

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER DAN RUTHERFORD

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

July, August 2011

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Safety: The Top Priority of the Illinois Funds

By Randy Coffey

Keeping public funds safe has always been the top priority of the Illinois Funds. As a result, we have procedures in place to reduce our investors' exposure to risk.

Repurchase agreements that we invest in are collateralized at 102% of their value by U.S. Treasuries and Agencies. It is important to note that this collateral is *not simply pledged* to us, we take possession of the collateral itself, thus providing a high level of safety for the public entities that invest in the Illinois Funds.

Furthermore, the first \$250,000 of every time deposit we purchase is protected by FDIC insurance. Every dollar above the \$250,000 FDIC limit is collateralized at 105% of its value by U.S. Treasuries and Agencies. Again, the Illinois Funds takes possession of the collateral.

A portion of the Fund's portfolio is invested in commercial paper (CP). It is important to note that the Illinois Funds only invests in the highest grade CP available in the marketplace - A1P1. By only investing in top grade CP, we are able to provide additional safety to the public funds invested in the Fund.

At the Illinois Funds, we understand that you take extra precautions to ensure that your constituents' tax dollars are as protected as possible. Because of our emphasis on safety, Standard & Poor's has continued to give us their highest rating - AAAM.

If you have any questions about the Illinois Funds, please do not hesitate to call us at (800) 346-7414.

MARKET PERSPECTIVE

By Mark Polistina

Congress Raises Debt Limit... S&P Cuts U.S. Credit Rating

To our participants: **The Illinois Funds rating is unaffected by the U.S.A. downgrade.**

In a release date August 8, 2011, Standard and Poor's stated: "Standard & Poor's Ratings Services said today that the funds to which it has assigned principal stability fund ratings (PSFRs) are unaffected by the lowering of the long-term rating on the United States of America to 'AA+' on Aug. 5, 2011.....Funds with PSFRs seek to maintain a stable or accumulating net asset value. PSFRs are closely linked to the short-term ratings on the U.S. government because for a fund to be eligible for an investment-grade rating, all investments must carry a Standard & Poor's short-term rating of 'A-1+' or 'A-1'. Because we affirmed the 'A-1+' short-term rating on the U.S., the lowering of the long-term rating does not directly affect the ratings on these funds; the credit quality of the U.S. still meets the credit quality standards for all PSFR categories."

The past week or so has been rather tumultuous for the financial markets and rather unnerving for the those who follow them closely. We have experienced some unprecedented

changes to our perceptions of the workings which underpin these very same markets. The potential results due to these changes are many and varied. As to the downgrade of the AAA rating of U.S. government, the market effect at first glance appears to be slight and our anticipation is that we will see minimal changes to the rate structure of the markets in which The Illinois Funds invests. We are however prepared to take the actions we need to in order to ensure any negative effect will be mitigated.

Mark Polistina is the Portfolio Manager for The Illinois Funds.

Labor Day Schedule

As a reminder, the Illinois Funds will be closed on Monday, 9/05/11 for the Labor Day holiday.

All of us in the Office of the State Treasurer would like to wish you and yours a very safe Labor Day weekend.

Yesterday's Rate 8/09/11

Money Market Fund

0.018%



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 6/30/11

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,574
Monthly Investment Earnings (in 1000's)	\$173
7 Day Yield*	0.02%
One Month Yield*	0.04%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	38
Weighted Average Life	38

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.04%	
S&P Govt Inv Pool-Govt Fund Index	0.05%	S&P Govt Inv Pool-Taxable Funds Index	0.10%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.05%
3 Month Treasury Bill	0.03%	6 Month Treasury Bill	0.09%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.04%	
IMoneynet™ - Govt. Institutional	0.01%	Federated Govt Obligations	0.01%
Fidelity - 695 Treas Fund	0.01%	Fidelity - 57 Govt Fund	0.01%
Goldman Fin Sq Treas Fund - 468	0.01%	Goldman Fin Sq Govt Fund - 465	0.01%
30 Day Time Deposit	0.10%	90 Day Time Deposit	0.38%

MONEY MARKET FUND COMPOSITION

40.8 % - Repurchase Agreements
 10.0 % - Money Market Funds
 0.3 % - Certificates of Deposit
 28.3 % - Commercial Paper
 13.0 % - US Treasuries
 7.6 % - US Government Agencies

E-Pay Information

1-866-831-5240
www.illinoispay.com

Rapid Revenue – Direct Deposit Information

1-800-346-7414

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



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 7/31/11

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,507
Monthly Investment Earnings (in 1000's)	\$100
7 Day Yield*	0.04%
One Month Yield*	0.02%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	43
Weighted Average Life	43

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.02%	
S&P Govt Inv Pool-Govt Fund Index	0.04%	S&P Govt Inv Pool-Taxable Funds Index	0.08%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.05%
3 Month Treasury Bill	0.03%	6 Month Treasury Bill	0.09%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.02%	
IMoneynet™ - Govt. Institutional	0.01%	Federated Govt Obligations	0.01%
Fidelity - 695 Treas Fund	0.01%	Fidelity - 57 Govt Fund	0.01%
Goldman Fin Sq Treas Fund - 468	0.01%	Goldman Fin Sq Govt Fund - 465	0.01%
30 Day Time Deposit	0.10%	90 Day Time Deposit	0.34%

MONEY MARKET FUND COMPOSITION

36.4 % - Repurchase Agreements
 9.4 % - Money Market Funds
 0.2 % - Certificates of Deposit
 30.4 % - Commercial Paper
 13.2 % - US Treasuries
 10.4 % - US Government Agencies

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