



State of Montana
401(a) Defined Contribution Plan

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Managing Director

Second Quarter 2013

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Economic Highlights

- GDP:** U.S. real GDP grew at an annual rate of 1.8% during the first quarter of 2013 (following a downward revision from its previous estimate of 2.4%). The Conference Board's Consumer Confidence Index climbed to 81.4 in June, its highest reading since January 2008.
Source: Dept. of Commerce (BEA)
- Interest Rates:** Treasury yields rose rather dramatically in the quarter, albeit off of historically low levels. After entering the quarter at 1.87%, the bellwether ten-year yield jumped to 2.52% by quarter's end, as markets reacted in large part to comments from Chairman Bernanke which signaled an increasing possibility that the Fed may begin to taper its bond buying program later this year.
Source: US Treasury
- Inflation:** Despite accelerating earlier in the year, U.S. inflation has remained in check. The Consumer Price Index rose 0.3% in the three months through May and edged higher at a modest 1.4% rate year-over-year. Due to a steep increase in the real yields of TIPS (nearby chart) – 117 bps from -0.64% to 0.53% – the 10-year breakeven inflation rate fell from 2.51% to 1.99% during the quarter.
Source: Dept. of Labor (BLS), US Treasury
- Employment:** Jobs growth has slowed in recent months with a monthly average of 170,000 jobs added from Feb through May versus a 237,000 average in the previous four months. The four-week moving average of initial claims has stabilized around the 350,000 level throughout the second quarter.
Source: Dept. of Labor (BLS)
- Housing:** Though the latest data are prior to the recent jump in mortgage rates, national home prices have accelerated higher in the first four months of 2013. The S&P Case-Schiller 10- and 20-city Home Price Indexes have enjoyed year-to-date increases in excess of 6.0% through April and have risen an impressive 11.6% and 12.0%, respectively, from a year earlier.
Source: S&P

Market Commentary

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

Second Quarter 2013

U.S. Equity Markets

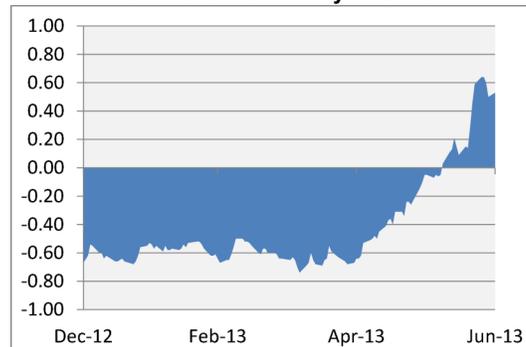
The U.S. stock market, represented by the Wilshire 5000 Total Market IndexSM, posted a total return of 2.77% during the second quarter. The market's quarterly rise was realized despite giving back -1.27% in June, its first monthly loss since October 2012. Solid gains in April and May – up 1.93% & 2.34%, respectively – propelled U.S. stocks to notch an impressive 13.97% advance through the midpoint of calendar 2013. This marked the best first half of a calendar year since 1998, when the U.S. stock market was up 15.47% through the first six months of that year.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index SM	-1.27	2.77	13.97	21.10
Standard & Poor's 500	-1.34	2.91	13.82	20.60
Wilshire 4500 Completion Index SM	-0.98	2.21	15.43	25.22
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index SM	-1.33	2.74	13.68	20.55
Wilshire US Large-Cap Growth Index SM	-1.94	1.86	11.14	17.28
Wilshire US Large-Cap Value Index SM	-0.84	3.46	15.91	23.44
Wilshire US Small-Cap Index SM	-0.84	2.80	16.28	26.06
Wilshire US Small-Cap Growth Index SM	-0.48	4.58	18.55	26.94
Wilshire US Small-Cap Value Index SM	-1.16	1.26	14.32	25.29
Wilshire US Micro-Cap Index SM	0.94	5.69	21.77	27.96

Small capitalization stocks have outperformed larger stocks in the first half of 2013, in spite of higher market volatility in the last trading days of June. Micro-cap stocks, in fact, have enjoyed an outstanding 2013 so far. Among large-cap stocks, value-oriented issues outperformed growth equities; however, the heightened interest-rate sensitivity of small-cap value stocks led to these issues underperforming small-cap growth equities.

The best-performing economic sectors of the stock market in the second quarter reflected stronger consumer sentiment and increased spending; Consumer Discretionary, Financial and Health Care stocks led other sectors with returns of 7.51%, 5.34% and 4.20% respectively. The weakest-performing sector was Materials, with a -2.89% return for the quarter; the Utilities sector, a rally leader in the first quarter of 2013, gave back some of its gains with a -2.15% return for the second quarter.

10-Year Constant Maturity TIPS Yield



Source: Federal Reserve

U.S. real interest rates spiked during the quarter as investors attempted to parse Fed-speak and quickly re-priced a higher probability of the Fed tapering its quantitative easing programs later this year. Leaving economic impacts aside, the markets' reaction to Chairman Bernanke's comments reveals just how challenging is the Fed's ultimate task of executing a well-timed and smooth exit from the current unprecedented levels of monetary stimulus.

Non-U.S. Equity Markets

The second quarter of 2013 found the European Union still struggling with political uncertainty in Greece as well as lackluster economic expansion and/or recession throughout the region. The announced upcoming wind-down of the U.S. Fed's long-lived programs of accommodative lending sent markets reeling worldwide. Japan's 2013 rally plunged into a volatile bear run after the Nikkei hit a five-year high on May 22; however, Japanese stocks remain among the strongest performers this year. Emerging markets stocks continued to find performance held back by concerns over China's slowing domestic economy; political unrest in Brazil and Turkey late in the quarter also weighed on emerging markets overall.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	-4.34	-3.11	-0.04	13.63	-3.96	-0.46	6.16	18.88
MSCI EAFE	-3.55	-0.98	4.10	18.62	-3.65	1.21	11.01	24.93
MSCI Europe	-4.83	-0.51	2.18	18.86	-5.04	-0.79	6.11	18.77
MSCI Pacific	-1.19	-1.74	7.83	18.45	-1.07	4.94	20.88	38.32
MSCI Japan	1.75	4.40	16.55	22.24	0.10	10.31	33.90	52.19
MSCI EM (Emerging Markets)	-6.37	-8.08	-9.57	2.87	-5.09	-4.42	-4.89	6.09

Fixed Income Markets

Bond yields drifted lower in April, with the bellwether 10-year U.S. Treasury hitting a near-term low of 1.66% on May 1. Subsequently, yields climbed sharply higher, with the 10-year Treasury closing the quarter at 2.52%, fully 65 basis points higher than its March 28 close. With the end of the Fed's "easy money" policy in sight, interest rate-sensitive assets in general suffered losses; corporate spreads widened over the quarter as well. Non-U.S. fixed income performed roughly on par with U.S.-based paper, although the strength of the U.S. dollar eroded performance on unhedged assets.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-1.55	-2.32	-2.44	-0.69
Barclays Long Govt./Credit	-4.52	-6.11	-7.97	-4.69
Barclays Long Term Treasury	-3.17	-5.58	-7.83	-8.36
Barclays U.S. TIPS	-3.58	-7.05	-7.39	-4.78
Barclays U.S. Credit	-2.85	-3.44	-3.60	0.84
Barclays U.S. Corporate High Yield	-2.62	-1.44	1.42	9.49
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-1.18	-2.79	-4.83	-2.18
Barclays Global Aggregate (Hedged)	-1.39	-1.73	-1.17	1.71
Barclays EM Local Currency Government Universal	-3.01	-3.81	-2.84	4.27
Barclays EM Local Currency Govt Univ (Hedged)	-1.69	-1.22	-0.56	1.74

Real Estate & Commodity Markets

Public-market real estate securities, like other interest rate-sensitive assets, suffered losses in the second quarter of 2013 as bond yields rose, increasing investors' borrowing costs. Commodities also pulled back sharply over the quarter, with gold seeing a dramatic -23.4% drop in price (down to \$1,223.80 per troy ounce); crude oil prices also dropped slightly in the face of slack demand from major industrial consumers and strong supply reserves. Investor interest in Master Limited Partnerships (MLPs), however, propelled this segment to relatively strong performance in comparison to other real asset sectors.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI SM	-1.70	-1.41	5.89	8.38
Wilshire Global ex US RESI SM	-4.08	-5.88	-0.35	18.09
Wilshire Global RESI SM	-2.81	-3.52	2.90	12.84
Dow Jones UBS Commodity Index	-4.71	-9.45	-10.47	-8.01
S&P GSCI Commodity	0.23	-5.93	-5.41	2.04
Alerian MLP Index	3.12	1.94	22.07	28.38

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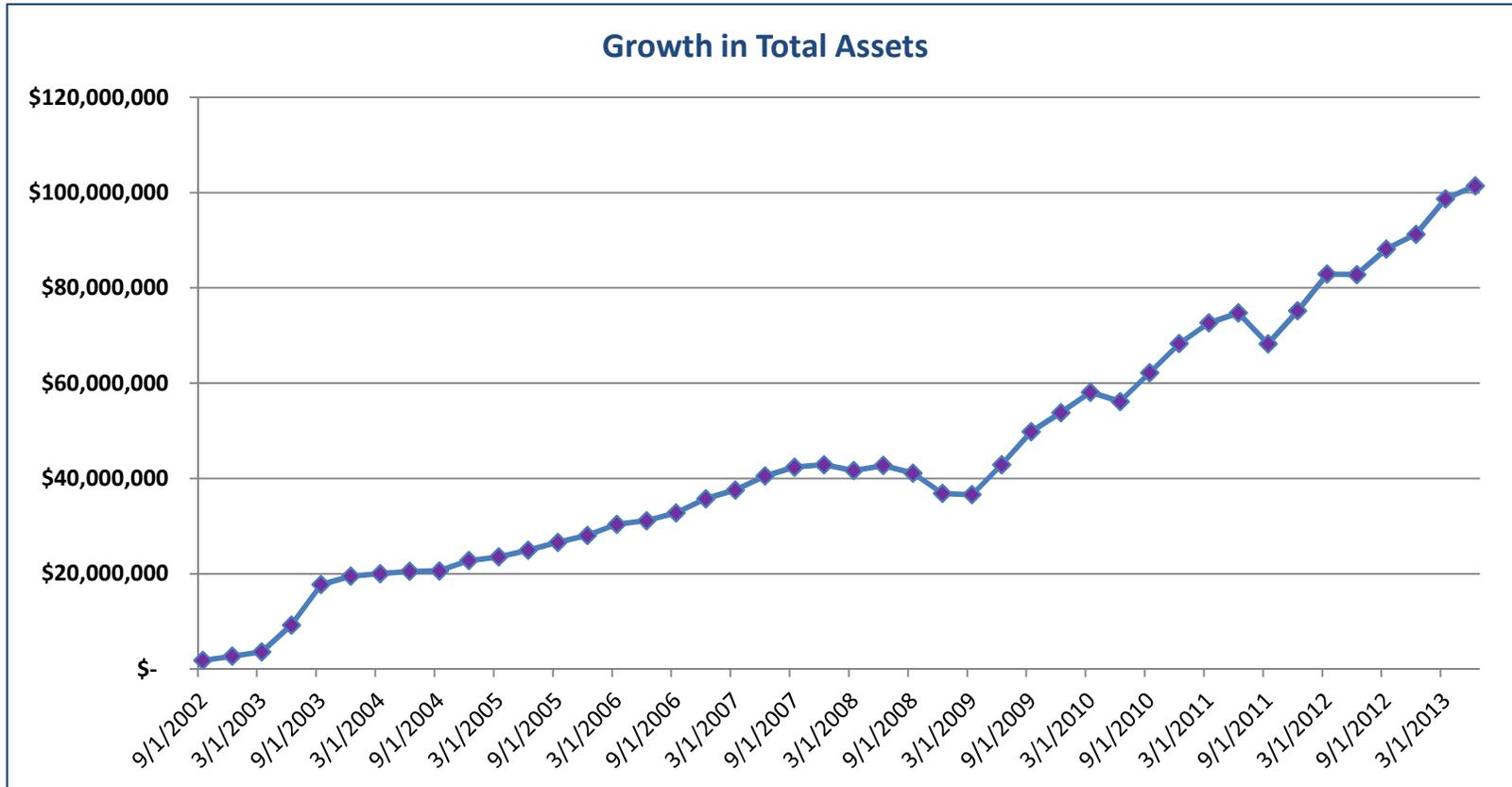
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FUND OVERVIEW FOR STATE OF MONTANA 401(a) DEFINED CONTRIBUTION PLAN

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	BSPAX	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	Terminated/Replaced	2012 Q2
Mid Value	MFS Mid Cap Value R5	MVCKX	Retention	
Small Growth	Vanguard Small Cap Growth Index	VISGX	Retention	
Small Broad	Vanguard Small Cap Index Signal	VSISX	Retention	
Small Value	Target Small Capitalization Value Fund	TASVX	Retention	
Global	American Funds New Perspective Fund A	ANWPX	Retention	
International	Oakmark International I	OAKIX	Retention	
International	Vanguard Total International Stock Index	VGTSX	Retention	
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	TRRDX	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



Market Value as of June 30, 2013: \$ 101,409,662

Change from previous quarter: \$ 2,705,952

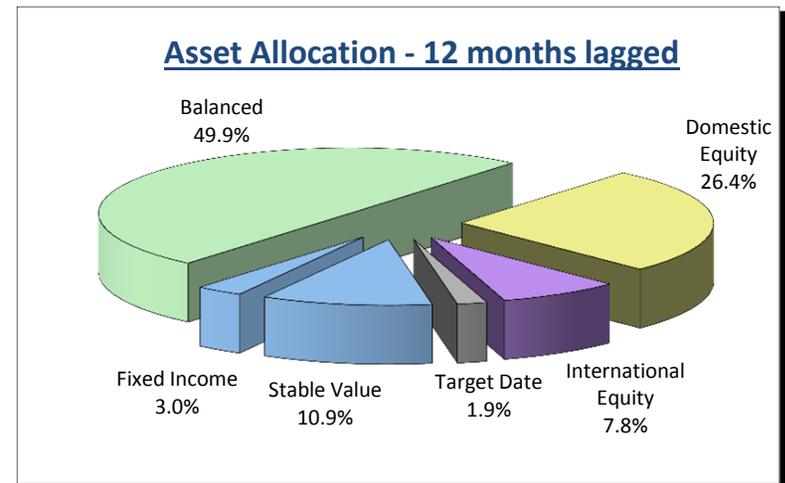
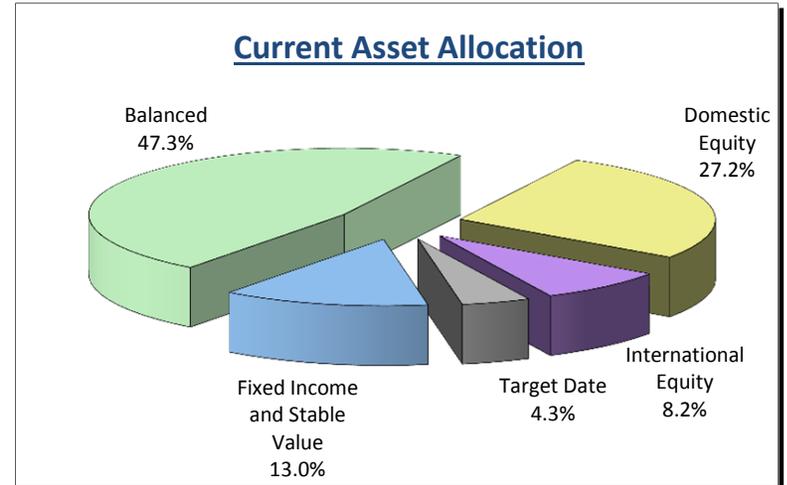
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Asset Allocation

as of June 30, 2013

Asset Class	# of Participants	Market Value	%
Fixed Income and Stable Value		13,229,256	13.0%
Montana Stable Value	405	10,591,045	10.4%
Vanguard Total Bond Market Index	388	2,638,211	2.6%
Balanced		47,941,585	47.3%
Vanguard Balanced Index	1,799	47,941,585	47.3%
Domestic Equity		27,537,759	27.2%
<i>Large Cap</i>		<u>12,862,392</u>	<u>12.7%</u>
Alger Capital Apprceciation Z	464	5,175,984	5.1%
JP Morgan US Equity	220	1,767,903	1.7%
BlackRock Equity Index	167	1,038,561	1.0%
Vanguard Equity Income	412	4,879,943	4.8%
<i>Mid Cap</i>		<u>6,680,967</u>	<u>6.6%</u>
Munder Mid Cap Core Growth	370	2,740,542	2.7%
Janus/Perkins Mid Cap Value	462	3,823,910	3.8%
MFS Mid Cap Value R5	16	116,515	0.1%
<i>Small Cap</i>		<u>7,994,400</u>	<u>7.9%</u>
Vanguard Small Cap Growth Index	366	2,845,930	2.8%
Vanguard Small Cap Index	324	2,691,111	2.7%
Target Small Capitalization Value	337	2,457,359	2.4%
International Equity		8,302,263	8.2%
American Funds New Perspective	463	3,911,570	3.9%
Vanguard Total International Stock Index	185	782,844	0.8%
Oarkmark International	423	3,390,924	3.3%
Oppenheimer Developing Markets	51	216,925	0.2%
Target Date		4,398,799	4.3%
STATE OF MONTANA 401(a) TOTAL		\$ 101,409,662	



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Montana Stable Value	Trailing Total Returns (annualized)				Universe Ranking		
Style: Intermediate Gov/Credit FI	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Montana Stable Value	(2.38)	(0.25)	3.20	4.68	--	--	--
Barclays Int Gov/Credit Bond + 0.35%	(1.61)	0.63	3.49	4.92	--	--	--

Fund Narrative
The fund underperformed the benchmark points this quarter, and lags for the 1-year by 88 basis points. The manager lags for both the 3- and 5-year time periods. Current Status: Retention, no change recommended.

Vanguard Total Bond Index	Trailing Total Returns (annualized)				Universe Ranking		
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Total Bond Index	(2.42)	(0.85)	3.40	5.14	87th	82nd	73rd
Barclays Aggregate	(2.32)	(0.69)	3.51	5.19	80th	80th	70th
Intermediate Fixed MF Median	(2.65)	0.39	4.23	5.69			
Morningstar Rating	n/a	n/a	★★★	★★★			

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 lagged the median over the 3- and 5-year, but the 3-star Morningstar ratings meet the State's criteria. Current Status: Retention, no change recommended.

Vanguard Balanced Index	Trailing Total Returns (annualized)				Universe Ranking		
Style: Balanced	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Balanced Index	0.74	12.24	12.74	7.12	36th	16th	10th
60% MSCI US Broad Mkt / 40% Barclays Agg	0.72	12.17	12.72	7.02	38th	17th	12th
Balanced MF Median	(0.09)	11.11	10.60	5.21			
Morningstar Rating	n/a	n/a	★★★★	★★★★★			

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 performed above the median over all time periods and the fund's 4- and 5-star Morningstar Ratings meet the State requirement. Current Status: Retention, no change recommended.

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Alger Capital Appreciation Z	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Alger Capital Appreciation Z	1.04	17.32	17.50	6.35	38th	33rd	27th
Wilshire Large Growth Index	2.77	19.01	18.43	7.30	39th	31st	27th
Large Cap Growth MF Median	1.80	16.52	16.45	5.28			
Morningstar Rating	n/a	n/a	★★★★	★★★			

Fund Narrative

This large growth fund replaced the American Funds Growth Fund of America in 2Q2012. The fund lagged the benchmark this quarter and trails for the 3- and 5-year. However, the fund outpaced the median for both 3- and 4-year and it's 3- and 4-star Morningstar ratings meet the State requirement. **Current Status: Retention, no change recommended.**

JP Morgan US Equity	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
JP Morgan US Equity	3.62	23.43	18.02	8.25	20th	28th	8th
S&P 500 Index	2.91	20.60	18.45	7.01	56th	21st	25th
Large Cap Core MF Median	2.64	21.07	17.06	6.07			
Morningstar Rating	n/a	n/a	★★★	★★★★★			

Fund Narrative

This large cap core fund outperformed the benchmark for the quarter, and leads for the 5-year. The manager also outperformed the median over all shown time periods and the 3- and 5-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

BlackRock Equity Index (S&P 500)	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
BlackRock Equity Index (S&P 500)	2.79	20.12	17.98	6.65	56th	21st	25th
S&P 500 Index	2.91	20.60	18.45	7.01	56th	21st	25th
Large Cap Core MF Median	2.64	21.07	17.06	6.07			
Morningstar Rating	n/a	n/a	★★★★	★★★			

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 also bested the median in the 3- and 5-year time periods and the 4- and 3-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

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Vanguard Equity-Income	Trailing Total Returns (annualized)				Universe Ranking		
Style: Large Value	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Equity-Income	3.59	21.77	20.68	9.25	76th	4th	2nd
FTSE High Dividend Yield Index	2.91	17.16	16.79	5.42	83rd	3rd	3rd
Russell 1000 Value Index	3.20	25.32	18.51	6.67	34th	13th	27th
Large Cap Value MF Median	3.83	23.91	16.83	5.71			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

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 outperformed both benchmarks for the 3- and 5-year. With 5-star Morningstar ratings and outperforming the median over the 3- and 5- year, this fund meets the requirements of the State. Current Status: Retention, no change recommended.

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)				Universe Ranking		
Style: Mid Growth	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Munder Mid-Cap Core Growth	1.67	22.04	18.47	6.40	26th	30th	48th
Russell Mid Cap Index	2.21	25.41	19.53	8.28	7th	16th	25th
Wilshire Mid Growth Index	3.33	27.81	19.88	9.16	19th	16th	25th
Mid Cap Growth MF Median	1.85	19.91	17.51	6.29			
Morningstar Rating	n/a	n/a	★★★	★★★			

Fund Narrative
The fund trailed the benchmark for the quarter and for all other time periods but outpaced the median for the 3- and 5-year time periods. Lastly, the consistent 3-star Morningstar ratings meet the minimum requirements. The fund was on probation from 2009Q3 - 2012Q1. Current Status: Retention, no change recommended.

Janus/Perkins Mid Cap Value	Trailing Total Returns (annualized)				Universe Ranking		
Style: Mid Value	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Janus Mid Cap Value	1.22	19.56	12.99	6.46	91st	93rd	81st
Russell Mid Cap Value Index	1.65	27.65	19.53	8.87	45th	28th	44th
Mid Cap Value MF Median	2.35	27.19	18.44	8.40			
Morningstar Rating	n/a	n/a	★★	★★★			

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 also lags the median over all time periods, and the fund's 2-star Morningstar Rating for the 3-year does not meet the requirements of the State. Current Status: Terminated, replaced by the MFS Mid Cap Value fund.

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MFS Mid Cap Value R5	Trailing Total Returns (annualized)				Universe Ranking		
Style: Mid Value	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
MFS Mid Cap Value R5	3.24	29.15	20.49	9.10	35th	17th	43rd
Russell Mid Cap Value Index	1.65	27.65	19.53	8.87	45th	28th	44th
Mid Cap Value MF Median	2.35	27.19	18.44	8.40			
Morningstar Rating	n/a	n/a	★★★★★	★★★			

Fund Narrative
This new fund replaces the Janus/Perkins Mid Value fund. MFS outperformed the benchmark this quarter and for the 3- and 5-year time periods. The manager also outpaced the median for all time periods and has 5- and 3- star Morningstar Ratings to meet the requirements of the State. Current Status: Retention, no change recommended.

Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)				Universe Ranking		
Style: Small Growth	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Small Cap Growth Idx	2.92	24.15	21.16	9.72	34th	23rd	34th
MSCI US Small Cap Growth Index	4.58	26.23	21.86	10.09	14th	23rd	34th
Small Cap Growth MF Median	3.31	22.62	18.72	7.98			
Morningstar Rating	n/a	n/a	★★★★	★★★			

Fund Narrative
This Vanguard index fund changed its benchmark to the CRSP US Small Cap Growth Index but as this happened mid-quarter, the MSCI benchmark will be used. Although the fund underperformed for the quarter and the 3- and 5-year, it outpaced the median for the 3- and 5-year and its 4- and 3-star Morningstar ratings help meet the State's requirements. Current Status: Retention, no change recommended.

Vanguard Small Cap Index	Trailing Total Returns (annualized)				Universe Ranking		
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Small Cap Index	2.77	25.74	20.04	10.15	34th	22nd	30th
MSCI US Small Cap 1750 Index	3.03	26.02	20.09	10.09	31st	20th	31st
Small Cap Core MF Median	2.73	24.13	18.27	8.82			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative
This Vanguard index fund also changed its benchmark to the CRSP US Small Cap Index but because it occurred mid-quarter, the MSCI benchmark will still be used. The fund underperformed for the quarter and 3-year, but outperformed over the 5-year. The fund also performed above the median for the 3- and 5-year, and has 4-star Morningstar ratings to satisfy the State's requirements. Current Status: Retention, no change recommended.

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Target Small Capitalization Value	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Small Value							
Target Small Capitalization Value	2.49	25.49	17.64	9.32	47th	54th	61st
Russell 2000 Value Index	2.47	24.76	17.33	8.59	54th	55th	75th
Small Cap Value MF Median	2.53	25.03	17.90	9.66			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative
This small value fund slightly outperformed the benchmark for the quarter, and leads for both the 3- and 5-year time periods. The fund led the median for the 5-year, but not for the 3-year, and the 4-star Morningstar ratings exceed the State's minimum requirements. Current Status: Retention, no change recommended.

American Funds New Perspective	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Global Equity							
American Funds New Perspective	1.60	19.57	14.39	4.98	36th	28th	20th
MSCI AC World Index	(0.42)	16.57	12.36	2.30	70th	62nd	60th
World Equity MF Median	0.66	18.72	13.15	2.95			
Morningstar Rating	n/a	n/a	★★★	★★★★			

Fund Narrative
This global equity fund led the MSCI AC World Index benchmark for the quarter, and outperformed for both the 3- and 5-year time periods. Furthermore, the manager outpaced the median for all time periods and the 3- and 4-star Morningstar Ratings exceed the requirements of the State. Current Status: Retention, no change recommended.

Oakmark International	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: International Equity							
Oakmark International	3.76	34.59	14.35	9.92	2nd	5th	1st
MSCI EAFE Value Index	(0.74)	18.56	9.17	(0.93)	27th	63rd	60th
Non-US Equity MF Median	(0.94)	16.85	9.82	(0.61)			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

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. Furthermore, the manager greatly outpaced the median for all time periods and the fund's 5-star Morningstar ratings exceed the State's requirements. Current Status: Retention, no change recommended.

State of Montana 401(a) Defined Contribution Plan
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Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)				Universe Ranking		
Style: International Equity	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Total Int'l Stock Index	(3.25)	13.48	8.25	(0.86)	80th	77th	58th
MSCI ACWI ex-US Index	(3.11)	13.63	7.99	(0.80)	78th	81st	57th
Non-US Equity MF Median	(0.94)	16.85	9.82	(0.61)			
Morningstar Rating	n/a	n/a	★★	★★★			

Fund Narrative

This Vanguard fund provides exposure to developed and emerging markets and changed the benchmark mid-quarter to the FTSE Global All Cap ex-US Index. The fund lagged the benchmark for the quarter and 5-year, and also trailed the median over all time periods, and now has 3- and 3-star Morningstar ratings. **Current Status: Retention, no change recommended.**

Oppenheimer Developing Mkts Y	Trailing Total Returns (annualized)				Universe Ranking		
Style: International Equity	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Oppenheimer Developing Mkts Y	(3.95)	7.87	8.13	5.48	22nd	8th	4th
MSCI Emerging Markets Index	(8.08)	2.87	3.38	(0.43)	57th	60th	40th
Emerging Markets Equity MF Median	(7.98)	3.49	4.17	(0.85)			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative

This emerging markets fund posted a negative but leading return versus its benchmark this quarter and leads the benchmark for the 3- and 5-year time periods. The fund has consistent 5-star Morningstar ratings and it has returns far greater than the median in all time periods to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

State of Montana 401(a) Defined Contribution Plan
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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	# of Participants
T. Rowe Price Retirement 2005	TRRFX	★★★★★	-1.20	2.21	8.10	9.27	5.65	\$103,956.27	21
Dow Jones Target Global Date 2005 Index			-2.08	-1.62	1.18	5.31	4.85		
T. Rowe Price Retirement 2010	TRRAX	★★★★★	-0.93	3.11	9.52	10.32	5.65	\$ 42,711.91	7
Dow Jones Target Global Date 2010 Index			-1.93	-0.82	2.42	6.07	4.62		
T. Rowe Price Retirement 2015	TRRGX	★★★★★	-0.52	4.28	11.55	11.58	5.84	\$ 230,555.63	31
Dow Jones Target Global Date 2015 Index			-1.65	0.44	4.54	7.25	4.66		
T. Rowe Price Retirement 2020	TRRBX	★★★★★	-0.21	5.26	13.18	12.64	5.91	\$ 316,616.06	48
Dow Jones Target Global Date 2020 Index			-1.33	1.95	7.01	8.66	4.77		
T. Rowe Price Retirement 2025	TRRHX	★★★★★	0.14	6.17	14.74	13.45	5.90	\$ 691,478.47	66
Dow Jones Target Global Date 2025 Index			-0.98	3.57	9.66	10.24	5.02		
T. Rowe Price Retirement 2030	TRRCX	★★★★★	0.45	7.04	16.13	14.26	5.94	\$ 445,314.10	59
Dow Jones Target Global Date 2030 Index			-0.63	5.15	12.27	11.63	5.21		
T. Rowe Price Retirement 2035	TRRJX	★★★★★	0.70	7.63	17.06	14.75	5.95	\$ 778,774.54	68
Dow Jones Target Global Date 2035 Index			-0.33	6.52	14.55	12.77	5.39		
T. Rowe Price Retirement 2040	TRRDY	★★★★★	0.83	8.00	17.59	14.92	6.05	\$ 511,307.63	56
Dow Jones Target Global Date 2040 Index			-0.12	7.53	16.22	13.54	5.56		
T. Rowe Price Retirement 2045	TRRKX	★★★★★	0.81	7.95	17.57	14.90	6.03	\$ 547,046.02	82
Dow Jones Target Global Date 2045 Index			0.00	8.05	17.07	13.86	5.70		
T. Rowe Price Retirement 2050	TRRMX	★★★★★	0.88	7.98	17.65	14.92	6.05	\$ 452,545.64	71
Dow Jones Target Global Date 2050 Index			0.01	8.10	17.16	13.89	5.72		
T. Rowe Price Retirement 2055	TRRNX	★★★★★	0.80	7.88	17.48	14.88	6.01	\$ 252,708.75	30
Dow Jones Target Global Date 2055 Index			0.01	8.10	17.16	13.89	5.72		
T. Rowe Price Retirement Income	TRRIX	★★★★★	-1.14	2.17	7.42	8.26	5.41	\$ 25,783.71	9
Dow Jones Target Global Date Today Index			-2.07	-1.68	1.05	5.09	5.01		
TOTAL								\$4,398,798.73	

Vanguard Total Bond Market Signal Ticker: VBTSX

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

Manager Information	
Lead Manager	Kenneth Volpert
Inception	9/1/2006
Prospectus	www.vanguard.com

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Total Bond Mkt	★★★	5.31	7.30	AA	-2.4%	-2.5%	-0.8%	3.4%	5.1%	4.5%
Barclays Aggregate					-2.3%	-2.4%	-0.7%	3.5%	5.2%	4.5%
Interm Fixed MF Median					-2.7%	-2.6%	0.4%	4.2%	5.7%	4.4%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.93	-0.18	1.13	0.27	2.85	1.19
5-Year	3.78	-0.07	1.29	0.42	3.73	1.32

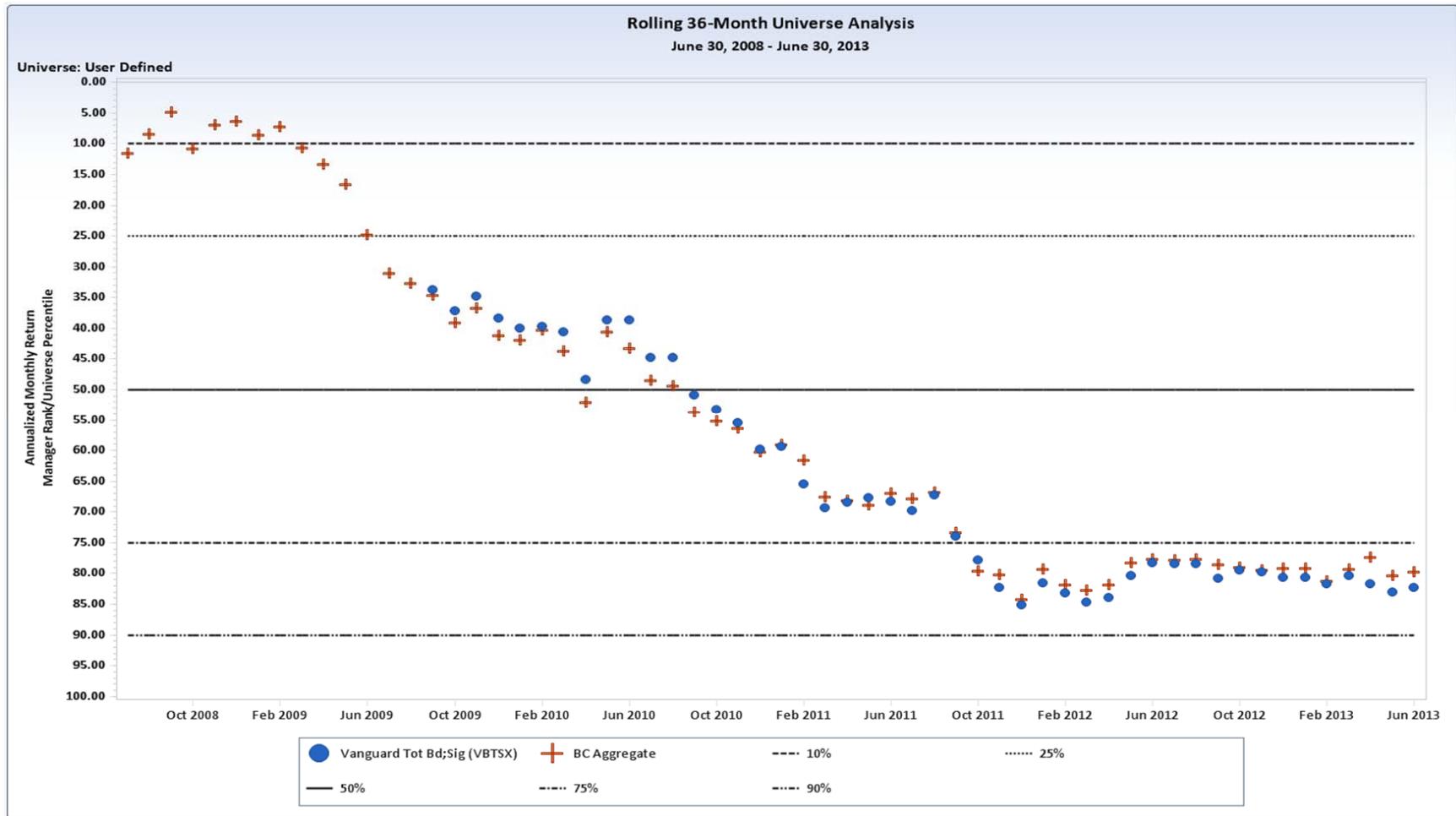
Portfolio Characteristics 3-31-13	
Credit Quality	%
US Gov't/Agency/AAA	72.3%
AA	4.6%
A	12.0%
BBB	11.2%
< BBB	0.0%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	22.4%
3 - 5 yrs.	16.1%
5 - 7 yrs.	10.4%
7 - 10 yrs.	9.1%
10 - 15 yrs.	3.8%
15 - 20 yrs.	5.6%
20 + yrs.	32.6%

Sector Weights 3-31-13	
	%
US Government	46.8%
Mortgage	27.4%
Credit	19.8%
Foreign	6.1%
Cash	0.0%

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

Year-End Assets (\$ Mil.)	
2013/06	\$12,255
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

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Balanced Indx Instl	★★★★★	\$32,993	9,674	0.7%	7.3%	12.2%	12.7%	7.1%	7.0%
US Balanced Index				0.7%	7.3%	12.2%	12.7%	7.0%	7.0%
Balanced MF Median				-0.1%	5.0%	11.1%	10.6%	5.2%	6.0%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	8.20	0.89	2.87	1.50	1.86	8.90	1.13
5-Year	11.69	0.94	1.71	0.63	2.04	11.91	0.51

Top 10 Holdings 3-31-13	
Company	% of Portfolio
Apple, Inc.	1.39%
ExxonMobil Corporation	1.35%
General Electric Co	0.81%
International Business Machines	0.80%
Chevron Corp	0.77%
Johnson & Johnson	0.76%
Microsoft Corporation	0.72%
Google, Inc. Class A	0.71%
Procter & Gamble Co	0.71%
Pfizer Inc	0.70%

Sector Weights 3-31-13	
Basic Materials	3.6%
Communication Services	3.9%
Consumer Cyclical	11.8%
Consumer Defensive	9.4%
Healthcare	12.0%
Industrial	11.4%
Real Estate	3.6%
Technology	16.7%
Energy	10.0%
Financials	14.2%
Utilities	3.4%

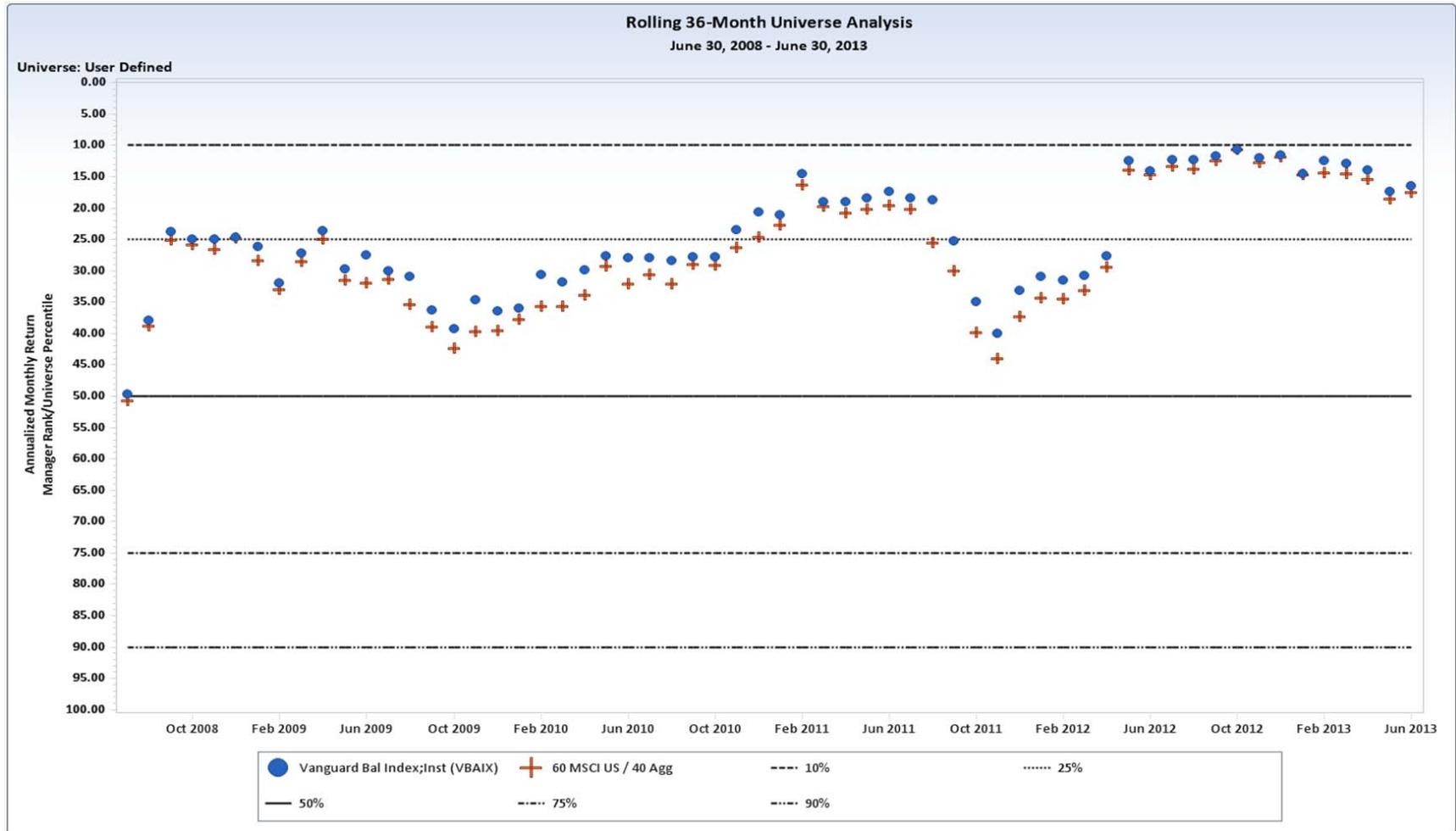
Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	43%

Fixed Income Characteristics 3-31-13	
Avg. Duration (yrs.)	5.27
Avg. Maturity (yrs.)	7.20
Avg. Quality	AA

Sector Weights 3-31-13	
<i>versus Barclays Aggregate</i>	%
US Government	47.4%
Mortgage	26.7%
Credit	19.9%
Foreign	6.0%
Cash	0.0%

Year-End Assets (\$ Mil.)	
2013/06	\$5,979
2012	\$5,554
2011	\$4,224
2009	\$2,869
2008	\$2,299
2007	\$2,901
2006	\$2,666
2005	\$2,014

Balanced Universe



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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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Alger Capital Appreciation Z	★★★★	\$38,519	133	1.0%	10.4%	17.3%	17.5%	6.3%	9.6%
Wilshire Large Growth				2.8%	12.3%	19.0%	18.4%	7.3%	7.8%
Large Cap Growth MF Median				1.8%	10.7%	16.5%	16.5%	5.3%	6.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.49	1.11	-2.58	1.12	3.72	15.48	-	1.17
5-Year	20.48	1.06	-0.72	0.39	6.26	19.63	-	0.45

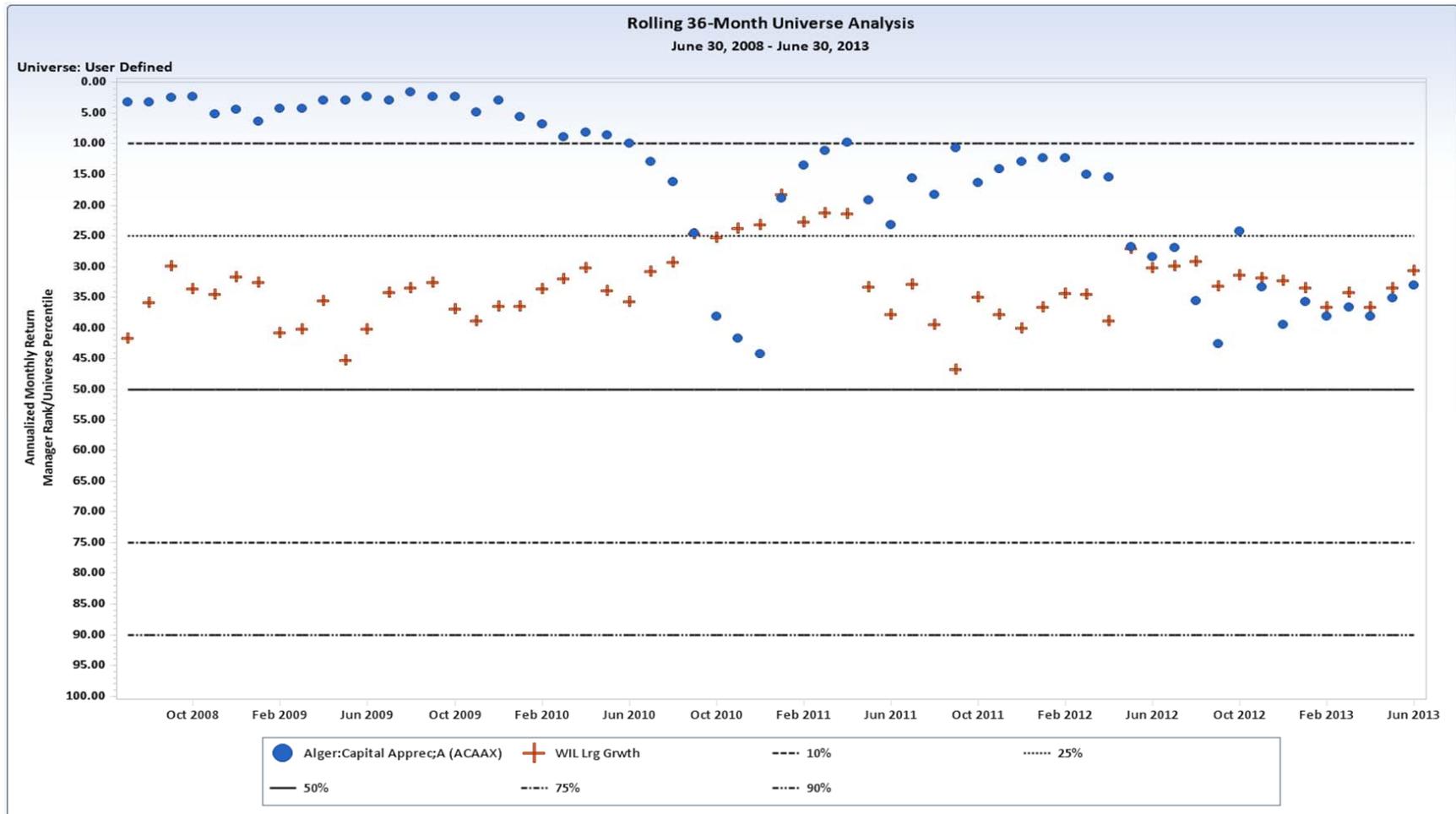
Top 10 Holdings 03-31-13	
Company	% of Portfolio
Apple, Inc.	4.78%
Google, Inc Class A	2.95%
eBay Inc	2.61%
International Business Machines	2.50%
Amazon.com Inc	2.29%
CVS Caremark Corp	2.14%
Honeywell International, Inc	1.94%
Pfizer Inc	1.77%
Philip Morris International	1.71%
Express Scripts	1.67%

Sector Weights 3-31-13	
Basic Materials	3.4%
Communication Services	3.5%
Consumer Cyclical	20.3%
Consumer Defensive	9.2%
Healthcare	13.0%
Industrial	12.0%
Real Estate	2.4%
Technology	22.7%
Energy	5.5%
Financials	8.1%
Utilities	0.0%

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

Year-End Assets (\$ Mil.)	
2013/06	\$165
2012	\$48
2011	\$77
2010	\$45

Large Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

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	★★★★	\$53,258	214	3.6%	14.7%	23.4%	18.0%	8.2%	8.5%
S & P 500				2.9%	13.8%	20.6%	18.5%	7.0%	7.3%
Large Cap Core MF Median				2.6%	13.5%	21.1%	17.1%	6.1%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.85	1.09	-1.73	1.19	2.21	13.57	-	1.32
5-Year	18.71	1.01	1.12	0.51	2.08	18.42	-	0.45

Top 10 Holdings 05-31-13

Company	% of Portfolio
Johnson & Johnson	3.02%
Google, Inc Class A	2.80%
Time Warner Inc	2.39%
United Technologies Corp	2.35%
Apple Inc	2.30%
Wells Fargo & Co	2.15%
Citigroup Inc	1.95%
Schlumberger NV	1.90%
Microsoft Corporation	1.80%
Chevron Corp	1.69%

Sector Weights 5-31-13

Basic Materials	3.5%
Communication Services	3.0%
Consumer Cyclical	13.5%
Consumer Defensive	8.6%
Healthcare	13.6%
Industrial	9.8%
Real Estate	0.7%
Technology	18.1%
Energy	10.7%
Financials	16.7%
Utilities	1.9%

Portfolio Information

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

Year-End Assets (\$ Mil.)

2013/06	\$454
2012	\$407
2011	\$284
2010	\$162
2009	\$69

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BlackRock Equity Index

Ticker: **BSPAX**

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

Manager Information
Lead Manager Diane Hsiung + Greg Savage
Inception 7/2/1993
Prospectus www.barclaysglobal.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
BlackRock Eq Index (S&P 500)	★★★	\$58,062	1	2.8%	13.6%	20.1%	18.0%	6.7%	6.9%
S & P 500				2.9%	13.8%	20.6%	18.5%	7.0%	7.3%
Large Cap Core MF Median				2.6%	13.5%	21.1%	17.1%	6.1%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.56	1.00	-0.40	1.29	0.03	13.57	-	1.32
5-Year	18.39	1.00	-0.33	0.43	0.10	18.42	-	0.45

Top 10 Holdings 03-31-13

Company	% of Portfolio
Apple, Inc.	2.97%
ExxonMobil Corporation	2.88%
General Electric Co	1.72%
Chevron Corp	1.65%
Johnson & Johnson	1.63%
International Business Mach	1.59%
Microsoft Corporation	1.54%
Google, Inc Class A	1.51%
Procter & Gamble Co	1.50%
Pfizer Inc	1.48%

Sector Weights 3-31-13

Basic Materials	3.3%
Communication Services	4.3%
Consumer Cyclicals	11.4%
Consumer Defensive	10.8%
Healthcare	12.4%
Industrial	10.5%
Real Estate	2.0%
Technology	16.3%
Energy	10.9%
Financials	14.7%
Utilities	3.4%

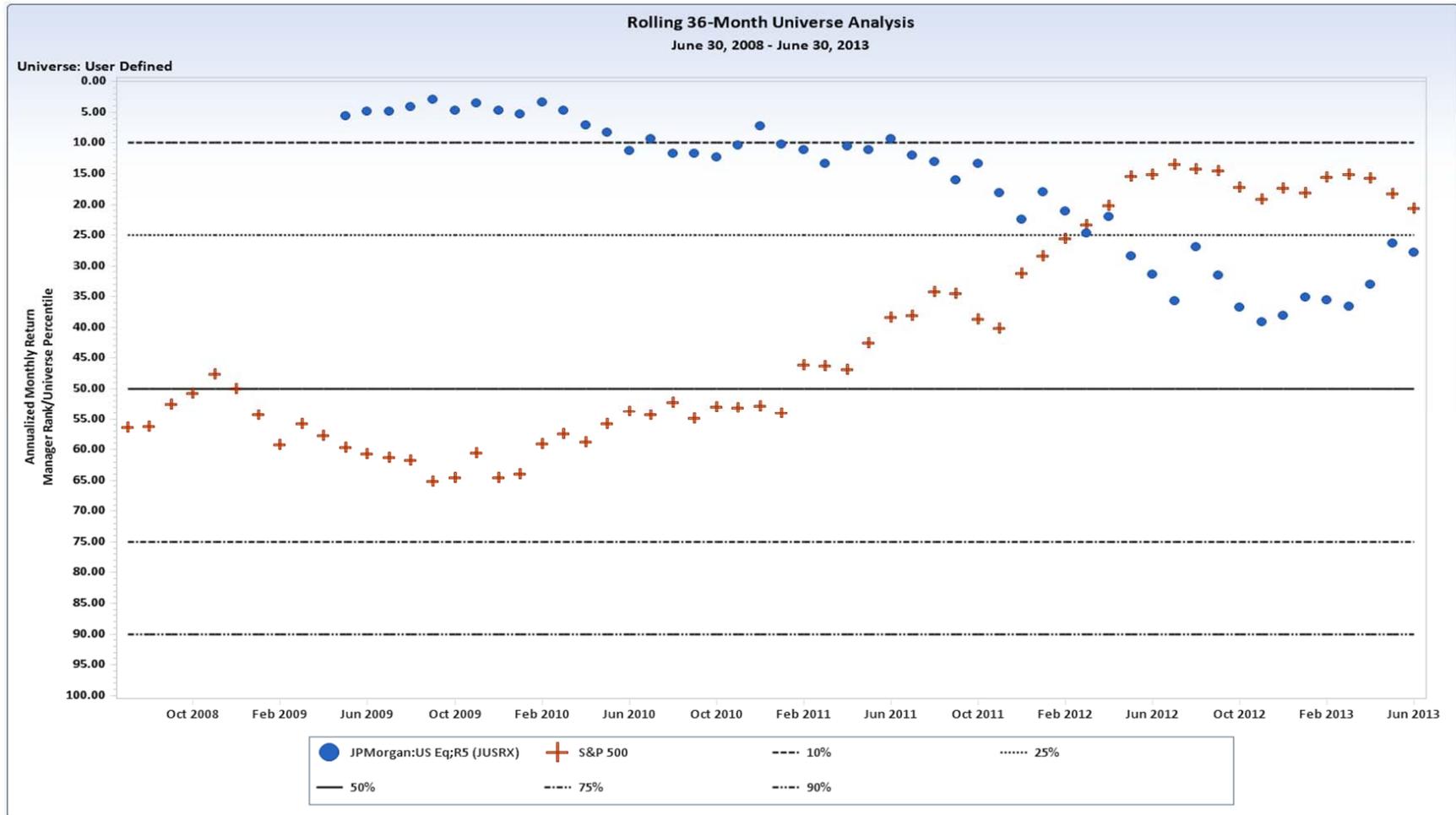
Portfolio Information

Expense Ratio	0.00%
12b-1 Fee Included	0.25
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	10%

Year-End Assets (\$ Mil.)

2013/06	\$861
2012	N/A
2011	N/A
2010	N/A

Large Cap Core Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

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	★★★★	\$68,269	164	3.6%	15.3%	21.8%	20.7%	9.2%	8.9%
FTSE High Dividend Value Idx				2.9%	14.3%	17.2%	16.8%	5.4%	-
Russell 1000 Value Index				3.2%	15.9%	25.3%	18.5%	6.7%	7.8%
Large Cap Value MF Median				3.8%	15.5%	23.9%	16.8%	5.7%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	11.44	0.81	4.98	1.71	3.95	11.25	-	1.44
5-Year	16.78	0.88	2.76	0.60	4.58	17.87	-	0.38

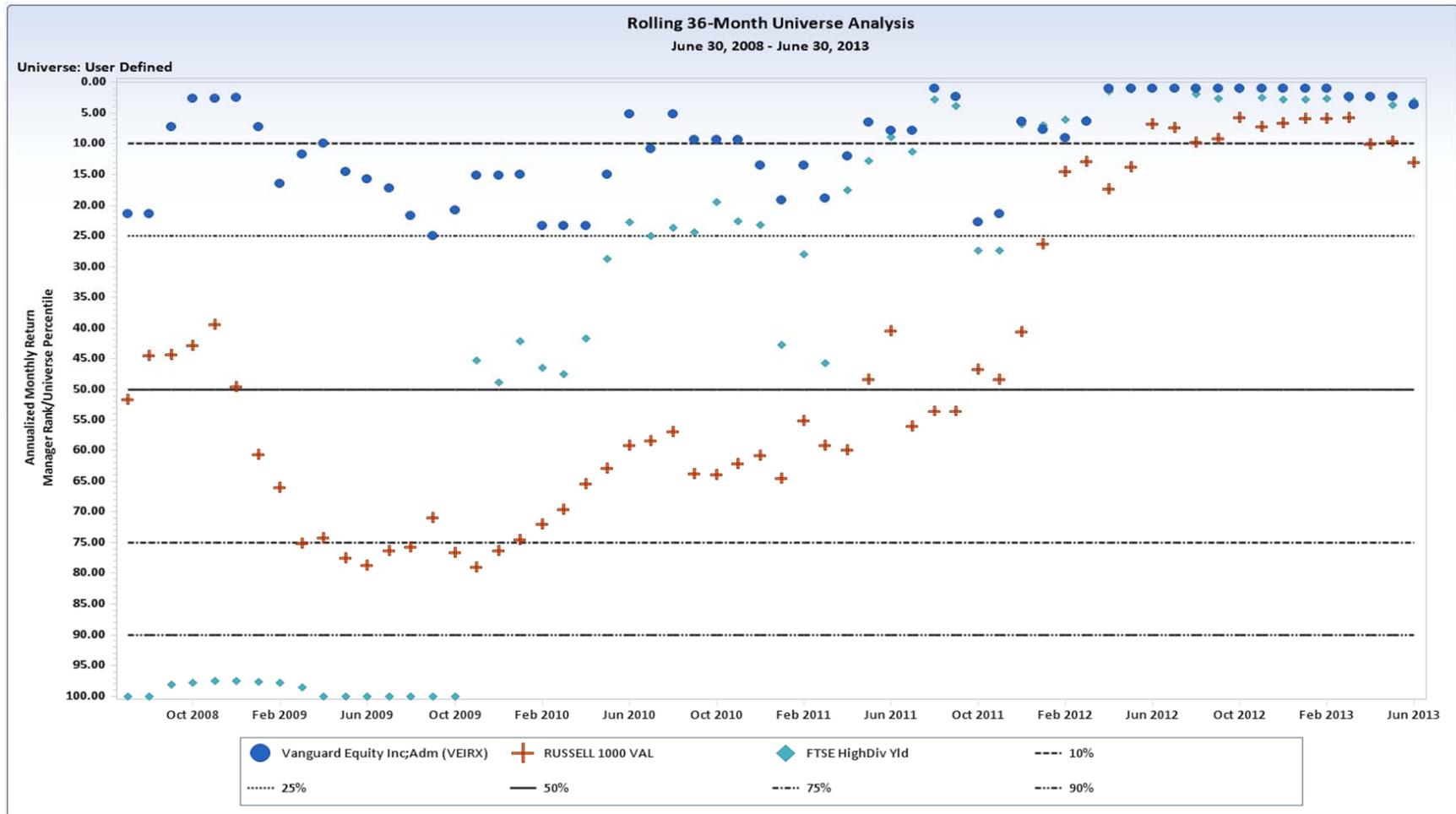
Top 10 Holdings 03-31-13	
Company	% of Portfolio
Exxon Mobil Corporation	4.11%
Johnson & Johnson	3.89%
Chevron Corp	3.86%
Pfizer Inc	2.87%
AT&T Inc	2.80%
JPMorgan Chas & Co	2.80%
Merck & Co Inc	2.76%
General Electric Co	2.73%
Wells Fargo & Co	2.49%
Philip Morris International Inc	2.31%

Sector Weights 3-31-13	
Basic Materials	2.5%
Communication Services	5.1%
Consumer Cyclical	8.3%
Consumer Defensive	13.8%
Healthcare	13.3%
Industrial	12.5%
Real Estate	0.0%
Technology	10.7%
Energy	12.6%
Financials	14.2%
Utilities	6.9%

Portfolio Information	
Expense Ratio	0.21%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$50,000
Avg. Annual Turnover	26%

Year-End Assets (\$ Mil.)	
2013/06	\$8,077
2012	\$5,725
2011	\$3,292
2010	\$2,272

Large Cap Value Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★	\$7,360	85	1.7%	14.6%	22.0%	18.5%	6.4%	10.4%
Russell Mid Cap Index				2.2%	15.5%	25.4%	19.5%	8.3%	10.6%
Mid Cap Growth MF Median				1.9%	12.9%	19.9%	17.5%	6.3%	8.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.84	1.11	-1.61	1.15	5.15	15.76	-	1.21
5-Year	20.72	1.08	-0.72	0.40	6.25	22.31	-	0.46

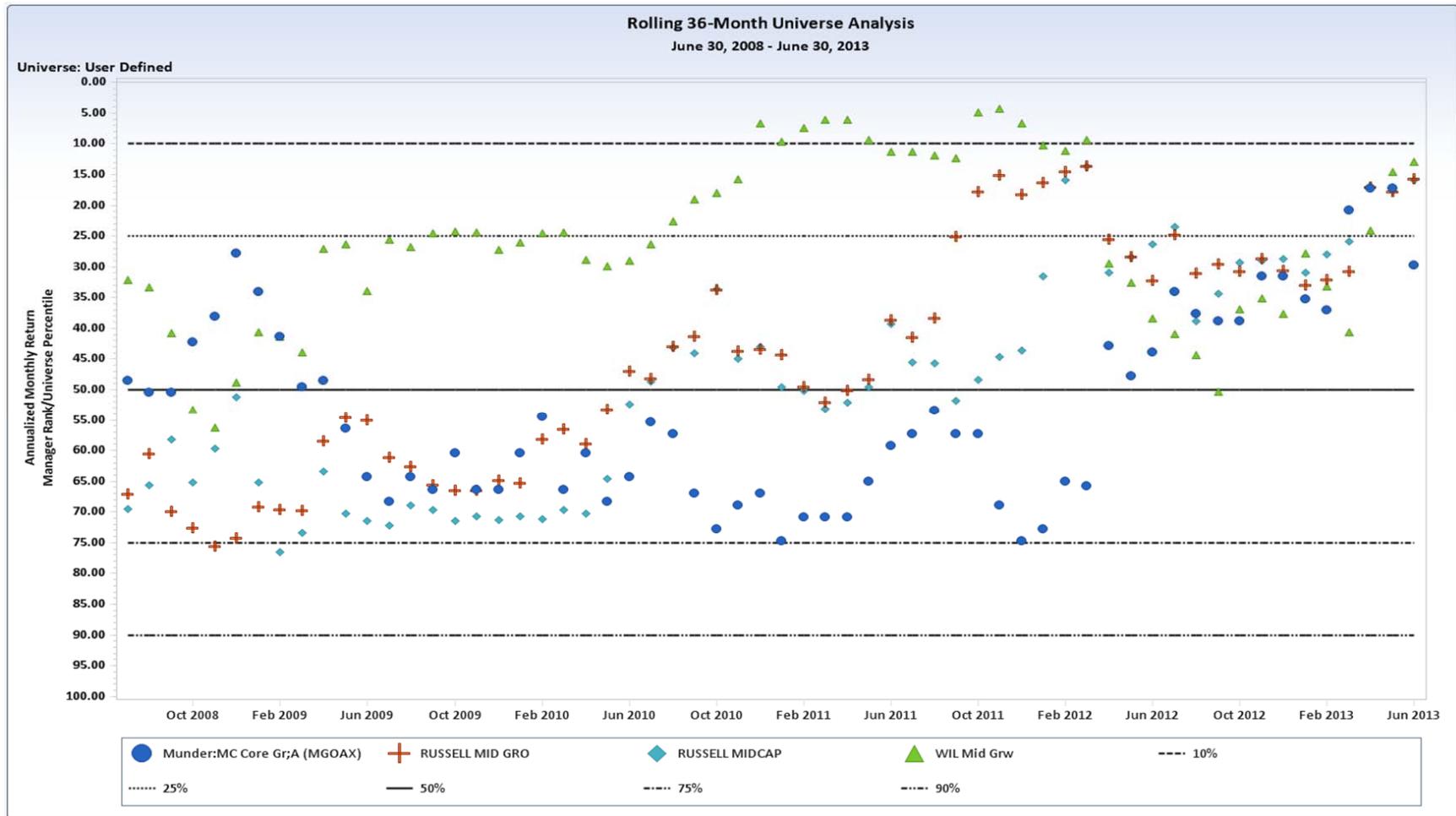
Top 10 Holdings 03-31-13	
Company	% of Portfolio
Affiliated Managers Group Inc.	2.36%
NiSource Inc	1.97%
Discovery Communications Inc	1.93%
Tupperware Brands Corp	1.82%
Invesco Ltd	1.75%
Lincoln National Corp	1.74%
Airgas Inc	1.73%
Church & Dwight Company	1.70%
LKQ Corporation	1.68%
Macerich Company	1.67%

Sector Weights 3-31-13	
Basic Materials	4.2%
Communication Services	1.6%
Consumer Cyclical	20.2%
Consumer Defensive	6.5%
Healthcare	10.9%
Industrial	11.6%
Real Estate	4.5%
Technology	13.9%
Energy	7.9%
Financials	13.6%
Utilities	5.0%

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.)	
2013/06	\$1,312
2012	\$1,193
2011	\$1,243
2010	\$1,507

Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

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	★★★	\$11,098	126	1.2%	12.5%	19.6%	13.0%	6.5%	10.1%
Russell Mid Cap Value Index				1.7%	16.1%	27.7%	19.5%	8.9%	10.9%
Mid Cap Value MF Median				2.4%	16.0%	27.2%	18.4%	8.4%	10.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.72	0.98	-4.41	0.96	3.37	15.27	-	1.25
5-Year	17.76	0.94	-0.13	0.43	4.22	22.70	-	0.48

Top 10 Holdings 03-31-13	
Company	% of Portfolio
Jacobs Engineering Group	1.61%
PPL Corp	1.50%
Laboratory Corp of America	1.44%
Noble Energy	1.29%
Vodafone Group	1.29%
Allstate Corp	1.25%
Discover Financial Services	1.25%
Plains All American Pipeline	1.25%
PNC Financial Services Group	1.22%
KBR, Inc	1.20%

Sector Weights 3-31-13	
Basic Materials	4.1%
Communication Services	2.2%
Consumer Cyclical	6.2%
Consumer Defensive	3.1%
Healthcare	13.7%
Industrial	16.4%
Real Estate	9.6%
Technology	8.6%
Energy	10.9%
Financials	21.5%
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.)	
2013/05	\$5,818
2012	\$5,869
2011	\$6,735
2010	\$7,715

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



MFS Mid Cap Value R5

Ticker: MVCKX

Fund Strategy

The investment seeks capital appreciation and normally invests at least 80% of its net assets in issuers with medium market capitalizations as defined by the Russell Midcap Value Index. Due to the short track record of the R5 share class, characteristics and performance are that of the I-shares (MCSV).

Manager Information

Lead Manager Brooks A. Taylor
Inception 11/1/2001
Prospectus www.mfs.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
MFS Mid Cap Value R5	★★★	\$7,327	162	3.2%	16.8%	29.1%	20.5%	9.1%	9.8%
Russell Mid Cap Value Index				1.7%	16.1%	27.7%	19.5%	8.9%	10.9%
Mid Cap Value MF Median				2.4%	16.0%	27.2%	18.4%	8.4%	10.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.30	1.10	0.03	1.28	3.81	15.27	-	1.25
5-Year	21.71	1.14	1.21	0.49	5.94	22.70	-	0.48

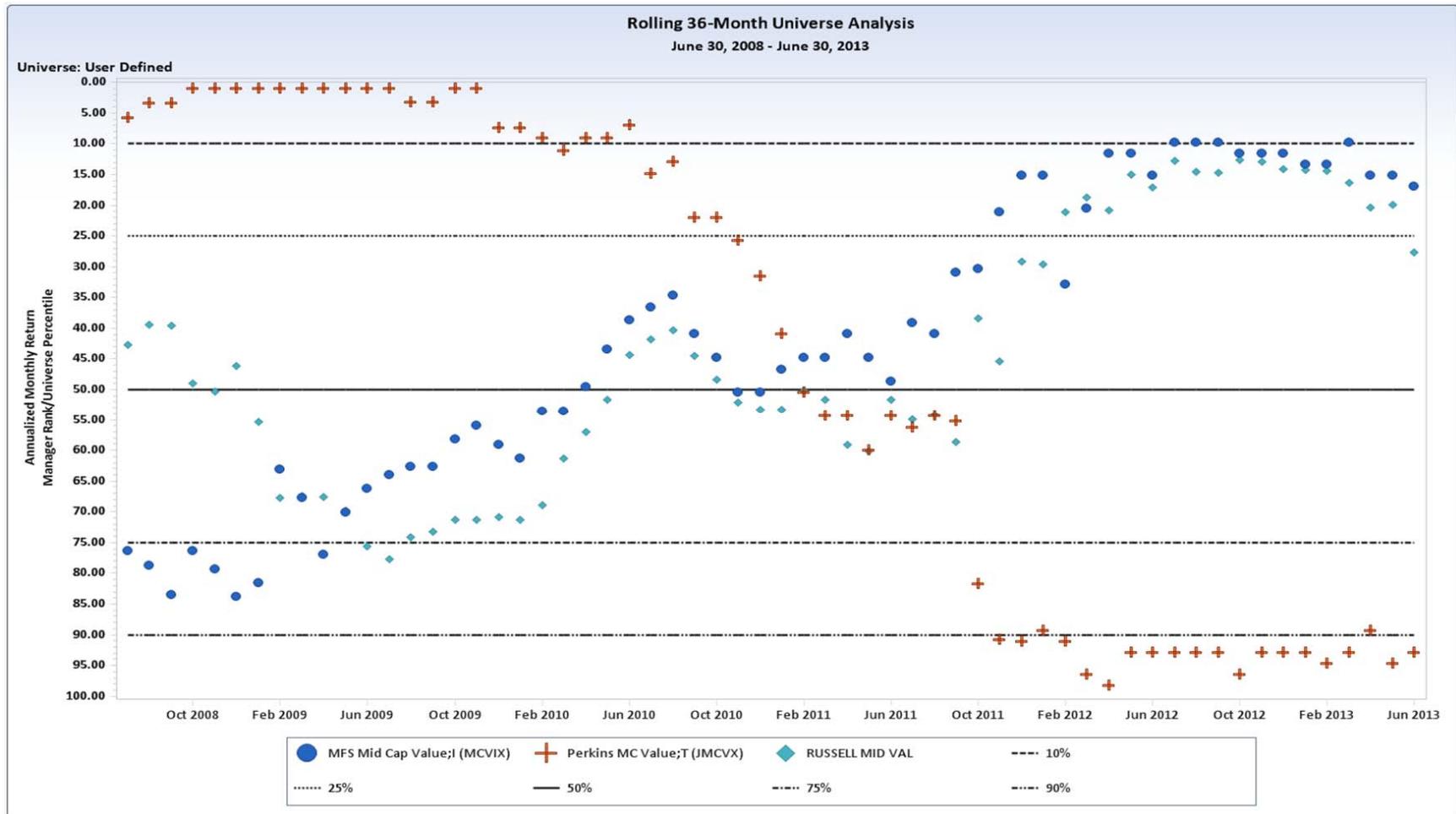
Top 10 Holdings 5-31-13	
Company	% of Portfolio
AmerisourceBergen Corp	1.19%
PerkinElmer Inc	1.19%
Delphi Automotive PLC	1.19%
CMS Energy Corp	1.14%
Northeast Utilities	1.07%
J.M. Smucker Co.	1.06%
Stanley Black & Decker Inc	1.06%
NASDAQ QMX Group, Inc	1.05%
TCF Financial Corporation	1.02%
Fifth Third Bancorp	1.02%

Sector Weights 5-31-13	
Basic Materials	9.6%
Communication Services	1.3%
Consumer Cyclical	12.6%
Consumer Defensive	7.7%
Healthcare	9.0%
Industrial	9.4%
Real Estate	3.2%
Technology	10.2%
Energy	8.8%
Financials	20.0%
Utilities	8.3%

Portfolio Information	
Expense Ratio	0.96%
12b-1 Fee Included	-
Morningstar Average	1.35%
Minimum Investment	\$0
Avg. Annual Turnover	52%

Year-End Assets (\$ Mil.)	
2013/06	\$984
2012	N/A
2011	N/A
2010	N/A

Mid Cap Value Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

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	★★★★	\$1,850	953	2.9%	15.6%	24.1%	21.2%	9.7%	11.1%
MSCI US Small Cap Growth Idx				4.6%	17.5%	26.2%	21.9%	10.1%	11.3%
Small Cap Growth MF Median				3.3%	16.3%	22.6%	18.7%	8.0%	9.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.22	1.36	-3.16	1.09	7.40	19.23	-	1.13
5-Year	24.84	1.28	1.60	0.49	9.40	24.84	-	0.51

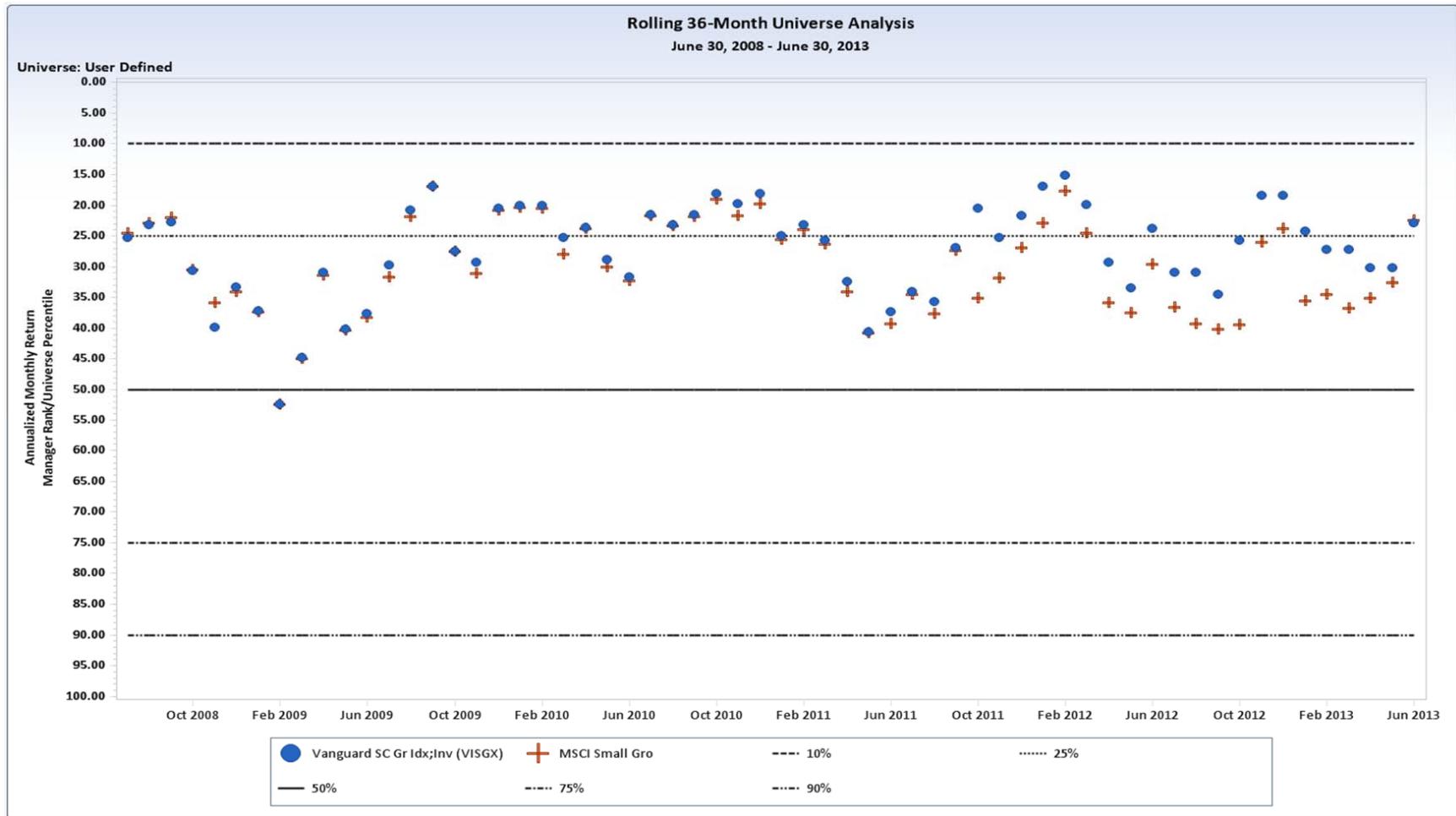
Top 10 Holdings 03-31-13	
Company	% of Portfolio
Cheniere Energy Inc	0.56%
Tenet Healthcare Corp	0.53%
Fleetcor Technologies Inc	0.48%
Alaska Air Group, Inc	0.47%
Mednax, Inc	0.47%
United Rentals Inc	0.45%
Lincoln Electric Holdings, Inc	0.45%
Genesee & Wyoming, Inc	0.44%
Sirona Dental Systems, Inc	0.42%
Triumph Group, Inc	0.41%

Sector Weights 3-31-13	
Basic Materials	4.4%
Communication Services	1.9%
Consumer Cyclical	17.0%
Consumer Defensive	4.3%
Healthcare	16.0%
Industrial	22.9%
Real Estate	3.7%
Technology	19.7%
Energy	6.0%
Financials	4.0%
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.)	
2013/06	\$3,014
2012	\$2,649
2011	\$2,614
2010	\$4,229

Small Cap Growth Universe



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



Vanguard Small Cap Index Signal

Ticker: VSISX

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

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

	Characteristics			Trailing Total Returns (annualized)					
Fund	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Sml Cap Index Signal	★★★★	\$2,294	1443	2.8%	16.0%	25.7%	20.0%	10.1%	10.9%
MSCI Small Cap 1750 Index				3.0%	16.3%	26.0%	20.1%	10.1%	10.9%
Small Cap Core MF Median				2.7%	15.1%	24.1%	18.3%	8.8%	9.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.12	1.29	-3.13	1.10	6.15	18.10	-	1.10
5-Year	24.39	1.27	1.98	0.51	8.65	24.39	-	0.51

Top 10 Holdings 03-31-13

Company	% of Portfolio
Rock-Tenn Company	0.30%
Onyx Pharmaceuticals, Inc	0.29%
B/E Aerospace Inc	0.28%
Fortune Brands Home & Sec	0.28%
Cheniere Energy Inc	0.27%
Polaris Industries, Inc	0.27%
TripAdvisor Inc	0.26%
Fidelity National Financial	0.25%
Duke Realty Corp	0.24%
Toll Brothers Inc	0.23%

Sector Weights 3-31-13

Basic Materials	5.6%
Communication Services	1.3%
Consumer Cyclical	15.1%
Consumer Defensive	3.7%
Healthcare	9.7%
Industrial	18.2%
Real Estate	11.0%
Technology	14.0%
Energy	4.8%
Financials	12.4%
Utilities	4.1%

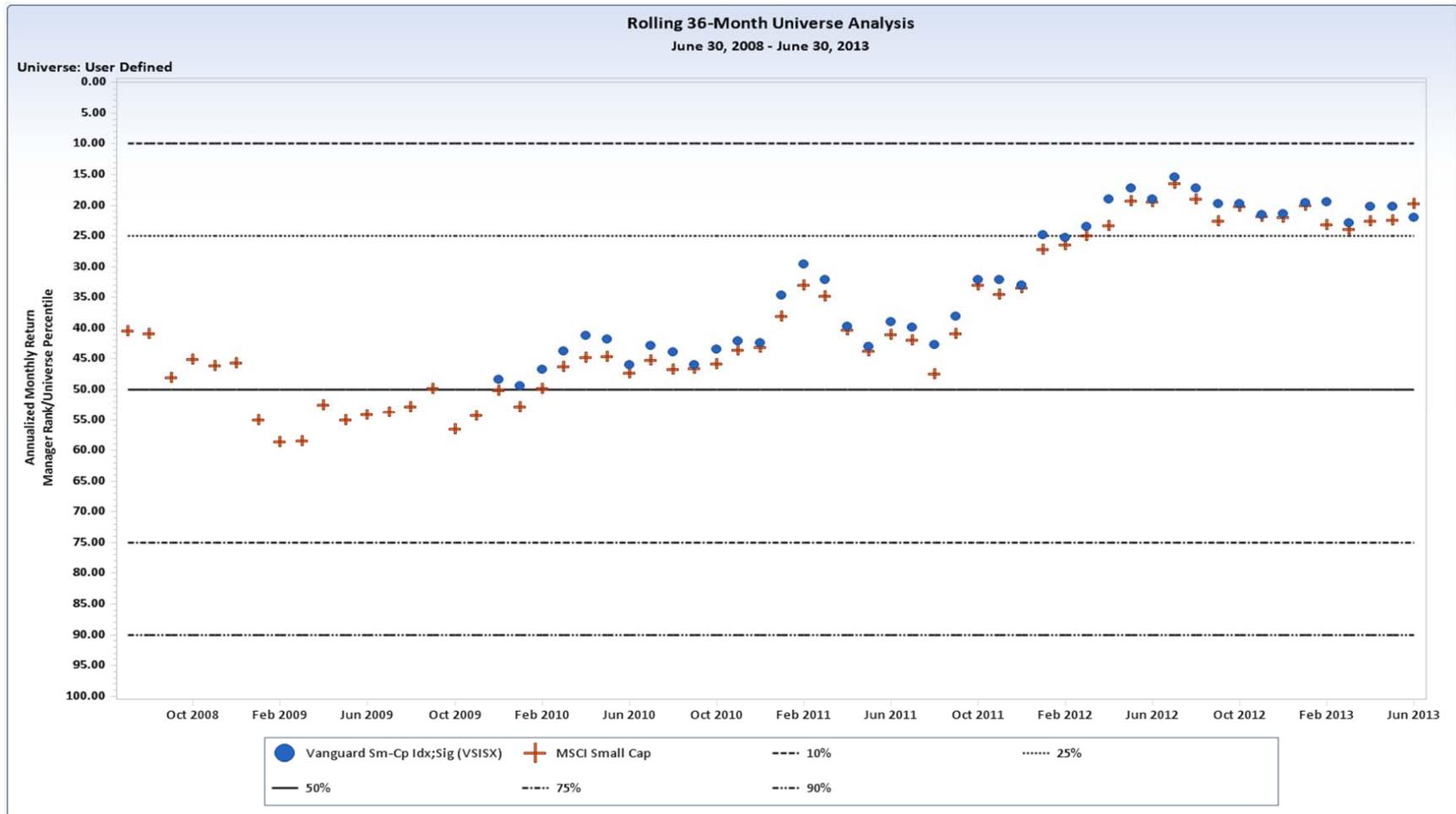
Portfolio Information

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

Year-End Assets (\$ Mil.)

2013/06	\$5,858
2012	\$4,329
2011	\$3,075
2010	\$2,300

Small Cap Core Universe



State of Montana 401(a) Defined Contribution Plan
Second 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

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	★★★★	\$2,094	660	2.5%	15.2%	25.5%	17.6%	9.3%	11.9%
Russell 2000 Value Index				2.5%	14.4%	24.8%	17.3%	8.6%	9.3%
Smal Cap Value MF Median				2.5%	15.7%	25.0%	17.9%	9.7%	10.8%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.07	1.14	-2.83	1.09	4.79	17.74	-	0.99
5-Year	21.15	1.11	1.81	0.52	5.90	24.31	-	0.46

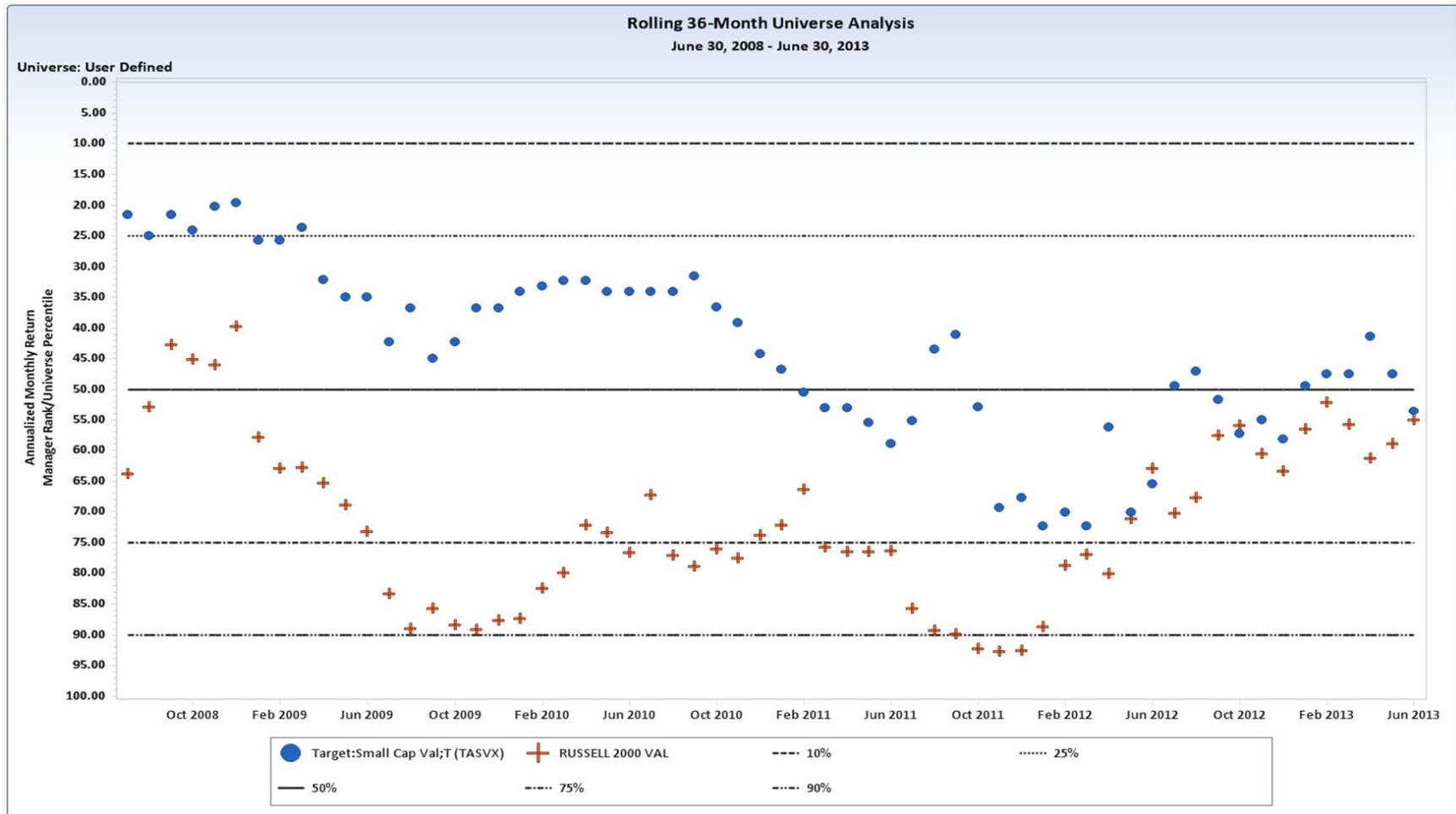
Top 10 Holdings 04-30-13	
Company	% of Portfolio
Bristow Group, Inc	1.22%
Lufkin Industries, Inc	1.18%
Aaron's, Inc	1.01%
Silgan Holdings, Inc	0.88%
Raymond James Financial	0.80%
Hexcel Corporation	0.80%
Littelfuse Inc	0.78%
Trustmark Corporation	0.73%
CashAmerica International	0.72%
Firstmerit Corp	0.69%

Sector Weights 4-30-13	
Basic Materials	6.5%
Communication Services	0.5%
Consumer Cyclical	11.9%
Consumer Defensive	4.5%
Healthcare	6.2%
Industrial	24.9%
Real Estate	6.5%
Technology	8.7%
Energy	7.8%
Financials	18.7%
Utilities	3.9%

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.)	
2013/06	\$1,397
2012	\$1,133
2011	\$892
2010	\$886

Small Cap Value Universe



State of Montana 401(a) Defined Contribution Plan
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American Funds New Perspective Fund A

Ticker: ANWPX

Fund Strategy

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

Manager Information

Lead Manager Gregg E. Ireland + Team
Inception 3/13/1973
Prospectus www.americanfunds.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective A	★★★★	\$46,031	262	1.6%	7.9%	19.6%	14.4%	5.0%	9.8%
MSCI AC World Index				-0.4%	6.1%	16.6%	12.4%	2.3%	7.6%
World Stock MF Median				0.7%	7.9%	18.7%	13.2%	3.0%	8.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.00	0.78	5.77	0.97	5.80	15.87	-	0.81
5-Year	19.50	0.82	5.07	0.34	6.29	20.94	-	0.21

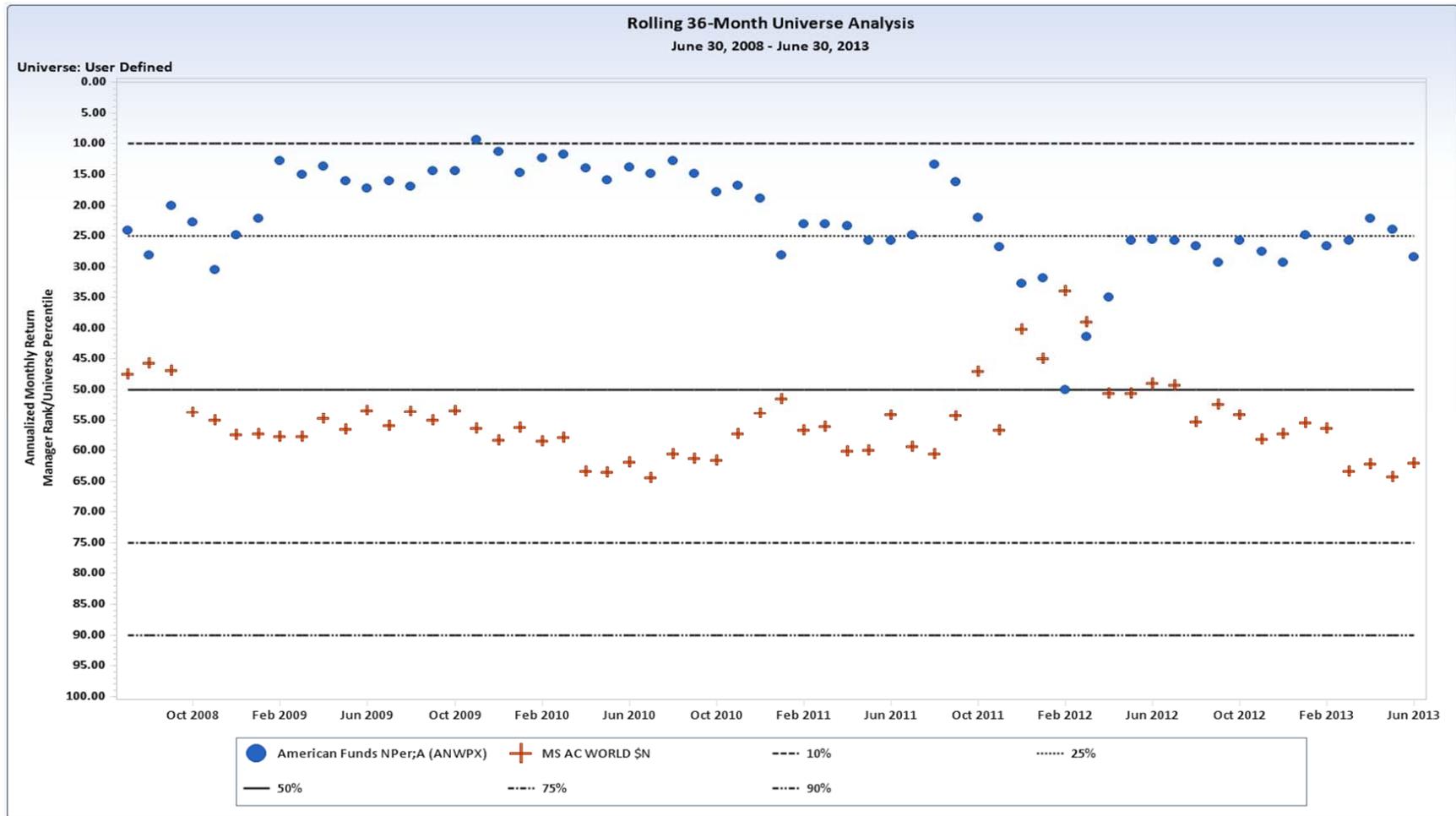
Top 10 Holdings 03-31-13	
Company	% of Portfolio
Novo-Nordisk A/S	4.23%
Amazon.com Inc	2.35%
Google, Inc Class A	1.74%
Home Depot, Inc	1.73%
Nestle SA	1.50%
Naspers Ltd	1.34%
Pernod Ricard NV	1.33%
Taiwan Semiconductor Manufacturing	1.31%
ACE Ltd	1.31%
British American Tobacco PLC	1.29%

Country Weights 3-31-13	
	%
Europe	40.4%
France	4.9%
Germany	4.5%
United Kingdom	9.3%
Asia	11.7%
Australia	1.8%
Hong Kong	1.0%
Japan	4.2%
Latin America	0.9%
Brazil	0.3%
Chile	0.0%
North America	47.0%
Canada	2.5%
United States	44.5%

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.)	
2013/06	\$32,927
2012	\$30,245
2011	\$27,707
2010	\$33,224
2009	\$33,010
2008	\$26,702

World Equity Universe



Oakmark International I Ticker: OAKIX

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

Manager Information
Lead Manager D. Herro - Harris Assoc.
Inception 9/30/1992
Prospectus www.oakmark.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Oakmark International I	★★★★	\$24,640	60	3.8%	9.3%	34.6%	14.3%	9.9%	11.1%
MSCI EAFE Value Index				-0.7%	2.7%	18.6%	9.2%	-0.9%	7.6%
MSCI EAFE Index				-1.0%	4.1%	18.6%	10.0%	-0.6%	7.7%
Non-US Equity MF Median				-0.9%	2.8%	16.9%	9.8%	-0.6%	7.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.11	0.99	4.08	0.80	5.73	19.42	-	0.54
5-Year	24.11	1.00	10.32	0.50	7.16	24.43	-	0.08

Top 10 Holdings 03-31-13

Company	% of Portfolio
Credit Suisse Gorup	3.82%
Intesa Sanpaolo SpA	3.65%
Daimler AG	3.63%
Lloyds Banking Group PLC	3.11%
BNP Paribas	3.04%
Orica Ltd	3.04%
Daiwa Securities Co Ltd	2.96%
Allianz SE	2.92%
Canon, Inc	2.76%
Kuhne & Nagel Internationa	2.75%

Country Weights 3-31-13

	%
Europe	66.6%
France	9.9%
Germany	7.3%
United Kingdom	12.6%
Asia	27.1%
Australia	6.6%
Hong Kong	0.0%
Japan	20.5%
Latin America	0.2%
Brazil	0.0%
Chile	0.0%
North America	6.1%
Canada	2.6%
United States	3.5%

Portfolio Information

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

Year-End Assets (\$ Mil.)

2013/06	\$16,745
2012	\$10,796
2011	\$6,942
2010	\$6,688
2009	\$4,393

State of Montana 401(a) Defined Contribution Plan
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Vanguard Total International Stock Ind Ticker: VGTSX

Fund Strategy
This fund aims to track a customized index that combines the MSCI indexes for Europe, developed Asia, and emerging markets; the fund will be benchmarked to the MSCI ACWI ex-US Index. The fund currently has 25% exposure to emerging markets, 49% to Europe, and 26% to developed Asia. The benchmark recently changed to the FTSE Global All Cap ex-US Index.

Manager Information
Lead Manager D. Kelly + M. Perre
Inception 8/5/2008
Prospectus www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Total Int'l Stock	★★★	\$19,670	6146	-3.2%	-0.5%	13.5%	8.2%	-0.9%	8.3%
MSCI ACWI ex-US Index				-3.1%	0.0%	13.6%	8.0%	-0.8%	8.6%
Non-US Equity MF Median				-0.9%	2.8%	16.9%	9.8%	-0.6%	7.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.79	1.01	-1.64	0.51	3.57	18.24	-	0.51
5-Year	24.28	1.04	0.00	0.08	4.12	23.59	-	0.08

Top 10 Holdings 03-31-13

Company	% of Portfolio
Nestle SA	1.23%
HSBC Holdings PLC	1.04%
Novartis AG	0.87%
Roche Holding AG	0.87%
Toyota Motor Corp	0.75%
Vodafone Group PLC	0.74%
BP PLC	0.71%
Samsung Electronics Co	0.70%
Royal Dutch Shell	0.65%
Sanofi	0.64%

Country Weights 3-31-13

	%
Europe	47.8%
France	5.6%
Germany	5.7%
United Kingdom	15.4%
Asia	40.1%
Australia	6.4%
Hong Kong	2.1%
Japan	15.4%
Latin America	4.1%
Brazil	2.3%
Chile	0.4%
North America	8.0%
Canada	7.9%
United States	0.1%

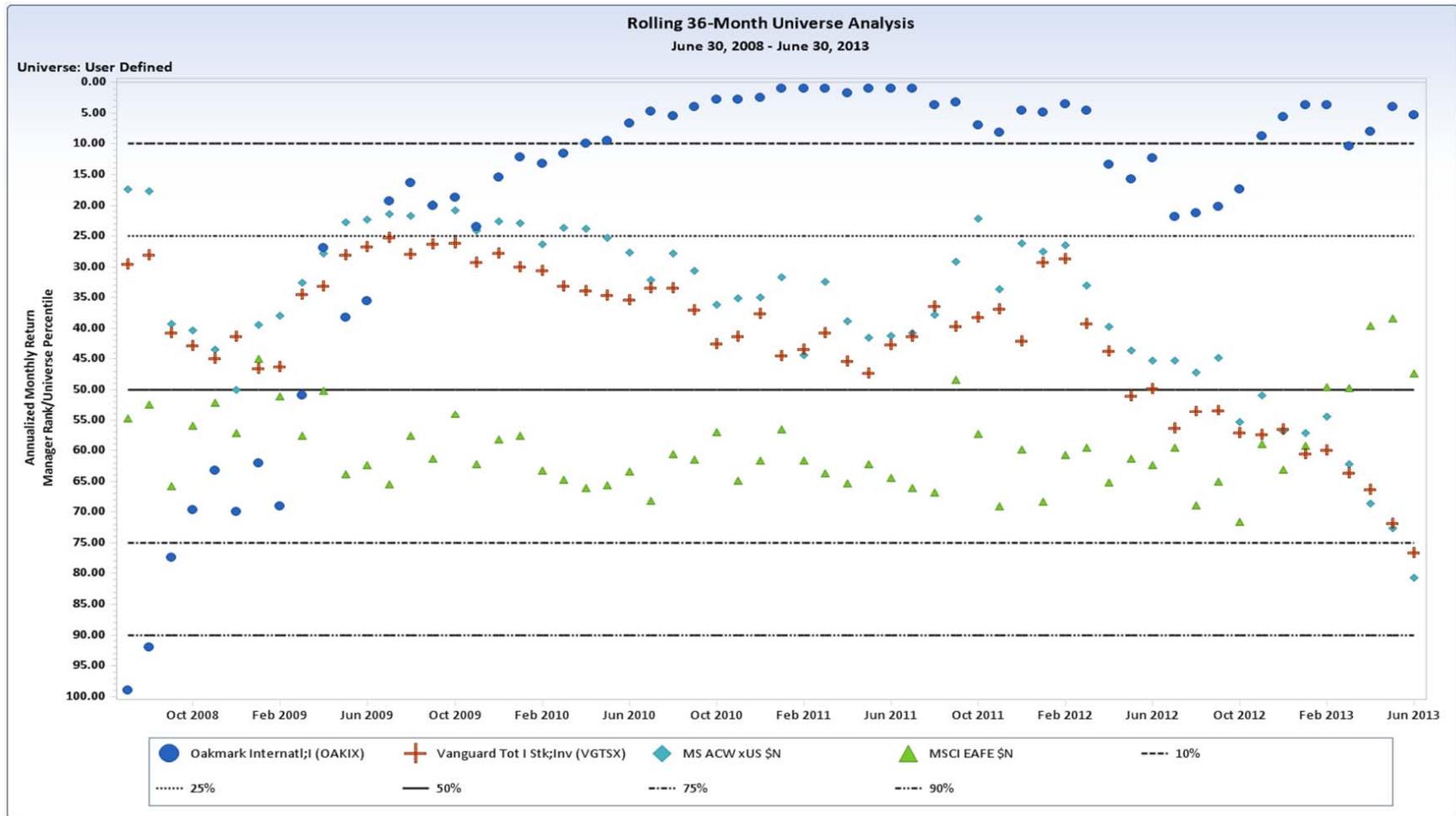
Portfolio Information

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

Year-End Assets (\$ Mil.)

2013/06	\$41,682
2012	\$37,659
2011	\$29,949
2010	\$45,191
2009	\$26,044

International (Non-US) Equity Universe



State of Montana 401(a) Defined Contribution Plan
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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

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	★★★★★	\$17,470	116	-3.9%	-3.8%	7.9%	8.1%	5.5%	18.1%
MSCI Emerg Mkts Index				-8.1%	-9.6%	2.9%	3.4%	-0.4%	13.7%
Emg Mkt Equity MF Median				-8.0%	-8.6%	3.5%	4.2%	-0.9%	13.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.48	0.94	-0.91	0.49	9.09	20.86	-	0.26
5-Year	26.04	1.04	6.62	0.33	10.24	27.77	-	0.12

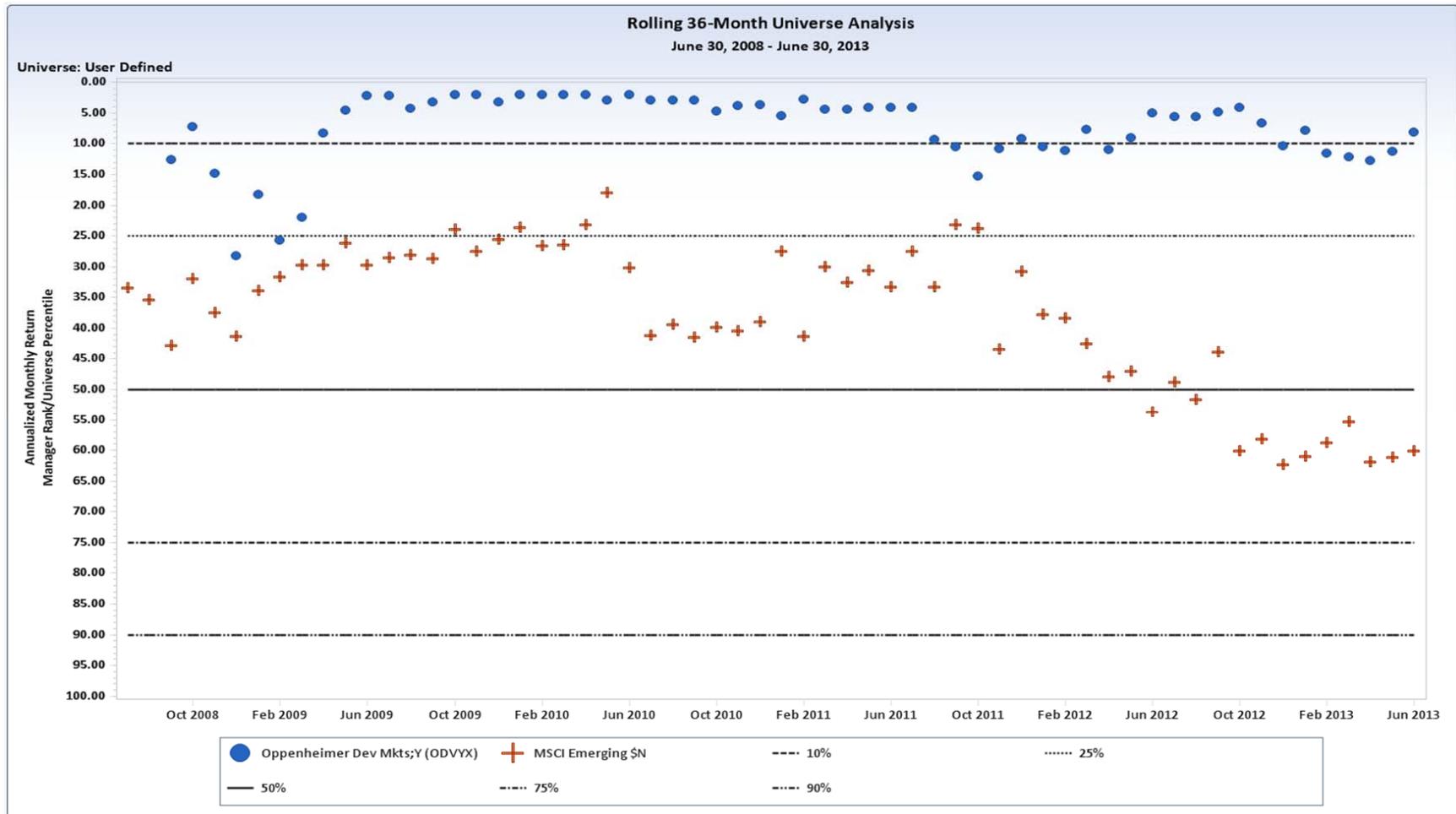
Top 10 Holdings 05-31-13	
Company	% of Portfolio
Baidu, Inc. ADR	3.87%
Tencent Holdings Ltd	2.73%
America Movil, SAB	2.44%
OJSC Magnit	2.29%
NHN Corporation	2.21%
OAQ Novatek GDR	2.05%
Housing Development	2.04%
Carlsberg AS	1.77%
Anglo American PLC	1.64%
ICICI Bank Ltd ADR	1.60%

Country Weights 5-31-13	
	%
Europe	31.8%
France	0.0%
Germany	0.0%
United Kingdom	8.6%
Asia	48.1%
Australia	0.0%
Hong Kong	4.7%
Japan	0.0%
Latin America	20.0%
Brazil	10.3%
Chile	1.1%
North America	0.0%
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.)	
2013/06	\$15,193
2012	\$13,350
2011	\$8,206
2010	\$7,296
2009	\$2,519

Emerging Markets Equity Universe



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

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

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