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

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*September 30, 2011*

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

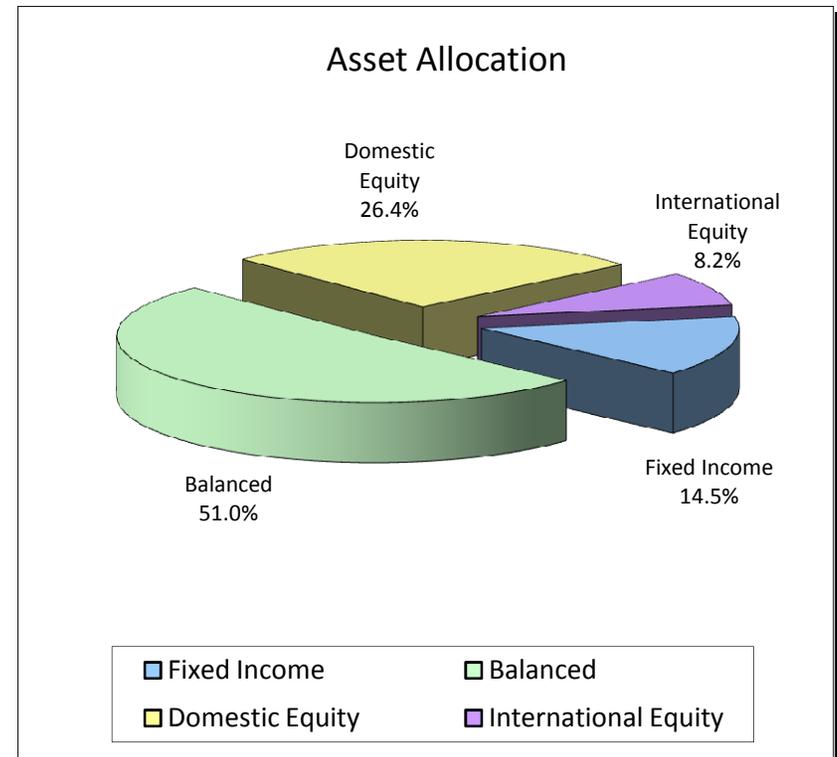
Asset Class	Name	Ticker	Current Status
Fixed Income	State of Montana Stable Value - PIMCO	n/a	Retention
Fixed Income	Vanguard Total Bond Market Signal	VBTSX	Retention
Balanced	Vanguard Balanced Index Institutional	VBAIX	Retention
Large Growth	American Funds Growth Fund of America A	AGTHX	Probation
Large Core	Vanguard Growth & Income Admiral	VGIAX	Terminated
Large Core	J.P. Morgan US Equity	JUSRX	Retention
Large Core	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	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	Vanguard Total International Stock Index	VGTSX	Retention

**State of Montana 401(a) Defined Contribution Plan**  
**September 30, 2011**



**Asset Allocation** as of September 30, 2011

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>9,885,137</b>	<b>14.5%</b>
Montana Stable Value	7,624,542	11.2%
Vanguard Total Bond Market Index	2,260,595	3.3%
<b>Balanced</b>	<b>34,795,957</b>	<b>51.0%</b>
Vanguard Balanced Index	34,795,957	51.0%
<b>Domestic Equity</b>	<b>17,999,506</b>	<b>26.4%</b>
<u>Large Cap</u>	<u>8,180,235</u>	<u>12.0%</u>
American Funds Growth Fund of America	4,166,485	6.1%
JP Morgan US Equity	1,030,289	1.5%
BlackRock Equity Index	495,208	0.7%
Vanguard Equity Income	2,488,253	3.6%
<u>Mid Cap</u>	<u>4,921,168</u>	<u>7.2%</u>
Munder Mid Cap Core Growth	1,747,697	2.6%
Janus/Perkins Mid Cap Value	3,173,471	4.6%
<u>Small Cap</u>	<u>4,898,103</u>	<u>7.2%</u>
Vanguard Small Cap Growth Index	1,684,844	2.5%
Vanguard Small Cap Index	1,580,432	2.3%
Target Small Capitalization Value	1,632,827	2.4%
<b>International Equity</b>	<b>5,592,776</b>	<b>8.2%</b>
American Funds New Perspective	2,903,664	4.3%
Vanguard Total International Stock Index	538,808	0.8%
Oakmark International	2,150,303	3.1%
<b>TOTAL STATE OF MONTANA 401(a)</b>	<b>\$ 68,273,376</b>	



Montana Stable Value	Trailing Total Returns (annualized)			
Style: Intermediate Gov/Credit FI	Quarter	1 Year	3 Year	5 Year
Montana Stable Value	2.19	2.93	8.21	6.38
Barclays Int Gov/Credit Bond + 0.35%	2.49	3.76	7.37	6.27

3 yr  
5 yr

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

Fund Narrative
The fund underperformed the benchmark by 30 basis points this quarter, but leads the benchmark for the 3- and 5-year time periods. The underperformance was due to the exposure to Credit issuances which was amongst the best performing sectors in the quarter. <b>Current Status: Retention, no change recommended.</b>

Vanguard Total Bond Index	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
Vanguard Total Bond Index	4.01	5.24	7.95	6.57
Barclays Aggregate	3.82	5.26	7.97	6.53
Intermediate Fixed MF Mean	2.06	3.95	8.81	5.99

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	1.8	1.9	1.9
★★★★	1.3	1.0	1.3
★★★★	--	--	--

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 led the category mean for only the 5-year time period but the fund's 3-and 4-star Morningstar Ratings meet the State's investment policy requirement. <b>Current Status: Retention, no change recommended.</b>

Vanguard Balanced Index	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Vanguard Balanced Index	(7.72)	3.12	4.90	2.74
60% MSCI US Broad Mkt / 40% Barclays Agg	(7.77)	2.75	4.65	2.55
Balanced MF Mean	(9.50)	0.31	3.90	1.61

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.4	0.2	0.3
★★★★	0.2	0.0	0.1
★★★★	--	--	--

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. <b>Current Status: Retention, no change recommended.</b>

American Funds Growth Fund	Trailing Total Returns (annualized)			
Style: Large Growth	Quarter	1 Year	3 Year	5 Year
American Funds Growth Fund	(16.21)	(3.39)	0.57	(0.98)
S&P 500 Index	(13.87)	1.14	1.23	(1.18)
Wilshire Large Growth Index	(14.92)	0.11	2.75	0.79
Large Cap Growth MF Mean	(15.13)	(0.25)	2.08	(0.05)

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★	0.1	0.1	0.2
★★	0.0	-0.1	-0.1
★★★★	--	--	--

Fund Narrative
Like all equity funds, this large growth fund had a weak quarter and lagged the S&P 500 Index benchmark and also trailed for the 3-year but leads for the 5-year. The manager's Sharpe Ratio matches the category mean for the 3-year and is greater for the 5-year, but the the 2-star Morningstar ratings do not meet the minimum requirement. <b>Current Status: Probation, no change recommended.</b>

JP Morgan US Equity	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
JP Morgan US Equity	(15.31)	(1.12)	2.44	1.03
S&P 500 Index	(13.87)	1.14	1.23	(1.18)
Large Cap Core MF Mean	(15.50)	(1.33)	0.21	(1.71)

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

**Fund Narrative**  
This large cap core fund replaced the Vanguard Growth & Income fund. The fund underperformed the benchmark for the quarter, but greatly leads for the 3- and 5-year. The manager's Sharpe Ratios are well above the category mean and the 4- and 5-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

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)	(13.90)	1.00	1.21	(1.26)
S&P 500 Index	(13.87)	1.14	1.23	(1.18)
Large Cap Core MF Mean	(15.50)	(1.33)	0.21	(1.71)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.2	0.0	0.2
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 were above the category mean and the consistent 4-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

Vanguard Equity-Income	Trailing Total Returns (annualized)			
Style: Large Value	Quarter	1 Year	3 Year	5 Year
Vanguard Equity-Income	(10.61)	6.10	2.47	0.34
FTSE High Dividend Yield Index	(10.36)	3.37	(1.56)	-
Russell 1000 Value Index	(16.20)	(1.89)	(1.52)	(3.53)
Large Cap Value MF Mean	(17.03)	(3.64)	(1.59)	(3.48)

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

**Fund Narrative**  
This large value fund recently changed benchmarks from the Russell 1000 Value Index to the FTSE High Dividend Yield Index. The manager slightly underperformed for the quarter, but still greatly outperforms both benchmarks for the 3- and 5- year. With 4- and 5-star Morningstar ratings and Sharpe Ratios higher than the category mean, this fund meets the requirements of the State. **Current Status: Retention, no change recommended.**

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	(18.07)	1.42	3.46	1.41
S&P Mid Cap 400 Index	(19.88)	(1.28)	4.05	2.20
Wilshire Mid Growth Index	(22.07)	0.85	7.34	3.64
Mid Cap Growth MF Mean	(19.84)	(0.67)	3.88	1.24

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

**Fund Narrative**  
The fund led the benchmark for the quarter and 1-year but still trails for the 3- and 5-year. The Sharpe Ratios are above category mean and the 3-star Morningstar ratings meet the minimum requirements. **Current Status: Probation, a mid cap growth fund replacement search is on hold.**

Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)			
Style: Mid Value	Quarter	1 Year	3 Year	5 Year
Janus Mid Cap Value	(15.91)	(2.84)	2.03	2.17
Russell Mid Cap Value Index	(18.46)	(2.36)	1.98	(0.84)
Mid Cap Value MF Mean	(19.42)	(3.60)	2.73	(0.68)

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

**Fund Narrative**  
This fund outperformed the Russell Mid Cap Value Index for the quarter and now leads for the 3- and 5-year periods. The manager's Sharpe Ratios are above the category mean and the fund's 4- and 5-star Morningstar Ratings exceed the requirements of the State. **Current Status: Retention, no change recommended.**

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)			
Style: Small Growth	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Growth Idx	(22.13)	0.41	4.62	2.55
MSCI US Small Cap Growth Index	(22.14)	0.44	4.64	2.57
Small Cap Growth MF Mean	(22.34)	(0.57)	2.96	0.50

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.3	0.1	0.3
5 yr	★★★★★	0.2	-0.1	0.2
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 fund. The fund's in-line performance for the 3- and 5-year time periods, 3- and 4-star Morningstar ratings, and greater than 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	(21.38)	(2.20)	2.70	0.78
MSCI US Small Cap 1750 Index	(21.40)	(2.29)	2.53	0.62
Small Cap Core MF Mean	(21.45)	(3.55)	1.60	(0.63)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.2	0.1	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 consistent 4-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	(19.02)	(1.44)	1.94	1.48
Russell 2000 Value Index	(21.47)	(5.99)	(2.78)	(3.08)
Small Cap Value MF Mean	(20.95)	(4.47)	1.48	0.03

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

**Fund Narrative**  
This small value fund outperformed the benchmark for the quarter, adding to its lead 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. **Current Status: Retention, no change recommended.**

American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	(16.68)	(5.30)	2.62	0.99
MSCI World Index	(16.61)	(4.35)	(0.07)	(2.23)
World Equity MF Mean	(17.90)	(6.52)	0.71	(1.38)

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

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

Oakmark International	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oakmark International	(20.42)	(10.54)	5.86	(0.60)
MSCI EAFE Value Index	(19.03)	(9.99)	(1.69)	(4.82)
Non-US Equity MF Mean	(20.73)	(10.97)	(1.16)	(3.20)

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

**Fund Narrative**  
This international value equity (developed countries only) manager underperformed the MSCI EAFE Value Index for the quarter but greatly leads for the 3- and 5-year. The manager's Sharpe Ratios are above the category mean and the fund's consistent 5-star Morningstar ratings exceed the State's requirements. **Current Status: Retention, no change recommended.**

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	(20.93)	(12.19)	(0.55)	(2.21)
MSCI ACWI ex-US Index	(19.85)	(10.81)	0.52	(1.57)
Non-US Equity MF Mean	(20.73)	(10.97)	(1.16)	(3.20)

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

**Fund Narrative**  
This Vanguard fund 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 trailed the benchmark for the quarter and now slightly lags the benchmark over other time periods, but has above-category mean Sharpe Ratios, and 3-star Morningstar ratings. **Current Status: Retention, no change recommended.**

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	10 Years
<b>Vanguard Total Bond Mkt</b>	★★★★	5.20	7.40	AA	4.0%	6.7%	5.2%	7.9%	6.6%	5.5%
Barclays Aggregate					3.8%	6.6%	5.3%	8.0%	6.5%	5.7%
Interm Fixed MF Mean					2.1%	5.0%	4.0%	8.8%	6.0%	5.1%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	4.15	-0.16	1.83	0.48	4.05	1.88
5-Year	3.68	0.00	1.30	0.43	3.62	1.31

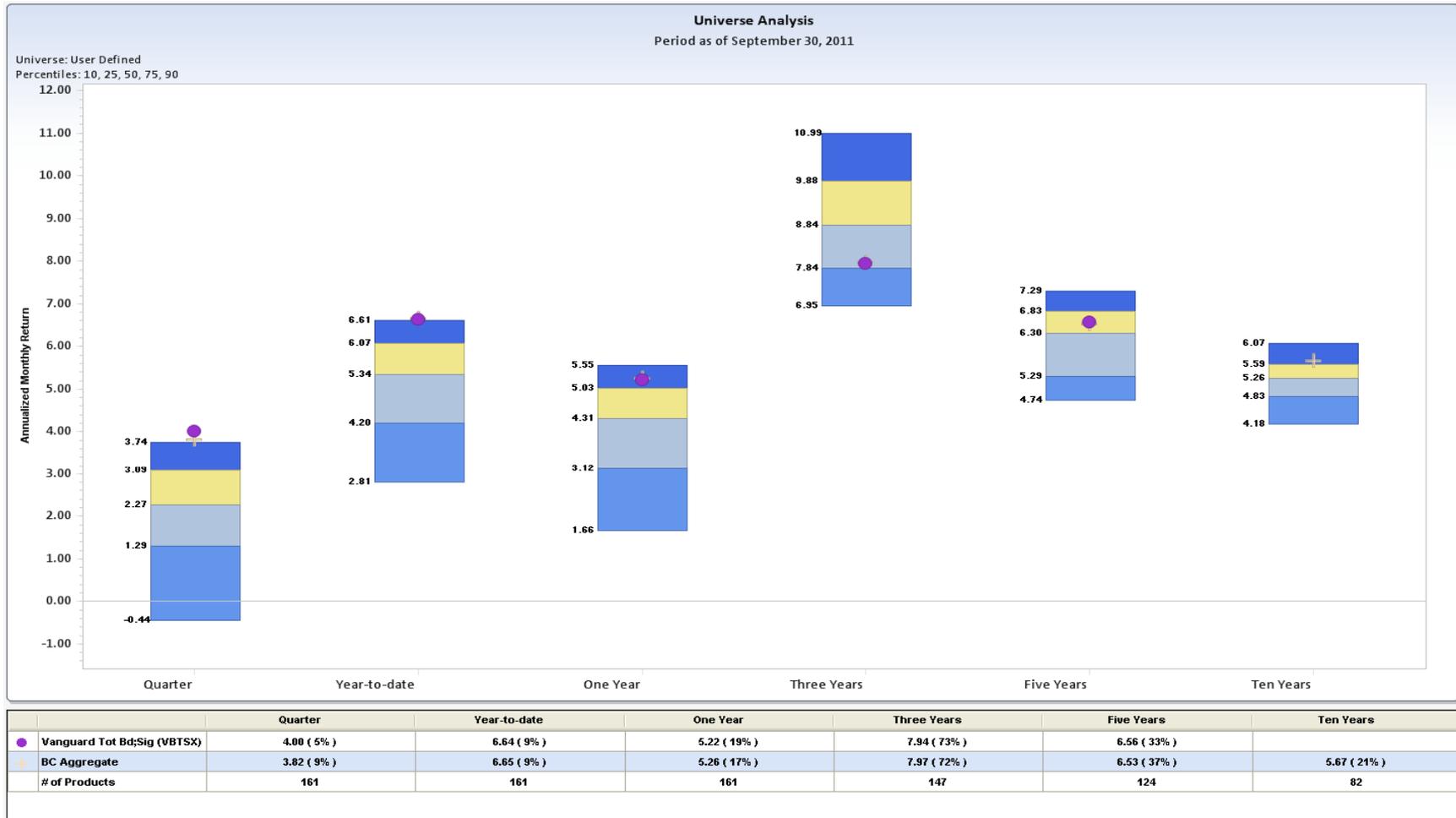
<b>Portfolio Characteristics 6-30-11</b>	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	75.1%
AA	5.1%
A	10.4%
BBB	9.5%
< BBB	0.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	23.1%
3 - 5 yrs.	13.0%
5 - 7 yrs.	12.3%
7 - 10 yrs.	11.7%
10 - 15 yrs.	4.7%
15 - 20 yrs.	2.3%
20 + yrs.	33.0%

<b>Sector Weights 6-30-11</b>	
	<b>%</b>
US Government	43.0%
Mortgage	31.0%
Credit	18.3%
Foreign	7.6%
Cash	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.11%
12b-1 Fee Included	-
Category Average	1.04%
Minimum Investment	\$10,000

<b>Year-End Assets (\$ Mil.)</b>	
2010	\$8,813
2009	\$8,450
2008	\$7,372
2007	\$5,414
2006	\$632

### Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional Ticker: VBAIX

<b>Fund Strategy</b>
The fund is 60% stocks and 40% bonds. It tracks the MSCI Broad Market Index on the stock allocation and the Barclays Aggregate Bond Index on the fixed income allocation.

<b>Manager Information</b>	
Lead Manager	Michael Perre & Gregory Davis
Avg. Tenure	12/1/2000
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
Vanguard Balanced Indx Instl	★★★★	\$27,212	8,186	-7.7%	-3.2%	3.1%	4.9%	2.7%	4.9%
US Balanced Index				-7.8%	-3.4%	2.8%	4.7%	2.6%	4.9%
Balanced MF Mean				-9.5%	-5.4%	0.3%	3.9%	1.6%	4.3%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	13.54	0.95	0.28	0.41	1.96	13.47	0.33
5-Year	11.59	0.95	-0.21	0.16	1.95	11.56	0.07

<b>Top 10 Holdings 6-30-11</b>	
Company	% of Portfolio
CMT Market Liquidity Rate	3.10%
ExxonMobil Corporation	1.57%
Apple, Inc.	1.20%
International Business Machines	0.81%
Chevron Corp.	0.80%
General Electric Co.	0.78%
Microsoft Corporation	0.76%
AT&T, Inc	0.72%
Johnson & Johnson	0.71%
Procter & Gamble Company	0.69%

<b>Sector Weights 6-30-11</b>	
Basic Materials	4.2%
Communication Services	4.0%
Consumer Cyclical	10.4%
Consumer Defensive	9.8%
Healthcare	11.3%
Industrial	13.0%
Real Estate	2.9%
Technology	16.5%
Energy	11.4%
Financials	13.0%
Utilities	3.3%

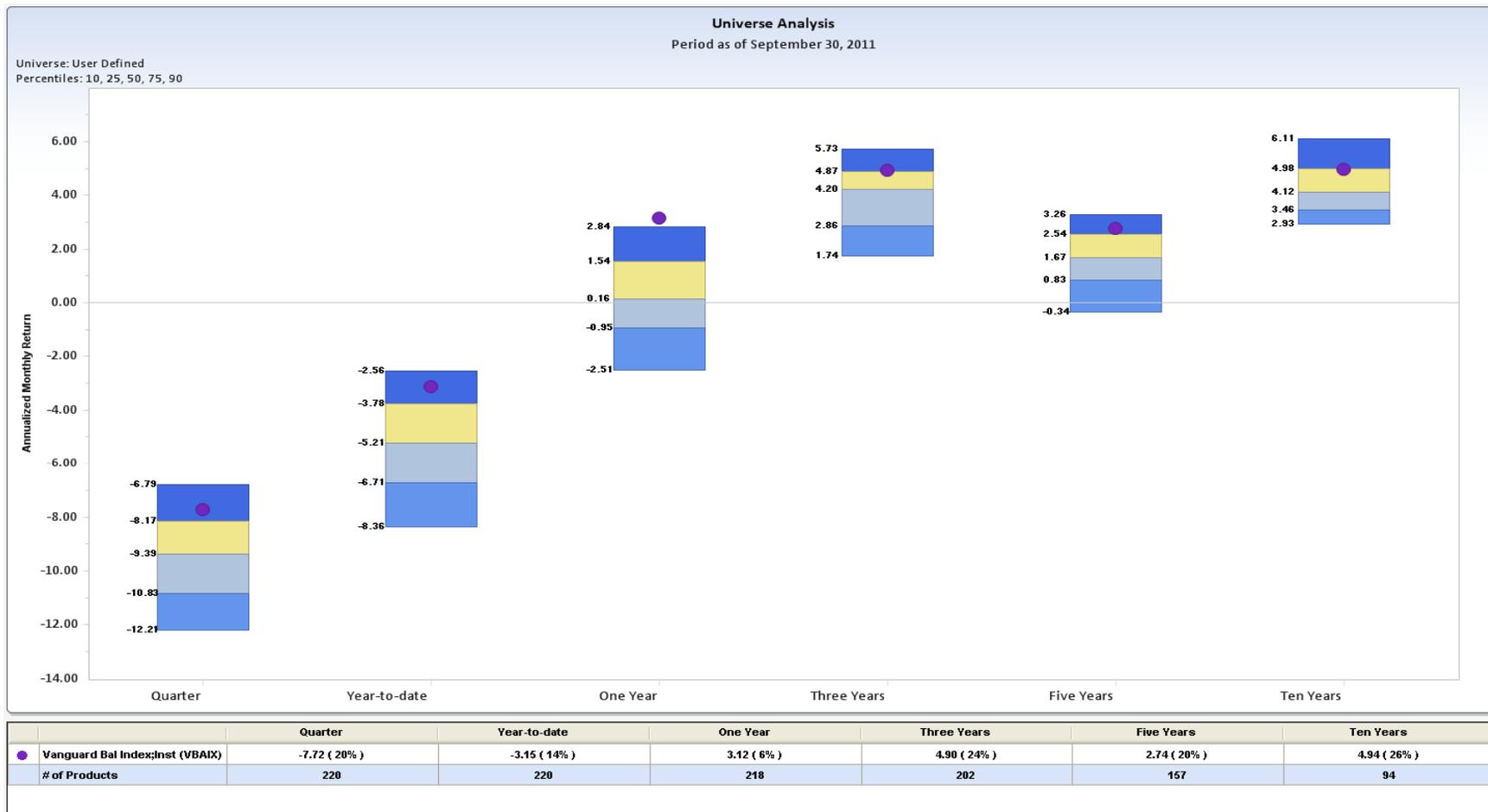
<b>Portfolio Information</b>	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	49%

<b>Fixed Income Characteristics 6-30-11</b>	
Avg. Duration (yrs.)	5.18
Avg. Maturity (yrs.)	7.40
Avg. Quality	AA

<b>Sector Weights 6-30-11</b>	
<i>versus Barclays Aggregate</i>	%
US Government	42.5%
Mortgage	31.3%
Credit	18.4%
Foreign	7.8%
Cash	0.0%

<b>Year-End Assets (\$ Mil.)</b>	
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  
September 30, 2011



American Funds Growth Fund of America / 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	★★★	\$38,040	443	-16.2%	-12.4%	-3.4%	0.6%	-1.0%	4.4%
S & P 500				-13.9%	-8.7%	1.1%	1.2%	-1.2%	2.8%
Large Cap Growth MF Mean				-15.1%	-10.6%	-0.3%	2.1%	-0.1%	2.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.84	0.96	-0.61	0.12	3.89	21.25	-	0.16
5-Year	18.31	0.97	0.18	-0.05	4.19	18.32	-	-0.06

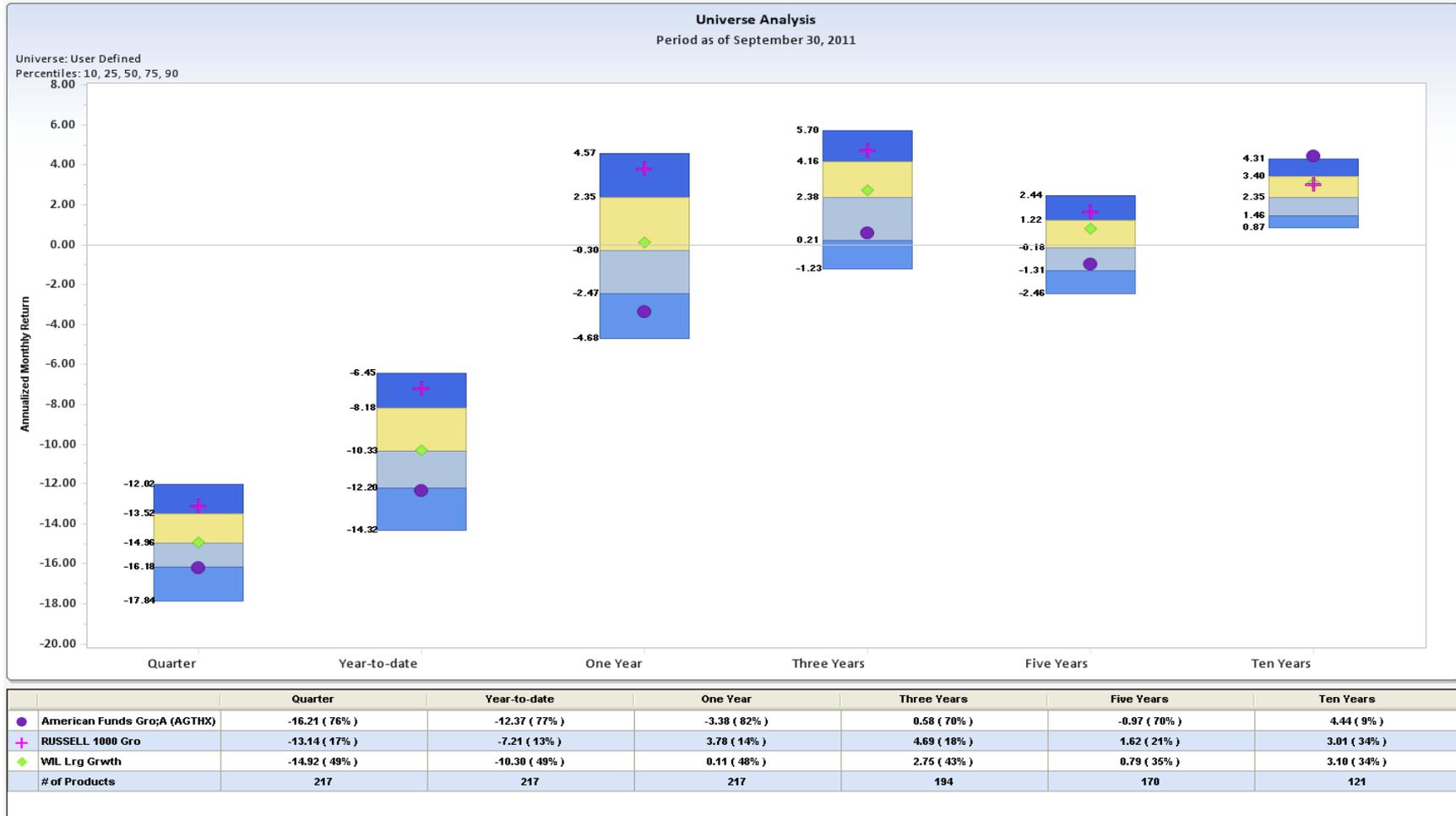
Top 10 Holdings 6-30-11	
Company	% of Portfolio
Apple, Inc.	2.64%
Oracle Corporation	2.37%
Amazon.com	1.83%
Apache Corporation	1.55%
Union Pacific Corporation	1.48%
Home Depot, Inc.	1.48%
DIRECTV	1.38%
Microsoft Corporation	1.27%
Google, Inc.	1.26%
Schlumberger NV	1.21%

Sector Weights 6-30-11	
Basic Materials	8.1%
Communication Services	6.5%
Consumer Cyclical	12.9%
Consumer Defensive	6.0%
Healthcare	11.0%
Industrial	12.1%
Real Estate	0.1%
Technology	19.6%
Energy	12.7%
Financials	10.6%
Utilities	0.3%

Portfolio Information	
Expense Ratio	0.69%
12b-1 Fee Included	0.23%
Morningstar Average	1.38%
Minimum Investment	\$250
Avg. Annual Turnover	33%

Year-End Assets (\$ Mil.)	
2010	\$66,101
2009	\$66,117
2008	\$52,596
2007	\$91,391

### Large Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



JP Morgan US Equity

Ticker: JUSRX

**Fund Strategy**

This JP Morgan fund replaces the Vanguard Growth & Income fund. With a risk controlled approach, this diverse large core fund has had consistent 5-star Morningstar ratings and strong performance. The manager may invest up to 20% in non-US equities or ADRs and its sector weights loosely follow the S&P 500 Index.

**Manager Information**

Lead Manager Team Managed  
Inception 5/15/2006  
Prospectus [www.ipmorganfunds.com](http://www.ipmorganfunds.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
JP Morgan US Equity	★★★★★	\$47,158	222	-15.3%	-11.3%	-1.1%	2.4%	1.0%	3.8%
S & P 500				-13.9%	-8.7%	1.1%	1.2%	-1.2%	2.8%
Large Cap Core MF Mean				-15.5%	-10.8%	-1.3%	0.2%	-1.7%	2.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.17	0.99	1.18	0.21	1.81	21.25	-	0.16
5-Year	18.37	1.00	2.21	0.06	1.65	18.32	-	-0.06

Top 10 Holdings 8-31-11	
Company	% of Portfolio
Apple, Inc.	5.01%
JP Morgan Prime Money Mkt	2.79%
Chevron Corporation	2.44%
Merck & Co. Inc.	2.30%
Microsoft Corporation	2.22%
Occidental Petroleum Corp.	2.02%
Wells Fargo & Co.	1.99%
Procter & Gamble Co.	1.95%
Amazon.com	1.94%
Verizon Communications Inc.	1.89%

Sector Weights 8-31-11	
Basic Materials	3.5%
Communication Services	4.1%
Consumer Cyclical	12.7%
Consumer Defensive	9.2%
Healthcare	13.6%
Industrial	9.8%
Real Estate	0.6%
Technology	17.8%
Energy	12.5%
Financials	13.0%
Utilities	3.3%

Portfolio Information	
Expense Ratio	0.59%
12b-1 Fee Included	-
Morningstar Average	1.11%
Minimum Investment	-

Year-End Assets (\$ Mil.)	
2010	\$162
2009	\$69
2008	\$76
2007	\$87

State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



**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>	★★★★	\$44,984	503	-13.9%	-8.8%	1.0%	1.2%	-1.3%	2.7%
S & P 500				-13.9%	-8.7%	1.1%	1.2%	-1.2%	2.8%
Large Cap Core MF Mean				-15.5%	-10.8%	-1.3%	0.2%	-1.7%	2.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.21	1.00	-0.02	0.16	0.11	21.25	-	0.16
5-Year	18.30	1.00	-0.09	-0.06	0.10	18.32	-	-0.06

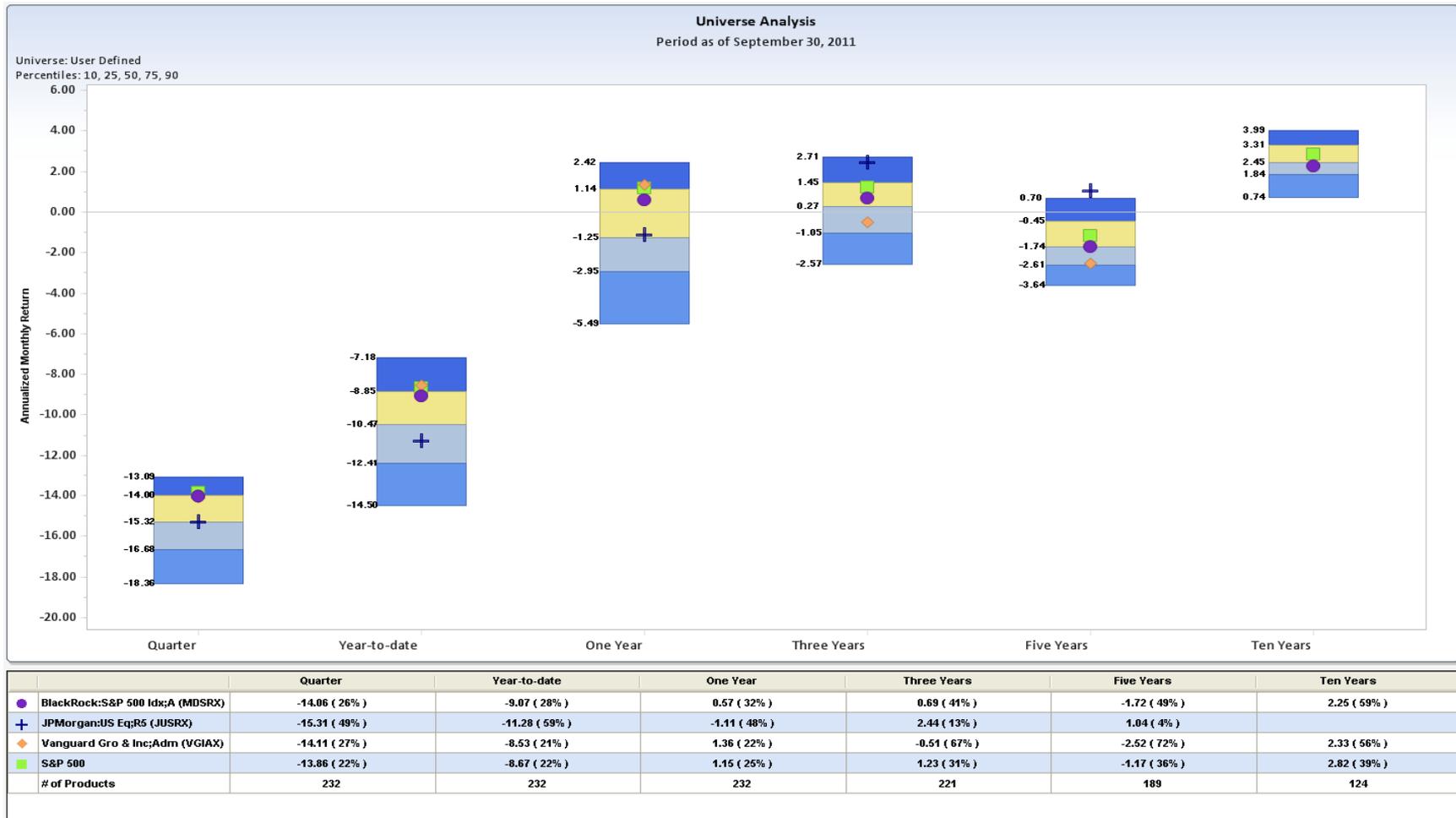
Top 10 Holdings 7-31-11	
Company	% of Portfolio
ExxonMobil Corporation	3.24%
Apple, Inc.	3.17%
International Business Machines	1.85%
Chevron Corp	1.77%
Microsoft Corporation	1.76%
Johnson & Johnson	1.60%
Procter & Gamble Company	1.58%
General Electric Co	1.54%
AT&T Inc.	1.50%
Coca-Cola Co	1.43%

Sector Weights 9-30-11	
Basic Materials	3.1%
Communication Services	4.5%
Consumer Cyclical	9.4%
Consumer Defensive	12.2%
Healthcare	11.9%
Industrial	11.6%
Real Estate	1.8%
Technology	17.6%
Energy	11.5%
Financials	12.6%
Utilities	3.9%

Portfolio Information	
Expense Ratio	0.20%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	9%

Year-End Assets (\$ Mil.)	
2010	\$750
2009	\$216
2008	\$170
2007	\$331

### Large Cap Core Universe



**State of Montana 401(a) Defined Contribution Plan**  
**September 30, 2011**



**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
<b>Vanguard Equity Income Adm</b>	★★★★	\$53,090	162	-10.6%	-2.7%	6.1%	2.5%	0.3%	4.3%
FTSE High Dividend Value Index				-10.4%	-4.5%	3.4%	-1.6%	--	--
Russell 1000 Value Index				-16.2%	-11.2%	-1.9%	-1.5%	-3.5%	3.4%
Large Cap Value MF Mean				-17.0%	-12.8%	-3.6%	-1.6%	-3.5%	2.5%

	Manager Statistics					R1V Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.97	0.92	1.22	0.21	4.50	23.01	-	0.04
5-Year	16.92	0.90	1.17	0.01	4.44	19.50	-	-0.17

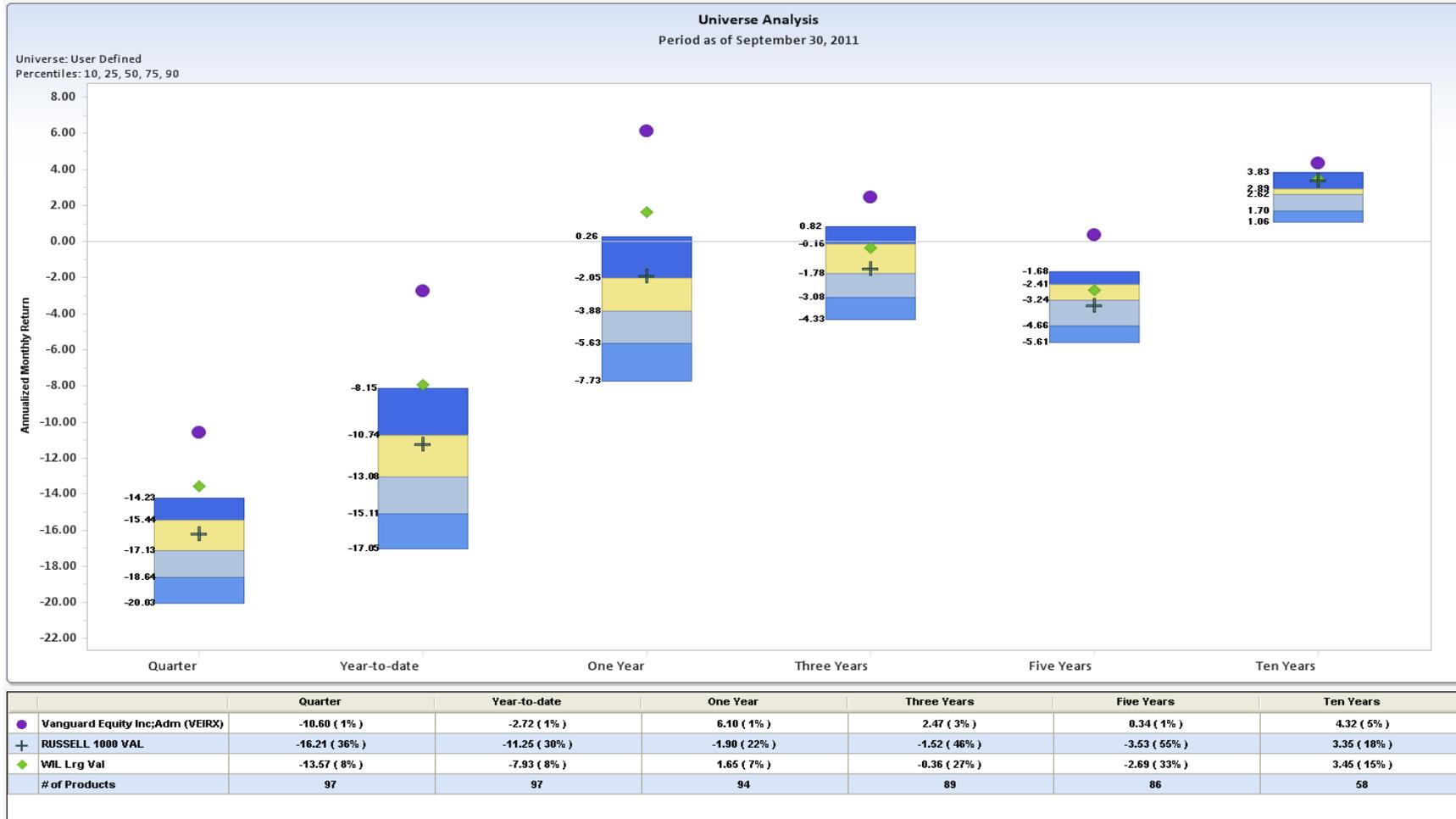
Top 10 Holdings 6-30-11	
Company	% of Portfolio
Chevron Corporation	4.00%
ExxonMobil Corporation	4.00%
Pfizer Inc.	3.19%
Johnson & Johnson	3.15%
AT&T Inc.	3.13%
CMT Market Liquidity Rate	2.80%
Merck & Co, Inc.	2.76%
General Electric Co.	2.60%
Microsoft Corporation	2.50%
Philip Morris International, Inc.	2.33%

Sector Weights 6-30-11	
Basic Materials	3.1%
Communication Services	5.2%
Consumer Cyclical	6.7%
Consumer Defensive	17.1%
Healthcare	12.3%
Industrial	16.5%
Real Estate	0.0%
Technology	7.8%
Energy	14.1%
Financials	9.9%
Utilities	7.2%

Portfolio Information	
Expense Ratio	0.22%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$50,000
Avg. Annual Turnover	45%

Year-End Assets (\$ Mil.)	
2010	\$2,272
2009	\$1,522
2008	\$1,386
2007	\$2,138

### Large Cap Value Universe



**State of Montana 401(a) Defined Contribution Plan**  
**September 30, 2011**



**Munder Mid Cap Core Growth / 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
<b>Munder Mid Cap Core Grw A</b>	★★★★	\$5,677	84	-18.1%	-10.6%	1.4%	3.5%	1.4%	7.6%
S&P MidCap 400 Index				-19.9%	-13.0%	-1.3%	4.1%	2.2%	7.5%
Mid Cap Growth MF Mean				-19.8%	-13.0%	-0.7%	3.9%	1.2%	5.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.87	1.03	2.51	0.26	6.42	25.63	-	0.28
5-Year	20.59	1.06	3.14	0.10	6.71	21.92	-	0.14

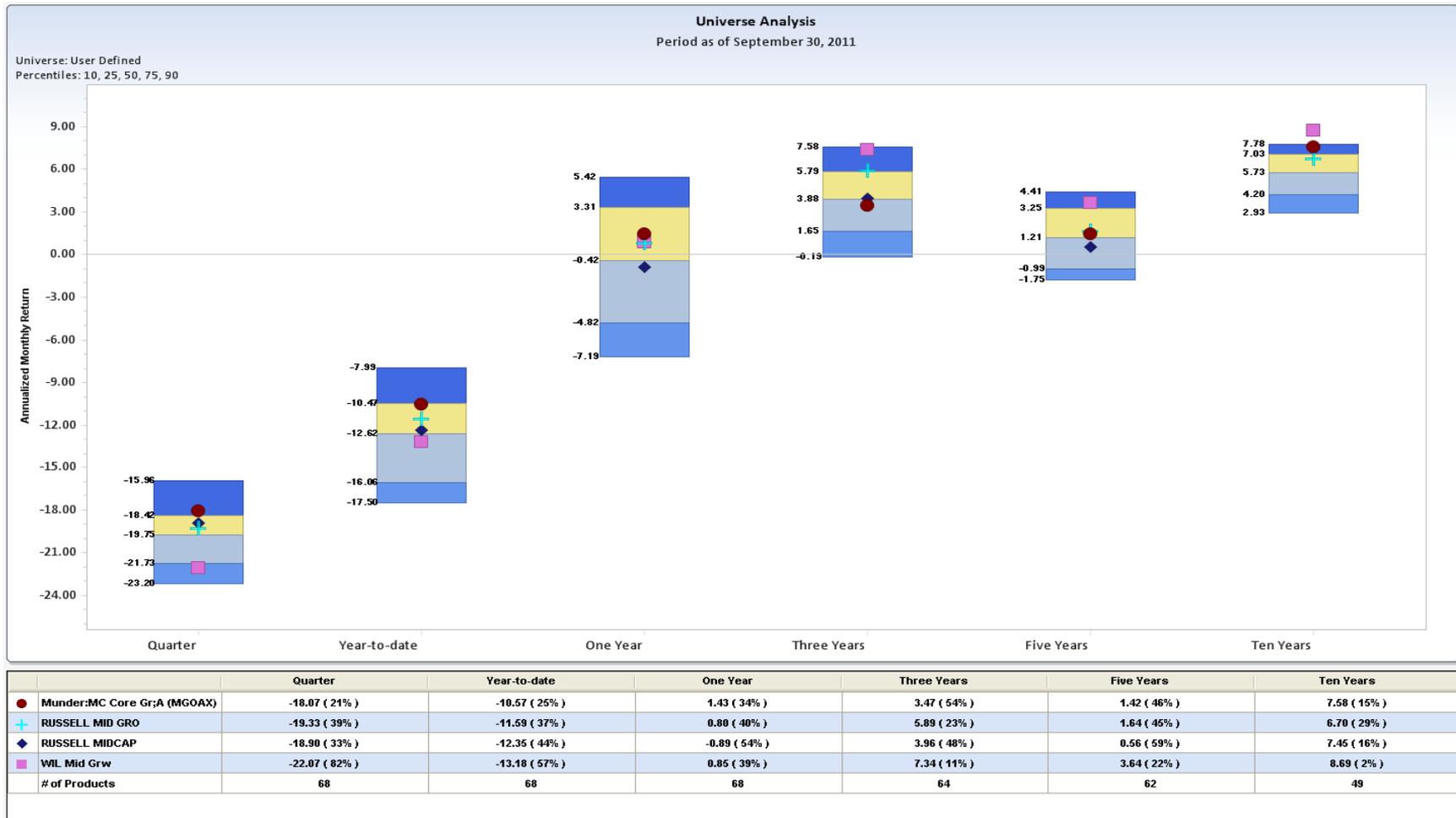
Top 10 Holdings 8-31-11	
Company	% of Portfolio
Macerich Company	2.06%
BorgWarner, Inc.	1.96%
Herbalife, Ltd.	1.74%
Affiliated Managers Group Inc.	1.68%
LyondellBasell Industries NV	1.61%
Skyworks Solutions, Inc.	1.61%
Gentex Corporation	1.60%
Cognizant Technology Solutions	1.60%
Liberty Capital Corp A	1.59%
Tiffany & Co.	1.57%

Sector Weights 8-31-11	
Basic Materials	4.3%
Communication Services	2.0%
Consumer Cyclical	16.4%
Consumer Defensive	7.5%
Healthcare	10.8%
Industrial	16.7%
Real Estate	6.3%
Technology	13.6%
Energy	8.5%
Financials	8.5%
Utilities	5.3%

Portfolio Information	
Expense Ratio	1.33%
12b-1 Fee Included	0.25%
Morningstar Average	1.52%
Minimum Investment	\$2,500
Avg. Annual Turnover	65%

Year-End Assets (\$ Mil.)	
2010	\$1,507
2009	\$1,497
2008	\$1,319
2007	\$2,263

### Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



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	★★★★★	\$9,660	162	-15.9%	-11.7%	-2.8%	2.0%	2.2%	8.6%
Russell Mid Cap Value Index				-18.5%	-13.0%	-2.4%	2.0%	-0.8%	7.5%
Mid Cap Value MF Mean				-19.4%	-14.2%	-3.6%	2.7%	-0.7%	6.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.19	0.93	0.83	0.19	4.62	27.01	-	0.20
5-Year	17.28	0.91	3.07	0.12	4.66	22.65	-	0.01

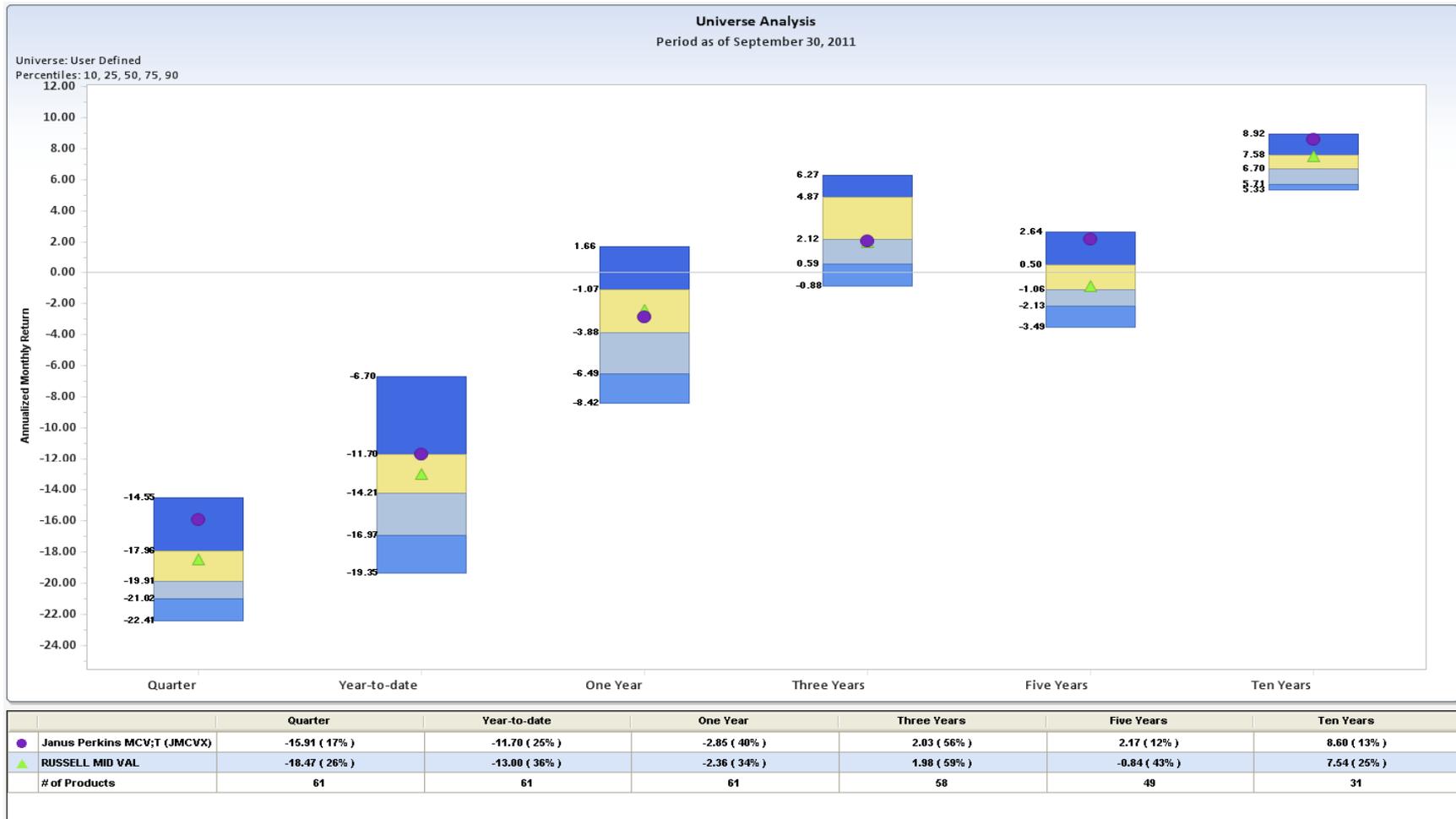
Top 10 Holdings 6-30-11	
Company	% of Portfolio
Discover Financial Services	1.45%
URS Corporation	1.37%
Noble Energy, Inc.	1.34%
State Street Corporation	1.32%
QEP Resources Inc.	1.31%
Molson Coors Brewing Co.	1.31%
CenturyLink Inc	1.29%
Tyco International Ltd.	1.28%
Plains All American Pipeline LP	1.26%
Western Union Company	1.20%

Sector Weights 6-30-11	
Basic Materials	4.4%
Communication Services	2.8%
Consumer Cyclical	12.0%
Consumer Defensive	6.9%
Healthcare	11.7%
Industrial	13.8%
Real Estate	6.2%
Technology	9.3%
Energy	14.0%
Financials	16.6%
Utilities	2.2%

Portfolio Information	
Expense Ratio	0.99%
12b-1 Fee Included	-
Morningstar Average	1.37%
Minimum Investment	\$2,500
Avg. Annual Turnover	66%

Year-End Assets (\$ Mil.)	
2010	\$7,715
2009	\$7,778
2008	\$5,264
2007	\$5,610

### Mid Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



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>	★★★★	\$1,616	965	-22.1%	-14.3%	0.4%	4.6%	2.6%	7.9%
MSCI US Small Cap Growth Idx				-22.1%	-14.3%	0.4%	4.6%	2.6%	7.3%
Small Cap Growth MF Mean				-22.3%	-14.7%	-0.6%	3.0%	0.5%	4.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	28.58	1.27	4.24	0.30	10.97	28.56	-	0.30
5-Year	24.47	1.26	5.32	0.16	9.46	24.46	-	0.16

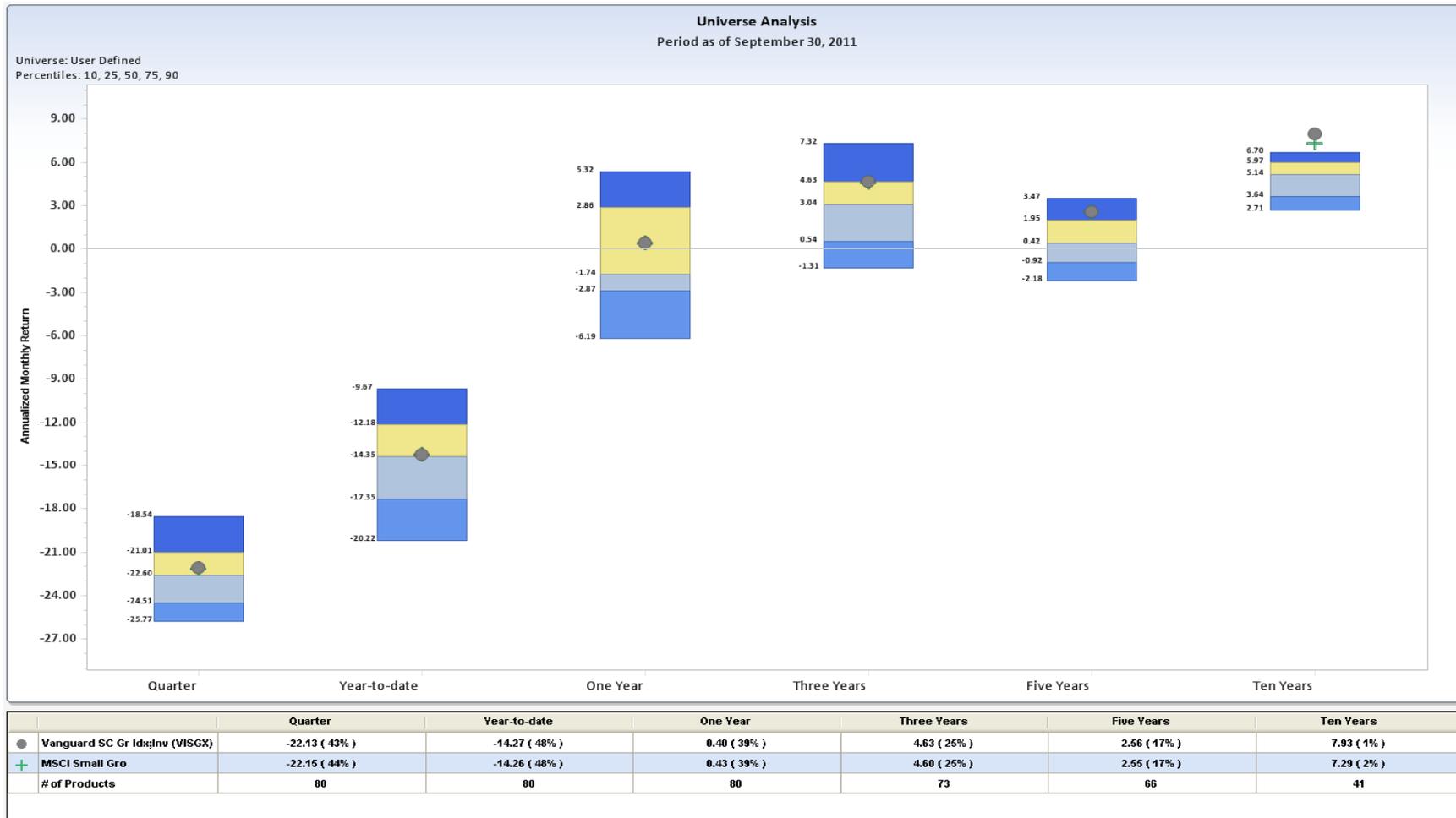
<b>Top 10 Holdings 6-30-11</b>	
Company	% of Portfolio
Polycom, Inc.	0.66%
Tempur-Pedic International, Inc.	0.54%
Varian Semiconductor Equip	0.54%
Gardner Denver, Inc.	0.51%
Gentex Corporation	0.50%
TransDigm Group Inc.	0.50%
Solera Holdings, Inc.	0.49%
Level 3 Communications Inc.	0.48%
Micors Systems, Inc.	0.47%
Signet Jewelers Ltd.	0.47%

<b>Sector Weights 6-30-11</b>	
Basic Materials	5.0%
Communication Services	2.4%
Consumer Cyclicals	16.3%
Consumer Defensive	3.5%
Healthcare	15.5%
Industrial	19.8%
Real Estate	2.9%
Technology	24.6%
Energy	6.7%
Financials	2.6%
Utilities	0.6%

<b>Portfolio Information</b>	
Expense Ratio	0.26%
12b-1 Fee Included	-
Morningstar Average	1.57%
Minimum Investment	\$3,000
Avg. Annual Turnover	34%

<b>Year-End Assets (\$ Mil.)</b>	
2010	\$4,229
2009	\$3,018
2008	\$1,871
2007	\$2,825

### Small Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



Vanguard Small Cap Index Signal

Ticker: VSISX

<b>Fund Strategy</b>
This index fund tracks the MSCI US Small Cap 1750 Index, which contains 1750 of the smallest publicly traded stocks.

<b>Manager Information</b>	
Lead Manager	Michael H. Buek
Inception	12/15/2006
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
Vanguard Sml Cap Index Instl	★★★★	\$1,549	1737	-21.4%	-15.4%	-2.2%	2.7%	0.8%	7.3%
MSCI Small Cap 1750 Index				-21.4%	-15.5%	-2.3%	2.5%	0.6%	7.6%
Small Cap Core MF Mean				-21.5%	-16.7%	-3.6%	1.6%	-0.6%	6.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	28.71	1.29	2.34	0.23	10.39	28.71	-	0.23
5-Year	24.11	1.25	3.47	0.09	8.69	24.11	-	0.08

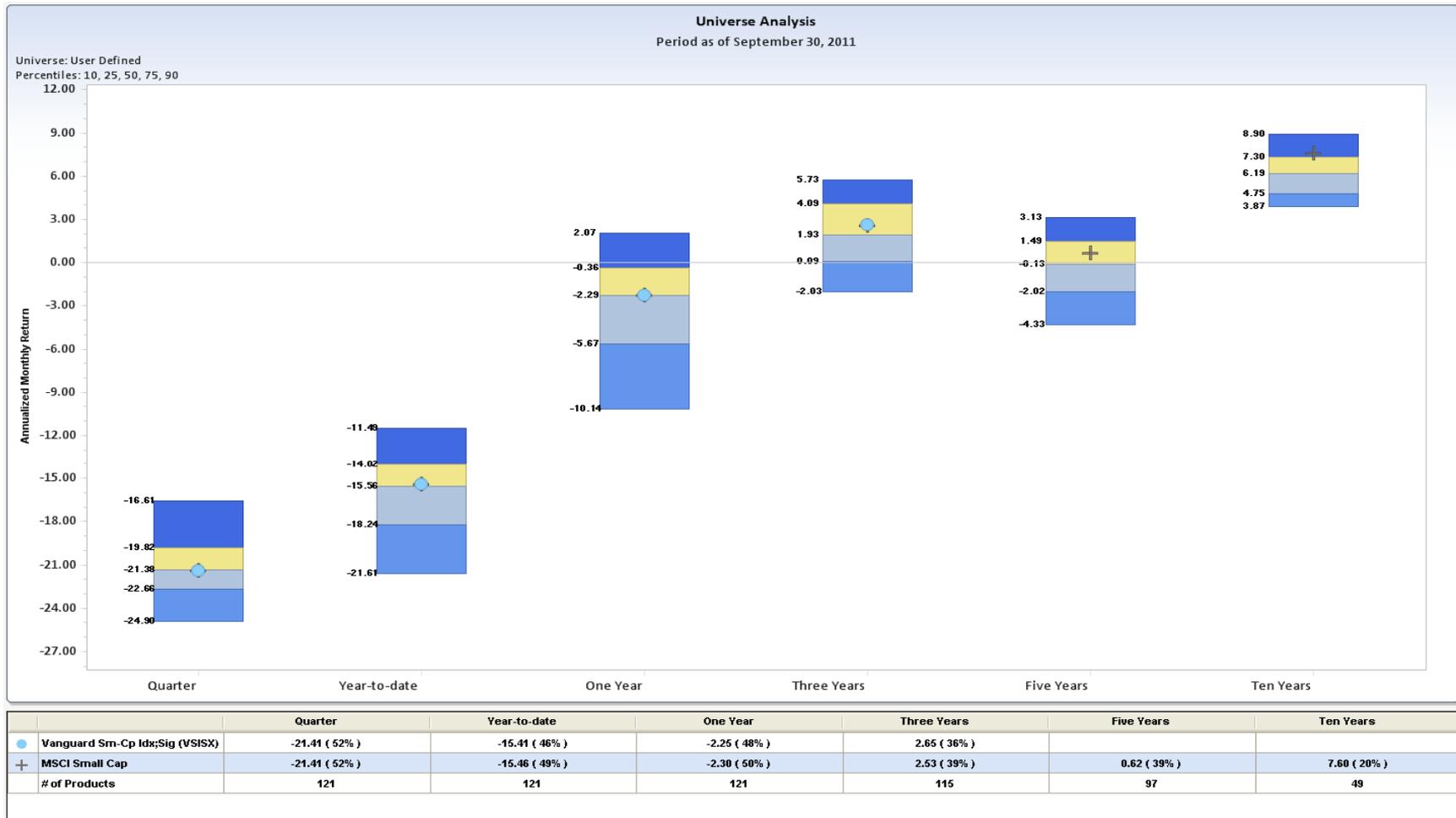
<b>Top 10 Holdings 6-30-11</b>	
Company	% of Portfolio
CMT Market Liquidity Rate	0.36%
Polycom, Inc.	0.33%
American Capital Agency Corp.	0.29%
Tempur-Pedic International, Inc.	0.27%
Varian Semiconductor	0.27%
Wabco Holdings Incorporated	0.27%
Camden Property Trust	0.26%
Gardner Denver, Inc.	0.25%
Essex Property Trust	0.25%
Gentex Corporation	0.25%

<b>Sector Weights 6-30-11</b>	
Basic Materials	6.6%
Communication Services	1.6%
Consumer Cyclical	14.2%
Consumer Defensive	3.9%
Healthcare	10.7%
Industrial	16.9%
Real Estate	8.0%
Technology	16.8%
Energy	5.5%
Financials	12.4%
Utilities	3.4%

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

<b>Year-End Assets (\$ Mil.)</b>	
2010	\$2,300
2009	\$1,763
2008	\$1,172
2007	\$1,626

### Small Cap Core Universe



State of Montana 401(a) Defined Contribution Plan  
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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	★★★★	\$1,798	645	-19.0%	-13.2%	-1.4%	1.9%	1.5%	9.7%
Russell 2000 Value Index				-21.5%	-18.5%	-6.0%	-2.8%	-3.1%	6.5%
Smal Cap Value MF Mean				-21.0%	-17.2%	-4.5%	1.5%	0.0%	7.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	24.73	1.13	1.09	0.20	6.56	29.00	-	0.04
5-Year	20.93	1.10	3.29	0.10	6.16	24.15	-	-0.07

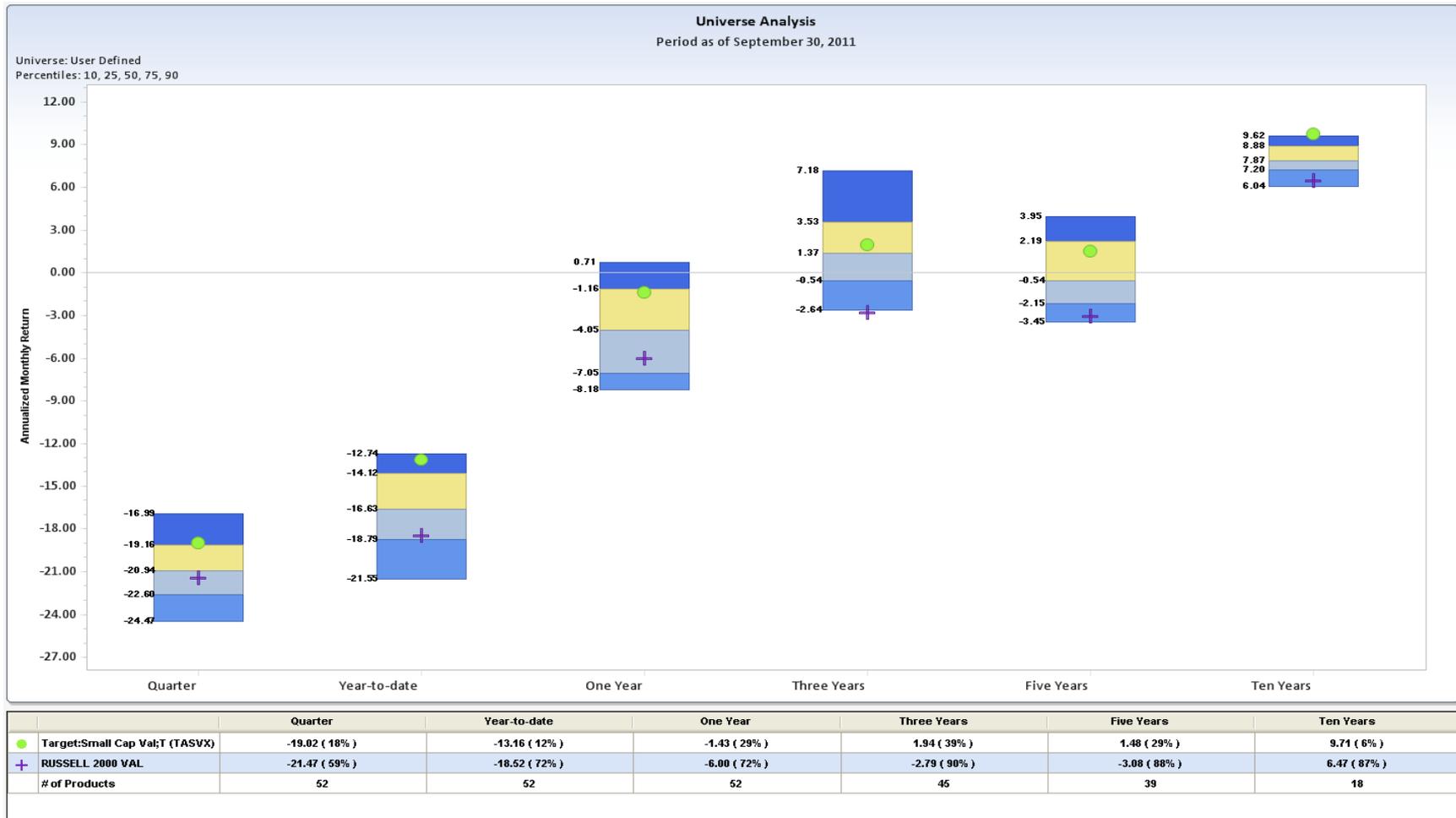
Top 10 Holdings 7-31-11	
Company	% of Portfolio
Prudential Core Invnt	7.12%
Phillips-Van Heusen Corp.	1.10%
Aaron's, Inc.	1.07%
Teleflex Inc.	0.89%
Cabot Oil & Gas Corp	0.89%
Silgan Holdings, Inc.	0.82%
Lufkin Industries, Inc.	0.81%
Scotts Miracle-Gro Co	0.78%
Cash America International	0.76%
Medical Properties Trust, Inc.	0.75%

Sector Weights 7-31-11	
Basic Materials	9.1%
Communication Services	0.8%
Consumer Cyclical	11.0%
Consumer Defensive	4.6%
Healthcare	7.8%
Industrial	18.5%
Real Estate	5.3%
Technology	8.5%
Energy	9.7%
Financials	18.3%
Utilities	6.4%

Portfolio Information	
Expense Ratio	0.76%
12b-1 Fee Included	-
Morningstar Average	1.53%
Minimum Investment	\$0
Avg. Annual Turnover	33%

Year-End Assets (\$ Mil.)	
2010	\$886
2009	\$596
2008	\$380
2007	\$374

### Small Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
September 30, 2011



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
American Funds New Perspective A	★★★★	\$42,631	264	-16.7%	-13.1%	-5.3%	2.6%	1.0%	6.6%
MSCI World Index				-16.6%	-12.2%	-4.3%	-0.1%	-2.2%	3.7%
World Stock MF Mean				-17.9%	-14.2%	-6.5%	0.7%	-1.4%	4.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.34	0.86	3.26	0.22	6.15	23.09	-	0.11
5-Year	19.24	0.84	3.44	0.07	5.87	20.02	-	-0.09

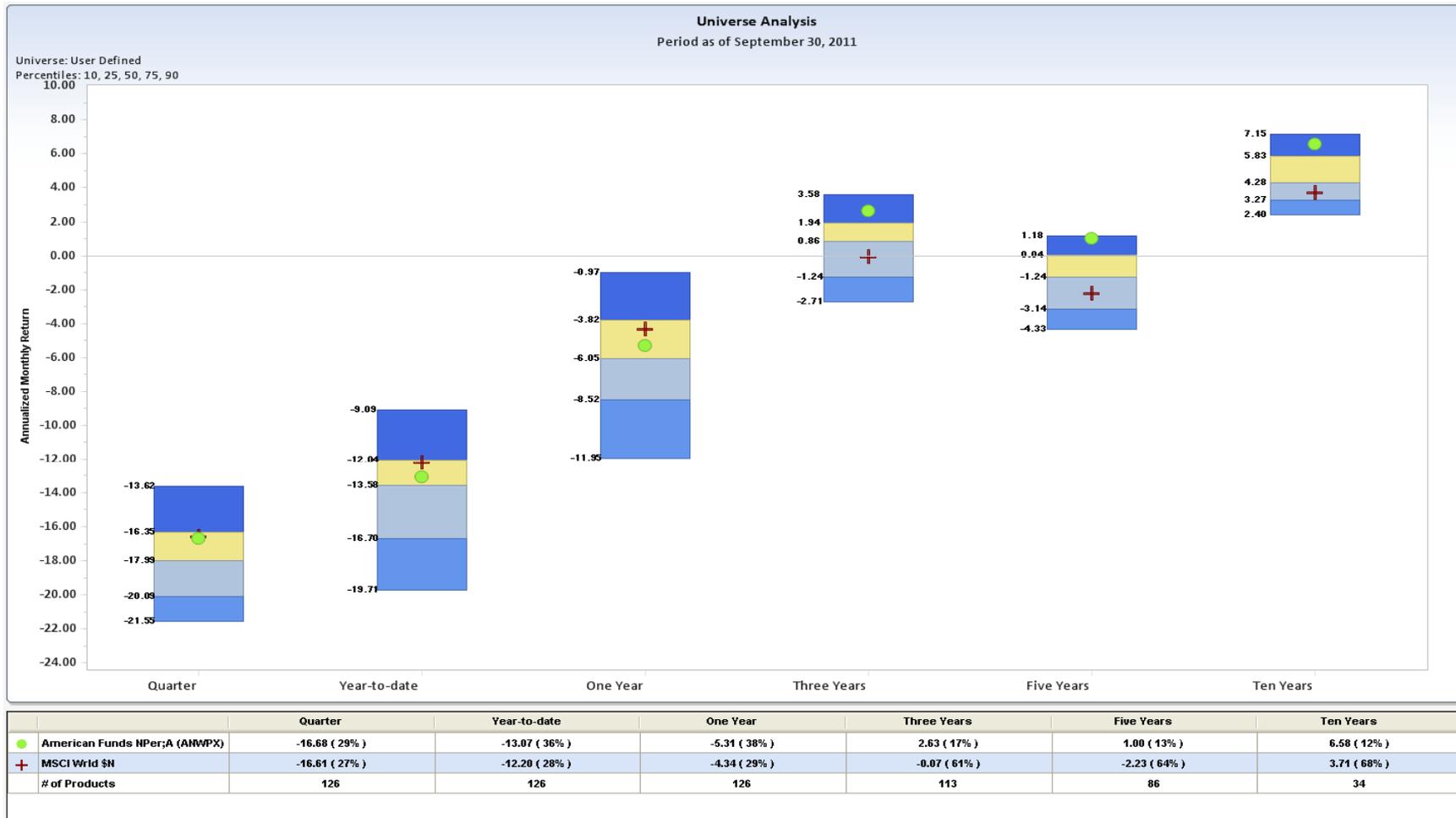
Top 10 Holdings 6-30-11	
Company	% of Portfolio
Novo-Nordisk A/S	4.03%
Amazon.com, Inc.	1.81%
EMC Corporation	1.60%
Texas Instruments, Inc.	1.39%
British American Tobacco PLC	1.35%
Naspers, Ltd.	1.26%
Scheinder Electric	1.25%
Newmont Mining Corporation	1.25%
Barrick Gold Corporation	1.19%
Apple, Inc.	1.19%

Country Weights 6-30-11	
	%
<b>Europe</b>	<b>40.2%</b>
France	6.0%
Germany	5.7%
United Kingdom	7.9%
<b>Asia</b>	<b>14.6%</b>
Australia	2.2%
Hong Kong	0.3%
Japan	6.6%
<b>Latin America</b>	<b>2.6%</b>
Brazil	0.8%
Chile	0.0%
<b>North America</b>	<b>42.6%</b>
Canada	4.7%
United States	37.9%

Portfolio Information	
Expense Ratio	0.79%
12b-1 Fee Included	0.23%
Morningstar Average	1.55%
Minimum Investment	\$250
Avg. Annual Turnover	24%

Year-End Assets (\$ Mil.)	
2010	\$33,224
2009	\$33,010
2008	\$26,702
2007	\$48,726
2006	\$53,568

## World Equity Universe



**Oakmark International I Ticker: OAKIX**

<b>Fund Strategy</b>
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.

<b>Manager Information</b>	
Lead Manager	D. Herro - Harris Assoc.
Inception	9/30/1992
Prospectus	<a href="http://www.oakmark.com">www.oakmark.com</a>

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>Oakmark International I</b>	★★★★★	\$26,417	63	-20.4%	-16.9%	-10.5%	5.9%	-0.6%	8.8%
MSCI EAFE Value Index				-19.0%	-14.5%	-10.0%	-1.7%	-4.8%	5.1%
MSCI EAFE Index				-19.0%	-15.0%	-9.4%	-1.1%	-3.5%	5.0%
Non-US Equity MF Mean				-20.7%	-17.1%	-11.0%	-1.2%	-3.2%	5.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.56	1.05	7.21	0.34	6.83	27.38	-	0.07
5-Year	23.37	0.99	3.06	0.02	8.03	23.64	-	-0.16

<b>Top 10 Holdings 6-30-11</b>	
Company	% of Portfolio
Daiwa Securities	3.45%
Credit Suisse Grp	3.32%
Canon, Inc.	2.92%
Toyota Motor Corporation	2.90%
Intesa SanPaolo SpA	2.79%
Adecco SA	2.73%
BNAP Paribas	2.72%
Allianz	2.68%
Assa Abloy	2.67%
Publicis Groupe	2.59%

<b>Country Weights 6-30-11</b>	
	%
<b>Europe</b>	<b>65.5%</b>
France	9.6%
Germany	6.5%
United Kingdom	10.8%
<b>Asia</b>	<b>32.1%</b>
Australia	4.4%
Hong Kong	0.0%
Japan	25.6%
<b>Latin America</b>	<b>1.5%</b>
Brazil	0.0%
Chile	0.0%
<b>North America</b>	<b>0.9%</b>
Canada	0.9%
United States	0.0%

<b>Portfolio Information</b>	
Expense Ratio	1.08%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$1,000
Avg. Annual Turnover	51%

<b>Year-End Assets (\$ Mil.)</b>	
2010	\$6,688
2009	\$4,393
2008	\$2,592
2007	\$7,300

Vanguard Total International Stock Ind 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 D. Kelly + M. 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>	★★★★	\$19,520	6625	-20.9%	-18.0%	-12.2%	-0.6%	-2.2%	6.2%
MSCI ACWI ex-US Index				-19.9%	-16.8%	-10.8%	0.5%	-1.6%	6.8%
Non-US Equity MF Mean				-20.7%	-17.1%	-11.0%	-1.2%	-3.2%	5.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.67	1.08	1.04	0.11	4.47	26.17	-	0.15
5-Year	23.93	1.06	1.83	-0.04	3.90	23.22	-	-0.02

**Top 10 Holdings 6-30-11**

Company	% of Portfolio
Nestle SA	1.11%
HSBC Holdings PLC	0.91%
BHP Billiton Limited	0.78%
Novartis AG	0.74%
BP Plc	0.72%
Vodafone Group PLC	0.71%
Total SA	0.63%
Roche Holding AG	0.61%
Toyota Motor Corporation	0.59%
Siemens AG	0.58%

**Country Weights 6-30-11**

	%
<b>Europe</b>	<b>48.5%</b>
France	6.6%
Germany	6.2%
United Kingdom	14.4%
<b>Asia</b>	<b>37.8%</b>
Australia	6.2%
Hong Kong	2.0%
Japan	14.4%
<b>Latin America</b>	<b>4.8%</b>
Brazil	3.2%
Chile	0.4%
<b>North America</b>	<b>9.0%</b>
Canada	8.8%
United States	0.2%

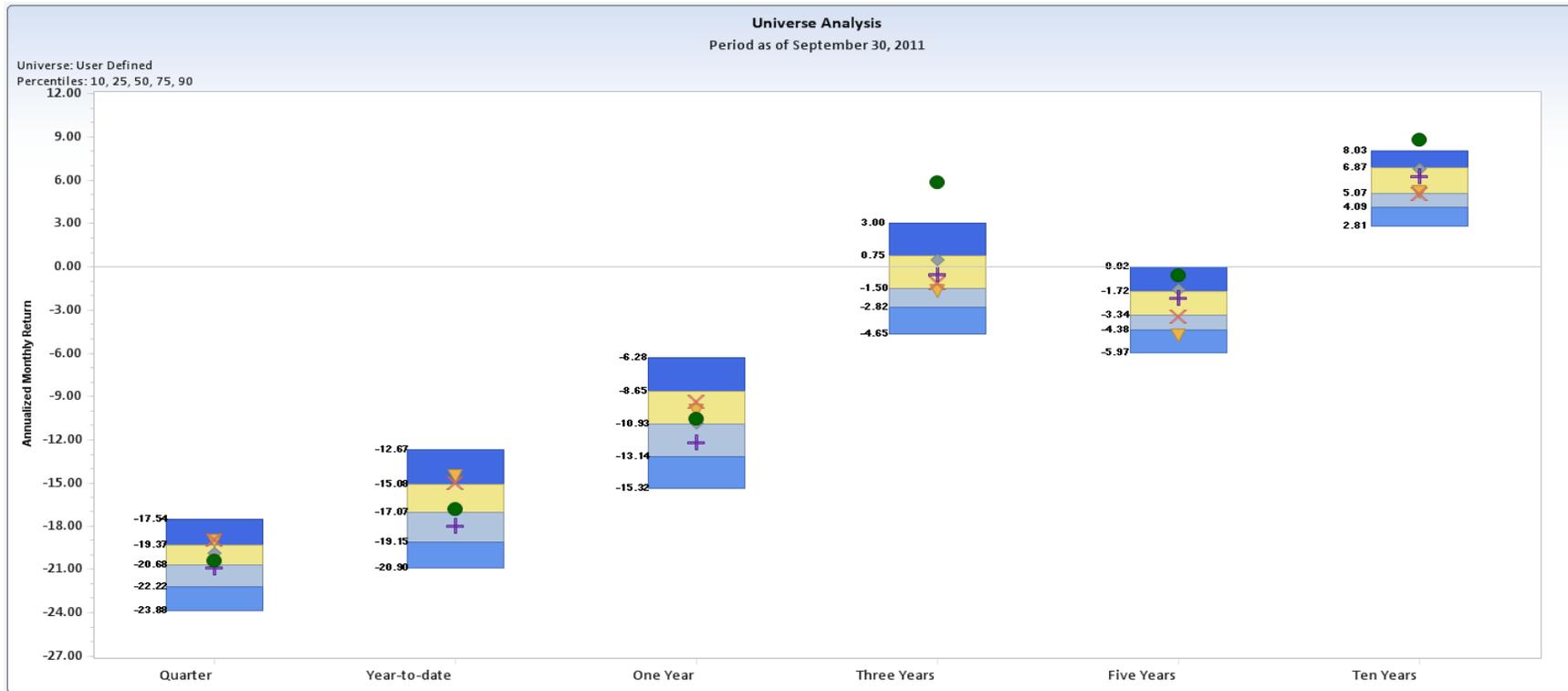
**Portfolio Information**

Expense Ratio	0.26%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$3,000
Avg. Annual Turnover	6%

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

2010	\$45,191
2009	\$26,044
2008	\$17,746
2007	\$28,652

### International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Oakmark Internatl (OAKIX)	-20.42 ( 43%)	-16.89 ( 49%)	-10.54 ( 43%)	5.86 ( 2%)	-0.60 ( 13%)	8.81 ( 8%)
+ Vanguard Tot I Stiglntv (VGTSX)	-20.93 ( 55%)	-18.02 ( 61%)	-12.19 ( 64%)	-0.56 ( 37%)	-2.21 ( 31%)	6.24 ( 33%)
◆ MS ACW xUS \$H	-19.85 ( 33%)	-16.80 ( 47%)	-10.81 ( 48%)	0.52 ( 27%)	-1.57 ( 24%)	6.83 ( 25%)
× MSCI EAFE \$H	-19.01 ( 20%)	-14.98 ( 24%)	-9.36 ( 31%)	-1.13 ( 45%)	-3.46 ( 52%)	5.03 ( 51%)
▼ EAFE VALUE \$HET	-19.03 ( 20%)	-14.52 ( 20%)	-9.99 ( 36%)	-1.69 ( 53%)	-4.82 ( 79%)	5.13 ( 49%)
# of Products	369	369	369	340	268	182

<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>	<p>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.</p>
<b>Sharpe Ratio</b>	<p>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.</p>
<b>Small Cap</b>	<p>Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.</p>
<b>Standard Deviation</b>	<p>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.</p>
<b>Top-Down Investment Approach</b>	<p>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.</p>
<b>Treynor Ratio</b>	<p>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.</p>
<b>Value Added</b>	<p>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.</p>
<b>Value Style Investing</b>	<p>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.</p>