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***State of Montana***  
***457 Deferred Compensation Plan***

***Michael C. Schlachter, CFA***  
*Managing Director*

***First Quarter 2013***

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## Economic Highlights

- GDP:** The U.S. Economy expanded at a scant 0.4% annual rate in the fourth quarter of 2012, following a healthier 3.1% gain in the third quarter. Dramatic cuts in federal spending during the quarter overwhelmed signs of economic recovery in the private sector. This challenging economic environment is likely to continue into 2013, as automatic cuts in government spending take effect as of March 1. Source: Dept. of Commerce (BEA)
- Interest Rates:** Treasury yields rose slightly over the first quarter of 2013, with the bellwether ten-year yield actually topping 2.0% over multiple trading days, something not seen since late April of 2012. As federal spending cuts kicked in on March 1, investors moved back into the safety of U.S. Treasuries and nudged yields downward at quarter-end. Source: US Treasury
- Inflation:** After three consecutive months of falling prices, the Consumer Price Index rose 0.3% in January and 0.8% in February; the CPI rose 2.0% for the year ending February 28. The 10-year breakeven inflation rate closed the first quarter at 2.52%, slightly less than 2.54% at the end of 2012. Source: Dept. of Labor (BLS), US Treasury
- Employment:** After spiking above 450,000 following Superstorm Sandy, initial claims have continued to drop. In March, the four-week moving average dropped below 350,000 for the first time in five years. The pace of jobs growth has been trending upward in recent months, with an estimated 236,000 non-farm jobs added in February. Additionally, the unemployment rate fell to 7.7% in February. Source: Dept. of Labor (BLS)
- Housing:** National home prices continued to rise strongly in recent months, leading to 11 & 12 consecutive monthly gains for the S&P Case-Schiller 10- and 20-city Home Price Indexes, respectively. Over the 12 months through January, home prices are up a notable 7.3% and 8.1%, respectively, for the two indexes. Source: S&P

## Market Commentary

Steven J. Foresti, Managing Director  
Russell Walker, Vice President

### First Quarter 2013

#### The U.S. Equity Market

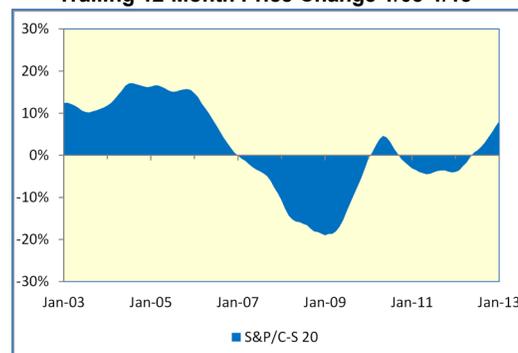
The U.S. stock market got off to a terrific start in 2013, with the Wilshire 5000 Total Market Index<sup>SM</sup> posting an impressive 10.91% total return during the first quarter. This marked the fourth consecutive year that the stock market has delivered strong gains to start the year; rising 6.04% in Q1 2010, 6.18% in Q1 2011 and 12.76% in Q1 2012. Stocks rose in all three months of the quarter, but showed their largest gains in January when they were up 5.42%. March represented the Wilshire 5000's fifth consecutive monthly gain and its eighth advance in the last nine months. Since its recent closing low of March 2009, the market has returned a staggering 158.75% through the end of March 2013.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index <sup>SM</sup>	3.86	10.91	10.91	14.15
Standard & Poor's 500	3.75	10.61	10.61	13.96
Wilshire 4500 Completion Index <sup>SM</sup>	4.62	12.93	12.93	16.67
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index <sup>SM</sup>	3.74	10.65	10.65	13.67
Wilshire US Large-Cap Growth Index <sup>SM</sup>	3.46	9.11	9.11	10.35
Wilshire US Large-Cap Value Index <sup>SM</sup>	3.99	12.04	12.04	16.78
Wilshire US Small-Cap Index <sup>SM</sup>	4.83	13.11	13.11	18.55
Wilshire US Small-Cap Growth Index <sup>SM</sup>	5.31	13.36	13.36	16.27
Wilshire US Small-Cap Value Index <sup>SM</sup>	4.42	12.90	12.90	20.61
Wilshire US Micro-Cap Index <sup>SM</sup>	5.92	15.21	15.21	17.62

Small capitalization stocks built off of their performance advantage established in the fourth quarter of 2012 to once again outpace larger stocks in early 2013. For the quarter, the Wilshire US Small-Cap Index returned 13.11%, eclipsing a more than respectable 10.65% gain for the Wilshire U.S. Large-Cap Index. Microcap stocks were the best performing size segment for the quarter, advancing 15.21%. Despite delivering a 9.11% return, large growth stocks trailed all other style groups during the first quarter of 2013.

All economic sectors enjoyed positive total returns through the first quarter. Healthcare, Consumer Staples and Utilities, however, were the best performers with quarterly returns of 15.56%, 14.66% and 13.42%, respectively. The Materials and Information Technology sectors were laggards. While robust from an absolute return perspective, these economic sectors gave investors below-market returns of 5.11% and 4.88%, respectively.

S&P/Case-Schiller 20-City Composite, Trailing 12-Month Price Change 1/03-1/13



Source: Standard & Poor's

U.S. real estate markets have experienced difficulty in sustaining positive momentum since the Great Recession ended in March 2009. In several major markets, ample supply of foreclosed properties and lively short-sale activity have served to slow down price recovery. However, with continued low interest rates spurring prime borrowing opportunities for home buyers, real estate activity has picked up and pushed home prices solidly upward since the last half of 2012.

## The Non-U.S. Equity Market

European stock markets stumbled into 2013 trying to deal with multiple systemic challenges. The United Kingdom's economic growth has been hobbled by fiscal instability and growing debt, and the European Union found itself fighting to maintain the solvency of yet another struggling member, in this case Cyprus. The Asia-Pacific region, on the other hand, performed strongly as investors anticipated imminent action by the Bank of Japan to stimulate that nation's stagnant economy. Emerging-market stocks experienced a pullback in the first quarter; the slowdown in China's economy continued to unfold, with increased bellicose rhetoric from North Korea and the death of Hugo Chávez in Venezuela adding to investor anxiety.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	0.20	3.17	3.17	8.36	0.93	6.65	6.65	12.96
MSCI EAFE	0.82	5.13	5.13	11.25	1.73	9.67	9.67	16.73
MSCI Europe	-0.21	2.71	2.71	10.56	0.88	6.95	6.95	14.91
MSCI Pacific	2.66	9.74	9.74	12.85	3.31	15.19	15.19	21.46
MSCI Japan	4.88	11.63	11.63	8.54	6.88	21.39	21.39	24.00
MSCI EM (Emerging Markets)	-1.72	-1.62	-1.62	1.96	-0.88	-0.49	-0.49	5.17

## The Fixed Income Market

The well-entrenched recent market environment in fixed income of depressed yields and disappointing risk premiums continued into 2013, and investors increasingly sought out return in equities and high yield bonds. Yields rose somewhat in the first two months of the quarter, although economic turmoil in the Eurozone and uncertainty in the U.S. over the length and effects of the U.S. government's March 1 automatic spending cuts sent some money back into the safety of U.S. Treasuries in March. Despite compressed spreads, high yield bonds were the best-performing sector in fixed income for the first quarter.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	0.08	-0.12	-0.12	3.77
Barclays Long Govt./Credit	-0.30	-1.98	-1.98	8.94
Barclays Long Term Treasury	-0.10	-2.38	-2.38	7.31
Barclays U.S. TIPS	0.28	-0.36	-0.36	5.68
Barclays U.S. Credit	0.01	-0.17	-0.17	7.00
Barclays U.S. Corporate High Yield	1.02	2.89	2.89	13.13
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-0.25	-2.10	-2.10	1.25
Barclays Global Aggregate (Hedged)	0.52	0.57	0.57	5.05
Barclays EM Local Currency Government Universal	-0.07	1.01	1.01	7.00
Barclays EM Local Currency Govt Univ (Hedged)	0.16	0.66	0.66	4.88

## The Real Estate & Commodity Markets

Public market real estate securities maintained strong performance in the first quarter of 2013, buoyed by continued signs of economic strength and attractive financing terms. Other real assets found the first quarter somewhat less generous, with some commodity prices held back by slack demand, ample reserves and a strong U.S. dollar. U.S. Crude oil prices rose 5.9% over the quarter, closing at \$97.23 a barrel. Gold prices continued to retreat from their 2012 highs, ending the quarter at \$1,596.90 per troy ounce, down 4.7% from year-end 2012.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI <sup>SM</sup>	2.83	7.41	7.41	13.82
Wilshire Global ex US RESI <sup>SM</sup>	2.24	6.00	6.00	27.43
Wilshire Global RESI <sup>SM</sup>	2.53	6.71	6.71	19.97
Dow Jones UBS Commodity Index	0.67	-1.13	-1.13	-3.03
S&P GSCI Commodity	0.77	0.55	0.55	-4.96
Alerian MLP Index	5.38	19.74	19.74	23.06

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FUND OVERVIEW FOR STATE OF MONTANA 457 DEFERRED COMPENSATION PLAN

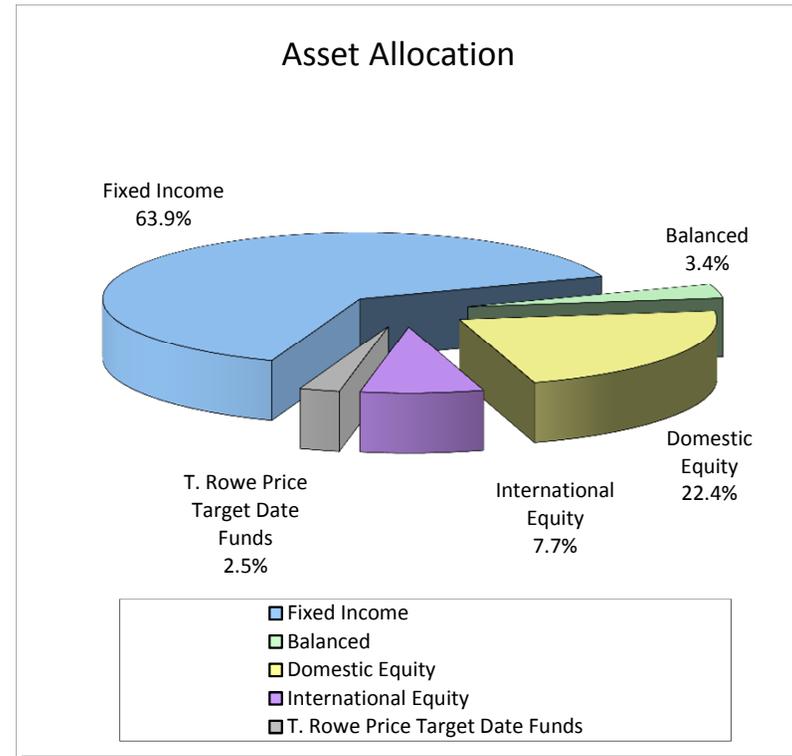
Asset Class	Name	Ticker	Current Status	Date Placed on Probation
Fixed Income	State of Montana Stable Value - PIMCO	Sep. Mgmt.	Retention	
Fixed Income	PIMCO Total Return	PTRAX	Retention	
Fixed Income	Neuberger Berman High Income Bond Fund	NHINX	Retention	
Balanced	Vanguard Balanced Index	VBAIX	Retention	
Large Growth	Fidelity ContraFund	FCNTX	Retention	
Large Growth	Calvert Social Investment Equity A	CSIEX	Retention	
Large Core	Vanguard (500) Institutional Index	VINIX	Retention	
Large Value	Davis New York Venture A	NYVTX	Probation	2011 Q2
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Retention	
Mid Value	Columbia Mid Cap Value Z Fund	NAMAX	Probation	2011 Q3
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention	
Small Core	Vanguard Small Cap Index Signal	VSISX	Retention	
Small Value	Neuberger Berman Genesis Tr	NBGEX	Retention	
Global	American Funds New Perspective Fund R4	RNPEX	Retention	
Global	Mutual Discovery Z	MDISX	Retention	
International	Artisan International Inv	ARTIX	Retention	
International	Dodge & Cox International Stock	DODFX	Retention	
International	Oppenheimer Developing Markets Y	ODVYX	Retention	
Target Date	T. Rowe Price Retirement 2005	TRRFX	Retention	
Target Date	T. Rowe Price Retirement 2010	TRRAX	Retention	
Target Date	T. Rowe Price Retirement 2015	TRRGX	Retention	
Target Date	T. Rowe Price Retirement 2020	TRRBX	Retention	
Target Date	T. Rowe Price Retirement 2025	TRRHX	Retention	
Target Date	T. Rowe Price Retirement 2030	TRRCX	Retention	
Target Date	T. Rowe Price Retirement 2035	TRRJX	Retention	
Target Date	T. Rowe Price Retirement 2040	TRRDY	Retention	
Target Date	T. Rowe Price Retirement 2045	TRRKX	Retention	
Target Date	T. Rowe Price Retirement 2050	TRRMX	Retention	
Target Date	T. Rowe Price Retirement 2055	TRRNX	Retention	
Target Date	T. Rowe Price Retirement Income	TRRIX	Retention	

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Asset Allocation as of March 31, 2013

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>245,970,988</b>	<b>63.9%</b>
Montana Fixed Fund - Stable Value	233,756,224	60.8%
PIMCO Total Return	8,903,536	2.3%
Neuberger High Income	3,311,229	0.9%
<b>Balanced</b>	<b>13,126,119</b>	<b>3.4%</b>
Vanguard Balanced Index Fund	13,126,119	3.4%
<b>Domestic Equity</b>	<b>86,280,476</b>	<b>22.4%</b>
<u>Large Cap</u>	<u>54,313,075</u>	<u>14.1%</u>
Fidelity ContraFund	22,991,274	6.0%
Calvert Social Investment Equity	1,596,043	0.4%
Vanguard Institutional Index	18,898,963	4.9%
Davis New York Venture A	10,826,795	2.8%
<u>Mid Cap</u>	<u>11,849,612</u>	<u>3.1%</u>
Munder Mid Cap Core Growth A	7,932,564	2.1%
Columbia Mid Cap Value Fund Z	3,917,048	1.0%
<u>Small Cap</u>	<u>20,117,790</u>	<u>5.2%</u>
Vanguard Small Cap Growth Index	5,530,770	1.4%
Vanguard Small Cap Index	3,140,459	0.8%
Neuberger Berman Genesis	11,446,560	3.0%
<b>International Equity</b>	<b>29,667,140</b>	<b>7.7%</b>
American Funds New Perspective	9,201,761	2.4%
Mutual Discovery	8,628,757	2.2%
Artisan International	2,908,042	0.8%
Dodge & Cox International Stock	8,592,663	2.2%
Oppenheimer Developing Markets	335,917	0.1%
<b>T. Rowe Price Target Date Funds</b>	<b>9,716,482</b>	<b>2.5%</b>
<b>TOTAL STATE OF MONTANA 457</b>	<b>\$ 384,761,206</b>	



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Montana Stable Value	Trailing Total Returns (annualized)			
Style: Intermediate Gov/Credit FI	Quarter	1 Year	3 Year	5 Year
Montana Stable Value	0.19	3.99	4.89	4.46
Barclays Int Gov/Credit Bond + 0.35%	0.35	3.88	5.10	4.96

3 yr

5 yr

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

Fund Narrative
The fund underperformed the benchmark by 16 basis points this quarter, but leads for the 1-year by 11 basis points. The manager lags for both the 3- and 5-year time periods. <b>Current Status: Retention, no change recommended.</b>

PIMCO Total Return	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
PIMCO Total Return	0.54	7.65	6.65	7.50
Barclays Aggregate	(0.12)	3.77	5.52	5.47
Intermediate Fixed MF Median	0.19	5.62	6.22	6.02

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	2.0	2.4	2.5
★★★★★	1.7	1.3	1.5
★★★★★	--	--	--

Fund Narrative
This manager is ranked in the top 10% of this investment category for the 5- and 10-year periods. PIMCO easily outperformed this quarter and boosted the 1-year; moreover, the manager leads for the 3- and 5-year time periods; it has 4- and 5-star rankings by Morningstar, and its Sharpe Ratios are above the category mean for only the 5-year, therefore the fund still exceeds the State minimum. <b>Current Status: Retention, no change recommended.</b>

Neuberger High Income Bond	Trailing Total Returns (annualized)			
Style: High Yield Fixed Income	Quarter	1 Year	3 Year	5 Year
Neuberger High Income Bond	2.54	12.13	9.99	11.54
Barclays U.S. High Yield Index	2.89	13.13	11.24	11.65
High Yield MF Median	2.79	12.07	10.16	9.49

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	1.3	1.5	1.6
★★★★★	0.9	0.7	0.7
★★★	--	--	--

Fund Narrative
This high yield manager had a positive quarter but trailed the benchmark and lags for all other time periods. The 3- and 5-star Morningstar ratings and the 5-year Sharpe Ratio above category mean meet the State's requirements. <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	6.54	10.30	10.40	6.68
60% MSCI US Broad Mkt/40% Barclays Agg	6.49	10.24	10.35	6.61
Balanced MF Median	5.28	9.10	8.39	5.10

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★★	1.1	0.9	1.1
★★★★★	0.6	0.4	0.5
★★★★	--	--	--

Fund Narrative
This index fund replaced Dodge & Cox and is generally 60% stocks and 40% fixed income. The manager performed within range of the blended index for the quarter and all time horizons. The manager's Sharpe Ratios were greater than the category average and the fund's 5-star Morningstar ratings meet the State requirement. <b>Current Status: Retention, no change recommended.</b>

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Fidelity Contrafund	Trailing Total Returns (annualized)			
Style: Large Cap Growth	Quarter	1 Year	3 Year	5 Year
Fidelity Contrafund	9.18	10.41	12.68	6.27
S&P 500 Index	10.61	13.96	12.67	5.81
Wilshire Large Growth Index	9.32	10.67	12.31	7.28
Large Cap Growth MF Median	8.76	8.06	10.71	5.32

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.9	0.7	0.7
5 yr	★★★★	0.4	0.2	0.2
10 yr	★★★★★	--	--	--

**Fund Narrative**  
The fund trailed the benchmark this quarter but leads for the 3- and 5-year. This manager is a strong performer and has ranked above the median historically. With 4-star Morningstar ratings and Sharpe Ratios above the category mean, this fund meets the requirements of the State. **Current Status: Retention, no change recommended.**

Calvert Social Investor Equity	Trailing Total Returns (annualized)			
Style: Large Cap Growth	Quarter	1 Year	3 Year	5 Year
Calvert Social Investor Equity	8.79	8.77	10.88	6.25
S&P 500 Index	10.61	13.96	12.67	5.81
Wilshire Large Growth Index	9.32	10.67	12.31	7.28
Large Cap Growth MF Median	8.76	8.06	10.71	5.32

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★	0.7	0.7	0.7
5 yr	★★★	0.4	0.2	0.2
10 yr	★★★	--	--	--

**Fund Narrative**  
This fund had a positive but lagging quarter versus the benchmark, and its 5-year performance number still outperforms. The fund has 2- and 3-star Morningstar ratings and Sharpe Ratios above category mean which meet the State minimum requirements. **Current Status: Retention, no change recommended.** *This manager is fulfilling a need and has significant sector restrictions.*

Vanguard Institutional Index	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Institutional Index	10.61	13.94	12.65	5.84
S&P 500 Index	10.61	13.96	12.67	5.81
Large Cap Core MF Median	10.47	13.08	10.96	5.10

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.9	0.7	0.7
5 yr	★★★★	0.4	0.2	0.2
10 yr	★★★★	--	--	--

**Fund Narrative**  
As expected of an index fund, this fund performed in line with the returns of its benchmark for all time periods. With consistent 4-star Morningstar ratings and Sharpe Ratios that exceed the category mean, this fund meets the requirements of the State. **Current Status: Retention, no change recommended.**

Davis New York Venture A	Trailing Total Returns (annualized)			
Style: Large Cap Value	Quarter	1 Year	3 Year	5 Year
Davis New York Venture A	11.07	12.22	8.76	3.12
S&P 500 Index	10.61	13.96	12.67	5.81
Russell 1000 Value Index	12.31	18.77	12.74	4.85
Large Cap Value MF Median	11.24	14.56	10.26	3.95

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★	0.6	0.6	0.7
5 yr	★★	0.2	0.2	0.2
10 yr	★★	--	--	--

**Fund Narrative**  
The fund had a positive and leading quarter but lags the benchmark for all other recorded time periods. While the fund has 1- and 2-star Morningstar ratings, the Sharpe Ratios meet the State's requirements. The fund will be monitored closely. **Current Status: Probation, no change recommended.** **A replacement search is currently in progress.**

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Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Cap Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	12.71	14.69	14.76	6.39
Russell Mid Cap Index	12.96	17.30	14.62	8.37
Wilshire Mid Growth Index	11.51	12.76	14.23	7.98
Mid Cap Growth MF Median	10.79	9.49	13.42	6.37

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.9	0.7	0.8
5 yr	★★★	0.4	0.3	0.3
10 yr	★★★	--	--	--

**Fund Narrative**  
The fund trailed the benchmark for the quarter and for all other time periods except the 3-year. The Sharpe Ratios are above category mean and the consistent 3-star Morningstar ratings meet the minimum requirements. The fund was on probation from 2009Q3 - 2012Q1. **Current Status: Retention, no change recommended.**

Columbia Mid Cap Value Z Fund	Trailing Total Returns (annualized)			
Style: Mid Cap Value	Quarter	1 Year	3 Year	5 Year
Columbia Mid Cap Value Z Fund	12.41	17.58	12.83	6.25
Russell Mid Cap Value Index	14.21	21.49	14.96	8.53
Russell Mid Cap Index	12.96	17.30	14.62	8.37
Mid Cap Value MF Median	12.82	18.06	13.02	8.36

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.8	0.7	0.8
5 yr	★★★	0.4	0.3	0.3
10 yr	★★★	--	--	--

**Fund Narrative**  
The fund underperformed the benchmark this quarter and lags over the 3- and 5-year time periods. The fund's 3-star Morningstar ratings and the greater than category mean Sharpe Ratios meet the State's requirements. This fund will be closely monitored. **Current Status: Probation, no change is recommended.**

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)			
Style: Small Cap Growth	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Growth Idx	12.31	16.00	15.89	10.34
MSCI US Small Cap Growth Index	12.38	16.14	15.95	10.37
Small Cap Growth MF Median	12.30	11.61	13.59	8.08

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.8	0.7	0.8
5 yr	★★★★	0.5	0.3	0.3
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, 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	12.85	18.10	14.83	9.78
MSCI US Small Cap 1750 Index	12.85	18.09	14.78	9.67
Small Cap Core MF Median	11.95	15.37	13.24	8.38

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.8	0.7	0.7
5 yr	★★★★	0.5	0.3	0.3
10 yr	★★★★	--	--	--

**Fund Narrative**  
This fund's return tracked the benchmark within an acceptable range for all time periods, as expected of an index fund. With 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.**

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Neuberger Berman Genesis	Trailing Total Returns (annualized)			
Style: Small Cap Value	Quarter	1 Year	3 Year	5 Year
Neuberger Berman Genesis	11.27	14.47	13.86	6.51
Russell 2000 Index	12.39	16.30	13.45	8.24
Russell 2000 Value Index	11.63	18.09	12.12	7.29
Small Cap Value MF Median	12.15	16.60	13.02	8.93

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.9	0.7	0.7
5 yr	★★★	0.4	0.4	0.3
10 yr	★★★★★	--	--	--

**Fund Narrative**  
This manager underperformed this quarter and trails for the 5-year time while leading for the 3-year. With 4- and 3-star Morningstar ratings and strong Sharpe Ratios, this fund still meets the State's minimum requirements. However, the fund will continue to be closely monitored. **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	6.21	12.77	9.26	4.25
MSCI AC World Index	6.50	10.55	7.78	2.06
World Equity MF Median	6.73	11.28	8.36	2.54

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.6	0.5	0.5
5 yr	★★★★	0.3	0.1	0.0
10 yr	★★★★	--	--	--

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

Mutual Global Discovery	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
Mutual Global Discovery	8.24	14.51	8.40	5.12
MSCI World Index	7.73	11.85	8.46	2.23
World Equity MF Median	6.73	11.28	8.36	2.54

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	0.7	0.5	0.5
5 yr	★★★★★	0.4	0.1	0.0
10 yr	★★★★★	--	--	--

**Fund Narrative**  
The fund outperformed the index this quarter, as well as the 1- and 5-year periods. With improved 4- and 5-star Morningstar ratings and Sharpe Ratios above category mean for the 3- and 5-year, this fund meets all State requirements. The fund will be closely monitored. **Current Status: Retention, no change recommended.**

Artisan International	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Artisan International	6.02	15.11	10.23	1.77
MSCI EAFE Growth Index	6.74	11.38	6.47	(0.13)
MSCI EAFE Index	5.13	11.25	5.00	(0.89)
Non-US Equity MF Median	3.75	9.59	4.98	(0.80)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.6	0.3	0.3
5 yr	★★★★	0.2	0.0	0.0
10 yr	★★★★	--	--	--

**Fund Narrative**  
The fund slightly underperformed the MSCI EAFE Growth for the quarter but leads the benchmark for both 3- and 5-year time periods. With 4- and 5-star Morningstar ratings and Sharpe Ratios that exceed the category mean, the fund easily fulfills the State's requirements. The fund will still be monitored closely. **Current Status: Retention, no change recommended.**

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Dodge & Cox International Stock	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Dodge & Cox International Stock	3.64	11.28	4.94	1.09
MSCI EAFE Value Index	3.50	11.02	3.45	(1.70)
MSCI EAFE Index	5.13	11.25	5.00	(0.89)
Non-US Equity MF Median	3.75	9.59	4.98	(0.80)

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

**Fund Narrative**  
This fund posted a strong leading return versus its benchmark this quarter and leads the benchmark for the 3- and 5-year time periods. The fund has 3- and 4-star Morningstar ratings and its Sharpe Ratios are at or above the category mean to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

Oppenheimer Developing Mkts Y	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Oppenheimer Developing Mkts Y	0.17	5.73	7.29	6.05
MSCI Emerging Markets Index	(1.62)	1.96	3.27	1.09
Non-US Equity MF Median	(0.74)	2.83	3.73	0.59

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

**Fund Narrative**  
This fund provides exposure to emerging markets equities. The fund posted a strong leading return versus its benchmark this quarter and leads the benchmark for the 3- and 5-year time periods. The fund has improved 5-star Morningstar ratings and its Sharpe Ratios are above the category mean to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

Target Date Funds Performance

457 - T. ROWE PRICE TARGET DATE FUNDS									
Fund Name	Ticker	Morningstar		Quarter	YTD	1-Year	3-Year	5-Year	Market Value
		Rating							
<b>T. Rowe Price Retirement 2005</b>	<b>TRRFX</b>	<b>★★★★★</b>		<b>3.45</b>	<b>3.45</b>	<b>7.85</b>	<b>7.93</b>	<b>5.71</b>	<b>\$192,001.33</b>
Dow Jones Target Global Date 2005 Index				0.47	0.47	3.92	6.13	4.97	
<b>T. Rowe Price Retirement 2010</b>	<b>TRRAX</b>	<b>★★★★</b>		<b>4.08</b>	<b>4.08</b>	<b>8.43</b>	<b>8.46</b>	<b>5.67</b>	<b>\$ 615,429.70</b>
Dow Jones Target Global Date 2010 Index				1.13	1.13	4.69	6.53	4.74	
<b>T. Rowe Price Retirement 2015</b>	<b>TRRGX</b>	<b>★★★★</b>		<b>4.82</b>	<b>4.82</b>	<b>9.20</b>	<b>9.09</b>	<b>5.81</b>	<b>\$ 2,100,268.15</b>
Dow Jones Target Global Date 2015 Index				2.13	2.13	5.82	7.15	4.76	
<b>T. Rowe Price Retirement 2020</b>	<b>TRRBX</b>	<b>★★★★</b>		<b>5.48</b>	<b>5.48</b>	<b>9.94</b>	<b>9.60</b>	<b>5.84</b>	<b>\$ 3,185,175.60</b>
Dow Jones Target Global Date 2020 Index				3.32	3.32	7.03	7.86	4.84	
<b>T. Rowe Price Retirement 2025</b>	<b>TRRHX</b>	<b>★★★★</b>		<b>6.02</b>	<b>6.02</b>	<b>10.41</b>	<b>9.92</b>	<b>5.76</b>	<b>\$ 1,218,631.08</b>
Dow Jones Target Global Date 2025 Index				4.59	4.59	8.33	8.61	5.04	
<b>T. Rowe Price Retirement 2030</b>	<b>TRRCX</b>	<b>★★★★</b>		<b>6.56</b>	<b>6.56</b>	<b>10.89</b>	<b>10.27</b>	<b>5.76</b>	<b>\$ 931,651.72</b>
Dow Jones Target Global Date 2030 Index				5.82	5.82	9.60	9.21	5.18	
<b>T. Rowe Price Retirement 2035</b>	<b>TRRJX</b>	<b>★★★★</b>		<b>6.88</b>	<b>6.88</b>	<b>10.68</b>	<b>9.69</b>	<b>5.30</b>	<b>\$ 501,255.97</b>
Dow Jones Target Global Date 2035 Index				6.88	6.88	10.68	9.69	5.30	
<b>T. Rowe Price Retirement 2040</b>	<b>TRRDY</b>	<b>★★★★</b>		<b>7.12</b>	<b>7.12</b>	<b>11.33</b>	<b>10.50</b>	<b>5.79</b>	<b>\$ 267,838.11</b>
Dow Jones Target Global Date 2040 Index				7.66	7.66	11.48	10.03	5.42	
<b>T. Rowe Price Retirement 2045</b>	<b>TRRKX</b>	<b>★★★★</b>		<b>7.09</b>	<b>7.09</b>	<b>11.32</b>	<b>10.49</b>	<b>5.79</b>	<b>\$ 175,770.02</b>
Dow Jones Target Global Date 2045 Index				8.05	8.05	11.91	10.21	5.55	
<b>T. Rowe Price Retirement 2050</b>	<b>TRRMX</b>	<b>★★★★</b>		<b>7.04</b>	<b>7.04</b>	<b>11.28</b>	<b>10.49</b>	<b>5.77</b>	<b>\$ 105,375.76</b>
Dow Jones Target Global Date 2050 Index				8.09	8.09	11.96	10.23	5.56	
<b>T. Rowe Price Retirement 2055</b>	<b>TRRNX</b>	<b>★★★★★</b>		<b>7.03</b>	<b>7.03</b>	<b>11.26</b>	<b>10.53</b>	<b>5.76</b>	<b>\$ 76,077.50</b>
Dow Jones Target Global Date 2055 Index				8.09	8.09	11.96	10.23	5.56	
<b>T. Rowe Price Retirement Income</b>	<b>TRRIX</b>	<b>★★★★</b>		<b>3.35</b>	<b>3.35</b>	<b>7.12</b>	<b>7.15</b>	<b>5.49</b>	<b>\$ 347,007.37</b>
Dow Jones Target Global Date Today Index				0.40	0.40	3.80	6.01	5.20	
<b>TOTAL</b>									<b>\$9,716,482.31</b>

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PIMCO Total Return Ticker: PTRAX

**Fund Strategy**  
This is the largest fixed income mutual fund in the world. Manager Bill Gross combines PIMCO's long term macroeconomic outlook with short term cyclical issues when constructing the portfolio. The manager has flexibility to determine sector weightings and occasionally invests in non-index sectors: high yield, developed market international, and emerging market debt.

**Manager Information**  
Lead Manager Team Managed  
Avg. Tenure n/a  
Prospectus [www.allianzinvestors.com](http://www.allianzinvestors.com)

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
PIMCO Total Return	★★★★★	4.77	6.09	-	0.5%	0.5%	7.7%	6.7%	7.5%	6.4%
Barclays Aggregate					-0.1%	-0.1%	3.8%	5.5%	5.5%	5.0%
Interm Fixed MF Median					0.2%	0.2%	5.6%	6.2%	6.0%	5.0%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	3.22	2.39	1.99	2.71	2.42	2.46
5-Year	4.07	2.63	1.71	2.78	3.53	1.53

Portfolio Characteristics 12-31-12	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	64.0%
AA	9.0%
A	13.0%
BBB	8.0%
< BBB	6.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	24.5%
3 - 5 yrs.	20.4%
5 - 7 yrs.	6.9%
7 - 10 yrs.	9.7%
10 - 15 yrs.	5.7%
15 - 20 yrs.	3.1%
20 + yrs.	29.7%

Sector Weights 12-31-12	
	<b>%</b>
US Government	31.6%
Mortgage	41.0%
Credit	10.4%
Foreign	17.0%
Cash	0.0%

Portfolio Information	
Expense Ratio	0.71%
12b-1 Fee Included	0.25%
Category Average	1.04%
Minimum Investment	\$1,000,000

Year-End Assets (\$ Mil.)	
2013/02	\$32,797
2012	\$33,471
2011	\$31,439
2010	\$33,685
2009	\$30,268
2008	\$23,466
2007	\$22,644
2006	\$19,877

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Intermediate Fixed Income Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● PIMCO:Tot Rtn;Admn (PTRAX)	0.55 ( 18% )	0.55 ( 18% )	7.67 ( 12% )	6.65 ( 33% )	7.50 ( 8% )	6.40 ( 8% )
+ BC Aggregate	-0.12 ( 83% )	-0.12 ( 83% )	3.77 ( 82% )	5.52 ( 78% )	5.47 ( 70% )	5.03 ( 47% )
# of Products	151	151	151	151	134	92

State of Montana 457 Deferred Compensation Plan  
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Neuberger Berman High Income Bond Fund

Ticker:

NHINX

**Fund Strategy**

Formerly called the Lehman Brothers High Income Bond Fund, this fund is focused on total return and has the flexibility to invest in bonds rated CCC (formerly this part of the credit spectrum was off limits). To date, managers have preferred higher quality, intermediate, high yield corporate bonds.

**Manager Information**

Lead Manager Ann H. Benjamin + Team  
Avg. Tenure n/a  
Prospectus [www.allianzinvestors.com](http://www.allianzinvestors.com)

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Neuberger High Income Bond	★★★★	3.40	6.50	B	2.5%	2.5%	12.1%	10.0%	11.5%	8.4%
Barclays U.S. High Yield Index					2.9%	2.9%	13.1%	11.2%	11.6%	10.1%
High Yield MF Median					2.8%	2.8%	12.1%	10.2%	9.5%	8.6%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	7.77	10.82	1.26	8.28	7.18	1.59
5-Year	12.09	7.27	0.94	11.80	14.06	0.74

Portfolio Characteristics 1-31-13	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	1.8%
< AAA	0.0%
BBB	0.0%
BB	6.9%
< BB	91.2%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	6.3%
3 - 5 yrs.	20.2%
5 - 7 yrs.	30.7%
7 - 10 yrs.	36.4%
10 - 15 yrs.	2.8%
15 - 20 yrs.	2.9%
20 + yrs.	0.6%

Sector Weights 1-31-13	
<b>Sectors</b>	<b>%</b>
US Government	0.0%
Mortgage	0.0%
Credit	93.5%
Foreign	6.5%
Cash	0.0%

Portfolio Information	
Expense Ratio	0.84%
12b-1 Fee Included	-
Category Average	1.22%
Minimum Investment	\$2,000

Year-End Assets (\$ Mil.)	
2013/02	\$328
2012	\$337
2011	\$312
2010	\$357
2009	\$444
2008	\$196
2007	\$322
2006	\$592

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## High Yield Fixed Income Universe



State of Montana 457 Deferred Compensation Plan  
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Vanguard Balanced Index

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 & G. Davis
Inception	12/1/2000
Prospectus	<a href="http://www.vanguard.com">www.vanguard.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
Vanguard Balanced Index	★★★★★	\$30,872	9454	6.5%	6.5%	10.3%	10.4%	6.7%	8.0%
US Balanced Index				6.5%	6.5%	10.2%	10.4%	6.6%	8.0%
Balanced MF Median				5.3%	5.3%	9.1%	8.4%	5.1%	7.0%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	8.95	0.90	2.07	1.14	1.92	8.90	1.13
5-Year	11.96	0.94	0.73	0.58	2.11	11.91	0.51

<b>Top 10 Holdings 12-31-12</b>	
Company	% of Portfolio
Apple, Inc.	1.85%
ExxonMobil Corporation	1.48%
General Electric Co	0.82%
Chevron Corp	0.79%
International Business Machines	0.77%
Microsoft Corporation	0.75%
AT&T Inc	0.72%
Johnson & Johnson	0.72%
Pfizer Inc	0.69%
Procter & Gamble Co	0.69%

<b>Sector Weights 12-31-12</b>	
Basic Materials	3.7%
Communication Services	4.1%
Consumer Cyclical	11.2%
Consumer Defensive	10.0%
Healthcare	11.5%
Industrial	12.2%
Real Estate	3.6%
Technology	16.7%
Energy	10.0%
Financials	13.6%
Utilities	3.4%

<b>Portfolio Information</b>	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	43%

<b>Fixed Income Characteristics</b>	
Avg. Duration (yrs.)	5.14
Avg. Maturity (yrs.)	7.10
Avg. Quality	AA

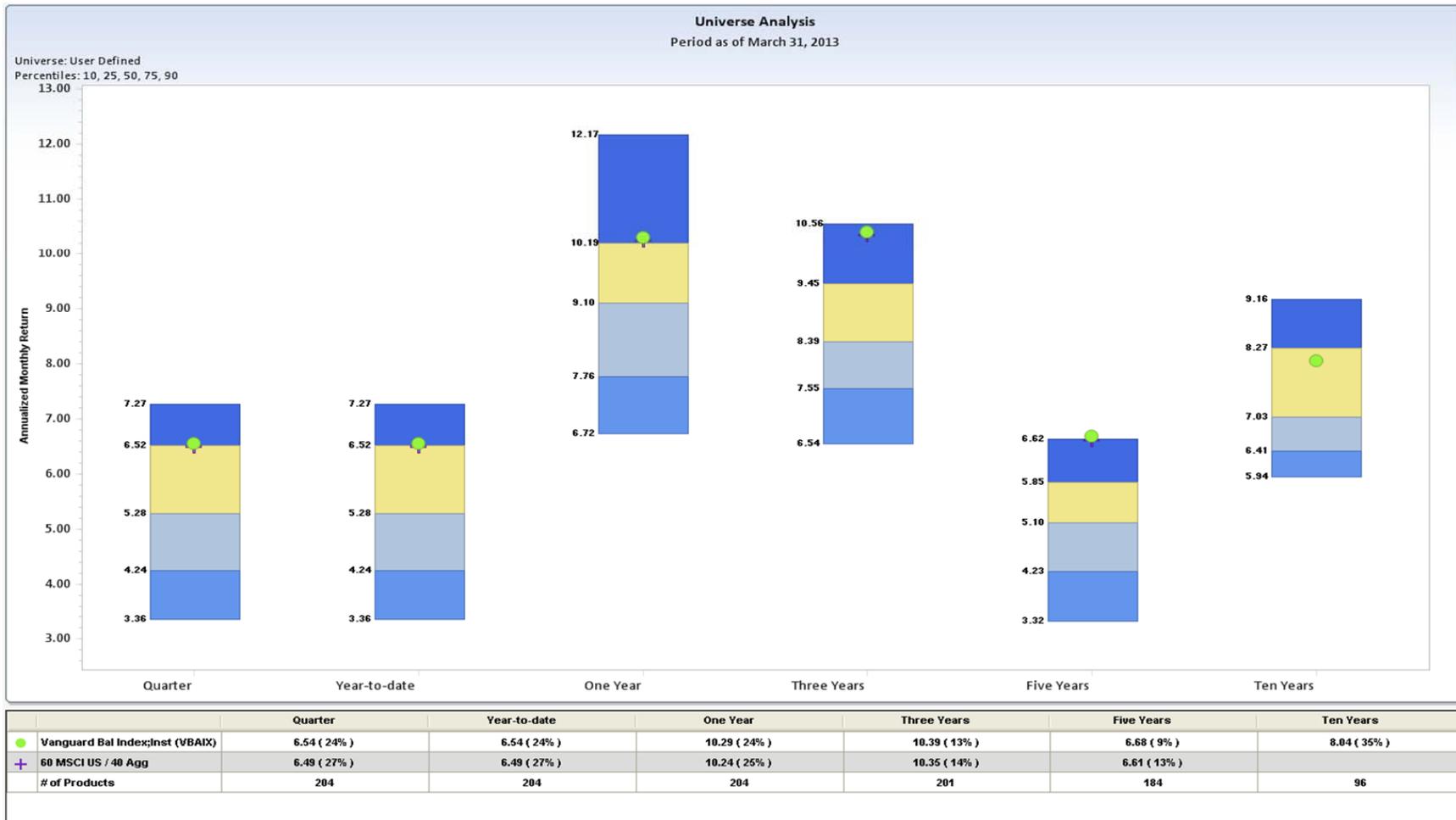
<b>Sector Weights 12-31-12</b>	
Sectors	%
US Government	45.4%
Mortgage	28.9%
Credit	19.5%
Foreign	6.2%
Cash	0.0%

<b>Year-End Assets (\$ Mil.)</b>	
2013/02	\$5,978
2012	\$5,554
2011	\$4,224
2010	\$3,446
2009	\$2,869
2008	\$2,299
2007	\$2,901
2006	\$2,666
2005	\$2,014

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Balanced Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Fidelity ContraFund Ticker: FCNTX**

**Fund Strategy**

This fund likes companies with improving prospects rather than turnaround situations and utilizes the growth at a reasonable price investment philosophy. The manager invests in a broad array of industries and currently has a growth tilt. Due to the size of the fund, holdings are mostly in large cap stocks, though it still has many mid-cap stocks from earlier days when it was smaller in size and more nimble.

**Manager Information**

Lead Manager William Danoff  
Inception 5/17/1987  
Prospectus [www.fidelity.com](http://www.fidelity.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>Fidelity ContraFund</b>	★★★★	\$47,129	375	9.2%	9.2%	10.4%	12.7%	6.3%	10.9%
S & P 500				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Wilshire Large Growth				9.3%	9.3%	10.7%	12.3%	7.3%	8.9%
Lg Cap Growth MF Median				8.8%	8.8%	8.1%	10.7%	5.3%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.95	0.89	1.25	0.92	4.22	15.30	-	0.75
5-Year	17.14	0.87	1.02	0.43	5.18	19.04	-	0.16

**Top 10 Holdings 02-28-13**

Company	% of Portfolio
Google, Inc Class A	5.77%
Apple Inc	5.18%
Berkshire Hathaway A	3.84%
Wells Fargo & Co	2.48%
Coca-Cola Co	2.44%
Walt Disney Co	2.30%
Noble Energy, Inc.	2.18%
Visa, Inc	1.86%
TJX Companies	1.78%
Amazon.com Inc	1.74%

**Sector Weights 2-28-13**

Basic Materials	4.2%
Communication Services	1.6%
Consumer Cyclical	19.9%
Consumer Defensive	8.7%
Healthcare	11.6%
Industrial	7.2%
Real Estate	1.1%
Technology	23.0%
Energy	5.8%
Financials	16.8%
Utilities	0.0%

**Portfolio Information**

Expense Ratio	0.74%
12b-1 Fee	-
Morningstar Average	1.38%
Minimum Investment	\$2,500
Avg. Annual Turnover	48%

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

2013/02	\$61,508
2012	\$58,819
2011	\$54,719
2010	\$61,431

State of Montana 457 Deferred Compensation Plan  
First Quarter 2013



Calvert Social Investment Equity A

Ticker: CSIEX

**Fund Strategy**

This fund invests in companies with solid balance sheets, dominant business franchises, and good earnings prospects. The portfolio is screened for social investment criteria: no alcohol, tobacco, gambling, or weapons companies; no companies with poor environmental or labor related issues.

**Manager Information**

Manager Richard England - Atlanta Capital  
Inception 8/24/1987  
Prospectus [www.calvert.com](http://www.calvert.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
Calvert Social Invst. A	★★★	\$43,894	98	8.8%	8.8%	8.8%	10.9%	6.2%	7.9%
S & P 500				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Wilshire Large Growth				9.3%	9.3%	10.7%	12.3%	7.3%	8.9%
Lg Cap Growth MF Median				8.8%	8.8%	8.1%	10.7%	5.3%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.88	1.02	-1.75	0.72	4.21	15.30	-	0.75
5-Year	19.24	0.99	0.55	0.40	4.51	19.04	-	0.16

Top 10 Holdings 02-28-13	
Company	% of Portfolio
Qualcomm, Inc.	4.43%
CVS Caremark Corp	4.02%
Google, Inc. Class A	3.83%
Apple Inc	3.69%
Allergan, Inc	3.60%
Ecolab, Inc	3.47%
Microsoft Corporation	3.47%
Cameron International	3.41%
American Express Co	3.11%
Gilead Sciences Inc	2.97%

Sector Weights 2-28-13	
Basic Materials	3.6%
Communication Services	0.0%
Consumer Cyclical	11.3%
Consumer Defensive	11.2%
Healthcare	15.2%
Industrial	9.1%
Real Estate	0.0%
Technology	27.9%
Energy	9.6%
Financials	12.0%
Utilities	0.0%

Portfolio Information	
Expense Ratio	1.21%
12b-1 Fee Included	0.25%
Morningstar Average	1.38%
Minimum Investment	\$2,000
Avg. Annual Turnover	36%

Year-End Assets (\$ Mil.)	
2013/02	\$1,519
2012	\$1,461
2011	\$1,366
2010	\$1,109

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Large Cap Growth Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Vanguard (500) Institutional Index Ticker: VINIX**

<b>Fund Strategy</b>
This index fund buys and holds stocks that comprise the S&P 500 Index. The manager adds value by opportunistically buying futures contracts and finding ways to minimize trading costs.

<b>Manager Information</b>	
Lead Manager	Donald M. Butler
Inception	7/31/1990
Prospectus	<a href="http://www.vanguard.com">www.vanguard.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>Vanguard (500) Inst. Idx</b>	★★★★	\$54,871	506	10.6%	10.6%	13.9%	12.7%	5.8%	8.5%
S & P 500				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Large Core MF Median				10.5%	10.5%	13.1%	11.0%	5.1%	8.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.01	1.00	-0.02	0.86	0.02	15.30	-	0.75
5-Year	18.92	1.00	0.03	0.38	0.04	19.04	-	0.16

<b>Top 10 Holdings 12-31-12</b>	
Company	% of Portfolio
Apple, Inc.	3.92%
ExxonMobil Corporation	3.08%
General Electric Co	1.72%
Chevron Corp	1.65%
IBM	1.59%
Microsoft Corporation	1.58%
Johnson & Johnson	1.52%
AT&T Inc	1.50%
Google, Inc. Class A	1.48%
Procter & Gamble Co	1.45%

<b>Sector Weights 12-31-12</b>	
Basic Materials	3.3%
Communication Services	4.3%
Consumer Cyclical	10.1%
Consumer Defensive	11.2%
Healthcare	11.9%
Industrial	11.1%
Real Estate	2.1%
Technology	17.2%
Energy	10.9%
Financials	14.4%
Utilities	3.4%

<b>Portfolio Information</b>	
Expense Ratio	0.04%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	5%

<b>Year-End Assets (\$ Mil.)</b>	
2013/02	\$72,475
2012	\$68,055
2011	\$58,399
2010	\$54,686

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Large Cap Core Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Davis New York Venture A Ticker: NYVTX**

**Fund Strategy**

Managers seek to buy great companies whose shares are temporarily out of favor and depressed. Management calculates the intrinsic value of the company based on internally generated earnings and cash flow analysis. Positions are held for a long time and turnover is low.

**Manager Information**

Lead Manager Christopher C. Davis  
Inception 2/17/1969  
Prospectus [www.davisfunds.com](http://www.davisfunds.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>Davis New York Venture A</b>	★★	\$42,438	78	11.1%	11.1%	12.2%	8.8%	3.1%	8.4%
S&P 500 Index				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Russell 1000 Value Index				12.3%	12.3%	18.8%	12.7%	4.8%	9.2%
Large Value MF Median				11.2%	11.2%	14.6%	10.3%	4.0%	8.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.23	1.00	-3.48	0.62	2.91	15.30	-	0.75
5-Year	20.47	1.07	-2.76	0.24	3.72	19.04	-	0.16

Top 10 Holdings 01-31-13	
Company	% of Portfolio
Bank of New York Mellon	6.64%
CVS Caremark Corp	5.51%
American Express Co	5.35%
Wells Fargo & Co	5.27%
Google, Inc A	5.05%
Berkshire Hathaway Class A	4.64%
Bed Bath & Beyond, Inc	3.47%
Costco Wholesale Corp	2.92%
Canadian Natural Resources	2.85%
Monsanto Company	2.82%

Sector Weights 1-31-13	
Basic Materials	7.9%
Communication Services	0.3%
Consumer Cyclical	9.2%
Consumer Defensive	13.7%
Healthcare	3.5%
Industrial	6.4%
Real Estate	1.9%
Technology	11.2%
Energy	8.3%
Financials	37.6%
Utilities	0.0%

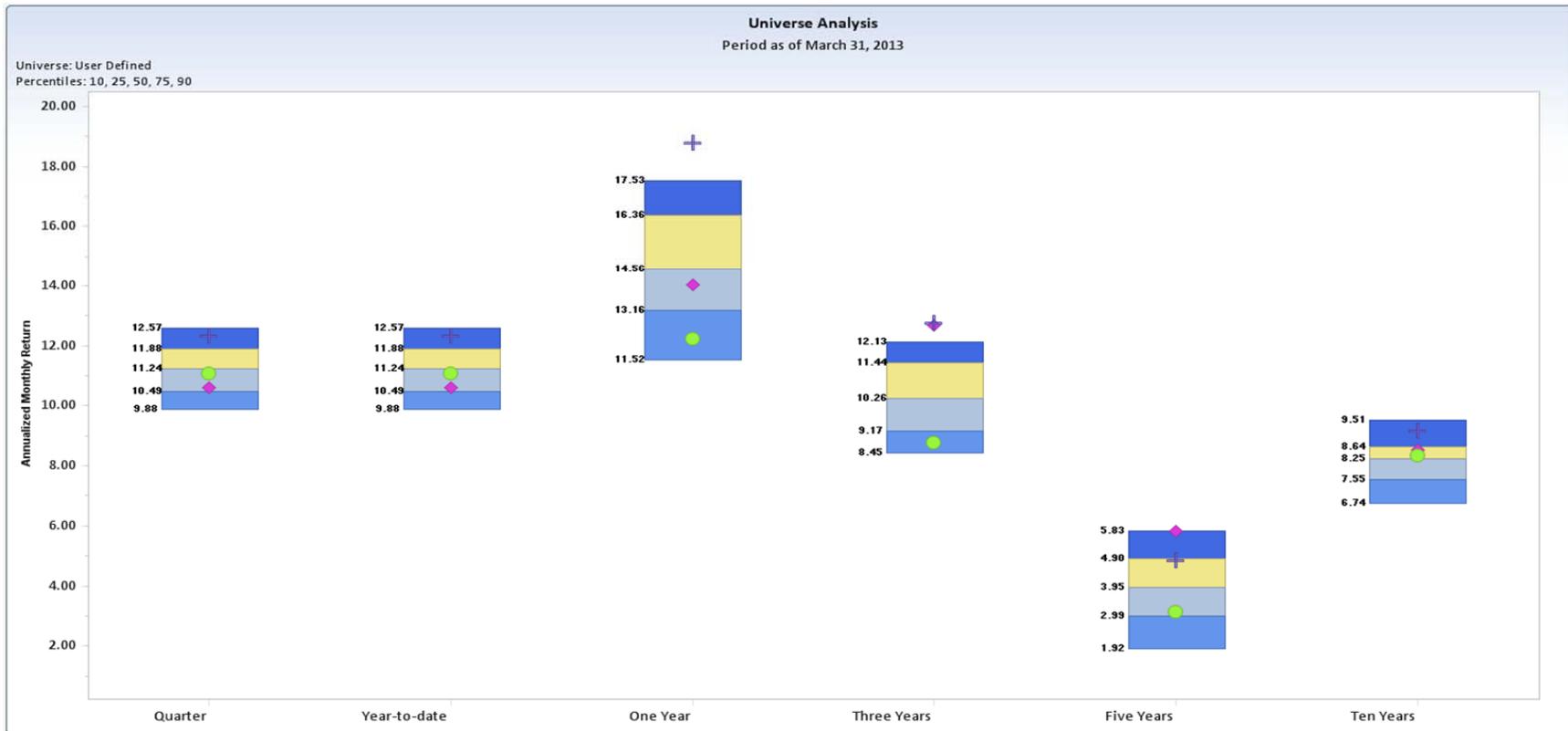
Portfolio Information	
Expense Ratio	0.90%
12b-1 Fee Included	0.24%
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	11%

Year-End Assets (\$ Mil.)	
2013/02	\$11,100
2012	\$10,814
2011	\$14,056
2010	\$20,100

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Large Cap Value Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Davis NY Venture;A (NYVTX)	11.07 ( 55% )	11.07 ( 55% )	12.21 ( 83% )	8.75 ( 82% )	3.12 ( 70% )	8.35 ( 43% )
+ RUSSELL 1000 VAL	12.31 ( 16% )	12.31 ( 16% )	18.77 ( 6% )	12.74 ( 6% )	4.85 ( 27% )	9.17 ( 16% )
◆ S&P 500	10.61 ( 71% )	10.61 ( 71% )	14.03 ( 62% )	12.69 ( 6% )	5.82 ( 11% )	8.54 ( 30% )
# of Products	83	83	83	78	76	58

# State of Montana 457 Deferred Compensation Plan

First Quarter 2013



Munder Mid Cap Core Growth A

Ticker: MGOAX

<b>Fund Strategy</b>
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 growth potential. The fund keeps sector weightings within 3% of the benchmark. The fund holds 80-95 stocks and individual positions are capped at 3%.

<b>Manager Information</b>	
Lead Manager	Tony Y. Dong + Team
Inception	6/30/2000
Prospectus	<a href="http://www.munder.com">www.munder.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>Munder Mid Cap Core Grw A</b>	★★★	\$6,609	81	12.7%	12.7%	14.7%	14.8%	6.4%	11.9%
Russell Mid Cap Index				13.0%	13.0%	17.3%	14.6%	8.4%	12.3%
Mid Cap Growth MF Median				10.8%	10.8%	9.5%	13.4%	6.4%	10.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.96	1.08	1.18	0.89	5.34	17.44	-	0.79
5-Year	21.15	1.07	0.54	0.39	6.36	22.92	-	0.25

<b>Top 10 Holdings 12-31-12</b>	
Company	% of Portfolio
Affiliated Managers Group	2.24%
NiSource Inc	1.87%
Starz Inc Class A	1.83%
LKQ Corporation	1.83%
Airgas Inc	1.82%
SBA Communications Corp	1.80%
Invesco Ltd.	1.76%
Discovery Communications A	1.75%
Macerich Company	1.70%
DaVita HealthCare Partners	1.67%

<b>Sector Weights 12-31-12</b>	
Basic Materials	2.4%
Communication Services	1.8%
Consumer Cyclical	19.5%
Consumer Defensive	8.4%
Healthcare	9.8%
Industrial	14.5%
Real Estate	4.8%
Technology	12.1%
Energy	7.1%
Financials	14.0%
Utilities	5.7%

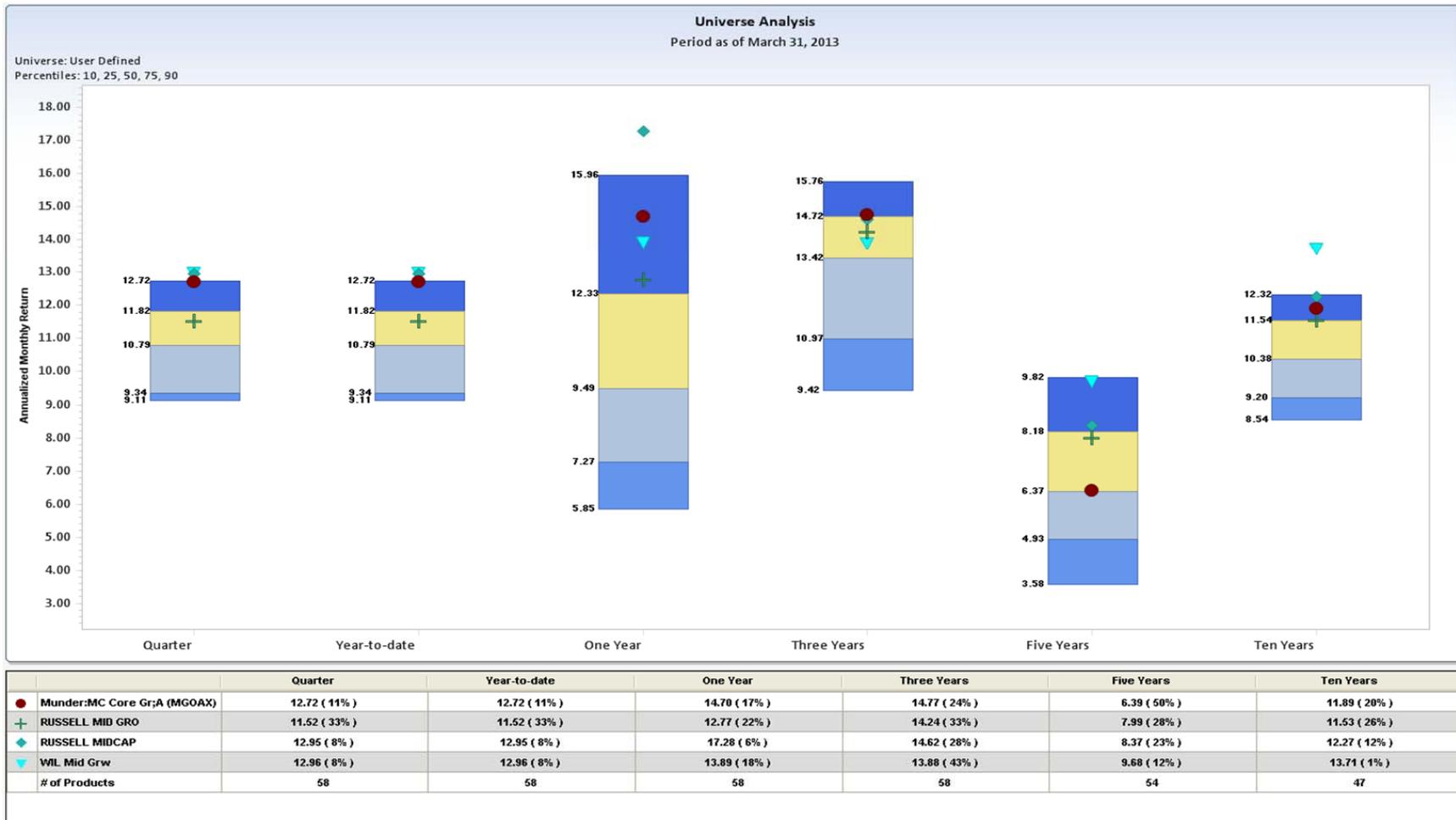
<b>Portfolio Information</b>	
Expense Ratio	1.32%
12b-1 Fee Included	0.25%
Morningstar Average	1.52%
Minimum Investment	\$2,500
Avg. Annual Turnover	48%

<b>Year-End Assets (\$ Mil.)</b>	
2013/02	\$1,266
2012	\$1,193
2011	\$1,249
2010	\$1,507

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Mid Cap Growth Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Columbia Mid Cap Value Z Fund**

**Ticker: NAMAX**

**Fund Strategy**  
Managers screen for the cheapest mid-cap stocks and from those, identify companies with improving operating metrics, preferably driven by strong top-line growth. There is not a strict limitation on sector weightings but do monitor risk closely. This fund tends to stay fully vested, therefore having the potential to fall farther than funds holding cash.

**Manager Information**  
Lead Manager Diane Sobin, David Hoffman  
Inception 11/20/2001  
Prospectus [www.columbiafunds.com](http://www.columbiafunds.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>Columbia Mid Cap Value Z</b>	★★★	\$7,970	122	12.4%	12.4%	17.6%	12.8%	6.3%	11.7%
Russell Mid Cap Value Index				14.2%	14.2%	21.5%	15.0%	8.5%	12.6%
Mid Cap Value MF Median				12.8%	12.8%	18.1%	13.0%	8.4%	11.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.14	1.18	-1.63	0.75	4.98	17.00	-	0.82
5-Year	22.50	1.16	0.04	0.37	5.97	23.20	-	0.26

**Top 10 Holdings 01-31-13**

Company	% of Portfolio
Marathon Petroleum Corp	1.83%
HollyFrontier Corp	1.57%
Raymond James Financial	1.50%
Edison International	1.44%
Principal Financial Group	1.43%
Sprint Nextel Corp	1.43%
Fifth Third Bancorp	1.43%
Weyerhaeuser Co	1.37%
Zimmer Holdings Inc	1.36%
Comerica Inc	1.36%

**Sector Weights 1-31-13**

Basic Materials	7.9%
Communication Services	2.8%
Consumer Cyclical	12.2%
Consumer Defensive	1.9%
Healthcare	5.6%
Industrial	11.2%
Real Estate	8.1%
Technology	9.7%
Energy	12.9%
Financials	19.0%
Utilities	8.6%

**Portfolio Information**

Expense Ratio	0.93%
12b-1 Fee Included	-
Morningstar Average	1.37%
Minimum Investment	\$2,000
Avg. Annual Turnover	39%

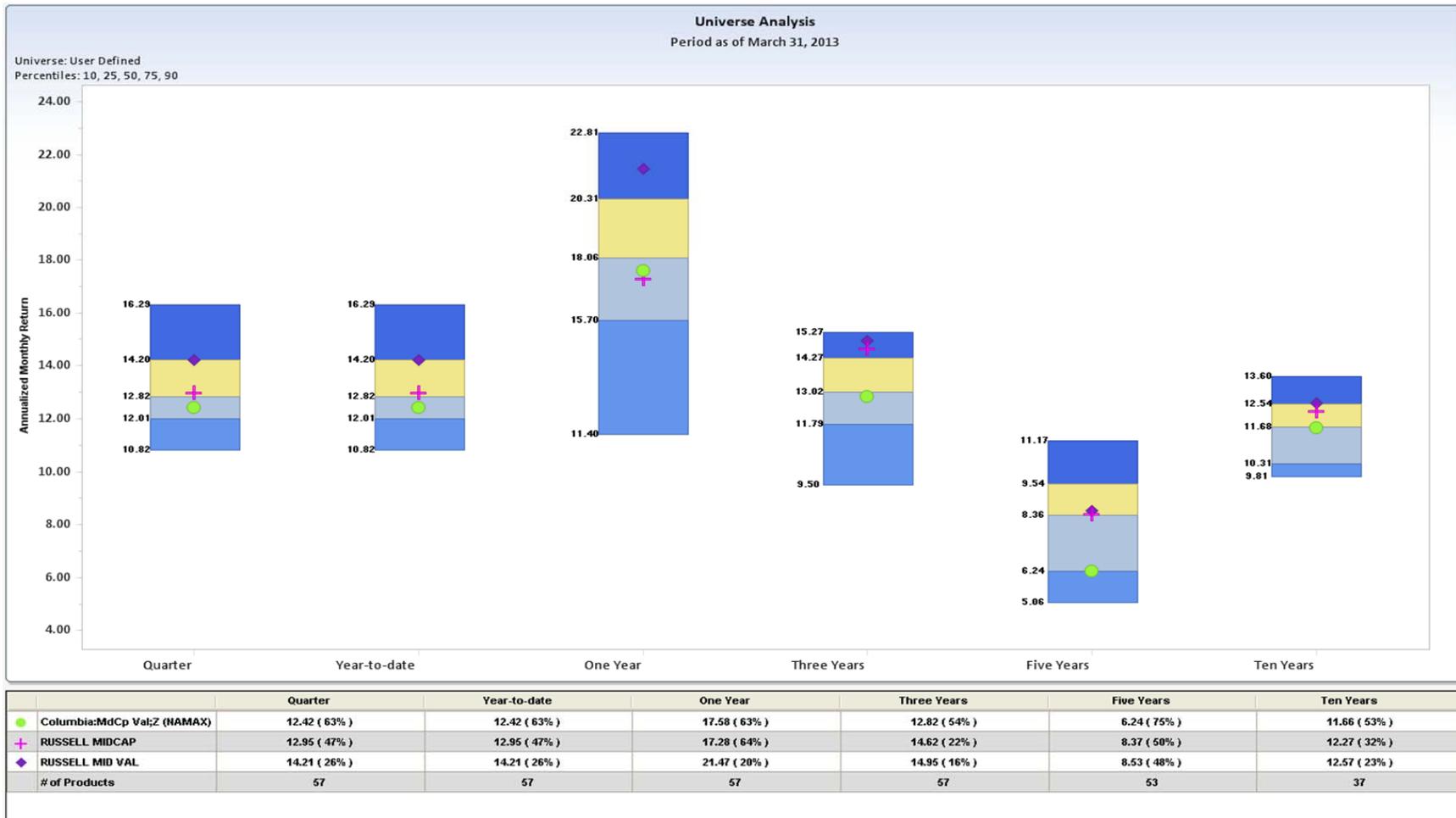
**Year-End Assets (\$ Mil.)**

2013/02	\$2,309
2012	\$2,220
2011	\$2,369
2010	\$2,707

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Mid Cap Value Universe



# State of Montana 457 Deferred Compensation Plan

First Quarter 2013



Vanguard Small Cap Growth Index

Ticker: VISGX

### Fund Strategy

This index fund tracks the MSCI US Small Cap Growth Index, which represents the growth companies of the MSCI US Small Cap 1750 Index. The fund was previously benchmarked to the S&P SmallCap 600/Barra Growth Index.

### Manager Information

Lead Manager Gerard O'Reilly + Team  
 Inception 5/21/1998  
 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
Vanguard Small Growth Index	★★★★	\$1,567	969	12.3%	12.3%	16.0%	15.9%	10.3%	12.7%
MSCI US Small Growth Index				12.4%	12.4%	16.1%	16.0%	10.4%	13.4%
Small Cap Growth MF Median				12.3%	12.3%	11.6%	13.6%	8.1%	11.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.54	1.31	-0.27	0.82	7.49	20.92	-	0.76
5-Year	25.22	1.26	3.76	0.51	9.55	25.46	-	0.31

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Mednax, Inc	0.48%
Lincoln Electric Holdings, Inc	0.46%
TW Telecom	0.46%
Cadence Design Systems, Inc	0.45%
United Rentals Inc	0.43%
Sirona Dental Systems, Inc	0.43%
Corrections Corporation of Am	0.43%
Cheniere Energy Inc	0.41%
Tenet Healthcare Corp	0.41%
Genesee & Wyoming, Inc	0.41%

Sector Weights 12-31-12	
Basic Materials	5.0%
Communication Services	2.1%
Consumer Cyclical	17.4%
Consumer Defensive	4.4%
Healthcare	16.1%
Industrial	22.6%
Real Estate	3.3%
Technology	19.5%
Energy	5.7%
Financials	3.8%
Utilities	0.1%

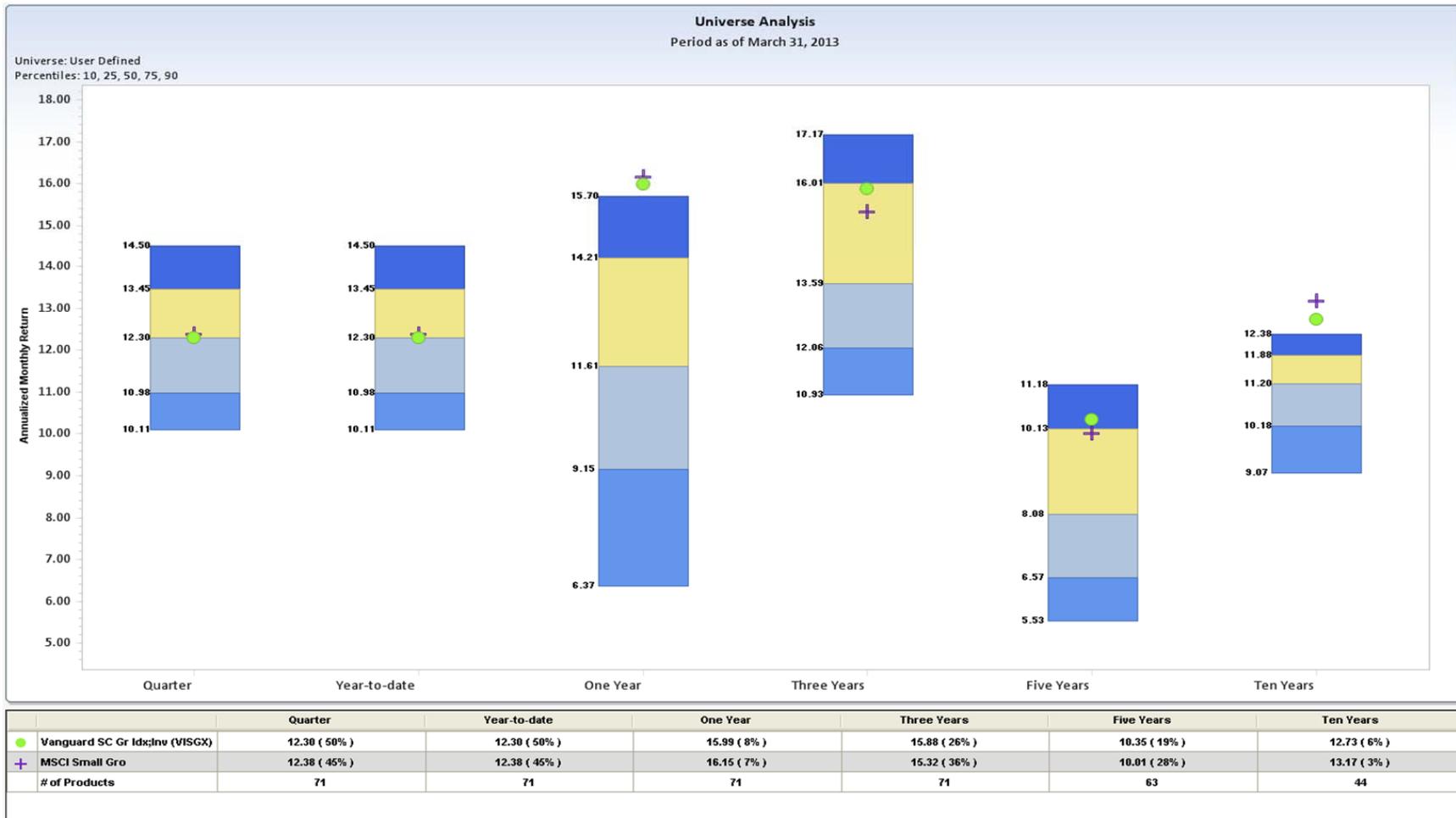
Portfolio Information	
Expense Ratio	0.24%
12b-1 Fee Included	0.00%
Morningstar Average	1.57%
Minimum Investment	\$3,000
Avg. Annual Turnover	37%

Year-End Assets (\$ Mil.)	
2013/02	\$2,896
2012	\$2,649
2011	\$2,614
2010	\$4,229

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Small Cap Growth Universe



# State of Montana 457 Deferred Compensation Plan

First Quarter 2013



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 US companies.

<b>Manager Information</b>	
Lead Manager	Michael H. Buek
Inception	11/13/2000
Prospectus	<a href="http://www.vanguard.com">www.vanguard.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>Vanguard Small Cap Idx</b>	★★★★	\$1,497	1759	12.8%	12.8%	18.1%	14.8%	9.8%	12.8%
MSCI US Small Cap 1750				12.9%	12.9%	18.1%	14.8%	9.7%	12.9%
Small Cap Core MF Median				12.0%	12.0%	15.4%	13.2%	8.4%	11.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.69	1.26	-0.74	0.80	6.57	20.05	-	0.74
5-Year	24.90	1.26	3.16	0.49	8.74	24.98	-	0.31

<b>Top 10 Holdings 12-31-12</b>	
Company	% of Portfolio
NCR Corporation	0.24%
Mednax, Inc	0.24%
Apartment Investment & Mgr	0.24%
BRE Properties, Inc	0.23%
American Capital Ltd	0.23%
RPM International Inc	0.23%
Lincoln Electric Holdings, Inc	0.23%
TW Telecom Inc	0.23%
Extra Space Storage, Inc	0.23%
Packaging Corp of America	0.23%

<b>Sector Weights 12-31-12</b>	
Basic Materials	5.8%
Communication Services	1.5%
Consumer Cyclical	13.3%
Consumer Defensive	3.8%
Healthcare	10.3%
Industrial	19.3%
Real Estate	9.8%
Technology	15.0%
Energy	4.5%
Financials	13.2%
Utilities	3.5%

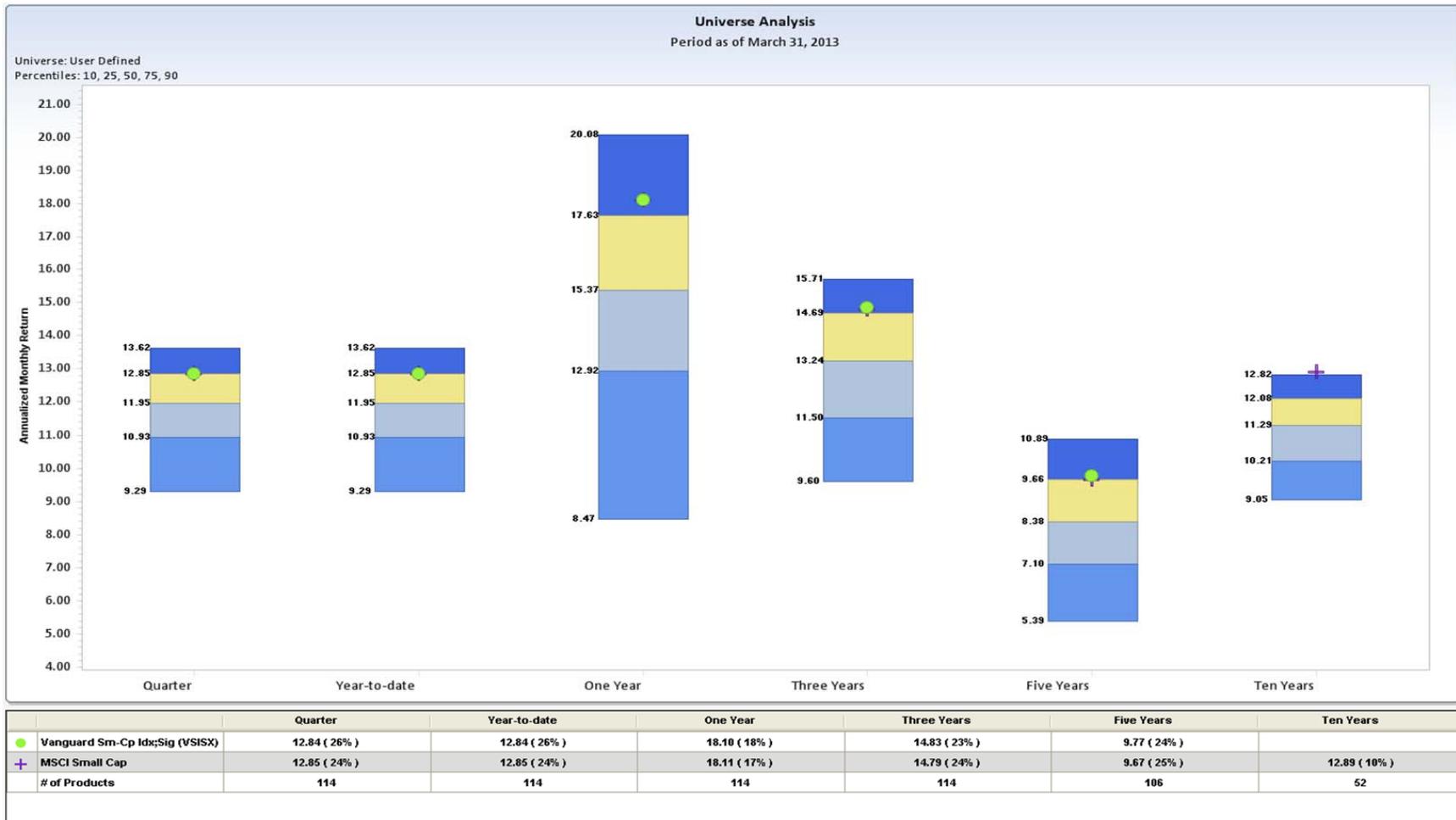
<b>Portfolio Information</b>	
Expense Ratio	0.10%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$0
Avg. Annual Turnover	14%

<b>Year-End Assets (\$ Mil.)</b>	
2013/02	\$4,975
2012	\$4,329
2011	\$3,075
2010	\$2,300

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Small Cap Core Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Neuberger Berman Genesis Tr** Ticker: **NBGEX**

**Fund Strategy**

Focusing on the small cap space, managers seek to find stocks with good cash flows and a dominant competitive niche, preferably in a business that is not too dependent on the broader economy. The orientation of the fund is conservative with minimal volatility.

**Manager Information**

Lead Manager Judith M. Vale + Team  
Inception 8/26/1993  
Prospectus [www.nb.com](http://www.nb.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>Neuberger Berman Genesis Tr</b>	★★★★	\$2,478	152	11.3%	11.3%	14.5%	13.9%	6.5%	12.4%
Russell 2000				12.4%	12.4%	16.3%	13.5%	8.2%	11.5%
Small Cap Value MF Median				12.2%	12.2%	16.6%	13.0%	8.9%	12.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.58	0.96	1.66	0.91	5.99	20.48	-	0.66
5-Year	19.32	0.96	1.07	0.41	6.77	24.55	-	0.25

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Church & Dwight Company, Inc.	2.76%
Compass Minerals Int'l	2.16%
AptarGroup, Inc	2.09%
Westinghouse Air Brake Tech	1.97%
Solera Holdings, Inc	1.89%
Clarcor Inc	1.86%
Haemonetics Corporation	1.75%
Oceaneering International	1.72%
Polaris Industries, Inc	1.69%
Idexx Laboratories	1.63%

Sector Weights 12-31-12	
Basic Materials	9.7%
Communication Services	0.0%
Consumer Cyclical	13.9%
Consumer Defensive	7.8%
Healthcare	13.0%
Industrial	21.4%
Real Estate	1.2%
Technology	11.9%
Energy	8.6%
Financials	9.3%
Utilities	3.2%

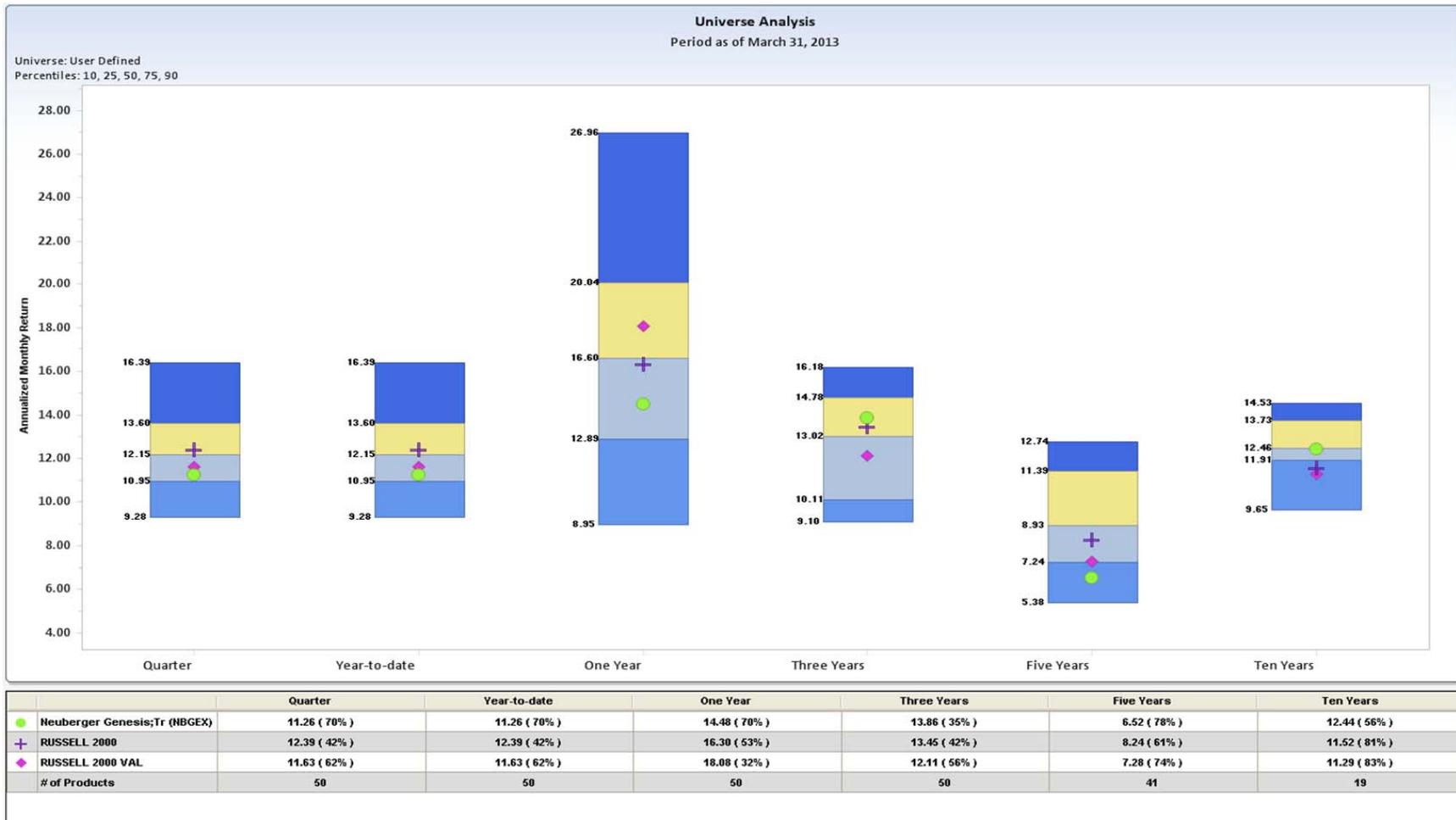
Portfolio Information	
Expense Ratio	1.11%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$0
Avg. Annual Turnover	15%

Year-End Assets (\$ Mil.)	
2013/02	\$3,073
2012	\$2,981
2011	\$3,373
2010	\$3,737

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Small Cap Value Universe



State of Montana 457 Deferred Compensation Plan  
First Quarter 2013



American Funds New Perspective

Ticker: RNPEX

**Fund Strategy**  
This fund seeks capital appreciation by investing in high quality companies that are temporarily out of favor and holding these positions for the long term. Manager stock picks are based on the firm's internally generated fair value model. The fund invests internationally and traditionally has held a large cash position.

**Manager Information**  
Lead Manager Gregg England + Team  
Inception 5/28/2002  
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	★★★★	\$43,029	264	6.2%	6.2%	12.8%	9.3%	4.3%	11.6%
MSCI AC World Index				6.5%	6.5%	10.6%	7.8%	2.1%	9.4%
World Stock MF Median				6.7%	6.7%	11.3%	8.4%	2.5%	10.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.08	0.81	4.70	0.63	5.43	17.37	-	0.45
5-Year	19.80	0.83	4.57	0.30	6.04	21.59	-	0.04

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Novo-Nordisk A/S	4.98%
Amazon.com Inc	2.35%
Google, Inc. Class A	1.71%
Home Depot, Inc.	1.67%
Naspers Ltd	1.42%
Nestle SA	1.36%
Shoprite Holdings Ltd	1.31%
Taiwant Semiconductor Manufact	1.27%
British American Tobacco PLC	1.25%
ACE Ltd	1.21%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>40.1%</b>
France	4.9%
Germany	4.9%
United Kingdom	8.9%
<b>Asia</b>	<b>13.0%</b>
Australia	2.0%
Hong Kong	1.2%
Japan	4.6%
<b>Latin America</b>	<b>1.4%</b>
<b>North America</b>	<b>45.5%</b>
Canada	3.4%
United States	42.1%

Portfolio Information	
Expense Ratio	0.81%
12b-1 Fee Included	0.25%
Morningstar Average	1.55%
Minimum Investment	-
Avg. Annual Turnover	16%

Year-End Assets (\$ Mil.)	
2013/02	\$1,463
2012	\$1,380
2011	\$1,102
2010	\$1,173
2009	\$970
2008	\$582

**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



**Mutual Discovery Z Ticker: MDISX**

**Fund Strategy**

This fund seeks capital appreciation by purchasing out of favor stocks of all capitalization sizes, particularly in Europe and the US. The fund also buys debt of depressed companies. The fund invests internationally and managers do not consider any benchmark when constructing the portfolio. Traditionally, managers have hedged foreign currency exposure but, in recent past, have allowed the hedges to lapse.

**Manager Information**

Lead Manager Anne E. Gudefin  
Inception 12/31/1992  
Prospectus [www.franklintempleton.com](http://www.franklintempleton.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>Mutual Discovery Z</b>	★★★★★	\$32,265	179	8.2%	8.2%	14.5%	8.4%	5.1%	11.9%
MSCI World Index				7.7%	7.7%	11.8%	8.5%	2.2%	8.9%
World Stock MF Median				6.7%	6.7%	11.3%	8.4%	2.5%	10.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.67	0.63	4.63	0.69	8.17	16.98	-	0.47
5-Year	12.79	0.51	4.74	0.43	12.35	20.89	-	0.03

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Merck & Co Inc	2.08%
ACE Ltd	1.98%
British American Tobacco	1.93%
Jardine Strategic Holdings	1.90%
Royal Dutch Shell PLC	1.89%
CVS Caremark Corp	1.83%
Vodafone Group PLC	1.82%
Imperial Tobacco Group	1.61%
American Int'l Group Inc	1.58%
Jardine Matheson Holdings	1.43%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>41.2%</b>
France	8.4%
Germany	3.1%
United Kingdom	15.5%
<b>Asia</b>	<b>5.9%</b>
Australia	0.0%
Hong Kong	5.0%
Japan	0.0%
<b>Latin America</b>	<b>0.0%</b>
<b>North America</b>	<b>52.9%</b>
Canada	2.0%
United States	50.9%

Portfolio Information	
Expense Ratio	1.02%
12b-1 Fee Included	-
Morningstar Average	1.55%
Minimum Investment	\$1,000
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)	
2013/02	\$8,008
2012	\$7,422
2011	\$7,164
2010	\$7,211
2009	\$3,489
2008	\$4,719

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## World Equity Universe



**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



Artisan International Inv Ticker: ARTIX

**Fund Strategy**

This fund has a growth orientation and selects stocks poised to enjoy superior earnings growth. The fund invests in smaller capitalization and emerging market companies. It also invests in themes. Consequently, the fund sector weightings differ measurably from the benchmark index. Traditionally, the fund has not hedged foreign currency exposure.

**Manager Information**

Lead Manager Mark L. Yockey  
Inception 12/28/1995  
Prospectus [www.artisanfunds.com](http://www.artisanfunds.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
Artisan International Inv	★★★★	\$37,490	87	6.0%	6.0%	15.1%	10.2%	1.8%	11.6%
MSCI EAFE Growth Index				6.7%	6.7%	11.4%	6.5%	-0.1%	9.4%
MSCI EAFE Index				5.1%	5.1%	11.3%	5.0%	-0.9%	9.7%
Non-US Equity MF Median				3.8%	3.8%	9.6%	5.0%	-0.8%	9.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.93	0.99	5.08	0.58	5.73	19.12	-	0.34
5-Year	24.89	1.04	3.02	0.19	6.14	22.56	-	-0.04

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Canadian Pacific Railway	4.41%
Linde AG	4.23%
Honda Motor Co Ltd	4.15%
Japan Tobacco Inc	4.01%
Anheuser-Busch Inbev SA	3.46%
Nestle SA	3.42%
Unilever NV DR	3.39%
AIA Group Ltd	3.11%
Baidu, Inc ADR	3.09%
Muenchener Rueckversiche	3.07%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>58.4%</b>
France	9.0%
Germany	17.0%
United Kingdom	13.3%
<b>Asia</b>	<b>31.8%</b>
Australia	0.5%
Hong Kong	8.6%
Japan	12.3%
<b>Latin America</b>	<b>0.5%</b>
<b>North America</b>	<b>9.3%</b>
Canada	4.6%
United States	4.8%

Portfolio Information	
Expense Ratio	1.19%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$1,000
Avg. Annual Turnover	55%

Year-End Assets (\$ Mil.)	
2012	\$7,498
2011	\$6,151
2010	\$7,489
2009	\$8,078
2008	\$6,003

**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



Dodge & Cox International Stock

Ticker: DODFX

**Fund Strategy**

This fund seeks capital appreciation by investing in good international companies that are temporarily out of favor and holding positions for the long term. It favors companies with good management, dominant competitive positions and good growth potential. Stocks are picked based on the internally generated fair value model.

**Manager Information**

Lead Manager Bryan C. Cameron  
Inception 5/1/2001  
Prospectus [www.dodgeandcox.com](http://www.dodgeandcox.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>Dodge &amp; Cox Int'l Stock</b>	★★★★	\$33,567	101	3.6%	3.6%	11.3%	4.9%	1.1%	13.4%
MSCI EAFE Value Index				3.5%	3.5%	11.0%	3.5%	-1.7%	9.9%
MSCI EAFE Index				5.1%	5.1%	11.3%	5.0%	-0.9%	9.7%
Non-US Equity MF Median				3.8%	3.8%	9.6%	5.0%	-0.8%	9.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.49	1.05	-0.15	0.33	3.38	20.56	-	0.20
5-Year	26.71	1.13	2.66	0.17	5.43	24.89	-	-0.07

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Naspers Ltd	3.99%
Sanofi	3.72%
Roche Holding AG	3.64%
Lafarge SA	3.37%
Koninklijke Philips Elec	2.95%
HSBC Holdings PLC	2.69%
Bayer AG	2.67%
Credit Suisse Group	2.61%
Novartis AG ADR	2.54%
Barclays PLC	2.52%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>73.7%</b>
France	11.1%
Germany	7.4%
United Kingdom	18.1%
<b>Asia</b>	<b>15.9%</b>
Australia	0.0%
Hong Kong	1.5%
Japan	11.9%
<b>Latin America</b>	<b>4.8%</b>
<b>North America</b>	<b>5.6%</b>
Canada	0.0%
United States	5.6%

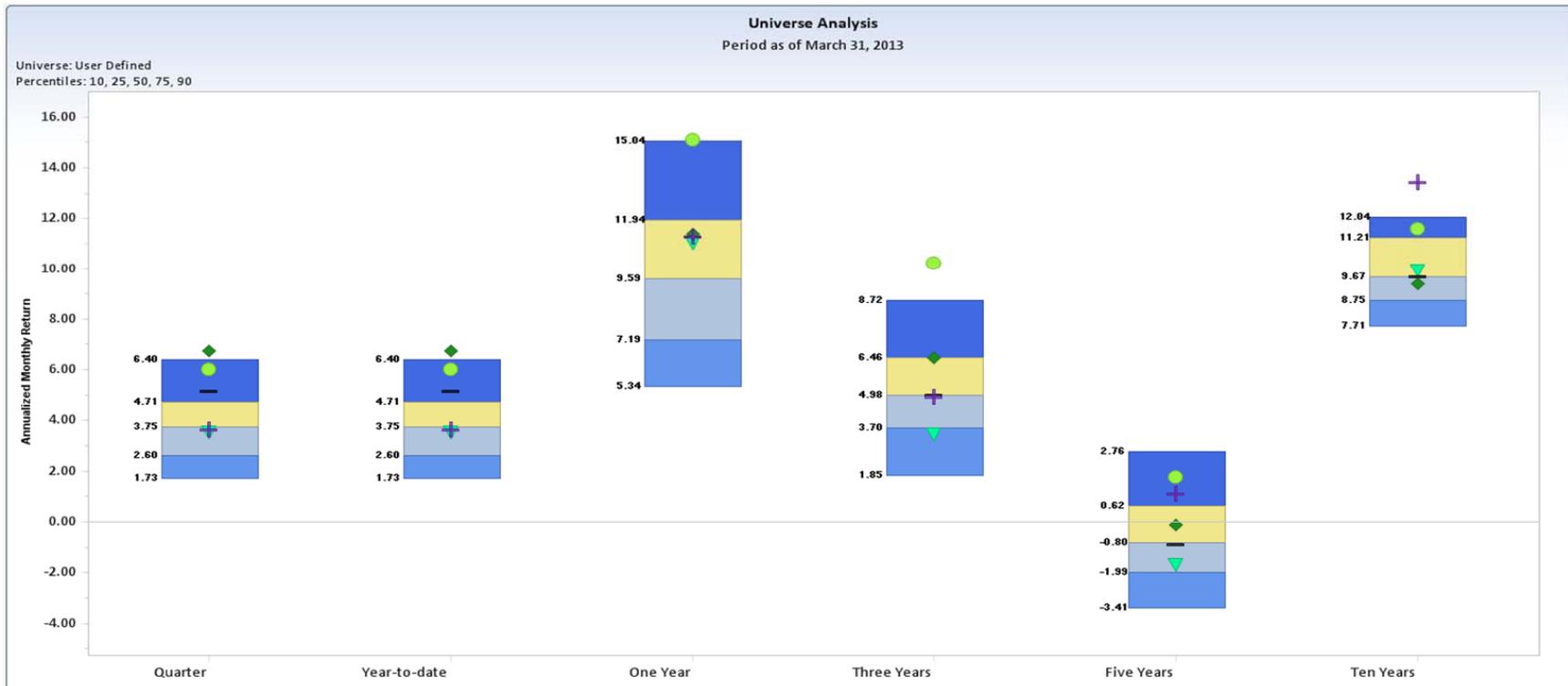
Portfolio Information	
Expense Ratio	0.64%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$2,500
Avg. Annual Turnover	10%

Year-End Assets (\$ Mil.)	
2013/02	\$42,512
2012	\$40,556
2011	\$35,924
2010	\$43,400
2009	\$36,546

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Artisan:Internet;Inv (ARTIX)	6.02 ( 15% )	6.02 ( 15% )	15.11 ( 11% )	10.22 ( 4% )	1.77 ( 15% )	11.60 ( 13% )
+ Dodge & Cox Intl Stock (DODFX)	3.64 ( 53% )	3.64 ( 53% )	11.27 ( 31% )	4.93 ( 52% )	1.10 ( 20% )	13.43 ( 4% )
◆ EAFE GROWTH \$N	6.74 ( 8% )	6.74 ( 8% )	11.38 ( 28% )	6.47 ( 26% )	-0.13 ( 40% )	9.38 ( 60% )
— MSCI EAFE \$N	5.13 ( 23% )	5.13 ( 23% )	11.25 ( 31% )	5.00 ( 50% )	-0.89 ( 53% )	9.69 ( 49% )
▼ EAFE VALUE \$NET	3.50 ( 56% )	3.50 ( 56% )	11.01 ( 35% )	3.45 ( 78% )	-1.70 ( 69% )	9.90 ( 43% )
# of Products	332	332	332	331	290	176

**State of Montana 457 Deferred Compensation Plan  
First Quarter 2013**



Oppenheimer Developing Markets Y

Ticker: ODVYX

**Fund Strategy**

The Oppenheimer fund seeks exposure to emerging markets equities through a diversified growth oriented investment style and employs a low turnover strategy with a portfolio of roughly of 100-125 securities. The team has improved its portfolio construction process and has demonstrated an impressive level of alpha from security specific selection.

**Manager Information**

Lead Manager Justin Leverenz  
Inception 9/7/2005  
Prospectus [www.oppenheimerfunds.com](http://www.oppenheimerfunds.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
Oppenheimer Dev Mkt Y	★★★★★	\$17,109	123	0.2%	0.2%	5.7%	7.3%	6.0%	21.3%
MSCI Emerg Mkts Index				-1.6%	-1.6%	2.0%	3.3%	1.1%	17.1%
Emg Mkt Equity MF Median				-0.7%	-0.7%	2.8%	3.7%	0.6%	16.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.79	0.91	2.83	0.45	9.20	21.80	-	0.31
5-Year	26.64	1.06	7.50	0.34	10.13	29.04	-	0.10

Top 10 Holdings 02-28-13	
Company	% of Portfolio
Baidu, Inc. ADR	3.65%
America Movil, SAB de CV	2.74%
NHN Corporation	2.18%
Anglo American PLC	2.06%
Carlsberg AS	2.02%
Infosys Ltd	2.00%
OJSC Magnit	1.98%
OAO Novatek GDR	1.90%
Housing Development Fin	1.65%
BMF Bovespa SA Bolsa	1.63%

Country Weights 2-28-13	
	%
<b>Europe</b>	<b>32.0%</b>
France	0.0%
Germany	0.0%
United Kingdom	8.5%
<b>Asia</b>	<b>44.3%</b>
Australia	0.0%
Hong Kong	4.1%
Japan	0.0%
<b>Latin America</b>	<b>23.6%</b>
<b>North America</b>	<b>0.0%</b>
Canada	0.0%
United States	0.0%

Portfolio Information	
Expense Ratio	1.03%
12b-1 Fee Included	-
Morningstar Average	1.73%
Minimum Investment	\$0
Avg. Annual Turnover	20%

Year-End Assets (\$ Mil.)	
2013/02	\$15,174
2012	\$13,350
2011	\$8,206
2010	\$7,296
2009	\$2,519

# State of Montana 457 Deferred Compensation Plan First Quarter 2013



## Emerging Markets Equity Universe



**State of Montana 457 Deferred Compensation Plan  
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<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.

## State of Montana 457 Deferred Compensation Plan First Quarter 2013



<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.
<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.