



Board Members

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Vaughn Heinrich
Susan K. Simmons
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Larry Johnson, CFA, CPA
Manager of Investments

Monthly Report to the Board of Land Commissioners
Since the March 16, 2010 Land Board Meeting thru April 13, 2010

Investment performance thru March 31, 2010 (preliminary)
Month: 4.4% Fiscal year: 23.3%

Status of endowment fund reserves

For all endowments, estimated reserves as of February 28 were at least 3 times the size of the approved FY2010 distributions. When reserves in the Public School endowment are reduced by the approved \$22 million special distribution for FY2011, the coverage ratio for Public School drops to 2.3 times the regular distribution. Based on updated results thru March, the coverage ratio for Public School is still expected to be around 2 times at the end of FY2012, consistent with the "low" scenario presented to the Land Board last December.

Significant actions of the Endowment Fund Investment Board

Meetings: None.

Legislation sponsored by the Treasurer and supported by the EFIB which clarifies the School Bond Guaranty Act passed both houses of the Legislature unanimously and was signed into law by the Governor.

Temporary administrative rules were issued by the EFIB for the School Bond Credit Enhancement Program. Interested parties raised no concerns with the new rules.

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 will attend the May Land Board meeting and give its regular semi-annual report. Per the requests at the March meeting, the EFIB will also present to the Land Board:

- The rationale for transferring excess earnings reserves to the Permanent Fund
An overview of how the policy targeting 5 years of reserves was developed



APPROVED 4/20/10



INVESTMENT REPORT

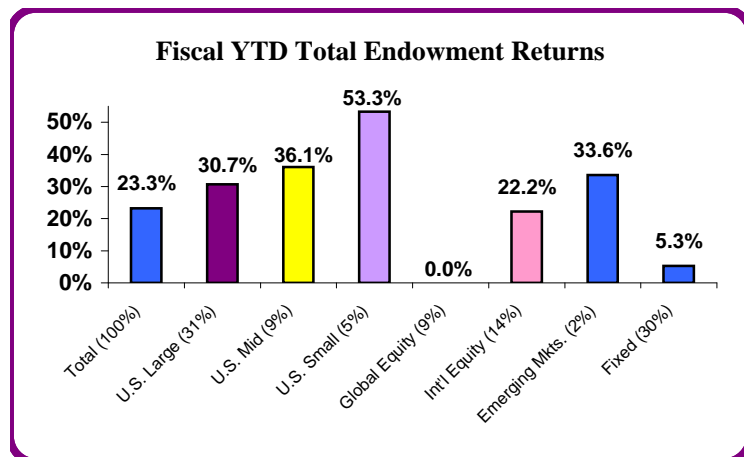
Preliminary Report (gross of fees & certain income accruals)

March 31, 2010

Current Value of the Fund	\$	1,112,750,855
Investment Change in Market Value FYTD	\$	214,062,750
Net Contributions FYTD	\$	(18,823,340)
Fiscal Year-to-Date Returns		23.3%
Month-to-Date Returns		4.4%

	<u>Mar-10</u>	<u>Fiscal Year to Date</u>	<u>Last Five Years</u>
Total Fund	4.4%	23.3%	5.5%
Benchmark	4.4%	22.1%	4.0%
Total Fixed	-0.1%	5.3%	5.5%
Benchmark	-0.1%	5.8%	5.4%
Total Equity	6.3%	31.0%	4.6%
Benchmark	6.3%	30.5%	2.4%
Domestic Equity	6.4%	34.0%	3.9%
Russell 3000	6.3%	30.5%	2.4%
Global Equity	0.0%	0.0%	0.0%
MSCI ACWI	0.0%	0.0%	0.0%
Int'l. Equity	6.4%	22.2%	7.6%
MSCI ACWI ex-US	6.8%	26.1%	4.4%

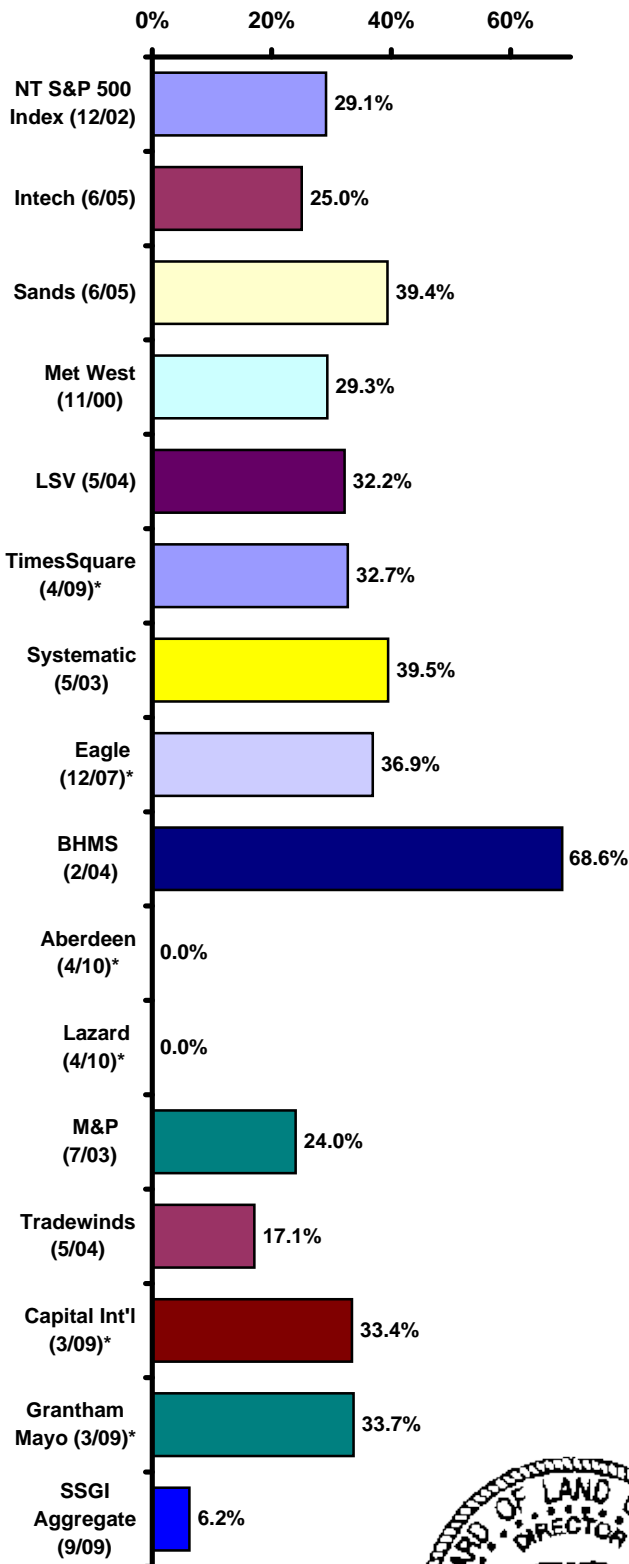
	<u>Mkt Value</u>	<u>% Alloc</u>
Domestic Equity	\$ 579.8	52.1%
Large Cap	\$ 393.4	35.4%
Mid Cap	\$ 125.1	11.2%
Small Cap	\$ 61.3	5.5%
Global Equity	\$ 25.1	2.3%
Int'l Equity	\$ 175.3	15.8%
Fixed Income	\$ 298.3	26.8%
Cash	\$ 34.2	3.1%
Total Fund	\$ 1,112.8	100.0%



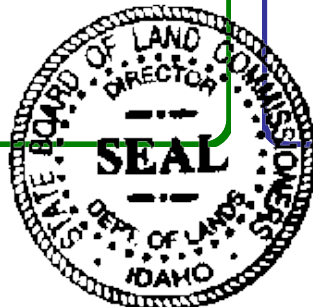
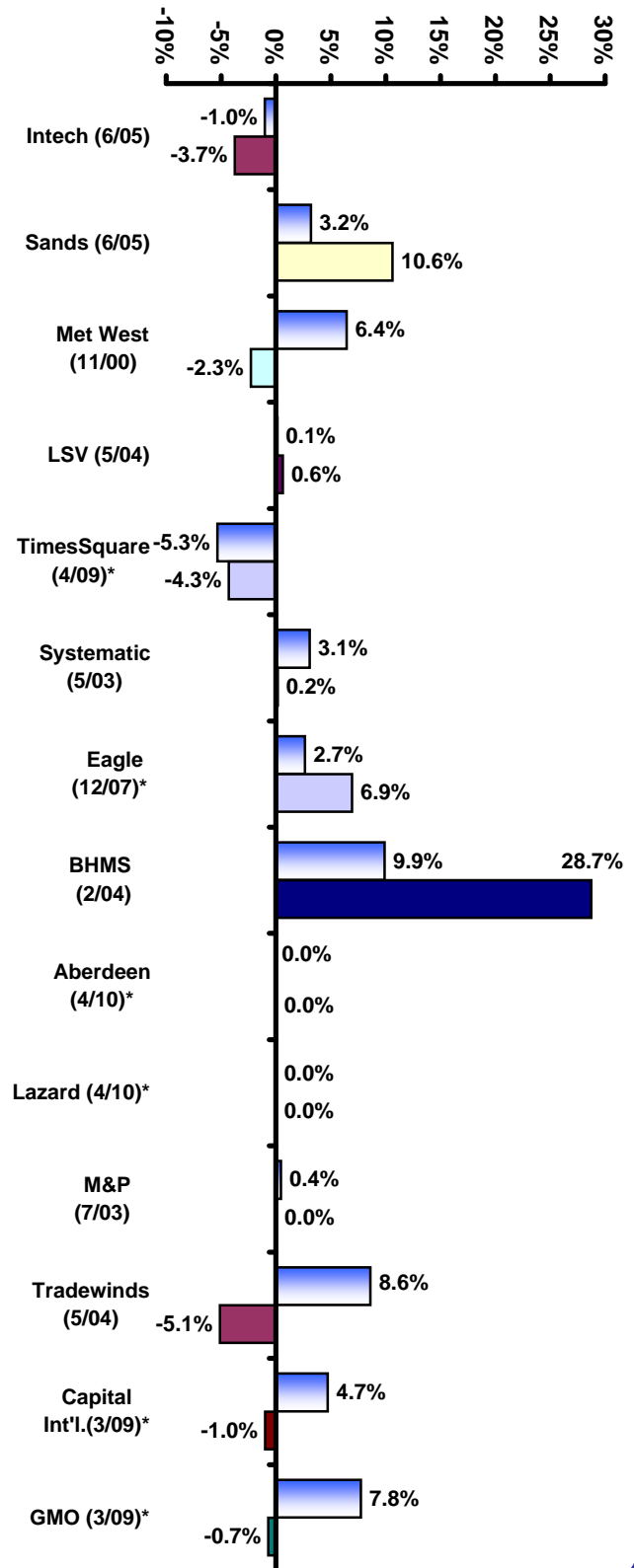
Endowment Fund Staff Comment:

The fund was up 4.4% for the month, even with benchmark. The Russell 3000 index was up 6.3%, Russell Midcap up 7.1%, and Russell 2000 (small cap) up 8.1%. International equities (MSCI ACWI ex-US) were up 6.8% for the month, and Emerging Markets up 8.1%. Value outperformed growth this month and international outperformed domestic equity. Bonds, as measured by the BC Aggregate index, were off 0.1% and TIPS up 0.1%. Six of twelve active managers beat their benchmark. On a Fiscal YTD basis the fund is up 23.3%, 1.2% over benchmark. Five of twelve active managers are ahead of their benchmark. Performance for Aberdeen & Lazard global equity will start next month.

FYTD Manager Returns



FYTD Active Manager Relative Returns 3-Yr. Annualized Relative Returns*



* ITD return used when manager has less than 3 years with EFIB.

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