



## Investment Reports

Quarterly Report – March 31, 2008

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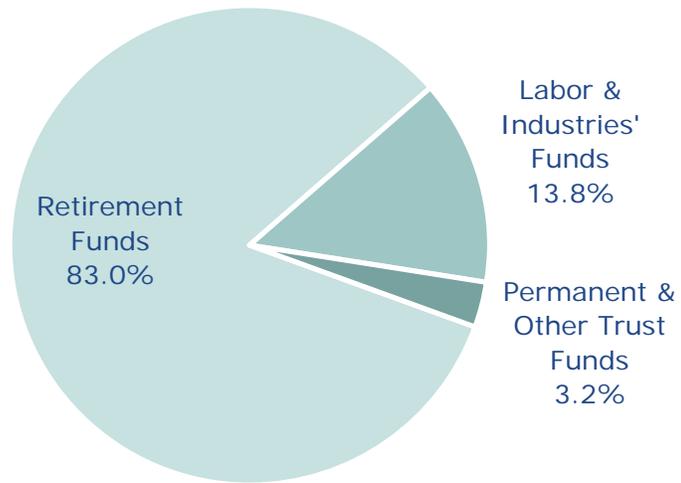
**Dated: May 14, 2008**





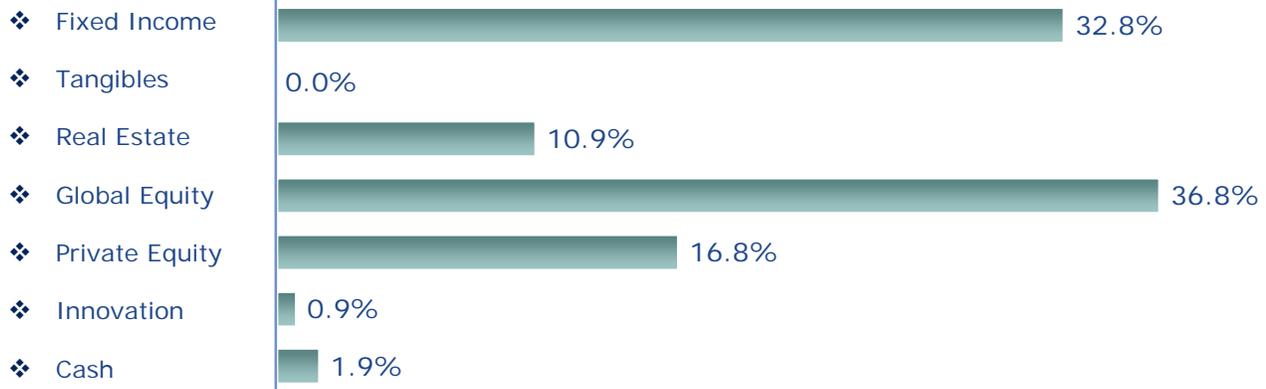
The WSIB invests for 39 funds:

- ❖ 17 Retirement Funds
- ❖ 4 State Insurance Funds for injured workers
- ❖ 18 Permanent and Other Trust Funds

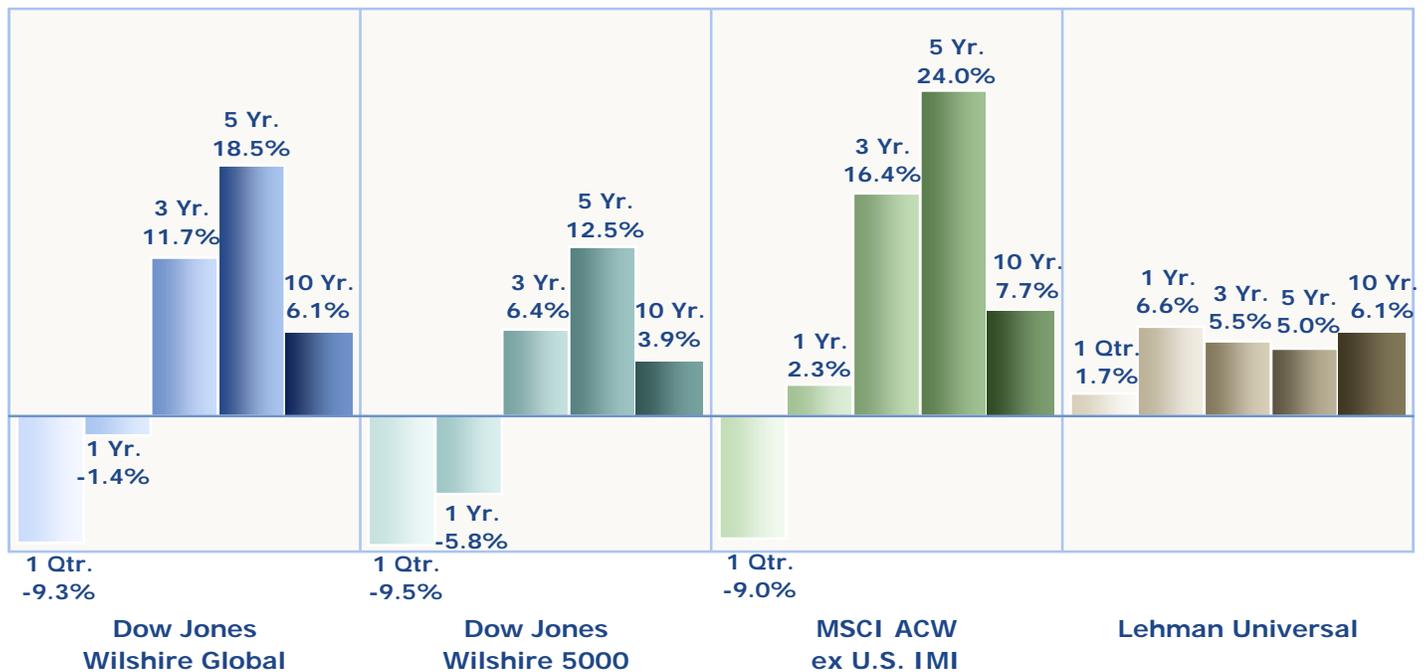


Asset Class Overview for All Funds

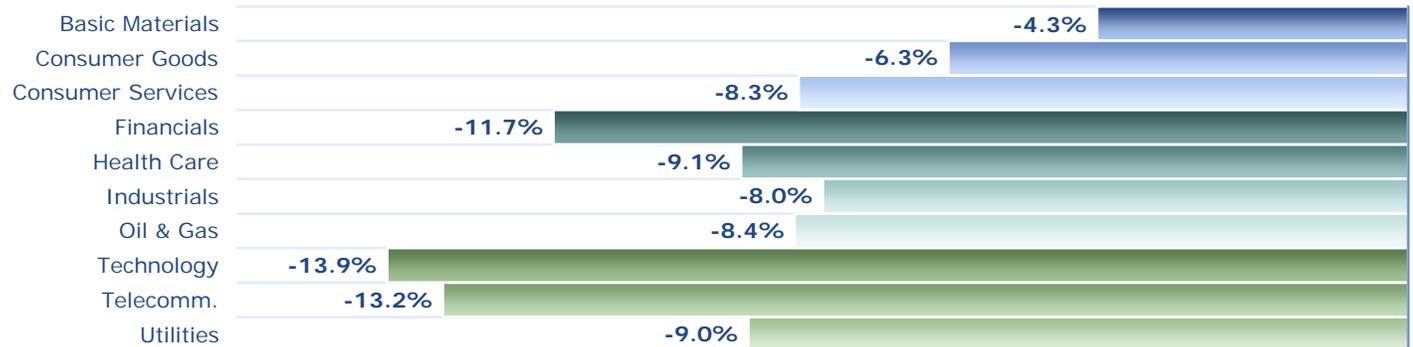
The WSIB invests in the following asset classes:



**Indices Returns**



**Dow Jones Wilshire Global - Quarter Industry Returns**



**Capital Market Highlights**

- ❖ Fixed income as measured by the Lehman Universal, earned 1.7% for the quarter, outperforming global equities as measured by the Dow Jones Wilshire Global at -9.3%.
- ❖ International equities continued to outperform U.S. equities with less of a loss for the quarter.
- ❖ The highest industry return for the quarter as shown with the Dow Jones Wilshire Global was basic materials at -4.3%. The lowest returns was technology at -13.9%.
- ❖ In the Lehman indices, U.S. Treasury had the highest return for the quarter earning 4.4% while CMBS Non-ERISA ex HY had the lowest return at -15.1%. For the quarter, the long end of the curve outperformed the short with the 10 year earning 5.8% versus 1.0% for the 3 month.
- ❖ GDP was 0.6% (annualized) for the quarter. Inflation, as measured by the CPI has stayed at 0.8%.
- ❖ The federal reserve lowered the federal funds target rate 200 basis points in three steps in the first quarter of 2008 from 4.25% to 2.25%.

**Commingled Trust Fund**

- ❖ Even though performance for the quarter was negative, the CTF still continues to exceed the 8% actuarial return for the 3, 5, and 10 year time periods.

**Asset Allocation**

- ❖ All asset classes were within their long-term ranges as of March 31, 2008 other than tangible assets which is still being funded. Asset transfers were large for the 1<sup>st</sup> quarter including reductions of U.S. equity (\$500 million) and fixed income (\$600 million) to fund private equity (\$530 million), real estate (\$640 million), innovation (\$1.3 million), and plan withdrawals.

**Fixed Income**

- ❖ Fixed income outperformed the Lehman Universal for all time periods.

**Real Estate**

- ❖ The WSIB Real Estate return for the 4th quarter was 2.0%. It underperformed NCREIF (lagged one quarter) plus 100 basis points, which returned 3.5%. For the 1 year period, the return of 17.2% outperformed the benchmark of 16.8%.
- ❖ As of December 31, 2007, there were \$6.7 billion in unfunded commitments.

**Global Equity**

- ❖ Global equity performed -9.3% for the quarter matched its benchmark, the Dow Jones Wilshire Global, which also returned -9.3%.
- ❖ 4 of the 5 U.S. managers outperformed their benchmark for the quarter.
- ❖ 5 of the 10 international developed managers outperformed their benchmark for the quarter, 7 of them outperformed for the 1 year and 3 year time periods.
- ❖ All 6 of the international emerging managers outperformed their benchmark for the quarter. 3 of the 6 outperformed their benchmark for the year.

**Private Equity**

- ❖ The WSIB private equity return for the 4th quarter was -2.0%. The 1 year return was 14.9% and outperformed the benchmark, S&P 500 plus 500 basis points (lagged one quarter) in all time periods.
- ❖ As of September 30, 2007, there were \$7.7 billion in unfunded commitments.

**Innovation**

- ❖ Innovation is currently comprised of commodities, infrastructure, and global managers.

**Market Values**

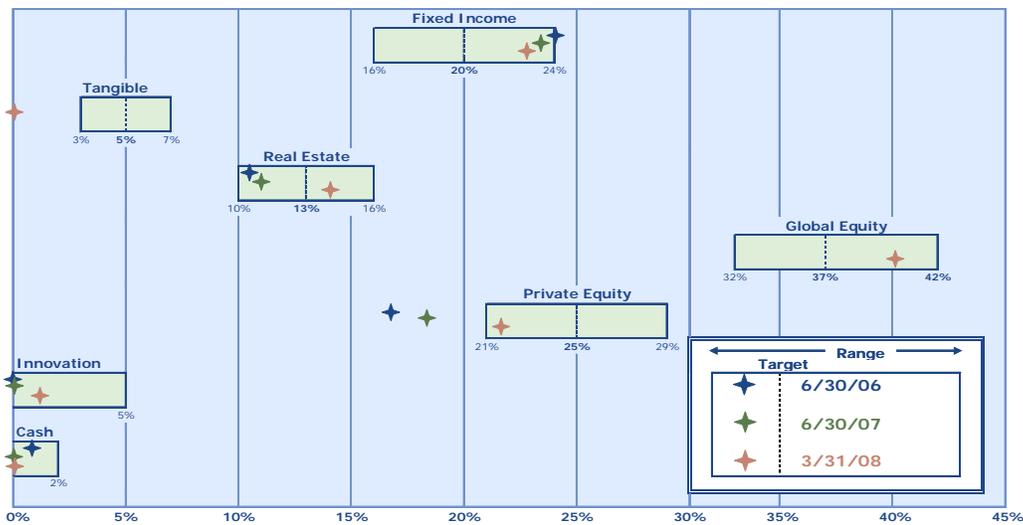
**Actual Asset Allocation**

Asset Class	Market Value	by Asset Class	with Overlay	Difference
Fixed Income	\$ 14,403,564,781	22.81%	22.81%	0.00%
Tangible	\$ 0	0.00%	0.00%	0.00%
Real Estate	\$ 8,891,245,682	14.08%	14.08%	0.00%
Global Equity	\$ 25,070,044,478	39.70%	40.13%	0.43%
Private Equity	\$ 13,738,982,101	21.76%	21.76%	0.00%
Innovation	\$ 739,972,869	1.17%	1.15%	-0.02%
Cash	\$ 304,206,577	0.48%	0.07%	-0.41%

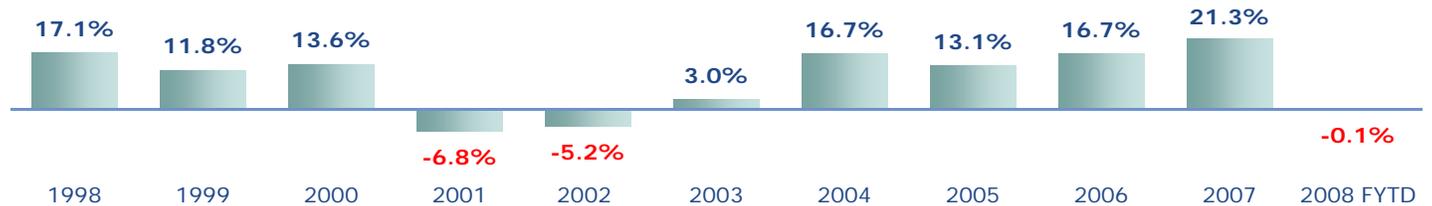
**Total Fund \$ 63,148,016,488**

Quarter Change: **(\$2,651,871,753)**

Fiscal Year Change: **(\$788,239,879)**



**Annual Performance and Growth of the CTF (Fiscal Years Ended June 30)**





			Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Total Fund</b>	<b>\$63,148,016,488</b>	<b>100.0%</b>	<b>-3.63%</b>	<b>-0.06%</b>	<b>5.42%</b>	<b>13.45%</b>	<b>15.30%</b>	<b>8.20%</b>
Passive Benchmark <sup>2</sup>			-5.95%	-4.67%	0.06%	8.75%	12.95%	5.62%
Implementation Value Added Benchmark <sup>3</sup>			-3.37%	1.29%	5.28%	11.26%	14.29%	N/A
TUCS Public Fund >\$1B Median <sup>4</sup>			-5.23%	-3.32%	1.33%	8.53%	11.95%	6.24%
TUCS Public/Corporate Fund >\$1B Median <sup>4</sup>			-5.26%	-3.42%	0.81%	8.45%	12.23%	6.24%
<b>Fixed Income</b>	<b>\$14,403,564,781</b>	<b>22.8%</b>	<b>2.58%</b>	<b>8.73%</b>	<b>8.34%</b>	<b>6.15%</b>	<b>5.56%</b>	<b>6.56%</b>
Lehman Universal			1.66%	7.09%	6.57%	5.49%	4.96%	6.06%
<b>Tangible</b>	<b>\$0</b>	<b>0.0%</b>						
CPI + 400 bp								
<b>Real Estate<sup>5</sup></b>	<b>\$8,891,245,682</b>	<b>14.1%</b>	<b>2.74%</b>	<b>11.55%</b>	<b>17.15%</b>	<b>25.25%</b>	<b>20.06%</b>	<b>15.19%</b>
NCREIF (Lagged One Quarter) + 100 bp			3.46%	12.54%	16.84%	18.48%	16.13%	13.90%
<b>Global Equity</b>	<b>\$25,070,044,478</b>	<b>39.7%</b>	<b>-9.33%</b>	<b>-9.20%</b>	<b>-2.73%</b>	<b>10.66%</b>	<b>16.75%</b>	<b>5.82%</b>
Dow Jones Wilshire Global			-9.33%	-8.25%	-1.43%	11.66%	18.46%	6.07%
<b>Private Equity<sup>5</sup></b>	<b>\$13,738,982,101</b>	<b>21.8%</b>	<b>-1.99%</b>	<b>5.11%</b>	<b>14.94%</b>	<b>25.00%</b>	<b>24.18%</b>	<b>14.10%</b>
S&P 500 (Lagged One Quarter) + 500 bp			-2.10%	2.31%	10.49%	13.62%	17.83%	10.91%
<b>Innovation<sup>6</sup></b>	<b>\$739,972,869</b>	<b>1.2%</b>	<b>-9.97%</b>	<b>-14.27%</b>				
Custom Benchmark			-6.11%	4.54%				
<b>Overlay<sup>7</sup></b>	<b>\$116,783,758</b>		<b>0.03%</b>	<b>0.07%</b>	<b>0.05%</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.01%</b>
<b>Cash</b>	<b>\$187,422,819</b>	<b>0.5%</b>	<b>0.95%</b>	<b>3.63%</b>	<b>4.97%</b>	<b>4.51%</b>	<b>3.12%</b>	<b>3.17%</b>
90 Day T-Bills			0.88%	3.31%	4.62%	4.41%	3.18%	3.70%

 Outperformed its benchmark  Underperformed its benchmark

<sup>1</sup> Performance figures are net of all non-appropriated fees.

<sup>2</sup> Currently 52% Dow Jones Wilshire 5000, 25% Lehman Universal, and 23% MSCI ACWI ex U.S. Over time the benchmark has been adjusted by changing both benchmarks and percentages. The most recent change occurred on December 1st, 2005.

<sup>3</sup> The implementation value added benchmark consists of the public market indices, as defined in each asset class's policy, weighted according to the asset allocation targets. This custom benchmark differs from the passive benchmark as it is not an investable benchmark due to the uninvestable premium added to the real estate and private equity passive benchmarks.

<sup>4</sup> TUCS returns have been adjusted to reflect fees equivalent to those incurred by the WSIB (6.5 bp over one, three, and five years and 10 bp for ten years).

<sup>5</sup> Private equity and real estate use the latest market value known plus cash flows since then. For compositing purposes the private equity and real estate return are calculated using monthly time-weighted returns.

<sup>6</sup> This is a weighted custom blended benchmark comprised of Lehman TIPS + 300bp and the Dow Jones Wilshire Global

<sup>7</sup> To show the performance, cash and the cash held in the overlay are separated out on this page.

**International Markets**

\$14,202,520,100

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Total Developed Passive</b>	-8.36%	-7.75%	-1.15%	14.14%	21.99%	
SSgA	-8.36%	-7.75%	-1.15%	14.14%	21.99%	
<b>Total Developed Active</b>	-8.63%	-7.59%	-0.56%	15.07%	22.02%	
Arrowstreet Capital	-7.15%	-7.94%	0.07%	14.73%		
BGI (MSCI World ex U.S.)	-7.50%	-8.12%	-1.12%	13.94%		
Capital Guardian Trust	-8.65%	-6.28%	0.49%	14.60%		
Goldman Sachs Asset Mgmt.	-8.77%	-9.18%	-3.62%	13.51%		
Julius Baer Investment Mgmt.	-10.00%	-6.94%	1.60%	17.68%		
LSV Asset Mgmt.	-8.00%	-14.11%	-6.92%	13.32%		
Mondrian Investment Partners	-8.24%	-6.77%	-0.63%	14.69%	23.35%	
Pyramis Global Advisors Trust	-9.50%	-4.18%	2.41%	15.44%		
William Blair & Company	-9.64%	-4.18%	3.38%	17.88%		
<b>Total Developed</b>	-8.58%	-7.62%	-0.67%	14.87%	22.36%	
Custom Developed Markets Benchmark	-8.46%	-7.72%	-1.28%	13.87%	21.81%	N/A
MSCI World ex U.S.	-8.69%	-7.73%	-1.29%	13.87%	N/A	N/A
All funds and composites above use the custom developed markets benchmark other than BGI which uses MSCI World ex U.S.						

<b>Total Emerging Active</b>	-9.67%	4.47%	20.07%	29.27%	35.08%	12.29%
Capital International	-6.87%	7.55%	23.60%	33.67%	36.56%	
Grantham, Mayo, Otterloo	-11.34%	0.88%	17.98%	28.47%	37.54%	16.46%
Grantham, Mayo, Otterloo Illiquid <sup>1</sup>	-6.19%	13.00%	27.06%			
JPMorgan	-11.07%	5.11%	18.74%			
Lazard Asset Mgmt.	-7.47%	5.39%	21.21%			
Pictet Asset Mgmt.	-10.81%	5.26%	19.40%			
<b>Total Emerging</b>	-9.67%	4.47%	20.07%	29.27%	35.08%	12.29%
Custom Emerging Markets Benchmark	-11.35%	4.79%	20.46%	28.93%	35.34%	13.20%
All funds and composites for emerging active markets use the custom emerging markets benchmark.						

<b>Total International Equity</b>	-8.71%	-6.34%	1.37%	16.01%	23.42%	8.01%
Custom International Equity Benchmark	-9.03%	-5.63%	2.32%	16.40%	23.98%	7.69%

 Outperformed its benchmark

 Underperformed its benchmark

Developed Markets Benchmark: MSCI EAFE + Canada / World ex U.S. IMI - Switched October 1, 2007.

Emerging Markets Benchmark: Custom Emerging Markets / Emerging Markets IMI - Switched October 1, 2007.

International Equity Benchmark: MSCI ACW ex U.S. / ACW IMI - Switched October 1, 2007.

<sup>1</sup> Lagged one month.

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Total U.S. Passive (DJ Wilshire)</b>	-9.33%	-10.74%	-5.32%	6.52%	12.61%	4.18%
BGI Asset Trust (DJ Wilshire)	-9.48%	-11.04%	-5.61%			
BGI Index (DJ Wilshire)	-9.42%	-10.82%	-5.40%	6.50%	12.60%	4.18%
<b>Total U.S. Enhanced (DJ Wilshire)</b>	-12.50%	-17.64%	-12.94%			
BGI (Russell 3000)	-9.30%	-13.37%	-8.74%			
SSgA (Russell 3000)	-9.24%	-13.36%	-8.49%			
Western Asset Management (S&P 500)	-19.24%	-26.40%	-21.87%			
<b>Total U.S. Equity (DJ Wilshire)</b>	-10.10%	-12.41%	-7.16%	5.81%	12.16%	3.98%
DJ Wilshire 5000	-9.52%	-11.16%	-5.76%	6.37%	12.45%	3.95%
Russell 3000	-9.52%	-11.18%	-6.06%	6.10%	12.07%	3.88%
S&P 500	-9.45%	-10.69%	-5.08%	5.85%	11.32%	3.50%

 Outperformed its benchmark

 Underperformed its benchmark

**Global Equity**

\$25,070,044,478

**Top Ten Countries by Weight**

	CTF Weight	Index Weight		CTF Weight	Index Weight
<b>United States</b>	44.37%	42.15%	<b>Canada</b>	3.29%	3.81%
<b>Japan</b>	8.82%	8.94%	<b>Switzerland</b>	3.29%	2.95%
<b>United Kingdom</b>	8.77%	9.05%	<b>Australia</b>	2.94%	2.79%
<b>France</b>	4.49%	4.36%	<b>Spain</b>	1.81%	1.84%
<b>Germany</b>	3.72%	3.77%	<b>Italy</b>	1.69%	1.68%

**WSIB**



**DJW Global**



**U.S. Equity**

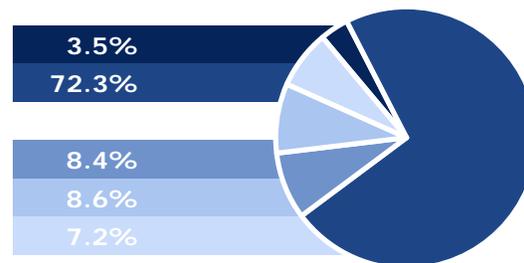
\$10,867,524,378

**Passive**

BGI Asset Trust	\$380,578,947
BGI Index	\$7,854,745,120

**Active**

BGI	\$917,218,125
SSgA	\$929,803,933
Western Asset Mgmt.	\$785,178,253



**International Developed Markets**

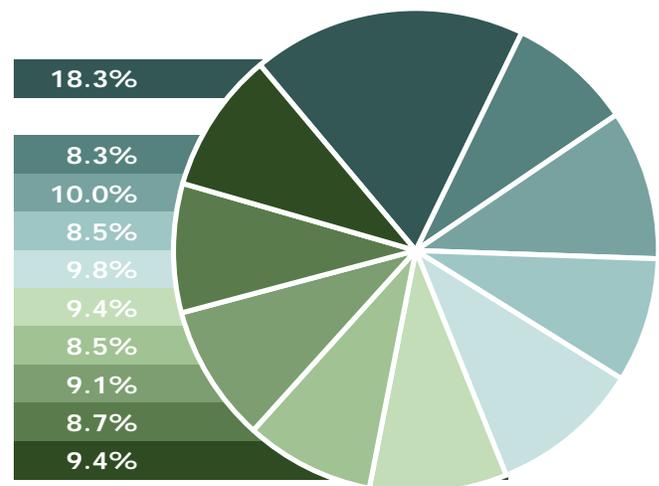
\$12,519,124,792

**Passive**

SSgA	\$2,293,226,369
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**Active**

Arrowstreet Capital	\$1,039,791,323
BGI (MSCI World ex U.S.)	\$1,247,066,346
Capital Guardian Trust	\$1,059,897,386
Goldman Sachs Asset Mgmt.	\$1,231,313,299
Julius Baer Investment Mgmt.	\$1,171,321,011
LSV Asset Mgmt.	\$1,067,986,093
Mondrian Investment Partners	\$1,142,966,972
Pyramis Global Advisors Trust	\$1,088,606,695
William Blair & Company	\$1,176,949,299

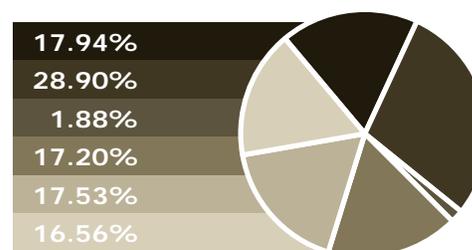


**International Emerging Markets**

\$1,683,395,308

**Active**

Capital International	\$302,023,436
Grantham, Mayo, Otterloo	\$486,432,402
Grantham, Mayo, Otterloo Illiquid <sup>1</sup>	\$31,619,899
JPMorgan	\$289,506,154
Lazard Asset Management	\$295,067,274
Pictet Asset Management	\$278,746,144



<sup>1</sup> Lagged one month

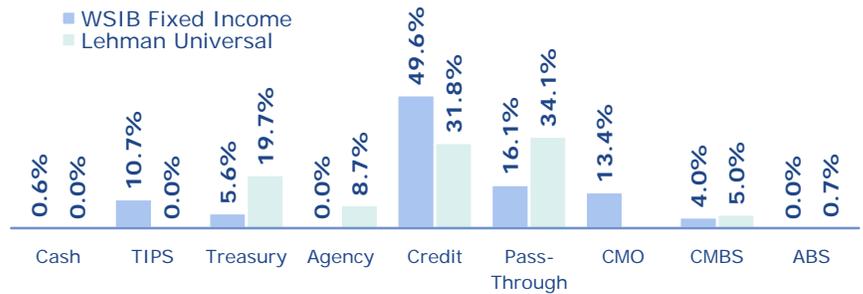
**Fixed Income**

**\$14,403,564,781**

**Duration**

	Dec 07	Mar 08
<b>WSIB Portfolio</b>	<b>4.94</b>	<b>5.09</b>
Lehman Universal	4.49	4.45
<b>Difference</b>	<b>10.04%</b>	<b>14.34%</b>

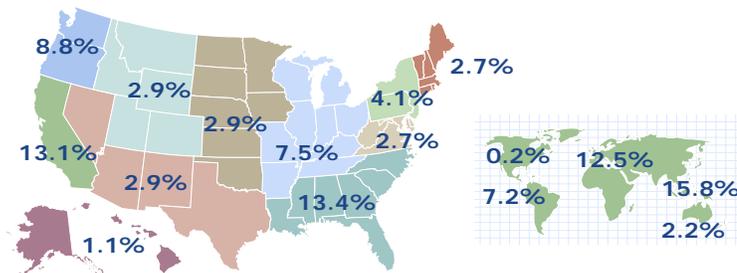
**Sector Weighting**



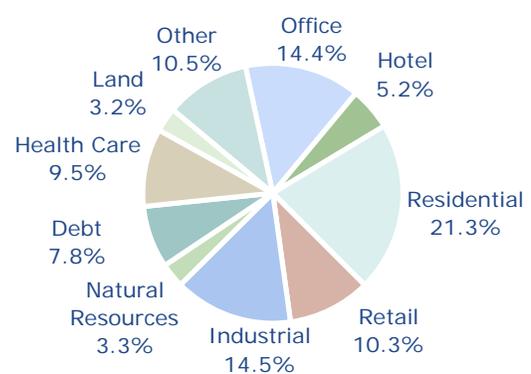
**Real Estate**

**\$8,891,245,682**

**Geographical Distribution**



**Property Type Distribution**



**Unfunded Commitments: \$6.7 billion**

**Private Equity**

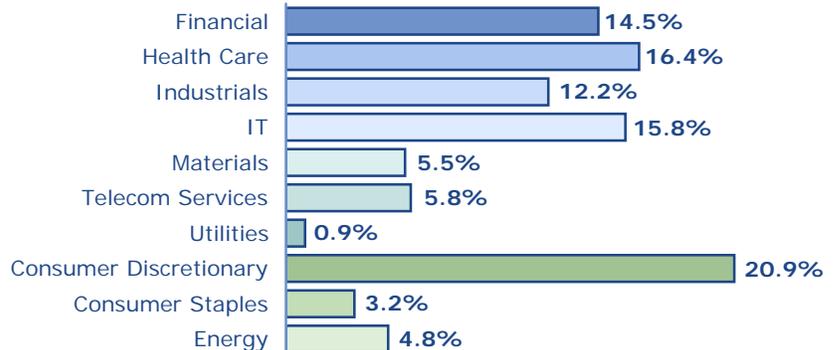
**\$13,738,982,101**

**Sector Distribution**



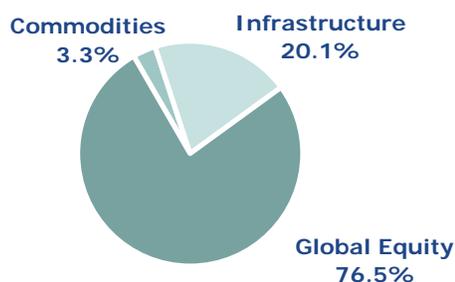
**Unfunded Commitments: \$7.7 billion**

**Industry Distribution**



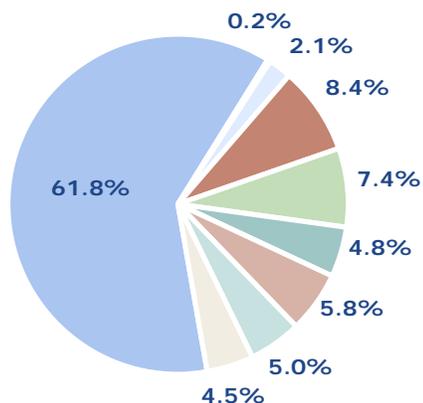
**Innovation**

**\$739,972,869**



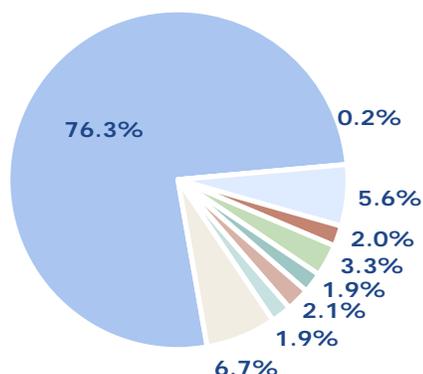
Real Estate and Private Equity are lagged one quarter

**Teachers' Retirement System (TRS)**



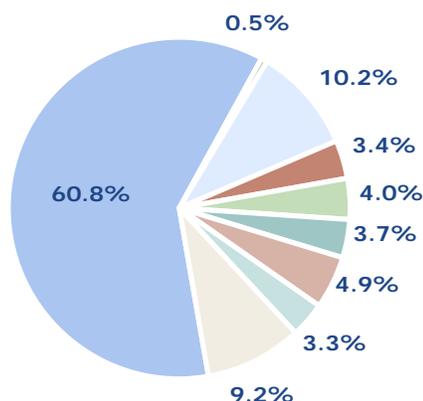
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 2,517,135,334	\$ 46,553,531
Social Balanced Fund	10,197,518	1,355,059
Short-Horizon Fund	14,766,582	2,359,998
Mid-Horizon Fund	33,259,526	37,953
Long-Horizon Fund	37,421,862	(1,716,577)
U.S. Stock Fund	341,118,654	(24,549,681)
U.S. Large Stock Fund	300,349,108	(22,284,251)
U.S. Small Stock Fund	195,154,605	(18,546,217)
International Index Fund	234,676,075	(19,483,215)
Bond Market Fund	204,275,950	26,718,545
Money Market Fund	185,195,359	19,072,348
<b>Total Fund</b>	<b>\$ 4,073,550,572</b>	<b>\$ 9,517,494</b>

**School Employees' Retirement System (SERS)**



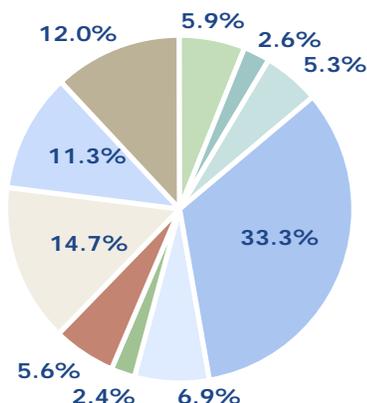
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 859,336,799	\$ 39,807,033
Social Balanced Fund	2,056,324	498,782
Short-Horizon Fund	8,676,948	1,243,061
Mid-Horizon Fund	28,159,676	568,831
Long-Horizon Fund	26,786,072	(683,571)
U.S. Stock Fund	22,472,382	(930,824)
U.S. Large Stock Fund	36,621,960	(1,713,442)
U.S. Small Stock Fund	21,817,590	(2,256,254)
International Index Fund	23,723,681	(3,136,687)
Bond Market Fund	21,736,559	6,572,180
Money Market Fund	75,179,570	10,806,046
<b>Total Fund</b>	<b>\$ 1,126,567,560</b>	<b>\$ 50,775,156</b>

**Public Employees' Retirement System (PERS)**



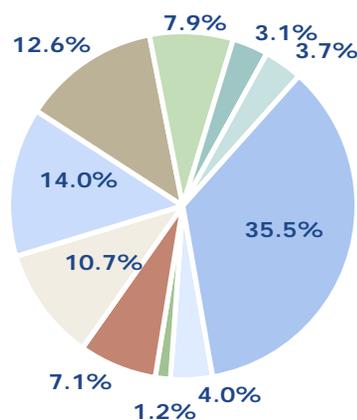
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 854,489,890	\$ 14,854,070
Social Balanced Fund	7,093,801	849,347
Short-Horizon Fund	16,051,757	1,165,402
Mid-Horizon Fund	60,944,348	(698,538)
Long-Horizon Fund	66,207,683	(4,140,105)
U.S. Stock Fund	47,840,349	(4,126,451)
U.S. Large Stock Fund	56,562,752	(5,516,793)
U.S. Small Stock Fund	52,002,087	(5,335,488)
International Index Fund	69,170,537	(10,637,188)
Bond Market Fund	46,169,433	13,152,532
Money Market Fund	128,651,755	15,766,827
<b>Total Fund</b>	<b>\$ 1,405,184,391</b>	<b>\$ 15,333,616</b>

**Deferred Compensation**



Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 33,649,959	\$ 3,388,916
Mid-Horizon Fund	70,536,826	46,934
Long-Horizon Fund	63,450,834	(5,583,079)
Social Balanced Fund	57,025,566	2,661,451
U.S. Stock Market Index Fund	135,956,182	(17,302,945)
Active Value Fund	353,974,207	(66,017,577)
Active Core Fund	272,693,006	(43,071,565)
Growth Company Fund	290,634,960	(41,758,478)
International Stock Fund	141,362,406	(25,960,847)
U.S. Small Stock Fund	63,502,806	(11,647,601)
Bond Market Fund	128,297,637	29,743,840
Savings Pool	804,176,361	44,351,633
<b>Total Fund</b>	<b>\$ 2,415,260,751</b>	<b>\$ (131,149,319)</b>

**Judicial Retirement Account**



Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 105,032	\$ (593)
Mid-Horizon Fund	237,761	(8,146)
Long-Horizon Fund	180,451	(12,537)
Social Balanced Fund	160,401	(89,086)
U.S. Stock Market Index Fund	932,177	(58,204)
Active Value Fund	1,394,545	(411,200)
Active Core Fund	1,831,590	(272,076)
Growth Company Fund	1,648,290	(139,620)
International Stock Fund	1,036,837	80,624
U.S. Small Stock Fund	404,858	(39,771)
Bond Market Fund	488,447	(126,185)
Savings Pool	4,642,405	274,110
<b>Total Fund</b>	<b>\$ 13,062,795</b>	<b>\$ (802,684)</b>

**One Year Returns**



\*Uses current managers' returns. Return shown is after manager and portfolio expenses but before the WSIB and record keeping fees.

**Balanced Funds**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>WSIB TAP Fund</b>	<b>-3.62%</b>	<b>5.42%</b>	<b>13.46%</b>	<b>15.31%</b>	<b>8.20%</b>
Custom Benchmark	-5.95%	0.06%	8.75%	12.95%	5.62%
<b>Long-Horizon Fund</b>	<b>-6.67%</b>	<b>-1.60%</b>	<b>8.19%</b>	<b>13.08%</b>	<b>N/A</b>
Custom Benchmark	-7.03%	-2.36%	7.91%	13.01%	5.28%
<b>Mid-Horizon Fund</b>	<b>-3.44%</b>	<b>2.03%</b>	<b>7.66%</b>	<b>10.57%</b>	<b>N/A</b>
Custom Benchmark	-4.29%	0.33%	7.07%	10.33%	5.73%
<b>Short-Horizon Fund</b>	<b>-0.90%</b>	<b>4.37%</b>	<b>6.68%</b>	<b>7.66%</b>	<b>N/A</b>
Custom Benchmark	-1.80%	2.64%	6.15%	7.46%	5.47%
<b>Social Balanced Fund</b>	<b>-2.46%</b>	<b>7.02%</b>	<b>6.04%</b>	<b>N/A</b>	<b>N/A</b>
Custom Benchmark	-4.30%	0.67%	5.81%	8.38%	4.96%

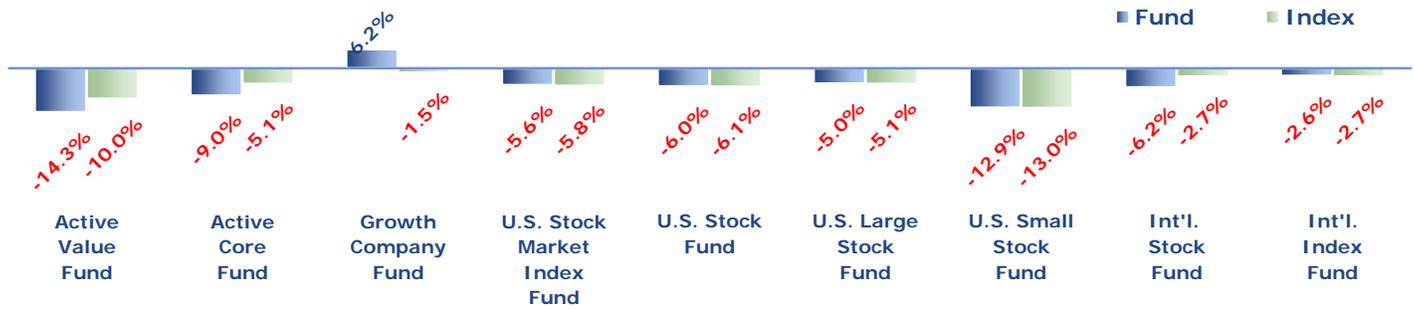
**Bond Funds**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Bond Market Fund</b>	<b>3.19%</b>	<b>8.89%</b>	<b>5.85%</b>	<b>4.87%</b>	<b>N/A</b>
Lehman Intermediate Credit	1.29%	5.19%	4.68%	4.29%	5.94%

**Cash Funds**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Money Market Fund</b>	<b>0.90%</b>	<b>4.87%</b>	<b>4.69%</b>	<b>3.37%</b>	<b>3.95%</b>
One Month LIBOR	0.84%	4.94%	4.81%	3.49%	4.01%
<b>Savings Pool</b>	<b>1.14%</b>	<b>4.76%</b>	<b>4.65%</b>	<b>4.83%</b>	<b>5.63%</b>

**One Year Returns**



\*Uses current managers'/funds' returns and returns from other portfolios with same investment strategy but different fees to produce a ten-year history. Return shown is after manager and portfolio expenses but before the WSIB and record keeping fees and does not include any return attributed to rebates.

**Active U.S. Equity**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Active Value Fund</b>	<b>-10.29%</b>	<b>-14.33%</b>	<b>5.21%</b>	<b>14.87%</b>	<b>N/A</b>
Russell 1000 Value Index	-8.72%	-9.99%	6.01%	13.68%	5.54%
<b>Active Core Fund</b>	<b>-9.39%</b>	<b>-9.00%</b>	<b>4.77%</b>	<b>N/A</b>	<b>N/A</b>
S&P 500	-9.45%	-5.08%	5.85%	11.32%	3.50%
<b>Growth Company Fund</b>	<b>-11.66%</b>	<b>6.20%</b>	<b>11.77%</b>	<b>15.93%</b>	<b>7.00%</b>
Russell 3000 Growth	-10.39%	-1.45%	6.30%	10.26%	1.29%

**Passive U.S. Equity**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>U.S. Stock Market Index Fund</b>	<b>-9.42%</b>	<b>-5.56%</b>	<b>6.44%</b>	<b>12.54%</b>	<b>4.17%</b>
Dow Jones Wilshire 5000	-9.52%	-5.76%	6.37%	12.45%	3.95%
<b>U.S. Stock Fund</b>	<b>-9.46%</b>	<b>-5.95%</b>	<b>6.17%</b>	<b>12.10%</b>	<b>N/A</b>
Russell 3000	-9.52%	-6.06%	6.10%	12.07%	3.88%
<b>U.S. Large Stock Fund</b>	<b>-9.46%</b>	<b>-4.99%</b>	<b>5.92%</b>	<b>11.38%</b>	<b>3.54%</b>
S&P 500	-9.45%	-5.08%	5.85%	11.32%	3.50%
<b>U.S. Small Stock Fund</b>	<b>-9.80%</b>	<b>-12.89%</b>	<b>5.07%</b>	<b>14.83%</b>	<b>4.90%</b>
Russell 2000	-9.90%	-13.00%	5.06%	14.90%	4.96%

**Active Enhanced International**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>International Stock Fund</b>	<b>-9.41%</b>	<b>-6.23%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI EAFE	-8.91%	-2.70%	13.32%	21.40%	6.18%

**Passive International**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>International Index Fund</b>	<b>-8.95%</b>	<b>-2.55%</b>	<b>13.44%</b>	<b>21.05%</b>	<b>5.66%</b>
MSCI EAFE	-8.91%	-2.70%	13.32%	21.40%	6.18%

**Characteristics**

**Composition Distribution**

**Average Maturity**

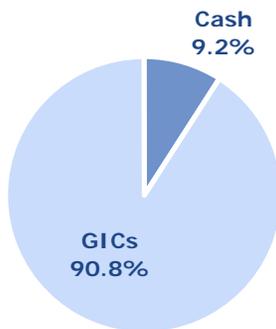
2 Years

**Average Yield**

4.75%

**Number of Holdings**

34

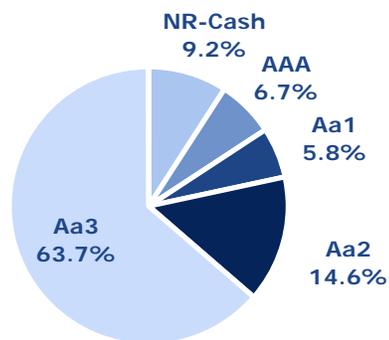


<b>Market Value</b>
<b>\$ 809,091,884</b>

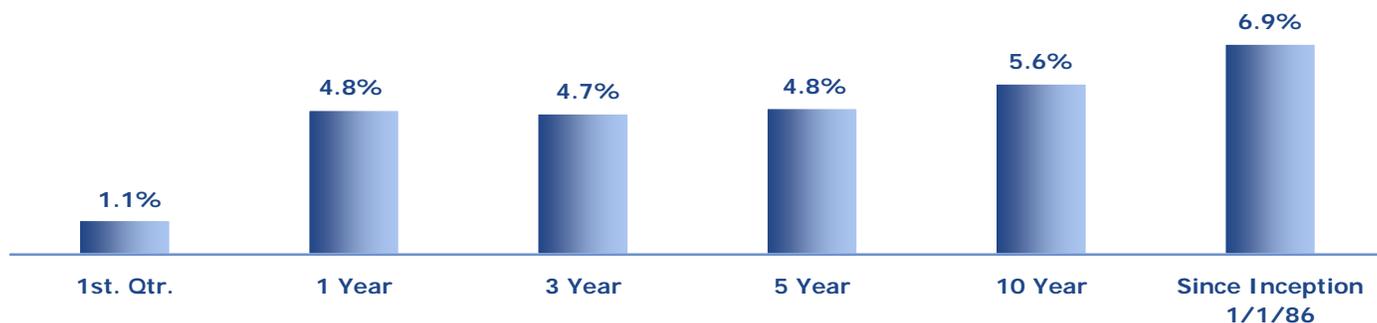
**Top Ten GIC Issuers**

Hartford Life Insurance Co.	13.38%
Protective Life Insurance Co.	9.90%
Prudential Insurance Company of Amer	9.63%
Metropolitan Life Insurance Co.	9.63%
Genworth Life and Annuity Assurance	7.54%
Pacific Life Insurance Co.	7.00%
New York Life Insurance Corp.	6.66%
Monumental Life Insurance Co.	6.60%
John Hancock Life Insurance Co	5.86%
ING USA Annuity & Life Insurance Co.	4.93%

**Rating Distribution**



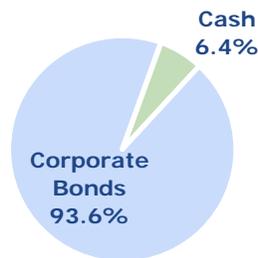
**Return**



**Characteristics**

**Asset Class Distribution**

	<b>Fund</b>	<b>Index</b>
Average Maturity	6.1 years	5.3 years
Yield to Maturity	5.10%	5.19%
Effective Duration	4.41	4.43
Average Coupon	5.33%	5.70%
Number of Holdings	184	2,370

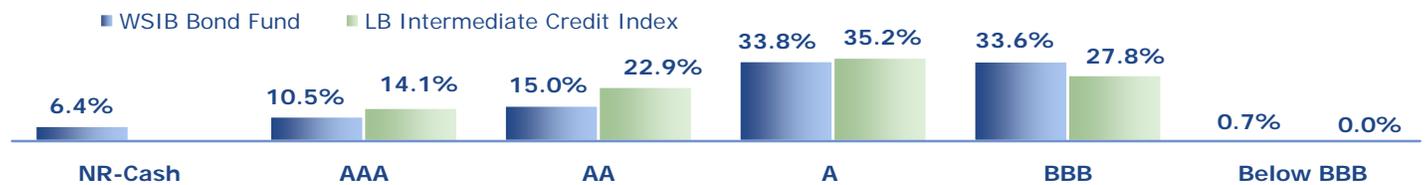


<b>Market Value</b>
<b>\$ 564,673,342</b>

**Top Ten Credit Issuers**

Asia Development Bank	0.96%	Korea Development Bank	0.91%
Burlington Northern Santa Fe Corp.	0.94%	Phillips Electronics	0.91%
United Mexican States	0.94%	Hutchison Whamp International Ltd.	0.90%
Bear Stearns Companies Inc.	0.93%	Mcdonald's Corporation	0.90%
Duke Energy Carolinas, LLC	0.91%	Kansas City Power and Light Co.	0.90%

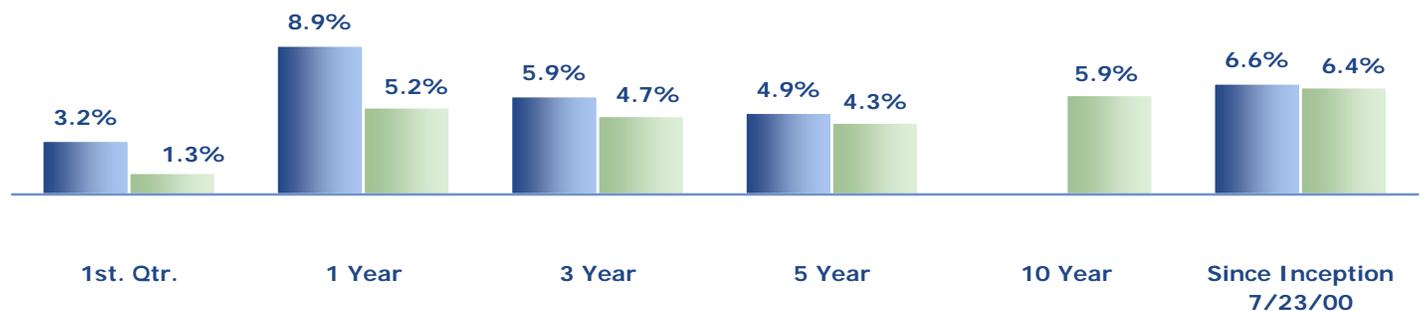
**Rating Distribution**



**Industry Distribution**



**Return**

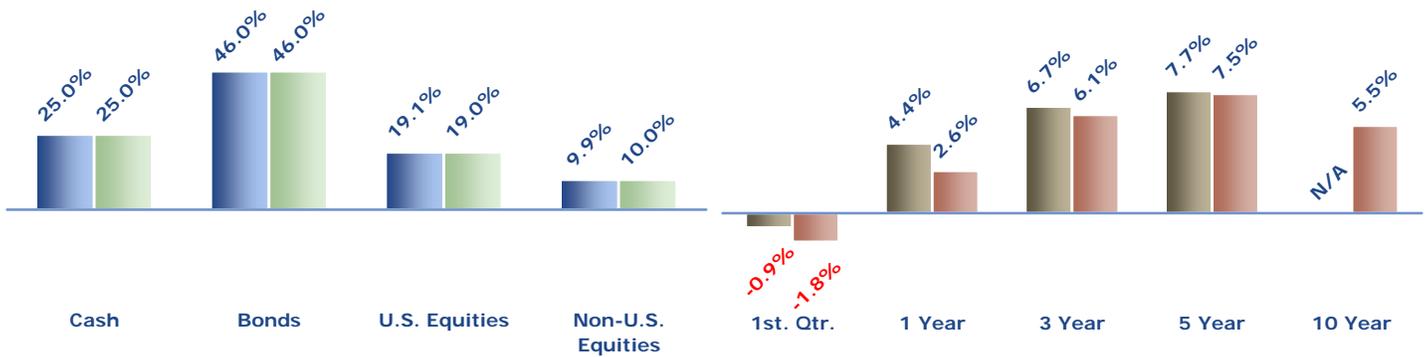


**Short-Horizon**

\$73,280,658

**Asset Allocation**

**Return**



**Mid-Horizon**

\$192,947,553

**Asset Allocation**

**Return**

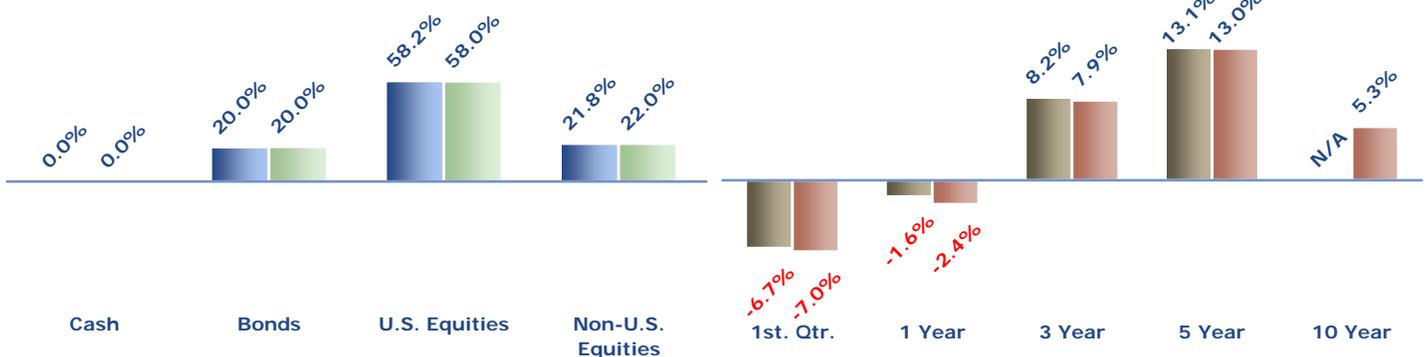


**Long-Horizon**

\$194,327,455

**Asset Allocation**

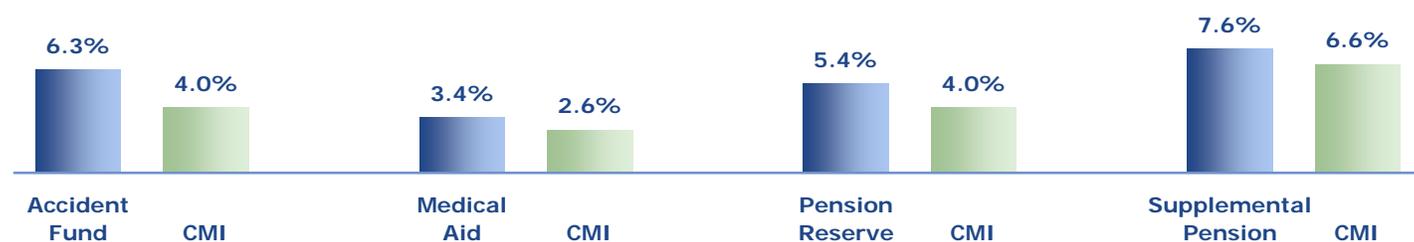
**Return**



Horizon Fund     Target

Horizon Fund     Benchmark

One Year Performance



**Total Fund** **\$11,327,590,150**

	Market Value	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Accident Fund</b>	<b>\$4,476,756,141</b>	<b>0.91%</b>	<b>6.31%</b>	<b>6.03%</b>	<b>6.73%</b>	<b>6.55%</b>
CMI		-0.57%	4.01%	5.02%	6.40%	6.23%
<b>Medical Aid</b>	<b>\$3,913,250,862</b>	<b>-1.37%</b>	<b>3.40%</b>	<b>6.35%</b>	<b>7.06%</b>	<b>5.94%</b>
CMI		-1.98%	2.62%	5.78%	7.05%	5.92%
<b>Pension Reserve</b>	<b>\$2,853,207,379</b>	<b>0.36%</b>	<b>5.42%</b>	<b>5.71%</b>	<b>5.82%</b>	<b>6.95%</b>
CMI		-0.57%	4.01%	5.02%	5.46%	6.59%
<b>Supplemental Pension</b>	<b>\$84,375,767</b>	<b>1.82%</b>	<b>6.99%</b>	<b>5.21%</b>	<b>3.66%</b>	<b>4.61%</b>
<b>Supplemental Ex-Cash</b>		<b>2.33%</b>	<b>7.56%</b>	<b>5.33%</b>	<b>3.94%</b>	<b>5.16%</b>
CMI		2.06%	6.62%	4.96%	3.87%	5.41%

**Labor and Industries' Statutory Accounting Return \***

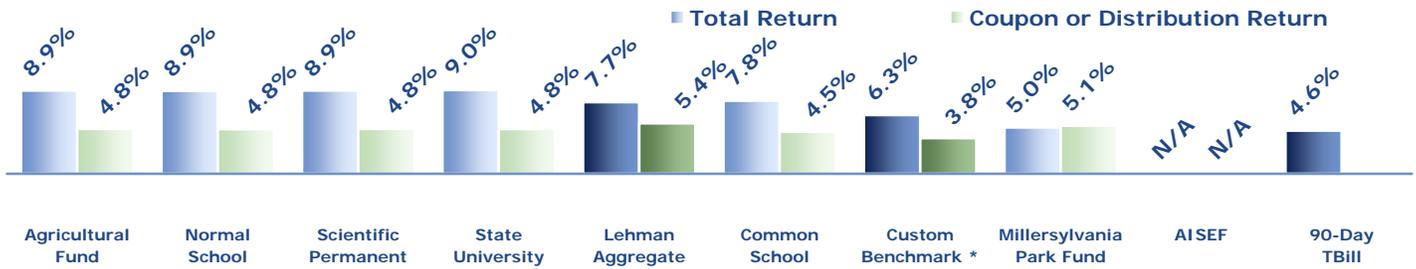
	Qtr.	1 Year	3 Year	5 Year
Accident Fund	0.84%	5.24%	7.44%	8.56%
Medical Aid	-1.96%	2.34%	6.40%	8.15%
Pension Reserve	1.33%	6.02%	7.37%	7.94%
Supplemental Pension	1.10%	5.22%	4.62%	4.13%

**Duration**

	CMI	Target	Actual	% Difference
Accident Fund	9.34	9.00	7.89	-12.38%
Medical Aid	6.15	6.00	6.05	0.77%
Pension Reserve	9.34	9.00	7.73	-14.14%
Supplemental Pension	2.07	1.75-2.25	2.05	N/A

\* Uses net income, realized and unrealized gains and losses on equity securities, and realized gains and losses on fixed income in the numerator. The denominator uses book value for fixed income securities and market value for equities. Below investment grade fixed income securities are carried at the lower of book or market value.

**One Year Performance**



**Market Value**

Agricultural Fund	\$ 169,768,340
Normal School	\$ 226,069,278
Scientific Permanent	\$ 190,002,981
State University	\$ 29,197,015
Common School	\$ 179,401,075
Millersylvania Park Fund	\$ 5,166
American Indian Scholarship Endowment Fund (AISEF)	\$ 579,118

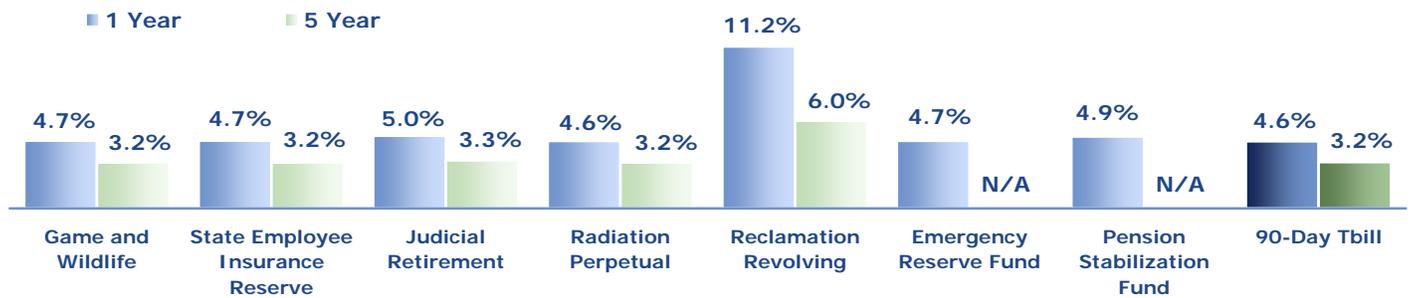
Returns	Total Return					Distribution Return <sup>1</sup>			
	Qtr.	1 Year	3 Year	5 Year	10 Year	Qtr.	1 Year	3 Year	5 Year
<b>Agricultural Fund</b>	3.15%	8.91%	5.90%	4.65%	5.98%	1.12%	4.80%	4.67%	4.71%
<b>Normal School</b>	3.19%	8.88%	5.86%	4.64%	6.03%	1.13%	4.77%	4.65%	4.68%
<b>Scientific Permanent</b>	3.20%	8.91%	5.86%	4.66%	6.01%	1.12%	4.81%	4.67%	4.74%
<b>State University</b>	3.18%	8.96%	5.85%	4.61%	6.12%	1.12%	4.79%	4.64%	4.66%
Lehman Aggregate	2.17%	7.67%	5.48%	4.58%	6.04%				
<b>Common School</b>	2.32%	7.81%	5.85%	4.92%	5.93%	1.07%	4.50%	4.40%	4.45%
Custom Benchmark <sup>2</sup>	1.39%	6.29%	5.39%	4.85%	6.02%				
<b>Millersylvania Park Fund</b>	0.99%	4.95%	4.62%	3.29%	3.82%	1.11%	5.14%	4.60%	3.26%
90 Day Tbill	0.88%	4.62%	4.41%	3.18%	3.70%				
<b>AISEF</b>	1.13%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Custom Benchmark <sup>3</sup>	0.94%	N/A	N/A	N/A	N/A				

<sup>1</sup> Includes coupon income and amortization minus expenses and deferred losses based on book value.

<sup>2</sup> The custom benchmark for the Common School Fund is a combination of the Lehman Aggregate and Dow Jones Wilshire 5000 using the previous month-end weights adjusted for new purchases during the current month. For March 2008, the breakdown was 5.9% Dow Jones Wilshire 5000 and 94.1% Lehman Aggregate.

<sup>3</sup> The custom benchmark for the American Indian Scholarship Endowment Fund is a combination of the Lehman Aggregate and the 90 Day Tbill using the previous month-end weights adjusted for new purchases during the current month. For March 2008, the breakdown was 53.8% Lehman Aggregate and 46.2% the 90 Day Tbill.

One Year and Five Year Performance



Market Value

Game and Wildlife	\$ 7,717,269
State Employee Insurance Reserve	\$ 86,638,278
Judicial Retirement	\$ 515,211
Radiation Perpetual	\$ 324,805
Reclamation Revolving	\$ 202,634
Emergency Reserve Fund	\$ 301,448,862
Pension Stabilization Fund	\$ 417,811,162

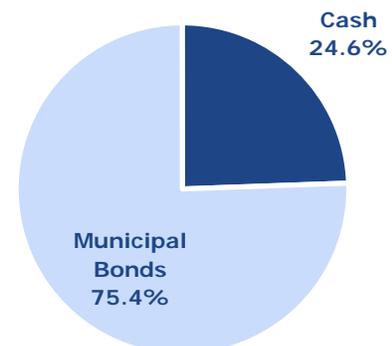
Total Return

	Qtr.	1 Year	3 Year	5 Year	10 Year
Game and Wildlife	0.88%	4.66%	4.47%	3.17%	3.74%
State Employee Insurance Reserve	0.88%	4.66%	4.47%	3.17%	3.74%
Judicial Retirement	1.05%	5.01%	4.66%	3.31%	3.91%
Radiation Perpetual	0.88%	4.65%	4.46%	3.16%	3.73%
Reclamation Revolving	1.53%	11.15%	7.49%	6.04%	5.30%
Emergency Reserve Fund	0.88%	4.66%	N/A	N/A	N/A
Pension Stabilization Fund	0.97%	4.95%	N/A	N/A	N/A
90-Day Tbill	0.88%	4.62%	4.41%	3.18%	3.70%

Portfolio Allocations

The Game and Wildlife Fund, State Employee Insurance Reserve Fund, Judicial Retirement Fund, Radiation Perpetual Fund, Emergency Reserve Fund, and Pension Stabilization Fund are fully invested in short-term investment funds (STIF).

The Reclamation Revolving Fund (shown to the right) is invested in municipal bonds and STIF.

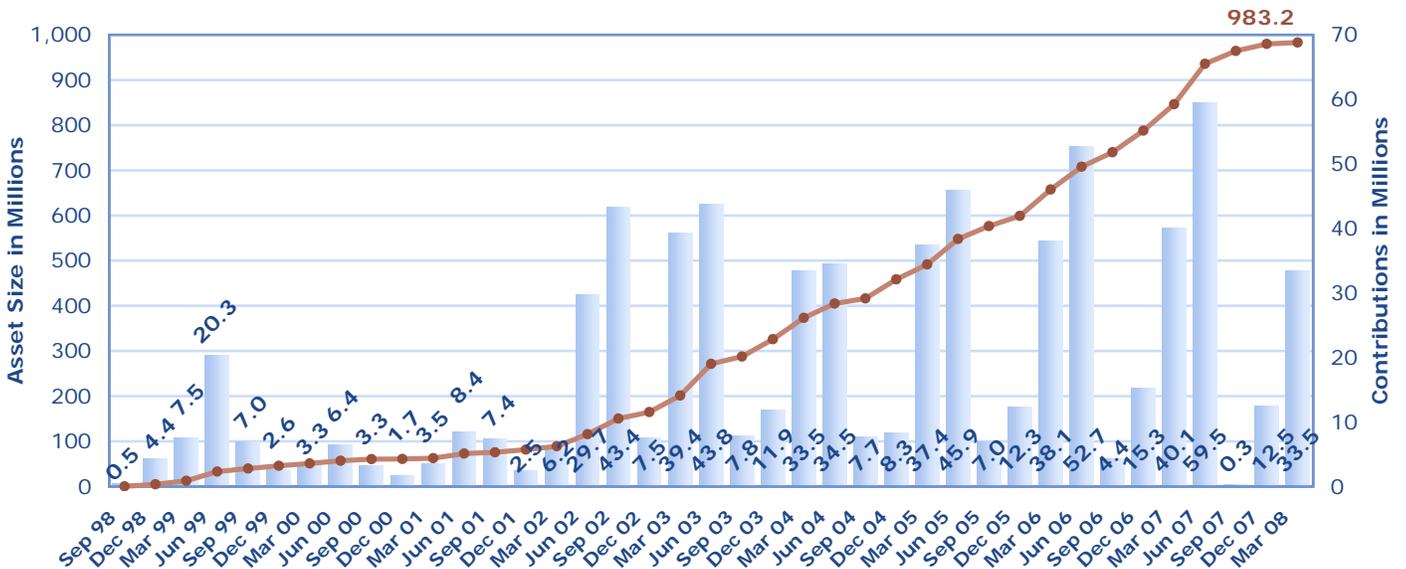


**Portfolio Size and Allocation**

<b>Total</b>	<b>\$983,153,998</b>
Cash	19,495,352
Treasury Inflation Index Note (TIPs)	416,290,919
U.S. Equity	363,590,742
Non-U.S. Equity	183,776,985



**Assets Under Management**

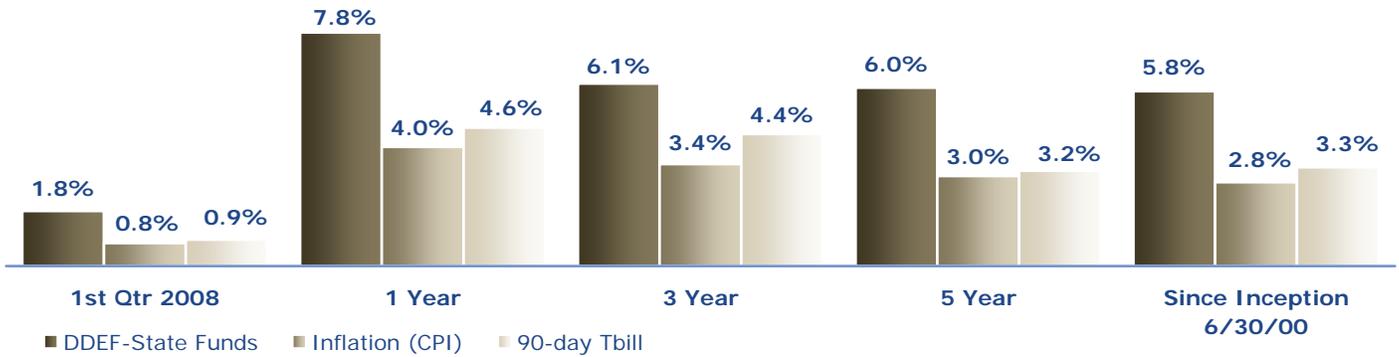
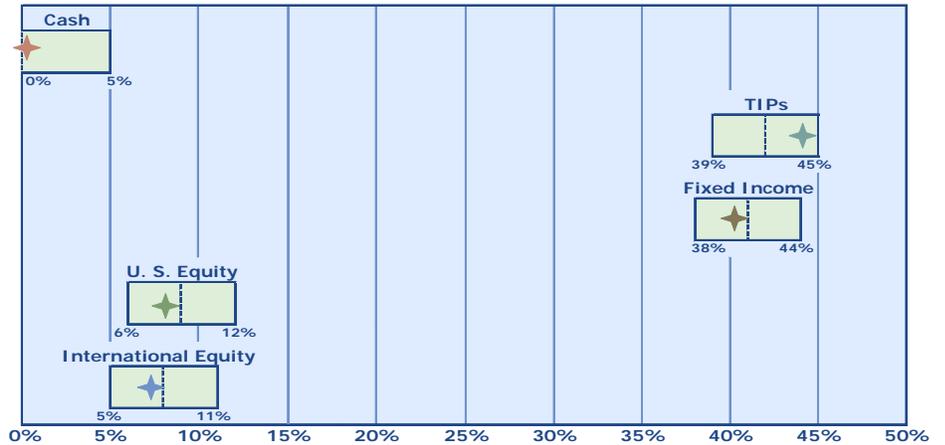


**Total Return**



**State Funds**

<b>Total</b>	<b>\$8,049,755</b>
Cash	24,048
Treasury Inflation Index Note (TIPs)	3,546,189
Fixed Income	3,239,983
U.S. Equity	653,113
International Equity	586,423



**Private Funds**

<b>Total</b>	<b>\$9,666,100</b>
Cash	212,162
Balanced Fund	9,453,938

