

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER DAN RUTHERFORD

Contact us at www.illinoisfunds.com or 1-800-346-7414

FEBRUARY 2011

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Yesterday's Rate

Money Market Fund
0.084%

Illinois Funds Annual Audit

By *Randy Coffey*

The Illinois Funds annual audit of the financial statements for Fiscal Year 2010 is complete and available on The Illinois Funds homepage www.illinoisfunds.com. Click "The Illinois Funds" on the top right corner then "Annual Financial Audit" to print a copy. The audit is also available on the Illinois Auditor General's website at <http://www.auditor.illinois.gov/Audit-Reports/The-Illinois-Funds.asp>. If you are unable to print the audit you may request a hard copy via e-mail to info@illinoisfunds.com, fax a request to 217-524-1269 or call 1-800-346-7414.

As of June 30, 2010, the Money Market Fund had over 7,000 accounts totaling over \$5 billion in assets.

Thank you for your continued participation in The Illinois Funds.

Randy Coffey is the Director of the Illinois Funds Division.

MARKET PERSPECTIVE

By *Mark Polistina*

Nice 2 Room Igloo on Corner Lot...

Regardless of the specifics, for most of us the American Dream includes a nice home in our chosen neighborhood. For many today that dream of homeownership has become the bane of their existence. No longer are the days when the primary concern of home ownership is the cost of financing, cost of the property or the cost of upkeep. Today, the most pressing concern is if our home will be worth more than we paid for it. For an all too unfortunate many the answer is no.

The unfortunate reality is a lesson that most of have had to learn the hard way, one that very few of us have had to relearn. Our home or any real estate for that matter, is a commodity. A financial asset that behaves like all other financial assets, the prices fluctuate. That's right the price of our home fluctuates. Its value can rise and it can fall. For too many of us this painful reality is ongoing. According to Zillow.com over half of all homeowners do not have the 20% positive equity required to qualify for a new mortgage. Also; over 25% of all homeowners owe more on their mortgage than their home is worth.

This disaster has consequences beyond the housing sector. This infers that a significant percentage of unemployed home owners cannot even afford to move to get a new job if one became available. This further leads to the summation that unemployment will

remain sticky for the remainder of the New Year. So does anyone want to buy my 2 room igloo and a spacious corner lot 150 miles inside the Arctic Circle? It was appraised at \$25,000 and I owe \$100,000 but I'll negotiate.

Market Outlook

We do not anticipate any marked change in the short term interest rate environment any time soon. So our message will remain the same, take caution when extending maturities and look for those interim periods of higher interest rates. Markets may start and end the year at similar points, but the line is seldom straight.

Mark Polistina is the Portfolio Manager for the Illinois Funds.

HOLIDAY SCHEDULE

The Illinois Funds holiday schedule was included in your January bank statement. The schedule is also available on-line on our website at:

WWW.ILLINOISFUNDS.COM

REMINDER:

In observance of President's day, the Illinois Funds will be closed on Monday February 21st.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 1/31/11

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,401
Monthly Investment Earnings (in 1000's)	\$529
7 Day Yield*	0.11%
One Month Yield*	0.11%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	24
Weighted Average Life	24

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.11%	
S&P Govt Inv Pool-Govt Fund Index	0.09%	S&P Govt Inv Pool-Taxable Funds Index	0.14%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.06%
3 Month Treasury Bill	0.15%	6 Month Treasury Bill	0.18%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.11%	
IMoneynet™ - Govt. Institutional	0.01%	Federated Govt Obligations	0.02%
Fidelity - 695 Treas Fund	0.01%	Fidelity - 57 Govt Fund	0.03%
Goldman Fin Sq Treas Fund - 468	0.01%	Goldman Fin Sq Govt Fund - 465	0.06%
30 Day Time Deposit	0.12%	90 Day Time Deposit	0.45%

MONEY MARKET FUND COMPOSITION

66.1% - Repurchase Agreements
 5.8% - Money Market Funds
 0.5% - Certificates of Deposit
 20.7% - Commercial Paper
 6.9% - US Government Agencies

E-Pay Account Rate

0.084% 2/11/11

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Rapid Revenue Acct. Rate

0.084% 2/11/11

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