



# **WYOMING STATE TREASURER'S INVESTMENT REPORT**

**Fiscal Year 2009 Interim**  
(July 1, 2008 – November 30, 2008)

**December 2008**



# WYOMING STATE TREASURER'S

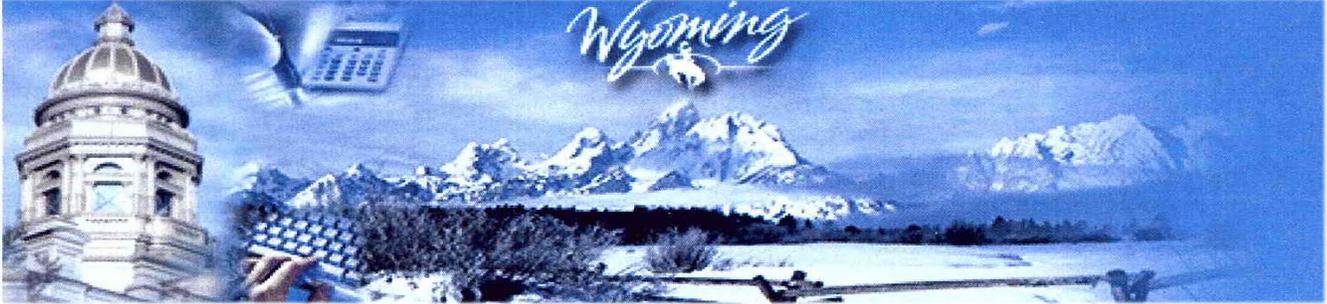
## INVESTMENT REPORT

Fiscal Year 2009 Interim  
(July 1, 2008 – November 30, 2008)

### TABLE OF CONTENTS

Introduction: State Treasurer Joe Meyer.....	1
Investment Portfolio: FY 09 Review .....	3
Investment Portfolio Fund Balances.....	4
Permanent Wyoming Mineral Trust Fund Returns.....	6
Investment Portfolio Asset Allocation.....	9
Investment Performance by Fund and Manager.....	12
Portfolio Position: Cost Basis vs. Market Value .....	14
Investment Income.....	16
Permanent Wyoming Mineral Trust Fund FY 04 – FY 09 Data .....	18
Common School Permanent Land Fund FY 04 - FY 09 Data.....	19
Wyoming Investments .....	20
WYO-STAR (Local Government Investment Pool).....	22
Spending Policies.....	24
School Foundation Program Interfund Borrowing .....	28
Investable Funds History .....	30
Investment Income History.....	31
State Treasurer's Office Organizational Chart .....	32





**WYOMING STATE TREASURER'S  
INVESTMENT REPORT  
Fiscal Year 2009 Interim  
(July 1, 2008 – November 30, 2008)**



The State Treasurer is statutorily mandated to present an annual report to include permanent fund investments, income from those investments, gains and losses for each fund and the extent to which state investment policies have been implemented and performance goals achieved. Given the current volatility in various markets, this is an interim status report of FY 09 investments through November 30, 2008.

Good investing strategy is part science and part carrying out of fiduciary duties. The asset allocation model first adopted by the State Loan and Investment Board in 1999, and annually updated and funded, is primarily investment science representing modern portfolio investment theory. The periodic day to day monitoring and oversight of Wyoming's investments and managers, trustee due diligence, on behalf of the citizens of the state, is the carrying out of fiduciary duty on behalf of the citizens of Wyoming, which can not be delegated. The Office of State Treasurer follows the adage of Winston Churchill: "However beautiful the strategy, one should occasionally look at the results."

As a means of providing more transparency on the financial operations of the state treasury, additional information, such as an overview of Wyoming investment strategies, the state investment policy, monthly and quarterly investment performance reports, and up to date portfolio status, is available on our website (<http://treasurer.state.wy.us>). The information contained in this report on state investments and daily tracking of state revenues and expenditures have been compiled and accomplished by the very skilled and hard working persons of the Office of State Treasurer. I am in their debt.

Joe Meyer  
Wyoming State Treasurer

December 2008



# WYOMING STATE INVESTMENT PORTFOLIO

## Fiscal Year 2009 Review through November 30, 2008

### PORTFOLIO OVERVIEW

The State Treasurer manages all non-pension funds of the state. As stated in the Master Investment Policy and Sub-Policies approved by the State Loan and Investment Board, the Treasurer invests the state portfolio "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."

The State's portfolio is in a diversified asset allocation. Modern portfolio theory, creating a diversified portfolio of asset classes, allows the investor to achieve a high rate of return while minimizing the volatility of the portfolio. Simply put, the State's portfolio diversification protects the corpus of the funds and allows maximum returns within acceptable risk.

The State portfolio consists of nine investment pools in seven fund types. Seven pools — the Permanent Wyoming Mineral Trust Fund, the Permanent Land Funds, the Hathaway Scholarship Endowment Fund, the Excellence in Higher Education Endowment Fund and the Workers Compensation Fund — may hold equities, fixed income and cash. The State Agency Pool and the Tobacco Settlement Fund can only hold fixed income and cash.

	<u>FY 08 as of 6/30/08</u> (\$ Millions)		<u>FY 09 thru 11/30/08</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Permanent Mineral Trust Fund	\$3,896.6	\$4,135.4	\$4,113.2	\$3,630.3
Permanent Land Funds				
- Common School Perm Land Fund	1,677.7	1,766.1	1,758.4	1,540.7
- University Permanent Land Fund	16.1	17.0	16.2	14.2
- Remaining Permanent Land Funds	86.0	91.0	90.4	80.3
Hathaway Scholarship Fund	419.3	418.0	444.1	392.5
Higher Ed Endowment Fund	105.0	104.8	105.0	92.4
Workers Compensation Fund	1,019.17	988.3	1,095.1	967.7
Tobacco Settlement Fund	59.0	57.0	59.0	54.6
State Agency Pool	<u>3,603.6</u>	<u>3,593.6</u>	<u>3,233.4</u>	<u>3,098.9</u>
Total	\$10,882.4	\$11,171.1	\$10,914.7	\$9,871.4

The newest investment pools are the Hathaway Scholarship Endowment Fund and the Higher Education Endowment Fund. Voters approved a constitutional amendment in November 2006 that made these permanent funds, and able to hold equities. These funds were previously invested within the State Agency Pool. The Treasurer's Office began investing these funds as separate investment pools, with an equity allocation, on July 1, 2007.

As shown above, the Treasurer's investment portfolio grew from \$10.882 billion on a cost basis on June 30, 2008, to \$10.915 billion on November 30, 2008. The portfolio's market value declined 11.6 percent during this period, however, from \$11.171 billion on June 30, 2008, to \$9.871 billion on November 30, 2008.

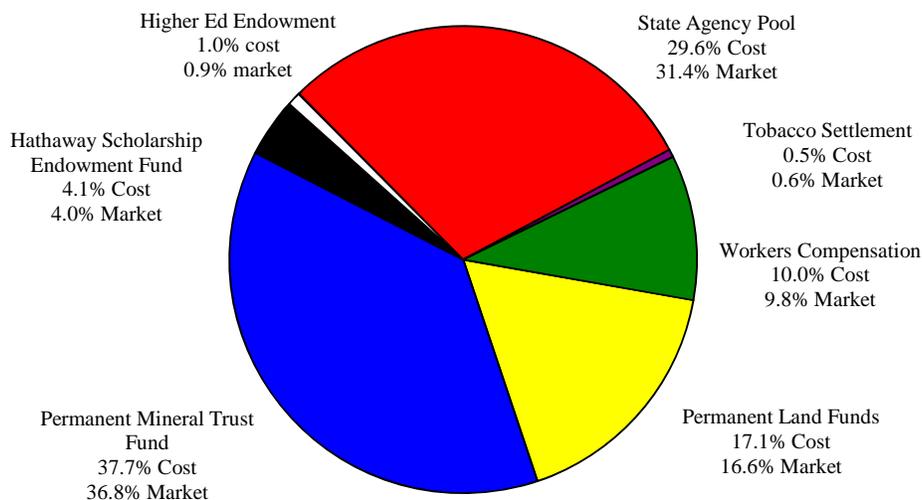
Whereas total investment income reached an all-time high in FY 08 of \$723.4 million dollars, FY 09 investment income through November 30, 2008 was \$77.3 million.

## WYOMING STATE INVESTMENT PORTFOLIO

### November 30, 2008

The State Treasurer's Office manages \$11 billion in non-pension investable funds across seven fund types. Five funds, the Permanent Wyoming Mineral Trust Fund, the Permanent Land Funds, the Hathaway Scholarship Endowment Fund, the Excellence in Higher Education Endowment Fund and the Worker's Compensation Fund may hold equities under current law. The other funds cannot: the State Agency Pool and the Tobacco Settlement Fund.

	Cost Basis	Market Value
<b>Permanent Wyoming Mineral Trust Fund</b>	<b>\$4,113,147,017</b>	<b>\$3,630,259,046</b>
<i>Funded with constitutional and statutory mineral severance tax revenues, and occasional direct legislative appropriations. Income from the PWMTF goes to the state general fund. Up to 55 percent of the PWMTF may be invested in equities; the FY 09 target is 52 percent.</i>		
<b>Permanent Land Funds</b>	<b>1,864,929,471</b>	<b>1,635,100,005</b>
<i>Funded with royalties, leases, fees and permits, and other revenue generated from state lands. Investment income from these funds go to state public institutions. The Common School Permanent Land Fund is the largest of the land funds: \$1.758 billion book/cost, \$1.541 billion market; its investment income helps to fund Wyoming's K-12 schools. Up to 55 percent of the Permanent Land Funds may be invested in equities; the FY 09 target is 52 percent.</i>		
<b>Hathaway Scholarship Endowment Fund</b>	<b>444,068,659</b>	<b>392,485,738</b>
<i>Funded with federal mineral royalties. Investment income is used to pay higher education tuition for qualifying Wyoming high school graduates at the University of Wyoming and Wyoming's community colleges. Up to 55 percent may be invested in equities; the FY 09 target is 52 percent.</i>		
<b>Excellence in Higher Education Endowment Fund</b>	<b>105,000,000</b>	<b>92,381,434</b>
<i>Funded with federal mineral royalties. Investment income is used to pay for recruitment and retention of faculty, to establish endowed faculty positions and to support the work of endowed faculty at the University of Wyoming and Wyoming's community colleges. Up to 55 percent may be invested in equities; the FY 09 target is 52 percent.</i>		
<b>Workers Compensation Fund</b>	<b>1,095,079,760</b>	<b>967,688,057</b>
<i>Funded with employer premiums. Investment income is used to assist in the payment of Workers Compensation costs including administrative and indemnity costs, and vendor payments. Up to 45 percent of the Workers Compensation Fund may be invested in equities; the FY 09 target is 25 percent.</i>		
<b>Tobacco Settlement Fund</b>	<b>59,016,931</b>	<b>54,598,383</b>
<i>Funded with settlement proceeds received by Wyoming under the 1998 Master Settlement Agreement between states and tobacco companies. Income from the fund goes to health improvement programs.</i>		
<b>State Agency Pool</b>	<b>3,233,424,996</b>	<b>3,098,900,419</b>
<i>Monies from all other state funds pooled for investment. Income is distributed back to a specific state agency or to the state general fund.</i>		
<b>GRAND TOTAL ALL FUNDS</b>	<b>\$10,914,666,834</b>	<b>\$9,871,413,084</b>



The State portfolio's total return was 3.9 percent in FY 08. The cash yield from the portfolio was 7.40 percent for the year. The FY 09 total portfolio cash yield was 1.72 percent through November 30, 2008; the total return, however, down 11.4 percent for the period.

The chart on the following page shows historic total return and yield for the Permanent Wyoming Mineral Trust Fund. Performance by fund and manager is detailed later in this report.

## **ASSET ALLOCATION**

Asset allocation is the distribution of investments among asset classes. It is the major determinant of both the long-term rates of return and the volatility of the asset values. There are two parts to the asset allocation decision: identifying alternative asset allocation possibilities, and choosing the best combination of assets to meet investment objectives.

The State's portfolio includes US and international stocks, real estate, private equity, absolute return strategies, bonds and cash. Each investment pool has a specific target allocation of each of these types of investments listed in the State's Investment Policy. The Treasurer's Office systematically invests money using monthly dollar cost averaging to achieve and maintain each pool's investment allocation.

RV Kuhns, investment advisor to the State Loan and Investment Board, works with the State Treasurer's Office to establish and annually review asset allocation targets.

The Permanent Mineral Trust Fund and Permanent Land Funds may hold up to 55 percent in equities under current law. The state's Investment Policy sets out a long-term target allocation of 52 percent equities and 48 percent fixed income and cash.

As explained above, the Hathaway Scholarship Endowment and Higher Education began FY 08 invested solely in fixed income. The Treasurer's Office began investing them as permanent funds in July 07 with the intention of taking them to the same equity allocation as the other permanent funds over a two-year period through FY 09. They ended FY 08 at just under 24 percent equities, but will be at the same 52 percent long-term equity target as the other permanent funds by June 30, 2009.

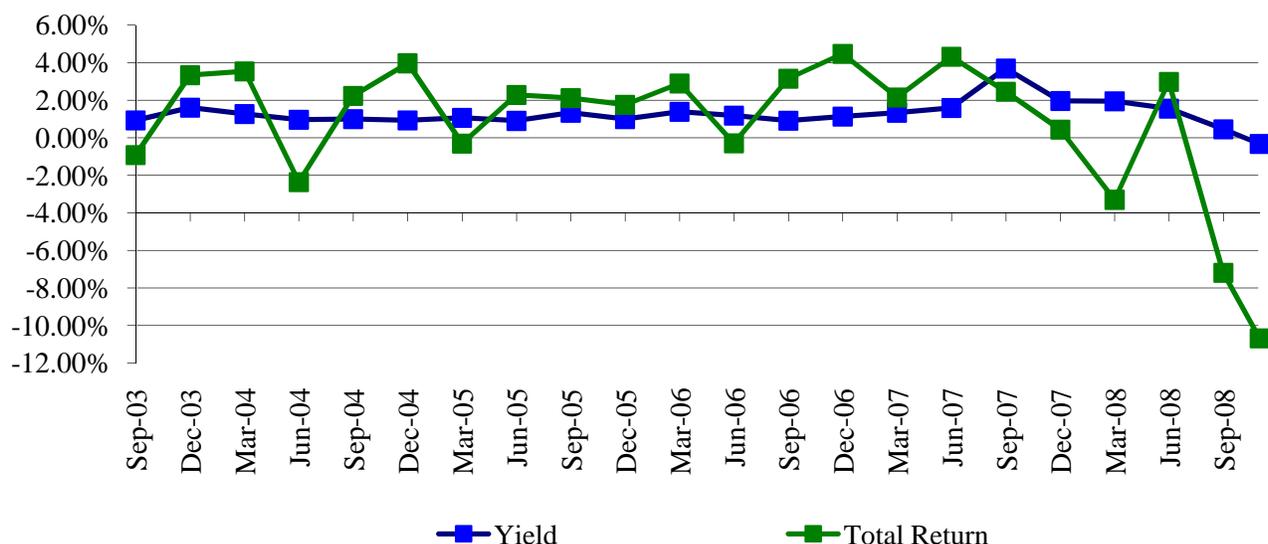
The Workers Compensation Fund began diversification into equities as a result of legislation passed in 2005, which allows up to a 45 percent equity allocation as determined by the director of the Department of Employment. The Department increased the equity allocation request for the Workers Compensation Fund to 25 percent beginning July 1, 2007. The Treasurer will achieve that target allocation by June 30, 2009 through monthly allocations.

Total external fixed income and cash funding was \$5.437 billion (cost basis) on June 30, 2008, with a market value of \$5.369 billion. External equity manager funding was \$3.127 billion (cost basis) on June 30, 2008, with a market value of \$3.462.

On November 30, 2008, external fixed income and cash funding was \$5.555 billion on a cost basis, with a market value of \$5.127 billion. External equity manager funding was \$3.172 billion (cost basis), with a market value of \$2.526.

The charts on the following pages illustrate the diversification of the State's portfolio, and detail funding levels of the asset classes and the managers who collaborate with the State Treasurer's Office in the management of the State's portfolio.

## PERMANENT WYOMING MINERAL TRUST FUND YIELD AND TOTAL RETURN COMPARED



Note: "Yield is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest, and realized and unrealized capital gains and losses. The chart above shows yield as more stable, while total return has varied over market cycles.

<u>Quarter Ending</u>	<u>Yield</u>		<u>Total Return</u>	
	<u>Quarter</u>	<u>Annual</u>	<u>Quarter</u>	<u>Annual</u>
September 30, 2003	0.93%		-0.92%	
December 31, 2003	1.61%		3.34%	
March 21, 2004	1.26%		3.54%	
June 30, 2004	0.96%	4.76%	-2.36%	3.51%
September 30, 2004	0.99%		2.24%	
December 31, 2004	0.92%		3.97%	
March 21, 2005	1.06%		-0.31%	
June 30, 2005	0.90%	3.87%	2.29%	8.40%
September 30, 2005	1.33%		2.12%	
December 31, 2005	0.99%		1.76%	
March 21, 2006	1.39%		2.90%	
June 30, 2006	1.18%	4.81%	-0.29%	6.62%
September 30, 2006	0.91%		3.15%	
December 31, 2006	1.13%		4.47%	
March 21, 2007	1.34%		2.15%	
June 30, 2007	1.58%	4.96%	4.32%	14.83%
September 30, 2007	3.69%		2.46%	
December 31, 2007	1.96%		0.44%	
March 21, 2008	1.95%		-3.30%	
June 30, 2008	1.55%	9.02%	2.98%	2.44%
September 30, 2008	0.45%		-7.19%	
November 30, 2008 *	-0.33%	0.24%	-10.68%	-17.11%

## **REBALANCING**

The long-term target allocation for each of the State's investment pools reflect a specific desired risk and return profile, consistent with each fund's individual objectives and constraints. The State Treasurer's Office keeps investments at target allocations primarily through regular investment of new revenue to the portfolio, but rebalancing also plays a key role.

Rebalancing brings a portfolio of investments back into line when market conditions have caused it to deviate from its target asset allocation, and is key to effective risk management. An effective rebalancing policy provides a disciplined approach for staying aligned with the target asset allocation. The State Treasurer's Office uses a tolerance rebalancing strategy that examines the actual portfolio allocation and triggers rebalancing if an asset class falls outside its allowable range.

Market downturns since July 2008 have pushed some asset classes below their target allocations. At the same time, RV Kuhns is studying the long-term risk and return assumptions within its portfolio optimization model. The Treasurer's Office, therefore, worked with RV Kuhns to develop an interim target allocation pending revised long-term targets. The interim allocation will overweight international stocks, core-plus fixed income and absolute return strategies to bring those asset classes closer to target and to take advantage of current market dislocations. RV Kuhns will present revised long-term targets to the State Loan and Investment Board in the spring of 2009.

## **INVESTMENT MANAGER OVERSIGHT**

The Treasurer continues to host investment managers as part of on-going operational due diligence in managing the State portfolio. Treasurer staff members also conduct on-site manager visits throughout the year.

FY 09 Manager Meeting Calendar through November 2008 (in Cheyenne unless noted)

July 7-8, 2008 - San Francisco: Fisher, international equity; JP Morgan, custodial bank and asset management; State Street, large cap US equity

July 17: JP Morgan, custodial bank

July 22: Friess, small/mid cap US equity

July 29: Victory Capital, securities lending

July 31: Abel Noser, commission recapture

August 26: Access Venture, private equity/venture capital

September 2-4 – Dallas: JP Morgan custodial bank

September 29 - October 1 – Chicago: Heitman, real estate; Lehman/Neuberger, core-plus fixed income; RV Kuhns real estate research team

October 15: Harris and PAAMCO, absolute return

October 30: Cheyenne Capital

November 7 - Casper: Access Venture, private equity/venture capital

The Treasurer, of course, remains in regular contact with all managers throughout the year in addition to the meetings noted above.

## **SELECT COMMITTEE ON CAPITAL FINANCING AND INVESTMENTS**

The State Treasurer met with the Select Committee on capital Financing and Investments on October 9 and December 16, 2008. Items discussed included on-going review of the state investment portfolio and spending policies.

## **JOINT EDUCATION INTERIM COMMITTEE**

Treasurer's staff met with the Joint Education Interim Committee on October 28, 2008 to review the investment portfolios of the Hathaway Scholarship Endowment Fund and the Excellence in Higher Education Endowment Fund.

## **SECURITIES LENDING STUDY**

The State Treasurer's Office contracted with RV Kuhns & Associates in February 2008 to perform a thorough review of the securities lending program. The program with JPMorgan Chase and Victory Capital generates incremental revenue through short-term loans of the portfolio's stocks and bonds.

The Treasurer's Office believed it was a good time to have an objective look at the program for a couple of reasons. First, so the study could coincide with the Treasurer's custodial bank search because incorporating a securities lending program into a custodial relationship has a direct affect on bank fees. Also, to exercise the same due diligence with securities lending as the Treasurer does with all investment managers — particularly with regard to potential subprime exposure in the underlying collateral.

RV Kuhns completed the report in June 2008, confirming the program was sound and recommending no changes.

The Treasurer's Office continues to monitor its securities lending program, however, in light of current market conditions. The Treasurer has met with each securities lending provider and RV Kuhns to ensure that the program is sound — specifically the underlying collateral. The Treasurer continues to explore whether the program could be operated more efficiently and with less risk with a sole provider.

## **ADVISORY COMMITTEE**

Treasurer Meyer appointed an advisory committee to provide periodic information exchanges and create additional transparency about operations of state investments and investment policies.

### Committee members:

- Curt Meier, Wyoming State Senator
- Tom Lockhart, Wyoming State Representative
- Joel Schell, Converse County Treasurer
- Mike Daly, Chief Executive Officer, First National Bank of Wheatland
- John Hay, President, Rock Springs National Bank
- Mark Zaback, President, Jonah Bank of Wyoming
- Mark Higdon, Executive Director, Wyoming School Boards Association
- Bob McLaurin, City Administrator, Town of Jackson
- Lynne Boomgaarden, Director, Office of State Lands & Investments
- Thom Williams, Director, Wyoming Retirement System

## **STATE TREASURER'S WEBSITE**

The State Treasurer's Office continually updates investment information on its website: <http://treasurer.state.wy.us/investmentbank.asp#invest>. The Sovereign Wealth Fund Institute gives Wyoming one of its highest rankings in terms of public transparency.

# WYOMING STATE INVESTMENT PORTFOLIO

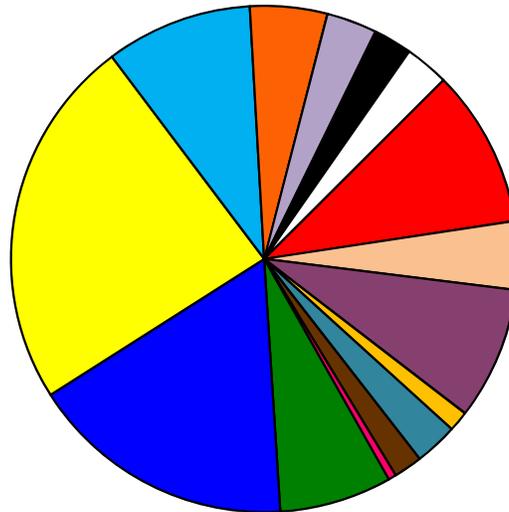
November 30, 2008

**\$10.915 Billion**  
Cost Basis

## FIXED INCOME

Internal Bonds	\$1,854.5 M	17.0%
Core-Plus	\$2,591.9 M	23.7%
Mortgages	\$1,021.5 M	9.4%
Corporates	\$538.8 M	4.9%
Global	\$351.3 M	3.2%
Convertibles	\$269.1 M	2.5%
Wyoming Investments	\$305.0 M	2.8%

**TOTAL**  
**\$6,932.3 M**  
**63.5%**



**CASH \$782.1 M 7.2%**

## EQUITIES

Large Cap US	\$1,102.2 M	10.1%
Small / Mid US	\$475.9 M	4.4%
International	\$925.2 M	8.5%
Private Equity	\$141.9 M	1.3%
Real Estate	\$300.3 M	2.8%
Absolute Return	\$200.0 M	1.8%
Options	\$54.7 M	0.5%

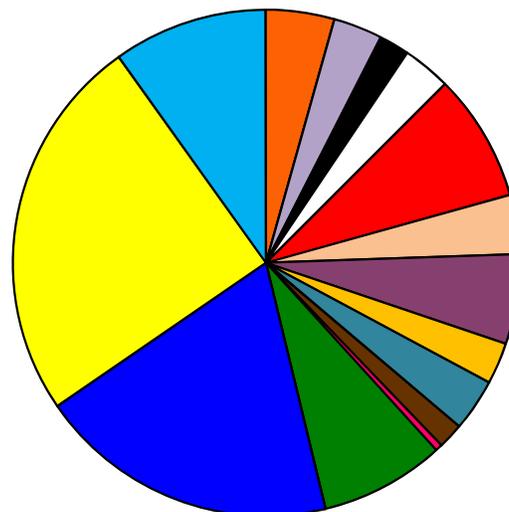
**TOTAL**  
**\$3,200.3 M**  
**29.3%**

**\$9.871 Billion**  
Market Value

## FIXED INCOME

Internal Bonds	\$1,896.2 M	19.2%
Core-Plus	\$2,438.8 M	24.7%
Mortgages	\$972.1 M	9.8%
Corporates	\$432.3 M	4.4%
Global	\$308.3 M	3.1%
Convertibles	\$190.3 M	1.9%
Wyoming Investments	\$305.0 M	3.1%

**TOTAL**  
**\$6,543.1 M**  
**66.3%**



**CASH \$784.8 M 8.0%**

## EQUITIES

Large Cap US	\$807.3 M	8.2%
Small / Mid US	\$373.0 M	3.8%
International	\$564.9 M	5.7%
Private Equity	\$262.5 M	2.7%
Real Estate	\$330.9 M	3.4%
Absolute Return	\$160.4 M	1.6%
Options	\$44.5 M	0.5%

**TOTAL**  
**\$2,543.5 M**  
**25.8%**

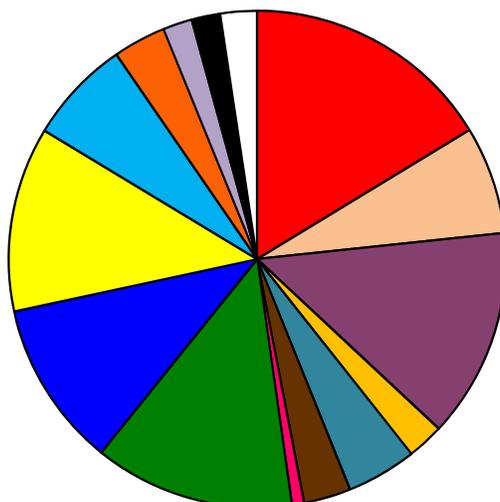
**WYOMING STATE INVESTMENT PORTFOLIO**  
**Permanent Mineral Trust & Permanent Land Funds Only**  
**November 30, 2008**

**\$5.978 Billion**  
**Cost Basis**

**FIXED INCOME**

- Internal Bonds \$647.9 M 10.8% ●
- Core-Plus \$719.2 M 12.0% ●
- Mortgages \$404.3 M 6.8% ●
- Corporates \$205.5 M 3.4% ●
- Global \$113.7 M 1.9% ●
- Convertibles \$111.3 M 1.9% ●
- Wyoming Investments \$142.4 M 2.4% ○

**TOTAL**  
**\$2,344.2 M**  
**39.2%**



**CASH \$778.5 M 13.0%**

**EQUITIES**

- Large Cap US \$974.7 M 16.3% ●
- Small / Mid US \$419.3 M 7.0% ●
- International \$815.7 M 13.6% ●
- Private Equity \$141.9 M 2.4% ●
- Real Estate \$273.5 M 4.6% ●
- Absolute Return \$183.2 M 3.1% ●
- Options \$47.0 M 0.8% ●

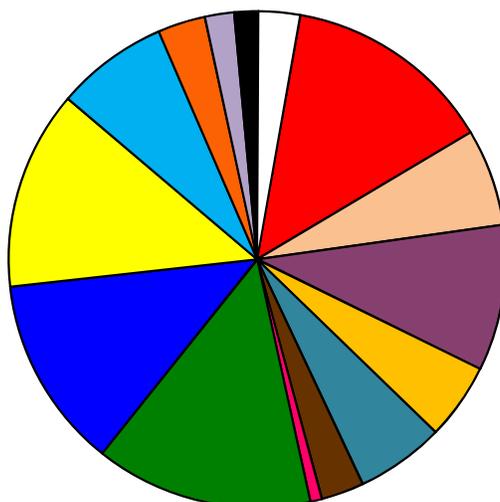
**TOTAL**  
**\$2,855.3 M**  
**47.8%**

**\$5.265 Billion**  
**Market Value**

**FIXED INCOME**

- Internal Bonds \$659.8 M 12.5% ●
- Core-Plus \$682.2 M 13.0% ●
- Mortgages \$384.6 M 7.3% ●
- Corporates \$163.8 M 3.1% ●
- Global \$100.3 M 1.9% ●
- Convertibles \$81.4 M 1.5% ●
- Wyoming Investments \$142.4 M 2.7% ○

**TOTAL**  
**\$2,214.5 M**  
**42.1%**



**CASH \$746.1 M 14.2%**

**EQUITIES**

- Large Cap US \$720.3 M 13.7% ●
- Small / Mid US \$332.8 M 6.3% ●
- International \$499.9 M 9.5% ●
- Private Equity \$262.5 M 5.0% ●
- Real Estate \$303.0 M 5.8% ●
- Absolute Return \$146.9 M 2.8% ●
- Options \$39.4 M 0.7% ●

**TOTAL**  
**\$2,304.8 M**  
**43.8%**

**WYOMING STATE INVESTMENT PORTFOLIO**  
**November 30, 2008**

**EXTERNAL EQUITIES**

		<u>Cost Basis</u>	<u>Market Value</u>
Large Cap Index	State Street Global Advisors	\$1,101,383,919	\$806,974,822
Small / Mid Cap	Friess Associates	204,945,660	166,366,703
	GAMCO	270,904,600	206,634,942
International	Capital Guardian Trust	435,327,029	281,586,817
	Fisher Investments	462,400,553	266,418,155
Options Overlay	First Quadrant	54,730,508	44,529,350
Private Equity	Access Venture Partners <i>(\$10 M committed)</i>	1,500,000	1,224,560
	Cheyenne Capital Fund <i>(\$257.95 committed)</i>	140,435,809	261,234,195
Real Estate	ING Clarion	141,303,630	162,992,669
	UBS Realty	141,303,630	150,214,835
	Heitman <i>(\$10 M committed)</i>	3,416,125	3,009,779
	TA Realty <i>(\$15 M committed)</i>	14,250,000	14,654,322
Absolute Return	Harris Alternatives	100,000,000	80,059,582
	PAAMCO	100,000,000	80,347,229
<b>Total External Equities</b>		<b>\$3,171,901,464</b>	<b>\$2,526,247,960</b>

*excludes outstanding commitments*

**EXTERNAL FIXED INCOME, CONVERTIBLES AND CASH**

Convertibles	Nicholas Applegate	\$269,136,545	\$190,283,662
Core-Plus	Western Asset Management	942,169,430	883,763,367
	Lehman	920,343,360	846,311,239
	PIMCO	729,401,493	708,752,939
Corporates	Western Asset	318,543,579	256,913,587
	Logan Circle	220,306,416	175,401,799
Mortgages	JPMorgan	524,835,347	482,002,411
	PIMCO	496,714,091	490,147,234
Global	PIMCO	351,349,623	308,299,998
<b>Total External Fixed Income and Convertibles</b>		<b>\$4,772,799,885</b>	<b>\$4,341,876,236</b>
Cash Manager	JPMorgan	782,082,933	784,817,141
<b>Total External Cash</b>		<b>\$782,082,933</b>	<b>\$784,817,141</b>

**TOTAL EXTERNAL MANAGEMENT** **\$8,726,784,282** **\$7,652,941,337**

**INTERNALLY MANAGED FUNDS**

Fixed Income	Bonds	\$1,854,487,164	\$1,896,168,632
Equity Index Fund	Exchange Traded Funds	27,509,132	16,920,263
U. S. Equities	UW Portfolio Management Program	865,838	362,433
<b>Total Internal Portfolio</b>		<b>\$1,882,862,134</b>	<b>\$1,913,451,328</b>

**Wyoming Investments** **\$305,020,419** **\$305,020,419**

**TOTAL INTERNAL MANAGEMENT** **\$2,187,882,552** **\$2,218,471,747**

**GRAND TOTAL ALL FUNDS** **\$10,914,666,834** **\$9,871,413,084**

*Note: Access Venture, Cheyenne Capital Fund, Heitman and TA Realty cost basis as of November 30, 2008, and market values as of June 30, 2008 because of report timing.*

# MARKET PERFORMANCE

## SUMMARY ANALYSIS - ALL INVESTMENTS

	FY 09 (July-November 2008)		Market Return		
	Cost Basis	Market Value	Jul-Nov 2008	3 Year	5 Year
<b><u>INVESTMENTS BY FUND</u></b>					
Permanent Wyoming Mineral Trust Fund	\$4,113.15	\$3,630.26	-17.11%	0.45%	3.06%
Permanent Land Fund	90.37	80.27	-16.43%	N/A	N/A
Common School Permanent Land Fund	1,758.40	1,540.65	-16.29%	0.68%	3.19%
University Permanent Land Fund	16.16	14.18	-17.75%	N/A	N/A
Hathaway Scholarship Endowment Fund	444.07	392.49	-10.77%	N/A	N/A
Higher Education Fund	105.00	92.38	-10.94%	N/A	N/A
Workers Compensation Fund	1,095.08	967.69	-7.95%	1.27%	2.59%
Tobacco Settlement Fund	59.02	54.60	-2.21%	3.82%	4.02%
State Agency Pool	3,233.42	3,098.90	-2.43%	3.59%	3.79%
Wyoming State Total Fund	\$10,914.67	\$9,871.42	-11.38%	1.58%	3.14%
Wyoming State Custom Index			-9.36%	1.65%	2.75%
<b><u>INVESTMENTS BY ASSET CLASS AND MANAGER</u></b>					
<b><u>US Equity</u></b>					
UW Portfolio Management Program (1)	\$0.87	\$0.36	-36.45%	N/A	N/A
Gabelli (2)	270.91	206.63	-29.82%	-4.62%	1.86%
Friess Associates (3)	204.95	166.37	-40.28%	-7.47%	N/A
State Street Global Advisors (Index) (1)	1,101.38	806.97	-29.05%	-8.41%	-1.22%
Total Domestic Equity	\$1,578.10	\$1,180.34			
<b><u>US Equity Indices</u></b>					
S&P 500 (1)			-29.23%	-8.67%	-1.39%
Russell 2500 Value (2)			-29.81%	-10.54%	-0.49%
Russell 2500 Growth (3)			-39.57%	-11.66%	-3.18%
<b><u>International Equity</u></b>					
Int'l Exchange Traded Funds (4)	\$27.51	\$16.92	-39.23%	-7.75%	N/A
Fisher (4)	462.40	266.42	-46.15%	-8.85%	N/A
Capital Guardian (4)	435.33	281.58	-40.47%	-7.63%	N/A
Total International Equity	\$925.24	\$564.93			
<b><u>Int'l Equity Indices</u></b>					
MSCI EAFE (4)			-39.94%	-7.32%	2.45%
<b><u>Domestic Fixed Income</u></b>					
WAMCO Core Plus (5)	942.17	883.76	-2.64%	3.32%	3.58%
Lehman Brothers Core Plus (5)	920.34	846.31	-5.19%	N/A	N/A
PIMCO Core Plus (5)	729.40	708.75	-1.01%	N/A	N/A
PIMCO Mortgages (6)	496.72	490.15	1.04%	N/A	N/A
JP Morgan Mortgages (6)	524.84	482.00	-3.38%	N/A	N/A
WAMCO Corporates (7)	318.54	256.91	-16.25%	N/A	N/A
Logan Circle Corporates (7)	220.31	175.40	-16.12%	N/A	N/A
PIMCO Global (8)	351.35	308.30	-10.85%	N/A	N/A
Wyoming State Treasurer's Office (9)	1,854.49	1,896.17	3.20%	6.31%	5.78%
	\$6,358.15	\$6,047.76			
<b><u>US Fixed Income Indices</u></b>					
Barclays Aggregate (5)			0.33%	4.56%	4.10%
Barclays Mortgages (6)			4.54%	6.57%	5.41%
Barclays Credit (7)			-8.36%	0.31%	1.63%
Global/EM Fixed Income Custom Index (8)			-9.73%	N/A	N/A
Barclays Gov't/Credit (9)			0.15%	4.34%	3.92%

Note [1]: These figures are preliminary and subject to change.

Note [2]: Some Indices not available for July-November 2008 timeframe.

## MARKET PERFORMANCE (continued)

### SUMMARY ANALYSIS - ALL INVESTMENTS

Manager/Investment Type	FY 09 (July-November 2008)		Market Return		
	Cost Basis	Market Value	Jul-Nov 2008	3 Year	5 Year
<b><u>Convertible Bonds</u></b>					
Nicholas Applegate (10)	\$269.14	\$190.28	-29.62%	-3.25%	1.68%
<b><u>Convertible Bond Indices</u></b>					
ML All Quality Convertible (10)			-36.33%	-10.15%	-3.87%
<b><u>Cash &amp; Cash Equivalents</u></b>					
JP Morgan Asset Mgmt					
Operating Funds/Short-Term (11)			0.81%	4.37%	3.49%
Extended Cash (12)			1.97%	5.06%	3.84%
Total Cash Management	\$782.08	\$784.82			
<b><u>Cash &amp; Cash Equivalents Indices</u></b>					
90 Day U.S. T-Bills (11)			0.85%	4.07%	3.27%
JP Morgan Blended Index (12)			N/A	N/A	N/A
<b><u>Private Equity</u></b>					
Cheyenne Capital Fund, LP (13)	\$140.44	\$261.23	N/A	N/A	N/A
Access Venture Partner II (13)	\$1.50	\$1.23	N/A	N/A	N/A
Total Private Equity	\$141.94	\$262.46			
<b><u>Private Equity Indices</u></b>					
S&P 500 + 5% (13)			N/A	N/A	N/A
<b><u>Real Estate</u></b>					
Clarion Core (14)	\$141.30	\$162.99	N/A	N/A	N/A
UBS Core (14)	141.30	150.22	N/A	N/A	N/A
TA Realty Value-Added (15)	14.25	14.65	N/A	N/A	N/A
Heitman Value-Added (15)	3.41	3.01	N/A	N/A	N/A
Total Real Estate	\$300.27	\$330.87			
<b><u>Real Estate Indices</u></b>					
NCREIF ODCE(14)			N/A	N/A	N/A
NCREIF Property (15)			N/A	N/A	N/A
<b><u>Absolute Return</u></b>					
PAMMCO (16)	\$100.00	\$80.06	-19.62%	N/A	N/A
Harris Alternatives (16)	100.00	80.35	-18.40%	N/A	N/A
Total Absolute Return	\$200.00	\$160.41			
<b><u>Absolute Return Indices</u></b>					
HFN FoF Multi-Strat (16)			-17.44%	-0.11%	2.53%
<b><u>Overlay Strategies</u></b>					
First Quadrant	\$54.73	\$44.53	-0.19%	1.29%	N/A
<b><u>Wyoming Investments</u></b>					
	\$305.02	\$305.02	N/A	N/A	N/A

Note [1]: These figures are preliminary and subject to change.

Note [2]: Some Indices not available for July-November 2008 timeframe.

**WYOMING STATE INVESTMENT PORTFOLIO**  
**Unrealized Gain (Loss) & Realized Income (Loss) by Manager**  
**November 30, 2008**

<u>Asset Class &amp; Manager</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/Loss</u>	<u>Nov 08 Income</u>	<u>FY09 YTD Income</u>
<b>Large Cap Index</b>					
State Street Global Advisor	\$1,101,383,919	\$806,974,822	(\$294,409,097)	\$1,529,572	(\$1,212,356)
UW Portfolio Management	<u>865,838</u>	<u>362,433</u>	<u>(503,405)</u>	<u>338</u>	<u>5,678</u>
Total	1,102,249,757	807,337,255	(294,912,502)	1,529,910	(1,206,678)
<b>Overlay Strategy</b>					
First Quadrant	54,730,508	44,529,350	(10,201,158)	450	9,633,463
<b>Small/Mid Cap US Equity</b>					
Friess Associates	204,945,660	166,366,703	(38,578,958)	(31,790,045)	(41,219,181)
GAMCO	<u>270,904,600</u>	<u>206,634,942</u>	<u>(64,269,658)</u>	<u>885,959</u>	<u>2,641,226</u>
Total	475,850,260	373,001,644	(102,848,616)	(30,904,086)	(38,577,956)
<b>International Equity</b>					
Capital Guardian Trust	435,327,029	281,586,817	(153,740,212)	(16,022,597)	(32,649,663)
Fisher Investments	462,400,553	266,418,155	(195,982,398)	281,389	5,905,678
Int'l Exchange Traded Fund	<u>27,509,132</u>	<u>16,920,263</u>	<u>(10,588,869)</u>	<u>0</u>	<u>0</u>
Total	925,236,714	564,925,236	(360,311,478)	(15,741,208)	(26,743,985)
<b>Private Equity</b>					
Access Venture Partners	1,500,000	1,224,560	(275,440)	0	0
Cheyenne Capital Fund	<u>140,435,809</u>	<u>261,234,195</u>	<u>120,798,386</u>	<u>9</u>	<u>371,417</u>
Total	141,935,809	262,458,755	120,522,946	9	371,417
<b>Real Estate</b>					
ING Clarion	141,303,630	162,992,669	21,689,039	2,267,178	3,774,671
UBS Realty	141,303,630	150,214,835	8,911,205	1,317,174	2,213,685
Heitman	3,416,125	3,009,779	(406,346)	0	0
TA Realty	<u>14,250,000</u>	<u>14,654,322</u>	<u>404,322</u>	<u>126,891</u>	<u>247,350</u>
Total	300,273,385	330,871,605	30,598,220	3,711,244	6,235,706
<b>Absolute Return</b>					
Harris Alternatives	100,000,000	80,059,582	(19,940,418)	0	0
PAAMCO	<u>100,000,000</u>	<u>80,347,229</u>	<u>(19,652,771)</u>	<u>0</u>	<u>0</u>
Total	200,000,000	160,406,811	(39,593,189)	0	0
<b>Convertible Bonds</b>					
Nicholas Applegate	269,136,545	190,283,662	(78,852,883)	1,111	2,033,633
<b>Fixed Income</b>					
Lehman Core-Plus	920,343,360	846,311,239	(74,032,122)	3,423,921	12,552,962
PIMCO Core-Plus	729,401,493	708,752,939	(20,648,554)	(3,935,400)	11,496,895
WAMCO Core-Plus	942,169,430	883,763,367	(58,406,064)	7,544,231	22,474,063
Logan Circle Corporates	220,306,416	175,401,799	(44,904,617)	884,803	3,934,293
WAMCO Corporates	318,543,579	256,913,587	(61,629,992)	1,084,765	4,581,857
JPMorgan Mortgages	524,835,347	482,002,411	(42,832,936)	(2,766,145)	(809,706)
PIMCO Mortgages	496,714,091	490,147,234	(6,566,857)	2,759,044	11,587,631
PIMCO Global	<u>351,349,623</u>	<u>308,299,998</u>	<u>(43,049,625)</u>	<u>1,316,670</u>	<u>3,760,075</u>
Total	4,503,663,340	4,151,592,573	(352,070,767)	10,311,888	69,578,070
<b>Fixed Income</b>					
Internal Portfolio	1,854,487,164	1,896,168,632	41,681,468	5,900,933	39,071,444
<b>Cash Equivalents</b>					
JP Morgan	782,082,933	784,817,141	2,734,208	1,615,743	8,934,565
Wyoming Investments	305,020,419	305,020,419	held at cost	6,364	3,680,558
Securities Lending				1,601,857	4,342,570
<b>TOTALS</b>	<b>\$10,914,666,834</b>	<b>\$9,871,413,084</b>	<b>(\$1,043,253,750)</b>	<b>(\$21,965,786)</b>	<b>\$77,352,808</b>

**WYOMING STATE INVESTMENT PORTFOLIO**  
**Unrealized Gain (Loss) & Realized Income (Loss) by Manager**  
**July 31, 2008**

<u>Asset Class &amp; Manager</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain/Loss</u>	<u>July 08 Income</u>	<u>FY09 YTD Income</u>
Large Cap Index					
State Street Global Advisor	\$1,092,634,665	\$1,071,817,353	\$20,817,311	\$2,591,708	\$2,591,708
UW Portfolio Management	<u>548,574</u>	<u>769,750</u>	<u>(221,176)</u>	<u>579</u>	<u>579</u>
Total	1,093,183,239	1,072,587,104	20,596,135	2,592,287	2,592,287
Overlay Strategy					
First Quadrant	30,569,869	29,730,059	839,810	613,326	613,326
Small/Mid Cap US Equity					
Friess Associates	252,023,296	232,763,381	19,259,914	(403,091)	(403,091)
GAMCO	<u>286,581,554</u>	<u>260,147,854</u>	<u>26,433,699</u>	<u>1,079,224</u>	<u>1,079,224</u>
Total	538,604,849	492,911,236	45,693,614	676,133	676,133
International Equity					
Capital Guardian Trust	436,767,074	457,215,732	(20,448,657)	1,354,868	1,354,868
Fisher Investments	456,103,037	448,336,146	7,766,891	2,894,591	2,894,591
Internat'l Exchange Traded Fund	<u>26,919,153</u>	<u>27,509,132</u>	<u>(589,978)</u>	<u>0</u>	<u>0</u>
Total	919,789,265	933,061,009	(13,271,745)	4,249,459	4,249,459
Private Equity					
Access Venture Partners	909,560	1,185,000	(275,440)	0	0
Cheyenne Capital Fund	<u>261,234,195</u>	<u>129,174,771</u>	<u>132,059,424</u>	<u>59,103</u>	<u>59,103</u>
Total	262,143,755	130,359,771	131,783,984	59,103	59,103
Real Estate					
ING Clarion	165,220,000	141,303,630	23,916,370	2,216	2,216
UBS Realty	150,930,000	141,303,630	9,626,370	1,305	1,305
Heitman	2,376,029	2,782,375	(406,346)	0	0
TA Realty	<u>12,404,322</u>	<u>12,000,000</u>	<u>404,322</u>	<u>174</u>	<u>174</u>
Total	330,930,351	297,389,635	33,540,716	3,695	3,695
Absolute Return					
Harris Alternatives	95,940,885	100,000,000	(4,059,115)	0	0
PAAMCO	<u>99,578,241</u>	<u>100,000,000</u>	<u>(421,759)</u>	<u>0</u>	<u>0</u>
Total	195,519,126	200,000,000	(4,480,874)	0	0
Convertible Bonds					
Nicholas Applegate	252,986,394	257,155,875	(4,169,481)	985,222	985,222
Fixed Income					
Lehman Core-Plus	869,001,336	890,409,802	(21,408,467)	(708,625)	(708,625)
PIMCO Core-Plus	669,015,650	676,084,731	(7,069,081)	5,457,922	5,457,922
WAMCO Core-Plus	860,976,118	878,191,634	(17,215,516)	(3,638,842)	(3,638,842)
Logan Circle Corporates	197,378,243	210,016,532	(12,638,289)	1,114,731	1,114,731
WAMCO Corporates	294,268,470	309,053,082	(14,784,612)	830,518	830,518
JPMorgan Mortgages	486,016,029	516,972,457	(30,956,429)	(3,573,822)	(3,573,822)
PIMCO Mortgages	478,348,044	479,986,284	(1,638,241)	102,559	102,559
PIMCO Global	<u>294,717,363</u>	<u>297,988,945</u>	<u>(3,271,582)</u>	<u>3,543,452</u>	<u>3,543,452</u>
Total	4,149,721,252	4,258,703,468	(108,982,216)	3,127,894	3,127,894
Fixed Income					
Internal Portfolio	1,965,145,120	1,965,666,950	(521,830)	10,781,085	10,781,085
Cash Equivalents					
JP Morgan	975,217,046	990,169,655	(14,952,610)	2,143,269	2,143,269
Wyoming Investments	304,774,841	304,774,841	held at cost	1,326,358	1,326,358
Securities Lending				492,199	492,199
<b>TOTALS</b>	<b>\$11,018,585,107</b>	<b>\$10,932,509,604</b>	<b>\$86,075,504</b>	<b>\$27,050,030</b>	<b>\$27,050,030</b>

## AT A GLANCE

### INVESTMENT INCOME --Fiscal Year 2009

DATE	Common School Permanent Land	Permanent Land	University (students)	Hathaway Scholarship	Excellence in Higher Ed	Workers' Compensation	WY Permanent Mineral Trust Fund	Tobacco Trust Fund	State Agency Pool *	TOTAL
<i>(for month of...)</i>										
Jul-08	\$4,014,906	\$219,572	\$42,528	\$958,987	\$241,336	\$1,362,914	\$9,533,848	\$273,694	\$10,402,246	\$27,050,030
Aug-08	1,567,281	128,735	24,147	758,393	189,074	2,769,072	3,753,777	299,500	6,066,183	15,556,161
Sep-08	1,945,275	32,121	2,917	437,398	107,229	2,578,896	4,210,273	96,458	6,128,890	15,539,457
Oct-08	2,349,990	116,876	22,914	1,609,477	379,826	5,938,330	6,941,735	377,086	23,436,712	41,172,945
Nov-08	(8,025,666)	(429,252)	(76,228)	(924,122)	(244,068)	173,564	(20,485,335)	107,953	7,937,368	(21,965,786)
Dec-08										0
Jan-09										0
Feb-09										0
Mar-09										0
Apr-09										0
May-09										0
Jun-09										0
<b>GROSS INCOME TOTAL</b>	<b>\$1,851,786</b>	<b>\$68,053</b>	<b>\$16,277</b>	<b>\$2,840,133</b>	<b>\$673,397</b>	<b>\$12,822,776</b>	<b>\$3,954,297</b>	<b>\$1,154,691</b>	<b>\$53,971,398</b>	<b>\$77,352,808</b>
<b>DISTRIBUTION BREAKDOWN:</b>										
Management Costs	(1,489,185)	(75,543)	(14,500)	(321,099)	(79,794)	(641,004)	(3,526,501)	(27,290)	(1,754,657)	(7,929,573)
<b>NET INCOME TOTAL</b>	<b>\$362,601</b>	<b>(\$7,490)</b>	<b>\$1,777</b>	<b>\$2,519,034</b>	<b>\$593,603</b>	<b>\$12,181,772</b>	<b>\$427,796</b>	<b>\$1,127,401</b>	<b>\$52,216,741</b>	<b>\$69,423,235</b>
	Common School Permanent Land	Permanent Land	University (students)	Hathaway Scholarship	Excellence in Higher Ed	Workers' Compensation	WY Permanent Mineral Trust Fund	Tobacco Trust Fund	State Agency Pool *	

\*The General Fund is invested within the State AgencyPool. The current month investment income is \$4,528,242 and the YTD investment income is \$31,814,876.96

AT A GLANCE

INVESTMENT INCOME By Fund and By Type-- Fiscal Year 2009

DATE	TYPE	Common School Permanent Land	Permanent Land	University (students)	Hathaway Scholarship	Excellence in Higher Education	Workers' Compensation	WY Permanent Mineral Trust Fund	Tobacco Trust Fund	State Agency	TOTAL
(for month of..)											
Jul-08											
	Dividends	\$1,745,833	\$89,467	\$15,566	\$263,890	\$68,880	\$433,173	\$4,011,177	\$7,165	\$374,857	\$7,010,008
	Interest Income	2,901,605	178,476	35,514	1,126,788	280,798	2,681,742	7,216,170	369,039	15,849,349	30,639,483
	Realized Gains (Losses)	(632,532)	(48,371)	(8,552)	(431,692)	(108,342)	(1,752,001)	(1,693,499)	(102,511)	(5,821,960)	(10,599,460)
	TOTAL	4,014,906	219,572	42,528	958,987	241,336	1,362,914	9,533,848	273,694	10,402,246	27,050,030
Aug-08											
	Dividends	1,621,261	83,798	15,070	239,359	63,289	302,589	3,780,187	0	0	6,105,553
	Interest Income	2,144,726	169,342	31,390	1,158,404	288,427	3,786,601	5,554,683	373,440	9,905,705	23,412,718
	Realized Gains (Losses)	(2,198,706)	(124,405)	(22,313)	(639,370)	(162,642)	(1,320,118)	(5,581,093)	(73,940)	(3,839,523)	(13,962,109)
	TOTAL	1,567,281	128,735	24,147	758,393	189,074	2,769,072	3,753,777	299,500	6,066,183	15,556,161
Sep-08											
	Dividends	892,125	45,765	8,779	129,975	33,921	169,608	2,072,392	0	0	3,352,565
	Interest Income	4,021,833	144,565	22,294	919,359	230,067	3,782,414	9,195,886	159,048	9,257,017	27,732,482
	Realized Gains (Losses)	(2,968,683)	(158,209)	(28,157)	(611,936)	(156,759)	(1,373,126)	(7,058,004)	(62,590)	(3,128,127)	(15,545,590)
	TOTAL	1,945,275	32,121	2,917	437,398	107,229	2,578,896	4,210,273	96,458	6,128,890	15,539,457
Oct-08											
	Dividends	1,381,226	70,634	12,922	237,886	60,579	383,676	3,193,996	7,232	349,335	5,697,485
	Interest Income	2,793,765	120,526	20,841	1,194,695	290,652	3,617,829	6,840,680	140,793	11,455,510	26,475,292
	Realized Gains (Losses)	(1,825,002)	(74,284)	(10,849)	176,896	28,595	1,936,825	(3,092,941)	229,061	11,631,866	9,000,168
	TOTAL	2,349,990	116,876	22,914	1,609,477	379,826	5,938,330	6,941,735	377,086	23,436,712	41,172,945
Nov-08											
	Dividends	1,912,191	98,415	17,642	272,884	70,464	352,409	4,445,377	0	0	7,169,382
	Interest Income	3,732,171	194,572	38,562	1,452,215	344,579	3,593,937	7,684,357	183,548	11,534,657	28,758,599
	Realized Gains (Losses)	(13,670,028)	(722,239)	(132,432)	(2,649,221)	(659,111)	(3,772,782)	(32,615,069)	(75,595)	(3,597,289)	(57,893,767)
	TOTAL	(8,025,666)	(429,252)	(76,228)	(924,122)	(244,068)	173,564	(20,485,335)	107,953	7,937,368	(21,965,786)
TOTAL GROSS INCOME											
	Dividends	7,552,637	388,079	69,979	1,143,994	297,134	1,641,454	17,503,127	14,397	724,192	29,334,994
	Interest Income	15,594,100	807,481	148,601	5,851,461	1,434,522	17,462,523	36,491,777	1,225,869	58,002,239	137,018,573
	Realized Gains (Losses)	(21,294,951)	(1,127,507)	(202,303)	(4,155,322)	(1,058,259)	(6,281,201)	(50,040,607)	(85,575)	(4,755,034)	(89,000,760)
	TOTAL GROSS INCOME	\$1,851,786	\$68,053	\$16,277	\$2,840,133	\$673,397	\$12,822,776	\$3,954,297	\$1,154,691	\$53,971,398	\$77,352,808

**PERMANENT WYOMING MINERAL TRUST FUND**  
**Fiscal Years 04 through 09 (July-November 2008) Analyzed and Compared**

(\$ Millions)

July-November 2008

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Beginning Book Value	\$2,057.6	\$2,252.4	\$2,472.6	\$2,968.4	\$3,329.5	\$3,896.6
Beginning Market Value	2,050.8	2,218.2	2,557.8	3,070.6	3,728.1	4,135.4
-Difference	(6.8)	(34.2)	85.2	102.2	398.6	238.9
-Percent	-0.3%	-1.5%	3.4%	3.4%	12.0%	6.1%
Income not yet transferred to General Fund						\$21.7
Additions to Corpus	\$194.8	\$220.2	\$495.8	\$361.0	\$567.1	\$194.8
-Constitutional Severance Tax 1.5% Dep	144.8	168.6	243.6	193.1	213.6	116.9
-Add'l Severance Tax 1%			162.4	128.7	142.4	77.9
-Additional Legislative Deposits	50.0	51.6	89.9	20.0	40.0	0.0
-Spending Policy Reversions				19.2	171.1	0.0
Ending Book Value	\$2,252.4	\$2,472.6	\$2,968.4	\$3,329.5	\$3,896.6	\$4,113.1
Ending Market Value	2,218.2	2,557.8	3,070.6	3,728.1	4,135.4	3,630.3
-Difference	(34.2)	85.2	102.2	398.6	238.9	(482.8)
-Percent	-1.5%	3.4%	3.4%	12.0%	6.1%	-11.7%
Total Income (gross of fees)	\$102.9	\$90.6	\$127.9	\$156.7	\$329.3	\$4.0
-Interest	90.6	77.1	81.1	87.4	101.5	17.5
-Dividend	4.9	11.1	19.8	31.8	38.4	36.5
-Realized Capital Gain (or Loss)	7.4	2.4	26.9	37.6	189.4	(50.0)
Change in Book Value	\$194.8	\$220.2	\$495.8	\$361.0	\$567.1	\$216.5
Change in Market Value	167.3	339.6	512.9	657.5	407.3	(505.2)
Cash Yield	4.76%	3.87%	4.81%	4.96%	9.02%	0.24%
Total Return	3.51%	8.40%	6.62%	14.83%	2.44%	-17.11%

1. Note: "Total Income" is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest and realized and unrealized capital gains. The Treasurer's Office calculates the "Cash Yield" return above based on average book value. RV Kuhns calculates total return based on the time-weighted rate of return - essentially compounded growth.

2. "Ending Book Values" from FY04 through FY06 do not correspond to prior year reports due to corrections made to "Spending Policy Reversions" in FY08.

**COMMON SCHOOL PERMANENT LAND FUND**  
**Fiscal Years 04 through 09 (July-November 2008) Analyzed and Compared**

(\$ Millions)

July-November 2008

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Beginning Book Value	\$1,006.5	\$1,076.2	\$1,164.9	\$1,318.6	\$1,466.2	\$1,682.7
Beginning Market Value	1,013.9	1,014.3	1,165.2	1,371.6	1,676.7	1,766.0
-Difference	7.3	(61.9)	0.4	53.1	210.5	83.3
-Percent	0.7%	-5.7%	0.0%	4.0%	14.4%	5.0%
Additions to Corpus	\$69.6	\$88.7	\$153.7	\$147.7	\$216.5	\$80.7
-Sales, Royalties, Leases, etc.	66.0	88.4	153.7	147.7	161.3	80.7
-Additional Legislative Deposits	1.0	0.0	0.0	0.0	0.0	0.0
-Spending Policy Reversions	2.6	0.2	0.0	0.0	55.1	0.0
Ending Book Value	\$1,076.2	\$1,164.9	\$1,318.6	\$1,466.2	\$1,682.7	\$1,763.4
Ending Market Value	1,014.3	1,165.2	1,371.6	1,676.7	1,766.0	1,540.7
-Difference	(61.9)	0.4	53.1	210.5	83.3	(222.7)
-Percent	-5.7%	0.0%	4.0%	14.4%	5.0%	-12.6%
Total Income (gross of fees)	\$50.7	\$52.7	\$55.9	\$68.5	\$137.1	\$1.9
-Interest	43.2	38.6	37.6	36.1	37.7	7.6
-Dividend	2.7	5.7	9.0	13.8	16.5	15.6
-Realized Capital Gain (or Loss)	4.8	8.3	9.3	18.6	82.9	(21.3)
Change in Book Value	\$69.6	\$88.7	\$153.7	\$147.7	\$216.5	\$80.7
Change in Market Value	0.4	150.9	206.4	305.1	89.3	(225.4)
Cash Yield	5.01%	4.87%	4.59%	4.98%	9.51%	0.26%
Total Return	4.84%	8.66%	6.02%	14.87%	2.27%	-16.29%

1. Note: "Total Income" is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest and realized and unrealized capital gains. The Treasurer's Office calculates the "Cash Yield" return above based on average book value. RV Kuhns calculates total return based on the time-weighted rate of return - essentially compounded growth.

2. "Ending Book Values" from FY04 through FY07 do not correspond to prior year reports due to corrections made to "Spending Policy Reversions" in FY08.

3. Includes \$5 million Common School funds invested in the State Agency Pool.

# WYOMING INVESTMENTS

As of November 30, 2008

<u>Program</u>	<u>See Notes next page</u>	<u>Statutory Allotment</u>	<u>Outstanding Investments</u>	<u>Amount Available</u>
<b><u>Investments for Public Purposes</u></b>				
Farm Loans	A	\$275,000,000	\$32,851,176	\$242,148,824
Irrigation Loans	B	20,000,000	7,367,593	12,632,407
Joint Powers Loans	C	30,000,000	8,164,876	21,835,124
Student Loans	D	25,000,000	0	25,000,000
Small Business Assistance & FmHA Ag Loans	E	55,000,000	1,403,543	53,596,457
Hot Springs State Park	F	2,000,000	244,603	1,755,397
Shoshone Municipal Pipeline Treatment Plant	G	16,500,000	13,708,463	0
Sheridan Area Water Treatment Project	H	6,750,000	6,236,108	0
Laramie Territorial Park Loan	J	10,000,000	10,000,000	0
Reimbursement to Counties for Deferred Taxes	K	2,000,000	22,184	1,977,816
Industrial Development Bonds	L	100,000,000	0	100,000,000
Airport Loans-Aeronautics Commission	M	10,000,000	3,575,432	6,424,568
		<u>\$552,250,000</u>	<u>\$83,573,978</u>	<u>\$465,370,593</u>

\*The list of investments shown above are investments of state funds for a specific public purpose, other than permissible investments made in compliance with W.S. 9-4-715 and 9-4-831 in accordance with state investment policy (W.S. 9-4-716), which are authorized or directed by the legislature in law. As stipulated in W.S. 9-4-715(n), investments of permanent funds for specific public purposes are limited to \$500 million. Prior to the convening of each general session of the legislature, the State Treasurer shall, after consultation with the State Loan and Investment Board, recommend to the Select Committee on Capital Financing and Investments whether any adjustment should be made in the limitation. The Treasurer closely monitors the outstanding balances of these investments to ensure the statutory limitation is not exceeded. Most of these investments are from the Permanent Mineral Trust Fund.

**In addition to the specific public purpose investments listed above, the following statutory commitments have been made:**

		<u>Commitment Amount</u>	<u>Outstanding Investments</u>	<u>Commitment Amount Available</u>
Student Loan Stand-By Commitment	N	\$90,000,000	\$0	\$90,000,000
Wyoming Community Development Authority Mortgage Bonds	O	25,000,000	866,064	0
		<u>\$115,000,000</u>	<u>\$866,064</u>	<u>\$90,000,000</u>

**Also, there are statutory loans from the general fund as follows:**

		<u>Total Original Loan Amounts</u>	<u>Outstanding Investments</u>	<u>Loan Funds Not Yet Requested</u>
Wyoming Gas Pipeline Authority	P	\$4,652,895	\$4,088,795	\$0
Wyoming Infrastructure Authority	Q	15,192,605	7,192,605	8,000,000
		<u>\$19,845,500</u>	<u>\$11,281,400</u>	<u>\$8,000,000</u>

**Other Wyoming Investments**

	<u>Outstanding Investments</u>	<u>Outstanding Investments</u>	<u>Outstanding Investments</u>
Basin Electric Power Bond	\$34,500,000		
Cheyenne Stage II GIC	13,460,659		
Drainage District Bonds	29,500		
Time Deposit Open Account Banking Program	150,000,000		
State Fair Imprest Funds	150,000		
Wyoming Community College Bonds	7,000		
Wyoming Real Estate - Land	\$8,921,251	6,592,226	
Wyoming Tax Exempt Trust GIC		4,559,591	
	<u>\$8,921,251</u>	<u>\$209,298,976</u>	<u>\$0</u>
<b>Total Wyoming Investments</b>		<u><b>\$305,020,418</b></u>	

# WYOMING INVESTMENTS

## Notes & Statutory References

The following are statutory references for Wyoming investments:

- (A) Farm loans under W.S. 11-34-129;
- (B) Irrigation district loans under W.S. 11-34-301;
- (C) Joint Powers loans under W.S. 16-1-109;
- (D) W.S. 9-4-701(f), student loans;
- (E) W.S. 9-4-701(e), guaranteed portion of certain Small Business Assistance Act loans and guaranteed portion of certain Farmers Home Administration loans; no new loans are to be made after December 31, 2006;
- (F) Hot Springs state park loans under W.S. 36-8-318;
- (G) Shoshone municipal water treatment project, under 1987 Wyoming Session Laws, Chapter 117, as amended;
- (H) Sheridan area water treatment project, under 1989 Wyoming Session Laws, Chapter 230, as amended;
- (I) Cheyenne water plant project under 1998 Wyoming Sessions Laws, chapter 104, as amended;
- (J) Laramie territorial park, under 1989 Wyoming Session Laws, Chapter 285, as amended;
- (K) W.S. 9-4-701(m), deferred property taxes;
- (L) W.S. 9-4-701(q), industrial development bonds;
- (M) Airport construction, development & improvement loans under W.S. 10-3-403;

### **Statutory commitments:**

- (N) W.S. 21-16-714, Student Loan Stand-By Commitment. This would be an investment only if it were needed to cover a default in the Student Loan Program. There has been no such incident since the legislation was established. The statutory allotment for this commitment is \$145 million of which there is an outstanding commitment agreement to cover \$90 million of outstanding student loans.
- (O) Purchase of up to \$100 million WCDA bonds was authorized from the Common School Permanent Land Fund; however, the authorization period ended with only \$25 million actually used;

### **Statutory loans from the general fund:**

- (P) 2003 Session Laws, Chapter 171, Sec. 4 - \$279,500 for operating expenses (paid in full); 2004 Session Laws, Chapter 83, Sec. 3 - \$284,600 for payment of insurance costs & professional services (paid in full); 2004 Session Laws, Chapter 95, Sec. 321 - \$1,383,550 for operating expenses; 2006 Session Laws, Chapter 35, Sec. 304 - \$1,267,253 for operating expenses; 2008 Session Laws, Chapter 48, Sec. 304 - \$1,437,992 for operating expenses;
- (Q) 2004 Session Laws, Chapter 84, Sec. 4 - \$250,000 for operating expenses; 2005 Session Laws, Ch. 191, Sec. 191 - \$1,610,500 for operating expenses and \$5,000,000 for transmission development projects (only \$2 million of this \$5 million has been requested, approved & funded); 2006 Session Laws, Chapter 35, Sec 305 - \$1,623,540 for operating expenses and \$5,000,000 for transmission development projects (none of this \$5 million has been requested or funded); 2008 Session Laws, Chapter 48, Sec. 305 - \$1,708,565 for operating expenses.

# WYO-STAR

## Wyoming State Treasurer's Asset Reserve

In 1987 the Wyoming State Legislature authorized any county, municipality, school district or any other local government entity to participate in the WYO-STAR program (W.S. 9-1-416).

The Wyoming State Treasurer established an investment pool or common fund in which all monies are commingled for investment purposes. Each participant has an individual interest in the pool based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Separate accounts are maintained for each governmental entity. All investments conform to the statute covering the State Treasurer's other investments (W.S. 9-4-831).

J. P. Morgan Asset Management continues to manage the WYO-STAR portfolio. Safety of principal is always the foremost objective of the investment manager. Liquidity being the second objective, WYO-STAR continues to guarantee the return of funds on a 24-hour notice.

During FY97 WYO-STAR rules were amended to allow income to be distributed to participants on a monthly basis. Also, ACH (automated clearing house) has replaced wire transfer in returning participants' funds. Timeliness and cost savings prompted this change.

General information about the WYO-STAR program, daily rate information and forms have been made available through the Treasurer's website. Participants can access their accounts via the internet. This service is called Internet Participant Access System (IPAS). In mid-October 2007, the IPAS system was upgraded to improve the participant's overall ease of use. This service has been received by participants as very beneficial.

In late November and early December 2007, WYOSTAR participants were notified about the investment pool's exposure to subprime mortgage investments. Participants were informed that WYOSTAR has (i) zero exposure to subprime mortgages, (ii) has zero exposure to corporate bonds, (iii) does not hold asset backed commercial paper, and (iv) all securities carry a AAA rating or an implied AAA rating.

In September 2008, participants were notified to reinforce that, in the current financial crisis; the primary goal of the WYO-STAR portfolio is to pursue a short-term and extended-term fixed income investment strategy. The WYO-STAR portfolio maintains an exceptionally strong credit and liquidity profile. This rigorous risk management approach has been tailored to meet the State's investment guidelines and position the WYO-STAR portfolio defensively.

WYO-STAR investments, conformance to state statutes, and manager performance are reviewed quarterly by the consultant R.V. Kuhns & Associates, Inc. hired by the State Loan and Investment Board. This board is made up of the five elected officials, the Governor, Secretary of State, Auditor, Treasurer and Superintendent of Public Instruction.

WYO-STAR yields realized in FY09 are as follows:

07/08	2.595%	10/08	2.267%
08/08	2.618%	11/08	1.983%
09/08	2.633%		

The annualized yield for the first five months of FY09 was 2.438%.

As of November 30, 2008, there were 149 active participants. (Some participants have multiple accounts). WYO-STAR pool balance on November 30, 2008, was \$292,140,409.51. Participants earned \$2,859,196.09 in the first five months of FY09.

This page intentionally left blank

**SPENDING POLICY: PERMANENT WYOMING MINERAL TRUST FUND (PWMTF)**

Prepared Following October 2008 CREG

last update 10/20/2008

W.S. 9-4-719 established annual spending policy amounts from the PWMTF (currently five percent (5%) of the average five (5) year rolling average market value) and created the PWMTF reserve account. To the extent earnings from the PWMTF exceed the five percent (5%) spending policy amount, the excess earnings flow to the PWMTF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the PWMTF.

The spending policy amount for fiscal year 2008 was \$136,254,892. Total PWMTF investment income for FY08 was \$321,357,789. Investment earnings in excess of this spending policy amount (\$185,102,897) was deposited into the PWMTF reserve account via a general fund appropriation at the end of FY 08. The 2008 fiscal year end balance in the reserve account exceeded 75% of this spending policy amount by \$171,125,137, thus this amount was transferred to the corpus of the PWMTF at the end of FY 2008.

The five percent (5%) spending policy amount for fiscal year 2009 is \$157,100,790. Investment income for FY09 through FY12 reflect October 2008 CREG estimates. Based on these estimates, investment income for FY09 through FY12 is less than the five percent (5%) spending policy amount. Thus no income is projected to flow to the reserve account or corpus during this time. Note, however, that investment income projections only include interest income and dividends and do not include any capital gains that may be realized.

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% reverts to Corpus	Ending Reserve Balance
7/1/97	1,396,009,173	1998										
7/1/98	1,507,006,444	1999										
7/1/99	1,540,767,270	2000										
7/1/00	1,539,636,928	2001										
7/1/01	1,755,553,508	2002	1,547,794,665	8.000%	123,823,573	90,510,496	0		92,867,680		0	
7/1/02	1,864,380,749	2003	1,641,468,980	7.625%	125,162,010	58,647,855	0		93,871,507		0	
7/1/03	2,050,845,569	2004	1,750,236,805	5.000%	87,511,840	98,110,315	10,598,475 (f)		10,598,475	65,633,881	0	10,598,475
7/1/04	2,218,179,475	2005	1,885,719,246	5.000%	94,285,962	87,789,397	0	44,500,000 (b)	56,747,488 (c)	70,714,472	0	55,098,475 (d)
7/1/05	2,557,758,285	2006	2,089,343,517	5.000%	104,467,176	123,952,616	19,485,440 (f)		74,583,915	78,350,382	0	74,583,915
7/1/06	3,070,623,840	2007	2,352,357,584	5.000%	117,617,879	150,487,083	32,869,204 (f)		107,453,119	88,213,409	19,239,709 (e)	88,213,409
7/1/07	3,728,082,077	2008	2,725,097,849	5.000%	136,254,892	321,357,789	185,102,897		273,316,306	102,191,169	171,125,137	102,191,169
7/1/08	4,135,435,366	2009	3,142,015,809	5.000%	157,100,790 *	62,100,000 **	0		102,191,169	117,825,593	0	102,191,169
7/1/09	4,464,510,000	2010	3,591,281,914	5.000%	179,564,096	145,700,000 **	0		102,191,169	134,673,072	0	102,191,169
7/1/10	4,893,310,000	2011	4,058,392,257	5.000%	202,919,613	160,300,000 **	0		102,191,169	152,189,710	0	102,191,169
7/1/11	5,333,810,000	2012	4,511,029,489	5.000%	225,551,474	175,300,000 **	0		102,191,169	169,163,606	0	102,191,169
7/1/12	5,784,210,000	2013	4,922,255,073	5.000%	246,112,754	190,600,000 **	0		102,191,169	184,584,565	0	102,191,169
7/1/13	6,242,710,000	2014	5,142,330,894	5.000%	257,116,545	206,100,000 **	0		102,191,169	192,837,409	0	102,191,169

Source: W.S. 9-4-719

\* Reflects actual spending policy amount for FY09 - amounts shown in green are actual for FY2009

\*\*Reflects investment income projections based on October 2008 CREG estimates - all amounts shown in yellow are projections

**Notes:**

- (a) Total Market Value for FY09 & Prior are Actual Market Value and FY10 and beyond is based on Value Basis (book/cost value)
- (b) Appropriation from General Fund to this reserve account-2004 budget session
- (c) Reflects addition of \$1,649,014 realized earned income on reserve account.
- (d) Reflects balance following correction of \$1,649,014 realized earned income-transfer out to general fund.
- (e) Reflects \$12,109,656 reduction of reversion to corpus following correction of market values
- (f) Reflects reduction in amount to reserve following correction of market values--\$9,599,515 transferred back to general fund

**SPENDING POLICY: COMMON SCHOOL PERMANENT LAND FUND (CSPLF)**

Prepared Following October 2008 CREG

last update 10/20/2008

W.S. 9-4-719 established annual spending policy amounts from the CSPLF (currently five percent (5%) of the average five (5) year rolling average market value) and created the CSPLF reserve account. To the extent earnings from the CSPLF exceed the five percent (5%) spending policy amount, the excess earnings flow to the CSPLF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the CSPLF.

The spending policy amount for fiscal year 2008 was \$62,433,632. Total CSPLF investment income for FY08 was \$133,866,762. In FY08, investment earnings in excess of the spending policy amount (\$71,433,150) were deposited into the CSPLF reserve account via an appropriation from the school foundation program account from revenues the school foundation program account would otherwise have received from federal mineral royalty revenue over the \$200 million cap. The school foundation program, in turn, received a general fund appropriation in FY08 of \$56,514,455. (Prior to FY08, earnings in excess of the spending policy amount were deposited into the CSPLF reserve account via a general fund appropriation.) The fiscal year end balance in the reserve account exceeded 75% of this spending policy amount by \$55,146,837, thus this amount was transferred to the corpus of the CSPLF at the end of FY 2008.

The spending policy amount for fiscal year 2009 is \$69,955,134. Investment income for FY09 through FY12 reflect October 2008 CREG estimates. Based on these estimates, investment income for FY09 through FY12 is less than the five percent (5%) spending policy amount. Thus no income is projected to flow to the reserve account or corpus during this time. Note, however, that investment income projections only include interest income and dividends and do not include any capital gains that may be realized.

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% reverts to Corpus	Ending Reserve Balance
7/1/97	782,431,215	1998										
7/1/98	838,949,498	1999										
7/1/99	857,362,587	2000										
7/1/00	839,611,767	2001										
7/1/01	899,161,216	2002	843,503,257	8.200%	69,167,267	37,700,000	0			51,875,450	0	
7/1/02	930,348,643	2003	873,086,742	7.825%	68,319,038	36,070,760	0			51,239,278	0	
7/1/03	1,013,895,764	2004	908,075,995	5.000%	45,403,800	48,190,294	2,786,494 (h)		2,786,494	34,052,850	0	2,786,494
7/1/04	1,014,318,667	2005	939,467,211	5.000%	46,973,361	51,092,246	4,118,885 (h)	30,000,000 (b)	37,852,862 (e)	35,230,020	2,622,841 (g)	34,282,538 (f)
7/1/05	1,165,218,792	2006	1,004,588,616	5.000%	50,229,431	53,845,180	3,615,749 (h)		37,898,288	37,672,073	226,214 (g)	37,672,073
7/1/06	1,371,627,543	2007	1,099,081,882	5.000%	54,954,094	65,520,931	10,566,837 (h)	(13,500,000) (c)				
7/1/07	1,678,302,393	2008	1,248,672,632	5.000%	62,433,632	133,866,782	71,433,150	(4,200,000) (d)	30,538,910	41,215,571	0	30,538,910
7/1/08	1,766,046,029	2009	1,399,102,685	5.000%	69,955,134 *	26,800,000 **	0		101,972,060	46,825,224	55,146,837	46,825,224
7/1/09	1,842,340,000	2010	1,564,706,951	5.000%	78,235,348	56,300,000 **	0		46,825,224	52,466,351	0	46,825,224
7/1/10	2,043,140,000	2011	1,740,291,193	5.000%	87,014,560	61,900,000 **	0		46,825,224	58,676,511	0	46,825,224
7/1/11	2,224,140,000	2012	1,910,793,684	5.000%	95,539,684	66,800,000 **	0		46,825,224	65,260,920	0	46,825,224
7/1/12	2,384,040,000	2013	2,051,941,206	5.000%	102,597,060	71,200,000 **	0		46,825,224	71,654,763	0	46,825,224
7/1/13	2,529,340,000	2014	2,131,507,672	5.000%	106,575,384	75,300,000 **	0		46,825,224	76,947,795	0	46,825,224
									46,825,224	79,931,538	0	46,825,224

\* Reflects actual spending policy amount for FY09 - all amounts shown in green are actual for FY2009

\*\*Reflects investment income projections based on October 2008 CREG estimates - amounts shown in yellow are projections

Source: W.S. 9-4-719

- (a) Total Market Value for FY09 & Prior are Actual Market Value and FY10 and beyond is based on Value Basis (book/cost value)
- (b) \$30,000,000 was appropriated from the school foundation account into this reserve account-2004 budget session
- (c) \$13,500,000 was appropriated from this reserve account into the Hathaway scholarship expenditure account-2006 budget session
- (d) \$4,200,000 was appropriated from this reserve account for distribution to the community colleges and the University of Wyoming to begin to implement the plan for excellence in the higher education endowment--\$2.8 million to UW and \$1.4 million equally split among the seven (7) community colleges.
- (e) Reflects addition of \$947,482 realized earned income on reserve account.
- (f) Reflects balance following correction of \$947,482 realized earned income-transfer out to CSPLF income fund.
- (g) Reflects reduction in amount to revert to corpus following correction of market values--\$1,099,854 transferred back to reserve
- (h) Reflects reduction in amount to reserve following correction of market values--\$1,076,494 transferred back to general fund

## RESERVE ACCOUNT: HATHAWAY STUDENT SCHOLARSHIP ENDOWMENT

Prepared Following October 2008 CREG

last update 10/20/2008

W.S. 21-16-1302 established the Hathaway student scholarship reserve account. All unexpended and unencumbered monies within the Hathaway scholarship expenditure account at the end of each fiscal year are deposited into the Hathaway student scholarship reserve account. To the extent funds within the Hathaway scholarship expenditure account are not sufficient in any fiscal year to fully fund scholarships awarded pursuant to 21-16-1304 through 21-16-1306, monies are transferred from the reserve account to the expenditure account for distribution to eligible institutions to fund scholarships. At the end of each fiscal year, if funds in the reserve account are more than the greater of \$12 million or the amount equal to 3.75% of the previous five-year average market value of the Hathaway student scholarship endowment fund (corpus), the excess is transferred to corpus on or after July 1 each year.

During FY08, \$1,717,263 was transferred out of the Hathaway reserve to the Hathaway expenditure account to fully fund scholarships awarded during the fiscal year. At the end of FY08, a total of \$9,551,260 was transferred from the Hathaway scholarship expenditure account to the Hathaway scholarship reserve account and \$19,252,450 was transferred from the Hathaway reserve account to the corpus of the Hathaway Student Scholarship Endowment fund leaving a balance of \$12,000,000 in the Hathaway reserve account at the end of fiscal year 2008.

Investment income for FY09 through FY12 reflects October 2008 CREG estimates. Based on these estimates, investment income for FY09 through FY12 is less than the five percent (5%) spending policy amount. Thus no income is projected to flow to the reserve account or corpus during this time. Note, however, that projected investment income only includes interest income and dividends and do not include any capital gains that may be realized

HATH as of 7/1	For FY	Total HATH Investments at MARKET	Rolling 5 Year Average	Percentage in Statute <small>21-16-1302 (b)</small>	3.75% of 5 Yr Avg	Statutory Amount	X Greater of the 3.75% or Stat Amt <small>Comparison of statutory amt and 3.75% of 5 Yr Avg</small>	Transfers into Reserve from Expenditure Account	Transfers from Reserve to Expenditure Account (for scholarships)	Cash Balance of Reserve (after transfers)	Amount Reverts to Corpus	Ending Cash Balance of Reserve s/be
2005	FY06	3,397,432 (a)	3,397,432									
2006	FY07	210,027,477 (a)	106,712,454					23,418,453	0	23,418,453	0	23,418,453
2007	FY08	298,312,993 (a)	170,579,301	3.75%	6,396,724	12,000,000	12,000,000	9,551,260	(1,717,263)	31,252,450	(19,252,450)	12,000,000
2008	FY09	417,997,280 (b)	232,433,795	3.75%	8,716,267	12,000,000	12,000,000	0	(846,086) (d) (1,809,876)	11,153,914 9,344,038	0	11,153,914 9,344,038
2009	FY10	444,068,700 (c)	274,760,776	3.75%	10,303,529	12,000,000	13,064,018	1,703,614	(288,200) (1,978,535)	10,759,452 8,780,917	0	10,759,452 8,780,917
2010	FY11	469,252,500 (c)	367,931,790	3.75%	13,797,442	12,000,000	17,368,150	1,170,157	(86,193) (2,702,117)	9,864,881 7,162,764	0	9,864,881 7,162,764
2011	FY12	469,252,500 (c)	419,776,795	3.75%	15,741,630	12,000,000	19,735,126	0	(356,826)	6,805,938	0	6,805,938
2012	FY13	469,252,500 (c)	453,964,696	3.75%	17,023,676	12,000,000	19,735,126	0	(623,041)	6,182,897	0	6,182,897

Amounts shown in green for are actual for FY09

Amounts shown in yellow for FY10 through FY14 are projections based on October 2008 CREG estimates & Dept of Ed's scholarship projections (v5.09/03/08)

Source: W.S. 21-16-1302(b)

- (a) Total Market Value for FY06 - FY08 are based on Hathaway portion of SAP market value
- (b) Total Market Value for FY09 is based on actual market value
- (c) Total Market Value for FY10 and beyond is based on Value Basis (book/cost value)
- (d) Reflects net transfer-two colleges requested payment for full fall enrollment estimate rather than 75% of estimate

## SPENDING POLICY: EXCELLENCE IN HIGHER EDUCATION ENDOWMENT (Higher Ed)

Prepared Following October 2008 CREG

last update 10/20/2008

W.S. 9-4-719 established annual spending policy amounts from the Excellence in Higher Education (Higher Ed) Endowment fund (currently five percent (5%) of the average five (5) year rolling average market value) and created the Excellence in Higher Education Endowment (Higher Ed) reserve account. To the extent investment earnings from the Higher Ed Endowment fund exceed the five percent (5%) spending policy amount, the excess earnings flow to the Higher Ed reserve account. If the investment earnings from the Higher Education Endowment fund are less than the five percent (5%) spending policy amount, an amount equal to the difference is taken from the Higher Ed reserve account and distributed to the University of Wyoming and seven community college foundations in accordance with W.S. 21-16-1201.

The spending policy amount for fiscal year 2008 was \$3,181,198. Total investment income from the Higher Education Endowment fund for FY08 was \$4,474,394. In FY08, investment earnings in excess of the spending policy amount (\$1,293,196) were deposited into the Higher Ed reserve account. The 2008 fiscal year end balance in the reserve account did not exceed 75% of this spending policy amount, thus no funds flowed from the reserve account to the corpus of the Higher Education Endowment fund.

The spending policy amount for fiscal year 2009 is \$3,867,815. Investment income for FY09 through FY12 reflect October 2008 CREG estimates. Based on these estimates, investment income for FY09 through FY12 is less than the five percent (5%) spending policy amount, thus no income is projected to flow into the reserve account or corpus. Normally, the amount of revenue needed to ensure distribution of the full spending policy amount is taken from the reserve account, however, there are insufficient funds in the reserve account to distribute the full spending policy amount. Note, however, that projected investment income projections only include interest income and dividends and do not include any capital gains that may be realized.

As of	Total Market Value	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Earnings over 5% of spending policy amount to Reserve Acct	Earnings less than 5% of spending policy from Reserve Acct to be distributed	Year End Reserve Balance Before Reversion to Corpus or to cover shortfall	75% of Spending Policy	Over 75% reverts to Corpus	Ending Reserve Balance
7/1/05	929,697 (a)	2006		5.000%	0.00	0	0		0	0	0	0
7/1/06	48,379,952 (a)	2007	48,379,952	5.000%	2,418,998	726,921	0		0	1,814,248	0	0
7/1/07	78,867,967 (a)	2008	63,623,960	5.000%	3,181,198	4,474,394	1,293,196		1,293,196	2,385,898	0	1,293,196
7/1/08	104,820,958 (b)	2009	77,356,292	5.000%	3,867,815 *	2,150,000 **	0	(1,717,815)	0	2,900,861	0	0
7/1/09	105,000,000 (c)	2010	84,267,219	5.000%	4,213,361	3,266,000 **	0	(947,361)	0	3,160,021	0	0
7/1/10	105,000,000 (c)	2011	88,413,775	5.000%	4,420,689	3,266,000 **	0	(1,154,689)	0	3,315,517	0	0
7/1/11	105,000,000 (c)	2012	99,737,785	5.000%	4,986,889	3,266,000 **	0	(1,720,889)	0	3,740,167	0	0
7/1/12	105,000,000 (c)	2013	104,964,192	5.000%	5,248,210	3,266,000 **	0	(1,982,210)	0	3,936,157	0	0
7/1/13	105,000,000 (c)	2014	104,970,160	5.000%	5,248,508	3,266,000 **	0	(1,982,508)	0	3,936,381	0	0

\* Reflects actual spending policy amount for FY09 - amounts shown in green are actual for FY2009

\*\*Reflects investment income projections based on October 2008 CREG estimates - all amounts shown in yellow are projections

Source: W.S. 9-4-719

Notes:

(a) Total Market Value for FY06 - FY08 are based on Higher Ed portion of SAP market value

(b) Total Market Value for FY09 is based on actual market value

(c) Total Market Value for FY10 & beyond is based on Value Basis (book/cost value)

Spending Policy began 07/01/06

Amount Short in Reserve to distribute to colleges for the difference between 5% Spending Policy Amount and the Projected Investment Income	
FY09	\$424,619
FY10	\$947,361
FY11	\$1,154,689
FY12	\$1,720,889
FY13	\$1,982,210
FY14	\$1,984,000

## **INTERFUND BORROWING FROM COMMON SCHOOL PERMANENT LAND FUND FOR SCHOOL FOUNDATION PROGRAM**

For several years the state issued tax and revenue anticipation notes (TRANS), as authorized by W.S. 9-4-1101 through 9-4-1105, to fund temporary cash flow shortfalls in the school foundation fund in order to make school foundation program payments to Wyoming school districts as required by Wyoming Statutes. Beginning with fiscal year 2008, however, cash flows needs to cover school foundation program payments are being met by utilizing temporary interfund borrowing from the corpus of the Common School Permanent Land Fund (CSPLF) at 6% interest as allowed by W.S. 21-13-316.

A cash flow analysis spreadsheet is included on the following page that shows the actual revenue receipts and disbursements from July 2008 through November 2008, as well as projected revenue receipts, the schedule of statutory school foundation payments, and the incorporation of interfund borrowing from and repayment to the CSPLF for the balance of fiscal year 2009.

During fiscal year 2008, interest payments from the school foundation program for this interfund borrowing totaled \$4,565,834. The amount of interest paid to the Common School Permanent Land Fund account was reported as income to the account to be distributed among all school districts during FY 09 as provided by Wyoming Statute. For fiscal year 2009, the projected interest payments from the school foundation program for interfund borrowing is projected to be much lower (\$280,000 based on the October CREG estimates.)

There are several reasons for the lack of liquidity to make scheduled school foundation program payments. They include timing of receipt of revenues primarily from federal mineral royalties and ad valorem taxes and the statutory schedule of payments to school districts which distributes the majority of foundation program revenues towards the front end of the school year. In the past, revenue shortfalls to the school foundation account have occurred each year primarily in August, October and February when school district payments are to be made. However, in fiscal year 2009, interfund borrowing is projected to only be needed to cover obligations for the months of October and February. Cash flow shortfalls are not as significant in fiscal year 2009 primarily due to the repeal of statutory language that required any revenue over \$100 million remaining in the school foundation account at the end of the fiscal year be transferred to the common school permanent land fund. In addition, federal mineral royalty (FMR) revenue flowing to the school foundation account are projected to be higher in fiscal year 2009 (based on October CREG estimates) and FMR funds over \$200 million are no longer being transferred out of the school foundation account to fund the higher education endowment program and the Hathaway scholarship program as these programs have reached their statutory cap.

The State Treasurer is also authorized to use the provisions of W.S. 9-1-417, which allows utilization of loans from the general fund or budget reserve account, up to \$60 million, to assist in meeting the cash flow needs for obligations of the school foundation program which come due prior to the receipt of program revenues. Loans from the general fund must be repaid as soon as anticipated revenue is received.

Liquidity needs are built into the state's investment asset allocation plan for the CSPLF for fiscal year 2009 as they were in fiscal year 2008. To ensure liquidity needs are met, the CSPLF portfolio holds a larger portion of its assets in cash and short-term bonds than held by the Permanent Wyoming Mineral Trust Fund.

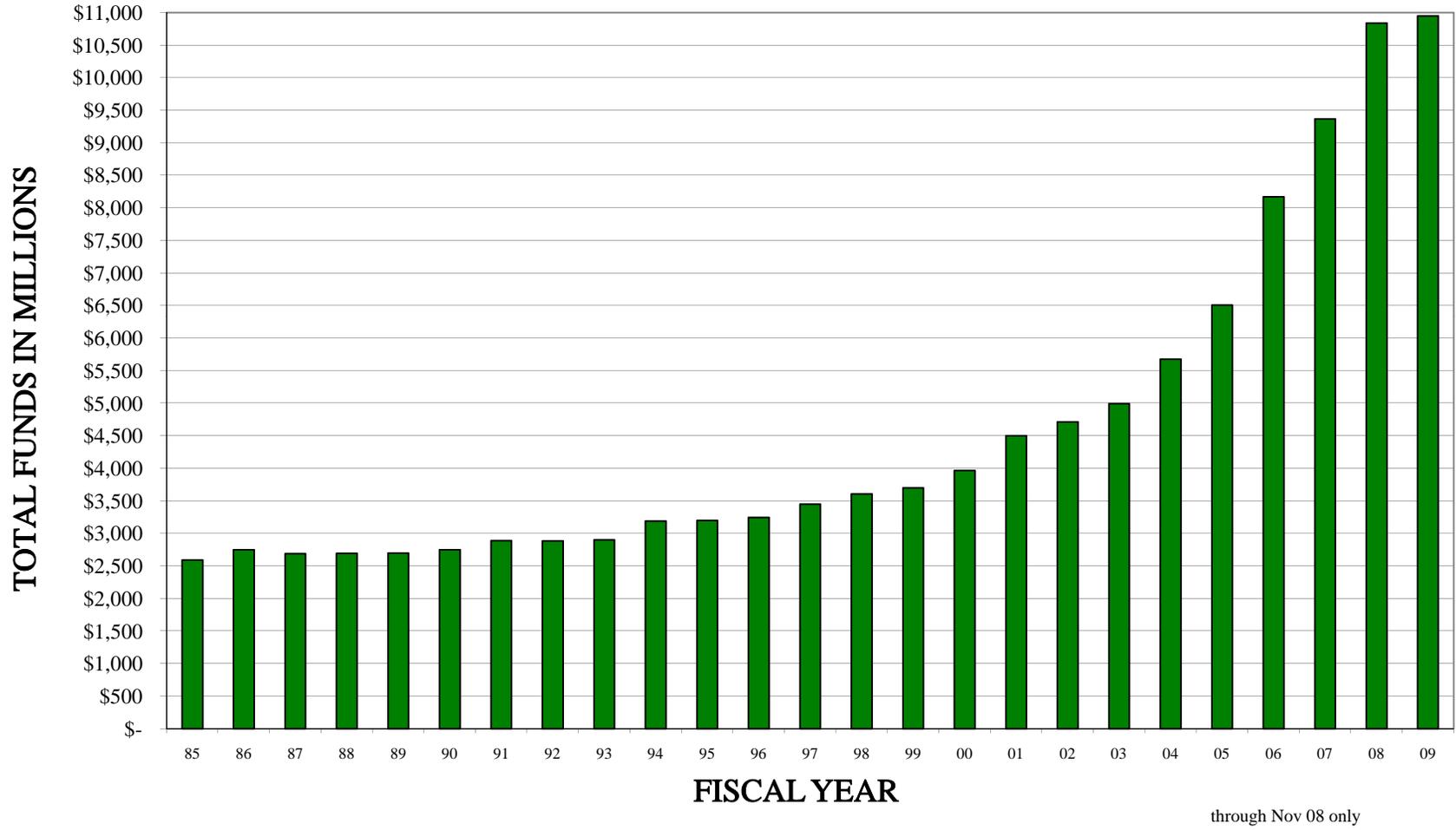
**State of Wyoming**  
**School Foundation Account**  
**Using Interfund Borrowing from Common School Permanent Land Fund**  
**FISCAL YEAR 2009**  
**Estimated Cash Flow - November 2008**

	Actual July 08	Actual Aug 08	Actual Sept 08	Actual Oct 08	Actual Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Adj Pd (13th Pd 09)	FY09 Totals	FY09 Estimates Oct 08
Beginning Balance	387,051,614	395,990,701	118,379,331	205,166,329	(399,202)	19,439,691	59,882,869	188,263,380	325,642	227,784	24,081,513	100,273,235	308,854,173	387,051,614	338,883,551
Revenues and Transfers															
Auto Tax	330,131	138,925	8,634,329	5,310,752	1,211,083	674,570	1,575,384	1,031,299	341,649	134,238	497,481	120,158		20,000,000	20,000,000
Car Company Tax	351,521	14,718	34,551	60,612					38,598					500,000	400,000
Property Tax	1,219,206	893,931	426,470	4,775,978	49,091,147	68,302,966	21,186,641	4,037,992	2,973,629	3,151,313	49,638,879	57,081,822		262,779,974	262,779,974
Penalty-Delinq taxes				70	10,110									10,180	
Federal Mineral Royalty (under 200mm)	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000		88,704,000	329,800,000
Federal Mineral Royalty (over 200mm)				76,949,343										54,715,552	241,096,000
Comm School Income Fund (Trsrfer from)														21,400,000	42,800,000
Interest - WY Municipalities	66,174	66,184	67,939	88,154	318,615	366,434	112,472	132,586	179,162	21,838	15,472	64,970		1,500,000	1,500,000
Interest - Investments		962,039	369,526	294,353	553,733	368,236	1,259,962	1,696,105	240,131	27,349	884,852	343,713		7,000,000	7,000,000
Recapture	2,088	75,039	(74,358)	4,382,854			49,608,336		49,608,336		49,608,336	49,608,336		202,818,968	198,433,345
CSPLF Interfund Borrowing				8,000,000	(8,000,000)			39,000,000	(30,000,000)	(9,000,000)				0	0
Total Revenues and Transfers	9,361,120	9,542,836	93,799,800	30,304,773	50,576,688	77,104,206	157,250,348	53,289,983	30,773,506	56,442,289	108,037,020	169,326,552	21,400,000	867,209,122	862,713,319
Expenditures															
Entitlements - School Districts		(178,112,408)		(195,112,061)				(194,173,539)						(567,398,008)	(567,398,008)
Entitlement Adjustments	561	(446,290)	712,900		(859,679)			(1,184,101)						(1,776,609)	(2,500,000)
ECA Entitlements		(10,313,358)		(11,660,402)				(11,935,414)						(33,909,174)	(33,909,174)
Combined Incentive Payments				(100,988)										(100,988)	(200,000)
Tax Shortfall Grants				(9,300,364)										(9,300,364)	(15,000,000)
Distance Learn Incentive			(79,500)					(81,815)	(28,104)			(60,581)		(250,000)	(250,000)
Recapture Loan		(70,165,267)										70,165,267		0	0
Audit Adjustments/Settlements	1,416,029	140,848	35,522	75,459										1,667,858	
Vocational Education Grants				1,254		(15,360)	(6,726)	(7,766)	(818)	(14,503)		(206,080)		(250,000)	(250,000)
SF01 & SF70 Summer School	(29,911)	(2,295,504)	(270)	(411,338)	(4,899,232)	(28,849)	(28,539)	(2,028,848)	(65,530)	(184,223)	(13,490)	(14,266)		(10,000,000)	(9,000,000)
SF70 At-Risk	(8,990)	(9,629)	(10,059)	(9,865)	(10,178)	(13,821)	(13,821)	(13,821)	(13,821)	(13,821)	(13,821)	(13,821)		(145,467)	
SF70 Distance Education		(1,967)	(3,037)	(277)	(4,758)	(16,527)	(16,527)	(16,527)	(16,527)	(16,527)	(16,527)	(16,527)		(125,731)	
SF70 Student Enrichment	(13,631)	(36,785)	(179,083)	(40,468)	(5,713)	(20,515)	(20,515)	(20,515)	(20,515)	(20,515)	(20,515)	(20,515)		(419,288)	
SF70 Food Service				(4,500,000)										(4,500,000)	(4,500,000)
COP Payments	(781,960)	(1,074,228)	(769,970)	(1,045,585)	(1,213,411)	(939,825)	(746,007)	(1,022,309)	(1,049,838)	(909,483)	(1,039,228)	(936,720)		(11,528,563)	(11,528,563)
SF01 & SF70 Instructional Facilitators	32,198	(21,894,306)	22,554											(21,839,554)	(21,894,306)
National Bd Certification Payment Reimb			355,853					(470,000)						(114,147)	(470,000)
Education Studies	(10,500)	(19,253)		(1,936)										(31,689)	
Education Reform	(124,473)	(182,299)	(5,495,207)	(499,012)	(2,196,750)	(5,373,273)	(1,926,293)	(736,468)	(113,858)	(1,724,611)	(507,925)	(243,215)		(19,123,385)	(19,123,384)
Student Performance Data System	(235)	(475,815)	(50,767)	(9,971)	(6,709)	(15,105)	(55,653)	(12,422)	(14,285)	(115,311)	(475,168)	(19,353)		(1,250,794)	(1,250,794)
WDE Budget	(694,821)	(118,051)	(336,017)	(1,346,341)	(332,534)	(884,011)	(222,657)	(52,510)	(67,328)	(19,659)	(87,278)	(117,336)		(4,278,542)	(4,515,957)
SF70 Career-Technical Education				(4,767)	(6,037)	(118,912)	(118,912)	(118,912)	(118,912)	(118,912)	(118,912)	(118,912)		(843,187)	(680,000)
SF70 Hathaway Scholarship Study			(2,481)	(189,123)	(6,087)									(197,691)	(67,500)
+ C.S. Spending Policy transfer to C.S. Reserve													(24,403,739)	(24,403,739)	
* Capital Facilities Bond Debt Service (FMR)				(4,468,409)	1,167,000		3,729,500							428,091	
National Guard Youth Challenge	(144,170)	(51,183)	(192,543)	(137,653)	(24,554)	(100,906)	(196,182)	(3,336)	23,722	(106,448)	(212,508)	25,761		(1,120,000)	(1,120,000)
School Funding Equity Litigation	(61,817)	(52,044)	(41,452)	(81,490)	(83,358)	(191,275)	(306,899)	(282,221)	(196,831)	(329,835)	(198,654)	(228,880)		(2,054,755)	(2,054,755)
FY08 School Cap Con Infrastructure		(318,843)	(38,213)		(14,259,799)	(11,906,522)	(11,906,522)	(11,906,522)	(11,906,522)	(11,906,522)	(11,906,522)	(11,906,522)		(97,962,512)	
FY09 School Cap Con Infrastructure	(463)	(1,725,634)	(944,672)	(6,124,547)	(8,819,167)	(16,843,925)	(16,843,925)	(16,843,925)	(16,843,925)	(16,843,925)	(16,843,925)	(16,843,925)		(135,521,955)	(125,521,955)
Teacher Shortage Loan Repayment	150	(2,190)	3,640	6,009	3,492	(2,008)	35	(208,371)	634	(966)	(200,631)	206		(400,000)	(400,000)
Trust Land Preservation - OSLL						(190,194)	(190,194)	(190,194)	(190,194)	(190,194)	(190,194)	(190,194)		(1,331,360)	(1,331,360)
School Study - LSO				(48,750)										(48,750)	
Interfund Borrowing Interest Expense					(40,000)	0	0	0	(195,000)	(45,000)	0	0		(280,000)	(3,335,000)
Total Education Expenditures	(422,033)	(287,154,206)	(7,012,802)	(235,870,304)	(30,737,795)	(36,661,028)	(28,869,838)	(241,227,721)	(30,871,364)	(32,588,560)	(31,845,298)	39,254,386	(24,403,739)	(948,410,302)	(826,300,756)
Ending Balance	395,990,701	118,379,331	205,166,329	(399,202)	19,439,691	59,882,869	188,263,380	325,642	227,784	24,081,513	100,273,235	308,854,173	305,850,434	305,850,434	375,296,114
CSPLF Loan Balance	0	0	0	8,000,000	0	0	0	39,000,000	9,000,000	0	0	0	0	0	0

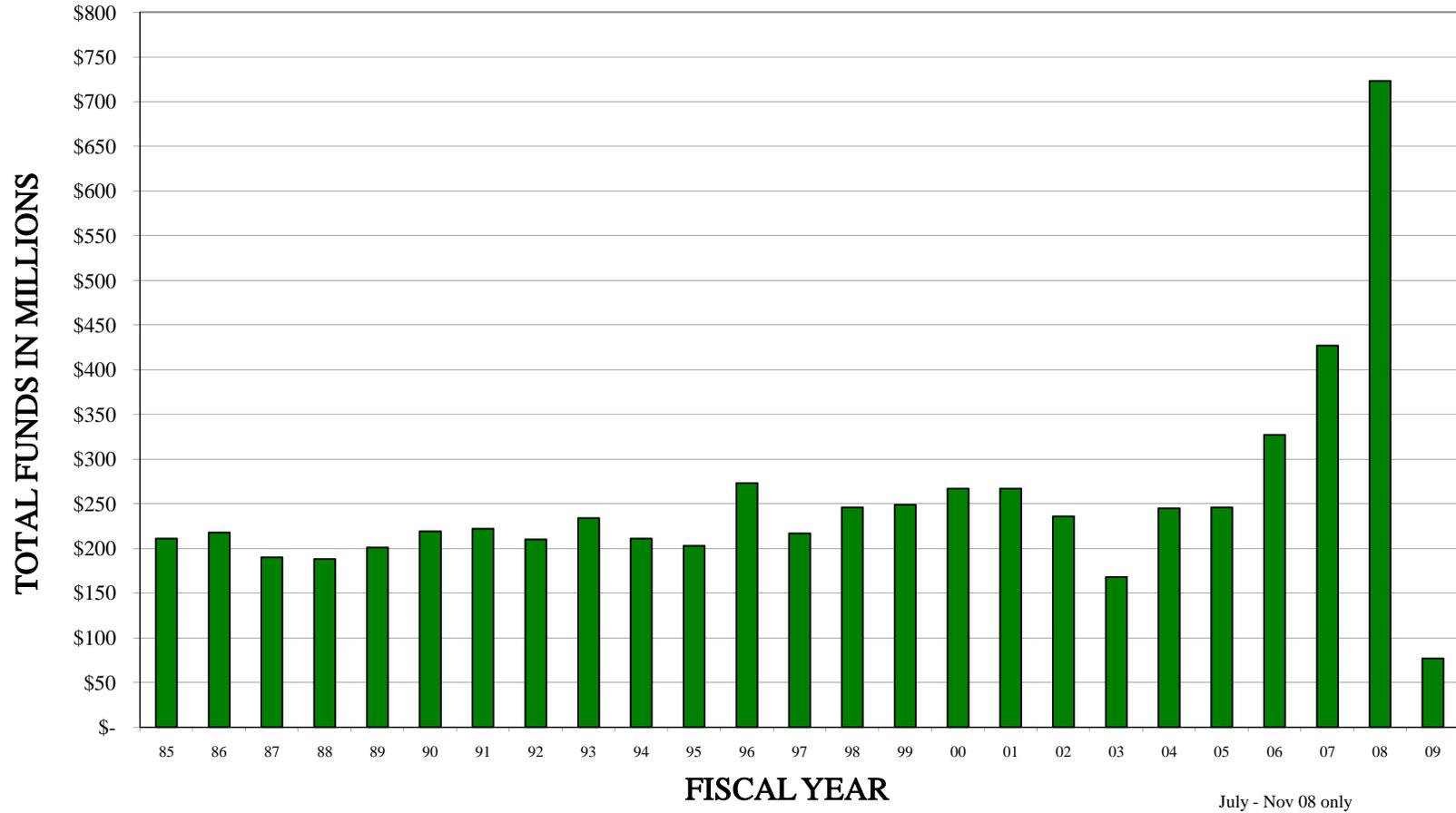
+ W.S. 9-4-719(g) and W.S. 9-4-601(d)(vi)

\* FMR Diversion/Repayment for Capital Facilities Bond Debt Service

# INVESTABLE FUNDS



# INVESTMENT INCOME



**WYOMING STATE TREASURER  
JOE MEYER**

