

THE I/FAX



ADMINISTERED BY THE ILLINOIS STATE TREASURER

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

SEPTEMBER 2010

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Yesterday's Rate 9/7/10

Money Market Fund

0.176%

More wire transfer reminders for your Illinois Funds accounts

Moving your government entity's money is easy with The Illinois Funds. That is because we do not charge for inbound or outbound wire or ACH transfers. For those that are unfamiliar, wire transfers are executed the same day the instructions are received, while ACH transfers occur overnight, depositing in the desired account the following morning.

Please remember that all funds deposited into your Illinois Funds accounts via inbound wire transfer must be deposited by 3 p.m. on regular business days. Regular business days are Monday through Friday, with the exception of certain holidays. Also, for all inbound wire transfers, if the funds have not been deposited into your Illinois Funds account by 11 a.m. on a given day, please notify US Bank at (800) 947-8479 prior to 11 a.m. of their impending arrival.

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. To ensure same-day execution, all outbound wires must be requested by 11 a.m.

Complying with these rules enables us to provide the highest possible level of customer service, and we appreciate your cooperation. If you have any further questions, please call U.S. Bank at (800) 947-8479 or the Illinois Funds at (800) 346-7414.

MARKET PERSPECTIVE

By Mark Polistina

Will that be One Dip or Two??

It seems that our economic recovery is on shaky ground. One need only look at the unemployment rate to show the fragility of our current economic climate. For the better part of the past two-plus years, the official unemployment rate has been near 10%. Furthermore, our economic output has been, at best, anemic. What in the world is going on?

As economic downturns go, this is the worst we've encountered in nearly a century. Or, could the most recent recession leave our economy so weak and battered that we slip back into the malaise? We can only say emphatically that this one hurts pretty bad and is probably worse than anything we've personally experienced. From a purely technical perspective, the "Great Recession" ended some time around mid-year in 2009. However, from a practical standpoint, the pain still continues.

We know that Gross Domestic Product, GDP, a measure of all goods and services produced, showed a positive result in the third quarter of 2009. This usually signals the end of economic downturn. At issue is the determination of the GDP readings for the past 12 months. Some forecasters discount the positive results on the lack of substantive, regardless of size, spending of the federal government. This in their view represents a "false positive" in the readings of the past year. They believe that negative output numbers are just around the corner. In essence, we haven't emerged from re-

cession we just manipulated the numbers to show that we had. Yet, the other side of the debate believes that the spending, although large, was not large enough to sustain a recovery. Calls for more and targeted stimulus on infrastructure, employment initiatives and targeted tax relief are called for to sustain the fledgling recovery we are currently experiencing. In essence, we did what was necessary in 2009; we now need to ensure we continue to move forward.

So, will that be one dip or two?

Market Outlook

Regardless of the fiscal projections, or lack thereof, coming from Washington, we expect little change in the interest rate environment for the foreseeable future. With that in mind, 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.

Coming Soon: Fall Symposiums

October 20: Arlington Heights
October 21: Lisle

Watch your inbox for your invitation. For more information, call Josh Potts of The Illinois Funds at (800) 346-7414.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 8/31/10

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,199
Monthly Investment Earnings (in 1000's)	\$852
7 Day Yield*	0.19%
One Month Yield*	0.19%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	19
<small>*Yield Net of Fees</small>	

Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.19%	
S&P Govt Inv Pool-Govt Fund Index	0.15%	S&P Govt Inv Pool-Taxable Funds Index	0.21%
IL School Dist Liquid Asset	0.02%	IL School Dist Liquid Asset Max	0.13%
3 Month Treasury Bill	0.15%	6 Month Treasury Bill	0.19%

Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund		0.19%	
IMoneynet™ - Govt. Institutional	0.02%	Federated Govt Obligations	0.07%
Fidelity - 695 Treas Fund	0.04%	Fidelity - 57 Govt Fund	0.08%
Goldman Fin Sq Treas Fund - 468	0.03%	Goldman Fin Sq Govt Fund - 465	0.11%
30 Day Time Deposit	0.17%	90 Day Time Deposit	0.48%

MONEY MARKET FUND COMPOSITION

- 65.9% - Repurchase Agreements
- 6.5% - Money Market Funds
- 0.7% - Certificates of Deposit
- 21.1% - Commercial Paper
- 3.9% - US Government Agencies
- 1.9% - FDIC Insured Account

E-Pay Account Rate

0.176% 9/7/10

1-866-831-5240

www.illinoisepay.com

Rapid Revenue Acct. Rate

0.176% 9/7/10

1-800-346-7414

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