



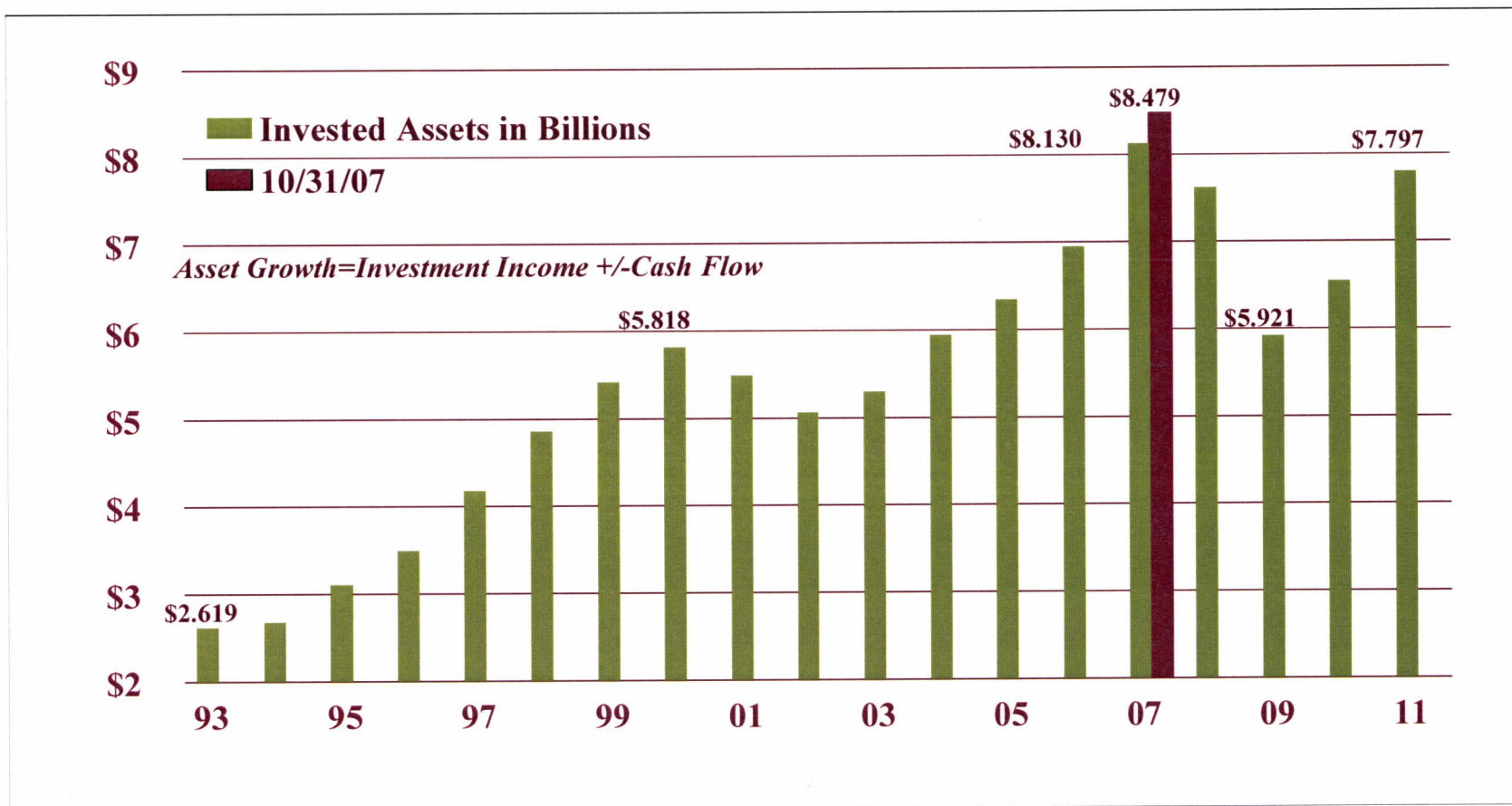
**A Report On
Montana Pensions & Investments**

To: Economic Affairs Committee
By: Carroll South, Executive Director
Montana Board of Investments
Date: October 5, 2011

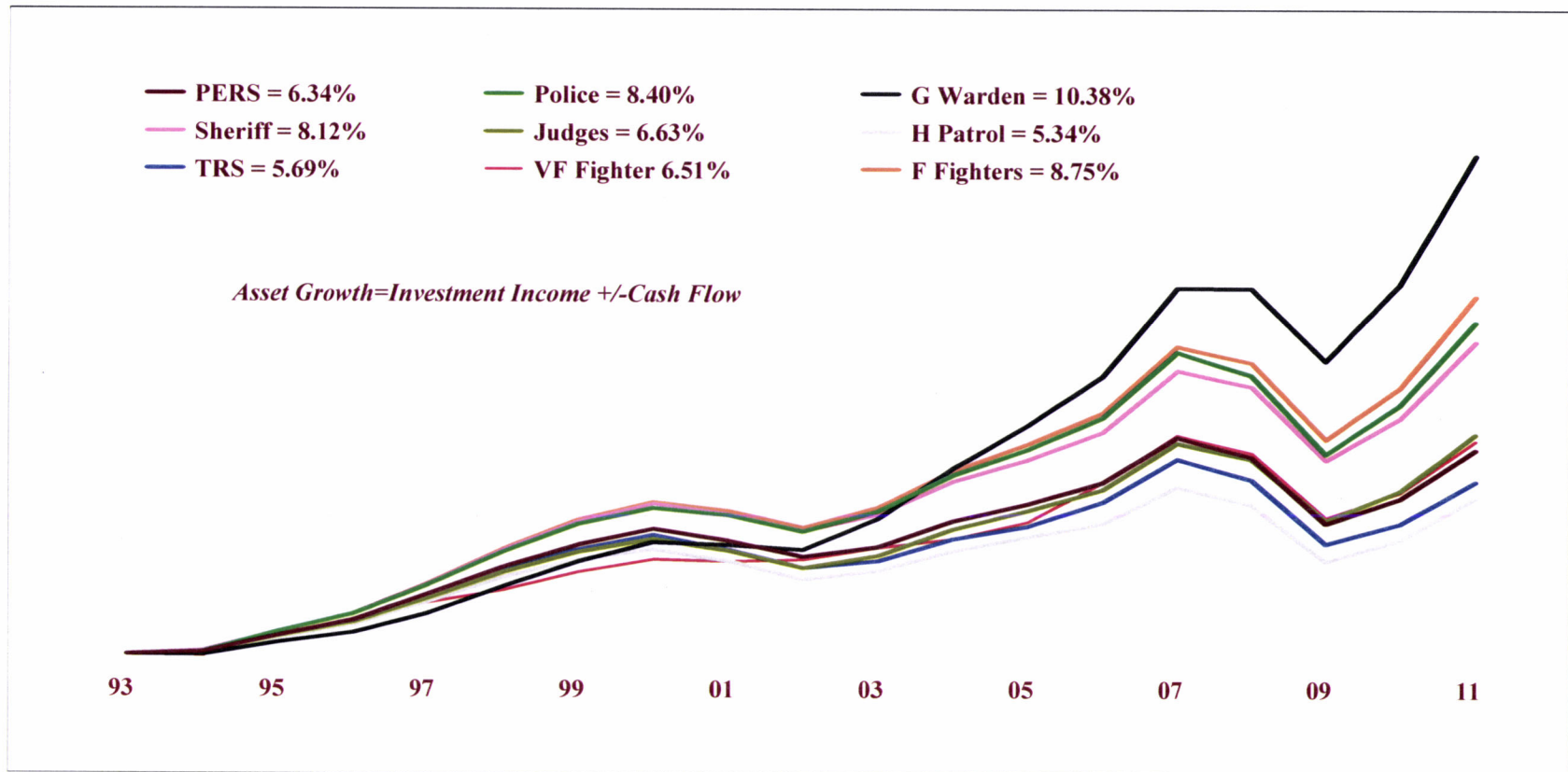
Market Value of Pension Funds Invested Assets at June 30

Pension Plan	2010	2011	Annual Change	
Public Employees	3,304,243,795	3,930,390,589	626,146,794	18.95%
Teachers	2,491,322,409	2,940,482,398	449,159,989	18.03%
Police	175,814,321	217,067,875	41,253,555	23.46%
Firefighters	173,192,031	215,775,342	42,583,311	24.59%
Sheriffs	172,089,117	210,815,214	38,726,096	22.50%
Highway Patrol	82,525,737	98,521,582	15,995,845	19.38%
Game Wardens	73,774,470	93,925,828	20,151,357	27.31%
Judges	52,400,547	63,496,968	11,096,421	21.18%
Vol Firefighters	22,595,537	27,010,041	4,414,504	19.54%
Total	6,547,957,966	7,797,485,837	1,249,527,871	19.08%

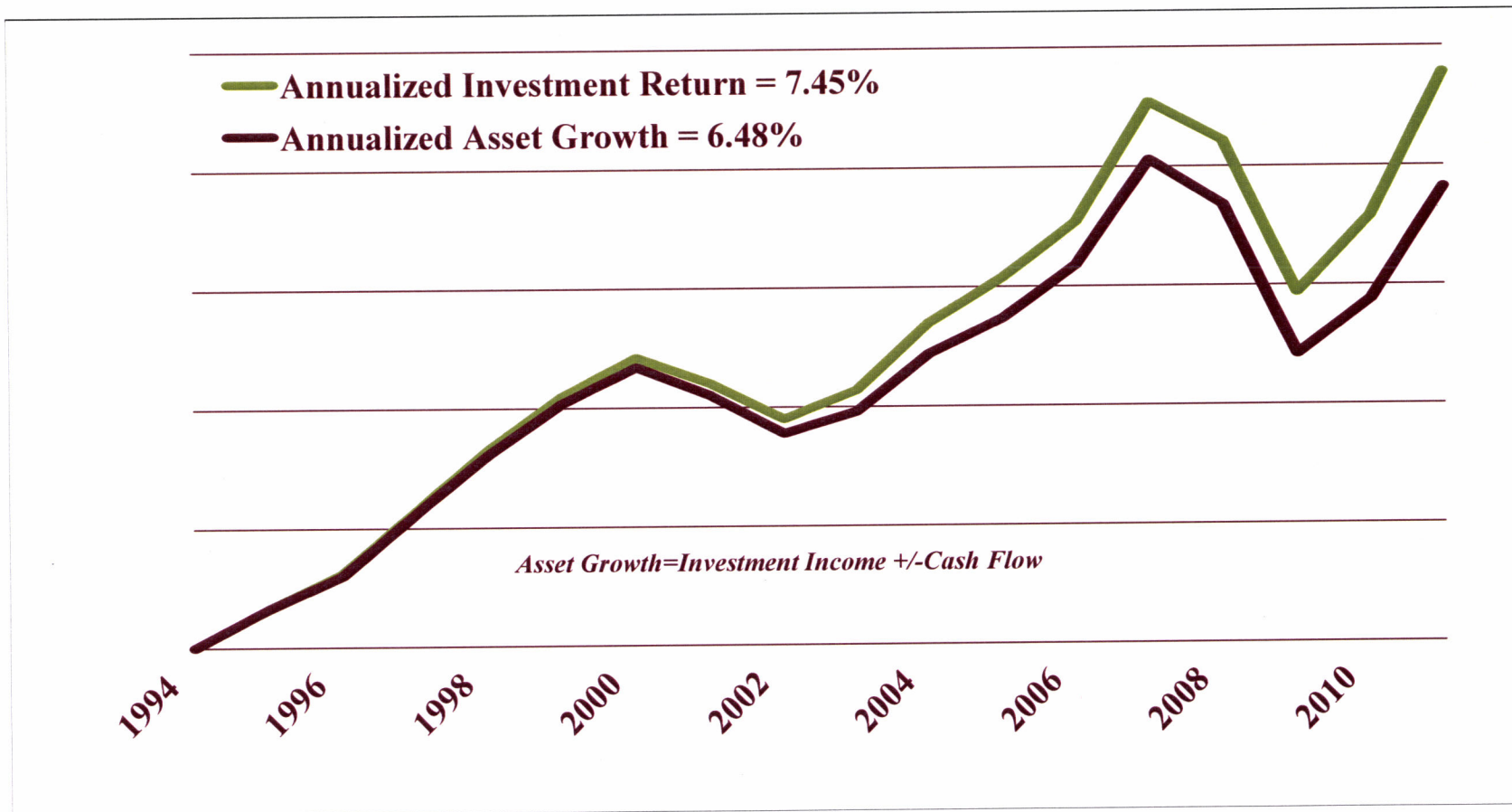
Growth in Invested Assets of Total Pension Funds at June 30



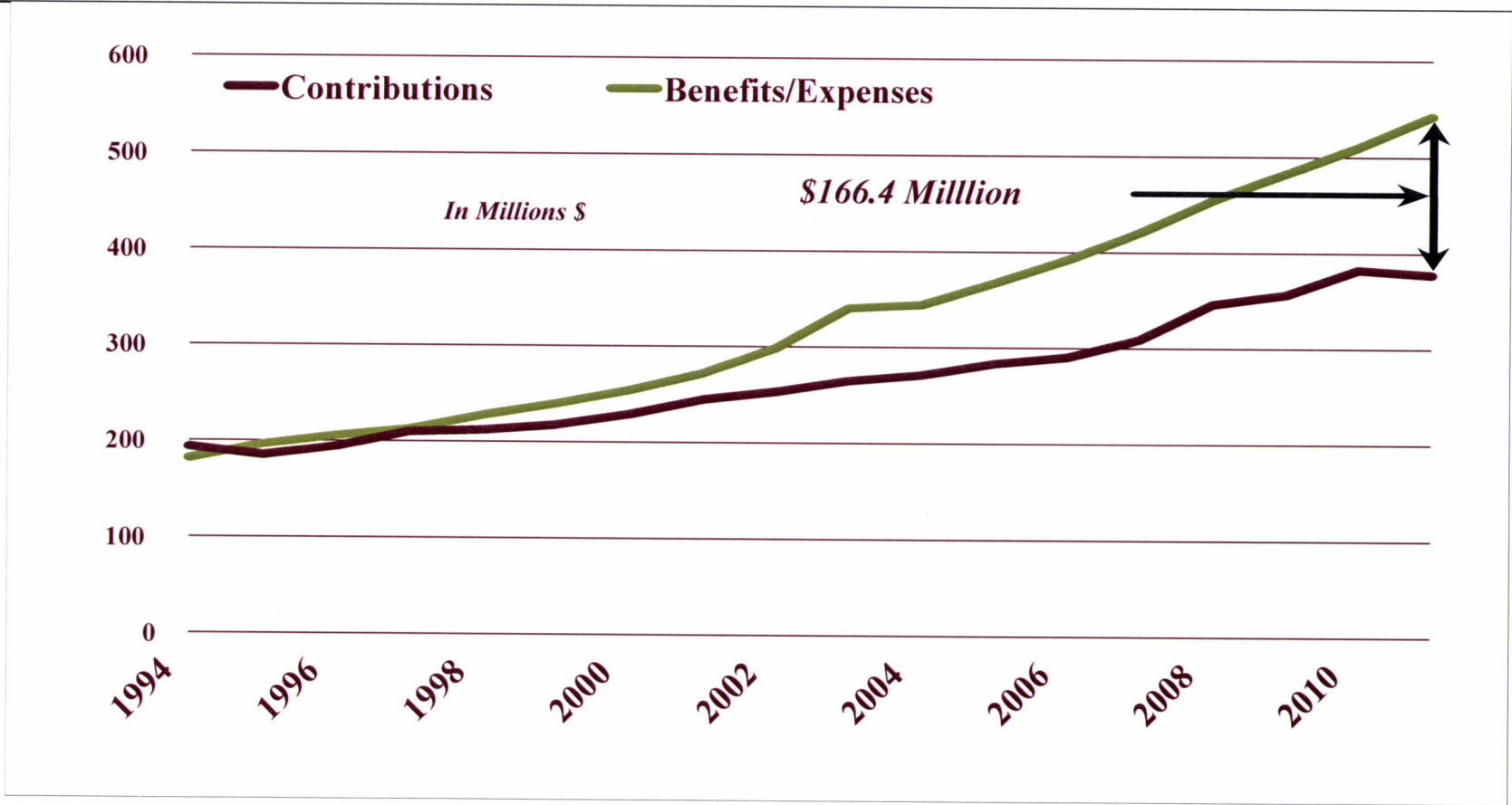
Growth of Individual Pension Fund Invested Assets



Annualized Invested Assets Growth & Investment Return



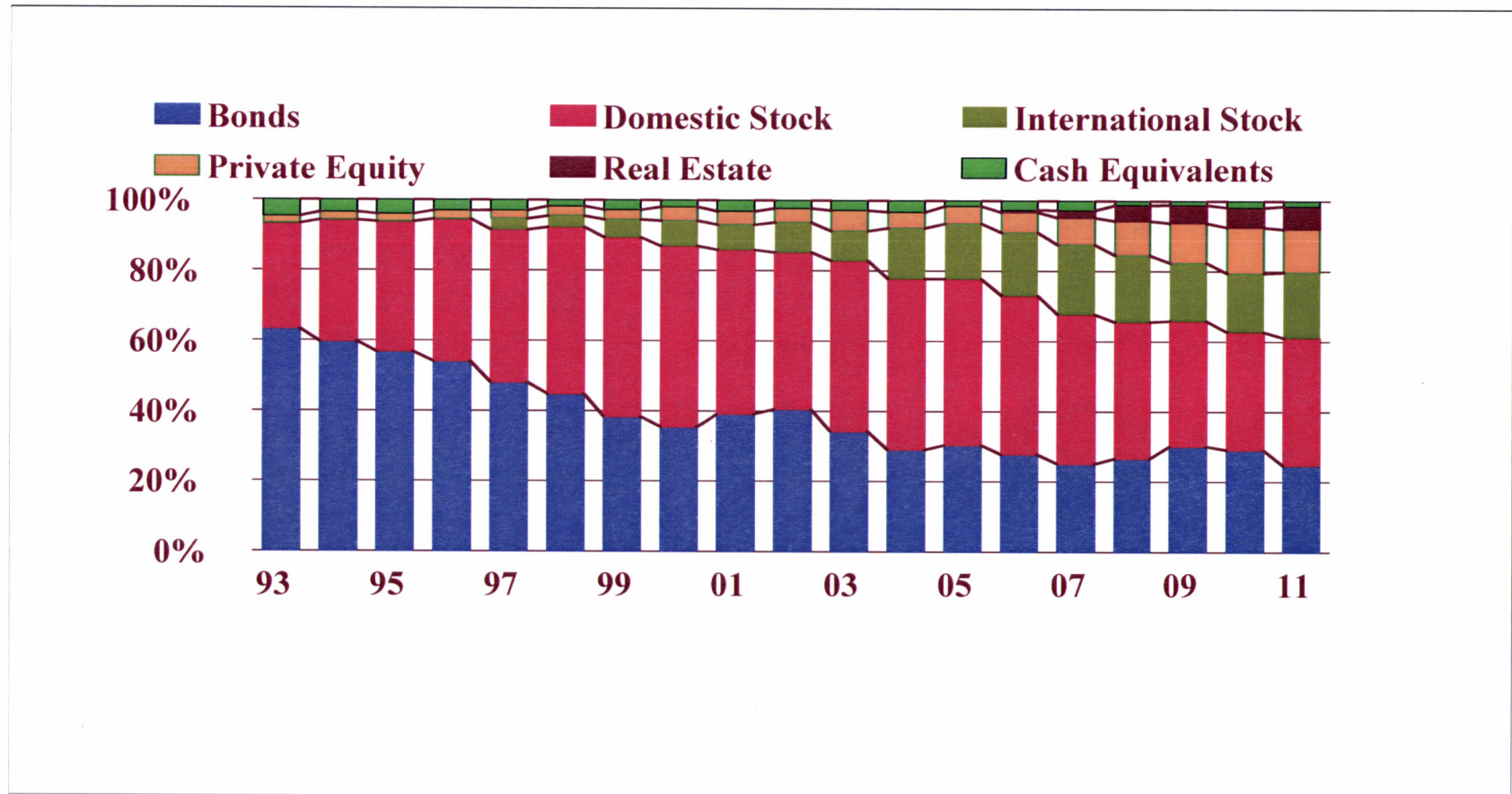
Contributions/Benefits & Expenses



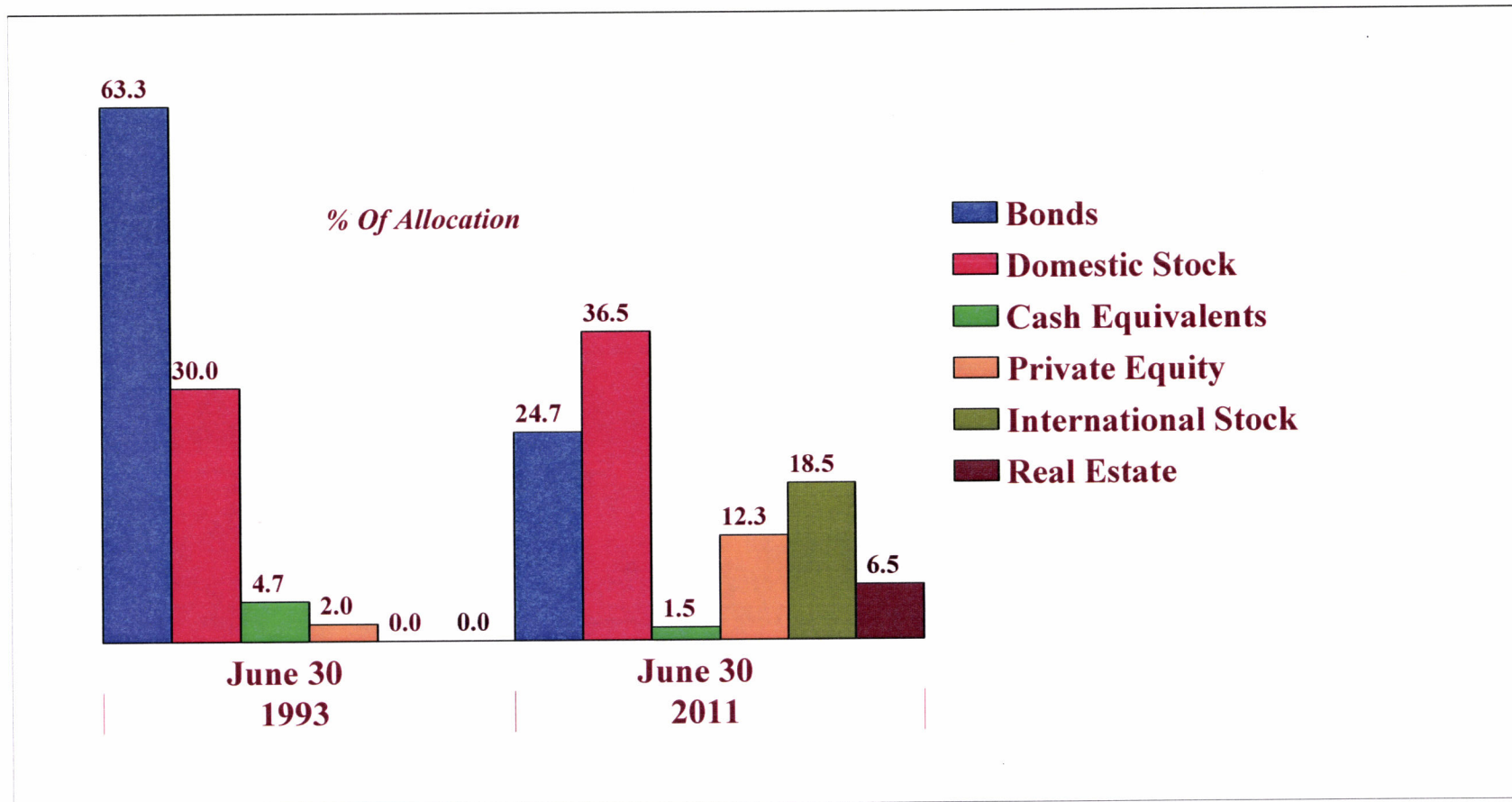
Fiscal Year 2011 Contribution/Benefits

Pension Fund	Contributions	Benefits/ Expenses	<u>Contributions</u> +/- Benefits	<u>Contributions</u> % Benefits
Public Employees	154,212,333	242,758,406	(88,546,073)	63.53%
Teachers	153,310,509	241,381,903	(88,071,394)	63.51%
Police	20,843,899	18,013,101	2,830,797	115.72%
Firefighters	20,122,226	15,733,429	4,388,797	127.89%
Sheriffs	11,837,965	10,205,024	1,632,940	116.00%
Highway Patrol	6,089,062	7,986,412	(1,897,350)	76.24%
Game Wardens	7,696,110	3,856,575	3,839,535	199.56%
Judges	1,955,691	2,239,603	(283,912)	87.32%
Vol Firefighters	1,596,436	1,938,060	(341,624)	82.37%
Total	377,664,230	544,112,514	(166,448,283)	69.41%

Annual Asset Allocation Changes From FY 1993 to FY 2011



Beginning Period/Ending Period Asset Allocations

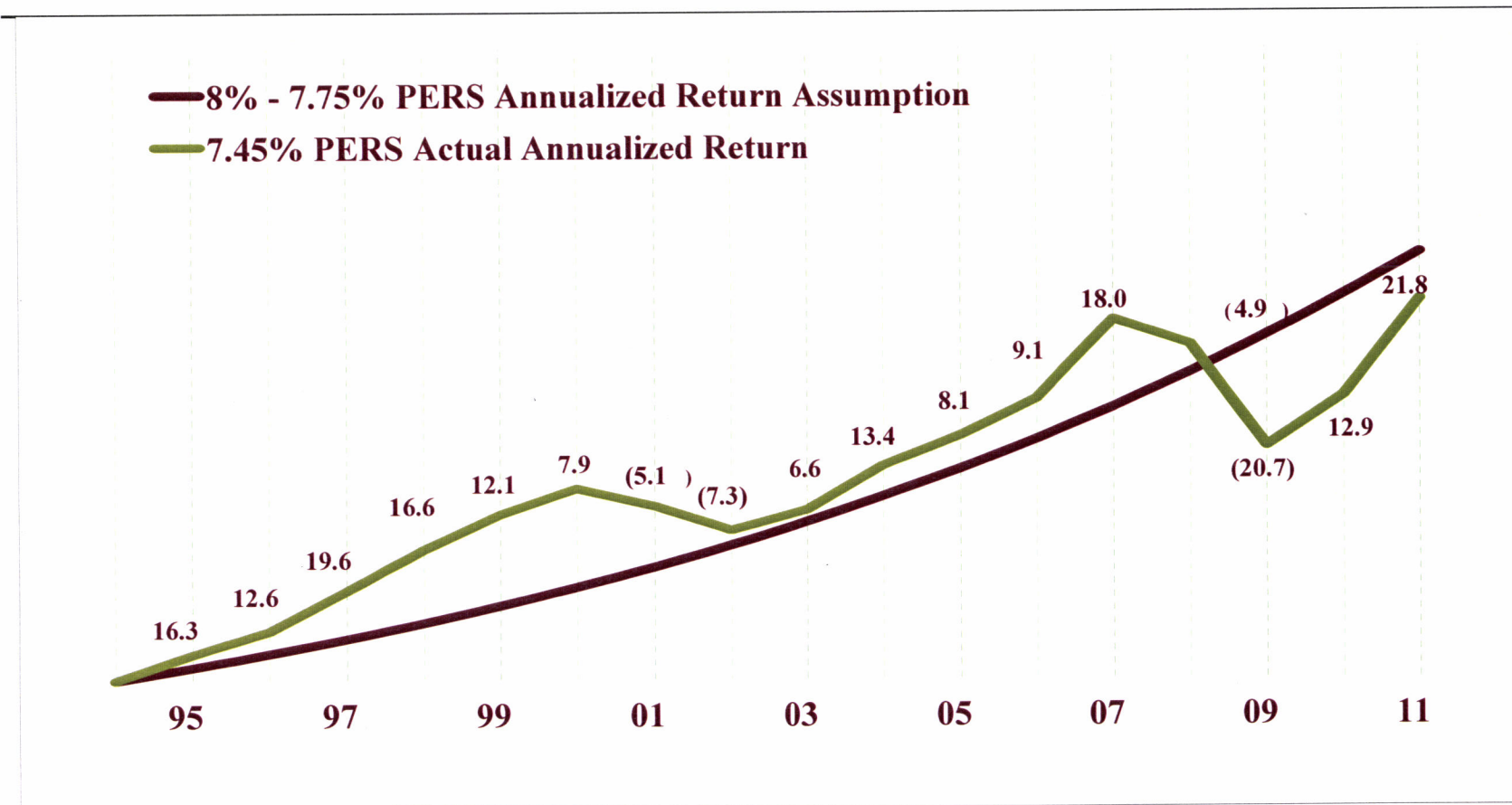


Board-Approved Asset Allocations

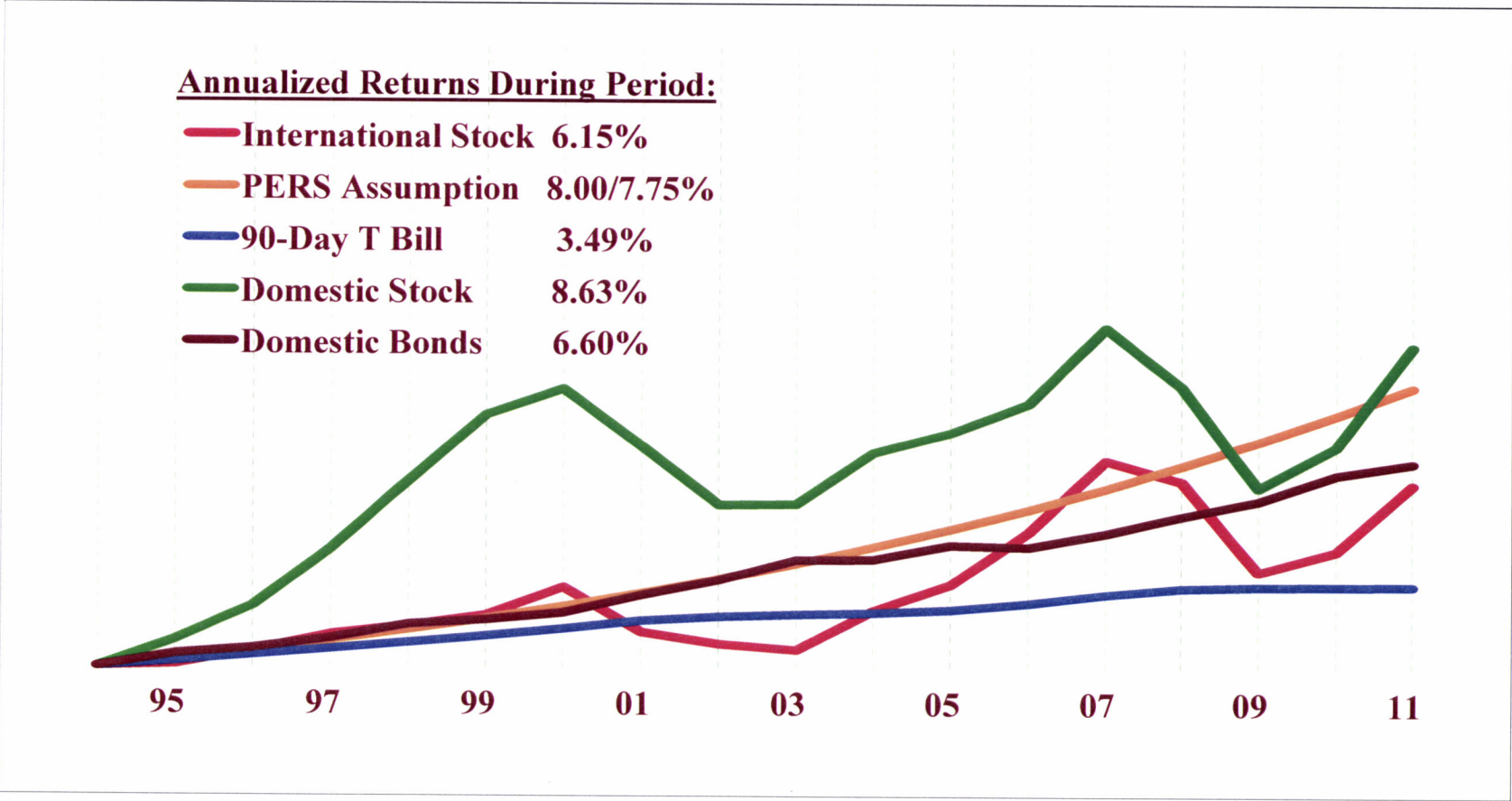
Pension Fund Asset Allocations 60 -70% Equities Range			
<u>Domestic Equity Pool</u>			
<u>Investment Type</u>	<u>Range</u>		
Large Cap Core (passive)	10% - 30%	30% - 50%	4% - 10%
Large Cap Enhanced	20% - 30%		
Large Cap Style-Based (long-only)	20% - 30%		
Partial Long/Short (130/30)	10% - 20%		
Total Large Cap	<u>82% - 92%</u>		
Mid Cap	5% - 11%		
Small Cap	3% - 8%		
<u>Real Estate Pool</u>			
<u>Investment Type</u>	<u>Range</u>		
Core/Timberland *	35% - 65%		
Value Added	20% - 45%		
Opportunistic	10% - 30%		
* Timberland may not exceed 2% of total pension assets			
<u>International Equity Pool</u>			
<u>Investment Type</u>	<u>Range</u>		
Large Cap Core (active & passive)	50% - 70%	15% - 30%	9% - 15%
Large Cap Growth	10% - 20%		
Large Cap Value	10% - 20%		
Small Cap Core	5% - 15%		
<u>Private Equity Pool</u>			
<u>Investment Type</u>	<u>Range</u>		
Leveraged Buyouts	40% - 75%		
Venture Capital	10% - 50%		
Mezzanine Financing	0% - 10%		
Distressed Securities	0% - 40%		
Special Situations	0% - 10%		
<u>Retirement Funds Bond Pool</u>			
<u>Investment Type</u>	<u>Range</u>		
Domestic High Yield	0% - 15%	22% - 32%	1% - 5%
International	0% - 10%		
Total High Yield/International	<u>0% - 20%</u>		
Domestic Core(investment grade)	80% - 100%		
<u>Short Term Investment Pool</u>			
Short-term liquid investments			
High-quality Investments			
24 Hour Liquidity for Participants			



PERS Actual Returns Versus Return Assumption



Major Asset Class Returns Versus PERS Return Assumption

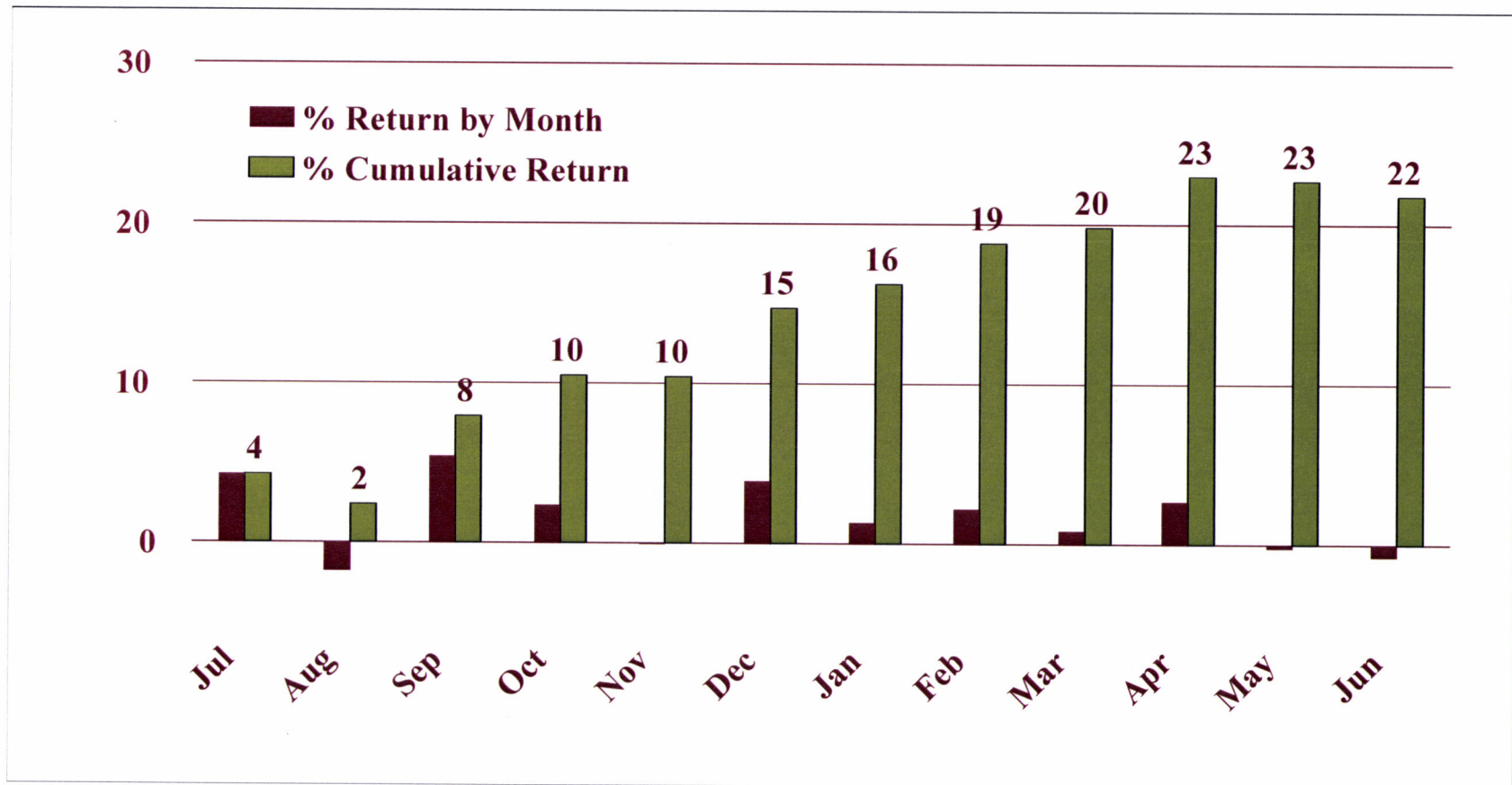


Pension Fund FY 2011 Investment Returns by Asset Type

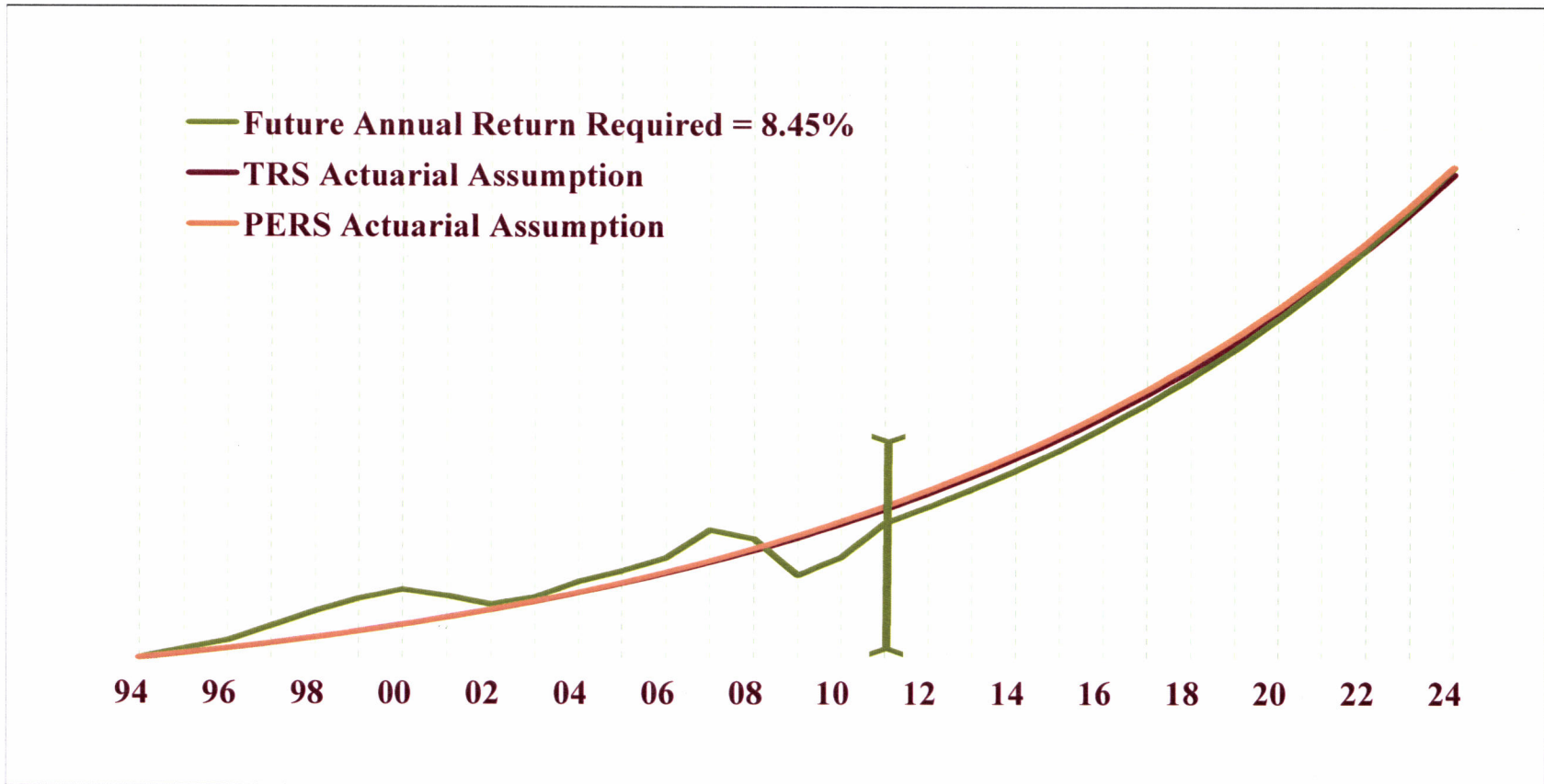
Asset Type	June 30 Market Value	% of Total	FY2011* Return
Domestic Stock	2,846,486,980	36.51%	31.88%
Bonds	1,922,867,078	24.66%	6.78%
International Stock	1,443,960,235	18.52%	30.62%
Private Equity	960,495,202	12.32%	21.56%
Real Estate	508,025,320	6.52%	16.11%
Cash Equivalents	115,651,022	1.48%	0.31%
Total	7,797,485,837	100.00%	21.79%

* Investment Return = Investment Income +/- Unrealized Capital Gains (Losses)

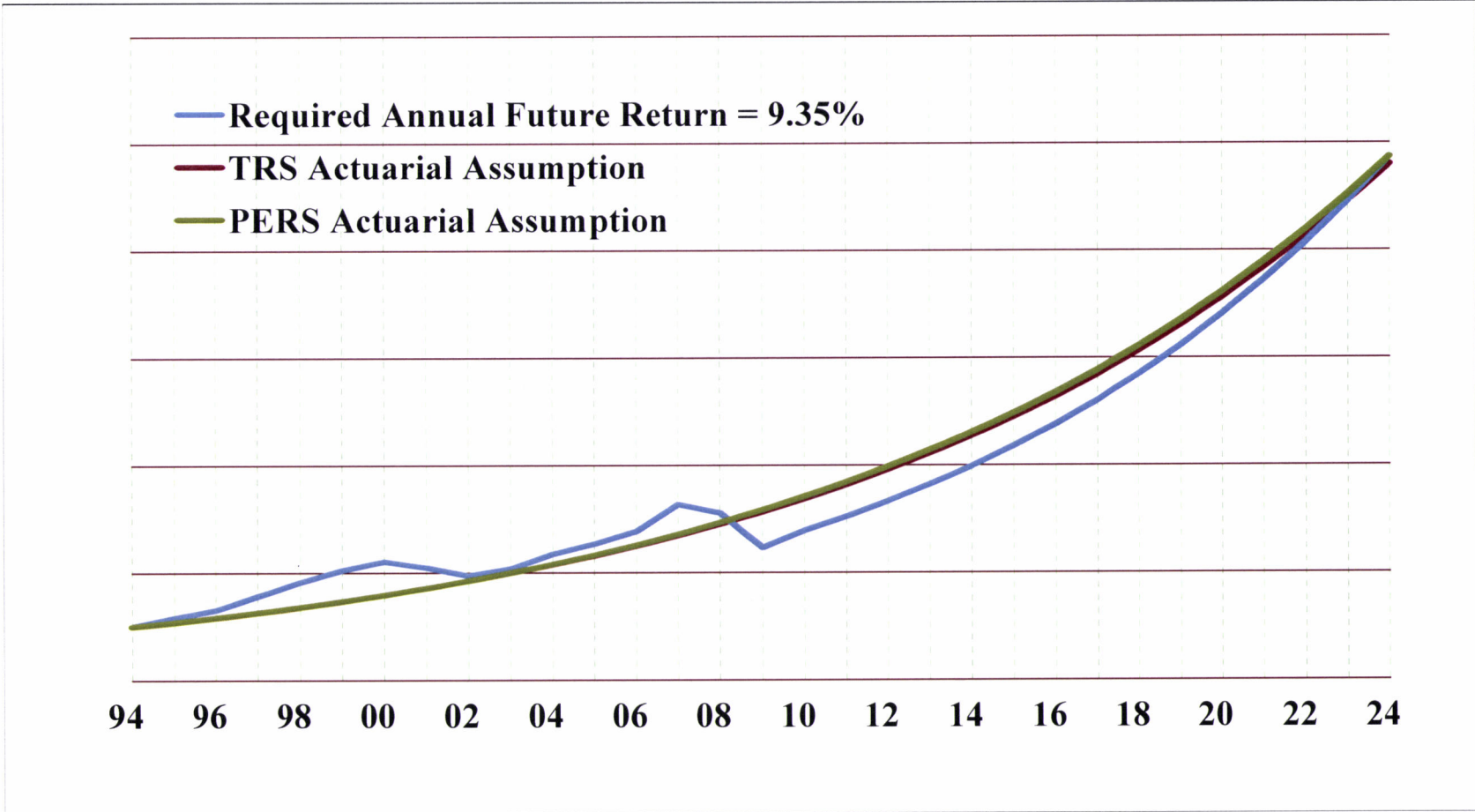
FY 2011 Pension Returns by Month & Cumulative



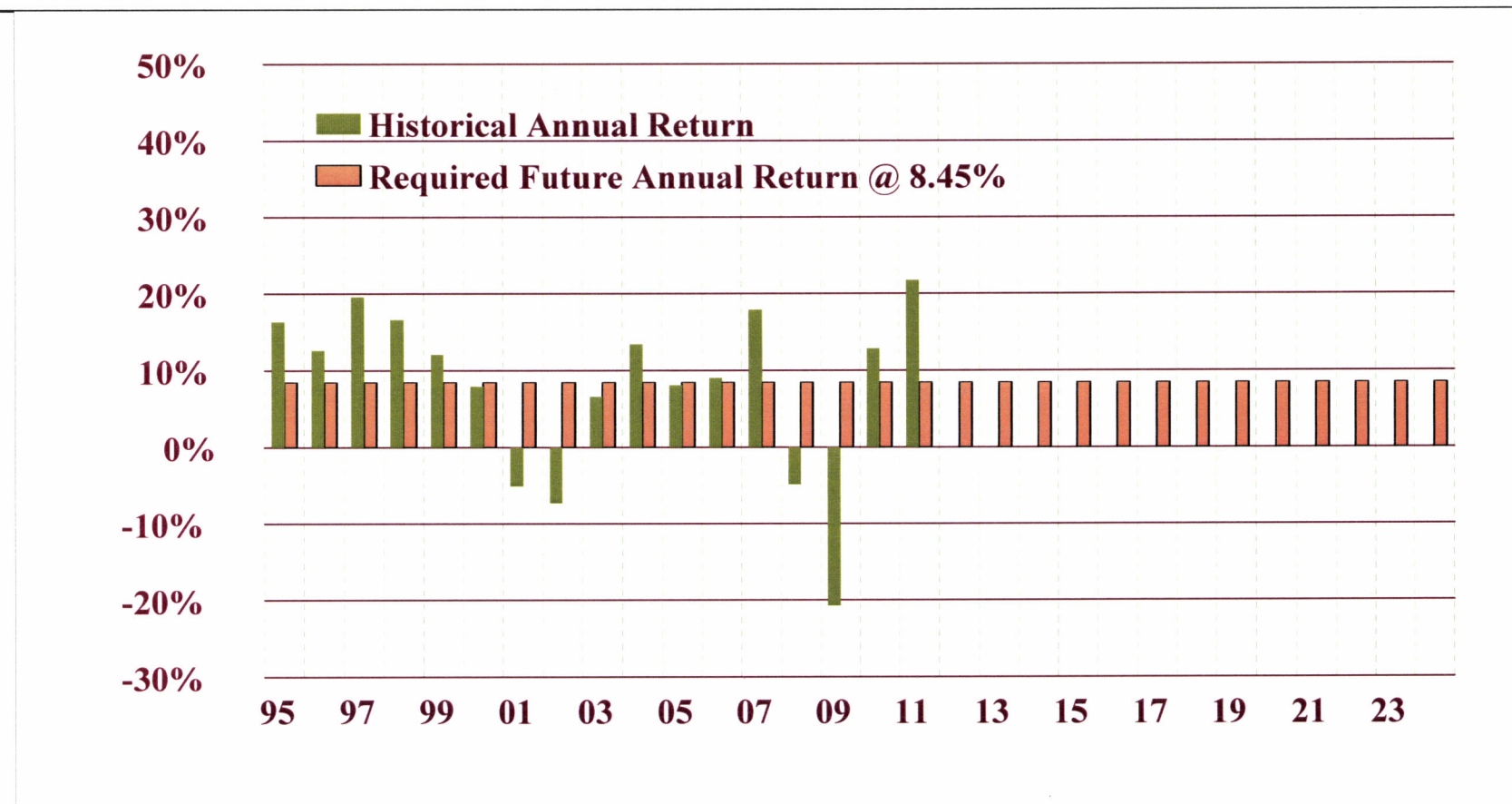
Back on Track Within 30 Years as of June 30, 2011?



Back on Track Within 30 Years as of June 30, 2010?



Historical Returns & Required Future Returns As of 6/30/11



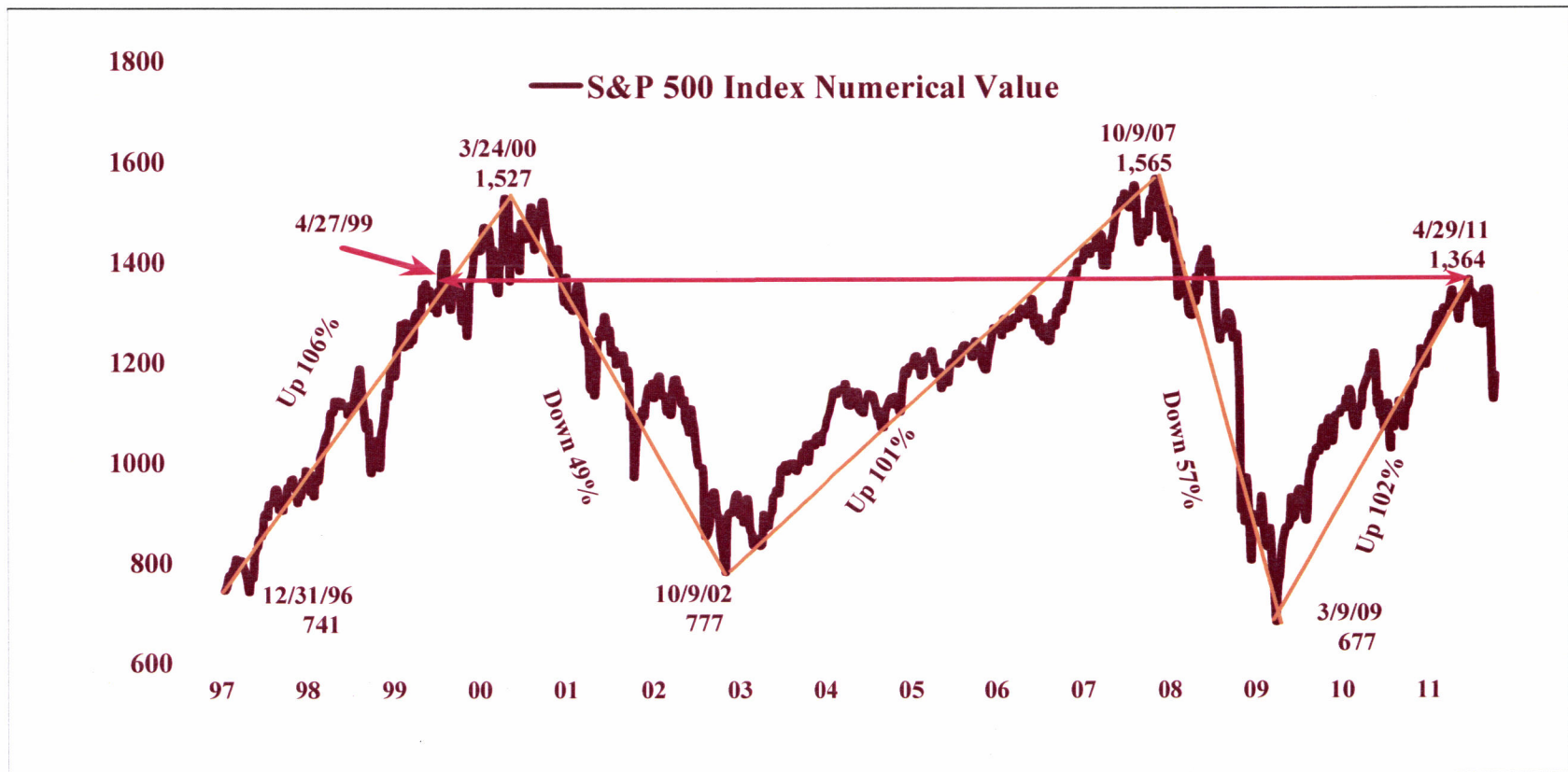


Annual Compounded Investment Returns From 1926-2010 *

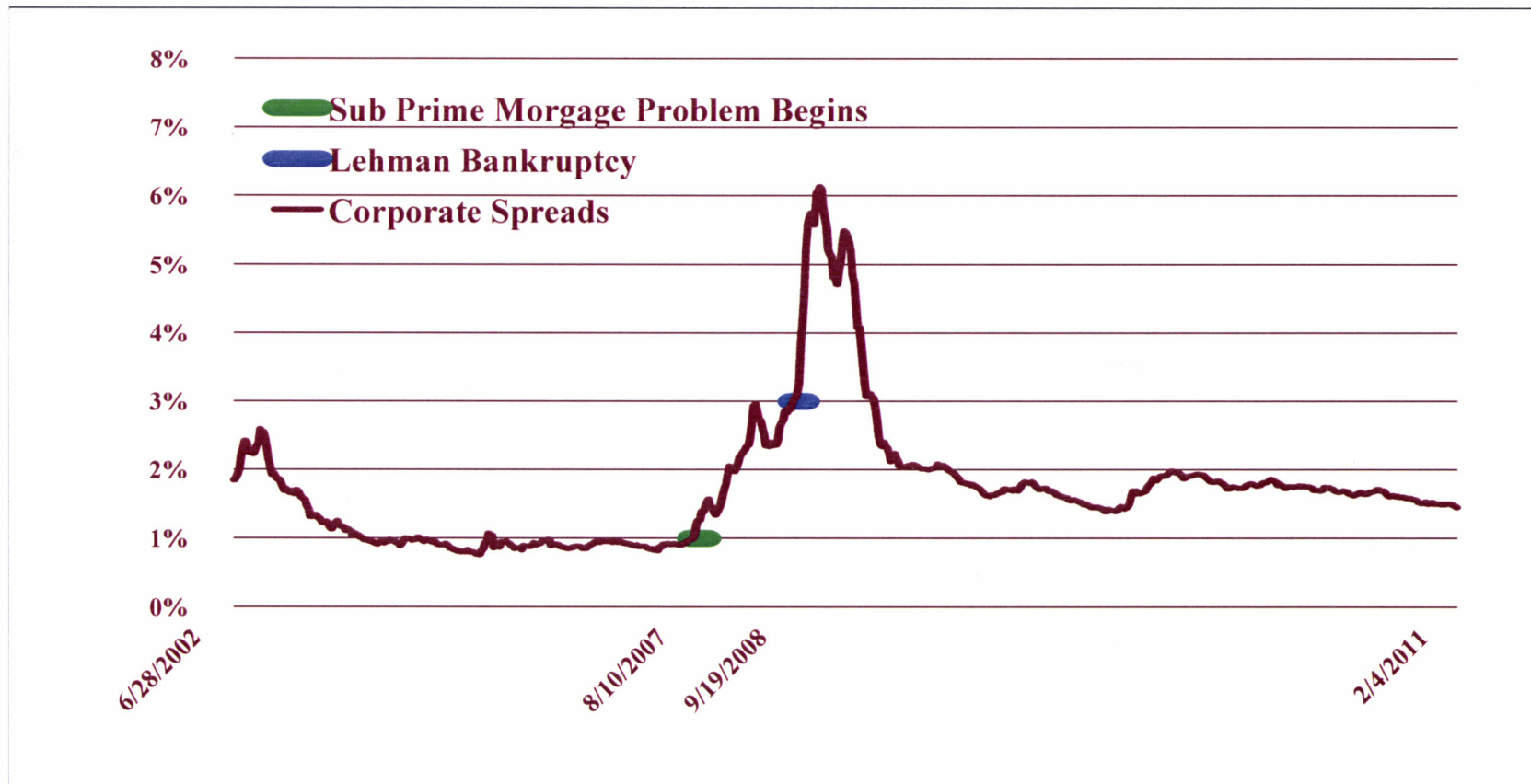
➤	<u>Large Company Domestic Stock</u>	<u>9.87%</u>
➤	<u>Small Company Domestic Stock</u>	<u>12.07%</u>
➤	<u>Long-Term Government Bonds</u>	<u>5.48%</u>
➤	<u>Intermediate-Term Government Bonds</u>	<u>5.35%</u>
➤	<u>Long-Term Domestic Corporate Bonds</u>	<u>5.93%</u>
➤	<u>US Government Treasury Bills</u>	<u>3.62%</u>

* From Ibbotson SSBI Market Report December 2010

Stock Market Volatility



Bond Market Volatility



Pension Benefit Increases and The Stock Market

