

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER

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

NOVEMBER/DECEMBER 2010

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Yesterday's Rate 12/26/10

Money Market Fund

0.099%

Happy New Year!

All of us in the Office of the Illinois State Treasurer wish you and yours a very Happy New Year!

For planning purposes, please see our Holiday schedule for the rest of December 2010, as well as January and February of 2011 below:

Dec. 30: The Illinois Funds will close early (day before New Year's Eve).

Dec. 31: The Illinois Funds will be closed (New Year's Eve).

Jan. 17: The Illinois Funds will be closed (Martin Luther King Day).

Feb. 21: The Illinois Funds will be closed (Presidents' Day).

This schedule is tentative and subject to change. All early closes generally occur at 12:00 noon Central time.

MARKET PERSPECTIVE

By Mark Polistina

Curiosity Killed the Cat, Uncertainty Kills a Recovery

Uncertainty, to some, is part of the joy of life. Many have no desire to know what's in store for the next few hours, let alone months or years. Unfortunately, this does not hold true in business. The most successful businesses, regardless of size, make plans years, maybe even decades, in advance. In the game of the economy, it's business that matters. Businesses hire employees, businesses buy products from other businesses, and businesses design and sell goods.

The most basic model of an economy is $C + I + G = GDP$. Further, in this model, C makes up nearly three-fourths of GDP. The C in this model is consumer spending. Consumer spending is directly connected to businesses either through their employment or the goods they purchase. In essence, businesses drive an economy.

The I in our model is investment, more specifically business investment. Businesses invest in many different ways, but the end result generally always includes hiring people. Uncertainty for businesses causes them to reduce production or inventory. These reductions cause sales and income to fall. The fall in a business' income may cause them to

shrink their payroll. Thus, a vicious circle has been started, and the C in our model above starts shrinking, which causes the economy to falter. The economy can, at times, be helped along by the G in our model, government, through stimulus measures such as direct investment or tax cuts. However, in the end, consumers must come back and participate to sustain a recovery.

Successful businesses of any size are run by extremely intelligent people. By their very nature, they know how to make money under any circumstance. There is only one thing that can cause the best of these people to take pause, uncertainty. From Bill Gates to Fred the Farmer, it doesn't matter. Give them the rules, laws and regulations that they need to operate, and they will figure out how to make money. Tell them that the rules will soon be changing and they will take pause and so will the economy.

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.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 10/31/10

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,428
Monthly Investment Earnings (in 1000's)	\$750
7 Day Yield*	0.15%
One Month Yield*	0.16%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	27
Weighted Average Life	27

*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	0.13%	S&P Govt Inv Pool-Taxable Funds Index	0.16%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.08%
3 Month Treasury Bill	0.13%	6 Month Treasury Bill	0.17%

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	0.07%
Goldman Fin Sq Treas Fund - 468	0.03%	Goldman Fin Sq Govt Fund - 465	0.08%
30 Day Time Deposit	0.17%	90 Day Time Deposit	0.50%

MONEY MARKET FUND COMPOSITION

57.8% - Repurchase Agreements
 6.3% - Money Market Funds
 0.6% - Certificates of Deposit
 31.3% - Commercial Paper
 2.2% - US Government Agencies
 1.8% - FDIC Insured Accounts

E-Pay Account Rate

0.099% 12/26/10

1-866-831-5240

www.illinoisePAY.com

Rapid Revenue Acct. Rate

0.099% 12/26/10

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 11/30/10

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,258
Monthly Investment Earnings (in 1000's)	\$693
7 Day Yield*	0.16%
One Month Yield*	0.16%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	28
Weighted Average Life	28

*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	0.13%	S&P Govt Inv Pool-Taxable Funds Index	0.15%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.07%
3 Month Treasury Bill	0.13%	6 Month Treasury Bill	0.18%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.16%	
IMoneynet™ - Govt. Institutional	0.02%	Federated Govt Obligations	0.04%
Fidelity - 695 Treas Fund	0.02%	Fidelity - 57 Govt Fund	0.05%
Goldman Fin Sq Treas Fund - 468	0.04%	Goldman Fin Sq Govt Fund - 465	0.08%
30 Day Time Deposit	0.13%	90 Day Time Deposit	0.46%

MONEY MARKET FUND COMPOSITION

- 59.9% - Repurchase Agreements
- 5.6% - Money Market Funds
- 0.5% - Certificates of Deposit
- 27.6% - Commercial Paper
- 4.5% - US Government Agencies
- 1.9% - FDIC Insured Accounts

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