



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

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Market Commentary

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First Quarter 2012

Economic Highlights

- GDP:** Economic growth accelerated into the end of 2011, as U.S. real GDP increased at an annual rate of 3.0% in the fourth quarter after growing 0.4%, 1.3% and 1.8%, respectively, during the 1st, 2nd and 3rd quarters of 2011. For the year, real GDP grew 1.7%, down from a rate of 3.0% in 2010.
Source: Dept. of Commerce (BEA)
- Interest Rates:** After trading in a very narrow range through the first two and half months of the year, yields on 10-year Treasuries jumped in mid-March, from 2.04% on 3/12 to 2.39% a week later (3/19) before backing off to 2.23% by quarter's end. These recent highs represent the highest level of closing yields since last August (as shown in graph on this page).
Source: US Treasury
- Inflation:** After moderating from October through January, consumer prices rose 0.4% in February. CPI has risen 0.6% over the three months through February and rose 3.0% in 2011. Ten-year breakeven inflation increased to 2.32% by the end of the quarter after starting the year at 1.96%.
Source: Dept. of Labor (BLS)
- Employment:** Jobs growth ticked up a bit in the three months through February with 734,000 jobs added. In the past year, a total of 2 million jobs have been added, for an average of 168,000 per month. The 4-week average of initial claims dropped to 365,000 in the latest week (March 24), its lowest level since the week of May 10, 2008.
Source: Dept. of Labor (BLS, ETA)
- Housing:** National home prices continued to fall into 2012 with the S&P Case-Schiller 10- and 20-city Home Price Indexes down -1.5% and -1.2%, respectively, in the three months from November through January. The indexes are both off -3.8% year-over-year and -34.2% and -33.9% from their respective highs in April 2006.
Source: S&P

The U.S. Equity Market

The U.S. stock market got off to its fastest quarterly start to a year since 1998 and posted its best quarterly return since the third quarter of 2009, as the Wilshire 5000 Total Market IndexSM soared 12.76% through the first three months of 2012. Stocks delivered solid gains across all three months, with gains of 4.93%, 4.23% and 3.10% in January, February and March, respectively. This marked the Wilshire 5000's second straight quarterly return of 12%-plus, building of a 12.02% move in the fourth quarter for a total return of 26.32% during the past six months. From a total return perspective, the Wilshire 5000 has now erased all of its losses since October 2007 to set new highs.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 SM	3.10	12.76	12.76	7.24
Standard & Poor's 500	3.29	12.59	12.59	8.53
Wilshire 4500 SM	2.35	14.21	14.21	1.56
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap SM	3.16	12.66	12.66	8.07
Wilshire US Large-Cap Growth SM	3.31	15.59	15.59	8.41
Wilshire US Large-Cap Value SM	3.01	9.90	9.90	7.71
Wilshire US Small-Cap SM	2.44	13.31	13.31	0.90
Wilshire US Small-Cap Growth SM	1.82	12.79	12.79	0.79
Wilshire US Small-Cap Value SM	2.95	13.74	13.74	0.79
Wilshire US Micro-Cap SM	5.14	18.75	18.75	-2.41

Across size segments, large and small capitalization stocks posted similar results with the Wilshire US Large Cap IndexSM and Wilshire U.S. Small-Cap IndexSM returning 12.66% and 13.31%, respectively, in the quarter. During the past twelve months, large stocks have outpaced smaller shares 8.07% versus 0.90%. Drilling down into the large capitalization segment, growth stocks outpaced value stocks during the quarter, as the Wilshire US Large-Cap Growth IndexSM climbed 15.59% compared to 9.90% for the Wilshire US Large-Cap Value IndexSM. The volatile microcap segment surged 18.75% through the first quarter though lagged all other segments in the past year with a -2.41% total return.

With the exception of the Utilities group, which was off -1.6%, all other broad market sectors posted gains during the first quarter of 2012. Information Technology and Financials were the best performing sectors with quarterly returns of 20.9% and 19.8%, respectively.

10-Year U.S. Treasury Yield



Source: U.S. Treasury

The late-quarter rise in the bellwether 10-year U.S. Treasury yield reflected an increased willingness among investors to rotate out of low-risk, low-yielding assets into more volatile, higher-yielding holdings. As concerns of economic turmoil in continental Europe faded, the improving fundamentals of U.S. companies helped buoy investor confidence. Additionally, with Treasury yields still hovering around historic lows, investors are seeking out higher risk-adjusted performance in higher-volatility asset space.

The Non-U.S. Equity Market

While the theme of global markets improved from late 2011, conditions in Europe are far from what investors would consider "normal." Still, investor sentiment improved and much of the credit goes to the European Central Bank's (ECB) \$1.2 trillion long-term refinancing program (LTRO). The program provided liquidity to European banks with some of the money going to peripheral countries with stark stressed bond markets, leading to substantial credit tightening. On the other side of the world, Japan's first annual trade deficit in more than 30 years pressured the Bank of Japan (BOJ) to pledge 10 trillion yen (\$128 billion) of asset purchases and set an inflation target of 1%. BOJ's announcement led to a massive rally in Japanese equities, which had their best quarterly performance in 24 years. Attention also shifted to a slowdown in China's economy after the government lowered their GDP target from 8% to 7.5% annually. Rising labor costs and a stalling real estate market have begun to temper the growth outlook of the world's second largest economy.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	-1.37	11.23	11.23	-7.17	-0.17	9.83	9.83	-4.73
MSCI EAFE	-0.46	10.86	10.86	-5.77	0.45	10.22	10.22	-4.12
MSCI Europe	-0.59	10.66	10.66	-7.54	-0.27	7.60	7.60	-4.49
MSCI Pacific	-0.28	11.27	11.27	-2.03	1.84	15.43	15.43	-2.75
MSCI Japan	1.34	11.26	11.26	0.26	3.03	19.01	19.01	-0.45
MSCI EM (Emerging Markets)	-3.33	14.08	14.08	-8.80	-1.41	10.70	10.70	-4.02

The Fixed Income Market

The massive liquidity injections provided by the BOJ, ECB and the Federal Reserve has led to a rally in global equities and a move out of the safety of the global bond market. Credit stressed countries such as Spain and Italy saw their yields steepen from the last quarter. U.S. Treasury issuance lost some of its charm as investors started to shift towards a "risk-on" paradigm. As noted on page 1, the 10-year Treasury yield closed up 34 basis points from 1.89% to 2.33%. Last year's best performing sector, long-term Treasuries, was the worst performing sector in the first quarter, closing down 5.80%. Lower-quality U.S. credits and emerging markets bonds outperformed developed markets and higher-quality bonds for the quarter.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-0.55	0.30	0.30	7.71
Barclays Long Govt./Credit	-2.97	-2.12	-2.12	19.91
Barclays Long Term Treasury	-3.76	-5.80	-5.80	23.65
Barclays U.S. TIPS	-1.07	0.86	0.86	12.20
Barclays U.S. Credit	-0.79	2.04	2.04	9.58
Barclays U.S. Corporate High Yield	-0.14	5.34	5.34	6.45
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-0.72	0.87	0.87	5.26
Barclays Global Aggregate (Hedged)	-0.14	1.21	1.21	6.89
Barclays EM Local Currency Government Universal	-1.74	4.99	4.99	2.85
Barclays EM Local Currency Govt Univ (Hedged)	-0.33	0.74	0.74	4.54

The Real Estate & Commodity Markets

U.S. real estate-related securities added to their rally from last year, having continued strong performance in the first quarter. Similarly, non-U.S. real estate markets roared back from their soft performance last quarter, outperforming the overall equity markets. Commodities started the year strongly but have pulled back recently in the face of slackening demand both in the U.S. and abroad and a recent U.S. Energy Information Administration (EIA) report highlighting significant growth in domestic oil production. Crude oil closed the quarter up 4.3% at \$103.08 per barrel, and gold closed the quarter at \$1,669.30 per troy ounce, up 6.6%.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI SM	5.18	10.93	10.93	12.94
Wilshire Global ex US RESI SM	0.52	16.02	16.02	0.81
Wilshire Global RESI SM	2.96	13.28	13.28	6.89
Dow Jones UBS Commodity Index	-4.14	0.89	0.89	-16.28
S&P GSCI Commodity	-2.35	5.88	5.88	-6.21
Alerian MLP Index	-3.99	2.22	2.22	9.82

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

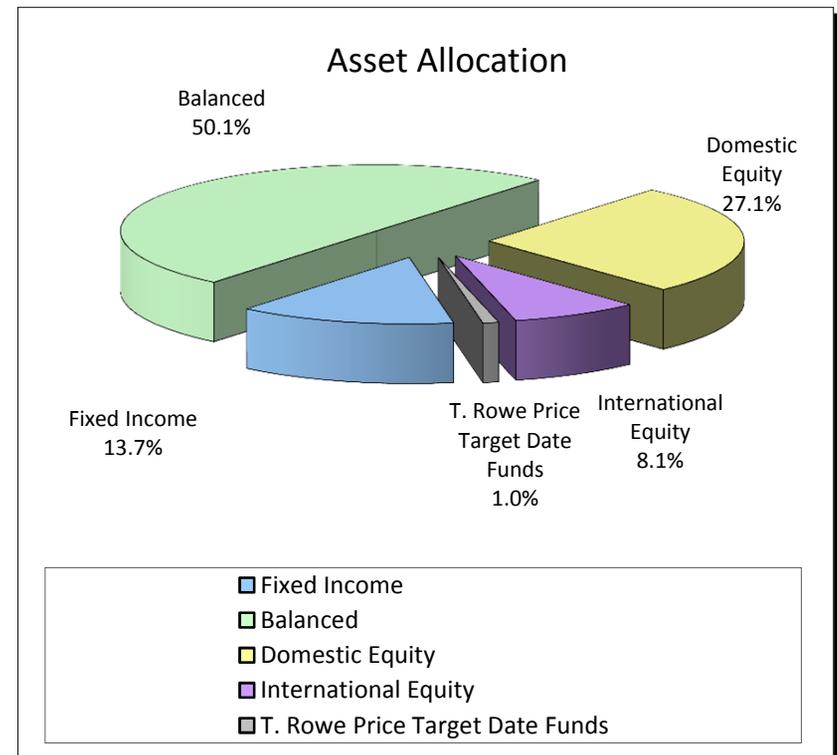
Asset Class	Name	Ticker	Current Status	Date Placed on Probation
Fixed Income	State of Montana Stable Value - PIMCO	n/a	Retention	
Fixed Income	Vanguard Total Bond Market Signal	VBTSX	Retention	
Balanced	Vanguard Balanced Index Institutional	VBAIX	Retention	
Large Growth	American Funds Growth Fund of America A	AGTHX	Probation	2011 Q3
Large Core	J.P. Morgan US Equity	JUSRX	Retention	
Large Core	BlackRock Equity Index	MDSRX	Retention	
Large Value	Vanguard Equity Income Admiral	VEIRX	Retention	
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Probation	2009 Q3
Mid Value	Janus/Perkins Mid Cap Value T	JMVCX	Retention	
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention	
Small Broad	Vanguard Small Cap Index Signal	VSISX	Retention	
Small Value	Target Small Capitalization Value Fund	TASVX	Retention	
Global	American Funds New Perspective Fund A	ANWPX	Retention	
International	Oakmark International I	OAKIX	Retention	
International	Vanguard Total International Stock Index	VGTSX	Retention	
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
February 29, 2012



Asset Allocation as of February 29, 2012

Asset Class	Market Value	%
Fixed Income	11,125,044	13.7%
Montana Stable Value	8,820,172	10.9%
Vanguard Total Bond Market Index	2,304,872	2.8%
Balanced	40,664,813	50.1%
Vanguard Balanced Index	40,664,813	50.1%
Domestic Equity	21,980,421	27.1%
<i>Large Cap</i>	<u>9,978,555</u>	<u>12.3%</u>
American Funds Growth Fund of America	4,761,236	5.9%
JP Morgan US Equity	1,308,691	1.6%
BlackRock Equity Index	676,828	0.8%
Vanguard Equity Income	3,231,799	4.0%
<i>Mid Cap</i>	<u>5,893,436</u>	<u>7.3%</u>
Munder Mid Cap Core Growth	2,123,139	2.6%
Janus/Perkins Mid Cap Value	3,770,298	4.6%
<i>Small Cap</i>	<u>6,108,429</u>	<u>7.5%</u>
Vanguard Small Cap Growth Index	2,094,660	2.6%
Vanguard Small Cap Index	1,967,916	2.4%
Target Small Capitalization Value	2,045,853	2.5%
International Equity	6,613,187	8.1%
American Funds New Perspective	3,363,543	4.1%
Vanguard Total International Stock Index	682,255	0.8%
Oarkmark International	2,567,390	3.2%
T. Rowe Price Target Date Funds	815,091	1.0%
STATE OF MONTANA 401(a) TOTAL	\$ 81,198,556	



Vanguard Total Bond Index	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
Vanguard Total Bond Index	1.94	8.29	7.44	6.35
Barclays Aggregate	1.97	8.37	7.53	6.37
Intermediate Fixed MF Median	3.00	7.55	9.93	6.20

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	2.6	2.9	2.8
5 yr	★★★★	1.4	1.1	1.4
10 yr	★★★★	--	--	--

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

Vanguard Balanced Index	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Vanguard Balanced Index	7.03	6.64	19.31	4.37
60% MSCI US Broad Mkt / 40% Barclays Agg	7.03	6.49	19.17	4.28
Balanced MF Median	6.88	3.67	18.15	3.00

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.9	1.6	1.9
5 yr	★★★★	0.3	0.1	0.2
10 yr	★★★★	--	--	--

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

American Funds Growth Fund	Trailing Total Returns (annualized)			
Style: Large Growth	Quarter	1 Year	3 Year	5 Year
American Funds Growth Fund	10.58	1.26	22.05	1.67
S&P 500 Index	10.11	5.12	25.55	1.58
Wilshire Large Growth Index	10.75	(0.66)	16.08	1.64
Large Cap Growth MF Median	10.73	4.43	24.43	3.22

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★	1.3	1.3	1.5
5 yr	★★	0.0	0.1	0.0
10 yr	★★★★	--	--	--

Fund Narrative
This large growth fund had a strong quarter to lead the S&P 500 Index benchmark and also leads for the 5-year. The manager's Sharpe Ratio matches the category mean for the 3-year but not the 5-year, and the 2-star Morningstar ratings do not meet the minimum requirement. **Current Status: Probation; a replacement search is on hold.**

JP Morgan US Equity	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
JP Morgan US Equity	10.74	4.38	25.77	3.94
S&P 500 Index	10.11	5.12	25.55	1.58
Large Cap Core MF Median	10.28	3.76	23.70	1.31

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.4	1.4	1.5
5 yr	★★★★★	0.1	0.0	0.0
10 yr	★★★★	--	--	--

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

BlackRock Equity Index (S&P 500)	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
BlackRock Equity Index (S&P 500)	9.97	4.54	24.90	1.05
S&P 500 Index	10.11	5.12	25.55	1.58
Large Cap Core MF Median	10.28	3.76	23.70	1.31

		Sharpe Ratio			
		Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.5	1.4	1.5	
5 yr	★★★★	0.0	0.0	0.0	
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 at or above the category mean and the consistent 4-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

Vanguard Equity-Income	Trailing Total Returns (annualized)			
Style: Large Value	Quarter	1 Year	3 Year	5 Year
Vanguard Equity-Income	8.68	10.50	26.78	2.69
FTSE High Dividend Yield Index	8.22	10.59	27.62	1.71
Russell 1000 Value Index	10.10	2.17	25.01	(1.08)
Large Cap Value MF Median	10.34	0.78	22.92	(0.64)

		Sharpe Ratio			
		Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.8	1.3	1.8	
5 yr	★★★★★	0.1	-0.1	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 still outperforms both benchmarks for the 5-year. With 4- and 5-star Morningstar ratings and Sharpe Ratios higher than the category mean, this fund meets the requirements of the State. **Current Status: Retention, no change recommended.**

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	9.51	3.69	28.47	3.92
Russell Mid Cap Index	10.33	2.57	31.98	2.73
Wilshire Mid Growth Index	12.78	(2.08)	24.13	4.42
Mid Cap Growth MF Median	10.03	2.64	29.63	3.66

		Sharpe Ratio			
		Rating	Manager	Cat. Mean	Index
3 yr	★★★	1.6	1.4	1.6	
5 yr	★★★	0.1	0.1	0.1	
10 yr	★★★★	--	--	--	

Fund Narrative
The fund trailed the benchmark for the quarter and the 3-year but outperformed for the 1- and 5-year. The Sharpe Ratios are at or above category mean and the improved 3-star Morningstar ratings meet the minimum requirements. **Current Status: Probation, removal from probation list is recommended.**

Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)			
Style: Mid Value	Quarter	1 Year	3 Year	5 Year
Janus Mid Cap Value	8.34	0.97	22.75	3.73
Russell Mid Cap Value Index	10.30	1.44	31.86	1.03
Mid Cap Value MF Median	10.04	0.90	28.19	1.28

		Sharpe Ratio			
		Rating	Manager	Cat. Mean	Index
3 yr	★★★★	1.4	1.4	1.6	
5 yr	★★★★★	0.1	0.0	0.0	
10 yr	★★★★★	--	--	--	

Fund Narrative
This fund underperformed the Russell Mid Cap Value Index for the quarter but still leads for the 5-year period. The manager's 3-year Sharpe Ratio matches the category mean while the 5-year is above, and the fund's 4- and 5-star Morningstar Ratings exceed the requirements of the State. **Current Status: Retention, no change recommended.**

Vanguard Small Cap Growth Idx		Trailing Total Returns (annualized)				Sharpe Ratio				Fund Narrative
Style: Small Growth		Quarter	1 Year	3 Year	5 Year	Rating	Manager	Cat. Mean	Index	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, 3- and 4-star Morningstar ratings, and greater than category mean Sharpe Ratios meet the State's requirements. Current Status: Retention, no change recommended.
Vanguard Small Cap Growth Idx		10.66	2.19	34.64	5.32	3 yr ★★★	1.5	1.3	1.5	
MSCI US Small Cap Growth Index		10.47	2.19	29.71	2.91	5 yr ★★★★	0.2	0.1	0.1	
Small Cap Growth MF Median		10.97	2.09	30.26	3.50	10 yr ★★★★	--	--	--	

Vanguard Small Cap Index		Trailing Total Returns (annualized)				Sharpe Ratio				Fund Narrative
Style: Small Cap Core		Quarter	1 Year	3 Year	5 Year	Rating	Manager	Cat. Mean	Index	This fund's return tracked the benchmark within an acceptable range for all time periods, as expected of an index fund. With consistent 4-star Morningstar ratings and at or above-category mean Sharpe Ratios, this fund meets all of the State's minimum requirements. Current Status: Retention, no change recommended.
Vanguard Small Cap Index		10.69	1.12	33.31	3.48	3 yr ★★★★	1.4	1.4	1.4	
MSCI US Small Cap 1750 Index		10.65	1.01	33.23	3.36	5 yr ★★★★	0.1	0.0	0.1	
Small Cap Core MF Median		10.30	1.04	30.23	2.67	10 yr ★★★	--	--	--	

Target Small Capitalization Value		Trailing Total Returns (annualized)				Sharpe Ratio				Fund Narrative
Style: Small Value		Quarter	1 Year	3 Year	5 Year	Rating	Manager	Cat. Mean	Index	This small value fund underperformed the benchmark for the quarter, but still leads for the 3- and 5-year time periods. Furthermore, the fund's Sharpe Ratios are higher than the category mean and the 4-star Morningstar ratings exceed the State's minimum requirements. Current Status: Retention, no change recommended.
Target Small Capitalization Value		9.44	1.79	28.76	4.07	3 yr ★★★★	1.5	1.4	1.2	
Russell 2000 Value Index		9.94	(2.71)	27.65	(0.36)	5 yr ★★★★	0.1	0.1	-0.1	
Small Cap Value MF Median		10.86	(0.30)	32.01	2.40	10 yr ★★★★★	--	--	--	

American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	9.51	(0.94)	22.85	2.93
MSCI AC World Index	10.91	(1.49)	23.71	0.07
World Equity MF Median	9.58	(1.72)	22.73	0.28

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	1.2	1.2	1.2
5 yr	★★★★	0.1	0.0	-0.1
10 yr	★★★★	--	--	--

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

Oakmark International	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oakmark International	14.37	(6.20)	30.46	1.15
MSCI EAFE Value Index	10.27	(9.84)	19.62	(4.63)
Non-US Equity MF Median	9.19	(7.33)	20.38	(2.26)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	1.3	1.2	0.9
5 yr	★★★★★	0.0	0.0	-0.2
10 yr	★★★★★	--	--	--

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

Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Vanguard Total Int'l Stock Index	9.81	(6.83)	22.51	(1.32)
MSCI ACWI ex-US Index	11.52	(6.10)	22.79	(0.75)
Non-US Equity MF Median	9.19	(7.33)	20.38	(2.26)

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	1.0	1.0	1.0
5 yr	★★★	-0.1	-0.1	-0.1
10 yr	★★★★	--	--	--

Fund Narrative
This Vanguard fund aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund will be benchmarked to the MSCI ACWI ex-US Index. The fund lagged the benchmark for the quarter and slightly lags the benchmark over other time periods, but its Sharpe Ratios mirror the category mean, and has consistent 3-star Morningstar ratings. **Current Status: Retention, no change recommended.**



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
T. Rowe Price Retirement 2010	TRRAX	★★★★	7.08	6.92	3.98	19.80	3.76	\$ 31,880.13
Dow Jones Target US Date 2010 Index			4.32	3.32	7.73	13.38	5.19	
T. Rowe Price Retirement 2015	TRRGX	★★★★	7.96	7.94	3.59	21.73	3.53	\$ 57,996.43
Dow Jones Target US Date 2015 Index			5.07	4.16	7.49	15.64	4.73	
T. Rowe Price Retirement 2020	TRRBX	★★★★	8.67	8.85	3.20	23.35	3.14	\$ 50,007.72
Dow Jones Target US Date 2020 Index			5.99	5.19	6.97	18.36	4.30	
T. Rowe Price Retirement 2025	TRRHX	★★★★	9.32	9.67	2.71	24.61	2.80	\$ 72,256.17
Dow Jones Target US Date 2025 Index			6.98	6.30	6.20	21.51	3.99	
T. Rowe Price Retirement 2030	TRRCX	★★★★	9.83	10.34	2.38	25.65	2.57	\$ 124,271.29
Dow Jones Target US Date 2030 Index			7.94	7.36	5.44	24.01	3.51	
T. Rowe Price Retirement 2035	TRRJX	★★★★	10.17	10.80	1.94	26.27	2.39	\$ 172,882.56
Dow Jones Target US Date 2035 Index			8.74	8.27	4.78	26.06	3.21	
T. Rowe Price Retirement 2040	TRRDY	★★★★	10.27	10.98	1.91	26.29	2.41	\$ 61,851.93
Dow Jones Target US Date 2040 Index			9.30	8.89	4.33	27.28	3.08	
T. Rowe Price Retirement 2045	TRRKX	★★★★	10.33	11.06	2.02	26.29	2.42	\$ 117,931.39
Dow Jones Target US Date 2045 Index			9.55	9.17	4.18	27.58	3.12	
T. Rowe Price Retirement 2050	TRRMX	★★★★	9.56	9.18	4.18	27.58	3.12	\$ 57,720.81
Dow Jones Target US Date 2050 Index			9.56	9.18	4.18	27.58	3.12	
T. Rowe Price Retirement 2055	TRRNX	★★★★	10.31	11.06	2.13	26.33	2.42	\$ 67,519.14
Dow Jones Target US Date 2055 Index			9.56	9.18	4.18	27.58	3.12	
T. Rowe Price Retirement Income	TRRIX	★★★	5.61	5.44	4.11	15.59	4.31	\$ 773.16
Dow Jones Target US Date Today Index			3.67	2.61	7.88	11.05	6.19	
TOTAL								\$ 815,090.73

Vanguard Total Bond Market Signal Ticker: VBTSX

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

Manager Information	
Lead Manager	Kenneth Volpert
Inception	9/1/2006
Prospectus	www.vanguard.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
Vanguard Total Bond Mkt	★★★	5.04	7.20	AA	1.9%	0.8%	8.3%	7.4%	6.4%	5.5%
Barclays Aggregate					2.0%	0.9%	8.4%	7.5%	6.4%	5.7%
Interm Fixed MF Median					3.0%	1.8%	7.6%	9.9%	6.2%	5.4%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.83	-0.38	2.61	0.33	2.70	2.78
5-Year	3.68	-0.08	1.36	0.44	3.60	1.39

Portfolio Characteristics 12-31-11	
Credit Quality	%
US Gov't/Agency/AAA	73.8%
AA	5.2%
A	11.2%
BBB	9.8%
< BBB	0.1%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	21.7%
3 - 5 yrs.	14.0%
5 - 7 yrs.	10.9%
7 - 10 yrs.	12.0%
10 - 15 yrs.	4.9%
15 - 20 yrs.	2.8%
20 + yrs.	33.7%

Sector Weights 12-31-11	
	%
US Government	44.4%
Mortgage	31.3%
Credit	17.9%
Foreign	6.3%
Cash	0.0%

Portfolio Information	
Expense Ratio	0.10%
12b-1 Fee Included	-
Category Average	1.04%
Minimum Investment	\$10,000

Year-End Assets (\$ Mil.)	
2011	\$31,366
2010	\$8,813
2009	\$8,450
2008	\$7,372
2007	\$5,414

Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional Ticker: VBAIX

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

Manager Information	
Lead Manager	Michael Perre & Gregory Davis
Avg. Tenure	12/1/2000
Prospectus	www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Balanced Indx Instl	★★★★	\$27,511	8,273	7.0%	6.0%	6.6%	19.3%	4.4%	5.8%
US Balanced Index				7.0%	6.1%	6.5%	19.2%	4.3%	5.7%
Balanced MF Median				6.9%	6.5%	3.7%	18.2%	3.0%	4.9%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	9.88	0.91	2.34	1.87	2.00	11.67	1.85
5-Year	12.05	0.95	0.45	0.25	2.06	11.88	0.24

Top 10 Holdings 12-31-11	
Company	% of Portfolio
CMT Market Liquidity Rate	2.47%
ExxonMobil Corporation	1.74%
Apple, Inc.	1.58%
International Business Machines	0.93%
Chevron Corp	0.90%
Microsoft Corporation	0.82%
General Electric Co	0.80%
Procter & Gamble Co	0.77%
Johnson & Johnson	0.76%
AT&T Inc	0.75%

Sector Weights 9-30-11	
Basic Materials	3.7%
Communication Services	4.1%
Consumer Cyclical	10.4%
Consumer Defensive	10.7%
Healthcare	11.4%
Industrial	12.3%
Real Estate	3.2%
Technology	17.2%
Energy	11.3%
Financials	12.0%
Utilities	3.8%

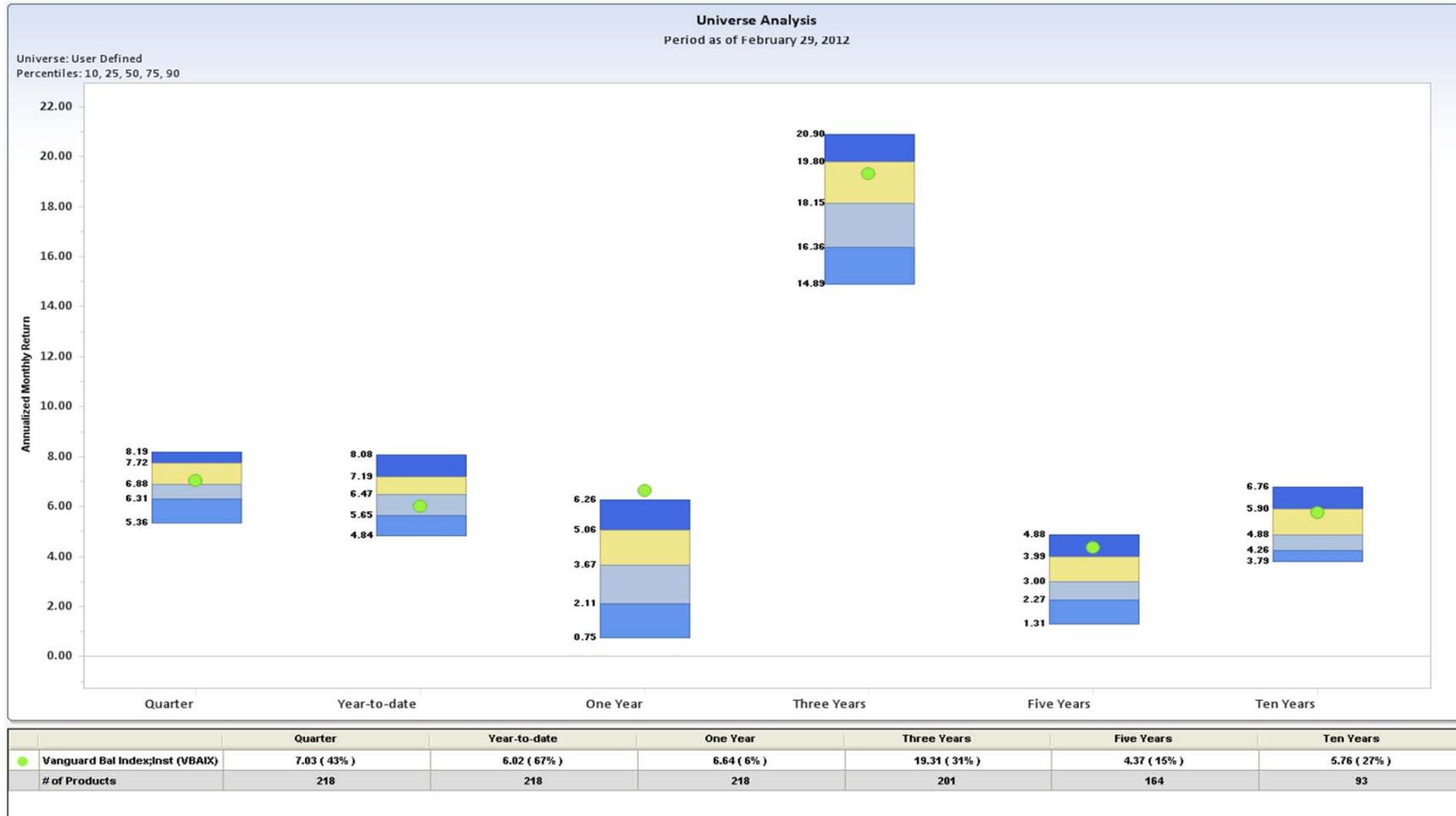
Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	67%

Fixed Income Characteristics 9-30-11	
Avg. Duration (yrs.)	5.06
Avg. Maturity (yrs.)	7.30
Avg. Quality	AA

Sector Weights 9-30-11	
<i>versus Barclays Aggregate</i>	%
US Government	45.0%
Mortgage	30.6%
Credit	18.1%
Foreign	6.3%
Cash	0.0%

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

Balanced Universe



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American Funds Growth Fund of America / Ticker: AGTHX

Fund Strategy

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

Manager Information

Lead Manager James E. Drasdo + Team
Inception 11/30/1973
Prospectus www.americanfunds.com

Characteristics				Trailing Total Returns (annualized)					
Fund	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds Grw FOA	★★★	\$34,377	456	10.6%	11.9%	1.3%	22.1%	1.7%	5.4%
S & P 500				10.1%	9.0%	5.1%	25.6%	1.6%	4.2%
Large Cap Growth MF Median				10.7%	12.1%	4.4%	24.4%	3.2%	3.7%

Manager Statistics					Index Statistics			
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.96	1.03	-3.64	1.26	3.03	16.23	-	1.52
5-Year	19.15	0.98	-0.06	0.02	4.42	19.08	-	0.01

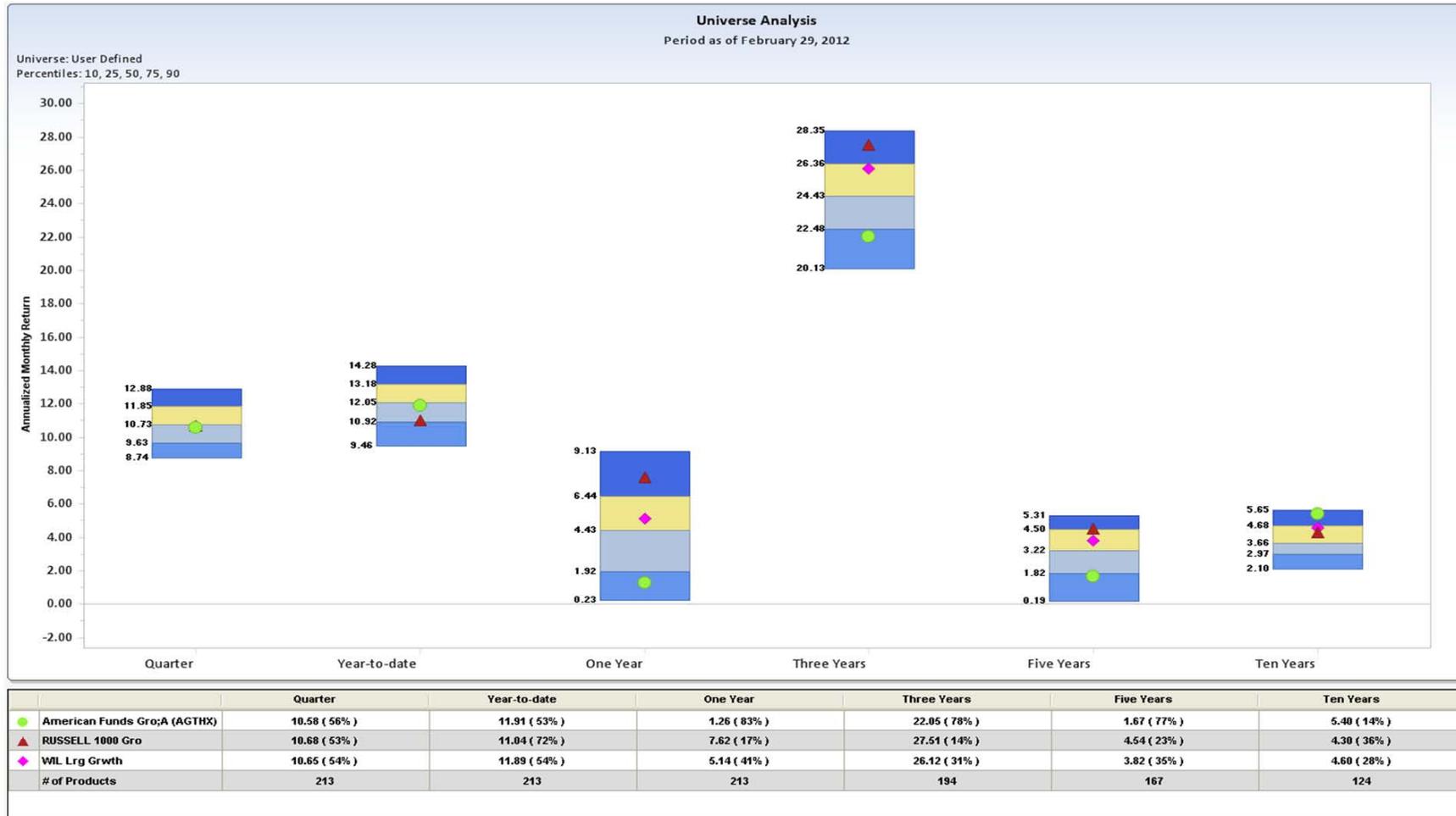
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Apple, Inc.	4.37%
Home Depot, Inc.	1.94%
Amazon.com Inc	1.90%
Philip Morris Internatioanl Inc	1.83%
Oracle Corporation	1.70%
Comcast Corp A	1.55%
Union Pacific Corp	1.32%
Gilead Sciences Inc	1.28%
Microsoft Corporation	1.21%
Allergan, Inc.	1.20%

Sector Weights 12-31-11	
Basic Materials	6.4%
Communication Services	6.7%
Consumer Cyclicals	14.1%
Consumer Defensive	6.9%
Healthcare	12.8%
Industrial	11.8%
Real Estate	0.0%
Technology	20.5%
Energy	11.6%
Financials	9.0%
Utilities	0.1%

Portfolio Information	
Expense Ratio	0.68%
12b-1 Fee Included	0.24%
Morningstar Average	1.38%
Minimum Investment	\$250
Avg. Annual Turnover	34%

Year-End Assets (\$ Mil.)	
2011	\$53,225
2010	\$66,101
2009	\$66,117
2008	\$52,596

Large Cap Growth Universe



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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

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	★★★★★	\$50,298	224	10.7%	11.0%	4.4%	25.8%	3.9%	4.9%
S & P 500				10.1%	9.0%	5.1%	25.6%	1.6%	4.2%
Large Cap Core MF Median				10.3%	9.7%	3.8%	23.7%	1.3%	3.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.22	1.06	-1.14	1.44	1.98	16.23	-	1.52
5-Year	19.33	1.01	2.10	0.13	1.94	19.08	-	0.01

Top 10 Holdings 1-31-12	
Company	% of Portfolio
Apple, Inc.	4.89%
Merck & Co. Inc.	2.77%
Wells Fargo & Co.	2.20%
Microsoft Corporation	2.08%
Schlumberger NV	2.01%
Cisco Systems Inc	1.82%
Occidental Petroleum Corp	1.81%
Exxon Mobil Corporation	1.73%
Procter & Gamble Co	1.69%
The Coca-Cola Co	1.68%

Sector Weights 2-29-12	
Basic Materials	3.1%
Communication Services	3.9%
Consumer Cyclical	12.7%
Consumer Defensive	8.6%
Healthcare	13.0%
Industrial	10.2%
Real Estate	0.4%
Technology	18.8%
Energy	12.2%
Financials	15.2%
Utilities	1.9%

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

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
BlackRock Eq Index (S&P 500)	★★★★	\$53,322	504	10.0%	8.9%	4.5%	24.9%	1.1%	3.6%
S & P 500				10.1%	9.0%	5.1%	25.6%	1.6%	4.2%
Large Cap Core MF Median				10.3%	9.7%	3.8%	23.7%	1.3%	3.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.23	1.00	-0.11	1.48	0.04	16.23	-	1.52
5-Year	19.06	1.00	-0.08	-0.01	0.10	19.08	-	0.01

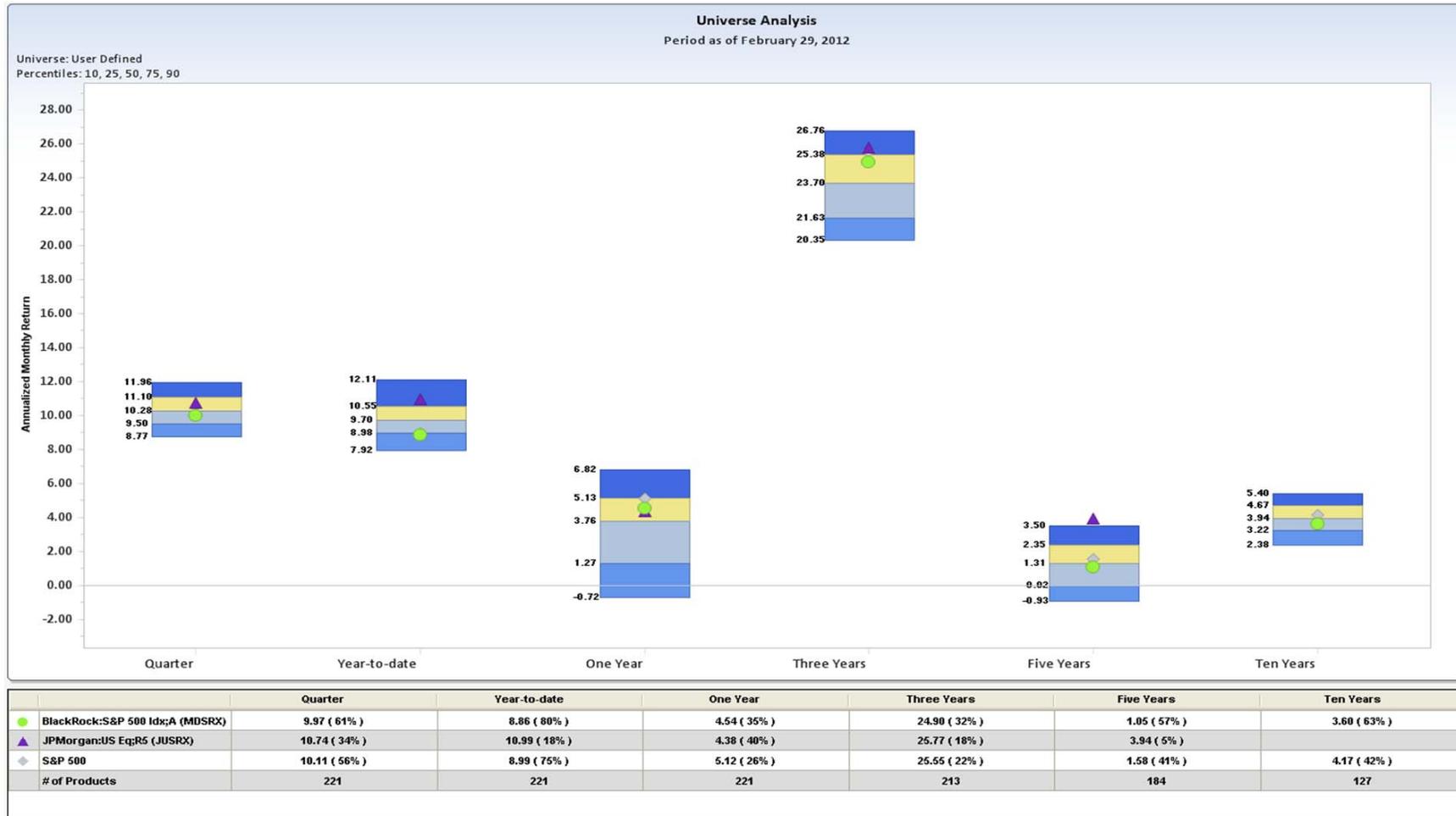
Top 10 Holdings 12-31-11	
Company	% of Portfolio
ExxonMobil Corporation	3.54%
Apple, Inc.	3.28%
International Business Machines	1.89%
Chevron Corp	1.85%
Microsoft Corporation	1.69%
General Electric Co	1.65%
Procter & Gamble Company	1.60%
AT&T Inc	1.56%
Johnson & Johnson	1.56%
Pfizer Inc	1.45%

Sector Weights 2-29-12	
Basic Materials	2.9%
Communication Services	4.1%
Consumer Cyclical	9.5%
Consumer Defensive	11.4%
Healthcare	11.1%
Industrial	12.0%
Real Estate	1.8%
Technology	18.6%
Energy	12.0%
Financials	13.1%
Utilities	3.4%

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

Year-End Assets (\$ Mil.)	
2011	\$260
2010	\$750
2009	\$216
2008	\$170

Large Cap Core Universe



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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

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	★★★★★	\$56,697	155	8.7%	5.5%	10.5%	26.8%	2.7%	5.6%
FTSE High Dividend Value Idx				8.2%	5.0%	10.6%	27.6%	1.7%	-
Russell 1000 Value Index				10.1%	7.9%	2.2%	25.0%	-1.1%	4.8%
Large Cap Value MF Median				10.3%	9.0%	0.8%	22.9%	-0.6%	4.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.89	0.84	4.05	1.84	4.03	14.57	-	1.79
5-Year	17.45	0.89	0.94	0.08	4.76	18.65	-	0.02

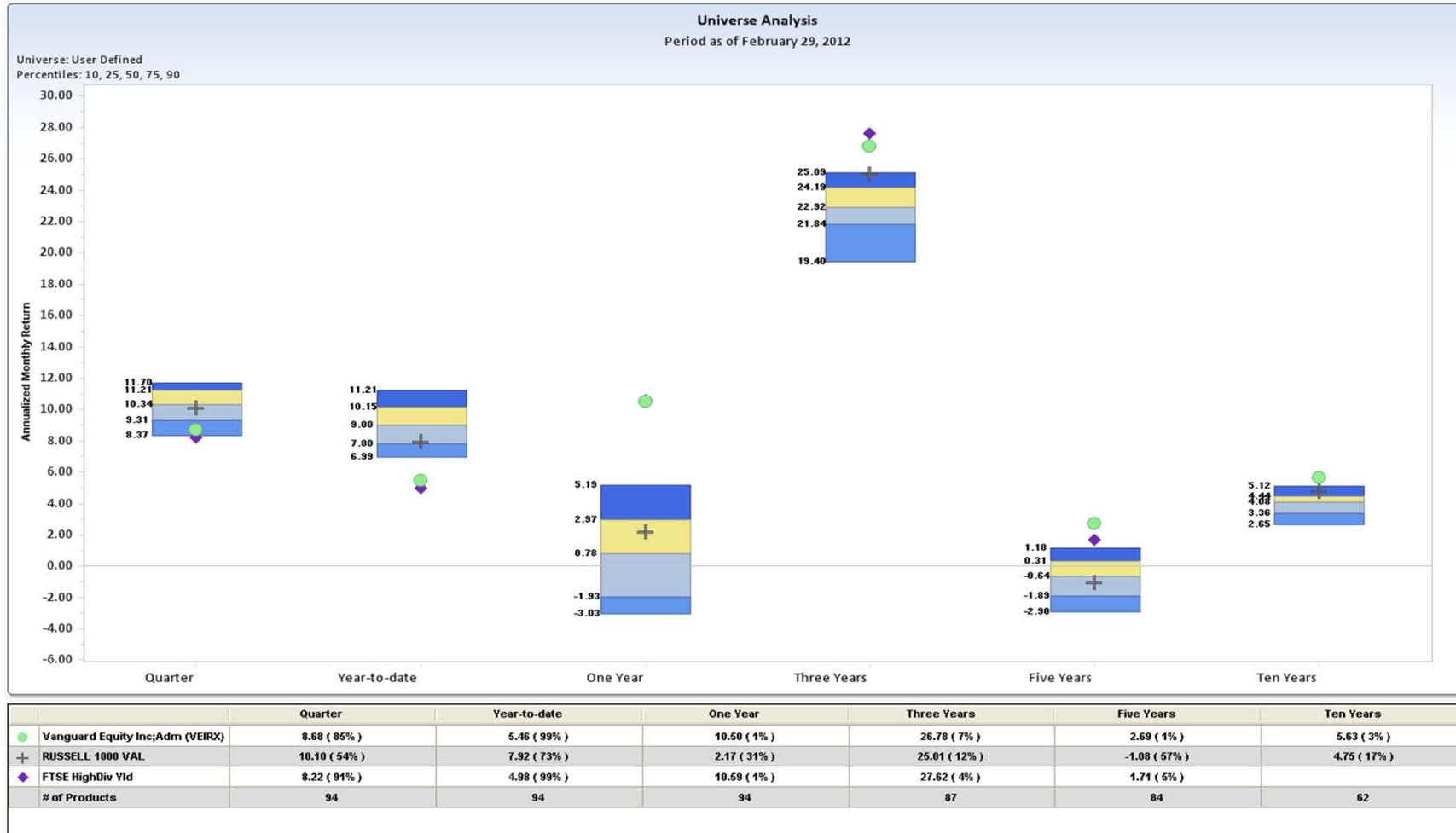
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Exxon Mobil Corporation	4.70%
Chevron Corp	4.11%
CMT Market Liquidity Rate	3.42%
Pfizer Inc	3.40%
Johnsno & Johnson	3.06%
AT&T Inc	2.98%
Merck & Co Inc	2.88%
Philip Morris Int'l	2.68%
Microsoft Corporation	2.66%
General Electric Co	2.56%

Sector Weights 12-31-11	
Basic Materials	3.7%
Communication Services	5.0%
Consumer Cyclical	6.4%
Consumer Defensive	17.6%
Healthcare	12.7%
Industrial	13.4%
Real Estate	0.0%
Technology	8.8%
Energy	14.2%
Financials	10.9%
Utilities	7.3%

Portfolio Information	
Expense Ratio	0.22%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$50,000
Avg. Annual Turnover	29%

Year-End Assets (\$ Mil.)	
2011	\$3,292
2010	\$2,272
2009	\$1,522
2008	\$1,386

Large Cap Value Universe



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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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★★	\$5,562	83	9.5%	11.4%	3.7%	28.5%	3.9%	8.8%
Russell Mid Cap Index				10.3%	10.5%	2.6%	32.0%	2.7%	8.2%
Mid Cap Growth MF Median				10.0%	12.5%	2.6%	29.6%	3.7%	6.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.72	1.04	1.67	1.57	5.71	19.70	-	1.58
5-Year	21.55	1.07	2.13	0.12	6.73	22.97	-	0.06

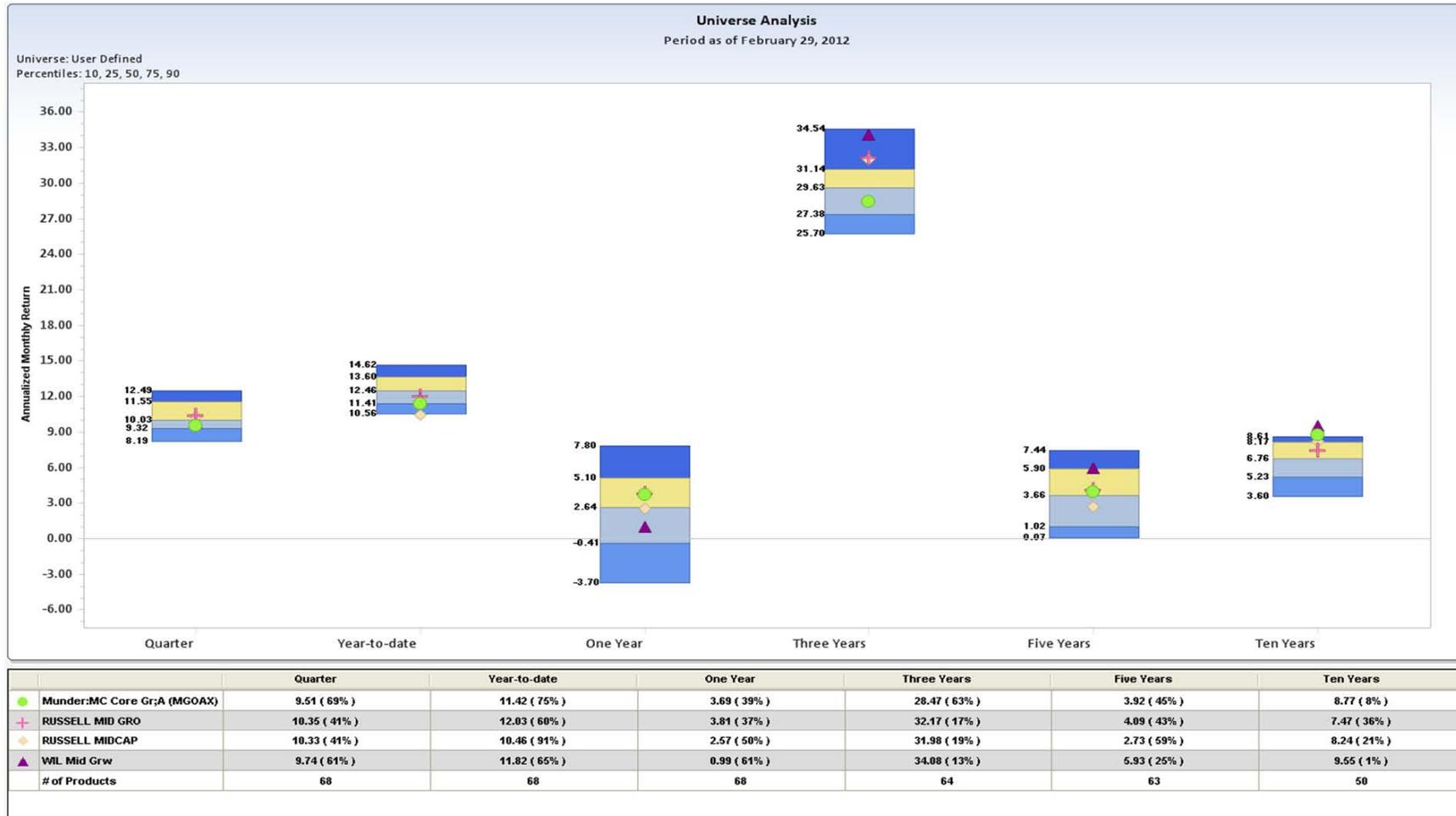
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Liberty Media Corporation A	2.39%
Macerich Company	2.22%
LKQ Corporation	1.92%
NiSource Inc	1.89%
Herbalife, Ltd	1.86%
Kansas City Southern, Inc.	1.79%
Affiliated Managers Group Inc.	1.75%
Cognizant Technology Solutions	1.69%
Airgas Inc	1.68%
Digital Realty Trust, Inc	1.64%

Sector Weights 12-31-11	
Basic Materials	4.1%
Communication Services	1.5%
Consumer Cyclical	14.8%
Consumer Defensive	8.5%
Healthcare	10.1%
Industrial	17.9%
Real Estate	6.1%
Technology	12.3%
Energy	8.5%
Financials	10.4%
Utilities	5.9%

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

Year-End Assets (\$ Mil.)	
2011	\$1,243
2010	\$1,507
2009	\$1,497
2008	\$1,319

Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan
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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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Janus/Perkins Mid Cap Value T	★★★★	\$9,536	152	8.3%	8.8%	1.0%	22.8%	3.7%	8.5%
Russell Mid Cap Value Index				10.3%	8.9%	1.4%	31.9%	1.0%	8.3%
Mid Cap Value MF Median				10.0%	9.8%	0.9%	28.2%	1.3%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.87	0.95	-1.60	1.39	3.97	19.97	-	1.56
5-Year	17.97	0.91	1.80	0.13	4.62	23.35	-	-0.01

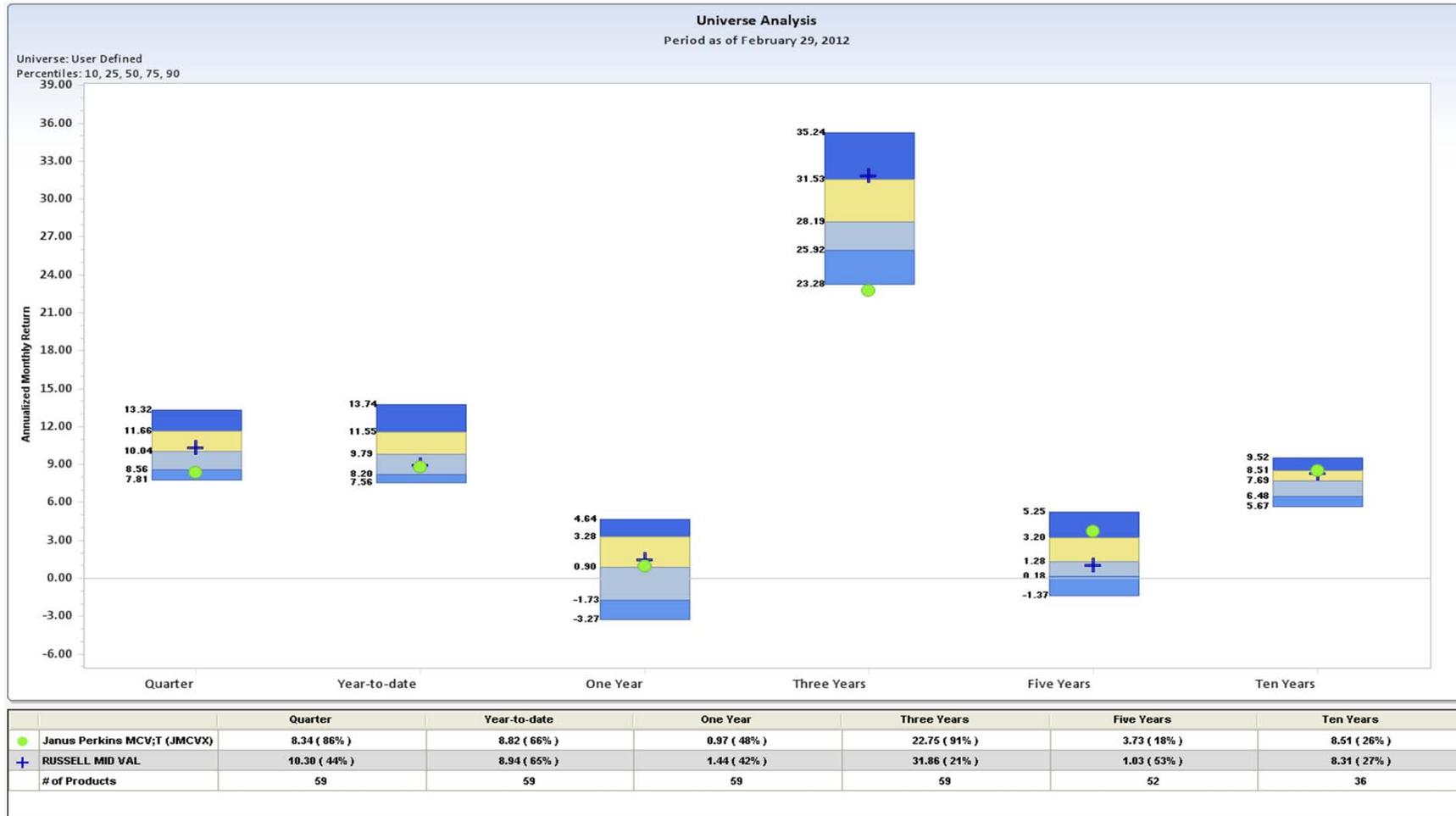
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Ameriprise Financial Inc	1.84%
Allstate Corp	1.39%
Western Unino Company	1.38%
CenturyLink Inc	1.36%
URS Corporation	1.26%
PNC Financial Services Group	1.26%
Molson Coors Brewing Co	1.25%
Vodafone Group PLC ADR	1.22%
Jacobs Engineering Corp	1.18%
Everest Re Group, Ltd	1.18%

Sector Weights 12-31-11	
Basic Materials	4.2%
Communication Services	3.2%
Consumer Cyclical	8.4%
Consumer Defensive	6.2%
Healthcare	12.4%
Industrial	15.1%
Real Estate	7.4%
Technology	8.5%
Energy	11.4%
Financials	19.5%
Utilities	3.7%

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

Year-End Assets (\$ Mil.)	
2011	\$6,735
2010	\$7,715
2009	\$7,778
2008	\$5,264

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

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	★★★★	\$1,409	971	10.7%	11.3%	2.2%	34.6%	5.3%	8.9%
MSCI US Small Cap Growth Idx				10.5%	11.6%	2.2%	29.7%	2.9%	5.8%
Small Cap Growth MF Median				11.0%	11.9%	2.1%	30.3%	3.5%	6.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	23.24	1.33	0.45	1.46	10.14	23.24	-	1.45
5-Year	25.54	1.27	3.99	0.15	9.69	25.52	-	0.14

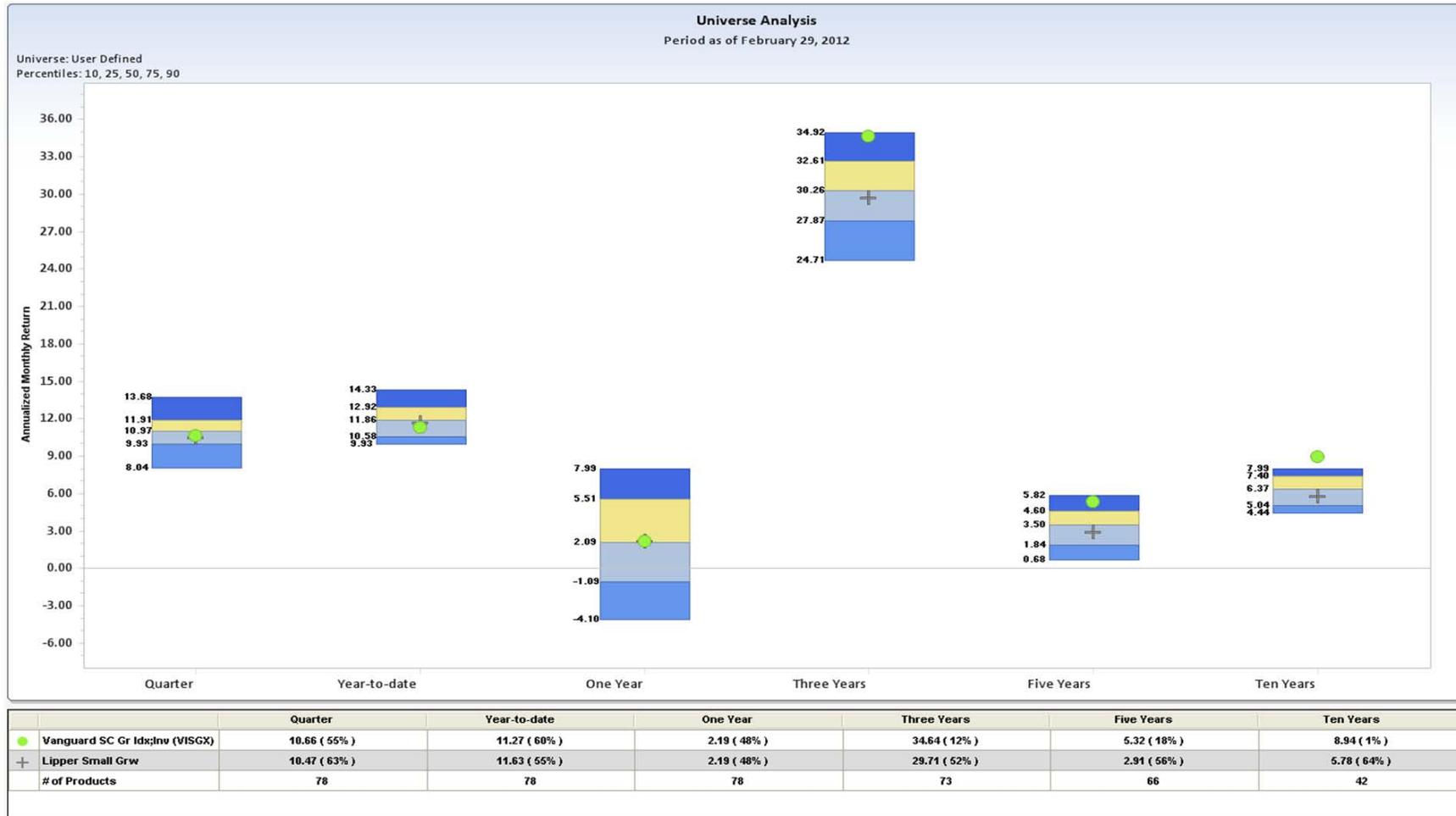
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Panera Bread Company, Inc A	0.55%
ITC Holdings Corp	0.52%
Biomarin Pharmaceutical, Inc.	0.51%
Signet Jewelers Ltd	0.51%
Taubman Centers, Inc	0.48%
Mednax, Inc	0.47%
Royal Gold, Inc	0.46%
W.R. Grace & Company	0.45%
Westinghouse Air Brake Tech	0.45%
Cooper Companies	0.45%

Sector Weights 12-31-11	
Basic Materials	4.9%
Communication Services	2.2%
Consumer Cyclical	14.8%
Consumer Defensive	4.6%
Healthcare	17.2%
Industrial	20.6%
Real Estate	3.0%
Technology	22.5%
Energy	6.8%
Financials	2.9%
Utilities	0.7%

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.)	
2011	\$2,614
2010	\$4,229
2009	\$3,018
2008	\$1,871

Small Cap Growth Universe



Vanguard Small Cap Index Signal

Ticker: VSISX

Fund Strategy

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

Manager Information

Lead Manager Michael H. Buek
Inception 12/15/2006
Prospectus www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Sml Cap Index Instl	★★★	\$1,346	1760	10.7%	10.4%	1.1%	33.3%	3.5%	8.2%
MSCI Small Cap 1750 Index				10.7%	10.4%	1.0%	33.2%	3.4%	8.5%
Small Cap Core MF Median				10.3%	10.0%	1.0%	30.2%	2.7%	7.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.96	1.33	-0.44	1.42	9.58	22.94	-	1.42
5-Year	25.10	1.26	2.31	0.09	8.89	25.10	-	0.08

Top 10 Holdings 12-31-11

Company	% of Portfolio
Panera Bred Company, Inc A	0.27%
Corn Products Int'l Inc	0.27%
Oil States Int'l Inc	0.26%
ITC Holdings Corp	0.26%
Biomarin Pharmaceutical, Inc	0.26%
Signet Jewelers Ltd	0.25%
BRE Properties, Inc	0.25%
Arthur J. Gallagher & Co	0.25%
Foot Locker Inc	0.24%
Senior Housing Properties Tr	0.24%

Sector Weights 12-31-11

Basic Materials	6.0%
Communication Services	1.4%
Consumer Cyclical	13.2%
Consumer Defensive	4.1%
Healthcare	11.1%
Industrial	17.7%
Real Estate	8.6%
Technology	15.7%
Energy	5.6%
Financials	12.6%
Utilities	3.9%

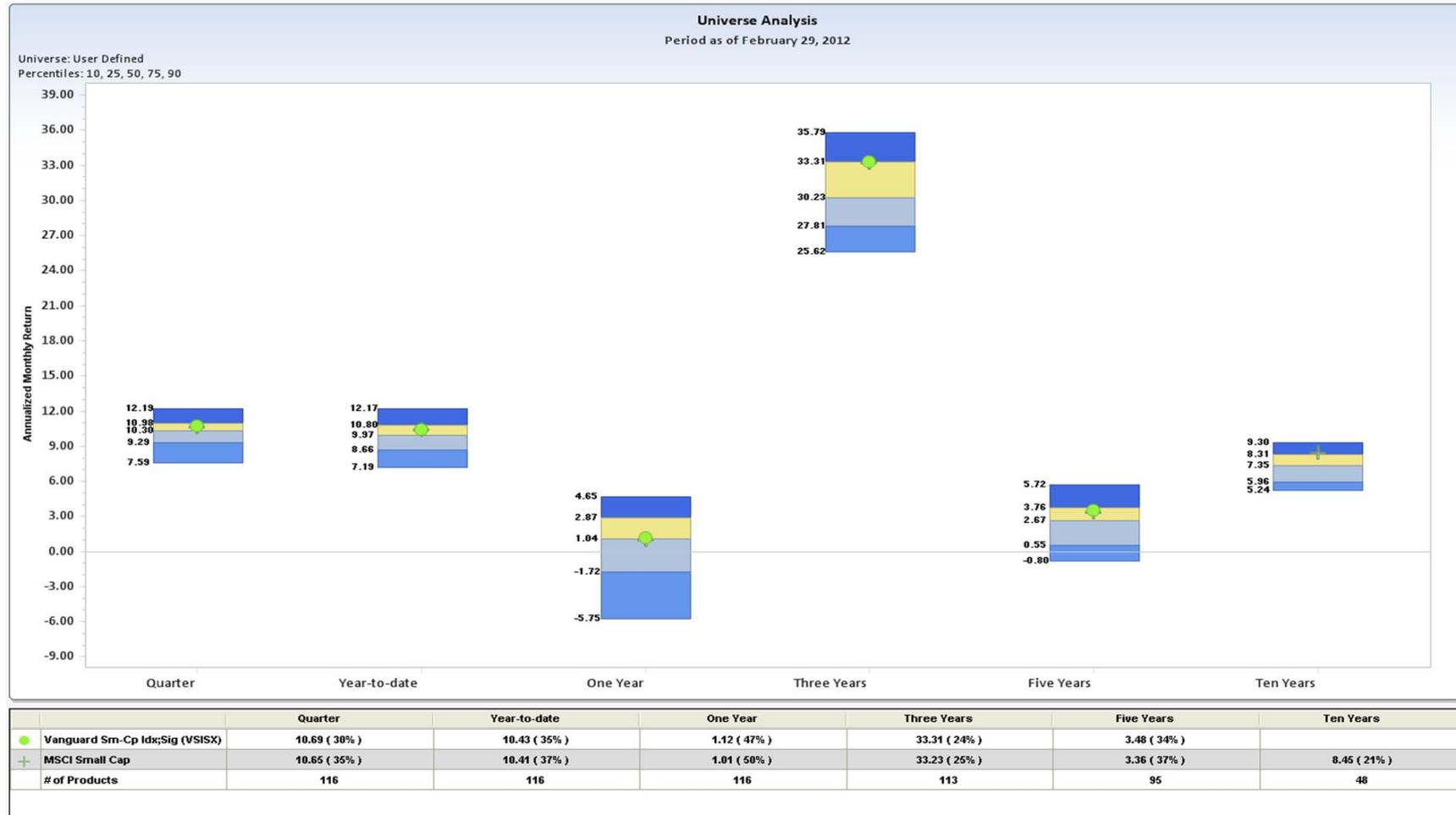
Portfolio Information

Expense Ratio	0.07%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	17%

Year-End Assets (\$ Mil.)

2011	\$4,894
2010	\$2,300
2009	\$1,763
2008	\$1,172

Small Cap Core Universe



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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

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	★★★★	\$1,793	629	9.4%	8.6%	1.8%	28.8%	4.1%	10.2%
Russell 2000 Value Index				9.9%	8.2%	-2.7%	27.7%	-0.4%	7.0%
Smal Cap Value MF Median				10.9%	10.5%	-0.3%	32.0%	2.4%	9.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.41	1.14	-0.41	1.45	6.31	22.77	-	1.19
5-Year	21.78	1.10	2.37	0.12	6.27	25.07	-	-0.07

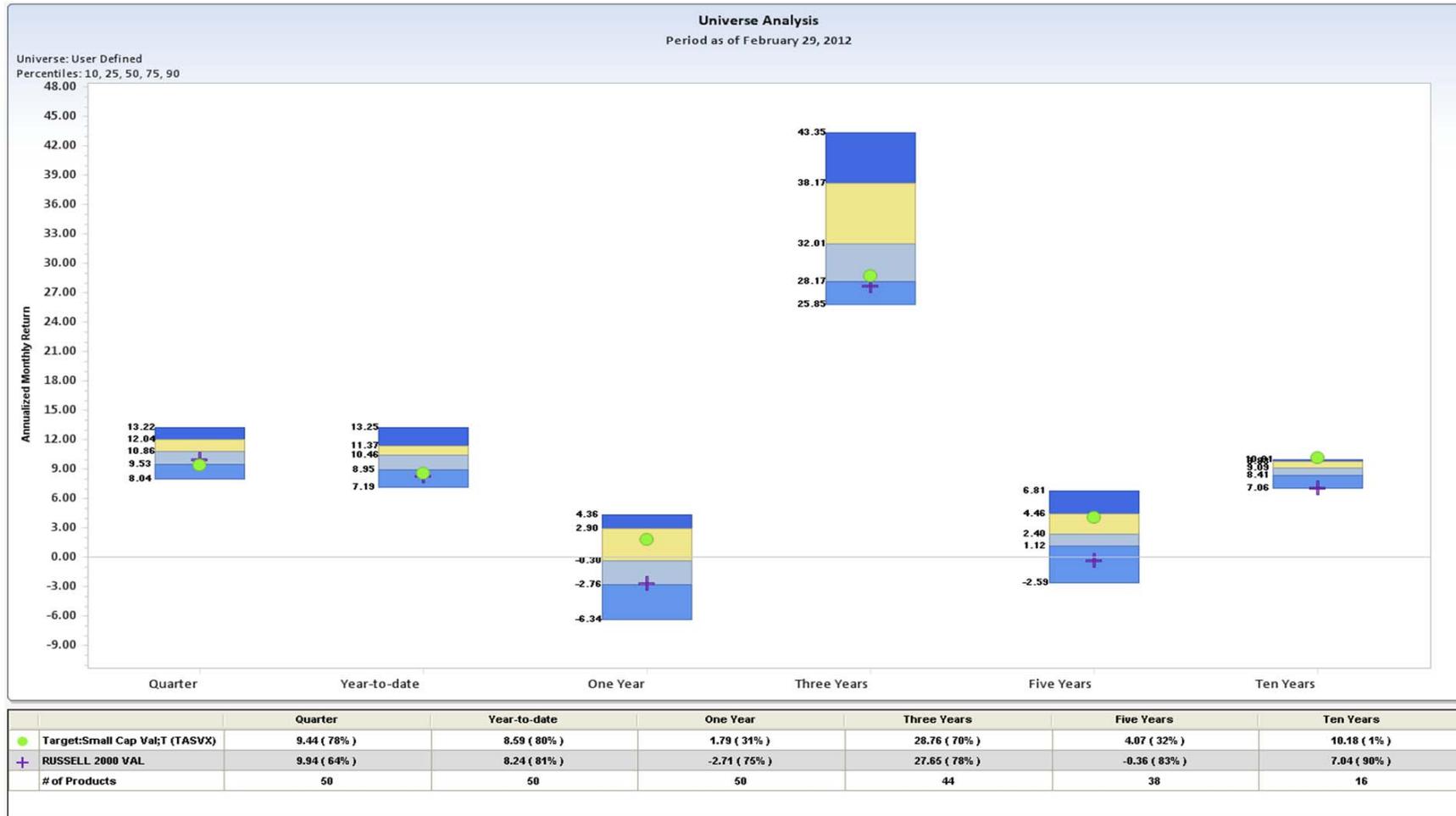
Top 10 Holdings 1-31-12	
Company	% of Portfolio
Prudential Core Invnt	4.50%
Scotts Miracle Gro Co	1.15%
Aaron's, Inc	1.15%
Delphi Financial Group	1.01%
iShares Russell 2000 Value	0.95%
PVH Corp	0.88%
Amerigroup Corporation	0.88%
Bristow Group, Inc	0.86%
Silgan Holdings, Inc.	0.83%
Teleflex Inc	0.83%

Sector Weights 1-31-12	
Basic Materials	9.8%
Communication Services	0.7%
Consumer Cyclical	10.9%
Consumer Defensive	5.2%
Healthcare	7.5%
Industrial	19.3%
Real Estate	5.5%
Technology	9.4%
Energy	8.2%
Financials	17.9%
Utilities	5.6%

Portfolio Information	
Expense Ratio	0.71%
12b-1 Fee Included	-
Morningstar Average	1.53%
Minimum Investment	\$0
Avg. Annual Turnover	44%

Year-End Assets (\$ Mil.)	
2011	\$905
2010	\$886
2009	\$596
2008	\$380

Small Cap Value Universe



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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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective A	★★★★	\$39,114	264	9.5%	11.4%	-0.9%	22.9%	2.9%	7.5%
MSCI AC World Index				10.9%	11.1%	-1.5%	23.7%	0.1%	5.7%
World Stock MF Median				9.6%	11.4%	-1.7%	22.7%	0.3%	6.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.01	0.83	5.46	1.24	6.03	18.82	-	1.23
5-Year	19.92	0.84	5.48	0.08	5.98	21.43	-	-0.06

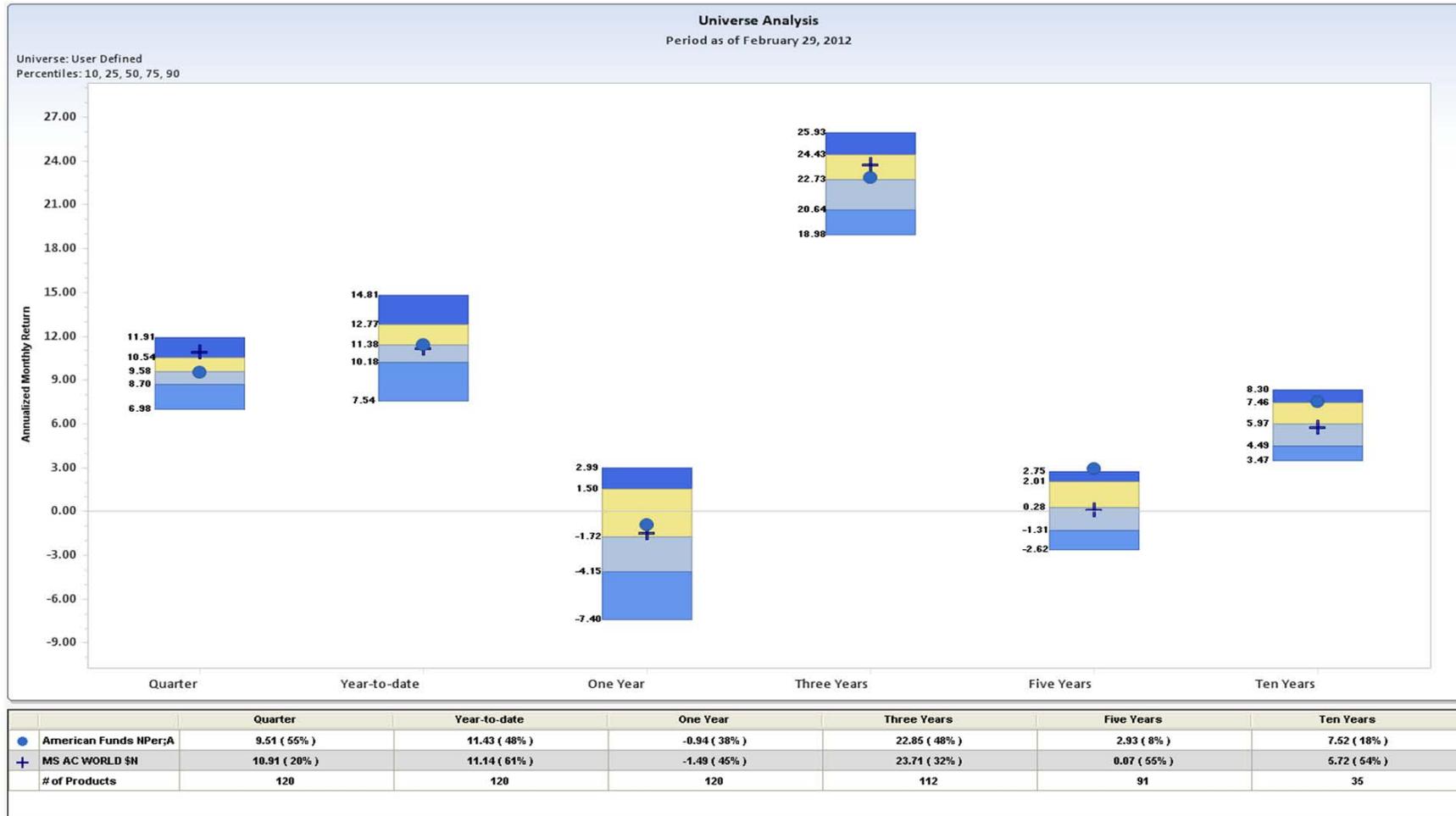
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Novo-Nordisk A/S	4.29%
Apple, Inc.	1.96%
Google, Inc.	1.72%
Newmont Mining Corporation	1.66%
British American Tobacco PLC	1.65%
Amazon.com Inc	1.62%
Barrick Gold Corporation	1.37%
Home Depot, Inc	1.35%
Nestle SA	1.27%
America Movil, SAB	1.24%

Country Weights 12-31-11	
	%
Europe	37.5%
France	4.8%
Germany	4.6%
United Kingdom	8.2%
Asia	12.9%
Australia	1.7%
Hong Kong	0.7%
Japan	5.7%
Latin America	2.6%
Brazil	0.7%
Chile	0.0%
North America	47.1%
Canada	4.7%
United States	42.3%

Portfolio Information	
Expense Ratio	0.77%
12b-1 Fee Included	0.23%
Morningstar Average	1.55%
Minimum Investment	\$250
Avg. Annual Turnover	24%

Year-End Assets (\$ Mil.)	
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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Oakmark International I	★★★★★	\$17,847	54	14.4%	16.0%	-6.2%	30.5%	1.2%	8.9%
MSCI EAFE Value Index				10.3%	10.9%	-9.8%	19.6%	-4.6%	6.6%
MSCI EAFE Index				10.3%	11.4%	-7.5%	19.7%	-2.9%	6.3%
Non-US Equity MF Median				9.2%	11.8%	-7.3%	20.4%	-2.3%	6.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	23.00	1.06	6.89	1.28	6.31	22.70	-	0.85
5-Year	24.02	0.99	4.12	-0.01	8.11	24.17	-	-0.24

Top 10 Holdings 12-31-11

Company	% of Portfolio
Credit Suisse Grp	3.91%
Daimler AG	3.86%
Adecco SA	3.50%
Intesa Sanpaolo SpA	3.49%
Toyota Motor Corporation	3.42%
Daiwa Securities Co, Ltd	3.31%
Canon, Inc	3.07%
BNP Paribas	3.04%
Koninklijke Philips	3.03%
Rohm Co, Ltd	3.01%

Country Weights 12-31-11

	%
Europe	72.2%
France	9.2%
Germany	9.2%
United Kingdom	12.7%
Asia	26.0%
Australia	4.0%
Hong Kong	0.0%
Japan	22.0%
Latin America	0.5%
Brazil	0.0%
Chile	0.0%
North America	1.2%
Canada	1.2%
United States	0.0%

Portfolio Information

Expense Ratio	1.06%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$1,000
Avg. Annual Turnover	45%

Year-End Assets (\$ Mil.)

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

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	★★★★	\$17,320	6458	9.8%	12.8%	-6.8%	22.5%	-1.3%	7.6%
MSCI ACWI ex-US Index				11.5%	12.8%	-6.1%	22.8%	-0.8%	8.0%
Non-US Equity MF Median				9.2%	11.8%	-7.3%	20.4%	-2.3%	6.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.10	1.04	0.79	0.99	3.99	21.44	-	1.04
5-Year	24.56	1.06	2.05	-0.11	4.14	23.95	-	-0.09

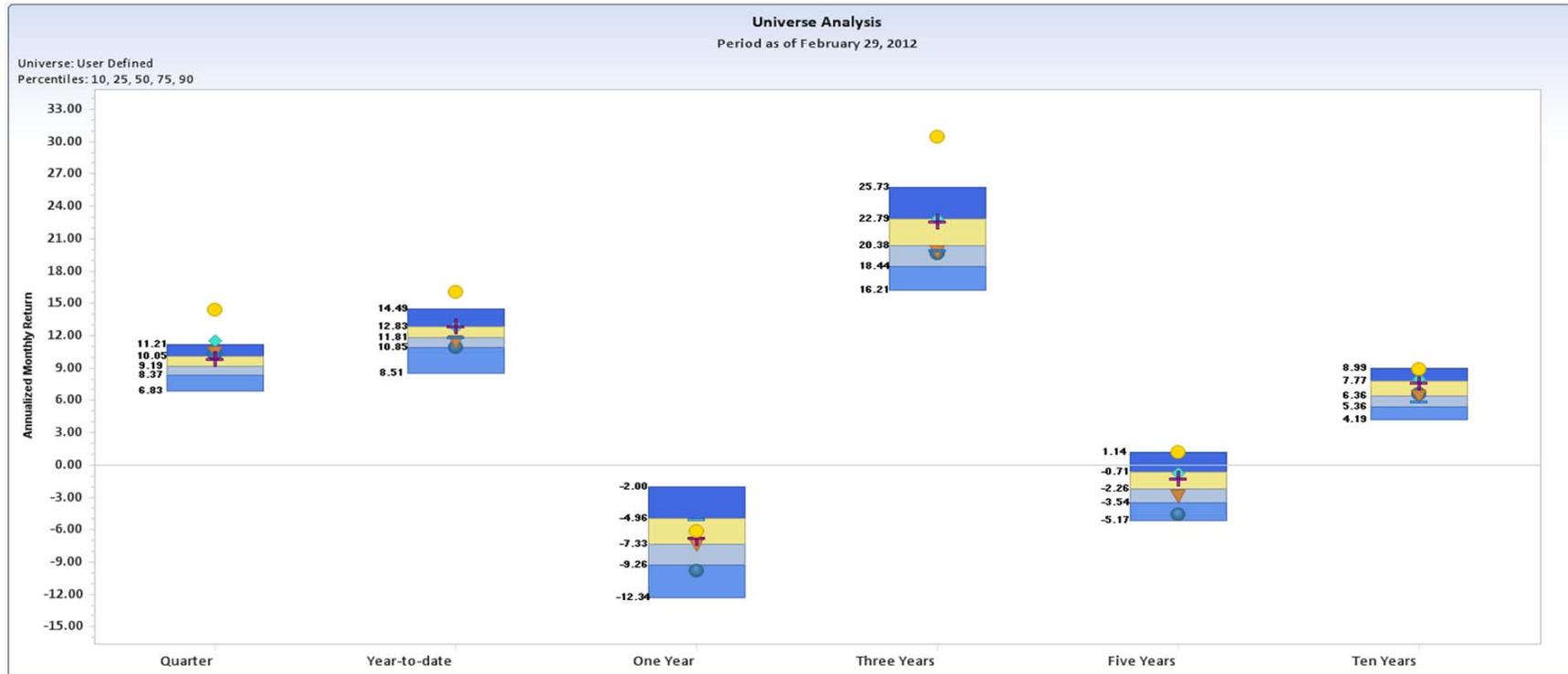
Top 10 Holdings 12-31-11	
Company	% of Portfolio
Nestle SA	1.20%
Vodafone Group PLC	0.90%
HSBC Holdings PLC	0.86%
BP Plc	0.85%
Novartis AG	0.84%
Roche Holding AG	0.75%
GlaxoSmithKline PLC	0.73%
BHP Billiton Limited	0.72%
Total SA	0.68%
Royal Dutch Shell PLC B	0.64%

Country Weights 12-31-11	
	%
Europe	47.4%
France	5.7%
Germany	5.3%
United Kingdom	15.6%
Asia	38.5%
Australia	6.1%
Hong Kong	2.0%
Japan	15.5%
Latin America	4.8%
Brazil	3.1%
Chile	0.4%
North America	9.2%
Canada	9.0%
United States	0.2%

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

Year-End Assets (\$ Mil.)	
2011	\$29,949
2010	\$45,191
2009	\$26,044
2008	\$17,746

International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Oakmark Internat	14.37 (1%)	16.01 (4%)	-6.20 (38%)	30.46 (3%)	1.15 (10%)	8.87 (13%)
+ Vanguard Tot I Stk;Inv	9.81 (31%)	12.78 (26%)	-6.83 (44%)	22.51 (27%)	-1.32 (34%)	7.55 (29%)
◆ MS ACW xUS \$N	11.52 (8%)	12.78 (27%)	-6.10 (36%)	22.79 (25%)	-0.75 (26%)	7.99 (22%)
▬ EAFE GROWTH \$N	10.38 (19%)	11.83 (49%)	-5.04 (26%)	19.85 (58%)	-1.28 (33%)	5.88 (65%)
▾ MSCI EAFE \$N	10.32 (20%)	11.38 (61%)	-7.45 (51%)	19.74 (59%)	-2.93 (64%)	6.30 (52%)
● EAFE VALUE \$NET	10.27 (21%)	10.92 (73%)	-9.84 (80%)	19.62 (61%)	-4.63 (86%)	6.63 (45%)
# of Products	358	358	358	341	272	177

ADR	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.
Alpha	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.
Annualized Return	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.
Assets Managed in Style	The total assets managed in all investment vehicles of the investment style.
Average Market Capitalization (\$ Wtd.)	The average market capitalization of all stocks in a given portfolio, weighted by each company's portion of the portfolio's market value.
Beta	A measure of volatility. A beta over 1.0 indicates above-market volatility; below 1.0, less volatility.
Book Value	The balance sheet value of assets minus the balance sheet value of liabilities. Also known as shareholders' equity.
Bottom-Up Investment Approach	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.
Cumulative Annualized Rate of Return	Funds appear in order of their absolute rate of return over a common time period, with the highest rate of return appearing first.
Cycle Analysis	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.
Dividend	A payment issued by a company that distributes a portion of its value, usually in the form of cash.

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Duration	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.
Earnings	Earnings are a company's accounting profits or losses, typically reported four times each year.
Emerging Markets	Countries whose economies are considered emerging or underdeveloped.
Fundamental	A company's underlying financial situation.
Growth Style Investing	Growth investors purchase companies that have above-average earnings growth
Hedging	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.
Investment Vehicle	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.
Large Cap	Large Capitalization - refers to those companies with a market capitalization of greater than \$10 billion.
Liquidity	The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.
Market Capitalization	The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.
Median Market Capitalization (\$ Wtd.)	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.
Micro Cap	Micro Capitalization - refers to those companies with a market capitalization of less than \$500 million.
Mid Cap	Mid Capitalization - refers to those companies with a market capitalization between \$2 and \$10 billion.
Net of Fees	After subtraction of management fees.
Portfolio	Refers to the complete list of securities held in an investment vehicle.
Price-to-earnings (P/E) ratio	Calculated by dividing the current share price by the trailing twelve-months earnings per share.
Price-to-book (P/B) ratio	Calculated by dividing the share price by the book value per share.

Relative Rank	"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.
R-Squared (Coefficient of Determination)	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.
Sharpe Ratio	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.
Small Cap	Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.
Standard Deviation	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.
Top-Down Investment Approach	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.
Treynor Ratio	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.
Value Added	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.
Value Style Investing	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.