



---

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

***Michael C. Schlachter, CFA***  
*Managing Director*

***Third Quarter 2013***

<b>TABLE OF CONTENTS</b>	<b>page</b>
◆ <b>Market Environment</b>	
◆ <b>Growth in Assets and Asset Allocation</b>	<b>2</b>
◆ <b>Fund Summary</b>	<b>4</b>
◆ <b>Target Date Funds</b>	<b>10</b>
◆ <b>Fixed Income</b>	<b>11</b>
◆ <b>Balanced Fund</b>	<b>13</b>
◆ <b>Domestic Equity</b>	<b>15</b>
◆ <b>International Equity</b>	<b>32</b>
◆ <b>Glossary</b>	<b>39</b>

## Economic Highlights

- GDP:** After two quarters of below-trend growth (0.1% in Q4 2012 & 1.1% in Q1 2013), U.S. real GDP advanced at an annual rate of 2.5% during the second quarter of 2013. Future growth prospects remain fragile as lawmakers continue to grapple over budget issues, including the funding of the Affordable Care Act, which have resulted in a partial shutdown of the Federal government as of October 1<sup>st</sup>.  
 Source: Dept. of Commerce (BEA)
- Interest Rates:** Market expectations of Fed tapering (i.e. a reduction in its bond purchasing program) edged yields on ten-year Treasuries towards 3.00% by mid-September; however, the Fed's commitment to quantitative easing on September 18 quickly pushed rates lower to close the quarter at 2.64%. The potential risks from the fiscal disorder noted above likely contributed to the Fed's maintaining a highly accommodative monetary policy.  
 Source: US Treasury
- Inflation:** Since accelerating in March and April, consumer prices have moderated in recent months. CPI rose 0.4% in the three months through August and is up 1.5% year-over-year, a figure well within the Fed's comfort range. Ten-year breakeven inflation, which fell rather dramatically in the second quarter, nudged slightly higher from 2.04% in June to 2.19% by quarter's end.  
 Source: Dept. of Labor (BLS), US Treasury
- Employment:** Jobs growth has advanced at a subdued pace of 120,000 jobs added per month through the first eight months of 2013. The unemployment rate stands at 7.3%, down from 7.8% in December 2012.  
 Source: Dept. of Labor (BLS)
- Housing:** The housing picture continues to improve, despite the recent increase in mortgage rates, with the S&P Case-Schiller 10- and 20-city Home Price Indexes showing gains of 8.8% & 8.5%, respectively, year-to-date through July and 2.4% & 2.6%, respectively, in the three months through July (see nearby chart).  
 Source: S&P

## Market Commentary

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

### Third Quarter 2013

#### U.S. Equity Markets

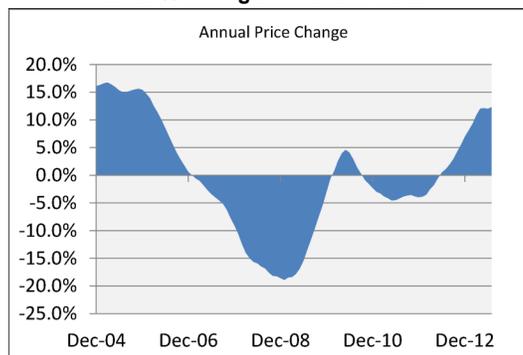
The U.S. stock market, represented by the Wilshire 5000 Total Market Index<sup>SM</sup>, posted a total return of 6.03% during the third quarter, despite pulling back 2.16% from its record high close on September 18. The quarter started with an impressive 5.44% gain in July; concerns over the Federal Reserve's possible tapering of its quantitative easing programs caused stocks to fall -2.88% in August. September found investors in relief rally mode once the Fed committed to continuing its monetary policy, but concerns over the political brinkmanship in Washington led to a late-quarter pullback and a 3.55% return for stocks in September.

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire 5000 Total Market Index <sup>SM</sup>	3.55	6.03	20.85	20.96
Standard & Poor's 500	3.14	5.24	19.79	19.34
Wilshire 4500 Completion Index <sup>SM</sup>	6.02	10.48	27.53	31.44
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index <sup>SM</sup>	3.28	5.61	20.06	19.82
Wilshire US Large-Cap Growth Index <sup>SM</sup>	4.67	9.29	21.46	20.56
Wilshire US Large-Cap Value Index <sup>SM</sup>	2.12	2.66	19.00	19.34
Wilshire US Small-Cap Index <sup>SM</sup>	5.80	9.58	27.41	31.36
Wilshire US Small-Cap Growth Index <sup>SM</sup>	6.29	12.63	33.52	35.84
Wilshire US Small-Cap Value Index <sup>SM</sup>	5.34	6.83	22.12	27.36
Wilshire US Micro-Cap Index <sup>SM</sup>	6.06	10.65	34.74	31.96

Small capitalization stocks have continued to outperform larger-cap equities, as investors have shrugged off economic and political volatility. Micro-cap stocks in particular have performed strongly. In another sign of investor willingness to assume more systematic risk, growth-oriented stocks outperformed value-oriented issues for the quarter, year-to-date and twelve-month time periods.

The best-performing economic sectors of the stock market in the third quarter reflected stronger consumer sentiment, increased spending and international unrest; Consumer Discretionary, Consumer Staples and Energy stocks led other sectors with returns of 9.88%, 9.46% and 8.57% respectively. The weakest-performing sector was Utilities, with a 0.38% return for the quarter; the Telecommunication Services sector was also a notable underperformer, with a 1.04% return in the third quarter.

Annual % Change in House Prices



Source: S&P Case-Schiller 20-City Price Index (SA)

Since turning positive on a year-over-year basis in June 2012, U.S. home prices, as measured by the S&P Case-Schiller 20-City Price Index (SA), have continued to appreciate strongly through July 2013. The gains come despite an uptick in mortgage rates earlier this year. As can be seen in the nearby chart, annual growth rates are now above 10% for the first time since May 2006. The positive wealth effect that accrues from these increases in home prices has been supportive of consumer confidence and spending.

## Non-U.S. Equity Markets

Global stock markets enjoyed strong performance overall for the third quarter, as tensions stemming from Syria's long civil war threatened regional stability, then quickly dissipated. Japan began to recover from recent-period lackluster performance with renewed domestic policy to stimulate its economy, while the rest of the Asia-Pacific region joined Europe and the U.S. in a worldwide stock market rally. Emerging markets stocks were buoyed by improved economic indicators for China, but investors remain nervous in anticipation of the U.S. Fed preparing to wind down its current monetary policy.

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	6.95	10.09	10.04	16.48	4.27	6.98	13.56	20.98
MSCI EAFE	7.39	11.56	16.14	23.77	4.60	7.50	19.34	28.31
MSCI Europe	7.19	13.61	16.09	24.23	3.64	8.12	14.72	20.62
MSCI Pacific	7.83	7.99	16.45	23.32	6.49	6.52	28.76	45.04
MSCI Japan	8.35	6.66	24.31	31.50	8.36	5.36	41.08	65.85
MSCI EM (Emerging Markets)	6.50	5.77	-4.35	0.98	4.22	5.63	0.47	5.82
MSCI ACWI ex U.S. Small Cap	7.99	12.38	14.43	20.04	5.49	9.38	18.89	26.33

## Fixed Income Markets

Bond yields moved upward fitfully in July, picking up momentum in August and peaking in early September; the bellwether 10-year U.S. Treasury yield hit 2.98% on September 5, its highest level since July 2011. Yields then drifted downward, with the 10-year Treasury settling to 2.64% on September 30, 12 basis points higher than on June 28. The yield curve steepened slightly and flattened in intermediate maturities as investors moved down the curve into shorter paper. Investment-grade and high yield corporate spreads tightened slightly over the quarter as well. Developed market bonds were essentially flat for the quarter, while emerging market debt lost ground; a weak U.S. dollar ameliorated returns for U.S. dollar-based investors.

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays U.S. Aggregate	0.95	0.57	-1.89	-1.68
Barclays Long Govt./Credit	0.48	-0.83	-8.74	-8.33
Barclays Long Term Treasury	0.37	-2.23	-9.88	-10.58
Barclays U.S. TIPS	1.45	0.70	-6.74	-6.10
Barclays U.S. Credit	0.83	0.72	-2.91	-1.90
Barclays U.S. Corporate High Yield	0.99	2.28	3.73	7.14
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Barclays Global Aggregate	2.06	2.80	-2.17	-2.64
Barclays Global Aggregate (Hedged)	0.81	0.83	-0.35	0.54
Barclays EM Local Currency Government Universal	3.32	-1.01	-3.82	-1.43
Barclays EM Local Currency Govt Univ (Hedged)	0.65	-2.03	-2.58	-1.45

## Real Estate & Commodity Markets

U.S. public-market real estate securities extended their second-quarter 2013 losses into the third quarter as bond yields rose, increasing investors' borrowing costs. Offshore real estate stocks, in contrast, yielded relatively strong returns. Commodities staged a comeback from recent-period underperformance. Unrest in Syria and other commodity-producing world regions sparked a rally in crude oil (5.98%) and gold (8.39%), and shored up commodity market performance overall. MLPs, in contrast, pulled back after strong returns in recent time periods.

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI <sup>SM</sup>	3.39	-2.80	2.93	5.47
Wilshire Global ex US RESI <sup>SM</sup>	8.65	6.06	5.69	14.16
Wilshire Global RESI <sup>SM</sup>	5.84	1.24	4.18	9.49
Dow Jones UBS Commodity Index	-2.55	2.13	-8.56	-14.35
S&P GSCI Commodity	-3.39	4.78	-0.89	-4.15
Alerian MLP Index	2.32	-0.73	21.18	17.05

## Important Information

This material contains confidential and proprietary information of Wilshire Consulting, and is intended for the exclusive use of the person to whom it is provided. It may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without prior written permission from Wilshire Consulting.

This material is intended for informational purposes only and should not be construed as legal, accounting, tax, investment, or other professional advice. Past performance does not guarantee future returns. This material may include estimates, projections and other "forward-looking statements." Due to numerous factors, actual events may differ substantially from those presented.

This material represents the current opinion of Wilshire Consulting based on sources believed to be reliable. Wilshire assumes no duty to update any such opinions. Wilshire Consulting gives no representations or warranties as to the accuracy of such information, and accepts no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in such information and for results obtained from its use. Information and opinions are as of the date indicated, and are subject to change without notice.

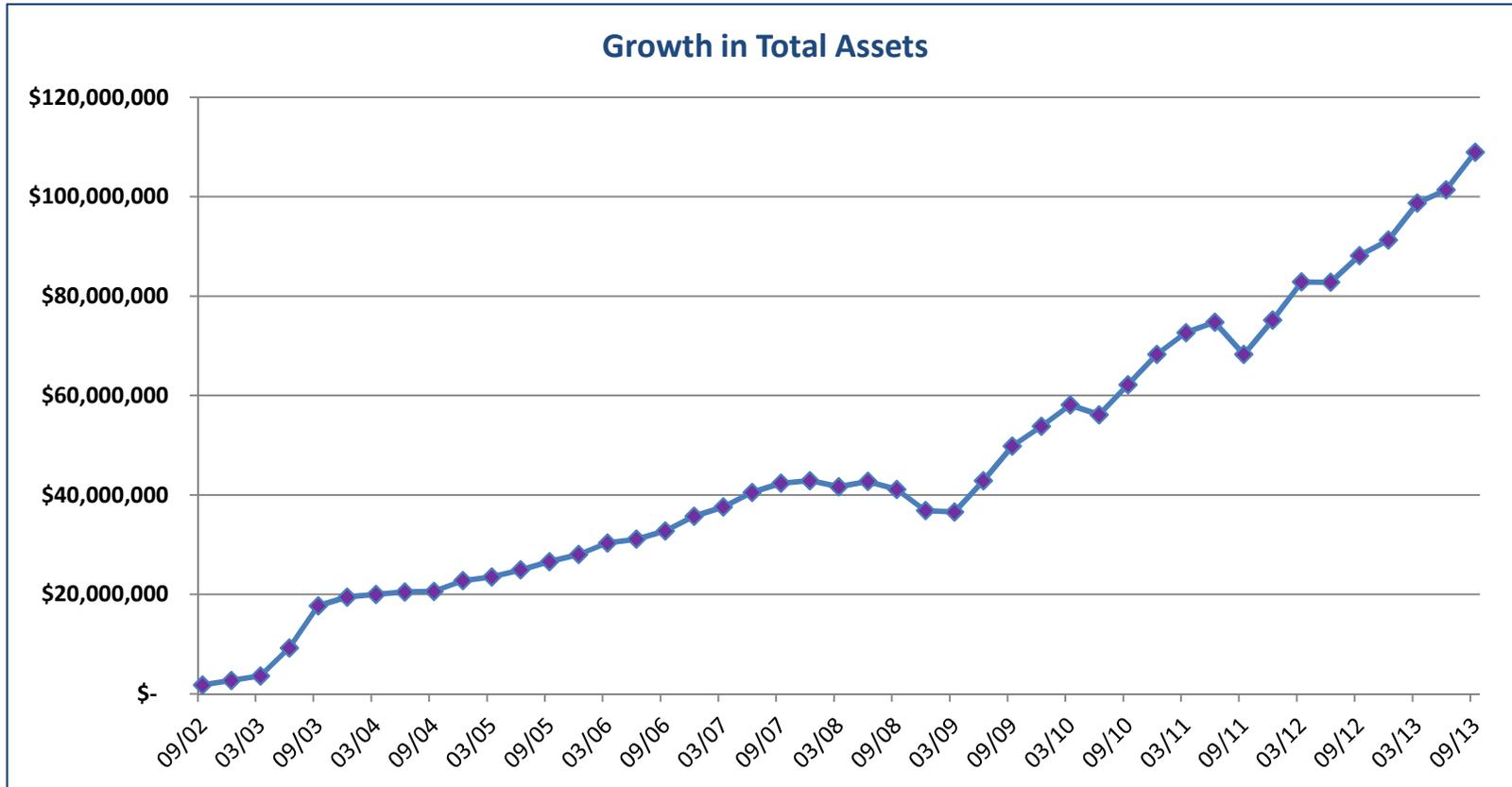
Wilshire® is a registered service mark of Wilshire Associates Incorporated, Santa Monica, California. All other tradenames, trademarks, and/or servicemarks are the property of their respective holders.

Copyright © 2013 Wilshire Associates Incorporated. All rights reserved. [www.wilshire.com](http://www.wilshire.com)

**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 September 30, 2013: \$ 108,922,345

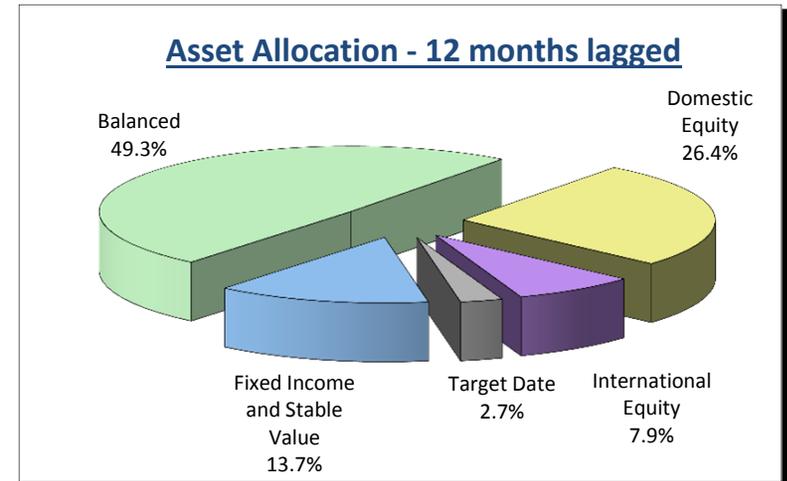
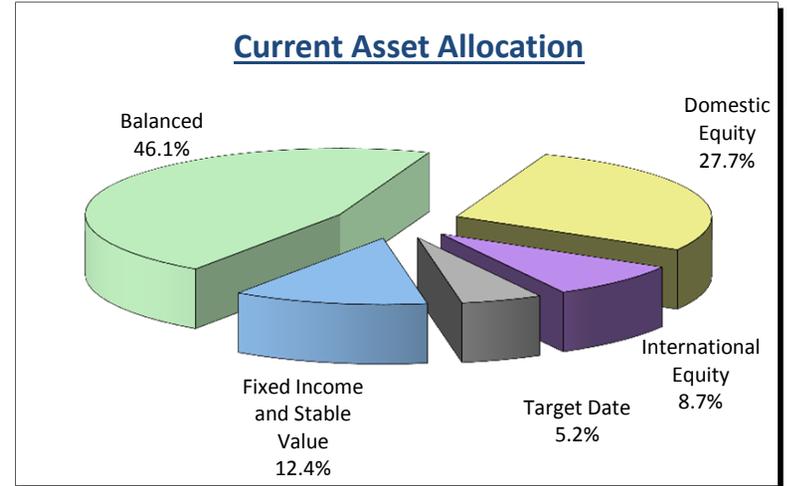
Change from previous quarter: \$ 7,512,683

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



Asset Allocation as of September 30, 2013

Asset Class	# of Participants	Market Value	%
<b>Fixed Income and Stable Value</b>		<b>13,453,182</b>	<b>12.4%</b>
Montana Stable Value	398	10,812,790	9.9%
Vanguard Total Bond Market Index	389	2,640,392	2.4%
<b>Balanced</b>		<b>50,217,600</b>	<b>46.1%</b>
Vanguard Balanced Index	1,787	50,217,600	46.1%
<b>Domestic Equity</b>		<b>30,170,207</b>	<b>27.7%</b>
<b>Large Cap</b>		<b>13,922,582</b>	<b>12.8%</b>
Alger Capital Apprceciation Z	460	5,738,399	5.3%
JP Morgan US Equity	226	1,962,232	1.8%
BlackRock Equity Index	168	1,136,722	1.0%
Vanguard Equity Income	422	5,085,229	4.7%
<b>Mid Cap</b>		<b>7,136,920</b>	<b>6.6%</b>
Munder Mid Cap Core Growth	376	2,985,820	2.7%
Janus/Perkins Mid Cap Value	0	0	0.0%
MFS Mid Cap Value R5	474	4,151,101	3.8%
<b>Small Cap</b>		<b>9,110,705</b>	<b>8.4%</b>
Vanguard Small Cap Growth Index	383	3,375,771	3.1%
Vanguard Small Cap Index	337	3,037,880	2.8%
Target Small Capitalization Value	339	2,697,054	2.5%
<b>International Equity</b>		<b>9,470,978</b>	<b>8.7%</b>
American Funds New Perspective	464	4,324,748	4.0%
Vanguard Total International Stock Index	187	864,869	0.8%
Oarkmark International	430	4,015,643	3.7%
Oppenheimer Developing Markets	59	265,719	0.2%
<b>Target Date</b>		<b>5,610,377</b>	<b>5.2%</b>
<b>STATE OF MONTANA 401(a) TOTAL</b>		<b>\$ 108,922,345</b>	



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



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	0.70	(1.17)	2.44	5.76	--	--	--
Barclays Int Gov/Credit Bond + 0.35%	0.71	(0.15)	2.77	5.30	--	--	--

Fund Narrative
The fund virtually matched the benchmark this quarter, and lags the 1-year by 102 basis points. The manager trails for the 3-year but leads over the 5-year by 46 bps. <b>Current Status: Retention, no change recommended.</b>

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	0.54	(1.83)	2.76	5.34	74th	80th	82nd
Barclays Aggregate	0.57	(1.68)	2.86	5.41	69th	75th	81st
Intermediate Fixed MF Median	0.65	(1.31)	3.41	6.50			
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. <b>Current Status: Retention, no change recommended.</b>

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	3.94	11.78	11.38	9.11	42nd	17th	21st
60% MSCI US Broad Mkt / 40% Barclays Agg	3.86	11.49	11.09	8.87	43rd	20th	24th
Balanced MF Median	3.98	11.09	9.16	7.92			
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. <b>Current Status: Retention, no change recommended.</b>

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



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	9.93	20.47	16.87	12.91	41st	27th	15th
Wilshire Large Growth Index	9.29	20.56	16.33	11.27	41st	31st	34th
Large Cap Growth MF Median	9.22	19.78	15.19	10.34			
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 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	6.84	23.19	16.48	11.43	18th	25th	9th
S&P 500 Index	5.24	19.34	16.27	10.02	61st	29th	29th
Large Cap Core MF Median	5.68	20.41	14.98	9.27			
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 4- and 5-star Morningstar Ratings meet the State requirement. **Current Status: Retention, no change recommended.**

BlackRock Equity Index (S&P 500)	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Style: Large Cap Core							
BlackRock Equity Index (S&P 500)	5.23	19.30	16.24	10.03	61st	30th	29th
S&P 500 Index	5.24	19.34	16.27	10.02	61st	29th	29th
Large Cap Core MF Median	5.68	20.41	14.98	9.27			
Morningstar Rating	n/a	n/a	★★★★	★★★			

**Fund Narrative**

This index fund performed 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.**

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



Vanguard Equity-Income	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Large Value</b>							
Vanguard Equity-Income	3.62	19.61	17.88	10.68	82nd	4th	8th
FTSE High Dividend Yield Index	2.56	17.74	17.48	10.02	93rd	4th	13th
Russell 1000 Value Index	3.94	22.30	16.25	8.86	53rd	16th	40th
Large Cap Value MF Median	4.68	22.49	14.88	8.27			
<b>Morningstar Rating</b>	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, and 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. <b>Current Status: Retention, no change recommended.</b></p>

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Mid Growth</b>							
Munder Mid-Cap Core Growth	7.35	25.69	16.91	11.78	53rd	35th	58th
Russell Mid Cap Index	7.70	27.91	17.53	12.97	29th	25th	37th
Wilshire Mid Growth Index	11.72	34.65	18.94	15.59	33rd	24th	19th
Mid Cap Growth MF Median	10.30	26.09	16.36	12.20			
<b>Morningstar Rating</b>	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 continues to be closely monitored. <b>Current Status: Retention, no change recommended.</b></p>

MFS Mid Cap Value R5	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Mid Value</b>							
MFS Mid Cap Value R5	7.24	30.54	18.31	13.74	35th	26th	22nd
Russell Mid Cap Value Index	5.89	27.77	17.27	11.86	57th	39th	55th
Mid Cap Value MF Median	7.13	28.51	16.40	12.17			
<b>Morningstar Rating</b>	n/a	n/a	★★★★★	★★★★★			

Fund Narrative
<p>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-star Morningstar Ratings to meet the requirements of the State. <b>Current Status: Retention, no change recommended.</b></p>

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



Vanguard Small Cap Growth Idx	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Small Growth</b>							
Vanguard Small Cap Growth Idx	11.02	30.83	20.26	14.68	57th	31st	31st
CRSP Small Cap Growth Index	11.03	30.20	18.51	13.88	63rd	59th	42nd
Small Cap Growth MF Median	12.55	31.16	19.17	13.20			
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 4- and 3-star Morningstar ratings help meet the State's requirements. <b>Current Status: Retention, no change recommended.</b>

Vanguard Small Cap Index	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Small Cap Core</b>							
Vanguard Small Cap Index	9.19	30.15	18.98	13.26	40th	30th	26th
CRSP Small Cap Index	9.18	31.30	19.48	14.35	28th	21st	18th
Small Cap Core MF Median	9.39	29.16	17.76	11.54			
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. <b>Current Status: Retention, no change recommended.</b>

Target Small Capitalization Value	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
<b>Style: Small Value</b>							
Target Small Capitalization Value	8.43	29.57	17.20	11.59	49th	58th	58th
Russell 2000 Value Index	7.59	27.04	16.57	9.13	80th	63rd	93rd
Small Cap Value MF Median	8.42	29.55	17.33	11.76			
Morningstar Rating	n/a	n/a	★★★★	★★★★			

Fund Narrative
This small value fund outperformed the benchmark for the quarter, and leads for both the 3- and 5-year time periods. However, the fund lags the median for the 3- and 5-year, but the 4-star Morningstar ratings meet the State's minimum requirements. <b>Current Status: Retention, no change recommended.</b>

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



American Funds New Perspective	Trailing Total Returns (annualized)				Universe Ranking		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
American Funds New Perspective	8.27	21.65	12.40	10.14	44th	32nd	15th
MSCI AC World Index	7.90	17.73	10.21	7.71	75th	68th	68th
World Equity MF Median	8.39	20.71	11.23	8.36			
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		
	Quarter	1 Year	3 Year	5 Year	1 year	3 year	5 year
Oakmark International	13.16	40.79	13.93	14.42	2nd	3rd	2nd
MSCI EAFE Value Index	12.63	24.27	7.99	5.86	23rd	46th	53rd
Non-US Equity MF Median	10.36	21.00	7.75	5.95			
Morningstar Rating	n/a	n/a	★★★★★	★★★★★			

**Fund Narrative**

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

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
Vanguard Total Int'l Stock Index	10.28	17.06	5.86	5.85	78th	82nd	53rd
FTSE Global All Cap ex-US Index	10.32	17.17	6.48	7.33	78th	81st	27th
Non-US Equity MF Median	10.36	21.00	7.75	5.95			
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 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
<b>Oppenheimer Developing Mkts Y</b>	8.94	9.64	4.46	11.77	11th	7th	4th
MSCI Emerging Markets Index	5.77	0.98	(0.33)	7.22	66th	49th	38th
Emerging Markets Equity MF Median	5.48	2.50	(0.47)	6.45			
<b>Morningstar Rating</b>	n/a	n/a	★★★★★	★★★★★			

Fund Narrative
<p>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. <b>Current Status: Retention, no change recommended.</b></p>

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



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
<b>T. Rowe Price Retirement 2005</b>	<b>TRRFX</b>	<b>★★★★★</b>	<b>3.55</b>	<b>5.84</b>	<b>7.21</b>	<b>7.79</b>	<b>7.88</b>	<b>\$223,274.89</b>	<b>22</b>
Dow Jones Target Global Date 2005 Index			2.39	0.73	0.73	4.13	6.29		
<b>T. Rowe Price Retirement 2010</b>	<b>TRRAX</b>	<b>★★★★★</b>	<b>4.06</b>	<b>7.30</b>	<b>8.77</b>	<b>8.67</b>	<b>8.31</b>	<b>\$ 48,116.32</b>	<b>8</b>
Dow Jones Target Global Date 2010 Index			2.75	1.91	2.11	4.81	6.42		
<b>T. Rowe Price Retirement 2015</b>	<b>TRRGX</b>	<b>★★★★★</b>	<b>4.99</b>	<b>9.49</b>	<b>11.25</b>	<b>9.90</b>	<b>8.98</b>	<b>\$ 285,167.17</b>	<b>37</b>
Dow Jones Target Global Date 2015 Index			3.28	3.74	4.34	5.87	6.86		
<b>T. Rowe Price Retirement 2020</b>	<b>TRRBX</b>	<b>★★★★★</b>	<b>5.85</b>	<b>11.42</b>	<b>13.40</b>	<b>10.95</b>	<b>9.49</b>	<b>\$ 385,383.88</b>	<b>48</b>
Dow Jones Target Global Date 2020 Index			4.15	6.17	7.22	7.21	7.46		
<b>T. Rowe Price Retirement 2025</b>	<b>TRRHX</b>	<b>★★★★★</b>	<b>6.60</b>	<b>13.18</b>	<b>15.44</b>	<b>11.78</b>	<b>9.84</b>	<b>\$ 838,254.08</b>	<b>78</b>
Dow Jones Target Global Date 2025 Index			5.02	8.76	10.29	8.67	8.19		
<b>T. Rowe Price Retirement 2030</b>	<b>TRRCX</b>	<b>★★★★★</b>	<b>7.21</b>	<b>14.75</b>	<b>17.13</b>	<b>12.57</b>	<b>10.20</b>	<b>\$ 549,190.26</b>	<b>62</b>
Dow Jones Target Global Date 2030 Index			5.85	11.30	13.31	9.95	8.82		
<b>T. Rowe Price Retirement 2035</b>	<b>TRRJX</b>	<b>★★★★★</b>	<b>7.71</b>	<b>15.92</b>	<b>18.46</b>	<b>13.10</b>	<b>10.40</b>	<b>\$ 977,697.03</b>	<b>74</b>
Dow Jones Target Global Date 2035 Index			6.56	13.51	15.96	11.02	9.34		
<b>T. Rowe Price Retirement 2040</b>	<b>TRRDY</b>	<b>★★★★★</b>	<b>7.96</b>	<b>16.60</b>	<b>19.22</b>	<b>13.33</b>	<b>10.56</b>	<b>\$ 613,950.49</b>	<b>66</b>
Dow Jones Target Global Date 2040 Index			7.09	15.15	17.92	11.77	9.74		
<b>T. Rowe Price Retirement 2045</b>	<b>TRRKX</b>	<b>★★★★★</b>	<b>8.01</b>	<b>16.60</b>	<b>19.28</b>	<b>13.35</b>	<b>10.55</b>	<b>\$ 730,765.11</b>	<b>104</b>
Dow Jones Target Global Date 2045 Index			7.37	16.01	18.95	12.13	9.97		
<b>T. Rowe Price Retirement 2050</b>	<b>TRRMX</b>	<b>★★★★★</b>	<b>7.99</b>	<b>16.61</b>	<b>19.29</b>	<b>13.35</b>	<b>10.56</b>	<b>\$ 604,137.73</b>	<b>89</b>
Dow Jones Target Global Date 2050 Index			7.41	16.11	19.07	12.17	9.99		
<b>T. Rowe Price Retirement 2055</b>	<b>TRRNX</b>	<b>★★★★★</b>	<b>8.01</b>	<b>16.52</b>	<b>19.17</b>	<b>13.36</b>	<b>10.53</b>	<b>\$ 326,357.95</b>	<b>39</b>
Dow Jones Target Global Date 2055 Index			7.41	16.11	19.07	12.17	9.99		
<b>T. Rowe Price Retirement Income</b>	<b>TRRIX</b>	<b>★★★★</b>	<b>3.30</b>	<b>5.55</b>	<b>6.76</b>	<b>7.06</b>	<b>7.34</b>	<b>\$ 28,082.46</b>	<b>10</b>
Dow Jones Target Global Date Today Index			2.34	0.62	0.60	3.98	6.22		
<b>TOTAL</b>								<b>\$5,610,377.37</b>	

Vanguard Total Bond Market Signal Ticker: VBTSX

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

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

Fund	Characteristics				Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Total Bond Mkt</b>	★★	5.45	7.40	AA	0.5%	-2.0%	-1.8%	2.8%	5.3%	4.5%
Barclays Aggregate					0.6%	-1.9%	-1.7%	2.9%	5.4%	4.6%
Interm Fixed MF Median					0.7%	-2.0%	-1.3%	3.4%	6.5%	4.6%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	2.89	-0.16	0.93	0.24	2.82	0.99
5-Year	3.75	-0.16	1.38	0.40	3.66	1.43

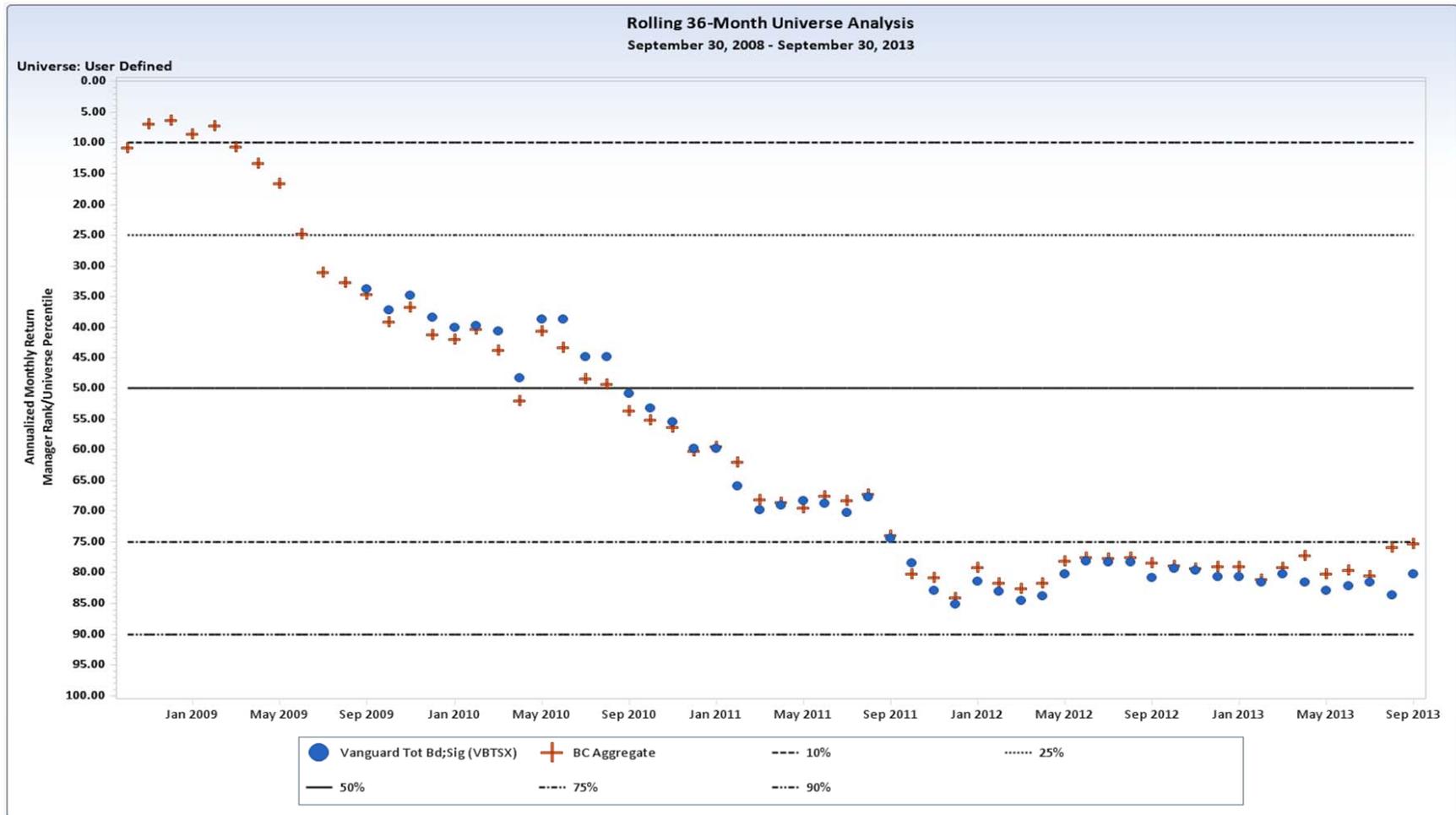
<b>Portfolio Characteristics 7-31-13</b>	
<b>Credit Quality</b>	<b>%</b>
US Gov't/Agency/AAA	72.7%
AA	3.7%
A	11.9%
BBB	11.7%
< BBB	0.0%
Non-Rated	0.0%
<b>Maturity Breakdown</b>	<b>%</b>
0 - 3 yrs.	23.5%
3 - 5 yrs.	17.8%
5 - 7 yrs.	9.6%
7 - 10 yrs.	9.6%
10 - 15 yrs.	4.5%
15 - 20 yrs.	4.4%
20 + yrs.	30.6%

<b>Sector Weights 7-31-13</b>	
	<b>%</b>
US Government	46.6%
Mortgage	26.8%
Credit	20.1%
Foreign	6.5%
Cash	0.0%

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

<b>Year-End Assets (\$ Mil.)</b>	
2013/06	\$12,255
2012	\$12,586
2011	\$10,939
2010	\$8,813
2009	\$8,450
2008	\$7,372

Intermediate Fixed Income Universe



Vanguard Balanced Index Institutional Ticker: VBAIX

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Balanced Indx Instl	★★★★	\$33,508	9,976	3.9%	11.6%	11.8%	11.4%	9.1%	7.2%
US Balanced Index				3.9%	11.3%	11.5%	11.1%	8.9%	7.1%
Balanced MF Median				4.0%	10.1%	11.1%	9.2%	7.9%	6.3%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	7.59	0.88	2.90	1.45	1.85	7.52	1.46
5-Year	11.44	0.94	1.18	0.81	1.95	11.36	0.76

<b>Top 10 Holdings 6-30-13</b>	
Company	% of Portfolio
ExxonMobil Corporation	1.32%
Apple Inc	1.22%
Microsoft Corporation	0.85%
Johnson & Johnson	0.79%
General Electric Co	0.79%
Google, Inc. Class A	0.78%
Chevron Corp	0.75%
Wells Fargo & Co	0.72%
International Business Machines	0.69%
Procter & Gamble Co	0.69%

<b>Sector Weights 6-30-13</b>	
Basic Materials	3.6%
Communication Services	3.8%
Consumer Cyclical	11.5%
Consumer Defensive	9.8%
Healthcare	12.2%
Industrial	11.5%
Real Estate	3.6%
Technology	16.4%
Energy	9.6%
Financials	14.8%
Utilities	3.3%

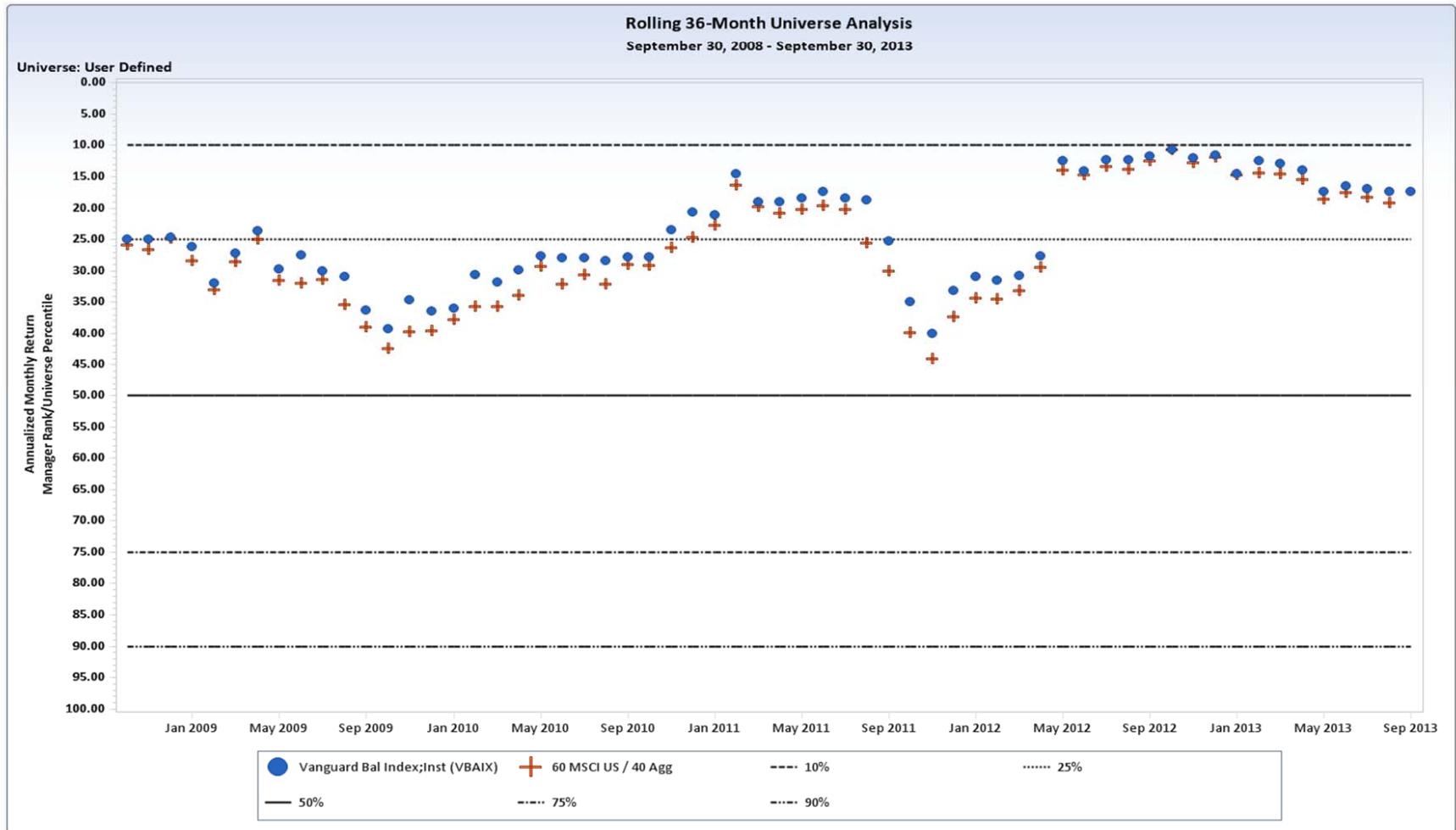
<b>Portfolio Information</b>	
Expense Ratio	0.08%
12b-1 Fee Included	-
Morningstar Average	1.17%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	43%

<b>Fixed Income Characteristics 6-30-13</b>	
Avg. Duration (yrs.)	5.44
Avg. Maturity (yrs.)	7.40
Avg. Quality	AA

<b>Sector Weights 6-30-13</b>	
<i>versus Barclays Aggregate</i>	%
US Government	48.4%
Mortgage	25.3%
Credit	20.0%
Foreign	6.3%
Cash	0.0%

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

Balanced Universe



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



Alger Capital Appreciation Z

Ticker: ACAZX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Alger Capital Appreciation Z	★★★★★	\$41,839	128	9.9%	21.4%	20.5%	16.9%	12.9%	10.5%
Wilshire Large Growth				9.3%	21.5%	20.6%	16.3%	11.3%	8.1%
Large Cap Growth MF Median				9.2%	20.9%	19.8%	15.2%	10.3%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.24	1.11	-0.97	1.17	3.87	13.85	-	1.18
5-Year	19.08	1.02	2.62	0.73	5.21	18.96	-	0.68

Top 10 Holdings 6-30-13	
Company	% of Portfolio
Apple, Inc.	4.92%
Google, Inc Class A	3.64%
Amazon.com Inc	2.55%
International Business Mach	2.37%
CVS Caremark Corp	2.12%
Viacom Inc	1.81%
Home Depot	1.67%
Gilead Sciences Inc	1.66%
eBay Inc	1.58%
Morgan Stanley	1.56%

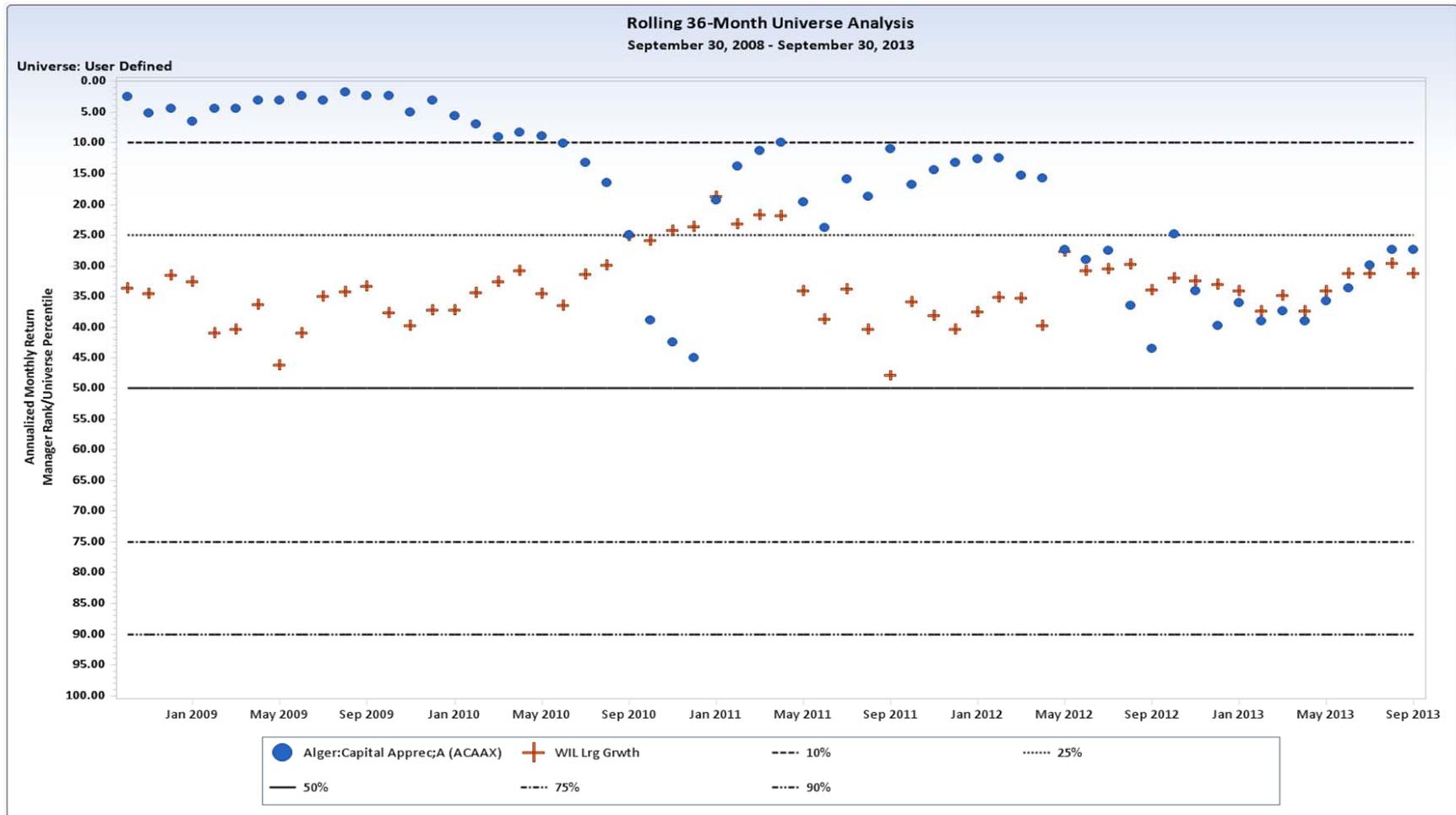
Sector Weights 6-30-13	
Basic Materials	3.3%
Communication Services	2.5%
Consumer Cyclical	22.7%
Consumer Defensive	8.5%
Healthcare	13.9%
Industrial	9.9%
Real Estate	1.8%
Technology	24.7%
Energy	5.1%
Financials	7.6%
Utilities	0.0%

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

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



Large Cap Growth Universe



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



JP Morgan US Equity

Ticker: JUSRX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
JP Morgan US Equity	★★★★★	\$55,454	214	6.8%	22.6%	23.2%	16.5%	11.4%	9.0%
S & P 500				5.2%	19.8%	19.3%	16.3%	10.0%	7.6%
Large Cap Core MF Median				5.7%	20.1%	20.4%	15.0%	9.3%	7.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.84	1.10	-1.29	1.17	2.32	12.41	-	1.28
5-Year	18.49	1.02	1.17	0.67	2.14	18.08	-	0.61

Top 10 Holdings 8-31-13	
Company	% of Portfolio
Johnson & Johnson	3.47%
Google, Inc Class A	2.71%
United Technologies Corp	2.25%
Time Warner Inc	2.14%
Schlumberger NV	2.13%
Wells Fargo & Co	2.12%
Apple Inc	2.10%
Microsoft Corporation	2.03%
Bank of America Corp	1.81%
UnitedHealth Group	1.74%

Sector Weights 8-31-13	
Basic Materials	2.9%
Communication Services	3.3%
Consumer Cyclical	14.6%
Consumer Defensive	8.0%
Healthcare	13.2%
Industrial	9.7%
Real Estate	0.8%
Technology	18.8%
Energy	10.7%
Financials	16.0%
Utilities	2.0%

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

Year-End Assets (\$ Mil.)	
2013/06	\$454
2012	\$407
2011	\$284
2010	\$162
2009	\$69

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



**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](http://www.barclaysglobal.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>BlackRock Eq Index (S&amp;P 500)</b>	★★★	\$59,246	1	5.2%	19.7%	19.3%	16.2%	10.0%	7.5%
S & P 500				5.2%	19.8%	19.3%	16.3%	10.0%	7.6%
Large Cap Core MF Median				5.7%	20.1%	20.4%	15.0%	9.3%	7.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.41	1.00	-0.40	1.24	0.02	12.41	-	1.28
5-Year	18.04	1.00	-0.30	0.60	0.09	18.08	-	0.61

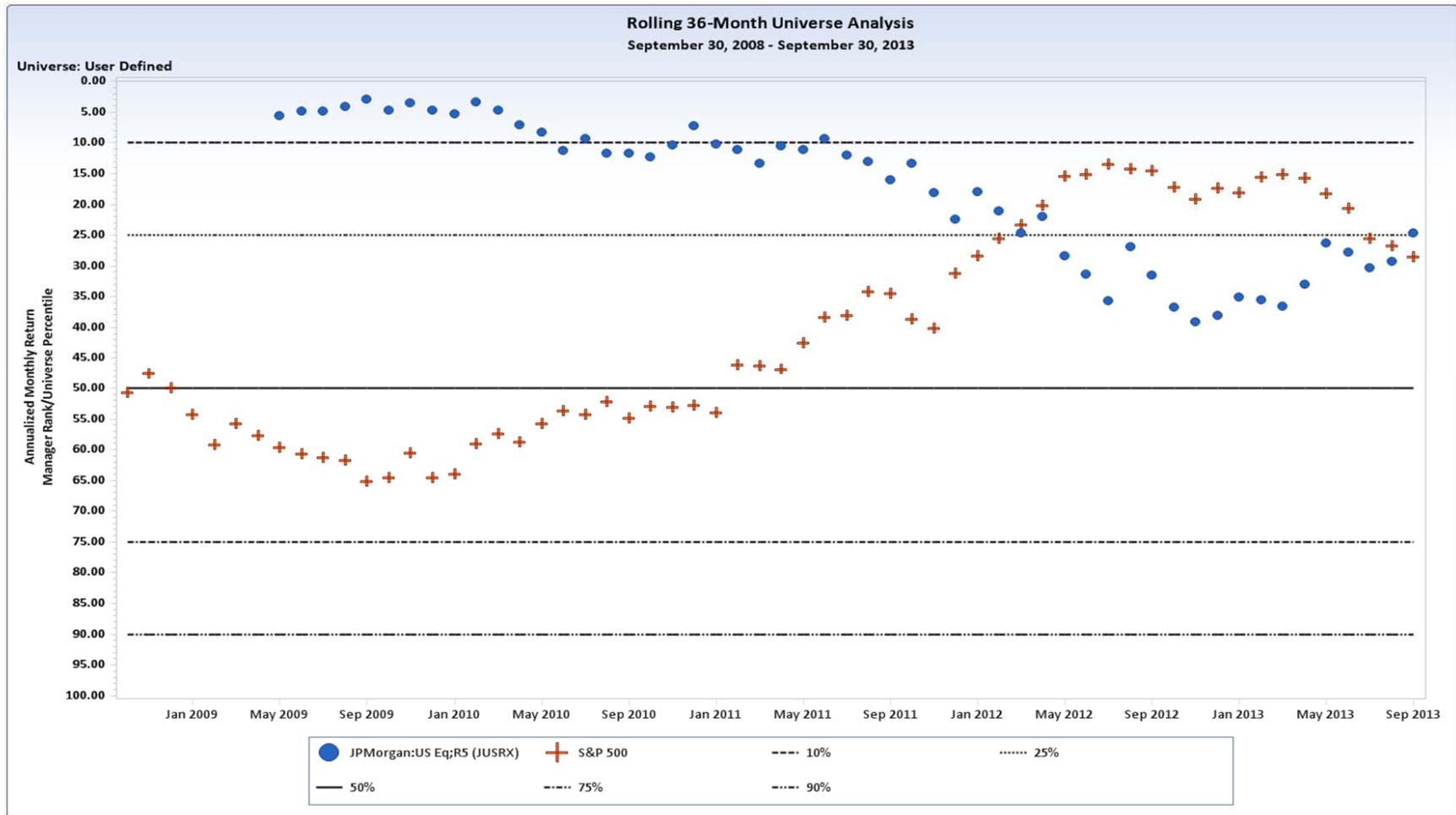
Top 10 Holdings 7-31-13	
Company	% of Portfolio
Apple, Inc.	2.83%
ExxonMobil Corporation	2.78%
Johnson & Johnson	1.75%
General Electric Co	1.68%
Chevron Corp	1.63%
Microsoft Corporation	1.59%
Google, Inc Class A	1.59%
Procter & Gamble Co	1.47%
Wells Fargo & Co	1.43%
JPMorgan Chase & Co	1.40%

Sector Weights 6-30-13	
Basic Materials	3.1%
Communication Services	4.1%
Consumer Cyclical	11.4%
Consumer Defensive	10.3%
Healthcare	12.7%
Industrial	10.3%
Real Estate	2.2%
Technology	16.6%
Energy	10.6%
Financials	15.5%
Utilities	3.3%

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

Year-End Assets (\$ Mil.)	
2013/06	\$861
2012	N/A
2011	N/A
2010	N/A

Large Cap Core Universe



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



Vanguard Equity Income Admiral

Ticker: VEIRX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Equity Income Adm	★★★★★	\$71,563	149	3.6%	19.4%	19.6%	17.9%	10.7%	9.2%
FTSE High Dividend Yield Idx				2.6%	19.1%	17.7%	17.5%	10.0%	0.1
Russell 1000 Value Index				3.9%	20.5%	22.3%	16.2%	8.9%	8.0%
Large Cap Value MF Median				4.7%	21.2%	22.5%	14.9%	8.3%	7.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	10.69	0.83	3.97	1.59	3.78	10.36	-	1.28
5-Year	16.81	0.91	1.43	0.68	4.15	17.89	-	0.42

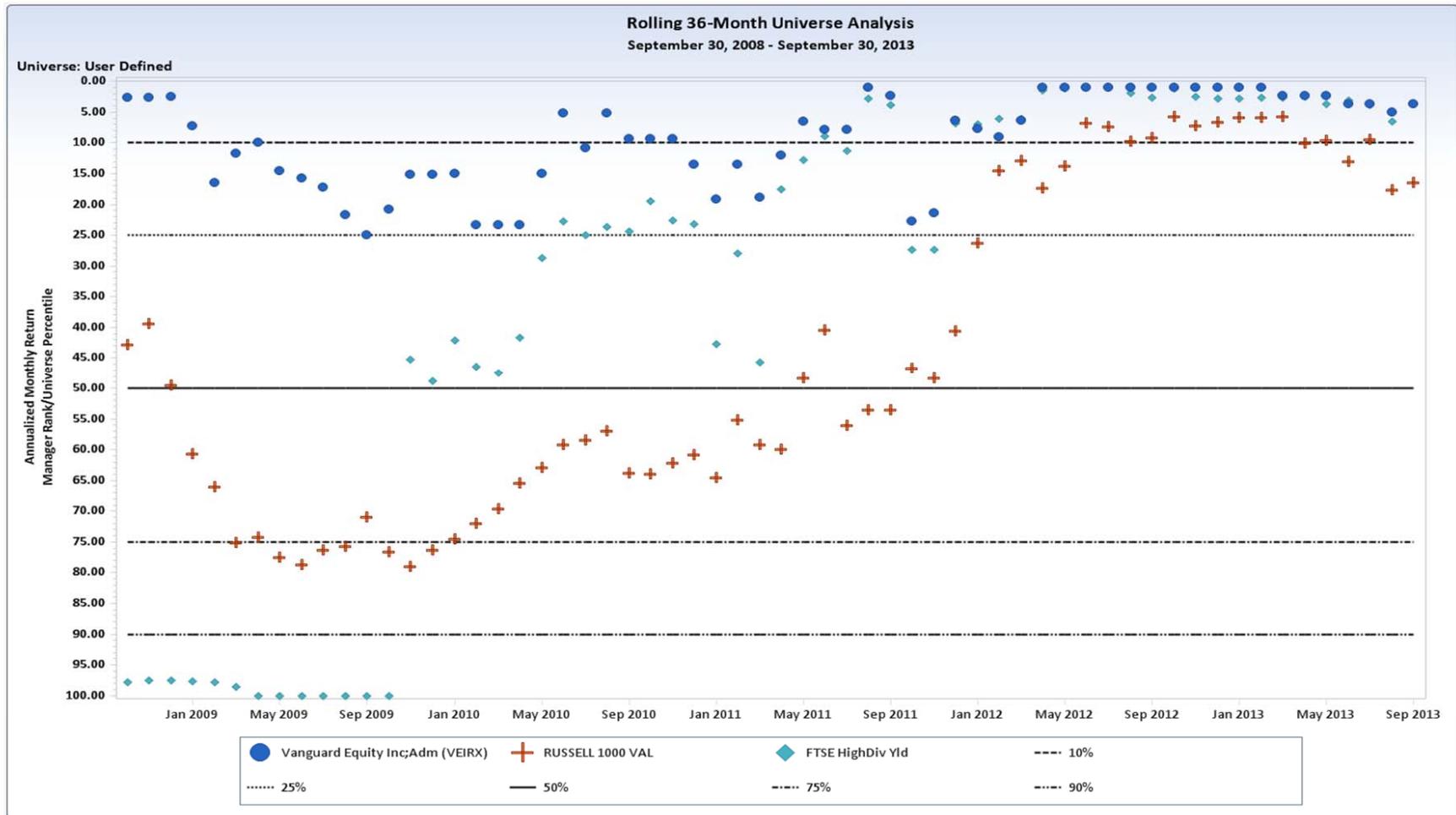
Top 10 Holdings 6-30-13	
Company	% of Portfolio
Johnson & Johnson	3.84%
Chevron Corp	3.63%
Exxon Mobil Corporation	3.50%
Microsoft Corporation	3.48%
Wells Fargo & Co	3.29%
JPMorgan Chase & Co	3.01%
Merck & Co Inc	2.69%
General Electric Co	2.57%
Pfizer Inc	2.20%
AT&T Inc	1.97%

Sector Weights 6-30-13	
Basic Materials	3.7%
Communication Services	4.8%
Consumer Cyclical	7.2%
Consumer Defensive	12.4%
Healthcare	13.5%
Industrial	12.4%
Real Estate	0.0%
Technology	12.4%
Energy	12.4%
Financials	14.7%
Utilities	6.5%

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

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

### Large Cap Value Universe



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



Munder Mid Cap Core Growth Ticker: MGOAX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★	\$7,313	85	7.3%	23.0%	25.7%	16.9%	11.8%	10.6%
Russell Mid Cap Index				7.7%	24.3%	27.9%	17.5%	13.0%	10.8%
Mid Cap Growth MF Median				10.3%	23.9%	26.1%	16.4%	12.2%	9.4%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.96	1.14	-1.33	1.12	5.16	14.59	-	1.18
5-Year	19.84	1.05	1.41	0.66	5.81	21.66	-	0.67

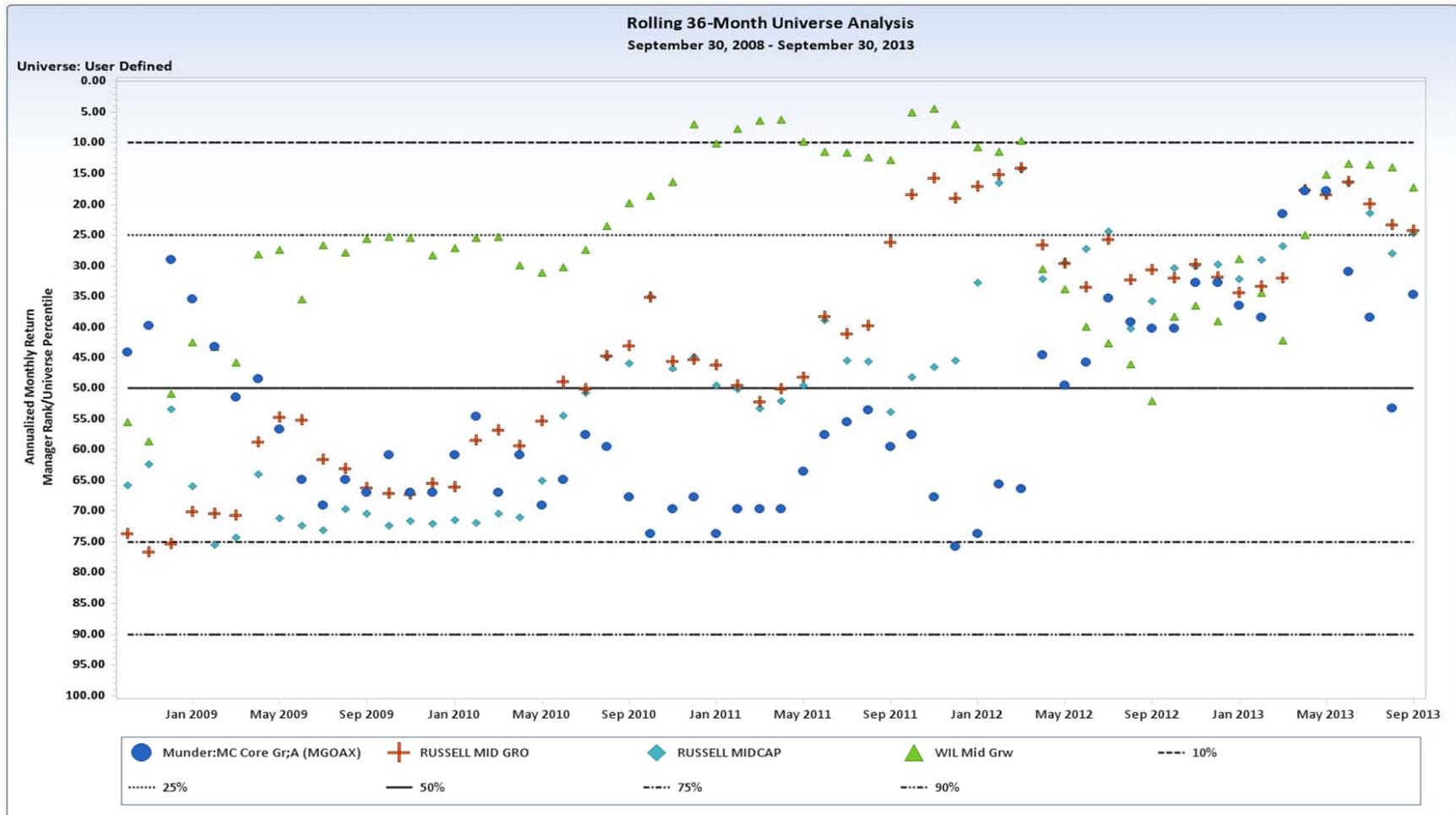
Top 10 Holdings 6-30-13	
Company	% of Portfolio
Affiliated Managers Group	2.46%
LKQ Corporation	1.94%
Lincoln National Corp	1.90%
Invesco Ltd.	1.87%
NiSource Inc	1.85%
Health Management Assoc Inc	1.78%
Liberty Media Corp	1.69%
Tupperware Brands Corp	1.67%
Airgas Inc	1.66%
SBA Communications Corp	1.63%

Sector Weights 6-30-13	
Basic Materials	5.3%
Communication Services	1.6%
Consumer Cyclical	19.8%
Consumer Defensive	6.7%
Healthcare	10.3%
Industrial	10.1%
Real Estate	4.3%
Technology	15.3%
Energy	7.5%
Financials	14.5%
Utilities	4.4%

Portfolio Information	
Expense Ratio	1.33%
12b-1 Fee Included	0.25%
Morningstar Average	1.52%
Minimum Investment	\$2,500
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)	
2013/06	\$1,312
2012	\$1,193
2011	\$1,243
2010	\$1,507

Mid Cap Growth Universe



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



MFS Mid Cap Value R5 Ticker: MVCKX

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

**Manager Information**  
Lead Manager Brooks A. Taylor  
Inception 11/1/2001  
Prospectus [www.mfs.com](http://www.mfs.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
MFS Mid Cap Value R5	★★★★	\$7,440	164	7.2%	25.2%	30.5%	18.3%	13.7%	10.1%
Russell Mid Cap Value Index				5.9%	22.9%	27.8%	17.3%	11.9%	10.9%
Mid Cap Value MF Median				7.1%	24.1%	28.5%	16.4%	12.2%	10.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.16	1.10	0.16	1.25	3.82	14.29	-	1.19
5-Year	20.83	1.12	2.39	0.71	5.43	22.43	-	0.61

**Top 10 Holdings 8-31-13**

Company	% of Portfolio
PerkinElmer Inc	1.26%
Delphi Automotive PLC	1.24%
TCF Financial Corporation	1.12%
Public Service Enterprise Grp	1.09%
Stanley Black & Decker Inc	1.05%
CMS Energy Corp	1.04%
J.M. Smucker Co.	1.04%
Bunge Ltd	1.02%
KeyCorp	1.02%
AmerisourceBergen Corp	1.00%

**Sector Weights 8-31-13**

Basic Materials	8.4%
Communication Services	1.4%
Consumer Cyclicals	12.9%
Consumer Defensive	8.2%
Healthcare	8.3%
Industrial	9.6%
Real Estate	3.3%
Technology	9.9%
Energy	8.9%
Financials	20.0%
Utilities	9.1%

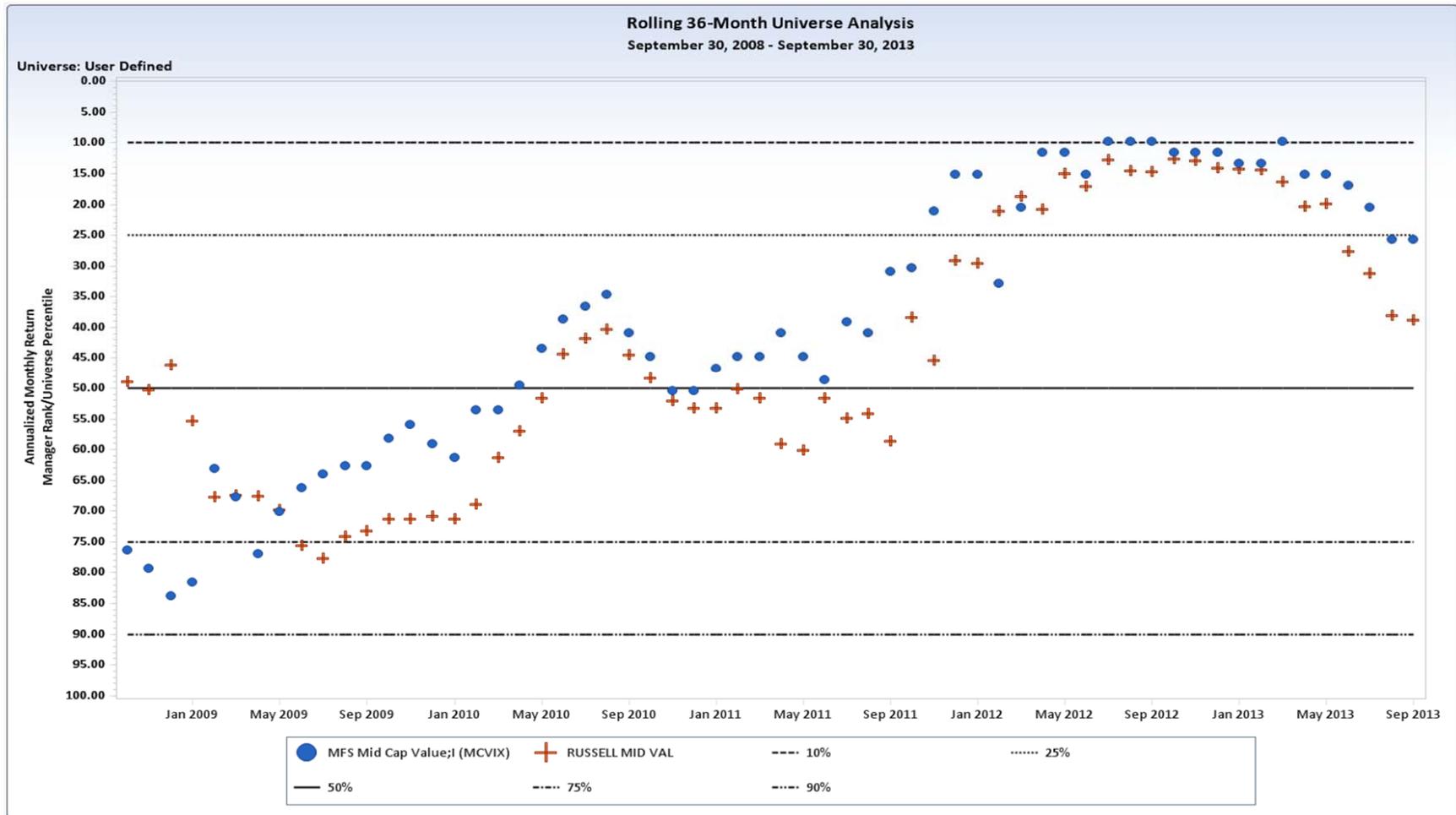
**Portfolio Information**

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

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

2013/06	\$984
2012	N/A
2011	N/A
2010	N/A

### Mid Cap Value Universe



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



Vanguard Small Cap Growth Index

Ticker: VISGX

<b>Fund Strategy</b>
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.

<b>Manager Information</b>	
Lead Manager	Gerard O'Reilly + Team
Inception	5/21/1998
Prospectus	<a href="http://www.vanguard.com">www.vanguard.com</a>

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Vanguard Small Growth Index</b>	★★★★	\$2,578	669	11.0%	28.4%	30.8%	20.3%	14.7%	11.2%
CRSP US Small Cap Growth Idx				11.0%	28.8%	30.2%	18.5%	13.9%	11.4%
Small Cap Growth MF Median				12.6%	31.1%	31.2%	19.2%	13.2%	9.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.56	1.34	-1.23	1.14	7.04	17.33	-	1.07
5-Year	24.29	1.27	2.51	0.68	9.30	23.37	-	0.67

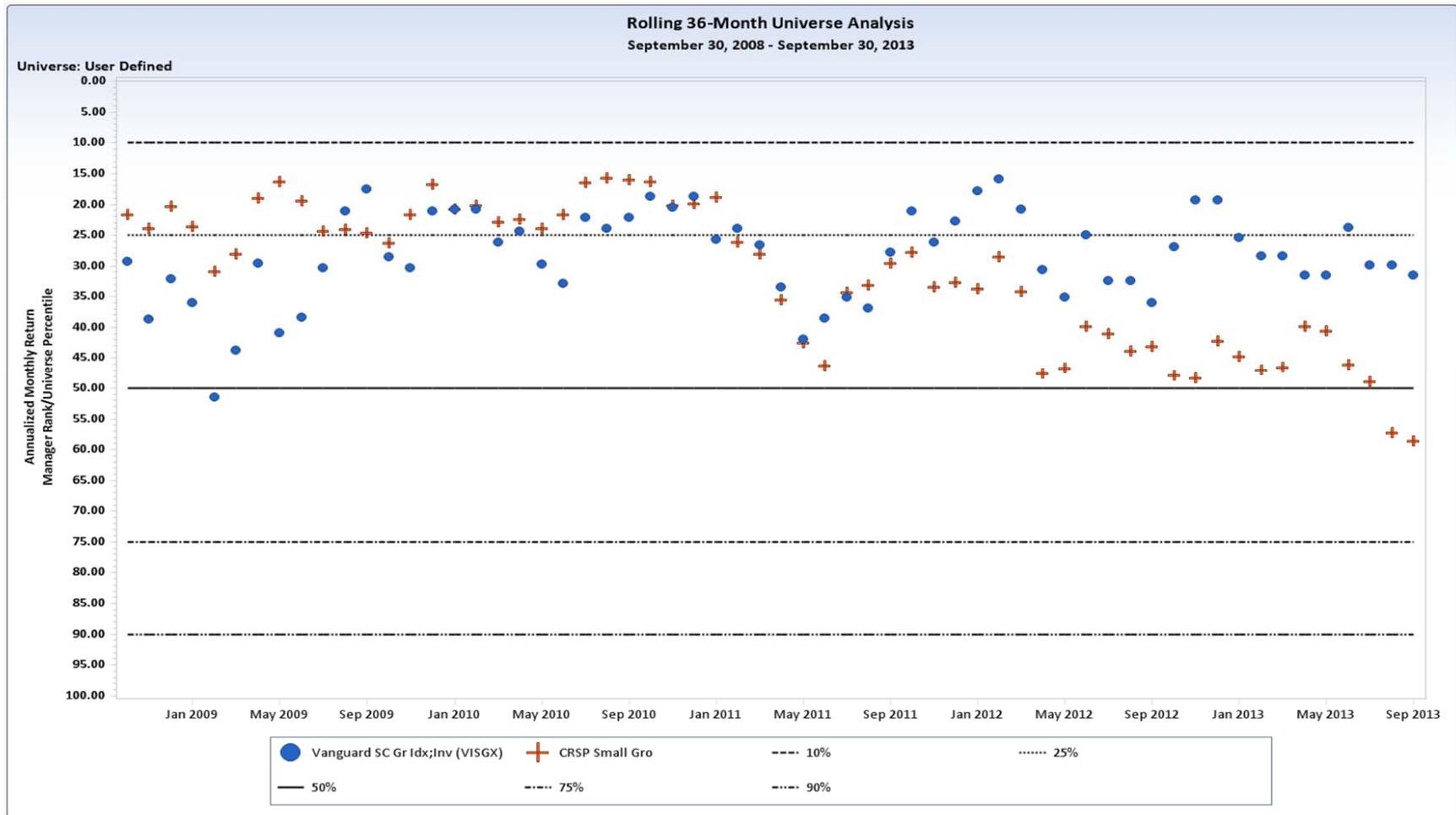
<b>Top 10 Holdings 7-31-13</b>	
Company	% of Portfolio
Onyx Pharmaceuticals	0.88%
Polaris Industries	0.67%
B/E Aerospace Inc	0.67%
Fortune Brands Home & Sec	0.62%
Pharmacyclics Inc	0.58%
Cooper Companies	0.57%
Ocwen Financial Corporation	0.50%
Under Armour, Inc	0.49%
Oil States International Inc	0.49%
Westinghouse Air Brake Tech	0.49%

<b>Sector Weights 7-31-13</b>	
Basic Materials	2.6%
Communication Services	1.9%
Consumer Cyclical	17.3%
Consumer Defensive	3.5%
Healthcare	14.7%
Industrial	16.3%
Real Estate	11.5%
Technology	20.7%
Energy	6.2%
Financials	4.8%
Utilities	0.5%

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

<b>Year-End Assets (\$ Mil.)</b>	
2013/06	\$3,014
2012	\$2,649
2011	\$2,614
2010	\$4,229

Small Cap Growth Universe



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



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](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Sml Cap Index Signal	★★★★	\$2,501	1439	9.2%	26.6%	30.1%	19.0%	13.3%	10.9%
CRSP US Small Cap Index				9.2%	27.2%	31.3%	19.5%	14.3%	11.5%
Small Cap Core MF Median				9.4%	25.9%	29.2%	17.8%	11.5%	9.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	16.73	1.29	-1.70	1.12	5.99	16.39	-	1.17
5-Year	24.20	1.28	1.11	0.63	8.64	23.65	-	0.68

**Top 10 Holdings 7-31-13**

Company	% of Portfolio
Onyx Pharmaceuticals, Inc	0.39%
Polaris Industries, Inc	0.30%
B/E Aerospace Inc	0.30%
Fortune Brands Home & Sec	0.28%
Genworth Financial Inc	0.26%
Pharmacyclics Inc	0.26%
Handsbrands Inc	0.26%
Cooper Companies	0.25%
NCR Corporation	0.24%
Gannett Co Inc	0.24%

**Sector Weights 7-31-13**

Basic Materials	5.0%
Communication Services	1.3%
Consumer Cyclical	15.9%
Consumer Defensive	4.1%
Healthcare	10.5%
Industrial	17.3%
Real Estate	10.2%
Technology	14.3%
Energy	4.6%
Financials	12.9%
Utilities	3.8%

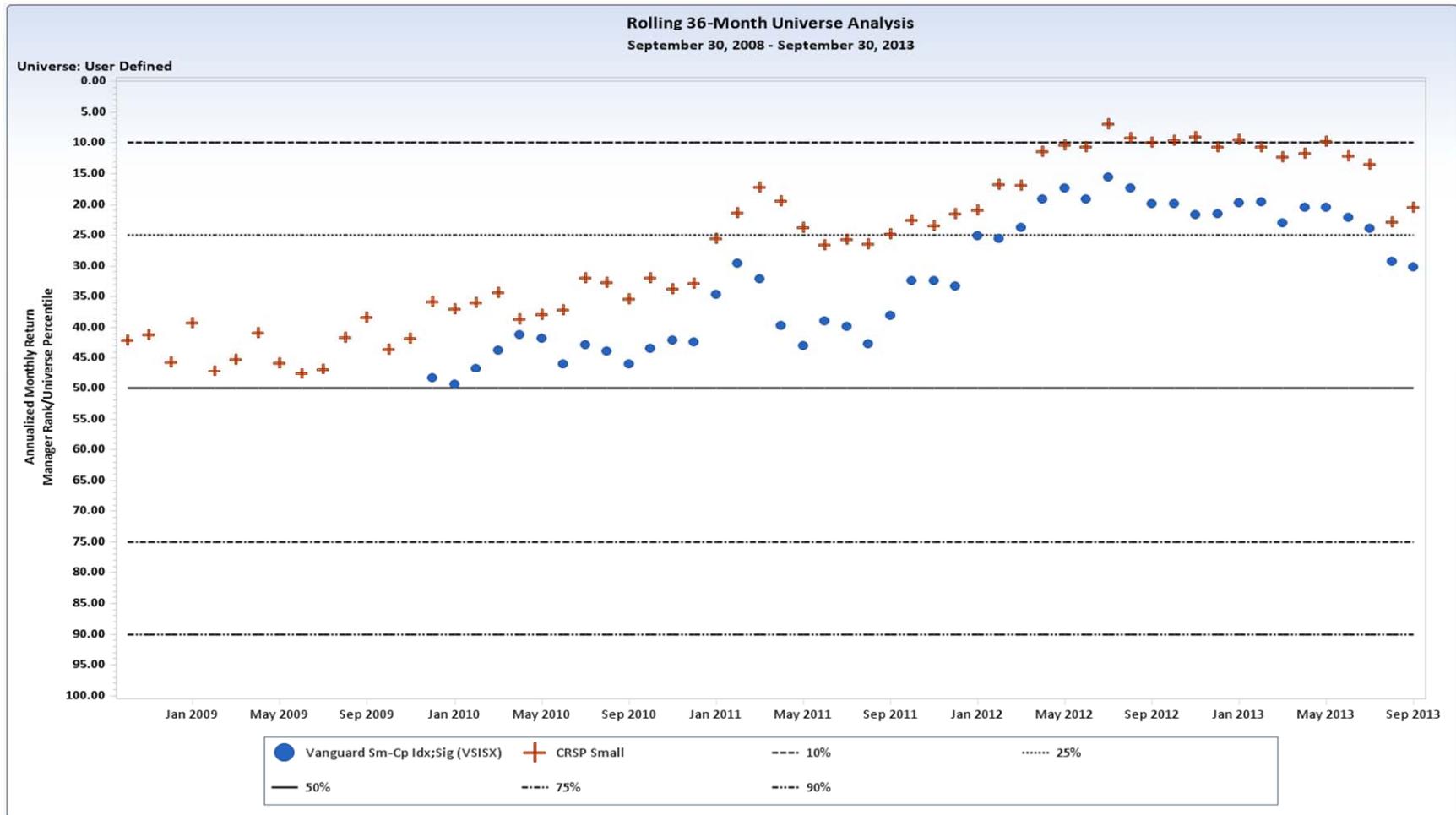
**Portfolio Information**

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

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

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

Small Cap Core Universe



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



Target Small Capitalization Value Fund Ticker: TASVX

**Fund Strategy**

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

**Manager Information**

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Target Small Cap Value	★★★★	\$2,156	669	8.4%	24.9%	29.6%	17.2%	11.6%	11.9%
Russell 2000 Value Index				7.6%	23.1%	27.0%	16.6%	9.1%	9.3%
Smal Cap Value MF Median				8.4%	25.1%	29.6%	17.3%	11.8%	10.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.02	1.16	-1.33	1.13	4.80	16.53	-	1.01
5-Year	21.06	1.13	0.62	0.62	5.77	24.39	-	0.48

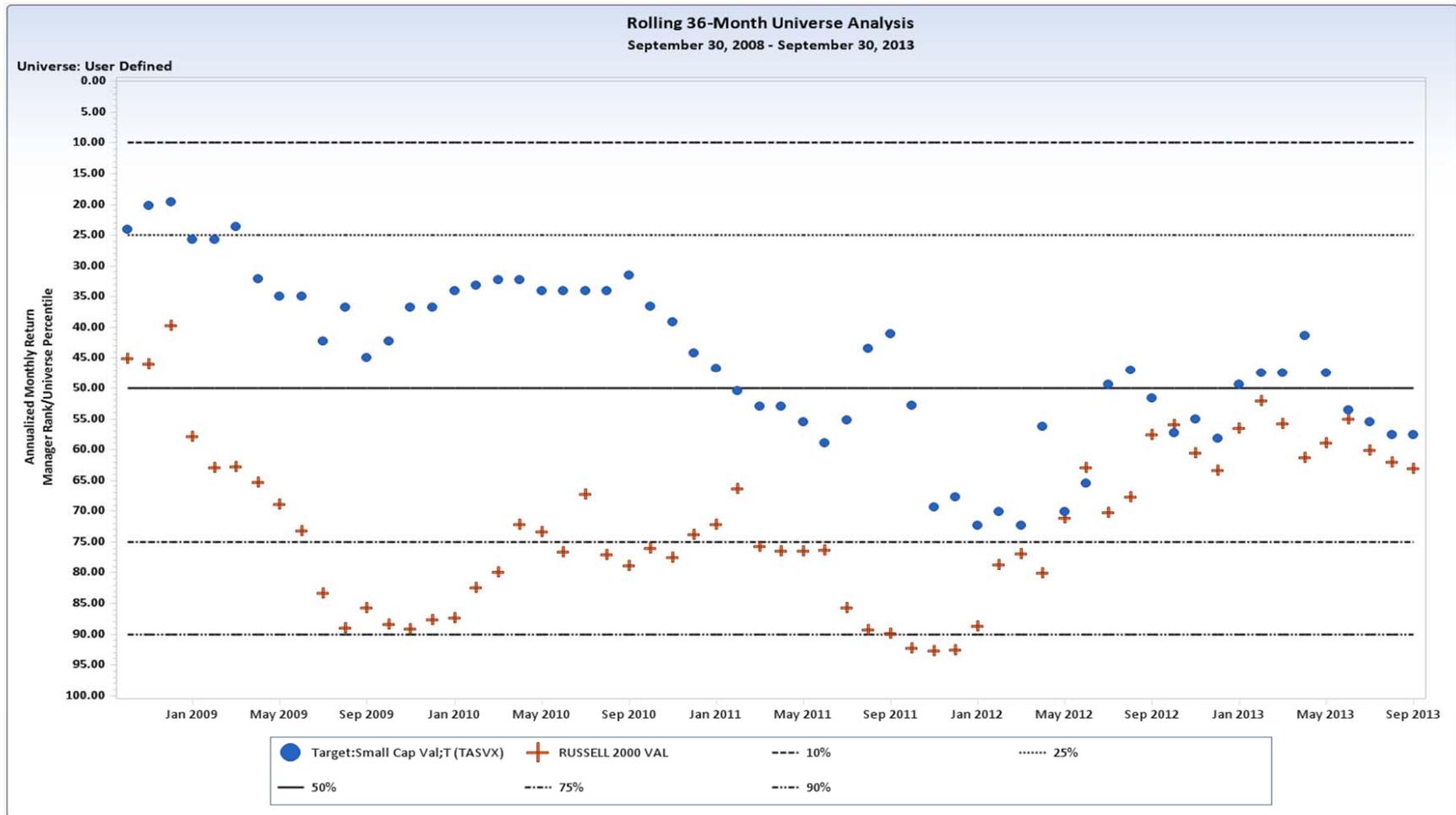
Top 10 Holdings 8-31-13	
Company	% of Portfolio
Bristow Group, Inc	1.20%
Hexcel Corporation	0.95%
Aaron's, Inc	0.94%
Protective Life Corp	0.94%
Silgan Holdings Inc	0.88%
Littelfuse Inc	0.82%
Firstmerit Corp	0.80%
Group 1 Automotive Inc	0.79%
Raymond James Financial Inc	0.78%
GATX Corp	0.76%

Sector Weights 8-31-13	
Basic Materials	5.8%
Communication Services	0.5%
Consumer Cyclical	10.9%
Consumer Defensive	4.4%
Healthcare	5.9%
Industrial	23.6%
Real Estate	4.9%
Technology	12.8%
Energy	6.5%
Financials	21.2%
Utilities	3.4%

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

Year-End Assets (\$ Mil.)	
2013/06	\$1,397
2012	\$1,133
2011	\$892
2010	\$886

Small Cap Value Universe



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



American Funds New Perspective Fund A

Ticker: ANWPX

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective A	★★★★	\$46,827	271	8.3%	16.8%	21.7%	12.4%	10.1%	9.9%
MSCI AC World Index				7.9%	14.4%	17.7%	10.2%	7.7%	7.9%
World Stock MF Median				8.4%	16.3%	20.7%	11.2%	8.4%	8.5%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.07	0.77	5.25	0.90	5.79	14.71	-	0.73
5-Year	19.07	0.83	4.30	0.60	6.08	20.23	-	0.47

**Top 10 Holdings 6-30-13**

Company	% of Portfolio
Novo-Nordisk A/S	3.97%
Amazon.com Inc	2.48%
Google, Inc Class A	1.92%
Home Depot, Inc	1.84%
Naspers Ltd	1.55%
Bayer AG	1.46%
Taiwan Semiconductor Manufacturing	1.41%
CME Group Inc	1.41%
American Express Co	1.27%
ACE Ltd	1.20%

**Country Weights 6-30-13**

	%
<b>Europe</b>	<b>37.7%</b>
France	4.1%
Germany	4.4%
United Kingdom	8.9%
<b>Asia</b>	<b>12.8%</b>
Australia	1.4%
Hong Kong	1.1%
Japan	6.1%
<b>Latin America</b>	<b>0.7%</b>
Brazil	0.2%
Chile	0.0%
<b>North America</b>	<b>48.9%</b>
Canada	2.0%
United States	46.8%

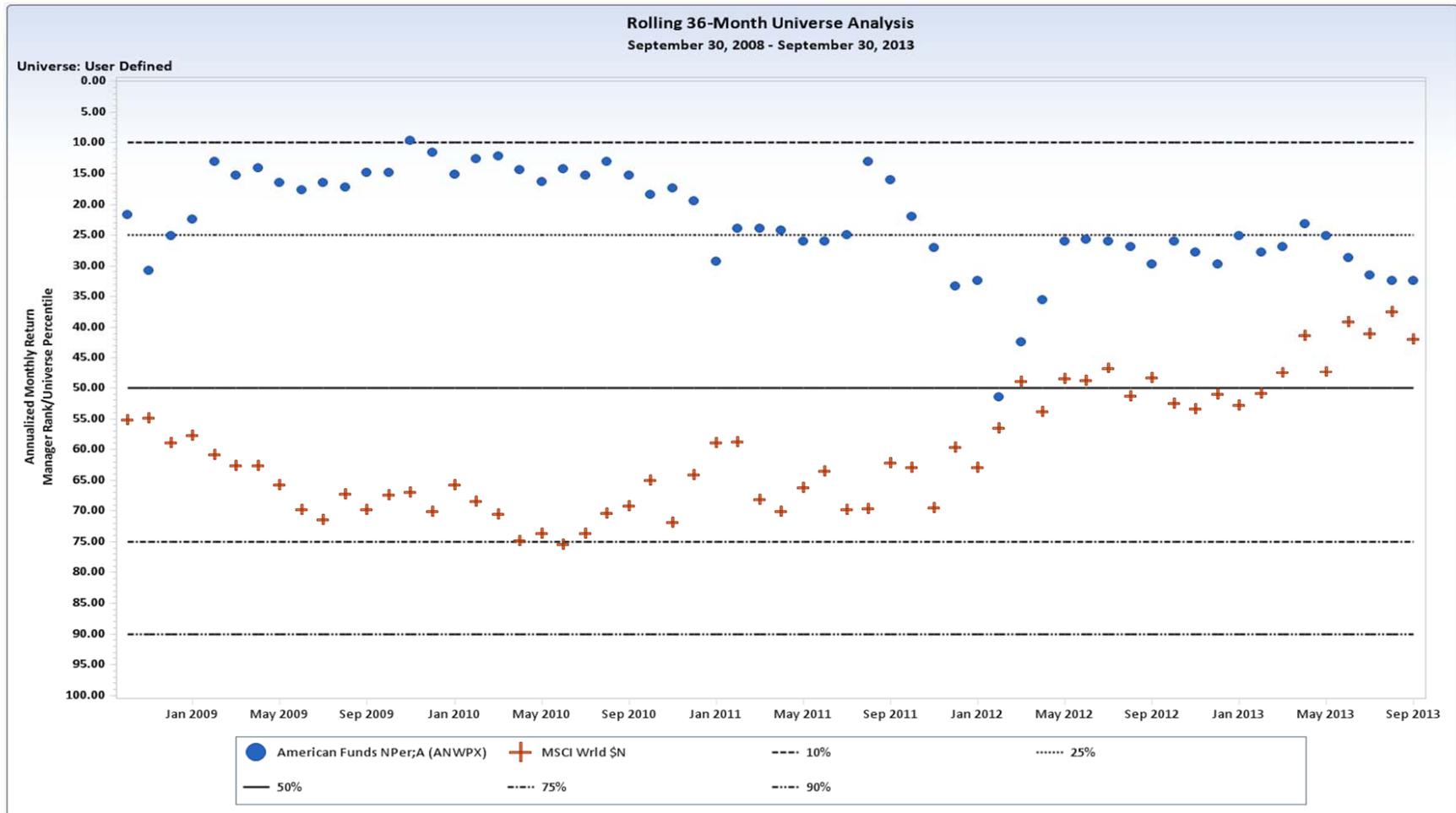
**Portfolio Information**

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

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

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

World Equity Universe



**Oakmark International I Ticker: OAKIX**

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Oakmark International I</b>	★★★★★	\$24,361	64	13.2%	23.7%	40.8%	13.9%	14.4%	11.6%
MSCI EAFE Value Index				12.6%	15.7%	24.3%	8.0%	5.9%	7.9%
MSCI EAFE Index				11.6%	16.1%	23.8%	8.5%	6.4%	8.0%
Non-US Equity MF Median				10.4%	13.9%	21.0%	7.8%	6.0%	8.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.35	1.00	5.08	0.80	5.76	18.49	-	0.50
5-Year	23.96	1.04	7.36	0.68	6.34	23.83	-	0.35

**Top 10 Holdings 6-30-13**

Company	% of Portfolio
Credit Suisse Gorup	4.88%
Daimler AG	4.10%
Intesa Sanpaolo	3.65%
BNP Paribas	3.46%
Lloyds Banking Group	3.07%
Allianz SE	2.76%
Fiat Industrial SpA	2.70%
Orica Ltd	2.65%
Daiwa Securities Co	2.62%
Bayerische Motoren Werke	2.58%

**Country Weights 6-30-13**

	%
<b>Europe</b>	<b>73.5%</b>
France	11.9%
Germany	11.8%
United Kingdom	13.9%
<b>Asia</b>	<b>21.1%</b>
Australia	5.8%
Hong Kong	0.0%
Japan	15.2%
<b>Latin America</b>	<b>0.1%</b>
Brazil	0.0%
Chile	0.0%
<b>North America</b>	<b>5.3%</b>
Canada	2.1%
United States	3.2%

**Portfolio Information**

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

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

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

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](http://www.vanguard.com)

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Total Int'l Stock	★★★	\$20,326	5605	10.3%	9.7%	17.1%	5.9%	5.9%	8.5%
FTSE Glb All Cap ex-US Idx				10.3%	10.6%	17.2%	6.5%	7.3%	9.7%
Non-US Equity MF Median				10.4%	13.9%	21.0%	7.8%	6.0%	8.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.46	0.99	-2.29	0.41	3.50	17.36	-	0.44
5-Year	23.59	1.05	-0.56	0.36	4.05	23.01	-	0.42

**Top 10 Holdings 7-31-13**

Company	% of Portfolio
Nestle SA	1.14%
HSBC Holdings PLC	1.11%
Roche Holding AG	0.91%
Novartis AG	0.88%
Toyota Motor Corp	0.85%
Vodafone Group PLC	0.76%
BP PLC	0.69%
Royal Dutch Shell	0.68%
GlaxoSmithKline PLC	0.66%
Sanofi	0.62%

**Country Weights 7-31-13**

	%
<b>Europe</b>	<b>49.5%</b>
France	6.0%
Germany	6.0%
United Kingdom	15.7%
<b>Asia</b>	<b>39.4%</b>
Australia	5.7%
Hong Kong	2.1%
Japan	16.1%
<b>Latin America</b>	<b>3.6%</b>
Brazil	2.0%
Chile	0.4%
<b>North America</b>	<b>7.6%</b>
Canada	7.5%
United States	0.1%

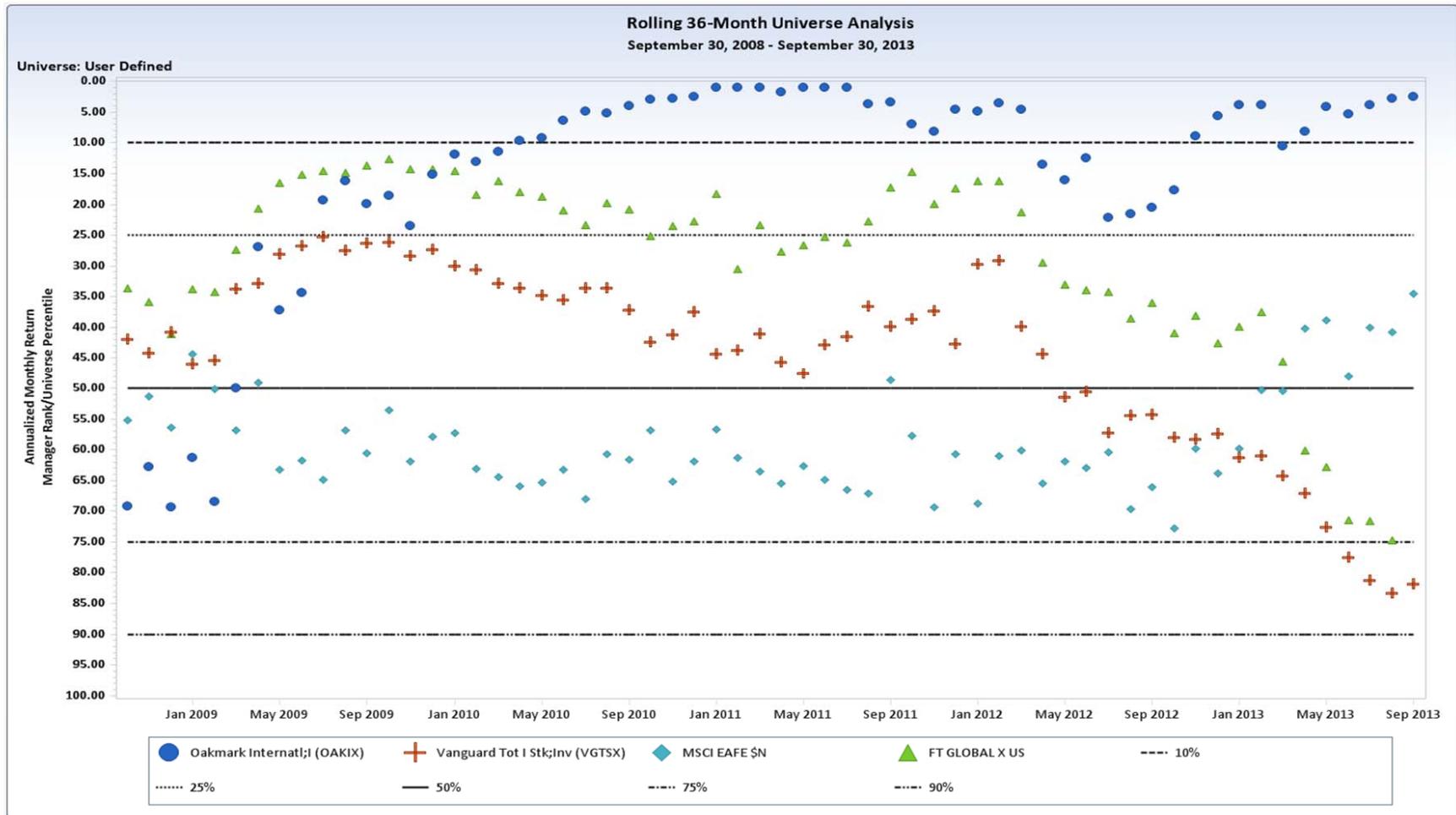
**Portfolio Information**

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

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

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

### International (Non-US) Equity Universe



**Oppenheimer Developing Markets Y Ticker: ODVYX**

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

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

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Mkt Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Oppenheimer Dev Mkt Y</b>	★★★★★	\$17,095	117	8.9%	4.8%	9.6%	4.5%	11.8%	17.2%
MSCI Emerg Mkts Index				5.8%	-4.4%	1.0%	-0.3%	7.2%	12.8%
Emg Mkt Equity MF Median				5.5%	-3.7%	2.5%	-0.5%	6.5%	12.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	18.24	0.92	-2.84	0.33	9.05	19.65	-	0.08
5-Year	25.31	1.04	5.34	0.56	10.31	26.35	-	0.40

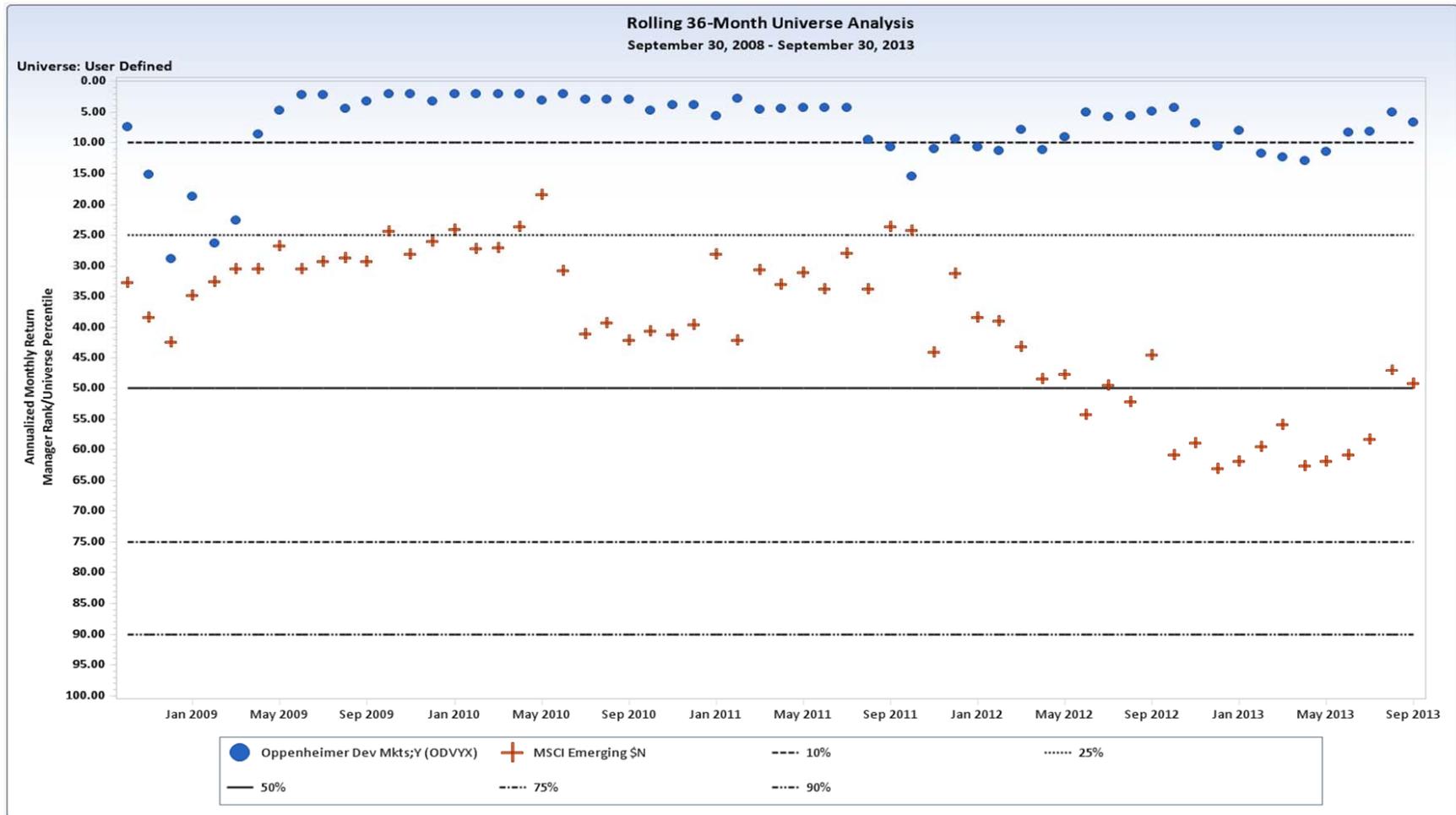
Top 10 Holdings 8-31-13	
Company	% of Portfolio
Baidu, Inc. ADR	5.38%
Tencent Holdings Ltd	3.21%
America Movil, SAB	2.30%
OJSC Magnit	2.19%
NHN Corporation	2.09%
OAQ Novatek GDR	2.01%
Housing Development	1.98%
Carlsberg AS	1.92%
Anglo American PLC	1.76%
ICICI Bank Ltd ADR	1.74%

Country Weights 8-31-13	
	%
<b>Europe</b>	<b>32.8%</b>
France	1.1%
Germany	0.0%
United Kingdom	8.4%
<b>Asia</b>	<b>47.9%</b>
Australia	0.0%
Hong Kong	4.6%
Japan	0.0%
<b>Latin America</b>	<b>18.3%</b>
Brazil	9.8%
Chile	1.1%
<b>North America</b>	<b>0.9%</b>
Canada	0.0%
United States	0.9%

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

Year-End Assets (\$ Mil.)	
2013/06	\$15,193
2012	\$13,350
2011	\$8,206
2010	\$7,296
2009	\$2,519

### Emerging Markets Equity Universe



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

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

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