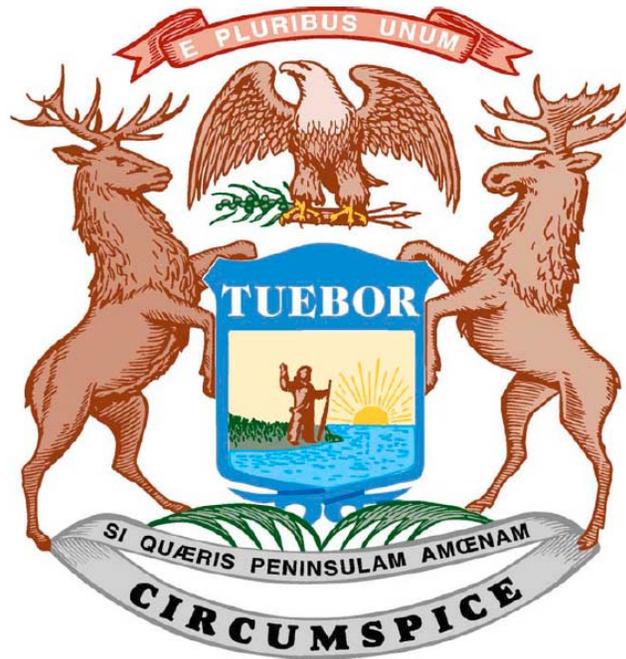




Michigan Department of Treasury Bureau of Investments



Jon M. Braeutigam

Chief Investment Officer

Bureau of Investments

April 16, 2009



Today's Topics:

- The Bureau of Investments
- State of Michigan Retirement Systems
- Market Performance



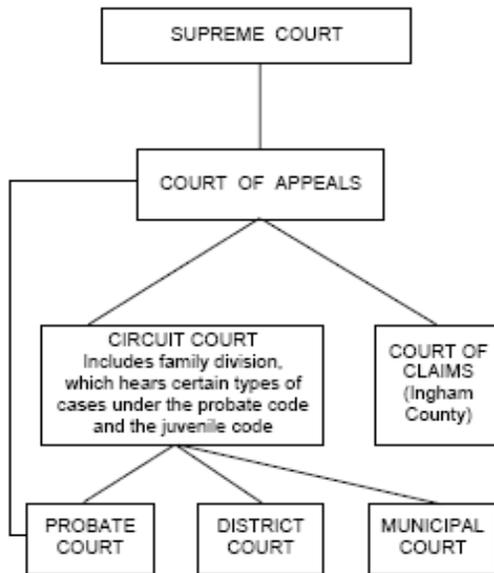
Bureau of Investments:

- Fit in State Government
- Organization Charts
- BOI Mission Statement and Goals
- BOI Investment and Cash Position

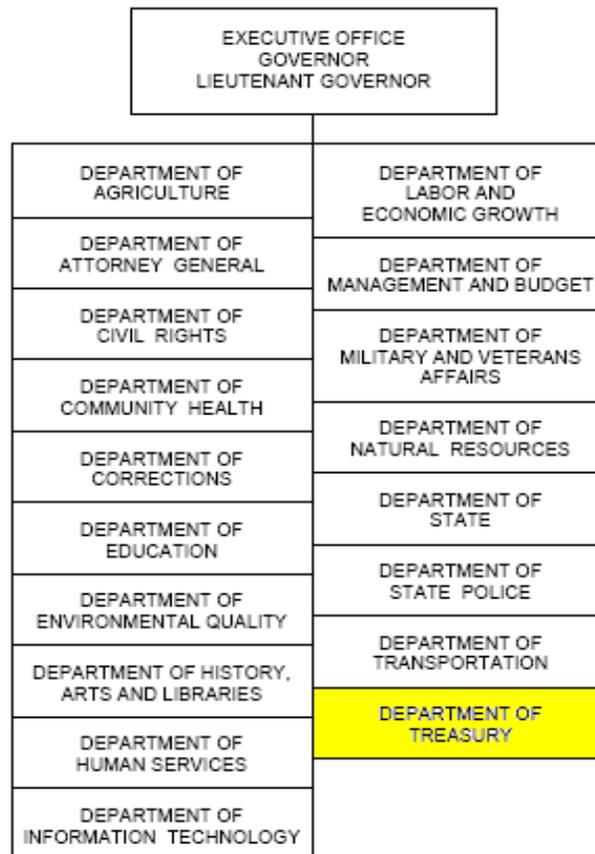


THE THREE BRANCHES OF MICHIGAN STATE GOVERNMENT

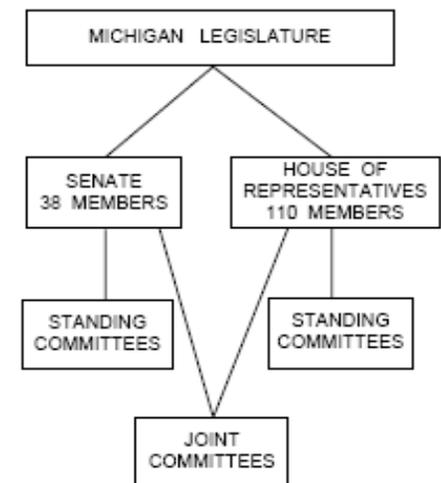
JUDICIAL BRANCH



EXECUTIVE BRANCH



LEGISLATIVE BRANCH





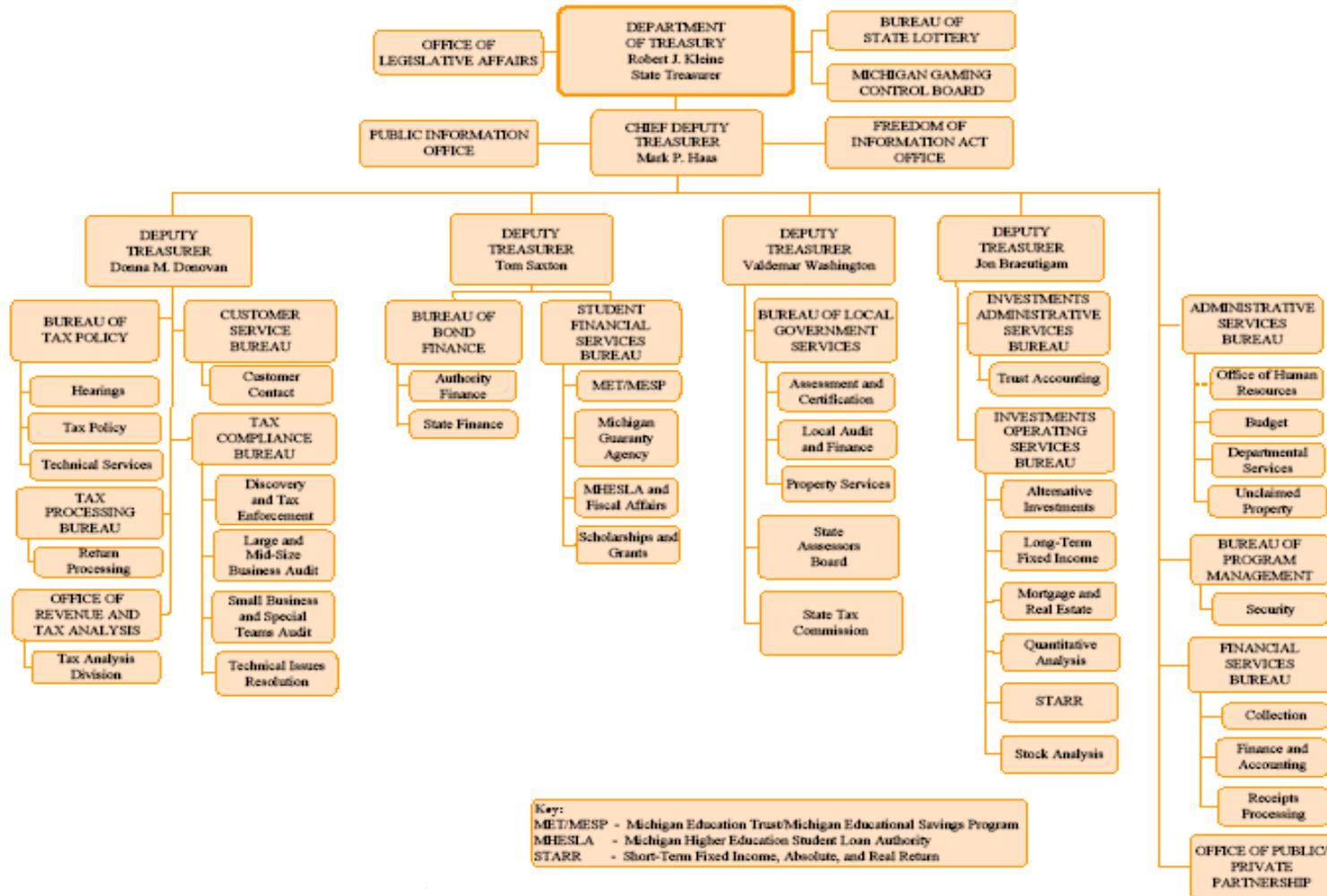
State Employees by Department As of June 30, 2008

	<u>Departments</u>	<u>Total Employees</u>	<u>Percent of Total</u>
1	Agriculture	537	1.0
2	Attorney General	495	0.9
3	Auditor General	144	0.3
4	Civil Rights	538	1.0
5	Civil Service	119	0.2
6	Community Health	4,050	7.6
7	Corrections	16,058	30.0
8	Education	384	0.7
9	Environmental Quality	1,356	2.5
10	Executive Office	49	0.1
11	History, Arts and Library	262	0.5
12	Human Services	9,722	18.2
13	Information Technology	1,715	3.2
14	Labor and Economic Growth	3,848	7.2
15	Management and Budget	972	1.8
16	Military and Veterans Affairs	961	1.8
17	Natural Resources	3,074	5.7
18	State	1,634	3.1
19	State Police	2,570	4.8
20	Strategic Fund	237	0.4
21	Transportation	3,237	6.1
22	Treasury	<u>1,518</u>	<u>2.8</u>
	Total	53,480	100.0



Department of Treasury Organization Chart

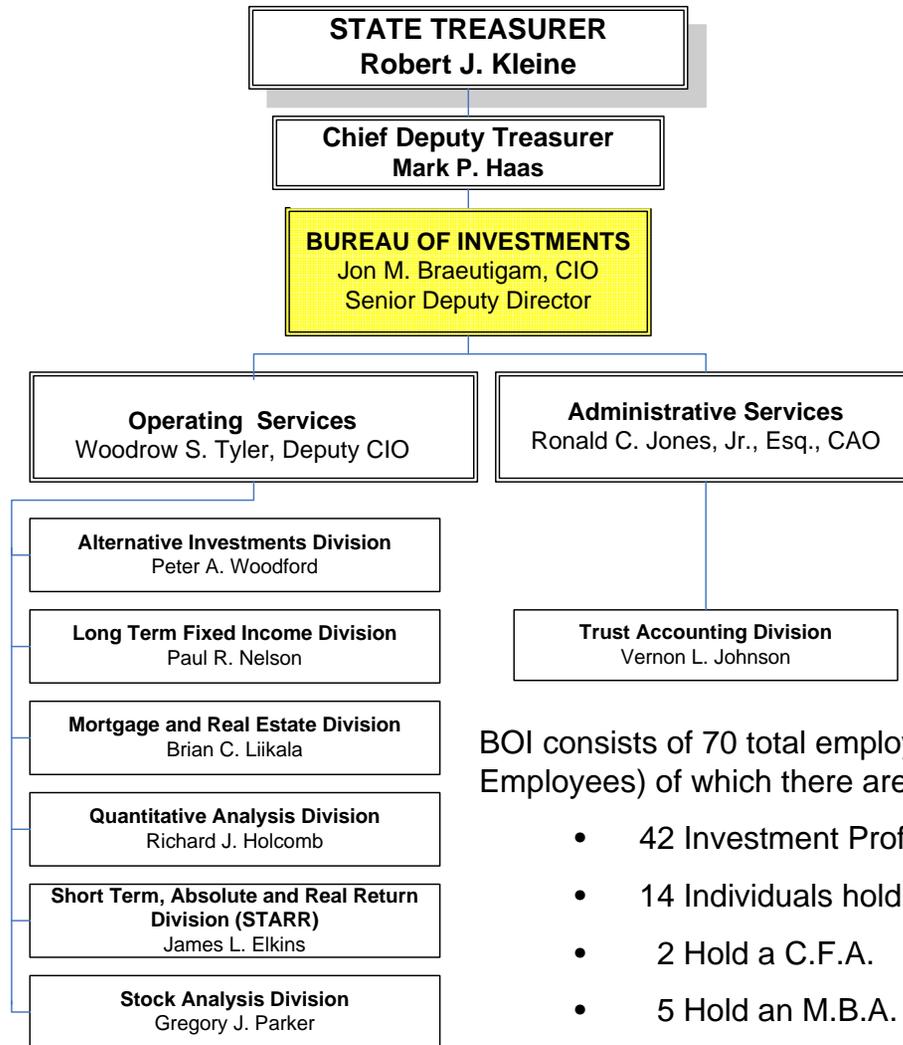
Effective 11-1-08





Bureau of Investments (BOI)

As of February 28, 2009



BOI consists of 70 total employees (0.13% of total State Employees) of which there are:

- 42 Investment Professionals
- 14 Individuals hold a C.F.A. and an M.B.A.
- 2 Hold a C.F.A.
- 5 Hold an M.B.A.
- In total 50% hold an M.B.A. or C.F.A. or both.



BOI ~ Mission Statement

- ***The Bureau of Investments provides quality investment management services, professional expertise, and advice to the State Treasurer as fiduciary of the State of Michigan Retirement Systems and Michigan boards and agencies. The Bureau strives to provide consistent and cost-effective management of funds to achieve competitive investment returns that meet objectives within an acceptable level of risk for the benefit of employees, retirees, and citizens of the State of Michigan.***



BOI ~ Investment Goals

- ***Maintain sufficient liquidity to pay benefits.***
- ***Meet or exceed actuarial assumption over the long term.***
- ***Achieve optimal rate of return possible with prudent levels of risk.***



BOI ~ Investment Objectives

- ***Diversify assets to preserve capital and avoid large losses.***
- ***Perform in the top half of the public plan universe over the long term.***
- ***Exceed individual asset class benchmarks over the long term.***
- ***Operate in a cost-effective manner relative to peers.***



BOI Investment and Cash Position

As of February 28, 2009

SUBTOTAL FOR SMRS	\$39,821,142,590
<i>OTHER MAJOR FUNDS</i>	
<i>Family Independence Agency</i>	
Children's Trust	\$19,229,218
<i>Lottery</i>	
State Lottery	406,881,535
<i>Management and Budget</i>	
401K and 457 Combined Plans	3,601,882,186
<i>Military & Veterans Affairs</i>	
Veterans' Trust	45,123,513
<i>Natural Resources</i>	
Game and Fish Protection	8,899,162
Game and Fish Trust	105,133,496
Michigan Civilian Conservation Corps	0
Natural Resources Trust	481,797,366
Nongame Fish and Wildlife Trust	5,980,280
State Park Endowment	137,308,010
<i>Multiple Agencies</i>	
Gifts, Bequests, and Deposits Fund	18,284,119
Children With Special Needs (Separated from Gifts...Fund)	19,448,803
<i>Transportation</i>	
Mackinac Bridge Authority	38,577,166
<i>Treasury</i>	
MESP (TIAA-CREF - 529 Plan)	1,545,377,208
MET I	160,360,121
MET II	336,791,987
SUBTOTAL FOR TRUST AND AGENCY FUNDS	\$6,931,074,169
<i>COMMON CASH</i>	
State Treasurer's Common Cash	\$1,979,458,067
TOTAL UNDER INVESTMENT	\$48,731,674,826



The State of Michigan Retirement Systems

- **Beneficiary Information**
- **Asset Allocation**
- **Performance**
- **Actions**



Plan Membership

September 30, 2008

MEMBER TYPE	MSPRS
Retirees & Benef. Receiving Benefits	2,736
<i>One-Year Change</i>	<i>1</i>
Current Employees Vested	1,241
Current Employees Non-Vested	419
Active Members Total	1,660
<i>One-Year Change</i>	<i>40</i>
Inactive Employees Entitled To, But Not Yet Receiving Benefits	177
Total MSPRS Members	4,573
<i>One-Year Change</i>	<i>55</i>

Source: Pension Plans Component Unit Financial Reports Fiscal Year Ended September 30, 2008



Plan Membership Ratio

September 30, 2008

Ratio of Active/Retiree	MSPRS
Year 2008	.61:1
Year 2007	.59:1
Year 2006	.62:1
Year 2005	.63:1
Year 2004	.70:1

Source: Pension Plans Component Unit Financial Reports Fiscal Year Ended September 30, 2008



MSPRS Funded Ratio

September 30, 2008

Year	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio Based on Actuarial Value
2008	\$1,089	\$1,266	\$1,496	84.6%
2007	\$1,345	\$1,259	\$1,452	86.7%
2006	\$1,204	\$1,114	\$1,386	80.4%
2005	\$1,120	\$1,090	\$1,300	83.8%
2004	\$1,043	\$1,118	\$1,256	89.0%
1983	\$178	\$178	\$272	65.4%
<i>MSPRS Estimated Market Value Funded Ratio</i>				
12/31/2008	\$962	- - -	\$1,496	64.3%

(\$ in Millions)

Source: Pension Plans Component Unit Financial Reports and Actuarial Valuations



SMRS Market Value by Plan

As of February 28, 2008

	Market Value <i>(In Millions)</i>	%
	<hr/>	<hr/>
Public School Employees	\$31,094	78.1%
State Employees	7,657	19.2%
State Police	859	2.2%
Judges	211	0.5%
TOTAL	<hr/> \$39,821 <hr/>	<hr/> 100.0% <hr/>



SMRS Asset Allocation

As of February 28, 2008

Asset Allocation By Market Value **(In Millions)**

Investment Strategies	2/28/2009		2/29/2008	
Domestic Equity	\$11,609	29.2%	\$25,482	43.5%
Fixed Income	8,687	21.8%	10,463	17.8%
Alternative Investments	7,870	19.8%	9,372	16.0%
Real Estate	5,254	13.2%	5,892	10.0%
International Equity	3,508	8.8%	6,328	10.8%
Short Term	2,608	6.5%	1,108	1.9%
Absolute & Real Return	285	0.7%	0	0.0%
TOTAL	\$39,821	100.0%	\$58,645	100.0%



MSPRS Asset Allocation

As of February 28, 2009

Asset Allocation By Market Value **(In Millions)**

Investment Strategies	2/28/2009		2/29/2008	
Domestic Equity	\$248	28.8%	\$543	43.2%
Fixed Income	180	21.0%	218	17.4%
Alternative Investments	169	19.7%	204	16.2%
Real Estate	120	14.0%	135	10.8%
International Equity	75	8.7%	135	10.8%
Short Term	61	7.1%	20	1.6%
Absolute & Real Return	6	0.7%	0	0.0%
TOTAL	\$859	100.0%	\$1,255	100.0%



SMRS by Asset Class

as of February 28, 2009

Domestic Equity

\$248 Million in managed funds
25 Strategies
Approximately 1,400 Stocks

Mortgage and Real Estate

\$120 Million in managed funds
30 Advisors
53 Real Estate Accounts
Over 2,000 properties

Alternative Investments

\$169 Million in managed funds
95 Sponsors
257 Partnerships
3,374 Companies

Short Term Investments

\$61 Million in Managed Funds



SMRS by Asset Class

as of February 28, 2009

Fixed Income

\$180 Million in managed funds
12 Strategies
Representing 3,000 Positions

STARR

\$6 Million in managed funds

International Equity

\$75 Million in managed funds
6 Strategies
Representing 3,200 Stocks

Trust Accounting

Approximately 60,000 transactions annually



Portfolio Key Points

Net Returns for MSPRS as of December 31, 2008:

	<u>Ten Years</u>		<u>Five Years</u>		<u>Three Years</u>		<u>One Year</u>	
	<u>Rate</u>	<u>Rank</u>	<u>Rate</u>	<u>Rank</u>	<u>Rate</u>	<u>Rank</u>	<u>Rate</u>	<u>Rank</u>
TOTAL PLAN	3.2	59	3.3	20	-1.0	14	-24.2	27
Median Peer Group Return	3.4		2.2		-2.6		-25.9	

- Very competitive with peer group



Time-Weighted Rates of Return

Asset Class w/Benchmark	FY08		CY08	
	Rate	Rank	Rate	Rank
Total Plan	-12.2%	13	-24.2%	27
Median*	-14.9%		-25.9%	
Domestic Equities	-21.7%		-37.0%	
S&P 1500 Index	-21.3%		-36.7%	
International Equities	-32.7%		-45.8%	
S&P/CitiGroup BMI-EPAC**	-30.1%		-42.3%	
Private Equity	5.0%		-14.5%	
S&P 500 + 300 b.p.	1.3%		-8.6%	

*State Street Universe of Public Funds > \$1 Billion

** (1/2 USD & 1/2 LC)

Source: State Street Analytics



Time-Weighted Rates of Return

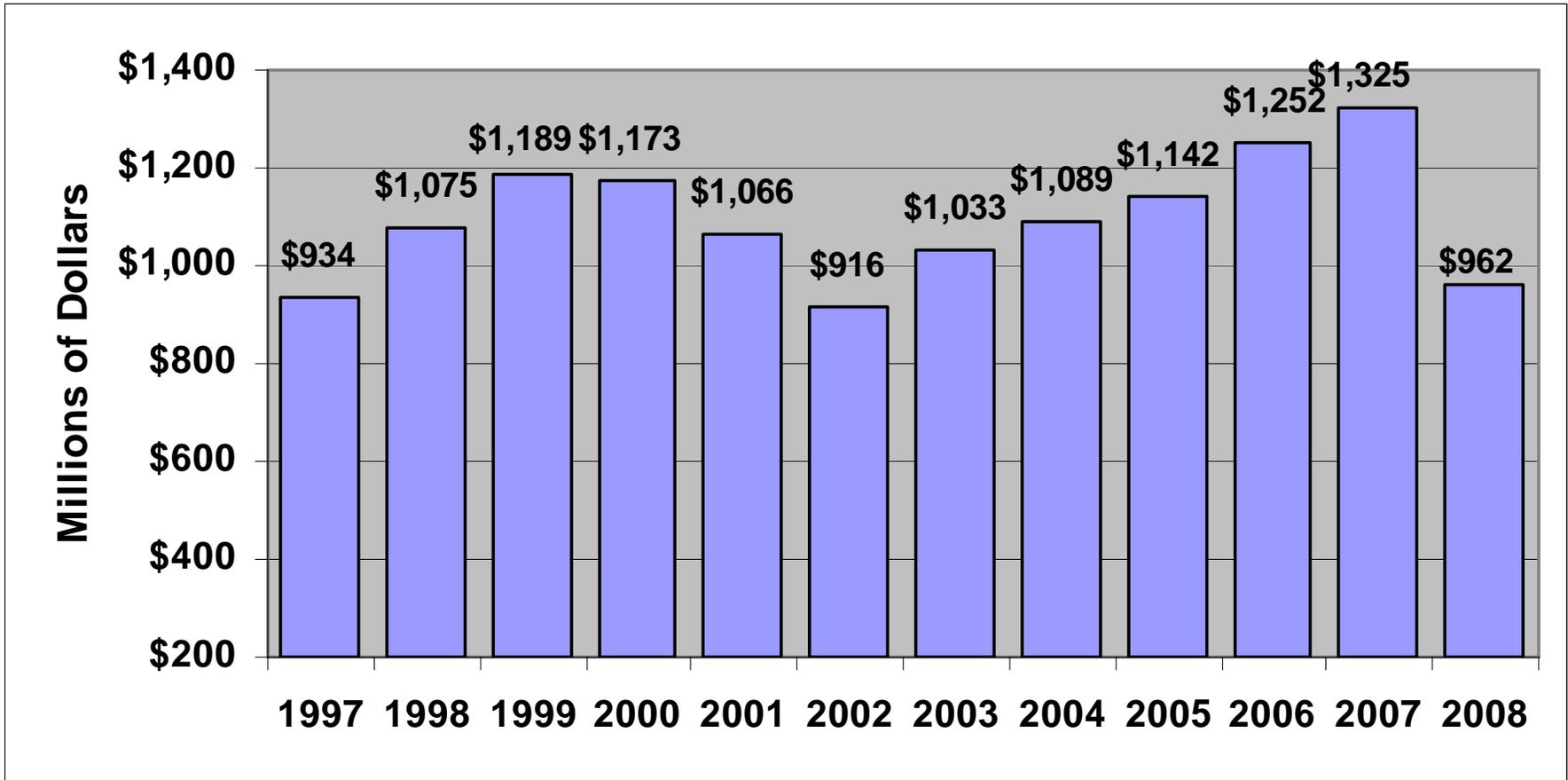
Asset Class w/Benchmark	FY08		CY08	
	Rate	Rank	Rate	Rank
Real Estate	6.1%		-3.8%	
NCREIF (NPI minus 75 b.p.)	4.0%		-7.7%	
Bonds	3.1%		2.0%	
Lehman Gov't/Credit	2.4%		5.7%	
Cash Equivalents	-3.2%		-3.6%	
30 Day T-Bill	2.2%		1.4%	

**Fiscal Year – 10-Year Annualized Return
Rate: 5.9% - Rank: 50**

Source: State Street Analytics



MSPRS Market Value **\$962 Million**



Years Ending December 31



SMRS - U.S. Equities 2008 Annual Returns

	<u>Domestic Equity</u>	<u>S&P 1500</u>	<u>Difference</u>	<u>Russell 3000</u>
2008 Return	-37.0%	-36.7%	-0.3%	-38.7%

Select Well Known Mutual Funds Actual 2008 Returns:

Dodge & Cox Stock Fund	-43.3%
CGM Focus Fund	-48.2%
American Funds Fundamental	-39.7%
Fidelity Megellan Fund	-49.4%
Fidelity Contra Fund	-37.2%



BOI Actions For SMRS

- Proactively sold \$3.7 billion in equities in the 18 months prior to December 31, 2007.
- Reduced financials weighting before advent of crisis, and further reduced weighting as impact became clear.
- Used sale proceeds to pay pension benefits and moved the remaining money into Fixed Income.
- Did not increase exposure to international equities which have continued to underperform the U.S. stock markets.
- Held a high quality bond portfolio.



BOI Actions

Net Seller of equities the past two years:

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>4th Quarter 2008</u>	<u>Jan.-Feb. 2009</u>	<u>TOTAL</u>
Active Equity	\$396	-\$114	\$1,205	\$656	\$2,143
Passive Equity	853	383	495	425	2,156
International Equity	1,077	60	-498	0	639
	<u>\$2,326</u>	<u>\$329</u>	<u>\$1,202</u>	<u>\$1,081</u>	<u>\$4,938</u>

Notes: Numbers in millions; positive numbers represent cash inflows, negatives are outflows.



What the BOI is Currently Doing

- Keeping enough cash to pay benefits for over one year.
- Developed and Approved (Q1-2008) an asset allocation plan that further reduces risk by adding additional asset classes.
- Overweighting portfolio towards attractively priced companies that are less dependant on capital markets for funding (strong balance sheets).
- Will increase exposure to foreign markets, over time.
- Tactically buying in distressed markets in all asset classes.
- Increasing exposure to bonds in high quality companies.



Markets and Economics

- **Past Market Returns**
- **Current Economic Environment**
- **Future Stock Market**



Stock Market Environment

Market	2008 Price Change	12/31/08
S&P 500	-38.49%	903
NASDAQ	-40.54%	1,577
BMI-EPAC (Local)	-42.46%	146.3
BMI-EPAC (USD)	-45.81%	172.7



Stock Market Environment

S & P 500

Economic Sector	2008 Total Return	12/31/2007 Weight	12/31/2008 Weight
Financials	-55.31%	17.64%	13.29%
Materials	-45.66%	3.33%	2.93%
Information Technology	-43.17%	16.73%	15.27%
Industrials	-39.92%	11.51%	11.08%
Energy	-34.87%	12.86%	13.34%
Consumer Discretionary	-34.10%	8.48%	8.40%
Telecom Services	-30.50%	3.62%	3.83%
Utilities	-28.98%	3.63%	4.19%
Health Care	-22.81%	11.97%	14.79%
Consumer Staples	-15.45%	10.23%	12.88%
TOTAL		100.00%	100.00%



January - February Stock Market Update

Market	Thru 2/28/09 Price Change	2/28/09
DJIA	-19.52%	7,063
S&P 500	-18.62%	735
NASDAQ	-12.63%	1,378
BMI-EPAC (Local)	-13.03%	127.3
BMI-EPAC (USD)	-19.10%	139.3



Stock Market Update

S & P 500 - Jan. & Feb. 2009

<u>Economic Sector</u>	<u>Total Return</u>	<u>Average Weight</u>
Financials	-39.65%	10.81%
Industrials	-27.61%	10.58%
Consumer Discretionary	-18.67%	9.13%
Materials	-15.02%	3.06%
Energy	-14.80%	13.72%
Consumer Staples	-14.10%	12.74%
Health Care	-13.58%	15.57%
Utilities	-12.98%	4.43%
Telecom Services	-12.43%	3.72%
Information Technology	-6.98%	16.26%
TOTAL		100.00%



Bond Market Environment

Market	2008 Yield Change	12/31/08
30-Year Treasury	-177 bp	2.68%
10-Year Treasury	-181 bp	2.22%
5-Year Treasury	-191 bp	1.55%
2-Year Treasury	-230 bp	0.77%
13-Week T. Bill	-308 bp	0.09%
Fed Funds	-400 bp	0.25%



January - February Bond Market Update

Market	thru 2/28/09 Yield Change	2/28/09
30-Year Treasury	103 bp	3.71%
10-Year Treasury	80 bp	3.02%
5-Year Treasury	44 bp	1.99%
2-Year Treasury	22 bp	0.98%
13-Week T. Bill	17 bp	0.26%
Fed Funds	0 bp	0.25%



Economic Environment

- **Fourth quarter real GDP decreased 6.2% after the third quarter came in at -0.5%. The largest drop in 27 years.**
- **Inflation (CPI) was down 0.8%, as energy prices fell dramatically. Core CPI was +1.8% for 2008.**
- **Housing starts plummeted in the fourth quarter to 550,000, the lowest level since the government began tracking in 1959. Retailers continued to report very soft sales.**
- **S&P 500 earnings decreased 30% year-over-year in the fourth quarter.**



Economic Environment

- **Job growth and employment weakened significantly. Initial jobless claims increased from 314,000 in January of 2008 to 657,000 in March of 2009. Over the last 14 months (ending March 2009) total job losses were 4,384 million.**
- **U.S. unemployment rate for December 31, 2008, was 6.9% and for February 28, 2009, was 8.1%.**
- **Oil peaked at \$145.29 per barrel July 3, 2008, and on March 30, 2009, traded at \$48.50 per barrel, down over \$97 per barrel, equating to a 67% drop.**
- **The Federal Reserve lowered the Fed Funds rate by 175 bp, as the new target became 0.0% to 0.25%.**



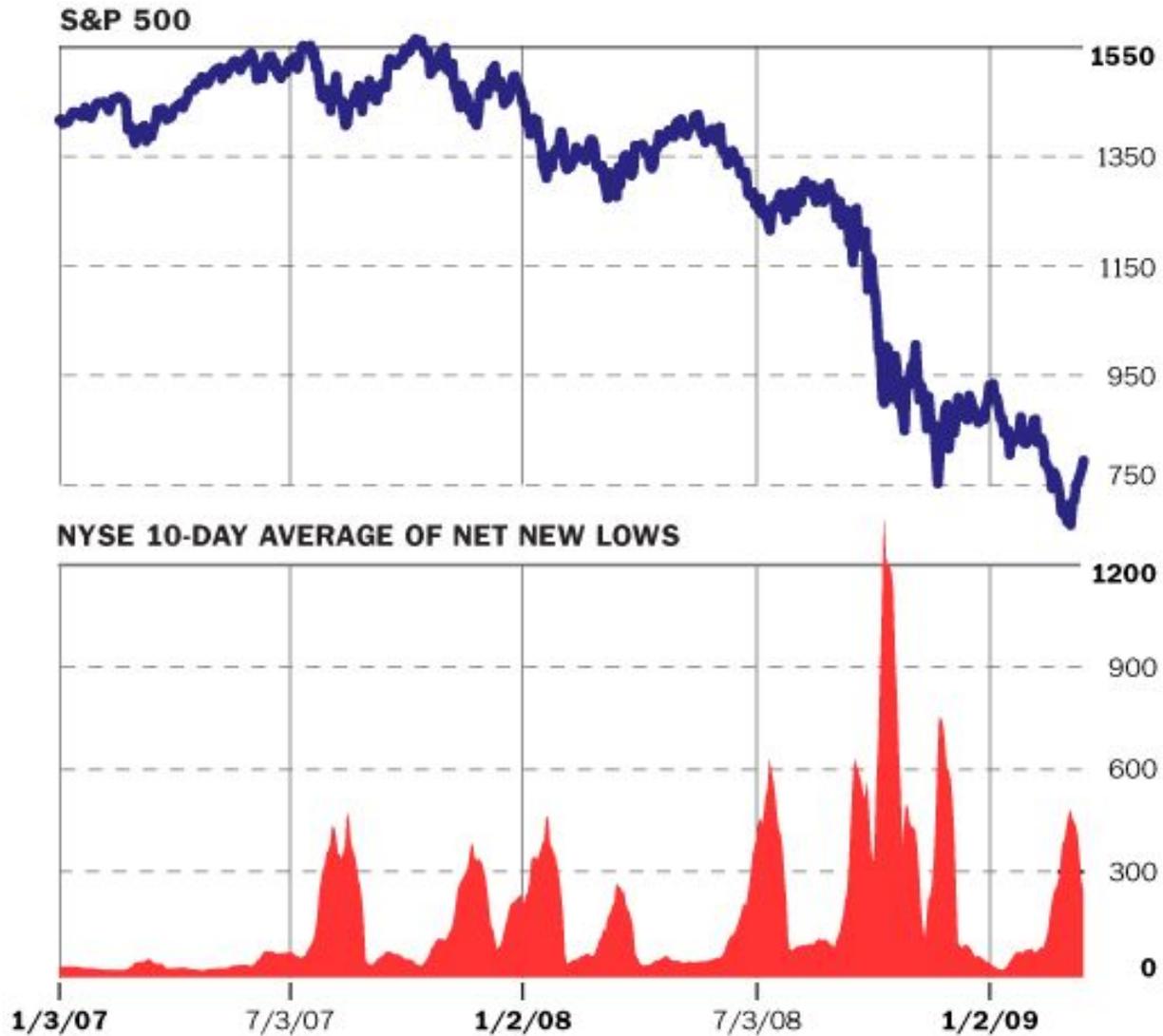
Good Times Follow Bad

Significant Declines in the S&P 500 Over the Past 50 Years				
Count	Down Market	Length (Months)	Total Decline	12 Months After Bottom
1	Aug 1957 - Dec 1957	5	-15%	43%
2	Jan 1960 - Oct 1960	10	-8%	33%
3	Jan 1962 - June 1962	6	-22%	31%
4	Feb 1966 - Sept 1966	8	-16%	31%
5	Dec 1968 - June 1970	19	-29%	42%
6	Jan 1973 - Sept 1974	21	-43%	38%
7	Jan 1977 - Feb 1978	14	-14%	17%
8	Dec 1980 - July 1982	20	-17%	60%
9	Sept 1987 - Nov 1987	3	-30%	23%
10	June 1990 - Oct 1990	5	-15%	34%
11	Apr 2000 - Mar 2003	36	-41%	35%
Average		13	-23%	35%
Oct. 2007 - March 2009		17	-56.3%*	???

* During this period the S&P 500 Highest close was 1,565 Oct. 9, 2007 - Lowest close was 683 March 6, 2009
 Source: Compustat; Ibbotson and Sinquefeld, "Stocks, Bonds, Bills, and Inflation: Year-by-Year Historical Returns," University of Chicago Press Journal of Business (1976); S&P; and Alliance Bernstein



Have We Reached The Low?



Source: Natixis Bleichroeder



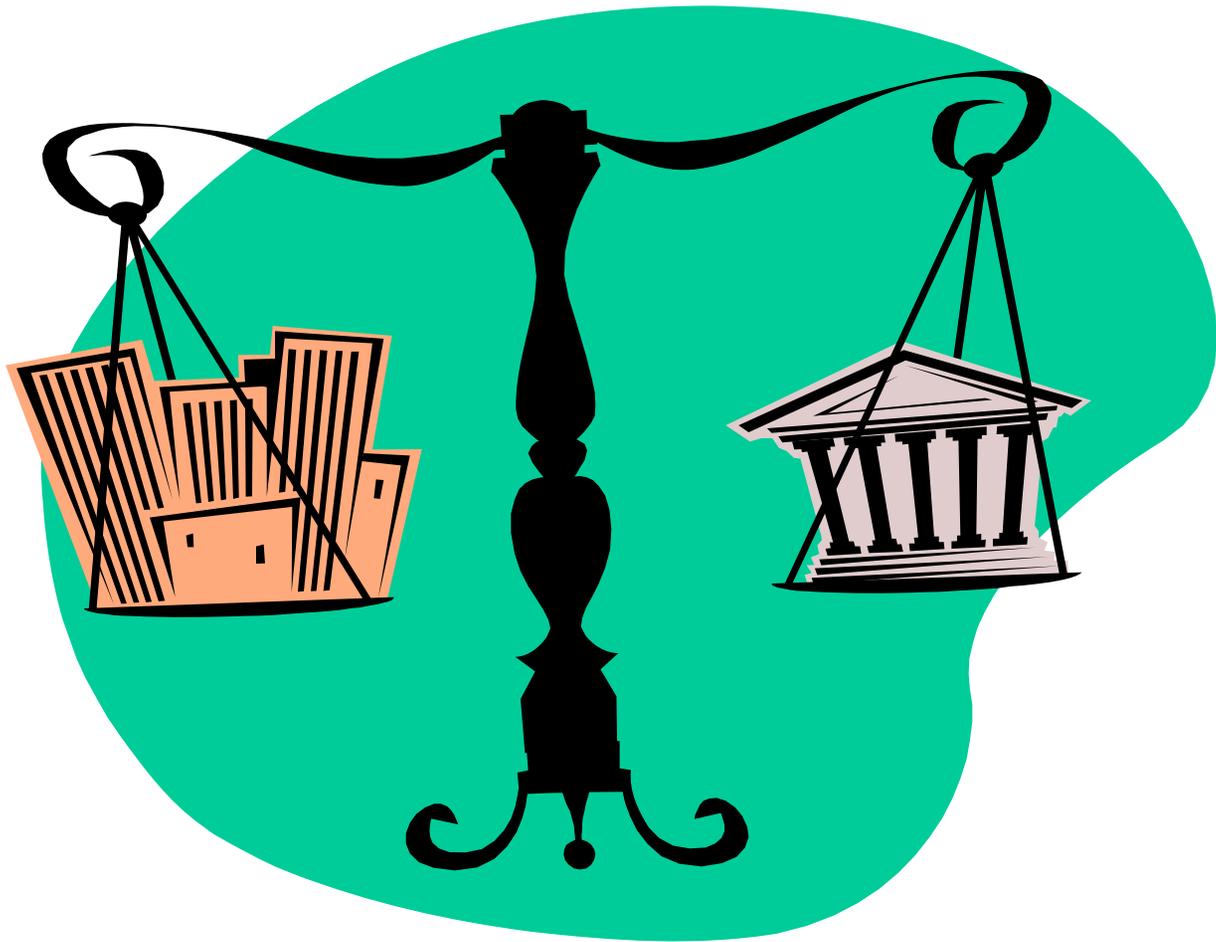
Annual Total Returns of Key Asset Classes 1989 - 2008

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Best	Large Growth Stocks 36.40%	U.S. Bonds 8.96%	Small Growth Stocks 51.18%	Small Value Stocks 29.15%	Foreign Stocks 32.57%	Foreign Stocks 7.78%	Large Growth Stocks 38.13%	Large Growth Stocks 23.97%	Large Growth Stocks 36.52%	Large Growth Stocks 42.16%	Small Growth Stocks 43.09%	Small Value Stocks 22.83%	Small Value Stocks 14.02%	U.S. Bonds 10.26%	Small Growth Stocks 48.54%	Small Value Stocks 22.25%	Foreign Stocks 13.54%	Foreign Stocks 26.34%	Foreign Stocks 11.17%	U.S. Bonds 5.24%	Best
↑	Large Stocks 31.69%	Cash 7.81%	Small Stocks 46.05%	Small Stocks 18.42%	Small Value Stocks 23.86%	Cash 3.90%	Large Stocks 37.58%	Large Stocks 22.96%	Large Stocks 33.36%	Large Stocks 28.58%	Large Growth Stocks 28.25%	U.S. Bonds 11.63%	U.S. Bonds 8.44%	Cash 1.65%	Small Stocks 47.25%	Foreign Stocks 20.25%	Large Value Stocks 6.33%	Small Value Stocks 23.48%	Large Growth Stocks 9.13%	Cash 2.11%	↓
	Large Value Stocks 26.13%	Large Growth Stocks 0.20%	Small Value Stocks 41.70%	Large Value Stocks 10.52%	Small Stocks 18.89%	Large Growth Stocks 3.14%	Large Value Stocks 36.99%	Large Value Stocks 22.00%	Small Value Stocks 31.78%	Foreign Stocks 20.00%	Foreign Stocks 26.96%	Large Value Stocks 6.08%	Cash 3.83%	Small Value Stocks 11.42%	Small Value Stocks 46.03%	Small Stocks 18.33%	Large Stocks 4.91%	Large Value Stocks 20.80%	Small Growth Stocks 7.05%	Small Value Stocks 28.92%	
	Small Growth Stocks 20.16%	Large Stocks -3.11%	Large Growth Stocks 38.37%	Small Growth Stocks 7.77%	Large Value Stocks 18.61%	Large Stocks 1.32%	Small Growth Stocks 31.04%	Small Value Stocks 21.37%	Large Value Stocks 29.98%	Large Value Stocks 14.69%	Small Stocks 21.26%	Cash 5.89%	Small Stocks 2.49%	Foreign Stocks 15.66%	Foreign Stocks 38.59%	Large Value Stocks 15.71%	Small Value Stocks 4.71%	Small Stocks 18.37%	U.S. Bonds 6.97%	Small Stocks -33.79%	
	Small Stocks 16.25%	Large Value Stocks -6.85%	Large Stocks 30.47%	Large Stocks 7.62%	Small Growth Stocks 13.37%	Large Value Stocks -0.64%	Small Stocks 28.44%	Small Stocks 16.53%	Small Stocks 22.36%	U.S. Bonds 8.70%	Large Stocks 21.04%	Small Stocks -3.02%	Small Growth Stocks -9.23%	Large Value Stocks 19.99%	Large Value Stocks 31.78%	Small Growth Stocks 14.31%	Small Stocks 4.55%	Large Stocks 15.80%	Large Stocks 5.49%	Large Growth Stocks -34.92%	
	U.S. Bonds 14.53%	Small Growth Stocks 17.42%	Large Value Stocks 22.56%	U.S. Bonds 7.40%	Large Stocks 10.08%	Small Value Stocks -1.55%	Small Value Stocks 25.75%	Small Growth Stocks 11.32%	Small Growth Stocks 12.93%	Cash 4.86%	Large Value Stocks 12.72%	Large Stocks -9.11%	Large Value Stocks 11.69%	Small Stocks 20.48%	Large Stocks 28.68%	Large Stocks 10.88%	Small Growth Stocks 4.15%	Small Growth Stocks 13.35%	Cash 4.74%	Large Stocks -37.00%	
	Small Value Stocks 12.43%	Small Stocks 19.50%	U.S. Bonds 16.00%	Large Growth Stocks 5.06%	U.S. Bonds 9.75%	Small Stocks -1.81%	U.S. Bonds 18.46%	Foreign Stocks 6.05%	U.S. Bonds 9.64%	Small Growth Stocks 1.23%	Cash 4.68%	Foreign Stocks 13.96%	Large Stocks 11.87%	Large Stocks 21.26%	Large Growth Stocks 25.66%	Large Growth Stocks 6.13%	Large Growth Stocks 3.46%	Large Growth Stocks 11.01%	Large Value Stocks 1.99%	Small Growth Stocks -38.54%	
	Foreign Stocks 10.53%	Small Value Stocks -21.77%	Foreign Stocks 12.14%	Cash 3.51%	Cash 2.90%	Small Growth Stocks -2.44%	Foreign Stocks 11.21%	Cash 5.21%	Cash 5.26%	Small Stocks -2.55%	U.S. Bonds -0.82%	Large Growth Stocks -22.08%	Large Growth Stocks -12.75%	Large Growth Stocks -22.77%	U.S. Bonds 4.10%	U.S. Bonds 4.34%	Cash 2.98%	Cash 4.75%	Small Stocks -1.57%	Large Value Stocks -39.22%	
Worst	Cash 8.37%	Foreign Stocks 23.45%	Cash 5.60%	Foreign Stocks 12.18%	Large Growth Stocks 1.68%	U.S. Bonds -2.92%	Cash 5.60%	U.S. Bonds 3.64%	Foreign Stocks 1.78%	Small Value Stocks -6.46%	Small Value Stocks -1.48%	Small Growth Stocks 22.43%	Foreign Stocks 21.45%	Small Growth Stocks 30.26%	Cash 1.02%	Cash 1.20%	U.S. Bonds 2.43%	U.S. Bonds 4.33%	Small Value Stocks -9.78%	Foreign Stocks -43.42%	Worst

Source: Standard & Poor's Micropal. ■ Large Stocks are represented by the S&P 500; ■ Large Growth Stocks are represented by S&P 500 Growth Index; ■ Large Value Stocks are represented by the S&P 500 Value Index; ■ Small Stocks are represented by the Russell 2000 Index; ■ Small Growth Stocks are represented by the Russell 2000 Index; ■ Small Value Stocks are represented by the Russell 2000 Value Index; ■ Foreign Stocks are represented by the MSCI EAFE Index; ■ U.S. Bonds are represented by the Lehman Brothers Aggregate Bond Index; and ■ Cash is represented by 30-day T-Bills.



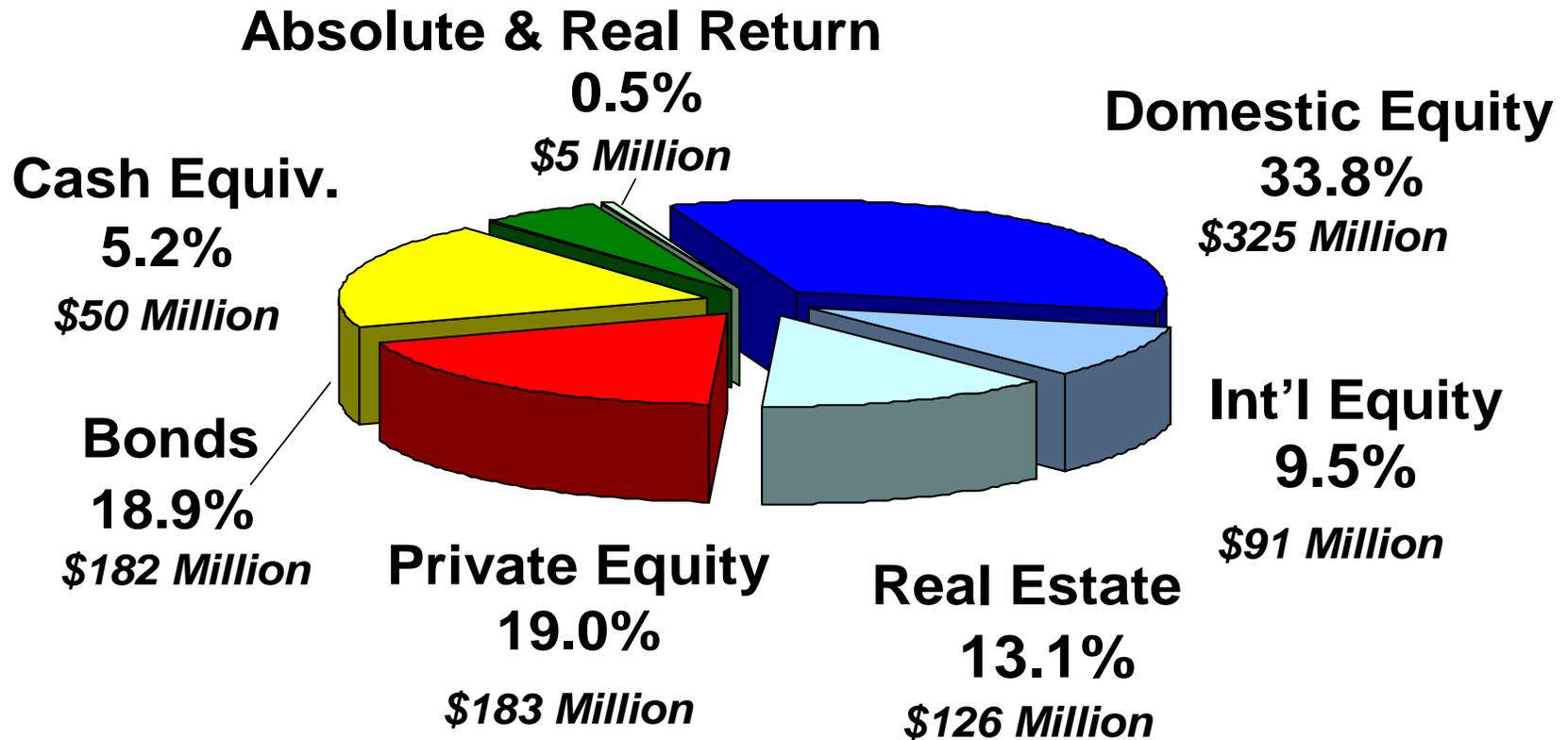
Investment Holdings





Asset Allocation

\$962 Million

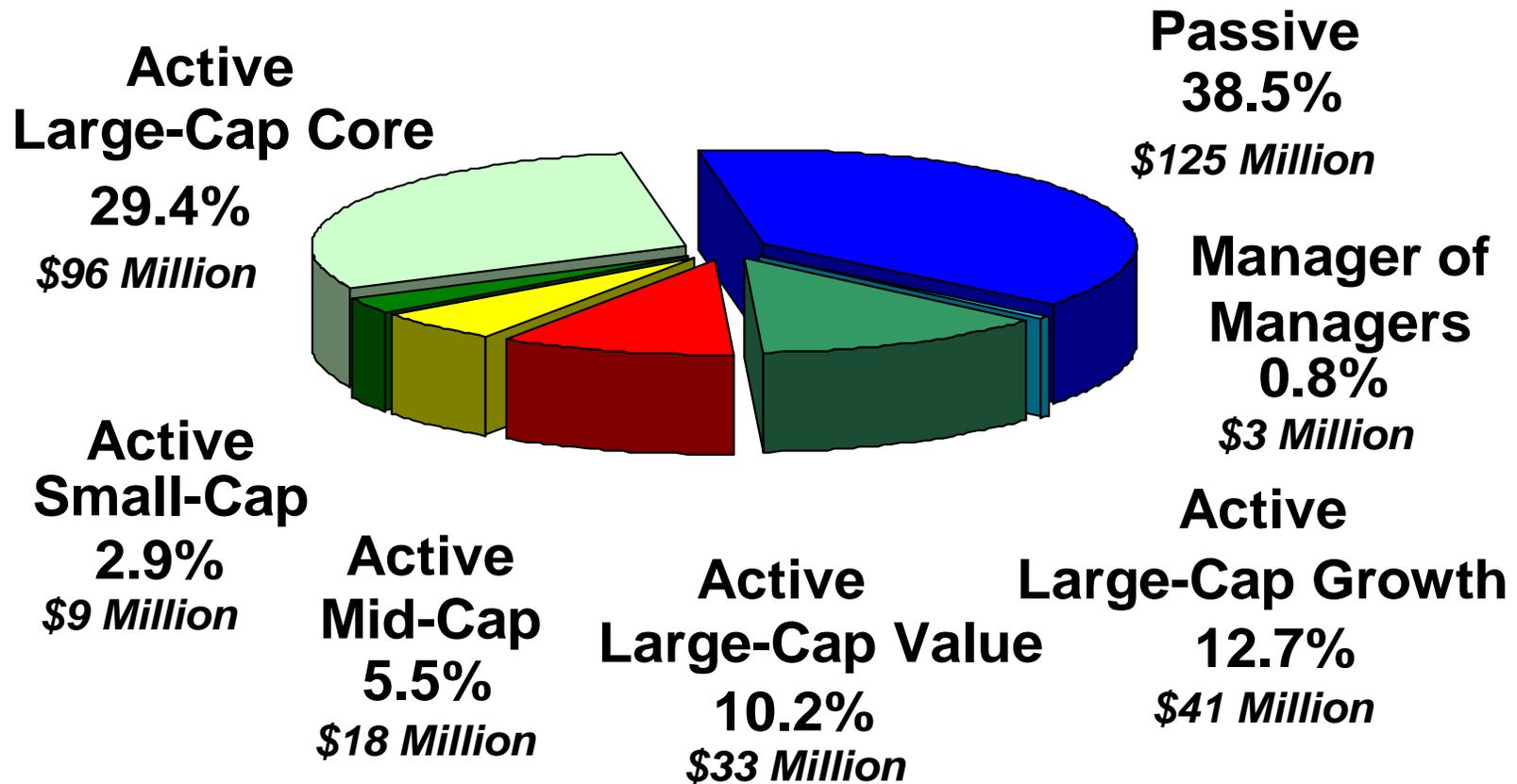


Market Value as of December 31, 2008



Domestic Equity

\$325 Million

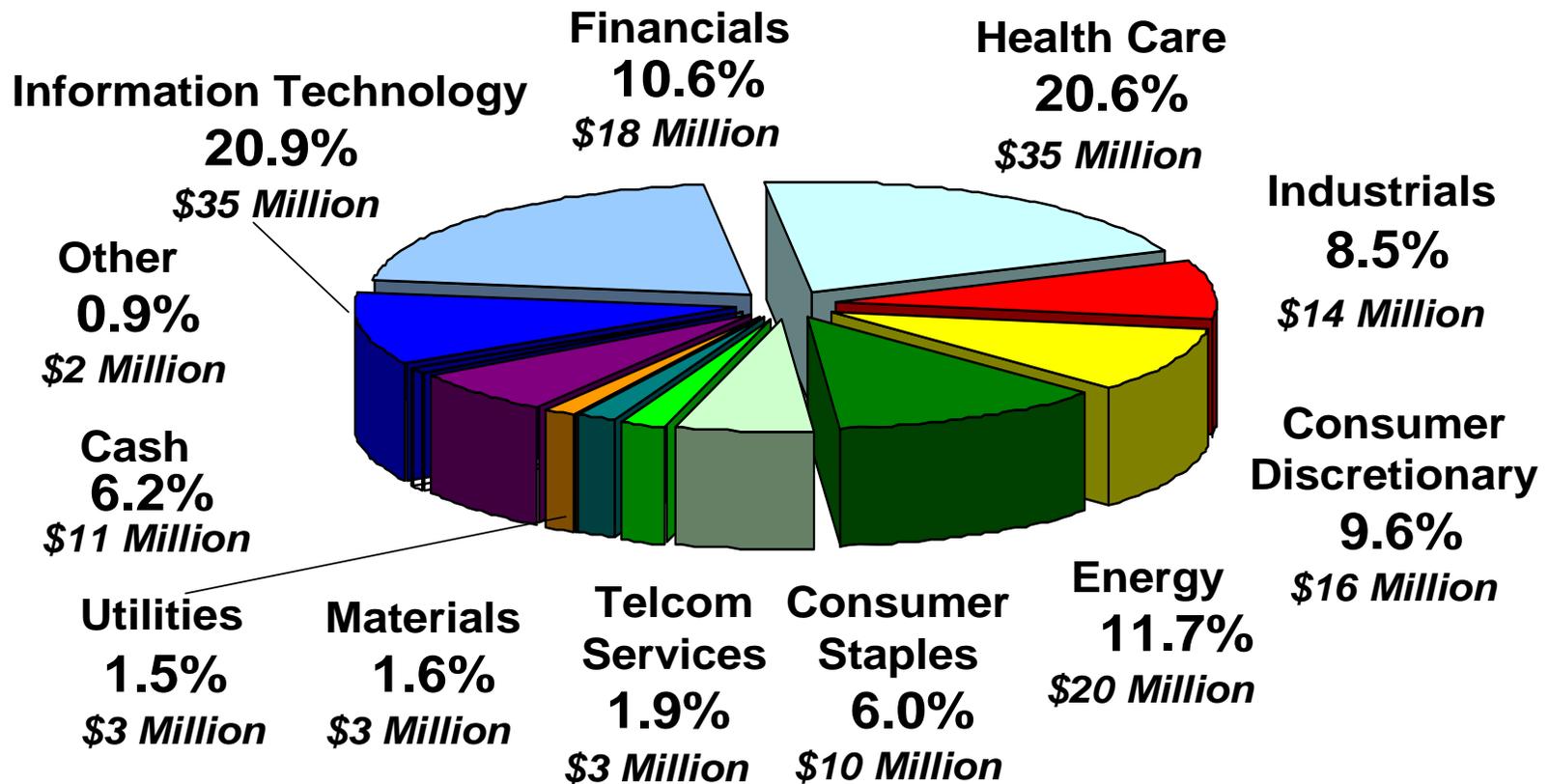


Market Value as of December 31, 2008



Domestic Active Equity Large-Cap Investments

\$170 Million

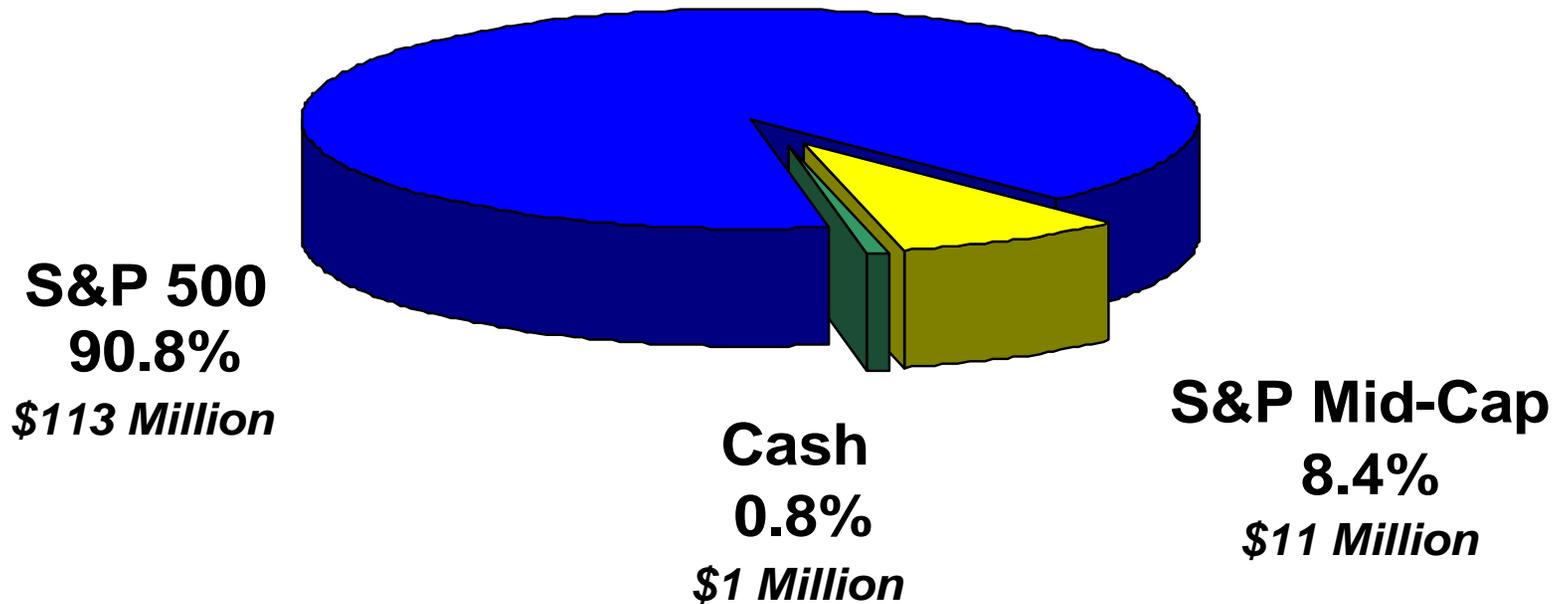


Market Value as of December 31, 2008



Domestic Passive Equity

\$125 Million



Market Value as of December 31, 2008



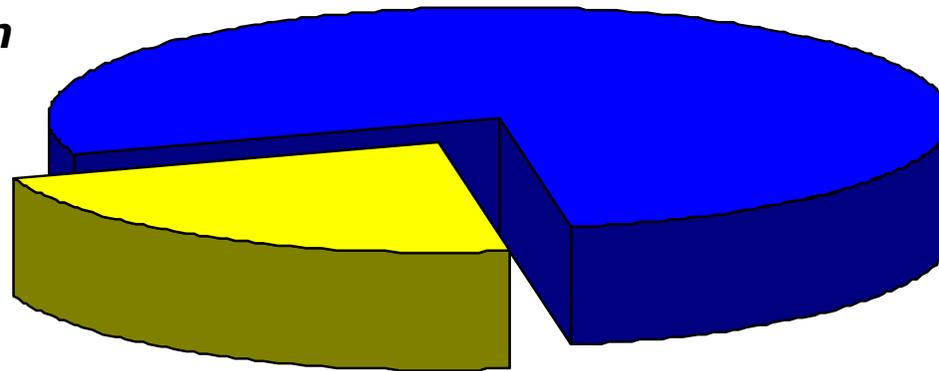
International Equity

\$91 Million

Active Funds

21.9%

\$20 Million



Passive

78.1%

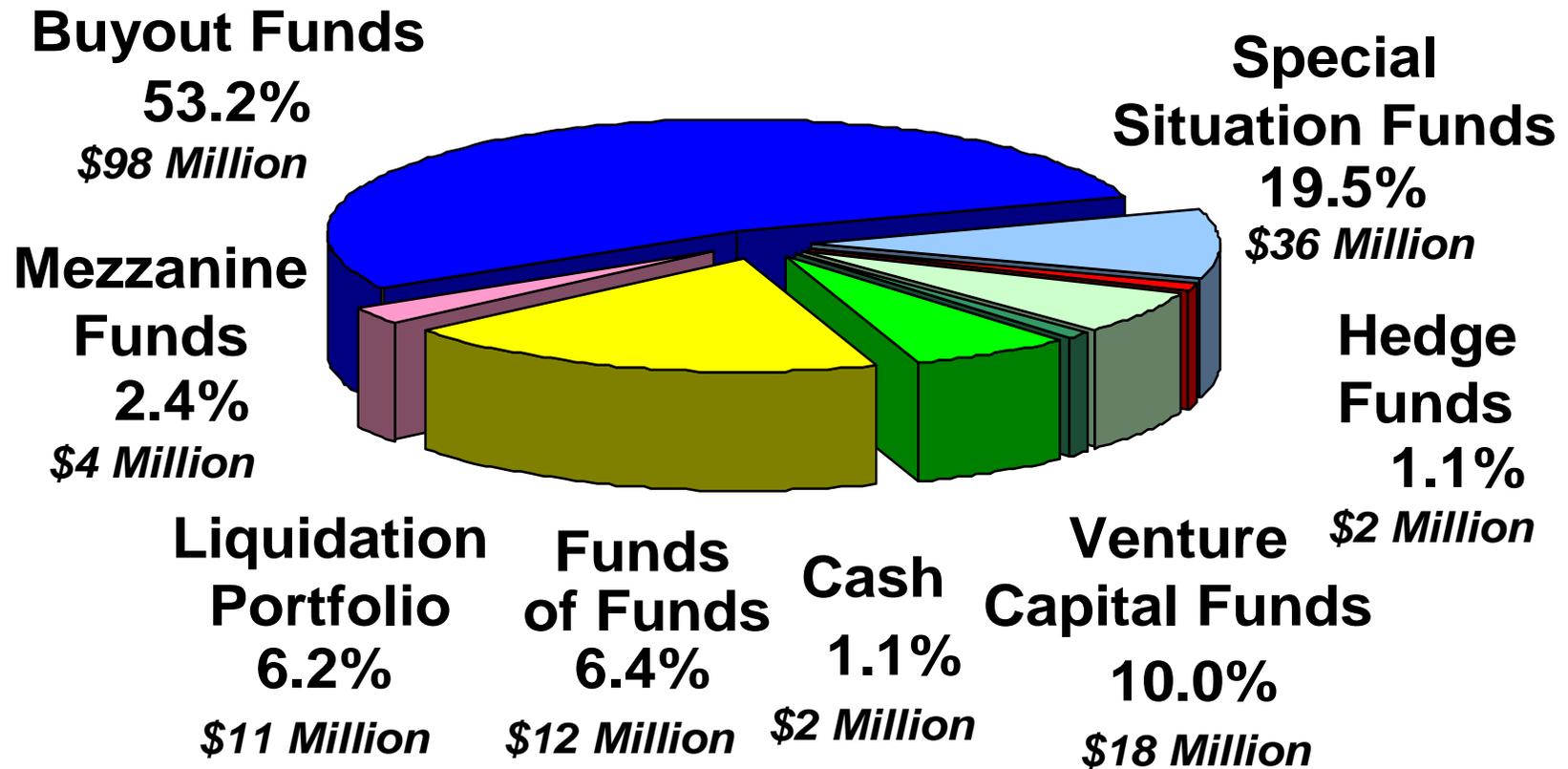
\$71 Million

Market Value as of December 31, 2008



Private Equity

\$183 Million

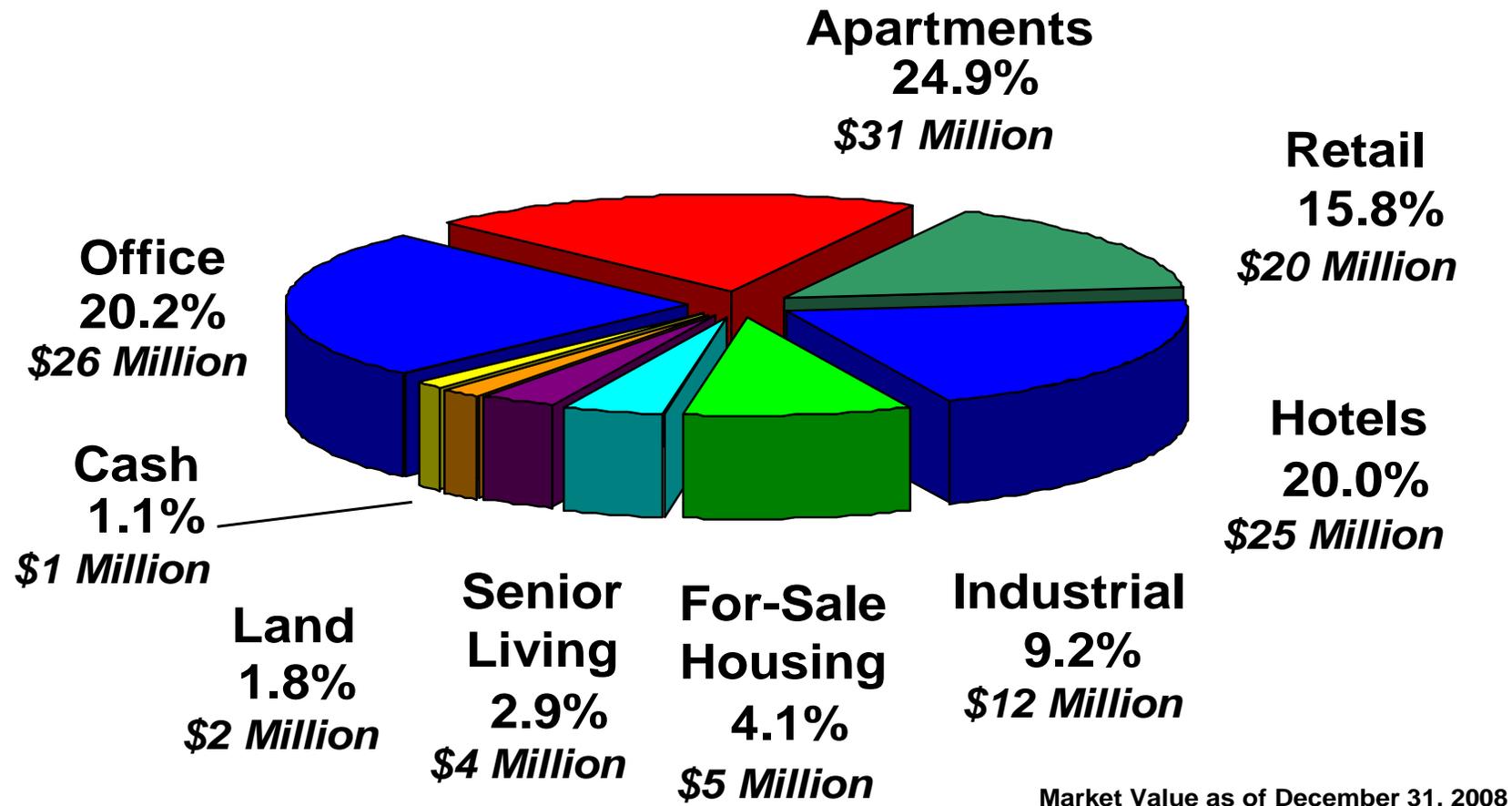


Market Value as of December 31, 2008



Real Estate

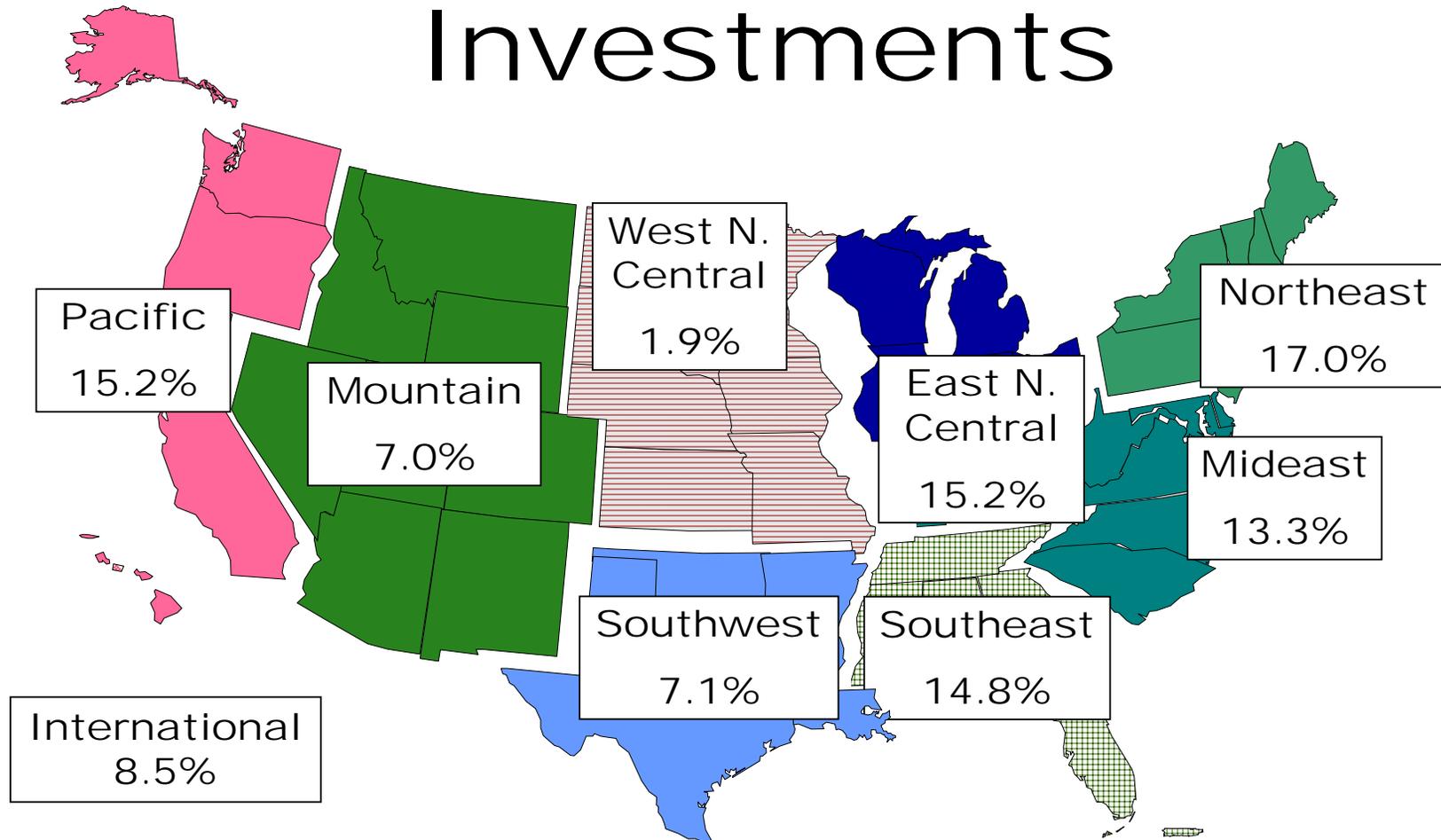
\$126 Million



Market Value as of December 31, 2008



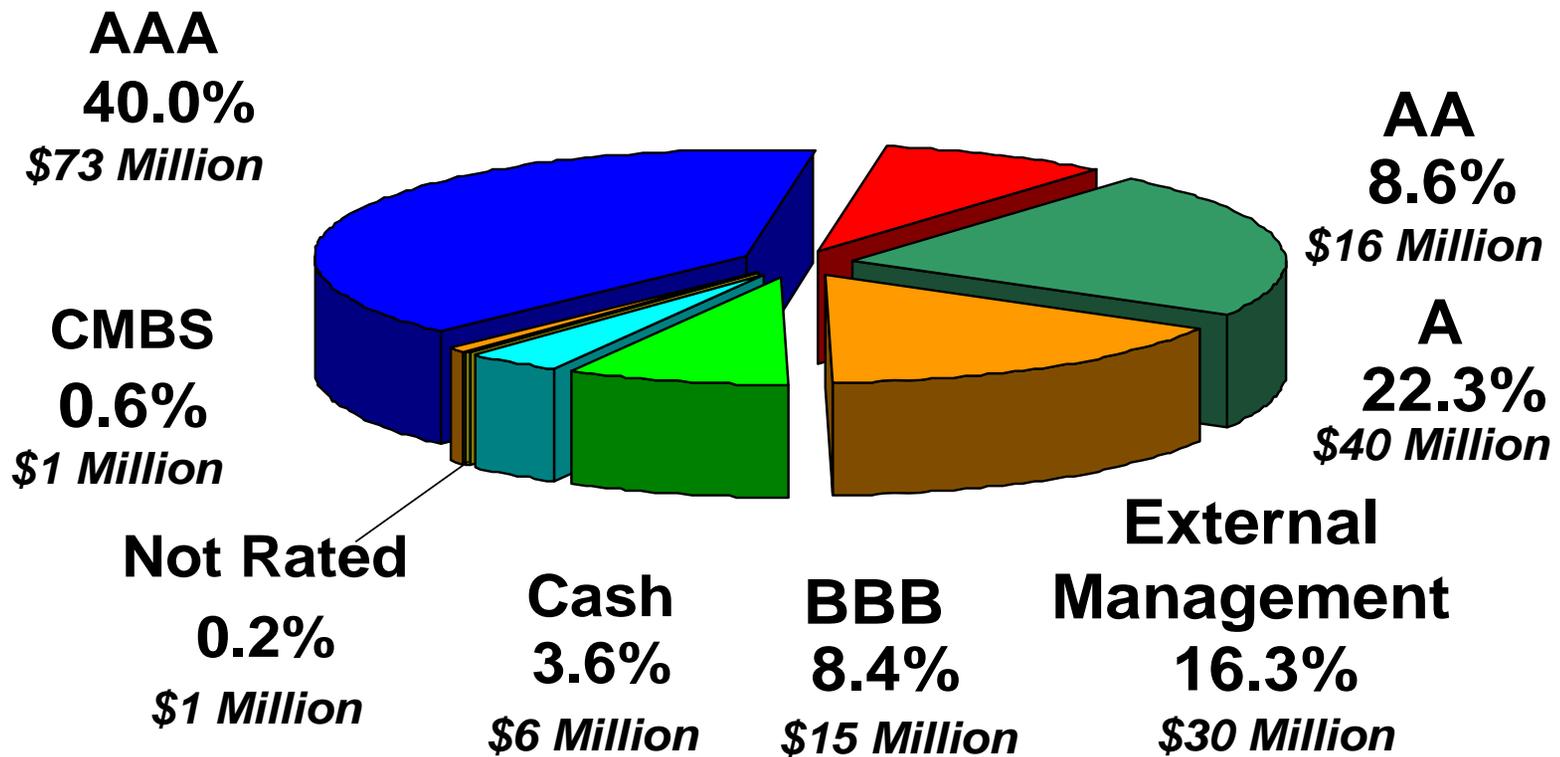
Real Estate Investments





Government and Corporate Bonds

\$182 Million



Market Value as of December 31, 2008



Disclaimer



This presentation was given solely for the purpose of explaining the structure and investment process for the State of Michigan Retirement Systems. It should not be interpreted in any way as financial advice.