



Board Members

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Larry Johnson, CFA, CPA
Manager of Investments

Monthly Report to the Board of Land Commissioners
Since the September 21, 2010 Land Board Meeting thru October 12, 2010

Investment performance thru September 30, 2010 (preliminary)

Month: **7.2%** Fiscal year: **13.0%**

Status of endowment fund reserves

For all endowments, estimated reserves as of August were at least **4.5 times** the size of the approved FY2011 distributions, except for **Public School**, which is at **2.5 times** the regular distribution (after current reserves are reduced by the special distribution in FY2011).

Starting with the actual August balance and assuming “low” land revenues, the coverage ratio for Public School is expected to be around 1.9 times at the end of FY2012.

Significant actions of the Endowment Fund Investment Board

Meetings: **None.**

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 members of the Endowment Fund Investment Board will **attend the November meeting** and make their standard annual report to the Land Board.



INVESTMENT REPORT

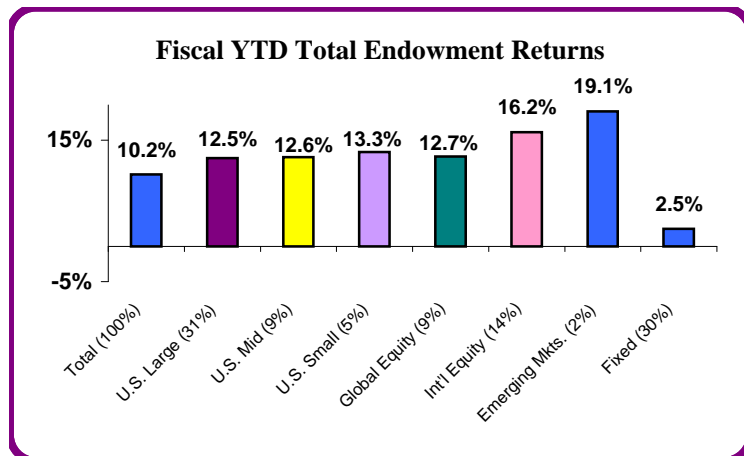
Preliminary Report (gross of fees & certain income accruals)

September 30, 2010

Current Value of the Fund	\$ 1,140,121,740
Investment Change in Market Value FYTD	\$ 95,524,709
Net Contributions FYTD	\$ 5,566,755
Fiscal Year-to-Date Returns	10.2%
Month-to-Date Returns	7.2%

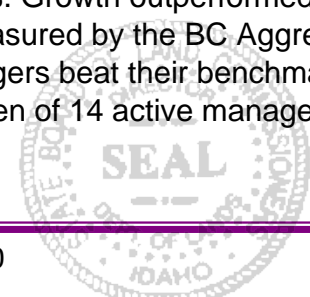
	<u>Sep-10</u>	<u>Fiscal Year to Date</u>	<u>Last Five Years</u>
Total Fund	7.2%	10.2%	4.9%
Benchmark	6.7%	9.7%	3.2%
Total Fixed	0.2%	2.5%	6.3%
Benchmark	0.1%	2.5%	6.2%
Total Equity	10.1%	13.2%	3.3%
Benchmark	9.5%	12.5%	1.4%
Domestic Equity	10.3%	12.6%	2.6%
Russell 3000	9.4%	11.5%	0.9%
Global Equity	8.9%	12.7%	6.1%
MSCI ACWI	9.6%	14.3%	6.1%
Int'l. Equity	10.7%	16.2%	3.0%
MSCI ACWI ex-US	9.9%	16.6%	3.0%

	<u>Mkt Value</u>	<u>% Alloc</u>
Domestic Equity	\$ 563.4	49.4%
Large Cap	\$ 395.9	34.7%
Mid Cap	\$ 110.4	9.7%
Small Cap	\$ 57.1	5.0%
Global Equity	\$ 49.0	4.3%
Int'l Equity	\$ 202.3	17.7%
Fixed Income	\$ 312.1	27.4%
Cash	\$ 13.2	1.2%
Total Fund	\$ 1,140.1	100.0%



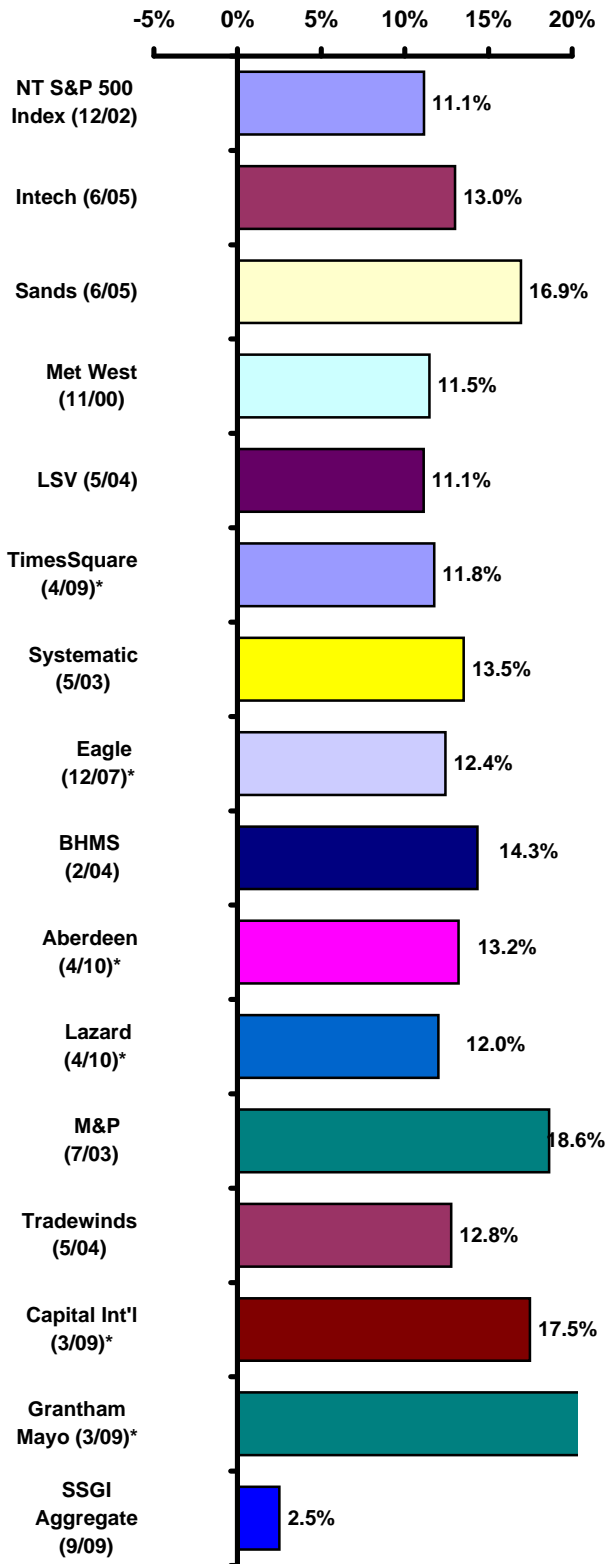
Endowment Fund Staff Comment:

The fund was up 7.2% for the month, 0.5% over benchmark. The Russell 3000 index was up 9.4%, Russell Midcap up 10.6%, and Russell 2000 (small cap) up 12.5%. International equities (MSCI ACWI ex-US) were up 10.0% for the month, and Emerging Markets up 11.1%. Growth outperformed value and international slightly outperformed domestic equity. Bonds, as measured by the BC Aggregate index, were up 0.1% and TIPS were up 0.6%. Eight of 14 active managers beat their benchmark. On a Fiscal Y-T-D basis, the fund is up 10.28%, 0.5% over benchmark. Seven of 14 active managers are ahead of their benchmark.

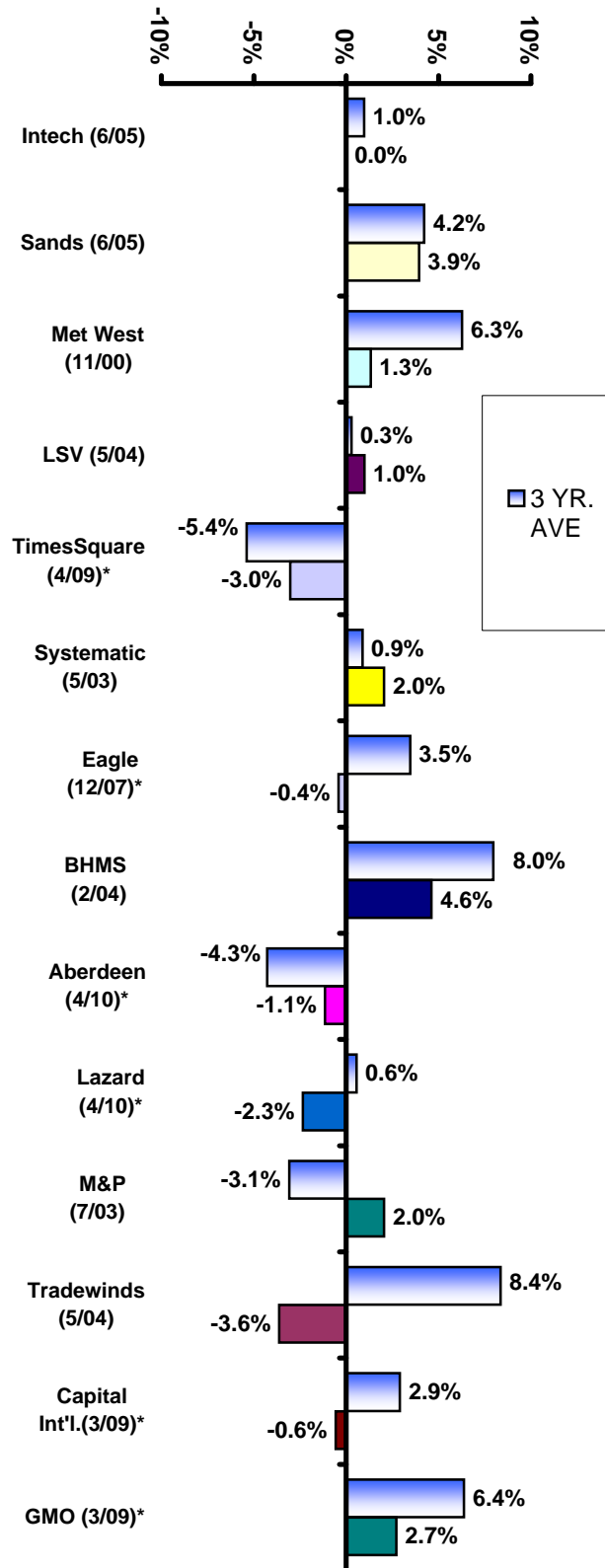


APPROVED 10/19/2010

FYTD Manager Returns



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



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