

Total Allocation Portfolio (TAP)

Investment Objective

The Total Allocation Portfolio (TAP) is a diversified portfolio that is intended for long-term investors. TAP assets are invested globally across five major asset classes and broadly among industries and countries to maximize returns at a prudent level of risk.

Investment Strategy

TAP assets are invested in public equities, fixed income products, private equity funds, real estate, and tangible assets such as timber and infrastructure. Under the direction and oversight of the Washington State Investment Board (WSIB), TAP assets are primarily managed by external investment professionals and partners. The fixed income portfolio for the TAP is internally managed by WSIB staff.

Public Equity

The TAP's public equity program is structured to reflect the globalization of capital markets. Investment managers for this program are selected by the WSIB for their insights and long-term convictions. They seek to achieve risk adjusted returns by finding the most attractive opportunities wherever they are in the world. All investments are in broad market-based domestic and non-U.S. passive index funds and global and emerging markets active mandates.

Fixed Income

The fixed income program, directly invested by WSIB staff seeks a rate of return over the Barclays Capital Universal Index.

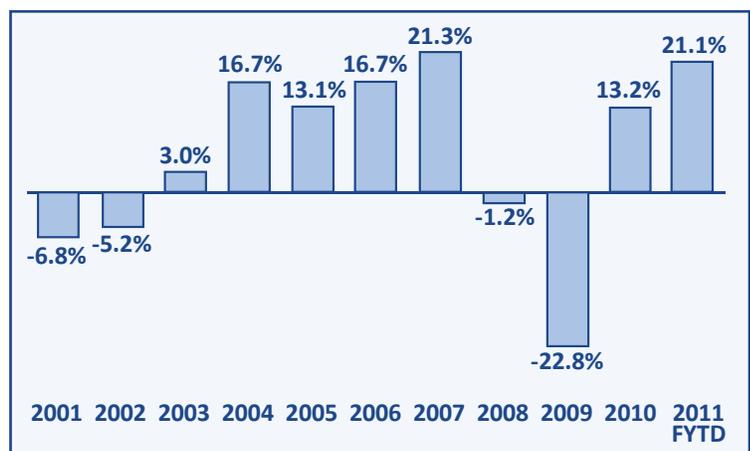
Private Equity, Real Estate, & Tangible Assets

These programs provide additional diversification for the TAP and provide access to long-term illiquid investment opportunities that are not typically available to most individuals. Investment commitments in these asset classes are generally considered more risky than publicly traded investments, but when employed consistently as part of a larger balanced portfolio, they can offer higher returns than traditional public equity investments.

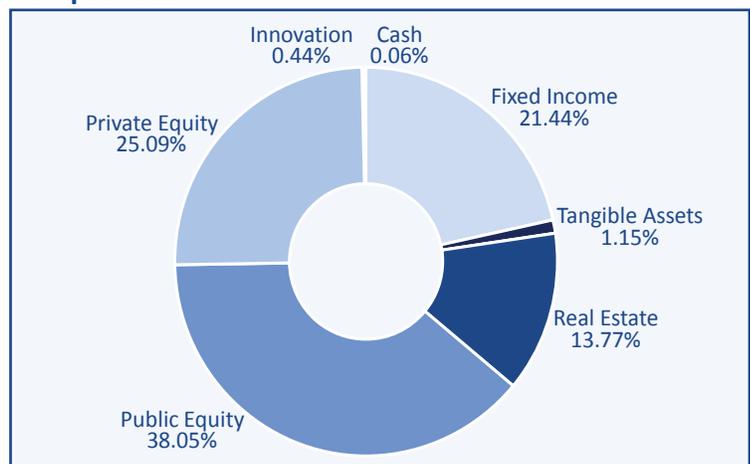
Performance

| | Fund ⁽¹⁾ | Benchmark ⁽²⁾ |
|---------|---------------------|--------------------------|
| Quarter | 2.57% | 0.94% |
| 1 Year | 21.14% | 22.69% |
| 3 Year | 1.91% | 4.18% |
| 5 Year | 4.87% | 4.86% |
| 10 Year | 6.67% | 5.43% |

Historical Performance for Fiscal Years Ending June 30



Composition



For more information on the TAP which is identical to the Commingled Trust Fund (CTF), visit our website: <http://www.sib.wa.gov>

(1) All performance figures are provided net of the manager's fees and other expenses, currently 0.5337%, debited from the fund. This is the same return and cost for all the State's retirement funds. Plan 3 members do not pay any additional fees to invest in the TAP. Historical performance is not necessarily indicative of future investment performance, which could differ substantially. All returns are calculated in U.S. dollars.

(2) The custom benchmark weights various published market indices in accordance with the target investment composition of the TAP investment pool. The index is currently derived from a weighting of 69% Dow Jones Global TSMI and 31% Barclays Capital Universal as of January 2008. Prior to that, it was derived from 52% Dow Jones Wilshire 5000 (domestic stock index), 25% Lehman Universal (domestic fixed income index), and 23% MSCI ACWI ex US (international stock index). The benchmark has changed over time in both the percentage weightings and the target index.