



Board Members

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Max C. Black	Thomas F. Kealey
Vaughn Heinrich	Richelle Sugiyama
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Larry Johnson, CFA, CPA
 Manager of Investments

Monthly Report to the Board of Land Commissioners

Since the August 17, 2010 Land Board Meeting thru September 14, 2010

Investment performance thru August 31, 2010

Month: **-2.4%** Fiscal year: **2.9%**

Status of endowment fund reserves

For all endowments, estimated reserves as of July were at least **4 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 July 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: The EFIB Audit Committee met August 24 and **approved the funds' FY2010 Financial Statements** and received the report of the independent auditors. No audit issues were indentified. The chair of the EFIB Audit Committee will make a full report at the Land Board's November meeting.

Compliance/legal issues, areas of concern

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

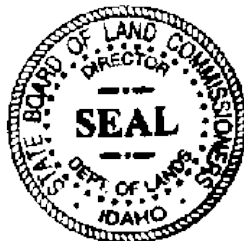
Material legal issues: **None.**

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

Upcoming issues/events

None.

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INVESTMENT REPORT

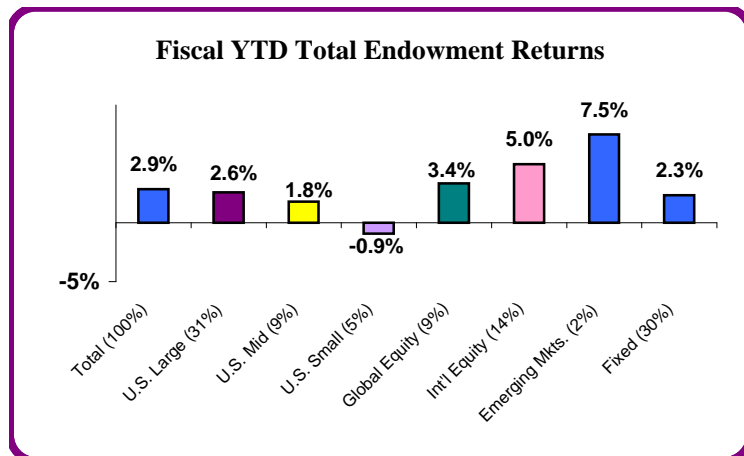
Preliminary Report (gross of fees & certain income accruals)

August 31, 2010

Current Value of the Fund	\$ 1,067,336,302
Investment Change in Market Value FYTD	\$ 24,031,270
Net Contributions FYTD	\$ 4,274,756
Fiscal Year-to-Date Returns	2.9%
Month-to-Date Returns	-2.4%

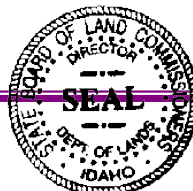
<u>Aug-10</u>		<u>Fiscal Year to Date</u>		<u>Last Five Years</u>	
Total Fund	-2.4%	Total Fund	2.9%	Total Fund	3.7%
Benchmark	-2.6%	Benchmark	2.8%	Benchmark	2.1%
Total Fixed	1.3%	Total Fixed	2.3%	Total Fixed	6.0%
Benchmark	1.3%	Benchmark	2.4%	Benchmark	6.0%
Total Equity	-4.0%	Total Equity	2.9%	Total Equity	1.8%
Benchmark	-4.3%	Benchmark	2.7%	Benchmark	-0.1%
Domestic Equity	-4.8%	Domestic Equity	2.1%	Domestic Equity	0.9%
Russell 3000	-4.7%	Russell 3000	1.9%	Russell 3000	-0.7%
Global Equity	-3.0%	Global Equity	3.4%	Global Equity	
MSCI ACWI	-3.5%	MSCI ACWI	4.4%	MSCI ACWI	
Int'l. Equity	-2.0%	Int'l. Equity	5.0%	Int'l. Equity	5.1%
MSCI ACWI ex-US	-2.7%	MSCI ACWI ex-US	6.0%	MSCI ACWI ex-US	1.9%

	<u>Mkt Value</u>	<u>% Alloc</u>
Domestic Equity	\$ 511.0	47.9%
Large Cap	\$ 361.3	33.8%
Mid Cap	\$ 99.8	9.3%
Small Cap	\$ 49.9	4.7%
Global Equity	\$ 47.3	4.4%
Int'l Equity	\$ 181.2	17.0%
Fixed Income	\$ 312.6	29.3%
Cash	\$ 15.3	1.4%
Total Fund	\$ 1,067.3	100.0%



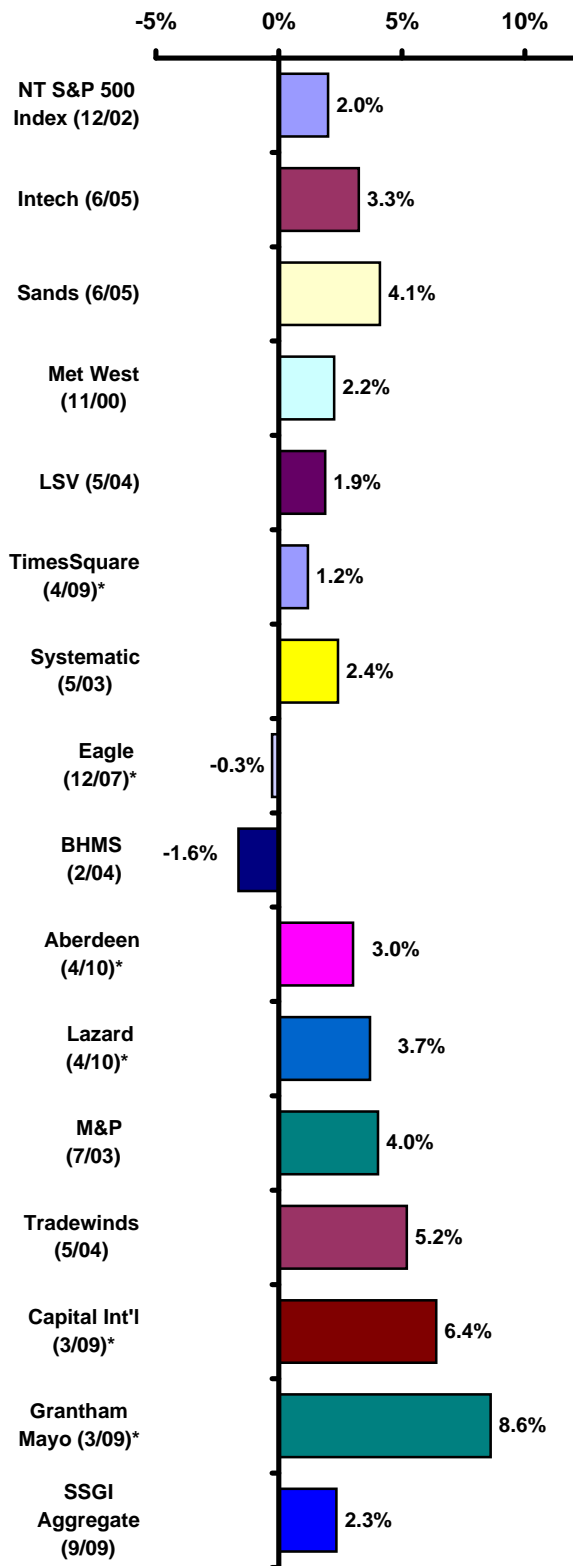
Endowment Fund Staff Comment:

The fund was down 2.4% for the month, 0.2% over benchmark. The Russell 3000 index was down 4.7%, Russell Midcap down 4.4%, and Russell 2000 (small cap) down 7.4%. International equities (MSCI ACWI ex-US) were down 2.8% for the month, and Emerging Markets down 1.9%. Value outperformed growth and international outperformed domestic equity. Bonds, as measured by the BC Aggregate index, were up 1.3% and TIPS were up 1.7%. Eight of 14 active managers beat their benchmark. On a Fiscal Y-T-D basis, the fund is up 2.9%, 0.1% over benchmark. Seven of 14 active managers are ahead of their benchmark.

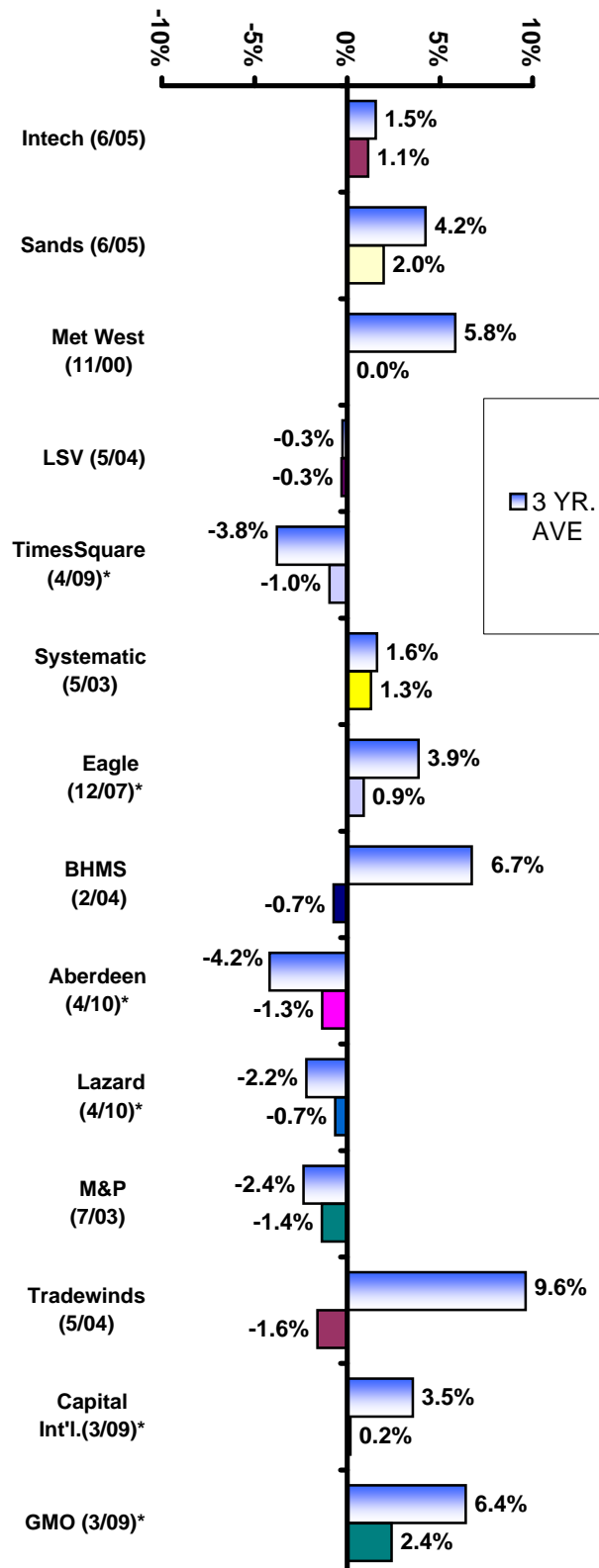


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FYTD Manager Returns



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



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