



## Investment Reports

Quarterly Report – December 31, 2011

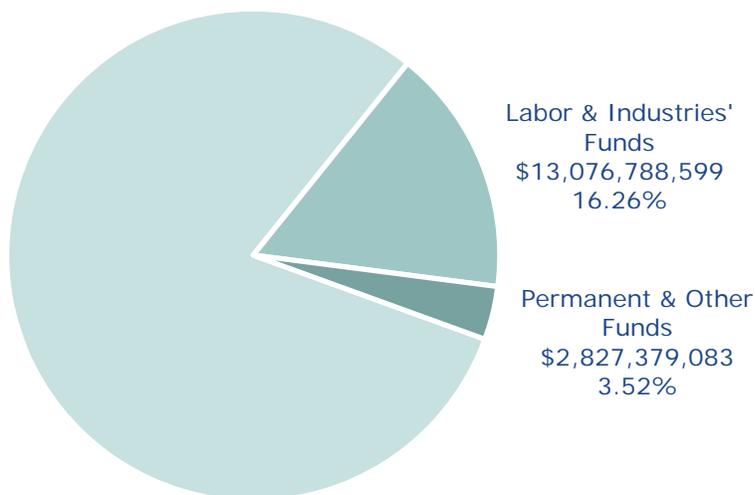
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Date: February 7, 2012

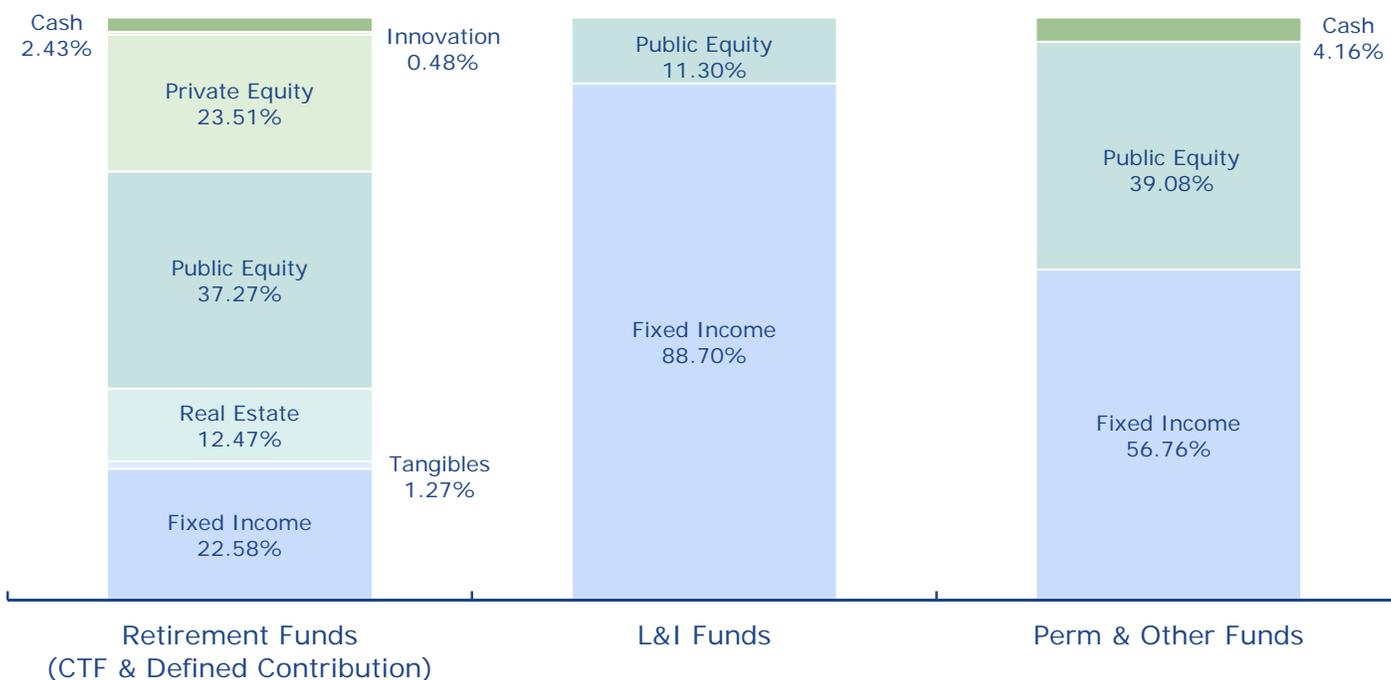
**The WSIB invests for 39 funds:**

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

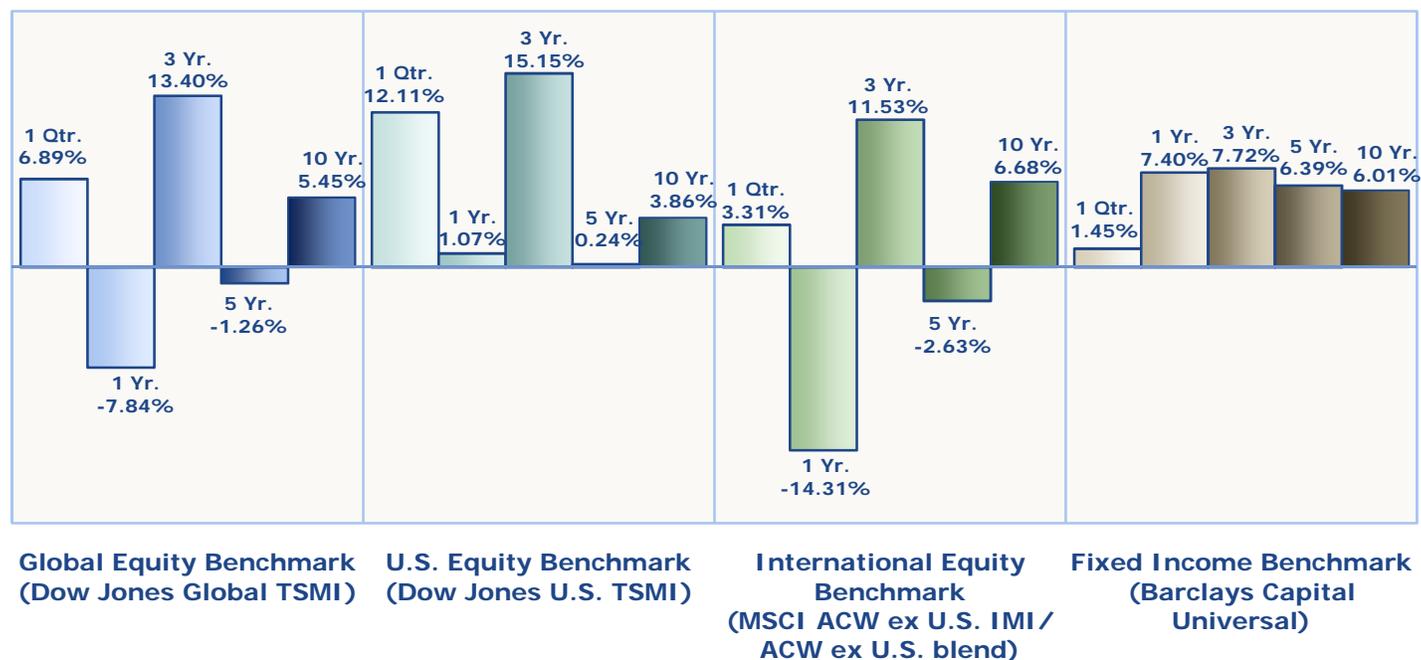
Retirement Funds  
(CTF & Defined Contribution)  
\$64,494,412,944  
80.22%



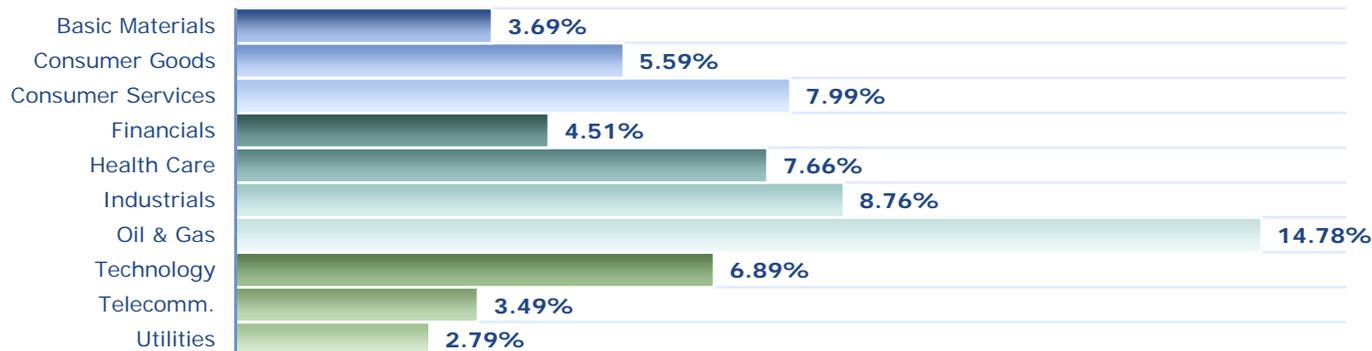
**Asset Class Overview for All Funds**



**Indices Returns**



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



**Capital Market Highlights**

- ❖ Global equities as measured by the Dow Jones Global TSMI returned 6.9% outperforming fixed income as measured by the Barclays Capital Universal which returned 1.5% for the quarter.
- ❖ The best industry return for the quarter as shown with the Dow Jones Global TSMI was Oil & Gas at - 14.8%. The lowest return was Utilities at 2.8%.
- ❖ In the Barclays Capital indices U.S. Corporate High Yield had the highest return for the quarter earning 6.5% while Eurodollar Seasoned (ex Agg) had the lowest return at -0.1%. For the yield curve, the long end of the curve (30 year treasuries) outperformed the short end of the curve (3 month treasuries), returning 2.0% compared to 0.0% for the quarter.
- ❖ GDP was 2.8% (annualized) for the quarter. Inflation, as measured by the CPI was -0.1%.
- ❖ The federal funds target rate remained the same during the quarter, ranging from 0-0.25%.

**Commingled Trust Fund**

- ❖ Performance for all annualized time periods are positive. The CTF outperformed the passive benchmark for the 1, 5, and 10 year time periods. The CTF is exceeding the actuarial return of 8% for since inception.

**Asset Allocation**

- ❖ Asset transfers for the quarter consisted of transfers from fixed income for \$150 million, real estate for \$499 million, private equity for \$208 million, and public equity for \$148 million to fund tangibles with \$89 million and innovation with \$47 million. The remaining money was used to fund participant withdrawals.

**Fixed Income**

- ❖ Fixed income has positive returns for the quarter, 3, 5, and 10 year time periods. It underperformed its benchmark, Barclays Capital Universal, for the 1 year but outperformed its benchmark for the remaining time periods.

**Tangible**

- ❖ The WSIB Tangible quarter return was 3.6% and outperformed its benchmark, CPI lagged one quarter plus 400 basis points, which returned 2.2%. It did not outperform its benchmark for any time periods.
- ❖ As of September 30, 2011, there were \$503 million in unfunded commitments.

**Real Estate**

- ❖ The WSIB Real Estate quarter return was -1.4%. It underperformed NCREIF (lagged on quarter) for the quarter. For the 10 year time period, it outperformed both its benchmark of 8% return over a rolling 10 year and the NCREIF.
- ❖ As of September 30, 2011, there were \$6.9 billion in unfunded commitments.

**Public Equity**

- ❖ Public equity performed 7.2% for the quarter. It outperformed its benchmark, the Dow Jones Global TSMI which returned 6.9%.

**Private Equity**

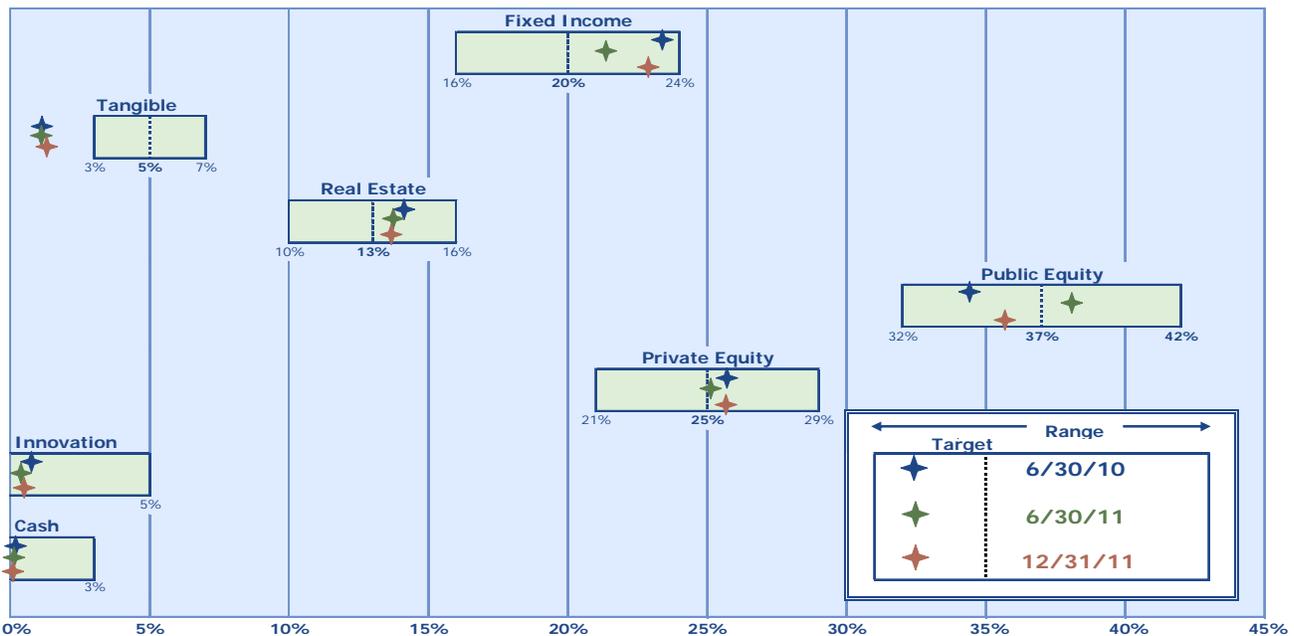
- ❖ The WSIB private equity quarter return was -1.7%. It outperformed its new benchmark, the Russell 3000 (lagged one quarter) plus 300 basis points for the quarter.
- ❖ As of September 30, 2011, there were \$7.1 billion in unfunded commitments.

**Innovation**

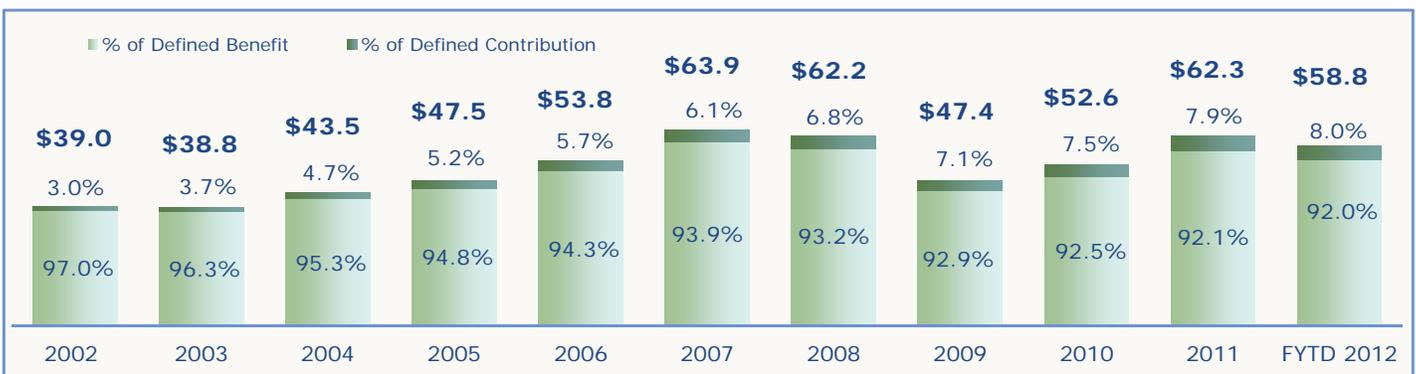
- ❖ Innovation outperformed its custom benchmark for the quarter and 1 year time periods.

**Market Values Actual Asset Allocation**

Asset Class	Market Value	by Asset Class	with Overlay	Market Value Changes
Fixed Income	\$ 12,274,998,131	20.87%	22.88%	Quarter: \$ 1,079,300,949
Tangible	\$ 818,979,178	1.39%	1.39%	
Real Estate	\$ 8,040,894,968	13.67%	13.67%	Fiscal Year: (\$3,443,137,054)
Public Equity	\$ 21,141,704,893	35.95%	35.66%	
Private Equity	\$ 15,161,939,903	25.78%	25.78%	
Innovation	\$ 310,080,639	0.53%	0.53%	
Cash	\$ 1,061,985,775	1.81%	0.09%	
<b>Total Fund</b>	<b>\$ 58,810,583,487</b>			



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



Note: Page 4-9, Totals may not add up due to rounding.



			Qtr.	1 Year	3 Year	5 Year	10 Year	Since Inception <sup>8</sup>
<b>Total Fund</b>	<b>\$58,810,583,487</b>	<b>100.0%</b>	2.39%	2.35%	7.13%	1.93%	6.37%	8.31%
Passive Benchmark <sup>2</sup>			5.37%	-2.83%	12.15%	1.21%	5.01%	
Implementation Value Added Benchmark <sup>3</sup>			-0.43%	2.22%	9.06%	2.88%	6.61%	
TUCS Public Fund >\$1B Median <sup>4</sup>			4.46%	0.80%	10.37%	1.98%	5.47%	
TUCS Public/Corporate Fund >\$1B Median <sup>4</sup>			4.68%	1.72%	11.00%	2.09%	5.67%	
<b>Fixed Income</b>	<b>\$12,274,998,131</b>	<b>20.9%</b>	2.26%	5.62%	10.35%	7.54%	6.71%	
Barclays Capital Universal			1.45%	7.40%	7.72%	6.39%	6.01%	
<b>Tangible</b>	<b>\$818,979,178</b>	<b>1.4%</b>	3.63%	7.01%	1.20%			
CPI (Lagged One Quarter) + 400 bp			2.17%	7.90%	5.22%			
<b>Real Estate<sup>5</sup></b>	<b>\$8,040,894,968</b>	<b>13.7%</b>	-1.36%	10.63%	-5.93%	0.85%	8.87%	
8% Return Over Rolling 10 Years							8.00%	
NCREIF (Lagged One Quarter)			3.30%	16.10%	-1.45%	3.40%	7.81%	
<b>Public Equity</b>	<b>\$21,141,704,893</b>	<b>35.9%</b>	7.15%	-6.51%	12.84%	-1.79%	4.31%	
Dow Jones Global TSMI			6.89%	-7.84%	13.40%	-1.26%	5.45%	
<b>Private Equity<sup>5</sup></b>	<b>\$15,161,939,903</b>	<b>25.8%</b>	-1.73%	9.04%	5.30%	5.03%	10.45%	
Russell 3000 (Lagged One Quarter) + 300 bp			-14.54%	3.55%	4.45%	2.08%	6.48%	
<b>Innovation<sup>6</sup></b>	<b>\$310,080,639</b>	<b>0.5%</b>	11.16%	-11.97%				
Custom Benchmark			6.53%	-12.22%				
<b>Overlay<sup>7</sup></b>	<b>\$119,974,081</b>		0.01%	0.14%	0.29%	0.11%	0.06%	
<b>Cash</b>	<b>\$942,011,693</b>	<b>1.8%</b>	0.03%	0.13%	0.22%	1.73%	1.96%	
90 Day T-Bills			0.00%	0.10%	0.15%	1.49%	1.95%	

 Outperformed its benchmark

 Underperformed its benchmark

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

<sup>2</sup> Currently 69% Dow Jones Global TSMI, 31% Barclays Capital Universal. Over time the benchmark has been adjusted by changing both benchmarks and percentages. The most recent change occurred on January 1, 2008.

<sup>3</sup> The implementation value added benchmark consists of 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 private equity passive benchmark.

<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> The overall benchmark is the weighted average of the underlying benchmarks for each asset/idea within the portfolio.

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

<sup>8</sup> Since Inception of the CTF is 7/1/1992.

**Global Markets**

\$5,405,541,891

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Total Global</b>	6.81%	-4.11%	12.96%		
Dow Jones Global TSMI	6.89%	-7.84%	13.40%		
Aberdeen Asset Management Ltd.	9.07%	-0.36%	15.06%		
Arrowstreet Capital	6.39%				
D.E. Shaw	7.66%				
Longview	8.78%				
Tradewinds	0.57%				
WHV	10.87%				
William Blair & Company	8.44%				

**International Markets**

\$8,465,249,459

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Total International Equity</b>	3.65%	-12.71%	10.83%	-2.73%	6.45%
Custom International Equity Benchmark	3.31%	-14.31%	11.53%	-2.63%	6.68%
<b>Total Developed</b>	3.37%	-11.22%	9.99%	-3.18%	5.82%
Custom Developed Markets Benchmark	3.16%	-12.66%	9.37%	-3.85%	5.27%
SSgA Separate	3.29%	-12.31%			
Mondrian Investment Partners	3.80%	-3.16%	7.83%	-2.51%	7.78%
<b>Total Emerging</b>	4.67%	-16.36%	19.85%	2.17%	13.64%
Custom Emerging Markets Benchmark	3.84%	-19.49%	20.74%	2.48%	14.13%
Aberdeen Asset Management	6.11%	-10.53%			
Capital International	3.95%	-21.54%	17.67%	2.66%	13.50%
Grantham, Mayo, Otterloo	4.20%	-17.01%	19.59%	0.97%	15.26%
Grantham, Mayo, Otterloo Illiquid	1.11%	-22.01%	22.90%		
JPMorgan	5.58%	-17.51%	18.80%	2.74%	
Lazard Asset Mgmt.	2.96%	-17.49%	20.94%	3.83%	
Mondrian Investment Partners	5.79%	-11.68%			

**U.S. Markets**

\$7,270,913,543

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Total U.S. Equity</b>	12.16%	1.17%	15.12%	-0.54%	3.43%
Dow Jones U.S. TSMI	12.11%	1.07%	15.15%	0.24%	3.86%
BlackRock Trust Company	12.18%	1.19%	15.12%	0.34%	3.88%

Outperformed its benchmark

Underperformed its benchmark

**Global Markets**

\$5,405,541,891

Aberdeen Asset Management Ltd.	\$930,485,014	17.21%
Arrowstreet Capital	\$1,312,472,296	24.28%
D.E. Shaw	\$225,289,110	4.17%
Longview	\$897,981,928	16.61%
Tradewinds	\$873,736,516	16.16%
WHV	\$202,028,746	3.74%
William Blair & Company	\$963,445,147	17.82%

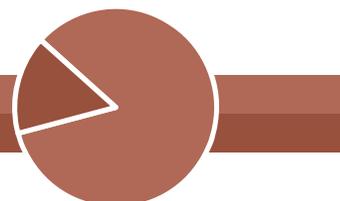


**International Markets**

\$8,465,249,459

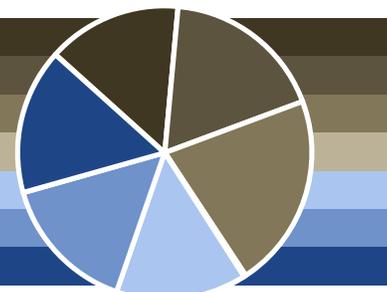
**Developed**

SSgA Separate	\$5,291,666,944	84.16%
Mondrian Investment Partners	\$992,557,525	15.79%



**Emerging**

Aberdeen Asset Management	\$321,251,694	14.79%
Capital International	\$387,802,112	17.85%
Grantham, Mayo, Otterloo	\$465,188,169	21.42%
Grantham, Mayo, Otterloo Illiquid	\$4,781,853	0.22%
JPMorgan	\$311,991,813	14.36%
Lazard Asset Mgmt.	\$332,800,191	15.32%
Mondrian Investment Partners	\$348,326,889	16.04%



**U.S. Markets**

\$7,270,913,543

BlackRock Trust Company	\$7,269,638,507	99.98%
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Transition Accounts for Public Equity \$10,260,439

Top Ten Countries by Weight	Top Ten Holdings
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	CTF Weight		CTF Weight
United States	46.02%	Exxon Mobil Corp.	1.10%
United Kingdom	9.18%	Apple Inc.	1.08%
Japan	8.09%	Vodafone Group PLC	0.66%
Canada	4.30%	International Business Machi	0.63%
France	3.61%	Nestle SA	0.63%
Switzerland	3.09%	Johnson & Johnson	0.60%
Australia	2.47%	Pfizer Inc.	0.60%
Germany	2.48%	Novartis AG	0.60%
Brazil	2.37%	Microsoft Corp.	0.59%
South Korea	1.81%	Philip Morris International Ir	0.57%

**WSIB**

U.S. 46.02%	Other Developed Countries 41.73%	Emerging 12.49%
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**DJ Global TSMI**

U.S. 44.99%	Other Developed Countries 41.68%	Emerging 13.34%
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Fixed Income

\$12,274,998,131

**Duration**

	Sep 11	Dec 11
<b>WSIB Portfolio</b>	<b>4.43</b>	<b>4.57</b>
Barclays Capital Universal	4.93	4.92
<b>Difference</b>	<b>-10.15%</b>	<b>-7.04%</b>

**Sector Weighting**



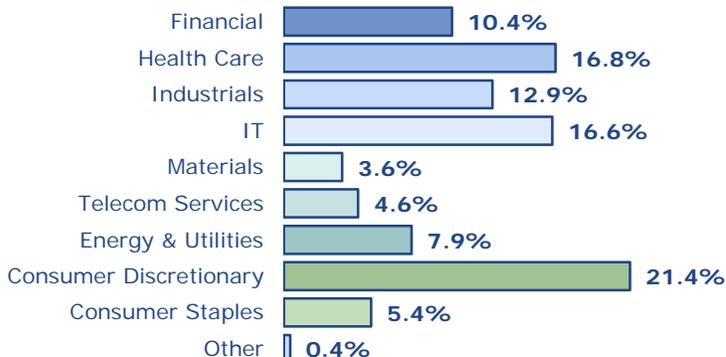
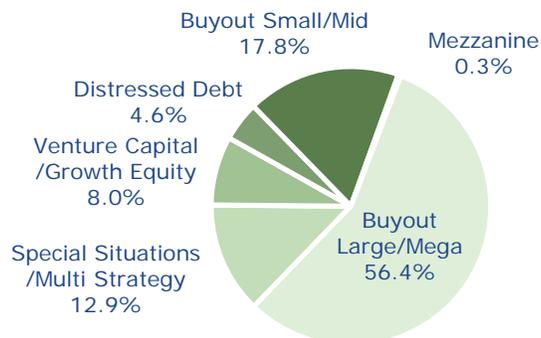
Innovation

\$310,080,639

There are currently 3 funds in the Innovation Portfolio. A mezzanine fund, a distressed whole loan debt strategy, and a resource equity strategy.



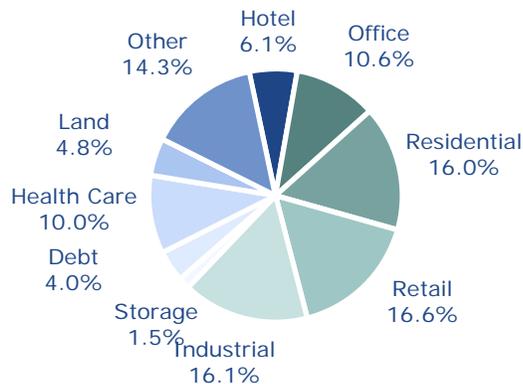
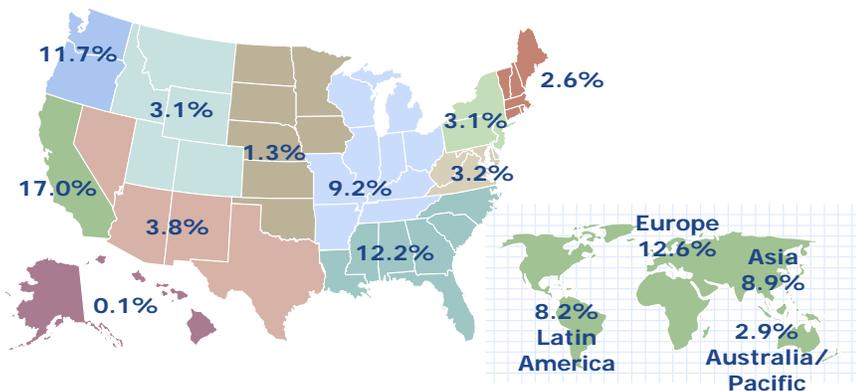
**Sector Distribution** | **Industry Distribution**



**Unfunded Commitments: \$7.1 billion**

**Real Estate** | **\$8,040,894,968**

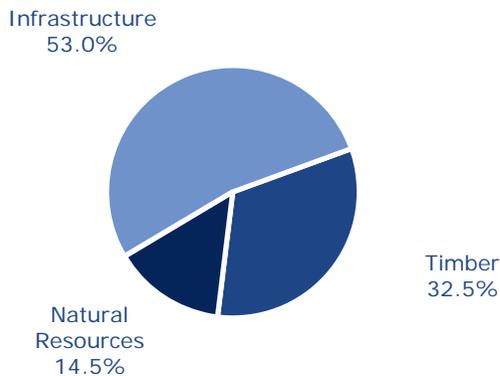
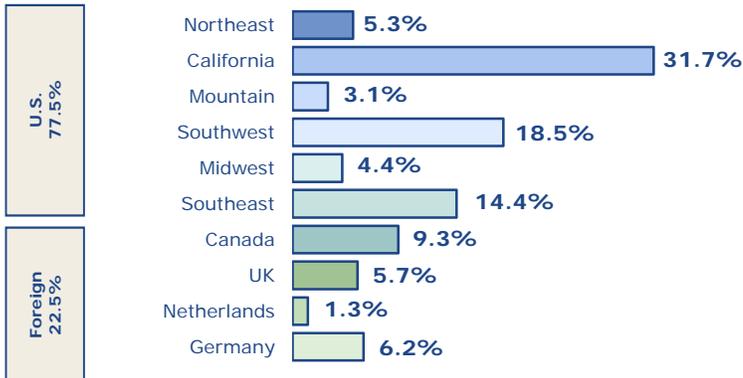
**Geographical Distribution** | **Property Type Distribution**



**Unfunded Commitments: \$6.9 billion**

**Tangible** | **\$818,979,178**

**Geographical Distribution** | **Sector Type Distribution**



**Unfunded Commitments: \$503 million**

Distribution charts and unfunded commitments are lagged one quarter.

**Teachers' Retirement System (TRS)**

	<b>% of Assets</b>	<b>Option</b>	<b>Market Value</b>	<b>Quarterly Change</b>
	60.70%	WSIB TAP Fund	\$2,895,216,370	\$86,864,592
	0.81%	Social Balanced Fund	38,534,977	14,825,399
16.36%	0.17%	Retirement Strategy Fund 2000	8,179,241	3,041,116
	0.20%	Retirement Strategy Fund 2005	9,405,383	2,419,671
	0.87%	Retirement Strategy Fund 2010	41,374,700	19,697,971
	2.84%	Retirement Strategy Fund 2015	135,439,037	82,916,789
	3.87%	Retirement Strategy Fund 2020	184,754,591	139,813,155
	3.39%	Retirement Strategy Fund 2025	161,849,849	133,288,914
	2.42%	Retirement Strategy Fund 2030	115,352,774	98,426,614
	1.57%	Retirement Strategy Fund 2035	74,871,738	62,363,685
	0.72%	Retirement Strategy Fund 2040	34,357,784	24,339,219
	0.23%	Retirement Strategy Fund 2045	11,068,512	5,485,369
	0.06%	Retirement Strategy Fund 2050	2,728,009	1,268,237
	0.02%	Retirement Strategy Fund 2055	1,141,341	431,131
	7.34%	U.S. Large Stock Fund	350,174,724	59,362,766
	1.35%	U.S. Small Value Stock Fund	64,444,055	55,983,970
	0.95%	Global Equity Fund	45,471,681	39,389,198
	0.57%	Emerging Markets Equity Fund	27,395,441	23,421,154
	6.54%	Bond Market Fund	311,904,471	19,340,082
	5.37%	Money Market Fund	256,215,908	5,691,330
		<b>Total Fund</b>	<b>\$4,769,880,587</b>	<b>\$878,370,365</b>

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

	<b>% of Assets</b>	<b>Option</b>	<b>Market Value</b>	<b>Quarterly Change</b>
	73.96%	WSIB TAP Fund	\$886,007,355	\$18,665,112
	0.48%	Social Balanced Fund	5,762,819	1,531,301
10.43%	0.22%	Retirement Strategy Fund 2000	2,592,047	70,384
	0.26%	Retirement Strategy Fund 2005	3,062,569	459,578
	1.05%	Retirement Strategy Fund 2010	12,635,986	3,307,607
	2.61%	Retirement Strategy Fund 2015	31,214,262	9,746,776
	2.72%	Retirement Strategy Fund 2020	32,547,406	11,800,071
	2.08%	Retirement Strategy Fund 2025	24,908,696	11,188,221
	0.80%	Retirement Strategy Fund 2030	9,548,245	5,044,551
	0.41%	Retirement Strategy Fund 2035	4,854,704	2,531,798
	0.16%	Retirement Strategy Fund 2040	1,961,809	1,017,856
	0.09%	Retirement Strategy Fund 2045	1,036,618	393,272
	0.03%	Retirement Strategy Fund 2050	311,148	3,623
	0.02%	Retirement Strategy Fund 2055	236,605	21,474
	3.19%	U.S. Large Stock Fund	38,268,869	5,293,445
	0.72%	U.S. Small Value Stock Fund	8,662,877	7,243,878
	0.36%	Global Equity Fund	4,302,382	3,382,980
	0.25%	Emerging Markets Equity Fund	2,964,975	2,444,096
	2.97%	Bond Market Fund	35,571,363	4,270,657
	7.64%	Money Market Fund	91,486,440	715,608
		<b>Total Fund</b>	<b>\$1,197,937,176</b>	<b>\$89,132,288</b>

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

	<b>% of Assets</b>	<b>Option</b>	<b>Market Value</b>	<b>Quarterly Change</b>
	57.89%	WSIB TAP Fund	\$931,605,267	\$29,104,498
	1.04%	Social Balanced Fund	16,683,275	4,043,605
17.91%	0.19%	Retirement Strategy Fund 2000	3,124,252	164,330
	0.23%	Retirement Strategy Fund 2005	3,663,656	646,618
	1.10%	Retirement Strategy Fund 2010	17,765,856	3,722,981
	2.96%	Retirement Strategy Fund 2015	47,596,063	13,458,479
	3.90%	Retirement Strategy Fund 2020	62,759,230	22,514,590
	4.02%	Retirement Strategy Fund 2025	64,734,138	26,745,949
	2.49%	Retirement Strategy Fund 2030	40,079,778	16,528,407
	1.64%	Retirement Strategy Fund 2035	26,350,714	12,069,037
	0.73%	Retirement Strategy Fund 2040	11,685,069	5,596,059
	0.38%	Retirement Strategy Fund 2045	6,130,888	2,872,314
	0.16%	Retirement Strategy Fund 2050	2,633,179	1,029,283
0.11%	Retirement Strategy Fund 2055	1,730,439	680,751	
	4.72%	U.S. Large Stock Fund	75,909,717	16,091,561
	1.85%	U.S. Small Value Stock Fund	29,720,838	25,721,106
	0.96%	Global Equity Fund	15,408,005	12,577,348
	0.84%	Emerging Markets Equity Fund	13,471,468	11,317,865
	4.92%	Bond Market Fund	79,228,167	8,011,551
	9.88%	Money Market Fund	159,061,149	(294,690)
		<b>Total Fund</b>	<b>\$1,609,341,147</b>	<b>\$212,601,642</b>

**Deferred Compensation (DCP)**

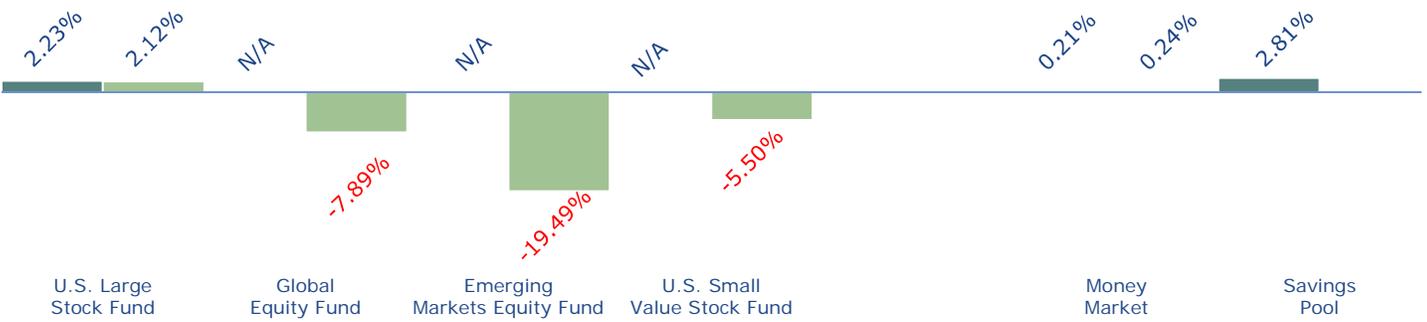
	<b>% of Assets</b>	<b>Option</b>	<b>Market Value</b>	<b>Quarterly Change</b>
36.82%	0.80%	Retirement Strategy Fund 2000	\$22,415,959	(\$46,575,408)
	1.23%	Retirement Strategy Fund 2005	34,622,023	(178,827,604)
	4.07%	Retirement Strategy Fund 2010	114,136,256	(3,748,177)
	8.41%	Retirement Strategy Fund 2015	235,981,935	162,385,548
	8.43%	Retirement Strategy Fund 2020	236,671,924	51,348,642
	5.91%	Retirement Strategy Fund 2025	165,898,863	(107,096,988)
	3.75%	Retirement Strategy Fund 2030	105,209,497	25,161,522
	2.39%	Retirement Strategy Fund 2035	67,053,732	60,728,407
	1.15%	Retirement Strategy Fund 2040	32,254,955	22,053,525
	0.47%	Retirement Strategy Fund 2045	13,132,546	(31,029,838)
	0.13%	Retirement Strategy Fund 2050	3,604,964	(91,258,050)
0.10%	Retirement Strategy Fund 2055	2,791,955	(75,159,176)	
	3.24%	Social Balanced Fund	90,853,314	41,552,944
	5.29%	U.S. Large Stock Fund	148,375,493	126,744,651
	3.29%	U.S. Small Value Stock Fund	92,376,851	79,006,630
	2.01%	Global Equity Fund	56,375,906	46,204,180
	1.57%	Emerging Markets Equity Fund	44,157,385	36,634,781
	8.22%	Bond Market Fund	230,879,419	33,172,634
	39.56%	Savings Pool	1,110,552,851	42,783,071
		<b>Total Fund</b>	<b>\$2,807,345,827</b>	<b>\$194,081,292</b>

**Judicial Retirement Account (JRA)**

	<b>% of Assets</b>	<b>Option</b>	<b>Market Value</b>	<b>Quarterly Change</b>
32.34%	0.42%	Retirement Strategy Fund 2000	\$50,907	(\$165,343)
	0.88%	Retirement Strategy Fund 2005	106,664	(811,546)
	6.55%	Retirement Strategy Fund 2010	795,589	(64,451)
	14.16%	Retirement Strategy Fund 2015	1,720,359	1,457,704
	5.23%	Retirement Strategy Fund 2020	635,986	(239,390)
	1.55%	Retirement Strategy Fund 2025	188,401	(868,901)
	0.71%	Retirement Strategy Fund 2030	86,431	(384,319)
	0.42%	Retirement Strategy Fund 2035	51,599	51,599
	0.00%	Retirement Strategy Fund 2040	0	(37,186)
	0.00%	Retirement Strategy Fund 2045	0	(91,003)
	0.00%	Retirement Strategy Fund 2050	0	(524,338)
0.00%	Retirement Strategy Fund 2055	0	(169,494)	
	2.42%	Social Balanced Fund	294,612	192,772
	5.66%	U.S. Large Stock Fund	687,893	627,707
	4.99%	U.S. Small Value Stock Fund	606,405	512,141
	3.99%	Global Equity Fund	484,733	448,926
	3.92%	Emerging Markets Equity Fund	476,442	475,221
	5.70%	Bond Market Fund	692,382	168,581
	43.40%	Savings Pool	5,275,308	90,027
		<b>Total Fund</b>	<b>\$12,153,711</b>	<b>\$668,708</b>

One Year Returns

Fund Index



**Equity Funds**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>U.S. Large Stock Fund</b>	<b>11.87%</b>	<b>2.23%</b>	<b>14.33%</b>	<b>-0.08%</b>	<b>3.03%</b>
S&P 500	11.82%	2.12%	14.11%	-0.25%	2.92%
<b>Global Equity Fund</b>	<b>7.93%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI ACWI IMI	7.19%	-7.89%	12.84%	-1.64%	4.92%
<b>Emerging Markets Equity Fund</b>	<b>5.32%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI EM IMI	3.84%	-19.49%	20.74%	2.61%	13.81%
<b>U.S. Small Value Stock Fund</b>	<b>15.60%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Russell 2000 Value	15.97%	-5.50%	12.36%	-1.87%	6.40%

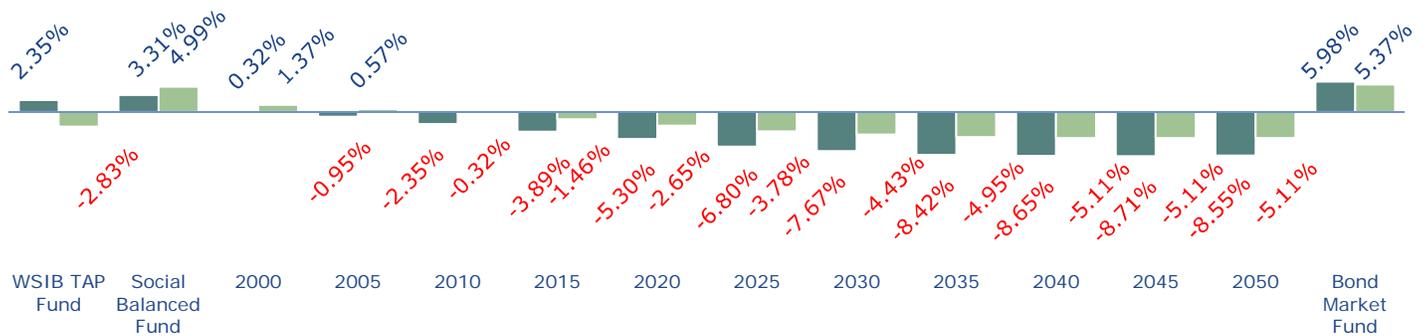
**Cash Funds**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Money Market Fund (Plan 3)</b>	<b>0.05%</b>	<b>0.21%</b>	<b>0.24%</b>	<b>1.67%</b>	<b>2.13%</b>
One Month LIBOR	0.07%	0.24%	0.28%	1.79%	2.23%
<b>Savings Pool (DCP)</b>	<b>0.60%</b>	<b>2.81%</b>	<b>3.63%</b>	<b>4.06%</b>	<b>4.60%</b>

Returns shown are after manager and portfolio expenses but before the WSIB and record keeping fees.

One Year Returns

Fund Index



Balanced Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>WSIB TAP Fund (Plan 3)</b>	<b>2.39%</b>	<b>2.35%</b>	<b>7.13%</b>	<b>1.93%</b>	<b>6.37%</b>
Custom Benchmark	5.37%	-2.83%	12.15%	1.21%	5.01%
<b>Social Balanced Fund</b>	<b>7.26%</b>	<b>3.31%</b>	<b>10.73%</b>	<b>4.82%</b>	<b>N/A</b>
Custom Benchmark	7.01%	4.99%	11.24%	3.20%	4.56%
<b>Retirement Strategy Fund 2000</b>	<b>4.17%</b>	<b>0.32%</b>	<b>10.80%</b>	<b>N/A</b>	<b>N/A</b>
2000 Composite Index	4.04%	1.37%	10.55%	N/A	N/A
<b>Retirement Strategy Fund 2005</b>	<b>5.02%</b>	<b>-0.95%</b>	<b>11.72%</b>	<b>N/A</b>	<b>N/A</b>
2005 Composite Index	4.92%	0.57%	11.82%	N/A	N/A
<b>Retirement Strategy Fund 2010</b>	<b>5.67%</b>	<b>-2.35%</b>	<b>12.34%</b>	<b>N/A</b>	<b>N/A</b>
2010 Composite Index	5.78%	-0.32%	12.91%	N/A	N/A
<b>Retirement Strategy Fund 2015</b>	<b>6.10%</b>	<b>-3.89%</b>	<b>12.30%</b>	<b>N/A</b>	<b>N/A</b>
2015 Composite Index	6.33%	-1.46%	13.01%	N/A	N/A
<b>Retirement Strategy Fund 2020</b>	<b>6.49%</b>	<b>-5.30%</b>	<b>12.09%</b>	<b>N/A</b>	<b>N/A</b>
2020 Composite Index	6.72%	-2.65%	13.02%	N/A	N/A
<b>Retirement Strategy Fund 2025</b>	<b>6.71%</b>	<b>-6.80%</b>	<b>11.76%</b>	<b>N/A</b>	<b>N/A</b>
2025 Composite Index	7.11%	-3.78%	12.95%	N/A	N/A
<b>Retirement Strategy Fund 2030</b>	<b>6.96%</b>	<b>-7.67%</b>	<b>11.13%</b>	<b>N/A</b>	<b>N/A</b>
2030 Composite Index	7.36%	-4.43%	12.45%	N/A	N/A
<b>Retirement Strategy Fund 2035</b>	<b>7.03%</b>	<b>-8.42%</b>	<b>10.43%</b>	<b>N/A</b>	<b>N/A</b>
2035 Composite Index	7.47%	-4.95%	11.79%	N/A	N/A
<b>Retirement Strategy Fund 2040</b>	<b>6.94%</b>	<b>-8.65%</b>	<b>10.32%</b>	<b>N/A</b>	<b>N/A</b>
2040 Composite Index	7.50%	-5.11%	11.74%	N/A	N/A
<b>Retirement Strategy Fund 2045</b>	<b>6.93%</b>	<b>-8.71%</b>	<b>10.34%</b>	<b>N/A</b>	<b>N/A</b>
2045 Composite Index	7.50%	-5.11%	11.74%	N/A	N/A
<b>Retirement Strategy Fund 2050</b>	<b>7.02%</b>	<b>-8.55%</b>	<b>10.41%</b>	<b>N/A</b>	<b>N/A</b>
2050 Composite Index	7.50%	-5.11%	11.74%	N/A	N/A
<b>Retirement Strategy Fund 2055</b>	<b>6.93%</b>	<b>-8.65%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
2055 Composite Index	7.50%	-5.11%	N/A	N/A	N/A

Bond Fund

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Bond Market Fund</b>	<b>1.79%</b>	<b>5.98%</b>	<b>11.09%</b>	<b>7.68%</b>	<b>6.24%</b>
Barclays Capital Intermediate Credit	1.13%	5.37%	9.59%	6.21%	5.79%

**Characteristics**

**Composition Distribution**

**Average Maturity**

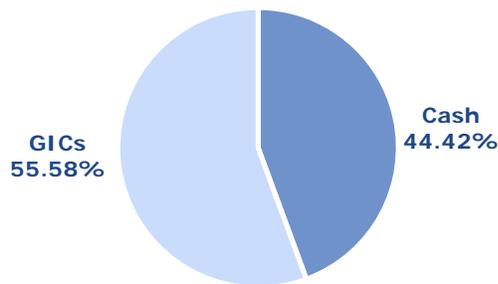
0.7 Years

**Average Yield**

2.18%

**Number of Holdings**

20

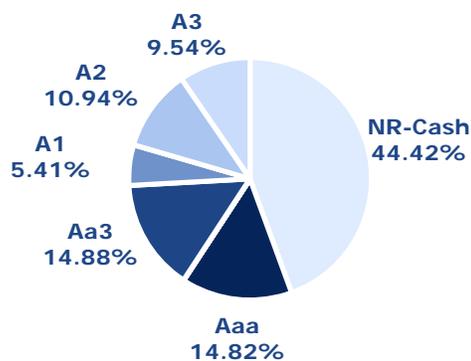


<b>Market Value</b>
<b>\$ 1,116,338,682</b>

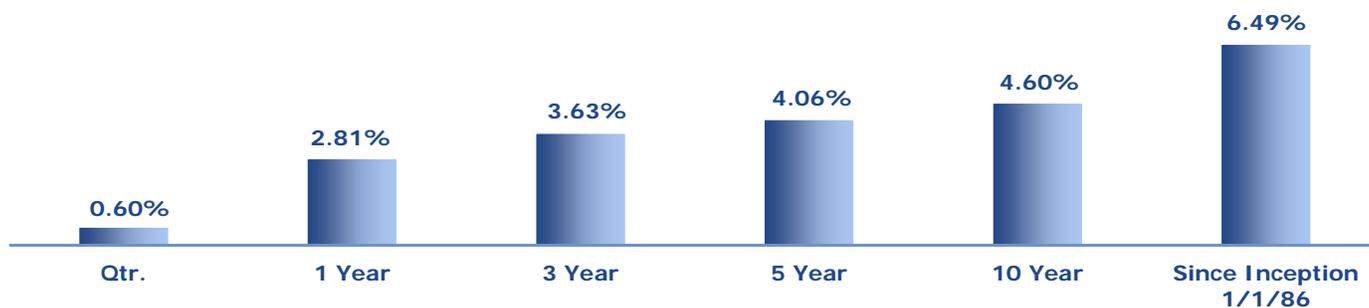
**GIC Issuers by Percentage**

Metropolitan Life Insurance Co.	14.88%
New York Life Insurance Corp.	14.82%
Prudential Insurance Co. of America	8.82%
Pacific Life Insurance Co.	5.41%
Security Life of Denver Insurance Co.	5.34%
Hartford Life Insurance Co.	4.20%
Protective Life Insurance Co.	2.12%

**Rating Distribution**



**Return**



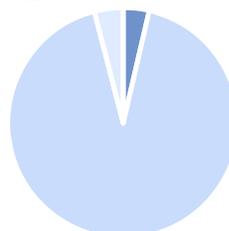
Note: Totals may not add up due to rounding

**Characteristics**

**Asset Class Distribution**

	<b>Fund</b>	<b>Index</b>
Average Maturity	5.5 years	5.0 years
Yield to Maturity	2.85%	2.97%
Effective Duration	4.80	4.31
Average Coupon	3.94%	4.79%
Number of Holdings	225	3,239

Treasuries 4.02% Cash 3.63%



<b>Market Value</b>
<b>\$ 1,243,194,117</b>

**Corporate Bonds 92.34%**

**Top Ten Credit Issuers**

International Finance Corp.	1.82%	Encana Corp.	1.17%
The Coca-Cola Co.	1.36%	BHP Billiton Finance (USA) Ltd.	1.15%
Ontario, Province Of	1.34%	U.S. Bancorp	1.15%
Inter-American Development Bank	1.26%	Colgate-Palmolive Co.	1.13%
EQT Corp.	1.20%	Dr. Pepper Snapple Group	1.12%

**Rating Distribution**



**Industry Distribution**



**Return**



Note: Totals may not add up due to rounding

**One Year Performance**

**Total Fund** **\$13,076,788,599**

	Market Value	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Accident Fund</b>	<b>\$4,761,338,953</b>	<b>2.32%</b>	<b>8.37%</b>	<b>10.93%</b>	<b>7.05%</b>	<b>7.01%</b>
CMI		2.68%	9.89%	11.30%	6.63%	6.87%
<b>Medical Aid</b>	<b>\$4,496,270,590</b>	<b>2.82%</b>	<b>7.23%</b>	<b>10.90%</b>	<b>5.92%</b>	<b>6.12%</b>
CMI		2.93%	7.92%	11.07%	5.57%	6.13%
<b>Pension Reserve</b>	<b>\$3,743,291,556</b>	<b>2.40%</b>	<b>8.15%</b>	<b>11.08%</b>	<b>6.85%</b>	<b>7.23%</b>
CMI		2.68%	9.89%	11.30%	6.63%	7.04%
<b>Supplemental Pension</b>	<b>\$75,887,501</b>	<b>-0.02%</b>	<b>0.15%</b>	<b>1.94%</b>	<b>2.87%</b>	<b>2.72%</b>
CMI		N/A	N/A	N/A	N/A	N/A

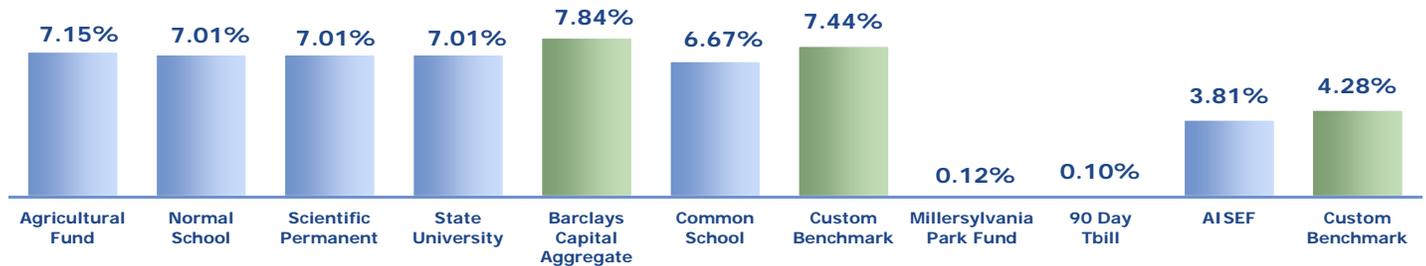
**Labor and Industries' Statutory Accounting Return \***

	Qtr.	1 Year	3 Year	5 Year
Accident Fund	2.12%	4.52%	6.53%	5.56%
Medical Aid	2.47%	3.74%	6.14%	4.04%
Pension Reserve	2.16%	4.37%	6.47%	5.41%
Supplemental Pension	0.03%	0.40%	3.20%	3.56%

**Duration**

	CMI	Target	Actual	% Difference
Accident Fund	7.73	7.00	6.72	-3.94%
Medical Aid	6.39	6.00	6.24	3.97%
Pension Reserve	7.73	7.00	6.83	-2.39%

\* 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	\$ 195,880,427
Normal School	\$ 250,526,362
Scientific Permanent	\$ 219,217,979
State University	\$ 32,140,080
Common School	\$ 195,403,403
Millersylvania Park Fund	\$ 5,146
American Indian Scholarship Endowment Fund (AISEF)	\$ 662,341

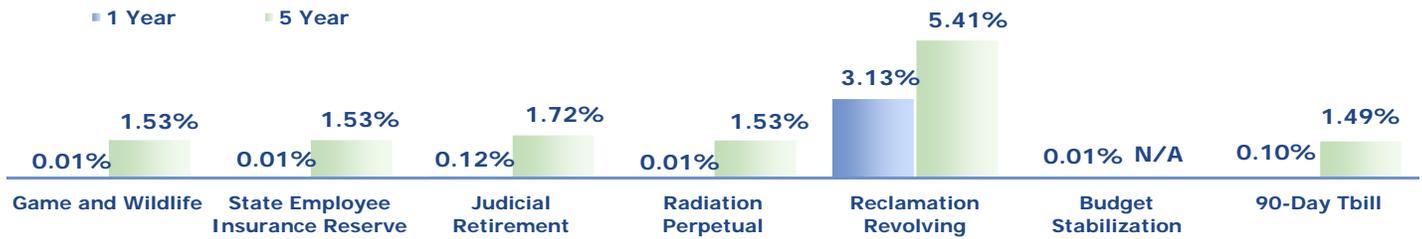
**Returns**
**Total Return**

	Qtr.	1 Year	3 Year	5 Year	10 Year
<b>Agricultural Fund</b>	0.92%	7.15%	7.51%	6.88%	5.92%
<b>Normal School</b>	0.91%	7.01%	7.44%	6.74%	5.79%
<b>Scientific Permanent</b>	0.91%	7.01%	7.44%	6.73%	5.82%
<b>State University</b>	0.91%	7.01%	7.44%	6.75%	5.84%
Barclays Capital Aggregate	1.12%	7.84%	6.77%	6.50%	5.78%
<b>Common School</b>	1.49%	6.67%	7.81%	6.34%	5.68%
Custom Benchmark <sup>1</sup>	1.69%	7.44%	7.15%	6.06%	5.73%
<b>Millersylvania Park</b>	0.03%	0.12%	0.29%	1.79%	2.12%
90 Day Tbill	0.00%	0.10%	0.15%	1.49%	1.95%
<b>AISEF</b>	0.50%	3.81%	3.98%	N/A	N/A
Custom Benchmark <sup>2</sup>	0.62%	4.28%	3.67%	N/A	N/A

<sup>1</sup> The custom benchmark for the Common School Fund is a combination of the Barclays Capital Aggregate and Dow Jones U.S. TSMI using the previous month-end weights adjusted for new purchases during the current month. For September 2011, the breakdown was 5.7% Dow Jones U.S. TSMI and 94.3% Barclays Capital Aggregate.

<sup>2</sup> The custom benchmark for the American Indian Scholarship Endowment Fund is a combination of the Barclays Capital Aggregate and the 90 Day Tbill using the previous month-end weights adjusted for new purchases during the current month. For September 2011, the breakdown was 54.6% Barclays Capital Aggregate and 45.4% the 90 Day Tbill.

**One Year and Five Year Performance**



**Market Value**

Game and Wildlife	\$ 5,052,789
State Employee Insurance Reserve	\$ 88,190,228
Judicial Retirement	\$ 3,076,729
Radiation Perpetual	\$ 330,623
Reclamation Revolving	\$ 24,234
Budget Stabilization	\$ 76,043

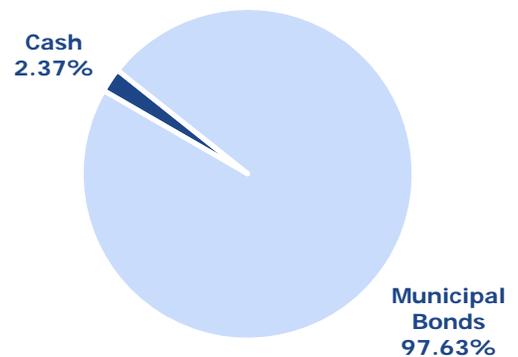
**Total Return**

	Qtr.	1 Year	3 Year	5 Year	10 Year
Game and Wildlife	0.00%	0.01%	0.11%	1.53%	1.95%
State Employee Insurance Reserve	0.00%	0.01%	0.11%	1.53%	1.95%
Judicial Retirement	0.03%	0.12%	0.21%	1.72%	2.10%
Radiation Perpetual	0.00%	0.01%	0.11%	1.53%	1.95%
Reclamation Revolving	1.37%	3.13%	4.05%	5.41%	4.72%
Budget Stabilization	0.00%	0.01%	0.10%	N/A	N/A
90-Day Tbill	0.00%	0.10%	0.15%	1.49%	1.95%

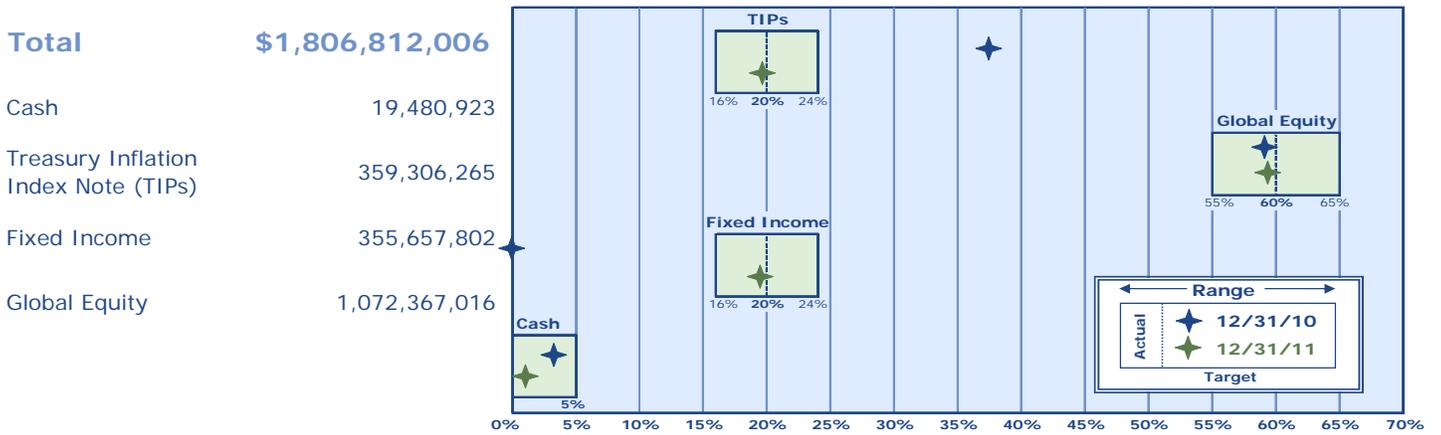
**Portfolio Allocations**

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.



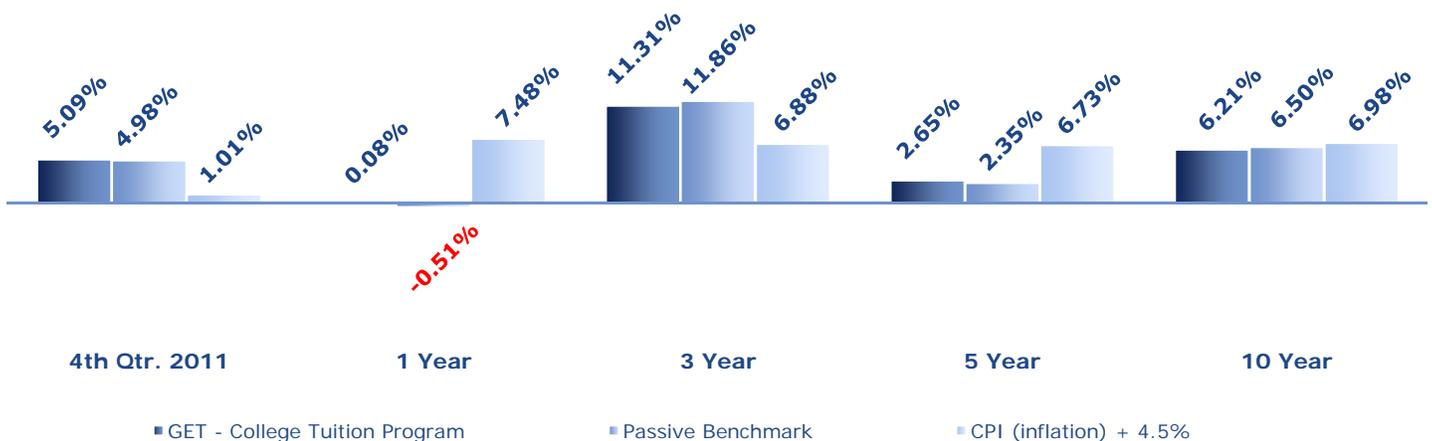
**Portfolio Size and Allocation**



**Assets Under Management**

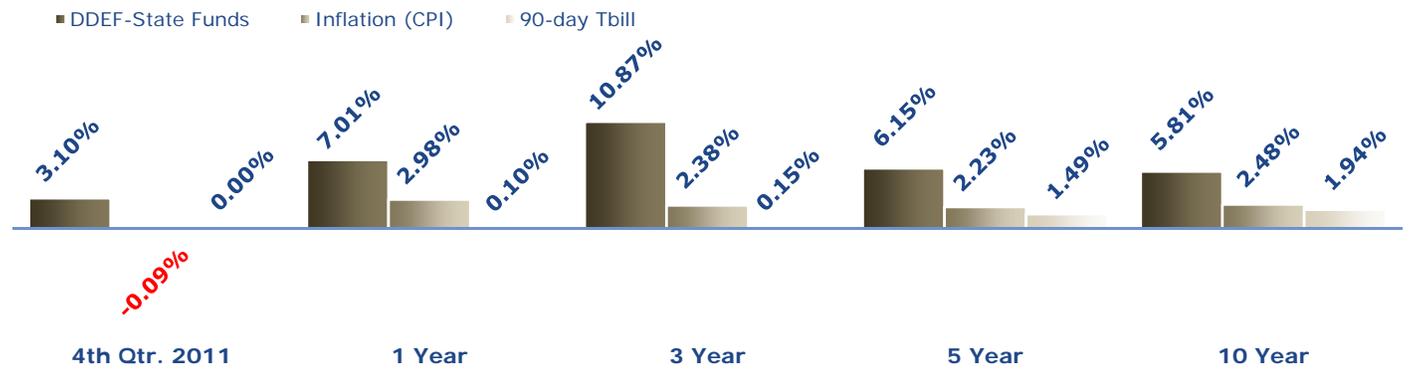
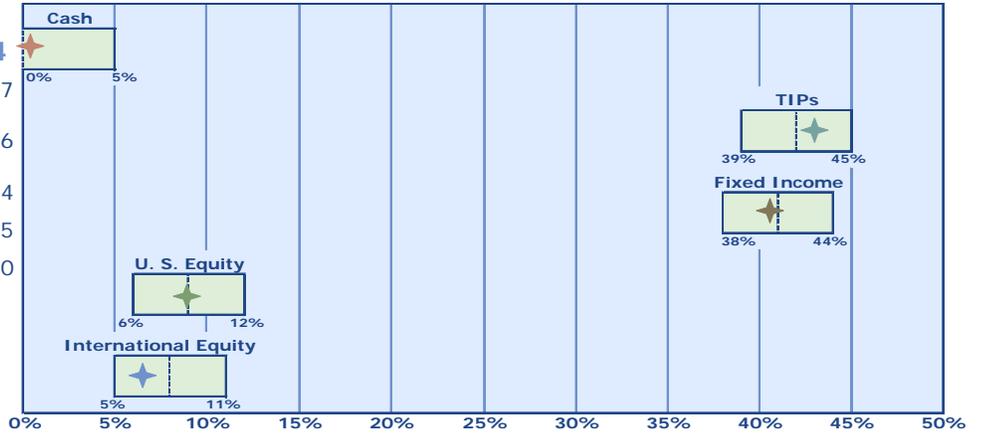


**Total Return**



**State Funds**

<b>Total</b>	<b>\$10,002,904</b>
Cash	42,227
Treasury Inflation Index Note (TIPs)	4,304,536
Fixed Income	4,076,604
U.S. Equity	901,255
International Equity	678,280



**Private Funds**

<b>Total</b>	<b>\$19,977,790</b>
Cash	269,241
Balanced Fund	19,708,548

