



State of Montana
401(a) Defined Contribution Plan

Michael C. Schlachter, CFA
Managing Director

First Quarter 2014

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Economic Highlights

- GDP:** Real GDP growth slowed during the fourth quarter of 2013 but was still solid at an annual rate of 2.6%, down from 4.1% during Q3. Experts are unsure about how much the unusually harsh winter is holding back growth but do generally expect any weather-related headwinds to continue into 2014. One sign of fundamental weakness is in existing home sales, particularly first-time home buyers.
Source: Dept. of Commerce (BEA)
- Interest Rates:** Rates in the long-end of the curve fell throughout January before trading in a relatively narrow band during the rest of the quarter. The ten-year Treasury yield, which entered the quarter at 3.04%, equaled 2.73% at quarter-end as concerns about global growth caused money to flow to Treasuries. With shorter-term yields relatively stable, the curve flattened to a level not seen since 3Q 2009, as measured by the spread between five and 30-year yields.
Source: US Treasury
- Inflation:** Growth in consumer prices slowed to begin 2014 with the Consumer Price Index up 0.1% in each of the first two months. The CPI rose 1.1% for the year ending February 28. The 10-year breakeven inflation rate closed the first quarter at 2.23%, nearly identical to the year-end figure.
Source: Dept. of Labor (BLS), US Treasury
- Employment:** Jobs growth has slowed during the past three months ending February. Total nonfarm jobs added averaged 129,000 during that period after averaging 205,000 during the previous six months. The unemployment rate fell from 7.0% in November to 6.7% in February, a level last seen in late-2008.
Source: Dept. of Labor (BLS)
- Housing:** Home prices stalled for the first time in a year as the S&P Case-Schiller 20-city Home Price Index was down for three straight months, with a total decline of -0.2% ending January, 2014. However for the past 12 months, the index was up an impressive 13.2%.
Source: S&P

Market Commentary

First Quarter 2014

Steven J. Foresti, Managing Director
 Michael Rush, CFA, Vice President
 Russell Walker, Vice President

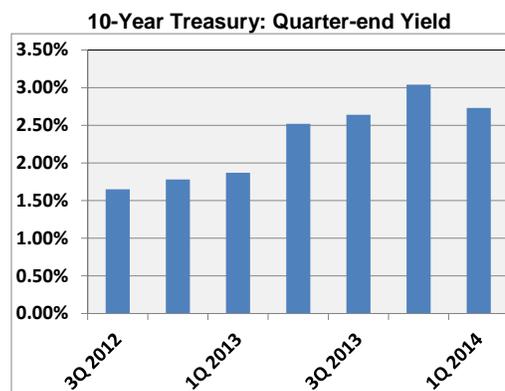
U.S. Equity Markets

The U.S. stock market, represented by the Wilshire 5000 Total Market IndexSM, was up 2.04% for the first quarter, posting its seventh consecutive quarterly gain. The index experienced highs and lows during the quarter, with a loss during January followed by a strong February and moderate gain in March. A global move towards safety effected most asset classes in January but investors became more comfortable with economic data as the quarter proceeded. The chair of the Federal Reserve changed hands in 2014 as Janet Yellen took the reins with the March meeting. Initial comments made by the chairwoman suggested a possible rate hike in mid-2015 although subsequent statements seemed to soften that position.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index SM	0.70	2.04	2.04	22.42
Standard & Poor's 500	0.84	1.81	1.81	21.86
Wilshire 4500 Completion Index SM	-0.64	2.71	2.71	25.87
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index SM	0.81	1.95	1.95	21.93
Wilshire US Large-Cap Growth Index SM	-1.17	1.04	1.04	24.96
Wilshire US Large-Cap Value Index SM	2.52	2.70	2.70	19.38
Wilshire US Small-Cap Index SM	-0.12	2.57	2.57	26.06
Wilshire US Small-Cap Growth Index SM	-1.53	2.16	2.16	30.67
Wilshire US Small-Cap Value Index SM	1.18	2.93	2.93	21.98
Wilshire US Micro-Cap Index SM	-1.92	4.46	4.46	35.00

Large capitalization stocks trailed smaller shares during the quarter with the Wilshire Large-Cap IndexSM up 1.95% vs. 2.57% for the Wilshire US Small-Cap IndexSM. Larger shares trailed during the past twelve months, as well, up 21.93% vs. a gain of 26.06% for small cap stocks. The Wilshire US Micro-Cap IndexSM has been even stronger than small caps for both the quarter and one-year, rising 4.46% and 35.00%, respectively. Growth stocks trailed value during the first quarter; up 1.04% vs. 2.70% in the large-cap segment and 2.16% vs. 2.93% for small caps.

Most economic sectors showed gains during the quarter, as Utilities and Health Care led other groups higher with moves of 9.57% and 5.83%, respectively. Consumer Discretionary, after a monster 2013, trailed all other sectors and produced the quarter's only negative return, down -2.13%. Consumer Discretionary was the best performing sector during 2013, up 44.33%, but investors sought more stable growth companies to begin the new-year.



Source: U.S. Treasury

After five straight quarters where the U.S. Treasury yield curve pushed higher, yields fell during the first quarter of 2014. The nearby chart shows the yield on the benchmark 10-Year Treasury at quarter-end, back to 3Q 2012. The biggest move occurred in January when a flight to safety was triggered by concerns of global weakness, spurred by a manufacturing slowdown in China and increased volatility in emerging market currencies. Of equal note, the curve flattened as the spread between the five and 30 year Treasury fell to its lowest level since late-2009.

Non-U.S. Equity Markets

Global stock markets dealt with lingering concerns over economic and political uncertainty, especially in emerging market economies; the turmoil between Russia and Ukraine late in the quarter exacerbated tensions and drove some investors into safe haven trades, including gold and U.S. Treasuries. However, developed markets managed meager gains overall; European stocks exhibited stronger performance than Asia-Pacific equities, as stronger economic growth and attractive fundamentals brought buyers back into the fold. Emerging market stocks ended the quarter with slight losses, despite gains in March.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	0.26	0.51	0.51	12.31	0.10	0.07	0.07	12.64
MSCI EAFE	-0.64	0.66	0.66	17.56	-0.50	-0.28	-0.28	15.41
MSCI Europe	-1.02	2.10	2.10	24.50	-0.65	1.82	1.82	15.72
MSCI Pacific	0.07	-2.51	-2.51	5.06	-0.28	-4.68	-4.68	14.23
MSCI Japan	-1.29	-5.61	-5.61	7.53	-0.40	-7.51	-7.51	17.78
MSCI EM (Emerging Markets)	3.07	-0.43	-0.43	-1.43	1.90	-0.53	-0.53	3.40
MSCI ACWI ex U.S. Small Cap	0.13	3.47	3.47	16.28	0.08	3.00	3.00	17.55

Fixed Income Markets

Global economic uncertainties and geopolitical events drove many investors to seek safety in U.S. Treasuries, driving yields lower in maturities past five years. The bellwether 10-year U.S. Treasury ended the quarter at 2.73%, 31 basis points lower than its level on December 31, 2013. In contrast, despite overnight rates maintaining their near-zero levels, most short-maturity yields rose over the quarter, flattening the yield curve and leading to exceptionally strong performance by long-dated Treasury paper. Credit yield spreads tightened over the quarter as well, buoying performance for investment-grade and high-yield corporate bonds.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	-0.17	1.84	1.84	-0.10
Barclays Long Govt./Credit	0.75	6.55	6.55	-0.88
Barclays Long Term Treasury	0.66	7.10	7.10	-4.18
Barclays U.S. TIPS	-0.47	1.95	1.95	-6.49
Barclays U.S. Credit	0.12	2.91	2.91	1.02
Barclays U.S. Corporate High Yield	0.24	2.98	2.98	7.54
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	-0.07	2.40	2.40	1.88
Barclays Global Aggregate (Hedged)	0.10	2.04	2.04	1.32
Barclays EM Local Currency Government Universal	1.56	1.68	1.68	-3.16
Barclays EM Local Currency Govt Univ (Hedged)	0.38	1.02	1.02	-3.03

Real Estate & Commodity Markets

U.S. real estate-related stocks began 2014 with a strong rally, exhibiting the best performance among the broad Real Assets sectors. Commodities also yielded notable gains in the first quarter; crude oil ended the quarter with a 3.7% price gain, while natural gas jumped 6.6%. Gold, a classic safe-haven real asset, reversed its 2013 slump with a 6.7% price gain. MLP performance in the first quarter was muted, especially in comparison with the solid returns seen in this sector in 2013.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI SM	0.93	9.99	9.99	4.61
Wilshire Global ex US RESI SM	0.38	1.78	1.78	0.82
Wilshire Global RESI SM	0.68	6.14	6.14	2.87
Dow Jones UBS Commodity Index	0.41	6.99	6.99	-2.10
S&P GSCI Commodity	0.14	2.94	2.94	1.13
Alerian MLP Index	1.45	1.87	1.87	8.54

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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	Probation	2013 Q4
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	Probation	2013 Q4
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 March 31, 2014: \$ 121,398,702

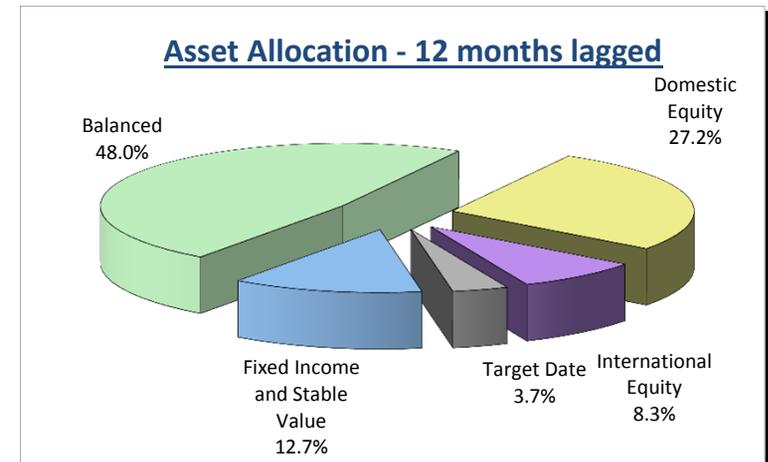
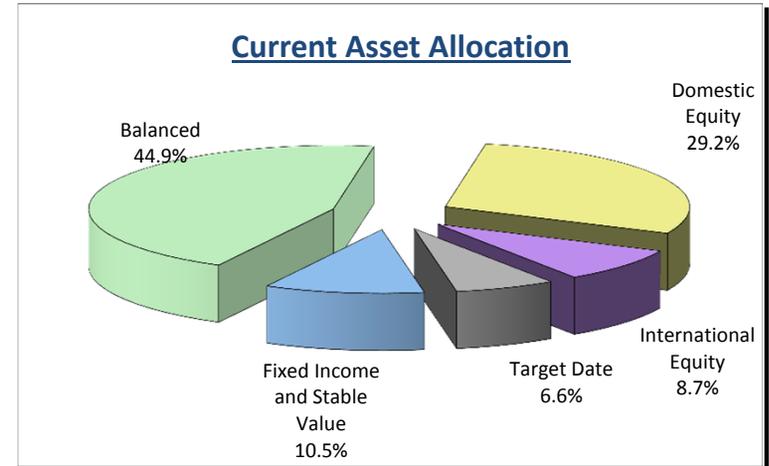
Change from previous quarter: \$ 3,333,482

State of Montana 401(a) Defined Contribution Plan
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Asset Allocation as of March 31, 2014

Asset Class	# of Participants	Market Value	%
Fixed Income and Stable Value		12,778,766	10.5%
Montana Stable Value	390	10,373,975	8.5%
Vanguard Total Bond Market Index	379	2,404,791	2.0%
Balanced		54,509,740	44.9%
Vanguard Balanced Index	1,728	54,509,740	44.9%
Domestic Equity		35,487,178	29.2%
Large Cap		16,457,043	13.6%
Alger Capital Appreciation Z	472	6,796,405	5.6%
JP Morgan US Equity	237	2,423,275	2.0%
BlackRock Equity Index	169	1,450,122	1.2%
Vanguard Equity Income	423	5,787,241	4.8%
Mid Cap		8,128,361	6.7%
Munder Mid Cap Core Growth	377	3,376,150	2.8%
MFS Mid Cap Value R5	471	4,752,210	3.9%
Small Cap		10,901,774	9.0%
Vanguard Small Cap Growth Index	404	4,180,102	3.4%
Vanguard Small Cap Index	350	3,598,428	3.0%
Target Small Capitalization Value	340	3,123,244	2.6%
International Equity		10,582,174	8.7%
American Funds New Perspective	463	4,910,449	4.0%
Vanguard Total International Stock Index	191	959,740	0.8%
Oarkmark International	439	4,355,701	3.6%
Oppenheimer Developing Markets	64	356,284	0.3%
Target Date		8,040,844	6.6%
STATE OF MONTANA 401(a) TOTAL		\$ 121,398,702	



**State of Montana 401(a) Defined Contribution Plan
First Quarter 2014**



Montana Stable Value	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Intermediate Gov/Credit FI							
Montana Stable Value	0.69	(1.27)	2.93	6.06	--	--	--
Barclays Int Gov/Credit Bond + 0.35%	1.09	0.22	3.48	4.53	--	--	--

Fund Narrative
First quarter performance lagged the benchmark, as well as for the 1- and 3-year. However, the 5-year still outperformed. Current Status: Retention, no change recommended.

Vanguard Total Bond Index	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Intermediate Fixed Income							
Vanguard Total Bond Index	1.91	(0.21)	3.71	4.71	69th	75th	85th
Barclays Aggregate	1.84	(0.10)	3.75	4.80	62nd	73rd	83rd
Intermediate Fixed MF Median	2.05	0.31	4.36	6.86			
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 do not meet the State's criteria. Current Status: Probation, while a replacement search is in progress.

Vanguard Balanced Index	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Balanced							
Vanguard Balanced Index	1.99	13.06	10.47	15.20	32nd	19th	28th
60% Wilshire 5000 / 40% Barclays Agg	2.01	13.03	10.29	15.00	32nd	20th	30th
Balanced MF Median	1.65	11.65	7.96	13.95			
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
Alger Capital Appreciation Z	0.85	24.85	14.41	22.17	33rd	24th	14th
Wilshire Large Growth Index	1.96	25.06	14.61	22.04	27th	31st	16th
Large Cap Growth MF Median	0.16	23.00	13.21	19.77			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative

This large growth fund replaced the American Funds Growth Fund of America in 2Q2012. The fund trailed the benchmark this quarter and the 3-year but outperformed over the 5-year. However, this fund 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
JP Morgan US Equity	1.75	25.07	15.16	21.65	14th	18th	18th
S&P 500 Index	1.81	21.86	14.66	21.16	50th	29th	26th
Large Cap Core MF Median	1.75	21.86	13.64	19.89			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative

This large cap core fund slightly underperformed the benchmark for the quarter, but 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
BlackRock Equity Index (S&P 500)	1.69	21.30	14.19	20.69	63rd	36th	32nd
S&P 500 Index	1.81	21.86	14.66	21.16	50th	29th	26th
Large Cap Core MF Median	1.75	21.86	13.64	19.89			
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 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	2.34	19.74	16.26	21.79	83rd	4th	9th
FTSE High Dividend Yield Index	1.97	18.74	16.15	21.89	93rd	4th	8th
Russell 1000 Value Index	3.02	21.57	14.80	21.75	57th	16th	10th
Large Cap Value MF Median	2.26	21.93	13.38	19.82			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative
<p>This large value fund changed benchmarks from the Russell 1000 Value Index to the FTSE High Dividend Yield Index. The manager outperformed for the quarter, 1- and 3-year, but slightly lagged over the 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.</p>

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	1.70	20.35	12.93	22.58	83rd	26th	64th
Russell Mid Cap Index	3.53	23.51	14.39	25.55	51st	10th	5th
Wilshire Mid Growth Index	3.26	30.33	13.58	26.91	4th	16th	2nd
Mid Cap Growth MF Median	1.26	23.57	12.05	22.83			
Morningstar Rating	n/a	n/a	★★★	★★★			

Fund Narrative
<p>The fund trailed the benchmark for the quarter and for all other time periods but 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 was placed back on probation last quarter. Current Status: Probation, no change recommended.</p>

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	3.55	25.13	15.21	26.23	30th	22nd	23rd
Russell Mid Cap Value Index	5.22	22.95	15.17	26.35	49th	23rd	21st
Mid Cap Value MF Median	3.34	22.78	13.96	23.73			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

Fund Narrative
<p>This new fund replaced the Janus/Perkins Mid Value fund. MFS underperformed the benchmark this quarter and the 5-year time periods. However, the manager led 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.</p>

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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	1.58	24.75	13.58	26.96	61st	43rd	18th
CRSP Small Cap Growth Index	1.60	25.83	12.61	25.50	55th	58th	35th
Small Cap Growth MF Median	0.40	26.28	13.09	24.71			
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	2.60	25.28	14.34	26.80	42nd	29th	20th
CRSP Small Cap Index	2.62	25.33	14.75	27.54	38th	20th	14th
Small Cap Core MF Median	1.24	24.65	12.96	24.42			
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 slightly 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	1.30	22.49	12.95	23.35	47th	58th	65th
Russell 2000 Value Index	1.78	22.65	12.74	23.33	46th	60th	65th
Small Cap Value MF Median	1.25	22.18	13.31	25.29			
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 slightly lags the median for the 3- and 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		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Global Equity							
American Funds New Perspective	0.27	19.68	10.85	18.81	38th	28th	30th
MSCI AC World Index	1.08	16.55	8.55	17.80	73rd	72nd	50th
World Equity MF Median	1.17	18.74	10.00	17.67			
Morningstar Rating	n/a	n/a	★★★	★★★			

Fund Narrative

This global equity fund trailed 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		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: International Equity							
Oakmark International	0.80	23.75	12.28	23.73	7th	3rd	2nd
MSCI EAFE Value Index	1.22	20.25	7.16	16.11	20th	37th	42nd
Non-US Equity MF Median	0.54	16.17	6.35	15.83			
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 1-year and longer 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		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: International Equity							
Vanguard Total Int'l Stock Index	0.77	12.71	4.35	15.36	76th	79th	61st
FTSE Global All Cap ex-US Index	0.98	13.32	4.68	16.72	72nd	75th	31st
Non-US Equity MF Median	0.54	16.17	6.35	15.83			
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 lagged the benchmark for the quarter and trails the benchmark and median over all time periods except for the quarter, and now has 2- and 3-star Morningstar ratings. The manager will be closely monitored. **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
Style: Emerging Markets Equity							
Oppenheimer Developing Mkts Y	(1.73)	6.61	2.32	19.90	9th	12th	4th
MSCI Emerging Markets Index	(0.43)	(1.43)	(2.86)	14.48	42nd	58th	56th
Emerging Markets Equity MF Median	(0.84)	(1.95)	(2.35)	14.81			
Morningstar Rating	n/a	n/a	★★★★	★★★★★			

Fund Narrative

This emerging markets fund posted a lagging return versus its benchmark this quarter but grealy leads the benchmark for all other time periods. The fund has 4- and 5-star Morningstar ratings and returns far greater than the median over the 3- and 5-year periods to meet the State's minimum requirements. **Current Status: Retention, no change recommended.**

Target Date Funds Performance

401(a) - T. ROWE PRICE TARGET DATE FUNDS									
Fund Name	Ticker	Morningstar Rating	Quarter	YTD	1-Year	3-Year	5-Year	Market Value	# of Participants
T. Rowe Price Retirement 2005	TRRFX	★★★★★	1.71	1.71	7.88	6.84	12.78	\$176,070.10	26
Dow Jones Target Global Date 2005 Index			2.01	2.01	3.10	4.33	7.67		
T. Rowe Price Retirement 2010	TRRAX	★★★★★	1.69	1.69	9.38	7.48	14.25	\$ 73,826.94	12
Dow Jones Target Global Date 2010 Index			2.09	2.09	3.98	4.78	8.74		
T. Rowe Price Retirement 2015	TRRGX	★★★★★	1.60	1.60	11.66	8.44	15.89	\$ 376,604.95	40
Dow Jones Target Global Date 2015 Index			2.07	2.07	5.43	5.50	10.33		
T. Rowe Price Retirement 2020	TRRBX	★★★★★	1.62	1.62	13.75	9.27	17.33	\$ 462,926.26	59
Dow Jones Target Global Date 2020 Index			2.02	2.02	7.67	6.49	12.31		
T. Rowe Price Retirement 2025	TRRHX	★★★★★	1.56	1.56	15.68	9.95	18.48	\$ 1,179,198.12	92
Dow Jones Target Global Date 2025 Index			1.95	1.95	10.00	7.47	14.51		
T. Rowe Price Retirement 2030	TRRCX	★★★★★	1.51	1.51	17.26	10.54	19.42	\$ 833,801.99	78
Dow Jones Target Global Date 2030 Index			1.88	1.88	12.24	8.31	16.50		
T. Rowe Price Retirement 2035	TRRJX	★★★★★	1.41	1.41	18.47	10.89	20.00	\$ 1,560,563.12	97
Dow Jones Target Global Date 2035 Index			1.81	1.81	14.21	9.03	18.10		
T. Rowe Price Retirement 2040	TRRDY	★★★★★	1.42	1.42	19.23	11.21	20.24	\$ 831,437.70	91
Dow Jones Target Global Date 2040 Index			1.75	1.75	15.67	9.58	19.14		
T. Rowe Price Retirement 2045	TRRKX	★★★★★	1.34	1.34	19.17	11.21	20.20	\$ 1,096,655.11	129
Dow Jones Target Global Date 2045 Index			1.73	1.73	16.47	9.91	19.54		
T. Rowe Price Retirement 2050	TRRMX	★★★★★	1.38	1.38	19.24	11.24	20.22	\$ 917,902.51	108
Dow Jones Target Global Date 2050 Index			1.72	1.72	16.59	9.97	19.58		
T. Rowe Price Retirement 2055	TRRNK	★★★★	1.40	1.40	19.25	11.23	20.26	\$ 507,479.04	55
Dow Jones Target Global Date 2055 Index			1.72	1.72	16.59	9.97	19.58		
T. Rowe Price Retirement Income	TRRIX	★★★★	1.43	1.43	7.12	6.26	11.37	\$ 24,377.85	11
Dow Jones Target Global Date Today Index			1.98	1.98	3.00	4.27	7.25		
TOTAL								\$8,040,843.69	

State of Montana 401(a) Defined Contribution Plan
First Quarter 2014



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	★★	5.47	7.50	AA	1.9%	1.9%	-0.2%	3.7%	4.7%	4.4%
Barclays Aggregate					1.8%	1.8%	-0.1%	3.7%	4.8%	4.5%
Interm Fixed MF Median					2.1%	2.1%	0.3%	4.4%	6.9%	4.5%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.92	-0.12	1.24	0.24	2.85	1.29
5-Year	2.91	-0.21	1.57	0.28	2.82	1.65

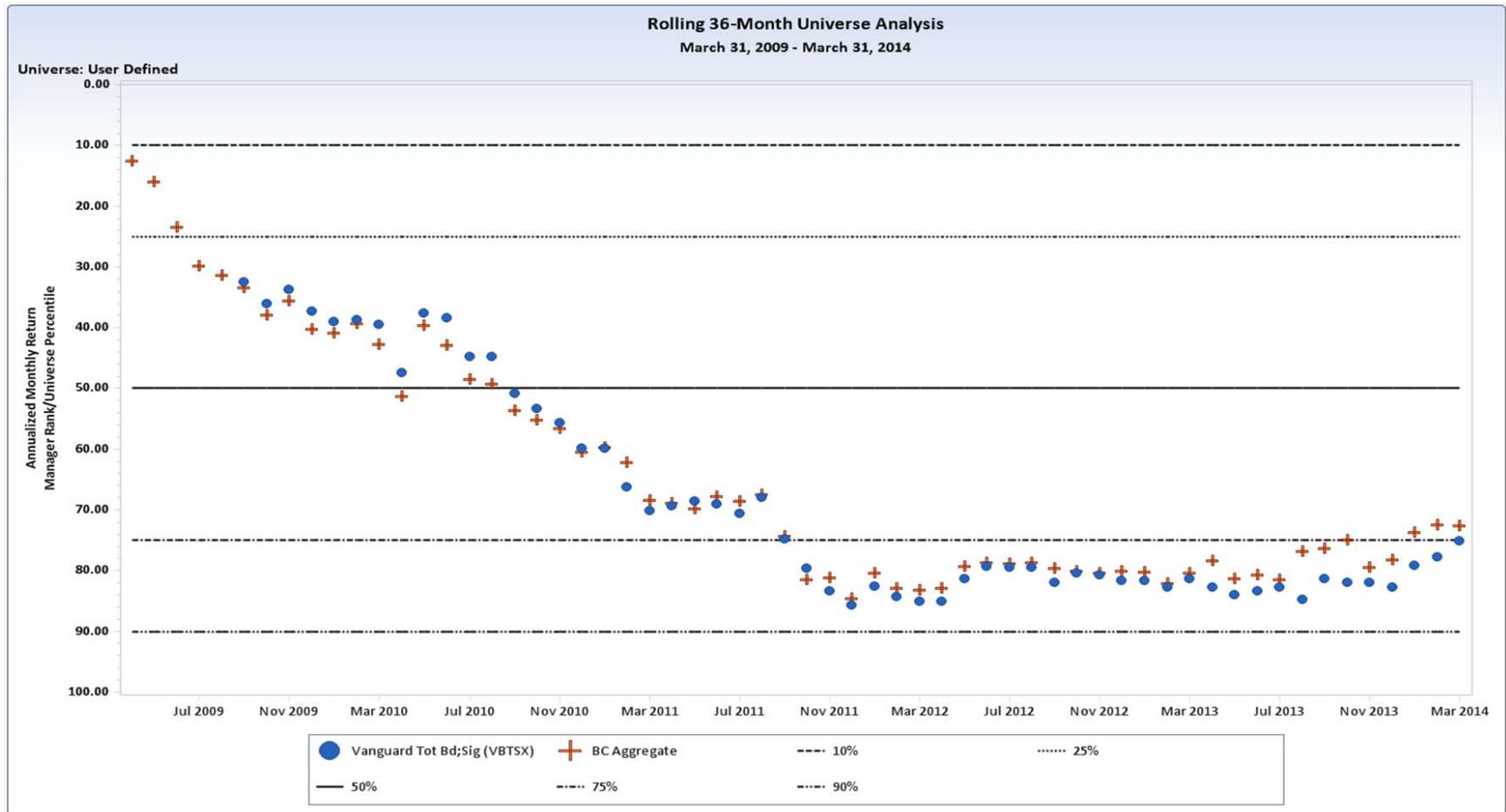
Portfolio Characteristics 2-28-14	
Credit Quality	%
US Gov't/Agency/AAA	70.4%
AA	4.2%
A	12.5%
BBB	12.9%
< BBB	0.0%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	24.1%
3 - 5 yrs.	17.5%
5 - 7 yrs.	11.3%
7 - 10 yrs.	9.3%
10 - 15 yrs.	4.0%
15 - 20 yrs.	4.5%
20 + yrs.	29.3%

Sector Weights 2-28-14	
	%
Government	45.96%
Municipal	0.92%
Credit	23.94%
Securitized	25.66%
Cash & Equivalent	3.52%
Other	0.00%

Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Category Average	0.89%
Minimum Investment	\$0

Year-End Assets (\$ Mil.)	
2014/03	\$9,994
2013	\$10,276
2012	\$12,586
2011	\$10,939
2010	\$8,813
2009	\$8,450

Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional Ticker: VBAIX

Fund Strategy
The fund is 60% stocks and 40% bonds. It tracks the Wilshire 5000 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	★★★★	\$37,094	10,621	2.0%	2.0%	13.1%	10.5%	15.2%	7.0%
US Balanced Index				2.0%	2.0%	13.0%	10.3%	15.0%	6.8%
Balanced MF Median				1.7%	1.7%	11.7%	8.0%	14.0%	6.0%

	Manager Statistics				Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	7.59	0.89	2.95	1.35	1.79	7.54	1.35
5-Year	8.52	0.90	2.43	1.70	1.85	8.49	1.75

Top 10 Holdings 2-28-14	
Company	% of Portfolio
Apple Inc	1.34%
ExxonMobil Corporation	1.19%
Google, Inc. Class A	0.95%
Microsoft Corporation	0.81%
Johnson & Johnson	0.73%
General Electric Co	0.73%
Wells Fargo & Co	0.69%
Chevron Corp	0.63%
Procter & Gamble Co	0.60%
JPMorgan Chase & Co	0.60%

Sector Weights 2-28-14	
Basic Materials	3.7%
Communication Services	3.6%
Consumer Cyclical	11.7%
Consumer Defensive	8.8%
Healthcare	13.0%
Industrial	12.4%
Real Estate	3.4%
Technology	17.0%
Energy	9.1%
Financials	14.4%
Utilities	3.0%

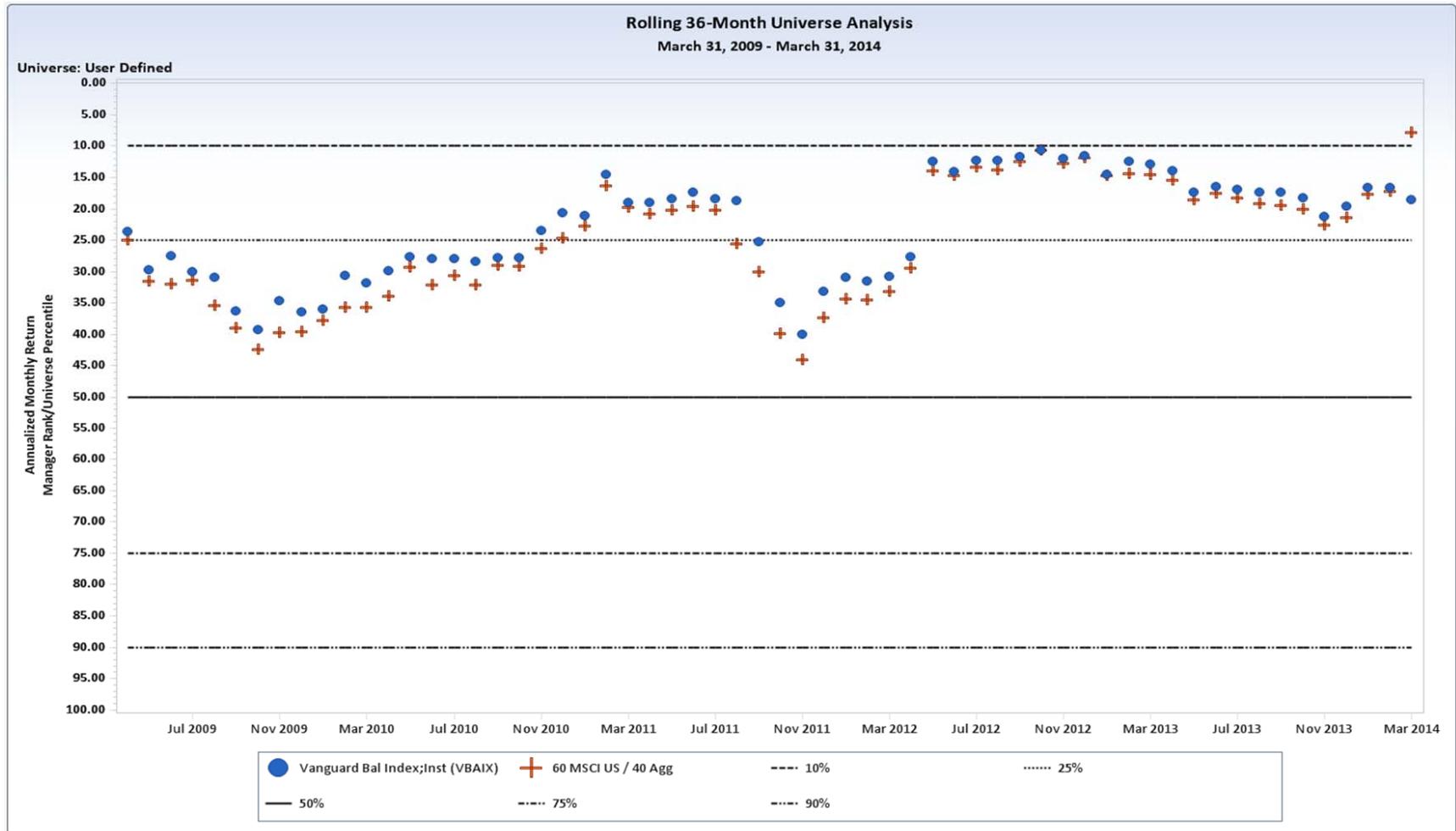
Portfolio Information	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.04%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	47%

Fixed Income Characteristics 2-28-14	
Avg. Duration (yrs.)	5.46
Avg. Maturity (yrs.)	7.50
Avg. Quality	AA

Sector Weights 2-28-14	
<i>versus Barclays Aggregate</i>	%
Government	44.7%
Securitized	24.1%
Credit	23.3%
Municipal	0.8%
Cash & Equivalents	7.1%
Other	0.0%

Year-End Assets (\$ Mil.)	
2014/03	\$6,684
2013	\$6,938
2012	\$5,554
2011	\$4,224
2010	\$3,446
2009	\$2,869
2008	\$2,299
2007	\$2,901

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	★★★★	\$50,051	131	0.9%	0.9%	24.9%	14.4%	22.2%	10.4%
Wilshire Large Growth				2.0%	2.0%	25.1%	14.6%	22.0%	8.3%
Large Cap Growth MF Median				0.2%	0.2%	23.0%	13.2%	19.8%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.51	1.12	-1.65	1.00	4.30	13.94	-	1.05
5-Year	15.97	1.10	-0.92	1.34	4.41	15.41	-	1.37

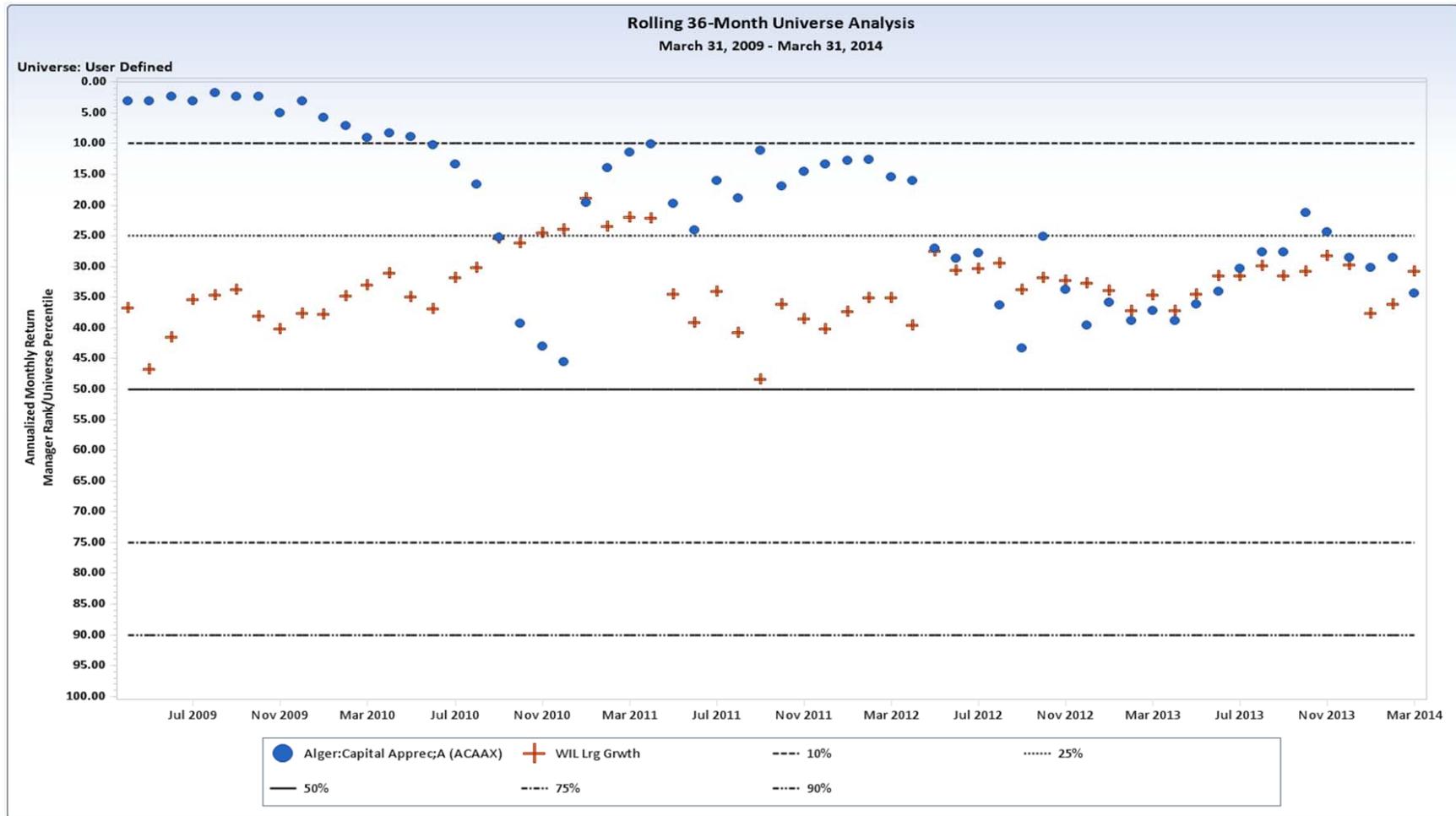
Top 10 Holdings 12-31-13	
Company	% of Portfolio
Apple, Inc.	4.81%
Google, Inc Class A	3.92%
Facebook Inc Class A	2.76%
Amazon.com Inc	2.67%
CVS Caremark Corp	2.28%
Gilead Sciences Inc	2.21%
Visa, Inc. Class A	2.08%
Home Depot, Inc.	2.03%
General Motors Co	1.69%
eBay Inc	1.57%

Sector Weights 12-31-13	
Basic Materials	3.1%
Communication Services	3.6%
Consumer Cyclical	25.0%
Consumer Defensive	6.8%
Healthcare	15.3%
Industrial	9.8%
Real Estate	0.3%
Technology	22.7%
Energy	3.7%
Financials	9.6%
Utilities	0.0%

Portfolio Information	
Expense Ratio	0.93%
12b-1 Fee Included	-
Morningstar Average	1.23%
Minimum Investment	\$500,000
Avg. Annual Turnover	124%

Year-End Assets (\$ Mil.)	
2014/03	\$213
2013	\$193
2012	\$48
2011	\$77

Large Cap Growth Universe



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	★★★★	\$66,358	218	1.8%	1.8%	25.1%	15.2%	21.6%	8.7%
S & P 500				1.8%	1.8%	21.9%	14.7%	21.2%	7.4%
Large Cap Core MF Median				1.8%	1.8%	21.9%	13.6%	19.9%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.90	1.10	-0.88	1.08	2.30	12.47	-	1.16
5-Year	14.96	1.06	-0.69	1.39	1.97	13.99	-	1.44

Top 10 Holdings 2-28-14	
Company	% of Portfolio
Johnson & Johnson	3.56%
Google, Inc Class A	2.96%
Exxon Mobil Corporation	2.63%
Apple Inc	2.47%
Wells Fargo & Co	2.44%
Time Warner Inc	2.38%
Schlumberger NV	2.14%
United Technologies Corp	2.06%
Microsoft Corporation	1.82%
UnitedHealth Group	1.74%

Sector Weights 2-28-14	
Basic Materials	4.0%
Communication Services	3.9%
Consumer Cyclical	14.7%
Consumer Defensive	6.5%
Healthcare	13.9%
Industrial	11.1%
Real Estate	0.5%
Technology	17.8%
Energy	9.9%
Financials	15.6%
Utilities	2.1%

Portfolio Information	
Expense Ratio	0.59%
12b-1 Fee Included	-
Morningstar Average	1.09%
Minimum Investment	\$0

Year-End Assets (\$ Mil.)	
2014/03	\$453
2013	\$442
2012	\$407
2011	\$284
2010	\$162

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)	★★★	\$67,028	1	1.7%	1.7%	21.3%	14.2%	20.7%	7.0%
S & P 500				1.8%	1.8%	21.9%	14.7%	21.2%	7.4%
Large Cap Core MF Median				1.8%	1.8%	21.9%	13.6%	19.9%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.47	1.00	-0.42	1.13	0.03	12.47	-	1.16
5-Year	13.99	1.00	-0.39	1.42	0.04	13.99	-	1.44

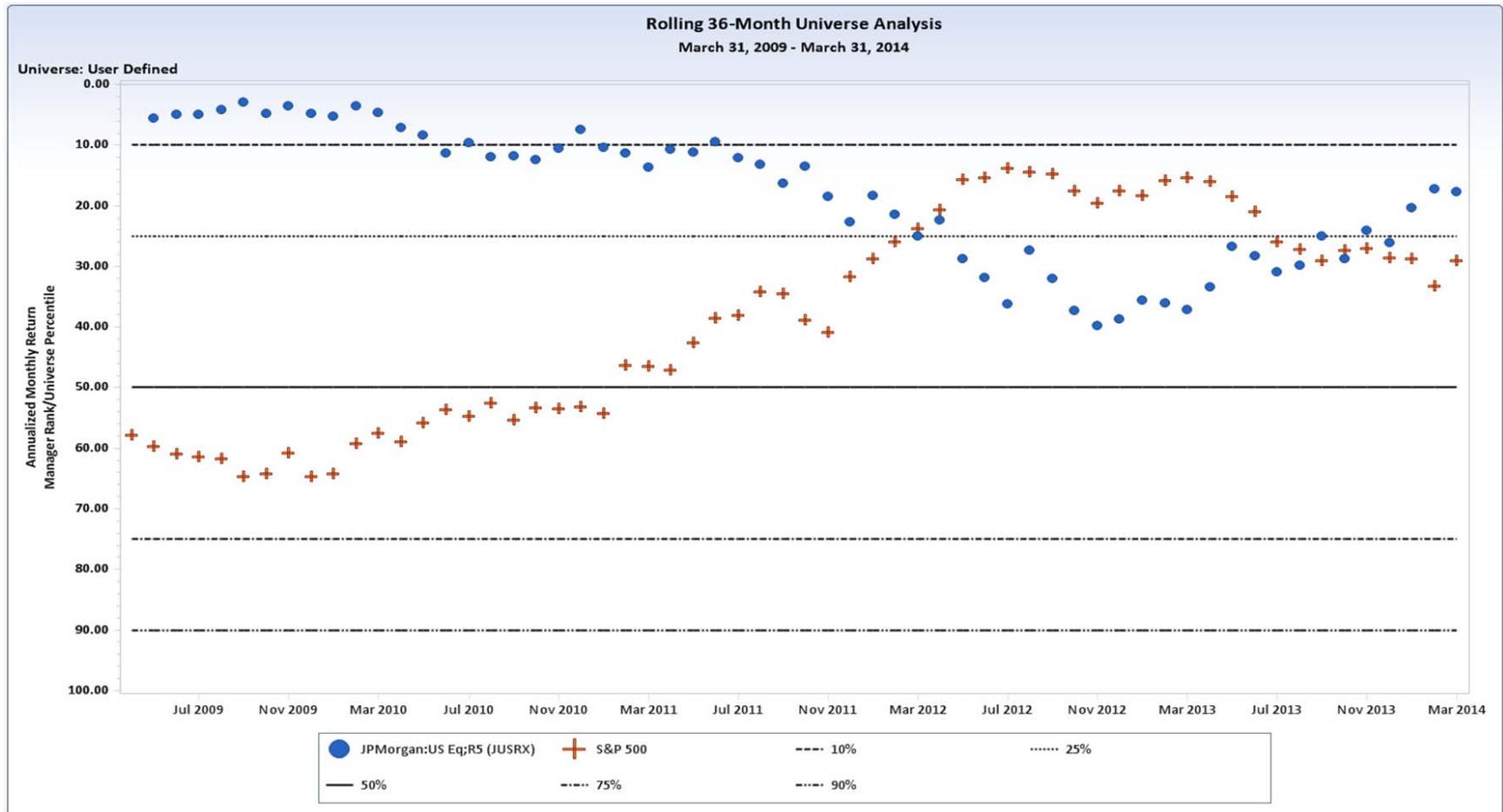
Top 10 Holdings 9-30-13	
Company	% of Portfolio
Apple, Inc.	2.90%
ExxonMobil Corporation	2.53%
Microsoft Corporation	1.69%
Google, Inc Class A	1.64%
Johnson & Johnson	1.63%
General Electric Co	1.63%
Chevron Corp	1.57%
Procter & Gamble Co	1.38%
Berkshire Hathaway Inc	1.37%
Wells Fargo & Co	1.34%

Sector Weights 12-31-13	
Basic Materials	3.4%
Communication Services	3.6%
Consumer Cyclical	11.3%
Consumer Defensive	10.4%
Healthcare	12.6%
Industrial	11.7%
Real Estate	1.7%
Technology	16.9%
Energy	10.2%
Financials	15.4%
Utilities	2.9%

Portfolio Information	
Expense Ratio	0.48%
12b-1 Fee Included	0.25
Morningstar Average	1.09%
Minimum Investment	\$1,000
Avg. Annual Turnover	2%

Year-End Assets (\$ Mil.)	
2014/03	\$1,061
2013	\$1,048
2012	N/A
2011	N/A

Large Cap Core Universe



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	★★★★★	\$78,104	173	2.3%	2.3%	19.7%	16.3%	21.8%	8.8%
FTSE High Dividend Yield Idx				2.0%	2.0%	18.7%	16.2%	21.9%	4.4%
Russell 1000 Value Index				3.0%	3.0%	21.6%	14.8%	21.8%	7.6%
Large Cap Value MF Median				2.3%	2.3%	21.9%	13.4%	19.8%	6.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	10.81	0.83	3.69	1.45	3.84	10.53	-	1.16
5-Year	12.30	0.86	3.24	1.67	3.48	12.79	-	1.35

Top 10 Holdings 12-31-13

Company	% of Portfolio
Johnson & Johnson	3.87%
Exxon Mobil Corporation	3.72%
Chevron Corp	3.41%
Wells Fargo & Co	3.37%
Microsoft Corporation	3.26%
General Electric Co	2.76%
JPMorgan Chase & Co	2.68%
Merck & Co Inc	2.60%
Verizon Communications Inc	2.37%
Pfizer Inc	2.12%

Sector Weights 12-31-13

Basic Materials	3.2%
Communication Services	4.4%
Consumer Cyclical	6.9%
Consumer Defensive	12.9%
Healthcare	12.7%
Industrial	14.9%
Real Estate	0.0%
Technology	11.1%
Energy	12.2%
Financials	15.6%
Utilities	6.1%

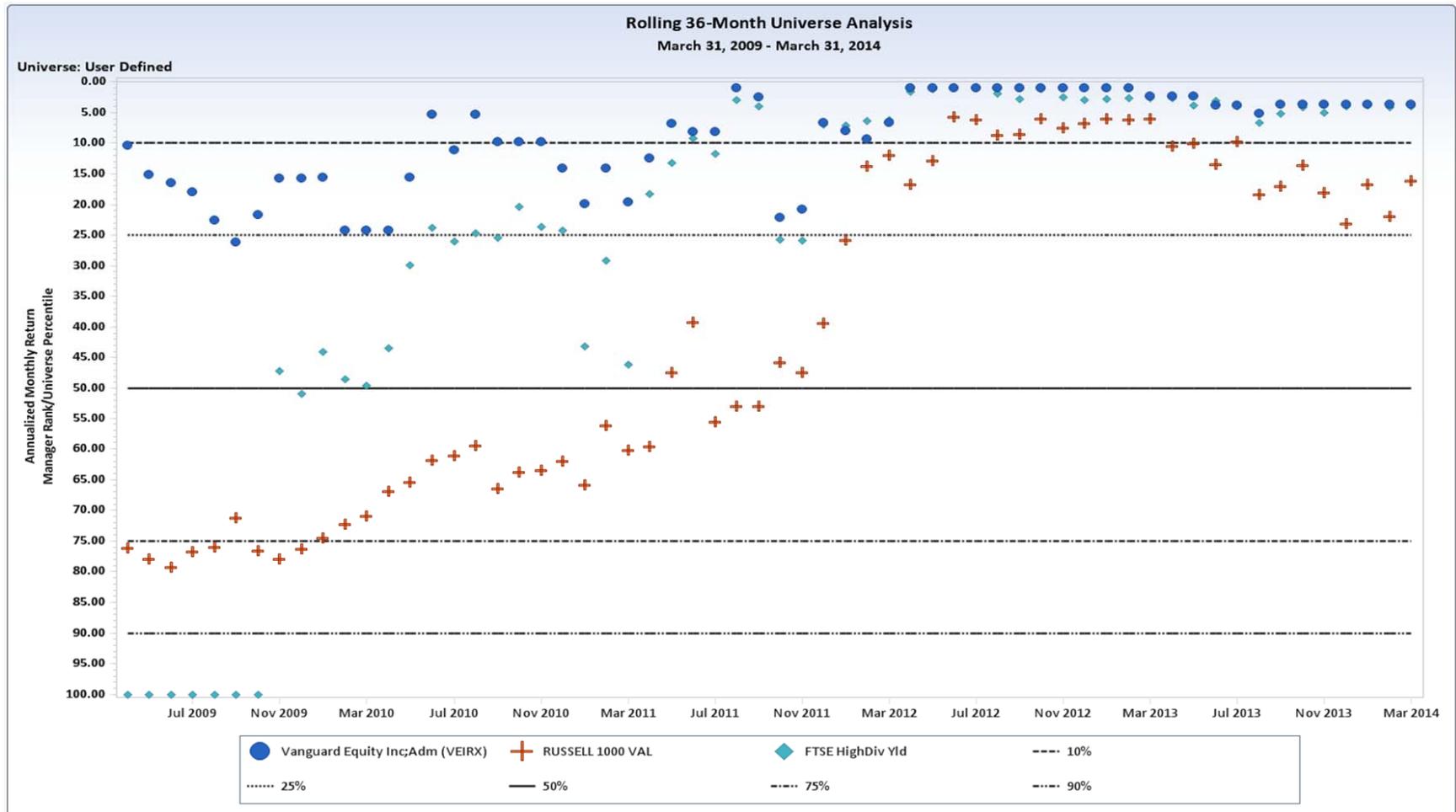
Portfolio Information

Expense Ratio	0.21%
12b-1 Fee Included	-
Morningstar Average	1.16%
Minimum Investment	\$50,000
Avg. Annual Turnover	34%

Year-End Assets (\$ Mil.)

2014/03	\$10,791
2013	\$10,290
2012	\$5,725
2011	\$3,292

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	★★★	\$8,532	83	1.7%	1.7%	20.3%	12.9%	22.6%	9.6%
Russell Mid Cap Index				3.5%	3.5%	23.5%	14.4%	25.6%	10.1%
Mid Cap Growth MF Median				1.3%	1.3%	23.6%	12.1%	22.8%	8.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.93	1.15	-3.34	0.89	4.63	14.55	-	1.00
5-Year	15.33	1.04	0.68	1.41	5.06	16.59	-	1.46

Top 10 Holdings 12-31-13

Company	% of Portfolio
Affiliated Managers Group	2.57%
Invesco Ltd.	1.89%
Lincoln National Corp	1.87%
NiSource Inc	1.85%
SBA Communications Corp	1.76%
Tupperware Brands Corp	1.75%
Liberty Media Corp Class A	1.73%
Airgas Inc	1.72%
LKQ Corporation	1.67%
Fifth Third Bancorp	1.54%

Sector Weights 12-31-13

Basic Materials	6.6%
Communication Services	1.8%
Consumer Cyclical	19.4%
Consumer Defensive	5.4%
Healthcare	7.6%
Industrial	13.6%
Real Estate	3.5%
Technology	15.9%
Energy	7.0%
Financials	15.3%
Utilities	3.8%

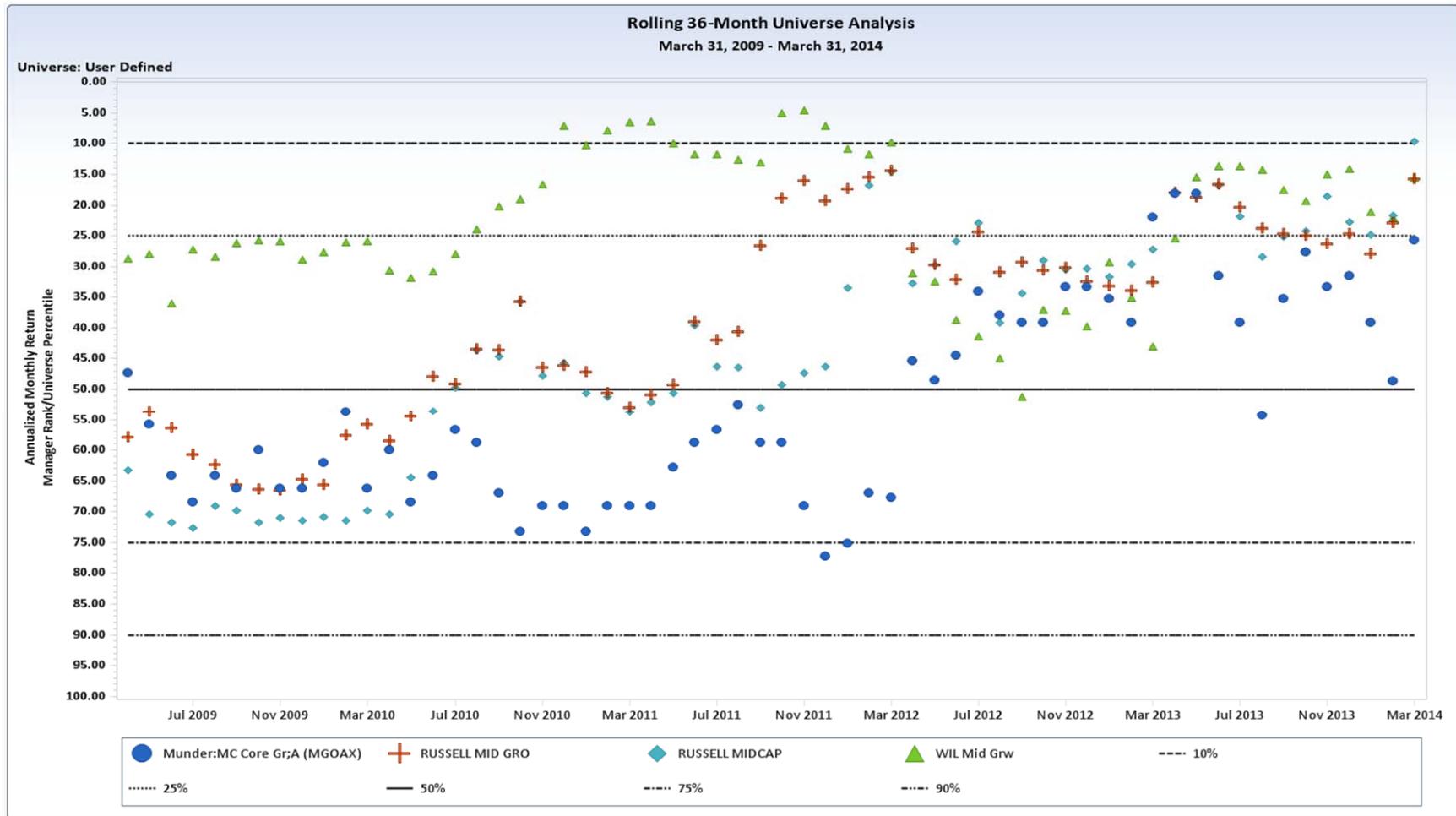
Portfolio Information

Expense Ratio	1.33%
12b-1 Fee Included	0.25%
Morningstar Average	1.34%
Minimum Investment	\$2,500
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)

2014/03	\$1,462
2013	\$1,494
2012	\$1,193
2011	\$1,249

Mid Cap Growth Universe



State of Montana 401(a) Defined Contribution Plan
First Quarter 2014



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.

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	★★★★	\$8,099	165	3.5%	3.5%	25.1%	15.2%	26.2%	9.0%
Russell Mid Cap Value Index				5.2%	5.2%	23.0%	15.2%	26.4%	10.2%
Mid Cap Value MF Median				3.3%	3.3%	22.8%	14.0%	23.7%	9.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.11	1.10	-0.69	1.07	3.66	14.13	-	1.07
5-Year	15.98	1.11	2.34	1.54	4.31	16.72	-	1.49

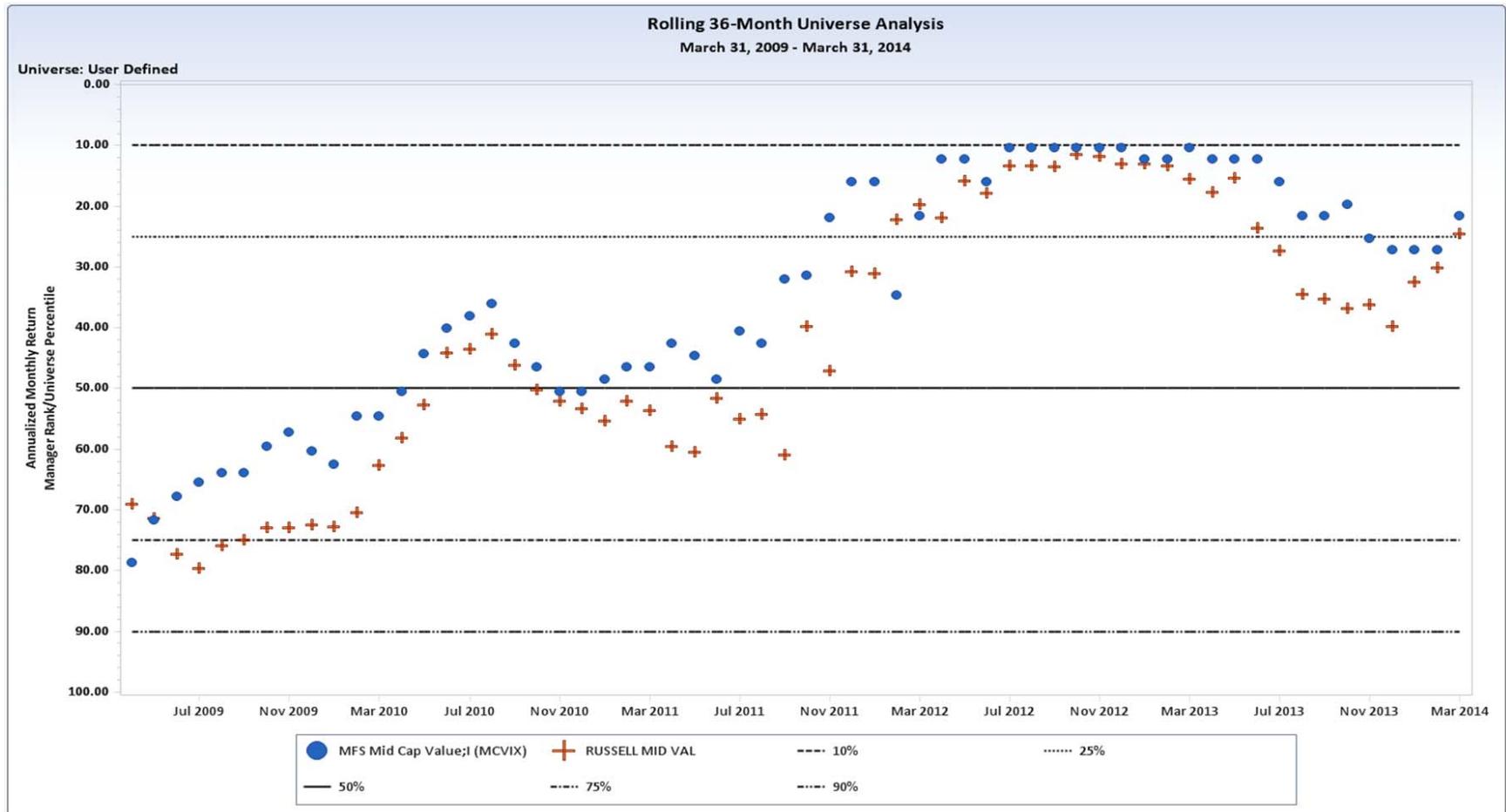
Top 10 Holdings 2-28-14	
Company	% of Portfolio
PerkinElmer Inc	1.19%
Newell Rubbermaid Inc	1.15%
Crown Holdings Inc	1.12%
BB&T Corp	1.10%
Xerox Corporation	1.00%
Northeast Utilities	0.97%
TCF Financial Corporation	0.97%
Stanley Black & Decker Inc	0.95%
Lincoln National Corp	0.94%
Delphi Automotive PLC	0.93%

Sector Weights 2-28-14	
Basic Materials	8.3%
Communication Services	2.5%
Consumer Cyclical	14.0%
Consumer Defensive	7.7%
Healthcare	9.3%
Industrial	10.4%
Real Estate	4.0%
Technology	8.4%
Energy	8.5%
Financials	19.1%
Utilities	7.8%

Portfolio Information	
Expense Ratio	0.88%
12b-1 Fee Included	-
Morningstar Average	1.28%
Minimum Investment	\$0
Avg. Annual Turnover	35%

Year-End Assets (\$ Mil.)	
2014/03	\$1,262
2013	\$1,195
2012	N/A
2011	N/A

Mid Cap Value Universe



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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	★★★★	\$3,000	682	1.6%	1.6%	24.7%	13.6%	27.0%	10.2%
CRSP US Small Cap Growth Idx				1.6%	1.6%	25.8%	12.6%	25.5%	10.4%
Small Cap Growth MF Median				0.4%	0.4%	26.3%	13.1%	24.7%	8.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.11	1.30	-4.56	0.83	6.75	17.03	-	0.78
5-Year	19.45	1.28	0.04	1.33	8.60	18.64	-	1.32

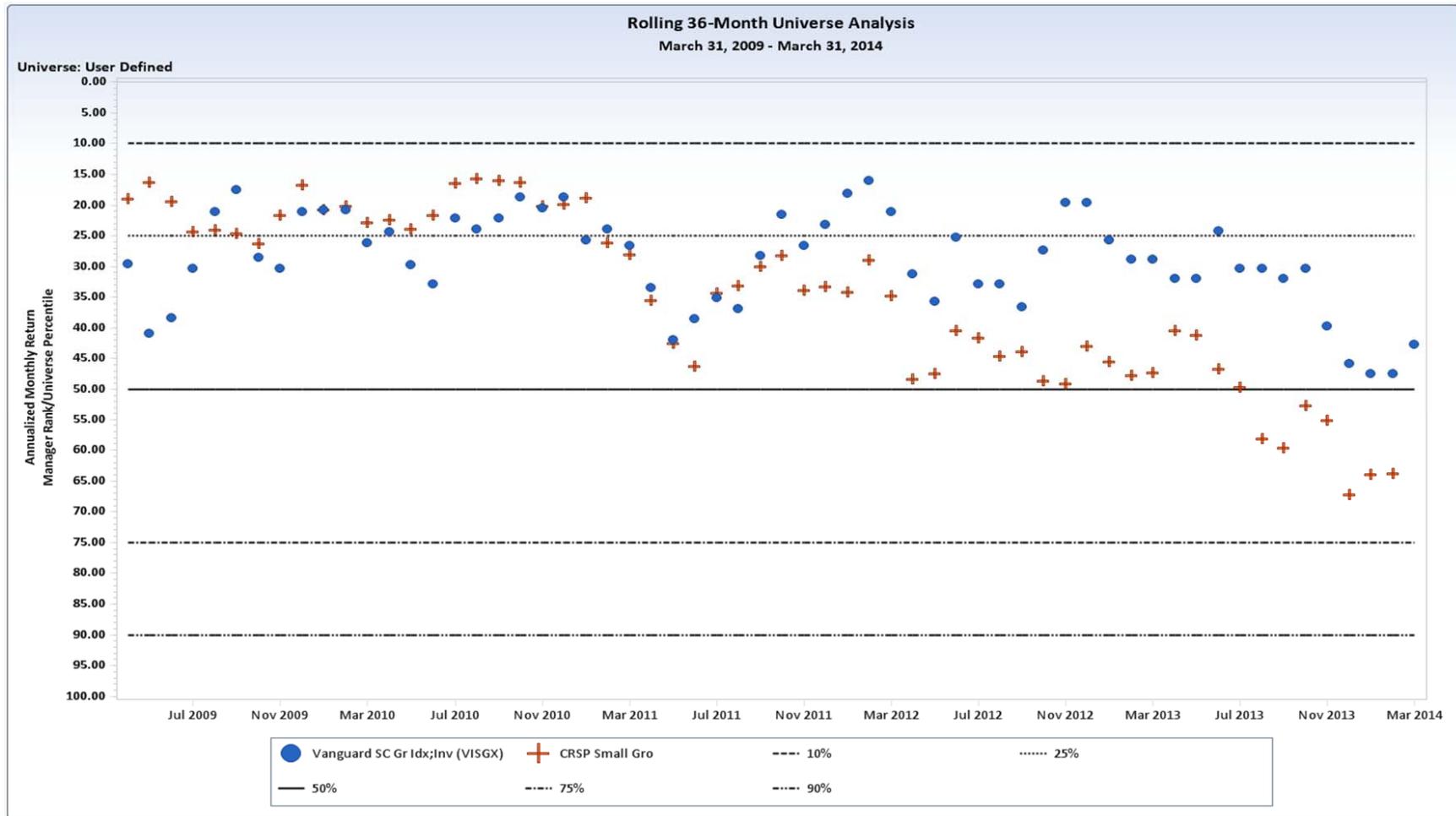
Top 10 Holdings 2-28-14	
Company	% of Portfolio
American Realty Capital Prop	0.82%
Fortune Brands Home & Sec	0.62%
Jazz Pharmaceuticals PLC	0.59%
Westinghouse Air Brake Tech	0.58%
AthenaHealth, Inc.	0.57%
Harman International Ind	0.56%
Alkermes PLC	0.53%
Colfax Corporation	0.52%
Salix Pharmaceuticals, Ltd.	0.51%
Cooper Companies	0.50%

Sector Weights 2-28-14	
Basic Materials	2.8%
Communication Services	1.5%
Consumer Cyclical	15.6%
Consumer Defensive	3.4%
Healthcare	14.4%
Industrial	16.5%
Real Estate	12.2%
Technology	22.3%
Energy	5.6%
Financials	5.0%
Utilities	0.7%

Portfolio Information	
Expense Ratio	0.24%
12b-1 Fee Included	-
Morningstar Average	1.42%
Minimum Investment	\$3,000
Avg. Annual Turnover	50%

Year-End Assets (\$ Mil.)	
2014/03	\$2,763
2013	\$2,859
2012	\$2,649
2011	\$2,614

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	★★★★	\$2,872	1443	2.6%	2.6%	25.3%	14.3%	26.8%	9.9%
CRSP US Small Cap Index				2.6%	2.6%	25.3%	14.8%	27.5%	10.5%
Small Cap Core MF Median				1.2%	1.2%	24.7%	13.0%	24.4%	8.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.40	1.27	-3.58	0.90	5.56	16.08	-	0.93
5-Year	19.11	1.28	-0.14	1.34	7.83	18.74	-	1.40

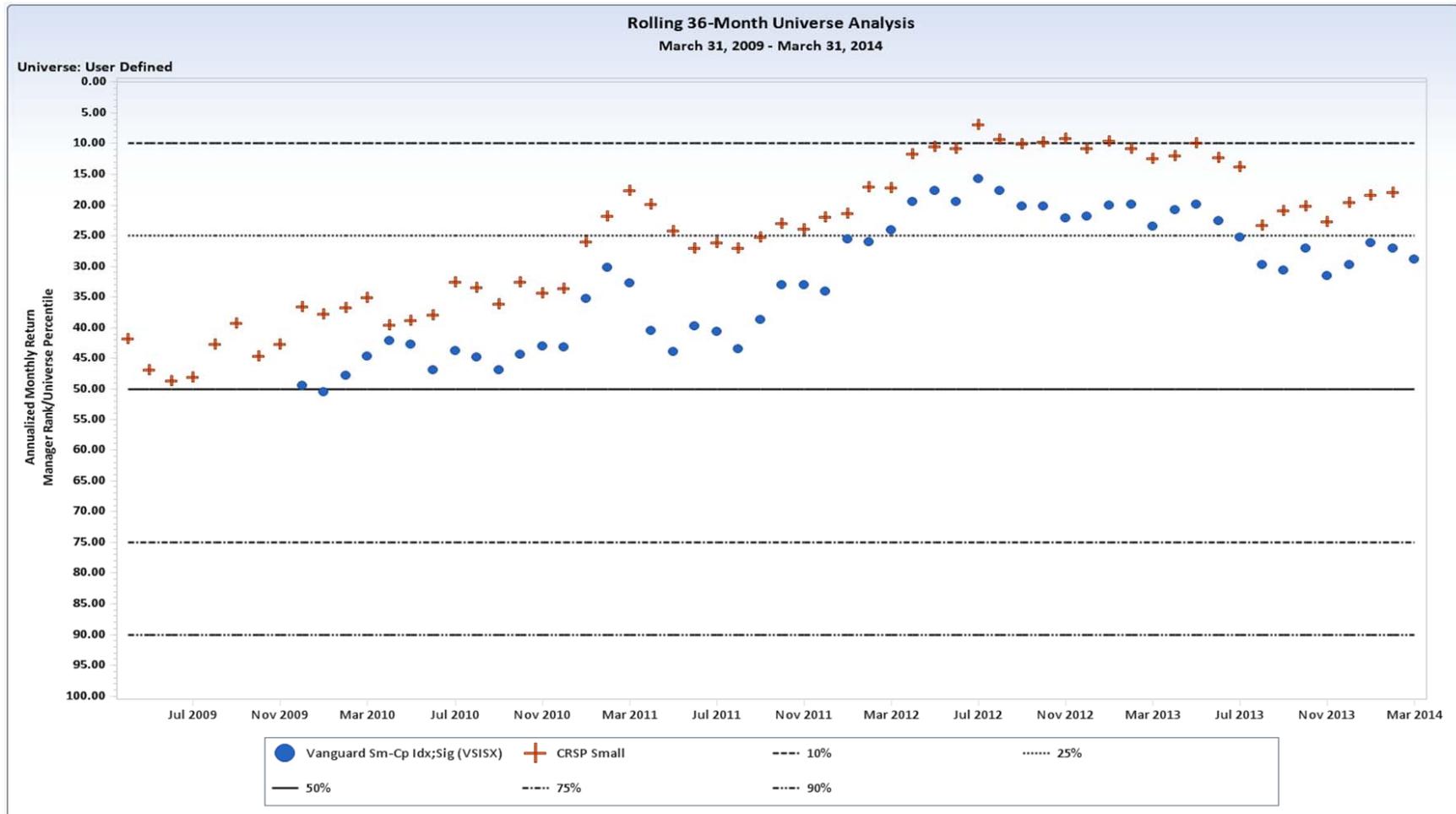
Top 10 Holdings 2-28-14	
Company	% of Portfolio
American Realty Capital Prop	0.38%
United Rentals Inc	0.30%
Fortune Brands Home & Sec	0.28%
Jazz Pharmaceuticals PLC	0.27%
Hanesbrands Inc	0.26%
Westinghouse Air Brake Tech	0.26%
AthenaHealth, Inc.	0.26%
Packaging Corp of America	0.26%
Harman International Ind	0.26%
American Airlines Gropu Inc	0.25%

Sector Weights 2-28-14	
Basic Materials	5.3%
Communication Services	1.1%
Consumer Cyclical	14.9%
Consumer Defensive	3.7%
Healthcare	10.4%
Industrial	17.5%
Real Estate	10.7%
Technology	15.9%
Energy	4.8%
Financials	12.4%
Utilities	3.4%

Portfolio Information	
Expense Ratio	0.09%
12b-1 Fee Included	-
Morningstar Average	1.29%
Minimum Investment	\$0
Avg. Annual Turnover	29%

Year-End Assets (\$ Mil.)	
2014/03	\$7,341
2013	\$7,351
2012	\$4,329
2011	\$3,075

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	★★★★	\$2,167	830	1.3%	1.3%	22.5%	13.0%	23.3%	10.5%
Russell 2000 Value Index				1.8%	1.8%	22.6%	12.7%	23.3%	8.1%
Small Cap Value MF Median				1.3%	1.3%	22.2%	13.3%	25.3%	9.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.00	1.16	-3.52	0.88	4.39	16.26	-	0.82
5-Year	16.53	1.12	-0.31	1.36	5.37	19.05	-	1.20

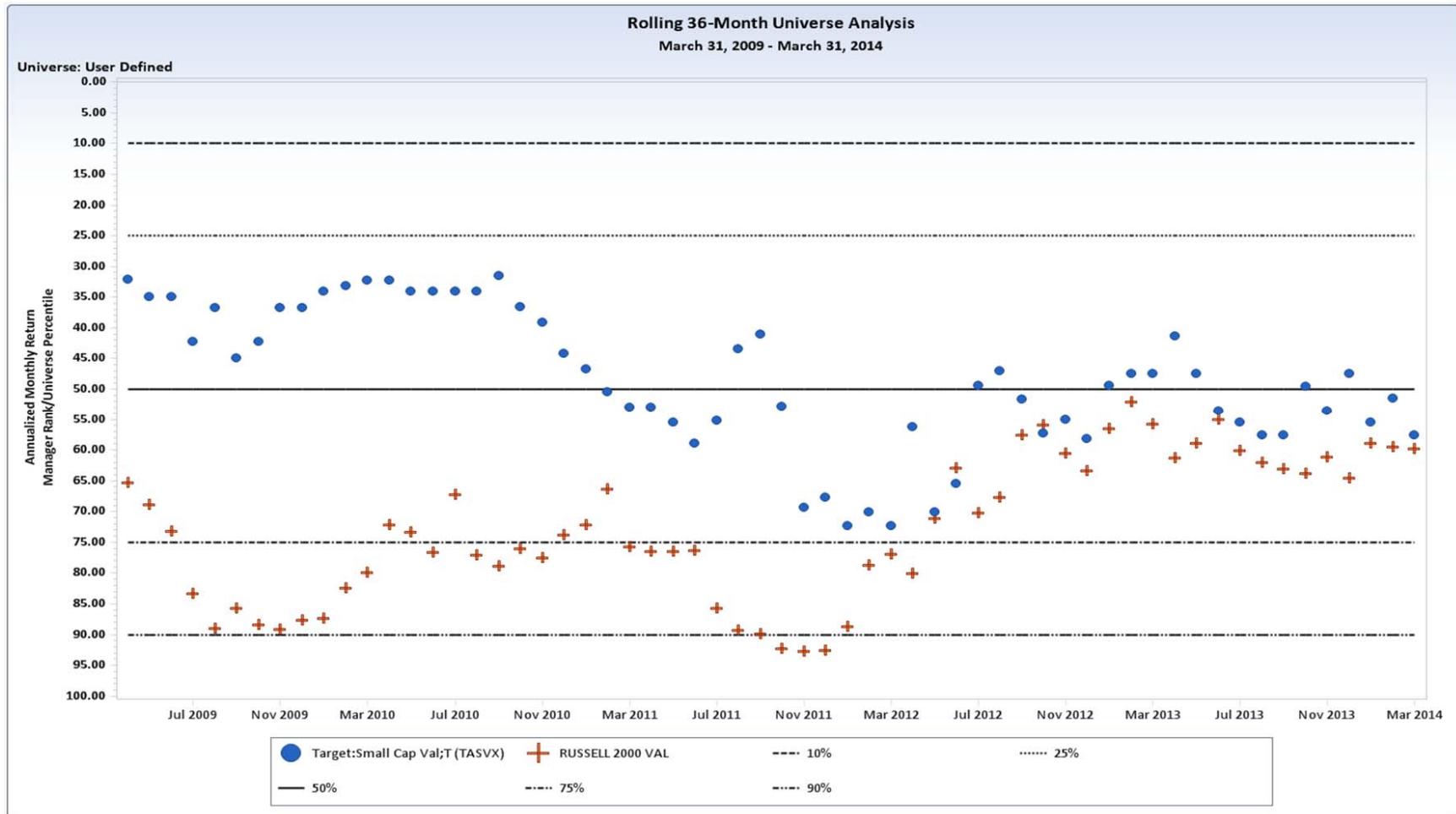
Top 10 Holdings 2-28-14	
Company	% of Portfolio
Bristow Group, Inc	0.78%
Firstmerit Corp	0.74%
Littelfuse Inc	0.74%
Webster Financial Corp	0.73%
Teleflex Inc.	0.72%
EnerSys, Inc.	0.71%
GATX Corp	0.71%
Protective Life Corp	0.69%
American Equity Invstmt Life	0.68%
Silgan Holdings, Inc.	0.68%

Sector Weights 2-28-14	
Basic Materials	5.4%
Communication Services	0.7%
Consumer Cyclical	10.2%
Consumer Defensive	4.1%
Healthcare	6.1%
Industrial	20.8%
Real Estate	5.4%
Technology	14.1%
Energy	6.0%
Financials	23.0%
Utilities	4.1%

Portfolio Information	
Expense Ratio	0.67%
12b-1 Fee Included	-
Morningstar Average	1.38%
Minimum Investment	\$0
Avg. Annual Turnover	40%

Year-End Assets (\$ Mil.)	
2014/03	\$1,836
2013	\$1,766
2012	\$1,133
2011	\$892

Small Cap Value Universe



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American Funds New Perspective Fund A

Ticker: ANWPX

Fund Strategy

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

Manager Information

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective A	★★★★	\$54,532	294	0.3%	0.3%	19.7%	10.9%	18.8%	8.9%
MSCI AC World Index				1.1%	1.1%	16.6%	8.6%	17.8%	7.0%
World Stock MF Median				1.2%	1.2%	18.7%	10.0%	17.7%	7.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.04	0.80	6.94	0.80	5.37	14.54	-	0.63
5-Year	15.60	0.81	5.47	1.18	5.49	16.22	-	1.09

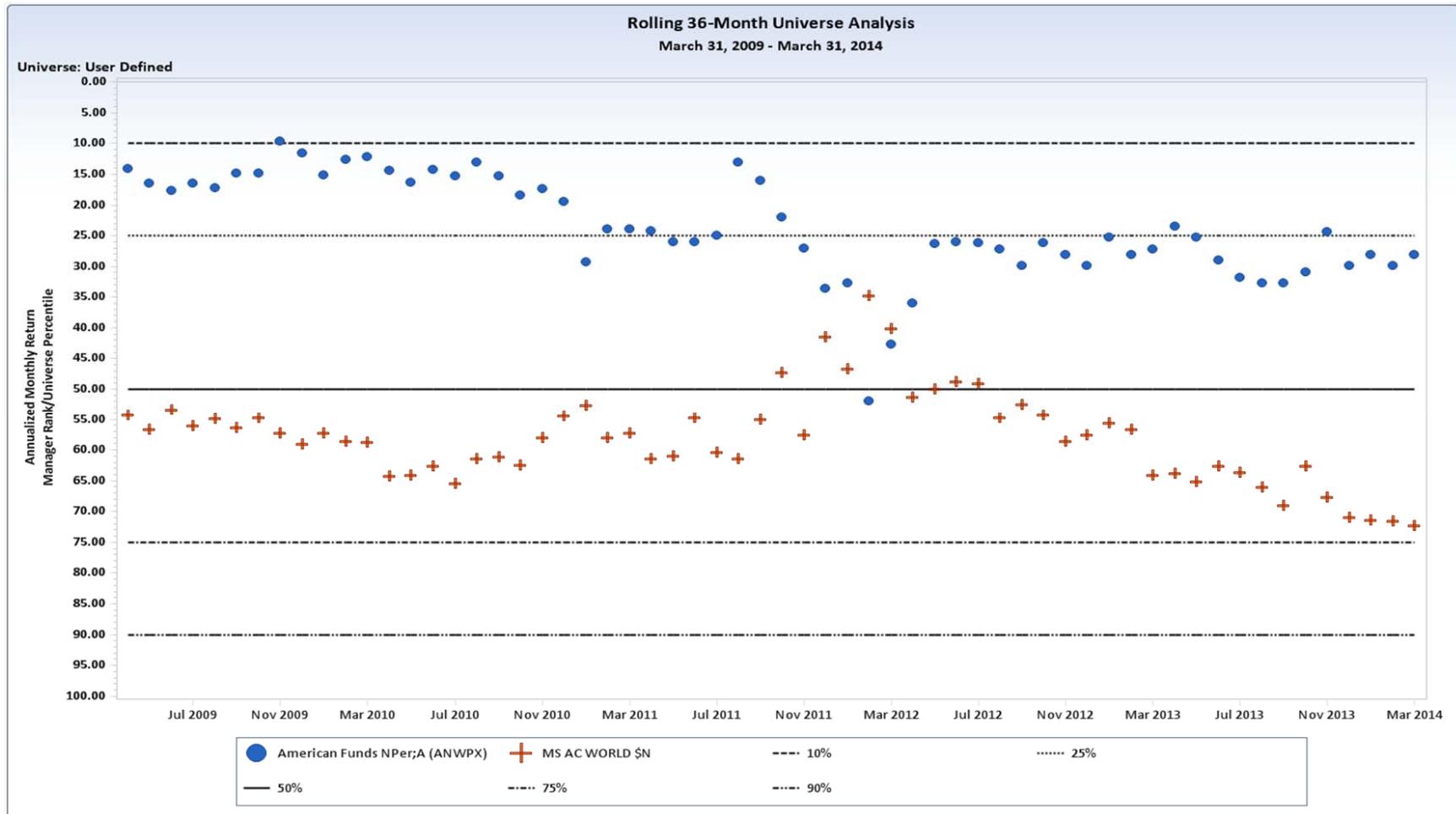
Top 10 Holdings 12-31-13	
Company	% of Portfolio
Novo-Nordisk A/S	3.88%
Amazon.com Inc	3.06%
Google, Inc Class A	2.10%
Bayer AG	1.72%
Naspers Ltd	1.68%
Home Depot, Inc	1.46%
Gilead Sciences Inc	1.24%
CME Group Inc	1.18%
American Express Co	1.15%
ACE Ltd	1.15%

Country Weights 12-31-13	
	%
Europe	35.4%
France	3.9%
Germany	4.4%
United Kingdom	9.6%
Asia	12.0%
Australia	0.8%
Hong Kong	1.1%
Japan	6.8%
Latin America	0.5%
Brazil	0.1%
Chile	0.0%
North America	52.1%
Canada	2.1%
United States	50.0%

Portfolio Information	
Expense Ratio	0.79%
12b-1 Fee Included	0.24%
Morningstar Average	1.35%
Minimum Investment	\$250
Avg. Annual Turnover	30%

Year-End Assets (\$ Mil.)	
2014/02	\$37,364
2013	\$36,935
2012	\$30,245
2011	\$27,707
2010	\$33,224
2009	\$33,010

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	★★★★★	\$38,294	68	0.8%	0.8%	23.8%	12.3%	23.7%	10.2%
MSCI EAFE Value Index				1.2%	1.2%	20.2%	7.2%	16.1%	6.4%
MSCI EAFE Index				0.7%	0.7%	17.6%	7.2%	16.0%	6.5%
Non-US Equity MF Median				0.5%	0.5%	16.2%	6.4%	15.8%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.84	0.99	7.80	0.74	6.40	17.52	-	0.48
5-Year	20.31	1.03	6.71	1.15	6.30	20.13	-	0.84

Top 10 Holdings 12-31-13

Company	% of Portfolio
Credit Suisse Gorup	5.08%
Intesa Sanpaolo	3.63%
Allianz SE	3.58%
Daimler AG	3.13%
BNP Paribas	3.12%
Canon, Inc.	2.82%
CNH Industrial NV	2.71%
Kering	2.52%
Holcim Ltd	2.51%
Toyota Motor Corp	2.51%

Country Weights 12-31-13

	%
Europe	77.9%
France	15.1%
Germany	12.1%
United Kingdom	15.5%
Asia	18.3%
Australia	4.8%
Hong Kong	0.0%
Japan	12.4%
Latin America	0.0%
Brazil	0.0%
Chile	0.0%
North America	3.8%
Canada	1.2%
United States	2.5%

Portfolio Information

Expense Ratio	0.98%
12b-1 Fee Included	-
Morningstar Average	1.24%
Minimum Investment	\$1,000
Avg. Annual Turnover	37%

Year-End Assets (\$ Mil.)

2014/03	\$30,613
2013	\$27,633
2012	\$10,796
2011	\$6,942
2010	\$6,688

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	★★★	\$22,141	5469	0.8%	0.8%	12.7%	4.3%	15.4%	6.9%
FTSE Glb All Cap ex-US Idx				1.0%	1.0%	13.3%	4.7%	16.7%	8.1%
Non-US Equity MF Median				0.5%	0.5%	16.2%	6.4%	15.8%	6.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.06	1.00	0.21	0.33	2.19	17.01	-	0.35
5-Year	19.17	1.02	-0.37	0.84	2.09	18.97	-	0.91

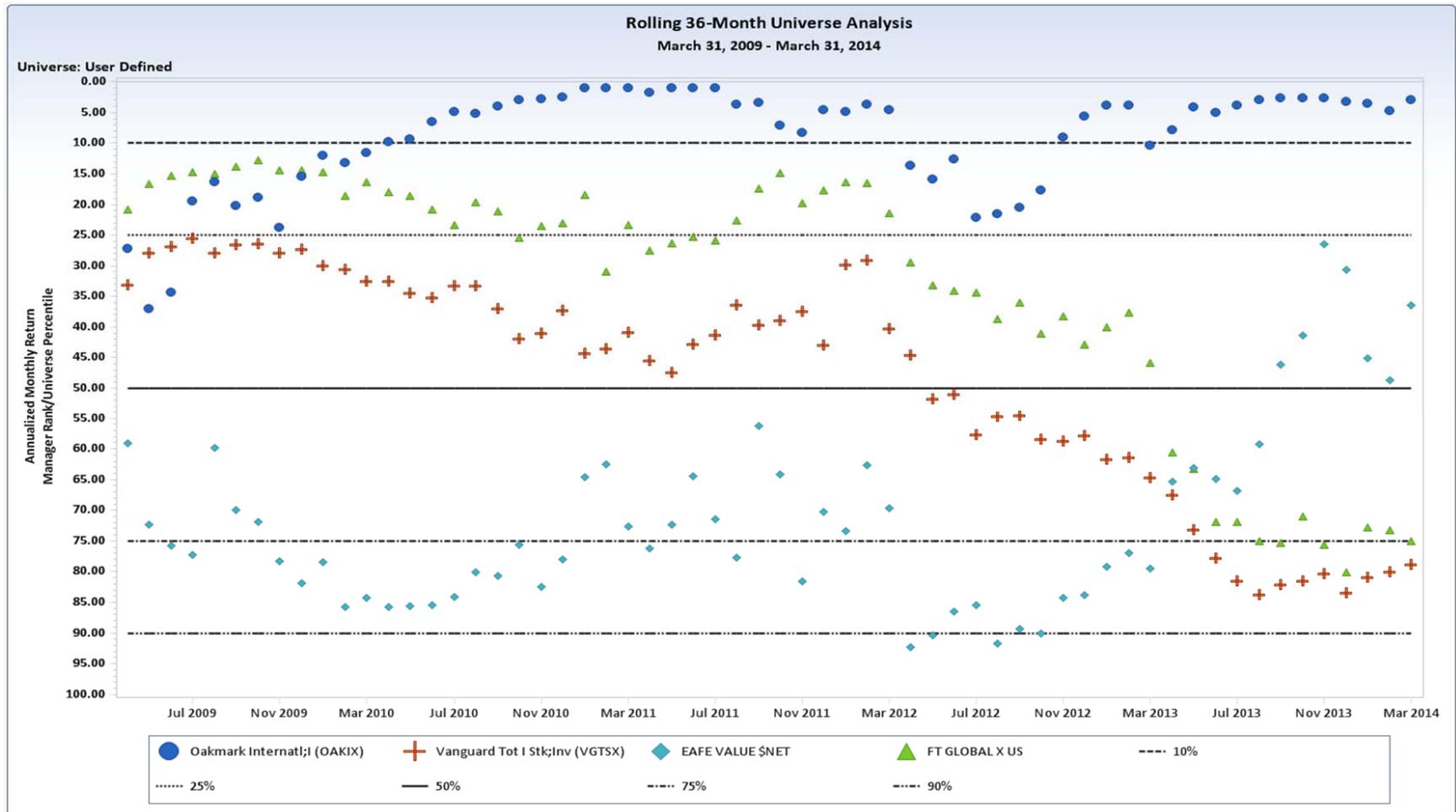
Top 10 Holdings 2-28-14	
Company	% of Portfolio
Nestle SA	1.16%
Roche Holding AG	1.03%
HSBC Holdings PLC	0.95%
Novartis AG	0.92%
BP PLC	0.75%
Toyota Motor Corp	0.73%
Royal Dutch Shell	0.67%
GlaxoSmithKline PLC	0.65%
Total SA	0.63%
Samsung Electronics Co	0.59%

Country Weights 2-28-14	
	%
Europe	51.8%
France	6.3%
Germany	6.4%
United Kingdom	16.0%
Asia	37.8%
Australia	5.5%
Hong Kong	2.1%
Japan	15.3%
Latin America	3.0%
Brazil	1.7%
Chile	0.3%
North America	7.3%
Canada	7.2%
United States	0.1%

Portfolio Information	
Expense Ratio	0.22%
12b-1 Fee Included	-
Morningstar Avg	1.24%
Min. Investment	\$3,000
Avg. Annual Turnove	5%

Year-End Assets (\$ Mil.)	
2014/03	\$48,368
2013	\$46,892
2012	\$37,659
2011	\$29,949
2010	\$45,191

International (Non-US) Equity Universe



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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	★★★★★	\$19,260	117	-1.7%	-1.7%	6.6%	2.3%	19.9%	14.7%
MSCI Emerg Mkts Index				-0.4%	-0.4%	-1.4%	-2.9%	14.5%	10.1%
Emg Mkt Equity MF Median				-0.8%	-0.8%	-2.0%	-2.4%	14.8%	9.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.98	1.02	-1.73	0.21	4.95	19.49	-	-0.06
5-Year	21.01	1.06	3.17	0.97	6.94	21.62	-	0.73

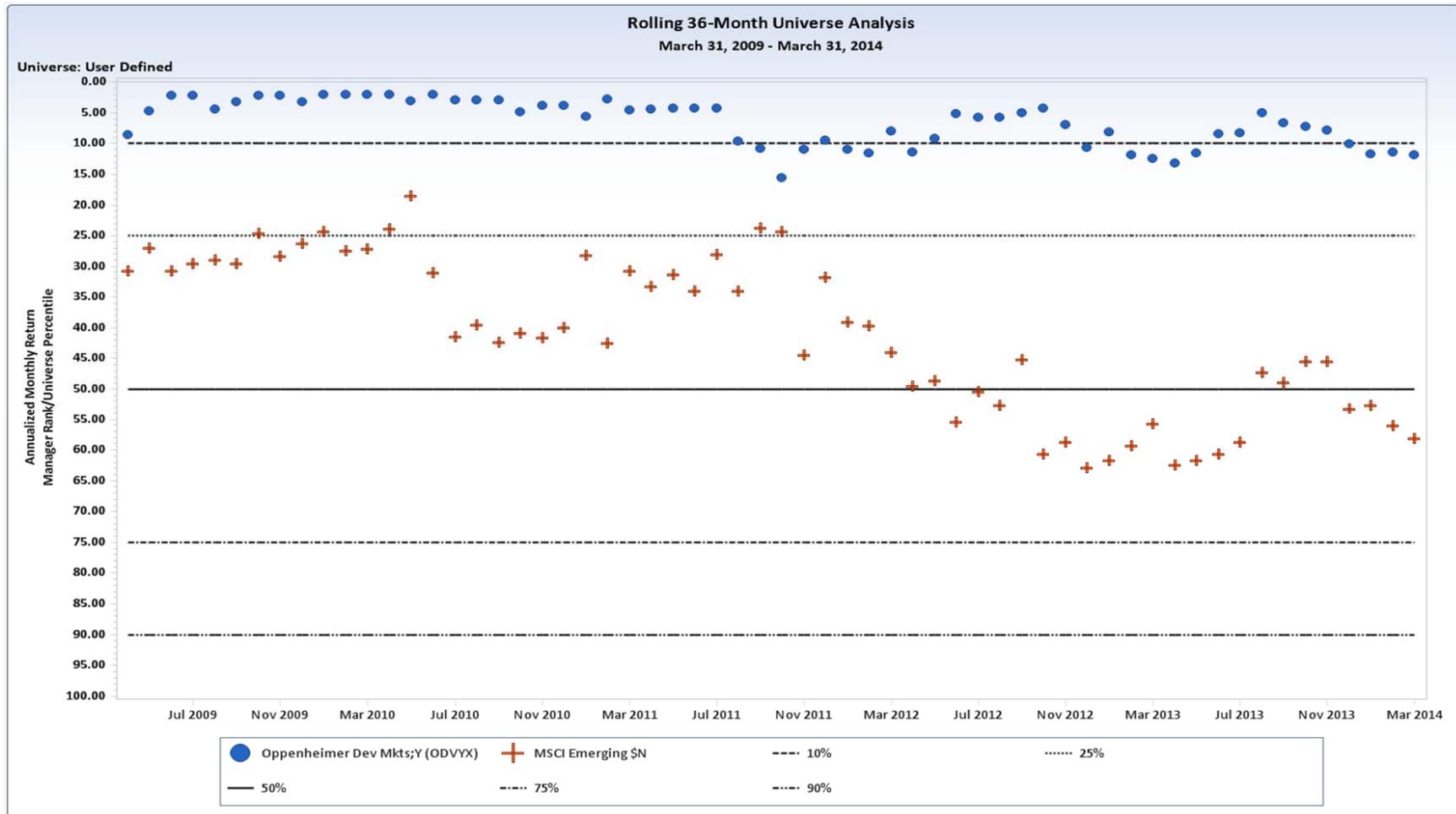
Top 10 Holdings 2-28-14	
Company	% of Portfolio
Baidu, Inc. ADR	4.85%
Tencent Holdings Ltd	3.69%
OAO Novatek GDR	2.45%
Infosys Ltd	2.32%
Yandex NV	2.23%
Housing Development Fin	2.22%
Taiwan Semi Man. Co Ltd	2.02%
OJSC Magnit	2.00%
Carlsberg AS	1.91%
Glencore Xstrata PLC	1.90%

Country Weights 2-28-14	
	%
Europe	31.8%
France	2.6%
Germany	0.0%
United Kingdom	7.7%
Asia	48.9%
Australia	0.0%
Hong Kong	4.7%
Japan	0.0%
Latin America	18.4%
Brazil	10.5%
Chile	1.0%
North America	0.9%
Canada	0.0%
United States	0.9%

Portfolio Information	
Expense Ratio	1.01%
12b-1 Fee Included	-
Morningstar Avg	1.58%
Min. Investment	\$0
Avg. Annual Turnover	29%

Year-End Assets (\$ Mil.)	
2014/03	\$19,704
2013	\$19,050
2012	\$13,350
2011	\$8,206
2010	\$7,296

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.

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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.