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

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*January 2013*

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## Economic Highlights

- GDP:** U.S. economic growth ticked up to 3.1% during the third quarter after posting meager real GDP gains of 2.0% and 1.3% during Q1 and Q2, respectively. Prospects for future growth improved as lawmakers finally approved a package of tax relief extensions, avoiding broaching a “fiscal cliff” of automatic tax hikes and fiscal spending cuts as of January 1.  
Source: Dept. of Commerce (BEA)
- Interest Rates:** Treasury yields continued to be range bound during the quarter, with ten-year yields closing the year at 1.78%. The Fed replaced its expiring ‘operation twist’ program with a new long-term Treasury purchase program of \$45 billion per month. In combination with its recently announced QE3 program (to purchase \$40B per month of mortgages), the Fed is now maintaining open-ended bond purchase programs of \$85 billion per month, representing over \$1 trillion in balance sheet expansion per year.  
Source: US Treasury
- Inflation:** After jumping 0.6% and 0.4% in Aug & Sept, respectively, consumer prices were flat in Oct and dropped -0.5% in Nov. CPI was up 1.8% year-over-year through Nov. The 10-year breakeven inflation rate closed the year at 2.54%, up from 1.96% at the end of 2011.  
Source: Dept. of Labor (BLS), US Treasury
- Employment:** Initial claims spiked over 450,000 in the weeks following Superstorm Sandy. Jobs growth continued at a slow pace of 139,000 jobs per month from Sept through Nov. The unemployment rate fell to 7.8% in Sept, its first time below 8% since Jan 2009 (see nearby chart). The jobless rate stood at 7.7% in Nov.  
Source: Dept. of Labor (BLS)
- Housing:** National home prices have continued to rise off of recent lows. The S&P Case-Schiller 10- and 20-city Home Price Indexes are up 4.8% and 5.4%, respectively, through Oct since their Jan 2012 lows.  
Source: S&P

## Market Commentary

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

Fourth Quarter 2012

### The U.S. Equity Market

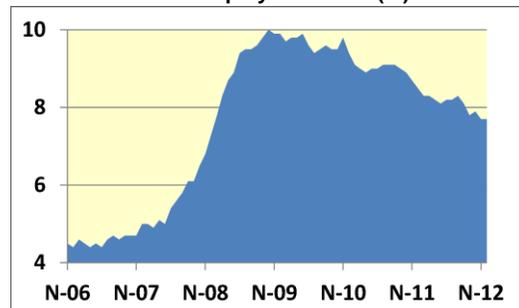
The U.S. stock market posted a modest 0.10% total return during the fourth quarter of 2012, as investors weighed the cross currents from the economic effects of Superstorm Sandy, results of the U.S. presidential election, additional Fed stimulus and the potential impacts from the impending fiscal cliff; however, markets rallied sharply at year-end as word of a deal emerged from Washington (a deal finally approved late on January 1). The Wilshire 5000 Total Market Index<sup>SM</sup> wrapped up 2012 with a solid gain of 16.06%, marking its fourth consecutive year of positive returns and a 76.17% advance since the end of 2008.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index <sup>SM</sup>	1.21	0.10	16.06	16.06
Standard & Poor's 500	0.91	-0.38	16.00	16.00
Wilshire 4500 Completion Index <sup>SM</sup>	2.67	3.07	17.99	17.99
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index <sup>SM</sup>	1.00	-0.20	15.74	15.74
Wilshire US Large-Cap Growth Index <sup>SM</sup>	0.62	-0.74	16.90	16.90
Wilshire US Large-Cap Value Index <sup>SM</sup>	1.35	0.29	14.56	14.56
Wilshire US Small-Cap Index <sup>SM</sup>	3.20	3.10	18.76	18.76
Wilshire US Small-Cap Growth Index <sup>SM</sup>	2.86	1.74	15.69	15.69
Wilshire US Small-Cap Value Index <sup>SM</sup>	3.49	4.29	21.52	21.52
Wilshire US Micro-Cap Index <sup>SM</sup>	1.29	-2.06	21.24	21.24

After trading similarly through the first three quarters of 2012, the performance of large and small capitalization stocks began to diverge during the fourth quarter. The Wilshire US Small-Cap Index outpaced the Wilshire U.S. Large-Cap 3.10% to -0.20% during the quarter, respectively, locking in an 18.76% to 15.74% edge for the year. The small value segment was the best performing style group for the quarter and year, up 4.29% and 21.52%, respectively, over these periods. Despite trailing in the fourth quarter, growth stocks led value in the large cap segment in 2012 (16.90% v. 14.56%).

Financials was the best performing sector for the quarter and year with returns of 4.86% and 26.44%, respectively. For the year, all sectors posted positive total returns with Consumer Discretionary stocks (23.91%) following Financials for top honors, while the Energy (3.85%) and Utilities (2.17%) sectors lagged other groups. The Information Technology and Telecom Services sectors were the worst performing segments during the quarter, down -4.89% and -5.78%, respectively.

Civilian Unemployment Rate (%) SA



Source: Dept. of Labor (BLS)

Despite modest employment growth, the U.S. unemployment rate has dropped from a recent high of 10% in Oct 2009 to its current rate of 7.7%. However, some of the improvements in the unemployment rate measure have resulted from a discouraged worker effect, as millions have taken part-term work or have stopped looking for work. The BLS' U6 rate, which includes marginally attached workers and those in part time positions for economic reasons, remains at an elevated 14.4% in November, though the U6 rate has fallen from a recent high of 17.2% in Oct 2009.

## The Non-U.S. Equity Market

Despite the continued fiscal turmoil in continental Europe, 2012 proved to be a good year for global stocks overall. The euro received additional support from the European Central Bank, preventing a breakup of the Eurozone and providing a boost to the stocks of safer bourses such as Germany and France. Markets in the Asia-Pacific region enjoyed very strong performance for the quarter and year, despite giving up some return for US dollar-based investors. The global economic slowdown dampened performance for emerging markets for the quarter, although gains for the year were resilient.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	3.47	5.85	16.83	16.83	3.29	6.53	16.32	16.32
MSCI EAFE	3.20	6.57	17.32	17.32	3.23	7.52	17.31	17.31
MSCI Europe	2.81	7.02	19.12	19.12	1.37	5.14	15.61	15.61
MSCI Pacific	4.11	5.90	14.42	14.42	7.16	12.64	21.72	21.72
MSCI Japan	5.30	5.78	8.18	8.18	10.40	17.56	21.57	21.57
MSCI EM (Emerging Markets)	4.89	5.58	18.23	18.23	3.94	5.33	16.99	16.99

## The Fixed Income Market

Fixed income markets stayed true to the trends as driven by Federal Reserve policy: Rock-bottom Treasury yields pushing investors to seek additional basis points of yield in riskier asset space. Although short and long Treasury yields barely moved over calendar 2012, intermediate-term yields fell slightly, thereby easing the overall slope of the yield curve. Corporate bonds, especially high-yield paper, outperformed government issuance over the quarter and year.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-0.14	0.22	4.22	4.22
Barclays Long Govt./Credit	-1.00	0.48	8.82	8.82
Barclays Long Term Treasury	-1.96	-0.77	3.56	3.56
Barclays U.S. TIPS	-0.65	0.69	6.98	6.98
Barclays U.S. Credit	-0.07	1.05	9.39	9.39
Barclays U.S. Corporate High Yield	1.58	3.29	15.81	15.81
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-0.33	-0.48	4.32	4.32
Barclays Global Aggregate (Hedged)	0.10	0.89	5.72	5.72
Barclays EM Local Currency Government Universal	1.28	2.48	11.21	11.21
Barclays EM Local Currency Govt Univ (Hedged)	0.40	1.16	4.97	4.97

## The Real Estate & Commodity Markets

Real estate securities resumed their bull run in the fourth quarter, outperforming the broad stock market for the last three months of 2012 as well as for the entire year. Real estate markets continue to recover from the global recession, buoyed by favorable borrowing rates and overall optimism. Other real assets such as oil and gold saw prices pull back in the fourth quarter in response to slack demand. U.S. Crude oil ticked down -0.4% in the fourth quarter to \$91.82 per barrel, down -7.0% for the year. Gold prices eased as well in the fourth quarter, although for the year the precious metal returned a healthy 7.0%.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI <sup>SM</sup>	3.86	2.47	17.55	17.55
Wilshire Global ex US RESI <sup>SM</sup>	3.30	8.01	39.48	39.48
Wilshire Global RESI <sup>SM</sup>	3.58	5.09	27.35	27.35
Dow Jones UBS Commodity Index	-2.61	-6.33	-1.06	-1.06
S&P GSCI Commodity	-0.65	-3.28	0.08	0.08
Alerian MLP Index	-2.11	-3.41	4.80	4.80

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

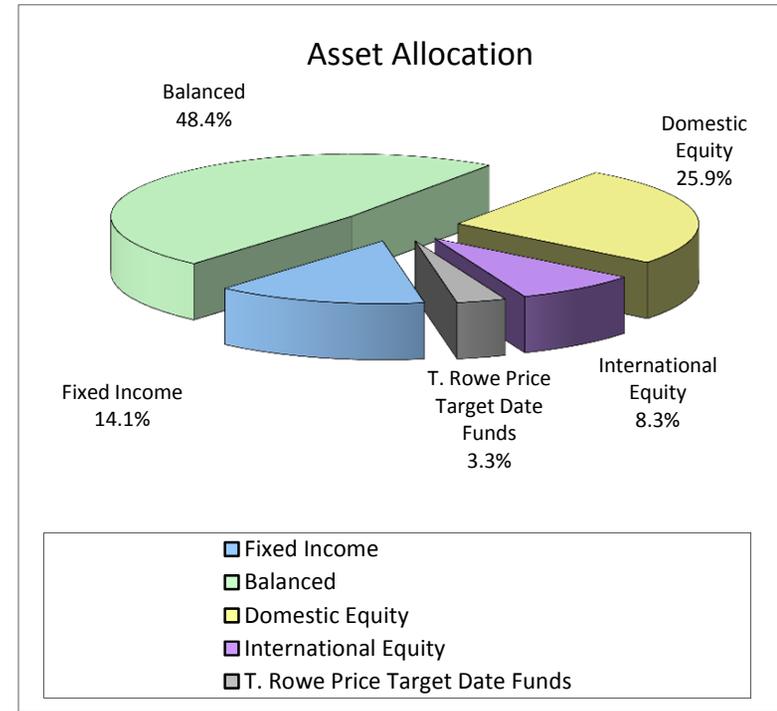
Asset Class	Name	Ticker	Current Status	Date Placed on Probation
Fixed Income	State of Montana Stable Value - PIMCO	n/a	Retention	
Fixed Income	Vanguard Total Bond Market Signal	VBTSX	Retention	
Balanced	Vanguard Balanced Index Institutional	VBAIX	Retention	
Large Growth	Alger Capital Appreciation Z	ACAZX	Retention	
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	Retention	
Mid Value	Janus/Perkins Mid Cap Value T	JMVCVX	Probation	2012 Q2
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	
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	

State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



**Asset Allocation** as of December 31, 2012

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>12,887,823</b>	<b>14.1%</b>
Montana Stable Value	9,956,342	10.9%
Vanguard Total Bond Market Index	2,931,481	3.2%
<b>Balanced</b>	<b>44,144,648</b>	<b>48.4%</b>
Vanguard Balanced Index	44,144,648	48.4%
<b>Domestic Equity</b>	<b>23,643,041</b>	<b>25.9%</b>
<u>Large Cap</u>	<u>11,155,419</u>	<u>12.2%</u>
Alger Capital Appreciation Z	4,758,149	5.2%
JP Morgan US Equity	1,538,889	1.7%
BlackRock Equity Index	869,506	1.0%
Vanguard Equity Income	3,988,874	4.4%
<u>Mid Cap</u>	<u>5,952,412</u>	<u>6.5%</u>
Munder Mid Cap Core Growth	2,245,357	2.5%
Janus/Perkins Mid Cap Value	3,707,055	4.1%
<u>Small Cap</u>	<u>6,535,211</u>	<u>7.2%</u>
Vanguard Small Cap Growth Index	2,302,393	2.5%
Vanguard Small Cap Index	2,115,092	2.3%
Target Small Capitalization Value	2,117,727	2.3%
<b>International Equity</b>	<b>7,565,831</b>	<b>8.3%</b>
American Funds New Perspective	3,830,101	4.2%
Vanguard Total International Stock Index	703,159	0.8%
Oarkmark International	2,988,649	3.3%
Oppenheimer Developing Markets	43,922	0.0%
<b>T. Rowe Price Target Date Funds</b>	<b>3,020,192</b>	<b>3.3%</b>
<b>STATE OF MONTANA 401(a) TOTAL</b>	<b>\$ 91,261,535</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	0.28	5.11	5.73	5.47
Barclays Int Gov/Credit Bond + 0.35%	0.44	4.24	5.54	5.53

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 87 basis points. The manager leads for the 3-year and slightly trails over the 5-year. <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	0.13	4.15	6.11	5.91
Barclays Aggregate	0.21	4.21	6.19	5.95
Intermediate Fixed MF Median	0.60	7.00	7.11	6.22

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	2.3	2.6	2.5
★★★	1.5	1.3	1.5
★★★	--	--	--

Fund Narrative
As expected of an index fund, this fund performed fairly in line with the Barclays Aggregate Bond Index for all measured time periods. The manager's 3-year Sharpe Ratio does not meet the State's requirements but their 5-year data point does, as do the 3-star Morningstar ratings. <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	0.19	11.51	9.65	4.30
60% MSCI US Broad Mkt / 40% Barclays Agg	0.15	11.35	9.51	4.07
Balanced MF Median	1.25	11.66	7.86	2.92

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★★	1.1	0.8	1.0
★★★★★	0.4	0.2	0.3
★★★★★	--	--	--

Fund Narrative
Also expected of an index fund, this fund's returns were within range of the 60/40 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 consistent 5-star Morningstar Ratings meet the State requirement. <b>Current Status: Retention, no change recommended.</b>

Alger Capital Appreciation Z	Trailing Total Returns (annualized)			
Style: Large Growth	Quarter	1 Year	3 Year	5 Year
Alger Capital Appreciation Z	(0.76)	18.27	9.62	1.52
Wilshire Large Growth Index	(0.77)	17.17	10.89	3.21
Large Cap Growth MF Median	(1.19)	15.74	9.05	1.21

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	0.6	0.5	0.7
★★★	0.2	0.0	0.2
★★★★★	--	--	--

Fund Narrative
This large growth fund replaced the American Funds Growth Fund of America in 2Q2012. The fund outperformed for the quarter and 1-year but trails for the 3- and 5-year. The manager's 3-star Morningstar ratings and greater than category average Sharpe Ratios meet the State requirement. <b>Current Status: Retention, no change recommended.</b>

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JP Morgan US Equity	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
JP Morgan US Equity	0.51	17.40	9.79	2.93
S&P 500 Index	(0.38)	16.00	10.87	1.66
Large Cap Core MF Median	0.17	15.74	9.21	0.98

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★	0.6	0.6	0.7
5 yr ★ ★ ★ ★	0.2	0.0	0.2
10 yr ★ ★ ★ ★ ★	--	--	--

**Fund Narrative**  
This large cap core fund outperformed the benchmark for the quarter, and leads for the 5-year. The manager's Sharpe Ratios are at or above the category mean and the 3- and 4-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)	(0.54)	15.31	10.26	1.12
S&P 500 Index	(0.38)	16.00	10.87	1.66
Large Cap Core MF Median	0.17	15.74	9.21	0.98

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★ ★	0.7	0.6	0.7
5 yr ★ ★ ★	0.1	0.0	0.2
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 4- and 3-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	0.14	13.58	13.07	3.22
FTSE High Dividend Yield Index	(2.03)	8.94	8.88	(0.99)
Russell 1000 Value Index	1.52	17.51	10.86	0.59
Large Cap Value MF Median	1.26	15.42	8.43	(0.23)

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★ ★ ★	1.0	0.5	0.7
5 yr ★ ★ ★ ★ ★	0.2	0.0	0.0
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 outperformed for the quarter, and greatly outperforms both benchmarks for the 3- and 5-year. With 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	2.18	15.72	12.76	1.39
Russell Mid Cap Index	2.88	17.28	13.15	3.57
Wilshire Mid Growth Index	3.25	13.44	12.33	4.83
Mid Cap Growth MF Median	1.22	14.67	11.63	1.40

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★	0.8	0.6	0.8
5 yr ★ ★ ★	0.2	0.1	0.3
10 yr ★ ★ ★ ★	--	--	--

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

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Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)			
Style: Mid Value	Quarter	1 Year	3 Year	5 Year
Janus Mid Cap Value	1.15	10.32	7.27	3.18
Russell Mid Cap Value Index	3.93	18.51	13.39	3.79
Mid Cap Value MF Median	3.53	16.43	11.20	3.33

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★	0.5	0.6	0.8
★★★★	0.2	0.1	0.3
★★★★★	--	--	--

Fund Narrative
This fund underperformed the Russell Mid Cap Value Index for the quarter and greatly trails for the 3-year and now lags for the 5-year period. The manager's 3-year Sharpe Ratio is below the category mean while the 5-year is ahead, and the fund's 4-star Morningstar Rating for the 5-year exceed the requirements of the State. <b>Current Status: Probation, no change recommended.</b>

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)			
Style: Small Growth	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Growth Idx	1.91	17.52	14.77	5.17
MSCI US Small Cap Growth Index	1.91	17.57	14.81	5.17
Small Cap Growth MF Median	(0.41)	13.63	12.13	1.79

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.8	0.6	0.8
★★★★	0.3	0.1	0.3
★★★★	--	--	--

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

Vanguard Small Cap Index	Trailing Total Returns (annualized)			
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Index	2.78	18.25	13.74	5.12
MSCI US Small Cap 1750 Index	2.77	18.20	13.68	5.00
Small Cap Core MF Median	2.63	15.75	12.18	4.07

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.7	0.6	0.7
★★★	0.3	0.1	0.3
★★★★	--	--	--

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- and 3star Morningstar ratings and above-category mean Sharpe Ratios, this fund meets all of the State's minimum requirements. <b>Current Status: Retention, no change recommended.</b>

Target Small Capitalization Value	Trailing Total Returns (annualized)			
Style: Small Value	Quarter	1 Year	3 Year	5 Year
Target Small Capitalization Value	3.75	14.14	11.98	5.24
Russell 2000 Value Index	3.22	18.05	11.57	3.55
Small Cap Value MF Median	3.86	16.68	12.10	4.83

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.7	0.6	0.6
★★★★	0.3	0.2	0.3
★★★★★	--	--	--

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

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American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	4.13	20.77	7.96	1.46
MSCI AC World Index	2.88	16.13	6.63	(1.16)
World Equity MF Median	3.63	17.13	6.85	(0.57)

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	0.5	0.4	0.5
★★★★	0.2	-0.1	0.0
★★★★	--	--	--

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

Oakmark International	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oakmark International	13.82	29.22	8.87	3.52
MSCI EAFE Value Index	7.39	17.69	2.19	(4.34)
Non-US Equity MF Median	6.53	18.18	4.23	(3.39)

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★★	0.5	0.4	0.2
★★★★★	0.2	-0.1	-0.1
★★★★★	--	--	--

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

Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Vanguard Total Int'l Stock Index	6.66	18.14	3.90	(3.03)
MSCI ACWI ex-US Index	5.85	16.83	3.87	(2.89)
Non-US Equity MF Median	6.53	18.18	4.23	(3.39)

3 yr  
5 yr  
10 yr

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

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 is benchmarked to the MSCI ACWI ex-US Index. The fund led the benchmark for the quarter and 3-year but slightly lags the benchmark over the 5-year time period, and its Sharpe Ratios are greater than the category mean, and has consistent 3-star Morningstar ratings. <b>Current Status: Retention, no change recommended.</b>

Oppenheimer Developing Mkts Y	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oppenheimer Developing Mkts Y	4.61	21.29	8.27	3.81
MSCI Emerging Markets Index	5.58	18.22	4.66	(0.92)
Non-US Equity MF Median	6.18	19.03	5.23	(1.71)

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★★	0.5	0.1	0.3
★★★★★	0.3	-0.1	0.1
★★★★★	--	--	--

Fund Narrative
This Oppenheimer Developing Markets fund provides exposure to emerging markets equities. Funded this quarter, the manager lagged the benchmark but greatly outperformed for all other time periods. The fund has Sharpe Ratios above the category mean and consistent 5-star Morningstar ratings. <b>Current Status: Retention, no change recommended.</b>

Target Date Funds Performance

401(a) - T. ROWE PRICE TARGET DATE FUNDS								
Fund Name	Ticker	Morningstar Rating	Quarter	YTD	1-Year	3-Year	5-Year	Market Value
<b>T. Rowe Price Retirement 2005</b>	<b>TRRFX</b>	<b>★★★★</b>	<b>1.29</b>	<b>11.34</b>	<b>11.34</b>	<b>7.99</b>	<b>4.05</b>	<b>\$57,841.22</b>
Dow Jones Target Global Date 2005 Index			0.00	5.66	5.66	6.56	5.06	
<b>T. Rowe Price Retirement 2010</b>	<b>TRRAX</b>	<b>★★★★</b>	<b>1.37</b>	<b>12.44</b>	<b>12.44</b>	<b>8.42</b>	<b>3.63</b>	<b>\$ 38,196.75</b>
Dow Jones Target Global Date 2010 Index			0.20	6.40	6.40	6.85	4.42	
<b>T. Rowe Price Retirement 2015</b>	<b>TRRGX</b>	<b>★★★</b>	<b>1.61</b>	<b>13.80</b>	<b>13.80</b>	<b>8.88</b>	<b>3.42</b>	<b>\$ 172,160.84</b>
Dow Jones Target Global Date 2015 Index			0.58	7.65	7.65	7.29	3.85	
<b>T. Rowe Price Retirement 2020</b>	<b>TRRBX</b>	<b>★★★★</b>	<b>1.78</b>	<b>15.03</b>	<b>15.03</b>	<b>9.24</b>	<b>3.08</b>	<b>\$ 414,578.93</b>
Dow Jones Target Global Date 2020 Index			0.98	9.23	9.23	7.80	3.32	
<b>T. Rowe Price Retirement 2025</b>	<b>TRRHX</b>	<b>★★★</b>	<b>1.99</b>	<b>16.00</b>	<b>16.00</b>	<b>9.43</b>	<b>2.74</b>	<b>\$ 446,967.90</b>
Dow Jones Target Global Date 2025 Index			1.40	10.94	10.94	8.36	2.92	
<b>T. Rowe Price Retirement 2030</b>	<b>TRRCX</b>	<b>★★★★</b>	<b>2.07</b>	<b>16.83</b>	<b>16.83</b>	<b>9.66</b>	<b>2.52</b>	<b>\$ 290,242.47</b>
Dow Jones Target Global Date 2030 Index			1.81	12.56	12.56	8.76	2.52	
<b>T. Rowe Price Retirement 2035</b>	<b>TRRJX</b>	<b>★★★★</b>	<b>2.19</b>	<b>17.34</b>	<b>17.34</b>	<b>9.72</b>	<b>2.34</b>	<b>\$ 512,767.86</b>
Dow Jones Target Global Date 2035 Index			2.16	13.92	13.92	9.05	2.22	
<b>T. Rowe Price Retirement 2040</b>	<b>TRRDY</b>	<b>★★★★</b>	<b>2.24</b>	<b>17.54</b>	<b>17.54</b>	<b>9.75</b>	<b>2.37</b>	<b>\$ 313,395.44</b>
Dow Jones Target Global Date 2040 Index			2.41	14.88	14.88	9.23	2.09	
<b>T. Rowe Price Retirement 2045</b>	<b>TRRKX</b>	<b>★★★★</b>	<b>2.30</b>	<b>17.61</b>	<b>17.61</b>	<b>9.75</b>	<b>2.38</b>	<b>\$ 344,912.30</b>
Dow Jones Target Global Date 2045 Index			2.53	15.32	15.32	9.30	2.12	
<b>T. Rowe Price Retirement 2050</b>	<b>TRRMX</b>	<b>★★★★</b>	<b>2.30</b>	<b>17.56</b>	<b>17.56</b>	<b>9.77</b>	<b>2.38</b>	<b>\$ 221,175.32</b>
Dow Jones Target Global Date 2050 Index			2.55	15.35	15.35	9.31	2.13	
<b>T. Rowe Price Retirement 2055</b>	<b>TRRNK</b>	<b>★★★★★</b>	<b>2.27</b>	<b>17.61</b>	<b>17.61</b>	<b>9.79</b>	<b>2.36</b>	<b>\$ 190,283.77</b>
Dow Jones Target Global Date 2055 Index			2.55	15.35	15.35	9.31	2.13	
<b>T. Rowe Price Retirement Income</b>	<b>TRRIX</b>	<b>★★★★</b>	<b>0.73</b>	<b>9.59</b>	<b>9.59</b>	<b>6.96</b>	<b>4.05</b>	<b>\$ 17,668.70</b>
Dow Jones Target Global Date Today Index			-0.02	5.44	5.44	6.40	5.29	
<b>TOTAL</b>								<b>\$3,020,191.50</b>

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>	★★★	4.97	6.90	AA	0.1%	4.2%	4.2%	6.1%	5.9%	5.1%
Barclays Aggregate					0.2%	4.2%	4.2%	6.2%	5.9%	5.2%
Interm Fixed MF Median					0.6%	7.0%	7.0%	7.1%	6.2%	5.1%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.54	-0.35	2.31	0.28	2.42	2.46
5-Year	3.60	-0.09	1.50	0.43	3.53	1.53

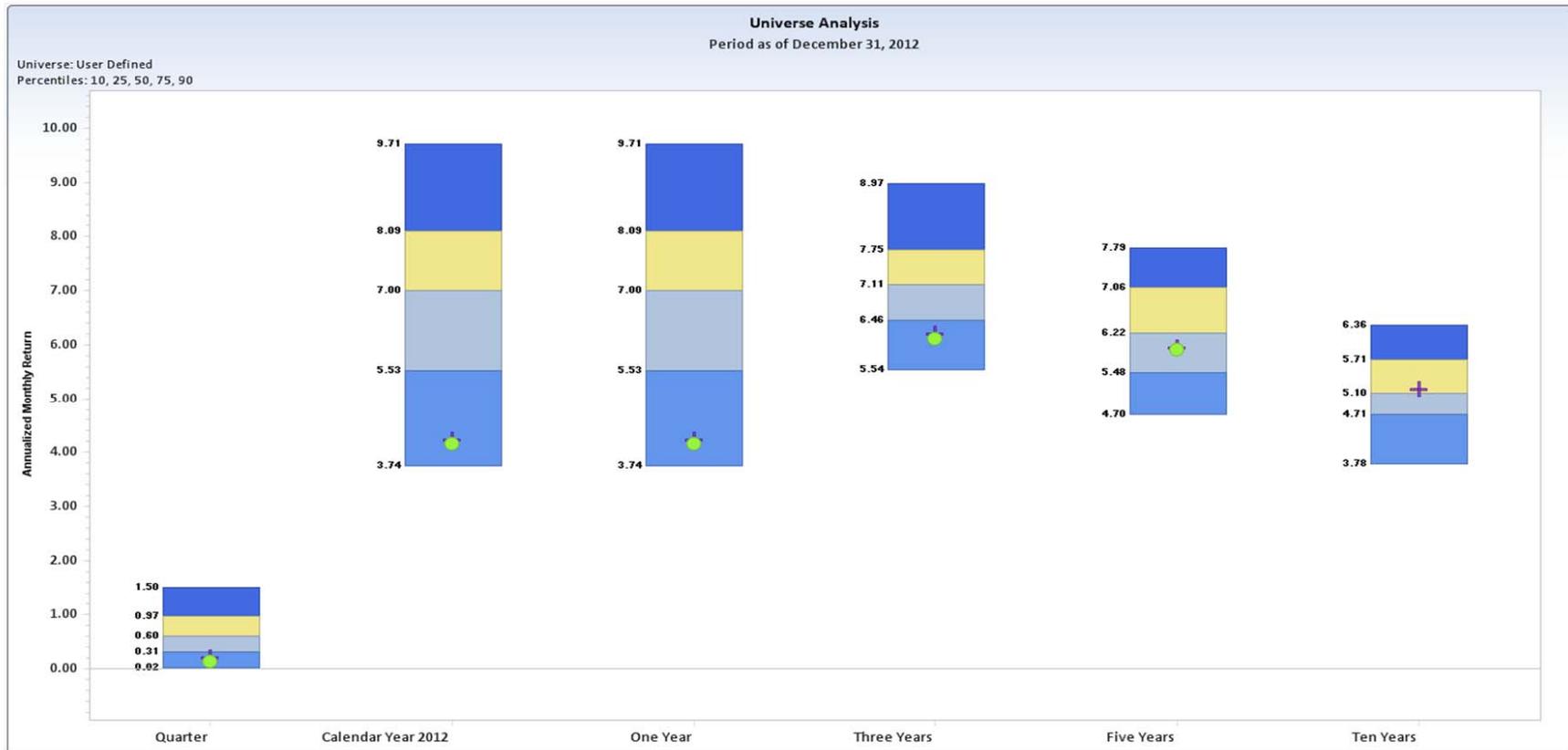
<b>Portfolio Characteristics 9-30-12</b>	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	73.1%
AA	4.3%
A	11.8%
BBB	10.9%
< BBB	0.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	21.8%
3 - 5 yrs.	15.5%
5 - 7 yrs.	10.2%
7 - 10 yrs.	10.2%
10 - 15 yrs.	4.5%
15 - 20 yrs.	4.3%
20 + yrs.	33.5%

<b>Sector Weights 9-30-12</b>	
	<b>%</b>
US Government	45.5%
Mortgage	29.6%
Credit	19.0%
Foreign	5.9%
Cash	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.10%
12b-1 Fee Included	-
Category Average	1.04%
Minimum Investment	\$0

<b>Year-End Assets (\$ Mil.)</b>	
2012	\$12,586
2011	\$10,939
2010	\$8,813
2009	\$8,450
2008	\$7,372
2007	\$5,414

### Intermediate Fixed Income Universe



	Quarter	Calendar Year 2012	One Year	Three Years	Five Years	Ten Years
● Vanguard Tot Bd;Sig (VBTSX)	0.13 ( 82% )	4.16 ( 84% )	4.16 ( 84% )	6.11 ( 79% )	5.90 ( 61% )	
+ BC Aggregate	0.21 ( 79% )	4.22 ( 83% )	4.22 ( 83% )	6.19 ( 78% )	5.95 ( 59% )	5.18 ( 47% )
# of Products	152	152	152	150	134	93

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	★★★★★	\$32,971	9,325	0.2%	11.5%	11.5%	9.6%	4.3%	7.2%
US Balanced Index				0.2%	11.4%	11.4%	9.5%	4.1%	7.1%
Balanced MF Median				1.3%	11.7%	11.7%	7.9%	2.9%	6.2%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	9.10	0.90	2.07	1.05	1.92	9.05	1.04
5-Year	12.02	0.94	0.73	0.38	2.11	11.97	0.29

<b>Top 10 Holdings 9-30-12</b>	
Company	% of Portfolio
Apple, Inc.	2.30%
ExxonMobil Corporation	1.58%
General Electric Co	0.89%
Chevron Corp	0.85%
International Business Machines	0.84%
Microsoft Corporation	0.83%
AT&T Inc	0.81%
Google Inc.	0.72%
Procter & Gamble Co	0.70%
Johnson & Johnson	0.70%

<b>Sector Weights 9-30-12</b>	
Basic Materials	3.4%
Communication Services	4.2%
Consumer Cyclical	10.8%
Consumer Defensive	10.2%
Healthcare	11.6%
Industrial	11.8%
Real Estate	3.6%
Technology	17.9%
Energy	10.3%
Financials	12.8%
Utilities	3.5%

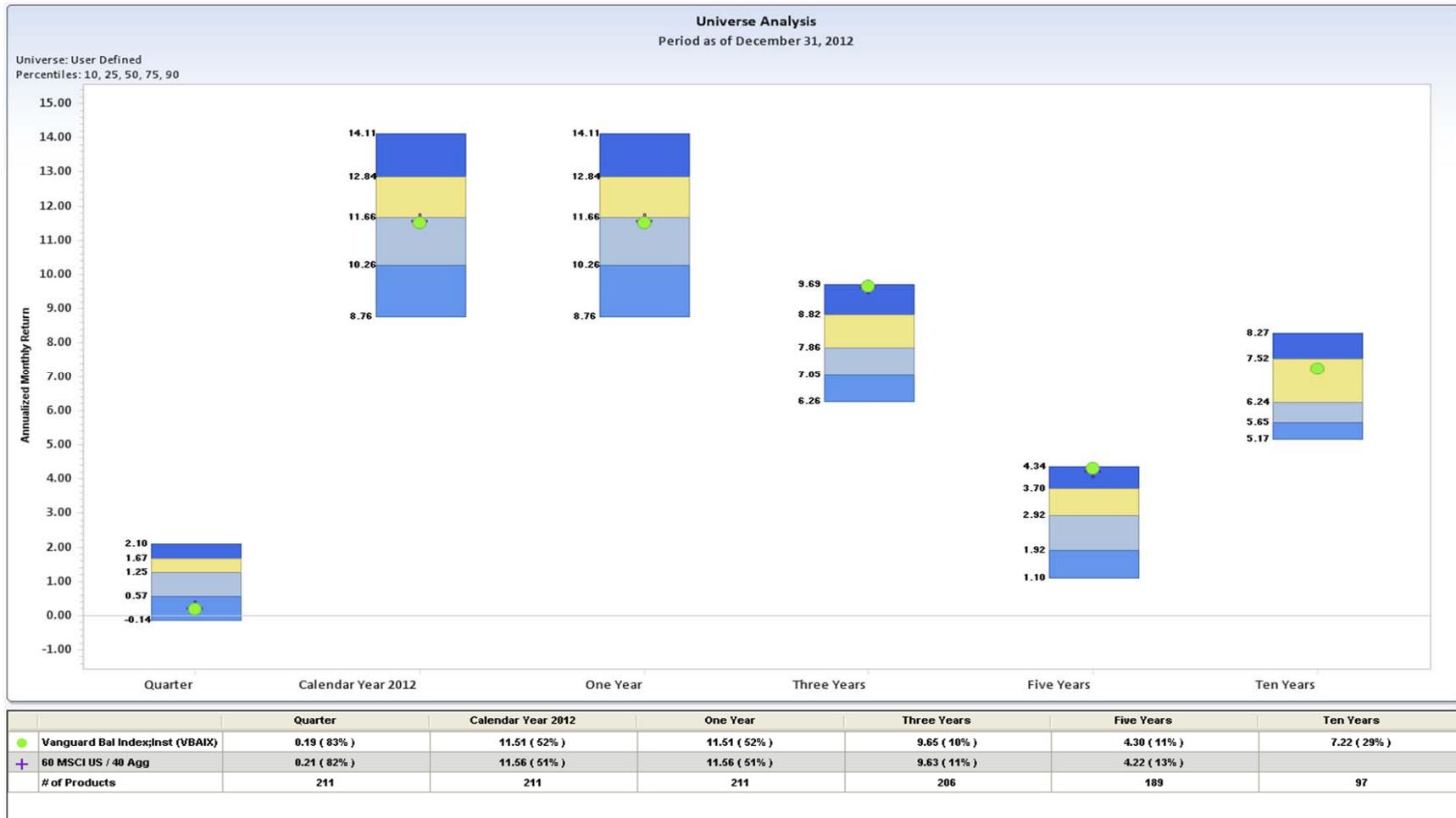
<b>Portfolio Information</b>	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	67%

<b>Fixed Income Characteristics 3-31-12</b>	
Avg. Duration (yrs.)	4.98
Avg. Maturity (yrs.)	6.90
Avg. Quality	AA

<b>Sector Weights 6-30-12</b>	
<i>versus Barclays Aggregate</i>	%
US Government	45.5%
Mortgage	29.7%
Credit	18.7%
Foreign	6.1%
Cash	0.0%

<b>Year-End Assets (\$ Mil.)</b>	
2012	\$5,554
2011	\$4,224
2009	\$2,869
2008	\$2,299
2007	\$2,901
2006	\$2,666
2005	\$2,014
2004	\$1,656

## Balanced Universe



State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



Alger Capital Appreciation Z

Ticker: ACAZX

**Fund Strategy**

The team seeks to invest in companies undergoing "Positive Dynamic Change" that demonstrate high unit volume growth and positive life cycle changes. The final portfolio contains 85-120 securities and the manager excels in its information gathering and bottom-up stock selection efforts.

**Manager Information**

Lead Manager Patrick Kelly + Team  
Inception 11/8/1993  
Prospectus [www.alger.com](http://www.alger.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
Alger Capital Appreciation Z	★★★★	\$38,389	134	-0.8%	18.3%	18.3%	9.6%	1.5%	10.5%
Wilshire Large Growth				-0.8%	17.2%	17.2%	10.9%	3.2%	7.8%
Large Cap Growth MF Median				-1.2%	15.7%	15.7%	9.1%	1.2%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.34	1.11	-2.08	0.61	3.83	17.28	-	0.68
5-Year	21.53	1.08	0.15	0.16	6.87	20.27	-	0.24

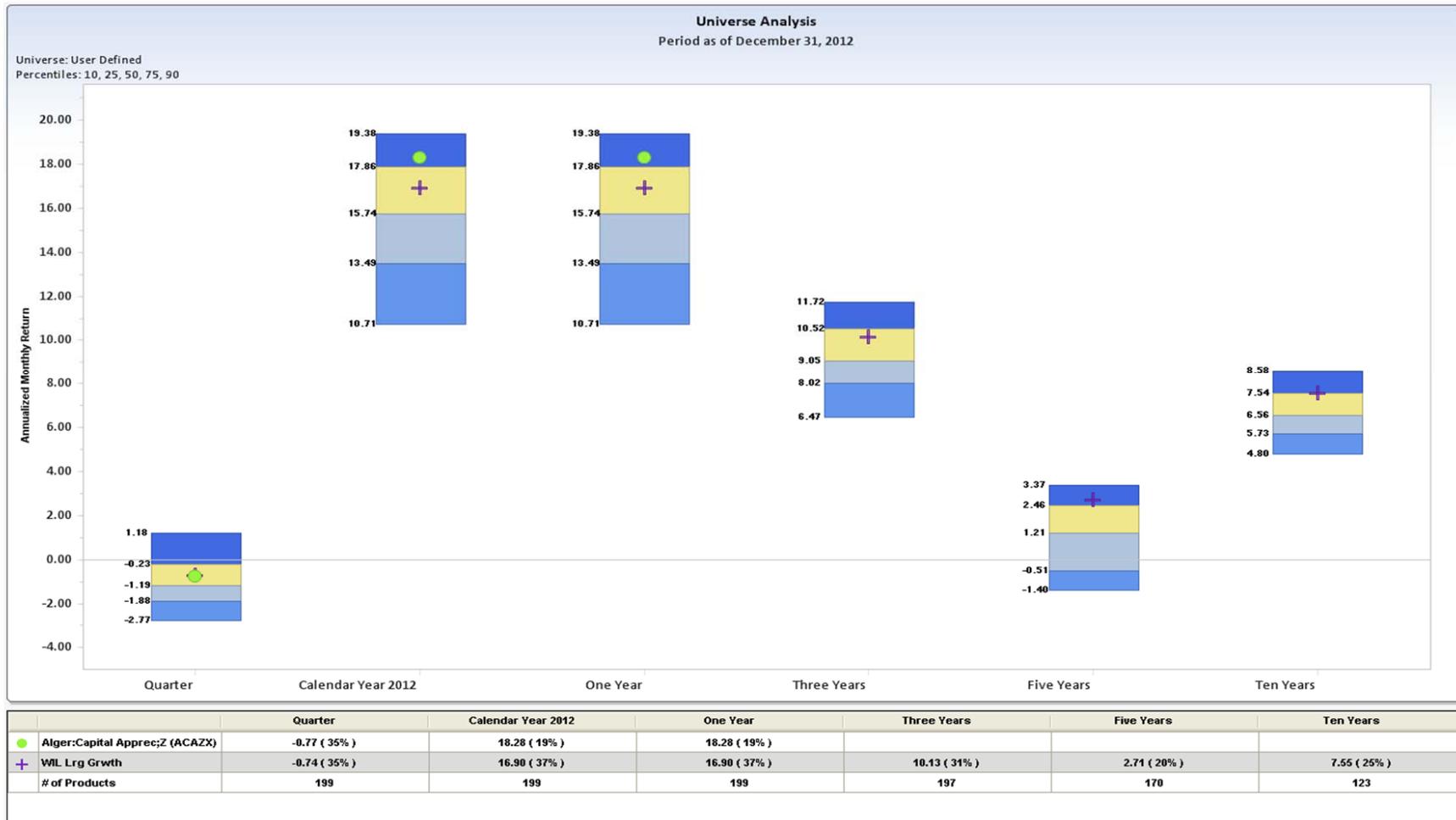
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Apple, Inc.	8.14%
IBM	3.04%
Google Inc.	2.96%
Amazon.com Inc	2.63%
Express Scripts	2.08%
Philip Morris Internatioanl Inc	1.90%
Pfizer Inc	1.75%
eBay Inc	1.69%
UnitedHealth Group	1.68%
Capital One Financial Corp	1.65%

Sector Weights 10-31-12	
Basic Materials	3.5%
Communication Services	3.9%
Consumer Cyclicals	17.0%
Consumer Defensive	9.2%
Healthcare	11.9%
Industrial	11.7%
Real Estate	3.0%
Technology	26.7%
Energy	5.0%
Financials	8.1%
Utilities	0.0%

Portfolio Information	
Expense Ratio	0.97%
12b-1 Fee Included	-
Morningstar Average	1.38%
Minimum Investment	\$500,000
Avg. Annual Turnover	142%

Year-End Assets (\$ Mil.)	
2012	\$49
2011	\$77
2010	\$45
2009	\$28

### Large Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



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.jpmorganfunds.com](http://www.jpmorganfunds.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	★★★★	\$48,490	230	0.5%	17.4%	17.4%	9.8%	2.9%	8.5%
S & P 500				-0.4%	16.0%	16.0%	10.9%	1.7%	7.1%
Large Cap Core MF Median				0.2%	15.7%	15.7%	9.2%	1.0%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.47	1.07	-1.60	0.64	2.14	15.30	-	0.75
5-Year	19.32	1.01	1.25	0.23	2.08	19.04	-	0.16

Top 10 Holdings 11-30-12	
Company	% of Portfolio
Apple, Inc.	4.96%
Merck & Co Inc	2.42%
Time Warner Inc	2.36%
Wells Fargo & Co	2.35%
Google Inc	2.20%
Microsoft Corporation	2.06%
United Technologies Corp	1.73%
Occidental Petroleum Corp	1.63%
Biogen Idec Inc	1.47%
Cisco Systems Inc	1.46%

Sector Weights 11-30-12	
Basic Materials	3.1%
Communication Services	4.2%
Consumer Cyclical	13.2%
Consumer Defensive	8.4%
Healthcare	13.5%
Industrial	9.4%
Real Estate	0.8%
Technology	19.0%
Energy	10.8%
Financials	15.4%
Utilities	2.2%

Portfolio Information	
Expense Ratio	0.59%
12b-1 Fee Included	-
Morningstar Average	1.11%
Minimum Investment	\$0

Year-End Assets (\$ Mil.)	
2012	\$416
2011	\$284
2010	\$162
2009	\$69
2008	\$76

State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



**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>	★★★	\$59,436	502	-0.5%	15.3%	15.3%	10.3%	1.1%	6.5%
S & P 500				-0.4%	16.0%	16.0%	10.9%	1.7%	7.1%
Large Cap Core MF Median				0.2%	15.7%	15.7%	9.2%	1.0%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.33	1.00	-0.58	0.71	0.10	15.30	-	0.75
5-Year	19.04	1.00	-0.54	0.13	0.14	19.04	-	0.16

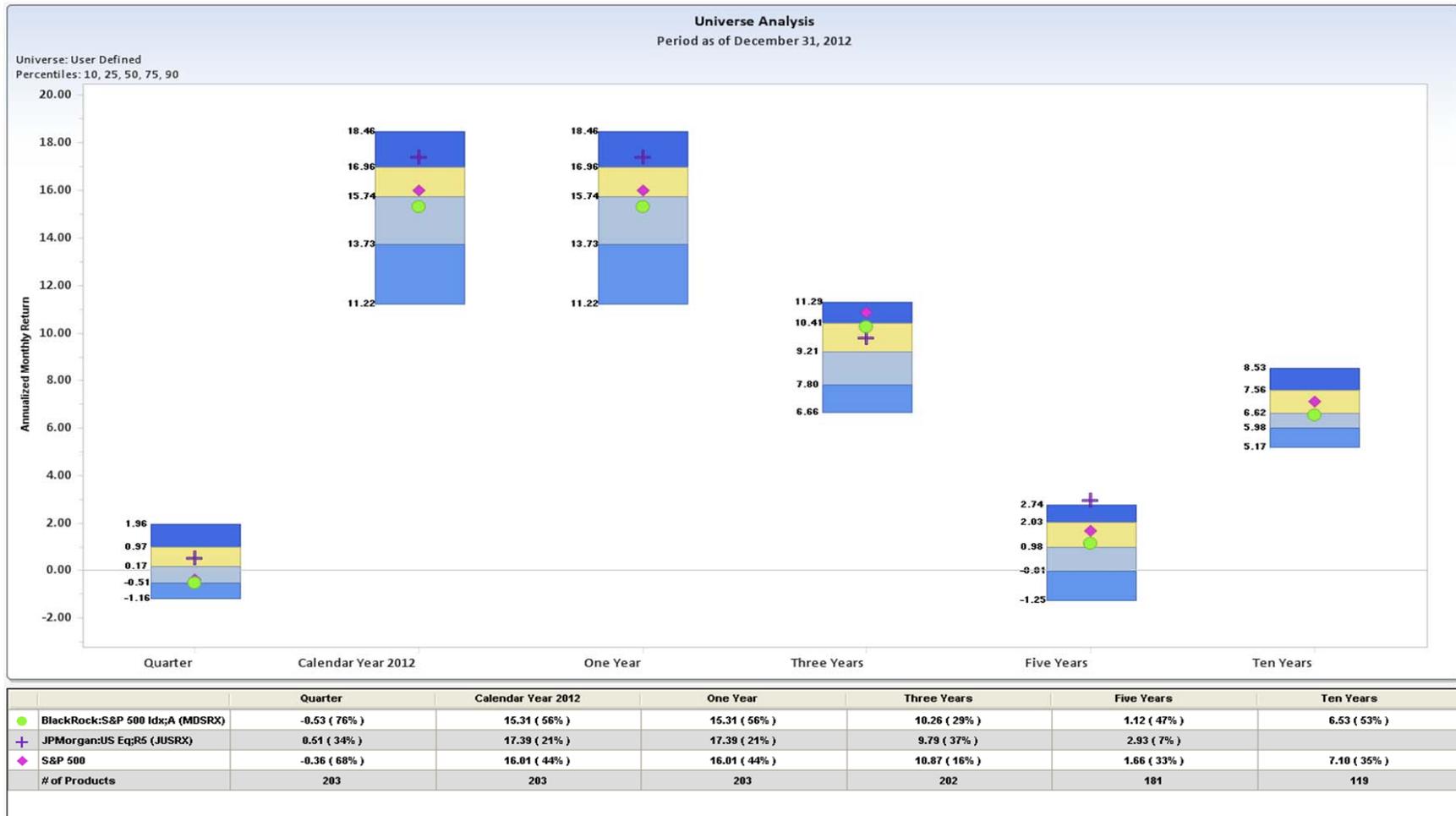
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Apple, Inc.	4.77%
ExxonMobil Corporation	3.22%
General Electric Co	1.83%
Chevron Corp	1.75%
Microsoft Corporation	1.71%
IBM Corp	1.70%
AT&T Inc	1.66%
Google Inc	1.53%
Procter & Gamble Co	1.46%
Johnson & Johnson	1.45%

Sector Weights 9-30-12	
Basic Materials	2.9%
Communication Services	4.8%
Consumer Cyclical	9.4%
Consumer Defensive	11.1%
Healthcare	11.8%
Industrial	11.0%
Real Estate	1.9%
Technology	18.7%
Energy	11.4%
Financials	13.4%
Utilities	3.5%

Portfolio Information	
Expense Ratio	0.56%
12b-1 Fee Included	0.25
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	6%

Year-End Assets (\$ Mil.)	
2012	\$797
2011	\$260
2010	\$750
2009	\$216

## Large Cap Core Universe



State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



Vanguard Equity Income Admiral

Ticker: VEIRX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Equity Income Adm	★★★★	\$63,785	162	0.1%	13.6%	13.6%	13.1%	3.2%	8.3%
FTSE High Dividend Value Idx				-2.0%	8.9%	8.9%	8.9%	-1.0%	-
Russell 1000 Value Index				1.5%	17.5%	17.5%	10.9%	0.6%	7.4%
Large Cap Value MF Median				1.3%	15.4%	15.4%	8.4%	-0.2%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.05	0.83	3.61	1.00	3.96	12.99	-	0.71
5-Year	17.44	0.89	1.58	0.25	4.77	18.59	-	0.02

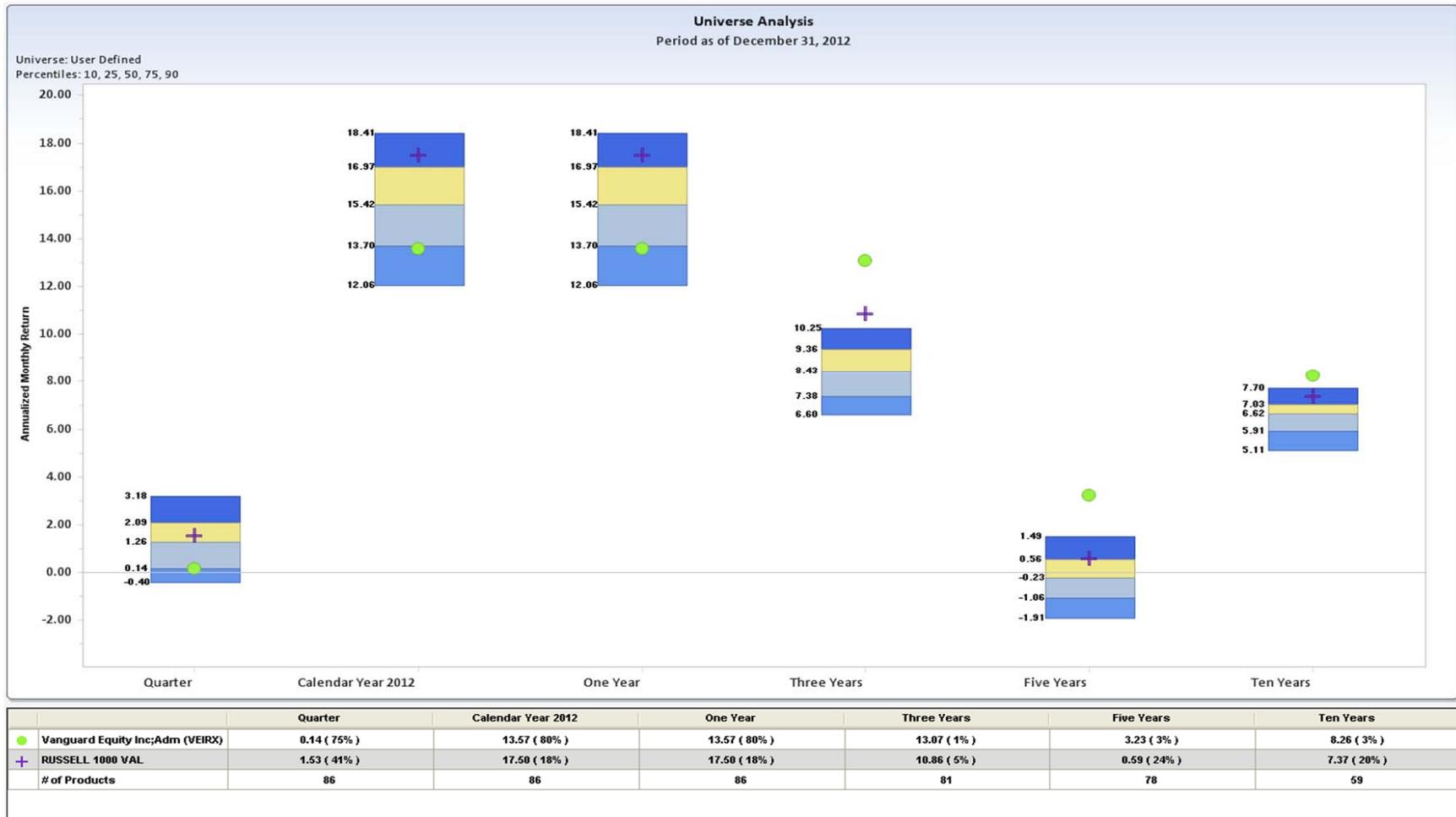
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Exxon Mobil Corporation	4.45%
Chevron Corp	4.08%
Merck & Co Inc	3.45%
Johnson & Johnson	3.24%
Pfizer Inc	3.19%
AT&T Inc	3.16%
General Electric Co	2.88%
JPMorgan Chas & Co	2.60%
Philip Morris International	2.53%
Microsoft Corporation	2.40%

Sector Weights 9-30-12	
Basic Materials	2.9%
Communication Services	4.9%
Consumer Cyclical	7.1%
Consumer Defensive	15.7%
Healthcare	13.2%
Industrial	13.7%
Real Estate	0.0%
Technology	8.9%
Energy	13.4%
Financials	13.0%
Utilities	7.0%

Portfolio Information	
Expense Ratio	0.21%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$0
Avg. Annual Turnover	26%

Year-End Assets (\$ Mil.)	
2012	\$5,725
2011	\$3,292
2010	\$2,272
2009	\$1,522

### Large Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
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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>	★★★★	\$6,475	81	2.2%	15.7%	15.7%	12.8%	1.4%	10.5%
Russell Mid Cap Index				2.9%	17.3%	17.3%	13.2%	3.6%	10.6%
Mid Cap Growth MF Median				1.2%	14.7%	14.7%	11.6%	1.4%	8.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.11	1.06	1.29	0.78	5.45	17.44	-	0.79
5-Year	21.28	1.07	0.02	0.16	6.47	22.92	-	0.25

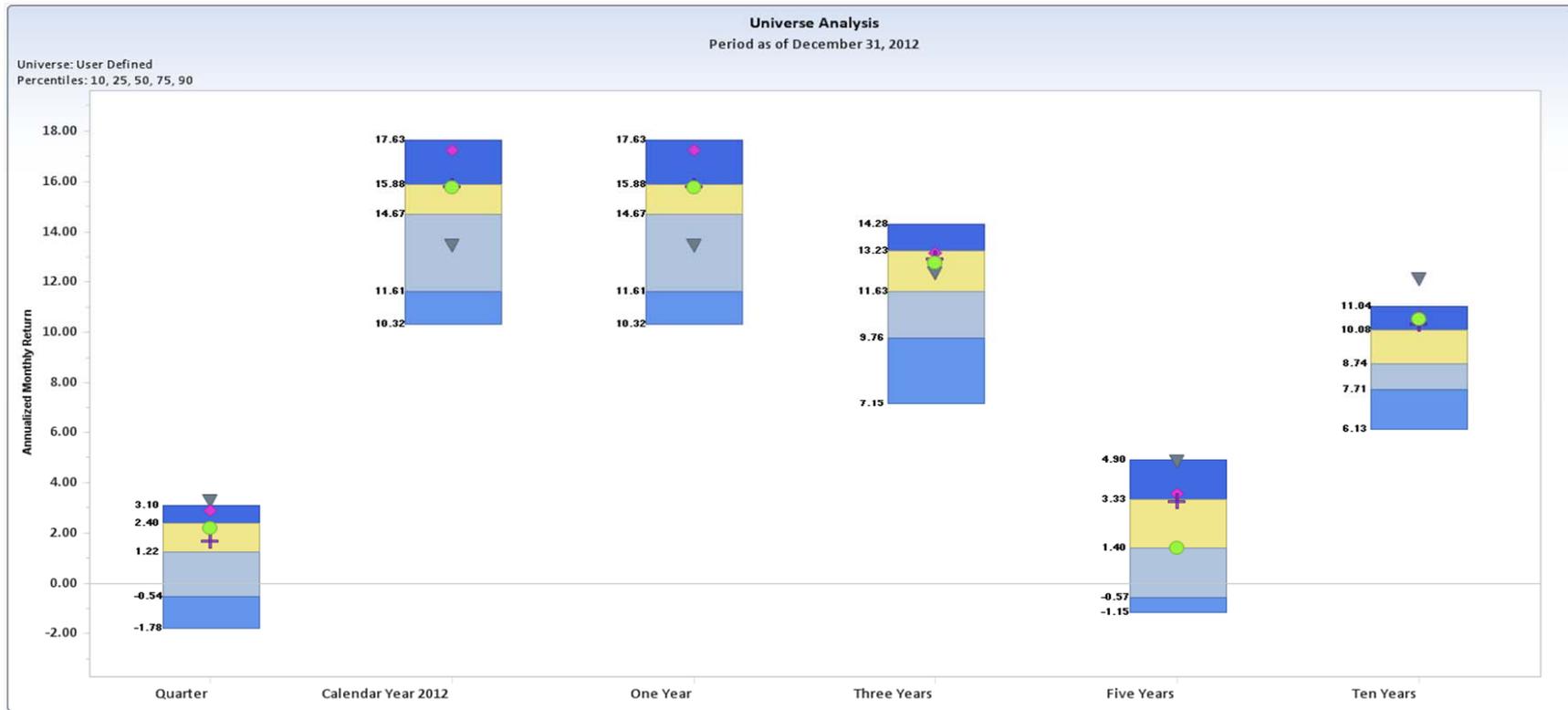
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Affiliated Managers Group Inc.	2.15%
Liberty Media Corp Class A	2.15%
NiSource Inc	1.94%
Invesco Ltd.	1.71%
Macerich Company	1.69%
Cognizant Technology Sol A	1.67%
Airgas Inc	1.66%
Discovery Communications A	1.66%
Skyworks Solutions, Inc	1.63%
LKQ Corporation	1.62%

Sector Weights 9-30-12	
Basic Materials	2.7%
Communication Services	1.6%
Consumer Cyclical	18.7%
Consumer Defensive	8.2%
Healthcare	9.9%
Industrial	16.0%
Real Estate	3.8%
Technology	11.7%
Energy	7.9%
Financials	13.7%
Utilities	5.8%

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

Year-End Assets (\$ Mil.)	
2012	\$1,224
2011	\$1,243
2010	\$1,507
2009	\$1,497

## Mid Cap Growth Universe



	Quarter	Calendar Year 2012	One Year	Three Years	Five Years	Ten Years
● Munder:MC Core Gr;A (MGOAX)	2.18 ( 30% )	15.74 ( 33% )	15.74 ( 33% )	12.77 ( 30% )	1.40 ( 50% )	10.51 ( 19% )
+ RUSSELL MID GRO	1.69 ( 37% )	15.80 ( 29% )	15.80 ( 29% )	12.91 ( 29% )	3.23 ( 27% )	10.32 ( 22% )
◆ RUSSELL MIDCAP	2.88 ( 19% )	17.26 ( 14% )	17.26 ( 14% )	13.15 ( 26% )	3.56 ( 24% )	10.65 ( 14% )
▼ WIL Mid Grw	3.25 ( 10% )	13.44 ( 56% )	13.44 ( 56% )	12.33 ( 37% )	4.83 ( 11% )	12.08 ( 1% )
# of Products	61	61	61	61	57	49

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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	★★★★	\$10,307	146	1.2%	10.3%	10.3%	7.3%	3.2%	10.2%
Russell Mid Cap Value Index				3.9%	18.5%	18.5%	13.4%	3.8%	10.6%
Mid Cap Value MF Median				3.5%	16.4%	16.4%	11.2%	3.3%	9.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.63	0.93	-2.63	0.55	3.53	17.00	-	0.82
5-Year	18.03	0.92	1.56	0.24	4.70	23.20	-	0.26

Top 10 Holdings 9-30-12	
Company	% of Portfolio
Ameriprise Financial Inc	1.58%
Noble Energy Inc	1.40%
Fifth Third Bancorp	1.40%
Western Unino Company	1.35%
Goldcorp, Inc	1.35%
PPL Corp	1.34%
Jacobs Engineering Group	1.33%
Reinsurance Group of America	1.28%
Tyco International Ltd	1.28%
Exelon Corp	1.19%

Sector Weights 9-30-12	
Basic Materials	5.0%
Communication Services	2.0%
Consumer Cyclicals	9.8%
Consumer Defensive	4.0%
Healthcare	11.8%
Industrial	14.1%
Real Estate	8.9%
Technology	9.1%
Energy	10.2%
Financials	21.2%
Utilities	4.1%

Portfolio Information	
Expense Ratio	0.83%
12b-1 Fee Included	-
Morningstar Average	1.37%
Minimum Investment	\$2,500
Avg. Annual Turnover	54%

Year-End Assets (\$ Mil.)	
2012	\$5,921
2011	\$6,735
2010	\$7,715
2009	\$7,778

### Mid Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
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Vanguard Small Cap Growth Index

Ticker: VISGX

**Fund Strategy**

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.

**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. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Small Growth Index	★★★★	\$1,612	928	1.9%	17.5%	17.5%	14.8%	5.2%	11.0%
MSCI US Small Cap Growth Idx				1.9%	17.6%	17.6%	14.8%	5.2%	11.6%
Small Cap Growth MF Median				-0.4%	13.6%	13.6%	12.1%	1.8%	9.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.92	1.31	0.90	0.76	7.57	20.92	-	0.76
5-Year	25.48	1.27	4.02	0.31	9.67	25.46	-	0.31

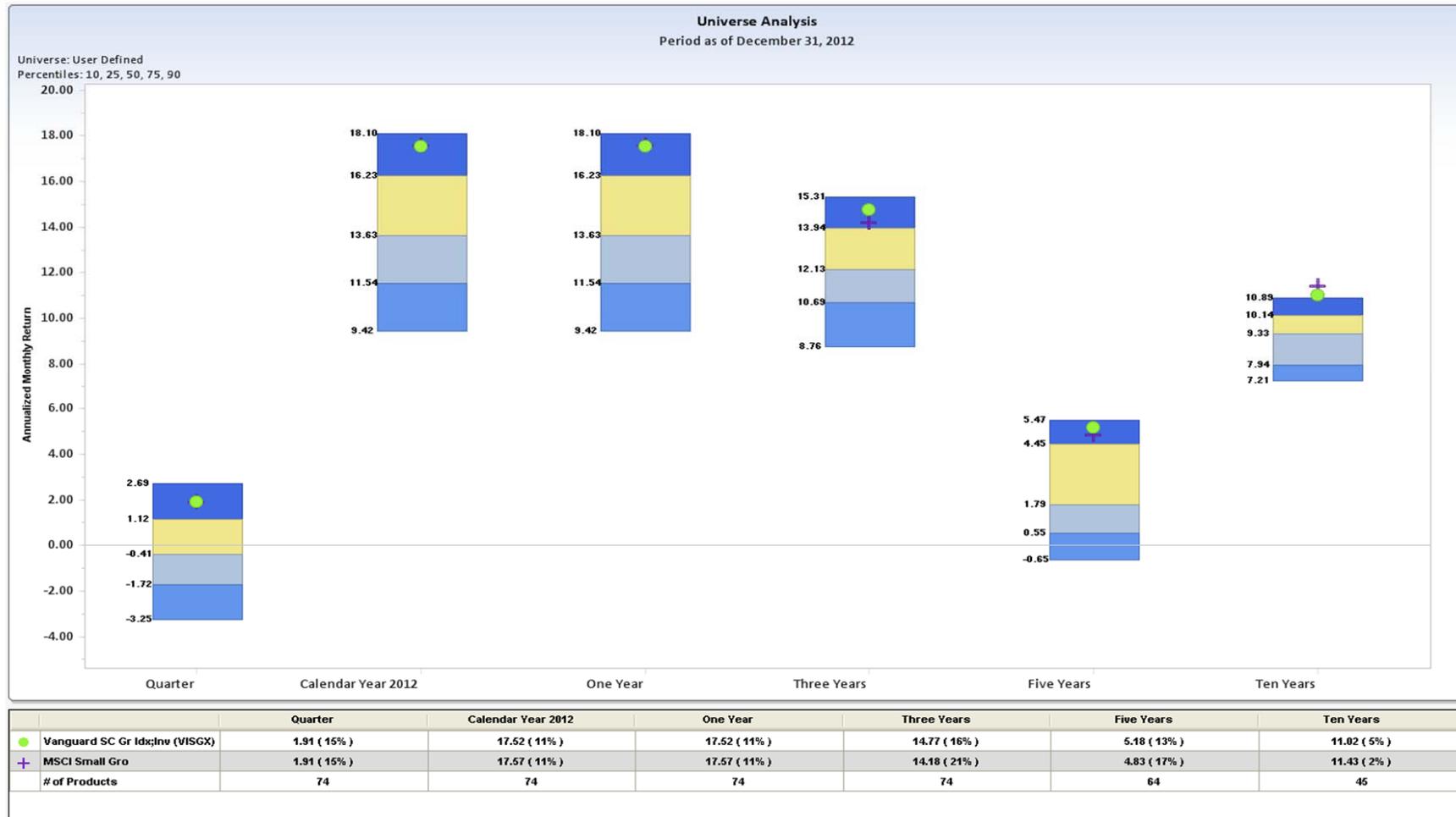
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Royal Gold, Inc	0.72%
Cooper Companies	0.55%
Amerigroup Corporation	0.54%
Ariba, Inc	0.54%
Oil States International Inc	0.50%
Ariad Pharmaceuticals	0.49%
tw telecom	0.48%
Medivation, Inc	0.48%
Fortune Brands Home & Sec	0.47%
Westinghouse Air Brake Tech	0.47%

Sector Weights 9-30-12	
Basic Materials	5.6%
Communication Services	1.8%
Consumer Cyclical	15.1%
Consumer Defensive	4.9%
Healthcare	18.1%
Industrial	21.1%
Real Estate	2.9%
Technology	21.2%
Energy	5.9%
Financials	2.9%
Utilities	0.5%

Portfolio Information	
Expense Ratio	0.24%
12b-1 Fee Included	-
Morningstar Average	1.57%
Minimum Investment	\$3,000
Avg. Annual Turnover	40%

Year-End Assets (\$ Mil.)	
2012	\$2,649
2011	\$2,614
2010	\$4,229
2009	\$3,018

### Small Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
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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
<b>Vanguard Sml Cap Index Signal</b>	★★★	\$1,501	1741	2.8%	18.3%	18.3%	13.7%	5.1%	10.9%
MSCI Small Cap 1750 Index				2.8%	18.2%	18.2%	13.7%	5.0%	11.0%
Small Cap Core MF Median				2.6%	15.8%	15.8%	12.2%	4.1%	9.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.07	1.26	0.37	0.74	6.69	20.05	-	0.74
5-Year	24.98	1.25	3.88	0.31	8.73	24.98	-	0.31

<b>Top 10 Holdings 9-30-12</b>	
Company	% of Portfolio
Royal Gold Inc	0.35%
Cooper Companies	0.27%
Amerigroup Corporation	0.27%
Ariba, Inc	0.27%
Oil States International Inc	0.25%
Ariad Pharmaceuticals	0.24%
Jarden Corporation	0.24%
American Campus Comm	0.24%
tw telecom inc	0.24%
Medivation, Inc	0.24%

<b>Sector Weights 9-30-12</b>	
Basic Materials	6.1%
Communication Services	1.3%
Consumer Cyclical	13.0%
Consumer Defensive	3.9%
Healthcare	11.8%
Industrial	17.9%
Real Estate	9.4%
Technology	15.3%
Energy	4.7%
Financials	12.6%
Utilities	3.8%

<b>Portfolio Information</b>	
Expense Ratio	0.10%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$0
Avg. Annual Turnover	17%

<b>Year-End Assets (\$ Mil.)</b>	
2012	\$4,329
2011	\$3,075
2010	\$2,300
2009	\$1,763

### 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	★★★★	\$1,852	666	3.8%	14.1%	14.1%	12.0%	5.2%	11.9%
Russell 2000 Value Index				3.2%	18.1%	18.1%	11.6%	3.5%	9.5%
Smal Cap Value MF Median				3.9%	16.7%	16.7%	12.1%	4.8%	10.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.68	1.11	0.11	0.72	5.10	20.17	-	0.64
5-Year	21.63	1.09	3.71	0.33	6.01	24.81	-	0.25

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

Company	% of Portfolio
Aaron's, Inc	1.28%
Bristow Group, Inc	1.17%
Amerigroup Corporation	1.06%
Teleflex Inc	0.95%
PVH Corp	0.83%
Valmont Industries, Inc	0.80%
Hexcel Corporation	0.80%
Raymond James Financial	0.79%
Silgan Holdings, Inc	0.79%
Trustmark Corporation	0.77%

**Sector Weights 10-31-12**

Basic Materials	8.1%
Communication Services	0.5%
Consumer Cyclical	11.9%
Consumer Defensive	4.9%
Healthcare	7.7%
Industrial	23.3%
Real Estate	5.8%
Technology	8.7%
Energy	6.4%
Financials	17.9%
Utilities	4.8%

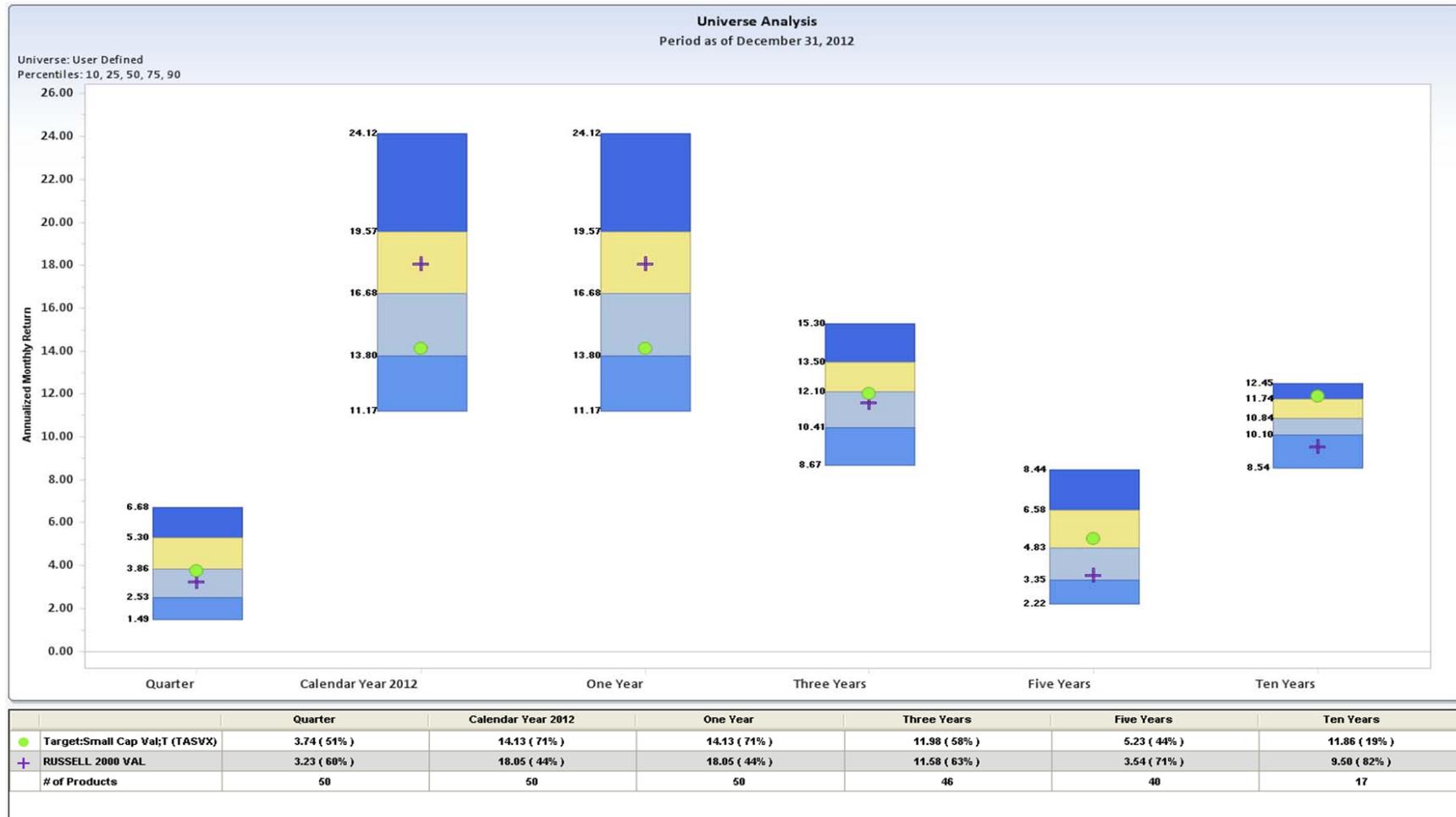
**Portfolio Information**

Expense Ratio	0.68%
12b-1 Fee Included	-
Morningstar Average	1.53%
Minimum Investment	\$0
Avg. Annual Turnover	37%

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

2012	\$1,197
2011	\$905
2010	\$886
2009	\$596

### Small Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
December 31, 2012



**American Funds New Perspective Fund A**

**Ticker: ANWPX**

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>American Funds New Perspective A</b>	★★★★	\$43,325	290	4.1%	20.8%	20.8%	8.0%	1.5%	10.0%
MSCI AC World Index				2.9%	16.1%	16.1%	6.6%	-1.2%	8.1%
World Stock MF Median				3.6%	17.1%	17.1%	6.9%	-0.6%	9.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.55	0.82	4.60	0.54	5.58	17.37	-	0.45
5-Year	19.90	0.82	4.16	0.15	6.31	21.59	-	0.04

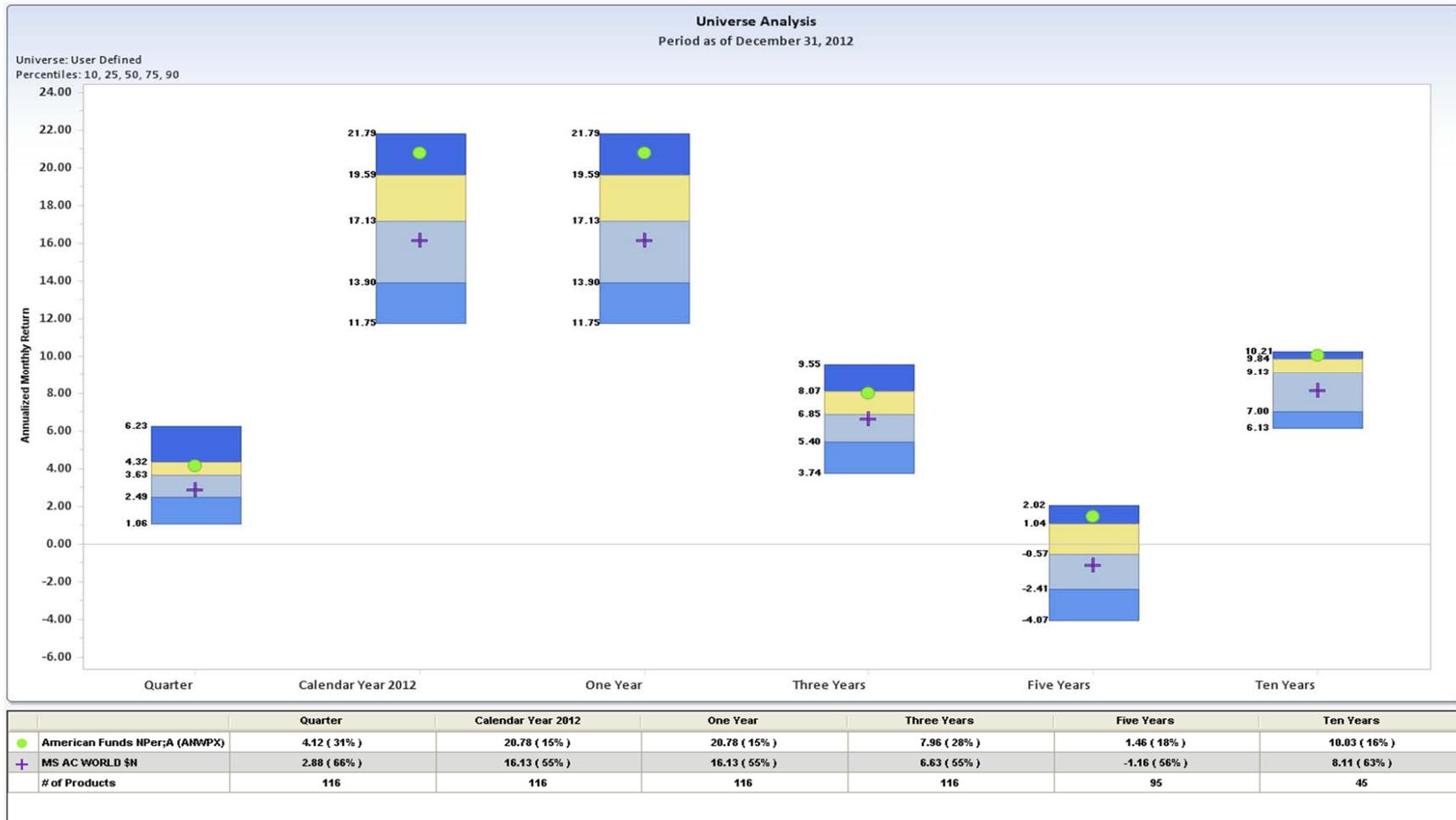
Top 10 Holdings 9-30-12	
Company	% of Portfolio
Novo-Nordisk A/S	4.99%
Amazon.com Inc	2.25%
Google, Inc Class A	1.78%
Home Depot, Inc	1.65%
Newmont Mining Corporation	1.41%
British American Tobacco PLC	1.39%
Naspers Ltd	1.36%
Nestle SA	1.27%
America Movil	1.21%
ACE Ltd	1.16%

Country Weights 9-30-12	
	%
<b>Europe</b>	<b>39.0%</b>
France	4.7%
Germany	4.6%
United Kingdom	8.0%
<b>Asia</b>	<b>12.4%</b>
Australia	2.1%
Hong Kong	0.9%
Japan	4.3%
<b>Latin America</b>	<b>2.8%</b>
Brazil	0.7%
Chile	0.0%
<b>North America</b>	<b>45.9%</b>
Canada	3.1%
United States	42.7%

Portfolio Information	
Expense Ratio	0.80%
12b-1 Fee Included	0.23%
Morningstar Average	1.55%
Minimum Investment	\$250
Avg. Annual Turnover	16%

Year-End Assets (\$ Mil.)	
2012	\$29,964
2011	\$27,707
2010	\$33,224
2009	\$33,010
2008	\$26,702
2007	\$48,726

## World Equity Universe



**Oakmark International I Ticker: OAKIX**

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Oakmark International I</b>	★★★★★	\$19,030	56	13.8%	29.2%	29.2%	8.9%	3.5%	11.2%
MSCI EAFE Value Index				7.4%	17.7%	17.7%	2.2%	-4.3%	8.6%
MSCI EAFE Index				6.6%	17.3%	17.3%	3.6%	-3.7%	8.2%
Non-US Equity MF Median				6.5%	18.2%	18.2%	4.2%	-3.4%	8.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.16	0.99	5.18	0.52	5.39	20.56	-	0.20
5-Year	24.92	1.01	7.52	0.25	7.79	24.89	-	-0.07

Top 10 Holdings 9-30-12	
Company	% of Portfolio
Daimler AG	3.64%
Credit Suisse Group	3.62%
Daiwa Securities Co Ltd	3.50%
Canon, Inc	3.36%
Lloyds Banking Group PLC	3.36%
Toyota Motor Corp	3.25%
BNP Paribas	3.03%
Allianz SE	3.03%
Intesa Sanpaolo SpA	2.88%
Schroders PLC	2.79%

Country Weights 9-30-12	
	%
<b>Europe</b>	<b>65.3%</b>
France	9.3%
Germany	8.9%
United Kingdom	10.0%
<b>Asia</b>	<b>28.8%</b>
Australia	4.1%
Hong Kong	0.0%
Japan	24.8%
<b>Latin America</b>	<b>0.3%</b>
Brazil	0.0%
Chile	0.0%
<b>North America</b>	<b>5.6%</b>
Canada	2.1%
United States	3.5%

Portfolio Information	
Expense Ratio	1.06%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$1,000
Avg. Annual Turnover	38%

Year-End Assets (\$ Mil.)	
2012	\$11,233
2011	\$6,942
2010	\$6,688
2009	\$4,393
2008	\$2,592

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
Vanguard Total Int'l Stock	★★★★	\$17,789	6252	6.7%	18.1%	18.1%	3.9%	-3.0%	9.4%
MSCI ACWI ex-US Index				5.8%	16.8%	16.8%	3.9%	-2.9%	9.7%
Non-US Equity MF Median				6.5%	18.2%	18.2%	4.2%	-3.4%	8.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.17	1.01	0.36	0.28	3.36	19.53	-	0.29
5-Year	24.88	1.05	1.08	-0.01	4.01	24.27	-	-0.01

**Top 10 Holdings 9-30-12**

Company	% of Portfolio
Nestle SA	1.21%
HSBC Holdings PLC	0.98%
Novartis AG	0.82%
Vodafone Group PLC	0.82%
BP PLC	0.78%
Roche Holding AG	0.77%
Royal Dutch Schell PLC A	0.75%
GlaxoSmithKline PLC	0.67%
Samsung Electronics Co	0.67%
BHP Billiton Ltd	0.64%

**Country Weights 9-30-12**

	%
<b>Europe</b>	<b>47.2%</b>
France	5.5%
Germany	5.6%
United Kingdom	15.0%
<b>Asia</b>	<b>39.5%</b>
Australia	6.8%
Hong Kong	2.1%
Japan	14.3%
<b>Latin America</b>	<b>4.4%</b>
Brazil	2.7%
Chile	0.4%
<b>North America</b>	<b>8.9%</b>
Canada	8.7%
United States	0.1%

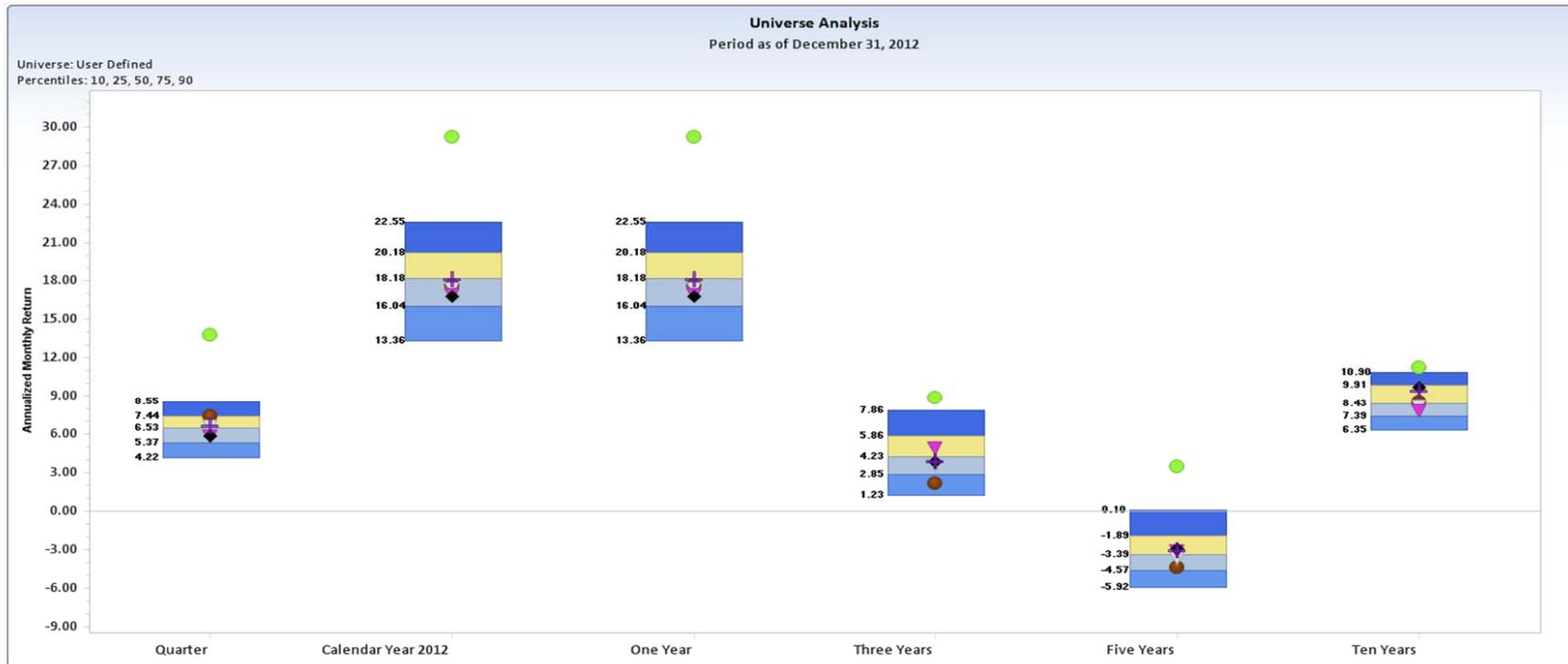
**Portfolio Information**

Expense Ratio	0.22%
12b-1 Fee Included	-
Morningstar Avg	1.59%
Min. Investment	\$3,000
Avg. Annual Turnover	3%

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

2012	\$37,659
2011	\$29,949
2010	\$45,191
2009	\$26,044
2008	\$17,746

### International (Non-US) Equity Universe



	Quarter	Calendar Year 2012	One Year	Three Years	Five Years	Ten Years
● Oakmark Internat'l (OAKIX)	13.82 ( 1% )	29.22 ( 2% )	29.22 ( 2% )	8.87 ( 5% )	3.52 ( 1% )	11.23 ( 6% )
+ Vanguard Tot I Stk;Inv (VGTSX)	6.66 ( 45% )	18.12 ( 52% )	18.12 ( 52% )	3.89 ( 56% )	-3.04 ( 44% )	9.40 ( 32% )
◆ MS ACW xUS \$N	5.85 ( 65% )	16.83 ( 69% )	16.83 ( 69% )	3.87 ( 56% )	-2.89 ( 43% )	9.74 ( 28% )
▼ EAFE GROWTH \$N	5.77 ( 67% )	16.86 ( 69% )	16.86 ( 69% )	4.86 ( 38% )	-3.09 ( 45% )	7.77 ( 69% )
▽ MSCI EAFE \$N	6.57 ( 48% )	17.31 ( 64% )	17.31 ( 64% )	3.56 ( 63% )	-3.69 ( 56% )	8.21 ( 54% )
● EAFE VALUE \$NET	7.39 ( 26% )	17.69 ( 59% )	17.69 ( 59% )	2.19 ( 83% )	-4.34 ( 72% )	8.56 ( 44% )
# of Products	336	336	336	335	287	177

**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
<b>Oppenheimer Dev Mkt Y</b>	★★★★★	\$17,340	116	4.6%	21.3%	21.3%	8.3%	3.8%	20.3%
MSCI Emerg Mkts Index				5.6%	18.2%	18.2%	4.7%	-0.9%	16.5%
Emg Mkt Equity MF Median				6.2%	19.0%	19.0%	5.2%	-1.7%	15.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	20.43	0.93	4.95	0.49	9.07	21.80	-	0.31
5-Year	27.07	1.07	8.47	0.26	10.10	29.04	-	0.10

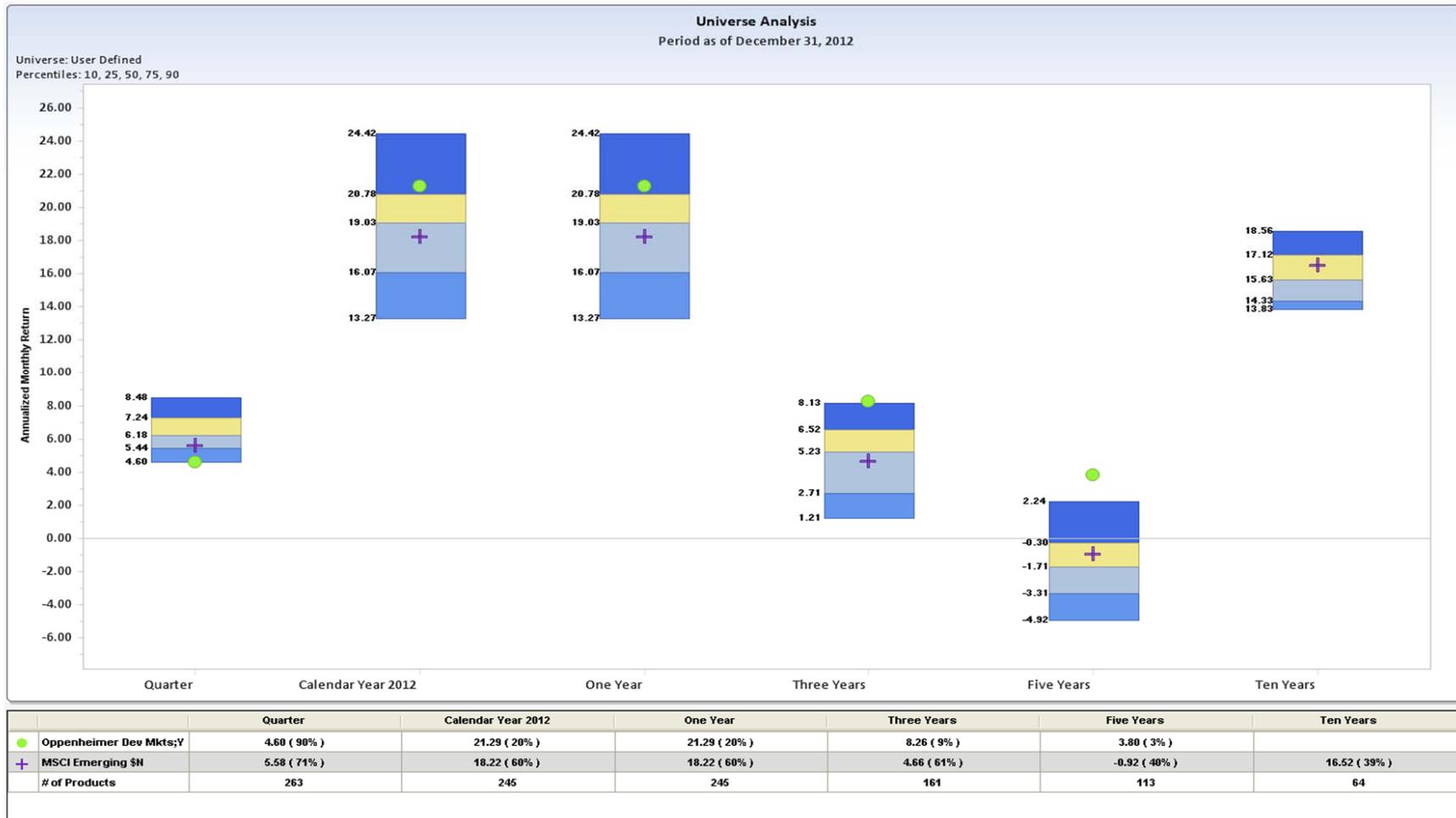
Top 10 Holdings 11-30-12	
Company	% of Portfolio
Oppenheimer Instl MM	4.95%
Baidu, Inc. ADR	3.46%
America Movil, SAB de CV	3.42%
Infosys Ltd	2.82%
Magnit JSC	2.18%
Carlsberg AS	2.14%
NHN Corporation	2.10%
Housing Dev Finance Corp	2.06%
Tullow Oil PLC	1.86%
OAQ Novatek GDR	1.79%

Country Weights 11-30-12	
	%
<b>Europe</b>	<b>30.6%</b>
France	0.2%
Germany	0.0%
United Kingdom	8.3%
<b>Asia</b>	<b>45.1%</b>
Australia	0.0%
Hong Kong	4.1%
Japan	0.0%
<b>Latin America</b>	<b>24.3%</b>
Brazil	11.1%
Chile	0.2%
<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 Avg	1.73%
Min. Investment	\$0
Avg. Annual Turnover	20%

Year-End Assets (\$ Mil.)	
2012	\$13,725
2011	\$8,206
2010	\$7,296
2009	\$2,519
2008	\$923

### Emerging Markets Equity Universe



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

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

<b>Relative Rank</b>	"Rank" reflects funds' performance within the full universe of comparable products, which includes similar investment styles and objectives. The rank reflects which percentile the manager's absolute rate of return falls within relative to its peer universe, with 1 = highest and 100 = lowest.
<b>R-Squared (Coefficient of Determination)</b>	A statistical measure of the degree to which the movements of two variables are related. An R-Squared closer to 1.0 indicates that the two variables tend to behave similarly or that by knowing one variable you can closely estimate the other variable.
<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.