



Board Members

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Monthly Report to the Board of Land Commissioners

Since the July 21, 2009 Land Board Meeting thru August 12, 2009

Investment performance thru July 31, 2009 (preliminary)

Month: **6.2%** Fiscal year: **6.2%**

Status of endowment fund reserves

For all endowments, estimated reserves as of June 30 were at least **2.8 times** the size of the approved FY2010 distributions.

Significant actions of the Endowment Fund Investment Board

Meetings: The EFIB met August 12 to recommend, for the Land Board's consideration, distributions and transfers for FY2011. As detailed in the attached presentation, it is **recommended that endowment distributions be held essentially flat (0.3% total increase) and that \$1,470,000 be transferred** to the Permanent Funds from Earnings Reserves.

Compliance/legal issues, areas of concern

Material deviations from Investment Policy or compliance guidelines for investment managers: **None.**

Material legal issues: **None.**

Changes in board membership or agency staffing: **None.**

Upcoming issues/events

The EFIB continues with its plan, adopted in August of last year, to increase the percentage of international equity in the portfolio. As part of that plan the EFIB is **searching for two Global Equity managers**, who would be authorized to shift their allocation of U.S. and non-U.S. stocks at their discretion. Selection of the two managers will be completed by December.

When both are fully funded over the next year, we expect this to increase the percentage of international equity in the endowment fund to 21% from 16% currently. The current 30% allocation to fixed income will not change, so all the increase in international equities will come from a reduction in domestic equities.