A Report On
Montana Pensions & Investments

To: Economic Affairs Committee

By: Carroll South, Executive Director
Montana Board of Investments

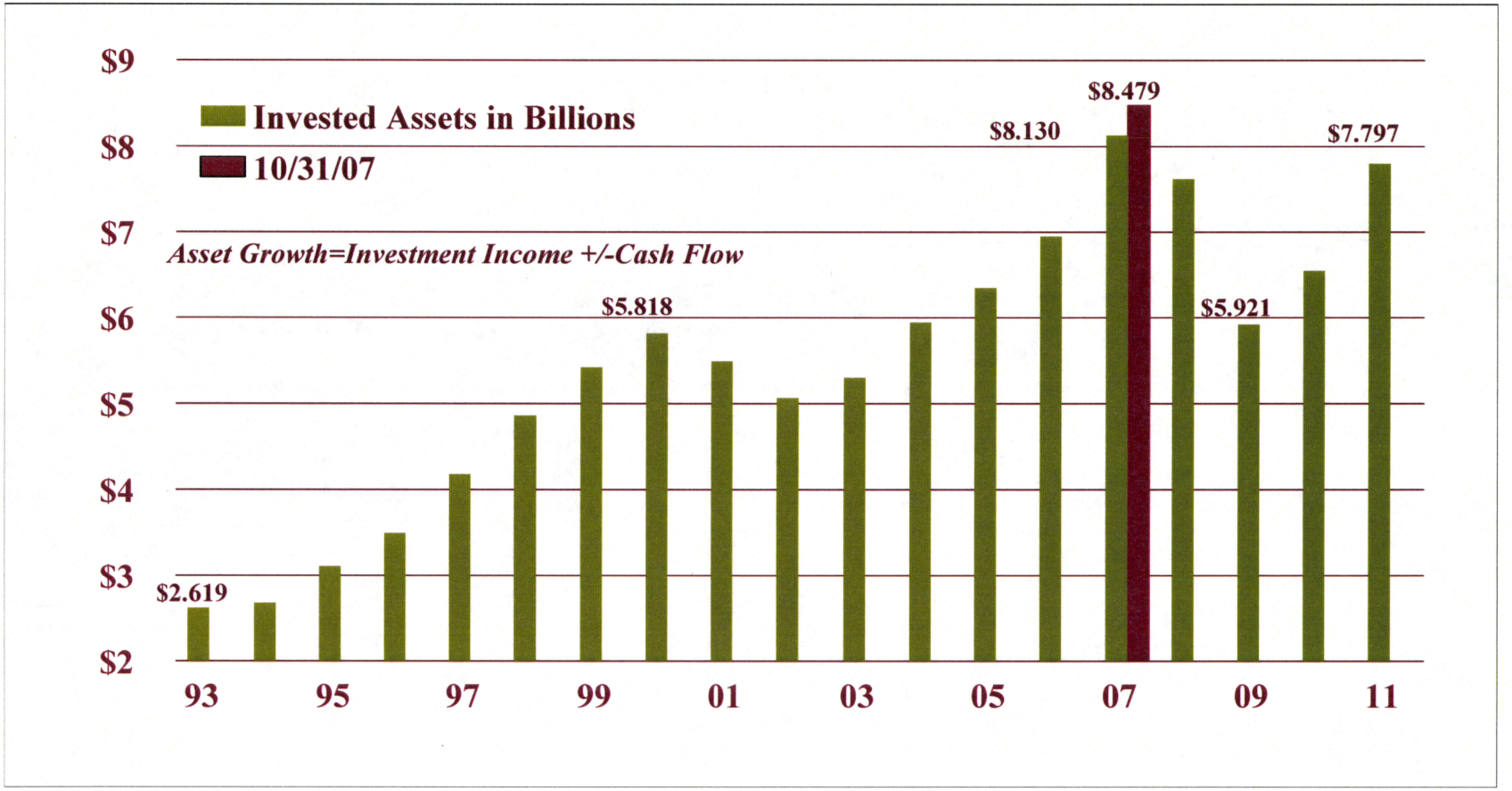
Date: October 5, 2011

ECONOMIC AFFAIRS IC
October 5, 2011
EXHIBIT 9

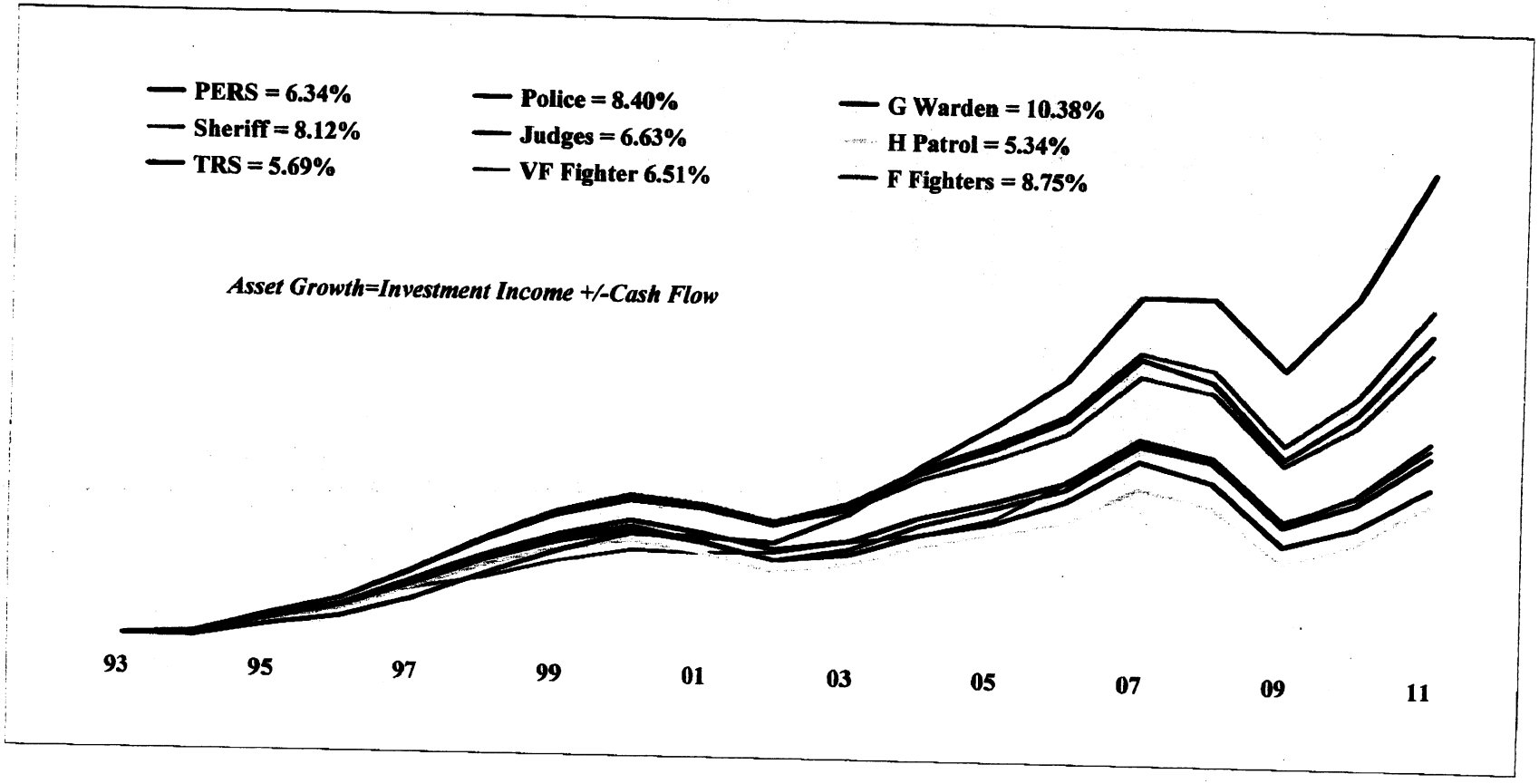
Market Value of Pension Funds Invested Assets at June 30

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%

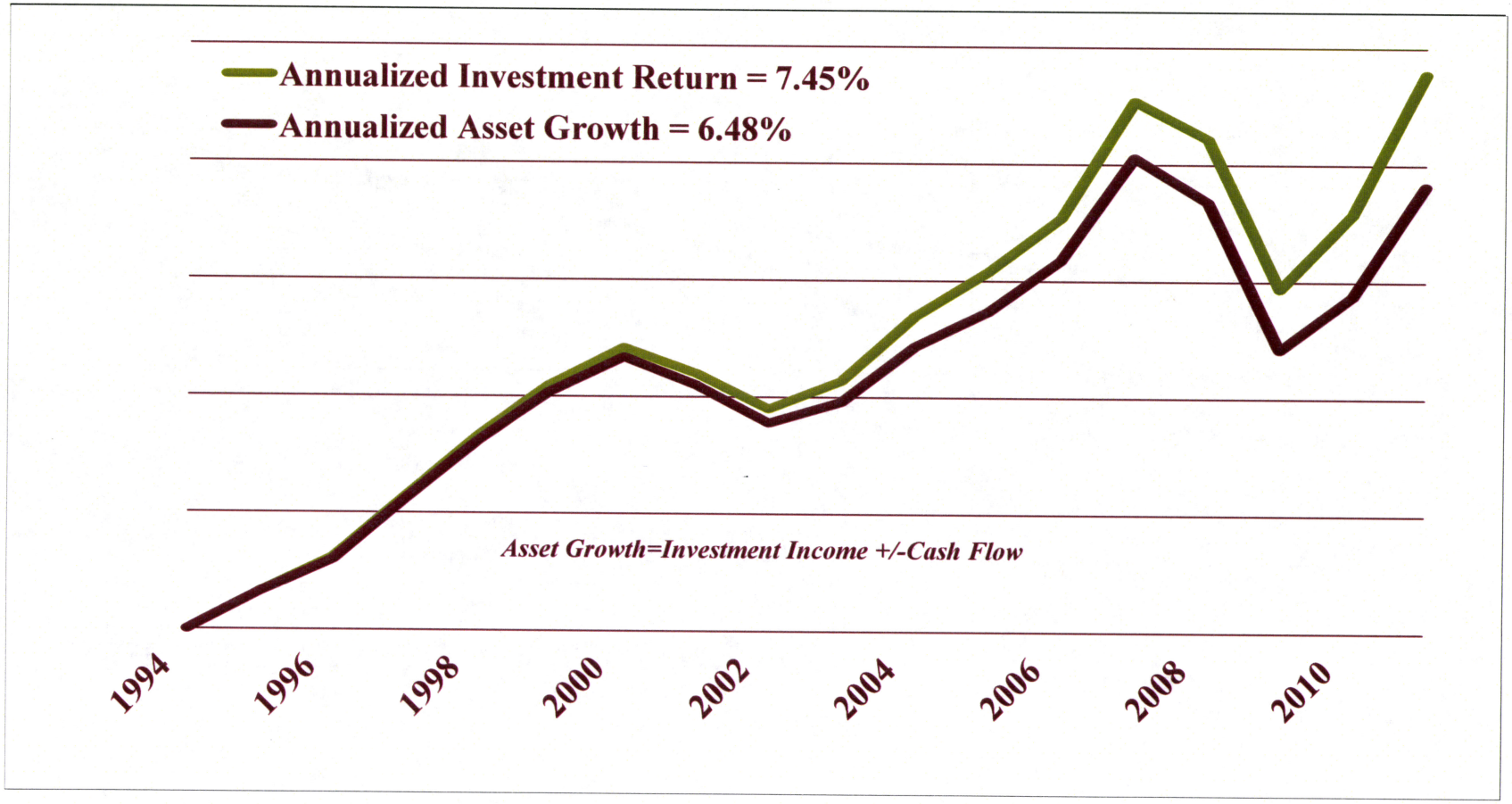
Growth in Invested Assets of Total Pension Funds at June 30



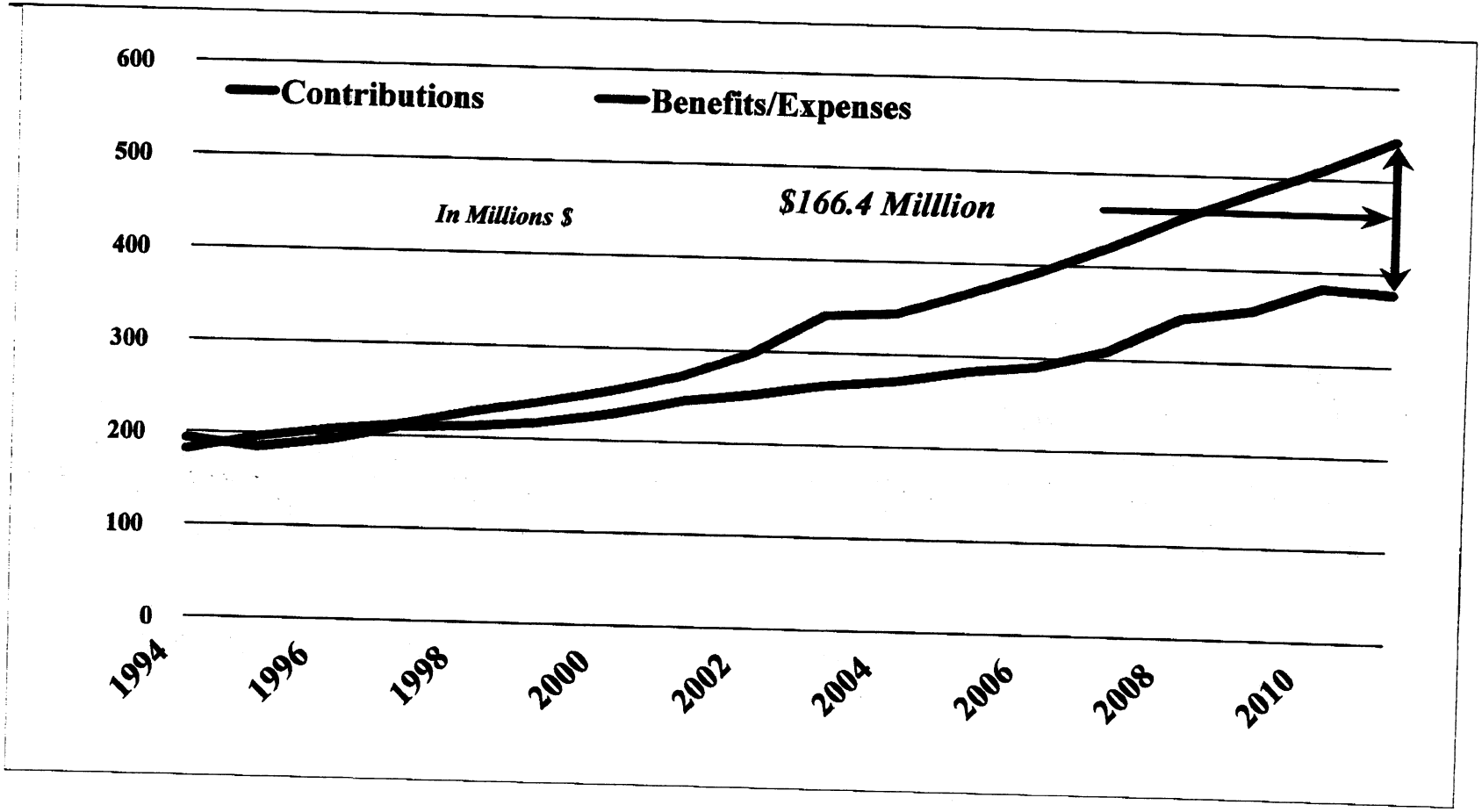
Growth of Individual Pension Fund Invested Assets



Annualized Invested Assets Growth & Investment Return



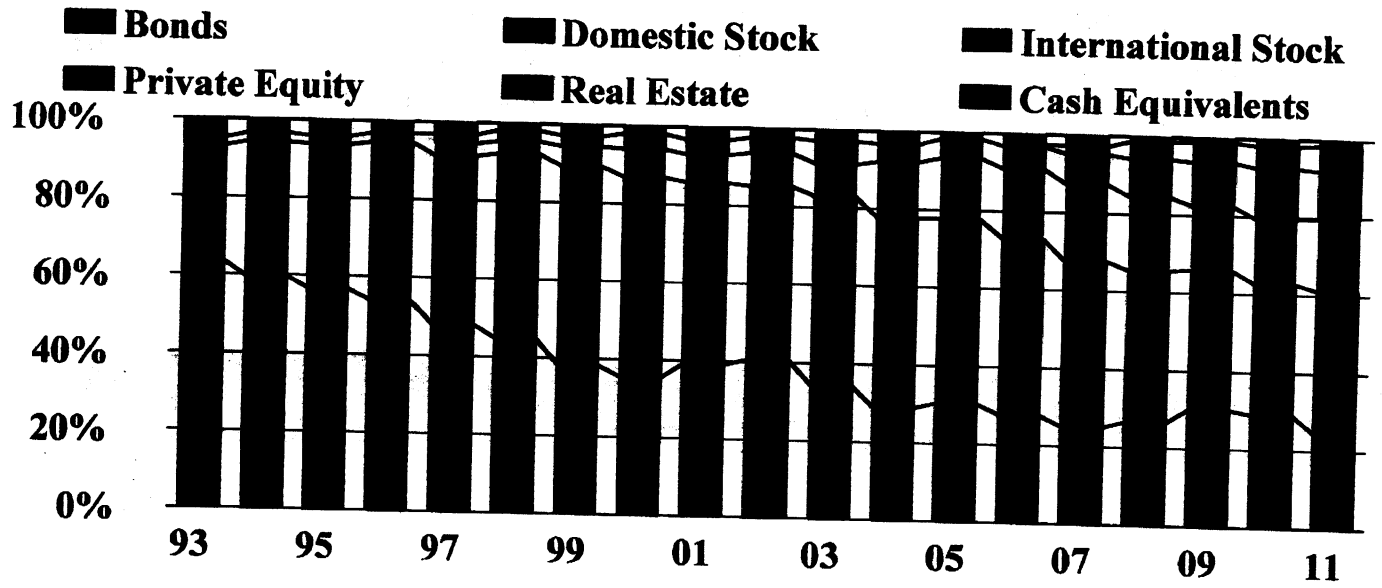
Contributions/Benefits & Expenses



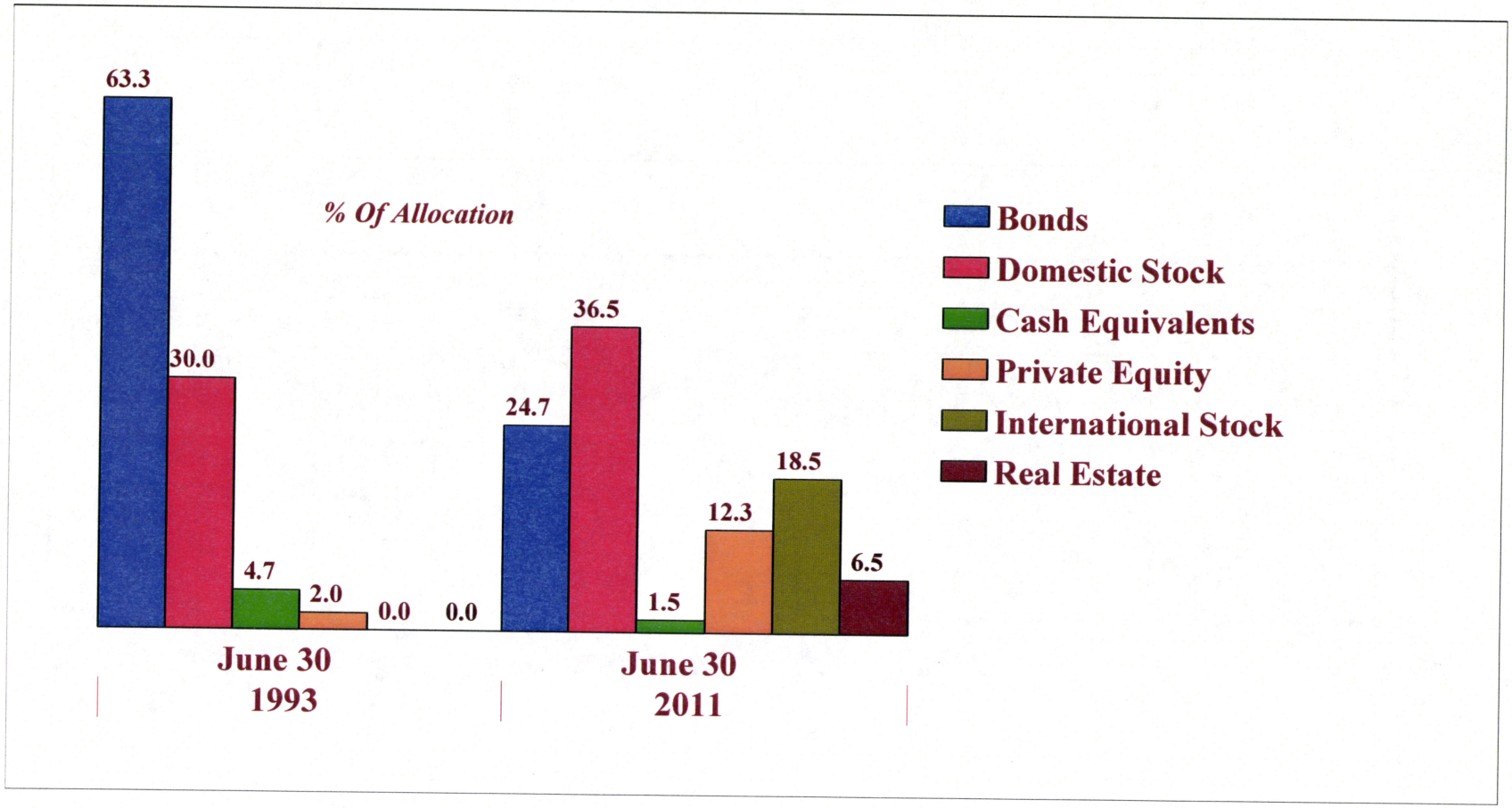
Fiscal Year 2011 Contribution/Benefits

Pension Fund	Contributions	Benefits/ Expenses	Contributions +/- Benefits	Contributions % 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

Domestic Equity Pool

Investment Type	Range
Large Cap Core (passive)	10% - 30%
Large Cap Enhanced	20% - 30%
Large Cap Style-Based (long-only)	20% - 30%
Partial Long/Short (130/30)	10% - 20%
Total Large Cap	82% - 92%
Mid Cap	5% - 11%
Small Cap	3% - 8%

30% - 50%

Real Estate Pool

Investment Type	Range
Core/Timberland *	35% - 65%
Value Added	20% - 45%
Opportunistic	10% - 30%

* Timberland may not exceed 2% of total pension assets

4% - 10%

International Equity Pool

Investment Type	Range
Large Cap Core (active & passive)	50% - 70%
Large Cap Growth	10% - 20%
Large Cap Value	10% - 20%
Small Cap Core	5% - 15%

15% - 30%

Private Equity Pool

Investment Type	Range
Leveraged Buyouts	40% - 75%
Venture Capital	10% - 50%
Mezzanine Financing	0% - 10%
Distressed Securities	0% - 40%
Special Situtations	0% - 10%

9% - 15%

Retirement Funds Bond Pool

Investment Type	Range
Domestic High Yield	0% - 15%
International	0% - 10%
Total High Yield/International	0% - 20%
Domestic Core(investment grade)	80% - 100%

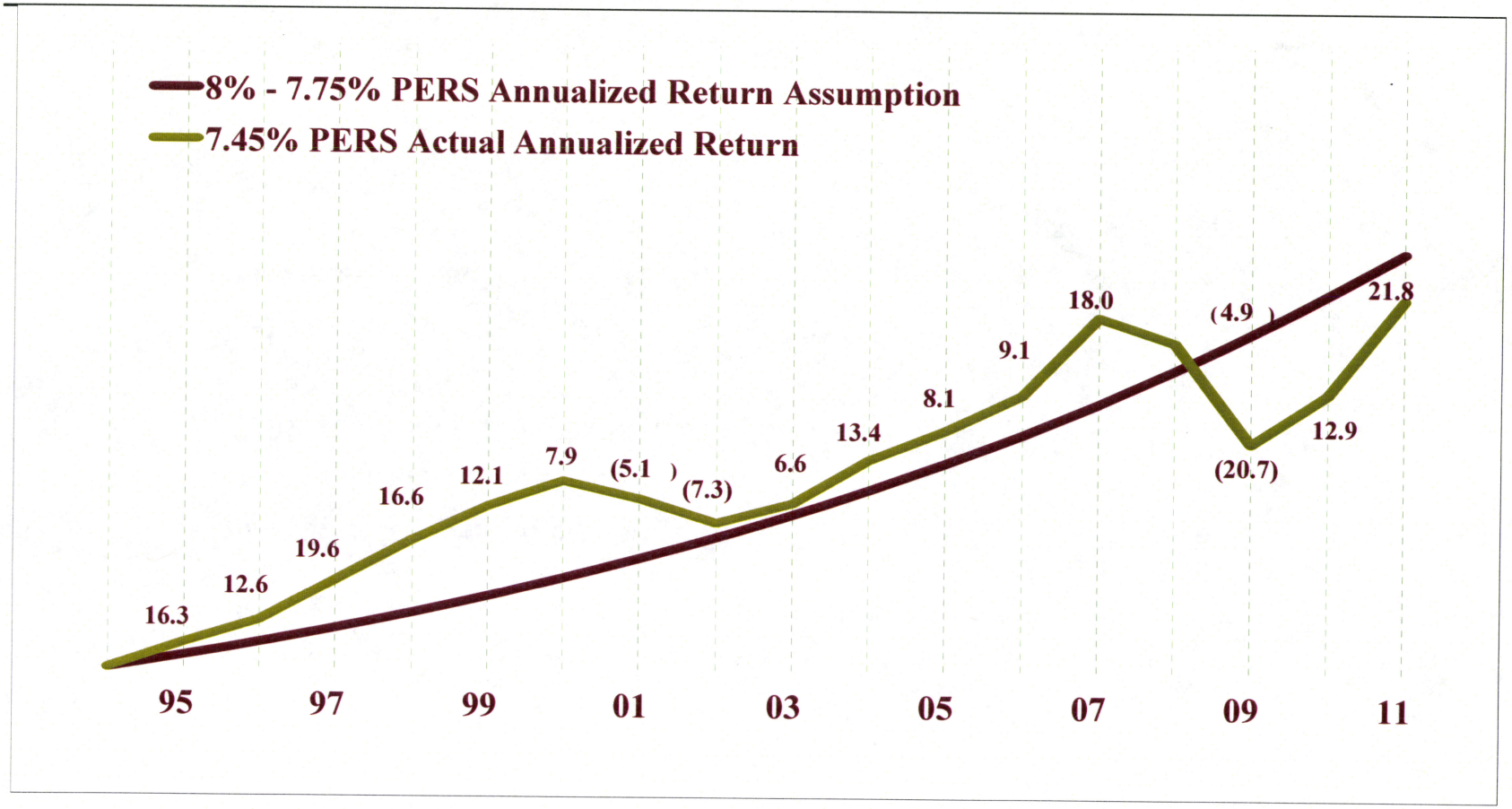
22% - 32%

Short Term Investment Pool

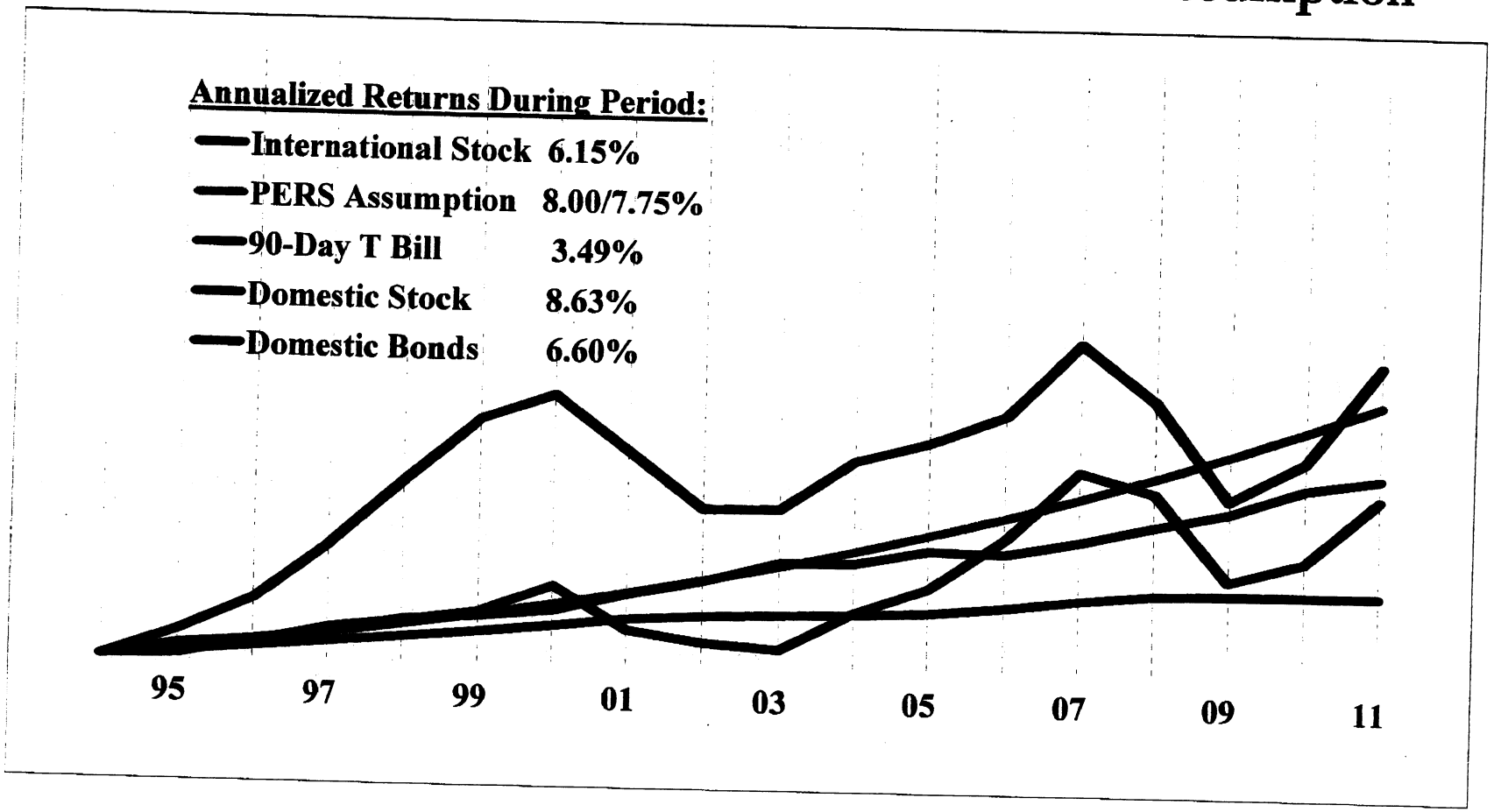
Short-term liquid investments
High-quality Investments
24 Hour Liquidity for Participants

1% - 5%

PERS Actual Returns Versus Return Assumption



Major Asset Class Returns Versus PERS Return Assumption

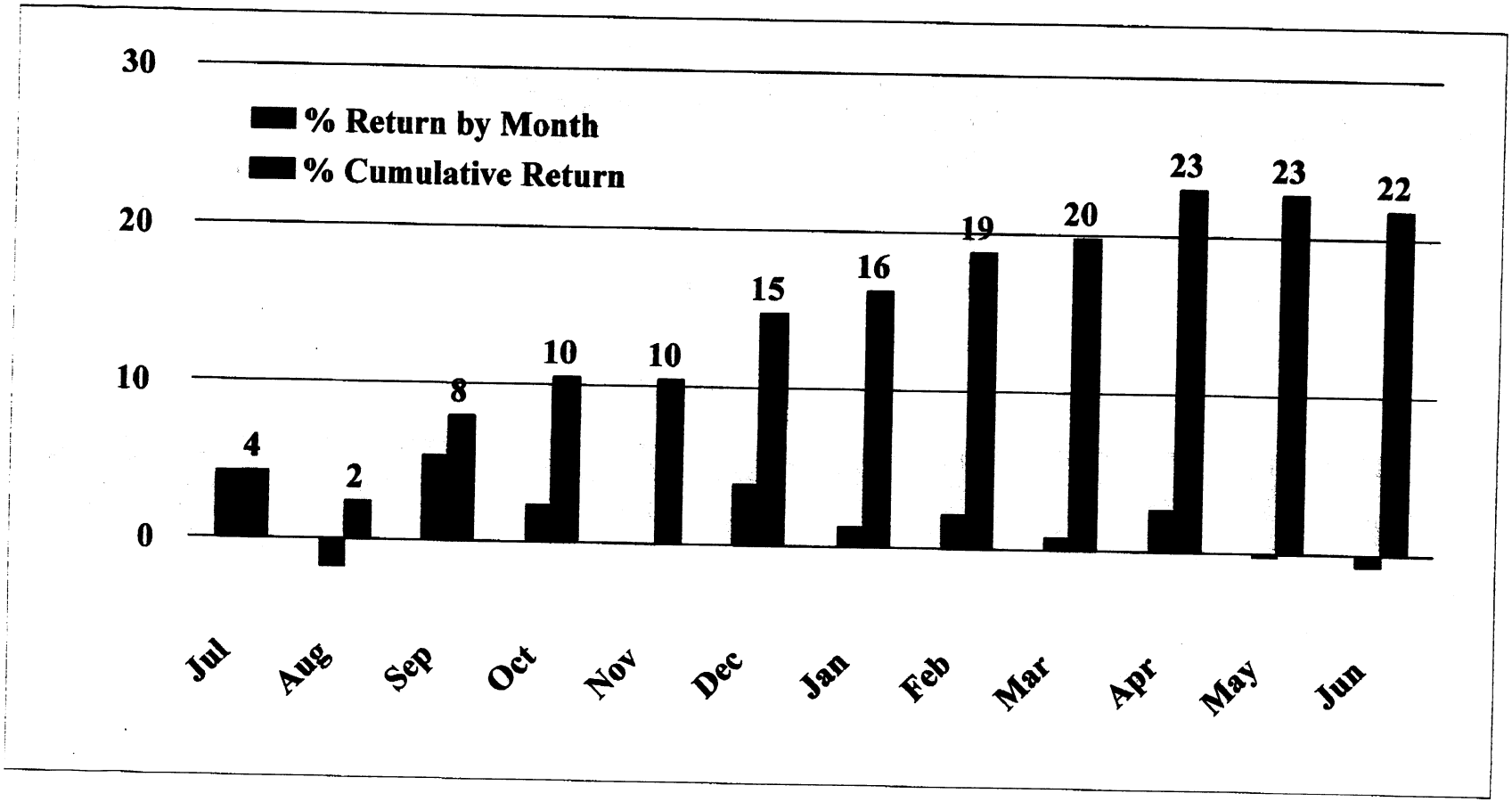


Pension Fund FY 2011 Investment Returns by Asset Type

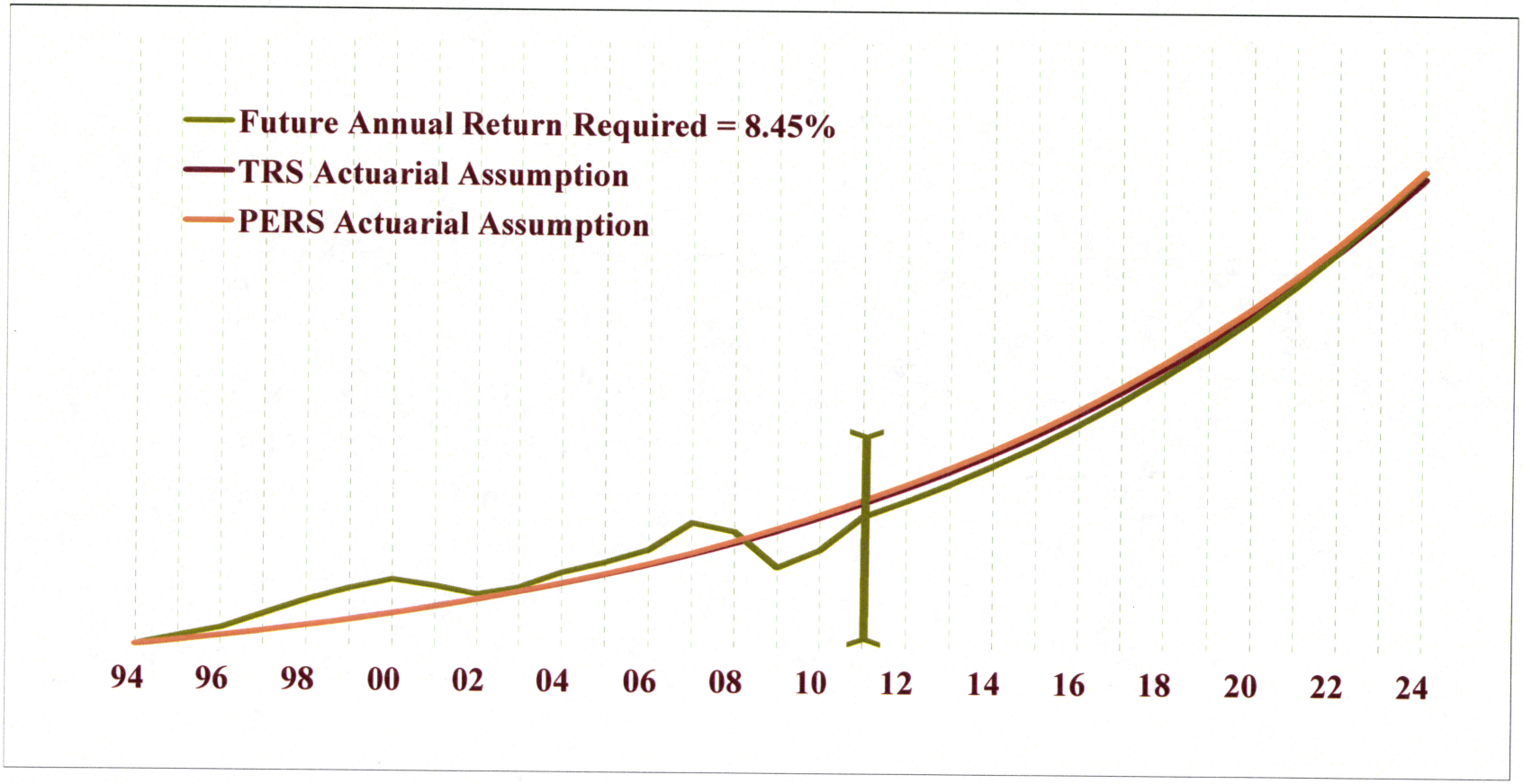
Asset Type	June 30 Market Value	% of Total	FY2011* Return
Domestic Stock	2,846,486,980	36.51%	31.88%
Bonds	1,922,867,078	24.66%	6.78%
International Stock	1,443,960,235	18.52%	30.62%
Private Equity	960,495,202	12.32%	21.56%
Real Estate	508,025,320	6.52%	16.11%
Cash Equivalents	115,651,022	1.48%	0.31%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

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

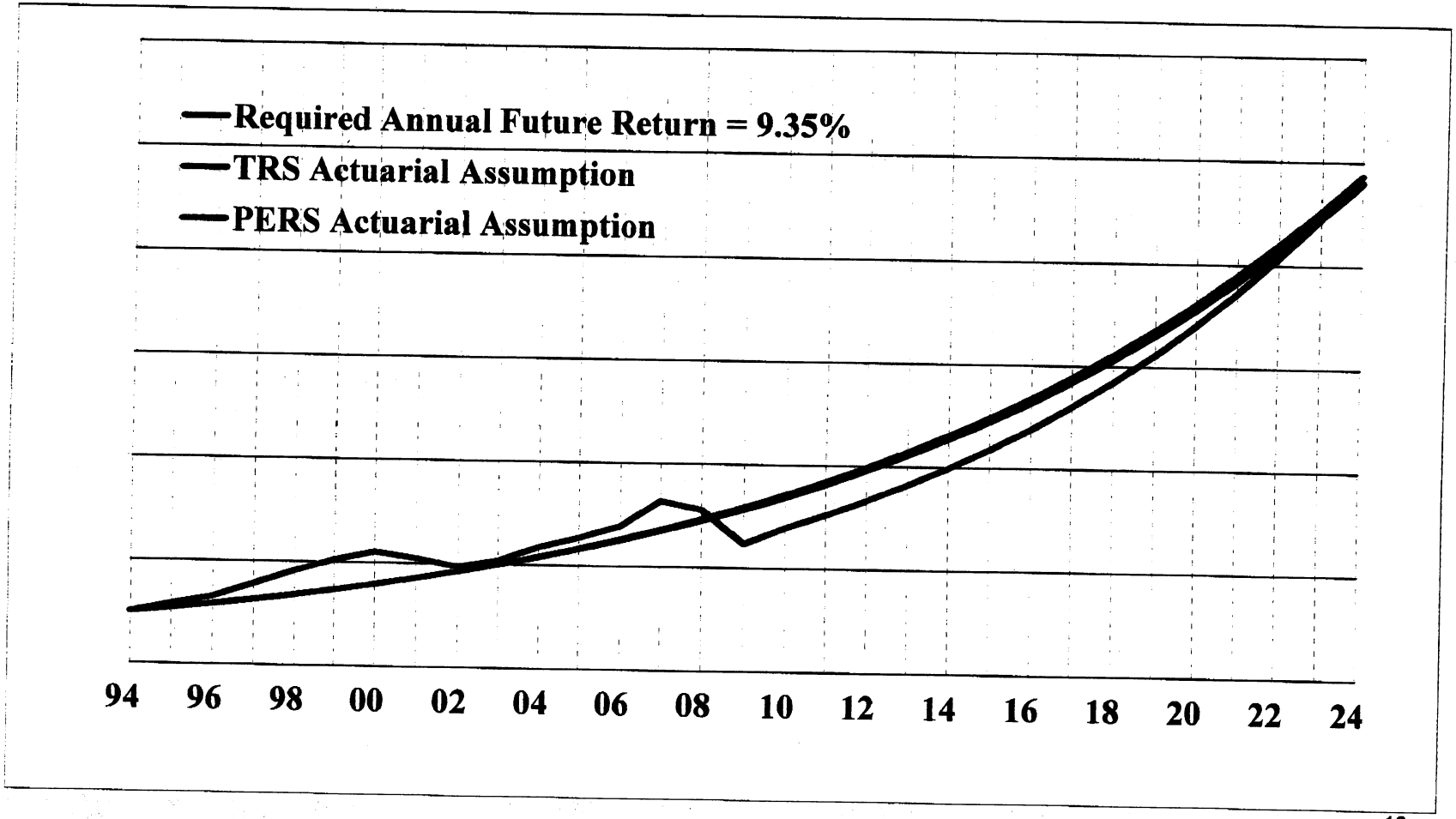
FY 2011 Pension Returns by Month & Cumulative



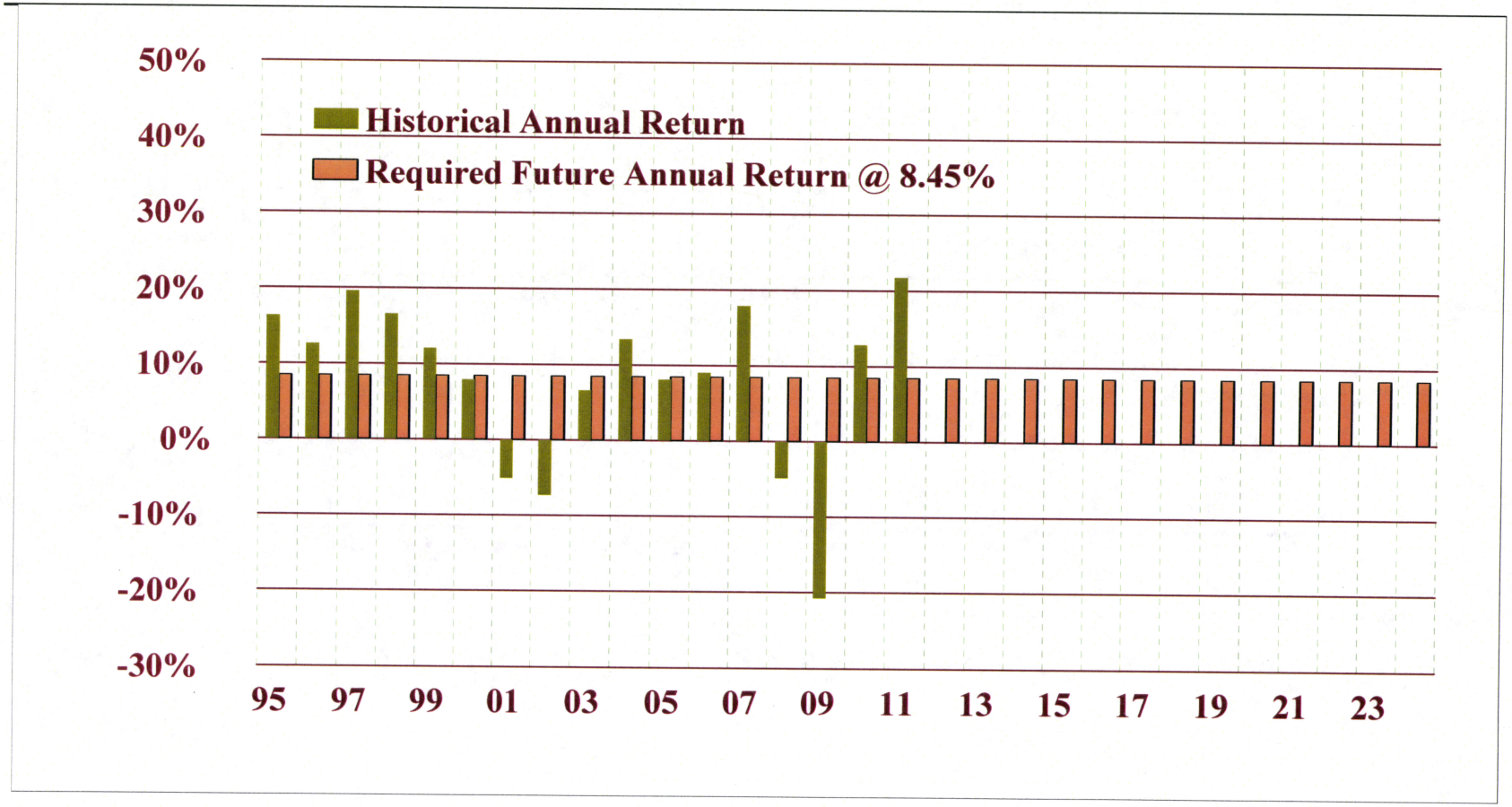
Back on Track Within 30 Years as of June 30, 2011?



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



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

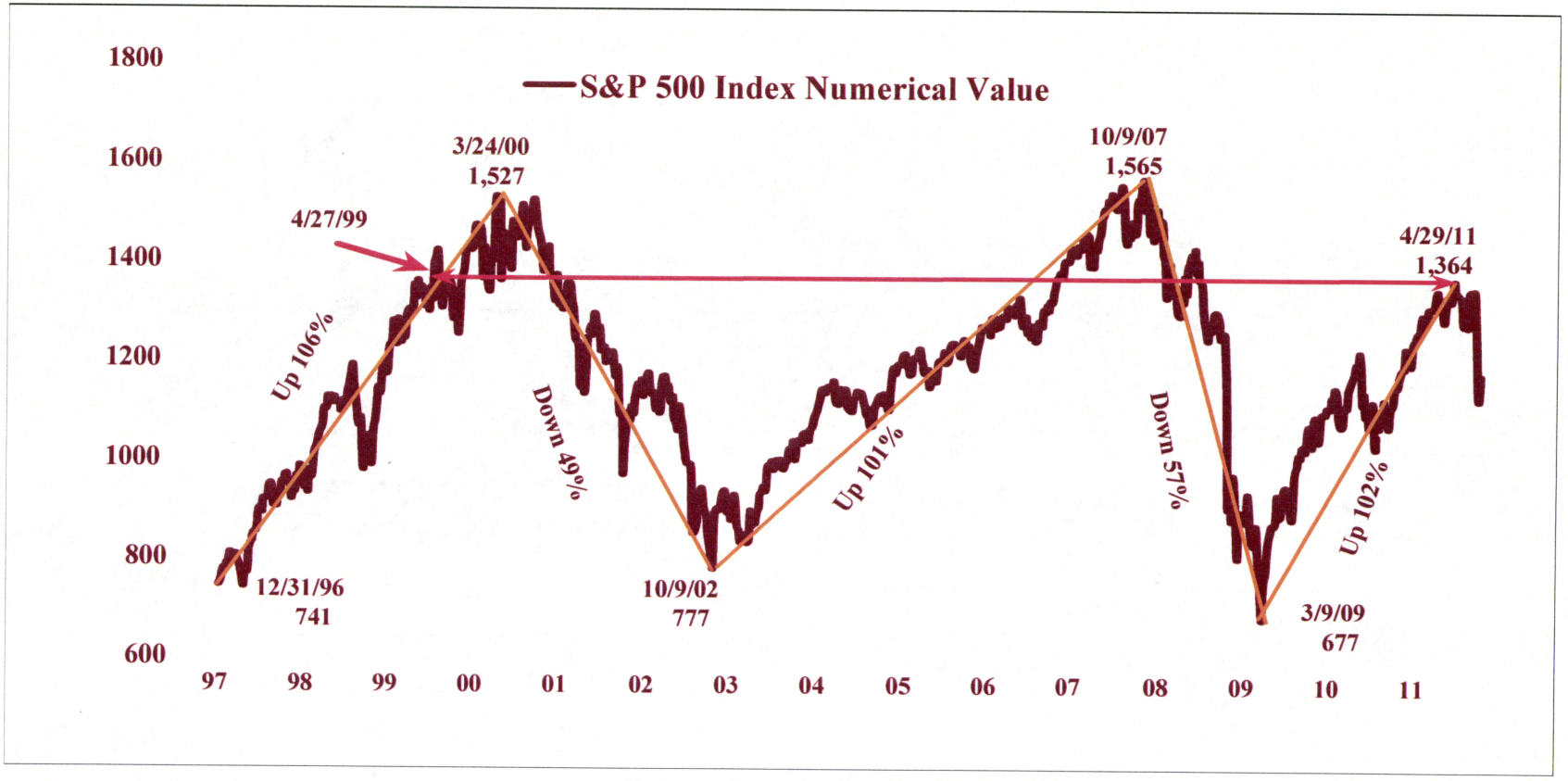


Annual Compounded Investment Returns From 1926-2010 *

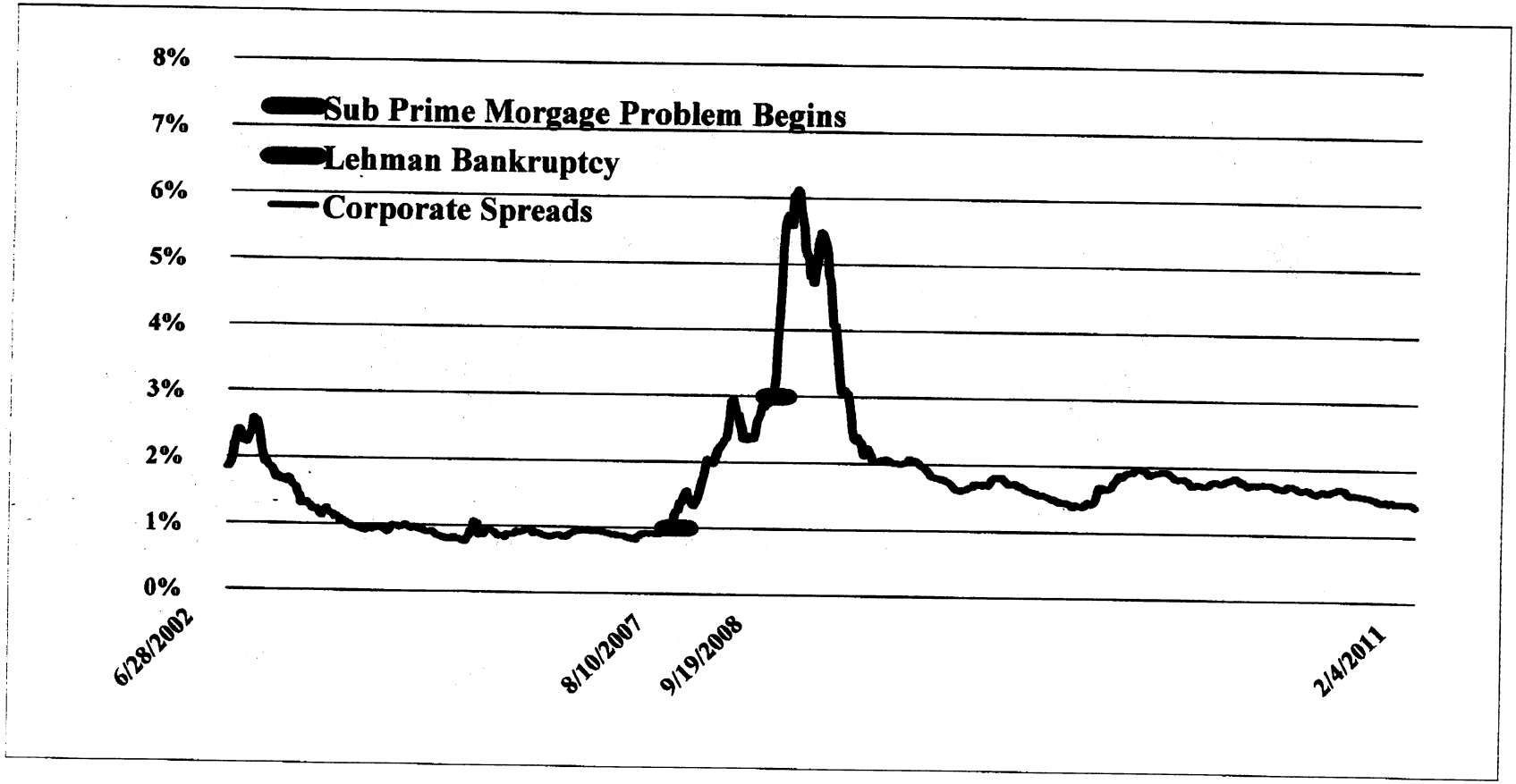
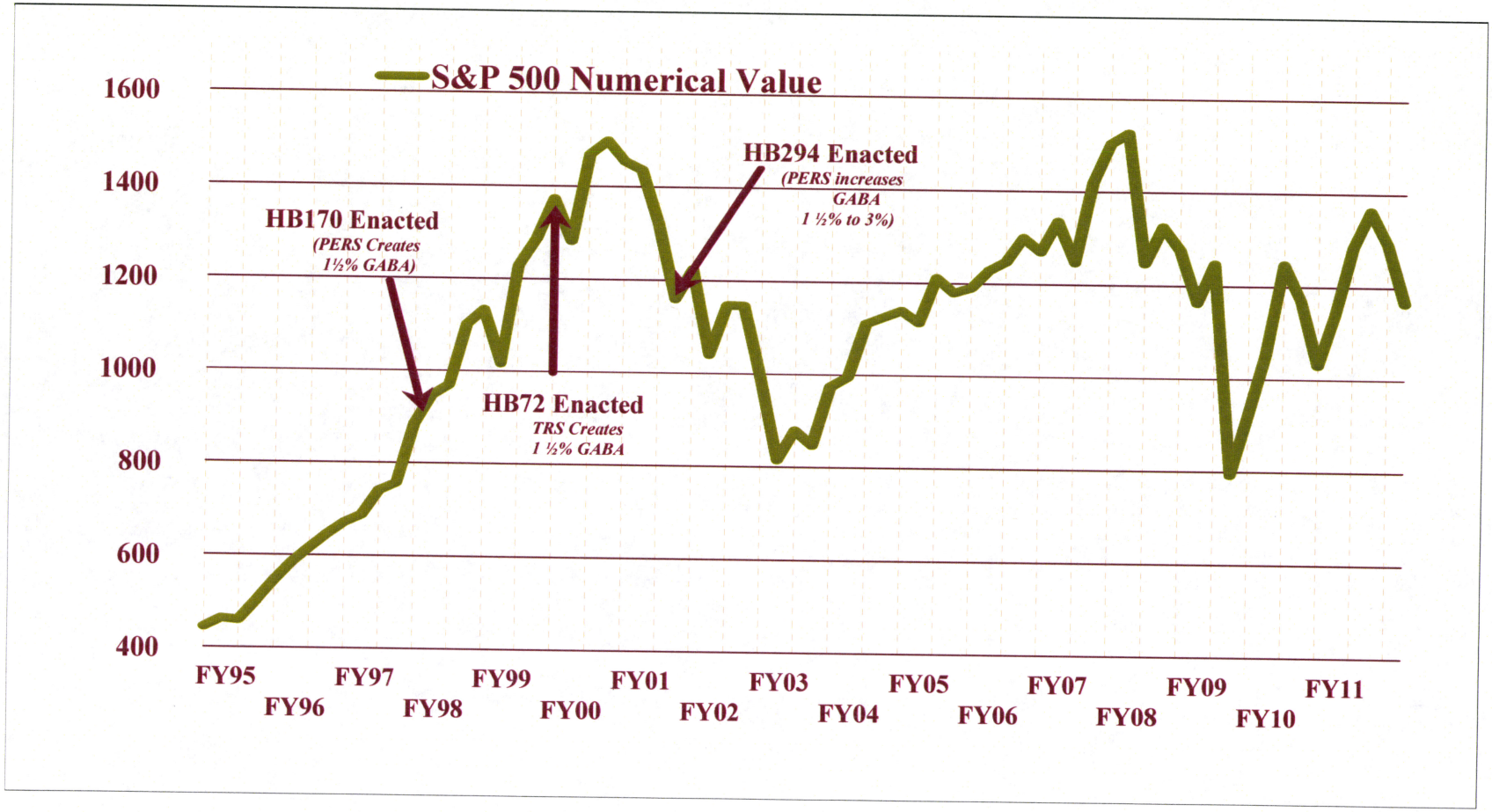
Large Company Domestic Stock	9.87%
Small Company Domestic Stock	12.07%
Long-Term Government Bonds	5.48%
Intermediate-Term Government Bonds	5.35%
Long-Term Domestic Corporate Bonds	5.93%
US Government Treasury Bills	3.62%

* From Ibbotson SSBI Market Report December 2010

Stock Market Volatility



Bond Market Volatility



Pension Benefit Increases and The Stock Market