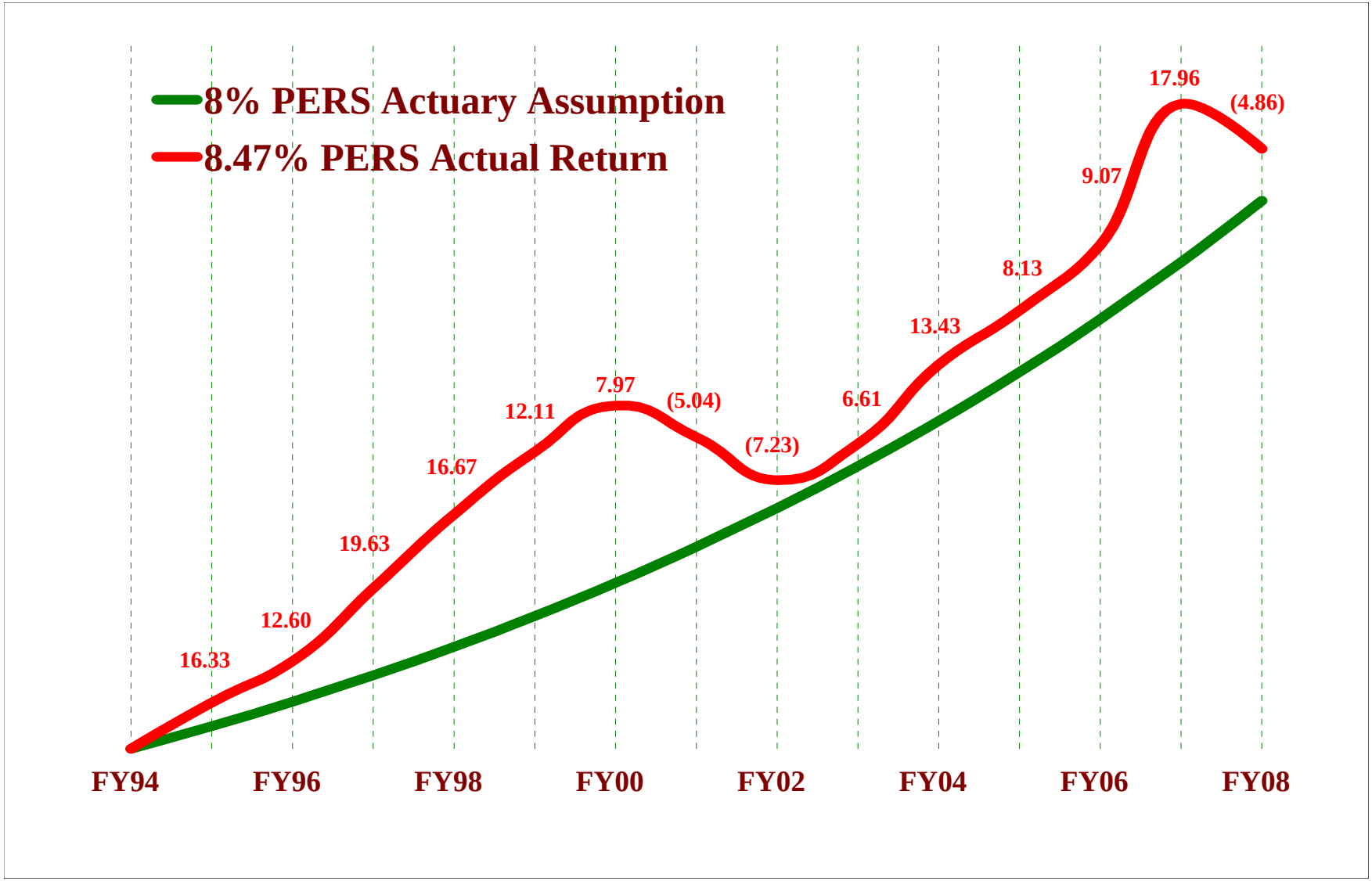
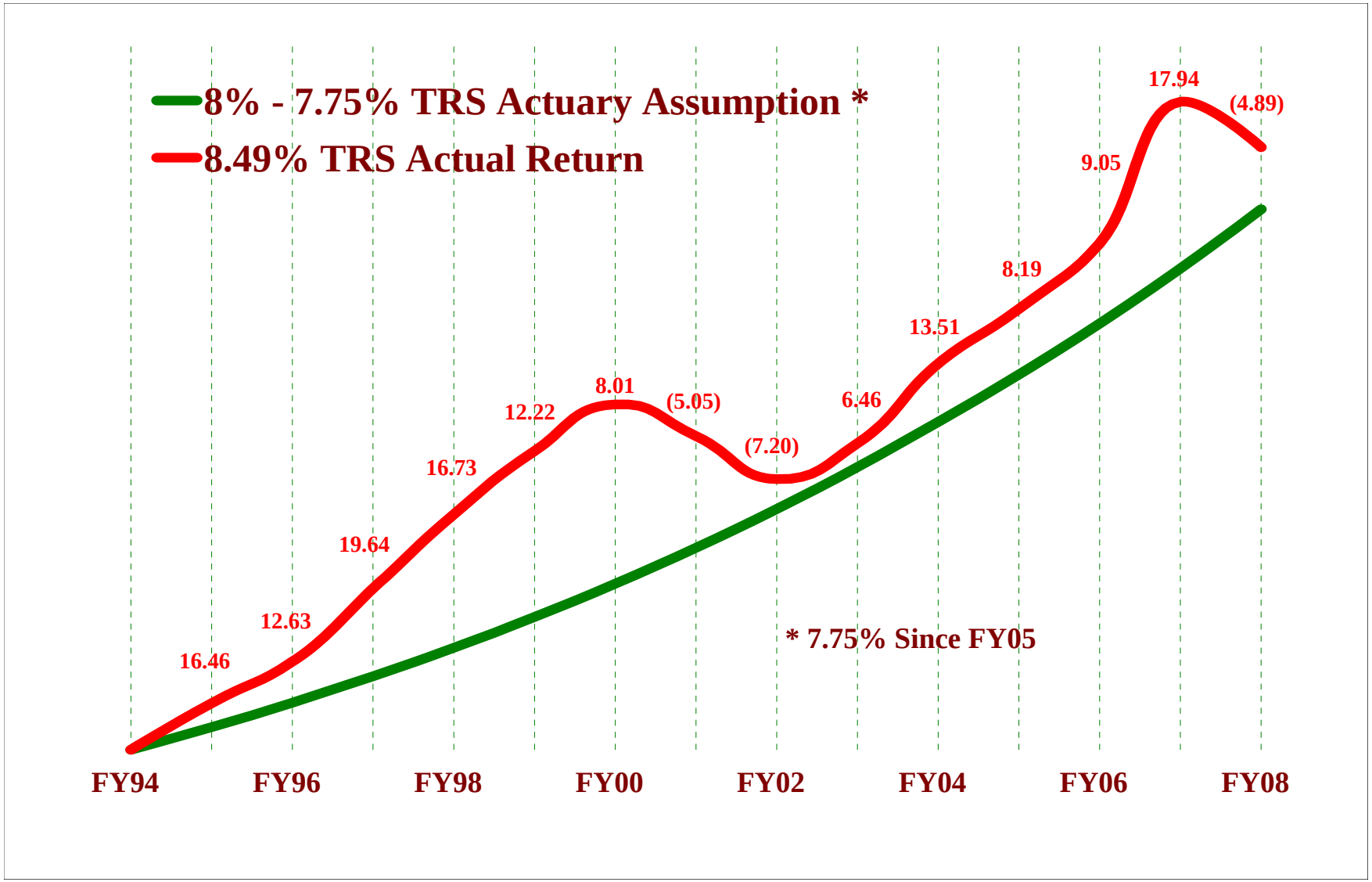
Pension Funds & Investments
Legislative Finance Committee
October 10, 2008

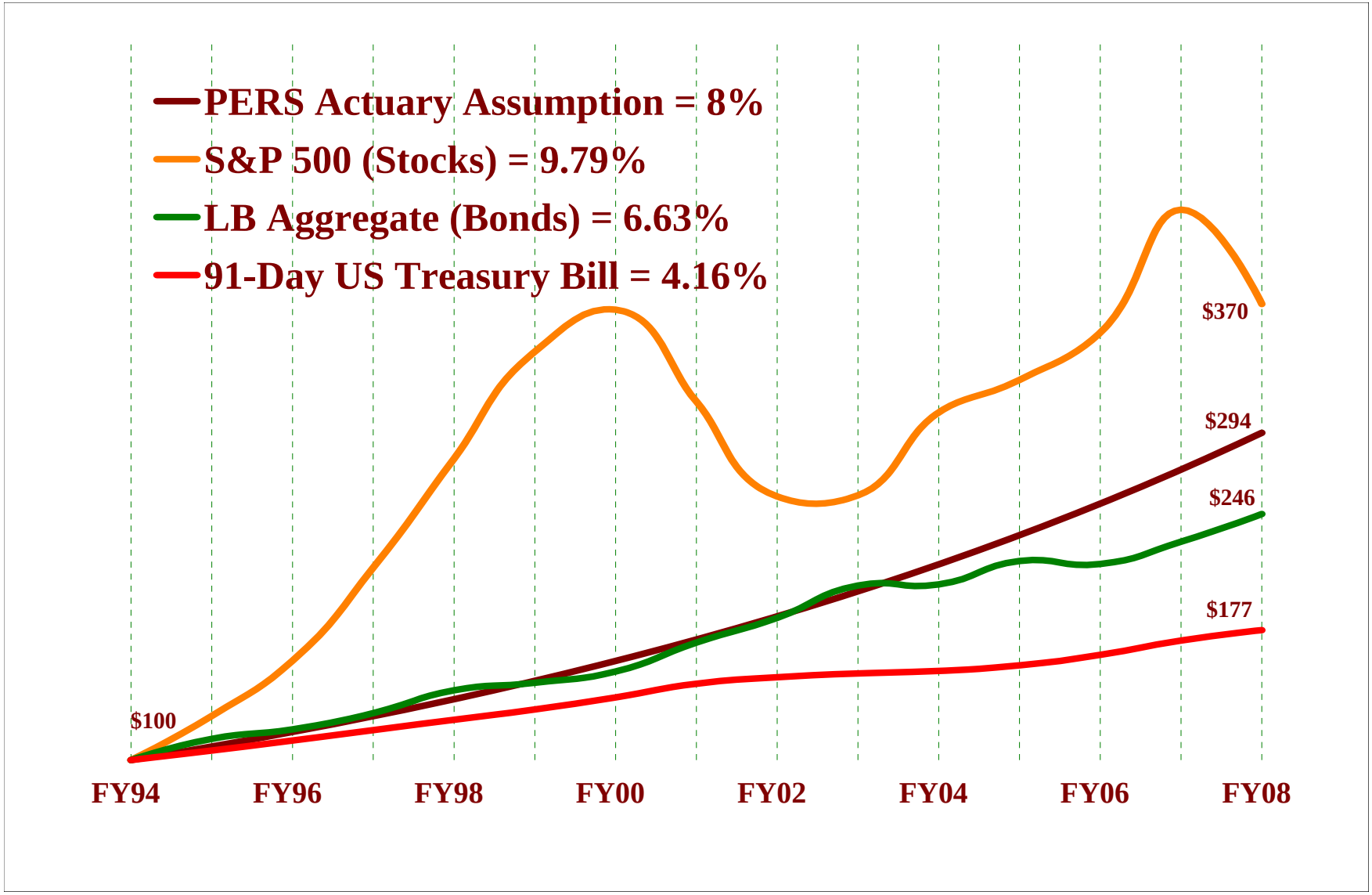
Presented by:

Carroll South, Executive Director

Montana Board of Investments

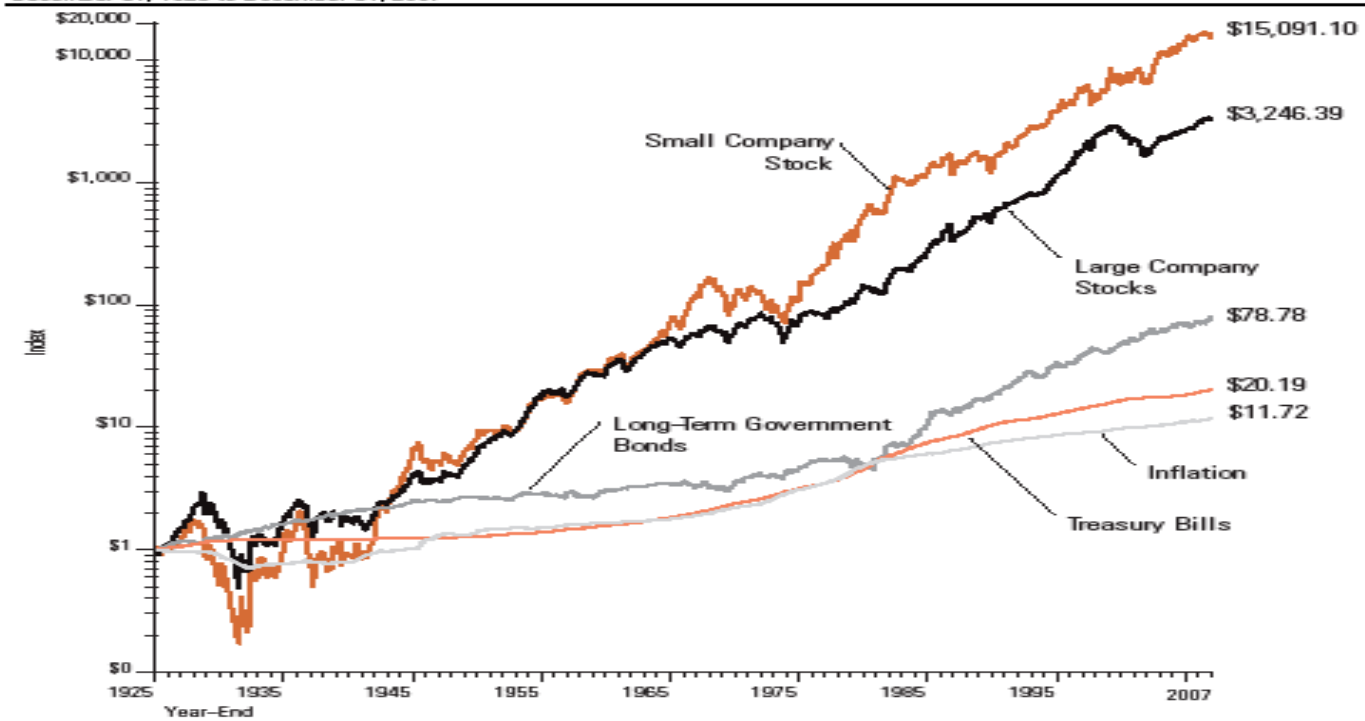

8% PERS Actuary Assumption
8.47% PERS Actual Return
16.33
12.60
19.63
16.67
12.11
7.97
(5.04)
(7.23)
6.61
13.43
8.13
9.07
17.96
(4.86)
FY94
FY96
FY98
FY00
FY02
FY04
FY06
FY08


8% - 7.75% TRS Actuary Assumption *
8.49% TRS Actual Return
16.46
12.63
19.64
16.73
12.22
8.01
(5.05)
(7.20)
6.46
13.51
8.19
9.05
17.94
(4.89)
* 7.75% Since FY05
FY94
FY96
FY98
FY00
FY02
FY04
FY06
FY08


PERS Actuary Assumption = 8%
S&P 500 (Stocks) = 9.79%
LB Aggregate (Bonds) = 6.63%
91-Day US Treasury Bill = 4.16%
$370
$294
$246
$177
$100
FY94
FY96
FY98
FY00
FY02
FY04
FY06
FY08

Graph 1
Wealth Indices of Investments In the U.S. Capital Markets
(Year-end 1925 = $1.00)

December 31, 1925 to December 31, 2007



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Graph 2
Wealth Indices of Investments in Various Portfolio Allocations
(Year-end 1925 = $1.00)

December 31, 1925 to December 31, 2007

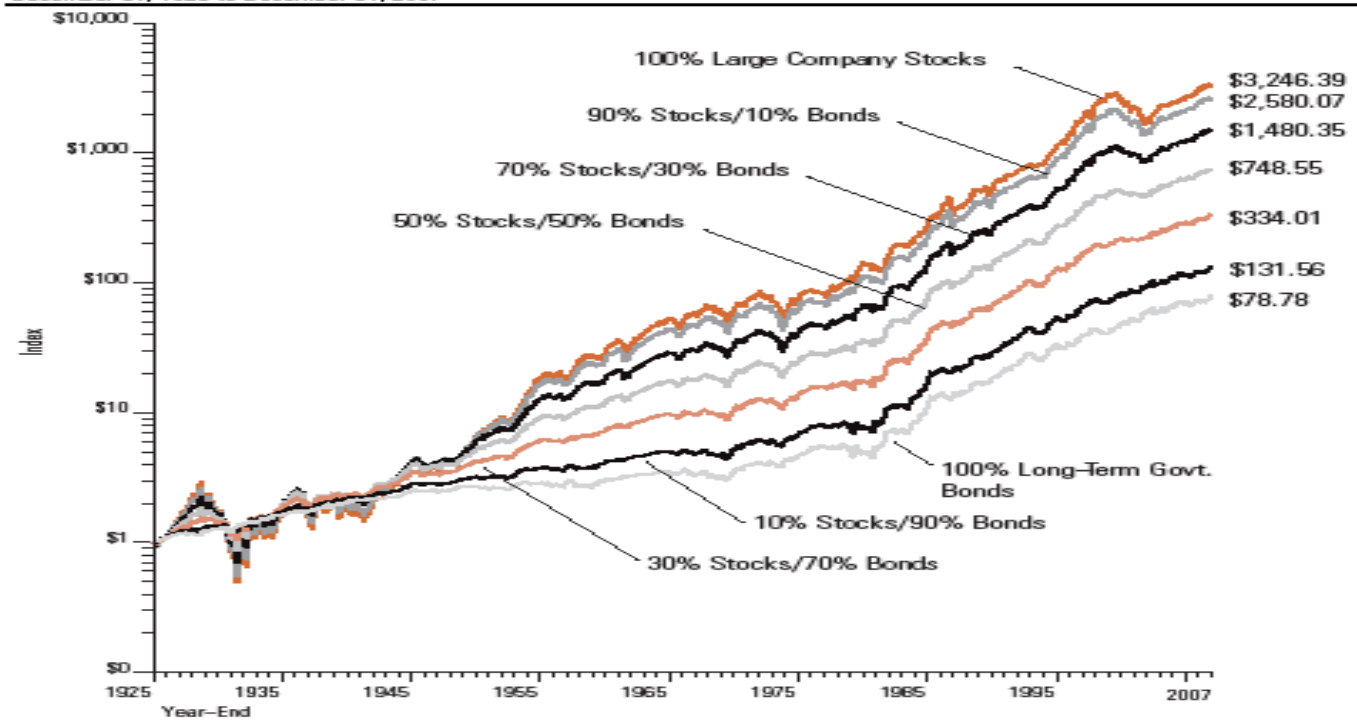

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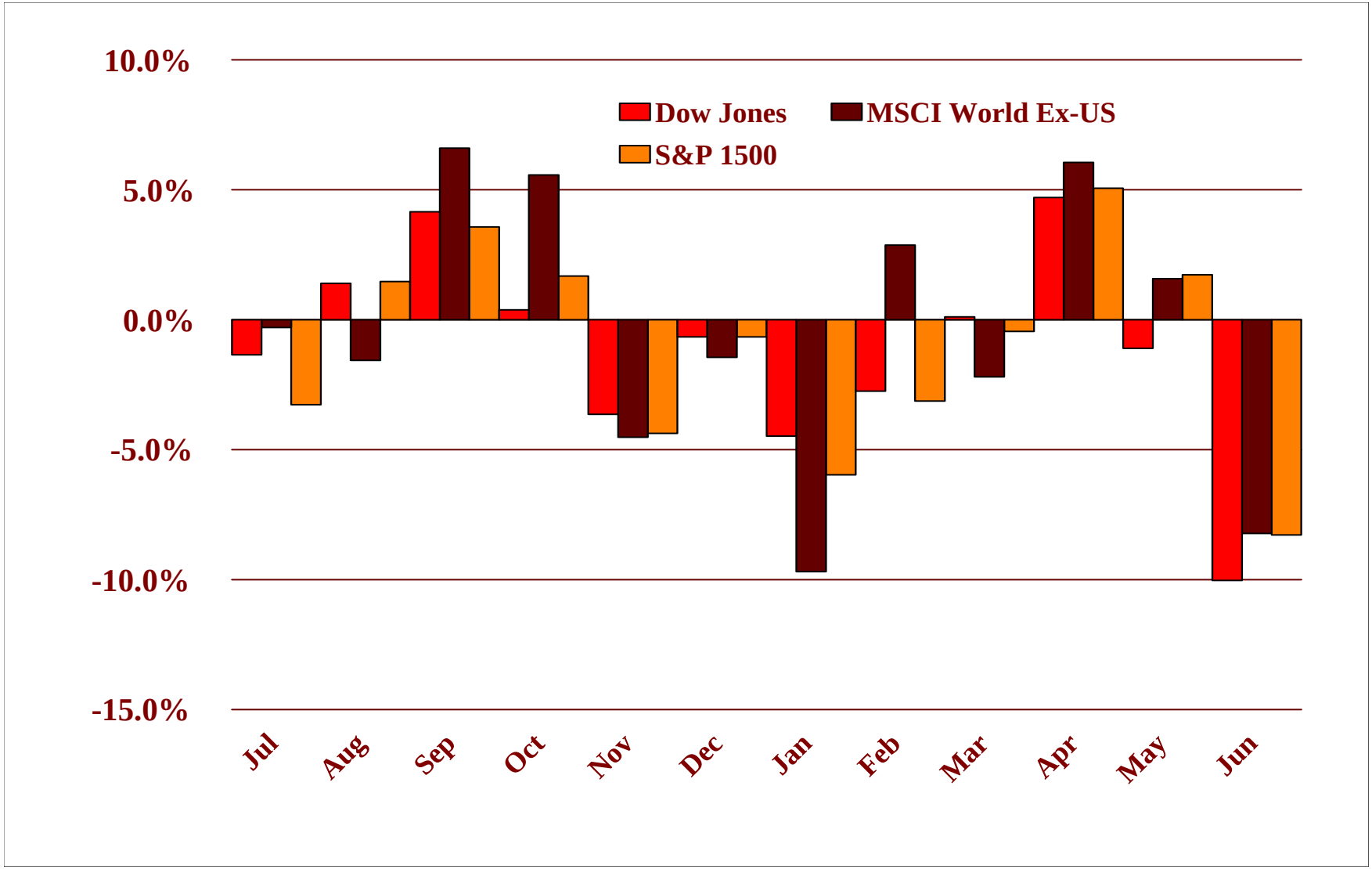
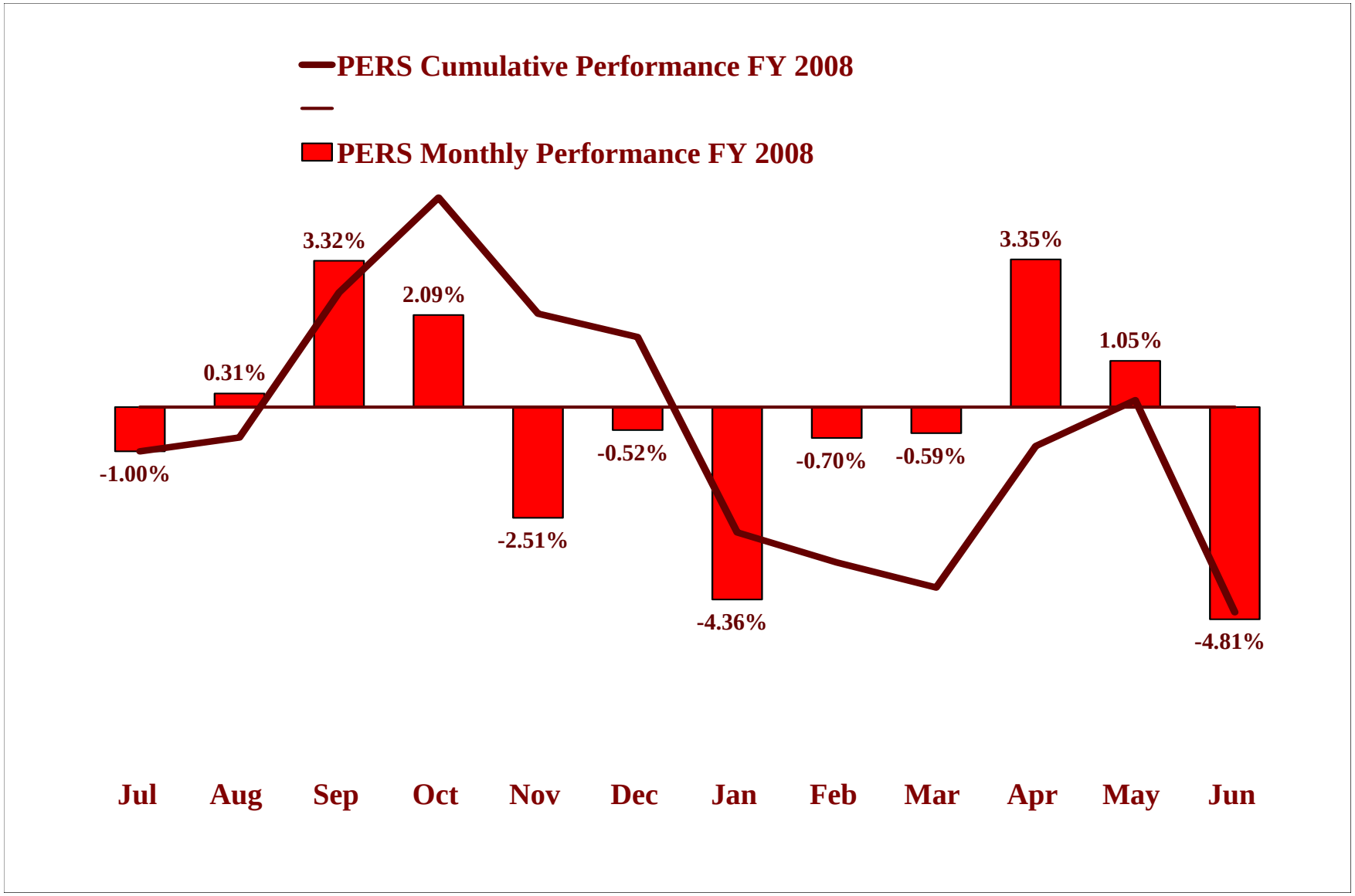
Table 7

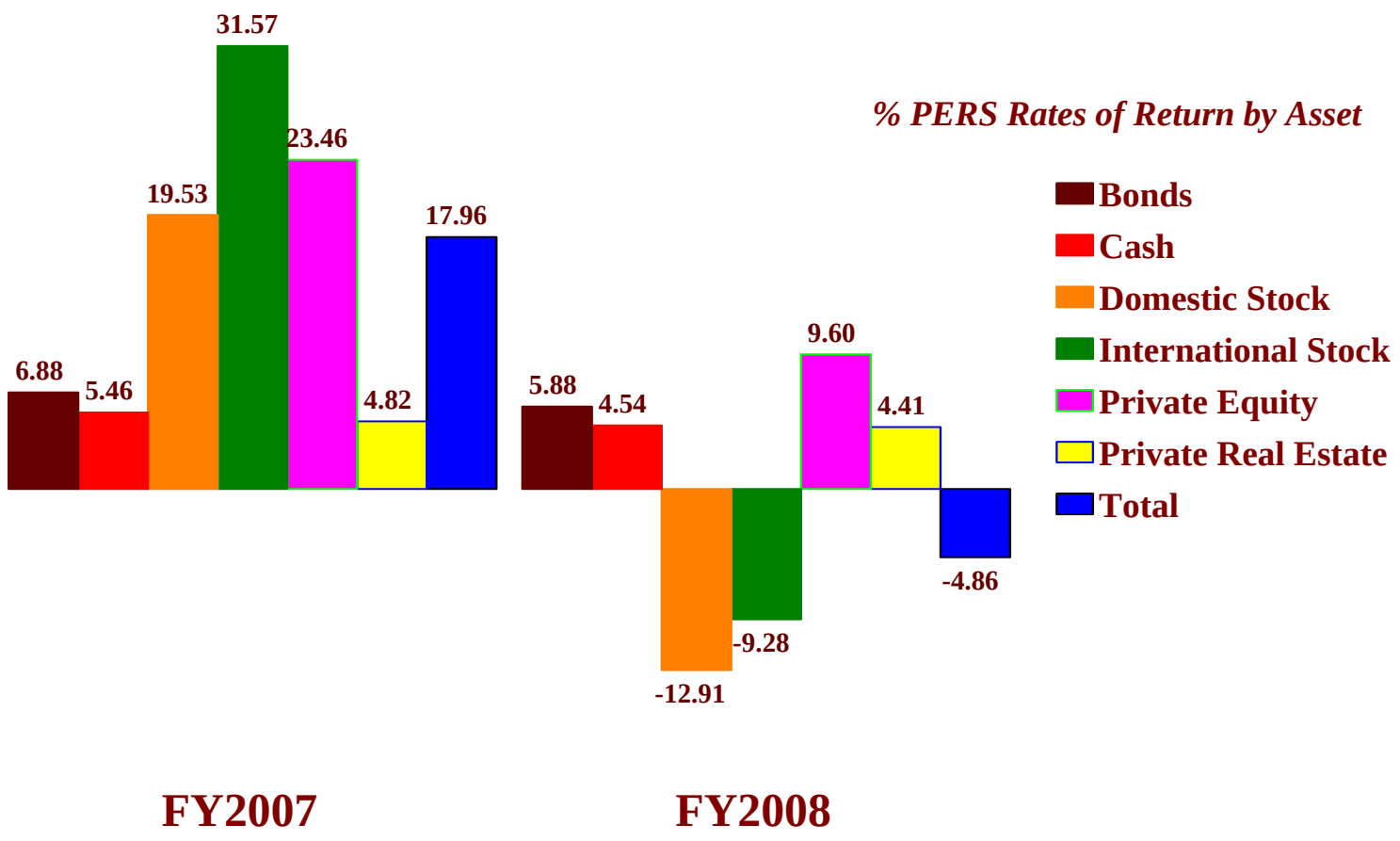
Basic Series and Portfolios: Summary Statistics of Annual Total Returns in Percent

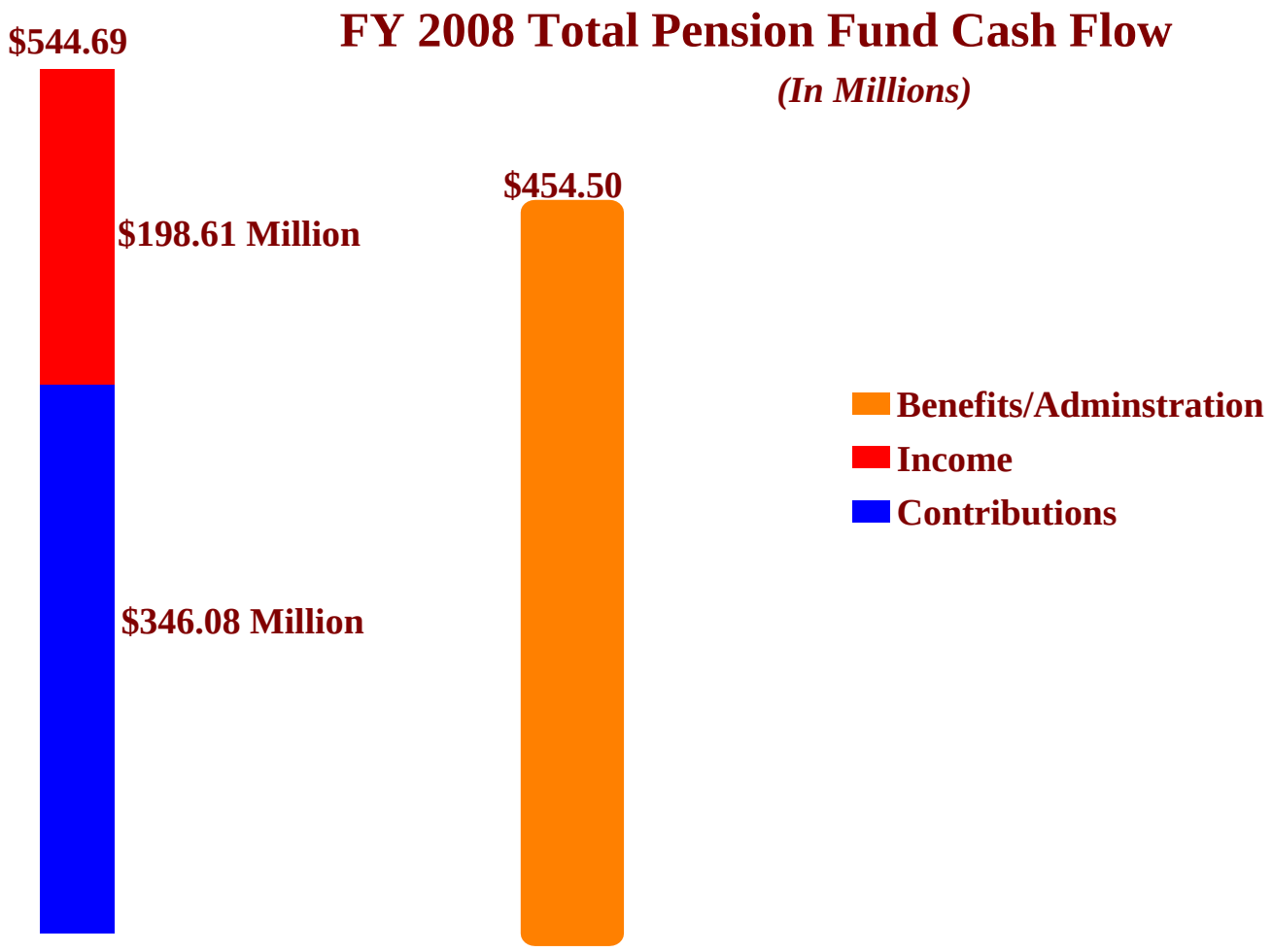
Asset Class	1/1/26 to 12/31/07 Geometric Mean	Arithmetic Mean	Standard Deviation
Large Company Stocks	10.4	12.3	20.0
Small Company Stocks	12.5	17.1	32.6
Long-Term Corporate Bonds	5.9	6.2	8.4
Long-Term Government Bonds	5.5	5.8	9.2
Intermediate-Term Government Bonds	5.3	5.5	5.7
U.S. Treasury Bills	3.7	3.8	3.1
Inflation	3.0	3.1	4.2
90% Stocks/10% Bonds	10.1	11.6	18.0
70% Stocks/30% Bonds	9.3	10.3	14.5
50% Stocks/50% Bonds	8.4	9.0	11.4
30% Stocks/70% Bonds	7.3	7.7	9.3
10% Stocks/90% Bonds	6.1	6.5	8.7

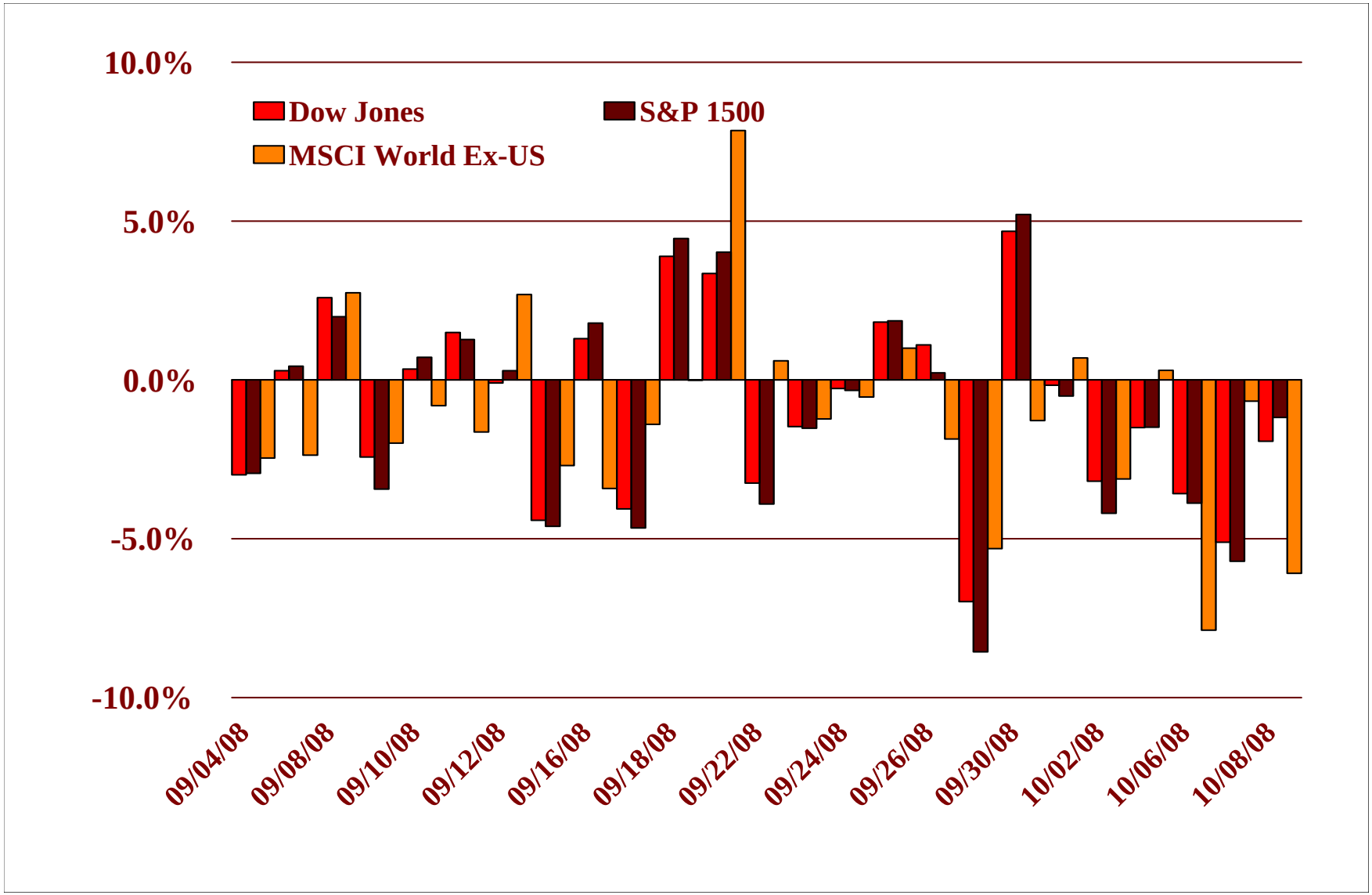
Morningstar Data


10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
Dow Jones
MSCI World Ex-US
S&P 1500
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun


PERS Cumulative Performance FY 2008
PERS Monthly Performance FY 2008
-1.00%
0.31%
3.32%
2.09%
-2.51%
-0.52%
-4.36%
-0.70%
-0.59%
3.35%
1.05%
-4.81%
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun


% PERS Rates of Return by Asset
Bonds
Cash
Domestic Stock
International Stock
Private Equity
Private Real Estate
Total
6.88
5.46
19.53
31.57
23.46
4.82
17.96
5.88
4.54
-12.91
-9.28
9.60
4.41
-4.86
FY2007
FY2008


FY 2008 Total Pension Fund Cash Flow
(In Millions)
$544.69
$198.61 Million
$346.08 Million
$454.50
Benefits/Adminstration
Income
Contributions


10.0%
5.0%
0.0%
-5.0%
-10.0%
Dow Jones
S&P 1500
MSCI World Ex-US
09/04/08
09/08/08
09/10/08
09/12/08
09/16/08
09/18/08
09/22/08
09/24/08
09/26/08
09/30/08
10/02/08
10/06/08
10/08/08