

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER

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

JULY 2010

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Yesterday's Rate 7/12/10

Money Market Fund

0.174%

Illinois Funds Short-Term Loan Program

Did you know The Illinois Funds has a short-term loan program for participants?

The short-term loan program is in place to assist Illinois Funds participants in bridging the gap between immediate liquidity needs, and the time when additional revenue becomes available. Loans are made for 3-, 6-, 9-, or 12-month terms. The maximum interest rate as of today for all terms is 3.50%.

Because the Office of the State Treasurer is not a direct lender, all loans are made by financial institutions based on the creditworthiness and ability to repay of the participating government entity.

For more information, please visit us on the web at <http://www.illinoisfunds.com>. Click on "The Illinois Funds." Then, in the red menu on the left side of the screen, click on "Short-Term Loans." Or, give us a call at (800) 346-7414.

Reminder: Watch your mail for information about the upcoming Public Investors' Fall Financial Symposium.

MARKET PERSPECTIVE

By Jose Gonzalez

The outlook for economic growth in 2010 has softened over the last few months. Most economists believe a double-dip recession appears unlikely. However, the risks to growth continue to tilt to the downside. Last month the ISM manufacturing index fell from a six-year high of 60.4 to 59.7. Nonfarm payrolls rose 431k in May, but private payrolls rose only 41k. The majority of the rise in the headline number was a result of census hiring, up 411k. Furthermore, the largest gain in private payrolls was in temporary workers. The unemployment rate fell to 9.7% from 9.9% the month prior.

Retail sales fell 1.2%, but remained up 6.3% on an annualized basis. The PPI, Producer Price Index, fell 0.3% in May, the third decline in the past four months, up 5.3% from this time last year. The core PPI, excluding food and energy, rose 0.2%, up 1.3% year-over-year. Housing starts fell 10% to an annualized pace of 593k. Building permits fell 5.9% to a rate of 574k. Both readings were well below forecasts. Existing home sales fell to a 5.66 million unit pace from a previous 5.79 million pace. New home sales plunged, falling 32.7% to a new record of

399k, and 78.4% below the July 2005 peak. Consumer confidence fell from 62.7 to 52.9 in June. Durable goods orders fell 1.4% and the Chicago PMI fell from 59.7 to 59.1. Last month's data just confirms a slowdown in economic activity that probably started in May.

The most recent economic data for July remains soft as well. Even President Obama acknowledged the slow pace of the recovery by saying, "We're not headed there fast enough for a lot of Americans. And we're not headed there fast enough for me, either." Economists have now begun to push their Fed rate hike forecasts out into 2012 and to revise their GDP forecasts down.

We also expect rates to remain low for quite some time. Despite the extremely low interest rate environment, we continue to stay short finding value in overnight repurchase agreements and agency callables with at least a three month lock. We will also continue to purchase A1/P1 or better commercial paper as existing maturities roll off to enhance the Fund's overall yield.

Jose Gonzalez is the Assistant Portfolio Manager for The Illinois Funds.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 6/30/10

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,366
Monthly Investment Earnings (in 1000's)	\$703
7 Day Yield*	0.15%
One Month Yield*	0.16%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	25
*Yield Net of Fees	

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.16%	
S&P Govt Inv Pool-Govt Fund Index	0.15%	S&P Govt Inv Pool-Taxable Funds Index	0.18%
IL School Dist Liquid Asset	0.04%	IL School Dist Liquid Asset Max	0.18%
3 Month Treasury Bill	0.12%	6 Month Treasury Bill	0.19%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.16%	
IMoneynet™ - Govt. Institutional	0.02%	Federated Govt Obligations	0.05%
Fidelity - 695 Treas Fund	0.03%	Fidelity - 57 Govt Fund	0.06%
Goldman Fin Sq Treas Fund - 468	0.02%	Goldman Fin Sq Govt Fund - 465	0.09%
30 Day Time Deposit	0.17%	90 Day Time Deposit	0.43%

MONEY MARKET FUND COMPOSITION

44.3% - Repurchase Agreements
 10.5% - Money Market Funds
 0.8% - Certificates of Deposit
 32.1% - Commercial Paper
 11.8% - US Government Agencies
 0.5% - FDIC Insured Corporate Floater

E-Pay Account Rate

0.174% 7/12/10

1-866-831-5240

www.illinoisepay.com

Rapid Revenue Acct. Rate

0.174% 7/12/10

1-800-346-7414

Visit our website at www.illinoisfunds.com for further information.