



# Wyoming State Treasurer's Office

## Investment Performance Analysis

Quarter Ended  
**December 31, 2008**

Prepared By  
**Matthias Bauer**

**RVKuhns**  
▶▶▶ & ASSOCIATES, INC.

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# WYOMING STATE TREASURER'S OFFICE

*FOURTH QUARTER 2008*

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## QUARTERLY COMMENTARY

- 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 1-12**

- 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 13-19**

- These 7 pages provide all the market value, asset allocation, and performance information for the State's investments, in summary form.

### **INVESTMENT POLICY OBJECTIVE REVIEW ..... PAGE 20-47**

- 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 48-53**

- 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:** R.V. Kuhns & Associates, Inc.  
**Subject:** December 31, 2008 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 December 31, 2008. We hope this summary will facilitate your review of our Investment Performance Analysis Report.

- The Total Fund (including Permanent Mineral Trust, Permanent Land Fund, University Permanent Land Fund, Common School Fund, Hathaway Scholarship Endowment, Higher Education Endowment, Workers Compensation, Tobacco Settlement, and State Agency) finished the quarter ended December 31, 2008 with a return of -4.8%. This performance is compared to the custom index return of -2.6%.
- The Permanent Mineral Trust Fund finished the quarter ended December 31, 2008 with a return of -8.8% and the Common School Fund finished with a return of -8.5%, while the Permanent Land Fund returned -8.5% and the University Permanent Land Fund returned -9.5%. The Hathaway and Higher Education funds performed slightly better due to their overweight to fixed income as they continue to move towards their target allocations. The permanent funds all underperformed their respective custom benchmarks for the quarter.
- The bond markets, led by Treasuries, performed well over the fourth quarter and experienced the best quarterly performance since the third quarter of 2002. The Barclays Capital Aggregate Bond Index posted a positive return of 4.6% for the quarter and 5.2% for calendar year 2008. The State's total fixed income return of 2.0% during the quarter lagged the Barclays Capital Aggregate Index by approximately 260 basis points. The State's fixed income portfolio includes a suite of external specialist managers employing core plus, mortgage, corporate, and global mandates, in addition to the internally managed portfolio, which invests primarily in agency securities.
- While most equities realized gains in December, they still ended the fourth quarter and 2008 down significantly. Losses were widespread, as every sector within the S&P 500 declined during the fourth quarter. The S&P 500 returned -21.9%, while the Russell 1000 returned -22.5% during the quarter. The State's large-cap domestic equity investments, managed by State Street, were in line with the market, posting a -21.8% return during the quarter.
- Large capitalization equities performed better during the quarter than securities of smaller market caps, with the Russell 2500 returning -26.3% during the quarter. Value stocks, however, fared marginally better during the quarter than their growth counterparts. Gabelli, the State's small/mid-cap value manager, outperformed the benchmark for the quarter, returning -22.1% versus -24.9% for the Russell 2500 Value. Friess, the State's small/mid-cap growth manager, outperformed during the quarter with a -26.6% return, compared to the Russell 2500 Growth Index return of -27.8%.
- International stocks, posted negative returns similar to the U.S. during the fourth quarter, with emerging markets contracting most significantly. The MSCI EAFE Index posted a 19.9% loss for the fourth quarter, and the MSCI Emerging Markets Index returned -27.6%. For the quarter, Fisher underperformed the EAFE benchmark returning -23.4%, while the State's other external international equity manager, Capital Guardian, outperformed the EAFE benchmark, returning -18.2%.
- Alternative asset classes, which include core and non-core real estate, absolute return strategies, and private equity, have provided valuable diversification, but have not been immune to recent market turmoil. Core real estate was down for the quarter due to continued price depreciation, with Clarion posting -15.5% and UBS -8.7% for the quarter. Absolute return strategies, while providing some capital preservation relative to traditional equities, struggled as the broad market deleveraging process continued. Harris and PAAMCO both finished the quarter negative, returning -8.6% and -12.5% respectively. Values for non-core real estate and private equity are on a one-quarter lag due to available manager valuations. Performance for these investments is shown on an IRR basis within our alternative performance reports, once sufficient investment history is gained.



## Capital Markets Review As of December 31, 2008

### Capital Markets Review

#### Fourth Quarter Economic Environment

The capital market's volatility continued into and throughout the fourth quarter of 2008 with most markets ending the year with massive losses due to long lasting problems in credit markets. In response, the U.S. government passed a \$700 billion bailout plan on October 2<sup>nd</sup> to help ease the financial crisis. On October 8<sup>th</sup> several major central banks cut their respective key rates by 50 bps in a coordinated effort to stem the crisis. The U.S. Federal Reserve cut rates an additional 50 bps at the end of the month, sending the Federal Funds Rate to 1.00%. In December, the Fed further cut the Federal Funds rate to a range of 0.00% - 0.25%, marking the tenth time it had cut rates in the last 15 months. This represents the lowest target the Fed has ever set for its overnight lending rate.

The U.S. seasonally adjusted unemployment rate increased to 7.2% during the fourth quarter from 6.2% at the end of the third quarter, and 4.9% from the beginning of 2008. December's unemployment rate represents the highest level since January 1993. Crude oil prices continued to fall from July's record high of \$146 per barrel, ending the quarter under \$45 per barrel. Due in part to massive declines in energy costs, the Consumer Price Index fell 3.91% during the fourth quarter representing the largest quarterly decline since the first quarter of 1932. Measured against a weighted-average basket of 26 currencies, the U.S. Dollar closed the year up 8.6% and was able to gain 4.5% against the Euro. The National Bureau of Economic Research officially declared that the U.S. economy officially entered into a recession during late 2007.

#### Fourth Quarter Equities

While most equities were positive during December, they still ended the fourth quarter and 2008 down significantly. Every sector within the S&P 500 and MSCI All Country World index declined during the fourth quarter and was negative during 2008. Domestically, measured by the S&P 500, Telecommunication Services produced the smallest decline during the fourth quarter while Financials continued to struggle providing their worst return during both the fourth quarter and 2008. Internationally, measured by the MSCI All Country World Ex US, Health Care was the best performing sector while Financials performed the worst during the fourth quarter. Large cap domestic stocks outperformed small cap stocks and value stocks slightly outperformed growth stocks. International stocks mirrored U.S. stocks with Emerging Markets trailing all other sectors both during the fourth quarter and during 2008.

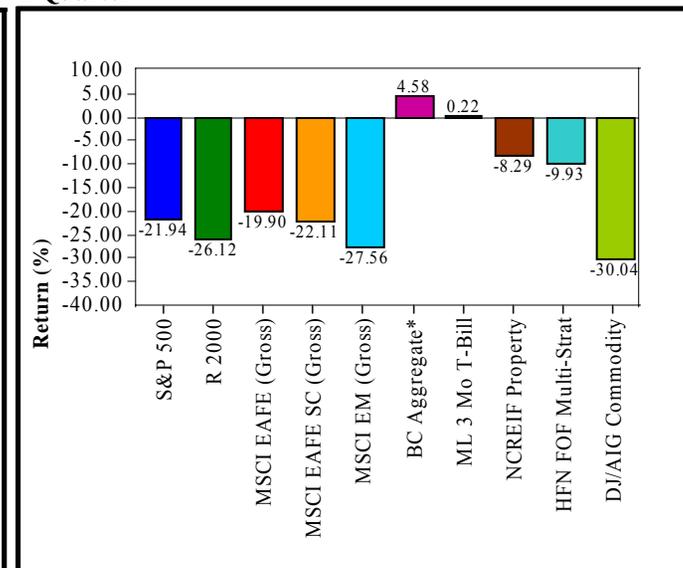
#### Fourth Quarter Fixed Income

Led by Treasuries, the Barclays Capital Aggregate Bond Index saw its best quarterly performance since the third quarter of 2002, returning 4.58% for the fourth quarter. Only two of the eight sectors, CMBS and ABS, were negative during the fourth quarter with Treasuries and Corporate Long securities providing the best returns during the quarter. High yield securities continued to struggle falling significantly during the fourth quarter. TIPS saw declines during the quarter, and excluding only third quarter 2008, it was their worst quarterly return ever. The Treasury yield curve steepened and declined over all maturity ranges during the quarter between 80 and 150 basis points.

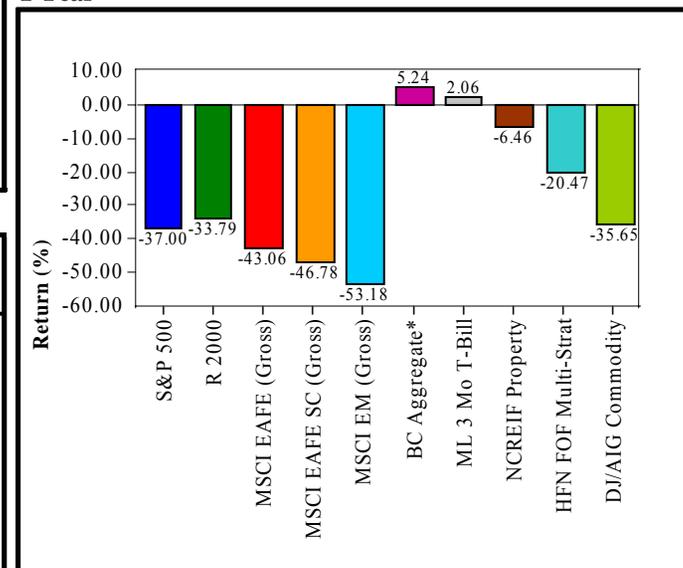
### Trailing-Period Performance

	1 Month Ending Oct-2008	1 Month Ending Nov-2008	1 Month	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
S&P 500	-16.79	-7.18	1.06	-21.94	-37.00	-37.00	-8.36	-2.19	-1.38
R 2000	-20.80	-11.83	5.80	-26.12	-33.79	-33.79	-8.29	-0.93	3.02
MSCI EAFE (Gross)	-20.17	-5.36	6.02	-19.90	-43.06	-43.06	-6.92	2.10	1.18
MSCI EAFE SC (Gross)	-23.73	-4.41	6.85	-22.11	-46.78	-46.78	-13.45	1.51	4.71
MSCI EM (Gross)	-27.35	-7.52	7.83	-27.56	-53.18	-53.18	-4.62	8.02	9.31
BC Aggregate*	-2.36	3.25	3.73	4.58	5.24	5.24	5.51	4.65	5.63
ML 3 Mo T-Bill	0.11	0.10	0.01	0.22	2.06	2.06	3.96	3.25	3.45
NCREIF Property	N/A	N/A	N/A	-8.29	-6.46	-6.46	8.10	11.67	10.48
HFN FOF Multi-Strat	-6.59	-2.50	-1.10	-9.93	-20.47	-20.47	-1.34	1.83	6.56
DJ/AIG Commodity	-21.28	-6.96	-4.48	-30.04	-35.65	-35.65	-8.60	0.23	7.61

### 1 Quarter



### 1 Year



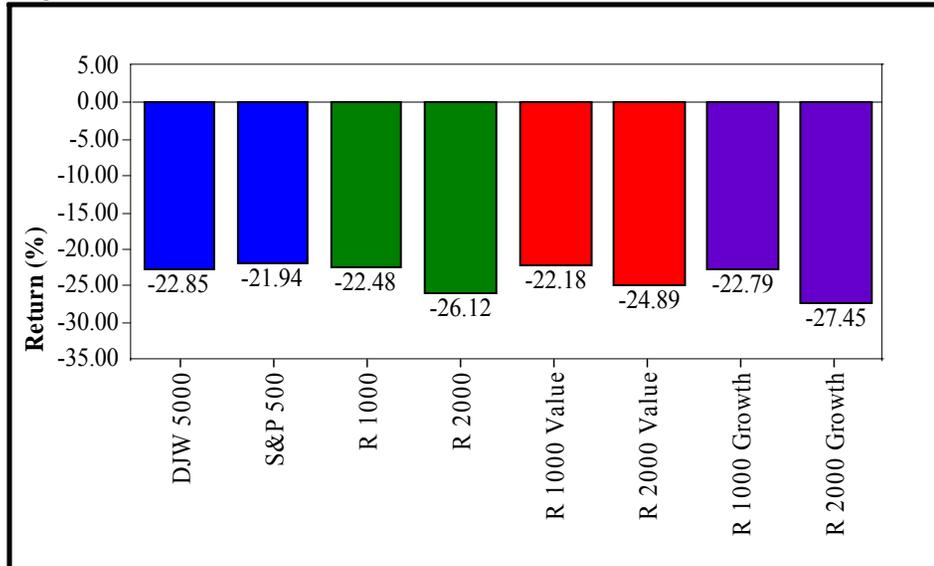
Performance is annualized for periods greater than one year.

\*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.

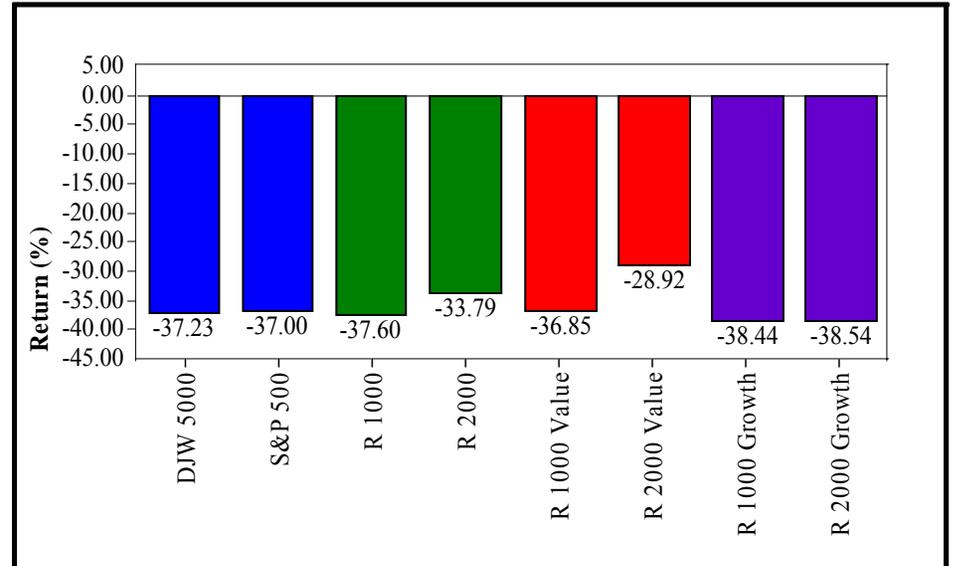
\*All Lehman Brothers indices now reflect the Barclays Capital name.

**Domestic Equity Market Performance  
As of December 31, 2008**

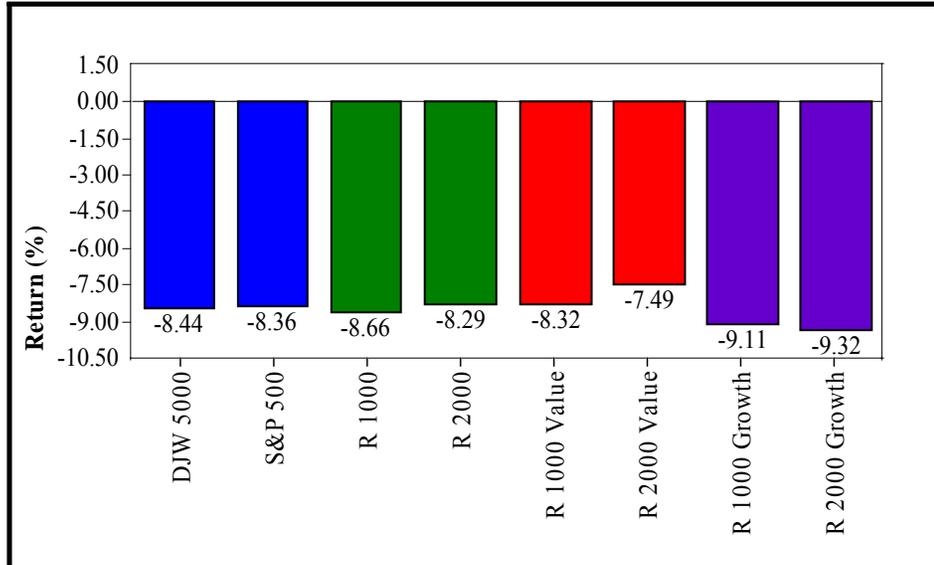
**1 Quarter**



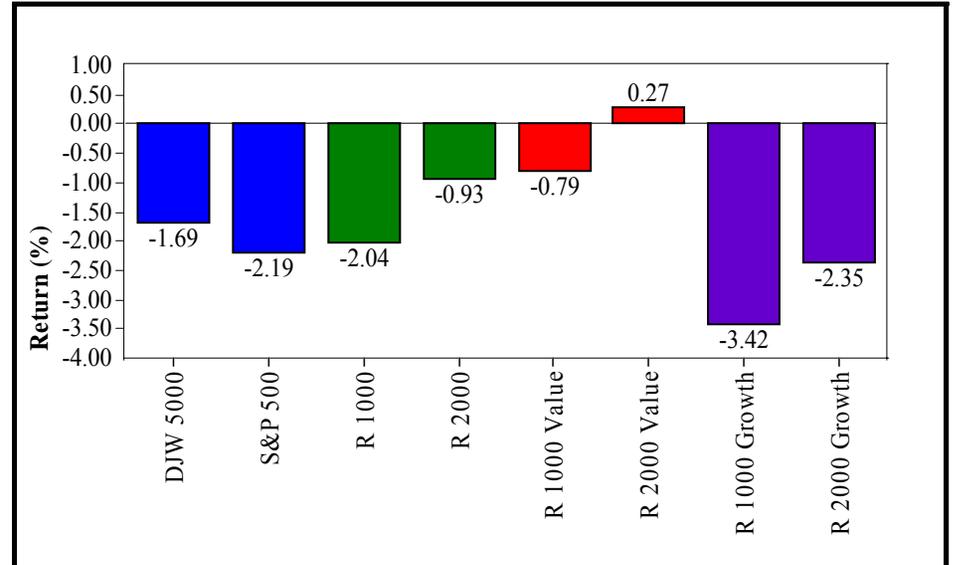
**1 Year**



**3 Years**



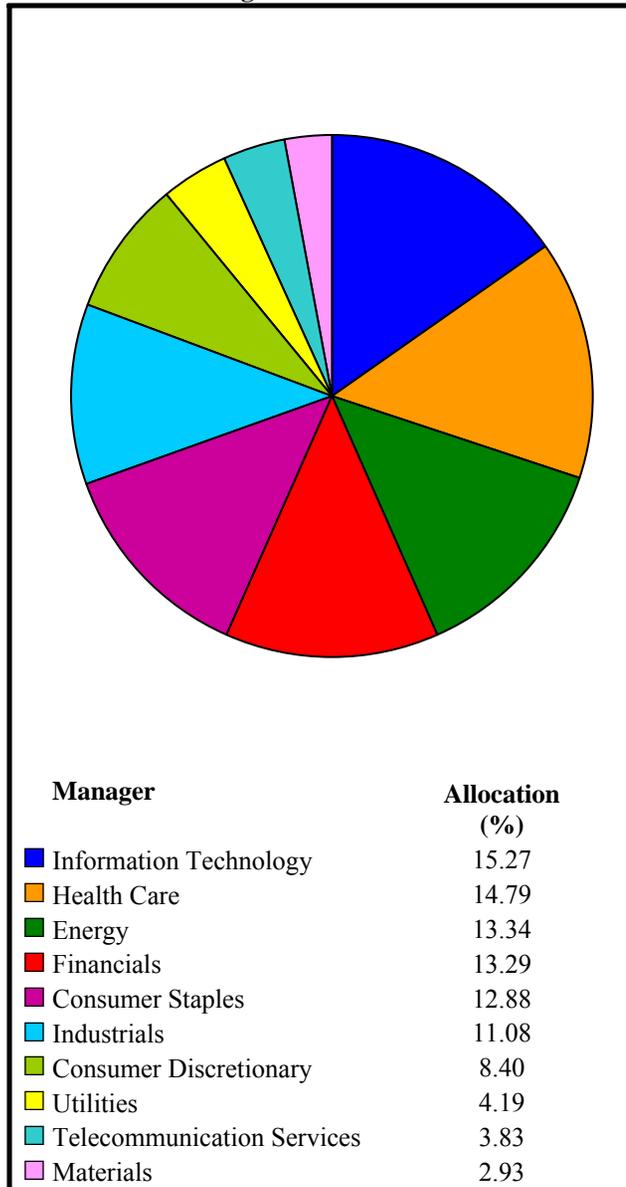
**5 Years**



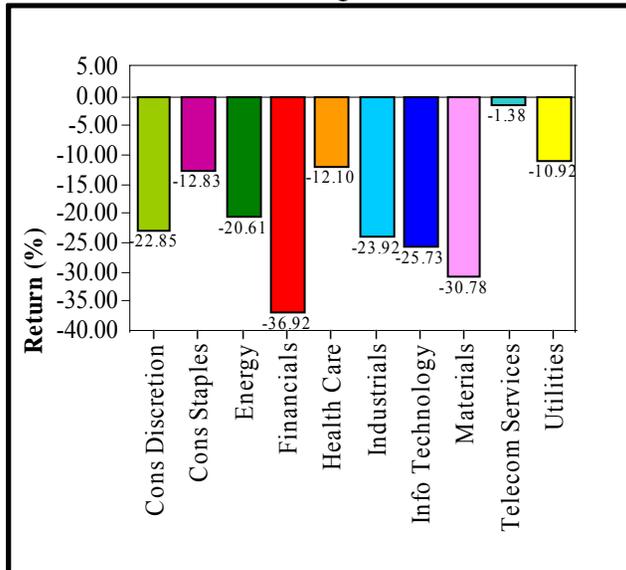
Performance is annualized for periods greater than one year.

## Domestic Equity Sector Weights and Returns As of December 31, 2008

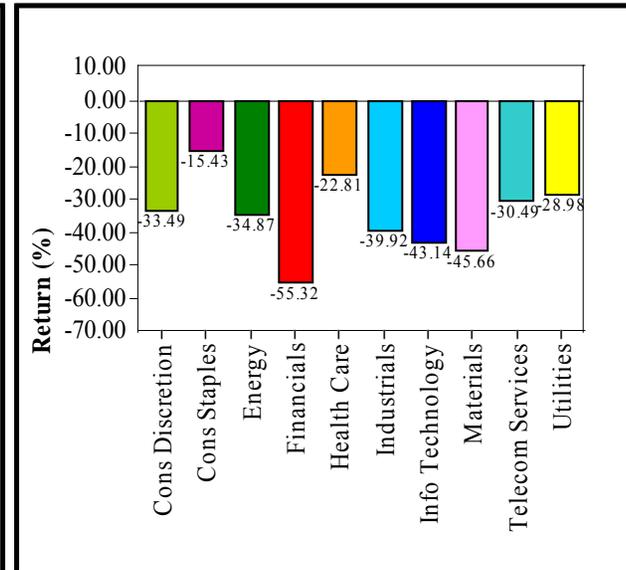
**S&P 500 Sector Weights**



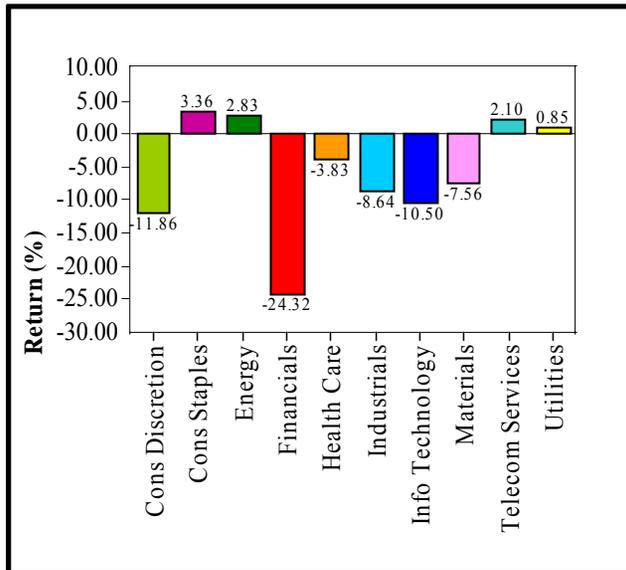
**S&P 500 Sector Returns - 1 Quarter**



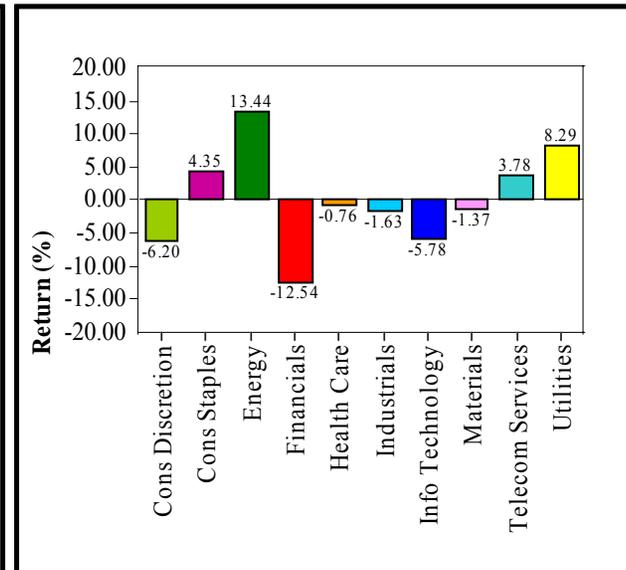
**S&P 500 Sector Returns - 1 Year**



**S&P 500 Sector Returns - 3 Years**



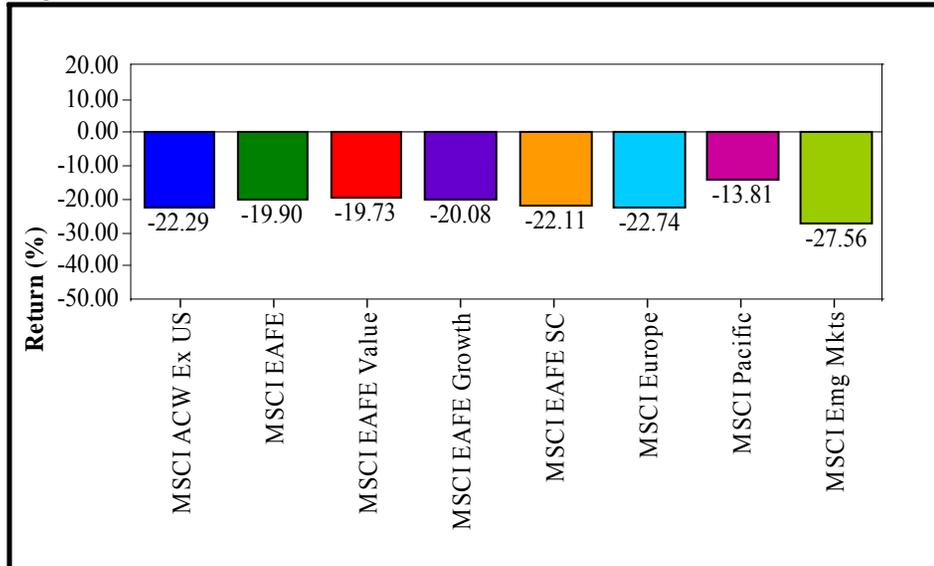
**S&P 500 Sector Returns - 5 Years**



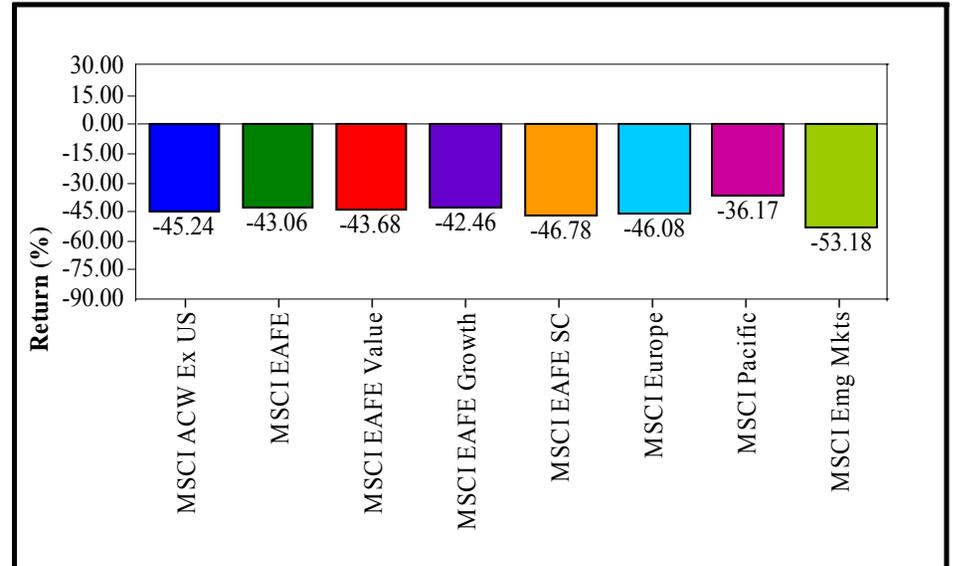
Performance is annualized for periods greater than one year. Returns provided by MPI Stylus, allocations provided by Standard & Poor's.

**International Equity Market Performance  
As of December 31, 2008**

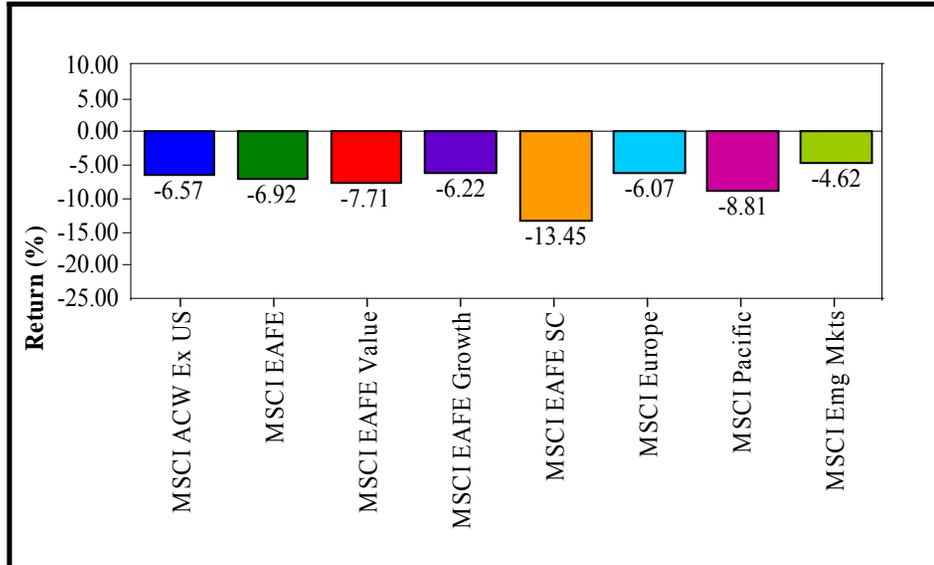
**1 Quarter**



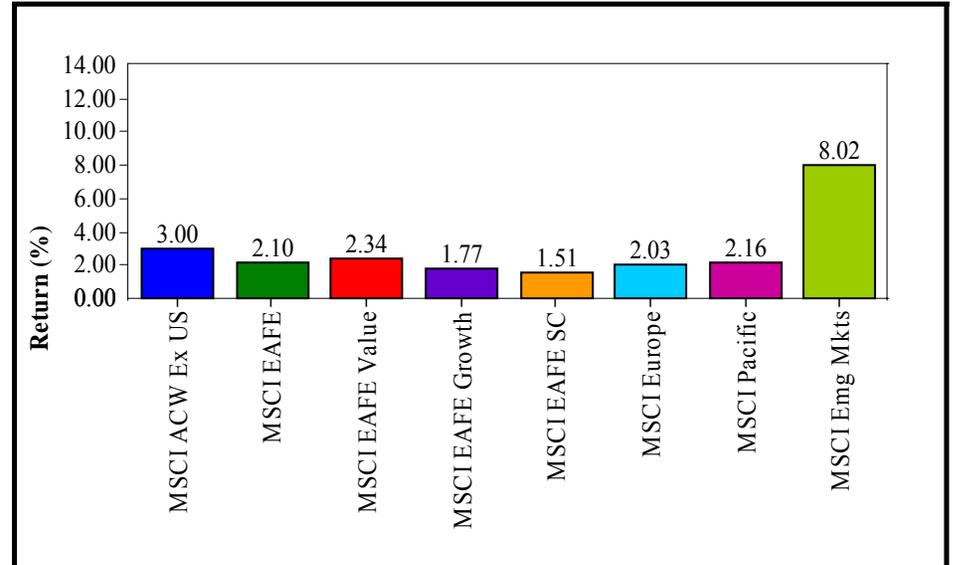
**1 Year**



**3 Years**



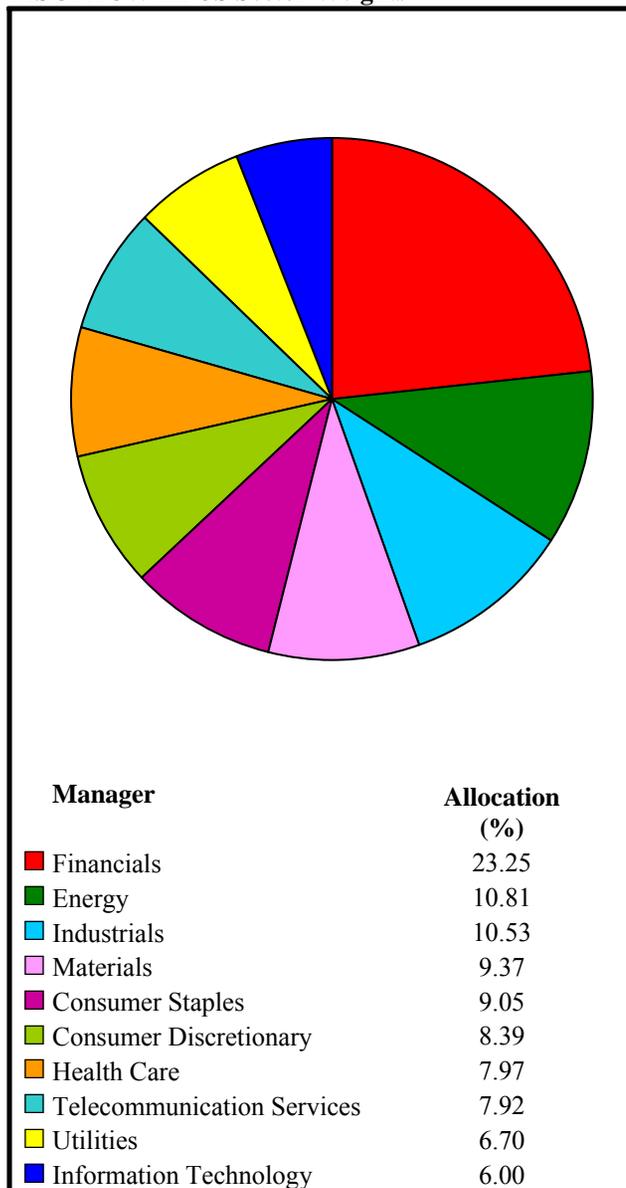
**5 Years**



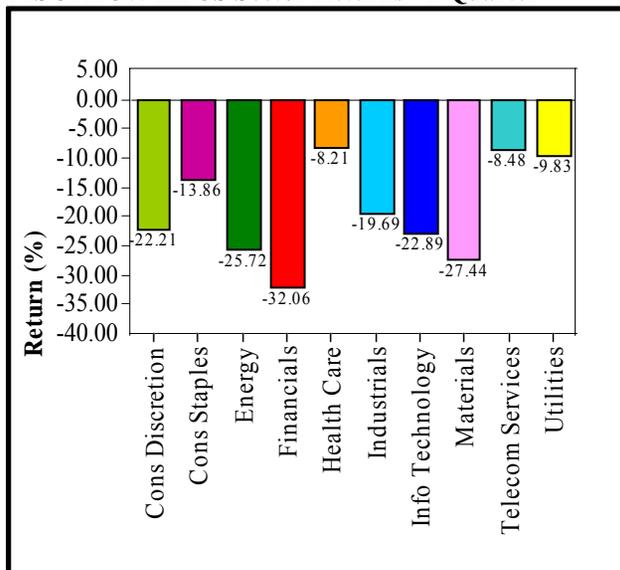
Performance is annualized for periods greater than one year.

**International Equity Sector Weights and Returns  
As of December 31, 2008**

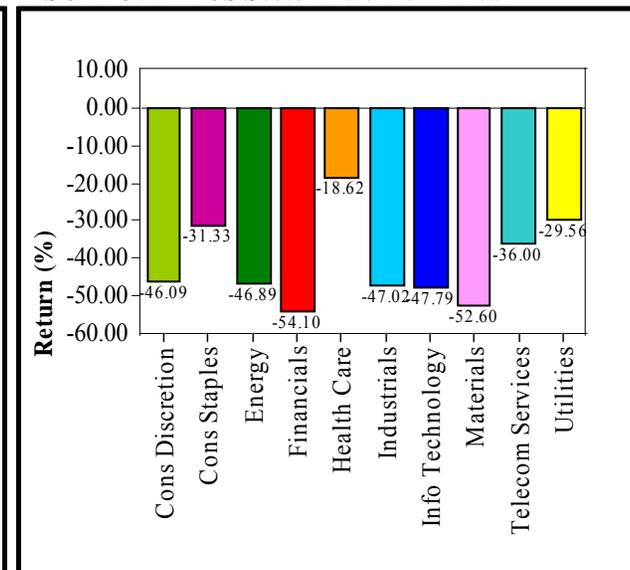
**MSCI ACW Ex US Sector Weights**



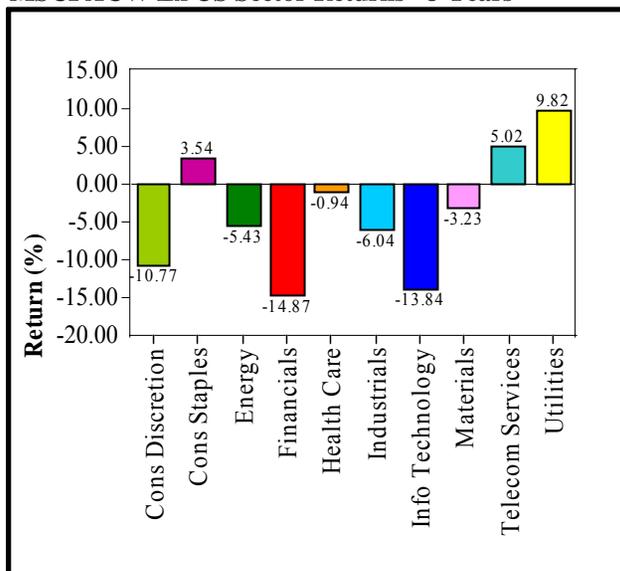
**MSCI ACW Ex US Sector Returns - 1 Quarter**



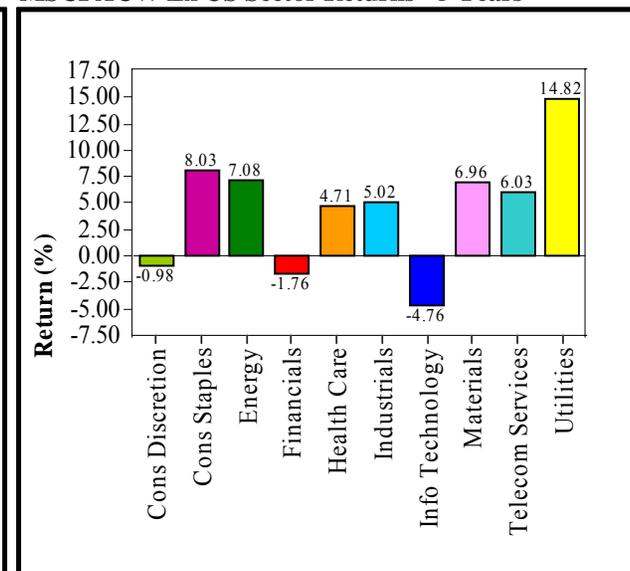
**MSCI ACW Ex US Sector Returns - 1 Year**



**MSCI ACW Ex US Sector Returns - 3 Years**



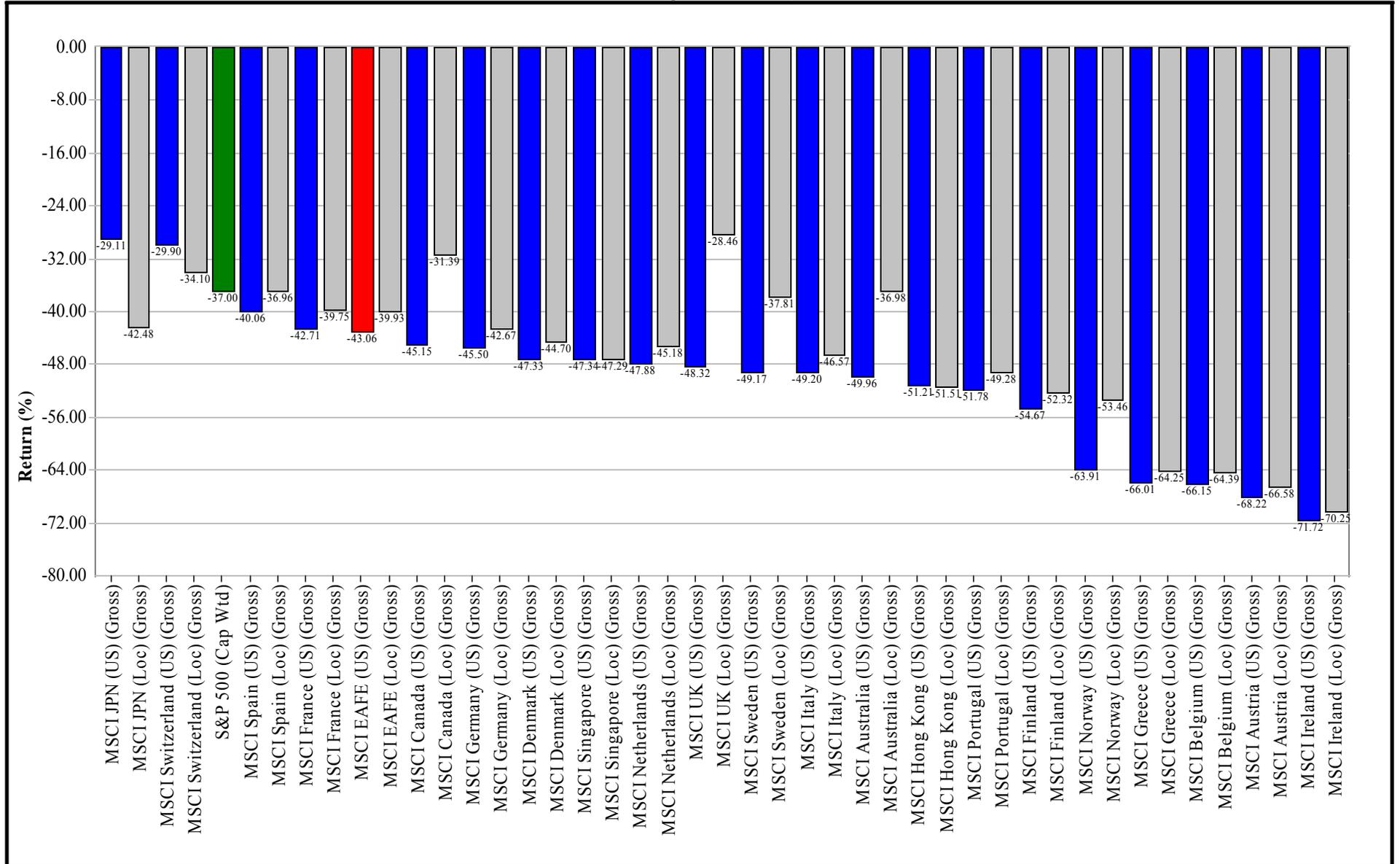
**MSCI ACW Ex US Sector Returns - 5 Years**



Performance is annualized for periods greater than one year. Returns and allocations provided by MSCI Barra.

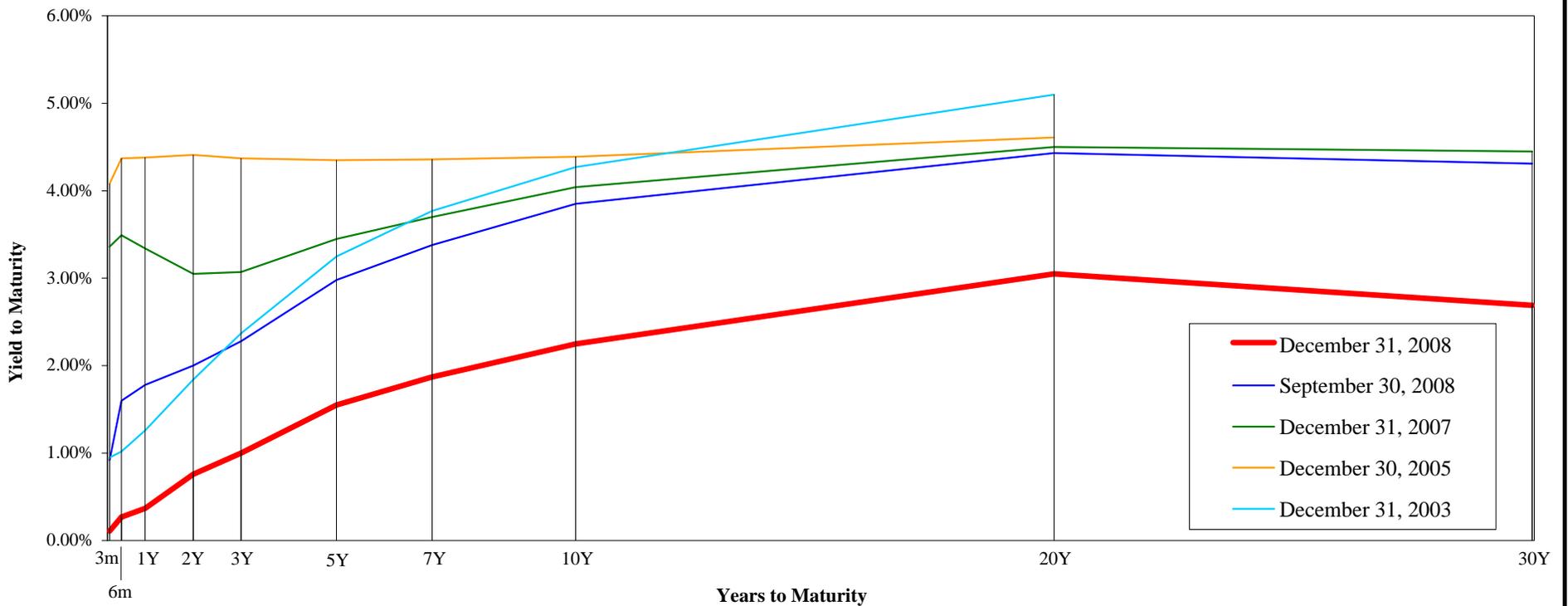
**International Equity Market Performance  
As of December 31, 2008**

**1 Year Ending December 31, 2008**



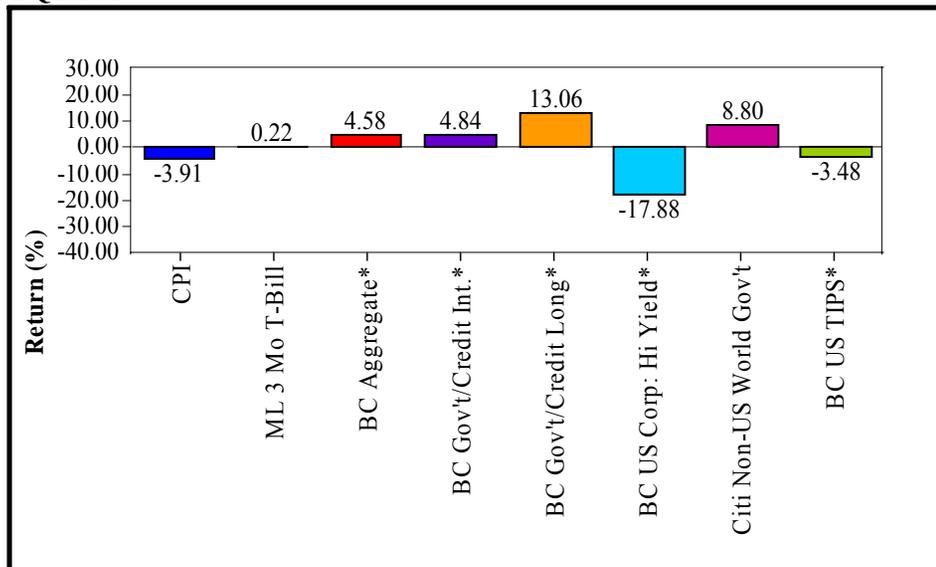
**Treasury Yield Curve  
As of December 31, 2008**

	December 31, 2008	September 30, 2008	December 31, 2007	December 30, 2005	December 31, 2003
<b>3 Month</b>	0.11%	0.92%	3.36%	4.08%	0.95%
<b>6 Month</b>	0.27%	1.60%	3.49%	4.37%	1.02%
<b>1 Year</b>	0.37%	1.78%	3.34%	4.38%	1.26%
<b>2 Year</b>	0.76%	2.00%	3.05%	4.41%	1.84%
<b>3 Year</b>	1.00%	2.28%	3.07%	4.37%	2.37%
<b>5 Year</b>	1.55%	2.98%	3.45%	4.35%	3.25%
<b>7 Year</b>	1.87%	3.38%	3.70%	4.36%	3.77%
<b>10 Year</b>	2.25%	3.85%	4.04%	4.39%	4.27%
<b>20 Year</b>	3.05%	4.43%	4.50%	4.61%	5.10%
<b>30 Year</b>	2.69%	4.31%	4.45%	N/A	N/A

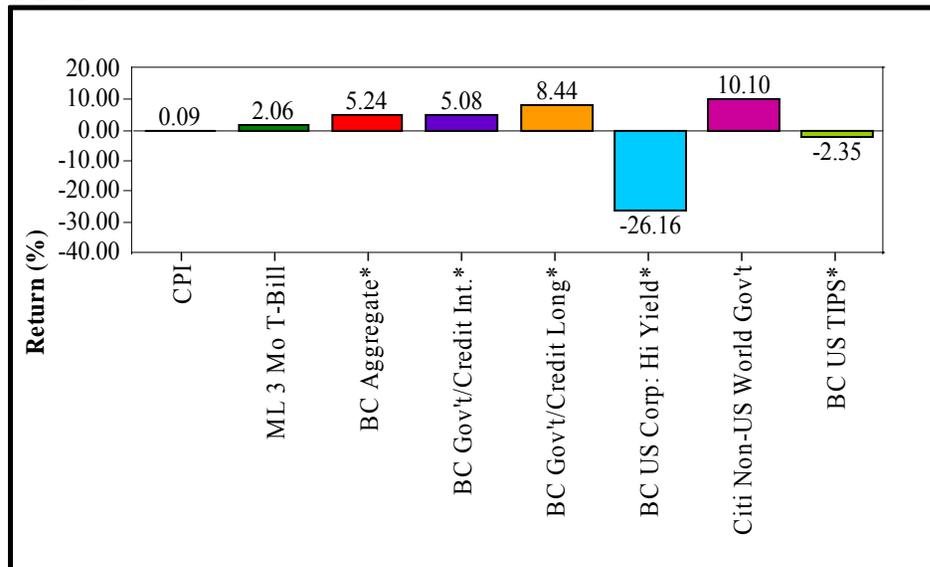


## Fixed Income Market Performance As of December 31, 2008

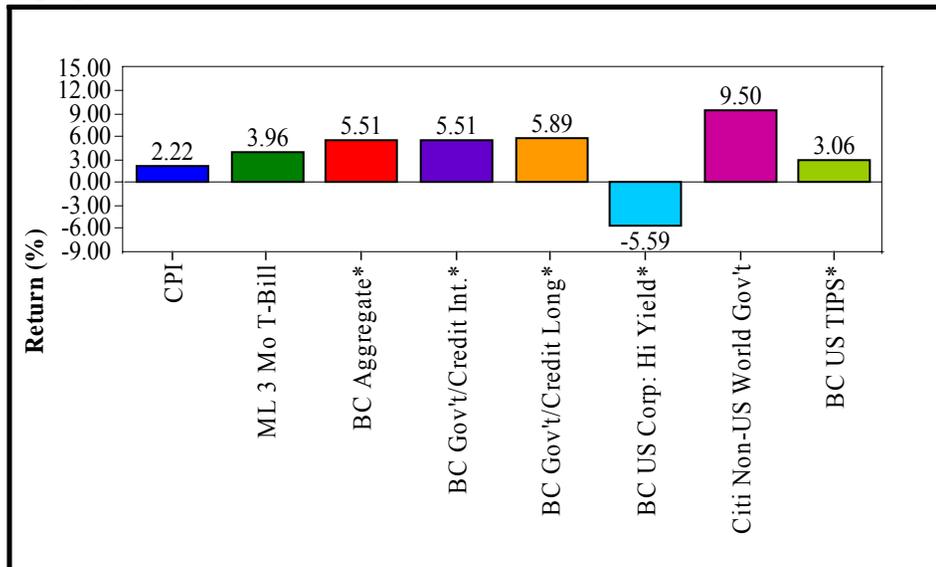
### 1 Quarter



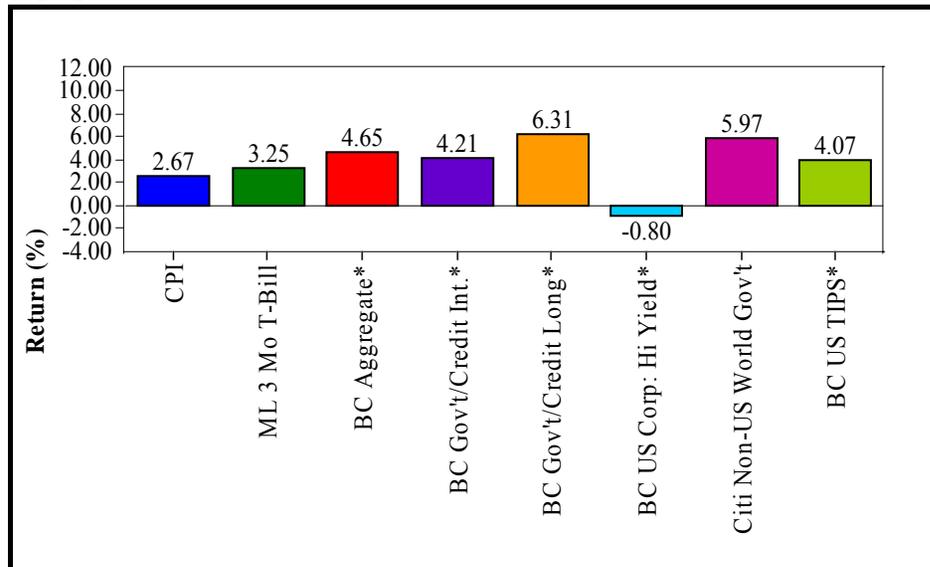
### 1 Year



### 3 Years



### 5 Years



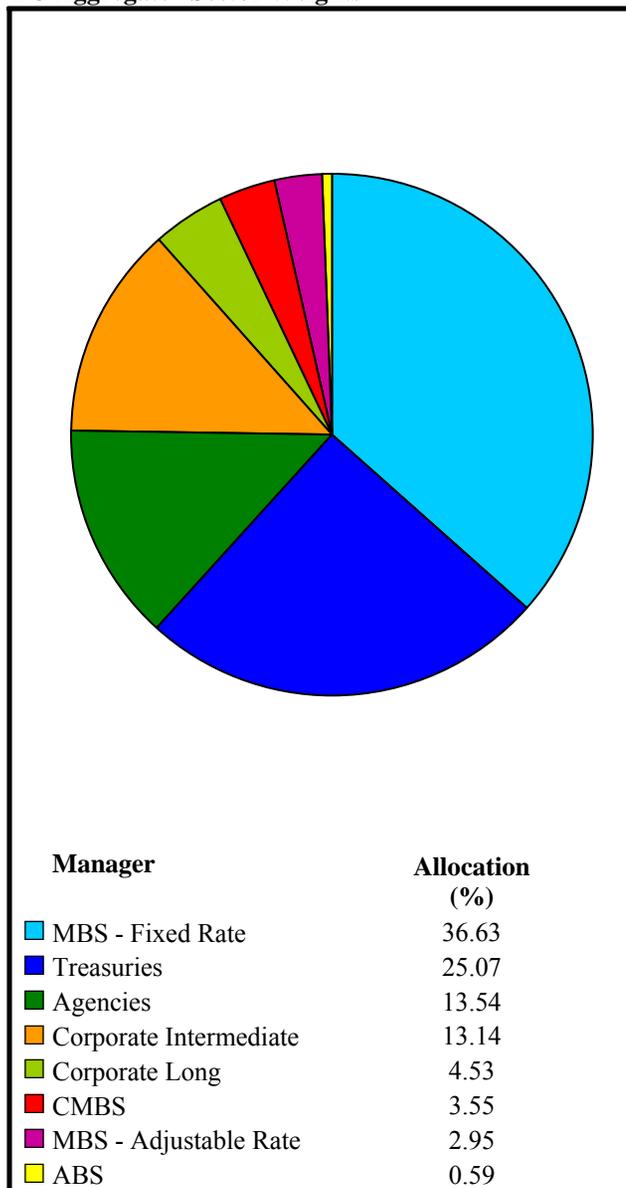
Performance is annualized for periods greater than one year.

\*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.

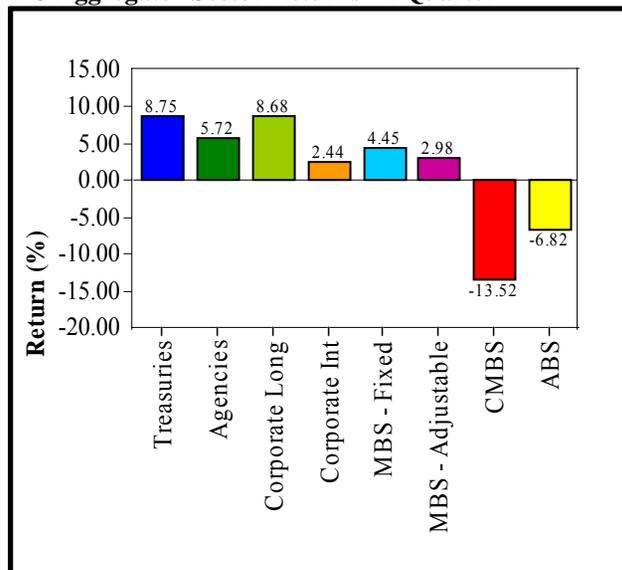
\*All Lehman Brothers indices now reflect the Barclays Capital name.

**Domestic Fixed Income Sector Weights and Returns**  
As of December 31, 2008

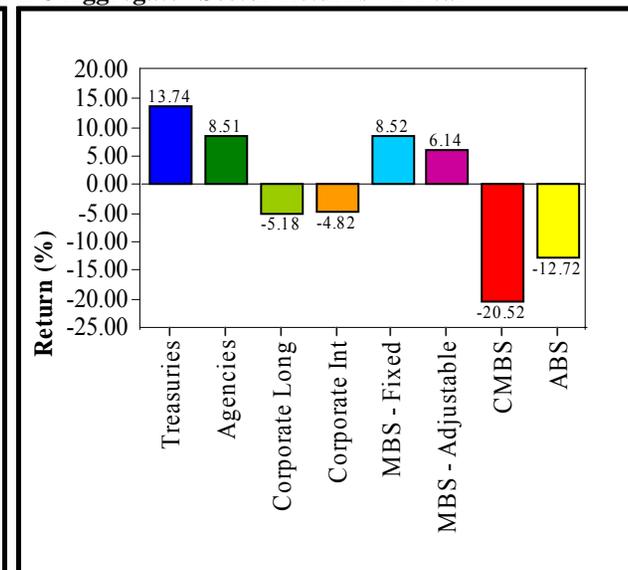
**BC Aggregate\* Sector Weights**



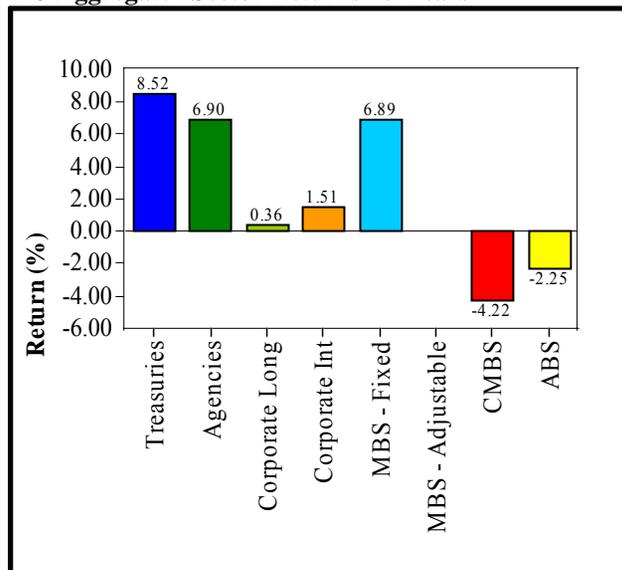
**BC Aggregate\* Sector Returns - 1 Quarter**



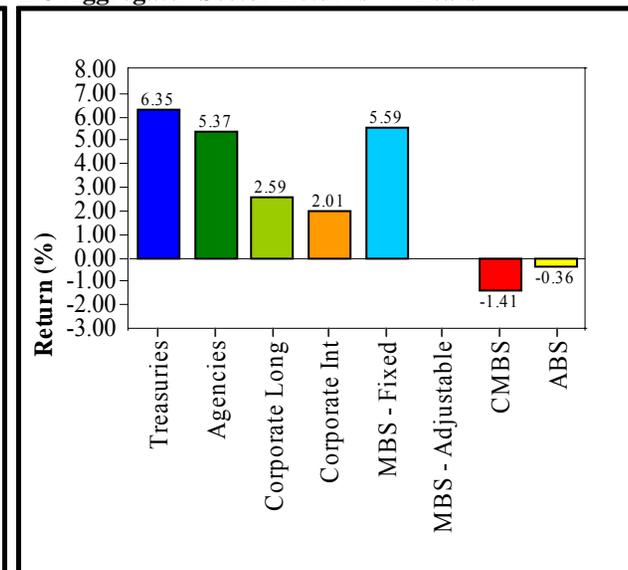
**BC Aggregate\* Sector Returns - 1 Year**



**BC Aggregate\* Sector Returns - 3 Years**



**BC Aggregate\* Sector Returns - 5 Years**



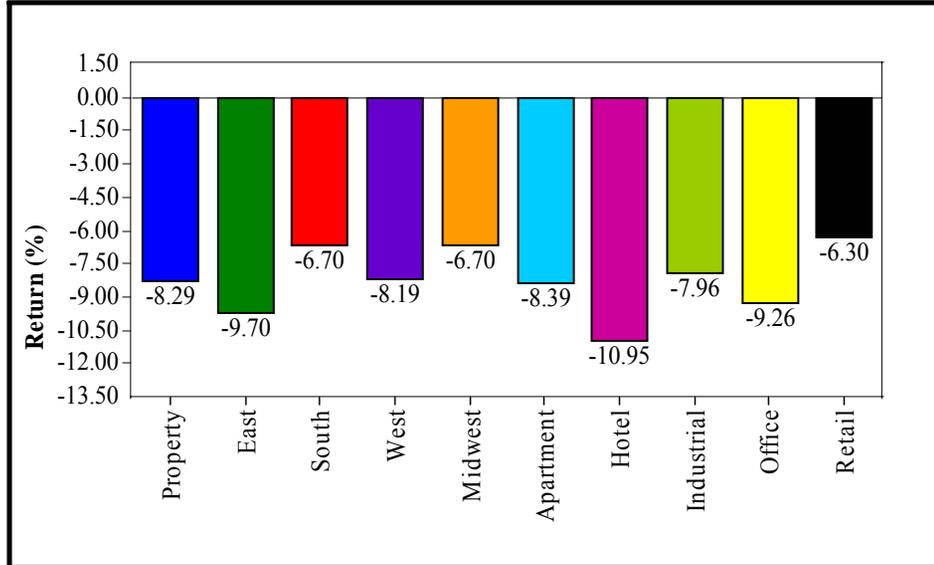
Performance is annualized for periods greater than one year. Returns and allocations provided by Barclays Capital Indices.

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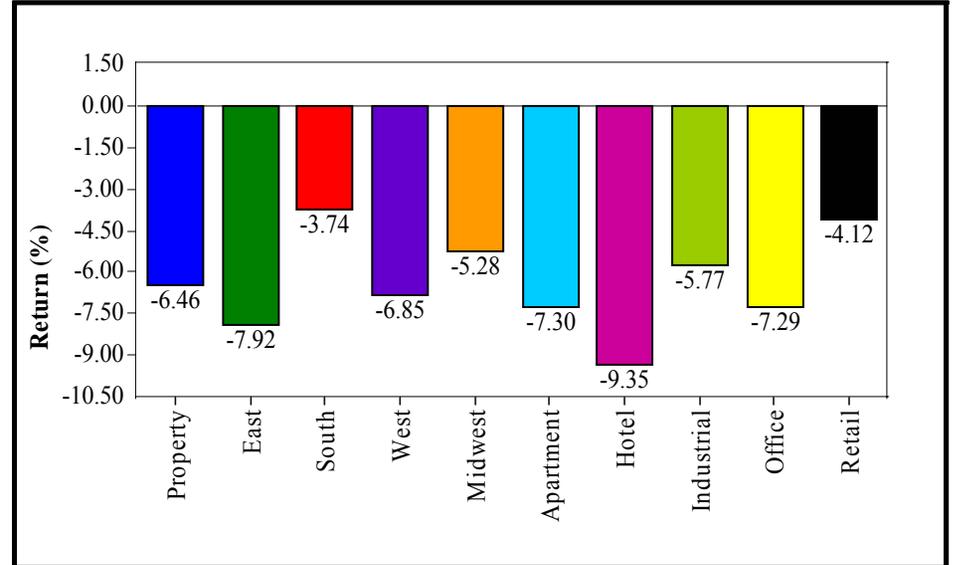
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**Real Estate Market Performance  
As of December 31, 2008**

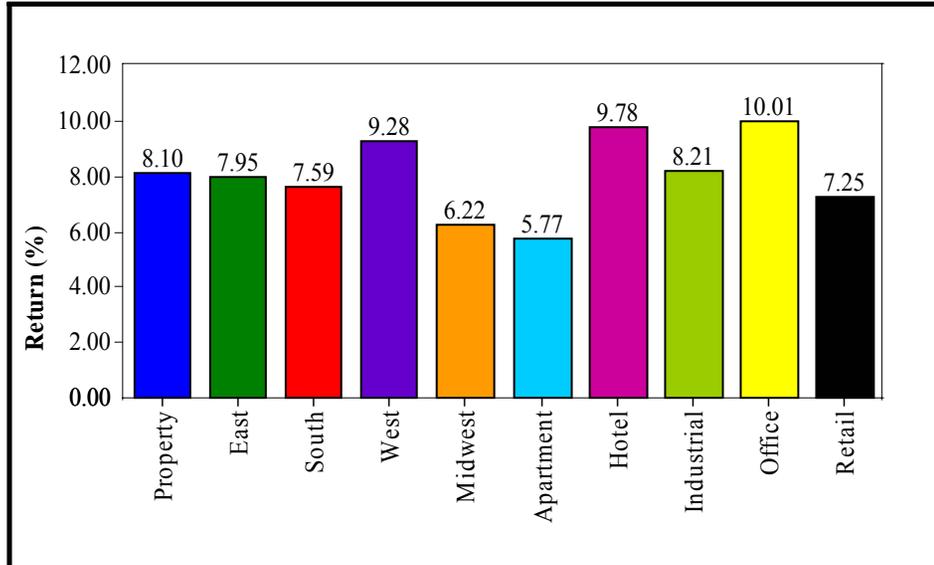
**1 Quarter**



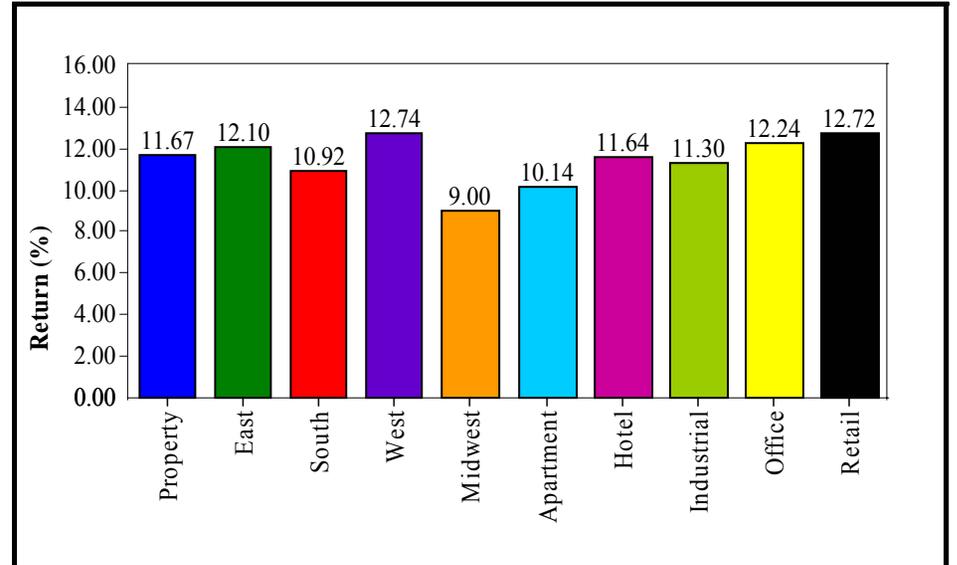
**1 Year**



**3 Years**



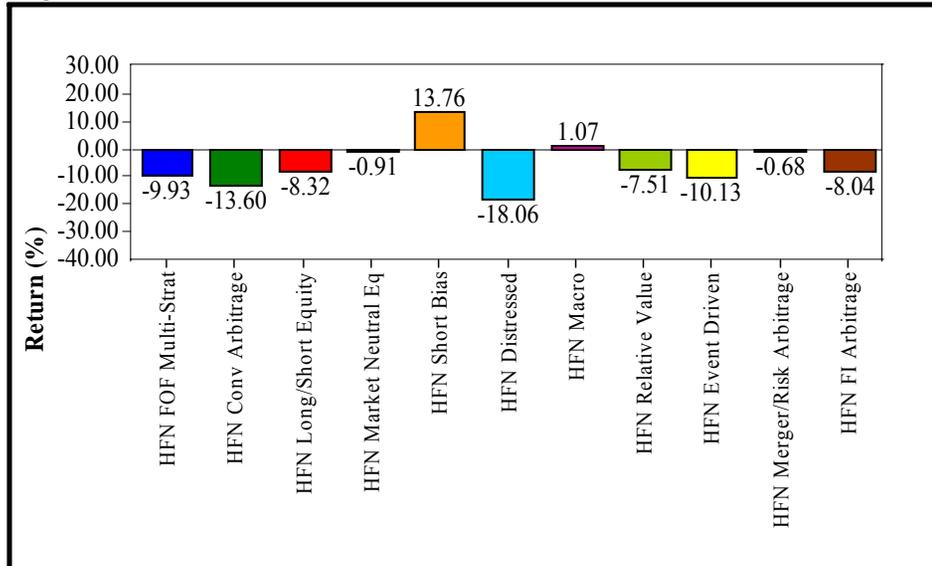
**5 Years**



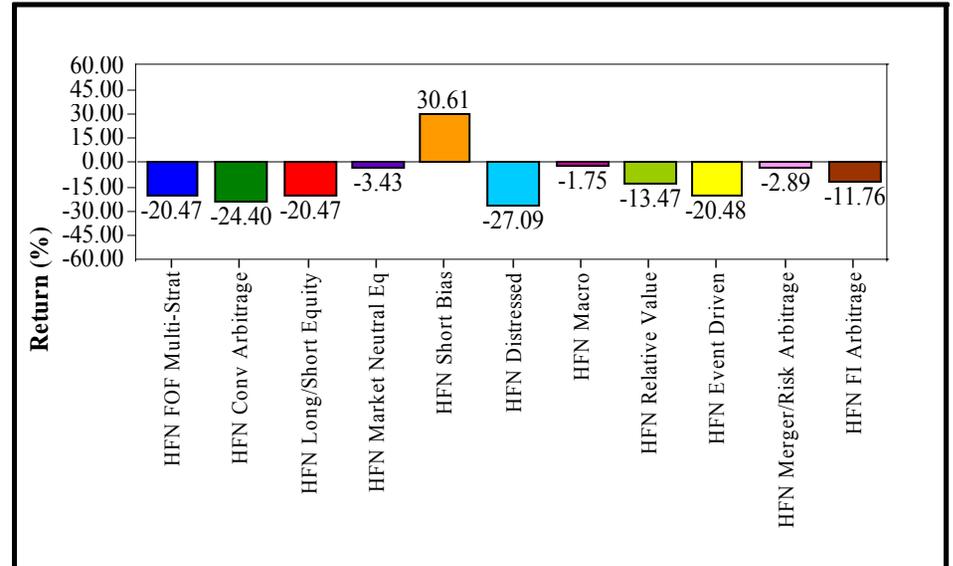
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## Hedge Fund Market Performance As of December 31, 2008

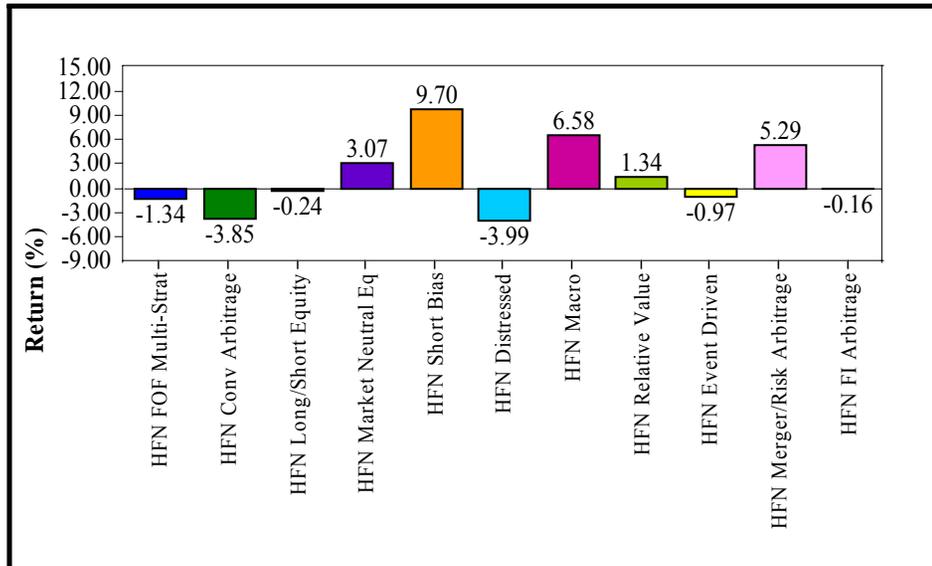
### 1 Quarter



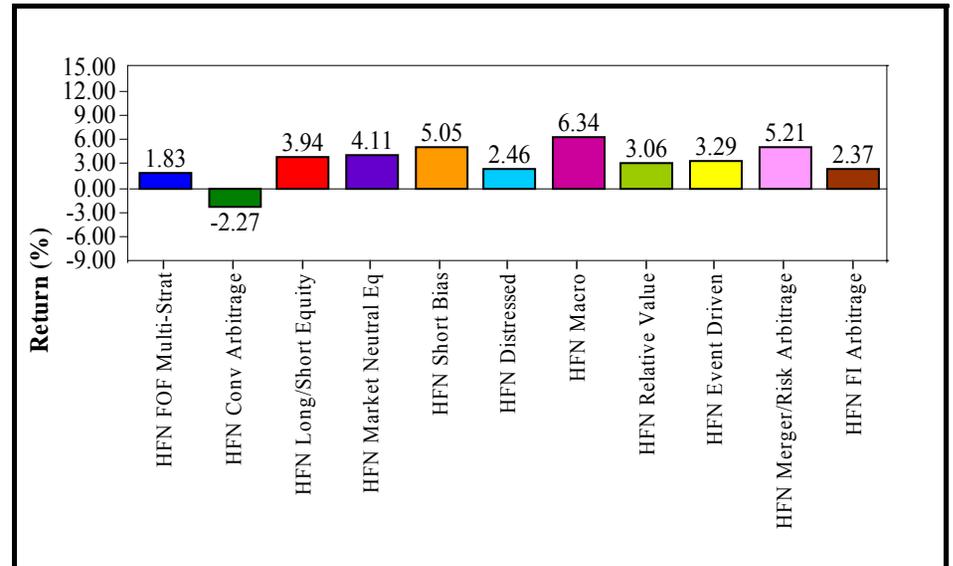
### 1 Year



### 3 Years



### 5 Years



Performance is annualized for periods greater than one year. Values are preliminary and subject to change.

**Annual Asset Class Performance  
As of December 31, 2008**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Best	16.61%	37.58%	23.17%	33.36%	28.58%	66.42%	31.84%	8.44%	25.91%	62.14%	31.27%	34.54%	32.59%	39.78%	8.44%
	8.06%	29.95%	22.96%	22.36%	20.34%	27.31%	16.16%	7.89%	16.56%	56.28%	25.95%	26.65%	26.86%	16.23%	5.24%
	6.39%	28.44%	17.38%	17.65%	16.24%	24.69%	13.15%	7.29%	14.81%	47.25%	20.70%	21.36%	19.67%	15.83%	2.06%
	4.19%	19.17%	16.49%	14.52%	11.77%	24.35%	12.40%	7.28%	10.25%	39.17%	18.33%	20.06%	18.37%	11.63%	-2.35%
	1.32%	18.47%	11.35%	13.90%	8.69%	21.26%	12.24%	6.61%	6.74%	28.97%	14.48%	14.02%	16.59%	11.63%	-6.46%
	0.62%	15.21%	10.31%	12.76%	5.23%	21.04%	11.63%	5.28%	3.12%	28.68%	11.13%	6.75%	15.79%	9.91%	-20.47%
	-1.03%	13.54%	6.34%	9.65%	3.94%	20.19%	6.18%	4.42%	1.78%	23.93%	10.88%	5.33%	11.85%	6.97%	-26.16%
	-1.82%	11.55%	6.04%	5.33%	3.75%	11.36%	-3.02%	2.49%	-1.41%	11.93%	9.15%	4.91%	9.85%	6.60%	-33.79%
	-2.92%	7.54%	5.30%	2.05%	1.87%	4.85%	-5.86%	-2.37%	-6.00%	8.99%	8.56%	4.55%	4.85%	5.49%	-35.65%
	-7.10%	6.03%	3.63%	-3.39%	-2.55%	2.40%	-7.22%	-11.89%	-7.44%	8.39%	8.46%	3.07%	4.33%	5.00%	-37.00%
	-7.31%	-5.21%	0.14%	-11.60%	-25.33%	2.39%	-9.10%	-12.11%	-15.66%	5.87%	6.79%	2.84%	2.71%	1.87%	-43.06%
	N/A	N/A	N/A	N/A	-27.03%	-0.82%	-13.96%	-19.51%	-20.48%	4.10%	4.34%	2.74%	2.07%	1.79%	-46.78%
Worst	N/A	N/A	N/A	N/A	N/A	-7.65%	-30.61%	-21.21%	-22.10%	1.15%	1.33%	2.43%	0.41%	-1.57%	-53.18%

S & P 500 - US Large Cap	R 2000 - US Small Cap	MSCI EAFE (Gross) - Int'l Dev.	MSCI EAFE Sm Cap (Gross) - SC Int'l	MSCI EMF - Int'l Emerging Markets	BC Agg Bond - FI*	BC US Corp: Hi Yield - FI*	BC US Treasury US TIPS - FI*	BC Gov't/Credit Long Term Bond - FI*	NCREIF Property - Real Estate	HFN FOF Multi-Strat (Net) - Hedge Fund	DJ/AIG Commodity	ML 3 Mo T-Bill - Cash Equiv
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\*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.  
\*All Lehman Brothers indices now reflect the Barclays Capital name.

## 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

December 31, 2008

**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.

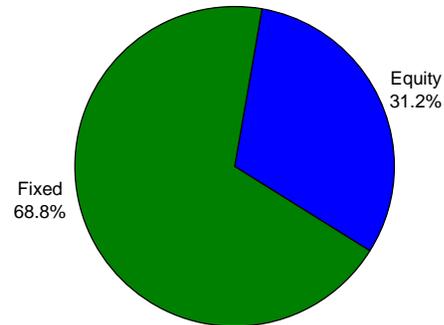
**Investment Objectives and Priorities:**

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

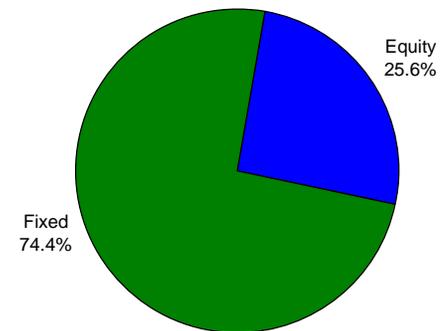
- a) Safety of principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- b) Liquidity requirements of anticipated and unanticipated expenditures.
- c) Yield.
- d) Recognition of differing objectives and needs of various fund portfolios.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

**Asset Allocation:**

**6/30/2008 Allocation**



**12/31/2008 Allocation**



**Historical Performance:**

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$11,057.45</b>	<b>\$11,171.11</b>	<b>\$10,203.08</b>	<b>-4.79%</b>	<b>-9.47%</b>	<b>-9.55%</b>	<b>1.97%</b>	<b>3.30%</b>
Wyoming State Custom Index				-2.64%	-6.71%	-7.16%	2.33%	3.08%

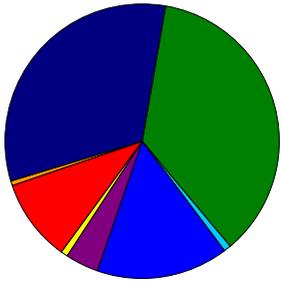
Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.

Note[2]: Reporting for Private Equity performance was changed from cost basis to the latest portfolio valuation adjusted for cash flows, consistent with supplementary alternatives report. This methodology change involved reflecting the difference between cost value and the most recent valuation, resulting in a significant positive performance impact on the total fund during 2nd quarter 2008.

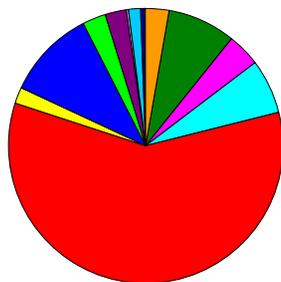
**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b> Wyoming State Custom Index	\$11,057,448,535	\$11,171,106,917	\$10,203,078,553	100.0%	-4.79%	-9.47%	-9.55%	1.97%	3.30%
<b>Investment Funds</b>									
Permanent Mineral Trust	\$4,091,876,358	\$4,135,435,366	\$3,681,793,705	36.1%	-8.83%	-15.39%	-15.74%	0.70%	3.06%
Permanent Land Fund	\$92,154,527	\$91,033,329	\$83,326,607	0.8%	-8.45%	-14.87%	-15.45%	N/A	N/A
University Permanent Land Fund	\$16,177,513	\$16,955,784	\$14,580,517	0.1%	-9.51%	-16.34%	-16.62%	N/A	N/A
Common School Perm Land Fund	\$1,770,658,520	\$1,766,046,029	\$1,577,520,272	15.5%	-8.50%	-14.89%	-15.00%	0.80%	3.15%
Hathaway Scholarship Endowment Fund	\$444,068,659	\$417,997,280	\$400,703,392	3.9%	-4.29%	-8.64%	-9.14%	N/A	N/A
Higher Education Endowment Fund	\$105,000,000	\$104,820,958	\$94,282,503	0.9%	-4.47%	-8.91%	-9.38%	N/A	N/A
Workers Compensation Fund	\$1,086,019,109	\$988,285,391	\$977,752,357	9.6%	-2.13%	-5.70%	-6.01%	1.84%	2.85%
Tobacco Settlement Trust	\$59,016,931	\$56,978,081	\$55,395,057	0.5%	0.96%	-0.71%	-0.25%	4.04%	4.00%
State Agency Pool	\$3,392,476,919	\$3,593,554,699	\$3,317,724,144	32.5%	1.36%	-0.07%	0.73%	4.19%	4.13%
<b>Asset Class Performance</b>									
<b>US Equity</b>									
US Large Cap Equity	\$1,114,834,765	\$1,105,111,555	\$828,657,437	8.1%	-22.54%	-29.79%	-36.80%	-7.36%	-1.42%
US SMID Cap Equity	\$458,431,521	\$548,777,677	\$395,079,946	3.9%	-21.77%	-28.27%	-36.81%	-8.08%	N/A
S&P 500					-24.12%	-32.84%	-36.77%	-5.20%	N/A
Russell 2500					-21.94%	-28.48%	-37.00%	-8.36%	-2.19%
International Equity	\$937,455,951	\$970,148,770	\$636,613,096	6.2%	-26.25%	-31.21%	-36.79%	-9.37%	-0.98%
MSCI EAFE					-20.77%	-38.79%	-42.74%	-7.50%	1.78%
US Fixed	\$6,186,892,249	\$6,215,448,215	\$6,007,996,988	58.9%	-19.90%	-36.32%	-43.06%	-6.92%	2.10%
Barclays Capital Aggregate					1.96%	0.43%	1.14%	4.37%	4.49%
Convertible Bonds	\$279,850,815	\$259,151,646	\$212,507,746	2.1%	4.58%	4.07%	5.24%	5.51%	4.65%
ML All Quality Convertible					-14.66%	-25.43%	-28.53%	-1.83%	2.56%
Cash Equivalents	\$1,069,683,056	\$907,951,841	\$1,074,559,964	10.5%	-18.63%	-32.92%	-35.73%	-8.82%	-3.44%
90 Day U.S. T-Bills					0.26%	0.86%	2.36%	4.26%	3.48%
Private Equity	\$147,058,502	\$304,749,398	\$269,153,410	2.6%	0.22%	0.85%	2.06%	3.96%	3.25%
S&P 500 + 5%					-20.99%	SEE NOTE[4]	-33.85%	-3.78%	2.70%
Core Real Estate	\$282,607,260	\$316,151,163	\$272,400,583	2.7%	-12.25%	-11.99%	-10.04%	6.83%	N/A
NCREIF ODCE					-10.96%	-11.52%	-10.02%	6.70%	10.76%
Value-Added Real Estate	\$17,666,125	\$14,343,222	\$17,390,796	0.2%		SEE NOTE[4]			
NCREIF Property Index					-8.29%	-8.45%	-6.46%	8.10%	11.67%
Absolute Return	\$234,600,000	\$201,184,613	\$158,724,861	1.6%	-10.46%	-21.10%	-20.81%	N/A	N/A
HFN FoF Multi-Strat					-9.93%	-18.97%	-20.47%	-1.34%	1.83%
Overlay Strategies	\$34,645,215	\$29,903,362	\$36,270,652	0.4%	-1.13%	-0.25%	0.87%	1.23%	N/A
LDIs and Other Wyoming Investments	\$293,723,076	\$298,185,453	\$293,723,076	2.9%	N/A	N/A	N/A	N/A	N/A

Allocation by Fund



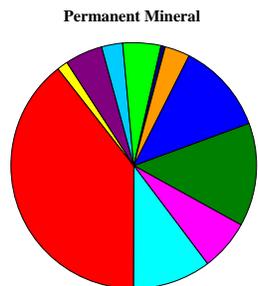
Allocation by Asset Class



Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees. Investment performance is calculated on invested assets only.  
 Note[2]: Pooled investment performance and market values shown reflect State Agency participation and is calculated on a capital-weighted basis using beginning-period allocations.  
 Note[3]: Cash Equivalents performance does not include Extended Cash performance.  
 Note[4]: Performance for Private Equity and Value-Added Real Estate investments is calculated on an IRR basis. For further analysis, please refer to the supplementary alternatives performance report.  
 Note[5]: Market values for non-core real estate and private equity are on a one-quarter lag due to available valuations. However, Investment (Cost) Values are not lagged.  
 Note[6]: Overlay Strategies market value shown represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million.  
 Note[7]: Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments, and include Inter-Fund borrowing activity.

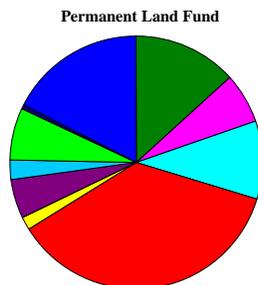
**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$11,057,448,535</b>	<b>\$11,171,106,917</b>	<b>\$10,203,078,553</b>		<b>-4.79%</b>	<b>-9.47%</b>	<b>-9.55%</b>	<b>1.97%</b>	<b>3.30%</b>

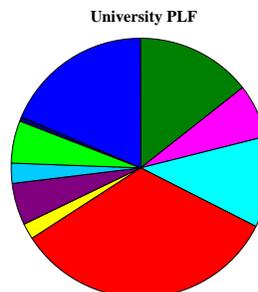


**Investment Funds:**

Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Permanent Mineral Trust</b>	<b>\$4,091,876,358</b>	<b>\$4,135,435,366</b>	<b>\$3,681,793,705</b>	<b>100.0%</b>	<b>-8.83%</b>	<b>-15.39%</b>	<b>-15.74%</b>	<b>0.70%</b>	<b>3.06%</b>
US Large Cap Equity	\$672,555,002	\$693,780,535	\$502,773,005	13.7%					
US SMID Cap Equity	\$275,196,678	\$343,565,637	\$239,700,407	6.5%					
Int'l Equity	\$563,206,021	\$608,410,683	\$384,560,284	10.4%					
Fixed Income	\$1,479,189,226	\$1,410,957,330	\$1,446,781,112	39.3%					
Convertibles	\$76,444,887	\$76,138,754	\$58,758,392	1.6%					
Real Estate	\$187,810,413	\$208,182,151	\$182,020,707	4.9%					
Absolute Return	\$144,344,595	\$126,766,425	\$97,171,360	2.6%					
Private Equity	\$101,590,323	\$207,692,851	\$185,953,400	5.1%					
Overlay Strategies	\$19,831,860	\$20,262,518	\$22,226,655	0.6%					
LDIs and Other Wyoming Investments	\$124,281,378	\$134,135,899	\$124,281,378	3.4%					
Cash (invested in State Agency Pool)	\$447,425,977	\$305,542,582	\$437,567,005	11.9%					
Custom Index					-7.63%	-13.35%	-14.56%	0.71%	2.66%



Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Permanent Land Fund</b>	<b>\$92,154,527</b>	<b>\$91,033,329</b>	<b>\$83,326,607</b>	<b>100.0%</b>	<b>-8.45%</b>	<b>-14.87%</b>	<b>-15.45%</b>	<b>N/A</b>	<b>N/A</b>
US Large Cap Equity	\$14,861,012	\$15,353,526	\$11,099,108	13.3%					
US SMID Cap Equity	\$6,065,735	\$7,573,132	\$5,236,971	6.3%					
Int'l Equity	\$12,449,477	\$13,302,176	\$8,357,821	10.0%					
Fixed Income	\$31,372,101	\$33,542,249	\$30,507,751	36.6%					
Convertibles	\$1,717,268	\$1,710,401	\$1,317,548	1.6%					
Real Estate	\$4,146,415	\$4,588,793	\$4,013,367	4.8%					
Absolute Return	\$3,169,600	\$2,836,703	\$2,126,913	2.6%					
Private Equity	\$3,099,664	\$4,480,487	\$5,672,740	6.8%					
Overlay Strategies	\$426,875	\$430,608	\$475,146	0.6%					
Cash (invested in State Agency Pool)	\$14,846,381	\$7,215,255	\$14,519,243	17.4%					
Custom Index					-7.31%	-12.91%	-14.27%	N/A	N/A



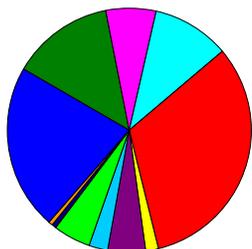
Investment Fund	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>University Permanent Land Fund</b>	<b>\$16,177,513</b>	<b>\$16,955,784</b>	<b>\$14,580,517</b>	<b>100.0%</b>	<b>-9.51%</b>	<b>-16.34%</b>	<b>-16.62%</b>	<b>N/A</b>	<b>N/A</b>
US Large Cap Equity	\$2,915,922	\$2,860,964	\$2,105,243	14.4%					
US SMID Cap Equity	\$1,098,923	\$1,455,388	\$992,024	6.8%					
Int'l Equity	\$2,290,274	\$2,624,970	\$1,660,651	11.4%					
Fixed Income	\$4,941,087	\$6,158,131	\$4,849,645	33.3%					
Convertibles	\$313,228	\$336,897	\$255,009	1.7%					
Real Estate	\$785,595	\$890,707	\$775,207	5.3%					
Absolute Return	\$587,200	\$543,198	\$396,812	2.7%					
Private Equity	\$412,915	\$1,005,289	\$753,630	5.2%					
Overlay Strategies	\$66,169	\$92,700	\$87,050	0.6%					
Cash (invested in State Agency Pool)	\$2,766,199	\$987,538	\$2,705,246	18.6%					
Custom Index					-7.94%	-13.69%	-14.71%	N/A	N/A

Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.  
 Note[2]: Pooled investment performance and market values shown reflect State Agency participation.  
 Note[3]: Pooled investment and Custom Index performance is calculated on a capital-weighted basis using beginning-period allocations.  
 Note[4]: Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments, and include Inter-Fund borrowing activity.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
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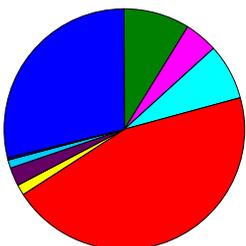
**Common School PLF**



**Investment Funds:**

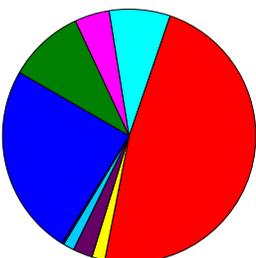
<b>Common School Perm Land Fund</b>	<b><u>\$1,770,658,520</u></b>	<b><u>\$1,766,046,029</u></b>	<b><u>\$1,577,520,272</u></b>	<b><u>100.0%</u></b>	<b><u>-8.50%</u></b>	<b><u>-14.89%</u></b>	<b><u>-15.00%</u></b>	<b><u>0.80%</u></b>	<b><u>3.15%</u></b>
US Large Cap Eq	\$288,514,110	\$299,007,150	\$216,101,280	13.7%					
US SMID Cap Eq	\$118,000,243	\$147,888,061	\$102,841,865	6.5%					
Int'l Equity	\$241,642,811	\$256,735,637	\$161,789,187	10.3%					
Fixed Income	\$536,105,753	\$573,661,986	\$511,410,644	32.4%					
Convertibles	\$32,827,541	\$33,378,732	\$25,777,190	1.6%					
Real Estate	\$80,749,307	\$89,680,145	\$78,369,415	5.0%					
Absolute Return	\$60,224,400	\$54,158,898	\$40,347,860	2.6%					
Private Equity	\$41,955,600	\$91,570,770	\$76,773,641	4.9%					
Overlay Strategies	\$7,996,346	\$8,884,289	\$9,292,541	0.6%					
LDIs and Other Wyoming Investments	\$7,488,967	\$7,585,598	\$7,488,967	0.5%					
Cash (invested in State Agency Pool)	\$355,153,443	\$203,494,763	\$347,327,684	22.0%					
<i>Custom Index</i>					-7.60%	-13.02%	-14.09%	0.56%	2.54%

**Hathaway Scholarship**



<b>Hathaway Scholarship</b>	<b><u>\$444,068,659</u></b>	<b><u>\$417,997,280</u></b>	<b><u>\$400,703,392</u></b>	<b><u>100.0%</u></b>	<b><u>-4.29%</u></b>	<b><u>-8.64%</u></b>	<b><u>-9.14%</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>
US Large Cap Eq	\$52,252,791	\$35,898,531	\$36,113,514	9.0%					
US SMID Cap Eq	\$22,524,338	\$18,571,245	\$17,398,850	4.3%					
Int'l Equity	\$45,131,486	\$33,297,157	\$29,723,605	7.4%					
Fixed Income	\$179,063,150	\$208,666,775	\$180,381,193	45.0%					
Convertibles	\$8,531,900	\$7,619,058	\$6,120,223	1.5%					
Real Estate	\$10,429,832	\$10,308,931	\$9,397,888	2.3%					
Absolute Return	\$5,440,000	\$0	\$4,428,424	1.1%					
Overlay Strategies	\$2,692,662	\$0	\$1,737,364	0.4%					
Cash (invested in State Agency Pool)	\$118,002,500	\$103,635,582	\$115,402,331	28.8%					
<i>Custom Index</i>					-2.68%	-6.13%	-6.87%	N/A	N/A

**Higher Education**

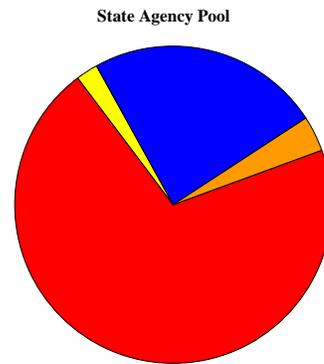
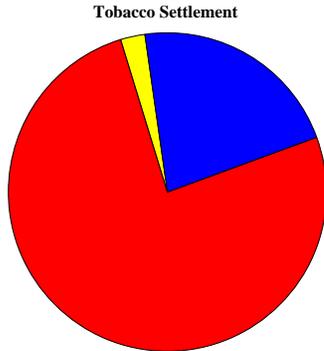
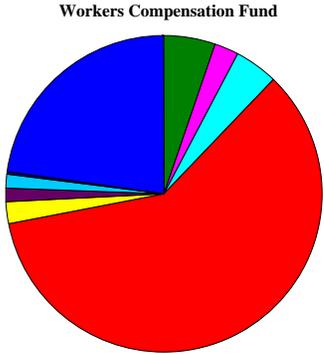


<b>Higher Education</b>	<b><u>\$105,000,000</u></b>	<b><u>\$104,820,958</u></b>	<b><u>\$94,282,503</u></b>	<b><u>100.0%</u></b>	<b><u>-4.47%</u></b>	<b><u>-8.91%</u></b>	<b><u>-9.38%</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>
US Large Cap Eq	\$13,087,985	\$9,499,304	\$9,111,208	9.7%					
US SMID Cap Eq	\$5,631,578	\$4,868,336	\$4,293,694	4.6%					
Int'l Equity	\$11,258,026	\$8,761,014	\$7,329,248	7.8%					
Fixed Income	\$44,657,087	\$54,746,513	\$45,050,493	47.8%					
Convertibles	\$2,152,970	\$1,995,468	\$1,551,307	1.6%					
Real Estate	\$2,708,434	\$2,709,768	\$2,441,929	2.6%					
Absolute Return	\$1,350,000	\$0	\$1,095,202	1.2%					
Overlay Strategies	\$636,144	\$0	\$409,858	0.4%					
Cash (invested in State Agency Pool)	\$23,517,777	\$22,240,555	\$22,999,565	24.4%					
<i>Custom Index</i>					-2.90%	-6.43%	-7.15%	N/A	N/A

Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.  
 Note[2]: Pooled investment performance and market values shown reflect State Agency participation.  
 Note[3]: Pooled investment and Custom Index performance is calculated on a capital-weighted basis using beginning-period allocations.  
 Note[4]: Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments, and include Inter-Fund borrowing activity.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
 December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Workers Compensation Fund</b>									
<b>Investment Funds:</b>									
<b>Workers Compensation Fund</b>	<b>\$1,086,019,109</b>	<b>\$988,285,391</b>	<b>\$977,752,357</b>	<b>100.0%</b>	<b>-2.13%</b>	<b>-5.70%</b>	<b>-6.01%</b>	<b>1.84%</b>	<b>2.85%</b>
US Large Cap Eq	\$70,647,944	\$48,711,545	\$51,354,080	5.3%					
US SMID Cap Eq	\$29,914,027	\$24,855,877	\$24,616,135	2.5%					
Int'l Equity	\$61,477,856	\$47,017,132	\$43,192,300	4.4%					
Fixed Income	\$627,809,487	\$692,932,387	\$584,170,433	59.7%					
Convertibles	\$31,733,310	\$28,299,360	\$23,163,344	2.4%					
Real Estate	\$13,643,389	\$14,133,892	\$12,772,866	1.3%					
Absolute Return	\$19,484,205	\$16,879,389	\$13,158,291	1.3%					
Overlay Strategies	\$2,995,159	\$233,246	\$2,042,038	0.2%					
Cash (invested in State Agency Pool)	\$228,313,732	\$115,222,562	\$223,282,870	22.8%					
<i>Custom Index</i>					-0.03%	-2.68%	-2.92%	2.66%	3.01%
<b>Tobacco Settlement</b>									
<b>Tobacco Settlement Trust</b>	<b>\$59,016,931</b>	<b>\$56,978,081</b>	<b>\$55,395,057</b>	<b>100.0%</b>	<b>0.96%</b>	<b>-0.71%</b>	<b>-0.25%</b>	<b>4.04%</b>	<b>4.00%</b>
Fixed Income	\$44,917,288	\$50,875,745	\$42,053,688	75.9%					
Convertibles	\$1,761,450	\$1,658,571	\$1,275,046	2.3%					
Cash (invested in State Agency Pool)	\$12,338,193	\$4,443,766	\$12,066,323	21.8%					
<i>Custom Index</i>					4.55%	4.05%	5.27%	5.52%	4.66%
<b>State Agency Pool</b>									
<b>State Agency Pool</b>	<b>\$3,392,476,919</b>	<b>\$3,593,554,699</b>	<b>\$3,317,724,144</b>	<b>100.0%</b>	<b>1.36%</b>	<b>-0.07%</b>	<b>0.73%</b>	<b>4.19%</b>	<b>4.13%</b>
Fixed Income	\$2,391,307,929	\$2,626,413,779	\$2,335,162,125	70.4%					
Convertibles	\$91,823,949	\$89,101,383	\$69,616,245	2.1%					
Cash Equiv.	\$789,771,612	\$748,971,987	\$793,372,345	23.9%					
LDIs and Other Wyoming Investments	\$119,573,428	\$129,067,551	\$119,573,428	3.6%					
<i>Custom Index</i>					3.96%	3.65%	5.00%	5.48%	4.42%

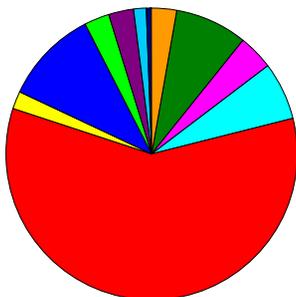


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 Note[4]: Market values shown for LDIs and Other Wyoming Investments reflect cost value of the investments, and include Inter-Fund borrowing activity.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Wyoming State Total Fund</b>	<b>\$11,057,448,535</b>	<b>\$11,171,106,917</b>	<b>\$10,203,078,553</b>	<b>100.0%</b>	<b>-4.79%</b>	<b>-9.47%</b>	<b>-9.55%</b>	<b>1.97%</b>	<b>3.30%</b>
Wyoming State Custom Index					-2.64%	-6.71%	-7.16%	2.33%	3.08%
<b><u>US Equity</u></b>									
State Street LCC (Index)(1)	1,113,968,928	\$1,104,570,188	\$828,291,606		-21.76%	-28.26%	-36.80%	-8.08%	-1.99%
UW Portfolio Mgmt Program(1)	865,838	\$541,367	\$365,831		-26.33%	-36.49%	-41.43%	N/A	N/A
■ US Large Cap Equity	\$1,114,834,765	\$1,105,111,555	\$828,657,437	8.1%					
Gabelli (Sm-Mid Cap Value)(2)	276,690,370	\$285,663,774	\$219,161,161		-22.09%	-27.16%	-32.95%	-3.65%	1.79%
Friess (Sm-Mid Cap Growth)(3)	181,741,151	\$263,113,903	\$175,918,785		-26.54%	-38.92%	-41.09%	-7.00%	N/A
■ US SMID Cap Equity	\$458,431,521	\$548,777,677	\$395,079,946	3.9%					
Total US Equity	<b>\$1,573,266,286</b>	<b>\$1,653,889,232</b>	<b>\$1,223,737,382</b>	<b>12.0%</b>					
<b><u>US Equity Indices</u></b>									
S&P 500(1)					-21.94%	-28.48%	-37.00%	-8.36%	-2.19%
Russell 2500 Value(2)					-24.86%	-25.77%	-31.99%	-8.83%	-0.15%
Russell 2500 Growth(3)					-27.77%	-36.51%	-41.50%	-10.36%	-2.24%
<b><u>International Equity</u></b>									
■ Int'l Exchange Traded Funds(4)	27,509,132	\$27,843,625	\$18,189,384		-19.36%	-33.89%	-41.06%	-6.73%	1.05%
Fisher Int'l Eq(4)	476,459,113	\$483,270,407	\$299,938,602		-23.42%	-42.12%	-43.74%	-8.06%	N/A
Capital Guardian Int'l Eq(4)	433,487,707	\$459,034,738	\$318,485,110		-18.20%	-35.58%	-41.89%	-7.06%	N/A
Total International Equity	<b>\$937,455,951</b>	<b>\$970,148,770</b>	<b>\$636,613,096</b>	<b>6.2%</b>					
<b><u>Int'l Equity Indices</u></b>									
MSCI EAFE(4)					-19.90%	-36.32%	-43.06%	-6.92%	2.10%
<b><u>US Fixed Income</u></b>									
■ WAMCO Core Plus(5)	992,888,670	\$875,847,464	\$955,037,940		1.83%	0.45%	0.71%	4.04%	4.04%
Lehman Brothers Core Plus(5)	968,639,334	\$877,372,975	\$932,114,650		1.78%	-0.83%	-0.93%	N/A	N/A
PIMCO Core Plus(5)	780,025,102	\$674,174,592	\$779,071,240		3.87%	3.27%	4.68%	N/A	N/A
PIMCO Mortgages(6)	509,504,892	\$482,006,219	\$512,927,723		1.52%	3.20%	5.24%	N/A	N/A
JP Morgan Mortgages(6)	533,933,225	\$495,411,081	\$498,395,239		-1.59%	-2.61%	-5.29%	N/A	N/A
WAMCO Corporates(7)	335,341,741	\$299,504,528	\$289,651,855		0.46%	-10.58%	-11.08%	N/A	N/A
Logan Circle Corporates(7)	234,484,196	\$202,378,070	\$204,447,154		-0.32%	-9.88%	-11.94%	N/A	N/A
PIMCO Global/Emerging Markets(8)	394,106,857	\$295,050,570	\$369,438,451		-2.41%	-5.27%	N/A	N/A	N/A
Wyoming State Treasurer's Office(9)	1,437,968,230	\$2,013,702,715	\$1,466,912,738		3.19%	3.52%	5.60%	6.13%	5.58%
Total US Fixed Income	<b>6,186,892,249</b>	<b>\$6,215,448,215</b>	<b>\$6,007,996,988</b>	<b>58.9%</b>					
<b><u>US Fixed Income Indices</u></b>									
BC Aggregate(5)					4.58%	4.07%	5.24%	5.51%	4.65%
BC Mortgages(6)					4.34%	6.29%	8.34%	6.81%	5.54%
BC Credit(7)					4.03%	-2.61%	-3.08%	2.03%	2.65%
Global/EM Custom Index(8)					-1.62%	-4.16%	N/A	N/A	N/A
BC Gov't/Credit(9)					6.42%	4.68%	5.70%	5.56%	4.64%

Current Allocation

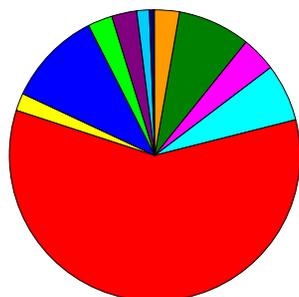


Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.  
Note[2]: Returns are stated in traditional total return terms and do not specify realized income.  
Note[3]: The numbers contained in the parentheses after the manager names and index names correspond, indicating the appropriate benchmark for each investment.  
Note[4]: Performance shown for UW Portfolio Management Program includes their participation in the State Agency Pool.  
Note[5]: Barclays Capital announced the re-branding of the Lehman Brothers indices. All Lehman Brothers indices now reflect the Barclays Capital name.  
Note[6]: The Global/EM Custom Index is comprised of 32.5% Barclays Capital Aggregate ex-US Hedged, 5% Barclays Capital Aggregate ex-US Unhedged, 47.5% JP Morgan EMBI Global, and 15% JP Morgan GBI-EM Global Diversified Unhedged.

**Wyoming State Treasurer's Office**  
**Investment Performance - Total Performance**  
December 31, 2008

	Total Investment Value	Fiscal Year Ending 6/30/08 Market Value	Current Market Value	% of MV	Qtr Ending 12/31/08 Return	Fiscal YTD Return	1 Year Return	3 Year Return	5 Year Return
<b>Convertible Bonds</b>									
Nicholas Applegate Convertibles(8)	\$279,850,815	\$259,151,646	\$212,507,746	2.1%	-14.66%	-25.43%	-28.53%	-1.83%	2.56%
<b>Convertible Bond Indices</b>									
ML All Quality Convertible(8)					-18.63%	-32.92%	-35.73%	-8.82%	-3.44%
<b>Cash &amp; Cash Equivalents</b>									
Wyoming Treasury Cash(9)		\$744,543,026	\$905,162,616		0.26%	0.86%	2.36%	4.26%	3.48%
Wyoming Treasury Extd Cash(10)		\$163,408,815	\$169,397,348		3.19%	3.66%	5.65%	5.49%	4.07%
Total Cash & Cash Equivalents	\$1,069,683,056	\$907,951,841	\$1,074,559,964	10.5%					
<b>Cash &amp; Cash Equivalents Indices</b>									
90 Day U.S. T-Bills(9)					0.22%	0.85%	2.06%	3.96%	3.25%
JP Morgan Blended Index(10)					2.65%	3.70%	6.11%	6.04%	4.43%
<b>Private Equity</b>									
Cheyenne Capital Fund, LP(11)	\$145,558,502	\$303,790,554	\$268,087,222						SEE NOTE[4]
Access Venture Partner II(11)	\$1,500,000	\$958,844	\$1,066,188						SEE NOTE[4]
Total Private Equity	\$147,058,502	\$304,749,398	\$269,153,410	2.6%					
<b>Private Equity Indices</b>									
S&P 500 + 5%(11)					-20.99%	-26.71%	-33.85%	-3.78%	2.70%
<b>Real Estate</b>									
Clarion Core(12)	\$141,303,630	\$165,216,602	\$136,658,398		-15.54%	-15.34%	-12.49%	6.00%	N/A
UBS Core(12)	\$141,303,630	\$150,934,562	\$135,742,185		-8.65%	-8.31%	-7.46%	N/A	N/A
TA Realty Value-Added(13)	\$14,250,000	\$12,403,334	\$14,654,777						SEE NOTE[4]
Heitman Value-Added(13)	\$3,416,125	\$1,939,888	\$2,736,019						SEE NOTE[4]
Total Real Estate	\$300,273,385	\$330,494,385	\$289,791,379	2.8%					
<b>Real Estate Indices</b>									
NCREIF ODCE(12)					-10.96%	-11.52%	-10.02%	6.70%	10.76%
NCREIF Property(13)					-8.29%	-8.45%	-6.46%	8.10%	11.67%
<b>Absolute Return</b>									
PAAMCO(14)	\$117,300,000	\$103,074,642	\$79,015,524		-12.47%	-23.34%	-21.33%	N/A	N/A
Harris Alternatives(14)	\$117,300,000	\$98,109,971	\$79,709,337		-8.55%	-18.76%	-20.29%	N/A	N/A
Total Absolute Return	\$234,600,000	\$201,184,613	\$158,724,861	1.6%					
<b>Absolute Return Indices</b>									
HFN FoF Multi-Strat(14)					-9.93%	-18.97%	-20.47%	-1.34%	1.83%
<b>Overlay Strategies</b>									
First Quadrant	\$34,645,215	\$29,903,362	\$36,270,652	0.4%	-1.13%	-0.25%	0.87%	1.23%	N/A
<b>LDIs and Other Wyoming Investments</b>									
	\$293,723,076	\$298,185,453	\$293,723,076	2.9%	N/A	N/A	N/A	N/A	N/A

Current Allocation



Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.  
Note[2]: Returns are stated in traditional total return terms and do not specify realized income.  
Note[3]: The numbers contained in the parentheses after the manager names and index names correspond, indicating the appropriate benchmark for each investment.  
Note[4]: Performance for Private Equity and Value-Added Real Estate investments is calculated on an IRR basis. For further analysis, please refer to the supplementary alternatives performance report.  
Note[5]: Market values for non-core real estate and private equity are on a one-quarter lag due to available valuations. However, Investment (Cost) Values are not lagged.  
Note[6]: First Quadrant market value shown represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million.  
Note[7]: Barclays Capital announced the re-branding of the Lehman Brothers indices. All Lehman Brothers indices now reflect the Barclays Capital name.



# Wyoming State Loan and Investment Board Investment Policy

## Objective Review

December 31, 2008

Investment Policy Guidelines	Meeting Objective			Explanation
	Yes	No	N/A	
<b>1. Total Fund</b>				
- Exceed the rate of inflation (C.P.I.) over a market cycle of 5 years.	X			Wyoming returned 3.3% vs. 2.7% for the CPI for the current 5 year period
- Exceed a weighted index of the total fund's asset allocation and component benchmarks over rolling 5-year periods by an appropriate amount.	X			Wyoming returned 3.3% vs. 3.1% for the Custom Index for the current 5 year period
- Not more than 1% of the outstanding common shares of any corporation shall be owned by the State. An exception may be made for Alternative Investments.	X			
- Not more than 1 1/2% of the total book value of permanent funds shall be invested in the common stock of any corporation. An exception may be made for Alternative Investments.	X			

		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 full market cycle, approximated by the most recent 5 year period.	X			5 Year: Permanent Mineral Trust Fund return was 3.1% vs. 2.7% 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 full market cycle, approximated by the most recent 5 year period.			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 full market cycle, approximated by the most recent 5 year period.			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 full market cycle, approximated by the most recent 5 year period.	X			5 Year: Common School Land Fund return was 3.2% vs. 2.5% for the Custom Index
e)	<b>Hathaway Scholarship Endowment Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 8/2007
f)	<b>Higher Education Endowment Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 8/2007
g)	<b>Workers Compensation Fund</b>				
	- Exceed a weighted index of the Fund's asset allocation and component benchmarks over a full market cycle, approximated by the most recent 5 year period.		X		5 Year: Workers Compensation Fund return was 2.9% vs. 3.0% for the Custom Index
h)	<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 Fund's asset allocation and component benchmarks over a full market cycle, approximated by the most recent 5 year period.		X		5 Year: Tobacco Settlement Trust Fund return was 4.0% vs. 4.7% for the Custom Index

		Yes	No	N/A	Explanation
i)	<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 full market cycle, approximated by the most recent 5 year period.		X		5 Year: State Agency Pool return was 4.1% vs. 4.4% 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			Largest Holding: Exxon Mobil Corp. = 5.15%
	- 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			In line with Index
	- A minimum number of 35 securities shall be held.	X			507 securities held in the portfolio
	- Meet performance of the S&P 500 Index, before fees, over a full market cycle, approximated by the most recent 5 year period.	X			5 Year: State Street gross return was -2.0% vs. -2.2% 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 full market cycle, approximated by the most recent 5 year period.	X			5 Year: Gabelli net return was 1.0% vs. -0.1% 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 5 years, gross of fees.	X			5 Year: US Small/Mid Value rank was 40

		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 full market cycle, approximated by the most recent 5 year period.			X	Inception date: 5/2005
	- Performance should rank on the top 40 <sup>th</sup> percentile of the small/mid cap peer universe over 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 full market cycle, approximated by the most recent 5 year period.			X	Inception date: 8/2004
	- Performance should rank on the top 40 <sup>th</sup> percentile of the international equity peer universe over 5 years, gross of fees.			X	Inception date: 8/2004

		Yes	No	N/A	Explanation
b)	<b>Capital Guardian</b>				
	- 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 full market cycle, approximated by the most recent 5 year period.			X	Inception date: 9/2004
	- Performance should rank on the top 40 <sup>th</sup> percentile of the international equity peer universe over 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 Barclays Capital 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		<p>FORD MOTOR CREDIT CO LLC; CUSIPS 345397SM6, 345397VC4, 345397TZ6 downgraded by S&amp;P from B- to CCC+. CUSIP 345397VH3 downgraded by Moody's from B3 to Caa1 on 12/22/08.</p> <p>SARM 2006-4 4A1; CUSIP 86360BAG3. Downgraded by Fitch from AAA to BBB on 12/17/2008.</p> <p>JPALT 2006-SA 3A2; CUSIP 46627MFA0. Downgraded by Moody's on 10/9/08 from Baa1 to Caa2.</p> <p>WFALT 2007-PA2 2A1; CUSIP 94985FAG3. Downgraded on 11/24/08.</p> <p>WMHE 2007-HE3 2A1; CUSIP 93364EAB0. Downgraded by Fitch from AAA to A on 11/25/2008.</p> <p>MSHLC 2005-1A; CUSIP 55353WAC0. Downgraded by Moody's from Aa3 to Baa1 on 11/17/2008.</p>

		Yes	No	N/A	Explanation
a)	Western Asset – Core Plus Mandate				
	...continued.				<p>ABFS 2002-1 A5; CUSIP 000759CF5. Downgraded by Moody's from Aa3 to Baa1 on 11/17/2008.</p> <p>ACCR 2003-3 A1; CUSIP 004375AR2. Downgraded by Moody's from Aa3 to A3 on 11/17/2008.</p> <p>CWHEL 2005-F 2A; CUSIP 126685AK2. Downgraded by Moody's from Aa3 to Baa1 on 11/17/2008.</p> <p>JPALT 2006-S1 3A2; CUSIP 46627MFA0. Downgraded by S&amp;P from AAA to BB on 11/10/2008.</p> <p>GMAC; CUSIPS 370425RX0, 370425RP7, 370425SJ0, 370425RU6. Downgraded by Moody's from B3 to Caa1 on 10/31/08.</p> <p>MSM 2006-17XS A; CUSIP 61751DAA2. Downgraded by S&amp;P from AAA to A on 10/27/08.</p> <p>FHAMS 2006-FA8 1A8; CUSIP 32052DAH4. Downgraded by S&amp;P from AAA to B on 10/27/08.</p> <p>BAFC 2006-8T2 A2; CUSIP 05951UAC5. Downgraded by S&amp;P from AAA to BBB on 10/27/2008.</p> <p>JPMMT 2007-S1 2A11; CUSIP 46630RAQ4. Downgraded by S&amp;P from AA to A on 10/14/2008.</p> <p>KAUPTHING BANK; CUSIP EF7361811. Downgraded by Moody's from Baa1 to Caa2 on 10/9/08.</p> <p>GLITNIR BANKI HF; CUSIPS EF6928495, USX3078NAR53 downgraded from BB/B to CC/C by S&amp;P/Fitch on 10/7/08. CUSIPS EF4868255, USX3078NAA29 downgraded from BBB-/BB to CCC-/CCC+ by S&amp;P/Moody's on 10/7/08. CUSIP 37930KAE2 downgraded by Moody's/Fitch from Baa2/B to Caa1/CC on 10/8/08.</p>

		Yes	No	N/A	Explanation
a)	Western Asset – Core Plus Mandate				
	...continued.				<p>LANDSBANKI ISLANDS HF; CUSIP 5150X1AA7. Downgraded from B to CC by Fitch on 10/8/08.</p> <p>LEHMAN BROTHERS HOLDINGS; CUSIP 524908R36. Downgraded from A3/A-/A to Caa2/C/C on 9/15/08.</p> <p>LEHMAN BROS CAP TR VII NOTE; CUSIP 524908XA3. Downgraded from Baa1/BBB+/A to Ca2/D/C on 9/15/08.</p> <p>LEHMAN BROTHERS HOLDINGS; CUSIP 52517P5X5. Downgraded from A2/A/A+ to B3/CCC-/CCC on 9/15/08.</p> <p>LEHMAN BROTHERS HOLDINGS SR NOTES; CUSIP 52517PR60. Downgraded from A2/A/A+ to B3/CCC-/CCC on 9/15/08.</p> <p>LXS 2007-9 A1; CUSIP 52524MAB5. Downgraded from Aaa to B1 by Moody's on 9/2/08.</p> <p>RALI 06-QO8 1A1A; CUSIP 75115FAA8. Downgraded from Aaa to A2 by Moody's on 9/3/08.</p> <p>RALI 2005-QA13 2A1; CUSIP 761118PE2. Downgraded from Aaa to Baa2 by Moody's on 9/2/08.</p> <p>MERRILL LYNCH MORTGAGE INVESTO MLMI 2006-WMC2 A2C; CUSIP 59020U6L4. Downgraded from AAA to BBB by S&amp;P on 8/25/08.</p> <p>MORGAN STANLEY MORTGAGE LOAN TRUST MSM 2007-5AX 2A1; CUSIP 61751GAB3. Downgraded from Aaa to Ba3 by Moody's on 8/21/08.</p> <p>HARBORVIEW MORTGAGE LOAN TRUST HVMLT 2006-13 A; CUSIP 41162KAA1. Downgraded from AAA to BB by Fitch on 8/7/08.</p>

		Yes	No	N/A	Explanation
a)	Western Asset – Core Plus Mandate				
	...continued.				<p>CMLTI 2007-6 1A1A; CUSIP 17312VAA6. Downgraded from AAA to BBB by Fitch on 8/4/08</p> <p>CWALT 2007-AL1 A1; CUSIP 02150NAA1. Downgraded from AAA to A by Fitch on 8/1/08.</p> <p>BSABS 2007-SD2 2A2; CUSIP 07386UAN2. Downgraded from Aaa to Aa3 by Moody's on 6/25/08.</p> <p>SYSTEM 2001 ASSET TRUST PASS THRU CERT; CUSIP 87203RAA0. Downgraded from Aaa to A2 by Moody's on 6/23/08.</p> <p>UCFC HOME EQTY LOAN 1998-C A7; CUSIP 90263BGU6. Downgraded from A3 to Baa3 by Moody's and from A to BBB by S&amp;P on 3/31/2008.</p> <p>SABR 2007-BR2 A2; CUSIP 81378PAB4. Downgraded from Aaa to A3 by Moody's on 4/21/08.</p> <p>RESIDENTIAL FUNDING MTG SEC I 2005-HS1 AI1; CUSIP 76110VRU4. Downgraded from Aaa to A3 by Moody's on 2/14/08.</p> <p>LEHMAN ABS CORP 2001-B A3; CUSIP 52519SAC7. Downgraded from Aaa to A1 by Moody's on 9/28/04; from AAA to AA+ on 12/15/04, from AA+ to A+ by S&amp;P on 6/30/06, and from AA to A+ by Fitch on 5/17/06.</p> <p>LEHMAN ABS CORP 2001-B A6; CUSIP 52519SAF0. Downgraded from Aaa to A1 by Moody's on 9/28/04; from AAA to AA+ on 12/15/04, from AA+ to A+ by S&amp;P on 6/30/06, and from AA to A+ by Fitch on 5/17/06</p> <p>TENER HEALTHCARE CORP NOTE; CUSIP 88033GAY6. Downgraded from B3 to Caa1 by Moody's on 9/28/06 and from B to CCC+ by S&amp;P on 9/27/06.</p>

		Yes	No	N/A	Explanation
a)	Western Asset – Core Plus Mandate				
	...continued.				<p>GSAMP 2006-S2 A2; CUSIP 362334HL1. Downgraded from AAA to BBB- by S&amp;P on 12/20/07.</p> <p>SACO 2006-7 A; CUSIP 78577PAA1. Downgraded from AAA to B by S&amp;P on 12/20/07.</p> <p>TXU; CUSIPS 873168AQ1, 873168AL2, 873168AN8. Downgraded from BB- to CCC by S&amp;P and from Ba1 to Caa1 by Moody's on 10/9/07.</p> <p>The State Treasurer has reviewed these securities and approved retention in the portfolio pursuant to Section 12.2 of the Investment Policy.</p>
	- 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 Barclays Capital Aggregate by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.		X		5 Year: Western Asset net return was 3.9% vs. 4.7% for the Barclays Capital Aggregate Index
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 5 years, gross of fees.		X		5 Year: US Broad Mkt Core Fixed Income rank was 57

		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 Barclays Capital 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		The portfolio currently holds ABS securities rated below AA.  The State Treasurer has reviewed these securities and approved retention in the portfolio pursuant to Section 12.2 of the Investment Policy.
	- 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 Barclays Capital Aggregate by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 3/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 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 Barclays Capital 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 Barclays Capital Aggregate by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 5/2006
	- Performance should rank in the top 40 <sup>th</sup> percentile of a peer universe over 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 Barclays Capital Mortgage Index.		X		On 12/10/08, duration fell below the allowable range at 76% versus the minimum 80% guideline. Duration became compliant on 12/30/08 at 82% and was at 83% as of month end.
	- 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 Barclays Capital Mortgage Index by 50 basis points, net of fees over a full market cycle, approximated by the most recent 5 year period.			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 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
g)	<b>JPMorgan – 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 Barclays Capital 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		Four securities have been downgraded by Fitch to below investment grade. The Moody's and/or S&P rating remains investment grade.  CMALT 2007-A3 1A7; CUSIP 12567AAG. Downgraded by Fitch from AAA to BB on 12/16/2008.  CWALT 2007-18CB 2A25; CUSIP 02151NBH. Downgraded by Fitch from AAA to B on 12/16/2008.  FFML 2006-FF5 2A3; CUSIP 32027EAE. Downgraded by Fitch from AA to BB on 11/24/2008.  LMT 2006-4 3A1; CUSIP 52520RAG. Downgraded by Fitch from AA to B on 12/17/2008.  The State Treasurer has reviewed these securities and approved retention in the portfolio pursuant to Section 12.2 of the Investment Policy.
	- 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 Barclays Capital Mortgage Index by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			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 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
d)	<b>Western Asset – 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 Barclays Capital 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		<p>Ford; CUSIPs EF2763482, 345397TZ6. Downgraded by S&amp;P from B- to CCC+ on 11/24/08.</p> <p>GMAC; CUSIP 370425RZ5. Downgraded by Moody's from B3 to Caa1 on 10/31/08.</p> <p>Kaupthing Bank; CUSIP EF7361811. Downgraded by Moody's from Baa1 to Caa2 on 10/8/08. CUSIP 48632JAA1 downgraded by Fitch from BBB- to C on 10/8/08.</p> <p>Glitnir Banki HF; CUSIPs EF6928495, USX3078NAR53. Downgraded by S&amp;P/Fitch from BB/B to CC/C on 10/7/08. CUSIPs EF4868255, USX3078NAA29 downgraded by S&amp;P/Moody's from BBB-/BB to CCC-/CCC+ on 10/7/08. CUSIP 37930KAE2 downgraded by Moody's/Fitch from Baa2/B to Caa1/CC on 10/8/08.</p> <p>Landsbanki Islands HF; CUSIPs 5150X5AA8, US5150X5AA81. Downgraded by Fitch from BB+ to C on 10/7/08.</p> <p>Lehman Brothers; CUSIP 524908R36. Downgraded on 9/15/08 from A3/A-/A to Caa2/C/C. CUSIP 524908XA3 downgraded from Baa1/BBB+/A to Ca2/D/C. CUSIP 5252M0FD4 downgraded from A2/A/A+ to B3/CCC-/CCC.</p> <p>Clear Channel; CUSIPs 184502AV4, 184502AR3. Downgraded from B- to CCC+ by S&amp;P on 6/18/08.</p> <p>HCA Inc.; CUSIP 404119AE9. Downgraded by Moody's from Ba2 to Caa1 on 11/20/06 and by Fitch from BB+ to CCC+ on 11/21/06.</p>

		Yes	No	N/A	Explanation
d)	Western Asset – Corporates Mandate				
	...continued.				TXU; CUSIPS 873168AQ1, 873168AL2, 873168AN8. Downgraded from BB- to CCC by S&P and from Ba1 to Caa1 by Moody's on 10/9/07.  The State Treasurer has reviewed these securities and approved retention in the portfolio pursuant to Section 12.2 of the Investment Policy.
	- 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 Barclays Capital Credit Index by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			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 5 years, gross of fees.			X	Inception date: 5/2006

		Yes	No	N/A	Explanation
e)	<b>Logan Circle – 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 Barclays Capital 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		Securities rated below B-/B3 by one or more rating agencies and have been approved to be held (Company, cusip): Ford Motor Company (Cusip 345370CA6), Ford Motor Credit Co (345397VA8, 345397VD2), General Motors (370442BT1), GMAC LLC (370425RZ5), Lehman Brothers (52517PA35, 52517P5Y3), Freddie Mac (313400624), Fannie Mae (313586752, 313586737), Washington Mutual (939322AY9), Bowater, Inc (102183AC4), Harrah's Operating Co. (413627AX8), Freescale Semiconductor (35687MAM9), Nuveen Investments (67090FAA4), CWL 2006-S3 A2 (23242MAB7), SARM 2006-1 2A3 7/1 (863579P36)  The State Treasurer has reviewed these securities and approved retention in the portfolio pursuant to Section 12.2 of the Investment Policy.
	- 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 Barclays Capital Credit Index by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			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 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 Barclays Capital Global Aggregate Hedged Bond Index by 50 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			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 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 full market cycle, approximated by the most recent 5 year period.	X			5 Year: Nicholas Applegate net return was 2.6% vs. -3.4% 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 full market cycle, approximated by the most recent 5 year period.			X	Inception date: 2/2005

		Yes	No	N/A	Explanation
<b>8. Cash and Cash Equivalents Portfolios</b>					
a)	<b>JP Morgan Treasury 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 full market cycle, approximated by the most recent 5 year period.	X			

		Yes	No	N/A	Explanation
b)	JP Morgan Wyo-Star 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 full market cycle, approximated by the most recent 5 year period.	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 full market cycle, approximated by the most recent 5 year period.		X		5 Year: JP Morgan returned 4.1% vs. 4.4% 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)	<b>JP Morgan Wyo-Star 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 full market cycle, approximated by the most recent 5 year period.		X		5 Year: JP Morgan returned 4.36% vs. 4.43% for the Blended Index
	- The extended portfolio must not exceed 35% of the total JP Morgan managed portfolio.	X			

		Yes	No	N/A	Explanation
<b>9. Alternative Strategies</b>					
<b>Core Real Estate</b>					
a)	ING Clarion Core Real Estate				
	- Outperform the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) by 75 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 12/2005
b)	UBS Core Real Estate				
	- Outperform the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) by 75 basis points, net of fees, over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 7/2006
<b>Absolute Return</b>					
c)	PAAMCO				
	- Outperform the 90-Day T-Bills by 500 basis points, net of all fees (including underlying fund manager fees), over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 12/2007
	- Outperform the HFN Fund of Funds Multi-Strategy Average Index net of all fees (including underlying fund manager fees), over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 12/2007
d)	Harris Alternatives				
	- Outperform the 90-Day T-Bills by 500 basis points, net of all fees (including underlying fund manager fees), over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 1/2008
	- Outperform the HFN Fund of Funds Multi-Strategy Average Index net of all fees (including underlying fund manager fees), over a full market cycle, approximated by the most recent 5 year period.			X	Inception date: 1/2008

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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:

<b><u>S&amp;P</u></b>	<b><u>Moody's</u></b>	<b><u>Explanation</u></b>
<b>Higher Credit Quality - Investment Grade</b>		
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	
<b>Lower Credit Quality - Speculative Grade</b>		
BB+	Ba1	Speculative - low quality
BB	Ba2	
BB-	Ba3	
	B1	Highly speculative
B	B2	
	B3	
<b>Extremely Low Credit Quality - High Speculative or in Default</b>		
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

**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.

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**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.

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

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**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 Percentile Rankings**

Percentile rank compares an individual fund's performance with those of other funds within a defined peer group of managers possessing a similar investment style. Percentile rank identifies the percentage of a fund's peer group that has a higher return (or other comparative measurement) than the fund being ranked. Conversely, 100 minus the individual fund's ranking will identify the percentage of funds within the peer group that have a lower return than the fund being ranked.

1 - Highest Statistical Value

100 - Lowest Statistical Value

**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).

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**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.

**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 large cap equities, Russell 2500 Index for domestic small/mid cap equities, MSCI EAFE for international equities, Lehman Aggregate Bond Index for fixed income, Merrill Lynch All Convertibles Index (All Qualities) for convertible bonds, NCREIF Open-End Diversified Core Equity for core real estate, NCREIF Property Index for value-added real estate, the State's actual private equity investment returns for private equity, HFN Fund of Funds Multi-Strat Index for absolute return, 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 large cap equities, Russell 2500 Index for domestic small/mid cap equities, MSCI EAFE for international equities, Lehman Aggregate Bond Index for fixed income, Merrill Lynch All Convertibles Index (All Qualities) for convertible bonds, NCREIF Open-End Diversified Core Equity for core real estate, NCREIF Property Index for value-added real estate, the State's actual private equity investment returns for private equity, HFN Fund of Funds Multi-Strat Index for absolute return, and the State Agency Pool Custom Index for the State Agency Pool allocation.

The Global/EM Custom Index is comprised of 32.5% Barclays Capital Aggregate ex-US Hedged, 5% Barclays Capital Aggregate ex-US Unhedged, 47.5% JP Morgan EMBI Global, and 15% JP Morgan GBI-EM Global Diversified Unhedged.

**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.

Access Venture Partner II, Heitman, PAAMCO, and Harris Alternatives were funded during the fourth quarter of 2007.

Reporting for Private Equity performance was changed from cost basis to the latest portfolio valuation adjusted for cash flows, consistent with supplementary alternatives report. This methodology change involved reflecting the difference between cost value and the most recent valuation, resulting in a significant positive performance impact on the total fund during 2nd quarter 2008.

Market values for non-core real estate and private equity are on a one-quarter lag due to available valuations. However, Investment (Cost) Values are not lagged.

Performance for Private Equity and Value-Added Real Estate investments is calculated on an IRR basis. For further analysis, please refer to the supplementary alternatives performance report.

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.

Due to portfolio turnover, buy and hold attribution may not accurately represent quarterly performance relative to the benchmark.

Where stated, allocations to fixed income include convertibles, LDIs & Other Wyoming Investments, and Inter-Fund borrowing activity.

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

Additional funding for the new Global/EM fixed income mandate occurred between June 23rd and June 30th, 2008. The Lehman Global Aggregate Hedged benchmark returns shown include actual PIMCO Global performance during this transition period.

On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices. All Lehman Brothers indices now reflect the Barclays Capital name.

PIMCO refers to the World Bank's definition in classifying countries as either Developed or Emerging based on their level of GDP per capital. The following countries are currently considered Emerging:

Algeria, Argentina, Botswana, Brazil, Bulgaria, Chile, China, Columbia, Costa Rica, Cote d'Ivoire, Croatia, Dominican Republic, Ecuador, Egypt, El Salvador, Gabon, Guatemala, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Lithuania, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russia, Serbia & Montenegro, Slovakia, South Africa, Thailand, Tunisia, Turkey, Ukraine, Uruguay, Venezuela and Vietnam.