Lead Manager	Gerard O'Reilly + Team
Inception	5/21/1998
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Small Growth Index</b>	★★★★	\$1,288	1002	-9.9%	-1.7%	22.8%	-6.8%	2.2%	3.7%
MSCI US Small Cap Growth Idx				-10.0%	-1.3%	25.2%	-7.4%	1.4%	4.5%
Small Cap Growth MF Mean				-9.4%	-2.6%	18.8%	-8.6%	0.2%	-1.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.48	1.25	7.20	-0.17	10.60	27.50	-	-0.19
5-Year	22.75	1.25	4.68	0.10	9.70	22.42	-	0.06

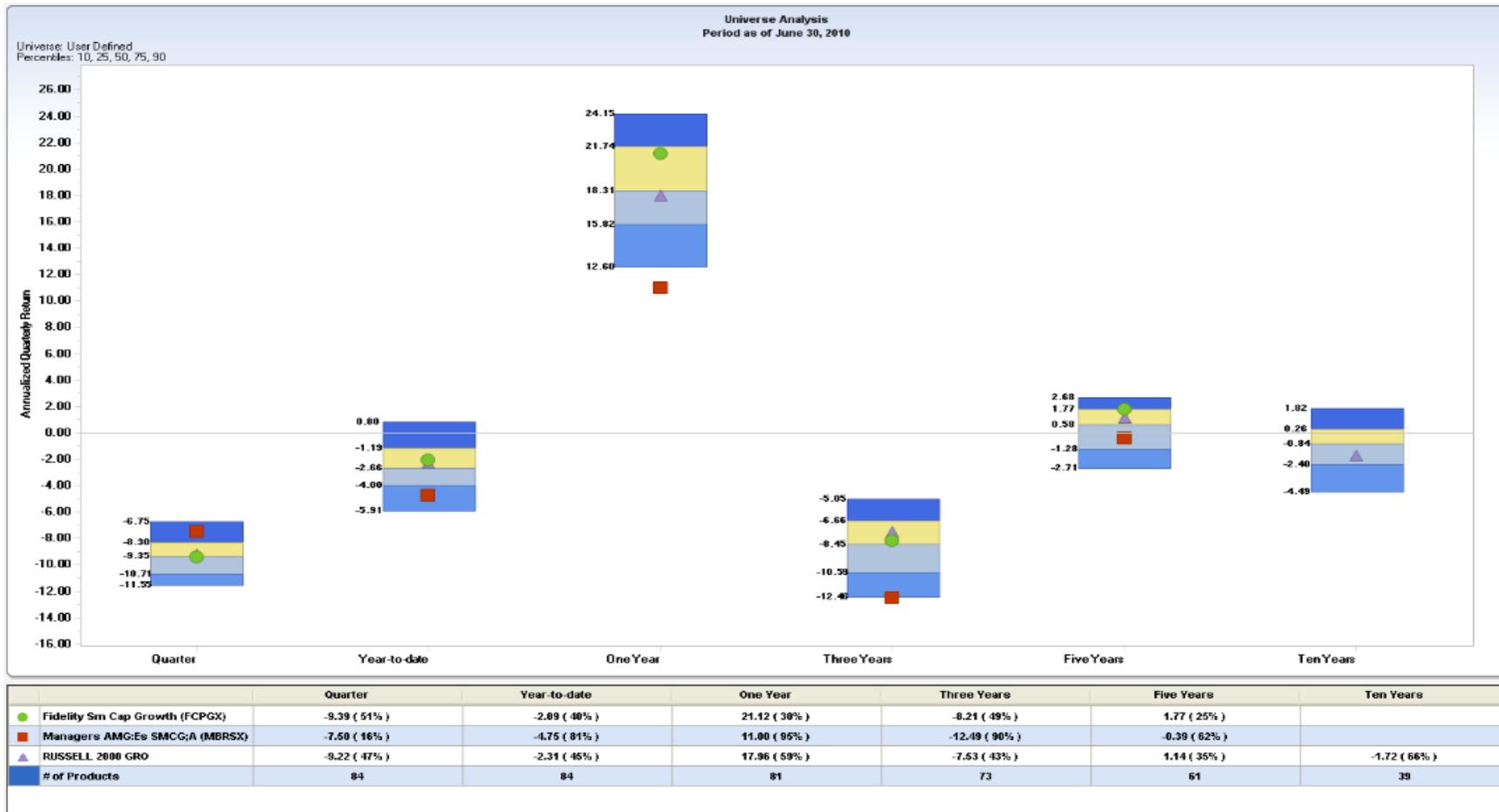
<b>Top 10 Holdings 6-30-10</b>	
Company	% of Portfolio
valeant Pharmaceuticals Intl	0.64%
UAL Corporation	0.54%
Core Laboratories N.V.	0.51%
MSCI Inc	0.48%
Aeropostale, Inc.	0.45%
Green Mountain Coffee Roaster	0.45%
Oshkosh Corporation	0.44%
Herbalife, Ltd.	0.43%
Jones Lang LaSalle, Inc.	0.43%
Big Lots, Inc.	0.41%

<b>Sector Weights 3-31-10</b>		
<i>versus Russell 2000 Growth</i>	%	+ / -
Consumer Discretionary	0.0%	0.0%
Consumer Staples	0.0%	0.0%
Energy	0.0%	0.0%
Financials	0.0%	0.0%
Health Care	0.0%	0.0%
Industrials	0.0%	0.0%
Information Technology	0.0%	0.0%
Materials	0.0%	0.0%
Telecom Services	0.0%	0.0%
Utilities	0.0%	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.28%
12b-1 Fee Included	-
Morningstar Average	1.57%
Minimum Investment	\$3,000
Avg. Annual Turnover	38%

<b>Year-End Assets (\$ Mil.)</b>	
2009	\$3,018
2008	\$1,871
2007	\$2,825
2006	\$2,208

### Small Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Vanguard Small Cap Index Signal

Ticker: VSISX

**Fund Strategy**

This index fund tracks the MSCI US Small Cap 1750 Index, which contains 1750 of the smallest publicly traded stocks.

**Manager Information**

Lead Manager Michael H. Buek  
Inception 12/15/2006  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Sml Cap Index Instl	★★★	\$1,268	1741	-10.0%	-1.3%	25.3%	-7.2%	1.5%	4.0%
MSCI Small Cap 1750 Index				-10.0%	-1.3%	25.2%	-7.4%	1.4%	4.5%
Small Cap Core MF Mean				-9.5%	-1.8%	22.4%	-8.5%	0.8%	4.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.51	1.26	6.95	-0.18	10.00	27.50	-	-0.19
5-Year	22.42	1.26	3.91	0.06	8.77	22.42	-	0.06

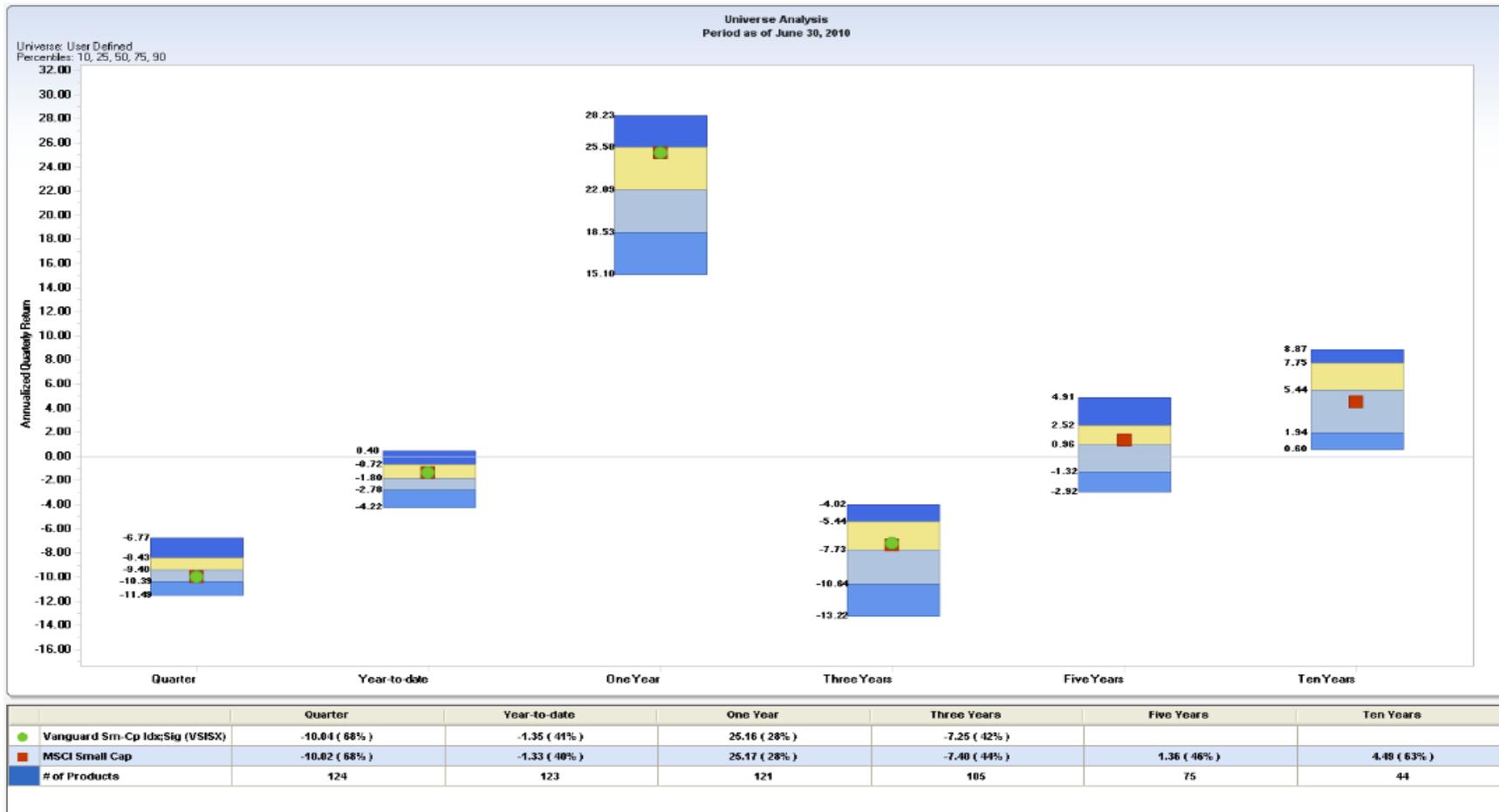
Top 10 Holdings 6-30-10	
Company	% of Portfolio
CMT Market Liquidity Rate	0.52%
Valeant Pharmaceuticals Intl	0.32%
UAL Corporation	0.27%
Core Laboratories N.V.	0.26%
Continental Airlines, Inc. B	0.24%
MSCI Inc	0.24%
Chimera Investment Corp	0.23%
Skyworks Solutions, Inc.	0.23%
Essex Property Trust	0.23%
Aeropostale, Inc.	0.22%

Sector Weights 3-31-10		
vs. MSCI US Small Cap 1750	%	+/-
Consumer Discretionary	15.9%	0.0%
Consumer Staples	3.5%	0.0%
Energy	5.7%	0.0%
Financials	20.4%	0.0%
Health Care	11.8%	0.0%
Industrials	15.5%	0.0%
Information Technology	17.6%	0.0%
Materials	5.4%	0.0%
Telecom Services	0.9%	0.0%
Utilities	3.4%	0.0%

Portfolio Information	
Expense Ratio	0.07%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	14%

Year-End Assets (\$ Mil.)	
2009	\$1,763
2008	\$1,172
2007	\$1,626
2006	\$157

### Small Cap Core Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Target Small Capitalization Value Fund

Ticker: TASVX

**Fund Strategy**

The strategy is to invest in undervalued companies with above average potential to increase in price. This manager structures the portfolio to match the industry and sector weights of the index (Russell 2000 Value Index); with approximately 700 names, this portfolio has broad diversification.

**Manager Information**

Lead Manager Prudential/JP Morgan  
Inception 1/5/1993  
Prospectus [www.prudential.com](http://www.prudential.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Target Small Cap Value	★★★★	\$1,743	726	-8.6%	-0.7%	24.1%	-5.3%	2.4%	10.3%
Russell 2000 Value Index				-10.6%	-1.6%	25.1%	-9.8%	-0.5%	7.5%
Smal Cap Value MF Mean				-9.3%	-0.8%	26.8%	-7.5%	1.5%	8.8%

	Manager Statistics				Index Statistics			
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	23.82	1.11	6.56	-0.16	6.85	27.69	-	-0.28
5-Year	19.44	1.10	3.89	0.09	6.38	22.50	-	-0.03

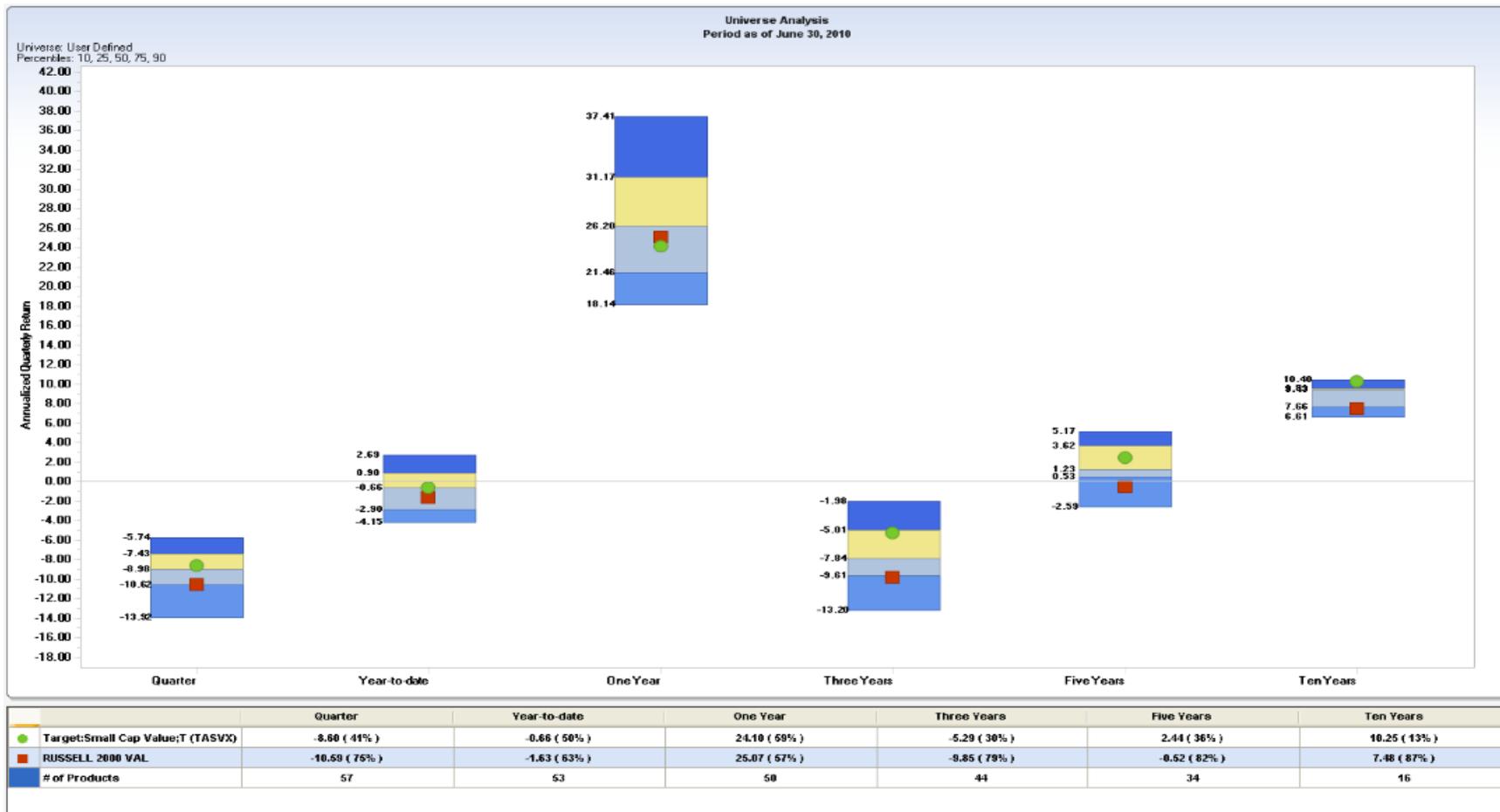
Top 10 Holdings 4-30-10	
Company	% of Portfolio
Prudential Core Invt	6.62%
Phillips-Van Heusen Corporation	1.49%
Bucyrus International, Inc. A	1.24%
Aaron's, Inc.	0.95%
iShares Russell 2000 Value Idx	0.88%
Raymond James Financial	0.85%
Scotts Miracle-Gro Company	0.82%
Delphi Financial Group	0.76%
Swift Energy Company	0.75%
Mednax Inc	0.74%

Sector Weights 1-31-10		
versus Russell 2000 Value	%	+ / -
Consumer Discretionary	9.7%	-2.3%
Consumer Staples	5.2%	2.4%
Energy	8.1%	2.1%
Financials	24.2%	-10.9%
Health Care	7.8%	2.8%
Industrials	18.5%	2.4%
Information Technology	10.2%	0.1%
Materials	8.7%	2.0%
Telecom Services	0.8%	0.4%
Utilities	6.9%	0.9%

Portfolio Information	
Expense Ratio	0.80%
12b-1 Fee Included	-
Morningstar Average	1.53%
Minimum Investment	\$0
Avg. Annual Turnover	48%

Year-End Assets (\$ Mil.)	
2009	\$596
2008	\$380
2007	\$374
2006	\$321

## Small Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



American Funds New Perspective Fund A

Ticker: ANWPX

**Fund Strategy**

This fund seeks capital appreciation by investing internationally in high quality companies that are temporarily out of favor and holding positions for the long term. Stock purchases are based on the manager's model for fair value.

**Manager Information**

Lead Manager Gregg E. Ireland + Team  
Inception 3/13/1973  
Prospectus [www.americanfunds.com](http://www.americanfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>American Funds New Perspective A</b>	★★★★	\$44,372	260	-11.4%	-9.3%	13.4%	-6.6%	4.1%	2.4%
MSCI World Index				-12.7%	-9.8%	10.2%	-11.5%	0.1%	-1.0%
World Stock MF Mean				-11.7%	-9.0%	11.5%	-10.1%	1.3%	0.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.61	0.84	4.74	-0.27	6.51	22.54	-	-0.48
5-Year	17.79	0.84	2.70	0.17	5.66	18.35	-	-0.05

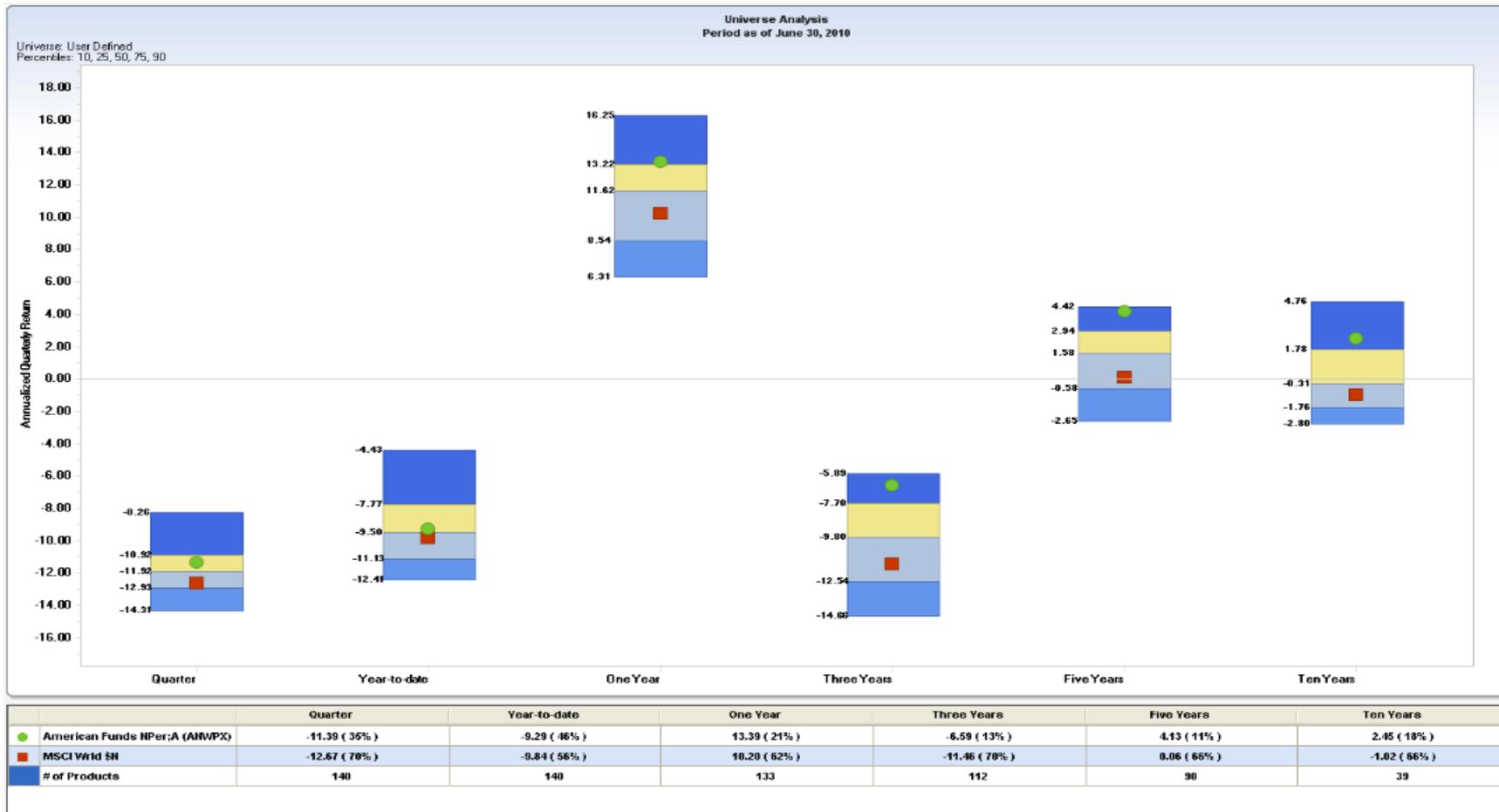
Top 10 Holdings 6-30-10	
Company	% of Portfolio
Novo-Nordisk A S	3.16%
Newmont Mining Corporation	2.35%
Barrick Gold Corporation	1.95%
Anheuser-Busch InBev SA	1.92%
Microsoft Corporation	1.85%
Oracle Corporation	1.61%
Google, Inc.	1.54%
EMC Corporation	1.51%
Honda Motor Company	1.45%
Pernod Ricard NV	1.29%

Country Weights 6-30-10		
versus MSCI World	%	+/-
<b>Europe</b>	<b>37.9%</b>	<b>9.2%</b>
France	5.8%	1.4%
Germany	4.8%	1.3%
United Kingdom	7.1%	-2.4%
<b>Asia</b>	<b>15.6%</b>	<b>-0.6%</b>
Australia	2.4%	-1.3%
Hong Kong	0.4%	-0.8%
Japan	7.6%	-2.9%
<b>Latin America</b>	<b>3.0%</b>	<b>3.0%</b>
Brazil	0.9%	0.9%
Chile	0.0%	0.0%
<b>North America</b>	<b>43.5%</b>	<b>-11.2%</b>
Canada	4.7%	-0.5%
United States	38.8%	-10.9%

Portfolio Information	
Expense Ratio	0.84%
12b-1 Fee Included	0.23%
Morningstar Average	1.55%
Minimum Investment	\$250
Avg. Annual Turnover	32%

Year-End Assets (\$ Mil.)	
2009	\$33,010
2008	\$26,702
2007	\$48,726
2006	\$53,568

## World Equity Universe



State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Oakmark International I Ticker: OAKIX

**Fund Strategy**

The fund invests internationally in large capitalization value space and seeks to find stocks trading at a discount of at least 40% of intrinsic value. Typically, the manager holds fewer stocks than the benchmark and country and sector weightings differ significantly from the benchmark. The fund tolerates price volatility of its holdings. The fund does not hedge foreign currency exposure.

**Manager Information**

Lead Manager David G. Herro - Harris Associates  
Inception 9/30/1992  
Prospectus [www.oakmark.com](http://www.oakmark.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Oakmark International I	★★★★★	\$19,835	58	-10.7%	-5.6%	22.1%	-7.2%	4.8%	6.8%
MSCI EAFE Value Index				-15.5%	-15.7%	3.2%	-15.1%	0.0%	1.8%
MSCI EAFE Index				-14.0%	-13.2%	5.9%	-13.4%	0.9%	0.2%
Non-US Equity MF Mean				-13.1%	-11.7%	8.2%	-12.7%	1.5%	1.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	26.70	1.01	7.23	-0.20	9.54	24.87	-	-0.50
5-Year	21.49	0.98	3.95	0.20	7.79	20.48	-	0.02

Top 10 Holdings 6-30-10	
Company	% of Portfolio
Credit Suisse Grp	3.35%
Daiwa Securities	3.34%
Rohm Company Limited	2.92%
Toyota Motor Corporation	2.91%
Allianz SE	2.90%
Diageo PLC	2.86%
BNP Paribas	2.80%
Banco Santander SA	2.75%
CIE Financiere Richemont S/	2.68%
UBS AG	2.68%

Country Weights 6-30-10		
versus MSCI EAFE	%	+/-
<b>Europe</b>	<b>68.2%</b>	<b>4.7%</b>
France	13.7%	3.9%
Germany	8.0%	0.2%
United Kingdom	17.1%	-3.9%
<b>Asia</b>	<b>24.9%</b>	<b>-10.8%</b>
Australia	3.1%	-5.0%
Hong Kong	0.0%	-2.6%
Japan	19.2%	-4.1%
<b>Latin America</b>	<b>3.5%</b>	<b>3.4%</b>
Brazil	0.0%	0.0%
Chile	0.0%	0.0%
<b>North America</b>	<b>3.5%</b>	<b>3.3%</b>
Canada	1.4%	1.4%
United States	2.0%	1.8%

Portfolio Information	
Expense Ratio	1.17%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$1,000
Avg. Annual Turnover	53%

Year-End Assets (\$ Mil.)	
2009	\$4,393
2008	\$2,592
2007	\$7,300
2006	\$8,005

State of Montana 401(a) Defined Contribution Plan  
June 30, 2010



Principal Inv International Growth Inst Ticker: PITIX

**Fund Strategy**  
This international growth equity manager keeps industry and sector weight similar to the benchmark and turnover is high with their fairly diversified portfolio of 150-200 holdings. The fund has minimal exposure to emerging markets. *The fund has been terminated and replaced by the Vanguard Total International Stock Index fund (VGTIX).*

**Manager Information**  
Lead Manager Steve Larson + Team  
Inception 12/6/2000  
Prospectus [www.principal.com](http://www.principal.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Principal Int'l Growth</b>	★	\$20,033	185	-13.6%	-11.9%	6.8%	-16.7%	-0.9%	-
MSCI EAFE Growth Index				-12.4%	-10.7%	8.6%	-11.7%	1.7%	-1.6%
MSCI EAFE Index				-14.0%	-13.2%	5.9%	-13.4%	0.9%	0.2%
Non-US Equity MF Mean				-13.1%	-11.7%	8.2%	-12.7%	1.5%	1.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	25.30	0.99	-3.80	-0.64	5.92	24.87	-	-0.50
5-Year	21.35	1.01	-1.53	-0.05	4.99	20.48	-	0.02

Top 10 Holdings 6-30-10	
Company	% of Portfolio
BHP Billiton Limited	2.94%
Nestle SA	2.63%
Lloyds Banking Group LLC	1.58%
Unilever NV	1.43%
Rio Tinto PLC	1.42%
Novo Nordisk A/S	1.37%
BHP Billiton PLC	1.29%
GlaxoSmithKline PLC	1.26%
Canadian Ntl Railway	1.25%
Roche Holding AG	1.24%

Country Weights 6-30-10		
versus MSCI EAFE	%	+/-
<b>Europe</b>	<b>65.1%</b>	<b>1.6%</b>
France	6.5%	-3.3%
Germany	5.9%	-1.9%
United Kingdom	20.1%	-0.9%
<b>Asia</b>	<b>27.4%</b>	<b>-8.3%</b>
Australia	5.8%	-2.3%
Hong Kong	1.3%	-1.3%
Japan	19.5%	-3.8%
<b>Latin America</b>	<b>0.0%</b>	<b>-0.1%</b>
Brazil	0.0%	0.0%
Chile	0.0%	0.0%
<b>North America</b>	<b>7.5%</b>	<b>7.3%</b>
Canada	7.5%	7.5%
United States	0.0%	-0.2%

Portfolio Information	
Expense Ratio	1.01%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$0
Avg. Annual Turnover	138%

Year-End Assets (\$ Mil.)	
2009	\$1,243
2008	\$1,235
2007	\$2,150
2006	\$1,271

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Vanguard Total International Stock Index Ticker: VGTSX

**Fund Strategy**  
 This Vanguard fund replaced the Principal International Growth fund and aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund will be benchmarked to the MSCI ACWI ex-US Index. The fund currently has 25% exposure to emerging markets, 49% to Europe, and 26% to developed Asia.

**Manager Information**  
 Lead Manager Duane Kelly + Michael Perre  
 Inception 8/5/2008  
 Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Total Int'l Stock</b>	★★★★	\$24,720	1780	-13.3%	-12.0%	8.6%	-11.5%	2.8%	1.4%
MSCI ACWI ex-US Index				-12.4%	-11.1%	10.4%	-10.7%	3.4%	1.9%
Non-US Equity MF Mean				-13.1%	-11.7%	8.2%	-12.7%	1.5%	1.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	26.99	1.07	3.62	-0.36	4.31	26.46	-	-0.34
5-Year	22.12	1.07	2.18	0.12	3.49	21.76	-	0.14

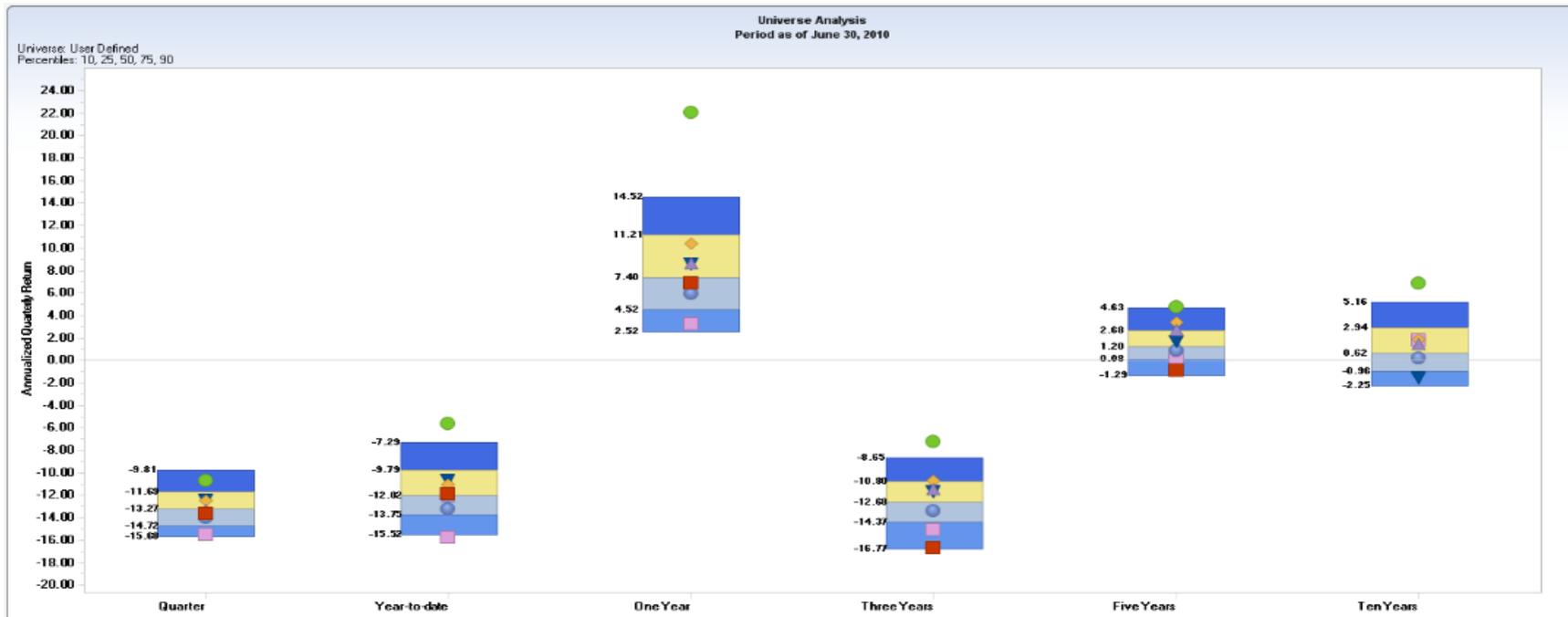
Top 10 Holdings 6-30-10	
Company	% of Portfolio
Nestle SA	1.42%
HSBC Holdings PLC	1.35%
Vodafone Group PLC	0.92%
BHP Billiton Limited	0.89%
Novartis AG	0.87%
Roche Holding AG	0.82%
Toyota Motor Corporation	0.81%
Total SA	0.80%
BP Plc	0.76%
Royal Dutch Shell PLC	0.76%

Country Weights 6-30-10		
versus MSCI ACWI ex-US	%	+/-
<b>Europe</b>	<b>52.1%</b>	<b>7.5%</b>
France	7.0%	0.3%
Germany	5.9%	0.5%
United Kingdom	15.6%	1.1%
<b>Asia</b>	<b>42.0%</b>	<b>3.6%</b>
Australia	6.1%	0.5%
Hong Kong	1.9%	0.1%
Japan	17.4%	1.4%
<b>Latin America</b>	<b>5.8%</b>	<b>1.1%</b>
Brazil	4.0%	0.4%
Chile	0.4%	0.0%
<b>North America</b>	<b>0.1%</b>	<b>-8.8%</b>
Canada	0.1%	-7.8%
United States	0.1%	0.1%

Portfolio Information	
Expense Ratio	0.27%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$3,000
Avg. Annual Turnover	12%

Year-End Assets (\$ Mil.)	
2009	\$26,044
2008	\$17,746
2007	\$28,652
2006	\$20,070

## International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Oakmark Internat'l (OAKIX)	-10.73 ( 18% )	-5.65 ( 7% )	22.06 ( 2% )	-7.21 ( 5% )	4.77 ( 9% )	6.83 ( 2% )
■ Principal: Intl Gr: Inst (PITIX)	-13.61 ( 55% )	-11.91 ( 48% )	6.84 ( 54% )	-16.67 ( 89% )	-0.87 ( 87% )	
▲ Vanguard Tot I Stk: In (VGTIX)	-13.33 ( 51% )	-12.01 ( 50% )	8.62 ( 41% )	-11.47 ( 31% )	2.76 ( 23% )	1.42 ( 44% )
◆ MS ACW xUS \$IN	-12.45 ( 37% )	-11.06 ( 38% )	10.43 ( 28% )	-10.70 ( 24% )	3.38 ( 20% )	1.86 ( 38% )
▼ EAFE GROWTH \$IN	-12.44 ( 37% )	-10.73 ( 34% )	8.59 ( 41% )	-11.70 ( 35% )	1.67 ( 44% )	-1.61 ( 82% )
○ MSCI EAFE \$IN	-13.07 ( 62% )	-13.23 ( 69% )	5.92 ( 63% )	-13.38 ( 59% )	0.88 ( 56% )	0.16 ( 58% )
■ EAFE VALUE \$NET	-15.52 ( 88% )	-15.73 ( 91% )	3.21 ( 85% )	-15.11 ( 82% )	0.01 ( 77% )	1.82 ( 39% )
# of Products	396	395	385	319	233	166

<b>ADR</b>	American Depository Receipt, a negotiable receipt for the shares of a foreign-based corporation held in trust by a U.S. bank that entitles a shareholder to all dividends and capital gains.
<b>Alpha</b>	Alpha is a statistical calculation based on a manager's beta and the rate of return of the index over the period. Alpha measures whether a manager has added value to or detracted from returns on a risk-adjusted basis. Alpha can be used when comparing dissimilar products because alpha is adjusted for risk and therefore the product with the highest alpha added the most historical value relative to its risk level.
<b>Annualized Return</b>	Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return is projected as though the same performance continues to occur for a twelve-month time period.
<b>Assets Managed in Style</b>	The total assets managed in all investment vehicles of the investment style.
<b>Average Market Capitalization (\$ Wtd.)</b>	The average market capitalization of all stocks in a given portfolio, weighted by each company's portion of the portfolio's market value.
<b>Beta</b>	A measure of volatility. A beta over 1.0 indicates above-market volatility; below 1.0, less volatility.
<b>Book Value</b>	The balance sheet value of assets minus the balance sheet value of liabilities. Also known as shareholders' equity.
<b>Bottom-Up Investment Approach</b>	The investment manager concentrates on fundamental analysis of a company's financial statements. In addition, an investment manager may examine other aspects of the company such as strength of management, new product lines, valuation, historic record, etc.
<b>Cumulative Annualized Rate of Return</b>	Funds appear in order of their absolute rate of return over a common time period, with the highest rate of return appearing first.
<b>Cycle Analysis</b>	The index, by definition, automatically has an Up-Cycle of 100. If a manager has an Up-Cycle number higher than 100, the manager has historically captured more than 100% of the rising market. If a manager has a Down-Cycle number of less than 100, the manager has historically captured less than 100% of the falling market.
<b>Dividend</b>	A payment issued by a company that distributes a portion of its value, usually in the form of cash.

<b>Duration</b>	The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.
<b>Earnings</b>	Earnings are a company's accounting profits or losses, typically reported four times each year.
<b>Emerging Markets</b>	Countries whose economies are considered emerging or underdeveloped.
<b>Fundamental</b>	A company's underlying financial situation.
<b>Growth Style Investing</b>	Growth investors purchase companies that have above-average earnings growth
<b>Hedging</b>	A strategy designed to reduce risk by offsetting potential losses from existing investments. This practice is often used in international investing, where investment managers often use hedging techniques to reduce exposure to fluctuating currencies.
<b>Investment Vehicle</b>	The account type that an investor can gain access to an investment manager. Examples of investment vehicles are pooled or commingled funds, mutual funds, separate accounts, and limited partnerships.
<b>Large Cap</b>	Large Capitalization - refers to those companies with a market capitalization of greater than \$10 billion.
<b>Liquidity</b>	The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.
<b>Market Capitalization</b>	The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.
<b>Median Market Capitalization (\$ Wtd.)</b>	The market capitalization of the stock that represents the middle of the portfolio's cumulative market value. Half of the portfolio is invested in stocks larger than the median and the other half is invested in stocks smaller than the median.
<b>Micro Cap</b>	Micro Capitalization - refers to those companies with a market capitalization of less than \$500 million.
<b>Mid Cap</b>	Mid Capitalization - refers to those companies with a market capitalization between \$2 and \$10 billion.
<b>Net of Fees</b>	After subtraction of management fees.
<b>Portfolio</b>	Refers to the complete list of securities held in an investment vehicle.
<b>Price-to-earnings (P/E) ratio</b>	Calculated by dividing the current share price by the trailing twelve-months earnings per share.
<b>Price-to-book (P/B) ratio</b>	Calculated by dividing the share price by the book value per share.
<b>Relative Rank</b>	"Rank" reflects funds' performance within the full universe of comparable products, which includes similar investment styles and objectives. The rank reflects which percentile the manager's absolute rate of return falls within relative to its peer universe, with 1 = highest and 100 = lowest.
<b>R-Squared (Coefficient of Determination)</b>	A statistical measure of the degree to which the movements of two variables are related. An R-Squared closer to 1.0 indicates that the two variables tend to behave similarly or that by knowing one variable you can closely estimate the other variable.

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<b>Sharpe Ratio</b>	A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio is calculated for the past 36 month period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns.
<b>Small Cap</b>	Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.
<b>Standard Deviation</b>	Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it does not distinguish downside performance from upside performance.
<b>Top-Down Investment Approach</b>	The investment manager concentrates on analyzing the economy and investment environment to identify attractive economic sectors for investment. In international investing, a top-down investment approach is often used to identify attractive countries or regions for investment.
<b>Treynor Ratio</b>	The Treynor ratio is the return premium earned over the risk free rate by the series for each unit of risk taken, with risk measured as the beta of the series or portfolio relative to the market.
<b>Value Added</b>	Based on alpha, value-added shows how much value a manager added, after adjustment for the amount of volatility (risk) that a manager has experienced. A value-added of 1.0 means a manager has added 1% to annualized returns.
<b>Value Style Investing</b>	Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company's stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.
<b>Years</b>	This evaluation is based on quarterly return observations from inception for all advisors and the corresponding index.