STATE OF CONNECTICUT

2012

ANNUAL REPORT OF THE
TREASURER

For the fiscal year ended June 30, 2012

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

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STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

December 28, 2012

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

I am pleased to present for your review the 2012 Annual Report of the Office of the Treasurer of the State of Connecticut for the Fiscal Year ending June 30, 2012, 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 performance for the Fiscal Year ending June 30, 2012 was net negative 0.90 percent, which outperformed the negative 4.4 percent loss sustained in the MSCI Worldwide Index in a difficult market climate, and directly follows a year characterized by the highest return achieved by the CRPTF in more than two decades. (MSCI is an all world stock index with over 6,000 securities from 24 countries in the developed world.) The CRPTF is a long term investor and has generated an investment return of 10.54 percent for the three-year period ending June 30, 2012.

The CRPTF net assets declined from $25.2 billion to $24 billion, reflecting both declines in market values and non-market related activities (e.g., net beneficiary payments, management fees, and other pension fund operating expenses) that accounted for about $1 billion in the reduction of assets. In the context of the fundamental purpose of the CRPTF – to help the State pay its pension obligations -- since 2001 (when the CRPTF had $20.6 billion in assets) the Fund has paid out $14.2 billion in pension benefits, received $6.6 billion in contributions, earned $11 billion and increased total assets to $24 billion, all during a time of significant market volatility and uncertainty and, for much of the decade, less than full funding of the actuarially recommended state commitment.

During Fiscal Year 2012, the Office of the Treasurer also moved forward to achieve a series of accomplishments and key milestones that accrued to the benefit of state residents and businesses, including the following highlights:

- **Achieved the lowest interest rates in state history in the sale of $2.5 billion of bonds**, saving taxpayers money while funding critical statewide capital projects that bolster the economy and generate jobs. Of the total, $1.5 billion of bonds were sold to fund state capital programs for local school construction grants, economic development initiatives, transportation infrastructure improvements, clean water fund grants, improvements to state universities and other capital projects. The remaining bonds were issued to refinance existing bonds to lower interest rates to achieve savings. Since January 1999, debt refunding and defeasances completed by the Treasury produced more than $771 million in debt service savings over the life of the bonds.

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- **Returned a record $83.5 million in unclaimed property to 18,381 rightful owners**, which represents the most money returned in a single year. During the same period, receipts totaling $96 million were deposited into the State's General Fund.

- **Realized record growth in total assets and earned a higher independent rating for the Connecticut Higher Education Trust (CHET) 529 college savings program.** CHET's rating was increased from "Average" to "Above Average" by Morningstar, a leading independent investment research firm that monitors college savings plans across the country, and is one of 15 state plans that placed in that category. CHET also achieved record growth, with $1.7 billion in assets under management and over 109,000 accounts. This compares with just over 4,000 accounts and $18 million in assets under management at the beginning of the Nappier administration in 1999.

- **Reduced or maintained Connecticut businesses' Second Injury Fund assessment rate for 14 consecutive years, the longest period without a rate increase in the history of the Fund.** As a result, Connecticut businesses have realized an estimated $753 million in savings – including $92 million in projected savings for Fiscal Year 2013. In addition, since the beginning of the Nappier administration in 1999, unfunded liabilities for injured workers have declined 50.1% from $838 million to $418 million as of June 30, 2012.

- **Recovered $2.047 million in class action lawsuits during Fiscal Year 2012**, the latest return from a multi-faceted effort launched by the Treasurer's Office 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 $42.6 million has been recaptured since 2000 by closely monitoring and participating in class action settlements.

- **Earned an additional $5.3 million in interest income under the Treasury's Short-Term Investment Fund (STIF) for Connecticut's agencies, authorities, municipalities and their taxpayers. STIF's performance exceeded its primary benchmark by 11 basis points.** During the Nappier administration, STIF's superior performance has earned government investors almost $180 million in additional investment income. Moreover, Standard & Poor's reaffirmed STIF's AAAm rating, the highest rating available.

- **Invested $12 million through the Community Bank and Credit Union Investment Program.** 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 $380.5 million with participating institutions.

- **Filed or co-filed six shareholder resolutions and engaged with more than 20 other companies, reflecting the CRPTF's status as a long-term investor and shareholder activist determined to protect and enhance the value of the State's pension fund investments**, focusing on key corporate governance issues, including executive compensation, election of members to boards of directors, climate change, board diversity and shareholder rights. The CRPTF seeks to enhance the value of its investments by advocating that companies in which the pension fund invests improve their corporate governance practices. The Treasury has participated in corporate governance activities on a number of fronts, from writing letters and engaging in dialogue with companies, to filing shareholder resolutions on a unilateral basis or through alliances with other institutional investors. The Treasury also regularly submits comments to the Securities and Exchange Commission (SEC), the U.S. Congress and the stock exchanges on corporate governance policy issues that may affect the CRPTF.

- In the area of climate change and related energy issues, the Treasury continued to take a leading role in the Investor Network on Climate Risk (INCR) and the Shareholder Initiative on Climate & Sustainability (SICS – formerly called the Global Warming Shareholder Campaign (GWSC)). The Treasury engaged with a number of companies to set greenhouse gas emission 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.

- In Fiscal Year 2012, the Office of the Treasurer initiated engagement activities under Connecticut's amended Iran law, Section 3-13g of the Connecticut General Statutes, which 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. Fifteen companies reported to be doing business in the energy sector in Iran have been contacted, and responses will be analyzed to determine what further action should be undertaken.

I extend my gratitude to the members of the Investment Advisory Council, in particular former chairman, Joseph D. Roxe, 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 pleased to have the opportunity to work with individuals of such dedication and accomplishment.

This Annual Report was prepared by devoted employees of the Office of the Treasurer who worked diligently throughout the year to manage the State's financial resources with utmost care, doing 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.state.ct.us/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.

State revenue is received into the Treasury each year which covers the State's disbursements. The Treasurer is also responsible for prudently investing the more than $24.0 billion in State pension and trust fund assets, $4.9 billion in total State, local short-term, and other investments, and $1.8 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
- Banking Commission
- Connecticut Lottery Corporation
- Council of Fiscal Officers
- Information and Telecommunication Systems Executive Steering Committee
- Connecticut Innovations (effective July 1, 2012)
- Connecticut Housing Finance Authority
- Connecticut Higher Education Supplemental Loan Authority
- Clean Energy Finance and Investment Authority
- State Employees' Retirement Commission
- Investment Advisory Council
- Finance Advisory Committee
- Student Financial Aid Information Council
- The Standardization Committee
- Connecticut Higher Education Trust Advisory Committee
- Connecticut Development Authority (effective July 1, 2012 merged into Connecticut Innovations)
- Connecticut Health and Educational Facilities Authority
- Connecticut Student Loan Foundation
- Connecticut Airport Authority
- Teachers' Retirement Board

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 eight state trust funds with a combined market value in excess of $24.0 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 investment equity. Beneficiaries and participants include approximately 194,000 teachers, state and municipal employees, as well as 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 $13.5 billion, followed by the State Employees' Retirement Fund containing $8.5 billion and the Municipal Employees' Retirement Fund with $1.7 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 20 bank accounts annually. The Division prudently and productively manages clients' cash, including 1,155 accounts within the Short-Term investment Fund for the State, State agencies and authorities, and municipal 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, $19.1 billion of state debt was outstanding.

The Second Injury Fund Division, under the direction of an Assistant Deputy 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 $418 million.

The Unclaimed Property Division, under the direction of an Assistant Deputy 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; life insurance policies; and safe deposit box contents. The Division publicizes the names of rightful owners in an attempt to return unclaimed property to them and $83.5 million in claims were paid for the fiscal year ended June 30, 2012.

2012 Annual Report Year at a Glance, June 30

COMBINED INVESTMENT FUNDS

Fair Value of Assets Under Management	$ 24,077,340,469
Net Assets Under Management	$ 23,976,761,898
Total Investment Losses for the Fiscal Year	$ (214,825,057)
Total Management Fees for the Fiscal Year	$ 122,378,265
Total Number of Advisors	159
Increase in Total Advisors from Prior Year	4
One-Year Total Return	-0.90% (1)
Five-Year Compounded Annual Total Return	1.24% (1)
Ten-Year Compounded Annual Total Return	6.04% (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.

CONNECTICUT HIGHER EDUCATION TRUST

Direct Plan Number of Participant Accounts		109,899
Direct Plan Net Assets	$	1,695,295,463
Advisor Plan Number of Participant Accounts		7,745
Advisor Plan Net Assets	$	96,806,418

DEBT MANAGEMENT

Total Debt Outstanding	$	19,065,743,127
General Obligation Debt included above	$	13,534,488,127
Total New Debt Issued During the Fiscal Year	$	2,494,615,000
General Obligation Debt Issued included above	$	1,779,065,000
Total Debt Retired and Defeased During the Fiscal Year	$	2,638,901,696
General Obligation Debt Retired and Defeased included above	$	1,867,831,696
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$	2,510,610,873
General Obligation Debt Service Paid included above	$	1,796,474,431

CASH MANAGEMENT

Total Cash Inflows During the Fiscal Year	$	88,158,882,646
Total Cash Outflows During the Fiscal Year	$	88,164,799,233

SHORT-TERM INVESTMENT FUND

Total Net Assets of the Fund	$	4,893,571,939
One-Year Total Return		0.16%
Five-Year Compounded Annual Total Return		1.26%
Ten-Year Compounded Annual Total Return		2.12%
Weighted Average Maturity		33 days
Number of Participant Accounts		1,155

SHORT-TERM PLUS INVESTMENT FUND

Total Net Assets of the Fund	$	3,320,425
Weighted Average Maturity		86 days
Number of Participant Accounts		1

SECOND INJURY FUND

Number of Claims Settled During the Fiscal Year		138
Total Cost of Claims Settled and Paid	$	5,719,457
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	$	418,007,161
Number of Claims Outstanding		2,655

UNCLAIMED PROPERTY

Dollar Value of Gross Unclaimed Property Receipts	$	95,986,114
Dollar Value of Claims Paid	$	83,544,465
Number of Property Claims Paid		18,381

Division Overview

STATE OF CONNECTICUT
QUI TRANSTULIT SUSTINET
TREASURER'S OFFICE

State of Connecticut
Investment Advisory Council
Hartford

November 9, 2012

The Honorable Dannel P. Malloy
Governor
State of Connecticut
Executive Chambers
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, 2012. During the fiscal year, the IAC focused on several important policy initiatives put forth by State Treasurer Denise L. Nappier.

The Treasurer led an Asset Liability Study, with the assistance of IAC members; the asset allocations and liabilities of each plan and trust fund underwent a comprehensive review, concluding with several amendments to the Investment Policy Statement which reflect the projected capital market returns, the liquidity needs of each plan and trust fund and other financial scenarios.

In addition, the IAC approved changes recommended by Treasurer Nappier to the Investment Policy Statement's appendices, including revisions to the Domestic Proxy Voting Policies that more directly address shareholder concerns, given the evolution of the capital markets, risk management and best practice oversight of the assets of the CRPTF.

Over the course of the fiscal year, the IAC reviewed and rendered advice on a number of competitive investment provider candidates as recommended by the Treasurer. Feedback was offered by the IAC on commitments to four private investment partnerships totaling $190 million; one commitment of $100 million to a core real estate investment; one $65 million commitment to a real asset alternative investment and one opportunistic alternative investment commitment of $50 million. There were no new money managers hired in the public markets.

Also during Fiscal Year 2012, the Treasurer conducted a competitive search for a consultant to assist the Office of the Treasurer with the procurement of a Global Master Custodian. The IAC members furnished advice and feedback regarding the candidate firms and supported the Treasurer's hiring of the consultant. Further, the IAC endorsed competitive search plans presented by the Treasurer for investment consultants to the Real Estate Fund and the Alternative Investment Fund.

Treasurer Nappier also presented a proposed project plan for consideration by the IAC for the expansion of the Connecticut Horizon Fund initiative, to be conducted through a competitive search for a separately managed account Fund-of-Hedge Fund manager within the alternative investment asset class. The IAC was pleased to endorse the Treasurer's proposed project plan.

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

INVESTMENT ADVISORY COUNCIL

Also presented during the fiscal year for members of the IAC were educational presentations by investment consultants and Treasury staff on issues regarding capital market assumptions and risk modeling, which coincided with the progression of the Asset Liability Study. 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. Additionally, in the fulfillment of statutory responsibilities, the IAC approved the Treasurer's recommendation in the appointment of a new Chief Investment Officer and an interim Deputy Chief Investment Officer for the Connecticut Retirement Plans and Trust Funds (CRPTF) during the fiscal year.

Finally, throughout the year, the Treasurer presented for the IAC's review the compliance reports on Corporate Governance, MacBride Principles and investments in Sudan, in accordance with state statute.

It should be noted that the membership of the IAC underwent several changes over the course of the fiscal year. Laurence Hale of Pomfret was appointed by Senator Don Williams, Senate President Pro Tempore, to a term ending in June 2015; Janice Carpenter of Southport was appointed by Senator John McKinney, Senate Minority Leader, to a term ending in June 2015; and Joshua Hall of Hartford, a public member, was appointed by you to a term ending June 2014. Long time IAC members Sharon Palmer and David Roth retired from the Council; Ms. Palmer in February 2012 and Mr. Roth on the last day of Fiscal Year 2011. Also resigning from the Council at the end of Fiscal Year 2011 was Stanley Morton.

I am honored to have been appointed by you in August, 2012 to preside as Chairman for the IAC, following the steadfast leadership and service of Joseph Roxe, who presided during the period covered by this report. I look forward to serving 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 current and future pension beneficiaries and the taxpayers of the State of Connecticut that I submit this summary on behalf of the IAC.

Sincerely,

Neil G. Budnick

Neil G. Budnick, Chairman
Investment Advisory Council

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

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 October 2007. Subsequently in August 2012, the IAC approved the Treasurer's adopted revisions to the IPS which reflect 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 plan 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 thirtieth, 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 2012 include:

JOSEPH D. ROXE, Chairman, as appointed by the Governor; Chairman, Bay Holdings LLC

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

THOMAS BARNES, Branch Manager, Riverside Investment Services

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

SHARON M. PALMER, Representative of State Teachers' unions; President, AFT Connecticut

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

Division Overview

Introduction

As principal fiduciary of six state pension funds and eight trust funds, (known collectively as the "Connecticut Retirement Plans and Trust Funds" or "CRPTF"), the Treasurer is responsible for managing $24.1 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 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 maintained through the generation of investment income and capital gains with a focus on the preservation of capital.

The Treasurer constructs separate investment portfolios for each of the state pension and trust funds using Combined Investment Funds ("CIFs"). CIFs are separate pooled investment funds created by the Treasurer to provide a means of investing pension and trust fund assets in a variety of investment classes. The CIFs currently in use include the Liquidity Fund, Mutual Equity Fund, Developed Market International Stock Fund, Emerging Market International Stock Fund, Real Estate Fund, Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund, High Yield Debt Fund, Commercial Mortgage Fund, Alternative Investment Fund and the Private Investment Fund. The Pension Funds Management Division ("PFM" or "the Division") is responsible for the day-to-day administration of the CIFs.

Over the last ten years the value of CRPTF's investments under Treasury management has grown from approximately $18.3 billion to approximately $24.1 billion. The Teachers' Retirement Fund ("TERF"), with approximately $13.5 billion of investments under management at June 30, 2012, is the largest participating fund. The State Employees' Retirement Fund ("SERF") and the Connecticut Municipal Employees' Retirement Fund ("CMERF") have approximately $8.5 billion and $1.7 billion of investments, respectively. For the fiscal year ended June 30, 2012, total investment losses (comprised of interest income, dividends, securities lending income, and net realized losses and unrealized capital losses, net of Fund operating expenses) before allocation of administrative expenses were approximately $214.8 million (See Figure 1-2).

CRPTF's total investment in the CIFs at fair value as of June 30, 2012 was:

INVESTMENT SUMMARY AT JUNE 30, 2012

	Fair Value [1]	% of Total Fund Fair Value
Liquidity Fund ("LF")[2]	$ 770,217,574	3.20%
Mutual Equity Fund ("MEF")	6,417,508,518	26.65%
Developed Market International Stock Fund ("DMISF")	4,550,036,799	18.90%
Emerging Market International Stock Fund ("EMISF")	2,216,901,370	9.21%
Real Estate Fund ("REF")	1,328,560,229	5.52%
Core Fixed Income Fund ("CFIF")	2,859,134,784	11.88%
Inflation Linked Bond Fund ("ILBF")	932,982,728	3.88%
Emerging Market Debt Fund ("EMDF")	1,176,095,315	4.88%
High Yield Debt Fund ("HYDF")	706,123,033	2.93%
Commercial Mortgage Fund ("CMF")	765,779	0.00%
Alternative Investment Fund ("AIF")	549,205,302	2.28%
Private Investment Fund ("PIF")	2,569,809,038	10.67%
Total Fund	$24,077,340,469	100.00%

(1) "Fair Value" includes securities and cash invested in 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 LF.

(2) The market value of LF presented represents the market value of the pension and trust balances in LF only (excluding receivables and payables); the LF balances of the other combined investment funds are shown in the market 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, the Pension Funds Management Division of the Office of the Treasurer executes and manages the investment programs of the pension and trust funds with a nineteen-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 Pension Funds Management Division staff. State Street Bank and Trust (State Street), as the custodian of record for the CRPTF, maintains physical custody of and safeguards plan assets. State Street also provides record keeping services under the supervision of PFM staff.

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, 2012, 159 external money and investment managers were employed by the Treasury to invest the pension and trust assets, an increase of 4 managers from June 30, 2011 (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 October 2007, the independent Investment Advisory Council ("IAC") approved the Treasurer's adopted IPS, including the asset allocation plan, which governs the CRPTF investment portfolios and each of the CIFs. Subsequently, in May 2008 and in February 2009, 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 the Understanding Investment Performance discussion in the Supplemental Section.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. Likewise, asset allocation is used to minimize risk while seeking a specific level of return. In selecting an asset allocation strategy, there is a careful examination of the expected risk/return tradeoffs, correlation of investment returns, and diversification benefits of the available asset classes (i.e., those not restricted by statute) under different economic scenarios.

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, 2012, multiple asset classes were included in the IPS, including public market funds associated with the management of global equities and fixed income, and alternative investments such as real estate, private investments and other opportunistic investment strategies.

At fiscal year-end, global developed and emerging markets equities ("stocks") comprised the largest percent of the total CRPTF, at approximately 54.8%. 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 and to mitigate the effects of volatility in the stock market.

Asset Classes

To realize the asset allocations set forth in the IPS for each plan and trust, the Treasurer administers the CIFs 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 14 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. The Treasurer manages the underlying investment portfolios with the support of external money managers. MEF assets, which are allocated across the broad U.S. stock market, ensure diversification by both market capitalization and investment style, such as value and growth. The MEF may invest opportunistically to take advantage of shifts in the investment landscape that offer diversification and/or risk and/or return benefits. This opportunistic allocation is made within the broad context of the MEF. As of June 30, 2012, the MEF structure approximated 64.8% invested in large-cap stocks, 6.6% in small/mid-cap stocks, 5.4% in all-cap, 12.0% in active extension and 11.3% in cash equivalents and other net assets. The Fund measures its performance against the benchmark for MEF which is 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. 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 efficiency of the domestic equity market, approximately 76.8% of the portfolio use passive strategies. The balance of the portfolio is activity managed, mainly in the "small- and mid-cap" sectors of the equity markets, to provide CRPTF with the opportunity to achieve enhanced returns. 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. Consequently, the small- and mid-cap segments of the U.S. equity market are less efficient. 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

The Treasurer achieves exposure to international equities through two funds: the Developed Markets International Stock Fund ("DMISF") and the Emerging Markets International Stock Fund ("EMISF") each of which have distinct risk profiles. The DMISF and the EMISF are managed as separate asset classes to provide the Treasurer with the ability to establish individual allocations to international developed and/or emerging markets specific to the needs of each plan and trust fund. DMISF and EMISF assets are allocated across foreign markets so that there is diversification by market, 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.

The DMISF invests primarily in the common stocks of non-U.S. corporations, through portfolios managed by external money managers. Non-U.S. stocks are defined as common stocks issued by companies domiciled outside of the U.S. The benchmark for DMISF is the S&P/Citigroup Broad Market Index (BMI) EPAC (Europe, Pacific Asia Composite) 50% Hedged with net dividends reinvested. International developed markets are defined as the countries included in this benchmark.

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 (MSCI) Emerging Markets Free Index ("EMF Index") with net dividends reinvested. These investments are made through portfolios managed by external money managers.

The DMISF is comprised of passive indexing, risk controlled, core developed markets and opportunistic strategies. Mandates for active growth/value and small cap developed market strategies represent roughly 23.4% and 15.5% of the DMISF, respectively, and introduce greater flexibility with regard to benchmark weightings. The currency exposure of the DMISF investments is managed through a currency hedging overlay strategy.

The EMISF is invested 100 percent 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 funds serve to reduce the overall volatility of CRPTF returns under various economic scenarios. Further, the fixed income portfolio provides cash flow to the CRPTF over all economic cycles, through interest payments and fixed income maturities.

The CFIF consists of 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 or 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). The benchmark for CFIF is the Barclay's Capital U. S. Aggregate Index.

The ILBF consists of managed fixed income portfolios containing domestic and foreign government-issued bonds. These bonds offer protection against inflation and contribute to overall diversification. Treasury Inflation Protected Securities ("TIPS") pay semi-annual interest according to the bonds' coupon; the principal of the bonds are adjusted for inflation as measured by the Consumer Price Index ("CPI"). The benchmark for ILBF is the Barclay's Capital U. S. Treasury Inflation Protection Securities ("BC TIPS") Index.

The EMDF consists of managed fixed income portfolios that contain debt instruments issued by governments and companies located and/or operating in emerging countries as defined by the benchmark and/or by The World Bank. The benchmark for EMDF is the J.P. Morgan Emerging Markets Bond Index Global ("JPM EMBI Global").

The HYDF consists of 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 majority of the bonds are U.S. dollar denominated. The benchmark for HYDF is the Citigroup High Yield Market Index.

Liquidity Fund

The Liquidity Fund ("LF") consists of managed fixed income portfolios invested in readily marketable securities. The LF is designed to provide the ability to generate cash as needed (primarily for benefit payments) with minimal exposure to risk of principal. The LF structure enables the core holdings of the CRPTF to remain fully invested according to their investment mandate. 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 and developed and emerging global market securities. The benchmark for the LF is the one month London Interbank Offering Rate Index ("LIBOR").

Real Estate and Private Equity

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 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. The benchmark for REF is the National Council of Real Estate Investment Fiduciaries National Properties Index ("NCREIF-NPI"), lagged by one quarter.

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. The benchmark for PIF is the Standard & Poor's 500 Index ("S&P 500") with the objective of exceeding the return of the S&P 500 by 500 basis points.

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 the other CIFs. Hybrid strategies which contain multiple asset classes are also considered part of the opportunity set. The AIF is a developing fund and recorded performance is not meaningful. AIF's benchmark is the 90-day Treasury Bill.

Securities Lending

The Treasury maintains a securities lending program for the CIFs designed to provide incremental risk adjusted returns. This program involves the lending of securities to broker/dealers secured by collateral valued slightly in excess of the market value of the loaned securities. Typically, the loaned securities are used by broker/dealers as collateral for repurchase agreements, as well as to cover short sales, customer defaults, dividend recapture, and arbitrage trades. To mitigate the risks of securities lending transactions, the master custodian carefully monitors the credit ratings of each counter-party and overall collateral levels. Collateral held is marked-to-market on a daily basis to ensure adequate coverage. The guidelines of the securities lending collateral investment pool require a high level of creditworthiness and consist of short duration assets.

State Street Bank and Trust Company, the current master custodian for the Funds, is responsible for marketing the program, lending the securities, and obtaining adequate collateral. As of June 30, 2012, securities with a market value of approximately $2.82 billion had been loaned against collateral of approximately $2.85 billion. Income generated by securities lending totaled $23.4 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year, the value of CRPTF's portfolio decreased to $24.1 billion as of June 30, 2012 from $25.2 billion at prior fiscal year end. For the fiscal year ended June 30, 2012, the CRPTF posted a negative investment return approximating -0.90%(3), net of all expenses. The portfolio posted a net decrease from Fund operations.

The CRPTF is made up of 14 plans and trusts and the return for each plan or trust is measured against its customized benchmark. The three largest plans, which represent approximately 99% of the CRPTF assets, are SERF, TERF, and CMERF. The returns of TERF, SERF and CMERF are measured against a hybrid benchmark customized to reflect each plan's asset allocation and performance objectives. Investment return calculations are prepared using a time weighted rate of return methodology.

TERF's benchmark is comprised of 24% Russell 3000 Index; 19% S&P/Citigroup EPAC Broad Market 50% Hedged Index; 9% MSCI Emerging Market Investable Market Index; 13% Barclay's U. S. Aggregate Index; 4% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 6% Barclay's U. S. TIPS Index; 6% One Month Libor Index; 5% NCREIF Index; 2% 90 Day T-Bill + 300; and 10% S&P 500 Index.

(3) 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.

SERF's benchmark is comprised of 25% Russell 3000 Index; 19% S&P/Citigroup EPAC Broad Market 50% Hedged Index; 9% MSCI Emerging Market Investable Market Index; 13% Barclay's U. S. Aggregate Index; 4% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 6% Barclay's U. S. TIPS Index; 4% One Month Libor Index; 5% NCREIF Index; 2% 90 Day T-Bill + 300; and 11% S&P 500 Index.

CMERF's benchmark is comprised of 19% Russell 3000 Index; 15% S&P/Citigroup EPAC Broad Market 50% Hedged Index; 8% MSCI Emerging Market Investable Market Index; 19% Barclay's U. S. Aggregate Index; 5% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 10% Barclay's U. S. TIPS Index; 3% One Month Libor Index; 7% NCREIF Index; 2% 90 Day T-Bill + 300; and 10% S&P 500 Index.

Domestic Equity Performance

During Fiscal Year 2012, the MEF generated a positive return of 3.38%, net of all expenses, which underperformed the Russell 3000 Index return of 3.84% by 46 basis points.

International Equity Performance

The DMISF posted a -12.48% return, net of all expenses, underperforming the S&P Citigroup BMI return of -11.25% by 123 basis points.

During the fiscal year ended June 30, 2012, the EMISF generated a return of -14.16%, net of all expenses, outperforming the MSCI Emerging Markets Free index return of -16.29% by 213 basis points.

Fixed Income Performance

For Fiscal Year 2012 the CFIF generated a total return of 7.63%, net of all expenses, outperforming the Barclay's Capital Aggregate Index return of 7.47% by 16 basis points.

The HYDF posted a 6.23% return net of all expenses, underperforming the CitiGroup High Yield Market Index return of 7.66% by 143 basis points.

The ILBF generated a total return of 11.91% net of all expenses, 25 basis points more than the Barclay's Capital U.S. Treasury Inflation Protection Index (BC TIPS) return of 11.66%.

The EMDF generated a total return of 4.78%, net of all expenses, underperforming the J.P. Morgan Emerging Market Bond Global Index (EMBI) return of 10.90% by 612 basis points.

Finally, the LF generated a negative return of -0.14%, underperforming the one month LIBOR benchmark of 0.25%, by 39 basis points.

Real Estate and Private Equity Performance

For Fiscal Year ended June 30, 2012, the REF generated a total return of 7.19% net of all expenses, underperforming the un-levered National Council of Real Estate Investment Fiduciaries Index (NCREIF) gross return of 13.41%.

For the Fiscal Year 2012, the PIF generated a one year 5.92% compounded annual rate of return outperforming its public market benchmark, the S&P 500, which returned 5.45% over the same period.

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

2012 Management Initiatives

During the fiscal year the Office of the Treasurer conducted a comprehensive Asset Liability Study which thoroughly assessed the asset allocations and liabilities of each plan and trust fund within the Connecticut Retirement Plans and Trust Funds. The resulting product of the Study, which is undertaken every five years, were a series of several amendments to the Investment Policy Statement which reflect the asset allocation, projected capital market returns, liquidity requirements of each plan and trust fund and other financial scenarios.

Implementation continued of the investment pacing plans established for real estate, alternative investment and private equity opportunities during Fiscal Year 2012. Four investment commitments totaling $190 million were awarded to Private Investment Fund managers; one investment commitment of $100 million to a core real estate strategy was awarded to a Real Estate Fund manager; and two investment commitments of $65 million and $50 million were awarded to a real asset manager and an opportunistic manager, respectively, in the Alternative Investment Fund. Competitive search project plans were launched for a Real Estate Fund Investment Consultant and an Alternative Investment Fund Consultant. Also in Fiscal Year 2012, a competitive search was conducted and a consultant was hired to assist the Office of the Treasurer with the procurement of a Global Master Custodian.

In Fiscal Year 2012, the Office of the Treasurer embarked on a plan for the further expansion of the Connecticut Horizon Fund ("CHF") initiative, within the Alternative Investment Fund, to be conducted through a competitive search for a Fund-of-Hedge Fund manager.

First funded in 2005, the CHF is now an $807 million fund-of-funds public market program and a $155 million private equity allocation created to provide access to a wider number of women-owned, minority-owned, Connecticut-based and emerging firms. In Fiscal Year 2012, public market managers totaled 42 CHF sub-managers; 26% were emerging firms, 27% were minority-owned, 34% were women-owned, and 13% were Connecticut-based firms. Additionally, there were 17 private equity sub-managers; including six minority-owned, three emerging strategies, one women-owned and seven Connecticut-based.

Expansion of the diversity of firms with which the Pension Fund Management division of the Office of the Treasurer does business continued during Fiscal Year 2012. Overall, minority-owned, women-owned, Connecticut-based and emerging firms, 36 in all, comprised 29% of the firms with which the division did business; these firms earned fees in excess of $35 million, representing 37% of all fees paid by the division.

Finally, the Fiscal Year 2012 legislative session included a bill enacted by the General Assembly regarding a revision to the statute governing the MacBride principles. The statute had compelled the State Treasurer to divest state funds from any company doing business in Northern Ireland that had not implemented the MacBride Principles regarding freedom from religious discrimination in the workplace. The new law provides discretion to the Treasurer whether to implement an investment restriction, including divestment, but also provides for greater flexibility with regard to engagement with companies and timing of decision making. The legislative intent of the revision to the statute was to more closely align MacBride with the Sudan and Iran statutes regarding the Treasurer's authority to impose investment restrictions relating to investment of state funds.

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 Counsel 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 economic, social, and environmental impact of investment decisions. In Fiscal Year 2012, the Office of the Treasurer filed shareholder resolutions at five companies. The Treasurer engaged with more than 20 companies through activities ranging from writing letters formally outlining shareholder concerns and attending annual shareholder meetings, to holding 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, and that continued to be true during Fiscal Year 2012. During the year, the Treasurer addressed executive compensation on a number of fronts including advocating for an annual advisory vote on executive compensation at all companies (say on pay), calling for independence of compensation consultants, working with several portfolio companies to adopt policies related to severance payments, addressing internal pay equity, and requesting policies requiring equity compensation be held until retirement.

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. The Treasurer also pressed companies to issue sustainability reports to shareholders on progress in achieving those targets. She also pressed companies to issue sustainability reports to shareholders that directly address climate and energy issues, calling on auto companies to produce more energy efficient vehicles. In furtherance of those efforts, the Treasurer engaged with investors and electric utility companies on new business models that will be needed in that industry.

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

Connecticut's MacBride law, Conn. Gen. Stat. §3-13h, is based on the MacBride Principles, which are a corporate code of conduct for companies doing business in Northern Ireland designed to address religious discrimination in the workplace. At the end of Fiscal Year 2012, 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: BE – Aerospace; Domino's Pizza Inc.; Manpower Inc.; PPG Industries; Sally Beauty Supply Holdings; Yum Brands.

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 staff 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 2012, 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 Cooporation 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); Wartsila Oyj.

The value of CRPTF's combined investments in those companies at the time of divestment was approximately $15 million. The companies added to the list in 2012, AviChina Industry and Technology and subsidiaries, China North Industries Group and subsidiaries and Jiangxi Hongdu Aviation Industry Ltd., were added following unsuccessful attempts to engage the companies regarding their business in Sudan in the weapons sector.

In Fiscal Year 2012, the Treasurer initiated engagement activities under Connecticut's amended Iran law, Conn. Gen. Stat. §3-13g, which 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. Fifteen companies reported to be doing business in the energy sector in Iran have been contacted, and responses are being analyzed to determine what further action should be taken.

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 State Treasurer's web site: http://www.state.ct.us/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 $2.047 million from class action settlements in the fiscal year ended 2012. We continue 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. We 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, whch 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 parties await the Court's ruling.

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.

Other Litigation

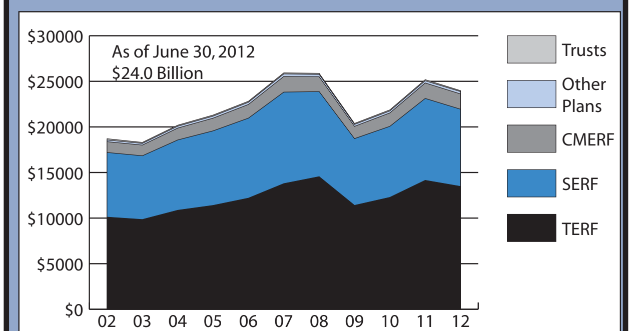
The Office of the Treasurer engaged legal counsel in Belgium to pursue recovery of losses in connection with certain alleged malfeasance by the Dutch-Belgian financial firm Fortis, N.A.

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

We continue 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 2012. 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

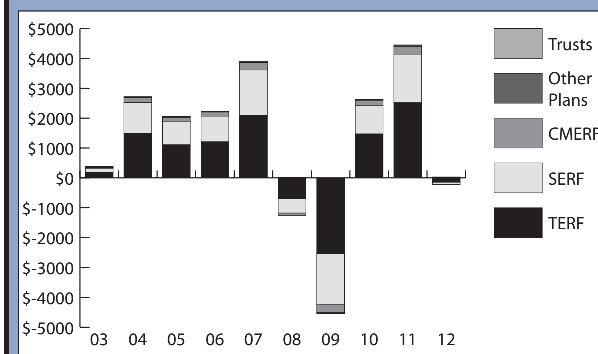
PENSION AND TRUST FUNDS
Growth in Assets ($ in millions)



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

Figure 1-2

PENSION AND TRUST FUNDS
Investment Returns ($ in millions)



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

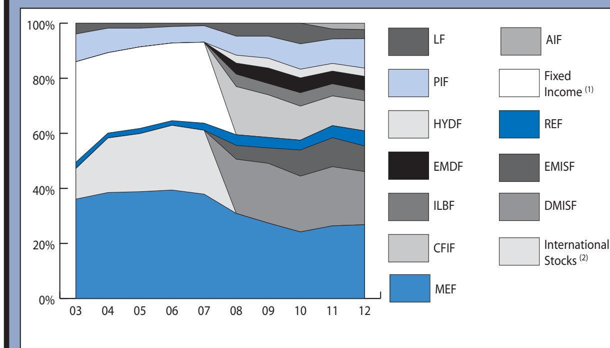
Figure 1-3

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2012

	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)	26.9%	24.0%	17.0%	35.0%	28.2%	25.0%	17.0%	35.0%	20.7%	19.0%	12.0%	27.0%
INTERNATIONAL EQUITY												
Developed Market Intl Stock Fund (DMISF)	19.7%	19.0%	13.0%	27.0%	19.8%	19.0%	13.0%	27.0%	15.6%	15.0%	8.0%	21.0%
Emerging Market Intl Stock Fund (EMISF)	9.4%	9.0%	6.0%	12.0%	9.5%	9.0%	6.0%	12.0%	8.3%	8.0%	6.0%	10.0%
REAL ESTATE												
Real Estate Fund (REF)	5.6%	5.0%	4.0%	7.0%	5.5%	5.0%	4.0%	7.0%	5.7%	7.0%	5.0%	9.0%
FIXED INCOME												
Core Fixed Income Fund (CFIF)	9.9%	13.0%	9.0%	20.0%	10.0%	13.0%	9.0%	20.0%	19.0%	19.0%	14.0%	26.0%
Inflation Linked Bond Fund (ILBF)	3.6%	6.0%	4.0%	8.0%	3.6%	6.0%	4.0%	8.0%	7.2%	10.0%	7.0%	13.0%
Emerging Market Debt Fund (EMDF)	4.9%	4.0%	3.0%	5.0%	4.9%	4.0%	3.0%	5.0%	6.0%	5.0%	3.0%	7.0%
High Yield Debt Fund (HYDF)	2.9%	2.0%	1.0%	3.0%	2.9%	2.0%	1.0%	3.0%	2.8%	2.0%	1.0%	3.0%
Liquidity Fund (LF)	3.9%	6.0%	4.0%	10.0%	2.7%	4.0%	2.0%	7.0%	1.8%	3.0%	1.0%	6.0%
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)	10.9%	10.0%	8.0%	14.0%	10.6%	11.0%	8.0%	14.0%	10.7%	10.0%	7.0%	13.0%
ALTERNATIVE INVESTMENT												
Alternative Investment Fund (AIF)	2.3%	2.0%	0.0%	10.0%	2.3%	2.0%	0.0%	10.0%	2.2%	2.0%	0.0%	10.0%
TOTAL	**100.0%**	**100.0%**			**100.0%**	**100.0%**			**100.0%**	**100.0%**		

Figure 1-4

PENSION AND TRUST FUNDS
Asset Class Diversification



(1) *Prior to November 1, 2007 CFIF, ILBF EMDF and HYDF were included in a Combined Investment Fund titled Mutual Fixed Income Fund.*

(2) *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

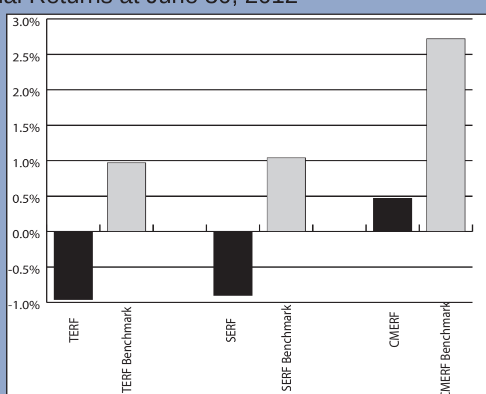
Fund	June 30, 2012	June 30, 2011
MEF	8	9
DMISF(1)	13	13
EMISF	4	4
PIF	69	65
CFIF	5	5
ILBF	2	2
EMDF	5	5
HYDF	4	4
CMF	1	1
REF	36	36
LF	6	6
AIF	6	5
Total(2)	159	155

(1) *Does not include the Currency Overlay Manager.*

(2) *Actual total advisors was 149 and 144, respectively when factoring in advisors across multiple funds. Private Investment Fund partnerships with a $0 market value are not included.*

Figure 1-6

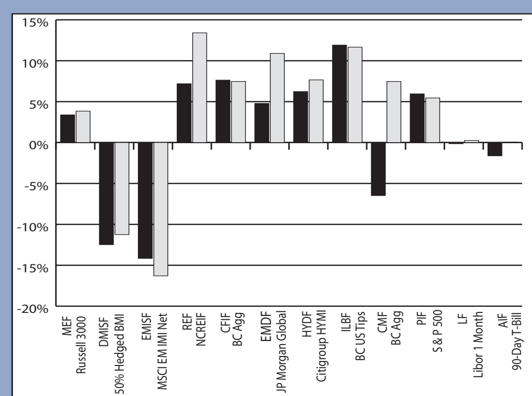
PENSION AND TRUST FUNDS
Annual Returns at June 30, 2012 (1)



(1) *Each Plan benchmark composite represents the Plan's policy allocation weights times each investment Fund's return.*

Figure 1-7

PENSION AND TRUST FUNDS
Annual Fund Returns vs. Benchmarks at June 30, 2012



Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ending June 30,					Annualized		
	2012	2011	2010	2009	2008	3 Years	5 Years	10 Years
(Investment performance is calculated using a time-weighted rate of return based on the market rate of return.)								
PLANS								
Teachers' Retirement Fund (TERF)	(0.96)	20.77	12.87	(17.14)	(4.77)	10.52	1.27	6.08
TERF Benchmark-NCREIF	0.97	20.09	12.29	(16.85)	(6.03)	11.01	1.34	6.37
TERF Benchmark-Russell 3000	0.54	20.87	13.63	(17.62)	(7.29)	11.27	1.20	6.23
State Employees' Retirement Fund (SERF)	(0.90)	21.15	12.93	(18.25)	(4.83)	10.68	1.07	5.91
SERF Benchmark-NCREIF	1.04	20.74	12.60	(17.42)	(6.20)	11.33	1.34	6.37
SERF Benchmark-Russell 3000	0.61	21.52	13.93	(18.19)	(7.46)	11.59	1.20	6.23
Municipal Employees' Retirement Fund (MERF)	0.47	17.87	12.57	(14.90)	(4.11)	10.06	1.70	6.03
MERF Benchmark-NCREIF	2.72	18.26	11.82	(14.20)	(5.11)	10.92	2.13	6.78
MERF Benchmark-Russell 3000	2.10	19.92	13.71	(15.26)	(6.57)	11.66	1.97	6.63
U.S. Stocks								
Mutual Equity Fund	3.38	31.92	14.01	(28.36)	(12.99)	15.85	(0.63)	5.19
Russell 3000 Index	3.84	32.37	15.72	(26.56)	(12.69)	16.73	0.39	5.81
International Stocks								
Developed Markets International Stock Fund	(12.48)	26.30	11.03	(27.98)	(14.60)	7.07	(5.46)	N/A
S&P/Citigroup EPAC BMI 50% Hedged	(11.25)	23.20	9.68	(26.79)	(16.05)	6.24	(5.92)	4.84
Emerging Markets International Stock Fund	(14.16)	28.55	25.23	(30.90)	0.19	11.39	(0.88)	14.56
MSCI Emerging Market Investable Market Index	(16.29)	27.53	24.57	(26.84)	3.49	9.97	0.14	14.21
Equity Commercial Real Estate								
Real Estate Fund	7.19	16.12	(20.18)	(28.66)	6.04	(0.22)	(5.55)	1.96
Russell 3000 Index	3.84	32.37	15.72	(26.56)	(12.69)	16.73	0.39	5.81
NCREIF (1 Qtr. Lag)	13.41	16.03	(9.60)	(14.68)	13.58	5.96	2.88	8.17
U.S. Fixed Income								
Core Fixed Income Fund	7.63	4.49	11.81	2.84	5.65	7.94	6.44	5.75
Barclays Aggregate Bond Index	7.47	3.90	9.50	6.05	7.13	6.93	6.79	5.63
Emerging Market Debt	4.78	16.06	23.02	(3.62)	5.59	14.37	8.77	N/A
JP Morgan EMBI Global	10.90	11.74	17.90	2.24	5.10	13.47	9.44	11.74
High Yield Debt	6.23	15.96	24.54	(4.59)	(1.88)	15.33	7.51	9.41
Citigroup High Yield Market Index	7.66	15.26	25.64	(3.26)	(2.29)	15.96	8.06	10.18
Inflation Linked Bonds	11.91	7.23	9.48	(0.20)	16.81	9.52	8.90	N/A
Barclays US TIPS	11.66	7.74	9.52	(1.11)	15.09	9.63	8.44	7.23
Commercial Mortgage Fund	(6.48)	4.61	6.75	(3.14)	12.05	1.46	2.54	6.42
Barclays Aggregate Bond Index	7.47	3.90	9.50	6.05	7.13	6.93	6.79	5.63
Alternative Assets								
Private Investment Fund	5.92	19.89	17.32	(16.36)	13.66	14.21	7.21	7.94
S & P 500	5.45	30.69	14.43	(26.22)	(13.12)	16.40	0.22	5.33
State Street Private Equity Index (1 Qtr. Lag)	7.32	21.91	20.89	(29.34)	13.54	16.51	4.88	10.81
Liquidity Fund								
(1) Liquidity Fund	(0.14)	1.20	0.98	1.54	4.59	0.68	1.62	2.36
LIBOR 1 Month Index	0.25	0.25	0.27	1.35	4.10	0.25	1.23	2.10
Alternative Investment Fund	(1.62)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
90-Day T-Bill	0.05	N/A	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.

2012
liquidity fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The goals of the Liquidity Fund ("LF") are to (1) provide a liquid source of funds for benefit payments and (2) earn a return greater than that of money market investments. Strategic execution involves investing a portion of the fund in longer duration and slightly higher risk securities. This strategy enables other investment funds to remain fully invested.

Date of Inception: November 1, 2007

Total Net Assets: $1,531,390,361

Performance Objective: An annual total return in excess of the benchmark, net of all expenses.

Management Fees: $5,155,864

Benchmark: One Month London Interbank Offering Rate (LIBOR) Index

Operating Expenses: $573,227

Number of Advisors: 6 external

Expense Ratio: 0.35%

Description of the Fund

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 CIFs and pension contributions. This is the most active portion of the Liquidity Fund from a funds 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.

This fund may include portfolios managed by the Treasury's Cash Management Division, including STIF, STIF Plus and the extended investment portfolio.

Portfolio Characteristics

The Liquidity Fund investments include Treasury securities, Government Agency paper, commercial paper, certificates of deposit, asset-backed securities, mortgage backed securities, domestic and foreign corporate bonds, sovereign debt and foreign currencies. At June 30, 2012 the weighted average maturity of the LF was 482 days and the average quality rating was AA-2 (See Figure 2-5).

Market Review

During fiscal 2012, the U.S. Treasury market rallied and the yield curve flattened. Positive performance in the fixed income market was driven by disappointing U.S. economic growth, Eurozone solvency concerns, and investor demand as investors sought safety. Short maturity spread sectors outperformed Treasuries, with excess return driven by the yield advantage. Corporates produced the strongest total returns, followed by mortgage-backed securities, asset-backed securities, and agency paper. Lower quality securities outperformed those more highly rated, with BBBs generating the highest return among the investment-grade categories, as coupon income dominated price return. Developed markets' government bond yields fell 1-2% over the fiscal year, driven by the concerns about sovereign balance sheets and the U.S. fiscal condition as well as slowing global growth. These same issues caused heightened volatility and correlations in emerging markets. Emerging market assets and currencies weakened, especially when risk assets were sold indiscriminately without fundamental differentiation during episodes of intense global market volatility. Growth slowed throughout emerging markets over this time period and some countries shifted to stimulating growth instead of targeting inflation, with central banks driving rates lower. Emerging market bond yields continued to be higher than U.S. Treasuries, but emerging market yields remained historically low.

Performance Summary

For the fiscal year ended June 30, 2012 the Liquidity Fund generated a return of -0.14%, net of all expenses, underperforming the one month LIBOR benchmark of 0.25%, by 39 basis points (See Figure 2-6).

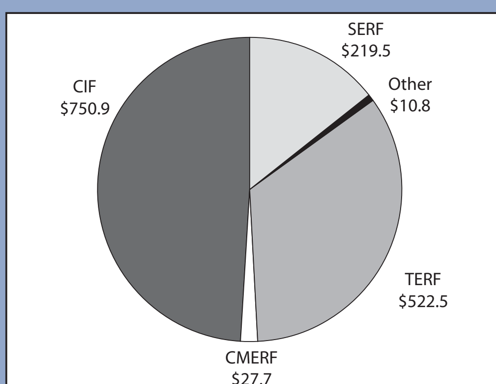
As of June 30, 2012, the Fund's compounded annualized total returns for the trailing three, five and ten year periods were 0.68%, 1.62% and 2.36%, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark for the time periods listed by 43, 39 and 26 basis points, respectively. The cumulative returns of the Liquidity Fund for the three, five and ten year periods were 2.04%, 8.38% and 26.24%, respectively (See Figure 2-6).

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 lower risk of credit default. The Fund does assume 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

LIQUIDITY FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 2-2

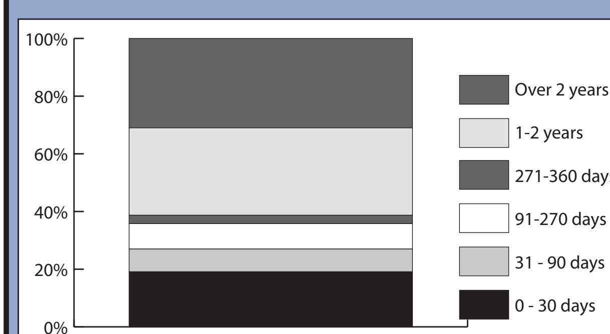
LIQUIDITY FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	2.23
Standard Deviation	1.07
R^2	0.02
Beta	0.71
Alpha	0.39

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

Figure 2-3

LIQUIDITY FUND
Security Maturity(1) Analysis at June 30, 2012



(1) Or Interest Rate Reset Period.

Figure 2-4

LIQUIDITY FUND
Distribution by Security Type at June 30, 2012

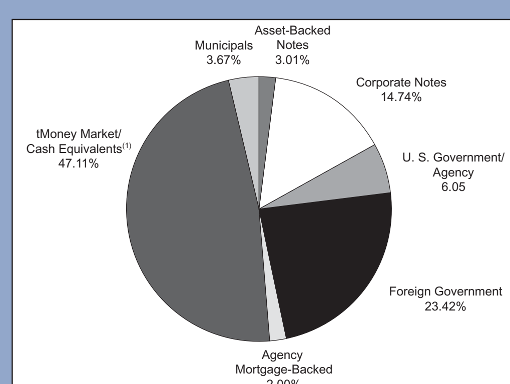


Figure 2-5

LIQUIDITY FUND
Comprehensive Profile

Date	Number of Issues	Yield(1)	Average Maturity	Average Quality
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+
2003	109	1.80%	48 days	A-1+/AA+

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

Figure 2-6

LIQUIDITY FUND
Periods ending June 30, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
LF	-0.14	0.68	1.62	2.36
LIBOR 1 Month Index	0.25	0.25	1.23	2.10
CPI-Urban	1.66	2.09	1.95	2.47
Cumulative Total Return (%)				
LF	-0.14	2.04	8.38	26.24
LIBOR 1 Month Index	0.25	0.76	6.31	23.12
CPI-Urban	1.66	6.39	10.15	27.58

Figure 2-7

LIQUIDITY FUND
Annual Total Return

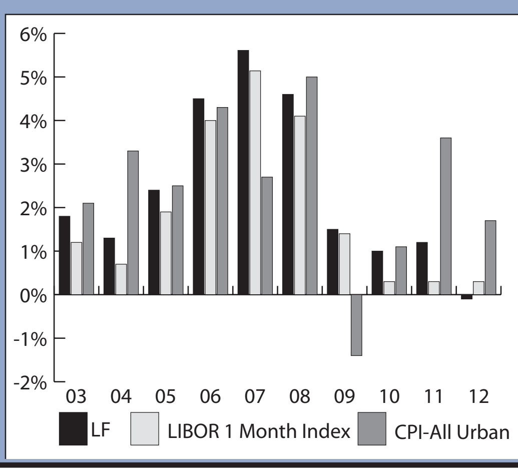


Figure 2-8

LIQUIDITY FUND
Investment Advisor Tiers at June 30, 2012

Investments	Net Asset Value	% of Fund
Tier I	279,336,379	18.24%
Tier II	606,370,010	39.60%
Tier III	645,683,972	42.16%
Total LF	**1,531,390,361**	**100.00%**

Figure 2-9

LIQUIDITY FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	$279,336,380	18.24%
Payden & Rygel	170,524,168	11.13%
PIMCO	204,091,731	13.33%
Ambassador Capital Management	231,754,111	15.13%
Lazard	314,015,710	20.51%
Colchester Global Investors Ltd.	331,668,261	21.66%
Total LF	**1,531,390,361**	**100.00%**

Figure 2-10

LIQUIDITY FUND
Ten Largest Holdings* at June 30, 2012

Security Name	Maturity Date	Market Value	%
New Zealand Govt SR Unsec	4/15/2015	$53,036,856	3.48%
Barclays Cap TRI Party A Repo	7/2/2012	33,838,000	2.22%
Deutsche Bank Repo	7/2/2012	28,500,000	1.86%
Poland Government Bond	10/24/2015	26,037,439	1.70%
European Investment Bank	8/14/2013	21,075,829	1.38%
Paribas Repo	7/2/2012	20,400,000	1.34%
Bank America Repo	7/2/2012	20,400,000	1.34%
J P Morgan Term Repo	7/2/2012	20,400,000	1.34%
Royal Bank of Scotland Repo	7/2/2012	20,400,000	1.34%
Credit Suisse First Boston	7/2/2012	20,400,000	1.34%
Top Ten		**264,488,124**	**17.34%**

* *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.*

2012 alternative investment fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Alternative Investment Fund (AIF) provides the Treasurer with the ability to invest CRPTF assets in investment strategies that offer the potential to enhance overall portfolio expected returns, reduce risk, or a combination of both in a variety of market conditions. Additionally, the AIF is expected to provide diversification benefits and inflation protection. The AIF serves as a vehicle for strategies that are not easily classified, categorized, or described in the other Combined Investment Funds. Hybrid strategies that cut across multiple asset classes will also be considered.

Date of Inception: February 1, 2011

Performance Objective: To outperform the 90 day T-Bill Rate, ("T-Bills"), by 300 basis points net of all expenses.

Benchmark: 90 Day T-Bills

Number of Partnerships: 6 external

Total Net Assets: $549,098,086

Expensed Management Fees: $0

Operating Expenses: $900,773

Expense Ratio: 0.80%

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 FoFs with a combined market value of $496.7 million and two real asset oriented private equity style funds which invest in energy infrastructure with a combined market value of $36.1 million.

Market Review

The macroeconomic factors driving volatility across traditional asset classes provided headwinds for hedge fund strategies as well during the fiscal year. These headwinds were predominantly related to factors such as the European sovereign debt crisis which led to global risk-on/risk-off cycles. The risk-on/risk-off cycles created an especially difficult environment for hedge funds to maneuver within.

As a result of the effects of the destabilizing risk-on/risk-off reversals, the CRPTF Hedge Fund of Funds portion of AIF declined 2.4% for the fiscal year. However, the consolidated hedge fund portfolios significantly outperformed their Hedge Fund of Funds peer group (Hedge Fund Research, Inc. FoF Composite) which was down 4.4% for that time frame. It also underperformed the Dow Jones Credit Suisse Hedge Fund Composite ("DJCS HF Index") which declined 2.0%, and the broader equity indices such as the S&P 500, which gained 5.5%.

In terms of the Real Assets portfolio, ArcLight Energy Partners Fund V has drawn less than 10% of its commitments and is in the early stages of the J-curve. Energy Fund XV has drawn nearly 40% of the committed amount and generated a strong positive IRR.

Performance Summary

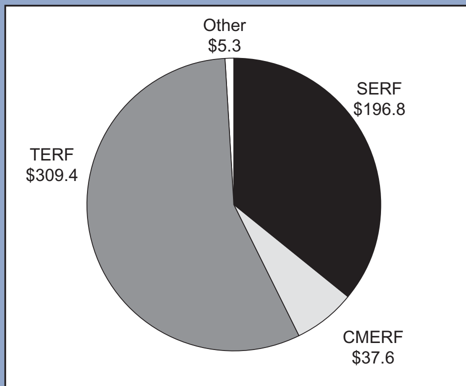
Since initial investments were made on February 1, 2011, the CRPTF AIF generated a net annualized compounded return from inception of -1.40%. The net recorded return for the fiscal year was -1.62%. This performance is relatively short-term, as the portfolio launched in 2011 and has not yet reached its anticipated diversification targets. Fuller evaluation will come with a more seasoned portfolio.

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.

Figure 3-1

ALTERNATIVE INVESTMENT FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
AIF	-1.62	-	-	-
90 Day T-Bill	0.05	-	-	-
Cumulative Total Return (%)				
AIF	-1.62	-	-	-
90 Day T-Bill	0.05	-	-	-

Figure 3-3

ALTERNATIVE INVESTMENT FUND
Annual Total Return

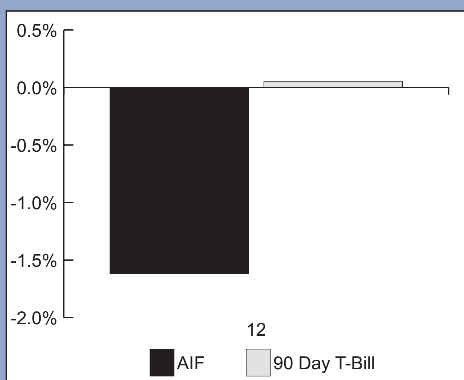


Figure 3-4

ALTERNATIVE INVESTMENT FUND
Components of Total Return ($ in millions)

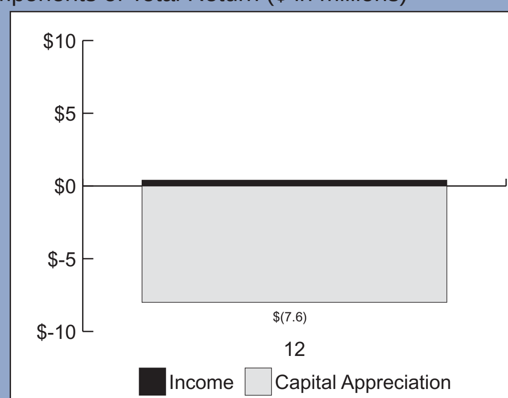


Figure 3-5

ALTERNATIVE INVESTMENT FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
ArcLight Energy Partners Fund	$4,066,145	0.74%
Energy Fund XV LP	32,069,426	5.84%
Prudence Crandall I Permal LP	147,817,950	26.92%
Prudence Crandall II Prisma LP	151,192,950	27.54%
Prudence Crandall III Rock Creek LP	99,950,700	18.20%
Prudence Crandall IV K2 LP	97,783,200	17.81%
Other	16,217,715	2.95%
TOTAL AIF	**$549,098,086**	**100.00%**

Figure 3-6

ALTERNATIVE INVESTMENT FUND
Six Largest Holdings* at June 30, 2012

Partnership Name	Type	Market Value	%
PC II - Prisma	Hedge F-o-F	$151,192,950	27.53%
PC I - Permal	Hedge F-o-F	147,817,950	26.92%
PC III - Rock Creek	Hedge F-o-F	99,950,700	18.20%
PC IV - K2	Hedge F-o-F	97,783,200	17.80%
Energy Fund XV LP	Hedge F-o-F	32,069,426	5.84%
ArcLight Energy Ptrs	Hedge F-o-F	4,066,145	0.74%
Top six		**$532,880,371**	**97.03%**

* *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.*

2012 mutual equity fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Mutual Equity Fund ("MEF") invests primarily in the common stocks of U.S. corporations. In the overall asset allocation, MEF's goal is to achieve a long-term, real rate of return significantly above the inflation rate. MEF is a source of diversification to other asset classes within CRPTF.

Date of Inception: July 1, 1972

Performance Objective: To achieve a return, that, at a minimum matches the benchmark, over rolling three- to five year periods, net of all expenses.

Benchmark: Russell 3000 Index

Number of Advisors: 8 external

Total Net Assets: $6,424,690,325

Management Fees: $11,445,708

Operating Expenses: $2,039,755

Expense Ratio: 0.21%

Description of the Fund

MEF investments are made using external money managers. 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, at the Treasurer's discretion and with the endorsement of the Investment Advisory Council ("IAC"), invests opportunistically to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits. Opportunistic allocations are made within the broad context of the MEF. MEF investments include U.S. common stocks as allowed by the investment management agreement and guidelines and may include investments in any market capitalization and/or investment style and may include an allocation to stocks outside of the U.S. The allocation to opportunistic investments is not to exceed 30% of the MEF and is subject to MEF guidelines on opportunistic investments.

Portfolio Characteristics

The largest industry weightings at June 30, 2012 were information technology (16.4%), followed by financials (11.8%) and health care (10.0%) (See Figure 4-3).

The MEF's ten largest holdings, aggregating 14.22% of Fund investments, included a variety of blue chip companies and were broadly diversified with the largest holding of 3.01% in Apple Inc. (See Figure 4-9).

Market Review

Major U.S. stock market indices were mixed during the fiscal year ended June 30, 2012. The period began with U.S. stocks declining as the U.S. and European economies weakened. Also, rising Spanish and Italian bond yields raised concerns that the European sovereign debt crisis was spreading, prompting investors to seek the safety of U.S. Treasury securities. Global equity market volatility and selling pressure intensified in August, when Standard & Poor's downgraded the U.S. government's long-term credit rating from AAA to AA+.

Shares bottomed in early October, then rallied significantly through the spring of 2012 as the U.S. economy strengthened and central banks in developed countries attempted to suppress interest rates and stimulate growth. The European crisis became less acute during that time, as the European Central Bank extended more than 1 trillion Euros in low rate three-year loans to hundreds of European banks, many of which used the funds to purchase sovereign debt. However, equities struggled somewhat in the final months of the fiscal year as U.S. job growth moderated, the Chinese economy decelerated and the situation in the euro zone deteriorated. Election results in Greece and France revealed growing popular resentment toward the fiscal austerity measures that helped push many European economies into weakness. As the period closed, euro zone finance ministers agreed to lend up to 100 billion Euros to help Spain recapitalize banks saddled with bad real estate debts and a regional summit concluded with policy announcements reflecting positive steps toward greater euro zone integration.

Large-cap shares strongly outperformed small-cap during the fiscal year. As measured by various Russell Indices, growth stocks outperformed value stocks among large-caps during the year, but value stocks held up better than growth stocks among small and mid-cap shares. Sector performance in the S&P 500 was widely mixed. Defensive sectors generally outperformed cyclical, with the telecommunication services and utilities sectors providing the best returns. The consumer staples, information technology, consumer discretionary and health care sectors also produced solid results, outperforming the broad market. Industrials and business services declined slightly for the year, but the materials and energy sectors slumped amid concerns about weaker global demand, particularly from China, a major consumer of commodities. Despite a strong rally at the very beginning of Fiscal Year 2012, financials struggled throughout the 12 months due to factors such as persistently low interest rates, the weak U.S. housing market and concerns about the European debt crisis.

Performance Summary

For the fiscal year ended June 30, 2012, the Mutual Equity Fund posted a return of 3.38%, net of all expenses, which underperformed the Russell 3000 Index return of 3.84% by 46 basis points (See Figure 4-4). During this same period, MEF's net assets declined from $6.638 billion to $6.425 billion, a decrease of $213 million primarily due to dividend payments approximating $103.3 million and redemptions approximating $300.0 million. Net investment income approximating $109.2 million, net realized gains approximating $117.6 million (offset by a $34.5 million reduction in unrealized gains) and administrative expenses approximating $1.2 million, in the aggregate, offset some of the impact of the dividends and redemptions.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance remains the most important comparative measure. As Figure 4-4 illustrates, the MEF has generated annualized total returns, net of all expenses, of 15.85%, -0.63%, and 5.19% over the last three, five and ten year periods, respectively. The Fund returns underperformed the Russell 3000 for the three, five and ten year periods by 88, 102 and 62 basis points, respectively.

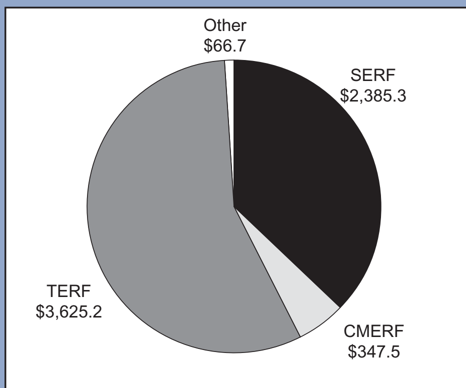
The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2012, were 55.48%, -3.09%, and 65.85%, respectively.

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 1.02 (See Figure 4-2).

Figure 4-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 4-2

MUTUAL EQUITY FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	1.01
Standard Deviation	20.15
R^2	1.00
Beta	1.01
Alpha	-1.02

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

Figure 4-3

MUTUAL EQUITY FUND
Fiscal 2012 Industrial Sector vs. Index (%)
Based on Investments in Securities, at Value (1)

At 6/30/2012:	MEF		Russel 3000	
	% of Net Assets	Annual Return	%of Net Assets	Annual Return
Energy	8.6	-8.9	9.7	-9.5
Materials	3.0	-7.9	3.9	-7.3
Industrials	9.5	-1.5	11.2	-2.7
Consumer Discretionary	9.3	9.1	12.0	7.8
Consumer Staples	8.2	13.2	9.7	13.5
Health Care	10.0	9.1	11.9	9.2
Financials	11.8	-1.9	16.2	-0.9
Information Technology	16.4	11.1	18.7	10.2
Telecomm Services	2.4	12.4	2.8	13.1
Utilities	2.7	14.0	3.9	13.0
Commingled Fund (2)	18.1	-1.5	0.0	-
	100.0		100.0	

(1) Excludes the Liquidity Fund.
(2) Industrial sector allocations not available.

Figure 4-4

MUTUAL EQUITY FUND
Periods ending June 30, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	3.38	15.85	-0.63	5.19
Russell 3000	3.84	16.73	0.39	5.81
Cumulative Total Return (%)				
MEF	3.38	55.48	-3.09	65.85
Russell 3000	3.84	59.06	1.99	75.97

Figure 4-5

MUTUAL EQUITY FUND
Annual Total Return

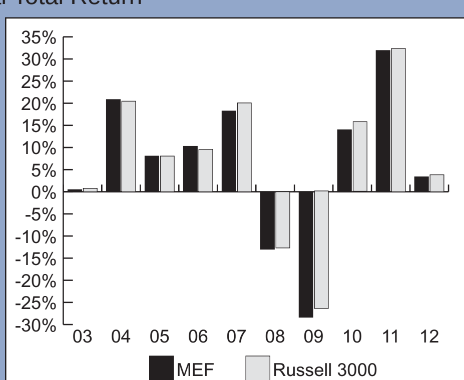


Figure 4-6

MUTUAL EQUITY FUND
Components of Total Return ($ in millions)

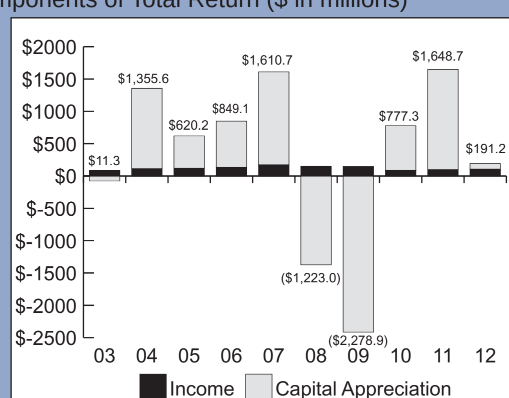


Figure 4-7

MUTUAL EQUITY FUND
Comprehensive Profile for the Fiscal Years ending June 30,

	2012		2011		2010		2009		2008	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,629	3,000	1.665	3,000	1,914	3,000	1,954	3,000	2,206	3,000
Cap ($ Bil)	$96.9	$89.2	$81.5	$73.2	$57.2	$59.0	$52.8	$58.7	$69.6	$72.2
P/E	18.0	18.3	19.4	20.2	16.3	17.5	20.5	19.8	18.5	18.1
Div Yield	1.99%	2.05%	1.80%	1.80%	1.90%	2.00%	1.98%	2.19%	1.90%	2.10%
ROE	21.1%	20.5%	18.7%	18.2%	15.9%	15.8%	18.4%	20.2%	19.0%	20.2%
P/B	3.7	3.7	3.5	3.5	2.7	2.9	2.9x	3.0x	3.6x	3.8x
Cash & Equiv.	0.6%	0.0%	0.6%	0.0%	0.9%	0.0%	9.7%	0.0%	0.8%	0.0%

Source: Monthly Bundle-Equity Portfolio Characteristics under Russell 3000

Figure 4-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
Large Cap	**$4,162,297,028**	**64.79%**
T. Rowe Price Associates	983,532,836	15.31%
State Street Global Advisors	3,178,764,192	49.48%
Active Extension	**769,152,355**	**11.97%**
Pyramis	375,921,171	5.85%
Numeric	393,231,184	6.12%
All Cap	**348,021,423**	**5.41%**
Capital Prospects	176,264,997	2.74%
FIS Group, Inc.	171,756,426	2.67%
Small/Mid Cap	**421,409,816**	**6.56%**
Frontier Capital Mgmt Co	247,965,031	3.86%
Bivium	173,444,785	2.70%
Other (1)	**723,809,703**	**11.27%**
TOTAL MEF	**$6,424,690,325**	**100.00%**

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

Figure 4-9

MUTUAL EQUITY FUND
Ten Largest Holdings* at June 30, 2012

Security Name	Sector	Market Value	%
Apple Inc	Information Tech	$193,183,112	3.01%
Exxon Mobil Corp	Energy	143,152,535	2.23%
Microsoft	Technology	84,792,543	1.32%
Chevron Corp	Energy	76,667,905	1.20%
AT&T Inc	Telecomm Svcs	76,384,291	1.19%
General Electric Co	Industrials	75,139,870	1.17%
Intl Business Machines	Information Tech	73,035,831	1.14%
Johnson & Johnson	Health Care	64,902,798	1.01%
Proctor & Gamble Co	Consumer Staples	62,625,001	0.98%
PFIZER Inc.	Health Care	62,506,042	0.97%
Top Ten		**$912,389,928**	**14.22%**

* *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.*

2012 core fixed income fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The investment goals of the Core Fixed Income Fund ("CFIF") are 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 risk-return diversification from other asset classes within CRPTF during different economic environments. The strategy employed to meet these goals is to invest in fixed income securities aligned with those in the Barclays Capital U.S. Aggregate Index.

Date of Inception: November 1, 2007

Performance Objective: To achieve a net return that, at a minimum, matches its benchmark over rolling three- to five-year periods, net of all expenses.

Benchmark: Barclays Capital U.S. Aggregate

Number of Advisors: 5 external

Total Net Assets: $2,616,686,464

Management Fees: $3,423,470

Operating Expenses: $673,331

Expense Ratio: 0.15%

Description of the Fund

The CFIF invests primarily in debt instruments issued by the U.S. Government and its agencies, "quasi Government" agencies, U.S. corporations, Euro bonds, high quality quasi or sovereign debt and any other public or private U.S. regulated debt securities.

Portfolio Characteristics

The CFIF is invested in U.S. Government 25.0%, agency 3.0%, corporate 23.6%, mortgage-backed 37.7% and asset-backed 3.6% securities. The remaining 7.1% was invested in the Liquidity Fund and other assets. At June 30, 2012, the CFIF was underweight U.S. Treasury and agency securities and overweight corporate bonds, mortgage-backed securities and asset backed securities versus the Barclays Capital U.S. Aggregate (See Figure 5-4).

Market Review

Credit markets were impacted by a number of macroeconomic factors during the fiscal year including an escalating sovereign debt and financial crisis in Europe, the undetermined magnitude of the global slowdown, and a sluggish U.S. economy. The beginning of the period was dominated by the growing contagion in Europe and the reality of a global monetary stimulus. The inability to restructure Greek debt was a primary catalyst for market volatility as the European Union failed to contain the crisis. Political discord in the U.S. added another layer of uncertainty, as the two leading parties failed to compromise on tax and spending issues, causing one credit rating agency to downgrade the U.S. credit rating from AAA to AA+. The Federal Reserve voiced concerns about significant downside risks to the economic outlook spawning a negative market reaction. Monetary policy included another round of quantitative easing (QE II). This resulted in investor uncertainty and a flight to quality, with material spread widening across fixed income sectors to levels not seen since 2009. Towards calendar year end, positive economic surprises and domestic and foreign central bank actions to lower rates helped the markets to rally. However, markets again fell during spring 2012 as economic data showed renewed slowing and the Euro crisis once again shook investor confidence, leading to a flight to quality. The ten year U.S. Treasury bond yield fell from 3.06% at the beginning of the fiscal year to a record low of 1.56%, 150 basis points lower than at the beginning of the year. Momentum reversed course in June as positive developments out of Europe overwhelmed disappointing global economic data.

Performance Summary

The CFIF's value as of June 30, 2012 was $2.617 billion, down from $2.718 billion one year earlier. Of this $101 million decrease, $300 million was due to net cash outflows to participating pension and trust funds, partly offset by $109 million from net realized and unrealized gains, and $90 million from net investment income.

For the fiscal year ended June 30, 2012 the CFIF generated a total return of 7.63%, net of all expenses, outperforming the benchmark return of 7.47% by 16 basis points. For the trailing three, five and ten-year periods, CFIF's compounded annualized total returns were 7.94%, 6.44% and 5.75% respectively, net of all expenses (See Figure 5-8).

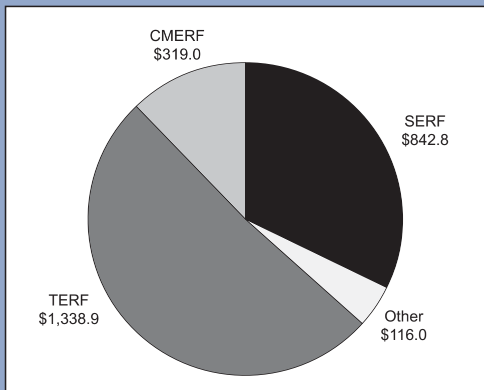
Risk Profile

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 view of the underlying firm's credit worthiness or in the case of securitized debt, the underlying assets. U.S. Treasury bonds, which carry the highest rating of AAA, are backed by the full faith and credit of the U.S. Government. As of fiscal year end, 66.7 percent of the CFIF is rated AAA (See Figure 5-5).

Figure 5-1

CORE FIXED INCOME FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 5-2

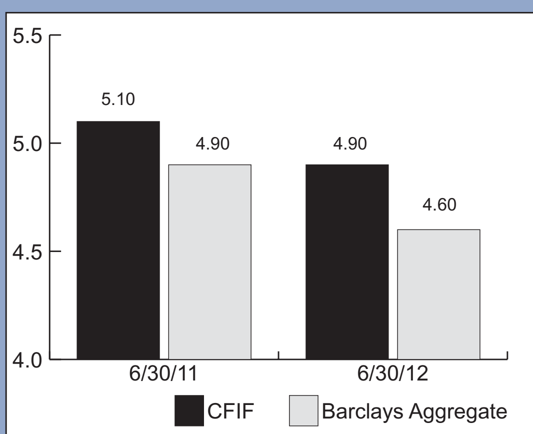
CORE FIXED INCOME FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	1.13
Standard Deviation	4.01
R^2	0.82
Beta	1.03
Alpha	-0.35

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

Figure 5-3

CORE FIXED INCOME FUND
Modified Duration vs. Index (1) (in Years)



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

Figure 5-4

CORE FIXED INCOME FUND
Distribution by Sector at June 30, 2012
Based on Investments in Securities, at Value

	CFIF	Barclays Aggregate	Variance
Treasury	25.0%	36.2%	-11.2%
Agency	3.0%	5.2%	-2.2%
Corporate	23.6%	20.6%	3.0%
Mortgage-Backed	37.7%	32.4%	5.3%
Asset-Backed	3.6%	0.3%	3.3%
Other[1]	7.1%	5.3%	1.8%
TOTAL	**100.0%**	**100.0%**	

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

Figure 5-5

CORE FIXED INCOME FUND
Distribution by Quality Rating at June 30, 2012
Based on Investments in Securities, at Value

AAA	66.7%
AA-1	0.9%
AA-2 to A-1	5.3%
A-2 to BAA-1	10.9%
Less than BAA-1	10.8%
Not Rated[1]	5.4%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 5-6

CORE FIXED INCOME FUND
Distribution by Coupon at June 30, 2012
Based on Investments in Securities, at Value

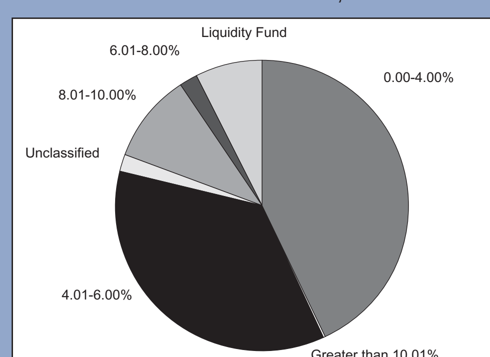


Figure 5-7

CORE FIXED INCOME FUND
Duration Distribution at June 30, 2012
Based on Investments in Securities, at Value

0-3 Years	48.3%
3-5 Years	23.6%
5-7 Years	9.2%
7-10 Years	5.9%
10+ Years	11.1%
Unknown(1)	1.9%
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, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CFIF	7.63	7.94	6.44	5.75
Barclays Aggregate	7.47	6.93	6.79	5.63
Cumulative Total Return (%)				
CFIF	7.63	25.75	36.62	74.88
Barclays Aggregate	7.47	22.27	38.91	72.96

Figure 5-9

CORE FIXED INCOME FUND
Annual Total Return

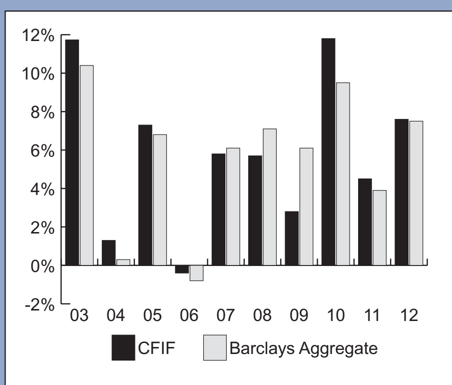


Figure 5-10

CORE FIXED INCOME FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	$944,296,260	36.09%
BlackRock Financial Mgmt, Inc.	620,720,386	23.72%
Wellington	556,862,638	21.28%
Conning-Goodwin Capital	340,263,626	13.01%
Progress	144,270,249	5.51%
Other (1)	10,273,305	0.39%
TOTAL CFIF	**$2,616,686,464**	**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,

	2012		2011		2010		2009		2008	
	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	BC AGG*	CFIF	LBAI*
Number of Issues	3,732	7,664	3,661	7,627	3,398	7,755	3,421	8,454	4,123	9,457
Average Coupon	4.20%	3.90%	4.50%	4.30%	4.70%	4.50%	4.90%	5.00%	5.10%	5.40%
Yield Maturity	2.20%	1.80%	3.10%	2.80%	3.10%	2.70%	5.70%	4.00%	6.10%	5.10%
Average Maturity	7.10	6.70	7.10	7.00	6.60	6.10	6.70	5.90	6.80	6.00
Modified Duration	4.90	4.60	5.10	4.90	4.50	4.30	4.60	4.20	4.80	4.70
Average Quality	AA-2	AA-1	AA-1	AAA	AA-1	AA-1	AA-1	AAA	AA-1	AAA
Liquidity Fund*	7.4%	0.0%	9.6%	0.00%	4.5%	0.0%	6.8%	0.0%	5.8%	0.0%

** Note: Index changed from LBAI to Barclays Aggregate*

Figure 5-12

CORE FIXED INCOME FUND
Ten Largest Holdings* at June 30, 2012

Security Name	Maturity	Market Value	%
FNMA TBA 30YR SINGLE FAMILY JU 3.5%	12/01/2042	$ 67,847,860	2.37%
FNMA TBA JUL 30YR SINGLE FAM 4%	12/01/2042	35,757,792	1.25%
FHLMC GOLD TBA 30 YR TBA 4%	12/01/2042	35,228,188	1.23%
US TREASURY N/B 1.25%	04/30/2019	26,298,451	0.92%
US TREASURY N/B 0.375%	05/15/2015	25,861,489	0.90%
US TREASURY N/B 0.625%	05/31/2017	22,758,597	0.80%
FNMA Pool AL1711 4.5%	08/01/2041	21,162,670	0.74%
US TREASURY N/B 0.875%	02/28/2017	17,016,263	0.60%
US TREASURY N/B 3%	08/31/2016	16,905,711	0.59%
US TREASURY N/B 3.875%	08/15/2040	16,798,592	0.59%
Top Ten		**$ 285,635,613**	**9.99%**

* *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 (%)

	6/30/12	3/31/12	12/31/11	9/30/11	6/30/11
CORE FIXED INCOME	**3.77**	**3.82**	**3.98**	**4.08**	**4.04**
Barclays Aggregate	3.46	3.59	3.67	3.77	4.02
Citigroup 3 Month T-Bill	0.09	0.07	0.02	0.02	0.02
Barclays Treasury	2.19	2.34	2.39	2.49	2.71
Barclays Agency	2.36	2.46	2.56	2.62	2.79
Barclays Mortgage	4.18	4.33	4.40	4.46	4.56
Barclays Corporate	4.68	4.80	4.93	5.03	5.17
Barclays Asset Backed	2.91	3.28	3.59	3.68	3.77

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

2012 inflation linked bond fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Inflation Linked Bond Fund's ("ILBF") investment goals are to (1) achieve a long-term, real rate of return above the inflation rate; (2) attempt to provide protection against rampant inflation; and (3) offer a source of risk-return diversification relative to other asset classes within the CRPTF during different economic environments. The strategy to achieve these goals is to invest primarily in U.S. inflation-linked securities.

Date of Inception: November 1, 2007

Performance Objective: Achieve a net return, that, at a minimum, matches the benchmark, over rolling three-to five-year periods, net of all expenses.

Benchmark: Barclays Capital U.S. Treasury Inflation Protected Securities ("BC TIPS") Index

Number of Advisors: 2 external

Total Net Assets: $938,014,667

Management Fees: $869,547

Operating Expenses: $242,983

Expense Ratio: 0.11%

Description of the Fund

The ILBF consists of two externally managed fixed income portfolios primarily comprised of U.S. Treasury Inflation Protected Securities ("TIPS"). Inflation-linked bonds pay semi-annual coupons that account for the real return while the inflation component of the return accrues to the bonds' principal every year.

Portfolio Characteristics

The ILBF is comprised principally of U.S. TIPS. The Fund has Moody's Investors Service highest quality rating, AAA, matching the quality rating of the benchmark. The Fund's average coupon at June 30, 2012 was 1.69% versus 1.70% for the benchmark. The average maturity of the Fund and its benchmark were 9.32 years and 9.27 years, respectively (Figure 6-9).

Market Review

Strong demand for U.S. Treasury securities during fiscal 2012 resulted in an 11.7% return for TIPS, modestly underperforming nominal U.S. Treasury securities. The performance of TIPS relative to nominal U.S. Treasuries is typically gauged by changes in the breakeven inflation rate. The breakeven inflation rate, also referred to as the breakeven rate, represents the difference between yields on nominal U.S. Treasury securities and TIPS and is considered a barometer of the market's expectation for inflation. (When market expectations for inflation rise, breakeven rates increase and TIPS typically outperform nominal U.S. Treasuries. The opposite outcome occurs for breakeven rates when inflation expectations subside.) Actual year-over-year inflation during the reporting period, as measured by the Consumer Price Index ("CPI"), meaningfully declined from 3.6% to 1.7%. In late summer and fall of 2011, a resurgence of market concerns regarding European sovereign debt coupled with Standard & Poor's downgrade of U.S. debt from triple A to AA+, sent risk premiums higher and breakeven inflation rates significantly lower. During the third quarter of fiscal 2012, improved domestic economic data and further monetary accommodation through "Operation Twist" improved demand for risk assets and breakeven rates recovered most of their lost ground. Breakeven rates slipped in the final quarter of the reporting period as the weight of weaker global economic data and European problems increased demand for nominal U.S. Treasury securities. Breakeven rates were also impacted by the decline in oil prices from over $100 per barrel to below $80. The narrow trading range for breakeven rates during the twelve months implies that market participants were not focused on a significant risk of either inflation or deflation.

Performance Summary

The ILBF's value as of June 30, 2012 was $0.938 billion, a decrease of $181 million from the end of the prior fiscal year. Of this total, $296 million was due to net cash outflows to participating pension and trust funds, $23 million from net investment income, and $92 million from net realized and unrealized gains.

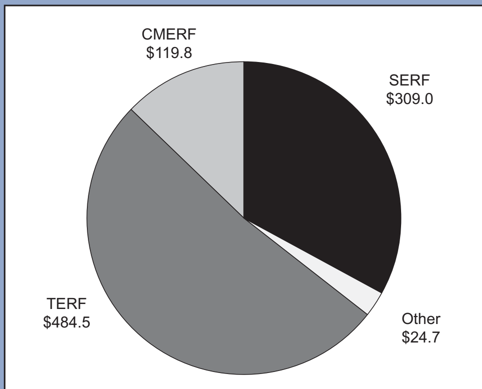
For the fiscal year ended June 30, 2012, the ILBF generated a total return of 11.91%, net of all expenses, outperforming the benchmark return of 11.66% by 25 basis points. For the trailing three year period, ILBF's compounded annualized total return was 9.52%, net of all expenses, underperforming the benchmark by 11 basis points. For the trailing five year period, ILBF's annualized return was 8.90% versus 8.44% by the benchmark (Figure 6-7).

Risk Profile

The major risk facing the Inflation Linked Bond Fund is a rise in real interest rates. Real interest rates are primarily driven by expectations for real growth in the economy and for monetary policy. Economic growth and tight monetary policy to stem inflationary pressures are conditions that can drive up real interest rates. A rise in real interest rates decreases the effectiveness of TIPS as an inflation hedge, as bond prices fall.

Figure 6-1

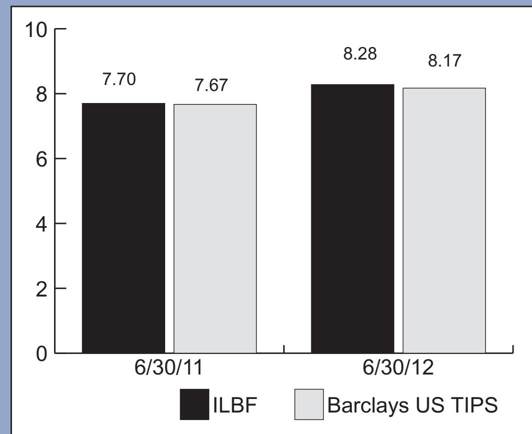
INFLATION LINKED BOND FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 6-2

INFLATION LINKED BOND FUND
Modified Duration vs. Index (1) (in Years)



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

Figure 6-3

INFLATION LINKED BOND FUND
Distribution by Sector at June 30, 2012
Based on Investments in Securities, at Value

	ILBF	Barclays US TIPS	Variance
Treasury	99.0%	100.0%	-1.0%
Agency	0.0%	0.0%	0.0%
Corporate	0.0%	0.0%	0.0%
Foreign	0.0%	0.0%	0.0%
Liqudity Fund	1.0%	0.0%	1.0%
TOTAL	**100.0%**	**100.0%**	

Figure 6-4

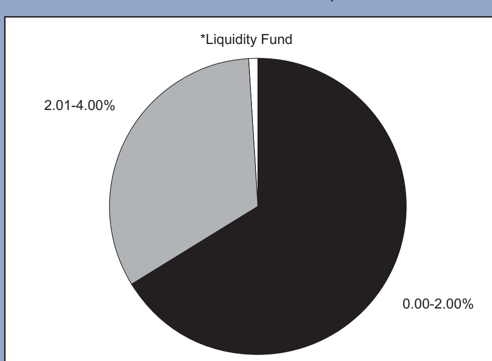
INFLATION LINKED BOND FUND
Distribution by Quality Rating at June 30, 2012
Based on Investments in Securities, at Value

AAA	98.4%
AA-1	0.0%
AA-2 to A-1	0.0%
A-2 to BAA-1	0.0%
Less than BAA-1	0.0%
Not Rated[1]	1.6%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 6-5

INFLATION LINKED BOND FUND
Distribution by Coupon at June 30, 2012
Based on Investments in Securities, at Value



**Note: Ending weights*

Figure 6-6

INFLATION LINKED BOND FUND
Duration Distribution at June 30, 2012
Based on Investments in Securities, at Value

0-3 Years	39.1%
3-5 Years	11.4%
5-7 Years	15.6%
7-10 Years	25.3%
10+ Years	7.6%
Unknown(1)	0.0%
Liquidity Fund(2)	1.0%
Total	100.0%

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

Figure 6-7

INFLATION LINKED BOND FUND
Periods ending June 30, 2012

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
ILBF	11.91	9.52	8.90
Barclays US TIPS	11.66	9.63	8.44
Cumulative Total Return (%)			
ILBF	11.91	31.37	53.15
Barclays US TIPS	11.66	31.75	49.94

Figure 6-8

INFLATION LINKED BOND FUND
Annual Total Return

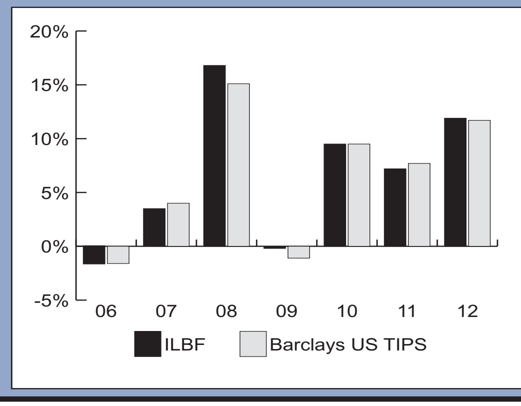


Figure 6-9

INFLATION LINKED BOND FUND
Comprehensive Profile for the Fiscal Year ending June 30,

	2012		2011		2010	
	ILBF	Barclays US TIPS	ILBF	Barclays US TIPS	ILBF	Barclays US TIPS
Number of Issues	29	33	31	31	26	29
Average Coupon	1.69%	1.70%	1.97%	1.99%	2.25%	2.19%
Average Maturity	9.32	9.27	9.07	9.09	9.15	9.17
Effective Duration	8.28	8.17	7.70	7.64	7.71	7.74
Average Quality	AAA	AAA	AAA	AAA	AAA	AAA
Liquidity Fund (1)	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, 2012

Investment Advisor	**Net Asset Value**	**% of Fund**
Brown Brothers Harriman	$548,902,708	58.52%
Hartford Investment Mgmt Co.	388,196,517	41.38%
Other (1)	915,442	0.10%
TOTAL ILBF	**$938,014,667**	**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, 2012

Security Name	Maturity	Market Value	%
U.S. Treasury Notes	01/15/17	$107,444,722	11.52%
U.S. Treasury Notes	01/15/25	92,229,780	9.88%
U.S. Treasury Notes	07/15/19	82,050,741	8.79%
U.S. Treasury Notes	01/15/26	69,497,979	7.45%
U.S. Treasury Notes	04/15/16	63,074,200	6.76%
U.S. Treasury Notes	07/15/15	57,489,983	6.16%
U.S. Treasury Notes	01/15/15	46,538,399	4.99%
U.S. Treasury Notes	07/15/20	42,998,607	4.61%
U.S. Treasury Notes	01/15/22	41,997,341	4.50%
U.S. Treasury Notes	02/15/41	41,681,498	4.47%
Top Ten		**$645,003,250**	**69.13%**

(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.

2012 emerging market debt fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The goals of Emerging Market Debt Fund ("EMDF") are 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 economic environments of global economies. This strategy is executed through external money managers.

Date of Inception: November 1, 2007

Performance Objective: To achieve a net return, that at a minimum, matches its benchmark over rolling three- to five-year periods, net of all expenses.

Benchmark: J.P. Morgan Emerging Markets Bond Index Global (JPM EMBI Global)

Number of Advisors: 5 external

Total Net Assets: $1,202,093,197

Management Fees: $4,294,249

Operating Expenses: $367,631

Expense Ratio: 0.40%

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 75% to U.S. dollar – denominated securities and 25% to securities issued in local currencies. For performance measurement purposes, the dollar-denominated securities are benchmarked to the JPM EMBI Global Diversified Index and the local currency securities are benchmarked to the JPM Global Bond Index – Emerging Markets (GBI-EM") Global Diversified.

Portfolio Characteristics

The Emerging Market Debt Fund is a diversified portfolio with an overall yield to maturity of 6.57% versus the benchmark yield to maturity of 4.98% (See Figure 7-11). The Fund is diversified across geographic regions with the highest weighting in Latin American countries at 38.5%. Europe was the second highest regional concentration in the portfolio (See Figure 7-3). The average quality of EMDF was Baa-3, a lower quality as compared to the benchmark average quality of Baa-2 (See Figure 7-11). The distribution by quality ratings for the Fund is portrayed in Figure 7-4.

Market Review

The performance of fixed income securities in emerging markets was impacted by internal market developments as well as developed market factors. External, i.e. U.S. dollar-denominated, sovereign bond spreads widened over comparable maturity U.S. Treasury securities, benefiting from significant declines in U.S. Treasury yields. The JPM EMBI Global Diversified Index delivered a 9.8% return for the twelve months ending June 30, 2012. Return volatility spiked during specific time periods, particularly late in the first fiscal quarter and again in May 2012 in response to a variety of factors largely related to advanced economies, including concerns over global growth and Europe's debt crisis. Markets began to recover in January 2012 after the European Central Bank implemented a new policy that provided cheap, long-term funding to European banks. This central bank liquidity and ongoing capital inflows into emerging markets debt created strong positive returns in the second half of the fiscal year for U.S. dollar-denominated sovereign bonds. Local currency government bonds suffered from currency weakness with the JP Morgan GBI EM Global Diversified Index returning a negative 1.7%. The foreign exchange component of this index was down 13.4%. Currency weakness accompanies most periods of volatility within emerging markets. Additionally, the highly liquid nature of foreign exchange facilitated its use as a risk reduction instrument during these periods of volatility, putting further pressure on currencies. In contrast, local interest rates delivered strong positive performance, up 9.7%. Returns to emerging markets were supported by the deteriorating global growth environment and increased expectations for monetary easing. The yield differentials versus the developed markets remained wide. Corporate bond performance, the JP Morgan Corporate Emerging Markets Bond Index Broad Diversified returned 5.6% during fiscal 2012. Emerging market corporate debt was adversely affected by the deterioration in the global macro environment, by significant investor outflows and by a reduction in risk-taking and liquidity from dealers due to the volatile risk outlook and uncertain regulatory environment.

Performance Summary

The EMDF's value as of June 30, 2012 was $1.202 billion, an increase of $44 million from a year earlier. Of this increase, $11 million was due to net cash outflows to participating pension and trust funds and $95 million was generated from net investment income. Net realized and unrealized losses cost $40 million.

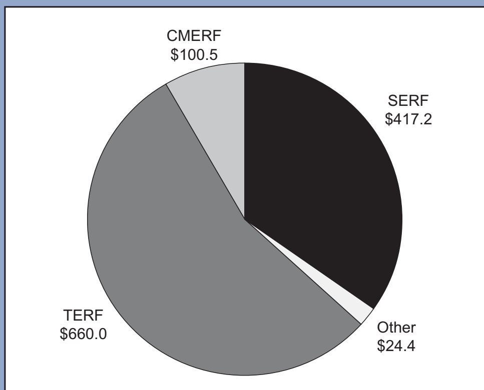
For the fiscal year ended June 30, 2012 the Emerging Market Debt Fund underperformed its benchmark by 612 basis points. The Fund generated a return of 4.78%, net of all expenses compared to the benchmark return of 10.90%. For the trailing three-year and five-year periods, EMDF's compounded annualized total returns were 14.37% and 8.77%, respectively, net of all expenses (See Figure 7-7).

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, purchasing power risk, default risk, foreign withholding, repatriation of capital restrictions, and reinvestment risk. In addition, the Fund is potentially exposed to geopolitical risk. These risks are monitored on an on-going basis and actions are taken as appropriate to mitigate identified risks.

Figure 7-1

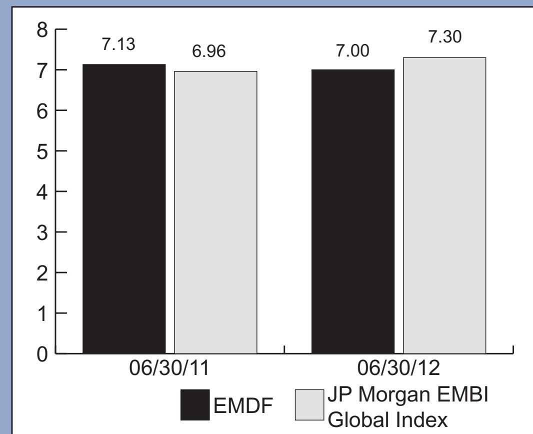
EMERGING MARKET DEBT FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 7-2

EMERGING MARKET DEBT FUND
Modified Duration vs. Index (1) (in Years)



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

Figure 7-3

EMERGING MARKET DEBT FUND
Distribution by Region at June 30, 2012

	EMDF	JP Morgan EMBI	Variance
Asia	19.6%	19.8%	-0.2%
Africa	5.4%	6.0%	-0.6%
Europe	28.0%	31.2%	-3.2%
Latin America	37.1%	38.6%	-1.6%
Middle East	6.4%	4.4%	2.0%
United States (1)	3.5%	0.0%	3.5%
TOTAL	**100.0%**	**100.0%**	

(1) Holdings comprised mainly of Liquidity Fund Exposure.

Figure 7-4

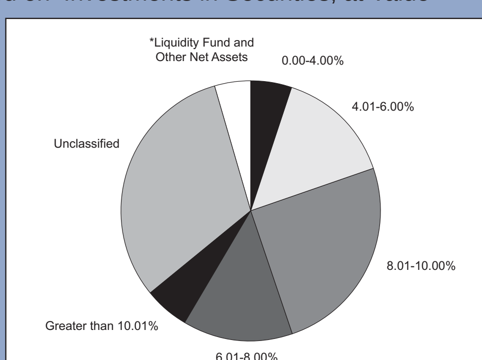
EMERGING MARKET DEBT FUND
Distribution by Quality Rating at June 30, 2012
Based on Investments in Securities, at Value

Aaa	2.3%
AA-1	0.0%
AA-2 to A-1	1.5%
A-2 to BAA-1	16.5%
Less than BAA-1	32.5%
Not Rated (1)	47.2%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 7-5

EMERGING MARKET DEBT FUND
Distribution by Coupon at June 30, 2012
Based on Investments in Securities, at Value



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

Figure 7-6

EMERGING MARKET DEBT FUND
Duration Distribution at June 30, 2012
Based on Investments in Securities, at Value

0-3 Years	9.5%
3-5 Years	10.8%
5-7 Years	17.2%
7-10 Years	13.5%
10+ Years	13.3%
Unknown(1)	31.2%
Liquidity Fund(2)	4.5%
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 and other net assets at the end of quarter.

Figure 7-7

EMERGING MARKET DEBT FUND
Periods ending June 30, 2012

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
EMDF	4.78	14.37	8.77
JP Morgan			
EMBI Global Index	10.90	13.47	9.44
Cumulative Total Return (%)			
EMDF	4.78	49.59	52.24
JP Morgan			
EMBI Global Index	10.90	46.10	56.99

Figure 7-8

EMERGING MARKET DEBT FUND
Annual Total Return

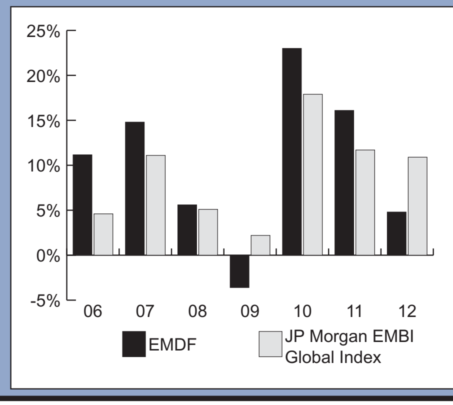


Figure 7-9

EMERGING MARKET DEBT FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
Ashmore	$339,152,111	28.21%
Stone Harbor Investment Partners	305,793,130	25.44%
ING Investment Management	221,043,452	18.39%
Pyramis	160,050,841	13.31%
UBS Global Asset Management	176,467,698	14.68%
Other [1]	(414,035)	-0.03%
TOTAL EMDF	**$1,202,093,197**	**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, 2012

Security Name	Maturity	Market Value	%
Russian Federation	03/31/30	$18,812,180	1.60%
Republic of Colombia	09/18/37	13,589,877	1.16%
Republic of Iraq	01/15/28	9,758,603	0.83%
Petroleos de Venezuela	10/28/14	9,339,655	0.79%
Republic of Indonesia	03/04/19	8,524,025	0.72%
Republic of Poland	03/23/22	8,229,910	0.70%
Republic of Poland	07/15/19	7,736,053	0.66%
Nota Tesouro Nacional	05/15/45	7,400,263	0.63%
Republic of Indonesia	01/17/38	7,216,000	0.61%
Republic of Peru	11/21/33	6,906,040	0.59%
Top Ten		$97,512,606	8.29%

* *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,

	2012		2011		2010		2009		2008	
	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI
Number of Issues	724	307	656	273	475	225	391	203	302	196
Yield to Maturity	6.57%	4.98%	6.65%	7.36%	6.33%	5.86%	14.48%	7.77%	8.15%	7.62%
Average Maturity	10.88%	12.40%	11.05%	12.03%	10.19%	12.40%	10.98%	12.30%	-	-
Modified Duration	7.00	7.30	7.13	6.96	6.01	7.09	5.93	6.37	5.11	6.29
Average Quality	Baa-3	Baa-2	Baa-3	Baa-3	Baa-3	Baa-3	Ba-1	Ba-1	Ba-1	Ba-1
*Other	4.5%	0.0%	4.5%	0.0%	6.7%	0.0%	6.9%	0.0%	2.7%	0.0%

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

2012 high yield debt fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The goals of the High Yield Debt Fund ("HYDF") are 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 given the different economic environments. The strategy to execute these objectives is to employ external money managers with varying quality tilts.

Date of Inception: November 1, 2007

Performance Objective: To achieve a net return, that, at a minimum, matches that of the benchmark over rolling three- to five-year periods, net of all expenses.

Benchmark: Citigroup High Yield Market Index

Number of Advisors: 4 external

Total Net Assets: $710,768,786

Management Fees: $2,499,366

Operating Expenses: $194,987

Expense Ratio: 0.38%

Description of the Fund

The High Yield Debt Fund ("HYDF") invests in debt instruments rated below-investment grade by a nationally recognized rating agency.

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, 2012, more than half of the Fund's investments had maturities in the three to seven year time frame (See Figure 8-7).

Market Review

The high yield market, like all credit markets, was impacted by adverse domestic and foreign economic events. Slowing growth at home and abroad led to stimulative monetary actions by central banks that resulted in a lower interest rate environment. In the first quarter of the fiscal year, the U.S. government passed a bill to raise the debt ceiling, allowing the U.S. to avoid default and reduce its deficit over the next decade. Viewing the amount of deficit reduction as inadequate, Standard & Poor's downgraded the U.S. debt to AA+ from AAA. The Federal Reserve Bank employed several rounds of quantitative easing and promised to keep rates low until 2014. The Fed's zero interest rate policy led to long duration high yield bonds outperforming shorter duration bonds. The lowest quality high yield bonds also outperformed their higher quality counter parts as investors not only reached for yield but also were less discriminating in terms of credit quality. Overall, the high yield market returned 8.6% in fiscal 2012, having benefited from relatively positive corporate fundamentals, low default rates and strong investor demand amid record low interest rates during this fiscal year.

Performance Summary

The HYDF's value as of June 30, 2012 was $711 million, a decrease of $7 million as compared with June 30, 2011. This decrease was the result of $50 million from net cash outflows to participating pension and trust funds, $54 million from net investment income and $11 million from net realized and unrealized losses.

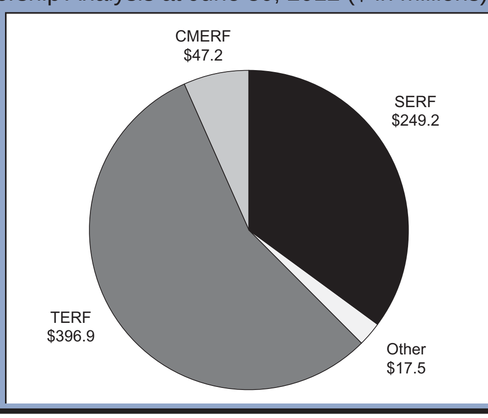
For the fiscal year ended June 30, 2012 the HYDF gained 6.23%, net of all expenses, compared to the benchmark return of 7.66%. Over the five year period, HYDF had an annualized return of 7.51% versus the index return of 8.06%. On a cumulative basis over the same period, this Fund returned 43.60% compared to the index return of 47.37% (See Figure 8-8).

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

HIGH YIELD DEBT FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 8-2

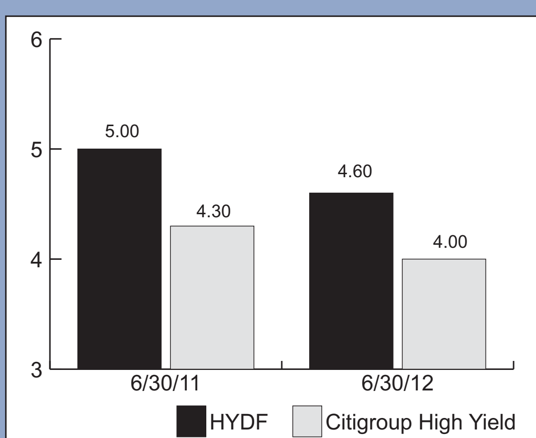
HIGH YIELD DEBT FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	0.86
Standard Deviation	12.22
R^2	0.93
Beta	0.83
Alpha	-0.55

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

Figure 8-3

HIGH YIELD DEBT FUND
Modified Duration vs. Index (1) (in Years)



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

Figure 8-4

HIGH YIELD DEBT FUND
Distribution by Sector at June 30, 2012
Based on Investments in Securities, at Value

	HYDF	Citigroup	Variance
Treasury	0.0%	0.0%	0.0%
Agency	0.0%	0.0%	0.0%
Corporate	93.5%	100.0%	-6.5%
Mortgage-Backed	0.0%	0.0%	0.0%
Asset-Backed	0.1%	0.0%	0.1%
Other[1]	6.4%	0.0%	6.4%
TOTAL	100.0%	100.0%	

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

Figure 8-5

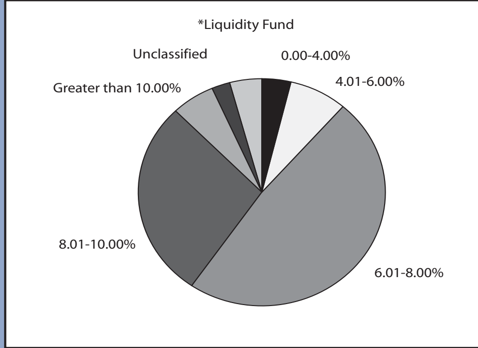
HIGH YIELD DEBT FUND
Distribution by Quality Rating at June 30, 2012
Based on Investments in Securities, at Value

AA-2 to A-1	0.0%
A-2 to BAA-1	0.1%
Less than BAA-1	93.8%
Not Rated[1]	6.1%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 8-6

HIGH YIELD DEBT FUND
Distribution by Coupon at June 30, 2012
Based on Investments in Securities, at Value



* *Note: Ending weights.*

Figure 8-7

HIGH YIELD DEBT FUND
Duration Distribution at June 30, 2012
Based on Investments in Securities, at Value

0-3 Years	22.9%
3-5 Years	31.9%
5-7 Years	27.3%
7-10 Years	8.4%
10+ Years	3.0%
Unknown(1)	2.3%
Liquidity Fund(2)	4.2%
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, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
HYDF	6.23	15.33	7.51	9.41
Citigroup High Yield Market Index	7.66	15.96	8.06	10.18
Cumulative Total Return (%)				
HYDF	6.23	53.40	43.60	145.69
Citigroup High Yield Market Index	7.66	55.92	47.37	163.68

Figure 8-9

HIGH YIELD DEBT FUND
Annual Total Return

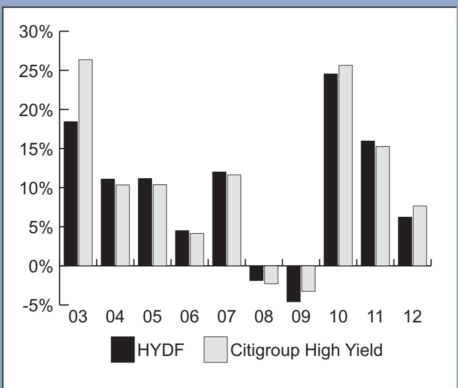


Figure 8-10

HIGH YIELD DEBT FUND
Comprehensive Profile for the Fiscal Year ending June 30,

	2012		2011		2010		2009	
	HYDF	Citigroup	HYDF	Citigroup	HYDF	Citigroup	HYDF	Citigroup
Number of Issues	683	1,621	659	1,540	679	1,394	605	1,222
Average Coupon	7.60%	8.20%	7.90%	8.30%	8.10%	8.34%	7.90%	8.10%
Yield Maturity	7.50%	7.50%	13.60%	7.50%	9.11%	8.95%	11.90%	12.20%
Average Maturity	7.50	6.30	6.90	5.60	6.86	5.71	7.8	6.5
Effective Duration	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-1	B-1
Liquidity Fund	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, 2012

Investment Advisor	Net Asset Value	% of Fund
Loomis Sayles & Co., Inc.	$221,106,529	31.11%
Stone Harbor Investment Partners	98,407,275	13.84%
Shenkman Capital Management	240,152,137	33.79%
Oaktree Capital Management, L.L.C.	147,557,344	20.76%
Other (1)	3,545,501	0.50%
TOTAL HYDF	**$710,768,786**	**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, 2012

Security Name	Maturity	Market Value	%
Vertex Pharmaceuticals Inc	Common Stock	$ 8,342,425	1.18%
Qwest Capital Funding	07/15/28	7,115,206	1.01%
Tenet Healthcare Corp	11/15/31	5,640,113	0.80%
Momentive Specialty Chem	02/15/23	5,635,500	0.80%
Toys R Us Inc	10/15/18	4,935,938	0.70%
Commscope Inc	01/15/19	4,563,113	0.65%
EUROPEAN BK RECON + DEV	09/10/12	4,477,505	0.63%
Essar Steel Algoma Inc	06/15/15	4,419,713	0.63%
ALBERTSONS INC	08/01/29	4,049,850	0.57%
Reynolds GRP ISS/Reynold	02/15/21	3,990,000	0.56%
Top Ten		53,169,363	7.53%

* *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..*

2012 developed markets international stock fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Developed Markets International Stock Fund ("DMISF") invests primarily in the common stocks of non-U.S. corporations. In the overall asset allocation, DMISF's goal is to achieve a long-term, real rate of return above the U. S. inflation rate. While common stocks are volatile on a year-to-year basis, that volatility is diminished over longer periods. The inclusion of DMISF investments generates additional sources of risks associated with international investing and at the same time, provides additional measures of diversification to other asset classes within the CRPTF.

Date of Inception: November 1, 2007

Total Net Assets: $4,626,164,064

Performance Objective: To achieve a return, that, at a minimum, matches the benchmark, over rolling three- to five-year periods, net of all expenses.

Management Fees: $21,120,485

Benchmark: S&P/Citigroup Broad Market Index Europe, Pacific, and Asia Composite Index 50% Hedged ("BMI EPAC")

Operating Expenses: $1,635,709

Number of Advisors: 14 external

Expense Ratio: 0.45%

Description of the Fund

DMISF investments are made using external money managers. DMISF assets are allocated across foreign markets such that there is diversification by market, capitalization and style which, in aggregate, are structured to replicate the characteristics of the comparable developed non-U.S. equity markets' index. Non-U.S. equities are defined as common stocks issued by companies domiciled outside of the United States. Developed Markets are defined as the countries included in the S&P/Citigroup BMI EPAC.

The DMISF, at the Treasurer's discretion and with the IAC's endorsement, may invest opportunistically to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits. This opportunistic allocation is made within the broad context of the DMISF. Therefore, investments in the non-U.S. equity markets, except as allowed by the investment management agreement and guidelines, may include investments in any market capitalization and/or investment style and an allocation to stocks inside of the U.S. The allocation to opportunistic investments is not to exceed 30% of total DMISF assets and is subject to DMISF guidelines on opportunitistic investments.

Portfolio Characteristics

At fiscal year-end, DMISF invested in many developed foreign countries. Active management of the portfolio results in variances from the index weightings (See Figure 9-5). Reflecting the concerns over Europe, DMISF was underweight France, Germany, Italy and Spain. The largest underweights were to the United Kingdom and Spain. In recognition of the more positive outlook for developing countries, DMISF had exposure to a number of non-benchmarked countries including Brazil, China and Russia.

DMISF is well diversified with the ten largest holdings only representing 11.2% of the total portfolio value. The list exhibits an opportunistic approach with its heavy weighting of European securities (See Figure 9-7).

Market Review

The world's financial markets took investors on a bumpy ride for the fiscal year ended June 30, 2012. Global equity markets focused their concerns on slowing economic growth in Europe, and in China. Events in Europe seemed more important as the debt crisis spread across Europe, embroiling first Ireland, then Greece, Portugal, Spain and Italy. After much negotiation, a Greek default was averted as a financial bailout kept Greece afloat, and the election of a pro-austerity government in June kept hopes alive, although it left the underlying economic issues unresolved. By the spring, attention turned to Italy and Spain's growing financial challenges, including high unemployment and rising government debt levels. The yield on Spain's 10-year sovereign bonds rose above 7%, widely seen as financially unsustainable and likely to lead to a bailout.

Meanwhile, China, the world's second largest economy and its growth engine, began to slow substantially. This particularly affected commodity-producing and exporting countries that have been propelled by China's robust growth. China's quarterly gross domestic product figures tumbled throughout the 12-month period, from a 9.5% annual growth rate in the March quarter of 2011 to 7.6% expansion in the last quarter, substantially below its long-term average of 10%. The period ended with investors anticipating further economic stimulus from central banks in the European Union, U.K., U.S. and China.

International stocks lost substantial value, as reflected by the negative 13.83% return of the Morgan Stanley Capital International ("MSCI") Europe, Australasia and Far East Index ("EAFE") for the period. Within EAFE, growth stocks outperformed value by 2.60 percentage points, defensive stocks outperformed cyclical stocks and high quality stocks outperformed low quality stocks. Individual country performance varied greatly in the period. Ireland had the best return (positive 1.3%) and was the only European country with a positive return. Belgium, New Zealand, the U.K. and Denmark were also among the better performing markets. Greece (negative 68.5%) had the weakest return, followed by Austria, Portugal, Spain and Italy. Defensive sectors generally performed better than cyclical ones. For the period, consumer staples had the best performance (positive 2.7%). Healthcare was the only sector with a positive return. Telecommunication services, energy and consumer discretionary stocks within the portfolio also outperformed MSCI EAFE, but with double-digit negative returns. Materials (negative 27.1%) was the weakest sector, followed by financials, utilities, information technology and industrials. Developed markets had better returns than riskier market segments (i. e. international small cap or emerging markets), but not as strong as U.S. stocks. Currencies on average declined versus the U.S. dollar hurting returns for U.S. dollar based investors. MSCI EAFE in local currency terms fell 8.6%. The Euro (-12.5%), Swiss franc (-11.0%), Australian dollar (-4.3%) and British pound (-2.3%) all declined while the Japanese yen (+1.2%) gained marginally.

Performance Summary

DMISF's market value fell from $5.408 billion on June 30, 2011 to $4.626 billion by fiscal year end 2012, a decrease of $782 million. Of this total, net realized and unrealized losses of $812 million along with cash withdrawals of $111 million by participating retirement plans and trust funds were offset by $141 million in net investment income.

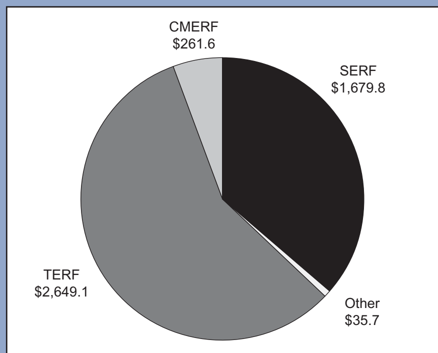
For the fiscal year ended June 30, 2012, the Developed Markets International Stock Fund generated a return of -12.48%, net of all expenses, underperforming its benchmark return of -11.25% by 123 basis points. The Fund outperformed its benchmark by 83 basis points over the three year period, generating a return of 7.07% versus 6.24% for the index. Over the five year period, the Fund's annualized return was -5.46% versus -5.92% for its benchmark, an outperformance of 46 basis points (See 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 exchange 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, 2012. 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.

Figure 9-1

DEVELOPED MARKETS INTERNATIONAL STOCK
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 9-2

DEVELOPED MARKETS INTERNATIONAL STOCK
Risk Profile at June 30, 2012 (1)

Relative Volatility	1.00
Standard Deviation	20.80
R^2	0.99
Beta	1.00
Alpha	0.46

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

Figure 9-3

DEVELOPED MARKETS INTERNATIONAL STOCK
Periods ending June 30, 2012

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
DMISF	-12.48	7.07	-5.46
S&P/Citigroup BMI EPAC 50% Hedged	-11.25	6.24	-5.92
Cumulative Total Return (%)			
DMISF	-12.48	22.74	-24.48
S&P/Citigroup BMI EPAC 50% Hedged	-11.25	19.93	-26.29

Figure 9-4

DEVELOPED MARKETS INTERNATIONAL STOCK
Annual Total Return

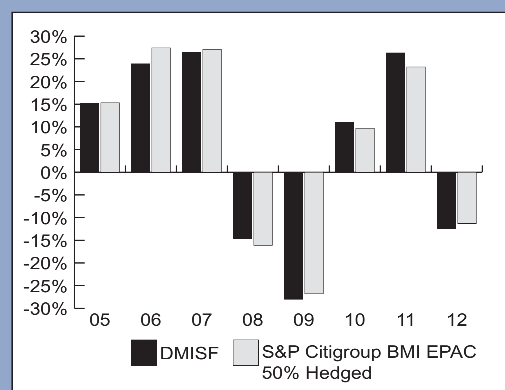


Figure 9-5

DEVELOPED MARKETS INTERNATIONAL STOCK
Diversification by Benchmark Country
at June 30, 2012[1]

	DMISF % of Net Assets 6/30/12	Benchmark % of Net Assets 6/30/12	Variance
Japan	14.2	21.1	-6.9
United Kingdom	13.9	20.9	-7.0
Korea	6.4	5.8	0.6
Hong Kong	5.8	3.6	2.2
United States	5.4	0.0	5.4
France	5.2	7.9	-2.7
Germany	5.1	7.2	-2.1
Brazil	5.1	0.0	5.1
Switzerland	4.6	7.5	-2.9
Australia	4.4	8.2	-3.8
China	2.3	0.0	2.3
Russia	2.3	0.0	2.3
Taiwan	2.0	0.0	2.0
Netherlands	1.9	2.5	-0.6
Italy	1.7	2.4	-0.7
Spain	1.6	2.3	-0.7
Mexico	1.6	0.0	1.6
Thailand	1.5	0.0	1.5
South Africa	1.4	0.0	1.4
Sweden	1.3	3.0	-1.7
Singapore	1.3	1.9	-0.6
Canada	1.3	0.0	1.3
Indonesia	1.2	0.0	1.2
Turkey	1.2	0.0	1.2
Other	7.3	5.7	1.6
Total	**100.0**	**100.0**	

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

Figure 9-6

DEVELOPED MARKETS INTERNATIONAL STOCK
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
Index	**968,808,402**	**20.94%**
State Street Global Advisors	968,808,402	20.94%
Core	**1,088,743,990**	**23.53%**
Invesco Global Asset Mgmt.	186,523,851	4.03%
AQR Capital Management	595,034,605	12.86%
Acadian Asset Management	201,056,191	4.35%
Artio Global	4,310,068	0.09%
Progress	101,819,275	2.20%
Active-Growth	**596,440,009**	**12.89%**
MFS Institutional Advisors, Inc.	596,440,009	12.89%
Active-Value	**512,298,986**	**11.07%**
Grantham, Mayo, Van Otterloo	512,298,986	11.07%
Small Cap	**716,765,283**	**15.50%**
Schroder Investment Mgmt.	241,331,347	5.22%
Dimensional Fund Advisors	210,237,891	4.55%
William Blair & Company	265,196,045	5.73%
Risk Controlled	**693,206,424**	**14.98%**
BlackRock	332,807,897	7.19%
Pyramis	360,398,527	7.79%
Other [1]	**49,900,970**	**1.09%**
TOTAL DMISF	**4,626,164,064**	**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
Ten Largest Holdings* at June 30, 2012

Security Name	Country	Market Value	%
Nestle SA CHFO.10 REGD	Switzerland	$66,966,851	1.47%
Roche Holding AG Genusschein NPV	Switzerland	56,285,141	1.24%
Samsung Electronics Co Ltd KRW5000	Republic of Korea	56,265,122	1.24%
Royal Dutch Shell PLC A Shares Eur .07	United Kingdom	52,156,764	1.15%
HSBC Holdings ORD USD 0.50 UK REG	United Kingdom	52,097,686	1.14%
Total SA Eur 2.5 Post Division	France	51,809,868	1.14%
Sanofi Aventis EUR 2.0	France	50,618,705	1.11%
Glaxosmithkline PLC GBP .25	United Kingdom	44,327,692	0.97%
BP PLC USD .25	United Kingdom	41,145,281	0.90%
Astrazeneca ORD USD 0.25	United Kingdom	39,505,135	0.87%
Top Ten		$511,178,245	11.23%

* *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.*

2012 emerging markets international stock fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Emerging Markets International Stock Fund ("EMISF") invests primarily in the common stocks of non-U.S. corporations generally operating within emerging markets. In the overall asset allocation, EMISF's goal is to achieve a long-term, real rate of return above the U.S. inflation rate. The inclusion of EMISF investments provides additional diversification for CRPTF.

Date of Inception: November 1, 2007

Total Net Assets: $2,227,476,507

Performance Objective: To achieve a return, that, at a minimum, matches the benchmark, over rolling three- to five-year periods, net of all expenses.

Management Fees: $15,663,461

Benchmark: Morgan Stanley Capital International ("MSCI") Emerging Markets Free Index ("EMF")

Operating Expenses: $1,835,417

Number of Advisors: 4 external

Expense Ratio: 0.72%

Description of the Fund

EMISF investments are made using external money managers. EMISF assets are allocated across foreign markets and are diversified by market, capitalization and style which, in aggregate, are structured to replicate the characteristics of the comparable emerging markets equity index. Non-U.S. equities are defined as common stocks issued by companies domiciled outside the U.S. Emerging Markets are defined as the 21 countries included in the MSCI EMF.

Portfolio Characteristics

As of fiscal year end, the EMISF's largest holdings included a variety of companies located in Hong Kong, the Russian Federation, and the Republic of Korea (See Figure 10-8). As would be expected of an actively managed fund, EMISF displayed a country make up that was different from that of its benchmark. For example, the portfolio has exposures to Hong Kong (10.5%) and the United States (5.7%) which are not in the benchmark. Notable underweights include China (6.5% vs. benchmark's 17.8%) and India (2.0% vs. benchmark's 6.5%). The underweights are offset by overweights such as Turkey (3.5% vs. 1.7%) and the Philippines (2.0% vs. 0.9%) (See Figure 10-6).

Market Review

Emerging markets declined during the fiscal year ended June 30, 2012 amid unusual turbulence. The asset class was hurt by continuing concerns over the European sovereign debt crisis and further evidence of declining growth in the economies of China and India. Equities sold off at the start of the fiscal year and bounced back briefly, only to fall again as Europe's widening debt crisis and impact on world growth weighed heavily on investor sentiment. Large liquidity injections by leading global central banks provided stock markets with some respite at the start of calendar year 2012. Country returns in the asset class displayed a wide divergence, ranging from a negative 37.7% return in Hungary to a positive 27.0% return in the Philippines. Sector returns were in a narrower range varying from a negative 26.8% return for the materials sector to a positive 5.4% for consumer staples.

Renewed risk aversion cut short the relief rally. Fevered speculation over the potential for Greece's exit from the euro zone as well as Spain's banking sector bailout revived fears of financial contagion. A continued deceleration in economic momentum across the asset class further undermined investor sentiment. The slowdown, led by three of the four "BRIC" economies, namely Brazil, India and China, stoked fears of a deeper and more protracted downturn, although some of the waning growth was engineered by government concerns about price pressures or property bubbles. The Brazilian stock market fell on the back of a sluggish economy. Europe's crisis worsened and China, Brazil's largest trade partner, dampened speculation of a massive stimulus package. Brazil's central bank trimmed its growth forecast for 2012 to 2.5% from its 3.5% forecast in March. It also signaled that it would continue to cautiously cut interest rates. Chinese stocks rose late in the second quarter on speculation that the government would ease monetary policy and increase fiscal spending on infrastructure to support economic growth. The statistics bureau reported that industrial companies' profiles declined for a second month in May. In response, the central bank cut reserve ratios three times in a switch from the tightening mode in effect over the previous 2 years. It also lowered deposit and lending rates in June for the first time since 2008. Emerging market currencies were not spared the broad sell-off as investors retreated to the safety of "haven" assets. The Brazilian real and the Indian rupee were among the worst hit currencies. Some emerging market policymakers, who were until recently mostly relieved to see their currencies shed some of the rapid gains, tried to stem the depreciation. Brazil, for instance, cut a tax on overseas loans, India and Russia also intervened in the markets to defend their currencies.

The period ended on a positive note as Europe's leaders instituted further steps to ease the debt crisis in late June. Towards the end of the period, the election of a pro-bailout government in Greece and Europe's fresh efforts to address the region's fiscal woes lifted equity markets. Hopes that the major central banks would implement new measures to shore up growth also buoyed sentiment. The late gains, however, failed to erase earlier losses. The MSCI Emerging Market Free Index's decline of approximately 15.74% in U.S. dollar terms lagged the total return of both the U.S. and developed world markets, which rose by 5.43% and fell by 4.38%, respectively.

Performance Summary

EMISF's market value fell from $2.638 billion on June 30, 2011 to $2.227 billion by fiscal year end 2012, a decrease of $411 million. Of this decrease in assets, $430 million emanated from net realized and unrealized losses along with cash withdrawals of $40 million by participating plans and trust funds offset by $59 million in net investment income.

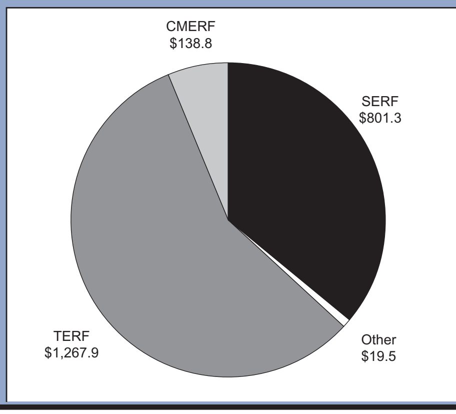
For the fiscal year ended June 30, 2012, the Emerging Markets International Stock Fund (EMISF) generated a return of -14.16%, net of all expenses, outperforming its benchmark index return of -16.29% by 213 basis points (bps). The Fund returned 11.39% and -0.88% for the three and five year periods, outperforming by 142 bps for the three-year and underperforming by 102 bps for the five year period. Over the ten year period, the fund outperformed the benchmark by 35 bps. The cumulative returns for the Fund for the three, five and ten year periods were 38.19%, -4.33% and 289.50%, 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 excess return over the five-year period, or return in excess of that earned by the benchmark, was -1.02% (See Figure 10-2). Over the past five years, the fund has experienced slightly less volatility than the benchmark as evidenced by its 0.97 relative volatility.

Figure 10-1

EMERGING MARKETS INTERNATIONAL STOCK
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 10-2

EMERGING MARKETS INTERNATIONAL STOCK
Risk Profile at June 30, 2012 (1)

Relative Volatility	0.97
Standard Deviation	29.24
R^2	0.99
Beta	0.96
Alpha	-1.02

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

Figure 10-3

EMERGING MARKETS INTERNATIONAL STOCK
Fiscal 2012 Economic Sector vs. Index (%)

	EM ISF	MSCI Index	Vari- ance
Energy	13.9	11.7	2.2
Materials	8.5	13.0	-4.5
Industrials	7.3	8.1	-0.8
Consumer Discretionary	8.5	8.9	-0.4
Consumer Staples	5.2	6.9	-1.7
Health Care	1.0	1.1	-0.1
Financials	24.6	25.2	-0.6
Information Technology	9.9	13.4	-3.5
Telecommunication Services	7.0	8.0	-1.0
Utilities	1.5	3.7	-2.2
Commingled Fund	10.6	0.0	10.6
Preferred Stock	0.0	0.0	0.0
Private Placement	0.4	0.0	0.4
Other	0.0	0.0	0.0
Liquidity Fund	1.6	0.0	1.6
	100.0	100.0	

Figure 10-4

EMERGING MARKETS INTERNATIONAL STOCK
Periods ending June 30, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
EMISF	-14.16	11.39	-0.88	14.56
MSCI Emerging Markets IMI Index	-16.29	9.97	0.14	14.21
Cumulative Total Return (%)				
EMISF	-14.16	38.19	-4.33	289.50
MSCI Emerging Markets IMI Index	-16.29	32.98	0.69	277.48

Figure 10-5

EMERGING MARKETS INTERNATIONAL STOCK
Annual Total Return

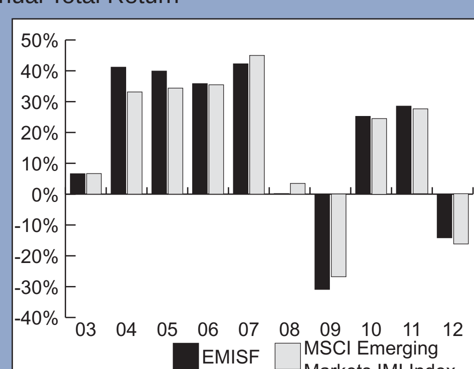


Figure 10-6

EMERGING MARKETS INTERNATIONAL STOCK
Diversification by Benchmark Country with Return (%) at June 30, 2012 (1)

	EMISF		Benchmark	
	Percent of Net Assets 6/30/12	Total Return	Percent of Net Assets 6/30/12	Total Return
Brazil	15.1	-26.3	13.1	-26.6
Korea	11.2	-8.6	15.2	-14.5
Hong Kong	10.5	-0.7	0.0	0.0
Russia	7.1	-23.9	6.0	-25.6
China	6.5	-23.7	17.8	-16.0
Taiwan	6.1	-10.5	11.0	-15.7
United States	5.7	-10.4	0.0	0.0
Mexico	4.9	12.9	5.0	0.4
Thailand	4.4	9.1	2.2	9.1
South Africa	3.7	-5.5	8.0	-6.5
Turkey	3.5	-5.8	1.7	-8.8
Indonesia	3.4	-5.6	2.7	-9.3
Malaysia	2.1	-8.6	3.6	-3.0
India	2.0	-26.9	6.5	-25.4
Philippines	2.0	35.0	0.9	25.1
United Kingdom	1.1	-16.7	0.0	-
Other Countries	10.7	-	6.3	-
Total	**100.0**		**100.0**	

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

Figure 10-7

EMERGING MARKETS INTERNATIONAL STOCK
Investment Advisors at June 30, 2012

Investment Advisor	**Net Asset Value**	**% of Fund**
Grantham, Mayo, Van Otterloo	$601,112,894	26.99%
Emerging Markets Management	563,220,882	25.28%
Aberdeen Asset Management	618,151,872	27.75%
Schroders Investment Mgt	441,382,085	19.82%
Other (1)	3,608,774	0.16%
TOTAL EMISF	$2,227,476,507	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
Ten Largest Holdings* at June 30, 2012

Security Name	**Country**	**Market Value**	**%**
China Mobile Ltd. HKD 0.10	Hong Kong	$63,652,786	2.87%
Samsung Electronic KRW 5000	Republic of Korea	63,007,542	2.84%
CNOOC Ltd HKD 0.02	Hong Kong	53,959,610	2.43%
Lukoil OAO ADR Rub 0.025	Russian Federation	48,240,078	2.18%
Gazprom ADR OAO	Russian Federation	44,395,309	2.00%
Vale SA PREF ADR	Brazil	37,824,778	1.71%
Taiwan Semiconductor SP ADR	Taiwan	34,425,863	1.55%
Samsung Electronic GDR PFD	Republic of Korea	33,936,600	1.53%
Astra International TBK IDR 500.0	Indonesia	31,168,685	1.41%
Hyundai Motor Co KRW 5000	Republic of Korea	27,878,077	1.26%
Top Ten		**$438,489,328**	**19.78%**

* *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.*

real estate fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Real Estate Fund's ("REF") strategic objectives are to provide diversification to the overall CRPTF investment program, preserve investment capital and generate attractive risk-adjusted rates of return. The REF also provides consistent current income and provides capital gains to the CRPTF and acts as a hedge against inflation given different economic scenarios.

Date of Inception: July 1, 1982

Performance Objective: To achieve a net return that, at a minimum, matches the benchmark over rolling three-to five-year, periods net of all expenses.

Benchmark: National Council of Real Estate Investment Fiduciaries - National Properties Index, ("NCREIF-NPI"), with a one quarter lag

Total Net Assets: $1,328,371,843

Management Fees [(1)]: $3,255,115

Capitalized and Netted Fees: $13,264,936

Operating Expenses: $730,047

Expense Ratio: 0.33%

Number of Partnerships: 26 external LP Commingled Funds, 2 Open-Ended Funds, and 2 Separate Accounts

(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 invests in real estate properties, real estate related equity investments, and 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 firms.

The REF's strategic objectives are: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation. Its returns are expected to be equal to or greater than each plan's actuarially determined assumed rate of return, and competitive, on a risk-adjusted basis, with that of other asset classes in which the CRPTF invests. The REF as a whole is benchmarked against the NCREIF-NPI, an index representative of unlevered, institutionally held Core real estate in the United States. However, fund investments are also compared to appropriate sub-indices, such as NCREIF Open-Ended Diversified Core Equity ("ODCE") for Core funds, and NCREIF Value-Added Fund Index as well as NCREIF Townsend Opportunistic Fund Index, for Value-Add and Opportunistic funds, respectively.

Portfolio Characteristics

As of June 30, 2012, the portfolio was approximately 63.5% invested in Close-End fund vehicles, 16.3% in Open-End funds, and 11.1% of the Fund's assets held in 2 Separate Accounts, in which the REF holds 100% ownership interest in properties within the portfolio. These Separate Account vehicles are managed by external managers, and 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. In accordance with the Investment Policy Statement ("IPS"), leverage levels in the REF shall not exceed 60%, and are diversified across geography and property types, with approximately 88% located in the markets within the United States and 9.70% to real estate markets abroad.

Within the CRPTF Real Estate Fund, target percentage allocations are: 50% in Core, 25% in Value-Add, 25% in Opportunistic, with a small percentage held in Public REITs on a strategic basis. The portfolio is well diversified geographically. While the NPI remains the tracked real estate investments benchmark, the CRPTF at any given time may be tactically under- or over-weight in specific property types, regions, vintage years or other characteristics of the Index.

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. These returns historically closely track the returns of NCREIF-NPI, and reflect the diversification of portfolio property types in the benchmark, which consist of office, industrial, multi-family, and retail, held in percentages representative of the Index.

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. Annual returns are expected to be higher than those of a Core real estate portfolio and are benchmarked to the NCREIF-NPI plus 200 basis points.

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. Annual returns are benchmarked to the NCREIF-NPI plus 500 basis points.

Public REITs

Real Estate Investment Trusts trade on public stock exchanges like equity securities. These shares offer a highly liquid vehicle through which investors can gain exposure to real estate and generally offer high yields. The publicly traded nature makes REITs highly liquid but also more highly correlated to equity market moves.

Performance Summary

For the fiscal year ending June 30, 2012, the REF's market value increased from $1.097 billion to roughly $1.328 billion. The Fund generated a total one year return of 7.19%, net of all expenses, versus a gross return in the NCREIF-NPI of 13.41%. While underperforming the benchmark, this one-year return reflects an ongoing positive trend in the REF portfolio, and can be attributed to recent accretive commitments to opportunistic debt strategies in the Fund, increases in Core property valuations, and a partial recovery in recent vintage year real estate fund investments, which resulted in the REF's strong relative performance over the past four quarters, otherwise the disparity between the REF and its benchmark would be greater.

For the trailing three, five and ten year periods, the REF's compounded annual returns, net of all expenses, were -0.22%, -5.55%, and 1.96%, respectively (See Figure 11-8). The REF returns have underperformed the benchmark in the three, five and ten year periods by 618 basis points, 843 basis points, and 621 basis points, respectively. Much of the long-term underperformance is attributable to the REF's uneven investment history, reflected in being out of the market during positive vintage years between 1999 and 2004, and being disproportionately invested during negative vintage years between 2005 and 2009. REF returns have been steadily improving as the Fund has been actively investing through the recent real estate cycle, beginning in 2010. During the first quarter of 2012, REF returns are tracking its NCREIF-NPI benchmark, with a slight out-performance, due to an improving real estate market environment. During the same reporting period last year the REF returns underperformed the benchmark in the three, five and ten year periods by 925 basis points, 779 basis points and 616 basis points, respectively.

Market Review

The investment and operating environment for real estate stabilized further and remained favorable throughout Fiscal Year 2012. The U.S. economic outlook has improved significantly, following the market volatility in the second half of 2011. The recovery in the U.S. appears to be self-sustaining, although growth should be moderate and still uneven between different property markets. Job growth has spread from the tech-related markets to other segments, boosted by the Federal Reserves' commitment to an accommodative monetary policy. Although the U.S. is experiencing net positive fundamentals, real estate demand drivers have been slow to recover, with the exception of multifamily and office demand by technology companies in select locations. Pent up demand for household formation continues to drive new supply of multifamily properties and has spawned a new asset class in single-family home rentals. The decline in homeownership rates due to the dislocation in the credit markets and impending foreclosures has slowed but has not turned significantly, and many economists do not expect homeownership rates to return to peak levels seen in 2005-2006, which many deem as unsustainable. In the meantime, lower vacancies, increasing rent levels and available financing in the multifamily sector has reached levels that support new construction. This bodes well for this sector, and has benefited many investors with broad exposure to this asset type, and favor its ability to produce stable cash flow and current income.

However, with uncertainty in global demand, tepid U.S. labor markets and an impending financial crisis in Europe, the real estate markets have been slow to bounce back from its deepest downturn on record. U.S. banks continue to reduce their real estate exposure, which provides opportunities for distressed asset buyers. The REF is capitalizing on this bifurcated market by pursuing Core and Value-Add investments with Funds that have a broad exposure to multifamily and office properties in the "gateway" cities that are characterized by a diversified economy, exposure to tech-related businesses and strong demand fundamentals. At the same time, the REF continues to seek opportunities with Managers that can have a strong track record in accessing and managing distressed debt and equity investments that provide attractive return profiles. We expect continued positive performance in the later vintage investments made during 2010 to the present, and further stabilization in those investments made during those years impacted by the global financial crises of 2008/2009.

Risk Profile

The REF takes both a total portfolio and asset class specific approach to risk management. Risk is managed at the portfolio level through diversification and strategic asset allocation and strategy implementation. Given the nature of private property appraisals and the discretion around valuation judgments in lieu of a real-time marked-to-market pricing, REF's risk and return profile is complex. 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 NPI as expected. There are two primary reasons for this: (i) allocations to higher risk sectors, and (ii) the typical leverage component in an investor's core investments. The REF portfolio allocates amongst 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 NPI. Also, REF's core sub-portfolio, which tracks NPI the closest, has a typical amount of leverage of approximately 31%. NPI is comprised of a portfolio of 6,000+ properties, many of which are levered, but for purposes of constructing the NPI benchmark, are de-levered so as to produce an unlevered index.

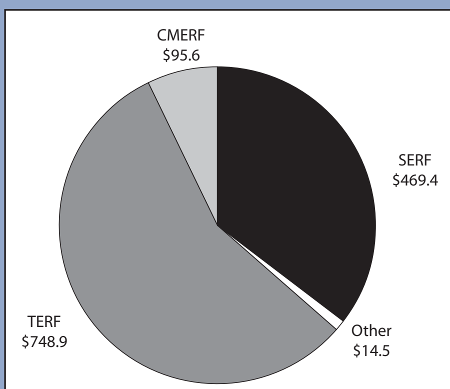
	Standard Deviation 1 Year	3 Year	5 Year	10 Year	Since Inception
Sub Portfolios:					
Stable/Core	4.65%	6.51%	9.15%	NA	
Enhanced Return/Value-Add	3.67%	10.76%	18.84%	NA	
High Return/Opportunistic	3.29%	11.82%	15.53%	13.11%	11.70%
REF Overall	2.81%	7.87%	12.09%	10.44%	9.51%
NPI	0.64%	4.95%	7.80%	6.33%	5.41%

Data as of June 30, 2012

REF volatility is typical and not excessive relative to a benchmark comprised of a weighted blend of core/value/opportunistic funds. For the purposes of tracking relative volatility across strategies, CRPTF staff also monitors its investments against the NCREIF Open-End Diversified Core Equity Fund Index ("ODCE") for its open-ended Core real estate investments, and NCREIF Townsend Value-Add & Opportunistic Fund Indices for its Value-Add and Opportunistic real estate investments.

Figure 11-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 11-2

REAL ESTATE FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	1.24
Standard Deviation	9.81
R^2	0.03
Beta	0.20
Alpha	-8.43

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

Figure 11-3

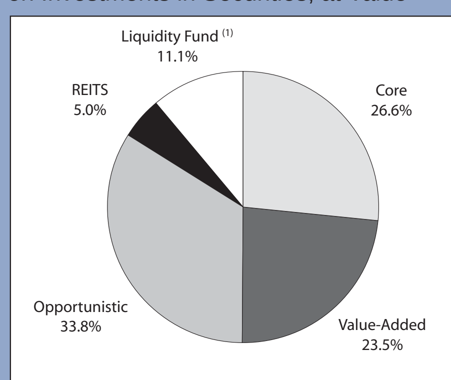
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
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
6/30/2003	10	393,641,512	420,132,363

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

Figure 11-4

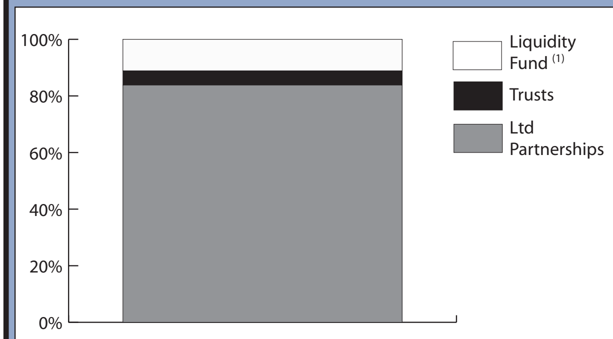
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2012
Based on Investments in Securities, at Value



(1) Includes Liquidity Fund and other assets.

Figure 11-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2012
Based on Investments in Securities, at Value



(1) Includes Liquidity Fund and other assets.

Figure 11-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2012
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	28.8%	41.8%	-13.0%
Midwest	5.8%	5.9%	-0.1%
South	16.1%	22.2%	-6.1%
West	16.2%	30.1%	-13.9%
International	9.7%	0.0%	9.7%
Liquidity Fund & Other [1]	23.4%	0.0%	23.4%
	100.0%	100.0%	

(1) Includes Liquidity Fund and other assets.

Figure 11-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2012
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	14.3%	25.0%	-10.7%
Industrial	6.3%	14.0%	-7.7%
Office	20.9%	35.0%	-14.1%
Retail	9.7%	23.0%	-13.3%
Hotel	14.3%	3.0%	11.3%
Liquidity Fund & Other [1]	34.5%	0.0%	34.5%
	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, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	7.19	-0.22	-5.55	1.96
NCREIF Property	13.41	5.96	2.88	8.17
Cumulative Total Return (%)				
REF	7.19	-0.64	-24.84	21.44
NCREIF Property	13.41	18.95	15.27	119.37

Figure 11-9

REAL ESTATE FUND
Annual Total Return

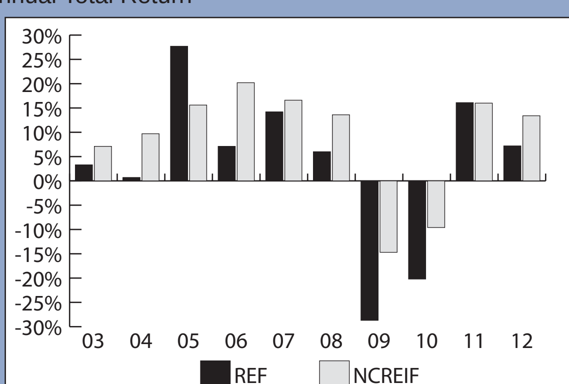


Figure 11-10

REAL ESTATE FUND
Components of Total Return ($ in millions)

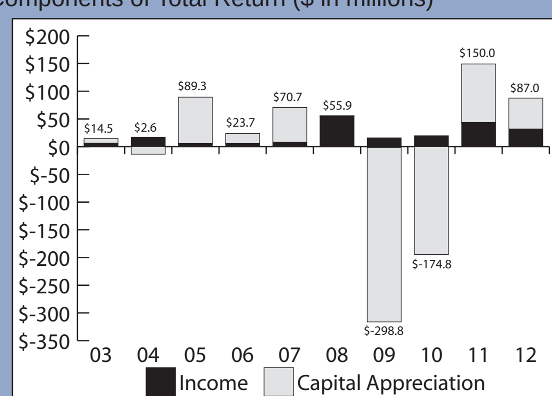


Figure 11-11

REAL ESTATE FUND
Funds at June 30, 2012

Fund	Net Asset Value	% of Fund
1800 E. St. Andrew Place	$21,399,291	1.61%
1155 Perimeter Center West	32,426,405	2.44%
AEW Partners III	5,783,825	0.43%
AEW 221 Trust	991,995	0.07%
AEW Core	119,944	0.01%
Alliance Bernstein Legacy	37,538,118	2.83%
Apollo Real Estate	8,572,642	0.64%
Blackstone Real Estate VI LP	115,090,862	8.66%
Blackstone Real Estate Spec Sit II LP	47,143,810	3.55%
Blackstone Real Estate Partner Europe III LP	20,629,325	1.55%
Canyon Johnson Urban Fund II	26,697,134	2.01%
Canyon Johnson Urban Fund III	27,665,762	2.08%
Capri Select Income II LLC	6,620,046	0.50%
Colony Realty Partners II LP	24,071,613	1.81%
Cornerstone Patriot	54,470,100	4.10%
Covenant Apartment Fund V LP	25,194,881	1.90%
Covenant Apartment Fund VI	28,768,150	2.17%
The Glen at Lafayette Hill	14,966,557	1.13%
IL & FS India Realty Fund II	45,464,498	3.42%
Macfarlane Urban Real Estate Fund II LP	23,015,239	1.73%
Marathon Legacy Securities PPI	58,214,832	4.38%
Mullica Hill Plaza	9,050,902	0.68%
North Scottsdale Corporate Center	41,692,131	3.14%
Prime Property Fund	137,184,300	10.33%
Rio Hill Shopping Center	41,860,437	3.15%
Lone Star Real Estate Part II LP	28,104,572	2.12%
RLJ Urban Lodging Fund II	65,821,618	4.96%
Rocky Creek Apartments	15,673,478	1.18%
Rockwood Capital Fund V	8,685,424	0.65%
Rockwood Capital VI Limited Partnership	14,882,764	1.12%
Rockwood Capital VII Limited Partnership	25,629,615	1.93%
Starwood Opportunity Fund VII	35,941,250	2.71%
Starwood Opportunity Fund VIII	47,612,214	3.58%
Urban Strategy America Fund LP	31,310,299	2.36%
Walton Street Real Estate	17,755,944	1.34%
WLR IV PPIP Co Invest LP	34,668,000	2.61%
Other (1)	147,653,866	11.12%
TOTAL REF	1,328,371,843	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, 2012

Property Name	Type	Market Value	%
Prime Property Fund	Core	$137,184,300	10.33%
Blackstone Real Estate VI LP	Opportunistic	115,090,862	8.66%
RLJ Urban Lodging Fund II	Opportunistic	65,821,618	4.96%
Marathon Legacy Securities PPI	Value-Added	58,214,832	4.38%
Cornerstone Patriot	Core	54,470,100	4.10%
Starwood Opportunity Fund VIII	Opportunistic	47,612,214	3.58%
Blackstone Real Estate Spec Sit II LP	Value-Added	47,143,810	3.55%
IL & FS India Realty Fund II	Opportunistic	45,464,498	3.42%
Rio Hill Shopping Center	Core	41,860,437	3.15%
North Scottsdale Corporate Center	Core	41,692,131	3.14%
Top Ten		$654,554,802	49.27%

* *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 2012 (in Excess of $3 Million)

Partnership Name	Commitment Amount	Investment Type
Cornerstone Patriot*	$100 million	Core
American Realty Advisors Separate Account	$150 million	Core
Total	$250 million	

** Increase to existing investment*

2012

commercial mortgage fund

Fund Facts at June 30, 2012

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

Performance Objective: A total annual return equal to the Barclays Aggregate Bond Index plus 100 basis points, net of all expenses.

Benchmark: Barclays Aggregate Bond Index ("BCI")

Number of Advisors: 1 external

Total Net Assets: $768,554

Management Fees: $25,000

Operating Expenses: $1,097

Expense Ratio: 1.65%

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 professional real estate investment management firms. 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 not 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 interests mentioned above, the CMF's sole commercial whole loan portfolio, initiated in September of 1992, is secured by one mobile home park in Phoenix, AZ, with a relatively high, 9.55% interest rate and matures in September 2012. Debt service coverage is abundant at 3.5 times. As of June 30, 2012, the remaining principal balance on this loan is approximately $400,000, with a prepayment premium provision that expires in Q3 2012. It is expected that this loan will pay off soon thereafter. The CMF has had no 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, 2012, the CMF generated a return of -6.48%, net of all expenses, underperforming the BCI of 7.47%. 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

1.46%, 2.54% and 6.42%, respectively, net of all expenses. The comparative three-, five- and ten-year period benchmark returns were 6.93%, 6.79% and 5.63% 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. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, thereby shortening investors' assumed time horizon and exposing them to reinvestment risk. However, yield maintenance-based prepayment penalties, which are included in the majority of the Fund's commercial mortgage investments, as well as the steady pay-down of the mortgages within this portfolio, help minimize this risk.

The total net asset value at June 30, 2012 was approximately $768 thousand and was not material to the overall performance of the CRPTF.

2012 private investment fund

Fund Facts at June 30, 2012

Investment Strategy/Goals: The Private Investment Fund ("PIF") invests in various private equity strategies and vehicles. The purpose of the PIF is to earn returns in excess of the public equity markets and generate attractive risk-adjusted rates of return. The PIF is also expected to reduce the impact of market volatility by diversifying the total asset base.

Date of Inception: July 1, 1987

Performance Objective: To outperform the Standard & Poor Index ("S&P 500") by 500 basis points over rolling ten year periods, net of all expenses.

Benchmark: S&P 500

Number of Partnerships: 84 external

Total Net Assets: $2,572,146,728

Expensed Management Fees(1): $6,549,582

Capitalized and Netted Fees: $31,628,848

Operating Expenses: $1,987,254

Expense Ratio: 0.36%

(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. Corporate finance encompasses several underlying strategies, including buyout, mezzanine, and special situations.

This Fund structure allows experienced industry professionals to manage PIF's assets while allowing the Fund 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) investments are investment funds which may have multiple areas of strategic focus. FOFs invest in multiple private equity partnerships that invest in underlying companies. 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.

Through June 30, 2012, the PIF had 69 active funds and aggregate capital commitments totaling $5.8 billion. Approximately 78.2 percent, or $4.5 billion, has been "drawn down" for investment purposes as of that date while the balance of approximately $1.3 billion or 21.8 percent is committed but not "drawn" (See Figure 13-6).

Market Review

Fundraising in calendar year 2012 is on pace to surpass 2011 results. U.S. buyout fund managers raised $39 billion through June 30, 2012, versus the $64 billion raised in all of 2011. U.S. venture fund managers raised $11 billion through June 30, 2012, versus $19 billion raised in all of 2011 (Source: Thomson One).

Investment activity has slowed this year. U.S. buyout fund managers have invested $50 billion through the first half of 2012, which is 30% behind 2011's pace on an annualized basis. U.S. venture fund managers have invested $25 billion through the first half of 2012, which is 25% behind 2011's pace on an annualized basis (Source: Thomson One).

Buyout transaction prices have softened for both mid-market and large deals. Earnings before interest, taxes, dividends and amortization (EBITDA) purchase multiples for companies valued at less than $250 million dropped to 7.3 times the enterprise's cash flow in the first half of 2012 from 8.0 times enterprise cash flow in 2011. EBITDA purchase multiples for transaction sizes with company values greater than $250 million dropped to 8.0x in the first half of 2012 from 9.1x in 2011 (Source: S&P Leveraged Commentary & Data).

The IPO market has seen some improvement this year. There were 29 venture-backed IPOs and 20 buyout-backed IPOs in the first half of 2012, versus 40 venture-backed IPOs and 20 buyout-backed IPOs in all of 2011 (Source: Thomson One).

Performance Summary

For the fiscal year ended June 30, 2012, PIF generated a net compounded annual rate of return of 5.92%. 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 mature. PIF's performance is benchmarked against the S&P 500 plus 500 basis points. Over the last 10 years through June 30, 2012, PIF has exceeded its benchmark of the S&P 500 plus 500 by 261 basis points. From a TWR perspective, the PIF has underperformed the State Street Private Equity Index time-weighted benchmark of 10.81% by 287 basis points.

The institutional standard for measuring private equity performance is the Internal Rate of Return ("IRR"), rather than the TWR. IRR is a dollar-weighted annualized return that considers both cash flows and time. Since its inception in 1987, PIF has generated an 8.3% IRR. A tool commonly used by institutional investors to benchmark IRR performance is the public market equivalent ("PME"). The PME essentially converts a public equity index TWR into an IRR. From inception through June 30, 2012, PIF has generated 308 basis points in excess of its S&P 500 PME.

During fiscal 2012, PIF added $362.9 million of new commitments to five private equity fund managers (See Figure 13-10).

During fiscal year 2012, PIF's assets increased from $2,232 million to $2,572 million, an increase of $340 million. This increase reflects dividend payments approximating $191.0 million offset by $390.2 million in CRPTF unit purchases. Contributing to the increase in assets was $190.8 million in net investment income, $53.7 million in realized and unrealized net capital losses coupled with $500 thousand in administrative expenses.

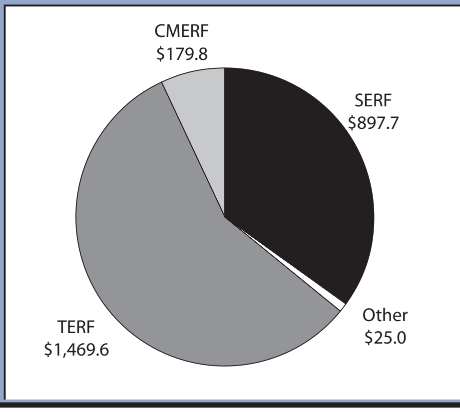
Risk Profile

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 due to its alternative investment strategy. Over the last five years, PIF's volatility relative to its benchmark has been 0.39 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 2.33 (See Figure 13-2).

Figure 13-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2012 ($ in millions)



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

Figure 13-2

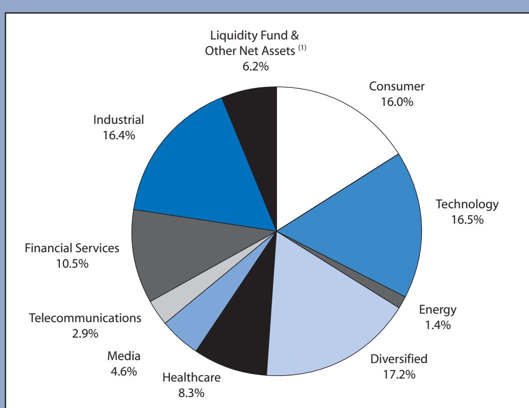
PRIVATE INVESTMENT FUND
Risk Profile at June 30, 2012 (1)

Relative Volatility	0.39
Standard Deviation	7.42
R^2	0.01
Beta	0.03
Alpha	2.33

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

Figure 13-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2012
Based on Investments in Securities, at Value



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

Figure 13-4

PRIVATE INVESTMENT FUND
Distribution by Geographic Location at June 30, 2012
Based on Investments in Securities, at Value

Region	%
Northeast (Excludes Connecticut)	17.2%
International	9.9%
West Coast	21.1%
Liquidity Fund/Other Assets & Liabilities (1)	6.2%
Southeast	14.3%
Mid-Atlantic	9.6%
MidWest	8.6%
Southwest	8.3%
Connecticut	3.1%
Northwest	1.7%
TOTAL	100.00%

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

Figure 13-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2012

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	5.92	14.21	7.21	7.94
S & P 500	5.45	16.40	0.22	5.33
State Street Private Equity Index (1 Qtr. Lag)	7.32	16.51	4.88	10.81
Cumulative Total Return (%)				
PIF	5.92	48.97	41.63	114.65
S & P 500	5.45	57.70	1.09	68.14
State Street Private Equity Index (1 Qtr. Lag)	7.32	58.17	26.90	179.08

Figure 13-6

PRIVATE INVESTMENT FUND
Distribution by Committed and Invested Capital
As of June 30, 2012 ($ in millions)

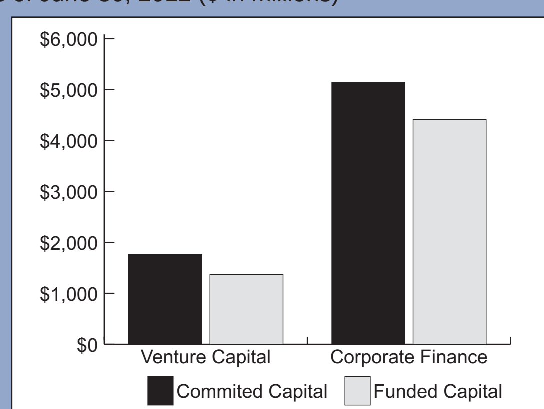


Figure 13-7

PRIVATE INVESTMENT FUND
Annual Total Return

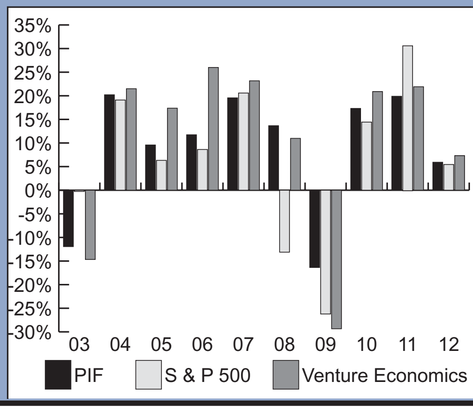


Figure 13-8

PRIVATE INVESTMENT FUND
Components of Total Return ($ in millions)

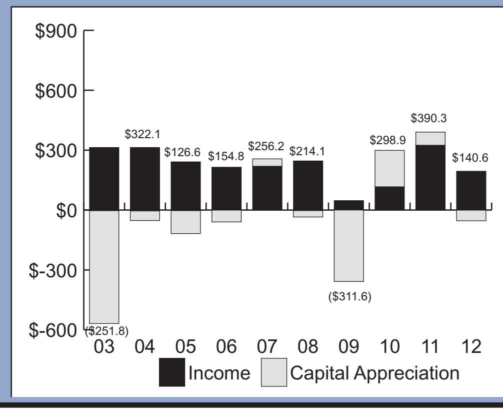


Figure 13-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings* at June 30, 2012

Partnership Name	Partnership Type	Market Value	%
Fairview Constitution III, L.P.	Fund of Funds	$195,523,769	7.61%
Fairview Constitution II, L.P.	Fund of Funds	164,406,076	6.40%
Stepstone Pioneer Capital II, L.P.	Fund of Funds	122,050,141	4.75%
Court Square Capital Partners II, L.P.	Buyout	105,630,317	4.11%
Constitution Liquidating Fund, L.P.	Fund of Funds	102,378,657	3.98%
Pegasus Partners IV, L.P.	Special Situations	101,794,479	3.96%
KKR 2006 Fund, L.P.	Buyout	100,730,365	3.92%
Welsh Carson Anderson & Stowe X, L.P.	Buyout	81,978,161	3.19%
WLR Recovery Fund IV, L.P.	Special Situations	79,675,323	3.10%
Yucaipa American Alliance Fund II, L.P.	Buyout	79,365,174	3.09%
Top Ten		**$1,133,532,462**	**44.11%**

* *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 13-10

PRIVATE INVESTMENT FUND
New Commitments Made in Fiscal Year 2012(1)

Partnership Name	Commitment Amount	Partnership Type	Inv. Date
Fairview Constitution IV, L.P.	$150 million	Funds-of-Funds	December 23, 2011
JFL Equity Investors III, L.P.	49 million	Buyout	August 11, 2011
Pegasus Partners V, L.P.	50 million	Mezzanine	May 3, 2012
RFE Investment Partners VIII, L.P.	39 million	Buyout	April 30, 2012
Vista Equity Partners Fund IV, L.P.	75 million	Buyout	May 7, 2012
Total:	$363 million		

(1) These represent new Private Equity Partnerships that were invested in by the Fund during Fiscal Year 2012.

Figure 13-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2012

Investment Advisor	Net Asset Value	% of Fund
Buyout	**$1,174,204,673**	**45.65%**
KKR Millennium Fund	73,495,661	2.86%
Yucaipa American Alliance Fund II LP	79,365,174	3.09%
Hicks, Muse Tate & Furst Equity Fund III	17,932,641	0.70%
Thomas H. Lee Equity Fund VI	77,557,413	3.02%
Welsh Carson Anderson & Stowe VIII	422,253	0.02%
Wellspring Capital Partners III	19,580,824	0.76%
SCP Private Equity Partners	621,826	0.02%
TA XI, L.P.	29,751,713	1.16%
Charterhouse Equity Partners IV	55,377,597	2.15%
DLJ Merchant Banking Fund II	2,431,921	0.09%
KKR 1996 Fund	629,651	0.02%
FS Equity Partners V	52,387,534	2.04%
FS Equity Partners VI	39,474,063	1.53%
Blackstone Capital Partners III	209,950	0.01%
Thayer Equity Investors IV	1,701,562	0.07%
JFL Equity Investors III, LP	16,912,250	0.66%
Green Equity Investors III	2,326,046	0.09%
Wellspring Capital Partners V	14,468,002	0.56%
Candover 2008 Fund	6,022,107	0.23%
Leeds Equity Partners V LP	17,326,364	0.67%
Welsh Carson Anderson & Stowe XI	63,606,955	2.47%
AIG Healthcare Partners LP	23,378,656	0.91%
AIG Altaris Health Partners II	17,946,494	0.70%
Welsh Carson Anderson & Stowe X LP	81,978,161	3.19%
Court Square Capital Partners II	105,630,317	4.11%
Ethos Private Equity Fund V	37,210,490	1.45%
Boston Ventures VII	55,652,298	2.16%
KKR 2006 Fund	100,730,365	3.92%
Nogales Investors Fund II	14,210,892	0.55%
ICV Partners II LP	25,236,479	0.98%
Vista Equity Partners Fund III	71,830,732	2.79%
Vista Equity Partners Fund IV	24,252,877	0.94%
RFE Investments Partners VIII	3,204,998	0.12%
RFE Investments Partners	435,047	0.02%
RFE Investment Partners VII	40,905,360	1.59%
Venture Capital	**15,912,459**	**0.62%**
Conning Capital Partners V	502,279	0.03%
Grotech Partners V	806,060	0.03%
Crescendo III	1,114,844	0.04%
Syndicated Communications	13,489,276	0.52%
Mezzanine	**72,823,800**	**2.83%**
SW Pelham Fund	1,014,263	0.04%
Audax Mezzanine III Limited Partnership	13,735,229	0.53%
GarMark Partners	519,396	0.02%
GarMark Partners II LP	57,237,255	2.23%
SW Pelham Fund II	317,657	0.01%
International	**90,527,205**	**3.51%**
Compass Partners European Equity Fund	1,143,870	0.04%
Gilbert Global Equity Partners	64,111,035	2.49%
AIG Global Emerging Markets Fund	3,870,014	0.15%
Carlyle Asia Partners	21,402,286	0.83%
Fund of Funds	**775,078,791**	**30.13%**
The Constitution Liquidating Fund	102,378,657	3.98%
Landmark Private Equity Fund VIII	20,936,215	0.81%
CS/CT Cleantech Opp Fund	15,117,707	0.59%
CT Emerging Pvt Equity	31,618,138	1.23%
Fairview Constitution III	195,523,769	7.60%
Goldman Sachs Private Equity Partners Connecticut	3,605,696	0.14%
Lexington Capital Partners II	2,127,459	0.08%
Stepstone Pioneer Capital I LP	38,552,576	1.50%
Stepstone Pioneer Capital II LP	122,050,141	4.75%
Fairview Constitution II LP	164,406,076	6.39%
Fairview Constitution IV LP	2,044,751	0.08%
Connecticut Horizon Legacy	6,558,257	0.25%
Landmark Equity Partners XIV LP	46,085,298	1.79%
JP Morgan Nutmeg I	24,074,051	0.94%
Special Situations	**298,115,494**	**11.60%**
Welsh Carson Anderson & Stowe Capital Partners III	11,165,341	0.43%
Levine Leichtman Capital Partners IV LP	63,229,532	2.46%
Greenwich Street Capital Partners II	497,922	0.02%
Pegasus Partners IV	101,794,479	3.96%
Pegasus Partners V	24,097,486	0.94%
WLR Recovery Fund IV	79,675,323	3.10%
KPS Special Situations Fund II	17,655,411	0.69%
Other [1]	**145,484,306**	**5.66%**
SUBTOTAL PIF	**$2,572,146,728**	**100.00%**

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

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 the Connecticut Innovations (formerly known as the Connecticut Development Authority), 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 Capital Region Development Authority (formerly known as the Capital City Economic 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 2012 the Debt Management Division's noteworthy accomplishments included:

- New Money Bonds - During Fiscal Year 2012, $1.5 billion of new money bonds were issued to fund local school construction, state grants and economic development initiatives, transportation infrastructure projects, clean water project grants, and improvements at State universities and the University of Connecticut, all at 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 $674.1 million of General Obligation refunding bonds, $233.8 million of Special Tax Obligation refunding bonds, and $31.9 million of UCONN 2000 refunding bonds to refund existing debt to lower interest rates for savings. Combined, these transactions will reduce future debt service payments by $107.7 million. Since January 1999, debt refundings and defeasances have resulted in debt service savings of $771 million.

- Credit Rating and Pension Funding Matters - Fiscal Year 2012 continued to be a challenge in the area of credit ratings, requiring extensive communication throughout the year with credit rating agencies and the investment community to provide frequent and timely updates regarding the State's budget and economy.

Several major credit rating agency presentations focusing on the State's long-term obligations - including unfunded pension obligations - were conducted, along with contributions to an interagency work group to model and evaluate options to improve the funding level for the State Employee's Retirement Fund. The group's work provided the basis for the Governor's Pension Reform Plan announced in January 2012.

- Transportation Bonding Program - Issued $455.0 million of Special Tax Obligation bonds, including $221.1 million to fund new and ongoing transportation infrastructure improvements and $233.8 million of refunding bonds to achieve savings. The $221.1 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 Department of Transportation on matters regarding Bradley International Airport and the future long-term plans for expansion at the airport. A year 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.

- Clean Water Fund and Municipal Finance Issues – Began developing proposals to expand the use of the state revolving fund strategy for critical infrastructure work and 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 and the Mattabassett District. Participated in management of the Nitrogen Credit Trading Program for 79 treatment facilities and worked with the Department of Public Health on the development and implementation of an Emergency Generator Program for public water systems.

- "Lead by Example" Task Force - Represented the Treasurer on an interagency task force charged with developing a program for State agencies and municipalities to take advantage of energy performance contracting agreements whereby energy improvements can be funded through guaranteed energy savings agreements. Focused on developing model loan and lease agreements containing favorable terms and provided direction on innovative financing tools.

- University of Connecticut - Issued $211.2 million of UCONN 2000 bonds including $179.3 million to fund new projects and $31.9 million of refunding bonds to achieve savings. The bond marketing campaign included innovative print and electronic advertising to attract individual Connecticut bond investors. 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, including a technology park to house laboratories "incubator" space for developing new businesses, and other facilities at the Storrs Campus. Also worked with the University on the development of a Memorandum of Understanding and funding programs for the new Bioscience Connecticut project adjacent to the University of Connecticut Health Center in Farmington.

- Quasi-Public Agencies – Continued to coordinate with the State's quasi-public agencies, including consulting with the Connecticut Housing Finance Authority on the issuance of bonds for the supportive housing and emergency mortgage assistance programs, with the Connecticut Health and Educational Facilities Authority on the refunding of Childcare Program bonds, and with the Connecticut Higher Education Supplemental Loan Authority on bonding, credit issues, and organizational issues. In addition, legislative language was drafted to provide necessary bonding powers to augment the legislation that created the Clean Energy Finance and Investment Authority.

Work continued on strengthening administration within the Division, including:

- Modernization of Payment Delivery System for State Grants and Loans – Working with the Office of the State Comptroller, completed the successful conversion of the payment delivery system for state grants and loans funded from bond proceeds to a more efficient paperless computerized process. This involved converting all 169 Connecticut cities and towns as well as regional school districts, not-for-profits, and other recipients of state bond funding, to electronic funds transfer. The new system saves money by eliminating the third party fund administrator and reducing the costs of labor, bank charges, and other costs associated with check processing.

- Vendor Contracts and Searches - The State Treasurer became the first public debt issuer to employ the new rating agency, Kroll Bond Ratings, as a way of encouraging competition in that industry and minimizing the impact of any one credit rating. A major Request for Proposals for Bond Underwriters was completed resulting in the selection of a new slate of underwriters for all of the State's bonding programs. Completion of this extensive review and selection process was timely given the many changes that have occurred in the bond underwriting community in recent years. In addition, a major Request for Proposals for Financial Advisors was developed and the extension of 14 bond counsel contracts and two audit contracts was completed.

- Bondholder Disclosure - Worked with disclosure counsel to make improvements to the State's bond disclosure to include key information of interest to bond investors regarding the State's credit strengths. In addition, explored further enhancements of disclosure processes and began the development of proposals for further expansion of the BUYCTBONDS website and the investor relations program.

- Industry Participation - Represented the Treasurer on the Board of the Northeast Women in Public Finance, helping to organize a conference on changes in the industry and other functions. The Division's Clean Water Fund financial administrator maintained active participation on the federal Environmental Facilities Advisory Board. Continued to monitor developments in the municipal credit markets including the impact of various provisions of the federal Financial Reform Legislation on the municipal industry and proposals for changes in municipal disclosure.

2012 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 the State's overall state 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. In addition, 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.

Public Financing Programs

The active public financing programs for the State include:

	Amount Outstanding June 30, 2012
GENERAL OBLIGATION BONDS 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.	$12,786,553,127
ECONOMIC RECOVERY NOTES 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.	$747,935,000

DEBT MANAGEMENT DIVISION

UCONN 2000 BONDS $903,550,000

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. Up to $2.8 billion of Debt Service Commitment bonds will be issued under a 22-year $2.8 billion capital program to rebuild and refurbish the University of Connecticut

OTHER GENERAL FUND APPROPRIATION DEBT $223,870,000

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:

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 ($63,280,000).

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 ($73,650,000).

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 ($48,035,000).

Other appropriation debt includes Connecticut Development Authority (CDA) Tax Incremental Financing and CDA Lease Revenue Financing for a State facility, ($23,755,000) and a Certificate of Participation issue for the Connecticut Juvenile Training School Energy Center Project ($15,150,000).

SPECIAL TAX OBLIGATION BONDS $3,287,340,000

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 on June 30, 2012.

CLEAN WATER FUND REVENUE BONDS $823,775,000

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 $ 83.6 million for the Clean Water Fund and $15.4 million for the Drinking Water Fund as of June 30, 2012. 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.

CAPITAL REGION DEVELOPMENT AUTHORITY BONDS $97,535,000

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 $155,800,000

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 $39,385,000

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, 2012	$ 19,065,743,127

DEBT MANAGEMENT DIVISION

In FY 2012, the Debt Management Division managed the sale of $1.5 billion in new money bonds issued to fund State programs and capital projects. The Division also issued $674.1 million in refunding bonds for the General Obligation program, $233.8 million in refunding bonds for the Special Tax Obligation Bond program, $31.9 million in refunding bonds for UCONN 2000. In addition the Division also assisted with the refunding of $28.9 million in refunding bonds for CHEFA Childcare for a total of $968.7 million in refunding bonds. The following table summarizes the bonds issued during the last fiscal year:

Bond Type	Par Amount	True Interest Cost (1)	Average Life (Years)	Issue Date
NEW MONEY BONDS:				
GENERAL OBLIGATION				
2011 Series D	$550,000,000	3.16%	10.2	11/14/2011
2012 Series A SIFMA Index Bonds	212,400,000	1.21%	4.9	04/26/2012
2012 Series B	259,600,000	3.31%	14.2	04/26/2012
2012 Series A Taxable	83,000,000	2.18%	5.5	04/26/2012
UCONN 2000				
2011 Series A	179,730,000	3.29%	9.7	12/08/2011
SPECIAL TAX OBLIGATION				
2011 Series A	221,230,000	3.52%	12.4	12/15/2011
CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM				
2011 Series 17 Special Obligation Bonds	20,000,000	4.68%	11.8	11/14/2011
2012 Subtotal New Money Bonds Issued	**$1,525,960,000**			
REFUNDING BONDS:				
General Obligation Refunding Bonds 2011 Series E	$150,820,000	1.02%	2.3	11/14/2011
General Obligation Refunding Bonds 2012 Series C	523,245,000	2.35%	8.6	06/29/2011
UCONN 2000 Refunding Bonds 2011 Series A	31,905,000	2.26%	6.8	12/08/2011
CHEFA Childcare Series 2011 Refunding Bonds	28,840,000	4.15%	10.1	08/19/2011
Special Tax Obligation 2011 Series B Refunding	233,845,000	2.05%	4.9	12/15/2011
2012 Subtotal Refunding Bonds Issued	**$968,655,000**			
TOTAL	**$2,494,615,000**			

(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. .

Figure 14-1

DEBT MANAGEMENT
General Fund Debt Service Appropriation as a Percent of the General Fund Appropriation

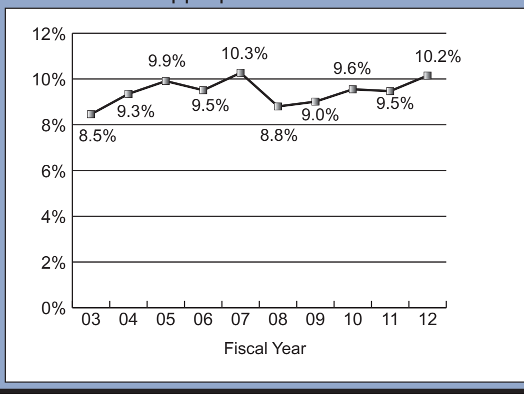


Figure 14-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2012

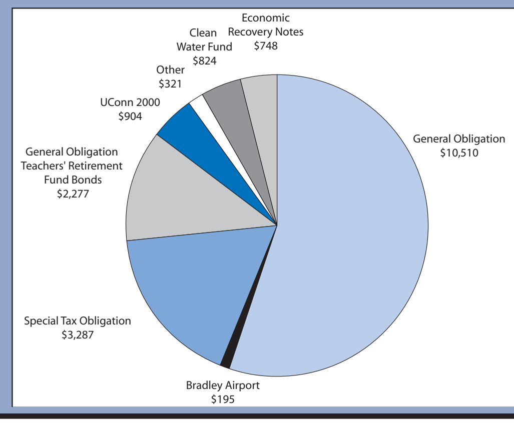
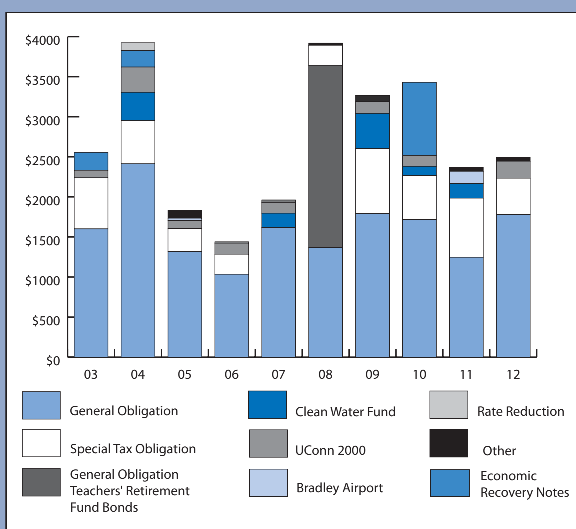


Figure 14-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) fiscal years 2003 - 2012



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 19 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 2012, the unit controlled the movement of $17.9 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, 2012, approximately $385 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 2012, the unit invested an average of $4.8 billion in short-term money market instruments. As of June 30, 2012, the unit administered 1,155 active STIF accounts for 69 state agencies and authorities and 269 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 2012 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 $8.5 billion during the year;
- Conducted the 17th annual meeting of STIF investors in concert with the 4th 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, allowing for faster depositing and reduction of 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 and the State University System to increase their use of electronic payments, thus streamlining payment administration and reducing banking costs;
- Completed implementation of new banking services for the Department of Revenue Services to allow it to make tax refund payments by direct deposit or via debit cards. That initiative will save the state in excess of $290,000 annually in administrative costs and banking fees; and
- Assisted other agencies in implementing debit card payment processes, allowing for a reduction of paper-based processes.

2012 Division Performance

The Office of the Treasurer's Cash Management Division performance is highlighted by numerous achievements during Fiscal Year 2012:

- 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 $4.0 million to its reserves. During the past ten years STIF has earned an additional $125 million, while adding $33.7 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 2011 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;
- The addition of fourteen local government STIF accounts with $102 million of assets;
- Investment of $4 million with community financial institutions under the Connecticut Community Bank and Credit Union Initiative at an average awarded annualized interest rate of 0.20 percent. Since inception program investments have totaled $380.5 million;
- STIF Plus and the Extended Investment Portfolio, longer-term investment portfolios, earned 1.03 percent and 0.22 percent respectively, thereby adding $0.2 million in incremental state income;
- The identification and recapture of $151,000 in annualized bank overcharges; and
- Expansion of 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.

2012 short-term investment fund

Fund Facts at June 30, 2012

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: $4.9 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 2012 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 on June 30, 2012, totaled $47.4 million.

To help the Fund and its investors evaluate performance, STIF compares its returns to three benchmarks. The first is 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 2012 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 2012, the STIF portfolio continued its conservative investment approach that began in the first half of fiscal 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 60 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 24 days and a high of 34 days. Seventy-one percent of STIF's assets were invested in securities issued, insured or guaranteed 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 an 80 percent concentration in investments with short-term ratings of A-1+. Eighty-six 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 79 percent at the previous year-end. The Fund's three largest security weightings included federal agency securities (36.6 percent), repurchase agreements (31.6), and deposit instruments (28.2 percent). (See Figure 1-5.)

Market Review

Fiscal Year 2012 began with a dramatic event as Standard & Poor's downgraded U.S. sovereign debt one notch from AAA to AA+. While the bond market took the downgrade in stride, it raised the awareness that the U.S. fiscal situation was an issue with the rating agency and, if left unresolved, could have further rating ramifications. The 10-year US Treasury bond began the fiscal year at 3.18 percent while rallying to a low yield of 1.45 percent in June 2012.

There are two primary reasons for the strength of the market rally during the year. First, the debt crisis spreading throughout Europe resulted in a "flight to quality" by investors seeking a safe haven for their investments. The second is a result of the Federal Reserve Bank's quantitative easing, specifically "Operation Twist", which is an attempt to stimulate the economy by lowering interest rates. The "Operation Twist" program persues this goal by buying longer-term Treasuries and agency mortgage-backed securities, and simultaneously selling some short-term issues it already held. As a result of both factors, ten-year Treasury rates have fallen from 3.18 percent to 1.27 percent.

Gross Domestic Product (GDP) fluctuated wildly during the fiscal year with low growth of 1.3 percent in both the first and fourth quarters of the year. However, the second quarter posted the biggest gain, 4.1 percent, in quarterly growth since a 5.1 percent gain in March 2006. For the entire fiscal year, GDP averaged a rate of 2.2 percent. Meanwhile, the unemployment rate ended the fiscal year at 8.2 percent, down modestly from the 9.1 rate at the beginning of the year, but a fraction higher than the 8.1 percent posted in April. During calendar year 2012, the economy is expected to grow at a rate of 2.2 percent, and the unemployment rate is expected to average 8.2 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 rose from an average of .07 percent to .11 percent.

Performance Summary

For the one-year period ending June 30, 2012, STIF reported an annual total return of 0.16 percent, net of all expenses and $4.0 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 0.05 percent. The Fund's performance fell short of three-month CDs, which yielded 0.34 percent but lack STIF's daily liquidity. 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 0.24 percent, 1.26 percent, 2.30 percent, and 2.12 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 $12.3 million at June 30, 2012, versus $12.0 million for a hypothetical investment in the MFR Index. (See Figure 1-6.) During the past 10 years, STIF has earned $124.7 million above its benchmark while adding $33.7 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.

Figure 15-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2012 ($ in millions)

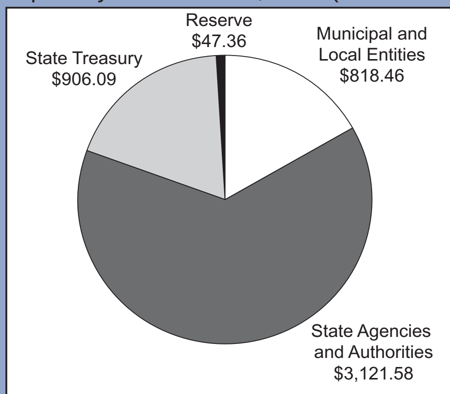


Figure 15-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

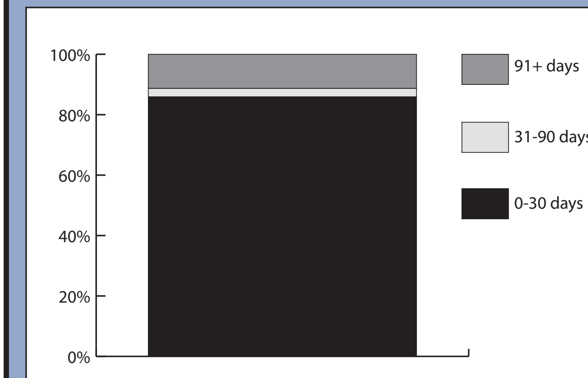


Figure 15-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

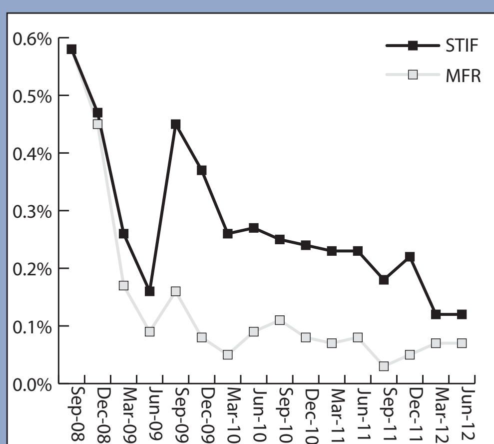


Figure 15-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2012
Based on Investments in Securities, at Value

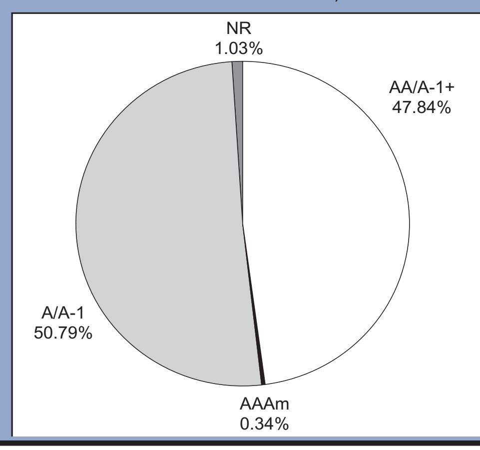


Figure 15-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2012

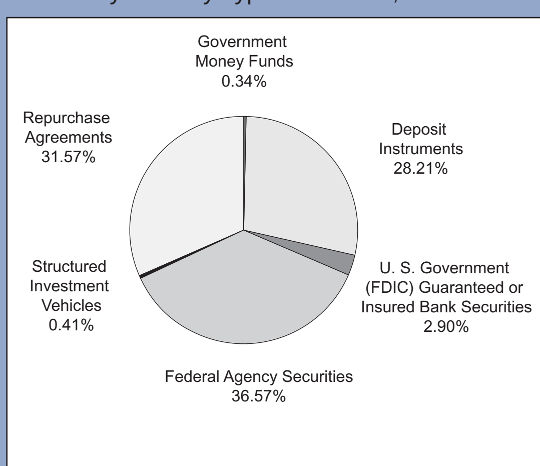


Figure 15-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2012

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	0.16	0.24	1.26	2.30	2.12
MFR Index*	0.05	0.07	1.11	2.09	1.84
Fed. Three-Month T-Bill	0.05	0.09	0.73	1.79	1.70
Fed. Three-Month CD	0.34	0.30	1.37	2.37	2.16
Cumulative Total Return (%)					
STIF	0.16	0.73	6.45	17.27	23.36
MFR Index*	0.05	0.22	5.66	15.54	20.06
Fed. Three-Month T-Bill	0.05	0.28	3.69	13.18	18.32
Fed. Three-Month CD	0.34	0.91	7.04	17.81	23.82

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.

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: savings or checking accounts, un-cashed checks, deposits, stocks, bonds or mutual funds, travelers' checks or money orders and 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 or are located. 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-two employees under the direction of an Assistant Treasurer.

The Year in Review

- As of June 30, 2012 the unclaimed property website contained $602 million in escheated property held for 1,114,607 rightful owners.
- There are approximately 620,000 shares (estimated value of $1,111,000) (Figure 16-1) in the Mellon account as of June 30, 2012.
- All holder receipts received through June 30, 2012 were loaded to the database.

2012 Division Performance

During Fiscal Year 2012, the Unclaimed Property Division:

- Returned $83.5 million (Figure 16-2) to 18,381 rightful owners (Figure 16-3) representing the largest dollar amount returned in a single year.
- Received $96 million in unclaimed property (Figure 16-4) of which $69 million was collected from businesses, $4 million from division examinations of company records and $23 million from the sale of 2.2 million shares of securities.
- Since 1999 the Unclaimed Property Division has received a total of $662.5 million in unclaimed property, an additional $200.3 million from examinations and $371.1 million from the sale of stocks, bonds or mutual funds.

- The total amount of money collected as Unclaimed Property since 1999 is $1.2 billion.
- 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), $10,600,000 of unclaimed property receipts was deposited into the Citizens' Election Fund and the balance into the General Fund for Fiscal Year 2012.

Figure 16-1

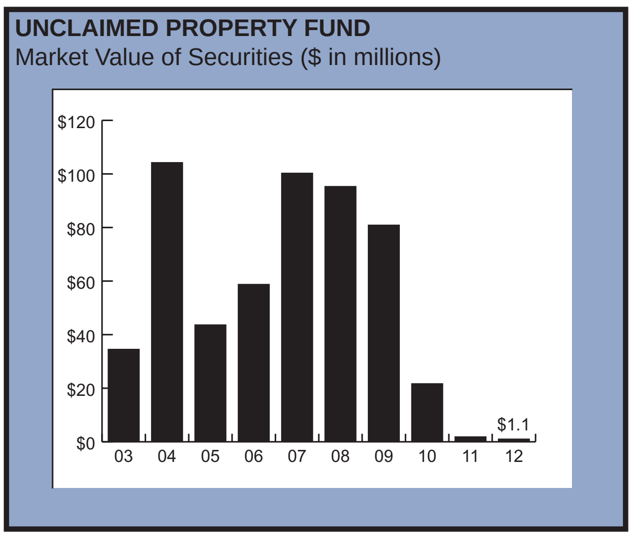


Figure 16-2

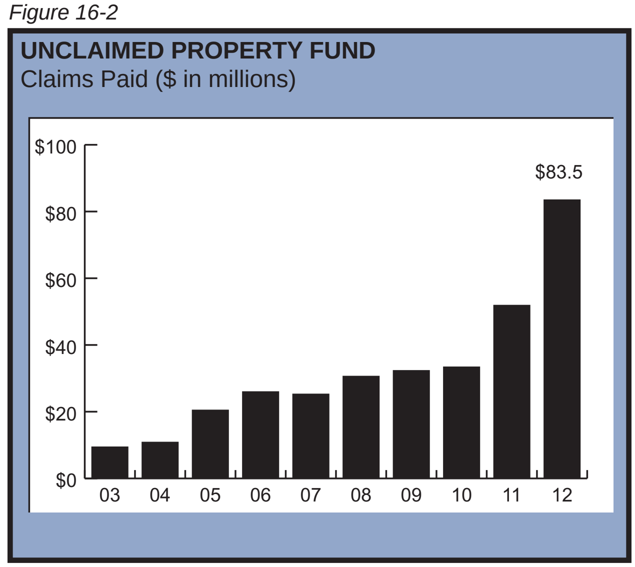


Figure 16-3

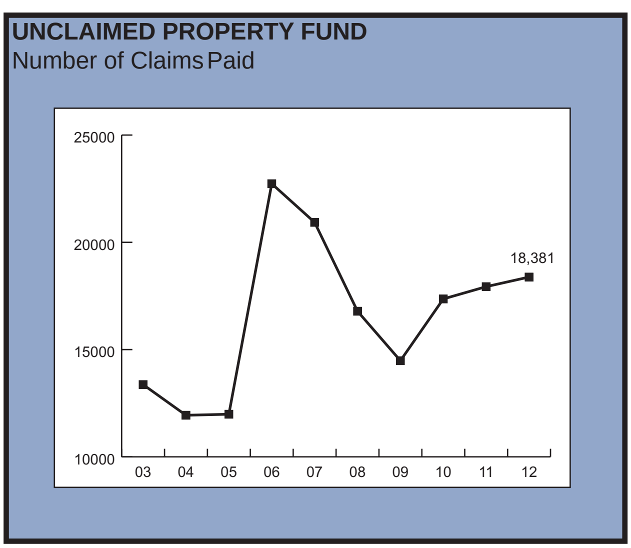
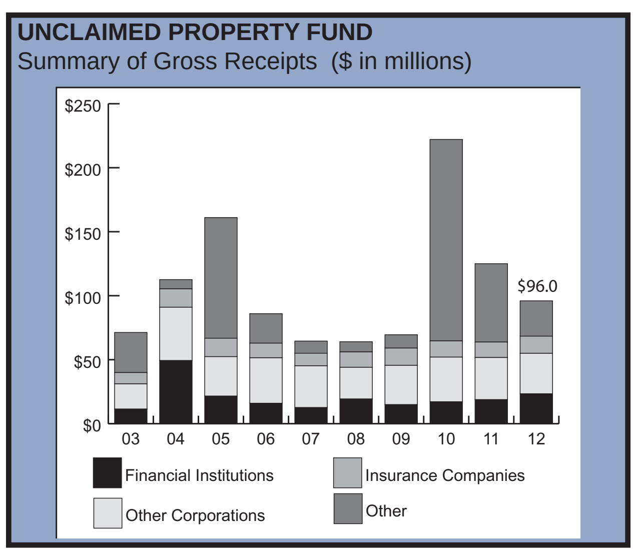


Figure 16-4



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: (1) uninsured employers; (2) reimbursement of cost of living adjustments for certain injuries involving payment of total disability benefits or dependents' benefits; and, (3) 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 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 "direct written premiums" calculated and issued by insurance companies who 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 $26.8 million and self insured employers were assessed four times totaling $5.4 million, for a combined assessment on all Connecticut employers of $32.2 million for Fiscal Year 2012. The assessment rate for insured employers was 2.75% and 3.25% for self-insured employers in Fiscal Year 2012. Assessment rates on Connecticut business went from a high in 1999 of 10% to 2.75% in 2012.
- Reserves (estimated unfunded liability) for all open claims total $418 million, an increase of $3.1 million from a year ago. The slight increase was attributable to a July 2011 decision by the State's Compensation Review Board which found Fund payments could no longer be offset by Social Security benefits in those cases involving injuries on or after July 1, 1993 where the Fund was liable for reimbursement of cost of living adjustments. The Fund expects the unfunded liabilities will again begin to decline in Fiscal Year 2013 (See Figure 17-1). The Fund reduced its unfunded liability by 50.1% from a high of $838 million in 1999.

2012 Division Performance

During Fiscal Year 2012 the Second Injury Fund:

- Marked the fourteenth 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 $31.9 million in indemnity, medical and settlement payments to injured workers. The number of injured workers receiving bi-weekly benefits decreased from 315 a year ago to 304.
- Participated in 138 settlements decreasing the unfunded liability by an estimated $3.2 million. Since 1999 the Fund's caseload dropped from 4,523 to 2,655.
- 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, 2012 the Fund's open claim inventory was 2,655. (See Figure 17-2)
- 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 2012 were November 16, 2011 and June 21, 2012.

The current Advisory Board members are:

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

Joseph McFetridge, Northeast Utilities Service Co.;

Lori Pelletier, Connecticut AFL-CIO; Chairperson,

State Representative Bruce Zalaski, Labor & Public Employees Committee/General Assembly;

Laura Cummings, Connecticut Business and Industry Association;

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

State Senator Edith Prague, Asst. Pres. Pro Tempore/Chair Labor and Public Employees Committee;

Dan Krause, International Union of Operating Engineers Local 478 Benefits Funds.

Figure 17-1

SECOND INJURY FUND
Value of Reserves by Connecticut General Statute (*CGS*) as of 6/30/2012 ($ in millions)

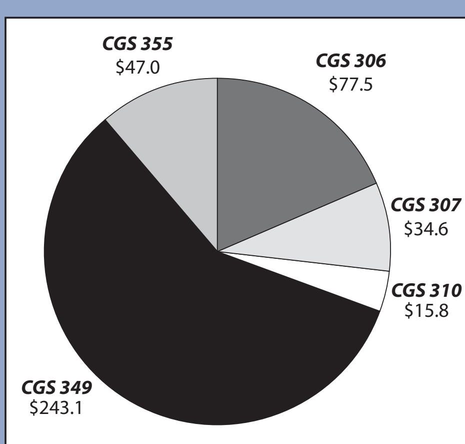
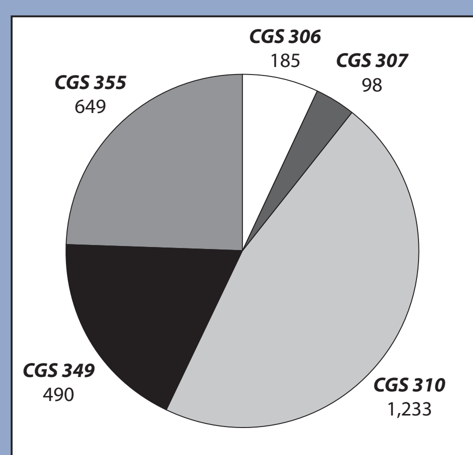


Figure 17-2

SECOND INJURY FUND
Open Claims by Connecticut General Statute (*CGS*) as of 06/30/2012



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 participating in the Program establishes an Account in the name of a Beneficiary. Contributions may be allocated among eleven investment options: the 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 560 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 18 investment options, including one age based option, 5 static portfolios, and 12 individual portfolios. The static portfolios are: CHET Advisor Aggressive Growth, Growth, Balanced, Conservative, and a Checks & Balances Portfolio. The 12 Individual Portfolios are The Hartford Small Company, Growth Opportunities, International Opportunities, Capital Appreciation, Fundamental Growth, 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 socio-economic 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 will occur when assets under management reach $2 billion. 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 November 2011, Morningstar evaluated 58 college savings plans, and CHET was one of 15 that placed in the "Above Average" category. (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, 2012, there were 7,745 CHET program accounts with total assets of $96.1 million. That compares with 2,616 accounts and assets of $36.9 million a year ago.

CHET Direct

During fiscal year 2012, the number of new accounts in the CHET Direct program grew from 77,126 (June 2011) to 81,708 (June 2012), with 89.5% of those accounts coming from state residents. During the same period, total assets reached $1.69 billion, increasing from $1.58 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 2012 include executing an award winning essay and drawing contest promotion (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. An outdoor advertising (billboards and bus ads) campaign was also launched. These efforts were undertaken to improve CHET's brand awareness among state residents, underscoring 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 8, 2011 annual meeting were:

DENISE L. NAPPIER, State Treasurer

BENJAMIN BARNES, Office of Policy and Management

DR. ROBERT A. KENNEDY, Board of Regents for Higher Education

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

CONNECTICUT HIGHER EDUCATION TRUST

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

MARGARET A. 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

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TREASURER'S OFFICE

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

We have audited the accompanying statement of net assets of the Combined Investment Funds, as of June 30, 2012, and the related statements of changes in net assets for the fiscal years ended June 30, 2012 and 2011. We have audited the accompanying statement of net assets of the Short-Term Investment Fund, including the list of investments as of June 30, 2012, and the related statements of changes in net assets for the fiscal years ended June 30, 2012 and 2011. We have audited the accompanying statement of net assets of the Short-Term Plus Investment Fund, including the list of investments as of June 30, 2012, and the related statements of changes in net assets for the fiscal years ended June 30, 2012 and 2011. We have audited the statements of condition of the other Non-Civil List Trust Funds as of June 30, 2012, 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, for the fiscal year ended June 30, 2012. We have also audited the statements of net assets of the Second Injury Fund, as of June 30, 2012 and 2011 and the related statements of revenues, expenses and changes in net assets and the statements of cash flows for the Second Injury Fund, for the fiscal years ended June 30, 2012 and 2011. We have also examined the 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, 2012. We have examined the schedule of debt outstanding and the changes in debt outstanding for the fiscal year ended June 30, 2012. These financial statements and schedules are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on the financial statements and schedules based on our audit.

We did not audit the accompanying financial statements of the Tax Exempt Proceeds Fund, Inc. or the Connecticut Higher Education Trust. These financial statements were audited by other auditors whose reports thereon have been included with the accompanying financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2012, by correspondence with the custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the financial schedules, the State Treasury has prepared the schedules of Civil List Funds investments and the summary schedule of cash receipts and disbursements of the Civil List Funds as of and for the fiscal year ended June 30, 2012, as well as the schedule of debt outstanding, as of June 30, 2012, and the changes in debt outstanding for the fiscal year ended June 30, 2012, using accounting practices prescribed by the State Comptroller which practices differ from accounting principles generally accepted in the United States of America. 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the schedules referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the investments and cash receipts and disbursements of the Civil List Funds as of and for the fiscal year ended June 30, 2012, and the debt outstanding and the changes in debt outstanding as of and for the fiscal year ended June 30, 2012.

In our opinion, the schedules referred to above present fairly, in all material respects the investments and the cash receipts and disbursements of the Civil List Funds as of and for the fiscal year ended June 30, 2012, the debt outstanding and the changes in debt outstanding as of and for the fiscal year ended June 30, 2012, all in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Combined Investment Funds as of June 30, 2012, and the related statements of changes in net assets for the fiscal years ended June 30, 2012 and 2011, the Short-Term Investment Fund, and the Short-Term Plus Investment Fund, including the lists of investments, as of June 30, 2012, and the related statements of changes in net assets for the fiscal years ended June 30, 2012 and 2011, the financial position of the Second Injury Fund as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and the statements of cash lows for the fiscal years then ended, and the other Non-Civil List Trust Funds as of June 30, 2012, and the results of their operations and changes in fund balances for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1B to the financial statements of the Combined Investment Funds, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund, the Private Investment Fund and the Alternative Investment Fund are estimated by investment advisors in the absence of readily ascertainable market values, and reviewed and adjusted, when appropriate, by the State Treasurer. The fair value of most of the assets of the Real Estate Fund, the Private Investment Fund and the Alternative Investment Fund are presented at the cash adjusted fair values, which utilize the investment advisors' prior quarter or in some cases prior two month ending estimated values adjusted for cash flows of the Funds during the subsequent months that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of 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 investments existed, and the differences could be material.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Combined Investment Funds 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 information section, are presented for purposes of additional analysis and are not a required part of the financial statements of the Combined Investment Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Combined Investment Funds and, in our opinion, is fairly presented in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it. The introduction section, supplemental information section and the statutory appendix have not been audited except as specifically noted in this auditors' opinion.

At the present time, a separate auditors' report is being prepared by the Auditors of Public Accounts covering the State-Wide operations of the State Treasury. This auditors' report, consisting of comments, recommendations, and certifications, will be maintained on file in the offices of the Auditors of Public Accounts.

This particular certification is issued by the Auditors of Public Accounts and the State Comptroller in accordance with Section 2-90 of the General Statutes.

John C. Geragosian
Auditor of Public Accounts

Robert M. Ward
Auditor of Public Accounts

Kevin Lembo
State Comptroller

December 31, 2012
State Capitol
Hartford, Connecticut

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, 2012. 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 fiscal 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 $24 billion portfolio for six State pension and eight State trust funds, a short-term investment fund approximating $4.9 billion, a $3 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 $1.8 billion as of June 30, 2012.

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

The Statement of Changes in Net Assets 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 Assets and Statement of Changes in Fiduciary Net Assets are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30.

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 Assets and Statement of Revenues, Expenses and Changes in Net Assets 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 2012

At June 30, 2012, the Combined Investment Funds reported investment balances of $24 billion. The Short-Term Investment Fund reported a fund balance of $4.9 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 2012 performance produced a net return (after all expenses) of negative 0.90%. Pension and Trust investments were $25.2 billion at June 30, 2011 and $24 billion at June 30, 2012 as a result of 2012 declines in market values as well as non-market related activities (e.g., management fees, net beneficiary payments, and other pension fund operating expenses) that accounted for about $1 billion in the reduction of assets.

The Short Term Investment Fund, at June 30, 2012, 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 $4.0 million to its reserves. At the end of the 2012 fiscal year, the Short Term Investment Fund had approximately $4.9 billion in assets under management, $400 million more than the prior year.

The Short Term Plus Investment Fund, at the end of the 2012 fiscal year, had $3.3 million in assets under management and an annual return of 1.03%.

The Treasury refunded or defeased $1.064 billion of various bonds in the 2012 fiscal year, providing future debt service savings of $19 million. Since January 1999, debt refunding and defeasances have produced $771 million in debt service savings.

The Connecticut Higher Education Trust (CHET) Direct Plan held 109,899 accounts with total assets of $1.695 billion at the end of the 2012 fiscal year compared to 103,083 accounts and $1.584 billion in assets in the prior fiscal year. The Connecticut Higher Education Trust (CHET) Advisor plan held 7,745 accounts with total assets of $96.1 million at the end of the 2012 fiscal year compared to 2,616 accounts and $36.9 million in assets in the prior fiscal year.

The Office of the Treasurer recovered $2.0 million in the fiscal year from class action lawsuits.

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 Assets and Changes in Net Assets

Net Assets - The net assets of the Combined Investment Funds at the close of the 2012 fiscal year were $24 billion, a decrease of $1.2 billion from the previous year. The change in net assets resulted mainly of $1.1 billion of net cash outflows to the Connecticut Retirement Plans and Trust Funds comprised of net beneficiary distributions.

The net assets of the Combined Investment Funds at the close of the 2011 fiscal year were $25.2 billion, an increase of $3.3 billion from the previous year. The change in net assets resulted from net investment gains from operations of $4.4 billion and $1.1 billion of net cash outflows to the Connecticut Retirement Plans and Trust Funds. The net cash outflow of $1.1 billion was comprised of net beneficiary distributions.

Operating Income – 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.

Favorable performance results achieved a return of 20.75%, net of all management fees and expenses, resulting in an increase in net assets from operations in the 2011 fiscal year, compared to a return of 12.88%, net of all expenses for the previous fiscal year. Returns were positive during fiscal year 2011 due to the U.S. economic recovery following three years of market volatility related to credit market tightening around the world.

Table 1 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments at Fair Value	$24,077,340,469	$(1,170,253,763)	$25,247,594,232	$3,462,654,827	$21,784,939,405
Cash, Receivables and Other	6,964,113,238	(995,784,733)	7,959,897,971	465,281,647	7,494,616,324
Total Assets	31,041,453,707	(2,166,038,496)	33,207,492,203	3,927,936,474	29,279,555,729
Liabilities	(7,064,691,809)	959,135,708	(8,023,827,517)	(613,862,150)	(7,409,965,367)
Net Assets	$23,976,761,898	$(1,206,902,788)	$25,183,664,686	$3,314,074,324	$21,869,590,362

Table 2 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Dividends	$622,901,119	$(80,423,142)	$703,324,261	$285,915,989	$417,408,272
Interest	241,168,268	(42,666,113)	283,834,381	(40,210,637)	324,045,018
Securities Lending & Other Income	28,467,026	(1,538,126)	30,005,152	970,818	29,034,334
Total Investment Income	892,536,413	(124,627,381)	1,017,163,794	246,676,170	770,487,624
Total Investment Expenses	83,521,325	6,103,503	89,624,828	(5,823,534)	83,801,294
Net Investment Income	809,015,088	(118,523,878)	927,538,966	240,852,636	686,686,330
Net Realized Gain/(Loss)	(11,794,664)	(837,476,112)	825,681,448	611,256,859	214,424,589
Net Change in Unrealized Gains on Investments	(1,012,045,481)	(3,711,939,962)	2,699,894,481	962,233,358	1,737,661,123
Net Increase (Decrease) in Net Assets resulting from operations	(214,825,057)	(4,667,939,952)	4,453,114,895	1,814,342,853	2,638,772,042
Purchase of Units by Participants	2,716,001,391	(402,435,372)	3,118,436,763	(528,613,447)	3,647,050,210
Total Additions	2,501,176,334	(5,070,375,324)	7,571,551,658	1,285,729,406	6,285,822,252
Deductions					
Administrative Expense	4,113,221	17,400	4,130,621	(294,844)	3,835,777
Distribution of Income to Unit Owners	660,571,259	152,719,166	813,290,425	(234,002,156)	579,288,269
Redemption of Units by Participants	3,043,394,642	396,661,646	3,440,056,288	775,217,840	4,215,274,128
Total Deductions	3,708,079,122	549,398,212	4,257,477,334	540,920,840	4,798,398,174
Change in Net Assets	(1,206,902,788)	(4,520,977,112)	3,314,074,324	1,826,650,246	1,487,424,078
Beginning Net Assets	25,183,664,686	3,314,074,324	21,869,590,362	1,487,424,078	20,382,166,284
Ending Net Assets	$23,976,761,898	$(1,206,902,788)	$25,183,664,686	$3,314,074,324	$21,869,590,362

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 Assets and Changes in Net Assets

The net assets under management in the Short-Term Investment Fund at the close of the 2012 fiscal year were approximately $4.9 billion, versus $4.5 billion the previous year.

The net assets under management in the Short-Term Investment Fund at the close of the 2011 fiscal year were $4.5 billion, versus $4.6 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 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 .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.

General financial market conditions produced an annual total return of 0.23%, net of operating expenses and allocations to Fund reserves in fiscal 2011, compared to an annual total return of 0.34%, 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 0.08%, by 15 basis points, resulting in $7.4 million in additional interest income for Connecticut governments and their taxpayers while also adding $4.9 million to its reserves.

Table 3 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments in Securities, at Amortized Cost	$4,891,940,758	$399,928,141	$4,492,012,617	$(87,753,153)	$4,579,765,770
Receivables and Other	2,125,196	(860,090)	2,985,286	125,867	2,859,419
Total Assets	4,894,065,954	399,068,051	4,494,997,903	(87,627,286)	4,582,625,189
Liabilities	(494,015)	277,711	(771,726)	264,448	(1,036,174)
Net Assets	$4,893,571,939	$399,345,762	$4,494,226,177	$(87,362,838)	$4,581,589,015

Table 4 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Net Interest Income	$12,665,270	$(4,696,105)	$17,361,375	$(3,882,679)	$21,244,054
Net Realized Gains	155,824	46,024	109,800	(174,396)	284,196
Total Increase from Operations	12,821,094	(4,650,081)	17,471,175	(4,057,075)	21,528,250
Purchase of Units by Participants	10,801,899,185	(1,969,057,424)	12,770,956,609	(1,778,734,152)	14,549,690,761
Total Additions	10,814,720,279	(1,973,707,505)	12,788,427,784	(1,782,791,227)	14,571,219,011
Deductions					
Distribution of Income to Participants	7,557,772	(3,742,234)	11,300,006	(4,272,188)	15,572,194
Redemption of Units by Participants	10,406,516,246	(2,456,730,262)	12,863,246,508	(1,658,122,790)	14,521,369,298
Operating Expenses	1,300,499	56,391	1,244,108	30,613	1,213,495
Total Deductions	10,415,374,517	(2,460,416,105)	12,875,790,622	(1,662,364,365)	14,538,154,987
Change in Net Assets	399,345,762	486,708,600	(87,362,838)	(120,426,862)	33,064,024
Total net assets – beginning	4,494,226,177	(87,362,838)	4,581,589,015	33,064,024	4,548,524,991
Total net assets - ending	$4,893,571,939	$399,345,762	$4,494,226,177	$(87,362,838)	$4,581,589,015

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 Assets

Net Assets - The net assets under management in the Short-Term Plus Investment Fund at the close of the 2012 fiscal year were $3.3 million, lower than the prior year due to redemption of investments, and an annual return of 1.24%.

Net Assets - The net assets under management in the Short-Term Plus Investment Fund at the close of the 2011 fiscal year were $20 million, lower than the prior year due to redemption of investments, and an annual return of 1.61%.

Table 5 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments in Securities, at Fair Value	$3,319,764	$(16,227,162)	$19,546,926	$(32,996,001)	$52,542,927
Receivables and Other	5,209	(8,868)	14,077	(42,136)	56,213
Total Assets	3,324,973	(16,236,030)	19,561,003	(33,038,137)	52,599,140
Liabilities	(4,548)	5,209	(9,757)	22,517	(32,274)
Net Assets	$3,320,425	$(16,230,821)	$19,551,246	$(33,015,620)	$52,566,866

Table 6 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Net Interest Income	$125,735	$(197,104)	$322,839	$(296,025)	$618,864
Net Realized Gains	1,552	(10,287)	11,839	(28,175)	40,014
Total Investment Income	127,287	(207,391)	334,678	(324,200)	658,878
Purchase of Units by Participants	127,259	(219,964)	347,223	(408,233)	755,456
Total Additions	254,546	(427,355)	681,901	(732,433)	1,414,334
Deductions					
Distribution of Income to Participants	122,050	202,656	324,706	311,746	636,452
Redemption of Units by Participants	16,238,637	17,356,550	33,595,187	7,729,520	41,324,707
Operating Expenses	5,239	4,733	9,972	12,454	22,426
Net Change in Unrealized Loss	119,442	(351,786)	(232,344)	(4,016,989)	(4,249,333)
Total Deductions	16,485,368	17,212,153	33,697,521	4,036,731	37,734,252
Change in Net Assets	(16,230,821)	16,784,799	(33,015,620)	3,304,298	(36,319,918)
Total net assets – beginning	19,551,246	(33,015,620)	52,566,866	(36,319,918)	88,886,784
Total net assets - ending	$3,320,425	$(16,230,821)	$19,551,246	$(33,015,620)	$52,566,866

Connecticut Higher Education Trust

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

Net Assets – Fiduciary Net Assets of the Connecticut Higher Education Trust (CHET) Direct Plan at the close of the current fiscal year were $1.695 billion, an increase of $111 million from the previous year.

Fiduciary Net Assets of the Connecticut Higher Education Trust (CHET) Direct Plan at the close of the 2011 fiscal year were $1.584 billion, an increase of $318 million from the previous year.

Changes in Fiduciary Net Assets – The change in net assets increased by $111 million in Fiscal Year 2012 resulting mainly from $99 million of contributions to active accounts net of redemptions in addition to $12 million of net investment income.

The change in fiduciary net assets increased by $318 million in Fiscal Year 2011 resulting from $201 million in the fair value of investments including net investment income in addition to $117 million of contributions to active accounts, net of redemptions.

Table 7 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments, at Value	$1,695,382,654	$110,889,752	$1,584,492,902	$318,367,864	$1,266,125,038
Cash, Receivables and Other	4,193,757	2,232,026	1,961,731	(650,403)	2,612,134
Total Assets	1,699,576,411	113,121,778	1,586,454,633	317,717,461	1,268,737,172
Liabilities	(4,280,948)	(2,154,013)	(2,126,935)	759,017	(2,885,952)
Net Assets	$1,695,295,463	$110,967,765	$1,584,327,698	$318,476,478	$1,265,851,220

Table 8 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Subscriptions	$587,156,328	$34,286,234	$552,870,094	$78,440,074	$474,430,020
Total investment income	36,920,799	3,752,333	33,168,466	6,117,804	27,050,662
Net increase (decrease) in Fair value of investments	(22,456,226)	(194,175,791)	171,719,565	91,511,591	80,207,974
Total additions	601,620,901	(156,137,224)	757,758,125	176,069,469	581,688,656
Deductions					
Redemptions	(488,041,584)	(52,103,981)	(435,937,603)	(75,249,241)	(360,688,362)
Plan management fee	(2,474,268)	744,112	(3,218,380)	1,094,941	(4,313,321)
Administrative fee	(137,284)	(11,620)	(125,664)	(21,805)	(103,859)
Total deductions	(490,653,136)	(51,371,489)	(439,281,647)	(74,176,105)	(365,105,542)
Change in Net Assets	110,967,765	(207,508,713)	318,476,478	101,893,364	216,583,114
Total net assets – beginning	1,584,327,698	318,476,478	1,265,851,220	216,583,114	1,049,268,106
Total net assets - ending	$1,695,295,463	$110,967,765	$1,584,327,698	$318,476,478	$1,265,851,220

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

Net Assets – Fiduciary Net Assets of the Connecticut Higher Education Trust (CHET) Advisor Plan at the close of the current fiscal year were $96.8 million, an increase of $60 million from the previous year.

Fiduciary net assets of the Connecticut Higher Education Trust (CHET) Advisor Plan at the close of the 2011 fiscal year were $37 million.

Changes in Fiduciary Net Assets – The change in net assets increased by $60 million in Fiscal Year 2012 resulting mainly from contributions to active accounts net of redemptions.

The change in net assets increased by $37 million in fiscal year 2011, resulting from $36 million in contributions to active accounts net of redemptions. The Advisor Plan began operations in October 2010.

Table 9 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments, at Value	$96,714,812	$59,887,894	$36,826,918	$36,826,918	$ -
Cash, Receivables and Other	233,725	15,641	218,084	218,084	-
Total Assets	96,948,537	59,903,535	37,045,002	37,045,002	-
Liabilities	(142,119)	31,191	(173,310)	(173,310)	-
Net Assets	$96,806,418	$59,934,726	$36,871,692	$36,871,692	$ -

Table 10 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Subscriptions	$60,950,444	$24,564,900	$36,385,544	$36,385,544	$ -
Total investment income	1,102,301	906,886	195,415	195,415	-
Net increase (decrease) in					
Fair value of investments	1,370,146	775,062	595,084	595,084	-
Total additions	63,422,891	26,246,848	37,176,043	37,176,043	-
Deductions					
Redemptions	(3,052,713)	(2,829,275)	(223,438)	(223,438)	-
Plan management fee	(187,632)	(152,504)	(35,128)	(35,128)	-
Administrative fee	(12,509)	(10,170)	(2,339)	(2,339)	-
Distribution fees	(259,319)	(210,442)	(48,877)	(48,877)	-
Total waivers	24,008	18,577	5,431	5,431	-
Total deductions	(3,488,165)	(3,183,814)	(304,351)	(304,351)	-
			-	-	
Change in Net Assets	59,934,726	23,063,034	36,871,692	36,871,692	-
Total net assets – beginning	36,871,692	36,871,692	-	-	-
Total net assets - ending	$96,806,418	$59,934,726	$36,871,692	$36,871,692	$ -

Fiduciary Net Assets and Changes in Fiduciary Net Assets (Consolidated)

Net Assets – Fiduciary Net Assets of the Connecticut Higher Education Trust (CHET Direct and Advisor Plans) at the close of the current fiscal year were $1.792 billion, an increase of $171 million from the previous year.

Fiduciary net assets of the Connecticut Higher Education Trust (CHET Direct and Advisor Plans) at the close of the 2011 fiscal year were $1.621 billion, an increase of $355 million from the previous year.

Changes in Fiduciary Net Assets – The change in fiduciary net assets increased by $171 million in Fiscal Year 2012 resulting mainly 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 including plan expenses.

The change in fiduciary net assets increased by $355 million in fiscal year 2011 resulting from $202 of positive change in fair value of investments including net investment income in addition to $153 million of contributions to active accounts, net of redemptions.

Table 11 - Net Assets

Assets	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Investments, at Value	$1,792,097,466	$170,777,646	$1,621,319,820	$355,194,782	$1,266,125,038
Cash, Receivables and Other	4,427,482	2,247,667	2,179,815	(432,319)	2,612,134
Total Assets	1,796,524,948	173,025,313	1,623,499,635	354,762,463	1,268,737,172
Liabilities	(4,423,067)	(2,122,822)	(2,300,245)	585,707	(2,885,952)
Net Assets	$1,792,101,881	$170,902,491	$1,621,199,390	$355,348,170	$1,265,851,220

Table 12 - Changes in Net Assets

Additions	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
Subscriptions	$648,106,772	$58,851,134	$589,255,638	$114,825,618	$474,430,020
Total investment income	38,023,100	4,659,219	33,363,881	6,313,219	27,050,662
Net increase (decrease) in					
Fair value of investments	(21,086,080)	(193,400,729)	172,314,649	92,106,675	80,207,974
Total Additions	665,043,792	(129,890,376)	794,934,168	213,245,512	581,688,656
Deductions					
Redemptions	(491,094,297)	(54,933,256)	(436,161,041)	(75,472,679)	(360,688,362)
Plan management fee	(2,661,900)	591,608	(3,253,508)	1,059,813	(4,313,321)
Administrative fee	(149,793)	(21,790)	(128,003)	(24,144)	(103,859)
Distribution fees	(259,319)	(210,442)	(48,877)	(48,877)	0
Total waivers	24,008	18,577	5,431	5,431	0
Total deductions	(494,141,301)	(54,555,303)	(439,585,998)	(74,480,456)	(365,105,542)
Change in Net Assets	170,902,491	(184,445,679)	355,348,170	138,765,056	216,583,114
Total net assets – beginning	1,621,199,390	355,348,170	1,265,851,220	216,583,114	1,049,268,106
Total net assets - ending	$1,792,101,881	$170,902,491	$1,621,199,390	$355,348,170	$1,265,851,220

Second Injury Fund

Net Assets - The net assets of the Second Injury Fund (SIF) at the close of Fiscal Year 2012 were $25.2 million, a decrease of $5.5 million from the previous year net asset balance of $30.7 million.

The net assets of the Fund at the close of previous fiscal year were $30.7 million, a decrease of $7.1 million from the previous year net asset balance of $37.8 million.

Changes in Net Assets – The $5.5 million decrease in net assets resulted mainly from a net operating loss of $5.5 million.

The $7.1 million decrease in net assets in 2011 resulted mainly from a net operating loss of $7.1 million.

Tax Exempt Proceeds Fund

Net Assets - The net assets of the Tax Exempt Proceeds Fund at the close of the fiscal year were $0, a decrease of $95 million from the previous year.

At a Special Board of Directors meeting held on September 28, 2011, the Board of Directors approved a plan to dissolve, liquidate and terminate the Fund and to call a special meeting of shareholders of the Fund to approve such plan. A record date of October 17, 2011 was set for shareholders to vote at the meeting to be held on December 1, 2011. At the shareholder meeting held on December 1, 2011, 67.72% of the shares outstanding of the Fund, as of the record date, voted in favor of the Proposal to Approve the Plan of Liquidation. The Fund was liquidated and as of December 30, 2011 there remain no shareholders in the Fund.

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, 2012, the State had $19.1 billion in bonds and notes outstanding, approximately the same amount as of the end of June 30, 2011. Outstanding debt at June 30, 2012 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.

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	2012	Increase (Decrease)	2011	Increase (Decrease)	2010
General obligation –					
Tax supported	$10,509,974,856	$79,623,304	$10,430,351,552	$271,347,735	$10,159,003,817
Bond Anticipation Notes	0	0	0	(581,245,000)	581,245,000
Teachers Retirement Fund	2,276,578,271	0	2,276,578,271	0	2,276,578,271
Economic Recovery Notes	747,935,000	(167,860,000)	915,795,000	0	915,795,000
Revenue supported	0	(530,000)	530,000	(530,000)	1,060,000
Special Tax Obligation	3,287,340,000	(70,255,000)	3,357,595,000	327,110,000	3,030,485,000
Bradley International Airport	155,800,000	(13,290,000)	169,090,000	(19,695,000)	188,785,000
Clean Water Fund	823,775,000	(75,330,000)	899,105,000	77,155,000	821,950,000
UCONN 2000	903,550,000	99,240,000	804,310,000	(73,182,441)	877,492,441
CDA Increment Financing	22,205,000	(2,725,000)	24,930,000	(2,620,000)	27,550,000
CDA Government					
Lease revenue	1,550,000	(705,000)	2,255,000	(660,000)	2,915,000
CHEFA Childcare					
Facilities program	63,280,000	(3,295,000)	66,575,000	(1,665,000)	68,240,000
Bradley Parking operations	39,385,000	(1,865,000)	41,250,000	(1,755,000)	43,005,000
CT Juvenile Training school	15,150,000	(475,000)	15,625,000	(455,000)	16,080,000
CHFA Special Needs Housing Bonds	73,650,000	(3,070,000)	76,720,000	14,945,000	61,775,000
CCEDA Bonds	97,535,000	(2,620,000)	100,155,000	(2,525,000)	102,680,000
CHFA Emergency					
Mortgage Assistance Program	48,035,000	18,870,000	29,165,000	29,165,000	0
Total	$19,065,743,127	$(144,286,696)	$19,210,029,823	$35,390,294	$19,174,639,529

During Fiscal Year 2012, the State issued $2.495 billion of bonds for capital projects and other purposes at the lowest interest rates in state history. The $2.495 billion of issued bonds were offset by bonds retired of $1.575 billion and bonds refunded of $1.063 billion, resulting in a net decrease of $144 million in bonds outstanding. Since 1999, debt refunding and defeasances have produced $0.771 billion in debt savings to taxpayers.

Moody's Investors Service, Standard & Poor's Corporation, and Fitch Investors Service rate the State's general obligations AA with Stable Outlooks from all three credit rating agencies.

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 predict economic recovery improving at a moderate pace throughout the 2012 fiscal year. Growth in employment has been slow but pointing to improvement, and unemployment rates remained elevated. The housing sector has shown some signs of improvement as fiscal year 2012 ended but from depressed levels. Inflation has been subdued during the year and longer term inflation expectations have remained stable. Household spending has continued to advance, but growth in business fixed investment appears to have slowed. Inflation has been subdued throughout 2012, although the prices of some key commodities have increased. Longer-term inflation expectations have remained stable.

The economy is not as robust as it needs to be for sustained recovery as indicated by a relative small stock market gain of 2.4% gain over the previous fiscal year with the S&P ending the fiscal year at 1,362, 1.7% better than when the fiscal year began. The percent of the U.S. labor force unemployed fell to 8.2 percent down from 9.1 percent at the end of fiscal year 2011.

The Federal Open Market Committee at its September 2012 meeting maintained the target range for the federal funds rate at 0 to ¼ percent and indicated that it anticipates that “exceptionally low levels” are likely to be warranted at least through mid-2015 to help spur the economy.

Although Connecticut has experienced a modest recovery, economic growth has not been sufficient to substantially reduce the state unemployment rate of 8.4 percent at June 30, 2012, down from 9.1 percent at fiscal year end June 30, 2011. The Connecticut Department of Labor unemployment release for September 2012 reported an unexpected surge to 9.2 percent at the end of August 2012. The State Comptroller reported that the state’s General Fund ended the 2012 fiscal year with a pre-audited $143.6 million deficit which was eliminated using General Fund reserves from prior years. General Fund tax revenues increased by $854.2 million, or 4.8 percent, during the year. General Fund spending was up $936.9 million or 5.2 percent over last year, mainly from an increase in Department of Social Services spending by $409.4 million as Medicaid caseloads advanced 52 percent during the year, and other increase in spending resulted from contributions to teachers’ retirement, up $210.2 million (reflecting full spending); debt service payments; and funding for state employees’ retirement.

Connecticut job and income growth may be limited in 2013 due to the national budget struggle according to the state outlook prepared by the New England Economic Partnership (NEEP) May 2012 report. The health of the U.S. economy along with the number, timing, and nature of new jobs expected in Connecticut banking, insurance, construction, and professional services sectors will affect the pace of the Connecticut recovery per NEEP.

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.state.ct.us/ott

DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

December 31, 2012

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,

Christine Shaw
Deputy Treasurer

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

COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2012

		TOTAL
ASSETS		
Investments in Securities, at Fair Value		
Liquidity Fund	$	-
Cash Equivalents		744,557,626
Asset Backed Securities		110,750,328
Government Securities		2,818,432,143
Government Agency Securities		893,469,684
Mortgage Backed Securities		206,447,272
Corporate Debt		1,745,459,416
Convertible Securities		32,495,177
Common Stock		11,138,851,418
Preferred Stock		55,940,637
Real Estate Investment Trust		208,774,545
Mutual Fund		1,654,393,463
Limited Liability Corporation		1,114,844
Trusts		991,995
Limited Partnerships		4,465,661,921
Annuities		-
Total Investments in Securities, at Fair Value		24,077,340,469
Cash		48,513,021
Receivables		-
Foreign Exchange Contracts		3,820,108,788
Interest Receivable		65,472,976
Dividends Receivable		26,331,646
Due from Brokers		312,388,835
Foreign Taxes		9,644,890
Securities Lending Receivable		1,510,630
Reserve for Doubtful Receivables		(4,314,330)
Total Receivables		4,231,143,435
Invested Securities Lending Collateral		2,681,876,199
Other Funds on Deposit		-
Prepaid Expenses		2,580,583
Total Assets		31,041,453,707
LIABILITIES		
Payables		
Foreign Exchange Contracts		3,790,252,856
Due to Brokers		573,062,882
Income Distribution		729,078
Other Payable		677,078
Total Payables		4,364,721,894
Securities Lending Collateral		2,681,876,199
Accrued Expenses		18,093,716
Total Liabilities		7,064,691,809
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$	23,976,761,898

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

COMBINED INVESTMENT FUNDS

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

	TOTAL
ADDITIONS	
OPERATIONS	
Investment Income	
Dividends	$ 622,901,119
Interest	241,168,268
Other Income	5,024,720
Securities Lending	23,442,306
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	1,834,538
Total Expenses	83,521,325
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 Assets Resulting from Operations	(214,825,057)
Unit Transactions	
Purchase of Units by Participants	2,716,001,391
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	(3,708,079,122)
Change in Net Assets Held in Trust for Participants	(1,206,902,788)
Net Assets- Beginning of Period	25,183,664,686
Net Assets- End of Period	$ 23,976,761,898

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ADDITIONS		**TOTAL**
OPERATIONS		
Investment Income		
Dividends	$	703,324,261
Interest		283,834,381
Other Income		6,613,165
Securities Lending		23,391,987
Total Income		1,017,163,794
Expenses		
Investment Advisory Fees		73,515,636
Custody and Transfer Agent Fees		2,075,473
Professional Fees		3,128,803
Security Lending Fees		3,226,234
Security Lending Rebates		3,858,275
Investment Expenses		3,820,407
Total Expenses		89,624,828
Net Investment Income		927,538,966
Net Realized Gain (Loss)		825,681,448
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency		2,699,894,481
Net Increase (Decrease) in Net Assets Resulting from Operations		4,453,114,895
Unit Transactions		
Purchase of Units by Participants		3,118,436,763
TOTAL ADDITIONS		7,571,551,658
DEDUCTIONS		
Administrative Expenses:		
Salary and Fringe Benefits		(4,130,621)
Distributions to Unit Owners:		
Income Distributed		(813,290,425)
Unit Transactions		
Redemption of Units by Participants		(3,440,056,288)
TOTAL DEDUCTIONS		(4,257,477,334)
Change in Net Assets Held in Trust for Participants		3,314,074,324
Net Assets- Beginning of Period		21,869,590,362
Net Assets- End of Period	$	25,183,664,686

The accompanying notes are an integral part of these 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") 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions" an amendment of GASB 53, "Accounting and Financial Reporting for Derivative Instruments." GASB 64 clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. The provisions of this Statement are effective for periods beginning after June 15, 2011.

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 Assets, 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 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' prior quarter end estimated fair value, plus or minus the appropriate related cash flows as described later in this section.

For the Alternative Investment Fund 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 for the Absolute Return Strategy category utilize the investment advisors' prior two month period end estimated fair value, plus or minus the appropriate related cash flows, as described later in this section. Estimations for the Real Asset category utilize the investment advisors' prior quarter end estimated fair value, plus or minus the appropriate related cash flows. Cash flows are described later in this section.

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 verify that they are reasonable and consistent. 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 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, 2012, the Fund held MBSs of $30,547,867 and ABSs of $45,971,179.

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 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, 2012, the estimated investment values provided by the investment advisors, net of the adjustments noted above, was lower than the cash adjusted fair values reported on the Statement of Net Assets by approximately $8 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. The Mutual Equity Fund has an investment in a partnership with a value of $ 393,231,185 at June 30, 2012 which is categorized as a Limited Partnership on the Statement of Net Assets. The fund also has an investment in a commingled pool sponsored by a trust with a value of $ 375,921,171 at June 30, 2012 which is categorized as a Mutual Fund on the Statement of Net Assets. Both the partnership and the commingled pool sponsored by a trust are valued monthly utilizing values provided by the general partner and Trustee respectively.

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 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, 2012, the Fund held MBSs of $175,837,004 and ABSs of $63,981,696.

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 Assets. 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, 2012 the Fund's holdings had a fair value of $2,695,506 and a cost of $3,548,674. 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

IInvestments 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.

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, 2012, the Fund held ABSs of $797,453.

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. 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, 2012, 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 Assets by approximately $16 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 prevent overstatement. At June 30, 2012, 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 Assets by approximately $34 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 Operations and the Statement of Changes in Net Assets. 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.

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, 2012, the funds maintained positions in a variety of such securities that are all reported at fair value on the statement of net assets. The following is a listing of such securities:

Adjustable Rate Securities:

Fund	Cost	Fair Value
Liquidity	$ 414,904,418	$ 415,520,912
Core Fixed Income	114,655,362	117,506,141
Emerging Market Debt	51,505,980	51,345,105
High Yield Debt	16,517,225	17,877,101

Asset Backed Securities:

Fund	Cost	Fair Value
Liquidity	$ 46,496,771	$ 45,971,179
Core Fixed Income	63,285,424	63,981,696
Emerging Market Debt	(109,563)	797,453

Mortgage Backed Securities, Net of CMO's:

Fund	Cost	Fair Value
Liquidity	$ 28,007,834	$ 27,780,228
Core Fixed Income	35,295,064	35,638,006

CMO's:

Fund	Cost	Fair Value
Liquidity	$ 2,721,949	$ 2,767,639
Core Fixed Income	134,666,231	140,198,998

TBA's:

Fund	Cost	Fair Value
Liquidity	$ 530,585	$ 531,171
Core Fixed Income	197,392,641	197,822,127

Interest Only:

Fund	Cost	Fair Value
Core Fixed Income	$ 3,548,674	$ 2,695,506

Options:

Fund	Cost	Fair Value
Emerging Market Debt	$ 769,877	$ 147,827

The Emerging Market Debt Fund held futures with a notional cost of $21,853,466 and an unrealized gain of $81,970 reported in the Due from Brokers in the Statement of Net Assets. The Developed Market International Stock also held futures with a notional cost of $41,225,273 and an unrealized gain of $4,342,836 reported in the Due From Brokers and an unrealized loss of $199,372 reported in the Due to Brokers in the Statement of Net Assets.

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 Assets.

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, Emerging Market Debt, Developed Market International Stock, and the Emerging Market International Stock Funds also utilize derivatives indirectly through participation in mutual funds and limited partnerships. 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 Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. 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, 2012:

Fund	Netted	Capitalized	Expensed	Total
Alternative Investment	$ 3,713,035	$ 1,610,165	$ -	$ 5,323,200
Private Investment	15,064,735	16,564,113	6,549,582	38,178,430
Real Estate	11,468,569	1,796,367	3,255,115	16,520,051

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, 2012:

Fund	Net Realized Gain/(Loss)
Alternative Investment	$ 24,382
Private Investment	173,504,160
Real Estate	5,701,454

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 Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. The Private Investment Fund incurred realized loss of $ 4,119,348 for such transactions for the fiscal year ended June 30, 2012.

The Mutual Equity, 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 Operations. The following is a listing of the corresponding fees incurred for the fiscal year ended June 30, 2012:

Fund	Amount
Mutual Equity	$ 4,104,818
Emerging Market Debt	2,414,140
Emerging Market International Stock	309,965
Developed Market International Stock	17,564

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 Operations 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, 2012, the reported amount of Funds deposits were $48,513,021 and the bank balance was $48,513,021. Of the bank amount, $48,513,021 was uncollateralized and uninsured. Through the Securities Lending Program $2,845,635,820 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 minimize 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 2012 fiscal year.

The Funds also act to control 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 level information on the credit ratings associated with Funds investments in debt securities.

NOTES TO FINANCIAL STATEMENTS (Continued)

	Fair Value	Percentage of Fair Value
Aaa	$1,547,883,695	22.47 %
Aa	262,449,005	3.81
A	437,705,279	6.35
Baa	786,692,891	11.42
Ba	251,359,817	3.65
B	388,174,831	5.64
Caa	115,984,972	1.68
Ca	5,223,976	0.08
Mig	9,874,464	0.14
Prime 1	33,515,000	0.49
Government fixed income securities (not rated)	1,808,256,962	26.25
Not Rated	1,240,977,898	18.02
	$6,888,098,790	100.00%

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	Fair Value
Government Securities	$ 36,271,871
Government Agency Securities	11,498,526
U.S. Corporate Stock	4,145,585
International Equity	110,972,112
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	451,735,486
Corporate Debt	2,231,012,240
Total	$2,845,635,820

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.

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	$744,557,626	$461,914,816	$2,467,475	$20,657,154	$259,518,181
Asset Backed Securities	110,750,328	3,707,786	86,170,079	18,649,432	2,223,031
Government Securities	2,818,432,143	117,733,690	1,208,486,548	676,882,336	815,329,569
Government Agency Securities	893,469,684	3,882,523	39,971,333	36,210,179	813,405,649
Mortgage Backed Securities	206,447,272	1,744,739	31,536,334	10,484,674	162,681,525
Corporate Debt	1,745,459,416	74,877,147	668,053,015	736,793,144	265,736,110

Convertible Debt	32,495,177	491,187	12,221,275	8,685,764	11,096,951
Mutual Fund	336,487,144	-	-	-	336,487,144
	$6,888,098,790	$664,351,888	$2,048,906,059	$1,508,362,683	$2,666,478,160

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.

				Fixed Income Securities					Equities		
Foreign Currency	Total	Cash	Cash Equiv Collateral	Government Securities	Mutual Funds	Corporate Debt	Convertible Securities	Asset Backed	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	$1,370,000	$292,639	$ -	$1,077,361	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Australian Dollar	384,964,578	1,566,626	-	13,141,025	-	68,472,795	-	-	281,119,688	-	20,664,444
Brazilian Real	209,827,415	2,685,734	-	36,096,864	-	7,261,047	134,728	-	139,993,856	23,655,186	-
Canadian Dollar	77,924,664	467,688	-	3,670,783	-	1,140,976	-	-	72,645,217	-	-
Chilean Peso	9,053,766	80,255	-	3,476,757	-	-	-	-	5,496,754	-	-
China Yuan Renminbi	408,914	31,807	-	377,107	-	-	-	-	-	-	-
Colombian Peso	17,293,591	-	-	9,874,878	-	6,029,149	-	1,389,564	-	-	-
Czech Koruna	9,076,710	105,628	-	-	-	-	-	-	8,971,082	-	-
Danish Krone	48,749,044	640,681	-	-	-	-	-	-	48,108,363	-	-
Egyptian Pound	10,880,831	148,714	-	143,129	-	-	-	-	10,588,988	-	-
Euro Currency	1,321,367,204	2,907,214	(28,726)	117,127,305	-	24,865,028	474,675	235,200	1,149,102,303	21,521,733	5,162,472
Ghana Cedi	540,438	-	-	540,438	-	-	-	-	-	-	-
Hong Kong Dollar	507,647,091	1,893,249	-	-	-	-	-	-	504,317,488	-	1,436,354
Hungarian Fornit	31,142,348	3,142,151	-	13,593,502	-	-	-	-	14,406,695	-	-
Iceland Krona	1,911	1,911	-	-	-	-	-	-	-	-	-
Indian Rupee	(3,153,551)	-	-	-	-	3,468,720	-	(6,622,271)	-	-	-
Indonesian Rupiah	91,149,176	358,739	-	6,676,958	-	5,290,991	-	-	78,822,488	-	-
Israeli Shekel	11,282,977	168,246	-	-	-	-	-	-	11,114,731	-	-
Japanese Yen	1,024,945,134	6,117,217	-	33,419,646	-	-	-	-	980,747,545	-	4,660,726
Malaysian Ringgit	73,244,280	5,146,271	-	21,138,911	-	-	-	-	46,959,098	-	-
Mexican Peso	109,252,120	584,429	-	58,040,141	-	467,829	-	-	50,159,721	-	-
Moroccan Dirham	581,671	50,171	-	-	-	-	-	-	531,500	-	-
New Russian Rubel	10,981,567	111,958	-	4,049,160	-	6,820,449	-	-	-	-	-
New Taiwan Dollar	69,126,524	593,672	-	-	-	-	-	(29,136)	68,561,988	-	-
New Zealand Dollar	68,229,826	238,780	-	53,036,856	-	3,497,739	-	-	11,361,703	-	94,748
Nigerian Naira	1,349,440	-	-	536,313	-	813,127	-	-	-	-	-
Norwegian Krone	38,946,535	399,054	-	-	-	-	-	-	38,547,481	-	-
Peruvian Nouveau Sol	5,350,951	248,277	-	5,102,674	-	-	-	-	-	-	-
Philippine Peso	43,388,672	296,239	-	550,749	-	-	-	-	42,541,684	-	-
Polish Zloty	68,170,697	92,907	-	45,281,501	-	-	-	-	22,796,289	-	-
Pound Sterling	922,305,802	925,907	-	15,534,234	458,772	1,758,223	-	-	897,009,962	-	6,618,704
Singapore Dollar	85,145,957	826,306	-	-	-	-	-	-	81,527,832	-	2,791,819
South African Rand	124,875,292	4,651,039	-	20,960,117	-	851,163	-	-	98,412,973	-	-
South Korean Won	394,316,407	485,154	-	-	-	-	-	(16,266)	386,784,962	7,062,557	-
Sri Lanka Rupee	408,987	-	-	-	-	-	-	-	408,987	-	-
Swedish Krona	88,046,121	224,373	-	-	-	-	-	-	87,821,748	-	-
Swiss Franc	299,639,011	3,628,421	-	-	-	-	-	-	296,010,590	-	-
Thailand Baht	108,729,540	281,384	-	7,926,632	-	-	-	-	100,521,524	-	-
Turkish Lira	98,456,225	323,051	-	17,274,157	-	-	-	-	80,859,017	-	-
Ukraine Hryvna	882,476	-	-	-	-	882,476	-	-	-	-	-
Uruguayan Peso	6,792,945	-	-	6,792,945	-	-	-	-	-	-	-
	$6,372,693,287	$39,715,892	$(28,726)	$495,440,143	$458,772	$131,619,712	$609,403	$(5,042,909)	$5,616,252,257	$52,239,476	$41,429,267

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 formal loan agreement.

During the period ended June 30, 2012, 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, 2012, the Client had no credit risk exposure to borrowers. The fair value of collateral held for the Funds as of June 30, 2012 was $2,681,876,199 as cash and $173,426,043 as non-cash. The fair value of securities on loan for the Funds as of June 30, 2012 was $ 2,654,671,844 as cash and $162,888,096 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, 2012 was 32.04 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, 2012:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$1,157,492,195	$1,163,878,365
Core Fixed Income	439,891,575	429,644,524
Inflation Linked Bond	374,192,335	365,532,376
Emerging Market Debt	57,683,507	57,178,218
High Yield Debt	210,787,223	207,404,497
Developed Market International Stock	427,336,080	410,746,935
Emerging Market International Stock	185,837,763	183,175,025
Total	$2,853,220,678	$2,817,559,940

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

Fund	Cash Equivalents	Corporate Debt	Total Investments
Mutual Equity	$194,420,013	$960,193,393	$1,154,613,406
Core Fixed Income	65,922,149	325,573,543	391,495,692
Inflation Linked Bond	63,077,952	311,526,738	374,604,690
Emerging Market Debt	9,723,763	48,023,311	57,747,074
High Yield Investment	35,532,599	175,486,907	211,019,506
Developed Market International Stock	52,714,055	260,341,960	313,056,015
Emerging Market International Stock	30,344,955	149,866,388	180,211,343
Total	$451,735,486	$2,231,012,240	$2,682,747,726

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 Assets in "Invested Securities Lending Collateral".

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2012, the aggregate cost of purchases and proceeds from sales of investment securities were as follows:

Fund	Purchases	Sales
Alternative Investment	$166,810,655	$128,633,810
Mutual Equity	2,192,880,945	2,493,397,960
Core Fixed Income	10,397,419,419	10,443,927,907
Inflation Linked Bond	2,110,010,664	2,391,834,786
Emerging Market Debt	1,131,239,264	1,053,844,732
High Yield Investment	715,462,405	710,975,204
Developed Market International Stock	3,989,421,786	3,986,101,845
Emerging Market International Stock	1,963,381,202	1,950,472,222
Real Estate	522,762,563	348,718,164
Commercial Mortgage	4,310,497	5,913,270
Private Investment	1,599,800,955	1,282,262,014

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

NOTE 4: UNREALIZED APPRECIATION AND DEPRECIATION ON INVESTMENTS

At June 30, 2012, 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	$9,278,678	$11,469,931	$(2,191,253)
Alternative Investment	4,762,375	5,637,438	(875,063)
Mutual Equity	1,658,997,047	386,200,958	1,272,796,089
Core Fixed Income	154,094,358	21,534,781	132,559,577
Inflation Linked Bond	69,776,356	853,561	68,922,795
Emerging Market Debt	103,947,042	26,057,412	77,889,630
High Yield Investment	38,339,013	26,167,083	12,171,930
Developed Market International Stock	505,001,021	541,301,228	(36,300,207)
Emerging Market International Stock	339,770,984	209,585,898	130,185,086
Real Estate	78,900,691	274,708,399	(195,807,708)
Commercial Mortgage	48,695	38	48,657
Private Investment	463,176,445	115,313,134	347,863,311

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 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, 2012, 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	$ 8,349,000	$ 95,966
Chilean Peso	3,120,843	(42,153)

Colombian Peso	6,365,000	7,440
Czech Koruna	-	202,284
Dominican Peso	2,202,405	-
Euro Currency	47,063,277	(710,159)
Ghana Cedi	10,979,744	(510,757)
Hungarian Forint	5,565,102	349,815
Indian Rupee	9,491,000	(135,601)
Indonesian Rupiah	6,196,000	65,268
Israeli Shekel	11,378,362	8,185
Japanese Yen	4,975,944	(4,677)
Kazakhstan Tenge	5,940,000	(203)
Malaysian Ringgit	19,717,421	23,107
Mexican Peso	244,612	13,723
New Romanian Leu	-	204,808
New Russian Ruble	16,970,282	601,731
Nigerian Naira	14,667,698	(79,419)
Norwegian Krone	939,250	23,526
Peruvian Nouveau Sol	3,116,000	(5,810)
Philippine Peso	3,115,000	13,155
Polish Zloty	13,479,294	476,543
Pound Sterling	20,993,560	344,299
Serbian Dinar	-	1,435,018
Singapore Dollar	9,308,000	73,693
South African Rand	23,459,105	(30,594)
South Korean Won	23,767,369	436,986
Swedish Krona	8,434,497	368,228
Thailand Baht	4,651,152	1,860
Turkish Lira	24,156,531	1,178,277
Uganda Shilling	7,314,123	125,936
Yuan Renminbi	16,859,000	(39,451)
Zambian Kwacha	3,977,053	117,813
	336,796,624	4,608,837
Contracts to Sell:		
Australian Dollar	$ 79,335,727	$ (3,047,050)
Brazilian Real	3,785,260	(106,050)
Canadian Dollar	3,582,026	(23,451)
Colombian Peso	451,011	(1,874)
Euro Currency	187,561,112	(3,236,912)
Hungarian Forint	4,660,408	(248,514)
Indian Rupee	1,478,000	(16,179)
Israeli Shekel	5,200,633	(43,289)
Japanese Yen	28,155,393	(78,403)
Mexican Peso	15,160,934	(67,031)
New Romanian Leu	2,844,000	(64,735)
New Russian Ruble	4,777,639	(113,707)
New Zealand Dollar	53,905,502	(2,750,799)
Nigerian Naira	2,079,657	(3,963)
Polish Zloty	34,481,112	(1,241,764)
South African Rand	13,465,259	(228,735)
Turkish Lira	16,797,916	(119,939)
Uganda Shilling	609,978	(11,547)
Yuan Renminbi	1,287,000	19,967
Zambian Kwacha	1,828,389	(19,690)
	461,446,956	(11,403,665)
Total	$ 798,243,580	$ (6,794,828)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 798,243,580	$ 798,243,580	$ -
Unrealized Gain/Loss	4,608,837	(11,403,665)	(6,794,828)
Net	$ 802,852,417	$ 809,647,245	$ (6,794,828)

Core Fixed Income Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Canadian Dollar	$ 1,173,616	$ 24,353
Euro Currency	1,243,116	21,335
Pound Sterling	378,858	14,577
	2,795,590	60,265
Total	$ 2,795,590	$ 60,265

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 2,795,590	$ 2,795,590	$ -
Unrealized Gain/Loss	-	60,265	60,265
Net	$ 2,795,590	$ 2,735,325	$ 60,265

Inflation Linked Bond Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Pound Sterling	$ 15,231,364	$ (109,648)
Euro Currency	9,739,040	(141,784)
	24,970,404	(251,432)
Total	$ 24,970,404	$ (251,432)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 24,970,404	$ 24,970,404	$ -
Unrealized Gain/Loss	-	(251,432)	(251,432)
Net	$ 24,970,404	$ 25,221,836	$ (251,432)

Emerging Market Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Argentine Peso	$ 2,590,801	$ 114,514
Brazilian Real	4,495,586	86,521
Chilean Peso	1,195,916	7,488
Czech Koruna	1,410,779	2,761
Euro Currency	23,672,403	77,762
Hungarian Forint	1,224,537	63,434
Indian Rupee	11,433,548	42,368
Indonesian Rupiah	3,862,842	38,311
Israeli Shekel	535,927	(2,348)
Malaysian Ringgit	3,267,555	(1,186)
Mexican Peso	4,284,149	143,590
New Russian Ruble	6,942,155	(163,148)
New Taiwan Dollar	1,744,996	(8,010)
Peruvian Nouveau Sol	866,736	4,495
Philippine Peso	342,114	7,519
Polish Zloty	5,791,431	165,354
Singapore Dollar	2,845,204	(57,894)
South African Rand	2,404,092	67,057
South Korean Won	1,700,781	40,409
Thailand Baht	2,047,371	(13,448)
Turkish Lira	2,568,419	35,290
Yuan Renminbi	16,481,325	(170,345)
	101,708,667	480,494
Contracts to Sell:		
Argentine Peso	$ 628,161	$ 451
Brazilian Real	7,132,457	(115,484)
Chilean Peso	3,498,708	(6,754)
Colombian Peso	5,871,351	16,496
Czech Koruna	1,415,624	2,085
Euro Currency	43,727,832	(61,660)
Hungarian Forint	2,378,340	(68,250)
Indonesian Rupiah	841,681	(16,045)
Israeli Shekel	540,842	7,434
Malaysian Ringgit	4,697,382	(15,112)
Mexican Peso	2,353,529	(39,021)
New Russian Ruble	2,572,364	112,278

New Taiwan Dollar	13,001	12
Peruvian Nouveau Sol	1,494,860	5,331
Philippine Peso	47,142	(313)
Pound Sterling	771,747	(7,724)
Singapore Dollar	2,779,963	(6,563)
South African Rand	3,690,496	(113,869)
South Korean Won	1,470,000	5,649
Thailand Baht	1,384,980	8,374
Turkish Lira	543,744	(12,427)
Yuan Renminbi	4,695,665	58,446
	92,549,869	(246,666)
Total	$ 194,258,536	$ 233,828

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 194,258,536	$ 194,258,536	$ -
Unrealized Gain/Loss	480,494	(246,666)	233,828
Net	$ 194,739,030	$ 194,505,202	$ 233,828

High Yield Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Euro Currency	$ 1,803,137	$ (29,776)
	1,803,137	(29,776)
Total	$ 1,803,137	$ (29,776)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 1,803,137	$ 1,803,137	$ -
Unrealized Gain/Loss	-	(29,776)	(29,776)
Net	$ 1,803,137	$ 1,832,913	$ (29,776)

Developed Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	$ 38,245,141	$ 816,275
Canadian Dollar	205,535	(370)
Danish Krone	2,001,462	8,238
Euro Currency	99,538,019	891,644
Hong Kong Dollar	16,552,376	7,332
Israeli Shekel	16,190,296	(668,402)
Japanese Yen	260,143,485	1,140,352
Malaysian Ringgit	78,908	258
New Zealand Dollar	34,415,928	583,397
Norwegian Krone	90,398,784	1,436,116
Pound Sterling	120,671,457	806,964
Singapore Dollar	36,029,659	(471,496)
South Korean Won	22,951,602	285,044
Swedish Krona	88,215,610	2,639,690
Swiss Franc	21,150,177	33,367
	846,788,439	7,508,409
Contracts to Sell:		
Australian Dollar	$ 193,139,163	$ (3,437,440)
Brazilian Real	203,286	(4,011)
Danish Krone	18,967,266	692,378
Euro Currency	774,871,425	29,496,369
Hong Kong Dollar	83,367,420	(58,693)
Indonesian Rupiah	1,853	(23)
Israeli Shekel	2,789,475	8,178
Japanese Yen	688,972,685	(21,152,454)
Malaysian Ringgit	12,356	(113)
New Zealand Dollar	33,593,508	(1,050,622)
Norwegian Krone	49,668,185	611,573
Pound Sterling	466,444,409	9,104,384
Singapore Dollar	68,115,827	170,858
South Korean Won	63,263,272	130,373
Swedish Krona	40,365,897	(746,045)

Swiss Franc	251,295,130	8,574,633
	2,735,071,157	22,339,345
Total	$ 3,581,859,596	$ 29,847,754

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 3,581,859,596	$ 3,581,859,596	$ -
Unrealized Gain/Loss	7,508,409	22,339,345	29,847,754
Net	$ 3,589,368,005	$ 3,559,520,251	$ 29,847,754

Emerging Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Hong Kong Dollar	$ 1,127,349	$ (12)
Indonesian Rupiah	7,258	68
Thailand Baht	420,588	369
Turkish Lira	3,186,556	(1,943)
	4,741,751	(1,518)
Contracts to Sell:		
Egyptian Pound	$ 25,407	$ (23)
Hong Kong Dollar	766,067	(30)
Indonesian Rupiah	159,381	(1,807)
Thailand Baht	741,534	(1,329)
	1,692,389	(3,189)
Total	$ 6,434,140	$ (4,707)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 6,434,140	$ 6,434,140	$ -
Unrealized Gain/Loss	(1,518)	(3,189)	(4,707)
Net	$ 6,432,622	$ 6,437,329	$ (4,707)

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, 2012, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 2,046,068,230	$ 1,696,726,155	$ 349,342,075
Private Investment	5,825,414,842	4,558,015,192	1,267,399,650
Alternative Investment	625,000,000	532,139,143	92,860,857

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.

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, 2012.

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, 2012:

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND
Investments in Securities, at Cost					
Cash Reserve Fund	$ -	$16,335,580	$35,587,296	$213,985,119	$9,616,939
Cash Equivalents	718,665,623	-	-	-	-
Asset Backed Securities	46,496,771	-	-	63,285,424	-
Government Securities	477,306,155	-	-	788,936,889	854,442,994
Government Agency Securities	31,342,755	-	-	823,470,384	-
Mortgage Backed Securities	30,729,784	-	-	169,961,296	-
Corporate Debt	223,091,459	-	-	666,879,518	-
Convertible Securities	-	-	-	-	-
Common Stock	-	-	3,938,867,454	-	-
Preferred Stock	-	-	-	56,577	-
Real Estate Investment Trust	-	-	80,444,171	-	-
Mutual Fund	-	-	834,813,508	-	-
Limited Liability Corporation	-	-	-	-	-
Trusts	-	-	-	-	-
Limited Partnerships	-	533,744,785	255,000,000	-	-
Partnerships	-	-	-	-	-
Annuities	-	-	-	-	-
Total Investments in Securities, at cost	$ 1,527,632,547	$550,080,365	$5,144,712,429	$2,726,575,207	$864,059,933

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, 2012, the date the basic financial statements were available to be issued. No material events were identified. The Private Investment Fund holds one partnership that has received subpoenas from the Securities and Exchange Commission ("SEC") relating to a non public investigation, the purpose of which the SEC has not communicated to the general partner.

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
$43,812,907	$29,561,776	$97,070,286	$27,564,270	$147,756,269	$162,047	$134,127,614
769,878	26,006,156	29,107	-	-	-	-
(109,564)	-	-	-	-	-	-
545,139,971	213,933	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	62,401	-
213,175,108	596,858,765	-	-	-	-	-
-	29,983,027	266,776	-	-	-	-
587,581	7,496,027	4,421,851,672	1,788,956,995	-	492,674	10,035,762
-	3,831,419	24,727,980	30,661,845	-	-	-
-	-	41,331,200	-	65,349,648	-	-
294,829,804	-	1,059,985	239,533,174	-	-	-
-	-	-	-	-	-	2,076,200,211
-	-	-	-	8,193,225	-	-
-	-	-	-	1,303,068,795	-	1,582,140
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$1,098,205,685	$693,951,103	$ 4,586,337,006	$ 2,086,716,284	$ 1,524,367,937	$ 717,122	$2,221,945,727

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	LIQUIDITY FUND					ALTERNATIVE INVESTMENT FUND				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$1.01	$1.00	$1.00	$1.00	$-	$1.01	$-	$-	$-	$-
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	-	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	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)	-	(0.01)	1.01	-	-	-
Total from Investment Operations	-	0.02	0.01	0.02	-	(0.01)	1.01	-	-	-
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(0.01)	(0.01)	(0.01)	(0.02)	-	-	-	-	-	-
Net Asset Value - End of Period	$1.00	$1.01	$1.00	$1.00	$-	$1.00	$1.01	$-	$-	$-
TOTAL RETURN	-0.14%	1.20%	0.98%	1.54%	0.00%	-1.62%	0.00%	0.00%	0.00%	0.00%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$1,531	$1,736	$2,219	$2,171	$-	$549	$519	$-	$-	$-
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.35%	0.23%	0.15%	0.04%	-	0.17%	0.27%	-	-	-
Ratio of Expenses to Average Net Assets	0.35%	0.23%	0.15%	0.04%	-	0.17%	0.27%	-	-	-
Ratio of Net Investment Income (Loss) to Average Net Assets	1.04%	0.74%	0.70%	1.55%	-	0.07%	0.02%	-	-	-

	MUTUAL EQUITY					MUTUAL FIXED INCOME				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$941.76	$726.98	$648.30	$927.68	$1,085.16	$-	$-	$-	$-	$114.53
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	-	-	-	-	-	(116.90)
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	15.58	13.33	10.86	16.89	16.87	-	-	-	-	2.00
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	15.38	214.37	79.56	(279.76)	(156.38)	-	-	-	-	2.08
Total from Investment Operations	30.96	227.70	90.42	(262.87)	(139.51)	-	-	-	-	4.08
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(15.05)	(12.92)	(11.74)	(16.51)	(17.97)	-	-	-	-	(1.71)
Net Asset Value - End of Period	$957.67	$941.76	$726.98	$648.30	$927.68	$-	$-	$-	$-	$(0.00)
TOTAL RETURN	3.38%	31.92%	14.01%	-28.36%	-12.99%	0.00%	0.00%	0.00%	0.00%	0.00%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$6,425	$6,638	$5,289	$5,590	$7,999	$-	$-	$-	$-	$-
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.21%	0.21%	0.24%	0.14%	0.26%	-	-	-	-	-
Ratio of Expenses to Average Net Assets	0.23%	0.24%	0.27%	0.30%	0.80%	-	-	-	-	-
Ratio of Net Investment Income (Loss) to Average Net Assets	1.65%	1.61%	1.58%	2.14%	1.68%	-	-	-	-	-

	CORE FIXED INCOME					INFLATION LINKED BOND				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$118.32	$117.87	$110.56	$113.86	$-	$144.75	$137.44	$128.08	$131.19	$-
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	115.45	-	-	-	-	120.07
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	4.07	4.55	4.92	5.30	4.09	3.72	5.23	4.87	2.21	10.41
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	4.88	0.69	7.88	(2.44)	(1.44)	13.72	4.79	7.39	(2.11)	2.15
Total from Investment Operations	8.95	5.24	12.80	2.86	2.65	17.44	10.02	12.26	0.10	12.56
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(4.52)	(4.79)	(5.49)	(6.16)	(4.24)	(2.79)	(2.71)	(2.90)	(3.21)	(1.44)
Net Asset Value - End of Period	$122.75	$118.32	$117.87	$110.56	$113.86	$159.40	$144.75	$137.44	$128.08	$131.19
TOTAL RETURN	7.63%	4.49%	11.81%	2.84%	5.65%	11.91%	7.23%	9.48%	-0.20%	16.81%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,617	$2,718	$2,701	$3,160	$4,537	$938	$1,119	$1,063	$837	$1,173
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.15%	0.16%	0.15%	0.14%	0.20%	0.11%	0.12%	0.13%	0.11%	0.07%
Ratio of Expenses to Average Net Assets	0.19%	0.22%	0.20%	0.31%	1.30%	0.18%	0.33%	0.35%	0.76%	0.55%
Ratio of Net Investment Income (Loss) to Average Net Assets	3.36%	3.85%	4.18%	4.62%	8.62%	2.26%	3.71%	3.59%	1.79%	5.45%

Source: Amounts were derived from custodial records.

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

	EMERGING MARKET DEBT					HIGH YIELD DEBT				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$145.02	$128.50	$108.68	$118.78	$-	$122.95	$113.69	$98.48	$112.63	$-
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	121.80	-	-	-	-	119.44
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	11.94	8.71	9.02	10.90	4.34	9.22	10.40	9.33	9.72	5.41
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(5.03)	11.69	15.68	(15.89)	(5.90)	(1.87)	7.36	14.19	(15.60)	(7.68)
Total from Investment Operations	6.91	20.40	24.70	(4.99)	(1.56)	7.35	17.76	23.52	(5.88)	(2.27)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(1.36)	(3.88)	(4.88)	(5.11)	(1.46)	(8.51)	(8.50)	(8.31)	(8.27)	(4.54)
Net Asset Value - End of Period	$150.57	$145.02	$128.50	$108.68	$118.78	$121.79	$122.95	$113.69	$98.48	$112.63
TOTAL RETURN	4.78%	16.06%	23.02%	-3.62%	5.59%	6.23%	15.96%	24.54%	-4.59%	-1.88%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$1,202	$1,158	$1,176	$1,132	$1,047	$711	$718	$693	$733	$759
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.40%	0.42%	0.43%	0.32%	0.32%	0.38%	0.39%	0.39%	0.33%	0.45%
Ratio of Expenses to Average Net Assets	0.40%	0.43%	0.43%	0.35%	0.40%	0.41%	0.42%	0.43%	0.48%	1.03%
Ratio of Net Investment Income										
(Loss) to Average Net Assets	8.08%	6.42%	7.55%	8.93%	5.16%	7.54%	8.67%	8.92%	9.08%	9.37%

	INTERNATIONAL STOCK					DEVELOPED MARKET INTERNATIONAL				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$-	$-	$-	$-	$442.47	$366.79	$295.58	$270.69	$384.58	$-
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	(473.81)	-	-	-	-	478.96
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	-	-	-	-	2.41	9.49	8.68	6.97	8.45	9.49
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	-	-	-	-	31.53	(54.79)	68.92	23.23	(114.67)	(97.18)
Total from Investment Operations	-	-	-	-	33.94	(45.30)	77.60	30.20	(106.22)	(87.69)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	-	-	-	-	(2.60)	(7.18)	(6.39)	(5.31)	(7.67)	(6.69)
Net Asset Value - End of Period	$-	$-	$-	$-	$0.00	$314.31	$366.79	$295.58	$270.69	$384.58
TOTAL RETURN	0.00%	0.00%	0.00%	0.00%	0.00%	-12.48%	26.30%	11.03%	-27.98%	-14.60%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$-	$-	$-	$-	$-	$4,626	$5,409	$4,435	$4,416	$5,108
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	-	-	-	-	-	0.45%	0.51%	0.54%	0.41%	0.54%
Ratio of Expenses to Average Net Assets	-	-	-	-	-	0.47%	0.53%	0.57%	0.49%	0.96%
Ratio of Net Investment Income										
(Loss) to Average Net Assets	-	-	-	-	-	2.79%	2.62%	2.49%	2.51%	3.92%

	EMERGING MARKET INTERNATIONAL STOCK					REAL ESTATE				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$416.41	$327.75	$264.93	$389.39	$-	$33.72	$30.40	$38.76	$55.48	$55.10
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	474.35	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	9.28	7.00	6.05	6.72	18.06	0.89	1.44	0.88	0.86	3.41
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(67.82)	86.38	61.21	(126.78)	(100.62)	1.51	3.40	(8.62)	(16.51)	0.13
Total from Investment Operations	(58.54)	93.38	67.26	(120.06)	(82.56)	2.40	4.84	(7.74)	(15.65)	3.54
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(6.26)	(4.72)	(4.44)	(4.40)	(2.40)	(0.91)	(1.52)	(0.62)	(1.07)	(3.16)
Net Asset Value - End of Period	$351.61	$416.41	$327.75	$264.93	$389.39	$35.21	$33.72	$30.40	$38.76	$55.48
TOTAL RETURN	-14.16%	28.55%	25.23%	-30.90%	0.19%	7.19%	16.12%	-20.18%	-28.66%	6.04%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,227	$2,638	$2,073	$1,147	$1,304	$1,328	$1,097	$784	$770	$1,002
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.72%	0.85%	0.87%	0.59%	0.99%	0.33%	0.43%	0.51%	0.52%	0.48%
Ratio of Expenses to Average Net Assets	0.73%	0.86%	0.89%	0.67%	1.38%	0.33%	0.43%	0.51%	0.52%	0.48%
Ratio of Net Investment Income										
(Loss) to Average Net Assets	2.42%	1.90%	2.15%	2.08%	9.28%	2.59%	4.62%	2.54%	1.80%	6.42%

Source: Amounts were derived from custodial records.

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

	COMMERCIAL MORTGAGE					PRIVATE INVESTMENT				
FISCAL YEAR ENDED JUNE 30,	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$46.54	$48.51	$49.48	$55.58	$54.86	$51.00	$49.63	$44.43	$54.85	$56.43
INTRAFUND TRANSFER IN/(OUT)	-	-	-	-	-	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	2.47	3.51	3.76	3.71	4.25	4.09	7.58	2.97	1.83	8.15
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(5.34)	(1.35)	(0.51)	(5.39)	1.26	(1.24)	1.50	4.59	(9.99)	(0.92)
Total from Investment Operations	(2.87)	2.16	3.25	(1.68)	5.51	2.85	9.08	7.56	(8.16)	7.23
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(3.33)	(4.13)	(4.22)	(4.42)	(4.79)	(4.02)	(7.71)	(2.36)	(2.26)	(8.81)
Net Asset Value - End of Period	$40.34	$46.54	$48.51	$49.48	$55.58	$49.83	$51.00	$49.63	$44.43	$54.85
TOTAL RETURN	-6.48%	4.61%	6.75%	-3.14%	12.05%	5.92%	19.89%	17.32%	-16.36%	13.66%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$1	$2	$4	$5	$7	$2,572	$2,232	$2,014	$1,627	$1,795
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	1.65%	0.97%	1.21%	1.53%	1.16%	0.36%	0.44%	0.55%	0.54%	0.66%
Ratio of Expenses to Average Net Assets	1.65%	0.97%	1.21%	1.53%	1.16%	0.36%	0.44%	0.55%	0.54%	0.66%
Ratio of Net Investment Income										
(Loss) to Average Net Assets	5.64%	7.49%	7.77%	7.09%	7.77%	8.09%	15.26%	6.37%	2.76%	14.65%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2012

	June 30, 2012
ASSETS	
Investment in Securities, at Amortized Cost (Note 7)	$ 4,891,940,758
Accrued Interest and Other Receivables	1,900,005
Prepaid Assets	225,191
Total Assets	$ 4,894,065,954
LIABILITIES	
Distribution Payable (dividend guaranteed)	494,015
Interest Payable	-
Total Liabilities	$ 494,015
NET ASSETS HELD IN TRUST FOR PARTICIPANTS (includes reserve)	$ 4,893,571,939

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
ADDITIONS		
Operations		
Interest Income	$ 12,665,270	$ 17,361,375
Net Investment Income	12,665,270	17,361,375
Net Realized Gains	155,824	109,800
Net Increase Resulting from Operations	12,821,094	17,471,175
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	10,801,899,185	12,770,956,609
TOTAL ADDITIONS	10,814,720,279	12,788,427,784
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants*	(7,557,772)	(11,300,006)
Total Distributions Paid and Payable	(7,557,772)	(11,300,006)
Share Transactions at Net Asset Value of $1.00 per Share		
Redemption of Units	(10,406,516,246)	(12,863,246,508)
Operations		
Operating Expenses	(1,300,499)	(1,244,108)
TOTAL DEDUCTIONS	(10,415,374,518)	(12,875,790,622)

* *Net of designated reserve transfer contributions and expenses.*

CHANGE IN NET ASSETS	399,345,762	(87,362,838)
Net Assets Held in Trust for Participants		
Beginning of Year	4,494,226,177	4,581,589,015
End of Year	4,893,571,939	$ 4,494,226,177

See accompanying Notes to the Financial Statements.

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 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.

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 assets.

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) except for Cheyne (Gryphon) which is reflected at amortized cost adjusted for reserve transfer (see Note 7and the List of Investments). 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.

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, 2012, the balance in the Designated Surplus Reserve was $47,360,778 which reflects $4.0 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, 2012. 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".

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 $1,380,000,000. Of that amount, $1,291,300,000 was exposed to custodial credit risk representing the portion that was uninsured and uncollateralized. Each of the CD's had daily put options that would allow STIF to redeem the investments on a same-day basis.

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, 2012 the weighted average maturity of the STIF was 33 days. The breakdown of the STIF's maturity profile is outlined below.

		Investment Maturity in Years	
Investments	**Amortized Cost**	**Less than One**	**One - Five**
Deposit Instruments:			
Fixed	$1,380,000,000	$1,380,000,000	$ -
Floating Rate Notes			
Structured Investment Vehicles	20,261,137	20,261,137	-
Federal Agency Securities			
Fixed	814,770,684	784,774,046	29,996,638
Floaters	974,039,636	974,039,636	-
US Government Guaranteed or Insured	141,768,123	141,768,123	-
Government Money Market Funds	16,608,178	16,608,178	-
Repurchase Agreements	1,544,493,000	1,544,493,000	-
Total	$4,891,940,758	$4,861,944,120	$29,996,638

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 $974 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	$ 16,607,274	0.34%
AA / A-1+	551,768,123	11.28
A / A-1	2,484,493,904	50.79
N/R	50,261,137	1.02
Federal Agency and U.S. Govt / Govt Guaranteed Securities	1,788,810,320	36.57
Total	$4,891,940,758	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, 2012, the table below lists issuers with concentrations of greater than 5 percent. Other than repurchase agreements and investments in U.S. government agency securities, the concentrations which exceeded 10 percent as of June 30, 2012 resulted from a decline in the size of the overall portfolio. At the time of purchase, the securities were at or below 10 percent.

Issuer	Fair Value	Percent of Total Portfolio
Merrill Lynch	$900,000,000	18.4%
RBS Securities	644,493,000	13.2
Federal Home Loan Bank	630,594,058	12.9
BB&T Company	500,000,000	10.2
Federal Farm Credit	448,770,393	9.2
JP Morgan Chase	440,000,000	9.0
TD Bank	440,000,000	9.0
Fannie Mae	402,608,784	8.2
Freddie Mac	307,779,753	6.3

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:

Distributions:	2012	2011
July	$690,438	$940,472
August	741,866	1,002,183
September	709,215	996,828
October	1,018,729	928,080
November	754,162	993,506
December	665,569	1,031,156
January	438,608	1,003,165
February	473,242	995,211
March	482,688	939,497
April	651,575	871,218
May	437,660	827,009
June (Payable at June 30)	494,015	771,681
Total Distribution Paid & Payable	$7,557,767	$11,300,006

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2012:

Investment	Amortized Cost	Fair Value
Deposit Instruments	$1,380,000,000	$1,380,000,000
Structured Investment Vehicles	20,261,137	22,082,337
Federal Agency Securities	1,788,810,320	1,789,752,990
Government Money Market Funds	16,608,178	16,608,178
US Government Guaranteed/Insured	141,768,123	141,753,664
Repurchase Agreements	1,544,493,000	1,544,493,000
TOTAL	$4,891,940,758	$4,894,690,169

The Gryphon Funding pass-through note was received as a result of the Cheyne Finance restructuring in July 2008, and consists of the securities that were underlying the Cheyne notes. Since the restructuring, the Gryphon note has made monthly principal and interest payments. Due to uncertain market conditions, and because the Gryphon note represents a continuation of the Cheyne notes, we determined that continuation of the previous accounting treatment of applying all cash distributions to amortized cost maximizes recovery of value and, in our view, best protects the fund. During the fiscal year, cash payments totaled $6.5 million, consisting of $6.2 million in principal and $0.3 million in interest. The interest payments are not included in Investment Income or in Distributions to Participants, but recorded against the amortized cost of this investment until such time as the relative principal and interest amounts, and their ultimate effect on the Fund, are known. As discussed in the fiscal year 2008 report, on December 5, 2008, $24 million was transferred from the reserves to cover a reduction in value effective June 30, 2008. Amortized cost reflects cash distributions of $55.7 million since April 2008 and the reserve transfer. The June 30, 2012, estimated fair value provided by the Gryphon custodian was $22.1 million.

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 $1.544 billion 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 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 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, 2012, 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, 2012, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In November 2011, 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

The Fund management has evaluated the events and transactions that have occurred through December 31, 2012, the date the financial statements were available for issuance, and identified the following event that has occurred requiring recognition or disclosure in the financial statements.

As of June 30, 2012, STIF had an investment in Gryphon Funding, Ltd notes. On October 15, 2012, the Gryphon notes were sold.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2012

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
FEDERAL AGENCY SECURITIES (36.57% OF TOTAL INVESTMENTS)						
$ 25,000,000	FANNIE MAE, 0.625, 09/24/12	0.10	$ 25,027,275	$ 25,029,875	31398A3N0	AA+
2,500,000	FANNIE MAE, 0.50, 10/30/12	0.15	2,502,888	2,502,865	31398A4T6	AA+
6,950,000	FANNIE MAE, 0.375, 12/28/12	0.14	6,956,179	6,958,020	31398A6F4	AA+
18,000,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/02/12	0.00	17,999,960	18,000,000	313588YW9	AA+
2,750,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/02/12	0.03	2,749,969	2,749,992	313588YZ2	AA+
7,700,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/02/12	0.03	7,699,923	7,699,977	313588YZ2	AA+
25,000,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/11/12	0.03	24,999,479	24,999,825	313588ZF5	AA+
26,440,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/11/12	0.03	26,439,412	26,439,815	313588ZF5	AA+
25,000,000	FANNIE MAE DISCOUNT NOTE, 0.00, 07/25/12	0.03	24,998,333	24,999,525	313588ZV0	AA+
15,000,000	FANNIE MAE DISCOUNT NOTE, 0.00, 08/01/12	0.05	14,998,450	14,999,370	313588A47	AA+
25,000,000	FANNIE MAE FLOATER, 0.32, 07/02/12	0.17	24,998,979	25,009,950	31398A3X8	AA+
2,735,000	FANNIE MAE FLOATER, 0.40, 07/02/12	0.18	2,737,918	2,738,525	3135G0AQ6	AA+
3,690,000	FANNIE MAE FLOATER, 0.40, 07/02/12	0.18	3,691,970	3,694,756	3135G0AQ6	AA+
6,500,000	FANNIE MAE FLOATER, 0.40, 07/02/12	0.18	6,503,856	6,508,379	3135G0AQ6	AA+
50,000,000	FANNIE MAE FLOATER, 0.40, 07/02/12	0.18	49,994,118	50,064,450	3135G0AQ6	AA+
50,000,000	FANNIE MAE FLOATER, 0.40, 07/02/12	0.18	49,998,499	50,064,450	3135G0AQ6	AA+
15,000,000	FANNIE MAE FLOATER, 0.38, 07/02/12	0.22	15,005,878	15,027,015	3135G0CB7	AA+
20,000,000	FANNIE MAE FLOATER, 0.38, 07/02/12	0.22	20,007,861	20,036,020	3135G0CB7	AA+
50,000,000	FANNIE MAE FLOATER, 0.38, 07/02/12	0.22	49,988,947	50,090,050	3135G0CB7	AA+
25,000,000	FANNIE MAE FLOATER, 0.22, 07/20/12	0.23	24,990,039	24,995,925	3135G0MH3	AA+
2,300,000	FEDERAL FARM CREDIT, 0.15, 02/15/13	0.28	2,298,776	2,298,208	3133EADF2	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.22, 07/03/12	0.19	24,987,771	25,006,750	3133EAHS0	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.40, 07/02/12	0.15	25,000,000	25,007,525	31331JYS6	AA+
21,300,000	FEDERAL FARM CREDIT FLOATER, 0.30, 07/02/12	0.19	21,298,343	21,318,510	31331KGY0	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.30, 07/02/12	0.19	24,997,907	25,022,700	31331KJV3	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.30, 07/02/12	0.19	24,997,907	25,022,700	31331KJV3	AA+
50,000,000	FEDERAL FARM CREDIT FLOATER, 0.27, 07/02/12	0.19	49,986,802	50,033,400	31331KNN6	AA+
50,000,000	FEDERAL FARM CREDIT FLOATER, 0.30, 07/02/12	0.21	49,978,349	50,047,300	31331KSP6	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.40, 07/03/12	0.23	25,000,000	25,056,825	31331KY20	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.40, 07/03/12	0.23	24,998,211	25,056,825	31331KY20	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.23, 07/02/12	0.27	24,992,479	24,985,050	3133EAKC1	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.25, 07/02/12	0.28	25,000,000	24,988,250	3133EAPV4	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.25, 07/02/12	0.28	24,999,770	24,988,250	3133EAPV4	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.25, 07/02/12	0.30	24,983,281	24,975,925	3133EAQZ4	AA+
25,000,000	FEDERAL FARM CREDIT FLOATER, 0.25, 07/02/12	0.30	24,983,281	24,975,925	3133EAQZ4	AA+
50,000,000	FEDERAL FARM CREDIT FLOATER, 0.29, 07/02/12	0.30	49,990,370	49,986,250	3133EASN9	AA+
4,000,000	FEDERAL HOME LOAN BANK, 0.25, 07/30/12	0.15	3,999,669	4,000,312	313374SV3	AA+
11,440,000	FEDERAL HOME LOAN BANK, 1.75, 08/22/12	0.15	11,463,570	11,465,397	3133XUE41	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.875, 08/22/12	0.15	10,007,767	10,010,060	3133XYWB7	AA+
25,000,000	FEDERAL HOME LOAN BANK, 0.14, 09/07/12	0.15	25,000,837	24,999,550	313376BY0	AA+
6,100,000	FEDERAL HOME LOAN BANK, 0.24, 10/10/12	0.15	6,100,948	6,101,495	313375QL4	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.23, 10/25/12	0.15	9,998,894	10,002,510	313375XL6	AA+
5,800,000	FEDERAL HOME LOAN BANK, 0.18, 11/14/12	0.15	5,800,589	5,800,638	313376BC8	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.20, 11/14/12	0.15	10,002,147	10,001,830	313376EN1	AA+
2,670,000	FEDERAL HOME LOAN BANK, 1.625, 11/21/12	0.15	2,685,166	2,685,195	3133XVEM9	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.20, 11/23/12	0.15	10,001,870	10,001,960	313376J97	AA+
8,000,000	FEDERAL HOME LOAN BANK, 0.30, 01/14/13	0.21	8,000,000	8,000,208	313376P66	AA+
5,100,000	FEDERAL HOME LOAN BANK, 0.17, 01/17/13	0.24	5,098,501	5,098,016	313376TA3	AA+
2,500,000	FEDERAL HOME LOAN BANK, 0.20, 01/18/13	0.24	2,499,525	2,499,410	313376MZ5	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 01/18/13	0.20	10,000,000	10,003,000	313376QN8	AA+
1,100,000	FEDERAL HOME LOAN BANK, 0.16, 01/18/13	0.24	1,099,552	1,099,501	313376TY1	AA+
12,200,000	FEDERAL HOME LOAN BANK, 0.16, 01/24/13	0.25	12,194,899	12,193,619	313376VG7	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.16, 02/01/13	0.26	9,997,908	9,994,200	313376T96	AA+
4,000,000	FEDERAL HOME LOAN BANK, 0.17, 02/01/13	0.26	3,998,959	3,997,912	313376U37	AA+
10,600,000	FEDERAL HOME LOAN BANK, 0.18, 02/01/13	0.26	10,595,332	10,595,082	313376U78	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.18, 02/01/13	0.26	10,000,000	9,995,360	313376U78	AA+
7,200,000	FEDERAL HOME LOAN BANK, 0.19, 02/12/13	0.26	7,198,020	7,196,926	313378BD2	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.20, 02/20/13	0.26	10,000,000	9,996,210	313376VS1	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 02/28/13	0.26	10,000,000	9,999,340	313378CP4	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.19, 02/28/13	0.26	9,998,083	9,995,410	313378EW7	AA+
4,610,000	FEDERAL HOME LOAN BANK, 0.20, 03/01/13	0.26	4,609,447	4,608,165	313378CM1	AA+
2,000,000	FEDERAL HOME LOAN BANK, 0.30, 03/19/13	0.26	2,000,875	2,000,570	313375NC7	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.125, 03/21/13	0.26	9,990,036	9,990,300	313378S28	AA+
8,250,000	FEDERAL HOME LOAN BANK, 1.00, 03/27/13	0.26	8,295,677	8,294,864	313372RK2	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.22, 04/09/13	0.26	9,998,212	9,996,930	313378ME8	AA+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2012 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 04/11/13	0.26	9,999,378	9,999,220	313378YH8	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.24, 04/12/13	0.26	9,998,982	9,998,450	313378W49	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.24, 04/16/13	0.26	10,000,518	9,998,420	313378WY3	AA+
15,000,000	FEDERAL HOME LOAN BANK, 0.23, 04/25/13	0.26	15,000,000	14,996,340	3133797M5	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.20, 04/30/13	0.26	9,995,715	9,995,040	313376XG5	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.22, 05/03/13	0.26	9,998,907	9,996,660	3133796A2	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 05/07/13	0.31	10,000,000	9,998,990	313378Z61	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 05/08/13	0.32	10,000,000	9,998,200	313378Z79	AA+
15,000,000	FEDERAL HOME LOAN BANK, 0.23, 05/10/13	0.26	14,998,307	14,996,160	313379FF1	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 05/16/13	0.26	10,005,415	10,003,480	313376D36	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.22, 05/17/13	0.26	9,997,984	9,996,500	313379BZ1	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 06/07/13	0.26	10,000,000	9,998,630	313379F53	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 06/10/13	0.34	10,000,000	9,996,650	313379GP8	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 06/10/13	0.34	10,000,000	9,996,650	313379GP8	AA+
15,000,000	FEDERAL HOME LOAN BANK, 0.30, 06/13/13	0.31	15,000,000	14,999,010	313379LD9	AA+
15,000,000	FEDERAL HOME LOAN BANK, 0.28, 06/14/13	0.29	15,000,000	14,998,935	313379JK6	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 06/14/13	0.32	10,000,000	9,998,340	313379K81	AA+
15,000,000	FEDERAL HOME LOAN BANK, 0.30, 06/14/13	0.38	15,000,000	14,987,925	313379PF0	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 06/20/13	0.27	9,999,224	9,998,360	313379VP1	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 06/21/13	0.27	$9,997,759	9,998,080	313379GH6	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.24, 06/28/13	0.27	9,997,680	9,997,080	313379Y78	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.29, 07/01/13	0.32	10,000,000	9,996,770	313379HH5	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.25, 07/01/13	0.27	9,996,638	9,997,940	313379YQ6	AA+
10,000,000	FEDERAL HOME LOAN BANK, 0.30, 07/03/13	0.34	10,000,000	9,995,660	313379RE1	AA+
25,000,000	FED HOME LOAN BANK DISC NOTE, 0.00, 07/18/12	0.03	24,999,115	24,999,675	313384ZN2	AA+
50,000,000	FED HOME LOAN BANK FLOATER, 0.29, 07/02/12	0.23	50,000,000	50,064,900	313374WU0	AA+
25,000,000	FED HOME LOAN BANK FLOATER, 0.19, 07/25/12	0.21	24,980,443	24,991,025	313376VV4	AA+
25,000,000	FED HOME LOAN BANK FLOATER, 0.16, 07/25/12	0.21	24,983,551	24,977,000	3133784J7	AA+
1,490,000	FREDDIE MAC, 1.125, 07/27/12	0.19	1,491,112	1,490,967	3137EACK3	AA+
25,000,000	FREDDIE MAC DISCOUNT NOTE, 0.00, 07/09/12	0.03	24,999,556	24,999,850	313396ZD8	AA+
15,493,000	FREDDIE MAC DISCOUNT NOTE, 0.00, 07/16/12	0.03	15,492,484	15,492,814	313396ZL0	AA+
25,000,000	FREDDIE MAC DISCOUNT NOTE, 0.00, 07/17/12	0.03	24,999,333	24,999,675	313396ZM8	AA+
25,000,000	FREDDIE MAC DISCOUNT NOTE, 0.00, 08/13/12	0.05	24,995,222	24,998,550	313396B85	AA+
1,000,000	FREDDIE MAC DISCOUNT NOTE, 0.00, 08/27/12	0.05	999,842	999,922	313396D67	AA+
19,146,000	FREDDIE MAC, 2.125, 09/21/12	0.15	19,229,700	19,228,921	3137EACE7	AA+
10,250,000	FREDDIE MAC, 0.375, 11/30/12	0.09	10,257,026	10,261,849	3137EACP2	AA+
5,000,000	FREDDIE MAC, 0.75, 12/28/12	0.21	5,013,664	5,013,215	3134G1P65	AA+
50,000,000	FREDDIE MAC FLOATER, 0.34, 07/02/12	0.19	49,992,013	50,038,200	3134G1U69	AA+
30,000,000	FREDDIE MAC FLOATER, 0.30, 07/02/12	0.23	29,989,863	30,042,390	3134G2XL1	AA+
50,000,000	FREDDIE MAC FLOATER, 0.32, 07/02/12	0.24	49,988,143	50,082,500	3134G2B50	AA+
50,000,000	FREDDIE MAC FLOATER, 0.39, 07/02/12	0.26	49,993,092	50,130,900	3134G3AG5	AA+
$1,788,814,000			$1,788,810,320	$1,789,752,989		
DEPOSIT INSTRUMENTS (28.21% OF TOTAL INVESTMENTS)[1]						
$20,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	$20,000,000	$20,000,000	N/A	A-1
60,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	60,000,000	60,000,000	N/A	A-1
70,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	70,000,000	70,000,000	N/A	A-1
100,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	100,000,000	100,000,000	N/A	A-1
150,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	150,000,000	150,000,000	N/A	A-1
100,000,000	BB&T COMPANY, 0.25, 07/02/12	0.25	100,000,000	100,000,000	N/A	A-1
220,000,000	JP MORGAN CHASE BANK, N.A., 0.30, 07/02/12	0.30	220,000,000	220,000,000	N/A	A-1
220,000,000	JP MORGAN CHASE BANK, N.A., 0.30, 07/02/12	0.30	220,000,000	220,000,000	N/A	A-1
15,000,000	T.D. BANK, N.A., 0.25, 07/02/12	0.25	15,000,000	15,000,000	N/A	A-1+
15,000,000	T.D. BANK, N.A., 0.25, 07/02/12	0.25	15,000,000	15,000,000	N/A	A-1+
15,000,000	T.D. BANK, N.A., 0.35, 07/02/12	0.35	15,000,000	15,000,000	N/A	A-1+
50,000,000	T.D. BANK, N.A., 0.42, 07/02/12	0.42	50,000,000	50,000,000	N/A	A-1+
130,000,000	T.D. BANK, N.A., 0.32, 07/02/12	0.32	130,000,000	130,000,000	N/A	A-1+
135,000,000	T.D. BANK, N.A., 0.32, 07/02/12	0.32	135,000,000	135,000,000	N/A	A-1+
35,000,000	T.D. BANK, N.A., 0.31, 07/02/12	0.31	35,000,000	35,000,000	N/A	A-1+
45,000,000	T.D. BANK, N.A., 0.31, 07/02/12	0.31	45,000,000	45,000,000	N/A	A-1+
$1,380,000,000			$1,380,000,000	$1,380,000,000		
GOVERNMENT MONEY FUND (0.34% OF TOTAL INVESTMENTS)						
$16,607,274	MORGAN STANLEY GOV'T FUND, 0.05, 07/02/12	0.05	$16,607,274	$16,607,274	N/A	AAAm
$16,607,274			$16,607,274	$16,607,274		

LIST OF INVESTMENTS AT JUNE 30, 2012 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
REPURCHASE AGREEMENTS (31.57% OF TOTAL INVESTMENTS)						
$644,493,000	RBS SECURITIES INC., 0.14, 07/02/12	0.14	$644,493,000	$644,493,000	N/A	A-1
900,000,000	MERRILL LYNCH, 0.16, 07/02/12	0.16	900,000,000	900,000,000	N/A	A-1
$1,544,493,000			$1,544,493,000	$1,544,493,000		
U. S. GOVERNMENT (FDIC) GUARANTEED OR INSURED BANK SECURITIES (2.90% OF TOTAL INVESTMENTS)						
$35,000,000	ALLY FINANCIAL, 1.75, 10/30/12	0.22	$35,180,619	$35,170,870	36185JAA7	AA+
3,075,000	CITIBANK, 2.125, 07/12/12	0.22	3,076,867	3,076,138	17313YAG6	AA+
4,763,000	CITIBANK, 2.125, 07/12/12	0.22	4,765,677	4,764,762	17313YAG6	AA+
7,152,000	CITIBANK, 2.125, 07/12/12	0.22	7,155,975	7,154,646	17313YAG6	AA+
20,000,000	CITIBANK, 2.125, 07/12/12	0.22	20,011,146	20,007,400	17313YAG6	AA+
10,000,000	CITIBANK, 1.875, 11/15/12	0.12	10,059,492	10,063,370	17313YAN1	AA+
6,000,000	FEDERALLY INSURED CUST. ACCT., 0.25, 07/03/12(3)	0.25	6,000,000	6,000,000	N/A	N/R
24,000,000	FEDERALLY INSURED CUST. ACCT., 0.25, 07/03/12(3)	0.25	24,000,000	24,000,000	N/A	N/R
3,782,000	GE CAPITAL, 2.00, 09/28/12	0.22	3,797,940	3,797,502	36967HBB2	AA+
10,000,000	US CENTRAL FED CREDIT UNION, 1.90, 10/19/12	0.15	10,050,911	10,050,390	90345AAC6	AA+
17,580,000	US CENTRAL FED CREDIT UNION, 1.90, 10/19/12	0.15	17,669,494	17,668,586	90345AAC6	AA+
$141,352,000			$141,768,123	$141,753,664		
STRUCTURED INVESTMENT VEHICLES (0.41% OF TOTAL INVESTMENTS)(2)						
$84,099,830	GRYPHON FUNDING LTD, 0.00, 07/05/12	0.00	$20,261,137	$22,082,337	N/A	N/R
$84,099,830			$20,261,137	$22,082,337		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00% OF TOTAL INVESTMENTS)						
$904	LMCS, 0.01, 07/02/12	0.01	$904	$904	N/A	A-1
$904			$904	$904		
$4,955,367,008	**TOTAL INVESTMENT IN SECURITIES**		**$ 4,891,940,758**	**$ 4,894,690,169**		

(1) Deposit instruments have daily put option.

(2) The Gryphon Funding Ltd. note was sold on October 12, 2012.

(3) Security has a weekly put option.

SHORT-TERM INVESTMENT FUND

SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
STIF Total Rate of Return (%)	0.16	0.23	0.34	1.49	4.13	5.54	4.38	2.32	1.16	1.64
iMoneyNet Money Fund Average™ Rated First Tier Institutional Average (MFR) Index (%)[1]	0.05	0.08	0.09	1.30	4.07	5.14	4.01	1.91	0.75	1.20
Total Assets in STIF, End of Period ($ - Millions)	4,894	4,494	4,582	4,548	5,054	5,004	5,430	4,314	3,829	3,280
Percent of State Assets in Fund	83	84	84	81	83	80	84	84	81	69
Number of Participant Accounts in Composite, End of Year[2]										
State Treasury	52	52	51	47	39	47	58	84	124	115
Municipal and Local Entities	674	660	656	608	637	578	542	548	556	551
State Agencies and Authorities	429	417	416	367	418	406	406	446	474	440
Total	1,155	1,129	1,123	1,022	1,094	1,031	1,066	1,078	1,154	1,106

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report AveragesTM- (MFR) Index. These Index rates have been taken from published sources and have not been examined by UHY LLP (formerly Scillia Dowling & Natarelli LLC) or Deloitte & Touche LLP.

(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)
2012		
Sep-11	0.04	0.01
Dec-11	0.06	0.01
Mar-12	0.03	0.02
Jun-12	0.03	0.02
YEAR	**0.16**	**0.05**
2011		
Sep-10	0.06	0.03
Dec-10	0.06	0.02
Mar-11	0.06	0.02
Jun-11	0.05	0.01
YEAR	**0.23**	**0.08**
2010		
Sep-09	0.11	0.04
Dec-09	0.09	0.02
Mar-10	0.06	0.01
Jun-10	0.06	0.02
YEAR	**0.34**	**0.09**
2009		
Sep-08	0.58	0.58
Dec-08	0.47	0.45
Mar-09	0.26	0.17
Jun-09	0.16	0.09
YEAR	**1.49**	**1.30**
2008		
Sep-07	1.34	1.27
Dec-07	1.24	1.19
Mar-08	0.90	0.92
Jun-08	0.59	0.62
YEAR	**4.13**	**4.07**

FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages ™ (MFR) Index(%)(1)
2007		
Sep-06	1.36	1.26
Dec-06	1.38	1.26
Mar-07	1.33	1.26
Jun-07	1.36	1.26
YEAR	**5.54**	**5.14**
2006		
Sep-05	0.89	0.80
Dec-05	1.05	0.93
Mar-06	1.12	1.05
Jun-06	1.25	1.17
YEAR	**4.38**	**4.01**
2005		
Sep-04	0.38	0.29
Dec-04	0.53	0.41
Mar-05	0.64	0.54
Jun-05	0.77	0.67
YEAR	**2.32**	**1.91**
2004		
Sep-03	0.28	0.19
Dec-03	0.30	0.19
Mar-04	0.29	0.19
Jun-04	0.29	0.18
YEAR	**1.16**	**0.75**
2003		
Sep-02	0.48	0.38
Dec-02	0.45	0.32
Mar-03	0.36	0.26
Jun-03	0.35	0.24
YEAR	**1.64**	**1.20**

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. These Index rates have been taken from published sources and have not been examined by UHY LLP (formerly Scillia Dowling & Natarelli LLC) or Deloitte & Touche LLP.

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 ASSETS
JUNE 30, 2012

		June 30, 2012
ASSETS		
Investment in Securities, at Fair Value (Note 7)	$	3,319,764
Accrued Interest and Other Receivables		2,348
Prepaid Assets		2,861
Total Assets	$	3,324,973
LIABILITIES		
Distribution Payable		4,548
Total Liabilities	$	4,548
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$	3,320,425

See accompanying Notes to the Financial Statements.

SHORT-TERM PLUS INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
ADDITIONS		
Operations		
Interest Income	$ 125,735	$ 322,839
Net Investment Income	125,735	322,839
Net Realized Gains (Losses)	1,552	11,839
Net Increase Resulting from Operations	127,287	334,678
Share Transactions at Net Asset Value		
Purchase of Units	127,259	347,223
TOTAL ADDITIONS	254,546	681,901
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants	(122,050)	(324,706)
Total Distributions Paid and Payable	(122,050)	(324,706)
Share Transactions at Net Asset Value		
Redemption of Units	(16,238,636)	(33,595,187)
Operations		
Operating Expenses	(5,239)	(9,972)
Net Change in Unrealized Gain/(Loss) on Investments	(119,442)	232,344
TOTAL DEDUCTIONS	(16,485,367)	(33,697,521)
CHANGE IN NET ASSETS	(16,230,821)	(33,015,620)
Net Assets held in Trust for Participants		
Beginning of Year	19,551,246	52,566,866
End of Year	$ 3,320,425	$ 19,551,246

See accompanying Notes to the Financial Statements.

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.

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, 2012. 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, 2012 the weighted average maturity of the STIF Plus was 86 days. The breakdown of the STIF Plus's maturity profile is outlined below.

		Investment Maturity in Years	
Investments	**Fair Value**	**Less than One**	**One - Five**
Asset-Backed Securities			
Fixed	$504,234	$ -	$504,234
Floaters	2,814,643	2,814,643	-
Money Market Funds	887	887	-
Total	$3,319,764	$2,815,530	$504,234

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.

Investment Type	Fair Value	A-1	AAA	A	CCC
Asset Backed Securities					
Fixed	$504,234	$ -	$504,234	$ -	$ -
Floaters	2,814,643	-	1,063,945	1,063,377	687,321
Money Market Funds	887	887	-	-	-
Total	$3,319,764	$887	$1,568,179	$1,063,377	$687,321

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, 2012, 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.	$1,063,945	32.1%
Granite Master Issuer Plc.	$1,063,377	32.0%
Renaissance Home Equity Loan Trust	$504,234	15.2%
Indymac INBD Mortgage Loan Trust	$300,178	9.0%
Citigroup Mortgage Loan Trust	$284,068	8.6%

These concentrations result from the reduced size of the portfolio from $20 million to $3.3 million during the year. 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:

Distributions:	2012	2011
July	$10,189	$36,235
August	10,504	38,981
September	10,589	31,721
October	9,760	28,330
November	10,921	24,246
December	13,070	89,889
January	12,509	13,671
February	11,018	13,132
March	9,843	16,275
April	9,474	11,139
May	9,625	11,330
June (Payable at June 30)	4,548	9,757
Total Distribution Paid & Payable	$122,050	$324,706

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and market value as of June 30, 2012:

Investment	Amortized Cost	Fair Value
Asset-Backed Securities	$4,922,505	$3,318,877
Money Market Funds	887	887
TOTAL	$4,923,392	$3,319,764

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 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, 2012, 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.

NOTE 8: SUBSEQUENT EVENTS

The Fund management has evaluated the events and transactions that have occurred through December 31, 2012, the date the financial statements were available for issuance, and identified the following event that has occurred requiring recognition or disclosure in the financial statements.

As of June 30, 2012, STIF-Plus owned NAA 2006-AF2 1A1 rated “CCC” by Standard & Poor’s and B3 by Moody’s. Moody’s downgraded the notes to Ca on September 2, 2012 and on December 3, 2012, Standard & Poor’s downgraded the notes to “D”.

SHORT-TERM PLUS INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2012

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 0.58, 10/25/34	0.58	$ 1,201,310	$ 1,063,945	040104LM1	AAA
678,132	CITI MORT LOAN TR - 2007 AMC2 0.27, 1/25/37	0.27	678,131	284,068	17311XAA3	CCC
1,106,187	GRANM 2007 - 12A1 0.33, 12/20/54	0.33	1,106,186	1,063,377	38741YDF3	A+
1,025,197	INDB 2006-1 A1 0.26, 7/25/36	0.26	1,025,191	300,178	45661JAA1	CCC
384,185	NAA 2006-AF2 1A1 0.29, 8/25/36	0.29	384,184	103,076	65536VAA5	CCC
527,503	RAMC 2005-2 AF3 4.49, 8/25/35	5.61	527,503	504,234	75970NAK3	AAA
$ 4,922,515			$ 4,922,505	$ 3,318,878		
MONEY MARKET FUNDS (0.00% of total investments)						
$ 887	MS GOVT FUND, 0.05, 7/2/12	0.05	$ 887	$ 887		A1
$ 887			$ 887	$ 887		
$ 4,923,401	**TOTAL INVESTMENT IN SECURITIES**		**$ 4,923,392**	**$ 3,319,764**		

CIVIL LIST PENSION AND TRUST FUNDS

SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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	494,582	203,023	22,107	3,499	2,675	129	588	756	973
Interest in Investment Funds	13,473,161,942	8,468,270,329	1,675,298,834	78,043,908	156,909,689	1,195,324	66,633,626	17,646,427	22,558,598
Total Cash and Investments	$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
Schedule of Activity:									
Cash and Investments at July 1, 2011	$14,143,881,134	$8,980,893,934	$1,697,983,968	$81,792,397	$158,890,632	$1,112,351	$64,500,354	$17,143,903	$21,860,583
Shares Purchased (Excluding Liquidity Fund)	408,340,000	224,000,000	108,600,000	2,190,000	6,797,000	134,200	-	-	196,000
Shares Redeemed (Excluding Liquidity Fund)	(504,365,403)	(353,367,645)	(66,094,968)	(3,325,647)	(5,309,994)	-	-	-	(1,343)
Net Purchase and Redemptions of Liquidity Fund	(59,802,884)	(58,851,137)	(24,931,266)	(815,448)	(667,351)	(78,026)	1,505	(49,833)	(74,726)
Net Investment Income	368,925,716	233,581,291	47,473,769	2,200,903	4,472,156	33,473	2,295,043	620,700	607,429
Realized Gain (Loss) from Sale of Investments	173,279,065	126,382,526	26,780,984	1,119,532	694,170	(793)	(4,737)	(6,178)	(2,237)
Change in Unrealized Gain/(Loss) on Investment Funds	(687,608,512)	(450,522,400)	(66,993,364)	(2,912,950)	(3,490,512)	27,794	2,137,103	559,360	581,381
Increase (Decrease) in Receivables - Net (1)	(66,876)	(61,926)	(24,413)	(477)	(1,581)	(73)	(11)	(69)	(87)
Distributions	(368,925,716)	(233,581,291)	(47,473,769)	(2,200,903)	(4,472,156)	(33,473)	(2,295,043)	(620,700)	(607,429)
Cash and Investments at June 30, 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

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, 2012

STATEMENT OF CONDITION, at Fair Value

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$37,116
Interest & Dividends Receivable	361	35	118	57	173	-
Investments in Combined Investment Funds, at Fair Value	10,107,815	664,012	2,257,866	1,062,158	2,951,370	-
Total Assets	$10,108,176	$664,047	$2,257,984	$1,062,215	$2,951,543	$37,116
LIABILITIES & FUND BALANCE						
Due to Other Funds	$107,439	$19,853	$67,528	$31,784	$ -	$ -
Fund Balance	10,000,737	644,194	2,190,456	1,030,431	2,951,543	37,116
Total Liabilities & Fund Balance	$10,108,176	$664,047	$2,257,984	$1,062,215	$2,951,543	$37,116

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF REVENUE AND EXPENDITURES

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
REVENUE					
Net Investment Income	$310,294	$19,856	$67,529	$31,782	$86,864
Realized Gain on Investments	(55)	94	329	161	(476)
Change in Unrealized Gain (Loss) on Investments	283,866	18,040	61,421	28,841	78,010
Increase (Decrease) in Liquidity Fund Income Receivables - (1)	(7)	(2)	(6)	(3)	(16)
Total Revenue	$594,098	$37,988	$129,273	$60,781	$164,382
EXPENDITURES	-	-	-	-	-
Excess of Revenue over Expenditures	$594,098	$37,988	$129,273	$60,781	$164,382

(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 FUND BALANCE

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
Fund Balance at July 1, 2011	$9,716,936	$626,061	$2,128,715	$1,001,430	$2,787,161	$37,057
Excess of Revenue over Expenditures	594,098	37,988	129,273	60,781	164,382	-
Net Cash Transactions	-	-	-	-	-	59
Transfer from Other Funds	33,468	-	-	-	-	-
Transfer to Other Funds	(340,579)	(20,909)	(71,124)	(33,468)	-	-
Increase in Due to Other Funds	(3,186)	1,054	3,592	1,688	-	-
Fund Balance at June 30, 2012	$10,000,737	$644,194	$2,190,456	$1,030,431	$2,951,543	$37,116

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, 2012

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
Cash Flows from Operating Activities:					
Excess of Revenues over Expenditures	$594,098	$37,988	$129,273	$60,781	$164,382
Realized Gain on Investments	55	(94)	(329)	(161)	476
Change in Unrealized (Gain) Loss on Investments	(283,866)	(18,040)	(61,421)	(28,841)	(78,010)
(Increase) Decrease in Liquidity Fund Income Receivables	7	2	6	3	16
Net Cash Provided by Operations	310,294	19,856	67,529	31,782	86,864
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(340,579)	(20,909)	(71,124)	(33,468)	-
Operating Transfers - In from Other Funds	33,468	-	-	-	-
Net Cash Used for Non-Capital Financing Actvities	(307,111)	(20,909)	(71,124)	(33,468)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Liquidity Fund	(3,183)	1,053	3,595	1,686	13,136
Purchase of Investments	-	-	-	-	(100,000)
Proceeds from Sale of Investment	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	(3,183)	1,053	3,595	1,686	(86,864)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2011	-	-	-	-	-
Cash June 30, 2012	$ -	$ -	$ -	$ -	$ -

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2012

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$37,116
Interest & Dividends Receivable	361	35	118	57	173	-
Investments in Combined Investment Funds	7,030,753	462,226	1,561,784	755,917	2,220,754	-
Total Assets	$7,031,114	$462,261	$1,561,902	$755,974	$2,220,927	$37,116
LIABILITIES						
Due to Other Funds	$107,439	$19,853	$67,528	$31,784	$ -	$ -
Fund Balance	6,923,675	442,408	1,494,374	724,190	2,220,927	37,116
Total Liabilities & Fund Balance	$7,031,114	$462,261	$1,561,902	$755,974	$2,220,927	$37,116

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

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

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.

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 ASSETS
JUNE 30, 2012 and 2011

	June 30, 2012	June 30, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 30,090,410	$ 36,715,654
Receivables, net of allowance for uncollectible accounts - $9,751,765 and $11,053,205 respectively	6,282,039	5,681,289
Other Assets	2,700	36,793
TOTAL CURRENT ASSETS	36,375,149	42,433,736
NONCURRENT ASSETS:		
Capital assets:		
Computers	33,093	33,093
Office equipment	18,982	18,982
Less accumulated depreciation	(52,075)	(51,189)
TOTAL NONCURRENT ASSETS	0	886
TOTAL ASSETS	36,375,149	42,434,622
LIABILITIES		
CURRENT LIABILITIES:		
Claims and benefits payable	6,585,000	6,951,675
Settlement payable	1,783,274	1,630,400
Accounts payable and other accrued liabilities	1,050,840	1,396,157
Compensated absences	448,895	477,857
TOTAL CURRENT LIABILITIES	9,868,009	10,456,089
NONCURRENT LIABILITIES:		
Accounts payable and accrued liabilities	1,123,000	1,049,000
Compensated absences	178,676	181,974
TOTAL NONCURRENT LIABILITIES	1,301,676	1,230,974
TOTAL LIABILITIES	11,169,685	11,687,063
NET ASSETS		
Unrestricted Net Assets	25,205,464	30,747,559
TOTAL NET ASSETS	25,205,464	$ 30,747,559

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

OPERATING REVENUES	2012	2011
Assessment Revenues	$32,069,379	$30,882,941
Fund Recoveries	491,018	687,321
Other Income	359,008	99,855
TOTAL OPERATING REVENUES	32,919,405	31,670,117
OPERATING EXPENSES		
Injured Worker Benefits:		
Settlements	5,872,331	6,664,250
Indemnity Claims Benefits	20,499,111	19,419,200
Medical Claims Benefits	5,531,091	5,677,423
Total Injured Worker Benefits	31,902,533	31,760,873
Administrative Expenses	6,610,897	7,083,251
TOTAL OPERATING EXPENSES	38,513,430	38,844,124
OPERATING INCOME (LOSS)	(5,594,025)	(7,174,007)
NON-OPERATING INCOME		
Interest Income	51,930	90,227
Change in Net Assets	(5,542,095)	(7,083,780)
NET ASSETS - Beginning of Year	30,747,559	37,831,339
NET ASSETS - End of Year	25,205,464	$30,747,559

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
SOURCE:		
Assessment revenues	$ 31,452,937	$ 31,166,387
Fund recoveries	491,018	687,321
Other income	359,008	99,855
Other assets	32,943	4,939
Depreciation	886	2,044
	32,336,792	31,960,546
USE:		
Injured worker benefits	(32,042,334)	(34,012,897)
Administrative expenses	(6,972,782)	(6,944,134)
	(39,015,116)	(40,957,031)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(6,678,324)	(8,996,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
SOURCE:		
Interest Income	53,080	90,082
NET CASH PROVIDED BY INVESTING ACTIVITIES	53,080	90,082
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,625,244)	(8,906,403)
Cash and cash equivalents, Beginning of Year	36,715,654	45,622,057
CASH AND CASH EQUIVALENTS, End of Year	$ 30,090,410	$ 36,715,654
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	(5,594,025)	$ (7,174,007)
Adjustments to reconcile operating income to net cash:		
Provided by operating activities:-		
Depreciation expense	886	2,044
Decrease (increase) in assets:		
Decrease (increase) in receivables, net	(600,750)	225,238
Decrease (increase) in other assets	32,943	4,939
Increase (decrease) in liabilities		
Increase (decrease) in accounts payable & accrued expenses	(485,118)	(2,096,367)
Increase (decrease) in compensated absences	(32,260)	41,668
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (6,678,324)	$ (8,996,485)

See accompanying Notes to the Financial Statements.

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 assets (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 99.3% 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)

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 2012 and 2011, 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, 2012 and June 30, 2011 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, 2012 and June 30, 2011 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)

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, 2012 and June 30, 2011 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, 2012 and June 30, 2011 was 3.25%.

NOTE 4: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances:

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	$0	$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	0	8,481,595
Other Receivables	441,757	115,032	217,159	0	339,630	0	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

As of June 30, 2011:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$7,191,582	$45,549,083	$45,771,479	$0	$6,969,186	$5,681,289	$1,287,897
Non-Compliance 355	9,008,148	4,065,431	407,351	3,342,677	9,323,551	0	9,323,551
Other Receivables	498,466	255,338	294,882	17,165	441,757	0	441,757
Total Receivables	$16,698,196	$49,869,852	$46,473,712	$3,359,842	$16,734,494	$5,681,289	$11,053,205

NOTE 5: LIABILITES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances:

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

As of June 30, 2011:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	$8,770,767	$24,990,623	$25,760,715	$8,000,675	$6,951,675
Settlements Payable	3,112,332	6,664,250	8,146,182	1,630,400	1,630,400
Accounts Payable & Accrued Expenses	1,240,501	7,522,973	7,367,317	1,396,157	1,396,157
Compensated Absences	618,163	41,668	-	659,831	477,857
Total Liabilities & Compensated Absences	$13,741,763	$39,219,514	$41,274,214	$11,687,063	$10,456,089

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6: SETTLEMENTS

Negotiations were at various stages of completion for settlements valued and accrued. As of June 30, 2012 they were $1.8 million and at June 30, 2011 were $1.6 million.

NOTE 7: SUBSEQUENT EVENTS

The Fund management has evaluated the events and transactions that have occurred through December 31, 2012, 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

pwc

Report of Independent Auditors

To the Trustee of the Connecticut Higher Education Trust Program-Direct Plan:

In our opinion, the accompanying financial statement of fiduciary net assets and the related statement of changes in fiduciary net assets of the Connecticut Higher Education Trust Program-Direct Plan (the "Direct Plan") which collectively comprise the Direct Plan's basic financial statements, present fairly, in all material respects, the respective financial position of the Direct Plan at June 30, 2012, and the changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of TIAA-CREF Tuition Financing, Inc. (the "Plan Manager"). Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Direct Plan changed the accounting guidance used to prepare the financial statements from Financial Accounting Standards Board accounting principles to Governmental Accounting Standard Board accounting principles.

The accompanying management's discussion and analysis on pages 3 through 5 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 the appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the Direct Plan's basic financial statements. The combining statements of assets and liabilities on pages 13-17, operations on pages 19-23, changes in net assets on 25-29 and financial highlights on pages 30-33 are presented for purposes of additional analysis and are not a required part of the Direct Plan's 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2012 on our consideration of the Plan Manager's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations and contracts and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits. 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.

PricewaterhouseCoopers LLP

August 23, 2012

PricewaterhouseCoopers LLP, 214 N Tryon Street, Suite 3600, Charlotte, NC 28202
T: (704) 345 7500, F: (704) 344 4100, www.pwc.com/us

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 fiscal year ended June 30, 2012. Readers should consider the information presented in this section in conjunction with the Direct Plan's financial statements and notes to financial statements. The Plan is comprised of 26 investment portfolios (the "Portfolios") in which account owners may invest.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2012, the portfolios within the Direct Plan posted returns as follows:

Conservative Managed Allocation Option	
Ages 0-3	0.56%
Ages 4-7	2.27
Ages 8-11	3.71
Ages 12-14	3.57
Ages 15-17	3.51
Ages 18 & Over	3.26

Moderate Managed Allocation Option	
Ages 0-3	(1.04)%
Ages 4-7	0.07
Ages 8-11	1.42
Ages 12-14	2.49
Ages 15-17	2.43
Ages 18 & Over	2.12

Aggressive Managed Allocation Option	
Ages 0-3	(3.21)%
Ages 4-7	(1.77)
Ages 8-11	(0.28)
Ages 12-14	0.73
Ages 15-17	1.89
Ages 18 & Over	2.34

Additional Investment Options	
High Equity Option	(2.89)%
Equity Index Option	(5.30)
Active Equity Option	(7.23)
Index Fixed-Income Option	7.11
Active Fixed-Income Option	6.96
Social Choice Option	0.66
Money Market Option	0.00
Principal Plus Interest Option	2.38

The Direct Plan received $99.1 million in net contributions from account owners during the year ended June 30, 2012.

The Direct Plan earned $36.9 million from investment operations and paid out $2.6 million for operating expenses during the year ended June 30, 2012.

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 Assets and a Statement of Changes in Fiduciary Net Assets, 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 Assets presents information on the Direct Plan's assets and liabilities, with the difference between the two reported as net assets as of June 30, 2012. 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 Assets presents information showing how the Direct Plan's net assets changed during the most recent fiscal period. Changes in net assets 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 fiscal years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Notes to Financial Statements provides 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 assets. The following is a condensed Statement of Fiduciary Net Assets as of June 30, 2012 and 2011:

	2012	2011
Investments	$1,695,382,654	$1,584,492,902
Cash	1,368	66,246
Receivables	4,192,389	1,895,485
Total Assets	1,699,576,411	1,586,454,633
Payables	4,280,948	2,126,935
Total Liabilities	4,280,948	2,126,935
Total Net Assets	$1,695,295,463	$1,584,327,698

Net assets represent total contributions from account owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

Investments are approximately 100% of total net assets, and consist of 26 investment portfolios, each of which invests in varying percentages in multiple TIAA-CREF Funds and other third-party mutual funds, or the Funding Agreement issued by TIAA-CREF Life Insurance Company to the Direct Plan. Other assets consist 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 assets. The following is a condensed Statement of Changes in Fiduciary Net Assets for the year ended June 30, 2012 and 2011:

2012 2011		
Additions:		
Subscriptions	$ 587,156,328	$ 552,870,094
Interest	4,684,213	4,405,575
Dividends	32,236,586	28,762,891
Net increase in fair value of investments	-	171,719,565
Total Additions	624,077,127	757,758,125
Deductions:		
Redemptions	(488,041,584)	(435,937,603)
Plan management fee	(2,474,268)	(3,218,380)
Administrative fee	(137,284)	(125,664)
Net decrease in fair value of investments	(22,456,226)	-
Total Deductions	(513,109,362)	(439,281,647)
Changes in Net Assets	110,967,765	318,476,478
Net Assets - beginning of year	1,584,327,698	1,265,851,220
Net Assets - end of year	**$ 1,695,295,463**	**$ 1,584,327,698**

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

STATEMENTS OF FIDUCIARY NET ASSETS

	June 30, 2012	June 30, 2011
ASSETS		
Cash	$1,368	$66,246
Investments, at value (Cost: $1,589,086,760 and $1,461,251,357)	1,695,382,654	1,584,492,902
Dividends and interest receivable	2,704,875	826,702
Receivable from securities transactions	243,472	299,276
Receivable for Plan Units sold	1,244,042	769,507
TOTAL ASSETS	1,699,576,411	1,586,454,633
LIABILITIES		
Accrued Plan management fee	212,316	215,299
Accrued State trustee fee	11,763	11,253
Payable for securities transactions	3,150,516	1,142,310
Payable for Plan Units redeemed	906,353	758,073
TOTAL LIABILITIES	4,280,948	2,126,935
FIDUCIARY NET ASSETS	$1,695,295,463	$1,584,327,698

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	2012	2011
ADDITIONS		
Subscriptions	$587,156,328	$552,870,094
Investment Income		
Interest	4,684,213	4,405,575
Dividends	32,236,586	28,762,891
Total investment income	36,920,799	33,168,466
Net increase (decrease) in fair value of investments	(22,456,226)	171,719,565
Total additions	601,620,901	757,758,125
DEDUCTIONS		
Redemptions	(488,041,584)	(435,937,603)
Plan management fee	(2,474,268)	(3,218,380)
Administrative fee	(137,284)	(125,664)
Total deductions	(490,653,136)	(439,281,647)
Changes in Net Assets	110,967,765	318,476,478
Fiduciary Net assets – beginning of year	1,584,327,698	1,265,851,220
Fiduciary Net assets – end of year	$1,695,295,463	$1,584,327,698

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 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 and allocations, 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 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 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.

Effective for the June 30, 2012 reporting period, the State of Connecticut has approved changing the accounting guidance used to prepare the Direct Plan's financial statements from Financial Accounting Standards Board accounting principles to Government Accounting Standards Board ("GASB") accounting principles. Adopting GASB is preferable to provide the financial reporting consistent with the State of Connecticut's government reporting. The net assets and change in net assets are not affected by the change in accounting principles; however, the format of the financial statements and the disclosures has been updated for GASB requirements.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB 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.

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 interestearning investment contract and is accounted for at cost. There is no impairment of the underlying issuer that affects the contract.

Investments and investment income: Securities 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 decrease in fair value of investments. Realized gains and losses are based upon the specific identification method.

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 in the investment 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 asset value per unit ("Unit Value"). Unit Values for each investment 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 investment option's account owners or beneficiaries.

NOTE 2—VALUATION OF INVESTMENTS

A description of the valuation techniques applied to the Direct Plan's investments:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date.

Funding Agreement: The TIAA-CREF Life Funding Agreement, to which the Principal Plus Interest 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, Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the Equity Index Option, the Active Equity Option, 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 assets of the Direct Plan, invested in such investment options. In addition, Advisors is paid investment management fees on the underlying investments in the TIAA-CREF 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 for distribution, administrative and other reasonable expenses. TIAA-CREF Life also pays the Trustee a fee, equal to 0.01% of the average daily net assets held by the Principal Plus Interest Option, for expenses related to the oversight of the Trust for this Investment Option.

For its services administering the Direct Plan, each Investment 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 assets of the Investment 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 that Option. TFI and the Trustee may discontinue the waiver at any time without notice.

For the period ended June 30, 2012, TFI received total Direct Plan management fees of $2,474,268. Total underlying fund fee expenses for the TIAA-CREF Funds during the period were $3,003,234. The Direct Plan management fees and the administrative fees charged to each investment option are disclosed in the Statements of Operations.

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 $1,368 at June 30, 2012. The entire amount was covered by federal depository insurance coverage.

Investments: As of June 30, 2012, net unrealized appreciation (depreciation) of portfolio investments was $106,295,894 consisting of gross unrealized appreciation of $138,584,567 and gross unrealized depreciation of $(32,288,673).

An account owner has an investment in an investment option and not a direct investment in any underlying mutual funds or other investment vehicle.

At June 30, 2012, the Direct Plan's investments consist of the following:

	UNITS	COST	VALUE
TIAA-CREF Mutual Funds (Institutional Class):			
Inflation-Linked Bond Fund	10,239,946	$107,494,225	$125,541,736
Equity Index Fund	26,488,405	203,610,676	274,949,640
International Equity Index Fund	18,296,490	286,189,667	267,494,677
Bond Fund	5,306,279	53,265,894	56,883,312
Money Market Fund	86,942,278	86,942,278	86,942,277
Real Estate Securities Fund	4,228,937	39,317,292	51,846,771
S&P 500 Index Fund	5,072,898	65,087,346	78,021,178
Mid-Cap Growth Fund	418,502	6,237,342	8,156,608
Growth & Income Fund	148,070	1,369,684	1,477,736
Mid-Cap Value Fund	479,992	7,582,456	8,524,657
Short-Term Bond Fund	4,649,525	48,132,531	48,448,053
Bond Index Fund	28,765,972	300,520,200	314,412,073
Large-Cap Value Fund	50,583	645,196	673,766
Social Choice Equity Fund	630,583	6,239,102	7,081,444
High-Yield Fund	427,607	4,173,801	4,284,625
TIAA-CREF Funds (Retail Class):			
Money Market Fund*	635,494	635,494	635,494
Non-Proprietary Funds:			
Artio International Equity Fund II	108,576	1,222,956	1,077,078
DFA Emerging Markets Core Equity Portfolio	3,058,751	64,177,364	55,118,685
GE Institutional Small-Cap Equity Fund	603,995	8,518,175	9,712,234
T. Rowe Price Inst. Large-Cap Growth Fund	38,583	641,061	693,338
Templeton Global Bond Fund	6,279,712	83,992,809	80,443,107
Thornburg International Value Fund	68,160	1,845,363	1,718,317
TIAA-CREF Life Insurance Company:			
Funding Agreement	14,467,080	211,245,848	211,245,848
		$1,589,086,760	$1,695,382,654

* 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 investment 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 investment option and not a direct investment in any underlying mutual fund or other investment vehicle to which funds in that investment 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.

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, 2012, the average maturities for the underlying fixed income mutual funds are as follows:

Investment	Market Value	Average Maturity
TIAA-CREF Funds (Institutional Class):		
Inflation Linked Bond Fund	$125,541,736	9.26 Years
Bond Fund	56,883,312	6.99 Years
Short-Term Bond Fund	48,448,053	2.80 Years
Bond Index Fund	314,412,073	6.59 Years
High-Yield Fund	4,284,625	7.40 Years
Non-Proprietary Funds:		
Templeton Global Bond Fund	80,443,107	2.5 Years

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. Certain Direct Plan investment options allocate assets to underlying mutual funds that are exposed to foreign currency risk. At June 30, 2012, the value of investments in underlying mutual funds that primarily invest in foreign securities are as follows:

Investment	Market Value
TIAA-CREF Funds (Institutional Class):	
International Equity Index Fund	$267,494,677
Non-Proprietary Funds:	
Artio International Equity Fund II	1,077,078
DFA Emerging Markets Core Equity Portfolio	55,118,685
Templeton Global Bond Fund	80,443,107
Thornburg International Value Fund	1,718,317

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

2012 FINANCIAL HIGHLIGHTS

Conservative Managed Allocation Option
Age Bands Within the Conservative Managed Allocation Option

	Ages					
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	0-3	4-7	8-11	12-14	15-17	18 &Over
Net asset value, beginning of year	$10.69	$10.58	$10.52	$10.35	$10.27	$10.13
Gain (loss) from investment operations:						
Net investment income[(a)]	0.21	0.25	0.28	0.23	0.19	0.16
Net realized and unrealized gain (loss) on investments	(0.15)	(0.01)	0.11	0.14	0.17	0.17
Total gain from investment operations	0.06	0.24	0.39	0.37	0.36	0.33
Net asset value, end of year	$10.75	$10.82	$10.91	$10.72	$10.63	$10.46
TOTAL RETURN	0.56%	2.27%	3.71%	3.57%	3.51%	3.26%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	$1,924	$1,407	$1,721	$2,390	$3,643	$2,867
Ratio of expenses to average net assets[(b)]	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Ratio of net investment income to average net assets	2.04%	2.33%	2.61%	2.19%	1.86%	1.59%

(a) Based on average units outstanding.
(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

Moderate Managed Allocation Option
Age Bands Within the Moderate Managed Allocation Option

	Ages					
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	0-3	4-7	8-11	12-14	15-17	18 &Over
Net asset value, beginning of year	$15.32	$13.88	$14.78	$15.26	$14.83	$14.63
Gain (loss) from investment operations:						
Net investment income[(a)]	0.29	0.29	0.33	0.36	0.30	0.24
Net realized and unrealized gain (loss) on investments	(0.45)	(0.28)	(0.12)	0.02	0.06	0.07
Total gain (loss) from investment operations	(0.16)	0.01	0.21	0.38	0.36	0.31
Net asset value, end of year	$15.16	$13.89	$14.99	$15.64	$15.19	$14.94
TOTAL RETURN	(1.04)%	0.07%	1.42%	2.49%	2.43%	2.12%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	$27,775	$101,905	$200,684	$206,557	$213,444	$166,780
Ratio of expenses to average net assets[(b)]	0.19%	0.19%	0.19%	0.19%	0.19 %	0.19%
Ratio of net investment income to average net assets	1.97%	2.15%	2.28%	2.37%	2.03%	1.63%

(a) Based on average units outstanding.
(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

Aggressive Managed Allocation Option
Age Bands Within the Aggressive Managed Allocation Option

	Ages					
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	0-3	4-7	8-11	12-14	15-17	18 &Over
Net asset value, beginning of year	$9.98	$10.16	$10.67	$11.00	$11.13	$11.11
Gain (loss) from investment operations:						
Net investment income[(a)]	0.17	0.17	0.21	0.23	0.25	0.21
Net realized and unrealized gain (loss) on investments	(0.49)	(0.35)	(0.24)	(0.15)	(0.04)	0.05
Total gain (loss) from investment operations	(0.32)	(0.18)	(0.03)	0.08	0.21	0.26
Net asset value, end of year	$9.66	$9.98	$10.64	$11.08	$11.34	$11.37
TOTAL RETURN	(3.21)%	(1.77)%	(0.28)%	0.73%	1.89%	2.34%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	$19,394	$34,370	$31,469	$22,078	$17,932	$9,074
Ratio of expenses to average net assets[(b)]	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Ratio of net investment income to average net assets	1.83%	1.78%	2.05%	2.11%	2.24%	1.93%

(a) Based on average units outstanding.
(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

See notes to financial statements.

2012 FINANCIAL HIGHLIGHTS (Continued)

	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 asset value, beginning of year	$14.20 $	$11.51	$10.93	$10.12	$13.37	$10.59	$10.13	$14.26
Gain (loss) from investment operations:								
Net investment income[(a)]	0.31	0.19	0.12	0.22	0.58	0.14	-	0.34
Net realized and unrealized gain (loss) on investments	(0.72)	(0.80)	(0.91)	0.50	0.35	(0.07)	-	-
Total gain (loss) from investment operations	(0.41)	(0.61)	(0.79)	0.72	0.93	0.07	-	0.34
Net asset value, end of year	$13.79	$10.90	$10.14	$10.84	$14.30	$10.66	$10.13	$14.60
TOTAL RETURN	(2.89)%	(5.30)%	(7.23)%	7.11%	6.96%	0.66%	-%	2.38%
RATIOS AND SUPPLEMENTAL DATA								
Net assets at end of period (in thousands)	$242,168	$97,442	$6,093	$4,592	$44,440	$7,082	$16,181	$211,246
Ratio of expenses to average net assets before expense waiver[(b)]	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	–%
Ratio of expenses to average net assets 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 assets	2.28%	1.80%	1.20%	2.05%	4.17%	1.40%	-0.01%	2.38%

(a) Based on average units outstanding.
(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

See notes to financial statements.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Connecticut Higher Education Trust
Hartford, Connecticut

We have audited the accompanying financial statements of the fiduciary activities of the Connecticut Higher Education Trust Program Advisor Plan (the "Plan") as of and for the year ended June 30, 2012, which collectively comprise the Plan's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express opinions 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An also audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net assets of the fiduciary activities of the Plan as of June 30, 2012, and the respective changes in fiduciary net assets and the financial highlights thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012, 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 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* and should be considered in assessing the results of our audit.

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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The combining financial statements and financial highlights, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic

INDEPENDENT AUDITORS' REPORT

financial statements. 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 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 combining financial statements and financial highlights are fairly stated in all material respects in relation to the basic financial statements as a whole.

Deloitte & Touche LLP

November 9, 2012

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 a 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, 2012. 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, 2012:

- The Plan had contributions of $61.0 million and withdrawals of $3.1 million during the year. If the $21.0 million of inter-portfolio transfers are included, Plan contributions and withdrawals would be $82.0 million and $24.1 million, respectively;
- At June 30, 2012, the Plan's net assets totaled $96.8 million, an increase of $59.9 million, or 163% since June 30, 2011;
- The Plan earned $1.1 million from investment income, $0.8 million from capital gain distributions and $0.8 million from net appreciation in fair value of investments, and recognized losses on the sale of investments of $0.2 million during the year. The Plan incurred $0.4 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 Assets, the Statement of Changes in Fiduciary Net Assets, 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 Assets presents information on all of the Plan's assets and liabilities, with the difference reported as net assets.

The Statement of Changes in Fiduciary Net Assets 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 is held for the benefit of parties outside the governmental entity.

FINANCIAL ANALYSIS

Fiduciary net assets: The following is a condensed Statement of Fiduciary Net Assets for the Plan as of June 30, 2012 and June 30, 2011.

	June 30, 2012	June 30, 2011
Assets:		
Investments	$96,714,812	$36,826,918
Receivables and other assets	233,725	218,084
Total assets	96,948,537	37,045,002
Liabilities:		
Payables	138,179	172,574
Accrued expenses	3,940	736
Total liabilities	142,119	173,310
Fiduciary Net Assets	$96,806,418	$36,871,692

Total fiduciary net assets represent cumulative contributions from participants since the Plan's inception, plus net increases (decreases) from investment operations less redemptions and expenses.

Investments make up 99.9% of total fiduciary net assets, and consist of 22 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 assets: The following is a condensed Statement of Changes in Fiduciary Net Assets for the Plan for the year ended June 30, 2012, and the period September 30, 2010 (commencement of operations) through June 30, 2011.

	For the Year Ended June 30, 2012	For the Period September 30, 2010 (commencement of operations) through June 30, 2011
Additions:		
Contributions	$60,950,444	$36,385,544
Increase from investment operations	2,472,447	790,499
Total additions	63,422,891	37,176,043
Deductions:		
Withdrawals	3,052,713	223,438
Expenses after fees waived	435,452	80,913
Total deductions	3,488,165	304,351
Change in net assets	59,934,726	36,871,692
Fiduciary net assets, beginning of period	36,871,692	0
Fiduciary net assets, end of period	$96,806,418	$36,871,692

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

STATEMENTS OF FIDUCIARY NET ASSETS

	June 30, 2012	June 30, 2011
ASSETS		
Cash	$14,825	$33,502
Investments, at value (Cost: $95,531,483 and $36,419,622)	96,714,812	36,826,918
Dividends and interest receivable	62,490	37,693
Receivable from securities transactions	58,379	10,805
Receivable for Plan Units sold	97,825	136,040
Other	206	44
TOTAL ASSETS	96,948,537	37,045,002
LIABILITIES		
Accrued Expenses	3,940	736
Payable for securities transactions	91,102	159,452
Payable for Plan Units redeemed	47,077	13,122
TOTAL LIABILITIES	142,119	173,310
FIDUCIARY NET ASSETS	$96,806,418	$36,871,692

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	2012	2011
ADDITIONS		
Subscriptions	$60,950,444	$36,385,544
Investment Income		
Dividends	1,102,301	195,415
Total investment income	1,102,301	195,415
Net increase (decrease) in fair value of investments	1,370,146	595,084
Total additions	63,422,891	31,176,043
DEDUCTIONS		
Redemptions	3,052,713	223,438
Plan management fee	187,632	35,128
Administrative fee	12,509	2,339
Distribution fees	259,319	48,877
Fees waived	(24,008)	(5,431)
Total deductions	3,488,165	304,351
Changes in Net Assets	59,934,726	36,871,692
Fiduciary Net assets – beginning of year	36,871,692	0
Fiduciary Net assets – end of year	$96,806,418	$36,871,692

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 22 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 Fundamental 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:

Investment Option	Rate
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 net assets from operations during the reporting period. Actual results could differ from those estimates.

Determination of Net Asset Value (NAV) – The NAV 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 NAV has been calculated on a particular day will not generally be used to retroactively adjust the NAV determined earlier that day.

Investment Valuation – Investments in open-end mutual funds are valued at the respective NAV 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 net assets 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 Assets is attributable to certain Investment Options, as shown in the attached supplementary schedules. The cash is due to unsettled trades of ETFs.

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 taxes. 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 assets 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 of 0.30% is charged to pay Hartford Life to perform many aspects of offering and administrating the CHET Advisor Plan. This fee is accrued and deducted daily as a percentage of average daily net assets 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 net assets 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 net assets in the Investment Options and paid monthly. The schedule below reflects the fees effective as of June 30, 2012:

Class of Units	Annual
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, 2012, 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:

Portfolio Name	Class A	Class C	Class E
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 Fundamental Growth 529 Portfolio	2,499	2,502	2,499
The Hartford Global Research 529 Portfolio	2,499	2,501	2,500
The Hartford Growth Opportunities 529 Portfolio	2,499	2,501	2,500
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

NOTE 7: INVESTMENTS

The following table represents a calculation of the net change in investments during the year ended June 30, 2012:

Investments at end of year	$ 96,714,812
Less cost of investments purchased during year	(72,899,694)
Plus cost of investments sold during year	13,787,833
Less investments at beginning of year	(36,826,918)
Change in investments during year	$ 776,033

Investments on the Combining Statements of Fiduciary Net Assets consist of the following as of June 30, 2012:

	Shares	Cost	Market Value
CHET Advisor Plan:			
Powershares Emerging Markets Sovereign Debt ETF	32,048	876,673	923,943
SPDR Dow Jones International Real Estate ETF	33,880	1,219,077	1,246,108
SPDR Dow Jones REIT ETF	17,046	1,112,102	1,242,483
The Hartford Capital Appreciation Fund, Class Y	255,460	8,817,865	8,606,439
The Hartford Dividend and Growth Fund, Class Y	485,426	9,511,956	9,873,566
The Hartford Equity Income Fund, Class Y	40,096	540,278	572,967
The Hartford Floating Rate Fund, Class Y	80,330	700,021	704,495
The Hartford Fundamental Growth Fund, Class Y	346,825	3,911,947	3,856,698
The Hartford Global Research Fund, Class Y	296,209	2,758,352	2,668,846
The Hartford Growth Opportunities Fund, Class Y	18,325	529,434	551,588
The Hartford Inflation Plus Fund, Class Y	825,310	9,999,633	10,250,352
The Hartford International Opportunities Fund, Class Y	371,350	5,368,945	5,262,028
The Hartford International Small Company Fund, Class Y	152,068	1,884,666	1,847,625
The Hartford MidCap Fund, Class Y	262,528	5,785,775	5,709,988
The Hartford MidCap Value Fund, Class Y	216,647	2,576,464	2,673,428
The Hartford Money Market Fund, Class Y	6,270,225	6,270,225	6,270,224
The Hartford Short Duration Fund, Class Y	392,435	3,858,444	3,885,106
The Hartford Small Company Fund, Class Y	46,438	984,454	988,196
The Hartford Small/Mid Cap Equity Fund, Class Y	202,138	2,161,659	2,223,514
The Hartford SmallCap Growth Fund, Class Y	27,937	935,483	976,674
The Hartford Strategic Income Fund, Class Y	92,480	854,579	863,761
The Hartford Total Return Bond Fund, Class Y	1,394,721	15,212,950	15,467,450
The Hartford Value Fund, Class Y	781,904	8,934,853	9,312,471
The Hartford Value Opportunities Fund, Class Y	54,502	725,648	736,862
		$95,531,483	$96,714,812

NOTE 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 9, 2012, 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, 2012

	-- Selected Per-Share Data [1] --					-- Ratios and Supplemental Data --				
	Net Asset Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Asset Value at End of Period	Total Return % Based on Net Asset Value Per Unit	Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate [2]
CHET Advisor Age-Based Portfolio 0-8										
Class A	$11.33	$0.08	$(0.18)	$(0.10)	$11.23	(0.88)%	$13,770	0.57%	1.11%	31%
Class C	11.26	0.02	(0.19)	(0.17)	11.09	(1.51)	3,674	1.32	0.26	31
Class E	11.34	0.12	(0.18)	(0.06)	11.28	(0.53)	2,598	0.32	1.38	31
CHET Advisor Age-Based Portfolio 9-13										
Class A	$11.07	$0.10	$0.07	$0.17	$11.24	1.54%	$13,822	0.57%	1.42%	27%
Class C	11.01	0.05	0.03	0.08	11.09	0.73	3,234	1.32	0.71	27
Class E	11.09	0.12	0.07	0.19	11.28	1.71	1,956	0.32	1.74	27
CHET Advisor Age-Based Portfolio 14-15										
Class A	$10.89	$0.10	$0.21	$0.31	$11.20	2.85%	$5,250	0.57%	1.52%	35%
Class C	10.84	0.06	0.16	0.22	11.06	2.03	2,355	1.32	0.84	35
Class E	10.92	0.18	0.16	0.34	11.26	3.11	675	0.32	1.88	35
CHET Advisor Age-Based Portfolio 16-17										
Class A	$10.54	$0.12	$0.35	$0.47	$11.01	4.46%	$2,884	0.57%	1.53%	33%
Class C	10.47	0.05	0.34	0.39	10.86	3.72	1,618	1.32	0.75	33
Class E	10.55	0.12	0.38	0.50	11.05	4.74	670	0.32	1.80	33
CHET Advisor Age-Based Portfolio 18+										
Class A	$10.26	$0.07	$0.27	$0.34	$10.60	3.31%	$1,997	0.57%	1.11%	37%
Class C	10.20	0.02	0.24	0.26	10.46	2.55	1,262	1.32	0.37	37
Class E	10.28	0.10	0.26	0.36	10.64	3.50	383	0.32	1.37	37
CHET Advisor Aggressive Growth Portfolio										
Class A	$11.66	$0.05	$(0.46)	$(0.41)	$11.25	(3.52)%	$1,425	0.57%	0.71%	25%
Class C	11.60	0.01	(0.50)	(0.49)	11.11	(4.22)	900	1.32	0.11	25
Class E	11.68	0.08	(0.46)	(0.38)	11.30	(3.25)	548	0.32	0.88	25
CHET Advisor Conservative Portfolio										
Class A	$10.53	$0.11	$0.38	$0.49	$11.02	4.65%	$1,257	0.57%	1.54%	25%
Class C	10.48	0.05	0.36	0.41	10.89	3.91	1,120	1.32	0.77	25
Class E	10.55	0.16	0.36	0.52	11.07	4.93	138	0.32	1.81	25
CHET Advisor Growth Portfolio										
Class A	$11.32	$0.09	$(0.20)	$(0.11)	$11.21	(0.97)%	$5,162	0.57%	1.15%	14%
Class C	11.26	0.02	(0.21)	(0.19)	11.07	(1.69)	1,073	1.32	0.30	14
Class E	11.34	0.11	(0.19)	(0.08)	11.26	(0.71)	771	0.32	1.39	14
CHET Advisor Balanced Portfolio										
Class A	$10.90	$0.10	$0.22	$0.32	$11.22	2.94%	$3,188	0.57%	1.49%	18%
Class C	10.84	0.05	0.19	0.24	11.08	2.21	1,480	1.32	0.81	18
Class E	10.92	0.16	0.19	0.35	11.27	3.21	424	0.32	1.78	18
The Hartford Capital Appreciation 529 Portfolio										
Class A	$11.09	$0.10	$(1.01)	$(0.91)	$10.18	(8.21)%	$738	0.57%	1.34%	21%
Class C	11.03	0.04	(1.02)	(0.98)	10.05	(8.88)	946	1.32	0.52	21
Class E	11.11	0.17	(1.05)	(0.88)	10.23	(7.92)	533	0.32	1.88	21
CHET Advisor Checks and Balances Portfolio										
Class A	$10.92	$0.16	$(0.08)	$0.08	$11.00	0.73%	$1,117	0.57%	2.05%	12%
Class C	10.86	0.09	(0.09)	0.00	10.86	-	871	1.32	1.22	12
Class E	10.94	0.21	(0.10)	0.11	11.05	1.01	235	0.32	2.18	12

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2012 (Continued)

	-- Selected Per-Share Data (1) --					-- Ratios and Supplemental Data --				
	Net Asset Value at Beginning of Period	Net Investment Income (Loss)	Realized and Unrealized Gain (Loss)	Net Total from Investment Operations	Net Asset Value at End of Period	Total Return % Based on Net Asset Value Per Unit (1)	Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets(2)	Ratio of Net Investment Income to Average Net Assets(2)	Portfolio Turnover Rate (3)
The Hartford Dividend and Growth 529 Portfolio										
Class A	$11.54	$0.13	$0.15	$0.28	$11.82	2.43%	$1,421	0.57%	1.74%	11%
Class C	11.47	0.07	0.13	0.20	11.67	1.74	902	1.32	0.93	11
Class E	11.55	0.15	0.17	0.32	11.87	2.77	470	0.32	1.84	11
The Hartford Fundamental Growth 529 Portfolio										
Class A	$11.20	$(0.01)	$(0.38)	$(0.39)	$10.81	(3.48)%	$206	0.57%	(0.16)%	1%
Class C	11.14	(0.07)	(0.40)	(0.47)	10.67	(4.22)	60	1.32	(0.94)	1
Class E	11.22	0.01	(0.37)	(0.36)	10.86	(3.21)	51	0.32	0.11	1
The Hartford Global Research 529 Portfolio										
Class A	$11.46	$0.01	$(0.93)	$(0.92)	$10.54	(8.03)%	$160	0.57%	0.11%	10%
Class C	11.39	(0.05)	(0.94)	(0.99)	10.40	(8.69)	142	1.32	(0.66)	10
Class E	11.47	0.03	(0.92)	(0.89)	10.58	(7.76)	163	0.32	0.36	10
The Hartford Growth Opportunities 529 Portfolio										
Class A	$12.03	$(0.05)	$0.14	$0.09	$12.12	0.75%	$308	0.57%	(0.57)%	19%
Class C	11.96	(0.09)	0.10	0.01	11.97	0.08	153	1.32	(1.32)	19
Class E	12.05	(0.03)	0.15	0.12	12.17	1.00	90	0.32	(0.32)	19
The Hartford Inflation Plus 529 Portfolio										
Class A	$10.39	$0.04	$1.11	$1.15	$11.54	11.07%	$1,099	0.57%	0.47%	13%
Class C	10.33	0.00	1.06	1.06	11.39	10.26	2,389	1.32	(0.01)	13
Class E	10.41	0.07	1.11	1.18	11.59	11.34	185	0.32	0.72	13
The Hartford International Opportunities 529 Portfolio										
Class A	$11.01	$0.09	$(1.27)	$(1.18)	$9.83	(10.72)%	$738	0.57%	1.12%	8%
Class C	10.94	0.02	(1.26)	(1.24)	9.70	(11.33)	305	1.32	0.23	8
Class E	11.02	0.13	(1.28)	(1.15)	9.87	(10.44)	205	0.32	1.41	8
The Hartford MidCap 529 Portfolio										
Class A	$12.01	$(0.01)	$(0.52)	$(0.53)	$11.48	(4.41)%	$562	0.57%	(0.15)%	10%
Class C	11.95	(0.08)	(0.54)	(0.62)	11.33	(5.19)	447	1.32	(0.90)	10
Class E	12.03	0.01	(0.52)	(0.51)	11.52	(4.24)	319	0.32	0.11	10
The Hartford Money Market 529 Portfolio										
Class A	$10.00	$-	$-	$-	$10.00	0.00%	$1,244	0.00%(3)	0.00%	30%
Class C	10.00	0.00	0.00	0.00	10.00	0.00	2,212	0.00 (3)	0.00	30
Class E	10.00	0.00	0.00	0.00	10.00	0.00	420	0.00 (3)	0.00	30
The Hartford Small Company 529 Portfolio										
Class A	$13.00	$(0.06)	$(0.74)	$(0.80)	$12.20	(6.15)%	$538	0.57%	(0.57)%	6%
Class C	12.92	(0.11)	(0.77)	(0.88)	12.04	(6.81)	287	1.32	(1.32)	6
Class E	13.02	(0.03)	(0.74)	(0.77)	12.25	(5.91)	163	0.32	(0.32)	6
The Hartford Total Return Bond 529 Portfolio										
Class A	$10.14	$0.26	$0.46	$0.72	$10.86	7.10%	$810	0.57%	2.80%	19%
Class C	10.08	0.11	0.53	0.64	10.72	6.35	1,618	1.32	2.00	19
Class E	10.16	0.21	0.54	0.75	10.91	7.38	235	0.32	3.09	19
The Hartford Value 529 Portfolio										
Class A	$11.58	$0.06	$0.07	$0.13	$11.71	1.12%	$643	0.57%	0.69%	5%
Class C	11.51	0.01	0.04	0.05	11.56	0.43	85	1.32	0.15	5
Class E	11.60	0.12	0.04	0.16	11.76	1.38	103	0.32	1.22	5

(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, 2012, the CHET Advisor Plan Manager has waived the Plan Manager, Administration, and Distribution fees. If these waived fees were included, the ratio of expenses to average net assets would be as follows: 0.57% (Class A), 1.32% (Class C), and 0.32% (Class E).

See notes to financial statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 30, 2011

Assets

Cash	$	272
Total assets		272

Liabilities

Payable to affiliate (Note 3)		272
Total liabilities		272
Net assets	$	-0-

Sources of Net Assets

Net capital paid in on shares of capital stock (Note 5)	$	-0-
Net assets	$	-0-
Net Asset Value, per share (Note 5)	$	0.00

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
FOR THE PERIOD JULY 1, 2011 THROUGH DECEMBER 30, 2011

INVESTMENT INCOME		
INCOME:		
Interest	$	56,684
EXPENSES: (NOTE 3)		
Investment management fee		166,746
Less: Fees waived (Note 3)		(110,265)
		56,481
Net investment income		203
UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments		2,298
Increase in net assets resulting from operations	$	2,501

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS
DECEMBER 30, 2011

		Period Ended December 30, 2011**		Year Ended June 30, 2011
INCREASE (DECREASE) IN NET ASSETS FROM:				
OPERATIONS:				
Net investment income	$	203	$	3,560
Net realized gain on investments		2,298		-0-
Increase in net assets resulting from operations		2,501		3,560
DIVIDENDS TO SHAREHOLDERS FROM NET INVESTMENT INCOME*:		(203)		(3,560)
CAPITAL SHARE TRANSACTIONS (NOTE 5):		(95,547,329)		(29,613,940))
Total decrease		(95,545,031)		(29,613,940)
NET ASSETS:				
Beginning of period		95,545,031		125,158,971
End of period	$	-0-	$	95,545,031
UNDISTRIBUTED NET INVESTMENT INCOME:	$	-0-	$	-0-

* Designated as exempt-interest dividends for federal income tax purposes.

** Period July 1, 2011 through December 30, 2011 (liquidation date of Fund)

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

FINANCIAL HIGHLIGHTS

	Period Ended December 30, 2011[d]	Years Ended June 30, 2011	2010	2009	2008	2007
PER SHARE OPERATING PERFORMANCE (for a share outstanding throughout the period)						
Net asset value, beginning of period	$ 1..00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Income from investment operations:						
Net investment income	0.000	0.000	0.000	0.011	0.026	0.032
Less distributions from:						
Dividends from net investment income	(0.000)[a]	(0.000)[a]	(0.000)[a]	(0.011)	(0.026)	(0.032)
Fund liquidation	(1.00)	—	—	—	—	—
Net asset value, end of period	$ 0.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
TOTAL RETURN	0.00%[b]	0.00%	0.00%	1.10%	2.68%	3.27%
RATIO/SUPPLEMENTAL DATA						
Net assets, end of period (000's)	$0	$ 95,545	$ 125,159	$ 132,178	$ 174,431	$ 189,080
Ratio to average net assets:						
Net investment income	0.00%[c]	0.00%	0.00%	1.14%	2.67%	3.23%
Expenses (net of fees waived)	0.14%[c]	0.27%	0.27%	0.40%	0.40%	0.40%
Management fees waived	0.26%[c]	0.13%	0.13%	—	—	—

(a) Distribution resulted in less than $0.01 per share.
(b) Not annualized
(c) Annualized
(d) Period July 1, 2011 through December 30, 2011 (liquidation date of Fund)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 30, 2011

1. Organization

Tax Exempt Proceeds Fund, Inc. (“Fund”) is a no-load, diversified, open-end management investment company registered under the Investment Company Act of 1940 (the “1940 Act”). The Fund is a short term, tax exempt money market fund whose objective is to seek as high a level of current interest income exempt from federal income taxes as is believed to be consistent with the preservation of capital, maintenance of liquidity and stability of principal. The fund was liquidated and dissolved on December 30, 2011. See Note 7 for additional information on fund liquidation.

2. Summary of Significant Accounting Policies

VALUATION OF SECURITIES

Investments are recorded on the basis of amortized cost, which approximates value, as permitted by Rule 2a-7 under the 1940 Act. Under this method, a portfolio instrument is valued at cost and any discount or premium is amortized on a constant basis to the maturity of the instrument. The maturity of variable rate demand instruments is deemed to be the longer of the period required before the Fund is entitled to receive payment of the principal amount or the period remaining until the next interest rate adjustment.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME

Securities transactions are recorded on a trade date basis. Interest income, adjusted for accretion of discount and amortization of premium, is recorded on the accrual basis from settlement date. Realized gains and losses on sales are computed on the basis of specific identification of the securities sold.

FEDERAL INCOME TAXES

It is the Fund’s policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its tax exempt and taxable (if any) income to its shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income tax is required in the financial statements. The Fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations.

In addition, GAAP requires management of the Fund to analyze all open tax years, fiscal years 2008-2011, as defined by IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the period ended December 30, 2011, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

DIVIDENDS AND DISTRIBUTIONS

Dividends from net investment income (excluding capital gains and losses, if any, and amortization of market discount) are declared daily and paid monthly. Net realized capital gains, if any, are distributed at least annually and in no event later than 60 days after the end of the Fund’s fiscal year.

ACCOUNTING ESTIMATES

The preparation of 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 at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

REPRESENTATIONS AND INDEMNIFICATIONS

In the normal course of business the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

2. Summary of Significant Accounting Policies (continued)

RISKS

The effect on performance from investing in securities issued or guaranteed by companies in the banking and financial services industries will depend to a greater extent on the overall condition of those industries. Financial services companies are highly dependent on the supply of short-term financing. The value of securities of issuers in the banking and financial services industry can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad.

The value of, payment of interest on, repayment of principal for and the ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions in which the issuers are located.

Since many municipal securities are issued to finance similar projects, especially those relating to education, housing, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and a Portfolio's investment in municipal securities.

There is some risk that a portion or all of the interest received from certain tax-free municipal securities could become taxable as a result of determinations by the Internal Revenue Service.

3. Investment Management Fees and Other Transactions with Affiliates

Under the Investment Management Contract, the Fund pays an investment management fee to the Manager at the annual rate of 0.40 of 1% per annum of the Fund's average daily net assets up to $250 million; 0.35 of 1% per annum of the average daily net assets between $250 million and $500 million; and 0.30 of 1% per annum of the average daily net assets over $500 million. The Management Contract also provides that the Manager will bear the cost of all other expenses of the Fund. Therefore, the fee payable under the Management Contract will be the only expense of the Fund. For the period July 1, 2011 through December 30, 2011, the Manager waived $110,265 of investment management fees. The Fund owed the manager $272 at December 30, 2011.

In a low interest rate environment, such as the environment that existed during the period July 1, 2011 through December 30, 2011, Reich & Tang Asset Management LLC ("the "Manager") has historically waived their fees to maintain a minimum non-negative yield for the Fund. The Manager is under no contractual obligation to continue such waiver in the future.

Pursuant to a Distribution Plan adopted under Securities and Exchange Commission Rule 12b-1, the Fund and the Manager have entered into a Distribution Agreement. The Fund's Board of Directors has adopted the plan in case certain expenses of the Fund are deemed to constitute indirect payments by the Fund for distribution expenses.

Directors of the Fund not affiliated with the Manager receive from the Fund (fee is paid by the Manager from its management fee) an annual retainer of $1,250 and a fee of $450 for each Board of Directors meeting attended and are reimbursed for all out-of-pocket expenses relating to attendance at such meeting.

As of December 30, 2011, no Directors, Officers or affiliated entities had investments in the Fund.

4. Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other Reich & Tang Funds under specified conditions outlined in procedures adopted by the Board of Directors of the Fund. The procedures have been designed to ensure that any purchase or sale of securities of the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment advisor (or affiliated investment advisors), common Directors and/or common Officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. For the period ended December 30, 2011, the Fund engaged in purchases and sales with affiliates, none of which resulted in any gains or losses, which amounted to:

Transaction Type	Amount
Purchases	$54,050,000
Sales	95,265,000
Gains/(Losses)	-0-

5. Capital Stock

Transactions in capital stock, all at $1.00 per share, were as follows:

	July 1, 2011 through December 30, 2011		Year Ended June 30, 2011	
	Net Assets	**Shares**	**Net Assets**	**Shares**
Sold	$279,584,064	$279,584,064	$667,966,242	667,966,242
Issued on reinvestment of dividends	201	201	3,546	3,546
Redeemed	(375,131,594)	(375,131,594)	(697,583,728)	(697,583,728)
Net increase (decrease)	$(95,547,329)	$(95,547,329)	$(29,613,940)	(29,613,940)

6. Tax Information

The tax character of distributions paid during the period July 1, 2011 through December 30, 2011 and Year ended June 2011 was as follows:

	December, 2011	June, 2011
Tax-exempt income	$203	$3,560

7. Fund Liquidation

At a Special Board of Directors meeting held on September 28, 2011, the Board of Directors approved a plan to dissolve, liquidate and terminate the Fund and to call a special meeting of shareholders of the Fund to approve such plan. A record date of October 17, 2011 was set for shareholders to vote at a meeting to be held on December 1, 2011. At the shareholder meeting held on December 1, 2011, 67.72% of the shares outstanding of the Fund, as of the record date, voted in favor of the Proposal to Approve the Plan of Liquidation. The Fund was liquidated and as of December 30, 2011 there remain no shareholders in the Fund.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
Tax Exempt Proceeds Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Tax Exempt Proceeds Fund, Inc. (the "Fund"), as of December 30, 2011 and the related statements of operations, changes in net assets and financial highlights for the period July 1, 2011 through December 30, 2011 and the related statements of changes in net assets for the year ended June 30, 2011 and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 30, 2011 by correspondence with the Fund's custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In forming our opinion, we have taken into consideration the disclosures in the Notes to the Financial Statements at Note 7 with respect to the Plan of Liquidation of the Fund. The Plan of Liquidation was approved by the Fund's Board of Directors and by a majority of the Fund's shareholders.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tax Exempt Proceeds Fund, Inc. as of December 30, 2011, the results of its operations, changes in its net assets and the financial highlights for each of the periods indicated above, in conformity with accounting principles generally accepted in the United States of America.

Sanville & Company

Sanville & Company
New York, New York
January 30, 2012

Supplemental Information

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2012

Retirement Funds	**Net Asset Value**
Teachers' Retirement Fund	$13,473,161,942
State Employees' Retirement Fund	8,468,270,329
Municipal Employees' Retirement Fund	1,675,298,834
State Judges' Retirement Fund	156,909,689
The Probate Court Retirement Fund	78,043,908
State's Attorneys Retirement Fund	1,195,324
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	66,633,626
Police & Firemans' Survivors' Benefit Fund	22,558,598
Connecticut Arts Endowment Fund	17,646,427
School Fund	10,107,815
Ida Eaton Cotton Fund	2,257,866
Hopemead Fund	2,951,370
Andrew Clark Fund	1,062,158
Agricultural College Fund	664,012
TOTAL	$23,976,761,898

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET ASSETS BY INVESTMENT FUND
JUNE 30, 2012

	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	$ -	$16,324,931	$35,605,428	$213,566,329	$9,624,378	$43,763,680
Cash Equivalents	718,665,623	-	-	-	-	147,827
Asset Backed Securities	45,971,179	-	-	63,981,696	-	797,453
Government Securities	474,127,595	-	-	839,988,357	923,358,350	580,674,922
Government Agency Securities	31,311,701	-	-	862,157,983	-	-
Mortgage Backed Securities	30,547,867	-	-	175,837,004	-	-
Corporate Debt	224,817,329	-	-	703,535,353	-	214,011,433
Convertible Securities	-	-	-	-	-	-
Common Stock	-	-	4,806,923,503	-	-	212,856
Preferred Stock	-	-	-	68,062	-	-
Real Estate Investment Trust	-	-	101,523,661	-	-	-
Mutual Fund	-	-	1,080,224,741	-	-	336,487,144
Limited Liability Corporation	-	-	-	-	-	-
Trusts	-	-	-	-	-	-
Limited Partnerships	-	532,880,371	393,231,185	-	-	-
Annuities	-	-	-	-	-	-
Total Investments in Securities, at Fair Value	1,525,441,294	549,205,302	6,417,508,518	2,859,134,784	932,982,728	1,176,095,315
Cash	19,242,511	-	-	312,188	-	10,888,201
Receivables						
Foreign Exchange Contracts	802,852,417	-	-	2,795,590	24,970,404	194,739,030
Interest Receivable	7,197,449	15,729	29,634	18,809,674	5,509,290	15,209,478
Dividends Receivable	-	-	9,655,301	-	-	-
Due from Brokers	531,523	-	21,135,969	233,979,482	-	6,657,573
Foreign Taxes	113	-	6,013	110,193	-	914,751
Securities Lending Receivable	-	-	615,291	117,693	63,396	25,212
Reserve for Doubtful Receivables	-	-	(3,752)	(1,186,429)	-	(934,914)
Total Receivables	810,581,502	15,729	31,438,456	254,626,203	30,543,090	216,611,130
Invested Securities Lending Collateral	-	-	1,154,238,316	391,368,509	374,482,994	57,728,313
Other Funds on Deposit	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Assets	2,355,265,307	549,221,031	7,603,185,290	3,505,441,684	1,338,008,812	1,461,322,959
LIABILITIES						
Payables						
Foreign Exchange Contracts	809,647,245	-	-	2,735,325	25,221,836	194,505,202
Due to Brokers	11,281,493	-	20,989,275	493,811,752	-	5,690,164
Income Distribution	1,376,359	-	-	-	-	-
Other Payable	-	-	445,762	-	-	-
Total Payables	822,305,097	-	21,435,037	496,547,077	25,221,836	200,195,366
Securities Lending Collateral	-	-	1,154,238,316	391,368,509	374,482,994	57,728,313
Accrued Expenses	1,569,849	122,945	2,821,612	839,634	289,315	1,306,083
Total Liabilities	823,874,946	122,945	1,178,494,965	888,755,220	399,994,145	259,229,762
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$1,531,390,361	$549,098,086	$6,424,690,325	$2,616,686,464	$938,014,667	$1,202,093,197
Units Outstanding	1,535,273,780	550,169,550	6,708,639	21,316,903	5,884,770	7,983,799
Net Asset Value and Redemption Price per Unit	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET ASSETS BY INVESTMENT FUND (Continued)
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
$29,569,333	$97,074,924	$27,589,629	$147,842,252	$162,200	$134,100,636	$(755,223,720)	$ -
25,744,176	-	-	-	-	-	-	744,557,626
-	-	-	-	-	-	-	110,750,328
282,919	-	-	-	-	-	-	2,818,432,143
-	-	-	-	-	-	-	893,469,684
-	-	-	-	62,401	-	-	206,447,272
603,095,301	-	-	-	-	-	-	1,745,459,416
32,360,449	134,728	-	-	-	-	-	32,495,177
11,437,756	4,386,165,122	1,924,623,446	-	541,178	8,947,557	-	11,138,851,418
3,633,099	24,619,889	27,619,587	-	-	-	-	55,940,637
-	41,429,266	-	65,821,618	-	-	-	208,774,545
-	612,870	237,068,708	-	-	-	-	1,654,393,463
-	-	-	-	-	1,114,844	-	1,114,844
-	-	-	991,995	-	-	-	991,995
-	-	-	1,113,904,364	-	2,425,646,001	-	4,465,661,921
	-	-	-	-	-	-	-
706,123,033	4,550,036,799	2,216,901,370	1,328,560,229	765,779	2,569,809,038	(755,223,720)	24,077,340,469
470	28,335,255	8,745,591	-	-	231,316	(19,242,511)	48,513,021
							-
1,803,137	3,589,368,005	6,432,622	-	-	-	(802,852,417)	3,820,108,788
14,006,323	(152,557)	20,660	116,909	84	136,362	4,573,941	65,472,976
4,156	9,378,236	6,694,915	599,038	-	-	-	26,331,646
3,000,323	42,305,111	5,310,377	-	-	-	(531,523)	312,388,835
8,930	8,386,420	218,583	-	-	-	(113)	9,644,890
84,501	478,376	126,161	-	-	-	-	1,510,630
(1,361,924)	(781,698)	(45,613)	-	-	-	-	(4,314,330)
17,545,446	3,648,981,893	18,757,705	715,947	84	136,362	(798,810,112)	4,231,143,435
210,950,954	312,954,314	180,152,799	-	-	-	-	2,681,876,199
-	-	-	-	-	-	-	-
-	-	-	-	2,691	2,577,892	-	2,580,583
934,619,903	8,540,308,261	2,424,557,465	1,329,276,176	768,554	2,572,754,608	(1,573,276,343)	31,041,453,707
1,832,913	3,559,520,251	6,437,329	-	-	-	(809,647,245)	3,790,252,856
10,368,839	36,033,485	6,169,367	-	-	-	(11,281,493)	573,062,882
-	-	-	-	-	-	(647,281)	729,078
-	-	-	231,316	-	-	-	677,078
12,201,752	3,595,553,736	12,606,696	231,316	-	-	(821,576,019)	4,364,721,894
210,950,954	312,954,314	180,152,799	-	-	-	-	2,681,876,199
698,411	5,636,147	4,321,463	673,017	-	607,880	(792,640)	18,093,716
223,851,117	3,914,144,197	197,080,958	904,333	-	607,880	(822,368,659)	7,064,691,809
$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
5,836,191	14,718,394	6,335,052	37,723,830	19,050	51,619,424		
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83		

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS 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 Assets 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 Assets Held in Trust for Participants	(204,561,395)	30,232,480	(213,171,024)	(101,382,782)	(181,412,524)	44,279,247
Net Assets- 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 Assets- 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 ASSETS 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		

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	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	$85	$ -	$99,360,942	$52,225	$ -	$14,765,344
Interest	19,080,293	762,553	318,964	105,809,508	39,950,279	64,825,034
Other Income	-	1,377	2,862,212	1,087,479	-	-
Securities Lending	-	-	7,442,782	3,263,915	4,119,109	265,952
Total Income	19,080,378	763,930	109,984,900	110,213,127	44,069,388	79,856,330
Expenses						
Investment Advisory Fees	3,744,527	-	10,311,111	3,625,463	976,317	4,462,954
Custody and Transfer Agent Fees	298,397	23,774	561,007	215,301	88,436	92,830
Professional Fees	115,276	594,707	344,247	120,371	49,944	53,055
Security Lending Fees	-	-	1,141,704	373,806	415,790	37,822
Security Lending Rebates	-	-	387,648	1,198,421	1,917,208	45,978
Investment Expenses	33,633	-	58,375	26,560	8,622	130,371
Total Expenses	4,191,833	618,481	12,804,092	5,559,922	3,456,317	4,823,010
Net Investment Income	14,888,545	145,449	97,180,808	104,653,205	40,613,071	75,033,320
Net Realized Gain (Loss)	3,942,913	87,178	358,757,969	33,602,882	34,501,696	43,091,437
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	7,771,655	7,134,187	1,193,972,862	(17,506,891)	2,563,637	57,310,513
Net Increase (Decrease) in Net Assets Resulting from Operations	26,603,113	7,366,814	1,649,911,639	120,749,196	77,678,404	175,435,270
Unit Transactions						
Purchase of Units by Participants	3,365,582,563	511,590,000	28,100,000	6,102,461	-	10,015,000
TOTAL ADDITIONS	3,392,185,676	518,956,814	1,678,011,639	126,851,657	77,678,404	185,450,270
DEDUCTIONS						
Administrative Expenses:						
Salary and Fringe Benefits	(306,998)	(91,208)	(1,216,723)	(356,169)	(161,524)	(170,369)
Distributions to Unit Owners:						
Income Distributed	(14,581,547)	-	(93,025,263)	(109,872,451)	(20,979,189)	(33,328,319)
Unit Transactions						
Redemption of Units by Participants	(3,860,226,344)	-	(235,000,000)	-	-	(170,000,000)
TOTAL DEDUCTIONS	(3,875,114,889)	(91,208)	(329,241,986)	(110,228,620)	(21,140,713)	(203,498,688)
Change in Net Assets Held in Trust for Participants	(482,929,213)	518,865,606	1,348,769,653	16,623,037	56,537,691	(18,048,418)
Net Assets- Beginning of Period	2,218,880,969	-	5,289,091,696	2,701,446,209	1,062,889,500	1,175,862,368
Net Assets- End 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
Other Information:						
Units						
Purchased	10,389,783,088	511,447,990	29,111	52,129	-	70,243
Redeemed	(10,882,701,821)	-	(256,199)	-	-	(1,237,247)
Net Increase (Decrease)	(492,918,733)	511,447,990	(227,088)	52,129	-	(1,167,004)

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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
$393,827	$145,335,008	$63,623,474	$46,855,412	$262,668	$332,675,331	$(55)	$703,324,261
60,897,412	3,172,239	4,384	629,146	421	716,740	(12,332,592)	283,834,381
1,911,764	750,333	-	-	-	-	-	6,613,165
897,906	6,090,903	1,311,420	-	-	-	-	23,391,987
64,100,909	155,348,483	64,939,278	47,484,558	263,089	333,392,071	(12,332,647)	1,017,163,794
2,511,539	23,227,562	16,214,103	3,405,582	25,000	7,431,762	(2,420,284)	73,515,636
58,756	450,091	222,776	81,613	252	175,110	(192,870)	2,075,473
31,385	241,148	120,200	353,238	138	1,179,603	(74,509)	3,128,803
130,883	926,629	199,600	-	-	-	-	3,226,234
121,478	111,269	76,273	-	-	-	-	3,858,275
6,827	548,007	3,007,155	5,915	46	16,635	(21,739)	3,820,407
2,860,868	25,504,706	19,840,107	3,846,348	25,436	8,803,110	(2,709,402)	89,624,828
61,240,041	129,843,777	45,099,171	43,638,210	237,653	324,588,961	(9,623,245)	927,538,966
16,068,369	220,932,922	239,706,016	(22,261,165)	218	(100,200,476)	(2,548,511)	825,681,448
27,614,751	817,304,989	310,600,873	128,887,153	(239)	166,493,192	(2,252,201)	2,699,894,481
104,923,161	1,168,081,688	595,406,060	150,264,198	237,632	390,881,677	(14,423,957)	4,453,114,895
-	183,500,000	100,000,000	209,117,400	-	157,830,000	(1,453,400,661)	3,118,436,763
104,923,161	1,351,581,688	695,406,060	359,381,598	237,632	548,711,677	(1,467,824,618)	7,571,551,658
(113,274)	(766,707)	(381,444)	(210,928)	(4,742)	(548,964)	198,429	(4,130,621)
(49,997,656)	(95,073,687)	(30,189,982)	(45,732,372)	(274,059)	(329,660,715)	9,424,815	(813,290,425)
(30,000,000)	(282,000,000)	(100,000,000)	-	(1,395,000)	-	1,238,565,056	(3,440,056,288)
(80,110,930)	(377,840,394)	(130,571,426)	(45,943,300)	(1,673,801)	(330,209,679)	1,248,188,300	(4,257,477,334)
24,812,231	973,741,294	564,834,634	313,438,298	(1,436,169)	218,501,998	(219,636,318)	3,314,074,324
692,764,499	4,434,960,564	2,073,164,572	783,828,981	3,826,443	2,013,846,298	(580,971,737)	21,869,590,362
$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
-	534,310	251,264	6,754,652	-	3,195,501		
(257,289)	(792,425)	(241,625)	-	(27,525)	-		
(257,289)	(258,115)	9,639	6,754,652	(27,525)	3,195,501		

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	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, 2011	$586,676,611	$289,728,000	$866,303,664	$1,286,193,327	$503,985,596	$486,828,242
Market Value at June 30, 2011	$587,895,306	$293,843,167	$3,735,560,433	$1,430,340,921	$578,121,533	$635,657,547
Shares Purchased	1,396,985,474	19,830,000	-	-	-	-
Shares Redeemed	(1,456,788,358)	-	(160,000,000)	(143,100,000)	(144,000,000)	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(3,019,420)	-	120,426,231	17,448,068	23,590,398	-
Net Investment Income Earned	6,601,737	-	58,803,638	51,413,983	9,005,607	5,957,593
Net Investment Income Distributed	(6,601,737)	-	(58,803,638)	(51,413,983)	(9,005,607)	(5,957,593)
Changes in Market Value of Fund Shares	(2,564,994)	(4,300,383)	(70,815,249)	34,213,368	26,813,291	24,309,978
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
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
Shares Outstanding	523,833,040	309,976,465	3,785,392	10,907,403	3,039,739	4,383,228
Market Value per Share	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57
State Employees' Retirement Fund						
Book Value at June 30, 2011	$280,699,723	$182,880,000	$498,311,421	$826,511,903	$317,633,554	$303,736,307
Market Value at June 30, 2011	$281,286,725	$185,484,111	$2,461,923,129	$921,496,417	$369,964,354	$401,845,054
Shares Purchased	470,483,982	14,000,000	-	-	-	-
Shares Redeemed	(529,335,119)	-	(109,000,000)	(112,000,000)	(93,155,000)	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(1,593,692)	-	85,469,786	14,087,819	16,441,036	-
Net Investment Income Earned	2,858,320	-	38,722,666	32,788,656	5,752,862	3,766,229
Net Investment Income Distributed	(2,858,320)	-	(38,722,666)	(32,788,656)	(5,752,862)	(3,766,229)
Changes in Market Value of Fund Shares	(1,296,088)	(2,707,946)	(53,073,983)	19,145,859	15,757,522	15,368,101
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
Book Value at June 30, 2012	$220,254,894	$196,880,000	$474,781,207	$728,599,722	$240,919,590	$303,736,307
Shares Outstanding	220,102,558	197,160,139	2,490,742	6,865,322	1,938,606	2,770,955
Market Value per Share	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57
Municipal Employees' Retirement Fund						
Book Value at June 30, 2011	$53,310,573	$34,066,000	$96,592,496	$229,781,669	$125,724,641	$77,382,319
Market Value at June 30, 2011	$53,514,102	$34,551,801	$373,734,488	$253,854,074	$143,338,710	$96,813,867
Shares Purchased	79,658,935	3,600,000	-	55,000,000	-	-
Shares Redeemed	(104,590,201)	-	(30,000,000)	-	(36,000,000)	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(614,755)	-	21,730,590	-	5,712,805	-
Net Investment Income Earned	454,370	-	5,757,505	11,006,081	2,229,705	907,373
Net Investment Income Distributed	(454,370)	-	(5,757,505)	(11,006,081)	(2,229,705)	(907,373)
Changes in Market Value of Fund Shares	(306,844)	(513,845)	(17,950,273)	10,180,296	6,767,531	3,702,534
Market Value at June 30, 2012	$27,661,237	$37,637,956	$347,514,805	$319,034,370	$119,819,046	$100,516,401
Book Value at June 30, 2012	$27,764,552	$37,666,000	$88,323,086	$284,781,669	$95,437,446	$77,382,319
Shares Outstanding	27,731,384	37,711,403	362,874	2,599,022	751,702	667,588
Market Value per Share	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING 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	TOTAL
$337,219,517	$1,974,883,788	$771,408,218	$873,373,786	$2,091,756	$1,727,242,371	$9,705,934,876
$400,691,103	$3,103,126,489	$1,501,585,935	$615,009,467	$1,300,822	$1,260,186,953	$14,143,319,676
-	48,000,000	-	102,900,000	-	237,610,000	1,805,325,474
-	(56,400,000)	-	-	(865,403)	-	(1,961,153,761)
-	-	-	-	-	-	-
-	15,284,471	-	-	(450,683)	-	173,279,065
27,744,382	60,651,516	22,591,392	18,072,688	65,409	108,017,771	368,925,716
(27,744,382)	(60,651,516)	(22,591,392)	(18,072,688)	(65,409)	(108,017,771)	(368,925,716)
(3,801,520)	(460,966,966)	(233,675,246)	30,950,625	433,420	(28,204,836)	(687,608,512)
$396,889,583	$2,649,043,994	$1,267,910,689	$748,860,092	$418,156	$1,469,592,117	$13,473,161,942
$337,219,517	$1,981,768,259	$771,408,218	$976,273,786	$775,670	$1,964,852,371	$9,723,385,654
3,258,899	8,428,079	3,606,000	21,266,539	10,365	29,492,680	921,987,827
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83	
$219,958,589	$1,167,121,671	$472,848,222	$561,725,447	$1,473,243	$1,127,957,799	$5,960,857,879
$251,624,516	$1,966,660,308	$948,935,933	$390,484,804	$921,095	$800,002,539	$8,980,628,985
-	34,700,000	-	59,300,000	-	116,000,000	694,483,982
-	(38,600,000)	-	-	(612,645)	-	(882,702,764)
-	-	-	-	-	-	-
-	12,291,615	-	-	(314,038)	-	126,382,526
17,422,810	38,486,034	14,276,761	11,433,898	46,322	68,026,733	233,581,291
(17,422,810)	(38,486,034)	(14,276,761)	(11,433,898)	(46,322)	(68,026,733)	(233,581,291)
(2,387,263)	(295,277,388)	(147,672,423)	19,589,230	301,814	(18,269,835)	(450,522,400)
$249,237,253	$1,679,774,535	$801,263,510	$469,374,034	$296,226	$897,732,704	$8,468,270,329
$219,958,589	$1,175,513,286	$472,848,222	$621,025,447	$546,560	$1,243,957,799	$5,899,021,623
2,046,511	5,344,295	2,278,833	13,329,541	7,343	18,016,253	472,351,097
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83	
$41,699,115	$158,475,296	$81,252,619	$109,294,274	$226,821	$202,456,322	$1,210,262,145
$47,645,503	$300,051,589	$164,428,497	$79,807,173	$142,822	$150,054,822	$1,697,937,448
-	4,800,000	-	12,000,000	-	33,200,000	188,258,935
-	-	-	-	(94,968)	-	(170,685,169)
-	-	-	-	-	-	-
-	-	-	-	(47,656)	-	26,780,984
3,299,037	5,942,170	2,473,830	2,256,565	7,183	13,139,950	47,473,769
(3,299,037)	(5,942,170)	(2,473,830)	(2,256,565)	(7,183)	(13,139,950)	(47,473,769)
(452,032)	(43,248,959)	(25,588,192)	3,784,935	45,761	(3,414,276)	(66,993,364)
$47,193,471	$261,602,630	$138,840,305	$95,592,108	$45,959	$179,840,546	$1,675,298,834
$41,699,115	$163,275,296	$81,252,619	$121,294,274	$84,197	$235,656,322	$1,254,616,895
387,510	832,303	394,869	2,714,677	1,139	3,609,151	77,763,621
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	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, 2011	$4,735,893	$1,651,000	$3,301,644	$10,986,276	$6,210,209	$3,245,945
Market Value at June 30, 2011	$4,754,031	$1,674,559	$17,200,048	$12,463,123	$7,007,603	$4,237,143
Shares Purchased	4,992,276	126,000	-	-	-	-
Shares Redeemed	(5,807,724)	-	(1,000,000)	(575,000)	(1,745,000)	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(14,418)	-	795,275	79,968	261,685	-
Net Investment Income Earned	44,782	-	268,392	464,509	109,167	39,712
Net Investment Income Distributed	(44,782)	-	(268,392)	(464,509)	(109,167)	(39,712)
Changes in Market Value of Fund Shares	(33,970)	(25,537)	(589,109)	378,820	349,295	162,045
Market Value at June 30, 2012	$3,890,195	$1,775,022	$16,406,214	$12,346,911	$5,873,583	$4,399,188
Book Value at June 30, 2012	3,906,027	1,777,000	3,096,919	10,491,244	4,726,894	3,245,945
Shares Outstanding	3,900,060	1,778,486	17,131	100,584	36,849	29,218
Market Value per Share	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57
Judges' Retirement Fund						
Book Value at June 30, 2011	$3,896,118	$3,265,000	$9,314,099	$24,814,092	$14,909,682	$6,741,274
Market Value at June 30, 2011	$3,901,540	$3,311,968	$31,369,951	$27,032,043	$16,949,694	$8,599,533
Shares Purchased	9,095,271	272,000	-	1,000,000	-	-
Shares Redeemed	(9,762,622)	-	-	(1,200,000)	(4,100,000)	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(65,655)	-	-	124,172	640,632	-
Net Investment Income Earned	49,267	-	505,880	1,027,141	265,373	80,599
Net Investment Income Distributed	(49,267)	-	(505,880)	(1,027,141)	(265,373)	(80,599)
Changes in Market Value of Fund Shares	(20,880)	(47,809)	530,229	883,454	843,919	328,879
Market Value at June 30, 2012	$3,147,654	$3,536,159	$31,900,180	$27,839,669	$14,334,245	$8,928,412
Book Value at June 30, 2012	3,163,112	3,537,000	9,314,099	24,738,264	11,450,314	6,741,274
Shares Outstanding	3,155,636	3,543,058	33,310	226,797	89,928	59,299
Market Value per Share	$1.00	$1.00	$957.67	$122.75	$159.40	$150.57
State's Attorneys' Retirement Fund						
Book Value at June 30, 2011	$235,362	$-	$37,049	$435,160	$17,299	$45,435
Market Value at June 30, 2011	$236,754	$-	$205,567	$477,592	$23,431	$61,658
Shares Purchased	55,744	-	-	120,000	-	-
Shares Redeemed	(133,770)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(793)	-	-	-	-	-
Net Investment Income Earned	1,570	-	3,315	21,853	427	578
Net Investment Income Distributed	(1,570)	-	(3,315)	(21,853)	(427)	(578)
Changes in Market Value of Fund Shares	(1,958)	-	3,472	19,456	2,371	2,358
Market Value at June 30, 2012	$155,977	$-	$209,039	$617,048	$25,802	$64,016
Book Value at June 30, 2012	156,543	-	37,049	555,160	17,299	45,435
Shares Outstanding	156,373	-	218	5,027	162	425
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING 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	TOTAL
$2,007,540	$6,527,479	$3,781,807	$5,165,509	$13,708	$8,989,809	$56,616,819
$2,328,586	$13,277,870	$7,932,710	$3,618,335	$8,489	$7,285,924	$81,788,421
-	217,000	-	630,000	-	1,217,000	7,182,276
-	-	-	-	(5,647)	-	(9,133,371)
-	-	-	-	-	-	-
-	-	-	-	(2,978)	-	1,119,532
161,234	263,025	119,348	107,346	426	622,962	2,200,903
(161,234)	(263,025)	(119,348)	(107,346)	(426)	(622,962)	(2,200,903)
(22,092)	(1,914,064)	(1,234,480)	180,079	2,865	(166,802)	(2,912,950)
$2,306,494	$11,580,806	$6,698,230	$4,428,414	$2,729	$8,336,122	$78,043,908
2,007,540	6,744,479	3,781,807	5,795,509	5,083	10,206,809	55,785,256
18,939	36,845	19,050	125,761	68	167,294	6,230,285
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83	
$4,325,719	$13,890,180	$7,367,527	$10,666,412	$23,815	$20,387,654	$119,601,572
$4,858,093	$25,585,602	$15,116,131	$7,328,732	$15,031	$14,818,058	$158,886,376
-	2,220,000	-	1,150,000	-	2,155,000	15,892,271
-	-	-	-	(9,994)	-	(15,072,616)
-	-	-	-	-	-	-
-	-	-	-	(4,979)	-	694,170
336,381	530,474	227,422	211,427	756	1,237,436	4,472,156
(336,381)	(530,474)	(227,422)	(211,427)	(756)	(1,237,436)	(4,472,156)
(46,096)	(3,643,503)	(2,352,358)	356,692	4,780	(327,819)	(3,490,512)
$4,811,997	$24,162,099	$12,763,773	$8,835,424	$4,838	$16,645,239	$156,909,689
4,325,719	16,110,180	7,367,527	11,816,412	8,842	22,542,654	121,115,397
39,512	76,873	36,301	250,913	120	334,047	7,845,794
$121.79	$314.31	$351.61	$35.21	$40.34	$49.83	
$53,177	$-	$-	$63,149	$-	$-	$886,631
$60,486	$-	$-	$46,661	$-	$-	$1,112,149
-	-	-	14,200	-	-	189,944
-	-	-	-	-	-	(133,770)
-	-	-	-	-	-	-
-	-	-	-	-	-	(793)
4,189	-	-	1,541	-	-	33,473
(4,189)	-	-	(1,541)	-	-	(33,473)
(572)	-	-	2,667	-	-	27,794
$59,914	$-	$-	$63,528	$-	$-	$1,195,324
53,177	-	-	77,349	-	-	942,012
492	-	-	1,804	-	-	164,501
$121.79	$-	$-	$35.21	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	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, 2011	$657,473	$-	$983,642	$37,929,520	$1,725,943	$4,533,494
Market Value at June 30, 2011	$658,446	$-	$5,799,705	$43,155,220	$2,402,293	$6,321,871
Shares Purchased	2,295,059	-	-	-	-	-
Shares Redeemed	(2,293,554)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(4,737)	-	-	-	-	-
Net Investment Income Earned	6,625	-	93,529	1,665,220	43,739	59,250
Net Investment Income Distributed	(6,625)	-	(93,529)	(1,665,220)	(43,739)	(59,250)
Changes in Market Value of Fund Shares	(2,237)	-	98,028	1,614,904	243,098	241,773
Market Value at June 30, 2012	$652,977	$-	$5,897,733	$44,770,124	$2,645,391	$6,563,644
Book Value at June 30, 2012	$654,241	$-	$983,642	$37,929,520	$1,725,943	$4,533,494
Shares Outstanding	654,633	-	6,158	364,721	16,596	43,593
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57
Endowment for the Arts						
Book Value at June 30, 2011	$974,391	$-	$-	$11,043,334	$502,392	$1,319,527
Market Value at June 30, 2011	$978,592	$-	$-	$12,005,719	$668,163	$1,758,210
Shares Purchased	822,319	-	-	-	-	-
Shares Redeemed	(872,152)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(6,178)	-	-	-	-	-
Net Investment Income Earned	8,844	-	-	463,262	12,166	16,476
Net Investment Income Distributed	(8,844)	-	-	(463,262)	(12,166)	(16,476)
Changes in Market Value of Fund Shares	(8,323)	-	-	449,264	67,614	67,241
Market Value at June 30, 2012	$914,258	$-	$-	$12,454,983	$735,777	$1,825,451
Book Value at June 30, 2012	$918,380	$-	$-	$11,043,334	$502,392	$1,319,527
Shares Outstanding	916,576	-	-	101,465	4,616	12,124
Market Value per Share	$1.00	$-	$-	$122.75	$159.40	$150.57
Agricultural College Fund						
Book Value at June 30, 2011	$43,245	$-	$25,364	$302,380	$13,760	$36,140
Market Value at June 30, 2011	$43,442	$-	$152,786	$334,886	$18,642	$49,055
Shares Purchased	19,855	-	-	-	-	-
Shares Redeemed	(20,908)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	94	-	-	-	-	-
Net Investment Income Earned	337	-	2,463	12,926	338	461
Net Investment Income Distributed	(337)	-	(2,463)	(12,926)	(338)	(461)
Changes in Market Value of Fund Shares	(380)	-	2,582	12,532	1,886	1,876
Market Value at June 30, 2012	$42,103	$-	$155,368	$347,418	$20,528	$50,931
Book Value at June 30, 2012	$42,286	$-	$25,364	$302,380	$13,760	$36,140
Shares Outstanding	42,210	-	162	2,830	129	338
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING 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	TOTAL
$5,301,306	$-	$-	$-	$-	$-	$51,131,378
$6,162,220	$-	$-	$-	$-	$-	$64,499,755
-	-	-	-	-	-	2,295,059
-	-	-	-	-	-	(2,293,554)
-	-	-	-	-	-	-
-	-	-	-	-	-	(4,737)
426,680	-	-	-	-	-	2,295,043
(426,680)	-	-	-	-	-	(2,295,043)
(58,463)	-	-	-	-	-	2,137,103
$6,103,757	$-	$-	$-	$-	$-	$66,633,626
$5,301,306	$-	$-	$-	$-	$-	$51,128,146
50,119	-	-	-	-	-	1,135,820
$121.79	$-	$-	$-	$-	$-	
$1,545,250	$-	$-	$-	$-	$-	$15,384,894
$1,732,394	$-	$-	$-	$-	$-	$17,143,078
-	-	-	-	-	-	822,319
-	-	-	-	-	-	(872,152)
-	-	-	-	-	-	-
-	-	-	-	-	-	(6,178)
119,952	-	-	-	-	-	620,700
(119,952)	-	-	-	-	-	(620,700)
(16,436)	-	-	-	-	-	559,360
$1,715,958	$-	$-	$-	$-	$-	$17,646,427
$1,545,250	$-	$-	$-	$-	$-	$15,328,883
14,090	-	-	-	-	-	1,048,871
$121.79	$-	$-	$-	$-	$-	
$42,296	$-	$-	$-	$-	$-	$463,185
$48,120	$-	$-	$-	$-	$-	$646,931
-	-	-	-	-	-	19,855
-	-	-	-	-	-	(20,908)
-	-	-	-	-	-	-
-	-	-	-	-	-	94
3,331	-	-	-	-	-	19,856
(3,331)	-	-	-	-	-	(19,856)
(456)	-	-	-	-	-	18,040
$47,664	$-	$-	$-	$-	$-	$664,012
$42,296	$-	$-	$-	$-	$-	$462,226
391	-	-	-	-	-	46,061
$121.79	$-	$-	$-	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	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, 2011	$145,091	$-	$87,363	$1,021,247	$46,470	$122,060
Market Value at June 30, 2011	$145,772	$-	$520,601	$1,139,527	$63,433	$166,924
Shares Purchased	67,528	-	-	-	-	-
Shares Redeemed	(71,123)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	329	-	-	-	-	-
Net Investment Income Earned	1,127	-	8,396	43,971	1,154	1,564
Net Investment Income Distributed	(1,127)	-	(8,396)	(43,971)	(1,154)	(1,564)
Changes in Market Value of Fund Shares	(1,272)	-	8,799	42,642	6,419	6,384
Market Value at June 30, 2012	$141,234	$-	$529,400	$1,182,169	$69,852	$173,308
Book Value at June 30, 2012	$141,825	$-	$87,363	$1,021,247	$46,470	$122,060
Shares Outstanding	141,592	-	553	9,631	438	1,151
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57
Andrew Clark Fund						
Book Value at June 30, 2011	$69,469	$-	$41,101	$495,688	$22,555	$59,240
Market Value at June 30, 2011	$69,784	$-	$243,548	$535,773	$29,824	$78,478
Shares Purchased	31,786	-	-	-	-	-
Shares Redeemed	(33,472)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	161	-	-	-	-	-
Net Investment Income Earned	541	-	3,928	20,674	544	735
Net Investment Income Distributed	(541)	-	(3,928)	(20,674)	(544)	(735)
Changes in Market Value of Fund Shares	(609)	-	4,117	20,049	3,018	3,001
Market Value at June 30, 2012	$67,650	$-	$247,665	$555,822	$32,842	$81,479
Book Value at June 30, 2012	$67,944	$-	$41,101	$495,688	$22,555	$59,240
Shares Outstanding	67,822	-	259	4,528	206	541
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57
School Fund						
Book Value at June 30, 2011	$435,380	$-	$384,307	$4,757,413	$216,479	$568,594
Market Value at June 30, 2011	$437,405	$-	$2,289,492	$5,271,050	$293,416	$772,121
Shares Purchased	444,374	-	-	-	-	-
Shares Redeemed	(441,190)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(55)	-	-	-	-	-
Net Investment Income Earned	4,960	-	36,923	203,394	5,343	7,235
Net Investment Income Distributed	(4,960)	-	(36,923)	(203,394)	(5,343)	(7,235)
Changes in Market Value of Fund Shares	(4,116)	-	38,698	197,247	29,692	29,530
Market Value at June 30, 2012	$436,418	$-	$2,328,190	$5,468,297	$323,108	$801,651
Book Value at June 30, 2012	$438,509	$-	$384,307	$4,757,413	$216,479	$568,594
Shares Outstanding	437,525	-	2,431	44,548	2,027	5,324
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING 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	TOTAL
$142,819	$-	$-	$-	$-	$-	$1,565,050
$163,454	$-	$-	$-	$-	$-	$2,199,711
-	-	-	-	-	-	67,528
-	-	-	-	-	-	(71,123)
-	-	-	-	-	-	-
-	-	-	-	-	-	329
11,317	-	-	-	-	-	67,529
(11,317)	-	-	-	-	-	(67,529)
(1,551)	-	-	-	-	-	61,421
$161,903	$-	$-	$-	$-	$-	$2,257,866
$142,819	$-	$-	$-	$-	$-	$1,561,784
1,329	-	-	-	-	-	154,694
$121.79	$-	$-	$-	$-	$-	
$69,389	$-	$-	$-	$-	$-	$757,442
$77,435	$-	$-	$-	$-	$-	$1,034,842
-	-	-	-	-	-	31,786
-	-	-	-	-	-	(33,472)
-	-	-	-	-	-	-
-	-	-	-	-	-	161
5,360	-	-	-	-	-	31,782
(5,360)	-	-	-	-	-	(31,782)
(735)	-	-	-	-	-	28,841
$76,700	$-	$-	$-	$-	$-	$1,062,158
$69,389	$-	$-	$-	$-	$-	$755,917
630	-	-	-	-	-	73,986
$121.79	$-	$-	$-	$-	$-	
$665,451	$-	$-	$-	$-	$-	$7,027,624
$757,336	$-	$-	$-	$-	$-	$9,820,820
-	-	-	-	-	-	444,374
-	-	-	-	-	-	(441,190)
-	-	-	-	-	-	-
-	-	-	-	-	-	(55)
52,439	-	-	-	-	-	310,294
(52,439)	-	-	-	-	-	(310,294)
(7,185)	-	-	-	-	-	283,866
$750,151	$-	$-	$-	$-	$-	$10,107,815
$665,451	$-	$-	$-	$-	$-	$7,030,753
6,160	-	-	-	-	-	498,015
$121.79	$-	$-	$-	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	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, 2011	$221,002	$-	$194,338	$1,340,840	$54,187	$157,321
Market Value at June 30, 2011	$221,974	$-	$657,417	$1,444,301	$71,916	$204,808
Shares Purchased	86,655	-	-	100,000	-	-
Shares Redeemed	(99,790)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(476)	-	-	-	-	-
Net Investment Income Earned	1,868	-	10,602	58,250	1,309	1,918
Net Investment Income Distributed	(1,868)	-	(10,602)	(58,250)	(1,309)	(1,918)
Changes in Market Value of Fund Shares	(1,969)	-	11,112	55,527	7,278	7,833
Market Value at June 30, 2012	$206,394	$-	$668,529	$1,599,828	$79,194	$212,641
Book Value at June 30, 2012	$207,391	$-	$194,338	$1,440,840	$54,187	$157,321
Shares Outstanding	206,918	-	698	13,033	497	1,412
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57
Police & Fireman's Survivors' Benefit Fund						
Book Value at June 30, 2011	$1,193,706	$-	$6,467,744	$8,140,446	$370,407	$972,808
Market Value at June 30, 2011	$1,199,828	$-	$8,204,184	$8,518,600	$474,179	$1,247,681
Shares Purchased	604,933	-	-	-	-	-
Shares Redeemed	(679,659)	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(1,476)	-	-	-	-	-
Net Investment Income Earned	10,639	-	132,303	328,705	8,634	11,694
Net Investment Income Distributed	(10,639)	-	(132,303)	(328,705)	(8,634)	(11,694)
Changes in Market Value of Fund Shares	(10,862)	-	138,671	318,773	47,986	47,714
Market Value at June 30, 2012	$1,112,764	$-	$8,342,855	$8,837,373	$522,165	$1,295,395
Book Value at June 30, 2012	$1,117,504	$-	$6,467,744	$8,140,446	$370,407	$972,808
Shares Outstanding	1,115,588	-	8,712	71,994	3,276	8,604
Market Value per Share	$1.00	$-	$957.67	$122.75	$159.40	$150.57

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING 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	TOTAL
$166,677	$-	$-	$-	$-	$-	$2,134,365
$186,555	$-	$-	$-	$-	$-	$2,786,971
-	-	-	-	-	-	186,655
-	-	-	-	-	-	(99,790)
-	-	-	-	-	-	-
-	-	-	-	-	-	(476)
12,917	-	-	-	-	-	86,864
(12,917)	-	-	-	-	-	(86,864)
(1,771)	-	-	-	-	-	78,010
$184,784	$-	$-	$-	$-	$-	$2,951,370
$166,677	$-	$-	$-	$-	$-	2,220,754
1,517	-	-	-	-	-	224,075
$121.79	$-	$-	$-	$-	$-	
$1,140,668	$-	$-	$1,342,966	$3,334	$-	$19,632,079
$1,240,929	$-	$-	$972,107	$2,015	$-	$21,859,523
-	-	-	196,000	-	-	800,933
-	-	-	-	(1,343)	-	(681,002)
-	-	-	-	-	-	-
-	-	-	-	(761)	-	(2,237)
85,924	-	-	29,430	100	-	607,429
(85,924)	-	-	(29,430)	(100)	-	(607,429)
(11,772)	-	-	50,136	735	-	581,381
$1,229,157	$-	$-	$1,218,243	$646	$-	$22,558,598
$1,140,668	$-	$-	$1,538,966	$1,230	$-	$19,749,773
10,093	-	-	34,596	16	-	1,252,877
$121.79	$-	$-	$35.21	$40.34	$-	

COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Investment Income (1)	$888,007	$1,010,079	$762,800	$803,203	$1,171,356	$972,879	$889,710	$828,019	$946,643	$846,384
Expenses (2)	83,105	86,671	79,950	62,802	82,403	56,738	69,712	64,509	49,131	48,428
Net Investment Income	804,902	923,408	682,850	740,401	1,088,953	916,141	819,998	763,510	897,512	797,956
Realized Gains/(Losses)	(11,795)	825,681	214,425	(2,815,892)	654,172	1,524,107	886,031	698,664	880,979	(566,640)
Change in Unrealized Gains/(Losses)	(1,012,045)	2,699,894	1,737,661	(2,460,069)	(3,004,322)	1,472,314	520,430	591,155	936,916	123,784
Total	$(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	$355,100

(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 dervied from custodial records.

COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES (1) IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2012

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	
LF	$522,508	3.88%	$219,546	2.59%	$27,661	1.65%	$3,890	4.98%	$3,148	2.01%	$156	13.03%	$3,574	2.88%
AIF	309,372	2.30	196,776	2.32	37,638	2.25	1,776	2.28	3,536	2.25	-	-	-	-
MEF	3,625,171	26.90	2,385,319	28.17	347,515	20.74	16,406	21.02	31,900	20.33	209	17.46	18,170	14.67
CFIF	1,338,902	9.94	842,730	9.95	319,034	19.04	12,347	15.82	27,840	17.74	617	51.55	75,216	60.72
ILBF	484,525	3.60	309,008	3.65	119,819	7.15	5,874	7.53	14,334	9.14	26	2.17	4,429	3.58
EMDF	659,968	4.90	417,213	4.93	100,516	6.00	4,399	5.64	8,928	5.69	65	5.43	11,004	8.88
HYBD	396,890	2.95	249,237	2.94	47,193	2.82	2,306	2.95	4,812	3.07	60	5.01	10,271	8.29
DMISF	2,649,044	19.66	1,679,775	19.84	261,603	15.62	11,580	14.84	24,162	15.40	-	-	-	-
EMISF	1,267,911	9.40	801,263	9.46	138,840	8.29	6,698	8.58	12,764	8.13	-	-	-	-
REF	748,860	5.56	469,374	5.54	95,592	5.71	4,428	5.67	8,835	5.63	64	5.35	1,218	0.98
CMF	418	-	296	0.01	46	-	3	0.01	5	-	-	-	1	-
PIF	1,469,592	10.91	897,733	10.60	179,841	10.73	8,336	10.68	16,645	10.61	-	-	-	-
Total	$13,473,161	100.00%	$8,468,270	100.00%	$1,675,298	100.00%	$78,043	100.00%	$156,909	100.00%	$1,197	100.00%	$123,883	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2012 [1]

Liquidity Fund [2]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	710,832,993	710,832,993	3.75%	1.80%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	6,047,280,312	6,603,061,918	34.77%	0.48%

Mutual Fixed Income Fund [6]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	7,082,889,175	7,308,417,293	38.49%	12.03%

Core Fixed Income Fund [6]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

Inflation Linked Bond Fund [6]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

Emerging Market Debt Fund [6]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2012 (1) (Continued)

High Yield Debt Fund (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

International Stock Fund (5)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	2,047,590,656	2,026,297,000	10.67%	-6.39%

Developed Market International Stock Fund (5)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

Emerging Market International Stock Fund (5)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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	-	-	-	-
2003	-	-	-	-

Real Estate Fund (3)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	399,402,161	425,893,012	2.24%	3.30%

Commercial Mortgage Fund (3)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	69,871,489	71,990,878	0.38%	20.62%

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2012 [(1)] (Continued)

Private Investment Fund [(3)] / Alternative Investment Fund [(7)]

	Private Investment Fund Book Value	Private Investment Fund Market Value	% of Total Fund MV	Rate of Return	Alternative Investment Fund Book Value	Alternative Investment Fund Market Value	% of Total Fund MV	Rate of Return
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%	-	-	-	-
2003	2,413,582,348	1,842,900,019	9.70%	-11.94%	-	-	-	-

Total Fund [(4)]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
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%
2003	18,771,449,134	18,989,393,113	100.00%	2.49%

(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 Minicipal 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.

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2012

LIQUIDITY FUND

Security Name	Maturity Date	Market Value	%
New Zealand Govt SR Unsecured	4/15/2015	$53,036,856	3.48%
Barclays Cap TRI Party A Repo	7/2/2012	33,838,000	2.22%
Deutsche Bank Repo	7/2/2012	28,500,000	1.86%
Poland Government Bond	10/24/2015	26,037,439	1.70%
European Investment Bank	8/14/2013	21,075,829	1.38%
Paribas Repo	7/2/2012	20,400,000	1.34%
Bank America Repo	7/2/2012	20,400,000	1.34%
J P Morgan Term Repo	7/2/2012	20,400,000	1.34%
Royal Bank of Scotland Repo	7/2/2012	20,400,000	1.34%
Credit Suisse First Boston	7/2/2012	20,400,000	1.34%
Top Ten		**264,488,124**	**17.34%**
Fair Value LF		**1,525,441,294**	

ALTERNATIVE INVESTMENT FUND

Security Name	Partnership Type	Market Value	%
PRUDENCE CRANDALL II PRISMA.	Hedge Fund-of-Funds	$151,192,950	27.53%
PRUDENCE CRANDALL I PERMAL	Hedge Fund-of-Funds	147,817,950	26.92%
PRUDENCE CRANDALL III RCREEK	Hedge Fund-of-Funds	99,950,700	18.20%
PRUDENCE CRANDALL IV K2	Hedge Fund-of-Funds	97,783,200	17.80%
ENERGY FUND XV LP	Hedge Fund-of-Funds	32,069,426	5.84%
ARCLIGHT ENERGY PARTNERS FUND	Hedge Fund-of-Funds	4,066,145	0.74%
Top Six		**$532,880,371**	**97.03%**
FAIR VALUE AIF		**$549,205,302**	

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
Apple Inc	Information Technology	$193,183,112	3.01%
Exxon Mobil Corp	Energy	143,152,535	2.23%
Microsoft	Technology	84,792,543	1.32%
Chevron Corp	Energy	76,667,905	1.20%
AT&T Inc	Telecommunication Svcs	76,384,291	1.19%
General Electric Co	Industrials	75,139,870	1.17%
International Business Machines	Information Technology	73,035,831	1.14%
Johnson & Johnson	Health Care	64,902,798	1.01%
Proctor & Gamble Co	Consumer Staples	62,625,001	0.98%
PFIZER Inc.	Health Care	62,506,042	0.97%
Top Ten		**$912,389,928**	**14.22%**
FAIR VALUE MEF		**$6,417,508,518**	

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2012 (Continued)

CORE FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
FNMA TBA 30YR SINGLE FAMILY JU 3.5%	3.500%	12/1/2042	U.S. Govt/Agency	$67,847,860	2.37%
FNMA TBA JUL 30YR SINGLE FAM 4%	4.000%	12/1/2042	U.S. Govt/Agency	35,757,792	1.25%
FHLMC GOLD TBA 30 YR TBA 4%	4.000%	12/1/2042	U.S. Govt/Agency	35,228,188	1.23%
US TREASURY N/B 1.25%	1.250%	4/30/2019	U.S. Govt/Agency	26,298,451	0.92%
US TREASURY N/B 0.375%	0.375%	5/15/2015	U.S. Govt/Agency	25,861,489	0.90%
US TREASURY N/B 0.625%	0.625%	5/31/2017	U.S. Govt/Agency	22,758,597	0.80%
FNMA Pool AL1711 4.5%	4.500%	8/1/2041	U.S. Govt/Agency	21,162,670	0.74%
US TREASURY N/B 0.875%	0.875%	2/28/2017	U.S. Govt/Agency	17,016,263	0.60%
US TREASURY N/B 3%	3.000%	8/31/2016	U.S. Govt/Agency	16,905,711	0.59%
US TREASURY N/B 3.875%	3.875%	8/15/2040	U.S. Govt/Agency	16,798,592	0.59%
Top Ten				**$285,635,613**	**9.99%**
FAIR VALUE CFIF				**$2,859,134,784**	

INFLATION LINKED BOND FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
U.S. Treasury Notes	2.375%	01/15/17	U.S. Govt/Agency	$107,444,722	11.52%
U.S. Treasury Notes	2.375%	01/15/25	U.S. Govt/Agency	92,229,780	9.88%
U.S. Treasury Notes	1.875%	07/15/19	U.S. Govt/Agency	82,050,741	8.79%
U.S. Treasury Notes	2.000%	01/15/26	U.S. Govt/Agency	69,497,979	7.45%
U.S. Treasury Notes	0.125%	04/15/16	U.S. Govt/Agency	63,074,200	6.76%
U.S. Treasury Notes	1.875%	07/15/15	U.S. Govt/Agency	57,489,983	6.16%
U.S. Treasury Notes	1.625%	01/15/15	U.S. Govt/Agency	46,538,399	4.99%
U.S. Treasury Notes	1.250%	07/15/20	U.S. Govt/Agency	42,998,607	4.61%
U.S. Treasury Notes	0.125%	01/15/22	U.S. Govt/Agency	41,997,341	4.50%
U.S. Treasury Notes	2.125%	02/15/41	U.S. Govt/Agency	41,681,498	4.47%
Top Ten				**$645,003,250**	**69.13%**
FAIR VALUE ILBF				**$932,982,728**	

EMERGING MARKET DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
Russian Federation	7.500%	03/31/30	$18,812,180	1.60%
Republic of Colombia	7.375%	09/18/37	13,589,877	1.16%
Republic of Iraq	5.800%	01/15/28	9,758,603	0.83%
Petroleos de Venezuela	4.900%	10/28/14	9,339,655	0.79%
Republic of Indonesia	11.625%	03/04/19	8,524,025	0.72%
Republic of Poland	5.000%	03/23/22	8,229,910	0.70%
Republic of Poland	6.375%	07/15/19	7,736,053	0.66%
Nota Tesouro Nacional	6.000%	05/15/45	7,400,263	0.63%
Republic of Indonesia	7.750%	01/17/38	7,216,000	0.61%
Republic of Peru	8.750%	11/21/33	6,906,040	0.59%
Top Ten			**$97,512,606**	**8.29%**
FAIR VALUE EMDF			**$1,176,095,315**	

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2012 (Continued)

HIGH YIELD DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
Vertex Pharmaceuticals Inc	0.000%	Common Stock	$8,342,425	1.18%
Qwest Capital Funding	6.875%	07/15/28	7,115,206	1.01%
Tenet Healthcare Corp	6.875%	11/15/31	5,640,113	0.80%
Momentive Specialty Chem	7.875%	02/15/23	5,635,500	0.80%
Toys R Us Inc	7.375%	10/15/18	4,935,938	0.70%
Commscope Inc	8.250%	01/15/19	4,563,113	0.65%
EUROPEAN BK RECON + DEV	9.250%	09/10/12	4,477,505	0.63%
Essar Steel Algoma Inc	9.875%	06/15/15	4,419,713	0.63%
ALBERTSONS INC	7.450%	08/01/29	4,049,850	0.57%
Reynolds GRP ISS/Reynold	8.250%	02/15/21	3,990,000	0.56%
Top Ten			$53,169,363	7.53%
FAIR VALUE HYDF			**$706,123,033**	

DEVELOPED MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Nestle SA CHFO.10 REGD	Switzerland	$66,966,851	1.47%
Roche Holding AG Genusschein NPV	Switzerland	56,285,141	1.24%
Samsung Electronics Co Ltd KRW5000	Republic of Korea	56,265,122	1.24%
Royal Dutch Shell PLC A Shares Eur .07	United Kingdom	52,156,764	1.15%
HSBC Holdings ORD USD 0.50 UK REG	United Kingdom	52,097,686	1.14%
Total SA Eur 2.5 Post Division	France	51,809,868	1.14%
Sanofi Aventis EUR 2.0	France	50,618,705	1.11%
Glaxosmithkline PLC GBP .25	United Kingdom	44,327,692	0.97%
BP PLC USD .25	United Kingdom	41,145,281	0.90%
Astrazeneca ORD USD 0.25	United Kingdom	39,505,135	0.87%
Top Ten		**$511,178,245**	**11.23%**
FAIR VALUE DMISF		**$4,550,036,799**	

EMERGING MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
China Mobile Ltd. HKD 0.10	Hong Kong	$63,652,786	2.87%
Samsung Electronic KRW 5000	Republic of Korea	63,007,542	2.84%
CNOOC Ltd HKD 0.02	Hong Kong	53,959,610	2.43%
Lukoil OAO ADR Rub 0.025	Russian Federation	48,240,078	2.18%
Gazprom ADR OAO	Russian Federation	44,395,309	2.00%
Vale SA PREF ADR	Brazil	37,824,778	1.71%
Taiwan Semiconductor SP ADR	Taiwan	34,425,863	1.55%
Samsung Electronic GDR PFD	Republic of Korea	33,936,600	1.53%
Astra International TBK IDR 500.0	Indonesia	31,168,685	1.41%
Hyundai Motor Co KRW 5000	Republic of Korea	27,878,077	1.26%
Top Ten		**$438,489,328**	**19.78%**
FAIR VALUE EMISF		**$2,216,901,370**	

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2012 (Continued)

REAL ESTATE FUND

Property Name	Patnership Type	Market Value	%
Prime Property Fund	Core	$137,184,300	10.33%
Blackstone Real Estate VI LP	Opportunistic	115,090,862	8.66%
RLJ Urban Lodging Fund II	Opportunistic	65,821,618	4.96%
Marathon Legacy Securities PPI	Value-Added	58,214,832	4.38%
Cornerstone Patriot	Core	54,470,100	4.10%
Starwood Opportunity Fund VIII	Opportunistic	47,612,214	3.58%
Blackstone Real Estate Spec Sit II LP	Value-Added	47,143,810	3.55%
IL & FS India Realty Fund II	Opportunistic	45,464,498	3.42%
Rio Hill Shopping Center	Core	41,860,437	3.15%
North Scottsdale Corporate Center	Core	41,692,131	3.14%
Top Ten		**$654,554,802**	**49.27%**
FAIR VALUE REF		**$1,328,560,229**	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
SASCO	Various	Other	$541,178	70.67%
Yankee Mac Series G 11.125%	Various	Residential	28,196	3.68%
Yankee Mac Series F 12.981%	Various	Residential	17,739	2.32%
Yankee Mac Series E 11.056%	Various	Residential	16,466	2.15%
Top Four			**$603,579**	**78.82%**
FAIR VALUE CMF			**$765,779**	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Fairview Constitution III LP	Fund of Funds	$195,523,769	7.61%
Fairview Constitution II LP	Fund of Funds	164,406,076	6.40%
Stepstone Pioneer Capital II LP	Fund of Funds	122,050,141	4.75%
Court Square Capital II	Buyout	105,630,317	4.11%
Constitution Liquidating Fund	Fund of Funds	102,378,657	3.98%
Pegasus Partners IV	Special Situations	101,794,479	3.96%
KKR 2006 Fund	Buyout	100,730,365	3.92%
Welsh Carson Anderson & Stowe X LP	Buyout	81,978,161	3.19%
WLR Recovery Fund IV	Special Situations	79,675,323	3.10%
Yucaipa American Alliance Fund II LP	Buyout	79,365,174	3.09%
Top Ten		**$1,133,532,462**	**44.11%**
FAIR VALUE PIF		**$2,569,809,038**	

* 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, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2012	Status at June 30, 2012
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
Bivium Capital Partners, LLC	Equity Advisor	Jul-05	$1,883,917	Active
Capital Prospects LLC	Equity Advisor	Jul-05	1,084,308	Active
FIS Group Inc.	Equity Advisor	Jul-05	979,549	Active
Frontier Capital Management Co., LLC	Equity Advisor	Oct-10	1,794,233	Active
State Street Global Advisors	Equity Advisor	Mar-96	232,397	Active
T. Rowe Price Associates	Equity Advisor	Nov-08	2,609,349	Active
Total Domestic Equity Advisor Compensation			**$8,583,753**	
Core Fixed Income Investment Advisory Services				
Blackrock Financial Management	Core Income Advisor	Mar-96	$543,090	Active
Goodwin Capital Advisors(Phoenix)	Core Income Advisor	Nov-97	568,276	Active
Progress Investment Management	Core Income Advisor	Jul-05	903,128	Active
State Street Global Advisors	Core Income Advisor	Mar-96	244,219	Active
Wellington Asset Management	Core Income Advisor	Nov-97	642,278	Active
Total Core Fixed Income Advisor Compensation			**$2,900,991**	
Inflation Linked Bond Investment Advisory Services				
Hartford Investment Management Co.	Inflation Income Advisor	May-05	$368,991	Active
Brown Brothers Harriman & Co	Inflation Income Advisor	May-05	528,760	Active
Total Inflation Linked Bond Advisor Compensation			**$897,751**	
Emerging Market Debt Investment Advisory Services				
ING Investment Management Co	Emerging Market Income Advisor	May-09	$1,468,565	Active
Pyramis Global Advisors	Emerging Market Income Advisor	Oct-07	783,732	Active
Stone Harbor Investment Partners	Emerging Market Income Advisor	Oct-07	1,307,511	Active
UBS Global Asset Management Co	Emerging Market Income Advisor	Oct-07	959,189	Active
Total Emerging Market Debt Advisor Compensation			**$4,518,997**	
High Yield Debt Advisory Services				
Loomis Sayles & Co., Inc.	High Yield Income Advisor	Mar-96	$449,946	Active
Oaktree Capital Management	High Yield Income Advisor	Mar-96	700,256	Active
Shenkman Capital Management	High Yield Income Advisor	Dec-07	909,998	Active
Stone Harbor Investment Partners	High Yield Income Advisor	Oct-07	447,972	Active
Total High Yield Debt Advisor Compensation			**$2,508,172**	
Liquidity Fund Advisory Services				
Ambassador Capital Management	Cash Reserve Account Advisor	May-09	$253,147	Active
Pacific Investment Management	Cash Reserve Account Advisor	Mar-09	389,382	Active
Payden & Rygel	Cash Reserve Account Advisor	Mar-09	201,520	Active
Colchester Global Investors	Cash Reserve Account Advisor	May-09	665,944	Active
Lazard Asset Management	Cash Reserve Account Advisor	Aug-09	3,315,579	Active
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	130,640	Active
Total Liquidity Fund Advisor Compensation			**$4,956,212**	
Developed Market International Equity Investment Advisory Services				
Acadian Asset Management	International Equity Advisor	Sep-06	$1,117,423	Active
AQR Capital Management, LLC	International Equity Advisor	Sep-06	2,926,336	Active
Artio Global Asset Management	International Equity Advisor	Sep-06	1,192,928	Terminated
Blackrock(Merrill Lynch)	International Equity Advisor	Aug-03	948,327	Active
Dimensional Fund Advisors	International Equity Advisor	Mar-09	1,623,569	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	2,863,396	Active
Invesco Global Asset Management	International Equity Advisor	Aug-03	898,034	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	2,053,695	Active
Pareto Partners\Bank of New York	International Equity Advisor	Feb-04	2,491,470	Active

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2012	Status at June 30, 2012
Progress Investment Management	International Equity Advisor	Jul-05	718,391	Active
Pyramis Investment (Fidelity)	International Equity Advisor	Aug-03	1,301,082	Active
Schroder Investment Management	International Equity Advisor	Sep-06	1,550,463	Active
State Street Global Advisors	International Equity Advisor	Mar-96	479,389	Active
William Blair & Company	International Equity Advisor	Mar-09	2,205,475	Active
Total Developed Market International Equity Advisor Compensation			**$22,369,978**	
Emerging Market International Equity Advisory Services				
Aberdeen Asset Management	International Equity Advisor	Jul-09	$3,477,681	Active
Emerging Markets Management LLC	International Equity Advisor	Aug-03	4,524,091	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	4,953,038	Active
Schroder Investment Management	International Equity Advisor	Jan-10	3,021,727	Active
Total Emerging Market International Equity Advisor Compensation			**$15,976,537**	
Alternative Investment Advisory Services				
ArcLight Energy Partner Fund V	Alternative Investment Advisor	Oct-11	$1,076,537	Active
Energy Fund XV	Alternative Investment Advisor	Apr-11	533,629	Active
Total Alternative Advisor Compensation			**$1,610,166**	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP(CORE)	Real Estate Advisor	May-05	$914,325	Terminated
Blackstone Real Estate Partners VI	Real Estate Advisor	Aug-07	1,367,098	Active
Blackstone Real Estate Partners Europe III	Real Estate Advisor	Nov-08	750,000	Active
Canyon Johnson Urban Fund III LP	Real Estate Advisor	Feb-08	921,875	Active
Hart Realty Advisors, Inc(CORE)	Real Estate Advisor	Nov-11	276,300	Active
MacFarlane Urban Real Estate Fund II	Real Estate Advisor	Oct-08	802,421	Active
Rockwood Capital Partners Fund VII	Real Estate Advisor	Jun-06	113,731	Active
Total Real Estate Advisor Compensation			**$5,145,750**	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$25,000	Active
Total Commercial Mortgage Advisor Compensation			**$25,000**	
Private Investment Advisory Services (2)				
Altaris Health Partners, LP	Private Investment Advisor	Sep-04	$270,860	Active
Altaris Healthcare Partners II, LP	Private Investment Advisor	Oct-07	478,337	Active
AIG Global Emerging Markets Fund, LP	Private Investment Advisor	Dec-97	51,468	Active
Audax Mezzanine Fund III, LP	Private Investment Advisor	May-10	904,984	Active
Boston Venture Capital Partners VII, LP	Private Investment Advisor	May-07	750,000	Active
Compass Partners European Equity Fund LP	Private Investment Advisor	Dec-97	379,517	Active
Court Square Capital Partners II, LP	Private Investment Advisor	Dec-06	555,244	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	389,972	Active
CS\CT Cleantech Opportunities Fund, LP	Private Investment Advisor	Jul-07	176,253	Active
CT Horizon Legacy Fund, LP	Private Investment Advisor	Jun-08	50,000	Active
Ethos Capital Fund V, LP	Private Investment Advisor	Aug-06	525,989	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	1,950,000	Active
Fairview Constitution III, LP	Private Investment Advisor	Jun-07	2,925,000	Active
Fairview Constitution IV, LP	Private Investment Advisor	Dec-11	600,000	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	128,464	Active
FS Equity Partners VI, LP	Private Investment Advisor	Mar-04	1,031,121	Active
Garmark Partners II LP	Private Investment Advisor	Jun-95	655,133	Active
GS Private Equity Partners CT, LP	Private Investment Advisor	May-97	59,416	Active
ICV Associates II, LP	Private Investment Advisor	Oct-05	317,377	Active
JFL Investors III, LP	Private Investment Advisor	Aug-11	935,830	Active
KKR Associates 2006 Fund, LP	Private Investment Advisor	May-07	691,109	Active
Leeds Equity Associates V, LP	Private Investment Advisor	Apr-09	209,214	Active
Levine Leichtman Capital Partners IV, LP	Private Investment Advisor	Jul-08	832,609	Active
M2 – CT Emerging Private Equity Fund-of-Funds, LP	Private Investment Advisor	Nov-07	987,514	Active
Nogales Investors II, LP	Private Investment Advisor	Oct-06	167,243	Active

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2012	Status at June 30, 2012
Nutmeg Opportunities Fund, LP	Private Investment Advisor	Oct-09	169,747	Active
Pegasus Investors IV, LP	Private Investment Advisor	Aug-07	685,535	Active
Pegasus Investors V, LP	Private Investment Advisor	May-12	1,128,263	Active
SW Pelham Fund II, LP	Private Investment Advisor	Dec-02	46,036	Active
RFE Associates VII, LP	Private Investment Advisor	Feb-08	602,195	Active
RFE Associates VIII, LP	Private Investment Advisor	Apr-12	585,928	Active
Syncom Partners V, LP	Private Investment Advisor	Apr-06	594,154	Active
Thomas H.Lee Equity Fund VI, LP	Private Investment Advisor	Jul-07	1,014,946	Active
Vista Equity Partners III, LP	Private Investment Advisor	Apr-08	462,644	Active
Vista Equity Partners IV, LP	Private Investment Advisor	May-12	1,027,294	Active
Wellspring Capital Partners V, LP	Private Investment Advisor	Oct-10	1,620,773	Active
Yucaipa American Alliance Fund, LP	Private Investment Advisor	Jul-08	958,484	Active
Total Private Equity Advisor Compensation			**$24,918,653**	
Custodian Advisory Services				
State Street Bank & Trust Company	Custody Investment Advisor	Mar-96	$2,122,148	Active
Total Custodian Advisor Compensation			**$2,122,148**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$96,534,108**	
CONSULTING SERVICES				
CRA Rogers Casey	Consultant -Pension Funds	Jan-01	$123,539	Terminated
Franklin Park Associates LLC	Consultant -Private Investment	Jul-04	989,873	Active
Hewitt EnnisKnupp Inc.	Consultant -CIF	Aug-11	298,945	Active
Mercer Investment Consulting	Consultant -Pension Funds	Oct-07	127,625	Terminated
New England Pension Consultants(NEPC)	Consultant -Pension Funds	Jun-08	443,805	Active
The Townsend Group	Consultant -Pension Funds	Mar-08	250,000	Active
TOTAL CONSULTING SERVICES COMPENSATION			**$2,233,787**	
MISCELLANEOUS SERVICES				
Baker & Botts	Legal Services	Sep-10	$21,088	Active
Day Pitney	Legal Services	Jun-03	6,289	Active
Edwards, Wildman, & Palmer	Legal Services	Mar-12	195,790	Active
Groom Law Group	Legal Services	Feb-08	27,215	Active
Lowe & Associates	Legal Services	Sep-10	7,349	Active
McCarter & English	Legal Services	Sep-08	50,098	Active
Nixon & Peabody	Legal Services	May-01	7,378	Active
Pullman & Comley	Legal Services	Jul-03	20,092	Active
Reinhart Boerner Van Deuren	Legal Services	Dec-07	55,776	Active
Teigland-Hunt	Legal Services	Sep-10	66,792	Active
A & A Office Systems	Photocopier Lease	N/A	5,282	Active
Advanced Corporate Networking	Computer Hardware	N/A	9,989	Active
BBI Technologies	Recording Equipment	N/A	5,559	Active
Bloomberg Financial LP	Subscription	N/A	46,469	Active
Council of Institutional Investors	Membership Dues	N/A	30,000	Active
Institutional Shareholder Services	Proxy Voting	Nov-99	67,640	Active
Investor Responsibility Support Services	Asset Recovery	Dec-02	22,917	Active
JP Morgan Chase Bank	PC Card Purchases	N/A	13,808	Active
Murphy Security Services	Security Services	N/A	7,458	Active
PRI Association	Subscription	N/A	10,363	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$677,352**	
GRAND TOTAL			**$99,445,247**	

(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.

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT
JUNE 30, 2012

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
LIQUIDITY (LF)				
State Street Global Advisors	Active	$	279,336,380	18.24%
Payden & Rygel	Active		170,524,168	11.13%
PIMCO	Active		204,091,731	13.33%
Ambassador Capital Management	Active		231,754,111	15.13%
Lazard	Active		314,015,710	20.51%
Colchester Global Investors Ltd.	Active		331,668,261	21.66%
SUBTOTAL LF		**$**	**1,531,390,361**	**100.00%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**4,162,297,028**	**64.79%**
T. Rowe Price Associates	Enhanced - Index		983,532,836	15.31%
State Street Global Advisors	Passive - Indexed		3,178,764,192	49.48%
Active Extension			**769,152,355**	**11.97%**
Pyramis	Active		375,921,171	5.85%
Numeric	Active		393,231,184	6.12%
All Cap			**348,021,423**	**5.41%**
Capital Prospects	Active		176,264,997	2.74%
FIS Group, Inc.	Active		171,756,426	2.67%
Small/Mid Cap			**421,409,816**	**6.56%**
Frontier Capital Mgmt Co	Active		247,965,031	3.86%
Bivium	Active		173,444,785	2.70%
Other (1)			**723,809,703**	**11.27%**
SUBTOTAL MEF		**$**	**6,424,690,325**	**100.00%**
CORE FIXED INCOME FUND (CFIF)				
State Street Global Advisors	Passive	$	944,296,260	36.09%
BlackRock Financial Management, Inc.	Active		620,720,386	23.72%
Wellington	Active		556,862,638	21.28%
Conning-Goodwin Capital	Active		340,263,626	13.01%
Progress	Active		144,270,249	5.51%
Other (1)			**10,273,305**	**0.39%**
SUBTOTAL CFIF		**$**	**2,616,686,464**	**100.00%**
INFLATION LINKED BOND FUND (ILBF)				
Brown Brothers Harriman	Active	$	548,902,708	58.52%
Hartford Investment Mgmt Co.	Active		388,196,517	41.38%
Other (1)			**915,442**	**0.10%**
SUBTOTAL ILBF		**$**	**938,014,667**	**100.00%**
EMERGING MARKET DEBT FUND (EMDF)				
Ashmore	Active	$	339,152,111	28.21%
Stone Harbor Investment Partners	Active		305,793,130	25.44%
ING Investment Management	Active		221,043,452	18.39%
Pyramis	Active		160,050,841	13.31%
UBS Global Asset Management	Active		176,467,698	14.68%
Other (1)			**(414,035)**	**-0.03%**
SUBTOTAL EMDF		**$**	**1,202,093,197**	**100.00%**
HIGH YIELD DEBT FUND (HYDF)				
Loomis Sayles & Co., Inc.	Active	$	221,106,529	31.11%
Stone Harbor Investment Partners	Active		98,407,275	13.84%
Shenkman Capital Management	Active		240,152,137	33.79%
Oaktree Capital Management, L.L.C.	Active		147,557,344	20.76%
Other (1)			**3,545,501**	**0.50%**
SUBTOTAL HYDF		**$**	**710,768,786**	**100.00%**

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2012

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
DEVELOPED MARKET INTERNATIONAL STOCK FUND (DMISF)				
Index		**$**	**968,808,402**	**20.94%**
State Street Global Advisors	Index-Passive		968,808,402	20.94%
Core			**1,088,743,990**	**23.53%**
Invesco Global Asset Mgmt.	Active		186,523,851	4.03%
AQR Capital Management	Active		595,034,605	12.86%
Acadian Asset Management	Active		201,056,191	4.35%
Artio Global	Active		4,310,068	0.09%
Progress	Active		101,819,275	2.20%
Active-Growth			**596,440,009**	**12.89%**
MFS Institutional Advisors, Inc.	Active		596,440,009	12.89%
Active-Value			**512,298,986**	**11.07%**
Grantham, Mayo, Van Otterloo	Active		512,298,986	11.07%
Small Cap			**716,765,283**	**15.50%**
Schroder Investment Mgmt.	Active		241,331,347	5.22%
Dimensional Fund Advisors	Active		210,237,891	4.55%
William Blair & Company	Active		265,196,045	5.73%
Risk Controlled			**693,206,424**	**14.98%**
BlackRock	Active-Long/Short		332,807,897	7.19%
Pyramis	Active-Long/Short		360,398,527	7.79%
Other (1)			**49,900,970**	**1.09%**
SUBTOTAL DMISF		**$**	**4,626,164,064**	**100.00%**
EMERGING MARKET INTERNATIONAL STOCK FUND (EMISF)				
Aberdeen Asset Management	Active	$	618,151,872	27.75%
Schroders Investment Mgt	Active		441,382,085	19.82%
Grantham, Mayo, Van Otterloo	Active		601,112,894	26.99%
Emerging Markets Management	Active		563,220,882	25.28%
Other (1)			**3,608,774**	**0.16%**
SUBTOTAL EMISF		**$**	**2,227,476,507**	**100.00%**
REAL ESTATE FUND (REF)				
1800 E. St. Andrew Place	Active	$	21,399,291	1.61%
1155 Perimeter Center West	Active		32,426,405	2.44%
AEW Partners III	Active		5,783,825	0.43%
AEW 221 Trust	Active		991,995	0.07%
AEW Core	Active		119,944	0.01%
Alliance Bernstein Legacy	Active		37,538,118	2.83%
Apollo Real Estate	Active		8,572,642	0.64%
Blackstone Real Estate VI LP	Active		115,090,862	8.66%
Blackstone Real Estate Spec Sit II LP	Active		47,143,810	3.55%
Blackstone Real Estate Partner Europe III LP	Active		20,629,325	1.55%
Canyon Johnson Urban Fund II	Active		26,697,134	2.01%
Canyon Johnson Urban Fund III	Active		27,665,762	2.08%
Capri Select Income II LLC	Active		6,620,046	0.50%
Colony Realty Partners II LP	Active		24,071,613	1.81%
Cornerstone Patriot	Active		54,470,100	4.10%
Covenant Apartment Fund V LP	Active		25,194,881	1.90%
Covenant Apartment Fund VI	Active		28,768,150	2.17%
The Glen at Lafayette Hill	Active		14,966,557	1.13%
IL & FS India Realty Fund II	Active		45,464,498	3.42%
Macfarlane Urban Real Estate Fund II LP	Active		23,015,239	1.73%
Marathon Legacy Securities PPI	Active		58,214,832	4.38%
Mullica Hill Plaza	Active		9,050,902	0.68%
North Scottsdale Corporate Center	Active		41,692,131	3.14%
Prime Property Fund	Active		137,184,300	10.33%
Rio Hill Shopping Center	Active		41,860,437	3.15%
Lone Star Real Estate Part II LP	Active		28,104,572	2.12%
RLJ Urban Lodging Fund II	Active		65,821,618	4.96%
Rocky Creek Apartments	Active		15,673,478	1.18%
Rockwood Capital Fund V	Active		8,685,424	0.65%
Rockwood Capital VI Limited Partnership	Active		14,882,764	1.12%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2012

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Rockwood Capital VII Limited Partnership	Active		25,629,615	1.93%
Starwood Opportunity Fund VII	Active		35,941,250	2.71%
Starwood Opportunity Fund VIII	Active		47,612,214	3.58%
Urban Strategy America Fund LP	Active		31,310,299	2.36%
Walton Street Real Estate	Active		17,755,944	1.34%
WLR IV PPIP Co Invest LP	Active		34,668,000	2.61%
Other [(3)]	**Active**		**147,653,866**	**11.12%**
SUBTOTAL REF		**$**	**1,328,371,843**	**100.00%**
COMMERCIAL MORTGAGE FUND (CMF)				
AEW Capital Management	Active	$	541,930	70.51%
Other [(2)]			**226,624**	**29.49%**
SUBTOTAL CMF		**$**	**768,554**	**100.00%**
PRIVATE INVESTMENT FUND (PIF)				
Buyout		**$**	**1,174,204,673**	**45.65%**
KKR Millennium Fund	Active		73,495,661	2.86%
Yucaipa American Alliance Fund II LP	Active		79,365,174	3.09%
Hicks, Muse Tate & Furst Equity Fund III	Active		17,932,641	0.70%
Thomas H. Lee Equity Fund VI	Active		77,557,413	3.02%
Welsh Carson Anderson & Stowe VIII	Active		422,253	0.02%
Wellspring Capital Partners III	Active		19,580,824	0.76%
SCP Private Equity Partners	Active		621,826	0.02%
TA XI, L.P.	Active		29,751,713	1.16%
Charterhouse Equity Partners IV	Active		55,377,597	2.15%
DLJ Merchant Banking Fund II	Active		2,431,921	0.09%
KKR 1996 Fund	Active		629,651	0.02%
FS Equity Partners V	Active		52,387,534	2.04%
FS Equity Partners VI	Active		39,474,063	1.53%
Blackstone Capital Partners III	Active		209,950	0.01%
Thayer Equity Investors IV	Active		1,701,562	0.07%
JFL Equity Investors III, LP	Active		16,912,250	0.66%
Green Equity Investors III	Active		2,326,046	0.09%
Wellspring Capital Partners V	Active		14,468,002	0.56%
Candover 2008 Fund	Active		6,022,107	0.23%
Leeds Equity Partners V LP	Active		17,326,364	0.67%
Welsh Carson Anderson & Stowe XI	Active		63,606,955	2.47%
AIG Healthcare Partners LP	Active		23,378,656	0.91%
AIG Altaris Health Partners II	Active		17,946,494	0.70%
Welsh Carson Anderson & Stowe X LP	Active		81,978,161	3.19%
Court Square Capital Partners II	Active		105,630,317	4.11%
Ethos Private Equity Fund V	Active		37,210,490	1.45%
Boston Ventures VII	Active		55,652,298	2.16%
KKR 2006 Fund	Active		100,730,365	3.92%
Nogales Investors Fund II	Active		14,210,892	0.55%
ICV Partners II LP	Active		25,236,479	0.98%
Vista Equity Partners Fund III	Active		71,830,732	2.79%
Vista Equity Partners Fund IV	Active		24,252,877	0.94%
RFE Investments Partners VIII	Active		3,204,998	0.12%
RFE Investments Partners	Active		435,047	0.02%
RFE Investment Partners VII	Active		40,905,360	1.59%
Venture Capital			**15,912,459**	**0.62%**
Conning Capital Partners V	Active		502,279	0.03%
Grotech Partners V	Active		806,060	0.03%
Crescendo III	Active		1,114,844	0.04%
Syndicated Communications	Active		13,489,276	0.52%
Mezzanine			**72,823,800**	**2.83%**
SW Pelham Fund	Active		1,014,263	0.04%
Audax Mezzanine III Limited Partnership	Active		13,735,229	0.53%

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2012

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
GarMark Partners	Active	519,396	0.02%
GarMark Partners II LP	Active	57,237,255	2.23%
SW Pelham Fund II	Active	317,657	0.01%
International		**90,527,205**	**3.51%**
Compass Partners European Equity Fund	Active	1,143,870	0.04%
Gilbert Global Equity Partners	Active	64,111,035	2.49%
AIG Global Emerging Markets Fund	Active	3,870,014	0.15%
Carlyle Asia Partners	Active	21,402,286	0.83%
Fund of Funds		**775,078,791**	**30.13%**
The Constitution Liquidating Fund	Active	102,378,657	3.98%
Landmark Private Equity Fund VIII	Active	20,936,215	0.81%
CS/CT Cleantech Opp Fund	Active	15,117,707	0.59%
CT Emerging Pvt Equity	Active	31,618,138	1.23%
Fairview Constitution III	Active	195,523,769	7.60%
Goldman Sachs Private Equity Partners Connecticut	Active	3,605,696	0.14%
Lexington Capital Partners II	Active	2,127,459	0.08%
Stepstone Pioneer Capital I LP	Active	38,552,576	1.50%
Stepstone Pioneer Capital II LP	Active	122,050,141	4.75%
Fairview Constitution II LP	Active	164,406,076	6.39%
Fairview Constitution IV LP	Active	2,044,751	0.08%
Connecticut Horizon Legacy	Active	6,558,257	0.25%
Landmark Equity Partners XIV LP	Active	46,085,298	1.79%
JP Morgan Nutmeg I	Active	24,074,051	0.94%
Special Situations		**298,115,494**	**11.60%**
Welsh Carson Anderson & Stowe Capital Partners III	Active	11,165,341	0.43%
Levine Leichtman Capital Partners IV LP	Active	63,229,532	2.46%
Greenwich Street Capital Partners II	Active	497,922	0.02%
Pegasus Partners IV	Active	101,794,479	3.96%
Pegasus Partners V	Active	24,097,486	0.94%
WLR Recovery Fund IV	Active	79,675,323	3.10%
KPS Special Situations Fund II	Active	17,655,411	0.69%
Other (3)		**145,484,306**	**5.66%**
SUBTOTAL PIF		**$ 2,572,146,728**	**100.00%**
ALTERNATIVE INVESTMENT FUND (AIF)			
Arclight Energy Partners Fund	Active	$ 4,066,145	0.74%
Energy Fund XV Limited Partnership	Active	32,069,426	5.84%
Prudence Crandall I Permal Limited Partnership	Active	147,817,950	26.92%
Prudence Crandall II Prisma Limited Partnership	Active	151,192,950	27.54%
Prudence Crandall III Rock Creek Ltd Partnership	Active	99,950,700	18.20%
Prudence Crandall IV K2 Limited Partnership	Active	97,783,200	17.81%
Other (3)		**16,217,715**	**2.95%**
SUBTOTAL AIF		**$ 549,098,086**	**100.00%**
TOTAL		**$ 24,727,669,582**	
Adjustments (4)		**(750,907,684)**	
GRAND TOTAL		**$ 23,976,761,898**	

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

(4) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in the Liquidity Fund.

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABACUS SECURITIES CORPORATION	$ 1,132.62	423,900.00	0.00
ABEL NOSER CORPORATION	8,055.10	164,555.00	0.05
ABG SECURITIES INC	22.48	658.00	0.03
ABG SECURITIES LIMITED	3,485.88	153,196.00	0.02
ABG SUNDAL COLLIER NORGE ASA	65.82	3,495.00	0.02
ABM AMRO HOARE GOVETT ASIA LTD, SEOUL	1,059.10	68,235.00	0.02
ABN AMRO ASIA LIMITED	10,961.32	9,401,800.00	0.00
ABN AMRO ASIA SECURITIES (SINGAPORE) PTE	272.09	46,000.00	0.01
ABN AMRO BANK N. V. HONG KONG	11,015.74	3,673,800.00	0.00
ABN AMRO BANK N.V. FORMELY KNO	4,107.00	73,367.00	0.06
ABN AMRO BANK NV HONG KONG BRANCH	684.87	669,500.00	0.00
ACCESS SECURITIES INC	14,430.60	546,870.00	0.03
ACTINVER CASA DE BOLSA SA DE CV	4,633.74	813,300.00	0.01
ALARIS TRADING PARTNERS LLC	319.92	12,796.00	0.03
ALBERT FRIED & COMPANY LLC	955.00	19,100.00	0.05
ALLEN & COMPANY LLC	6,497.50	221,600.00	0.03
ALTRUSHARE SECURITIES LLC	3,181.32	106,044.00	0.03
AMERICAN PORTFOLIOS FINANIAL	384.20	9,605.00	0.04
AMERICAS/DEUTSCHE BANK AG LONDON	54.00	2,700.00	0.02
APEX CLEARING CORPORATION	2,390.15	1,112,039.45	0.00
APEX CLEARING CORPORATION/SANTANDER	806.36	319,900.00	0.00
AQUA SECURITIES LP	8.00	400.00	0.02
ASSENT LLC	457.83	43,829.00	0.01
ATA SECURITIES INC. (ISTANBUL)	18,349.99	5,250,101.00	0.00
ATLANTIC EQUITIES LP	3,416.55	99,385.00	0.03
AUTREPAT-DIV RE	8,459.66	804,021.96	0.01
AVONDALE PARTNERS LLC	6,314.29	164,386.00	0.04
BANCA IMIS.P.A.	17.32	3,200.00	0.01
BANCO BILBAO VIZCAYA ARGENTARI	960.68	129,341.00	0.01
BANCO DE INVESTIMENTOS CREDIT	1,282.90	161,461.00	0.01
BANCO ITAU S.A.	426.65	12,080.00	0.04
BANCO ITAU SA	47,034.41	2,580,138.00	0.02
BANCO PACTUAL S.A.	34,168.11	2,305,350.00	0.01
BANCO SANTANDER BRASIL SA	4,849.46	4,903,300.00	0.00
BANCO SANTANDER CENTRAL HISPANO	64,099.43	274,936,722.00	0.00
BANCO SANTANDER DE NEGOCIOS	2,755.96	98,752,915.00	0.00
BANCO SANTANDER MEXICANO, S.A.	3,195.58	296,600.00	0.01
BANCO SANTANDER SERFIN SA	287.58	1,143,800.00	0.00
BANK J.VONTOBEL UND CO. AG	2,876.01	15,597.00	0.18
BANK OF NEW YORK BRUSSELS	1,211.37	310,700.00	0.00
BANQUE NATIONAL DE PARIS	621.95	6,095,900.00	0.00
BARCLAYS BANK PLC	7,974.33	76,666,489.00	0.00
BARCLAYS CAPITAL	73,781.61	37,363,559,365.54	0.00
BARCLAYS CAPITAL INC.	73,686.16	3,236,776,231.62	0.00
BARCLAYS CAPITAL INC./LE	3,223.48	1,667,481.00	0.00
BARCLAYS CAPITAL LE	52,226.84	4,656,813.00	0.01
BARCLAYS CTVM S.A.	11,772.50	501,500.00	0.02
BARRINGTON RESEARCH ASSOCIATES INC.	1,056.00	21,845.00	0.05
BEAR STEARNS SECURITIES CORP	396.00	13,200.00	0.03
BLAYLOCK ROBERT VAN LLC	1,222.96	293,782.00	0.00
BLEY INVESTMENT GROUP	10,468.22	332,710.00	0.03
BLOOMBERGTRADEBOOK LLC	11,149.23	426,639.00	0.03
BMO CAPITAL MARKETS	955.55	24,951.00	0.04
BNP EQUITIES FRANCE	385.79	18,736.00	0.02
BNP PARIBAS	8,668.90	31,693,400.00	0.00
BNP PARIBAS PEREGRINE SECS PT	16,996.04	16,716,608.00	0.00
BNP PARIBAS SECURITIES (ASIA) LTD.	62,524.04	18,325,026.00	0.00
BNP PARIBAS SECURITIES SERVICE	748.96	25,993.00	0.03
BNP PARIBAS SECURITIES SERVICES	3,391.85	497,325.00	0.01
BNY BROKERAGE	2,988.47	93,884.00	0.03
BNY BROKERAGE INC	45.53	9,105.00	0.01
BNY CONVERGEX LJR	1,367.10	57,952.00	0.02
BOCI SECURITIES LIMITED	331.23	138,000.00	0.00
BOE SECURITIES INC/BROADCORT CAP CORP	12,969.57	432,319.00	0.03
BRADESCO S.A CTVM	8,091.73	298,484.00	0.03
BREAN MURRAY, CARRET& CO., LLC	3,013.75	66,985.00	0.04
BROADCORTCAPITAL (THRU ML)	209.40	18,060.00	0.01
BROCKHOUSE + COOPER INC MONTREAL	3,677.14	362,166.00	0.01
BTG CAPITAL CORP	22,113.57	737,119.00	0.03
BTIG HONGKONG LIMITED	185.73	80,800.00	0.00
BTIG LLC	37.79	5,057.00	0.01
BTIG, LLC	6,954.24	254,647.00	0.03
BUCKINGHAM RESEARCH GROUP INC	560.36	14,009.00	0.04
CABRERA CAPITAL MARKETS	11,634.91	383,998.00	0.03
CACEIS BANK DEUTSCHLAND GMBH	7,048.93	270,372.00	0.03
CADIZ STOCK BROKING	555.94	29,786.00	0.02
CALYON (SECURITIES) (FORMERLY CREDIT LYO	363.70	18,574.00	0.02
CANACCORDADAMS INC.	366.44	8,958.00	0.04
CANACCORDADAMS LIMITED	184.27	139,761.00	0.00
CANACCORDGENUITY CORP.	4,451.52	1,262,142.00	0.00
CANACCORDGENUITY INC	21,430.15	533,425.00	0.04
CANTOR CLEARING SERVICES	3,205.15	68,753.00	0.05
CANTOR FITZGERALD & CO / CASTLEOAK SEC	3,096.72	1,123,224.00	0.00
CANTOR FITZGERALD + CO.	39,882.44	15,762,644.00	0.00
CANTOR FITZGERALD AND CO	21.98	209,629.00	0.00
CANTOR FITZGERALD EUROPE	5,691.22	1,118,351.00	0.01
CANTOR FITZGERALD/CANTOR CLEARING SERV	284.00	699,200.00	0.00
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	19,401.69	788,726.00	0.02
CARIS + COMPANY INC	2,699.75	53,995.00	0.05
CARNEGIE	306.85	17,000.00	0.02
CARNEGIE A S	459.37	92,566.00	0.00
CARNEGIE BANK A.S.	1,715.03	44,140.00	0.04
CARNEGIE SECURITIES FINLAND	154.38	8,621.00	0.02
CELFIN CAPITAL SA CORREDORES DE BOLSA	2,160.29	48,069.00	0.04
CENTRO INTERNATIONALE HANDELSBANK	1,436.45	24,520.00	0.06
CHARLES SCHWAB & CO INC	1,163.38	364,409.00	0.00
CHINA INTERNATIONAL CAPITAL CO	2,649.89	2,636,500.00	0.00
CIBC WORLD MKTS INC	10,825.69	269,919.00	0.04
CITATION GROUP	87.23	8,723.00	0.01
CITIBANK AG	650.90	4,603.00	0.14
CITIBANK AS PRAHA	616.44	5,841.00	0.11
CITIBANK INTERNATIONAL PLC	1,064.14	15,351.00	0.07
CITIBANK LIMITED	172.37	37,913.00	0.00
CITIBANK MEXICO	1,083.56	241,700.00	0.00
CITIBANK N.A.	9,572.20	3,374,575,615.00	0.00
CITIBANK N.A. ISTANBUL	2,712.63	637,124.00	0.00
CITIC SECURITIES COMPANY LIMITED	53.49	13,700.00	0.00
CITIGROUPGLBL MARKTET KOERA SECS LTD	43,141.41	781,314.00	0.06
CITIGROUPGLOBAL MARKETS ASIA LIMITED	557.76	36,000.00	0.02
CITIGROUPGLOBAL MARKETS AUSTRALIA PTY	1,650.40	1,126,605.00	0.00
CITIGROUPGLOBAL MARKETS INC	86,456.16	1,317,820,638.00	0.00
CITIGROUPGLOBAL MARKETS INC.	201,735.44	17,235,632,777.33	0.00
CITIGROUPGLOBAL MARKETS LIMITED	198,285.54	589,870,877.52	0.00
CITIGROUPGLOBAL MARKETS SINGAPORE SECUR	10.50	12,000.00	0.00
CITIGROUPGLOBAL MARKETS UK EQUITY LTD	43,981.28	9,505,626.00	0.00
CJS SECURITIES INC	150.00	3,000.00	0.05
CLSA AUSTRALIA PTY LTD	2,462.60	232,892.00	0.01
CLSA SECURITIES KOREA LTD.	14,934.22	105,417.00	0.14
CLSA SECURITIES MALAYSIA SDN BHD	208.25	138,244.00	0.00
CLSA SINGAPORE PTE LTD.	22,145.53	14,659,282.00	0.00
COLLINS STEWART	101.86	25,000.00	0.00
COLLINS STEWART + CO	41.32	12,341.00	0.00
COLLINS STEWART LLC	2,284.80	70,136.00	0.03
COMMERCE INTL MERCHANT BANKERS	3,321.74	2,966,862.00	0.00
COMMERZBANK AG	1,312.04	226,636.00	0.01
COMPASS POINT RESEARCH + TRADING, LLC	4,266.56	143,906.00	0.03
CONVERGEXEXECUTION SOLUTIONS LLC	83,538.48	2,199,664.00	0.04
CORE PACIFIC SECURITIES INTL LIMITED	119.23	49,000.00	0.00
COWEN ANDCOMPANY, LLC	18,455.71	501,650.00	0.04
CRAIG - HALLUM	12,440.45	358,348.00	0.03
CREDIT AGRICLE INDOSUEZ	1,198.02	95,488.00	0.01
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	86,207.73	10,961,041.00	0.01
CREDIT AGRICOLE SECURITIES (USA) INC	20,623.06	1,271,191.00	0.02
CREDIT LYONNAIS SECURITIES (ASIA)	2,793.90	795,000.00	0.00
CREDIT LYONNAIS SECURITIES (USA) INC	49,342.58	28,453,071.00	0.00
CREDIT LYONNAIS SECURITIES ASIA GUERNSEY	577.80	225,910.00	0.00
CREDIT LYONNAIS SECURITIES(ASIA)	19,891.93	15,812,580.00	0.00
CREDIT RESEARCH + TRADING LLC	15,881.50	537,500.00	0.03
CREDIT SUISSE FIRST BOSTON	1,830.98	7,785,000.00	0.00
CREDIT SUISSE FIRST BOSTON (EUROPE)	52,193.62	464,843.00	0.11
CREDIT SUISSE FIRST BOSTON SA CTVM	25,099.34	1,548,603.00	0.02
CREDIT SUISSE SECURITIES (EUROPE) LTD	194,312.79	96,887,212.00	0.00
CREDIT SUISSE SECURITIES (USA) LLC	376,382.49	6,476,203,525.10	0.00
CROWELL, WEEDON & CO., INC.	56.20	5,620.00	0.01
CS FIRST BOSTON (HONG KONG) LIMITED	79,572.76	42,225,532.00	0.00
CSFB AUSTRALIA EQUITIES LTD	8,093.32	947,246.00	0.01
CSI US INSTITUTIONAL DESK	3,266.61	94,987.00	0.03
D CARNEGIE AG	4,863.41	145,574.00	0.03
DAEWOO SECURITIES CO LTD	9,656.47	124,940.00	0.08
DAHLMAN ROSE + COMPANY LLC	962.00	25,300.00	0.04
DAIWA SECS SB CAPITAL MARKETS (ASIA) LTD	206.37	9,100.00	0.02
DAIWA SECURITIES (HK) LTD.	21,448.41	9,365,115.00	0.00
DAIWA SECURITIES AMERICA INC	19,170.35	1,829,029.00	0.01
DANSKE BANK A.S.	2,984.68	6,156,824.00	0.00
DAVENPORT& CO. OF VIRGINIA, INC.	126.16	3,154.00	0.04
DAVIDSON D.A. + COMPANY INC.	2,653.26	66,447.00	0.04
DAVY STOCKBROKERS	991.41	2,497,173.00	0.00
DBS VICKERS (HONG KONG) LIMITED	4,780.03	2,568,610.00	0.00
DBS VICKERS SECURITIES (SINGAPORE)	10,141.78	3,663,594.00	0.00
DEAGROATT+ CAMPBELL SDN BHD	4,652.26	1,163,500.00	0.00
DENIZ YATIRIM MENKUL DEGERLER A.S.	359.57	141,338.00	0.00
DEUTSCHE BANK (MALAYSIA) BERHAD	90.48	25,400.00	0.00
DEUTSCHE BANK AG	336.07	48,003,452.11	0.00
DEUTSCHE BANK AG LONDON	103,718.33	7,554,522,345.23	0.00
DEUTSCHE BANK ALEX BROWN	197.65	643,953.00	0.00
DEUTSCHE BANK DE BARY AMSTERDAM	1,031.47	20,166.00	0.05
DEUTSCHE BANK OOO	42.30	6,565.00	0.01
DEUTSCHE BANK SECURITIES INC	302,979.92	11,505,613,689.49	0.00
DEUTSCHE MORGAN GRENFELL SECS	2,783.93	1,117,893.00	0.00
DEUTSCHE SECURITIES ASIA LIMITED	56,071.75	26,371,959.00	0.00
DEUTSCHE SECURITIES ASIA LTD	1,285.95	21,328.00	0.06
DEUTSCHE SECURITIES INC	131.28	1,740.00	0.08

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
DIRECT ACCESS PARTNERS LLC	1,527.14	61,145.00	0.02
DIVINE CAPITAL MARKETS LLC	9,031.21	325,787.00	0.03
DONGWON SECURITIES	15,136.02	216,221.00	0.07
DOUGHERTYCOMPANY	4,741.31	125,612.00	0.04
DOWLING &PARTNERS	11,014.50	415,700.00	0.03
DUNDAS UNLU SECURITIES INC.	16,899.90	3,710,467.00	0.00
ECZACIBASI MENKUL DEGERLER A.S.	190.82	57,207.00	0.00
EFG ISTANBUL MENKUL DE ERLER ANONIM SIR	2,097.74	451,425.00	0.00
EUROCLEARBANK SA NV	742.84	32,294,391.00	0.00
EVOLUTIONBEESON GREGORY LIMITED	1,194.21	85,770.00	0.01
EXANE S.A.	12,569.41	768,253.00	0.02
EXECUTION(HONG KONG) LIMITED	4,177.97	5,631,320.00	0.00
FATOR - DORIA ATHERINO S.A CV	1,813.74	63,000.00	0.03
FIG PARTNERS LLC	5,733.52	241,818.00	0.02
FINANCIALBROKERAGE GROUP (FBG)	9,395.35	966,208.00	0.01
FIRST ANALYSIS SECURITIES CORP	2,720.35	70,490.00	0.04
FIRST CLEARING, LLC	46.20	1,155.00	0.04
FIRST SOUTHWEST COMPANY	2,392.00	59,800.00	0.04
FOKUS BANK ASA	693.42	20,020.00	0.03
FRANK RUSSELL SEC/BROADCORT CAP CLEARING	412.89	15,392.00	0.03
FRIEDMAN BILLINGS + RAMSEY	12,597.06	365,416.00	0.03
G TRADE SERVICES LTD	10,309.15	3,076,319.00	0.00
GARDNER RICH & CO	481.49	2,424,138.00	0.00
GBM INTERNATIONAL INC.	3,480.62	369,800.00	0.01
GILFORD SECURITIES	49.80	1,245.00	0.04
GLOBAL HUNTER SECURITIES, LLC	402.80	10,070.00	0.04
GMP SECURITIES LTD.	1,477.41	36,576.00	0.04
GOLDMAN SACHS (ASIA) L.L.C.	606.08	31,000.00	0.02
GOLDMAN SACHS (ASIA) LLC	6,421.93	58,369.00	0.11
GOLDMAN SACHS + CO	196,096.89	12,916,301,642.28	0.00
GOLDMAN SACHS DO BRASIL BANCO MULTI AVEN	12,118.20	1,012,972.00	0.01
GOLDMAN SACHS DO BRASIL CORRETORA	17,632.28	843,765.00	0.02
GOLDMAN SACHS INTERNATIONAL	152,157.35	52,773,540.81	0.00
GOLDMAN SACHS(ASIA)L.L.C.	730.62	375,000.00	0.00
GOODBODY STOCKBROKERS	660.15	9,204.00	0.07
GORDON HASKETT	251.00	10,300.00	0.02
GREAT PACIFIC SECURITIES INC.	96.00	2,400.00	0.04
GREEN STREET ADVISORS	260.00	6,500.00	0.04
GREENTREEBROKERAGE SERVICES INC	3,115.10	107,780.00	0.03
GUGGENHEIM CAPITAL MARKETS LLC	385.40	15,782.00	0.02
GUGGENHEIM CAPITAL, LLC	1,027.45	57,975.00	0.02
GUZMAN AND COMPANY	2,946.20	294,620.00	0.01
H RIVKIN	54.61	2,200.00	0.02
HANNURI INVESTMENT + SECURITIES	281.28	990.00	0.28
HEDGING GRIFFO COR DE VAL S.A	47.43	1,100.00	0.04
HEEVERS &CO. INC.	5,884.36	213,041.00	0.03
HEFLIN + CO LLC	1,032.37	31,910.00	0.03
HEIGHT SECURITIES, LLC	120.00	3,000.00	0.04
HIBERNIA SOUTHCOAST CAPITAL INC	2,116.38	54,636.00	0.04
HONGKONG + SHANGHAI BANKING	1,152.97	661,000.00	0.00
HONGKONG AND SHANGHAI BANKING CORP	26,413.24	7,739,200.00	0.00
HONGKONG AND SHANGHAI BKG CORP	169.00	33,090.00	0.01
HOWARD WEIL DIVISION LEGG MASON	8,413.45	190,844.00	0.04
HSBC BANKPLC	38,831.29	3,434,008,585.17	0.00
HSBC BROKERAGE (USA) INC.	458.00	15,000.00	0.03
HSBC JAMES CAPEL SEOUL	9,292.99	308,845.00	0.03
HSBC SECURITIES (USA) INC.	56,092.58	25,326,141,384.94	0.00
HSBC SECURITIES (USA), INC.	100.00	110,002,500.00	0.00
HSBC SECURITIES THAILAND LTD	335.69	17,200.00	0.02
HUDSON SECURITIES INC	367.64	12,073.00	0.03
ICAP DO BRASIL DTVM LTDA	458.17	19,265.00	0.02
ICHIYOSHISECURITIES CO.,LTD.	160.12	15,000.00	0.01
ING BANK N V	15,503.77	1,024,856.00	0.02
ING FINANCIAL MARKETS LLC	9,037.01	480,977,968.00	0.00
INSTINET	29,121.91	1,357,900.11	0.02
INSTINET AUSTRALIA CLEARING SRVC PTY LTD	1,723.02	2,396,378.00	0.00
INSTINET CANADA	1,499.14	426,856.00	0.00
INSTINET EUROPE LIMITED	50.90	20,700.00	0.00
INSTINET LLC	2,832.20	328,552.00	0.01
INSTINET PACIFIC LIMITED	29,287.32	19,281,987.00	0.00
INSTINET SINGAPORE SERVICES PT	948.90	898,000.00	0.00
INSTINET U.K. LTD	42,970.25	19,182,766.00	0.00
INTERCAM CASA DE BOLSA S.A. DE C.V.	6,534.61	1,137,077.00	0.01
INTERMONTE SEC SIM SPA	2,593.26	49,880.00	0.05
INVESTEC BANK PLC	12,389.61	2,828,186.00	0.00
INVESTEC HENDERSON CROSTHWAITE	7,228.81	439,291.00	0.02
INVESTEC SECURITIES LTD	1,250.67	81,349.00	0.02
INVESTMENT TECHNOLOGY GROUP INC.	33,239.42	2,857,126.00	0.01
INVESTMENT TECHNOLOGY GROUP LTD	23,098.90	5,378,143.00	0.00
IS YATIRIM MENKUL DEGERLER AS	652.92	30,010.00	0.02
ISI GROUPINC	13,174.20	373,625.00	0.04
ISLAND TRADER SECURITIES INC	5,800.99	306,885.00	0.02
ITAU USA SECURITIES INC	20,282.85	791,095.00	0.03
ITG AUSTRALIA LTD.	5,135.34	4,540,202.00	0.00
ITG CANADA	658.28	73,366.00	0.01
ITG INC	1,638.91	156,662.00	0.01
ITG INC.	2,651.31	355,206.00	0.01
ITG SECURITIES (HK) LTD	14,962.65	12,340,224.00	0.00
IVY SECURITIES, INC.	800.04	34,168.00	0.02
J AND E DAVY	1,635.73	263,962.00	0.01
J P MORGAN SECURITIES INC	70,441.52	639,186,689.22	0.00
J.P. MORGAN CLEARING CORP.	132,933.04	34,195,189.89	0.00
J.P. MORGAN SECURITIES INC.	72,382.80	7,829,876.00	0.01
J.P. MORGAN SECURITIES LIMITED	14,421.49	1,696,710.00	0.01
J.P.MORGAN SECURITIES(FAR EAST)LTD SEOUL	29,194.93	254,857.00	0.11
JACKSON SECURITIES	1,478.00	125,100.00	0.01
JANNEY MONTGOMERY, SCOTT INC	1,072.18	290,859.00	0.00
JEFFERIES+ CO	646.60	1,475,912.00	0.00
JEFFERIES+ COMPANY INC	30,673.08	91,506,370.20	0.00
JEFFERIESINTERNATIONAL LTD	12,834.67	12,981,721.00	0.00
JMP SECURITIES	5,961.09	138,427.00	0.04
JOH BERENBERG GOSSLER AND CO	4,213.11	201,553.00	0.02
JOHNSON RICE + CO	4,771.32	126,737.00	0.04
JONESTRADING INSTITUTIONAL SERVICES LLC	10,067.82	406,596.00	0.02
JP MORGANSECURITIES AUSTRALIA LTD	9,965.39	1,882,507.00	0.01
JP MORGANSECURITIES INC	15.16	612,081,700.00	0.00
JP MORGANSECURITIES PLC	171,156.82	60,061,901,089.41	0.00
JP MORGNASECURITIES SINGAPORE	11,204.01	10,169,365.00	0.00
JPMORGAN CHASE BANK N.A. LONDON	3,784.82	134,748.00	0.03
JPMORGAN CHASE BANK, N.A.	45.92	407.00	0.11
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	112,369.64	59,192,452.00	0.00
JPMSL/EQUITIES,LDN	817.54	50,754.00	0.02
KAS-ASSOCIATIE N.V.	2,286.27	76,994.00	0.03
KBC PEEL HUNT LTD	1,170.35	203,100.00	0.01
KEEFE BRUYETTE + WOODS INC	16,956.99	477,780.00	0.04
KEEFE BRUYETTE AND WOOD LIMITED	3,116.75	2,681,000.00	0.00
KEPLER EQUITIES PARIS	4,754.74	87,783.00	0.05
KEYBANC CAPITAL MARKETS INC	8,174.43	54,909,623.62	0.00
KGI SECURITIES (HONG KONG) LIMITED	194.62	356,000.00	0.00
KIM ENG SECURITIES	25,135.53	10,272,420.00	0.00
KIM ENG SECURITIES (HK) LTD.	386.99	252,000.00	0.00
KIM ENG SECURITIES (THAILAND)	975.65	96,000.00	0.01
KIM ENG SECURITIES, P.T.	4,572.84	3,153,500.00	0.00
KING, CL,& ASSOCIATES, INC	23,665.68	701,004.00	0.03
KNIGHT CLEARING SERVICES LLC	582.75	21,900.00	0.03
KNIGHT DIRECT LLC	2,948.10	372,921.00	0.01
KNIGHT EQUITY MARKETS L.P.	48,916.77	2,073,588.00	0.02
KNIGHT EXECUTION AND CLEARING	721.91	1,358,000.00	0.00
KNIGHT SECURITIES INTERNATIONAL	98.82	931,767.00	0.00
LARRAIN VIAL	28,988.27	14,778,324.00	0.00
LAZARD CAPITAL MARKETS LLC	6,247.98	1,508,307.00	0.00
LEERINK SWANN AND COMPANY	6,957.93	159,301.00	0.04
LEK SECURITIES CORP	548.74	22,887.00	0.02
LIBERUM CAPITAL LIMITED	1,282.69	20,021.00	0.06
LIQUIDNETASIA LIMITED	12,781.05	8,017,350.00	0.00
LIQUIDNETAUSTRALIA PTY LTD	755.00	443,507.00	0.00
LIQUIDNETINC	37,403.96	1,802,369.00	0.02
LONGBOW SECURITIES LLC	358.00	8,600.00	0.04
LOOP CAPITAL MARKETS	55,511.38	2,985,371.00	0.02
LQNTUK LIQUIDNET EUROPE LIMIT	54.52	6,300.00	0.01
M RAMSEY KING SECURITIES INC	6,672.47	249,493.00	0.03
MACQUARIEBANK LIMITED	10,119.84	2,181,459.00	0.00
MACQUARIEBANK LIMITED, LONDON	2,035.68	393,700.00	0.01
MACQUARIECAPITAL (EUROPE) LTD	7,138.17	1,208,702.00	0.01
MACQUARIECAPITAL (USA) INC	2,239.24	180,954.00	0.01
MACQUARIEEQUITIES LIMITED (SYDNEY)	12,776.85	1,721,991.00	0.01
MACQUARIEEQUITIES NEW YORK	3,435.48	476,368.00	0.01
MACQUARIESEC NZ LTD	149.02	125,799.00	0.00
MACQUARIESECURITIES (SINGAPORE)	22,651.98	13,295,281.00	0.00
MACQUARIESECURITIES (USA) INC	4,810.62	391,343.00	0.01
MACQUARIESECURITIES LIMITED	139,685.03	52,428,428.00	0.00
MACQUARIESECURITIES LTD SEOUL	4,928.74	29,325.00	0.17
MAINFIRSTBANK DE	1,504.79	38,484.00	0.04
MEDIOBANCA SPA	584.59	28,251.00	0.02
MELVIN SECURITIES	759.00	50,600.00	0.02
MERRILL LYNCH	411.08	629,050.00	0.00
MERRILL LYNCH (SINGAPORE) PTE LTD	757.46	1,795,000.00	0.00
MERRILL LYNCH EQUITIES (AUSTRALIA)	832.75	76,747.00	0.01
MERRILL LYNCH FAR EAST LTD	367.22	270,000.00	0.00
MERRILL LYNCH INTERNATIONAL	289,014.26	25,108,584,991.84	0.00
MERRILL LYNCH PEIRCE FENNER AND S	348,174.39	596,574,632.00	0.00
MERRILL LYNCH PIERCE FENNER + SMITH INC	156,071.14	23,711,014,774.22	0.00
MERRILL LYNCH PROFESSIONAL CLEARING CORP	99.00	588,300.00	0.00
MERRILL LYNCH, PIERCE FENNER SMITH	1.06	-	0.00
MERRIMAN CURHAN FORD + CO	38.92	973.00	0.04
MF GLOBALFXA SECURITIES LTD	143.11	9,900.00	0.01
MF GLOBALUK LIMITED	109.76	18,380.00	0.01
MILLER TABAK + COMPANY, LLC	1,066.00	41,000.00	0.03
MIRAE ASSET HONG KONG LIMITED	2,355.22	380,000.00	0.01
MIRAE ASSET SECURITIES CO., LTD	85.80	142,250.00	0.00
MISCHLER FINANCIAL GROUP, INC-EQUITIES	1,097.48	45,816.00	0.02
MITSUBISHI UFJ SECURITIES (USA)	2,472.61	65,720.00	0.04

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
MITSUBISHI UFJ SECURITIES INT PLC	2,187.61	318,900.00	0.01
MIZUHO SEC ASIA LTD	3,724.52	392,163.00	0.01
MIZUHO SECURITIES USA INC	10,522.89	1,159,241.00	0.01
MKM PARTNERS LLC	1,637.95	44,185.00	0.04
MOGAVERO LEE & CO., INC.	3,185.70	129,965.00	0.02
MONTROSE SECURITIES EQUITIES	612.50	23,500.00	0.03
MONUMENT SECURITIES LIMITED	205.01	20,600.00	0.01
MORGAN KEEGAN & CO INC	3,611.50	678,007.00	0.01
MORGAN STANLEY	560.33	2,898,751.00	0.00
MORGAN STANLEY & CO. INCORPORATED/RETAIL	1,741.50	5,056,350.00	0.00
MORGAN STANLEY + CO INTERNATIONAL	562.97	10,644.00	0.05
MORGAN STANLEY AND CO INC NY	48.13	101,000.00	0.00
MORGAN STANLEY AND CO INTERNATIONAL	26,662.56	1,544,541.00	0.02
MORGAN STANLEY AND CO INTL TAIPEI METRO	3,234.88	1,532,466.00	0.00
MORGAN STANLEY AND CO. INTERNATIONAL	89,497.46	234,388,410.09	0.00
MORGAN STANLEY CO INCORPORATED	345,008.67	2,615,164,748.42	0.00
MORGAN STANLEY DEAN WITTER AUSTRALIA	2,251.18	422,455.00	0.01
MORGAN STANLEY SECURITIES LIMITED	20,312.39	1,257,141.00	0.02
MR BEAL &COMPANY	7,374.51	245,817.00	0.03
NATIONAL FINANCIAL SERVICES CORP.	5,002.46	83,015,166.00	0.00
NATIONAL SECURITIES CO LTD	749.45	594,200.00	0.00
NBC CLEARING SERVICES INCORPORATED	1,174.59	29,975.00	0.04
NBCN CLEARING INC.	897.00	1,736,900.00	0.00
NCB STOCKBROKERS LIMITED	236.94	17,069.00	0.01
NEEDHAM +COMPANY	15,262.30	385,063.00	0.04
NESBITT BURNS	4,525.90	275,229,580.00	0.00
NOMURA FINANCIAL AND INVESTMEN	15,735.60	192,860.00	0.08
NOMURA INTERNATIONAL (HONG KONG) LTD	1,872.46	348,000.00	0.01
NOMURA INTERNATIONAL PLC	50,686.15	57,079,019.00	0.00
NOMURA SECURITIES CO LTD	3,640.80	1,053,421.00	0.00
NOMURA SECURITIES INTERNATIONAL INC	81,689.25	49,412,914.68	0.00
NORTH SOUTH CAPITAL LLC	22,405.06	697,352.00	0.03
NORTHLANDSECURITIES INC.	981.00	32,300.00	0.03
NUMIS SECURITIES INC.	7,588.00	513,349.00	0.01
NUMIS SECURITIES LIMITED	824.80	126,999.00	0.01
O NEIL, WILLIAM AND CO. INC/BCC CLRG	727.50	24,250.00	0.03
ODDO ET CIE	1,160.32	23,276.00	0.05
OPPENHEIMER + CO. INC.	21,986.34	23,101,965.30	0.00
ORIEL SECURITIES LTD	1,561.13	199,881.00	0.01
OSK INVESTMENT BANK BERHAD	1,276.27	120,800.00	0.01
PACIFIC AMERICAN SECURITIES, LLC	295.77	9,859.00	0.03
PACIFIC CREST SECURITIES	12,858.82	355,952.00	0.04
PANMURE GORDON AND CO LTD	1,821.53	127,081.00	0.01
PAREL	891.47	22,828.00	0.04
PENSERRA SECURITIES	2,071.94	207,194.00	0.01
PENSERRA SECURITIES LLC	2,777.75	245,575.00	0.01
PENSON FINANCIAL INC.	305.68	40,757.00	0.01
PENSON FINANCIAL SERVICES CANADA INC	5,786.45	237,856.00	0.02
PERCIVAL FINANCIAL PARTNERS LTD.	4,352.74	115,378.00	0.04
PERSHING LLC	74,890.92	215,032,423.05	0.00
PERSHING SECURITIES LIMITED	3,805.71	3,617,903.00	0.00
PERSHING/CLEARANCE,NY	53.86	112.00	0.48
PETERCAM S.A.	2,588.90	15,641.00	0.17
PICKERINGENERGY PARTNERS, INC	486.85	10,590.00	0.05
PIPER JAFFRAY	29,871.17	1,718,524.00	0.02
PRIMASIA SECURITIES (ASIA) LTD	1,254.56	69,779.00	0.02
PRITCHARDCAPITAL PARTNERS LLC	64.00	1,600.00	0.04
PT. MANDIRI SEKURITAS	8,290.03	20,015,300.00	0.00
PULSE TRADING LLC	11,960.18	428,745.00	0.03
RABOBANK INTERNATIONAL LONDON	5,100.10	139,984.00	0.04
RABOBANK NETHERLAND	1,207.33	23,034.00	0.05
RAIFFEISEN ZENTRALBANK OESTERREICH AG	84.72	11,043.00	0.01
RAYMOND JAMES AND ASSOCIATES INC	29,418.13	824,090.00	0.04
RBC CAPITAL MARKETS	26,810.06	257,685,493.62	0.00
RBC DEXIAINVESTOR SERVICES	580.22	12,772.00	0.05
RBC DOMINION SECURITIES INC.	8,922.78	2,661,052.00	0.00
RBS SECURITIES INC	11,113.19	21,030,877.00	0.00
RBS SECURITIES INC.	300.23	755,442,833.46	0.00
REDBURN PARTNERS LLP	10.13	450.00	0.02
RENAISSANCE CAPITAL GROUP	1,414.13	25,161.00	0.06
RENAISSANCE CAPITAL LTD	6,321.22	368,649.00	0.02
RENAISSANCE SECURITIES (CYPRUS) LIMITED	3,640.84	125,206.00	0.03
RENCAP SECURITIES	756.84	9,600.00	0.08
REYNDERS,GRAY + COMPANY,INC	320.00	8,000.00	0.04
ROBERT W.BAIRD CO.INCORPORATE	31,821.82	10,957,304.97	0.00
ROBERTS +RYAN INVESTMENTS INC	1,896.00	70,100.00	0.03
ROCHDALE SEC CORP.(CLS THRU 443)	104.00	2,600.00	0.04
ROTH CAPITAL PARTNERS LLC	6,575.84	159,707.00	0.04
ROYAL BANK OF CANADA (AUSTRALIA)	324.47	32,508,394.00	0.00
ROYAL BANK OF CANADA EUROPE LTD	2,848.90	13,664,954.00	0.00
ROYAL BANK OF SCOTLAND PLC	10,741.79	453,376,610.18	0.00
SALOMON SMITH BARNEY INC	16,616.57	1,584,000.00	0.01
SAMSUNG SECURITIES CO LTD	18,457.31	315,306.00	0.06
SAMSUNG SECURITIES LIMITED-HOUSE A/C	283.03	90,000.00	0.00
SAMUEL A RAMIREZ & COMPANY INC	1,230.50	15,779,650.00	0.00
SANDERS MORRIS HARRIS INC	64.38	5,150.00	0.01

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
SANDLER ONEILL + PART LP	2,533.89	76,594.00	0.03
SANFORD C. BERNSTEIN LTD	15,177.37	14,750,197.00	0.00
SANFORD CBERNSTEIN CO LLC	24,860.15	1,693,415.00	0.01
SANTANDERCENTRAL HISPANO BOLSA	374.81	34,344.00	0.01
SANTANDERINVESTMENT SECURITIES INC	17,192.67	573,089.00	0.03
SANTANDERMERCHANT S.A.	668.39	1,573,500.00	0.00
SCARSDALEEQUITIES LLC	609.85	12,197.00	0.05
SCOTIA CAPITAL (USA) INC	4,668.36	31,225,560.11	0.00
SCOTIA CAPITAL MKTS	12,790.07	406,732.00	0.03
SCOTIA CAPITAL USA INC	1,277.70	161,596.00	0.01
SCOTT & STRINGFELLOW, INC	1,853.85	436,347.07	0.00
SEI FINANCIAL SER CO	956.20	24,760.00	0.04
SESLIA SECURITIES	64.44	2,148.00	0.03
SG AMERICAS SECURITIES LLC	1,963.06	20,872,991.00	0.00
SG SECURITIES HK	15,461.09	10,304,519.00	0.00
SIDOTI + COMPANY LLC	4,792.65	123,086.00	0.04
SIMMONS +COMPANY INTERNATIONAL	447.00	11,800.00	0.04
SKANDINAVISKA ENSKILDA BANKEN LONDON	10,325.76	288,393.00	0.04
SMBC SECURITIES INC	159.29	4,400.00	0.04
SMITH BARNEY HARRIS UPHAM & CO INC	560.00	14,000.00	0.04
SNS BANK NETHERLAND	105.71	2,584.00	0.04
SOCIETE GENERALE	1,375.57	149,276.00	0.01
SOCIETE GENERALE LONDON BRANCH	24,101.49	3,680,710.00	0.01
SOCIETE GENERALE PARIS ZURICH BRA	1,497.18	13,536.00	0.11
SOCOPA SOCIEDADE CORRETORA PAULISTA CLEM	175.80	12,700.00	0.01
SOLEIL SECURITIES	52.04	1,301.00	0.04
STANDARD BANK LONDON LIMITED	3,822.82	201,900.00	0.02
STANDARD CHARTERED BANK	6,447.39	5,092,678,800.00	0.00
STANDARD CHARTERED BANK (HONG KONG) LIMI	24,170.51	5,378,200.00	0.00
STATE STREET BANK AND TRUST	55,800.00	15,397,436,130.98	0.00
STATE STREET BANK AND TRUST CO	620.60	742,513.00	0.00
STATE STREET GLOBAL MARKETS, LLC	478.00	23,900.00	0.02
STEPHENS,INC.	10,382.43	941,975.89	0.01
STERNE AGEE & LEACH INC.	12,755.90	4,696,373.00	0.00
STIFEL NICOLAUS + CO INC	27,672.74	39,645,118.28	0.00
SUNTRUST CAPITAL MARKETS, INC.	11,317.88	281,623.00	0.04
SVENSKA HANDELSBANKEN	14,880.15	424,289.00	0.04
SVENSKA HANDELSBANKEN LONDON BRANCH	1,323.84	48,667.00	0.03
SWEDBANK	843.38	12,546.00	0.07
TACHIBANASECURITIES (HONG KONG)	78.01	4,000.00	0.02
TD SECURITIES INC	1,032.00	34,400.00	0.03
TD WATERHOUSE CDA	1,996.64	182,925.00	0.01
TEB YATIRIM MENKUL DEGERLER A.S.	8.61	715.00	0.01
THE BENCHMARK COMPANY, LLC	620.50	22,900.00	0.03
THE ROYALBANK OF SCOTLAND N.V.UK EQUITI	956.21	70,049.00	0.01
THINKPANMURE LLC	6,465.60	156,484.00	0.04
TONG YANGSECURITIES INC	17,434.12	174,812.00	0.10
TOPEKA CAPITAL MARKETS INC.	835.00	76,000.00	0.01
TOURMALINE PARTNERS	16,673.62	663,527.00	0.03
UBS AG	191,217.29	43,380,349.00	0.00
UBS AG (LONDON EQUITIES)	380.48	129,318.00	0.00
UBS AG LONDON	24,009.54	282,049,453.04	0.00
UBS FINANCIAL SERVICES INC	659.82	113,849,841.60	0.00
UBS SECURITIES ASIA LTD	185,936.26	107,937,008.00	0.00
UBS SECURITIES CANADA INC	1,210.10	160,047.00	0.01
UBS SECURITIES LLC	68,659.47	11,922,053,201.58	0.00
UBS SECURITIES PTE.LTD	11,851.33	3,545,000.00	0.00
UBS SECURITIES PTE.LTD., SEOUL	24,556.30	615,335.00	0.04
UBS SECURITIES SINGAPORE PTE	9,560.03	22,088,785.00	0.00
UBS WARBURG (HONG KONG) LIMITED	2,526.98	1,172,200.00	0.00
UBS WARBURG AUSTRALIA EQUITIES	1,137.79	1,376,810.00	0.00
UBS WARBURG LLC	13,917.27	1,270,426.00	0.01
UNICREDITBANK AG (HYPOVEREINSBANK)	4,354.18	703,620.00	0.01
UOB KAY HIAN (HONG KONG) LTD	8,749.95	6,217,200.00	0.00
UOB KAY HIAN PTE LIMITED	2,229.97	84,943.00	0.03
UOB KAY HIAN SECURITIES PT	382.07	327,000.00	0.00
VANDHAM SECURITIES CORP	5,525.92	163,797.00	0.03
VICKERS BALLAS TAMARA PT	149.91	197,500.00	0.00
VTB BANK EUROPE PLC	11,829.94	144,270,323.00	0.00
WEDBUSH MORGAN SECURITIES INC	11,570.24	2,711,595.03	0.00
WEDGE SECURITIES LLC	584.04	15,851.00	0.04
WEEDEN + CO.	60,997.69	3,943,668.00	0.02
WELLS FARGO SECURITIES LLC	2,960.22	138,822,844.63	0.00
WELLS FARGO SECURITIES, LLC	12,759.76	26,286,244.25	0.00
WILLIAM BLAIR & COMPANY L.L.C	32,882.70	837,806.00	0.04
WILLIAMS CAPITAL GROUP LP (THE)	15,430.38	647,798.00	0.02
WINTERFLOOD SECURITIES LTD	61.22	20,000.00	0.00
WJB CAPITAL GROUP, INC.	873.40	21,835.00	0.04
WOOD AND COMPANY	3,420.36	200,221.00	0.02
WOORI INVESTMENT SECURITIES	19,684.06	329,455.00	0.06
WUNDERLICH SECURITIES INC.	1,671.75	40,195.00	0.04
YAMNER & CO INC (CLS THRU 443)	3,679.41	366,112.00	0.01
YUANTA SECURITIES COMPANY LIMITED	3,874.76	1,019,000.00	0.00
TOTAL	**$8,263,456.71**		

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 (R^2) - A measurement of how closely the returns of an investment portfolio and its benchmark match. An R^2 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.

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.

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.

R^2 - 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 R^2. 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 R^2 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 "smoothes" 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, 2012

Bond Finance Type	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	FY 2012 Refunded or Defeased	Outstanding June 30, 2012	FY 2012 (1) Interest Paid
General Obligation - Tax Supported (2)	$10,430,351,552	$1,779,065,000	$ 951,021,696	$ 748,420,000	$ 10,509,974,856	$ 515,079,046
General Obligation - Teachers' Retirement Fund Bonds (3)	2,276,578,271	-	-	-	2,276,578,271	121,386,576
General Obligation - Economic Recovery Notes	915,795,000	-	167,860,000	-	747,935,000	40,567,963
General Obligation - Revenue Supported	530,000	-	530,000	-	-	29,150
Special Tax Obligation	3,357,595,000	455,075,000	274,275,000	251,055,000	3,287,340,000	158,810,362
Bradley International Airport	169,090,000	-	13,290,000	-	155,800,000	6,693,935
Clean Water Fund	899,105,000	-	75,330,000	-	823,775,000	37,616,379
UCONN 2000 (4)	804,310,000	211,635,000	78,660,000	33,735,000	903,550,000	38,023,952
CDA Increment Financing (5)	24,930,000	-	2,725,000	-	22,205,000	1,024,481
CDA Governmental Lease Revenue (6)	2,255,000	-	705,000	-	1,550,000	148,830
CHEFA Childcare Facilities Program (7)	66,575,000	28,840,000	1,760,000	30,375,000	63,280,000	3,213,540
Juvenile Training School (8)	15,625,000	-	475,000	-	15,150,000	760,856
Bradley International Parking Operations	41,250,000	-	1,865,000	-	39,385,000	2,639,314
CHFA Special Needs Housing Bonds (9)	76,720,000	-	3,070,000	-	73,650,000	3,307,315
CCEDA Bonds (10)	100,155,000	-	2,620,000	-	97,535,000	4,275,439
CHFA Emergency Mortgage Asistance Program (11)	29,165,000	20,000,000	1,130,000	-	48,035,000	1,717,039
TOTAL	**$19,210,029,823**	**$2,494,615,000**	**$1,575,316,696**	**$1,063,585,000**	**$ 19,065,743,127**	**$ 935,294,177**

(1) Includes interest rate swap payments and variable rate bond fees.

(2) 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. These amounts are therefore not included in the issued, retired or refunded columns. Debt outstanding at June 30, 2012 includes $5,895,000.00 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.

(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 $2.8 billion over a 22 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.

(6) The Connecticut Development Authority (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.

(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 Step 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 Mangement. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

(11) 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 for state assistance agreement between CHFA, the 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 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, 2012, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING (1) - BUDGETARY BASIS
JUNE 30, 2012

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	$	82,092	06/01/2013	$	251,420	State & Local Government Series Bonds/Cash
04/08/2004		35,045,000	11/15/2012		35,520,935	State & Local Government Series Bonds/FNMA/Cash
04/27/2005		99,020,000	11/15/2012		99,491,771	State & Local Government Series Bonds/Cash
11/09/2006		193,690,000	10/15/2013		197,220,589	State & Local Government Series Bonds/Cash
05/10/2007		112,920,000	10/15/2013		114,038,964	State & Local Government Series Bonds/Cash
06/23/2010		169,485,000	03/01/2014		175,436,425	State & Local Government Series Bonds/Cash
10/19/2010		47,985,000	11/15/2012		49,005,834	State & Local Government Series Bonds/Cash
06/29/2012		486,190,000	12/01/2014		524,322,954	State & Local Government Series Bonds/Cash
SUBTOTAL	**$**	**1,144,417,092**		**$**	**1,195,288,892**	
BOND TYPE: SPECIAL TRANSPORTATION FUND						
12/02/2004	$	60,005,000	12/01/2012	$	61,518,287	Resolution Funding Strips/Cash
11/10/2010		116,720,000	12/01/2012		119,424,511	State & Local Government Series Bonds/Cash
12/15/2011		119,615,000	01/01/2014		129,144,123	State & Local Government Series Bonds/Cash
SUBTOTAL	**$**	**296,340,000**		**$**	**310,086,921**	
BOND TYPE: CLEAN WATER FUND						
06/30/2008	$	1,860,000	10/01/2012	$	1,885,082	FNMA/FHLB/Cash
03/24/2011		34,415,000	10/01/2013		36,558,126	State and Local Government Series Bonds/Cash
SUBTOTAL	**$**	**36,275,000**		**$**	**38,443,208**	
BOND TYPE: UCONN 2000						
04/12/2007	$	29,840,000	02/15/2013	$	30,043,310	State and Local Government Series Bonds/Cash
05/25/2010		15,915,000	01/15/2014		16,806,012	State and Local Government Series Bonds/Cash
12/08/2011		33,735,000	01/15/2014		36,109,151	State and Local Government Series Bonds/Cash
SUBTOTAL	**$**	**79,490,000**		**$**	**82,958,473**	
TOTAL	**$**	**1,556,522,092**		**$**	**1,626,777,494**	

(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, 2012

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2012	Status as of 06/30/12
A.C. Advisory, Inc.	Financial Advisor	$ 51,713	Active
Acacia Financial Group, Inc.	Financial Advisor	122,549	Active
AMTEC	Arbitrage Calculation/Verification Agent Fees	18,400	Active
Bank of America/Merrill Lynch	Liquidity/Remarketing Fees	56,153	Active
Barclay's Capital	Management/Remarketing Fees	100,103	Active
Bayerische Landesbanke	Liquidity Fees	48,268	Active
Bloomberg	Subscription	7,438	Active
Carlin, Charron & Rosen, LLP	Auditor	72,800	Active
Council Of Infrastructure Financing	Membership Dues	6,000	Active
Day Pitney, LLP	Bond/Disclosure Counsel	916,155	Active
Dexia Public Finance Bank	Liquidity Fees	110,378	Active
Edwards Wildman Palmer LLP	Bond Counsel	562,798	Active
Finn Dixon & Herling LLP	Disclosure/Tax Counsel	149,786	Active
First Southwest Company	Financial Advisor	29,098	Active
Fitch Ratings	Rating Agency	290,000	N/A
Goldman Sachs	Management/Remarketing Fees	98,223	Active
Hardwick Law Firm, LLC	Bond Counsel	64,581	Active
Hawkins, Delafield & Wood, LLP	Arbitrage Calculation Fees/Bond Counsel	130,015	Active
ImageMaster	Financial Printer	82,524	Active
JP Morgan	Management Fees	50,000	Active
Kroll Bond Rating Agency, Inc.	Rating Agency	50,000	N/A
Lamont Financial Services	Financial Advisor	220,384	Active
Landesbank Hessen-Thuringen	Liquidity Fees	515,588	Active
Law Offices of Joseph C Reid, PA	Bond Counsel	16,772	Active
Lewis & Munday	Bond Counsel	157,567	Active
Loop Capital Markets	Management Fees	85,000	Active
Moody's Investors Service	Rating Agency	430,750	N/A
Orrick, Herrington & Sutcliffe, LLP (BondLogistix)	Arbitrage Calculation Fees	18,000	Active
P.G. Corbin & Co.	Financial Advisor	193,360	Active
Public Resources Advisory Group	Financial Advisor	194,121	Active
Pullman & Comley, LLC	Bond Counsel	264,397	Active
Rice Financial Products	Management Fees	27,000	Active
Reich & Tang	Final Audit Fee	13,000	Inactive
Robinson & Cole	Bond/Tax Counsel	549,062	Active
Seward and Monde	Auditor	38,523	Active
Shipman & Goodwin, LLP	Bond Counsel	230,133	Active
Soeder & Associates	Tax/Disclosure Counsel	179,231	Active
Squire, Sanders & Dempsey	Bond Counsel	132,805	Active
Standard & Poor's Rating Service	Rating Agency	475,155	N/A
U. S. Bank, NA	Administrative/Escrow/Trustee Fees	191,332	Active
Updike, Kelly & Spellacy	Bond Counsel	123,355	Active
Wells Fargo Bank, NA	Management Fees	33,000	Active
Total		**$ 7,105,517**	

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, 2012

Description	Total	
INFLOWS		
RECEIPTS:		
DEPOSITS	$ 27,837,225,762.94	(1)
BAD CHECKS	(9,447,730.73)	(2)
TREASURY INITIATED TRANSFERS	2,378,366,412.69	(3)
TOTAL RECEIPTS	30,206,144,444.90	
TRANSFERS:	11,028,814,048.80	(4)
OTHER INFLOWS:		
INTERNAL BANK TRANSFERS	33,358,141,927.60	(5)
INTERBANK TRANSFERS	13,565,782,224.40	(6)
TOTAL OTHER INFLOWS	46,923,924,152.00	
TOTAL INFLOWS	$ 88,158,882,645.70	
OUTFLOWS		
DISBURSEMENTS:		
VENDOR	$ 25,430,206,930.19	(7)
PAYROLL	4,342,739,234.45	(8)
TOTAL DISBURSEMENTS	29,772,946,164.64	
TRANSFERS:	11,467,928,916.38	(4)
OTHER OUTFLOWS:		
INTERNAL BANK TRANSFERS	33,358,141,927.60	(5)
INTERBANK TRANSFERS	13,565,782,224.40	(6)
TOTAL OTHER OUTFLOWS	46,923,924,152.00	
TOTAL OUTFLOWS	$ 88,164,799,233.02	

(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 of 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, 2012
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [3] [4]

Fund Name	Cash Balance July 1, 2011	FY 2012 Receipts	FY 2012 Disbursements	Transfers	Other Net Adjustments [2]	Adjusted Cash Balance June 30, 2012
TOTAL FUNDS	**$131,692,236.47**	**$30,206,144,444.90**	**$29,772,946,164.64**	**$(439,114,867.58)**	**$138,168,541.50**	**$263,944,190.65**

(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 2012 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, 2012
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [2] [3]

Description		Total All Funds
General Investments		
Cash	$	263,944,190.65
STIF		2,304,949,743.67
Investments with Treasurer as Trustee		
Short-Term		788,822,579.12
Long-Term		23,178,367,458.62
Investments with Others as Trustee		
Short-Term		236,600,275.99
Long-Term		373,127,546.44
Total	$	27,145,811,794.49
Reconcilation Between Treasurer & Comptroller [4]		
Office of the Comptroller		
Cash and STIF June 30, 2012 (Annual Statutory Report)	$	2,311,558,212.00
Reporting Adjustment		0.11
Cash and invest with Trustee Fund #14005		633,363,870.16
Cash and invest with Trustee Fund #21008		13,811,505.36
Cash and invest with Trustee Fund #21009		136,548,588.54
Cash and invest with Trustee Fund #21015		184,203,771.71
Cash and invest with Trustee Fund #21018		78,221,730.57
Cash and invest with Trustee Fund #21020		8,834.99
Total	$	3,357,716,513.44
Office of the Treasurer		
Cash	$	263,944,190.65
STIF		2,304,949,743.67
STIF/Investment with Treasurer as Trustee		788,822,579.12
Total	$	3,357,716,513.44

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2012, 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 2012 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.

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CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1)
FISCAL YEAR ENDED JUNE 30, 2012

Fund	Participant	Department	SID	Interest Earned During the Year
12004	**Insurance Fund**			
	INSURANCE FUND	DOI37500	10010	$16,688.53
Total				16,688.53
12007	**Workers Compensation**			
	ADMINISTRATION FUND	WCC42000	10010	37,630.25
Total				37,630.25
12014	**Criminal Injuries Compensation Fund**			
	VICTIM SERVICES	JUD95000	12047	3,027.63
Total				3,027.63
12015	**Vending Facilities Operators Fringe Benefits**			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	ESB65000	40012	22.88
Total				22.88
12017	**University of Connecticut Operating Fund**			
	OPERATING FUND	UOC67000	40001	401,072.37
Total				401,072.37
12018	**University Health Center Operating Fund**			
	OPERATING FUND	UHC72000	40001	62,077.12
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	10,754.71
Total				72,831.83
12019	**State University Operating Fund**			
	STATE UNIVERSITIES	CSU83000	40001	367,412.04 (2)
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		3,567.58
	EASTERN CONNECTICUT STATE UNIVERSITY	CSU85500		6,771.10
Total				377,750.72
12020	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**			
	BOARD FOR REGIONAL COMM-TECH COLLEGE	CCC78000	40001	165,605.47
Total				165,605.47
12022	**University of Connecticut Research Foundation**			
	RESEARCH	UOC67000	40001	27,135.01
Total				27,135.01
12031	**Employment Security - Administration**			
	PENALTY & INTEREST	DOL40000	40213	21,566.80
	TITLE XII EXCESS FUNDS	DOL40000	40214	1,887.66
Total				23,454.46
12037	**Tobacco Settlement Fund**			
	TOBACCO SETTLEMENT FUND	OPM20000	0	7,543.20
Total				7,543.20
12060	**GENERAL FUND**			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	815.31
	ADMINISTRATION OF GRANTS	AES48000	30116	320.19
	BOARD FOR STATE ACADEMIC AWARD	BAA77000	35186	4,241.65
	CT DISTANCE LEARNING CONSORTIUM	BAA77000	35289	714.57
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	5.45
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	3,207.40
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	1,504.15
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	20.90
	STRIPPER WELL OVERCHARGE	DEP43000	20492	623.14
	Nuclear Safety Emergency Preparedness	DEP43000	35411	1,456.13
	GEARUP SCHOLARSHIP TRUST FUND	DHE66500	22133	6,948.54
	WEISMAN TEACHER SCHOLARSHIP FUND	DHE66500	30405	31.14
	FINANCIAL LITERACY INITIATIVES	DHE66500	30432	940.20
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	8,236.66

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2012

Fund	Participant	Agency	SID	Interest Earned During the Year
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	5.32
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	DOC88000	20127	35.25
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	50.07
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	1,069.47
	FEDERAL ASSET FORFEITURE	DPS32000	20493	627.88
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	16,800.37
	CHILDREN'S TRUST FUND	DSS60000	30219	769.35
	BRAIN INJURY PREVENTION AND SERVICE ACCOUNT	DSS60000	35308	300.81
	OFFICE OF TOURISM	ECD46000	30207	80.14
	NVRLF SEQUESTERED ACCOUNT	ECD46000	30459	441.41
	CITIZENS ELECTION FUND RESERVE ACCT	ELE13500	30422	268.51
	CITIZEN ELECTION FUND	ELE13500	35333	-275.42
	CITIZEN ELECTION FUND GRANTS	ELE13500	35339	24,150.11
	FAUCHTSWANGER FUND	ESB65000	30030	13.64
	FRAUENHOFER FUND	ESB65000	30042	32.92
	MISCELLANEOUS GRANTS	ESB65000	30070	21.57
	SARA BROWN FUND	ESB65000	30092	389.16
	CHARLES PRECOURT MEMORIAL FUND	ESB65000	30104	6.52
	ANN COROTEAU MEMORIAL FUND	ESB65000	30113	8.63
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	ESB65000	35149	515.59
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	6.15
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	JUD95000	35195	14.95
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	JUD95000	35203	0.42
	CLIENT SECURITY FUND	JUD95000	35205	19,803.44
	MILFORD COURTHOUSE RESERVE ACCOUNT	JUD95000	35371	956.33
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	2,748.40
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	13.00
	JUVENILE ACCOUNTABLIITY INCENTIVE BLOCK	OPM20000	21672	2,700.93
	JUSTICE ASSISTANCE GRANT	OPM20000	21921	15,191.08
	JUSTICE ASSISTANCE GRANT	OPM20000	26015	45.57
	JUSTICE ASSISTANCE GRANT	OPM20000	29002	3,478.86
	INVESTMENT FUND	OTT14000	35101	12,131.87
	SECOND INJURY	OTT14000	35105	1,579.81
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	4,535.11
	MUNICIPAL PARTICIPATION FUND	OTT14000	35269	23.03
	DIV. OF FINANCE AND INTERNAL OPERATIONS	SDE64000	35351	165.52
	FINANCIAL LITERACY UBS	SDE64000	35358	905.52
	FINANCIAL LITERACY	SDE64000	35380	389.25
	HELP AMERICA VOTE	SOS12500	21465	3,186.77
Total				142,252.74
21009	**Bradley International Airport Operations**			
	BRADLEY ENTERPRISE FUND	DOT57000	40001	22,605.73
Total				22,605.73
21019	**Stadium Facility Enterprise Fund**			
	STADIUM ENTERPRISE FUND	OPM20000	0	392.97
Total				392.97
22001	**Correction Industries**			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	1,619.87
Total				1,619.87
31001	**State Employees' Retirement System**			
	STATE EMPLOYEES RETIREMENT FUND	OSC15000	40001	20,615.21
Total				20,615.21
31006	**Teacher's Retirement System**			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500	40001	-6,205.69
Total				-6,205.69

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM [(1)] (Continued)
FISCAL YEAR ENDED JUNE 30, 2012

Fund	Participant	Agency	SID	Interest Earned During the Year
31008	**Municipal Employees Retirement - Fund B**			
	MUNICIPAL EMPLOYEES RETIREMENT FUND	OSC15000	40001	1,277.95
Total				1,277.95
31011	**OPEB Fund**			
	OPEB FUND	OSC15000	40001	7,743.66
Total				7,743.66
31012	**Teacher's Retirement System**			
	TEACHER'S RETIREMENT BOARD	TRB77500	42358	99,089.43
Total				99,089.43
35001	**Connecticut Health Club Guaranty Fund**			
	HEALTH CLUB GUARANTEE FUND	DCP39500	40001	576.72
Total				576.72
35002	**Real Estate Guaranty**			
	REAL ESTATE GUARANTEE FUND	DCP39500	40001	804.56
Total				804.56
35003	**Home Improvement Guaranty Fund**			
	HOME IMPROVEMENT GUARANTEE FUND	DCP39500	40001	872.19
Total				872.19
35006	**New Home Construction Guaranty Fund**			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500	40001	861.15
Total				861.15
35007	**Tobacco and Health Trust Fund**			
	TOBACCO HEALTH TRUST FUND	OPM20000	40001	8,856.47
Total				8,856.47
35008	**Biomedical Research Trust Fund**			
	BIOMEDICAL RESEARCH FUND	DPH48500	0	9,892.29
Total				9,892.29
35009	**Endowed Chair Investment Fund**			
	ENDOWED CHAIR INVESTMENT FUND	DHE66500	40001	8,972.21
Total				8,972.21
35012	**Various Treasurer's Trust Funds**			
	IRWIN LEPOW TRUST FUND	CME49500	42354	43.12
	R. GRAEME SMITH	DPS32000	42353	11.08
	FITCH FUND	DVA21000	42356	57.36
	JOHN H. KING	JUD95000	42355	264.53
	WHITE FUND	JUD95000	42357	2.52
Total				378.61
Grand Total				$1,453,368.42

(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, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2012	Status As of 6/30/12
Bank of America	Banking Services	Various	$ 3,392,333 [2]	Active
Webster Bank	Banking Services	Jun-98	276,060 [2]	Active
People's Bank	Banking Services	Mar-97	204,165 [2]	Active
JP Morgan Chase Bank	Banking Services	Mar-10	164,575 [2]	Active
State Street Bank & Trust	STIF Custodian Fees	Jul-05	110,600	Active
Wells Fargo Bank (Wachovia)	Banking Services	Feb-97	76,698 [2]	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jul-06	43,594	Active
Standard & Poors Financial McGraw-Hill Companies, Inc.	Subscription & Rating	N/A	36,500	Active
Bloomberg Financial LP	Subscription	N/A	19,594	Active
Moodys Investors Services	Subscription & Research	N/A	18,574	Active
Fitch Information Inc.	Credit Research	N/A	14,015	Active
iMoney Net Inc.	Subscription	N/A	10,535	Active
Greystone Group	Advertising	N/A	5,414	Active
TOTAL			**$ 4,372,657**	

(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, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2012	Status As of 6/30/12
A & A Office Systems, Inc.	Photocopier Lease	N/A	$ 6,603	Active
ACS Unclaimed Property Clearinghouse	Identification & Collection of Property	August-94	367,129	Active
Advanced Corporate Networking	Computer Equipment	N/A	10,501	Terminated
Audit Services US LLC	Identification & Collection of Property	May-06	198,032	Active
BlackRock Investment Management LLC	Security Commission Expense	May-09	67,388	Active
Bloomberg Financial LP	Subscription	N/A	9,143	Active
Hearst CT Post LLC	Advertising	N/A	13,225	Terminated
Iron Mountain Records Management Inc.	Storage & Retrieval of Files	N/A	8,348	Active
Murphy Security Services LLC	Security Services	N/A	9,322	Active
New Haven Register	Advertising	N/A	6,907	Active
Republican American	Advertising	N/A	6,860	Active
The Hartford Courant	Advertising	N/A	180,808	Terminated
Xerox State & Local Solutions Inc. (2)	Claims Processing & Database Management	Jul-06	906,910	Active
JP Morgan Chase Bank	P-Card Purchase	Mar-10	19,502	Active
TOTAL			**$ 1,810,678**	

(1) Expenses are presented on a cash basis.
(2) Formerly known as ACS State & Local Solutions.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2012	2011	2010	2009	2008
Gross Receipts [1]	95,986,114	125,029,194	222,107,523	69,496,494	64,037,656
Claims Paid [1]	83,544,465	51,946,468	33,408,124	32,341,525	30,626,832
Transfer to Citizens Election Fund [2]	10,600,000	18,373,174	18,191,261	17,940,100	17,300,000
Administrative Expenses:					
Salaries & Fringe benefits	3,601,391	3,743,050	3,771,592	3,646,721	3,396,050
Data processing & hardware	1,488,672	2,427,212	2,514,603	2,170,581	3,018,137
All Other	376,488	157,153	431,564	119,645	449,575
Total Disbursements	99,611,016	76,647,057	58,317,144	56,218,572	54,790,594
Excess (Deficiency) of Receipts over Disbursements [3]	$ (3,624,902)	$ 48,382,137	$163,790,379	$ 13,277,922	$ 9,247,062
Approximate Market Value of Securities at Fiscal Year End:					
Total Securities Inventory [1]	$ 1,110,823	$ 1,932,505	$ 22,097,989	$ 88,297,207	$ 95,399,474
Securities liquidated	$ 23,047,163	$ 56,953,029	$151,166,311	$ 1,142,461	$ 0
Number of claims paid	18,381	17,933	17,360	14,481	16,787

(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, 2012

Financial institutions	$23,432,956
Other corporations	31,576,954
Insurance companies	13,363,515
Govern agency/ public authorities	2,893,710
Dividends on securities held	61,650
Estates	111,187
Securities tendered	82,316
Securities sold	23,047,163
Sale of property lists, copying and other charges	5,602
Reciprocal exchange program with other states	1,411,061
Total Gross Receipts	$95,986,114

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.

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 DEVELOPMENT AUTHORITY (CDA) (§ 32-11a(c) CGS) (Effective July 1, 2012 CDA was merged into Connecticut Innovations)

The Connecticut Development Authority administers programs that support the State's economic development efforts. CDA has two basic types of loan programs: direct loans and loan guarantees (of bank loans). The Board membership includes the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, four members appointed by the Governor, and four members appointed by legislative leaders.

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.

EX-OFFICIO DUTIES OF THE STATE TREASURER (Continued)
BOARDS, COMMITTEES AND COMMISSIONS

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.

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,

	2012	%	2011	%	2010	%	2009	%	2008	%
GENERAL FUND										
Personal Services	$3,194,412	3.16%	$3,072,415	3.13%	$3,210,145	3.66%	$3,602,754	3.80%	$3,513,197	4.11%
Other Expenses	150,905	0.15%	186,710	0.19%	155,429	0.18%	239,594	0.25%	305,232	0.36%
Capital Equipment	1	0.00%	0	0.00%	0	0.00%	-	0.00%	100	0.00%
TOTAL	**3,345,318**	**3.31%**	**3,259,125**	**3.32%**	**3,365,574**	**3.83%**	**3,842,348**	**4.05%**	**3,818,529**	**4.47%**
PENSION FUNDS										
Personal Services	$4,139,994	4.10%	$4,045,025	4.12%	$3,992,849	4.55%	$3,581,005	3.78%	$3,394,051	3.97%
Other Expenses	78,399,179	77.67%	75,849,755	77.24%	65,105,625	74.17%	72,325,071	76.29%	62,672,093	73.29%
Capital Equipment	10,167	0.01%	2,709	0.00%	0	0.00%	7,388	0.01%	2,763	0.00%
TOTAL	**82,549,340**	**81.78%**	**79,897,489**	**81.36%**	**69,098,474**	**78.72%**	**75,913,464**	**80.07%**	**66,068,907**	**77.26%**
SECOND INJURY FUND										
Personal Services	$6,785,278	6.72%	$6,476,474	6.59%	$6,203,425	7.07%	$6,523,771	6.88%	$6,031,570	7.05%
Other Expenses	498,017	0.49%	457,424	0.47%	597,001	0.68%	672,593	0.71%	834,908	0.98%
Capital Equipment	7,776	0.01%	4,895	0.00%	0	0.00%	10,242	0.01%	27,048	0.03%
TOTAL	**7,291,071**	**7.22%**	**6,938,793**	**7.07%**	**6,800,426**	**7.75%**	**7,206,606**	**7.60%**	**6,893,526**	**8.06%**
UNCLAIMED PROPERTY FUND										
Personal Services	$3,601,392	3.57%	$3,743,050	3.81%	$3,771,596	4.30%	$3,646,721	3.85%	$3,396,090	3.97%
Other Expenses	1,859,400	1.84%	2,580,964	2.63%	2,946,163	3.36%	2,282,854	2.41%	3,441,613	4.02%
Capital Equipment	5,760	0.01%	3,401	0.00%	0	0.00%	7,372	0.01%	26,059	0.03%
TOTAL	**5,466,551**	**5.42%**	**6,327,415**	**6.44%**	**6,717,759**	**7.65%**	**5,936,947**	**6.26%**	**6,863,762**	**8.03%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$1,076,978	1.07%	$1,024,744	1.04%	$1,007,303	1.15%	$994,643	1.05%	$913,106	1.07%
Other Expenses	237,120	0.23%	233,068	0.24%	262,867	0.30%	312,325	0.33%	365,873	0.43%
Capital Equipment	1,440	0.00%	846	0.00%	0	0.00%	1,733	0.00%	863	0.00%
TOTAL	**1,315,538**	**1.30%**	**1,258,658**	**1.28%**	**1,270,170**	**1.45%**	**1,308,701**	**1.38%**	**1,279,842**	**1.50%**
Other Financing Sources (1)	**972,576**	**0.96%**	**$522,380**	**0.53%**	**$522,873**	**0.60%**	**$595,201**	**0.63%**	**$587,610**	**0.69%**
TOTAL AGENCY	**100,940,394**	**100.00%**	**$98,203,860**	**100.00%**	**$87,775,276**	**100.00%**	**$94,803,267**	**100.00%**	**$85,512,176**	**100.00%**

(1) Other Financing Sources include: Clean Water Fund; Special Transportation Fund; Bonds Cost of Issuance Fund; and the Capital Equipment Fund.

EXECUTIVE DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2012	Status As of 6/30/12
A & A Office Systems	Photocopier Lease	N/A	$ 9,574	Active
Advance Corporate Networking	Comupter Equipment	N/A	15,230	Active
CERES, Inc.	Dues	N/A	10,000	Active
Council of Institutional Investors	Dues	N/A	30,000	Active
Goverance Holding Company	Subscription	N/A	25,000	Active
Investor Responsibility Support Services	Proxy Voting Services	Dec-02	22,917	Active
Insalco Corporation	Office Furniture	N/A	5,194	Terminated
John Watts Assoc INC	Systems Furniture		506,718	Active
JP Morgan Chase Bank	Purchasing Card Expenditures	N/A	18,751	Active
Murphy Security Service LLC	Premises Security Services	May-10	13,518	Active
PRI Association	Subscription	N/A	10,363	Active
West Group	Subscription	N/A	29,665	Active
TOTAL			$ 696,930	

(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, 2012

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2012	Status As of 6/30/12
A & A Office Systems Inc.	Photocopier Lease	N/A	$ 9,904	Active
Aegis International Inc.	Surveillance Services	January-06	20,285	Active
Advanced Corporate Networking	Computer Equipment	N/A	14,884	Terminated
Automatic Data Processing Inc.	Check Processing	June-06	15,919	Active
Coventry Healthcare Workers Compensation Inc.	Provider Bill Audit Services	February-06	220,409	Active
Iron Mountain Records Management Inc.	Storage & Retrieval of Files	N/A	10,359	Active
MCMC, LLC	IME/Case Mgmt./Job Placement	January-06	29,774	Active
Murphy Security Services LLC	Security Services	NA	13,984	Active
Security Services of Connecticut Inc.	Surveillance Services	January-06	30,011	Active
JP Morgan Chase Bank	P-Card Purchases	March-10	14,572	Active
TOTAL			**$ 380,101**	

(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.

Supplemental Information

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS

JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	FY 2012 Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 (2)	Interest Paid During FY 2012 (3)
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED											
12/12/1991	$ 3,819,672	$ -	$ 3,819,672	$ -	$ -				12/15/2011	$ -	$10,460,328
01/21/1992	1,672,029	-	1,672,029	-	-				02/01/2012	-	75,795
05/14/1992	3,060,541	-	3,060,541	-	-				05/15/2012	-	8,548,459
11/17/1992	3,172,339	-	1,141,323	-	2,031,016	6.384	6.384	11/15/2012	11/15/2012	4,937,811	2,636,677
03/15/1993	8,670,000	-	8,670,000	-	-				03/15/2012	-	476,850
05/19/1993	3,117,041	-	3,117,041	-	-				06/15/2012	-	6,371,959
10/01/1993	22,440,000	-	22,440,000	-	-				03/15/2012	-	1,346,400
11/16/1993	6,361,404	-	4,015,238	-	2,346,166	5.362	5.362	12/01/2012	12/01/2012	3,938,784	6,453,762
03/15/1994	10,920,000	-	10,920,000	-	-				03/15/2012	-	616,980
05/26/1994	7,146,552	-	2,485,711	-	4,660,841	6.394	6.394	06/01/2013	06/01/2013	9,895,914	5,265,289
11/22/1994	7,944,428	-	2,113,134	-	5,831,294	6.353	6.398	12/15/2012	12/15/2013	11,793,467	3,985,866
03/28/1996	2,326,556	-	367,500	-	1,959,056	5.030	5.030	11/01/2012	05/01/2018	-	112,420
05/14/1997	30,000,000	-	10,000,000	-	20,000,000	4.250	4.250	05/15/2013	05/15/2014	-	110,856
09/01/1997	9,095,810	-	932,728	-	8,163,082	5.081	5.081	03/01/2013	03/01/2020	-	462,158
09/30/1997	1,480,000	-	235,000	-	1,245,000	5.081	5.081	03/01/2013	03/01/2020	-	75,199
08/01/1998 (4)	8,645,000	-	2,750,000	-	5,895,000	4.750	4.750	12/15/2012	12/15/2013	-	343,263
05/01/1999	10,783,440	-	807,120	-	9,976,320	4.633	4.633	09/01/2012	09/01/2022	-	480,900
05/06/1999	2,455,000	-	360,000	-	2,095,000	4.633	4.633	09/01/2012	09/01/2022	-	105,401
06/15/1999	4,675,000	-	-	-	4,675,000	5.250	5.250	06/15/2014	06/15/2014	-	245,438
02/22/2001	100,000,000	-	-	100,000,000	-					-	926,710
06/12/2001	2,010,000	-	255,000	-	1,755,000	4.650	4.650	10/01/2012	10/01/2022	-	90,559
06/12/2001	6,761,740	-	499,659	-	6,262,081	4.652	4.652	10/01/2012	10/01/2022	-	302,921
06/15/2001	255,800,000	-	63,850,000	-	191,950,000	4.400	5.500	12/15/2012	12/15/2016	-	12,238,790
06/15/2001	20,000,000	-	20,000,000	-	-				06/15/2012	-	866,000
11/15/2001	10,250,000	-	10,250,000	-	-				11/15/2011	-	246,320
11/15/2001	178,515,000	-	16,285,000	162,230,000	-					-	4,557,672
12/15/2001	21,000,000	-	21,000,000	-	-				12/15/2011	-	476,700
04/15/2002	14,250,000	-	14,250,000	-	-				04/15/2012	-	680,775
06/15/2002	16,715,000	-	11,200,000	5,515,000	-					-	685,230
06/15/2002	34,470,000	-	15,150,000	19,320,000	-					-	1,441,350
08/15/2002	42,515,000	-	20,835,000	845,000	20,835,000	3.750	5.250	11/15/2012	11/15/2012	-	1,523,157
08/15/2002	200,580,000	-	73,870,000	-	126,710,000	5.375	5.500	11/15/2012	11/15/2015	-	8,926,775
11/01/2002	26,350,000	-	11,840,000	2,670,000	11,840,000	3.700	5.000	10/15/2012	10/15/2012	-	959,600
04/15/2003	73,130,000	-	15,000,000	43,130,000	15,000,000	3.700	5.000	04/15/2013	04/15/2013	-	3,288,008
04/15/2003	17,900,000	-	9,000,000	-	8,900,000	5.500	5.500	04/30/2013	04/30/2013	-	106,897
05/01/2003	59,545,000	-	13,250,000	33,045,000	13,250,000	3.500	5.000	05/01/2013	05/01/2013	-	2,766,148
10/01/2003	91,285,000	-	10,000,000	61,285,000	20,000,000	3.400	5.000	08/15/2012	08/15/2013	-	3,877,383
11/13/2003	61,475,000	-	10,525,000	29,900,000	21,050,000	3.375	5.000	10/15/2012	10/15/2013	-	2,515,600
03/01/2004	180,480,000	-	15,000,000	135,480,000	30,000,000	3.100	5.000	03/01/2013	03/01/2014	-	8,287,565
04/08/2004	870,820,000	-	34,785,000	-	836,035,000	3.125	5.000	12/01/2012	06/01/2020	-	42,515,169
05/04/2004	145,000,000	-	25,000,000	75,000,000	45,000,000	3.750	5.000	04/01/2013	04/01/2014	-	7,142,626

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)

JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	FY 2012 Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 [2]	Interest Paid During FY 2012 [3]
12/22/2004	190,000,000	-	20,000,000	80,000,000	90,000,000	3.250	5.000	12/01/2012	12/01/2014	-	8,735,388
03/16/2005 [5]	280,000,000	-	-	-	280,000,000	4.500	4.500	03/01/2016	03/01/2023	-	12,597,410
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	220,500,000	-	15,750,000	-	204,750,000	4.000	5.000	06/01/2013	06/01/2025	-	9,513,000
06/01/2005	24,000,000	-	6,000,000	-	18,000,000	4.400	4.450	06/01/2013	06/01/2015	-	1,059,000
11/15/2005	225,000,000	-	15,000,000	-	210,000,000	4.000	5.000	11/15/2012	11/15/2025	-	10,222,500
03/09/2006	217,500,000	-	14,500,000	-	203,000,000	3.600	5.000	12/15/2012	12/15/2025	-	9,402,955
05/01/2006	150,000,000	-	10,000,000	-	140,000,000	4.000	5.000	05/01/2013	05/01/2026	-	6,832,633
06/01/2006	176,250,000	-	11,750,000	-	164,500,000	3.750	5.000	06/01/2013	06/01/2026	-	8,465,905
11/09/2006	295,000,000	-	-	-	295,000,000	4.000	5.000	11/01/2012	11/01/2026	-	14,096,500
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	255,000,000	-	50,000,000	-	205,000,000	3.500	5.000	12/01/2012	12/01/2021	-	10,831,413
05/10/2007	156,235,000	-	11,045,000	-	145,190,000	4.000	5.000	05/01/2013	05/01/2027	-	6,901,325
05/10/2007	173,005,000	-	25,000	-	172,980,000	4.000	5.000	05/01/2013	05/01/2022	-	8,472,900
06/14/2007	191,765,000	-	10,705,000	-	181,060,000	3.750	5.000	06/01/2013	06/01/2027	-	8,927,578
12/19/2007	104,055,000	-	23,390,000	-	80,665,000	5.000	5.000	03/15/2013	03/15/2015	-	5,127,375
12/19/2007	16,000,000	-	10,000,000	-	6,000,000	4.290	4.290	12/01/2012	12/01/2012	-	469,400
12/19/2007	255,000,000	-	15,000,000	-	240,000,000	3.500	5.000	12/01/2012	12/01/2027	-	11,106,275
04/30/2008	12,500,000	-	12,500,000	-	-				05/01/2012	-	178,568
06/26/2008	340,000,000	-	20,000,000	-	320,000,000	3.000	5.000	04/15/2013	04/15/2028	-	14,978,466
06/26/2008	330,650,000	-	19,450,000	-	311,200,000	3.350	5.000	04/15/2013	04/15/2028	-	15,999,460
11/06/2008	451,830,000	-	25,000,000	-	426,830,000	3.900	5.750	11/01/2012	11/01/2028	-	21,695,684
02/26/2009	366,000,000	-	15,000,000	-	351,000,000	2.500	5.000	02/15/2013	02/15/2029	-	16,426,265
03/26/2009	35,750,000	-	2,385,000	-	33,365,000	3.000	5.000	03/01/2015	03/01/2018	-	1,273,650
03/26/2009	131,670,000	-	12,750,000	-	118,920,000	2.500	5.000	03/01/2013	03/01/2023	-	5,521,050
03/26/2009	64,000,000	-	8,000,000	-	56,000,000	5.460	5.460	03/01/2013	03/01/2019	-	3,344,800
12/03/2009	165,750,000	-	55,250,000	-	110,500,000	5.000	5.000	01/01/2013	01/01/2014	-	8,287,500
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	-	-	-	258,235,000	2.000	5.000	12/01/2012	12/01/2021	-	12,280,100
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	337,620,000	-	39,535,000	-	298,085,000	2.580	3.350	05/15/2013	05/15/2018	-	2,345,825
05/19/2011	15,465,000	-	15,465,000	-	-				05/18/2012	-	154,220
05/31/2011	162,870,000	-	-	-	162,870,000	2.300	5.000	05/15/2019	05/15/2023	-	6,996,219
05/31/2011	89,045,000	-	10,000,000	-	79,045,000	1.430	2.120	05/15/2013	05/15/2015	-	1,271,377

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)
JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 (2)	Interest Paid During FY 2012 (3)
05/31/2011	75,000,000	-	-	-	75,000,000	2.400	2.850	05/15/2016	05/15/2019	-	712,030
11/14/2011	-	150,820,000	11,770,000	-	139,050,000	1.500	5.000	11/01/2012	11/01/2019	-	2,377,952
11/14/2011	-	550,000,000	-	-	550,000,000	1.500	5.000	11/01/2012	11/01/2031	-	11,232,002
04/26/2012	-	259,600,000	-	-	259,600,000	2.000	5.000	04/15/2021	04/15/2032	-	-
04/26/2012	-	83,000,000	-	-	83,000,000	0.250	2.934	04/15/2013	04/15/2022	-	-
04/26/2012	-	212,400,000	-	-	212,400,000	2.250	3.510	04/15/2013	04/15/2020	-	192,785
06/29/2012	-	523,245,000	-	-	523,245,000	1.750	5.000	06/01/2013	06/01/2025	-	-
SUBTOTAL	**$10,430,351,552**	**$1,779,065,000**	**$951,021,696**	**$748,420,000**	**$10,509,974,856**					**$ 30,565,976**	**$ 515,079,046**
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	$ -	$120,857,076
04/30/2008	176,313,271	-	-	-	176,313,271	5.404	6.270	03/15/2014	03/15/2025	51,092,130	-
04/30/2008	10,590,000	-	-	-	10,590,000	5.000	5.000	03/15/2028	03/15/2028	-	529,500
SUBTOTAL	**$ 2,276,578,271**	**$ -**	**$ -**	**$ -**	**$ 2,276,578,271**					**$ 51,092,130**	**$121,386,576**
BOND TYPE: ECONOMIC RECOVERY NOTES											
12/03/2009	$ 915,795,000	$ -	$167,860,000	$ -	$ 747,935,000	2.500	5.000	01/01/2013	01/01/2016	$ -	$40,567,963
SUBTOTAL	**$ 915,795,000**	**$ -**	**$167,860,000**	**$ -**	**$ 747,935,000**					**$ -**	**$40,567,963**
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
03/15/1993	$ 530,000	$ -	$ 530,000	$ -	$ -				03/15/2012	$ -	$ 29,150
SUBTOTAL	**$ 530,000**	**$ -**	**$ 530,000**	**$ -**	**$ -**					**$ -**	**$ 29,150**
BOND TYPE: SPECIAL TAX OBLIGATION											
09/15/1991	$ 52,000,000	$ -	$26,500,000	$ -	$ 25,500,000	6.500	6.500	10/01/2012	10/01/2012	$ -	$ 2,518,750
09/01/1992	43,965,000	-	21,310,000	-	22,655,000	6.125	6.125	09/01/2012	09/01/2012	-	2,040,238
04/15/1998	113,585,000	-	35,915,000	-	77,670,000	5.500	5.500	10/01/2012	10/01/2013	-	5,259,513
09/15/1998	39,755,000	-	12,550,000	-	27,205,000	5.500	5.500	11/01/2012	11/01/2013	-	1,841,400
09/15/2001	8,525,000	-	8,525,000	-	-				10/01/2011	-	184,280
09/15/2001	170,440,000	-	39,000,000	131,440,000	-					-	4,580,575
05/01/2002	12,115,000	-	4,850,000	2,205,000	5,060,000	4.300	4.300	07/01/2012	07/01/2012	-	367,940
11/01/2002	40,440,000	-	9,535,000	20,915,000	9,990,000	3.500	5.000	12/01/2012	12/01/2012	-	1,175,397
11/15/2003	147,755,000	-	8,480,000	96,495,000	42,780,000	3.500	5.000	01/01/2013	01/01/2024	-	4,775,828
11/15/2004	159,115,000	-	8,080,000	-	151,035,000	3.500	5.000	07/01/2012	07/01/2024	-	7,653,979
11/15/2004	83,615,000	-	11,355,000	-	72,260,000	3.250	5.250	07/01/2012	07/01/2019	-	3,876,556
12/15/2005	209,210,000	-	9,640,000	-	199,570,000	4.500	5.000	07/01/2012	07/01/2025	-	9,917,025
10/25/2007	224,995,000	-	9,025,000	-	215,970,000	3.750	5.000	08/01/2012	08/01/2027	-	10,334,195
10/01/2008	97,690,000	-	5,740,000	-	91,950,000	3.000	5.000	02/01/2013	02/01/2022	-	3,812,050
12/10/2008	280,790,000	-	10,110,000	-	270,680,000	4.000	5.000	11/01/2012	11/01/2028	-	13,394,431
01/29/2009	409,640,000	-	3,340,000	-	406,300,000	2.000	5.000	02/01/2013	02/01/2022	-	18,532,400
11/10/2009	180,695,000	-	17,065,000	-	163,630,000	3.000	5.000	12/01/2012	12/01/2029	-	6,856,374
11/10/2009	41,560,000	-	15,010,000	-	26,550,000	2.000	5.000	12/01/2012	12/01/2014	-	1,189,875
11/10/2009	304,030,000	-	-	-	304,030,000	4.855	5.740	12/01/2020	12/01/2029	-	16,663,351

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)

JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 (2)	Interest Paid During FY 2012 (3)
11/10/2010	199,570,000	-	18,245,000	-	181,325,000	5.000	5.000	11/01/2012	11/01/2019	-	9,248,700
11/10/2010	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	-	-	-	137,675,000	2.000	5.000	11/01/2012	11/01/2022	-	5,193,000
12/15/2011	-	221,230,000	-	-	221,230,000	3.375	5.000	12/01/2013	12/01/2031	-	5,004,860
12/15/2011	-	233,845,000	-	-	233,845,000	2.000	5.000	12/15/2012	12/01/2022	-	3,711,460
SUBTOTAL	**$ 3,357,595,000**	**$ 455,075,000**	**$274,275,000**	**$251,055,000**	**$ 3,287,340,000**					**$ -**	**$158,810,362**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
03/01/2001	$ 16,710,000	$ -	$ 8,190,000	$ -	$ 8,520,000	4.300	4.300	10/01/2012	10/01/2012	$ -	$ 540,398
03/31/2011	91,430,000	-	3,060,000	-	88,370,000	4.393	4.393	10/01/2012	10/01/2031	-	3,666,859
03/31/2011	60,950,000	-	2,040,000	-	58,910,000	4.463	4.463	10/01/2012	10/01/2031	-	2,486,678
SUBTOTAL	**$ 169,090,000**	**$ -**	**$13,290,000**	**$ -**	**$ 155,800,000**					**$ -**	**$ 6,693,935**
BOND TYPE: CLEAN WATER FUND											
07/01/2003	$ 57,370,000	$ -	$ 4,855,000	$ -	$ 52,515,000	2.700	5.000	10/01/2012	10/01/2025	$ -	$ 2,425,318
07/01/2003	75,450,000	-	4,360,000	-	71,090,000	5.000	5.000	10/01/2012	10/01/2015	-	3,663,500
07/27/2006	127,040,000	-	8,330,000	-	118,710,000	3.900	5.000	07/01/2012	07/01/2027	-	5,540,581
07/27/2006	970,000	-	630,000	-	340,000	3.900	3.900	07/01/2012	07/01/2012	-	25,230
08/06/2008	125,945,000	-	25,530,000	-	100,415,000	3.000	5.000	02/01/2013	02/01/2018	-	5,666,425
06/25/2009	193,750,000	-	7,630,000	-	186,120,000	2.500	5.000	06/01/2013	06/01/2027	-	8,742,475
06/25/2009	27,665,000	-	10,765,000	-	16,900,000	2.500	5.000	06/01/2013	06/01/2015	-	1,063,563
07/30/2009	107,980,000	-	7,230,000	-	100,750,000	2.000	5.000	10/01/2012	10/01/2022	-	4,535,400
03/24/2011	182,935,000	-	6,000,000	-	176,935,000	3.000	5.000	01/01/2013	01/01/2028	-	5,953,887
SUBTOTAL	**$ 899,105,000**	**$ -**	**$75,330,000**	**$ -**	**$ 823,775,000**					**$ -**	**$37,616,379**
BOND TYPE: UCONN 2000 (7)											
04/01/2002	$ 5,000,000	$ -	$ 5,000,000	$ -	$ -				04/01/2012	$ -	$ 215,000
03/01/2003	20,595,000	-	4,725,000	11,135,000	4,735,000	3.500	5.250	02/15/2013	02/15/2013	-	699,504
01/15/2004	54,550,000	-	4,895,000	22,600,000	27,055,000	3.200	5.000	01/15/2013	01/15/2024	-	1,788,329
01/15/2004	174,080,000	-	24,350,000	-	149,730,000	3.900	5.000	01/15/2013	01/15/2020	-	8,699,105
03/16/2005	65,430,000	-	4,900,000	-	60,530,000	3.625	5.000	02/15/2013	02/15/2025	-	2,992,096
03/15/2006	57,850,000	-	3,860,000	-	53,990,000	3.650	5.000	02/15/2013	02/15/2026	-	2,620,584
03/15/2006	59,555,000	-	-	-	59,555,000	4.750	5.000	02/15/2013	02/15/2020	-	2,970,888
04/12/2007	68,275,000	-	5,270,000	-	63,005,000	3.600	5.000	04/01/2013	04/01/2027	-	2,830,300
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	130,165,000	-	7,350,000	-	122,815,000	3.000	5.000	02/15/2013	02/15/2029	-	5,721,049
05/25/2010	92,260,000	-	4,860,000	-	87,400,000	3.000	5.000	02/15/2013	02/15/2030	-	4,172,121
05/25/2010	30,520,000	-	4,085,000	-	26,435,000	2.000	5.000	02/15/2013	02/15/2021	-	1,263,175
12/08/2011	-	31,905,000	380,000	-	31,525,000	2.000	5.000	02/15/2014	02/15/2023	-	276,729
12/08/2011	-	179,730,000	8,985,000	-	170,745,000	2.000	5.000	02/15/2013	02/15/2031	-	1,473,572
SUBTOTAL	**$ 804,310,000**	**$ 211,635,000**	**$ 78,660,000**	**$ 33,735,000**	**$ 903,550,000**					**$ -**	**$38,023,952**

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)

JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 [2]	Interest Paid During FY 2012 [3]
BOND TYPE: CDA INCREMENT FINANCING [8]											
10/05/2004	$ 6,535,000	$ -	$ 360,000	$-	$ 6,175,000	3.500	5.000	10/15/2012	10/15/2024	$ -	$ 264,339
10/05/2004	3,505,000	-	655,000	-	2,850,000	3.125	3.500	12/15/2012	12/15/2015	-	104,919
10/05/2004	7,345,000	-	1,080,000	-	6,265,000	5.000	5.125	05/01/2013	05/01/2017	-	372,163
12/20/2006	7,545,000	-	630,000	-	6,915,000	3.750	4.000	12/15/2012	12/15/2020	-	283,060
SUBTOTAL	**$ 24,930,000**	**$ -**	**$ 2,725,000**	**$ -**	**$ 22,205,000**					**$ -**	**$ 1,024,481**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [9]											
12/15/1994	$ 2,255,000	$ -	$ 705,000	$ -	$ 1,550,000	6.600	6.600	06/15/2013	06/15/2014	$ -	$ 148,830
SUBTOTAL	**$ 2,255,000**	**$ -**	**$ 705,000**	**$ -**	**$ 1,550,000**					**$ -**	**$ 148,830**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [10]											
04/15/1998	$ 4,620,000	$ -	$ 140,000	$ 4,480,000	$ -					$ -	$ 155,925
11/01/1998	6,470,000	-	235,000	6,235,000	-					-	159,375
09/01/1999	13,910,000	-	560,000	13,350,000	-					-	384,289
08/01/2000	3,250,000	-	90,000	3,160,000	-					-	88,443
04/01/2001	3,240,000	-	90,000	3,150,000	-					-	79,904
12/20/2006	18,450,000	-	380,000	-	18,070,000	4.000	5.000	07/01/2012	07/01/2036	-	894,400
10/23/2008	16,635,000	-	265,000	-	16,370,000	4.000	6.000	07/01/2012	07/01/2038	-	977,388
08/19/2011	-	28,840,000	-	-	28,840,000	1.000	5.000	07/01/2012	07/01/2031	-	473,816
SUBTOTAL	**$ 66,575,000**	**$ 28,840,000**	**$ 1,760,000**	**$30,375,000**	**$ 63,280,000**					**$ -**	**$ 3,213,540**
BOND TYPE: JUVENILE TRAINING SCHOOL [11]											
02/15/2001	$ 15,625,000	$ -	$ 475,000	$ -	$ 15,150,000	4.750	5.250	12/15/2012	12/15/2030	$ -	$ 760,856
SUBTOTAL	**$ 15,625,000**	**$ -**	**$ 475,000**	**$ -**	**$ 15,150,000**					**$ -**	**$ 760,856**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS											
03/15/2000	$ 41,250,000	$ -	$ 1,865,000	$ -	$ 39,385,000	6.375	6.600	07/01/2012	07/01/2024	$ -	$ 2,639,314
SUBTOTAL	**$ 41,250,000**	**$ -**	**$ 1,865,000**	**$ -**	**$ 39,385,000**					**$ -**	**$ 2,639,314**
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS [12]											
09/13/2007	$ 23,185,000	$ -	$ 985,000	$ -	$ 22,200,000	4.500	5.000	06/15/2013	06/15/2027	$ -	$ 1,123,288
05/19/2009	36,220,000	-	1,450,000	-	34,770,000	2.500	5.000	06/15/2013	06/15/2029	-	1,464,438
10/19/2010	15,685,000	-	-	-	15,685,000	4.000	5.000	06/15/2014	06/15/2031	-	696,200
10/19/2010	1,630,000	-	635,000	-	995,000	1.390	1.980	06/15/2013	06/15/2014	-	23,389
SUBTOTAL	**$ 76,720,000**	**$ -**	**$ 3,070,000**	**$ -**	**$ 73,650,000**					**$ -**	**$ 3,307,315**
BOND TYPE: CCEDA BONDS [13]											
07/21/2004	$ 8,080,000	$ -	$ 1,460,000	$ -	$ 6,620,000	3.600	5.000	06/15/2013	06/15/2016	$ -	$ 330,290
07/21/2004	57,470,000	-	-	-	57,470,000	3.960	3.960	06/15/2017	06/15/2034	-	2,156,711
08/04/2005	13,085,000	-	670,000	-	12,415,000	5.000	5.000	06/15/2013	06/15/2029	-	654,250

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)
JUNE 30, 2012

Issue Date	Outstanding June 30, 2011	FY 2012 Issued	FY 2012 Retired	FY 2012 Refunded or Defeased	Outstanding June 30, 2012	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2012 (2)	Interest Paid During FY 2012 (3)
12/16/2008	21,520,000	-	490,000	-	21,030,000	3.500	5.750	06/15/2013	06/15/2034	-	1,134,188
SUBTOTAL	**$ 100,155,000**	**$ -**	**$ 2,620,000**	**$ -**	**$ 97,535,000**					**$ -**	**$ 4,275,439**
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM (14)											
10/19/2010	$ 29,165,000	$ -	$ 1,130,000	$ -	$ 28,035,000	1.390	5.350	06/15/2013	06/15/2030	$ -	$ 1,234,906
11/14/2011	-	20,000,000	-	-	20,000,000	0.890	5.000	06/15/2013	06/15/2031	-	482,133
SUBTOTAL	**$ 29,165,000**	**$ 20,000,000**	**$ 1,130,000**	**$ -**	**$ 48,035,000**					**$ -**	**$ 1,717,039**
TOTAL	**$19,210,029,823**	**$ 2,494,615,000**	**$1,575,316,696**	**$1,063,585,000**	**$19,065,743,127**					**$ 81,658,106**	**$935,294,177**

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)

JUNE 30, 2012

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2012.

(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 column shown as outstanding June 30, 2012.

(3) Includes interest rate swap payments and variable rate bond fees.

(4) Debt outstanding at June 30, 2012 includes $5,895,000.00 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. These amounts are therefore not included in the issued, retired or refunded columns.

(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 $2.8 billion over a 22 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.

(9) The Connecticut Development Authority (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.

(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.

(14) 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 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, 2012

CORE Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2012	Interest Accreted Through Fiscal Year 2012 [2]	Outstanding Incl. Accreted Interest June 30, 2012
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED						
12033	ECONOMIC DEVELOPMENT FUND	$167,430,000	$114,430,000	$5,000,000	$ -	$5,000,000
12034	ECONOMIC DEVELOPMENT ASSISTANCE	856,800,000	735,162,377	151,943,084	-	151,943,084
12050	LOCAL CAPITAL IMPROVEMENT FUND	675,000,000	655,000,000	162,655,000	-	162,655,000
12051	CAPITAL EQUIPMENT PURCHASE FUND	382,640,000	338,713,428	36,700,000	-	36,700,000
12052	GRANTS TO LOCAL GOVTS. & OTHERS	2,242,662,738	1,502,318,484	186,522,507	11,793,467	198,315,974
12055	HOUSING HOMELESS PERSONS	7,511,280	7,095,696	920,000	-	920,000
12059	HARTFORD REDEVELOPMENT	491,880,000	475,810,000	48,475,000	-	48,475,000
12063	HOUSING BONDS	612,977,506	520,100,235	8,175,000	-	8,175,000
12066	DECD - HOUSING TRUST FUND	135,000,000	80,000,000	60,000,000	-	60,000,000
12067	CT BIOSCIENCE COLLABORATION PROGRAM	34,162,000	20,000,000	20,000,000	-	20,000,000
13009	SCHOOL CONSTRUCTION	1,835,439,500	1,835,439,500	26,946,165	3,938,784	30,884,949
13010	MAGNET SCHOOLS	7,155,930,770	6,832,926,104	4,520,716,410	-	4,520,716,410
13015	AGRICULTURAL LAND PRESERVATION	140,250,000	114,498,716	31,000,000	-	31,000,000
13019	GRANTS FOR URBAN ACTION	1,209,487,544	1,068,298,418	201,856,916	-	201,856,916
17001	GENERAL STATE PURPOSES	305,022,094	295,134,149	52,530,000	-	52,530,000
17011	GENERAL STATE PURPOSES	580,110,320	551,032,612	133,346,295	-	133,346,295
17021	GENERAL STATE PURPOSES	449,673,502	439,134,446	210,458,450	-	210,458,450
17041	GENERAL STATE PURPOSES	251,081,385	238,397,976	185,347,924	-	185,347,924
17051	GENERAL STATE PURPOSES	182,191,116	172,500,000	143,391,430	-	143,391,430
17061	GENERAL STATE PURPOSES	170,963,560	167,241,646	159,571,355	-	159,571,355
17071	GENERAL STATE PURPOSES	366,363,150	281,042,232	185,036,105	-	185,036,105
17081	GENERAL STATE PURPOSES	242,495,361	77,500,000	77,500,000	-	77,500,000
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
17861	CAPITAL IMPROVEMENTS	119,859,926	119,463,359	8,278,388	-	8,278,388
17871	CAPITAL IMPROVEMENTS	521,848,335	509,853,706	620,000	-	620,000
17891	GENERAL STATE PURPOSES	416,558,089	414,478,686	3,905,000	-	3,905,000
17901	GENERAL STATE PURPOSES	533,894,091	528,220,942	2,031,015	4,937,811	6,968,826
17911	GENERAL STATE PURPOSES	145,616,930	142,314,892	475,000	-	475,000
17931	GENERAL STATE PURPOSES	628,254,036	615,735,971	5,205,841	9,895,914	15,101,755
17951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	206,589,811	205,950,003	7,680,000	-	7,680,000
17961	GENERAL STATE PURPOSES	262,574,910	259,071,813	39,921,981	-	39,921,981
17971	GENERAL STATE PURPOSES	195,280,711	191,057,040	5,000,000	-	5,000,000
21014	CLEAN WATER FUND	1,061,632,510	829,348,884	230,550,540	-	230,550,540
	GENERAL OBLIGATION BANS ROLLOVER FUND [3,4]	-	934,330,000	526,245,000	-	526,245,000
	MIDDLETOWN COURT HOUSE 1998 REFUNDING [4,5]	-	34,375,000	5,895,000	-	5,895,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2001 C [4]	-	504,575,000	191,950,000	-	191,950,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2002 E [4]	-	256,375,000	126,710,000	-	126,710,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2004 B [4]	-	1,030,375,000	836,035,000	-	836,035,000
	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

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2012

CORE Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2012	Interest Accreted Through Fiscal Year 2012 [2]	Outstanding Incl. Accreted Interest June 30, 2012
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2007 B [4]	-	173,300,000	172,980,000	-	172,980,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2007 E [4]	-	181,085,000	80,665,000	-	80,665,000
	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	258,235,000	-	258,235,000
	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	139,050,000	-	139,050,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2012 C [4]	-	523,245,000	523,245,000	-	523,245,000
SUBTOTAL		**$22,623,847,490**	**$25,168,006,765**	**$10,509,974,856**	**$30,565,976**	**$10,540,540,832**
BOND TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS [6]						
31006	TEACHERS'S RETIREMENT FUND GO BONDS TAXABLE SERIES 2008	$2,276,578,271	$2,276,578,271	$2,276,578,271	$51,092,130	$2,327,670,401
SUBTOTAL		**$2,276,578,271**	**$2,276,578,271**	**$2,276,578,271**	**$51,092,130**	**$2,327,670,401**
BOND TYPE: ECONOMIC RECOVERY NOTES						
	ECONOMIC RECOVERY NOTES	$2,257,523,504	$2,198,440,000	$747,935,000	$ -	$747,935,000
SUBTOTAL		**$2,257,523,504**	**$2,198,440,000**	**$747,935,000**	**$ -**	**$747,935,000**
BOND TYPE: SPECIAL TAX OBLIGATION						
13033	INFRASTRUCTURE IMPROVEMENT [4]	$10,520,226,297	$7,517,880,752	$2,241,090,000	$-	$2,241,090,000
14005	STO 1998 SERIES A REFUNDING BONDS [4]	-	197,500,000	77,670,000	-	77,670,000
14005	STO 2004 SERIES B REFUNDING BONDS [4]	-	89,725,000	72,260,000	-	72,260,000
14005	STO 2008 SERIES 1 REFUNDING BONDS [4]	-	97,690,000	91,950,000	-	91,950,000
14005	STO 2009 SERIES 1 REFUNDING BONDS [4]	-	415,035,000	406,300,000	-	406,300,000
14005	STO 2009 SERIES C REFUNDING BONDS [4]	-	759,905,000	398,070,000	-	398,070,000
SUBTOTAL		**$10,520,226,297**	**$9,077,735,752**	**$3,287,340,000**	**$-**	**$3,287,340,000**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
	BRADLEY AIRPORT GENERAL REVENUE REFUNDING BONDS [4]	$ -	$183,020,000	$147,280,000	$ -	$147,280,000
	BRADLEY AIRPORT REVENUE REFUNDING BONDS SERIES 2001 B [4]	-	19,180,000	8,520,000	-	8,520,000
SUBTOTAL		**$ -**	**$202,200,000**	**$155,800,000**	**$ -**	**$155,800,000**

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1) (Continued)

JUNE 30, 2012

CORE Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2012	Interest Accreted Through Fiscal Year 2012 (2)	Outstanding Incl. Accreted Interest June 30, 2012
BOND TYPE: CLEAN WATER FUND						
21015	CLEAN WATER FUND - FED. ACCT.	$2,099,151,375	$1,515,901,103	$597,705,850	$ -	$597,705,850
21018	DRINKING WATER FUND FEDERAL REVOLVING	87,668,625	75,753,897	36,989,150	-	36,989,150
	CLEAN WATER REFUNDING (4)	-	476,070,000	189,080,000	-	189,080,000
SUBTOTAL		**$2,186,820,000**	**$2,067,725,000**	**$823,775,000**	**$ -**	**$823,775,000**
BOND TYPE: UCONN 2000 (7)						
13045	UCONN 2000	$1,694,792,147	$1,598,792,147	$590,275,000	$ -	$590,275,000
	UCONN 2000 REFUNDING BONDS	-	392,000,000	313,275,000	-	313,275,000
SUBTOTAL		**$1,694,792,147**	**$1,990,792,147**	**$903,550,000**	**$ -**	**$903,550,000**
BOND TYPE: CDA INCREMENT FINANCING (8)						
	CABELAS'S INC. - TAX INCREMENTAL FINANCING	$9,950,000	$9,825,000	$6,915,000	$ -	$6,915,000
	CDA REFUNDING BONDS SERIES A, B AND C	-	22,435,000	15,290,000	-	15,290,000
SUBTOTAL		**$9,950,000**	**$32,260,000**	**$22,205,000**	**$ -**	**$22,205,000**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE (9)						
	NEW BRITAIN GOVERNMENT CENTER	$9,275,000	$9,275,000	$1,550,000	$ -	$1,550,000
SUBTOTAL		**$9,275,000**	**$9,275,000**	**$1,550,000**	**$ -**	**$1,550,000**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM (10)						
	CHEFA CHILDCARE - SERIES F	$ -	$19,165,000	$18,070,000	$ -	$18,070,000
	CHEFA CHILDCARE - SERIES G	-	$16,875,000	$16,370,000	-	$16,370,000
	CHEFA CHILDCARE REFUNDING BONDS - SERIES 2011	-	$28,840,000	$28,840,000	-	$28,840,000
SUBTOTAL		**$ -**	**$64,880,000**	**$63,280,000**	**$ -**	**$63,280,000**
BOND TYPE: JUVENILE TRAINING SCHOOL (11)						
	CT JUVENILE TRAINING SCHOOL ENERGY CENTER	$ -	$19,165,000	$15,150,000	$ -	$15,150,000
SUBTOTAL		**$ -**	**$19,165,000**	**$15,150,000**	**$ -**	**$15,150,000**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS						
21008	BRADLEY INTERNATIONAL PARKING OPERATIONS	$55,000,000	$53,800,000	$39,385,000	$ -	$39,385,000
SUBTOTAL		**$55,000,000**	**$53,800,000**	**$39,385,000**	**$ -**	**$39,385,000**

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2012

CORE Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued	Principal Outstanding June 30, 2012	Interest Accreted Through Fiscal Year 2012 [2]	Outstanding Incl. Accreted Interest June 30, 2012
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS [12]						
	CHFA SUPPORTIVE HOUSING BONDS	$85,000,000	$83,540,000	$73,650,000	$ -	$73,650,000
SUBTOTAL		**$85,000,000**	**$83,540,000**	**$73,650,000**	**$ -**	**$73,650,000**
BOND TYPE: CCEDA BONDS [13]						
	CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY	$ -	$110,000,000	$97,535,000	$ -	$97,535,000
SUBTOTAL		**$ -**	**$110,000,000**	**$97,535,000**	**$ -**	**$97,535,000**
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM [14]						
	CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM	$50,000,000	$50,000,000	$48,035,000	$ -	$48,035,000
SUBTOTAL		**$50,000,000**	**$50,000,000**	**$48,035,000**	**$ -**	**$48,035,000**
GRAND TOTAL		**$41,769,012,709**	**$43,404,397,934**	**$19,065,743,127**	**$81,658,106**	**$19,147,401,233**

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2012

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2012. 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 column shown as outstanding June 30, 2012.

(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 31, 2011.

(4) Refunding issues. Proceeds used to refund other bonds reducing overall debt service expense.

(5) Debt outstanding at June 30, 2012 includes $5,895,000.00 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 $2.8 billion over a 22 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.

(9) The Connecticut Development Authority (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.

(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.

(14) 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 OPM.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1) (2)
FISCAL YEAR ENDED JUNE 30, 2012
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (4) (5)

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/12	Investments with Treasurer as Trustee: Short-Term 6/30/12	Investments with Treasurer as Trustee: Long-Term 6/30/12	Investments with Others as Trustee: Short-Term 6/30/12	Investments with Others as Trustee: Long-Term 6/30/12	Total
GENERAL FUND[3]										
11000	Gen. Fund	1100	Gen.Fund	General Fund	$497,526.43	$7,033,020.38 [13]				$7,530,546.81
SUBTOTAL GENERAL FUND					**$497,526.43**	**$7,033,020.38**	**$-**	**$-**	**$-**	**$7,530,546.81**
SPECIAL REVENUE FUNDS										
12001	Spec.Rev.	1201	Spec.Rev.	Transportation	$86,324,637.03					$86,324,637.03
12005	Spec.Rev.	1215	Spec.Rev.	Probate Court Administration	4,191,381.68					4,191,381.68
12010	Spec.Rev.	1209	Spec.Rev.	Soldiers, Sailors and Marines	4,088.34					4,088.34
12012	Spec.Rev.	1215	Spec.Rev.	Municipal Emp. Retirement Administration	956,674.63					956,674.63
12013	Spec.Rev.	1208	Spec.Rev.	Regional Market Operation	1,032,504.10					1,032,504.10
12016	Spec.Rev.	1213	Spec.Rev.	Recreation & Natural Heritage Trust Fund	1,874,427.25					1,874,427.25
12018	Spec.Rev.	2107	Enterprise	University Health Center Operating Fund	67,519.45					67,519.45
12021	Spec.Rev.	1215	Spec.Rev.	Grants - Tax Exempt Proceeds	4,086,642.70					4,086,642.70
12023	Spec.Rev.	2107	Enterprise	Univ. Health Center Research Foundation	37,565,483.23					37,565,483.23
12032	Spec.Rev.	1210	Spec.Rev.	Employment Security - Special Administration	82,274.53					82,274.53
12035	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Revolving Fund	4,448,965.09					4,448,965.09
12038	Spec. Rev.	1212	Spec. Rev.	Individual Development Account Reserve Fund			$438,587.48			438,587.48
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	2,124,451.94					2,124,451.94
12051	Spec.Rev.	1215	Spec.Rev.	Capital Equipment Purchase Fund	5,095,460.96					5,095,460.96
12052	Spec.Rev.	1212	Spec.Rev.	Grants to Local Governments and Others	57,675,519.20					57,675,519.20
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	305,690.31					305,690.31
12062	Spec Rev.	1211	Spec.Rev.	Transportation Grants & Restricted Accounts	2,675.90					2,675.90
12065	Spec.Rev.	1214	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	4,662,019.53					4,662,019.53
12066	Spec.Rev.	1214	Spec.Rev.	Housing Trust Fund	15,808,241.86					15,808,241.86
12067	Spec Rev.	1214	Spec.Rev.	CT Bioscience Collaboration	15,314,542.54					15,314,542.54
SUBTOTAL SPECIAL REVENUE FUNDS					**$242,607,157.06**	**$-**	**$438,587.48**	**$-**	**$-**	**$243,045,744.54**
CAPITAL PROJECTS FUNDS										
13009	Cap. Proj.	1212	Spec.Rev.	School Construction	$5,733,984.60					$ 5,733,984.60
13010	Cap. Proj.	1212	Spec.Rev.	School Construction - Magnet Schools	253,615,018.28					$253,615,018.28
13015	Cap. Proj.	1212	Spec.Rev.	Agricultural Land Preservation	14,481,253.84					14,481,253.84
13019	Cap. Proj.	1212	Spec.Rev.	Community Conservation & Development	39,209,459.91					39,209,459.91
13033	Cap. Proj.	1302	Cap.Proj.	Infrastructure Improvement Fund	263,343,431.67					263,343,431.67
13042	Cap. Proj.	1301	Cap.Proj.	University & State University Facilities	1,459,273.67					1,459,273.67
13048	Cap. Proj.	1301	Cap.Proj.	CSUS 2020	7,675,249.79					7,675,249.79
17001	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,546,804.89					2,546,804.89
17011	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	22,514,179.14					22,514,179.14
17021	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	17,833,800.23					17,833,800.23
17041	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	15,931,492.54					15,931,492.54
17051	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	3,560,942.73					3,560,942.73
17061	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	24,881,745.61					24,881,745.61
17071	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	68,387,522.29					68,387,522.29
17081	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	11,033,421.15					11,033,421.15
17091	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	27,783.99					27,783.99
17101	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	3,508,924.78					3,508,924.78
17831	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	3,038,248.86					3,038,248.86
17851	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,624,166.61					2,624,166.61
17861	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	8,088,729.47					8,088,729.47
17871	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	26,996.18					26,996.18
17891	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	990,067.79					990,067.79

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS [1] [2]
FISCAL YEAR ENDED JUNE 30, 2012
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [4] [5]

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/12	Investments with Treasurer as Trustee: Short-Term 6/30/12	Investments with Treasurer as Trustee: Long-Term 6/30/12	Investments with Others as Trustee: Short-Term 6/30/12	Investments with Others as Trustee: Long-Term 6/30/12	Total
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	969,704.27					969,704.27
17911	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	9,657.05					9,657.05
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,552,205.86					1,552,205.86
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,784,751.02					1,784,751.02
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,429,293.56					1,429,293.56
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,153,283.16					2,153,283.16
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,871,430.15					1,871,430.15
SUBTOTAL CAPITAL PROJECTS FUNDS					**$780,282,823.09**	**$-**	**$-**	**$-**	**$-**	**$780,282,823.09**
DEBT SERVICE FUNDS										
14001	Debt Service	2106	Enterprise	University Bond Liquidation	$975,832.37					$975,832.37
14002	Debt Service	2109	Enterprise	State University Dormitory	61,567,855.03					61,567,855.03
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	633,363,870.16 [6]				$69,925,000.00 [6]	703,288,870.16
SUBTOTAL DEBT SERVICE FUNDS					**$695,907,557.56**	**$-**	**$-**	**$-**	**$69,925,000.00**	**$765,832,557.56**
ENTERPRISE FUNDS										
21005	Enterprise	1215	Spec.Rev.	Auto Emissions Inspection	$3,927,266.78					$3,927,266.78
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations	13,811,505.36 [6]					13,811,505.36
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	136,548,588.54 [6]					136,548,588.54
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	1,754,940.53					1,754,940.53
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	63,177,654.23 [7]			925,000.00 [7]	4,470,000.00 [7]	68,572,654.23
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	265,584,681.45 [9]			34,686,589.21 [8]	275,280,229.61 [8]	575,551,500.27
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	5,875,489.11					5,875,489.11
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan	89,581,758.99 [9]			2,012,708.64 [8]	23,452,316.83 [8]	115,046,784.46
21020	Enterprise	1216	Spec.Rev.	Rate Reduction Bond Operations	8,834.99 [10]			11,328.84 [10]		20,163.83
SUBTOTAL ENTERPRISE FUNDS					**$580,270,719.98**	**$-**	**$-**	**$37,635,626.69**	**$303,202,546.44**	**$921,108,893.11**
FIDUCIARY FUNDS										
31001	Pension	3103	Pension	State Employees' Retirement Fund		$220,254,891.45	$8,248,015,342.19 [11]			$8,468,270,233.64
31002	Pension	3105	Pension	State Attorneys' Retirement Fund		156,541.44	1,038,782.69 [11]			1,195,324.13
31003	Pension	3105	Pension	General Assembly Retirement Fund	$14,697.23					14,697.23
31004	Pension	3106	Pension	Judges and Compensation Commissioners' Retirement Fund		3,163,112.89	153,746,573.89 [11]			156,909,686.78
31005	Pension	3105	Pension	Public Defenders Retirement Fund	249,199.14					249,199.14
31006	Pension	3104	Pension	Teachers' Retirement Fund		523,854,309.88	12,949,307,501.98 [11]			13,473,161,811.86
31008	Pension	3107	Pension	Municipal Employees' Retirement - Fund B		27,764,553.10	1,647,534,262.90 [11]			1,675,298,816.00
31009	Other Em. Benefits	3102	Agency	Policemen & Firemen Survivors' Benefit Fund		1,117,502.33	21,441,095.33 [11]			22,558,597.66
31010	Pension	3108	Pension	Probate Judges & Employees Retirement Fund		3,906,026.16	74,137,880.58 [11]			78,043,906.74
35010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund		918,379.62	16,728,046.82 [11]			17,646,426.44
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund		654,241.87	65,979,384.76 [11]			66,633,626.63
35014	Fiduciary	2103	Exp.Trust	Unemployment Compensation Fund				$198,964,649.30 [12]		198,964,649.30
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund	5,120,063.18					5,120,063.18
SUBTOTAL FIDUCIARY FUNDS					**$5,383,959.55**	**$781,789,558.74**	**$23,177,928,871.14**	**$198,964,649.30**	**$-**	**$24,164,067,038.73**
TOTAL CIVIL LIST FUNDS					**$2,304,949,743.67**	**$788,822,579.12**	**$23,178,367,458.62**	**$236,600,275.99**	**$373,127,546.44**	**$26,881,867,603.84**

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS [1] [2] (Continued)
FISCAL YEAR ENDED JUNE 30, 2012

(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 inevitable 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 2012 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. All 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 Gereral Obigations 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 Agency and CD portfolios with an average maturities of less than one year in accordance with C.G.S. 3-24k and 3-38a.

SECURITIES HELD IN TRUST FOR POLICYHOLDERS
JUNE 30, 2012

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:

Name of Insurance Company	Par Amount of Collateral	Market Value
ACE Life Insurance Company	$ 5,000,000.00	$ 5,321,130.00
Aetna Better Health, Inc.	500,000.00	515,450.00
Aetna Health Inc. (CT)	575,000.00	635,504.25
Aetna Health and Life Insurance Company	2,075,000.00	2,134,926.00
Aetna Insurance Company Of Connecticut	2,550,000.00	2,589,754.50
Aetna Life Insurance Company	1,500,000.00	1,656,002.44
Allianz Global Risks US Insurance Company	681,000.00	798,901.53
Alterra Reinsurance USA Inc.	3,025,000.00	3,092,829.75
American Centennial Insurance Company	50,000.00	50,027.50
American Equity Specialty Insurance Company	2,600,000.00	3,079,772.34
American Maturity Life Insurance Company	5,700,000.00	5,797,071.00
American Phoenix Life & Reassurance Company	5,650,000.00	6,510,393.50
American Security Insurance Company	35,000.00	37,076.90
AmeriChoice of Connecticut, Inc.	500,000.00	541,135.00
Anthem Health Plans, Inc.	500,000.00	505,060.00
Arbella Indemnity Insurance Company, Inc.	50,000.00	70,531.50
Arbella Protection Insurance Company	50,000.00	62,703.00
Associated Indemnity Corporation	300,000.00	328,467.00
Athena Assurance Company	2,940,000.00	3,191,678.40
Automobile Insurance Company of Hartford (The)	4,050,000.00	4,671,017.00
AXIS Specialty Insurance Company	3,000,000.00	2,998,020.00
Beazley Insurance Company, Inc.	2,500,000.00	2,622,650.00
C.M. Life Insurance Company	1,600,000.00	1,622,688.00
California Insurance Company	4,900,000.00	5,061,068.10
Carolina Casualty Insurance Company	200,000.00	244,694.00
Charter Oak Fire Insurance Company (The)	4,525,000.00	4,737,676.00
CIGNA Healthcare of Connecticut, Inc.	525,000.00	593,260.50
CIGNA Health and Life Insurance Company	2,600,000.00	2,863,015.60
Connecticare, Inc.	500,000.00	541,135.00
Connecticut Attorneys Title Insurance Company	210,000.00	231,497.70
Connecticut General Life Insurance Company	1,710,000.00	1,846,519.95
Covenant Insurance Company	600,000.00	744,968.00
Electric Insurance Company	60,000.00	70,260.60
Employers’ Fire Insurance Company	655,000.00	656,663.70
Executive Risk Specialty Insurance Company	3,110,000.00	3,475,808.50
Fairfield Insurance Company	2,515,000.00	2,533,611.95
Fairmont Insurance Company	100,000.00	105,782.00
Fairmont Premier Insurance Company	100,000.00	118,046.00
Fairmont Specialty Insurance Company	100,000.00	111,235.00
Farmington Casualty Company	3,000,000.00	3,410,148.00
Finial Reinsurance Company	3,550,000.00	3,600,339.00
Fireman’s Fund Insurance Company	9,959,000.00	11,267,337.52
First State Insurance Company	2,200,000.00	2,431,176.00
First Trenton Indemnity Company	100,000.00	148,352.00
Fitchburg Mutual Insurance Company	50,000.00	53,342.50
General Re Life Corporation	1,500,000.00	2,225,280.00
General Star Indemnity Company	2,975,000.00	3,445,223.25
Genesis Insurance Company	3,000,000.00	3,399,030.00
Genworth Mortgage Ins Corporation of North Carolina	60,000.00	64,936.20
Gulf Underwriters Insurance Company	3,000,000.00	3,653,978.65
Harleysville Worcester Insurance Company	9,065,000.00	9,433,116.15
Hartford Accident & Indemnity Company	3,500,000.00	3,931,025.00
Hartford Fire Insurance Company	3,300,000.00	3,858,360.00
Hartford Insurance Company of the Southeast	1,000,000.00	1,089,360.00
Hartford International Life Reassurance Corp.	5,645,000.00	5,996,370.60
Hartford Life Insurance Company	2,350,000.00	2,586,292.50

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2012

Name of Insurance Company	Par Amount of Collateral	Market Value
Hartford Life & Accident Insurance Company	1,915,000.00	1,985,494.85
Hartford Life & Annuity Insurance Company	2,860,000.00	3,131,259.55
Hartford Steam Boiler Inspection & Insurance Company	4,000,000.00	4,096,080.00
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,174,462.00
Hartford Underwriters Insurance Company	3,250,000.00	3,607,922.50
Health Net of Connecticut, Inc.	500,000.00	571,135.00
Homesite Insurance Company	2,500,000.00	2,634,850.00
IdeaLife Insurance Company	1,500,000.00	1,508,550.00
ING Life Insurance & Annuity Company	3,600,000.00	3,584,772.00
Insurance Company of the West	100,000.00	155,992.00
Integon National Insurance Company	75,000.00	87,984.75
Integon Preferred Insurance Company	75,000.00	76,696.50
Knights of Columbus	2,000,000.00	2,520,000.00
Liberty Mutual Insurance Company	50,000.00	51,480.50
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,447,504.00
MEMBERS Life Insurance Company	350,000.00	438,921.00
MetLife Insurance Company of Connecticut	10,125,000.00	10,088,805.75
Middlesex Mutual Assurance Company	1,525,000.00	1,610,093.50
MML Bay State Life Insurance Company	1,500,000.00	1,521,270.00
Munich American Reassurance Company	40,000.00	43,290.80
National Liability & Fire Insurance Company	2,750,000.00	2,761,715.00
New England Insurance Company	2,945,000.00	3,339,363.60
New England Reinsurance Corporation	3,225,000.00	5,039,062.50
New London County Mutual Insurance Company	600,000.00	686,484.00
Northern Assurance Company of America	2,175,000.00	2,183,743.50
Northland Casualty Company	2,560,000.00	2,971,151.00
Northland Insurance Company	2,575,000.00	2,824,311.50
Nutmeg Insurance Company	3,000,000.00	3,066,820.00
Odyssey Reinsurance Company	5,000,000.00	5,612,000.00
OneBeacon America Insurance Company	6,195,000.00	6,212,903.55
Oxford Health Plans (CT), Inc.	500,000.00	541,135.00
Pacific Insurance Company, Limited	2,820,000.00	3,514,988.60
Patrons Mutual Insurance Company of Connecticut	120,000.00	121,200.00
PHL Variable Insurance Company	5,070,000.00	5,817,163.80
Phoenix Insurance Company (The)	4,635,000.00	4,926,083.55
Phoenix Life & Annuity Company	5,650,000.00	5,925,057.00
Prudential Annuities Life Assurance Corporation	1,500,000.00	1,568,670.00
Prudential Retirement Insurance & Annuity Company	5,015,000.00	5,571,916.60
PXRE Reinsurance Company	7,800,000.00	7,830,207.00
R.V.I. America Insurance Company	2,540,000.00	2,610,938.40
R.V.I. National Insurance Company	2,550,000.00	2,567,865.00
Safeco Surplus Lines Insurance Company	100,000.00	104,453.00
St. Paul Fire & Marine Insurance Company	3,250,000.00	3,547,082.50
St. Paul Guardian Insurance Company	2,615,000.00	2,837,860.65
St. Paul Medical Liability Insurance Company	2,540,000.00	2,786,041.60
St. Paul Mercury Insurance Company	2,550,000.00	3,053,064.00
Seneca Insurance Company, Inc.	260,000.00	286,067.60
Sentinel Insurance Company, Ltd.	3,405,000.00	3,679,654.90
Sequoia Insurance Company	125,000.00	127,110.00
Sparta Insurance Company	3,070,000.00	3,116,296.90
Sparta Specialty Insurance Company	2,500,000.00	2,544,135.00
Standard Fire Insurance Company (The)	4,000,000.00	4,264,080.00
Sun Life and Health Insurance Company (U.S.)	5,000,000.00	5,040,650.00
Swiss Re Life & Health America, Inc.	5,290,000.00	3,575,646.00
T.H.E. Insurance Company	300,000.00	322,579.00
Thames Insurance Company, Inc.	200,000.00	228,828.00
TIG Insurance Company	10,100,000.00	10,482,075.30
Torus National Insurance Company	100,000.00	104,781.00
Tower National Insurance Company	50,000.00	50,322.00
TravCo Insurance Company	4,875,000.00	5,220,889.75
Travelers Casualty & Surety Company	3,000,000.00	3,401,250.00

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2012

Name of Insurance Company	Par Amount of Collateral	Market Value
Travelers Casualty & Surety Company of America	3,180,000.00	3,366,703.40
Travelers Casualty Company of Connecticut	2,500,000.00	2,694,388.50
Travelers Casualty Insurance Company of America	3,400,000.00	5,043,968.00
Travelers Commercial Casualty Company	3,200,000.00	3,413,720.00
Travelers Commercial Insurance Company	2,125,000.00	2,273,821.25
Travelers Excess & Surplus Lines Company	2,500,000.00	2,594,251.00
Travelers Home & Marine Insurance Company (The)	5,125,000.00	5,313,461.75
Travelers Indemnity Company (The)	6,630,000.00	7,425,674.50
Travelers Indemnity Company of America (The)	3,565,000.00	3,875,974.95
Travelers Indemnity Company of Connecticut (The)	3,000,000.00	3,288,813.00
Travelers Personal Insurance Company	5,500,000.00	6,815,798.00
Travelers Personal Security Insurance Company	4,100,000.00	4,343,890.00
Travelers Property Casualty Company of America	3,005,000.00	4,720,253.60
Travelers Property Casualty Insurance Company	2,050,000.00	2,058,733.00
Trenwick America Reinsurance Corporation	1,000,000.00	1,011,107.00
Truck Insurance Exchange	370,000.00	378,791.20
Trumbull Insurance Company	2,580,000.00	3,061,974.60
UnitedHealthcare Insurance Company	1,510,000.00	1,554,243.00
United Guaranty Residential Insurance Company of NC	50,000.00	53,220.50
United Illuminating Company	215,000.00	215,864.30
United States Fidelity and Guaranty Company	6,000,000.00	6,762,220.00
Vantis Life Insurance Company	2,275,000.00	2,557,675.50
Vision Service Plan Insurance Company	2,600,000.00	2,684,396.00
Wellcare of CT, Inc.	525,000.00	525,940.75
Western National Life Insurance Company	100,000.00	134,313.00
Zenith Insurance Company	1,111,000.00	1,480,585.26
TOTAL	**$ 353,531,000.00**	**$ 384,813,693.14**

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, 2011		**$ 337,798,730.44**
Deposits	$ 866,345,000.00	
Combined Wage Transfers to Connecticut	13,107,624.05	
Extended Benefits	161,450,000.00	
Federal Employee & Ex-Servicemen Contributions	15,341,500.00	
Extended Unemployment Compensation 08	801,350,000.00	
Federal Additional Compensation	50,000.00	
Title XII Advances	122,867,801.19	
Returned Excess Federal Funds - Drawdown Reversals	(100,000.00)	1,980,411,925.24
TOTAL CASH AVAILABLE		**$ 2,318,210,655.68**
Combined Wage Withdrawals	11,578,205.38	
Withdrawals for Benefit Payments	1,819,158,500.00	
Title XII Voluntary Loan Repayment	272,867,801.00	
Returned Excess Federal Funds - Book Transfers	400,000.00	
Returned Excess Federal Funds - Drawdown Reversals	(100,000.00)	
Federal Employee & Ex-Servicemen Withdrawals	15,341,500.00	2,119,246,006.38
BALANCE at JUNE 30, 2012		**$ 198,964,649.30**

Office of the State Treasurer

LIST OF PRINCIPAL OFFICIALS AND PHONE NUMBERS

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