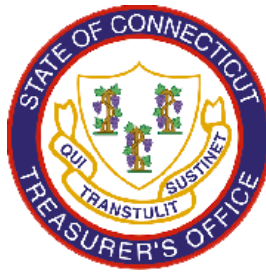


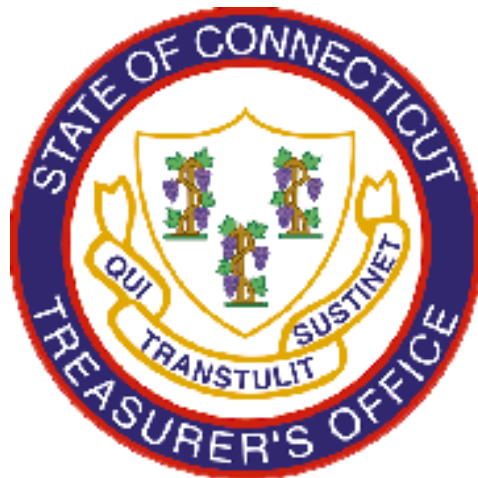
STATE OF CONNECTICUT

2013



ANNUAL REPORT OF THE TREASURER
For the fiscal year ended June 30, 2013

STATE OF CONNECTICUT
Office of the State Treasurer



The State Motto "Qui Transtulit Sustinet," (He Who Transplanted Still Sustains), has been associated with the various versions of the state seal from the creation of the Saybrook Colony Seal.

STATE OF CONNECTICUT

2013



ANNUAL REPORT OF THE TREASURER
For the fiscal year ended June 30, 2013



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Introduction





DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

December 31, 2013

The Honorable Dannel P. Malloy
Governor of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Malloy:

I am pleased to present for your review the Annual Report of the Treasurer for the fiscal year ending June 30, 2013, in accordance with Section 3-37(a) of the Connecticut General Statutes. This Annual Report includes quantitative data, explanatory comments and financial information regarding the Connecticut Retirement Plans and Trust Funds (CRPTF); the Short-Term Investment Fund (STIF); and the Connecticut Higher Education Trust (CHET), Connecticut's 529 College Savings Program. In addition, the operations of the divisions of Debt Management, Second Injury Fund and Unclaimed Property are presented.

The CRPTF's performance for Fiscal Year 2013 produced a positive return (net of expenses) of 11.64 percent, adding \$2.78 billion of market value to pension assets. After net withdrawals of \$810 million including benefit payments, fees, and expenses, the CRPTF ended the fiscal year with assets of \$25.94 billion, a \$1.96 billion increase from the previous year. The net investment returns of the two largest retirement plans – the Teachers' Retirement Fund and the State Employees' Retirement Fund – were 11.83 percent and 11.90 percent, respectively. The CRPTF is a long term investor, and for the three-year period ending June 30, 2013, it generated an investment return of 10.14 percent.

In the context of the fundamental purpose of the CRPTF – to help the State pay its pension obligations - since 2001, the Fund has paid out \$15.9 billion in pension benefits, received \$7.5 billion in contributions, and earned \$13.7 billion in investment income (net of expenses), all while increasing total assets to the current \$25.94 billion. This growth occurred during periods of significant market volatility and uncertainty and, for some of that period, with less than full funding of the actuarially recommended state contribution.

During Fiscal Year 2013, the Office of the Treasurer achieved a series of accomplishments and key milestones that inured to the benefit of state residents and businesses, including the following:

- **The Connecticut Higher Education Trust (CHET) 529 college savings program achieved record growth, with \$2.1 billion in assets under management and over 95,000 accounts in two trust plans -- CHET Direct (marketed directly to individuals) and CHET Advisor (available through financial advisors).** This growth compares with just over 4,000 accounts and \$18 million in assets under management when I took office in 1999. Since the inception of CHET, nearly \$717 million in qualified withdrawals have been made to fund the college expenses of roughly 24,100 beneficiaries attending nearly every public and private college in Connecticut and several out-of-state schools.
- **Unclaimed property amounting to \$67 million was returned to 17,852 rightful owners, which represents the second highest year (after last year) for returning money in a single year during my administration.** During Fiscal Year 2013, receipts totaling \$115 million were deposited into the State's General Fund.

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- **As interest rates remained near historic lows, the Treasury refunded outstanding debt which will reduce future debt service payments by \$65.6 million.** These savings result from the issuance of \$69.8 million of General Obligation refunding bonds, \$125.1 million of Special Tax Obligation refunding bonds, \$37.2 million of Clean Water Fund refunding bonds, and a Clean Water cash defeasance of \$97.0 million to refinance existing debt to lower interest rates for savings. Combined, these transactions, along with the UCONN Student Fee Revenue Bond Refunding, will reduce future debt service payments by \$65.6 million. Since January 1999, debt refunding and defeasances completed by the Treasury produced more than \$837 million in debt service savings over the life of the bonds.
- **The Treasury worked closely with other state agencies and the General Assembly on the successful passage of two key bonding proposals during the 2013 legislative session.** The first authorized the issuance of bonds to fund a significant portion of the State's General Fund GAAP ("Generally Accepted Accounting Principles") deficit, and commits the State to funding the balance over time through budget appropriations. The second authorizes the restructuring of outstanding 2009 Economic Recovery Notes.
- **For 15 consecutive years, the Second Injury Fund has either reduced or maintained the assessment rate for Connecticut businesses – the longest period without an assessment rate increase in the history of the Second Injury Fund.** As a result, Connecticut businesses have realized an estimated \$864 million in savings – including \$100 million in projected savings for Fiscal Year 2014. In addition, since the beginning of my administration in 1999, unfunded liabilities for injured workers have declined 51.2%, from \$838 million to \$409 million as of June 30, 2013.
- **In Fiscal Year 2013, the Office of the Treasurer recovered \$1.4 million through class action lawsuits.** This is a continuation of a multi-faceted effort launched by the Office of the Treasurer in 2000 to prevent losses due to the malfeasance of others and, whenever possible, to recover lost assets. This initiative has included the negotiation of best practices contract terms, monitoring of contract obligations, the filing of claims, and managing Connecticut's fair share of securities litigation cases. A total of \$44 million has been recaptured since 2000 by closely monitoring and participating in class action settlements.
- **The Treasury's Short-Term Investment Fund (STIF) earned an additional \$5.3 million for Connecticut's agencies, authorities, municipalities and their taxpayers in Fiscal Year 2013 – outperforming the benchmark for the last quarter century.** STIF's performance exceeded its primary benchmark by 11 basis points. During my administration, STIF's superior performance has earned government investors almost \$184 million in additional investment income. Moreover, Standard & Poor's reaffirmed STIF's AAAM rating, the highest rating available.
- **Through the Community Bank and Credit Union Investment Program, \$6 million was invested with one community bank at an average interest rate of 0.15 percent.** The program, launched by the Office of the Treasurer in 2006, achieves competitive rates for state funds while also stimulating local economic growth through investments in certificates of deposit with Connecticut-based banks and credit unions with assets of less than \$500 million. Since the program's inception, the State has invested \$386.5 million with participating institutions.
- **Through shareholder activism, the CRPTF filed or co-filed eleven shareholder resolutions and engaged with more than 10 other companies in which it invests for improved corporate governance practices.** As a long-term investor, the CRPTF exercises its shareholder rights in order to protect and enhance the value of the State's pension fund investments. During Fiscal Year 2013, the Office of the Treasurer focused on key corporate governance issues, including: executive compensation; election of members to boards of directors; climate change; board diversity; and shareholder rights. I also submitted comments to the Securities and Exchange Commission, the U.S. Congress and the stock exchanges on corporate governance issues, as well as on financial regulatory matters that may impact the CRPTF and other core business functions of the Office of the Treasurer.

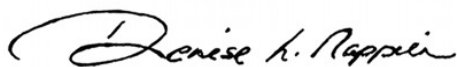
2013 TREASURER'S LETTER

- **The Office of the Treasurer continued to take a leading role with the Investor Network on Climate Risk (INCR) in the areas of climate change and energy policy.** In 2013, INCR – an organization I co-founded in 2003 -- celebrated its 10th anniversary, and has grown from ten members with \$600 billion in assets to more than 100 institutional investors representing in excess of \$11 trillion in assets. The organization engaged with a number of companies to set greenhouse gas emissions goals and targets for energy-use reductions and to report to shareholders on progress in achieving those targets. Companies were also engaged on other sustainability issues, including water risk.

I extend my gratitude to the members of the Investment Advisory Council, in particular former chairman, Neil Budnick, for their insight, financial acumen and commitment to serving the best interests of the 194,000 state and municipal employees, teachers, retirees, survivorships and other beneficiaries of the CRPTF, as well as the taxpayers and residents of our State. I am privileged to have the opportunity to work with individuals of such dedication and accomplishment.

This Annual Report was prepared by staff of the Office of the Treasurer who worked diligently throughout the year to manage the State's financial resources with utmost care, and have done so amidst reduced budgetary and personnel resources. I acknowledge their professionalism with sincere appreciation, and trust that this Report will prove both informative and useful in providing an overview of the significant work that has been accomplished. In accordance with our practice of recent years, this Annual Report is available both in print and electronically via the Treasury's website, www.ct.gov/ott.

Sincerely,



Denise L. Nappier
Treasurer

Mission Statement

To serve as the premier State Treasurer’s Office in the nation through effective management of public resources, high standards of professionalism and integrity, and expansion of opportunity for the citizens and businesses of Connecticut.

Duties of the Office of the Treasurer

The duties and authority of the Office of the Treasurer are set out in Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes. In general, the Treasurer is responsible for the safe custody of the property and money belonging to the State.

The Treasurer receives all money belonging to the State, makes disbursements as directed by Statute, and manages, borrows, and invests all funds for the State.

The Treasurer, as Chief Elected Financial Officer for the State, oversees the prudent preservation and management of State funds, including the investment of a \$25.9 billion portfolio of pension assets, \$4.5 billion in total State and local short-term, and other investments, and \$2.1 billion of assets in the Connecticut Higher Education Trust. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

Boards, Committees, and Commissions

By law, the Treasurer is a member of the following:

State Bond Commission	Investment Advisory Council
Banking Commission	Finance Advisory Committee
Connecticut Lottery Corporation	Student Financial Aid Information Council
Council of Fiscal Officers	The Standardization Committee
Information and Telecommunication Systems Executive Steering Committee	Connecticut Higher Education Trust Advisory Committee
Connecticut Innovations	Teachers’ Retirement Board
Connecticut Housing Finance Authority	Connecticut Student Loan Foundation
Connecticut Higher Education Supplemental Loan Authority	Connecticut Health and Educational Facilities Authority
Clean Energy Finance and Investment Authority	Connecticut Airport Authority
State Employees’ Retirement Commission	

Additional information on responsibilities of each is provided on Supplemental pages S-56 to S-58.

Office of the Treasurer Organization

The Office of the Treasurer consists of an executive office and five divisions, which are as follows:

The Executive Office has responsibility for policy-setting, investor and corporate relations, legal and legislative affairs, compliance, public education and information, business and information services, and special projects. The Executive Office ensures that the Treasury adheres to the highest order of public values, fiscal prudence and ethics in the conduct of the public’s business.

The Pension Funds Management Division, under the direction of the Chief Investment Officer, manages the investment portfolios of the State's six pension funds and nine trust funds with a combined market value in excess of \$25.9 billion. The portfolios are invested in various asset classes ranging from domestic and international stocks to fixed income securities, real estate, alternative investments and private equity. Beneficiaries and participants include approximately 194,000 teachers, state and municipal employees, and trust funds that support academic programs, grants, and initiatives throughout the state. The Teachers' Retirement Fund is the Treasury's largest pension fund under management, containing \$14.5 billion, followed by the State Employees' Retirement Fund, containing \$9.2 billion and the Municipal Employees' Retirement Fund with \$1.8 billion. The Pension Funds Management Division also serves as staff to the Investment Advisory Council.

The Cash Management Division, under the direction of an Assistant Treasurer, has responsibility for cash accounting and reporting, cash positioning and forecasting, bank reconciliation, bank administration, check processing and short-term investments. Over 3 million banking transactions are accounted for and reconciled annually. The division maintains accountability over the state's internal and external cash flows through the Treasury's 19 bank accounts. The Division manages clients' cash, including 1,180 accounts within the Short-Term investment Fund for the State, State agencies and authorities, and local government entities.

The Debt Management Division, under the direction of an Assistant Treasurer, administers the state's bond and debt financing program, including the sale of state bonds. Monitoring the bond markets, financing structures and economic trends that affect interest rates are critical requirements for favorable bond issuances. The Division oversees the issuance of bonds to finance state capital projects, refinances outstanding debt when appropriate, manages debt service payments and cash flow borrowing, provides information and data to private credit rating agencies, and administers the Clean Water and Drinking Water loan programs. As of June 30, \$19.3 billion of state debt was outstanding.

The Second Injury Fund Division, under the direction of an Assistant Treasurer, is a workers' compensation insurance program for certain injured worker claims. The Second Injury Fund adjudicates those qualifying workers' compensation claims fairly and in accordance with applicable law, insurance industry standards and best practices. Where possible, the Second Injury Fund seeks to help injured workers return to gainful employment or will seek settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut businesses. As of June 30, the estimated liability for open claims totaled \$409 million.

The Unclaimed Property Division, under the direction of an Assistant Treasurer, collects and safeguards all financial assets left unclaimed by owners for a specific period of time, generally three years. Unclaimed assets include, but are not limited to: savings and checking accounts; uncashed checks; deposits; stocks, bonds or mutual fund shares; travelers checks or money orders; and proceeds from life insurance policies. The Division publicizes the names of rightful owners in an attempt to return unclaimed property to them, and \$67 million in claims were paid for the fiscal year ended June 30, 2013.

2013 Annual Report Year at a Glance, as of June 30

COMBINED INVESTMENT FUNDS

Investments in Securities at Fair Value	\$ 25,912,503,786
Net Position Held in Trust for Participants	\$ 25,940,809,040
Total Investment Returns for the Fiscal Year	\$ 2,777,786,411
Total Management Fees for the Fiscal Year	\$ 121,452,269
Total Number of Advisors	138
Decrease in Total Advisors from Prior Year	21
One-Year Total Return	11.64% ⁽¹⁾
Five-Year Compounded Annual Total Return	4.50% ⁽¹⁾
Ten-Year Compounded Annual Total Return	6.95% ⁽¹⁾

(1) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers'; State Employees; and Municipal Employees') are separately presented as the asset allocations of each fund are different.

OFFICE OF THE TREASURER OVERVIEW

CONNECTICUT HIGHER EDUCATION TRUST

Direct Plan Number of Participant Accounts	87,933
Direct Plan Net Position	\$ 1,941,950,569
Advisor Plan Number of Participant Accounts	7,460
Advisor Plan Net Position	\$ 172,582,671

DEBT MANAGEMENT

Total Debt Outstanding	\$ 19,270,793,758
General Obligation Debt included above	\$ 13,709,408,758
Total New Debt Issued During the Fiscal Year	\$ 2,159,350,000
General Obligation Debt Issued included above	\$ 1,369,790,000
Total Debt Retired and Defeased During the Fiscal Year	\$ 1,954,299,369
General Obligation Debt Retired and Defeased included above	\$ 1,194,869,369
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	\$ 2,513,488,771
General Obligation Debt Service Paid included above	\$ 1,771,164,798

CASH MANAGEMENT

Total Cash Inflows During the Fiscal Year	\$ 94,685,477,509
Total Cash Outflows During the Fiscal Year	\$ 94,665,547,131

SHORT-TERM INVESTMENT FUND

Total Net Position of the Fund	\$ 4,476,721,447
One-Year Total Return	0.16%
Five-Year Compounded Annual Total Return	0.47%
Ten-Year Compounded Annual Total Return	1.97%
Weighted Average Maturity	44 days
Number of Participant Accounts	1,180

SHORT-TERM PLUS INVESTMENT FUND

Total Net Position of the Fund	\$ 2,841,355
Weighted Average Maturity	24 days
Number of Participant Accounts	1

SECOND INJURY FUND

Number of Claims Settled During the Fiscal Year	128
Total Cost of Claims Settled and Paid	\$ 4,840,349
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	\$ 409,216,051
Number of Claims Outstanding	2,843

UNCLAIMED PROPERTY

Dollar Value of Gross Unclaimed Property Receipts	\$ 115,442,771
Dollar Value of Claims Paid	\$ 66,959,408
Number of Property Claims Paid	17,852

Division Overview





**State of Connecticut
Investment Advisory Council
Hartford**

August 28, 2013

The Honorable Dannel P. Malloy
Governor
State Capitol
210 Capitol Avenue
Hartford, Connecticut

Dear Governor Malloy:

As Chairman of the Investment Advisory Council (IAC), I am pleased to present this report on the activities of the IAC for the fiscal year ending June 30, 2013.

The IAC focused on several important policy initiatives put forth by Treasurer Denise L. Nappier. In Fiscal Year 2013, the Office of the Treasurer (OTT) completed a comprehensive Asset Liability Study. The Study thoroughly assessed the asset allocations and liabilities of each plan and trust fund within the Connecticut Retirement Plans and Trust Funds (CRPTF). The recommended and adopted amendments to the Investment Policy Statement were presented by Treasurer Nappier to the IAC for approval over several IAC meetings in the course of the fiscal year. The IAC approved each amendment to the asset allocation for all plans and trust funds in the Investment Policy Statement, reflective of the projected capital market returns, the liquidity needs of each plan and trust fund, and other financial scenarios. Throughout the fiscal year, the IAC reviewed and rendered advice on a number of private market investments. Feedback was offered by the IAC on commitments to seven private investment partnerships totaling \$360 million, \$195 million of which was pending successful contract negotiations at fiscal year end; feedback was also provided on commitments to three real estate investment partnerships totaling \$250 million, \$100 million of which was pending successful contract negotiations at fiscal year end.

During Fiscal Year 2013, the Treasurer conducted several competitive searches. The IAC afforded feedback and advice to Treasurer Nappier regarding the hiring of a new investment consultant for the Alternative Investment Fund and the rehiring of the Real Estate Fund's investment consultant. Further, the IAC endorsed search plans presented by the Treasurer for a Global Master Custodian, whereby BNY Mellon Asset Servicing, a subsidiary of The Bank of New York Mellon Corporation, was named to provide full custodial services for the CRPTF, and Deutsche Bank was named to provide securities lending services. Both contracts are pending successful contract negotiations. Finally, the IAC endorsed a search for a Global Treasury Inflation Protected Securities (TIPS) manager to direct the investments of a Global TIPS account in the Inflation Linked Bond Fund.

The IAC continued its practice of reviewing fund performance at each meeting and conducted a more extensive review of fund performance on a quarterly basis. Finally, throughout the year, the Treasurer presented for the IAC's review, compliance reports on Corporate Governance, MacBride Principles and Connecticut's

c/o 55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000


INVESTMENT ADVISORY COUNCIL

statute regarding investments in Sudan and Iran. During the fiscal year, the CRPTF implemented the revised Connecticut statute governing the MacBride Principles, providing for greater flexibility regarding the Treasurer's authority to impose investment restrictions relating to investment of state funds.

There were also notable changes to the membership comprising the IAC over the course of Fiscal Year 2013. In addition to my tenure as Chairman commencing in August 2012, Thomas Barnes left the Council in November 2012 and long time member Michael Freeman retired from the Council in June 2013, after nine years, replaced by Steven Muench.

As Chairman of the IAC, I am very pleased to serve alongside fellow council members whose dedication to the IAC's mission demonstrates an unwavering commitment to those whom we represent. It is with this sense of duty and solemn pledge to maintain our promise to all the current and future pension beneficiaries and the taxpayers of the State of Connecticut that I submit this summary on behalf of the IAC.

Sincerely,

A handwritten signature in blue ink that reads "Neil G. Budnick". The signature is written in a cursive, slightly slanted style.

Neil G. Budnick, Chairman
Investment Advisory Council

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of the State Treasurer and the Secretary of the Office of Policy and Management (as ex-officio members of the Council); five public members, all of whom shall be experienced in matters relating to investments, appointed by the Governor and legislative leadership; three representatives of the State Teachers' unions', and two representatives of the State Employees' unions (CGS Sec. 3-13b).

Pursuant to C.G.S. Sec.3-13b, the IAC annually reviews the Investment Policy Statement (IPS), recommended by the Treasurer, which outlines the standards governing investment of the Connecticut Retirement Plans and Trust Funds (CRPTF) assets by the Treasurer. The IPS includes, with respect to each plan and trust fund, (A) investment objectives; (B) asset allocation policy and risk tolerance; (C) asset class definitions, including specific types of permissible investments within each asset class and any specific limitations or other considerations governing the investment of any funds; (D) investment and money manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services which shall include, but not be limited to, external investment and money managers, investment consultants, custodians, broker-dealers, legal counsel, and similar investment industry professionals; and (G) proxy voting guidelines. The Treasurer shall thereafter adopt the IPS, including any such changes recommended by the IAC the Treasurer deems appropriate, with the approval of a majority of the members appointed to the IAC. The IPS was adopted by the Treasurer and approved by the IAC in September 2012, reflecting revisions including the projected capital market returns, the liquidity needs of each plan and trust fund and other financial scenarios for the CRPTF, emanating from the 2012 Asset Liability Study that the Treasurer led, with the assistance of IAC members.

All plan and trust funds investments by the State Treasurer shall be reviewed by the IAC, along with all information regarding such investments provided to the IAC which the Treasurer deems relevant to the Council's review and such other information as may be requested by the Council. The IAC shall also review the report provided by the Treasurer at each regularly scheduled meeting of the IAC as to the status of the plans and trust funds and any significant changes which may have occurred or which may be pending with regard to the funds. The Council shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of plan and trust funds or breakdown in the safekeeping of plan and trust funds or contemplated action to do the same within their knowledge.

At the close of the fiscal year, the IAC shall make a complete examination of the security investments of the State and determine as of June 30th, the value of such investments in the custody of the Treasurer and report thereon to the Governor, the General Assembly and beneficiaries of plan and trust fund assets administered, held or invested by the Treasurer (CGS Sec. 3-13b(c)(2)).

Council members who contributed their time and knowledge to the IAC during Fiscal Year 2013 include:

JOSEPH D. ROXE, Chairman, as appointed by the Governor; Chairman, Bay Holdings LLC (served until August 31, 2012)

NEIL G. BUDNICK, Chairman, as appointed by the Governor; Managing Director, Channel Rock Partners (served from September 1, 2012)

BENJAMIN B. BARNES, Secretary, State Office of Policy and Management (Ex-officio member)

THOMAS BARNES, Branch Manager, Riverside Investment Services (served until November 30, 2012)

JANICE CARPENTER, Independent Financial Consultant

MICHAEL FREEMAN, Representative of State Teachers' unions; Teacher, Stonington High School

LAURENCE HALE, Managing Partner, Weiss and Hale Financial

JOSHUA HALL, Representative of State Teachers' unions; Hartford Federation of Teachers

DAVID HIMMELREICH, Principal, Hynes, Himmelreich, Glennon & Company

WILLIAM MURRAY, Representative of State Teachers' unions; NEA, Danbury

DENISE L. NAPPIER, Treasurer, State of Connecticut (Ex-officio member) and Council secretary

CAROL M. THOMAS, Representative of State Employees' unions; Retiree, Department of Developmental Services

PETER THOR, Representative of State Employees' unions; Coordinator, Policy & Planning, AFSCME Council 4

2013 pension funds management division

Division Overview

Introduction

As principal fiduciary of six state pension funds and nine trust funds, (known collectively as the “Connecticut Retirement Plans and Trust Funds” or “CRPTF”), the Treasurer is responsible for managing \$25.9 billion of investment assets for retirement plans serving approximately 194,000 state and municipal employees, teachers, retirees and survivorships, as well as trust funds that support academic programs, grants, and initiatives throughout the state.

Prudent investment management requires the proper safeguard of CRPTF assets to ensure the retirement security of the beneficiaries and to support the spending policies of the trust funds. Funding of the pension benefit liability is dependent upon investment returns, state contributions and the contribution requirements of eligible retirement plan participants. The spending requirements of the trust funds are met through the generation of investment income and capital gains with a focus on the preservation of capital.

The CIF was established pursuant to Connecticut General Statutes Section 3-31b as a means to invest pension and other trust fund assets in a variety of investment classes. The CIF is comprised of the following separate pooled investment funds: Liquidity Fund; Mutual Equity Fund; Core Fixed Income Fund; Emerging Market Debt Fund; High Yield Debt Fund; Inflation Linked Bond Fund; Developed Markets International Stock Fund; Emerging Markets International Stock Fund; Real Estate Fund; Commercial Mortgage Fund; Private Investment Fund; and Alternative Investment Fund.

Over the last ten years, the value of CRPTF’s investments under Treasury management has grown from approximately \$20.2 billion to approximately \$25.9 billion. The Teachers’ Retirement Fund (TERF), with approximately \$14.5 billion of assets under management at June 30, 2013, is the largest participating plan. The State Employees’ Retirement Fund (SERF) and the Connecticut Municipal Employees’ Retirement Fund (CMERF) have approximately \$9.2 billion and \$1.8 billion of assets, respectively. For the fiscal year ended June 30, 2013, total investment income (comprised of interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of operating expenses) before allocation of administrative expenses, was approximately \$2.8 billion (See Figure 1-3).

CRPTF’s total investment in the CIF at fair value as of June 30, 2013 was:

INVESTMENT SUMMARY AT JUNE 30, 2013		
	Fair Value ⁽¹⁾	% of Total Fund Fair Value
Liquidity Fund (LF) ⁽²⁾	\$ 1,041,232,312	4.02%
Mutual Equity Fund (MEF)	6,236,082,798	24.07%
Developed Markets International Stock Fund (DMISF)	5,393,071,695	20.81%
Emerging Markets International Stock Fund (EMISF)	2,367,182,053	9.13%
Real Estate Fund (REF)	1,471,299,222	5.68%
Core Fixed Income Fund (CFIF)	2,056,321,868	7.94%
Inflation Linked Bond Fund (ILBF)	879,482,495	3.39%
Emerging Market Debt Fund (EMDF)	1,388,070,525	5.36%
High Yield Debt Fund (HYDF)	1,267,238,204	4.89%
Commercial Mortgage Fund (CMF)	70,099	0.00%
Alternative Investment Fund (AIF)	1,247,574,910	4.81%
Private Investment Fund (PIF)	2,564,877,605	9.90%
Total Fund	\$25,912,503,786	100.00%

- (1) “Fair Value” includes securities and cash invested in the Liquidity Fund (LF), and excludes receivables (FX contracts, interest, dividends due from brokers, foreign tax, securities lending receivables, reserve for doubtful accounts, invested securities lending collateral and prepaid expenses), payables (FX contracts, due to brokers, income distribution, securities lending collateral and accrued expenses), and cash not invested in the LF.
- (2) The fair value of the LF represents the pension and trust assets allocated to the LF (excluding receivables and payables); the LF balances of the other combined investment funds are shown in the fair value of each fund.

Fund Management

Under the supervision of a Chief Investment Officer, appointed by the Treasurer with the approval of the Investment Advisory Council (IAC), PFM executes and manages the investment programs of the pension and trust funds with a 16-member professional staff. Internal resources are augmented by several outside consulting firms that provide research and analytical expertise to the Treasurer, the Chief Investment Officer and PFM professionals. During Fiscal Year 2013, State Street Bank and Trust (State Street) served as the custodian of record for the CRPTF, maintaining physical custody of and safeguarding plan assets. State Street also provided record keeping services under the supervision of PFM.

The Treasurer employs external money and investment managers to manage the portfolios underlying each CIF. Money and investment managers are selected based upon asset class expertise, investment performance and style. Investment and money managers are expected to comply with the parameters, guidelines, and restrictions set forth in CRPTF's Investment Policy Statement (IPS). As of June 30, 2013, 138 external money and investment managers were employed by the Treasury to invest the pension and trust assets, a decrease of 21 managers from June 30, 2012 (See Figure 1-5).

All operating overhead is allocated directly to the earnings of the pension and trust fund assets under management. The Office of the Treasurer manages assets in a cost-effective manner, consistent with the maximization of long-term returns.

Investment Policy

One of the immutable principles of investment management is that asset allocation decisions are responsible for as much as 90% of investment returns. In September 2012, the IAC approved the Treasurer's adopted IPS, including the asset allocation plan, which governs the CRPTF investment portfolios and each of the CIF. Subsequently, in December 2012, January 2013, April 2013, and July 2013, the IAC approved the Treasurer's adopted modifications.

The asset allocation plan is customized for each plan and trust with the main objective being the maximization of investment returns over the long term at an acceptable level of risk, primarily through asset diversification. Risk, in this context, is defined as volatility of investment returns. (See *Understanding Investment Performance* under Supplemental Information.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. In developing an asset allocation strategy, there is thorough analysis of the expected risk/return tradeoffs under different economic scenarios predicated on established correlations of investment returns and the diversification benefits of the available asset classes (i.e., those not restricted by statute).

As shown in Figure 1-4, the number and complexity of asset classes comprising the asset allocation policy have fluctuated during the last ten years. As of June 30, 2013, multiple asset classes were included in the IPS, including global public market equities and fixed income, and alternative investments such as real estate, private investments, hedge fund and real asset investment strategies.

At fiscal year-end, global developed and emerging markets equities (stocks) comprised the largest percentage of the total CRPTF, at approximately 54.01%. Publicly traded equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to enhance portfolio returns during highly inflationary or deflationary environments, to mitigate the effects of volatility in the stock market and to provide current income.

Asset Classes

To realize the asset allocations set forth in the IPS for each plan and trust, the Treasurer administers the CIF as a series of mutual funds in which the various retirement plans and trusts may invest through the purchase of ownership interests. The asset mix for each of the 15 plans and trusts is established by the Treasurer, with approval of the independent IAC, based upon (1) capital market theory, (2) financial and

fiduciary requirements, and (3) liquidity needs. However, there are instances in which the asset mix for a trust is set by the trust's governing document. A broad array of asset classes is considered for inclusion in a potential asset allocation structure. Each asset class has its own distinct characteristics, as well as expectations for long-term return and risk behavior.

The asset classes which make up the CRPTF's portfolio include:

Domestic Equity

The Mutual Equity Fund (MEF) invests primarily in the common stocks of U.S. corporations. MEF assets are allocated across the broad U.S. stock market. An opportunistic allocation of up to 30% may be invested within the MEF to take advantage of shifts in the investment landscape which provide diversification and/or risk and return benefits. As of June 30, 2013, the MEF structure approximated 80.31% invested in large-cap stocks, 8.49% in small/mid-cap stocks, 6.63% in all-cap and 4.57% in cash equivalents and other net assets. The MEF's performance is measured against the Russell 3000 Index (R3000).

Management of the MEF includes the use of pure indexing, enhanced indexing, active management, and opportunistic strategies executed by external money managers. Index and enhanced index strategies are referred to as passive strategies since their investment portfolios are similar to the index. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is particularly appropriate for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies. Given the overall efficiency of the domestic equity market, approximately 85% of the portfolio is invested in passive strategies. The balance of the portfolio is activity managed, primarily in the less efficient "small- and mid-cap" sectors of the equity markets. Small- and mid-cap securities are issued by companies that are smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. As a result of this relative inefficiency, active money managers have the potential to outperform these markets over the long term, while earning an acceptable level of return per unit of risk.

International Equity

Exposure to international equities is provided through two funds: the Developed Markets International Stock Fund (DMISF) and the Emerging Markets International Stock Fund (EMISF), each of which has distinct risk/return profiles. Stocks from developed market countries tend to offer lower risk and return potential compared to emerging market securities as a result of generally more stable economic and political environments and the depth and liquidity of their financial markets. The foreign currency exposure in the DMISF is partially hedged back to the U.S. dollar. DMISF and EMISF assets are allocated across foreign markets so that there is diversification by country, sector, capitalization and style, in a mix that is structured to replicate the characteristics of the comparable non-U.S. developed and emerging stock market indices to which each combined investment fund is benchmarked.

External money managers invest DMISF assets primarily in common stocks issued by companies in developed market countries domiciled outside of the U.S. The benchmark for DMISF is the Morgan Stanley Capital International Europe Australasia and Far East Investable Market Index (MSCI EAFE IMI). The DMISF is comprised of passive indexing, core developed markets and opportunistic strategies. As of June 30, 2013, the DMISF structure approximated 80.70 % invested in large-cap stocks, 15.69% in small-cap stocks, and 3.61% in cash equivalents and other net assets. Mandates for active growth/value and small cap developed market strategies represent roughly 21.0% and 15.7% of the DMISF, respectively. The currency exposure of the DMISF investments is managed through a currency hedging overlay strategy.

The EMISF invests primarily in the common stocks of non-U.S. corporations domiciled in countries included in the EMISF benchmark, which is the Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI). EMISF investments are made through portfolios managed by external money managers. The EMISF is invested 100% in active, unhedged emerging markets strategies.

Fixed Income Investments

Fixed income assets are diversified across four types of funds: the Core Fixed Income Fund (CFIF), the Inflation Linked Bond Fund (ILBF), the Emerging Markets Debt Fund (EMDF), and the High Yield Debt Fund (HYDF). Investments in the various fixed income CIF serve to reduce the overall volatility of CRPTF

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returns under various economic scenarios. Further, the fixed income CIF provide cash flow to the CRPTF in the form of interest and principal payments.

The CFIF consists of externally managed, primarily investment grade, fixed income portfolios that include debt instruments issued by the U.S. Government and its agencies, quasi-government agencies, U.S. corporations and any other public or private U.S. corporation whose debt security is regulated by the Securities and Exchange Commission (including Eurobonds and quasi or sovereign debt). Assets are diversified across sectors, industries, credit quality and duration, and up to 30% may be opportunistically invested based on changes in the investment landscape that may improve diversification, reduce risk or enhance return. As of June 30, 2013, the CFIF structure approximated 33.70% invested in treasury/agency securities, 25.10% in corporate securities, 25.60% in mortgage-backed securities, and 15.60% in cash equivalents and other net assets. The benchmark for CFIF is the Barclays U. S. Aggregate Bond Index.

The ILBF consists of externally managed fixed income portfolios containing domestic and foreign developed market sovereign bonds. These government bonds are primarily inflation-linked securities. Inflation linked bonds, also referred to as "linkers", offer protection against inflation and contribute to overall portfolio diversification. As of June 30, 2013, the ILBF structure approximated 95.0% invested in U.S. inflation-linked treasury securities and 5.0% in cash equivalents and other net assets. The benchmark for ILBF is the Barclays World Government Inflation Linked Bond Index.

The EMDF consists of externally managed fixed income portfolios that contain debt instruments issued by governments and companies located in emerging countries as defined by the benchmark and The World Bank. The benchmark for EMDF is the J.P. Morgan Emerging Markets Bond Index Global/J.P. Morgan Government Bond Index - Emerging Markets Global (50%/50%). As of June 30, 2013, the EMDF structure approximated 35.60% invested in Latin America, 31.90% in Europe, 19.80% in Asia, 6.10% in Africa, and 6.60% in cash equivalents and other net assets. The benchmark accounts for U.S. dollar-denominated debt and for debt issued in local currencies. The local currency debt is not hedged as the foreign currency is considered an additional source of alpha.

The HYDF consists of externally managed fixed income portfolios that include debt instruments rated below investment grade by a nationally recognized rating agency service (example: Standard & Poor's, Moody's or Fitch). The assets are diversified by sector, industry, credit quality and duration. The majority of the bonds are U.S. dollar-denominated. As of June 30, 2013, the HYDF structure approximated 92.30% invested in corporate securities, 0.90% in treasury securities, and 6.80% in cash equivalents and other net assets. The benchmark for HYDF is the Citigroup U. S. High Yield Market Capped Index.

Liquidity Fund

The Liquidity Fund (LF) consists of externally managed fixed income portfolios invested in readily marketable securities. The LF is designed to provide the ability to generate cash as needed with minimal exposure to risk of principal. The LF structure enables each of the CIF to remain fully invested. A secondary objective of the LF is to earn a return above money market rates. While the majority of the LF is invested in money market instruments, there are allocations to intermediate maturities, developed market sovereign bonds and emerging market currencies. As of June 30, 2013, the LF structure approximated 49.27% invested in Tier I money market securities, 24.51% in Tier II short duration bond securities, and 26.22% in Tier III international sovereign bonds and currencies. The benchmark for the LF is the one month London Interbank Offered Rate (LIBOR) Index.

Real Estate

The Real Estate Fund (REF) is the vehicle by which the CRPTF invests in the real estate asset class. The investments may consist of a number of different investment strategies and investment vehicles, including externally managed commingled funds, open-end funds, separate accounts and/or publicly traded real estate securities. The REF invests in real estate properties and mortgages and is designed to dampen the volatility of overall returns through diversification and to provide positive long-term rates of return. The REF will invest in the following: core strategies; value added strategies (investments involving efforts to increase property value through repositioning, development and redevelopment); opportunistic strategies (strategies that target niche opportunities, market inefficiencies, or special purpose markets); and publicly traded securities (primarily Real Estate Investment Trusts and Real Estate Operating Companies). Leverage

at the aggregate of the REF is limited to 60% of REF's total valuation. These investments also adhere to the Responsible Contractor Policy. As of June 30, 2013, the REF structure approximated 28.90% invested in Core, 17.40% in Value-Added, 4.80% in REITS, 32.30% in Opportunistic and 16.60% in cash equivalents and other net assets. The benchmark for REF is the National Council of Real Estate Investment Fiduciaries Property (NCREIF NPI).

Private Investments

The Private Investment Fund (PIF) is the vehicle used to invest in private equity. PIF investments generally are made in externally managed limited partnerships or through separate accounts that focus on private investments. These vehicles include investments in both venture capital and corporate finance investment strategies. Venture capital typically involves equity capital invested in young or development stage companies, and may include start-up, early, mid or late-stage companies. Corporate finance typically involves equity and debt capital invested in growth, mature or distressed stage companies, often through the financing of acquisitions, spin-offs, mergers or changes in capitalization. As of June 30, 2013, the PIF structure approximated 76.18% invested in Corporate Finance, 19.17% in Venture, and 4.65% in cash equivalents and other net assets. The benchmark for PIF is the Standard & Poor's 500 Index (S&P 500).

Alternative Investments

The Alternative Investment Fund (AIF) invests in strategies that offer the potential to enhance return and/or reduce risk. The AIF provides a vehicle for investment in portfolio strategies which are not easily classified, categorized, or described in other CIF. Hybrid strategies which contain multiple asset classes are also considered part of the opportunity set. As of June 30, 2013, the AIF structure approximated 76.12% invested in Hedge fund of funds, 4.91% in Real Assets, 3.00% in Opportunistic, and 15.97% in cash equivalents and other net assets. AIF's benchmark is the 90-day Treasury Bill.

Securities Lending

The CRPTF maintains a securities lending program designed to provide incremental risk adjusted returns. This program involves the lending of portfolio securities to broker/dealers in return for payment. Each loan is secured by collateral valued slightly in excess of the market value of the loaned securities. To further mitigate the risks of securities lending transactions, the CRPTF's securities lending bank carefully monitors the credit ratings of each counter-party and overall collateral levels.

State Street Bank and Trust Company was responsible for marketing the program, lending the securities, and obtaining adequate collateral during Fiscal Year 2013. As of June 30, 2013, securities with a market value of approximately \$2.63 billion had been loaned against collateral of approximately \$2.71 billion. Income generated by securities lending totaled \$18.4 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ending June 30, 2013, the CRPTF achieved an annual total return of 11.64%, net of expenses. The three largest pension plans, TERF, SERF and CMERF, which represent 98% of total assets, returned 11.83%, 11.90% and 9.60%, respectively. During the fiscal year, the value of the CRPTF's net position increased from approximately \$23.98 billion to \$25.94 billion. The \$1.96 billion increase was primarily due to an increase in assets from operations of \$2.78 billion partially offset by net withdrawals of \$810 million.

For the fiscal year ending June 30, 2013, markets were strong across the board, with virtually all markets in which the CRPTF invests posting positive returns. The strongest returns were posted in the developed U.S. and international equity markets, as the world emerged from the depths of the Great Recession. The driving forces were moderate economic growth and investors' willingness to invest in risk assets. Growth in the U.S. economy was helped by a recovering housing market, improved employment situation and pent-up consumer demand. The Federal Reserve continued its stance of quantitative easing and keeping worldwide markets liquid, which provided a tailwind for generating solid market returns.

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The MEF essentially matched its benchmark, the Russell 3000, with a fiscal year return of 21.15%. The U.S. equity markets produced robust gains given the extremely low level of interest rates and strong company earnings. The broad Russell 3000 index was up 21.46% during the fiscal year; within the asset class, small cap stocks outperformed large cap by returning 24.21% and 21.24% respectively. In terms of investment style, value stocks outperformed growth stocks across the capitalization spectrum.

International equity, which is comprised of both DMISF and EMISF, returned 22.56% and 3.29% respectively. DMISF outperformed its benchmark, the MSCI EAFE Index, by 125 basis points due to skillful active management decisions in terms of country and security selection. European markets rallied as the European Central Bank provided economic support to the peripheral European countries, lifting the region out of recession, while Japan engaged in aggressive monetary stimulus to move its economy forward. Because the currency risk is hedged, the appreciation of the U.S. dollar contributed to the DMISF portfolio's positive performance. Approximately half of the foreign currencies in the international equity portfolio are hedged back to the U.S. dollar to dampen the impact of currency volatility. The currency hedge added 242 basis points in return versus the unhedged benchmark. EMISF portfolio returns fell slightly behind its benchmark, the MSCI EM IMI, by 37 basis points. There was a notable decoupling of developed and emerging markets during the past fiscal year. The emerging markets posted returns that were much lower than their developed counterparts, as investors flocked to the more liquid, less risky, and reasonably valued developed markets at the expense of the emerging markets. The emerging markets equity returns also suffered when the U.S. dollar strengthened as the portfolio is unhedged, and due to fund flows out of the emerging markets.

Using the Teachers' Retirement Fund as a proxy, the domestic fixed income portfolios (CFIF, ILBF, and HYDF) returned approximately 0.76% for the fiscal year versus the Barclay's Aggregate Index's negative 0.69%. High yield and emerging market debt were the fiscal year's strongest performers in the fixed income markets. The CRPTF allocated funds to the high yield and emerging market debt to provide current income and position the portfolio in shorter dated maturities. Conversely, U.S. Treasury securities and longer duration fixed income investment were the weakest performers. Both core U.S. fixed income and U.S. inflation linked bonds posted negative returns as interest rates, which had bottomed during the fiscal year, began their ascent toward the end of Fiscal Year 2013.

The Private Investment Fund returned 9.50% for Fiscal Year 2013, underperforming its public market equivalent benchmark, the S&P 500 return of 20.60%. The underperformance of its benchmark during a period of strong public equity returns is not unusual as private equity performance lags public markets. The Private Investment Fund outperformed a more comparable benchmark during the past fiscal year, the State Street Private Equity Benchmark, which returned 8.88%, by 62 basis points. The market for private equity exits was weak as the fiscal year began, but improved by the end of the fiscal year. Over the course of the fiscal year, investments were made as part of the private equity investment plan and targeted strategies that took advantage of distressed companies, generated current cash flow, or exploited under-invested segments of the market.

The Real Estate Fund performed in line with its NCREIF benchmark, returning 10.26% versus the NCREIF return of 10.52%. The Real Estate Fund was the beneficiary of the rebound in real estate prices which boosted its fiscal year return. The Real Estate Fund has continued to make up ground during the real estate market rebound, showing a markedly improved trend with three year performance up 11.13% compared to five year performance of negative 4.81%. The Real Estate Fund continued to be well diversified, generating strong current income in this low rate environment, and increased its market value.

The Alternative Investment Fund, which invests in hedge funds, real assets and other opportunistic investments, returned 6.39%, significantly outperforming its 90-day T-Bill, absolute return benchmark of 11 basis points by 628 basis points. The alternative investment fund was designed to reallocate funds into the most promising, risk adjusted market opportunities. Given the strong equity markets, the portfolio favored equity-related strategies, but also continued to invest in dislocated credit and other concentrated investment strategies.

Detailed descriptions and performance information for each of the CIF can be found on pages 28 through 76.

2013 Management Initiatives

During Fiscal Year 2013, the Office of the Treasurer (OTT) completed a comprehensive Asset Liability Study which thoroughly assessed the asset allocations and liabilities of each plan and trust fund within the CRPTF. The resulting product of the Study, undertaken every five years, was several amendments to the Investment Policy Statement (IPS) which reflect the revised asset allocations.

In Fiscal Year 2013, a new trust fund was added to the CRPTF, the State of Connecticut Employees Retiree Health Care Trust Fund, also known as the OPEB Trust Fund. Plan assets were allocated in a manner that will help provide a reliable source of funds to supplement the State's payment of the costs of other post employment benefits for retirees of the State of Connecticut.

Implementation of the investment pacing plans established for real estate, alternative investment and private equity opportunities continued during Fiscal Year 2013. Three investment commitments totaling \$140 million were awarded to Private Investment Fund managers, plus commitments of \$195 million to three Private Investment Fund managers pending successful contract negotiations. Investment commitments totaling \$150 million were awarded to two Real Estate Fund managers, with an additional \$100 million committed to a third Real Estate Fund manager pending successful contract negotiations. Finally, an additional \$360 million was invested in the Alternative Investment Fund absolute return strategy portfolios managed by the CRPTF's fund of hedge fund managers.

After competitive searches were launched, the Treasurer rehired The Townsend Group as the REF Investment Consultant and hired Cliffwater, LLC as the AIF Consultant. During Fiscal Year 2013, the Treasurer also named BNY/Mellon as its preferred vendor to provide master custodian services and Deutsche Bank to provide securities lending services, both pending successful contract negotiation.

A competitive search was launched for Global Treasury Inflation Protected Securities (Global TIPS) Managers to direct the investments of a Global TIPS portfolio in the Inflation Linked Bond Fund (ILBF).

First funded in 2005, the Connecticut Horizon Fund (CHF) is an \$883 million fund-of-funds public market program and a \$155 million private equity allocation created to provide the OTT access to a wider number of women-owned, minority-owned, Connecticut-based and emerging firms. To date, public market managers totaled 41 CHF sub-managers; women-owned firms represented 34% of these; minority-owned firms represented 34%; followed by emerging firms at 21% and Connecticut-based firms at 11%. Additionally, there were 19 private equity sub-managers, including 8 minority-owned; 3 emerging strategies; 1 women-owned and 7 Connecticut-based. A competitive search was launched for a separately managed Fund-of-Hedge Fund mandate to further expand the CHF initiative within the AIF.

Expansion of the diversity of firms with which PFM does business continued during Fiscal Year 2013; overall, 36 minority-owned, women-owned, Connecticut-based and emerging firms, comprised 30% of the firms doing business with the division. These firms earned fees in excess of \$39 million, representing 41% of all fees paid by the division.

Proxy Voting and Corporate Governance

During 1999 and 2000, the Treasurer's Office developed comprehensive domestic and international proxy voting policies. These policies, which are part of the Investment Policy Statement as mandated by state law, guide proxy voting at CRPTF portfolio companies. Under these policies, the Treasurer not only votes proxies, but also engages with companies through letters, dialogues, and filing shareholder resolutions, either alone or in concert with other institutional investors to protect and enhance the value of the CRPTF. The Office also advocates for the protection and enhancement of shareholder rights with the Securities and Exchange Commission (SEC), the U.S. Congress and the stock exchanges. In November of 2011, the Investment Advisory Council approved changes to the domestic proxy voting policies to reflect recent developments in the laws and regulations affecting proxy voting.

Connecticut law requires the Treasurer to consider the environmental, social, and governance impact of investment decisions. In Fiscal Year 2013, the Office of the Treasurer filed shareholder resolutions at eleven companies. The Treasurer engaged with more than 10 companies through activities ranging from writing letters formally outlining shareholder concerns and attending annual shareholder meetings, to holding

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face-to-face dialogues with corporate management and board members. In support of its ongoing efforts, the Office of the Treasurer worked with a wide cross-section of investors representing public pension funds, labor funds, and faith-based investors. Executive compensation has consistently been among the key issues of focus for the Office during Fiscal Year 2013. The Treasurer supported, and the CRPTF voted in favor of, shareholder resolutions calling on companies to adopt policies related to severance payments, address internal pay equity and require chief executive officers and senior managers to hold equity compensation until their retirement from company service.

In the area of climate change and related energy issues, the Treasurer's Office continued to take a leading role in the Investor Network on Climate Risk (INCR) and the Global Warming Shareholder Campaign (GWSC). The Treasurer engaged with a number of companies on these issues, including requesting that companies set greenhouse gas emission goals, set targets for energy use reductions and report to shareholders on progress in achieving those targets.

As part of its corporate governance practices, the Office of the Treasurer is charged with administering three laws which authorize investment restrictions on companies doing business in Northern Ireland, Sudan and Iran.

Connecticut's MacBride law, Conn. Gen. Stat. §3-13h, is based on the MacBride Principles, which are a corporate code of conduct designed to address religious discrimination in the workplace for companies doing business in Northern Ireland. At the end of Fiscal Year 2013, six companies were on the "MacBride Prohibited List" due to their failure to implement the MacBride Principles, and the Treasurer has directed CRPTF's investment managers to refrain from purchasing the following companies: B/E – Aerospace; Domino's Pizza Inc.; Manpower Inc.; PPG Industries Inc.; Sally Beauty Holdings Inc; and Yum Brands, Inc.

In Fiscal Year 2012, the MacBride law was amended to give greater discretion to the Treasurer in the engagement process, consistent with the framework of the Sudan law and the Iran law.

The Treasury professionals continued to monitor and communicate with companies doing business in Sudan pursuant to Conn. Gen. Stat. §3-21e. Under the law adopted in 2006, the Treasurer has the authority to engage companies doing business in Sudan and potentially divest holdings in those companies if their business is contributing to the government's perpetuation of genocide in Sudan. Through the end of Fiscal Year 2013, the Treasurer has directed CRPTF's investment managers to divest from and refrain from further investment in 24 companies: AviChina Industry & Technology and subsidiaries Harbin Dongan Auto Engine Co. and Hafei Aviation Industry Co.; Bharat Heavy Electricals Ltd. (BHEL); China North Industries Group and subsidiaries China North Industries Corp. (a.k.a. Norinco), Norinco International Cooperation Ltd., Liaoning Huajin Tongda Chemicals Co. Ltd., Sichuan Nitrocell Co. Ltd., China North Optical-Electrical Technology Co. Ltd., and AKM Industrial Co. Ltd.; China Petroleum and Chemical Corp., CNPC (Hong Kong); Dongfeng Motor Corporation; Jiangxi Hongdu Aviation Industry Ltd.; MISC Bhd; Nam Fatt Corp., Oil and Natural Gas Corp (ONGC); PECD Group; PetroChina Co. Ltd.; Petronas Capital Ltd.; Sinopec Shanghai Petrochemical Corp.; Sudan Telecom (Sudatel); and Wartsila Oyj.

The value of CRPTF's combined investments in those companies at the time of divestment was approximately \$15 million. In 2013, with other institutional investors, the Treasurer undertook engagement with Caterpillar, Inc. due to the reported sales by a subsidiary of the company to the Government of Sudan. The Treasurer publicly announced her support for a shareholder resolution filed by the New York State Comptroller which called upon the company to ensure that its products were not sold to the Government of Sudan and to report to shareholders on the progress by December 2013. The proposal did not receive the votes of a majority of shareholders.

Connecticut's Iran law, Conn. Gen. Stat. §3-13g, authorizes the Treasurer to engage with companies doing business in Iran, due to concerns about whether such companies, by their business activities, may be contributing to the Iranian government's development of its nuclear program and its support of global terrorism. In an engagement that was initiated in Fiscal Year 2012, fifteen companies in the energy sector were contacted, and the engagement culminated with a determination in April 2013 to divest from and prohibit future direct investment in 6 companies doing business in Iran: China National Offshore Oil Corporation (China Oilfield Services Ltd.), Daelim Industrial Co. Ltd., Indian Oil Corporation Ltd. (IOCL) Oil India Ltd.,

Petroleos de Venezuela S.A., and Sasol Ltd. At the time of the determination, CRPTF had holdings in China National Offshore Oil Corporation, Petroleos de Venezuela and Sasol valued at approximately \$40 million. CRPTF managers were given 120 days to implement the directive to divest, and a final report was due from managers in August 2013.

Copies of the Connecticut pension fund's proxy voting policies and a report of proxy votes cast are available for review and download at the Treasury web site: <http://www.ct.gov/ott/proxyvoting.htm>

Asset Recovery and Loss Prevention

Treasurer Nappier's Legal and Compliance Units work to manage risk by limiting opportunities for loss due to the malfeasance of others. Extensive pre-contracting due diligence helps the Office of the Treasurer select the best available vendors and suitable products to meet the needs of the Office. Careful contract negotiation, coupled with implementation of best practice contract language, lends clarity to the obligations of the Office of the Treasurer and of the vendors of the Office. The Office maintains contact with other similar governmental offices and institutional investors, sharing ideas for enhancement of contract language, frequently offering advice to counterparts in other states.

The Office of the Treasurer deters malfeasance with its reputation for active and diligent pursuit of all opportunities to recover assets lost due to the misfeasance or malfeasance of others.

The Office of the Treasurer takes a measured approach to litigation, but is prepared, when necessary, to pursue judicial solutions where negotiations are unsuccessful. The Office of the Treasurer believes that investor-managed cases are more effectively negotiated, efficiently litigated and achieve larger settlements for the benefit of all investors. As such, the Office of the Treasurer believes it should take on its fair share of the management responsibility of such litigation and will consider making application to serve as lead plaintiff in class action litigation where appropriate. From time to time, the Office of the Treasurer has used litigation to encourage corporate governance enhancements. Although rare, the Office of the Treasurer has filed individual and group actions to pursue specific rights where disputing parties are unwilling or unable to reach an extra-judicial conclusion. Given the challenges arising from the U.S. Supreme Court's decision in *Morrison v. National Australia Bank*, the Office of the Treasurer expects to experience an increase in its participation in group action as a means of seeking recovery of lost assets.

Class Action Securities Litigation

The CRPTF recovered \$1.4 million from class action settlements in the fiscal year ended June 30, 2013. The Office continues to closely monitor opportunities to recover lost assets through participation in class action litigation.

The Office of the Treasurer, as the Trustee for the CRPTF, is currently the lead plaintiff in the matter known as *In Re Amgen, Inc. Securities Litigation*, filed in the federal district court for the Southern District of California. The court in Amgen approved the class certification motion. The Office of the Treasurer entered the discovery phase of the case in the fall of 2009. As the class representative, the Office of the Treasurer successfully defended the Amgen defendants' appeal to the Ninth Circuit Court of Appeals, which issued its opinion affirming the District Court's ruling on the 8th of November, 2011. The Amgen defendants filed a writ of certiorari with the Supreme Court of the United States in March 2012. The writ was granted by the Supreme Court in June 2012 and oral argument held on the 5th of November 2012, with presentations on behalf of Connecticut as respondent by class counsel and the US Solicitor General. The Supreme Court ruled in favor of the Connecticut Retirement Plans and Trust Funds on the 27th of February 2013, affirming the judgment of the Ninth Circuit Court of Appeals. The matter has been remanded to the trial court for further proceedings.

Corporate Governance Related Litigation

Litigation has not been required for corporate governance matters in the past fiscal year. The Office of the Treasurer prefers to focus on engagement of companies with these issues. Litigation is an effective tool, but used judiciously.

PENSION FUNDS MANAGEMENT DIVISION

Other Litigation

The Office of the Treasurer engaged legal counsel in Belgium to pursue recovery of losses in connection with certain alleged malfeasance by the Dutch-Belgian financial firm Fortis, N.A.

The Office of the Treasurer has joined group action in France adverse Vivendi, S.A., Japan adverse Olympus and in Texas' state court adverse BP. Participation in such group action became necessary as the Supreme Court's decision in *Morrison* foreclosed all other avenues of recovery in matters of securities fraud.

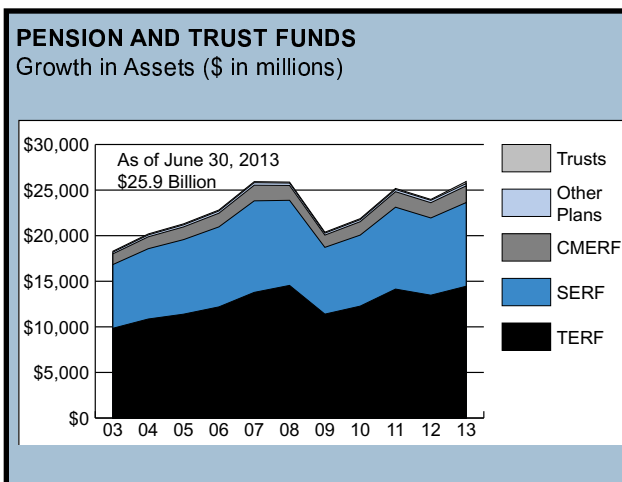
The Office of the Treasurer continues to await final distribution of limited remaining assets from an investment in Keystone Venture V L.P. (the "Partnership). Although such final distribution was anticipated to have occurred in December 2008, counsel and the liquidating trustee are in agreement that such distribution should wait until the conclusion of a certain action initiated by the Securities and Exchange Commission against the Managing Partners and Michael Liberty. Expected to have been resolved in the fall of 2008, the matter was not concluded during Fiscal Year 2013. The limited partners have requested that any disgorged assets obtained by these federal agencies be turned over to the investors. The SEC's case against Mr. Liberty settled in October 2010. Upon receipt of amounts to be distributed to the limited partners pursuant to the order of the court, the limited remaining assets will be distributed.

Figure 1-1

PENSION AND TRUST FUNDS ASSET ALLOCATION												
Actual vs. Policy at June 30, 2013												
	TERF				SERF				CMERF			
	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY												
Mutual Equity Fund (MEF)	24.9%	21.0%	17.0%	25.0%	24.5%	21.0%	17.0%	25.0%	16.6%	16.0%	13.0%	19.0%
INTERNATIONAL EQUITY												
Developed Market Intl Stock Fund (DMISF)	21.9%	18.0%	14.0%	22.0%	21.6%	18.0%	14.0%	22.0%	13.8%	14.0%	11.0%	17.0%
Emerging Market Intl Stock Fund (EMISF)	9.3%	9.0%	7.0%	11.0%	9.5%	9.0%	7.0%	11.0%	6.5%	7.0%	6.0%	8.0%
REAL ESTATE												
Real Estate Fund (REF)	5.7%	7.0%	5.0%	9.0%	5.5%	7.0%	5.0%	9.0%	7.3%	7.0%	5.0%	9.0%
FIXED INCOME												
Core Fixed Income Fund (CFIF)	6.7%	7.0%	6.0%	8.0%	7.5%	8.0%	6.0%	10.0%	7.9%	8.0%	6.0%	10.0%
Inflation Linked Bond Fund (ILBF)	3.3%	3.0%	2.0%	4.0%	3.4%	5.0%	4.0%	6.0%	4.7%	5.0%	4.0%	6.0%
Emerging Market Debt Fund (EMDF)	5.5%	5.0%	4.0%	6.0%	4.6%	4.0%	3.0%	5.0%	8.9%	8.0%	6.0%	10.0%
High Yield Debt Fund (HYDF)	4.1%	5.0%	4.0%	6.0%	4.0%	5.0%	4.0%	6.0%	13.8%	14.0%	11.0%	17.0%
Liquidity Fund (LF)	4.0%	6.0%	5.0%	7.0%	5.2%	4.0%	3.0%	5.0%	1.7%	3.0%	2.0%	4.0%
Commercial Mortgage Fund (CMF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PRIVATE EQUITY												
Private Investment Fund (PIF)	10.0%	11.0%	8.0%	14.0%	9.7%	11.0%	8.0%	14.0%	10.5%	10.0%	7.0%	13.0%
Alternative Investment												
Alternative Investment Fund (AIF)	4.6%	8.0%	6.0%	10.0%	4.5%	8.0%	6.0%	10.0%	8.3%	8.0%	6.0%	10.0%
TOTAL	100.0%	100.0%			100.0%	100.0%			100.0%	100.0%		

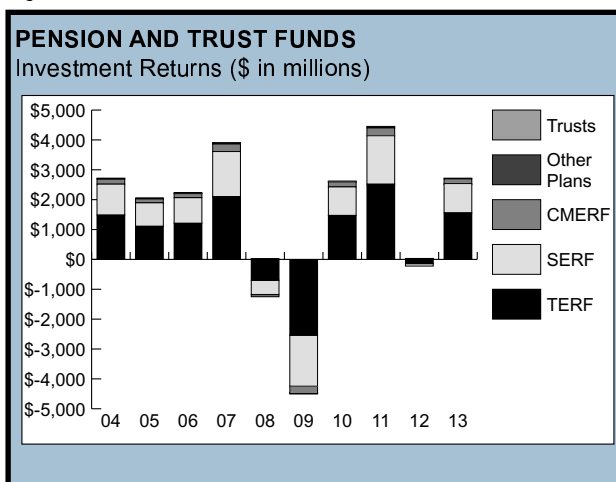
PENSION FUNDS MANAGEMENT DIVISION

Figure 1-2



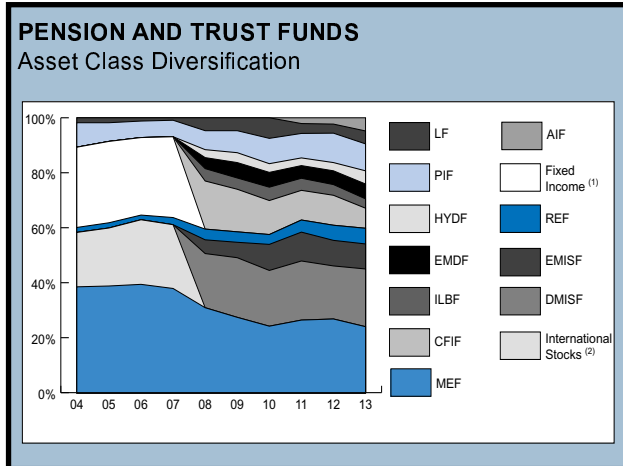
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-3



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-4



- Prior to November 1, 2007 CFIF, ILBF, EMDF and HYDF were included in a Combined Investment Fund titled Mutual Fixed Income Fund.
- Prior to November 1, 2007 DMISF and EMISF were included in a Combined Investment Fund titled International Stock Fund.

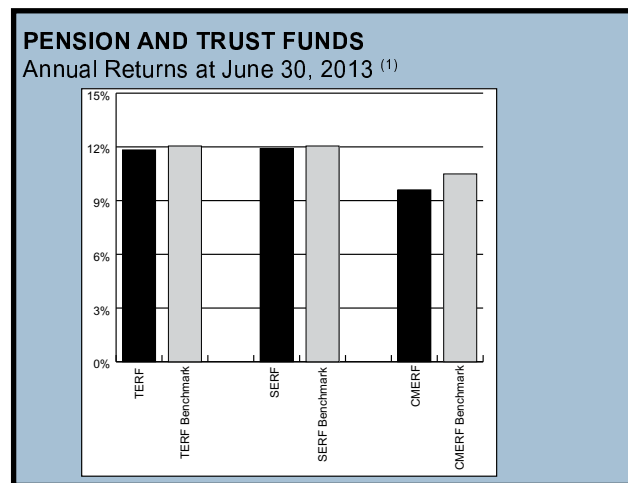
Figure 1-5

PENSION AND TRUST FUNDS
Advisor Breakdown

Fund	June 30, 2013	June 30, 2012
MEF	6	8
DMISF ⁽¹⁾	9	13
EMISF	4	4
PIF	60	69
CFIF	5	5
ILBF	2	2
EMDF	4	5
HYDF	4	4
CMF	1	1
REF	30	36
LF	6	6
AIF	7	6
Total⁽²⁾	138	159

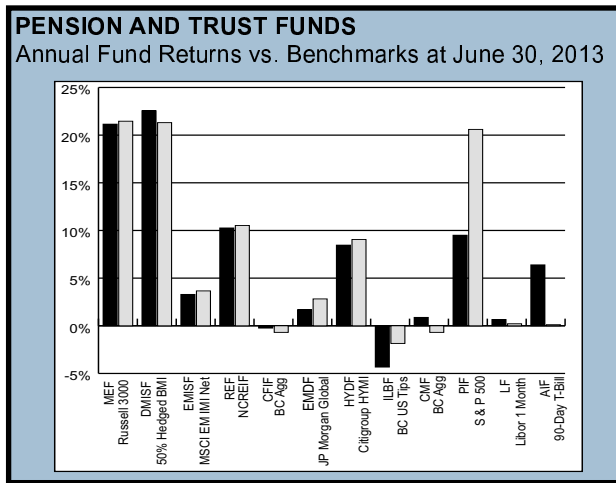
- Does not include the Currency Overlay Manager.
- Actual total advisors was 129 and 149, respectively when factoring in advisors across multiple funds. Private Investment partnerships with nonmaterial balances are not included.

Figure 1-6



- Each Plan benchmark composite represents the Plan's policy allocation weights times each investment Fund's return.

Figure 1-7



PENSION FUNDS MANAGEMENT DIVISION

Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ending June 30,					Annualized		
	2013	2012	2011	2010	2009	3 Years	5 Years	10 Years
<i>(Investment performance is calculated using a time-weighted rate of return based on the market rate of return.)</i>								
PLANS								
Teachers' Retirement Fund (TERF)	11.83	(0.96)	20.77	12.87	(17.14)	10.18	4.58	7.04
TERF Custom Benchmark	12.05	0.97	20.65	12.29	(16.85)	10.93	4.97	7.14
State Employees' Retirement Fund (SERF)	11.90	(0.90)	21.15	12.93	(18.25)	10.34	4.40	6.89
SERF Custom Benchmark	12.05	1.04	21.30	12.60	(17.42)	11.16	5.01	7.15
Municipal Employees' Retirement Fund (MERF)	9.60	0.47	17.87	12.57	(14.90)	9.08	4.45	6.78
MERF Custom Benchmark	10.49	2.72	18.82	11.82	(14.20)	10.48	5.29	7.41
<u>U.S. Stocks</u>								
Mutual Equity Fund	21.15	3.38	31.92	14.01	(28.36)	18.22	6.18	7.17
Russell 3000 Index	21.46	3.84	32.37	15.72	(26.56)	18.63	7.25	7.81
<u>International Stocks</u>								
Developed Markets International Stock Fund	22.56	(12.48)	26.30	11.03	(27.98)	10.65	1.62	N/A
Morgan Stanley Capital International Europe, Australasia and Far East Investable Market Index	21.31	(11.25)	23.20	9.68	(26.79)	9.87	1.27	7.96
Emerging Markets International Stock Fund	3.29	(14.16)	28.55	25.23	(30.90)	4.46	(0.28)	14.20
MSCI Emerging Market Investable Market Index	3.66	(16.29)	27.53	24.57	(26.84)	3.43	0.17	13.88
<u>Equity Commercial Real Estate</u>								
Real Estate Fund	10.26	7.19	16.12	(20.18)	(28.66)	11.13	(4.81)	2.64
Russell 3000 Index	21.46	3.84	32.37	15.72	(26.56)	18.63	7.25	7.81
NCREIF (1 Qtr. Lag)	10.52	13.41	16.03	(9.60)	(14.68)	13.30	2.32	8.51
<u>U.S. Fixed Income</u>								
Core Fixed Income Fund	(0.24)	7.63	4.49	11.81	2.84	3.91	5.23	4.56
Barclays U.S. Aggregate Bond Index	(0.69)	7.47	3.90	9.50	6.05	3.51	5.19	4.52
Emerging Market Debt	1.69	4.78	16.06	23.02	(3.62)	7.34	7.95	N/A
JP Morgan EMBI/JPM GBI EMG (50%/50%)	2.82	10.90	11.74	17.90	2.24	8.41	8.96	9.02
High Yield Debt	8.46	6.23	15.96	24.54	(4.59)	10.14	9.68	8.45
Citigroup U.S. High Yield Market Capped Index	9.05	7.66	15.26	25.64	(3.26)	10.61	10.46	8.57
Inflation Linked Bonds	(4.33)	11.91	7.23	9.48	(0.20)	4.71	4.64	N/A
BC World Gov't Inflation Linked Bond Index	(1.85)	11.66	7.74	9.52	(1.11)	5.69	5.04	5.51
Commercial Mortgage Fund	0.88	(6.48)	4.61	6.75	(3.14)	(0.44)	0.41	4.54
Barclays Aggregate Bond Index	(0.69)	7.47	3.90	9.50	6.05	3.51	5.19	4.52
<u>Alternative Assets</u>								
Private Investment Fund	9.50	5.92	19.89	17.32	(16.36)	11.61	6.41	10.33
S & P 500	20.60	5.45	30.69	14.43	(26.22)	18.45	7.01	7.30
State Street Private Equity Index (1 Qtr. Lag)	8.88	7.32	21.91	20.89	(29.34)	12.52	4.00	12.65
<u>Liquidity Fund</u>								
⁽¹⁾ Liquidity Fund	0.66	(0.14)	1.20	0.98	1.54	0.57	0.85	2.24
LIBOR 1 Month Index	0.21	0.25	0.25	0.27	1.35	0.23	0.46	1.97
<u>Alternative Investment Fund</u>								
90-Day T-Bill	6.39	(1.62)	N/A	N/A	N/A	N/A	N/A	N/A
	0.11	0.05	N/A	N/A	N/A	N/A	N/A	N/A

(1) The Liquidity Fund includes all cash balances, including manager cash. However all fund returns still reflect cash balances.

2013 liquidity fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Liquidity Fund (LF) is to: 1) provide a liquid source of funds for investment operations and 2) earn a return greater than that of money market investments.

Date of Inception: November 1, 2007

Total Net Position: \$2,463,517,842

Performance Objective: A net return that matches the benchmark, over rolling 3 to 5 year periods.

Management Fees: \$5,406,324

Benchmark: One Month London Interbank Offered Rate (LIBOR)

Operating Expenses: \$640,316

Number of Advisors: 6 external

Expense Ratio: 0.30%

Description of the Fund

Strategic execution involves investing a portion of the LF in longer duration and slightly higher risk securities. The LF consists of three tiers of investments:

1. The first tier contains the most liquid short-term assets, which are considered money market instruments. This tier includes the cash balances of all of the various CIF and pension contributions. This is the most active portion of the Liquidity Fund from a cash flow standpoint.
2. The second tier is comprised of enhanced cash and high quality, intermediate duration fixed income securities.
3. The third tier is structured to garner higher returns and provide asset diversification. This section of the Liquidity Fund includes slightly longer global short-term assets and foreign currencies.

Portfolio Characteristics

The Liquidity Fund investments include U.S. Treasury and Government Agency securities, commercial paper, certificates of deposit, asset-backed securities, mortgage backed securities, domestic and foreign corporate bonds, sovereign debt and foreign currencies. At June 30, 2013, the weighted average maturity of the LF was 631 days and the average quality rating was AA+ (See Figure 2-5).

Market Review

U.S. Treasury and short-term investment vehicles began the fiscal year with interest rates at all-time record lows due to domestic and global uncertainty, weak domestic data and unfavorable sentiment out of Europe. The Federal Reserve continued quantitative easing measures throughout the fiscal year. Investors weighed the approaching fiscal cliff implications against economic data that showed the U.S. economy continuing to improve at a modest pace. Short-term interest rates remained low given the dearth of safe assets and the Federal Reserve Bank's commitment to healing the weak domestic economy. Loose monetary policy kept rates low until investors reacted to signals from the Federal Reserve that it may begin to reverse course and taper asset purchases. The shift in tone fueled a broad-based sell-off of fixed income assets by the end of the fiscal year, undermining market liquidity and sending yields higher across the risk spectrum. Short-term strategies were the beneficiaries of funds moving into short-duration fixed income options.

Performance Summary

For the fiscal year ended June 30, 2013, the LF generated a return of 0.66%, net of all expenses, outperforming the one month LIBOR benchmark of 0.21%, by 45 basis points (See Figure 2-6).

PENSION FUNDS MANAGEMENT DIVISION

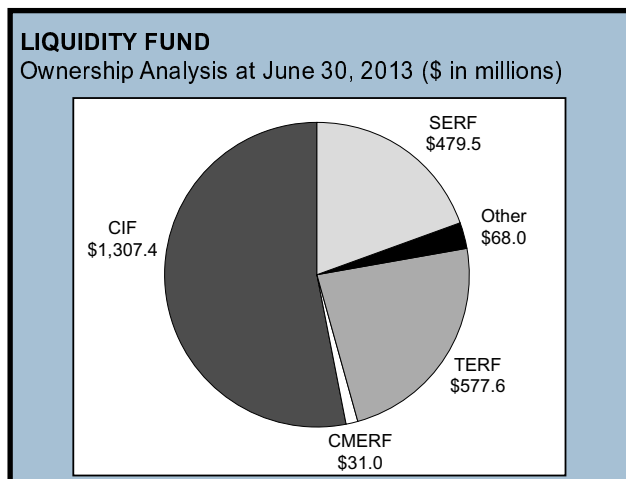
As of June 30, 2013, the LF's compounded net annualized total returns for the trailing three, five and ten year periods were 0.57%, 0.85% and 2.24%, respectively, net of all expenses. These returns exceeded those of the LF's benchmark for the time periods listed by 34, 39 and 27 basis points, respectively. The cumulative returns of the LF for the three, five and ten year periods were 1.72%, 4.30% and 24.83%, respectively (See Figure 2-6).

The LF's strategy of investing along the short end of the curve has meaningfully contributed to its outperformance of its benchmark.

Risk Profile

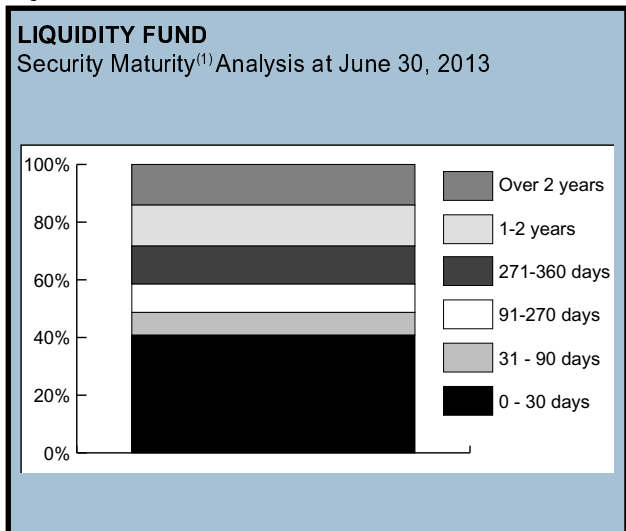
By maintaining a short average maturity the Fund has relatively low interest rate risk and by investing in high quality securities, the Liquidity Fund has a relatively low risk of credit default. The Fund assumes currency risk through its investments in global sovereign bonds and emerging market currencies. The Fund has some negligible liquidity risk, reinvestment risk and inflation risk. Counter party risk is carefully managed by dealing only with reputable, very high quality firms.

Figure 2-1



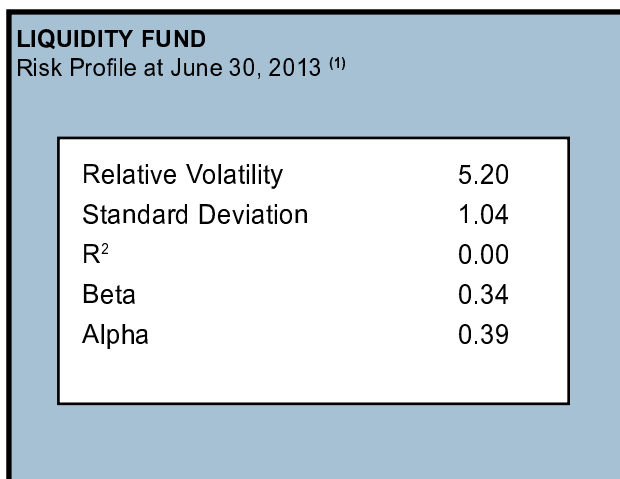
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund
CIF - Combined Investment Funds

Figure 2-3



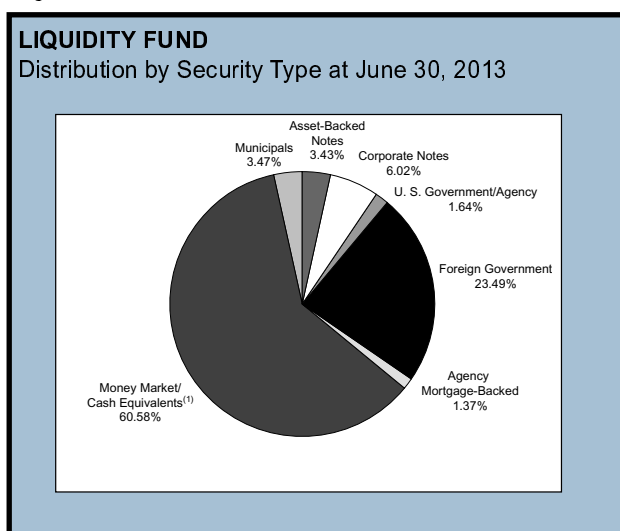
(1) Or Interest Rate Reset Period.

Figure 2-2



(1) Based upon returns over the last five years.

Figure 2-4



(1) Includes Commercial Paper, Certificates of Deposit and Repurchase Agreements.

PENSION FUNDS MANAGEMENT DIVISION

Figure 2-5

LIQUIDITY FUND Comprehensive Profile				
Date	Number of Issues	Yield ⁽¹⁾	Average Maturity	Average Quality
2013	495	0.66%	631 days	AA+
2012	329	-0.14%	482 days	AA-2
2011	337	1.20%	321 days	AA-1
2010	244	0.98%	202 days	AA-1
2009	162	1.54%	36 days	AA-2
2008	71	4.59%	39 days	A-1+/AA+
2007	97	5.61%	87 days	A-1+/AA+
2006	69	4.54%	54 days	A-1+/AA+
2005	100	2.38%	44 days	A-1+/AA+
2004	92	1.30%	48 days	A-1+/AA+

(1) Represents annual total return of the Fund for year ended June 30.

Figure 2-6

	1 YR	3 YRS	5 YRS	10 YRS
LIQUIDITY FUND				
Periods ending June 30, 2013				
Compounded, Annual Total Return (%)				
LF	0.66	0.57	0.85	2.24
LIBOR 1 MONTH INDEX	0.21	0.23	0.46	1.97
CPI-URBAN	1.75	2.32	1.31	2.43
Cumulative Total Return (%)				
LF	0.66	1.72	4.30	24.83
LIBOR 1 MONTH INDEX	0.21	0.70	2.34	21.58
CPI-URBAN	1.75	7.13	6.72	27.14

Figure 2-7

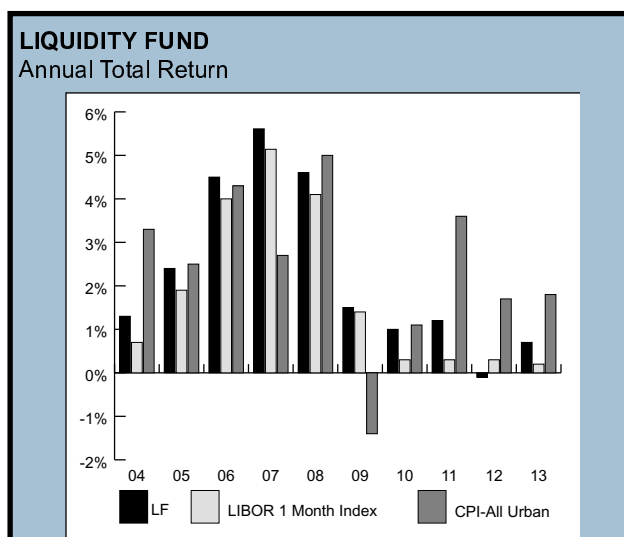


Figure 2-9

LIQUIDITY FUND Investment Advisors at June 30, 2013		
Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	\$1,213,877,553	49.27%
Payden & Rygel	169,919,514	6.90%
PIMCO	203,717,787	8.27%
Ambassador Capital Management	230,075,734	9.34%
Lazard	320,466,643	13.01%
Colchester Global Investors Ltd.	325,460,611	13.21%
Total LF	2,463,517,842	100.00%

Figure 2-8

LIQUIDITY FUND Investment Advisor Tiers at June 30, 2013		
Investments	Net Asset Value	% of Fund
Tier I	1,213,877,552	49.27%
Tier II	603,713,036	24.51%
Tier III	645,927,254	26.22%
Total LF	2,463,517,842	100.00%

Figure 2-10

LIQUIDITY FUND Ten Largest Holdings* at June 30, 2013			
Security Name	Maturity Date	Market Value	%
Merrill Lynch Tri Party A	7/1/2013	\$204,000,000	8.67%
Barclays Cap Tri Party A	7/1/2013	200,000,000	8.50%
CitiGroup Tri Party C	7/1/2013	150,000,000	6.38%
Goldman Sacs Tri Party C	7/1/2013	97,000,000	4.12%
BNP Tri Party C	7/1/2013	75,000,000	3.19%
Morgan Stanley Tri Party A	7/1/2013	58,000,000	2.46%
BNP Tri Party A	7/1/2013	50,000,000	2.12%
New Zealand Government	4/15/2015	32,686,829	1.39%
Poland Government Bond	10/24/2015	31,720,654	1.35%
US Treasury N/B	3/31/2015	28,019,313	1.19%
Top Ten		926,426,796	39.37%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 alternative investment fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Alternative Investment Fund (AIF) is to: 1) enhance overall portfolio expected returns, reduce risk, or a combination of both in a variety of market conditions, and 2) provide diversification benefits and inflation protection.

Date of Inception: February 1, 2011

Total Net Position: \$1,247,762,899

Performance Objective: A net return that matches the 90 day T-Bill Rate (T-Bills).

Expensed Management Fees: \$0

Benchmark: 90 Day T-Bills

Operating Expenses: \$1,125,903

Number of Partnerships: 7 external

Expense Ratio: 0.13%

Description of the Fund

The AIF represents a unique investment style that differs from traditional, long-only funds. The strategies employed within AIF represent a broad set of investment styles, mandates and products that focus primarily on the liquid equity, fixed income and derivatives markets, and may also include allocations to non-traditional investments, including illiquid securities and investments. AIF strategies may target absolute returns without reference to a traditional benchmark, using a wide range of investment tools such as short-selling, leverage, derivatives and complex securities.

The AIF may invest in strategies that do not fit the constraints of existing Combined Investment Funds. Such strategies could include, but are not limited to, absolute return strategies, managed futures strategies, commodities, real assets and other alternative asset strategies.

The AIF mandate will be executed through external investment advisors and money managers who actively manage a fund of funds (FoF) portfolio or through direct investments in single manager funds (SMF).

Portfolio Characteristics

The AIF is invested in four absolute return oriented hedge fund of funds with a combined market value of \$949.7 million. The portfolio also includes two real asset oriented private equity style funds which invest in energy infrastructure with a combined market value of \$61.3 million and a European distressed credit partnership with a market value of \$37.4 million.

Market Review

It was a strong year for many of the key drivers of risk and return impacting hedge fund strategies. Specifically, the bull market in North American equities drove returns of long/short equity managers who generally have a net long bias. Event driven managers increased their positions in equities and benefited handsomely from both passive and active positions. Credit manager exposure declined but remained profitable throughout the year. Macro managers entered the year bearishly positioned and their flat to slightly negative performance has been a drag on diversified hedge fund portfolios. Short positions were generally a net detractor from performance over the last year.

The macroeconomic factors driving volatility in prior years have become less dominant with more emphasis on fundamentals. This was not the case in the risk on/risk off cycle experienced across asset classes for the last 18 months. As the U.S. economy strengthens and European markets stabilize, hedge funds should continue to generate positive performance on both the long and short positions within their portfolios.

As a result of these dynamics in the investing environment, the CRPTF fund of hedge funds portfolio within the AIF gained a strong 12.0% for the fiscal year. The consolidated hedge fund portfolios once again significantly outperformed their fund of funds peer group (Hedge Fund Research, Inc. Fund of Funds Composite Index) which increased by 7.2% for the twelve months. It also solidly outperformed the broader Hedge Fund Research, Inc. Fund Weighted Composite Index, which rose 8.3%.

In the Real Assets portfolio, ArcLight Energy Partners Fund V has drawn approximately 31% of its commitments and remains in the J-curve stage. EIG Energy Fund XV has drawn nearly 60% of the committed amount and has generated a strong positive IRR. Within the opportunistic portfolio, Marathon European Credit Opportunity Fund had drawn 70% of the CRPTF's capital as of June 30, 2013. This fund also continues to generate positive returns and is performing according to plan.

Performance Summary

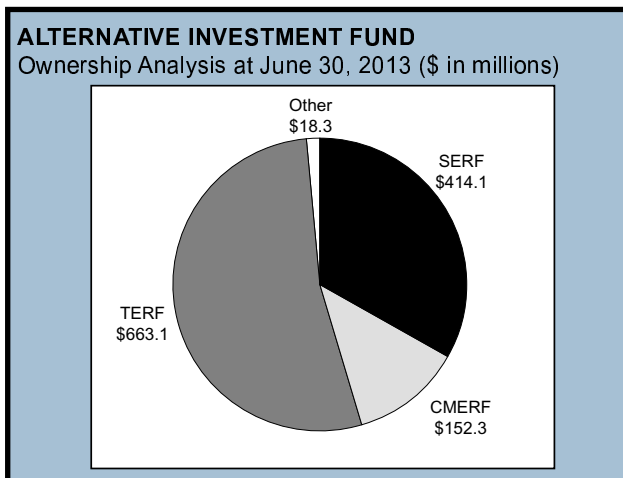
Since initial investments were made on February 1, 2011, the CRPTF AIF generated a net annualized compounded return from inception of 2.50%. The net recorded return for the fiscal year was 6.39%. This performance is relatively short-term, as the portfolio launched in 2011 and has not yet reached its anticipated diversification targets.

Risk Profile

Given AIF's investment policy and objectives, the AIF is exposed to several forms of risk. These include, but are not limited to, risks attendant with alternative investments, such as management, operations and product risk, overall liquidity risk, leverage, short selling, derivative use, and transparency. Assuming these risks as part of a prudent, total portfolio strategy assists AIF in achieving its investment objectives.

PENSION FUNDS MANAGEMENT DIVISION

Figure 3-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 3-2

ALTERNATIVE INVESTMENT FUND
Periods ending June 30, 2013

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
AIF	6.39	-	-	-
90 Day T-Bill	0.11	-	-	-
Cumulative Total Return (%)				
AIF	6.39	-	-	-
90 Day T-Bill	0.11	-	-	-

Figure 3-3

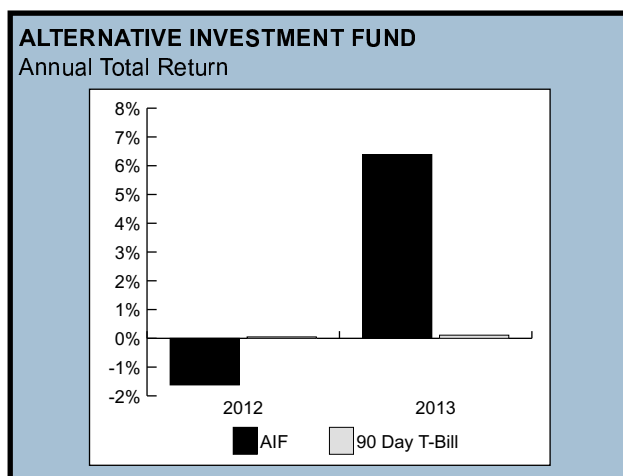


Figure 3-5

ALTERNATIVE INVESTMENT FUND
Investment Advisors at June 30, 2013

Investment Advisor	Net Asset Value	% of Fund
Arclight Energy Partners Fund	\$20,236,847	1.62%
Energy Fund XV Limited Partnership	41,089,205	3.29%
Marathon European Credit Opportunity	37,440,585	3.00%
Prudence Crandall I Permal LP	264,424,750	21.19%
Prudence Crandall II Prisma LP	165,813,900	13.29%
Prudence Crandall III Rock Creek LP	260,975,500	20.92%
Prudence Crandall IV K2 LP	258,508,000	20.72%
Liquidity Fund	199,274,112	15.97%
Total AIF	1,247,762,899	100.00%

Figure 3-4

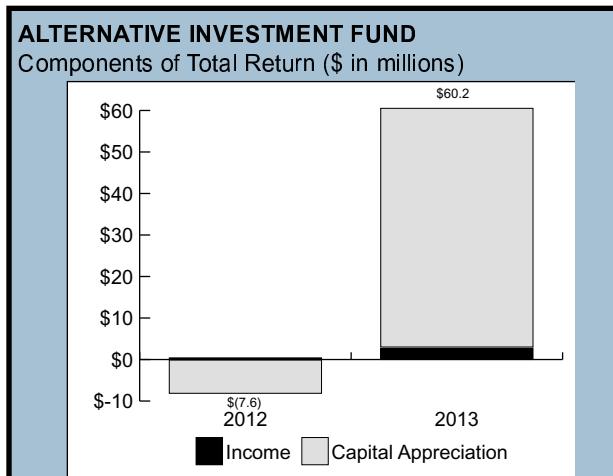


Figure 3-6

ALTERNATIVE INVESTMENT FUND
Seven Largest Holdings* at June 30, 2013

Partnership Name	Type	Market Value	%
PC I - Permal	Hedge F-o-F	\$264,424,750	21.20%
PC III - Rock Creek	Hedge F-o-F	260,975,500	20.92%
PC IV - K2	Hedge F-o-F	258,508,000	20.72%
PC II - Prisma.	Hedge F-o-F	165,813,900	13.29%
Energy Fund XV LP	Real Assets	41,089,205	3.29%
Marathon European	Opportunistic	37,440,585	3.00%
Arclight Energy	Real Assets	20,236,847	1.62%
Top Seven		\$1,048,488,787	84.04%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 mutual equity fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Mutual Equity Fund (MEF) is to 1) achieve a long-term, real rate of return significantly above the inflation rate; and 2) provide a source of diversification from other asset classes within CRPTF during different economic environments.

Date of Inception: July 1, 1972

Total Net Position: \$6,237,130,567

Performance Objective: A net return that matches the benchmark, over a rolling three- to five year period.

Management Fees: \$11,426,658

Benchmark: Russell 3000 Index

Operating Expenses: \$4,762,113

Number of Advisors: 6 external

Expense Ratio: 0.26%

Description of the Fund

MEF assets are allocated across the U.S. stock market to achieve diversification by both market capitalization and investment style, such as value and growth. The MEF may opportunistically invest up to 30 percent of assets to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits, and may include investments in any market capitalization and/or investment style and may include an allocation to stocks outside of the U.S.

Portfolio Characteristics

The MEF invests primarily in the common stock of U.S. corporations. The largest industry weightings at June 30, 2013 were information technology (17.2%), followed by financials (15.4%) and health care (12.0%) (See Figure 4-3).

The MEF's ten largest holdings, aggregating 14.25% of Fund investments, included a variety of blue chip companies and were broadly diversified with the largest holding of 2.13% in Exxon Mobil Corporation. (See Figure 4-9).

Market Review

U.S. equities produced excellent returns during the fiscal year ended June 30, 2013. U.S. equities benefited from the U.S. economic recovery and favorable corporate earnings. The extraordinary actions by major central banks suppressed interest rates, which made equities an attractive option versus fixed income. Equity values increased as major economic risks were removed or mitigated, including the resolution of the "fiscal cliff" in the U.S. and efforts to keep the European Union intact. Market optimism, the power of low interest rates, and quantitative easing led the equity markets higher.

Mid and small capitalization stocks outperformed large capitalization stocks during the past fiscal year. As measured by various Russell Indices, value stocks outperformed growth stocks across all market capitalizations, especially among large-caps. Based upon total return data from the S&P, the financial, consumer discretionary and health care sectors fared best during the fiscal year. The industrials, business services, energy and consumer staples sectors also performed well, while the telecommunication services and materials sectors lagged the broader market. The information technology and utilities sectors trailed with moderate returns.

Performance Summary

For the fiscal year ended June 30, 2013, the MEF generated a return of 21.15%, net of all expenses, which underperformed the Russell 3000 Index return of 21.46% by 31 basis points (See Figure 4-4). As of June 30, 2013, the MEF compounded net annualized total returns, for the trailing three, five and ten year periods were 18.22%, 6.18%, and 7.17%, respectively. The returns underperformed the MEF's benchmark for the time periods listed.

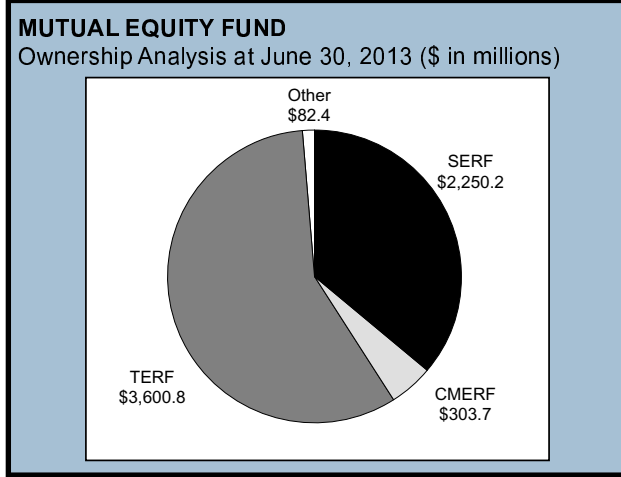
The cumulative returns of the MEF for the three, five, and ten year periods were 65.21%, 34.93%, and 99.95%, respectively.

Risk Profile

Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a relative volatility of 1.01, the MEF's returns have the same volatility as those of the Index and reflect a strong degree of correlation, as shown by the fund's beta of 1.01. MEF's annual excess return during the five year period, or return relative to that achieved by the benchmark, was a negative 1.07 (See Figure 4-2).

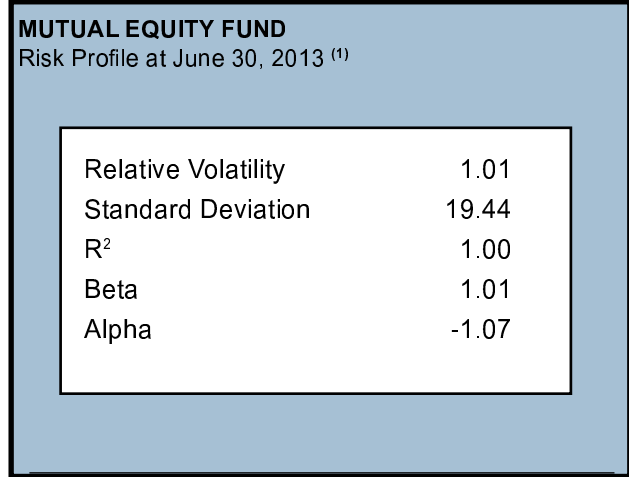
PENSION FUNDS MANAGEMENT DIVISION

Figure 4-1



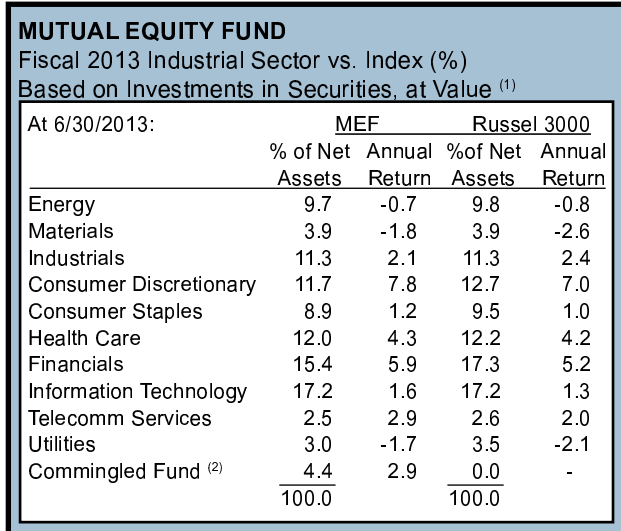
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 4-2



(1) Based upon returns over the last five years.

Figure 4-3



(1) Excludes the Liquidity Fund.

(2) Industrial sector allocations not available.

Figure 4-4

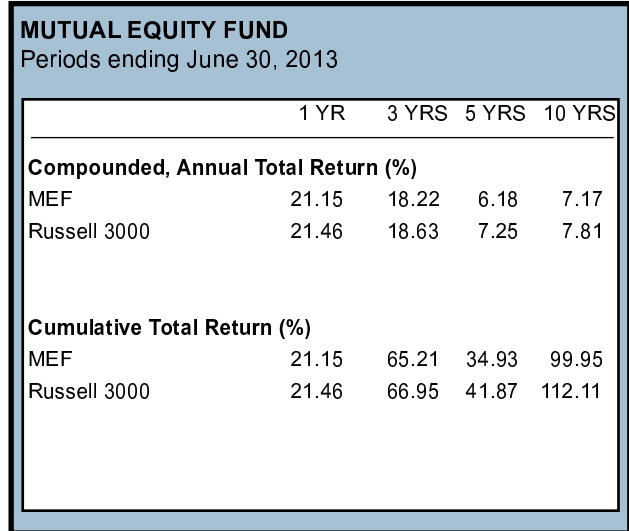


Figure 4-5

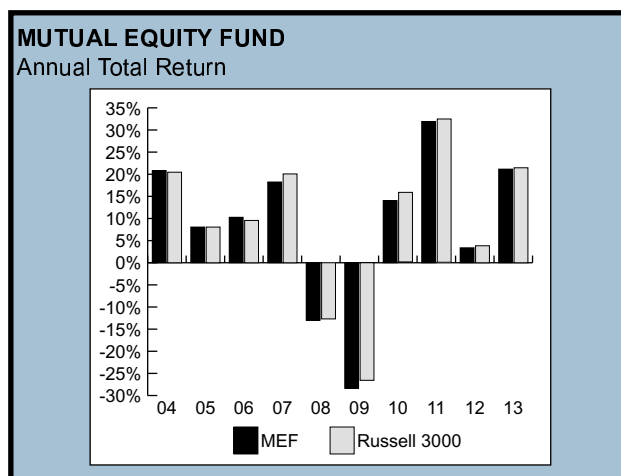
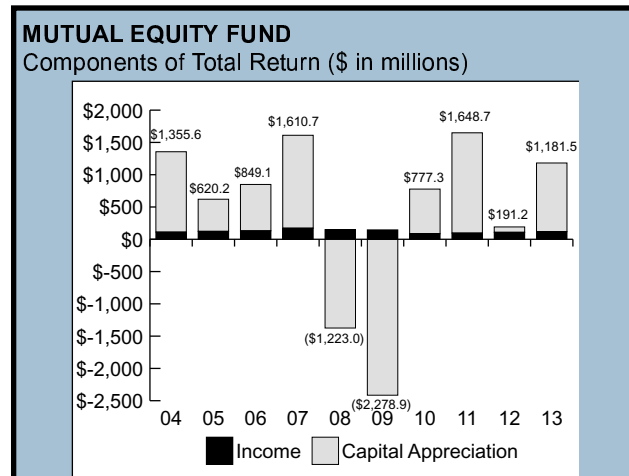


Figure 4-6



PENSION FUNDS MANAGEMENT DIVISION

Figure 4-7

MUTUAL EQUITY FUND

Comprehensive Profile for the Fiscal Years ending June 30,

	2013		2012		2011		2010		2009	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,721	3,000	1,629	3,000	1,665	3,000	1,914	3,000	1,954	3,000
Cap (\$ Bil)	\$85.5	\$85.8	\$96.9	\$89.2	\$81.5	\$73.2	\$57.2	\$59.0	\$52.8	\$58.7
P/E	19.3	19.2	18.0	18.3	19.4	20.2	16.3	17.5	20.5	19.8
Div Yield	1.90%	2.10%	1.99%	2.05%	1.80%	1.80%	1.90%	2.00%	1.98%	2.19%
ROE	17.3%	17.8%	21.1%	20.5%	18.7%	18.2%	15.9%	15.8%	18.4%	20.2%
P/B	3.8	3.7	3.7	3.7	3.5	3.5	2.7	2.9	2.9x	3.0x
Cash & Equiv.	0.8%	0.0%	0.6%	0.0%	0.6%	0.0%	0.9%	0.0%	9.7%	0.0%

Source: Monthly Bundle-Equity Portfolio Characteristics under Russell 3000

Figure 4-8

MUTUAL EQUITY FUND

Investment Advisors at June 30, 2013

Investment Advisor	Net Asset Value	% of Fund
Large Cap	\$5,008,905,441	80.31%
T. Rowe Price Associates	1,429,286,422	22.92%
State Street Global Advisors	3,579,619,019	57.39%
All Cap	413,752,308	6.63%
Capital Prospects	210,456,703	3.37%
FIS Group, Inc.	203,295,605	3.26%
Small/Mid Cap	529,263,849	8.49%
Frontier Capital Mgmt Co	314,515,095	5.04%
Bivium	214,748,754	3.45%
Other ⁽¹⁾	285,208,969	4.57%
TOTAL MEF	\$6,237,130,567	100.00%

(1) Other represents cash equivalents and other net assets.

Figure 4-9

MUTUAL EQUITY FUND

Ten Largest Holdings* at June 30, 2013

Security Name	Sector	Market Value	%
Exxon Mobil Corp	Energy	\$132,997,549	2.13%
Apple Inc	Information Tech	130,746,800	2.10%
Microsoft Corp	Information Tech	96,072,577	1.54%
Google INC CL A	Information Tech	82,567,261	1.32%
Chevron Corp	Energy	80,391,676	1.29%
JP Morgan Chase & CO	Financials	76,363,058	1.23%
Johnson & Johnson	Health Care	76,013,489	1.22%
Procter & Gamble CO	Consumer Staples	75,500,167	1.21%
General Electric CO	Industrials	71,930,278	1.15%
Pfizer INC	Health Care	66,346,419	1.06%
Top Ten		\$888,929,274	14.25%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013

core fixed income fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Core Fixed Income Fund (CFIF) is to: (1) achieve a long-term, real rate of return above the inflation rate; (2) provide a stream of income to meet cash flow needs of the plans and trusts and (3) provide a source of diversification from other asset classes within CRPTF during different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,904,984,093

Performance Objective: A net return that matches its benchmark, over rolling three- to five-year periods.

Management Fees: \$3,263,250

Benchmark: Barclays U.S. Aggregate Bond Index

Operating Expenses: \$1,466,903

Number of Advisors: 5 external

Expense Ratio: 0.21%

Description of the Fund

The CFIF assets are invested across debt instruments issued by the U.S. Government and its agencies, U.S. corporations, Euro bonds, high quality quasi or sovereign debt and any other public or private U.S. regulated debt securities. The CFIF may invest up to 30 percent of its assets opportunistically to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits.

Portfolio Characteristics

The CFIF is invested in U.S. Government 31.3%, agency 2.4%, corporate 25.1%, mortgage-backed 25.6% and asset-backed 4.1% securities. The remaining 11.5% was invested in the Liquidity Fund and other assets. At June 30, 2013, the CFIF was underweight U.S. Treasury, agency and mortgage-backed securities and overweight corporate bonds and asset backed securities versus the Barclays Capital U.S. Aggregate (See Figure 5-4). The CFIF had a longer duration of 5.50 years versus its benchmark duration of 5.20 years (See Figure 5-11).

Market Review

Domestic core fixed income markets rallied during the first half of the fiscal year in anticipation of further bond buying by the Federal Reserve Bank and U.S. fiscal cliff uncertainties. Later in the fiscal year, positive economic news in the third fiscal quarter caused investors to predict that the Federal Reserve Bank might terminate its loose monetary policy sooner than previously expected, causing upward pressure on U.S. Treasury yields through the end of the fiscal year. Given the low interest rate environment, investors continued to seek yield in the lower quality spectrum of investment grade securities which performed better than higher quality issues. Throughout the fiscal year, credit-related investments performed better than U.S. Treasury and agency securities. Market volatility and lower liquidity marked the final months of the fiscal year, and the quick rise in interest rates resulted in significant outflows from the investment grade fixed income market.

Performance Summary

For the fiscal year ended June 30, 2013, the CFIF generated a total return of -0.24%, net of all expenses, outperforming the benchmark return of -0.69% by 45 basis points. CFIF's compounded net annualized total returns for the three, five and ten-year periods were 3.91%, 5.23% and 4.56% respectively. (See Figure 5-8).

The cumulative returns of the CFIF for the three, five and ten-year periods were 12.20%, 29.01% and 56.16% respectively.

The outperformance of the benchmark was due to the portfolio's underweight to U.S. Treasury securities and overweight credit sectors.

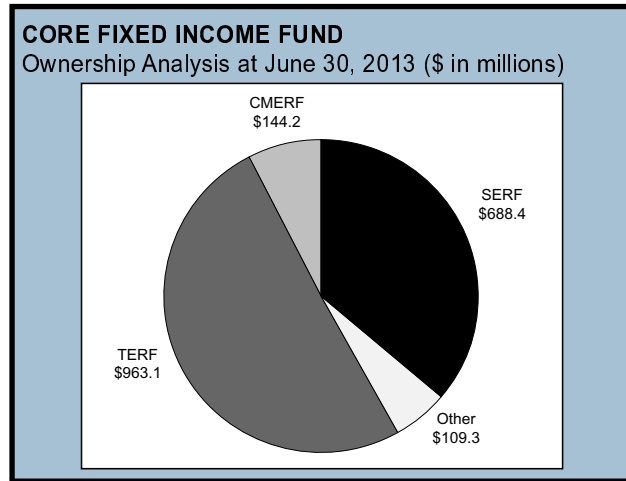
Risk Profile

Given CFIF's investment policies and objectives, the Fund is exposed to various forms of risk, such as credit default risk, interest rate risk, liquidity risk, inflation risk, reinvestment risk and counter party risk. These risks are monitored on an on-going basis and actions are taken to mitigate identified risks.

External rating agencies assign credit ratings to individual securities reflecting their views of the underlying firm's credit worthiness or in the case of securitized debt, the underlying assets. As of fiscal year end, 65.7% of the CFIF is rated AAA (See Figure 5-5).

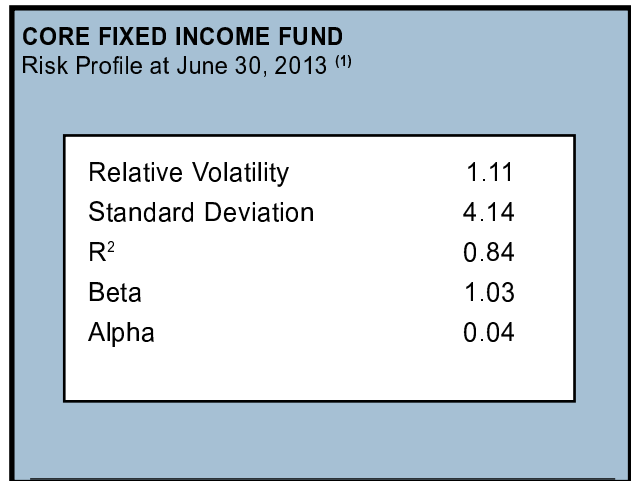
PENSION FUNDS MANAGEMENT DIVISION

Figure 5-1



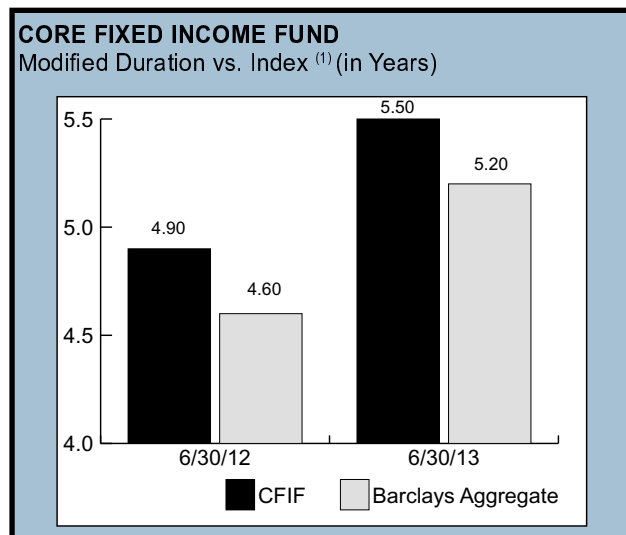
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 5-2



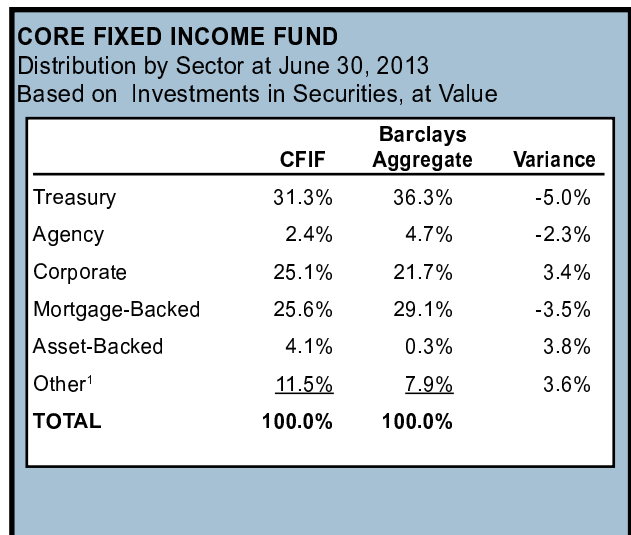
(1) Based upon returns over the last five years.

Figure 5-3



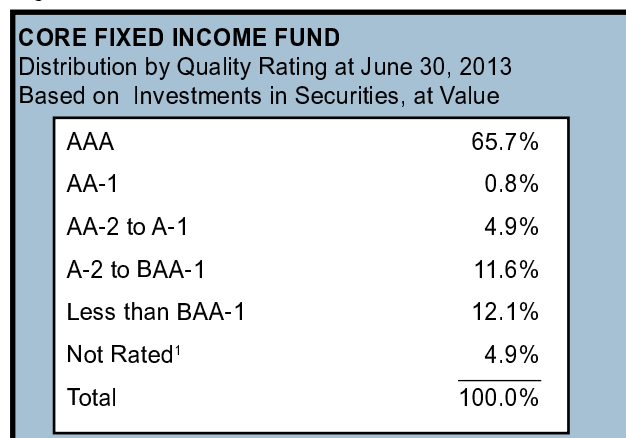
(1) Computed without the effect of Cash and other Net Assets.

Figure 5-4



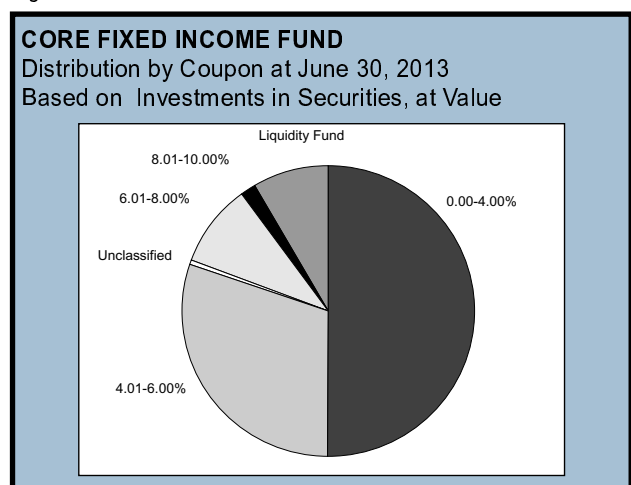
(1) Other category includes Liquidity Fund and other assets.

Figure 5-5



(1) Represents securities for which ratings are unavailable.

Figure 5-6



PENSION FUNDS MANAGEMENT DIVISION

Figure 5-7

CORE FIXED INCOME FUND
Duration Distribution at June 30, 2013
Based on Investments in Securities, at Value

0-3 Years	36.2%
3-5 Years	26.2%
5-7 Years	15.8%
7-10 Years	11.8%
10+ Years	9.0%
Unknown ⁽¹⁾	1.0%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

Figure 5-8

CORE FIXED INCOME FUND
Periods ending June 30, 2013

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CFIF	-0.24	3.91	5.23	4.56
Barclays Aggregate	-0.69	3.51	5.19	4.52
Cumulative Total Return (%)				
CFIF	-0.24	12.20	29.01	56.16
Barclays Aggregate	-0.69	10.90	28.77	55.59

Figure 5-9

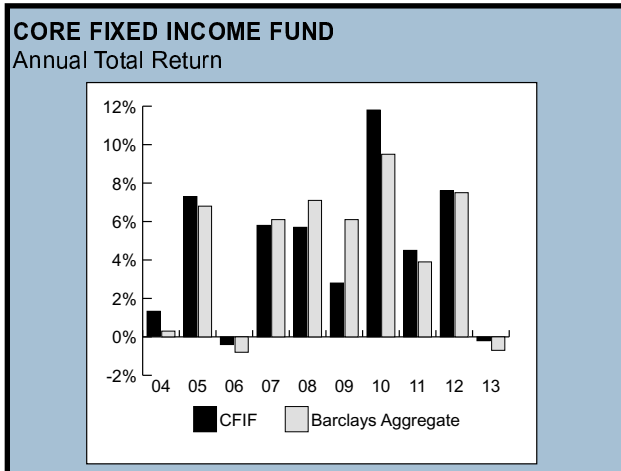


Figure 5-10

CORE FIXED INCOME FUND
Investment Advisors at June 30, 2013

Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	\$374,169,508	19.64%
BlackRock Financial Mgmt, Inc.	506,836,371	26.61%
Wellington	542,517,646	28.48%
Conning-Goodwin Capital	329,452,554	17.29%
Progress	139,322,539	7.31%
Other ⁽¹⁾	12,685,475	0.67%
TOTAL CFIF	\$1,904,984,093	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 5-11

CORE FIXED INCOME FUND
Comprehensive Profile
for the Fiscal Year ending June 30,

	2013		2012		2011		2010		2009	
	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	LBAI*
Number of Issues	3,227	8,382	3,732	7,664	3,661	7,627	3,398	7,755	3,421	8,454
Average Coupon	3.60%	3.50%	4.20%	3.90%	4.50%	4.30%	4.70%	4.50%	4.90%	5.00%
Yield Maturity	2.30%	2.30%	2.20%	1.80%	3.10%	2.80%	3.10%	2.70%	5.70%	4.00%
Average Maturity	7.20	6.90	7.10	6.70	7.10	7.00	6.60	6.10	6.70	5.90
Modified Duration	5.50	5.20	4.90	4.60	5.10	4.90	4.50	4.30	4.60	4.20
Average Quality	AA-2	AA-2	AA-2	AA-1	AA-1	AAA	AA-1	AA-1	AA-1	AAA
Liquidity Fund*	8.4%	0.0%	7.4%	0.0%	9.6%	0.00%	4.5%	0.0%	6.8%	0.0%

* Note: Index changed from LBAI to Barclays Aggregate

PENSION FUNDS MANAGEMENT DIVISION

Figure 5-12

CORE FIXED INCOME FUND

Ten Largest Holdings* at June 30, 2013

Security Name	Maturity	Market Value	%
US TREASURY N/B	6/15/2016	\$82,644,761	4.02%
FNMA TBA 30YR SINGLE FAMILY JU	12/1/2043	63,604,850	3.09%
US TREASURY N/B	6/30/2018	29,988,997	1.46%
US TREASURY N/B	4/30/2017	27,462,000	1.34%
GNMA TBA JULY SINGLE FAMILY	12/1/2043	23,627,301	1.15%
US TREASURY N/B	7/31/2015	23,048,896	1.12%
US TREASURY N/B	5/31/2020	17,656,139	0.86%
FNMA TBA JUL 30 SINGLE FAM	12/1/2043	14,813,820	0.72%
US TREASURY N/B	4/30/2016	12,819,542	0.62%
US TREASURY N/B	5/15/2043	12,482,925	0.61%
Top Ten		\$308,149,231	14.99%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 5-13

CORE FIXED INCOME FUND

Quarterly Current Yield ⁽¹⁾ vs. Indices (%)

	6/30/13	3/31/13	12/31/12	9/30/12	6/30/12
CORE FIXED INCOME	3.50	3.40	3.40	3.50	3.77
Barclays Aggregate	3.20	3.20	3.30	3.30	3.46
Citigroup 3 Month T-Bill	0.04	0.07	0.04	0.10	0.09
Barclays Treasury	2.02	2.02	2.06	2.10	2.19
Barclays Agency	2.21	2.21	2.29	2.27	2.36
Barclays Mortgage	3.94	3.91	4.00	4.07	4.18
Barclays Corporate	4.44	4.33	4.34	4.46	4.68
Barclays Asset Backed	1.99	2.26	2.29	2.52	2.91

(1) Current Yield represents annual coupon interest divided by the market value of securities.

2013 inflation linked bond fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Inflation Linked Bond Fund (ILBF) is to (1) achieve a long-term, real rate of return above the inflation rate; (2) provide protection against rampant inflation; and (3) offer a source of diversification relative to other asset classes within the CRPTF during different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$887,630,192

Performance Objective: A net return, that matches the benchmark, over rolling three-to five-year periods.

Management Fees: \$880,812

Benchmark: Barclays World Government Inflation-Linked Bond Index

Operating Expenses: \$988,177

Number of Advisors: 2 external

Expense Ratio: 0.20%

Description of the Fund

The ILBF benchmark was changed in September 2012 from a U.S. inflation protection benchmark to a global inflation protection benchmark, which expands the opportunity set to global inflation-linked bonds from major developed countries. Inflation-linked bonds carry a fixed interest rate while the principal of the bonds is adjusted semi-annually for any rise or decline in the inflation rate.

Portfolio Characteristics

During Fiscal Year 2013, the ILBF was comprised principally of U.S. Treasury Inflation Protected Securities (U.S. TIPS). The Fund's average coupon at June 30, 2013 was 1.45% versus 1.39% for the benchmark. The average maturity of the Fund and its benchmark were 8.79 years and 8.70 years, respectively (See Figure 6-9).

Market Review

During the first half of Fiscal Year 2013, Inflation Protected Securities (IPS) generated strong performance, despite soft inflation data, as investors were concerned that the accommodative global central bank policies would trigger future inflation. The U.S. TIPS market produced negative returns due to the rise in U.S. interest rates, as well as profit taking as breakeven rates approached 2.65%. Stronger growth expectations and higher energy prices caused shorter and intermediate U.S. TIPS to outperform longer dated bonds. United Kingdom (U.K.) inflation linked bonds significantly outperformed U.S. TIPS due to the emergence of higher inflation in the U.K. Returns for this asset class were further adversely impacted by declining breakeven inflation rates, which fell by 25-100 basis points across the curve. In general, U.S. TIPS underperformed other global inflation linked bond markets during the fiscal year, as the U.S. markets led other developed markets in terms of increased interest rates.

Performance Summary

For the fiscal year ended June 30, 2013, the ILBF generated a total return of -4.33%, net of all expenses, underperforming the benchmark return of -1.85% by 248 basis points (See Figure 6-7). The underperformance to

the benchmark is due to the transition from a U.S. portfolio to a global portfolio. The portfolio was overweight U.S. markets and underweight global markets.

As of June 30, 2013, the ILBF's compounded net annualized total returns for the trailing three and five year periods were 4.71% and 4.64% respectively, underperforming the benchmark by 98 and 40 basis points respectively (See Figure 6-7).

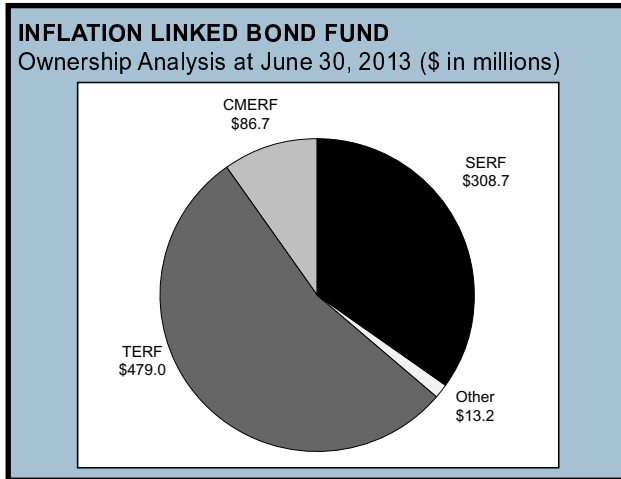
The cumulative net returns for the ILBF for the three and five year periods were 14.81% and 25.44% respectively.

Risk Profile

The two major risks facing the Inflation-Linked Bond Fund are deflation and a rise in "real" interest rates since either would cause price reductions in bonds. Currency risk exists for any bonds held in non-U.S. currencies.

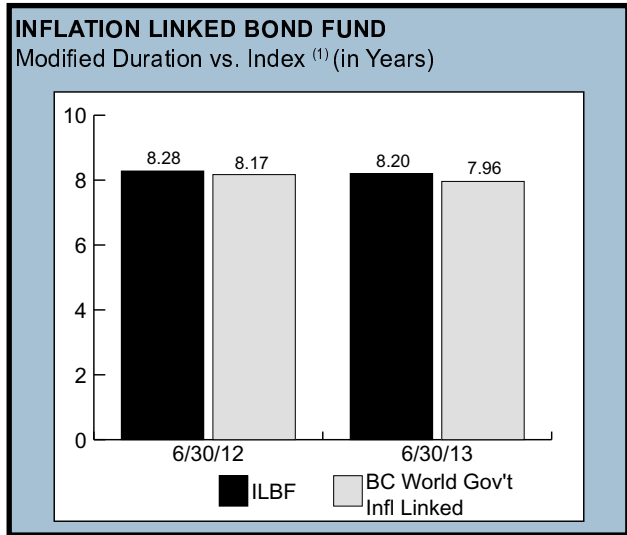
PENSION FUNDS MANAGEMENT DIVISION

Figure 6-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 6-2



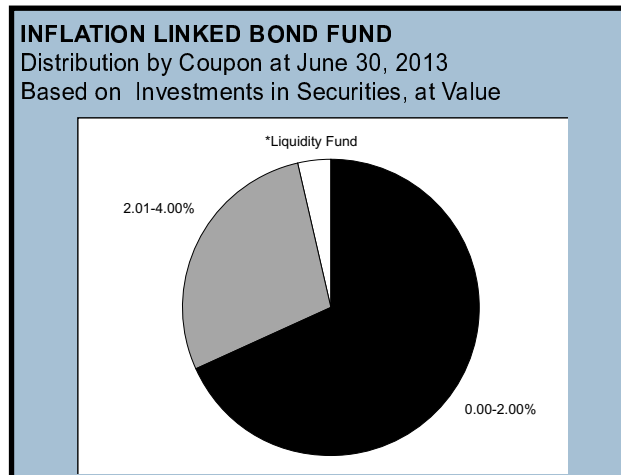
(1) Computed without the effect of Cash and other Net Assets.

Figure 6-4

INFLATION LINKED BOND FUND
Distribution by Country at June 30, 2013
Based on Investments in Securities, at Value

	BC World Gov't		Variance
	ILBF	Infl Linked	
U.S.	95.0%	41.0%	54.0%
U.K.	0.0%	27.0%	-27.0%
France	1.4%	12.0%	-10.6%
Italy	0.0%	8.0%	-8.0%
Germany	0.0%	4.0%	-4.0%
Canada	0.0%	3.0%	-3.0%
Japan	0.0%	2.0%	-2.0%
Sweden	0.0%	2.0%	-2.0%
Australia	0.0%	1.0%	-1.0%
Liquidity Fund	3.6%	0.0%	3.6%
TOTAL	100.0%	100.0%	

Figure 6-5



*Note: Ending weights

INFLATION LINKED BOND FUND
Distribution by Quality Rating at June 30, 2013
Based on Investments in Securities, at Value

AAA	98.6%
AA-1	1.4%
Total	100.0%

Figure 6-6

INFLATION LINKED BOND FUND
Duration Distribution at June 30, 2013
Based on Investments in Securities, at Value

0-3 Years	22.5%
3-5 Years	10.8%
5-7 Years	16.1%
7-10 Years	33.6%
10+ Years	13.4%
Liquidity Fund	3.6%
Total	100.0%

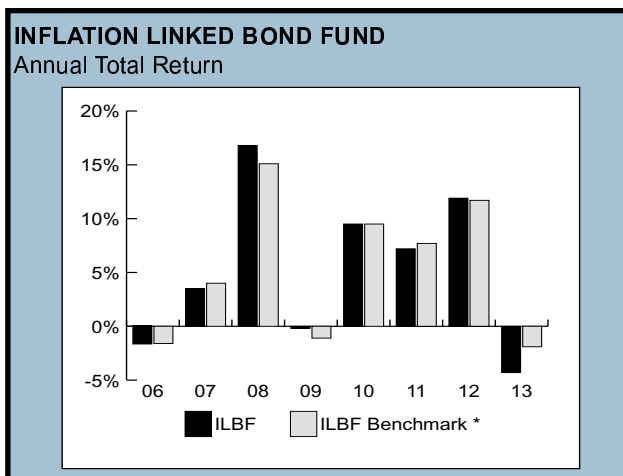
PENSION FUNDS MANAGEMENT DIVISION

Figure 6-7

	1 YR	3 YRS	5YRS
INFLATION LINKED BOND FUND			
Periods ending June 30, 2013			
Compounded, Annual Total Return (%)			
ILBF	-4.33	4.71	4.64
BC World Gov't Infl Linked Bond Index ⁽¹⁾	-1.85	5.69	5.04
Cumulative Total Return (%)			
ILBF	-4.33	14.81	25.44
BC World Gov't Infl Linked Bond Index ⁽¹⁾	-1.85	18.07	27.87

(1) The benchmark was changed during Fiscal Year 2013 from BC U.S. Treasury TIPS to BC World Government Inflation Linked Bond Index.

Figure 6-8



*Note: 2013 Benchmark is BC World Government Inflation Linked Bond Index; prior years the benchmark is BC U.S. Treasury TIPS Index.

Figure 6-9

	2013		2012		2011		2010	
	ILBF	BC World Gov't Infl	ILBF	Barclays US TIPS	ILBF	Barclays US TIPS	ILBF	Barclays US TIPS
Number of Issues	33	34	29	33	31	31	26	29
Average Coupon	1.45%	1.39%	1.69%	1.70%	1.97%	1.99%	2.25%	2.19%
Average Maturity	8.79	8.70	9.32	9.27	9.07	9.09	9.15	9.17
Effective Duration	8.20	7.96	8.28	8.17	7.70	7.64	7.71	7.74
Average Quality	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Liquidity Fund ⁽¹⁾	3.6%	0.0%	1.0%	0.0%	3.9%	0.00%	3.8%	0.0%

(1) Ending Weights

Figure 6-10

INFLATION LINKED BOND FUND		
Investment Advisors at June 30, 2013		
Investment Advisor	Net Asset Value	% of Fund
Brown Brothers Harriman	\$518,225,907	58.38%
Hartford Investment Mgmt Co.	366,960,507	41.34%
Other ⁽¹⁾	2,443,778	0.28%
TOTAL ILBF	887,630,192	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 6-11

INFLATION LINKED BOND FUND			
Ten Largest Holdings ⁽¹⁾ at June 30, 2013			
Security Name	Maturity	Market Value	%
U.S. Treasury Notes	1/15/22	119,849,940	13.63%
U.S. Treasury Notes	1/15/25	86,044,235	9.78%
U.S. Treasury Notes	7/15/19	73,106,223	8.31%
U.S. Treasury Notes	7/15/16	61,355,920	6.98%
U.S. Treasury Notes	1/15/26	61,135,303	6.95%
U.S. Treasury Notes	4/15/18	41,652,801	4.74%
U.S. Treasury Notes	7/15/15	38,800,177	4.41%
U.S. Treasury Notes	4/15/16	35,658,973	4.06%
U.S. Treasury Notes	4/15/29	34,137,887	3.88%
U.S. Treasury Notes	2/15/43	29,204,817	3.32%
Top Ten		580,946,276	66.06%

(1) A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 emerging market debt fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Emerging Market Debt Fund (EMDF) is to: (1) achieve a long-term, real rate of return above the inflation rate and (2) provide a source of diversification relative to other asset classes within the CRPTF given the different global economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,410,064,875

Performance Objective: A net return that matches its benchmark, over rolling three- to five-year periods.

Management Fees: \$4,820,747

Operating Expenses: \$1,023,274

Benchmark: J.P. Morgan Emerging Markets Bond Index Global/ J.P. Morgan Government Bond Index-Emerging Markets Global (50%/50%)

Number of Advisors: 4 external

Expense Ratio: 0.45%

Description of the Fund

The EMDF invests primarily in debt instruments issued by governments and companies operating in developing countries as defined by the benchmark and/or The World Bank. The EMDF is generally weighted 50% to U.S. dollar denominated securities and 50% to securities issued in local currencies. For performance measurement purposes, the dollar-denominated securities are benchmarked to the JPM EMBI Global Index and the local currency securities are benchmarked to the JPM Government Bond Index – Emerging Markets Global.

Portfolio Characteristics

The EMDF is a diversified portfolio with an overall yield to maturity of 6.66% versus the benchmark yield to maturity of 5.82% (See Figure 7-11). The Fund is diversified across geographic regions with the highest weighting in Latin American countries at 35.6%. Europe was the second highest regional concentration in the portfolio (See Figure 7-3). The average quality of EMDF was Baa-2, the same as the benchmark average (See Figure 7-11). The distribution by quality ratings for the Fund is reported in Figure 7-4.

Market Review

The emerging markets' debt asset class enjoyed a strong first half of the fiscal year. All sectors and geographic regions posted positive returns with U.S.-denominated bonds performing the best, followed by corporate debt and local currency debt. High yielding sovereign and corporate bonds outperformed in general, while local currency debt performance was more idiosyncratic. More signs of central bank easing, encouraging global macroeconomic data (excluding Europe), and resolution of the U.S. fiscal cliff issue, were all supportive. Emerging market corporate and high yield debt outperformed during this period as investors sought higher yields given the generally low interest rate environment. During the final quarter of the fiscal year, there was a significant sell-off in emerging market bonds driven by the rate rise in the U.S. related to a potential end to the Federal Reserve's quantitative easing, weaker than expected growth in China and emerging markets, and uncertainties in Europe. Emerging market debt returns were sharply negative in the quarter ending June 30th, with local currency bonds posting their worst performance since 2011 amid the depreciation of emerging markets' currencies.

Performance Summary

For the fiscal year ended June 30, 2013 the EMDF generated a return of 1.69%, underperforming its benchmark return of 2.82% by 113 basis points.

As of June 30, 2013, the EMDF's compounded net annualized total returns for the trailing three and five year periods were 7.34% and 7.95%, respectively, underperforming its benchmark by 107 and 101 basis points, respectively. (See Figure 7-7).

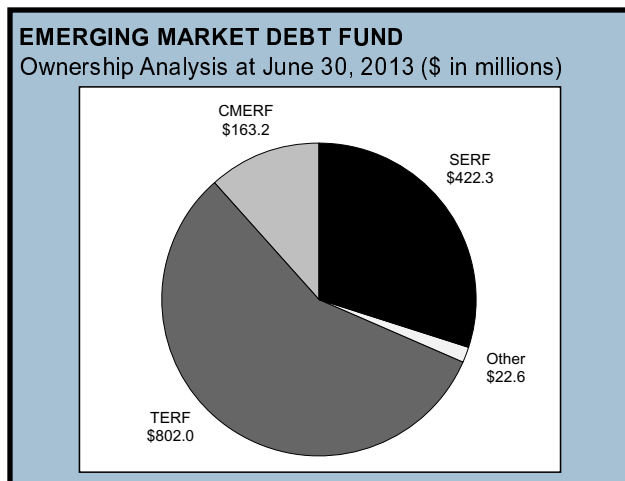
The cumulative net returns for the EMDF for the three and five year periods were 23.67% and 46.62% respectively.

Risk Profile

Given EMDF's investment policies and objectives, the Fund is exposed to various forms of risk. These include, but are not limited to, interest rate risk, currency risk, liquidity risk, inflation risk, default risk and foreign withholding. In addition, the Fund is exposed to potential geopolitical risk. These risks are monitored on an on-going basis and actions are taken as appropriate to mitigate identified risks.

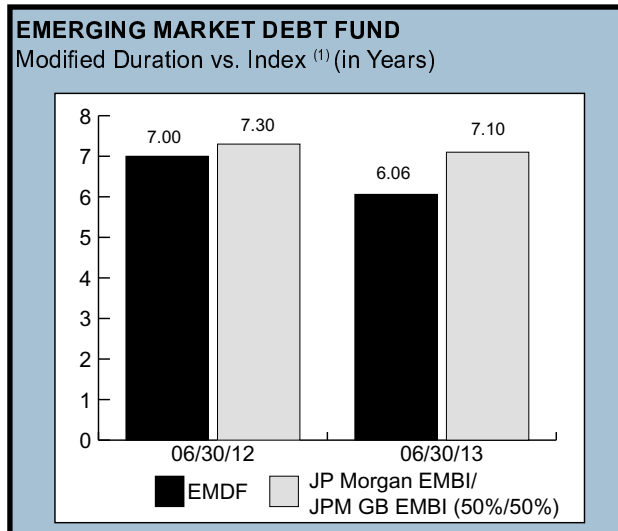
PENSION FUNDS MANAGEMENT DIVISION

Figure 7-1



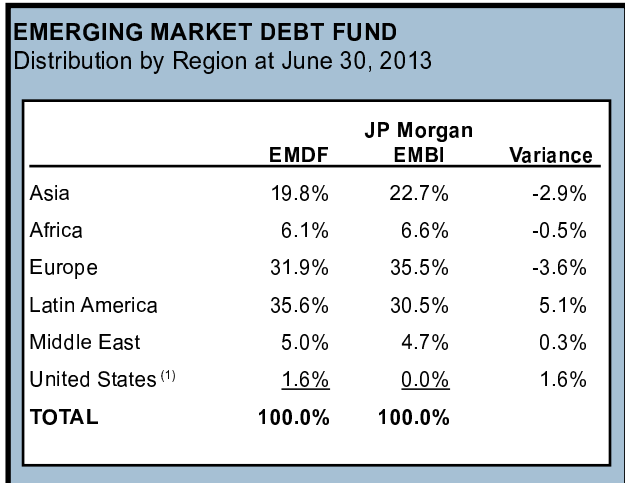
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2



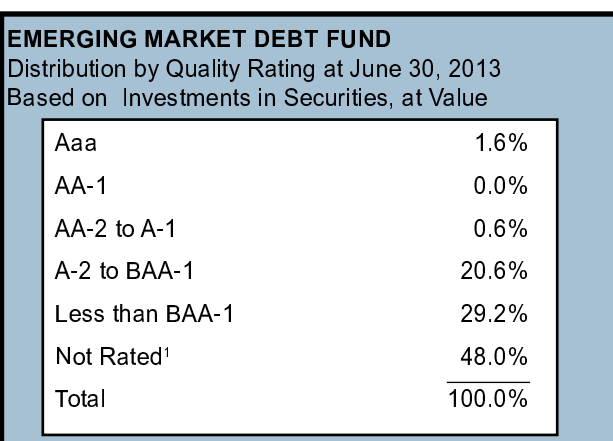
(1) Computed without the effect of Cash and other Net Assets.

Figure 7-3



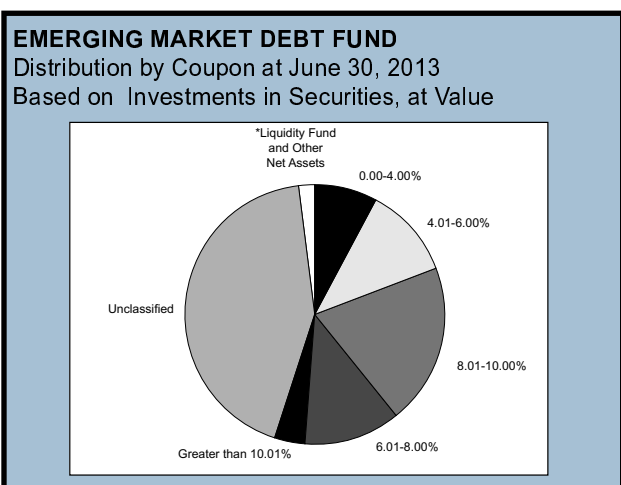
(1) Holdings comprised mainly of Liquidity Fund Exposure.

Figure 7-4



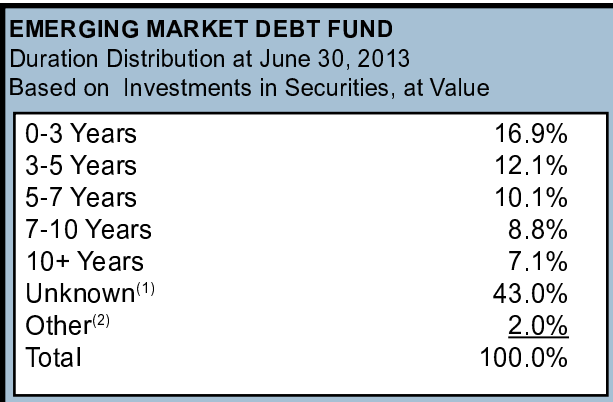
(1) Represents securities for which ratings are unavailable.

Figure 7-5



* Includes Liquidity Fund and other assets. Note: Ending weights.

Figure 7-6



(1) Represents securities for which the duration could not be calculated by the custodian.

(2) Represents monies invested in the Liquidity Fund and other net assets.

PENSION FUNDS MANAGEMENT DIVISION

Figure 7-7

EMERGING MARKET DEBT FUND

Periods ending June 30, 2013

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
EMDF	1.69	7.34	7.95
JP Morgan EMBI/JPM GBI EMBI (50%/50%)	2.82	8.41	8.96
Cumulative Total Return (%)			
EMDF	1.69	23.67	46.62
JP Morgan EMBI/JPM GBI EMBI (50%/50%)	2.82	27.42	53.59

Figure 7-8

EMERGING MARKET DEBT FUND

Annual Total Return

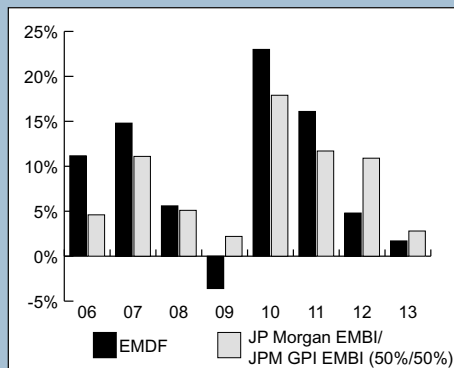


Figure 7-9

EMERGING MARKET DEBT FUND

Investment Advisors at June 30, 2013

Investment Advisor	Net Asset Value	% of Fund
Ashmore	\$519,838,807	36.87%
Stone Harbor Investment Partners	539,675,967	38.27%
Pyramis	167,769,407	11.90%
UBS Global Asset Management	180,171,061	12.78%
Other ⁽¹⁾	2,609,633	0.18%
TOTAL EMDF	\$1,410,064,875	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 7-10

EMERGING MARKET DEBT FUND

Ten Largest Holdings* at June 30, 2013

Security Name	Maturity	Market Value	%
Nota Tesouro Nacional	01/01/2023	\$18,121,802	1.31%
Nota Tesouro Nacional	01/01/2021	16,247,105	1.17%
Nota Tesouro Nacional	01/01/2017	12,967,438	0.93%
Republic of South Africa	03/31/2021	11,593,776	0.84%
Indonesia Government	05/15/2022	11,409,148	0.82%
Republic of Venezuela	08/23/2022	10,832,303	0.78%
Republic of South Africa	12/21/2026	8,117,877	0.59%
Poland Government Bond	10/25/2023	8,088,804	0.58%
Ojsc Russ Agric Bk(RSHB)	02/17/2017	7,577,373	0.55%
Malaysian Government	09/15/2016	7,552,878	0.54%
Top Ten		\$112,508,504	8.11%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 7-11

EMERGING MARKET DEBT FUND

Comprehensive Profile for the Fiscal Year ending June 30,

	2013		2012		2011		2010		2009	
	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI
Number of Issues	866	368	724	307	656	273	475	225	391	203
Yield to Maturity	6.66%	5.82%	6.57%	4.98%	6.65%	7.36%	6.33%	5.86%	14.48%	7.77%
Average Maturity	10.31%	12.52%	10.88%	12.40%	11.05%	12.03%	10.19%	12.40%	10.98%	12.30%
Modified Duration	6.06	7.10	7.00	7.30	7.13	6.96	6.01	7.09	5.93	6.37
Average Quality	Baa-2	Baa-2	Baa-3	Baa-2	Baa-3	Baa-3	Baa-3	Baa-3	Ba-1	Ba-1
*Other	2.0%	0.0%	4.5%	0.0%	4.5%	0.0%	6.7%	0.0%	6.9%	0.0%

* Includes Liquidity Fund and other assets. Note: Ending weights

2013

high yield debt fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the High Yield Debt Fund (HYDF) is to: (1) achieve a long-term, real rate of return above the inflation rate; and (2) provide diversification to other asset classes within the CRPTF under different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,248,218,291

Performance Objective: A net return that matches its benchmark, over rolling three- to five-year periods.

Management Fees: \$3,211,831

Benchmark: Citigroup U.S. High Yield Market Capped Index

Operating Expenses: \$567,981

Number of Advisors: 4 external

Expense Ratio: 0.39%

Description of the Fund

The HYDF invests in debt instruments rated below-investment grade by one or more nationally recognized rating agencies.

Portfolio Characteristics

The HYDF is well diversified across a range of corporate high yield securities, predominantly in the U. S. The Fund's average quality rating was B-2, matching the average quality of the benchmark (See Figure 8-10). At June 30, 2013, the HYDF's duration was 5.6 years versus a benchmark duration of 4.4 years (See Figure 8-3).

Market Review

The high yield bond market began the fiscal year with a continuation of its upward price trend as aggressive actions by the Federal Reserve Bank and the European Central Bank served to support risk asset prices, despite concerns over weak global growth. During the first fiscal quarter of 2013, the second largest quarterly issuance of high yield debt on record took place. The high yield market was buoyed by improvements in the U.S. economy, positive stock market movement and a resurgence of initial public offering market activity. High yield returns continued their advance as investors shrugged off the economic and political recidivism in Europe and instead focused on strong corporate balance sheets, favorable Federal Reserve policies, positive U.S. economic momentum, indications of improving global growth, and diminished European tail risk. Towards the end of the fiscal year, the high yield market experienced significant volatility with very little change in actual fundamentals. General market fears over the tapering of the quantitative easing by the U.S. central bank drove interest rates up. Throughout the year, the lowest quality bonds outperformed the higher rated high yield bonds. The average default rate of 1.4% at fiscal year end remained well below the historic average default rate of 4%.

Performance Summary

For the fiscal year ended June 30, 2013 the HYDF gained 8.46%, net of all expenses, compared to the benchmark return of 9.05%, an underperformance of 59 basis points (See Figure 8-8).

As of June 30, 2013, the HYDF's compounded net annualized total returns for the trailing three, five and ten year periods were 10.14%, 9.68% and 8.45%, respectively, underperforming its benchmark by 47, 78 and 12 basis points, respectively (See Figure 8-8).

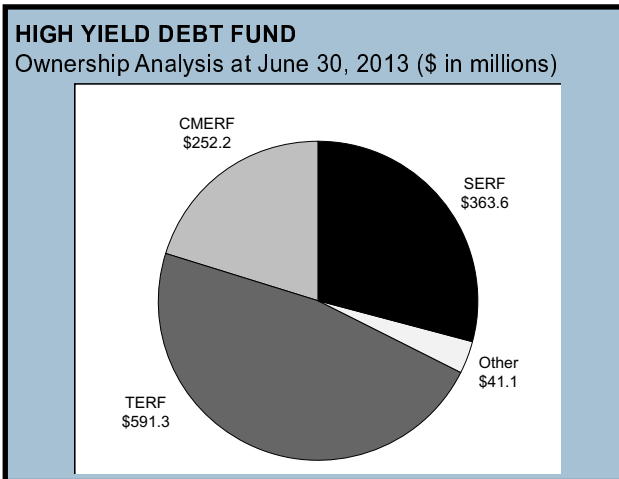
PENSION FUNDS MANAGEMENT DIVISION

The cumulative net returns for the HYDF for the three, five and ten year periods were 33.60%, 58.74% and 125.14% respectively.

Risk Profile

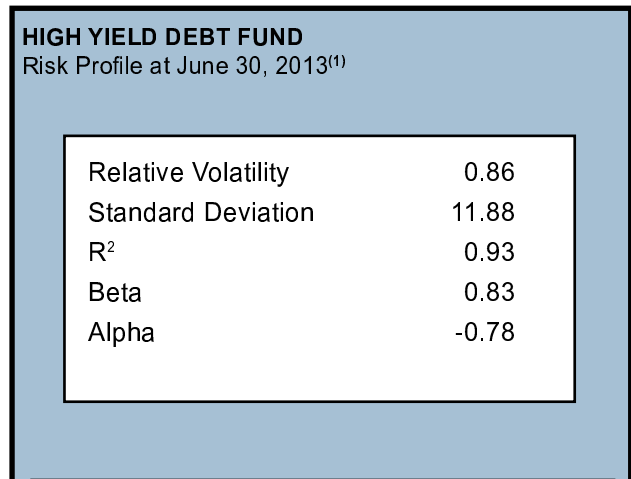
Given the HYDF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, credit default risk, interest rate risk, liquidity risk, reinvestment risk and inflation risk. In addition, the Fund is occasionally exposed to political, economic and currency risk resulting from investments in international high yield securities.

Figure 8-1



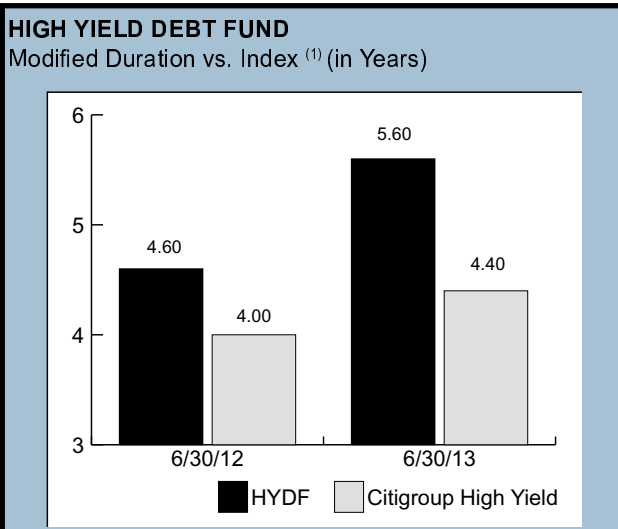
TERF - Teachers' Retirement Fund
 SERF - State Employees' Retirement Fund
 CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2



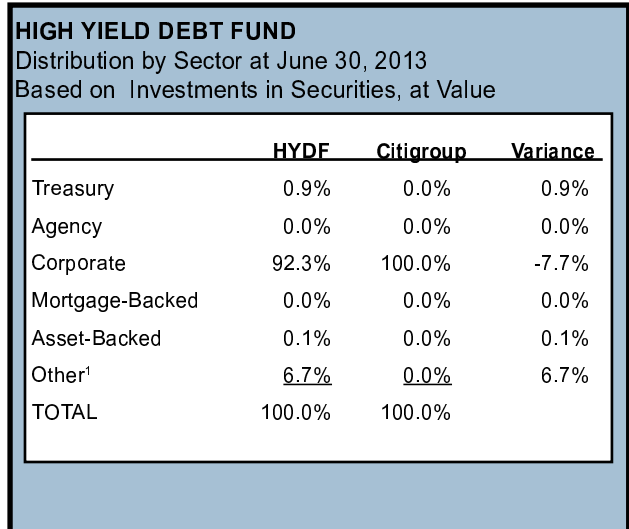
(1) Based upon returns over the last five years.

Figure 8-3



(1) Computed without the effect of Cash and other Net Assets.

Figure 8-4



(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, Liquidity Fund and other assets.

PENSION FUNDS MANAGEMENT DIVISION

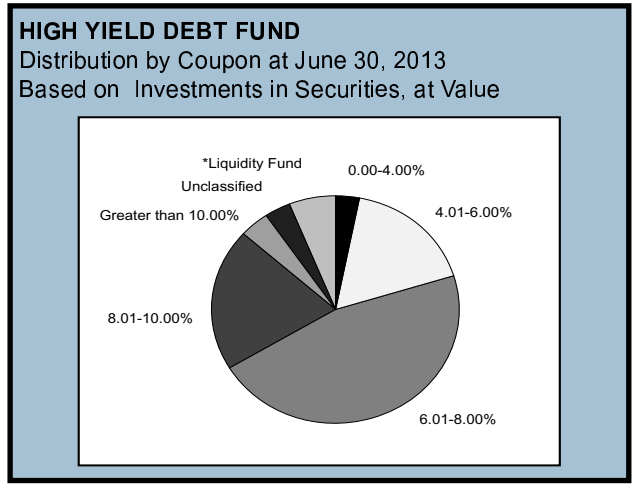
Figure 8-5

HIGH YIELD DEBT FUND
Distribution by Quality Rating at June 30, 2013
Based on Investments in Securities, at Value

AAA to BBB	3.2%
BBB- to BB	14.8%
BB- to B	38.5%
B- to CCC	28.3%
CCC- to CC	1.0%
DD to D	0.0%
Less than D	0.4%
Not Rated ¹	13.8%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 8-6



* Note: Ending weights.

Figure 8-7

HIGH YIELD DEBT FUND
Duration Distribution at June 30, 2013
Based on Investments in Securities, at Value

0-3 Years	12.2%
3-5 Years	25.4%
5-7 Years	35.7%
7-10 Years	12.9%
10+ Years	4.3%
Unknown ⁽¹⁾	3.4%
Liquidity Fund ⁽²⁾	6.1%
Total	100.0%

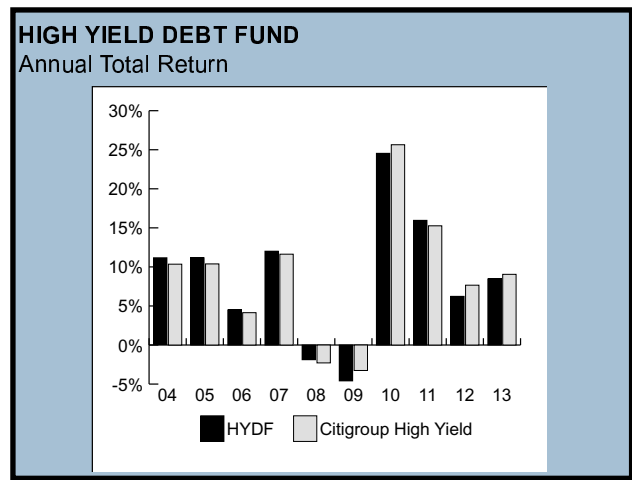
- (1) Represents securities for which the duration could not be calculated by the custodian.
- (2) Represents monies invested in the liquidity fund at the end of quarter.

Figure 8-8

HIGH YIELD DEBT FUND
Periods ending June 30, 2013

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
HYDF	8.46	10.14	9.68	8.45
Citigroup High Yield Market Capped Index	9.05	10.61	10.46	8.57
Cumulative Total Return (%)				
HYDF	8.46	33.60	58.74	125.14
Citigroup High Yield Market Capped Index	9.05	35.32	64.47	127.56

Figure 8-9



PENSION FUNDS MANAGEMENT DIVISION

Figure 8-10

HIGH YIELD DEBT FUND											
Comprehensive Profile for the Fiscal Year ending June 30,											
	2013		2012		2011		2010		2009		
	<u>HYDF</u>	<u>Citigroup</u>	<u>HYDF</u>	<u>Citigroup</u>	<u>HYDF</u>	<u>Citigroup</u>	<u>HYDF</u>	<u>Citigroup</u>	<u>HYDF</u>	<u>Citigroup</u>	
Number of Issues	740	1,752	683	1,621	659	1,540	679	1,394	605	1,222	
Average Coupon	6.90%	7.60%	7.60%	8.20%	7.90%	8.30%	8.10%	8.34%	7.90%	8.10%	
Yield Maturity	6.90%	7.00%	7.50%	7.50%	13.60%	7.50%	9.11%	8.95%	11.90%	12.20%	
Average Maturity	7.30	5.30	7.50	6.30	6.90	5.60	6.86	5.71	7.8	6.5	
Effective Duration	5.60	4.40	4.60	4.00	5.00	4.30	4.93	4.37	4.7	4.2	
Average Quality	B-2	B-2	B-2	B-2	B-2	B-2	B-2	B-2	B-1	B-1	
Liquidity Fund	6.1%	0.0%	4.2%	0.0%	3.2%	0.0%	4.0%	0.0%	8.2%	0.0%	

*Note: Ending Weights

Figure 8-11

HIGH YIELD DEBT FUND			
Investment Advisors at June 30, 2013			
Investment Advisor	Net Asset Value	% of Fund	
Loomis Sayles & Co., Inc.	471,193,884	37.75%	
Stone Harbor Investment Partners	205,869,011	16.49%	
Shenkman Capital Management	290,176,814	23.25%	
Oaktree Capital Management, LLC	274,402,571	21.98%	
Other ⁽¹⁾	6,576,011	0.53%	
TOTAL HYDF	1,248,218,291	100.00%	

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 8-12

HIGH YIELD DEBT FUND				
Ten Largest Holdings* at June 30, 2013				
Security Name	Maturity	Market Value	%	
Vertex Pharma- ceuticals Inc	Common Stock	11,915,406	0.94%	
Morgan Stanley	11/16/2018	9,024,896	0.71%	
IStar Financial Inc	Preferred Stock	7,844,850	0.62%	
QWest Capital Funding	7/15/2028	7,084,800	0.56%	
Toys R Us Inc	10/15/2018	6,940,225	0.55%	
Dish DBS Corp	3/15/2023	6,901,125	0.54%	
Transdigm Inc	7/15/2021	6,830,300	0.54%	
US Treasury N/B	5/15/2043	6,748,125	0.53%	
VPll Escrow Corp	7/15/2021	6,717,150	0.53%	
Tenet Healthcare Corp	11/15/2031	6,526,540	0.52%	
Top Ten		76,533,417	6.04%	

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 developed markets international stock fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Developed Markets International Stock Fund (DMISF) is to 1) achieve a long-term, real rate of return above the U. S. inflation rate and 2) provide additional measures of diversification to other asset classes within the CRPTF under different economic scenarios.

Date of Inception: November 1, 2007

Total Net Position: \$5,447,387,366

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$19,676,452

Benchmark: Morgan Stanley Capital International Europe, Australasia and Far East Investable Market Index (MSCI EAFE IMI) ⁽¹⁾

Operating Expenses: \$2,744,913

Number of Advisors: 9 external

Expense Ratio: 0.45%

Description of the Fund

DMISF assets are allocated across foreign developed equity markets to provide diversification by country, market capitalization and style. Non-U.S. equities are issued by companies domiciled outside of the United States. The DMISF may invest up to 30 percent of assets opportunistically to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits.

Portfolio Characteristics

At fiscal year-end, DMISF was invested in the developed markets across Europe, Asia and Australia with the two largest allocations representing Japan at 21.4% and the United Kingdom at 20.3%. (See Figure 9-5). The portfolio's largest overweights come from the United States (5.0%) and Canada (1.6%) which are not in the benchmark. The largest underweights were to Korea (0.2% vs. benchmark's 4.7%) and Japan (21.4% vs. benchmark's 23.6%).

DMISF is well diversified with the ten largest holdings only representing 10.2% of the total portfolio value. The list exhibits an opportunistic approach with its heavy weighting of European securities (See Figure 9-7).

Market Review

Global equity markets rebounded strongly during the fiscal year ended June 30, 2013, buoyed by the continued support of central banks, the resilience of U.S. consumers, continued economic recovery in the U.S., greater perceived stability in Europe and a strong rebound in Japan. In early 2013, political uncertainty in Italy and the Cyprus banking crisis reminded investors that the Euro zone still had many unresolved issues that posed risks to the market. On the positive side, Japanese stocks were boosted by Prime Minister Abe's radical reflation plans and Japan's first quarter GDP of 3.8%. Japanese consumer inflation data showed a slight increase, indicating a possible end to 15 years of deflation. International investor sentiment over the period was also impacted by events in key emerging markets, particularly China, where there were concerns about economic slowing due to external pressures and government measures to curb growth, as well as mounting views about a potential credit crisis. At period-end, the Japanese economy had two consecutive

(1) CRPTF is pursuing a license with MSCI. Until such license is obtained, the prior benchmark, S&P/Citigroup Broad Market Index Europe, Pacific and Asia Composite Index 50% Hedged is continuing to be used.

quarters of solid growth, the U.S. economic recovery appeared to be picking up steam and the euro zone recorded its first quarter of economic expansion since the third quarter of 2011.

Overall, the MSCI EAFE IMI returned 21.3% during the period where low quality stocks won over high quality stocks and high volatility stocks outperformed low volatility stocks. Cyclical sectors were generally among the best during the past fiscal year. The consumer discretionary sector had the best performance, followed by the financials, healthcare and industrials sectors. The energy sector was the weakest performing sector over the fiscal year, followed by the materials, utilities, telecommunication services, consumer staples and information technology sectors.

Performance Summary

For the fiscal year ended June 30, 2013, the DMISF generated a net return of 22.56%, outperforming its benchmark return of 21.31% by 125 basis points, due to country and security selection.

As of June 30, 2013, the DMISF returned 10.65% and 1.62% for the three and five year periods, outperforming its benchmark by 78 and 35 basis points respectively. (See Figure 9-3).

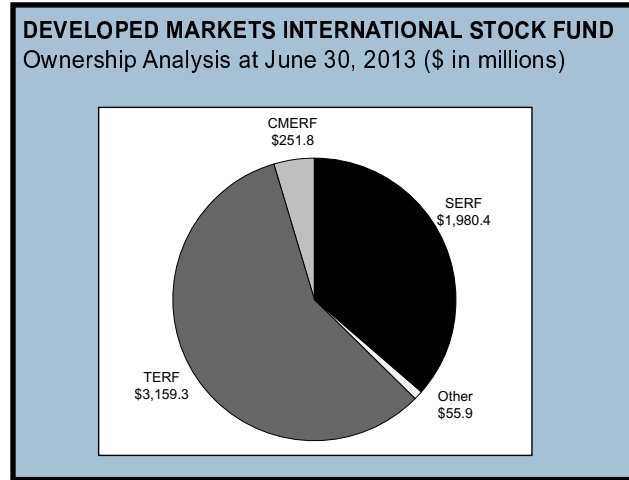
The cumulative returns for the Fund for the three and five year periods were 35.49% and 8.37%, respectively, as illustrated in Figure 9-3.

Risk Profile

Given DMISF's investment policies and objectives, the Fund is exposed to several risks. These include, but are not limited to, political and economic risk, currency risk, market risk, and individual company risk. A 50% currency hedging strategy is employed to reduce the portfolio's currency risk over time. The Fund has been in line with the volatility of its benchmark over the five-year period ending June 30, 2013. DMISF's high R^2 score of 0.99 demonstrates a relatively strong overall correlation with the performance of the index. The results indicate that the Fund is producing higher risk-adjusted returns compared to its benchmark.

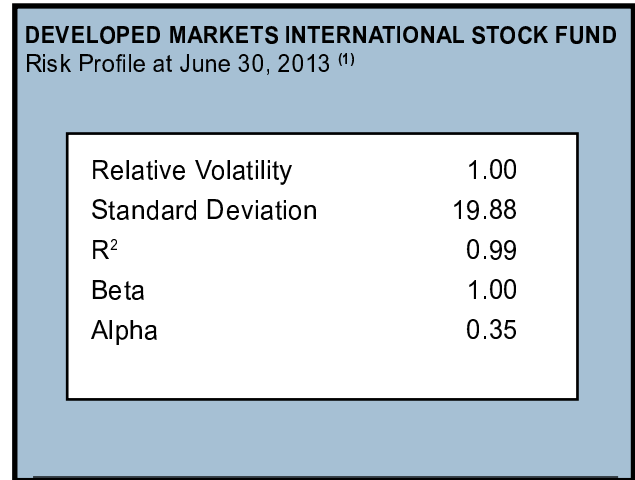
PENSION FUNDS MANAGEMENT DIVISION

Figure 9-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 9-2



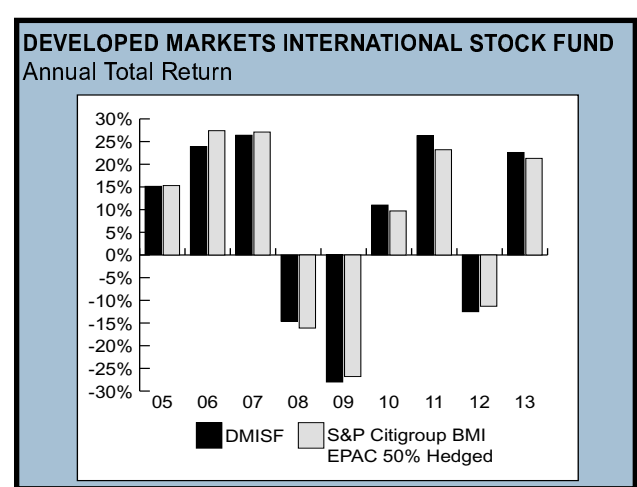
(1) Based upon returns over the last five years.

Figure 9-3

DEVELOPED MARKETS INTERNATIONAL STOCK FUND
Periods ending June 30, 2013

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
DMISF	22.56	10.65	1.62
MSCI EAFE IMI	21.31	9.87	1.27
Cumulative Total Return (%)			
DMISF	22.56	35.49	8.37
MSCI EAFE IMI	21.31	32.64	6.51

Figure 9-4



PENSION FUNDS MANAGEMENT DIVISION

Figure 9-5

DEVELOPED MARKETS INTERNATIONAL STOCK FUND			
Diversification by Benchmark Country at June 30, 2013 ⁽¹⁾			
	DMISF % of Net Assets 6/30/13	Benchmark % of Net Assets 6/30/13	Variance
Japan	21.4	23.6	-2.2
United Kingdom	20.3	19.6	0.7
Korea	0.2	4.7	-4.5
Hong Kong	2.8	3.1	-0.3
United States	5.0	0.0	5.0
France	7.9	8.3	-0.4
Germany	8.9	7.6	1.3
Switzerland	7.2	7.9	-0.7
Australia	5.9	7.3	-1.4
China	0.2	0.0	0.2
Netherlands	3.4	2.5	0.9
Italy	2.1	2.1	0.0
Spain	2.6	2.5	0.1
Sweden	2.9	3.0	-0.1
Singapore	1.9	1.7	0.2
Canada	1.6	0.0	1.6
Turkey	0.1	0.0	0.1
Other	<u>5.6</u>	<u>6.1</u>	-0.5
Total	100.0	100.0	

(1) Based upon currency exposures of the underlying securities.

Figure 9-6

DEVELOPED MARKETS INTERNATIONAL STOCK FUND		
Investment Advisors at June 30, 2013		
Investment Advisor	Net Asset Value	% of Fund
Index	\$1,899,991,417	34.88%
State Street Global Advisors	1,899,991,417	34.88%
Core	1,354,948,680	24.87%
AQR Capital Management	750,596,296	13.78%
Acadian Asset Management	489,419,986	8.98%
Progress	114,932,398	2.11%
Active-Growth	697,204,650	12.80%
MFS Institutional Advisors, Inc.	697,204,650	12.80%
Active-Value	443,947,049	8.15%
Grantham, Mayo, Van Otterloo	443,947,049	8.15%
Small Cap	854,639,478	15.69%
Schroder Investment Mgmt.	278,939,862	5.12%
Dimensional Fund Advisors	256,847,722	4.72%
William Blair & Company	318,851,894	5.85%
Other ⁽¹⁾	196,656,092	3.61%
TOTAL DMISF	\$5,447,387,366	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances, as well as, currency overlay balances for the DMISF (managed by Pareto).

Figure 9-7

DEVELOPED MARKETS INTERNATIONAL STOCK FUND				
Ten Largest Holdings* at June 30, 2013				
Security Name	Country	Market Value	%	
ROCHE HOLDING AG GENUSSSCHEIN	Switzerland	\$75,632,172	1.40%	
NESTLE SA REG	Switzerland	71,611,096	1.33%	
HSBC HOLDINGS PLC	United Kingdom	68,003,000	1.26%	
ROYAL DUTCH SHELL PLC A SHS	United Kingdom	54,659,607	1.02%	
BAYER AG REG	Germany	54,379,105	1.01%	
TOTAL SA	France	52,407,743	0.97%	
NOVARTIS AG REG	Switzerland	46,567,251	0.86%	
BP PLC	United Kingdom	45,544,389	0.84%	
TOYOTA MOTOR CORP	Japan	41,589,601	0.77%	
SANOFI	France	41,019,224	0.76%	
Top Ten		\$551,413,188	10.22%	

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 emerging markets international stock fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Emerging Markets International Stock Fund (EMISF) is to 1) achieve a long-term, real rate of return above the U.S. inflation rate and 2) provide additional diversification for CRPTF under different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$2,369,087,403

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$16,111,435

Benchmark: Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI)

Operating Expenses: \$3,510,895

Number of Advisors: 4 external

Expense Ratio: 0.85%

Description of the Fund

EMISF assets are allocated across foreign emerging markets and are diversified by market, capitalization and style. Emerging market equities are defined as common stocks issued by companies domiciled in developing countries, including the 21 countries in the MSCI EM IMI.

Portfolio Characteristics

As of fiscal year-end, the EMISF's portfolio holdings were well diversified over a number of emerging market countries (See Figure 10-8). Notable underweights versus the benchmark include China (8.1% vs. benchmark's 18.2%) and Taiwan (4.3% vs. benchmark's 11.9%). The underweights are offset by overweights such as Russia (8.3% vs. benchmark's 5.8%) and Thailand (5.4% vs. benchmark's 2.8%) (See Figure 10-6).

Market Review

As key beneficiaries of global liquidity, emerging markets performed well during the first half of the fiscal year as central banks in Europe, U.S. and Japan implemented a variety of policy stimulus measures. An improving global backdrop, receding worries in Europe and the liquidity influx from ultra loose monetary policies in the developed world initially bolstered investor sentiment. Heightened volatility in the second half of the fiscal year eroded most of the gains generated throughout the fiscal year. The prospect of the U.S. Federal Reserve slowing its pace of bond purchases, coupled with gathering signs of an economic slowdown spreading from China, sparked a sell-off in global financial markets. Some of the significant inflows into emerging market debt began to reverse, reflecting a higher perceived level of risk associated with these countries. Global markets recovered somewhat in June, following reassurance from the Federal Reserve Bank's chairman, Ben Bernanke, that a scaling back in the quantitative easing is not pre-determined and remains dependent on economic conditions in the U.S. At the same time, global emerging market economic growth in general and Chinese growth, in particular, disappointed and the MSCI EM IMI underperformed the developed world equity markets.

The main laggard was the Latin American region, led lower by weakness in the Brazilian and Peruvian markets. Emerging Europe markets also disappointed, led lower by poor performance from the Czech Republic and Russia, while Turkey and Hungary outperformed. The emerging Asian markets provided some support for the MSCI EM IMI over the fiscal year. The Philippines and Thailand were the strongest performers, aided by robust economic growth. Also leading this region were Indonesia and Malaysia, which

also posted double digit returns. At the sector level, defensive sectors such as healthcare and consumer staples continued to outperform economically sensitive cyclicals during the fiscal year.

The economic backdrop, in particular among the major developing economies, was muted. While growth in the developing world was healthy by the developed world's flagging standards, the pace of expansion had decelerated significantly. The slowdown was due in part to the stagnation in the West and partly because of China's economic restructuring. Growth on the mainland continued to moderate as the new government sought a more balanced growth. India faced structural challenges, although slowing growth has taken a back seat to stubborn inflation and the rupee's depreciation. Brazil and Russia failed to attract enough investment as weak external demand undermined exports. With heightened economic concerns, central banks remained largely accommodative with policies, although Brazil and Indonesia raised rates in the face of inflationary pressures.

Performance Summary

For the fiscal year ended June 30, 2013, the EMISF generated a net return of 3.29%, underperforming its benchmark index return of 3.66% by 37 basis points (See Figure 10-4).

As of June 30, 2013, the EMISF returned 4.46%, -0.28% and 14.20% for the three, five and ten year periods, outperforming by 103 basis points for the three year, underperforming by 45 basis points for the five year and outperforming by 32 basis points for the ten year periods (See Figure 10-4).

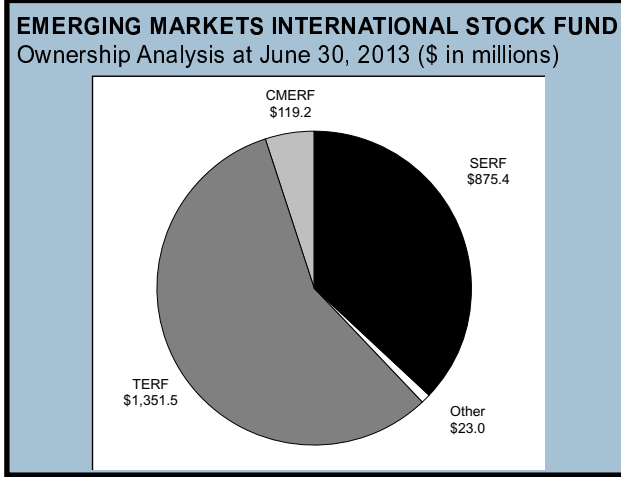
The cumulative returns for the Fund for the three, five and ten year periods were 13.99%, -1.37% and 277.29%, respectively, as illustrated in Figure 10-4.

Risk Profile

Given EMISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company risk. Based on returns over the last five years, the Fund's risk profile is similar to that of the benchmark. Its high R^2 of 0.99 demonstrates a strong overall correlation with the performance of the index. In the aggregate, EMISF's annualized alpha over the five-year period, or return in excess of that earned by the benchmark, was -0.45% (See Figure 10-2). Over the past five years, the fund has experienced slightly less volatility than the benchmark as evidenced by its 0.98 relative volatility.

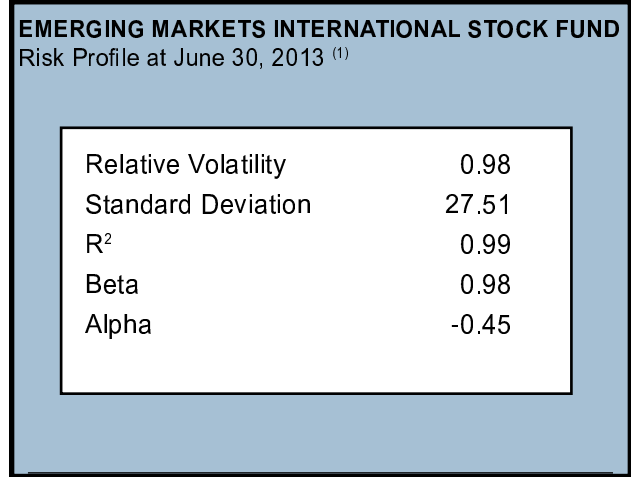
PENSION FUNDS MANAGEMENT DIVISION

Figure 10-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 10-2



(1) Based upon returns over the last five years.

Figure 10-3

EMERGING MARKETS INTERNATIONAL STOCK FUND
Fiscal Year 2013 Economic Sector vs. Index (%)

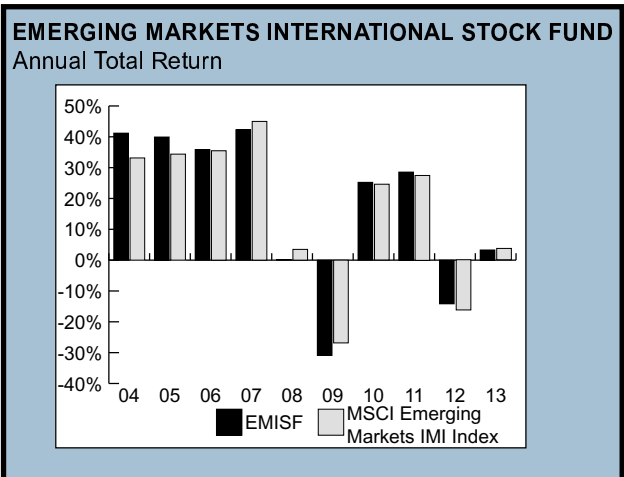
	EM ISF	MSCI Index	Variance
Energy	11.3	10.4	0.9
Materials	7.7	9.8	-2.1
Industrials	6.3	7.4	-1.1
Consumer Discretionary	8.5	9.5	-1.0
Consumer Staples	5.7	9.2	-3.5
Health Care	1.5	2.1	-0.6
Financials	33.8	26.5	7.3
Information Technology	8.8	14.8	-6.0
Telecommunication Services	7.9	7.0	0.9
Utilities	1.1	3.3	-2.2
Commingled Fund	1.9	0.0	1.9
Liquidity Fund	5.5	0.0	5.5
	100.0	100.0	

Figure 10-4

EMERGING MARKETS INTERNATIONAL STOCK FUND
Periods ending June 30, 2013

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
EMISF	3.29	4.46	-0.28	14.20
MSCI Emerging Markets IMI Index	3.66	3.43	0.17	13.88
Cumulative Total Return (%)				
EMISF	3.29	13.99	-1.37	277.29
MSCI Emerging Markets IMI Index	3.66	10.66	0.85	266.80

Figure 10-5



PENSION FUNDS MANAGEMENT DIVISION

Figure 10-6

EMERGING MARKETS INTERNATIONAL STOCK FUND				
Diversification by Benchmark Country with Return (%) at June 30, 2013 ⁽¹⁾				
	EMISF		Benchmark	
	Percent of Net Assets 6/30/13	Total Return	Percent of Net Assets 6/30/13	Total Return
Brazil	12.4	-11.6	11.3	-11.1
Korea	12.8	2.3	14.6	0.1
Hong Kong	10.1	4.1	0.0	-
Russia	8.3	2.0	5.8	-1.0
China	8.1	-0.1	18.2	5.2
Taiwan	4.3	11.9	11.9	14.1
United States	10.8	-16.1	0.0	-
Mexico	4.8	12.0	5.4	6.4
Thailand	5.4	20.0	2.8	18.4
South Africa	2.4	-9.5	7.2	-4.7
Turkey	3.2	19.7	1.9	17.1
Indonesia	3.7	8.9	3.2	14.7
Malaysia	2.6	19.6	4.0	15.0
India	3.4	5.2	6.8	6.7
Philippines	2.2	29.4	1.0	25.8
United Kingdom	1.0	6.0	0.0	-
Other Countries	4.5	-	5.9	-
Total	100.0		100.0	

(1) Includes Liquidity Fund and cash equivalents at each country level.

Figure 10-7

EMERGING MARKETS INTERNATIONAL STOCK FUND		
Investment Advisors at June 30, 2013		
Investment Advisor	Net Asset Value	% of Fund
Grantham, Mayo, Van Otterloo	\$829,130,491	35.00%
AshmoreEMM	87,303,002	3.68%
Aberdeen Asset Management	649,563,119	27.42%
Schroders Investment Mgt	791,490,128	33.41%
Other ⁽¹⁾	11,600,663	0.49%
TOTAL EMISF	2,369,087,403	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances, as well as, currency overlay balances for the DMISF.

Figure 10-8

EMERGING MARKETS INTERNATIONAL STOCK FUND			
Ten Largest Holdings* at June 30, 2013			
Security Name	Country	Market Value	%
Aberdeen Global			
Indian Equit	Luxembourg	80,232,215	3.39%
China Mobile Ltd.			
HKD 0.10	Hong Kong	66,187,057	2.80%
Samsung Electronic			
KRW 5000	Republic of Korea	61,396,750	2.59%
Lukoil OAO ADR			
Rub 0.025	Russian Federation	60,721,127	2.57%
Taiwan Semiconductor			
SPADR	Taiwan	56,653,428	2.39%
China Cconstruction			
Bank CNY 1.0	China	42,406,248	1.79%
Astra International			
TBK IDR 500.0	Indonesia	35,586,448	1.50%
Fomento Economico			
MEX SPADR	MEXICO	33,681,216	1.42%
Gazprom OAO SPON ADR	Russian Federation	31,989,054	1.35%
Samsung Electronic			
GDR PFD	Republic of Korea	31,682,390	1.34%
Top Ten		\$500,535,933	21.14%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2013 real estate fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Real Estate Fund (REF) is to 1) provide diversification to the overall CRPTF investment program, 2) preserve investment capital, 3) generate attractive risk-adjusted rates of return, 4) provide consistent current income and 5) act as a hedge against inflation under different economic scenarios.

Date of Inception: July 1, 1982

Total Net Position: \$1,481,990,280

Performance Objective: A net return that matches the benchmark over, rolling three-to five-year periods.

Management Fees ⁽¹⁾: \$3,988,963

Benchmark: National Council of Real Estate Investment Fiduciaries Property (NCREIF Property)

Capitalized and Netted Fees: \$12,250,113

Operating Expenses: \$979,522

Expense Ratio: 0.35%

Number of Investment Partnerships: 30

(1) See note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Description of the Fund

The REF is the vehicle by which the CRPTF makes investments in the real estate asset class. The investments may consist of a number of different investment strategies and investment vehicles, including externally managed commingled funds, separate accounts and/or publicly traded real estate securities. All investments in real estate assets shall be considered in the context of the relevant risk/return factors for each strategy in this asset class and consistent with the statutory requirements for consideration of investments by the Treasurer in accordance with Section 3-13d(a) of the Connecticut General Statutes.

The REF may invest in real estate properties, real estate related equity investments, or real estate related debt and mortgages. The REF consists of a number of investment strategies and vehicles including externally managed commingled funds, open-end funds, separate accounts, publically traded real estate securities, limited partnerships and/or other indirect ownership structures managed by professional real estate investment managers. Portfolio assets are invested in core, value-add, and opportunistic real estate strategies.

Portfolio Characteristics

As of June 30, 2013, the portfolio was approximately 63.7% invested in Close-End fund vehicles, 24.3% in Open-End funds, and 12.0% in two separate accounts, in which the REF holds 100% ownership interest in properties within the portfolio. These separate account vehicles employ a Core investment strategy. The majority of investments in the REF are comprised of co-mingled private equity funds vehicles, in which the CRPTF holds limited partnership interests. These co-mingled funds employ three main real estate investment sub-asset classes: Core, Value-Add, and Opportunistic strategies. Investments are diversified across geography, with approximately 69.9% located in markets within the United States and 13.5% to real estate markets abroad.

Investment Strategies

Core

Core real estate is generally characterized by lower risk, low leverage vehicles that invest in stabilized income-producing properties that provide steady net operating income or cash flow. Properties are usually located in major regional markets, have investment grade tenants with longer lease terms at market rents, and high occupancy levels. Fund assets are typically held for the long-term, over an 8-10 year time period, and can be expected to generate most of their returns through cash income distributions. The REF had a 28.9% allocation to Core at fiscal year end.

Value-Add

Value-Added real estate investments are moderately risky in nature. Investments within this sub-category generate their returns from a combination of current income and capital appreciation, and employ higher leverage ratios than do Core portfolios. Performance of the strategy relies more heavily on returns derived from the rehabilitation or enhancement of assets that need improvement or repositioning. The REF had a 17.4% allocation to Value Add at fiscal year end.

Opportunistic

Opportunistic real estate investments are usually higher in risk with a commensurate higher expected return. Investments in this sub-strategy encompass the broadest opportunity set of the three sub-strategies. Opportunistic real estate investments therefore require a higher risk tolerance and generally a shorter investment time horizon than Core, with average holding periods expected in the range of three to five years. The REF had a 32.3% allocation to Opportunistic at fiscal year end.

Public REITs

Real Estate Investment Trusts trade on public stock exchanges like equity securities. These shares offer investors real estate exposure to a highly liquid vehicle with current income component, relative to traditional real estate equity investments. However, the publicly traded nature makes REITs highly liquid but also more highly correlated to equity market moves, and thus are considered more volatile than traditional real estate investments. The REF had a 4.8% allocation to public REITs at fiscal year end.

Market Review

The investment and operating environment for real estate has stabilized further and remained favorable throughout Fiscal Year 2013. The U.S. economic outlook has improved significantly, and attracted investors to the real estate sector. Steady employment growth supported demand for real estate space in selected markets, such as the strong California-San Francisco Bay Area market, which is fueled by the technology industry. Real estate market fundamentals have improved across all sectors---apartments, industrial, retail, office, hotel and storage---in which REF managers are invested. Lower vacancies, upward trend in rental income and improving lease-ups are evident of stronger demand for real estate space among most sectors, with apartment and industrial sectors reflecting greatest strength. Development is still constrained in all sectors except for apartments, which is now at its long-term average.

Global demand for prime assets in U.S. urban gateway markets was robust, and investors, both domestic and foreign, sought safer returns in the improving U.S. real estate markets. U.S. real estate markets have held up well, against rising interest rates, owing to strong Net Operating Income (NOI) growth and historically favorable spreads between real estate returns and Treasuries.

Performance Summary

For the fiscal year ending June 30, 2013, the REF generated a total one year return of 10.26%, net of all expenses, vitually matching its benchmark NCREIF-NPI, which posted a gross return of 10.52%. The one-year return reflects an ongoing positive trend in the REF portfolio, which can be attributed to maintaining its vintage year investment plan, strong current income and overall increases in property valuations across all funds and separate accounts, which were negatively impacted by the Great Recession.

For the trailing three, five and ten year periods, the REF's net compounded annual returns were 11.13%, -4.81%, and 2.64%, respectively, underperforming the benchmark returns during all periods (See Figure 11-8).

Risk Profile

Risk is managed at the portfolio level through diversification and strategic asset allocation and strategy implementation. Risks attendant to alternative investments, such as management, operations, local/regional property markets, and liquidity risk, are managed at the asset class level with additional risk management focused on financing, geography, and property type risks specific to a fund manager’s portfolio investments.

As illustrated in the chart below, the REF has volatility in excess of NCREIF NPI due to allocations to higher risk sectors, and the leverage utilized in portfolio strategies. The REF portfolio allocates among three risk sectors (Core, Value-Add, and Opportunistic), two of which are higher risk than NPI. Given that, the overall REF is expected to have a standard deviation above that of NCREIF NPI. The NCREIF NPI is comprised of a portfolio of 6,000+ properties, many of which are levered, but for purposes of constructing the NCREIF NPI benchmark, are measured on an unlevered basis.

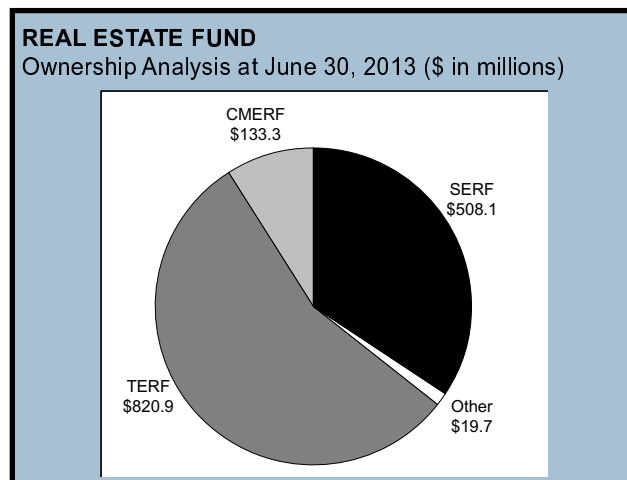
	Standard Deviation				
	1 Year	3 Year	5 Year	10 Year	Since Inception
Sub Portfolios:					
Core	3.69%	3.32%	9.48%	NA	
Value-Add	3.98%	6.91%	19.07%	NA	
Opportunistic	5.39%	6.11%	16.49%	13.47%	11.54%
REF Overall	1.10%	3.21%	12.70%	10.57%	9.27%
NCREIF-NPI	0.44%	1.40%	7.79%	6.33%	5.22%

Data as of June 30, 2013

REF volatility is typical and not excessive relative to a benchmark comprised of a weighted blend of core/value/opportunistic funds.

PENSION FUNDS MANAGEMENT DIVISION

Figure 11-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

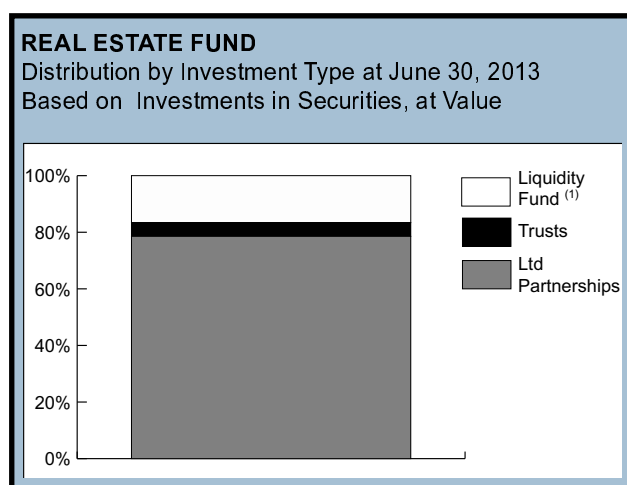
Figure 11-3

REAL ESTATE FUND
Investments Analysis ⁽¹⁾

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2013	30	\$1,366,354,620	\$1,227,275,238
6/30/2012	36	1,376,611,668	1,180,717,977
6/30/2011	36	1,310,614,926	1,057,213,580
6/30/2010	35	1,097,439,251	715,310,010
6/30/2009	34	996,474,812	745,643,849
6/30/2008	31	920,921,272	968,885,960
6/30/2007	23	485,341,324	531,570,750
6/30/2006	12	259,551,191	330,169,779
6/30/2005	11	304,926,401	394,855,227
6/30/2004	10	324,142,113	344,673,596

⁽¹⁾ Number of investments in annuities, partnerships, corporations, and trusts, excluding the Liquidity Fund.

Figure 11-5



⁽¹⁾ Includes Liquidity Fund and other assets.

Figure 11-2

REAL ESTATE FUND
Risk Profile at June 30, 2013 ⁽¹⁾

Relative Volatility	1.30
Standard Deviation	9.95
R ²	0.03
Beta	0.24
Alpha	-7.13

⁽¹⁾ Based upon returns over the last five years.

Figure 11-4

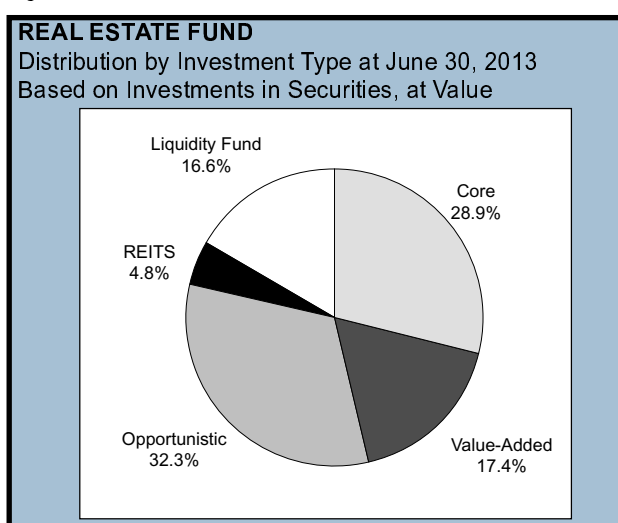


Figure 11-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2013
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	29.0%	34.1%	-5.1%
Midwest	6.9%	9.5%	-2.6%
South	15.0%	21.2%	-6.2%
West	19.0%	35.2%	-16.2%
International	13.5%	0.0%	13.5%
Liquidity Fund and other ⁽¹⁾	<u>16.6%</u>	<u>0.0%</u>	16.6%
	100.0%	100.0%	

⁽¹⁾ Includes Liquidity Fund and other assets.

PENSION FUNDS MANAGEMENT DIVISION

Figure 11-7

REAL ESTATE FUND			
Diversification by Property Type at June 30, 2013 Based on Investments in Securities, at Value			
	REF	NCREIF	Variance
Apartment	18.4%	24.8%	-6.4%
Industrial	9.4%	13.8%	-4.4%
Office	21.9%	35.5%	-13.6%
Retail	15.4%	23.5%	-8.1%
Hotel	18.1%	2.4%	15.7%
Liquidity Fund and Other ⁽¹⁾	<u>16.8%</u>	<u>0.0%</u>	16.8%
	100.0%	100.0%	

(1) Includes senior living, real estate mixed use, land, Liquidity Fund and other assets.

Figure 11-8

REAL ESTATE FUND				
Periods ending June 30, 2013				
	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	10.26	11.13	-4.81	2.64
NCREIF Property	10.52	13.30	2.32	8.51
Cumulative Total Return (%)				
REF	10.26	37.24	-21.85	29.71
NCREIF Property	10.52	45.43	12.17	126.31

Figure 11-9

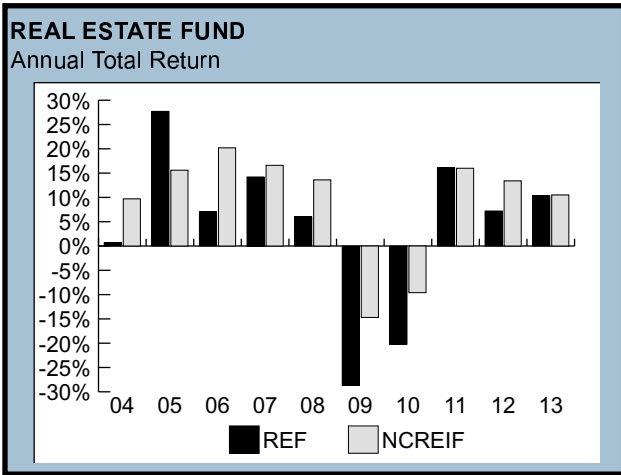
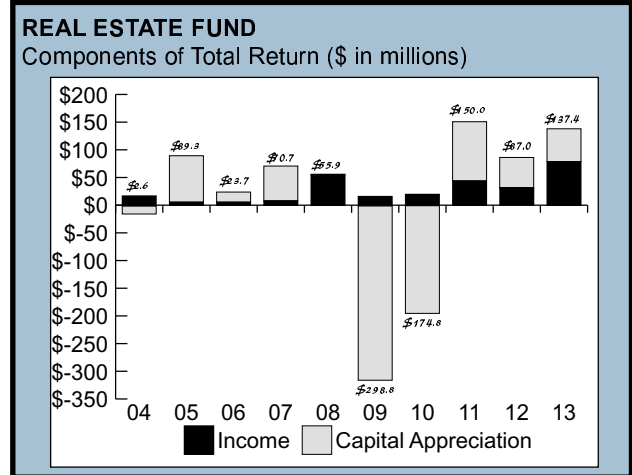


Figure 11-10



PENSION FUNDS MANAGEMENT DIVISION

Figure 11-11

REAL ESTATE FUND

Funds at June 30, 2013

Fund	Net Asset Value	% of Fund
AEW Partners III	\$5,572,953	0.38%
American Realty Advisors	18,758,812	1.27%
Apollo Real Estate	3,684,789	0.25%
Blackstone Real Estate Partner Europe III LP	39,686,875	2.68%
Blackstone Real Estate Spec Sit II LP	49,722,975	3.35%
Blackstone Real Estate VI LP	118,284,552	7.98%
Canyon Johnson Urban Fund II	24,287,679	1.64%
Canyon Johnson Urban Fund III	37,392,082	2.52%
Capri Select Income II LLC	5,221,840	0.35%
Colony Realty Partners II LP	19,960,783	1.35%
Cornerstone Patriot	158,061,750	10.67%
Covenant Apartment Fund V LP	23,345,389	1.57%
Covenant Apartment Fund VI	20,723,260	1.40%
Hart Realty Advisors	129,545,592	8.74%
IL & FS India Realty Fund II	48,805,683	3.29%
Lone Star Real Estate Part II LP	34,958,320	2.36%
MacFarlane Urban Real Estate Fund II LP	20,348,600	1.37%
Marathon Legacy Securities PPI	3,574,104	0.24%
New Boston IV	946,212	0.06%
Prime Property Fund	147,317,400	9.94%
RLJ Lodging Trust	70,645,273	4.77%
Rockwood Capital Fund V	5,568,276	0.38%
Rockwood Capital VI Limited Partnership	15,875,074	1.07%
Rockwood Capital VII Limited Partnership	26,343,711	1.78%
Starwood Opportunity Fund VII	35,839,630	2.42%
Starwood Opportunity Fund VIII	56,912,978	3.84%
Starwood Opportunity Fund IX	11,614,743	0.78%
Urban Strategy America Fund LP	41,778,800	2.82%
Walton Street Real Estate	26,666,857	1.80%
WLR IV PPIP Co Invest LP	25,830,243	1.74%
Other ⁽¹⁾	254,715,045	17.19%
TOTAL REF	1,481,990,280	100.00%

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.

Figure 11-12

REAL ESTATE FUND

Ten Largest Holdings* at June 30, 2013

Property Name	Type	Market Value	%
Cornerstone Patriot Funds LP	Core	\$158,061,750	10.74%
Prime Property Fund	Core	147,317,400	10.01%
Hart Realty Advisors	Core	129,545,592	8.80%
Blackstone Real Estate VI LP	Opportunistic	118,284,552	8.04%
RLJ Lodging Trust REIT	Opportunistic	70,645,273	4.80%
Starwood Opportunity Fund VIII LP	Opportunistic	56,912,978	3.87%
Blackstone RE SPEC SIT FD II LP	Value-Added	49,722,975	3.38%
IL+FS India Realty Fund II	Opportunistic	48,805,683	3.32%
Urban Strategy America Fund LP	Value-Added	41,778,800	2.84%
Blackstone RE Partner Europe III LP	Opportunistic	39,686,875	2.70%
Top Ten		860,761,878	58.50%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 11-13

REAL ESTATE FUND

New Investments Made in Fiscal Year 2013 (in Excess of \$3 Million)

Partnership Name	Commitment Amount	Investment Type
Starwood Global Opportunity Fund IX	\$50 million	Opportunistic
Cornerstone Patriot Fund	100 million	Core
American Realty Advisors-Safeway/Vons Retail Center	<u>18.8 million</u>	Core
Total	\$168.8 million	

* Increase to existing investment

2013 commercial mortgage fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The Commercial Mortgage Fund (CMF) provides an alternate source of domestic fixed income investment for the retirement funds. It is the vehicle for investing CRPTF's assets in mortgages on income-producing commercial property, which are expected to produce yields superior to corporate and government (treasury) fixed income securities in exchange for reduced liquidity. Commercial mortgages are expected to perform similarly to other domestic fixed income securities, which are driven by U.S. interest rate changes.

Date of Inception: November 2, 1987

Total Net Position: \$72,945

Performance Objective: A net return equal to the Barclays Aggregate Bond Index plus 100 basis points.

Management Fees: \$6,250

Benchmark: Barclays Aggregate Bond Index (BCI)

Operating Expenses: \$20,108

Number of Advisors: 1 external

Expense Ratio: 6.26%

Description of the Fund

CMF consists of a series of securitized Yankee Mac pooled Residential Mortgage-Backed Securities (RMBS), created pursuant to a previous Connecticut State Treasury program, and a whole loan commercial mortgage loan portfolio, both of which are externally managed by a professional real estate investment management firm. Most of the loans in the portfolio are conservative in nature, with high coupon rates and debt service coverage, with respect to loan underwriting standards.

Over a market cycle, CMF is expected to generate a net total return of one percent (1%) in excess of the Barclays Aggregate Bond Index.

This asset class is no longer a part of the asset allocation structure of the CRPTF, adopted in August 1999, and the balance in the fund will be allowed to amortize and mature. No new investments will be added to this fund.

Portfolio Characteristics

Apart from the three Yankee Mac RMBS bonds mentioned above, the CMF's sole commercial whole loan portfolio, initiated in September of 1992, with a relatively high, 9.55% interest rate, was paid off at maturity in September 2012. The CMF has had no other delinquent or non-performing loans at fiscal year-end, and the remainder of the portfolio is healthy from both a debt and credit risk standpoint.

Performance Summary

For the fiscal year ended June 30, 2013, the CMF generated a return of 0.88%, net of all expenses, outperforming the BCI of -0.69%. The performance variance is primarily attributable to the write-down of previous recorded unrealized gains as principal payments (at par value) were received during the period, and does not accurately reflect the investments' actual stability and positive cash returns. Because of its relative size, the performance of CMF was not material to the reported performance for CRPTF.

For the trailing three-, five-, and ten-year periods, CMF's total compounded annual portfolio returns were -0.44%, 0.41% and 4.54%, respectively, net of all expenses. The comparative three-, five- and ten-year period benchmark returns were 3.51%, 5.19% and 4.52% respectively.

Risk Profile

Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. The payoff at par of the commercial mortgages and current payment on the RMBS notes help mitigate these risks.

The total net asset value at June 30, 2013 was approximately \$73 thousand and was not material to the overall performance of the CRPTF.

2013 private investment fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: The purpose of the Private Investment Fund (PIF) is to: 1) earn returns in excess of the public equity markets, 2) generate attractive risk-adjusted rates of return, and 3) provide diversification for the CRPTF under different economic environments.

Date of Inception: July 1, 1987

Total Net Position: \$2,550,400,969

Performance Objective: A net return that outperforms the Standard & Poor Index (S&P 500) over rolling ten year periods.

Expensed Management Fees⁽¹⁾: \$5,210,437

Capitalized and Netted Fees: \$31,533,401

Benchmark: S&P 500

Operating Expenses: \$2,156,456

Number of Partnerships: 72 external

Expense Ratio: 0.29%

(1) See Note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Description of the Fund

The PIF is an externally managed fund whose strategic focus is divided into two sub-asset classes: venture capital and corporate finance. Venture capital invests equity into young or development stage companies. Corporate finance encompasses several underlying strategies, including leveraged buyout, mezzanine debt, and special situations.

The PIF structure allows experienced industry professionals to manage portfolio assets while allowing the PIF to realize the benefits of a private market portfolio diversified by investment type, strategic focus, industry type and geographic region.

Portfolio Characteristics

The PIF invests in private equity funds either directly as a Limited Partner to a specific fund or indirectly as a Limited Partner to a fund of funds vehicle. Fund-of-funds (FOF) invest in multiple private equity partnerships that invest in underlying companies and are typically used to execute a strategic objective within the PIF. Private equity investments include two general areas of strategic focus:

Corporate Finance

- Buyout focused investments are defined as controlling or majority investments in private equity or equity-like securities of more established companies on the basis of the company's asset values and/or cash flow.
- Mezzanine Debt focused investments are defined as investments in securities located between equity and senior debt in the company's capital structure. Mezzanine debt investments offer higher current income than senior debt securities and often offer equity participation features that may take the form of warrants or contingent equity interests.
- Special Situation focused investments are defined as investments in a variety of securities (Debt, Preferred Equity and/or Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).
- International Private Equity focused investments are defined as investments in private equity or equity-like securities in companies located outside the continental United States. International Private Equity investments often offer higher return potential, with higher risk, as a result of the above average rates of growth available in select international economies.

Venture Capital

- Venture Capital focused investments can be narrowly defined as investments in private equity or equity-like securities of developing companies in need of growth or expansion capital. These investments can range from early-stage financing, where a company has little more than a marketable idea, to expansion financing, where a company has a marketable product but requires additional capital to bring the product to market.

Excluding commitments made under the Connecticut Horizon Fund program, the PIF had 70 active funds and aggregate capital commitments totaling \$5.9 billion as of June 30, 2013. Approximately 82.2 percent, or \$4.8 billion, has been “drawn down” for investment purposes as of that date while the balance of approximately \$1.0 billion or 17.8 percent is committed but not “drawn” (See Figure 13-6).

Market Review

Fundraising during calendar year 2013 was slightly down relative to 2012. U.S. buyout fundraising has remained flat in dollar terms despite the number of funds being raised in the first half of 2013 declining 21%. On average, U.S. buyout funds increased in size from \$390 million to \$540 million on a year over year basis in the first half of 2013. Conversely, U.S. venture capital has seen a decline in both number of funds and total capital raised. Ninety-two total funds raised \$7 billion in the first half of 2013 compared to the 110 funds which raised \$11 billion in the same period one year prior (Source: Thomson One).

Investment activity with U.S. buyout fund managers was 14% less than they did in the first half of 2012. U.S. venture fund managers invested \$21 billion through the first half of 2013, which is in line with the capital raised in the same period of the prior year (Source: Thomson One).

Buyout transaction prices have increased for mid-market deals but declined for large deals. Earnings before interest, taxes, dividends and amortization (EBITDA) purchase multiples for companies valued between \$250 million and \$500 million increased to 7.9 times the enterprise’s cash flow in the first half of 2013 from 7.4 times enterprise cash flow in 2012. EBITDA purchase multiples for transaction sizes with company values greater than \$500 million dropped to 8.0 times in the first half of 2013 from 8.5 times in 2012 (Source: S&P Leveraged Commentary & Data).

The IPO market picked up considerably in 2013, enhancing existing strategies for private equity managers. Buyout and venture capital sponsored IPOs increased by 18% during the first half of 2013 compared to the same period one year ago. There were 16 buyout sponsored IPOs in the second quarter of 2013, a record high since the third quarter of 2005 when 18 IPOs occurred. The positive trend also continued with venture capital backed IPOs where 26 companies went public in the third quarter of 2013, which amounts to more than 50% of all venture backed IPO’s that occurred in the full year in 2012 (Source: Thomson One).

Performance Summary

For the fiscal year ended June 30, 2013, PIF generated a net compounded annual rate of return of 9.50% (See Figure 13-5). This return was measured using a Time Weighted Return (TWR) calculation methodology.

While short-term returns are evaluated, longer term (e.g., 10 years) returns are more meaningful in evaluating private equity portfolio performance. Long-term horizons better reflect the illiquid nature of PIF’s holdings and the time it takes for investments to realize their potential. PIF’s performance is benchmarked against the S&P 500. Over the last 10 years through June 30, 2013, PIF’s performance has exceeded that of the S&P 500 by 303 basis points on a compounded annual basis (See Figure 13-5).

The institutional standard for measuring private equity performance is the Internal Rate of Return (IRR). IRR is a dollar-weighted annualized return that considers both cash flows and time. Since its inception in 1987, PIF has generated an 8.5% IRR. A tool commonly used by institutional investors to benchmark IRR performance is the public market equivalent (PME). From inception through June 30, 2013, PIF has generated 270 basis points of annual performance in excess of its S&P 500 PME.

During Fiscal Year 2013, PIF added \$140.0 million of new commitments to three private equity fund managers (See Figure 13-10).

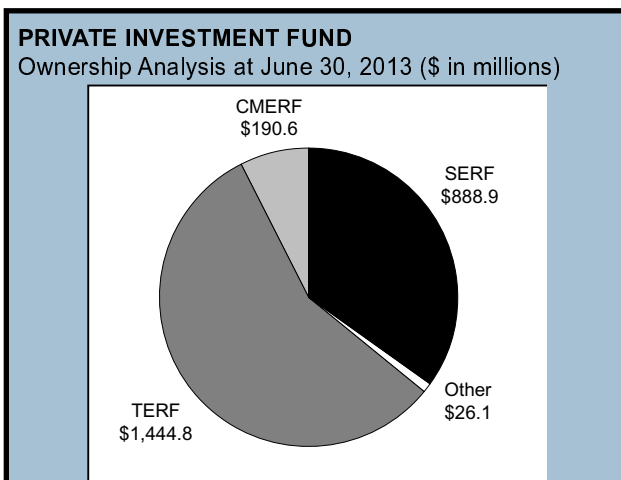
Risk Profile

Given PIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, the risks attendant with alternative investments, such as management, operations, and product risk, as well as overall liquidity risk. Assuming these risks as part of a prudent, total portfolio strategy enables PIF to participate in the possibility of substantial long-term investment returns.

PIF's risk profile is complex given the valuation judgments and liquidity constraints placed on it consistent with an alternative investment strategy. Over the last five years, PIF's volatility relative to its benchmark has been 0.36 with a correlation of 0.01. Over the last five years, the Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of -0.60 (See Figure 13-2).

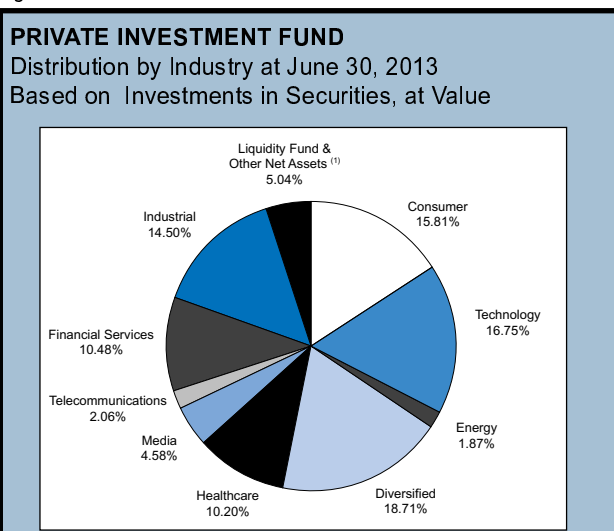
PENSION FUNDS MANAGEMENT DIVISION

Figure 13-1



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 13-3



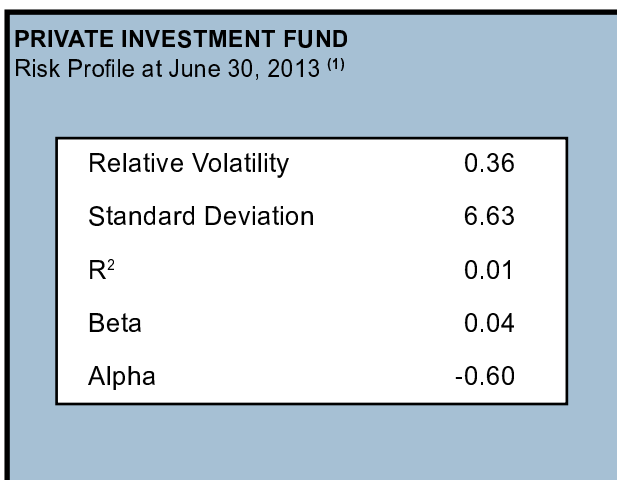
(1) Includes the Liquidity Fund and other assets at the partnership level.

Figure 13-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2013

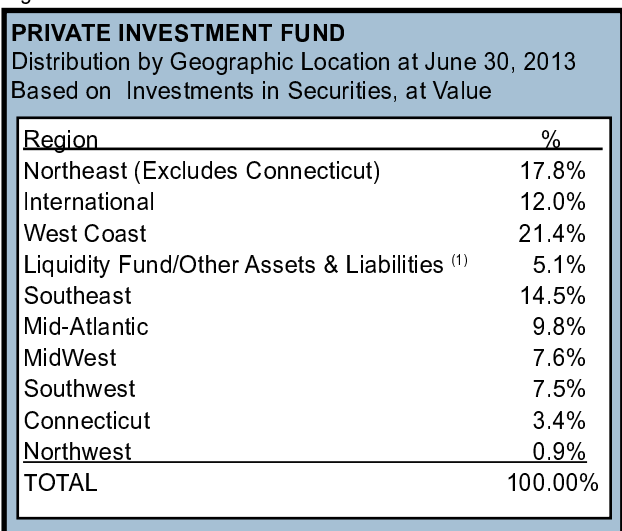
	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	9.50	11.61	6.41	10.33
S & P 500	20.60	18.45	7.01	7.30
State Street Private				
Equity Index (1 Qtr. Lag)	8.88	12.52	4.00	12.65
Cumulative Total Return (%)				
PIF	9.50	39.05	36.45	167.27
S & P 500	20.60	66.20	40.32	102.25
State Street Private				
Equity Index (1 Qtr. Lag)	8.88	42.46	21.68	229.01

Figure 13-2



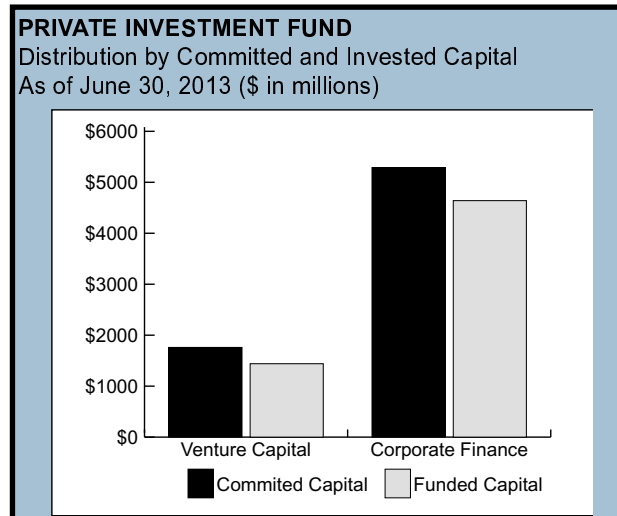
(1) Based upon quarterly returns over the last five years.

Figure 13-4



(1) Includes the Liquidity Fund and other assets at the partnership level.

Figure 13-6



PENSION FUNDS MANAGEMENT DIVISION

Figure 13-7

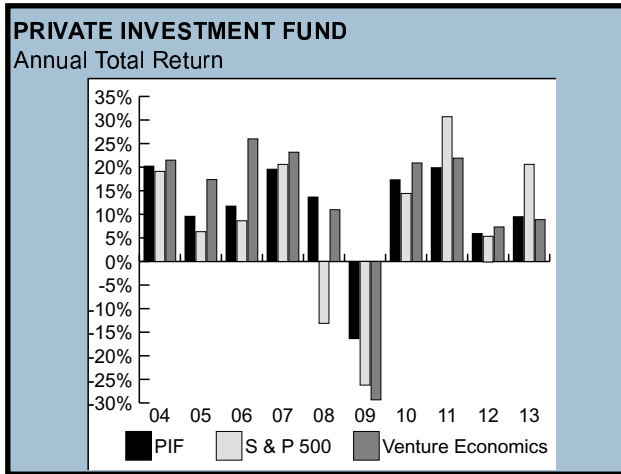


Figure 13-8

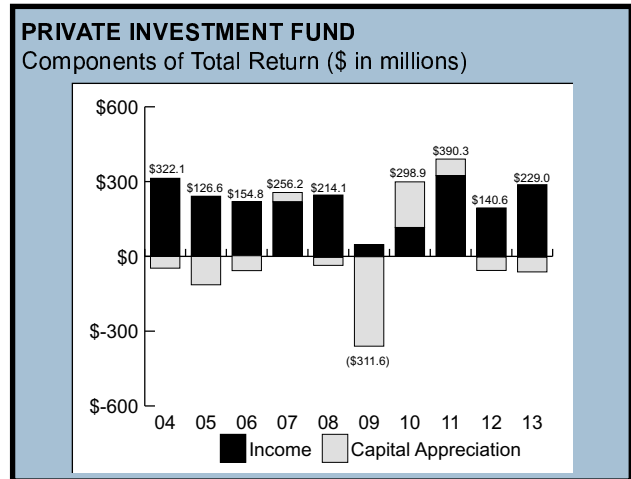


Figure 13-9

PRIVATE INVESTMENT FUND Ten Largest Holdings* at June 30, 2013			
Partnership Name	Partnership Type	Market Value	%
FAIRVIEW CONSTITUTION III LP	Fund of Funds	\$236,805,760	9.23%
FAIRVIEW CONSTITUTION II LP	Fund of Funds	153,122,891	5.97%
STEPSTONE PIONEER CAPITAL II L	Fund of Funds	131,297,220	5.12%
YUPAICA AMERICAN ALLIANCE FUND II LP	Buyout	98,429,809	3.84%
KKR 2006 FUND	Buyout	93,093,596	3.63%
THOMAS H LEE EQUITY FUND VI LP	Buyout	89,460,112	3.49%
WCAS X LP PRIVATE INVESTMENT	Buyout	88,763,103	3.46%
LEVINE LEICHTMAN CAPITAL PARTNERS IV LP	Special Situations	82,000,621	3.20%
CROSSROADS CONSTITUTION L P	Fund of Funds	80,122,370	3.12%
WELSH.CARSON.ANDERSON + STOWE XI	Buyout	79,045,408	3.08%
Top Ten		\$1,132,140,890	44.14%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 13-10

PRIVATE INVESTMENT FUND New Commitments Made in Fiscal Year 2013 ⁽¹⁾			
Partnership Name	Commitment Amount	Partnership Type	Inv. Date
TPG Credit Strategies Fund II LP	\$50 million	Special Situations	October 15, 2012
Clearlake Capital Partners III LP	\$40 million	Special Situations	November 2, 2012
Court Square Capital Partners III LP	\$50 million	Buyout	May 3, 2013
Total:	\$140 million		

(1) These represent new Private Equity Partnerships that were invested in by the Fund during Fiscal Year 2013.

PENSION FUNDS MANAGEMENT DIVISION

Figure 13-11

PRIVATE INVESTMENT FUND

Investment Advisors at June 30, 2013

Investment Advisor	Net Asset Value	% of Fund	Investment Advisor	Net Asset Value	% of Fund
Buyout	\$1,170,236,485	45.88%	International	44,578,428	1.75%
KKR Millennium Fund	52,053,446	2.04%	Compass Partners European Equity Fund	1,009,653	0.04%
Yucaipa American Alliance Fund II LP	98,429,809	3.86%	Gilbert Global Equity Partners	36,371,323	1.43%
Hicks, Muse Tate & Furst Equity Fund III	20,028,674	0.78%	AIG Global Emerging Markets Fund	2,191,252	0.09%
Thomas H. Lee Equity Fund VI	89,460,112	3.51%	Carlyle Asia Partners	5,006,200	0.19%
TA XI, L.P.	40,457,562	1.59%	Fund of Funds	824,977,424	32.35%
Charterhouse Equity Partners IV	46,844,449	1.84%	The Constitution Liquidating Fund	80,122,370	3.14%
DLJ Merchant Banking Fund II	2,061,228	0.08%	Landmark Private Equity Fund VIII	14,940,114	0.59%
FS Equity Partners V	22,472,121	0.88%	CS/CT Cleantech Opp Fund	15,062,562	0.59%
FS Equity Partners VI	50,560,860	1.98%	CT Emerging Pvt Equity	50,124,949	1.97%
JFL Equity Investors III, LP	19,753,423	0.77%	Fairview Constitution III	236,805,760	9.29%
Green Equity Investors III	2,324,669	0.09%	Goldman Sachs Private Equity Partners CT	3,363,415	0.13%
Wellspring Capital Partners V	13,633,069	0.53%	Lexington Capital Partners II	1,651,682	0.06%
Candover 2008 Fund	6,003,157	0.23%	Stepstone Pioneer Capital I LP	35,949,610	1.41%
Leeds Equity Partners V LP	24,949,416	0.98%	Stepstone Pioneer Capital II LP	131,297,220	5.15%
Welsh Carson Anderson & Stowe XI	79,045,408	3.10%	Fairview Constitution II LP	153,122,891	6.00%
AIG Healthcare Partners LP	20,303,691	0.80%	Fairview Constitution IV LP	8,268,810	0.32%
AIG Altaris Health Partners II	30,674,263	1.20%	Connecticut Horizon Legacy	7,828,027	0.31%
Welsh Carson Anderson & Stowe X LP	88,763,103	3.48%	Landmark Equity Partners XIV LP	60,527,434	2.37%
Court Square Capital Partners II	77,917,764	3.06%	JP Morgan Nutmeg I	25,912,580	1.02%
Ethos Private Equity Fund V	32,276,291	1.27%	Special Situations	300,686,185	11.79%
Boston Ventures VII	70,617,742	2.77%	Welsh Carson Anderson & Stowe Cap Ptrs III	8,589,507	0.34%
KKR 2006 Fund	93,093,596	3.65%	Levine Leichtman Capital Partners IV LP	82,000,621	3.21%
Nogales Investors Fund II	15,727,251	0.62%	Pegasus Partners IV	68,152,782	2.67%
ICV Partners II LP	31,709,198	1.24%	Pegasus Partners V	24,843,842	0.97%
Vista Equity Partners Fund III	47,893,558	1.88%	WLR Recovery Fund IV	66,733,192	2.62%
Vista Equity Partners Fund IV	35,249,566	1.38%	KPS Special Situations Fund II	5,860,747	0.23%
RFE Investments Partners VIII	8,504,062	0.33%	Clearlake Capital Partners III LP	7,328,009	0.29%
RFE Investment Partners VII	44,321,711	1.74%	TPG Credit Strategies Fund II LP	37,177,485	1.46%
Court Square Capital Partners III LP	5,107,286	0.20%	Other ⁽¹⁾	118,700,213	4.65%
Venture Capital	10,714,630	0.42%	TOTAL PIF	\$2,550,400,969	100.00%
Crescendo III	1,032,982	0.04%			
Syndicated Communications	9,681,648	0.38%			
Mezzanine	80,507,604	3.16%			
SW Pelham Fund	973,398	0.04%			
Audax Mezzanine III Limited Partnership	29,864,298	1.17%			
GarMark Partners II LP	49,669,908	1.95%			

(1) Other includes partnerships with nonmaterial balances, as well as moneys earmarked for distribution to participants, reinvestment, expenses and other net assets.

2013

debt management division

Division Overview

The Office of the Treasurer, through its Debt Management Division, is responsible for the cost-effective issuance and management of the State of Connecticut's bonded debt. The State's strategic investment in local school construction, roads, bridges, airports, higher education, clean water, and economic development are the foundation of Connecticut's physical and social infrastructure.

Optimizing the State's credit rating is critical to obtaining low interest rates and requires continual contact with the investment community and active participation in rating presentations with Moody's Investors Service, Standard and Poor's Ratings, Fitch Ratings, and Kroll Bond Ratings. The latest financial instruments available in the public financing market are utilized when issuing new debt, and relationships are maintained with institutional and retail investors who have demonstrated confidence in the State's economy by purchasing bonds and notes at attractive interest rates.

The Office of the Treasurer is also a critical resource in the drafting of new laws, working with the Executive and Legislative Branches to provide financial advice on proposed legislative initiatives. This has resulted in the design of new bonding programs that have been well received in the financial markets, while maintaining exemption from Federal and State taxes where appropriate. Specific examples include: electric deregulation; UCONN 2000; school construction; open space; economic development in Bridgeport, Hartford, and New Haven; municipal financial oversight; Bradley International Airport; Economic Recovery Notes; Transportation Strategy Board Project Funding; securitization to preserve Conservation and Clean Energy Programs; the establishment of a Housing Trust Fund bonding program; the authorization of bonding backed by future federal transportation funds; a program designed to improve the funding of the Teachers' Retirement Fund including the issuance of bonds; and the creation of a new quasi-public agency to manage Bradley International Airport.

The Debt Management Division of the Office of the Treasurer manages all public financing programs for the State and coordinates the issuance of bonds with State quasi-public authorities, including Connecticut Innovations, the Connecticut Health and Educational Facilities Authority, the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Capital Region Development Authority, the Clean Energy Finance and Investment Authority and the Connecticut Airport Authority.

The Debt Management Division consists of eleven professionals under the direction of an Assistant Treasurer.

The Year in Review

During Fiscal Year 2013, the Debt Management Division's noteworthy accomplishments included:

- New Money Bonds - During Fiscal Year 2013, \$1.9 billion of new money bonds were issued to fund local school construction, state grants and economic development initiatives, transportation infrastructure projects and clean water project grants and loans at some of the lowest interest rates in State history. A floating rate bond structure was used again to take advantage of low short-term interest rates in the State's debt portfolio.
- Refunding Bonds - Refunding savings were obtained by issuing \$69.8 million of General Obligation refunding bonds, \$125.1 million of Special Tax Obligation refunding bonds, and \$37.2 million of Clean Water Fund refunding bonds and a Clean Water cash defeasance of \$97.0 million to refinance existing debt to lower interest rates for savings. Combined, these transactions along with the UCONN Student Fee Revenue Bond Refunding will reduce future debt service payments by \$65.6 million. Since January 1999, debt refundings and defeasances have resulted in debt service savings of \$837 million.
- GAAP Funding Bonds and ERN Restructuring Proposal - Two major proposals developed within the Debt Division won approval by the General Assembly during the 2013 legislative session. The first was a proposal to issue up to \$750 million of general obligation bonds to jump start the funding of the State's long

DEBT MANAGEMENT DIVISION

term accumulated General Fund deficit when reported in accordance with Generally Accepted Accounting Principles (GAAP) and to improve the cash position of the General Fund. The proposal includes unique provisions that require the State to fund the balance over time through deemed-appropriated amounts as part of a bond covenant. The second proposal was to restructure and extend the Economic Recovery Notes (ERN) issued in 2009 for two more years to provide budget savings.

- Credit Ratings - Fiscal Year 2013 continued to be a challenge in the area of credit ratings, requiring extensive and continual communication throughout the year with credit rating agencies and the investment community, ensuring frequent and timely updates on the State's budget, economy and long-term obligations. The division worked with the Treasurer and other national stakeholders on developing and submitting comments on Moody's proposed new pension methodology, some of which were reflected in their final methodology. It also developed a response to Moody's on the State's oversight of local government and school districts which enhanced their final report on the subject.
- Transportation Bonding Program - Issued \$627.4 million of Special Tax Obligation bonds, including \$502.3 million to fund new and ongoing transportation infrastructure improvements and \$125.1 million of refunding bonds to achieve future debt service savings. The \$502.3 million new money portion of the financing resulted in the lowest tax-exempt interest cost in the history of the program. Consultation was also provided to the Office of Policy and Management, the Department of Transportation, and the legislature on budget, credit rating, and bonding matters impacting the Special Transportation Fund.
- Bradley International Airport - Worked closely with the Connecticut Airport Authority and its new Executive Director as well as the Department of Transportation on matters regarding Bradley International Airport and the future long-term plans for expansion at the airport. Two years ago, the Division played a key role in the development and passage of Public Act 11-84 which created the new quasi-public agency, the Connecticut Airport Authority, to assume management, operation and development of Bradley International Airport and the five other State-owned airports. The legislation also authorizes the issuance of bonds backed solely by the new Authority's revenues and allows for the orderly transfer of the outstanding Bradley International Airport bonds. The Division assumed an active role representing the Treasurer on the newly established Connecticut Airport Authority Board, and advising the Board on the establishment of necessary agreements and procedures to fulfill the intent of the enabling legislation resulting in the successful transition of Bradley Airport and the State's other general aviation airports to the Connecticut Airport Authority on July 1, 2013.
- Clean Water Fund and Municipal Finance Issues - Issued \$162.2 million of Clean Water Fund bonds, including \$124.9 million to fund new clean water and drinking water projects and \$37.2 million of refunding bonds to achieve future debt service savings. Worked closely with the Department of Energy and Environmental Protection and the Department of Public Health to successfully commit low-cost funding for program participants throughout the State including the Metropolitan District Commission and the Greater New Haven Water Pollution Control Authority. Participated in management of the Nitrogen Credit Trading Program for the State's wastewater treatment facilities and worked with the Department of Public Health on the successful implementation of an Emergency Generator Program for public water systems. The division also monitored federal funding issues.
- University of Connecticut - Assisted the University with the refunding of \$106 million in outstanding student fee revenue bonds which resulted in \$31.9 million in future debt service savings for the University. The bonds are secured by certain pledged revenues of the University and are part of the UCONN 2000 bonding program. Consulted with the University on a variety of finance issues related to the UCONN 2000 bonding program including obtaining additional funding for economic development initiatives such as a technology park to house laboratory "incubator" space for developing new businesses, and other facilities at the Storrs Campus. Also worked with the University funding programs for the new Bioscience Connecticut project adjacent to the University of Connecticut Health Center in Farmington including the Jackson Labs project. The Next Generation Connecticut expansion of the UCONN 2000 program was passed by the General Assembly during the 2013 Session, which will provide \$1.6 billion in capital funds over ten years for investments in Science, Technology, Engineering, and Math disciplines (STEM) at the University.

DEBT MANAGEMENT DIVISION

- Quasi-Public Agencies - The Division continued to coordinate with the State's quasi-public agencies, including consulting with the Connecticut Housing Finance Authority on the supportive housing program, with the Connecticut Health and Educational Facilities Authority on the issuance of bonds for the Connecticut State University system, and with the Connecticut Higher Education Supplemental Loan Authority on bonding, credit issues, and organizational issues. In addition, important input was provided on deploying programs at the Clean Energy Finance and Investment Authority and evaluating future options for the Connecticut Student Loan Foundation.

Work continued on strengthening administration within the Division, including:

- Vendor Contracts and Searches - A major Request for Proposals for Financial Advisors was completed, resulting in the selection of a new slate of financial advisors for all of the State's bonding programs, including a detailed review of insurance provisions and coverage levels. In addition, a \$300 million line of credit was established with a large bank under a very tight timeframe and the division completed the extension of two auditor contracts. Issued a Request for Variable Rate Ideas from the General Obligation senior bond underwriters and selected two so far for implementation, including embedded caps on index notes and a new floating rate bond structure that does not require bank liquidity.
- Bondholder Disclosure - Worked with disclosure counsel to make improvements to the State's bond disclosure and changed the schedule for the Annual Information Statement update to occur outside of the busy State budget development timeframe. Began the development of proposals for further expansion of the BuyCTBonds.com website and the investor relations program and implemented new low cost methods of advertising bond sales using the internet and email.
- Industry Participation, Conferences and Outreach - The Division was actively involved in several initiatives this past year to reach out to various constituents and industry groups. Represented the Treasurer on the Board of the Northeast Women in Public Finance, which included organizing a conference highlighting womens' experience in public office. The Division's Clean Water Fund financial administrator maintained active participation on the federal Environmental Facilities Advisory Board. The Assistant Treasurer presented to the Connecticut Society of Governmental Accountants on the State's debt management program. Assisted Treasurer with her presentation as the lunchtime speaker at the New England States Government Finance Officers Association in Hartford and the Treasurer received the Public Service Award from the Muni Forum. Division helped develop the program for Treasurer's Public Finance Conference including the first ever panel of local Connecticut finance directors. Continued to monitor developments in the municipal credit markets including the impact of various provisions on the municipal industry and proposals for changes in municipal disclosure. Developed Treasurer letter to Congress on municipal tax exemption as well as an Op-ed on the topic.

2013 Division Performance

The Debt Management Division focused on several important initiatives during the fiscal year, including taking advantage of historically low interest rates, continuing to work with the Cash Management Division to monitor and report on the State's overall cash resources, and providing expertise to assist with implementing initiatives put forward by the Administration. The continued slow economic recovery, as well as an increased focus by the rating agencies on long-term liabilities, required significant analysis by the Division to ensure the State's obligations are put in proper context and that the State's strong financial management is emphasized. Communication was pursued throughout the year with the credit rating agencies and the investment community to provide frequent and timely updates regarding the State's budget and the economy. The Division actively monitored and assisted with legislation impacting the State's bonding programs and credit.

DEBT MANAGEMENT DIVISION

Public Financing Programs

Active public financing programs for the State of Connecticut, as of June 30, 2013, include:

	Amount Outstanding <u>June 30, 2013</u>
<p>GENERAL OBLIGATION BONDS</p> <p>General Obligation bonds are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. General Obligation bonds are issued for construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks, and open space. Public Act 07-186 authorized the issuance of bonds sufficient to fund a \$2 billion deposit into the Teachers' Retirement Fund. On April 30, 2008, the State issued \$2,276,578,271 of Taxable General Obligation - Teacher Retirement Fund bonds.</p>	\$13,136,043,758
<p>ECONOMIC RECOVERY NOTES</p> <p>Economic recovery notes are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. Economic recovery notes were issued to finance the State's FY 2009 budget deficit.</p>	\$573,365,000
<p>UCONN 2000 BONDS</p> <p>The University of Connecticut pays UCONN 2000 bonds from a debt service commitment appropriated from the State General Fund originally established under P.A. 95-230 and extended in 2010 and 2013. Up to \$4.3 billion of Debt Service Commitment bonds will be issued under a 28-year \$4.6 billion capital program to rebuild and refurbish the University of Connecticut.</p>	\$828,795,000
<p>OTHER GENERAL FUND APPROPRIATION DEBT</p> <p>The State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. This debt consists of the following programs:</p> <p>Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds, Child Care Facilities Program bonds for a childcare facilities program were assumed by the State, and the State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund (\$61,155,000). The Connecticut Housing Finance Authority (CHFA) Special Needs Housing Mortgage Finance Program Bonds were issued to provide funding of the new supportive housing program. The State is required to make all debt service payments on the bonds pursuant to a contract assistance agreement between CHFA, the Treasurer, and the Office of Policy and Management (\$70,485,000).</p> <p>The Connecticut Housing Finance Authority (CHFA) Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and the Office of Policy and Management (\$46,110,000).</p> <p>Other appropriation debt includes Connecticut Development Authority (CDA) Tax Incremental Financing and CDA Lease Revenue Financing for a State facility, (\$20,165,000) and a Certificate of Participation issue for the Connecticut Juvenile Training School Energy Center Project (\$14,655,000).</p>	\$212,570,000
<p>SPECIAL TAX OBLIGATION BONDS</p> <p>Transportation-related bonds are paid out of revenues pledged in the State Transportation Fund. Special Tax Obligation bonds are issued for the State's portion of highway and bridge construction, maintenance and capital needs of mass transit systems, State piers, and general aviation airports. The bonds are secured by transportation-related taxes and revenues, and additional security for the bonds is provided by a debt service reserve fund that totaled \$437.8 million at June 30, 2013.</p>	\$3,461,875,000
<p>CLEAN WATER FUND REVENUE BONDS</p> <p>The Clean Water Fund and the Drinking Water Fund constitute the State's revolving fund programs. Revenue bonds provide below-market-rate loans to Connecticut municipalities for the planning, design, and construction of wastewater treatment projects and to Connecticut municipalities and private water companies for drinking water quality improvement projects. The bonds are secured by loan repayments from Connecticut municipalities and private borrowers, general revenues of the program, and restricted revolving fund assets of \$73.1 million for the Clean Water Fund and \$14.2 million for the Drinking Water Fund as of June 30, 2013. The revolving fund includes State G.O. bonds and Federal Capitalization Grants. An interest rate subsidy is provided to borrowers from earnings on the revolving fund and from State G.O. subsidy bonds. The State also provides grants and some loans for the program through its general obligation bond program.</p>	\$784,390,000

DEBT MANAGEMENT DIVISION

CAPITAL REGION DEVELOPMENT AUTHORITY BONDS \$94,805,000

The Capital Region Development Authority (CRDA), formerly known as the Capital City Economic Development Authority, bonds were issued to provide funding for the Adriaen's Landing Development project in Hartford. The State is required to make all debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract assistance agreement between CRDA, the Treasurer, and OPM. CRDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS \$141,555,000

The airport revenue bonds are payable solely from gross operating revenues from the operation of Bradley International Airport, and proceeds are used for capital improvements at the airport.

BRADLEY PARKING GARAGE REVENUE BONDS \$37,395,000

Parking garage bonds are payable from garage parking revenues and by a guarantee from the project developer/lessee. The bonds financed the design and construction of a new parking garage at Bradley International Airport with approximately 3,450 parking spaces on five levels.

Total debt outstanding at June 30, 2013 \$ 19,270,793,758

Bonds issued during Fiscal Year 2013 include:

<u>Bond Type</u>	<u>Par Amount</u>	<u>True Interest Cost ⁽¹⁾</u>	<u>Average Life (Years)</u>	<u>Issue Date</u>
NEW MONEY BONDS:				
GENERAL OBLIGATION				
2012 Series D SIFMA Index Bonds	\$ 219,865,000	0.85%	5.6	10/04/2012
2012 Series E	280,135,000	3.02%	13.9	10/04/2012
2012 Series B Taxable	224,785,000	1.94%	5.9	11/16/2012
2012 Series G	175,215,000	3.04%	12.9	11/28/2012
2013 Series A SIFMA Index Bonds	244,570,000	0.88%	6.3	03/28/2013
2013 Series B	155,430,000	3.22%	15.3	03/28/2013
SPECIAL TAX OBLIGATION				
2012 Series A	502,290,000	2.73%	11.5	12/21/2012
CLEAN WATER FUND				
2013 Series A	124,935,000	2.71%	11.8	02/21/2013
2013 Subtotal New Money Bonds Issued	\$1,927,225,000			
REFUNDING BONDS:				
General Obligation 2012 Series F Refunding	\$69,790,000	0.36%	1.2	10/04/2012
Special Tax Obligation 2012 Series B Refunding	125,100,000	1.95%	8.2	12/21/2012
Clean Water Fund 2013 Series B Refunding	37,235,000	2.17%	10.0	02/21/2013
2013 Subtotal Refunding Bonds Issued	\$232,125,000			
TOTAL	\$2,159,350,000			

(1) An industry defined term representing a composite overall present-value based interest rate for an entire bond issue excluding cost of issue and other costs. SIFMA Index bonds are variable rate bonds and the TIC shown is the initial rate.

DEBT MANAGEMENT DIVISION

Figure 14-1

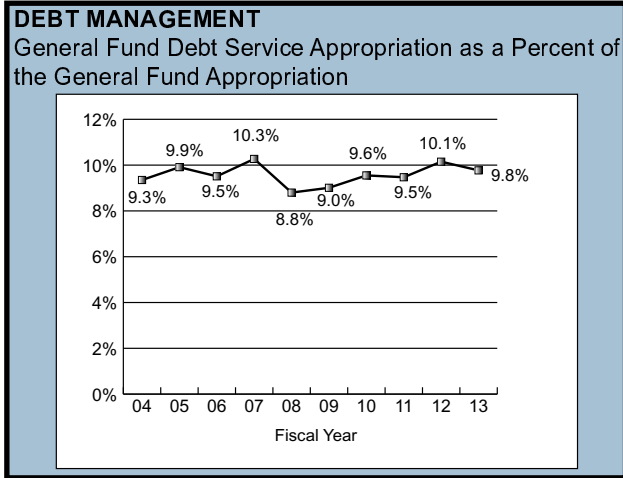


Figure 14-2

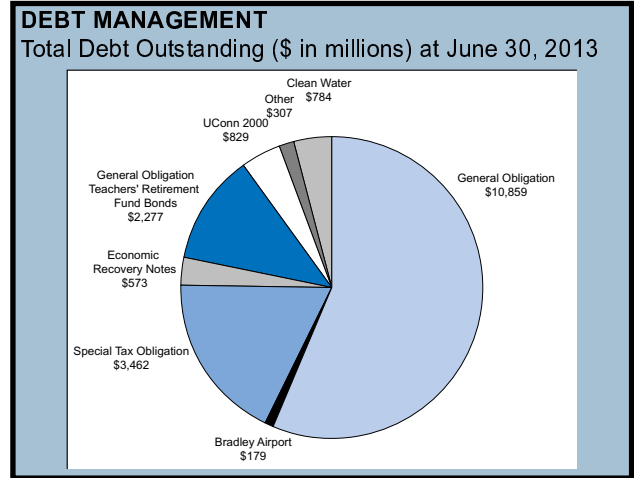
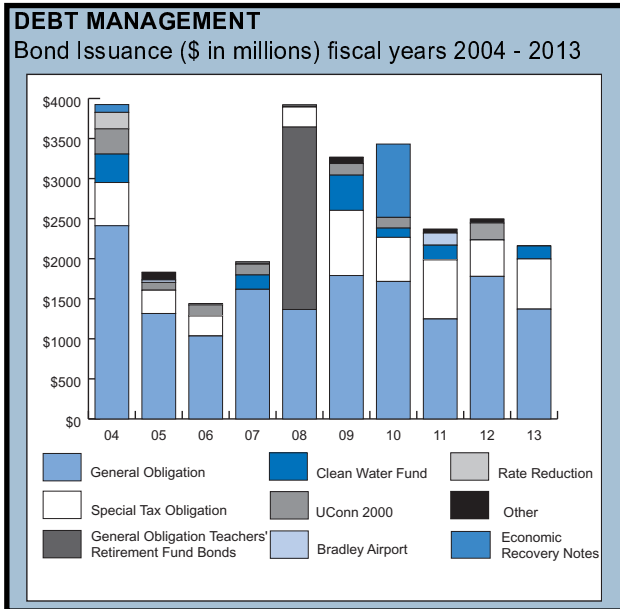


Figure 14-3



Division Overview

The Office of the Treasurer, through its Cash Management Division, is responsible for managing the state's cash movements, banking relationships and short-term investments, including:

- Maintaining maximum investment balances by ensuring more timely deposits, controlling disbursements, minimizing bank balances and banking costs, and providing accurate cash forecasts;
- Earning the highest current income level in the Short-Term Investment Fund (STIF), providing for the safety of principal, first, and the provision of liquidity, second;
- Providing responsive services to STIF investors;
- Prudently investing more stable fund balances for longer periods and higher yields, including banks that meet standards for financial strength and community support;
- Protecting State deposits through well-controlled internal operations and use of banks that meet standards for financial strength;
- Improving operating efficiency by increased use of electronic data communication and funds processing; and
- Providing State agencies with technical assistance on cash management and banking issues.

The Cash Management Division consists of 18 employees under the direction of an Assistant Treasurer, organized into four areas of specific responsibility:

The **Bank Control and Reconciliation** unit maintains accountability for the state's internal and external cash flow. The unit tracks the flow of funds through 19 Treasury bank accounts and authorizes the release of state payroll, retirement and vendor checks. More than three million transactions are accounted for and reconciled annually. The unit also processes stop payments and check reissues.

The **Cash Control** unit, on a daily basis, forecasts available cash, funds disbursement accounts, concentrates cash from depository banks, sweeps available cash into short-term investment vehicles to maximize investment balances, and executes electronic transfers. The unit also prepares annual cash flow projections for various State and bond rating agencies and the primary retirement funds, monitors actual cash receipts and disbursements, and prepares the monthly cash report for the legislature. During Fiscal Year 2013, the unit controlled the movement of \$20.4 billion to and from state bank accounts and investment vehicles.

The **Client Services** unit works with state agencies to speed the deposit of funds and identify mechanisms to reduce banking costs. The unit also reviews state agencies' requests to open new bank accounts, maintains records of the state's bank accounts held by individual banks, reviews bank invoices and compensation, and manages the division's procurement efforts for new bank services. The Client Services unit also manages the insurance collateral program in conjunction with the Department of Insurance, which requires companies writing insurance policies in the state to deposit securities and funds totaling a fixed percentage of the policies' value. At June 30, 2013, approximately \$363 million in securities was pledged to the program.

The **Short-Term Investments** unit invests STIF assets, monitors custodian activity, and prepares quarterly and annual performance reports on the Fund. During Fiscal Year 2013, the unit invested an average of \$4.8 billion in short-term money market instruments. As of June 30, 2013, the unit administered 1,180 active STIF accounts for 70 State agencies and authorities and 268 municipalities and local entities. In addition, the unit manages the Grant Express program that enables municipalities to deposit certain grant payments directly into their STIF accounts, and the Debt Express and Clean Water Fund Express

programs that allow towns to make debt payments automatically from their STIF accounts. The unit makes longer-term investments for balances that are expected to be available on a more stable basis in the STIF Plus and Extended Investment Portfolio programs, and, pursuant to CGS 3-24k, the Community Bank and Credit Union Initiative, in which the Office of the Treasurer supports Connecticut-based banks and credit unions with assets not exceeding \$500 million through the investment of State funds in certificates of deposit at the qualifying institutions.

The Year in Review

During Fiscal Year 2013, the Cash Management Division's noteworthy accomplishments included:

- Expanded electronic payments to municipalities and vendors, working in collaboration with the Office of State Comptroller, with payments totaling \$9.9 billion during the year;
- Conducted the 18th annual meeting of STIF investors in concert with the 8th Public Finance Outlook Conference, attended by nearly 200 state, local government, and private finance professionals;
- Increased payments flowing through the Debt Service Express, in which participating towns have debt service payments deducted from their STIF accounts by their bond paying agent;
- Continued to develop and test a multi-level business continuity and disaster recovery system to support daily cash operations;
- Expanded the process of depositing checks through the Internet via remote deposit technology to 14 additional agencies with 66 deposit locations, thereby speeding deposits and reducing banking costs;
- Worked with state agencies to expand the ability to collect fees and other receipts via electronic checks or credit card payments over Internet-based systems;
- Worked with state agencies to establish them as vendors able to receive payments through individuals' on-line bank bill-paying systems, allowing for faster depositing and reduced banking costs;
- Worked with State agencies to increase their use of electronic payments, thus streamlining payment administration and reducing banking costs;
- Expanded the use by State agencies of direct deposit for certain client purchases, thus streamlining payment administration and reducing banking costs; and
- Expanded "positive pay" security service for agency accounts.

2013 Division Performance

The Office of the Treasurer's Cash Management Division performance is highlighted by numerous achievements during Fiscal Year 2013:

- Total annual return of 0.16 percent in STIF exceeded its primary benchmark by 11 basis points, resulting in \$5.3 million in additional interest income for Connecticut governments and their taxpayers, while adding \$2.3 million to its reserves. During the past ten years STIF has earned an additional \$114 million, while adding \$32.8 million to its reserves during this period. (The next section of this report provides a detailed discussion of STIF.);
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2012 by the Government Finance Officers Association (GFOA);
- STIF's credit rating of AAAM – the highest available — was maintained and affirmed by Standard & Poor's (S&P), the leading rating agency of money market funds and local government investment pools;

CASH MANAGEMENT DIVISION

- The addition of seven local government STIF accounts with \$33 million of assets;
- Investment of \$6 million with community financial institutions under the Connecticut Community Bank and Credit Union Initiative at an average awarded annualized interest rate of 0.15 percent. Since inception, program investments have totaled \$386.5 million;
- Negotiated annual bank fee reductions of approximately \$400,000 and a potential increase of \$350,000 in bank earnings credits;
- The identification and recapture of \$268,000 in annualized bank overcharges; and
- Expansion of the Grant Express program, in which certain state grants are deposited directly into municipal STIF accounts. Since the inception of this program, more than \$20.0 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds.

2013

short-term investment fund

Fund Facts at June 30, 2013

Investment Strategy/Goals: To provide a safe, liquid and effective investment vehicle for the operating cash of the State, municipalities and other Connecticut political subdivisions.

Performance Objective: As high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity.

Benchmarks: iMoneyNet Money Fund AverageTM - Rated First Tier Institutional Average (MFR) Index, Federal Reserve Three-Month CD, Federal Reserve Three-Month T-Bill.

Date of Inception: 1972

Total Net Assets: \$4.5 billion

Internally Managed

External Management Fees: None

Expense Ratio: Less than 3 basis points (includes internal management and personnel salaries)

Description of the Fund

The Treasurer's Short-Term Investment Fund (STIF" or the "Fund) is an AAAM rated investment pool of high-quality, short-term money market instruments managed by the Treasurer's Cash Management Division. Created in 1972, it serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State. (See Figure 15-1.) STIF's objective is to provide as high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 2013 fiscal year, STIF's portfolio averaged \$4.8 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its assets. Starting with the objectives of the Fund, STIF considers constraints outlined in its investment policy, which include among other parameters: liquidity management, limitations on the portfolio's weighted average maturity (see Figure 15-2), and permissible investment types. Next, an asset allocation is developed to identify securities that are expected to perform well in the current market environment. Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. The reserve at June 30, 2013, totaled \$49.7 million.

To help the Fund and its investors evaluate performance, STIF compares its returns to three benchmarks. The first is the iMoneyNet Money Fund AverageTM - Rated First Tier Institutional Average (MFR) Index. This index represents an average of institutional money market mutual funds rated AAAM that invest primarily in first-tier (securities rated A-1, P-1) taxable securities. While STIF's investment policy allows for somewhat greater flexibility than these SEC-registered funds, the MFR Index is the most appropriate benchmark against which to judge STIF's performance. During the past year, STIF's actual investment strategy has been considerably more restrictive than most private money funds and its own policy would permit. (See Figure 15-3.)

STIF's yields are also compared to the average Federal Reserve three-month T-Bill rate and the Federal Reserve three-month CD rate. The former benchmark is used to measure STIF's effectiveness in achieving yields in excess of a "risk-free" investment. The latter is shown for the benefit of STIF investors, many of whom invest in bank certificates of deposit. In viewing these benchmarks, it is important to keep in mind that yields of the CD index will exceed those of the T-Bill index due to a CD's slightly higher risk profile and comparatively lower liquidity. Additionally, it is important to note that the 90-day benchmarks exceed STIF's

shorter average maturity. In order to maintain its AAAM rating, the STIF cannot exceed a 60-day weighted average maturity (WAM) limit. Furthermore, these benchmarks are “unmanaged” and are not affected by management fees or operating expenses. (See Figure 15-6.)

Among the Fund’s several achievements during the 2013 fiscal year was the reaffirmation and continuation of its AAAM rating by Standard & Poor’s. In S&P’s view, “a fund rated ‘AAAM’ demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk.”

Portfolio Characteristics

During Fiscal Year 2013, the STIF portfolio continued its conservative investment approach that began in the first half of Fiscal Year 2008. While the conservative strategy was originally taken to manage the risks of market volatility and uncertainty due to the sub-prime fallout, it was continued to manage the potential systemic risks resulting from the European sovereign and banking crisis. STIF’s more conservative investment practices include increased liquidity, short average portfolio maturity, holdings of securities issued, guaranteed or insured by the U.S. government and federal agencies, and significantly restricted investments in corporate securities.

Accordingly, at year-end STIF held 49 percent of Fund assets in overnight investments or investments that are available on a same-day basis. During the fiscal year, the Fund’s weighted average maturity fluctuated between a low of 26 days and a high of 44 days. Sixty percent of STIF’s assets were invested in securities issued, guaranteed or insured by the U.S. government or federal agencies, in repurchase agreements backed by such securities, or in money funds comprised of such securities.

The Fund ended the year with a 72 percent concentration in investments with short-term ratings of A-1+. Seventy-eight percent of the Fund was invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days, versus 86 percent at the previous year-end. The Fund’s three largest security weightings included federal agency securities (45.0 percent), deposit instruments (39.8 percent), and bank commercial paper (7.3 percent). (See Figure 15-5.)

Market Review

During Fiscal Year 2013, the primary market themes were the same as in 2012: continued downward pressure on rates as the European banking and economic system failed to meaningfully recover and the persistent sluggishness of the overall global economy. As the Federal Reserve Bank (Fed) continued its quantitative easing, it was increasingly joined by its European and Asian counterparts, the net effect of which was an unprecedented amount of liquidity finding its way into the system. While liquidity flowed into the financial system, market participants became concerned about the inflationary impact of the increase in money supply. This was evidenced by the ten-year Treasury rate increasing from its July 2012 low of 1.38 percent to its June 2013 high of 2.61 percent. Similarly, the five-year Treasury yield increased 71 basis points during the course of the year, and the thirty-year Treasury yield increased 73 basis points during the year. Expectations of increased inflation were also evidenced by the “breakeven” inflation rate reflected in the five year TIPs market, which increased during the course of the fiscal year before returning to where it began at the end of the prior fiscal year. The majority of the increase in these rates, and decrease in the “breakeven” inflation rate, came during June 2013 as the Fed began to inform the market that it would soon begin to reduce the amount of liquidity being injected into the system. The short-end of the yield curve during the same time period was driven by Fed policy and increased demand, resulting in the three-month Treasury Bill rate dropping by six basis points to end the year at just over one basis point. The effect of the reduced supply of Treasury bills has been magnified by the demand for short-term collateral in the repurchase (repo) markets, which is expected to keep short-term rates at low levels in the near-term.

Domestic growth, as measured by Gross Domestic Product (GDP), continued to be volatile during the fiscal year with low growth of 0.1 percent in the second quarter of the year and its highest growth rate of 2.8 percent in the first quarter of the year. For the entire fiscal year, GDP averaged a rate of 1.6 percent. Meanwhile, the unemployment rate ended the fiscal year at 7.6 percent, down modestly from the 8.2 rate

at the beginning of the year. During the course of the fiscal year, nearly 2.1 million people were added to payrolls while, at the same time, the labor force participation rate dropped from 63.8 percent to 63.5 percent, thereby increasing the effect on the unemployment rate. The unemployment rate is forecast to continue its improvement over the course of Fiscal Year 2014. During calendar year 2014, the economy is expected to grow at a rate of 2.6 percent, and the unemployment rate is expected to average 6.9 percent.

The Federal Reserve maintained its target range for the federal funds rate at 0.00 – 0.25 percent throughout the year. During that time the actual effective federal funds rate rose from an average of 0.11 percent to 0.14 percent.

Performance Summary

For the one-year period ending June 30, 2013, STIF reported an annual total return of 0.16 percent, net of all expenses and \$2.3 million in allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the MFR Index, which equaled 0.05 percent, by 11 basis points. In addition, STIF performance handily exceeded that of three-month T-Bills, which yielded 0.08 percent. The Fund's performance fell short of three-month CDs, which yielded 0.23 percent but lack STIF's daily liquidity and exceed STIF's average maturity. STIF's relative performance was also directly affected by the fund's more cautious investment strategy for most of the fiscal year that, while prudent under difficult market conditions, resulted in reductions in STIF's yield.

The principal reasons for STIF's continued strong performance, despite its cautious strategy, was the management of maturities within the portfolio as well as the low overall expense rate.

Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF's compounded annual total return was 0.18 percent, 0.47 percent, 1.70 percent, and 1.97 percent, net of all expenses and contributions to reserves, exceeding returns of each of its benchmarks for all time periods. Viewed on a dollar-for-dollar basis, had one invested \$10 million in STIF ten years ago, that investment would have been worth \$12.2 million at June 30, 2013, versus \$11.9 million for a hypothetical investment in the MFR Index. (See Figure 15-6.) During the past 10 years, STIF has earned \$113.8 million above its benchmark while adding \$32.8 million to its reserves.

Risk Profile

STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities, which insulate the Fund from default and liquidity risk. (See Figure 15-4.) Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserves are available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. As the primary short-term investment vehicle for the operating cash of the State, STIF has the ultimate confidence of the State government.

While STIF is managed diligently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured.

CASH MANAGEMENT DIVISION

Figure 15-1

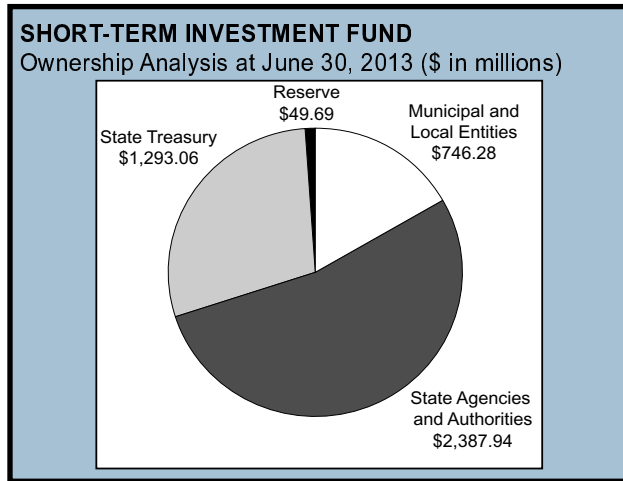


Figure 15-2

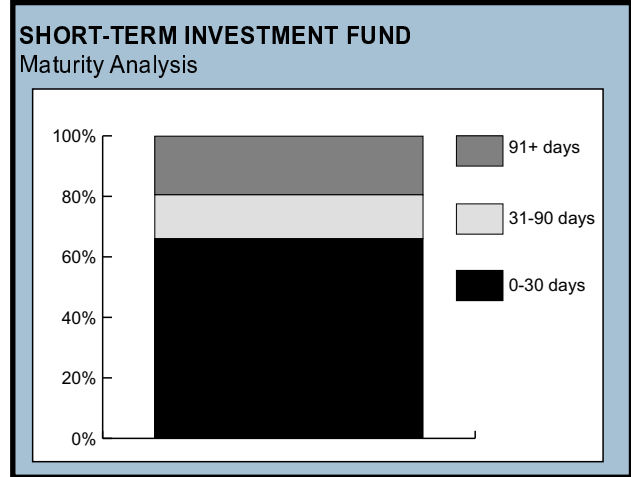


Figure 15-3

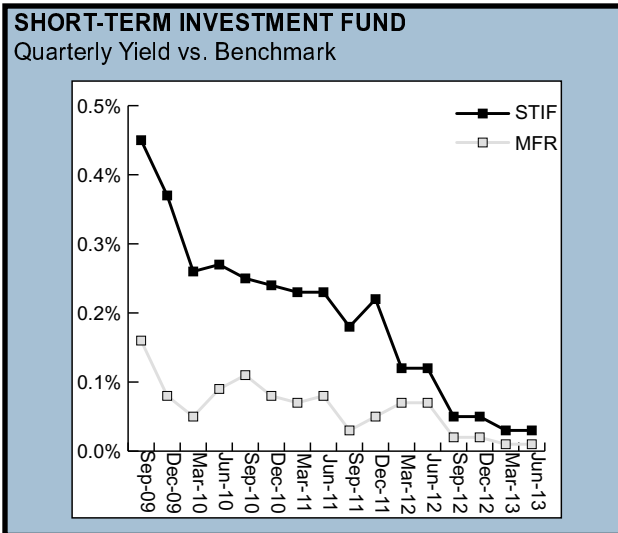


Figure 15-4

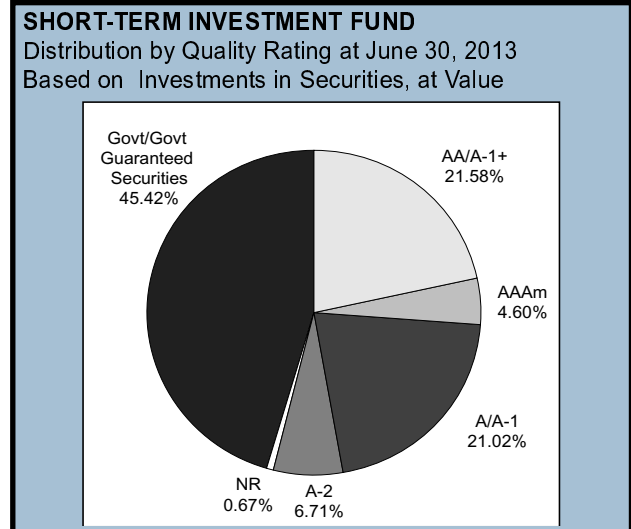


Figure 15-5

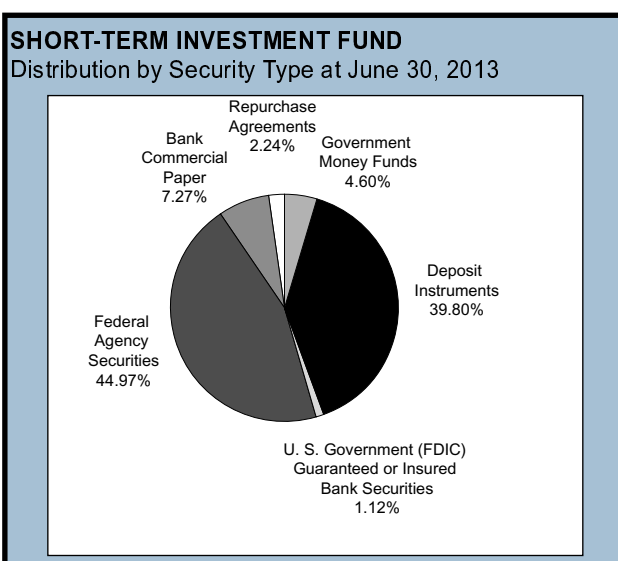


Figure 15-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2013

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	0.16	0.18	0.47	1.70	1.97
MFR Index*	0.05	0.06	0.31	1.52	1.73
Fed. Three-Month T-Bill	0.08	0.08	0.18	1.22	1.57
Fed. Three-Month CD	0.23	0.28	0.60	1.76	2.04
Cumulative Total Return (%)					
STIF	0.16	0.55	2.39	12.52	21.57
MFR Index*	0.05	0.18	1.57	11.14	18.69
Fed. Three-Month T-Bill	0.08	0.25	0.91	8.84	16.90
Fed. Three-Month CD	0.23	0.85	3.05	13.01	22.37

STIF uses a time-weighted linked rate of return formula to calculate rates of return.

Represents iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index.

2013 unclaimed property division

Division Overview

The Office of the Treasurer's Unclaimed Property Division is responsible for safeguarding assets turned over to the Office in accordance with state law, until the rightful owners are located. The primary objective of the unclaimed property program is to reunite rightful owners or heirs with their unclaimed property, which is remitted to the Office of the Treasurer by business entities after the business loses contact with a customer for a period of three to five years. Unclaimed assets include, but are not limited to: deposits in savings or checking accounts, un-cashed checks, matured certificates of deposit, stocks, bonds or mutual funds, travelers' checks or money orders and proceeds of life insurance policies.

A permanent record of reports of unclaimed property filed annually by holders of such property is maintained by the Division. Unclaimed property holders include banks, credit unions, insurance companies, brokerage firms, utility companies, and businesses. The Division prescribes holder report forms and monitors reporting by holders. Such assets must be reported and remitted within 90 days following the close of each calendar year. These assets are held in the custody of the Treasurer until claimants come forward to claim the property. Rightful owners or their heirs always have the right to claim funds held by the Treasury. There is no time limit to claim funds.

To determine whether a holder is complying with its duties under the law, the Division is permitted to conduct examinations of company records. Upon receipt of unclaimed securities (stocks and mutual funds), the Treasurer may proceed with the sale of the securities and retains the proceeds for the benefit of the owner of the property.

Efforts to locate the owners of abandoned property include the biannual publication listing abandoned property reported and transferred to the Treasurer. The Division also maintains a user friendly website that is updated with new names weekly.

The Unclaimed Property Division consists of twenty-one employees under the direction of an Assistant Treasurer.

The Year in Review

- As of June 30, 2013, the unclaimed property website contained \$624 million in escheated property held for 1,168,402 owners.
- There are approximately 751,000 shares (estimated value of \$968,000) (Figure 16-1) in the Mellon account as of June 30, 2013.
- All holder receipts received through June 30, 2013 were loaded to the database.

2013 Division Performance

During Fiscal Year 2013, the Unclaimed Property Division:

- Returned \$67 million (Figure 16-2) to 17,852 rightful owners (Figure 16-3).
- Received over \$115 million in unclaimed property (Figure 16-4), of which \$94 million was collected from businesses, \$5 million from examinations of company records and \$16 million from the sale of 3.9 million shares of securities.
- Since 1999 the Unclaimed Property Division has received a total of \$756 million in unclaimed property, an additional \$205 million from examinations and \$388 million from the sale of stocks, bonds or mutual funds.
- The total amount of money collected as Unclaimed Property since 1999 is \$1.3 billion.

UNCLAIMED PROPERTY DIVISION

- All unclaimed property receipts are deposited into the general fund until rightful owners come forward to claim the property.
- In accordance with Connecticut General Statute section 3-69a (a) (2), \$10,907,400 of unclaimed property receipts was deposited into the Citizens's Election Fund and the balance into the General Fund for Fiscal Year 2013.

Figure 16-1

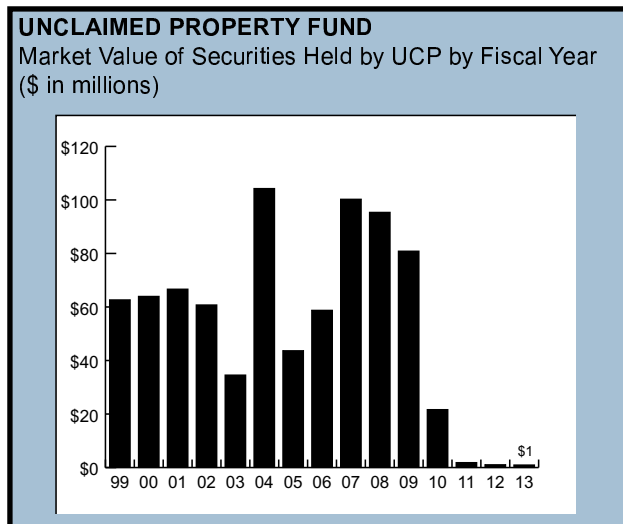


Figure 16-3

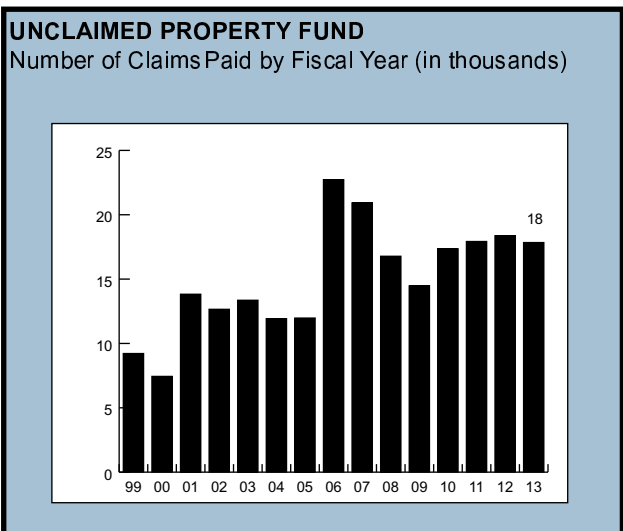


Figure 16-2

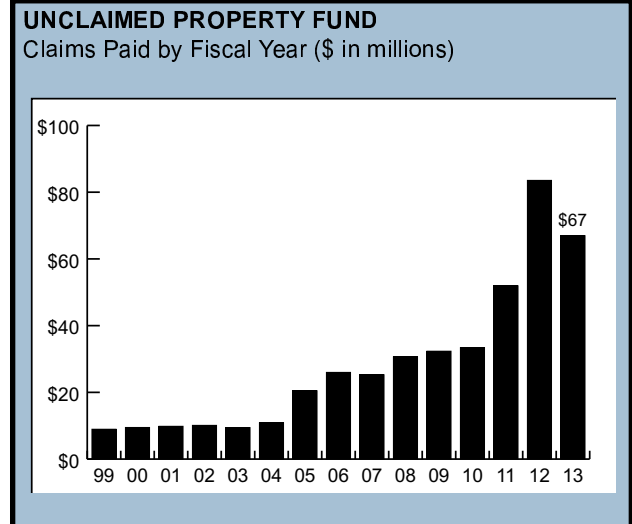
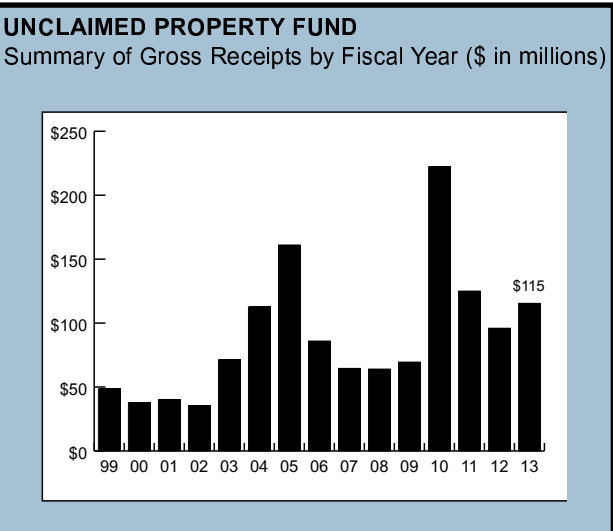


Figure 16-4



2013

second injury fund

Division Overview

The Second Injury Fund (SIF" or "the Fund) is a state operated workers' compensation insurance fund established in 1945 to discourage discrimination against veterans and encourage the assimilation of workers with a pre-existing injury into the workforce. Public Act 95-277 closed the Fund to new "second injury" claims for injuries sustained on or after July 1, 1995 and expanded enforcement, fines and penalties against employers who fail to provide workers' compensation coverage. Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a pre-existing injury or condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury. Such employers transferred liability for these workers' compensation claims to the Fund if certain criteria were met under the Connecticut Workers' Compensation Act (thus the term "Second Injury Fund).

Today the Fund continues to be liable for those claims transferred prior to the closing of the Fund as well as claims involving uninsured employers, reimbursement of cost of living adjustments for certain injuries involving payment of total disability benefits or dependent widow's benefits and, on a pro rata basis, reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

The Fund is responsible for adjudicating qualifying workers' compensation claims fairly and in accordance with applicable law, industry standards and best practices. Where possible, the Fund seeks to return injured workers to gainful employment or seeks settlement of claims, which will ultimately reduce the burden of Fund liabilities on Connecticut taxpayers and businesses.

The Second Injury Fund is financed by assessments on all Connecticut employers. The State Treasurer as Custodian of the Fund establishes the assessment rate on or before May 1st of each year.

Insured employers pay a surcharge on their workers' compensation insurance policies based on "standard premiums" calculated and issued by insurance companies who also collect and remit this assessment to the Fund. The assessment for self-insured employers is based on "paid losses" for medical and indemnity benefits incurred in the prior calendar year.

Under the administration of an Assistant Treasurer, the division employed thirty-four employees.

The Year in Review

- There were four assessments made on insured employers totaling \$31.6 million and self-insured employers were assessed four times totaling \$5.9 million, for a combined assessment on all Connecticut employers of \$37.5 million for Fiscal Year 2013. The assessment rate for insured employers is 2.75% and 3.25% for self-insured employers in Fiscal Year 2013. Assessment rates on Connecticut business went from a high in 1999 of 10% to 2.75% in 2013.
- Reserves (estimated unfunded liability) for all open claims total \$409 million, a decrease of \$9 million from a year ago. The Fund expects the unfunded liabilities will continue to decline in Fiscal Year 2014. (See figure 17-1). The Fund reduced its unfunded liability by 51.2% from a high of \$838 million in 1999.

2013 Division Performance

During Fiscal Year 2013, the Second Injury Fund:

- Marked the fifteenth consecutive year in which the Fund either reduced or maintained assessment rates for Connecticut businesses – representing the longest period of time without a rate increase in the history of the Fund;
- Provided \$30.9 million in indemnity, medical and settlement payments to injured workers. The number of injured workers receiving bi-weekly benefits decreased from 304 a year ago to 291;

SECOND INJURY FUND

- Participated in 128 settlements at a cost of \$4.8 million, resulting in estimated net future savings of approximately \$2.97 million. Since 1999, the Fund's caseload dropped from 4,523 to 2,843;
- Realized a total savings of \$1.7 million in medical costs using a Preferred Provider Organization Network offered by contracted medical vendors;
- Continued to implement the General Assembly's 1996 mandate to reduce the financial impact of the Fund on Connecticut's businesses;
- As of June 30, 2013 the Fund's open claim inventory was 2,843 (See figure 17-2); and
- Worked with the Second Injury Fund Advisory Board to help the Fund carry out its mission.

Second Injury Fund Advisory Board

The two meeting dates for Fiscal Year 2013 were November 28, 2012 and June 19, 2013.

The current Advisory Board members are:

Senator Catherine A. Osten, Senate Chair Labor and Public Employees Committee

State Representative Peter Tercyak, House Chair Labor and Public Employee Committee

Lori Pelletier, Connecticut AFL-CIO, Advisory Board Chairperson

Clifford G. Leach, The Hartford Financial Services Group, Inc.

Daniel E. Krause, International Union of Operating Engineers/Local 478 Benefits Funds

Kathleen Santiago, Greater Hartford Chapter of the Coalition of Black Trade Unionists

Joseph McFetridge, Northeast Utilities Service Company

Laura Cummings, Connecticut Business and Industry Association

Figure 17-1

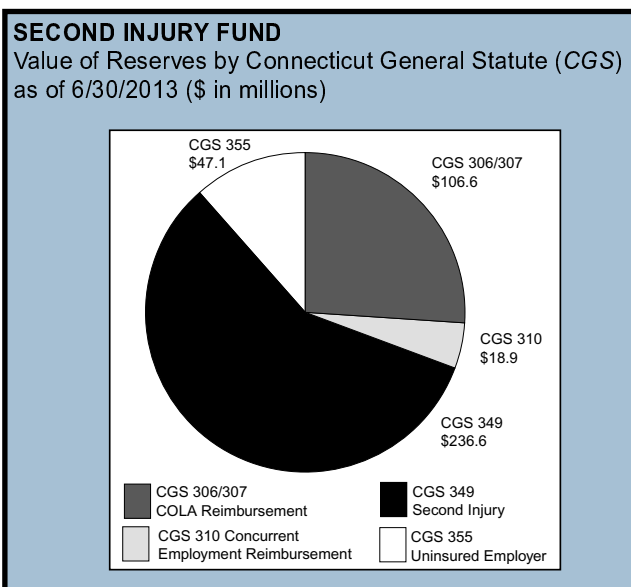
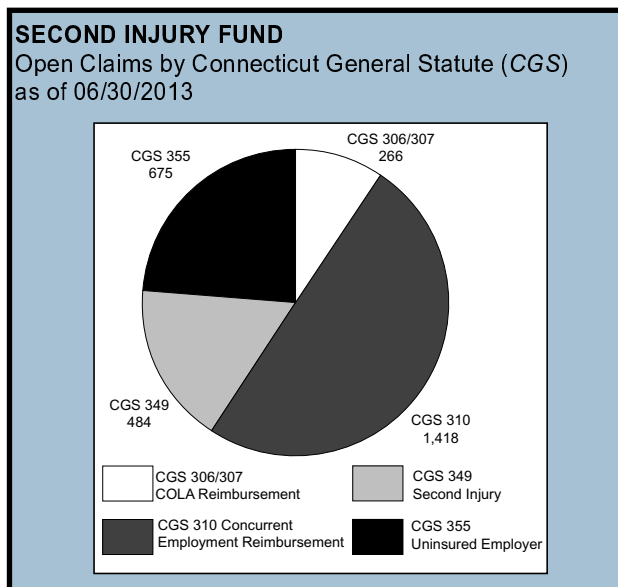


Figure 17-2



Trust Overview

Establishment of the Trust

The Connecticut Higher Education Trust (CHET” or “Trust) is a Qualified State Tuition Program pursuant to Section 529 of the Internal Revenue Code, which was unanimously approved by the Connecticut General Assembly in Public Act No. 97-224 (the “Act) and signed into law by the Governor in July 1997. The program began operating on January 1, 1998. While the Trust is considered an instrumentality of the State, the assets of the Trust do not constitute property of the State, and the Trust shall not be construed to be a department, institution or agency of the State.

CHET is a trust, available for families to save and invest for higher education expenses, that is privately managed under the supervision of the State Treasurer. Current Internal Revenue Service regulations provide that total contributions to an individual account may not exceed the amount determined by actuarial estimates as is necessary to pay tuition, required fees, and room and board expenses of the designated beneficiary for five years of undergraduate enrollment at the highest cost institution allowed by the program. While money is invested in CHET, there are no federal or state taxes on earnings. Amounts may be withdrawn to pay for tuition, room and board, fees, books, supplies and equipment required by the beneficiary for enrollment or attendance at any eligible public or private educational institution. Earnings withdrawn for qualified education expenses are exempt from Federal and Connecticut State income taxes. Earnings withdrawn for non-qualified expenses are taxable income to the account owner, and incur an additional federal tax penalty of 10 percent.

State Income Tax Deduction

The state income tax deduction for CHET, which became effective on July 1, 2006, provides Connecticut taxpayers with the ability to deduct program contributions of up to \$5,000 for single filers or \$10,000 for joint filers per year from their Connecticut adjusted gross income.

Direct-Sold Program

Since 1999, TIAA-CREF Tuition Financing, Inc. (TFI), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (TIAA), and the Treasurer of the State of Connecticut have had a Management Agreement under which TFI serves as Program Manager. In 2010, the Treasurer entered into a new Management Agreement with TFI for the Direct Sold program for a contract period ending in March 2015.

Under the Direct Sold Plan, an individual would be asked to name a beneficiary on their application and select the investment option(s) in which they want to invest contributions. Contributions may be allocated among eleven investment options: the Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, the Conservative Managed Allocation Option, the High Equity Option, the Equity Index Option, the Social Choice Option, the Active Fixed-Income Option, the Money Market Option, the Principal Plus Interest Option, the Active Equity Option, and the Index Fixed-Income Option. These options provide Connecticut families the opportunity to save for future college expenses, with the flexibility to choose investment vehicles which meet their particular risk tolerance and financial need.

Program features of CHET Direct include a low minimum account opening balance of \$25 (\$15 if using payroll deduction), and the convenience of automated payroll and bank Electronic Funds Transfers (EFT) for contributions. Account funds can be used at thousands of eligible (accredited) college and higher education institutions nationwide and abroad. The program allows for transferability of account funds to other eligible members of the original beneficiary’s family without penalty. In addition, over 508 employers currently offer payroll deduction in the State.

Advisor-Sold Program

In 2010, the Treasurer entered into a Management Agreement with The Hartford Life Insurance Company to be the program manager for an Advisor-Sold plan for a contract period ending August 30, 2017. The Advisor-Sold Plan commenced operation in October 2010. The Program is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940.

CHET Advisor is not marketed directly to individuals. The Hartford has developed a network of financial advisors through the state that now offer CHET Advisor as an investment option.

Under the Advisor Sold Plan there are 17 investment options, including one age based option, 5 static portfolios, and 11 individual portfolios. The static portfolios are: CHET Advisor Aggressive Growth, Growth, Balanced, Conservative, and a Checks & Balances Portfolio. The 11 Individual Portfolios are The Hartford Small Company, Growth Opportunities, International Opportunities, Capital Appreciation, MidCap, Global Research, Value, Dividend & Growth, Inflation Plus, Total Return Bond, and Money Market 529 Portfolio. The Advisor-Sold plan has 3 investment classes: A, C, and E. Class A has an up front sales charge, Class C has no up front sales charge but has a contingent deferred sales charge for withdrawals made within one year of deposit, and Class E, which is only available to certain groups associated with Hartford Life, has no sales charge or deferred sales charge.

There are annual management fees for both CHET Direct and CHET Advisor, which vary based on investment option chosen.

CHET's account balance limit for contributions is \$300,000. Under federal statute, this account balance limit applies to the total amount a beneficiary has in both CHET Direct and CHET Advisor accounts.

The Year in Review

CHET extended initiatives aimed at increasing public education and awareness regarding the importance of saving for college, especially beginning at a young age, and the advantages of the official state-sponsored 529 college plan for Connecticut families of all demographic and socioeconomic groups.

Both the CHET Direct program and the CHET Advisor program provide means of investing in educational opportunities, and work diligently to increase the number of new accounts and beneficiaries even as existing CHET account holders begin to use accumulated savings to pay for the costs of higher education.

As a low-cost, direct-sold 529 college saving plan, CHET Direct's annual fees are among the lowest in the country. The fee structure includes a base management fee of 0.18% plus an asset management fee that varies depending on the investment option chosen. An additional program management fee reduction occurred when assets under management reached \$2 billion in Fiscal Year 2014. There is also a state oversight fee to pay for the administrative expenses of the Trustee which is 0.01% for CHET Direct and 0.02% for CHET Advisor.

The CHET Direct program received high marks during the fiscal year from Morningstar -- a leading independent investment research firm that monitors college savings plans across the country. In October 2012, Morningstar evaluated 529 college savings plans, and CHET was one of 14 direct-sold plans that received a "Bronze" medal rating. (CHET Advisor was not part of the Morningstar review.)

CHET Advisor

The CHET Advisor plan began operation in October 2010, and as of June 30, 2013 there were 7,460 unique accounts with total assets of \$172.6 million. That compares with 4,870 accounts and assets of \$96.8 million a year ago.⁽¹⁾

(1) "Unique Accounts" are defined as separate, individual account owner/beneficiary relationships. This is an updated definition from 2012, where "Program Accounts" referred to individual investment options. Using the updated definitions, for reference, 2012 unique accounts and individual investment options were as follows: As of June 30, 2013, CHET Advisor had 7,460 unique accounts (12,065 individual investment options). This compares to 4,870 unique accounts (7,745 individual investment options) on June 30, 2012.

CHET Direct

During Fiscal Year 2013, the number of accounts in the CHET Direct program grew from 81,708 (June 2012) to 87,933 (June 2013), with 89.0% of those accounts coming from State residents. During the same period, total assets reached \$1.94 billion, increasing from \$1.69 billion a year ago. Considerable progress has been achieved since 1999, when Treasurer Nappier began to supervise the management of CHET Direct. At that time there were just over 4,000 accounts and \$18 million in total assets.

The Office of the Treasurer works closely with TFI to strengthen public awareness and increase understanding of the savings opportunities provided by CHET. Each year an annual marketing plan is developed, outlining strategies and tactics to educate all Connecticut families about the benefits and affordability of saving for college with CHET. The fact that CHET accounts can be opened with relatively small amounts (as little as \$25) is also highlighted, to ensure that the public does not have the misimpression that an account must begin with a large contribution.

During the past year, CHET conducted educational seminars and webinars and distributed information to schools, libraries, financial influencers and employers throughout the state. To complement those initiatives, CHET utilized a series of integrated direct marketing campaigns (direct mail, e-mail and online advertising), community events, promotions, radio, and television and print ads. Public education efforts stress the time value of money and the benefits of regular and automatic investing. The advantages of starting early are a key component, and initiatives are aimed at families with younger children.

Major marketing milestones in Fiscal Year 2013 include executing an annual essay and drawing contest promotion, the successful and anticipated CHET Dream Big! Competition, continuing a summer reading promotion in libraries throughout the state, expanding educational activities and promotions focused on low-to-moderate income families and developing new events and activities directed at Hispanic/Latino families. Integrated advertising and direct marketing campaigns ran throughout the year, focusing on tax time, graduation time. Back-to-school and year-end, CHET's advertising and direct marketing efforts served to increase CHET's brand awareness among state residents and to open new accounts. The campaigns focused on the value of saving for college and the specific benefits of Connecticut's 529 college savings program.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually.

The Connecticut Higher Education Trust Advisory Committee consists of the State Treasurer, the Commissioner of Higher Education, the Secretary of the Office of Policy and Management and the co-chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, or their designees, and one student financial aid officer and one finance officer at a public institution of higher education in the state, each appointed by the Board of Governors of Higher Education, and one student financial aid officer and one finance officer at an independent institution of higher education in the state, each appointed by the Connecticut Conference of Independent Colleges.

The statutory members of the CHET Advisory Committee as of the December 6, 2012 annual meeting were:

DENISE L. NAPPIER, State Treasurer

BENJAMIN BARNES, Office of Policy and Management

DR. PHILIP E. AUSTIN, Board of Regents for Higher Education

CONNECTICUT HIGHER EDUCATION TRUST

SEN. ANDREA STILLMAN, Senate Chair, Education Committee

REP. ANDREW M. FLEISCHMANN, House Chair, Education Committee

SEN. ANTONEIETTA "TONI" BOUCHER, Senate Ranking Member, Education Committee

REP. MARILYN GIULIANO, House Raking Member, Education Committee

SEN. EILEEN M. DAILY, Senate Chair, Finance, Revenue and Bonding Committee

REP. PATRICIA WIDLITZ, House Chair, Finance, Revenue and Bonding Committee

SEN. ANDREW RORABACK, Senate Ranking Member, Finance, Revenue and Bonding Committee

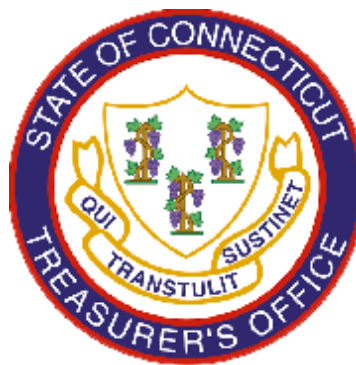
REP. SEAN WILLIAMS, House Ranking Member, Finance, Revenue and Bonding Committee

MARGARET MALASPINA , Director of Financial Aid, Capitol Community College

JAMES BLAKE, Executive Vice President of Finance & Administration, Southern Connecticut State University

JULIE L. DOLAN, Vice President Finance, Fairfield University

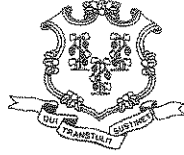
JULIE SAVINO, Dean of Student Financial Assistance, Sacred Heart University



Financial Statements



STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

INDEPENDENT AUDITORS' REPORT AND STATUTORY CERTIFICATION

Dannel P. Malloy, Governor of Connecticut
Members of the General Assembly:

Report on the Financial Statements and Schedules included in the Treasurer's Annual Report

We have audited the accompanying financial statements of the Combined Investment Funds, which comprise the statement of net position as of June 30, 2013, the statements of changes in net position for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements. We have audited the accompanying financial statements of the Short-Term Investment Fund, which comprise the statement of net position, including the list of investments as of June 30, 2013, the statements of changes in net position for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements. We have audited the accompanying financial statements of the Short-Term Plus Investment Fund, which comprise the statement of net position, including the list of investments as of June 30, 2013, the statements of changes in net position for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements. We have audited the accompanying financial statements of the Second Injury Fund, which comprise the statements of net position as of June 30, 2013 and 2012 and the related statements of revenues, expenses and changes in net position and the statements of cash flows for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements. We have audited the accompanying statements of condition of the other Non-Civil List Trust Funds as of June 30, 2013, together with the related statements of revenue and expenditures, and statements of changes in fund balance and the statements of cash flows for the other Non-Civil List Trust Funds and the related notes to the financial statements for the fiscal year ended June 30, 2013. We have audited the accompanying schedules of Civil List Funds investments and the summary schedule of cash receipts and disbursements of the Civil List Funds for the fiscal year ended June 30, 2013. We have audited the accompanying schedule of debt outstanding and the changes in debt outstanding for the fiscal year ended June 30, 2013.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

As described in the notes to the financial schedules, management has prepared the schedules of Civil List Funds investments and the summary schedule of cash receipts and disbursements of the Civil List Funds as well as the schedule of debt outstanding and the changes in debt outstanding using accounting practices prescribed by the State Comptroller, which practices differ from accounting principles generally accepted in the United States of America. The presentation of the Civil List Funds are intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. Management has not presented the current portion of long-term debt obligations in accordance with Generally Accepted Accounting Principles. The effects on the financial schedules of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Opinion

Debt Outstanding and Changes in Debt Outstanding and Civil List Funds

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the schedules of the Civil List Fund investments, the summary schedule of cash receipts and disbursements of the Civil List Funds, the schedule of debt outstanding, and the changes in debt outstanding as of and for the fiscal year ended June 30, 2013, do not present fairly in conformity with accounting principles generally accepted in the United States of America the financial position or changes in financial position for the fiscal year ended June 30, 2013. In our opinion, the schedules of the Civil List Fund investment, the Summary schedule of cash receipts and disbursements of the Civil List Funds, the schedule of debt outstanding and the changes in debt outstanding as of and for the fiscal year ended June 30, 2013, are presented fairly in all material respects, in accordance with the regulatory practice referred to as the budgetary basis of accounting and described within the related notes to those schedules.

Combined Investment, Short-Term Investment Funds, and the Other Non-Civil List Trust Funds

In our opinion, the financial statements the financial position of the Combined Investment Funds as of June 30, 2013, and the related statements of changes in net position for the fiscal years ended June 30, 2013 and 2012, the Short-Term Investment Fund, and the Short-Term Plus Investment Fund, including the lists of investments, as of June 30, 2013, and the related statements of changes in net position for the fiscal years ended June 30, 2013 and 2012, the statements of net position of the Second Injury Fund as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and the statements of cash flows for the fiscal years then ended, and the other Non-Civil List Trust Funds as of June 30, 2013, and the results of their operations and changes in fund balances for the fiscal year then ended, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

Emphasis of a Matter - Cash Adjusted Fair Values

As explained in Note 1B to the financial statements of the combined investment funds, the real estate, private investment and alternative investment funds' are presented at the cash adjusted fair values, which estimate fair value for financial statement purposes. The State Treasurer utilizes the investment advisors' estimated fair values at the end of March or April and adjusts for cash transactions occurring before the end of the fiscal year. We reviewed the documentation and procedures used by the Treasury to determine the cash adjusted fair values, and found them to be appropriate and reasonable; however, because of the inherent uncertainty in valuing these investments, determination of the estimated fair value market values may differ from the actual values had a ready market existed for these investments. Our opinion is not modified with respect to this matter.

Report of Other Auditors

We did not audit the accompanying financial statements of the Connecticut Higher Education Trust. These financial statements were audited by other auditors whose reports thereon have been included with the accompanying financial statements.

Other Matters

Required Supplementary Information

Management's Discussion and Analysis, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds as a whole. Certain other financial information, which includes the Schedule of Net Assets by Investment Fund, Schedules of Changes in Net Assets by Investment Fund, Total Net Asset Value by Pension Plans and Trust Funds and the Schedules of Investment Activity by Pension Plan and by Trust contained within the supplemental section of this document, is presented for purposes of additional analysis and is not a required part of the financial statements of the combined investment funds. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements of the combined investment funds and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

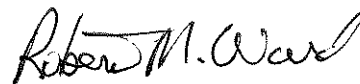
The introduction, division operation, supplemental information and the statutory appendix sections includes information presented for purposes of additional analysis that is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, except as specifically noted in this audit opinion. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the State Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards for the fiscal year ended June 30, 2013*, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. This particular certification is issued by the Auditors of Public Accounts and the State Comptroller in accordance with Section 2-90 of the Connecticut General Statutes.



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts



Kevin Lembo
State Comptroller

December 31, 2013
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the Annual Report of the Office of the Treasurer's financial performance for the fiscal year ended June 30, 2013. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements, notes to financial statements and on Compliance Under C.G.S. Section 2-90 based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards included in the "Financial Statements" section, and the other information included in the "Supplemental Information" section of this report.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

The Treasurer is the chief elected financial officer of the State of Connecticut, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. These include the asset investment administration of a \$25.9 billion portfolio for six State pension and nine State trust funds, a short-term investment fund approximating \$4.5 billion, a \$2.8 million short-term plus investment fund and the Connecticut Higher Education Trust (Direct Plan and Advisor Plan), a qualified state tuition program designed to promote and enhance affordability and accessibility of higher education to State residents, containing \$2.1 billion as of June 30, 2013.

The organizational structure of the Treasury comprises an Executive Office which coordinates all financial reporting, administration and support functions within the Treasury, oversees administration of the Connecticut Higher Education Trust, and five divisions including: Pension Funds Management responsible for managing the assets of over 194,000 active and retired teachers, state, and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the state; Debt Management, the public finance department for the State, responsible for issuing and managing the State's debt including issuing bonds to finance State capital projects and managing debt service payments and cash flow borrowing, administering the Clean Water Fund and maintaining the State's rating agency relationships; Cash Management, responsible for all the State's cash inflows and outflows and managing the State's cash transactions, banking relationships and short-term investments; Unclaimed Property responsible for returning unclaimed property to rightful owners or heirs; and the Second Injury Fund, responsible for managing the largest workers' compensation claim operation in Connecticut, serving injured workers whose claims are paid by the Fund.

The financial statements include: the Combined Investment Funds (which includes Civil and Non-Civil List Trust Funds), Short-Term Investment Fund, Short-Term Plus Investment Fund, Connecticut Higher Education Trust, escheat securities private purpose trust fund held for others (Unclaimed Property), and the Second Injury Fund.

Combined Investment Funds and Short-Term and Short-Term Plus Investment Funds: The Statement of Net Position and the Statement of Changes in Net Position are two financial statements that report information about the Funds as a whole, and about its activities that should help explain how the Funds are performing as a result of this year's activities. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the Funds assets and liabilities, with the difference between the two reported as "net position held in trust for participants".

The Statement of Changes in Net Position presents information showing how the Funds net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Funds financial statements.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule includes all cash and investment balances, and activity for the fiscal year. The Non-Civil List Trust Funds Financial Statements include all assets and liabilities, revenues and expenditures, and changes in fund balances using the accrual basis of accounting.

The Notes to the Civil and Non-Civil List Trust Funds Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Connecticut Higher Education Trust (Direct Plan and Advisor Plan): The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Connecticut Higher Education Trust Program financial statements.

The Second Injury Fund: The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are financial statements that report information about the Second Injury Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Second Injury Fund's financial statements.

FINANCIAL HIGHLIGHTS OF FISCAL YEAR 2013

At June 30, 2013, the Combined Investment Funds reported investment balances of \$25.9 billion. The Short-Term Investment Fund reported a fund balance of \$4.5 billion. These two funds account for 99% of the investments in the fiduciary funds managed by the Office of the Treasurer.

The Connecticut Retirement Plans and Trust Funds fiscal 2013 performance produced a net return (after expenses) of 11.64%. The net position was \$25.94 billion at June 30, 2013 increasing from \$23.98 billion at June 30, 2012 as a result of strong domestic and international equity markets after reflecting management fees, other pension fund operating expenses, distributions, and net withdrawals primarily for benefit payments.

The Short Term Investment Fund, at June 30, 2013, achieved an annual return of 0.16%, exceeding its primary benchmark by 11 basis points, thereby earning an additional \$5.3 million in interest income for the state, state agencies and municipalities and their taxpayers while also adding \$2.3 million to its reserves. At the end of the 2013 fiscal year, the Short Term Investment Fund had approximately \$4.5 billion in assets under management, \$400 million less than the prior year.

The Short Term Plus Investment Fund, at the end of the 2013 fiscal year, had \$2.8 million in assets under management and an annual return of 13.45%.

The Treasury refunded or defeased \$336 million of various bonds in the 2013. Since January 1999, debt refunding and defeasances have produced \$837 million in debt service savings.

The Connecticut Higher Education Trust (CHET) Direct Plan held 87,933 accounts with total assets of \$1.942 billion at the end of the 2013 fiscal year compared to 81,708 accounts and \$1.695 billion in assets in the prior fiscal year. The Connecticut Higher Education Trust (CHET) Advisor plan held 12,061 accounts with total assets of \$172.6 million at the end of the 2013 fiscal year compared to 7,745 accounts and \$96.8 million in assets in the prior fiscal year.

The Office of the Treasurer recovered \$1.4 million in the fiscal year from class action lawsuits and \$44 million since 2000 when the Treasury asset recovery and loss prevention program was initiated.

CONDENSED FINANCIAL INFORMATION

Combined Investment Funds represent investments available to the pension funds of the State employees and teachers, municipal employees, as well as academic programs, grants and initiatives throughout the State.

Net Position and Changes in Net Position

The net position of the Combined Investment Funds at the close of the 2013 fiscal year was \$25.94 billion, an increase of \$1.96 billion from the previous year. The change in net position resulted from a \$2.78 billion increase from operations (realized and unrealized gains and investment income) partly offset by \$810 million of net cash withdrawals to the Connecticut Retirement Plans and Trust Funds.

The net position of the Combined Investment Funds at the close of the 2012 fiscal year was \$23.98 billion, a decrease of \$1.21 billion from the previous year. The change in net position resulted mainly from \$0.99 billion of withdrawals to the Connecticut Retirement Plans and Trust Funds comprised primarily of income distributions and net redemption of units by participants.

Operating Income – Favorable performance results primarily in domestic and international equities resulting in a return of 11.64%, net of all management fees and expenses, increased assets from operations in the 2013 fiscal year, compared to a negative return of 0.90%, net of all expenses for the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unfavorable performance results primarily in international stocks resulted in a negative return of 0.90%, net of all management fees and expenses, resulting in a decrease in net assets from operations in the 2012 fiscal year, compared to a positive return of 20.75%, net of all expenses for the previous fiscal year. Returns were negative in the international investment classes in Fiscal Year 2012 due to continuing economic uncertainty within the Euro zone and the ripple effect upon emerging markets.

Table 1 - Net Position

Assets	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Investments at Fair Value	\$25,912,503,786	\$1,835,163,317	\$24,077,340,469	\$(1,170,253,763)	\$25,247,594,232
Cash, Receivables and Other	9,475,814,281	2,511,701,043	6,964,113,238	(995,784,733)	7,959,897,971
Total Assets	35,388,318,067	4,346,864,360	31,041,453,707	(2,166,038,496)	33,207,492,203
Liabilities	(9,447,509,027)	(2,382,817,218)	(7,064,691,809)	959,135,708	(8,023,827,517)
Net Position	\$25,940,809,040	\$1,964,047,142	\$23,976,761,898	\$(1,206,902,788)	\$25,183,664,686

Table 2 - Changes in Net Position

Additions	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Dividends	\$747,876,481	\$124,975,362	\$622,901,119	\$(80,423,142)	\$703,324,261
Interest	181,792,299	(59,375,969)	241,168,268	(42,666,113)	283,834,381
Securities Lending & Other Income	29,150,452	683,426	28,467,026	(1,538,126)	30,005,152
Total Investment Income	958,819,232	66,282,819	892,536,413	(124,627,381)	1,017,163,794
Total Investment Expenses	86,870,682	(3,349,357)	83,521,325	6,103,503	89,624,828
Net Investment Income	871,948,550	62,933,462	809,015,088	(118,523,878)	927,538,966
Net Realized Gain/(Loss)	1,280,009,316	1,291,803,980	(11,794,664)	(837,476,112)	825,681,448
Net Change in Unrealized Gains on Investments	625,828,545	1,637,874,026	(1,012,045,481)	(3,711,939,962)	2,699,894,481
Net Increase (Decrease) in Net Position resulting from operations	2,777,786,411	2,992,611,468	(214,825,057)	(4,667,939,952)	4,453,114,895
Purchase of Units by Participants	4,981,449,103	2,265,447,712	2,716,001,391	(402,435,372)	3,118,436,763
Total Additions	7,759,235,514	5,258,059,180	2,501,176,334	(5,070,375,324)	7,571,551,658
Deductions					
Administrative Expense	4,261,320	(148,099)	4,113,221	17,400	4,130,621
Distribution of Income to Unit Owners	813,186,252	(152,614,993)	660,571,259	152,719,166	813,290,425
Redemption of Units by Participants	4,977,740,800	(1,934,346,158)	3,043,394,642	396,661,646	3,440,056,288
Total Deductions	5,795,188,372	(2,087,109,250)	3,708,079,122	549,398,212	4,257,477,334
Change in Net Position	1,964,047,142	3,170,949,930	(1,206,902,788)	(4,520,977,112)	3,314,074,324
Net Position – Beginning of year	23,976,761,898	(1,206,902,788)	25,183,664,686	3,314,074,324	21,869,590,362
Net Position – End of year	\$25,940,809,040	\$1,964,047,142	\$23,976,761,898	\$(1,206,902,788)	\$25,183,664,686

Short-Term Investment Fund represents an investment pool of short-term money market instruments serving the State and State agencies, authorities, municipalities and other public subdivisions of the State.

Net Position and Change in Net Position

The net position in the Short-Term Investment Fund at the close of the 2013 fiscal year was approximately \$4.5 billion, versus \$4.9 billion the previous year.

The net position in the Short-Term Investment Fund at the close of the 2012 fiscal year was \$4.9 billion, versus \$4.5 billion the previous year.

Operating Income - General financial market conditions produced an annual total return of 0.16%, net of operating expenses and allocations to Fund reserves in fiscal 2013, the same annual total return in fiscal 2012, net of operating expenses and allocations to Fund reserves. The annual total return exceeded that achieved by its benchmark, which equaled .05%, by 11 basis points, resulting in \$5.3 million in additional interest income for Connecticut governments and their taxpayers while also adding \$2.3 million to its reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General financial market conditions produced an annual total return of 0.16%, net of operating expenses and allocations to Fund reserves in fiscal 2012, compared to an annual total return of 0.23%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The annual total return exceeded that achieved by its benchmark, which equaled 0.05%, by 11 basis points, resulting in \$5.3 million in additional interest income for Connecticut governments and their taxpayers while also adding \$4.0 million to its reserves.

Table 3 - Net Position

Assets	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Investments in Securities, at Amortized Cost	\$4,472,221,949	\$(419,718,809)	\$4,891,940,758	\$399,928,141	\$4,492,012,617
Receivables and Other	5,205,654	3,080,458	2,125,196	(860,090)	2,985,286
Total Assets	4,477,427,603	(416,638,351)	4,894,065,954	399,068,051	4,494,997,903
Liabilities	(706,156)	(212,141)	(494,015)	277,711	(771,726)
Net Position	\$4,476,721,447	\$(416,850,492)	\$4,893,571,939	\$399,345,762	\$4,494,226,177

Table 4 - Changes in Net Position

Additions	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Net Interest Income	\$11,119,088	\$(1,546,182)	\$12,665,270	\$(4,696,105)	\$17,361,375
Net Realized Gains	3,695	(152,129)	155,824	46,024	109,800
Total Increase from Operations	11,122,783	(1,698,311)	12,821,094	(4,650,081)	17,471,175
Purchase of Units by					
Participants	11,187,389,566	385,490,381	10,801,899,185	(1,969,057,424)	12,770,956,609
Total Additions	11,198,512,349	383,792,070	10,814,720,279	(1,973,707,505)	12,788,427,784
Deductions					
Distribution of Income to					
Participants	7,318,887	(238,885)	7,557,772	(3,742,234)	11,300,006
Redemption of Units by					
Participants	11,606,571,490	1,200,055,244	10,406,516,246	(2,456,730,262)	12,863,246,508
Operating Expenses	1,472,464	171,965	1,300,499	56,391	1,244,108
Total Deductions	11,615,362,841	1,199,988,324	10,415,374,517	(2,460,416,105)	12,875,790,622
Change in Net Position	(416,850,492)	(816,196,254)	399,345,762	486,708,600	(87,362,838)
Net Position – beginning of year	4,893,571,939	399,345,762	4,494,226,177	(87,362,838)	4,581,589,015
Net Position – end of year	\$4,476,721,447	\$(416,850,492)	\$4,893,571,939	\$399,345,762	\$4,494,226,177

Short-Term Plus Investment Fund is intended for the investment of funds that are not needed for immediate liquidity and are not likely to be needed for at least several months.

Net Position

The net position in the Short-Term Plus Investment Fund at the close of the 2013 fiscal year was \$2.8 million, lower than the prior year due to redemption of investments.

The net position in the Short-Term Plus Investment Fund at the close of the 2012 fiscal year was \$3.3 million, lower than the prior year due to redemption of investments.

Table 5 - Net Position

Assets	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Investments in Securities, at Fair Value	\$2,841,547	\$(478,217)	\$3,319,764	\$(16,227,162)	\$19,546,926
Receivables and Other	1,379	(3,830)	5,209	(8,868)	14,077
Total Assets	2,842,926	(482,047)	3,324,973	(16,236,030)	19,561,003
Liabilities	(1,571)	2,977	(4,548)	5,209	(9,757)
Net Position	\$2,841,355	\$(479,070)	\$3,320,425	\$(16,230,821)	\$19,551,246

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 6 - Changes in Net Position

	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Additions					
Net Interest Income	\$31,114	\$(94,621)	\$125,735	\$(197,104)	\$322,839
Net Realized Gains	657	(895)	1,552	(10,287)	11,839
Total Investment Income	31,771	(95,516)	127,287	(207,391)	334,678
Purchase of Units by Participants	32,891	(94,368)	127,259	(219,964)	347,223
Total Additions	64,662	(189,884)	254,546	(427,355)	681,901
Deductions					
Distribution of Income to Participants	29,914	92,136	122,050	202,656	324,706
Redemption of Units by Participants	883,000	15,355,637	16,238,637	17,356,550	33,595,187
Operating Expenses	1,857	3,382	5,239	4,733	9,972
Net Change in Unrealized Loss	(371,039)	490,481	119,442	(351,786)	(232,344)
Total Deductions	543,732	15,941,636	16,485,368	17,212,153	33,697,521
Change in Net Position	(479,070)	15,751,751	(16,230,821)	16,784,799	(33,015,620)
Net position – beginning of year	3,320,425	(16,230,821)	19,551,246	(33,015,620)	52,566,866
Net position – end of year	\$2,841,355	\$(479,070)	\$3,320,425	\$(16,230,821)	\$19,551,246

Connecticut Higher Education Trust

Fiduciary Net Position and Changes in Fiduciary Net Position (Direct Plan)

Fiduciary Net Position of the Direct Plan at the close of the current fiscal year was \$1.942 billion, an increase of \$247 million from the previous year.

Fiduciary Net Position of the Direct Plan at the close of the 2012 Fiscal Year was \$1.695 billion, an increase of \$111 million from the previous year.

Change in Fiduciary Net Position of the Direct Plan increased by \$247 million in Fiscal Year 2013 resulting from \$110 million of contributions to active accounts, net of redemptions, in addition to \$137 million of net investment income and an increase in fair value of investments.

Change in Fiduciary Net Position increased by \$111 million in Fiscal Year 2012 resulting from \$12 million in net investment income in addition to \$99 million of contributions to active accounts, net of redemptions.

Table 7 - Fiduciary Net Position

	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Assets					
Investments, at Value	\$1,942,079,545	\$246,696,891	\$1,695,382,654	\$110,889,752	\$1,584,492,902
Cash, Receivables and Other	2,079,132	(2,114,625)	4,193,757	2,232,026	1,961,731
Total Assets	1,944,158,677	244,582,266	1,699,576,411	113,121,778	1,586,454,633
Liabilities	(2,208,108)	2,072,840	(4,280,948)	(2,154,013)	(2,126,935)
Net Position	\$1,941,950,569	\$246,655,106	\$1,695,295,463	\$110,967,765	\$1,584,327,698

Table 8 - Fiduciary Changes in Net Position

	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Additions					
Subscriptions	\$677,418,979	\$90,262,651	\$587,156,328	\$34,286,234	\$552,870,094
Total investment income	37,666,830	746,031	36,920,799	3,752,333	33,168,466
Net increase (decrease) in Fair value of investments	101,776,110	124,232,336	(22,456,226)	(194,175,791)	171,719,565
Total additions	816,861,919	215,241,018	601,620,901	(156,137,224)	757,758,125
Deductions					
Redemptions	(567,166,400)	(79,124,816)	(488,041,584)	(52,103,981)	(435,937,603)
Plan management fee	(2,880,777)	(406,509)	(2,474,268)	744,112	(3,218,380)
Administrative fee	(159,636)	(22,352)	(137,284)	(11,620)	(125,664)
Total deductions	(570,206,813)	(79,553,677)	(490,653,136)	(51,371,489)	(439,281,647)
Change in Net Position	246,655,106	135,687,341	110,967,765	(207,508,713)	318,476,478
Net position – beginning of year	1,695,295,463	110,967,765	1,584,327,698	318,476,478	1,265,851,220
Net position – end of year	\$1,941,950,569	\$246,655,106	\$1,695,295,463	\$110,967,765	\$1,584,327,698

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Net Position and Changes in Fiduciary Net Position (Advisor Plan)

Fiduciary Net Position of the Advisor Plan at the close of the current fiscal year was \$172.6 million, an increase of \$75.8 million from the previous year.

Fiduciary Net Position of the Advisor Plan at the close of the 2012 Fiscal Year was \$96.8 million.

Change in Fiduciary Net Position increased by \$75 million in Fiscal Year 2013 resulting from contributions to active accounts of \$61 million, net of redemptions and \$14 million of net investment income.

Change in Fiduciary Net Position increased by \$60 million in Fiscal Year 2012, resulting from \$58 million in contributions to active accounts, net of redemptions.

Table 9 - Fiduciary Net Position

Assets	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Investments, at Value	\$172,315,109	\$75,600,297	\$96,714,812	\$59,887,894	\$36,826,918
Cash, Receivables and Other	545,656	311,931	233,725	15,641	218,084
Total Assets	172,860,765	75,912,228	96,948,537	59,903,535	37,045,002
Liabilities	(278,094)	(135,975)	(142,119)	31,191	(173,310)
Net Position	<u>\$172,582,671</u>	<u>\$75,776,253</u>	<u>\$96,806,418</u>	<u>\$59,934,726</u>	<u>\$36,871,692</u>

Table 10 - Change in Fiduciary Net Position

Additions	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Subscriptions	\$67,587,484	\$6,637,040	\$60,950,444	\$24,564,900	\$36,385,544
Total investment income	6,158,043	5,055,742	1,102,301	906,886	195,415
Net increase (decrease) in Fair value of investments	9,499,013	8,128,867	1,370,146	775,062	595,084
Total additions	<u>83,244,540</u>	<u>19,821,649</u>	<u>63,422,891</u>	<u>26,246,848</u>	<u>37,176,043</u>
Deductions					
Redemptions	(6,576,546)	(6,223,833)	(3,052,713)	(2,829,275)	(223,438)
Plan management fee	(328,716)	(141,084)	(187,632)	(152,504)	(35,128)
Administrative fee	(26,535)	(14,026)	(12,509)	(10,170)	(2,339)
Distribution fees	(584,677)	(325,358)	(259,319)	(210,442)	(48,877)
Total waivers	48,187	24,179	24,008	18,577	5,431
Total deductions	<u>(7,468,287)</u>	<u>(3,980,122)</u>	<u>(3,488,165)</u>	<u>(3,183,814)</u>	<u>(304,351)</u>
Change in Net Position	75,776,253	15,841,527	59,934,726	23,063,034	36,871,692
Net position – beginning of year	96,806,418	59,934,726	36,871,692	36,871,692	-
Net position – end of year	<u>\$172,582,671</u>	<u>\$75,776,253</u>	<u>\$96,806,418</u>	<u>\$59,934,726</u>	<u>\$36,871,692</u>

Fiduciary Net Position and Change in Fiduciary Net Position (Consolidated)

Fiduciary Net Position of the CHET Direct and Advisor Plans at the close of the current fiscal year was \$2.114 billion, an increase of \$322 million from the previous year.

Fiduciary Net Position of the CHET Direct and Advisor Plans at the close of the 2012 Fiscal Year was \$1.792 billion, an increase of \$171 million from the previous year.

Change in Fiduciary Net Position increased by \$322 million in Fiscal Year 2013 resulting from \$171 million of contributions to active accounts, net of redemptions, in addition to net investment income of \$40 million and an increase in the fair value of assets of \$111 million.

Change in Fiduciary Net Position increased by \$171 million in Fiscal Year 2012 resulting from \$157 million of contributions to active accounts, net of redemptions, in addition to net investment income of \$38 million partly offset by a negative change in fair value of assets of \$24 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 11 - Fiduciary Net Position

Assets	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Investments, at Value	\$2,114,394,654	\$322,297,188	\$1,792,097,466	\$170,777,646	\$1,621,319,820
Cash, Receivables and Other	2,624,788	(1,802,694)	4,427,482	2,247,667	2,179,815
Total Assets	2,117,019,442	320,494,494	1,796,524,948	173,025,313	1,623,499,635
Liabilities	(2,486,202)	1,936,865	(4,423,067)	(2,122,822)	(2,300,245)
Net Position	\$2,114,533,240	\$322,431,359	\$1,792,101,881	\$170,902,491	\$1,621,199,390

Table 12 - Change in Fiduciary Net Position

Additions	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
Subscriptions	\$745,006,463	\$96,899,691	\$648,106,772	\$58,851,134	\$589,255,638
Total investment income	43,824,873	5,801,773	38,023,100	4,659,219	33,363,881
Net increase (decrease) in Fair value of investments	111,275,123	132,361,203	(21,086,080)	(193,400,729)	172,314,649
Total Additions	900,106,459	235,062,667	665,043,792	(129,890,376)	794,934,168
Deductions					
Redemptions	(573,742,946)	(82,648,649)	(491,094,297)	(54,933,256)	(436,161,041)
Plan management fee	(3,209,493)	(547,593)	(2,661,900)	591,608	(3,253,508)
Administrative fee	(186,171)	(36,378)	(149,793)	(21,790)	(128,003)
Distribution fees	(584,677)	(325,358)	(259,319)	(210,442)	(48,877)
Total waivers	48,187	24,179	24,008	18,577	5,431
Total deductions	(577,675,100)	(83,533,799)	(494,141,301)	(54,555,303)	(439,585,998)
Change in Net Position	322,431,359	151,528,868	170,902,491	(184,445,679)	355,348,170
Net position – beginning of year	1,792,101,881	170,902,491	1,621,199,390	355,348,170	1,265,851,220
Net position – end of year	\$2,114,533,240	\$322,431,359	\$1,792,101,881	\$170,902,491	\$1,621,199,390

Second Injury Fund

The Net Position of the Second Injury Fund (SIF) at the close of Fiscal Year 2013 was \$25.7 million, an increase of \$0.5 million from the previous year net position balance of \$25.2 million.

The Net Position of the Fund at the close of previous fiscal year was \$25.2 million, a decrease of \$5.5 million from the previous year net position balance of \$30.7 million.

The Change in Net Position for Fiscal Year 2013 was an increase of \$0.5 million in net position resulting from operating income.

The \$5.5 million decrease in net position in 2012 resulted from a net operating loss of \$5.5 million.

REQUIRED SUPPLEMENTARY INFORMATION

Following the Financial Statements section of this annual report is a Supplemental Information section that further explains and supports the financial information and includes additional schedules for the Combined Investment Funds, debt schedules, cash management activities including Civil List Funds, and information on Unclaimed Property and fiscal year division expenses for the Office of the Treasurer.

DEBT ADMINISTRATION

Long-term debt obligations of the State consist of general obligation bonds and revenue dedicated bonded debt. General obligation bonds, issued by the State, are backed by the full faith and credit of the State. Dedicated revenue debt payments are made from legally restricted revenues.

At June 30, 2013, the State had \$19.3 billion in bonds and notes outstanding, approximately the same amount as of the end of June 30, 2012. Outstanding debt at June 30, 2013 was issued to fund local school construction projects, state grants and economic development initiatives, Clean Water Fund loans, improvements to state universities and transportation projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents total outstanding debt for the State distinguished by bond financing type.

Table 13 - Outstanding Debt as of June 30.

Bond Type	2013	Increase (Decrease)	2012	Increase (Decrease)	2011
General obligation –					
Tax supported	\$10,859,465,487	\$349,490,681	\$10,509,974,856	\$79,623,304	\$10,430,351,552
Teachers Retirement Fund	2,276,578,271	0	2,276,578,271	0	2,276,578,271
Economic Recovery Notes	573,365,000	(174,570,000)	747,935,000	(167,860,000)	915,795,000
Revenue supported	0	0	0	(530,000)	530,000
Special Tax Obligation	3,461,875,000	174,535,000	3,287,340,000	(70,255,000)	3,357,595,000
Bradley International Airport	141,555,000	(14,245,000)	155,800,000	(13,290,000)	169,090,000
Clean Water Fund	784,390,000	(39,385,000)	823,775,000	(75,330,000)	899,105,000
UCONN 2000	828,795,000	(74,755,000)	903,550,000	99,240,000	804,310,000
CDA Increment Financing	19,365,000	(2,840,000)	22,205,000	(2,725,000)	24,930,000
CDA Government					
Lease revenue	800,000	(750,000)	1,550,000	(705,000)	2,255,000
CHEFA Childcare					
Facilities program	61,155,000	(2,125,000)	63,280,000	(3,295,000)	66,575,000
Bradley Parking operations	37,395,000	(1,990,000)	39,385,000	(1,865,000)	41,250,000
CT Juvenile Training school	14,655,000	(495,000)	15,150,000	(475,000)	15,625,000
CHFA Special Needs Housing Bonds	70,485,000	(3,165,000)	73,650,000	(3,070,000)	76,720,000
CCEDA Bonds	94,805,000	(2,730,000)	97,535,000	(2,620,000)	100,155,000
CHFA Emergency					
Mortgage Assistance Program	46,110,000	(1,925,000)	48,035,000	18,870,000	29,165,000
Total	\$19,270,793,758	\$205,050,631	\$19,065,743,127	\$(144,286,696)	\$19,210,029,823

During Fiscal Year 2013, the State issued \$2.159 billion of bonds for capital projects and other purposes at some of the lowest interest rates in state history. The \$2.159 billion of issued bonds were offset by bonds retired of \$1.618 billion and bonds refunded of \$0.337 billion, resulting in a net increase of \$205 million in bonds outstanding. Since 1999, debt refunding and defeasances have produced \$0.837 billion in debt savings to taxpayers.

As of July 2013 the underlying (uninsured) credit rating for the State of Connecticut General Obligation Bonds are as follows: Moody's Investors Services Aa3, Standard & Poor's Ratings Services, Fitch Ratings and Kroll Bond Ratings AA.

More detailed information about outstanding bonds and other long-term debt can be found in the Supplemental and Statistical Sections of this report.

ECONOMIC CONDITIONS AND OUTLOOK

The Federal Open Market Committee continued to report that economic activity expanded at a modest pace throughout the 2013 fiscal year. Labor markets have shown further improvements but the unemployment rate remains elevated. The housing sector has been strengthening and household spending and business fixed investments advanced. Inflation has been subdued throughout 2013, although fluctuations due to changes in energy prices have occurred, and longer term inflation expectations have remained stable.

To support a stronger economic recovery and to help ensure that inflation remains in its present level, the FOMC decided to continue purchasing additional agency mortgage-backed securities at a pace of \$40 billion per month and longer-term Treasury securities at a pace of \$45 billion per month, a program begun in 2013. These actions should maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodating.

The Federal Open Market Committee at its September 2013 meeting maintained the target range for the federal funds rate at 0 to ¼ percent and indicated that it anticipates that this exceptionally low range will be appropriate as long as the unemployment rate remains above 6-1/2 percent.

Although Connecticut has experienced a modest recovery, economic growth has not been sufficient to substantially reduce the state unemployment rate of 8.1 percent at June 30, 2013, down from 8.4 percent at fiscal year end June 30, 2012. The National unemployment rate at June 30, 2013 was 7.4 percent.

The State Comptroller reported that the State's General Fund ended the 2013 fiscal year with a pre-audited \$398.8 million surplus of which \$220.8 million has been reserved for future fiscal year activity and \$178 million will be deposited into the Budget Reserve Fund, bringing the Budget Reserve balance to \$271.5 million. The revenue growth was largely driven by strong stock market performance and an increase in future capital gains tax rate that pushed future years gains into Fiscal Year 2013.

CONTACTING THE OFFICE OF THE TREASURER

This financial report is designed to provide a general overview of the Office of the Treasurer's finances and to show the Office's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to:

Connecticut State Treasury
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.ct.gov/ott

MANAGEMENT'S REPORT



DENISE L. NAPIER
TREASURER

State of Connecticut Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

December 31, 2013

To the Honorable

Dannel P. Malloy Governor of Connecticut
Denise L. Nappier, Treasurer of Connecticut
Members of the Connecticut General Assembly
And Citizens of the State of Connecticut

This report was prepared by the Office of the Treasurer, which is responsible for the accuracy of the data, the completeness and fairness of the presentation and all disclosures. We present the financial statements and data as being accurate in all material respects and prepared in conformity with generally accepted accounting principles and such financial statements are audited annually by the State of Connecticut Auditors of Public Accounts.

To carry out this responsibility, the Office of the Treasurer maintains financial policies, procedures, accounting systems and internal controls that management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investments and other assets are safeguarded.

It is our belief that the contents of this Annual Report make evident the State of Connecticut Office of the Treasurer's support of the safe custody and conscientious stewardship of the State's property and money, including Trusts and Custodial accounts held by the State Treasurer. In addition, the Office of the Treasurer has sought to maximize earnings on the assets held by the State Treasurer within the boundaries of prudent investment guidelines authorized by Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes, thereby stabilizing taxpayer costs and securing the safety of benefit commitments established by various General Statutes covering the State retirement systems and other retirement systems administered by the State.

The State of Connecticut also issues a Comprehensive Annual Financial Report (the "CAFR") available from the State Comptroller's Office. The material presented herein is intended to expand on, but not to conflict with, the State's CAFR.

In management's opinion, the internal control structure of the Office of the Treasurer is adequate to ensure that the financial information in this report presents fairly the financial condition and results of operations of the funds that follow.

Sincerely,

A handwritten signature in black ink, appearing to read "Christine Shaw", is written over a light gray circular stamp.

Christine Shaw
Deputy Treasurer
State of Connecticut

55 ELM STREET, HARTFORD, CONNECTICUT 06106-1773 • (860) 702-3000
An Equal Opportunity Employer

COMBINED INVESTMENT FUNDS

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	TOTAL
ASSETS	
Investments in Securities, at Fair Value	
Liquidity Fund	\$ -
Cash Equivalents	1,497,962,900
Asset Backed Securities	142,566,335
Government Securities	2,686,838,183
Government Agency Securities	577,235,766
Mortgage Backed Securities	205,486,383
Corporate Debt	1,942,072,207
Convertible Securities	41,826,379
Common Stock	12,871,698,108
Preferred Stock	92,691,517
Real Estate Investment Trust	287,649,517
Mutual Fund	925,574,761
Limited Liability Corporation	1,032,982
Trusts	946,213
Limited Partnerships	4,638,922,535
Annuities	-
Total Investments in Securities, at Fair Value	25,912,503,786
Cash	42,267,594
Receivables	-
Foreign Exchange Contracts	6,144,575,050
Interest Receivable	169,907,708
Dividends Receivable	27,937,210
Due from Brokers	565,799,144
Foreign Taxes	10,338,944
Securities Lending Receivable	983,978
Reserve for Doubtful Receivables	(4,410,959)
Total Receivables	6,915,131,075
Invested Securities Lending Collateral	2,515,688,702
Other Funds on Deposit	-
Prepaid Expenses	2,726,910
Total Assets	35,388,318,067
LIABILITIES	
Payables	
Foreign Exchange Contracts	6,125,904,134
Due to Brokers	755,860,370
Income Distribution	48,417,648
Other Payable	2,560,307
Total Payables	6,932,742,459
Securities Lending Collateral	2,515,688,702
Accrued Expenses	(922,134)
Total Liabilities	9,447,509,027
NET POSITION HELD IN TRUST FOR PARTICIPANTS	\$ 25,940,809,040

The accompanying notes are an integral part of these financial statements.

COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ADDITIONS	<u>TOTAL</u>
OPERATIONS	
Investment Income	
Dividends	\$ 747,876,481
Interest	181,792,299
Other Income	10,731,801
Securities Lending	<u>18,418,651</u>
Total Income	958,819,232
 Expenses	
Investment Advisory Fees	71,448,062
Custody and Transfer Agent Fees	3,337,960
Professional Fees	3,168,514
Security Lending Fees	2,494,006
Security Lending Rebates	1,617,639
Investment Expenses	<u>4,804,501</u>
Total Expenses	<u>86,870,682</u>
 Net Investment Income	 871,948,550
 Net Realized Gain (Loss)	 1,280,009,316
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	 625,828,545
 Net Increase (Decrease) in Net Position Resulting from Operations	 <u>2,777,786,411</u>
 Unit Transactions	
Purchase of Units by Participants	<u>4,981,449,103</u>
 TOTAL ADDITIONS	 7,759,235,514
 DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(4,261,320)
 Distributions to Unit Owners:	
Income Distributed	(813,186,252)
 Unit Transactions	
Redemption of Units by Participants	(4,977,740,800)
 TOTAL DEDUCTIONS	 <u>(5,795,188,372)</u>
 Change in Net Position Held in Trust for Participants	 <u>1,964,047,142</u>
Net Position- Beginning of Period	<u>23,976,761,898</u>
Net Position- End of Period	<u>\$ 25,940,809,040</u>

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ADDITIONS OPERATIONS	<u>TOTAL</u>
Investment Income	
Dividends	\$ 622,901,119
Interest	241,168,268
Other Income	5,024,720
Securities Lending	<u>23,442,306</u>
Total Income	892,536,413
 Expenses	
Investment Advisory Fees	72,161,281
Custody and Transfer Agent Fees	2,212,121
Professional Fees	2,784,343
Security Lending Fees	3,263,088
Security Lending Rebates	1,265,954
Investment Expenses	<u>1,834,538</u>
Total Expenses	<u>83,521,325</u>
 Net Investment Income	 809,015,088
 Net Realized Gain (Loss)	 (11,794,664)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(1,012,045,481)
 Net Increase (Decrease) in Net Position Resulting from Operations	 <u>(214,825,057)</u>
 Unit Transactions	
Purchase of Units by Participants	<u>2,716,001,391</u>
 TOTAL ADDITIONS	 2,501,176,334
 DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(4,113,221)
 Distributions to Unit Owners:	
Income Distributed	(660,571,259)
 Unit Transactions	
Redemption of Units by Participants	(3,043,394,642)
 TOTAL DEDUCTIONS	 <u>(3,708,079,122)</u>
 Change in Net Position Held in Trust for Participants	 <u>(1,206,902,788)</u>
Net Position- Beginning of Period	25,183,664,686
Net Position- End of Period	<u>\$ 23,976,761,898</u>

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Combined Investment Funds (the "Funds") are separate legally defined funds, which have been created by the Treasurer of the State of Connecticut (the "Treasurer") under the authority of the Connecticut General Statutes (CGS) Section 3-31b. The Funds are open-end, unitized portfolios consisting of the Liquidity Fund, Alternative Investment Fund, Mutual Equity Fund, Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund, High Yield Debt Fund, Developed Market International Stock Fund, Emerging Market International Stock Fund, Real Estate Fund, Commercial Mortgage Fund and the Private Investment Fund. The Funds were established to provide a means for investing pension and other trust fund assets entrusted to the Treasurer in a variety of investment classes. The units of the Funds are owned by these pension and trust funds. For financial reporting purposes of the State of Connecticut, the Funds are considered to be internal investment pools and are not reported in the State's combined financial statements. Instead, each fund type's investment in the fund is reported as "equity in combined investment funds" in the State's combined balance sheet.

The Treasurer, as sole fiduciary of the Funds, is authorized to invest in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. This authority is restricted only by statute. Such limitations include prohibitions against investment in companies doing business in Iran and those doing business in Northern Ireland, but who have failed to implement the MacBride Principles (CGS Section 3-13h). Other legislation restricts the maximum aggregate investment in equity securities to 60% of the fair value of the Trust Funds.

The Funds are not subject to regulatory oversight and are not registered with the Securities and Exchange Commission as an investment company.

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

A. NEW PRONOUNCEMENTS

The financial statements and corresponding footnotes include the application of Governmental Accounting Standards Board ("GASB") Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

GASB Statement Number 67, Financial Reporting for Pension Plans-An Amendment of GASB Statement Number 25, Financial Reporting for Defined Benefit Plans, is effective for financial statements for fiscal years beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans.

B. SECURITY VALUATION

Investments are stated at fair value for each of the Funds as described below. For the Commercial Mortgage Fund, the investments listed on the Statement of Net Position, other than the amounts invested in the Liquidity Fund, are shown at fair values provided to the Fund by the investment advisor, and adjusted, when appropriate, by the Treasurer's staff.

For the Alternative Investment, Real Estate and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, are shown at values that are estimated by the Treasurer's staff. Such estimations utilize the investment advisors' estimated fair value, plus or minus the appropriate related cash flows as described later in this section. The Fund's assets are fair valued quarterly by the General Partner and at such other times as determined by the General Partner and are based on Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures". The fair value the General Partner assigned to these investments is based upon available information and does not represent necessarily the amount that ultimately might be realized upon sale or maturity. Because of the inherent uncertainty of the fair valuation process, this estimated fair value presented by the General Partner may differ significantly from the fair value that would have been used had a ready market for the security existed, and the difference could be material. The General Partner is responsible for coordination and oversight of all investment valuations.

The Treasurer's staff reviews the valuations for all investments in these alternative asset classes (Commercial Mortgage, Real Estate, Private Investment and Alternative Investment Funds) to see that they are reasonable and consistent.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

Liquidity Fund

Existing money market vehicles are valued at amortized cost on a daily basis, which approximates fair value. A standard price hierarchy is utilized in the daily valuation of the Liquidity Fund.

The Liquidity Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the fund are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest

The Liquidity Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2013, the Fund held MBSs of \$32,326,002 and ABSs of \$80,782,027.

Repurchase agreements held in the fund are collateralized at 100 percent of the securities' value. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York. The collateral is evaluated daily to ensure its fair value exceeds the current fair value of the repurchase agreements including accrued interest.

Alternative Investment Fund

Investments in securities not listed on security exchanges and investments in limited partnerships, which comprise substantially all of the Fund's investments, are carried at the cash adjusted fair value. For investments in the Absolute Return Strategy category, the cash adjusted fair value utilizes the prior two month end period fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Alternative Investment Fund, to estimate the current fair value. For investments in the Real Asset category, the cash adjusted fair value utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Alternative Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. Additionally, the

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 2013, the estimated investment values provided by the investment advisors, net of the adjustments noted above, was exceeded the cash adjusted fair values reported on the Statement of Net Position by approximately \$3 million. Consistent with the cash adjusted fair value presentation this decrease will be considered for the next period adjustment.

Mutual Equity Fund

Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year. Corporate bonds and certain over-the-counter stocks are valued at the mean of bid and asked prices as furnished by broker-dealers.

Core Fixed Income Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the fund are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Core Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2013, the Fund held MBSs of \$173,117,494 and ABSs of \$61,898,779.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgage Backed Securities on the Statement of Net Position. The cash flow on these investments is derived from the interest payments on the underlying mortgage loans. Prepayments on the underlying loans curtail these interest payments, reducing the value of the IOs and, as such, these instruments are extremely sensitive to changes in interest rates, which encourage or discourage such prepayments. At June 30, 2013 the Fund's holdings had a fair value of \$1,049,763 and a cost of \$834,785. The valuations were provided by the custodian.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Core Fixed Income Fund are authorized to invest in global fixed income securities.

Inflation Linked Bond Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the fund are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Inflation Linked Bond Fund are authorized to invest in global fixed income securities.

Emerging Market Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

The Emerging Market Debt Fund invests in securities in emerging market countries that are either U.S. dollar-denominated or issued in the local currency of the country. In addition to bond interest rate sensitivity, the local currency bonds' values will fluctuate with exchange rates.

"When-issued" securities held are fully collateralized by U.S. Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Emerging Market Debt Fund sometimes invests in Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2013, the Fund held ABSs, consisting of swaps and resulting in a fair value of (\$114,471).

High Yield Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the fund are fully collateralized by U.S. Government securities and such collateral is in the possession of the Fund's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the High Yield Debt Fund are authorized to invest in global fixed income securities.

Developed Market International Stock Fund

The Developed Market International Stock Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Emerging Market International Stock Fund

The Emerging Market International Stock Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Real Estate Fund

Investments in securities not listed on security exchanges and investments in trusts, limited partnerships, and annuities, which comprise substantially all of the Fund's investments, are carried at the cash adjusted fair value. The cash adjusted fair value utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Real Estate Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 2013, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Position by approximately \$41 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Commercial Mortgage Fund

This Fund invests in commercial mortgage loans and mortgage backed securities generally through indirect ownership vehicles such as trusts and corporations. The value of the Fund's interest in these entities is based on the fair value of the underlying commercial loan portfolio or securities held. Fair value for the mortgage portfolio is computed by discounting the expected cash flows of the loans at a rate commensurate with the risk inherent in the loans. The discount rate is determined using the yield on U.S. Treasury securities of comparable remaining maturities plus an appropriate market spread for credit and liquidity risk. The Fund does not record fair values in excess of amounts at which the borrower could settle the obligation, giving effect to any prepayment premiums. In the event that the fair value of the loan collateral, based on an appraisal, is less than the outstanding principal balance, the collateral value is used as fair value. These calculations are performed by the investment advisor and reviewed by Treasury personnel.

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships, limited liability companies and securities. The general partner or managing member is the investment advisor and is compensated on a fee basis for management services in addition to its participation in partnership profits and losses. These investments are carried at their cash adjusted fair values. The cash adjusted fair value utilizes the prior quarter fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Private Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, the estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments of reported cash adjusted values are made to

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

prevent overstatement. At June 30, 2013, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Position by approximately \$70 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment. Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year.

Fair values of the underlying investments are generally represented by cost unless there has been an additional arms-length indication of value, such as a public offering or a new investment by a third party.

C. INVESTMENT TRANSACTIONS AND RELATED INCOME

Investment transactions are accounted for on a trade date basis. Dividend income is recognized as earned on the ex-dividend date. Interest income is recorded on the accrual basis as earned. Realized gains and losses are computed on the basis of the average cost of investments sold. Such amounts are calculated independent of and are presented separately from the Net Change in Unrealized Gains and Losses on the Statement of Changes in Net Position. Realized gains and losses on investments held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses represent the difference between the fair value and the cost of investments. The increase (decrease) in such difference is accounted for as a change in unrealized gain (loss). In the Funds' cost basis records, premiums are amortized using the straight-line method that approximates the interest method.

Dividends earned by the Private Investment, Real Estate, Alternative Investment and Commercial Mortgage Funds relate to investments that are not listed on security exchanges. Such dividends are recognized as income when received, generally net of advisory fees.

D. FOREIGN CURRENCY TRANSLATION

The value of investments, assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon appropriate fiscal year end foreign exchange rates. Purchases and sales of foreign investments and income and expenses are converted into U.S. dollars based on currency exchange rates prevailing on the respective dates of such transactions. The Funds do not isolate that portion of the results of operations arising from changes in the exchange rates from that portion arising from changes in the market prices of securities.

E. SHARE TRANSACTIONS AND PRICING

All unit prices are determined at the end of each month based on the net asset value of each fund divided by the number of units outstanding. Purchases and redemptions of units are based on the prior month end price and are generally processed on the first business day of the month.

F. EXPENSES

Expenses of the funds, excluding certain management fees as discussed in more detail in note 1J, are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Each of the funds bears its direct expenses, such as investment advisory fees, and, in addition, each of the funds is allocated a portion of the overhead expenses of the Pension Funds Management Division of the Office of the State Treasurer, which services the funds. These expenses include salary and fringe benefit costs and other administrative expenses. Certain of these costs are allocated among the Funds based on relative net asset values. Other costs are charged directly based on the specific duties of personnel.

G. DISTRIBUTIONS

Net investment income earned by the Combined Investment Funds is distributed monthly to the unit owners of the funds, generally in the following month.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Statement Number 53 Accounting and Financial Reporting for Derivative Instruments, requires that the fair value of financial arrangements called derivatives or derivative instruments be reported in the financial statements. GASB defines a derivative instrument as a financial instrument or other contract with all of the following characteristics: a) It has one or more reference rates and (2) one or more notional amounts or payment provisions or both. b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. c) Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2013, the funds maintained positions in a variety of such securities that are all reported at fair value on the Statement of Net Position. The following is a listing of such securities:

Adjustable Rate Securities:

Fund	Cost	Fair Value
Liquidity	\$501,443,643	\$499,278,225
Core Fixed Income	113,159,436	113,798,499
Emerging Market Debt	30,122,748	29,910,715
High Yield Debt	14,551,661	15,524,968

Asset Backed Securities:

Fund	Cost	Fair Value
Liquidity	\$80,960,548	\$80,782,027
Core Fixed Income	61,658,570	61,898,779
Emerging Market Debt	(838,055)	(114,471)

Mortgage Backed Securities, Net of CMO's:

Fund	Cost	Fair Value
Liquidity	\$16,957,554	\$16,902,538
Core Fixed Income	48,659,531	48,761,154

CMO's:

Fund	Cost	Fair Value
Liquidity	\$15,704,462	\$15,423,464
Core Fixed Income	124,683,153	124,356,340

TBA's:

Fund	Cost	Fair Value
Core Fixed Income	\$114,363,192	\$112,921,732
High Yield Debt	3,137,500	2,987,625

Interest Only:

Fund	Cost	Fair Value
Core Fixed Income	\$834,785	\$1,049,763

Options:

Fund	Cost	Fair Value
Emerging Market Debt	\$67,638	\$14,122

The Emerging Market Debt Fund held futures with a notional cost of \$7,018,318 and an unrealized loss of \$160,271 reported in the Due from Brokers in the Statement of Net Position. The Developed Market International Stock also held futures with a notional cost of \$43,871,085 and an unrealized gain of \$2,507,831 reported in the Due From Brokers and an unrealized loss of \$1,606,004 reported in the Due to Brokers in the Statement of Net Position.

The Liquidity, Core Fixed Income, Inflation Linked, Emerging Market Debt, High Yield Debt, Developed Market International Stock and Emerging Market International Stock Funds were invested in foreign exchange contracts. The specific nature of these investments is discussed more fully in the foreign exchange contract note for each respective fund, where appropriate. These financial instruments are utilized for trading and other purposes. Those that are used for other than trading purposes are foreign exchange contracts, which can be used to facilitate trade settlements, and may serve as foreign currency hedges. The credit exposure resulting from such contracts is limited to the recorded fair value of the contracts on the Statement of Net Position.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

The remaining such securities are utilized for trading purposes and are intended to enhance investment returns. All positions are reported at fair value and changes in fair value are reflected in income as they occur. The funds' credit exposure resulting from such investments is limited to the recorded fair value of the derivative financial instruments.

The Mutual Equity, Core Fixed Income, Emerging Market Debt, Developed International Stock, and the Emerging Market International Stock Funds also utilize derivatives indirectly through participation in mutual funds. These mutual funds may hold derivatives from time to time. Such derivatives may be used for hedging, investment and risk management purposes. These transactions subject the investor to credit and market risk.

I. COMBINATION/ELIMINATION ENTRY

The financial statements depict a full presentation of each of the Combined Investment Funds. However, one of these funds, the Liquidity Fund, is owned both directly by the pension plans and trust funds which have accounts in the Fund, and also indirectly because each of the other Combined Investment Funds has an account with the Liquidity Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Liquidity Fund by the other Combined Investment Funds. The combined presentation totals to the overall net assets owned by the pension plans and trust funds. In order to help the Liquidity Fund managers better manage their cash balances, realized gains (losses) are no longer included in the Liquidity Fund income sweep.

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for certain investments in the Alternative Investment, Private Investment and Real Estate Funds are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment on a cash basis and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds and are expensed. These expensed amounts are accrued and the expense is reflected as Investment Advisory Fees on the Statement of Changes in Net Position. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Changes in Net Position. These fees are borne by the partners in their respective shares. The following is a listing of the Funds total fees for the fiscal year ended June 30, 2013:

<u>Fund</u>	<u>Netted</u>	<u>Capitalized</u>	<u>Expensed</u>	<u>Total</u>
Alternative Investment	\$ 5,337,469	\$ 883,224	\$ -	\$ 6,220,693
Private Investment	16,799,777	14,733,624	5,210,437	36,743,838
Real Estate	10,021,631	2,228,482	3,988,963	16,239,076

In addition, realized gains and losses are not reported at the level of the Fund's investment since these relate to realized gains and losses on the underlying securities held by the Funds' investment vehicles. The following is the Fund's share of such net realized gains and losses for the fiscal year ended June 30, 2013:

<u>Fund</u>	<u>Net Realized Gain/(Loss)</u>
Alternative Investment	\$ 1,199,828
Private Investment	251,694,375
Real Estate	41,160,556

Periodically the Private Investment and Real Estate Funds may receive security distributions in lieu of cash. These securities are included as Common Stock and Real Estate Investment Trust, respectively on the Statement of Net Position. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Changes in Net Position. The Private Investment and Real Estate Funds incurred realized gain (loss) of \$(1,325,862) and \$ 8,675,610 respectively for such transactions for the fiscal year ended June 30, 2013.

The Mutual Equity, Core Fixed Income, Emerging Market Debt, Emerging Market International Stock and the Developed Market International Stock Funds include investments in a limited partnership and investments in mutual funds. Fees incurred from these investments are deducted from the operations of the fund and are not separately presented on the Statement of Changes in Net Position. The following is a listing of the corresponding fees incurred for the fiscal year ended June 30, 2013:

<u>Fund</u>	<u>Amount</u>
Mutual Equity	\$ 1,356,895
Core Fixed Income	460

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Emerging Market Debt	2,855,320
Emerging Market International Stock	345,190
Developed Market International Stock	13,240

Investment advisory fees for the Liquidity, Mutual Equity, Core Fixed Income, Inflation Linked Bond, Emerging Market Debt, High Yield Debt, Developed Market International Stock and the Emerging Market International Stock Funds, except those noted above are estimated monthly based on periodic reviews of asset values and performance results. Accordingly, the amounts listed as Investment Advisory Fees on the Statement of Changes in Net Position represent estimates of annual management fee expenses.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

L. RELATED PARTY AND OTHER TRANSACTIONS

There were no related party transactions during the fiscal year. Additionally, there were no "soft dollar" transactions. Soft dollar transactions result from arrangements whereby firms doing business with organizations such as the Treasury arrange for third parties to provide other services in lieu of cash payment. These arrangements tend to obscure the true cost of operations and can result in potential overpayment for services. Such transactions have been prohibited by the Treasurer.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS, INVESTMENTS AND SECURITIES LENDING PROGRAM

Deposits:

The Funds minimize custodial credit risk by maintaining certain restrictions set forth in the Investment Policy Statement. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the Funds would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The Funds utilize a Liquidity Account that is a cash management pool investing primarily in highly liquid money market securities such as commercial paper, certificates of deposit, bank notes and other cash equivalents, asset backed securities, and floating rate corporate bonds. Deposits shall consist of cash instruments generally maturing in less than one year and having a quality rating, by at least one widely recognized rating agency, of A-1 or P-1 and earn interest at a rate equal to or better than the International Business Communications ("IBC") First Tier Institutions-Only Rated Money Fund Report Index.

At June 30, 2013, the reported amount of Funds deposits were \$42,267,594 and the bank balance was \$42,267,594. Of the bank amount, \$42,267,594 was uncollateralized and uninsured. Through the Securities Lending Program \$2,697,553,884 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Investments:

Pursuant to the Connecticut General Statutes, the Treasurer is the principal fiduciary of the Funds, authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The Funds minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, in accordance with a comprehensive Investment Policy Statement (IPS), as developed by The Office of the Treasurer and the State's Investment Advisory Council (IAC), that provides policy guidelines for the Funds and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. There have been no violations of these investment restrictions during the 2013 fiscal year.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

The Funds concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in Government Securities and Government Agency Securities. However, there can be no more than 5% of the total portfolio market value invested in other securities.

The following table provides average credit quality and exposure levels information on the credit ratings associated with Funds investments in debt securities.

	Fair Value	Percentage of Fair Value
Aaa	\$1,131,890,869	14.87%
Aa	204,506,079	2.69
A	339,688,060	4.46
Baa	834,480,035	10.96
Ba	305,406,320	4.01
B	611,466,393	8.03
Caa	188,525,938	2.48
Ca	7,349,563	0.10
Mig	8,770,550	0.12
Prime 1	209,501,637	2.75
Government fixed income securities (not rated)	1,671,286,160	21.95
Not Rated	2,100,962,034	27.58
	<u>\$7,613,833,638</u>	<u>100.00%</u>

The investments in the Private Equity, Real Estate, Alternative Investment and Commercial Mortgage Funds generally utilize investment vehicles such as annuity contracts, common stocks, limited partnerships and trusts to comply with investment guidelines against direct ownership of such investment assets.

The investments of the Liquidity, Mutual Equity, Core Fixed Income, Inflation Linked Bond, Emerging Market Debt, High Yield Debt, Developed Market International Stock and the Emerging Market International Stock Funds have securities registered under the State Street Bank and Trust Co. nominee name Pondwave & Co. and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut, or bearer and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut.

Investments of cash collateral received under securities lending arrangements are registered in the master custodian's name and are invested in a fund maintained by the master custodian exclusively for the Funds. In circumstances where securities or letters of credit are received as collateral under securities lending arrangements, the collateral is held by the master custodian in a commingled pool in the master custodian's name, as trustee. When "tri-party" collateral is received, the collateral consists of cash, letters of credit or securities but is held in a commingled pool by a third party master custodian in the Funds' master custodian's name. The breakdown of Securities Lending is as follows:

Investment Type	Fair Value
Government Securities	\$ 4,218,095
Government Agency Securities	906,208
Corporate Debt	687,289
U.S. Corporate Stock	10,372,267
International Equity	171,074,443
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	178,459,074
Corporate Debt	2,331,836,508
Total	<u>\$2,697,553,884</u>

The following table provides information about the interest rate risks associated with the Funds investments. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and therefore, more volatile than those with shorter maturities. Investment Managers that manage the CRPTF portfolio are given full discretion to manage their portion of CRPTF assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Barclay's Aggregate – an intermediate duration index.

The investments include certain short-term cash equivalents, various long term items, and restricted assets by maturity in years.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$1,497,962,900	\$1,152,547,808	\$24,359,152	\$45,981,705	\$275,074,235
Asset Backed Securities	142,566,335	6,688,969	111,630,046	20,580,270	3,667,050
Government Securities	2,686,838,183	182,297,481	1,165,018,524	715,710,770	623,811,408
Government Agency Securities	577,235,766	2,828,926	45,461,817	17,369,380	511,575,643
Mortgage Backed Securities	205,486,383	-	33,848,449	10,270,226	161,367,708
Corporate Debt	1,942,072,207	87,410,717	594,454,360	1,006,861,037	253,346,093
Convertible Debt	41,826,379	956,906	12,448,576	5,811,793	22,609,104
Mutual Fund	519,845,485	-	-	-	519,845,485
	\$7,613,833,638	\$1,432,730,807	\$1,987,220,924	\$1,822,585,181	\$2,371,296,726

Exposure to foreign currency risk results from investments in foreign currency-denominated equity or fixed income securities. As a means of limiting its exposure, the CRPTF utilizes a strategic hedge ratio of 50% for the developed market portion of the International Stock Fund. This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. dollar denominated securities, managers are required to limit that investment to a portion of their respective portfolios. The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. Negative amounts are reflective of short positions.

Foreign Currency	Total	Fixed Income Securities						Equities			
		Cash Equiv Collateral	Government Securities	Mutual Funds	Corporate Debt	Foreign Currency	Asset Backed	Common Stock	Preferred Stock	Real Estate Investment Trust	
Argentine Peso	\$285,708	\$285,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Australian Dollar	381,317,574	2,963,069	-	20,494,790	-	61,674,131	-	275,040,707	-	21,144,877	
Brazilian Real	241,752,447	519,548	-	73,730,688	-	7,067,371	-	124,351,832	36,083,008	-	
Canadian Dollar	64,462,751	419,886	-	-	-	-	-	64,042,865	-	-	
Chilean Peso	1,992,526	1,478,353	-	514,173	-	-	-	-	-	-	
China Yuan Renminbi	835,683	47,394	-	788,289	-	-	-	-	-	-	
Colombian Peso	17,595,160	-	-	10,499,661	-	7,095,499	-	-	-	-	
Czech Koruna	10,364,165	158	-	-	-	-	-	10,364,007	-	-	
Danish Krone	58,296,667	130,743	-	-	-	2,434,575	-	55,731,349	-	-	
Egyptian Pound	6,199,673	106,904	-	-	-	-	-	6,092,769	-	-	
Euro Currency	1,671,003,090	5,115,040	3,528	99,501,815	-	39,753,856	527,999	1,121,230	1,480,090,352	35,471,014	
Ghana Cedi	337,565	-	-	-	-	337,565	-	-	-	-	
Hong Kong Dollar	566,451,713	873,731	-	-	-	-	-	562,963,049	-	2,614,933	
Hungarian Forint	29,993,845	2,760	-	15,515,208	-	-	-	14,475,877	-	-	
Iceland Krona	1,922	1,922	-	-	-	-	-	-	-	-	
Indian Rupee	(855,388)	-	-	-	-	1,807,273	(2,662,661)	-	-	-	
Indonesian Rupiah	116,865,168	297	-	25,155,336	-	6,443,047	-	85,266,488	-	-	
Israeli Shekel	11,578,690	391,883	-	-	-	-	-	11,186,807	-	-	
Japanese Yen	1,170,201,102	4,348,693	-	29,020,717	-	-	-	1,127,915,890	-	8,915,802	
Kenyan Shilling	64,236	-	-	-	-	-	-	64,236	-	-	
Malaysian Ringgit	105,543,205	236,967	-	42,435,332	-	-	-	62,870,906	-	-	
Mexican Peso	119,941,389	112,365	-	65,637,019	-	1,640,822	-	47,275,478	-	5,275,705	
Moroccan Dirham	124,618	-	-	-	-	-	-	124,618	-	-	
New Romanian Leu	2,817,782	23,321	-	2,794,461	-	-	-	-	-	-	
New Russian Rubel	54,775,770	805,471	-	40,342,664	-	13,627,635	-	-	-	-	
New Taiwan Dollar	(15,013)	5,655	-	-	-	-	(20,668)	-	-	-	
New Zealand Dollar	66,383,847	361,253	-	51,330,162	-	3,292,526	-	11,399,906	-	-	
Nigerian Naira	7,509,646	255,956	-	1,683,074	-	5,458,384	-	112,232	-	-	
Norwegian Krone	52,224,937	477,153	-	-	-	-	-	51,747,784	-	-	
Peruvian Nuevo Sol	3,727,366	-	-	3,727,366	-	-	-	-	-	-	
Philippine Peso	53,024,201	76,507	-	-	-	-	-	52,947,694	-	-	
Polish Zloty	101,370,394	805,368	-	65,639,875	-	-	-	34,925,151	-	-	
Pound Sterling	1,093,838,472	4,299,345	-	280,272	443,635	2,582,584	-	1,078,887,169	-	7,345,467	
Singapore Dollar	102,897,958	642,514	-	-	-	-	-	97,051,445	-	5,203,999	
South African Rand	110,182,056	1,046,267	-	38,483,428	-	649,627	(102,811)	70,105,545	-	-	
South Korean Won	278,937,410	273,665	-	-	-	-	(49,336)	275,023,513	3,689,568	-	
Sri Lanka Rupee	2,910,178	-	-	-	-	2,910,178	-	-	-	-	
Swedish Krona	158,194,619	39,225	-	-	-	-	-	158,155,394	-	-	
Swiss Franc	386,276,273	845,656	-	-	-	-	-	385,430,617	-	-	
Thailand Baht	156,360,752	259,324	-	25,976,148	85,686	-	-	130,039,594	-	-	
Turkish Lira	121,534,351	1,892	-	40,846,103	-	141,009	-	80,545,347	-	-	
Ukraine Hryvna	1,062,645	-	-	-	-	1,062,645	-	-	-	-	
Uruguayan Peso	7,742,285	-	-	7,742,285	-	-	-	-	-	-	
Vietnam Dong	2,635,031	-	-	-	-	2,635,031	-	-	-	-	
	\$7,338,744,469	\$27,253,993	\$3,528	\$662,138,866	\$529,321	\$160,613,758	\$527,999	\$(1,714,246)	\$6,354,228,621	\$75,243,590	\$59,919,039

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Securities Lending:

Certain of the Funds engage in securities lending transactions to provide incremental returns to the Funds. The Funds are permitted to enter into securities lending transactions pursuant to Section 3-13d of the Connecticut General Statutes and the Custodial Contract. The Funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the period ended June 30, 2013, the master custodian lent certain securities of the Client and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The master custodian did not have the ability to pledge or sell collateral securities delivered therefore absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, the master custodian has an obligation to indemnify the Client in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of Default of the Borrower. During the fiscal year, the Client and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. On June 30, 2013, the Client had no credit risk exposure to borrowers. The fair value of collateral held for the Funds as of June 30, 2013 was \$2,515,688,702 as cash and \$200,609,448 as non-cash. The fair value of securities on loan for the Funds as of June 30, 2013 was \$ 2,446,994,388 as cash and \$187,258,302 as non-cash.

Under ordinary circumstances, the average effective duration of the security lending operations will be managed such that it will not exceed 120 days, or fall below 1 day. Under such ordinary circumstances, the net duration, as defined by the duration of assets less the duration of liabilities, will not exceed 45 days. In the event that the average effective duration does exceed 120 days, or the net duration does exceed 45 days for any 3-day period, the Trustee shall, (i) notify the Funds within 5 business days and (ii) take appropriate action as is reasonable to return an average effective duration below 120 days or a net duration below 45 days. The average effective duration is calculated using the weighted average effective duration of holdings. The average effective duration of the security lending program at June 30, 2013 was 15.07 days.

The average effective duration is managed to be within 45 days due to the inability to monitor the weighted average duration of liabilities. The weighted average duration of liabilities is assumed to remain at 1 day.

The fair value of collateral held and the fair value of securities on loan are as follows for the Funds as of June 30, 2013:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	\$1,104,497,379	\$1,076,661,441
Core Fixed Income	325,855,831	319,928,670
Inflation Linked Bond	372,937,153	366,149,756
Emerging Market Debt	18,052,509	17,569,128
High Yield Investment	238,778,447	234,235,792
Developed Market International Stock	431,202,836	404,950,045
Emerging Market International Stock	223,403,650	214,757,858
Total	\$2,714,727,805	\$2,634,252,690

Investments made using the cash collateral received from security loans were included in the Statement of Net Position. The fair value of these amounts is as follows:

Fund	Cash Equivalents	Corporate Debt	Total Investments
Mutual Equity	\$ 77,862,973	\$1,017,396,973	\$1,095,259,946
Core Fixed Income	22,929,761	299,611,850	322,541,611
Inflation Linked Bond	26,471,814	345,894,100	372,365,914
Emerging Market Debt	1,281,403	16,743,455	18,024,858
High Yield Investment	16,681,416	217,967,829	234,649,245
Developed Market International Stock	19,507,968	254,900,980	274,408,948
Emerging Market International Stock	13,723,739	179,321,321	193,045,060
Total	\$178,459,074	\$2,331,836,508	\$2,510,295,582

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

These amounts are invested in a pool which is maintained solely on behalf of the Funds, but whose investments are held in the master custodian's name. The above total amounts were included on the Statement of Net Position in "Invested Securities Lending Collateral".

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2013, the aggregate cost of purchases and proceeds from sales of investment securities were as follows:

Fund	Purchases	Sales
Alternative Investment	\$1,107,998,646	\$467,149,083
Mutual Equity	6,056,459,617	7,301,786,235
Core Fixed Income	12,368,724,630	12,889,950,992
Inflation Linked Bond	1,294,611,073	1,296,781,855
Emerging Market Debt	2,707,375,256	2,425,222,584
High Yield Investment	2,400,051,342	1,845,037,841
Developed Market International Stock	5,687,061,467	5,603,200,274
Emerging Market International Stock	3,165,226,575	3,041,169,560
Real Estate	853,889,889	776,272,036
Commercial Mortgage	2,103,066	2,731,241
Private Investment	1,590,674,754	1,565,477,164

The above amounts include the effect of cost adjustments processed during the year.

NOTE 4: UNREALIZED APPRECIATION AND DEPRECIATION ON INVESTMENTS AND FOREIGN EXCHANGE CONTRACTS

At June 30, 2013, the gross appreciation of investment securities in which there was an excess of fair value over cost, the gross depreciation of investment securities in which there was an excess of cost over fair value and the resulting net appreciation (depreciation) by fund were as follows:

Fund	Gross Appreciation	Gross Depreciation	Net Appreciation (Depreciation)
Liquidity Investment	\$3,129,537	\$24,315,768	\$(21,186,231)
Alternative Investment	58,348,023	1,448,394	56,899,629
Mutual Equity	1,748,290,102	176,565,650	1,571,724,452
Core Fixed Income	56,667,463	42,436,469	14,230,994
Inflation Linked Bond	16,606,291	23,175,840	(6,569,549)
Emerging Market Debt	30,550,764	57,843,977	(27,293,213)
High Yield Investment	43,243,069	37,129,696	6,113,373
Developed Market International Stock	862,666,040	331,299,981	531,366,059
Emerging Market International Stock	327,660,520	201,705,903	125,954,617
Real Estate	123,651,587	263,737,985	(140,086,398)
Commercial Mortgage	2	142	(140)
Private Investment	446,191,314	128,012,150	318,179,164

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the Liquidity, Core Fixed Income, Inflation Linked Bond Fund, Emerging Market Debt, Developed Market International Stock, Emerging Market International Funds utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

At June 30, 2013, the Funds had recorded unrealized gains (losses) from open forward currency contracts as follows:

Liquidity Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Brazilian Real	\$ 15,236,238	\$ (821,693)
Chilean Peso	9,905,272	(224,020)
Colombian Peso	14,826,644	(358,643)
Czech Koruna	378,043	(171,774)
Dominican Peso	2,049,286	123,937
Euro Currency	20,451,984	(366,909)
Ghana Cedi	6,811,989	(74,823)
Hungarian Forint	6,664,977	(3,489)
Indian Rupee	13,584,436	(799,276)
Indonesian Rupiah	8,086,312	52,596
Japanese Yen	11,812,352	37,944
Kazakhstan Tenge	24,489,884	(65,957)
Malaysian Ringgit	16,188,461	(262,095)
New Romanian Leu	16,367,664	(389,086)
New Russian Ruble	36,638,353	(393,678)
New Taiwan Dollar	6,528,010	(19,013)
Nigerian Naira	17,743,671	(103,861)
Norwegian Krone	981,155	(43,551)
Peruvian Nouveau Sol	13,033,786	(284,472)
Philippine Peso	8,093,000	(132,381)
Polish Zloty	7,981,115	(275,456)
Pound Sterling	14,374,060	(255,035)
Serbian Dinar	-	862,184
Singapore Dollar	9,722,000	(109,243)
South African Rand	8,442,470	(128,672)
South Korean Won	16,302,862	(174,027)
Swedish Krona	588,547	(14,974)
Thailand Baht	8,067,412	(69,128)
Turkish Lira	14,868,500	(649,161)
Uganda Shilling	5,993,617	69,247
Uruguayan Peso	1,467,208	(34,792)
Yuan Renminbi	9,529,444	55,069
Zambian Kwacha	10,533,129	(189,073)
	<u>357,741,881</u>	<u>(5,213,305)</u>

Contracts to Sell:

Australian Dollar	\$ 78,335,209	\$ 3,799,832
Brazilian Real	12,123,525	165,729
Chilean Peso	185,373	(4,352)
Colombian Peso	3,151,273	18,357
Czech Koruna	10,528,588	369,264
Danish Krone	2,470,152	6,985
Euro Currency	147,176,581	1,174,258
Hungarian Forint	6,529,957	16,462
Japanese Yen	32,098,385	772,199
Kazakhstan Tenge	8,207,417	5,630
Malaysian Ringgit	12,800,829	120,897
Mexican Peso	5,719,088	104,153
New Russian Ruble	31,693,523	360,793
New Zealand Dollar	56,481,575	2,148,191
Philippine Peso	7,883,038	(77,581)
Polish Zloty	25,148,068	681,119
South African Rand	3,473,000	25,227
Turkish Lira	7,629,585	31,687
Uganda Shilling	319,000	30
Uruguayan Peso	143,560	(3,215)
	<u>452,097,726</u>	<u>9,715,665</u>
Total	<u>\$ 809,839,607</u>	<u>\$ 4,502,360</u>

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 809,839,607	\$ 809,839,607	\$ -
Unrealized Gain/Loss	(5,213,305)	9,715,665	4,502,360
Net	\$ 804,626,302	\$ 800,123,942	\$ 4,502,360

Core Fixed Income Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Euro Currency	\$ 5,593,123	\$ 56,492
	5,593,123	56,492

Contracts to Sell:

Pound Sterling	\$ 773,115	\$ 7,260
Euro Currency	6,955,839	61,756
	7,728,954	69,016
Total	\$ 13,322,077	\$ 125,508

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 13,322,077	\$ 13,322,077	\$ -
Unrealized Gain/Loss	56,492	69,016	125,508
Net	\$ 13,378,569	\$ 13,253,061	\$ 125,508

Inflation Linked Bond Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Sell:

Euro Currency	\$ 12,129,234	\$ 10,163
Total	\$ 12,129,234	\$ 10,163

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 12,129,234	\$ 12,129,234	\$ -
Unrealized Gain/Loss	-	10,163	10,163
Net	\$ 12,129,234	\$ 12,119,071	\$ 10,163

Emerging Market Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Brazilian Real	\$ 819,291	\$ (17,685)
Colombian Peso	6,100,769	(59,824)
Euro Currency	3,462,151	(3,685)
Hungarian Forint	5,913,592	14,396
Indian Rupee	2,049,026	35,129
Indonesian Rupiah	3,417,648	18,547
Malaysian Ringgit	4,839,579	(35,788)
Mexican Peso	8,547,820	(123,506)
New Romanian Leu	730,326	(12,994)
Nigerian Naira	6,056,078	(38,852)
Peruvian Nouveau Sol	1,260,000	3,411
Philippine Peso	2,545,646	(463)
Polish Zloty	1,823,903	(66,404)
Singapore Dollar	157,683	(4,720)
South African Rand	6,042,659	154,230
Thailand Baht	2,882,071	(27,662)
Turkish Lira	4,264,527	(77,048)
	60,912,769	(242,918)

Contracts to Sell:

Brazilian Real	\$ 2,623,570	\$ 95,677
Chilean Peso	1,605,026	2,959
Colombian Peso	7,753,787	44,370
Euro Currency	14,598,562	65,318
Hungarian Forint	1,977,535	24,856
Indian Rupee	1,555,926	51,581
New Russian Ruble	484,378	7,827
New Taiwan Dollar	29,705	56
Nigerian Naira	2,133,638	22,632
Peruvian Nouveau Sol	1,136,486	8,168

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Polish Zloty	2,012,889	(3,619)
Pound Sterling	1,079,447	11,510
Singapore Dollar	158,536	5,573
South Korean Won	217,927	1,523
Turkish Lira	3,908,204	(14,776)
Ukraine Hryvna	796,025	(117,714)
	<u>42,071,641</u>	<u>205,941</u>
Total	\$ 102,984,410	\$ (36,977)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 102,984,410	\$ 102,984,410	\$ -
Unrealized Gain/Loss	(242,918)	205,941	(36,977)
Net	<u>\$ 102,741,492</u>	<u>\$ 102,778,469</u>	<u>\$ (36,977)</u>

High Yield Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Euro Currency	\$ 527,003	\$ (9,836)
	<u>527,003</u>	<u>(9,836)</u>

Contracts to Sell:

Euro Currency	\$ 11,894,568	\$ 89,123
Pound Sterling	1,145,667	12,216
	<u>13,040,235</u>	<u>101,339</u>
Total	\$ 13,567,238	\$ 91,503

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 13,567,238	\$ 13,567,238	\$ -
Unrealized Gain/Loss	(9,836)	101,339	91,503
Net	<u>\$ 13,557,402</u>	<u>\$ 13,465,899</u>	<u>\$ 91,503</u>

Developed Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	\$ 248,483,215	\$ (21,012,485)
Brazilian Real	144,432	1,043
Danish Krone	8,873,255	60,896
Euro Currency	143,424,356	(1,889,129)
Hong Kong Dollar	8,219,248	5,380
Israeli Shekel	4,596,823	101
Japanese Yen	773,598,022	(19,528,038)
New Zealand Dollar	109,012,696	(6,490,348)
Norwegian Krone	142,078,522	(5,661,946)
Pound Sterling	242,938,812	(5,167,158)
Singapore Dollar	5,929,021	(69,757)
Swedish Krona	54,004,159	(1,979,676)
Swiss Franc	123,839,791	(1,852,377)
	<u>1,865,142,352</u>	<u>(63,583,494)</u>

Contracts to Sell:

Australian Dollar	\$ 626,753,725	\$ 42,820,854
Brazilian Real	2,132	(19)
Danish Krone	23,748,395	(125,096)
Euro Currency	832,719,034	(14,114,588)
Hong Kong Dollar	42,169,964	(19,018)
Israeli Shekel	471,337	282
Japanese Yen	1,214,484,164	42,535,069
Malaysian Ringgit	16,120	(161)
New Zealand Dollar	144,215,520	6,681,586
Norwegian Krone	163,023,415	4,534,250
Pound Sterling	731,262,767	(2,407,924)
Singapore Dollar	53,381,611	982,548
Swedish Krona	114,039,054	3,091,597
Swiss Franc	239,310,652	(1,929,591)

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Turkish Lira	415,394	547
	<u>4,186,013,284</u>	<u>82,050,336</u>
Total	\$ 6,051,155,636	\$ 18,466,842

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 6,051,155,636	\$ 6,051,155,636	\$ -
Unrealized Gain/Loss	(63,583,494)	82,050,336	18,466,842
Net	<u>\$ 5,987,572,142</u>	<u>\$ 5,969,105,300</u>	<u>\$ 18,466,842</u>

Emerging Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Brazilian Real	\$ 283,269	\$ (2,532)
Hong Kong Dollar	882,852	68
Malaysian Ringgit	641,591	3,310
Mexican Peso	39,274	248
South African Rand	1,959,418	19,678
South Korean Won	911,783	200
	<u>4,718,187</u>	<u>20,972</u>

Contracts to Sell:

Hong Kong Dollar	\$ 8,681,083	\$ (1,582)
Malaysian Ringgit	575,420	(4,644)
Mexican Peso	502,083	(1,810)
Philippine Peso	117,536	(157)
Turkish Lira	580,930	1,098
	<u>10,457,052</u>	<u>(7,095)</u>
Total	\$ 15,175,239	\$ 13,877

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 15,175,239	\$ 15,175,239	\$ -
Unrealized Gain/Loss	20,972	(7,095)	13,877
Net	<u>\$ 15,196,211</u>	<u>\$ 15,182,334</u>	<u>\$ 13,877</u>

The net unrealized gain has been included in the Statement of Changes in Net Assets as a component of Net Change in Unrealized Gain (Loss) on Investments and Foreign Currency.

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment, Real Estate and Alternative Investment Funds have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 2013, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	\$ 2,146,068,230	\$ 1,823,220,145	\$ 322,848,085
Private Investment	5,825,903,582	4,718,194,818	1,107,711,764
Alternative Investment	1,075,000,000	991,719,310	83,280,690

Certain Private Investment Funds allow the General Partner to recycle distributions without a reduction in unfunded commitments and accordingly have no impact upon the above amounts. Capital recycling is a tool frequently used by investment managers to fully invest the committed capital of a fund in portfolio investments. Since fees and expenses are a component of a fund's total capital commitments, capital recycling generally allows fund managers to: (i) mitigate the impact of fees and expenses and (ii) increase the possibility that limited partner capital is invested in portfolio companies. Recycling provisions allow managers to recall capital distributions if certain criteria are met. The use of recycling provisions varies by manager but generally limits capital recycling to a range between 0% and 20% of total commitments. As a result the actual commitment could be as much as 120% of the stated commitment amount.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: CONTINGENCY

There was no pending or threatened litigation against the Connecticut Retirement Plans and Trust Funds ("CRPTF") during the fiscal year ended June 30, 2013.

The CRPTF continues to work with other investors and investment partners to recover assets lost due to the malfeasance of others. The Limited Partners of an investment in the Private Investment Fund ("PIF"), await final distribution of a small reserve established when the limited partnership was dissolved. The majority of the proceeds from the aggregate \$6.8 million settlement were distributed. A liquidating trustee was appointed in 2007 to dissolve the partnership and wind up its business activities. The remaining reserve was scheduled to be distributed, on a pro rata basis, in December 2008. The liquidating trustee is waiting for the conclusion of a related SEC action.

Additionally, another limited partnership in the PIF invested \$15 million in a portfolio company that reported double digit revenue growth. In 2005, the General Partner initiated a sales process expecting to realize significant gain. Lack of cooperation from management challenged the sale process, resulting in legal action from the partnership and other investors in the portfolio company to force a sale. This process uncovered serious financial irregularities in the portfolio company, resulting in the removal and criminal investigation of the CEO and other senior managers. The portfolio company is currently in bankruptcy. In July 2008, the Bankruptcy Court approved the portfolio company's plan of liquidation. A liquidation trustee was appointed to oversee further liquidation efforts, including investigation and pursuit of potential litigation claims. The liquidation trustee has filed law suits or arbitration proceedings against certain parties, including the bank that issued the credit facility, the investment bank, an equipment manufacturer, accounting firms, and a law firm, among others. In January 2009, the liquida-

NOTE 9: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2013:

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND
Investments in Securities, at Cost					
Liquidity Fund	\$ -	\$200,452,286	\$51,134,349	\$170,322,877	\$32,068,790
Cash Equivalents	1,425,532,922	-	-	-	-
Asset Backed Securities	80,960,549	-	-	61,658,571	-
Government Securities	566,936,629	-	-	597,399,694	853,983,254
Government Agency Securities	38,809,081	-	-	533,000,335	-
Mortgage Backed Securities	32,662,017	-	-	173,342,685	-
Corporate Debt	229,408,025	-	-	505,989,464	-
Convertible Securities	-	-	-	-	-
Common Stock	-	-	4,298,906,850	-	-
Preferred Stock	-	-	-	56,577	-
Real Estate Investment Trust	-	-	139,145,261	-	-
Mutual Fund	-	-	174,253,198	320,671	-
Limited Liability Corporation	-	-	-	-	-
Trusts	-	-	-	-	-
Limited Partnerships	-	990,222,995	918,688	-	-
Partnerships	-	-	-	-	-
Annuities	-	-	-	-	-
Total Investments in Securities, at cost	\$2,374,309,223	\$1,190,675,281	\$4,664,358,346	\$2,042,090,874	\$886,052,044

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

tion trustee entered into a settlement agreement with the General Partner, exchanging mutual releases for the GP, the fund and its investors. Additionally, the settlement agreement provides for a sharing of recovery from further prosecution of the matter, including any settlement reached with the insurance carrier. Recoveries are anticipated to be quite modest, if at all. In 2009, the bank has filed a motion under seal which, if granted, may permit the bank to reduce any liability to the liquidation trustee by the proportionate amount that it can attribute to either the minority shareholders (including the fund).

NOTE 8: SUBSEQUENT EVENT

The CRPTF has performed an evaluation of subsequent events through December 31, 2013, the date the basic financial statements were available to be issued. Effective October 1, 2013 CRPTF changed its master custodian. No other material events were identified.

EMERGING MARKET DEBT FUND	HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
\$22,442,675	\$73,265,807	\$262,850,035	\$130,872,378	\$245,031,000	\$27,353	\$128,529,278
67,638	72,891,822	29,107	-	-	-	-
(838,055)	-	-	-	-	-	-
691,226,419	23,138,374	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	42,886	-
191,030,327	1,032,897,259	-	-	-	-	-
-	35,480,214	-	-	-	-	-
618,963	7,180,582	4,516,464,869	1,962,614,046	-	-	1,495,204
-	16,270,773	29,664,822	47,589,753	-	-	-
-	-	51,823,696	4,768,169	56,541,348	-	-
510,815,771	-	873,107	95,383,090	-	-	-
-	-	-	-	-	-	2,115,165,847
-	-	-	-	8,193,224	-	-
-	-	-	-	1,301,620,048	-	1,508,112
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$1,415,363,738	\$1,261,124,831	\$4,861,705,636	\$2,241,227,436	\$1,611,385,620	\$70,239	\$2,246,698,441

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	LIQUIDITY FUND					ALTERNATIVE INVESTMENT FUND				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$1.00	\$1.01	\$1.00	\$1.00	\$1.00	\$1.00	\$1.01	\$-	\$-	\$-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$-	\$-	\$-	\$-	\$-
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	\$-	\$(0.01)	\$0.01	\$0.00	\$(0.00)	\$0.06	\$(0.01)	\$1.01	\$-	\$-
Total from Investment Operations	\$0.01	\$-	\$0.02	\$0.01	\$0.02	\$0.06	\$(0.01)	\$1.01	\$-	\$-
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$-	\$-	\$-	\$-	\$-
Net Position - End of Period	\$1.00	\$1.00	\$1.01	\$1.00	\$1.00	\$1.06	\$1.00	\$1.01	\$-	\$-
TOTAL RETURN	0.66%	-0.14%	1.20%	0.98%	1.54%	6.39%	-1.62%	0.00%	0.00%	0.00%
RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$2,464	\$1,531	\$1,736	\$2,219	\$2,171	\$1,248	\$549	\$519	\$-	\$-
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.30%	0.35%	0.23%	0.15%	0.04%	0.13%	0.17%	0.27%	0.00%	0.00%
Ratio of Expenses to Average Net Position	0.30%	0.35%	0.23%	0.15%	0.04%	0.13%	0.17%	0.27%	0.00%	0.00%
Ratio of Net Investment Income (Loss) to Average Net Position	0.65%	1.04%	0.74%	0.70%	1.55%	0.31%	0.07%	0.02%	0.00%	0.00%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	MUTUAL EQUITY					CORE FIXED INCOME				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$957.67	\$941.76	\$726.98	\$648.30	\$927.68	\$122.75	\$118.32	\$117.87	\$110.56	\$113.86
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	\$19.49	\$15.58	\$13.33	10.86	16.89	3.45	4.07	4.55	4.92	5.30
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	\$180.89	\$15.38	\$214.37	79.56	(279.76)	(3.83)	4.88	0.69	7.88	(2.44)
Total from Investment Operations	\$200.38	\$30.96	\$227.70	90.42	(262.87)	(0.38)	8.95	5.24	12.80	2.86
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	\$(19.39)	\$(15.05)	\$(12.92)	(11.74)	(16.51)	(4.17)	(4.52)	(4.79)	(5.49)	(6.16)
Net Position - End of Period	\$1,138.66	\$957.67	\$941.76	\$726.98	\$648.30	\$118.20	\$122.75	\$118.32	\$117.87	\$110.56
TOTAL RETURN	21.15%	3.38%	31.92%	14.01%	-28.36%	-0.24%	7.63%	4.49%	11.81%	2.84%
RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$6,237	\$6,425	\$6,638	\$5,289	\$5,590	\$1,905	\$2,617	\$2,718	\$2,701	\$3,160
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.23%	0.21%	0.21%	0.24%	0.14%	0.18%	0.15%	0.16%	0.15%	0.14%
Ratio of Expenses to Average Net Position	0.26%	0.23%	0.24%	0.27%	0.30%	0.21%	0.19%	0.22%	0.20%	0.31%
Ratio of Net Investment Income (Loss) to Average Net Position	1.86%	1.65%	1.61%	1.58%	2.14%	3.00%	3.36%	3.85%	4.18%	4.62%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	INFLATION LINKED BOND					EMERGING MARKET DEBT				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$159.40	\$144.75	\$137.44	\$128.08	\$131.19	\$150.57	\$145.02	\$128.50	\$108.68	\$118.78
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	1.62	3.72	5.23	4.87	2.21	5.21	11.94	8.71	9.02	10.90
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(8.32)	13.72	4.79	7.39	(2.11)	(2.60)	(5.03)	11.69	15.68	(15.89)
Total from Investment Operations	(6.70)	17.44	10.02	12.26	0.10	2.61	6.91	20.40	24.70	(4.99)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(2.16)	(2.79)	(2.71)	(2.90)	(3.21)	(0.84)	(1.36)	(3.88)	(4.88)	(5.11)
Net Position - End of Period	\$150.54	\$159.40	\$144.75	\$137.44	\$128.08	\$152.34	\$150.57	\$145.02	\$128.50	\$108.68
TOTAL RETURN	-4.33%	11.91%	7.23%	9.48%	-0.20%	1.69%	4.78%	16.06%	23.02%	-3.62%
RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$888	\$938	\$1,119	\$1,063	\$837	\$1,410	\$1,202	\$1,158	\$1,176	\$1,132
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.13%	0.11%	0.12%	0.13%	0.11%	0.45%	0.40%	0.42%	0.43%	0.32%
Ratio of Expenses to Average Net Position	0.20%	0.18%	0.33%	0.35%	0.76%	0.45%	0.40%	0.43%	0.43%	0.35%
Ratio of Net Investment Income (Loss) to Average Net Position	1.05%	2.26%	3.71%	3.59%	1.79%	3.44%	8.08%	6.42%	7.55%	8.93%

Source: Amounts were derived from custodial records.

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	HIGH YIELD DEBT					DEVELOPED MARKET INTERNATIONAL				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$121.79	\$122.95	\$113.69	\$98.48	\$112.63	\$314.31	\$366.79	\$295.58	\$270.69	\$384.58
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	8.37	9.22	10.40	9.33	9.72	10.35	9.49	8.68	6.97	8.45
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	2.22	(1.87)	7.36	14.19	(15.60)	60.42	(54.79)	68.92	23.23	(114.67)
Total from Investment Operations	10.59	7.35	17.76	23.52	(5.88)	70.77	(45.30)	77.60	30.20	(106.22)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(6.75)	(8.51)	(8.50)	(8.31)	(8.27)	(6.76)	(7.18)	(6.39)	(5.31)	(7.67)
Net Position - End of Period	\$125.63	\$121.79	\$122.95	\$113.69	\$98.48	\$378.32	\$314.31	\$366.79	\$295.58	\$270.69
TOTAL RETURN	8.46%	6.23%	15.96%	24.54%	-4.59%	22.56%	-12.48%	26.30%	11.03%	-27.98%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$1,248	\$711	\$718	\$693	\$733	\$5,447	\$4,626	\$5,409	\$4,435	\$4,416
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.36%	0.38%	0.39%	0.39%	0.33%	0.43%	0.45%	0.51%	0.54%	0.41%
Ratio of Expenses to Average Net Position	0.39%	0.41%	0.42%	0.43%	0.48%	0.45%	0.47%	0.53%	0.57%	0.49%
Ratio of Net Investment Income (Loss) to Average Net Position	6.07%	7.54%	8.67%	8.92%	9.08%	3.02%	2.79%	2.62%	2.49%	2.51%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	EMERGING MARKET INTERNATIONAL STOCK					REAL ESTATE				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$351.61	\$416.41	\$327.75	\$264.93	\$389.39	\$35.21	\$33.72	\$30.40	\$38.76	\$55.48
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.36	9.28	7.00	6.05	6.72	2.04	0.89	1.44	0.88	0.86
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	5.57	(67.82)	86.38	61.21	(126.78)	1.55	1.51	3.40	(8.62)	(16.51)
Total from Investment Operations	11.93	(58.54)	93.38	67.26	(120.06)	3.59	2.40	4.84	(7.74)	(15.65)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(4.78)	(6.26)	(4.72)	(4.44)	(4.40)	(2.34)	(0.91)	(1.52)	(0.62)	(1.07)
Net Position - End of Period	\$358.76	\$351.61	\$416.41	\$327.75	\$264.93	\$36.46	\$35.21	\$33.72	\$30.40	\$38.76
TOTAL RETURN	3.29%	-14.16%	28.55%	25.23%	-30.90%	10.26%	7.19%	16.12%	-20.18%	-28.66%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$2,369	\$2,227	\$2,638	\$2,073	\$1,147	\$1,482	\$1,328	\$1,097	\$784	\$770
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.84%	0.72%	0.85%	0.87%	0.59%	0.35%	0.33%	0.43%	0.51%	0.52%
Ratio of Expenses to Average Net Position	0.85%	0.73%	0.86%	0.89%	0.67%	0.35%	0.33%	0.43%	0.51%	0.52%
Ratio of Net Investment Income (Loss) to Average Net Position	1.78%	2.42%	1.90%	2.15%	2.08%	5.56%	2.59%	4.62%	2.54%	1.80%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	COMMERCIAL MORTGAGE					PRIVATE INVESTMENT				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Net Position- Beginning of Period	\$40.34	\$46.54	\$48.51	\$49.48	\$55.58	\$49.83	\$51.00	\$49.63	\$44.43	\$54.85
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	5.59	2.47	3.51	3.76	3.71	5.51	4.09	7.58	2.97	1.83
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(7.62)	(5.34)	(1.35)	(0.51)	(5.39)	(1.23)	(1.24)	1.50	4.59	(9.99)
Total from Investment Operations	(2.03)	(2.87)	2.16	3.25	(1.68)	4.28	2.85	9.08	7.56	(8.16)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.95)	(3.33)	(4.13)	(4.22)	(4.42)	(6.05)	(4.02)	(7.71)	(2.36)	(2.26)
Net Position - End of Period	\$30.36	\$40.34	\$46.54	\$48.51	\$49.48	\$48.06	\$49.83	\$51.00	\$49.63	\$44.43
TOTAL RETURN	0.88%	-6.48%	4.61%	6.75%	-3.14%	9.50%	5.92%	19.89%	17.32%	-16.36%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$-	\$1	\$2	\$4	\$5	\$2,550	\$2,572	\$2,232	\$2,014	\$1,627
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	6.26%	1.65%	0.97%	1.21%	1.53%	0.29%	0.36%	0.44%	0.55%	0.54%
Ratio of Expenses to Average Net Position	6.26%	1.65%	0.97%	1.21%	1.53%	0.29%	0.36%	0.44%	0.55%	0.54%
Ratio of Net Investment Income (Loss) to Average Net Position	7.11%	5.64%	7.49%	7.77%	7.09%	11.23%	8.09%	15.26%	6.37%	2.76%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>June 30, 2013</u>
ASSETS	
Investment in Securities, at Amortized Cost (Note 7)	\$ 4,472,221,949
Accrued Interest and Other Receivables	4,812,927
Prepaid Assets	392,727
Total Assets	<u>\$ 4,477,427,603</u>
LIABILITIES	
Distribution Payable (dividend guaranteed)	706,145
Interest Payable	11
Total Liabilities	<u>\$ 706,156</u>
NET POSITION HELD IN TRUST FOR PARTICIPANTS (includes reserve)	<u><u>\$ 4,476,721,447</u></u>

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	2013	2012
ADDITIONS		
Operations		
Interest Income	\$ 11,119,088	\$ 12,665,270
Net Investment Income	11,119,088	12,665,270
Net Realized Gains	3,695	155,824
Net Increase Resulting from Operations	11,122,783	12,821,094
Share Transactions at Fair Value of \$1.00 per Share		
Purchase of Units	11,187,389,566	10,801,899,185
TOTAL ADDITIONS	11,198,512,349	10,814,720,279
 DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants*	(7,318,887)	(7,557,772)
Total Distributions Paid and Payable	(7,318,887)	(7,557,772)
Share Transactions at Fair Value of \$1.00 per Share		
Redemption of Units	(11,606,571,490)	(10,406,516,246)
Operations		
Operating Expenses	(1,472,464)	(1,300,499)
TOTAL DEDUCTIONS	(11,615,362,841)	(10,415,374,518)
<i>* Net of designated reserve transfer contributions and expenses.</i>		
 CHANGE IN NET POSITION	(416,850,492)	399,345,762
 Net POSITION Held in Trust for Participants		
Beginning of Year	4,893,571,939	4,494,226,177
End of Year	\$ 4,476,721,447	\$ 4,893,571,939

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Short-Term Investment Fund (“STIF” or the “Fund”) is a money market investment pool managed by the Treasurer of the State of Connecticut. Section 3-27 of the Connecticut General Statutes (CGS) created STIF. Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. Securities in which the State Treasurer is authorized to invest monies of STIF include United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers’ acceptances, repurchase agreements, and asset-backed securities. STIF is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State’s financial reporting entity) is not displayed in the State’s basic financial statements. Instead, each fund type’s investment in STIF is reported as “cash equivalents” in the statement of net position. The external portion (i.e., the portion that belongs to investors which are not part of the State’s financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

The Fund is considered a “2a7-like” pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use amortized cost to report net position.

Related Party Transactions.

STIF had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity.

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles (“GAAP”) used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

Security Valuation of Financial Instruments.

The assets of the Fund are carried at amortized cost (which approximates fair value). All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions.

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income.

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses.

Operating and interest expenses of STIF are accrued as incurred.

Fiscal Year.

The fiscal year of STIF ends on June 30.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Distributions to Investors.

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of the Fund net of administrative expenses and, if applicable, an allocation to the Designated Surplus Reserve. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at a constant \$1.00 net asset value per share, which is consistent with the per share net asset value of the Fund, excluding the Designated Surplus Reserve.

Designated Surplus Reserve.

While STIF is managed prudently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured. In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. The amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year until the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participants with Units Outstanding.

As of June 30, 2013, the balance in the Designated Surplus Reserve was \$49,692,211 which reflects \$2.3 million in contributions during the year.

Estimates.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT DISCLOSURES

A formal investment policy (as adopted August 21, 1996, revised June 16, 2008 and April 17, 2009) specifies policies and guidelines that provide for the systematic management of STIF and prudent and productive investment of funds. STIF's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2013. All securities of STIF are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF's deposits may not be recovered. The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of total assets with a ten-business-day cure period. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A- and its issuer rating is at least "C", or backed by a letter of credit issued by a Federal Home Loan bank.

Certificates of Deposit in banks are insured up to \$250,000 (through December 31, 2013), any amount above this limit is considered uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to at least ten percent of the outstanding deposit. As of fiscal year-end, certificates of deposit in the Short-Term Investment Fund totaled \$1,780,000,000. Of that amount, \$1,089,110,000 was exposed to custodial credit risk representing the portion that was uninsured and uncollateralized. Each of the CD's had put options that would allow STIF to redeem the investments within one to seven business days.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in the general level of interest rates will adversely affect the fair value of an investment. The STIF’s policy for managing interest rate risk is to limit investments to a very short weighted average maturity, not to exceed 90-days, and to comply with Standard and Poor’s requirement that the weighted average maturity not exceed 60 days. The weighted-average maturity is calculated daily, and reported to Standard and Poor’s weekly to ensure compliance. As of June 30, 2013 the weighted average maturity of the STIF was 44 days. The breakdown of the STIF’s maturity profile is outlined below.

Investments	Amortized Cost	Investment Maturity in Years	
		Less than One	One - Five
Deposit Instruments			
Fixed	\$1,780,000,000	\$1,780,000,000	\$ -
Federal Agency Securities			
Fixed	1,016,769,288	994,304,512	22,464,776
Floaters	994,559,993	994,559,993	-
US Government Guaranteed or Insured	50,155,747	50,155,747	-
Government Money Market Funds	205,736,920	205,736,920	-
Bank Commercial Paper	325,000,000	325,000,000	-
Repurchase Agreements	100,000,000	100,000,000	-
Total	\$4,472,221,948	\$4,449,757,172	\$22,464,776

Additionally, STIF is allowed by policy to invest in floating-rate debt securities. Further, investment in floating-rate securities with maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities reset frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF portfolio held \$995 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STIF manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

Credit Quality Rating	Amortized Cost	Percentage of Amortized Cost
AAAm	\$ 205,736,920	4.60%
AA / A-1+	965,000,000	21.58
A / A-1	940,000,000	21.02
A-2	300,000,000	6.71
N/R	30,000,000	0.67
Federal Agency and U.S. Govt / Govt Guaranteed Securities	2,031,485,028	45.42
Total	\$4,472,221,948	100.00%

Concentration of Credit Risk

The Short-Term Investment Fund limits the amount it may invest in any one issuer to an amount not to exceed 10 percent with a ten-business-day cure period other than overnight or two-business-day repurchase agreements and U.S. government and agency securities. As of June 30, 2013, the table below lists issuers with concentrations of greater than 5 percent. At the time of purchase, the securities were at or below 10 percent.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent of Total Portfolio</u>
Federal Farm Credit	\$652,721,789	14.6%
Federal Home Loan Bank	568,959,109	12.7
Fannie Mae	398,714,489	8.9
Freddie Mac	391,392,891	8.8
JP Morgan Chase, NA.	390,000,000	8.7
TD Bank, NA.	390,000,000	8.7
Branch, Banking & Trust, Co.	350,000,000	7.8
US Bank, NA.	325,000,000	7.3
Svenska Handelsbanken	250,000,000	5.6

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF effective February 1, 1996. STIF pays a percentage of the \$110,600 custodial fee charged to the Short-Term Investment Unit. This percentage is calculated quarterly by determining the STIF size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: DISTRIBUTIONS TO INVESTORS

The components of the distributions to investors are as follows for the income earned during the twelve months ended:

<u>Distributions:</u>	<u>2013</u>	<u>2012</u>
July	\$715,741	\$690,438
August	698,925	741,866
September	884,348	709,215
October	721,930	1,018,729
November	825,425	754,162
December	684,328	665,569
January	608,181	438,608
February	454,326	473,242
March	336,432	482,688
April	333,745	651,575
May	349,361	437,660
June (Payable at June 30)	706,145	494,015
Total Distribution Paid & Payable	<u>\$7,318,887</u>	<u>\$7,557,767</u>

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2013:

<u>Investment</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Deposit Instruments	\$1,780,000,000	\$1,780,000,000
Federal Agency Securities	2,011,329,280	2,011,788,278
Government Money Market Funds	205,736,920	205,736,920
US Government Guaranteed/Insured	50,155,747	50,161,720
Repurchase Agreements	100,000,000	100,000,000
Bank Commercial Paper	325,000,000	325,000,000
TOTAL	<u>\$4,472,221,948</u>	<u>\$4,472,686,918</u>

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Repurchase agreements are agreements to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. They are used to enhance returns with minimal risk on overnight cash deposits of the Fund. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York and commercial banks that meet certain quality standards. All repurchase agreements are collateralized at between 100 percent and 102 percent of the securities' value. As of fiscal year end, STIF held \$100 million in repurchase agreements.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 requires that all derivatives be reported on the Statement of Net Position and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2013 the Short-Term Investment Fund held adjustable-rate corporate notes and U.S. government agency securities whose interest rates vary directly with short-term money market indices and are reset either daily, weekly, monthly or quarterly. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

NOTE 8: CREDIT RATING OF THE FUND

Throughout the year ended June 30, 2013, STIF was rated AAAM, its highest rating, by Standard and Poor's Corporation ("S&P"). In November 2012, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAM rating and has continued to maintain this high rating throughout the current fiscal year. In order to maintain an AAAM rating, STIF adheres to the following guidelines:

- Weekly portfolio and market value calculations;
- Maintenance of credit quality standards for portfolio securities with at least 50% of such securities rated A-1+ or invested in overnight repurchase agreements with dealers or banks rated A-1;
- Ensuring adequate portfolio diversification standards with no more than 5% of the portfolio invested in an individual security and no more than 10% invested in an individual issuer, a ten-business-day cure period excluding one and two day repurchase agreements and U.S. government agency securities; and
- A limit on the overall portfolio weighted average maturity (currently no more than 60 days).

It is the Treasurer's intention to take any and all such actions as are needed from time to time to maintain the AAAM rating.

NOTE 9: SUBSEQUENT EVENTS

STIF has performed an evaluation of subsequent events through December 31, 2013, the date the basic financial statements were available to be issued. Effective December 9, 2013 STIF changed its master custodian. No other material events were identified.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2013

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
FEDERAL AGENCY SECURITIES (44.97% OF TOTAL INVESTMENTS)						
\$ 4,270,000	FANNIE MAE DISCOUNT NOTE 07/14 0.00	0.58	\$ 4,261,661	\$ 4,245,085	313586QR3	AA+
5,000,000	FANNIE MAE DISCOUNT NOTE 07/14 0.00	0.58	4,988,686	4,970,825	313586QR3	AA+
25,000,000	FANNIE MAE DISCOUNT NOTE 08/13 0.00	0.03	24,994,688	24,998,950	313589KS1	AA+
20,000,000	FANNIE MAE DISCOUNT NOTE 08/13 0.00	0.03	19,995,006	19,999,040	313589KZ5	AA+
25,000,000	FANNIE MAE NOTES 07/13 VAR 0.20	0.16	25,010,010	25,018,850	3135G0HB2	AA+
6,000,000	FANNIE MAE NOTES 07/13 VAR 0.20	0.16	6,002,858	6,004,524	3135G0HB2	AA+
10,542,000	FANNIE MAE NOTES 07/13 VAR 0.20	0.16	10,547,047	10,549,949	3135G0HB2	AA+
25,000,000	FANNIE MAE NOTES 07/13 VAR 0.17	0.13	24,995,096	25,010,500	3135G0MH3	AA+
50,000,000	FANNIE MAE NOTES 08/13 VAR 0.38	0.09	49,998,933	50,014,550	3135G0CB7	AA+
15,000,000	FANNIE MAE NOTES 08/13 VAR 0.38	0.09	15,000,567	15,004,365	3135G0CB7	AA+
20,000,000	FANNIE MAE NOTES 08/13 VAR 0.38	0.09	20,000,759	20,005,820	3135G0CB7	AA+
2,000,000	FANNIE MAE NOTES 07/13 3.875	0.09	2,002,242	2,002,312	31398ASD5	AA+
15,000,000	FANNIE MAE NOTES 02/14 2.75	0.13	15,227,602	15,233,175	31398AVD1	AA+
10,000,000	FANNIE MAE NOTES 02/14 2.75	0.13	10,152,645	10,155,450	31398AVD1	AA+
1,081,000	FANNIE MAE NOTES 02/14 2.75	0.13	1,097,469	1,097,804	31398AVD1	AA+
10,000,000	FANNIE MAE NOTES 02/14 2.75	0.13	10,152,559	10,155,450	31398AVD1	AA+
10,000,000	FANNIE MAE NOTES 02/14 1.25	0.10	10,069,609	10,075,340	3135G0AP8	AA+
5,000,000	FANNIE MAE NOTES 02/14 1.25	0.10	5,035,143	5,037,670	3135G0AP8	AA+
3,896,000	FANNIE MAE NOTES 02/14 1.25	0.10	3,923,464	3,925,352	3135G0AP8	AA+
10,000,000	FANNIE MAE NOTES 09/13 1.05	0.26	10,013,903	10,013,580	31398A3A8	AA+
20,000,000	FANNIE MAE NOTES 03/14 2.75	0.21	20,359,169	20,355,120	31398AVZ2	AA+
4,775,000	FANNIE MAE NOTES 03/14 2.75	0.21	4,860,393	4,859,785	31398AVZ2	AA+
20,000,000	FANNIE MAE NOTES 03/14 2.75	0.21	20,363,028	20,355,120	31398AVZ2	AA+
3,087,000	FANNIE MAE NOTES 09/13 1.00	0.16	3,092,963	3,092,902	31398A2S0	AA+
1,245,000	FANNIE MAE NOTES 09/13 1.00	0.16	1,247,404	1,247,380	31398A2S0	AA+
3,665,000	FANNIE MAE NOTES 09/13 1.00	0.16	3,672,076	3,672,007	31398A2S0	AA+
2,065,000	FANNIE MAE NOTES 09/13 1.00	0.16	2,068,951	2,068,948	31398A2S0	AA+
3,634,000	FANNIE MAE NOTES 10/13 1.125	0.14	3,642,788	3,643,637	31398A4H2	AA+
1,550,000	FANNIE MAE NOTES 10/13 1.125	0.14	1,553,744	1,554,111	31398A4H2	AA+
10,000,000	FANNIE MAE NOTES 04/14 4.125	0.22	10,311,420	10,307,950	31359MUT8	AA+
18,615,000	FANNIE MAE NOTES 04/14 4.125	0.22	19,196,163	19,188,249	31359MUT8	AA+
10,000,000	FANNIE MAE NOTES 05/14 2.50	0.22	10,202,674	10,198,550	31398AXJ6	AA+
15,000,000	FANNIE MAE NOTES 05/14 2.50	0.22	15,304,713	15,297,825	31398AXJ6	AA+
8,136,000	FANNIE MAE NOTES 12/13 2.875	0.12	8,232,270	8,235,764	31398AUJ9	AA+
1,105,000	FANNIE MAE NOTES 12/13 2.875	0.12	1,118,320	1,118,550	31398AUJ9	AA+
25,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.20	0.18	25,009,487	25,011,100	3133EANX2	AA+
25,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.17	0.16	24,995,973	25,005,350	3133ECEV2	AA+
2,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.22	0.16	2,001,650	2,002,034	3133EAXP8	AA+
50,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.27	0.17	49,989,327	50,054,400	3133EAM47	AA+
20,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.18	20,016,085	20,012,680	3133EAVE5	AA+
2,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	2,001,100	2,001,492	3133EA5D6	AA+
25,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	25,018,499	25,018,650	3133EA5D6	AA+
15,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	15,008,357	15,011,190	3133EA5D6	AA+
25,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.16	0.16	24,993,708	25,000,200	3133ECJU9	AA+
13,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.20	0.17	13,001,205	13,005,863	3133EA2J6	AA+
6,500,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	6,501,830	6,504,375	3133EAJP4	AA+
10,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	10,005,564	10,006,730	3133EAJP4	AA+
10,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.21	0.17	10,006,515	10,006,730	3133EAJP4	AA+
50,000,000	FED FARM CREDIT BANK BONDS 07/13 VAR 0.30	0.09	49,998,457	50,007,700	31331KSP6	AA+
20,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.20	0.25	20,000,000	19,983,340	3133ECNL4	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.25	0.13	24,999,913	25,018,125	3133EAPV4	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.25	0.13	25,000,000	25,018,125	3133EAPV4	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.24	0.22	25,000,000	25,006,275	3133ECFR0	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.25	0.15	24,992,138	25,021,700	3133EAQZ4	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.25	0.15	24,992,138	25,021,700	3133EAQZ4	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.36	0.15	25,000,000	25,022,925	31331KY20	AA+
25,000,000	FED FARM CREDIT BANK BONDS 08/13 VAR 0.36	0.15	24,999,476	25,022,925	31331KY20	AA+
50,000,000	FED FARM CREDIT BANK BONDS 09/13 VAR 0.29	0.15	49,995,370	50,062,150	3133EASN9	AA+
25,000,000	FED FARM CREDIT BANK BONDS 09/13 VAR 0.18	0.14	24,997,870	25,002,925	3133EAHS0	AA+
25,000,000	FED FARM CREDIT BANK BONDS 09/13 VAR 0.23	0.12	24,997,498	25,013,450	3133EAKC1	AA+
10,000,000	FED FARM CREDIT BANK BONDS 10/13 VAR 0.20	0.23	10,000,000	9,997,310	3133ECKK9	AA+
20,000,000	FED FARM CREDIT BANK BONDS 10/13 VAR 0.23	0.24	20,000,000	19,998,000	3133ECKJ2	AA+
4,933,000	FED FARM CREDIT BANK BONDS 02/14 1.125	0.21	4,963,658	4,962,549	31331KAH3	AA+
900,000	FED FARM CREDIT BANK BONDS 02/14 1.125	0.21	905,683	905,391	31331KAH3	AA+
15,440,000	FED FARM CREDIT BANK BONDS 10/13 3.875	0.14	15,590,849	15,593,674	31331GCS6	AA+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2013 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
7,000,000	FED FARM CREDIT BANK BONDS 05/14 0.32	0.22	7,008,402	7,006,118	3133EAQP6	AA+
18,400,000	FED FARM CREDIT BANK BONDS 05/14 0.32	0.22	18,424,507	18,416,082	3133EAQP6	AA+
2,000,000	FED FARM CREDIT BANK BONDS 11/13 0.21	0.14	1,999,745	2,000,532	3133EAV96	AA+
25,000,000	FED HOME LOAN BANK BONDS 07/13 VAR 0.13	0.12	24,992,922	25,003,600	313376VV4	AA+
25,000,000	FED HOME LOAN BANK BONDS 07/13 VAR 0.10	0.12	24,993,675	24,998,600	3133784J7	AA+
50,000,000	FED HOME LOAN BANK BONDS 07/13 VAR 0.29	0.09	50,000,000	50,006,400	313374WU0	AA+
10,000,000	FED HOME LOAN BANK BONDS 07/13 0.25	0.00	10,000,000	10,000,000	313379YQ6	AA+
10,000,000	FED HOME LOAN BANK BONDS 07/13 0.25	0.00	10,000,000	10,000,000	313379YQ6	AA+
2,850,000	FED HOME LOAN BANK BONDS 07/13 0.33	0.00	2,850,000	2,850,000	313376GY5	AA+
5,000,000	FED HOME LOAN BANK BONDS 07/13 0.25	0.14	5,000,026	5,000,015	313379YR4	AA+
10,000,000	FED HOME LOAN BANK BONDS 07/14 0.40	0.23	10,023,785	10,016,850	313379SK6	AA+
15,000,000	FED HOME LOAN BANK BONDS 07/13 0.27	0.14	15,000,175	15,000,105	313379YZ6	AA+
10,000,000	FED HOME LOAN BANK BONDS 07/13 0.25	0.14	9,999,974	10,000,120	313379Z36	AA+
15,000,000	FED HOME LOAN BANK BONDS 01/14 0.18	0.17	14,998,627	15,001,005	313381PS8	AA+
7,630,000	FED HOME LOAN BANK BONDS 01/14 0.30	0.21	7,634,616	7,633,708	3133803M7	AA+
10,000,000	FED HOME LOAN BANK BONDS 01/14 0.30	0.21	10,005,459	10,004,860	3133803M7	AA+
15,000,000	FED HOME LOAN BANK BONDS 01/14 0.375	0.20	15,014,061	15,015,090	313376UF0	AA+
6,320,000	FED HOME LOAN BANK BONDS 01/14 0.375	0.20	6,326,697	6,326,358	313376UF0	AA+
12,000,000	FED HOME LOAN BANK BONDS 02/14 0.30	0.21	12,007,972	12,006,984	3133783D1	AA+
1,750,000	FED HOME LOAN BANK BONDS 02/14 0.30	0.21	1,751,162	1,751,019	3133783D1	AA+
3,510,000	FED HOME LOAN BANK BONDS 02/14 0.25	0.21	3,511,253	3,510,958	313380EE3	AA+
5,000,000	FED HOME LOAN BANK BONDS 08/13 0.21	0.14	4,999,840	5,000,475	313376XY6	AA+
10,000,000	FED HOME LOAN BANK BONDS 09/13 0.28	0.14	10,000,655	10,002,490	313378HJ3	AA+
16,150,000	FED HOME LOAN BANK BONDS 09/13 0.25	0.14	16,152,609	16,153,198	313379QS1	AA+
10,300,000	FED HOME LOAN BANK BONDS 09/13 0.25	0.14	10,301,787	10,302,039	313379QS1	AA+
14,500,000	FED HOME LOAN BANK BONDS 09/13 0.30	0.14	14,501,310	14,504,191	313378GC9	AA+
2,150,000	FED HOME LOAN BANK BONDS 09/13 4.00	0.14	2,165,149	2,164,973	3133XRX88	AA+
3,475,000	FED HOME LOAN BANK BONDS 09/13 4.00	0.14	3,499,542	3,499,200	3133XRX88	AA+
8,990,000	FED HOME LOAN BANK BONDS 09/13 1.00	0.14	9,003,542	9,005,454	313370LB2	AA+
1,565,000	FED HOME LOAN BANK BONDS 09/13 1.00	0.14	1,567,587	1,567,690	313370LB2	AA+
2,000,000	FED HOME LOAN BANK BONDS 09/13 2.625	0.14	2,009,992	2,009,932	3133XUPZ0	AA+
2,000,000	FED HOME LOAN BANK BONDS 09/13 2.625	0.14	2,009,943	2,009,932	3133XUPZ0	AA+
6,000,000	FED HOME LOAN BANK BONDS 09/13 2.625	0.14	6,030,131	6,029,796	3133XUPZ0	AA+
3,000,000	FED HOME LOAN BANK BONDS 09/13 5.25	0.17	3,030,551	3,030,453	3133XGJ96	AA+
10,000,000	FED HOME LOAN BANK BONDS 03/14 2.375	0.21	10,153,535	10,151,940	3133XWKV0	AA+
10,000,000	FED HOME LOAN BANK BONDS 09/13 0.21	0.15	9,999,697	10,001,380	313380SE8	AA+
10,000,000	FED HOME LOAN BANK BONDS 03/14 0.125	0.21	9,996,168	9,993,730	313382M42	AA+
20,000,000	FED HOME LOAN BANK BONDS 04/14 0.125	0.21	19,992,655	19,986,120	313382RL9	AA+
20,000,000	FED HOME LOAN BANK BONDS 10/13 0.11	0.14	19,999,557	19,998,100	313382UP6	AA+
2,000,000	FED HOME LOAN BANK BONDS 10/13 2.0	0.14	2,011,947	2,012,082	3133XYDK8	AA+
20,000,000	FED HOME LOAN BANK BONDS 10/13 0.10	0.14	19,998,992	19,997,360	313382Y72	AA+
15,000,000	FED HOME LOAN BANK BONDS 11/13 0.14	0.14	14,998,321	15,000,000	313382BL6	AA+
10,000,000	FED HOME LOAN BANK BONDS 11/13 0.10	0.14	9,999,467	9,998,460	313383Y5	AA+
10,000,000	FED HOME LOAN BANK BONDS 11/13 0.28	0.14	10,001,846	10,005,440	313379FS3	AA+
25,000,000	FED HOME LOAN BANK BONDS 11/13 0.30	0.14	25,006,000	25,015,650	313379FY0	AA+
2,450,000	FED HOME LOAN BANK BONDS 11/13 0.30	0.14	2,450,553	2,451,566	313379NS4	AA+
10,000,000	FED HOME LOAN BANK BONDS 11/13 0.30	0.14	10,002,470	10,006,390	313379NS4	AA+
5,000,000	FED HOME LOAN BANK BONDS 11/13 0.30	0.14	5,001,753	5,003,195	313379NS4	AA+
5,000,000	FED HOME LOAN BANK BONDS 11/13 0.375	0.14	5,003,899	5,004,760	3133762C8	AA+
5,130,000	FED HOME LOAN BANK BONDS 05/14 1.375	0.22	5,185,945	5,183,732	313373JR4	AA+
1,400,000	FED HOME LOAN BANK BONDS 05/14 1.375	0.22	1,415,268	1,414,664	313373JR4	AA+
10,000,000	FED HOME LOAN BANK BONDS 11/13 0.30	0.14	10,005,418	10,006,550	313379G60	AA+
10,000,000	FED HOME LOAN BANK BONDS 12/13 0.31	0.14	10,005,932	10,007,160	313379R50	AA+
20,000,000	FED HOME LOAN BANK BONDS 12/13 0.325	0.14	20,007,472	20,015,600	313379KN8	AA+
8,300,000	FED HOME LOAN BANK BONDS 12/13 0.30	0.14	8,302,857	8,305,727	313379L56	AA+
5,000,000	FED HOME LOAN BANK BONDS 12/13 0.50	0.24	5,006,605	5,005,725	313371PU4	AA+
10,000,000	FED HOME LOAN BANK BONDS 06/14 0.125	0.23	9,994,503	9,990,220	313383LH2	AA+
5,000,000	FED HOME LOAN BANK BONDS 06/14 0.19	0.23	4,999,112	4,998,065	313383NV9	AA+
9,500,000	FREDDIE MAC NOTES 07/13 VAR 0.16	0.11	9,500,695	9,501,786	3134G25F5	AA+
30,000,000	FREDDIE MAC NOTES 08/13 VAR 0.30	0.09	29,998,954	30,008,130	3134G2XL1	AA+
50,000,000	FREDDIE MAC NOTES 08/13 VAR 0.39	0.11	49,998,085	50,061,850	3134G3AG5	AA+
50,000,000	FREDDIE MAC NOTES 09/13 VAR 0.32	0.10	49,998,231	50,022,350	3134G2B50	AA+
1,056,000	FREDDIE MAC NOTES 01/14 2.50	0.13	1,068,639	1,068,938	3137EABX6	AA+
2,091,000	FREDDIE MAC NOTES 01/14 2.50	0.13	2,116,020	2,116,619	3137EABX6	AA+
2,875,000	FREDDIE MAC NOTES 01/14 0.45	0.17	2,879,118	2,879,195	3134G3JR2	AA+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2013 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
10,000,000	FREDDIE MAC NOTES 01/14 4.50	0.20	10,231,817	10,231,460	3134A4UM4	AA+
23,918,000	FREDDIE MAC NOTES 01/14 4.50	0.20	24,475,091	24,471,606	3134A4UM4	AA+
2,423,000	FREDDIE MAC NOTES 07/13 4.50	0.10	2,427,096	2,427,143	3134A4TZ7	AA+
3,040,000	FREDDIE MAC NOTES 07/14 5.00	0.24	3,190,643	3,190,109	3134A4UU6	AA+
13,186,000	FREDDIE MAC NOTES 01/14 5.00	0.20	13,555,019	13,552,953	3128X2TM7	AA+
212,000	FREDDIE MAC NOTES 01/14 5.00	0.20	217,930	217,900	3128X2TM7	AA+
5,450,000	FREDDIE MAC NOTES 02/14 2.175	0.21	5,518,670	5,517,825	3128X9C73	AA+
1,179,000	FREDDIE MAC NOTES 02/14 1.375	0.21	1,188,092	1,187,920	3137EACR8	AA+
10,000,000	FREDDIE MAC NOTES 02/14 1.375	0.21	10,077,479	10,075,660	3137EACR8	AA+
19,498,000	FREDDIE MAC NOTES 02/14 1.375	0.21	19,649,538	19,645,522	3137EACR8	AA+
5,400,000	FREDDIE MAC NOTES 02/14 0.375	0.21	5,406,754	5,405,832	3134G3LA6	AA+
10,310,000	FREDDIE MAC NOTES 03/14 0.30	0.17	10,317,359	10,319,671	3134G3NS5	AA+
15,725,000	FREDDIE MAC NOTES 04/14 4.50	0.29	16,236,865	16,222,225	3128X23A1	AA+
1,539,000	FREDDIE MAC NOTES 04/14 2.50	0.19	1,568,023	1,567,819	3137EACB3	AA+
20,000,000	FREDDIE MAC NOTES 04/14 2.50	0.19	20,373,921	20,374,520	3137EACB3	AA+
5,000,000	FREDDIE MAC NOTES 04/14 0.375	0.22	5,008,566	5,006,390	3134G3SB7	AA+
5,000,000	FREDDIE MAC NOTES 04/14 0.375	0.22	5,008,548	5,006,390	3134G3SB7	AA+
15,000,000	FREDDIE MAC NOTES 10/13 0.875	0.14	15,031,878	15,035,805	3137EACL1	AA+
10,000,000	FREDDIE MAC NOTES 10/13 0.375	0.15	10,004,877	10,007,430	3137EACX5	AA+
10,000,000	FREDDIE MAC NOTES 10/13 0.375	0.15	10,004,897	10,007,430	3137EACX5	AA+
15,000,000	FREDDIE MAC NOTES 11/13 4.875	0.08	15,260,767	15,267,615	3134A4UK8	AA+
11,095,000	FREDDIE MAC NOTES 11/13 4.875	0.08	11,287,647	11,292,946	3134A4UK8	AA+
3,123,000	FREDDIE MAC NOTES 11/13 4.875	0.08	3,177,779	3,178,717	3134A4UK8	AA+
7,170,000	FREDDIE MAC NOTES 11/13 4.875	0.08	7,295,889	7,297,920	3134A4UK8	AA+
5,030,000	FREDDIE MAC NOTES 11/13 4.58	0.14	5,114,082	5,115,550	3128X1CS4	AA+
6,000,000	FREDDIE MAC NOTES 11/13 4.58	0.14	6,100,166	6,102,048	3128X1CS4	AA+
2,500,000	FREDDIE MAC NOTES 11/13 0.375	0.14	2,501,332	2,502,380	3137EACZ0	AA+
5,500,000	FREDDIE MAC NOTES 11/13 0.375	0.14	5,504,774	5,505,236	3137EACZ0	AA+
\$2,004,129,000			\$ 2,011,329,280	\$ 2,011,788,278		
U. S. GOVERNMENT (FDIC) GUARANTEED OR INSURED BANK SECURITIES (1.12% OF TOTAL INVESTMENTS)						
\$ 30,000,000	FEDERALLY INSURED CUST. ACCT. 12/13 0.20 ⁽³⁾	0.20	\$ 30,000,000	\$ 30,000,000	N/A	N/R
10,000,000	US TREASURY N/B 01/14 1.00	0.12	10,044,224	10,047,270	912828PQ7	AA+
10,000,000	US TREASURY N/B 02/14 1.88	0.15	10,111,523	10,114,450	912828KF6	AA+
\$ 50,000,000			\$ 50,155,747	\$ 50,161,720		
REPURCHASE AGREEMENTS (2.24% OF TOTAL INVESTMENTS)						
\$ 100,000,000	MERRILL LYNCH 07/13 0.10	0.10	\$ 100,000,000	\$ 100,000,000	N/A	A-1
\$ 100,000,000			\$ 100,000,000	\$ 100,000,000		
DEPOSIT INSTRUMENTS (39.80% OF TOTAL INVESTMENTS)						
\$ 100,000,000	BB&T COMPANY 12/13 0.25 ⁽²⁾	0.25	\$ 100,000,000	\$ 100,000,000	N/A	A-1
250,000,000	BB&T COMPANY 12/13 0.25 ⁽²⁾	0.25	250,000,000	250,000,000	N/A	A-1
100,000,000	CITIBANK NA 12/13/0.25 ⁽²⁾	0.25	100,000,000	100,000,000	N/A	A-1
390,000,000	JP MORGAN CHASE BANK, N.A. 12/13/0.30 ⁽²⁾	0.30	390,000,000	390,000,000	N/A	A-1
200,000,000	SOVEREIGN BANK NA 5/14/ 0.25 ⁽⁴⁾	0.25	200,000,000	200,000,000	N/A	A-2
150,000,000	SVENSKA HANDELSBANKEN AB 07/13 0.06	0.06	150,000,000	150,000,000	N/A	A-1+
100,000,000	SVENSKA HANDELSBANKEN AB 07/13 0.03	0.03	100,000,000	100,000,000	N/A	A-1+
130,000,000	TORONTO DOMINION BANK, N.A. 06/14 0.30 ⁽²⁾	0.30	130,000,000	130,000,000	N/A	A-1+
135,000,000	TORONTO DOMINION BANK, N.A. 06/14 0.30 ⁽²⁾	0.30	135,000,000	135,000,000	N/A	A-1+
60,000,000	TORONTO DOMINION BANK, N.A. 06/14 0.30 ⁽²⁾	0.30	60,000,000	60,000,000	N/A	A-1+
15,000,000	TORONTO DOMINION BANK, N.A. 01/14 0.31 ⁽²⁾	0.31	15,000,000	15,000,000	N/A	A-1+
50,000,000	TORONTO DOMINION BANK, N.A. 03/14 0.30 ⁽²⁾	0.30	50,000,000	50,000,000	N/A	A-1+
100,000,000	WEBSTER BANK, N.A. 07/13 0.16 ⁽⁴⁾	0.16	100,000,000	100,000,000	N/A	A-2
\$1,780,000,000			\$ 1,780,000,000	\$ 1,780,000,000		
BANK COMMERCIAL PAPER (7.27% OF TOTAL INVESTMENTS)						
\$ 200,000,000	US BANK N. A. 07/13 0.13 ⁽²⁾	0.13	\$ 200,000,000	\$ 200,000,000	N/A	A-1+
125,000,000	US BANK N. A. 07/13 0.13 ⁽²⁾	0.13	125,000,000	125,000,000	N/A	A-1+
\$ 325,000,000			\$ 325,000,000	\$ 325,000,000		

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2013 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
GOVERNMENT MONEY MARKET FUND (4.60% OF TOTAL INVESTMENTS)						
\$ 205,736,920	MORGAN STANLEY GOVT FUND 12/13 0.05	0.05	\$ 205,736,920	\$ 205,736,920	N/A	AAAM
\$ 205,736,920			\$ 205,736,920	\$ 205,736,920		
\$4,464,865,920	TOTAL INVESTMENT IN SECURITIES		\$ 4,472,221,948	\$ 4,472,686,918		

- (1) Securities rounded to the nearest dollar.
- (2) Issue has a daily put option, and thus is calculated as 1 day for WAL and WAM purposes.
- (3) Issue has a weekly put option, and thus is calculated as 7 days for WAL and WAM purposes.
- (4) Sovereign Bank and Webster Bank deposits are backed by irrevocable standby letter of credit provided by the Federal Home Loan Banks of Boston and Pittsburg guaranteeing principal amount.

SHORT-TERM INVESTMENT FUND
SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
STIF Total Rate of Return (%)	0.16	0.16	0.23	0.34	1.49	4.13	5.54	4.38	2.32	1.16
iMoneyNet Money Fund Average™ Rated First Tier Institutional Average (MFR) Index (%)⁽¹⁾	0.05	0.05	0.08	0.09	1.30	4.07	5.14	4.01	1.91	0.75
Total Assets in STIF, End of Period (\$ - Millions)	4,477	4,894	4,494	4,582	4,548	5,054	5,004	5,430	4,314	3,829
Percent of State Assets in Fund	83	83	84	84	81	83	80	84	84	81
Number of Participant Accounts in Composite, End of Year⁽²⁾										
State Treasury	67	52	52	51	47	39	47	58	84	124
Municipal and Local Entities	685	674	660	656	608	637	578	542	548	556
State Agencies and Authorities	428	429	417	416	367	418	406	406	446	474
Total	1,180	1,155	1,129	1,123	1,022	1,094	1,031	1,066	1,078	1,154

- (1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. These Index rates have been taken from published sources.
- (2) As of 2006 and going forward, inactive accounts were closed and only active accounts were included in the total number of participant accounts.

SHORT-TERM INVESTMENT FUND
SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages™ (MFR) Index(%)⁽¹⁾	FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages™ (MFR) Index(%)⁽¹⁾
2013			2008		
Sep-12	0.05	0.02	Sep-07	1.34	1.27
Dec-12	0.05	0.02	Dec-07	1.24	1.19
Mar-13	0.03	0.01	Mar-08	0.90	0.92
Jun-13	0.03	0.01	Jun-08	0.59	0.62
YEAR	0.16	0.05	YEAR	4.13	4.07
2012			2007		
Sep-11	0.04	0.01	Sep-06	1.36	1.26
Dec-11	0.06	0.01	Dec-06	1.38	1.26
Mar-12	0.03	0.02	Mar-07	1.33	1.26
Jun-12	0.03	0.02	Jun-07	1.36	1.26
YEAR	0.16	0.05	YEAR	5.54	5.14
2011			2006		
Sep-10	0.06	0.03	Sep-05	0.89	0.80
Dec-10	0.06	0.02	Dec-05	1.05	0.93
Mar-11	0.06	0.02	Mar-06	1.12	1.05
Jun-11	0.05	0.01	Jun-06	1.25	1.17
YEAR	0.23	0.08	YEAR	4.38	4.01
2010			2005		
Sep-09	0.11	0.04	Sep-04	0.38	0.29
Dec-09	0.09	0.02	Dec-04	0.53	0.41
Mar-10	0.06	0.01	Mar-05	0.64	0.54
Jun-10	0.06	0.02	Jun-05	0.77	0.67
YEAR	0.34	0.09	YEAR	2.32	1.91
2009			2004		
Sep-08	0.58	0.58	Sep-03	0.28	0.19
Dec-08	0.47	0.45	Dec-03	0.30	0.19
Mar-09	0.26	0.17	Mar-04	0.29	0.19
Jun-09	0.16	0.09	Jun-04	0.29	0.18
YEAR	1.49	1.30	YEAR	1.16	0.75

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. These Index rates have been taken from published sources.

CALCULATION OF RATES OF RETURN

STIF uses a time-weighted linked rate of return formula to calculate rates of return. Other methods may produce different results and the results for individual participants and different periods may vary. The current rates of return may not be indicative of future rates of return.

The time-weighted linked rate of return formula used by STIF is as follows: Monthly returns are calculated by taking the sum of daily income earned on an accrual basis, after deduction for all operating expenses and a transfer to the Designated Surplus Reserve, divided by the average daily participant balance for the month.

The rates of return presented herein are those earned by the Fund during the periods presented as described above.

SHORT-TERM PLUS INVESTMENT FUND

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>June 30, 2013</u>
ASSETS	
Investment in Securities, at Fair Value (Note 7)	\$ 2,841,547
Accrued Interest and Other Receivables	375
Prepaid Assets	1,004
Total Assets	<u>\$ 2,842,926</u>
LIABILITIES	
Distribution Payable	<u>1,571</u>
Total Liabilities	<u>\$ 1,571</u>
NET POSITION HELD IN TRUST FOR PARTICIPANTS	<u><u>\$ 2,841,355</u></u>

See accompanying Notes to the Financial Statements.

SHORT-TERM PLUS INVESTMENT FUND

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
ADDITIONS		
Operations		
Interest Income	\$ 31,114	\$ 125,735
Net Investment Income	31,114	125,735
Net Realized Gains (Losses)	(1,134,438)	1,552
Net Increase (Decrease) Resulting from Operations	<u>(1,103,324)</u>	<u>127,287</u>
Share Transactions at Fair Value		
Purchase of Units	32,891	127,259
TOTAL ADDITIONS	<u>(1,070,433)</u>	<u>254,546</u>
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants	(29,914)	(122,050)
Total Distributions Paid and Payable	<u>(29,914)</u>	<u>(122,050)</u>
Share Transactions at Fair Value		
Redemption of Units	(883,000)	(16,238,636)
Operations		
Operating Expenses	(1,857)	(5,239)
Net Change in Unrealized Gain/(Loss) on Investments	1,506,134	(119,442)
TOTAL DEDUCTIONS	<u>591,363</u>	<u>(16,485,367)</u>
CHANGE IN NET POSITION	(479,070)	(16,230,821)
Net Position held in Trust for Participants		
Beginning of Year	3,320,425	19,551,246
End of Year	<u>\$ 2,841,355</u>	<u>\$ 3,320,425</u>

See accompanying Notes to the Financial Statements.

SHORT-TERM PLUS INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Medium-Term Investment Fund (“STIF Plus” or the “Fund”) is a money market and short-term bond investment pool managed by the Treasurer of the State of Connecticut. Section 3-28a of the Connecticut General Statutes (CGS) created STIF Plus. Pursuant to CGS 3-28a, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. The State Treasurer is authorized to invest monies of STIF Plus in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers’ acceptances, repurchase agreements, asset-backed securities and investment fund comprised of authorized securities. STIF Plus is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF Plus is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State’s financial reporting entity) is not displayed in the State’s basic financial statements. Instead, each fund type’s investment in STIF Plus is reported as “cash equivalents” in the statement of net assets. The external portion (i.e., the portion that belongs to investors which are not part of the State’s financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

Related Party Transactions.

STIF Plus had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity.

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles (“GAAP”) used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

Security Valuation of Financial Instruments.

The assets of the STIF Plus are carried at fair value which is the current market value. All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions.

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income.

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses.

Operating and interest expenses of STIF Plus are accrued as incurred.

Fiscal Year.

The fiscal year of STIF Plus ends on June 30.

Distributions to Investors.

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of STIF Plus net of administrative expenses. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at the current market value per share, which is consistent with the per share net asset value of the Fund.

SHORT-TERM PLUS INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Estimates.

The preparation of the financial statements in conformity with (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT DISCLOSURES

STIF Plus's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2013. All securities of STIF Plus are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF Plus's deposits may not be recovered. The STIF Plus follows policy parameters that limit deposits in any one entity to a maximum of five percent of total assets at the time of purchase. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least AA- or which carry an unconditional letter of guarantee from such a bank that meets the short-term debt rating requirements.

Certificates of Deposit in banks are insured up to \$250,000, any amount above this limit is considered uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to ten percent of the outstanding deposit. As of fiscal year-end, STIF Plus Investment Fund did not hold any certificates of deposit investments.

Interest Rate Risk – Investments

Interest rate risk that changes in the general level of interest rates will adversely affect the market value of an investment. STIF Plus's policy for managing interest rate risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2013 the weighted average maturity of the STIF Plus was 43 days. The breakdown of the STIF Plus's maturity profile is outlined below.

Investments	Fair Value	Investment Maturity in Years	
		Less than One	One - Five
Asset-Backed Securities			
Fixed	-	-	-
Floaters	2,840,812	2,840,812	-
Money Market Funds	735	735	-
Total	<u>\$2,841,547</u>	<u>\$2,841,547</u>	<u>-</u>

Additionally, STIF Plus is allowed by policy to invest in floating-rate debt securities. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities re-set frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF Plus portfolio held \$2.8 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STIF Plus manages its credit risk by investment only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

SHORT-TERM PLUS INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Investment Type	Fair Value	A-1	AAA	A	CCC	D
Asset Backed Securities						
Fixed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Floaters	2,840,812	-	1,131,560	867,211	722,920	119,121
Money Market Funds	735	735	-	-	-	-
Total	\$2,841,547	\$735	\$1,131,560	\$867,211	\$722,920	\$119,121

Concentration of Credit Risk

STIF Plus limits the amount it may invest in any single corporate entity to an amount not to exceed 5 percent or in any single federal agency to an amount not to exceed 15 percent at the time of purchase. As of June 30, 2013, the table below lists issuers with concentrations of greater than 5 percent of the total portfolio.

Issuer	Fair Value	Percent of Total Portfolio
Argent Securities, Inc.	\$1,131,560	39.8%
Granite Master Issuer Plc.	\$867,211	30.5%
Indymac INBD Mortgage Loan Trust	\$407,106	14.3%
Citigroup Mortgage Loan Trust	\$315,814	11.1%

The concentrations were consistent with investment guidelines at the time of purchase.

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF Plus effective October 2, 2006. STIF Plus pays a percentage of the \$110,600 custodial fee charged to the Short-Term Investment Unit. This percentage is calculated quarterly by determining the STIF Plus size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF Plus is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: DISTRIBUTIONS TO INVESTORS

The components of the distributions to investors are as follows for the income earned during the twelve months ended:

<u>Distributions:</u>	<u>2013</u>	<u>2012</u>
July	\$3,602	\$10,189
August	3,622	10,504
September	3,707	10,589
October	3,716	9,760
November	3,955	10,921
December	1,685	13,070
January	1,680	12,509
February	1,501	11,018
March	1,653	9,843
April	1,592	9,474
May	1,630	9,625
June (Payable at June 30)	1,571	4,548
Total Distribution Paid & Payable	<u>\$29,914</u>	<u>\$122,050</u>

SHORT-TERM PLUS INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and market value as of June 30, 2013:

<u>Investment</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Asset-Backed Securities	\$2,938,305	\$2,840,812
Money Market Funds	735	735
TOTAL	<u>\$2,939,040</u>	<u>\$2,841,547</u>

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 provides guidance on derivative disclosures, requires that all derivatives be reported on the Statement of Net Assets and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlying (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2013, the Short-Term Plus Investment Fund held asset-backed securities whose interest rates vary directly with short-term money market indices and are reset daily, monthly, quarterly or semi-annually. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

The Short-Term Plus Investment Fund holds securities whose fair values have been below amortized cost since the financial crisis of 2007-2009. The market values have fluctuated significantly over the past six years, and during FY 2013 increased by \$371,000. Because of the fluctuating and slowly rebounding nature of the market values, the Treasury has been carrying and disclosing the differences between amortized cost and fair value as "unrealized" losses on the fund's financial statements for the past six years. We have reviewed the classification of the investment losses in light of credit rating downgrades and have increased "realized" losses on three of the funds securities by \$1,135,095 and correspondingly decreased "unrealized" losses by the same \$1,135,095.

NOTE 8: SUBSEQUENT EVENTS

STIF-Plus has performed an evaluation of subsequent events through December 31, 2013, the date the basic financial statements were available to be issued. Effective December 9, 2013 STIF-Plus changed its master custodian. No other material events were identified.

SHORT-TERM PLUS INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2013

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
ASSET-BACKED SECURITIES (100.00% of total investments)						
\$ 1,201,311	ARSI 2004-W10 A2 0.97, 10/25/34	0.97	\$ 1,201,310	\$ 1,131,560	040104LM1	AAA
628,114	CITI MORT LOAN TR - 2007 AMC2 0.27, 1/25/37	0.27	315,815	315,815	17311XAA3	CCC
894,954	GRANM 2007 - 12A1 0.33, 12/20/54	0.33	894,954	867,211	38741YDF3	A+
974,123	INDB 2006-1 A1 0.26, 7/25/36	0.26	407,105	407,105	45661JAA1	CCC
374,897	NAA 2006-AF2 1A1 0.29, 8/25/36	0.29	119,121	119,121	65536VAA5	D
\$ 4,073,399			\$ 2,938,305	\$ 2,840,812		
MONEY MARKET FUNDS (0.00% of total investments)						
\$ 735	MORGAN STANLEY GOVT FUND, 0.05, 07/02/12	0.05	\$ 735	\$ 735	n/a	A1+
\$ 735			\$ 735	\$ 735		
\$ 4,074,134	TOTAL INVESTMENT IN SECURITIES		\$ 2,939,040	\$ 2,841,547		

SHORT-TERM PLUS INVESTMENT FUND
SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)
2013	
Sep-12	6.64%
Dec-12	3.88%
Mar-13	3.65%
Jun-13	-1.13%
YEAR	13.45%

2012	
Sep-11	-2.24%
Dec-11	0.33%
Mar-12	1.79%
Jun-12	1.22%
YEAR	1.03%

2011	
Sep-10	0.21%
Dec-10	0.76%
Mar-11	0.46%
Jun-11	0.20%
YEAR	1.61%

FISCAL YEAR	Rate of Return(%)
2010	
Sep-09	3.93%
Dec-09	0.49%
Mar-10	1.71%
Jun-10	0.04%
YEAR	6.23%

2009	
Sep-08	-0.21%
Dec-08	0.51%
Mar-09	-0.42%
Jun-09	3.22%
YEAR	3.07%

2008	
Sep-07	1.32%
Dec-07	1.02%
Mar-08	0.49%
Jun-08	1.16%
YEAR	4.03%

Source: Amounts were derived from custodial records.

CIVIL LIST PENSION AND TRUST FUNDS

**SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines Fund	Arts Endowment Fund	Police & Firemen's Survivor's Fund
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Receivable	254,639	196,071	12,748	1,057	2,221	84	840	228	458
Interest in Investment Funds	14,453,543,844	9,179,572,746	1,828,132,695	81,893,304	168,327,147	1,271,590	68,040,523	17,846,712	23,975,814
Total Cash and Investments	\$14,453,798,483	\$9,179,768,817	\$1,828,145,443	\$81,894,361	\$168,329,368	\$1,271,674	\$68,041,363	\$17,846,940	\$23,976,272
Schedule of Activity:									
Cash and Investments at July 1, 2012	\$13,473,656,524	\$8,468,473,352	\$1,675,320,941	\$78,047,407	\$156,912,364	\$1,195,453	\$66,634,214	\$17,647,183	\$22,559,571
Shares Purchased (Excluding Liquidity Fund)	975,611,448	600,578,552	467,672,580	18,080,246	40,989,302	-	16,721,540	6,163,689	90,000
Shares Redeemed (Excluding Liquidity Fund)	(1,177,604,891)	(862,584,749)	(420,424,806)	(17,582,656)	(41,735,910)	-	(18,078,357)	(5,928,990)	(533)
Net Purchase and Redemptions of Liquidity Fund	54,808,087	260,410,781	3,157,889	(1,407,848)	2,383,366	56,250	1,358,494	(355,342)	7,896
Net Investment Income	430,278,637	267,904,584	55,805,663	2,521,003	5,062,759	33,486	1,927,099	500,064	625,363
Realized Gain (Loss) from Sale of Investments	611,698,883	507,234,760	152,426,426	7,868,372	14,448,876	-	5,219,316	1,316,119	522
Change in Unrealized Gain/(Loss) on Investment Funds	515,868,375	205,663,073	(49,998,228)	(3,108,718)	(4,668,176)	20,016	(3,814,096)	(995,191)	1,319,331
Increase (Decrease) in Receivables - Net ⁽¹⁾	(239,943)	(6,952)	(9,359)	(2,442)	(454)	(45)	252	(528)	(515)
Distributions	(430,278,637)	(267,904,584)	(55,805,663)	(2,521,003)	(5,062,759)	(33,486)	(1,927,099)	(500,064)	(625,363)
Cash and Investments at June 30, 2013	\$14,453,798,483	\$9,179,768,817	\$1,828,145,443	\$81,894,361	\$168,329,368	\$1,271,674	\$68,041,363	\$17,846,940	\$23,976,272

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

(1) Reflects timing differences in the recognition of income by the Plans.

NON-CIVIL LIST TRUST FUNDS

FINANCIAL STATEMENTS

JUNE 30, 2013

	AGRICUL- TURAL SCHOOL FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	OPEB FUND	MISC. AGENCY TRUST FUNDS
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STATEMENT OF NET POSITION, at Fair Value

ASSETS

Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,175
Interest & Dividends Receivable	23,350	1,792	5,205	2,469	7,070	100,528
Investments in Combined Investment Funds, at Fair Value	10,340,471	648,685	2,303,004	1,083,224	3,097,285	100,731,996
Total Assets	<u>\$10,363,821</u>	<u>\$650,477</u>	<u>\$2,308,209</u>	<u>\$1,085,693</u>	<u>\$3,104,355</u>	<u>\$100,832,524</u>

LIABILITIES & NET POSITION

Due to Other Funds	\$ 104,108	\$ 20,183	\$ 62,080	\$ 29,263	\$ -	\$ -
Net Position	10,259,713	630,294	2,246,129	1,056,430	3,104,355	100,832,524
Total Liabilities & Net Position	<u>\$10,363,821</u>	<u>\$650,477</u>	<u>\$2,308,209</u>	<u>\$1,085,693</u>	<u>\$3,104,355</u>	<u>\$100,832,524</u>

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF REVENUE AND EXPENDITURES

REVENUE

Net Investment Income	\$284,847	\$20,184	\$62,081	\$29,263	\$82,865	\$359,785
Realized Gain on Investments	1,409,627	169,537	319,557	143,272	323,728	(43,338)
Change in Unrealized Gain (Loss) on Investments	(1,173,638)	(185,193)	(268,974)	(119,685)	(260,678)	(475,035)
Increase (Decrease) in Liquidity Fund						
Income Receivables - ⁽¹⁾	22,991	1,759	5,087	2,412	6,898	100,528
Total Revenue	<u>\$543,827</u>	<u>\$6,287</u>	<u>\$117,751</u>	<u>\$55,262</u>	<u>\$152,813</u>	<u>\$(58,060)</u>

EXPENDITURES

Excess of Revenue over Expenditures	<u>\$543,827</u>	<u>\$6,287</u>	<u>\$117,751</u>	<u>\$55,262</u>	<u>\$152,813</u>	<u>\$(58,060)</u>
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(1) Reflects timing differences in the recognition of income by the Plans and Trusts.

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF CHANGES IN NET POSITION

Net Position at July 1, 2012	\$10,000,737	\$644,194	\$2,190,456	\$1,030,431	\$2,951,542	\$ -	\$37,116
Excess of Revenue over Expenditures	543,827	6,287	117,751	55,262	152,813	(58,060)	-
Net Cash Transactions	-	-	-	-	-	-	59
Transfer from Other Funds	31,784	-	-	-	-	100,890,584	-
Transfer to Other Funds	(319,961)	(19,855)	(67,526)	(31,784)	-	-	-
Increase in Due to Other Funds	3,326	(332)	5,448	2,521	-	-	-
Net Position at June 30, 2013	<u>\$10,259,713</u>	<u>\$630,294</u>	<u>\$2,246,129</u>	<u>\$1,056,430</u>	<u>\$3,104,355</u>	<u>\$100,832,524</u>	<u>\$37,175</u>

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	SCHOOL FUND	AGRICUL- TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPMEAD STATE PARK TRUST FUND	OPEB FUND
Cash Flows from Operating Activities:						
Excess of Revenues over Expenditures	\$543,827	\$6,287	\$117,751	\$55,262	\$152,813	\$(58,060)
Realized Gain on Investments	(1,409,627)	(169,537)	(319,557)	(143,272)	(323,728)	43,338
Change in Unrealized (Gain) Loss on Investments	1,173,638	185,193	268,974	119,685	260,678	475,035
(Increase) Decrease in Liquidity Fund Income Receivables	(22,991)	(1,759)	(5,087)	(2,412)	(6,898)	(100,528)
Net Cash Provided by Operations	\$284,847	\$20,184	\$62,081	\$29,263	\$82,865	\$359,785
Cash Flows from Non Capital Financing Activities:						
Operating Transfers - Out to Other Funds	(319,961)	(19,855)	(67,526)	(31,784)	-	-
Operating Transfers - In from Other Funds	31,784	-	-	-	-	100,890,584
Net Cash Used for Non-Capital Financing Activities	(288,177)	(19,855)	(67,526)	(31,784)	-	100,890,584
Cash Flows from Investing Activities:						
Net Purchase and Redemptions of Liquidity Fund	85,733	40,545	64,938	42,301	140,343	(55,924,369)
Purchase of Investments	(3,259,846)	(327,925)	(752,232)	(361,477)	(1,027,364)	(45,326,000)
Proceeds from Sale of Investment	3,177,443	287,051	692,739	321,697	804,156	-
Net Cash Provided by (Used for) Investing Activities	3,330	(329)	5,445	2,521	(82,865)	(101,250,369)
Net Increase (Decrease) In Cash	-	-	-	-	-	-
Cash June 30, 2012	-	-	-	-	-	-
Cash June 30, 2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

**STATEMENT OF NET POSITION, AT COST
JUNE 30, 2013**

	SCHOOL FUND	AGRICUL- TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	OPEB FUND	MISC. AGENCY TRUST FUNDS
ASSETS							
Cash & Cash Equivalents	\$-	\$-	\$-	\$-	\$-	\$-	\$37,175
Interest & Dividends Receivable	23,350	1,792	5,205	2,469	7,070	100,528	-
Investments in Combined Investment Funds	8,437,047	632,092	1,875,896	896,668	2,627,347	101,207,031	-
Total Assets	\$8,460,397	\$633,884	\$1,881,101	\$899,137	\$2,634,417	\$101,307,559	\$37,175
LIABILITIES & NET POSITION							
Due to Other Funds	\$104,108	\$20,183	\$62,080	\$29,263	\$-	\$-	\$-
Net Position	8,356,289	613,701	1,819,021	869,874	2,634,417	101,307,559	37,175
Total Liabilities & Net Position	\$8,460,397	\$633,884	\$1,881,101	\$899,137	\$2,634,417	\$101,307,559	\$37,175

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

CIVIL AND NON-CIVIL LIST TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civil List and Non-Civil list trust funds (the "trust funds") are entrusted to the Treasurer for investment purposes. Civil List trust funds are mandated by the State Legislature and are administered by the Office of the State Comptroller. Accordingly, the presentation of the Civil List funds in the Treasurer's Annual Report (see Civil List trust funds cash and investments schedules in the Supplemental Information section of these document) is intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. The Non-Civil List Trust funds are not administered by the Office of the Comptroller. Accordingly, the financial statements presented for the Non-Civil List funds are designed to provide a full set of financial statements for the trusts' investment assets and provide the necessary detail for the respective Boards that administer these trust funds. Public Act 07-01 was enacted and was later defined in 2008 by gubernatorial authority as an irrevocable trust. Subsequent agreements in 2009 and 2011 between the State of Connecticut and the State Employees Bargaining Agent Coalition further addressed the funding for and contractual obligations concerning the OPEB Trust Fund. This affected section 4-28e of the Connecticut General Statutes to include the OPEB Trust Fund in the trust funds.

Significant account policies of the trust funds are as follows:

Basis of Presentation: The foregoing Non-Civil List trust fund financial statements represent the financial position, results of operations and cash flows of the investment trust assets of the funds in accordance with generally accepted accounting principles. These financial statements present all of the financial statements of the Non-Civil List funds except for the Second Injury Fund which, due to the unique nature of its operation, is presented separately in this Annual Report. The financial statements do not include a Statement of Revenue and Expenditures for the Miscellaneous Agency and Trust Funds because agency funds do not report operations. These statements were prepared on the fair value basis. A Statement of Condition on a cost basis is also presented for informational purposes.

Valuation of Combined Investment Fund Shares: All unit prices are determined at the end of each month based on the fair value of the applicable investment fund.

Expenses: The Non-Civil List trust funds are not charged with any expenses for administration of the trust funds. Investment expenses of the Combined Investment Funds are deducted in calculating net investment income.

Distribution of Net Investment Income: Net investment income earned by the Combined Investment Funds is generally distributed in the following month. Net investment income is comprised of dividends and interest less investment expense.

Purchases and Redemptions of Units: Purchases and redemptions of units are generally processed on the first day of the month based on the prior month end price. Purchases represent cash that has been allocated to a particular investment fund in accordance with directions from the Treasurer's office. Redemptions represent the return of principal back to the plan. In the case of certain funds, a portion of the redemption can also include a distribution of income.

New Pronouncement: The financial statements and corresponding footnotes include the application of Governmental Accounting Standards Board Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

NOTE 2. STATEMENT OF CASH FLOWS

A statement of cash flows is presented for the non-expendable Non-Civil List trust funds. This presentation is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9. No such statement of cash flows is presented for the Miscellaneous Agency and Trust Funds as none is required.

NOTE 3. MISCELLANEOUS AGENCY AND TRUST FUND TRANSFERS

These transactions comprise principal and income transfers to trustees as well as transfers and expenditure payments made on their behalf. Certain of these transfers are made to the General Fund and other Civil List funds as well as various state agencies.

SECOND INJURY FUND
STATEMENT OF NET POSITION
JUNE 30, 2013 and 2012

ASSETS	<u>June 30, 2013</u>	<u>June 30, 2012</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$29,758,836	\$30,090,410
Receivables, net of allowance for uncollectible accounts - \$9,436,802 and \$9,751,765 respectively	7,157,737	6,282,039
Other Assets	4,169	2,700
TOTAL CURRENT ASSETS	<u>36,920,742</u>	<u>36,375,149</u>
 LIABILITIES		
Claims and benefits payable	6,819,203	6,585,000
Settlement payable	1,559,367	1,783,274
Accounts payable and other accrued liabilities	1,037,057	1,050,840
Compensated absences	508,039	448,895
 Long-Term Liabilities:		
Accounts payable and accrued expenses	1,085,000	1,123,000
Compensated absences	204,936	178,676
TOTAL LIABILITIES	<u>11,213,602</u>	<u>11,169,685</u>
 NET POSITION		
Unrestricted	25,707,140	25,205,464
TOTAL NET POSITION	<u>\$25,707,140</u>	<u>\$25,205,464</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Assessment Revenues	\$37,482,127	\$32,069,379
Fund Recoveries	537,173	491,018
Other Income	<u>287,483</u>	<u>359,008</u>
TOTAL OPERATING REVENUES	<u>38,306,783</u>	<u>32,919,405</u>
OPERATING EXPENSES		
Injured Worker Benefits:		
Settlements	4,616,442	5,872,331
Indemnity Claims Benefits	19,964,342	20,499,111
Medical Claims Benefits	<u>6,326,974</u>	<u>5,531,091</u>
Total Injured Worker Benefits	<u>30,907,758</u>	<u>31,902,533</u>
Administrative Expenses	<u>6,944,822</u>	<u>6,610,897</u>
TOTAL OPERATING EXPENSES	<u>37,852,580</u>	<u>38,513,430</u>
OPERATING INCOME (LOSS)	<u>454,203</u>	<u>(5,594,025)</u>
NON-OPERATING INCOME		
Interest Income	<u>47,473</u>	<u>51,930</u>
Change in Net Position	<u>501,676</u>	<u>(5,542,095)</u>
NET POSITION - Beginning of Year	<u>25,205,464</u>	<u>30,747,559</u>
NET POSITION - End of Year	<u>\$25,707,140</u>	<u>\$25,205,464</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
SOURCE:		
Assessment revenues	\$36,601,740	\$31,452,937
Fund recoveries	537,173	491,018
Other income	287,483	359,008
Other assets	(1,127)	32,943
Depreciation	-	886
	<u>37,425,269</u>	<u>32,336,792</u>
USE:		
Injured worker benefits	(30,935,462)	(32,042,334)
Administrative expenses	(6,868,512)	(6,972,782)
	<u>(37,803,974)</u>	<u>(39,015,116)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>(378,705)</u>	 <u>(6,678,324)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
SOURCE:		
Interest Income	47,131	53,080
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>47,131</u>	<u>53,080</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (331,574)	 (6,625,244)
Cash and cash equivalents, Beginning of Year	30,090,410	36,715,654
CASH AND CASH EQUIVALENTS, End of Year	<u>\$29,758,836</u>	<u>\$30,090,410</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	<u>\$ 454,203</u>	<u>\$(5,594,025)</u>
Adjustments to reconcile operating income to net cash:		
Provided by operating activities:-		
Depreciation expense	-	886
Decrease (increase) in assets:		
Decrease (increase) in receivables, net	(875,698)	(600,750)
Decrease (increase) in other assets	(1,127)	32,943
Increase (decrease) in liabilities		
Increase (decrease) in accounts payable & accrued expenses	(41,487)	(485,118)
Increase (decrease) in compensated absences	85,404	(32,260)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (378,705)</u>	<u>\$(6,678,324)</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Second Injury Fund (“SIF” or the “Fund”) is an extension of the Workers’ Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a preexisting injury or medical condition, was hurt on the job and that second injury was made “materially and substantially” worse by the preexisting injury or medical condition.

In 1995 the Connecticut General Assembly closed the Fund to new “second injury” claims sustained on or after July 1, 1995. However, the Fund continues to be liable for payment of claims which involve an uninsured or bankrupt employer and, on a pro rata basis, be liable for reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

In addition, the Fund will continue to be liable for and make payments with respect to:

- Widow and dependent death benefits
- Reimbursement for cost of living adjustments on certain claims
- Second injury claims transferred to the Fund prior to July 1999 with a date of injury prior to July 1, 1995.

For State of Connecticut financial reporting purposes, SIF is reported as an Enterprise Fund. (See Note 2)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The accompanying financial statements of SIF have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

The Fund utilizes the enterprise fund form of reporting. The reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The full accrual form of accounting is employed, and revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. GASB No. 34 has defined an enterprise fund as a governmental unit in which the pricing policies of the activity establish fees and charges designed to recover its costs.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Fund are the monies assessed to Connecticut employers for their share of the Fund’s expenses for managing workers’ compensation claims assigned to the Fund by statute.

Cash and Cash Equivalents

Cash consists of funds in bank checking accounts and deposits held by the State General Fund in the Treasury Business Office account. Cash equivalents include investments in the State of Connecticut Short-Term Investment Fund (STIF). Custodial Credit Risk for Cash and Cash Equivalents is the risk that in the event of a bank failure, the SIF deposits may not be returned to them. STIF Investment Policy ensures strong asset diversification by security type and issuer, comprised of high quality, very liquid securities with a relatively short average maturity. SIF has 97.9% of its cash invested in STIF which is rated AAAM by Standard & Poor’s Corporation (“S&P”). Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value.

Receivables, Net of Allowance for Uncollectible Accounts

The receivables balance is composed of assessment receivables and other receivables.

Assessment receivables are recorded inclusive of interest due and result from amounts billed in accordance with C.G.S. 31-354 Assessments: SIF’s primary source of revenue is from the levying of assessments against self-insured and insured Connecticut employers. Insurance carriers who insure Connecticut employers are responsible to collect the assessments from employers and submit the revenue to SIF. (see Note 3)

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Other receivables are recorded inclusive of interest due and result from amounts billed in accordance with either statute C.G.S. 31-301 or C.G.S.355.

C.G.S. 31-301, Appeal Cases, provides for the payment of indemnity (lost wages) and medical benefits to an injured worker while their claims are under appeal. Upon a decision in the appeal, the injured worker (in cases of denial of compensation), or insurer (in cases of award of compensation), must reimburse the SIF for monies expended during the appeal process. This statute was repealed with passage of P.A. 95-277 for appeals filed on injuries occurring after July 1, 1995. During fiscal years 2013 and 2012, there were no benefits paid for appeals cases.

C.G.S. 31-355, Non Compliance, mandates that SIF pay indemnity and medical benefits for injured workers whose employers fail to or are unable to pay the compensation. The most common examples of these cases involve employers who did not carry worker's compensation insurance or are bankrupt.

Appeal Cases and Non Compliance transactions are recorded as injured worker benefits when paid by the Fund. Concurrently, the Fund seeks recovery of the amounts paid from the party statutorily responsible and a receivable is established. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received.

The Fund records other receivables for penalties and citations and certain other payments made under other statutes where the Fund has a right to seek reimbursement. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received. Revenue is recorded for these receivables when cash is received.

The allowance for uncollectible account represents those amounts estimated to be uncollectible as of the balance sheet date. The Fund fully reserves for the other receivable balances. (see Note 4)

Capital Assets

The category of capital assets consists of computers and office equipment. The Fund is recording these capital assets at cost with a useful life of 5 years on a straight-line method. In the year of acquisition of the capital asset, the Fund has elected to take a half a year depreciation expense.

Claims Benefits Payable

This category of liability includes indemnity and medical benefits to injured workers as claims and widow and dependent death benefits that will not be submitted to the Fund well as reimbursements to insurance companies and self-insured employers for widow claims and dependent death benefits in addition to concurrent employment cases incurred as at the balance sheet date. The long-term portion of claims benefits payable represents an estimate of the amount of liability of as June 30, 2013 and June 30, 2012 of the concurrent employment until a year or more for reimbursement. (see Note 5)

Settlements Payable

Settlements are negotiated agreements for resolving the Fund's future exposure on injured worker claims. An accrual is made for all settlements committed as of the balance sheet date. (see Note 5)

Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities represent administrative expenses of the Fund outstanding as of June 30, 2013 and June 30, 2012 as well as assessments owed to Connecticut Workers' Compensation and other Connecticut employers. (see Note 5)

Compensated Absences

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977 can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent of sixty days. (see Note 5)

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3: ASSESSMENTS

The assessment method for carriers paying on behalf of insured employers is on an actual premium basis. The premium surcharge, which is paid by insured employers through their worker's compensation insurance carrier within 45 days of the close of a quarter, is the premium surcharge rate multiplied by the employer's "SIF's surcharge base" premium on all policies with an effective date for that quarter. "SIF's surcharge base" means direct written premium on policies prior to application of any deductible policy premium credits. The premium surcharge is set yearly based on the Fund's budgetary needs prior to the start of the fiscal year. The annual insured employers' assessment rate for the fiscal years ending June 30, 2013 and June 30, 2012 was 2.75%.

The method of assessment for self-insured employers is a quarterly billing based on the previous calendar year's paid losses. The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2013 and June 30, 2012 was 3.25%.

NOTE 4: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances:

As of June 30, 2013:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	\$7,212,579	\$53,939,505	\$53,055,724	\$ -	\$8,096,360	\$7,157,737	\$938,623
Non-Compliance 355	8,481,595	3,874,277	357,716	3,767,152	8,231,004	-	8,231,004
Other Receivables	339,630	198,190	198,144	72,500	267,176	-	267,176
Total Receivables	\$16,033,804	\$58,011,972	\$53,611,584	\$3,839,652	\$16,594,540	\$7,157,737	\$9,436,803

As of June 30, 2012:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	\$6,969,186	\$57,386,963	\$57,143,570	\$ -	\$7,212,579	\$6,282,039	\$930,540
Non-Compliance 355	9,323,551	3,100,332	289,179	3,653,109	8,481,595	-	8,481,595
Other Receivables	441,757	115,032	217,159	-	339,630	-	339,630
Total Receivables	\$16,734,494	\$60,602,327	\$57,649,908	\$3,653,109	\$16,033,804	\$6,282,039	\$9,751,765

NOTE 5: LIABILITIES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances:

As of June 30, 2013:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	\$7,708,000	\$26,253,317	\$26,057,114	\$7,904,203	\$6,819,203
Settlements Payable	1,783,274	4,616,442	4,840,349	1,559,367	1,559,367
Accounts Payable & Accrued Expenses	1,050,840	7,362,980	7,376,763	1,037,057	1,037,057
Compensated Absences	627,571	85,405	-	712,976	508,039
Total Liabilities & Compensated Absences	\$11,169,685	\$38,318,144	\$38,274,226	\$11,213,603	\$9,923,666

As of June 30, 2012:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	\$8,000,675	\$26,104,202	\$26,396,877	\$7,708,000	\$6,585,000
Settlements Payable	1,630,400	5,872,331	5,719,457	1,783,274	1,783,274
Accounts Payable & Accrued Expenses	1,396,157	7,034,229	7,379,546	1,050,840	1,050,840
Compensated Absences	659,831	-	32,260	627,571	448,895
Total Liabilities & Compensated Absences	\$11,687,063	\$39,010,762	\$39,528,140	\$11,169,685	\$9,868,009

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6: SETTLEMENTS

Negotiations were at various stages of completion for settlements valued and accrued. As of June 30, 2013 they were \$1.6 million and at June 30, 2012 were \$1.8 million.

NOTE 7: SUBSEQUENT EVENTS

The Fund management has evaluated the events and transactions that have occurred through December 31, 2013, the date the financial statements were available for issuance, and identified no events or transactions that have occurred requiring recognition or disclosure in the financial statements.



INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

To the Trustee of the Connecticut Higher Education Trust Program-Direct Plan:

We have audited the accompanying financial statements of the Connecticut Higher Education Trust Program-Direct Plan (the "Direct Plan"), which comprise the Statement of Fiduciary Net Position as of June 30, 2013 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Direct Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Direct Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Direct Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Fiduciary Net Position of the Connecticut Higher Education Trust Program-Direct Plan, at June 30, 2013, and the Changes in Fiduciary Net Position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying management's discussion and analysis on pages 5 through 7 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries



of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Direct Plan's basic financial statements. The accompanying supplemental information of the Statements of Net Position on pages 15 through 19, Statements of Operations on pages 21 through 25, Statements of Changes in Net Position on pages 27 through 31 and Financial Highlights on pages 32 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2013 on our consideration of the Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Direct Plan's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

August 22, 2013

Note: The full independent auditors report that is covered by this opinion is available on the Office of the State Treasurer's web page.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Plan manager of the Connecticut Higher Education Trust Program – Direct Plan (the “Direct Plan”), TIAA-CREF Tuition Financing, Inc. (“TFI”) offers readers of the Direct Plan’s financial statements this discussion and analysis of the financial performance for the year ended June 30, 2013. Readers should consider the information presented in this section in conjunction with the Direct Plan’s financial statements and notes to financial statements. The Direct Plan is comprised of 11 investment options (the “Options”) in which account owners (“Account Owners”) may invest.

FINANCIAL HIGHLIGHTS

During the year ended June 30, 2013, the Options within the Direct Plan posted returns as follows:

Conservative ManagedAllocation Option

Ages 0-3	9.95%
Ages 4-7	7.30
Ages 8-11	4.58
Ages 12-14	3.08
Ages 15-17	1.41
Ages 18 & Over	(0.10)

Aggressive ManagedAllocation Option

Ages 0-3	17.29%
Ages 4-7	14.33
Ages 8-11	11.65
Ages 12-14	9.84
Ages 15-17	7.85
Ages 18 & Over	4.75

Moderate ManagedAllocation Option

Ages 0-3	13.59%
Ages 4-7	10.66
Ages 8-11	8.27
Ages 12-14	6.33
Ages 15-17	4.87
Ages 18 & Over	3.28
Money Market Option	0.00

Additional InvestmentOptions

High Equity Option	14.72%
Equity Index Option	17.25
Active Equity Option	17.26
Index Fixed-Income Option	(1.11)
Active Fixed-Income Option	1.12
Social Choice Option	24.30
Principal Plus Interest Option	1.71

The Direct Plan received \$110.3 million in net contributions from Account Owners during the year ended June 30, 2013.

The Direct Plan earned \$37.7 million of investment income and incurred \$3.0 million of operating expenses during the year ended June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Direct Plan’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board Statement No. 34, Basic Financial Statements- and Management’s Discussion and Analysis- for State and Local Governments, as amended.

This report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Position presents information on the Direct Plan’s assets and liabilities, with the difference between the two reported as net position as of June 30, 2013. This statement, along with all of the Direct Plan’s financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Direct Plan is finalized; subsequent contributions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Direct Plan’s assets changed during the most recent period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future years.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Direct Plan, which the State of Connecticut reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

FINANCIAL ANALYSIS

Net position. The following are condensed Statements of Fiduciary Net Position as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Investments	\$1,942,079,545	\$1,695,382,654
Cash	32,380	1,368
Receivables	<u>2,046,752</u>	<u>4,192,389</u>
Total Assets	<u>1,944,158,677</u>	<u>1,699,576,411</u>
Payables	<u>2,208,108</u>	<u>4,280,948</u>
Total Liabilities	<u>2,208,108</u>	<u>4,280,948</u>
Total Net Position	<u>\$1,941,950,569</u>	<u>\$1,695,295,463</u>

Net position represents total contributions from Account Owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

Investments are approximately 100% of total net position, and consist of 11 Options, each of which invests in varying percentages in multiple TIAA-CREF Funds and other third-party mutual funds, or the funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company to the Connecticut Higher Education Trust. Other assets consist mainly of cash and receivables for securities sold, contributions, and accrued income. Liabilities consist mainly of payables for securities purchased, withdrawals, and accrued expenses.

Changes in net position. The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Additions:		
Subscriptions	\$677,418,979	\$587,156,328
Investment income	37,666,830	36,920,799
Net increase in fair value of investments	<u>101,776,110</u>	<u>-</u>
Total Additions	<u>816,861,919</u>	<u>624,077,127</u>
Deductions:		
Redemptions	(567,166,400)	(488,041,584)
Plan management fee	(2,880,777)	(2,474,268)
Administrative fee	(159,636)	(137,284)
Net decrease in fair value of investments	<u>-</u>	<u>(22,456,226)</u>
Total Deductions	<u>(570,206,813)</u>	<u>(513,109,362)</u>
Changes in Net Position	246,655,106	110,967,765
Net Position - beginning of year	<u>1,695,295,463</u>	<u>1,584,327,698</u>
Net Position - end of year	<u>\$1,941,950,569</u>	<u>\$1,695,295,463</u>

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN
STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2013	June 30, 2012
ASSETS		
Cash	\$32,380	\$1,368
Investments, at value (Cost: \$1,745,343,544 and \$1,589,086,760)	1,942,079,545	1,695,382,654
Dividends and interest receivable	770,635	2,704,875
Receivable from securities transactions	227,367	243,472
Receivable for Direct Plan Units sold	1,048,750	1,244,042
TOTAL ASSETS	1,944,158,677	1,699,576,411
LIABILITIES		
Accrued Plan management fee	253,465	212,316
Accrued Administrative fee	14,068	11,763
Payable for securities transactions	1,155,166	3,150,516
Payable for Direct Plan Units redeemed	785,409	906,353
TOTAL LIABILITIES	2,208,108	4,280,948
NET POSITION		
Held in trust for Account Owners in the Direct Plan	\$1,941,950,569	\$1,695,295,463

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30,**

	<u>2013</u>	<u>2012</u>
ADDITIONS		
Subscriptions	\$677,418,979	\$587,156,328
Investment Income:		
Interest	3,578,198	4,684,213
Dividends	<u>34,088,632</u>	<u>32,236,586</u>
Total investment income	37,666,830	36,920,799
Net increase (decrease) in fair value of investments	<u>101,776,110</u>	<u>(22,456,226)</u>
Total additions	<u>816,861,919</u>	<u>601,620,901</u>
DEDUCTIONS		
Redemptions	(567,166,400)	(488,041,584)
Plan management fee	(2,880,777)	(2,474,268)
Administrative fee	<u>(159,636)</u>	<u>(137,284)</u>
Total deductions	<u>(570,206,813)</u>	<u>(490,653,136)</u>
Changes in Net Position	246,655,106	110,967,765
Net position – beginning of year	<u>1,695,295,463</u>	<u>1,584,327,698</u>
Net position – end of year	<u><u>\$1,941,950,569</u></u>	<u><u>\$1,695,295,463</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Connecticut Higher Education Trust Program - Direct Plan (the "Direct Plan") was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Direct Plan is administered by the Treasurer of the State of Connecticut, as trustee (the "Trustee") of the Connecticut Higher Education Trust (the "Trust"). The Trustee has the authority to enter into contracts for Direct Plan management services, adopt regulations for the administration of the Direct Plan and establish investment policies for the Direct Plan. TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Trustee have entered into a management agreement ("Management Agreement") under which TFI serves as Direct Plan manager. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code ("Code") and was established pursuant to the Connecticut Annotated Statutes Sections 3-22f to 3-22o. Investment options (the "Options" or individually "Option") allocations, and fees, as approved by the Trustee, are described in the current Disclosure Booklet for the Direct Plan.

The assets in the Principal Plus Interest Option are allocated to a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company ("TIAA-CREF Life"), a subsidiary of TIAA. The Funding Agreement provides the Trust a return of principal plus a guaranteed minimum rate of interest and provides the opportunity for additional interest as may be declared periodically by TIAA-CREF Life.

Teachers Advisors, Inc. ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the "Funds").

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board ("GASB") Statement No. 34 which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Direct Plan.

Investments and investment income: Investment transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Investment valuation: All investments, excluding the Funding Agreement, are recorded at their estimated fair value as described in the Valuation of Investments note to the financial statements. The Funding Agreement is considered a nonparticipating interest-earning investment contract and is accounted for at cost. There is no impairment of the underlying issuer that affects the contract.

Income tax: No provision for federal income tax has been made. The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner ("Account Owner") in the Options are represented by Direct Plan units. Subscriptions and redemptions are recorded upon receipt of Account Owner's instructions in good order, based on the next determined net position value per unit ("Unit Value"). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. There are no distributions of net investment gains or net investment income to the Option's Account Owners or beneficiaries.

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any subscriptions to the Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any redemptions to the Direct Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2—VALUATION OF INVESTMENTS

A description of the valuation techniques applied to the Direct Plan's investments follows:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date.

Funding Agreement: The Funding Agreement, to which the Principal Plus Option allocates assets, is stated at the principal contributed and earnings credited less any withdrawals to date.

NOTE 3—DIRECT PLAN EXPENSES

For its services as Direct Plan manager with respect to the Conservative Managed Allocation Option, the Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the Equity Index Option, the Active Equity Option, the Index Fixed-Income Option, the Active Fixed-Income Option, the Social Choice Option, and the Money Market Option, TFI is paid an annual aggregate Direct Plan management fee of 0.18% of the average daily net position of the Direct Plan, invested in such Options. In addition, Advisors is paid investment management fees on the underlying investments in the Funds. The Direct Plan management fee indicated applies on total assets in the Plan up to \$2.0 billion. The Direct Plan management fee will revert to 0.20%, however, if total assets in the Direct Plan decrease to below \$1.5 billion for a period of at least 90 consecutive days. If, however, total assets in the Direct Plan reach \$2.0 billion or above for a period of at least 90 days, the Direct Plan management fee indicated will be further reduced to 0.15% and will remain at such level for as long as such assets do not decline to below \$2.0 billion for 90 consecutive days.

No fee is charged on the assets invested in the Principal Plus Interest Option; however, a fee is paid to TFI by TIAA-CREF Life. TIAA-CREF Life also pays the Trustee a fee, equal to 0.01% of the average daily net position held by the Principal Plus Interest Option, for expenses related to the oversight of the Trust for this Option.

For its services administering the Direct Plan, each Option (with the exception of the Principal Plus Interest Option) pays to the Trustee an administrative fee at an annual rate of 0.01% of the average daily net position of the Option. The fee is deposited in the Administrative Account and then used to pay certain Direct Plan administrative expenses.

Beginning August 1, 2011, TFI and the Trustee began voluntarily waiving the Money Market Option's Direct Plan management fee and administrative fee, respectively, in an attempt to maintain a 0.00% return for the Option. TFI and the Trustee may discontinue the waiver at any time without notice.

NOTE 4—INVESTMENTS

Cash deposits: Cash deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or of deposits-in-transit) at \$32,465 at June 30, 2013. The entire amount was covered by federal depository insurance coverage.

Investments: As of June 30, 2013, net unrealized appreciation (depreciation) of portfolio investments was \$196,736,001 consisting of gross unrealized appreciation of \$207,394,139 and gross unrealized depreciation of \$(10,658,138).

An Account Owner has an investment in an Option and not a direct investment in any underlying mutual funds or other investment vehicle.

At June 30, 2013, the Direct Plan's investments consist of the following:

TIAA-CREF Funds (Institutional Class):	UNITS	COST	VALUE
Bond Fund	2,569,497	\$26,062,088	\$26,414,430
Bond Index Fund	35,966,254	379,030,439	381,961,623
Emerging Markets Equity Index Fund	1,529,719	15,586,134	14,914,756
Equity Index Fund	26,250,054	206,317,937	323,400,658
Growth & Income Fund	226,109	2,191,979	2,559,550
High-Yield Fund	490,299	4,824,442	4,991,246
Inflation-Linked Bond Fund	10,924,455	115,884,583	125,085,015

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

International Equity Index Fund	20,315,590	315,742,232	341,098,749
Large-Cap Value Fund	74,847	1,007,497	1,234,220
Mid-Cap Growth Fund	437,979	6,620,870	9,788,841
Mid-Cap Value Fund	490,171	7,779,239	10,440,638
Money Market Fund	55,798,589	55,798,589	55,798,589
Real Estate Securities Fund	4,525,909	43,061,958	58,112,673
S&P 500 Index Fund	4,685,370	59,535,619	84,758,341
Short-Term Bond Fund	9,461,643	98,484,477	97,927,999
Social Choice Equity Fund	781,153	8,161,925	10,701,798
TIAA-CREF Funds (Retail Class):			
Money Market Fund	679,812	679,812	679,812
Non-Proprietary Funds:			
DFA Emerging Markets Core Equity Portfolio	3,182,309	64,722,510	58,299,909
GE Institutional Small-Cap Equity Fund	651,611	9,294,433	12,009,193
GMO International Equity Allocation Series Fund	181,766	1,815,260	1,861,287
T. Rowe Price Institutional Large-Cap Growth Fund	56,301	987,930	1,203,161
Templeton Global Bond Fund	7,076,831	94,369,564	91,361,887
Thornburg International Value Fund	104,442	2,841,588	2,932,731
TIAA-CREF Life Insurance Company:			
Funding Agreement	15,121,029	224,542,439	224,542,439
		<u>\$1,745,343,544</u>	<u>\$1,942,079,545</u>

* Represents the assets of the Administrative Account.

NOTE 5 – INVESTMENT RISKS

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Direct Plan's Options are uninsured and unregistered and are held by a custodian in the Direct Plan's name.

Custodial credit risk: Custodial credit risk is the risk that in the event of a failure, the Direct Plan deposits and investments may not be returned. An Account Owner has an investment in an Option and not a direct investment in any underlying mutual fund or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is significantly mitigated.

Credit risk: The underlying mutual funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The underlying mutual funds do not carry a formal credit quality rating. The underlying Funding Agreement is a guaranteed insurance product issued by TIAA-CREF Life. TIAA-CREF Life had a AA+ credit rating at June 30, 2013.

Interest rate risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2013, the average maturities for the underlying fixed income mutual funds are as follows:

<u>Investment</u>	<u>Market Value</u>	<u>Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Fund	\$26,414,430	6.43 years
Bond Index Fund	381,961,623	6.95 years
High-Yield Fund	4,991,246	7.86 years
Inflation-Linked Bond Fund	125,085,015	8.59 years
Short-Term Bond Fund	97,927,999	3.04 years
Non-Proprietary Funds:		
Templeton Global Bond Fund	91,361,887	2.4 years

Foreign currency risk: Foreign currency and investment risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Direct Plan does not have any direct investment in foreign securities. Certain Direct Plan Options allocate assets to underlying mutual funds that are exposed to foreign currency and investment risk. At June 30, 2013, the value of investments in underlying mutual funds that primarily invest in foreign securities are as follows:

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Investment</u>	<u>Market Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Index Fund	\$14,914,756
International Equity Index Fund	341,098,749
Money Market Fund	55,798,589
Short-Term Bond Fund	97,927,999
Non-Proprietary Funds:	
DFA Emerging Markets Core Equity Portfolio	58,299,909
GMO International Equity Allocation Series Fund	1,861,287
Templeton Global Bond Fund	91,361,887
Thornburg International Value Fund	2,932,731

NOTE 6—SUBSEQUENT EVENT

On May 15, 2013, the net assets of the Direct Plan reached \$2.0 billion. Effective August 12, 2013, TFI has agreed to waive the requirement that total assets in the Direct Plan be equal to or greater than \$2.0 billion for a period of at least 90 consecutive days, thereby reducing the management fee to 0.15%. Such management fee will be in effect for as long as such assets do not decline below \$2.0 billion for 90 consecutive days.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

**FINANCIAL HIGHLIGHTS
For the Year Ended June 30, 2013**

**Conservative Managed Allocation Option
Age Bands Within the Conservative Managed Allocation Option**

FORA UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 & Over
Net position value, beginning of year	\$10.75	\$10.82	\$10.91	\$10.72	\$10.63	\$10.46
Gain (loss) from investment operations:						
Net investment income(a)	0.22	0.23	0.24	0.20	0.17	0.14
Net realized and unrealized gain (loss) on investments	0.85	0.56	0.26	0.13	(0.02)	(0.15)
Total gain (loss) from investment operations	1.07	0.79	0.50	0.33	0.15	(0.01)
Net position value, end of year	\$11.82	\$11.61	\$11.41	\$11.05	\$10.78	\$10.45
TOTAL RETURN	<u>9.95%</u>	<u>7.30%</u>	<u>4.58%</u>	<u>3.08%</u>	<u>1.41%</u>	<u>(0.10%)</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$4,082	\$2,833	\$3,189	\$4,043	\$5,778	\$5,483
Ratio of expenses to average net position(b)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Ratio of net investment income to average net position	1.91%	1.96%	2.08%	1.80%	1.58%	1.33%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

**Moderate Managed Allocation Option
Age Bands Within the Moderate Managed Allocation Option**

FORA UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 & Over
Net position value, beginning of year	\$15.16	\$13.89	\$14.99	\$15.64	\$15.19	\$14.94
Gain (loss) from investment operations:						
Net investment income(a)	0.32	0.30	0.33	0.33	0.28	0.23
Net realized and unrealized gain on investments	1.74	1.18	0.91	0.66	0.46	0.26
Total gain from investment operations	2.06	1.48	1.24	0.99	0.74	0.49
Net position value, end of year	\$17.22	\$15.37	\$16.23	\$16.63	\$15.93	\$15.43
TOTAL RETURN	<u>13.59%</u>	<u>10.66%</u>	<u>8.27%</u>	<u>6.33%</u>	<u>4.87%</u>	<u>3.28%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$28,918	\$107,930	\$204,192	\$229,986	\$237,562	\$189,649
Ratio of expenses to average net position(b)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Ratio of net investment income to average net position	1.95%	2.00%	2.04%	2.00%	1.78%	1.50%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

**Aggressive Managed Allocation Option
Age Bands Within the Aggressive Managed Allocation Option**

FORA UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 & Over
Net position value, beginning of year	\$9.66	\$9.98	\$10.64	\$11.08	\$11.34	\$11.37
Gain (loss) from investment operations:						
Net investment income(a)	0.22	0.20	0.22	0.23	0.23	0.20
Net realized and unrealized gain on investments	1.45	1.23	1.02	0.86	0.66	0.34
Total gain from investment operations	1.67	1.43	1.24	1.09	0.89	0.54
Net position value, end of year	\$11.33	\$11.41	\$11.88	\$12.17	\$12.23	\$11.91
TOTAL RETURN	<u>17.29%</u>	<u>14.33%</u>	<u>11.65%</u>	<u>9.84%</u>	<u>7.85%</u>	<u>4.75%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$23,100	\$52,016	\$45,435	\$31,211	\$26,306	\$14,378
Ratio of expenses to average net position(b)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Ratio of net investment income to average net position	2.03%	1.86%	1.94%	1.92%	1.91%	1.71%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

**FINANCIAL HIGHLIGHTS (Continued)
For the Year Ended June 30, 2013**

	High Equity Option	Equity Index Option	Active Equity Option	Index Fixed- Income Option	Active Fixed- Income Option	Social Choice Option	Money Market Option	Principal Plus Interest Option
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR								
Net position value, beginning of year	\$13.79	\$10.90	\$10.14	\$10.84	\$14.30	\$10.66	\$10.13	\$14.60
Gain (loss) from investment operations:								
Net investment income(a)	0.32	0.24	0.16	0.17	0.41	0.20	—	0.25
Net realized and unrealized gain (loss) on investments	1.71	1.64	1.59	(0.29)	(0.25)	2.39	—	—
Total gain (loss) from investment operations	2.03	1.88	1.75	(0.12)	0.16	2.59	—	0.25
Net position value, end of year	<u>\$15.82</u>	<u>\$12.78</u>	<u>\$11.89</u>	<u>\$10.72</u>	<u>\$14.46</u>	<u>\$13.25</u>	<u>\$10.13</u>	<u>\$14.85</u>
TOTAL RETURN	<u>14.72%</u>	<u>17.25%</u>	<u>17.26%</u>	<u>(1.11%)</u>	<u>1.12%</u>	<u>24.30%</u>	<u>—%</u>	<u>1.71%</u>
RATIOS AND SUPPLEMENTAL DATA								
Net position at end of period (in thousands)	\$272,421	\$131,614	\$10,609	\$7,315	\$48,526	\$10,702	\$19,452	\$224,542
Ratio of expenses to average net position before expense waiver(b)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	—%
Ratio of expenses to average net position after expense waiver(b)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.04%	—%
Ratio of net investment income to average net position	2.13%	1.96%	1.37%	1.59%	2.78%	1.65%	0.00%	1.68%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

See notes to financial statements.

INDEPENDENT AUDITORS' REPORT



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To the Trustee of the
Connecticut Higher Education Trust – Advisor Plan
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Connecticut Higher Education Trust Program Advisor Plan (the “Plan”), a Plan of the State of Connecticut, as of June 30, 2013 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2013, and the related changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, on pages 3 through 4, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial

Member of
Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT

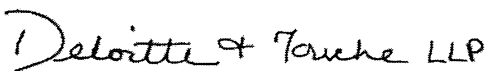
statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of fiduciary net position, the combining statements of changes in fiduciary net position, and financial highlights, as listed in the table of contents, on pages 14 through 23 are supplemental schedules presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Plan's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2013, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Plan's internal control over financial reporting and compliance.



September 9, 2013
Jericho, New York

Note: The full independent auditors report that is covered by this opinion is available on the Office of the State Treasurer's web page.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Connecticut Higher Education Trust ("CHET" or the "Trust") Program (the "Program") was formed on July 1, 1997, by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee (the "Trustee") of the Trust. The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program, and establish investment policies for the Program. The Program consists of two components – CHET Direct Plan, which is offered directly by the state, and an advisor plan which began on September 30, 2010 ("CHET Advisor Plan"), for which Hartford Life Insurance Company ("Hartford Life") and the Trustee have entered into a management agreement under which Hartford Life serves as plan manager. The Hartford Financial Services Group, Inc. ("The Hartford"), Hartford Life's ultimate parent company, has provided insurance and other financial management services for its clients since 1810. As Plan manager, Hartford Life provides readers of the financial statements of the Plan this discussion and analysis of the financial performance as of and for the fiscal year ended June 30, 2013. The following should be considered in conjunction with the Plan's financial statements and notes to financial statements, which follow this section.

These financial statements are intended for use in connection with an account opened in the CHET Advisor Plan only, and are not intended to include information relevant to the CHET Direct Plan, which is described in a separate report, and offers investment options different from those offered under the CHET Advisor Plan. For more information on the CHET Direct Plan, you may call 1-888-799-2438 or go to www.aboutchet.com.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the year ended June 30, 2013:

- The Plan had contributions of \$67.6 million and withdrawals of \$6.6 million during the year;
- At June 30, 2013, the Plan's Fiduciary Net Position totaled \$172.6 million, an increase of \$75.8 million, or 78% since June 30, 2012;
- The Plan earned \$2.3 million from investment income, \$2.5 million from capital gain distributions, \$9.5 million from net appreciation in fair value of investments, and recognized gains on the sale of investments of \$1.4 during the year. The Plan incurred \$0.9 million for operating expenses during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plan's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

This annual report consists of two sections: Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, the Notes to Financial Statements and the supplemental combining statements and the financial highlights included in the table of contents. The statements are prepared using the accrual basis of accounting. Contributions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Fiduciary Net Position presents information on all of the Plan's assets and liabilities, with the difference reported as net position.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the Plan for the fiscal year.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Plan, which the State of Connecticut reports as a fiduciary fund (private purpose trust fund). Fiduciary fund reporting at the State of Connecticut represents assets held for benefit of parties outside the governmental entity.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

Fiduciary Net Position: The following is a condensed Statement of Fiduciary Net Position for the Plan as of June 30, 2013 and June 30, 2012.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Assets:		
Investments	\$172,315,109	\$96,714,812
Receivables and other assets	<u>545,656</u>	<u>233,725</u>
Total assets	<u>172,860,765</u>	<u>96,948,537</u>
Liabilities:		
Payables and other liabilities	268,045	138,179
Accrued expenses	<u>10,049</u>	<u>3,940</u>
Total liabilities	<u>278,094</u>	<u>142,119</u>
Fiduciary Net Position	<u>\$172,582,671</u>	<u>\$96,806,418</u>

Total Fiduciary Net Position represent cumulative contributions from participants since the Plan's inception, plus net increases and (decreases) from investment operations less redemptions and expenses.

Investments make up 99.8% of total Fiduciary Net Position, and consist of 21 investment options, each of which is invested in underlying mutual funds. Other assets consist of cash, receivables for investments sold, receivables for capital shares sold and receivables for accrued income. Liabilities consist of payables for investments purchased, payables for capital shares redeemed, and payables for accrued expenses for management and administrative services.

Changes in Net Position: The following is a condensed Statement of Changes in Fiduciary Net Position for the Plan for the years ended June 30, 2013 and June 30, 2012.

	<u>For the Year Ended June 30, 2013</u>	<u>For the Year Ended June 30, 2012</u>
Additions:		
Contributions	\$67,587,484	\$60,950,444
Increase from investment operations	<u>15,657,056</u>	<u>2,472,447</u>
Total additions	<u>83,244,540</u>	<u>63,422,891</u>
Deductions:		
Withdrawals	6,576,546	3,052,713
Expenses after fees waived	<u>891,741</u>	<u>435,452</u>
Total deductions	<u>7,468,287</u>	<u>3,488,165</u>
Change in net position	<u>75,776,253</u>	<u>59,934,726</u>
Fiduciary net Position, beginning of period	96,806,418	36,871,692
Fiduciary net Position, end of period	<u>\$172,582,671</u>	<u>\$96,806,418</u>

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

STATEMENT OF FIDUCIARY NET POSITION

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
ASSETS		
Investments, at value (Cost: \$161,632,767 and \$95,531,483)	\$172,315,109	\$96,714,812
Cash	31,589	14,825
Receivables:		
Investments sold	94,741	58,379
Capital shares sold	191,230	97,825
Dividends and interest receivable	228,096	62,490
Other	-	206
TOTAL ASSETS	<u>172,860,765</u>	<u>96,948,537</u>
LIABILITIES		
Bank Overdraft	21,117	-
Payables:		
Investments purchased	207,122	91,102
Capital shares redeemed	39,806	47,077
Accrued Expenses	10,049	3,940
TOTAL LIABILITIES	<u>278,094</u>	<u>142,119</u>
 FIDUCIARY NET POSITION	 <u><u>\$172,582,671</u></u>	 <u><u>\$96,806,418</u></u>

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30,**

	<u>2013</u>	<u>2012</u>
ADDITIONS		
Contributions:		
Account holders	\$67,587,484	\$60,950,444
Total contributions	<u>67,587,484</u>	<u>\$60,950,444</u>
Increase from investment operations		
Dividends	2,301,330	1,102,301
Capital gain distributions received from underlying funds	2,505,310	-
Net realized gain on sale of underlying fund shares	1,351,403	-
Net appreciation on underlying fund shares	<u>9,499,013</u>	<u>1,370,146</u>
Net increase from investment operations	<u>15,657,056</u>	<u>2,472,447</u>
Total additions	<u>83,244,540</u>	<u>63,422,891</u>
DEDUCTIONS		
Withdrawals	6,576,546	3,052,713
Expenses:		
Plan manager fees	328,716	187,632
Administrative fees	26,535	12,509
Distribution fees	<u>584,677</u>	<u>259,319</u>
Total expenses (before waivers)	<u>939,928</u>	<u>459,460</u>
Total waivers	<u>(48,187)</u>	<u>(24,008)</u>
Total expenses after fees waived	<u>891,741</u>	<u>435,452</u>
Total deductions	<u>7,468,287</u>	<u>3,488,165</u>
FIDUCIARY NET POSITION		
Net increase in fiduciary net position	75,776,253	59,934,726
Beginning of year	<u>96,806,418</u>	<u>36,871,692</u>
End of year	<u>\$172,582,671</u>	<u>\$96,806,418</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Connecticut Higher Education Trust (“CHET” or the “Trust”) Advisor Plan (“Plan”) is a qualified tuition program offered by the Trust. Hartford Life Insurance Company (“Hartford Life”) serves as plan manager and manages the Plan under the direction of the Trustee. The Plan is intended to meet the requirements of the qualified tuition program under Section 529 of the Internal Revenue Code and was established pursuant to the Connecticut General Statutes Section 3-22f to 3-22o. Investment options and allocations, as adopted by the Trustee, are described in the current Disclosure Booklet for the Program.

The Plan offers Age-Based Investment Options tailored to the length of time until the designated beneficiary reaches college age, Static Investment Options that allow investing in fixed allocations of underlying investments or Individual Investment Options (collectively, “Investment Options”). The CHET Advisor Plan consists of 21 Portfolios that make up the Investment Options in which plan participants can direct their contributions. These Investment Options are as follows:

Age-Based Investment Options

CHET Advisor Age-Based Portfolio 0-8
 CHET Advisor Age-Based Portfolio 9-13
 CHET Advisor Age-Based Portfolio 14-15
 CHET Advisor Age-Based Portfolio 16-17
 CHET Advisor Age-Based Portfolio 18+

Static Investment Options

CHET Advisor Aggressive Growth Portfolio
 CHET Advisor Conservative Portfolio
 CHET Advisor Growth Portfolio

Individual Investment Options

CHET The Hartford Balance Portfolio
 CHET The Hartford Capital Appreciation 529 Portfolio
 CHET The Hartford Checks and Balances 529 Portfolio
 CHET The Hartford Dividend and Growth 529 Portfolio
 CHET The Hartford Global Research 529 Portfolio
 CHET The Hartford Growth Opportunity 529 Portfolio
 CHET The Hartford Inflation Plus 529 Portfolio
 CHET The Hartford International Opportunity 529 Portfolio
 CHET The Hartford MidCap 529 Portfolio
 CHET The Hartford Money Market 529 Portfolio
 CHET The Hartford Small Company 529 Portfolio
 CHET The Hartford Total Return Bond 529 Portfolio
 CHET The Hartford Value 529 Portfolio

The Investment Options operate in the manner of a “Fund of Funds,” investing the majority of their assets in Class Y shares of underlying mutual funds sponsored by The Hartford (the “underlying mutual funds”) as well as certain non-Hartford exchange-traded funds (“ETFs”). Collectively, the underlying mutual funds and ETFs are called the “Underlying Funds.”

Financial statements of the underlying mutual funds contain additional information about the expenses and investments of the underlying mutual funds and are available from the EDGAR database on the Securities and Exchange Commission website at <http://www.sec.gov>.

The Investment Options offer Class A Units, Class C Units and Class E Units. Each Class of Units has a different fee structure determined by the sales charge. Class A units are sold with a front-end sales charge of up to 5.50%, with the exception of the following Investment Options that have a maximum front-end sales charge rate of:

NOTES TO FINANCIAL STATEMENTS

<u>Investment Option</u>	<u>Rate</u>
CHET Advisor Age-Based Portfolio 16-17	3.00%
CHET Advisor Age-Based Portfolio 18+	3.00
The Hartford Conservative 529 Portfolio	3.00
The Hartford Inflation Plus 529 Portfolio	3.00
The Hartford Total Return Bond 529 Portfolio	3.00
The Hartford Money Market 529 Portfolio	-

Class C units are sold with a contingent deferred sales charge of up to 1% on shares redeemed within 12 months of purchase, with the exception of the Hartford Money Market 529 Portfolio, which has no contingent deferred sales charge. Class E units are sold without sales charges to certain eligible investors. All classes of units have identical redemption, dividend, liquidation, and other rights and the same terms and conditions, with the exceptions that each class may have different expenses, which may affect performance.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the CHET Advisor Plan in the preparation of its financial statements, which are in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"), as defined by the Governmental Accounting Standards Board (GASB). The preparation of financial statements in accordance with U.S. GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of increases and decreases in fiduciary net position from operations during the reporting period. Actual results could differ from those estimates.

Determination of Net Position Value (NPV) – The NPV of each class of the Investment Option's units is based on the value of all underlying investment holdings, determined as of the close of regular trading (normally 4:00 p.m. Eastern Time) (the "NYSE Close") on each day that the New York Stock Exchange is open ("Valuation Date"). Information that becomes known to the Investment Option after the NPV has been calculated on a particular day will not generally be used to retroactively adjust the NPV determined earlier that day.

Investment Valuation – Investments in open-end mutual funds are valued at the respective Net Asset Value of each underlying mutual fund as determined as of the NYSE Close on the Valuation Date.

The Investment Options generally use market prices in valuing the ETFs. If market prices are not readily available or are deemed unreliable, the Investment Option will use the fair value of the security as determined in good faith under policies and procedures established by Hartford Life.

Security Transactions and Investment Income – Underlying Fund transactions are recorded as of the trade date (the date the order to buy or sell is executed) for financial reporting purposes. Realized gains and losses are determined on the basis of specific identified cost. Income and realized and unrealized capital gains and losses of each class are allocated daily based on the relative fiduciary net position of each class of units of the Investment Option.

Income and capital gain distributions from Underlying Funds are recorded on the ex-dividend date.

Units – Contributions by a participant are evidenced through the issuance of units in the particular Investment Option according to the investment elections made by the participant. Contributions and withdrawals are subject to terms and limitations defined in the participation agreement between the participant and the CHET Advisor Plan. Contributions are invested in units of the assigned Investment Option on the same day as the credit of the contribution to the participant's account. Withdrawals are based on the unit value calculated for such Investment Option on the day that the withdrawal request is accepted. The earnings portion of non qualified withdrawals, in addition to applicable federal and state income taxes, may be subject to a 10% non qualified withdrawal penalty to be withheld from the amount withdrawn.

Cash – Cash appearing on the Statement of Fiduciary Net Position is attributable to certain Investment Options, as shown in the attached supplementary schedules. The cash is due to unsettled trades of ETFs.

NOTES TO FINANCIAL STATEMENTS (Continued)

Receivables – Receivables for investment securities sold and receivables from the sale of units to participants of the CHET Advisor Plan represent the sales of the Investment Option and the contributions of the participant that have not settled as of the reporting date, respectively.

Payables – Payables for investment securities purchased and payables from units redeemed from participants of the CHET Advisor Plan represent the purchases of the Investment Option and the redemptions of the participant that have not settled as of the reporting date, respectively.

NOTE 3: INVESTMENT RISKS

The CHET Advisor Plan's investments represent shares of the Underlying Funds, rather than individual securities and therefore, are not subject to classification by custodial credit risk or disclosure of concentration of credit risk under GASB Statement No. 40, Deposit and Investment Risk Disclosures. The Underlying Funds are not rated by any nationally recognized statistical rating organization.

An Investment Option is exposed to the risks of the Underlying Funds in direct proportion to the amount of assets the Investment Option allocates to each Underlying Fund

Interest Rate Risks – Certain Underlying Funds invest in debt securities, including bonds, and are subject to interest rate risk. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. The exposure to interest rate risk is greater with long-term bonds than short-term bonds.

Foreign Currency Risks – Certain Underlying Funds invest in foreign securities. Certain additional risks are involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

Market Risks – In the normal course of business, the Underlying Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk). The market values of Underlying Funds may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The market value of equity securities may also decline due to factors, which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Credit Risks – Certain underlying funds invest in fixed-income securities and are subject to credit risks. Generally credit risk is the risk that an issuer (issuer credit risk) or other counterparty (counterparty credit risk) to an investment will not fulfill its obligation to the holder of the investment.

Financial assets, which potentially expose the Underlying Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Underlying Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value as recorded in the underlying funds' Statements of Assets and Liabilities. Refer to the prospectuses and financial statements of the underlying funds for information on the respective underlying fund's investment strategy.

NOTE 4: FEDERAL AND STATE INCOME TAXES

The Program has been designated to comply with the requirements for treatment as a qualified state tuition program under Section 529 of the Internal Revenue Code, which is exempt from federal and state income tax. Therefore, no provision for income tax is required.

NOTE 5: PLAN MANAGEMENT AND OTHER FEES

Allocable expenses incurred by the CHET Advisor Plan are allocated to each Investment Option and allocated to classes within the Investment Option in proportion to the average daily net position of the Investment Option and each class, except where otherwise noted.

NOTES TO FINANCIAL STATEMENTS (Continued)

Plan Manger Fee – Hartford Life manages the CHET Advisor Plan under the direction of the Trustee, pursuant to a management agreement it has entered into with the Trustee. A fee is charged to pay Hartford Life to perform many aspects of offering and administrating the CHET Advisor Plan. The fee of 0.24% became effective September 1, 2012. From July 1, 2012 through August 31, 2012, the fee was 0.30%. This fee is accrued and deducted daily as a percentage of average daily fiduciary net position of the Investment Options and paid monthly. In addition, Hartford Life is paid investment management fees from the Hartford underlying funds.

Given the current low interest rate environment, Hartford Life has waived the annual plan manager fee for contributions to The Hartford Money Market 529 Portfolio. These fees may be resumed at the sole discretion of Hartford Life.

Administrative Fee – The Administrative Fee of 0.02%, is charged to pay the Trust's expenses related to the overall operation of the Connecticut Higher Education Trust. This fee is accrued and deducted daily as a percentage of average daily fiduciary net position of the Investment Options and paid monthly. Until certain start-up costs for the CHET Advisor Plan are recouped, the Trust will pay the administrative fee to Hartford Life.

Given the current low interest rate environment, the Trust has waived the administrative fee for contributions to The Hartford Money Market 529 Portfolio. This fee may be resumed at the sole discretion of the Trustee.

Annual Distribution Fee – The CHET Advisor Plan is authorized to charge an annual distribution fee to compensate Hartford Life for activities intended to result in the sale and distribution of Classes A and C units and for providing services for shareholders. The fee is accrued and deducted daily as a percentage of average fiduciary net position in the Investment Options and paid monthly. The schedule below reflects the fees effective as of June 30, 2013:

<u>Class of Units</u>	<u>Annual</u>
Class A	0.25%
Class C	1.00

Given the current low interest rate environment, Hartford Life has waived the annual distribution fee for contributions to The Hartford Money Market 529 Portfolio. These fees may be resumed at the sole discretion of Hartford Life.

NOTE 6: AFFILIATE HOLDINGS

As of June 30, 2013, affiliates of The Hartford had ownership in certain Investment Options in order to create start up capital. The shares held in those Investment Options are as follows:

<u>Portfolio Name</u>	<u>Class A</u>	<u>Class C</u>	<u>Class E</u>
CHET Advisor Age-Based Portfolio 16-17	-	-	2,502
CHET Advisor Age-Based Portfolio 18+	-	-	2,501
CHET Advisor Checks and Balances Portfolio	-	-	2,500
CHET Advisor Conservative Portfolio	-	-	2,501
The Hartford Dividend and Growth 529 Portfolio	-	-	2,498
The Hartford Global Research 529 Portfolio	2,499	2,501	2,500
The Hartford Growth Opportunities 529 Portfolio	4,664	4,669	4,665
The Hartford Inflation Plus 529 Portfolio	-	-	2,498
The Hartford International Opportunities 529 Portfolio	-	2,501	2,500
The Hartford MidCap 529 Portfolio	-	-	2,499
The Hartford Money Market 529 Portfolio	-	-	2,497
The Hartford Small Company 529 Portfolio	-	2,502	2,499
The Hartford Total Return Bond 529 Portfolio	-	-	2,497
The Hartford Value 529 Portfolio	-	2,502	2,498

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: INVESTMENTS

The following table represents a calculation of the net change in investments during the year ended June 30, 2013:

Investments at end of year	\$ 172,315,109
Less cost of investments purchased during year	(71,240,115)
Plus cost of investments sold during year	5,138,831
Less investments at beginning of year	(96,714,812)
Change in investments during year	\$ 9,499,013

Investments on the Combining Statements of Fiduciary Net Position consist of the following as of June 30, 2013:

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
CHET Advisor Plan:			
Powershares Emerging Markets Sovereign Debt ETF	62,896	\$1,823,583	\$1,717,691
SPDR Dow Jones International Real Estate ETF	56,014	2,155,314	2,234,958
SPDR Dow Jones REIT ETF	29,016	2,055,913	2,203,764
The Hartford Capital Appreciation Fund, Class Y	333,325	11,897,687	14,712,943
The Hartford Dividend and Growth Fund, Class Y	767,423	15,846,362	18,295,364
The Hartford Equity Income Fund, Class Y	63,226	899,628	1,061,571
The Hartford Floating Rate Fund, Class Y	144,321	1,273,703	1,287,343
The Hartford Global Research Fund, Class Y	463,113	4,426,268	4,862,683
The Hartford Growth Opportunities Fund, Class Y	223,100	7,598,510	8,094,056
The Hartford Inflation Plus Fund, Class Y	1,422,733	17,436,004	16,133,795
The Hartford International Opportunities Fund, Class Y	583,797	8,702,472	9,369,949
The Hartford International Small Company Fund, Class Y	219,443	2,855,812	3,331,142
The Hartford MidCap Fund, Class Y	401,347	8,932,788	10,286,519
The Hartford MidCap Value Fund, Class Y	306,078	3,911,122	4,768,702
The Hartford Money Market Fund, Class Y	12,240,146	12,240,146	12,240,146
The Hartford Short Duration Fund, Class Y	724,350	7,191,469	7,156,583
The Hartford Small Company Fund, Class Y	68,300	1,470,918	1,681,547
The Hartford Small/Mid Cap Equity Fund, Class Y	295,215	3,350,377	3,949,973
The Hartford SmallCap Growth Fund, Class Y	40,000	1,426,339	1,767,185
The Hartford Strategic Income Fund, Class Y	178,785	1,671,774	1,591,182
The Hartford Total Return Bond Fund, Class Y	2,613,152	28,750,893	27,516,488
The Hartford Value Fund, Class Y	1,225,507	14,628,522	16,728,168
The Hartford Value Opportunities Fund, Class Y	76,450	1,087,163	1,323,357
		<u>\$161,632,767</u>	<u>\$172,315,109</u>

NOTE 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 9, 2013, which is the date the financial statements were issued. There were no subsequent events identified related to the CHET Advisor Plan that could have a material impact on the CHET Advisor Plan's financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2013**

	-- Selected Per-Share Data ⁽¹⁾ --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total Investment Operations	Net Position Value at End of Period	Total Return % Based on Net Position Value Per Unit	Net Position at End of Period (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover Rate ⁽²⁾
CHET Advisor Age-Based Portfolio 0-8										
Class A	\$11.23	\$0.14	\$1.89	\$2.03	\$13.26	18.08%	\$24,931	0.52%	1.33%	28%
Class C	11.09	0.06	1.84	1.90	12.99	17.13	7,490	1.26	0.61	—
Class E	11.28	0.17	1.90	2.07	13.35	18.35	4,184	0.27	1.60	—
CHET Advisor Age-Based Portfolio 9-13										
Class A	11.24	0.14	1.38	1.52	12.76	13.52	25,435	0.52	1.49	18
Class C	11.09	0.07	1.34	1.41	12.50	12.71	7,035	1.26	0.78	—
Class E	11.28	0.20	1.37	1.57	12.85	13.92	3,113	0.27	1.77	—
CHET Advisor Age-Based Portfolio 14-15										
Class A	11.20	0.17	0.98	1.15	12.35	10.27	7,336	0.52	1.56	27
Class C	11.06	0.06	0.98	1.04	12.10	9.40	4,454	1.26	0.74	—
Class E	11.26	0.14	1.04	1.18	12.44	10.48	1,332	0.27	1.87	—
CHET Advisor Age-Based Portfolio 16-17										
Class A	11.01	0.10	0.40	0.50	11.51	4.54	6,293	0.52	1.20	19
Class C	10.86	0.04	0.37	0.41	11.27	3.78	3,453	1.26	0.49	—
Class E	11.05	0.14	0.40	0.54	11.59	4.89	1,347	0.27	1.49	—
CHET Advisor Age-Based Portfolio 18+										
Class A	10.60	0.07	0.06	0.13	10.73	1.23	3,504	0.52	0.85	34
Class C	10.46	0.01	0.05	0.06	10.52	0.57	2,975	1.26	0.09	—
Class E	10.64	0.08	0.08	0.16	10.80	1.50	682	0.27	1.09	—
CHET Advisor Aggressive Growth Portfolio										
Class A	11.25	0.10	2.50	2.60	13.85	23.11	2,960	0.52	1.03	17
Class C	11.11	0.02	2.44	2.46	13.57	22.14	1,880	1.26	0.22	—
Class E	11.30	0.11	2.53	2.64	13.94	23.36	1,321	0.27	1.29	—
CHET Advisor Conservative Portfolio										
Class A	11.02	0.12	0.39	0.51	11.53	4.63	2,506	0.52	1.26	22
Class C	10.89	0.04	0.37	0.41	11.30	3.76	1,938	1.26	0.49	—
Class E	11.07	0.13	0.41	0.54	11.61	4.88	214	0.27	1.46	—
CHET Advisor Growth Portfolio										
Class A	11.21	0.14	1.89	2.03	13.24	18.11	7,877	0.52	1.32	17
Class C	11.07	0.05	1.85	1.90	12.97	17.16	2,069	1.26	0.55	—
Class E	11.26	0.17	1.90	2.07	13.33	18.38	1,238	0.27	1.63	—
CHET Advisor Balanced Portfolio										
Class A	11.22	0.14	1.01	1.15	12.37	10.25	5,033	0.52	1.49	22
Class C	11.08	0.06	0.98	1.04	12.12	9.39	2,859	1.26	0.71	—
Class E	11.27	0.18	1.00	1.18	12.45	10.47	736	0.27	1.75	—
The Hartford Capital Appreciation 529 Portfolio										
Class A	10.18	0.06	3.17	3.23	13.41	31.73	1,261	0.52	0.51	21
Class C	10.05	(0.02)	3.11	3.09	13.14	30.75	1,382	1.27	(0.19)	—
Class E	10.23	0.07	3.21	3.28	13.51	32.06	888	0.27	0.71	—
CHET Advisor Checks and Balances Portfolio										
Class A	11.00	0.15	1.72	1.87	12.87	17.00	1,696	0.52	1.48	16
Class C	10.86	0.09	1.66	1.75	12.61	16.11	1,090	1.27	0.73	—
Class E	11.05	0.21	1.70	1.91	12.96	17.29	259	0.27	1.73	—
The Hartford Dividend and Growth 529 Portfolio										
Class A	11.82	0.17	2.31	2.48	14.30	20.98	2,690	0.52	1.61	7
Class C	11.67	0.07	2.27	2.34	14.01	20.05	2,408	1.26	0.87	—
Class E	11.87	0.21	2.31	2.52	14.39	21.23	720	0.27	1.81	—

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2013 (Continued)**

	-- Selected Per-Share Data ⁽¹⁾ --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total Investment Operations	Net Position Value at End of Period	Total Return % Based on Net Position Value Per Unit	Net Position at End of Period (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover Rate ⁽²⁾
The Hartford Global Research 529 Portfolio										
Class A	\$10.54	\$0.16	\$1.79	\$1.95	\$12.49	18.50%	\$315	0.52%	1.74%	16%
Class C	10.40	0.09	1.74	1.83	12.23	17.60	345	1.26	1.03	—
Class E	10.58	0.16	1.83	1.99	12.57	18.81	284	0.27	1.63	—
The Hartford Growth Opportunities 529 Portfolio										
Class A	12.12	(0.05)	2.46	2.41	14.53	19.88	1,049	0.51	(0.51)	13
Class C	11.97	(0.12)	2.39	2.27	14.24	18.96	470	1.26	(1.26)	—
Class E	12.17	(0.02)	2.48	2.46	14.63	20.21	301	0.26	(0.27)	—
The Hartford Inflation Plus 529 Portfolio										
Class A	11.54	—	(0.64)	(0.64)	10.90	(5.55)	1,482	0.52	(0.03)	41
Class C	11.39	(0.11)	(0.61)	(0.72)	10.67	(6.32)	2,209	1.27	(0.74)	—
Class E	11.59	0.03	(0.65)	(0.62)	10.97	(5.35)	169	0.27	0.25	—
The Hartford International Opportunities 529 Portfolio										
Class A	9.83	0.11	1.31	1.42	11.25	14.45	1,186	0.52	1.14	14
Class C	9.70	0.01	1.31	1.32	11.02	13.61	555	1.26	0.15	—
Class E	9.87	0.08	1.38	1.46	11.33	14.79	387	0.27	0.95	—
The Hartford MidCap 529 Portfolio										
Class A	11.48	(0.01)	2.86	2.85	14.33	24.83	1,159	0.52	(0.09)	13
Class C	11.33	(0.09)	2.80	2.71	14.04	23.92	816	1.26	(0.84)	—
Class E	11.52	0.03	2.87	2.90	14.42	25.17	389	0.27	0.19	—
The Hartford Money Market 529 Portfolio										
Class A	10.00	—	—	—	10.00	—	1,699	— ⁽³⁾	—	36
Class C	10.00	—	—	—	10.00	—	5,365	— ⁽³⁾	—	—
Class E	10.00	—	—	—	10.00	—	411	— ⁽³⁾	—	—
The Hartford Small Company 529 Portfolio										
Class A	12.20	(0.06)	2.86	2.80	15.00	22.95	975	0.52	(0.52)	10
Class C	12.04	(0.15)	2.80	2.65	14.69	22.01	470	1.27	(1.26)	—
Class E	12.25	(0.03)	2.88	2.85	15.10	23.27	237	0.27	(0.28)	—
The Hartford Total Return Bond 529 Portfolio										
Class A	10.86	0.21	(0.19)	0.02	10.88	0.18	1,600	0.52	2.36	8
Class C	10.72	0.15	(0.22)	(0.07)	10.65	(0.65)	2,357	1.27	1.61	—
Class E	10.91	0.28	(0.24)	0.04	10.95	0.37	244	0.27	2.61	—
The Hartford Value 529 Portfolio										
Class A	11.71	0.28	2.58	2.86	14.57	24.42	1,086	0.52	2.50	11
Class C	11.56	0.16	2.56	2.72	14.28	23.53	279	1.26	1.83	—
Class E	11.76	0.29	2.62	2.91	14.67	24.74	156	0.27	2.48	—

(1) Information presented relates to a unit outstanding throughout the indicated period.

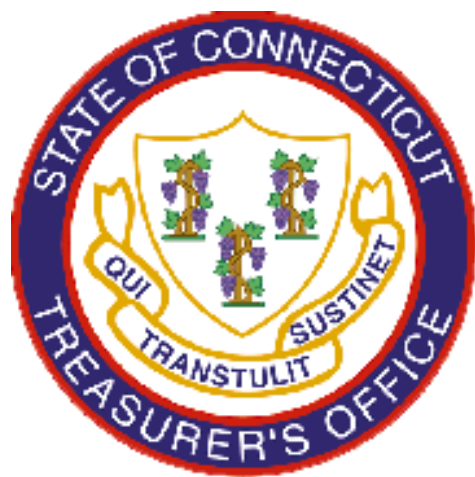
(2) Portfolio turnover rate is calculated on the basis of the fund as a whole without distinguishing between the class of shares issued.

(3) As of June 30, 2013 the CHET Advisor Plan Manager is waiving the Plan Manager, Administration, and Distribution fees. If these fees were included, the ratio of expenses to average net position would be as follows: 0.52% (Class A), 1.26% (Class C), and 0.27% (Class E).

See notes to financial statements.



Supplemental Information



PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOTAL NET POSITION VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2013

<u>Retirement Funds</u>	<u>Net Position Value</u>
Teachers' Retirement Fund	\$14,453,543,844
State Employees' Retirement Fund	9,179,572,746
Municipal Employees' Retirement Fund	1,828,132,695
State Judges' Retirement Fund	168,327,147
The Probate Court Retirement Fund	81,893,304
State's Attorneys Retirement Fund	1,271,590
<u>Non-retirement Trust Funds</u>	
Soldiers' Sailors' & Marines' Fund	68,040,523
Police & Firemans' Survivors' Benefit Fund	23,975,814
Connecticut Arts Endowment Fund	17,846,712
School Fund	10,340,471
Ida Eaton Cotton Fund	2,303,004
Hopemead State Park Fund	3,097,285
Andrew C. Clark Fund	1,083,224
Agricultural College Fund	648,685
OPEB Fund	100,731,996
TOTAL	<u>\$25,940,809,040</u>

COMBINED INVESTMENT FUNDS

**SCHEDULE OF NET POSITION BY INVESTMENT FUND
JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ASSETS						
Investments in Securities , at Fair Value						
Liquidity Fund	\$ -	\$199,086,123	\$50,898,921	\$169,569,912	\$31,999,186	\$22,369,867
Cash Equivalents	1,425,532,922	-	-	-	-	14,122
Asset Backed Securities	80,782,027	-	-	61,898,779	-	(114,471)
Government Securities	552,862,104	-	-	601,914,673	847,483,309	661,754,034
Government Agency Securities	38,526,291	-	-	538,709,475	-	-
Mortgage Backed Securities	32,326,002	-	-	173,117,494	-	-
Corporate Debt	223,093,646	-	-	510,730,959	-	184,301,292
Convertible Securities	-	-	-	-	-	-
Common Stock	-	-	5,747,681,270	-	-	207,051
Preferred Stock	-	-	-	73,721	-	-
Real Estate Investment Trust	-	-	157,085,204	-	-	-
Mutual Fund	-	-	279,363,303	306,855	-	519,538,630
Limited Liability Corporation	-	-	-	-	-	-
Trusts	-	-	-	-	-	-
Limited Partnerships	-	1,048,488,787	1,054,100	-	-	-
Annuities	-	-	-	-	-	-
Total Investments in Securities, at Fair Value	2,353,122,992	1,247,574,910	6,236,082,798	2,056,321,868	879,482,495	1,388,070,525
Cash	99,445,736	-	12,522	-	84,247	8,158,652
Receivables						
Foreign Exchange Contracts	804,626,302	-	-	13,378,569	12,129,234	102,741,492
Interest Receivable	7,575,954	80,203	23,536	12,509,715	4,631,114	16,594,145
Dividends Receivable	-	-	6,661,425	-	-	-
Due from Brokers	3,402,137	-	84,155,603	373,590,767	3,474,335	7,397,452
Foreign Taxes	644	-	12,088	11,034	-	596,753
Securities Lending Receivable	-	-	380,869	57,766	30,765	5,776
Reserve for Doubtful Receivables	-	-	(1,610)	(1,130,028)	-	(583,060)
Total Receivables	815,605,037	80,203	91,231,911	398,417,823	20,265,448	126,752,558
Invested Securities Lending Collateral	-	-	1,097,613,003	323,234,559	373,165,904	18,063,582
Other Funds on Deposit	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Assets	3,268,173,765	1,247,655,113	7,424,940,234	2,777,974,250	1,272,998,094	1,541,045,317
LIABILITIES						
Payables						
Foreign Exchange Contracts	800,123,942	-	-	13,253,061	12,119,071	102,778,469
Due to Brokers	3,398,585	-	88,292,973	528,762,823	-	9,669,214
Income Distribution	991,173	-	2,232,805	5,278,281	-	-
Other Payable	-	-	-	2,560,307	-	-
Total Payables	804,513,700	-	90,525,778	549,854,472	12,119,071	112,447,683
Securities Lending Collateral	-	-	1,097,613,003	323,234,559	373,165,904	18,063,582
Accrued Expenses	142,223	(107,786)	(329,114)	(98,874)	82,927	469,177
Total Liabilities	804,655,923	(107,786)	1,187,809,667	872,990,157	385,367,902	130,980,442
NET POSITION HELD IN TRUST FOR PARTICIPANTS						
	\$2,463,517,842	\$1,247,762,899	\$6,237,130,567	\$1,904,984,093	\$887,630,192	\$1,410,064,875
Units Outstanding	2,466,572,085	1,175,179,822	5,477,628	16,116,434	5,896,346	9,255,800
Net Position Value and Redemption Price per Unit	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET POSITION BY INVESTMENT FUND (Continued)
JUNE 30, 2013

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$72,797,263	\$262,498,293	\$130,750,089	\$244,023,984	\$27,212	\$127,869,830	\$(1,311,890,680)	\$ -
72,415,856	-	-	-	-	-	-	1,497,962,900
-	-	-	-	-	-	-	142,566,335
22,824,063	-	-	-	-	-	-	2,686,838,183
-	-	-	-	-	-	-	577,235,766
-	-	-	-	42,887	-	-	205,486,383
1,023,946,310	-	-	-	-	-	-	1,942,072,207
41,826,379	-	-	-	-	-	-	41,826,379
16,054,127	5,039,482,752	2,065,994,011	-	-	2,278,897	-	12,871,698,108
17,374,206	35,617,901	39,625,689	-	-	-	-	92,691,517
-	55,029,114	4,889,926	70,645,273	-	-	-	287,649,517
-	443,635	125,922,338	-	-	-	-	925,574,761
-	-	-	-	-	1,032,982	-	1,032,982
-	-	-	946,213	-	-	-	946,213
-	-	-	1,155,683,752	-	2,433,695,896	-	4,638,922,535
-	-	-	-	-	-	-	-
1,267,238,204	5,393,071,695	2,367,182,053	1,471,299,222	70,099	2,564,877,605	(1,311,890,680)	25,912,503,786
4,613	33,051,034	956,526	-	-	-	(99,445,736)	42,267,594
-	-	-	-	-	-	-	-
13,557,402	5,987,572,142	15,196,211	-	-	-	(804,626,302)	6,144,575,050
20,372,799	100,058	42,949	86,457	10	50,566	107,840,202	169,907,708
-	9,506,034	11,025,491	744,260	-	-	-	27,937,210
10,234,590	63,088,802	12,863,455	10,994,140	-	-	(3,402,137)	565,799,144
5,568	9,531,556	181,945	-	-	-	(644)	10,338,944
61,547	369,070	78,185	-	-	-	-	983,978
(1,796,911)	(854,125)	(45,225)	-	-	-	-	(4,410,959)
42,434,995	6,069,313,537	39,343,011	11,824,857	10	50,566	(700,188,881)	6,915,131,075
235,153,367	274,998,489	193,459,798	-	-	-	-	2,515,688,702
-	-	-	-	-	-	-	-
-	-	-	-	2,836	2,724,074	-	2,726,910
1,544,831,179	11,770,434,755	2,600,941,388	1,483,124,079	72,945	2,567,652,245	(2,111,525,297)	35,388,318,067
13,465,899	5,969,105,300	15,182,334	-	-	-	(800,123,942)	6,125,904,134
44,188,189	61,621,985	23,325,186	-	-	-	(3,398,585)	755,860,370
3,857,868	17,585,134	-	1,476,074	-	17,497,469	(501,156)	48,417,648
-	-	-	-	-	-	-	2,560,307
61,511,956	6,048,312,419	38,507,520	1,476,074	-	17,497,469	(804,023,683)	6,932,742,459
235,153,367	274,998,489	193,459,798	-	-	-	-	2,515,688,702
(52,435)	(263,519)	(113,333)	(342,275)	-	(246,193)	(62,932)	(922,134)
296,612,888	6,323,047,389	231,853,985	1,133,799	-	17,251,276	(804,086,615)	9,447,509,027
\$1,248,218,291	\$5,447,387,366	\$2,369,087,403	\$1,481,990,280	\$72,945	\$2,550,400,969	\$(1,307,438,682)	\$25,940,809,040
9,935,549	14,398,922	6,603,539	40,644,721	2,403	53,062,640		
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06		

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS						
OPERATIONS						
Investment Income						
Dividends	\$12	\$3,039,996	\$124,406,000	\$25,839	\$ -	\$16,203,748
Interest	18,957,731	840,472	584,924	70,370,005	10,329,192	26,623,649
Other Income	6,074	-	1,130,187	409,273	-	7,726,661
Securities Lending	-	-	7,565,975	1,674,364	1,082,684	278,651
Total Income	18,963,817	3,880,468	133,687,086	72,479,481	11,411,876	50,832,709
Expenses						
Investment Advisory Fees	5,406,324	-	11,426,658	3,263,250	880,812	4,820,747
Custody and Transfer Agent Fees	284,273	121,628	811,779	246,383	124,755	208,157
Professional Fees	31,946	742,651	323,092	53,095	24,413	40,203
Security Lending Fees	-	-	1,085,853	167,022	70,486	15,532
Security Lending Rebates	-	-	326,724	560,990	612,805	-
Investment Expenses	-	4,933	1,241,228	110,679	7,275	542,504
Total Expenses	5,722,543	869,212	15,215,334	4,401,419	1,720,546	5,627,143
Net Investment Income	13,241,274	3,011,256	118,471,752	68,078,062	9,691,330	45,205,566
Net Realized Gain (Loss)	5,262,048	(254,647)	765,032,220	63,118,505	26,210,788	67,483,238
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(7,675,744)	57,774,693	298,928,361	(118,259,568)	(75,231,305)	(105,716,450)
Net Increase (Decrease) in Net Position Resulting from Operations	10,827,578	60,531,302	1,182,432,333	12,936,999	(39,329,187)	6,972,354
Unit Transactions						
Purchase of Units by Participants	4,875,601,311	638,390,202	48,447,236	65,364,635	44,105,555	368,125,377
TOTAL ADDITIONS	4,886,428,889	698,921,504	1,230,879,569	78,301,634	4,776,368	375,097,731
DEDUCTIONS						
Administrative Expenses:						
Salary and Fringe Benefits	(324,097)	(256,691)	(973,437)	(328,734)	(148,443)	(216,878)
Distributions to Unit Owners:						
Income Distributed	(12,917,176)	-	(116,895,758)	(81,862,629)	(12,719,408)	(7,224,484)
Unit Transactions						
Redemption of Units by Participants	(3,941,060,135)	-	(1,300,570,132)	(707,812,642)	(42,292,992)	(159,684,691)
TOTAL DEDUCTIONS	(3,954,301,408)	(256,691)	(1,418,439,327)	(790,004,005)	(55,160,843)	(167,126,053)
Change in Net Position Held in Trust for Participants	932,127,481	698,664,813	(187,559,758)	(711,702,371)	(50,384,475)	207,971,678
Net Position- Beginning of Period	1,531,390,361	549,098,086	6,424,690,325	2,616,686,464	938,014,667	1,202,093,197
Net Position- End of Period	\$2,463,517,842	\$1,247,762,899	\$6,237,130,567	\$1,904,984,093	\$887,630,192	\$1,410,064,875
Other Information:						
Units						
Purchased	14,465,555,952	625,010,272	44,785	533,842	272,393	2,229,816
Redeemed	(13,534,257,646)	-	(1,275,796)	(5,734,311)	(260,817)	(957,815)
Net Increase (Decrease)	931,298,306	625,010,272	(1,231,011)	(5,200,469)	11,576	1,272,001

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$489,259	\$168,437,880	\$58,729,939	\$82,287,394	\$ -	\$294,256,420	\$(6)	\$747,876,481
60,211,323	835,159	244,733	845,933	56,260	852,583	(8,959,665)	181,792,299
1,321,266	138,831	1,921	-	-	459	(2,871)	10,731,801
1,248,828	5,058,600	1,509,549	-	-	-	-	18,418,651
63,270,676	174,470,470	60,486,142	83,133,327	56,260	295,109,462	(8,962,542)	958,819,232
3,211,831	19,676,452	16,111,435	3,988,963	6,250	5,210,437	(2,555,097)	71,448,062
130,663	725,249	339,516	167,151	-	312,757	(134,351)	3,337,960
22,006	158,360	136,069	332,299	-	1,319,478	(15,098)	3,168,514
173,764	757,374	223,975	-	-	-	-	2,494,006
90,627	9,955	16,538	-	-	-	-	1,617,639
17,349	380,055	2,452,408	9,383	20,091	18,596	-	4,804,501
3,646,240	21,707,445	19,279,941	4,497,796	26,341	6,861,268	(2,704,546)	86,870,682
59,624,436	152,763,025	41,206,201	78,635,531	29,919	288,248,194	(6,257,996)	871,948,550
10,711,616	341,750,921	28,695,302	3,505,777	807	(29,020,348)	(2,486,911)	1,280,009,316
(5,937,280)	555,285,704	(3,855,243)	55,721,310	(48,799)	(29,684,148)	4,527,014	625,828,545
64,398,772	1,049,799,650	66,046,260	137,862,618	(18,073)	229,543,698	(4,217,893)	2,777,786,411
530,500,888	141,292,274	140,676,593	130,750,510	-	69,308,932	(2,071,114,410)	4,981,449,103
594,899,660	1,191,091,924	206,722,853	268,613,128	(18,073)	298,852,630	(2,075,332,303)	7,759,235,514
(133,572)	(713,920)	(342,389)	(470,689)	(17)	(505,625)	153,172	(4,261,320)
(47,980,397)	(99,285,065)	(30,746,870)	(89,524,002)	(42,519)	(320,092,764)	6,104,820	(813,186,252)
(9,336,186)	(269,869,637)	(34,022,698)	(25,000,000)	(635,000)	-	1,512,543,313	(4,977,740,800)
(57,450,155)	(369,868,622)	(65,111,957)	(114,994,691)	(677,536)	(320,598,389)	1,518,801,305	(5,795,188,372)
537,449,505	821,223,302	141,610,896	153,618,437	(695,609)	(21,745,759)	(556,530,998)	1,964,047,142
710,768,786	4,626,164,064	2,227,476,507	1,328,371,843	768,554	2,572,146,728	(750,907,684)	23,976,761,898
\$1,248,218,291	\$5,447,387,366	\$2,369,087,403	\$1,481,990,280	\$72,945	\$2,550,400,969	\$(1,307,438,682)	\$25,940,809,040
4,173,966	397,848	354,898	3,628,126	-	1,443,216		
(74,608)	(717,320)	(86,411)	(707,235)	(16,647)	-		
4,099,358	(319,472)	268,487	2,920,891	(16,647)	1,443,216		

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS						
OPERATIONS						
Investment Income						
Dividends	\$97	\$948,457	\$112,858,819	\$61,710	\$ -	\$42,185,346
Interest	22,638,968	336,082	415,906	91,194,393	23,313,853	55,645,737
Other Income	-	-	1,349,464	386,118	-	1,914,937
Securities Lending	-	-	8,256,771	2,875,316	1,823,910	324,631
Total Income	22,639,065	1,284,539	122,880,960	94,517,537	25,137,763	100,070,651
Expenses						
Investment Advisory Fees	5,155,864	-	11,445,708	3,423,470	869,547	4,294,249
Custody and Transfer Agent Fees	257,821	47,044	586,801	219,618	81,274	103,667
Professional Fees	47,022	614,580	203,097	81,281	21,144	26,339
Security Lending Fees	-	-	1,219,822	358,028	188,278	43,263
Security Lending Rebates	-	-	121,205	488,617	568,757	-
Investment Expenses	32,574	5,137	69,625	26,265	10,047	76,295
Total Expenses	5,493,281	666,761	13,646,258	4,597,279	1,739,047	4,543,813
Net Investment Income	17,145,784	617,778	109,234,702	89,920,258	23,398,716	95,526,838
Net Realized Gain (Loss)	2,180,982	29,965	117,583,639	65,969,856	62,588,320	12,090,173
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(17,667,060)	(8,009,251)	(34,459,593)	43,246,896	29,167,326	(52,325,017)
Net Increase (Decrease) in Net Position Resulting from Operations	1,659,706	(7,361,508)	192,358,748	199,137,010	115,154,362	55,291,994
Unit Transactions						
Purchase of Units by Participants	3,354,044,038	37,828,000	-	56,220,000	-	-
TOTAL ADDITIONS	3,355,703,744	30,466,492	192,358,748	255,357,010	115,154,362	55,291,994
DEDUCTIONS						
Administrative Expenses						
Salary and Fringe Benefits	(235,810)	(234,012)	(1,180,232)	(346,167)	(130,518)	(161,330)
Distributions to Unit Owners						
Income Distributed	(16,909,973)	-	(104,349,540)	(99,518,625)	(17,436,368)	(10,851,417)
Unit Transactions						
Redemption of Units by Participants	(3,543,119,356)	-	(300,000,000)	(256,875,000)	(279,000,000)	-
TOTAL DEDUCTIONS	(3,560,265,139)	(234,012)	(405,529,772)	(356,739,792)	(296,566,886)	(11,012,747)
Change in Net Position Held in Trust for Participants	(204,561,395)	30,232,480	(213,171,024)	(101,382,782)	(181,412,524)	44,279,247
Net Position- Beginning of Period	1,735,951,756	518,865,606	6,637,861,349	2,718,069,246	1,119,427,191	1,157,813,950
Net Position- End of Period	\$1,531,390,361	\$549,098,086	\$6,424,690,325	\$2,616,686,464	\$938,014,667	\$1,202,093,197
Other Information:						
Units						
Purchased	9,004,777,912	38,721,559	-	463,666	-	-
Redeemed	(9,191,360,795)	-	(339,747)	(2,118,186)	(1,848,793)	-
Net Increase (Decrease)	(186,582,883)	38,721,559	(339,747)	(1,654,520)	(1,848,793)	-

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$597,392	\$156,268,010	\$73,820,104	\$34,428,802	\$114,054	\$201,618,368	\$(40)	622,901,119
53,600,919	921,013	304,577	944,476	1,174	1,250,217	(9,399,047)	241,168,268
1,341,258	25,508	-	4	-	7,431	-	5,024,720
1,197,135	6,432,117	2,532,426	-	-	-	-	23,442,306
56,736,704	163,646,648	76,657,107	35,373,282	115,228	202,876,016	(9,399,087)	892,536,413
2,499,366	21,120,485	15,663,461	3,255,115	25,000	6,549,582	(2,140,566)	72,161,281
62,343	435,610	212,300	105,136	152	207,395	(107,040)	2,212,121
15,681	137,932	55,183	332,719	26	1,268,861	(19,522)	2,784,343
173,776	961,195	318,726	-	-	-	-	3,263,088
38,852	25,049	23,474	-	-	-	-	1,265,954
19,997	347,530	1,225,029	11,762	20	23,781	(13,524)	1,834,538
2,810,015	23,027,801	17,498,173	3,704,732	25,198	8,049,619	2,280,652	83,521,325
53,926,689	140,618,847	59,158,934	31,668,550	90,030	194,826,397	(7,118,435)	809,015,088
1,674,654	(145,172,760)	(44,399,800)	(1,901,270)	(1,016)	(81,531,926)	(905,481)	(11,794,664)
(12,626,368)	(666,333,025)	(385,250,175)	57,540,409	361	27,854,030	6,815,986	(1,012,045,481)
42,974,975	(670,886,938)	(370,491,041)	87,307,689	89,375	141,148,501	(1,207,930)	(214,825,057)
-	89,937,000	-	176,190,200	-	390,182,000	(1,388,399,847)	2,716,001,391
42,974,975	(580,949,938)	(370,491,041)	263,497,889	89,375	531,330,501	(1,389,607,777)	2,501,176,334
(96,966)	(714,637)	(342,905)	(280,430)	(899)	(487,217)	97,902	(4,113,221)
(49,685,953)	(105,873,219)	(39,688,753)	(32,112,895)	(120,196)	(191,044,852)	7,020,532	(660,571,259)
-	(95,000,000)	-	-	(1,590,000)	-	1,432,189,714	(3,043,394,642)
(49,782,919)	(201,587,856)	(40,031,658)	(32,393,325)	(1,711,095)	(191,532,069)	1,330,252,225	(3,708,079,122)
(6,807,944)	(782,537,794)	(410,522,699)	231,104,564	(1,621,720)	339,798,432	49,700,371	(1,206,902,788)
717,576,730	5,408,701,858	2,637,999,206	1,097,267,279	2,390,274	2,232,348,296	(800,608,055)	25,183,664,686
\$710,768,786	\$4,626,164,064	\$2,227,476,507	\$1,328,371,843	\$768,554	\$2,572,146,728	\$(750,907,684)	\$23,976,761,898
-	267,570	-	5,185,168	-	7,846,337	-	-
-	(295,175)	-	-	(32,310)	-	-	-
-	(27,605)	-	5,185,168	(32,310)	7,846,337	-	-

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Teachers' Retirement Fund						
Book Value at June 30, 2012	\$523,854,307	\$309,558,000	\$826,729,895	\$1,160,541,395	\$383,575,994	\$486,828,242
Market Value at June 30, 2012	\$522,508,008	\$309,372,784	\$3,625,171,415	\$1,338,902,357	\$484,525,222	\$659,967,525
Shares Purchased	1,671,955,906	320,310,000	14,087,873	-	23,136,632	222,455,375
Shares Redeemed	(1,617,147,819)	-	(647,402,000)	(340,957,398)	-	(77,900,000)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	2,354,342	-	508,170,147	47,381,550	-	20,216,672
Net Investment Income Earned	4,178,059	-	65,646,209	38,894,681	6,620,020	4,022,610
Net Investment Income Distributed	(4,178,059)	-	(65,646,209)	(38,894,681)	(6,620,020)	(4,022,610)
Changes in Market Value of Fund Shares	(2,020,836)	33,372,729	100,717,471	(82,196,480)	(28,617,637)	(22,725,436)
Market Value at June 30, 2013	\$577,649,601	\$663,055,513	\$3,600,744,906	\$963,130,029	\$479,044,217	\$802,014,136
Book Value at June 30, 2013	\$581,016,736	\$629,868,000	\$701,585,915	\$866,965,547	\$406,712,626	\$651,600,289
Shares Outstanding	578,365,790	624,485,176	3,162,278	8,148,216	3,182,193	5,264,498
Market Value per Share	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34
State Employees' Retirement Fund						
Book Value at June 30, 2012	\$220,254,894	\$196,880,000	\$474,781,207	\$728,599,722	\$240,919,590	\$303,736,307
Market Value at June 30, 2012	\$219,545,808	\$196,776,165	\$2,385,318,932	\$842,730,095	\$309,007,912	\$417,213,155
Shares Purchased	742,613,712	196,540,000	14,087,870	43,567,171	18,135,478	47,400,000
Shares Redeemed	(482,202,931)	-	(535,340,000)	(173,000,000)	-	(48,000,000)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,113,960	-	434,365,096	24,562,480	-	15,064,728
Net Investment Income Earned	2,368,799	-	41,595,907	25,237,980	4,205,873	2,369,563
Net Investment Income Distributed	(2,368,799)	-	(41,595,907)	(25,237,980)	(4,205,873)	(2,369,563)
Changes in Market Value of Fund Shares	(1,580,481)	20,836,148	(48,188,157)	(49,504,614)	(18,450,318)	(9,358,084)
Market Value at June 30, 2013	\$479,490,068	\$414,152,313	\$2,250,243,741	\$688,355,132	\$308,693,072	\$422,319,799
Book Value at June 30, 2013	\$481,779,635	\$393,420,000	\$387,894,173	\$623,729,373	\$259,055,068	\$318,201,035
Shares Outstanding	480,084,556	390,060,834	1,976,229	5,823,582	2,050,585	2,772,148
Market Value per Share	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34
Municipal Employees' Retirement Fund						
Book Value at June 30, 2012	\$27,764,552	\$37,666,000	\$88,323,086	\$284,781,669	\$95,437,446	\$77,382,319
Market Value at June 30, 2012	\$27,661,237	\$37,637,956	\$347,514,805	\$319,034,370	\$119,819,046	\$100,516,401
Shares Purchased	258,486,874	109,254,630	-	3,897,104	1,716,364	85,600,000
Shares Redeemed	(255,328,985)	-	(100,286,256)	(173,192,533)	(30,289,328)	(19,000,000)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	301,150	-	76,892,302	18,557,668	6,544,353	3,355,206
Net Investment Income Earned	318,030	-	6,078,204	8,822,062	1,594,338	699,503
Net Investment Income Distributed	(318,030)	-	(6,078,204)	(8,822,062)	(1,594,338)	(699,503)
Changes in Market Value of Fund Shares	(110,116)	5,372,633	(20,372,998)	(24,062,426)	(11,129,036)	(7,302,786)
Market Value at June 30, 2013	\$31,010,160	\$152,265,219	\$303,747,853	\$144,234,183	\$86,661,399	\$163,168,821
Book Value at June 30, 2013	\$31,223,591	\$146,920,630	\$64,929,132	\$134,043,908	\$73,408,835	\$147,337,525
Shares Outstanding	31,048,608	143,407,886	266,760	1,220,242	575,674	1,071,056
Market Value per Share	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$337,219,517	\$1,981,768,259	\$771,408,218	\$976,273,786	\$775,670	\$1,964,852,371	\$9,723,385,654
\$396,889,583	\$2,649,043,994	\$1,267,910,689	\$748,860,092	\$418,156	\$1,469,592,117	\$13,473,161,942
182,679,532	64,281,136	64,008,900	57,152,000	-	27,500,000	2,647,567,354
-	(99,000,000)	-	(12,000,000)	(345,493)	-	(2,794,752,710)
-	-	-	-	-	-	-
-	37,492,522	-	(3,584,030)	(332,320)	-	611,698,883
24,111,212	47,022,900	17,505,185	49,588,120	23,133	172,666,508	430,278,637
(24,111,212)	(47,022,900)	(17,505,185)	(49,588,120)	(23,133)	(172,666,508)	(430,278,637)
11,742,042	507,478,343	19,559,716	30,518,976	299,344	(52,259,857)	515,868,375
\$591,311,157	\$3,159,295,995	\$1,351,479,305	\$820,947,038	\$39,687	\$1,444,832,260	\$14,453,543,844
\$519,899,049	\$1,984,541,917	\$835,417,118	\$1,017,841,756	\$97,857	\$1,992,352,371	\$10,187,899,181
4,706,710	8,350,876	3,767,082	22,515,103	1,308	30,060,612	1,292,009,843
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06	
\$219,958,589	\$1,175,513,286	\$472,848,222	\$621,025,447	\$546,560	\$1,243,957,799	\$5,899,021,623
\$249,237,253	\$1,679,774,535	\$801,263,510	\$469,374,034	\$296,226	\$897,732,704	\$8,468,270,329
107,000,000	51,819,132	64,008,900	35,020,001	-	23,000,000	1,343,192,264
-	(93,000,000)	-	(13,000,000)	(244,749)	-	(1,344,787,680)
-	-	-	-	-	-	-
-	36,495,452	-	(4,134,100)	(232,856)	-	507,234,760
14,936,146	29,531,085	11,132,378	30,741,386	16,388	105,769,079	267,904,584
(14,936,146)	(29,531,085)	(11,132,378)	(30,741,386)	(16,388)	(105,769,079)	(267,904,584)
7,355,842	305,319,160	10,072,027	20,833,449	209,495	(31,881,394)	205,663,073
\$363,593,095	\$1,980,408,279	\$875,344,437	\$508,093,384	\$28,116	\$888,851,310	\$9,179,572,746
\$326,958,589	\$1,170,827,870	\$536,857,122	\$638,911,348	\$68,955	\$1,266,957,799	\$6,404,660,967
2,894,123	5,234,756	2,439,915	13,934,851	926	18,493,091	925,765,596
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06	
\$41,699,115	\$163,275,296	\$81,252,619	\$121,294,274	\$84,197	\$235,656,322	\$1,254,616,895
\$47,193,471	\$261,602,630	\$138,840,305	\$95,592,108	\$45,959	\$179,840,546	\$1,675,298,834
207,683,215	4,000,000	4,692,780	34,002,922	-	16,825,565	726,159,454
-	(68,197,965)	(29,420,751)	-	(37,973)	-	(675,753,791)
-	-	-	-	-	-	-
-	32,766,428	14,044,922	-	(35,603)	-	152,426,426
4,141,559	4,392,681	1,828,130	6,722,082	2,543	21,206,531	55,805,663
(4,141,559)	(4,392,681)	(1,828,130)	(6,722,082)	(2,543)	(21,206,531)	(55,805,663)
(2,707,795)	21,591,292	(8,931,030)	3,680,345	31,979	(6,058,290)	(49,998,228)
\$252,168,891	\$251,762,385	\$119,226,226	\$133,275,375	\$4,362	\$190,607,821	\$1,828,132,695
\$249,382,330	\$131,843,759	\$70,569,570	\$155,297,196	\$10,621	\$252,481,887	\$1,457,448,984
2,007,210	665,476	332,328	3,655,180	144	3,965,711	188,216,275
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Probate Court Retirement Fund						
Book Value at June 30, 2012	\$3,906,027	\$1,777,000	\$3,096,919	\$10,491,244	\$4,726,894	\$3,245,945
Market Value at June 30, 2012	\$3,890,195	\$1,775,022	\$16,406,214	\$12,346,911	\$5,873,583	\$4,399,188
Shares Purchased	6,782,460	2,302,542	-	174,254	52,833	3,300,000
Shares Redeemed	(8,190,308)	-	(5,393,021)	(5,000,000)	(1,832,381)	(1,456,650)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	14,193	-	4,464,328	794,497	381,012	267,822
Net Investment Income Earned	25,893	-	286,408	313,561	77,817	30,096
Net Investment Income Distributed	(25,893)	-	(286,408)	(313,561)	(77,817)	(30,096)
Changes in Market Value of Fund Shares	4,496	200,997	(1,820,455)	(1,022,419)	(580,146)	(385,923)
Market Value at June 30, 2013	\$2,501,036	\$4,278,561	\$13,657,066	\$7,293,243	\$3,894,901	\$6,124,437
Book Value at June 30, 2013	\$2,512,372	\$4,079,542	\$2,168,226	\$6,459,995	\$3,328,358	\$5,357,117
Shares Outstanding	2,504,140	4,029,675	11,994	61,702	25,873	40,201
Market Value per Share	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34
Judges' Retirement Fund						
Book Value at June 30, 2012	\$3,163,112	\$3,537,000	\$9,314,099	\$24,738,264	\$11,450,314	\$6,741,274
Market Value at June 30, 2012	\$3,147,654	\$3,536,159	\$31,900,180	\$27,839,669	\$14,334,245	\$8,928,412
Shares Purchased	14,699,727	9,983,031	-	306,050	158,249	6,650,000
Shares Redeemed	(12,316,361)	-	(9,215,848)	(14,497,810)	(6,149,247)	(2,791,598)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	7,178	-	6,765,817	1,729,294	1,314,724	490,585
Net Investment Income Earned	32,377	-	563,732	660,049	188,266	61,013
Net Investment Income Distributed	(32,377)	-	(563,732)	(660,049)	(188,266)	(61,013)
Changes in Market Value of Fund Shares	(14,374)	492,103	(1,498,435)	(2,106,034)	(1,683,515)	(735,071)
Market Value at June 30, 2013	\$5,523,824	\$14,011,293	\$27,951,714	\$13,271,169	\$7,974,456	\$12,542,328
Book Value at June 30, 2013	\$5,553,656	\$13,520,031	\$6,864,068	\$12,275,798	\$6,774,040	\$11,090,261
Shares Outstanding	5,530,674	13,196,251	24,548	112,276	52,973	82,329
Market Value per Share	\$1.00	\$1.06	\$1,138.66	\$118.20	\$150.54	\$152.34
State's Attorneys' Retirement Fund						
Book Value at June 30, 2012	\$156,543	\$-	\$37,049	\$555,160	\$17,299	\$45,435
Market Value at June 30, 2012	\$155,977	\$-	\$209,039	\$617,048	\$25,802	\$64,016
Shares Purchased	56,252	-	-	-	-	-
Shares Redeemed	(2)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-
Net Investment Income Earned	1,094	-	4,210	20,445	350	358
Net Investment Income Distributed	(1,094)	-	(4,210)	(20,445)	(350)	(358)
Changes in Market Value of Fund Shares	(81)	-	39,508	(22,872)	(1,434)	755
Market Value at June 30, 2013	\$212,146	\$-	\$248,547	\$594,176	\$24,368	\$64,771
Book Value at June 30, 2013	\$212,793	\$-	\$37,049	\$555,160	\$17,299	\$45,435
Shares Outstanding	212,408	-	218	5,027	162	425
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$150.54	\$152.34

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$2,007,540	\$6,744,479	\$3,781,807	\$5,795,509	\$5,083	\$10,206,809	\$55,785,256
\$2,306,494	\$11,580,806	\$6,698,230	\$4,428,414	\$2,729	\$8,336,122	\$78,043,908
10,003,020	150,000	183,205	1,394,339	-	520,053	24,862,706
(48,320)	(2,043,755)	(1,806,274)	-	(2,255)	-	(25,772,964)
-	-	-	-	-	-	-
2,175	1,050,980	895,552	-	(2,187)	-	7,868,372
210,167	199,637	87,303	309,436	151	980,534	2,521,003
(210,167)	(199,637)	(87,303)	(309,436)	(151)	(980,534)	(2,521,003)
(117,989)	1,339,329	(611,508)	169,248	1,972	(286,320)	(3,108,718)
\$12,145,380	\$12,077,360	\$5,359,205	\$5,992,001	\$259	\$8,569,855	\$81,893,304
\$11,964,415	\$5,901,704	\$3,054,290	\$7,189,848	\$641	\$10,726,862	\$62,743,370
96,675	31,924	14,938	164,335	9	178,301	7,159,767
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06	
\$4,325,719	\$16,110,180	\$7,367,527	\$11,816,412	\$8,842	\$22,542,654	\$121,115,397
\$4,811,997	\$24,162,099	\$12,763,773	\$8,835,424	\$4,838	\$16,645,239	\$156,909,689
18,605,121	312,000	420,289	3,091,248	-	1,463,314	55,689,029
-	(6,395,168)	(2,682,242)	-	(3,997)	-	(54,052,271)
-	-	-	-	-	-	-
-	2,845,386	1,299,620	-	(3,728)	-	14,448,876
408,582	406,458	168,114	601,257	268	1,972,643	5,062,759
(408,582)	(406,458)	(168,114)	(601,257)	(268)	(1,972,643)	(5,062,759)
(213,219)	2,149,179	(830,723)	337,397	3,346	(568,830)	(4,668,176)
\$23,203,899	\$23,073,496	\$10,970,717	\$12,264,069	\$459	\$17,539,723	\$168,327,147
\$22,930,840	\$12,872,398	\$6,405,194	\$14,907,660	\$1,117	\$24,005,968	\$137,201,031
184,698	60,989	30,580	336,352	15	364,925	19,976,609
\$125.63	\$378.32	\$358.76	\$36.46	\$30.36	\$48.06	
\$53,177	\$-	\$-	\$77,349	\$-	\$-	\$942,012
\$59,914	\$-	\$-	\$63,528	\$-	\$-	\$1,195,324
-	-	-	-	-	-	56,252
-	-	-	-	-	-	(2)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,992	-	-	4,037	-	-	33,486
(2,992)	-	-	(4,037)	-	-	(33,486)
1,891	-	-	2,249	-	-	20,016
\$61,805	\$-	\$-	\$65,777	\$-	\$-	\$1,271,590
\$53,177	\$-	\$-	\$77,349	\$-	\$-	\$998,262
492	-	-	1,804	-	-	220,536
\$125.63	\$-	\$-	\$36.46	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION
COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Soldiers' Sailors' & Marines' Fund						
Book Value at June 30, 2012	\$654,241	\$-	\$983,642	\$37,929,520	\$1,725,943	\$4,533,494
Market Value at June 30, 2012	\$652,977	\$-	\$5,897,733	\$44,770,124	\$2,645,391	\$6,563,644
Shares Purchased	4,328,483	-	4,112,186	2,337,610	-	-
Shares Redeemed	(2,969,989)	-	(1,000,452)	-	(2,723,497)	(7,122,947)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	2,581	-	560,963	-	997,554	2,589,453
Net Investment Income Earned	7,549	-	171,113	1,496,444	16,648	20,078
Net Investment Income Distributed	(7,549)	-	(171,113)	(1,496,444)	(16,648)	(20,078)
Changes in Market Value of Fund Shares	(10,819)	-	1,130,773	(1,732,732)	(919,448)	(2,030,150)
Market Value at June 30, 2013	\$2,003,233	\$-	\$10,701,203	\$45,375,002	\$-	\$-
Book Value at June 30, 2013	\$2,015,316	\$-	\$4,656,339	\$40,267,130	\$-	\$-
Shares Outstanding	2,005,721	-	9,398	383,879	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-
Endowment for the Arts						
Book Value at June 30, 2012	\$918,380	\$-	\$-	\$11,043,334	\$502,392	\$1,319,527
Market Value at June 30, 2012	\$914,258	\$-	\$-	\$12,454,983	\$735,777	\$1,825,451
Shares Purchased	2,477,656	-	2,559,310	1,018,954	-	-
Shares Redeemed	(2,832,998)	-	(124,637)	(1,164,901)	(757,500)	(1,981,003)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	3,760	-	15,822	146,521	255,108	661,476
Net Investment Income Earned	6,383	-	33,639	391,389	4,631	5,584
Net Investment Income Distributed	(6,383)	-	(33,639)	(391,389)	(4,631)	(5,584)
Changes in Market Value of Fund Shares	638	-	349,660	(579,380)	(233,385)	(505,924)
Market Value at June 30, 2013	\$563,314	\$-	\$2,800,155	\$11,876,177	\$-	\$-
Book Value at June 30, 2013	\$566,798	\$-	\$2,450,495	\$11,043,908	\$-	\$-
Shares Outstanding	564,011	-	2,459	100,474	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-
Agricultural College Fund						
Book Value at June 30, 2012	\$42,286	\$-	\$25,364	\$302,380	\$13,760	\$36,140
Market Value at June 30, 2012	\$42,103	\$-	\$155,368	\$347,418	\$20,528	\$50,931
Shares Purchased	33,715	-	-	327,925	-	-
Shares Redeemed	(74,260)	-	(161,678)	(1)	(21,134)	(55,272)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	47	-	136,314	-	7,374	19,132
Net Investment Income Earned	213	-	999	17,639	130	156
Net Investment Income Distributed	(213)	-	(999)	(17,639)	(130)	(156)
Changes in Market Value of Fund Shares	174	-	(130,004)	(28,436)	(6,768)	(14,791)
Market Value at June 30, 2013	\$1,779	\$-	\$-	\$646,906	\$-	\$-
Book Value at June 30, 2013	\$1,788	\$-	\$-	\$630,304	\$-	\$-
Shares Outstanding	1,781	-	-	5,473	-	-
Market Value per Share	\$1.00	\$-	\$-	\$118.20	\$-	\$-

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$5,301,306	\$-	\$-	\$-	\$-	\$-	\$51,128,146
\$6,103,757	\$-	\$-	\$-	\$-	\$-	\$66,633,626
-	7,481,753	2,789,991	-	-	-	21,050,023
(6,270,477)	(874,217)	(86,767)	-	-	-	(21,048,346)
-	-	-	-	-	-	-
969,171	96,408	3,186	-	-	-	5,219,316
134,042	68,882	12,343	-	-	-	1,927,099
(134,042)	(68,882)	(12,343)	-	-	-	(1,927,099)
(802,451)	698,128	(147,397)	-	-	-	(3,814,096)
\$-	\$7,402,072	\$2,559,013	\$-	\$-	\$-	\$68,040,523
\$-	\$6,703,944	\$2,706,410	\$-	\$-	\$-	\$56,349,139
-	19,566	7,133	-	-	-	2,425,697
\$-	\$378.32	\$358.76	\$-	\$-	\$-	
\$1,545,250	\$-	\$-	\$-	\$-	\$-	\$15,328,883
\$1,715,958	\$-	\$-	\$-	\$-	\$-	\$17,646,427
-	1,876,828	708,597	-	-	-	8,641,345
(1,762,829)	(138,120)	-	-	-	-	(8,761,988)
-	-	-	-	-	-	-
217,579	15,853	-	-	-	-	1,316,119
37,683	17,597	3,158	-	-	-	500,064
(37,683)	(17,597)	(3,158)	-	-	-	(500,064)
(170,708)	182,713	(38,805)	-	-	-	(995,191)
\$-	\$1,937,274	\$669,792	\$-	\$-	\$-	\$17,846,712
\$-	\$1,754,561	\$708,597	\$-	\$-	\$-	\$16,524,359
-	5,121	1,867	-	-	-	673,932
\$-	\$378.32	\$358.76	\$-	\$-	\$-	
\$42,296	\$-	\$-	\$-	\$-	\$-	\$462,226
\$47,664	\$-	\$-	\$-	\$-	\$-	\$664,012
-	-	-	-	-	-	361,640
(48,966)	-	-	-	-	-	(361,311)
-	-	-	-	-	-	-
6,670	-	-	-	-	-	169,537
1,047	-	-	-	-	-	20,184
(1,047)	-	-	-	-	-	(20,184)
(5,368)	-	-	-	-	-	(185,193)
\$-	\$-	\$-	\$-	\$-	\$-	\$648,685
\$-	\$-	\$-	\$-	\$-	\$-	\$632,092
-	-	-	-	-	-	7,254
\$-	\$-	\$-	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Ida Eaton Cotton Fund						
Book Value at June 30, 2012	\$141,825	\$-	\$87,363	\$1,021,247	\$46,470	\$122,060
Market Value at June 30, 2012	\$141,234	\$-	\$529,400	\$1,182,169	\$69,852	\$173,308
Shares Purchased	138,824	-	-	410,226	-	-
Shares Redeemed	(203,762)	-	(238,794)	-	(71,915)	(188,076)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	197	-	201,496	-	25,445	66,016
Net Investment Income Earned	660	-	7,863	46,322	440	530
Net Investment Income Distributed	(660)	-	(7,863)	(46,322)	(440)	(530)
Changes in Market Value of Fund Shares	120	-	(131,387)	(62,548)	(23,382)	(51,248)
Market Value at June 30, 2013	\$76,613	\$-	\$360,715	\$1,529,847	\$-	\$-
Book Value at June 30, 2013	\$77,084	\$-	\$50,065	\$1,431,473	\$-	\$-
Shares Outstanding	76,708	-	317	12,943	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-
Andrew Clark Fund						
Book Value at June 30, 2012	\$67,944	\$-	\$41,101	\$495,688	\$22,555	\$59,240
Market Value at June 30, 2012	\$67,650	\$-	\$247,665	\$555,822	\$32,842	\$81,479
Shares Purchased	159,638	-	-	200,590	-	-
Shares Redeemed	(201,939)	-	(109,272)	-	(33,812)	(88,422)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	108	-	92,088	-	11,257	29,182
Net Investment Income Earned	325	-	3,695	21,820	206	250
Net Investment Income Distributed	(325)	-	(3,695)	(21,820)	(206)	(250)
Changes in Market Value of Fund Shares	123	-	(59,125)	(29,661)	(10,287)	(22,239)
Market Value at June 30, 2013	\$25,580	\$-	\$171,356	\$726,751	\$-	\$-
Book Value at June 30, 2013	\$25,751	\$-	\$23,917	\$696,278	\$-	\$-
Shares Outstanding	25,611	-	150	6,148	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-
School Fund						
Book Value at June 30, 2012	\$438,509	\$-	\$384,307	\$4,757,413	\$216,479	\$568,594
Market Value at June 30, 2012	\$436,418	\$-	\$2,328,190	\$5,468,297	\$323,108	\$801,651
Shares Purchased	696,564	-	-	1,677,554	-	-
Shares Redeemed	(782,300)	-	(1,027,939)	-	(332,648)	(869,961)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,218	-	868,307	-	116,169	301,367
Net Investment Income Earned	2,790	-	35,434	213,303	2,034	2,451
Net Investment Income Distributed	(2,790)	-	(35,434)	(213,303)	(2,034)	(2,451)
Changes in Market Value of Fund Shares	15	-	(550,213)	(282,312)	(106,629)	(233,057)
Market Value at June 30, 2013	\$351,915	\$-	\$1,618,345	\$6,863,539	\$-	\$-
Book Value at June 30, 2013	\$353,991	\$-	\$224,675	\$6,434,967	\$-	\$-
Shares Outstanding	352,349	-	1,421	58,067	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$142,819	\$-	\$-	\$-	\$-	\$-	\$1,561,784
\$161,903	\$-	\$-	\$-	\$-	\$-	\$2,257,866
-	248,756	93,250	-	-	-	891,056
(166,326)	(25,559)	(2,069)	-	-	-	(896,501)
-	-	-	-	-	-	-
23,507	2,820	76	-	-	-	319,557
3,554	2,300	412	-	-	-	62,081
(3,554)	(2,300)	(412)	-	-	-	(62,081)
(19,084)	23,532	(4,977)	-	-	-	(268,974)
\$-	\$249,549	\$86,280	\$-	\$-	\$-	\$2,303,004
\$-	\$226,017	\$91,257	\$-	\$-	\$-	\$1,875,896
-	660	240	-	-	-	90,868
\$-	\$378.32	\$358.76	\$-	\$-	\$-	
\$69,389	\$-	\$-	\$-	\$-	\$-	\$755,917
\$76,700	\$-	\$-	\$-	\$-	\$-	\$1,062,158
-	117,016	43,871	-	-	-	521,115
(78,795)	(10,857)	(539)	-	-	-	(523,636)
-	-	-	-	-	-	-
9,406	1,211	20	-	-	-	143,272
1,685	1,087	195	-	-	-	29,263
(1,685)	(1,087)	(195)	-	-	-	(29,263)
(7,311)	11,178	(2,363)	-	-	-	(119,685)
\$-	\$118,548	\$40,989	\$-	\$-	\$-	\$1,083,224
\$-	\$107,370	\$43,352	\$-	\$-	\$-	\$896,668
-	313	114	-	-	-	32,338
\$-	\$378.32	\$358.76	\$-	\$-	\$-	
\$665,451	\$-	\$-	\$-	\$-	\$-	\$7,030,753
\$750,151	\$-	\$-	\$-	\$-	\$-	\$10,107,815
-	1,150,957	431,335	-	-	-	3,956,410
(770,642)	(153,513)	(22,740)	-	-	-	(3,959,743)
-	-	-	-	-	-	-
105,191	16,540	835	-	-	-	1,409,627
16,473	10,485	1,877	-	-	-	284,847
(16,473)	(10,485)	(1,877)	-	-	-	(284,847)
(84,700)	105,589	(22,331)	-	-	-	(1,173,638)
\$-	\$1,119,573	\$387,099	\$-	\$-	\$-	\$10,340,471
\$-	\$1,013,984	\$409,430	\$-	\$-	\$-	\$8,437,047
-	2,959	1,079	-	-	-	415,876
\$-	\$378.32	\$358.76	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Hopemead Fund						
Book Value at June 30, 2012	\$207,391	\$-	\$194,338	\$1,440,840	\$54,187	\$157,321
Market Value at June 30, 2012	\$206,394	\$-	\$668,529	\$1,599,828	\$79,194	\$212,641
Shares Purchased	162,908	-	-	567,197	-	-
Shares Redeemed	(303,251)	-	(270,237)	-	(81,531)	(230,760)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	404	-	195,931	-	27,344	73,439
Net Investment Income Earned	1,133	-	10,312	62,544	497	650
Net Investment Income Distributed	(1,133)	-	(10,312)	(62,544)	(497)	(650)
Changes in Market Value of Fund Shares	592	-	(103,273)	(84,819)	(25,007)	(55,320)
Market Value at June 30, 2013	\$67,047	\$-	\$490,950	\$2,082,206	\$-	\$-
Book Value at June 30, 2013	\$67,452	\$-	\$120,032	\$2,008,037	\$-	\$-
Shares Outstanding	67,125	-	431	17,616	-	-
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$-	\$-
Police & Fireman's Survivors' Benefit Fund						
Book Value at June 30, 2012	\$1,117,504	\$-	\$6,467,744	\$8,140,446	\$370,407	\$972,808
Market Value at June 30, 2012	\$1,112,764	\$-	\$8,342,855	\$8,837,373	\$522,165	\$1,295,395
Shares Purchased	615,269	-	-	-	-	-
Shares Redeemed	(607,373)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,066	-	-	-	-	-
Net Investment Income Earned	7,138	-	168,009	292,826	7,077	7,267
Net Investment Income Distributed	(7,138)	-	(168,009)	(292,826)	(7,077)	(7,267)
Changes in Market Value of Fund Shares	330	-	1,576,632	(327,599)	(29,018)	15,291
Market Value at June 30, 2013	\$1,122,056	\$-	\$9,919,487	\$8,509,774	\$493,147	\$1,310,686
Book Value at June 30, 2013	\$1,126,466	\$-	\$6,467,744	\$8,140,446	\$370,407	\$972,808
Shares Outstanding	1,123,449	-	8,712	71,994	3,276	8,603
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$150.54	\$152.34
OPEB Fund						
Book Value at June 30, 2012	\$-	\$-	\$-	\$-	\$-	\$-
Market Value at June 30, 2012	\$-	\$-	\$-	\$-	\$-	\$-
Shares Purchased	101,278,913	-	13,600,000	10,880,000	906,000	2,720,000
Shares Redeemed	(45,354,544)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(43,338)	-	-	-	-	-
Net Investment Income Earned	100,974	-	57,219	93,283	1,081	4,375
Net Investment Income Distributed	(100,974)	-	(57,219)	(93,283)	(1,081)	(4,375)
Changes in Market Value of Fund Shares	(400,243)	-	874,529	(384,041)	(61,368)	(200,103)
Market Value at June 30, 2013	\$55,480,788	\$-	\$14,474,529	\$10,495,959	\$844,632	\$2,519,897
Book Value at June 30, 2013	\$55,881,031	\$-	\$13,600,000	\$10,880,000	\$906,000	\$2,720,000
Shares Outstanding	55,549,575	-	12,712	88,797	5,611	16,541
Market Value per Share	\$1.00	\$-	\$1,138.66	\$118.20	\$150.54	\$152.34

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$166,677	\$-	\$-	\$-	\$-	\$-	\$2,220,754
\$184,784	\$-	\$-	\$-	\$-	\$-	\$2,951,370
-	334,692	125,475	-	-	-	1,190,272
(189,832)	(30,479)	(1,317)	-	-	-	(1,107,407)
-	-	-	-	-	-	-
23,155	3,407	48	-	-	-	323,728
4,058	3,112	558	-	-	-	82,864
(4,058)	(3,112)	(558)	-	-	-	(82,864)
(18,107)	32,031	(6,775)	-	-	-	(260,678)
\$-	\$339,651	\$117,431	\$-	\$-	\$-	\$3,097,285
\$-	\$307,620	\$124,206	\$-	\$-	\$-	\$2,627,347
-	898	327	-	-	-	86,398
\$-	\$378.32	\$358.76	\$-	\$-	\$-	
\$1,140,668	\$-	\$-	\$1,538,966	\$1,230	\$-	\$19,749,773
\$1,229,157	\$-	\$-	\$1,218,243	\$646	\$-	\$22,558,598
-	-	-	90,000	-	-	705,269
-	-	-	-	(533)	-	(607,906)
-	-	-	-	-	-	-
-	-	-	-	(544)	-	522
61,400	-	-	81,610	36	-	625,363
(61,400)	-	-	(81,610)	(36)	-	(625,363)
38,809	-	-	44,393	493	-	1,319,331
\$1,267,966	\$-	\$-	\$1,352,636	\$62	\$-	\$23,975,814
\$1,140,668	\$-	\$-	\$1,628,966	\$153	\$-	\$19,847,658
10,093	-	-	37,097	2	-	1,263,226
\$125.63	\$-	\$-	\$36.46	\$30.36	\$-	
\$-	\$-	\$-	\$-	\$-	\$-	\$-
\$-	\$-	\$-	\$-	\$-	\$-	\$-
4,530,000	9,520,000	3,170,000	-	-	-	146,604,913
-	-	-	-	-	-	(45,354,544)
-	-	-	-	-	-	-
-	-	-	-	-	-	(43,338)
51,929	43,707	7,217	-	-	-	359,785
(51,929)	(43,707)	(7,217)	-	-	-	(359,785)
(63,902)	83,184	(323,091)	-	-	-	(475,035)
\$4,466,098	\$9,603,184	\$2,846,909	\$-	\$-	\$-	\$100,731,996
\$4,530,000	\$9,520,000	\$3,170,000	\$-	\$-	\$-	\$101,207,031
35,549	25,384	7,935	-	-	-	55,742,104
\$125.63	\$378.32	\$358.76	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Investment Income ⁽¹⁾	954,708	\$888,007	\$1,010,079	\$762,800	\$803,203	\$1,171,356	\$972,879	\$889,710	\$828,019	\$946,643
Expenses ⁽²⁾	82,759	83,105	86,671	79,950	62,802	82,403	56,738	69,712	64,509	49,131
Net Investment Income	871,949	804,902	923,408	682,850	740,401	1,088,953	916,141	819,998	763,510	897,512
Realized Gains/(Losses)	1,280,009	(11,795)	825,681	214,425	(2,815,892)	654,172	1,524,107	886,031	698,664	880,979
Change in Unrealized Gains/(Losses)	625,828	(1,012,045)	2,699,894	1,737,661	(2,460,069)	(3,004,322)	1,472,314	520,430	591,155	936,916
Total	2,777,786	\$(218,938)	\$4,448,983	\$2,634,936	\$(4,535,560)	\$(1,261,197)	\$3,912,562	\$2,226,459	\$2,053,329	\$2,715,407

- (1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.
 (2) Expenses shown above include salary and fringe benefits.

Source: Amounts were derived from custodial records.

**COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES ⁽¹⁾ IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2013**

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Probate Court Retirement Fund		Judges Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage
LF	\$577,650	4.00%	\$479,490	5.22%	\$31,010	1.70%	\$2,501	3.05%	\$5,524	3.28%	\$212	16.68%	\$59,692	26.17%
AIF	663,056	4.59	414,152	4.51	152,265	8.33	4,279	5.23	14,011	8.32	-	-	-	-
MEF	3,600,745	24.91	2,250,244	24.51	303,748	16.61	13,657	16.67	27,952	16.61	249	19.59	40,535	17.77
CFIF	963,130	6.66	688,355	7.50	144,234	7.89	7,293	8.91	13,271	7.88	594	46.73	88,107	38.63
ILBF	479,044	3.31	308,693	3.36	86,662	4.74	3,895	4.76	7,974	4.74	24	1.89	1,338	0.60
EMDF	802,014	5.55	422,320	4.60	163,169	8.93	6,125	7.48	12,542	7.45	64	5.04	3,831	1.68
HYBD	591,311	4.09	363,593	3.96	252,169	13.79	12,145	14.83	23,204	13.78	62	4.88	5,734	2.51
DMISF	3,159,296	21.86	1,980,408	21.57	251,762	13.77	12,077	14.75	23,074	13.71	-	-	20,770	9.11
EMISF	1,351,479	9.35	875,345	9.54	119,226	6.52	5,359	6.54	10,971	6.52	-	-	6,707	2.94
REF	820,947	5.68	508,093	5.54	133,275	7.29	5,992	7.32	12,264	7.29	66	5.19	1,353	0.59
CMF	40	-	28	0.01	5	-	-	-	-	-	-	-	-	-
PIF	1,444,832	10.00	888,851	9.68	190,608	10.43	8,570	10.46	17,540	10.42	-	-	-	-
Total	\$14,453,544	100.00%	\$9,179,572	100.00%	\$1,828,133	100.00%	\$81,893	100.00%	\$168,327	100.00%	\$1,271	100.00%	\$228,067	100.00%

- (1) Based on Net Asset Value

Source: Amounts were derived from custodial records.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2013 ⁽¹⁾

Liquidity Fund ⁽²⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$1,062,418,543	\$1,041,232,312	4.01%	0.66%
2012	772,408,827	770,217,574	3.20%	-0.14%
2011	756,915,969	775,433,903	3.07%	1.20%
2010	1,626,177,183	1,621,182,259	7.44%	0.98%
2009	952,212,787	950,605,428	4.65%	1.54%
2008	1,140,821,830	1,140,821,830	4.36%	4.59%
2007	236,297,695	236,297,695	0.88%	5.61%
2006	280,548,978	280,548,978	1.20%	4.51%
2005	395,948,288	395,948,288	1.84%	2.36%
2004	363,170,856	363,170,856	1.76%	1.28%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$4,664,358,346	\$6,236,082,798	24.07%	21.15%
2012	5,144,712,429	6,417,508,518	26.65%	3.38%
2011	5,327,666,479	6,634,922,151	26.28%	31.92%
2010	5,175,570,747	5,288,853,566	24.28%	14.01%
2009	6,019,782,554	5,588,272,211	27.35%	-28.36%
2008	7,563,373,750	8,017,007,807	30.68%	-12.99%
2007	7,628,304,018	9,810,773,724	36.64%	18.24%
2006	7,501,163,477	8,983,043,768	38.25%	10.29%
2005	6,991,797,244	8,284,992,409	38.40%	8.06%
2004	6,544,070,199	7,779,104,677	37.67%	20.86%

Mutual Fixed Income Fund ⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$ -	\$ -	-	-
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	8,604,509,537	8,537,943,917	31.89%	6.92%
2006	7,179,817,139	7,052,537,386	30.03%	0.77%
2005	6,567,168,651	6,662,163,634	30.88%	7.70%
2004	6,368,703,625	6,325,884,136	30.63%	2.79%

Core Fixed Income Fund ⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$2,042,090,874	\$2,056,321,868	7.94%	-0.24%
2012	2,726,575,207	2,859,134,784	11.88%	7.63%
2011	2,911,577,713	3,001,125,667	11.89%	4.49%
2010	2,682,943,303	2,789,605,943	12.81%	11.81%
2009	3,400,625,343	3,215,718,047	15.74%	2.84%
2008	4,979,684,914	4,851,300,830	18.57%	5.65%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

Inflation Linked Bond Fund ⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$886,052,044	\$879,482,495	3.39%	-4.33%
2012	864,059,933	932,982,728	3.88%	11.91%
2011	1,075,894,193	1,115,148,171	4.42%	7.23%
2010	1,033,720,440	1,070,660,872	4.91%	9.48%
2009	813,926,651	829,543,021	4.06%	-0.20%
2008	1,152,973,047	1,162,545,028	4.45%	16.81%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

Emerging Market Debt Fund ⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$1,415,363,738	\$1,388,070,525	5.36%	1.69%
2012	1,098,205,685	1,176,095,315	4.88%	4.78%
2011	1,012,164,604	1,141,817,330	4.52%	16.06%
2010	1,082,027,071	1,155,351,613	5.30%	23.02%
2009	1,153,012,696	1,125,226,197	5.51%	-3.62%
2008	1,006,342,436	1,040,295,964	3.98%	5.59%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2013 ⁽¹⁾ (Continued)

High Yield Debt Fund ⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$1,261,124,831	\$1,267,238,204	4.89%	8.46%
2012	693,951,103	706,123,033	2.93%	6.23%
2011	685,595,880	710,362,023	2.81%	15.96%
2010	659,015,939	656,175,724	3.01%	24.54%
2009	801,755,724	718,563,903	3.52%	-4.59%
2008	784,159,491	745,137,049	2.85%	-1.88%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

International Stock Fund ⁽⁵⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$ -	\$ -	-	-
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	4,293,498,472	5,940,213,814	22.19%	29.65%
2006	4,145,802,552	5,392,666,574	22.96%	25.69%
2005	3,587,545,036	4,372,185,115	20.27%	19.23%
2004	3,407,481,400	3,995,868,265	19.35%	29.69%

Developed Market International Stock Fund ⁽⁵⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$4,861,705,636	\$5,393,071,695	20.81%	22.56%
2012	4,586,337,006	4,550,036,799	18.90%	-12.48%
2011	4,684,676,553	5,391,257,095	21.35%	26.30%
2010	4,552,279,820	4,328,450,937	19.87%	11.03%
2009	4,847,669,826	4,464,491,006	21.85%	-27.98%
2008	4,879,325,913	5,077,825,949	19.43%	-14.60%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

Emerging Market International Stock Fund ⁽⁵⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$2,241,227,436	\$2,367,182,053	9.14%	3.29%
2012	2,086,716,284	2,216,901,370	9.21%	-14.16%
2011	2,114,345,516	2,629,250,556	10.41%	28.55%
2010	1,860,837,675	2,065,255,957	9.48%	25.23%
2009	1,110,911,776	1,141,401,975	5.59%	-30.90%
2008	1,111,317,184	1,295,936,888	4.96%	0.19%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

Real Estate Fund ⁽³⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$1,611,385,620	\$1,471,299,222	5.68%	10.26%
2012	1,524,367,937	1,328,560,229	5.52%	7.19%
2011	1,350,551,373	1,097,203,255	4.35%	16.12%
2010	1,174,718,491	792,483,221	3.64%	-20.18%
2009	1,021,805,530	770,955,194	3.77%	-28.66%
2008	954,279,128	1,002,243,816	3.84%	6.04%
2007	638,511,736	684,741,163	2.56%	14.21%
2006	327,772,520	398,391,108	1.70%	6.87%
2005	309,798,748	399,727,575	1.85%	27.56%
2004	348,015,445	368,546,928	1.78%	0.53%

Commercial Mortgage Fund ⁽³⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$70,239	\$70,099	0.00%	0.88%
2012	717,122	765,779	0.00%	-6.48%
2011	2,338,063	2,386,359	0.01%	4.61%
2010	3,769,581	3,818,115	0.02%	6.75%
2009	5,084,919	5,135,144	0.02%	-3.14%
2008	6,255,651	6,906,096	0.03%	12.05%
2007	7,355,621	7,763,461	0.03%	8.17%
2006	17,729,189	18,192,114	0.08%	9.51%
2005	19,796,542	20,267,798	0.09%	6.76%
2004	35,210,421	36,228,371	0.18%	7.83%

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2013 ⁽¹⁾ (Continued)**

	Private Investment Fund ⁽³⁾				Alternative Investment Fund ⁽⁷⁾			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$2,246,698,441	\$2,564,877,605	9.90%	9.50%	\$1,190,675,281	\$1,247,574,910	4.81%	6.39%
2012	2,221,945,727	2,569,809,038	10.67%	5.92%	550,080,365	549,205,302	2.28%	-1.62%
2011	1,909,670,699	2,229,679,980	8.83%	19.89%	511,873,555	519,007,742	2.06%	0.00%
2010	1,859,585,108	2,013,101,198	9.24%	17.32%	-	-	-	-
2009	1,819,125,566	1,621,268,022	7.94%	-16.36%	-	-	-	-
2008	1,809,775,995	1,789,139,253	6.85%	13.66%	-	-	-	-
2007	1,657,888,536	1,556,795,484	5.81%	19.56%	-	-	-	-
2006	1,692,805,252	1,357,518,114	5.78%	11.46%	-	-	-	-
2005	2,046,726,560	1,437,979,798	6.67%	8.94%	-	-	-	-
2004	2,406,829,047	1,781,312,669	8.63%	18.70%	-	-	-	-

	Total Fund ⁽⁴⁾			
	Book Value	Market Value	% of Total Fund MV	Rate of Return
2013	\$23,483,171,029	\$25,912,503,786	100.00%	11.64%
2012	22,270,077,625	24,077,340,469	100.00%	-0.90%
2011	22,343,270,597	25,247,594,232	100.00%	20.75%
2010	21,710,645,358	21,784,939,405	100.00%	12.88%
2009	21,945,913,372	20,431,180,148	100.00%	-17.37%
2008	25,388,309,339	26,129,160,510	100.00%	-4.71%
2007	23,066,365,615	26,774,529,258	100.00%	17.34%
2006	21,145,639,107	23,482,898,042	100.00%	10.55%
2005	19,918,781,069	21,573,264,617	100.00%	10.46%
2004	19,473,480,993	20,650,115,902	100.00%	15.23%

- (1) All rates of return are net of management fees and division operating expenses.
- (2) The market value of the Liquidity Fund for the periods presented represents the market value of the pension and trust balances in the Liquidity Fund only (excluding receivables and payables); the Liquidity Fund balances of the other combined investment funds are shown in the market value of each fund.
- (3) Investment returns published for prior years were net of management fees, but were restated in 2008 net of all expenses.
- (4) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers, State Employees and Municipal Employees) are separately presented elsewhere due to different asset allocations of each fund.
- (5) On November 1, 2007 the International Stock Fund (ISF) was reallocated into two sub portfolios of international equity securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the international stock fund into two components: developed markets international stocks and emerging markets international stocks to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.
- (6) On November 1, 2007 the Mutual Fixed Income Fund was reallocated into four sub portfolios of fixed income securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the mutual fixed income fund into four components: core fixed income, emerging market debt, high yield debt and inflation-linked bonds to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.
- (7) Inception of the Alternative Investment Fund during Fiscal 2011.

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2013**

LIQUIDITY FUND

Security Name	Maturity Date	Market Value	%
MERRILL LYNCH TRI PARTY A	07/01/2013	\$204,000,000	8.67%
BARCLAYS CAP TRI PARTY A	07/01/2013	200,000,000	8.50%
CITIGROUP TRI PARTY C	07/01/2013	150,000,000	6.38%
GOLDMAN SACS TRI PARTY C	07/01/2013	97,000,000	4.12%
BNP TRI PARTY C	07/01/2013	75,000,000	3.19%
MORGAN STANLEY TRI PARTY A	07/01/2013	58,000,000	2.46%
BNP TRI PARTY A	07/01/2013	50,000,000	2.12%
NEW ZEALAND GOVERNMENT	04/15/2015	32,686,829	1.39%
POLAND GOVERNMENT BOND	10/24/2015	31,720,654	1.35%
US TREASURY N/B	03/31/2015	28,019,313	1.19%
Top Ten		\$926,426,796	39.37%
Fair Value LF		\$2,353,122,992	

ALTERNATIVE INVESTMENT FUND

Security Name	Partnership Type	Market Value	%
PRUDENCE CRANDALL I PERMAL	Hedge Fund-of-Funds	\$264,424,750	21.20%
PRUDENCE CRANDALL III RCREEK	Hedge Fund-of-Funds	260,975,500	20.92%
PRUDENCE CRANDALL IV K2	Hedge Fund-of-Funds	258,508,000	20.72%
PRUDENCE CRANDALL II PRISMA.	Hedge Fund-of-Funds	165,813,900	13.29%
ENERGY FUND XV LP	Real Assets	41,089,205	3.29%
MARATHON EUROPEAN CREDIT OPPOR	Opportunistic	37,440,585	3.00%
ARCLIGHT ENERGY PARTNERS FUND	Real Assets	20,236,847	1.62%
Top Seven		\$1,048,488,787	84.04%
FAIR VALUE AIF		\$1,247,574,910	

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
EXXON MOBIL CORP	ENERGY	\$132,997,549	2.13%
APPLE INC	INFORMATION TECHNOLOGY	130,746,800	2.10%
MICROSOFT CORP	INFORMATION TECHNOLOGY	96,072,577	1.54%
GOOGLE INC CLA	INFORMATION TECHNOLOGY	82,567,261	1.32%
CHEVRON CORP	ENERGY	80,391,676	1.29%
JPMORGAN CHASE & CO	FINANCIALS	76,363,058	1.23%
JOHNSON & JOHNSON	HEALTH CARE	76,013,489	1.22%
PROCTER & GAMBLE CO	CONSUMER STAPLES	75,500,167	1.21%
GENERAL ELECTRIC CO	INDUSTRIALS	71,930,278	1.15%
PFIZER INC	HEALTH CARE	66,346,419	1.06%
Top Ten		\$888,929,274	14.25%
FAIR VALUE MEF		\$6,236,082,798	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2013 (Continued)**

CORE FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
US TREASURY N/B	0.375%	06/15/2016	U.S. Govt/Agency	\$82,644,761	4.02%
FNMA TBA 30YR SINGLE FAMILY JU	3.500%	12/01/2043	U.S. Govt/Agency	63,604,850	3.09%
US TREASURY N/B	1.250%	06/30/2018	U.S. Govt/Agency	29,988,997	1.46%
US TREASURY N/B	0.875%	04/30/2017	U.S. Govt/Agency	27,462,000	1.34%
GNMA TBA JULY SINGLE FAMILY	3.000%	12/01/2043	U.S. Govt/Agency	23,627,301	1.15%
US TREASURY N/B	1.750%	07/31/2015	U.S. Govt/Agency	23,048,896	1.12%
US TREASURY N/B	1.375%	05/31/2020	U.S. Govt/Agency	17,656,139	0.86%
FNMA TBA JUL 30 SINGLE FAM	4.500%	12/01/2043	U.S. Govt/Agency	14,813,820	0.72%
US TREASURY N/B	2.000%	04/30/2016	U.S. Govt/Agency	12,819,542	0.62%
US TREASURY N/B	2.875%	05/15/2043	U.S. Govt/Agency	12,482,925	0.61%
Top Ten				\$308,149,231	14.99%
FAIR VALUE CFIF				\$2,056,321,868	

INFLATION LINKED BOND FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
US TREASURY NOTES	0.125%	01/15/2022	U.S. Govt/Agency	\$119,849,940	13.63%
US TREASURY NOTES	2.375%	01/15/2025	U.S. Govt/Agency	86,044,235	9.78%
US TREASURY NOTES	1.875%	07/15/2019	U.S. Govt/Agency	73,106,223	8.31%
US TREASURY NOTES	2.500%	07/15/2016	U.S. Govt/Agency	61,355,920	6.98%
US TREASURY NOTES	2.000%	01/15/2026	U.S. Govt/Agency	61,135,303	6.95%
US TREASURY NOTES	0.125%	04/15/2018	U.S. Govt/Agency	41,652,801	4.74%
US TREASURY NOTES	1.875%	07/15/2015	U.S. Govt/Agency	38,800,177	4.41%
US TREASURY NOTES	0.125%	04/15/2016	U.S. Govt/Agency	35,658,973	4.06%
US TREASURY NOTES	3.875%	04/15/2029	U.S. Govt/Agency	34,137,887	3.88%
US TREASURY NOTES	0.625%	02/15/2043	U.S. Govt/Agency	29,204,817	3.32%
Top Ten				\$580,946,276	66.06%
FAIR VALUE ILBF				\$879,482,495	

EMERGING MARKET DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
NOTA TESOIRO NACIONAL	10.000%	01/01/2023	18,121,802	1.31%
NOTA TESOIRO NACIONAL	10.000%	01/01/2021	16,247,105	1.17%
NOTA TESOIRO NACIONAL	10.000%	01/01/2017	12,967,438	0.93%
REPUBLIC OF SOUTH AFRICA	6.750%	03/31/2021	11,593,776	0.84%
INDONESIA GOVERNMENT	7.000%	05/15/2022	11,409,148	0.82%
REPUBLIC OF VENEZUELA	12.750%	08/23/2022	10,832,303	0.78%
REPUBLIC OF SOUTH AFRICA	10.500%	12/21/2026	8,117,877	0.59%
POLAND GOVERNMENT BOND	4.000%	10/25/2023	8,088,804	0.58%
OJSC RUSS AGRIC BK(RSHB)	8.625%	02/17/2017	7,577,373	0.55%
MALAYSIAN GOVERNMENT	4.262%	09/15/2016	7,552,878	0.54%
Top Ten			112,508,504	8.11%
FAIR VALUE EMDF			1,388,070,525	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2013 (Continued)**

HIGH YIELD DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
VERTEX PHARMACEUTICALS INC	0.000%	Common Stock	\$11,915,406	0.94%
MORGAN STANLEY	4.750%	11/16/2018	9,024,896	0.71%
ISTAR FINANCIAL INC	0.000%	Preferred Stock	7,844,850	0.62%
QWEST CAPITAL FUNDING	6.875%	7/15/2028	7,084,800	0.56%
TOYS R US INC	7.375%	10/15/2018	6,940,225	0.55%
DISH DBS CORP	5.000%	3/15/2023	6,901,125	0.54%
TRANSDIGM INC	7.500%	7/15/2021	6,830,300	0.54%
US TREASURY N/B	2.875%	5/15/2043	6,748,125	0.53%
VPII ESCROW CORP	7.500%	7/15/2021	6,717,150	0.53%
TENET HEALTHCARE CORP	6.875%	11/15/2031	6,526,540	0.52%
Top Ten			\$76,533,417	6.04%
FAIR VALUE HYDF			\$1,267,238,204	

DEVELOPED MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
ROCHE HOLDING AG GENUSSSCHEIN	SWITZERLAND	\$75,632,172	1.40%
NESTLE SA REG	SWITZERLAND	71,611,096	1.33%
HSBC HOLDINGS PLC	UNITED KINGDOM	68,003,000	1.26%
ROYAL DUTCH SHELL PLC A SHS	UNITED KINGDOM	54,659,607	1.02%
BAYER AG REG	GERMANY	54,379,105	1.01%
TOTAL SA	FRANCE	52,407,743	0.97%
NOVARTIS AG REG	SWITZERLAND	46,567,251	0.86%
BP PLC	UNITED KINGDOM	45,544,389	0.84%
TOYOTA MOTOR CORP	JAPAN	41,589,601	0.77%
SANOFI	FRANCE	41,019,224	0.76%
Top Ten		\$551,413,188	10.22%
FAIR VALUE DMISF		\$5,393,071,695	

EMERGING MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
ABERDEEN GLOBAL INDIAN EQUIT	LUXEMBOURG	\$80,232,215	3.39%
China Mobile Ltd. HKD 0.10	HONG KONG	66,187,057	2.80%
Samsung Electronic KRW 5000	Republic of Korea	61,396,750	2.59%
Lukoil OAO ADR Rub 0.025	RUSSIAN FEDERATION	60,721,127	2.57%
TAIWAN SEMICONDUCTOR SP ADR	Taiwan	56,653,428	2.39%
CHINA CONSTRUCTION BANK CNY 1.0	CHINA	42,406,248	1.79%
Astra International TBK IDR 500.0	INDONESIA	35,586,448	1.50%
FOMENTO ECONOMICO MEX SP ADR	MEXICO	33,681,216	1.42%
GAZPROM OAO SPON ADR	RUSSIAN FEDERATION	31,989,054	1.35%
Samsung Electronic GDR PFD	Republic of Korea	31,682,390	1.34%
Top Ten		\$500,535,933	21.14%
FAIR VALUE EMISF		\$2,367,182,053	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2013 (Continued)**

REAL ESTATE FUND

Partnership Name	Partnership Type	Market Value	%
CORNERSTONE PATRIOT FUND LP	Core	\$158,061,750	10.74%
PRIME PROPERTY FUND REAL ESTATE	Core	147,317,400	10.01%
HART REALTY ADVISORS	Core	129,545,592	8.80%
BLACKSTONE REAL ESTATE VI LP	Opportunistic	118,284,552	8.04%
RLJ LODGING TRUST REIT	Opportunistic	70,645,273	4.80%
STARWOOD OPPORTUNITY FUND VIII LP	Opportunistic	56,912,978	3.87%
BLACKSTONE R E SPEC SIT FD II LP	Value-Added	49,722,975	3.38%
IL + FS INDIA REALTY FUND II L REALTY FUND	Opportunistic	48,805,683	3.32%
URBAN STRATEGY AMERICA FUND LP	Value-Added	41,778,800	2.84%
BLACKSTONE REAL ESTATE PARTNER EUROPE III LP	Opportunistic	39,686,875	2.70%
Top Ten		\$860,761,878	58.50%
FAIR VALUE REF		\$1,471,299,222	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
Yankee Mac Series G 11.125%	Various	Residential	\$25,247	36.02%
Yankee Mac Series F 12.981%	Various	Residential	11,411	16.28%
Yankee Mac Series E 11.056%	Various	Residential	6,228	8.88%
Top Three			\$42,886	61.18%
FAIR VALUE CMF			\$70,099	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
FAIRVIEW CONSTITUTION III LP	Fund of Funds	\$236,805,760	9.23%
FAIRVIEW CONSTITUTION II LP	Fund of Funds	153,122,891	5.97%
STEPSTONE PIONEER CAPITAL II L	Fund of Funds	131,297,220	5.12%
YUPAICA AMERICAN ALLIANCE FUND II LP	Buyout	98,429,809	3.84%
KKR 2006 FUND	Buyout	93,093,596	3.63%
THOMAS H LEE EQUITY FUND VI LP	Buyout	89,460,112	3.49%
WCAS X LP PRIVATE INVESTMENT	Buyout	88,763,103	3.46%
LEVINE LEICHTMAN CAPITAL PARTNERS IV LP	Special Situations	82,000,621	3.20%
CROSSROADS CONSTITUTION LP	Fund of Funds	80,122,370	3.12%
WELSH,CARSON,ANDERSON + STOWE XI	Buyout	79,045,408	3.08%
Top Ten		\$1,132,140,890	44.14%
FAIR VALUE PIF		\$2,564,877,605	

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2013	Status at June 30, 2013
INVESTMENT ADVISORY SERVICES				
<i>Domestic Equity Investment Advisory Services</i>				
Bivium Capital Partners, LLC	Equity Advisor	Jul-05	\$2,018,418	Active
Capital Prospects, LLC	Equity Advisor	Jul-05	1,168,860	Active
FIS Group Inc.	Equity Advisor	Jul-05	1,057,530	Active
Frontier Capital Management Co., LLC	Equity Advisor	Oct-10	1,932,133	Active
State Street Global Advisors	Equity Advisor	Mar-96	241,823	Active
T. Rowe Price Associates	Equity Advisor	Nov-08	2,803,150	Active
Total Domestic Equity Advisor Compensation			\$9,221,914	
<i>Core Fixed Income Investment Advisory Services</i>				
Blackrock Financial Management	Core Income Advisor	Mar-96	\$1,491,702	Active
Goodwin Capital Advisors (Phoenix)	Core Income Advisor	Nov-97	553,002	Active
Progress Investment Management	Core Income Advisor	Jul-05	931,821	Active
State Street Global Advisors	Core Income Advisor	Mar-96	214,871	Active
Wellington Asset Management	Core Income Advisor	Nov-97	667,881	Active
Total Core Fixed Income Advisor Compensation			\$3,859,277	
<i>Inflation Linked Bond Investment Advisory Services</i>				
Hartford Investment Management Co.	Inflation Income Advisor	May-05	\$350,428	Active
Brown Brother Harriman & Co	Inflation Income Advisor	May-05	523,710	Active
Total Inflation Linked Bond Advisor Compensation			\$874,138	
<i>Emerging Market Debt Investment Advisory Services</i>				
ING Investment Management Co	Emerging Market Income Advisor	May-09	\$927,229	Active
Pyramids Global Advisors	Emerging Market Income Advisor	Oct-07	864,929	Active
Stone Harbor Investment Partners	Emerging Market Income Advisor	Oct-07	1,079,389	Active
UBS Global Asset Management Co	Emerging Market Income Advisor	Oct-07	1,076,458	Active
Total Emerging Market Debt Advisor Compensation			\$3,948,005	
<i>High Yield Debt Advisory Services</i>				
Loomis Sayles & Co., Inc.	High Yield Income Advisor	Mar-96	\$539,133	Active
Oaktree Capital Management	High Yield Income Advisor	Mar-96	902,744	Active
Shenkman Capital Management	High Yield Income Advisor	Dec-07	956,125	Active
Stone Harbor Investment Partners	High Yield Income Advisor	Oct-07	335,754	Active
Total High Yield Debt Advisor Compensation			\$2,733,756	
<i>Liquidity Fund Advisory Services</i>				
Ambassador Capital Management	Cash Reserve Account Advisor	May-09	\$281,069	Active
Pacific Investment Management	Cash Reserve Account Advisor	Mar-09	405,694	Active
Payden & Rygel	Cash Reserve Account Advisor	Mar-09	216,555	Active
Colchester Global Investors	Cash Reserve Account Advisor	May-09	744,008	Active
Lazard Asset Management	Cash Reserve Account Advisor	Aug-09	3,477,697	Active
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	126,595	Active
Total Liquidity Fund Advisor Compensation			\$5,251,618	
<i>Developed Market International Equity Investment Advisory Services</i>				
Acadian Asset Management	International Equity Advisor	Sep-06	\$1,415,573	Active
AQR Capital Management, LLC	International Equity Advisor	Sep-06	2,803,762	Active
Blackrock (Merrill Lynch)	International Equity Advisor	Aug-03	595,887	Active
Dimensional Fund Advisors	International Equity Advisor	Mar-09	1,571,559	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	2,783,996	Active
Invesco Global Asset Management	International Equity Advisor	Aug-03	301,479	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	2,137,031	Active
Pareto Partners\Bank of New York	International Equity Advisor	Feb-04	2,481,860	Active
Progress Investment Management	International Equity Advisor	Jul-05	709,924	Active
Pyramis Investment (Fidelity)	International Equity Advisor	Aug-03	561,305	Active

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2013	Status at June 30, 2013
Schroder Investment Management	International Equity Advisor	Sep-06	1,498,612	Active
State Street Global Advisors	International Equity Advisor	Mar-96	777,213	Active
William Blair & Company	International Equity Advisor	Mar-09	2,284,387	Active
Total Developed Market International Equity Advisor Compensation			\$19,922,588	
Emerging Market International Equity Advisory Services				
Aberdeen Asset Management	International Equity Advisor	Jul-09	\$3,796,552	Active
Emerging Markets Management LLC	International Equity Advisor	Aug-03	4,392,678	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	4,937,959	Active
Schroder Investment Management	International Equity Advisor	Jan-10	3,231,449	Active
Total Emerging Market International Equity Advisor Compensation			\$16,358,638	
Alternative Investment Advisory Services				
ArcLight Energy Partner Fund V	Alternative Investment Advisor	Oct-11	\$728,883	Active
Energy Fund XV	Alternative Investment Advisor	Apr-11	154,341	Active
Total Alternative Advisor Compensation			\$883,224	
Real Estate Investment Advisory Services ⁽²⁾				
American Realty Advisors	Real Estate Advisor	Mar-12	\$125,606	Active
Blackstone Real Estate Partners VI	Real Estate Advisor	Aug-07	1,278,613	Active
Blackstone Real Estate Partners Europe III	Real Estate Advisor	Nov-08	750,000	Active
Blackstone Real Estate Special Situations Fund II	Real Estate Advisor	Sep-09	550,595	Active
Canyon Johnson Urban Fund III LP	Real Estate Advisor	Feb-08	675,658	Active
Hart Realty Advisors, Inc(CORE)	Real Estate Advisor	Nov-11	1,111,617	Active
MacFarlane Urban Real Estate Fund II	Real Estate Advisor	Oct-08	1,543,436	Active
Rockwood Capital Partners Fund VII	Real Estate Advisor	Jun-06	9,388	Active
Total Real Estate Advisor Compensation			\$6,044,913	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	\$6,250	Active
Total Commercial Mortgage Advisor Compensation			\$6,250	
Private Investment Advisory Services ⁽²⁾				
Altaris Health Partners, LP	Private Investment Advisor	Sep-04	\$329,934	Active
Altaris Healthcare Partners II, LP	Private Investment Advisor	Oct-07	492,146	Active
Audax Mezzanine Fund III, LP	Private Investment Advisor	May-10	743,313	Active
Boston Venture Capital Partners VII, LP	Private Investment Advisor	May-07	719,424	Active
Clearlake Capital Partners, LP	Private Investment Advisor	Nov-12	534,459	Active
Court Square Capital Partners III, LP	Private Investment Advisor	May-13	258,832	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	182,005	Active
CS\CT Cleantech Opportunities Fund, LP	Private Investment Advisor	Jul-07	163,500	Active
CT Horizon Legacy Fund, LP	Private Investment Advisor	Jun-08	50,000	Active
Ethos Capital Fund V, LP	Private Investment Advisor	Aug-06	370,980	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	650,000	Active
Fairview Constitution III, LP	Private Investment Advisor	Jun-07	975,000	Active
Fairview Constitution IV, LP	Private Investment Advisor	Dec-11	1,200,000	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	77,240	Active
FS Equity Partners VI, LP	Private Investment Advisor	Mar-04	919,953	Active
Garmark Partners II LP	Private Investment Advisor	Jun-95	423,463	Active
Greenwich Street Capital Partners II LP	Private Investment Advisor	Oct-98	11,344	Active
JFL Investors III, LP	Private Investment Advisor	Aug-11	613,404	Active
Leeds Equity Associates V, LP	Private Investment Advisor	Apr-09	426,756	Active
Levine Leichtman Capital Partners IV, LP	Private Investment Advisor	Jul-08	720,979	Active
M2 – CT Emerging Private Equity Fund-of-Funds, LP	Private Investment Advisor	Nov-07	882,514	Active
Nogales Investors II, LP	Private Investment Advisor	Oct-06	182,826	Active
Nutmeg Opportunities Fund, LP	Private Investment Advisor	Oct-09	310,022	Active
Pegasus Investors IV, LP	Private Investment Advisor	Aug-07	846,071	Active
Pegasus Investors V, LP	Private Investment Advisor	May-12	854,445	Active
RFE Associates VII, LP	Private Investment Advisor	Feb-08	906,173	Active
RFE Associates VIII, LP	Private Investment Advisor	Apr-12	837,366	Active

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2013	Status at June 30, 2013
Syncom Partners V, LP	Private Investment Advisor	Apr-06	346,079	Active
Thomas H. Lee Equity Fund VI, LP	Private Investment Advisor	Jul-07	178,333	Active
Vista Equity Partners III, LP	Private Investment Advisor	Apr-08	339,658	Active
Vista Equity Partners IV, LP	Private Investment Advisor	May-12	879,810	Active
Wellspring Capital Partners V, LP	Private Investment Advisor	Oct-10	1,096,538	Active
Yucaipa American Alliance Fund II, LP	Private Investment Advisor	Jul-08	609,788	Active
Total Private Equity Advisor Compensation			\$18,132,355	
Custodian Advisory Services				
State Street Bank & Trust Company	Custody Investment Advisor	Mar-96	\$2,216,866	Active
Total Custodian Advisor Compensation			\$2,216,866	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			\$89,453,542	
CONSULTING SERVICES				
Callan Associates, Inc.	Consultant -CIF Master Custodian	Nov-11	\$60,000	Active
Franklin Park Associates LLC	Consultant -Private Investment	Jul-04	1,019,075	Active
Hewitt EnnisKnupp Inc.	Consultant -CIF	Aug-11	472,000	Active
Hudepohl & Associates, Inc.	Consultant -Pension Funds	Jul-12	76,709	Active
New England Pension Consultants (NEPC)	Consultant -Pension Funds	Jun-08	503,956	Terminated
The Townsend Group, Inc.	Consultant -Pension Funds	Mar-08	250,000	Active
TOTAL CONSULTING SERVICES COMPENSATION			\$2,381,740	
MISCELLANEOUS SERVICES				
Baker & Botts	Legal Services	Sep-10	\$97,180	Active
Day Pitney	Legal Services	Jun-03	44,514	Active
Derosa Research & Training, Inc	Legal Services	Sep-12	14,020	Active
Edwards, Wildman, & Palmer	Legal Services	Mar-12	225,708	Active
McCarter & English	Legal Services	Sep-08	53,859	Active
Orrick, Herrington & Sutcliffe	Legal Services	Jun-10	64,429	Active
Reinhart Boerner Van Deuren	Legal Services	Dec-07	62,213	Active
Robinson & Cole	Legal Services	Dec-07	12,727	Active
A & A Office Systems	Photocopier Lease	N/A	6,621	Active
Bloomberg Financial LP	Subscription	N/A	34,755	Active
Dell Marketing LP	Computer Hardware	N/A	6,512	Active
Institutional Shareholder Services	Proxy Voting	Nov-99	73,890	Active
JP Morgan Chase Bank	PC Card Purchases	N/A	13,275	Active
Murphy Security Services	Security Services	N/A	8,628	Active
Temp Source	Temporary Staff	N/A	18,761	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			\$737,092	
GRAND TOTAL			\$92,572,374	

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the Private Investment Fund and the Real Estate Fund include capitalized fees and expensed fees. Capitalized fees are part of the cost of the investment and become a component of unrealized gain(loss). Capitalized fees are disclosed in Note 1 of the Combined Investment Funds Financial Statements. Expensed fees which are not part of the cost of the investment are recorded in the Statement of Operations.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT

JUNE 30, 2013

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
LIQUIDITY (LF)			
State Street Global Advisors	Active	\$ 1,213,877,553	49.27%
Payden & Rygel	Active	169,919,514	6.90%
PIMCO	Active	203,717,787	8.27%
Ambassador Capital Management	Active	230,075,734	9.34%
Lazard	Active	320,466,643	13.01%
Colchester Global Investors Ltd.	Active	325,460,611	13.21%
SUBTOTAL LF		\$ 2,463,517,842	100.00%
MUTUAL EQUITY FUND (MEF)			
Large Cap		\$ 5,008,905,441	80.31%
T. Rowe Price Associates	Enhanced - Index	1,429,286,422	22.92%
State Street Global Advisors	Passive - Indexed	3,579,619,019	57.39%
All Cap		413,752,308	6.63%
Capital Prospects	Active	210,456,703	3.37%
FIS Group, Inc.	Active	203,295,605	3.26%
Small/Mid Cap		529,263,849	8.49%
Frontier Capital Mgmt Co	Active	314,515,095	5.04%
Bivium	Active	214,748,754	3.45%
Other ⁽¹⁾		285,208,969	4.57%
SUBTOTAL MEF		\$ 6,237,130,567	100.00%
CORE FIXED INCOME FUND (CFIF)			
State Street Global Advisors	Passive	\$ 374,169,508	19.64%
BlackRock Financial Management, Inc.	Active	506,836,371	26.61%
Wellington	Active	542,517,646	28.48%
Conning-Goodwin Capital	Active	329,452,554	17.29%
Progress	Active	139,322,539	7.31%
Other ⁽¹⁾		12,685,475	0.67%
SUBTOTAL CFIF		\$ 1,904,984,093	100.00%
INFLATION LINKED BOND FUND (ILBF)			
Brown Brothers Harriman	Active	\$ 518,225,907	58.38%
Hartford Investment Mgmt Co.	Active	366,960,507	41.34%
Other ⁽¹⁾		2,443,778	0.28%
SUBTOTAL ILBF		\$ 887,630,192	100.00%
EMERGING MARKET DEBT FUND (EMDF)			
Ashmore	Active	\$ 519,838,807	36.87%
Stone Harbor Investment Partners	Active	539,675,967	38.27%
Pyramis	Active	167,769,407	11.90%
UBS Global Asset Management	Active	180,171,061	12.78%
Other ⁽¹⁾		2,609,633	0.18%
SUBTOTAL EMDF		\$ 1,410,064,875	100.00%
HIGH YIELD DEBT FUND (HYDF)			
Loomis Sayles & Co., Inc.	Active	\$ 471,193,884	37.75%
Stone Harbor Investment Partners	Active	205,869,011	16.49%
Shenkman Capital Management	Active	290,176,814	23.25%
Oaktree Capital Management, L.L.C.	Active	274,402,571	21.98%
Other ⁽¹⁾		6,576,011	0.53%
SUBTOTAL HYDF		\$ 1,248,218,291	100.00%
DEVELOPED MARKET INTERNATIONAL STOCK FUND (DMISF)			
Index		\$ 1,899,991,417	34.88%
State Street Global Advisors	Index-Passive	1,899,991,417	34.88%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2013

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Core		1,354,948,680	24.87%
AQR Capital Management	Active	750,596,296	13.78%
Acadian Asset Management	Active	489,419,986	8.98%
Progress	Active	114,932,398	2.11%
Active-Growth		697,204,650	12.80%
MFS Institutional Advisors, Inc.	Active	697,204,650	12.80%
Active-Value		443,947,049	8.15%
Grantham, Mayo, Van Otterloo	Active	443,947,049	8.15%
Small Cap		854,639,478	15.69%
Schroder Investment Mgmt.	Active	278,939,862	5.12%
Dimensional Fund Advisors	Active	256,847,722	4.72%
William Blair & Company	Active	318,851,894	5.85%
Other⁽¹⁾		196,656,092	3.61%
SUBTOTAL DMISF		\$ 5,447,387,366	100.00%
EMERGING MARKET INTERNATIONAL STOCK FUND (EMISF)			
Aberdeen Asset Management	Active	\$ 649,563,119	27.42%
Schroders Investment Mgt	Active	791,490,128	33.41%
Grantham, Mayo, Van Otterloo	Active	829,130,491	35.00%
AshmoreEMM	Active	87,303,002	3.68%
Other⁽¹⁾		11,600,663	0.49%
SUBTOTAL EMISF		\$ 2,369,087,403	100.00%
REAL ESTATE FUND (REF)			
AEW Partners III	Active	\$ 5,572,953	0.38%
American Realty Advisors	Active	18,758,812	1.27%
Apollo Real Estate	Active	3,684,789	0.25%
Blackstone Real Estate Partner Europe III LP	Active	39,686,875	2.68%
Blackstone Real Estate Spec Sit II LP	Active	49,722,975	3.35%
Blackstone Real Estate VI LP	Active	118,284,552	7.98%
Canyon Johnson Urban Fund II	Active	24,287,679	1.64%
Canyon Johnson Urban Fund III	Active	37,392,082	2.52%
Capri Select Income II LLC	Active	5,221,840	0.35%
Colony Realty Partners II LP	Active	19,960,783	1.35%
Cornerstone Patriot	Active	158,061,750	10.67%
Covenant Apartment Fund V LP	Active	23,345,389	1.57%
Covenant Apartment Fund VI	Active	20,723,260	1.40%
Hart Realty Advisors	Active	129,545,592	8.74%
IL & FS India Realty Fund II	Active	48,805,683	3.29%
Lone Star Real Estate Part II LP	Active	34,958,320	2.36%
MacFarlane Urban Real Estate Fund II LP	Active	20,348,600	1.37%
Marathon Legacy Securities PPI	Active	3,574,104	0.24%
New Boston IV	Active	946,212	0.06%
Prime Property Fund	Active	147,317,400	9.94%
RLJ Lodging Trust	Active	70,645,273	4.77%
Rockwood Capital Fund V	Active	5,568,276	0.38%
Rockwood Capital VI Limited Partnership	Active	15,875,074	1.07%
Rockwood Capital VII Limited Partnership	Active	26,343,711	1.78%
Starwood Opportunity Fund VII	Active	35,839,630	2.42%
Starwood Opportunity Fund VIII	Active	56,912,978	3.84%
Starwood Opportunity Fund IX	Active	11,614,743	0.78%
Urban Strategy America Fund LP	Active	41,778,800	2.82%
Walton Street Real Estate	Active	26,666,857	1.80%
WLR IV PPIP Co Invest LP	Active	25,830,243	1.74%
Other⁽³⁾	Active	254,715,045	17.19%
SUBTOTAL REF		\$ 1,481,990,280	100.00%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2013

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
COMMERCIAL MORTGAGE FUND (CMF)			
AEW Capital Management	Active	\$ 934	1.28%
Other ⁽²⁾		72,011	98.72%
SUBTOTAL CMF		\$ 72,945	100.00%
PRIVATE INVESTMENT FUND (PIF)			
Buyout		\$ 1,170,236,485	45.88%
KKR Millennium Fund	Active	52,053,446	2.04%
Yucaipa American Alliance Fund II LP	Active	98,429,809	3.86%
Hicks, Muse Tate & Furst Equity Fund III	Active	20,028,674	0.78%
Thomas H. Lee Equity Fund VI	Active	89,460,112	3.51%
TA XI, L.P.	Active	40,457,562	1.59%
Charterhouse Equity Partners IV	Active	46,844,449	1.84%
DLJ Merchant Banking Fund II	Active	2,061,228	0.08%
FS Equity Partners V	Active	22,472,121	0.88%
FS Equity Partners VI	Active	50,560,860	1.98%
JFL Equity Investors III, LP	Active	19,753,423	0.77%
Green Equity Investors III	Active	2,324,669	0.09%
Wellspring Capital Partners V	Active	13,633,069	0.53%
Candover 2008 Fund	Active	6,003,157	0.23%
Leeds Equity Partners V LP	Active	24,949,416	0.98%
Welsh Carson Anderson & Stowe XI	Active	79,045,408	3.10%
AIG Healthcare Partners LP	Active	20,303,691	0.80%
AIG Altaris Health Partners II	Active	30,674,263	1.20%
Welsh Carson Anderson & Stowe X LP	Active	88,763,103	3.48%
Court Square Capital Partners II	Active	77,917,764	3.06%
Ethos Private Equity Fund V	Active	32,276,291	1.27%
Boston Ventures VII	Active	70,617,742	2.77%
KKR 2006 Fund	Active	93,093,596	3.65%
Nogales Investors Fund II	Active	15,727,251	0.62%
ICV Partners II LP	Active	31,709,198	1.24%
Vista Equity Partners Fund III	Active	47,893,558	1.88%
Vista Equity Partners Fund IV	Active	35,249,566	1.38%
RFE Investments Partners VIII	Active	8,504,062	0.33%
RFE Investment Partners VII	Active	44,321,711	1.74%
Court Square Capital Partners III LP	Active	5,107,286	0.20%
Venture Capital		10,714,630	0.42%
Crescendo III	Active	1,032,982	0.04%
Syndicated Communications	Active	9,681,648	0.38%
Mezzanine		80,507,604	3.16%
SW Pelham Fund	Active	973,398	0.04%
Audax Mezzanine III Limited Partnership	Active	29,864,298	1.17%
GarMark Partners II LP	Active	49,669,908	1.95%
International		44,578,428	1.75%
Compass Partners European Equity Fund	Active	1,009,653	0.04%
Gilbert Global Equity Partners	Active	36,371,323	1.43%
AIG Global Emerging Markets Fund	Active	2,191,252	0.09%
Carlyle Asia Partners	Active	5,006,200	0.19%
Fund of Funds		824,977,424	32.35%
The Constitution Liquidating Fund	Active	80,122,370	3.14%
Landmark Private Equity Fund VIII	Active	14,940,114	0.59%
CS/CT Cleantech Opp Fund	Active	15,062,562	0.59%
CT Emerging Pvt Equity	Active	50,124,949	1.97%
Fairview Constitution III	Active	236,805,760	9.29%
Goldman Sachs Private Equity Partners Connecticut	Active	3,363,415	0.13%
Lexington Capital Partners II	Active	1,651,682	0.06%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2013

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Stepstone Pioneer Capital I LP	Active	35,949,610	1.41%
Stepstone Pioneer Capital II LP	Active	131,297,220	5.15%
Fairview Constitution II LP	Active	153,122,891	6.00%
Fairview Constitution IV LP	Active	8,268,810	0.32%
Connecticut Horizon Legacy	Active	7,828,027	0.31%
Landmark Equity Partners XIV LP	Active	60,527,434	2.37%
JP Morgan Nutmeg I	Active	25,912,580	1.02%
Special Situations		300,686,185	11.79%
Welsh Carson Anderson & Stowe Capital Partners III	Active	8,589,507	0.34%
Levine Leichtman Capital Partners IV LP	Active	82,000,621	3.21%
Pegasus Partners IV	Active	68,152,782	2.67%
Pegasus Partners V	Active	24,843,842	0.97%
WLR Recovery Fund IV	Active	66,733,192	2.62%
KPS Special Situations Fund II	Active	5,860,747	0.23%
Clearlake Capital Partners III LP	Active	7,328,009	0.29%
TPG Credit Strategies Fund II LP	Active	37,177,485	1.46%
Other⁽³⁾		118,700,213	4.65%
SUBTOTAL PIF		\$ 2,550,400,969	100.00%
ALTERNATIVE INVESTMENT FUND (AIF)			
Arclight Energy Partners Fund	Active	\$ 20,236,847	1.62%
Energy Fund XV Limited Partnership	Active	41,089,205	3.29%
Marathon European Credit Opportunity	Active	37,440,585	3.00%
Prudence Crandall I Permal Limited Partnership	Active	264,424,750	21.19%
Prudence Crandall II Prisma Limited Partnership	Active	165,813,900	13.29%
Prudence Crandall III Rock Creek Limited Partnership	Active	260,975,500	20.92%
Prudence Crandall IV K2 Limited Partnership	Active	258,508,000	20.72%
Other⁽³⁾		199,274,112	15.97%
SUBTOTAL AIF		\$ 1,247,762,899	100.00%
TOTAL		\$ 27,248,247,722	
Adjustments⁽⁴⁾		(1,307,438,682)	
GRAND TOTAL		\$ 25,940,809,040	

- (1) Other represents cash equivalents, other net assets and terminated advisor balances, as well as, currency overlay balances for the DMISF terminated advisor balances.
- (2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.
- (3) Other includes partnerships with nonmaterial balances, as well as moneys earmarked for distribution to participants, reinvestment, expenses and other net assets.
- (4) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in the Liquidity Fund.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	\$ 14,203.74	335,107.00	0.04	CHINA INTERNATIONAL CAPITAL CORPORA	656.66	199,813.00	0.00
ABG SECURITIES LIMITED	6,485.74	319,304.00	0.02	CIBC WORLD MKTS INC	4,361.55	111,740.00	0.04
ABG SUNDAL COLLIER NORGE ASA	311.44	193,677.00	0.00	CICC US SECURITIES, INC.	2,994.47	2,101,000.00	0.00
ABN AMRO ASIA LIMITED	846.09	1,483,990.00	0.00	CIMB SECURITIES (HK) LTD.	4,322.72	1,057,600.00	0.00
ABN AMRO BANK N.V. FORMELY KNO	1,473.34	19,000.00	0.08	CIMB SECURITIES (THAILAND) CO., LTD	4,061.85	2,141,800.00	0.00
ACADEMY SECURITIES INC	264.00	13,200.00	0.02	CIMB SECURITIES LTD., KOREA BRANCH	425.61	487.00	0.87
ACCESS SECURITIES INC	2,365.50	78,850.00	0.03	CIMB SECURITIES USA INC.	5,459.01	2,092,000.00	0.00
ACTINVER CASA DE BOLSA SA DE CV	315.36	30,996.00	0.01	CIMB-GK SECURITIES PTE.LTD.	18.06	11,000.00	0.00
AGORA CORDE TITUL E VAL MOB	916.04	34,000.00	0.03	CITATION GROUP	171.87	5,729.00	0.03
ALBERT FRIED & COMPANY LLC	2,673.00	57,000.00	0.05	CITIBANK AS PRAHA	1,138.75	11,567.00	0.10
ALLEN & COMPANY LLC	3,924.00	125,600.00	0.03	CITIBANK INTERNATIONAL PLC	7.17	717.00	0.01
AMERICAN PORTFOLIOS FINANIAL	166.28	4,157.00	0.04	CITIBANK LIMITED	3,358.67	546,078.00	0.01
APEX CLEARING CORPORATION	436.90	12,334.00	0.04	CITIBANK MEXICO	355.08	467,072,100.00	0.00
APEX CLEARING CORPORATION/SANTANDER	1,300.27	523,276.00	0.00	CITIBANK N.A.	7,361.52	54,810,556,198.00	0.00
ATA SECURITIES INC. (ISTANBUL)	2,296.62	334,103.00	0.01	CITIBANK NA	324.58	3,092.00	0.10
AUERBACH GRAYSON AND CO. INC.	168.00	4,200.00	0.04	CITIGROUPGLBL MARKET KOERA SECS LTD	36,097.81	614,378.00	0.06
AUTREPAT-DIV RE	22,185.56	1,132,341.82	0.02	CITIGROUPGLOBAL MARKETS AUSTRALIA PTY	493.03	80,610.00	0.01
AVONDALE PARTNERS LLC	586.60	14,665.00	0.04	CITIGROUPGLOBAL MARKETS INC	81,295.14	17,853,554.30	0.00
B.RILEY & CO., LLC	4,965.00	229,300.00	0.02	CITIGROUPGLOBAL MARKETS INC.	162,711.72	19,458,930,731.35	0.00
BANCO DE INVESTIMENTOS CREDIT	156.87	6,440.00	0.02	CITIGROUPGLOBAL MARKETS LIMITED	158,493.07	1,054,904,703.02	0.00
BANCO ITAU S.A.	4,275.20	153,472.00	0.03	CITIGROUPGLOBAL MARKETS UK EQUITY LTD	3,251.33	925,630.00	0.00
BANCO ITAU SA	28,395.78	2,880,659.00	0.01	CJS SECURITIES INC	233.00	5,400.00	0.04
BANCO PACTUAL S.A.	32,756.55	2,261,423.00	0.01	CLSA AUSTRALIA PTY LTD	4,781.76	530,787.00	0.01
BANCO SANTANDER BRASIL SA	2,917.17	99,600.00	0.03	CLSA SECURITIES KOREA LTD.	5,715.06	32,380.00	0.18
BANCO SANTANDER CENTRAL HISPANO	22,353.53	21,077,330.00	0.00	CLSA SECURITIES MALAYSIA SDN BHD	24.95	12,310.00	0.00
BANCO SANTANDER DE NEGOCIOS	1,301.80	280,971,232.00	0.00	CLSA SINGAPORE PTE LTD.	104,342.10	112,758,457.00	0.00
BANCO SANTANDER MEXICANO, S.A.	782.31	38,700.00	0.02	COLLINS STEWART LLC	11,852.08	307,672.00	0.04
BANK J.VONTOBEL UND CO. AG	8,450.14	43,087.00	0.20	COMMERCE INTL MERCHANT BANKERS	8,525.84	6,553,472.00	0.00
BANQUE NATIONAL DE PARIS	72.91	7,699,100.00	0.00	COMMERZBANK AG	80.66	879,148.00	0.00
BANQUE PARIBAS	110.26	25,535.00	0.00	COMPASS POINT RESEARCH + TRADING, LLC	2,735.73	88,970.00	0.03
BARCLAYS BANK PLC	10,747.05	13,633,301,573.88	0.00	CONCEPT CAPITAL MARKETS,LLC	873.26	34,929.00	0.03
BARCLAYS CAPITAL	94,615.87	79,802,877,383.37	0.00	CONCORDIASA CVMCC	282.38	8,900.00	0.03
BARCLAYS CAPITAL INC.	106,830.64	524,585,046.06	0.00	CONVERGEXEXECUTION SOLUTIONS LLC	71,054.77	1,772,921.00	0.04
BARCLAYS CAPITAL INC./LE	3,901.45	1,473,831.00	0.00	CORMARK SECURITIES INC	7,315.01	187,884.00	0.04
BARCLAYS CAPITAL LE	47,108.42	4,086,694.00	0.01	CORMARK SECURITIES INC./VALEURS MOBILIER	243.00	8,100.00	0.03
BARCLAYS CAPITAL SECURITIES LTD, SEOUL B	428.92	4,001.00	0.11	COWEN ANDCOMPANY, LLC	7,440.29	214,566.00	0.03
BARRINGTON RESEARCH ASSOCIATES INC.	1,604.00	57,400.00	0.03	CRIG - HALLUM	12,029.89	397,688.00	0.03
BEAL M R AND COMPANY	855.00	26,800.00	0.03	CREDIT AGRICOLE INDOSUEZ CHEUVREUX	16,825.76	846,922.00	0.02
BLAYLOCK + PARTNERS L P	112.00	2,800.00	0.04	CREDIT AGRICOLE SECURITIES (USA) INC	25,458.60	911,468.00	0.03
BLAYLOCK ROBERT VAN LLC	1,560.99	52,560.00	0.03	CREDIT LYONNAIS SECURITIES (ASIA)	20,924.82	4,288,738.00	0.00
BLEY INVESTMENT GROUP	6,904.30	198,802.00	0.03	CREDIT LYONNAIS SECURITIES (USA) INC	6,050.93	301,419.00	0.02
BLOOMBERGTRADEBOOK LLC	16,893.34	814,077.00	0.02	CREDIT LYONNAIS SECURITIES ASIA GUERNSEY	2,358.46	834,030.00	0.00
BMO CAPITAL MARKETS	4,910.04	2,344,897.00	0.00	CREDIT LYONNAIS SECURITIES(ASIA)	16,663.32	14,547,218.00	0.00
BNP EQUITIES FRANCE	4,161.22	290,957.00	0.01	CREDIT RESEARCH + TRADING LLC	6,270.48	193,037.00	0.03
BNP PARIBAS	472.22	1,314,000.00	0.00	CREDIT SUISSE CANADA	1,039.32	26,439.00	0.04
BNP PARIBAS BROKERAGE SECURITIES INC	1,298.00	36,800.00	0.04	CREDIT SUISSE FIRST BOSTON	44,558.50	20,847,351.47	0.00
BNP PARIBAS SECURITIES (ASIA) LTD.	66,111.46	84,504,782.00	0.00	CREDIT SUISSE FIRST BOSTON (EUROPE)	27,764.42	447,267.00	0.06
BNP PARIBAS SECURITIES SERVICE	7,398.54	168,984.00	0.04	CREDIT SUISSE FIRST BOSTON SA CTVM	20,630.96	1,603,287.00	0.01
BNP PARIBAS SECURITIES SERVICES	361.31	135,402.00	0.00	CREDIT SUISSE SECURITIES (EUROPE) LTD	101,409.43	40,737,684.98	0.00
BNY BROKERAGE	742.86	24,762.00	0.03	CREDIT SUISSE SECURITIES (USA) LLC	409,192.02	5,604,818,533.66	0.00
BNY BROKERAGE INC	53.07	10,616.00	0.00	CROWELL, WEEDON & CO., INC.	785.70	78,570.00	0.01
BNY CONVERGEX LJR	408.27	19,951.00	0.02	CS FIRST BOSTON (HONG KONG) LIMITED	68,359.80	67,608,917.00	0.00
BOCI SECURITIES LIMITED	3,450.18	1,359,000.00	0.00	CSFB AUSTRALIA EQUITIES LTD	1,006.81	1,189,254.00	0.00
BOE SECURITIES INC/BROADCORT CAP CORP	2,094.58	69,159.00	0.03	CSI US INSTITUTIONAL DESK	4,732.42	131,771.00	0.04
BRADESCO S.A CTVM	4,249.77	136,543,900.00	0.00	D CARNEGIE AG	6,077.84	170,230.00	0.04
BREAN MURRAY, CARRET & CO., LLC	3,541.35	139,201.00	0.03	DAEWOO SECURITIES CO LTD.	3,983.64	23,496.00	0.17
BRUNSWICKWARBURG NOMINEES	4,503.21	820,256.00	0.01	DAIWA SECURITIES (HK) LTD.	14,755.90	8,228,017.00	0.00
BTG CAPITAL CORP	10,245.48	341,516.00	0.03	DAIWA SECURITIES AMERICA INC	29,426.06	8,470,634.00	0.00
BTIG, LLC	6,207.90	331,859.00	0.02	DANSKE BANK A.S.	3,492.05	135,186.00	0.03
BUCKINGHAM RESEARCH GROUP INC	2,200.24	63,256.00	0.03	DAVENPORT & CO. OF VIRGINIA, INC.	282.56	8,620.00	0.03
CABRERA CAPITAL MARKETS	11,865.51	2,774,573.00	0.00	DAVIDSON D.A. + COMPANY INC.	2,594.08	69,745.00	0.04
CALPROP CORPORATION	216.00	5,400.00	0.04	DAVY STOCKBROKERS	3,243.64	28,736.00	0.11
CANACCORDADAMS INC.	504.67	14,374.00	0.04	DBS VICKERS (HONG KONG) LIMITED	9,269.92	4,846,300.00	0.00
CANACCORDGENUITY CORP.	10,034.99	266,857.00	0.04	DBS VICKERS SECURITIES (SINGAPORE)	7,588.11	4,699,900.00	0.00
CANACCORDGENUITY INC	3,511.18	83,347.00	0.04	DBS VICKERS SECURITIES(THAILAND)	997.85	1,373,709.00	0.00
CANACCORDGENUITY LIMITED	4,128.24	518,964.00	0.01	DEAGROATT+ CAMPBELL SDN BHD	8,356.50	1,935,255.00	0.00
CANADIAN IMPERIAL BANK OF COMMERCE	46.17	9,800.00	0.00	DENIZ YATIRIM MENKUL DEGERLER A.S.	62.02	6,269.00	0.01
CANTOR CLEARING SERVICES	2,055.00	41,100.00	0.05	DEUTSCHE BANK AG LONDON	92,546.64	115,802,566,944.41	0.00
CANTOR FITZGERALD & CO / CASTLEOAK SEC	1,898.03	14,019,740.00	0.00	DEUTSCHE BANK AG NEW YORK	853.17	5,595,855.16	0.00
CANTOR FITZGERALD + CO	35,900.22	5,063,158.60	0.01	DEUTSCHE BANK ALEX BROWN	663.77	20,559.00	0.03
CANTOR FITZGERALD AND CO	362.71	1,336,271.00	0.00	DEUTSCHE BANK DE BARY AMSTERDAM	564.92	5,900.00	0.10
CANTOR FITZGERALD EUROPE	1,690.74	636,726.00	0.00	DEUTSCHE BANK OOO	1,319.62	140,206.00	0.01
CANTOR FITZGERALD/CANTOR CLEARING SERV	1,064.00	7,926,500.00	0.00	DEUTSCHE BANK SECURITIES INC	247,619.64	10,703,072,232.37	0.00
CAPITAL INSTITUTIONAL SERVICES	94.35	3,145.00	0.03	DEUTSCHE MORGAN GRENFELL SECS	7,655.29	2,662,424.00	0.00
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	10,640.28	768,159.00	0.01	DEUTSCHE SECURITIES ASIA LIMITED	46,684.39	13,788,672.00	0.00
CARNEGIE	4,683.95	233,575.00	0.02	DEUTSCHE SECURITIES ASIA LTD	2,259.32	11,902.00	0.19
CARNEGIE A S	3,396.77	362,210.00	0.01	DIRECT ACCESS PARTNERS LLC	3,536.05	84,418.00	0.04
CARNEGIE BANK A.S.	7,636.64	115,305.00	0.07	DIVINE CAPITAL MARKETS LLC	1,847.76	63,604.00	0.03
CARNEGIE SECURITIES FINLAND	1,984.38	77,256.00	0.03	DMG AND PARTNERS SECURITIES PTE	3,370.19	1,138,000.00	0.00
CBA EQUITIES LIMITED	66.91	197,636.00	0.00	DOMINICK + DOMINICK	100.50	3,500.00	0.03
CELFIN CAPITAL SA CORREDORES DE BOLSA	271.76	8,964.00	0.03	DOUGHERTY SECURITIES	9,661.27	72,256.00	0.13
CENTRAL SECURITIES CLEARING SYSTEM LTD	946.98	958,905.00	0.00	DOWGHERTY COMPANY	4,245.38	132,161.00	0.03
CENTRO INTERNATIONALE HANDELSBANK	2,870.51	17,433.00	0.16	DOWLING & PARTNERS	11,458.00	339,700.00	0.03
CHARLES SCHWAB & CO INC	40.58	2,375.00	0.02	DREXEL HAMILTON LLC	2,082.06	109,169.00	0.02
CHEEVERS & CO. INC.	4,697.93	172,331.00	0.03	DTCYID	553.00	17,500.00	0.03
CHINA INTERNATIONAL CAPITAL CO	297.66	50,000.00	0.01	DUPONT GILBERT SA	65.55	1,813.00	0.04

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
EFG ISTANBUL MENKUL DE ERLER ANONIM SIR	144.04	25,499.00	0.01	J.P. MORGAN SECURITIES LIMITED	227.07	19,587.00	0.01
EKSPRES YATIRIM MANKUL	574.17	57,676.00	0.01	J.P.MORGAN SECURITIES(FAR EAST)LTD SEOUL	15,776.16	422,343.00	0.04
EUROCLEARBANK SA NV	1,315.49	14,617,181.00	0.00	JACKSON SECURITIES	153.00	14,300.00	0.01
EUROPARTNERS SECURITIES CORPORATION	1,354.05	100,300.00	0.01	JANNEY MONTGOMERY, SCOTT INC	3,170.40	207,385.00	0.02
EVERCORE GROUP LLC	95.16	2,028.00	0.05	JEFFERIES+ COMPANY INC	48,251.67	244,075,726.86	0.00
EXANE S.A.	18,399.26	712,541.00	0.03	JEFFERIESINTERNATIONAL LTD	6,969.29	5,267,004.17	0.00
EXECUTION(HONG KONG) LIMITED	6,367.02	6,656,800.00	0.00	JMP SECURITIES	6,834.59	166,930.00	0.04
EXECUTIONLIMITED	3,872.93	680,070.00	0.01	JOH BERENBERG GOSSLER AND CO	17,234.92	319,591.00	0.05
FATOR - DORIA ATHERINO S.A CV	77.83	2,245.00	0.03	JOHNSON RICE + CO	2,874.54	71,836.00	0.04
FBN SECURITIES INC	5.99	200.00	0.03	JONESTRADING INSTITUTIONAL SERVICES LLC	11,186.43	439,142.00	0.03
FIDELITY CLEARING CANADA	2,727.07	67,416.00	0.04	JP MORGANSECURITIES AUSTRALIA LTD	11,839.51	652,745.00	0.02
FIG PARTNERS LLC	8,241.26	338,356.00	0.02	JP MORGANSECURITIES PLC	151,576.54	103,835,439.68	0.00
FINANCIALBROKERAGE GROUP (FBG)	4,633.99	578,209.00	0.01	JP MORGANSECURITIES SINGAPORE	2,740.73	1,376,269.00	0.00
FIRST ANALYSIS SECURITIES CORP	3,078.03	84,302.00	0.04	JPMORGAN CHASE BANK	90.61	233,007,817.31	0.00
FIRST CLEARING, LLC	30.77	859.00	0.04	JPMORGAN SECURITIES INC	582.72	1,520,560,098.69	0.00
FIRST SOUTHWEST COMPANY	2,164.00	54,100.00	0.04	JPMORGAN SECURITIES(ASIA PACIFIC)LTD	95,371.63	42,501,629.00	0.00
FOKUS BANK ASA	328.71	32,297.00	0.01	KAS-ASSOCIATIE N.V.	907.54	8,424.00	0.11
FRANK RUSSELL SEC/BROADCORT CAP CLEARING	1,244.68	45,436.00	0.03	KBC PEEL HUNT LTD	1,809.55	85,377.00	0.02
FREIMARK BLAIR + COMPANY, INC.	78.04	5,800.00	0.01	KEEFE BRUYETTE + WOODS INC	9,544.82	265,096.00	0.04
FRIEDMAN BILLINGS + RAMSEY	8,841.38	236,300.00	0.04	KEMPEN + CO N.V.	17.76	299.00	0.06
G TRADE SERVICES LTD	103,273.31	24,843,795.00	0.00	KEPLER EQUITIES PARIS	2,001.65	90,341.00	0.02
GLOBAL HUNTER SECURITIES	907.63	34,538.00	0.03	KESTREL CAPITAL EAST AFRICA LTD	538.50	835,800.00	0.00
GLOBAL HUNTER SECURITIES, LLC	1,030.70	46,931.00	0.02	KEYBANC CAPITAL MARKETS INC	11,933.02	10,755,721.75	0.00
GOLDMAN SACHS (ASIA) LLC	163.84	2,884.00	0.06	KGI SECURITIES (HONG KONG) LIMITED	1,462.58	243,500.00	0.01
GOLDMAN SACHS + CO	251,685.21	2,308,247,269.27	0.00	KIM ENG SECURITIES	9,917.10	9,399,722.00	0.00
GOLDMAN SACHS + CO INTL.	2,234.73	251,882.00	0.01	KIM ENG SECURITIES, P.T.	1,204.09	1,274,000.00	0.00
GOLDMAN SACHS DO BRASIL CORRETORA	21,406.37	1,694,474.00	0.01	KING, CL. & ASSOCIATES, INC	26,687.20	1,111,094.00	0.02
GOLDMAN SACHS INTERNATIONAL	155,160.29	919,977,123.73	0.00	KNIGHT DIRECT LLC	380.57	33,641.00	0.01
GOLDMAN SACHS(ASIA)L.L.C.	3,909.94	2,575,300.00	0.00	KNIGHT EQUITY MARKETS L.P.	21,478.45	1,019,784.00	0.02
GOODBODY STOCKBROKERS	2,331.84	240,288.00	0.01	KOREA SECURITIES DEPOSITORY	225.21	4,050.00	0.06
GORDON HASKETT	120.00	6,000.00	0.02	KT ZMICO SECURITIES COMPANY LIMITED	418.91	9,800.00	0.04
GREAT PACIFIC SECURITIES INC.	500.50	17,300.00	0.03	LARRAIN VIAL	7,160.91	12,233,467.00	0.00
GREEN STREET ADVISORS	136.00	3,400.00	0.04	LAZARD CAPITAL MARKETS LLC	3,715.41	3,168,420.00	0.00
GREENTREEBROKERAGE SERVICES INC	717.40	25,430.00	0.03	LEERINK SWANN AND COMPANY	6,387.45	149,491.00	0.04
GUGGENHEIM CAPITAL MARKETS LLC	2,049.47	58,159.00	0.04	LEK SECURITIES CORP	286.24	14,312.00	0.02
GUZMAN + CO	1,102.00	35,400.00	0.03	LIBERUM CAPITAL LIMITED	1,688.63	84,079.00	0.02
HANA DAETOO SECURITIES	1,140.29	10,792.00	0.11	LIQUIDNETASIA LIMITED	13,646.74	8,024,200.00	0.00
HANNURI INVESTMENT + SECURITIES	279.23	2,900.00	0.10	LIQUIDNETAUSTRALIA PTY LTD	3,720.76	2,072,057.00	0.00
HEIGHT SECURITIES, LLC	688.00	19,000.00	0.04	LIQUIDNETINC	27,074.62	1,312,009.00	0.02
HIBERNIA SOUTHCOAST CAPITAL INC	3,387.92	114,841.00	0.03	LONGBOW SECURITIES LLC	796.76	25,992.00	0.03
HONGKONG + SHANGHAI BANKING	1,096.56	748,800.00	0.00	LOOP CAPITAL MARKETS	60,753.52	3,192,337.00	0.02
HONGKONG AND SHANGHAI BANKING CORPO	116.11	18,000.00	0.01	LOOP CAPITAL MARKETS LLC	3,257.55	10,185,755.00	0.00
HONGKONG AND SHANGHAI BANKING CORP	25,392.51	11,547,200.00	0.00	M RAMSEY KING SECURITIES INC	8,005.58	315,425.00	0.03
HONGKONG AND SHANGHAI BKG CORP	2,153.31	372,458.00	0.01	MACQUARIEBANK LIMITED	70,743.60	64,646,584.41	0.00
HOWARD WEIL DIVISION LEGG MASON	970.76	20,371.00	0.05	MACQUARIECAPITAL (EUROPE) LTD	2,757.74	540,490.00	0.01
HSBC BANKA.S.	466.23	240,600.00	0.00	MACQUARIECAPITAL (USA) INC	17,303.97	1,750,484.00	0.01
HSBC BANKBRASIL SA BANCO MULTIPLO	43.85	752,500.00	0.00	MACQUARIEEQUITIES LIMITED (SYDNEY)	23,451.41	2,522,902.00	0.01
HSBC BANKPLC	72,173.58	4,196,334,372.98	0.00	MACQUARIESECURITIES (SINGAPORE)	5,132.26	1,773,370.00	0.00
HSBC BROKERAGE (USA) INC.	4,200.69	409,905.00	0.01	MACQUARIESECURITIES (USA) INC	4,917.48	352,700.00	0.01
HSBC SECURITIES (USA) INC.	67,089.51	52,588,778,825.33	0.00	MACQUARIESECURITIES LIMITED	78,702.32	68,746,309.00	0.00
HSBC SECURITIES (USA), INC.	843.00	27,960.00	0.03	MACQUARIESECURITIES LTD SEOUL	111,548.20	2,882,950.00	0.04
HSBC SECURITIES THAILAND LTD	266.52	9,200.00	0.03	MACFIRSTBANK DE	3,867.18	34,382.00	0.11
HYUNDAI SECURITIES	10,722.98	81,872.00	0.13	MAXIM GROUP	369.68	18,484.00	0.02
HYUNDAI SECURITIES CO. LTD.	5,842.92	63,775.00	0.09	MERRILL LYNCH	87.94	20,396,129.38	0.00
ICAP DO BRASIL DTVM LTDA	47.70	4,200.00	0.01	MERRILL LYNCH AND CO INC	897.79	166,645.00	0.01
ING BANK N V	3,523.64	206,887.00	0.02	MERRILL LYNCH AND CO.,INC	135.31	33,715.00	0.00
ING BANK N.V.LONDON BRANCH EQUITY SETTLE	95.80	1,900.00	0.05	MERRILL LYNCH EQUITIES (AUSTRALIA)	1,113.79	208,405.00	0.01
ING FINANCIAL MARKETS LLC	4,415.69	304,122,985.00	0.00	MERRILL LYNCH INTERNATIONAL	356,449.90	25,514,810,021.23	0.00
INSTINET	29,233.83	1,743,349.00	0.02	MERRILL LYNCH PEIRCE FENNER AND S	112,225.58	519,780,660.00	0.00
INSTINET AUSTRALIA CLEARING SRVC PTY LTD	1,403.08	1,838,445.00	0.00	MERRILL LYNCH PIERCE FENNER + SMITH INC	184,915.08	1,013,941,008.31	0.00
INSTINET CANADA	2,701.14	419,443.00	0.01	MERRILL LYNCH PROFESSIONAL CLEARING CORP	2,920.23	1,533,941.00	0.00
INSTINET EUROPE LIMITED	147.53	1,348.00	0.11	MERRILL LYNCH SA CVTM	262.35	4,900.00	0.05
INSTINET LLC	10,117.70	815,038.00	0.01	MERRILL LYNCH, PIERCE FENNER SMITH	65.37	6,537.00	0.01
INSTINET PACIFIC LIMITED	132,701.11	133,230,370.00	0.00	MISCHLER FINANCIAL GROUP, INC-EQUITIES	1,675.44	154,276.00	0.01
INSTINET SINGAPORE SERVICES PT	1,296.99	1,330,000.00	0.00	MITSUBISHI UFJ SECURITIES (USA)	383.02	22,000.00	0.02
INSTINET U.K. LTD	81,606.41	17,903,666.00	0.00	MITSUBISHI UFJ SECURITIES INT PLC	6,226.30	2,232,889.00	0.00
INVESTEC BANK PLC	4,885.28	581,509.00	0.01	MIZUHO SECURITIES ASIA LIMITED	5,665.27	403,530.00	0.01
INVESTEC HENDERSON CROSTHWAITE	4,262.59	349,407.00	0.01	MIZUHO SECURITIES USA INC	9,631.99	1,289,263.40	0.01
INVESTEC SECURITIES LTD	2,696.81	159,784.00	0.02	MKM PARTNERS LLC	8,245.66	304,556.00	0.03
INVESTMENT TECHNOLOGY GROUP INC.	64,250.28	5,473,497.00	0.01	MOGAVERO LEE & CO., INC.	376.40	18,820.00	0.02
INVESTMENT TECHNOLOGY GROUP LTD	32,505.77	7,383,908.00	0.00	MONTROSE SECURITIES EQUITIES	1,277.00	42,500.00	0.03
IS YATIRIM MENKUL DEGERLER AS	223.97	10,000.00	0.02	MORGAN KEEGAN & CO INC	1,922.15	1,228,443.00	0.00
ISI GROUPINC	18,391.41	508,801.00	0.04	MORGAN STANLEY AND CO INTERNATIONAL	2,729.76	91,839.00	0.03
ISLAND TRADER SECURITIES INC	1,661.06	72,601.00	0.02	MORGAN STANLEY AND CO INTL TAIPEI METRO	10,458.14	2,492,416.00	0.00
ITAU USA SECURITIES INC	2,280.00	96,000.00	0.02	MORGAN STANLEY AND CO. INTERNATIONAL	52,299.85	25,225,112.80	0.00
ITG AUSTRALIA LTD.	3,535.47	2,636,441.00	0.00	MORGAN STANLEY CO INCORPORATED	284,662.85	1,315,760,999.69	0.00
ITG CANADA	466.81	15,800.00	0.03	MORGAN STANLEY DEAN WITTER AUSTRALIA	1,867.02	969,560.00	0.00
ITG INC	770.72	326,530.00	0.00	MORGAN STANLEY DW INC.	1,936.00	123,400.00	0.02
ITG INC.	2,816.26	361,560.00	0.01	MORGAN STANLEY SECURITIES LIMITED	178.50	16,600.00	0.01
ITG SECURITIES (HK) LTD	13,424.43	22,215,308.00	0.00	MR BEAL & COMPANY	3,214.56	114,007.00	0.03
IVY SECURITIES, INC.	754.87	25,410.00	0.03	NATIONAL FINANCIAL SERVICES CORP.	1,381.31	1,686,039.00	0.00
J AND E DAVY	7,748.87	399,702.00	0.02	NATIONAL SECURITIES CO LTD	8,925.56	2,485,559.00	0.00
J B WERE AND SON	630.40	36,616.00	0.02	NATIXIS SECURITIES	74.04	3,170.00	0.02
J P MORGAN SECURITIES INC	55,643.01	16,085,002.92	0.00	NBC CLEARING INC.	176.00	4,400.00	0.04
J.P. MORGAN CLEARING CORP.	202,273.22	1,064,955,415.28	0.00	NCB STOCKBROKERS LIMITED	3,398.54	226,847.00	0.01
J.P. MORGAN SECURITIES INC.	31,775.34	1,380,158.00	0.02	NEEDHAM + COMPANY	11,290.70	282,001.00	0.04

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
NESBITT BURNS	2,038.77	373,993.00	0.01	TD WATERHOUSE CDA	1,326.71	32,606.00	0.04
NOMURA FINANCIAL AND INVESTMENT	266.10	799.00	0.33	TEB YATIRIM MENKUL DEGERLER A.S.	2,576.37	523,124.00	0.00
NOMURA INTERNATIONAL PLC	14,379.63	16,966,564.92	0.00	THE BENCHMARK COMPANY, LLC	198.12	6,628.00	0.03
NOMURA SECURITIES INTERNATIONAL INC	13,389.44	60,688,565.44	0.00	THE HONGKONG AND SHANGHAI BANK	23,551.36	278,147.00	0.08
NORTH SOUTH CAPITAL LLC	14,270.58	504,305.00	0.03	THINKPANMURE LLC	2,098.69	47,204.00	0.04
NORTHLANDSECURITIES INC.	1,612.26	41,769.00	0.04	THOMAS WEISEL PARTNERS CANADA INC	4,657.90	119,707.00	0.04
NORTHPOINT TRADING PARTNERS LLC	32.50	2,600.00	0.01	TONGYANG SECURITIES INC	362.89	1,428.00	0.25
NUMIS SECURITIES INC.	27,134.98	2,226,300.00	0.01	TOPEKA CAPITAL MARKETS INC.	2,565.53	128,465.00	0.02
NUMIS SECURITIES LIMITED	1,763.02	347,736.00	0.01	TOURMALINE PARTNERS	22,970.86	850,773.00	0.03
O NEIL, WILLIAM AND CO. INC/BCC CLRG	1,800.00	60,000.00	0.03	TROIKA DIALOG USA, INC	10,082.84	14,510,913.81	0.00
ODDO ET CIE	192.92	18,808.00	0.01	UBS AG	335,186.97	104,939,779.00	0.00
OPPENHEIMER + CO. INC.	27,266.01	5,458,702.83	0.00	UBS AG LONDON	18,596.04	991,325,690.00	0.00
ORIEL SECURITIES LTD	1,349.27	151,821.00	0.01	UBS SECURITIES ASIA LTD	192,159.89	98,139,598.00	0.00
PACIFIC CREST SECURITIES	12,346.23	319,397.00	0.04	UBS SECURITIES CANADA INC	10,438.92	598,512.00	0.02
PANMURE GORDON AND CO LTD	851.44	143,679.00	0.01	UBS SECURITIES LLC	62,885.29	227,615,211.66	0.00
PAREL	1,496.94	310,397.00	0.00	UBS SECURITIES PTE.LTD	48,815.69	16,863,350.00	0.00
PAVILION GLOBAL MARKETS LTD	3,750.49	364,829.00	0.01	UBS SECURITIES PTE.LTD., SEOUL	62,839.97	1,158,546.00	0.05
PENSERRA SECURITIES	4,864.02	428,604.00	0.01	UBS SECURITIES SINGAPORE PTE	6,567.56	10,668,217.00	0.00
PENSERRA SECURITIES LLC	124.00	6,200.00	0.02	UBS WARBURG (HONG KONG) LIMITED	720.10	643,600.00	0.00
PENSON FINANCIAL SERVICES CANADA INC	8,725.04	281,288.00	0.03	UBS WARBURG AUSTRALIA EQUITIES	5,044.17	867,888.00	0.01
PERCIVAL FINANCIAL	248.00	6,200.00	0.04	UBS WARBURG LLC	5,839.10	591,007.00	0.01
PERCIVAL FINANCIAL PARTNERS LTD.	2,764.40	71,380.00	0.04	UOB KAY HIAN (HONG KONG) LTD	6,413.24	4,619,900.00	0.00
PERSHING LLC	94,644.45	95,827,034.00	0.00	UOB KAY HIAN PTE LIMITED	5,098.45	296,824.00	0.02
PERSHING SECURITIES LIMITED	21,099.14	8,544,576.00	0.00	UOB KAY HIAN SECURITIES PT	1,464.51	1,818,484.00	0.00
PETERCAM S.A.	114.25	989.00	0.12	VANDHAM SECURITIES CORP	3,302.48	130,162.00	0.03
PICKERINGENERGY PARTNERS, INC	396.09	9,086.00	0.04	VICKERS BALLAS TAMARA PT	2,665.09	1,753,500.00	0.00
PIPER JAFFRAY	21,801.37	668,596.00	0.03	VTB BANK EUROPE PLC	23,436.23	548,453,097.19	0.00
PT. MANDIRI SEKURITAS	9,322.77	6,564,500.00	0.00	WARBURG DILLON READ (NEW ZEALAND)	756.60	730,845.00	0.00
PULSE TRADING LLC	18,301.08	702,859.00	0.03	WEBBUSH MORGAN SECURITIES INC	12,204.13	358,745.00	0.03
RABOBANK NETHERLAND	11,654.37	144,015.00	0.08	WEDGE SECURITIES LLC	170.76	4,269.00	0.04
RAYMOND JAMES AND ASSOCIATES INC	35,336.63	976,668.00	0.04	WEEDEN + CO.	63,243.08	3,546,381.00	0.02
RBC CAPITAL MARKETS	22,096.50	386,069,116.69	0.00	WELLS FARGO SECURITIES LLC	506.00	202,668,450.77	0.00
RBC DEXIAINVESTOR SERVICES	1,093.88	56,921.00	0.02	WELLS FARGO SECURITIES, LLC	16,113.87	33,736,398.23	0.00
RBC DOMINION SECURITIES INC.	3,368.04	221,492.00	0.02	WILLIAM BLAIR & COMPANY L.L.C	29,540.39	778,353.00	0.04
REDBURN PARTNERS LLP	8,338.04	395,500.00	0.02	WILLIAMS CAPITAL GROUP LP (THE)	12,754.57	749,326.00	0.02
REDEMPTION	308,330.80	64,029,948.60	0.00	WM SMITH SECURITIES INC	1,081.00	31,900.00	0.03
RENAISSANCE CAPITAL LTD	19,132.45	1,346,938.00	0.01	WOLFE TRAHAN SECURITIES	746.00	22,700.00	0.03
RENAISSANCE SECURITIES (CYPRUS) LIMITED	9,371.55	218,708.00	0.04	WOORI INVESTMENT SECURITIES	1,395.94	42,265.00	0.03
RHB INVESTMENT BANK BERHAD	391.18	17,600.00	0.02	WUNDERLICH SECURITIES INC.	2,915.58	82,385.00	0.04
ROBERT W.BAIRD CO.INCORPORATE	40,292.49	6,567,000.58	0.01	XP INVESTIMENTOS CCTVM SA	598.56	12,600.00	0.05
ROBERTS +RYAN INVESTMENTS INC	2,064.00	68,800.00	0.03	YAMNER & CO INC (CLS THRU 443)	4,291.17	426,733.00	0.01
ROTH CAPITAL PARTNERS LLC	1,133.05	39,332.00	0.03	YORKTON SECURITIES INC	821.54	20,899.00	0.04
ROYAL BANK OF CANADA EUROPE LTD	865.86	1,117,388.00	0.00	YUANTA SECURITIES COMPANY LIMITED	29,178.95	6,951,000.00	0.00
SALOMON SMITH BARNEY INC	6,954.54	5,689,194.00	0.00				
SAMSUNG SECURITIES CO LTD	18,684.12	125,370.00	0.15	TOTAL	\$8,362,972.47		
SAMUEL A RAMIREZ & COMPANY INC	854.00	42,700.00	0.02				
SANDLER ONEILL + PART LP	2,867.86	85,768.00	0.03				
SANFORD C. BERNSTEIN AND CO., LLC	5,480.59	6,985,793.00	0.00				
SANFORD C. BERNSTEIN LTD	8,138.40	8,659,078.00	0.00				
SANFORD CBERNSTEIN CO LLC	46,035.57	9,730,987.00	0.00				
SANTANDERINVESTMENT SECURITIES	771.48	25,716.00	0.03				
SANTANDERINVESTMENT SECURITIES INC	672.00	22,400.00	0.03				
SANTANDERMERCHANT S.A.	246.70	657,100.00	0.00				
SCARSDALEEQUITIES LLC	530.92	12,391.00	0.04				
SCOTIA CAPITAL (USA) INC	2,197.45	26,818,214.60	0.00				
SCOTIA CAPITAL MKTS	9,538.35	295,643.00	0.03				
SCOTIA CAPITAL USA INC	3,975.69	709,142.00	0.01				
SCOTT & STRINGFELLOW, INC	2,241.61	1,090,136.00	0.00				
SEI FINANCIAL SER CO	1,305.85	37,310.00	0.04				
SEYMOUR PIERCE HOLDINGS LIMITED	23.76	5,674.00	0.00				
SG AMERICAS SECURITIES LLC	276.00	132,938,900.00	0.00				
SG SECURITIES HK	39,922.15	11,931,690.00	0.00				
SIDOTI + COMPANY LLC	6,999.71	173,940.00	0.04				
SIMMONS +COMPANY INTERNATIONAL	724.00	21,200.00	0.03				
SIX SIS AG	1,341.10	63,123.00	0.02				
SKANDINAVISKA ENSKILDA BANK	468.69	33,479.00	0.01				
SKANDINAVISKA ENSKILDA BANKEN LONDON	13,443.08	821,706.00	0.02				
SMBC NIKKO SECURITIES (HONK KONG) LTD	982.60	29,948.00	0.03				
SMBC SECURITIES INC	78.81	1,600.00	0.05				
SOCIETE GENERALE	96.60	1,098,641.60	0.00				
SOCIETE GENERALE LONDON BRANCH	34,086.77	4,877,569.00	0.01				
SOCIETE GENERALE PARIS ZURICH BRA	3,595.65	15,829.00	0.23				
STANDARD BANK LONDON LIMITED	3,519.32	13,076,882.01	0.00				
STANDARD CHARTERED BANK	1,053.06	111,206,500.00	0.00				
STANDARD CHARTERED BANK (HONG KONG) LIMI	10,246.41	9,686,000.00	0.00				
STANLEY CHARLES	75.00	116,700.00	0.00				
STATE STREET BANK AND TRUST CO	251.36	18,875.00	0.01				
STATE STREET GLOBAL MARKETS, LLC	1,118.28	52,014.00	0.02				
STEPHENS, INC.	17,798.56	1,599,958.52	0.01				
STERNE AGEE & LEACH INC.	16,428.56	2,211,454.88	0.01				
STIFEL NICOLAUS + CO INC	39,903.17	7,565,301.15	0.01				
SUNFARGO BROKERAGE & SECURITIES SVCS LLC	1,690.18	181,239.00	0.01				
SUNTRUST CAPITAL MARKETS, INC.	9,642.18	231,722.00	0.04				
SVENSKA HANDELSBANKEN	9,041.82	230,885.00	0.04				
SVENSKA HANDELSBANKEN LONDON BRANCH	101.22	17,500.00	0.01				
TD SECURITIES (USA) LLC	1,836.00	61,200.00	0.03				

GLOSSARY OF INVESTMENT TERMS

- Active extension** - Active extension is defined as an investment strategy that allows for both long and short positions in an investment portfolio with a gross exposure above 100% of total portfolio value on an absolute basis, while maintaining a beta of one.
- Agency Securities** - Securities, usually bonds, issued by U.S. Government agencies. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.
- All-cap** - An investment approach that disregards market capitalization (i.e. small, medium, or large cap) in its selection process.
- Alpha** - A coefficient which measures risk-adjusted performance, factoring in the risk due to the specific security, rather than the overall market. A high value for alpha implies that the stock or mutual fund has performed better than would have been expected given its beta (volatility).
- Asset** - Anything owned that has economic value; any interest in property, tangible or intangible, that can be used for payment of debts.
- Asset Backed Security** - Bonds or notes collateralized by one or more types of assets including real property, mortgages, and receivables.
- At Value** - A term used to denote the current value of an asset at a point in time. Generally used in presentations containing a mix of assets some of which are traded on an exchange and some that are valued on an appraisal or similar basis.
- Banker's Acceptance (BA)** - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.
- Basis Point (bp)** - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% has increased by 75 basis points.
- Benchmark** - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.
- Benchmark composite** - A term used when reporting on a portfolio containing multiple asset classes. The composite is generally calculated as a weighted average of the benchmarks of the underlying portfolios.
- Beta** - A quantitative measure of the volatility of a given stock, mutual fund or portfolio relative to the overall market.
- Book Value (BV)** - The value of individual assets, calculated as actual cost minus accumulated depreciation. Book value may be more or less than current market value.
- Buyout** - See "Leveraged Buyout"
- Capital Gain (Loss)** - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in valuation of an asset over time.
- Capitalized Fees** - Fees (and expenses) that increase the cost basis of an investment.
- Certificates of Deposit (CDs)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from 3 months to six years.
- Citigroup Broad Investment-Grade Bond Index (CBIG)** - A market value-weighted index composed of over 4,000 individually priced securities with a quality rating of at least BBB. Each issue has a minimum maturity of one year with an outstanding par amount of at least \$25 million.
- Citigroup World Government Bond Index Non-U.S. (CWGBI)** - An unhedged index measuring government issues of 12 major industrialized countries.
- Close-End fund** - Funds that have set limits on the life of the fund and/or the total amount to be invested.
- Coefficient of Determination (R²)** - A measurement of how closely the returns of an investment portfolio and its benchmark match. An R² of 1.0 indicates that portfolio returns perfectly match the returns of the benchmark, while a value less than 1.0 indicates that the returns of the portfolio do not match the benchmark return. The closer the value is to 1 the closer the return of the portfolio is to the benchmark.
- Collateral** - Assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default.
- Collateralized Mortgage Obligation (CMO)** - A mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes. CMO payment obligations are backed by mortgage-backed securities with a fixed maturity.
- Commercial Paper** - Short-term obligations with maturities ranging from 2 to 270 days. An unsecured obligation issued by a corporation or bank to finance its short-term credit needs.
- Commingled fund** - A fund consisting of assets from multiple investors that are blended together. A mutual fund is a common example of a commingled fund.

GLOSSARY OF INVESTMENT TERMS (Continued)

- Committed capital** - Money that is committed by limited partners to a private equity fund.
- Company risk** – The risk of investing in any single company’s stock or bonds.
- Compounded Annual Total Return** - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return “smoothes” fluctuations in long-term investment returns to derive an implied year-to-year annual return.
- Consumer Price Index (CPI)** - A measure of change in the cost of a fixed basket of products and services as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, and electricity.
- Core real estate strategy** - Lower risk, low leverage, vehicles that invest in stabilized income-producing properties that provide steady net operating income or cash flow. Properties are usually located in major regional markets, have investment grade tenants, at-market rents, and high occupancy levels.
- Cost basis** - The original price paid for an investment.
- Counter-party risk** -The risk to each party of a contract that the counterparty will not live up to its contractual obligations.
- Credit default risk** - The risk that a debtor will not make payments in accordance with the terms of the debt.
- Credit risk** - The risk that a borrower will fail to make payments in a timely manner.
- Cumulative Rate of Return** - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.
- Currency exchange risk** - The risk that a foreign country’s currency may appreciate or depreciate relative to the U. S. dollar, thus impacting the value of foreign investments.
- Currency hedging** - Transactions intended to manage the risk associated with investing in foreign securities.
- Currency spot** - A contract for the purchase or sale of a commodity, security or currency for settlement (payment and delivery) on the spot date, which is normally two business days after the trade date.
- Current Yield** - The relationship between the stated annual interest or dividend rate and the market price of a security. In calculating current yield, only income payments are considered; no consideration is given to capital gain/loss.
- Default risk** - See “Credit default risk”
- Derivative** - Derivatives are generally defined as contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.
- Discount Rate** - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.
- Diversification** - A portfolio strategy designed to reduce exposure to risk by putting assets in several different securities or categories of investments.
- Drawdown** - (a) A request for cash charged against capital committed to a limited partnership, limited liability corporation, or other like entity; (b) a decline in the current value of an investment or other asset. Duration - Duration is a measure of the price sensitivity of a fixed-income investment to a change in interest rates. (See Modified and Macaulay Duration).
- Economic risk** - The risk that economic activities will negatively impact an investment.
- Enhanced indexing** - Refers to the application of strategies to an index fund designed to generate higher rates of returns.
- Equity** - The ownership interest possessed by shareholders in a corporation in the form of common stock or preferred stock.
- ERISA (Employee Retirement Income Security Act)** - The 1974 federal law which established legal guidelines for private pension plan administration and investment practices.
- Expense Ratio** - Operating costs (including management fees) expressed as a percentage of the fund’s average net assets for a given time period.
- Fair Value** - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- Federal Funds Rate** - The interest rate that banks charge each other for the use of Federal Funds. This rate changes daily and is a sensitive indicator of general interest rate trends.
- Federal Reserve Board** - The 7 member Board of Governors that oversees Federal Reserve Banks, establishes monetary policy and monitors the economic health of the economy.

PENSION FUNDS MANAGEMENT DIVISION
GLOSSARY OF INVESTMENT TERMS (Continued)

- Fiduciary** - A person, company, or association holding assets in trust for a beneficiary. The fiduciary is charged with the responsibility to invest the money prudently for the beneficiary's benefit.
- Fitch Investor Services** - A financial services rating agency.
- Floating Rate Note** - A fixed principal instrument which has a long or even indefinite life and whose yield is periodically reset relative to a reference index rate to reflect changes in short- or intermediate-term interest rates.
- Forward contract** - A contract between two parties that requires you to sell or purchase an asset at a price set when the contract is entered into for settlement at a specified future date.
- Funded Capital** - Amount of cash invested.
- Geopolitical risk** - See "Political risk"
- Gross Domestic Product** - Total market value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.
- Hedge** - An investment in assets which serves to reduce the risk of adverse price movements in a security, by taking an offsetting position in a related security, such as an option or short sale.
- Index** - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. Example: S&P 500 index.
- Index Fund** - A passively managed fund that tries to mirror the performance of a specific index, such as the S&P 500.
- Individual company risk** - The risk associated with investment in the securities of any single company.
- Inflation** - The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index.
- Inflation risk** - The chance that the value of an investment will erode as a result of inflationary pressures.
- Interest rate risk** - The risk that changes in the general level of interest rates will adversely affect the fair value of an investment.
- Investment Income** - The equity dividends, bond interest, and/or cash interest paid on an investment.
- J-Curve** - An economic theory stating that a policy designed to have one effect will initially have the opposite effect. With regard to closed end commingled fund investments, this generally refers to the impact on returns of contributions made in the early portion of a fund's existence. Invested capital is used to pay fees and organizational costs as well as to make investments in non-income producing enterprises. Such uses negatively impact returns in early periods but are expected to generate increasing income and valuations in the late periods as the previously non-income producing entities start producing income and the relative size of fees and other costs diminish relative to the value of invested capital.
- JP Morgan Emerging Markets Bond Index Plus (EMBI+)** - An index which tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar denominated local market instruments. The EMBI+ expands upon JP Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.
- Letter of Credit** - An instrument or document issued by a bank, guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and eliminates the seller's risk.
- Leverage** - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.
- Leveraged buyout** - A leveraged buyout (LBO) is an acquisition (usually of a company) financed through a combination of equity and debt and in which the cash flows or assets of the target are used to secure and repay the debt used to finance the acquisition.
- Liability** - The claim on the assets of a company or individual - excluding ownership equity. An obligation that legally binds an individual or company to settle a debt.
- Limited Partnership** - A partnership formed by two or more entities with at least one limited partner and one general partner. Limited partner responsibility for debts and losses is limited to the amount of their investment in the partnership. In addition, the limited partner does not participate in the activities of the partnership. The general partner has full control over the management of the partnership and has unlimited liability for partnership debt and losses.
- Liquidity risk** - The risk that one's investment cannot be immediately liquidated at other than a substantially discounted value.
- Macaulay Duration** - The weighted-average term to maturity of a bond's cash flows. The weighting is based on the present value of each cash flow divided by price.
- Management risk** - The risks associated with ineffective, destructive or underperforming management.

GLOSSARY OF INVESTMENT TERMS (Continued)

- Marked-to-market pricing** - An accounting practice in which the price of an investment recorded within the accounting records is the market value at the end of the month.
- Market Risk** - The risk that fluctuations in the overall market for securities will impact an investment portfolio.
- Market Value** - A security's last reported sale price or its current bid and ask prices. The price as determined dynamically by buyers and sellers in an open market.
- Master Custodian** - An entity, usually a bank, used for safekeeping of securities and other assets. Responsible for other functions including accounting, performance measurement and securities lending.
- Maturity Date** - The date on which the principal amount of a bond or other debt instrument becomes payable or due.
- Mezzanine Debt** - Debt that incorporates equity-based options, such as warrants, with a lower-priority debt.
- MFR Index (iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™ Index)** - An index which represents an average of the returns of institutional money market mutual funds that invest primarily in first-tier (securities rated A-1, P-1) taxable securities.
- Modified Duration** - A measure of the price sensitivity of a bond to interest rate movements. It is the primary basis for comparing the effect of interest rate changes on prices of fixed income securities.
- Money Market Fund** - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant \$1 per share - only the interest rate goes up or down.
- Moody's (Moody's Investors Service)** - A financial services rating agency.
- MSCI-EAFE** - Morgan Stanley Europe Australasia Far East foreign equity index. An arithmetic value weighted average of the performance of over 900 securities on the stock exchanges of 21 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.
- NCREIF (National Council of Real Estate Investment Fiduciaries)** - National Council of Real Estate Investment Fiduciaries, a non-profit organization established to serve the institutional real estate investment community as a non-partisan collector, processor, validator and disseminator of real estate performance information.
- Net Asset Value (NAV)** - The total assets (including any valuation gains or losses on investments or currencies) minus total liabilities divided by shares outstanding.
- Netted Fees** - Refers to instances in which investment management fees/expenses are offset against income normally distributed to investors. May also refer to practices whereby investment management fees/expenses are added to the cost basis of an investment.
- NPI** - NCREIF Property Index. A benchmark used to measure historical performance of stabilized properties, acquired on behalf of tax-exempt institutions and held in a fiduciary environment. Properties comprising this benchmark, which include wholly owned and joint venture investments, are held on an all-cash, non-leveraged basis, and is restricted to investment-grade, nonagricultural, and income-producing properties.
- Open-End fund** - A fund operated by an investment company in accordance with a stated set of objectives. Open-end funds raise money by periodically selling shares of the fund to the public.
- Operations risk** - The risk associated with negative operating events (net operating losses, inventory write-downs, weather related events, etc).
- Par Value** - The stated or face value of a stock or bond. It has little significance for common stocks, however, for bonds it specifies the payment amount at maturity.
- Pension Fund** - A fund set up by a corporation, labor union, governmental entity, or other organization to pay the pension benefits of retired workers.
- Percentile** - A description of the percentage of the total universe in which portfolio performance is ranked.
- Political Risk** - The risk resulting from changes in laws or regulations.
- Prepayment risk** - The risk associated with the prepayment of fixed income investments in a rising rate environment.
- Present Value** - The current value of a future cash flow or series of cash flows discounted at an appropriate interest rate or rates. For example, at a 12% interest rate, the value of one dollar a year from now has a present value of \$0.89286.
- Price/Book (P/B)** - A ratio showing the price of a stock divided by its book value. The P/B measures the multiple at which the market is capitalizing the net asset value per share of a company at any given time.
- Price/Earnings (P/E)** - A ratio showing the price of a stock divided by its earnings per share. The P/E measures the multiple at which the market is capitalizing the earnings per share of a company at any given time.
- Principal** - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

GLOSSARY OF INVESTMENT TERMS (Continued)

- Product risk** - The risk associated with the introduction of a new product or process.
- Prudent Person Rule** - The standard adopted by some states to guide those fiduciaries with responsibility for investing money of others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investment.
- Purchasing power risk** - See "Inflation risk"
- Pure indexing** - Refers to the application of strategies to an index fund designed to exactly match the returns of the portfolio benchmark.
- R²** - See "Coefficient of Determination"
- Real interest rate** - An interest rate that has been adjusted to remove the effects of inflation.
- Real rate of return** - The return realized on an investment adjusted for changes due to inflation or other external effects.
- Realized Gain (Loss)** - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.
- Reinvestment risk** - The risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates.
- Relative Volatility** - The standard deviation of the Fund divided by the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.
- Repurchase Agreements ("Repos")** - A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. Repos are widely used as a money market instrument.
- Return on Equity (ROE)** - The net income for the accounting period after payment of preferred stock dividends and before payment of common stock dividends of a company divided by the common stock equity at the beginning of the accounting period.
- Reverse Repurchase Agreements ("Reverse Repos")** - A purchase of securities with an agreement to resell them at a higher price at a specific future date.
- Risk Adjusted Return** - A modified (usually reduced) return which accounts for the cost of a specific investment exposure as well as the aggregate risk of such exposure.
- Russell 3000** - An equity index comprised of the securities of the 3,000 largest public U.S. companies as determined by total market capitalization. This index represents approximately 98% of the U.S. equity market's capitalization.
- Securities Lending** - A carefully collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending can reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.
- Senior debt securities** - Debt that must be paid off before other liabilities in the event of a business failure or bankruptcy.
- Separate accounts** - An investment portfolio managed by a third party investment manager in which the investor directly owns the securities within the portfolio.
- Soft Dollars** - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's brokerage.
- S&P 500 (Standard & Poor's)** - A basket of 500 stocks considered to be widely held. The performance of this index is thought to be representative of the stock market as a whole. The index selects its constituents based upon their market size, liquidity and sector. S&P 500 stocks are considered to be the leading large (to mid) cap corporations in a given sector.
- S&P Credit Ratings Service** - A financial services rating agency.
- Special situations** - Private equity investments in a variety of securities (Debt, Preferred Equity and/or Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).
- Standard Deviation** - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk.
- Tail risk** - The risk that a loss (or gain) would be greater than the worst (or best) case scenario originally projected.
- Treasury Bill (T-Bill)** - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.
- Treasury Bond or Note** - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of \$1,000 or more.
- Trust** - A fiduciary relationship in which a person, called a trustee, holds title to property for the benefit of another person, called a beneficiary.

GLOSSARY OF INVESTMENT TERMS (Continued)

TUCS - Trust Universe Comparison Service. TUCS is based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.

Turnover - Security purchases and sales divided by the fiscal year's beginning market value plus ending market value divided by 2 $\{(P+S)/[(BMV+EMV)/2]\}$ for a given portfolio.

Unhedged - Not protected from market actions.

Un-levered - Investments made without the use of debt or debt like securities.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Vintage year - The year in which a capital commitment is made to an investment, most often applied to real estate and private equity investments.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Warrant - A security that entitles the holder to buy a specific security at a specified price within a specified time frame.

Yield - The return on an investor's capital investment.

Yield Curve - A graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest possible. The Y-axis represents the interest rate and the X-axis represents time, generally with a normal curve that is convex in shape.

Zero Coupon Bond - A bond paying no interest that sells at a discount and returns principal only at maturity.

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the Connecticut Retirement Plans and Trust Funds (CRPTF).

Understanding Performance

To measure success in achieving the primary objective of the Asset Allocation Plan, the Fund's performance is evaluated in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics, are used to monitor and improve the performance of the Fund's external investment managers.

To monitor and evaluate Fund performance and measurements of risk and return, CRPTF performance is compared to those of similarly structured peer groups and indices. In addition, the performance of the Combined Investment Funds (CIF) invested in by the various plans and trusts is compared to the performance of their respective benchmarks. Each CIF's benchmark is selected on the basis of portfolio composition, investment style, and objectives. The benchmark comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much CIF returns exceeded or fell short of their respective benchmarks. The comparisons provide an understanding of the reason for the CIF's performance relative to their benchmarks.

Comparative performance is reviewed over both the near-term and the long-term for two reasons. First, pension management is, by its very nature, a long-term process. While both young and old employees comprise the pool of plan beneficiaries, the increasing life span of plan participants makes it important that plan assets be managed for the long term. Second, as experience has shown, results attained in the short term are not necessarily an indicator of results to be achieved over the long term. Performance must be viewed in a broad context.

Overall performance is measured by calculating monthly returns and linking them to provide one-, three-, five- and ten-year histories of overall investment performance. Short-term performance is measured by total return over one-month, quarter-end, and trailing one-year time periods. Risk is also measured over both short- and long-term periods.

Risk

The measurement of risk is a critical component in investment management. It is the basis for both strategic decision-making and investment evaluation. Investors assume risk to enhance portfolio returns. The primary objective is to generate returns in excess of those available on "risk-free" investments, such as Treasury Bills. The amount of excess returns varies in magnitude according to the degree of risk assumed. Many investors focus on the negative aspects of risk and in doing so forego substantial upside potential, which can significantly enhance long-term returns. Thus, while risk can never be completely eliminated from a portfolio, the prudent management of risk can maximize investment returns at acceptable levels of risk.

Risk can take several forms and include: market risk, the risk of fluctuations in the overall market for securities; company risk, the risk of investing in any single company's stock or bonds; currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments; and political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: reinvestment risk, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; credit or default risk, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; interest rate risk, the risk that the market value of fixed coupon bonds will decline in the event of rising market interest rates; and inflation or purchasing power risk, the risk that the real value of a security and its cash flows may be reduced by inflation. The level of risk incurred in fixed income investing increases as the investment time horizon is lengthened. This is demonstrated by the comparatively higher yields available on "long bonds," or bonds maturing in 20 to 30 years, versus those available on short-term fixed income securities.

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor assumes not only management, product, market, and operations risk, similar to equity investing, but also assumes liquidity risk, the risk that one's investment cannot be immediately liquidated at other than a substantially discounted value. An additional risk to this category is transparency risk, the risk associated with not knowing the underlying investments within a portfolio.

Volatility

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as the deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the CIF's standard deviation, each CIF's relative volatility, or the ratio of the CIF's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the CIF is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 indicates that the volatility of the CIF is the same as the benchmark.

As an extension of standard deviation, each CIF's beta, (a measure of the relative price fluctuation of the CIF to its benchmark) is also calculated. The measurement of beta allows one to evaluate the sensitivity of Fund returns to given movements in the market and/or its benchmark. A beta greater than 1.0 compared to the selected market benchmark signifies greater price sensitivity while a beta less than 1.0 indicates less sensitivity.

To measure the degree of correlation between CIF returns and the benchmark, the Division calculates the coefficient of determination, or R². This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in CIF returns is explained by returns in the selected market benchmark. An R² of 1.0 indicates that CIF returns are perfectly explained by returns of the benchmark, while a value less than 1.0 indicates that the returns of the benchmark explain only a portion of the fund return.

Finally, to evaluate how well each of the above measures actually predicted returns of the CIF, a calculation is performed on the CIF's alpha. This calculation measures the absolute difference between the CIF's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a CIF's relative risk profile.

Return

The Pension and Trust Funds are managed to maximize return and minimize risk. Return, viewed in this context, includes realized and unrealized gains in the market value of a security, including those attributable to currency fluctuations, as well as income distributed by a security such as dividends and interest. Return is measured through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates performance over the short and long-term. Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized and unrealized capital gains, including gains attributable to currency fluctuations. In effect, compounded annual total return "smooths" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Cumulative Total Return - This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. While this calculation does not "smooth" year-to-year fluctuations in long-term returns to derive implied annual performance, cumulative total return allows one to see on an absolute basis the percentage increase in the total Fund's value over a specified time. Viewed graphically, cumulative total return shows one what a \$10 million investment in the CRPTF a set number of years ago would be worth today.

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING - BUDGETARY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Bond Finance Type	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	FY 2013 ⁽¹⁾ Interest Paid
		Issued	Retired	Refunded or Defeased		
General Obligation - Tax Supported ⁽²⁾	\$10,509,974,856	\$ 1,369,790,000	\$ 948,919,369	\$ 71,380,000	\$ 10,859,465,487	\$ 492,434,390
General Obligation - Teachers' Retirement Fund Bonds ⁽³⁾	2,276,578,271	-	-	-	2,276,578,271	121,386,576
General Obligation - Economic Recovery Notes	747,935,000	-	174,570,000	-	573,365,000	33,854,463
Special Tax Obligation	3,287,340,000	627,390,000	313,735,000	139,120,000	3,461,875,000	147,882,512
Bradley International Airport	155,800,000	-	14,245,000	-	141,555,000	6,104,319
Clean Water Fund	823,775,000	162,170,000	75,530,000	126,025,000	784,390,000	35,219,833
UCONN 2000 ⁽⁴⁾	903,550,000	-	74,755,000	-	828,795,000	41,997,910
CDA Increment Financing ⁽⁵⁾	22,205,000	-	2,840,000	-	19,365,000	913,249
CDA Governmental Lease Revenue ⁽⁶⁾	1,550,000	-	750,000	-	800,000	102,300
CHEFA Childcare Facilities Program ⁽⁷⁾	63,280,000	-	2,125,000	-	61,155,000	3,130,663
Juvenile Training School ⁽⁸⁾	15,150,000	-	495,000	-	14,655,000	737,769
Bradley International Parking Operations	39,385,000	-	1,990,000	-	37,395,000	2,516,436
CHFA Special Needs Housing Bonds ⁽⁹⁾	73,650,000	-	3,165,000	-	70,485,000	3,216,133
CCEDA Bonds ⁽¹⁰⁾	97,535,000	-	2,730,000	-	94,805,000	4,173,681
CHFA Emergency Mortgage Assistance Program ⁽¹¹⁾	48,035,000	-	1,925,000	-	46,110,000	2,044,168
TOTAL	\$19,065,743,127	\$ 2,159,350,000	\$1,617,774,369	\$ 336,525,000	\$ 19,270,793,758	\$ 895,714,402

- (1) Includes interest rate swap payments and variable rate bond fees.
- (2) Debt outstanding at June 30, 2013 includes \$3,015,000 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management system for control purposes.
- (3) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.
- (4) UConn 2000 Bonds were authorized in three stages in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is appropriated from the State's General Fund.
- (5) The Connecticut Development Authority (CDA) has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund. The CDA was merged into Connecticut Innovations (CI) effective July 1, 2012.
- (6) The CDA has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments. The CDA was merged into CI effective July 1, 2012.
- (7) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (8) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (9) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Steps Initiative. The State is required to make debt service payments on the bonds under a contract state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (10) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract for financial assistance agreement between CCEDA, the State Treasurer, and the Secretary of the Office of Policy and Management. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. CCEDA was re-named Capital Region Development Authority in 2012.
- (11) The CHFA Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2013 Fiscal Year is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

For a detailed listing of debt outstanding for the fiscal year ended June 30, 2013, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

**RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASSED DEBT OUTSTANDING⁽¹⁾ -
BUDGETARY BASIS
JUNE 30, 2013**

Date Escrow Established	Amount of Principal Outstanding	Last Payment Date on Refunded Debt	Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION				
11/05/1999	\$ -	06/01/2013	\$ 173	Cash
11/09/2006	92,595,000	10/15/2013	93,718,042	State & Local Government Series Bonds/Cash
05/10/2007	12,880,000	10/15/2013	12,951,614	State & Local Government Series Bonds/Cash
06/23/2010	23,130,000	03/01/2014	23,805,325	State & Local Government Series Bonds/Cash
06/29/2012	381,665,000	12/01/2014	398,750,110	State & Local Government Series Bonds/Cash
SUBTOTAL	\$ 510,270,000		\$ 529,225,264	
BOND TYPE: SPECIAL TRANSPORTATION FUND				
12/15/2011	\$ 96,495,000	01/01/2014	\$ 101,011,376	State & Local Government Series Bonds/Cash
12/21/2012	139,120,000	07/01/2015	153,535,896	State & Local Government Series Bonds/Cash
SUBTOTAL	\$ 235,615,000		\$ 254,547,272	
BOND TYPE: CLEAN WATER FUND				
03/24/2011	\$ 34,415,000	10/01/2013	\$ 35,131,342	State and Local Government Series Bonds/Cash
02/21/2013	42,170,000	10/01/2013	43,058,108	State and Local Government Series Bonds/Cash
02/21/2013	46,280,000	07/01/2016	53,067,492	State and Local Government Series Bonds/Cash
02/21/2013	37,575,000	07/01/2016	43,376,269	State and Local Government Series Bonds/Cash
SUBTOTAL	\$ 160,440,000		\$ 174,633,211	
BOND TYPE: UCONN 2000				
05/25/2010	\$ 9,030,000	01/15/2014	\$ 9,335,388	State and Local Government Series Bonds/Cash
12/08/2011	22,600,000	01/15/2014	23,563,559	State and Local Government Series Bonds/Cash
SUBTOTAL	\$ 31,630,000		\$ 32,898,947	
TOTAL	\$ 937,955,000		\$ 991,304,694	

(1) Represents bonds which have been refunded with proceeds of other bond issues and bonds which have been defeased using budget surplus. Although the State is still legally responsible for principal and interest payments on the refunded bonds, the refunded bonds are not carried as a liability of the State since they have been "in-substance" defeased. Investments adequate to meet all payments have been irrevocably deposited in escrow accounts with an independent agent for the sole purpose of satisfying principal and interest. The adequacy of each escrow account to meet debt service payments has been verified by an independent accounting firm.

Note 1 In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2 GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2013	Status as of 06/30/13
A.C. Advisory, Inc.	Financial Advisor	\$ 179,450	Active
Acacia Financial Group, Inc.	Financial Advisor	97,731	Active
AMTEC	Arbitrage Calculation/Verification Agent Fees	10,900	Active
Bank of America/Merrill Lynch	Management Fees	65,000	Active
Bayerische Landesbanke	Liquidity Fees	32,714	Active
Bloomberg	Subscription	9,930	Active
Citigroup Global Markets, Inc.	Management Fees	55,000	Active
Day Pitney, LLP	Bond/Disclosure Counsel	1,031,059	Active
Edwards Wildman Palmer LLP	Bond Counsel	465,659	Active
Environmental Capital, LLC	Financial Advisor	18,882	Active
Finn Dixon & Herling LLP	Disclosure/Tax Counsel	93,878	Active
First Southwest Company	Financial Advisor	30,106	Active
Fitch Ratings	Rating Agency	360,000	N/A
Goldman Sachs	Remarketing Fees	10,581	Active
Grant Thornton LLP	Auditor	72,800	Active
Hardwick Law Firm, LLC	Bond Counsel	101,826	Active
Hawkins, Delafield & Wood, LLP	Arbitrage Calculation Fees/Bond Counsel	195,475	Active
ImageMaster	Financial Printer	66,526	Active
Kroll Bond Rating Agency, Inc.	Rating Agency	50,000	N/A
Lamont Financial Services	Financial Advisor	110,147	Active
Lewis & Munday	Bond Counsel	107,147	Active
Moody's Investors Service	Rating Agency	481,250	N/A
Morgan Stanley & Co., Inc.	Management Fees	50,000	Active
Orrick, Herrington & Sutcliffe, LLP (BondLogistix)	Arbitrage Calculation Fees	19,000	Active
Public Resources Advisory Group	Financial Advisor	81,431	Active
Pullman & Comley, LLC	Bond Counsel	114,032	Active
RBC Capital Markets	Management Fees	85,000	Active
Robinson & Cole	Bond/Tax Counsel	326,649	Active
Seward and Monde	Auditor	42,900	Active
Shipman & Goodwin, LLP	Bond Counsel	127,446	Active
Siebert Brandford Shank & Co.	Management Fees	50,000	Active
Soeder & Associates	Tax Counsel	78,664	Active
Squire, Sanders & Dempsey	Bond Counsel	64,258	Active
Standard & Poor's Rating Service	Rating Agency	436,165	N/A
U. S. Bank, NA	Administrative/Escrow/Trustee Fees	166,585	Active
Updike, Kelly & Spellacy	Bond Counsel	108,640	Active
Total		\$ 5,396,831	

- 1) Expenses are presented on a cash basis. Debt Management expenses are comprised of payments to vendors made through the Treasury Business Office, fees netted at bond closings, and fees and expenses paid from Cost of Issuance accounts. Unless listed in the description, the amounts shown do not include bond issuance expenses paid on behalf of the State and counsel fees for firms representing the underwriter's, banks or trustees. Also excluded are bond sales charges which are paid to the Senior Manager and distributed by agreement of the underwriters, whether netted from bond proceeds or funded from the Treasury Business Office. Schedule does not include amounts paid to IRS for arbitrage rebate payments in accordance with IRS regulations.

CASH MANAGEMENT DIVISION

**ACTIVITY STATEMENT
FISCAL YEAR ENDED JUNE 30, 2013**

Description	Total
INFLOWS	
RECEIPTS:	
DEPOSITS	\$29,136,714,708.16 ⁽¹⁾
BAD CHECKS	(9,314,725.73) ⁽²⁾
TREASURY INITIATED TRANSFERS	2,345,470,422.50 ⁽³⁾
TOTAL RECEIPTS	<u>\$31,472,870,404.93</u>
TRANSFERS:	<u>12,845,254,739.65</u> ⁽⁴⁾
OTHER INFLOWS:	
INTERNAL BANK TRANSFERS	35,155,282,505.51 ⁽⁵⁾
INTERBANK TRANSFERS	15,212,069,858.85 ⁽⁶⁾
TOTAL OTHER INFLOWS	<u>\$50,367,352,364.36</u>
TOTAL INFLOWS	<u><u>\$94,685,477,508.94</u></u>
OUTFLOWS	
DISBURSEMENTS:	
VENDOR	\$27,348,287,479.20 ⁽⁷⁾
PAYROLL	4,253,080,198.67 ⁽⁸⁾
TOTAL DISBURSEMENTS	<u>\$31,601,367,677.87</u>
TRANSFERS:	<u>12,696,827,088.68</u> ⁽⁴⁾
OTHER OUTFLOWS:	
INTERNAL BANK TRANSFERS	35,155,282,505.51 ⁽⁵⁾
INTERBANK TRANSFERS	15,212,069,858.85 ⁽⁶⁾
TOTAL OTHER OUTFLOWS	<u>\$50,367,352,364.36</u>
TOTAL OUTFLOWS	<u><u>\$94,665,547,130.91</u></u>

- (1) Deposits - revenue received from taxes, licenses, lottery fees, federal grants and other sources.
- (2) Bad Checks - checks issued with insufficient funds in the originator's bank account.
- (3) Treasury Initiated Transfers - To record debt service payments to the proper bank account and transfer investment income to the proper fund.
- (4) Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other, investment activity, and Certificates of Deposit purchased and sold with Connecticut banks under the Treasurer's Community Bank and Credit Union Initiative.
- (5) Internal Bank Transfers - transfers of money from concentration accounts to zero balance accounts with the same depository institution to provide funds to cover authorized disbursements and invest excess cash.
- (6) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
- (7) Vendor - expenditures for goods and services provided to the State by vendors.
- (8) Payroll - expenditures for the State's personnel and retirement payrolls.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING ^{(3) (4)}**

Fund Name	Cash Balance July 1, 2012	FY 2013 Receipts	FY 2013 Disbursements	Transfers	Other Net Adjustments ⁽²⁾	Adjusted Cash Balance June 30, 2013
TOTAL FUNDS	\$125,775,649.15	\$31,472,870,404.93	\$31,601,367,677.87	\$148,427,650.97	\$114,532,445.07	\$260,238,472.25

- (1) Detailed information on activity within each individual fund (formerly provided in the Statutory Appendix) can be obtained from the Comptroller's Annual Report.
- (2) Other Net Adjustments have been included to bring the Treasurer's cash balance presentation into conformance with the Comptroller's cash balance presentation.
- These adjustments include the following:
- Cash held in agency checking accounts.
 - Petty cash balance.
- (3) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The Budget Act enacted for the 2013 fiscal year is presented on a comprehensive basis of accounting other than General Accepted Accounting Principals. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Summary Schedule of Cash Receipts and Disbursements.
- (4) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH AND INVESTMENTS ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING ^{(2) (3)}**

Description	Total All Funds
General Investments	
Cash	\$ 260,238,472.25
STIF	2,200,046,774.14
Investments with Treasurer as Trustee	
Short-Term	1,166,064,651.07
Long-Term	24,761,886,526.84
Investments with Others as Trustee	
Short-Term	320,300,968.16
Long-Term	399,226,538.32
Total	\$ 29,107,763,930.78
Reconciliation Between Treasurer & Comptroller ⁽⁴⁾	
Office of the Comptroller	
Cash and STIF June 30, 2013 (Annual Statutory Report)	\$ 2,758,985,060.55
Reporting Adjustment	0.01
Cash and invest with Trustee Fund #14005	467,528,556.15
Cash and invest with Trustee Fund #21008	13,417,817.39
Cash and invest with Trustee Fund #21009	143,908,277.21
Cash and invest with Trustee Fund #21015	167,539,074.09
Cash and invest with Trustee Fund #21018	74,971,112.06
Total	\$ 3,626,349,897.46
Office of the Treasurer	
Cash	\$ 260,238,472.25
STIF	2,200,046,774.14
STIF/Investment with Treasurer as Trustee	1,166,064,651.07
Total	\$ 3,626,349,897.46

- (1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2013, please see Statutory Appendix.
- (2) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2013 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Summary Schedule of Cash and Investments.
- (3) GAAP accounting requires that investment balances be presented to include the accrued investment earnings. This manner of presentation is not used for the budgetary basis presentation.
- (4) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments Per Treasury Books.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Fund	Participant	Department	SID	Interest Earned During the Year
12004	Insurance Fund			
	INSURANCE FUND	DOI37500	10010	\$18,039.64
Total				18,039.64
12007	Workers Compensation			
	ADMINISTRATION FUND	WCC42000	10010	42,301.52
Total				42,301.52
12014	Criminal Injuries Compensation Fund			
	VICTIM SERVICES	JUD95000	12047	1,920.41
Total				1,920.41
12015	Vending Facilities Operators Fringe Benefits			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	SDR63500	40012	8.53
Total				8.53
12017	University of Connecticut Operating Fund			
	OPERATING FUND	UOC67000	40001	381,923.75
Total				381,923.75
12018	University Health Center Operating Fund			
	OPERATING FUND	UHC72000	40001	53,741.01
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	10,246.59
Total				63,987.60
12019	State University Operating Fund			
	STATE UNIVERSITIES	CSU83000	40001	384,313.73 ⁽²⁾
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		4,127.08
	EASTERN CONNECTICUT STATE UNIVERSITY	CSU85500		5,525.94
Total				393,966.75
12020	Regional Community/Technical Colleges Operating Fund (Tuition Account)			
	BOARD FOR REGIONAL COMM-TECH COLLEGE	CCC78000	40001	147,283.29
Total				147,283.29
12022	University of Connecticut Research Foundation			
	RESEARCH	UOC67000	40001	55,299.39
Total				55,299.39
12031	Employment Security - Administration			
	PENALTY & INTEREST	DOL40000	40213	23,516.49
	TITLE XII EXCESS FUNDS	DOL40000	40214	1,843.29
Total				25,359.78
12037	Tobacco Settlement Fund			
	TOBACCO SETTLEMENT FUND	OPM20000		3,980.63
Total				3,980.63
12060	GENERAL FUND			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	1,082.59
	ADMINISTRATION OF GRANTS	AES48000	30116	499.59
	BOARD FOR STATE ACADEMIC AWARD	BAA77000	35186	4,060.81
	CT DISTANCE LEARNING CONSORTIUM	BAA77000	35289	655.29
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	8.19
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	3,107.59
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	1,880.83
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	20.40
	STRIPPER WELL OVERCHARGE	DEP43000	20492	496.93
	NUCLEAR SAFETY EMERGENCY PREPAREDNESS	DEP43000	35411	2,099.89
	GEARUP SCHOLARSHIP TRUST FUND	DHE66500	22133	5,725.38
	WEISMAN TEACHER SCHOLARSHIP FUND	DHE66500	30405	11.24
	FINANCIAL LITERACY INITIATIVES	DHE66500	30432	918.11
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	8,942.20

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2013**

Fund	Participant	Agency	SID	Interest Earned During the Year
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	5.20
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	DOC88000	20127	97.15
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	50.47
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	979.07
	FEDERAL ASSET FORFEITURE	DPS32000	20493	715.82
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	13,334.69
	CHILDREN'S TRUST FUND	DSS60000	30219	752.68
	BRAIN INJURY PREVENTION AND SERVICE ACCOUNT	DSS60000	35308	243.72
	OFFICE OF TOURISM	ECD46000	30207	74.90
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	7.24
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	JUD95000	35203	0.41
	CLIENT SECURITY FUND	JUD95000	35205	23,052.47
	MILFORD COURTHOUSE RESERVE ACCOUNT	JUD95000	35371	345.30
	SANDY HOOK WORKERS ASSISTANCE FUND	JUD95000	35503	35.30
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	824.83
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	0.34
	CITIZEN ELECTION FUND RESERVE ACCT	OGA17000	30422	305.52
	CITIZEN ELECTION FUND GRANTS	OGA17000	35339	26,645.05
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK	OPM20000	21672	2,508.04
	JUSTICE ASSISTANCE GRANT	OPM20000	21921	13,614.60
	JUSTICE ASSISTANCE GRANT	OPM20000	26015	13.82
	JUSTICE ASSISTANCE GRANT	OPM20000	29002	1,583.88
	INVESTMENT FUND	OTT14000	35101	13,262.51
	SECOND INJURY	OTT14000	35105	2,699.70
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	4,292.09
	MUNICIPAL PARTICIPATION FUND	OTT14000	35269	99.28
	DIV. OF FINANCE AND INTERNAL OPERATIONS	SDE64000	35351	179.35
	FINANCIAL LITERACY UBS	SDE64000	35358	568.29
	FINANCIAL LITERACY	SDE64000	35380	299.08
	FAUCHTSWANGER FUND	SDR63500	30030	12.48
	FRAUENHOFER FUND	SDR63500	30042	30.10
	MISCELLANEOUS GRANTS	SDR63500	30070	19.71
	SARA BROWN FUND	SDR63500	30092	355.94
	CHARLES PRECOURT MEMORIAL FUND	SDR63500	30104	5.96
	ANN COROTEAU MEMORIAL FUND	SDR63500	30113	7.91
	VENDING FACILITIES PROGRAM -STATE AND LOCAL INCOME	SDR63500	35149	313.89
	HELP AMERICA VOTE	SOS12500	21465	1,248.68
Total				138,094.51
21009	Bradley International Airport Operations			
	BRADLEY ENTERPRISE FUND	DOT57000	40001	25,443.37
Total				25,443.37
21019	Stadium Facility Enterprise Fund			
	STADIUM ENTERPRISE FUND	OPM20000		444.84
Total				444.84
22001	Correction Industries			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	3,538.44
Total				3,538.44
31001	State Employees' Retirement System			
	STATE EMPLOYEES RETIREMENT FUND	OSC15000	40001	34,669.68
Total				34,669.68
31006	Teacher's Retirement System			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500	40001	34,122.49
Total				34,122.49
31008	Municipal Employees Retirement - Fund B			
	MUNICIPAL EMPLOYEES RETIREMENT FUND	OSC15000	40001	5,166.17
Total				5,166.17

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2013**

Fund	Participant	Agency	SID	Interest Earned During the Year
31011	OPEB Fund			
	OPEB OPERATING APPROPRIATIONS	OSC15000	40001	3,728.59
	OPEB RETIREE MED. EMPL. SHARE	OSC15000	43426	2,731.87
	OPEB RETIREE PHARMACY	OSC15000	43427	10,087.13
	OPEB HEALTH INS. EMPLOYEE CONT.	OSC15000	43440	8,815.71
Total				25,363.30
31012	Teacher's Retirement System			
	TEACHER'S RETIREMENT BOARD	TRB77500	42358	124,532.25
Total				124,532.25
34003	Funds Awaiting Distribution			
	EARLY RETIREE RECOVERIES	OSC15000	43483	16,253.81
Total				16,253.81
35001	Connecticut Health Club Guaranty Fund			
	HEALTH CLUB GUARANTEE FUND	DCP39500	40001	550.96
Total				550.96
35002	Real Estate Guaranty			
	REAL ESTATE GUARANTEE FUND	DCP39500	40001	772.63
Total				772.63
35003	Home Improvement Guaranty Fund			
	HOME IMPROVEMENT GUARANTEE FUND	DCP39500	40001	1,021.00
Total				1,021.00
35006	New Home Construction Guaranty Fund			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500	40001	746.00
Total				746.00
35007	Tobacco and Health Trust Fund			
	TOBACCO HEALTH TRUST FUND	OPM20000	40001	20,996.41
Total				20,996.41
35008	Biomedical Research Trust Fund			
	BIOMEDICAL RESEARCH FUND	DPH48500		13,315.44
Total				13,315.44
35009	Endowed Chair Investment Fund			
	ENDOWED CHAIR INVESTMENT FUND	DHE66500	40001	8,753.15
Total				8,753.15
35012	Various Treasurer's Trust Funds			
	IRWIN LEPOW TRUST FUND	CME49500	42354	42.34
	R. GRAEME SMITH	DPS32000	42353	10.81
	FITCH FUND	DVA21000	42356	53.08
	JOHN H. KING	JUD95000	42355	240.45
	WHITE FUND	JUD95000	42357	2.05
Total				348.73
Grand Total				\$1,588,204.47

(1) Interest is earned at the monthly simple interest rate of the Treasurer's Short-Term Investment Fund. Interest is calculated on the average monthly balance of the fund or account, and credited to the fund or account on a quarterly basis.

(2) Interest is earned by the participant and allocated to the constituent units

CASH MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2013	Status As of 6/30/13
Bank of America	Banking Services	Various	\$ 2,419,746 ⁽²⁾	Active
Webster Bank	Banking Services	Jun-98	263,963 ⁽²⁾	Active
People's Bank	Banking Services	Mar-97	186,139 ⁽²⁾	Active
JP Morgan Chase Bank	Banking Services	Mar-10	138,670 ⁽²⁾	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jul-06	112,374	Active
State Street Bank & Trust	STIF Custodian Fees	Jul-05	110,600	Active
Wells Fargo Bank (Wachovia)	Banking Services	Feb-97	103,635 ⁽²⁾	Active
Standard & Poors Financial				
McGraw-Hill Companies, Inc.	Subscription & Rating	N/A	36,500	Active
Bloomberg Financial LP	Subscription	N/A	35,688	Active
Moodys Investors Services	Subscription & Research	N/A	19,800	Active
Fitch Information Inc.	Credit Research	N/A	14,715	Active
iMoney Net Inc.	Subscription	N/A	11,065	Active
Sodexo Operation LLC	Catering Services	N/A	5,629	Active
TOTAL			\$ 3,458,524	

(1) Expenses are presented on a cash basis.

(2) Includes compensation realized through bank balances and fees.

UNCLAIMED PROPERTY DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2013	Status As of 6/30/13
A & A Office Systems, Inc.	Photocopier Lease	N/A	\$ 6,566	Active
Audit Services US LLC	Identification & Collection of Property	May-06	254,375	Active
BlackRock Investment Management LLC	Security Commission Expense	May-09	16,503	Active
Dell Marketing LP	IT Software Licenses	N/A	7,232	Active
JP Morgan Chase Bank	P-Card Purchase	Mar-10	13,625	Active
Murphy Security Services LLC	Security Services	N/A	8,628	Active
Xerox State & Local Solutions Inc.	Claims Processing & Database Management	Jul-06	940,740	Active
Xerox State & Local Solutions Inc.	Identification & Collection of Property	Aug-94	473,257	Active
TOTAL			\$ 1,720,926	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2013	2012	2011	2010	2009
Gross Receipts ⁽¹⁾	\$ 115,442,771	\$ 95,986,114	\$ 125,029,194	\$ 222,107,523	\$ 69,496,494
Claims Paid ⁽¹⁾	66,859,408	83,544,465	51,946,468	33,408,124	32,341,525
Transfer to Citizens Election Fund ⁽²⁾	10,907,400	10,600,000	18,373,174	18,191,261	17,940,100
Administrative Expenses:					
Salaries & Fringe benefits	3,432,053	3,601,391	3,743,050	3,771,592	3,646,721
Data processing & hardware	1,688,192	1,488,672	2,427,212	2,514,603	2,170,581
All Other	83,564	376,488	157,153	431,564	119,645
Total Disbursements	82,970,617	99,611,016	76,647,057	58,317,144	56,218,572
Excess (Deficiency) of Receipts over Disbursements ⁽³⁾	\$ 32,472,154	\$ (3,624,902)	\$ 48,382,137	\$ 163,790,379	\$ 13,277,922
Approximate Market Value of Securities at Fiscal Year End:					
Total Securities Inventory ⁽¹⁾	\$ 967,998	\$ 1,110,823	\$ 1,932,505	\$ 22,097,989	\$ 88,297,207
Securities liquidated	\$ 16,714,382	\$ 23,047,163	\$ 56,953,029	\$ 151,166,311	\$ 1,142,461
Number of claims paid	17,852	18,381	17,933	17,360	14,481

- (1) The amounts disclosed above as "gross receipts" and "claims paid" represent actual cash flows and do not include the value of marketable securities received by the Unclaimed Property Division, nor the value of the securities returned to owners. However, the amounts disclosed above as fiscal year end market values of securities help provide a general indication of the relative net activity in such assets over time. Receipts include the proceeds from securities liquidated in a given year.
- (2) P.A. 05-5, October 25, 2005 special session required Unclaimed Property Division to deposit certain funds into the Citizens' Election Fund and the balance is deposited into the General Fund.
- (3) Deficiency of receipts over disbursements are covered by transfers from the General Fund, whereas excess of receipts over disbursements are remitted to the General Fund. Regardless, all amounts collected remain liabilities of the State until returned to rightful owners.

**Summary of Gross Receipts
Fiscal Year Ended June 30, 2013**

Financial institutions	\$40,397,459
Other corporations	36,459,594
Insurance companies	17,674,659
Govern agency/ public authorities	3,309,523
Dividends on securities held	49,669
Estates	10,294
Securities tendered	2,679
Securities sold	16,714,382
Sale of property lists, copying and other charges	4,800
Reciprocal exchange program with other states	819,712
Total Gross Receipts	\$115,442,771

EXECUTIVE OFFICE

EX-OFFICIO DUTIES OF THE STATE TREASURER BOARDS, COMMITTEES AND COMMISSIONS

STATE BOND COMMISSION (§ 3-20(c) CGS)

As authorized by the General Assembly, all projects and grants funded from State bonds, as well as the issuance of the bonds, must be authorized by the State Bond Commission. The members of the Commission include the Governor, Treasurer, Comptroller, Attorney General, Secretary of the Office of Policy and Management (OPM), Commissioner of Public Works, and the Co-chairpersons and the ranking minority members of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.

INVESTMENT ADVISORY COUNCIL (§ 3-13b(a) CGS)

The Investment Advisory Council advises on investment policy and guidelines, and also reviews the assets and performance of the pension funds. Additionally, the Council advises the Treasurer with respect to the hiring of outside investment advisors and on the appointment of the Chief Investment Officer. The Investment Advisory Council consists of the Treasurer, the Secretary of OPM and ten appointees of the Governor and State Legislature.

BANKING COMMISSION (§ 36a-70(h)(1) CGS)

The Banking Commission approves all applications for the creation of state banks or trust companies. As part of this process, the Commission holds public hearings on applications prior to granting approval. The Commission members are the Treasurer, Comptroller and Banking Commissioner.

FINANCE ADVISORY COMMITTEE (§ 4-93 CGS)

The Finance Advisory Committee approves budget transfers recommended by the Governor and has other such powers over the State budget when the General Assembly is not in session. The Committee members are the Governor, Lieutenant Governor, Treasurer, Comptroller, two Senate members who are members of the Legislature's Appropriations Committee and three House members who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS (§ 12-802(b) CGS)

The Connecticut Lottery Corporation manages the State lottery and is responsible to introduce new lottery games and maximize the efficiency of operations in order to provide a greater return to the general fund. The thirteen member Board of Directors includes the Treasurer, the Secretary of OPM, as well as appointees by the Governor and State Legislature.

CONNECTICUT HIGHER EDUCATION TRUST (CHET) ADVISORY COMMITTEE (§ 3-22e(a) CGS)

This committee advises the Treasurer on policies concerning CHET. The Connecticut Higher Education Trust allows families to make tax deferred investments for higher education costs. The Commissioner of Higher Education, the Secretary of OPM, the Cochairpersons and ranking members of the Legislature's education committee, and finance, revenue and bonding committees, and four representatives of private higher education and the public serve with the Treasurer on this board.

COUNCIL OF FISCAL OFFICERS (By Charter)

The purpose of the Council of Fiscal Officers is to provide a forum for discussion and participation in the development of State financial policies, practices and systems. Membership is open to all State officials or employees, elected or appointed, classified or unclassified, serving in a fiscal management position. The Treasurer is one of four permanent members of the Executive Board.

THE STANDARDIZATION COMMITTEE (§ 4a-58(a) CGS)

The standardization committee approves or grants waivers to existing purchasing regulations when it is in the best interests of the State to do so. The members of this committee include the Treasurer, Comptroller, Commissioner of Administrative Services, and such administrative heads of State departments as are designated for that duty by the Governor.

INFORMATION AND TELECOMMUNICATION SYSTEMS (IT)

EXECUTIVE STEERING COMMITTEE (§ 4d-12(b) CGS)

The IT Executive Steering Committee directs the planning, development, implementation and maintenance of State information and telecommunication systems. The Committee consists of the Treasurer, Comptroller, Secretary of OPM, Commissioner of Administrative Services, and the Chief Information Officer.

EXECUTIVE OFFICE

EX-OFFICIO DUTIES OF THE STATE TREASURER (Continued)

BOARDS, COMMITTEES AND COMMISSIONS

CONNECTICUT INNOVATIONS, Incorporated (CI) (§32-35 CGS) (Effective July 1, 2012 the Treasurer is a member of the CI Board of Directors)

CI is a quasi-public organization dedicated to driving an entrepreneurial, technology-based economy in Connecticut. CI stimulates high-tech growth by investing in early-stage Connecticut technology companies, university/industry research collaborations and technology transfer and collaborating with government, business, nonprofit and academic organizations to advance technology growth and promote public policies consistent with CI's mission.

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) (§ 8-244(a) CGS)

CHFA was created to increase the supply of, and encourage and assist in the purchase, development and construction of, housing for low and moderate-income families and persons throughout the State. It provides mortgages for single family homeowners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, Banking Commissioner, seven members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA)

BOARD OF DIRECTORS (§ 10a-179(a) CGS)

CHEFA is a conduit bond issuer for hospitals, nursing homes, private universities, private secondary schools and day care facilities. The board members include the Treasurer, Secretary of OPM, and eight members appointed by the Governor.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA)

BOARD OF DIRECTORS (§ 10a-224(a) CGS)

CHESLA finances supplemental student loans and issues bonds every two years. The Board consists of eight members including the Treasurer, Commissioner of Higher Education, Secretary of OPM, and five additional members appointed by the Governor.

STUDENT FINANCIAL AID INFORMATION COUNCIL (§ 10a-161b CGS)

The council develops procedures to improve student financial aid policy and increase resources, develops methods to improve financial aid awareness, especially among middle and high school students and their families, and coordinates financial aid delivery. The council is assisted in their responsibilities by the Department of Higher Education and the Connecticut Association of Professional Financial Aid Administrators. The Council consists of the Commissioners of Higher Education, the Treasurer, four members appointed by the Governor, and four members appointed by the legislative leadership.

CONNECTICUT STUDENT LOAN FOUNDATION (§10a-201)

The Student Loan Foundation is a non-profit corporation created to improve educational opportunity and promote repayment of loans. The corporation is governed by a board of directors consisting of fourteen members including the chairperson of the Board of Governors of Higher Education and the Commissioner of Higher Education; six public members appointed by the Governor; four members with knowledge of business or finance appointed by the legislature leadership; and the Treasurer.

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY (CEFIA) (P.A 11-80)

CEFIA was created to promote, develop and invest in clean energy and energy efficiency projects in order to strengthen Connecticut's economy, protect community health, improve the environment, and promote a secure energy supply for the state. The members of its Board consist of eleven voting and two nonvoting members each with knowledge and expertise in matters related to the purpose and activities of the authority appointed as follows: The Treasurer, the Commissioner of Energy and Environmental Protection and the Commissioner of Economic and Community Development, each serving ex officio; four members appointed by the Legislature, two representing certain stakeholders (residential or low-income groups and environmental organizations) and two with specialized expertise (investment fund management and finance or deployment of renewable energy); four members appointed by the Governor, two with experience in the finance of renewable energy, one representing labor, and one with experience in research and development or manufacturing of clean energy; and two serving in an ex-officio, nonvoting capacity, including the president of the authority and a member of the board of Connecticut Innovations, Incorporated.

EXECUTIVE OFFICE

EX-OFFICIO DUTIES OF THE STATE TREASURER (Continued) BOARDS, COMMITTEES AND COMMISSIONS

CONNECTICUT AIRPORT AUTHORITY (CAA) (P.A. 11-84)

CAA was established to develop, improve and operate Bradley International Airport and the five state-owned general aviation airports (Danielson, Groton/New London, Hartford Brainard, Waterbury-Oxford, and Windham Airports). The act also allows for the subsequent purchase of other general aviation airports and authorizes DOT to transfer them to CAA through one or more Memorandum of Understanding ("MOU"). With Treasurer and State Bond Commission approval, an MOU may allow CAA to assume the state's obligation for any outstanding Bradley International Airport revenue bonds. Any such assumption must be in compliance with the Indenture securing the outstanding bonds. An 11-member board governs CAA, appointed as follows: (1) (A) the Treasurer or the treasurer's designee, (B) the Commission of Transportation or the commissioner's designee, and (C) the Commissioner of Economic and Community Development or the commissioner's designee, each serving ex officio; (2) one appointed by the speaker of the House of Representatives for a term of four years; (3) one appointed by the minority leader of the House of representatives for a term of four years; (4) one appointed by the president pro tempore of the Senate for a term of four years; and (5) one appointed by the minority leader of the Senate for a term of four years.. The Governor shall appoint four members to the board as follows: (A) two members for two years; and (B) two members for four years.

STATE EMPLOYEES' RETIREMENT COMMISSION (§5-155a)

The Connecticut State Employees Retirement Commission administers the provisions of the State Employees Retirement System, the Municipal Employees Retirement System, and all other state retirement and pension plans except the Teachers' Retirement System. The Connecticut State Employees Retirement Commission consists of: six trustees representing employees who are appointed by the bargaining agents in accordance with the provisions of applicable bargaining agreements; six management trustees who are members of the State Employees Retirement System and appointed by the Governor; two actuarial trustees who are enrolled actuaries and Fellows of the Society of Actuaries, one of whom is nominated by the trustees representing employees and one of whom is nominated by the management trustees, and are appointed by the Governor; one neutral trustee who is chairman of the State Employees Retirement Commission and is enrolled in the National Academy of Arbitrators who is nominated by the employee and management trustees and appointed by the Governor; and the State Treasurer who serves as a non-voting ex officio trustee. The Comptroller, ex officio, is the nonvoting secretary of the Commission and provides secretariat support to the Commission.

TEACHERS' RETIREMENT BOARD (§10-183L)

The Teachers' Retirement Board administers the Connecticut Teachers' Retirement System. The Board consists of fourteen members: four active teacher members, two retired teacher members, the State Treasurer, the Secretary of the Office of Policy and Management and the Commissioner of the State Board of Education, and five public members appointed by the Governor.

EXECUTIVE OFFICE

**TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,**

Fiscal Years Ended June 30,

	2013	%	2012	%	2011	%	2010	%	2009	%
GENERAL FUND										
Personal Services	\$2,961,675	3.08%	\$3,194,412	3.16%	\$3,072,415	3.13%	\$3,210,145	3.66%	\$3,602,754	3.80%
Other Expenses	170,506	0.18%	150,905	0.15%	186,710	0.19%	155,429	0.18%	239,594	0.25%
Capital Equipment	1	0.00%	1	0.00%	0	0.00%	0	0.00%	-	0.00%
TOTAL	3,132,182	3.25%	3,345,318	3.31%	3,259,125	3.32%	3,365,574	3.83%	3,842,348	4.05%
PENSION FUNDS										
Personal Services	\$4,431,436	4.60%	\$4,139,994	4.10%	\$4,045,025	4.12%	\$3,992,849	4.55%	\$3,581,005	3.78%
Other Expenses	74,310,403	77.21%	78,399,179	77.67%	75,849,755	77.24%	65,105,625	74.17%	72,325,071	76.29%
Capital Equipment	2,879	0.00%	10,167	0.01%	2,709	0.00%	0	0.00%	7,388	0.01%
TOTAL	78,744,717	81.82%	82,549,340	81.78%	79,897,489	81.36%	69,098,474	78.72%	75,913,464	80.07%
SECOND INJURY FUND										
Personal Services	\$6,785,278	7.05%	\$6,785,278	6.72%	\$6,476,474	6.59%	\$6,203,425	7.07%	\$6,523,771	6.88%
Other Expenses	514,213	0.53%	498,017	0.49%	457,424	0.47%	597,001	0.68%	672,593	0.71%
Capital Equipment	5,398	0.01%	7,776	0.01%	4,895	0.00%	0	0.00%	10,242	0.01%
TOTAL	7,304,889	7.59%	7,291,071	7.22%	6,938,793	7.07%	6,800,426	7.75%	7,206,606	7.60%
UNCLAIMED PROPERTY FUND										
Personal Services	\$3,432,053	3.57%	\$3,601,392	3.57%	\$3,743,050	3.81%	\$3,771,596	4.30%	\$3,646,721	3.85%
Other Expenses	1,768,158	1.84%	1,859,400	1.84%	2,580,964	2.63%	2,946,163	3.36%	2,282,854	2.41%
Capital Equipment	3,599	0.00%	5,760	0.01%	3,401	0.00%	0	0.00%	7,372	0.01%
TOTAL	5,203,809	5.41%	5,466,551	5.42%	6,327,415	6.44%	6,717,759	7.65%	5,936,947	6.26%
SHORT-TERM INVESTMENT FUND										
Personal Services	\$1,224,572	1.27%	\$1,076,978	1.07%	\$1,024,744	1.04%	\$1,007,303	1.15%	\$994,643	1.05%
Other Expenses	254,844	0.26%	237,120	0.23%	233,068	0.24%	262,867	0.30%	312,325	0.33%
Capital Equipment	900	0.00%	1,440	0.00%	846	0.00%	0	0.00%	1,733	0.00%
TOTAL	1,480,316	1.54%	1,315,538	1.30%	1,258,658	1.28%	1,270,170	1.45%	1,308,701	1.38%
Other Financing Sources (1)	\$380,818	0.40%	\$972,576	0.96%	\$522,380	0.53%	\$522,873	0.60%	\$595,201	0.63%
TOTAL AGENCY	\$96,246,731	100.00%	\$100,940,394	100.00%	\$98,203,860	100.00%	\$87,775,276	100.00%	\$94,803,267	100.00%

(1) Other Financing Sources include: Clean Water Fund; Special Transportation Fund; and the Capital Equipment Fund.

EXECUTIVE DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013

Name of Firm	Description of Services	Contract Date	Aggregate Compensation		Status
			Paid in FY 2013	As of 6/30/13	
A & A Office Systems	Photocopier Lease	N/A	\$ 5,881		Active
Advance Corporate Networking	Comupter Equipment	N/A	6,567		Active
Bloomberg Financial LP	On-Line Service	N/A	14,895		Active
Corporate Governance Research	Research Consulting Services.	Mar-07	103,530		Active
Council of Institutional Investors	Dues	N/A	30,000		Active
Dell Marketing LP	IT Software	N/A	10,572		Active
Express Strategies LLC	Web Design & Media Services	Aug-12	8,653		Active
Goverance Holding Company	Subscription	N/A	25,000		Active
Graystone Group Advertising Total	Advertising	N/A	13,024		Active
Harvard Univ/Radcliffe College	Subscription	N/A	10,000		Active
Investor Responsibility Support Services	Proxy Voting Services	Dec-02	22,917		Active
JP Morgan Chase Bank	Purchasing Card Expenditures	Mar-10	15,234		Active
Murphy Security Service LLC	Premises Security Services	May-10	12,714		Active
PRI Association	Subscription	N/A	10,948		Active
West Group	Subscription	N/A	31,421		Active
TOTAL			\$ 321,355		

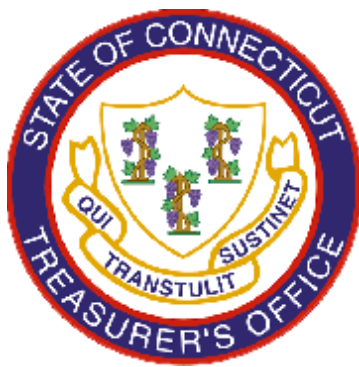
(1) Expenses are presented on a cash basis.

SECOND INJURY FUND

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2013**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2013	Status As of 6/30/13
A & A Office Systems Inc.	Photocopier Lease	N/A	\$ 9,449	Active
Advanced Corporate Networking	Computer Equipment	N/A	6,800	Active
Aegis International Inc.	Surveillance Services	Jan-06	11,198	Active
ASM Associates Inc.	IT Software Licenses	N/A	8,618	Active
Automatic Data Processing Inc.	Check Processing	Jun-06	15,236	Active
Coventry Healthcare Workers Compensation Inc.	Provider Bill Audit Services	Feb-06	193,467	Active
Dell Marketing LP	IT Software Licenses	N/A	10,943	Active
Iron Mountain Off-Site Data Protection	Records Management Services	N/A	9,945	Active
JP Morgan Chase Bank	P-Card Purchases	Mar-10	7,549	Active
MCMC, LLC	IME/Case Mgmt./Job Placement	Jan-06	25,143	Active
Murphy Security Service LLC	Security Services	NA	13,169	Active
Security Services of Connecticut Inc.	Surveillance Services	Jan-06	61,262	Active
TOTAL			\$ 372,779	

(1) Expenses are presented on a cash basis. This schedule only includes services that were retained directly by the Fund and does not include medical services ordered by Workers Compensation Commissioners, claimants or their treating physicians.



Statutory
Appendix



DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - BUDGETARY BASIS

JUNE 30, 2013

Issue Date	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2013 ⁽²⁾	Interest Paid During FY 2013 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED											
11/17/1992	\$ 2,031,015	\$ -	\$ 2,031,015	\$ -	-	-	-	11/15/2012		\$ -	\$ 5,103,985
11/16/1993	2,346,165	-	2,346,165	-	-	-	-	12/01/2012		-	4,079,835
05/26/1994	4,660,841	-	4,660,841	-	-	-	-	06/01/2013		-	10,763,159
11/22/1994	5,831,295	-	2,031,700	-	3,799,595	6.398	6.398	12/15/2013	12/15/2013	8,463,298	4,256,300
03/28/1996	1,959,056	-	363,126	-	1,595,930	5.030	5.030	11/01/2013	05/01/2018	-	93,990
05/14/1997	20,000,000	-	10,000,000	-	10,000,000	4.250	4.250	05/15/2014	05/15/2014	-	71,837
09/01/1997	8,163,083	-	950,864	-	7,212,219	5.081	5.081	03/01/2014	03/01/2020	-	414,766
09/30/1997	1,245,000	-	220,000	-	1,025,000	5.081	5.081	03/01/2014	03/01/2020	-	63,259
08/01/1998 ⁽⁴⁾	5,895,000	-	2,880,000	-	3,015,000	4.750	4.750	12/15/2013	12/15/2013	-	211,613
05/01/1999	9,976,320	-	820,080	-	9,156,240	4.633	4.633	09/01/2013	09/01/2022	-	443,206
05/06/1999	2,095,000	-	335,000	-	1,760,000	4.633	4.633	09/01/2013	09/01/2022	-	89,301
06/15/1999	4,675,000	-	-	-	4,675,000	5.250	5.250	06/15/2014	06/15/2014	-	245,438
06/12/2001	1,755,000	-	270,000	-	1,485,000	4.650	4.650	10/01/2013	10/01/2022	-	78,469
06/12/2001	6,262,081	-	510,578	-	5,751,503	4.652	4.652	10/01/2013	10/01/2022	-	279,424
06/15/2001	191,950,000	-	57,495,000	-	134,455,000	5.500	5.500	12/15/2013	12/15/2016	-	8,938,970
08/15/2002	20,835,000	-	20,835,000	-	-	-	-	11/15/2012		-	507,956
08/15/2002	126,710,000	-	55,330,000	71,380,000	-	-	-	11/15/2012		-	3,466,425
11/01/2002	11,840,000	-	11,840,000	-	-	-	-	10/15/2012		-	281,830
04/15/2003	15,000,000	-	15,000,000	-	-	-	-	04/15/2013		-	693,060
04/15/2003	8,900,000	-	8,900,000	-	-	-	-	04/30/2013		-	53,432
05/01/2003	13,250,000	-	13,250,000	-	-	-	-	05/01/2013		-	580,000
10/01/2003	20,000,000	-	10,000,000	-	10,000,000	3.500	5.000	08/15/2013	08/15/2013	-	648,480
11/13/2003	21,050,000	-	10,525,000	-	10,525,000	3.625	5.000	10/15/2013	10/15/2013	-	702,934
03/01/2004	30,000,000	-	15,000,000	-	15,000,000	3.300	5.000	03/01/2014	03/01/2014	-	1,350,155
04/08/2004	836,035,000	-	87,250,000	-	748,785,000	3.125	5.000	12/01/2013	06/01/2020	-	40,379,869
05/04/2004	45,000,000	-	15,000,000	-	30,000,000	3.875	5.000	04/01/2014	04/01/2014	-	2,181,856
12/22/2004	90,000,000	-	30,000,000	-	60,000,000	3.400	5.000	12/01/2013	12/01/2014	-	3,617,670
03/16/2005 ⁽⁵⁾	280,000,000	-	-	-	280,000,000	4.500	4.500	03/01/2016	03/01/2023	-	12,333,875
04/27/2005	275,860,000	-	-	-	275,860,000	4.375	5.250	06/01/2017	06/01/2021	-	14,409,938
04/27/2005	15,620,000	-	-	-	15,620,000	3.990	3.990	06/01/2016	06/01/2016	-	623,238
04/27/2005	20,000,000	-	-	-	20,000,000	5.070	5.070	06/01/2017	06/01/2017	-	1,014,000
04/27/2005	20,000,000	-	-	-	20,000,000	5.200	5.200	06/01/2020	06/01/2020	-	1,040,000
06/01/2005	204,750,000	-	15,750,000	-	189,000,000	4.000	5.000	06/01/2014	06/01/2025	-	8,725,500
06/01/2005	18,000,000	-	6,000,000	-	12,000,000	4.450	4.450	06/01/2014	06/01/2015	-	798,000
11/15/2005	210,000,000	-	15,000,000	-	195,000,000	4.000	5.000	11/15/2013	11/15/2025	-	9,547,500
03/09/2006	203,000,000	-	14,500,000	-	188,500,000	3.700	5.000	12/15/2013	12/15/2025	-	8,862,320
05/01/2006	140,000,000	-	10,000,000	-	130,000,000	4.000	5.000	05/01/2014	05/01/2026	-	6,382,313
06/01/2006	164,500,000	-	11,750,000	-	152,750,000	3.850	5.000	06/01/2014	06/01/2026	-	7,944,935
11/09/2006	295,000,000	-	25,000,000	-	270,000,000	4.000	5.000	11/01/2013	11/01/2026	-	13,561,500
11/09/2006	307,005,000	-	-	-	307,005,000	4.000	5.000	12/15/2015	12/15/2022	-	14,895,375
12/14/2006	205,000,000	-	15,000,000	-	190,000,000	3.500	5.000	12/01/2013	12/01/2021	-	9,335,244

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING ⁽¹⁾ - BUDGETARY BASIS (Continued)

JUNE 30, 2013

Issue Date	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2013 ⁽²⁾	Interest Paid During FY 2013 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
05/10/2007	145,190,000	-	10,000,000	-	135,190,000	4.000	5.000	05/01/2014	05/01/2027	-	6,459,525
05/10/2007	172,980,000	-	5,710,000	-	167,270,000	4.000	5.000	05/01/2014	05/01/2022	-	8,471,900
06/14/2007	181,060,000	-	11,750,000	-	169,310,000	4.000	5.000	06/01/2014	06/01/2027	-	8,499,378
12/19/2007	80,665,000	-	43,355,000	-	37,310,000	5.000	5.000	03/15/2014	03/15/2015	-	4,033,250
12/19/2007	6,000,000	-	6,000,000	-	-	-	-	-	12/01/2012	-	128,700
12/19/2007	240,000,000	-	15,000,000	-	225,000,000	3.500	5.000	12/01/2013	12/01/2027	-	10,544,100
06/26/2008	320,000,000	-	22,065,000	-	297,935,000	3.125	5.000	04/15/2014	04/15/2028	-	14,305,966
06/26/2008	311,200,000	-	17,385,000	-	293,815,000	3.350	5.000	04/15/2014	04/15/2028	-	15,172,160
11/06/2008	426,830,000	-	25,000,000	-	401,830,000	3.900	5.750	11/01/2013	11/01/2028	-	20,599,284
02/26/2009	351,000,000	-	15,000,000	-	336,000,000	2.500	5.000	02/15/2014	02/15/2029	-	15,967,865
03/26/2009	33,365,000	-	-	-	33,365,000	3.000	5.000	03/01/2015	03/01/2018	-	1,225,950
03/26/2009	118,920,000	-	12,750,000	-	106,170,000	2.500	5.000	03/01/2014	03/01/2023	-	5,133,850
03/26/2009	56,000,000	-	8,000,000	-	48,000,000	5.460	5.460	03/01/2014	03/01/2019	-	3,057,600
12/03/2009	110,500,000	-	55,250,000	-	55,250,000	5.000	5.000	01/01/2014	01/01/2014	-	5,525,000
12/23/2009	450,000,000	-	-	-	450,000,000	4.950	5.632	12/01/2020	12/01/2029	-	24,355,000
04/28/2010	184,250,000	-	-	-	184,250,000	4.407	5.257	04/01/2019	04/01/2026	-	8,876,978
04/28/2010	105,000,000	-	-	-	105,000,000	2.500	5.000	04/01/2015	04/01/2018	-	4,306,688
06/23/2010	143,750,000	-	-	-	143,750,000	2.000	5.000	12/01/2014	12/01/2018	-	5,971,013
06/23/2010	258,235,000	-	16,750,000	-	241,485,000	2.000	5.000	12/01/2013	12/01/2021	-	11,908,750
10/19/2010	46,535,000	-	-	-	46,535,000	2.000	5.000	10/01/2014	10/01/2022	-	2,028,650
10/19/2010	203,400,000	-	-	-	203,400,000	5.295	5.295	10/01/2029	10/01/2029	-	10,770,030
10/19/2010	22,205,000	-	-	-	22,205,000	5.305	5.305	10/01/2030	10/01/2030	-	1,177,975
10/19/2010	294,395,000	-	-	-	294,395,000	5.090	5.090	10/01/2025	10/01/2030	-	14,984,706
05/19/2011	298,085,000	-	28,600,000	-	269,485,000	2.580	3.200	05/15/2014	05/15/2018	-	2,314,332
05/31/2011	162,870,000	-	-	-	162,870,000	2.300	5.000	05/15/2019	05/15/2023	-	7,300,403
05/31/2011	79,045,000	-	36,400,000	-	42,645,000	1.430	2.120	05/15/2014	05/15/2015	-	1,288,654
05/31/2011	75,000,000	-	-	-	75,000,000	2.400	2.850	05/15/2016	05/15/2019	-	716,087
11/14/2011	139,050,000	-	55,545,000	-	83,505,000	5.000	5.000	11/01/2013	11/01/2019	-	4,591,838
11/14/2011	550,000,000	-	27,500,000	-	522,500,000	1.500	5.000	11/01/2013	11/01/2031	-	24,006,450
04/26/2012	259,600,000	-	-	-	259,600,000	2.000	5.000	04/15/2021	04/15/2032	-	11,963,665
04/26/2012	83,000,000	-	8,300,000	-	74,700,000	0.448	2.934	04/15/2014	04/15/2022	-	1,319,125
04/26/2012	212,400,000	-	23,600,000	-	188,800,000	2.250	3.280	04/15/2014	04/15/2020	-	1,809,226
06/29/2012	523,245,000	-	2,740,000	-	520,505,000	1.750	5.000	06/01/2014	06/01/2025	-	23,228,265
10/04/2012	-	69,790,000	11,375,000	-	58,415,000	1.000	4.000	09/15/2013	09/15/2015	-	560,034
10/04/2012	-	280,135,000	-	-	280,135,000	2.000	5.000	09/15/2020	09/15/2032	-	5,392,550
10/04/2012	-	219,865,000	-	-	219,865,000	2.580	3.520	09/15/2013	09/15/2024	-	926,146
11/16/2012	-	224,785,000	-	-	224,785,000	0.465	2.551	10/15/2014	10/15/2022	-	1,468,795
11/28/2012	-	175,215,000	-	-	175,215,000	1.500	5.000	10/15/2013	10/15/2032	-	2,649,751
03/28/2013	-	155,430,000	-	-	155,430,000	2.000	5.000	03/01/2019	03/01/2033	-	-
03/28/2013	-	244,570,000	-	-	244,570,000	2.510	3.510	03/01/2014	03/01/2025	-	323,799
SUBTOTAL	\$10,509,974,856	\$1,369,790,000	\$948,919,369	\$ 71,380,000	\$10,859,465,487					\$ 8,463,298	\$492,434,390

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING ⁽¹⁾ - BUDGETARY BASIS (Continued)

JUNE 30, 2013

Issue Date	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2013 ⁽²⁾	Interest Paid During FY 2013 ⁽³⁾
		Issued	Retired	Refunded or Deceased							
BODY TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS⁽⁶⁾											
04/30/2008	\$2,089,675,000	\$ -	\$ -	\$ -	\$2,089,675,000	4.200	5.850	03/15/2014	03/15/2032	\$ -	\$120,857,076
04/30/2008	176,313,271	-	-	-	176,313,271	5.404	6.270	03/15/2014	03/15/2025	65,414,400	-
04/30/2008	10,590,000	-	-	-	10,590,000	5.000	5.000	03/15/2028	03/15/2028	-	529,500
SUBTOTAL	\$2,276,578,271	\$ -	\$ -	\$ -	\$2,276,578,271					\$65,414,400	\$121,386,576
BOND TYPE: ECONOMIC RECOVERY NOTES											
12/03/2009	\$ 747,935,000	\$ -	\$174,570,000	\$ -	\$ 573,365,000	2.500	5.000	01/01/2014	01/01/2016	\$ -	\$33,854,463
SUBTOTAL	\$ 747,935,000	\$ -	\$174,570,000	\$ -	\$ 573,365,000					\$ -	\$33,854,463
BOND TYPE: SPECIAL TAX OBLIGATION											
09/15/1991	\$ 25,500,000	\$ -	\$25,500,000	\$ -	\$ -				10/01/2012	\$ -	\$ 828,750
09/01/1992	22,655,000	-	22,655,000	-	-				09/01/2012	-	693,809
04/15/1998	77,670,000	-	37,825,000	-	39,845,000	5.500	5.500	10/01/2013	10/01/2013	-	3,231,663
09/15/1998	27,205,000	-	13,240,000	-	13,965,000	5.500	5.500	11/01/2013	11/01/2013	-	1,132,175
09/15/2001	5,060,000	-	5,060,000	-	-				07/01/2012	-	108,790
09/15/2001	9,990,000	-	9,990,000	-	-				12/01/2012	-	231,338
05/01/2002	42,780,000	-	8,825,000	24,725,000	9,230,000	3.625	5.000	01/01/2014	01/01/2014	-	1,443,769
11/01/2002	151,035,000	-	8,495,000	114,395,000	28,145,000	3.500	5.000	07/01/2013	07/01/2015	-	4,415,139
11/15/2003	72,260,000	-	10,990,000	-	61,270,000	3.500	5.250	07/01/2013	07/01/2019	-	3,377,056
11/15/2004	199,570,000	-	10,135,000	-	189,435,000	4.500	5.000	07/01/2013	07/01/2025	-	9,422,650
11/15/2004	215,970,000	-	9,395,000	-	206,575,000	3.750	5.000	08/01/2013	08/01/2027	-	9,965,795
12/15/2005	91,950,000	-	13,250,000	-	78,700,000	3.000	5.000	02/01/2014	02/01/2022	-	3,639,850
10/25/2007	270,680,000	-	10,580,000	-	260,100,000	4.000	5.000	11/01/2013	11/01/2028	-	12,921,531
10/01/2008	406,300,000	-	23,990,000	-	382,310,000	2.500	5.000	02/01/2014	02/01/2022	-	18,432,200
12/10/2008	163,630,000	-	17,575,000	-	146,055,000	3.000	5.000	12/01/2013	12/01/2029	-	6,336,774
01/29/2009	26,550,000	-	11,210,000	-	15,340,000	5.000	5.000	12/01/2014	12/01/2014	-	879,100
11/10/2009	304,030,000	-	-	-	304,030,000	4.855	5.740	12/01/2020	12/01/2029	-	16,663,351
11/10/2009	181,325,000	-	18,905,000	-	162,420,000	5.000	5.000	11/01/2013	11/01/2019	-	8,593,625
11/10/2009	400,430,000	-	-	-	400,430,000	4.126	5.459	11/01/2020	11/01/2030	-	20,678,185
11/10/2010	137,675,000	-	11,040,000	-	126,635,000	2.000	5.000	11/01/2013	11/01/2022	-	5,082,600
11/10/2010	221,230,000	-	-	-	221,230,000	3.375	5.000	12/01/2013	12/01/2031	-	10,853,913
11/10/2010	233,845,000	-	45,075,000	-	188,770,000	2.000	5.000	12/01/2013	12/01/2022	-	8,950,450
12/21/2012	-	502,290,000	-	-	502,290,000	2.000	5.000	01/01/2014	01/01/2033	-	-
12/21/2012	-	125,100,000	-	-	125,100,000	5.000	5.000	01/01/2015	01/01/2025	-	-
SUBTOTAL	\$3,287,340,000	\$ 627,390,000	\$313,735,000	\$139,120,000	\$3,461,875,000					\$ -	\$147,882,512
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
03/01/2001	\$ 8,520,000	\$ -	\$ 8,520,000	\$ -	\$ -				10/01/2012	\$ -	\$ 183,180
03/31/2011	88,370,000	-	3,435,000	-	84,935,000	4.393	4.393	10/01/2013	10/01/2031	-	3,528,484
03/31/2011	58,910,000	-	2,290,000	-	56,620,000	4.463	4.463	10/01/2013	10/01/2031	-	2,392,655
SUBTOTAL	\$ 155,800,000	\$ -	\$14,245,000	\$ -	\$ 141,555,000					\$ -	\$ 6,104,319

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING ⁽¹⁾ - BUDGETARY BASIS (Continued)

JUNE 30, 2013

Issue Date	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2013 ⁽²⁾	Interest Paid During FY 2013 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
BOND TYPE: CLEAN WATER FUND											
07/01/2003	\$ 52,515,000	\$ -	\$ 5,050,000	\$ 42,170,000	\$ 5,295,000	2.850	5.000	10/01/2013	10/01/2013	\$ -	\$ 1,286,140
07/01/2003	71,090,000	-	12,865,000	-	58,225,000	5.000	5.000	10/01/2013	10/01/2015	-	3,232,875
07/27/2006	118,710,000	-	6,545,000	83,855,000	28,310,000	4.000	4.200	07/01/2013	07/01/2016	-	5,254,684
07/27/2006	340,000	-	340,000	-	-	-	-	-	07/01/2012	-	6,630
08/06/2008	100,415,000	-	23,290,000	-	77,125,000	3.250	5.000	02/01/2014	02/01/2018	-	4,389,925
06/25/2009	186,120,000	-	5,815,000	-	180,305,000	2.750	5.000	06/01/2014	06/01/2027	-	8,423,400
06/25/2009	16,900,000	-	11,140,000	-	5,760,000	2.750	5.000	06/01/2014	06/01/2015	-	687,225
07/30/2009	100,750,000	-	7,485,000	-	93,265,000	2.500	5.000	10/01/2013	10/01/2022	-	4,261,050
03/24/2011	176,935,000	-	3,000,000	-	173,935,000	3.000	5.000	01/01/2014	01/01/2028	-	7,677,904
02/21/2013	-	162,170,000	-	-	162,170,000	1.000	5.000	03/01/2014	03/01/2031	-	-
SUBTOTAL	\$ 823,775,000	\$ 162,170,000	\$ 75,530,000	\$ 126,025,000	\$ 784,390,000					\$ -	\$ 35,219,833
BOND TYPE: UCONN 2000⁽⁷⁾											
03/01/2003	\$ 4,735,000	\$ -	\$ 4,735,000	\$ -	\$ -	-	-	-	02/15/2013	\$ -	\$ 235,988
01/15/2004	27,055,000	-	4,895,000	-	22,160,000	3.500	5.000	01/15/2014	01/15/2024	-	1,130,635
01/15/2004	149,730,000	-	29,160,000	-	120,570,000	3.900	5.000	01/15/2014	01/15/2020	-	7,481,605
03/16/2005	60,530,000	-	4,900,000	-	55,630,000	3.700	5.000	02/15/2014	02/15/2025	-	2,814,471
03/15/2006	53,990,000	-	3,860,000	-	50,130,000	3.700	5.000	02/15/2014	02/15/2026	-	2,474,554
03/15/2006	59,555,000	-	1,775,000	-	57,780,000	4.750	5.000	02/15/2014	02/15/2020	-	2,970,888
04/12/2007	63,005,000	-	4,205,000	-	58,800,000	3.600	5.000	04/01/2014	04/01/2027	-	2,566,800
04/12/2007	46,030,000	-	-	-	46,030,000	5.000	5.000	04/01/2016	04/01/2022	-	2,301,500
04/16/2009	122,815,000	-	7,350,000	-	115,465,000	3.000	5.000	02/15/2014	02/15/2029	-	5,500,549
05/25/2010	87,400,000	-	4,860,000	-	82,540,000	3.000	5.000	02/15/2014	02/15/2030	-	4,026,321
05/25/2010	26,435,000	-	25,000	-	26,410,000	2.250	5.000	02/15/2014	02/15/2021	-	1,140,625
12/08/2011	31,525,000	-	-	-	31,525,000	2.000	5.000	02/15/2014	02/15/2023	-	1,481,200
12/08/2011	170,745,000	-	8,990,000	-	161,755,000	2.000	5.000	02/15/2014	02/15/2031	-	7,872,775
SUBTOTAL	\$ 903,550,000	\$ -	\$ 74,755,000	\$ -	\$ 828,795,000					\$ -	\$ 41,997,910
BOND TYPE: CDA INCREMENT FINANCING⁽⁸⁾											
10/05/2004	\$ 6,175,000	\$ -	\$ 375,000	\$ -	\$ 5,800,000	3.600	5.000	10/15/2013	10/15/2024	\$ -	\$ 252,376
10/05/2004	2,850,000	-	675,000	-	2,175,000	3.300	3.500	12/15/2013	12/15/2015	-	84,547
10/05/2004	6,265,000	-	1,135,000	-	5,130,000	5.000	5.125	05/01/2014	05/01/2017	-	318,163
12/20/2006	6,915,000	-	655,000	-	6,260,000	3.750	4.000	12/15/2013	12/15/2020	-	258,163
SUBTOTAL	\$ 22,205,000	\$ -	\$ 2,840,000	\$ -	\$ 19,365,000					\$ -	\$ 913,249
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE⁽⁹⁾											
12/15/1994	\$ 1,550,000	\$ -	\$ 750,000	\$ -	\$ 800,000	6.600	6.600	06/15/2014	06/15/2014	\$ -	\$ 102,300
SUBTOTAL	\$ 1,550,000	\$ -	\$ 750,000	\$ -	\$ 800,000					\$ -	\$ 102,300

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING ⁽¹⁾ - BUDGETARY BASIS (Continued)

JUNE 30, 2013

Issue Date	Outstanding June 30, 2012	FY 2013			Outstanding June 30, 2013	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2013 ⁽²⁾	Interest Paid During FY 2013 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM⁽¹⁰⁾											
12/20/2006	\$ 18,070,000	\$ -	\$ 390,000	\$ -	\$ 17,680,000	4.000	5.000	07/01/2013	07/01/2036	\$ -	\$ 879,000
10/23/2008	16,370,000	-	265,000	-	16,105,000	4.250	6.000	07/01/2013	07/01/2038	-	966,788
08/19/2011	28,840,000	-	1,470,000	-	27,370,000	3.000	5.000	07/01/2013	07/01/2031	-	1,284,875
SUBTOTAL	\$ 63,280,000	\$ -	\$ 2,125,000	\$ -	\$ 61,155,000					\$ -	\$ 3,130,663
BOND TYPE: JUVENILE TRAINING SCHOOL⁽¹¹⁾											
02/15/2001	\$ 15,150,000	\$ -	\$ 495,000	\$ -	\$ 14,655,000	4.750	5.250	12/15/2013	12/15/2030	\$ -	\$ 737,769
SUBTOTAL	\$ 15,150,000	\$ -	\$ 495,000	\$ -	\$ 14,655,000					\$ -	\$ 737,769
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS											
03/15/2000	\$ 39,385,000	\$ -	\$ 1,990,000	\$ -	\$ 37,395,000	6.500	6.600	07/01/2013	07/01/2024	\$ -	\$ 2,516,436
SUBTOTAL	\$ 39,385,000	\$ -	\$ 1,990,000	\$ -	\$ 37,395,000					\$ -	\$ 2,516,436
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS⁽¹²⁾											
09/13/2007	\$ 22,200,000	\$ -	\$ 1,035,000	\$ -	\$ 21,165,000	4.500	5.000	06/15/2014	06/15/2027	\$ -	\$ 1,074,038
05/19/2009	34,770,000	-	1,485,000	-	33,285,000	3.125	5.000	06/15/2014	06/15/2029	-	1,430,000
10/19/2010	15,685,000	-	-	-	15,685,000	4.000	5.000	06/15/2014	06/15/2031	-	696,200
10/19/2010	995,000	-	645,000	-	350,000	1.980	1.980	06/15/2014	06/15/2014	-	15,896
SUBTOTAL	\$ 73,650,000	\$ -	\$ 3,165,000	\$ -	\$ 70,485,000					\$ -	\$ 3,216,133
BOND TYPE: CCEDA BONDS⁽¹³⁾											
07/21/2004	\$ 6,620,000	\$ -	\$ 1,540,000	\$ -	\$ 5,080,000	3.750	5.000	06/15/2014	06/15/2016	\$ -	\$ 279,190
07/21/2004	57,470,000	-	-	-	57,470,000	3.960	3.960	06/15/2017	06/15/2034	-	2,164,053
08/04/2005	12,415,000	-	675,000	-	11,740,000	5.000	5.000	06/15/2014	06/15/2029	-	620,750
12/16/2008	21,030,000	-	515,000	-	20,515,000	4.000	5.750	06/15/2014	06/15/2034	-	1,109,688
SUBTOTAL	\$ 97,535,000	\$ -	\$ 2,730,000	\$ -	\$ 94,805,000					\$ -	\$ 4,173,681
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM⁽¹⁴⁾											
10/19/2010	\$ 28,035,000	\$ -	\$ 1,140,000	\$ -	\$ 26,895,000	1.980	5.350	06/15/2014	06/15/2030	\$ -	\$ 1,221,572
11/14/2011	20,000,000	-	785,000	-	19,215,000	1.130	5.000	06/15/2014	06/15/2031	-	822,597
SUBTOTAL	\$ 48,035,000	\$ -	\$ 1,925,000	\$ -	\$ 46,110,000					\$ -	\$ 2,044,168
TOTAL	\$19,065,743,127	\$2,159,350,000	\$1,617,774,369	\$336,525,000	\$19,270,793,758					\$73,877,698	\$895,714,402

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING ⁽¹⁾ - BUDGETARY BASIS (Continued)

JUNE 30, 2013

- (1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2013.
- (2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the principle outstanding as of June 30, 2013.
- (3) Includes interest rate swap payments and variable rate bond fees.
- (4) Debt outstanding at June 30, 2013 includes \$3,015,000 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.
- (5) During fiscal year 2012, the State reoffered \$280 million of 2005 Series A bonds for the purpose of converting the interest rate mode from variable rate demand bonds to SIFMA Index bonds.
- (6) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.
- (7) UConn 2000 Bonds were authorized in three stages, in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is appropriated from the State General Fund.
- (8) The Connecticut Development Authority (CDA) has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund. The CDA was merged into Connecticut Innovations (CI) effective July 1, 2012.
- (9) The CDA issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments. THE CDA was merged into CI effective July 1, 2012.
- (10) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (11) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (12) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step Initiative. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (13) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for Adriaen's Landing Development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract for financial assistance agreement between CCEDA, the State Treasurer, and the Secretary of the Office of Policy and Management. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. CCEDA was re-named Capital Regeion Development Authority in 2012.
- (14) The CHFA Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.

NOTE 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2012 Fiscal Year is presented on a comprehensive basis of accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

NOTE 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾

JUNE 30, 2013

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2013	Interest Accreted Through Fiscal Year 2013 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2013
		Amount Authorized	Amount Issued			
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED						
12033	ECONOMIC DEVELOPMENT FUND	\$172,430,000	\$114,430,000	\$5,000,000	\$ -	\$5,000,000
12034	ECONOMIC DEVELOPMENT ASSISTANCE	1,136,800,000	856,171,117	221,726,825	-	221,726,825
12050	LOCAL CAPITAL IMPROVEMENT FUND	705,000,000	672,500,000	138,885,000	-	138,885,000
12051	CAPITAL EQUIPMENT PURCHASE FUND	407,540,000	362,988,428	45,975,000	-	45,975,000
12052	GRANTS TO LOCAL GOVTS. & OTHERS	2,760,346,238	1,811,191,554	459,708,877	8,463,298	468,172,175
12055	HOUSING HOMELESS PERSONS	7,511,280	7,095,696	920,000	-	920,000
12059	HARTFORD REDEVELOPMENT	491,880,000	475,810,000	23,935,000	-	23,935,000
12063	HOUSING BONDS	700,477,506	550,600,235	30,500,000	-	30,500,000
12066	DECD - HOUSING TRUST FUND	160,000,000	80,000,000	60,000,000	-	60,000,000
12067	CT BIOSCIENCE COLLABORATION PROGRAM	119,275,000	20,000,000	20,000,000	-	20,000,000
13009	SCHOOL CONSTRUCTION	1,843,739,500	1,839,139,500	3,700,000	-	3,700,000
13010	MAGNET SCHOOLS	7,739,930,770	7,264,584,827	4,808,990,134	-	4,808,990,134
13015	AGRICULTURAL LAND PRESERVATION	150,250,000	114,498,716	31,000,000	-	31,000,000
13019	GRANTS FOR URBAN ACTION	1,259,487,544	1,080,409,677	167,633,175	-	167,633,175
13048	CSUS 2020 FUND INFRASTRUCTURE PROGRAM	475,000,000	266,630,383	174,350,383	-	174,350,383
17001	GENERAL STATE PURPOSES	305,022,094	295,134,149	45,006,810	-	45,006,810
17011	GENERAL STATE PURPOSES	580,110,320	551,032,612	97,431,295	-	97,431,295
17021	GENERAL STATE PURPOSES	449,673,502	439,134,446	178,185,875	-	178,185,875
17041	GENERAL STATE PURPOSES	251,081,385	249,332,976	167,111,872	-	167,111,872
17051	GENERAL STATE PURPOSES	182,191,116	172,500,000	121,143,616	-	121,143,616
17061	GENERAL STATE PURPOSES	170,963,560	168,636,646	160,966,355	-	160,966,355
17071	GENERAL STATE PURPOSES	365,613,150	281,042,232	185,036,105	-	185,036,105
17081	GENERAL STATE PURPOSES	236,669,181	147,178,479	147,178,479	-	147,178,479
17091	GENERAL STATE PURPOSES	11,600,000	11,600,000	11,600,000	-	11,600,000
17101	GENERAL STATE PURPOSES	25,066,316	7,220,449	7,220,449	-	7,220,449
17111	GENERAL STATE PURPOSES	79,628,578	25,523,093	25,523,093	-	25,523,093
17121	GENERAL STATE PURPOSES	328,146,556	68,491,252	68,491,252	-	68,491,252
17861	CAPITAL IMPROVEMENTS	119,859,926	119,463,359	8,210,000	-	8,210,000
17871	CAPITAL IMPROVEMENTS	521,848,335	509,853,706	120,000	-	120,000
17891	GENERAL STATE PURPOSES	416,558,089	414,478,686	3,740,000	-	3,740,000
17911	GENERAL STATE PURPOSES	145,616,930	142,314,892	475,000	-	475,000
17961	GENERAL STATE PURPOSES	262,574,910	259,071,813	17,495,000	-	17,495,000
17971	GENERAL STATE PURPOSES	195,280,711	191,057,040	5,000,000	-	5,000,000
21014	CLEAN WATER FUND	1,155,632,510	829,348,884	206,430,892	-	206,430,892
	GO BOND ANTICIPATION NOTES ROLLOVER FUND ⁽³⁾⁽⁴⁾	-	934,330,000	497,645,000	-	497,645,000
	MIDDLETOWN COURT HOUSE 1998 REFUNDING ⁽⁴⁾⁽⁵⁾	-	34,375,000	3,015,000	-	3,015,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2001 C ⁽⁴⁾	-	504,575,000	134,455,000	-	134,455,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2004 B ⁽⁴⁾	-	1,030,375,000	748,785,000	-	748,785,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2005 B ⁽⁴⁾	-	335,550,000	331,480,000	-	331,480,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2006 E ⁽⁴⁾	-	308,400,000	307,005,000	-	307,005,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2007 B ⁽⁴⁾	-	173,300,000	167,270,000	-	167,270,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2013

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2013	Interest Accreted Through Fiscal Year 2013 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2013
		Amount Authorized	Amount Issued			
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2007 E ⁽⁴⁾	-	181,085,000	37,310,000	-	37,310,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2009 C ⁽⁴⁾	-	74,215,000	33,365,000	-	33,365,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2010 C ⁽⁴⁾	-	258,235,000	241,485,000	-	241,485,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2010 D ⁽⁴⁾	-	47,035,000	46,535,000	-	46,535,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2011 E ⁽⁴⁾	-	150,820,000	83,505,000	-	83,505,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2012 C ⁽⁴⁾	-	523,245,000	520,505,000	-	520,505,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2012 F ⁽⁴⁾	-	69,790,000	58,415,000	-	58,415,000
SUBTOTAL		\$23,932,805,007	\$25,023,794,847	\$10,859,465,487	\$8,463,298	\$10,867,928,785
BOND TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS⁽⁶⁾						
31006	TEACHER'S RETIREMENT FUND GO BONDS TAXABLE SERIES 2008	\$2,276,578,271	\$2,276,578,271	\$2,276,578,271	\$65,414,400	\$2,341,992,671
SUBTOTAL		\$2,276,578,271	\$2,276,578,271	\$2,276,578,271	\$65,414,400	\$2,341,992,671
BOND TYPE: ECONOMIC RECOVERY NOTES						
	ECONOMIC RECOVERY NOTES	\$2,257,523,504	\$2,198,440,000	\$573,365,000	\$ -	\$573,365,000
SUBTOTAL		\$2,257,523,504	\$2,198,440,000	\$573,365,000	\$ -	\$573,365,000
BOND TYPE: SPECIAL TAX OBLIGATION						
13033	INFRASTRUCTURE IMPROVEMENT	\$11,155,465,465	\$8,020,170,752	\$2,443,905,000	\$ -	\$2,443,905,000
14005	SPECIAL TAX OBLIGATION REFUNDING BONDS ⁽⁴⁾	-	1,684,955,000	1,017,970,000	-	1,017,970,000
SUBTOTAL		\$11,155,465,465	\$9,705,125,752	\$3,461,875,000	\$ -	\$3,461,875,000
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
	BRADLEY AIRPORT GENERAL REVENUE REFUNDING BONDS ⁽⁴⁾	\$ -	\$183,020,000	\$141,555,000	\$ -	\$141,555,000
SUBTOTAL		\$ -	\$183,020,000	\$141,555,000	\$ -	\$141,555,000
BOND TYPE: CLEAN WATER FUND						
21015	CLEAN WATER FUND - FEDERAL ACCOUNT	\$2,263,511,375	\$1,640,836,103	\$555,860,850	\$ -	\$555,860,850
21018	DRINKING WATER FUND FEDERAL REVOLVING CLEAN WATER REFUNDING ⁽⁴⁾	161,668,625	75,753,897	34,044,150	-	34,044,150
		-	513,305,000	194,485,000	-	194,485,000
SUBTOTAL		\$2,425,180,000	\$2,229,895,000	\$784,390,000	\$ -	\$784,390,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2013

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2013	Interest Accreted Through Fiscal Year 2013 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2013
		Amount Authorized	Amount Issued			
BOND TYPE: UCONN 2000⁽⁷⁾						
13045	UCONN 2000	\$1,837,792,147	\$1,598,792,147	\$546,480,000	\$ -	\$546,480,000
	UCONN 2000 REFUNDING BONDS ⁽⁴⁾	-	392,000,000	282,315,000	-	282,315,000
SUBTOTAL		\$1,837,792,147	\$1,990,792,147	\$828,795,000	\$ -	\$828,795,000
BOND TYPE: CDA INCREMENT FINANCING⁽⁸⁾						
	CDA CABELAS'S INC. TAX INCREMENTAL FINANCING	\$9,950,000	\$9,825,000	\$6,260,000	\$ -	\$6,260,000
	CDA REFUNDING BONDS SERIES A, B AND C ⁽⁴⁾	-	22,435,000	13,105,000	-	13,105,000
SUBTOTAL		\$9,950,000	\$32,260,000	\$19,365,000	\$ -	\$19,365,000
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE⁽⁹⁾						
	NEW BRITAIN GOVERNMENT CENTER	\$9,275,000	\$9,275,000	\$800,000	\$ -	\$800,000
SUBTOTAL		\$9,275,000	\$9,275,000	\$800,000	\$ -	\$800,000
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM⁽¹⁰⁾						
	CHEFA CHILDCARE - SERIES F	\$ -	\$19,165,000	\$17,680,000	\$ -	\$17,680,000
	CHEFA CHILDCARE - SERIES G	-	16,875,000	16,105,000	-	16,105,000
	CHEFA CHILDCARE REFUNDING BONDS ⁽⁴⁾	-	28,840,000	27,370,000	-	27,370,000
SUBTOTAL		\$ -	\$64,880,000	\$61,155,000	\$ -	\$61,155,000
BOND TYPE: JUVENILE TRAINING SCHOOL⁽¹¹⁾						
	CT JUVENILE TRAINING SCHOOL ENERGY CENTER PROJECT	\$ -	\$19,165,000	\$14,655,000	\$ -	\$14,655,000
SUBTOTAL		\$ -	\$19,165,000	\$14,655,000	\$ -	\$14,655,000
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS						
21008	BRADLEY INTERNATIONAL PARKING OPERATIONS	\$55,000,000	\$53,800,000	\$37,395,000	\$ -	\$37,395,000
SUBTOTAL		\$55,000,000	\$53,800,000	\$37,395,000	\$ -	\$37,395,000
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS⁽¹²⁾						
	CHFA SUPPORTIVE HOUSING BONDS	\$85,000,000	\$83,540,000	\$70,485,000	\$ -	\$70,485,000
SUBTOTAL		\$85,000,000	\$83,540,000	\$70,485,000	\$ -	\$70,485,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2013

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2013	Interest Accreted Through Fiscal Year 2013 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2013
		Amount Authorized	Amount Issued			
BOND TYPE: CCEDA BONDS⁽¹³⁾						
	CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY	\$ -	\$110,000,000	\$94,805,000	\$ -	\$94,805,000
SUBTOTAL		\$ -	\$110,000,000	\$94,805,000	\$ -	\$94,805,000
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM⁽¹⁴⁾						
	CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM	\$50,000,000	\$50,000,000	\$46,110,000	\$ -	\$46,110,000
SUBTOTAL		\$50,000,000	\$50,000,000	\$46,110,000	\$ -	\$46,110,000
GRAND TOTAL		\$44,094,569,393	\$44,030,566,017	\$19,270,793,758	\$73,877,698	\$19,344,671,456

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2013

- (1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2013. All debt except refunding issues is authorized by the General Assembly and the State Bond Commission prior to issuance. Total amount issued includes refunding issues for which no additional authorization is required.
- (2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the principle outstanding as of June 30, 2013.
- (3) On April 28, 2009, the State issued \$581,245,000 Bond Anticipation Notes (BANs) Series A and Series B. On April 28, 2010, \$353,085,000 Bond Anticipation Notes (BANs) were issued to pay down the 2009 Series A BANs maturing on April 28, 2010. No new authorization was required. The 2009 B and 2010 A BANs were refunded with General Obligation Bonds on May 19, 2011 and May 31, 2011.
- (4) Refunding issues. Proceeds used to refund other bonds reducing overall debt service expense.
- (5) Debt outstanding at June 30, 2013 includes \$3,015,000 in Certificates of Participation for the Middletown Courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the Courthouse, subject to the annual appropriation of funds or the availability of other funds; therefore, the base rent is appropriated as debt service. The Certificates of Participation are included in the Treasurer's Debt Management System for control purposes.
- (6) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.
- (7) UConn 2000 Bonds were authorized in three stages in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.
- (8) The Connecticut Development Authority (CDA) has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund. The CDA was merged into Connecticut Innovations (CI) effective July 1, 2012.
- (9) The CDA has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments. The CDA was merged into CI effective July 1, 2012.
- (10) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (11) A lease-purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (12) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step initiative. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and OPM.
- (13) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of \$9 million, pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. CCEDA was re-named Capital Region Development Authority in 2012.
- (14) The CHFA Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and OPM.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS ^{(1) (2)}
FISCAL YEAR ENDED JUNE 30, 2013

PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING ^{(4) (5)}

Legal No.	GAAP Type	Fund Name	STIF Investments 6/30/13	Investments with Treasurer as Trustee		Investments with Others as Trustee		Total
				Short-Term 6/30/13	Long-Term 6/30/13	Short-Term 6/30/13	Long-Term 6/30/13	
GENERAL FUND ⁽³⁾								
11000 Gen. Fund	1100 Gen. Fund	General Fund	\$536,623.44	\$4,176,260.69	⁽¹³⁾			\$4,712,884.13
SUBTOTAL GENERAL FUND			\$536,623.44	\$4,176,260.69	\$-	\$-	\$-	\$4,712,884.13
SPECIAL REVENUE FUNDS								
12001 Spec.Rev.	1201 Spec.Rev.	Transportation	\$105,787,444.37					\$105,787,444.37
12005 Spec.Rev.	1215 Spec.Rev.	Probate Court Administration	5,437,871.92					5,437,871.92
12010 Spec.Rev.	1209 Spec.Rev.	Soldiers, Sailors and Marines	6,261.93					6,261.93
12012 Spec.Rev.	1215 Spec.Rev.	Municipal Employees Retirement Administration	958,183.17					958,183.17
12013 Spec.Rev.	1208 Spec.Rev.	Regional Market Operation	859,023.60					859,023.60
12016 Spec.Rev.	1213 Spec.Rev.	Recreation and Natural Heritage Trust Fund	1,547,897.02					1,547,897.02
12018 Spec.Rev.	2107 Enterprise	University Health Center Operating Fund	67,625.94					67,625.94
12021 Spec.Rev.	1215 Spec.Rev.	Grants - Tax Exempt Proceeds	3,560,996.30					3,560,996.30
12023 Spec.Rev.	2107 Enterprise	University Health Center Research Foundation	37,624,720.52					37,624,720.52
12032 Spec.Rev.	1210 Spec.Rev.	Employment Security - Special Administration	93,963.25					93,963.25
12034 Spec.Rev.	1212 Spec.Rev.	Economic Assistance Bond Fund	11,983,740.84					11,983,740.84
12035 Spec.Rev.	1212 Spec.Rev.	Economic Assistance Revolving Fund	4,455,980.70					4,455,980.70
12038 Spec. Rev.	1212 Spec. Rev.	Individual Development Account Reserve Fund			\$438,967.14			438,967.14
12047 Spec.Rev.	1212 Spec.Rev.	Child Care Facilities	224,132.18					224,132.18
12050 Spec.Rev.	1212 Spec.Rev.	Local Capital Improvements Fund	10,799.71					10,799.71
12051 Spec.Rev.	1215 Spec.Rev.	Capital Equipment Purchase Fund	6,662,916.25					6,662,916.25
12052 Spec.Rev.	1212 Spec.Rev.	Grants to Local Governments and Others	120,890,892.76					120,890,892.76
12053 Spec.Rev.	1213 Spec.Rev.	Economic Development and Other Grants	759,824.61					759,824.61
12060 Spec Rev.	1211 Spec.Rev.	Federal And Other Restricted Accounts	348,706.95					348,706.95
12062 Spec Rev.	1211 Spec.Rev.	Transportation Grants And Restricted Accounts	152,647.01					152,647.01
12065 Spec.Rev.	1214 Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	31,563,257.00					31,563,257.00
12066 Spec.Rev.	1214 Spec.Rev.	Housing Trust Fund	9,562,342.29					9,562,342.29
SUBTOTAL SPECIAL REVENUE FUNDS			\$342,559,228.32	\$-	\$438,967.14	\$-	\$-	\$342,998,195.46
CAPITAL PROJECTS FUNDS								
13009 Cap. Proj.	1212 Spec.Rev.	School Construction	\$2,808,110.28					\$2,808,110.28
13010 Cap. Proj.	1212 Spec.Rev.	School Construction - Magnet Schools	90,124,154.18					90,124,154.18
13015 Cap. Proj.	1212 Spec.Rev.	Agricultural Land Preservation	12,514,961.32					12,514,961.32
13019 Cap. Proj.	1212 Spec.Rev.	Community Conservation and Development	16,531,149.40					16,531,149.40
13033 Cap. Proj.	1302 Cap.Proj.	Infrastructure Improvement Fund	268,985,399.98					268,985,399.98
13042 Cap. Proj.	1301 Cap.Proj.	University and State University Facilities	1,459,273.67					1,459,273.67
13048 Cap. Proj.	1301 Cap.Proj.	CSUS 2020	97,184,774.43					97,184,774.43
17011 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	17,414,152.85					17,414,152.85
17021 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	14,538,116.72					14,538,116.72
17041 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	15,359,077.12					15,359,077.12
17051 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	1,515,928.04					1,515,928.04
17061 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	18,593,338.65					18,593,338.65
17071 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	44,253,577.12					44,253,577.12
17081 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	22,695,761.60					22,695,761.60
17091 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	27,783.99					27,783.99
17101 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	2,772,421.13					2,772,421.13
17111 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	7,535,402.67					7,535,402.67
17121 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	4,943,562.31					4,943,562.31
17831 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	3,038,248.87					3,038,248.87
17851 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	2,624,166.60					2,624,166.60
17861 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	8,088,729.47					8,088,729.47
17871 Cap. Proj.	1301 Cap.Proj.	Capital Improvements and Other Purposes	26,996.18					26,996.18

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS ^{(1) (2)}
FISCAL YEAR ENDED JUNE 30, 2013

PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING ^{(4) (5)}

Legal No.	Type	GAAP No.	Type	Fund Name	STIF	Investments with Treasurer as Trustee		Investments with Others as Trustee		Total
					Investments 6/30/13	Short-Term 6/30/13	Long-Term 6/30/13	Short-Term 6/30/13	Long-Term 6/30/13	
17891	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	809,838.15					809,838.15
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	969,704.27					969,704.27
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,552,205.86					1,552,205.86
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,614,445.97					1,614,445.97
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,309,152.39					1,309,152.39
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,075,344.75					2,075,344.75
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,737,691.39					1,737,691.39
SUBTOTAL CAPITAL PROJECTS FUNDS					\$663,103,469.36	\$-	\$-	\$-	\$-	\$663,103,469.36
DEBT SERVICE FUNDS										
14001	Debt Service	2106	Enterprise	University Bond Liquidation	\$978,433.92					\$978,433.92
14002	Debt Service	2109	Enterprise	State University Dormitory	66,260,584.13					66,260,584.13
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	467,528,556.15 ⁽⁶⁾				\$201,543,000.00 ⁽⁶⁾	669,071,556.15
SUBTOTAL DEBT SERVICE FUNDS					\$534,767,574.20	\$-	\$-	\$-	\$201,543,000.00	\$736,310,574.20
ENTERPRISE FUNDS										
21005	Enterprise	1215	Spec.Rev.	Auto Emissions Inspection	\$7,360,078.73					\$7,360,078.73
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations	13,417,817.39 ⁽⁶⁾					13,417,817.39
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	143,908,277.21 ⁽⁶⁾					143,908,277.21
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	1,757,707.87					1,757,707.87
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	31,450,495.10			865,000.00 ⁽⁷⁾	3,605,000.00 ⁽⁷⁾	35,920,495.10
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	285,252,211.59 ⁽⁶⁾			101,041,162.96 ⁽⁸⁾	172,221,976.63 ⁽⁸⁾	558,515,351.18
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	6,384,947.45					6,384,947.45
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan	80,340,171.42 ⁽⁹⁾			883,403.22 ⁽⁸⁾	21,856,561.69 ⁽⁸⁾	103,080,136.33
SUBTOTAL ENTERPRISE FUNDS					\$569,871,706.76	\$-	\$-	\$102,789,566.18	\$197,683,538.32	\$870,344,811.26
FIDUCIARY FUNDS										
31001	Pension	3103	Pension	State Employees' Retirement Fund		\$481,779,630.80	\$8,697,792,959.47 ⁽¹¹⁾			\$9,179,572,590.27
31002	Pension	3105	Pension	State Attorneys' Retirement Fund		212,789.80	1,058,799.87 ⁽¹¹⁾			1,271,589.67
31003	Pension	3105	Pension	General Assembly Retirement Fund	\$14,788.38					14,788.38
31004	Pension	3106	Pension	Judges and Compensation Commissioners' Retirement Fund		5,553,657.18	162,773,490.16 ⁽¹¹⁾			168,327,147.34
31005	Pension	3105	Pension	Public Defenders Retirement Fund	265,876.17					265,876.17
31006	Pension	3104	Pension	Teachers' Retirement Fund		581,016,741.79	13,872,526,866.75 ⁽¹¹⁾			14,453,543,608.54
31008	Pension	3107	Pension	Municipal Employees' Retirement - Fund B		31,223,589.32	1,796,909,071.80 ⁽¹¹⁾			1,828,132,661.12
31009	Other Em. Benefits	3102	Agency	Policemen and Firemen Survivors' Benefit Fund		1,126,461.98	22,849,351.70 ⁽¹¹⁾			23,975,813.68
31010	Pension	3108	Pension	Probate Judges and Employees Retirement Fund		2,512,372.15	79,380,932.02 ⁽¹¹⁾			81,893,304.17
31011	Other Em. Benefits	3109	Agency	State Employee OPEB Fund		55,881,030.95	44,850,965.51 ⁽¹¹⁾			100,731,996.46
31012	Other Em. Benefits	3101	Agency	OPEB Teachers' Fund	81,300,000.00					81,300,000.00
35010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund		566,796.58	17,279,915.06 ⁽¹¹⁾			17,846,711.64
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund		2,015,319.83	66,025,207.36 ⁽¹¹⁾			68,040,527.19
35014	Fiduciary	2103	Exp.Trust	Unemployment Compensation Fund					\$217,511,401.98 ⁽¹²⁾	217,511,401.98
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund	7,627,507.51					7,627,507.51
SUBTOTAL FIDUCIARY FUNDS					\$89,208,172.06	\$1,161,888,390.38	\$24,761,447,559.70	\$217,511,401.98	\$-	\$26,230,055,524.12
TOTAL CIVIL LIST FUNDS					\$2,200,046,774.14	\$1,166,064,651.07	\$24,761,886,526.84	\$320,300,968.16	\$399,226,538.32	\$28,847,525,458.53

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS ^{(1) (2)} (Continued)
FISCAL YEAR ENDED JUNE 30, 2013**

-
- (1) Detailed information on the adjusted cash balances and total STIF balances within each individual fund can be obtained from the Comptroller's Annual Report.
- (2) Short-term investments shown at cost which, due to their short-term nature, approximates market.
- (3) Represents assets of the Common Cash Pool which is not a component of the General Fund. The Common Cash Pool is comprised of the investable balances of a number of individual funds and, for purposes of administration only, is shown as an investment of the General Fund. The General Fund is commonly in a net borrowing position from the resources of the other funds within the pool.
- (4) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole, in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2013 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals.
- In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Schedule of Investments
- (5) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.
- (6) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.
- (7) Short-term and Long-term investments consist of Connecticut General Obligation Bonds, which are shown at par. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.
- (8) Short-term and Long-term investments consist of Money Market Funds, State of Connecticut General Obligation Bonds and GICs. Both short-term and long-term investments are held by US Bank as Trustee. For description of program, see Debt Management Division.
- (9) STIF Investments consist of both Treasury directed and trustee directed accounts.
- (10) STIF Investments consist of Trustee directed accounts. Short-term investments consist of Money Market Funds. All investments are held by US Bank as Trustee.
- (11) Represents market value of shares held by various retirement plans in the Treasurer's Combined Investment Funds.
- (12) Cash on deposit with Federal Government.
- (13) Investments consist of asset backed securities and bank deposit instruments. The market value of the investments was \$2,841,547 as of June 30, 2013.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2013

Name of Insurance Company	Par Amount of Collateral	Market Value
The following securities are on deposit with the State Treasurer for the Insurance Department under Sec 38a-83:		
ACE Life Insurance Company	\$ 5,000,000.00	\$ 5,199,168.00
Aetna Better Health, Inc.	500,000.00	500,000.00
Aetna Health Inc. (CT)	575,000.00	610,704.00
Aetna Health and Life Insurance Company	2,075,000.00	1,958,434.25
Aetna Insurance Company of Connecticut	2,550,000.00	2,505,961.50
Aetna Life Insurance Company	1,500,000.00	1,604,652.60
Alterra Reinsurance USA Inc.	3,025,000.00	3,080,055.00
American Centennial Insurance Company	50,000.00	50,101.50
American Equity Specialty Insurance Company	2,600,000.00	2,991,218.85
American Maturity Life Insurance Company	5,700,000.00	5,696,466.00
American Phoenix Life & Reassurance Company	1,000,000.00	1,081,410.00
American Security Insurance Company	35,000.00	35,839.30
AmeriChoice of Connecticut, Inc.	500,000.00	522,580.00
Anthem Health Plans, Inc.	500,000.00	489,725.00
Arbella Indemnity Insurance Company, Inc.	50,000.00	63,609.50
Arbella Protection Insurance Company	50,000.00	59,422.00
Associated Employer Insurance Company	50,000.00	48,972.50
Associated Indemnity Corporation	300,000.00	320,844.00
Associated Industries of MA Mutual Ins Co (AIM Mutual)	50,000.00	49,810.50
Automobile Insurance Company of Hartford (The)	4,050,000.00	4,460,524.00
AXIS Specialty Insurance Company	3,000,000.00	3,001,770.00
Beazley Insurance Company, Inc.	2,500,000.00	2,584,775.00
C.M. Life Insurance Company	1,600,000.00	1,607,008.00
California Insurance Company	8,420,000.00	8,600,724.60
Carolina Casualty Insurance Company	200,000.00	232,152.00
Charter Oak Fire Insurance Company (The)	4,525,000.00	4,886,009.00
CIGNA Health and Life Insurance Company	2,600,000.00	2,770,511.70
CIGNA Healthcare of Connecticut, Inc.	525,000.00	568,548.75
Clearwater Select Insurance Company	3,000,000.00	3,204,990.00
Connecticare, Inc.	500,000.00	522,580.00
Connecticut Attorneys Title Insurance Company	210,000.00	223,456.80
Connecticut General Life Insurance Company	1,710,000.00	1,768,789.70
Covenant Insurance Company	600,000.00	707,345.00
Electric Insurance Company	60,000.00	67,606.80
Employers' Fire Insurance Company	55,000.00	55,004.40
Executive Risk Specialty Insurance Company	3,110,000.00	3,356,632.00
Fairmont Insurance Company	100,000.00	101,341.00
Fairmont Premier Insurance Company	100,000.00	115,913.00
Fairmont Specialty Insurance Company	100,000.00	106,540.00
Farmington Casualty Company	3,000,000.00	3,280,969.50
Finial Reinsurance Company	3,550,000.00	3,602,877.00
Fireman's Fund Insurance Company	12,959,000.00	14,221,636.60
First State Insurance Company	2,200,000.00	2,355,210.00
First Trenton Indemnity Company	100,000.00	137,867.00
Fitchburg Mutual Insurance Company	50,000.00	52,504.00
General Re Life Corporation	1,500,000.00	2,068,005.00
General Star Indemnity Company	2,975,000.00	3,299,716.00
Genesis Insurance Company	3,000,000.00	3,277,020.00
Genworth Mortgage Ins Corporation of North Carolina	60,000.00	62,709.60
Gulf Underwriters Insurance Company	3,000,000.00	3,533,354.79
Harleysville Worcester Insurance Company	9,065,000.00	9,403,668.00
Hartford Accident & Indemnity Company	3,500,000.00	3,818,010.00
Hartford Fire Insurance Company	3,300,000.00	3,688,740.00
Hartford Insurance Company of the Southeast	1,000,000.00	1,075,130.00
Hartford International Life Reassurance Corp.	5,645,000.00	5,582,555.75
Hartford Life & Accident Insurance Company	1,915,000.00	1,850,982.75

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2013

Name of Insurance Company	Par Amount of Collateral	Market Value
Hartford Life & Annuity Insurance Company	2,860,000.00	3,002,533.25
Hartford Life Insurance Company	2,350,000.00	2,455,750.00
Hartford Steam Boiler Inspection & Insurance Company	4,000,000.00	4,031,240.00
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,124,211.00
Hartford Underwriters Insurance Company	3,250,000.00	3,471,260.00
Health Net of Connecticut, Inc.	500,000.00	551,365.00
Homesite Insurance Company	2,500,000.00	2,538,375.00
HSB Speciality Insurance Company	2,500,000.00	2,452,925.00
IdeaLife Insurance Company	1,500,000.00	1,506,570.00
ING Life Insurance & Annuity Company	3,707,000.00	3,603,315.21
Insurance Company of the West	100,000.00	144,438.00
Integon National Insurance Company	75,000.00	84,609.75
Integon Preferred Insurance Company	75,000.00	75,708.75
Knights of Columbus	2,000,000.00	2,496,880.00
Liberty Mutual Insurance Company	50,000.00	48,062.50
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,267,504.00
MEMBERS Life Insurance Company	350,000.00	415,954.00
MetLife Insurance Company of Connecticut	10,125,000.00	11,796,679.75
Middlesex Mutual Assurance Company	1,525,000.00	1,552,939.50
MML Bay State Life Insurance Company	1,500,000.00	1,506,570.00
Munich American Reassurance Company	40,000.00	41,806.40
National Liability & Fire Insurance Company	2,750,000.00	2,808,437.50
New England Insurance Company	2,945,000.00	3,225,894.75
New England Reinsurance Corporation	3,225,000.00	4,592,593.50
New London County Mutual Insurance Company	600,000.00	660,234.00
Northern Assurance Company of America	55,000.00	55,004.40
Northland Casualty Company	2,560,000.00	2,881,354.80
Northland Insurance Company	2,575,000.00	2,729,062.25
Nutmeg Insurance Company	3,000,000.00	3,238,510.00
Odyssey Reinsurance Company	5,000,000.00	5,194,150.00
OneBeacon America Insurance Company	55,000.00	55,004.40
Oxford Health Plans (CT), Inc.	500,000.00	522,580.00
Pacific Insurance Company, Limited	2,820,000.00	3,191,747.10
Patrons Mutual Insurance Company of Connecticut	120,000.00	122,212.80
PHL Variable Insurance Company	1,000,000.00	1,085,230.00
Phoenix Insurance Company (The)	4,635,000.00	4,835,401.05
Phoenix Life & Annuity Company	1,000,000.00	1,100,390.00
Prudential Annuities Life Assurance Corporation	1,500,000.00	1,536,210.00
Prudential Retirement Insurance & Annuity Company	5,015,000.00	5,416,106.55
PXRE Reinsurance Company	7,800,000.00	7,828,848.00
R.V.I. America Insurance Company	2,540,000.00	2,556,835.60
R.V.I. National Insurance Company	2,550,000.00	2,560,402.50
Safeco Surplus Lines Insurance Company	100,000.00	100,516.00
St. Paul Fire & Marine Insurance Company	3,250,000.00	3,428,750.00
St. Paul Guardian Insurance Company	2,615,000.00	2,760,252.00
St. Paul Mercury Insurance Company	2,550,000.00	2,883,540.00
Seneca Insurance Company, Inc.	260,000.00	273,816.40
Sentinel Insurance Company, Ltd.	3,405,000.00	3,493,488.10
Sequoia Insurance Company	125,000.00	149,543.75
Sparta Insurance Company	3,070,000.00	3,087,645.00
Sparta Specialty Insurance Company	2,500,000.00	2,490,325.00
Standard Fire Insurance Company (The)	4,000,000.00	4,093,560.00
Sun Life and Health Insurance Company (U.S.)	5,000,000.00	4,767,600.00
Swiss Re Life & Health America, Inc.	5,290,000.00	3,124,540.40
T.H.E. Insurance Company	300,000.00	310,184.00
Thames Insurance Company, Inc.	200,000.00	220,078.00
TIG Insurance Company	10,100,000.00	10,866,213.40
Torus National Insurance Company	100,000.00	103,113.00
Tower National Insurance Company	50,000.00	50,146.50
TravCo Insurance Company	4,875,000.00	5,182,363.50
Travelers Casualty Company (The)	2,940,000.00	3,117,662.60

CASH MANAGEMENT DIVISION**SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)****JUNE 30, 2012**

Name of Insurance Company	Par Amount of Collateral	Market Value
Travelers Casualty & Surety Company	3,000,000.00	3,320,950.00
Travelers Casualty & Surety Company of America	3,180,000.00	3,282,754.00
Travelers Casualty Company of Connecticut	2,500,000.00	2,726,804.50
Travelers Casualty Insurance Company of America	3,400,000.00	4,687,478.00
Travelers Commercial Casualty Company	3,200,000.00	3,222,016.00
Travelers Commercial Insurance Company	2,125,000.00	2,118,795.00
Travelers Constitution State Insurance Company	2,540,000.00	2,699,161.00
Travelers Excess & Surplus Lines Company	2,500,000.00	2,550,905.00
Travelers Home & Marine Insurance Company (The)	5,125,000.00	5,194,563.75
Travelers Indemnity Company (The)	6,630,000.00	7,237,292.90
Travelers Indemnity Company of America (The)	3,565,000.00	3,723,036.45
Travelers Indemnity Company of Connecticut (The)	3,000,000.00	3,350,951.25
Travelers Personal Insurance Company	5,500,000.00	6,365,743.80
Travelers Personal Security Insurance Company	4,100,000.00	4,316,431.00
Travelers Property Casualty Company of America	3,005,000.00	4,368,891.35
Travelers Property Casualty Insurance Company	2,050,000.00	2,277,638.00
Trenwick America Reinsurance Corporation	1,580,000.00	1,662,333.20
Truck Insurance Exchange	370,000.00	362,396.50
Trumbull Insurance Company	2,580,000.00	2,931,773.60
UnitedHealthcare Insurance Company	1,510,000.00	1,708,187.50
United Guaranty Residential Insurance Company of NC	50,000.00	51,905.00
United Illuminating Company	215,000.00	215,141.90
United States Fidelity and Guaranty Company	6,000,000.00	6,490,540.00
Vantis Life Insurance Company	2,275,000.00	2,495,689.00
Vision Service Plan Insurance Company	2,600,000.00	2,551,082.00
Wellcare of CT, Inc.	525,000.00	537,073.75
Zenith Insurance Company	1,111,000.00	1,302,991.91
TOTAL	\$ 340,812,000.00	\$ 362,742,922.56

CASH MANAGEMENT DIVISION

UNEMPLOYMENT COMPENSATION FUND

On Account with the Secretary of the Treasury of the United States as Trustee of the Unemployment Compensation Fund

The Act which established Unemployment Compensation provides that contributions from employers be collected by the Labor Commissioner as Administrator of the Act and be deposited with the State Treasurer. (Chapter 2, Public Act, Special Session 1936). These funds are then sent to the Secretary of the Treasury of the United States. The Administrator requests withdrawals as needed to pay benefits to employees.

BALANCE at JUNE 30, 2012		\$ 198,964,649.30
Deposits	\$ 855,184,000.00	
Combined Wage Transfers to Connecticut	14,374,660.99	
Federal Employee & Ex-Servicemen Contributions	11,387,000.00	
Extended Unemployment Compensation 08	650,550,000.00	
Title XII Advances	<u>154,057,076.68</u>	<u>1,685,552,737.67</u>
TOTAL CASH AVAILABLE		\$ 1,884,517,386.97
Combined Wage Withdrawals	8,851,933.79	
Federal Employee & Ex-Servicemen Withdrawals	11,387,000.00	
Withdrawals for Benefit Payments	1,492,659,000.00	
Refund of Reduced FUTA Tax Credits	50,974.20	
Title XII Voluntary Loan Repayment	<u>154,057,077.00</u>	<u>1,667,005,984.99</u>
BALANCE at JUNE 30, 2013		\$ 217,511,401.98

Office of the State Treasurer

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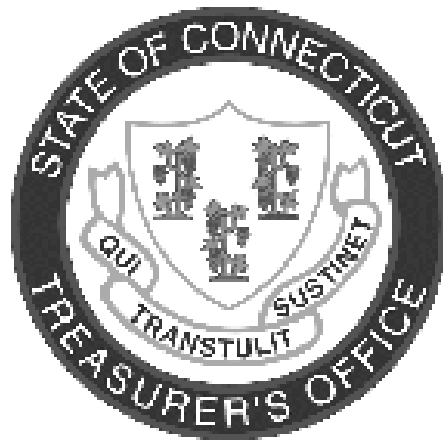
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