

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER DAN RUTHERFORD

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

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Page 1 of 2

MARKET PERSPECTIVE

By Mark Polistina

Are We There Yet?????

Like most of you who deal with finances, it seems that the most asked question I get relates to if, or when, our economy will fully recover from the recent rough patch. Also, like most, I respond "It's not a simple answer or an easily identifiable set point."

The more I get these questions the more I think about what really will show us we've broken through the malaise. I'm still not sure how to answer them fully, or more importantly, to the complete satisfaction of the inquirer. However, I recently began to think about what specifically would make me feel more at ease with the economy. I've wrestled with a more stable housing market, less consternation amongst our leaders in Washington, better economic output and even rising stock prices and bond yields. No matter what I look at there always seems to be one universally consistent factor in every thing I consider; money, or as economists put it, individual liquid wealth. The ability to withstand economic uncertainty can be mitigated to a large degree with money.

Unfortunately for most of us we don't have access to the Vanderbilt or Rockefeller vaults of cash, and as for myself, I will likely not find anything close. So for the rest of us, the

easiest way to find the means to muddle through these economic times we face is to work. In many cases, and in my estimation, the most likely cause of our collective angst is the job situation. We need to feel comfortable that we will be able to work as long as we need to. And herein lies the issue. Not only is our national unemployment rate high, so many feel uncertainties in the long term prospect of their current job. In other words, we have a combination of worries and they center on getting and keeping a job. Things still remain weak and from time to time go the wrong direction; but, all in all we have made progress.

Wire transfers

All inbound wire transfers must be deposited into your Illinois Funds account by 11 a.m. or you must notify US Bank at (800) 947-8479 prior to 11 a.m. of their impending arrival. All outbound wire transfers must be requested by 11:00 a.m. for transfer the same day.

Furthermore, **for each Illinois Funds account that out-going wires are processed through, you must fill out and send a signed Wire Transfer Services Agreement to U.S. Bank.** Without an updated form on file, U.S. Bank will not be able to wire out funds from that account. This form is located on our web site at <http://www.treasurer.il.gov/programs/illinois-funds/open-or-update-account.aspx>

If you have any further questions, please call U.S. Bank at (800) 947-8479 or the Illinois Funds at (800) 346-7414.

So like our vacation trip with my young children, when they ask "Are we there yet?" I'll now answer "No, but we seem to be getting closer and closer!"

Market Outlook

The near zero overnight rates of last month have moved up ever so slightly to allow some relief. Unfortunately, the yield curve, out to 12 months, has moved in. The net result is still a level of concern. We continue to look to days or periods of weakness in the market to buy out the curve.

Mark Polistina is the Portfolio Manager for The Illinois Funds.

Independence Day Schedule

As a reminder, the Illinois Funds will be closed on Monday, 7/4/11 for the Independence Day holiday.

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

Yesterday's Rate 6/07/11

Money Market Fund

0.034%



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 5/31/11

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,441
Monthly Investment Earnings (in 1000's)	\$174
7 Day Yield*	0.04%
One Month Yield*	0.04%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	34
Weighted Average Life	34

*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	0.11%
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	0.08%

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	0.40%

MONEY MARKET FUND COMPOSITION

48.7 % - Repurchase Agreements
 7.1 % - Money Market Funds
 0.3 % - Certificates of Deposit
 29.9 % - Commercial Paper
 9.2 % - US Treasury Bills
 3.3 % - US Treasury Notes
 1.5 % - US Government Agencies

E-Pay Information

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

Rapid Revenue – Direct Deposit Information

1-800-346-7414

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