

Wyoming Investment Update

prepared by

State Treasurer Joe Meyer

for the

**Select Committee on
Capital Financing & Investments**



September 10, 2009

The Nature of Wyoming's Investment Portfolio

Ten years ago, following adoption of a constitutional amendment, the State of Wyoming began to diversify its investment portfolio for State permanent funds into a mix of fixed income and equity type investments. That diversification was accomplished in December 2006, when the permanent funds reached a 50 percent equity allocation. There were several policy reasons and expectations of results that lead the State to engage in the diversification. The State now has experienced the actual results of this diversification, which will be discussed hereafter.

In order to accomplish the diversification of investments over time, the State initially was heavily dependent on the financial advice and guidance of the State Loan and Investment Board's consultant, RV Kuhns & Associates. Several assumptions were made with respect to permanent funds including that they were to be treated similar to an endowment or foundation. As such, spending policies were adopted and reserve accounts established for the PWMTF and CSPLF to generate consistent, sustainable flow of earnings. Annual earnings were limited to the percentage set in the spending policy and the funds were to be "inflation proofed" by depositing earnings above that amount into the corpus of each fund. These reserve funds have also been used for varying appropriations.

Let me reemphasize that for the first eight years of diversification of the investment portfolio, the plan followed was to treat the investment portfolio in the nature of an endowment or foundation. And for the first eight years there were no major difficulties with this approach because the portfolio was not yet fully diversified. For the last two fiscal years the portfolio has been diversified and the actual operation of the original plan can be measured. It is a fair question to ask that if for the first eight years Wyoming has been following the endowment or foundation model, why discuss possible changes now? The answer is the cheese has been moved.

For the first eight years during the diversification of the portfolio, a reasonably stable amount of cheese, investment income, was placed into the general fund—in the case of the PWMTF—primarily as a result of fixed income investments. But last year, FY 08, the amount of cheese, investment income, was almost doubled primarily due to capital gains from the fully diversified investment portfolio. There were a lot of fat mice running around and close to \$172 million was placed into corpus. This year, FY 09, most of the cheese may be cut primarily due to capital losses from the fully diversified investment portfolio and the mice are getting leaner.

The question for the Legislature is, should Wyoming sit tight and hope more cheese appears in future years or should it reexamine its premises and find a more secure place from which to obtain cheese. In other words, should capital losses from the investment portfolio be replaced each year thereby creating a very volatile income stream to the general fund, or should capital losses be recaptured over several years from future capital gains thereby ensuring a more stable stream of income to the general fund.

To understand the operations of the PWMTF & CSPLF portfolios, it is important to understand and review the following key assumptions and facts. (Other types of permanent funds have some different conditions and operations which will be distinguished and discussed later.)

Asset Allocation

The target mix of fixed income and equity type investments is set by the Master Investment Policy at 48-52 percent. The June 30, 2009 allocation mix is shown below; the accompanying charts provide a detailed allocation for each fund.

	<u>Equities</u>	<u>Fixed</u>	<u>LDIs*</u>	<u>Cash</u>
Permanent Wyoming Mineral Trust Fund	43.6%	40.4%	3.1%	13.0%
Common School Permanent Land Fund	44.5	43.1	0.4	11.9
University Permanent Land Fund	44.9	16.6	0.0	38.5
Remaining Permanent Land Funds	42.9	40.5	0.0	16.6
Hathaway Scholarship Endowment Fund	28.4	44.2	0.0	27.4
Higher Education Endowment Fund	30.9	44.1	0.0	25.0
Workers Compensation Fund	24.4	65.4	0.0	10.2
Tobacco Settlement Fund	0.0	88.0	0.0	12.0
State Agency Pool	<u>0.0</u>	<u>97.4</u>	<u>4.5</u>	<u>(-1.8)</u>
TOTAL	26.6%	62.4%	2.7%	8.4%

Investment Income

Investment income is made up of interest, dividends, rental earnings and capital gains or losses.

The Wyoming Constitution dictates that investment income generated from the PWMTF ultimately flows to the general fund and investment income generated by the CSPLF ultimately flows to the School Foundation program.

Investment income in excess of 5 percent of a five-year average market value of the PWMTF & CSPLF is automatically appropriated into spending policy reserve accounts.

"Yield" is spendable investment income including dividends, interest and realized capital gains.

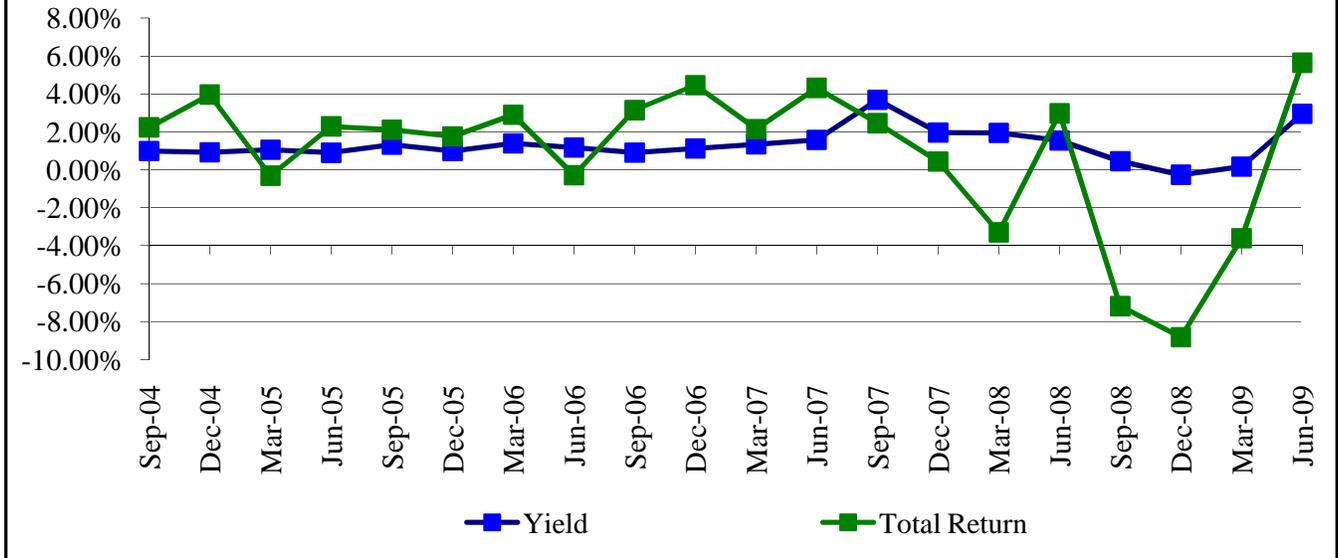
A cash yield measurement is important to Wyoming as the investor given our emphasis on income production. The financial industry, retirement systems, endowments and foundations view investment performance almost solely on total return measurements. "Total return" measurements are a combination of yield, plus realized and unrealized capital gains and losses.

The chart on page 3 shows current and historical returns for the PWMTF. Yield has proved more stable, while total return has varied over market cycles.

Inflation Proofing

What is inflation proofing? Generally, inflation represents a rise in the prices of goods and services when spending increases relative to the supply of goods on the market. However, inflation is a general term which may or may not diminish the value of money depending on what goods and/or services are being purchased. For example, in Wyoming a couple of years ago, the cost of construction was much

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, 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%	
December 31, 2008	-0.26%		-8.83%	
March 21, 2009	0.17%		-3.61%	
June 30, 2009	2.96%	3.42%	5.65%	-13.82%

higher when the price of commodities and labor were more in demand. Today, costs of construction are down by as much as 30 percent due to the lack of demand.

Certain types of investments are said to be designed to protect against the loss of purchasing power from inflation such as gold, real estate and growth in stocks and other equities. This is true only over a long period of time, however, since the value of these investments go up and down periodically. For several years, financial advisors have projected that the total return for the Wyoming permanent fund portfolio should be 8 percent a year; this was recently dropped to just under 7 percent a year. Since the Wyoming investment portfolio contains sizeable investments in stocks and real estate, to the extent these long term projections pan out, this should sufficiently address inflationary concerns.

Given long-term projections of equity markets and Wyoming's 7 percent total return assumption, the State should rely on equity investments to maintain the value of the permanent funds and counter the effects of inflation for the most part.

Total return calculations averaged over the long term have and are projected to exceed the annual amount of inflation or loss of purchasing power. The use of total return calculations is prevalent in retirement systems, endowments and foundations. The State of Wyoming is not a retirement system, endowment or foundation but a sovereign entity. Recognition that the State portfolio is structured to maintain purchasing value can be substantiated using total return calculations.

Consistent use of rebalancing to periodically remove some capital gains when market values exceed the costs of investments also allows protection of the purchasing power of the corpus over time. Wyoming uses a market value of 3 percent over or under target to trigger rebalancing. Essentially the investor is rebalancing back to the initial targets for each class of investments. Capital gains resulting from rebalancing or due to the investment activities of any state manager are essentially capturing excessive growth in market values, converting a hard asset to cash. These gains are distributed as previously explained above.

Does putting more money into the corpus of permanent funds have any connection with "inflation proofing" the corpus? The Wyoming Constitution requires a 1.5 percent severance tax on coal, oil and natural gas be annually credited to the corpus of the PWMTF, and royalties and land sales proceeds from land grants be annually credited to the corpus of permanent land funds. This grows the corpus of these funds as minerals are severed and a hard asset is converted into a money asset which is then invested. Additional state revenues, other than these required to be placed into corpus, appear to be more in nature of increased savings rather than inflation proofing.

Spending Policies

Wyoming's use of spending policy reserve accounts for PWMTF and CSPLF was based on the theory that Wyoming permanent funds were to be treated like an endowment or foundation. Expenditure of earnings would be limited and amounts in excess of the limitation would be saved. In 1986, the Legislature defined "earnings" by statute to include both ordinary income and capital gains and losses. After a three-year trial period, this statutory directive was repealed.

Under the spending policy reserve account theories, several directives were made such as annual amounts for expenditure would be limited to 5 percent of the previous five year average market value of the permanent fund. Any revenues in the reserve account in excess of 75 percent of an annual spending calculation would be credited to corpus and the balance would remain in the reserve account until the

next annual calculation. Initially, the amount saved in the reserve account could be used to supplement earnings if, in any year, earnings were less than 5 percent. Also, capital losses could be offset by monies in the account. These later provisions have since been repealed.

The Other "Permanent" Funds

The other “permanent” funds are the remaining Permanent Land Funds, the Worker’s Compensation Fund, the Excellence in Higher Education Endowment Fund and the Hathaway Student Scholarship Endowment Fund. Probably due to different enactment times, there are differences in operations and spending policies.

Income from the remaining Permanent Land Fund accounts is credited to either specific earmarked income accounts or to the general fund under the fund consolidation act enacted in 1974, except that a small portion of income is annually placed into the corpus of the accounts for some type of inflation proofing under W.S. 9-4-305. There is no reserve fund or spending policy for these accounts. The mix of fixed income-equity investments is similar to the PWMTF and CSPLF.

In 2006, the Legislature authorized the director of the Department of Employment to establish an amount of up to 45 percent of the Worker’s Compensation Fund to be invested in common stocks. Otherwise the state treasurer is directed to invest money in the fund as provided for permanent state funds. The director has requested that 25 percent of the fund be invested in common stocks. This means that equity investments other than common stocks could track PWMTF investments, but the 25 percent requested has been treated as no more than 25 percent will be invested in equity type investments. There is no reserve fund or spending policy for the Workers Compensation Fund.

W.S. 9-4-204(u)(vi) creates the Excellence in Higher Education Endowment Fund. W.S. 9-4-719(k)-(o) created a reserve account that tends to track the PWMTF model. If annual income is less than the spending policy amount calculated, however, money from the reserve account makes up the difference essentially guaranteeing a 5 percent earning amount each year. To the extent that money in the reserve account exceeds 75 percent of the spending policy amount, the excess is credited to the corpus of the endowment fund. The mix of equity-fixed income investments under the state investment policy will eventually reach the 55-45 percent blend.

W.S. 9-4-204(u)(vii) creates the Hathaway Student Scholarship Endowment Fund. W.S. 21-16-1302 creates the Hathaway scholarship expenditure account consisting of earnings from the endowment fund. Money in the expenditure account is available for higher education scholarships. If earnings exceed scholarships awarded, the balance is credited to a reserve account. If earnings are less than the cost of the scholarships, money from the reserve account is transferred to the expenditure account. If money in the reserve account exceeds \$12 million or 3.75 percent of a five year average market value of the endowment fund, the excess is credited to the corpus of the endowment fund. The mix of equity-fixed income investments is being handled the same as for the Excellence in Higher Education Endowment Fund.

Relative Performance

Since commencement of the Wyoming effort to diversify the investment portfolio to the present, some assumptions about the consequences of the diversification and some relationships and management

need to measure and reconcile capital gains and losses over a period of time greater than a year due to their volatile and unpredictable nature.

As you are aware, in May 2009, the State Treasurer adopted an interpretative policy for accounting purposes whereby earnings consisting of interest, dividends and real estate rentals would be treated as ordinary income and disbursed accordingly. The policy also provides that capital losses from FY 09 will be made good from future capital gains and not ordinary income.

The results for FY 09 are:

	<u>Distributed Income</u>	<u>Deferred Losses</u> *
Permanent Wyoming Mineral Trust Fund	\$135,264,225.83	(\$118,886,938.26)
Common School Permanent Land Fund	56,969,255.39	(52,101,770.68)
University Permanent Land Fund	525,062.10	(613,249.15)
Remaining Permanent Land Funds	2,906,226.59	(2,551,526.37)
Hathaway Scholarship Endowment Fund	16,291,333.49	(10,293,331.48)
Higher Education Endowment Fund	3,926,013.97	(2,548,355.65)
Workers Compensation Fund	45,409,501.84	(14,040,044.20)
Tobacco Settlement Fund	2,815,316.25	(56,759.18)
State Agency Pool	147,247,284.51	0.00
TOTAL	\$411,354,219.97	(\$201,091,974.97)

** Deferred losses are the net of realized capital gains and realized capital losses.*

The consequence of the policy is to provide a consistent, sustainable flow of earnings consisting of ordinary investment income to the general fund and common school land income fund for FY 09 as required by Wyoming Statute. The spending policy reserve accounts for both funds have a combined balance of \$149.0 million, which could be used to reduce the capital losses for FY 09, left alone for future use, or used in any other manner desired by the Wyoming Legislature.

As to future management of the Permanent Wyoming Mineral Trust Fund and the Common School Permanent Land Fund, I recommend the following:

1. All ordinary income from investment activities of these permanent funds be credited to the general fund and land income fund as earned, for disposition as appropriated or otherwise dictated by law. No continuing appropriation of these revenues over a stated amount, currently 5 percent, should be made into spending policy reserve accounts.
2. Commencing in FY 2010, all capital gains from investment activities of these permanent funds, after offsetting prior capital losses, should be credited to the general fund with a continuing appropriation of these capital gains into the corpus of the Permanent Wyoming Mineral Trust Fund or Common School Land Income Fund as the case may be except as may be otherwise provided by special legislative appropriation from time to time depending on the size of any annual capital gain and the dictates of current budget priorities.

WYOMING STATE INVESTMENT PORTFOLIO

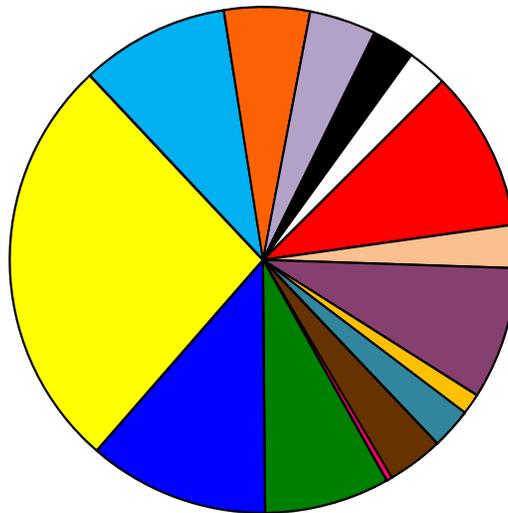
June 30, 2009

**\$11.556 Billion
Cost Basis**

FIXED INCOME

- Internal Bonds \$1,335.2 M 11.6% ●
- Core-Plus \$3,073.3 M 26.6% ●
- Mortgages \$1,099.9 M 9.5% ●
- Corporates \$632.3 M 5.5% ●
- Global \$492.5 M 4.3% ●
- Convertibles \$313.5 M 2.7% ●
- Wyoming Investments \$292.2 M 2.5% ○

**TOTAL
\$7,238.8 M
62.6%**



CASH \$923.1 M 8.0%

EQUITIES

- Large Cap US \$1,186.9 M 10.3% ●
- Small / Mid US \$316.7 M 2.7% ●
- International \$979.1 M 8.5% ●
- Private Equity \$153.2 M 1.3% ●
- Real Estate \$301.4 M 2.6% ●
- Absolute Return \$414.8 M 3.6% ●
- Options \$42.4 M 0.4% ●

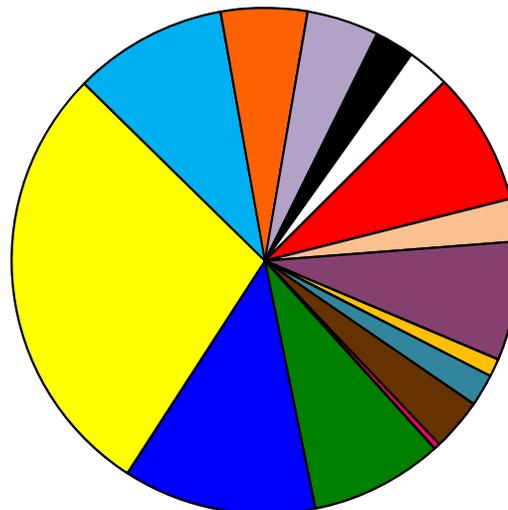
**TOTAL
\$3,394.6 M
29.4%**

**\$10.909 Billion
Market Value**

FIXED INCOME

- Internal Bonds \$1,345.4 M 12.3% ●
- Core-Plus \$3,077.8 M 28.2% ●
- Mortgages \$1,073.0 M 9.8% ●
- Corporates \$600.7 M 5.5% ●
- Global \$502.3 M 4.6% ●
- Convertibles \$274.6 M 2.5% ●
- Wyoming Investments \$292.2 M 2.7% ○

**TOTAL
\$7,166.1 M
65.7%**



CASH \$927.8 M 8.5%

EQUITIES

- Large Cap US \$934.1 M 8.6% ●
- Small / Mid US \$296.8 M 2.7% ●
- International \$827.7 M 7.6% ●
- Private Equity \$126.0 M 1.2% ●
- Real Estate \$223.6 M 2.0% ●
- Absolute Return \$365.6 M 3.4% ●
- Options \$41.7 M 0.4% ●

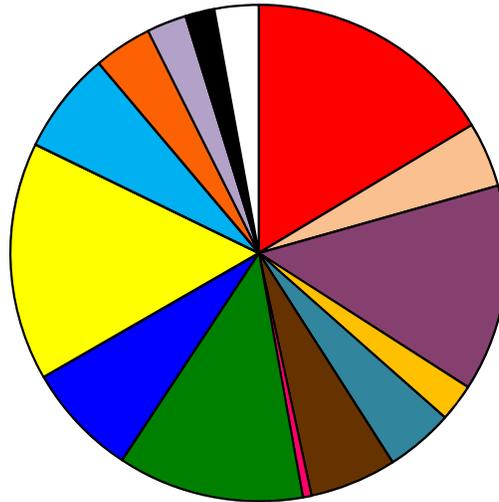
**TOTAL
\$2,815.5 M
25.8%**

WYOMING STATE INVESTMENT PORTFOLIO
Permanent Wyoming Mineral Trust Fund
June 30, 2009
\$4.262 Billion
Cost Basis

FIXED INCOME

- Internal Bonds \$314.3 M 7.4% ●
- Core-Plus \$661.7 M 15.5% ●
- Mortgages \$283.3 M 6.6% ●
- Corporates \$161.9 M 3.8% ●
- Global \$110.2 M 2.6% ●
- Convertibles \$80.2 M 1.9% ●
- Wyoming Investments \$123.1 M 2.9% ○

TOTAL
\$1,734.7 M
40.7%



CASH \$517.1 M 12.1%

EQUITIES

- Large Cap US \$697.8 M 16.4% ●
- Small / Mid US \$181.1 M 4.2% ●
- International \$573.3 M 13.5% ●
- Private Equity \$104.4 M 2.4% ●
- Real Estate \$188.6 M 4.4% ●
- Absolute Return \$241.3 M 5.7% ●
- Options \$24.0 M 0.6% ●

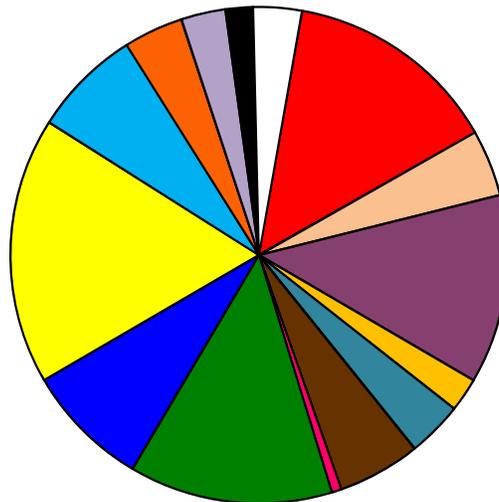
TOTAL
\$2,010.4 M
47.2%

\$3.894 Billion
Market Value

FIXED INCOME

- Internal Bonds \$315.6 M 8.1% ●
- Core-Plus \$676.7 M 17.4% ●
- Mortgages \$275.3 M 7.1% ●
- Corporates \$151.2 M 3.9% ●
- Global \$112.5 M 2.9% ●
- Convertibles \$69.5 M 1.8% ●
- Wyoming Investments \$123.1 M 3.2% ○

TOTAL
\$1,723.9 M
44.3%



CASH \$515.9 M 13.2%

EQUITIES

- Large Cap US \$545.2 M 14.0% ●
- Small / Mid US \$168.5 M 4.3% ●
- International \$479.1 M 12.3% ●
- Private Equity \$85.8 M 2.2% ●
- Real Estate \$140.5 M 3.6% ●
- Absolute Return \$209.9 M 5.4% ●
- Options \$25.1 M 0.6% ●

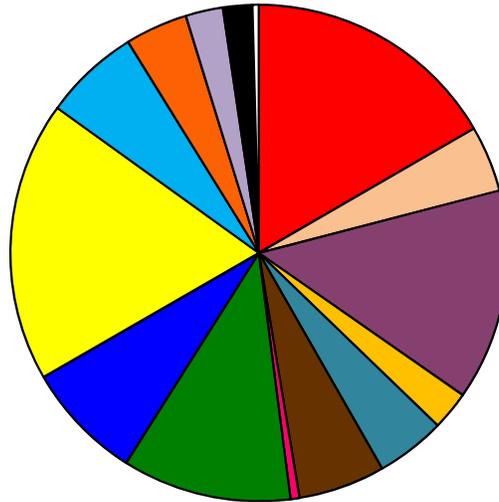
TOTAL
\$1,654.0 M
42.5%

WYOMING STATE INVESTMENT PORTFOLIO
Common School Permanent Land Fund
June 30, 2009
\$1.795 Billion
Cost Basis

FIXED INCOME

- Internal Bonds \$138.0 M 7.7% ●
- Core-Plus \$327.6 M 18.3% ●
- Mortgages \$112.1 M 6.2% ●
- Corporates \$73.2 M 4.1% ●
- Global \$43.3 M 2.4% ●
- Convertibles \$34.5 M 1.9% ●
- Wyoming Investments \$7.4 M 0.4% ○

TOTAL
\$736.1 M
41.0%



CASH \$197.8 M 11.0%

EQUITIES

- Large Cap US \$298.7 M 16.6% ●
- Small / Mid US \$77.2 M 4.3% ●
- International \$246.6 M 13.7% ●
- Private Equity \$45.4 M 2.5% ●
- Real Estate \$81.2 M 4.5% ●
- Absolute Return \$101.1 M 5.6% ●
- Options \$10.4 M 0.6% ●

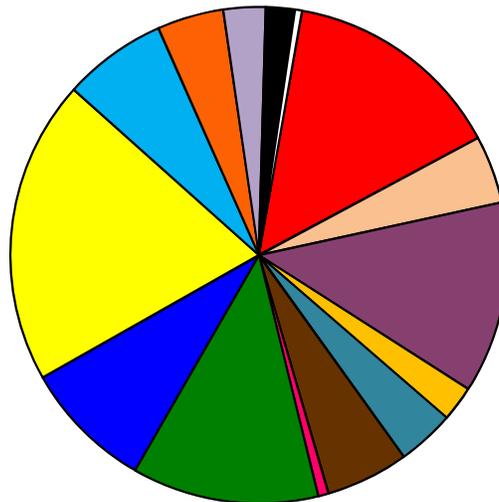
TOTAL
\$860.6 M
48.0%

\$1.622 Billion
Market Value

FIXED INCOME

- Internal Bonds \$137.6 M 8.8% ●
- Core-Plus \$321.5 M 19.8% ●
- Mortgages \$109.6 M 6.8% ●
- Corporates \$70.3 M 4.3% ●
- Global \$44.4 M 2.7% ●
- Convertibles \$30.5 M 1.9% ●
- Wyoming Investments \$7.4 M 0.5% ○

TOTAL
\$721.3 M
44.5%



CASH \$197.4 M 12.2%

EQUITIES

- Large Cap US \$233.6 M 14.4% ●
- Small / Mid US \$71.7 M 4.4% ●
- International \$202.2 M 12.5% ●
- Private Equity \$37.3 M 2.3% ●
- Real Estate \$60.6 M 3.7% ●
- Absolute Return \$87.4 M 5.4% ●
- Options \$11.0 M 0.7% ●

TOTAL
\$703.8 M
43.4%

WYOMING STATE INVESTMENT PORTFOLIO
Hathaway Scholarship Endowment Fund
June 30, 2009
\$455.6 Million
Cost Basis

FIXED INCOME

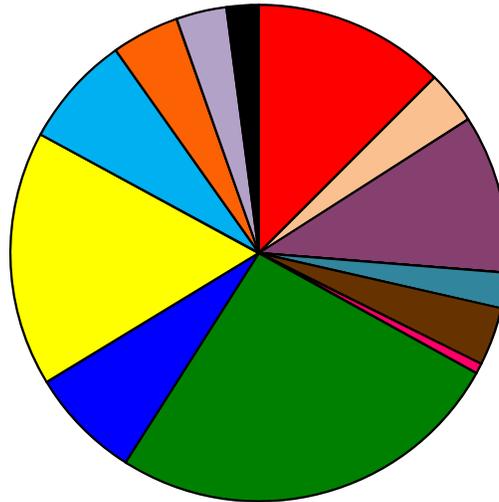
- Internal Bonds \$33.2 M 7.3% ●
- Core-Plus \$75.7 M 16.6% ●
- Mortgages \$33.2 M 7.3% ●
- Corporates \$20.1 M 4.4% ●
- Global \$14.9 M 3.3% ●
- Convertibles \$9.6 M 2.1% ●

TOTAL
\$186.7 M
41.0%

EQUITIES

- Large Cap US \$56.9 M 12.5% ●
- Small / Mid US \$15.7 M 3.4% ●
- International \$47.0 M 10.3% ●
- Real Estate \$10.5 M 2.3% ●
- Absolute Return \$17.3 M 3.8% ●
- Options \$3.1 M 0.7% ●

TOTAL
\$150.5 M
33.0%



CASH \$118.4 M 26.0%

\$431.1 Million
Market Value

FIXED INCOME

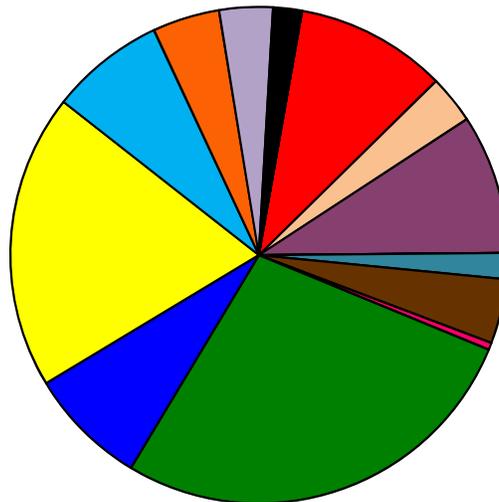
- Internal Bonds \$33.4 M 7.8% ●
- Core-Plus \$82.9 M 19.2% ●
- Mortgages \$32.2 M 7.5% ●
- Corporates \$18.8 M 4.4% ●
- Global \$15.1 M 3.5% ●
- Convertibles \$8.0 M 1.9% ●

TOTAL
\$190.4 M
44.2%

EQUITIES

- Large Cap US \$42.5 M 9.9% ●
- Small / Mid US \$13.5 M 3.1% ●
- International \$39.2 M 9.1% ●
- Real Estate \$7.3 M 1.7% ●
- Absolute Return \$18.1 M 4.2% ●
- Options \$2.0 M 0.5% ●

TOTAL
\$122.6 M
28.4%

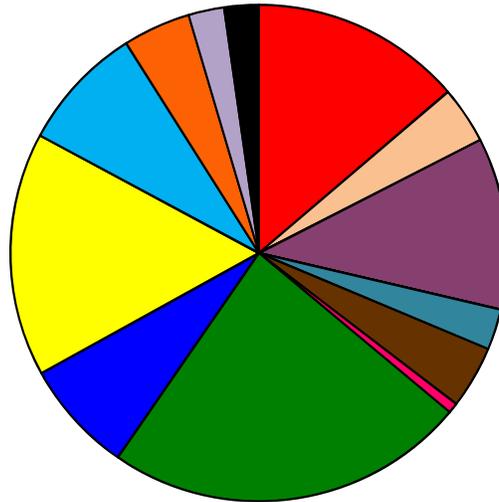


CASH \$118.1 M 27.4%

WYOMING STATE INVESTMENT PORTFOLIO
Higher Education Endowment Fund
June 30, 2009
\$102.4 Million
Cost Basis

FIXED INCOME

- Internal Bonds \$7.5 M 7.3% ●
- Core-Plus \$16.3 M 15.9% ●
- Mortgages \$8.4 M 8.2% ●
- Corporates \$4.5 M 4.4% ●
- Global \$2.4 M 2.3% ●
- Convertibles \$2.3 M 2.2% ●
- TOTAL**
\$41.4 M
40.4%



CASH \$24.1 M 23.5%

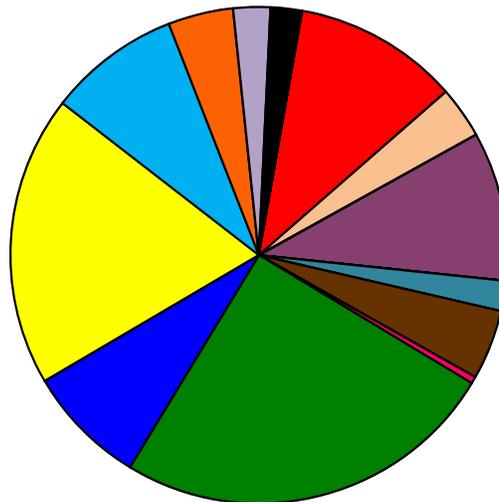
EQUITIES

- Large Cap US \$14.1 M 13.8% ●
- Small / Mid US \$3.8 M 3.7% ●
- International \$11.5 M 11.2% ●
- Real Estate \$2.7 M 2.7% ●
- Absolute Return \$4.2 M 4.1% ●
- Options \$0.7 M 0.7% ●
- TOTAL**
\$37.0 M
36.1%

\$96.1 Million
Market Value

FIXED INCOME

- Internal Bonds \$7.6 M 7.9% ●
- Core-Plus \$18.2 M 18.9% ●
- Mortgages \$8.3 M 8.6% ●
- Corporates \$4.1 M 4.2% ●
- Global \$2.3 M 2.4% ●
- Convertibles \$1.9 M 2.0% ●
- TOTAL**
\$42.4 M
44.1%



CASH \$24.1 M 25.0%

EQUITIES

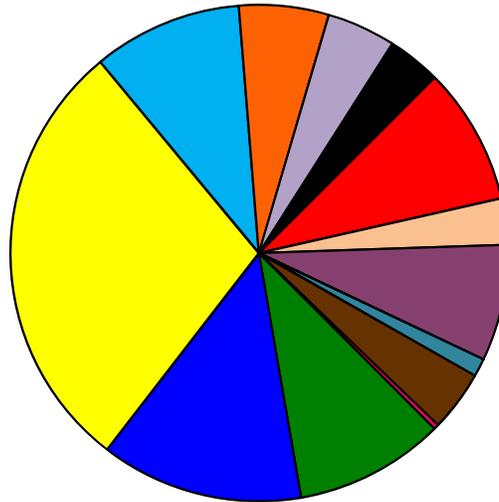
- Large Cap US \$10.4 M 10.8% ●
- Small / Mid US \$3.2 M 3.4% ●
- International \$9.3 M 9.7% ●
- Real Estate \$1.9 M 2.0% ●
- Absolute Return \$4.4 M 4.5% ●
- Options \$0.4 M 0.5% ●
- TOTAL**
\$29.6 M
30.9%

WYOMING STATE INVESTMENT PORTFOLIO
Workers Compensation Fund
June 30, 2009
\$1.135 Billion
Cost Basis

FIXED INCOME

- Internal Bonds \$149.8 M 13.2% ●
- Core-Plus \$323.6 M 28.5% ●
- Mortgages \$110.3 M 9.7% ●
- Corporates \$66.3 M 5.8% ●
- Global \$51.0 M 4.5% ●
- Convertibles \$39.4 M 3.5% ●

TOTAL
\$740.4 M
65.2%



CASH \$110.9 M 9.8%

EQUITIES

- Large Cap US \$101.7 M 9.0%
- Small / Mid US \$34.2 M 3.0%
- International \$86.0 M 7.6%
- Real Estate \$13.4 M 1.2%
- Absolute Return \$44.9 M 4.0%
- Options \$3.7 M 0.3%

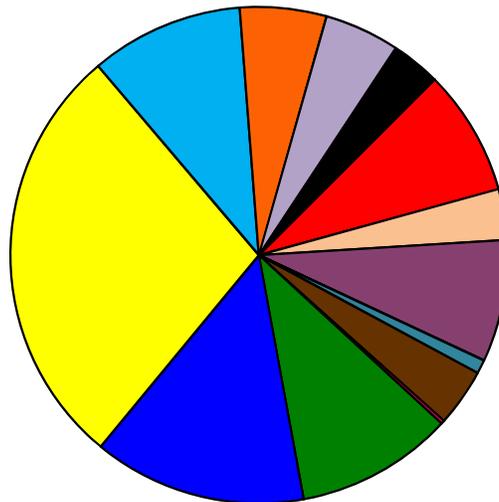
TOTAL
\$284.0 M
25.0%

\$1.080 Billion
Market Value

FIXED INCOME

- Internal Bonds \$149.9 M 13.9% ●
- Core-Plus \$300.2 M 27.8% ●
- Mortgages \$107.6 M 10.0% ●
- Corporates \$60.8 M 5.6% ●
- Global \$53.1 M 4.9% ●
- Convertibles \$34.5 M 3.2% ●

TOTAL
\$706.1 M
65.4%



CASH \$110.7 M 10.2%

EQUITIES

- Large Cap US \$88.7 M 8.2%
- Small / Mid US \$35.7 M 3.3%
- International \$85.8 M 7.9%
- Real Estate \$9.7 M 0.9%
- Absolute Return \$40.6 M 3.8%
- Options \$2.5 M 0.2%

TOTAL
\$263.1 M
24.4%

SPENDING POLICY: PERMANENT WYOMING MINERAL TRUST FUND (PWMTF)

Prepared for Sept 2009 CAPFIN meeting

last update 09/04/09

5% SPENDING POLICY LEVEL - updated 09/04/09

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 PWMTF corpus.

The spending policy amount for fiscal year 2009 was \$157,100,790. Total PWMTF investment income for FY09 was \$135,264,226. Investment earnings did not exceed this spending policy amount, therefore, no funds were deposited into the PWMTF reserve account at the end of FY09. In addition, the 2009 fiscal year end balance in the reserve account did not exceed 75% of this spending policy amount, thus no funds were transferred to the PWMTF corpus at the end of FY 2009.

The spending policy amount for fiscal year 2010, using the current 5% spending policy level, is \$173,857,429 while the investment income projection for FY10 based on the May 2009 CREG estimates is \$108,800,000. Since investment income is less than the spending policy amount, no investment income is projected to flow to the reserve account at the end of FY2010. However, due to a 2009 legislative appropriation of severance tax to the reserve account (Chapter 159, Section 350), an estimated \$26.6 million is estimated to flow to the corpus of the PWMTF at the end of FY 2010 using a 5% spending policy level. Investment income for FY11 through FY14 is less than the 5% spending policy amount, thus no investment income would flow to either the reserve account or to corpus.

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	135,264,226	0		102,191,169	117,825,593	0	102,191,169
7/1/09	3,893,843,313	2010	3,477,148,576	5.000%	173,857,429 *	108,800,000 **	0	54,850,000 (g)	157,041,169	130,393,072	26,648,098	130,393,072
7/1/10	4,124,443,313	2011	3,790,485,582	5.000%	189,524,279	119,000,000 **	0		130,393,072	142,143,209	0	130,393,072
7/1/11	4,431,643,313	2012	4,062,689,476	5.000%	203,134,474	129,200,000 **	0		130,393,072	152,350,855	0	130,393,072
7/1/12	4,799,743,313	2013	4,277,021,724	5.000%	213,851,086	139,400,000 **	0		130,393,072	160,388,315	0	130,393,072
7/1/13	5,223,543,313	2014	4,434,775,322	5.000%	221,738,766	151,000,000 **	0		130,393,072	166,304,075	0	130,393,072

Source: W.S. 9-4-719

* FY 2010 spending policy amount calculated using actual market value as of 06/30/09

**Investment Income based on May 2009 CREG estimate--All amounts shown in yellow are projections

Notes:

- (a) Total Market Value for FY09 & Prior are Actual Market Values, FY10 is unaudited market value as of 06/30/09 and FY11 and beyond are based on prior years market value plus May CREG projected additions
- (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
- (g) 2009 Budget Bill (Ch 159 Sec. 350) - FY2010 50% of 1% PWMTF Severance Tax

SPENDING POLICY: COMMON SCHOOL PERMANENT LAND FUND (CSPLF)

Prepared for Sept 2009 CAPFIN meeting

last update 09/04/09

5% SPENDING POLICY LEVEL - updated as of 09/04/09

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 CSPLF corpus.

The spending policy amount for fiscal year 2009 was \$69,955,134. Total CSPLF investment income for FY09 was \$56,672,431. In FY09, investment earnings did not exceed the spending policy amount, therefore, no funds were deposited into the CSPLF reserve account. The 2009 fiscal year end balance in the reserve account did not exceed 75% of this spending policy amount, therefore no funds were transferred to the CSPLF corpus at the end of FY 2009.

The spending policy amount for fiscal year 2010, using the current 5% spending policy level, is 76,036,718 while the investment income projection for FY10 based on the May 2009 CREG estimates is \$44,700,000. Since investment income is less than the spending policy amount, no excess earnings are projected to flow to the reserve account and no funds would flow to corpus at the end of FY2010. In addition, investment income projections for FY11 through FY14 are also lower than the 5% spending level thus no funds would flow to the reserve account or the corpus.

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)	30,538,910	41,215,571	0	30,538,910
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)	101,972,060	46,825,224	55,146,837	46,825,224
7/1/08	1,766,046,029	2009	1,399,102,685	5.000%	69,955,134	56,672,431	0		46,825,224	52,466,351	0	46,825,224
7/1/09	1,622,477,081	2010	1,520,734,368	5.000%	76,036,718 *	44,700,000 **	0		46,825,224	57,027,539	0	46,825,224
7/1/10	1,773,077,081	2011	1,642,306,025	5.000%	82,115,301	49,300,000 **	0		46,825,224	61,586,476	0	46,825,224
7/1/11	1,918,377,081	2012	1,751,655,933	5.000%	87,582,797	53,600,000 **	0		46,825,224	65,687,097	0	46,825,224
7/1/12	2,058,377,081	2013	1,827,670,871	5.000%	91,383,544	57,100,000 **	0		46,825,224	68,537,658	0	46,825,224
7/1/13	2,198,377,081	2014	1,889,455,239	5.000%	94,472,762	60,500,000 **	0		46,825,224	70,854,571	0	46,825,224

* FY 2010 spending policy amount calculated using actual market value as of 06/30/09

**Investment Income based on May 2009 CREG estimate--All amounts shown in yellow are projections

Source: W.S. 9-4-719

- (a) Total Market Value for FY09 & Prior are Actual Market Values, FY10 is unaudited market value as of 06/30/09 and FY11 and beyond are based on prior years market value plus May CREG projected additions
- (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) comunity 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

SPENDING POLICY: EXCELLENCE IN HIGHER EDUCATION ENDOWMENT (Higher Ed)
 Prepared for Sept 2009 CAPFIN meeting

5% SPENDING POLICY LEVEL - updated as of 09/04/09

last update 09/04/09

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 2009 was \$3,867,815. Total investment income from the Higher Education Endowment fund for FY09 was \$3,926,014. Therefore, there was an excess investment earnings (\$58,199) over the spending policy amount that was transferred to the Higher Ed reserve account during FY09. The 2009 fiscal year end balance in the reserve account did not exceed 75% of this spending policy amount, however, thus no funds flowed from the reserve account to the corpus of the Higher Education Endowment fund.

Using the current 5% spending policy level, the spending policy amount for FY2010 is \$4,102,047. Investment income for FY10 through FY14 shown below reflects May 2009 CREG estimates. Legislation passed during the 2009 legislative session (Chapter 159, Sec 242), appropriated \$3,852,480 from the school foundation account to the Higher Ed reserve account. Therefore, based on current projections, this will result in a total of \$645,294 that would flow to the Higher Ed corpus at the end of FY10. Investment income for FY11 through FY14 is less than the five percent (5%) spending policy amount, thus no income is projected to flow into the reserve account or corpus for those years. Normally, the amount of revenue needed to ensure distribution of the full spending policy amount is taken from the reserve account, however, current projections indicate there will be insufficient funds in the reserve account to distribute the full spending policy amount in FY13 & FY14.

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	Legislative Appropriations	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	3,926,014	58,199			0	1,351,395	2,900,861	0
7/1/09	96,094,847 (c)	2010	82,040,931	5.000%	4,102,047 *	2,620,000 **	0	3,852,480 (f)	(1,482,047)	3,721,829	3,076,535	645,294	3,076,535
7/1/10	96,094,847 (d)	2011	84,851,714	5.000%	4,242,586	3,080,000 **	0		(1,162,586)	1,913,949	3,181,939	0	1,913,949
7/1/11	96,094,847 (e)	2012	94,394,693	5.000%	4,719,735	3,100,000 **	0		(1,619,735)	294,215	3,539,801	0	294,215
7/1/12	96,094,847 (e)	2013	97,840,069	5.000%	4,892,003	3,100,000 **	0		(1,792,003)	0	3,669,003	0	0
7/1/13	96,094,847 (e)	2014	97,549,199	5.000%	4,877,460	3,100,000 **	0		(1,777,460)	0	3,658,095	0	0

* FY 10 spending policy amount calculated using actual market value as of 06/30/09

**Investment Income based on May 2009 CREG estimate--All amounts shown in yellow

The Difference Between 5% Spending Policy Amount and the	
FY09	\$0
FY10	\$0
FY11	\$0
FY12	\$0
FY13	\$1,497,789
FY14	\$1,777,460

Source: W.S. 9-4-719
 Higher Ed Spending Policy began 07/01/06

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 is unaudited market value as of 06/30/09
- (d) Total Market Value for FY11 is based on FY10 ending market value plus a \$7,129,791 coal lease bonus payment
- (e) Total Market Value for FY12 and beyond is based on the prior year's market value plus May 2009 CREG additions
- (f) 2009 Session-budget bill, Chapter 159, Section 342 - in order to maintain \$100 mm in school foundation account, this \$3.8 mm appropriation will not take place until FY10

RESERVE ACCOUNT: HATHAWAY STUDENT SCHOLARSHIP ENDOWMENT
Prepared for Sept 2009 CAPFIN meeting

last update 09/04/09

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 FY09, \$3,964,942 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 FY09, a total of \$7,757,555 was transferred from the Hathaway scholarship expenditure account to the Hathaway scholarship reserve account and \$3,792,613 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 2009.

Investment income used to determine amount available for Hathaway scholarships is based on May 2009 CREG estimates while projected expenditures for Hathaway scholarships are based on estimates provided Sept. 3, 2008 projections provided by the Dept. of Education

HATH as of 7/1	For FY	Total HATH Investments at MARKET	Rolling 5 Year Average	Percentage in Statute	3.75% of 5 Yr Avg	Statutory Amount	X Greater of the 3.75% or Stat Amt	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
				21-16-1302 (b)			Comparison of statutory amt and					
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	7,757,555	(3,964,942) (f)	15,792,613	(3,792,613)	12,000,000
2009	FY10	431,076,939 (c)	272,162,424	3.75%	10,206,091	12,000,000	12,000,000	0	(844,438)	11,155,562	0	11,155,562
2010	FY11	438,206,739 (d)	359,124,286	3.75%	13,467,161	12,000,000	13,467,161	0	(1,497,196)	0	0	9,658,366
2011	FY12	438,206,739 (e)	404,760,138	3.75%	15,178,505	12,000,000	15,178,505	0	(1,211,668)	0	0	8,446,698
2012	FY13	438,206,739 (e)	432,738,887	3.75%	16,227,708	12,000,000	16,227,708	0	(1,023,041)	0	0	7,423,657
2013	FY14	438,206,739 (e)	436,780,779	3.75%	16,379,279	12,000,000	16,379,279	0	(1,023,041)	0	0	6,400,616

FY 2010 are projections based on actual market value as of 06/30/09

Amounts shown in yellow for balance of FY10 thru FY14 are projections based on May 2009 CREG estimates & Dept of Ed's scholarship projections (v4 09/02/09)

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 the actual market value as of 07/01/08

(c) Total Market Value for FY10 is based on the unaudited market value as of 06/30/09

(d) Total Market Value for FY11 is based on the the 06/30/09 unaudited market value plus plus the addition of a \$7,129,791 coal lease bonus payment

(Of the \$50 appropriation from coal lease bonus payments, a total of \$42,870,209 was rec'd during FY09 and the balance of \$7,129,791 is anticipated to be received during FY10)

(e) Total Market Value for FY11 through FY13 anticipates no additional funds going to corpus

(f) Reflects net transfer-two colleges requested payment for full fall enrollment estimate rather than 75% of estimate

PERMANENT WYOMING MINERAL TRUST FUND
Fiscal Years 05 through 09 Analyzed and Compared

(\$ Millions)

	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Beginning Book Value	\$2,252.4	\$2,472.6	\$2,968.4	\$3,329.5	\$3,896.6
Beginning Market Value	2,218.2	2,557.8	3,070.6	3,728.1	4,135.4
- Difference	(34.2)	85.2	102.2	398.6	238.9
- Percent	-1.5%	3.4%	3.4%	12.0%	6.1%
Additions to Corpus					
- Constitutional Severance Tax 1.5% Deposit	\$168.6	\$243.6	\$193.1	\$213.6	\$290.7
- Add'l Severance Tax 1%	0.0	162.4	128.7	142.4	193.8
- Additional Legislative Deposits	51.6	89.9	20.0	40.0	0.0
- Spending Policy Reversions	0.0	0.0	19.2	171.1	0.0
Reduction of Corpus					
- Deferred Realized Capital Loss	0.0	0.0	0.0	0.0	(118.9)
Total Increase to Corpus	\$220.2	\$495.8	\$361.0	\$567.1	\$365.6
Ending Book Value	\$2,472.6	\$2,968.4	\$3,329.5	\$3,896.6	\$4,262.2
Ending Market Value	2,557.8	3,070.6	3,728.1	4,135.4	3,893.8
- Difference	85.2	102.2	398.6	238.9	(368.3)
- Percent	3.4%	3.4%	12.0%	6.1%	-8.6%
Total Distributed Income (gross of fees)					
- Interest	\$90.6	\$127.9	\$156.7	\$329.3	\$142.8
- Dividend	77.1	81.1	87.4	101.5	101.4
- Realized Net Capital Gain	11.1	19.8	31.8	38.4	38.8
	2.4	26.9	37.6	189.4	2.5
Change in Book Value	\$220.2	\$495.8	\$361.0	\$567.1	\$365.6
Change in Market Value	339.6	512.9	657.5	407.3	(241.6)
Cash Yield	3.87%	4.81%	4.96%	9.02%	3.42%
Total Return	8.40%	6.62%	14.83%	2.44%	-13.82%

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. Effective July 1, 2008 implementation of an interpretative policy clarifying the accounting and distribution of income including capital gains/losses has been put into place. Under the new policy, if there are annual capital losses in excess of capital gains they have not be netted against income. They have instead, been retained as "deferred losses" in the corpus of each fund.

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

COMMON SCHOOL PERMANENT LAND FUND
Fiscal Years 05 through 09 Analyzed and Compared

(\$ Millions)

	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Beginning Book Value	\$1,076.2	\$1,164.9	\$1,318.6	\$1,466.2	\$1,682.7
Beginning Market Value	1,014.3	1,165.2	1,371.6	1,676.7	1,766.0
- Difference	(61.9)	0.4	53.1	210.5	83.3
- Percent	-5.7%	0.0%	4.0%	14.4%	5.0%
Additions to Corpus					
- Sales, Royalties, etc.	\$88.4	\$153.7	\$147.7	\$161.3	\$163.8
- Additional Legislative Deposits	0.0	0.0	0.0	0.0	0.0
- Spending Policy Reversions	0.2	0.0	0.0	55.1	0.0
Reduction of Corpus					
- Deferred Realized Capital Loss	0.0	0.0	0.0	0.0	(52.1)
Total Increase to Corpus	\$88.7	\$153.7	\$147.7	\$216.5	\$111.7
Ending Book Value	\$1,164.9	\$1,318.6	\$1,466.2	\$1,682.7	\$1,794.4
Ending Market Value	1,165.2	1,371.6	1,676.7	1,766.0	1,622.5
- Difference	0.4	53.1	210.5	83.3	(172.0)
- Percent	0.0%	4.0%	14.4%	5.0%	-9.6%
Total Distributed Income (gross of fees)	\$52.7	\$55.9	\$68.5	\$137.1	\$60.1
- Interest	38.6	37.6	36.1	37.7	40.5
- Dividend	5.7	9.0	13.8	16.5	17.8
- Realized Net Capital Gain	8.3	9.3	18.6	82.9	1.8
Change in Book Value	\$88.7	\$153.7	\$147.7	\$216.5	\$111.7
Change in Market Value	150.9	206.4	305.1	89.3	(143.6)
Cash Yield	4.87%	4.59%	4.98%	9.51%	3.37%
Total Return	8.66%	6.02%	14.87%	2.27%	-13.25%

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. Effective July 1, 2008 implementation of an interpretative policy clarifying the accounting and distribution of income including capital gains/losses has been put into place. Under the new policy, if there are annual capital losses in excess of capital gains they have not been netted against income. They have instead, been retained as "deferred losses" in the corpus of each fund.

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