

**Missouri Investment Trust**  
**Minutes from the Meeting of the Board of Trustees**

**Held 12/14/2006**  
**11:00 a.m.**

**Item I: Call to Order**

State Treasurer Sarah Steelman called the meeting to order at 11:00 a.m., December 14, 2006.

**Item II: Roll Call**

Roll was taken to determine the presence of a quorum. Board Members attending via conference call were Sarah Steelman, Assistant Commissioner of Administration Rich Aubuchon (proxy for Mike Keathley), Ms. Kathy Conley Jones, Sen. Gary Nodler and Ms. Anita Yeckel. Ms. Margaret Conroy, a non-voting member, also attended, as did Mark Mathers from the State Treasurer's Office.

**Item III: Approval of Minutes**

A quorum having been established, Mr. Nodler moved the minutes from the June 21, 2006 meeting be approved. Ms. Yeckel seconded the motion, and the motion passed.

**Item IV: Old Business**

Mr. Mathers reviewed the investment results for the 3rd quarter of 2006 with the Board. Mr. Mathers noted that the non-annualized return for the quarter was 5.06%. Mr. Mathers also noted that the non-annualized three-month return for the new SSGA International Alpha Select Fund as of October 31, 2006 was 7.65%, which exceeded the MSCI EAFE benchmark by 74 bp.

**Item V: New Business**

Mr. Mathers explained that the allocation to MIT's international fund briefly exceeded 25% this summer, which is above the +/- 5% threshold in the Investment Policy. Once the international fund is above 25% of the MIT balance, this requires either a rebalancing of funds or an asset allocation change.

Mr. Mathers noted that when the MIT Board last adjusted asset allocations in 2004, it believed that an incremental approach of raising the MIT's exposure to international funds made sense. Ms. Jones agreed this was the case. Mr. Mathers then reviewed the Power Point file distributed to the Board and the reasons why an asset allocation change increasing MIT's exposure to international funds is warranted. These reasons include: (1) MIT's under-weighting

to international funds relative to other institutional investors, (2) the desire to reduce our home-country bias to US stocks and the market capitalization of US to foreign stocks, (3) the relative attractiveness of EAFE stocks on a valuation basis, (4) historical performance and (5) the use of international stocks to reduce the overall volatility of the MIT portfolio. For these reasons, Mr. Mathers recommending increasing the asset allocation target of international stocks from 20% to 25% of the MIT portfolio and making the appropriate changes to the MIT Investment Policy. A draft of the proposed changes to the Investment Policy was also distributed.

Ms. Jones indicated her support for the change and she also inquired as to the advisability of modifying the Investment Policy to specifically allow exposure to emerging markets within the asset allocation to international stocks. There was discussion of the issues related to emerging market stocks. Mr. Mathers suggested he could present the Board with an analysis of emerging markets at the next meeting.

Ms. Yeckel made a motion to approve the revised asset allocation of 25% to international stocks and 75% to domestic stocks. Ms. Jones seconded and the motion passed. Ms. Jones made a motion to modify the Investment Policy acting on the motion to modify the asset allocation as it relates to international stocks. Ms. Yeckel seconded and the motion passed.

#### **Item VI: Adjournment**

Ms. Steelman moved the current meeting be adjourned. Ms. Yeckel seconded, and the motion passed. Meeting adjourned.