



State of Montana
401(a) Defined Contribution Plan

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Managing Director

Fourth Quarter 2013

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Economic Highlights

- GDP:** Real GDP rose at an impressive annual rate of 4.1% in the 3rd quarter, building off of Q2's solid 2.5% rate. For perspective, this marks only the second quarter of real GDP growth to exceed 4.0% in the last seven-plus years. Along with other signs of economic stability, the strong growth stats paved the way for the FOMC to announce in December its plans to begin tapering its bond buying programs in January. Source: Dept. of Commerce (BEA)
- Interest Rates:** Rates traded in a relatively narrow band most of the quarter, as investors awaited clarity around anticipated Fed tapering. Yields on ten-year Treasuries, which entered the quarter at 2.64%, rose above 3.00% in late December, following the Fed's Dec 18 announcement to begin tapering its monthly bond buying by \$10 billion in January. The announcement led bond traders to push Treasury yields up 19 bps, from 2.85% to 3.04%, over the final two weeks of 2013, marking their highest level since July 2011. Source: US Treasury
- Inflation:** Consumer prices continued to ease in the second half of 2013, falling -0.3% in the three months through Nov and leading to a moderate year-over-year change in CPI of 1.2%. Ten-year breakeven inflation remained well anchored at 2.24% at yearend versus 2.19% on Sept 30. Source: Dept. of Labor (BLS), US Treasury
- Employment:** Jobs growth in the U.S. increased to a monthly pace of 204,000 new jobs in the four months through Nov after expanding at a more modest 146,000 pace in the three prior months. The U.S. unemployment rate fell to 7.0% in Nov, its lowest level since a 6.8% reading in Nov 2008. Source: Dept. of Labor (BLS)
- Housing:** Home price appreciation continued to be a positive short-term contributor to household wealth. The S&P Case-Schiller 20-city Home Price Index rose 3.0% in the three months through Oct and 13.6% year-over-year since Oct 2012. Source: S&P

Market Commentary

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

Fourth Quarter 2013

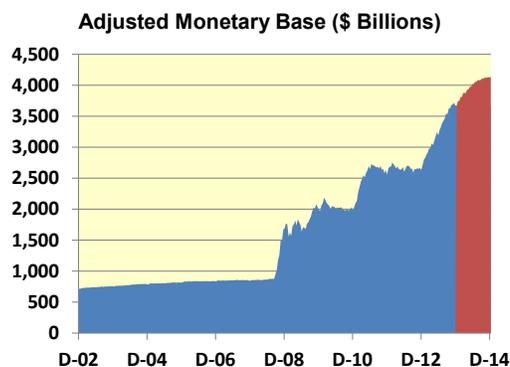
U.S. Equity Markets

The U.S. stock market, represented by the Wilshire 5000 Total Market IndexSM, surged 10.11% in the fourth quarter to post a stellar 33.07% total return for 2013, marking its best annual return since climbing 36.45% in 1995. The index, which rode monetary stimulus to notch its fifth consecutive annual gain, closed 2014 at an all-time high and is now up 38.47% on a total return basis since the Wilshire 5000's previous high of October 9, 2007. The U.S. stock market's advance was consistent throughout the year, delivering positive returns across all four quarters of 2014 and in all but two months (Jun & Aug).

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index SM	2.59	10.11	33.07	33.07
Standard & Poor's 500	2.53	10.51	32.39	32.39
Wilshire 4500 Completion Index SM	3.09	8.52	38.39	38.39
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index SM	2.63	10.22	32.33	32.33
Wilshire US Large-Cap Growth Index SM	3.18	11.12	34.97	34.97
Wilshire US Large-Cap Value Index SM	2.16	9.45	30.24	30.24
Wilshire US Small-Cap Index SM	2.13	9.10	39.01	39.01
Wilshire US Small-Cap Growth Index SM	2.14	8.60	45.00	45.00
Wilshire US Small-Cap Value Index SM	2.12	9.56	33.80	33.80
Wilshire US Micro-Cap Index SM	3.54	10.51	48.90	48.90

Large capitalization stocks outpaced smaller shares during the quarter with the Wilshire Large-Cap IndexSM up 10.22% vs. 9.10% for the Wilshire US Small-Cap IndexSM. For the year, however, small cap stocks held on to their return advantage, gaining 39.01% vs. a more than respectable 32.33% for large caps. The Wilshire US Micro-Cap IndexSM delivered gangbuster returns for both the quarter and year, rising 10.51% and 48.90%, respectively. Growth stocks outperformed value in 2014; up 34.97% vs. 30.24% in the large-cap segment, respectively, and 45.00% vs. 33.80% for small caps.

All economic sectors showed gains during the quarter, as Industrials and Information Technology led other groups higher with moves of 12.91% and 12.35%, respectively. Consumer Discretionary and Healthcare stocks joined Industrials as the best performing sectors in 2014. The interest-rate-sensitive Utilities group was a laggard for both the quarter and year, posting relatively disappointing total returns of 3.12% and 14.89%, respectively.



Source: Federal Reserve Bank of St. Louis

The nearby chart chronicles the massive expansion in the U.S. monetary base since 2008. The impacts of QE1, QE2 and QE3 in 2008, 2010 and 2013, respectively, stand out prominently. While the FOMC's recent announcement to taper QE3 represents a monetary tightening, the Fed continues to maintain highly accommodative support. As the red area in the chart shows, even if one assumes that tapering continues at \$10 billion increments following each FOMC meeting, the monetary base could expand above \$4 trillion by the end of 2014.

Non-U.S. Equity Markets

Developed global stock markets enjoyed stellar performance in 2013, brushing aside concerns over sluggish recoveries in certain countries from the Great Global Recession and taking full advantage of the easy money made available through accommodative central bank policies. Japanese stocks were especially strong performers, propelled by a sharply weaker yen that made Japanese exports relatively cheap for their trading partners. Despite lingering headaches in continental Europe, that region's stocks also yielded double-digit returns. Emerging market stocks, on the other hand, struggled in 2013 against local economic slowdowns and political uncertainties.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	0.88	4.77	15.29	15.29	0.93	5.72	20.05	20.05
MSCI EAFE	1.50	5.71	22.78	22.78	1.39	6.36	26.93	26.93
MSCI Europe	2.24	7.88	25.23	25.23	0.98	5.96	21.55	21.55
MSCI Pacific	0.04	1.56	18.27	18.27	2.26	7.21	38.05	38.05
MSCI Japan	0.80	2.29	27.16	27.16	3.49	9.57	54.58	54.58
MSCI EM (Emerging Markets)	-1.45	1.83	-2.60	-2.60	-0.98	2.96	3.44	3.44
MSCI ACWI ex U.S. Small Cap	1.75	4.63	19.73	19.73	2.01	5.99	26.01	26.01

Fixed Income Markets

Bond yields drifted down in October, then reversed course and rose in November and December; the bellwether 10-year U.S. Treasury yield ended the year at 3.04%, its highest level since July 2011 and a full 126 basis points higher than its yield at year-end 2012. Yields rose at all maturities over one year during 2013, leading long Treasuries to double-digit annual losses. Investors rotated into investment-grade and high yield corporate bonds during 2013, leading to tighter spreads relative to a year ago. Developed market bonds as a whole were essentially flat in 2013, while emerging market debt lost ground as investors found the asset space less attractive than in previous years.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-0.57	-0.14	-2.02	-2.02
Barclays Long Govt./Credit	-0.55	-0.10	-8.83	-8.83
Barclays Long Term Treasury	-1.94	-3.08	-12.66	-12.66
Barclays U.S. TIPS	-1.47	-2.00	-8.61	-8.61
Barclays U.S. Credit	-0.25	0.92	-2.01	-2.01
Barclays U.S. Corporate High Yield	0.54	3.58	7.44	7.44
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-0.60	-0.44	-2.60	-2.60
Barclays Global Aggregate (Hedged)	-0.54	0.22	-0.14	-0.14
Barclays EM Local Currency Government Universal	0.23	0.02	-3.80	-3.80
Barclays EM Local Currency Govt Univ (Hedged)	-0.15	-0.81	-3.37	-3.37

Real Estate & Commodity Markets

Global public-market real estate stocks faced strong headwinds in 2013 as interest rates rose in major markets and increased borrowing costs for real estate investors. Although crude oil ended 2013 with a 7.19% price gain, commodities in general experienced losses for the year; gold was one of this year's notable losers, closing 2013 at \$1,202.30 per troy ounce, a -28.21% drop from year-end 2012. MLPs, in contrast, ended the year with solid double-digit gains, the strongest performance among broad Real Assets sectors.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI SM	0.59	-0.75	2.15	2.15
Wilshire Global ex US RESI SM	-1.13	-0.77	4.88	4.88
Wilshire Global RESI SM	-0.25	-0.77	3.38	3.38
Dow Jones UBS Commodity Index	1.24	-1.05	-9.52	-9.52
S&P GSCI Commodity	1.93	-0.33	-1.22	-1.22
Alerian MLP Index	1.64	5.28	27.58	27.58

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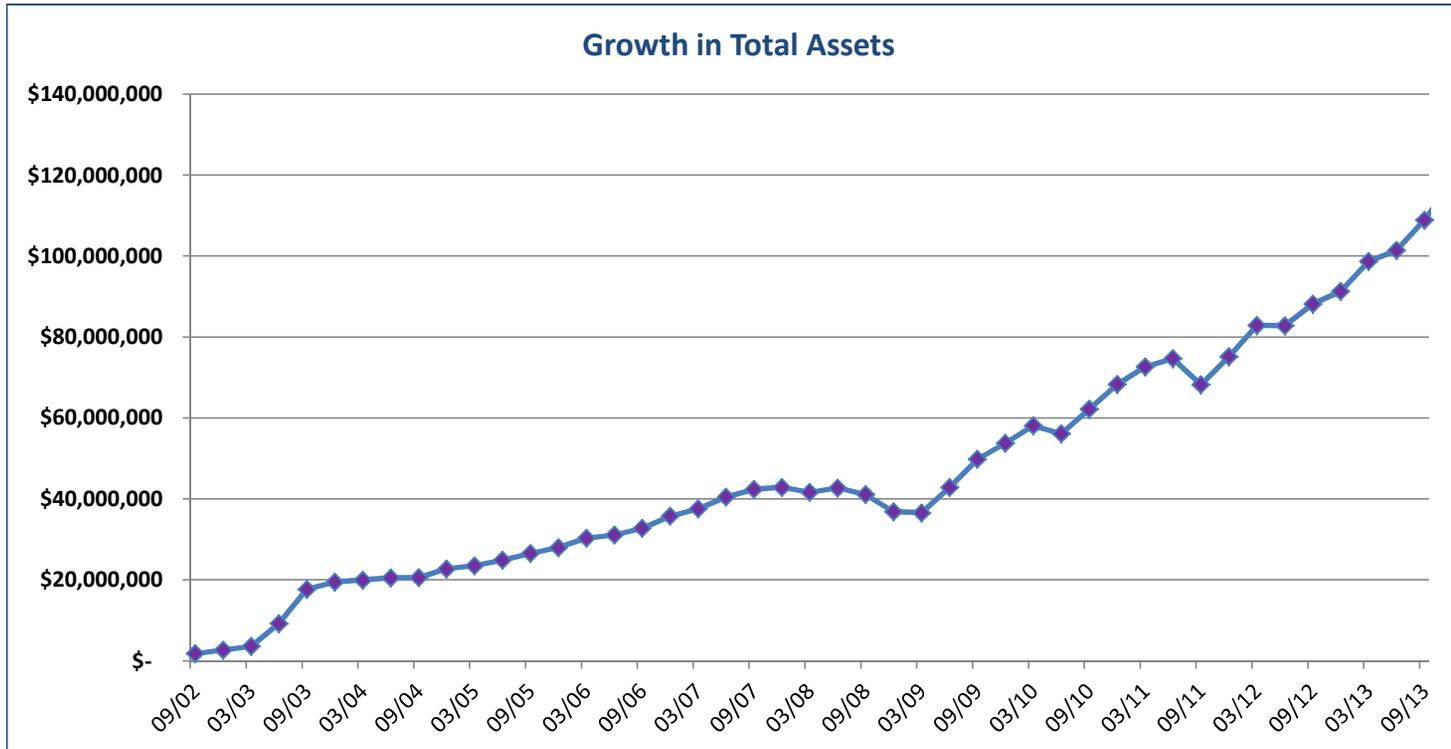
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FUND OVERVIEW FOR STATE OF MONTANA 401(a) DEFINED CONTRIBUTION PLAN

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	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	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



Market Value as of December 31, 2013: \$ 118,065,220

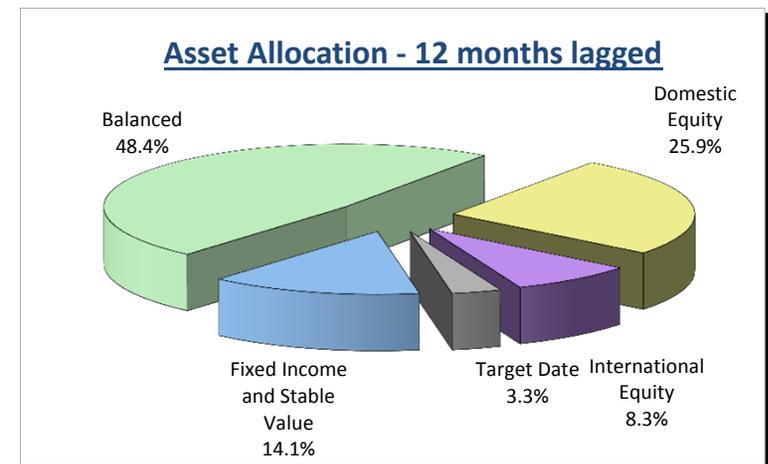
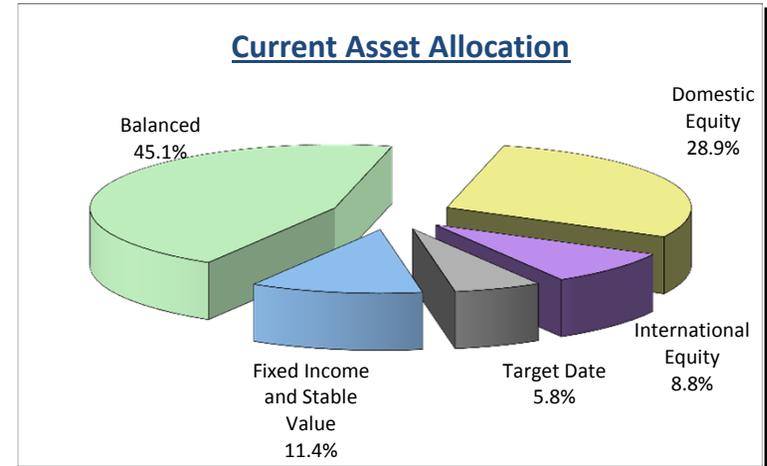
Change from previous quarter: \$ 9,142,875

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Asset Allocation as of December 31, 2013

Asset Class	# of Participants	Market Value	%
Fixed Income and Stable Value		13,446,145	11.4%
Montana Stable Value	400	10,894,944	9.2%
Vanguard Total Bond Market Index	388	2,551,201	2.2%
Balanced		53,304,927	45.1%
Vanguard Balanced Index	1,750	53,304,927	45.1%
Domestic Equity		34,085,158	28.9%
Large Cap		15,800,470	13.4%
Alger Capital Appreciation Z	466	6,555,974	5.6%
JP Morgan US Equity	229	2,279,337	1.9%
BlackRock Equity Index	171	1,428,568	1.2%
Vanguard Equity Income	424	5,536,591	4.7%
Mid Cap		7,846,202	6.6%
Munder Mid Cap Core Growth	380	3,341,743	2.8%
MFS Mid Cap Value R5	470	4,504,459	3.8%
Small Cap		10,438,487	8.8%
Vanguard Small Cap Growth Index	394	3,944,971	3.3%
Vanguard Small Cap Index	340	3,493,906	3.0%
Target Small Capitalization Value	339	2,999,610	2.5%
International Equity		10,392,132	8.8%
American Funds New Perspective	466	4,810,381	4.1%
Vanguard Total International Stock Index	192	950,116	0.8%
Oarkmark International	438	4,296,791	3.6%
Oppenheimer Developing Markets	65	334,845	0.3%
Target Date		6,836,858	5.8%
STATE OF MONTANA 401(a) TOTAL		\$ 118,065,220	



State of Montana 401(a) Defined Contribution Plan
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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	--	--	--	--	--	--	--
Barclays Int Gov/Credit Bond + 0.35%	0.07	(0.51)	3.26	4.31	--	--	--

Fund Narrative
Fourth quarter performance was not available at time of production. 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	(0.19)	(2.15)	3.15	4.39	74th	83rd	86th
Barclays Aggregate	(0.14)	(2.02)	3.26	4.44	65th	65th	78th
Intermediate Fixed MF Median	0.28	(1.61)	3.91	6.54			
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, and has 3- and 2-star Morningstar ratings which does not 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	5.87	18.11	11.16	13.35	32nd	20th	30th
60% MSCI US Broad Mkt / 40% Barclays Agg	5.93	17.93	10.95	13.09	31st	21st	32nd
Balanced MF Median	5.24	15.69	8.78	12.35			
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-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
Style: Large Growth							
Alger Capital Appreciation Z	11.46	35.31	16.70	21.48	32nd	25th	14th
Wilshire Large Growth Index	11.12	34.97	16.16	19.80	36th	30th	35th
Large Cap Growth MF Median	10.74	33.86	14.92	18.81			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative

This large growth fund replaced the American Funds Growth Fund of America in 2Q2012. The fund led the benchmark this quarter as well as the 3- and 5-year. The fund also outpaced the median for both 3- and 5-year periods and its 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
Style: Large Cap Core							
JP Morgan US Equity	11.02	36.07	16.32	19.14	15th	26th	10th
S&P 500 Index	10.51	32.39	16.18	17.94	46th	28th	29th
Large Cap Core MF Median	10.05	32.17	14.91	17.10			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative

This large cap core fund outperformed the benchmark for the quarter, and leads for the 3- and 5-year time periods. The manager also outperformed the median over all shown time periods and the consistent 4-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
Style: Large Cap Core							
BlackRock Equity Index (S&P 500)	10.25	32.37	16.10	17.95	47th	30th	29th
S&P 500 Index	10.51	32.39	16.18	17.94	46th	28th	29th
Large Cap Core MF Median	10.05	32.17	14.91	17.10			
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 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	9.00	30.19	17.85	17.15	82nd	4th	18th
FTSE High Dividend Yield Index	9.44	30.34	17.59	16.97	80th	5th	23rd
Russell 1000 Value Index	10.01	32.53	16.06	16.67	50th	23rd	32nd
Large Cap Value MF Median	9.73	32.47	14.68	16.05			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative

This large value fund changed benchmarks from the Russell 1000 Value Index to the FTSE High Dividend Yield Index. The manager underperformed for the quarter, but 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	8.43	33.38	15.17	20.42	65th	31st	70th
Russell Mid Cap Index	8.39	34.76	15.88	22.36	53rd	22nd	36th
Wilshire Mid Growth Index	9.33	42.59	16.56	25.34	5th	14th	5th
Mid Cap Growth MF Median	8.39	34.97	14.34	21.19			
Morningstar Rating	n/a	n/a	★★★	★★★			

Fund Narrative

The fund led the benchmark for the quarter but lagged for all other time periods and outpaced the median for the 3-year time period. Although the 3-star Morningstar ratings meet the minimum requirements, the underperformance and below median ranking are cause for concern. The fund was on probation from 2009Q3 - 2012Q1 and continues to be closely monitored. **Current Status: Retention, no change recommended.**

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	9.08	36.63	16.63	23.02	43rd	31st	13th
Russell Mid Cap Value Index	8.56	33.46	15.97	21.16	64th	43rd	39th
Mid Cap Value MF Median	8.98	35.82	15.02	20.38			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative

This new fund replaced 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 4- and 5-star Morningstar Ratings to meet the requirements of the State. **Current Status: Retention, no change recommended.**

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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	7.48	37.98	16.86	24.23	76th	45th	26th
CRSP Small Cap Growth Index	7.53	38.44	15.69	23.25	72nd	66th	37th
Small Cap Growth MF Median	8.16	42.03	16.50	22.59			
Morningstar Rating	n/a	n/a	★★★	★★★★			

Fund Narrative

This Vanguard index fund recently changed its benchmark to the CRSP US Small Cap Growth Index. The fund performed in line the benchmark for the quarter and outperformed for the 3- and 5- year. It also outpaced the median for the 3- and 5-year and its 3- and 4-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	8.82	37.79	16.61	22.55	49th	30th	28th
CRSP Small Cap Index	8.84	38.48	17.25	23.65	39th	19th	17th
Small Cap Core MF Median	8.84	37.66	15.37	20.54			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative

This Vanguard index fund also changed its benchmark to the CRSP US Small Cap Index. The fund performed as expected for the quarter but trailed over the 3- and 5-year. However, the fund outperformed 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.**

Target Small Capitalization Value	Trailing Total Returns (annualized)				Universe Ranking		
Style: Small Value	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Target Small Capitalization Value	8.80	35.87	15.56	19.31	60th	47th	72nd
Russell 2000 Value Index	9.30	34.52	14.49	17.64	69th	65th	89th
Small Cap Value MF Median	9.05	36.60	15.54	20.96			
Morningstar Rating	n/a	n/a	★★★★	★★★			

Fund Narrative

This small value fund underperformed the benchmark for the quarter, but leads for both the 3- and 5-year time periods. The fund leads the median for the 3-year but trails for the 5-year, and has 4- and 3-star Morningstar ratings to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

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American Funds New Perspective	Trailing Total Returns (annualized)				Universe Ranking		
Style: Global Equity	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
American Funds New Perspective	8.51	26.77	12.26	17.00	40th	30th	24th
MSCI AC World Index	7.31	22.80	9.73	14.92	69th	71st	56th
World Equity MF Median	7.78	25.80	11.07	15.16			
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 the 1-, 3-, and 5-year time periods and the 3-star Morningstar Ratings exceed the requirements of the State. **Current Status: Retention, no change recommended.**

Oakmark International	Trailing Total Returns (annualized)				Universe Ranking		
Style: International Equity	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Oakmark International	4.56	29.34	12.83	21.14	4th	3rd	2nd
MSCI EAFE Value Index	6.26	22.95	8.32	11.99	26th	31st	61st
Non-US Equity MF Median	5.86	20.72	7.36	12.47			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative

This international value equity (developed countries only) manager underperformed the MSCI EAFE Value Index for the quarter but significantly leads for the 3- and 5-year. Furthermore, the manager greatly outpaced the median for all time periods over 1-year and the fund's 5-star Morningstar ratings exceed the State's requirements. **Current Status: Retention, no change recommended.**

Vanguard Total Int'l Stock Index	Trailing Total Returns (annualized)				Universe Ranking		
Style: International Equity	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Vanguard Total Int'l Stock Index	4.83	15.04	5.11	12.02	84th	83rd	60th
FTSE Global All Cap ex-US Index	4.80	15.90	5.52	14.05	79th	80th	24th
Non-US Equity MF Median	5.86	20.72	7.36	12.47			
Morningstar Rating	n/a	n/a	★★	★★★			

Fund Narrative

This Vanguard fund provides exposure to developed and emerging markets and recently changed its benchmark to the FTSE Global All Cap ex-US Index. The fund slightly led the benchmark for the quarter but trails the benchmark and median over all time periods, and now has 2- and 3-star Morningstar ratings. **Current Status: Retention, no change recommended.**



Oppenheimer Developing Mkts Y	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Oppenheimer Developing Mkts Y	3.69	8.68	2.69	20.23	12th	10th	4th
MSCI Emerging Markets Index	1.83	(2.60)	(2.06)	14.79	59th	54th	47th
Emerging Markets Equity MF Median	2.09	(1.47)	(2.01)	14.50			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative

This emerging markets fund posted a strong leading return versus its benchmark this quarter and leads the benchmark for all 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	★★★★	3.68	9.73	9.73	7.41	11.48	\$147,176.33	23
Dow Jones Target Global Date 2005 Index			0.80	1.54	1.54	4.10	6.57		
T. Rowe Price Retirement 2010	TRRAX	★★★★	4.33	11.94	11.94	8.16	12.79	\$ 52,688.69	10
Dow Jones Target Global Date 2010 Index			1.08	3.00	3.00	4.62	7.47		
T. Rowe Price Retirement 2015	TRRGX	★★★★★	5.22	15.20	15.20	9.33	14.33	\$ 332,241.94	38
Dow Jones Target Global Date 2015 Index			1.69	5.49	5.49	5.51	8.86		
T. Rowe Price Retirement 2020	TRRBX	★★★★★	5.96	18.06	18.06	10.29	15.61	\$ 422,719.87	54
Dow Jones Target Global Date 2020 Index			2.71	9.05	9.05	6.71	10.56		
T. Rowe Price Retirement 2025	TRRHX	★★★★★	6.70	20.77	20.77	11.12	16.62	\$ 1,068,622.93	86
Dow Jones Target Global Date 2025 Index			3.75	12.84	12.84	7.95	12.47		
T. Rowe Price Retirement 2030	TRRCX	★★★★★	7.28	23.10	23.10	11.85	17.51	\$ 658,616.78	68
Dow Jones Target Global Date 2030 Index			4.75	16.59	16.59	9.04	14.20		
T. Rowe Price Retirement 2035	TRRJX	★★★★★	7.71	24.85	24.85	12.33	18.06	\$ 1,295,952.41	83
Dow Jones Target Global Date 2035 Index			5.63	19.90	19.90	9.98	15.59		
T. Rowe Price Retirement 2040	TRRDY	★★★★★	8.00	25.93	25.93	12.63	18.28	\$ 736,286.14	76
Dow Jones Target Global Date 2040 Index			6.28	22.38	22.38	10.67	16.51		
T. Rowe Price Retirement 2045	TRRKX	★★★★★	8.00	25.93	25.93	12.65	18.28	\$ 929,605.60	115
Dow Jones Target Global Date 2045 Index			6.64	23.71	23.71	11.06	16.89		
T. Rowe Price Retirement 2050	TRRMX	★★★★★	7.96	25.89	25.89	12.68	18.27	\$ 764,689.08	99
Dow Jones Target Global Date 2050 Index			6.70	23.89	23.89	11.11	16.93		
T. Rowe Price Retirement 2055	TRRNX	★★★★★	8.02	25.87	25.87	12.68	18.28	\$ 400,118.54	46
Dow Jones Target Global Date 2055 Index			6.70	23.89	23.89	11.11	16.93		
T. Rowe Price Retirement Income	TRRIX	★★★★	3.41	9.15	9.15	6.80	10.36	\$ 28,139.26	11
Dow Jones Target Global Date Today Index			0.78	1.41	1.41	4.02	6.25		
TOTAL								\$6,836,857.57	

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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	★★	5.45	7.50	AA	-0.2%	-2.1%	-2.1%	3.1%	4.4%	4.5%
Barclays Aggregate					-0.1%	-2.0%	-2.0%	3.3%	4.4%	4.5%
Interm Fixed MF Median					0.3%	-1.6%	-1.6%	3.9%	6.5%	4.5%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.82	-0.18	1.09	0.24	2.75	1.16
5-Year	2.96	-0.14	1.44	0.30	2.88	1.49

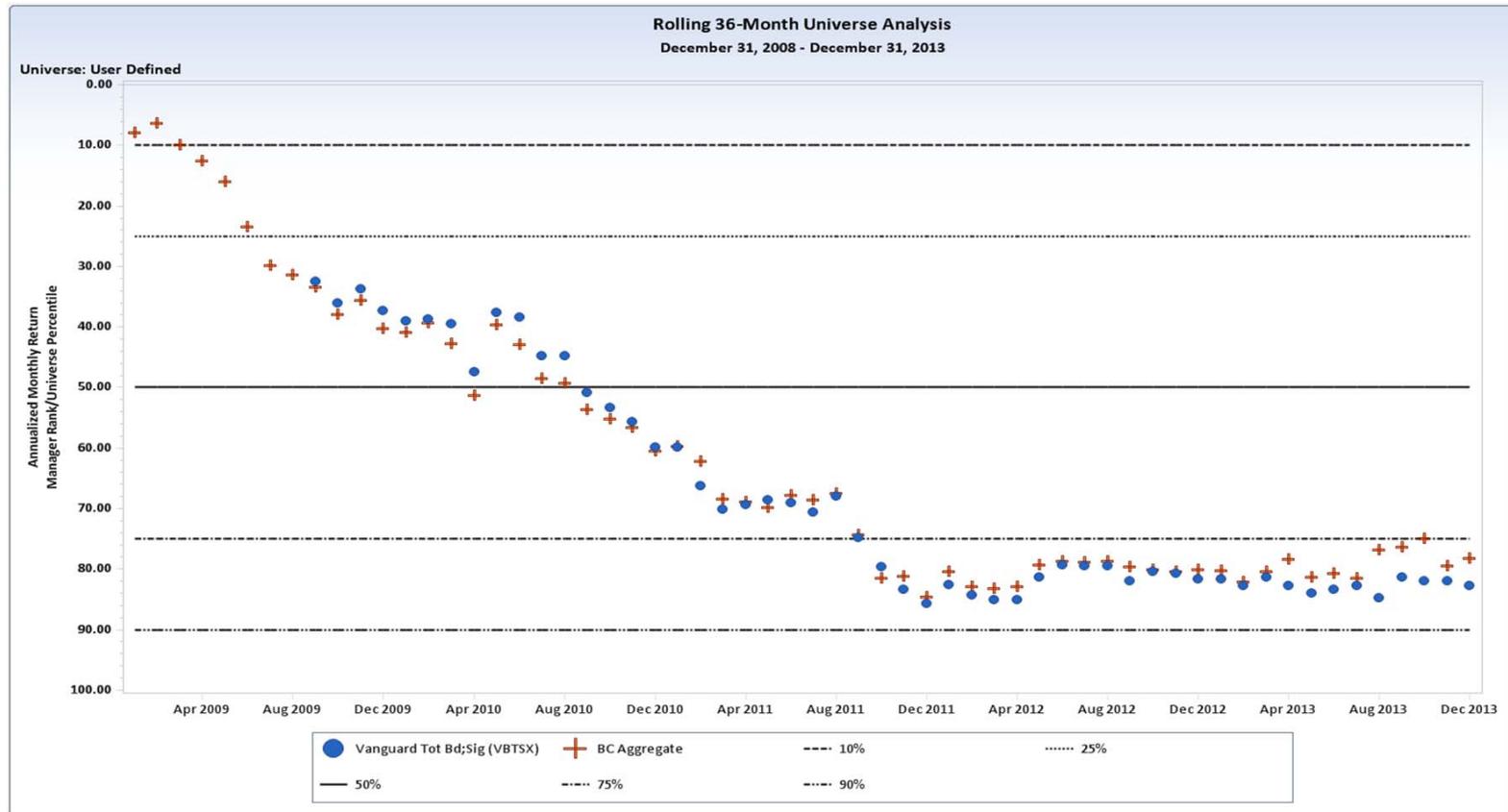
Portfolio Characteristics 11-30-13	
Credit Quality	%
US Gov't/Agency/AAA	71.5%
AA	4.0%
A	12.1%
BBB	12.5%
< BBB	0.0%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	23.8%
3 - 5 yrs.	17.7%
5 - 7 yrs.	10.4%
7 - 10 yrs.	9.7%
10 - 15 yrs.	4.2%
15 - 20 yrs.	4.3%
20 + yrs.	30.0%

Sector Weights 11-30-13	
	%
Government	47.47%
Municipal	0.90%
Credit	23.19%
Securitized	25.51%
Cash & Equivalent	2.94%
Other	0.00%

Portfolio Information	
Expense Ratio	0.10%
12b-1 Fee Included	-
Category Average	0.92%
Minimum Investment	\$0

Year-End Assets (\$ Mil.)	
2013/11	\$10,599
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	★★★★	\$39,349	10,302	5.9%	18.1%	18.1%	11.2%	13.3%	7.0%
US Balanced Index				5.9%	17.9%	17.9%	11.0%	13.1%	6.9%
Balanced MF Median				5.2%	15.7%	15.7%	8.8%	12.4%	6.0%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	7.44	0.89	3.05	1.46	1.79	7.38	1.47
5-Year	9.77	0.93	1.95	1.33	1.87	9.71	1.33

Top 10 Holdings 11-30-13	
Company	% of Portfolio
Apple Inc	1.49%
ExxonMobil Corporation	1.21%
Google, Inc. Class A	0.86%
Microsoft Corporation	0.84%
Johnson & Johnson	0.79%
Chevron Corp	0.70%
Wells Fargo & Co	0.69%
Procter & Gamble Co	0.68%
JPMorgan Chase & Co	0.63%
Pfizer Inc	0.62%

Sector Weights 11-30-13	
Basic Materials	3.5%
Communication Services	3.5%
Consumer Cyclical	12.1%
Consumer Defensive	9.4%
Healthcare	12.4%
Industrial	12.6%
Real Estate	3.1%
Technology	16.7%
Energy	9.3%
Financials	14.6%
Utilities	2.8%

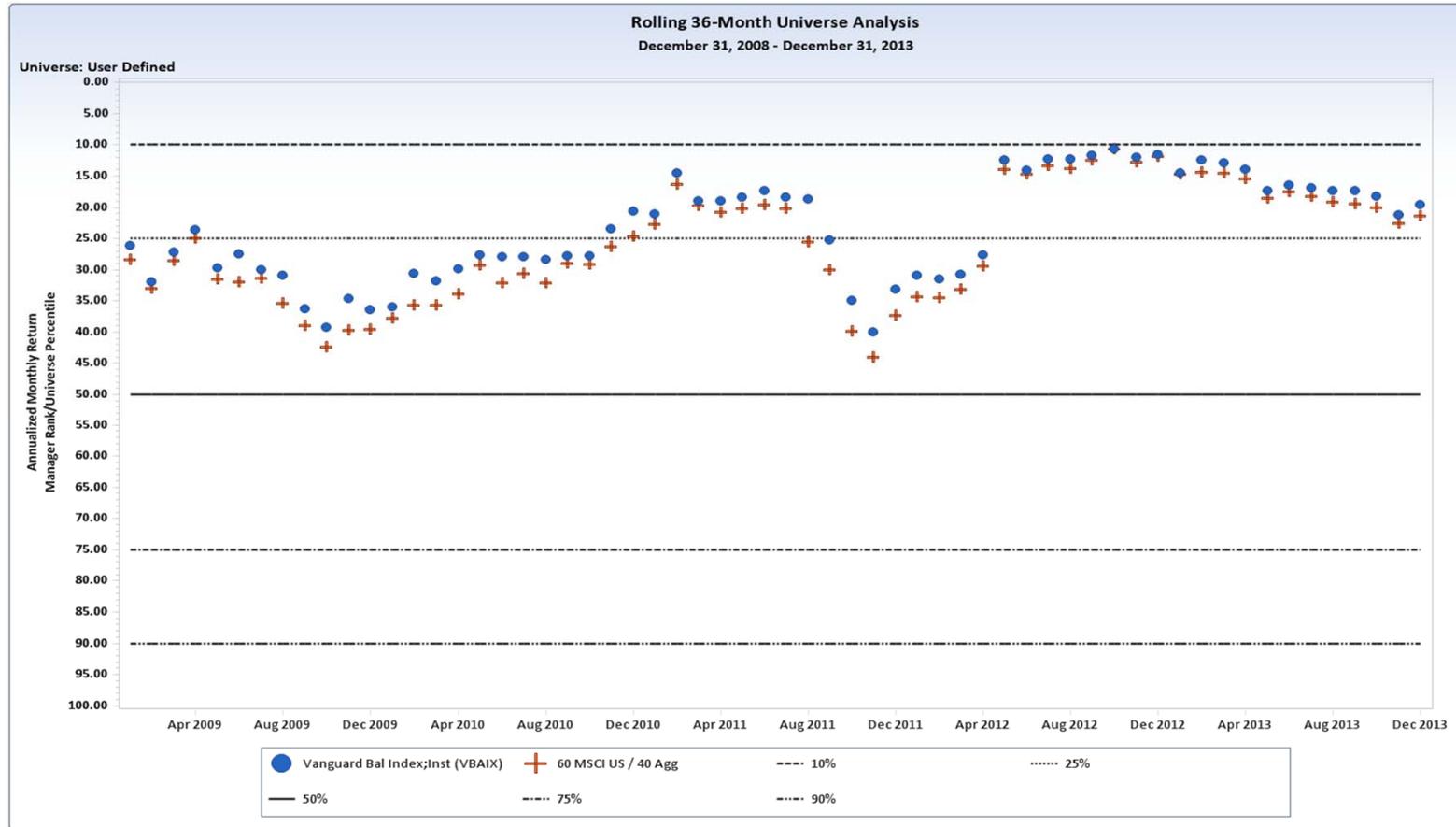
Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.04%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	43%

Fixed Income Characteristics 11-30-13	
Avg. Duration (yrs.)	5.45
Avg. Maturity (yrs.)	7.40
Avg. Quality	AA

Sector Weights 11-30-13	
<i>versus Barclays Aggregate</i>	%
Government	46.8%
Securitized	23.1%
Credit	22.2%
Municipal	0.8%
Cash & Equivalents	7.2%
Other	0.0%

Year-End Assets (\$ Mil.)	
2013/11	\$6,803
2012	\$5,554
2011	\$4,224
2009	\$2,869
2008	\$2,299
2007	\$2,901
2006	\$2,666
2005	\$2,014

Balanced Universe



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	★★★★	\$42,462	130	11.5%	35.3%	35.3%	16.7%	21.5%	10.6%
Wilshire Large Growth				11.1%	35.0%	35.0%	16.2%	19.8%	8.2%
Large Cap Growth MF Median				10.7%	33.9%	33.9%	14.9%	18.8%	7.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.09	1.13	-1.32	1.17	3.78	13.61	-	1.16
5-Year	16.58	1.00	3.10	1.26	4.94	16.39	-	1.21

Top 10 Holdings 9-30-13

Company	% of Portfolio
Apple, Inc.	4.44%
Google, Inc Class A	3.77%
Facebook Inc Class A	3.61%
Amazon.com Inc	2.63%
Gilead Sciences Inc	2.33%
CVS Caremark Corp	2.00%
Home Depot	1.99%
Boeing Co	1.91%
Lowe's Companies Inc.	1.80%
Actavis PLC	1.75%

Sector Weights 9-30-13

Basic Materials	3.0%
Communication Services	2.5%
Consumer Cyclical	26.7%
Consumer Defensive	5.5%
Healthcare	12.7%
Industrial	11.4%
Real Estate	0.7%
Technology	23.6%
Energy	5.8%
Financials	8.1%
Utilities	0.0%

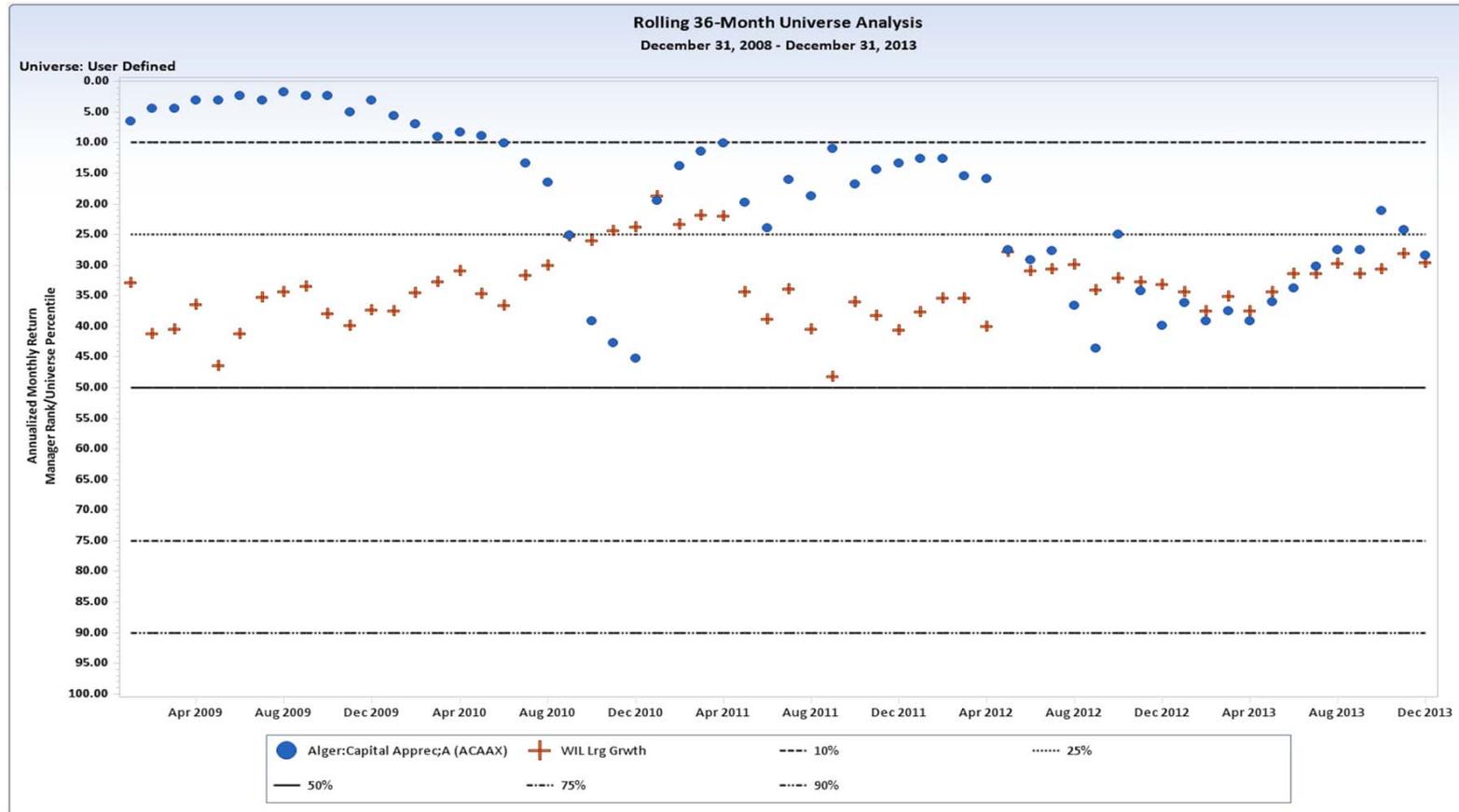
Portfolio Information

Expense Ratio	0.93%
12b-1 Fee Included	-
Morningstar Average	1.25%
Minimum Investment	\$500,000
Avg. Annual Turnover	124%

Year-End Assets (\$ Mil.)

2013/11	\$188
2012	\$48
2011	\$77
2010	\$45

Large Cap Growth Universe



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JP Morgan US Equity

Ticker: JUSRX

Fund Strategy

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

Manager Information

Lead Manager Team Managed
Inception 5/15/2006
Prospectus www.jpmorganfunds.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
JP Morgan US Equity	★★★★	\$63,702	219	11.0%	36.1%	36.1%	16.3%	19.1%	8.8%
S & P 500				10.5%	32.4%	32.4%	16.2%	17.9%	7.4%
Large Cap Core MF Median				10.1%	32.2%	32.2%	14.9%	17.1%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.50	1.10	-1.34	1.19	2.34	12.11	-	1.30
5-Year	16.42	1.03	0.58	1.15	2.09	15.81	-	1.12

Top 10 Holdings 11-30-13	
Company	% of Portfolio
Johnson & Johnson	3.85%
Google, Inc Class A	2.70%
Apple Inc	2.48%
Wells Fargo & Co	2.39%
Exxon Mobil Corporation	2.21%
United Technologies Corp	2.13%
Microsoft Corporation	2.02%
Time Warner Inc	2.01%
UnitedHealth Group	1.79%
Citigroup Inc	1.78%

Sector Weights 11-30-13	
Basic Materials	4.1%
Communication Services	3.5%
Consumer Cyclical	15.0%
Consumer Defensive	6.9%
Healthcare	13.1%
Industrial	10.4%
Real Estate	0.5%
Technology	17.6%
Energy	10.2%
Financials	16.8%
Utilities	1.8%

Portfolio Information	
Expense Ratio	0.59%
12b-1 Fee Included	-
Morningstar Average	1.13%
Minimum Investment	\$0

Year-End Assets (\$ Mil.)	
2013/11	\$414
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)	★★★	\$60,120	1	10.3%	32.4%	32.4%	16.1%	18.0%	7.4%
S & P 500				10.5%	32.4%	32.4%	16.2%	17.9%	7.4%
Large Cap Core MF Median				10.1%	32.2%	32.2%	14.9%	17.1%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.10	1.00	-0.40	1.27	0.03	12.11	-	1.30
5-Year	15.81	1.00	-0.36	1.10	0.04	15.81	-	1.12

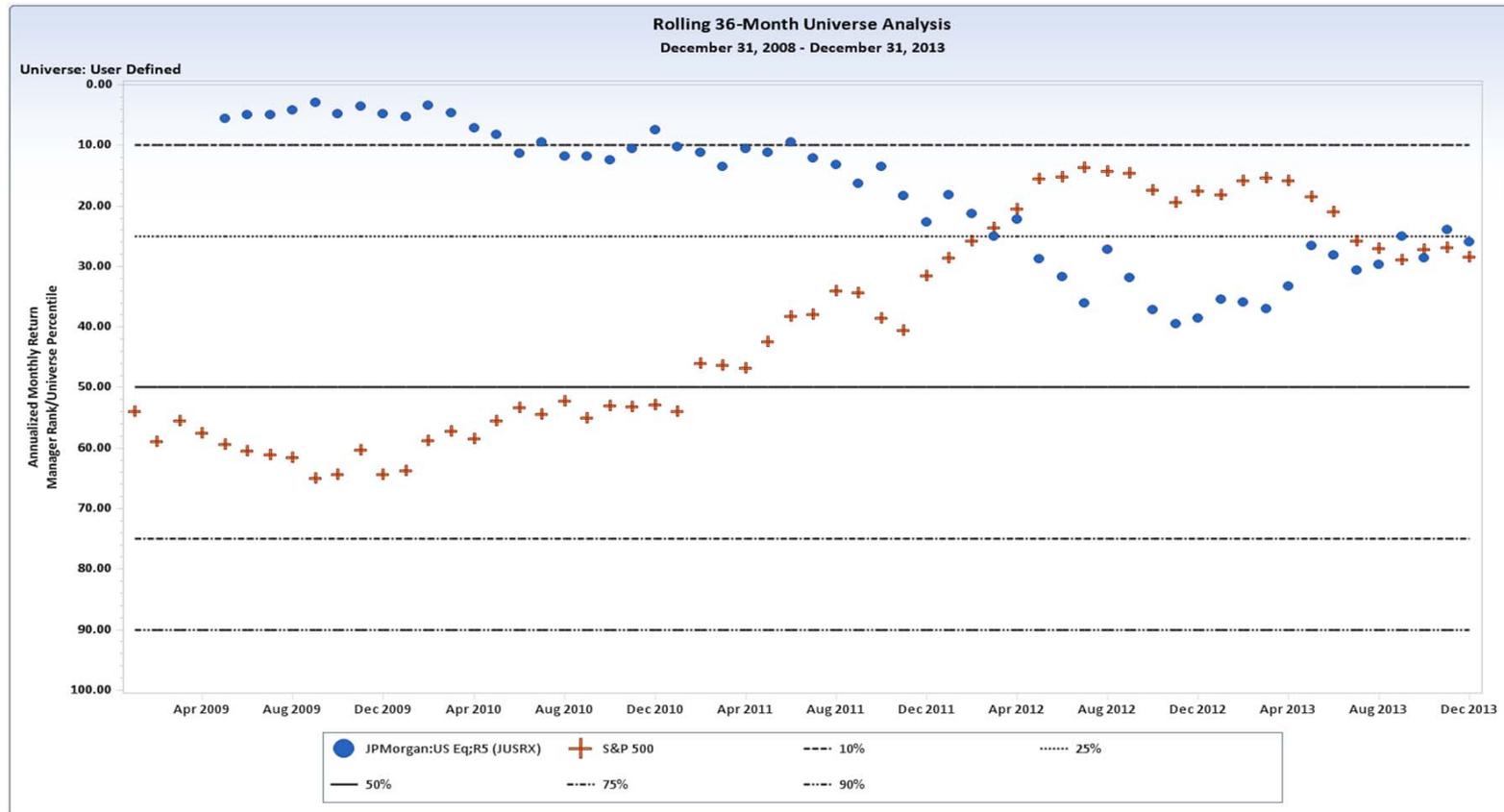
Top 10 Holdings 9-30-13	
Company	% of Portfolio
Apple, Inc.	2.90%
ExxonMobil Corporation	2.53%
Microsoft Corporation	1.69%
Google, Inc Class A	1.64%
Johnson & Johnson	1.63%
General Electric Co	1.63%
Chevron Corp	1.57%
Procter & Gamble Co	1.38%
Berkshire Hathaway Inc	1.37%
Wells Fargo & Co	1.34%

Sector Weights 9-30-13	
Basic Materials	3.6%
Communication Services	3.7%
Consumer Cyclical	11.1%
Consumer Defensive	10.7%
Healthcare	12.8%
Industrial	10.8%
Real Estate	1.8%
Technology	16.7%
Energy	10.5%
Financials	15.2%
Utilities	3.1%

Portfolio Information	
Expense Ratio	0.00%
12b-1 Fee Included	0.25
Morningstar Average	1.13%
Minimum Investment	\$1,000
Avg. Annual Turnover	10%

Year-End Assets (\$ Mil.)	
2013/11	\$1,022
2012	N/A
2011	N/A
2010	N/A

Large Cap Core Universe



State of Montana 401(a) Defined Contribution Plan
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Vanguard Equity Income Admiral

Ticker: VEIRX

Fund Strategy

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

Manager Information

Lead Manager James Stetler - Wellington/Vanguard
Inception 8/13/2001
Prospectus www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Equity Income Adm	★★★★★	\$74,133	180	9.0%	30.2%	30.2%	17.8%	17.2%	8.7%
FTSE High Dividend Yield Idx				9.4%	30.3%	30.3%	17.6%	17.0%	8.6%
Russell 1000 Value Index				10.0%	32.5%	32.5%	16.1%	16.7%	7.6%
Large Cap Value MF Median				9.7%	32.5%	32.5%	14.7%	16.1%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	10.30	0.81	4.18	1.65	3.75	10.04	-	1.33
5-Year	15.21	0.93	0.43	1.12	3.82	16.20	-	0.84

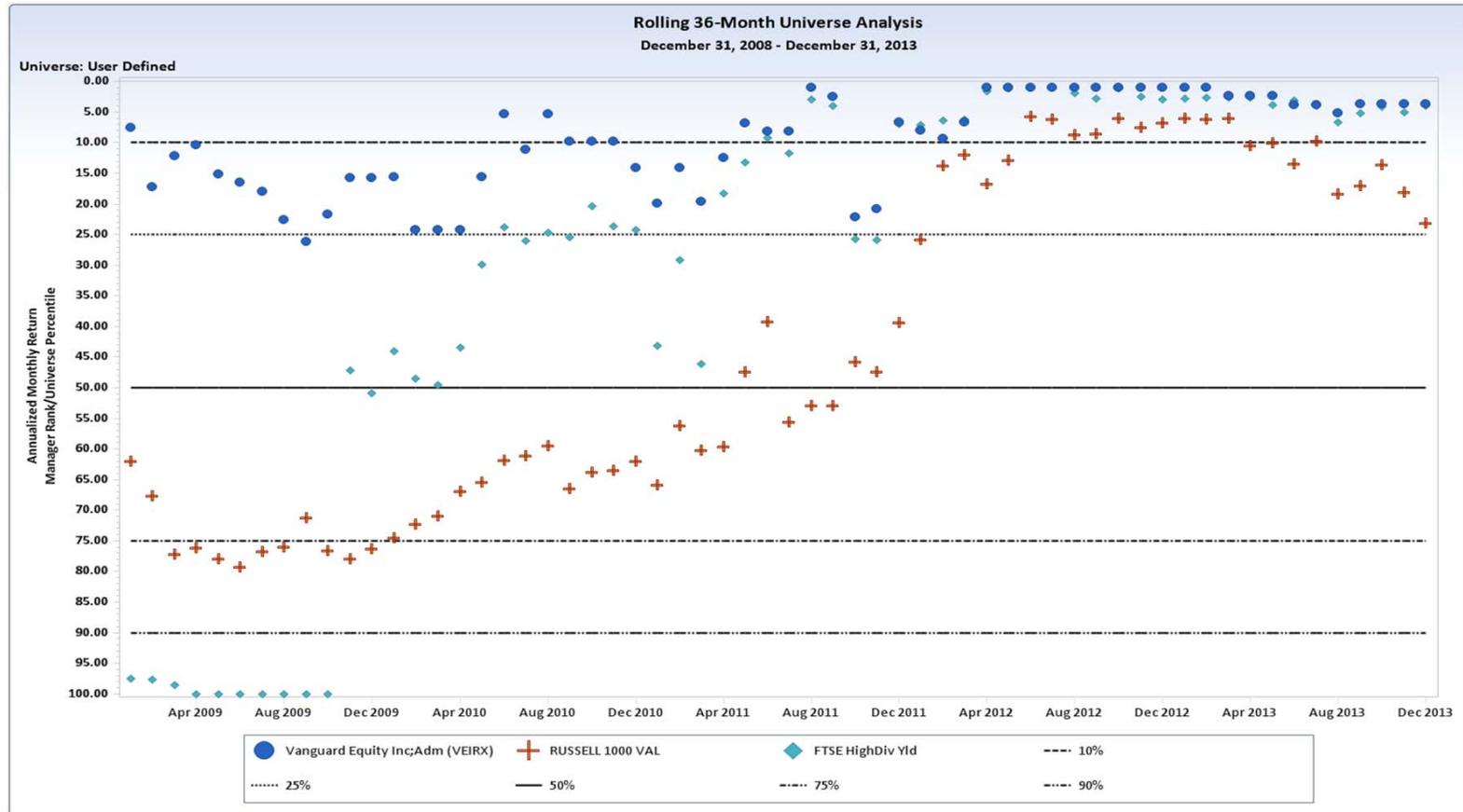
Top 10 Holdings 9-30-13	
Company	% of Portfolio
Johnson & Johnson	3.90%
Chevron Corp	3.53%
Wells Fargo & Co	3.27%
Exxon Mobil Corporation	3.13%
Microsoft Corporation	3.09%
JPMorgan Chase & Co	2.87%
Merck & Co Inc	2.57%
General Electric Co	2.57%
Pfizer Inc	2.16%
United Technologies Corp	2.00%

Sector Weights 9-30-13	
Basic Materials	3.9%
Communication Services	4.7%
Consumer Cyclical	6.9%
Consumer Defensive	13.1%
Healthcare	12.4%
Industrial	15.0%
Real Estate	0.0%
Technology	9.7%
Energy	12.5%
Financials	15.5%
Utilities	6.2%

Portfolio Information	
Expense Ratio	0.21%
12b-1 Fee Included	-
Morningstar Average	1.18%
Minimum Investment	\$50,000
Avg. Annual Turnover	34%

Year-End Assets (\$ Mil.)	
2013/11	\$9,968
2012	\$5,725
2011	\$3,292
2010	\$2,272

Large Cap Value Universe



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	★★★	\$7,773	84	8.4%	33.4%	33.4%	15.2%	20.4%	10.2%
Russell Mid Cap Index				8.4%	34.8%	34.8%	15.9%	22.4%	10.2%
Mid Cap Growth MF Median				8.4%	35.0%	35.0%	14.3%	21.2%	9.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.65	1.15	-2.92	1.04	4.91	14.23	-	1.11
5-Year	16.33	0.98	2.59	1.22	5.26	18.02	-	1.21

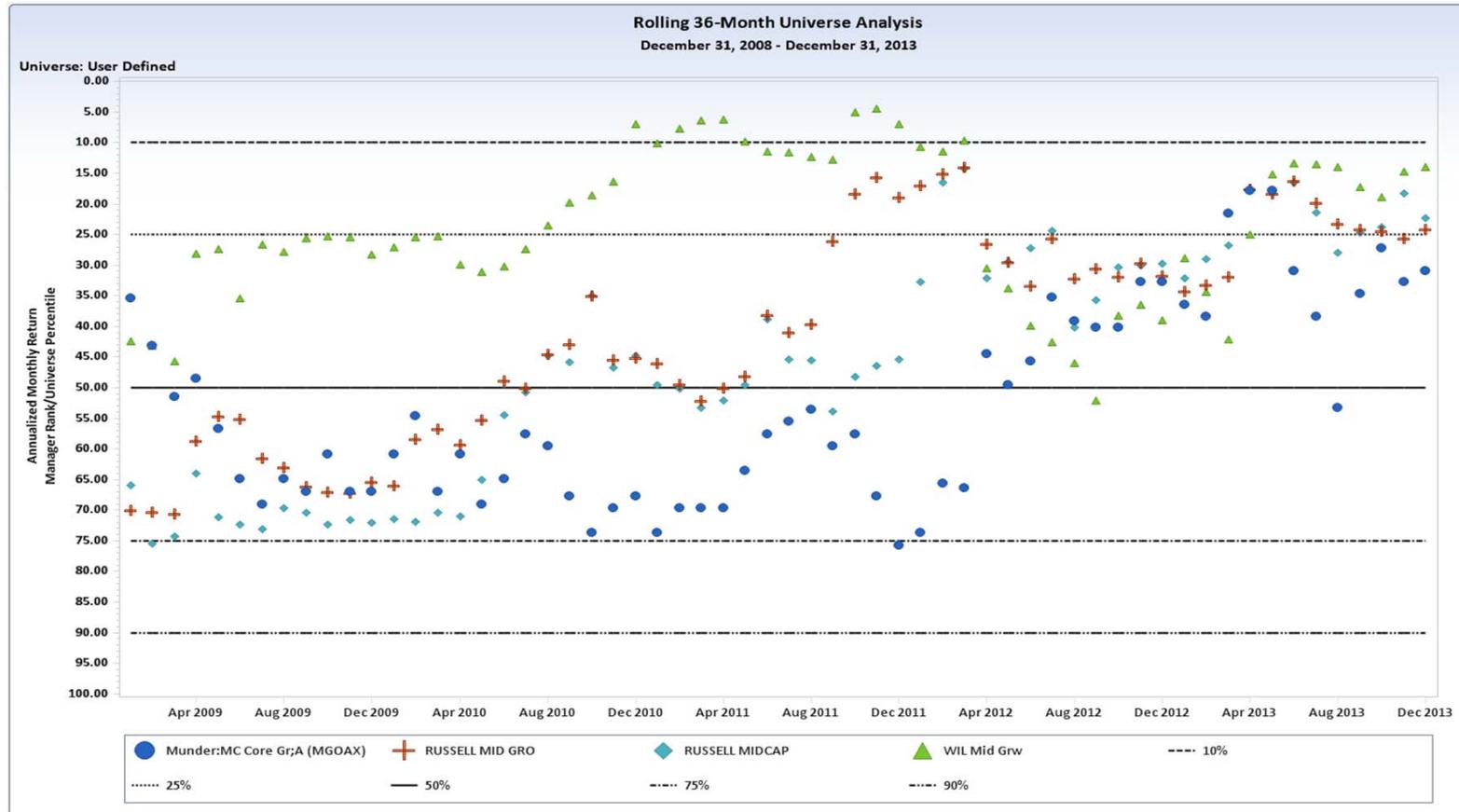
Top 10 Holdings 9-30-13	
Company	% of Portfolio
Affiliated Managers Group	2.62%
Lincoln National Corp	2.09%
NiSource Inc	1.87%
Liberty Media Corp	1.86%
Invesco Ltd.	1.78%
Airgas Inc	1.76%
LKQ Corporation	1.73%
Tupperware Brands Corp	1.72%
SBA Communications Corp	1.70%
Cooper Companies	1.60%

Sector Weights 9-30-13	
Basic Materials	5.6%
Communication Services	1.7%
Consumer Cyclical	20.6%
Consumer Defensive	6.5%
Healthcare	9.6%
Industrial	12.5%
Real Estate	3.8%
Technology	13.8%
Energy	7.4%
Financials	14.6%
Utilities	3.9%

Portfolio Information	
Expense Ratio	1.33%
12b-1 Fee Included	0.25%
Morningstar Average	1.36%
Minimum Investment	\$2,500
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)	
2013/11	\$1,461
2012	\$1,193
2011	\$1,243
2010	\$1,507

Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan
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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 (MCVIX).

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	★★★★	\$8,003	161	9.1%	36.6%	36.6%	16.6%	23.0%	9.2%
Russell Mid Cap Value Index				8.6%	33.5%	33.5%	16.0%	21.2%	10.3%
Mid Cap Value MF Median				9.0%	35.8%	35.8%	15.0%	20.4%	9.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.79	1.10	-1.00	1.19	3.70	13.89	-	1.14
5-Year	17.16	1.05	3.61	1.30	4.44	18.88	-	1.11

Top 10 Holdings 11-30-13

Company	% of Portfolio
Newell Rubbermaid Inc	1.24%
Perkin Elmer Inc	1.14%
TCF Financial Corporation	1.07%
AmerisourceBergen Corp	1.06%
NASDAQ OMX Group, Inc.	1.04%
Stanley Black & Decker Inc	1.01%
TRW Automotive Holdings	0.99%
Lincoln National Corp	0.97%
KeyCorp	0.95%
Akzo Nobel NV	0.95%

Sector Weights 11-30-13

Basic Materials	8.2%
Communication Services	1.6%
Consumer Cyclical	13.9%
Consumer Defensive	8.2%
Healthcare	8.8%
Industrial	11.2%
Real Estate	3.8%
Technology	7.8%
Energy	8.3%
Financials	19.9%
Utilities	8.4%

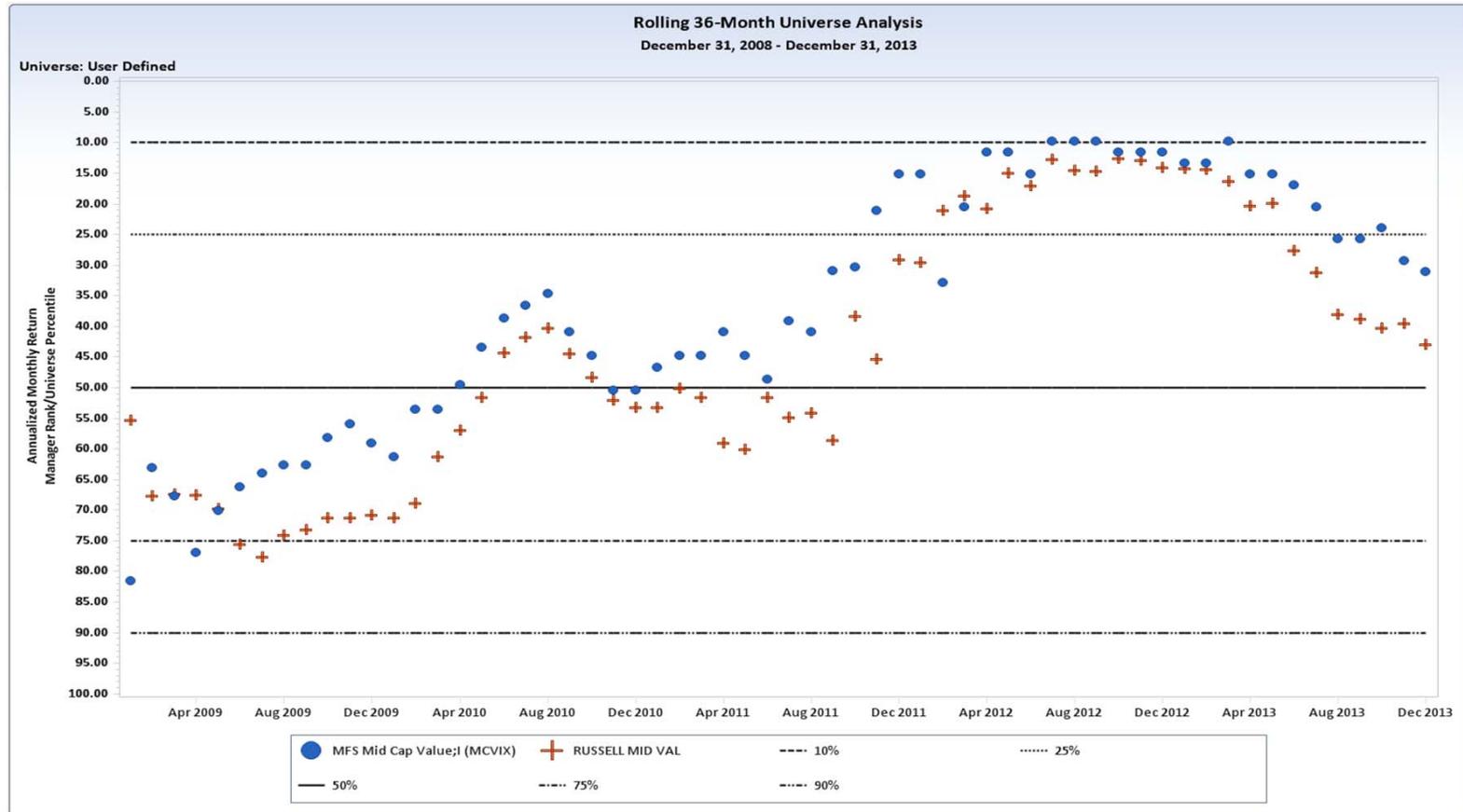
Portfolio Information

Expense Ratio	0.93%
12b-1 Fee Included	-
Morningstar Average	1.29%
Minimum Investment	\$0
Avg. Annual Turnover	35%

Year-End Assets (\$ Mil.)

2013/11	\$1,153
2012	N/A
2011	N/A
2010	N/A

Mid Cap Value Universe



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



Vanguard Small Cap Growth Index Ticker: VISGX

Fund Strategy
This index fund tracks the CRSP Small Growth Index. CRSP classifies growth securities using these factors: future LT growth in EPS, future ST growth in EPS, 3-year historical growth in EPS and sales per share, and current investment-to-assets ratio and return on assets.

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	★★★★	\$2,809	693	7.5%	38.0%	38.0%	16.9%	24.2%	10.6%
CRSP US Small Cap Growth Idx				7.5%	38.4%	38.4%	15.7%	23.2%	10.8%
Small Cap Growth MF Median				8.2%	42.0%	42.0%	16.5%	22.6%	9.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.04	1.33	-3.93	1.00	6.84	16.89	-	0.95
5-Year	20.74	1.22	2.25	1.15	8.41	19.86	-	1.15

Top 10 Holdings 11-30-13

Company	% of Portfolio
Fortune Brands Home & Sec	0.61%
3D Systems Corporation	0.58%
Nu Skin Enterprise, Inc. Class A	0.57%
Cooper Companies	0.55%
Incyte Corp Ltd	0.54%
Westinghouse Air Brake Tech	0.53%
Jazz Pharmaceuticals PLC	0.49%
Dick's Sporting Goods, Inc.	0.48%
Oil States International Inc	0.47%
Mednax, Inc.	0.47%

Sector Weights 11-30-13

Basic Materials	2.3%
Communication Services	1.7%
Consumer Cyclical	17.3%
Consumer Defensive	4.2%
Healthcare	14.3%
Industrial	17.1%
Real Estate	10.8%
Technology	20.4%
Energy	5.9%
Financials	5.5%
Utilities	0.6%

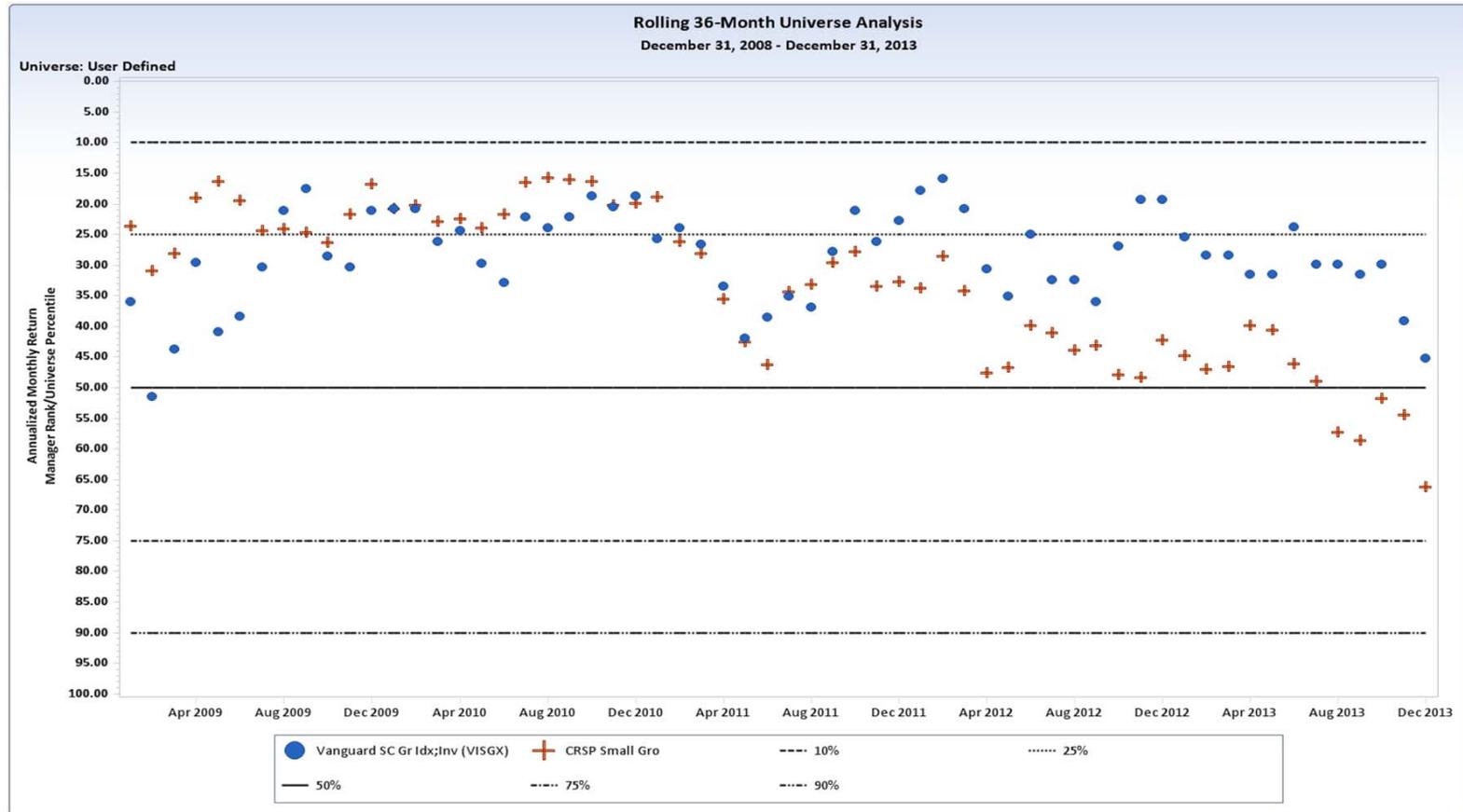
Portfolio Information

Expense Ratio	0.24%
12b-1 Fee Included	-
Morningstar Average	1.44%
Minimum Investment	\$3,000
Avg. Annual Turnover	37%

Year-End Assets (\$ Mil.)

2013/11	\$2,905
2012	\$2,649
2011	\$2,614
2010	\$4,229

Small Cap Growth Universe



Vanguard Small Cap Index Signal

Ticker: VSISX

Fund Strategy

This index fund tracks the CRSP US Small Cap Index. This index includes U.S. companies that fall between the bottom 2%-15% of the investable market capitalization.

Manager Information

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Sml Cap Index Signal	★★★★	\$2,747	1448	8.8%	37.8%	37.8%	16.6%	22.5%	10.3%
CRSP US Small Cap Index				8.8%	38.5%	38.5%	17.2%	23.6%	10.9%
Small Cap Core MF Median				8.8%	37.7%	37.7%	15.4%	20.5%	9.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.30	1.29	-3.64	1.02	5.79	15.96	-	1.08
5-Year	20.98	1.26	0.27	1.08	7.89	20.42	-	1.14

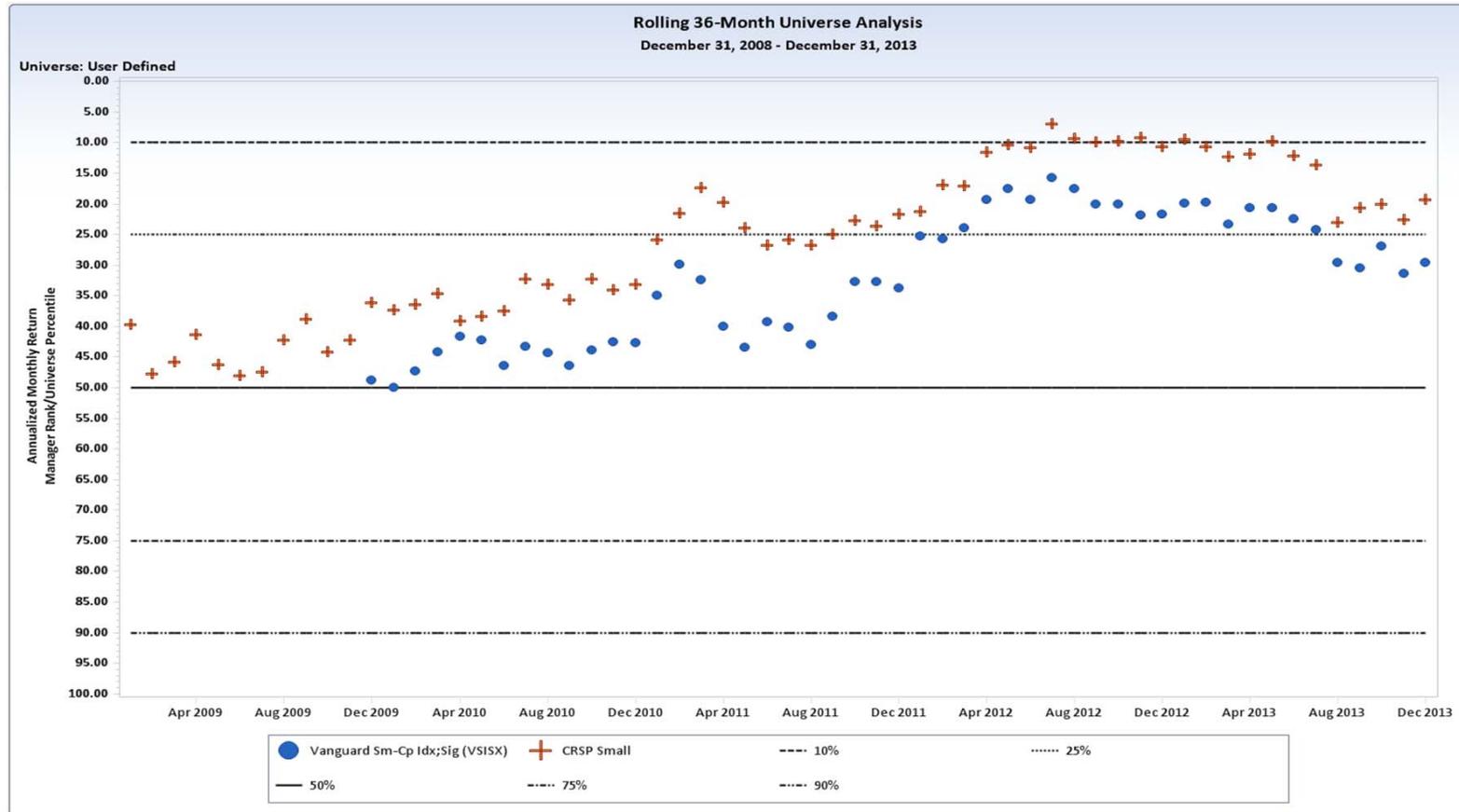
Top 10 Holdings 11-30-13	
Company	% of Portfolio
Genworth Financial Inc	0.28%
Towers Watson & Co Class A	0.28%
Fortune Brands Home & Sec	0.27%
Hanesbrands Inc	0.26%
3D Systems Corporation	0.26%
Jarden Corporation	0.26%
Fidelity National Financial Inc	0.26%
Nu Skin Enterprises, Inc	0.26%
Cooper Companies	0.24%
Incyte Corp Ltd	0.24%

Sector Weights 11-30-13	
Basic Materials	5.2%
Communication Services	1.2%
Consumer Cyclical	15.8%
Consumer Defensive	4.1%
Healthcare	10.5%
Industrial	18.0%
Real Estate	9.7%
Technology	14.3%
Energy	4.8%
Financials	13.1%
Utilities	3.3%

Portfolio Information	
Expense Ratio	0.10%
12b-1 Fee Included	-
Morningstar Average	1.31%
Minimum Investment	\$0
Avg. Annual Turnover	14%

Year-End Assets (\$ Mil.)	
2013/11	\$7,163
2012	\$4,329
2011	\$3,075
2010	\$2,300

Small Cap Core Universe



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	★★★★	\$2,338	661	8.8%	35.9%	35.9%	15.6%	19.3%	11.0%
Russell 2000 Value Index				9.3%	34.5%	34.5%	14.5%	17.6%	8.6%
Smal Cap Value MF Median				9.1%	36.6%	36.6%	15.5%	21.0%	10.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.68	1.16	-2.77	1.06	4.61	16.05	-	0.92
5-Year	18.41	1.12	-0.49	1.05	5.46	21.61	-	0.86

Top 10 Holdings 11-30-13

Company	% of Portfolio
Bristow Group, Inc	1.26%
Hexcel Corporation	0.99%
Protective Life Corp	0.94%
EnerSys, Inc.	0.90%
Aaron's, Inc.	0.90%
Littelfuse Inc	0.88%
Cabot Corporation	0.87%
GATX Corp	0.86%
Silgan Holdings, Inc.	0.82%
American Equity Invstmt Life	0.81%

Sector Weights 11-30-13

Basic Materials	5.8%
Communication Services	0.5%
Consumer Cyclical	10.1%
Consumer Defensive	4.6%
Healthcare	6.4%
Industrial	23.6%
Real Estate	4.4%
Technology	13.4%
Energy	6.3%
Financials	21.5%
Utilities	3.5%

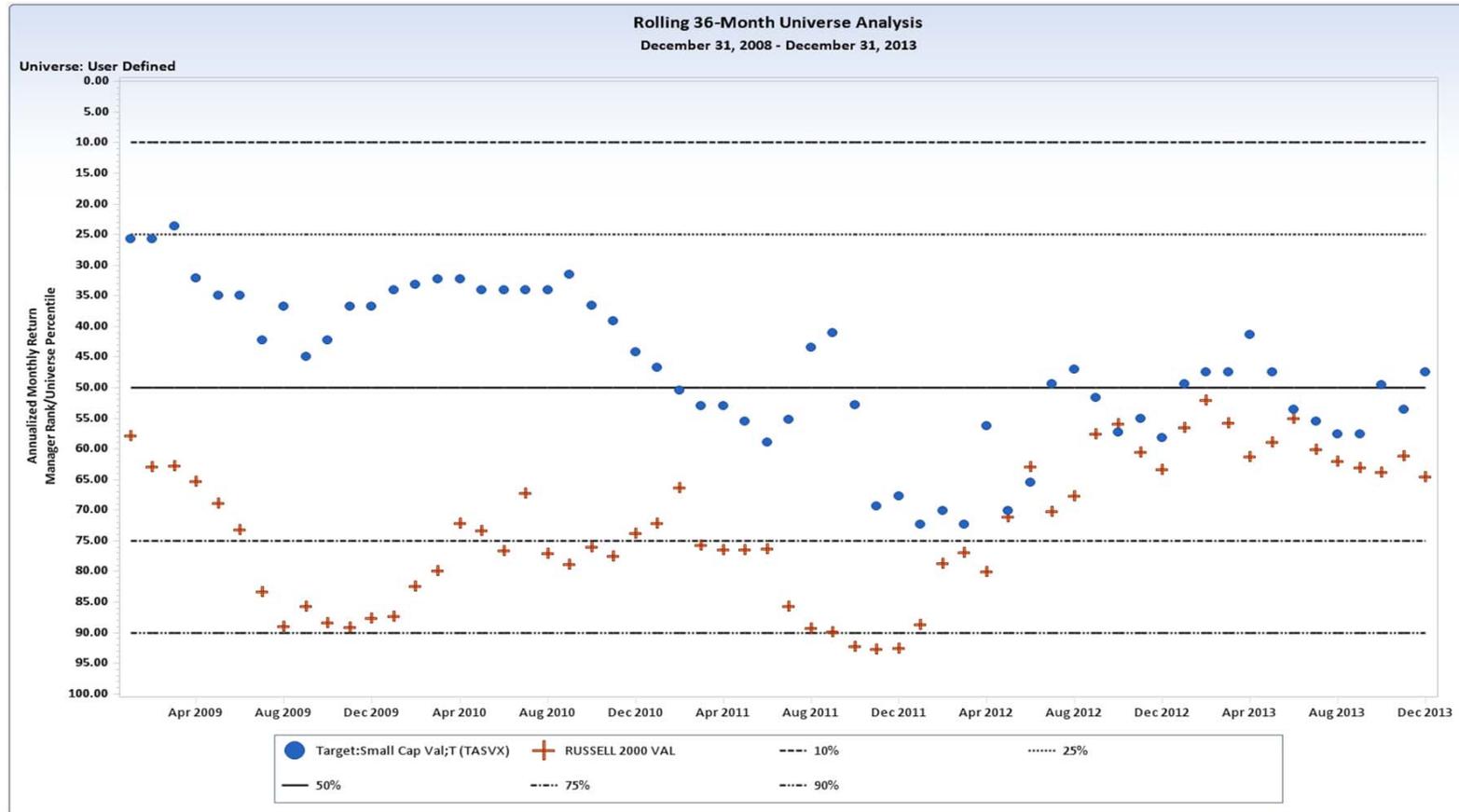
Portfolio Information

Expense Ratio	0.67%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$0
Avg. Annual Turnover	40%

Year-End Assets (\$ Mil.)

2013/11	\$1,717
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	★★★★	\$49,208	285	8.5%	26.8%	26.8%	12.3%	17.0%	9.2%
MSCI AC World Index				7.3%	22.8%	22.8%	9.7%	14.9%	7.2%
World Stock MF Median				7.8%	25.8%	25.8%	11.1%	15.2%	7.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.49	0.79	7.50	0.92	5.26	14.14	-	0.72
5-Year	16.48	0.81	5.78	1.03	5.55	17.60	-	0.88

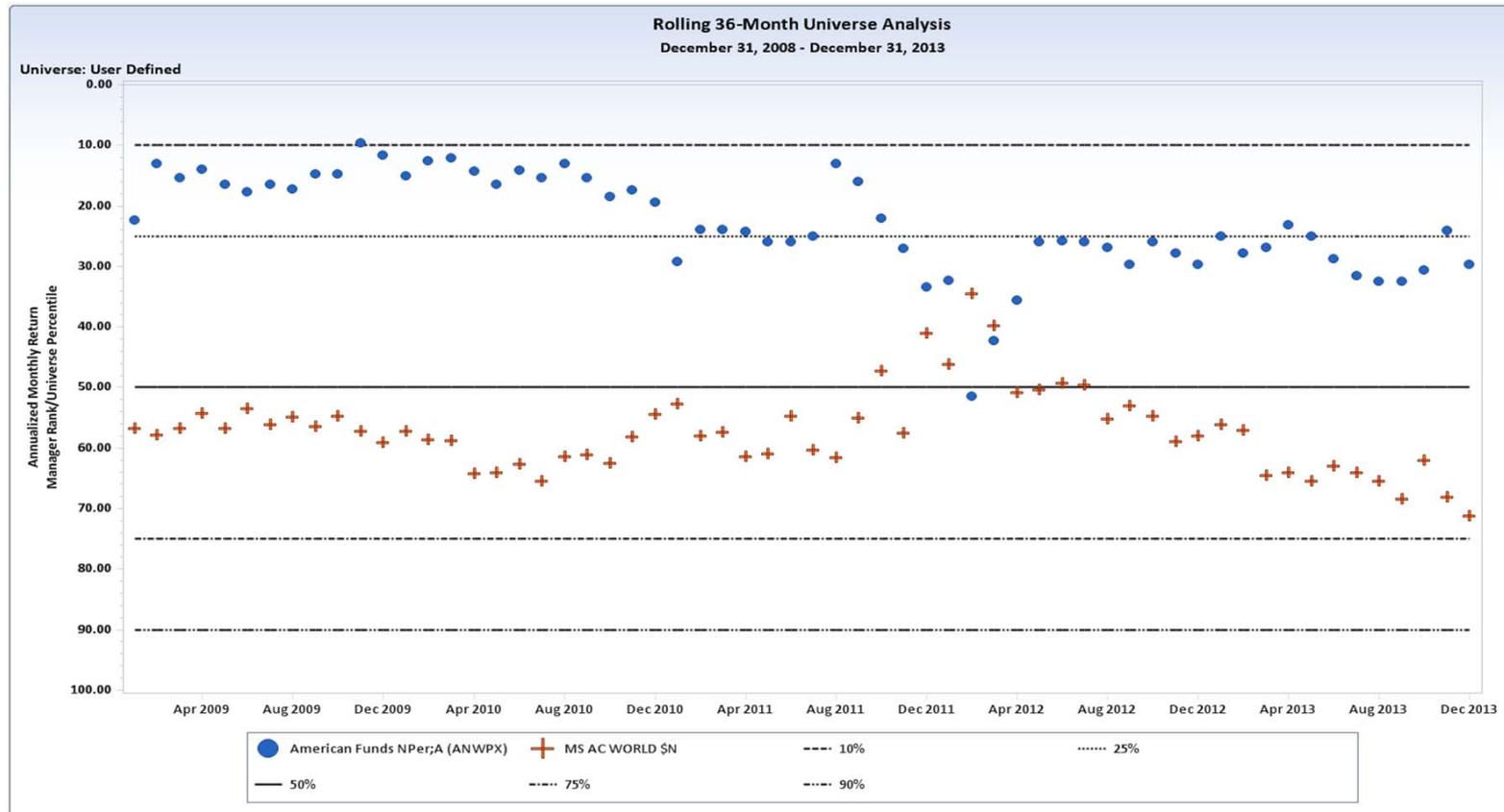
Top 10 Holdings 9-30-13	
Company	% of Portfolio
Novo-Nordisk A/S	3.95%
Amazon.com Inc	2.55%
Google, Inc Class A	1.75%
Naspers Ltd	1.63%
ASML Holding NV	1.61%
Home Depot, Inc	1.57%
Bayer AG	1.52%
CME Group Inc	1.26%
Burberry Group PLC	1.22%
Delta Air Lines Inc	1.22%

Country Weights 9-30-13	
	%
Europe	37.2%
France	4.4%
Germany	4.0%
United Kingdom	9.3%
Asia	12.5%
Australia	0.9%
Hong Kong	1.1%
Japan	7.0%
Latin America	0.5%
Brazil	0.1%
Chile	0.0%
North America	49.8%
Canada	1.9%
United States	47.9%

Portfolio Information	
Expense Ratio	0.79%
12b-1 Fee Included	0.24%
Morningstar Average	1.32%
Minimum Investment	\$250
Avg. Annual Turnover	30%

Year-End Assets (\$ Mil.)	
2013/11	\$36,449
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	★★★★★	\$34,401	63	4.6%	29.3%	29.3%	12.8%	21.1%	10.5%
MSCI EAFE Value Index				6.3%	23.0%	23.0%	8.3%	12.0%	6.8%
MSCI EAFE Index				5.7%	22.8%	22.8%	8.2%	12.4%	6.9%
Non-US Equity MF Median				5.9%	20.7%	20.7%	7.4%	12.5%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.76	1.00	7.34	0.77	6.81	17.45	-	0.54
5-Year	21.80	1.05	6.85	0.99	6.41	21.58	-	0.63

Top 10 Holdings 9-30-13	
Company	% of Portfolio
Credit Suisse Gorup	5.08%
Intesa Sanpaolo	3.61%
BNP Paribas	3.36%
Allianz SE	3.33%
Daimler AG	3.21%
Canon, Inc.	2.96%
Bayerische Motoren Werke	2.76%
Holcim Ltd	2.70%
Cnh Indl Nv	2.48%
Lloyds Banking Group	2.45%

Country Weights 9-30-13	
	%
Europe	75.1%
France	14.3%
Germany	13.1%
United Kingdom	14.8%
Asia	19.9%
Australia	5.2%
Hong Kong	0.0%
Japan	14.4%
Latin America	0.0%
Brazil	0.0%
Chile	0.0%
North America	4.9%
Canada	2.0%
United States	2.9%

Portfolio Information	
Expense Ratio	0.98%
12b-1 Fee Included	-
Morningstar Average	1.23%
Minimum Investment	\$1,000
Avg. Annual Turnover	37%

Year-End Assets (\$ Mil.)	
2013/11	\$26,928
2012	\$10,796
2011	\$6,942
2010	\$6,688
2009	\$4,393

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



Vanguard Total International Stock Ind Ticker: VGTSX

Fund Strategy
This fund aims to track the FTSE Global All Cap ex-US Index (previously the MSCI ACWI ex-US). The FTSE index is a market-capitalization weighted index representing around 5350 large, mid and small cap companies in 46 developed and emerging market worldwide, excluding the USA.

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	★★★	\$23,074	5500	4.8%	15.0%	15.0%	5.1%	12.0%	7.3%
FTSE Glb All Cap ex-US Idx				4.8%	15.9%	15.9%	5.5%	14.1%	8.6%
Non-US Equity MF Median				5.9%	20.7%	20.7%	7.4%	12.5%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.59	1.00	0.00	0.38	2.18	16.61	-	0.40
5-Year	20.71	1.04	-1.06	0.65	2.58	20.06	-	0.75

Top 10 Holdings 11-30-13

Company	% of Portfolio
Nestle SA	1.13%
HSBC Holdings PLC	1.00%
Roche Holding AG	0.94%
Novartis AG	0.89%
Vodafone Group PLC	0.87%
Toyota Motor Corp	0.80%
BP PLC	0.71%
Samsung Electronics Co	0.66%
GlaxoSmithKline PLC	0.63%
Royal Dutch Shell	0.61%

Country Weights 11-30-13

	%
Europe	49.5%
France	6.4%
Germany	6.4%
United Kingdom	13.9%
Asia	40.1%
Australia	5.7%
Hong Kong	2.2%
Japan	16.4%
Latin America	3.4%
Brazil	1.9%
Chile	0.3%
North America	7.1%
Canada	7.0%
United States	0.1%

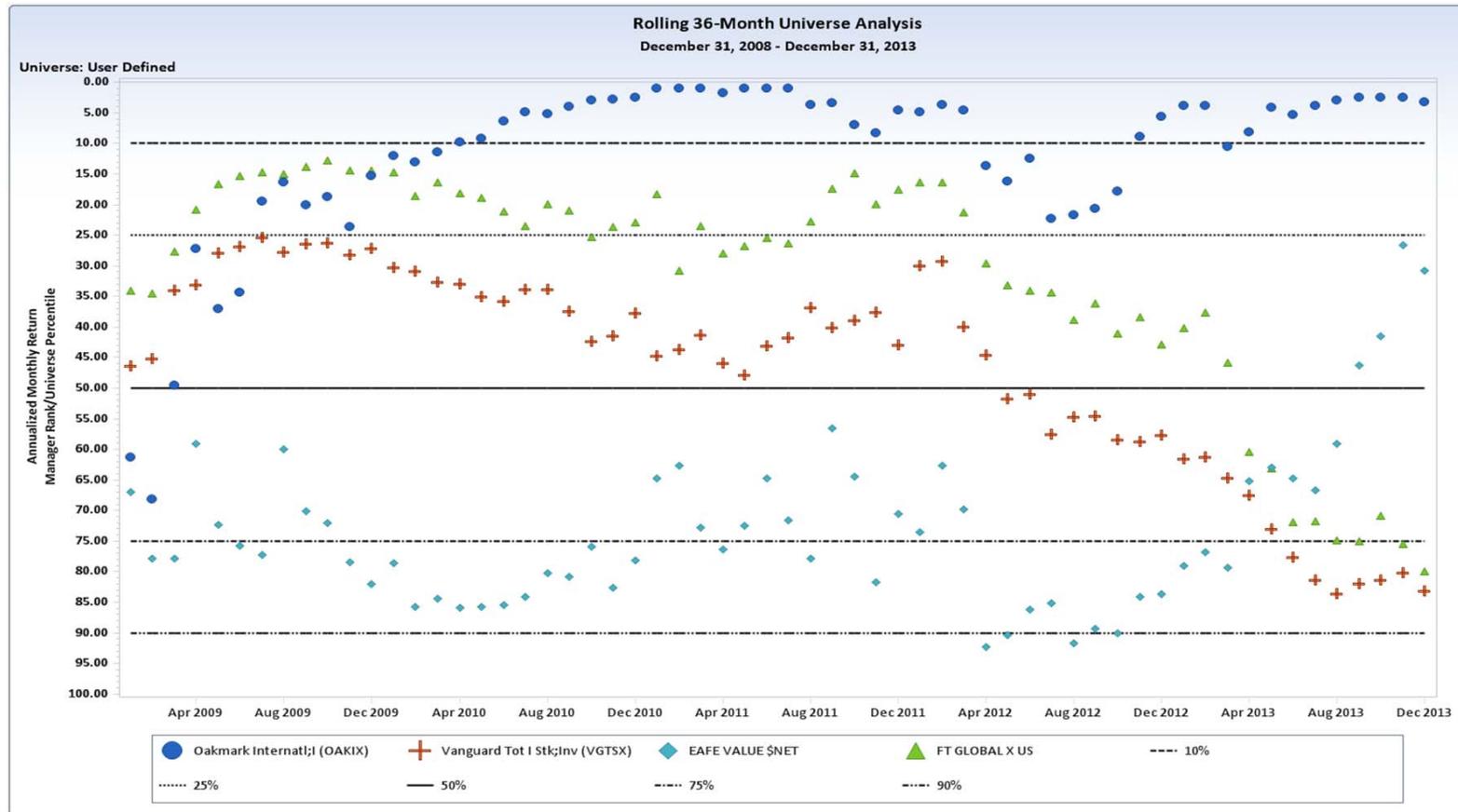
Portfolio Information

Expense Ratio	0.22%
12b-1 Fee Included	-
Morningstar Avg	1.23%
Min. Investment	\$3,000
Avg. Annual Turnove	5%

Year-End Assets (\$ Mil.)

2013/11	\$45,405
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
Fourth 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

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	★★★★★	\$19,455	110	3.7%	8.7%	8.7%	2.7%	20.2%	15.3%
MSCI Emerg Mkts Index				1.8%	-2.6%	-2.6%	-2.1%	14.8%	11.2%
Emg Mkt Equity MF Median				2.1%	-1.5%	-1.5%	-2.0%	14.5%	10.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.65	0.99	-2.13	0.23	6.73	19.31	-	-0.02
5-Year	21.92	1.05	6.19	0.95	7.29	22.59	-	0.72

Top 10 Holdings 11-30-13	
	% of Portfolio
Baidu, Inc. ADR	5.31%
Tencent Holdings Ltd	3.21%
OAO Novatek GDR	2.27%
Yandex NV	2.18%
Magnit JSC	2.18%
Housing Development Fin	2.06%
Infosys Ltd	2.00%
America Movil	1.90%
Carlsberg AS	1.87%
Taiwan Semi Man. Co Ltd	1.85%

Country Weights 11-30-13	
	%
Europe	32.9%
France	2.3%
Germany	0.0%
United Kingdom	9.0%
Asia	48.7%
Australia	0.0%
Hong Kong	5.1%
Japan	0.0%
Latin America	17.9%
Brazil	9.6%
Chile	0.9%
North America	0.4%
Canada	0.0%
United States	0.4%

Portfolio Information	
Expense Ratio	1.01%
12b-1 Fee Included	-
Morningstar Avg	1.57%
Min. Investment	\$0
Avg. Annual Turnover	29%

Year-End Assets (\$ Mil.)	
2013/11	\$18,542
2012	\$13,350
2011	\$8,206
2010	\$7,296
2009	\$2,519

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.

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)	<p>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.</p>
Sharpe Ratio	<p>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.</p>
Small Cap	<p>Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.</p>
Standard Deviation	<p>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.</p>
Top-Down Investment Approach	<p>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.</p>
Treynor Ratio	<p>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.</p>
Value Added	<p>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.</p>
Value Style Investing	<p>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.</p>