
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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MARKET PERSPECTIVE

By Mark Polistina

Are They Serious???

It seems there is a new level of bipartisanship wafting across this great land. Not that it is overwhelming, it is smoldering. There are pockets where all of our leaders are saying the right things and pockets where they seem to be tepidly prodded into moving in the right direction. What in the world is he talking about you might say? Well, I'm referring to the level of fiscal discipline, or at least the talk of fiscal discipline. It is unmistakable that in almost every news cast, newspaper or speech by our leaders there is at least some mention of fiscal discipline. Whether that is by design or true belief; I for one am grateful and worried all at the same time.

It doesn't take a Nobel Laureate to discern that our current fiscal condition is unsustainable at best or verging on default at worst. Nor is it much of a surprise that we are at a crossroads. In my mind we have two clear choices: Reduce spending and bring fiscal order by enduring a shared pain across all sectors; reduce spending and bring fiscal order by enduring targeted reductions or eliminations. I am aware that neither of these choices sounds very appealing; however; we have surpassed the point where revenue increases can fix the problem. The only sustainable way to resolve our problems is by the meaningful reduction expen-

ditures. Understand that even as simple as it seems, revenue burdens placed on us are already high and continual increases in our expectation to pay more cannot continue without at least first providing for meaningful reductions in how this revenue is to be spent. Regardless of political beliefs it is simple math, 1+1 will always equal 2. At some point, our leaders must make the critical choices on what the annual contributions that we make can afford. Unfortunately, there are very few things that utilize the vast majority of the revenues.

Choosing where the expenditure cuts should occur will be not an easy matter. That is simply because every expenditure made by every governmental body is supported by any number of constituents, so conversely every cut is opposed by any number. Make no mistake; our leaders have a very difficult even thankless job ahead of them. This does not diminish the fact that it has to be done. There are predecessors who have passed the ball too many times and that cannot happen again. So, the question remains; "Are they serious?"

Market Outlook

With the recent regulatory matters on charges to excess cash and the "as expected" prolonged discussion on the debt ceiling it seems

that rates on the under 1 year sector have fallen even lower. This is presumed to be temporary but could last for upwards of the next year. With that in mind we have made purchases out the curve on weakness to cover a continuation of this yield environment.

Mark Polistina is the Portfolio Manager for The Illinois Funds.

www.illinoisfunds.com

Please visit our website to obtain information about the Fund such as the Schedule of Investments (posted weekly and monthly), rate history, contact information and our E-Pay program.

Memorial Day Schedule

As a reminder, the Illinois Funds will close early on Friday 5/27/11 and be closed on Monday, 5/30/11 for the Memorial Day holiday. All early closes occur at approximately 12:00 p.m. (CST).

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

Yesterday's Rate 5/10/11

Money Market Fund

0.016%



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 4/30/11

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,845
Monthly Investment Earnings (in 1000's)	\$207
7 Day Yield*	0.03%
One Month Yield*	0.04%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	29
Weighted Average Life	29

*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	0.06%	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	0.05%	6 Month Treasury Bill	0.12%

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	0.02%
30 Day Time Deposit	0.11%	90 Day Time Deposit	0.37%

MONEY MARKET FUND COMPOSITION

45.3 % - Repurchase Agreements
 10.2 % - Money Market Funds
 0.4 % - Certificates of Deposit
 28.1 % - Commercial Paper
 11.1 % - US Treasury Bills
 4.9 % - US Government Agencies

E-Pay Account Rate

0.016% 5/10/11
 1-866-831-5240
www.illinoisepay.com

Rapid Revenue Acct. Rate

0.016% 5/10/11
 1-800-346-7414

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