

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER

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

OCTOBER 2010

Page 1 of 2

Yesterday's Rate 10/14/10

Money Market Fund

0.165%

Payment Card Industry Data Security Seminar

The Illinois State Treasurer's Office is hosting the Third Annual Payment Card Industry Data Security Seminar on Tuesday, November 9 in Springfield.

As an increasing number of government entities accept credit card payments, the need to maintain security against various threats becomes an even greater concern. Because of this and the constantly changing technologies involved, the Payment Card Industry Data Security Council continues to increase requirements for merchants that store, process, or transmit credit card data.

Due to the realities in this environment, we strongly encourage your government entity to attend this very important seminar. IT and finance personnel are cordially invited to attend.

The seminar will take place at the Hilton Hotel, 700 E. Adams St., Springfield on Tuesday, November 9, 2010 from 10:00 AM to 4:30 PM.

To register, please e-mail us your name, position, and name of government entity at info@illinoisfunds.com. Limit three registrants per entity please. Lunch will be provided. The registration deadline is October 25.

For further information, or if you have any questions about this event, please call us toll-free at 866-831-5240 or 800-346-7414.

MARKET PERSPECTIVE

By Jose Gonzalez

The Economy remains sluggish and absent of job growth

The Labor Department's September Employment Report was a mixed bag. Nonfarm payrolls fell 95,000 in September. The forecast was only for a drop of 5,000. But private payrolls were up 64,000 and close to the 70,000 forecast. The revisions to July and August payrolls netted just -15,000. The unexpected loss in government jobs came at the state & local level, down 83,000. Some of this decline might have stemmed from a lack seasonal hiring in the education sector. The federal losses, down 76,000, came from the temporary census workers and were expected. The unemployment rate remained unchanged at 9.6%, but there was a large jump in the number of people working part-time who would rather be full-time employees. The forecast was for a rise to 9.7%. Needless to say, job growth is still far below where policy makers would like to see it.

Growth is widely expected to remain soft for some time. While manufacturing continues to be a bright spot, the housing market, budget deficits in state and local governments and an uncertainty by businesses over policies coming out of Washington, will continue to be a drag on the recovery. The Fed has said it has room for further accommodations through quantitative easing but those might just prevent the economy from weakening as

opposed to stimulating further growth. In its September 21st policy statement, the Federal Open Market Committee (FOMC) indicated that it was "prepared to provide additional accommodation, if needed, to support the economic recovery and to return inflation, over time, to levels consistent with its mandate." The next FOMC decision is due on November 3, one day after the mid-term elections, but before the release of the October Employment Report.

With the Fed likely on hold for quite some time and despite the extremely low interest rate environment, we will continue to stay short term 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.

Upcoming Reminders

Oct. 20: Financial Symposium (Arlington Heights)

Oct. 21: Financial Symposium (Lisle)

Nov. 2: The Illinois Funds will be closed on General Election Day.

Nov. 9: PCI Conference (Springfield)

Nov. 11: The Illinois Funds will be closed on Veterans' day.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 9/30/10

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,512
Monthly Investment Earnings (in 1000's)	\$827
7 Day Yield*	0.18%
One Month Yield*	0.18%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	16
Weighted Average Life	16

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.18%	
S&P Govt Inv Pool-Govt Fund Index	0.15%	S&P Govt Inv Pool-Taxable Funds Index	0.19%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.10%
3 Month Treasury Bill	0.15%	6 Month Treasury Bill	0.19%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.18%	
IMoneynet™ - Govt. Institutional	0.02%	Federated Govt Obligations	0.06%
Fidelity - 695 Treas Fund	0.03%	Fidelity - 57 Govt Fund	0.06%
Goldman Fin Sq Treas Fund - 468	0.03%	Goldman Fin Sq Govt Fund - 465	0.10%
30 Day Time Deposit	0.17%	90 Day Time Deposit	0.52%

MONEY MARKET FUND COMPOSITION

- 43.9% - Repurchase Agreements
- 6.3% - Money Market Funds
- 0.6% - Certificates of Deposit
- 33.6% - Commercial Paper
- 12.0% - US Government Agencies
- 1.8% - US Treasury Bills
- 1.8% - FDIC Insured Account

E-Pay Account Rate

0.165% 10/14/10
 1-866-831-5240
www.illinoisepay.com

Rapid Revenue Acct. Rate

0.165% 10/14/10
 1-800-346-7414

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