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*State of Montana  
457 Deferred Compensation Plan*

*Michael C. Schlachter, CFA  
Thomas Toth, CFA*

*June 30, 2011*

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## Market Commentary

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

Second Quarter 2011

### Economic Highlights

- **GDP:** After a 3.1% increase in the fourth quarter of 2010, real GDP growth slowed to an annual rate of 1.9% during the first quarter. Economists estimate 2.3% growth in the second quarter, notably lower than previous estimates.  
Source: Dept. of Commerce (BEA), WSJ.com

- **Interest Rates:** The negative trend in economic sentiment pushed bond rates lower, as 10-year Treasuries, which started the quarter at a yield of 3.47%, fell below 2.90% in June before closing the quarter at 3.18%. June 30 marked the official end of the Fed's QE2 monetary stimulus program, potentially putting pressure on future bond prices.  
Source: US Treasury

- **Inflation:** After five consecutive monthly increases of 0.4% to 0.5%, consumer prices showed some signs of moderation in May with CPI up 0.2%. Still, year-over-year CPI has risen 3.6% through May, its highest level since 3.7% in the twelve months ended October 2008. Core CPI, which includes all items less food and energy, increased at a more subdued pace, up 1.5% year-over-year through May.  
Source: Dept. of Labor (BLS)

- **Employment:** Employment statistics continued to reflect a very strained recovery. The unemployment rate rose to 9.1% on the heels of a disappointing 54,000 jobs being added in May. After falling below 400,000 earlier this year, the 4-week average of initial jobless claims changed direction and climbed back above 425,000 in June.  
Source: Dept. of Labor (BLS, ETA)

- **Housing:** The downward pressure on housing prices continued into the second quarter. The S&P Case-Schiller 20-city Home Price Index has declined -3.9% in the twelve months through April and has reached a new low, falling below the previous trough hit in May 2009. The 20-city index is now down -31.8% from its April 2006 peak.  
Source: S&P

### The U.S. Equity Market

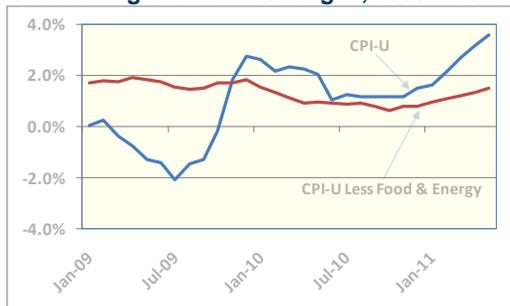
The U.S. stock market experienced a fairly volatile ride in the second quarter of 2011, with global macro events driving investors in and out of risk assets. The Wilshire 5000 Total Market Index<sup>SM</sup> began the quarter with a strong 2.90% total return in April; the quarter's high point achieved on April 29<sup>th</sup> was then followed by a six week long drawdown of -7.18%, fueled by continued unrest in the Middle East, volatility in commodities prices, debt woes and sociopolitical rumblings in Europe, and a stubbornly sluggish global economic recovery that has not managed to improve employment rates in the U.S. However, a quarter-end run-up in stocks of 6.15% since the June 15<sup>th</sup> market low brought the Wilshire 5000 to a modest quarterly loss of -0.08%.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 <sup>SM</sup>	-1.76	-0.08	6.09	31.99
Standard & Poor's 500	-1.67	0.10	6.02	30.69
Wilshire 4500 <sup>SM</sup>	-2.28	-0.77	7.02	38.97
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 2500 <sup>SM</sup>	-1.75	-0.06	6.11	32.01
Wilshire U.S. Large Cap <sup>SM</sup>	-1.72	0.07	5.98	31.16
Wilshire U.S. Large Growth <sup>SM</sup>	-1.56	-0.45	5.44	32.87
Wilshire U.S. Large Value <sup>SM</sup>	-1.88	0.64	6.53	29.53
Wilshire U.S. Small Cap <sup>SM</sup>	-2.05	-1.11	7.29	39.74
Wilshire U.S. Small Growth <sup>SM</sup>	-1.68	-0.19	9.86	45.15
Wilshire U.S. Small Value <sup>SM</sup>	-2.43	-2.00	4.69	34.39
Wilshire U.S. Microcap <sup>SM</sup>	-2.45	-3.64	2.76	29.34

Small capitalization stocks bore the brunt of the mildly bearish investor sentiment in the second quarter, as the Wilshire U.S. Small Cap Index<sup>SM</sup> delivered a -1.11% total return versus 0.07% for the Wilshire U.S. Large Cap Index<sup>SM</sup>. Among larger-company stocks, defensive value-oriented equities unsurprisingly outperformed growth-oriented names, with the Wilshire U.S. Large Value Index<sup>SM</sup> returning 0.64%, compared to the -0.45% slide for the Wilshire U.S. Large Growth Index<sup>SM</sup>. Within smaller-company stocks, the Wilshire U.S. Small Growth Index<sup>SM</sup> experienced a slight pullback of -0.19%, besting the sharper losses of the Wilshire U.S. Small Value Index<sup>SM</sup> (-2.00%) and the Wilshire U.S. Microcap Index<sup>SM</sup> (-3.64%).

The strongest market sectors during the second quarter were Health Care and Consumer Staples, returning 6.75% and 5.59% respectively. Given overall unease over the global economy, it comes as no surprise that the sensitive Financials and Energy sectors were the worst performers in the second quarter, with returns of -5.07% and -4.86% respectively.

### CPI Trailing 12-Month Changes, 2009 – 2011 YTD



Source: Dept. of Labor (BLS)

Consumer-level inflation rates have risen in recent months; as noted in the Economic Highlights section, the 3.6% year-over-year CPI rate at the end of May is its highest level since October 2008. The volatile Food and Energy sectors have fueled the majority of the recent increases; still, with core CPI also showing an increase since year-end 2010, higher inflation may finally force rate action from the Federal Reserve.

## The Non-U.S. Equity Market

Global stock markets experienced strong headwinds over the second quarter of 2011, with volatile commodity prices and fluctuating demand combining with Middle East conflict and the ongoing debt crisis in Greece to provide market malaise worldwide. However, a weak dollar and surprising strength in Old World powerhouses such as Germany and the U.K. afforded some good news to investors with offshore assets. Pacific region stocks underperformed European equities as concerns of slowing growth in China's economy eclipsed guarded optimism of Japan's ability to rebuild after the devastating March earthquake. Emerging market stocks, with their heightened sensitivity to commodities pricing and the economic health of their trading partners, were notable underperformers in the second quarter.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	-1.45	0.38	3.80	29.73	-1.54	-1.64	-0.40	14.48
MSCI EAFE	-1.25	1.56	4.98	30.36	-1.22	-0.80	0.18	13.32
MSCI Europe	-1.92	2.44	9.05	36.02	-1.61	0.23	2.37	17.22
MSCI Pacific	0.17	0.01	-2.02	20.87	-0.32	-2.59	-3.58	6.84
MSCI Japan	1.46	0.18	-4.76	13.01	0.87	-2.39	-5.16	3.14
MSCI EM (Emerging Markets)	-1.54	-1.15	0.88	27.80	-1.89	-2.68	-2.04	16.79

## The Fixed Income Market

Reflecting a broad flight to safety over much of the second quarter, Treasury yields fell over the quarter, with the bellwether 10-year yield down 29 basis points to 3.18% at quarter-end. Investors remain wary as to the future direction of U.S. interest rates, as the end of the Fed's quantitative easing program ("QE2") on June 30<sup>th</sup> and an overall sluggish economy compete for thematic dominance in Treasury prices. Given the defensive nature of the markets during the quarter, credit spreads widened and depressed the performance of investment-grade and high-yield credits relative to Treasuries and global sovereign debt.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-0.29	2.29	2.72	3.90
Barclays Long Govt./Credit	-1.86	3.30	3.28	3.20
Barclays Long Term Treasury	-1.93	3.36	2.32	-1.14
Barclays U.S. TIPS	0.81	3.66	5.81	7.74
Barclays U.S. Credit	-0.73	2.50	3.41	6.20
Barclays U.S. Corporate High Yield	-0.97	1.05	4.97	15.63
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	0.08	3.10	4.38	10.51
Barclays Global Aggregate (Hedged)	-0.20	1.68	1.48	2.08
Barclays EM Local Currency Government Universal	0.82	3.08	5.73	14.14
Barclays EM Local Currency Govt Univ (Hedged)	0.11	0.97	0.90	1.53

## The Real Estate & Commodity Markets

Global real estate markets, despite a pullback in June, were the best-performing broad economic sector in the second quarter and year-to-date, despite the continued slump in U.S. residential real estate prices. The slowdown in global economic growth and soft demand for raw materials and fuel pushed commodities prices lower over the second quarter, with crude oil retreating below \$100 per barrel and ending the quarter at \$95.42. Gold also gave up recent market highs, even though its quarter-closing price of \$1,502.30 per troy ounce represents a 4.4% increase from March 31<sup>st</sup>.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire U.S. RESI <sup>SM</sup>	-3.36	3.88	10.77	35.69
Wilshire Non-U.S. RESI <sup>SM</sup>	-0.93	4.21	5.92	41.88
Wilshire Global RESI <sup>SM</sup>	-2.13	4.05	8.23	38.89
Dow Jones UBS Commodity Index	-5.04	-6.73	-2.58	25.91
S&P GSCI Commodity	-5.31	-7.94	2.71	26.11

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**State of Montana 457 Deferred Compensation Plan**  
**June 30, 2011**



**FUND OVERVIEW FOR STATE OF MONTANA 457 DEFERRED COMPENSATION PLAN**

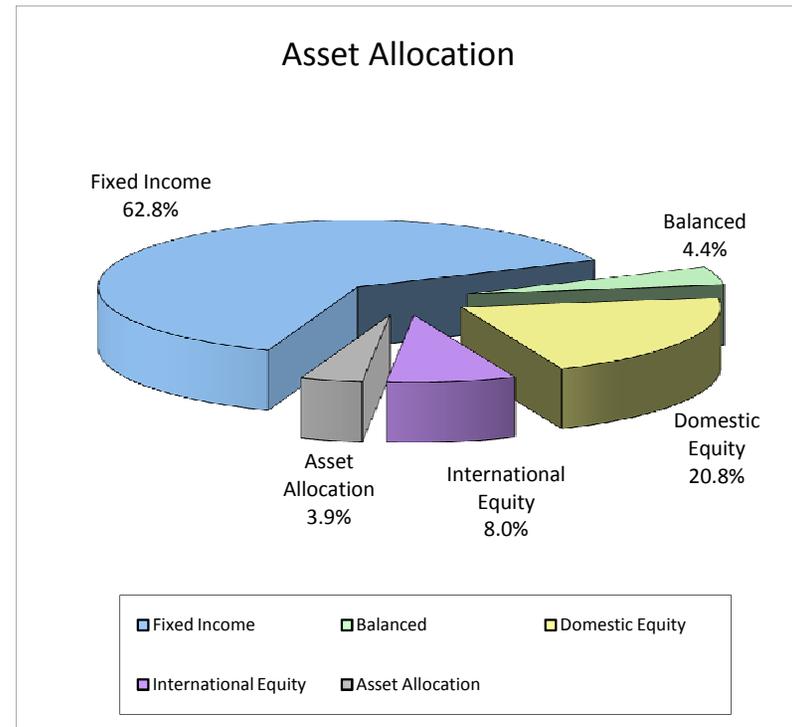
Asset Class	Name	Ticker	Current Status
Fixed Income	State of Montana Stable Value - PIMCO	Sep. Mgmt.	Retention
Fixed Income	PIMCO Total Return	PTRAX	Retention
Fixed Income	Neuberger Berman High Income Bond Fund	NHINX	Retention
Balanced	Dodge & Cox Balanced	DODBX	Probation
Asset Allocation	Conservative Asset Allocation	N/A	Retention
Asset Allocation	Moderate Asset Allocation	N/A	Retention
Asset Allocation	Moderately Aggressive Allocation	N/A	Retention
Large Growth	Fidelity ContraFund	FCNTX	Retention
Large Growth	Calvert Social Investment Equity A	CSIEX	Retention
Large Core	Vanguard (500) Institutional Index	VINIX	Retention
Large Value	Davis New York Venture A	NYVTX	Probation
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Probation
Mid Value	Columbia Mid Cap Value Z Fund	NAMAX	Retention
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention
Small Core	Vanguard Small Cap Index Signal	VSISX	Retention
Small Value	Neuberger Berman Genesis Tr	NBGEX	Retention
Global	American Funds New Perspective Fund R4	RNPEX	Retention
Global	Mutual Discovery Z	MDISX	Retention
International	Artisan International Inv	ARTIX	Retention
International	Dodge & Cox International Stock	DODFX	Retention

State of Montana 457 Deferred Compensation Plan  
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Asset Allocation as of June 30, 2011

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>218,273,491</b>	<b>62.8%</b>
Montana Fixed Fund - Stable Value	210,792,268	60.7%
PIMCO Total Return	4,753,002	1.4%
Neuberger High Income	2,728,221	0.8%
<b>Balanced</b>	<b>15,444,271</b>	<b>4.4%</b>
Dodge & Cox Balanced	15,444,271	4.4%
<b>Domestic Equity</b>	<b>72,358,729</b>	<b>20.8%</b>
<i>Large Cap</i>	<u>46,717,773</u>	<u>13.4%</u>
Fidelity ContraFund	20,886,562	6.0%
Calvert Social Investment Equity	1,605,365	0.5%
Vanguard Institutional Index	12,860,065	3.7%
Davis NY Venture	11,365,781	3.3%
<i>Mid Cap</i>	<u>9,373,439</u>	<u>2.7%</u>
Munder Mid Cap Core Growth A	5,864,323	1.7%
Columbia Mid Cap Value Fund Z	3,509,116	1.0%
<i>Small Cap</i>	<u>16,267,516</u>	<u>4.7%</u>
Vanguard Small Cap Growth Index	4,325,049	1.2%
Vanguard Small Cap Index	2,209,834	0.6%
Neuberger Berman Genesis	9,732,633	2.8%
<b>International Equity</b>	<b>27,894,358</b>	<b>8.0%</b>
American Funds New Perspective	9,035,457	2.6%
Mutual Discovery	8,533,032	2.5%
Artisan International	2,816,706	0.8%
Dodge & Cox International Stock	7,509,163	2.2%
<b>Asset Allocation</b>	<b>13,391,996</b>	<b>3.9%</b>
Conservative Asset Allocation	2,006,849	0.6%
Moderate Asset Allocation	5,031,053	1.4%
Moderately Aggressive Allocation	6,354,093	1.8%
<b>TOTAL STATE OF MONTANA 457</b>	<b>\$ 347,362,845</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	1.73	3.74	5.86	6.61
Barclays Int Gov/Credit Bond + 0.35%	2.21	4.12	6.11	6.43

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

**Fund Narrative**  
The fund underperformed the benchmark by 48 basis points this quarter, and slightly trails for the 3-year but leads for the 5-year. The underperformance was due to the exposure to Credit issuances which was amongst the best performing sectors in the quarter. **Current Status: Retention, no change recommended.**

PIMCO Total Return	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
PIMCO Total Return	1.80	5.67	9.19	8.60
Barclays Aggregate	2.29	3.90	6.46	6.52
Intermediate Fixed MF Mean	1.98	5.14	6.95	6.31

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	1.9	1.3	1.4
5 yr	★★★★★	1.5	1.0	1.3
10 yr	★★★★★	--	--	--

**Fund Narrative**  
This manager is ranked as the top 10% of this investment category for the 3-, 5-, and 10-year periods. PIMCO underperformed this quarter, but still greatly outperforms for other time periods; it has consistent 5-star rankings by Morningstar, and its Sharpe Ratios are well above the category mean, therefore the fund easily exceeds the State minimum. **Current Status: Retention, no change recommended.**

Neuberger High Income Bond	Trailing Total Returns (annualized)			
Style: High Yield Fixed Income	Quarter	1 Year	3 Year	5 Year
Neuberger High Income Bond	0.33	15.30	13.82	9.84
Barclays U.S. High Yield Index	1.05	15.63	12.68	9.30
High Yield MF Mean	0.65	14.93	9.45	7.04

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	1.0	0.7	0.8
5 yr	★★★★★	0.7	0.5	0.6
10 yr	★★★★	--	--	--

**Fund Narrative**  
This high yield manager had a positive but slightly trailing quarter; it still leads the benchmark for the 3- and 5-year time periods. Additionally, the consistent 5-star Morningstar ratings and the Sharpe Ratios above category mean all meet the State's requirements. **Current Status: Retention, no change recommended.**

Dodge & Cox Balanced	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Dodge & Cox Balanced	0.67	24.17	4.46	2.38
60% S&P 500 / 40% Barclays Aggregate	0.98	19.58	5.12	4.76
Balanced MF Mean	0.64	20.18	4.45	4.36

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

**Fund Narrative**  
This balanced fund underperformed the benchmark for the quarter, and still lags for the 3- and 5-year time periods. The 1- and 2-star Morningstar ratings and the Sharpe Ratios below or in line with the category mean do not meet the State's requirement. **Current Status: Probation, no change recommended.**

**State of Montana 457 Deferred Compensation Plan**  
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Asset Allocation - Conservative	Trailing Total Returns (annualized)			
	Quarter	1 Year	3 Year	5 Year
<b>Style: Balanced</b>				
<b>Asset Allocation - Conservative</b>	1.35	10.94	6.95	--
Montana Conservative Index	1.25	9.52	5.07	--
Balanced MF Mean	0.64	20.18	4.45	4.36

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	0.3	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

**Fund Narrative**  
This fund outperformed relative to the Montana Conservative Index for the quarter, boosting its lead for the 1- and 3-year time periods. The Montana Conservative Index is comprised of: 40% Barclays Aggregate Index, 35% Barclays Government/Credit Bond Index, and 25% S&P 500 Index. **Current Status: Retention, no change recommended.**

Asset Allocation - Moderate	Trailing Total Returns (annualized)			
	Quarter	1 Year	3 Year	5 Year
<b>Style: Balanced</b>				
<b>Asset Allocation - Moderate</b>	0.94	21.23	5.61	--
Montana Moderate Index	0.79	20.47	4.75	--
Balanced MF Mean	0.64	20.18	4.45	4.36

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	0.3	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

**Fund Narrative**  
This fund outperformed relative to the Montana Moderate Index for the quarter and for all other time periods. The Montana Moderate Index is comprised of: 20% Barclays Aggregate, 20% Barclays Government/Credit Bond Index, 25% S&P 500 Index, 10% Russell MidCap Index, 10% Russell 2000 Index, and 15% MSCI EAFE (\$net). **Current Status: Retention, no change recommended.**

Asset Allocation - Mod Aggressive	Trailing Total Returns (annualized)			
	Quarter	1 Year	3 Year	5 Year
<b>Style: Balanced</b>				
<b>Asset Allocation - Aggressive</b>	0.68	27.47	4.94	--
Montana Moderately Aggressive Index	0.64	27.19	4.63	--
Balanced MF Mean	0.64	20.18	4.45	4.36

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	0.3	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

**Fund Narrative**  
This fund slightly outperformed the Montana Moderately Aggressive Index for the quarter and 1-year and even the 3-year time period. The Montana Moderately Aggressive Index is comprised of: 20% Barclays Aggregate Index, 30% S&P 500 Index, 15% Russell MidCap Index, 15% Russell 2000 Index, and 20% MSCI EAFE (\$net). **Current Status: Retention, no change recommended.**

Fidelity Contrafund	Trailing Total Returns (annualized)			
	Quarter	1 Year	3 Year	5 Year
<b>Style: Large Cap Growth</b>				
<b>Fidelity Contrafund</b>	(0.54)	28.21	2.57	4.96
S&P 500 Index	0.10	30.69	3.34	2.94
Wilshire Large Growth Index	0.31	34.67	4.87	5.33
Large Cap Growth MF Mean	0.03	32.72	2.30	3.73

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

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

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Calvert Social Investor Equity	Trailing Total Returns (annualized)			
Style: Large Cap Growth	Quarter	1 Year	3 Year	5 Year
Calvert Social Investor Equity	1.31	35.46	5.19	5.49
S&P 500 Index	0.10	30.69	3.34	2.94
Wilshire Large Growth Index	0.31	34.67	4.87	5.33
Large Cap Growth MF Mean	0.03	32.72	2.30	3.73

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

**Fund Narrative**  
This fund had a strong quarter and led the benchmark, boosting its 3- and 5-year performance numbers to strongly outperform. The fund has 3- and 4-star Morningstar ratings and Sharpe Ratios above category mean which meet the State minimum requirements. **Current Status: Retention, no change recommended.** *This manager is fulfilling a need and has significant sector restrictions.*

Vanguard Institutional Index	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Institutional Index	0.10	30.66	3.40	2.97
S&P 500 Index	0.10	30.69	3.34	2.94
Large Cap Broad MF Mean	(0.10)	29.61	2.67	2.62

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

**Fund Narrative**  
As expected of an index fund, this fund performed in line with the returns of its benchmark for all time periods. With 3- and 4-star Morningstar ratings and Sharpe Ratios that exceed the category mean, this fund meets the requirements of the State. **Current Status: Retention, no change recommended.**

Davis NY Venture	Trailing Total Returns (annualized)			
Style: Large Cap Value	Quarter	1 Year	3 Year	5 Year
Davis NY Venture	(2.06)	24.20	1.03	1.27
S&P 500 Index	0.10	30.69	3.34	2.94
Large Cap Value MF Mean	(0.70)	28.39	1.98	1.30

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

**Fund Narrative**  
The fund a negative and underperforming quarter and now trails the benchmark for both the 3- and 5-year, not meeting the State's requirements. The 2-star Morningstar ratings do not meet the minimum 3-star requirement, but the fund's Sharpe Ratios are above or in line with category mean. The fund will be monitored closely. **Current Status: Probation, no change recommended.**

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Cap Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	1.20	38.30	4.28	5.31
S&P MidCap 400 Index	(0.73)	39.38	7.82	6.60
Mid Cap Growth MF Mean	0.40	40.89	5.16	5.62

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

**Fund Narrative**  
The fund led the benchmark for the quarter but still trails for all other time periods. The Sharpe Ratios are above category mean but the 2- star rating for the 3-year does not meet the minimum requirements. **Current Status: Probation, a mid cap growth fund replacement search is on hold.**

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Columbia Mid Cap Value Z Fund	Trailing Total Returns (annualized)			
Style: Mid Cap Value	Quarter	1 Year	3 Year	5 Year
Columbia Mid Cap Value Z Fund	(0.11)	37.58	4.91	3.92
Russell Mid Cap Value Index	(0.69)	34.28	6.35	4.01
Mid Cap Value MF Mean	(0.74)	33.66	7.15	4.36

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

**Fund Narrative**  
The fund outperformed the benchmark this quarter but still lags over the 3- and 5-year time periods. The fund's 2-star Morningstar ratings for the 3-year do not satisfy the State's minimum requirements but the five-year Morningstar ratings and Sharpe Ratios do. This fund will be closely monitored. **Current Status: Retention, no change recommended.**

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)			
Style: Small Cap Growth	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Growth Idx	(0.49)	46.40	9.38	7.30
MSCI US Small Cap Growth Index	(0.48)	46.48	9.39	7.31
Small Cap Growth MF Mean	0.46	43.25	8.13	5.30

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

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

Vanguard Small Cap Index	Trailing Total Returns (annualized)			
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Index	(1.14)	39.46	9.34	5.65
MSCI US Small Cap 1750 Index	(1.17)	39.36	9.19	5.53
Small Cap Broad MF Mean	(1.67)	36.57	7.97	4.20

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

**Fund Narrative**  
This fund's return tracked the benchmark return within an acceptable range for all time periods, as expected of an index fund. With consistent 4-star Morningstar ratings and above-category mean Sharpe Ratios, this fund meets all of the State's minimum requirements. **Current Status: Retention, no change recommended.**

Neuberger Berman Genesis	Trailing Total Returns (annualized)			
Style: Small Cap Value	Quarter	1 Year	3 Year	5 Year
Neuberger Berman Genesis	0.00	35.52	2.66	7.55
Russell 2000 Index	(1.61)	37.41	7.77	4.08
Small Cap Value MF Mean	(2.31)	33.00	9.37	4.84

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

**Fund Narrative**  
This manager posted a flat but outperforming quarter, and still lags for the 3-year time period. With inconsistent 2- and 5-star Morningstar ratings and strong Sharpe Ratio for the 5-year, this fund is on the borderline of meeting the State's minimum requirements. The fund will be closely monitored. **Current Status: Retention, no change recommended.**

State of Montana 457 Deferred Compensation Plan  
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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	0.20	29.62	3.38	5.63
MSCI World Index	0.47	30.51	0.47	2.28
World Equity MF Mean	0.31	29.98	1.22	3.37

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

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

Mutual Global Discovery	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
Mutual Global Discovery	1.44	21.59	5.01	5.77
MSCI World Index	0.47	30.51	0.47	2.28
World Equity MF Mean	0.31	29.98	1.22	3.37

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

**Fund Narrative**  
The fund outperformed this quarter and greatly leads the benchmark for the 3- and 5-year time periods. With consistent 5-star Morningstar ratings and strong Sharpe Ratios, this fund exceeds all State requirements. **Current Status: Retention, no change recommended.**

Artisan International	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Artisan International	2.81	31.85	(1.51)	2.78
MSCI EAFE Growth Index	2.11	31.25	(1.85)	2.51
MSCI EAFE Index	1.56	30.36	(1.77)	1.48
Non-US Equity MF Mean	1.30	31.70	(1.10)	2.10

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

**Fund Narrative**  
The fund outperformed the MSCI EAFE Growth for the quarter and now slightly leads the benchmark for the 3- and 5-year. With improved 3-star Morningstar ratings and Sharpe Ratios versus the category mean, the fund meets the State's requirements. The fund will still be monitored closely. **Current Status: Retention, no change recommended.**

Dodge & Cox International Stock	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Dodge & Cox International Stock	0.46	31.37	1.34	3.43
MSCI EAFE Value Index	0.98	29.35	(1.74)	0.36
MSCI EAFE Index	1.56	30.36	(1.77)	1.48
Non-US Equity MF Mean	1.30	31.70	(1.10)	2.10

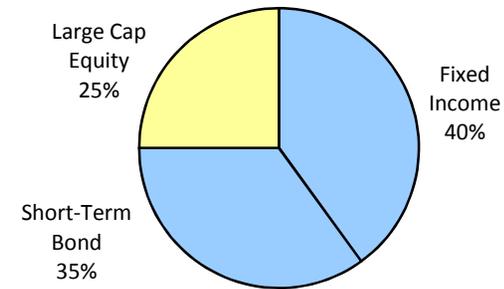
	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.2	-0.1	0.1
5 yr	★★★	0.2	0.0	0.1
10 yr	★★★★	--	--	--

**Fund Narrative**  
This fund posted a positive but weak return to underperform its benchmark this quarter but still leads the benchmark for all other time periods. The fund has 3-star Morningstar ratings and its Sharpe Ratios are above the category mean to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

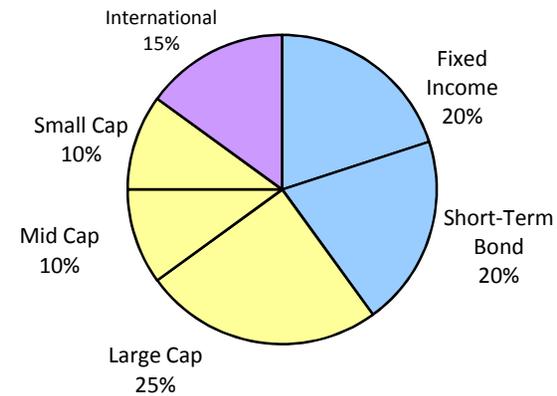
**State of Montana 457 Deferred Compensation Plan  
June 30, 2011**



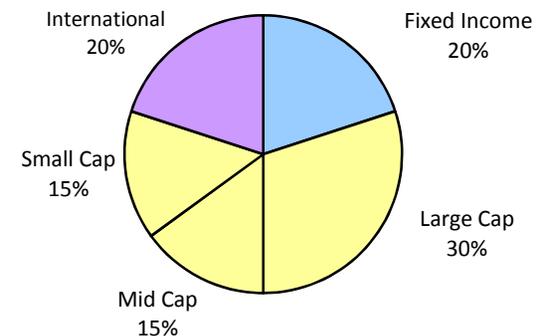
Montana Conservative Asset Allocation		
Target Asset Allocation		Fund Allocation
Fixed Income	40%	PIMCO Total Return Fund
Short-Term Bond	35%	Stable Value Fund
Large Cap Equity	25%	Vanguard 500 Institutional



Montana Moderate Asset Allocation		
Target Asset Allocation		Fund Allocation
Fixed Income	20%	PIMCO Total Return Fund
Short-Term Bond	20%	Stable Value Fund
Large Cap	25%	Vanguard 500 Institutional
Mid Cap	10%	Munder Mid Cap Core Growth A
Small Cap	10%	Neuberger Berman Genesis
International	15%	Dodge & Cox International



Montana Moderately Aggressive Asset Allocation		
Target Asset Allocation		Fund Allocation
Fixed Income	20%	PIMCO Total Return Fund
Large Cap	30%	Vanguard 500 Institutional
Mid Cap	15%	Munder Mid Cap Core Growth A
Small Cap	15%	Neuberger Berman Genesis
International	20%	Dodge & Cox International



**State of Montana 457 Deferred Compensation Plan**  
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**PIMCO Total Return Ticker: PTRAX**

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

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

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>PIMCO Total Return</b>	★★★★★	3.60	4.71	A	1.8%	2.9%	5.7%	9.2%	8.6%	7.1%
Barclays Aggregate					2.3%	2.7%	3.9%	6.5%	6.5%	5.7%
Interm Fixed MF Mean					2.0%	2.9%	5.1%	7.0%	6.3%	5.4%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	4.43	3.25	1.93	2.54	4.16	1.45
5-Year	4.20	2.01	1.53	2.27	3.62	1.26

**Portfolio Characteristics 3-31-11**

Credit Quality	%
US Gov't/Agency/AAA	64.0%
AA	9.0%
A	13.0%
BBB	8.0%
< BBB	6.0%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	19.3%
3 - 5 yrs.	10.6%
5 - 7 yrs.	8.5%
7 - 10 yrs.	7.6%
10 - 15 yrs.	2.9%
15 - 20 yrs.	4.4%
20 + yrs.	46.8%

**Sector Weights 3-31-11**

	%
US Government	14.6%
Mortgage	34.1%
Credit	29.3%
Foreign	22.0%
Cash	0.0%

**Portfolio Information**

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

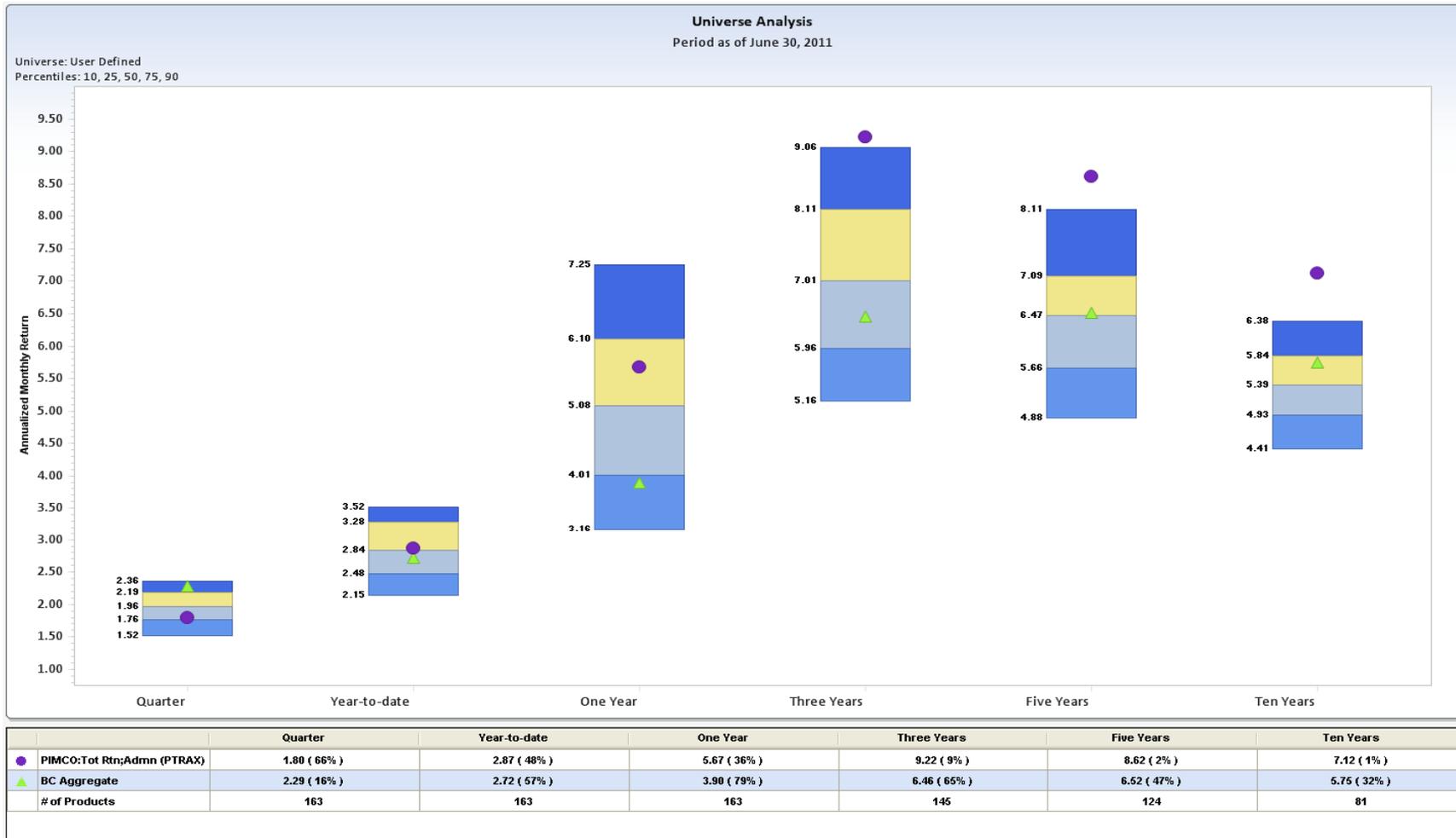
**Year-End Assets (\$ Mil.)**

2010	\$33,685
2009	\$30,268
2008	\$23,466
2007	\$22,644
2006	\$19,877
2005	\$18,448
2004	\$17,013
2003	\$15,959

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Intermediate Fixed Income Universe



State of Montana 457 Deferred Compensation Plan  
June 30, 2011



Neuberger Berman High Income Bond Fund

Ticker:

NHINX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Neuberger High Income Bond	★★★★★	3.98	7.00	B	0.3%	4.1%	15.3%	13.8%	9.8%	7.9%
Barclays U.S. High Yield Index					1.1%	5.0%	15.6%	12.7%	9.3%	9.0%
High Yield MF Mean					0.7%	4.4%	14.9%	9.5%	7.0%	7.2%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	14.17	7.41	0.97	13.53	16.95	0.77
5-Year	11.56	4.32	0.71	11.24	13.67	0.59

Portfolio Characteristics 5-31-11	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	2.2%
< AAA	0.0%
BBB	0.0%
BB	4.6%
< BB	93.2%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	0.4%
3 - 5 yrs.	23.5%
5 - 7 yrs.	35.9%
7 - 10 yrs.	33.7%
10 - 15 yrs.	3.5%
15 - 20 yrs.	1.4%
20 + yrs.	1.6%

Sector Weights 5-31-11	
<b>Sectors</b>	<b>%</b>
US Government	0.0%
Mortgage	0.0%
Credit	93.4%
Foreign	6.7%
Cash	0.0%

Portfolio Information	
Expense Ratio	0.96%
12b-1 Fee Included	-
Category Average	1.22%
Minimum Investment	\$2,000

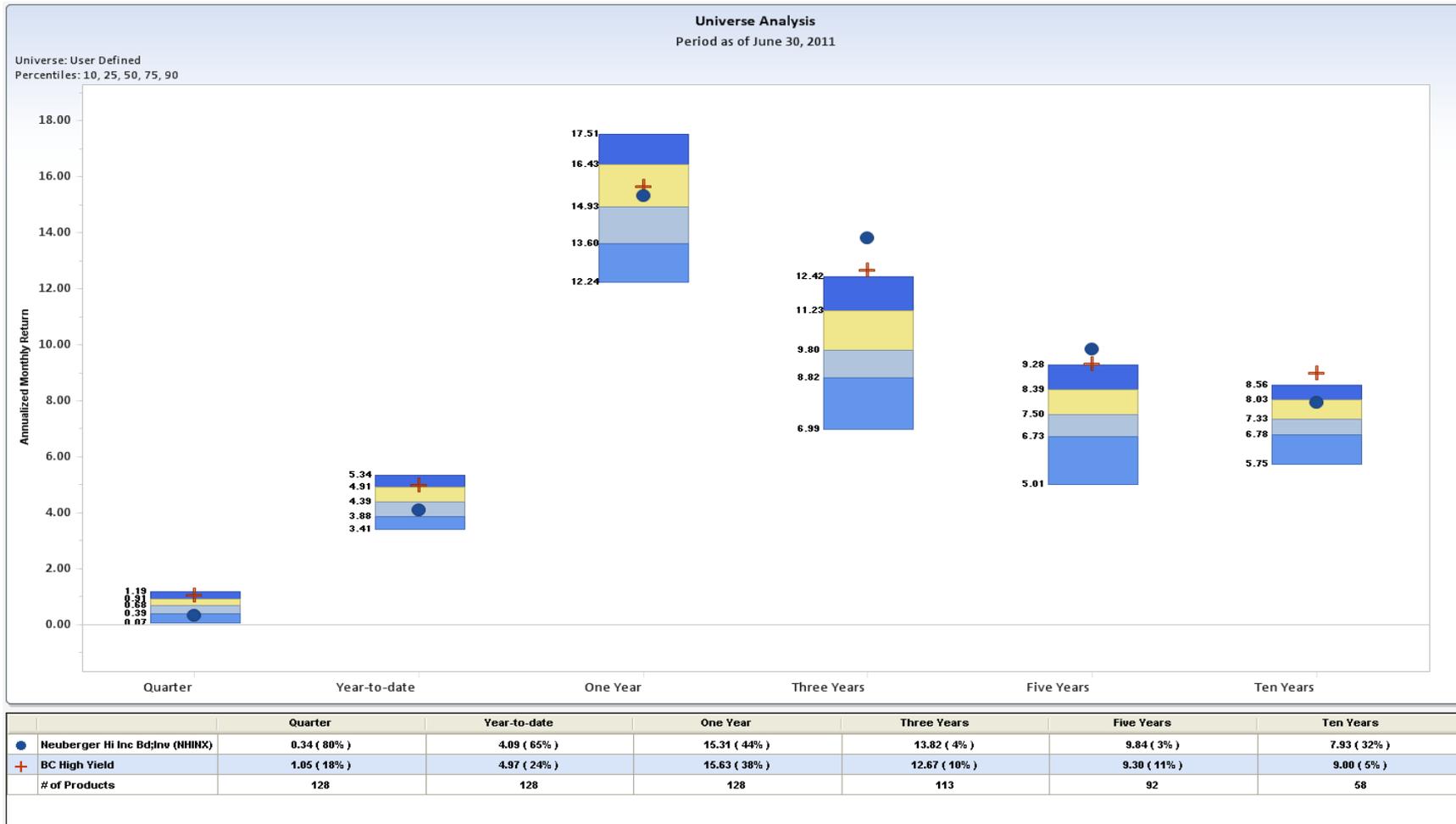
Year-End Assets (\$ Mil.)	
2010	\$357
2009	\$444
2008	\$196
2007	\$322
2006	\$592
2005	\$719
2004	\$841
2003	\$579

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### High Yield Fixed Income Universe



**State of Montana 457 Deferred Compensation Plan**  
**June 30, 2011**



**Dodge & Cox Balanced**

**Ticker: DODBX**

<b>Fund Strategy</b>
This fund is invested 60%-65% in stocks and 35%-40% in bonds. The stocks in the portfolio are mid-cap to large cap value stocks. The bonds in the portfolio are governments and mid-quality corporate.

<b>Manager Information</b>	
Lead Manager	John A. Gunn + Team
Inception	6/26/1991
Prospectus	<a href="http://www.dodgeandcox.com">www.dodgeandcox.com</a>

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Dodge &amp; Cox Balanced</b>	★★★	\$42,991	333	0.7%	5.6%	24.2%	4.5%	2.4%	5.8%
US Balanced Index				1.0%	4.7%	19.6%	5.1%	4.8%	4.3%
Balanced MF Mean				0.6%	4.5%	20.2%	4.5%	4.4%	4.6%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	19.58	1.35	-2.01	0.31	6.35	13.23	0.35
5-Year	16.18	1.35	-4.11	0.12	5.62	11.05	0.25

<b>Top 10 Holdings 3-31-11</b>	
Company	% of Portfolio
Hewlett-Packard Company	3.15%
Capital One Financial Corp	2.91%
Wells Fargo Company	2.85%
Comcast Corporation A	2.70%
General Electric Company	2.46%
Schlumberger, Ltd.	2.42%
Pfizer Inc.	2.17%
News Corporation	2.13%
Time Warner, Inc.	2.10%
GlaxoSmithKline PLC	1.92%

<b>Sector Weights 3-31-11</b>	
Basic Materials	2.8%
Communication Services	9.9%
Consumer Cyclical	10.2%
Consumer Defensive	2.3%
Healthcare	20.1%
Industrial	9.1%
Real Estate	0.0%
Technology	17.5%
Energy	10.3%
Financials	17.8%
Utilities	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.53%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$2,500
Avg. Annual Turnover	12%

<b>Fixed Income Characteristics</b>	
Avg. Duration (yrs.)	3.80
Avg. Maturity (yrs.)	7.30
Avg. Quality	BBB

<b>Sector Weights 3-31-11</b>	
Sectors	%
US Government	7.5%
Mortgage	45.2%
Credit	43.2%
Foreign	4.1%
Cash	0.0%

<b>Year-End Assets (\$ Mil.)</b>	
2010	\$14,800
2009	\$15,434
2008	\$14,700
2007	\$27,063
2006	\$24,458
2005	\$23,611
2004	\$20,741
2003	\$13,196

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Balanced Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Dodge & Cox Balanced (DODBX)	0.67 ( 47% )	5.62 ( 14% )	24.17 ( 10% )	4.45 ( 52% )	2.38 ( 95% )	5.77 ( 20% )
# of Products	219	219	217	200	151	93

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Fidelity ContraFund Ticker: FCNTX

### Fund Strategy

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

### Manager Information

Lead Manager William Danoff  
 Inception 5/17/1987  
 Prospectus [www.fidelity.com](http://www.fidelity.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Fidelity ContraFund</b>	★★★★	\$31,882	492	-0.5%	4.4%	28.2%	2.6%	5.0%	7.1%
S & P 500				0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Dow Jones Large Growth				0.3%	6.1%	34.7%	4.9%	5.3%	2.5%
Lg Cap Growth MF Mean				0.0%	5.3%	32.7%	2.3%	3.7%	2.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.93	0.87	-0.50	0.21	5.57	21.21	-	0.25
5-Year	16.44	0.87	2.05	0.27	5.85	17.88	-	0.15

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Apple, Inc.	7.02%
Google, Inc.	4.79%
Berkshire Hathaway A	3.25%
Wells Fargo Company	2.30%
Walt Disney Company	2.24%
McDonald's Corporation	2.20%
Coca-Cola Company	2.10%
Noble Energy, Inc.	1.76%
Oracle Corporation	1.44%
TJX Companies	1.29%

Sector Weights 5-31-11	
Basic Materials	6.1%
Communication Services	1.3%
Consumer Cyclical	18.5%
Consumer Defensive	7.2%
Healthcare	8.0%
Industrial	8.2%
Real Estate	0.3%
Technology	31.7%
Energy	8.2%
Financials	10.5%
Utilities	0.0%

Portfolio Information	
Expense Ratio	0.91%
12b-1 Fee	-
Morningstar Average	1.38%
Minimum Investment	\$2,500
Avg. Annual Turnover	46%

Year-End Assets (\$ Mil.)	
2010	\$61,431
2009	\$57,153
2008	\$45,195
2007	\$80,864

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



## Calvert Social Investment Equity A

Ticker: CSIEX

### Fund Strategy

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

### Manager Information

Manager Richard England - Atlanta Capital  
 Inception 8/24/1987  
 Prospectus [www.calvert.com](http://www.calvert.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Calvert Social Invst. A	★★★★	\$33,172	84	1.3%	8.3%	35.5%	5.2%	5.5%	4.3%
S & P 500				0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Dow Jones Large Growth				0.3%	6.1%	34.7%	4.9%	5.3%	2.5%
Lg Cap Growth MF Mean				0.0%	5.3%	32.7%	2.3%	3.7%	2.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.47	0.99	1.87	0.33	4.41	21.21	-	0.25
5-Year	17.77	0.97	2.51	0.29	4.23	17.88	-	0.15

Top 10 Holdings 4-30-11	
Company	% of Portfolio
Netflix, Inc.	4.52%
Qualcomm, Inc.	4.22%
Allergan, Inc.	4.03%
Apple, Inc.	4.01%
Suncor Energy, Inc.	3.33%
Cameron Int'l Corp	3.05%
3M Company	2.87%
J.P. Morgan Chase & Co	2.60%
Gilead Sciences, Inc.	2.58%
Amazon.com, Inc.	2.48%

Sector Weights 6-30-11	
Basic Materials	0.0%
Communication Services	0.0%
Consumer Cyclical	20.1%
Consumer Defensive	8.7%
Healthcare	11.0%
Industrial	14.2%
Real Estate	0.0%
Technology	20.6%
Energy	10.1%
Financials	15.2%
Utilities	0.0%

Portfolio Information	
Expense Ratio	1.22%
12b-1 Fee Included	0.25%
Morningstar Average	1.38%
Minimum Investment	\$2,000
Avg. Annual Turnover	39%

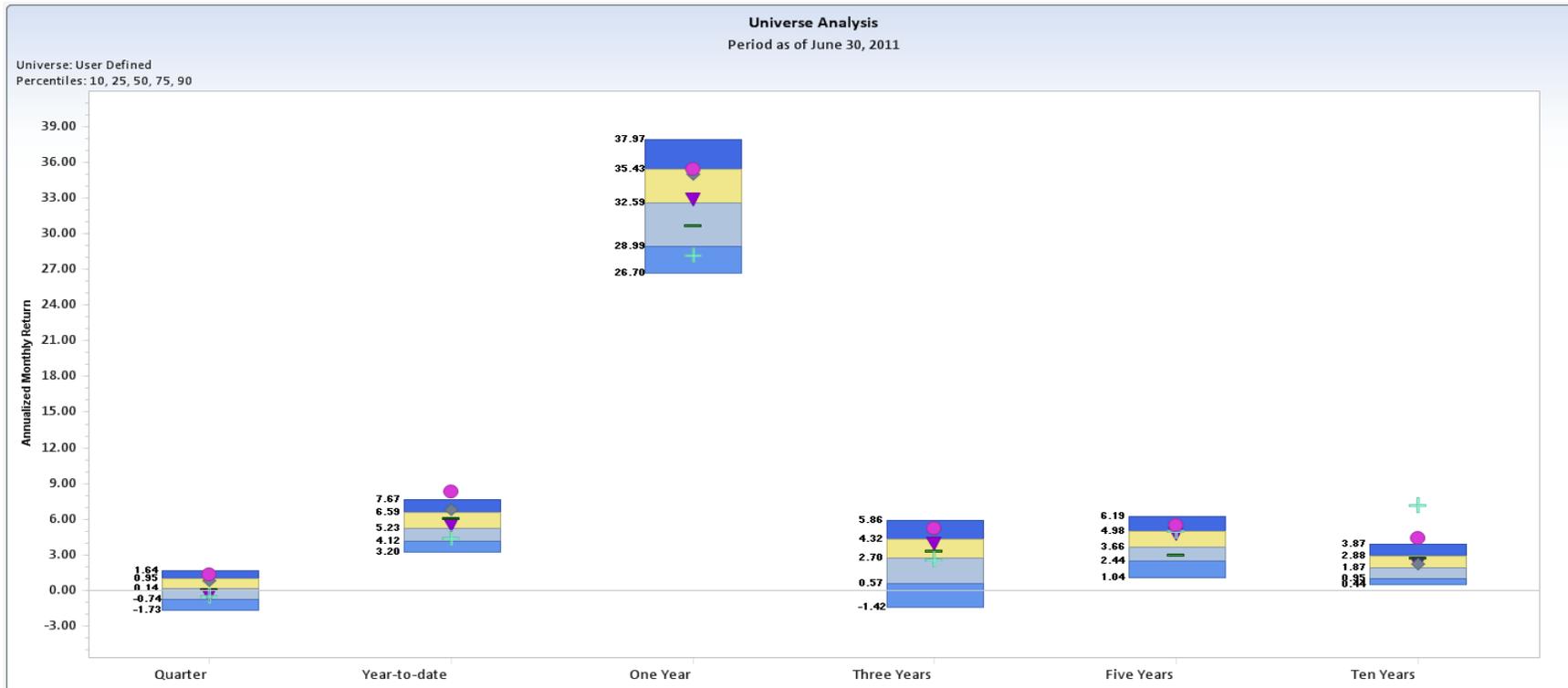
Year-End Assets (\$ Mil.)	
2010	\$1,109
2009	\$884
2008	\$633
2007	\$978

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### Large Cap Growth Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Calvert Soc Inv:Eqty:A (CSIEX)	1.31 ( 15%)	8.33 ( 5%)	35.48 ( 24%)	5.20 ( 15%)	5.49 ( 17%)	4.35 ( 6%)
+ Fidelity Contrafund (FCNTX)	-0.54 ( 68%)	4.38 ( 69%)	28.21 ( 80%)	2.56 ( 52%)	4.95 ( 25%)	7.13 ( 1%)
◆ RUSSELL 1000 Gro	0.76 ( 33%)	6.83 ( 21%)	35.01 ( 30%)	5.02 ( 17%)	5.33 ( 20%)	2.24 ( 45%)
— S&P 500	0.09 ( 51%)	6.02 ( 40%)	30.69 ( 63%)	3.34 ( 39%)	2.95 ( 68%)	2.72 ( 31%)
▼ WIL Lrg Grwth	-0.45 ( 67%)	5.44 ( 48%)	32.87 ( 46%)	3.91 ( 33%)	4.75 ( 30%)	2.25 ( 45%)
# of Products	222	222	222	194	171	122

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Vanguard (500) Institutional Index Ticker: VINIX

### Fund Strategy

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

### Manager Information

Lead Manager Donald M. Butler  
 Inception 7/31/1990  
 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 (500) Inst. Idx	★★★	\$50,103	507	0.1%	6.0%	30.7%	3.4%	3.0%	2.7%
S & P 500				0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Large Core MF Mean				-0.1%	5.6%	29.6%	2.7%	2.6%	2.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.20	1.00	0.06	0.25	0.04	21.21	-	0.25
5-Year	17.87	1.00	0.03	0.15	0.04	17.88	-	0.15

### Top 10 Holdings 3-31-11

Company	% of Portfolio
ExxonMobil Corporation	3.45%
Apple, Inc.	2.65%
Chevron Corporation	1.78%
General Electric Company	1.76%
Int'l Business Machines	1.64%
Microsoft Corp	1.55%
J.P. Morgan Chase & Co.	1.52%
AT&T, Inc.	1.49%
Procter & Gamble Co.	1.43%
Wells Fargo Company	1.38%

### Sector Weights 3-31-11

Basic Materials	2.8%
Communication Services	4.2%
Consumer Cyclical	9.3%
Consumer Defensive	10.7%
Healthcare	10.9%
Industrial	13.0%
Real Estate	1.6%
Technology	16.7%
Energy	13.0%
Financials	14.6%
Utilities	3.1%

### Portfolio Information

Expense Ratio	0.05%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	4%

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

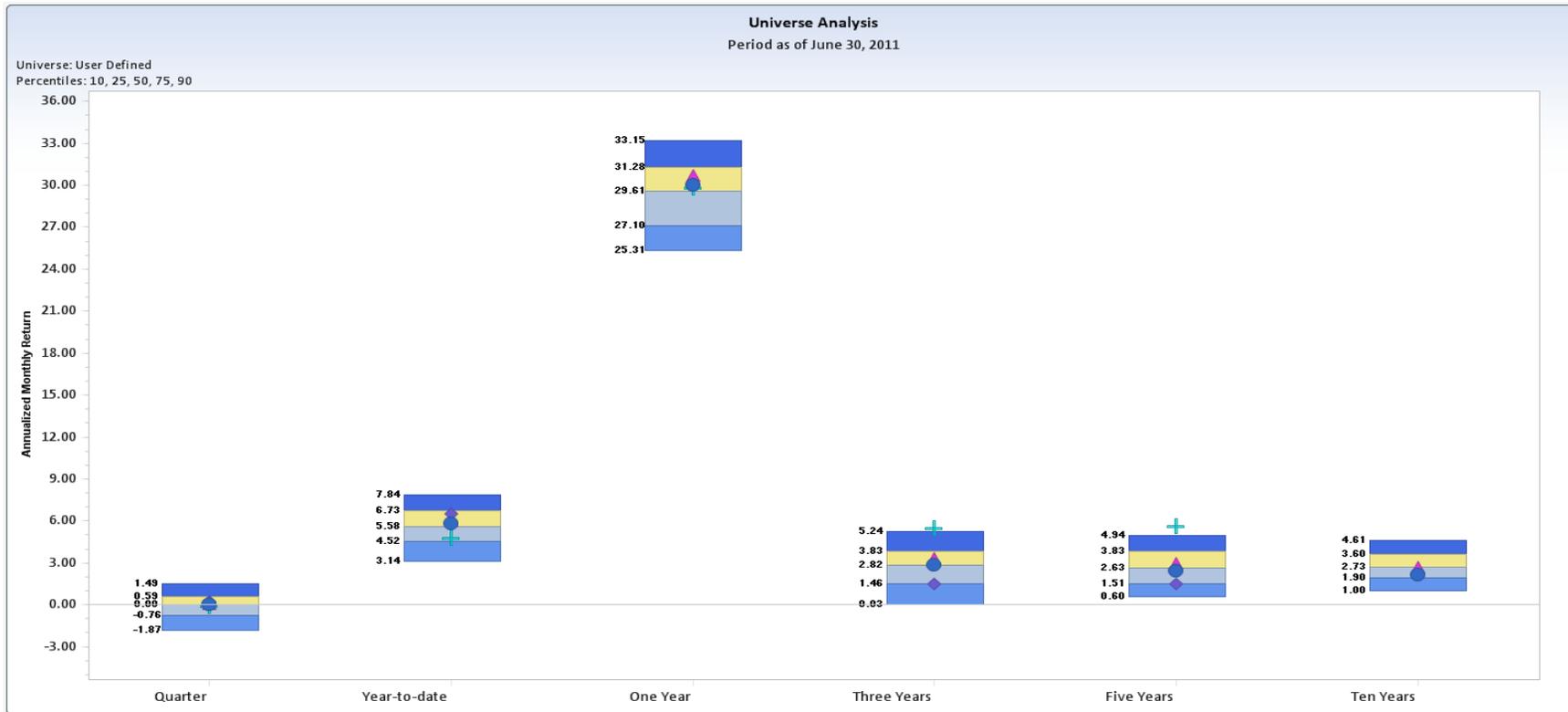
2010	\$54,686
2009	\$44,401
2008	\$31,543
2007	\$45,847

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### Large Cap Core Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● BlackRock:S&P 500 Ids;A (MDSRX)	0.01 ( 49% )	5.80 ( 45% )	30.04 ( 46% )	2.83 ( 49% )	2.41 ( 55% )	2.16 ( 69% )
+ JPMorgan:US Eq;R5 (JUSRX)	-0.10 ( 57% )	4.75 ( 68% )	29.79 ( 49% )	5.48 ( 8% )	5.62 ( 5% )	
◆ Vanguard Gro & Inc;Adm (VGIAX)	0.24 ( 42% )	6.50 ( 32% )	30.10 ( 43% )	1.50 ( 73% )	1.50 ( 76% )	2.22 ( 66% )
▲ S&P 500	0.09 ( 47% )	6.02 ( 39% )	30.69 ( 35% )	3.34 ( 35% )	2.95 ( 43% )	2.72 ( 52% )
# of Products	240	240	239	222	193	125

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Davis New York Venture A Ticker: NYVTX

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

<b>Manager Information</b>	
Lead Manager	Christopher C. Davis
Inception	2/17/1969
Prospectus	<a href="http://www.davisfunds.com">www.davisfunds.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
Davis NY Venture A	★★	\$37,268	89	-2.1%	2.4%	24.2%	1.0%	1.3%	3.7%
S & P 500				0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Large Value MF Mean				-0.7%	5.1%	28.4%	2.0%	1.3%	3.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.87	1.06	-2.23	0.15	4.17	21.21	-	0.25
5-Year	19.12	1.05	-1.55	0.07	3.63	17.88	-	0.15

<b>Top 10 Holdings 1-31-11</b>	
Company	% of Portfolio
Wells Fargo Company	4.42%
American Express Co.	4.11%
Costco Wholesale Corp.	4.11%
Bank of New York Mellon	3.98%
Occidental Petroleum Corp.	3.69%
Devon Energy Corporation	3.53%
EOG Resources	3.47%
CVS Caremark Corporation	3.36%
Loews Corporation	2.99%
Canadian Natural Resources	2.98%

<b>Sector Weights 4-30-11</b>	
Basic Materials	7.4%
Communication Services	0.5%
Consumer Cyclical	6.8%
Consumer Defensive	15.6%
Healthcare	12.3%
Industrial	6.9%
Real Estate	1.2%
Technology	6.7%
Energy	16.0%
Financials	26.5%
Utilities	0.0%

<b>Portfolio Information</b>	
Expense Ratio	0.89%
12b-1 Fee Included	0.24%
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	13%

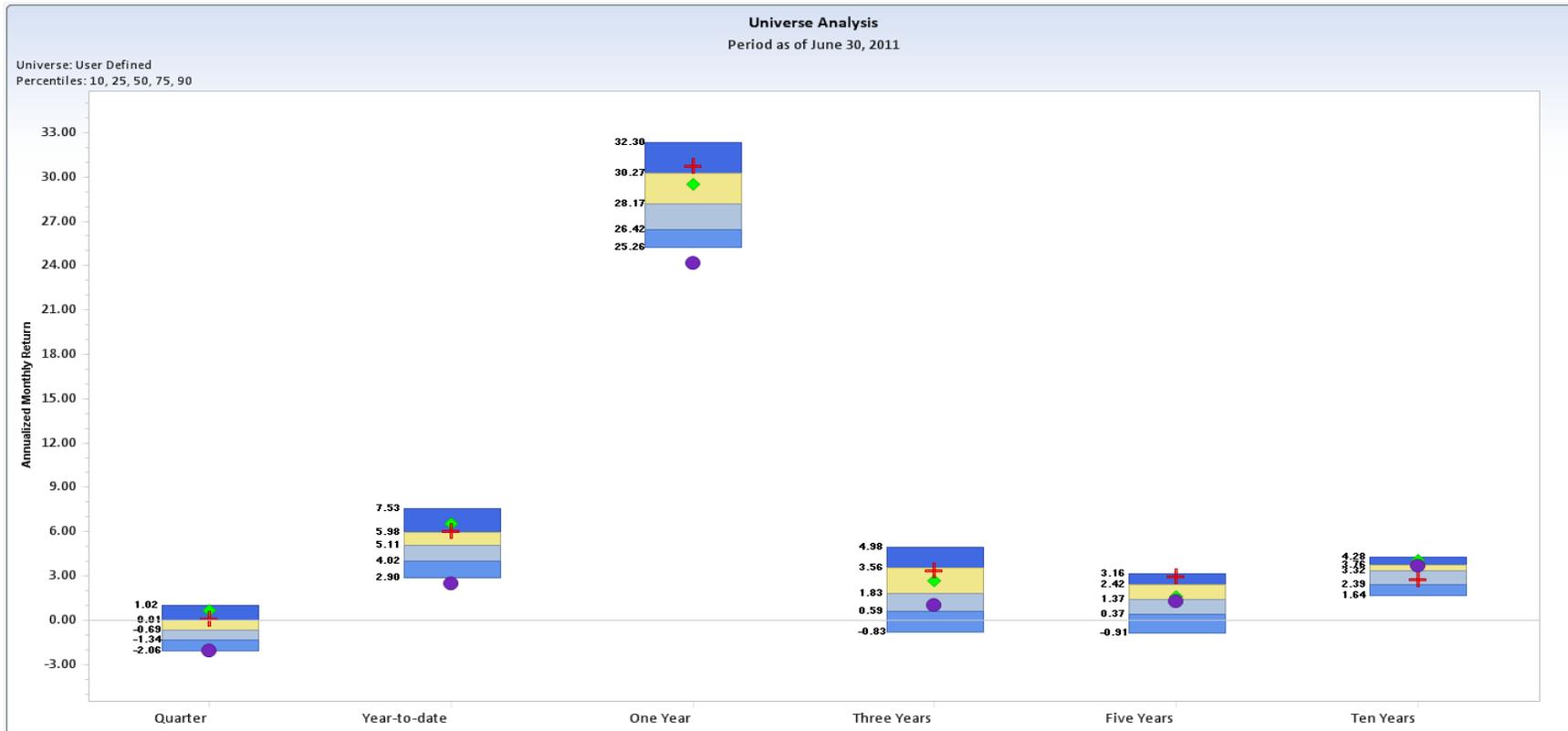
<b>Year-End Assets (\$ Mil.)</b>	
2010	\$20,100
2009	\$19,974
2008	\$17,192
2007	\$30,539

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### Large Cap Value Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Davis NY Venture:A (HYVTX)	-2.06 ( 91% )	2.44 ( 93% )	24.18 ( 93% )	1.03 ( 69% )	1.27 ( 55% )	3.66 ( 33% )
+ S&P 500	0.09 ( 22% )	6.02 ( 25% )	30.69 ( 20% )	3.34 ( 29% )	2.95 ( 14% )	2.72 ( 69% )
◆ WIL Lrg Val	0.64 ( 15% )	6.53 ( 20% )	29.53 ( 35% )	2.67 ( 34% )	1.59 ( 42% )	4.05 ( 17% )
# of Products	101	101	97	92	86	59

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Munder Mid Cap Core Growth A

Ticker: MGOAX

### Fund Strategy

This fund operates in the mid-capitalization space and managers seek to invest in companies that are temporarily out of favor and trade cheap relative to growth potential. The fund keeps sector weightings within 3% of the benchmark. The fund holds 80-95 stocks and individual positions are capped at 3%.

### 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. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★	\$6,263	86	1.2%	9.1%	38.3%	4.3%	5.3%	7.9%
S&P MidCap 400 Index				-0.7%	8.6%	39.4%	7.8%	6.6%	7.9%
Mid Cap Growth MF Mean				0.4%	8.5%	40.9%	5.2%	5.6%	5.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	23.08	1.04	1.18	0.29	6.87	25.16	-	0.42
5-Year	19.80	1.04	2.58	0.27	6.82	21.03	-	0.32

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Affiliated Managers Group, Inc	2.24%
BorgWarner, Inc.	2.00%
Gentex Corporation	1.95%
Skyworks Solutions, Inc.	1.93%
Kansas City Southern, Inc.	1.92%
Macerich Company	1.91%
Cognizant Technology Sol Cor	1.91%
TD Ameritrade Holding Corp	1.83%
Lincoln National Corp.	1.71%
Mettler-Toledo Int'l, Inc.	1.64%

Sector Weights 5-31-11	
Basic Materials	2.9%
Communication Services	1.9%
Consumer Cyclical	16.1%
Consumer Defensive	7.4%
Healthcare	10.7%
Industrial	17.8%
Real Estate	6.1%
Technology	14.0%
Energy	6.9%
Financials	11.4%
Utilities	4.7%

Portfolio Information	
Expense Ratio	1.34%
12b-1 Fee Included	0.25%
Morningstar Average	1.52%
Minimum Investment	\$2,500
Avg. Annual Turnover	52%

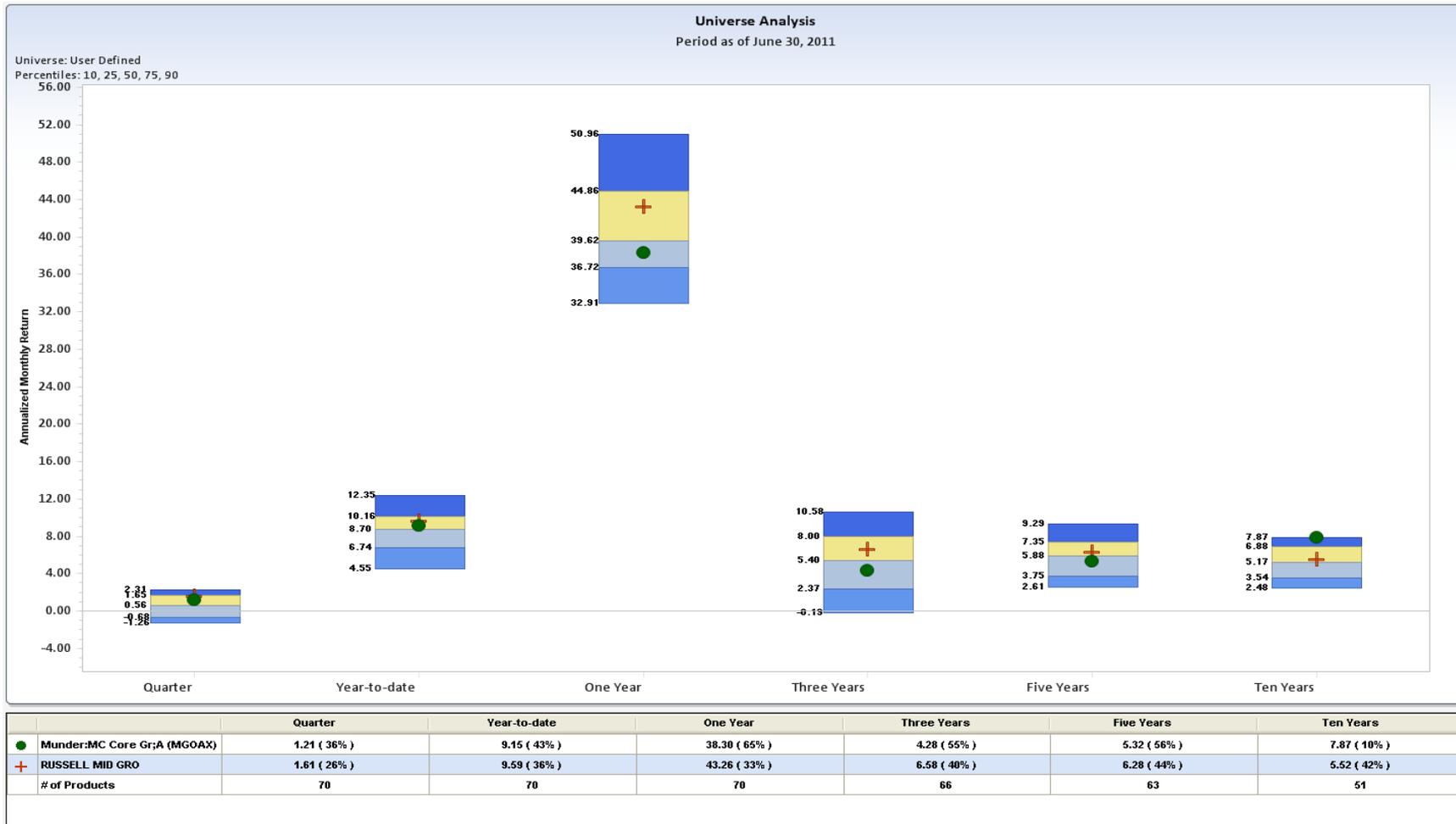
Year-End Assets (\$ Mil.)	
2010	\$1,507
2009	\$1,497
2008	\$1,319
2007	\$2,263

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### Mid Cap Growth Universe



# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Columbia Mid Cap Value Z Fund

Ticker: NAMAX

### Fund Strategy

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

### Manager Information

Lead Manager Diane Sobin, David Hoffman  
 Inception 11/20/2001  
 Prospectus [www.columbiafunds.com](http://www.columbiafunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Columbia Mid Cap Value Z</b>	★★★	\$7,675	124	-0.1%	7.2%	37.6%	4.9%	3.9%	--
Russell Mid Cap Value Index				-0.7%	6.7%	34.3%	6.3%	4.0%	8.4%
Mid Cap Value MF Mean				-0.7%	6.4%	33.7%	7.2%	4.4%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	25.02	1.15	1.61	0.31	6.37	26.56	-	0.36
5-Year	20.97	1.14	1.18	0.20	5.59	21.96	-	0.21

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Columbia Short-Term Cash	3.40%
Discover Financial Services	2.16%
Spectra Energy Corp	1.77%
Peabody Energy Corporation	1.74%
Parker Hannifin Corporation	1.70%
PPG Industries, Inc	1.67%
Sempra Energy	1.64%
Equity Residential	1.48%
Wisconsin Energy Corp.	1.46%
Reinsurance Group of America	1.41%

Sector Weights 5-31-11	
Basic Materials	7.8%
Communication Services	2.0%
Consumer Cyclical	12.9%
Consumer Defensive	4.5%
Healthcare	5.6%
Industrial	13.5%
Real Estate	8.4%
Technology	7.6%
Energy	10.2%
Financials	17.8%
Utilities	9.7%

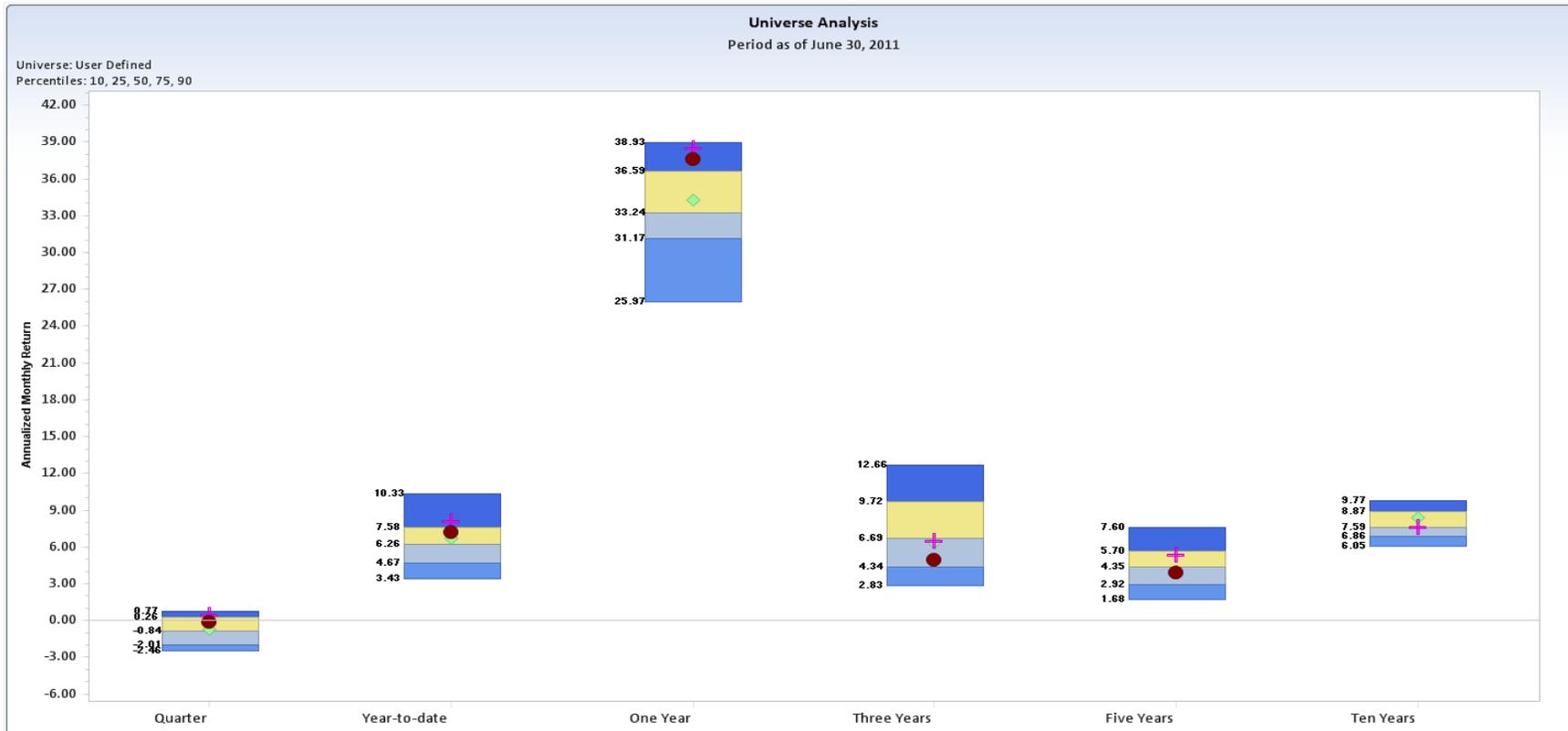
Portfolio Information	
Expense Ratio	0.88%
12b-1 Fee Included	-
Morningstar Average	1.37%
Minimum Investment	\$2,000
Avg. Annual Turnover	50%

Year-End Assets (\$ Mil.)	
2010	\$2,707
2009	\$2,390
2008	\$1,705
2007	\$2,210

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Mid Cap Value Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Columbia:MdCp Val;Z (NAMAX)	-0.11 ( 37% )	7.16 ( 35% )	37.56 ( 20% )	4.90 ( 66% )	3.91 ( 52% )	
+ RUSSELL MIDCAP	0.41 ( 22% )	8.08 ( 20% )	38.49 ( 15% )	6.46 ( 52% )	5.30 ( 30% )	7.59 ( 52% )
◆ RUSSELL MID VAL	-0.68 ( 49% )	6.70 ( 43% )	34.30 ( 35% )	6.35 ( 52% )	4.01 ( 52% )	8.42 ( 34% )
# of Products	61	61	61	57	47	30

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



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. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Small Growth Index	★★★★	\$1,674	985	-0.5%	10.1%	46.4%	9.4%	7.3%	8.6%
MSCI US Small Growth Index				-0.5%	10.1%	46.5%	9.4%	7.3%	6.6%
Small Cap Growth MF Mean				0.5%	9.7%	43.3%	8.1%	5.3%	4.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	28.13	1.26	6.11	0.45	10.59	28.11	-	0.45
5-Year	23.57	1.23	4.74	0.34	9.51	23.56	-	0.34

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Informatica Corporation	0.55%
VeriFone Systems, Inc.	0.54%
JDS Uniphase Corporation	0.52%
TIBCO Software, Inc.	0.51%
Polycom, Inc.	0.50%
Tractor Supply	0.49%
Brigham Exploration Company	0.49%
Gentex Corporation	0.48%
Gardner Denver, Inc.	0.46%
Rackspace Hosting, Inc.	0.45%

Sector Weights 3-31-11	
Basic Materials	5.5%
Communication Services	2.1%
Consumer Cyclical	16.2%
Consumer Defensive	3.3%
Healthcare	13.8%
Industrial	19.8%
Real Estate	2.5%
Technology	25.5%
Energy	7.4%
Financials	3.1%
Utilities	0.6%

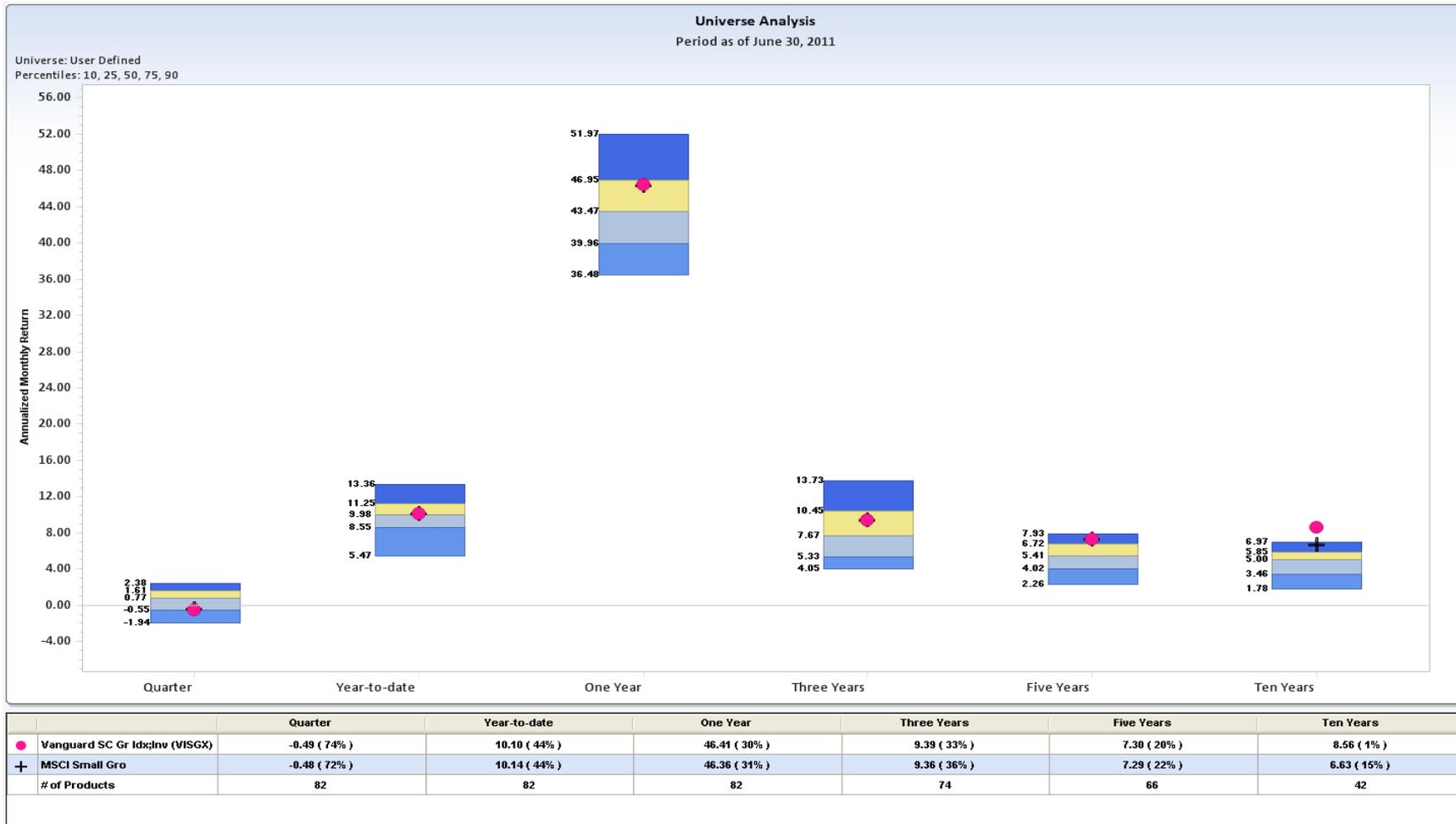
Portfolio Information	
Expense Ratio	0.26%
12b-1 Fee Included	0.00%
Morningstar Average	1.57%
Minimum Investment	\$3,000
Avg. Annual Turnover	34%

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

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Small Cap Growth Universe



# State of Montana 457 Deferred Compensation Plan

June 30, 2011



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 US companies.

### Manager Information

Lead Manager Michael H. Buek  
 Inception 11/13/2000  
 Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Small Cap Idx	★★★★	\$1,589	1720	-1.1%	7.6%	39.5%	9.3%	5.6%	7.3%
MSCI US Small Cap 1750				-1.2%	7.6%	39.4%	9.2%	5.5%	7.9%
Small Cap Core MF Mean				-1.7%	6.0%	36.6%	8.0%	4.2%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.91	1.26	5.98	0.45	9.92	27.91	-	0.45
5-Year	23.21	1.23	3.08	0.28	8.57	23.21	-	0.27

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Informatica Corporation	0.28%
VeriFone Systems, Inc.	0.27%
SM Energy Company	0.27%
SandRidge Energy, Inc.	0.27%
JDS Uniphase Corporation	0.27%
CMT Market Liquidity Rate	0.27%
TIBCO Software, Inc.	0.26%
Polycom, Inc.	0.25%
Tractor Supply	0.25%
Brigham Exploration Co.	0.25%

Sector Weights 3-31-11	
Basic Materials	6.8%
Communication Services	1.4%
Consumer Cyclical	13.8%
Consumer Defensive	3.9%
Healthcare	10.0%
Industrial	16.9%
Real Estate	7.5%
Technology	17.9%
Energy	6.4%
Financials	12.2%
Utilities	3.3%

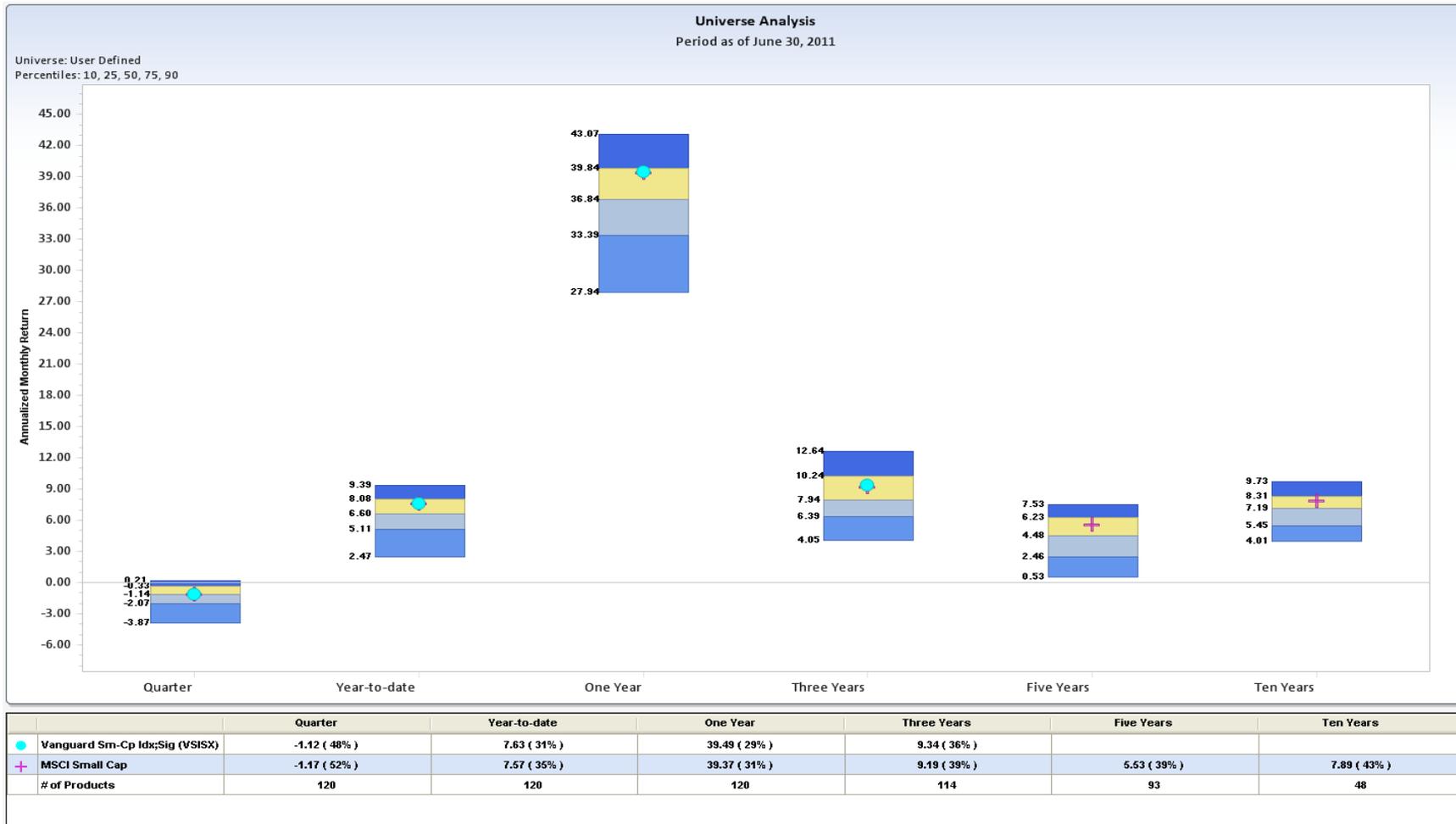
Portfolio Information	
Expense Ratio	0.12%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$10,000
Avg. Annual Turnover	12%

Year-End Assets (\$ Mil.)	
2010	\$2,300
2009	\$1,763
2008	\$1,172
2007	\$1,625

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Small Cap Core Universe



# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Neuberger Berman Genesis Tr

Ticker: NBGEX

### Fund Strategy

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

### Manager Information

Lead Manager Judith M. Vale + Team  
 Inception 8/26/1993  
 Prospectus [www.nb.com](http://www.nb.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Neuberger Berman Genesis Tr	★★★★	\$2,600	151	0.0%	9.2%	35.5%	2.7%	7.6%	10.2%
Russell 2000				-1.6%	6.2%	37.4%	7.8%	4.1%	6.3%
Small Cap Value MF Mean				-2.3%	4.8%	33.0%	9.4%	4.8%	9.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	21.73	0.98	-0.40	0.22	6.48	27.29	-	0.40
5-Year	18.12	0.93	4.66	0.40	7.46	22.76	-	0.21

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Compass Minerals International	2.82%
AptarGroup, Inc.	2.57%
Church & Dwight Company, Inc.	2.43%
Concho Resources, Inc.	2.25%
Carbo Ceramics, Inc.	2.18%
Oceaneering International	2.03%
Solera Holdings, Inc.	1.94%
Clarco Inc.	1.81%
Micros Systems, Inc.	1.80%
Ruddick Corporation	1.55%

Sector Weights 3-31-11	
Basic Materials	6.7%
Communication Services	0.0%
Consumer Cyclical	11.0%
Consumer Defensive	7.9%
Healthcare	13.7%
Industrial	20.1%
Real Estate	0.0%
Technology	11.0%
Energy	17.8%
Financials	8.8%
Utilities	2.9%

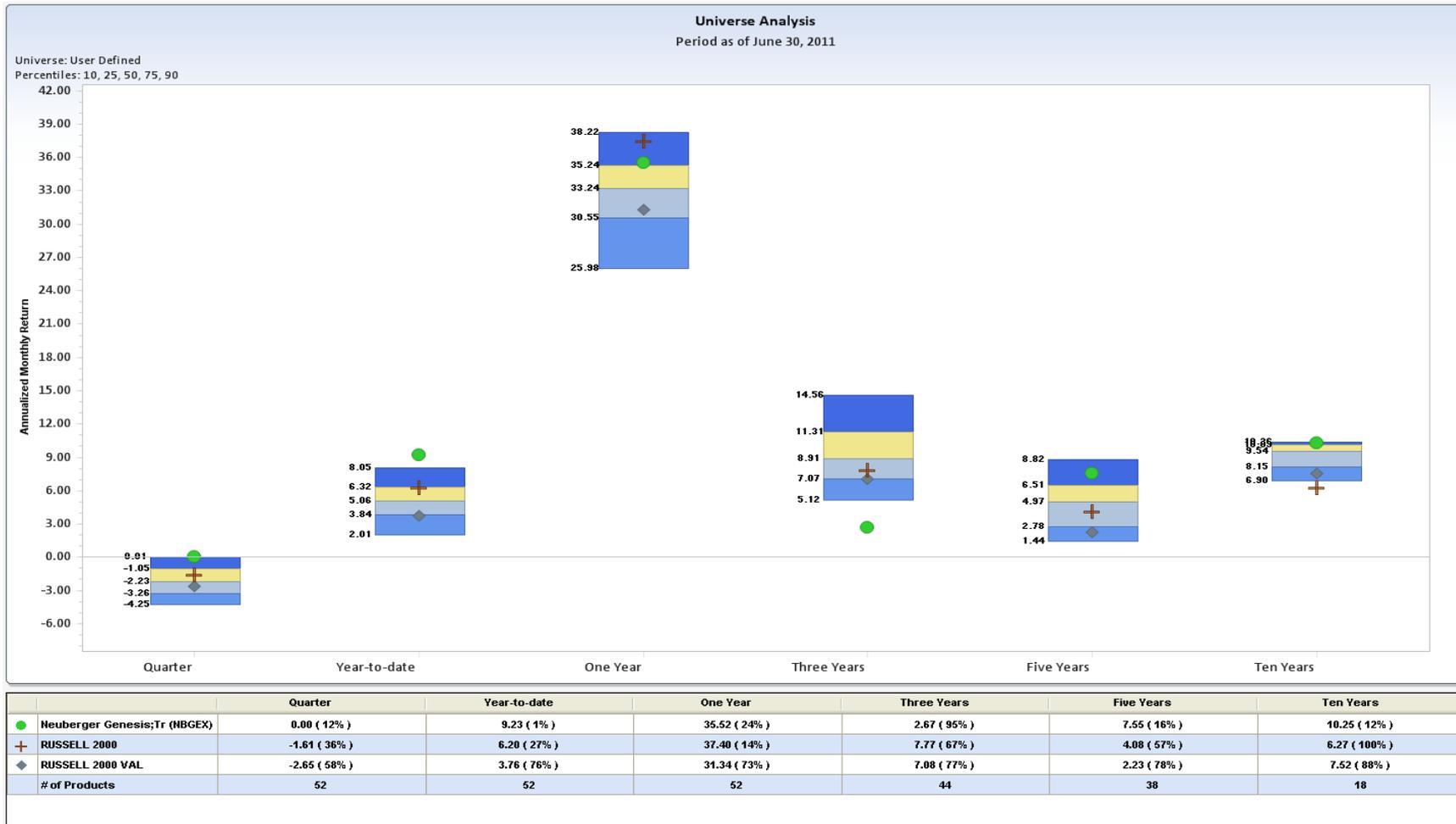
Portfolio Information	
Expense Ratio	1.12%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$0
Avg. Annual Turnover	16%

Year-End Assets (\$ Mil.)	
2010	\$3,737
2009	\$3,357
2008	\$3,043
2007	\$4,929

# State of Montana 457 Deferred Compensation Plan June 30, 2011



## Small Cap Value Universe



# State of Montana 457 Deferred Compensation Plan

June 30, 2011



American Funds New Perspective

Ticker: RNPEX

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

**Manager Information**  
 Lead Manager Gregg England + Team  
 Inception 5/28/2002  
 Prospectus [www.americanfunds.com](http://www.americanfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective	★★★★	\$42,603	249	0.2%	4.3%	29.6%	3.4%	5.6%	6.8%
MSCI World Index				0.5%	5.3%	30.5%	0.5%	2.3%	4.0%
World Stock MF Mean				0.3%	4.4%	30.0%	1.2%	3.4%	4.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	22.20	0.84	4.42	0.25	6.53	23.25	-	0.12
5-Year	18.50	0.84	3.73	0.29	5.80	19.37	-	0.12

**Top 10 Holdings 3-31-11**

Company	% of Portfolio
Novo-Nordisk A/S	4.04%
EMC Corporation	1.79%
Amazon.com, Inc.	1.58%
Schneider Electric	1.55%
Texas Instruments, Inc	1.45%
Barrick Gold Corporation	1.36%
Google, Inc.	1.34%
Newmont Mining Corporation	1.24%
British American Tobacco PLC	1.21%
America Movil SAB de CV	1.20%

**Country Weights 3-31-11**

	%
<b>Europe</b>	<b>39.7%</b>
France	6.3%
Germany	5.4%
United Kingdom	7.7%
<b>Asia</b>	<b>15.3%</b>
Australia	2.3%
Hong Kong	0.3%
Japan	7.2%
<b>Latin America</b>	<b>2.8%</b>
<b>North America</b>	<b>42.3%</b>
Canada	5.2%
United States	37.1%

**Portfolio Information**

Expense Ratio	0.81%
12b-1 Fee Included	0.25%
Morningstar Average	1.55%
Minimum Investment	-
Avg. Annual Turnover	24%

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

2010	\$1,173
2009	\$970
2008	\$582
2007	\$806
2006	\$648
2005	\$556

# State of Montana 457 Deferred Compensation Plan

June 30, 2011



Mutual Discovery Z Ticker: MDISX

### Fund Strategy

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

### Manager Information

Lead Manager Anne E. Gudefin  
 Inception 12/31/1992  
 Prospectus [www.franklintempleton.com](http://www.franklintempleton.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Mutual Discovery Z	★★★★★	\$33,236	175	1.4%	5.2%	21.6%	5.0%	5.8%	8.5%
MSCI World Index				0.5%	5.3%	30.5%	0.5%	2.3%	4.0%
World Stock MF Mean				0.3%	4.4%	30.0%	1.2%	3.4%	4.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.32	0.45	4.78	0.43	14.89	23.25	-	0.12
5-Year	11.45	0.49	3.49	0.39	11.84	19.37	-	0.12

Top 10 Holdings 3-31-11	
Company	% of Portfolio
British American Tobacco	2.61%
Imperial Tobacco Group PLC	1.98%
Vodafone Group PLC	1.90%
Royal Dutch Shell PLC	1.88%
Pfizer Inc	1.69%
Pernod Ricard NV	1.64%
CVS Caremark Corporation	1.63%
Kraft Foods, Inc.	1.57%
GDF Suez	1.52%
ACE Ltd.	1.48%

Country Weights 3-31-11	
	%
<b>Europe</b>	<b>48.3%</b>
France	12.6%
Germany	7.5%
United Kingdom	12.4%
<b>Asia</b>	<b>6.2%</b>
Australia	0.0%
Hong Kong	4.2%
Japan	1.6%
<b>Latin America</b>	<b>0.1%</b>
<b>North America</b>	<b>45.4%</b>
Canada	0.9%
United States	44.4%

Portfolio Information	
Expense Ratio	1.04%
12b-1 Fee Included	-
Morningstar Average	1.55%
Minimum Investment	\$1,000
Avg. Annual Turnover	38%

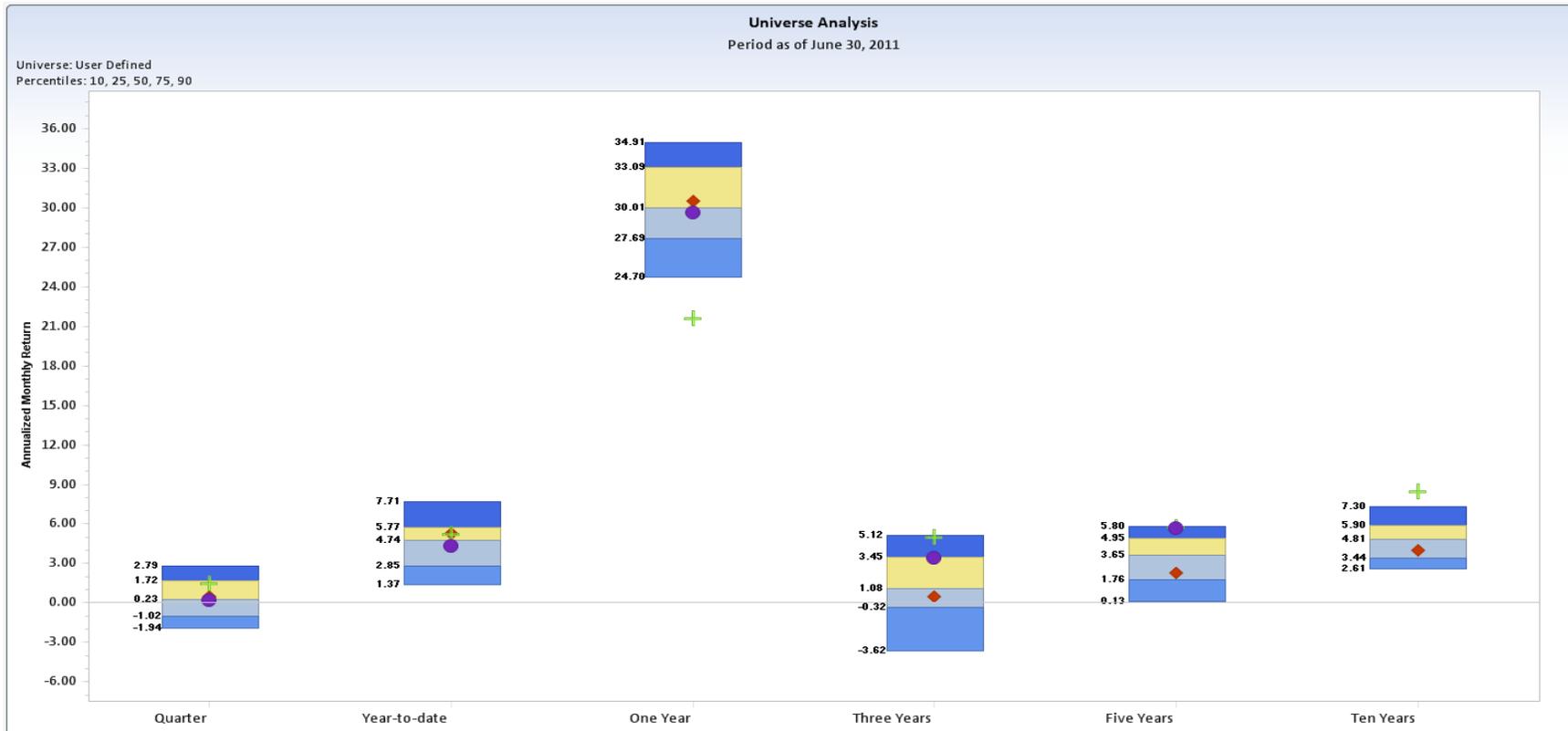
Year-End Assets (\$ Mil.)	
2010	\$7,211
2009	\$5,923
2008	\$3,489
2007	\$4,719
2006	\$4,018
2005	\$3,033

# State of Montana 457 Deferred Compensation Plan

## June 30, 2011



### World Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● American Funds NPer;R-4 (RNPEX)	0.20 ( 52% )	4.31 ( 58% )	29.64 ( 55% )	3.38 ( 26% )	5.63 ( 12% )	
+ Mutual GI Discovery;Z (MDISX)	1.43 ( 35% )	5.18 ( 40% )	21.60 ( 97% )	5.00 ( 10% )	5.77 ( 10% )	8.46 ( 1% )
◆ MSCI Wld \$N	0.47 ( 47% )	5.29 ( 37% )	30.52 ( 39% )	0.47 ( 60% )	2.28 ( 68% )	3.99 ( 68% )
# of Products	131	131	131	116	89	35

**State of Montana 457 Deferred Compensation Plan**  
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Artisan International Inv Ticker: ARTIX

**Fund Strategy**

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

**Manager Information**

Lead Manager Mark L. Yockey  
 Inception 12/28/1995  
 Prospectus [www.artisanfunds.com](http://www.artisanfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Artisan International Inv	★★★	\$30,305	81	2.8%	6.4%	31.9%	-1.5%	2.8%	5.4%
MSCI EAFE Growth Index				2.1%	4.4%	31.3%	-1.8%	2.5%	5.3%
MSCI EAFE Index				1.6%	5.0%	30.4%	-1.8%	1.5%	5.7%
Non-US Equity MF Mean				1.3%	4.6%	31.7%	-1.1%	2.1%	6.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	27.65	1.04	0.71	0.07	6.16	24.60	-	0.04
5-Year	23.27	1.05	1.59	0.16	5.61	20.48	-	0.14

Top 10 Holdings 3-31-11	
Company	% of Portfolio
Sands China Ltd	3.83%
Nestle SA	3.19%
Bayer AG	3.02%
Daimler AG	2.75%
WPP Plc	2.68%
Mitsui & Co., Ltd.	2.52%
Siemens AG	2.36%
Baidu, Inc. ADR	2.32%
Pernod Ricard NV	2.29%
Canadian Pacific Railway	2.16%

Country Weights 3-31-11	
	%
<b>Europe</b>	<b>54.6%</b>
France	9.5%
Germany	13.6%
United Kingdom	10.1%
<b>Asia</b>	<b>41.0%</b>
Australia	3.0%
Hong Kong	16.1%
Japan	9.3%
<b>Latin America</b>	<b>1.0%</b>
<b>North America</b>	<b>3.4%</b>
Canada	2.8%
United States	0.6%

Portfolio Information	
Expense Ratio	1.23%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$1,000
Avg. Annual Turnover	71%

Year-End Assets (\$ Mil.)	
2010	\$7,489
2009	\$8,078
2008	\$6,003
2007	\$13,039

**State of Montana 457 Deferred Compensation Plan**  
**June 30, 2011**



Dodge & Cox International Stock

Ticker: DODFX

**Fund Strategy**

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

**Manager Information**

Lead Manager Bryan C. Cameron  
 Inception 5/1/2001  
 Prospectus [www.dodgeandcox.com](http://www.dodgeandcox.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Dodge &amp; Cox Int'l Stock</b>	★★★★	\$33,158	102	0.5%	3.0%	31.4%	1.3%	3.4%	9.7%
MSCI EAFE Value Index				1.0%	5.6%	29.4%	-1.7%	0.4%	6.0%
MSCI EAFE Index				1.6%	5.0%	30.4%	-1.8%	1.5%	5.7%
Non-US Equity MF Mean				1.3%	4.6%	31.7%	-1.1%	2.1%	6.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	30.31	1.16	4.17	0.19	6.33	27.67	-	0.06
5-Year	24.72	1.13	2.41	0.19	5.45	22.97	-	0.05

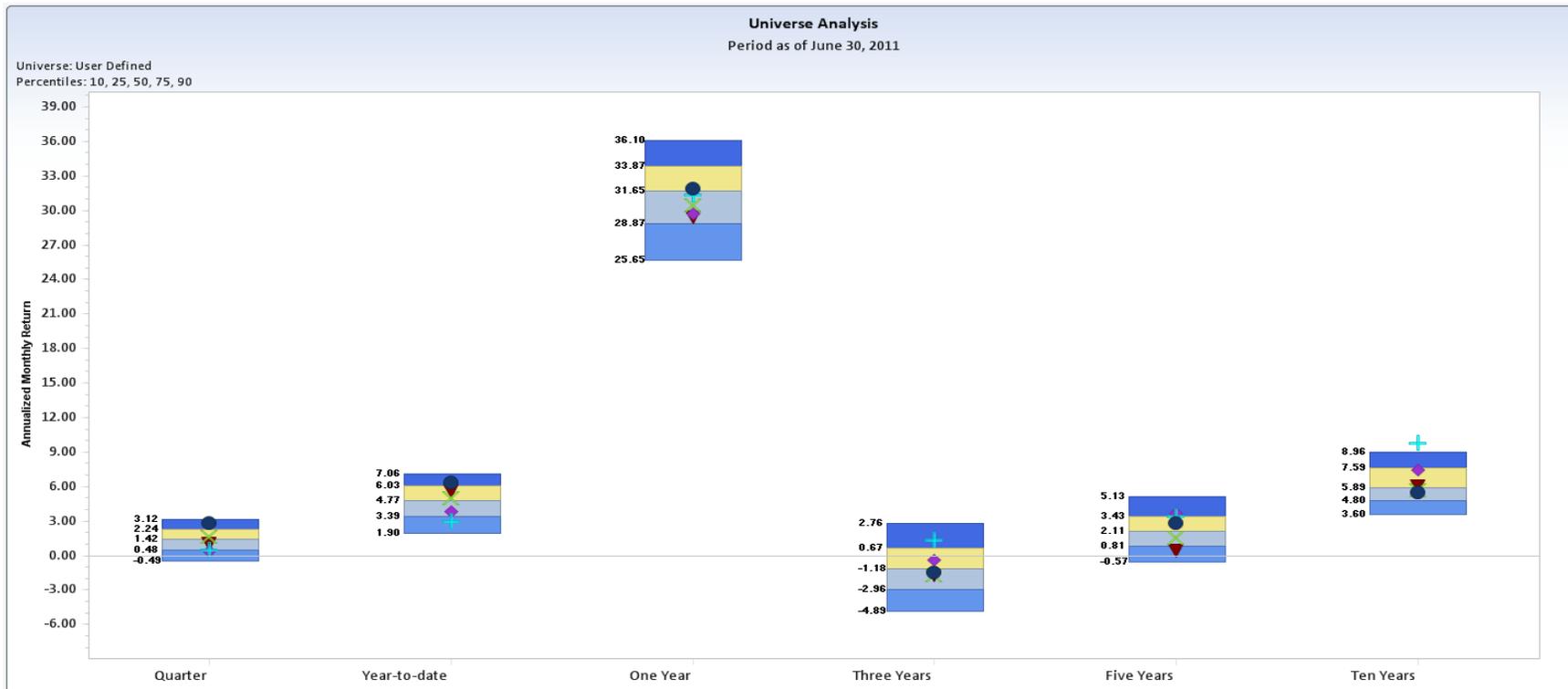
Top 10 Holdings 3-31-11	
Company	% of Portfolio
Naspers, Ltd.	3.35%
Vodafone Group PLC ADR	3.13%
Bayer AG	2.68%
Roche Holding AG	2.66%
Sanofi-Aventis	2.55%
Mitsubishi Electric Corp	2.47%
GlaxoSmithKline PLC ADR	2.40%
Koninklijke Philips Electron	2.35%
Novartis AG ADR	2.35%
Schlumberger, Ltd.	2.29%

Country Weights 3-31-11	
	%
<b>Europe</b>	<b>66.8%</b>
France	9.2%
Germany	8.4%
United Kingdom	15.0%
<b>Asia</b>	<b>19.9%</b>
Australia	0.0%
Hong Kong	1.5%
Japan	13.7%
<b>Latin America</b>	<b>6.2%</b>
<b>North America</b>	<b>7.1%</b>
Canada	0.0%
United States	7.1%

Portfolio Information	
Expense Ratio	0.65%
12b-1 Fee Included	-
Morningstar Average	1.47%
Minimum Investment	\$2,500
Avg. Annual Turnover	15%

Year-End Assets (\$ Mil.)	
2010	\$43,400
2009	\$36,546
2008	\$25,053
2007	\$53,426

International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Artisan:International (ARTIX)	2.80 ( 14%)	6.36 ( 21%)	31.85 ( 47%)	-1.51 ( 56%)	2.78 ( 37%)	5.44 ( 61%)
+ Dodge & Cox Intl Stock (DODFX)	0.47 ( 76%)	2.99 ( 80%)	31.35 ( 54%)	1.34 ( 20%)	3.43 ( 25%)	9.72 ( 5%)
◆ MS ACW xUS \$H	0.38 ( 76%)	3.80 ( 68%)	29.73 ( 70%)	-0.35 ( 38%)	3.67 ( 22%)	7.48 ( 27%)
× MSCI EAFE \$H	1.56 ( 47%)	4.98 ( 46%)	30.36 ( 66%)	-1.77 ( 61%)	1.48 ( 63%)	5.66 ( 55%)
▼ EAFE VALUE \$NET	0.98 ( 61%)	5.58 ( 31%)	29.35 ( 73%)	-1.74 ( 60%)	0.36 ( 82%)	5.95 ( 48%)
# of Products	374	374	374	338	268	181

**State of Montana 457 Deferred Compensation Plan**  
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<b>ADR</b>	American Depository Receipt, a negotiable receipt for the shares of a foreign-based corporation held in trust by a U.S. bank that entitles a shareholder to all dividends and capital gains.
<b>Alpha</b>	Alpha is a statistical calculation based on a manager's beta and the rate of return of the index over the period. Alpha measures whether a manager has added value to or detracted from returns on a risk-adjusted basis. Alpha can be used when comparing dissimilar products because alpha is adjusted for risk and therefore the product with the highest alpha added the most historical value relative to its risk level
<b>Annualized Return</b>	Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return is projected as though the same performance continues to occur for a twelve-month time period.
<b>Assets Managed in Style</b>	The total assets managed in all investment vehicles of the investment style.
<b>Average Market Capitalization (\$ Wtd.)</b>	The average market capitalization of all stocks in a given portfolio, weighted by each company's portion of the portfolio's market value.
<b>Beta</b>	A measure of volatility. A beta over 1.0 indicates above-market volatility; below 1.0, less volatility.
<b>Book Value</b>	The balance sheet value of assets minus the balance sheet value of liabilities. Also known as shareholders' equity
<b>Bottom-Up Investment Approach</b>	The investment manager concentrates on fundamental analysis of a company's financial statements. In addition, an investment manager may examine other aspects of the company such as strength of management, new product lines, valuation, historic record, etc.
<b>Cumulative Annualized Rate of Return</b>	Funds appear in order of their absolute rate of return over a common time period, with the highest rate of return appearing first
<b>Cycle Analysis</b>	The index, by definition, automatically has an Up-Cycle of 100. If a manager has an Up-Cycle number higher than 100, the manager has historically captured more than 100% of the rising market. If a manager has a Down-Cycle number of less than 100, the manager has historically captured less than 100% of the falling market.
<b>Dividend</b>	A payment issued by a company that distributes a portion of its value, usually in the form of cash.

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

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