

Natural Resources Related Trust Funds

March 4, 2010



**Prepared By Bureau of Investments
Michigan Department of Treasury**

DNR Amount Available For Investment FY 2009/2010

Fund	Total Market Value of Fund 12/31/2009	Amount Available For Investment*
Game & Fish Protection (Lifetime License)	\$15,186,053	\$1,679,794
Game & Fish Protection Trust	123,275,222	109,816,260
Natural Resources Trust	545,377,374	418,490,631
State Parks Endowment	146,200,518	135,276,349
Nongame Fish & Wildlife Trust	6,521,348	5,992,806
Total	\$836,560,515	\$671,255,840

*Amounts Provided by DNR 1/11/10.

Asset Allocation Targets FY 2009/2010

Fund	Amount Available For Investment	Asset Allocation Targets	
		Bonds	Equity
Game & Fish Lifetime License	\$1,679,794	100%	0%
Game & Fish Protection Trust	109,816,260	70%	30%
Natural Resources Trust	418,490,631	75%	25%
State Parks Endowment	135,276,349	75%	25%
Nongame Fish & Wildlife Trust	<u>5,992,806</u>	90%	10%
Total	<u><u>\$671,255,840</u></u>		

Game & Fish Protection Trust (124)

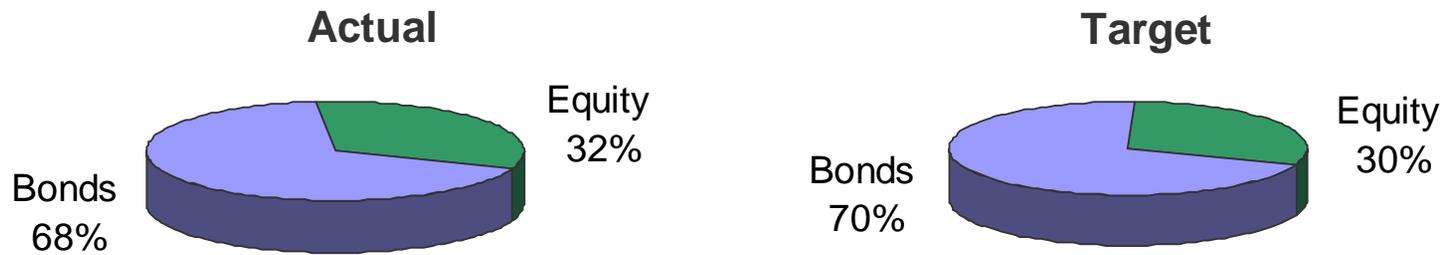
Asset Allocation

Asset Class	As of December 31, 2009	
	Market Value	%
Bond Investments	\$74,325,506	67.7%
Equity Investments	35,114,399	32.0%
<i>Total Bonds + Equity</i>	<i>\$109,439,905</i>	<i>99.7%</i>
Cash Available For Investment*	376,355	0.3%
<i>Amount Available For Investment</i>	<i>\$109,816,260</i>	<i>100.0%</i>
Operating Funds	13,458,962	
Total MV For Fund	<u>\$123,275,222</u>	

*Cash and cash equivalents

Game & Fish Protection Trust (124)

Actual Allocation vs. Targeted Allocation



Amt. Available For Investment	Target For Bond Investments		Actual Bond Inv. as of Dec. 31, 2009		Difference of Target/Actual	
	Ratio	Amount*	Market Value	%*	Market Value	%*
\$109,816,260	70%	\$76,871,382	\$74,325,506	68%	-\$2,545,876	-2%
Amt. Available For Investment	Target For Equity Investments		Actual Equity Inv. as of Dec. 31, 2009		Difference of Target/Actual	
	Ratio	Amount*	Market Value	%*	Market Value	%*
\$109,816,260	30%	\$32,944,878	\$35,114,399	32%	\$2,169,521	2%

* Based on Amount Available For Inv.

Game & Fish Protection Trust (124)

Investment Holdings as of December 31, 2009

Top 10 Bond Holdings

Issuer	Coup.	Maturity	Rating	YTM	Price	Market Value	%*
KONINKLIJKE PHILIPS ELEC.	4.625	03/11/13	A3	2.88	\$104.94	\$5,246,769	4.3%
PEPSICO INC	5.000	06/01/18	AA2	4.45	103.78	5,189,054	4.2%
PACCAR INC	6.875	02/15/14	A1	3.51	112.81	4,512,236	3.7%
TARGET CORP	5.375	05/01/17	A2	4.21	106.74	3,286,392	2.7%
WYETH	5.500	02/15/16	A1	4.10	108.22	3,246,636	2.6%
CATERPILLAR FINL SVCS	4.900	08/15/13	A2	3.07	106.23	3,186,834	2.6%
DEERE JOHN CAP CORP	5.350	04/03/18	A2	4.52	105.68	3,170,526	2.6%
BP CAP MKTS P L C	3.625	05/08/14	AA1	3.06	102.30	3,069,015	2.5%
WAL MART STORES INC	4.125	02/01/19	AA2	4.30	98.72	2,961,702	2.4%
CONNECTICUT LT & PWR CO	5.500	02/01/19	A2	4.74	105.52	2,638,090	2.1%
REMAINING 25 BOND HLDGS.	5.392	05/10/18		4.47	104.93	37,818,252	30.7%
Total Bond Holdings	5.275	7.18	A1	4.14	\$105.81	\$74,325,506	

*% of Total Market Value For Fund

Game & Fish Protection Trust (124)

Investment Holdings as of December 31, 2009

Equity Holdings

Issuer	Shares	Price	Market Value
Vanguard S&P 500	341,282	\$101.980	\$34,803,924
Vanguard Midcap	18,931	16.400	310,475
Total Equity Holdings			\$35,114,399
<i>Cash/Commercial Paper*</i>			\$13,835,317

*Includes Cash Remaining For Investment and Cash For Operating Funds.

Estimated Income & Dividends Over the Next 12 Months		
	<u><i>Return Rate*</i></u>	<u><i>Amount</i></u>
<i>Bonds</i>	<i>Varies</i>	\$3,716,000
<i>Common Cash</i>	<i>0.25%</i>	34,588
<i>Equity Dividends</i>	<i>1.90%</i>	667,174
Total Estimated Income & Dividends Over the Next 12 Months		\$4,417,762
Income Yield on Current Market Value	3.58%	

*Excludes appreciation.

Natural Resources Trust (129)

Asset Allocation

Asset Class	As of December 31, 2009	
	Market Value	%
Bond Investments	\$273,416,319	65.3%
Equity Investments	92,386,412	22.1%
<i>Total Bonds + Equity</i>	<i>\$365,802,731</i>	<i>87.4%</i>
Cash Available For Investment*	52,687,900	12.6%
<i>Amount Available For Investment</i>	<i>\$418,490,631</i>	<i>100.0%</i>
Operating Funds	126,886,743	
Total MV For Fund	\$545,377,374	

*Cash and Cash Equivalents

Natural Resources Trust (129)

Actual Allocation vs. Targeted Allocation



Amt. Available For Investment	Target For Bond Investments		Actual Bond Inv. as of Dec. 31, 2009		Difference of Target/Actual	
	Ratio	Amount*	Market Value	%*	Market Value	%*
\$418,490,631	75%	\$313,867,973	\$273,416,319	65%	-\$40,451,654	-10%
Amt. Available For Investment	Target For Equity Investments		Actual Equity Inv. as of Dec. 31, 2009		Difference of Target/Actual	
	Ratio	Amount*	Market Value	%*	Market Value	%*
\$418,490,631	25%	\$104,622,658	\$92,386,412	22%	-\$12,236,246	-3%

* Based on Amount Available For Inv.

Natural Resources Trust (129)

Investment Holdings as of December 31, 2009

Top 10 Bond Holdings

Issuer	Coup.	Maturity	Rating	YTM	Price	Market Value	%*
GENERAL ELEC CAP CORP	5.000	03/30/19	AA2	5.87	\$93.85	\$9,854,670	1.8%
ABBOTT LABS	3.750	03/15/11	A1	0.98	103.31	8,780,925	1.6%
CAMPBELL SOUP CO	4.500	02/15/19	A2	4.49	100.07	8,345,821	1.5%
PRAXAIR INC	3.950	06/01/13	A2	2.65	104.23	7,817,175	1.4%
GNMA POOL - 003930	5.500	12/20/36	AGY	3.79	105.05	6,007,842	1.1%
DETROIT EDISON CO	5.600	06/15/18	A2	4.79	105.55	5,805,008	1.1%
CATERPILLAR FINL CORP	5.250	03/15/19	A2	5.69	96.87	5,569,956	1.0%
WESTERN UN CO	6.500	02/26/14	A3	3.58	111.18	5,558,775	1.0%
GNMA POOL - 687749	5.500	02/15/35	AGY	3.93	105.30	5,525,253	1.0%
CONOCOPHILLIPS	5.750	02/01/19	A1	4.47	109.45	5,472,735	1.0%
REMAINING 60 BOND HLDGS.	4.997	01/29/18		4.14	104.41	204,678,159	37.5%
Total Bond Holdings	4.984	8.30	A1	4.12	\$104.08	\$273,416,319	

*% of Total Market Value For Fund

Natural Resources Trust (129)

Investment Holdings as of December 31, 2009

Equity Holdings

Issuer	Shares	Price	Market Value
Vanguard S&P 500	843,421	\$101.980	\$86,012,103
Vanguard Midcap	388,677	16.400	6,374,309
Total Equity Holdings			\$92,386,412
<i>Cash/Commercial Paper*</i>		\$179,574,643	\$179,574,643

*Includes Cash Remaining For Investment and Cash For Operating Funds.

Estimated Income & Dividends Over the Next 12 Months

	<u>Return Rate*</u>	<u>Amount</u>
<i>Bonds</i>	<i>Varies</i>	\$13,116,000
<i>Common Cash</i>	<i>0.25%</i>	448,937
<i>Equity Dividends</i>	<i>1.90%</i>	1,755,342
Total Estimated Income & Dividends Over the Next 12 Months		\$15,320,279
Income Yield on Current Market Value	2.81%	

*Excludes appreciation.

State Parks Endowment (130)

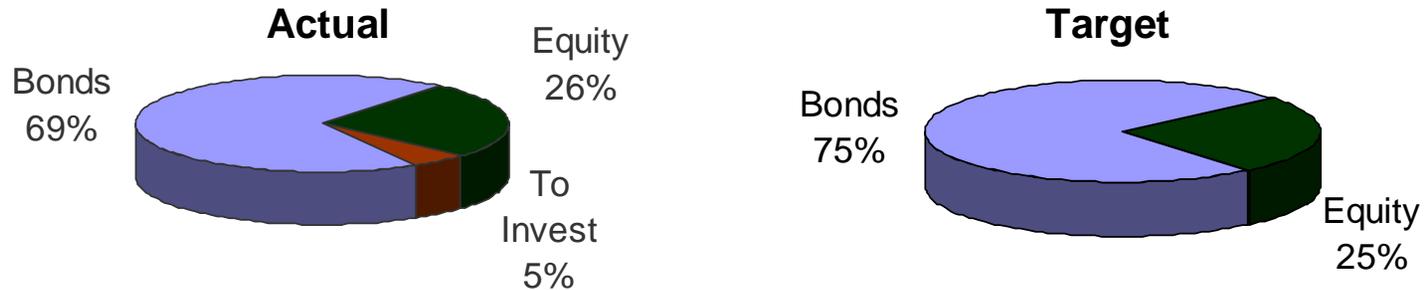
Asset Allocation

Asset Class	As of December 31, 2009	
	Market Value	%
Bond Investments	\$93,063,299	68.8%
Equity Investments	34,948,459	25.8%
<i>Total Bonds + Equity</i>	<i>\$128,011,758</i>	<i>94.6%</i>
Cash Available For Investment*	7,264,591	5.4%
<i>Amount Available For Investment</i>	<i>\$135,276,349</i>	<i>100.0%</i>
Operating Funds	10,924,169	
Total MV For Fund	\$146,200,518	

*Cash and Cash Equivalents

State Parks Endowment (130)

Actual Allocation vs. Targeted Allocation



<u>Amt. Available For Investment</u>	<u>Target For Bond Investments</u>		<u>Actual Bond Inv. as of Dec. 31, 2009</u>		<u>Difference of Target/Actual</u>	
	<u>Ratio</u>	<u>Amount*</u>	<u>Market Value</u>	<u>%*</u>	<u>Market Value</u>	<u>%*</u>
\$135,276,349	75%	\$101,457,262	\$93,063,299	69%	-\$8,393,963	-6%
<u>Amt. Available For Investment</u>	<u>Target For Equity Investments</u>		<u>Actual Equity Inv. as of Dec. 31, 2009</u>		<u>Difference of Target/Actual</u>	
	<u>Ratio</u>	<u>Amount*</u>	<u>Market Value</u>	<u>%*</u>	<u>Market Value</u>	<u>%*</u>
\$135,276,349	25%	\$33,819,087	\$34,948,459	26%	\$1,129,372	1%

* Based on Amount Available For Inv.

State Parks Endowment (130)

Investment Holdings as of December 31, 2009

Top 10 Bond Holdings

Issuer	Coup.	Maturity	Rating	YTM	Price	Market Value	%*
WALGREEN CO	5.250	01/15/19	A2	4.42	\$106.12	\$5,306,040	3.6%
DEERE JOHN CAP CORP	5.350	04/03/18	A2	4.52	105.68	4,650,105	3.2%
CAMPBELL SOUP CO	4.500	02/15/19	A2	4.49	100.07	4,002,792	2.7%
UNITED PARCEL SVC INC	4.250	09/15/15	AA3	4.14	100.57	3,268,623	2.2%
HEWLETT PACKARD CO	4.750	06/02/14	A2	3.10	106.79	3,203,571	2.2%
TOYOTA MTR CRD CORP	4.850	02/27/15	AA1	6.05	94.85	3,177,622	2.2%
CATERPILLAR FINL CORP	5.250	03/15/19	A2	5.69	96.87	3,148,236	2.2%
VERIZON COMM.	5.500	02/15/18	A3	4.84	104.36	3,130,713	2.1%
UNILEVER CAP CORP	3.650	02/15/14	A1	2.88	102.99	3,089,658	2.1%
BOEING CO	4.875	02/15/20	A2	4.84	100.27	3,008,133	2.1%
REMAINING 32 BOND HLDGS	5.159	09/01/18		3.99	105.04	57,077,807	39.0%
Total Bond Holdings	5.021	7.97	A1	4.23	\$103.98	\$93,063,299	

*% of Total Market Value For Fund

State Parks Endowment (130)

Investment Holdings as of December 31, 2009

Equity Holdings

Issuer	Shares	Price	Market Value
Vanguard S&P 500	328,153	\$101.980	\$33,465,007
Vanguard Midcap	90,454	16.400	1,483,452
Total Equity Holdings			\$34,948,459
<i>Cash/Commercial Paper</i>		\$18,188,760	\$18,188,760

*Includes Cash Remaining For Investment and Cash For Operating Funds.

Estimated Income & Dividends Over the Next 12 Months

	<u>Return Rate*</u>	<u>Amount</u>
<i>Bonds</i>	<i>Varies</i>	\$4,502,000
<i>Common Cash</i>	0.25%	45,472
<i>Equity Dividends</i>	1.90%	664,021
Total Estimated Income & Dividends Over the Next 12 Months		\$5,211,493
Income Yield on Current Market Value	3.56%	

*Excludes appreciation.

Nongame Fish & Wildlife (143)

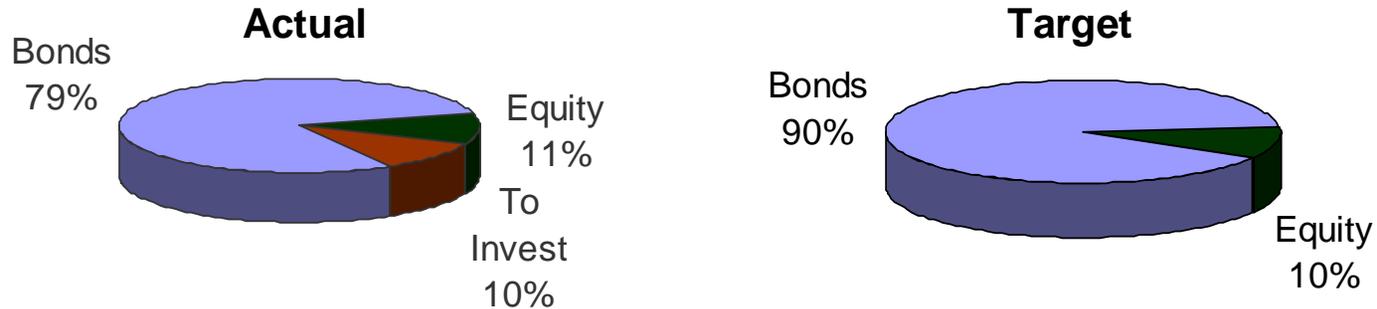
Asset Allocation

Asset Class	As of December 31, 2009	
	Market Value	%
Bond Investments	\$4,742,481	79.1%
Equity Investments	682,228	11.4%
<i>Total Bonds + Equity</i>	<i>\$5,424,709</i>	<i>90.5%</i>
Cash Available For Investment*	568,097	9.5%
<i>Amount Available For Investment</i>	<i>\$5,992,806</i>	<i>100.0%</i>
Operating Funds	528,542	
Total MV For Fund	\$6,521,348	

*Cash and cash equivalents

Nongame Fish & Wildlife Trust (143)

Actual Allocation vs. Targeted Allocation



<u>Amt. Available For Investment</u>	<u>Target For Bond Investments</u>		<u>Actual Bond Inv. as of Dec. 31, 2009</u>		<u>Difference of Target/Actual</u>	
	<u>Ratio</u>	<u>Amount*</u>	<u>Market Value</u>	<u>%*</u>	<u>Market Value</u>	<u>%*</u>
\$5,992,806	90%	\$5,393,525	\$4,742,481	79%	-\$651,044	-11%
<u>Amt. Available For Investment</u>	<u>Target For Equity Investments</u>		<u>Actual Equity Inv. as of Dec. 31, 2009</u>		<u>Difference of Target/Actual</u>	
	<u>Ratio</u>	<u>Amount*</u>	<u>Market Value</u>	<u>%*</u>	<u>Market Value</u>	<u>%*</u>
\$5,992,806	10%	\$599,281	\$682,228	11%	\$82,947	1%

* Based on Amount Available For Inv.

Nongame Fish & Wildlife Trust (143)

Investment Holdings as of December 31, 2009

Bond Holdings

Issuer	Coup.	Maturity	Rating	YTM	Price	Market Value	%*
TOYOTA MTR CRD CORP	4.850	02/27/15	AA1	6.05	\$94.85	\$569,126	8.7%
AVON PRODS INC	5.750	03/01/18	A2	4.66	107.32	536,583	8.2%
TARGET CORP	5.375	05/01/17	A2	4.21	106.74	533,679	8.2%
DETROIT EDISON CO	5.600	06/15/18	A2	4.79	105.55	527,728	8.1%
KONINKLIJKE PHILIPS ELEC.	4.625	03/11/13	A3	2.88	104.94	524,677	8.0%
UNITED PARCEL SVC INC	4.250	09/15/15	AA3	4.14	100.57	502,865	7.7%
CATERPILLAR FINL CORP	5.250	03/15/19	A2	5.69	96.87	484,344	7.4%
AVON PRODS INC	4.200	07/15/18	A2	4.66	95.94	383,770	5.9%
WELLS FARGO & CO	4.625	04/15/14	A2	4.12	101.98	254,953	3.9%
PUBLIC SVC ELEC GAS CO	6.330	11/01/13	A2	3.15	111.38	222,761	3.4%
BELLSOUTH CORP	5.200	12/15/16	A2	4.64	101.00	201,996	3.1%
Total Bond Holdings	5.049	6.61	A1	4.54	\$102.47	\$4,742,481	

*% of Total Market Value For Fund

Nongame Fish & Wildlife Trust (143)

Investment Holdings as of December 31, 2009

Equity Holdings

Issuer	Shares	Price	Market Value
Vanguard S&P 500	6,689.82	\$101.980	\$682,228
<i>Cash/Commercial Paper*</i>		<i>\$1,096,639</i>	<i>\$1,096,639</i>

*Includes Cash Remaining For Investment and Cash For Operating Funds.

Estimated Income & Dividends Over the Next 12 Months

	<u>Return Rate*</u>	<u>Amount</u>
<i>Bonds</i>	<i>Varies</i>	\$235,000
<i>Common Cash</i>	<i>0.25%</i>	2,742
<i>Equity Dividends</i>	<i>1.90%</i>	12,962
Total Estimated Income & Dividends Over the Next 12 Months		\$250,704
Income Yield on Current Market Value	3.84%	

*Excludes appreciation.

Investment Return Performance By DNR Fund

As of December 31, 2009

<i>Fund</i>	<i>Time-Weighted Rates of Return</i>			
	<i>5 Yrs*</i>	<i>3 Yrs*</i>	<i>2 Yrs*</i>	<i>1 Yr</i>
Game & Fish Lifetime License	3.91%	3.68%	2.66%	4.55%
Game & Fish Trust Fund	5.13%	3.95%	2.10%	15.52%
Natural Resources Trust Fund	4.83%	4.68%	3.48%	9.50%
State Parks Endowment Fund	5.09%	4.88%	3.53%	12.35%
Nongame Fish & Wildlife Trust	5.55%	6.14%	5.27%	12.52%
Combined DNR Trust Funds	4.91%	4.63%	3.28%	10.91%

*Annualized returns
Returns based on the total value of each fund

Investment Return Performance By Asset Class - Bonds & Cash

As of December 31, 2009

<i>Asset Class</i>	%**	<i>Time-Weighted Rates of Return</i>			
		<i>5 Yrs*</i>	<i>3 Yrs*</i>	<i>2 Yrs*</i>	<i>1 Yr</i>
Short Term Investments	27.0%	3.51%	2.99%	1.73%	0.59%
<i>30 Day Treasury Bill</i>		<i>2.72%</i>	<i>1.98%</i>	<i>0.72%</i>	<i>0.09%</i>
U.S. Government Bonds	3.1%	5.19%	5.89%	5.17%	4.74%
<i>Barclays Govt. Security Index</i>		<i>4.87%</i>	<i>6.10%</i>	<i>4.84%</i>	<i>-2.20%</i>
Corporate Bonds	50.4%	5.63%	7.47%	7.19%	11.46%
<i>Barclays Credit Index</i>		<i>4.67%</i>	<i>5.74%</i>	<i>6.05%</i>	<i>16.04%</i>

*Annualized Returns
**% of Combined DNR Trust Funds

Investment Return Performance By Asset Class - Equities & Total As of December 31, 2009

<i>Asset Class</i>	<i>%***</i>	<i>Time-Weighted Rates of Return</i>			
		<i>5 Yrs*</i>	<i>3 Yrs*</i>	<i>2 Yrs*</i>	<i>1 Yr</i>
S&P 500 Fund****	18.5%	N/A**	N/A**	-10.64%	26.65%
<i>S&P 500 Index</i>		<i>0.42%</i>	<i>-5.63%</i>	<i>-10.74%</i>	<i>26.46%</i>
Mid Cap Fund****	1.0%	N/A**	N/A**	-9.54%	40.51%
<i>MSCI US Mid Cap 450 Index</i>		<i>2.39%</i>	<i>-4.60%</i>	<i>-9.58%</i>	<i>40.49%</i>
Total Equities	19.5%	N/A**	N/A**	-10.59%	27.25%
Total Funds	100.0%	4.91%	4.63%	3.28%	10.91%

*Annualized Returns
 **N/A = Not Available
 ***% of Combined DNR Trust Funds
 ****Vanguard Mutual Funds, expense ratio of 5 BP in S&P 500 fund, 12 BP in Midcap Fund

Natural Resources Related Trust Funds

Asset Allocation Update

As of February 28, 2010

Fund No.	Fund Name	Asset Allocation Targets*		2/28/10 Asset Allocation Estimate*	
		Bonds	Equity	Bonds	Equity
124	Game & Fish Protection Trust	70%	30%	72%	32%
129	Natural Resources Trust	75%	25%	74%	24%
130	State Parks Endowment	75%	25%	72%	26%
143	Nongame Fish & Wildlife Trust	90%	10%	80%	11%

*Ratio Based on Amount Available For Investment.

Prepared by Bureau of Investments, Michigan Department of Treasury

Economic Outlook

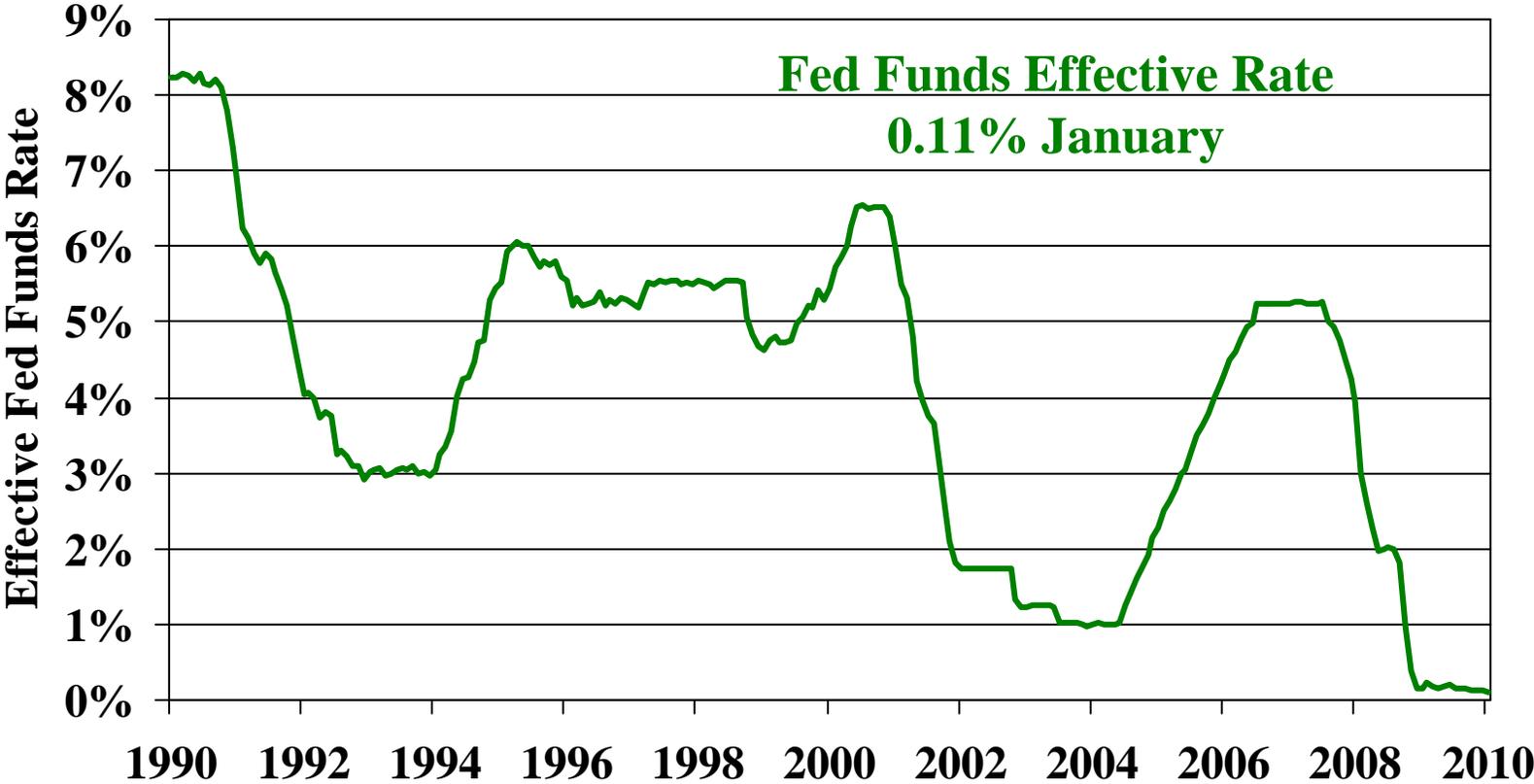


*Gregory Parker, CFA
Acting Deputy Chief Investment Officer*

Economic Outlook Summary

- Sustainable positive quarterly GDP growth is expected in 2010, with growth forecasted to continue into 2011.
- Consumers still faced with weak housing and labor markets, and tighter credit.
- Households continue to deleverage, with low inflation expected to support any real gain in personal incomes.
- Credit conditions have improved significantly over the past year and have room for continued spread tightening.

Federal Reserve Effective Rate Still Low



Source: Federal Reserve Board

Credit Spreads Have Narrowed



Source: ML Indices (COA0, HOA0), CreditSights

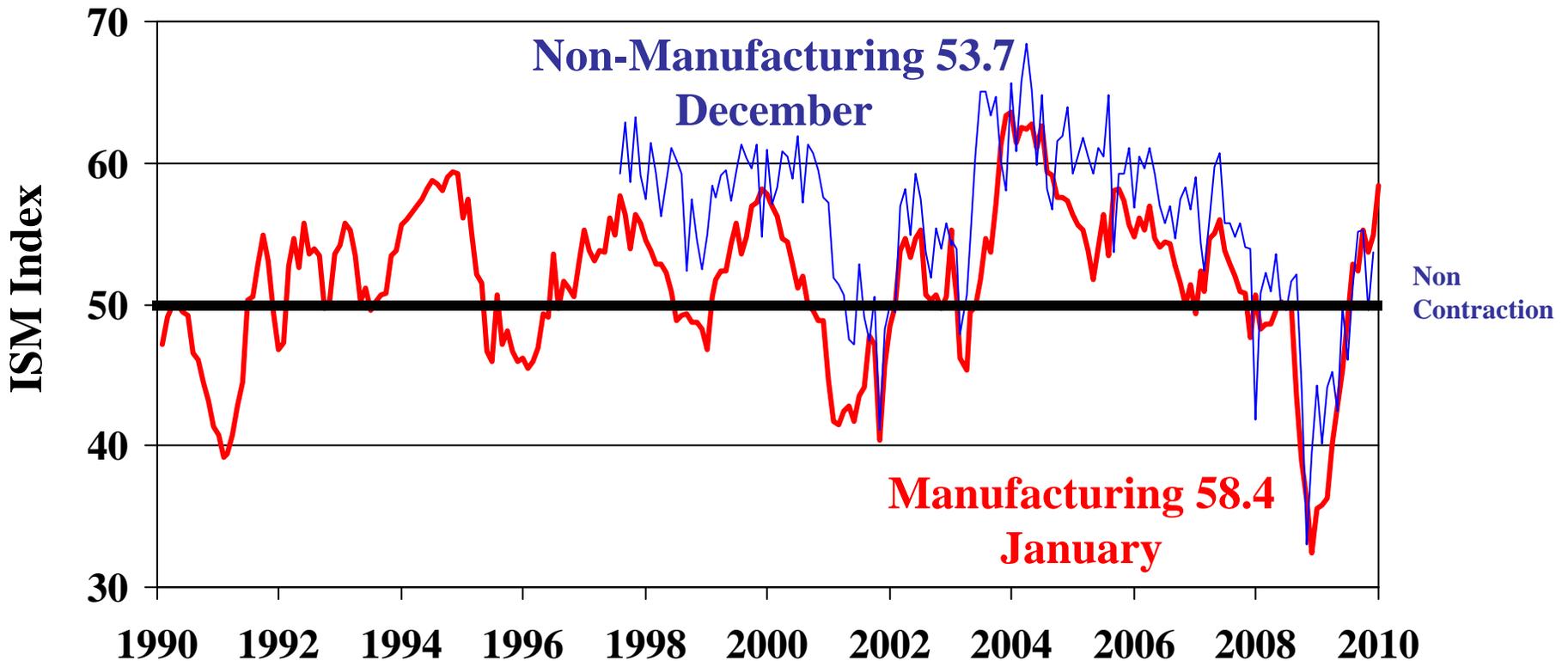
Equity Markets Have Rebounded

10 Year S&P 500 Price Movement



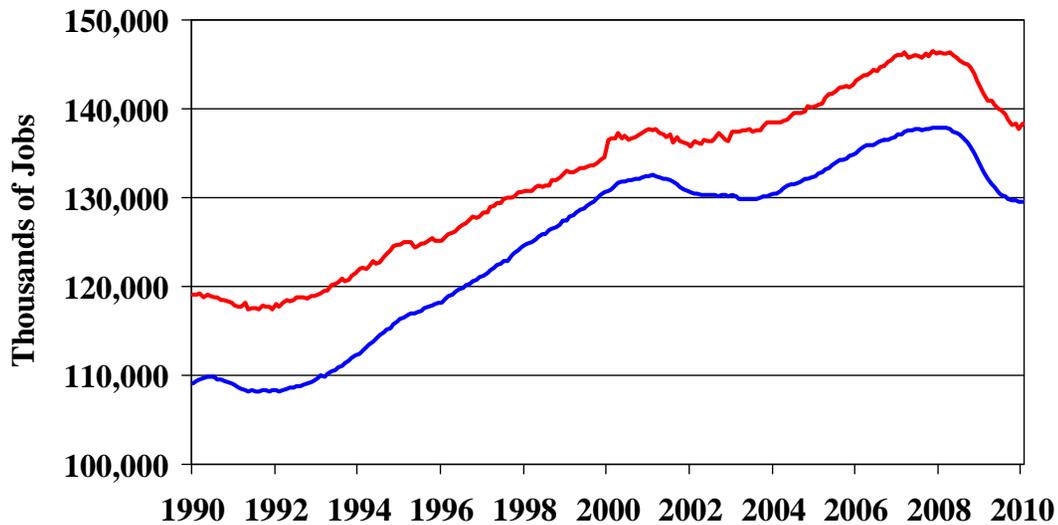
Long Term Standard Deviation 17% for Equities, 4.25% for Bonds (RV Kuhns)

Manufacturing/Non-Manufacturing Expanding



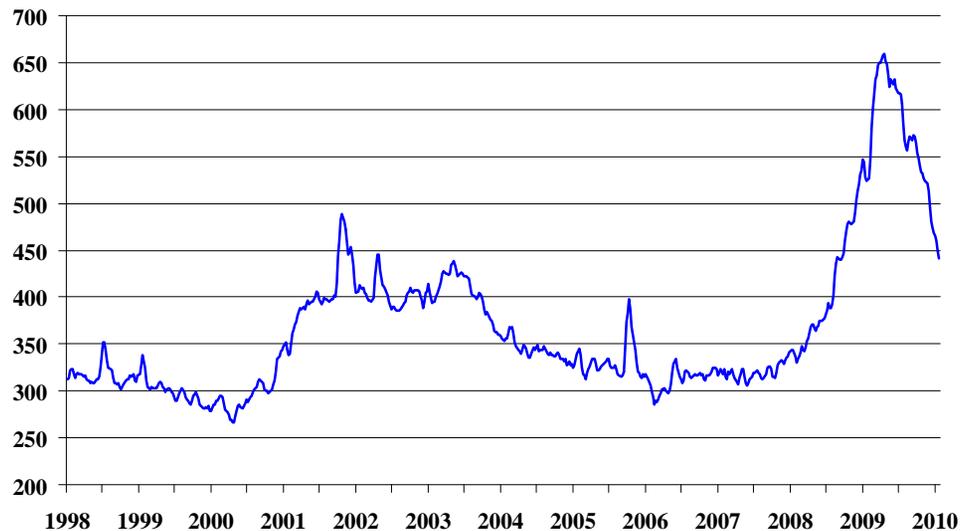
Source: Institute for Supply Management

Employment Remains Weak But May Have Bottomed

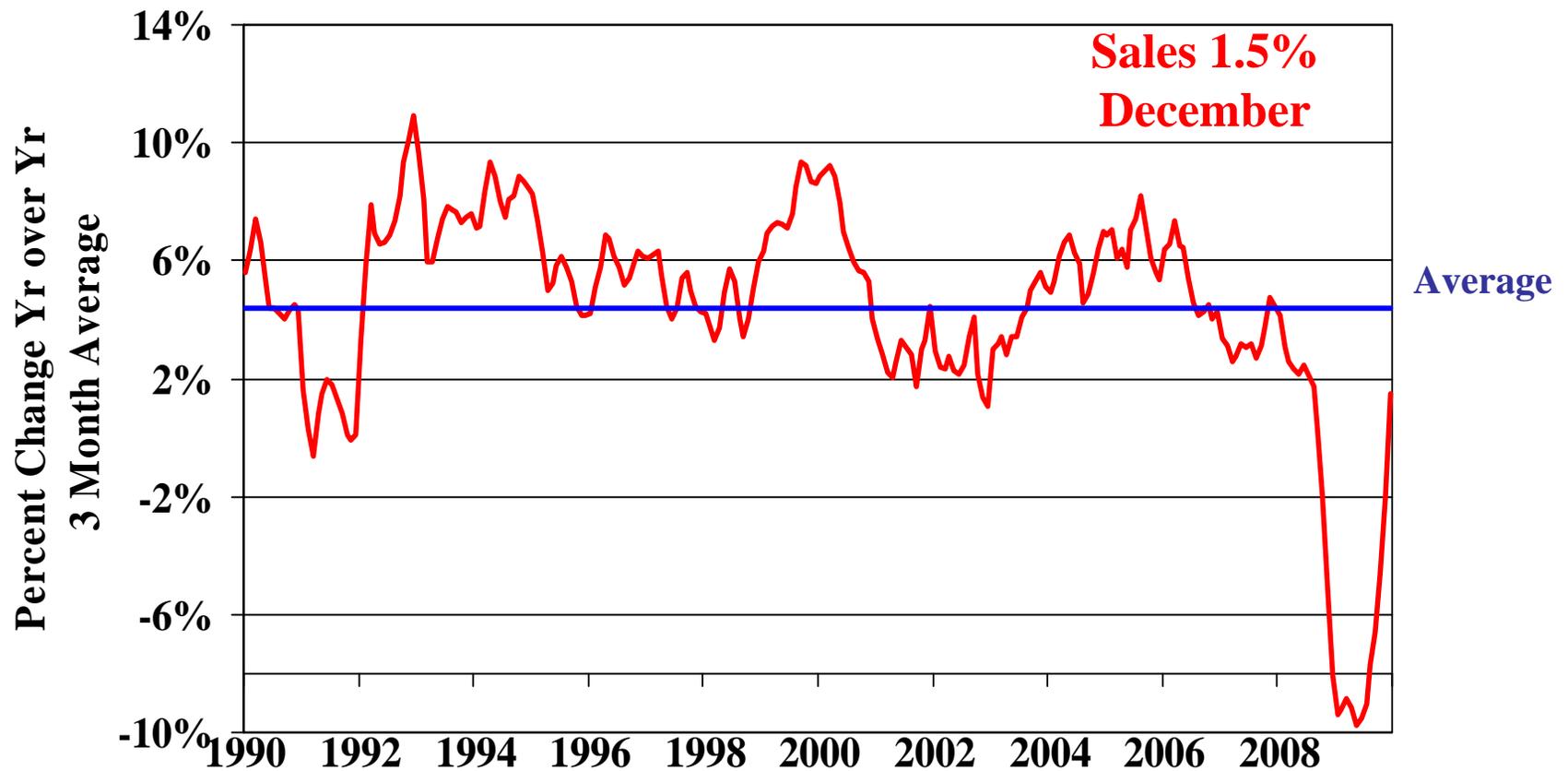


Job Losses Remain

Unemployment Claims
Have Declined Recently



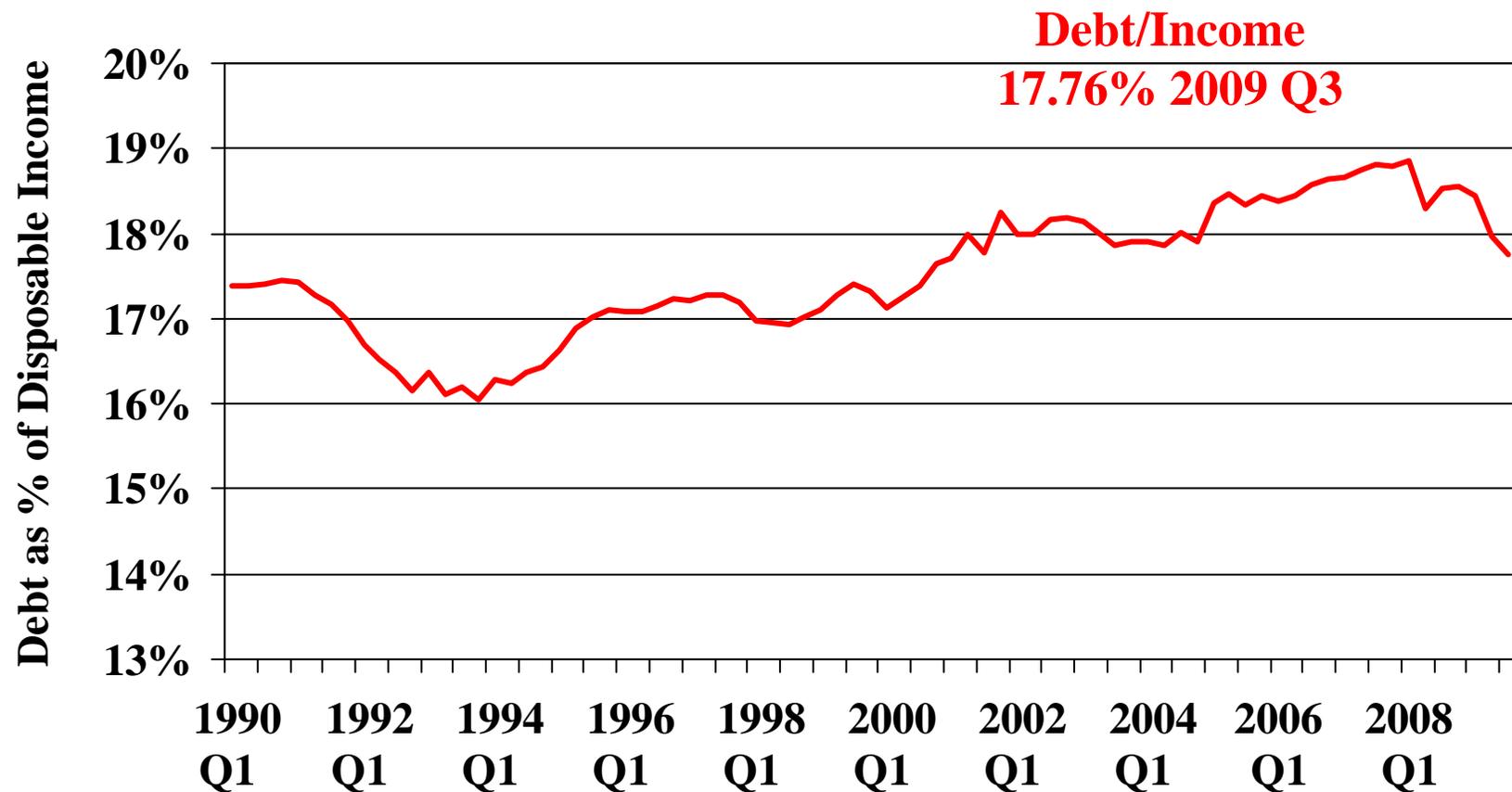
Retail Sales Show Modest Improvement But Still Below Average



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Consumer Debt Declining

Financial Obligations as Percent of Disposable Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis

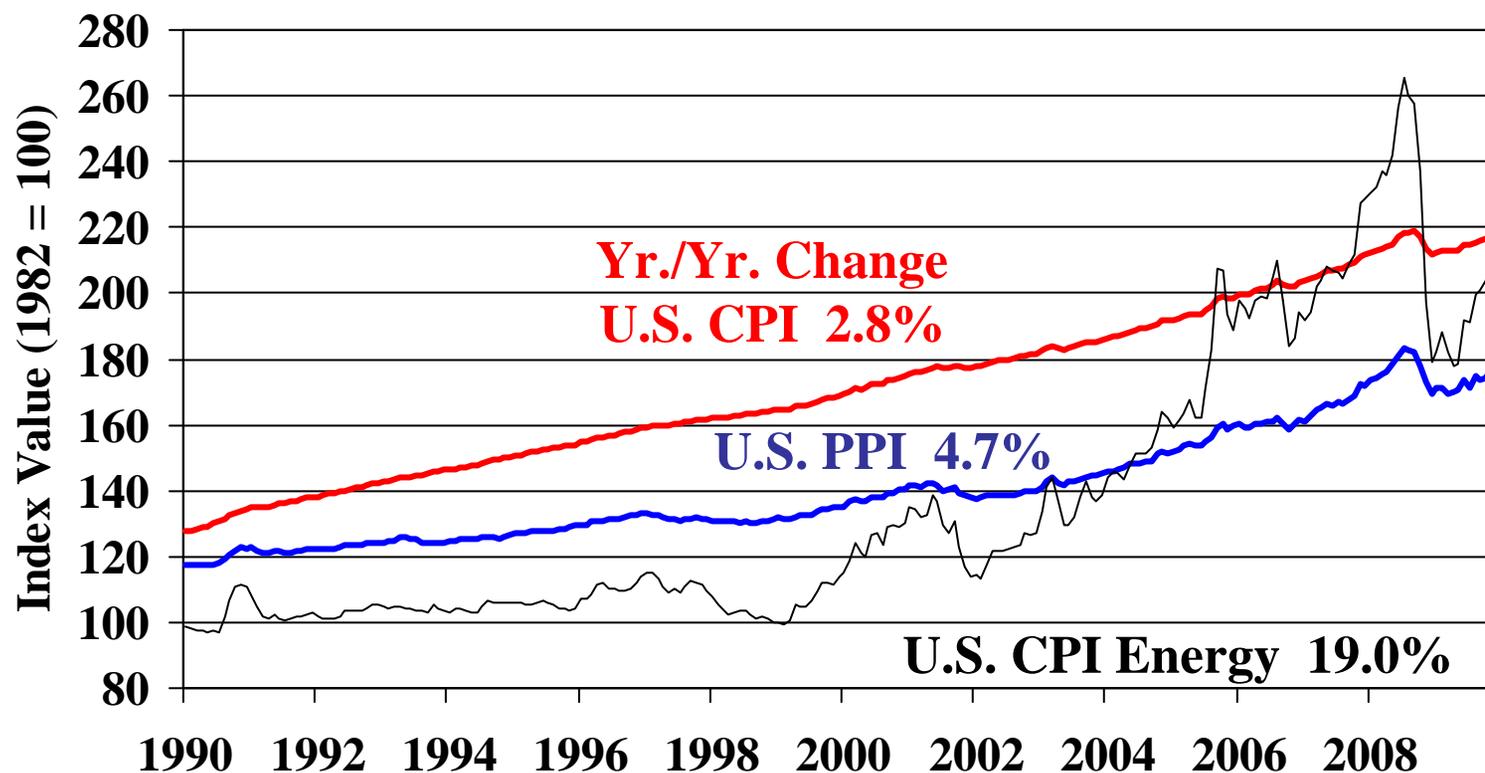
Capital Spending Improving But Still In Negative Territory

New Orders for Durable Goods (Excluding Aircraft and Defense)



Source: U.S. Department of Commerce, Bureau of Economic Analysis

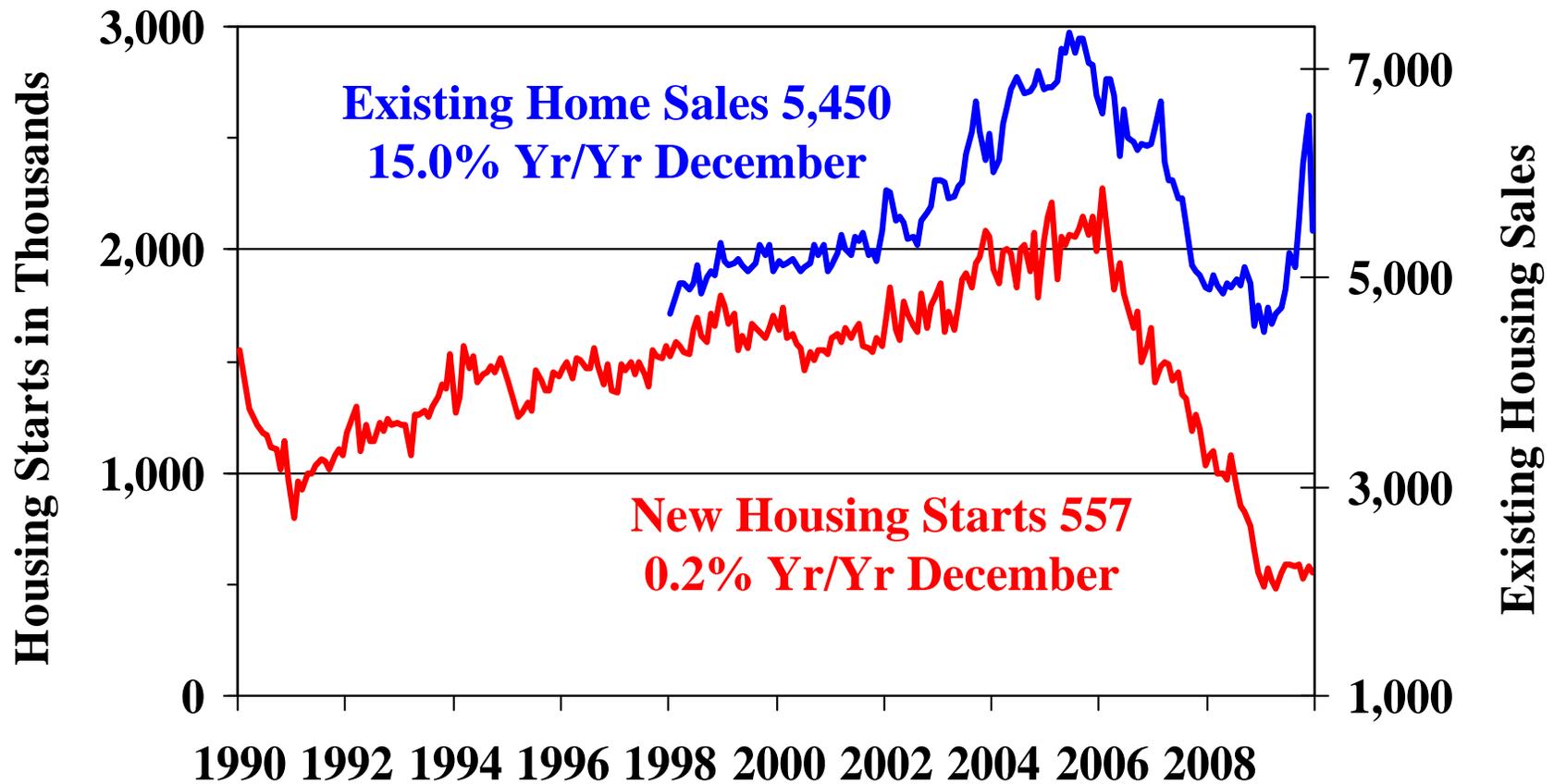
Consumer and Producer Prices Increased Year-Over-Year



Note: Rate are year-over-year for latest month, seasonally adjusted.

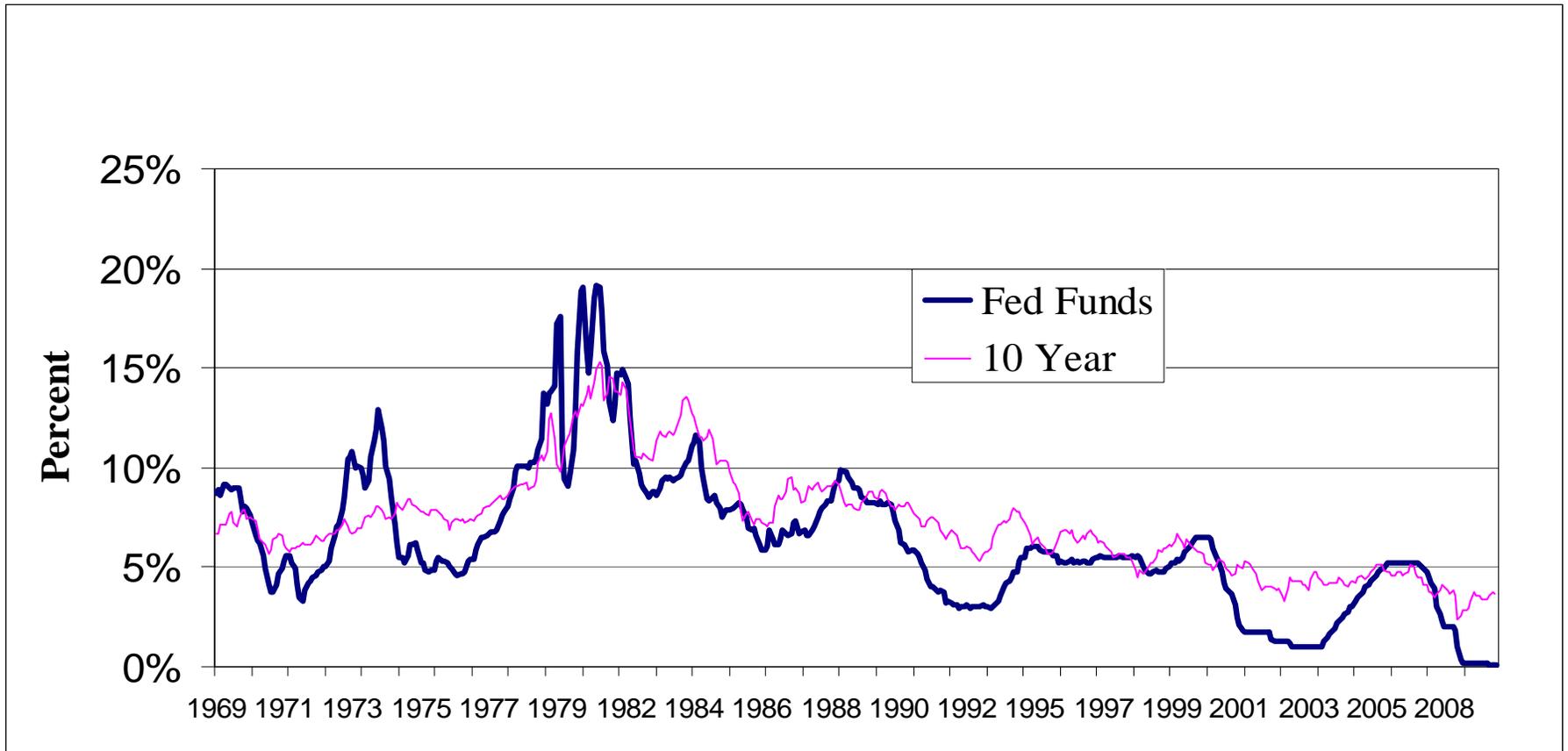
Source: U.S. Department of Labor, Bureau of Labor Statistics

Existing Home Sales Aided By Homebuyers' Tax Credit, Housing Starts Still in a Slump



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Low Interest Rates



Source: Federal Reserve Board, National Bureau of Economic Research

U.S. Economic Forecast Comparisons

<u>Real GDP Growth</u>	<u>2009</u>	<u>2010</u>
Univ. of Michigan	-2.5%	2.3%
Blue Chip	-2.4%	3.0%
Global Insight	-2.4%	3.0%

Upside Risks To The Forecast

- Credit conditions improve quickly.
- Job loss less than expected.
- Stronger export growth.

Downside Risks To the Forecast

- Significant job loss/high unemployment.
- Continued credit market events.
- Housing market downturn continues into 2010.
- Shock to economy from geopolitical events.

S&P 500 Long-Term Outlook

Formula: Dividend Yield + Long-Term Growth = S&P 500 Expected Return

Dividend Yield (1) + Future Growth (2)

= Expected Return on S&P 500* 9.0%

(1) S&P 500 Normal Dividend Yield 4.5%

(Normal Dividends/S&P 500 Price Level)

S&P 500 Normal Dividends \$50

(Including Share Repurchases)

S&P 500 Price Level \$1,104

(2) S&P 500 Long-Term Growth Estimate 4.5%**

*All information as of 2/26/2010

**Long-term growth estimates of 5% and 5.5% would boost expected returns on the S&P 500 to 9.3% and 9.5% respectively, as lower dividend yields (due to increased growth capital needs) somewhat offset higher growth rates.

Bonds & Cash Long-Term Outlook

30 Year Treasury Bond	4.5%
Moody's AAA Bonds	5.3%
Moody's BAA Bonds	6.4%
General Fund Cash Return	0.25%

*All information as of 2/26/2010