

**STATE OF MONTANA BOARD OF INVESTMENTS
SHORT TERM INVESTMENT POOL FINANCIAL STATEMENTS**

STATEMENT OF NET ASSET VALUE JUNE 30, 2011 AND 2010

	<u>2011</u>		<u>2010</u>
<u>Assets</u>			
Cash	\$ 0	\$	0
Security lending cash collateral (Notes 3 and 4)	32,271,105		86,635,985
Interest receivable (Note 4)	1,036,021		1,627,915
Investments managed at amortized cost (Notes 2, 4 and 7)	<u>2,430,190,418</u>		<u>2,248,951,467</u>
Total assets	\$ <u>2,463,497,544</u>	\$	<u>2,337,215,367</u>
<u>Liabilities</u>			
Income due participants	\$ 540,739	\$	691,341
Security lending obligations	32,271,105		86,635,985
Security lending expense payable	13,023		15,315
STIP reserve (Note 5)	<u>5,598,915</u>		<u>1,695,138</u>
Total liabilities	\$ <u>38,423,782</u>	\$	<u>89,037,779</u>
Net asset value	\$ <u>2,425,073,762</u>	\$	<u>2,248,177,588</u>
Units Outstanding	2,425,073,762		2,248,177,588
Unit Value	\$ 1	\$	1

**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

Net asset value, beginning of year	\$ 2,248,177,588	\$	2,301,489,605
Value of units purchased by participants	7,215,939,399		7,514,846,268
Value of units sold by participants	<u>(7,039,043,225)</u>		<u>(7,568,158,285)</u>
Net asset value, end of year	\$ <u>2,425,073,762</u>	\$	<u>2,248,177,588</u>

**STATEMENT OF INVESTMENT INCOME AND DISTRIBUTION
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

Interest income	\$ 7,287,887	\$	8,690,784
Amortization/accretion	2,256,836		3,411,010
Security lending income	1,109,422		1,008,539
Security lending expense	(234,805)		(340,884)
Administrative expenses	(704,158)		(737,940)
STIP reserve expense (Note 5)	(2,920,000)		(5,056,000)
Income due participants, beginning of year	<u>691,341</u>		<u>1,784,811</u>
Income available for distribution	7,486,523		8,760,320
Distribution	<u>6,945,784</u>		<u>8,068,979</u>
Income due participants, end of year	\$ <u>540,739</u>	\$	<u>691,341</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF MONTANA BOARD OF INVESTMENTS
SHORT TERM INVESTMENT POOL - NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2011 AND 2010

1. HISTORY AND ORGANIZATION

The Board was created by the Legislature to invest and manage Montana's Unified Investment Program. The Board created the Short Term Investment Pool (STIP) to allow qualifying funds, per sections 17-6-201, 202 and 204, MCA, to participate in a diversified pool. Although state agencies with accounts that retain their interest earnings are legally required to invest in STIP, local governments may voluntarily participate in the STIP.

The Board manages the STIP to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested in the STIP for one or more days. The STIP investments and the income are owned by the participants and are managed on their behalf by the Board.

Although the STIP, as an external investment pool, is not registered with the Securities and Exchange Commission (SEC) as an investment company, the Board attempts to manage the STIP consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. As a 2a7-like pool, the STIP utilizes an amortized cost unit value, rather than fair value to report net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". The portfolio may include asset-backed securities, commercial paper, corporate and U.S. Government direct obligations, U.S. Government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable rate securities. These securities are purchased to provide shareholders with a diversified portfolio earning a competitive return.

Asset-backed securities represent debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc. Commercial paper is unsecured short-term debt with maturities ranging from 1 to 270 days. U.S. Government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. Government. U.S. Government agency securities include U.S. Government agency and mortgage-backed securities. Repurchase agreements (REPOs) represent an agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable rate securities pay a variable rate of interest until maturity. The STIP portfolio's variable rate securities reset to LIBOR (London Interbank Offered Rate).

The STIP investment portfolio consists of securities with a maximum maturity of 397 days or less with the exception of securities having rate reset dates. The portfolio is carried at amortized cost or book value.

Participant Units

The STIP unit value is fixed at \$1 for both participant buys and sells. A purchased unit earns income on the purchase date and ceases to earn income on the day before the unit is sold. Participants may buy or sell fractional shares. For fiscal years 2011 and 2010, income was distributed on the first calendar day of each month. Participants may automatically reinvest their income in additional units.

Broker Receivable/Payable

The STIP security transactions are recorded as of the trade date rather than the settlement date. Because of this generally accepted practice, the STIP portfolio at June 30 may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securities purchased, but not received.

Other

Administrative expenses incurred by the Board are charged daily to STIP based on the Board's expenses applicable to STIP.

3. SECURITIES LENDING

The Board is authorized by law to lend its securities and has contracted with the custodial bank, State Street Bank and Trust, “the Bank”, to lend the Board’s securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities while the securities are on loan. The Board and the Bank split the earnings on security lending activities. The Board retains all rights and risks of ownership during the loan period.

During fiscal years 2011 and 2010, the Bank lent Board public securities and received as collateral: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities rated AA-/Aa3 or higher; sovereign debt securities of the G10 nations; and debt securities issued by certain supranational agencies. The Bank does not have the ability to sell collateral securities unless the borrower defaults.

The Board imposed no restrictions on the amount of securities available to lend during fiscal years 2011 and 2010. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of Default of the Borrower. There were no losses during fiscal years 2011 and 2010 resulting from a borrower default.

During fiscal years 2011 and 2010, the Board and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders, in collective investment funds comprised of a liquidity pool and a duration pool. As of June 30, 2011, the Securities Lending Quality Trust liquidity pool had an average duration of 34 days and an average weighted final maturity of 105 days for U.S. dollar collateral. The duration pool had an average duration of 32 days and an average weighted final maturity of 952 days for U.S. dollar collateral. As of June 30, 2010, the Securities Lending Quality Trust had a weighted average maturity of 20 days. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. At year-end, the Board had no credit risk exposure to borrowers.

As of June 30, 2011, the fair value of the underlying securities on loan, categorized as U.S. Government Agency and corporate debt, for the Short Term Investment Pool was \$180,426,019. The collateral provided for the securities on loan totaled \$32,271,105 in cash and \$151,911,469 in non-cash collateral. As of June 30, 2010, the fair value of the underlying securities on loan, categorized as U.S. Government Agency debt for the Short Term Investment Pool was \$209,844,785. The collateral provided for the securities on loan totaled \$85,635,985 in cash and \$127,531,250 in non-cash collateral.

4. INVESTMENT RISK DISCLOSURES

Effective June 30, 2005, the Board implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40 – Deposit and Investment Risk Disclosures. The investment risk disclosures are described in the following paragraphs.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The STIP securities have credit risk as measured by major credit rating services. This risk is that the issuer of a STIP security may default in making timely principal and interest payments. The Board of Investments’ policy specifies that STIP securities have ratings provided by Standard and Poor’s, Moody’s, or Fitch.

Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality per GASB Statement No. 40.

With the exception of one long term rating for the Other Asset Backed investment type, short term credit ratings, provided by S&P’s rating services, are presented in the table below. An A1+ rating is the highest short term rating by the S&P rating service.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2011 and 2010, all STIP securities were registered in the nominee name for the Montana Board of Investments and held in the possession of the Bank. According to the STIP Investment Policy, “repurchase

agreements will be collateralized by the market value of U.S. Treasury and/or U.S. Agency securities at 102% of the value of the repurchase agreement”.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The STIP Investment Policy Statement addresses concentration of credit risk by investment category. The STIP had concentration of credit risk exposure to the Federal National Mortgage Association (Fannie Mae) of 9.26% and the Federal Home Loan Mortgage Corp. (Freddie Mac) of 6.17% as of June 30, 2011. The STIP had concentration of credit risk exposure to the Federal Home Loan Bank of 5.56%, Fannie Mae of 6.67 % and Freddie Mac of 10.00% as of June 30, 2010.

Interest Rate Risk

STIP interest rate risk is determined using the weighted average maturity (WAM) method. The WAM measure expresses investment time horizons – the time when investments are due or reset and payable in days, months or years – weighted to reflect the dollar size of the individual investments within an investment type. The WAM, calculated in days, for the STIP portfolio is disclosed below.

Corporate asset-backed securities are based on cash flows from principal and interest payments on underlying auto loan receivables, credit card receivables, and other assets. These securities, while sensitive to prepayments due to interest rate changes, have less credit risk than securities not backed by pledged assets.

While variable rate securities have credit risk identical to similar fixed rate securities, their interest rate risk is more sensitive to interest rate changes. However, their fair value may be less volatile than fixed-rate securities because their value will usually remain at or near par as a result of their interest rates being periodically reset to maintain a current market yield.

STIP investments are categorized on the next page to disclose credit rate risk and weighted average maturity as of June 30, 2011 and June 30, 2010. Credit risk reflects the weighted security quality rating, by investment security type, as of the June 30 report date. If a security investment type is unrated, the quality type is indicated by NR (not rated). Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated by a Nationally Recognized Statistical Rating Organization (NRSRO).

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STIP Credit Quality Ratings and Weighted Average Maturity as of June 30, 2011

<u>Security Investment Type</u>	<u>Amortized Cost</u>	<u>Credit Quality Rating</u>	<u>WAM in Days</u>
Asset Backed Commercial Paper	326,176,221	A1	18
Corporate Commercial Paper	289,334,734	A1	58
Corporate Fixed Rate	7,173,761	A1	15
Corporate Variable Rate	522,126,148	A2	34
Certificates of Deposit Fixed Rate	28,012,037	A3	235
Certificates of Deposit Variable Rate	359,994,307	A2	36
Other Asset Backed	24,591,903	BBB	NA
U.S. Government Agency Fixed	100,013,159	A1+	155
U.S. Government Agency Variable Rate	474,851,769	A1+	20
Money Market Funds (Unrated)	140,598,914	NR	1
Money Market Funds (Rated)	111,000,000	A1+	1
Structured Investment Vehicles (SIV)	<u>46,317,465</u>	<u>NR</u>	<u>5</u>
Total Investments	<u>2,430,190,418</u>	A1	<u>35</u>
Securities Lending Collateral Investment Pool	<u>32,271,105</u>	NR	*

*As of June 30, 2011, the Securities Lending Quality Trust liquidity pool had an average duration of 34 days and an average weighted final maturity of 105 days for U.S. dollar collateral. The duration pool had an average duration of 32 days and an average weighted final maturity of 952 days for U.S. dollar collateral.

STIP Credit Quality Ratings and Weighted Average Maturity as of June 30, 2010

<u>Security Investment Type</u>	<u>Amortized Cost</u>	<u>Credit Quality Rating</u>	<u>WAM in Days</u>
Asset Backed Commercial Paper	368,299,047	A1	17
Corporate Commercial Paper	196,596,245	A1+	31
Corporate Variable Rate	206,328,268	A2	35
Certificates of Deposit Fixed Rate	105,006,272	A3	71
Certificates of Deposit Variable Rate	235,000,000	A2	42
U.S. Government Agency Fixed	100,306,188	A1+	174
U.S. Government Agency Variable Rate	760,102,766	A1+	40
Money Market Funds (Unrated)	181,695,137	NR	1
Money Market Funds (Rated)	10,000,000	A1+	1
Structured Investment Vehicles (SIV)	<u>85,617,544</u>	<u>D</u>	<u>NA</u>
Total Investments	<u>2,248,951,467</u>	A1	<u>39</u>
Securities Lending Collateral Investment Pool	<u>86,635,985</u>	NR	<u>20</u>

Legal and Credit Risk

In January 2007, the Board purchased a \$25 million par issue of Orion Finance USA. In April 2007, the Board purchased two issues of Axon Financial Funding totaling \$90 million par and another \$25 million par issue of Orion Finance USA. As of June 30, 2007, these Structured Investment Vehicle (SIV) securities held in the STIP portfolio carried a combined amortized cost of \$139,991,131 representing 5.02% of the total portfolio. At the time of purchase and as of June 30, 2007, these four issues received the highest investment grade rating of AAA by Standard & Poor's and Aaa by Moody's. Since June 30, 2008 and through June 30, 2010, these issues carried a D rating by Standard & Poor's. On November 20, 2007, an insolvency event was declared by Axon Financial Funding. Orion Finance USA declared an insolvency event on January 14, 2008. On the January and April 2008 maturity dates, these securities matured at their amortized cost of \$140 million. The Board has determined that it is currently in the best interest of the STIP to continue to hold these securities in the investment portfolio. These securities are currently generating cash to be applied to the securities.

For fiscal years 2011 and 2010, the Board received Axon Financial Funding payments on principal of \$10,961,955 and interest compensation of \$481,261 in excess of the accrued interest receivable. Axon Financial Funding payments totaled \$27,451,615 since November 2008. On July 6, 2010, Axon Financial Funding foreclosed with the issuance of a promissory note for \$66,832,436 from AFF Financing LLC with a July 5, 2011 maturity date. Fiscal year 2011 payments from AFF Financing LLC totaled \$7,174,542 consisting of \$7,014,971 in principal and \$159,571 in interest. On June 28, 2011, the Board elected to extend the AFF Financing LLC promissory note maturity date to July 3, 2012. In June and December 2009, the Board applied \$13.5 million, in total, from the STIP reserve to the outstanding principal for the Axon Financial Funding securities. As of June 30, 2011, the AFF Financing LLC, classified as a SIV, has an outstanding amortized cost balance of \$46,317,465. Refer to Note 6 – Subsequent Events for additional information.

On October 14, 2009, the Board received its initial payment from Orion Finance USA. Fiscal years 2011 and 2010 payments from Orion Finance USA included principal of \$13,433,642 and interest compensation of \$1,804,738 in excess of the \$903,922 accrued interest receivable for a total of \$16,142,302. In November 2010, Orion Finance Corporation “granted a security interest in substantially all of its assets (the Collateral) to the Bank of New York Mellon, as Security Trustee”. On December 8, 2010, the Security Trustee conducted “a public sale of 60 structured credit and 7 financial securities including but not limited to asset backed securities, collateralized debt obligations, collateralized loan obligations and residential mortgage backed securities included within the Collateral”. The Board participated in the sale and collectively holds these securities as Orion Finance. From December 2010 through June 2011, the Board received principal and interest payments of \$4,474,455 and \$284,619, respectively. In June and December 2009, the Board applied \$7.5 million, in total, from the STIP reserve to the outstanding principal for the Orion Finance USA securities. As of June 30, 2011, the Orion Finance collective holding, classified as Other Asset Backed, has an outstanding amortized cost balance of \$24,591,903. Refer to Note 6 – Subsequent Events for additional information.

The Fannie Mae and Freddie Mac were put into conservatorship on September 7, 2008.

5. STIP RESERVE

This account was established in November 2007. Income is distributed to STIP participants based on accrued interest and discount amortization. To avoid distributing cash to participants based on accrued interest on certain SIVs that may be uncollectible, the accrued interest amount was deposited in this account. Additional accrued income was deposited in the account to pay for any incidental direct expenses incurred as a part of any SIV restructuring activity not to be paid from SIV assets. Accrued income was also deposited in the account to offset any potential principal loss on these securities in the future.

6. SUBSEQUENT EVENTS

From July 1 through September 23, 2011, AFF Financing LLC payments total \$1,940,411 representing \$1,910,688 in principal and \$29,723 in interest. For the same period, the Board received payments associated with the Orion Finance collective holding of \$891,635 with \$776,325 and \$115,310 applied to principal and interest, respectively.

In August 2011, S&P downgraded the U.S. AAA bond rating to AA+.

7. YEAR END PORTFOLIO

The June 30, 2011 STIP portfolio is listed below. The security type percentage is based on the amortized cost ratio of

the specific security investment type to the total portfolio.

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par</u>	<u>Amortized Cost</u>	<u>%</u>
ANGLESEA FDG PLC & ANG	0.3700	07/28/11	22,000,000	21,993,895	0.91%
ANGLESEA FDG PLC & ANG	0.3800	07/07/11	28,000,000	27,998,227	1.15%
ATLANTIS ONE FDG COR	0.1500	07/18/11	20,000,000	19,998,583	0.82%
ATLANTIS ONE FDG COR	0.1400	07/14/11	28,000,000	27,998,584	1.15%
GOLDEN FUNDING CORP	0.2200	07/05/11	5,000,000	4,999,878	0.21%
GOLDEN FUNDING CORP	0.2100	07/26/11	6,000,000	5,999,125	0.25%
GOLDEN FUNDING CORP	0.2200	07/12/11	10,000,000	9,999,328	0.41%
GOLDEN FUNDING CORP	0.2200	07/19/11	13,184,000	13,182,550	0.54%
GOLDEN FUNDING CORP	0.2300	07/13/11	15,007,000	15,005,849	0.62%
GOTHAM FDG CORP	0.1600	07/01/11	11,000,000	11,000,000	0.45%
GOTHAM FDG CORP	0.1900	08/02/11	15,000,000	14,997,467	0.62%
GOTHAM FDG CORP	0.1600	07/27/11	24,000,000	23,997,227	0.99%
MARKET ST FNDG CORP	0.1600	08/08/11	25,019,000	25,014,775	1.03%
NIEUW AMSTERDAM REC V	0.1800	07/21/11	7,000,000	6,999,300	0.29%
ROYAL PARK INVESTMENTS	0.3000	07/19/11	23,000,000	22,996,550	0.95%
ROYAL PARK INVESTMENTS	0.3500	07/08/11	25,000,000	24,998,299	1.03%
VICTORY RECEIVABLES	0.1600	07/29/11	19,000,000	18,997,636	0.78%
VICTORY RECEIVABLES	0.1800	07/08/11	30,000,000	29,998,950	1.23%
Asset Backed Commercial Paper	18 Issue(s)		326,210,000	326,176,221	13.42%
AMERICAN HONDA FINAN	0.2150	09/16/11	37,850,000	37,832,594	1.56%
BTM CAPITAL CORP.	0.2400	07/08/11	23,000,000	22,998,927	0.95%
CREDIT AGRICOLE NORTH AMER INC	0.2550	09/02/11	10,000,000	9,995,538	0.41%
DANSKE CORP.	0.1700	07/05/11	8,500,000	8,499,839	0.35%
DANSKE CORP.	0.2200	08/08/11	20,000,000	19,995,356	0.82%
DANSKE CORP.	0.2750	09/28/11	20,000,000	19,986,403	0.82%
HSBC FINANCE CORP	0.2200	08/30/11	20,000,000	19,992,667	0.82%
LLOYDS BANK PLC	0.2300	08/03/11	15,000,000	14,996,838	0.62%
LLOYDS BANK PLC	0.2950	08/29/11	25,000,000	24,987,913	1.03%
MITSUBISHI INT'L CO	0.2700	08/18/11	20,000,000	19,992,800	0.82%
MITSUBISHI INT'L CO	0.2700	08/22/11	20,000,000	19,992,200	0.82%
ROYAL BANK OF SCOTLAND PLC	0.2700	09/28/11	45,000,000	44,969,963	1.85%
SOCIETE GEN NO AMER	0.1900	08/01/11	9,000,000	8,998,528	0.37%
TOYOTA MOTOR CREDIT	0.2400	08/15/11	16,100,000	16,095,170	0.66%
Corporate Commercial Paper	14 Issue(s)		289,450,000	289,334,734	11.91%
CREDIT SUISSE NEW YORK	3.4500	07/02/12	7,000,000	7,173,761	0.29%
Corporate Fixed Rate	1 Issue(s)		7,000,000	7,173,761	0.29%
ABBAY NATL TREASURY SERV	0.6490	01/20/12	20,000,000	20,000,000	0.82%
AUST + BANKING GROUP	0.4938	07/07/12	40,000,000	39,983,678	1.65%
BEAR STEARNS COS INC	0.4633	02/01/12	28,000,000	27,990,026	1.15%
BERKSHIRE HATHAWAY INC	0.4470	02/10/12	40,000,000	40,000,000	1.65%
BNP PARIBAS SA	1.2495	06/11/12	25,000,000	25,149,018	1.03%
COCA COLA CO	0.3108	05/15/12	25,000,000	25,000,000	1.03%
CREDIT AGRICOLE (LONDON)	0.6233	02/02/12	5,234,000	5,231,605	0.22%
CREDIT SUISSE USA INC	0.4608	08/16/11	15,000,000	14,995,269	0.62%
EKSPORTFINANS A/S	0.3802	02/06/12	28,000,000	28,000,000	1.15%
EKSPORTFINANS ASA	0.2458	04/24/12	18,000,000	18,000,000	0.74%
GENERAL ELEC CAP CORP	0.4095	04/10/12	20,000,000	19,932,369	0.82%
IBM CORP	0.2770	06/15/12	40,000,000	40,000,000	1.65%
J P MORGAN CHASE + CO	0.3715	06/25/12	15,000,000	14,978,489	0.62%

METLIFE INSTITUTIONAL FD	0.6853	07/12/12	40,000,000	40,025,535	1.65%
PROCTER + GAMBLE CO	0.3008	11/14/12	20,000,000	20,000,000	0.82%
RABOBANK NEDERLAND	0.4723	08/05/11	44,000,000	44,008,672	1.81%
TOYOTA MTR CR CORP MTN BK ENT	0.4108	11/15/12	25,000,000	25,000,000	1.03%
US BANK NA	0.4938	10/26/12	5,000,000	5,000,000	0.21%
WACHOVIA CORP NEW	0.4038	04/23/12	8,450,000	8,454,096	0.35%
WACHOVIA CORP NEW	0.4080	10/15/11	19,925,000	19,908,821	0.82%
WELLS FARGO + CO NEW	0.3638	01/24/12	15,500,000	15,468,570	0.64%
WESTPAC SECURITIES NZ LT	0.6096	02/11/13	25,000,000	25,000,000	1.03%
Corporate Variable Rate		22 Issue(s)	522,109,000	522,126,148	21.48%
BARCLAYS BANK PLC	0.8800	12/09/11	15,000,000	15,000,000	0.62%
ROYAL BK OF CANADA	0.5450	05/15/12	13,000,000	13,012,037	0.53%
Certificates of Deposit Fixed		2 Issue(s)	28,000,000	28,012,037	1.15%
ABBAY NAT'L TREASURY	0.9029	03/02/12	20,000,000	20,000,000	0.82%
BANK OF NOVA SCOTIA	0.5808	02/15/13	40,000,000	40,000,000	1.65%
BARCLAYS BANK PLC	0.6871	10/17/11	25,000,000	25,000,000	1.03%
BNP PARIBAS NY BANCH	0.8458	03/28/13	20,000,000	20,000,000	0.82%
CANADIAN IMPERIAL BK	0.5529	06/03/13	20,000,000	20,000,000	0.82%
CANADIAN IMPERIAL BK	0.5045	10/01/12	25,000,000	24,994,307	1.03%
CREDIT AGRICOLE	0.8575	05/24/13	25,000,000	25,000,000	1.03%
CREDIT SUISSE NY	0.5539	12/01/11	25,000,000	25,000,000	1.03%
NORDEA BANK FLD PLC	0.6810	10/05/12	25,000,000	25,000,000	1.03%
SOCIETE GENERALE	1.0133	04/29/13	40,000,000	40,000,000	1.65%
SVENSKA HANDLSBNKN A	0.5228	01/30/12	40,000,000	40,000,000	1.65%
UBS AG STAMFORD CT	0.8865	09/15/11	40,000,000	40,000,000	1.65%
WESTPAC BKING CORP N	0.2756	06/15/12	15,000,000	15,000,000	0.62%
Certificates of Deposit Variable Rate		13 Issue(s)	360,000,000	359,994,307	14.81%
ORION FINANCE	1.0000	N/A	24,591,903	24,591,903	1.01%
Other Asset Backed		1 Issue(s)	24,591,903	24,591,903	1.01%
AFF FINANCING LIMITED	1.0000	07/05/11	46,317,465	46,317,465	1.91%
Structured Investment Vehicles		1 Issue(s)	46,317,465	46,317,465	1.91%
FEDERAL FARM CREDIT BANK	0.2900	06/22/12	25,000,000	25,016,249	1.03%
FEDERAL HOME LOAN BANK	0.2500	04/26/12	25,000,000	24,997,905	1.03%
FEDERAL HOME LOAN BANK	0.2500	05/23/12	25,000,000	25,000,000	1.03%
FEDERAL HOME LOAN BANK	0.2500	06/29/12	25,000,000	24,999,005	1.03%
U.S. Government Agency Fixed Rate		4 Issue(s)	100,000,000	100,013,159	4.12%
FANNIE MAE	0.1758	07/26/12	25,000,000	24,997,570	1.03%
FANNIE MAE	0.2153	09/17/12	25,000,000	25,009,273	1.03%
FANNIE MAE	0.2158	10/18/12	25,000,000	24,993,416	1.03%
FANNIE MAE	0.2058	11/23/12	25,000,000	24,989,403	1.03%
FANNIE MAE	0.2158	12/20/12	25,000,000	24,992,548	1.03%
FANNIE MAE	0.0996	08/11/11	25,000,000	24,999,181	1.03%
FANNIE MAE	0.1458	09/19/11	25,000,000	24,997,778	1.03%
FANNIE MAE	0.2058	08/23/12	50,000,000	49,982,630	2.06%
FEDERAL HOME LOAN BANK	0.1000	08/12/11	25,000,000	24,996,216	1.03%
FEDERAL FARM CREDIT BANK	0.1858	11/27/12	25,000,000	25,000,020	1.03%
FEDERAL FARM CREDIT BANK	0.2758	07/20/11	25,000,000	25,000,334	1.03%
FEDERAL FARM CREDIT BANK	0.2096	01/10/13	25,000,000	24,996,128	1.03%
FREDDIE MAC	0.1858	10/26/11	25,000,000	24,996,760	1.03%
FREDDIE MAC	0.1356	12/29/11	25,000,000	24,993,739	1.03%
FREDDIE MAC	0.1458	03/21/13	50,000,000	49,956,400	2.06%
FREDDIE MAC	0.1353	06/17/13	50,000,000	49,950,374	2.06%

U.S. Government Agency Variable Rate	16 Issue(s)		475,000,000	474,851,769	19.54%
BGI INSTITUTIONAL MMF	0.1300	N/A	15,000,000	15,000,000	0.62%
FIDELITY INSTL MONEY MARKET	0.1700	N/A	120,000,000	120,000,000	4.94%
STATE STREET BANK + TRUST CO	0.1197	N/A	5,598,914	5,598,914	0.23%
Money Market Funds (Unrated)	3 Issue(s)		140,598,914	140,598,914	5.79%
BLACKROCK MONEY MARKET	0.0856	N/A	1,000,000	1,000,000	0.04%
STATE STR INSTL LIQUID RESVS	0.1523	N/A	110,000,000	110,000,000	4.53%
Money Market Funds (Rated)	2 Issue(s)		111,000,000	111,000,000	4.57%
STIP Total	97 Issue(s)		2,430,277,282	2,430,190,418	100.00%