

## **Performance for the Quarter and Year-to-Date ended March 31, 2008**

The first quarter of 2008 was a difficult period for the U.S. and world stock markets. All the major U.S. indices suffered losses, with the technology-driven Nasdaq experiencing the greatest decline of 14.1%. International economies were unable to avoid the market turmoil experienced in the U.S. and saw steep drops in the values of their stock markets. For example, the Shanghai Stock Exchange Composite Index lost 32% in value over the course of the quarter. The U.S. dollar suffered from recessionary fears as it fell in value, on a relative basis, by 7.5%, 10.5% and 12.3% versus the Euro, Japanese Yen and Swiss Franc, respectively. As investors sought safety in fixed-income securities, the yield on 10-year U.S. Treasury securities declined from 4.03% to 3.45%. Due to global demand and inflationary fears, commodities were in high demand—gold and oil traded for over \$1,000 a troy ounce and \$110 a barrel, respectively, in mid-March.

This environment was driven by continued anxiety in the housing and credit markets as newly released data continued to show signs of a recession. In January, new home sales dropped by 26.4% from the prior year, the worst sales record in history. At the same time, the Federal Reserve reported Americans' percentage of equity in their homes was below 50% for the first time on record since 1945. The percentage of all mortgages subject to foreclosure jumped to an all-time high of 0.83%. Economists generally expect the percentage of equity and foreclosure rates to continue to deteriorate as housing prices are expected to continue declining. The effects of tightening credit markets translated into 232,000 lost jobs during the quarter, as unemployment jumped to 5.1%. In March, the Consumer Confidence Index registered at 33.1, the worst level since 2002.

The U.S. government took bold steps to ease the crisis. In a series of moves, the federal funds target rate was decreased by 200 basis points to 2.25%. Congress approved a \$168 billion fiscal stimulus plan primarily for lower- and middle-income households and business investment incentives. Caps on mortgage loans purchased by Fannie Mae and Freddie Mac were increased from \$418,000 to \$729,750 to facilitate access to mortgage loans. The Federal Reserve provided \$260 billion in short-term loans to banks. With the near-collapse of 85-year old Wall Street investment bank Bear Stearns, the Federal Reserve agreed to fund up to \$30 billion of Bear Stearns' less-liquid assets to stabilize its balance sheet. As the quarter drew to a close, Treasury Secretary Henry Paulson proposed the Treasury's Blueprint for Financial Regulatory Reform, which would include a merger between the Securities Exchange Commission and the Commodities and Futures Trading Commission. The Blueprint also would allow the Federal Reserve to be not only a central bank, but also a forensic accountant, entitled to review financial information of any firm making investments that could destabilize the economy.

For the first quarter of 2008, the General Board's fixed-income funds produced positive results, while the equity funds lost value. The Domestic Bond Fund generated a 4.8% return for the quarter and outperformed its benchmark by 4.0%. These results were due in part to the Domestic Bond Fund's diverse allocation to corporate bonds, U.S. and international government securities and affordable housing loans, as well as a change in the methodology used to determine the fair-market value of a portion of the assets of the Domestic Bond Fund. This change resulted in a one-time increase in the per-unit value of the Domestic Bond Fund of approximately 51 cents. The Domestic Stock Fund was most severely impacted by the investor concerns affecting the U.S. economy and declined 8.6% for the quarter. However, it outperformed its benchmark by 0.9%.

## **Fund and Benchmark Performance for Periods Ended March 31, 2008, net of fees**

<b>General Board Funds</b>	<b>Quarter</b>	<b>YTD</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Inception</b>
Multiple Asset <sup>1</sup>	-3.7%	-3.7%	1.8%	6.4%	9.4%	12.9%	N/A	8.7%
Custom Benchmark <sup>2</sup>	-5.4%	-5.4%	0.6%	5.8%	8.0%	11.8%	N/A	7.7%
Domestic Bond	4.8%	4.8%	7.6%	7.8%	6.2%	4.9%	6.1%	6.1%
Lehman U.S. Universal (blend) <sup>3</sup>	0.8%	0.8%	5.5%	6.2%	4.9%	4.2%	5.8%	5.8%
Inflation Protection Fund <sup>4</sup>	4.3%	4.3%	13.1%	9.2%	6.4%	NA	NA	6.4%
BCGI Inflt-nLnkd Indx	5.1%	5.1%	14.7%	9.8%	6.8%	NA	NA	6.7%
Stable Value Fund <sup>5</sup>	1.1%	1.1%	4.6%	4.5%	4.3%	3.9%	N/A	3.9%
Ryan Labs GIC Index	1.2%	1.2%	4.7%	4.4%	4.0%	3.5%	N/A	3.5%
Balanced Social Values Plus	-4.7%	-4.7%	0.0%	2.2%	5.5%	8.6%	3.5%	4.1%
Custom Benchmark <sup>6</sup>	-4.9%	-4.9%	-0.7%	4.2%	6.0%	8.9%	4.6%	5.4%
Domestic Stock	-8.6%	-8.6%	-5.3%	2.4%	6.5%	12.2%	4.0%	5.1%
Russell 3000 Index	-9.5%	-9.5%	-6.1%	2.2%	6.1%	12.1%	3.9%	5.0%
International Stock	-7.4%	-7.4%	3.7%	11.2%	17.0%	21.9%	8.7%	9.9%
MSCI Blend <sup>7</sup>	-9.1%	-9.1%	2.1%	10.6%	15.1%	22.6%	6.7%	8.0%

<sup>1</sup> Inception for Multiple Asset Fund is 5/1/2002.

<sup>2</sup> On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

<sup>3</sup> The benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index on January 1, 2006. Prior to this date, the benchmark had been the Lehman Aggregate Bond Index from January 1, 2003 through December 31, 2005, and the Lehman Intermediate Aggregate Bond Index prior to January 1, 2003. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

<sup>4</sup> Inception for Inflation Protection Fund is 12/31/2003.

<sup>5</sup> Inception for Stable Value Fund is 11/30/2002.

<sup>6</sup> From 12/31/1997 (the inception of the Balanced Social Values Plus Fund) to 09/30/2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3-month Treasury Bills Index. As of 10/01/07, the benchmark composition is 60% Domini 400 Social Index, 30% Lehman Mortgaged Backed Securities Index and 10% Merrill Lynch 90-day Treasury Bill Index.

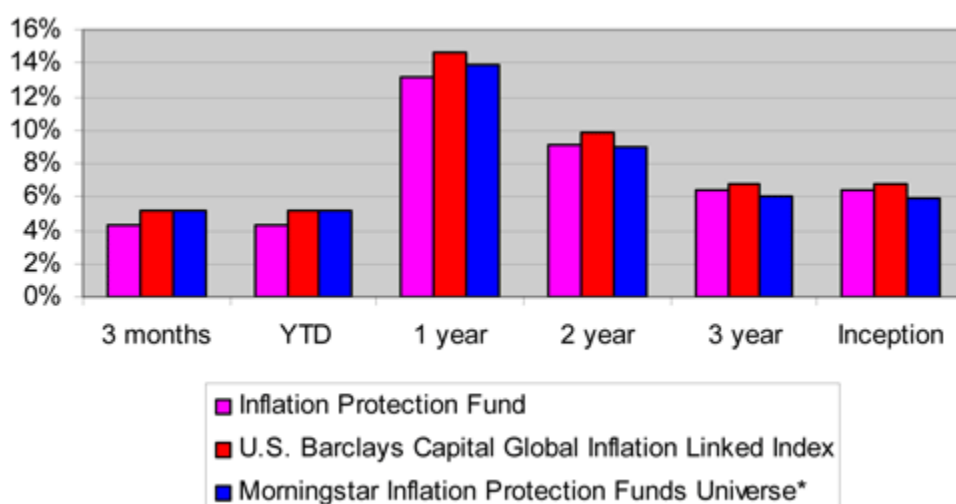
<sup>7</sup> The benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

The charts below compare the performance of each of the General Board's funds (except for the Stable Value Fund, for which there is no comparable data) with similar funds reported in the Morningstar's universe of mutual fund returns. The row titled "Number of Funds" indicates how

many mutual funds similar to the General Board's fund appear in Morningstar's database. The row titled "Rank" indicates the percentile rank of the General Board's fund when compared to similar mutual funds. For example, a rank of 30% means that the General Board's fund performed in the top 30% of a universe of similar mutual funds.

## Recent and Long-Term Returns: Inflation Protection Fund Compared with Morningstar's Universe

The Inflation Protection Fund generated a 4.3% for the quarter and year-to-date, underperforming its benchmark by 0.8%. The Fund's allocation to U.S. inflation linked bonds positively contributed to performance, while the Fund's exposure to commodities and developing market inflation linked bonds detracted from performance relative to its benchmark.



Compound Annual Returns for the Periods Ending March 31, 2008, net of fees	3 months	YTD	1 year	2 year	3 year	Inception
Inflation Protection Fund	4.3%	4.3%	13.1%	9.2%	6.4%	6.4%
U.S. Barclays Capital Global Inflation Linked Index	5.1%	5.1%	14.7%	9.8%	6.8%	6.7%
Morningstar Inflation Protection Funds Universe*	5.2%	5.2%	13.9%	9.0%	6.0%	5.9%
Number of Funds	149	149	139	126	98	61
Rank	83%	83%	69%	43%	29%	15%

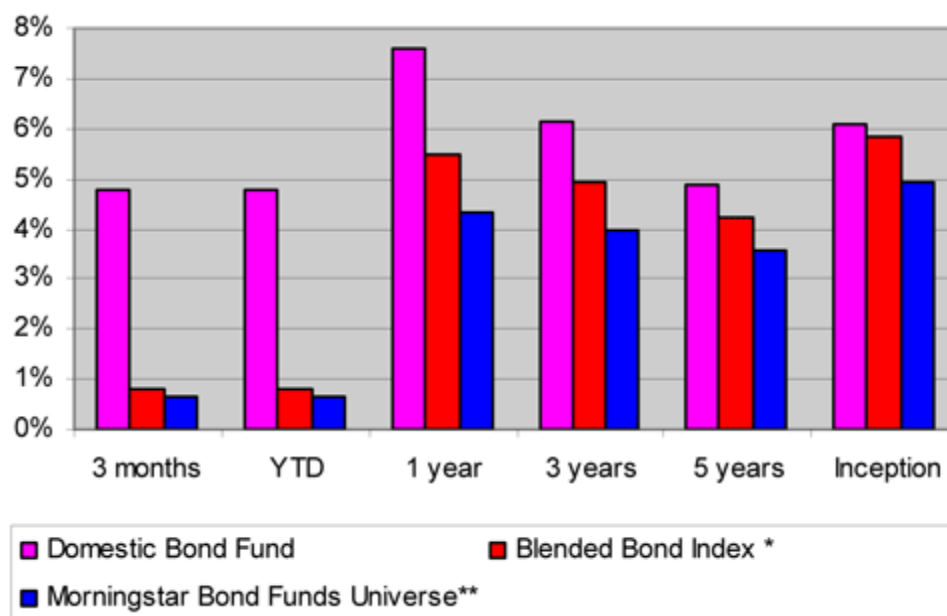
\* The comparison universe is derived from Wilshire's Morningstar predefined "Styles" of Inflation Protection Bonds.

[Back to Top](#)

## Recent and Long-Term Returns: Domestic Bond Fund Compared with Morningstar's Universe

For the quarter ending March 31, 2008, the Domestic Bond Fund returned 4.8%, an improvement over its benchmark by 4.0%. The Fund is significantly ahead of its benchmark for the following reasons. 1) a change in the methodology used to determine the fair market value for a portion of the Fund's assets resulted in a one-time positive adjustment to the Fund's price; 2) the global bond portfolio experienced excellent performance due to the weakening U.S. dollar; and 3) the strong performance of the Fund's diversified core bond manager contributed positively to

performance. For the quarter, the Fund ranked in the top 1% of all domestic bond funds in its universe.



Compound Annual Returns for the Periods Ending March 31, 2008, net of fees	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Domestic Bond Fund	4.8%	4.8%	7.6%	6.2%	4.9%	6.1%
Blended Bond Index *	0.8%	0.8%	5.5%	4.9%	4.2%	5.8%
Morningstar Bond Funds Universe **	0.7%	0.7%	4.4%	4.0%	3.6%	4.9%
Number of Funds	1,476	1,476	1,401	1,196	980	490
Rank	1%	1%	12%	2%	10%	6%

\* On January 1, 2006, the Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index. From January 1, 2003 through December 31, 2005, the benchmark had been the Lehman Aggregate Bond Index, and for dates prior to January 1, 2003, the benchmark was the Lehman Intermediate Aggregate Bond Index. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

\*\* Three of Wilshire Compass's predefined universes were combined to assemble the Bond Funds Universe. These universes consisted of mutual funds found in the Morningstar "Styles" of "Long-Term Bonds", "Intermediate-Term Bonds", and "Short-Term Bonds".

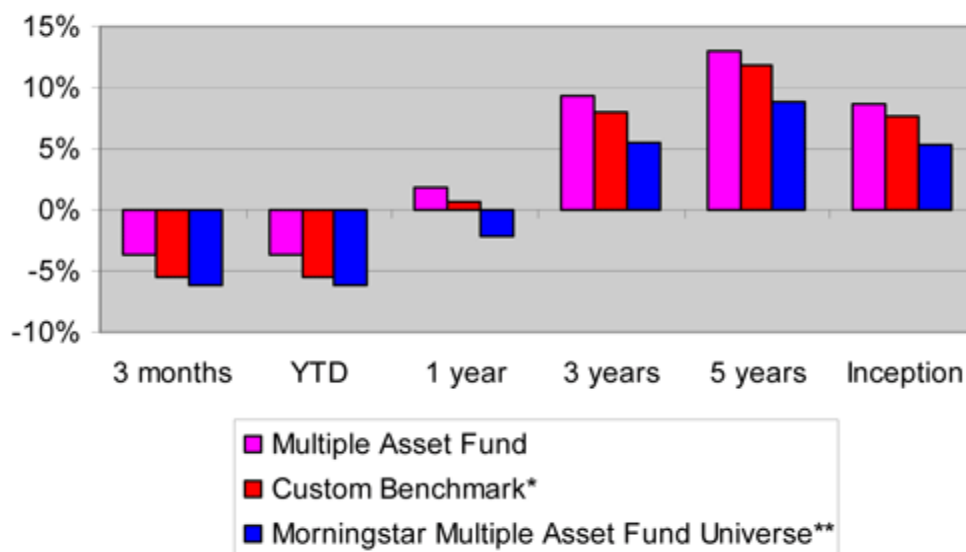
[Back to Top](#)

## Recent and Long-Term Returns: Multiple Asset Fund Compared with Morningstar's Universe

The Multiple Asset Fund represents a pre-specified mix of four of the General Board funds with a target allocation of 45% Domestic Stock Fund, 20% International Stock Fund, 25% Domestic Bond Fund, and 10% Inflation Protection Fund. When these differences in allocations exceed the pre-specified limits, the Multiple Asset Fund is rebalanced by selling shares of the over-allocated funds and purchasing shares of the under-allocated funds.

For the quarter ending March 31, 2008, the Multiple Asset Fund decreased in value by 3.7%, but outperformed its benchmark by 1.7%. These results are attributed to the performance of the four composite funds relative to their benchmarks for the quarter. For the quarter, the Fund ranked in the top 23% of all balanced funds in its universe.

Fund inception for the Multiple Asset Fund is May 1, 2002.



Fund inception for the Multiple Asset Fund is May 1, 2002.

Compound Annual Returns for the Periods Ending March 31, 2008, net of fees						
	<u>3 months</u>	<u>YTD</u>	<u>1 yr</u>	<u>3 yr</u>	<u>5 yr</u>	<u>Inception</u>
Multiple Asset Fund	-3.7%	-3.7%	1.8%	9.4%	12.9%	8.7%
Custom Benchmark *	-5.4%	-5.4%	0.6%	8.0%	11.8%	7.7%
Morningstar Multiple Asset Fund Universe**	-6.1%	-6.1%	-2.1%	5.5%	8.9%	5.4%
Number of Funds	1,524	1,524	1,405	1,113	826	736
Rank	23%	23%	18%	4%	6%	3%

\* On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

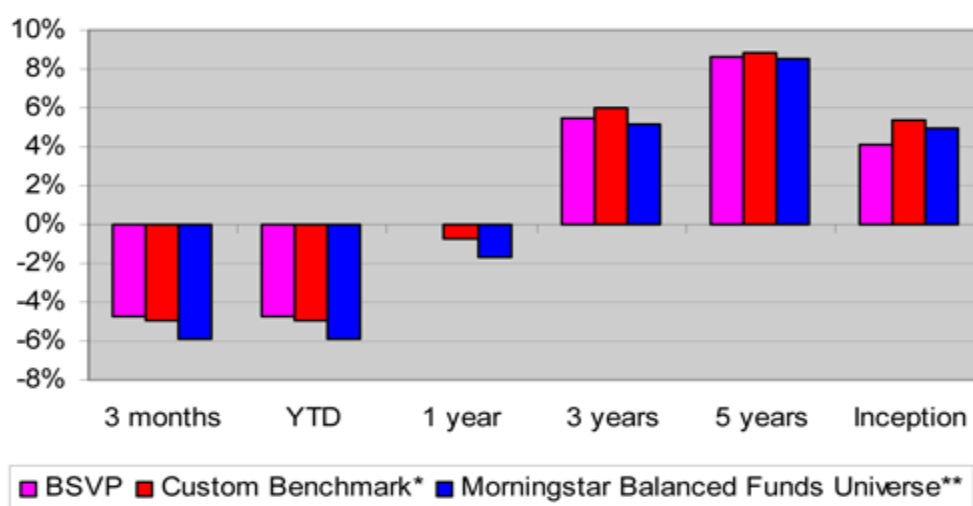
\*\* The comparison universe is derived from the Wilshire Compass Morningstar "Asset Class" of "Balanced" mutual funds.

[Back to Top](#)

## Recent and Long-Term Returns: Balanced Social Values Fund Compared with Morningstar's Universe

For the first quarter of 2008, the Balanced Social Values Plus Fund lost 4.7%, slightly outperforming its benchmark. The equity portion of the fund invests in the Domini 400 Index,

which is a socially responsible index. The fixed income portion of the Fund invests loans to support affordable housing.



Compound Annual Returns for the Periods Ending March 31, 2008, net of fees	3 months	YTD	1 year	3 years	5 years	Inception
Balanced Social Values Plus Fund	-4.7%	-4.7%	0.0%	5.5%	8.6%	4.1%
Custom Benchmark*	-4.9%	-4.9%	-0.7%	6.0%	8.9%	5.4%
Morningstar Balanced Funds Universe **	-5.9%	-5.9%	-1.7%	5.2%	8.6%	4.9%
Number of Funds	634	634	580	506	434	243
Rank	28%	28%	27%	41%	48%	69%

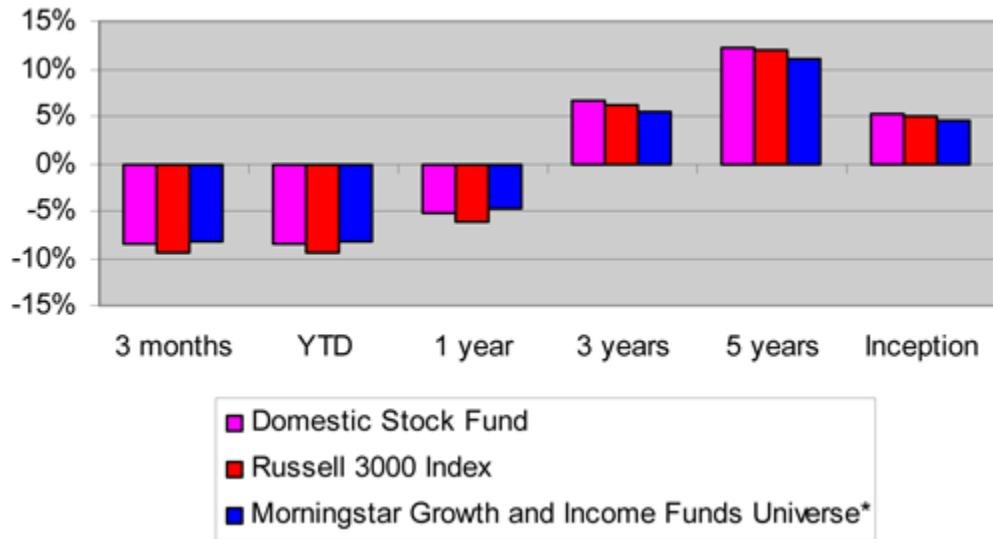
\* Prior to October 1, 2007, the benchmark for the Balanced Social Values Plus Fund was 60% Russell 3000 Index, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index. As of October 1, 2007, the benchmark composition is 60% Domini 400 Social Index, 30% Lehman Mortgaged Backed Securities Index and 10% Merrill Lynch 90-day Treasury Bill Index.

\*\* The comparison universe includes all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" for "Balanced" mutual funds.

[Back to Top](#)

## Recent and Long-Term Returns: Domestic Stock Fund Compared with Morningstar's Universe

For the quarter ending March 31, 2008, the Domestic Stock Fund was down 8.6%; however, the Fund was ahead of its benchmark by 0.9% for the quarter. The decline in equity values significantly impacted performance, but the Fund's allocation to publicly traded real estate investment trusts, private equity and private real estate improved overall performance.



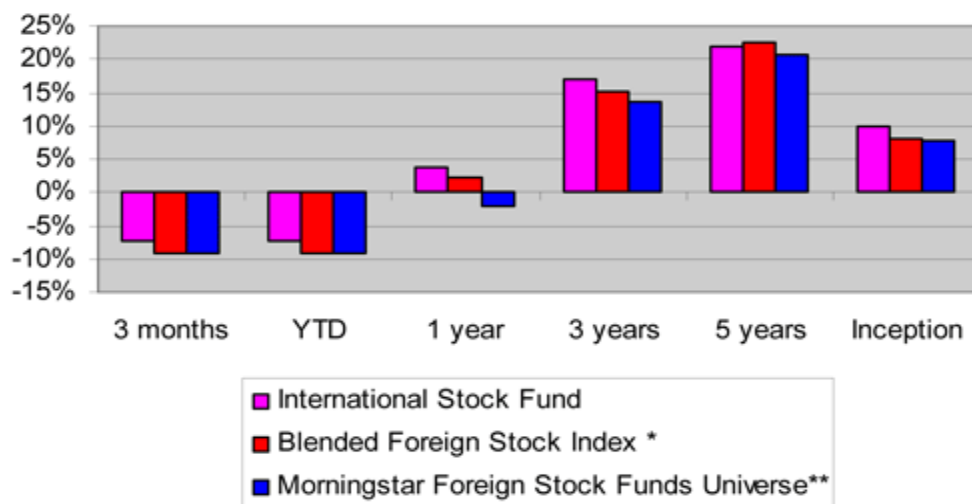
<b>Compound Annual Returns for the Periods Ending March 31, 2008, net of fees</b>	<b>3 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Inception</b>
Domestic Stock Fund	-8.6%	-8.6%	-5.3%	6.5%	12.2%	5.1%
Russell 3000 Index	-9.5%	-9.5%	-6.1%	6.1%	12.1%	5.0%
Morningstar Growth and Income Funds Universe*	-8.4%	-8.4%	-4.8%	5.5%	11.1%	4.6%
Number of Funds	2,677	2,677	2,330	1,413	1,034	502
Rank	52%	52%	55%	26%	32%	38%

\* The comparison universe incorporates funds from the following Wilshire Compass's Morningstar "Objectives" of "Growth and Income" mutual funds.

[Back to Top](#)

## Recent and Long-Term Returns: International Stock Fund Compared with Morningstar's Universe

For the first quarter 2008, the International Stock Fund lost 7.4% but outperformed its benchmark by 1.7%. Declining values of international equity markets directly impacted the Fund, but all but one of the Fund's active managers outperformed their benchmarks. In particular, the Fund's emerging markets managers underweighted their exposure to the Chinese and Indian stock markets, which both declined approximately 25% during the first quarter.



Compound Annual Returns for the Periods Ending March 31, 2008, net of fees	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
International Stock Fund	-7.4%	-7.4%	3.7%	17.0%	21.9%	9.9%
Blended Foreign Stock Index *	-9.1%	-9.1%	2.1%	15.1%	22.6%	8.0%
Morningstar Foreign Stock Funds Universe**	-9.1%	-9.1%	-2.0%	13.5%	20.8%	7.7%
Number of Funds	1,048	1,048	997	858	745	330
Rank	15%	15%	16%	16%	34%	28%

\* Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

\*\* The comparison universe contains all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" of "Foreign Stock Funds".

For further information on the General Board's investment strategy fund returns, please see the [Investment Funds Description](#) booklet, available on the General Board's Web site.

**Disclosure:** Past performance is not a predictor of future results. The General Board highly recommends that participants consult with a fee-only financial planner to develop a savings plan that is best suited to the participant's individual life circumstance and risk tolerance.