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

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*Managing Director*

***First Quarter 2013***

<b>TABLE OF CONTENTS</b>	<b>page</b>
◆ <b>Market Environment</b>	
◆ <b>Asset Allocation</b>	<b>2</b>
◆ <b>Fund Summary</b>	<b>3</b>
◆ <b>Target Date Funds</b>	<b>7</b>
◆ <b>Fixed Income</b>	<b>8</b>
◆ <b>Balanced and Asset Allocation Funds</b>	<b>10</b>
◆ <b>Domestic Equity</b>	<b>12</b>
◆ <b>International Equity</b>	<b>29</b>
◆ <b>Glossary</b>	<b>36</b>

## Economic Highlights

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

## Market Commentary

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

### First Quarter 2013

#### The U.S. Equity Market

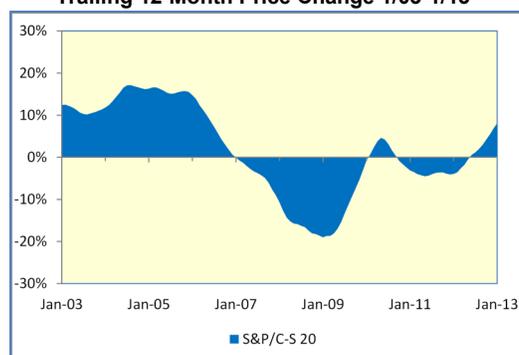
The U.S. stock market got off to a terrific start in 2013, with the Wilshire 5000 Total Market Index<sup>SM</sup> posting an impressive 10.91% total return during the first quarter. This marked the fourth consecutive year that the stock market has delivered strong gains to start the year; rising 6.04%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

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

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

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

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



Source: Standard & Poor's

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

## The Non-U.S. Equity Market

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

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

## The Fixed Income Market

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

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

## The Real Estate & Commodity Markets

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

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

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

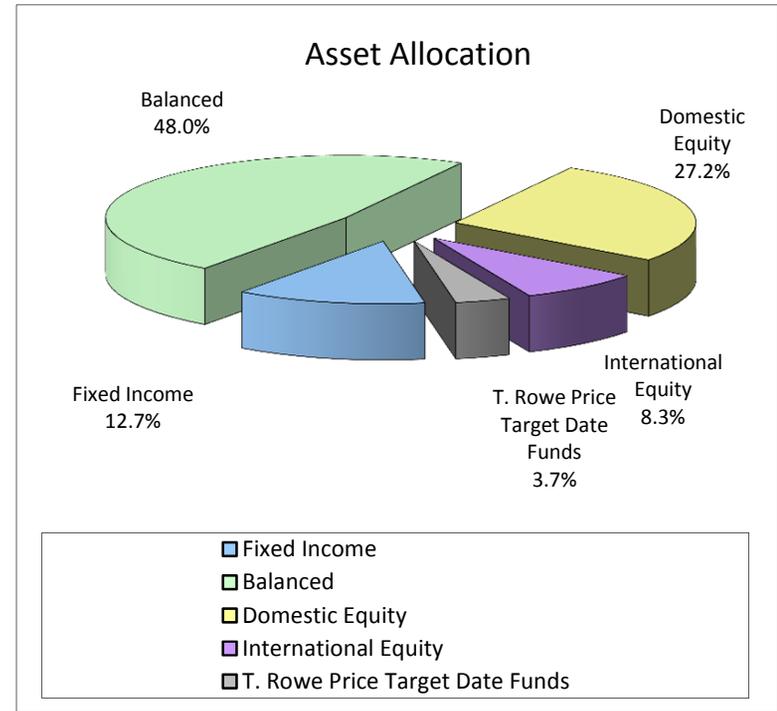
Asset Class	Name	Ticker	Current Status	Date Placed on Probation
Fixed Income	State of Montana Stable Value - PIMCO	n/a	Retention	
Fixed Income	Vanguard Total Bond Market Signal	VBTSX	Retention	
Balanced	Vanguard Balanced Index Institutional	VBAIX	Retention	
Large Growth	Alger Capital Appreciation Z	ACAZX	Retention	
Large Core	J.P. Morgan US Equity	JUSRX	Retention	
Large Core	BlackRock Equity Index	MDSRX	Retention	
Large Value	Vanguard Equity Income Admiral	VEIRX	Retention	
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Retention	
Mid Value	Janus/Perkins Mid Cap Value T	JMCVX	Probation	2012 Q2
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention	
Small Broad	Vanguard Small Cap Index Signal	VSISX	Retention	
Small Value	Target Small Capitalization Value Fund	TASVX	Retention	
Global	American Funds New Perspective Fund A	ANWPX	Retention	
International	Oakmark International I	OAKIX	Retention	
International	Vanguard Total International Stock Index	VGTSX	Retention	
International	Oppenheimer Developing Markets Y	ODVYX	Retention	
Target Date	T. Rowe Price Retirement 2005	TRRFX	Retention	
Target Date	T. Rowe Price Retirement 2010	TRRAX	Retention	
Target Date	T. Rowe Price Retirement 2015	TRRGX	Retention	
Target Date	T. Rowe Price Retirement 2020	TRRBX	Retention	
Target Date	T. Rowe Price Retirement 2025	TRRHX	Retention	
Target Date	T. Rowe Price Retirement 2030	TRRCX	Retention	
Target Date	T. Rowe Price Retirement 2035	TRRJX	Retention	
Target Date	T. Rowe Price Retirement 2040	TRRDY	Retention	
Target Date	T. Rowe Price Retirement 2045	TRRKX	Retention	
Target Date	T. Rowe Price Retirement 2050	TRRMX	Retention	
Target Date	T. Rowe Price Retirement 2055	TRRNX	Retention	

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Asset Allocation as of March 31, 2013

Asset Class	Market Value	%
<b>Fixed Income</b>	<b>12,571,298</b>	<b>12.7%</b>
Montana Stable Value	10,070,877	10.2%
Vanguard Total Bond Market Index	2,500,421	2.5%
<b>Balanced</b>	<b>47,378,316</b>	<b>48.0%</b>
Vanguard Balanced Index	47,378,316	48.0%
<b>Domestic Equity</b>	<b>26,887,560</b>	<b>27.2%</b>
<i>Large Cap</i>	<u>12,427,626</u>	<u>12.6%</u>
Alger Capital Appreciation Z	5,192,763	5.3%
JP Morgan US Equity	1,661,566	1.7%
BlackRock Equity Index	1,006,521	1.0%
Vanguard Equity Income	4,566,776	4.6%
<i>Mid Cap</i>	<u>6,775,043</u>	<u>6.9%</u>
Munder Mid Cap Core Growth	2,707,703	2.7%
Janus/Perkins Mid Cap Value	4,067,340	4.1%
<i>Small Cap</i>	<u>7,684,891</u>	<u>7.8%</u>
Vanguard Small Cap Growth Index	2,725,661	2.8%
Vanguard Small Cap Index	2,586,442	2.6%
Target Small Capitalization Value	2,372,787	2.4%
<b>International Equity</b>	<b>8,216,261</b>	<b>8.3%</b>
American Funds New Perspective	4,041,683	4.1%
Vanguard Total International Stock Index	770,307	0.8%
Oarkmark International	3,241,442	3.3%
Oppenheimer Developing Markets	162,829	0.2%
<b>T. Rowe Price Target Date Funds</b>	<b>3,651,001</b>	<b>3.7%</b>
<b>STATE OF MONTANA 401(a) TOTAL</b>	<b>\$ 98,704,435</b>	



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



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

3 yr  
5 yr

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

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

Vanguard Total Bond Index	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
Vanguard Total Bond Index	(0.06)	3.81	5.49	5.43
Barclays Aggregate	(0.12)	3.77	5.52	5.47
Intermediate Fixed MF Median	0.19	5.62	6.22	6.02

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	2.1	2.4	2.5
★★★	1.4	1.3	1.5
★★★	--	--	--

Fund Narrative
As expected of an index fund, this fund performed fairly in line with the Barclays Aggregate Bond Index for all measured time periods. The manager's 3-year Sharpe Ratio does not meet the State's requirements but their 5-year data point does, as do the 3-star Morningstar ratings. <b>Current Status: Retention, no change recommended.</b>

Vanguard Balanced Index	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Vanguard Balanced Index	6.54	10.30	10.40	6.68
60% MSCI US Broad Mkt / 40% Barclays Agg	6.49	10.24	10.35	6.61
Balanced MF Median	5.28	9.10	8.39	5.10

3 yr  
5 yr  
10 yr

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

Fund Narrative
Also expected of an index fund, this fund's returns were within range of the 60/40 Balanced Index for the quarter and all other time horizons. Moreover, the manager's Sharpe Ratios were greater than the category mean and the fund's consistent 5-star Morningstar Ratings meet the State requirement. <b>Current Status: Retention, no change recommended.</b>

Alger Capital Appreciation Z	Trailing Total Returns (annualized)			
Style: Large Growth	Quarter	1 Year	3 Year	5 Year
Alger Capital Appreciation Z	9.30	10.72	11.39	6.83
Wilshire Large Growth Index	9.32	10.67	12.31	7.28
Large Cap Growth MF Median	8.76	8.06	10.71	5.32

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	0.7	0.7	0.7
★★★	0.4	0.2	0.2
★★★★★	--	--	--

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

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



JP Morgan US Equity	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
JP Morgan US Equity	10.70	13.44	11.73	7.07
S&P 500 Index	10.61	13.96	12.67	5.81
Large Cap Core MF Median	10.47	13.08	10.96	5.10

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★	0.8	0.7	0.7
5 yr ★ ★ ★ ★	0.4	0.2	0.2
10 yr ★ ★ ★ ★ ★	--	--	--

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

BlackRock Equity Index (S&P 500)	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
BlackRock Equity Index (S&P 500)	10.47	13.34	12.06	5.23
S&P 500 Index	10.61	13.96	12.67	5.81
Large Cap Core MF Median	10.47	13.08	10.96	5.10

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★ ★	0.8	0.7	0.7
5 yr ★ ★ ★	0.4	0.2	0.2
10 yr ★ ★ ★	--	--	--

**Fund Narrative**  
This index fund performed in line with the S&P 500 Index for the quarter and all other time periods, as expected. The manager's Sharpe Ratios were above the category mean and the 4- and 3-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

Vanguard Equity-Income	Trailing Total Returns (annualized)			
Style: Large Value	Quarter	1 Year	3 Year	5 Year
Vanguard Equity-Income	11.28	16.62	15.43	7.10
FTSE High Dividend Yield Index	11.05	13.02	11.26	2.83
Russell 1000 Value Index	12.31	18.77	12.74	4.85
Large Cap Value MF Median	11.24	14.56	10.26	3.95

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
3 yr ★ ★ ★ ★ ★	1.2	0.6	0.7
5 yr ★ ★ ★ ★ ★	0.5	0.2	0.0
10 yr ★ ★ ★ ★ ★	--	--	--

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

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

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

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

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)			
Style: Mid Value	Quarter	1 Year	3 Year	5 Year
Janus Mid Cap Value	11.15	11.47	9.11	6.34
Russell Mid Cap Value Index	14.21	21.49	14.96	8.53
Mid Cap Value MF Median	12.82	18.06	13.02	8.36

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★	0.7	0.7	0.8
★★★	0.4	0.3	0.3
★★★★	--	--	--

Fund Narrative
This fund underperformed the Russell Mid Cap Value Index for the quarter and trails for all other time periods, especially the 1-year. The manager's Sharpe Ratios are at or greater than the category mean, and the fund's 2-star Morningstar Rating for the 3-year does not meet the requirements of the State. <b>Current Status: Probation, a replacement mid value search is currently in progress.</b>

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

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.8	0.7	0.8
★★★★	0.5	0.3	0.3
★★★★	--	--	--

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

Vanguard Small Cap Index	Trailing Total Returns (annualized)			
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Index	12.85	18.10	14.83	9.78
MSCI US Small Cap 1750 Index	12.85	18.09	14.78	9.67
Small Cap Core MF Median	11.95	15.37	13.24	8.38

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.8	0.7	0.7
★★★★	0.5	0.3	0.3
★★★★	--	--	--

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

Target Small Capitalization Value	Trailing Total Returns (annualized)			
Style: Small Value	Quarter	1 Year	3 Year	5 Year
Target Small Capitalization Value	12.37	16.26	13.23	8.96
Russell 2000 Value Index	11.63	18.09	12.12	7.29
Small Cap Value MF Median	12.15	16.60	13.02	8.93

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★	0.8	0.7	0.6
★★★★	0.5	0.4	0.3
★★★★★	--	--	--

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

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	6.21	12.79	9.29	4.26
MSCI AC World Index	6.50	10.55	7.78	2.06
World Equity MF Median	6.73	11.28	8.36	2.54

3 yr  
5 yr  
10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	0.6	0.5	0.5
★★★★★	0.3	0.1	0.0
★★★★★	--	--	--

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

Oakmark International	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Oakmark International	5.35	16.56	8.75	7.08
MSCI EAFE Value Index	3.50	11.02	3.45	(1.70)
Non-US Equity MF Median	3.75	9.59	4.98	(0.80)

3 yr  
5 yr  
10 yr

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

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

Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)			
Style: International Equity	Quarter	1 Year	3 Year	5 Year
Vanguard Total Int'l Stock Index	2.99	8.69	4.39	(0.63)
MSCI ACWI ex-US Index	3.17	8.36	4.41	(0.39)
Non-US Equity MF Median	3.75	9.59	4.98	(0.80)

3 yr  
5 yr  
10 yr

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

Fund Narrative
This Vanguard fund aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund is benchmarked to the MSCI ACWI ex-US Index. The fund tracks the benchmark within an acceptable range, its Sharpe Ratios are at or greater than the category mean, and has consistent 3-star Morningstar ratings. <b>Current Status: Retention, no change recommended.</b>

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

3 yr  
5 yr  
10 yr

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

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

Target Date Funds Performance

401(a) - T. ROWE PRICE TARGET DATE FUNDS								
Fund Name	Ticker	Morningstar Rating	Quarter	YTD	1-Year	3-Year	5-Year	Market Value
<b>T. Rowe Price Retirement 2005</b>	<b>TRRFX</b>	<b>★★★★★</b>	<b>3.45</b>	<b>3.45</b>	<b>7.85</b>	<b>7.93</b>	<b>5.71</b>	<b>\$83,165.67</b>
Dow Jones Target Global Date 2005 Index			0.47	0.47	3.92	6.13	4.97	
<b>T. Rowe Price Retirement 2010</b>	<b>TRRAX</b>	<b>★★★★</b>	<b>4.08</b>	<b>4.08</b>	<b>8.43</b>	<b>8.46</b>	<b>5.67</b>	<b>\$ 39,243.84</b>
Dow Jones Target Global Date 2010 Index			1.13	1.13	4.69	6.53	4.74	
<b>T. Rowe Price Retirement 2015</b>	<b>TRRGX</b>	<b>★★★★</b>	<b>4.82</b>	<b>4.82</b>	<b>9.20</b>	<b>9.09</b>	<b>5.81</b>	<b>\$ 211,592.46</b>
Dow Jones Target Global Date 2015 Index			2.13	2.13	5.82	7.15	4.76	
<b>T. Rowe Price Retirement 2020</b>	<b>TRRBX</b>	<b>★★★★</b>	<b>5.48</b>	<b>5.48</b>	<b>9.94</b>	<b>9.60</b>	<b>5.84</b>	<b>\$ 270,673.42</b>
Dow Jones Target Global Date 2020 Index			3.32	3.32	7.03	7.86	4.84	
<b>T. Rowe Price Retirement 2025</b>	<b>TRRHX</b>	<b>★★★★</b>	<b>6.02</b>	<b>6.02</b>	<b>10.41</b>	<b>9.92</b>	<b>5.76</b>	<b>\$ 566,341.77</b>
Dow Jones Target Global Date 2025 Index			4.59	4.59	8.33	8.61	5.04	
<b>T. Rowe Price Retirement 2030</b>	<b>TRRCX</b>	<b>★★★★</b>	<b>6.56</b>	<b>6.56</b>	<b>10.89</b>	<b>10.27</b>	<b>5.76</b>	<b>\$ 378,380.11</b>
Dow Jones Target Global Date 2030 Index			5.82	5.82	9.60	9.21	5.18	
<b>T. Rowe Price Retirement 2035</b>	<b>TRRJX</b>	<b>★★★★</b>	<b>6.88</b>	<b>6.88</b>	<b>11.12</b>	<b>10.42</b>	<b>5.71</b>	<b>\$ 640,081.13</b>
Dow Jones Target Global Date 2035 Index			6.88	6.88	10.68	9.69	5.30	
<b>T. Rowe Price Retirement 2040</b>	<b>TRRDY</b>	<b>★★★★</b>	<b>7.12</b>	<b>7.12</b>	<b>11.33</b>	<b>10.50</b>	<b>5.79</b>	<b>\$ 434,448.83</b>
Dow Jones Target Global Date 2040 Index			7.66	7.66	11.48	10.03	5.42	
<b>T. Rowe Price Retirement 2045</b>	<b>TRRKX</b>	<b>★★★★</b>	<b>7.09</b>	<b>7.09</b>	<b>11.32</b>	<b>10.49</b>	<b>5.79</b>	<b>\$ 457,986.73</b>
Dow Jones Target Global Date 2045 Index			8.05	8.05	11.91	10.21	5.55	
<b>T. Rowe Price Retirement 2050</b>	<b>TRRMX</b>	<b>★★★★</b>	<b>7.04</b>	<b>7.04</b>	<b>11.28</b>	<b>10.49</b>	<b>5.77</b>	<b>\$ 317,622.66</b>
Dow Jones Target Global Date 2050 Index			8.09	8.09	11.96	10.23	5.56	
<b>T. Rowe Price Retirement 2055</b>	<b>TRRNK</b>	<b>★★★★★</b>	<b>7.03</b>	<b>7.03</b>	<b>11.26</b>	<b>10.53</b>	<b>5.76</b>	<b>\$ 226,378.52</b>
Dow Jones Target Global Date 2055 Index			8.09	8.09	11.96	10.23	5.56	
<b>T. Rowe Price Retirement Income</b>	<b>TRRIX</b>	<b>★★★★</b>	<b>3.35</b>	<b>3.35</b>	<b>7.12</b>	<b>7.15</b>	<b>5.49</b>	<b>\$ 25,085.88</b>
Dow Jones Target Global Date Today Index			0.40	0.40	3.80	6.01	5.20	
<b>TOTAL</b>								<b>\$3,651,001.02</b>

Vanguard Total Bond Market Signal Ticker: VBTSX

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

<b>Manager Information</b>	
Lead Manager	Kenneth Volpert
Inception	9/1/2006
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Total Bond Mkt</b>	★★★	5.18	7.10	AA	-0.1%	-0.1%	3.8%	5.5%	5.4%	5.0%
Barclays Aggregate					-0.1%	-0.1%	3.8%	5.5%	5.5%	5.0%
Interm Fixed MF Median					0.2%	0.2%	5.6%	6.2%	6.0%	5.0%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.54	-0.26	2.08	0.26	2.42	2.46
5-Year	3.58	-0.07	1.40	0.43	3.53	1.53

<b>Portfolio Characteristics 12-31-12</b>	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	72.6%
AA	4.5%
A	11.6%
BBB	11.3%
< BBB	0.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	22.1%
3 - 5 yrs.	15.7%
5 - 7 yrs.	10.0%
7 - 10 yrs.	9.5%
10 - 15 yrs.	5.7%
15 - 20 yrs.	3.4%
20 + yrs.	33.6%

<b>Sector Weights 12-31-12</b>	
	<b>%</b>
US Government	45.9%
Mortgage	28.7%
Credit	19.5%
Foreign	6.0%
Cash	0.0%

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

<b>Year-End Assets (\$ Mil.)</b>	
2013/02	\$12,760
2012	\$12,586
2011	\$10,939
2010	\$8,813
2009	\$8,450
2008	\$7,372

### Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional Ticker: VBAIX

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

<b>Manager Information</b>	
Lead Manager	Michael Perre & Gregory Davis
Avg. Tenure	12/1/2000
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Balanced Indx Instl	★★★★★	\$30,872	9,454	6.5%	6.5%	10.3%	10.4%	6.7%	8.0%
US Balanced Index				6.5%	6.5%	10.2%	10.4%	6.6%	8.0%
Balanced MF Median				5.3%	5.3%	9.1%	8.4%	5.1%	7.0%

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

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

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

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

<b>Fixed Income Characteristics 12-31-12</b>	
Avg. Duration (yrs.)	5.14
Avg. Maturity (yrs.)	7.10
Avg. Quality	AA

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

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

### Balanced Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Alger Capital Appreciation Z

Ticker: ACAZX

**Fund Strategy**

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

**Manager Information**

Lead Manager Patrick Kelly + Team  
Inception 11/8/1993  
Prospectus [www.alger.com](http://www.alger.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Alger Capital Appreciation Z	★★★★	\$37,426	124	9.3%	9.3%	10.7%	11.4%	6.8%	11.2%
Wilshire Large Growth				9.3%	9.3%	10.7%	12.3%	7.3%	8.9%
Large Cap Growth MF Median				8.8%	8.8%	8.1%	10.7%	5.3%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.85	1.10	-2.16	0.72	3.72	17.28	-	0.68
5-Year	20.93	1.05	0.98	0.41	6.44	20.27	-	0.24

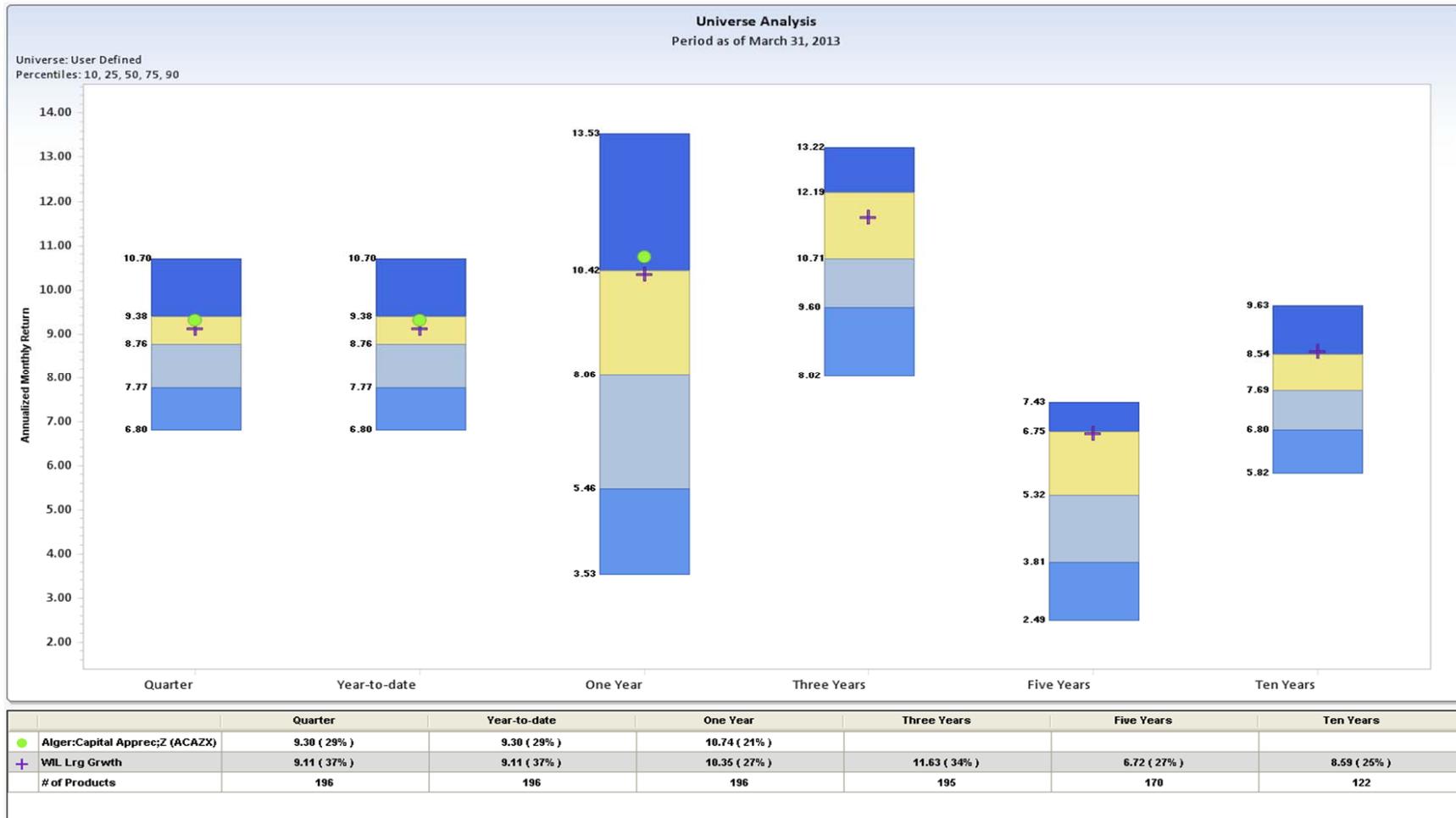
Top 10 Holdings 01-31-13	
Company	% of Portfolio
Apple, Inc.	5.55%
IBM	2.75%
CVS Caremark Corp	2.56%
Google, Inc Class A	2.37%
eBay Inc	2.21%
Amazon.com Inc	2.08%
Honeywell International Inc	1.94%
Express Scripts	1.89%
Philip Morris International	1.85%
Qualcomm, Inc	1.68%

Sector Weights 12-31-12	
Basic Materials	3.3%
Communication Services	4.4%
Consumer Cyclical	18.0%
Consumer Defensive	9.1%
Healthcare	12.2%
Industrial	13.2%
Real Estate	0.6%
Technology	27.1%
Energy	4.7%
Financials	7.3%
Utilities	0.0%

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

Year-End Assets (\$ Mil.)	
2013/02	\$138
2012	\$48
2011	\$77
2010	\$45

### Large Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



JP Morgan US Equity

Ticker: JUSRX

**Fund Strategy**

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

**Manager Information**

Lead Manager Team Managed  
Inception 5/15/2006  
Prospectus [www.jpmorganfunds.com](http://www.jpmorganfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
JP Morgan US Equity	★★★★	\$48,632	226	10.7%	10.7%	13.4%	11.7%	7.1%	9.9%
S & P 500				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Large Cap Core MF Median				10.5%	10.5%	13.1%	11.0%	5.1%	8.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.17	1.07	-1.58	0.76	2.14	15.30	-	0.75
5-Year	19.20	1.01	1.16	0.44	2.05	19.04	-	0.16

Top 10 Holdings 02-28-13	
Company	% of Portfolio
Apple, Inc.	2.99%
Wells Fargo & Co	2.37%
Johnson & Johnson	2.37%
United Technologies Corp	2.33%
Google, Inc Class A	2.30%
Time Warner Inc	2.20%
Chevron Corp	2.08%
Microsoft Corporation	1.88%
Schlumberger NV	1.72%
Merck & Co Inc	1.71%

Sector Weights 2-28-13	
Basic Materials	3.5%
Communication Services	3.4%
Consumer Cyclical	13.3%
Consumer Defensive	8.5%
Healthcare	13.6%
Industrial	9.9%
Real Estate	0.8%
Technology	17.6%
Energy	11.5%
Financials	15.9%
Utilities	2.1%

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

Year-End Assets (\$ Mil.)	
2013/02	\$427
2012	\$407
2011	\$284
2010	\$162
2009	\$69

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



**BlackRock Equity Index**

Ticker: MDSRX

**Fund Strategy**  
The BlackRock Equity Index fund is designed to track the Standard & Poor's 500 Index. Like most index funds, this offering has a large number of portfolio holdings and small positions in these holdings. Funds like this tend to be less volatile than more-concentrated offerings because they are so broadly diversified.

**Manager Information**  
Lead Manager Diane Hsiung + Greg Savage  
Inception 7/2/1993  
Prospectus [www.barclaysglobal.com](http://www.barclaysglobal.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>BlackRock Eq Index (S&amp;P 500)</b>	★★★	\$53,478	1	10.5%	10.5%	13.3%	12.1%	5.2%	8.0%
S & P 500				10.6%	10.6%	14.0%	12.7%	5.8%	8.5%
Large Cap Core MF Median				10.5%	10.5%	13.1%	11.0%	5.1%	8.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.04	1.00	-0.57	0.83	0.10	15.30	-	0.75
5-Year	18.92	1.00	-0.55	0.35	0.14	19.04	-	0.16

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

Company	% of Portfolio
Apple, Inc.	3.92%
ExxonMobil Corporation	3.08%
General Electric Co	1.72%
Chevron Corp	1.65%
IBM Corp	1.59%
Microsoft Corporation	1.58%
Johnson & Johnson	1.52%
AT&T Inc	1.50%
Google, Inc Class A	1.48%
Procter & Gamble Co	1.45%

**Sector Weights 9-30-12**

Basic Materials	3.2%
Communication Services	5.4%
Consumer Cyclical	9.6%
Consumer Defensive	12.7%
Healthcare	11.2%
Industrial	12.1%
Real Estate	2.4%
Technology	15.6%
Energy	12.5%
Financials	11.6%
Utilities	3.8%

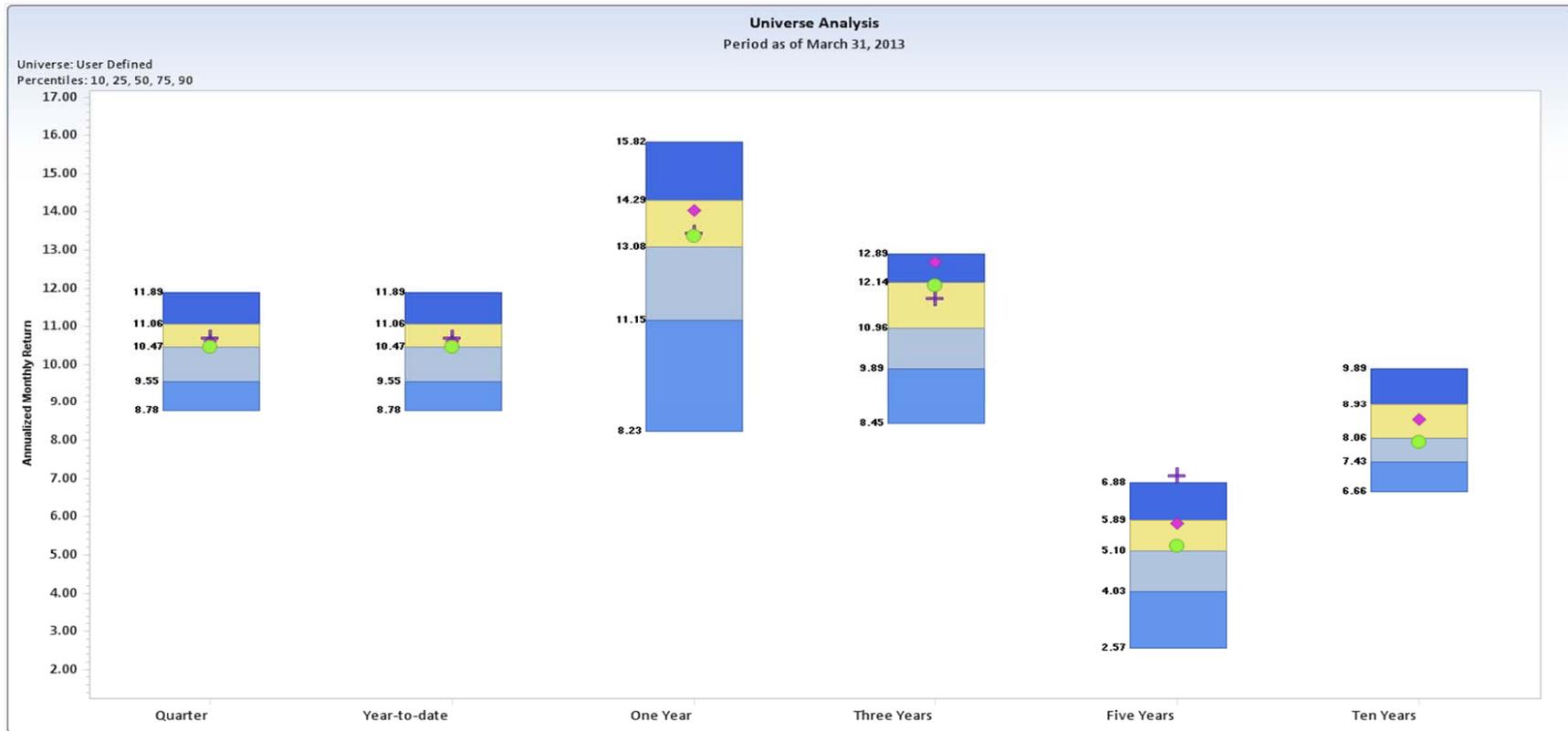
**Portfolio Information**

Expense Ratio	0.58%
12b-1 Fee Included	0.25
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	6%

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

2013/02	\$834
2012	\$777
2011	\$713
2010	\$750

### Large Cap Core Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● BlackRock:S&P 500 Idx;A (MDSRX)	10.47 ( 51% )	10.47 ( 51% )	13.35 ( 45% )	12.06 ( 28% )	5.24 ( 46% )	7.95 ( 55% )
+ JPMorgan:US Eq;R5 (JUSRX)	10.69 ( 41% )	10.69 ( 41% )	13.43 ( 43% )	11.73 ( 37% )	7.07 ( 9% )	
◆ S&P 500	10.61 ( 43% )	10.61 ( 43% )	14.03 ( 29% )	12.69 ( 15% )	5.82 ( 28% )	8.54 ( 35% )
# of Products	199	199	199	198	181	119

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Vanguard Equity Income Admiral

Ticker: VEIRX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Equity Income Adm	★★★★	\$60,553	153	11.3%	11.3%	16.6%	15.4%	7.1%	10.1%
FTSE High Dividend Value Idx				11.0%	11.0%	13.0%	11.3%	2.8%	-
Russell 1000 Value Index				12.3%	12.3%	18.8%	12.7%	4.8%	9.2%
Large Cap Value MF Median				11.2%	11.2%	14.6%	10.3%	4.0%	8.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.87	0.83	4.31	1.18	3.92	12.99	-	0.71
5-Year	17.35	0.89	1.72	0.47	4.67	18.59	-	0.02

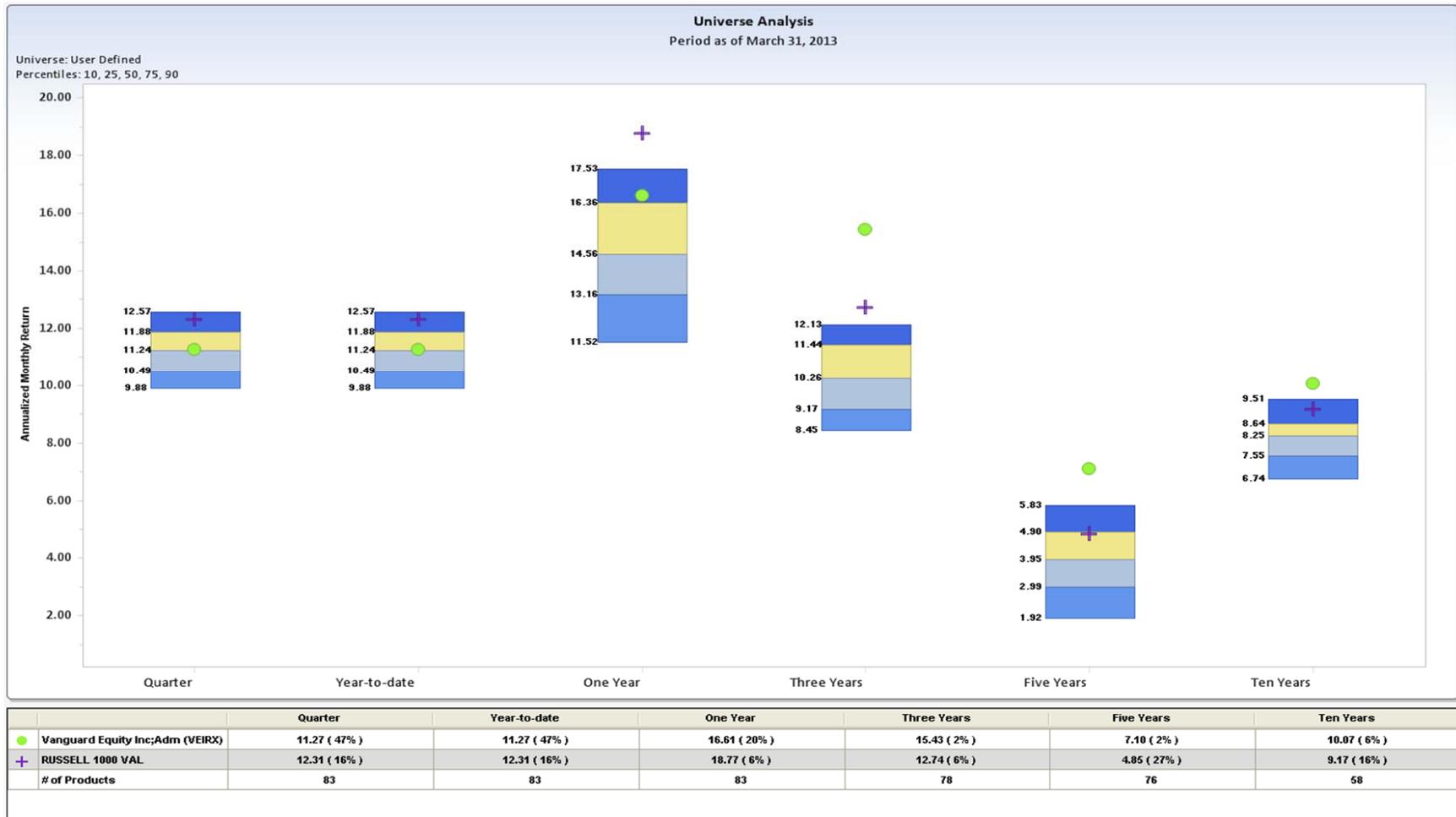
Top 10 Holdings 12-31-12	
Company	% of Portfolio
Exxon Mobil Corporation	4.26%
Chevron Corp	3.81%
Johnson & Johnson	3.40%
Merck & Co Inc	3.16%
Pfizer Inc	2.96%
AT&T Inc	2.86%
JPMorgan Chas & Co	2.84%
General Electric Co	2.70%
Philip Morris International	2.36%
Microsoft Corporation	2.13%

Sector Weights 12-31-12	
Basic Materials	3.1%
Communication Services	4.8%
Consumer Cyclical	6.8%
Consumer Defensive	15.1%
Healthcare	13.2%
Industrial	14.4%
Real Estate	0.0%
Technology	9.1%
Energy	13.2%
Financials	13.5%
Utilities	6.8%

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

Year-End Assets (\$ Mil.)	
2013/02	\$6,517
2012	\$5,725
2011	\$3,292
2010	\$2,272

### Large Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Munder Mid Cap Core Growth / Ticker: MGOAX

**Fund Strategy**

This fund operates in the mid-capitalization space and managers seek to invest in companies that are temporarily out of favor and trade cheap relative to their growth prospects. The fund keeps sector weightings within 3% of the benchmark. The fund generally holds 70-85 stocks and individual positions are capped at 3%.

**Manager Information**

Lead Manager Tony Y. Dong + Team  
Inception 6/30/2000  
Prospectus [www.munder.com](http://www.munder.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Munder Mid Cap Core Grw A</b>	★★★	\$6,609	81	12.7%	12.7%	14.7%	14.8%	6.4%	11.9%
Russell Mid Cap Index				13.0%	13.0%	17.3%	14.6%	8.4%	12.3%
Mid Cap Growth MF Median				10.8%	10.8%	9.5%	13.4%	6.4%	10.4%

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

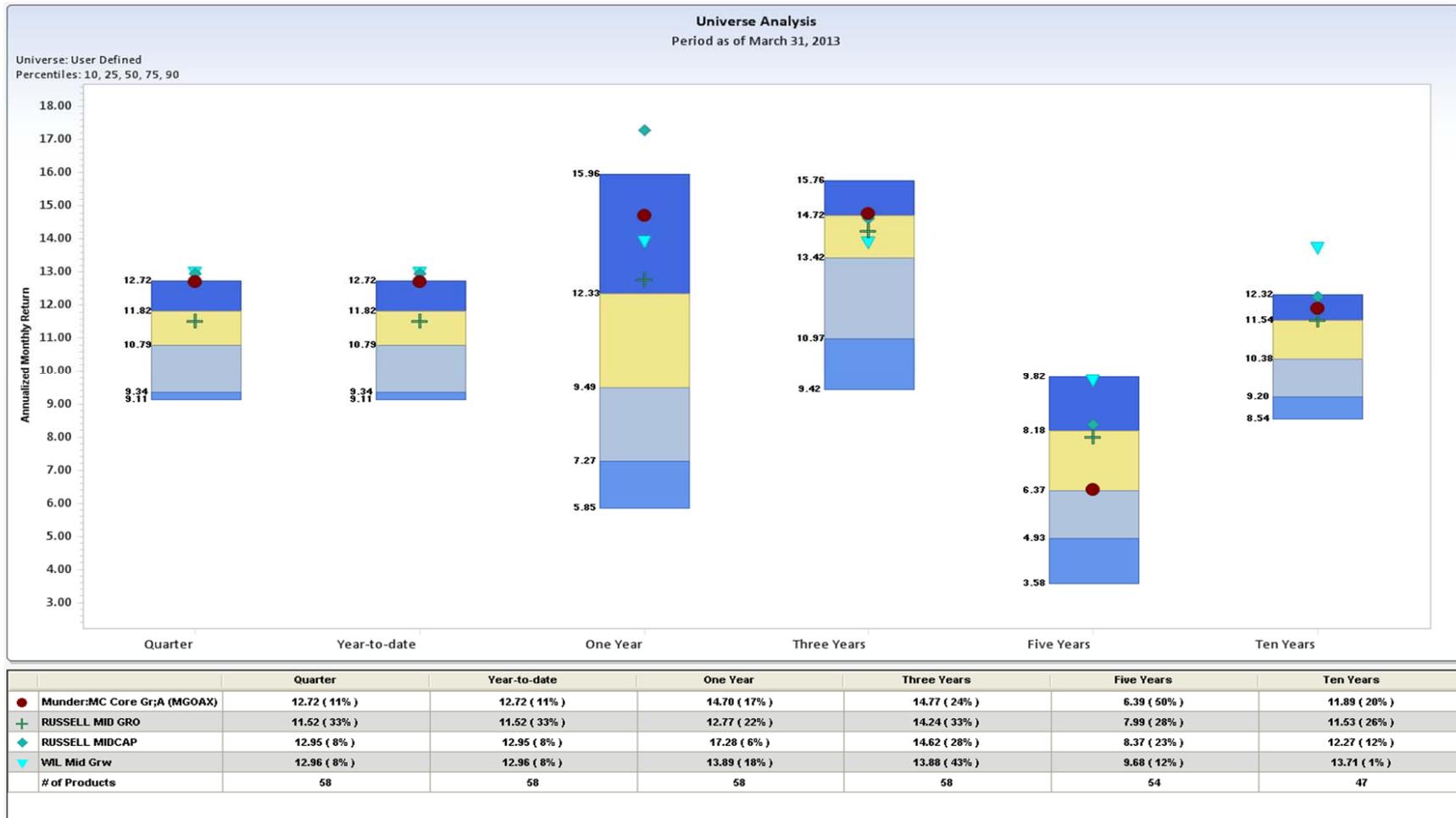
Top 10 Holdings 12-31-12	
Company	% of Portfolio
Affiliated Managers Group Inc.	2.24%
NiSource Inc	1.87%
Starz Inc Class A	1.83%
LKQ Corporation	1.83%
Airgas Inc	1.82%
SBA Communications Corp	1.80%
Invesco Ltd	1.76%
Discovery Communications Inc	1.75%
Macerich Company	1.70%
DaVita HealthCare Partners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

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

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

Year-End Assets (\$ Mil.)	
2013/02	\$1,266
2012	\$1,193
2011	\$1,243
2010	\$1,507

### Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Janus/Perkins Mid Cap Value T Ticker: JMCVX

**Fund Strategy**

This fund operates in the mid-capitalization space and has a value, turnaround story, and contrarian orientation. Managers seek to find stocks trading near their historic low in price but have strong cash flows, minimal debt and a proven management team. The portfolio holds 120-150 companies and individual positions are capped at 3%.

**Manager Information**

Lead Manager Thomas M. Perkins  
Inception 8/12/1998  
Prospectus [www.janus.com](http://www.janus.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Janus/Perkins Mid Cap Value T	★★★	\$9,508	136	11.2%	11.2%	11.5%	9.1%	6.3%	11.7%
Russell Mid Cap Value Index				14.2%	14.2%	21.5%	15.0%	8.5%	12.6%
Mid Cap Value MF Median				12.8%	12.8%	18.1%	13.0%	8.4%	11.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.81	0.96	-2.74	0.66	3.49	17.00	-	0.82
5-Year	18.23	0.94	0.82	0.41	4.33	23.20	-	0.26

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

Company	% of Portfolio
Jacobs Engineering Group	1.46%
Ameriprise Financial Inc	1.46%
Noble Energy Inc	1.44%
Fifth Third Bancorp	1.42%
PPL Corp	1.38%
Laboratory Corp of America	1.37%
Everest RE Group, Ltd	1.30%
Invesco Ltd	1.26%
Norfolk Southern Corp	1.23%
PNC Financial Services Group	1.21%

**Sector Weights 12-31-12**

Basic Materials	5.4%
Communication Services	1.8%
Consumer Cyclicals	7.3%
Consumer Defensive	3.5%
Healthcare	13.0%
Industrial	15.8%
Real Estate	8.6%
Technology	8.8%
Energy	9.7%
Financials	22.4%
Utilities	3.7%

**Portfolio Information**

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

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

2013/02	\$5,915
2012	\$5,869
2011	\$6,735
2010	\$7,715

### Mid Cap Value Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Vanguard Small Cap Growth Index

Ticker: VISGX

**Fund Strategy**

This index fund tracks the MSCI US Small Cap Growth Index fund. The MSCI US Small Cap Growth index represents the growth companies of the MSCI US Small Cap 1750 Index.

**Manager Information**

Lead Manager Gerard O'Reilly + Team  
Inception 5/21/1998  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Small Growth Index	★★★★	\$1,567	969	12.3%	12.3%	16.0%	15.9%	10.3%	12.7%
MSCI US Small Cap Growth Idx				12.4%	12.4%	16.1%	16.0%	10.4%	13.4%
Small Cap Growth MF Median				12.3%	12.3%	11.6%	13.6%	8.1%	11.2%

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

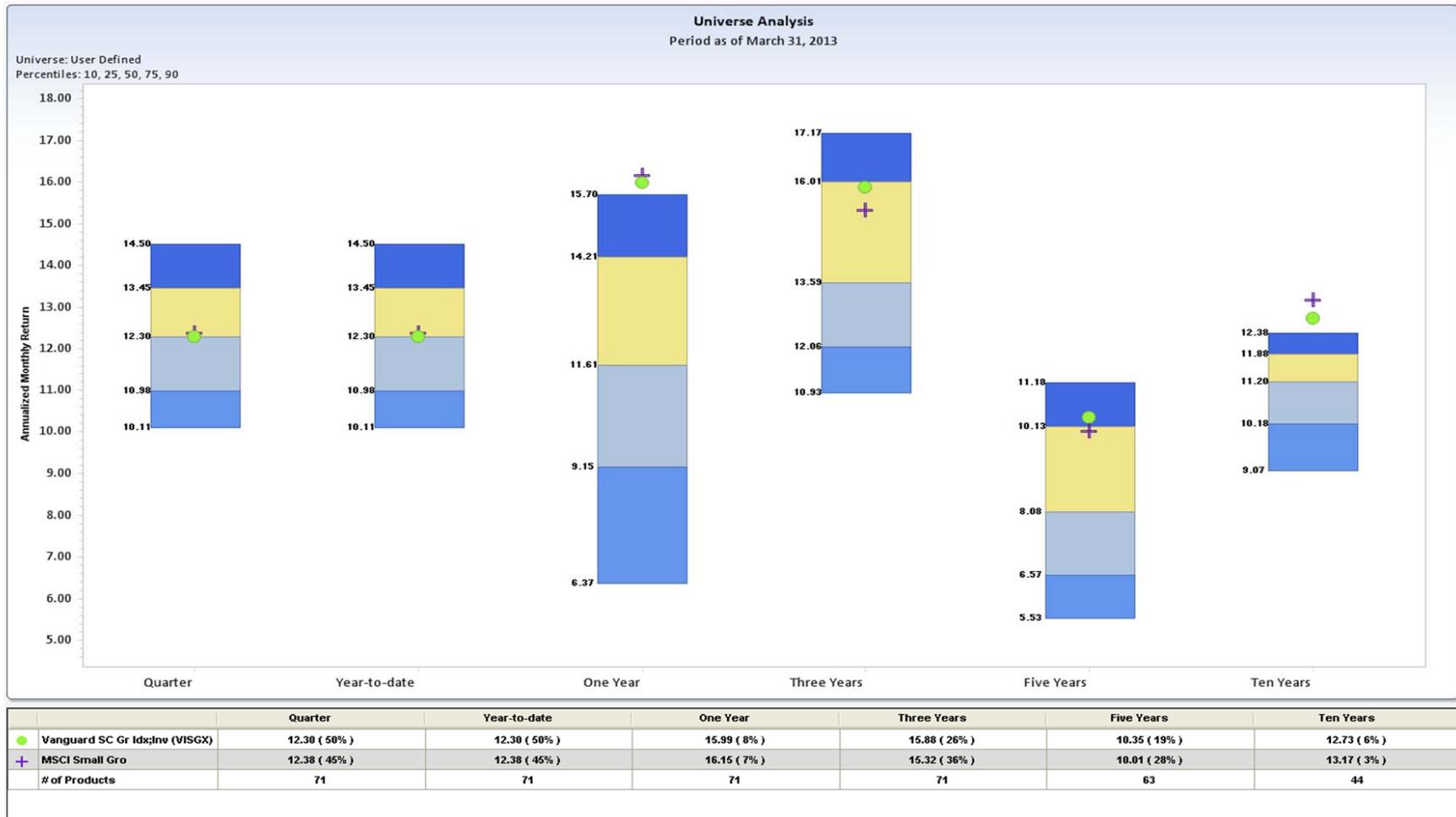
Top 10 Holdings 12-31-12	
Company	% of Portfolio
Mednax, Inc	0.48%
Lincoln Electric Holdings, Inc	0.46%
tw telecom	0.46%
Cadence Design Systems, Inc	0.45%
United Rentals Inc	0.43%
Sirona Dental Systems, Inc	0.43%
Corrections Corp of America	0.43%
Cheniere Energy Inc	0.41%
Tenet Healthcare Corp	0.41%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

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

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

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

### Small Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Vanguard Small Cap Index Signal

Ticker: VSISX

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

<b>Manager Information</b>	
Lead Manager	Michael H. Buek
Inception	12/15/2006
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Sml Cap Index Signal</b>	★★★★	\$1,497	1759	12.8%	12.8%	18.1%	14.8%	9.8%	12.8%
MSCI Small Cap 1750 Index				12.9%	12.9%	18.1%	14.8%	9.7%	12.9%
Small Cap Core MF Median				12.0%	12.0%	15.4%	13.2%	8.4%	11.3%

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

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

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

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

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

### Small Cap Core Universe



State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Target Small Capitalization Value Fund Ticker: TASVX

**Fund Strategy**

The strategy is to invest in undervalued companies with above average potential to increase in price. This manager structures the portfolio to match the industry and sector weights of the index (Russell 2000 Value Index); with approximately 700 names, this portfolio has broad diversification.

**Manager Information**

Lead Manager Prudential/JP Morgan  
Inception 1/5/1993  
Prospectus [www.prudential.com](http://www.prudential.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Target Small Cap Value	★★★★	\$1,993	655	12.4%	12.4%	16.3%	13.2%	9.0%	13.8%
Russell 2000 Value Index				11.6%	11.6%	18.1%	12.1%	7.3%	11.3%
Smal Cap Value MF Median				12.2%	12.2%	16.6%	13.0%	8.9%	12.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.42	1.12	-0.64	0.80	5.04	20.17	-	0.64
5-Year	21.69	1.11	2.75	0.49	5.96	24.81	-	0.25

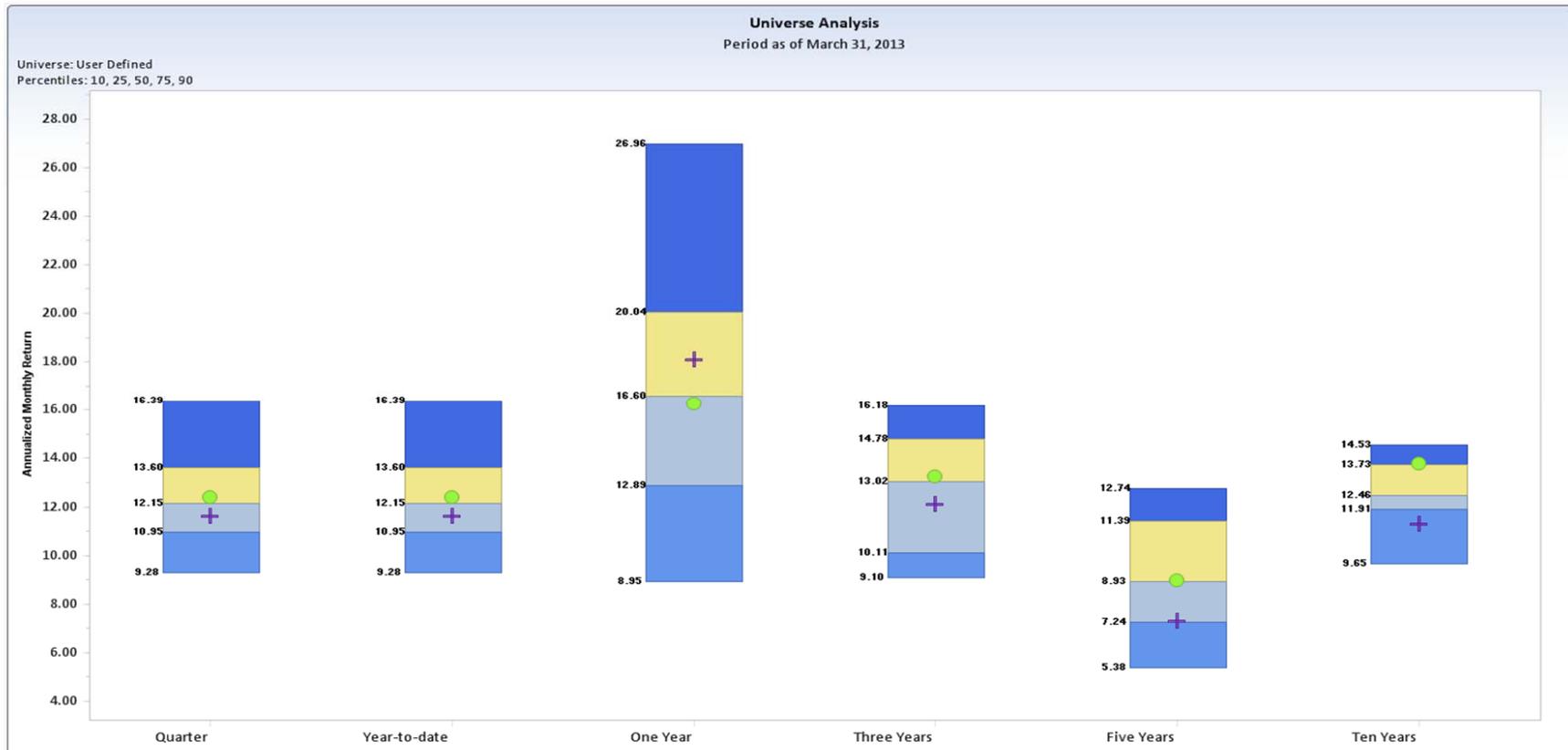
Top 10 Holdings 01-31-13	
Company	% of Portfolio
Bristow Group, Inc	1.17%
Aaron's, Inc	1.16%
Teleflex Inc	0.92%
Lufkin Industries, Inc	0.82%
Cash America Int'l Inc	0.81%
Raymond James Financial	0.80%
Hexcel Corporation	0.74%
Silgan Holdings, Inc	0.73%
Littelfuse Inc	0.73%
Trustmark Corporation	0.73%

Sector Weights 1-31-13	
Basic Materials	7.1%
Communication Services	0.5%
Consumer Cyclical	11.6%
Consumer Defensive	4.7%
Healthcare	6.8%
Industrial	25.4%
Real Estate	6.0%
Technology	8.5%
Energy	6.6%
Financials	18.0%
Utilities	4.8%

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

Year-End Assets (\$ Mil.)	
2013/02	\$1,269
2012	\$1,133
2011	\$892
2010	\$886

### Small Cap Value Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Target:Small Cap Val;T (TASVX)	12.37 ( 43% )	12.37 ( 43% )	16.26 ( 54% )	13.23 ( 47% )	8.95 ( 48% )	13.78 ( 23% )
+ RUSSELL 2000 VAL	11.63 ( 62% )	11.63 ( 62% )	18.08 ( 32% )	12.11 ( 56% )	7.28 ( 74% )	11.29 ( 83% )
# of Products	50	50	50	50	41	19

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



American Funds New Perspective Fund A

Ticker: ANWPX

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective A	★★★★	\$43,029	264	6.2%	6.2%	12.8%	9.3%	4.3%	11.6%
MSCI AC World Index				6.5%	6.5%	10.6%	7.8%	2.1%	9.4%
World Stock MF Median				6.7%	6.7%	11.3%	8.4%	2.5%	10.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.08	0.81	4.73	0.63	5.44	17.37	-	0.45
5-Year	19.80	0.83	4.58	0.30	6.04	21.59	-	0.04

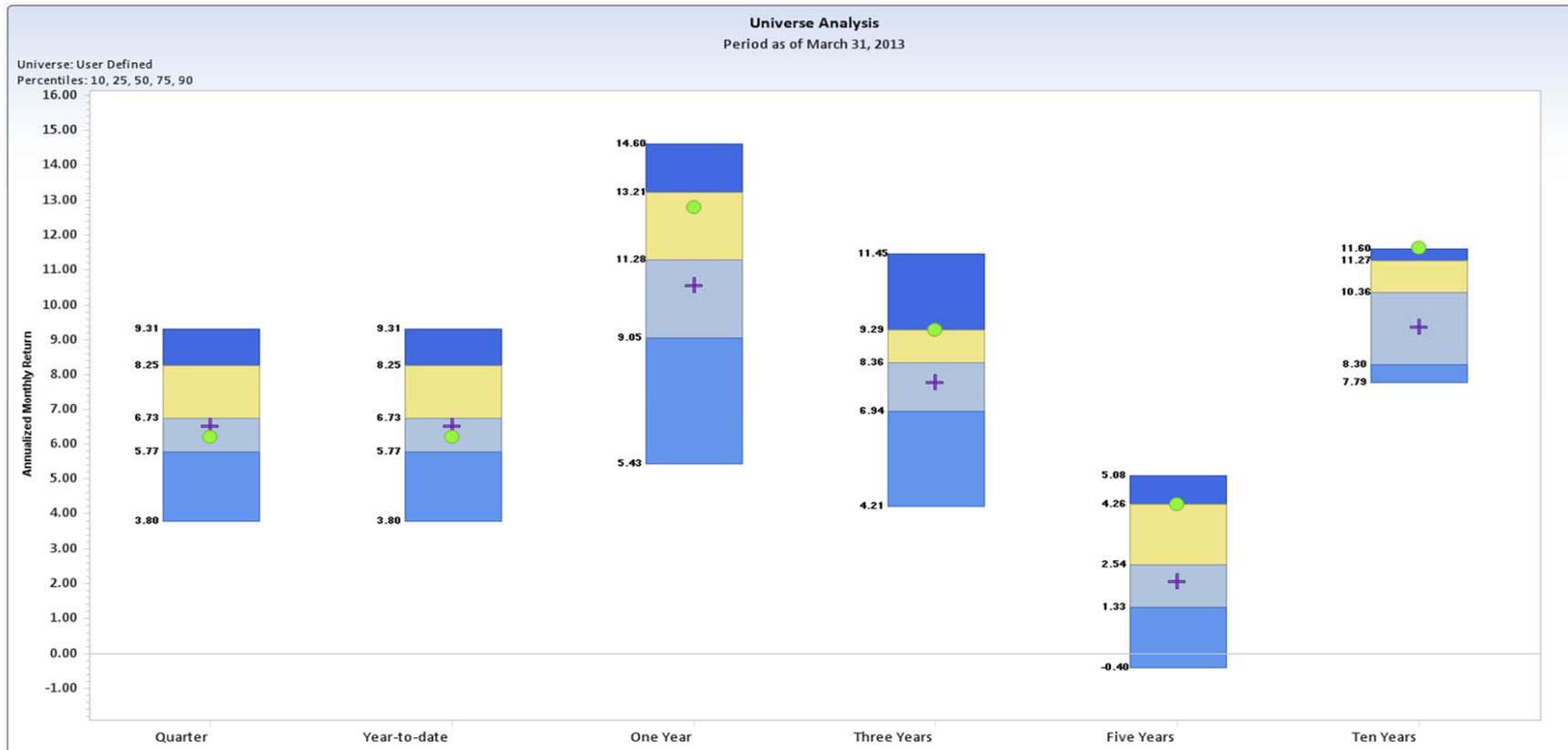
Top 10 Holdings 12-31-12	
Company	% of Portfolio
Novo-Nordisk A/S	4.98%
Amazon.com Inc	2.35%
Google, Inc Class A	1.71%
Home Depot, Inc	1.67%
Naspers Ltd	1.42%
Nestle SA	1.36%
Shoprite Holdings Ltd	1.31%
Taiwan Semiconductor Manufacturing	1.27%
British American Tobacco PLC	1.25%
ACE Ltd	1.21%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>40.1%</b>
France	4.9%
Germany	4.9%
United Kingdom	8.9%
<b>Asia</b>	<b>13.0%</b>
Australia	2.0%
Hong Kong	1.2%
Japan	4.6%
<b>Latin America</b>	<b>1.4%</b>
Brazil	0.5%
Chile	0.0%
<b>North America</b>	<b>45.5%</b>
Canada	3.4%
United States	42.1%

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

Year-End Assets (\$ Mil.)	
2013/02	\$31,425
2012	\$30,245
2011	\$27,707
2010	\$33,224
2009	\$33,010
2008	\$26,702

World Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● American Funds HPPer;A (ANWPX)	6.20 ( 65% )	6.20 ( 65% )	12.79 ( 32% )	9.29 ( 26% )	4.27 ( 25% )	11.64 ( 7% )
+ MS AC WORLD \$N	6.50 ( 57% )	6.50 ( 57% )	10.55 ( 58% )	7.78 ( 63% )	2.06 ( 59% )	9.36 ( 63% )
# of Products	113	113	113	113	100	47

**Oakmark International I Ticker: OAKIX**

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Oakmark International I</b>	★★★★★	\$22,372	59	5.4%	5.4%	16.6%	8.8%	7.1%	13.2%
MSCI EAFE Value Index				3.5%	3.5%	11.0%	3.5%	-1.7%	9.9%
MSCI EAFE Index				5.1%	5.1%	11.3%	5.0%	-0.9%	9.7%
Non-US Equity MF Median				3.8%	3.8%	9.6%	5.0%	-0.8%	9.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.76	0.98	3.71	0.52	5.28	20.56	-	0.20
5-Year	24.77	1.02	8.03	0.39	7.43	24.89	-	-0.07

Top 10 Holdings 12-31-12	
Company	% of Portfolio
Daiwa Securities Co Ltd	4.07%
Daimler AG	3.86%
Credit Suisse Gorup	3.80%
Toyota Motor Corp	3.44%
Honda Motor Co Ltd	3.18%
Canon, Inc	3.07%
Intesa Sanpaolo SpA	3.04%
Lloyds Banking Group PLC	2.98%
Allianz SE	2.96%
BNP Paribas	2.87%

Country Weights 12-31-12	
	%
<b>Europe</b>	<b>64.7%</b>
France	9.0%
Germany	7.7%
United Kingdom	12.1%
<b>Asia</b>	<b>29.2%</b>
Australia	4.6%
Hong Kong	0.0%
Japan	24.6%
<b>Latin America</b>	<b>0.2%</b>
Brazil	0.0%
Chile	0.0%
<b>North America</b>	<b>5.9%</b>
Canada	2.5%
United States	3.4%

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

Year-End Assets (\$ Mil.)	
2013/02	\$13,323
2012	\$10,796
2011	\$6,942
2010	\$6,688
2009	\$4,393

Vanguard Total International Stock Ind Ticker: VGTSX

**Fund Strategy**  
This Vanguard fund replaced the Principal International Growth fund and aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund will be benchmarked to the MSCI ACWI ex-US Index. The fund currently has 25% exposure to emerging markets, 49% to Europe, and 26% to developed Asia.

**Manager Information**  
Lead Manager D. Kelly + M. Perre  
Inception 8/5/2008  
Prospectus [www.vanguard.com](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Total Int'l Stock	★★★★	\$19,244	6184	3.0%	3.0%	8.7%	4.4%	-0.6%	10.6%
MSCI ACWI ex-US Index				3.2%	3.2%	8.4%	4.4%	-0.4%	10.9%
Non-US Equity MF Median				3.8%	3.8%	9.6%	5.0%	-0.8%	9.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.67	1.00	-0.52	0.31	3.48	19.53	-	0.29
5-Year	24.62	1.05	0.53	0.09	4.07	24.27	-	-0.01

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

Company	% of Portfolio
Nestle SA	1.14%
HSBC Holdings PLC	1.05%
Novartis AG	0.79%
Roche Holding AG	0.78%
Samsung Electronics Co	0.75%
BP PLC	0.72%
Royal Dutch Schell PLC A	0.71%
Toyota Motor Corp	0.70%
BHP Billiton Ltd	0.68%
Vodafone Group PLC	0.67%

**Country Weights 12-31-12**

	%
<b>Europe</b>	<b>48.3%</b>
France	5.8%
Germany	5.8%
United Kingdom	15.5%
<b>Asia</b>	<b>39.0%</b>
Australia	6.2%
Hong Kong	2.2%
Japan	14.2%
<b>Latin America</b>	<b>4.5%</b>
Brazil	2.7%
Chile	0.4%
<b>North America</b>	<b>8.2%</b>
Canada	8.1%
United States	0.1%

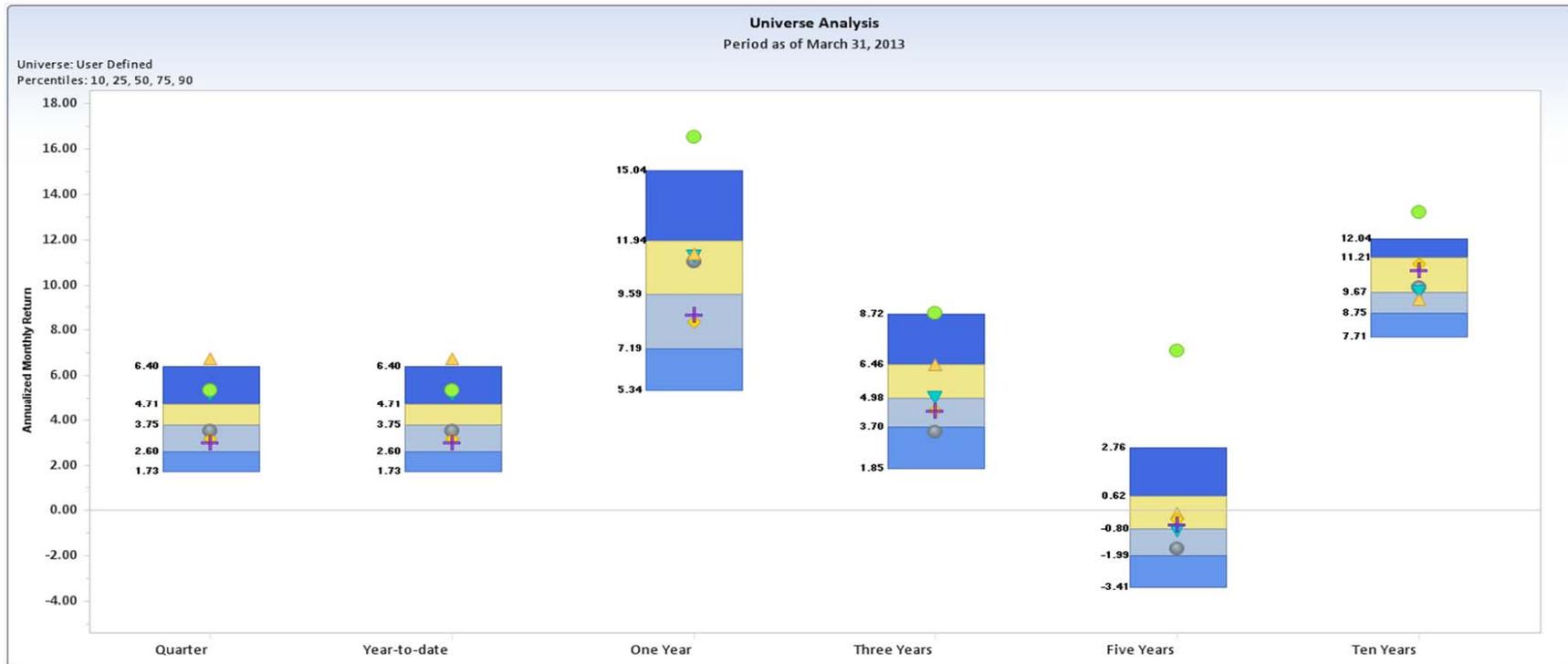
**Portfolio Information**

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

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

2013/02	\$40,163
2012	\$37,659
2011	\$29,949
2010	\$45,191
2009	\$26,044

### International (Non-US) Equity Universe



	Quarter	Year-to-date	One Year	Three Years	Five Years	Ten Years
● Oakmark Internat'l (OAKIX)	5.35 ( 20% )	5.35 ( 20% )	16.55 ( 6% )	8.75 ( 10% )	7.08 ( 2% )	13.21 ( 6% )
+ Vanguard Tot I Stk;Inv (VGTSX)	2.99 ( 68% )	2.99 ( 68% )	8.67 ( 60% )	4.39 ( 63% )	-0.63 ( 46% )	10.63 ( 34% )
◆ MS ACW xUS \$N	3.17 ( 64% )	3.17 ( 64% )	8.36 ( 64% )	4.41 ( 62% )	-0.39 ( 44% )	10.93 ( 30% )
▲ EAFE GROWTH \$N	6.74 ( 8% )	6.74 ( 8% )	11.38 ( 28% )	6.47 ( 26% )	-0.13 ( 40% )	9.38 ( 60% )
▼ MSCI EAFE \$N	5.13 ( 23% )	5.13 ( 23% )	11.25 ( 31% )	5.00 ( 50% )	-0.89 ( 53% )	9.69 ( 49% )
● EAFE VALUE \$NET	3.50 ( 56% )	3.50 ( 56% )	11.01 ( 35% )	3.45 ( 78% )	-1.70 ( 69% )	9.90 ( 43% )
# of Products	332	332	332	331	290	176

State of Montana 401(a) Defined Contribution Plan  
First Quarter 2013



Oppenheimer Developing Markets Y Ticker: ODVYX

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

**Manager Information**  
Lead Manager Justin Leverenz  
Inception 9/7/2005  
Prospectus [www.oppenheimerfunds.com](http://www.oppenheimerfunds.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Oppenheimer Dev Mkt Y	★★★★★	\$17,109	123	0.2%	0.2%	5.7%	7.3%	6.0%	21.3%
MSCI Emerg Mkts Index				-1.6%	-1.6%	2.0%	3.3%	1.1%	17.1%
Emg Mkt Equity MF Median				-0.7%	-0.7%	2.8%	3.7%	0.6%	16.4%

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

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

Country Weights 2-28-13	
	%
<b>Europe</b>	<b>32.0%</b>
France	0.0%
Germany	0.0%
United Kingdom	8.5%
<b>Asia</b>	<b>44.3%</b>
Australia	0.0%
Hong Kong	4.1%
Japan	0.0%
<b>Latin America</b>	<b>23.6%</b>
Brazil	12.0%
Chile	0.6%
<b>North America</b>	<b>0.0%</b>
Canada	0.0%
United States	0.0%

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

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

### Emerging Markets Equity Universe



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

**State of Montana 401(a) Defined Contribution Plan**  
**First Quarter 2013**



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

<b>Relative Rank</b>	"Rank" reflects funds' performance within the full universe of comparable products, which includes similar investment styles and objectives. The rank reflects which percentile the manager's absolute rate of return falls within relative to its peer universe, with 1 = highest and 100 = lowest.
<b>R-Squared (Coefficient of Determination)</b>	A statistical measure of the degree to which the movements of two variables are related. An R-Squared closer to 1.0 indicates that the two variables tend to behave similarly or that by knowing one variable you can closely estimate the other variable.
<b>Sharpe Ratio</b>	A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio is calculated for the past 36 month period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns.
<b>Small Cap</b>	Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.
<b>Standard Deviation</b>	Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it does not distinguish downside performance from upside performance.
<b>Top-Down Investment Approach</b>	The investment manager concentrates on analyzing the economy and investment environment to identify attractive economic sectors for investment. In international investing, a top-down investment approach is often used to identify attractive countries or regions for investment.
<b>Treynor Ratio</b>	The Treynor ratio is the return premium earned over the risk free rate by the series for each unit of risk taken, with risk measured as the beta of the series or portfolio relative to the market.
<b>Value Added</b>	Based on alpha, value-added shows how much value a manager added, after adjustment for the amount of volatility (risk) that a manager has experienced. A value-added of 1.0 means a manager has added 1% to annualized returns.
<b>Value Style Investing</b>	Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company's stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.