

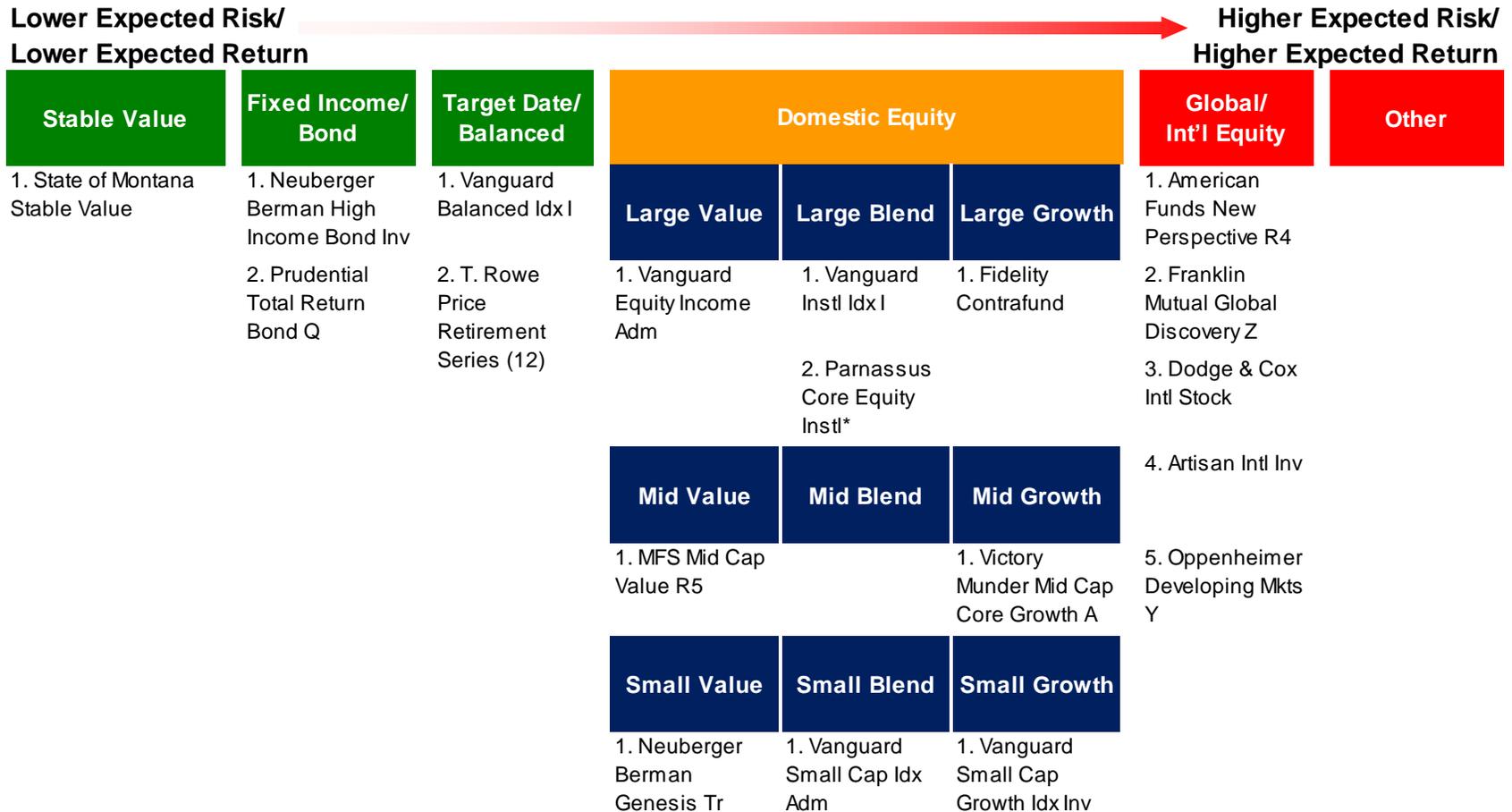


# State of Montana

## Investment Program Fund Lineup Review

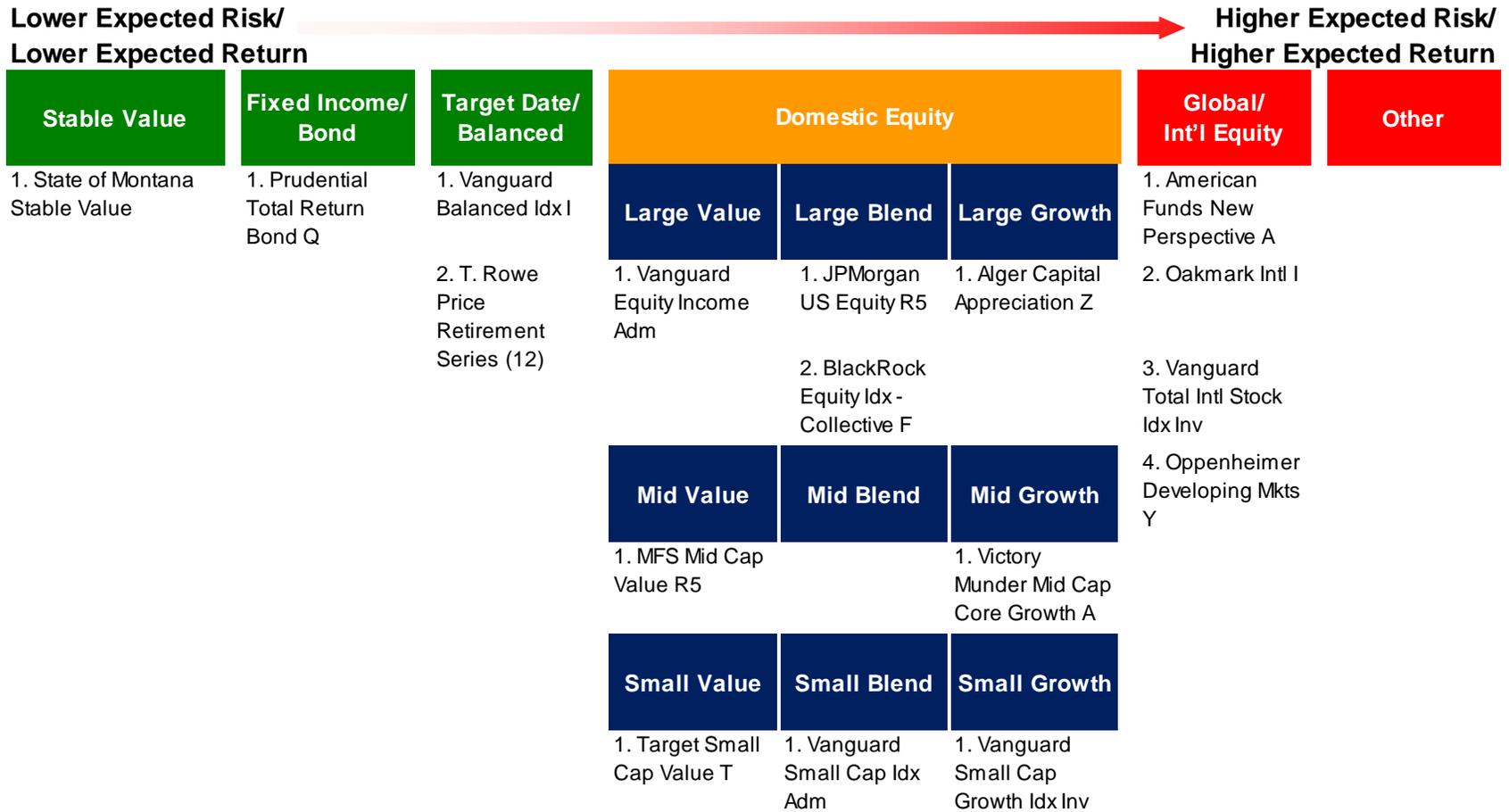
May 2015

## Range of 457 Investment Options



\*SRI investment option

## Range of 401(a) Investment Options



## Overall Investment Structure

### Buck's Investment Philosophy

The slate of investment options should provide participants with the following:

1. Access to a wide range of options that meet the needs of a varied employee population.
2. More options in riskier asset classes to provide diversification.
3. More options in popular asset classes, to also provide diversification.
4. Consideration of less demanded options for the sophisticated investor.

However, excessive fund choice can lead to:

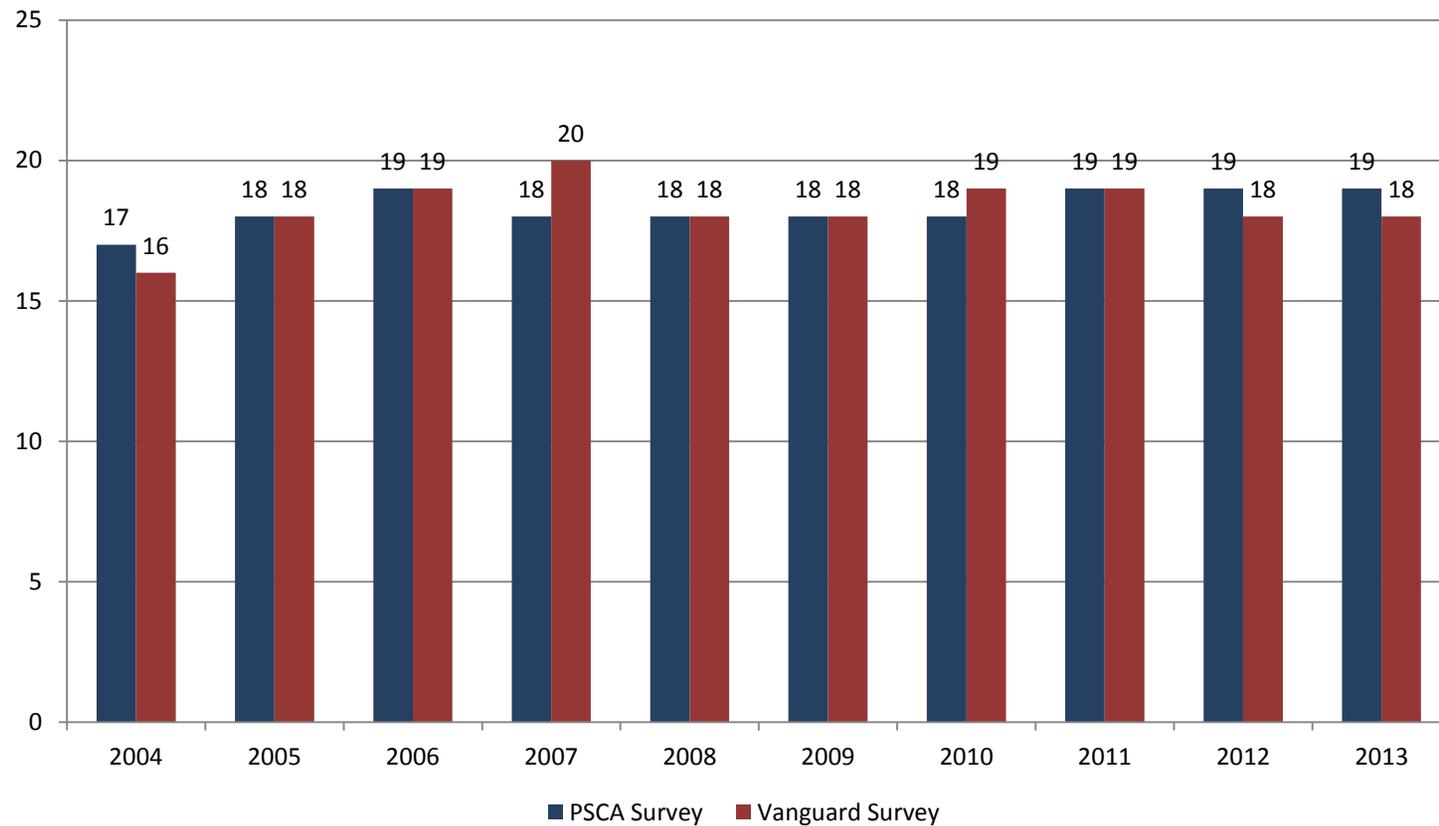
1. Confusion for participants
2. Extensive monitoring duties for plan sponsors
3. Higher costs (more communication to participants, plan sponsor review/research)
4. Less continuity in a plan's investment program due to higher fund turnover

This philosophy usually leads to recommendations for 12 to 20 options (counting target date funds as one option).

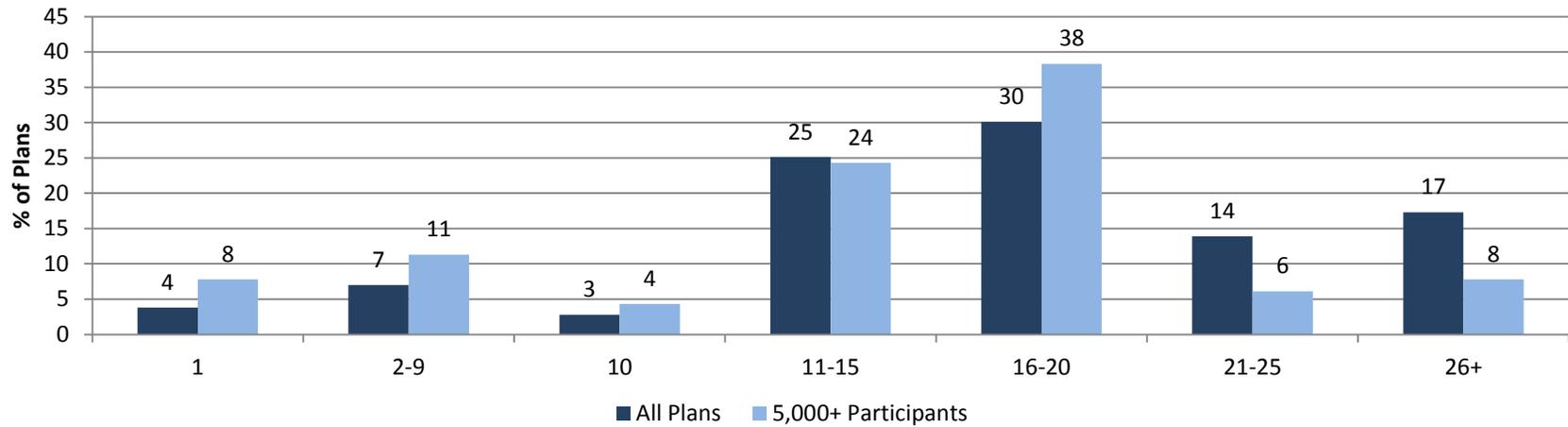
## Survey Data

Independent surveys on the number of options offered by the “typical” plan indicate that the number of options offered by the State’s plans is within a reasonable range of the typical plan.

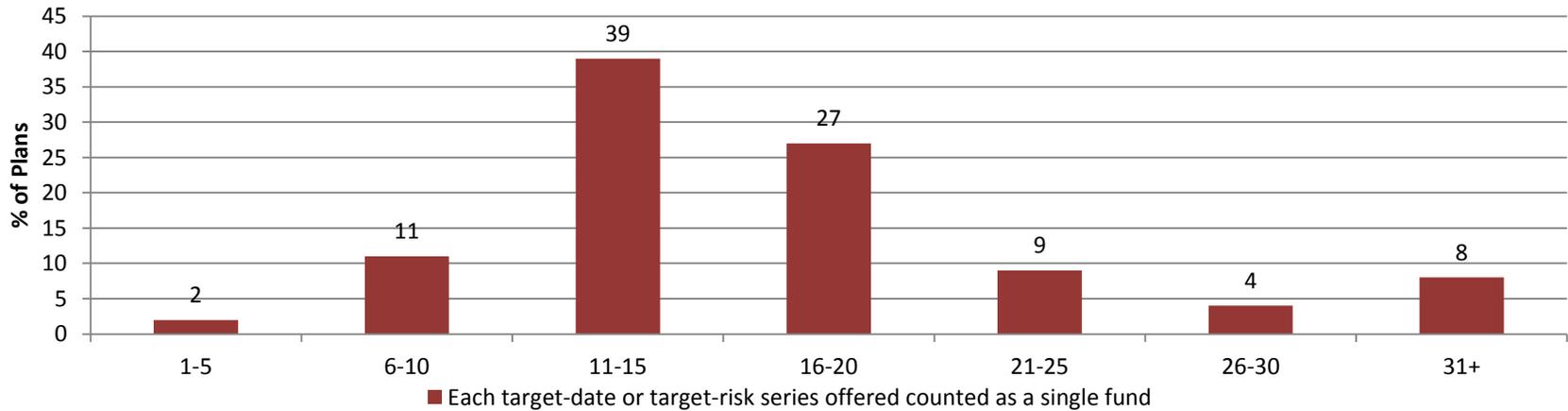
**“Typical” Defined Contribution Plan (Survey Data)  
Average Number of Investment Options Available, All Plans**



**“Typical” Defined Contribution Plan (Survey Data)  
Typical Number of Investment Options**

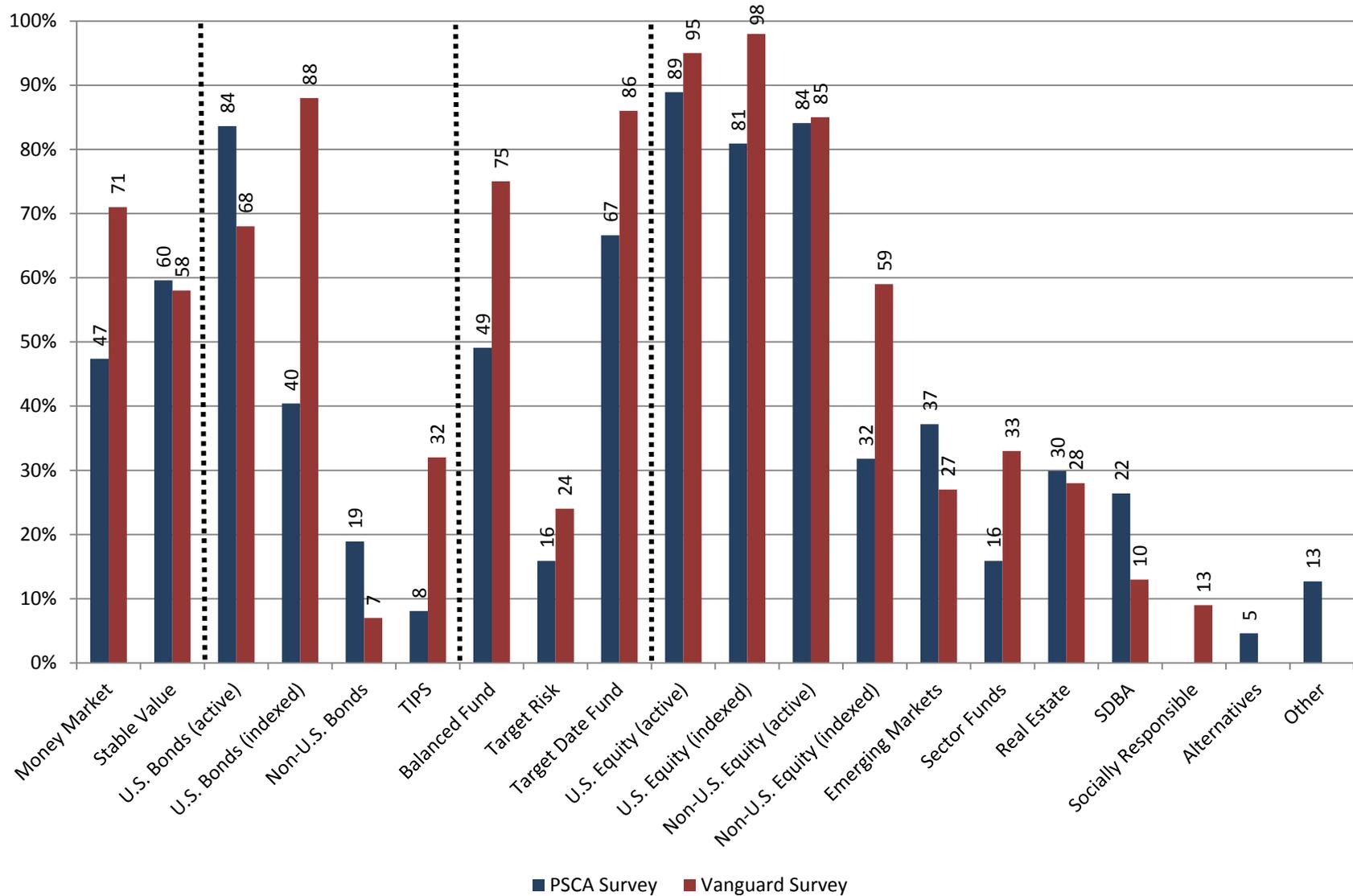


Source: PSCA Survey, 2014



Source: Vanguard Survey, 2014

**“Typical” Defined Contribution Plan (Survey Data)  
Percentage of Plans Offering Type of Investment Options Listed, All Plans**



**“Typical” Defined Contribution Plan (Survey Data)  
Percentage of Plan Assets Invested by Investment Option**

