



# Wyoming State Treasurer's Office

## Investment Performance Analysis

Quarter Ended

**June 30, 2007**

Prepared By

**Jamie Voytko**

# RVKuhns

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# WYOMING STATE TREASURER'S OFFICE

*SECOND QUARTER 2007*

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- This one-page memo provides a written summary of significant observations regarding performance of the State's Funds, and provides an overview of performance during the quarter for each of the asset classes the State is invested in.

**MARKET ENVIRONMENT ..... PAGE 2-11**

- This section is intended to review capital markets in general (i.e. not specific to Wyoming), and includes a written summary of events during the quarter, including economic influences and review of equity and bond markets as a whole. This section also includes various charts and exhibits displaying key characteristics of major market indices representing the broad range of available asset classes, including alternative investments such as absolute return and real estate.

**PERFORMANCE SUMMARY ..... PAGE 12-17**

- These 6 pages provide all the market value, asset allocation, and performance information for the State's investments, in summary form.

**INVESTMENT POLICY OBJECTIVE REVIEW ..... PAGE 18-38**

- This section provides a compliance check for the Total Fund, and for each individual manager portfolio, versus the guidelines and expectations outlined in the State's Master Investment Policy and Sub-Policies.

**APPENDIX..... PAGE 39-43**

- The appendix includes a glossary, giving definitions and other information on data included throughout the report, including financial terms and ratios, indices, peers groups. The addendum page in the appendix includes important comments specific to Wyoming regarding market value, performance, and allocation information provided throughout the report.

## MEMORANDUM

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**To:** Wyoming State Loan and Investment Board

**From:** Rebecca Gratsinger, Josh Kevan, Ashlee Moehring, Stephen Petretto, and Jamie Voytko  
R.V. Kuhns & Associates, Inc.

**Subject:** June 30, 2007 Investment Performance Analysis Commentary

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Outlined below please find a summary of significant observations regarding performance of the State's Funds for the period ended June 30, 2007. In addition, we have included some supplementary comments focusing on the performance the State has experienced over the past fiscal year. We hope this summary will facilitate your review of the Wyoming State Investment Program, and the enclosed excerpts from our quarterly Investment Performance Analysis Reports.

- The Total Fund (including Permanent Mineral Trust, Permanent Land Fund, University Permanent Land Fund, Common School, State Agency, Workers Compensation, and Tobacco Settlement) finished the quarter ended June 30, 2007 with a return of 2.3%. This performance is compared to the custom index return of 1.7%.
- The Permanent Mineral Trust Fund finished the quarter ended June 30, 2007 with a return of 4.3% and the Common School Fund finished with a return of 4.3% as well, while the Permanent Land Fund and the University Permanent Land Fund returned 4.2% and 4.1% respectively. Strong second quarter domestic and international equity market performance contributed to the strong performance for the four permanent funds.
- The State's total fixed income portfolio outperformed the Lehman Aggregate Index for the quarter, returning -0.2 versus -0.5% for the benchmark. The State's fixed income portfolio is primarily driven by the performance of the internal portfolio, however the addition of external specialist managers continues to provide diversification and enhanced returns, as over 40% of the total fixed income portfolio is now managed externally.
- The U.S. and international stock markets continued their strong performance during the quarter. The S&P 500 was up 6.3% and the Russell 1000 gained 5.9% during the quarter. The State's large-cap domestic equity investments, managed by State Street, were in line with the market, posting a 6.3% return during the quarter.
- Small-capitalization equities lagged slightly behind larger stocks during the quarter, with the Russell 2000 returning 4.4% during the quarter. Strong manager outperformance for the State's small/mid cap managers contributed significantly to overall domestic equity performance. Friess, the State's small/mid-cap growth manager, outperformed relative to the benchmark during the quarter, with a 10.6% return compared to a 7.0% for the Russell 2500 Growth Index. Gabelli, the State's small/mid-cap value manager, also outperformed for the quarter, returning 8.2% versus 2.9% for the Russell 2500 Value.
- Developed international stock markets performed slightly better than domestic equity markets during the quarter, while emerging markets continued to be the leader amongst all global equity markets. The MSCI EAFE Index posted a 6.7% gain for the second quarter, and the MSCI Emerging Markets Index returned

15.1%. For the quarter, Fisher and Capital Guardian, the State's two international equity managers, outperformed the EAFE benchmark returning 9.8% and 7.2% respectively.

- Institutional real Estate markets continued to realize strong performance, driven primarily by appreciation in property prices, but also including healthy returns from operating income. Over the past year, UBS has returned 19.5% and Clarion returned 15.3%, both compared to the NCREIF Property Index return of 17.2%. Note that real estate performance for the State's investments with Clarion is reported on a one-month lag due to the timing of valuations. TA Realty, a value-added real estate manager for the State, made its first capital call in June 2007.

### **Fiscal Year Ended June 30<sup>th</sup>, 2007**

Diversification of the Permanent Funds played a major role in performance results for the fiscal year ended June 30<sup>th</sup>, 2007.

From June 2006 to June 2007, the fixed income market was first characterized by falling yields and Fed resolve on interest rates, only to end in an environment of rising yields amongst Fed inflation posturing. The ten-year Treasury yield rose above 5.0% at quarter-end for the first time since the summer of 2006. Sub-prime mortgage concerns colored the market sentiment throughout the fiscal year.

- The fixed income portfolio produced a positive return of 6.2% compared to a return on the Lehman Aggregate Bond Index of 6.1%. This is largely attributable to the internal portfolio, with the diversification benefits added from the external managers. Fixed income performance was further enhanced by impressive returns for the convertible bond portfolio (+21.0%).

The State's continued diversification into equity securities and other alternatives contributed significantly to returns for the fiscal year. Collectively, the State's investment managers executed well on their assigned mandates, adding further incremental return.

- The domestic equity portfolio returned 21.5% for the year, compared to 20.6% for the S&P 500.
- The international equity portfolio returned 25.9% for the year, compared to 27.5% for the MSCI EAFE.
- The real estate portfolio returned 16.7% for the year, compared to 17.2% for the NCREIF Property Index.
- The domestic equity overlay strategy added 0.81% of incremental return for the year on the notional principal amount of \$500 Million.
- The Permanent Mineral Trust and Common School Permanent Land Fund ended the year with return of 14.8% and 14.9% respectively, both slightly outperforming their custom index returns of 14.8% and 14.6% respectively. The Permanent Land Fund and University Permanent Land Fund ended the year with return of 14.1% and 14.0% respectively, both slightly underperforming their custom index returns of 14.2% and 14.2% respectively.
- Returns for the Non-Permanent Funds (Workers Compensation, Tobacco Settlement, and State Agency Pool) were more pedestrian due to their heavy concentration in fixed income and cash, but performance was in line with their respective custom indices. The Workers Compensation Fund returned 6.6% vs. 6.6% for its custom index. The Tobacco Settlement Trust return 6.3% vs. 6.2% for its custom index, and the State Agency Pool returned 6.1% vs. 6.0% for its custom index. Recent diversification into equities and real estate for the Workers Compensation Fund increased its return over the other Non-Permanent Funds.

## Capital Markets Review As of June 30, 2007

### Capital Markets Review

#### Second Quarter Economic Environment:

Corporate profits and strong global growth continued to support the U.S. equity rally during the first two months of the second quarter, before anxiety surrounding the housing slump and inflation caused a slight pullback to close out the first half of 2007. The U.S. stock markets posted gains for the fourth consecutive quarter. Estimates indicate that U.S. economic growth accelerated during the second quarter, with GDP forecasts ranging from 2.5% - 3.0%, to follow the first quarter's 0.7% growth rate. Unemployment remains near record lows at 4.5%. The U.S. Federal Reserve kept its key interest rate at 5.25% and has stated that the containment of inflation is its key focus. After June's 0.2% increase, CPI is up 2.7% over the past twelve months. Given the Federal Reserve's stated inflation posture, and the continued strength of the domestic and global economy, the market's expectation is for a Federal Reserve rate hike before a rate cut. Oil prices closed the quarter above \$70 per barrel, and they have climbed by 15.0% during the first half of 2007. The sub-prime mortgage sector, and its potential spillover effects to the broader economy, remained a concern at the quarter's close.

#### Second Quarter Equities:

Domestic equity markets experienced solid gains in the second quarter of 2007, buoyed by a better-than-expected corporate earning season, strong economic growth around the world, and a flurry of private equity deals. Large-capitalization stocks led the domestic market, represented by the Dow Jones Industrial Average (DJIA) and its market-leading 8.5% return, passing several all-time highs along the way. June saw the markets retrace slightly, as interest rates rose. Growth stocks outperformed their value counterparts across the style spectrum, as the technology and energy sectors led the market. Interest rate-sensitive stocks, such as REITs and financials, were hindered by concerns in the sub-prime mortgage sector and the overall rise in yields. International markets continued to outperform the domestic markets in both local currency and in U.S. Dollar terms. Emerging market economies benefited from continued strong global demand for raw materials and the declining U.S. Dollar.

#### Second Quarter Fixed Income:

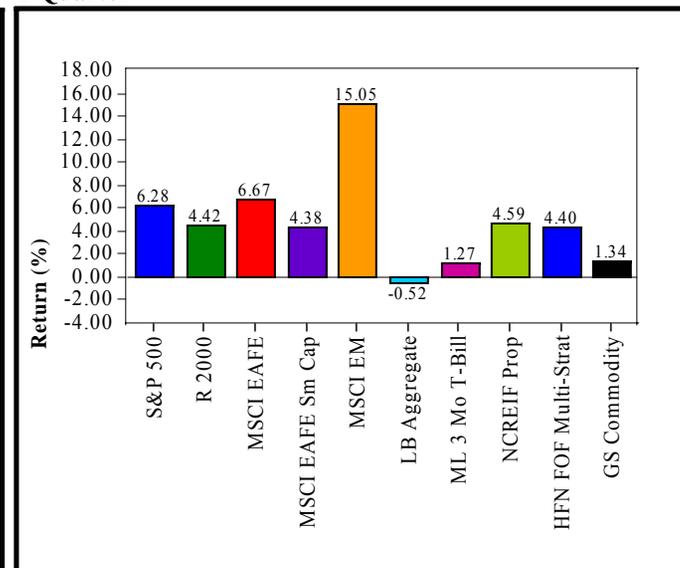
Sub-prime mortgage concerns, the rise in Treasury yields, and Federal Reserve inflation posturing captured headlines during the quarter. Expectations of a Federal Reserve interest rate cut all but disappeared during the quarter causing market participants to drive yields upward. The ten-year Treasury yield rose above 5.0% for the first time since the summer of 2006. Credit spreads remained well below the historical average of 4.5%. Bondholders in the financial sector of the bond market saw their holdings decline as investors remained suspicious that the worst of the sub-prime mortgage meltdown has not already been seen. The rise in yields, but steady Fed Funds rate, during the quarter gave the Treasury yield curve a slight upward slope. The yield on the Lehman Aggregate Bond Index rose by 0.4% during the second quarter.

#### Trailing-Period Performance

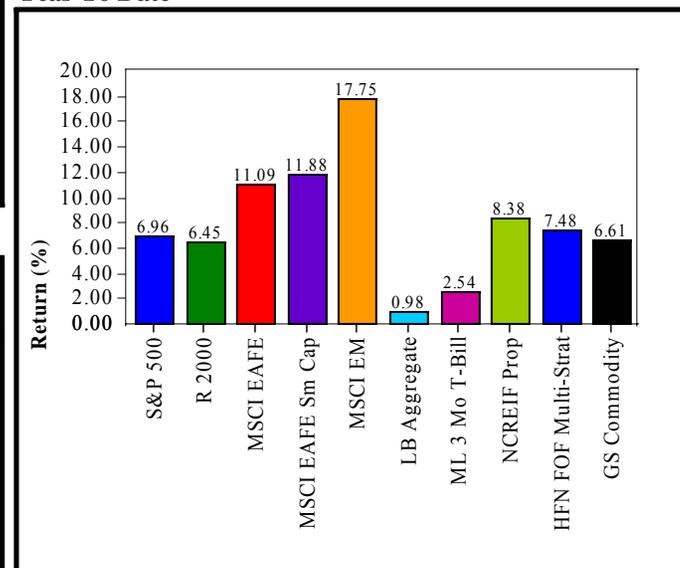
	1 Month Ending Apr-2007	1 Month Ending May-2007	1 Month	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
S&P 500	4.43	3.49	-1.66	6.28	6.96	20.59	11.68	10.71	7.13
R 2000	1.80	4.10	-1.46	4.42	6.45	16.43	13.45	13.88	9.06
MSCI EAFE	4.53	1.89	0.15	6.67	11.09	27.54	22.75	18.21	8.04
MSCI EAFE Sm Cap	3.77	0.76	-0.18	4.38	11.88	25.60	25.45	24.90	N/A
MSCI EM	4.64	4.98	4.73	15.05	17.75	45.45	38.67	30.66	9.40
LB Aggregate	0.54	-0.76	-0.30	-0.52	0.98	6.12	3.98	4.48	6.02
ML 3 Mo T-Bill	0.44	0.44	0.39	1.27	2.54	5.21	3.77	2.76	3.79
NCREIF Prop	N/A	N/A	N/A	4.59	8.38	17.24	17.98	14.39	13.05
HFN FOF Multi-Strat	1.64	2.03	0.67	4.40	7.48	13.35	9.86	8.73	10.05

Performance for periods greater than one year is annualized.

### 1 Quarter

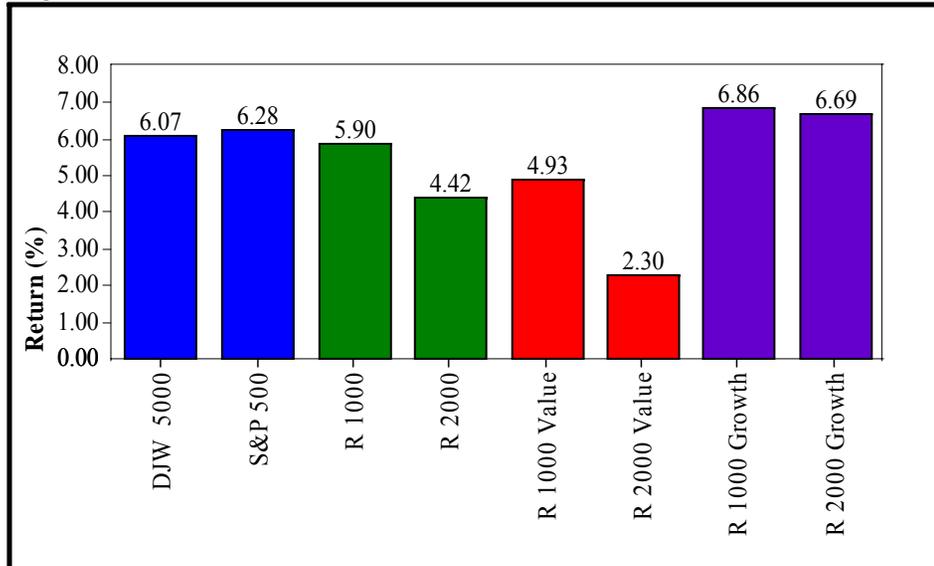


### Year To Date

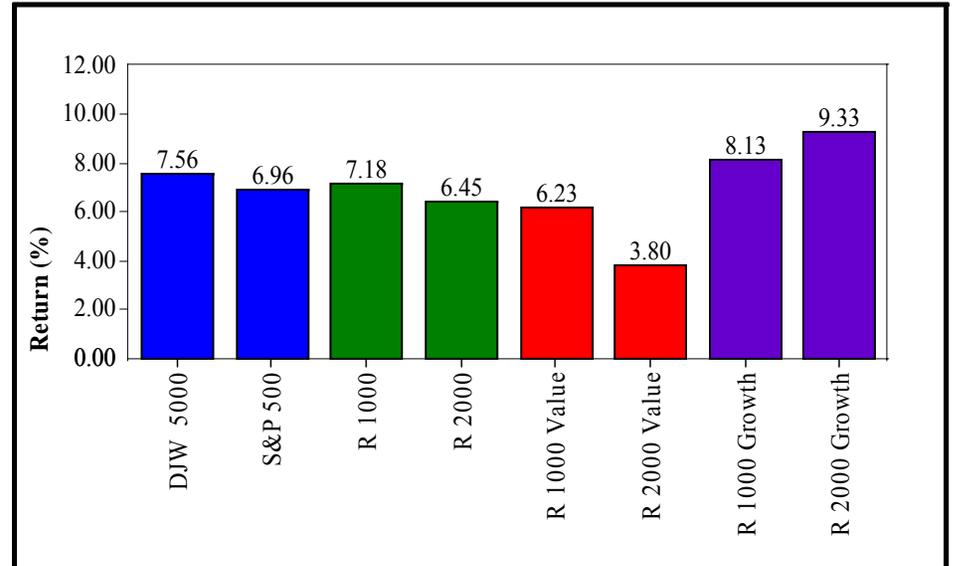


**Domestic Equity Market Performance  
As of June 30, 2007**

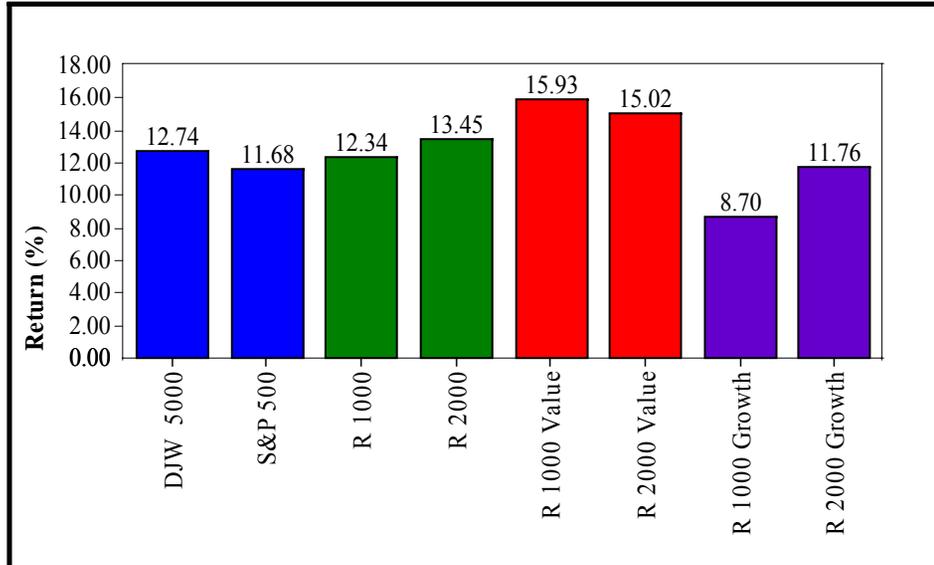
**1 Quarter**



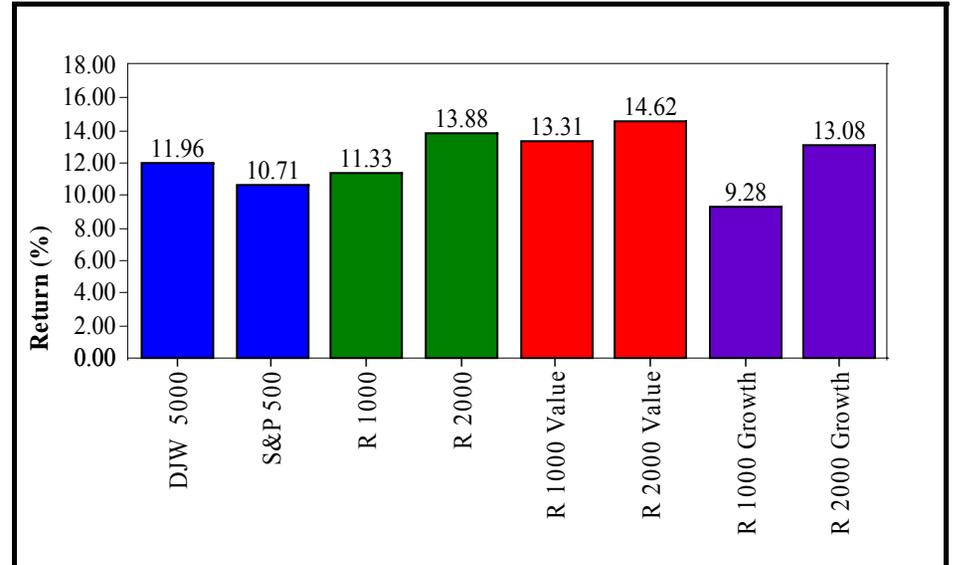
**Year To Date**



**3 Years**



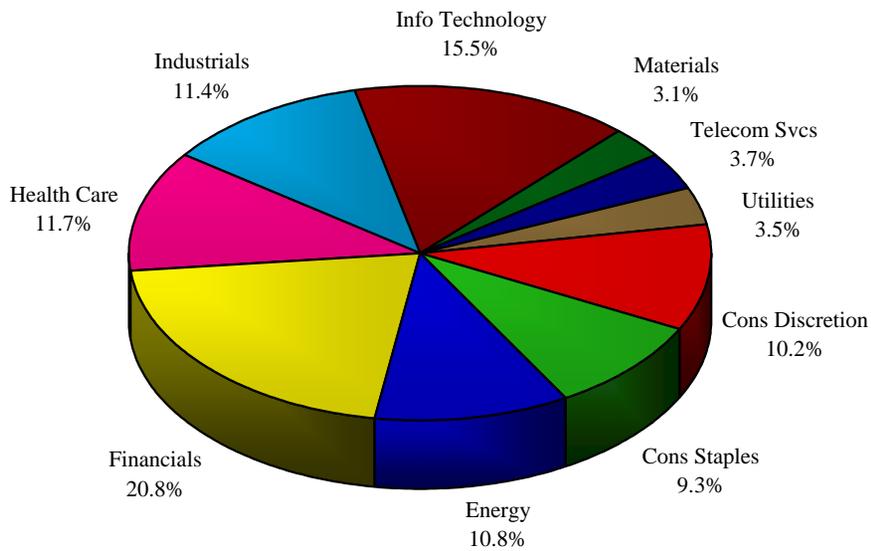
**5 Years**



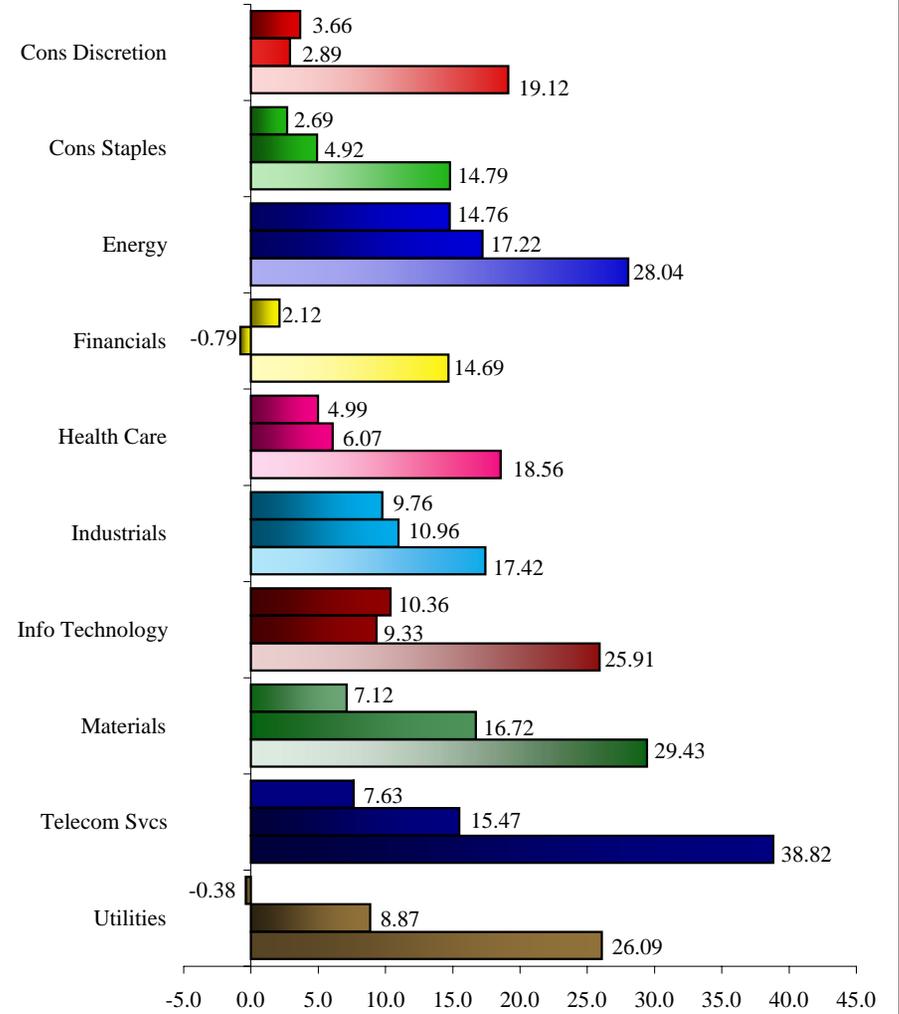
Performance for periods greater than one year is annualized.

**U.S. Equity Sector Weights and Returns**  
**S&P 500 Index**  
**As of June 30, 2007**

**S&P 500 Sector Weightings**

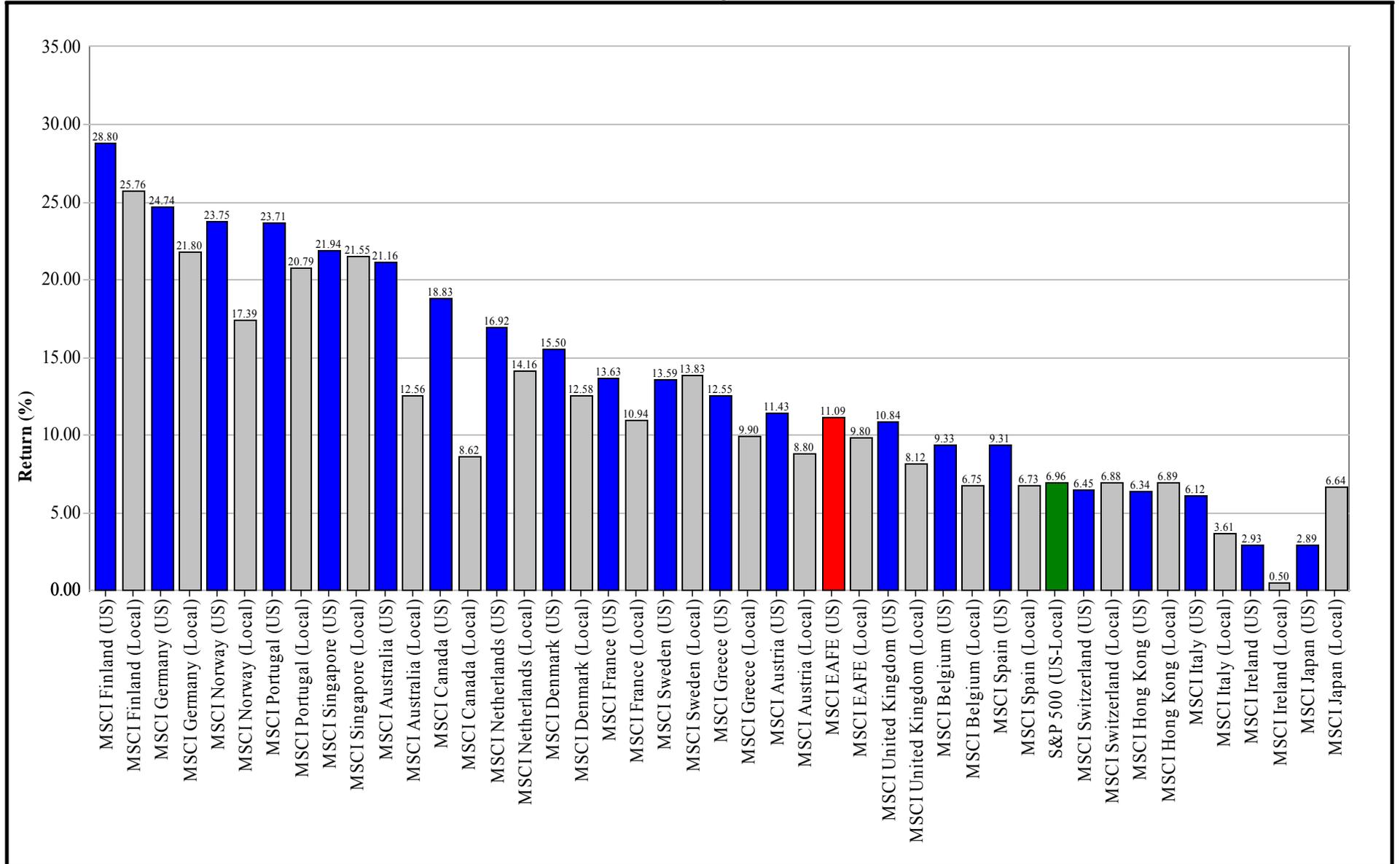


**S&P 500 Sector Returns (%)**  
**(Current Qtr, Year-to-Date, & Last 12 Months)**



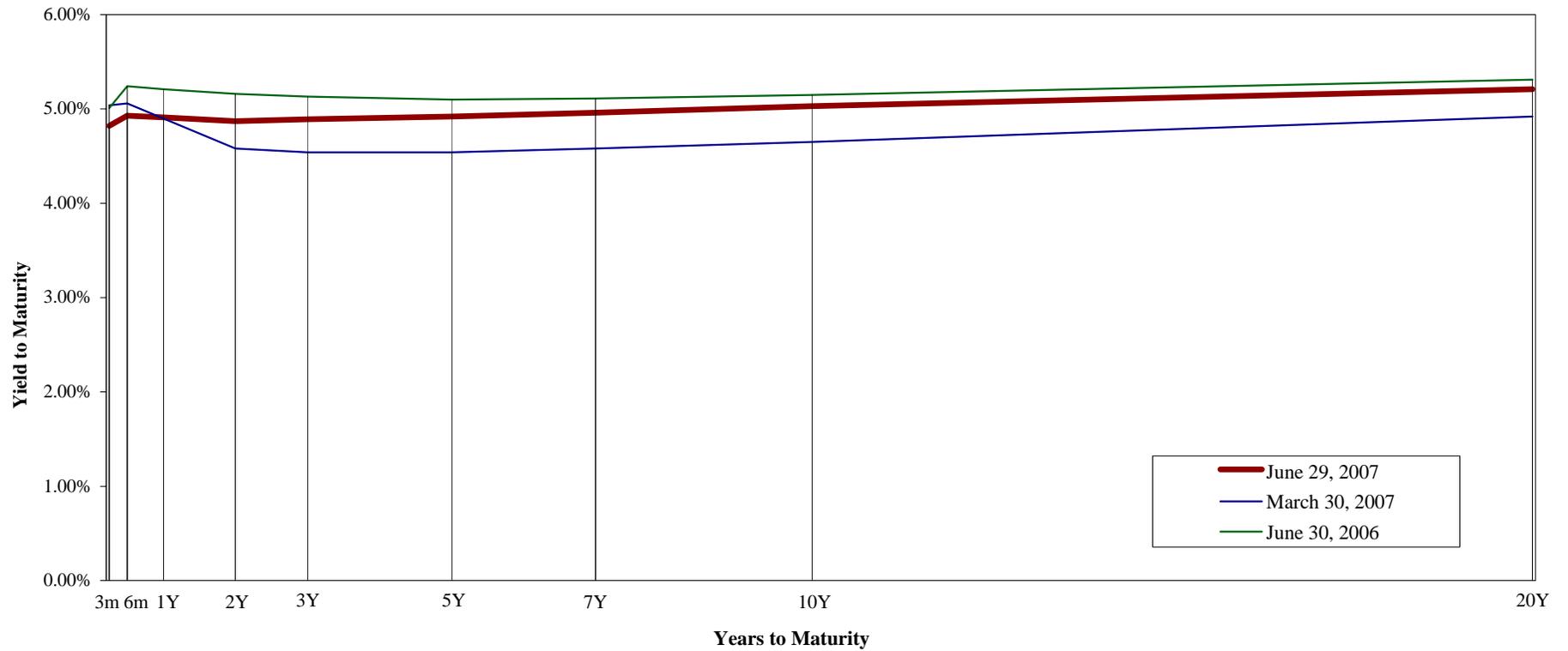
**International Equity Market Performance**  
As of June 30, 2007

**Year To Date Ending June 30, 2007**



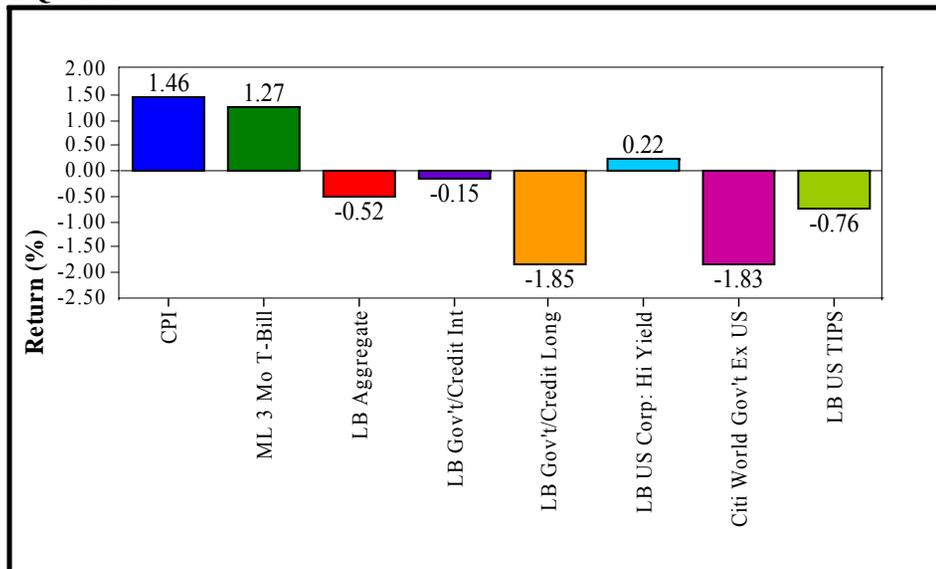
**Treasury Yield Curve  
As of June 30, 2007**

	June 29, 2007	March 30, 2007	June 30, 2006
<b>3 Month</b>	4.82%	5.04%	5.01%
<b>6 Month</b>	4.93%	5.06%	5.24%
<b>1 Year</b>	4.91%	4.90%	5.21%
<b>2 Year</b>	4.87%	4.58%	5.16%
<b>3 Year</b>	4.89%	4.54%	5.13%
<b>5 Year</b>	4.92%	4.54%	5.10%
<b>7 Year</b>	4.96%	4.58%	5.11%
<b>10 Year</b>	5.03%	4.65%	5.15%
<b>20 Year</b>	5.21%	4.92%	5.31%

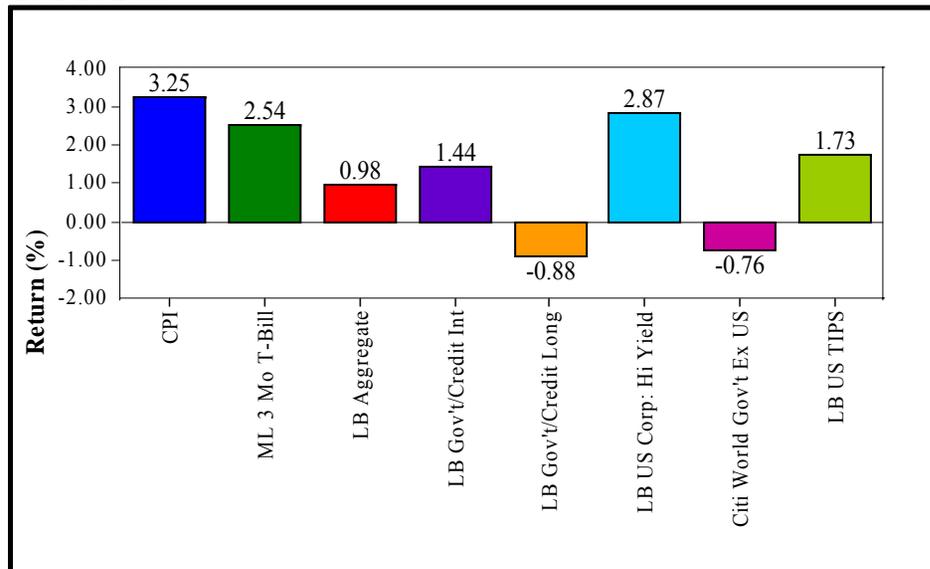


**Fixed Income Market Performance**  
As of June 30, 2007

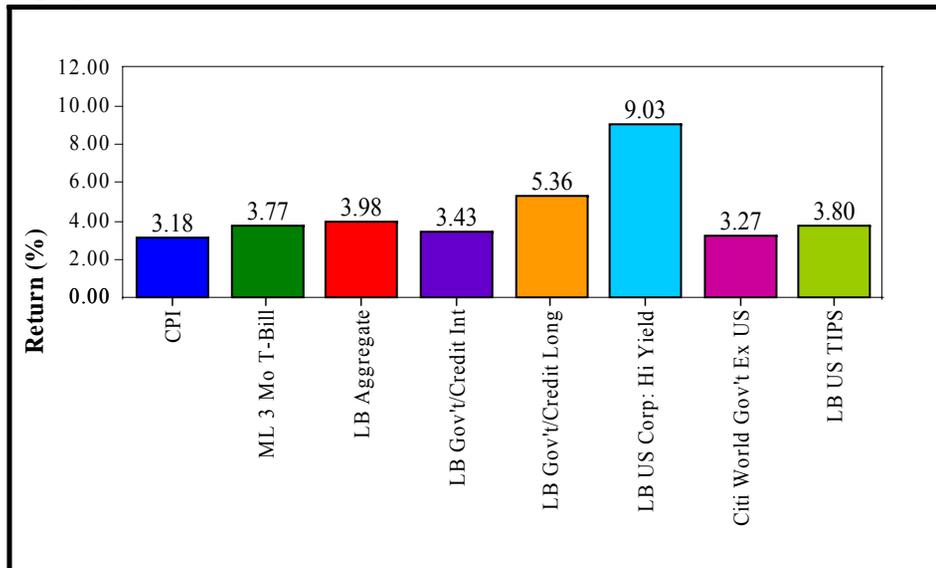
**1 Quarter**



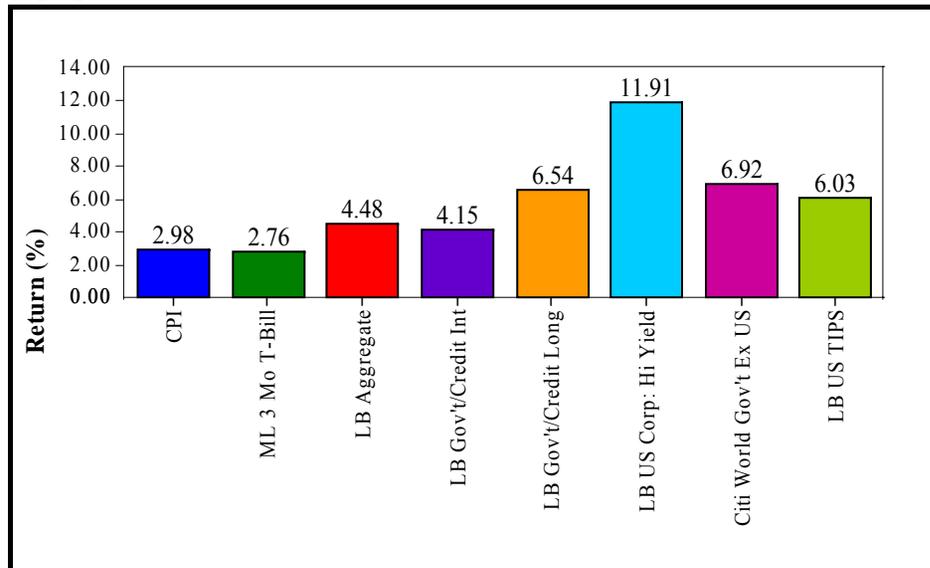
**Year To Date**



**3 Years**



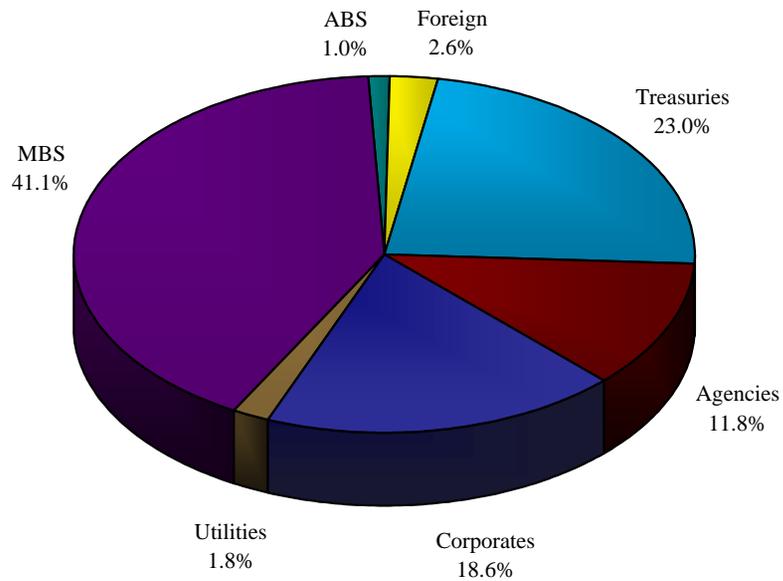
**5 Years**



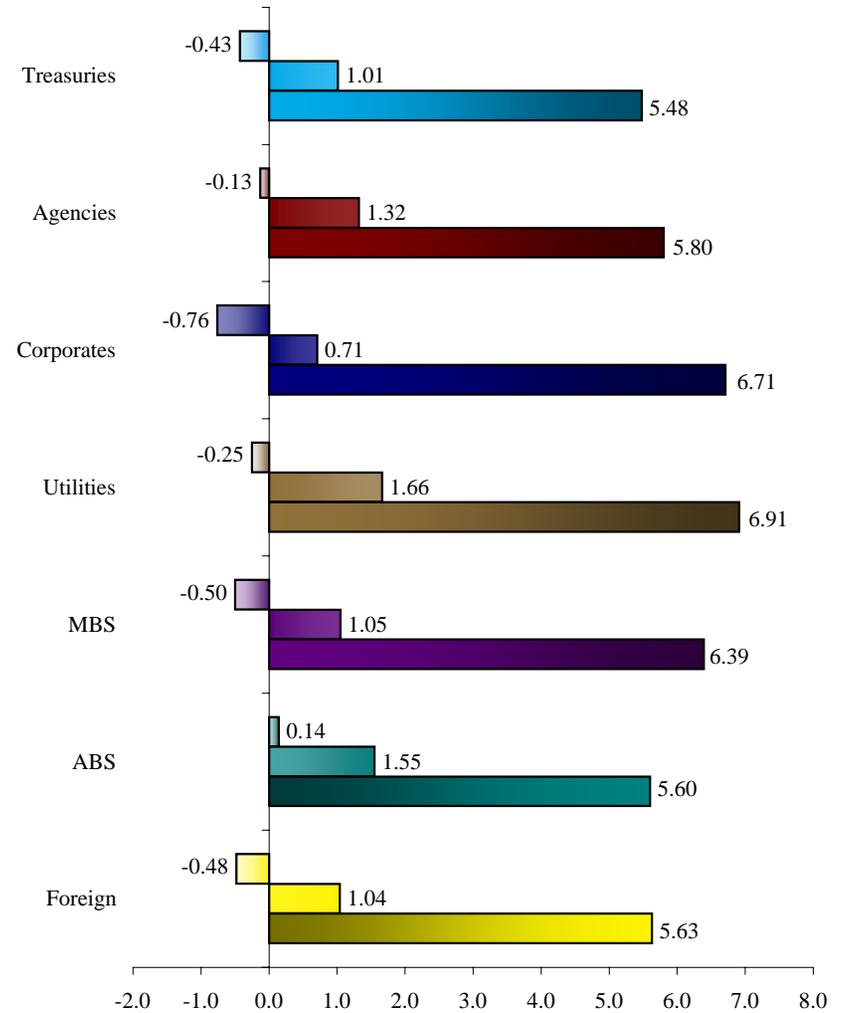
Performance for periods greater than one year is annualized.

**Bond Sector Weights and Returns**  
**LB Aggregate Bond Index**  
 As of June 30, 2007

**LB Aggregate Bond Sector Weights**

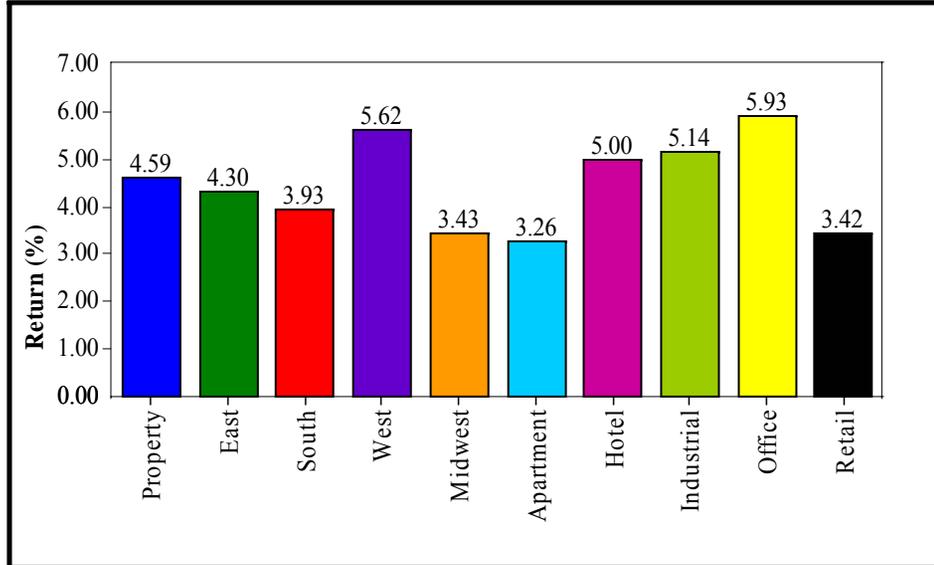


**LB Aggregate Bond Sector Returns (%)**  
 (Current Qtr, Year-to-Date, & Last 12 Months)

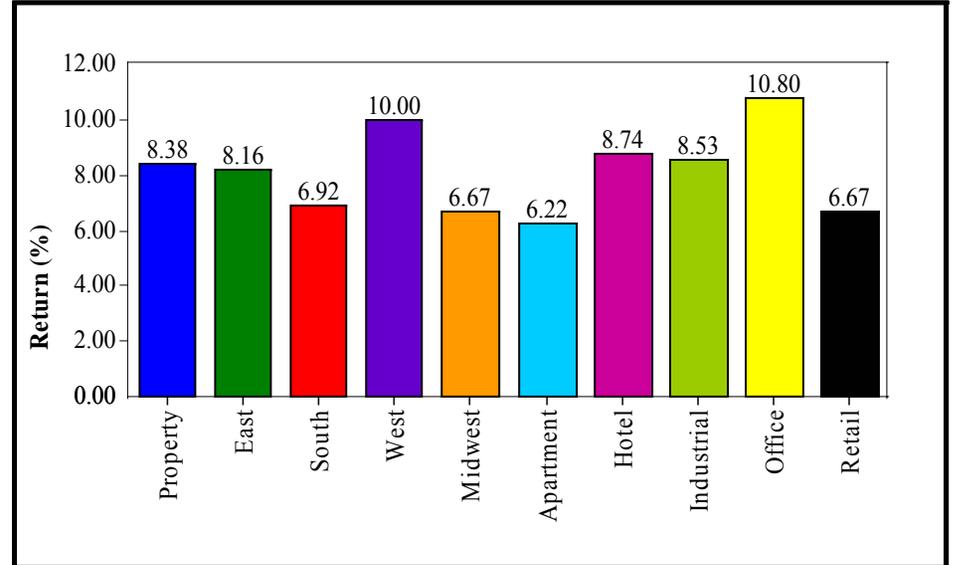


**Real Estate Market Performance  
As of June 30, 2007**

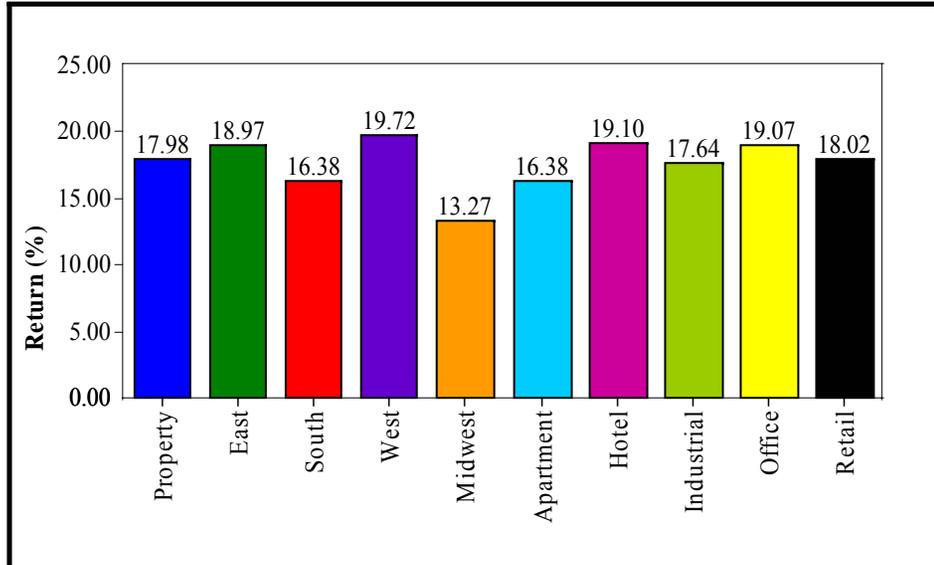
**1 Quarter**



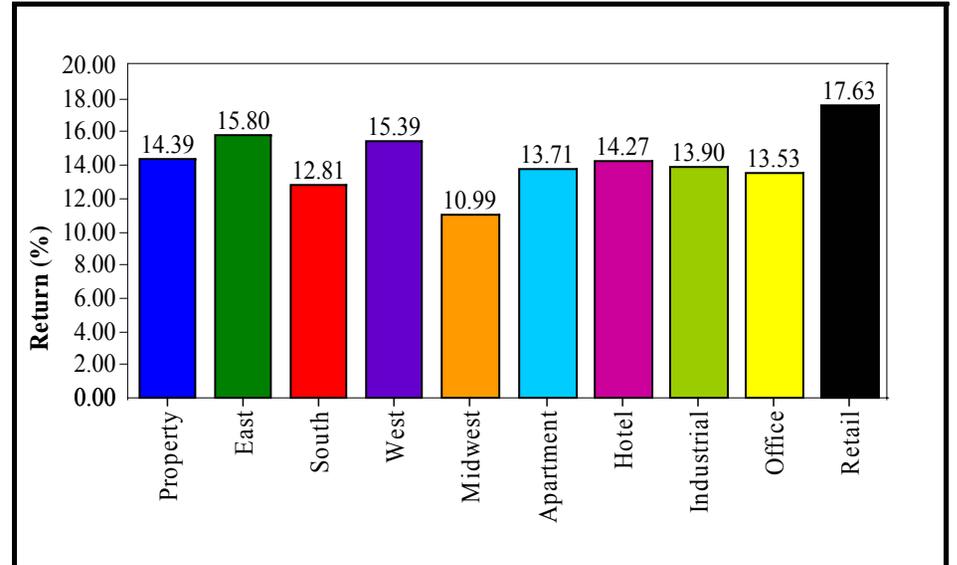
**Year To Date**



**3 Years**



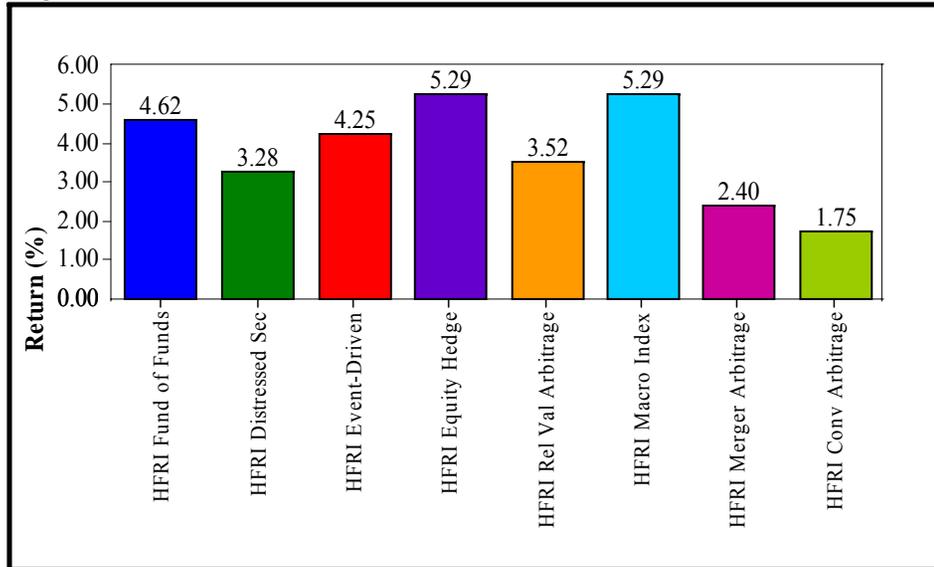
**5 Years**



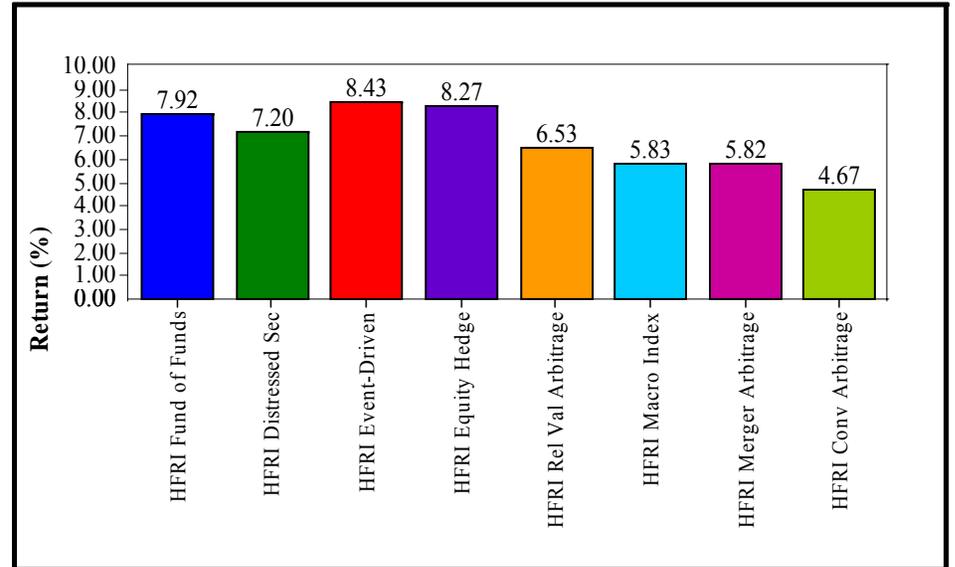
Performance for periods greater than one year is annualized.

## Hedge Fund Market Performance As of June 30, 2007

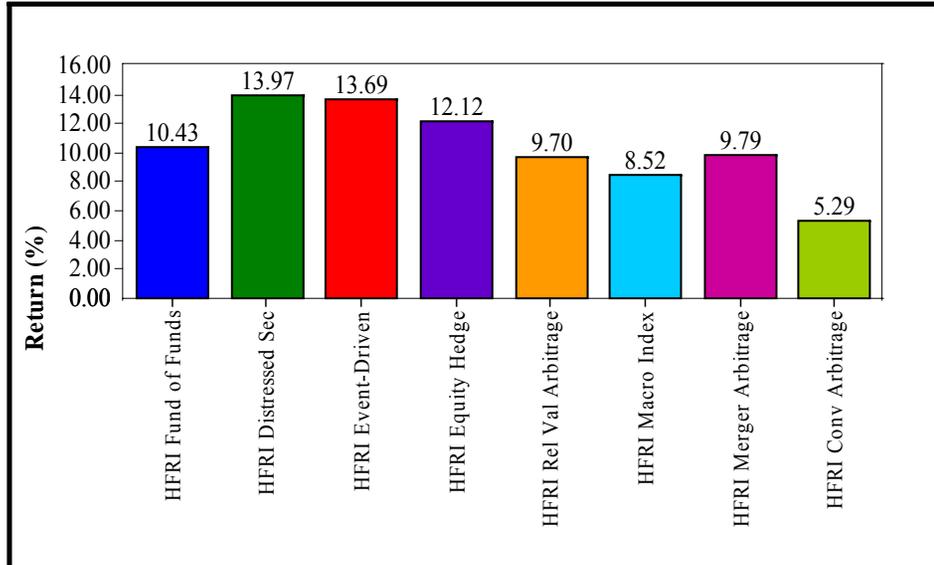
### 1 Quarter



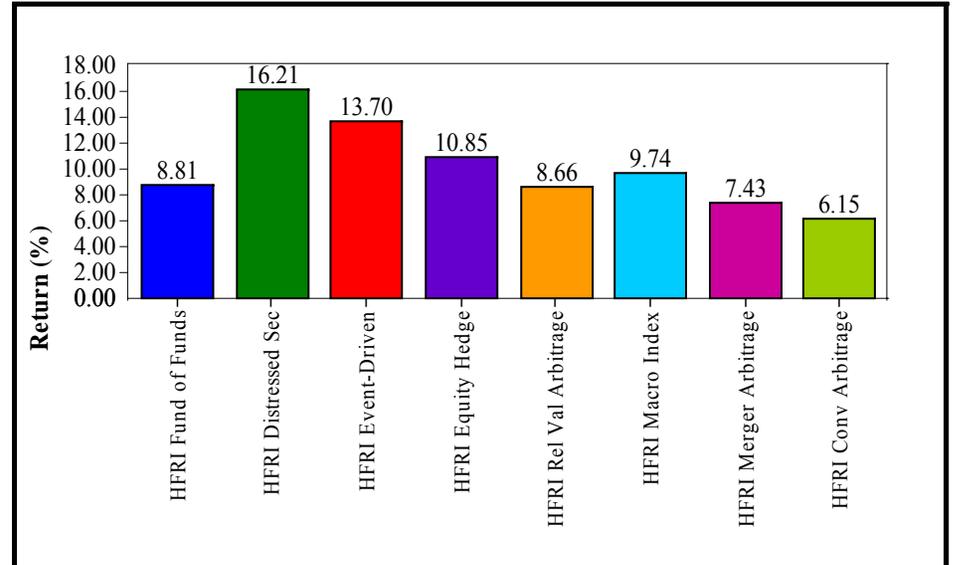
### Year To Date



### 3 Years



### 5 Years



Performance for periods greater than one year is annualized.

**Annual Asset Class Performance  
As of June 30, 2007**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	YTD
Best ↑ ↓ Worst	74.86%	8.06%	38.35%	23.12%	35.18%	38.71%	66.42%	22.83%	14.03%	10.25%	56.28%	25.95%	34.54%	32.59%	17.75%
	32.94%	6.39%	37.77%	22.45%	32.85%	27.02%	43.09%	12.40%	8.44%	6.74%	48.54%	22.25%	20.06%	26.86%	11.09%
	26.23%	4.19%	37.19%	21.64%	31.78%	20.34%	33.16%	12.24%	7.29%	3.12%	47.25%	20.70%	14.02%	23.48%	9.33%
	23.84%	2.66%	31.04%	21.37%	30.49%	16.24%	27.31%	11.63%	6.61%	1.78%	46.03%	18.33%	7.05%	22.25%	8.38%
	18.91%	0.62%	28.44%	17.38%	22.36%	15.63%	24.69%	7.01%	5.28%	-1.41%	39.17%	16.49%	6.75%	18.37%	8.13%
	18.12%	0.38%	25.75%	16.49%	17.65%	8.69%	21.26%	6.18%	4.42%	-6.00%	30.03%	14.48%	6.27%	16.59%	8.08%
	17.12%	-1.03%	19.17%	11.35%	13.90%	5.23%	20.91%	-3.02%	2.49%	-11.43%	29.89%	14.31%	5.26%	15.46%	7.18%
	13.36%	-1.55%	18.47%	11.26%	12.95%	3.75%	11.36%	-5.86%	-2.37%	-15.52%	29.75%	11.40%	4.71%	13.35%	6.45%
	10.15%	-1.82%	13.54%	10.31%	12.76%	1.87%	7.35%	-7.79%	-5.59%	-15.66%	28.97%	11.13%	4.55%	11.85%	6.23%
	9.75%	-1.99%	11.55%	6.34%	9.65%	1.23%	4.85%	-13.96%	-9.23%	-20.48%	11.93%	6.79%	4.15%	9.85%	3.80%
	3.19%	-2.43%	7.54%	6.04%	5.33%	-2.55%	2.39%	-22.42%	-12.45%	-21.65%	8.99%	6.30%	3.07%	9.07%	2.87%
	2.90%	-2.92%	6.03%	5.30%	2.05%	-6.45%	-0.82%	-22.43%	-20.42%	-27.88%	4.10%	4.34%	2.74%	4.85%	2.54%
	1.38%	-7.31%	-5.21%	3.63%	-11.60%	-25.33%	-1.49%	-30.61%	-21.21%	-30.26%	1.15%	1.33%	2.43%	4.33%	0.98%

R 2000 Value	R 2000 Growth	R 2000	R 1000 Value	R 1000 Growth	R 1000	MSCI Emerging Mkt	MSCI EAFE	NCREIF Property	HFN FOF Multi Strat	LB Agg Bond	ML 3 Mo T-Bill	LB US Corp: Hi Yield
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## ASSET CLASS PERFORMANCE GLOSSARY

**R 2000:** The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 is composed of the 3,000 largest U.S. companies by market capitalization. The median market capitalization of the Russell 2000 is approximately \$640 million.

**R 2000 Growth:** The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of U.S. equities. Growth stocks are securities of companies that have been growing rapidly or show signs that they will do so soon. These stocks will often have little or no dividend because assets are needed to invest in expansion. Because of the anticipated growth, these stocks will often trade at prices much higher than average relative to earnings and/or book value. These stocks will also tend to be more volatile than average, reacting more than others to interest rate shifts, economic change, and relevant news.

**R 2000 Value:** The **Russell 2000 Value Index** measures the performance of the small-cap value segment of U.S. equities. Value stocks are securities of companies that have lower price-to-book and price earnings, higher dividend yields, and lower forecasted growth rates than growth companies. These stocks often trade at prices lower than average relative to earnings and/or book value. Because of this apparent discount and occasionally higher than average yield, these stocks tend to be defensive in nature and therefore less volatile than growth stocks.

**R 1000:** The **Russell 1000 Index** measures the performance of the 1,000 largest companies in the Russell 3000 Index. The median market capitalization of the Russell 1000 is approximately \$5.7 billion.

**R 1000 Growth:** The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of U.S. equities.

**R 1000 Value:** The **Russell 1000 Value Index** measures the performance of the large-cap value segment of U.S. equities.

**MSCI Emerging Mkt:** The **MSCI Emerging Markets Index** measures the equity market performance in 25 emerging market countries: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**MSCI EAFE:** The **MSCI EAFE Index (Europe, Australasia, Far East)** measures the equity market performance of 21 developed countries, excluding the US & Canada: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

**NCREIF Property:** The **NCREIF Property Index** prepared by the National Council of Real Estate Investment Fiduciaries measures historical performance of over 5,500 core, income-producing properties across the U.S. Total performance represents returns from both appreciation and income, and includes multi-family, office, retail, and industrial properties

**HFN FOF Multi Strat:** The **HFN Fund of Funds Multi-Strategy** average is created by HedgeFund.net and contains over 1,800 funds of hedge funds that are each invested in multiple investment strategies.

**LB Agg Bond:** The **Lehman Brothers Aggregate Bond Index** covers the US dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities: U.S. Treasury and agency bonds, domestic corporate debt, and mortgage-backed securities.

**ML 3 Mo T-Bill:** The **Merrill Lynch 3-Month T-Bill Index** is composed of newly issued 90-day Treasury bills.

**LB US Corp: Hi Yield:** The **Lehman Brothers U.S. Corporate High-Yield Index** covers the US dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

# Wyoming State Treasurer's Office

## Investment Performance

June 30, 2007

### Investment Policy:

It is the investment policy for the State Loan and Investment Board to invest public funds of the State of Wyoming in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity.

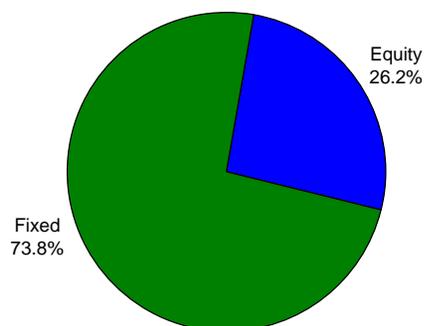
### Investment Objectives and Priorities:

All available funds shall be invested with the following objectives and priorities:

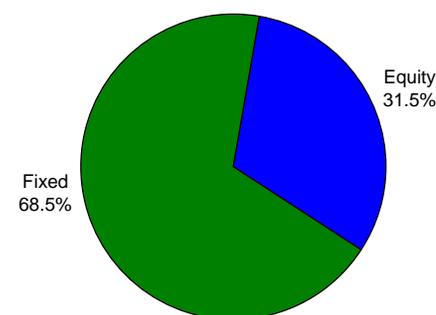
- Safety of principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Yield.
- Recognition of differing objectives and needs of various fund portfolios.
- Conformance with State law and other pertinent legal restrictions.
- Maximization of the total rate of return on investment consistent with the foregoing objectives.
- Diversification by asset type, security, and investment manager in order to smooth the volatility of quarterly returns.

### Asset Allocation:

6/30/2006 Allocation



6/30/2007 Allocation



### Historical Performance:

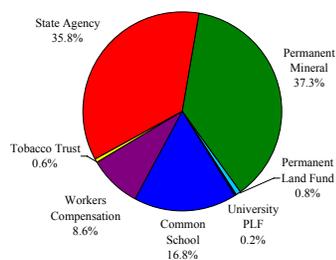
	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
Wyoming State Total Fund	\$9,398.76	\$8,307.27	\$9,995.22	2.31%	10.85%	10.85%	7.46%	6.29%
Wyoming State Custom Index				1.73%	10.57%	10.57%	6.39%	6.00%

Performance shown is gross of fees.

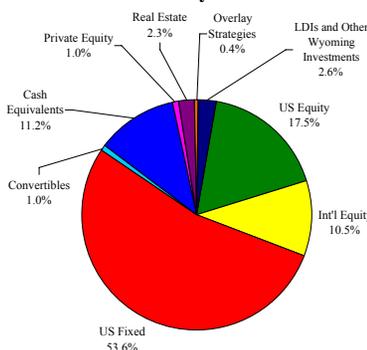
**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 June 30, 2007

	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$9,398,763,805</b>	<b>\$8,307,271,870.06</b>	<b>\$9,995,215,894</b>	<b>2.31%</b>	<b>10.85%</b>	<b>10.85%</b>	<b>7.46%</b>	<b>6.29%</b>
Wyoming State Custom Index				1.73%	10.57%	10.57%	6.39%	6.00%
<b>Investment Funds</b>								
Permanent Mineral Trust	\$3,341,617,499	\$3,070,623,840	\$3,728,082,077	4.32%	14.83%	14.83%	9.89%	9.18%
Permanent Land Fund	\$72,496,488	\$63,272,132	\$81,044,373	4.19%	14.09%	14.09%	N/A	N/A
University Permanent Land Fund	\$15,363,693	\$15,811,265	\$17,356,838	4.05%	13.96%	13.96%	N/A	N/A
Common School Perm Land Fund	\$1,462,344,389	\$1,371,627,543	\$1,678,302,393	4.29%	14.87%	14.87%	9.79%	9.27%
Workers Compensation Fund	\$851,929,449	\$695,635,977	\$856,644,177	0.32%	6.55%	6.55%	5.34%	5.59%
Tobacco Settlement Trust	\$56,353,838	\$55,172,408	\$55,384,613	-0.01%	6.30%	6.30%	4.57%	3.37%
State Agency Pool	\$3,598,658,449	\$3,035,128,705	\$3,578,401,423	0.29%	6.10%	6.10%	5.03%	4.10%
<b>Asset Class Performance</b>								
US Equity	\$1,345,843,989	\$1,350,154,915	\$1,744,757,556	7.14%	21.50%	21.50%	12.56%	10.74%
S&P 500				6.28%	20.59%	20.59%	11.68%	10.71%
International Equity	\$832,201,542	\$584,848,922	\$1,045,883,066	8.45%	25.85%	25.85%	21.89%	N/A
MSCI EAFE				6.67%	27.54%	27.54%	22.75%	18.21%
US Fixed				-0.16%	6.24%	6.24%	5.31%	5.13%
Excluding Convertibles	\$5,422,448,395	\$5,055,246,091	\$5,360,942,036	-0.29%	5.99%	5.99%	5.17%	4.99%
Lehman Aggregate				-0.52%	6.12%	6.12%	3.98%	4.48%
Convertible Bonds	\$93,201,196	\$88,374,607	\$103,077,319	7.06%	21.04%	21.04%	13.81%	13.23%
ML All Quality Convertible				4.35%	15.45%	15.45%	8.84%	11.16%
Cash Equivalents	\$1,116,010,604	\$746,565,378	\$1,121,376,469	1.33%	5.44%	5.44%	3.98%	2.89%
90 Day U.S. T-Bills				1.27%	5.21%	5.21%	3.77%	2.76%
Private Equity	\$90,895,902	\$40,414,314	\$97,516,281	N/M	N/M	N/M	N/M	N/M
S&P 500 + 5%				7.58%	26.62%	26.62%	17.26%	16.25%
Real Estate	\$203,750,000	\$154,965,513	\$225,346,573	4.88%	16.72%	16.72%	N/A	N/A
NCREIF Property				4.59%	17.24%	17.24%	17.98%	14.39%
Overlay Strategies	\$35,835,700	\$47,090,204	\$37,740,118	0.12%	0.81%	0.81%	N/A	N/A
LDIs and Other Wyoming Investments	\$258,576,476	\$239,611,927	\$258,576,476	N/A	N/A	N/A	N/A	N/A

**Allocation by Fund**



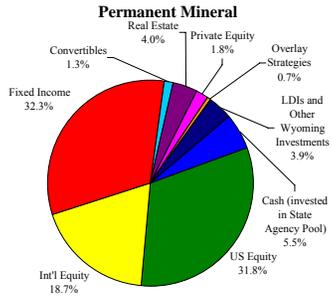
**Allocation by Asset Class**



Performance shown is gross of fees. Investment performance is calculated on invested assets only.  
 Pooled investment performance and market values shown reflect State Agency participation.  
 Pooled investment performance is calculated on a capital-weighted basis using beginning-period allocations.  
 Cash Equivalents performance does not include Extended Cash performance.  
 Interim performance for Private Equity is highly immature and is shown as "N/M" or "Not Material."  
 Real estate investments are valued quarterly, and performance for Clarion and TA Realty is reported at a one month lag.  
 Overlay Strategies market value shown represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million.  
 Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments.

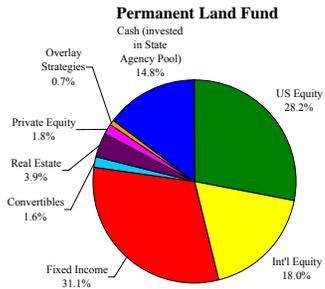
**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 June 30, 2007

	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$9,398,763,805</b>	<b>\$8,307,271,870</b>	<b>\$9,995,215,894</b>		<b>2.31%</b>	<b>10.85%</b>	<b>10.85%</b>	<b>7.46%</b>	<b>6.29%</b>

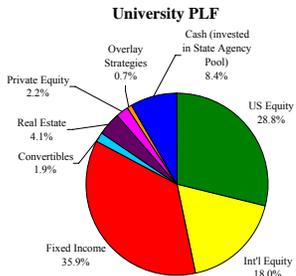


**Investment Funds:**

Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Permanent Mineral Trust</b>	<b>\$3,341,617,499</b>	<b>\$3,070,623,840</b>	<b>\$3,728,082,077</b>	<b>100.0%</b>	<b>4.32%</b>	<b>14.83%</b>	<b>14.83%</b>	<b>9.89%</b>	<b>9.18%</b>
US Equity	\$904,778,070	\$940,796,622	\$1,187,035,839	31.8%					
Int'l Equity	\$557,659,577	\$407,676,220	\$698,182,623	18.7%					
Fixed Income	\$1,261,972,260	\$1,273,713,002	\$1,205,749,580	32.3%					
Convertible	\$44,392,894	\$39,439,655	\$46,919,155	1.3%					
Real Estate	\$136,149,920	\$104,288,886	\$149,161,155	4.0%					
Private Equity	\$62,009,613	\$27,191,770	\$65,930,402	1.8%					
Overlay Strategies	\$24,278,481	\$31,541,790	\$25,889,539	0.7%					
LDIs and Other Wyoming Investments	\$143,787,673	\$143,954,918	\$143,787,673	3.9%					
Cash (invested in State Agency Pool)	\$206,589,011	\$102,020,977	\$205,426,111	5.5%					
<i>Custom Index</i>					3.28%	14.81%	14.81%	8.86%	8.05%



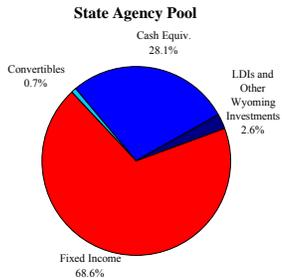
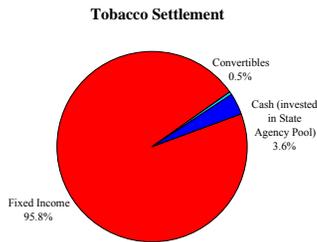
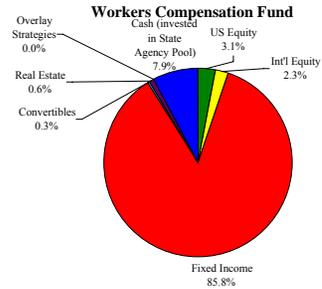
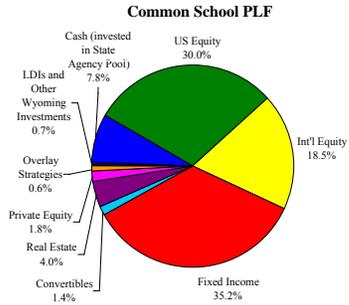
Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Permanent Land Fund</b>	<b>\$72,496,488</b>	<b>\$63,272,132</b>	<b>\$81,044,373</b>	<b>100.0%</b>	<b>4.19%</b>	<b>14.09%</b>	<b>14.09%</b>	<b>N/A</b>	<b>N/A</b>
US Equity	\$19,278,135	\$17,061,424	\$22,834,593	28.2%					
Int'l Equity	\$11,882,064	\$7,248,917	\$14,602,456	18.0%					
Fixed Income	\$23,584,640	\$22,012,663	\$25,174,318	31.1%					
Convertible	\$945,885	\$1,164,392	\$1,279,143	1.6%					
Real Estate	\$2,900,945	\$2,375,986	\$3,142,777	3.9%					
Private Equity	\$1,330,279	\$633,994	\$1,494,322	1.8%					
Overlay Strategies	\$517,564	\$740,718	\$527,655	0.7%					
Cash (invested in State Agency Pool)	\$12,056,976	\$12,034,037	\$11,989,107	14.8%					
<i>Custom Index</i>					3.03%	14.20%	14.20%	N/A	N/A



Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>University Permanent Land Fund</b>	<b>\$15,363,693</b>	<b>\$15,811,265</b>	<b>\$17,356,838</b>	<b>100.0%</b>	<b>4.05%</b>	<b>13.96%</b>	<b>13.96%</b>	<b>N/A</b>	<b>N/A</b>
US Equity	\$4,255,068	\$4,865,405	\$4,994,389	28.8%					
Int'l Equity	\$2,580,112	\$1,929,372	\$3,126,855	18.0%					
Fixed Income	\$5,822,829	\$5,987,310	\$6,234,975	35.9%					
Convertible	\$205,395	\$310,466	\$323,025	1.9%					
Real Estate	\$629,920	\$621,332	\$719,200	4.1%					
Private Equity	\$294,095	\$171,050	\$377,634	2.2%					
Overlay Strategies	\$112,273	\$206,894	\$125,001	0.7%					
Cash (invested in State Agency Pool)	\$1,464,000	\$1,719,435	\$1,455,759	8.4%					
<i>Custom Index</i>					3.09%	14.18%	14.18%	N/A	N/A

Performance shown is gross of fees.  
 Pooled investment performance and market values shown reflect State Agency participation.  
 Pooled investment and Custom Index performance is calculated on a capital-weighted basis using beginning-period allocations.  
 Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 June 30, 2007

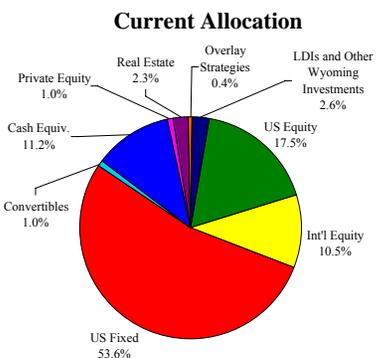


	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Investment Funds:</b>									
<b>Common School Perm Land Fund</b>	<b>\$1,462,344,389</b>	<b>\$1,371,627,543</b>	<b>\$1,678,302,393</b>	<b>100.0%</b>	<b>4.29%</b>	<b>14.87%</b>	<b>14.87%</b>	<b>9.79%</b>	<b>9.27%</b>
US Equity	\$396,578,814	\$387,431,463	\$503,091,997	30.0%					
Int'l Equity	\$244,431,196	\$167,994,413	\$310,598,677	18.5%					
Fixed Income	\$561,527,163	\$646,619,773	\$591,477,242	35.2%					
Convertibles	\$19,458,132	\$21,001,354	\$23,368,993	1.4%					
Real Estate	\$59,676,715	\$47,679,308	\$67,127,505	4.0%					
Private Equity	\$27,261,915	\$12,417,501	\$29,713,922	1.8%					
Overlay Strategies	\$10,646,803	\$14,600,801	\$10,902,430	0.6%					
LDIs and Other Wyoming Investments	\$10,943,135	\$11,278,670	\$10,943,135	0.7%					
Cash (invested in State Agency Pool)	\$131,820,515	\$62,604,259	\$131,078,490	7.8%					
<i>Custom Index</i>					3.34%	14.64%	14.64%	8.75%	7.84%
<b>Workers Compensation Fund</b>	<b>\$851,929,449</b>	<b>\$695,635,977</b>	<b>\$856,644,177</b>	<b>100.0%</b>	<b>0.32%</b>	<b>6.55%</b>	<b>6.55%</b>	<b>5.34%</b>	<b>5.59%</b>
US Equity	\$20,953,901	\$0	\$26,800,738	3.1%					
Int'l Equity	\$15,648,594	\$0	\$19,372,455	2.3%					
Fixed Income	\$740,786,008	\$621,567,979	\$735,261,408	85.8%					
Convertibles	\$2,182,647	\$1,933,170	\$2,413,933	0.3%					
Real Estate	\$4,392,500	\$0	\$5,195,936	0.6%					
Overlay Strategies	\$280,579	\$0	\$295,492	0.0%					
Cash (invested in State Agency Pool)	\$67,685,218	\$72,134,828	\$67,304,215	7.9%					
<i>Custom Index</i>					-0.18%	6.61%	6.61%	4.17%	4.92%
<b>Tobacco Settlement Trust</b>	<b>\$56,353,838</b>	<b>\$55,172,408</b>	<b>\$55,384,613</b>	<b>100.0%</b>	<b>-0.01%</b>	<b>6.30%</b>	<b>6.30%</b>	<b>4.57%</b>	<b>3.37%</b>
Fixed Income	\$54,055,316	\$49,420,983	\$53,068,487	95.8%					
Convertibles	\$273,695	\$241,645	\$302,697	0.5%					
Cash (invested in State Agency Pool)	\$2,024,827	\$5,509,781	\$2,013,429	3.6%					
<i>Custom Index</i>					-0.46%	6.18%	6.18%	4.00%	4.50%
<b>State Agency Pool</b>	<b>\$3,598,658,449</b>	<b>\$3,035,128,705</b>	<b>\$3,578,401,423</b>	<b>100.0%</b>	<b>0.29%</b>	<b>6.10%</b>	<b>6.10%</b>	<b>5.03%</b>	<b>4.10%</b>
Fixed Income	\$2,483,695,429	\$2,244,541,338	\$2,456,193,561	68.6%					
Convertibles	\$23,042,723	\$24,283,924	\$25,484,459	0.7%					
Cash Equiv.	\$998,965,747	\$688,489,013	\$1,003,768,851	28.1%					
LDIs and Other Wyoming Investments	\$92,954,551	\$77,814,429	\$92,954,551	2.6%					
<i>Custom Index</i>					0.04%	6.01%	6.01%	3.94%	3.87%

Performance shown is gross of fees.  
 Pooled investment performance and market values shown reflect State Agency participation.  
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**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 June 30, 2007

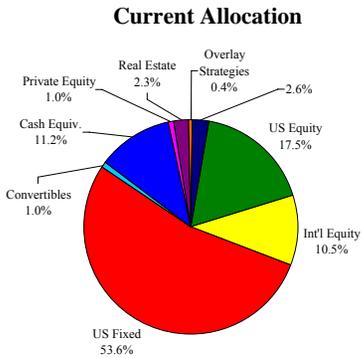
	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$9,398.76</b>	<b>\$8,307.27</b>	<b>\$9,995.22</b>	<b>100.0%</b>	<b>2.31%</b>	<b>10.85%</b>	<b>10.85%</b>	<b>7.46%</b>	<b>6.29%</b>
Wyoming State Custom Index					1.73%	10.57%	10.57%	6.39%	6.00%
<b><u>US Equity</u></b>									
State Street LCC (Index)(1)	952.68	965.85	1,238.84		6.27%	20.61%	20.61%	11.72%	N/A
UW Portfolio Mgmt Program(1)	0.64	0.27	0.60		-1.11%	8.85%	8.85%	N/A	N/A
Gabelli (Sm-Mid Cap Value)(2)	203.25	202.05	275.96		8.23%	26.24%	26.24%	16.65%	17.77%
Friess (Sm-Mid Cap Growth)(3)	189.28	181.99	229.35		10.62%	20.85%	20.85%	N/A	N/A
Total US Equity	<u>\$1,345.84</u>	<u>\$1,350.15</u>	<u>\$1,744.76</u>	<b>17.5%</b>					
<b><u>US Equity Indices</u></b>									
S&P 500(1)					6.28%	20.59%	20.59%	11.68%	10.71%
Russell 2500 Value(2)					2.91%	18.41%	18.41%	16.10%	15.81%
Russell 2500 Growth(3)					6.99%	19.03%	19.03%	13.60%	14.71%
<b><u>International Equity</u></b>									
Int'l Exchange Traded Funds(4)	31.97	14.71	38.06		5.48%	25.60%	25.60%	20.20%	N/A
Fisher Int'l Eq(4)	398.68	284.50	519.16		9.82%	26.53%	26.53%	N/A	N/A
Capital Guardian Int'l Eq(4)	401.56	285.63	488.67		7.19%	25.10%	25.10%	N/A	N/A
Total International Equity	<u>\$832.20</u>	<u>\$584.85</u>	<u>\$1,045.88</u>	<b>10.5%</b>					
<b><u>Int'l Equity Indices</u></b>									
MSCI EAFE(4)					6.67%	27.54%	27.54%	22.75%	18.21%
<b><u>US Fixed Income</u></b>									
WAMCO Core Plus(5)	418.29	144.47	415.29		-1.02%	6.40%	6.40%	4.37%	4.98%
Lehman Brothers Core Plus(5)	430.43	148.87	428.48		-0.46%	6.38%	6.38%	N/A	N/A
PIMCO Core Plus(5)	209.40	120.25	207.57		-1.26%	5.80%	5.80%	N/A	N/A
PIMCO Mortgages(6)	284.90	120.14	282.47		-0.77%	6.67%	6.67%	N/A	N/A
JP Morgan Mortgages(6)	332.59	120.21	329.97		-1.66%	5.26%	5.26%	N/A	N/A
WAMCO Corporates(7)	232.48	120.14	234.06		-0.91%	7.21%	7.21%	N/A	N/A
Delaware Corporates(7)	186.38	120.36	187.54		-0.63%	7.42%	7.42%	N/A	N/A
PIMCO Global(8)	125.09	100.12	126.87		-0.92%	4.21%	4.21%	N/A	N/A
Wyoming State Treasurer's Office(9)	3,202.88	4,060.69	3,148.68		0.15%	6.22%	6.22%	5.34%	5.07%
Total US Fixed Income	<u>\$5,422.45</u>	<u>\$5,055.25</u>	<u>\$5,360.94</u>	<b>53.6%</b>					
<b><u>US Fixed Income Indices</u></b>									
Lehman Aggregate(5)					-0.52%	6.12%	6.12%	3.98%	4.48%
Lehman Mortgages(6)					-0.50%	6.39%	6.39%	4.27%	4.15%
Lehman Credit(7)					-0.73%	6.71%	6.71%	4.17%	5.51%
Lehman Global Aggregate Hedged(8)					-0.74%	4.83%	4.83%	4.28%	4.37%
Lehman Gov't/Credit(9)					-0.49%	6.00%	6.00%	3.84%	4.70%



Performance shown is gross of fees.  
 Returns are stated in traditional total return terms and do not specify realized income. The State of Wyoming has the dual goals of maximizing returns while meeting income targets.  
 The numbers contained in the parentheses after the manager names and index names correspond, indicating the appropriate benchmark for each investment.  
 Performance shown for UW Portfolio Management Program includes their participation in the State Agency Pool.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 June 30, 2007

	Total Investment Value	Fiscal Year Ending 6/30/06 Market Value	Current Market Value	% of MV	Qtr Ending 6/30/07 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b><u>Convertible Bonds</u></b>									
Nicholas Applegate Convertibles(8)	<u>\$93.20</u>	<u>\$88.37</u>	<u>\$103.08</u>	1.0%	7.06%	21.04%	21.04%	13.81%	13.23%
<b><u>Convertible Bond Indices</u></b>									
ML All Quality Convertible(8)					4.35%	15.45%	15.45%	8.84%	11.16%
<b><u>Cash &amp; Cash Equivalents</u></b>									
Wyoming Treasury Cash(9)		600.14	966.73		1.33%	5.44%	5.44%	3.98%	2.89%
Wyoming Treasury Extd Cash(10)		146.43	154.65		0.76%	5.61%	5.61%	3.64%	3.41%
Total Cash & Cash Equivalents	<u>\$1,116.01</u>	<u>\$746.57</u>	<u>\$1,121.38</u>	11.2%					
<b><u>Cash &amp; Cash Equivalents Indices</u></b>									
90 Day U.S. T-Bills(9)					1.27%	5.21%	5.21%	3.77%	2.76%
JP Morgan Blended Index(10)					0.71%	5.57%	5.57%	3.71%	3.34%
<b><u>Private Equity</u></b>									
Cheyenne Capital Fund, LP(11)	<u>\$90.90</u>	<u>\$40.41</u>	<u>\$97.52</u>	1.0%	N/M	N/M	N/M	N/M	N/M
<b><u>Private Equity Indices</u></b>									
S&P 500 + 5%(11)					7.58%	26.62%	26.62%	17.26%	16.25%
<b><u>Real Estate</u></b>									
Clarion(12)	<u>\$100.00</u>	<u>\$104.97</u>	<u>\$113.65</u>		4.59%	15.32%	15.32%	N/A	N/A
UBS Real Estate(12)	<u>\$100.00</u>	<u>\$50.00</u>	<u>\$107.95</u>		5.52%	19.54%	19.54%	N/A	N/A
TA Realty(12)	<u>\$3.75</u>	<u>\$0.00</u>	<u>\$3.75</u>						
Total Real Estate	<u>\$203.75</u>	<u>\$154.97</u>	<u>\$225.35</u>	2.3%					
<b><u>Real Estate Indices</u></b>									
NCREIF Property(12)					4.59%	17.24%	17.24%	17.98%	14.39%
<b><u>Overlay Strategies</u></b>									
First Quadrant	<u>\$35.84</u>	<u>\$47.09</u>	<u>\$37.74</u>	0.4%	0.12%	0.81%	0.81%	N/A	N/A
<b><u>LDIs and Other Wyoming Investments</u></b>									
	<u>\$258.58</u>	<u>\$239.61</u>	<u>\$258.58</u>	2.6%	N/A	N/A	N/A	N/A	N/A



Performance shown is gross of fees.  
 Returns are stated in traditional total return terms and do not specify realized income. The State of Wyoming has the dual goals of maximizing returns while meeting income targets.  
 The numbers contained in the parentheses after the manager names and index names correspond, indicating the appropriate benchmark for each investment.  
 Interim performance for Cheyenne Capital Fund LP is highly immature and is shown as "N/M" or "Not Material."  
 Real estate investments are valued quarterly, and performance for Clarion and TA Realty is reported at a one month lag.  
 First Quadrant market value shown represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million.  
 Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments.



		Yes	No	N/A	Explanation
<b>2. Investment Funds</b>					
a)	<b>Permanent Mineral Trust Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a market cycle of 3 to 5 years.	X			3 Year: Permanent Mineral Trust Fund return was 9.9% vs. 8.9% for the Custom Index
		X			5 Year: Permanent Mineral Trust Fund return was 9.2% vs. 8.1% for the Custom Index
b)	<b>Permanent Land Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a market cycle of 3 to 5 years.			X	Inception date: 1/2006
c)	<b>University Permanent Land Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a market cycle of 3 to 5 years.			X	Inception date: 4/2006
d)	<b>Common School Land Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a market cycle of 3 to 5 years.	X			3 Year: Common School Land Fund return was 9.8% vs. 8.7% for the Custom Index
		X			5 Year: Common School Land Fund return was 9.3% vs. 7.8% for the Custom Index
e)	<b>Workers Compensation Fund</b>				
	- Exceed a weighted index of the total pool's asset allocation and component benchmarks, over a market cycle of 3 to 5 years.	X			3 Year: Workers Compensation Fund return was 5.3% vs. 4.2% for the Custom Index
		X			5 Year: Workers Compensation Fund return was 5.6% vs. 4.9% for the Custom Index
f)	<b>Tobacco Settlement Trust Fund</b>				
	- At least 5% to 10% of the fund balance should be invested in securities with maturities of less than one year.	X			
	- No public and/or private equities are permitted.	X			
	- Exceed a weighted index of the total pool's asset allocation and component benchmarks, over a market cycle of 3 to 5 years.	X		X	3 Year: Tobacco Settlement Trust Fund return was 4.6% vs. 4.0% for the Custom Index
					5 Year: Tobacco Settlement Trust Fund return was 3.4% vs. 4.5% for the Custom Index
g)	<b>State Agency Pool</b>				
	- At least 10% to 15% of the fund balance should be invested in securities with maturities of less than one year.	X			
	- No public and/or private equities are permitted.	X			
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a market cycle of 3 to 5 years.	X			3 Year: State Agency Pool return was 5.0% vs. 3.9% for the Custom Index
		X			5 Year: State Agency Pool return was 4.1% vs. 3.9% for the Custom Index

		Yes	No	N/A	Explanation
<b>3. Domestic Equity Portfolios</b>					
a)	State Street				
	- At the time of purchase, a maximum of five percent (5%) of the total stock portfolio of a manager may be invested in any one security.	X			Determined by the company's weight in the S&P 500 Index.
	- A stock position can be allowed to grow from five percent (5%) to a maximum of seven and one-half percent (7.5%) of market value providing there are at least 35 securities in the portfolio.	X			
	- A maximum of 5% of the outstanding float of shares of one company may be held.	X			
	- The maximum allowable in any sector, as defined as Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting, unless the contract with the investment manager specifically provides otherwise.	X			
	- A minimum number of 35 securities shall be held.	X			
	- Meet performance of the S&P 500 Index, before fees, over a market cycle of 3 to 5 years.	X			3 Year: State Street return was 11.7% vs. 11.7% for the S&P 500 Index.

		Yes	No	N/A	Explanation
b)	Gabelli				
	- At the time of purchase, a maximum of five percent (5%) of the total stock portfolio of a manager may be invested in any one security.	X			
	- A stock position can be allowed to grow from five percent (5%) to a maximum of seven and one-half percent (7.5%) of market value providing there are at least 35 securities in the portfolio.	X			
	- A maximum of 5% of the outstanding float of shares of one company may be held.	X			
	- The maximum allowable in any sector, as defined as Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting, unless the contract with the investment manager specifically provides otherwise.	X			
	- A minimum number of 35 securities shall be held.	X			
	- Outperform the Russell 2500 Value Index by 100 basis points, net of fees, over a market cycle of 3 to 5 years.	X	X		3 Year: Gabelli net return was 15.8% vs. 16.1% for the Russell 2500 Value Index 5 Year: Gabelli net return was 17.0% vs. 15.8% for the Russell 2500 Value Index
	- Performance should rank on the top 40 <sup>th</sup> percentile of the small/mid cap peer universe over 3 to 5 years, gross of fees.	X	X		3 Year: US Small/Mid Value rank was 60 5 Year: US Small/Mid Value rank was 34

		Yes	No	N/A	Explanation
c)	Friess				
	- At the time of purchase, a maximum of five percent (5%) of the total stock portfolio of a manager may be invested in any one security.	X			
	- A stock position can be allowed to grow from five percent (5%) to a maximum of seven and one-half percent (7.5%) of market value providing there are at least 35 securities in the portfolio.	X			
	- A maximum of 5% of the outstanding float of shares of one company may be held.	X			
	- The maximum allowable in any sector, as defined as Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting, unless the contract with the investment manager specifically provides otherwise.	X			
	- A minimum number of 35 securities shall be held.	X			
	- Outperform the Russell 2500 Growth Index by 100 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2005
	- Performance should rank on the top 40 <sup>th</sup> percentile of the small/mid cap peer universe over 3 to 5 years, gross of fees.			X	Inception date: 5/2005

		Yes	No	N/A	Explanation
<b>4. International Equity Portfolios</b>					
a)	Fisher				
	- At the time of purchase, a maximum of five percent (5%) of the total stock portfolio of a manager may be invested in any one security.	X			
	- A stock position can be allowed to grow from five percent (5%) to a maximum of seven and one-half percent (7.5%) of market value providing there are at least 35 securities in the portfolio.	X			
	- A maximum of 5% of the outstanding float of shares of one company may be held.	X			
	- The maximum allowable in any sector, as defined as Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting, unless the contract with the investment manager specifically provides otherwise.	X			
	- A minimum number of 35 securities shall be held.	X			
	- Outperform the MSCI EAFE Index by 100 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 8/2004
	- Performance should rank on the top 40 <sup>th</sup> percentile of the international equity peer universe over 3 to 5 years, gross of fees.			X	Inception date: 8/2004

		Yes	No	N/A	Explanation
b)	Capital Guardian				
	- At the time of purchase, a maximum of five percent (5%) of the total stock portfolio of a manager may be invested in any one security.	X			
	- A stock position can be allowed to grow from five percent (5%) to a maximum of seven and one-half percent (7.5%) of market value providing there are at least 35 securities in the portfolio.	X			
	- A maximum of 5% of the outstanding float of shares of one company may be held.	X			
	- The maximum allowable in any sector, as defined as Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting, unless the contract with the investment manager specifically provides otherwise.	X			
	- A minimum number of 35 securities shall be held.	X			
	- Outperform the MSCI EAFE Index by 100 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 9/2004
	- Performance should rank on the top 40 <sup>th</sup> percentile of the international equity peer universe over 3 to 5 years, gross of fees.			X	Inception date: 9/2004

		Yes	No	N/A	Explanation
	<b>5. Fixed Income Portfolios</b>				
a)	<b>Western Asset – Core Plus Mandate</b>				
	- Non-US dollar denominated securities are permitted, but shall comprise no more than twenty percent (20%) of the portfolio market value. Un-hedged non-dollar denominated securities shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- Private mortgage-backed and asset-backed securities are limited to 10% per issuer, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which case the limit is 25% per issuer.	X			
	- Obligations of other issuers are subject to a 10% per issuer limit excluding investments in commingled vehicles.	X			
	- Commercial mortgage-backed securities are permitted but shall comprise no more than five percent (5%) of the portfolio market value.	X			
	- Commercial paper of all issuers shall not exceed \$500 million.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Aggregate Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for corporate bonds AA for Mortgage-Backed Securities AA for Asset-Backed Securities Standard and Poor's, Fitch, or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.		X		Lehman ABS Corp 2001-B A3, CUSIP 52519SAC7 and Lehman ABS Corp 2001-B A6, CUSIP 52519SAF0 downgraded from Aaa to A1 at Moodys on 9/28/2004; AAA to AA+ on 12/15/2004 and AA+ to A+ at S&P on 6/30/06; AA to A+ at Fitch on 5/17/06. Tenet Healthcare Corp Note, CUSIP 88033GAY6, downgraded from B3 to Caa1 at Moodys effective 9/28/06 and B to CCC+ at S&P on 9/27/06.
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of twenty percent (20%) of portfolio market value may be invested in U.S. securities rated below investment grade.	X			
	- Emerging market securities are permitted, but shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- A minimum number of 25 securities shall be held.	X			
	- Investments in mortgage interest only and principal only securities or their derivations are prohibited.	X			
	- Private placements are not allowed.	X			
	- Outperform the Lehman Brothers Aggregate by 50 basis points, net of fees, over a market cycle of 3 to 5 years.		X		3 Year: Western Asset net return was 4.2% vs. 4.0% for the Lehman Aggregate Index 5 Year: Western Asset net return was 4.9% vs. 4.5% for the Lehman Aggregate Index
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 3 to 5 years, gross of fees.	X X			3 Year: US Broad Mkt Core Fixed Income rank was 25 5 Year: US Broad Mkt Core Fixed Income rank was 30

		Yes	No	N/A	Explanation
b)	<b>Lehman Brothers – Core Plus Mandate</b>				
	- Non-US dollar denominated securities are permitted, but shall comprise no more than twenty percent (20%) of the portfolio market value. Un-hedged non-dollar denominated securities shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- Private mortgage-backed and asset-backed securities are limited to 10% per issuer, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which case the limit is 25% per issuer.	X			
	- Obligations of other issuers are subject to a 10% per issuer limit excluding investments in commingled vehicles.	X			
	- Commercial mortgage-backed securities are permitted but shall comprise no more than five percent (5%) of the portfolio market value.	X			
	- Commercial paper of all issuers shall not exceed \$500 million.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Aggregate Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for corporate bonds AA for Mortgage-Backed Securities AA for Asset-Backed Securities Standard and Poor's, Fitch, or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of twenty percent (20%) of portfolio market value may be invested in U.S. securities rated below investment grade.	X			
	- Emerging market securities are permitted, but shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- A minimum number of 25 securities shall be held.	X			
	- Investments in mortgage interest only and principal only securities or their derivations are prohibited.	X			
	- Private placements are not allowed.		X		On 06/27/07, we bought 8,000,000 face value of CUSIP 1248MHAA. This security is a 144A without registration rights that was set up incorrectly in our system as 144A with registration rights. The security was sold on 07/13/07.
	- Outperform the Lehman Brothers Aggregate by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 3/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 3 to 5 years, gross of fees.			X	Inception date: 3/2006

		Yes	No	N/A	Explanation
c)	<b>PIMCO – Core Plus Mandate</b>				
	- Non-US dollar denominated securities are permitted, but shall comprise no more than twenty percent (20%) of the portfolio market value. Un-hedged non-dollar denominated securities shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- Private mortgage-backed and asset-backed securities are limited to 10% per issuer, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which case the limit is 25% per issuer.	X			
	- Obligations of other issuers are subject to a 10% per issuer limit excluding investments in commingled vehicles.	X			
	- Commercial mortgage-backed securities are permitted but shall comprise no more than five percent (5%) of the portfolio market value.	X			
	- Commercial paper of all issuers shall not exceed \$500 million.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Aggregate Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for corporate bonds AA for Mortgage-Backed Securities AA for Asset-Backed Securities Standard and Poor's, Fitch, or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of twenty percent (20%) of portfolio market value may be invested in U.S. securities rated below investment grade.	X			
	- Emerging market securities are permitted, but shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- A minimum number of 25 securities shall be held.	X			
	- Investments in mortgage interest only and principal only securities or their derivations are prohibited.	X			
	- Private placements are not allowed.	X			
	- Outperform the Lehman Brothers Aggregate by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
f)	<b>PIMCO – Mortgage Mandate</b>				
	- Obligations of specific issuers are subject to a ten percent (10%) per issuer limit, excluding investments in commingled vehicles and U.S. agencies.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Mortgage Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper BBB for individual securities Standard and Poor’s, Fitch, or Moody’s ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be AA or better.	X			
	- Futures, options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities, subject to Section 10 of this policy.	X			
	- Outperform the Lehman Brothers Mortgage Index by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer manager universe, as measured by the State’s Consultant over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
g)	JPMorgan – Mortgage Mandate				
	- Obligations of specific issuers are subject to a ten percent (10%) per issuer limit, excluding investments in commingled vehicles and U.S. agencies.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Mortgage Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper BBB for individual securities Standard and Poor’s, Fitch, or Moody’s ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be AA or better.	X			
	- Futures, options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities, subject to Section 10 of this policy.	X			
	- Outperform the Lehman Brothers Mortgage Index by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer manager universe, as measured by the State’s Consultant over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
d)	Western Asset – Corporates Mandate				
	- Obligations of specific issuers are subject to a ten percent (10%) per issuer limit, excluding investments in commingled vehicles.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Credit Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for individual securities Standard and Poor's, Fitch, or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.		X		HCA Inc. (404119AE9) downgraded by Moody's from Ba2 to Caa1 on 11/20/06 and by Fitch from BB+ to CCC+ on 11/21/06. Approved to hold.
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of ten percent (10%) of portfolio market value may be invested in U.S. securities rated below investment grade.	X			
	- Future, options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities, subject to Section 10 of this policy	X			
	- Outperform the Lehman Brothers Credit Index by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer manager universe measured by the State's Consultant, over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
e)	<b>Delaware – Corporates Mandate</b>				
	- Obligations of specific issuers are subject to a ten percent (10%) per issuer limit, excluding investments in commingled vehicles.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Lehman Brothers Credit Index.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for individual securities Standard and Poor's, Fitch, or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of ten percent (10%) of portfolio market value may be invested in U.S. securities rated below investment grade.	X			
	- Future, options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities, subject to Section 10 of this policy			X	
	- Outperform the Lehman Brothers Credit Index by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer manager universe measured by the State's Consultant, over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
h)	<b>PIMCO – Global Mandate</b>				
	- Obligations of specific issuers are subject to a ten percent (10%) per issuer limit, excluding investments in commingled vehicles.	X			
	- Duration must fall in the range of plus or minus twenty percent (20%) of the Citigroup World Government Bond Index Hedged.	X			
	- Minimum Issue Credit Rating will be: A1/P1 or equivalent for commercial paper B for individual securities Standard and Poor’s, Fitch, or Moody’s ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply.	X			
	- Average portfolio credit quality must be A or better.	X			
	- A maximum of fifteen percent (15%) of portfolio market value may be invested in securities rated below investment grade.	X			
	- Emerging market securities are permitted, but shall comprise no more than ten percent (10%) of the portfolio market value.	X			
	- Futures, options, and/or swaps are permitted for purposes of managing duration, yield curve, and sector risk, and as a substitute for cash securities, subject to Section 10 of this policy.	X			
	- To hedge currency exposure, the portfolio may use foreign exchange forwards, futures, or currency options. The portfolio must remain at least ninety-five percent (95%) hedged against foreign currency exposure at all times.	X			
	- Outperform the Lehman Brothers Global Aggregate Hedged Bond Index by 50 basis points, net of fees, over a market cycle of 3 to 5 years.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer manager universe, as measured by the State’s Consultant over 3 to 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
<b>6. Convertible Bond Portfolios</b>					
a)	Nicholas Applegate				
	- Performance must exceed ML All Quality Convertible Bond Index by 100 basis points, net of fees over a market cycle of 3 to 5 years.	X			3 Year: Nicholas Applegate net return was 13.2% vs. 8.8% for the ML All Quality Convertible Bond Index
		X			5 Year: Nicholas Applegate net return was 12.6% vs. 11.2% for the ML All Quality Convertible Bond Index

		Yes	No	N/A	Explanation
<b>7. Overlay Strategies</b>					
a)	First Quadrant				
	- Achieve an absolute return of 75-175 basis points, net of fees, above a zero benchmark, over a market cycle of 3 to 5 years.			X	Inception date: 2/2005

		Yes	No	N/A	Explanation
<b>8. Cash and Cash Equivalents Portfolios</b>					
a)	JP Morgan Treasury Cash				
	- Portfolio's weighted average maturity is not to exceed 90 days.	X			
	- Portfolio's maximum average cash flow weighted duration of the portfolio must not exceed 90 days.	X			
	- The market value of the portfolio must remain within plus or minus ½ of 1% of amortized cost.	X			
	- A maximum of 10% of total assets shall be placed in the securities of one issuer except for government securities.	X			
	- Investment in any single issuer must not exceed 5% of the outstanding issues of that issuer.	X			
	- Investment performance must exceed Monitored Repurchase Agreement Rate plus 15 basis points and the cash equivalents allocation by the 90-day T-Bill rate net of fees over a market cycle of 3 to 5 years.	X			

		Yes	No	N/A	Explanation
b)	<b>JP Morgan Wyo-Star Cash</b>				
	- Portfolio's weighted average maturity is not to exceed 90 days.	X			
	- Portfolio's maximum average cash flow weighted duration of the portfolio must not exceed 90 days.	X			
	- The market value of the portfolio must remain within plus or minus ½ of 1% of amortized cost.	X			
	- A maximum of 10% of total assets shall be placed in the securities of one issuer except for government securities.	X			
	- Investment in any single issuer must not exceed 5% of the outstanding issues of that issuer.	X			
	- Investment performance must exceed Monitored Repurchase Agreement Rate plus 15 basis points and the cash equivalents allocation by the 90-day T-Bill rate net of fees over a market cycle of 3 to 5 years.	X			

		Yes	No	N/A	Explanation
c)	<b>JP Morgan Treasury Extended Cash</b>				
	- Portfolio's average cash flow weighted duration is not to exceed 3 years.	X			
	- Average cash flow weighted duration is not to exceed 3 years.	X			
	- Individual securities must not exceed cash flow weighted duration of greater than 5 years.	X			
	- A maximum of 10% of total assets shall be placed in the securities of one issuer except for government securities.	X			
	- Investment Performance Must Exceed An Equal Weighted Blend of the Merrill Lynch 1-3 Year Agency, 1-3 Year Treasury, and a 0-3 Year Mortgage Index net of fees over a market cycle of 3 to 5 years.	X	X		3 Year: JP Morgan returned 3.6% vs. 3.7% for the Blended Index 5 Year: JP Morgan returned 3.4% vs. 3.3% for the Blended Index
	- The extended portfolio must not exceed 35% of the total JP Morgan managed portfolio.	X			

		Yes	No	N/A	Explanation
d)	JP Morgan Wyo-Star Extended Cash				
	- Portfolio's average cash flow weighted duration is not to exceed 3 years.	X			
	- Average cash flow weighted duration is not to exceed 3 years.	X			
	- Individual securities must not exceed cash flow weighted duration of greater than 5 years.	X			
	- A maximum of 10% of total assets shall be placed in the securities of one issuer except for government securities.	X			
	- Investment Performance Must Exceed An Equal Weighted Blend of the Merrill Lynch 1-3 Year Agency, 1-3 Year Treasury, and a 0-3 Year Mortgage Index net of fees over a market cycle of 3 to 5 years.	X	X		3 Year: JP Morgan returned 3.6% vs. 3.7% for the Blended Index 5 Year: JP Morgan returned 3.3% vs. 3.3% for the Blended Index
	- The extended portfolio must not exceed 35% of the total JP Morgan managed portfolio.	X			

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**Statistics Definitions**

**Alpha** - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market or a portfolio's non-systematic return.

**Alpha Ratio** - A measure of a portfolio's non-systematic return per unit of downside risk. It is measured by dividing the alpha of a portfolio by the downside risk. The non-systematic return is a measure of a portfolio's historical performance not explained by movements of the market.

**Average Quality** - Bond quality ratings are reported using the investment managers' and the index providers' preferred rating agency. There are two primary rating agencies in the U.S. *Moody's* assigns ratings on a system that employs up to four symbols (consisting of letters and numbers) such as, Aaa, Aa2, etc., with Aaa being the highest or safest rating. *Standard & Poor's (S&P)* employs a system that uses + and - along with letters such as AAA, AA+, etc. The two rating agencies' systems are summarized below:

**S&P      Moody's      Explanation**

**Higher Credit Quality - Investment Grade**

AAA	Aaa	Prime grade, highest safety
AA+	Aa1	High credit quality
AA	Aa2	
AA-	Aa3	
A+	A1	Upper-medium credit quality
A	A2	
A-	A3	
BBB+	Baa1	Lower-medium credit quality
BBB	Baa2	
BBB-	Baa3	

**Lower Credit Quality - Speculative Grade**

BB+	Ba1	Speculative - low quality
BB	Ba2	
BB-	Ba3	
	B1	Highly speculative
B	B2	
	B3	

**Extremely Low Credit Quality - High Speculative or in Default**

CCC+	Caa	Very high risk, poor quality
CCC		
CC	Ca	May be in default soon
C	C	Very speculative
CI		For income bonds - interest not being paid
D		Securities already in default

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**Beta** - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

**Buy and Hold Attribution** - At the beginning of the time period under analysis, the manager and benchmark portfolios are broken down into segments (i.e., styles, sectors, countries, and regions) based on the desired type of attribution. One assumes zero turn-over to the manager and benchmark portfolios throughout the period and calculates the segment returns ("buy and hold returns") to arrive at performance attribution. Country, region, sector, and style allocations are as of the date one quarter prior to the reporting date, and the returns shown are for those segments throughout the quarter reported. The following is the methodology for segment classification:

- **Country/Region** - Stocks will be classified by their domicile country/region, as defined by Worldscope data.
- **Sector** - Stocks will be classified by their primary sector, as defined by Worldscope data.
- **Style** - Stocks will be classified into the following style boxes: large/mid/small vs. growth/neutral/value. Stocks will be classified along large/mid/small categories at the time of the Frank Russell index rebalancing, using the index market cap boundaries as cutoff points. Stocks will be classified along growth/neutral/value categories at the time of the Frank Russell index rebalancing, using the price/book ratio as supplied by Worldscope. Stocks in the Russell 3000 Index portfolio will be sorted by price/book ratio; names with the highest price/book ratio that make up 1/3 of the total market capitalization will be assigned to the growth category, names that make up the subsequent 1/3 of the total market capitalization will be assigned to the neutral category, while the balance of the names will be assigned to the value category.

**Consistency** - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Convexity** - A measure of the shape of the curve that describes the relationship between bond prices and bond yields.

**Coupon Rate** - The percentage rate of interest paid on a bond or fixed income security; it is typically paid twice per year.

**Current Yield** - The annual income of a security divided by the security's current price.

**Down Market Capture** - Down market by definition is negative benchmark return and down market capture represents the ratio in % terms of the average portfolios return over the benchmark during the down market period. The lower the value of the down market capture the better the product's performance.

**Downside Risk** - A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.

**Earnings Per Share** - It is backward looking, calculated using the one year current EPS divided by the one year EPS five years ago.

**Excess Return vs. Market** - Average of the monthly arithmetic difference between the manager's return and the benchmark return over a specified time period, shown on an annualized basis.

**Excess Return vs. Risk Free** - Average of the monthly arithmetic difference between the manager's return and the risk-free return over a specified time period, shown on an annualized basis.

**Excess Risk** - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

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**Gain/Loss** - The net increase or decrease in the market value of a portfolio excluding its Net Cash Flow for a given period.

**Information Ratio** - Measured by dividing the active rate of return by the tracking error. The higher the information ratio, the more value-added contribution by the manager.

**Modified Duration** - The approximate percentage change in a bond's price for a 100 basis point change in yield.

**Net Cash Flow** - The sum, in dollars, of a portfolio's contributions and withdrawals. This includes all management fees and expenses only when performance shown is gross of fees.

**Peer Groups** - RVK utilizes the Mellon Analytical Solutions Trust Universe and the RogersCasey Manager Universe for peer comparison and rankings. The Mellon Analytical Solutions Trust Universe, which is used for comparison of Total Fund composite results, utilizes actual client returns compiled from consultant and custodial data. The RogersCasey Manager Universe database includes performance and other quantitative data for over 1,400 investment management firms, over 17,000 investment products, including separate accounts, commingled funds, and mutual funds, and 160 standard peer groups.

#### Peer Group Definitions

SA = Separately Managed Fund

CF = Commingled Fund

MF = Mutual Fund

#### Peer Group Rankings

1 = Highest

100 = Lowest

**Portfolio Duration** - The weighted average duration of all the bonds in a given portfolio, weighted by their dollar values.

**Region Attribution** - Calculated using the Morgan Stanley Capital International (MSCI) region standards.

**Return** - Compounded rate of return for the period.

**%Return** - The time-weighted rate of return of a portfolio for a given period.

**R-Squared** - The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**Sector Attribution** - Calculated using the Industry Classification Benchmark (ICB).

**Sharpe Ratio** - Represents the excess rate of return over the risk-free return, divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

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**Simple Alpha** - The difference between the manager's return and the benchmark's return.

**Spread Duration** - A measure of the price sensitivity of a bond to a 100 basis-point movement of the bond's spread relative to Treasuries.

**Standard Deviation** - A statistical measure of the range of a portfolio's performance. The variability of a return around its average return over a specified time period.

**Tracking Error** - A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.

**Treynor Ratio** - Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Treynor ratio represents the excess rate of return over the risk-free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

**Unit Value** - The dollar value of a portfolio, assuming an initial nominal investment of \$100, growing at the compounded rate of %Return for a given period.

**Up Market Capture** - Up market by definition is positive benchmark return and up market capture represents the ratio in % terms of the average portfolios return over the benchmark during the up market period. The higher the value of the up market capture the better the product's performance.

**Yield to Maturity** - The rate of return achieved on a bond or other fixed income security assuming the security is bought and held to maturity and that the coupon interest paid over the life of the bond will be reinvested at the same rate of return.

**Yield to Worst** - The bond yield calculated by using the worst possible yield taking into consideration all call, put, and optional sink dates.

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**Custom Index Comments**

The Total Fund Custom Benchmark is calculated using beginning month asset class weights applied to the appropriate asset class benchmark, using the S&P 500 to represent domestic equities, MSCI EAFE for international equities, Lehman Aggregate Bond Index for fixed income, NCREIF Property for real estate, and 90 day T-Bill rate for cash equivalents.

Pooled Fund custom benchmarks are calculated using beginning month asset class weights applied to the appropriate asset class benchmark, using the S&P 500 to represent domestic equities, MSCI EAFE for international equities, Lehman Aggregate Bond Index for fixed income, NCREIF Property for real estate, and 90 day T-Bill rate for cash equivalents.

**Market Value, Performance & Allocation Comments**

Performance shown for Pooled Funds is calculated on a capital weighted basis using beginning-period allocations and does not reflect net cash flows.

Performance shown for the UW Portfolio Management Program includes their participation in the State Agency Pool.

Real Estate investments are valued quarterly, and performance for Clarion and TA Realty is reported at a one-month lag.

Market value shown for First Quadrant represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million.

Fixed Income style peer groups have low populations, and may cause ranks to change significantly from quarter to quarter.

Interim performance for Cheyenne Capital Fund LP is highly immature and is shown as "N/M" or "Not Material".

Where stated, allocations to fixed income include convertibles and LDIs & Other Wyoming Investments.

Wyoming State Treasurer's Office fiscal year ends on June 30th.