

STATE OF CONNECTICUT
OFFICE OF THE TREASURER

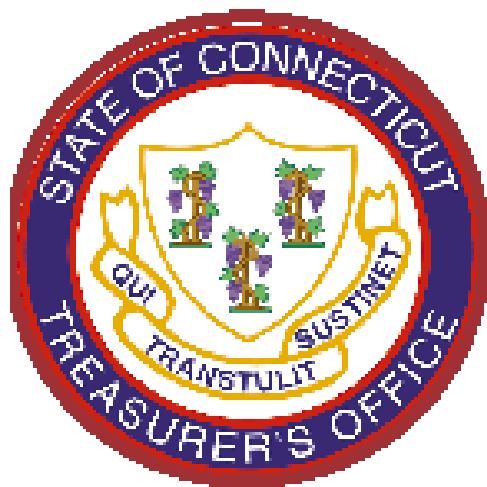
2001



COMBINED INVESTMENT FUNDS
COMPREHENSIVE ANNUAL FINANCIAL
REPORT

For the fiscal year ended June 30, 2001

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.

COMBINED INVESTMENT FUNDS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2001

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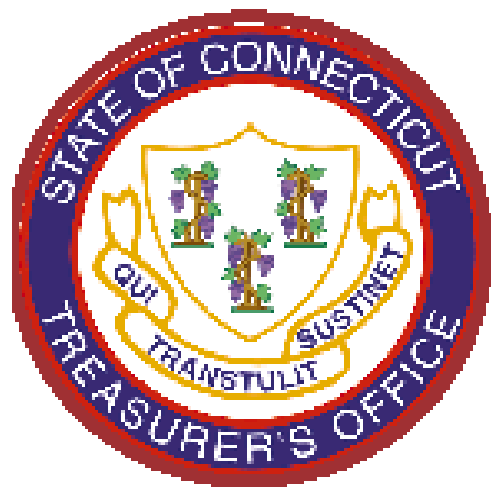
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Introductory Section



LETTER FROM THE TREASURER

December 04, 2001

Dear Fellow Beneficiaries:

I am pleased to submit to you this Comprehensive Annual Financial Report (CAFR) of the State of Connecticut Office of the Treasurer Combined Investment Fund (CIF) for the fiscal year ended June 30, 2001.

In this report, you will find a level of disclosure consistent with the highest standards of financial reporting. We remain committed to providing plan beneficiaries with the most comprehensive and accurate financial information available. To this end, audited financial statements are included herein for your review. This report will be made available on the Internet at www.state.ct.us/ott throughout the year.

State of Connecticut Combined Investment Funds

The Combined Investment Funds are separate legally defined funds which have been established by the Treasurer of the State of Connecticut under the authority of the Connecticut General Statutes Section 3-31b. The Funds are open-end portfolios consisting of the Cash Reserve Fund, Mutual Equity Fund, Mutual Fixed Income Fund, 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 which include the Teachers' Retirement Fund, State Employees' Retirement Fund, Connecticut Municipal Employees' Retirement Fund, State Judges' Retirement Fund, Probate Court Retirement Fund, States' Attorney Retirement Fund, Soldiers' Sailors' & Marine's Fund, Police and Firemen Survivors' Benefit Fund, Connecticut Arts Endowment Fund, School Fund, Ida Eaton Cotton Fund, Hopemead Fund, Andrew C. Clark Fund, and the Agricultural College Fund.

The Treasurer, as principal fiduciary of the Combined Investment Funds, is authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. Legislation restricts the maximum aggregate investment in equity securities to 60% of the fair value of the Trust Funds. The Funds are not registered with the Securities and Exchange Commission as an investment company. Investments are stated at fair value for each of the funds and the investments of the Cash Reserve Fund are valued at amortized cost which approximates fair value.

Report Contents

This report was prepared by the management of the Treasurer's Office, which is responsible for the accuracy of the data, the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed financial statements and data are accurate in all material respects. Such information has been prepared in conformity with generally accepted accounting principles and has been audited by the State of Connecticut Auditors of Public Accounts. These audits have resulted in unqualified opinions for each of the periods presented.

The report contains four sections as follows:

The Introductory Section contains the Letter of Transmittal, Management's Report, an organizational chart, and a list of principal officials and investment advisors for the Combined Investment Funds.

The Financial Section contains the report of the State of Connecticut Auditors of Public Accounts and the financial statements of the Combined Investment Funds at June 30, 2001.

The Investment Section contains a comprehensive discussion of the Pension Funds Management Division's operations, investment policies, and approach to measuring and evaluating performance, including:

- Analysis of the fiscal year's economic conditions and their impact on the Funds' performance;
- Each Fund's performance objectives, benchmarks, and comparative risk profile; and
- Comprehensive presentation of each Fund's portfolio composition, and annual and historical investment performance.

The Statistical Section includes the Pension and Trust Funds' ownership in the Combined Investment Funds, a list of the Funds' investment advisors and their assets under management, the Pension and Trust Funds' allocation across major asset categories and the market values and rates of return for each, a listing of all brokerage firms used by the Pension Funds Management Division and the aggregate commissions paid to each, a historical table of CIF assets under management and a comprehensive glossary of investment terms.

The performance presentation formats and disclosures contained in this report are a synthesis of techniques used by public and private sector reporting entities as well as recommendations from the Government Finance Officers Association. Similarly, the financial statements and disclosures reflect a comprehensive effort by Treasury staff to integrate all appropriate accounting and disclosure standards as well as the most recent disclosures required by generally accepted accounting principles.

LETTER FROM THE TREASURER

Major Highlights

Summary of Operations

(\$ in 000s)	2001	2000
Investment Income:		
Dividends	\$271,377	\$369,818
Interest	504,578	449,436
Securities Lending	98,295	90,135
Other	1,847	794
Total Investment Income	<u>876,097</u>	<u>910,183</u>
Expenses:		
Investment Advisory Fees	60,857	47,369
Security Lending Rebates	85,366	81,006
Operating Expenses	9,869	5,717
Total Expenses	<u>156,092</u>	<u>134,092</u>
Net Investment Income	720,005	776,092
Net Realized Gain (Loss)	269,330	1,527,169
Net Change in Unrealized Gain (Loss) on Investments and Foreign Currency	<u>(1,776,378)</u>	<u>262,457</u>
Net Increase (Decrease) in Net Assets from Operations	(787,043)	2,565,717
Distribution to Unit Holders	(734,631)	(759,077)
Unit Transactions	200,659	286,624
Total Increase (Decrease) in Net Assets	<u>\$(1,321,015)</u>	<u>\$2,093,264</u>

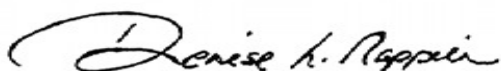
The Combined Investment Funds were valued at \$20.6 billion at fiscal year end, a decline of \$1.3 billion reflecting general financial market conditions at June 30, 2001. This negative impact was especially pronounced in the CIF's domestic and international equity investments. On a relative scale, the Funds performance exceeded 86 percent of other public funds with assets greater than \$1 billion in the Trust Universe Comparison Service (TUCS), its peer group for Public Funds.

The Investment Advisory Council has continued to provide practical oversight necessary for the diligent investment practices of the Fund, consistent with the Treasury Reform Law and state statutes. I remain grateful for the insight and commitment to the State of Connecticut by the IAC members, and their diligence working for the best interests of the State and its pension beneficiaries.

We believe the strategy now in place for the Combined Investment Funds, over the long-term, will continue to yield positive results for Fund beneficiaries. We are committed to prudently and productively managing pension and trust assets. We will continue to seek new and innovative ways to improve the performance of the pension funds while streamlining operations and containing costs.

We appreciate your participation in the Combined Investment Funds, and hope that the information provided here will prove to be both interesting and helpful.

Sincerely,



Denise L. Nappier
Treasurer
State of Connecticut

Connecticut State Treasury
Hartford, Connecticut
October 15, 2001

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 Combined Investment Funds Comprehensive Annual Financial Report make evident the State of Connecticut Office of the Treasurer support of the safe custody and conscientious stewardship of the State's property and money held by the State.

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

Sincerely,

A handwritten signature in black ink, appearing to read "H. Rifkin", with a long horizontal line extending to the right.

Howard G. Rifkin
Deputy Treasurer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Connecticut State Treasurer's Combined Investment Funds

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Joseph A. Arave
President

Jeffrey L. Essler
Executive Director

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.

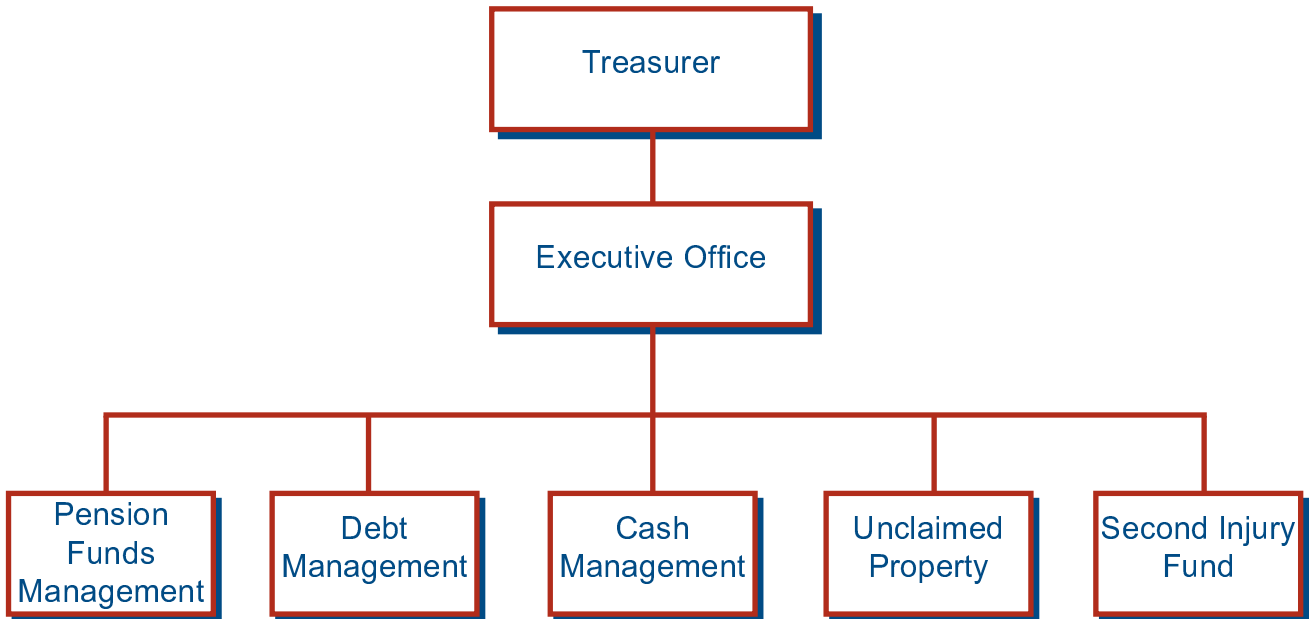
Statutory Responsibility

The Office of the Treasurer was established following the adoption of the fundamental orders of Connecticut in 1638. The duties, as described in Article Fourth, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes, the Treasurer shall receive all funds belonging to the state and disburse the same only as may be directed by law.

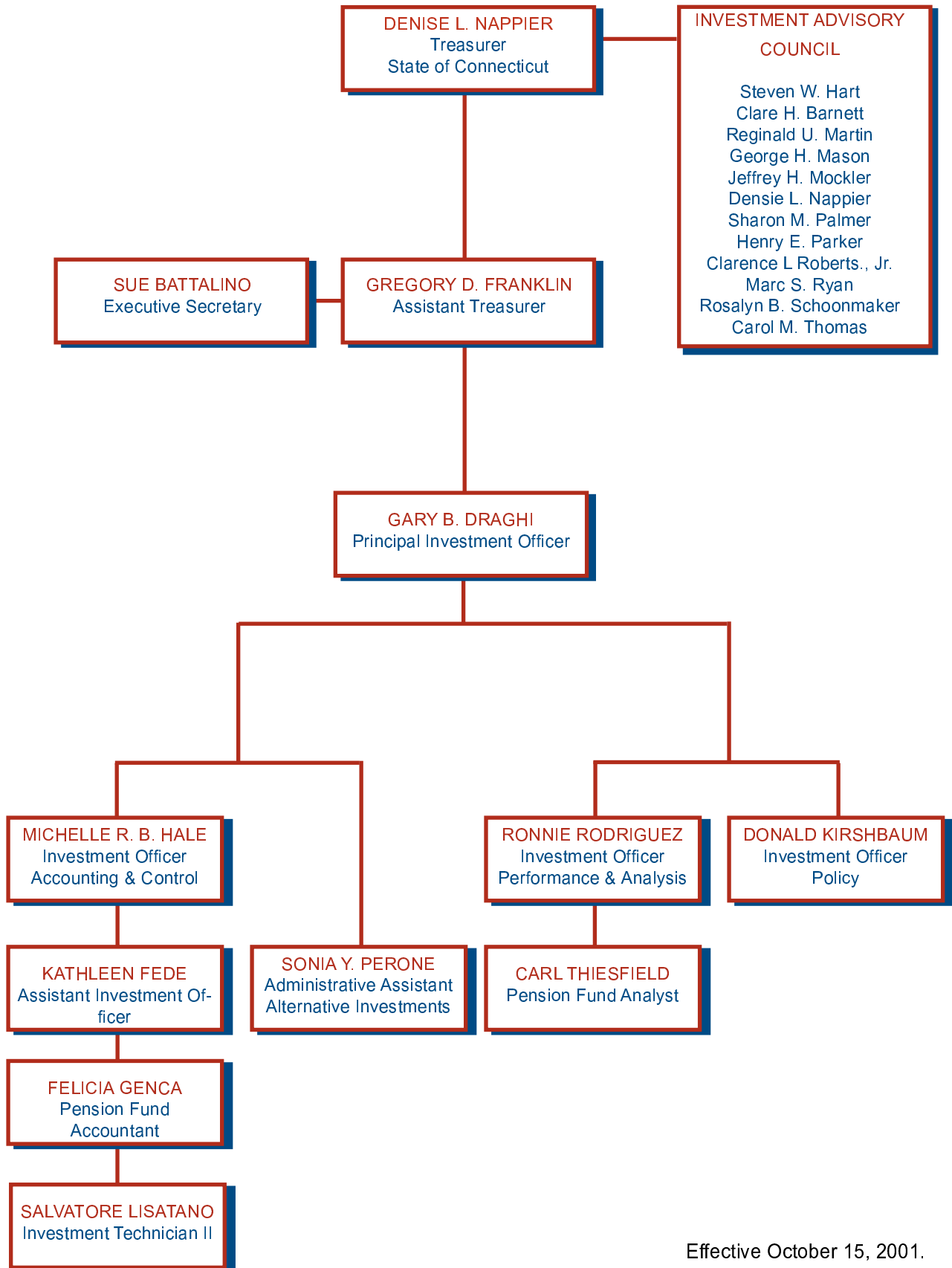
The Treasurer is the Chief Fiscal Officer for the State government, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. This includes the administration of a portfolio of pension assets worth more than \$20 billion and a short-term investment fund with an average daily balance of over \$4 billion.

Public Service

The Office of the Treasurer includes an Executive Office as well as five distinct divisions, each with specific responsibilities: Pension Funds Management, Cash Management, Debt Management, Unclaimed Property, and the Second Injury Fund.



COMBINED INVESTMENT FUNDS ADMINISTRATION



Effective October 15, 2001.

COMBINED INVESTMENT FUNDS

55 Elm Street
6th Floor
Hartford, CT. 06106-2773
Telephone: (860) 702-3155
Facsimile: (860) 702-3042
World Wide Web:
www.state.ct.us/ott

Treasurer, State of Connecticut
DENISE L. NAPPIER (860) 702-3001

Deputy Treasurer, State of Connecticut
HOWARD G. RIFKIN (860) 702-3292

Assistant Treasurer
GREGORY D. FRANKLIN, CFA (860) 702-3162

Principal Investment Officer
GARY B. DRAGHI, CPA (860) 702-3162

Investment Officer
RONNIE RODRIGUEZ (860) 702-3158

Investment Officer
MICHELLE R. B. HALE, CPA (860) 702-3275

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of The State Treasurer and 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, and three representatives of the teachers' unions and two representatives of the state employees' unions (CGS Sec. 3-13b).

As enacted in Public Act 00-43, the IAC is responsible for conducting an annual review of the Investment Policy (IPS) Statement recommended by the Treasurer which includes an outline of the standards governing investment of trust funds by the Treasurer. The IPS includes, with respect to each 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 manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services who shall include, but not be limited to, investment advisors, external 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 IAC also is responsible for reviewing all trust fund investments made by the State Treasurer along with all information regarding such investments provided to the council 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 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 trust funds or breakdowns in the safekeeping of 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 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 2001 include:

STEVEN W. HART, Chairman, as appointed by the Governor, President, Hart Capital LLC

CLARE H. BARNETT, (Representative of State Teachers' unions) Teacher and Social Studies Chair, Danbury school system

REGINALD U. MARTIN, Managing Partner, Insurance Planning Associates

GEORGE H. MASON, Retired Business Educator.

JEFFREY H. MOCKLER, (Representative of State Employees' unions), Staff Representative, AFSCME Council 4

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

SHARON M. PALMER, (Representative of State Teachers' unions) First Vice President, CT Federation of Educational and Professional Employees

HENRY E. PARKER, Former Treasurer, State of Connecticut 1975-1986, Former Senior Vice President, Atalanta/Sosnoff Capital Corporation (Retired January 1998)

CLARENCE L. ROBERTS, JR., Former Assistant Treasurer, Unilever United States, Inc. (Retired 1994)

MARC S. RYAN, Secretary, State Office of Policy and Management (Ex-officio member)

ROSALYN B. SCHOONMAKER, (Representative of State Teachers' unions) Retired teacher and retirement counselor

CAROL M. THOMAS, (Representative of State Employees' unions) State Department of Mental Retardation

LIST OF EXTERNAL ADVISORS

INVESTMENT CONSULTANTS

Council of Institutional Investors -
Ferrell Capital Management -
Horton International Maryland -
Irwin Tepper Associates - Newton, Massachusetts
Pamela J. Bartol - Colchester, Connecticut
RogersCasey, Inc. - Darien, Connecticut

MASTER CUSTODIAN

State Street Bank and Trust Co. - Boston, Massachusetts

AUDITORS

Auditors of Public Accounts - Hartford, Connecticut

INVESTMENT ADVISORS

CASH RESERVE ACCOUNT

State Street Global Advisors - Boston, Massachusetts

MUTUAL EQUITY FUND (MEF)

Large Cap

State Street Global Advisors - Boston, Massachusetts
BGI Barclays Global Investors, N.A. - San Francisco, California
J.P. Morgan Investment Management, Inc. - New York, New York

Small/Mid Cap Passive Enhance

AXA Rosenberg Institutional Equity Management - Orinda, California
The Travelers Investment Management Co. - Hartford, Connecticut

Small/Mid Cap Active

Alliance Capital - New York, New York
Brown Capital Management, Inc. - Baltimore, Maryland
Cowen Asset Management - New York, New York
Dresdner RCM Global Investors, L.L.C. - San Francisco, California
ValueQuest Ltd. - Marblehead, Massachusetts
Other ⁽¹⁾

INTERNATIONAL STOCK FUND

EAFE - Europe

State Street Global Advisors - Boston, Massachusetts

Core

DSI International Management - Norwalk, Connecticut
Morgan Stanley Asset Management - New York, New York
Grantham, Mayo, Van Otterloo & Co. - Boston, Massachusetts
Smith Barney Capital Management - New York, New York

Emerging

Morgan Stanley Asset Management - New York, New York
Pictet International Management - London, England
Other ⁽¹⁾

LIST OF EXTERNAL ADVISORS

REAL ESTATE FUND (REF)

AEW Capital Management, LP - Boston, Massachusetts
Walton Street Real Estate Fund II - Chicago, Illinois
CIGNA Investment Management - Hartford, Connecticut
Apollo Real Estate - New York, New York
Tishman - New York, New York
Wachovia Bank of Georgia, N.A. - Atlanta, Georgia
Westport Senior Living – Palm Beach Gardens, Florida
Other ⁽¹⁾

MUTUAL FIXED INCOME FUND (MFIF)

Core

State Street Global Advisors - Boston, Massachusetts
BlackRock Financial Management, Inc. - New York, New York
J.P. Morgan Investment Management, Inc. - New York, New York
Western Asset Management - Pasadena, California
Wellington - Boston, Massachusetts
Phoenix - Hartford, Connecticut

Convertibles

Oaktree Capital Management, L.L.C. - Los Angeles, California

High Yield

Loomis Sayles & Co., Inc. - Boston, Massachusetts
W.R. Huff Asset Management - Morristown, New Jersey
Oaktree Capital Management, L.L.C. - Los Angeles, California
Triumph II LP - Boston, Massachusetts
Other ⁽¹⁾

COMMERCIAL MORTGAGE FUND (CMF)

AEW Capital Management, LP - Boston, Massachusetts
Other ⁽²⁾

PRIVATE INVESTMENT FUND (PIF)

Corporate Buyouts

Hicks Muse Tate & Furst, L.P.- Dallas, Texas
DLJ Merchant Banking Partners - New York, New York
Veritas Capital Management - New York, New York
SCP Private Equity Partners - Wayne, Pennsylvania
KKR - New York, New York
Blackstone Capital Partners - New York, New York
Conning & Company - Hartford, Connecticut
Thomas H. Lee & Company - Boston, Massachusetts
Wellspring Capital Partners - New York, New York
Forstmann Little - New York, New York
Kelso Investment Associates - New York, New York
Welsh, Carson, Anderson & Stowe – New York, New York
Green Equity Investors – Los Angeles, California
Greenwich Street Capital Partners – New York, New York
Thayer Equity Investors – Washington D.C.

LIST OF EXTERNAL ADVISORS

Venture Capital

Cullinane & Donnelly - Westport, Connecticut
Prospect Street Ventures - New York, New York
Connecticut Green Ventures - Stamford, Connecticut
Pioneer Ventures Associates - Windsor, Connecticut
RFE Investments Partners - New Canaan, Connecticut
Shawmut Equity Partners - Boston, Massachusetts
Grotech Partners - Timonium, Maryland
Keystone Venture – Philadelphia, PA
Crescendo Venture Fund III – Minneapolis, Minnesota
Crescendo World Fund – Minneapolis, Minnesota
Triumph Capital Partners II- Boston, Massachusetts

Mezzanine

Triumph Capital Partners III- Boston, Massachusetts
Triumph CT Partners - Boston, Massachusetts
Welsh, Carson, Anderson & Stowe - New York, New York
Forstmann Little - New York, New York
GarMark Partners – New York, New York
Smith Whiley & Co. - Hartford, Connecticut

International

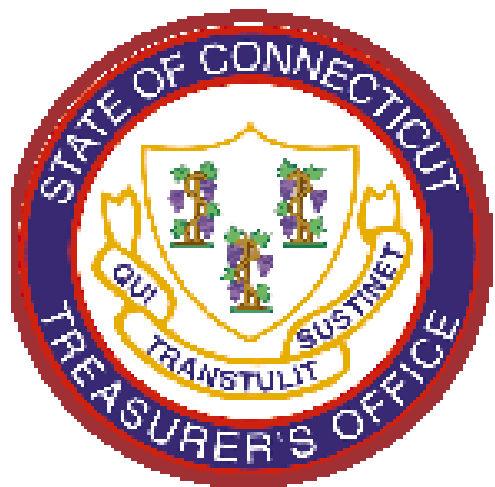
AIG - New York, New York
Compass European Partners – New York, New York
Gilbert Global Equity Partners - Tacoma, Washington
Carlyle Asia Partners– Washington D.C.
Carlyle European Fund – Washington D.C.

Fund of Funds

Crossroads Group - Farmington, Connecticut
Goldman Sachs - New York, New York
Landmark Partners – Simsbury, Connecticut
Lexington Capital Partners - New York, New York
Other ⁽¹⁾

- (1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.
- (2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

Investment --- Section



INDEPENDENT AUDITOR'S REPORT

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

310 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06103-1850

KEVIN P. JOHNSTON

ROBERT G. JACKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net assets of the Combined Investment Funds as of June 30, 2001, the related statement of operations for the fiscal year then ended, and the statement of changes in net assets for the fiscal years ended June 30, 2001, and 2000. These financial statements are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2001, 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.

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, 2001, and the results of their operations and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

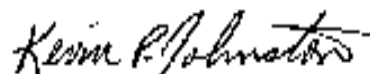
As explained in Note 1B, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund and the Private Investment Fund and the limited partnership investment of the Mutual Fixed Income Fund are estimated 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 and the Private Investment Fund and the limited partnership investment of the Mutual Fixed Income Fund are presented at the cash adjusted fair values, which utilize the investment advisors' March 31, 2001, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter 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

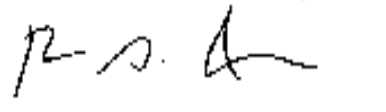
INDEPENDENT AUDITOR'S REPORT

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 of the Combined Investment Funds taken as a whole. The Combined Investment Funds Total Net Asset Value by Pension Plans and Trusts and the Statements of Investment Activity by Pension Plan and by Trust, contained within the Statistical Section of this document, 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.

This opinion is being issued for inclusion in an annual report for the State Treasurer's Combined Investment Funds for the fiscal year ended June 30, 2001. Other information contained within the Statistical Section and the Investment and Introductory Sections of this document has not been audited.


Kevin P. Johnston
Auditor of Public Accounts


Robert G. Jaekle
Auditor of Public Accounts

October 15, 2001
State Capitol
Hartford, Connecticut

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
ASSETS									
Investments in Securities, at Fair Value									
Cash Reserve Fund	\$ -	\$81,783,426	\$755,163,332	\$106,926,726	\$4,348,792	\$4,046,731	\$15,208,508	\$(967,477,518)	\$ -
Cash Equivalents	625,313,718	-	40,943,832	2,793,667	-	-	-	-	669,051,217
Asset Backed Securities	469,683,808	-	191,776,461	-	-	-	-	-	661,460,269
Government Securities	-	-	1,199,917,344	-	-	-	-	-	1,199,917,344
Government Agency Securities	6,000,000	-	1,912,571,109	-	-	-	-	-	1,918,571,109
Mortgage Backed Securities	59,890,783	-	607,744,283	-	-	1,892,543	-	-	669,527,609
Corporate Debt	197,935,986	-	2,088,530,729	1,389,137	-	-	-	-	2,287,855,852
Convertible Securities	-	-	230,544,446	334,782	-	-	-	-	230,879,228
Common Stock	-	7,812,857,077	7,738,424	2,305,149,206	66,918,508	93,216,212	18,875,522	-	10,304,754,949
Preferred Stock	-	505,000	69,448,238	47,817,151	-	-	-	-	117,770,389
Real Estate Investment Trust	-	54,629,978	713,874	-	-	-	-	-	55,343,852
Mutual Fund	-	-	52,518,176	2,247,119	-	-	-	-	54,765,295
Limited Liability Corporation	-	-	-	-	-	-	65,907,679	-	65,907,679
Trusts	-	-	-	-	53,574,820	1,571,916	-	-	55,146,736
Limited Partnerships	-	-	61,136,400	-	336,273,941	-	2,501,583,566	-	2,898,993,907
Partnerships	-	-	-	-	-	-	-	-	-
Annuities	-	-	-	-	14,895,312	-	-	-	14,895,312
Total Investments in Securities, at Fair Value	1,358,824,295	7,949,775,481	7,218,746,648	2,466,657,788	476,011,373	100,727,402	2,601,575,275	(967,477,518)	21,204,840,747
Cash	-	-	1,380,908	10,921,655	-	-	778,124	-	13,080,687
Receivables									
Foreign Exchange Contracts	-	-	55,029,078	1,929,111,150	-	-	-	-	1,984,140,228
Interest Receivable	3,824,677	312,698	88,937,672	369,999	18,639	14,903	323,827	(4,142,234)	89,660,181
Dividends Receivable	-	6,115,242	322,897	2,832,478	-	396,538	-	-	9,667,155
from Brokers	-	98,427,120	452,145,283	28,607,321	-	-	2,137,771	-	581,317,495
Management Fee Receivable	-	-	-	-	-	-	-	-	-
Foreign Taxes	-	5,506	127,584	1,275,366	-	-	-	-	1,408,456
Securities Lending Receivable	-	90,863	239,503	453,545	-	-	-	-	783,911
Reserve for Doubtful Receivables	-	-	(2,456,257)	(308,318)	-	-	-	-	(2,764,575)
Total Receivables	3,824,677	104,951,429	594,345,760	1,962,341,541	18,639	411,441	2,461,598	(4,142,234)	2,664,212,851
Invested Securities Lending Collateral	-	191,877,938	723,201,221	568,635,353	-	-	-	-	1,483,714,512
Other Funds on Deposit	-	-	-	-	-	31,257	-	-	31,257
Prepaid Expenses	-	-	-	-	-	11,587	2,841,313	-	2,852,900
Total Assets	1,362,648,972	8,246,604,848	8,537,674,537	5,008,556,337	476,030,012	101,181,687	2,607,656,310	(971,619,752)	25,368,732,954
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	53,500,408	1,897,194,984	-	-	-	-	1,950,695,392
Due to Brokers	-	95,776,513	1,169,858,881	35,589,786	-	-	-	-	1,301,225,180
Income Distribution	5,555,279	-	-	-	-	-	-	(4,074,948)	1,480,331
Other Payable	32,090	1,599,472	-	-	-	-	-	(32,090)	1,599,472
Total Payables	5,587,369	97,375,985	1,223,359,289	1,932,784,770	-	-	-	(4,107,038)	3,255,000,375
Securities Lending Collateral	-	191,877,938	723,201,221	568,635,353	-	-	-	-	1,483,714,512
Accrued Expenses	122,206	26,744,406	5,326,571	4,306,293	40,641	2,191	301,854	(35,196)	36,808,966
Total Liabilities	5,709,575	315,998,329	1,951,887,081	2,505,726,416	40,641	2,191	301,854	(4,142,234)	4,775,523,853
NET ASSETS	\$1,356,939,397	\$7,930,606,519	\$6,585,787,456	\$2,502,829,921	\$475,989,371	\$101,179,496	\$2,607,354,456	\$(967,477,518)	\$20,593,209,101
Units Outstanding	1,356,939,397	9,736,955	60,014,211	10,784,603	7,518,161	1,387,757	25,080,622		
Net Asset Value and Redemption Price per Unit	\$1.00	\$814.49	\$109.74	\$232.07	\$63.31	\$72.91	\$103.96		

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

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
Investment Income									
Dividends	\$ -	\$96,361,782	\$ 14,269,443	\$48,317,876	\$7,673,988	\$12,846,985	\$91,907,536	\$ -	\$271,377,610
Interest	88,319,179	4,983,085	462,375,676	7,041,785	887,554	504,960	5,297,869	(64,832,584)	504,577,524
Other Income	237,518	1,301,724	-	213,106	269,167	-	-	(174,355)	1,847,160
Securities Lending	-	19,427,073	46,880,764	31,986,942	-	-	-	-	98,294,779
Total Income	88,556,697	122,073,664	523,525,883	87,559,709	8,830,709	13,351,945	97,205,405	(65,006,939)	876,097,073
Expenses									
Investment Advisory Fees	261,204	31,104,059	11,209,908	10,124,114	956,396	566,633	6,826,815	(191,742)	60,857,387
Salary and Fringe Benefits	77,412	504,620	360,736	156,678	87,533	10,126	239,200	(56,826)	1,379,479
Custody and Transfer Agent Fees	64,860	173,117	136,586	494,418	26,419	3,504	227,830	(47,612)	1,079,122
Professional Fees	18,087	275,127	428,336	68,678	10,694	2,390	1,097,660	(13,277)	1,887,695
Security Lending Fees	-	1,010,461	1,072,219	1,361,264	-	-	-	-	3,443,944
Security Lending Rebates	-	15,546,083	42,997,047	26,822,626	-	-	-	-	85,365,756
Investment Expenses	-	-	736,592	1	-	-	1,342,455	-	2,079,048
Total Expenses	421,563	48,613,467	56,941,424	39,027,779	1,081,042	582,653	9,733,960	(309,457)	156,092,431
Net Investment Income	88,135,134	73,460,197	466,584,459	48,531,930	7,749,667	12,769,292	87,471,445	(64,697,482)	720,004,642
Net Realized Gain/(Loss)	200,666	83,842,914	8,240,097	113,173,444	35,995,018	(28,840)	28,054,714	(147,303)	269,330,710
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	(997,651,131)	38,580,121	(546,029,635)	23,254,617	981,730	(295,514,072)	-	(1,776,378,370)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$88,335,800	\$(840,348,020)	\$513,404,677	\$(384,324,261)	\$66,999,302	\$13,722,182	\$(179,987,913)	\$(64,844,785)	\$(787,043,018)

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

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
Net Increase in Net Assets Resulting from Operations	\$ 88,335,800	\$(840,348,020)	\$513,404,677	\$(384,324,261)	\$66,999,302	\$13,722,182	\$(179,987,913)	\$(64,844,785)	\$(787,043,018)
Distributions to Unit Owners:									
Income Distributed	(88,335,800)	(81,602,103)	(431,756,402)	(42,812,109)	(43,132,934)	(13,391,609)	(98,444,813)	64,844,785	(734,630,985)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(88,335,800)	(81,602,103)	(431,756,402)	(42,812,109)	(43,132,934)	(13,391,609)	(98,444,813)	64,844,785	(734,630,985)
Unit Transactions									
Purchase of Units by Participants	3,090,780,803	-	8,000,000	-	14,000,000	-	328,000,000	(2,092,708,260)	1,348,072,543
Redemption of Units by Participants	(3,267,454,543)	-	-	-	(72,000,000)	(75,210,500)	(7,000,000)	2,274,251,606	(1,147,413,437)
Net Increase (Decrease) in Net Assets Resulting from Unit Transactions	(176,673,740)	-	8,000,000	-	(58,000,000)	(75,210,500)	321,000,000	181,543,346	200,659,106
Total Increase (Decrease) in Net Assets	(176,673,740)	(921,950,123)	89,648,275	(427,136,370)	(34,133,632)	(74,879,927)	42,567,274	181,543,346	(1,321,014,897)
Net Assets- Beginning of Period	1,533,613,137	8,852,556,642	6,496,139,181	2,929,966,291	510,123,003	176,059,423	2,564,787,182	(1,149,020,861)	21,914,223,998
Net Assets- End of Period	\$1,356,939,397	\$7,930,606,519	\$6,585,787,456	\$2,502,829,921	\$475,989,371	\$101,179,496	\$2,607,354,456	\$(967,477,518)	\$20,593,209,101
Other Information:									
Units									
Purchased	3,090,780,803	-	73,846	-	226,715	-	2,835,894		
Redeemed	(3,267,454,543)	-	-	-	(1,132,573)	(1,018,517)	(56,763)		
Net Increase (Decrease)	(176,673,740)	-	73,846	-	(905,858)	(1,018,517)	2,779,131		

The accompanying notes are an integral part of these financial statements

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
Net Increase in Net Assets Resulting from Operations	\$ 86,283,973	\$824,583,064	\$352,800,391	\$495,476,519	\$ 42,378,258	\$ 15,532,281	\$812,429,797	\$ (63,766,789)	\$ 2,565,717,498
Distributions to Unit Owners: Income Distributed	(86,283,973)	(96,128,150)	(394,172,680)	(34,388,207)	(32,632,888)	(20,350,724)	(158,887,290)	63,766,789	(759,077,123)
Unit Transactions									
Purchase of Units by Participants	3,471,415,552	-	601,000,000	-	97,000,000	-	725,000,000	(2,457,704,784)	2,436,710,768
Redemption of Units by Participants	(3,311,065,052)	(1,000,000,000)	(233,000,000)	(400,000)	(25,000,000)	(56,000,000)	-	2,475,378,423	(2,150,086,629)
Net Inc. (Dec.) in Net Assets Resulting from Unit Transactions	160,350,500	(1,000,000,000)	368,000,000	(400,000)	72,000,000	(56,000,000)	725,000,000	17,673,639	286,624,139
Total Inc. (Dec.) in Net Assets	160,350,500	(271,545,086)	326,627,711	460,688,312	81,745,370	(60,818,443)	1,378,542,507	17,673,639	2,093,264,514
Net Assets- Beginning of Period	1,373,262,637	9,124,101,728	6,169,511,470	2,469,277,979	428,377,633	236,877,866	1,186,244,675	(1,166,694,500)	19,820,959,484
Net Assets- End of Period	\$1,533,613,137	\$8,852,556,642	\$6,496,139,181	\$2,929,966,291	\$510,123,003	\$176,059,423	\$2,564,787,182	\$(1,149,020,861)	\$21,914,223,998
Change in Units Outstanding:									
Purchased	3,471,415,552	-	5,549,908	-	1,641,244	-	7,729,045		
Redeemed	(3,311,065,052)	(1,183,953)	(2,140,771)	(1,748)	(419,738)	(753,330)	-		
Net Increase (Decrease)	160,350,500	(1,183,953)	3,409,137	(1,748)	1,221,506	(753,330)	7,729,045		

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 Cash Reserve Fund, Mutual Equity Fund, Mutual Fixed Income Fund, 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 of the Treasurer are proprietary in nature; the activities in these funds 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 such funds are generally those applicable to similar businesses in the private sector. In accordance with Government Accounting Standards Board ("GASB") Statement No. 20, the Treasurer has elected to apply all GASB pronouncements, as well as all Financial Accounting Standards Board Statements, Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with GASB pronouncements. 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

There were no relevant new pronouncements for the fiscal year ended June 30, 2001.

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 Cash Reserve 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 and one limited partnership in the Mutual Fixed Income Fund, substantially all of the investments, other than those in the Cash Reserve 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. The Treasurer's staff reviews the valuations for all investments in these alternative asset classes (Commercial Mortgage, Real Estate, and Private Investment Funds) to see 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.

Cash Reserve Fund

Investments are valued at amortized cost which approximates fair value. Repurchase Agreements held are collateralized at 102 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.

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.

Mutual 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.

An investment with a market value of \$61,136,400 and a cost value of \$49,737,937 is held through a limited partnership. The fair value of the underlying securities is based on quoted market prices when available. When quoted market prices are not available, the underlying securities are valued by the General Partner at the fair value as determined in good faith under consistently applied procedures.

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 Mutual 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, 2001, the Fund held MBSs of \$607,744,283 and ABSs of \$191,776,461.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgaged 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, 2001 the Fund's holdings had a fair value of \$7.4 million and a cost of \$9.5 million. 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 Mutual Fixed Income Fund are authorized to invest in global fixed income securities.

International Stock Fund

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, 2001, 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 \$2.4 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.

The Fund has one commercial mortgage backed security. This security is included on the Statement of Net Assets under Trusts. The Mortgage Backed Securities on the Statement of Net Assets consist of certificates of beneficial interest in a collateralized mortgage obligation (CMO) created pursuant to a securitization of a residential mortgage pool.

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships and limited liability companies. 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, 2001, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded the cash adjusted fair value reported on the Statement of Net Assets by approximately \$24 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

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 which approximates the interest method.

Dividends earned by the Private Investment, Real Estate, Commercial Mortgage Funds and one limited partnership in the Mutual Fixed Income Fund 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 are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Fees and expenses of the Real Estate Fund are generally recognized when paid, by netting them against dividends received. 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 Technical Bulletin Number 94-1 states that derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For the fiscal year ended June 30, 2001, the funds maintained positions in a variety of such securities. The Cash Reserve Fund held adjustable rate and asset backed securities. The Mutual Fixed Income Fund held CMOs, including IOs, and other asset backed securities, indexed Treasury securities and option contracts. The International Stock and Mutual Fixed Income Funds were invested in foreign exchange contracts and the Commercial Mortgage Fund held CMOs and CMO residuals. The specific nature of these investments is discussed more fully in the accounting policy 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 Fixed Income and International Stock Funds also utilize derivatives indirectly through participation in mutual funds and a limited partnership. 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 Cash Reserve 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 Cash Reserve Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Cash Reserve Fund by the other Combined Investment Funds. The combined presentation totals to the overall net assets owned by the pension plans and trust funds.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for the Private Investment Fund 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 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. These amounts are expensed and are 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 Fund's total fees for the fiscal year ended June 30, 2001:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	\$ 18,238,355	\$ 19,249,916	\$ 6,826,815	\$ 44,315,086

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 realized gains for the fiscal year ended June 30, 2001:

Private Investment Fund	\$ 68,251,608
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Past practice of partnerships was to distribute realized gains on a consistent basis. Not included in the above realized gain, for the fiscal year ended June 30, 2001, is approximately \$177 million which has not been distributed by one of the general partners. Since inception \$379 million has not been distributed.

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock 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. Realized gains for such transactions for the fiscal year ended June 30, 2001 were \$28,054,714

The Mutual Fixed Income Fund includes an investment in a mutual fund and a limited partnership interest. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2001 totaled \$1.2 million.

Investment advisory fees incurred for certain investments in the Real Estate Fund 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 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. These amounts are expensed and are 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 Fund's total fees for the fiscal year ended June 30, 2001:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	\$ 452,626	\$ 4,685,907	\$ 956,396	\$ 6,094,929

Additionally, the Real Estate Fund incurred disposition fees of \$935,550 on investments sold with a Net Asset Value of \$67,148,687. Such amounts are netted against the proceeds realized upon the disposition. These amounts are reflected in the Realized Gain on the Statement of Operations.

Investment advisory fees for the Cash Reserve, Mutual Equity, Mutual Fixed Income (except as noted above) and International Stock Funds 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.

Investment Transactions between Funds - In June 2001, an interest in a Limited Partnership in the Mutual Fixed Income Fund with a cost value of \$10,573,958 and fair value, as determined by the investment manager and reviewed by staff, of \$7,215,028 was transferred to the Private Investment Fund in return for cash proceeds. The cost of this investment as recorded in the Private Investment Fund is \$7,215,028. The fair value as of June 30, 2001 is \$7,215,024.

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: CASH, INVESTMENTS AND SECURITIES LENDING

Investments in the alternative asset classes 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 Cash Reserve, Mutual Equity, Mutual Fixed Income and the International Stock Funds were 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, as defined by GASB Statement No. 3, are categorized to give an indication of the credit risk assumed by the Treasurer at year-end. Category 1 includes investments which are insured or registered or for which securities are held by the Treasurer or its agent in the Treasurer's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Treasurer's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the Treasurer's name. All registered securities, as noted above, are classified under GASB risk category 1, except as follows:

Amounts listed as Due to Brokers are for securities purchased which are held by broker-dealers and not classified as to credit risk. Amounts listed as Due from Brokers are for securities sold and would have been classified under category 1 of credit risk if they were included in Investments in Securities, at Fair Value on the Statement of Net Assets.

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. Accordingly, these investments are classified under GASB risk category 3. 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 collateral received is unable to be pledged or sold without borrower default. The underlying securities are classified under GASB risk category 3.

Private Investment Fund

Investments in the form of limited partnership and limited liability corporation interests are not evidenced by securities existing in physical or book entry form and therefore are not classified as to credit risk.

Commercial Mortgage Fund

At June 30, 2001, investments with a cost of \$85,603,815 and a fair value of \$93,216,212 in the form of common stock certificates are classified as category 1. Other Funds on Deposit represent portfolio level net assets consisting of escrow accounts. These are maintained by the portfolio manager and are not classified, as they are not investments.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Investments in the form of trusts are not evidenced by securities existing in physical or book entry form and are not classified as to credit risks as defined in GASB Statement No. 3.

The composition of the Fund's investment portfolio by the underlying assets in which the investee corporations and trusts are invested in are as follows at June 30, 2001:

Investment	Fair Value	Cost
Cash Reserve	\$ 4,046,731	\$ 4,046,731
Commercial Mortgage loans	93,216,212	85,603,815
CMO's	3,464,459	3,142,608
Total	\$ 100,727,402	\$ 92,793,154

Real Estate Fund

Certain investments in the form of common stock certificates with a cost of \$32,562,540 and a fair value of \$66,918,508 are classified under risk category 1.

The remaining investments, which comprise the substantial majority of the Fund's investments, are in the form of trusts, annuities and limited partnerships and are not evidenced by securities existing in physical or book entry form and are therefore not classified as to credit risk.

Summary of Credit Risk Categories

Breakdown by investment type of the GASB 3 credit risk categories is as follows:

Investment Type	Carrying Amount (Fair Value)			Total
	Category 1	Category 2	Category 3	
Cash Equivalents	\$ 669,051,217			\$ 669,051,217
Asset Backed	661,460,269			661,460,269
Government	843,174,117		\$ 18,565,576	861,739,693
Agency	773,915,832		29,684,860	803,600,692
Mortgage Backed	663,290,404			663,290,404
Corporate Debt	2,321,479,721			2,321,479,721
Convertible	239,575,667			239,575,667
U.S. Corporate Stock	7,758,084,659		55,192,855	7,813,277,514
International Equity	1,746,199,855		5,225,609	1,751,425,464
Preferred Stock	117,573,784			117,573,784
Collateral Securities held by Investment Pool under Securities Lending Arrangements:				
Cash Equivalents			180,522,916	180,522,916
Corporate Debt			1,303,255,202	1,303,255,202
SUBTOTAL	\$15,793,805,525	\$ -	\$1,592,447,018	17,386,252,543

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Real Estate Investment Trusts	55,179,386
Mutual Funds	54,701,395
Limited Liability Corporation	65,907,679
Trusts	55,146,736
Limited Partnerships	2,898,993,907
Annuities	14,895,312
Investments held by broker-dealers under securities loans:	
U.S. Government and Agency	541,763,739
U.S. Corporate Stock	209,793,688
International Equity	527,310,866
Domestic Fixed	151,423,583
International Fixed	5,204,575
Total Investments	\$21,966,573,409

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Cash balances included on the Statement of Net Assets of \$13,080,687 are fully insured by the FDIC and are, therefore, classified as Category 1.

Cash Equivalents listed on the breakdown by investment type under Category 1 consist of corporate debt. Cash Equivalents reported under Category 3 consist of certificates of deposit of \$15,004,455 and time deposits of \$165,518,461.

Securities Lending

Certain of the Combined Investment 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. The Funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the period ended June 30, 2001, the master custodian lent, at the direction of the Funds, securities and received cash (in both U.S. and foreign currency), U.S. government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. 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: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The Funds did not impose any restrictions during the fiscal year on the amount of the loans that the master custodian made on its behalf and the master custodian indemnified the Funds by agreeing to purchase replacement securities, or return the cash collateral thereof 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. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers of the master custodian. During the fiscal year, the Funds and the borrowers maintained the right to terminate all securities lending transactions on demand. 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, 2001, the Funds had no credit risk exposure to borrowers. The value of collateral held and the market value of securities on loan for the Funds as of June 30, 2001 were \$1,609,578,451 and \$1,544,165,351, respectively.

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, 2001 was 38 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, 2001:

	Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	\$ 262,789,774	\$ 244,336,156	
International Stock	576,381,319	551,427,790	
Mutual Fixed Income	775,099,085	748,401,405	
Total	<u>\$ 1,614,270,178</u>	<u>\$ 1,544,165,351</u>	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

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	\$ 23,345,707	\$ 168,540,457	\$ 191,886,164
International Stock	69,185,622	499,474,107	568,659,729
Mutual Fixed Income	87,991,586	635,240,638	723,232,224
Total	<u>\$ 180,522,915</u>	<u>\$ 1,303,255,202</u>	<u>\$ 1,483,778,117</u>

These amounts are categorized in the Summary of Credit Risk Categories as Category 3 in that they 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, 2001, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were as follows:

Fund	Purchases	Sales
Mutual Equity	\$ 4,464,479,643	\$ 4,479,861,502
Mutual Fixed Income	22,401,947,405	22,207,881,752
International Stock	1,282,325,136	1,134,883,406
Real Estate	36,582,916	67,892,786
Commercial Mortgage	-	52,021,160
Private Investment	502,968,839	93,817,752

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

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

At June 30, 2001, the gross appreciation of investment securities and foreign currency in which there was an excess of fair value over cost, the gross depreciation of investment securities and foreign currency 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)
Mutual Equity	\$ 1,928,939,001	\$ 628,783,044	\$ 1,300,155,957
Mutual Fixed Income	126,372,989	270,642,392	(144,269,403)
International Stock	329,912,813	312,966,911	16,945,902
Real Estate	99,249,285	30,693,342	68,555,943
Commercial Mortgage	7,934,248	-	7,934,248
Private Investment	579,301,913	192,874,645	386,427,268

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the International Stock, Mutual Fixed Income, and Private Investment 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.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2001, the Funds had recorded unrealized gains (losses) from open forward currency contracts as follows:

International Stock Fund:		
Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	\$ 3,667,141	\$ (29,169)
Danish Krone	2,879,532	41,294
Euro Currency	197,716,939	(580,865)
Hong Kong Dollar	6,228,074	1,127
Indonesian Rupiah	150,189	(1,457)
Japanese Yen	40,200,874	(337,663)
New Zealand Dollar	311,801	(7,293)
Norwegian Krone	2,244,883	(6,975)
Pound Sterling	18,449,013	(86,930)
Singapore Dollar	523,178	(954)
South African Rand	412,089	(361)
Swedish Krona	13,132,160	(194,864)
Swiss Franc	6,474,495	(70,948)
	<u>292,390,368</u>	<u>(1,275,058)</u>
Contracts to Sell:		
Australian Dollar	40,820,533	119,887
Brazilian Real	15,585	63
Czech Krona	83,889	871
Danish Krone	17,500,117	537,780
Euro Currency	656,075,096	19,151,866
Hong Kong Dollar	19,494,388	(1,503)
Japanese Yen	482,278,549	7,934,168
Mexican Peso	9,340,000	(580,401)
New Zealand Dollar	2,946,871	49,145
Norwegian Krone	9,826,034	178,408
Pound Sterling	279,531,861	2,943,193
Singapore Dollar	12,450,341	36,416
Swedish Krona	38,434,070	1,068,522
Swiss Franc	69,198,506	1,752,809
	<u>1,637,995,840</u>	<u>33,191,224</u>
Total	\$ 1,930,386,208	\$ 31,916,166

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	\$ 1,930,386,208	\$ 1,930,386,208	\$ -
Unrealized Gain (Loss)	(1,275,058)	33,191,224	31,916,166
Net	\$ 1,929,111,150	\$ 1,897,194,984	\$ 31,916,166

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Canadian Dollar	\$ 15,373,400	\$ (47,012)
Euro Currency	36,336,617	1,404,708
New Zealand Dollar	3,319,061	170,974
Total	\$ 55,029,078	\$ 1,528,670

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	\$ 55,029,078	\$ 55,029,078	\$ -
Unrealized Gain (Loss)	-	1,528,670	1,528,670
Net	\$ 55,029,078	\$ 53,500,408	\$ 1,528,670

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

The net unrealized gain has been included in the Statement of Operations as a component of Net Change in Unrealized Gain (Loss) on Investments.

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment Fund and the Real Estate Fund have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 2001, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	\$ 365,000,000	\$ 323,816,054	\$ 41,183,946
Private Investment	3,191,051,466	2,573,229,657	617,821,809

NOTE 7: COST BASIS OF INVESTMENTS.

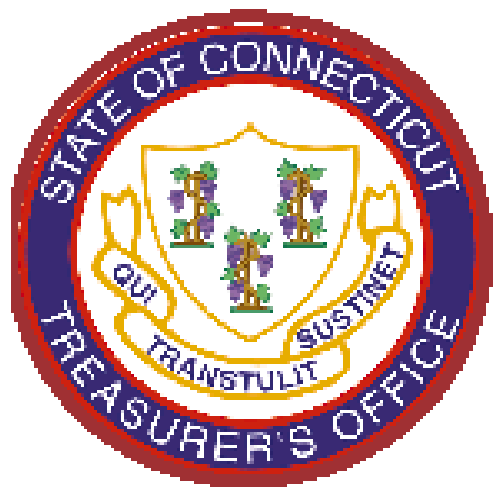
The aggregate cost values of investments in the Funds are as follows at June 30, 2001:

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVEST- FUND
Investments, at Cost							
Cash Reserve Fund	\$ -	\$ 81,783,426	\$ 755,163,332	\$ 106,926,726	\$ 4,348,792	\$ 4,046,731	\$15,208,508
Cash Equivalents	625,313,715	-	40,943,832	2,796,584	-	-	-
Asset Backed Securities	469,683,808	-	188,636,451	-	-	-	-
Government Securities	-	-	1,198,694,518	-	-	-	-
Government Agency Securities	6,000,000	-	1,905,339,880	-	-	-	-
Mortgage Backed Securities	59,890,783	-	600,914,868	-	-	1,892,543	-
Corporate Debt	197,935,986	-	2,243,084,392	1,976,197	-	-	-
Convertible Securities	-	-	234,409,348	335,819	-	-	-
Common Stock	-	6,518,407,440	13,154,500	2,282,754,783	32,562,540	85,603,815	14,193,645
Preferred Stock	-	256,260	75,469,726	51,954,209	-	-	-
Real Estate Investment Trust	-	49,172,398	1,502,763	-	-	-	-
Mutual Fund	-	-	56,012,704	2,967,568	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	66,995,175
Trusts	-	-	-	-	34,566,655	1,250,065	-
Limited Partnerships	-	-	49,737,937	-	294,937,606	-	2,118,750,679
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	41,039,837	-	-
Total Investments, at Cost	\$ 1,358,824,292	\$ 6,649,619,524	\$ 7,363,064,251	\$ 2,449,711,886	\$ 407,455,430	\$ 92,793,154	\$ 2,215,148,007



Financial

Section



2001 pension fund management division

Division Overview

Introduction

As principal fiduciary for six State pension and eight trust funds, the Treasurer is responsible for prudently managing approximately \$20.6 billion of investment assets on behalf of the more than 160,000 teachers, State and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the State. The Pension Funds Management Division is responsible for the day to day operations associated with Connecticut's Retirement Plans and Trust Funds.

Prudent investment management not only affects the retirement security of the beneficiaries, but the size of the State budget as well. Funding of the pension benefit liability is dependent on investment returns, State (taxpayer) contributions and the contribution requirements of retirement plan members. If investment returns fall below the actuarial target return, more tax dollars may need to be contributed to ensure full payment of benefits. When pension investment returns exceed the target return, excess returns are applied against the unfunded liability.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from \$8.9 billion to \$20.6 billion, or 131%. The Teachers' Retirement Fund (TERF), with \$11.2 billion under management at June 30, 2001, is the largest participating fund, followed by the State Employees' Retirement Fund (SERF) and the Municipal Employees' Retirement Fund (MERF) with \$7.8 billion and \$1.3 billion, respectively. During the fiscal year ended June 30, 2001, total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses, were negative \$0.8 billion. (See figure 1-2.)

Organization/Staff Review

Under the supervision of an Assistant Treasurer, the Division executes and manages the investment programs of the pension and trust funds. The ten-member professional staff are responsible for: analyzing plan liabilities; recommending asset allocation policy; recommending, monitoring, and reporting on the investment advisors retained to invest the State's pension and trust assets. In addition, PFM reviews the custodian accounting of plan assets to ensure that earnings are properly determined and properly distributed to each plan and trust in accordance with their pre-determined share. Through reports, analysis, and presentations to the Treasurer and the Investment Advisory Council, PFM staff detail investment performance of the pension funds and trust assets. The Division's operations are conducted through three units: Alternative Investments, Accounting and Control, and Performance and Analysis. State Street Bank and Trust, as the custodian of record for the CRPTF retains physical custody of, safeguards, and provides record keeping services for plan assets under the supervision of PFM staff.

Operating Expenses

The Division allocates all operating overhead directly to the earnings of the pension and trust fund assets under management. It is therefore incumbent upon the Division to manage assets in a cost-effective manner consistent with maximizing long-term returns.

Fund Management

The Treasurer employs external advisors to invest each Fund. Advisors are selected based on asset class expertise, investment performance and style and are expected to comply with the parameters, guidelines, and restrictions set forth in the Policy.

As of June 30, 2001, 70 external advisors were employed by the Treasury to invest the pension and trust assets, a decrease of one advisor from June 30, 2000. (See figure 1-5.)

Investment Policy

It is an immutable principle of pension fund management that the decision on how fund assets are allocated represents as much as 90% of the returns. In January, 2001, the Investment Advisory Council re-endorsed the asset allocation plan, which governs Fund investments today. The Asset Allocation Plan's main objective is to maximize 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 1-3, the number and complexity of asset classes comprising the Investment Policy have fluctuated during the last ten years. New asset classes have been introduced to diversify the pension and trust assets while changing economic environments have required different allocation strategies. As of June 30, 2001, multiple asset classes were included in the Investment Policy, including U.S. Equity, International Equity, U.S. Fixed Income, Equity Real Estate, and Alternative Investments.

At fiscal year-end, domestic and international equities comprised the largest asset allocation, at 51%. Equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to allow the Fund both to leverage portfolio returns during highly inflationary or deflationary environments and to mitigate the effects of volatility in the stock market.

To realize the allocations set forth in the Asset Allocation Plan, the Division operates seven Combined Investment Funds ("CIF" or the "Funds") as a series of mutual funds in which the pension and trust funds may invest through the purchase of ownership interests. Each Fund is designed to replicate one or more of the six asset classes outlined in the Policy.

Domestic Equity

Management of the equity portfolio uses both a pure indexing and enhanced indexing strategy. Enhanced indexing involves identifying, through market analysis and research, those securities in the index which are most likely to under-perform, and discarding them from the portfolio. This is achieved while maintaining industry weightings consistent with the overall index. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is a particularly appropriate strategy for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies, typically comprising the major market indices. Moreover, significant research demonstrates that the U.S. equity markets, particularly the large-cap segment, are widely considered the world's most "efficient" markets, and therefore are the most difficult to "beat" with active investment management.

Within the "small- and mid-cap" sections of the equity markets, active management continues to allow pension funds the opportunity to receive enhance returns. Small- and mid-cap securities are issued by companies that are much smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. Consequently, the small-cap segment of the U.S. equity market is less "efficient." Certain active investment advisors are therefore more likely to outperform the markets over the long term, while earning an acceptable level of return per unit of risk. The Fund measures its performance against the Russell 3000 Index.

As currently structured, the domestic equity portfolio replicates the approximate capitalization of the market as a whole with 73.7% of the Fund invested in large-cap stocks and 26.3% in small/mid-cap stocks. Approximately 83% of the entire domestic equity portfolio adheres to an indexing or enhanced indexing strategy.

International Equity

During fiscal year 2000, the structure of the International Stock Fund (ISF) was revised to reflect the long-term performance objectives of this asset class. It was determined that the Fund would consist of a series of externally managed equity portfolios which, in aggregate, are structured to achieve long-term performance consistent with

non-U.S. equity markets and add diversification of the total portfolio. The ISF's hybrid benchmark is 83% of the Morgan Stanley Extended Index-ex U.S.-half-hedged and 17% of the Morgan Stanley Emerging Markets Free Index.

The ISF performance objective is to outperform the hybrid benchmark net of management fees by 100 basis points per annum over rolling five-year time periods.

Fixed Income

The Mutual Fixed Income Fund serves as an investment tool for the Pension and Trust Funds with the goal of reducing volatility in Fund returns under various economic scenarios. During periods of low inflation, fixed income investments may enhance the overall performance of the Pension and Trust Funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute investment returns. The Fund measures its performance against the Lehman Brothers Aggregate Index, widely considered to be a surrogate for the performance of the U.S. bond market.

The current fixed income structure includes convertible bonds and high yield bonds as security classes. Convertible bonds allow bondholders to exchange bonds for a specified number of shares of common stock in a firm. This gives holders of the bonds an option to share in the price appreciation of the company's stock and is an effective diversification tool for the fixed income portfolio. The high yield asset class allows the fund to take advantage of attractive yields of securities of companies with the potential for improving credit quality.

Real Estate and Private Equity Investments

The portion of the Policy governing the structure of the alternative investment portfolios, comprising investments in real estate and private equity, is under review. The strategic asset allocation that was established for the real estate asset class was 5%, and 11% for private equity. The Treasury engaged a private equity consultant to assist in establishing the Private Investment Fund policies, including; portfolio review, Fund structure, guidelines, and implementation strategy for the overall portfolio. The Treasury is in the process of reviewing and selecting a real estate consultant to assist with the Real Estate Fund policies. These policies will be incorporated in the overall division Investment Policy Statement (IPS) and set forth the investing of alternative asset classes into the future. It is anticipated that as these markets evolve through future economic cycles, the policies and procedures within the IPS will adjust to these movements.

Securities Lending

The Treasury maintains a securities lending program for the Combined Investment Funds designed to enhance investment 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 and other structured investment products, 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 level. Collateral held is marked-to-market on a daily basis to ensure adequate coverage.

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. For the year ended June 30, 2001, securities with a market value of approximately \$1.54 billion had been loaned against collateral of approximately \$1.61 billion. Income generated by securities lending totaled \$9.6 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2001, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) achieved a gross annual total return of negative 3.64% (negative 3.68%, net of all expenses), outperforming the total fund benchmark (defined below) return of negative 8.02% by 438 basis points. Total CRPTF net assets declined from \$21.9 billion to \$20.6 billion, or \$1.3 billion, due primarily to unrealized capital losses.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

For the fiscal year, the CRPTF's strong relative performance to the total fund benchmark was largely attributable to the Mutual Equity Fund (MEF) and International Stock Fund (ISF). In addition, the Real Estate Fund (REF), Private Investment Fund (PIF), and Cash Reserve Account (CRA) also outperformed their benchmarks. Offsetting these results was the Mutual Fixed Income Fund (MFIF) which produced below benchmark returns, as did the Commercial Mortgage Fund (CMF).

Both domestic and international markets declined significantly in fiscal year 2001, however, the MEF and ISF, which together represent nearly half of the total fund's assets as of June 30, 2001, produced excellent returns relative to their benchmarks, and this performance had a significant impact on overall results. Fiscal year 2001 was clearly the year for a value orientation. While the Russell 3000, the benchmark for the Mutual Equity Fund, declined 13.93%, the Russell 2500 Value Index surged ahead 25.15%. Benefiting from its value tilt, industry selection (particularly its under weighting to technology) and strong stock selection, the Mutual Equity Fund, outperformed its index by 438 basis points.

CRPTF's International Stock Fund, propelled by a value bias and strong stock selection, outperformed its benchmark by 663 basis points. In particular, the fund's two developed markets managers turned in exceptional performance for the year, with each exceeding its benchmark by more than 16%. The International Stock Fund benchmark is comprised of 83% MSCI EAFE Extended 50% Hedged Index, and 17% MSCI Emerging Markets Free Index, and for fiscal 2001 this index posted a decline of 19.8%.

The Mutual Fixed Income Fund suffered from its over-allocation to weak convertible markets, under-representation to the booming emerging debt sector and some poorly timed industry decisions and credit selections. As a result, this fund, representing nearly 30% of total CRPTF assets, lagged its benchmark by 121 basis points with a return of 8.05%. The Mutual Fixed Income benchmark, consisting of 73% Lehman Brothers Aggregate Index (LBA), 17% Salomon High Yield Market Index, and 10% JPM Emerging Markets Bond Index, posted a return of 9.26% for fiscal 2001. This strong showing was largely attributable to the LBA and the JPM Emerging Markets Bond Index, which proved to be difficult benchmarks to beat with returns of 11.23% and 15.62%, respectively.

The Private Investment and Real Estate Funds outperformed their respective benchmarks by 768 and 257 basis points, respectively, producing overall net returns of -6.25% and +14.45%. The private equity markets, in particular, suffered a downturn in fiscal 2001, although not as steep as that of the public equity markets. Because these investment classes are illiquid and highly structured, short-term performance is not always indicative of long-term expectations from the asset class, with the ultimate returns evident only upon realization of all investment gains.

While volatility in investment returns is expected in the short-term, the Treasurer's long-term performance with respect to managing the Pension and Trust assets is most important. The CRPTF generated compounded gross and (net) annual total returns of 6.42%, (6.38%), 11.02% (10.99%), and 10.63% (10.58%) over the last three-, five-, and ten-year periods, respectively. The Funds continued to be well diversified given the long-term risk/return objectives, while adhering to established investment guidelines.

The overall return of the CRPTF is measured against the total fund benchmark, a hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives. This benchmark is comprised of 36% Russell 3000 Index; 18% International Stock Fund benchmark; 29% Mutual Fixed Income benchmark; 5% NCREIF Property Index; 11% Connecticut Private Equity/Venture Capital Index; and 1% Donoghue Money Fund Average. The International Stock Fund benchmark is comprised of 83% MSCI EAFE Extended 50% Hedged Index, and 17% MSCI Emerging Markets Free Index. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers Aggregate Index, 17% Salomon High Yield Market Index, and 10% JPM Emerging Markets Bond Index. The Connecticut Private Equity/Venture Capital Index is made up of 50% Cambridge Associates Private Equity Index and 50% Cambridge Associates Venture Capital Index.

In addition to the total fund benchmark, the CRPTF is historically measured against the actuarially determined assumed rate of return of 8.5%. The actuarially determined assumed rate of return includes normal pension costs and past service amortization payments as well as payments necessary to reduce the unfunded liabilities. While this measure is a key element in assessing the long-term performance of the funds, because it is static (i.e., it does not change from year to year with the financial markets in which the funds are invested), it becomes less appropriate when viewed in shorter time horizons (i.e., less than 5 years). Rather, it serves as a principal

driver of the fund's overall asset allocation, setting the long term targeted return for the funds that will be needed to ultimately pay the pensions and other liabilities.

2001 Division Performance and Management Initiatives

The PFM staff completed an asset liability study of the retirement plans during fiscal year 2000 resulting in several portfolio enhancement initiatives. In addition, the asset allocation policy set-forth in the prior fiscal year was re-affirmed, assuring that retirement assets were being invested in the most optimal manner given the pension liabilities and investment market conditions. Also, a minimum and maximum percentage range was added to the over-all policy asset class target weights, enabling the portfolios to take advantage of market opportunities when appropriate.

Following the asset liability study completed above, a request for proposal (RFP) was solicited and received an overwhelming response from top-tier investment advisor prospects regarding a review of the International Stock Fund. This resulted in a new strategic allocation to international equities that created a more diversified portfolio and will allow for more opportunities to enhance stock portfolio returns while reducing risk. Going forward the international portfolio will consist of seven investment mandates where previously there were three. The seven mandates are; Passive large-Cap EAFE, Active Small-Cap EAFE, Active Risk Controlled EAFE, Active Core EAFE, Active Specialist EAFE, Active Emerging Markets, and Currency Overlay.

The Division retained the services of a private equity consultant to assist in establishing policy and procedures regarding the Private Investment Fund assets. This has resulted in establishing new Fund guidelines, enhanced monitoring and review procedure for the portfolio, and the establishment of due-diligence procedures in the selection of private equity advisors.

During the fiscal year the Real Estate Fund issued a request for proposal (RFP) seeking the services of a real estate consultant to assist in the formulation of Funds guidelines consistent with the overall Investment Policy Statement. In addition, the consultant will assist in establishing policies and procedures regarding monitoring, reviewing, and the selection of advisors for this portfolio.

In response to the Treasurer's mandate to protect and ensure safekeeping of the State of Connecticut Retirement Plans and Trust Fund (CRPTF) assets, an organizational review inclusive of policy, procedures, and staffing needs, as well as current allocations will be conducted during fiscal year 2002. An RFP for a consultant specializing in organizational development will be issued. Currently, the Treasurer has retained two senior investment professionals, as consultants to assist PFM management with these initiatives. Other significant areas of concentration involving consultants in conjunction with PFM staff are ongoing. They include; the Treasurer's Investment Policy Statement, the Mutual Fixed Income Structure Review, Mutual Equity Fund Structure Review, and a review of the master custodian agreement, pursuant to the current custodial services contract, which expires at the end of fiscal year 2002.

Proxy Voting

During the past two years, the Treasury has developed comprehensive proxy voting policies for both domestic and global proxy voting. These policies were endorsed by the state's Investment Advisory Council (IAC), and now serve as the policy framework for shareholder decisions. Connecticut law requires the Treasurer to consider the economic, social, and environmental impact of investment decisions. In addition, state law prohibits investment in companies doing business in Northern Ireland that have not implemented the MacBride Principles of fair employment. Similar statutory prohibitions exist for investing in companies conducting business with Iran counter to U.S. foreign policy.

The corporate governance program marks Connecticut's re-emergence – for the first time in five years — as an active, responsible institutional investor, with the most comprehensive series of proxy voting policies in the state's history.

Connecticut's shareholder activism includes both exercising proxy voting responsibility and taking steps such as filing shareholder resolutions and supporting resolutions filed by other shareholders.

Companies were identified based on below par total shareholder return (over a 3 year period) and identification of generally acknowledged weak policies or activities in specific areas of corporate governance.

The shareholder activism program during 2001 included four critical areas:

Independence of the Board of Directors: The state pension fund's proxy voting policies call for a majority of the board to consist of independent directors and key board committees such as the audit, compensation and nominating committees to consist completely of outside, independent directors.

Executive Compensation: The policies support compensating executives at a reasonable rate and that executive compensation should be tied to performance.

Global Working Conditions: The policies support vendor and supplier compliance with international labor standards and core human rights.

Board Diversity: The proxy voting policies support board diversity as a key factor in deciding whether to support the election of board members. Board diversity ensures that members who serve on boards are drawn from the broadest pool of talent and expertise.

Among the program's noteworthy successes during the year was one company's agreement to add two new independent board members that will increase the number of outside independent members. On the issue of executive compensation, a company agreed to adopt a new board policy to limit the repricing of stock options and another company agreed to provide for 25% of new stock options to be tied to performance. Another success was agreements reached with three companies to implement the MacBride Principles for fair employment in workplaces of Northern Ireland companies. In addition, two companies agreed with the Office of the Treasurer to take actions on global labor standards.

As principal fiduciary of the fund, Treasurer Nappier approaches shareholder ownership as a prudent long-term investor. Through shareholder advocacy, the pension fund seeks to ensure that companies in which the pension fund invests adopt corporate governance reforms and corporate citizenship practices consistent with the fund's proxy voting guidelines and in accordance with Connecticut law. The Nappier initiative also includes providing input to regulatory agencies on policy matters related to corporate governance and meetings with leading Connecticut companies that are important to the vitality of state's economy and in which the state pension fund is a shareholder.

Copies of the Connecticut pension fund's proxy voting policies are available for review and downloading at the State Treasurer's web site: <http://www.state.ct.us/ott/proxyvoting.htm>

Asset Recovery

At the direction of Treasurer Nappier, the Connecticut Treasury continues to employ various means of recovery of assets lost due to the misdeeds or bad acts of others.

Securities Litigation

The Office has taken over the responsibility for making claims in connection with the settlement or judicial resolution of class action litigation. This goal in stepping up this activity is to ensure that the Connecticut Retirement Plans and Trust Funds receives a fair share of compensation available to investors in companies that experienced loss of shareholder value due to negligence, fraud or other bad acts of the company or its managers.

The Office is actively participating as lead and co-lead plaintiff, respectively, in two national class action law suits alleging misconduct against Waste Management and the Campbell Soup Co. In both matters, the Office successfully negotiated lower than standard legal fees, which will result in increased net recovery for class participants. Each of these matters is progressing appropriately in the judicial system.

Believing that institutional investors are best equipped to manage and obtain the best results from class action securities litigation, Treasurer Nappier and her staff have participated in a number of forums to encourage the active participation of other institutional investors as lead plaintiffs in such litigation.

Recapture of Assets

In October 2000, the United States Attorney, upon complaint from the Office of the Treasurer, filed a civil action against Triumph Capital Group and certain of its principals and affiliates in order to protect assets invested with Triumph-Connecticut II Limited Partnership. Departure of personnel with the expertise to manager the collateralized debt obligation assets of the limited partnership, coupled with uncertainty surrounding the indictment of the

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

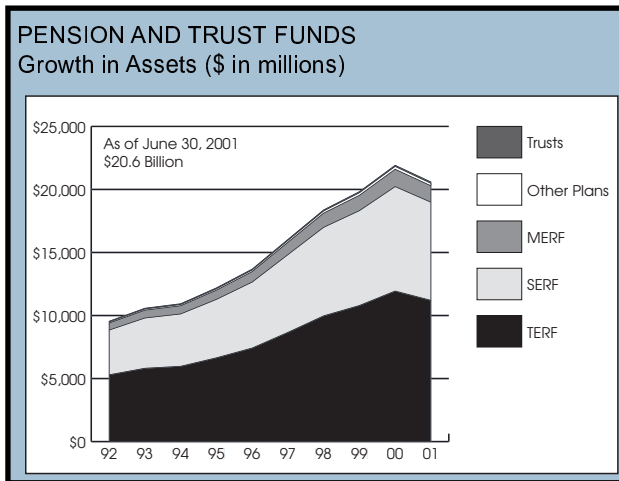
company and certain of its principals, raised serious concerns. The US Attorney sought and obtained a Temporary Restraining Order against Triumph and a receiver was appointed for the assets of the limited partnership. The civil action was resolved in the best interest of the Connecticut Retirement Plans and Trust Funds in May 2001, with the recapture of \$125.2 million of temporary investments. Additionally, the Treasurer has engaged a consultant to monitor of the existing \$68 million CBO investment of the limited partnership.

Combined Investment Funds Total Return Analysis (%)

Asset Class (% of Total Fund at 6/30/01)	Fiscal Years Ending June 30,					Annualized		
	2001	2000	1999	1998	1997	3 Years	5 Years	10 Years
Total Fund (100.0%)								
Combined Investment Funds	(3.68)%	13.13%	10.49%	17.19%	19.35%	6.38%	10.99%	10.58%
CRPTF Total Fund Benchmark	(7.71)	19.41	15.95	20.09	20.03	8.51	12.99	N/A
50/50 Blend (50% S&P - 50% LB Aggregate)	(2.19)	6.22	13.22	20.26	20.90	5.56	11.33	11.67
S&P 500	(14.83)	7.30	22.74	30.21	34.56	3.89	14.48	15.10
LB Aggregate	11.23	4.56	3.13	10.54	8.16	6.25	7.48	7.87
U.S. Stocks (38.5%)								
Mutual Equity Fund (38.5%)	(9.55)	10.03	19.38	28.40	30.74	5.91	14.81	14.78
Russell 3000 Index	(13.93)	9.60	20.10	28.81	30.58	4.25	13.76	14.97
International Stocks (12.1%)								
International Stock Fund (12.1%)	(13.29)	20.13	6.77	1.52	15.67	3.61	5.49	7.72
International Stock Fund Hybrid Benchmark	(19.80)	20.77	7.62	6.10	12.84	1.39	4.53	7.23
Real Estate (2.3%)								
Real Estate Fund	14.45	9.18	9.96	25.63	10.69	11.17	13.82	3.47
Russell NCREIF(1 Qtr. Lag)	11.88	11.10	14.32	15.48	10.21	12.51	12.72	6.92
U.S. Fixed Income (32.5%)								
Mutual Fixed Income Fund (32.0%)	8.03	5.77	2.64	10.52	10.62	5.45	7.47	8.62
Fixed Income Fund Hybrid Benchmark	9.26	5.66	3.13	10.54	8.16	5.99	7.32	7.79
Commercial Mortgage Fund (0.5%)	10.88	8.26	6.10	17.71	9.82	8.40	10.49	9.01
Lehman Aggregate Bond Index	11.23	4.56	3.13	10.54	8.16	6.25	7.48	7.87
Alternative Assets (12.7%)								
Private Investment Fund (12.7%)	(6.25)	53.86	(0.81)	18.55	5.68	12.68	12.39	13.34
Russell 3000 Index	(13.93)	9.60	20.10	28.81	30.58	4.25	13.76	14.97
Cash (1.9%)								
Cash Reserve Account (1.9%)	6.35	5.96	5.46	5.86	5.70	5.93	5.87	5.47
IBC Rated Index	5.74	5.58	5.03	5.49	5.27	5.45	5.42	4.86

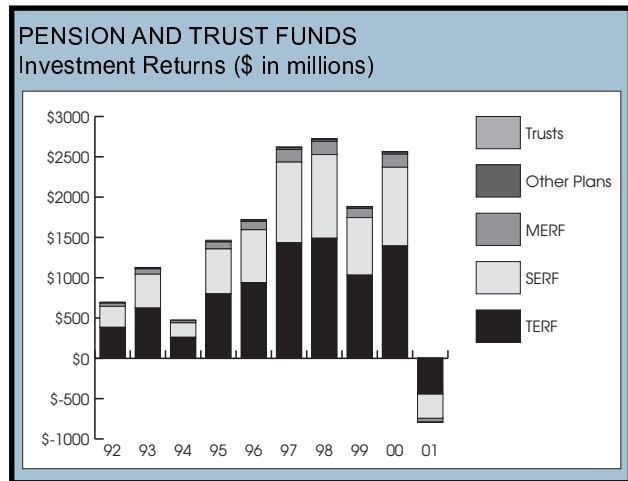
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 1-1



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

Figure 1-2



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

Figure 1-3

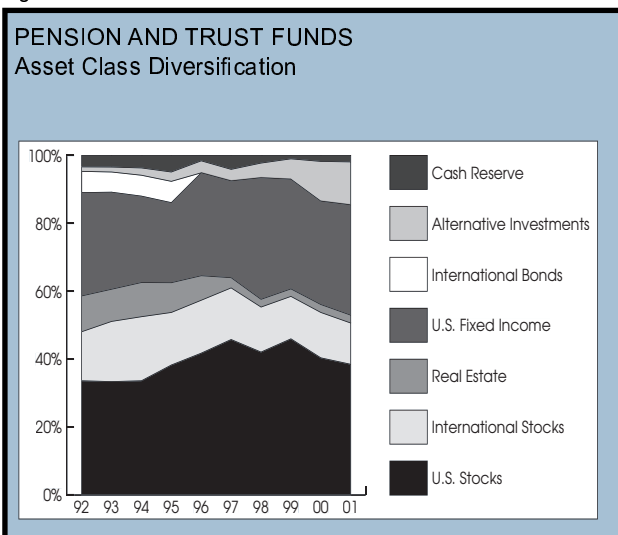


Figure 1-5

PENSION AND TRUST FUNDS
Advisor Breakdown

Fund	June 30, 2001	June 30, 2000
MEF	10	10
ISF	6	6
PIF	35	35
MFIF	10	11
CMF	1	1
REF	7	7
CRA	1	1
Total ⁽¹⁾	70	71

(1) Actual total advisors was 66 and 65, respectively when factoring in advisors across multiple funds.

Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2001

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	38.5%	36.0%	29.0%	43.0%
Mutual Equity Fund (MEF)	38.5%			
INTERNATIONAL EQUITY	12.1%	18.0%	14.0%	22.0%
International Stock Fund (ISF)	12.1%			
EQUITY COMMERCIAL REAL ESTATE	2.3%	5.0%	4.0%	6.0%
Real Estate Fund (REF)	2.3%			
U.S. FIXED INCOME	34.4%	30.0%	26.0%	34.0%
Mutual Fixed Income Fund (MFIF)	32.0%			
Commercial Mortgage Fund (CMF)	0.5%			
Cash Reserve Account (CRA)	1.9%			
ALTERNATIVE INVESTMENTS	12.7%	11.0%	6.0%	11.0%
Venture Capital Fund (VCF)	12.7%			
TOTAL	100.0%			

(1) MFIF's advisors are allowed to invest in non U.S. fixed income assets on an opportunistic basis.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRTPF	-3.68	6.38	10.99	10.58
CRTPF Total				
Fund Benchmark	-7.71	8.51	12.99	N/A
50/50 Blend	-2.19	5.56	11.33	11.67
Cumulative Total Return (%)				
CIF	-3.68	20.40	68.40	173.29
CRTPF Total				
Fund Benchmark	-7.71	27.77	84.16	N/A
50/50 Blend	-2.19	17.63	71.03	201.68

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 1-7

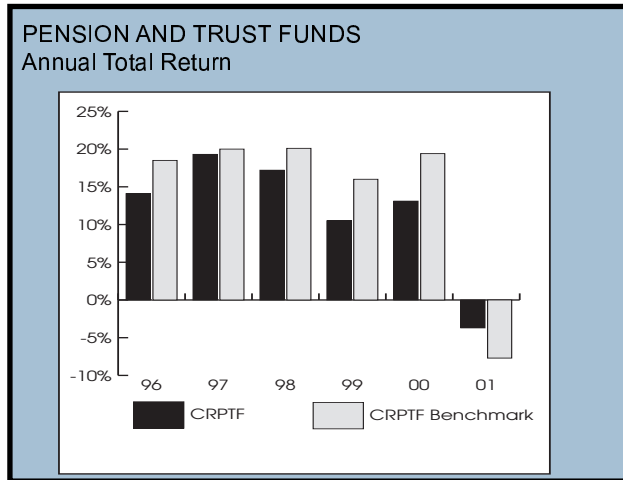


Figure 1-8

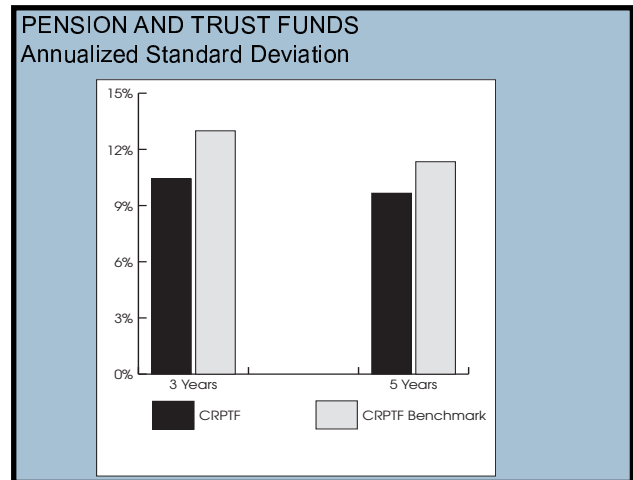


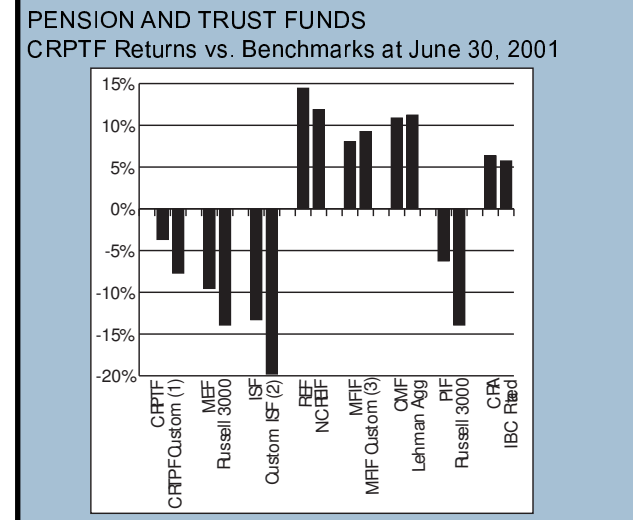
Figure 1-9

PENSION AND TRUST FUNDS TUCS Ranking for Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Public Funds >\$1 Billion				
Percentile Return				
5th	-1.08	6.92	11.83	12.35
25th	-3.90	5.86	11.06	11.75
50th	-6.10	4.82	10.41	11.32
75th	-7.98	4.42	9.43	10.95
95th	-8.97	3.12	8.53	10.05
CT Pension and Trust Funds				
Percentile Return ¹				
Public Funds Ranking	14	9	12	75
Total Master Trusts Ranking				
	39	29	44	81

Source: State Street Bank
(1) Gross Return

Figure 1-10



- (1) Total Fund Benchmark: Inception through 9/30/999: 40% Russell 3000, 15% MSCI EAFE Net, 30% LB Aggregate, 11% CA Private Equity/Venture Capital Index, 4% NCREIF Property Index. 10/1/99 to date: 36% Russell 3000, 18% Int'l Stock Benchmark, 29% Mutual Fixed Income Benchmark, 5% CT Real Estate Fund, 11% CT Private Equity/Venture Capital Index, 1% Donoghue Money Fund Average.
- (2) International Stock Fund Benchmark: 83% MSCI EAFE Extended 50% Hedged and 17% MSCI Emerging Market Free.
- (3) Mutual Fixed Income Benchmark: 73% Lehman Aggregate, 17% Salomon High Yield Market Index and 10% J.P. Morgan Emerging Markets Bond Index.

2001 cash reserve account

Fund Facts at June 30, 2001

Investment Strategy/Goals: To serve as a cash management tool for the pension and trust funds by investing in high quality, liquid money market securities.

Performance Objective: An annual total return in excess of the index.

Benchmark: IBC Index

Date of Inception: September 1, 1987

Total Net Assets: \$1,356,939,397

Number of Advisors: 1 external

Management Fees: \$261,204

Operating Expenses: \$160,359

Expense Ratio: 0.03%

Performance Summary

For the fiscal year ended June 30, 2001, the Cash Reserve Account (CRA) generated a return of 6.35% outperforming the benchmark IBC Rated Index of 5.74% by 61 basis points. The Fund's return also outperformed the 90 day Treasury Bill return of 5.64% by 71 basis points. (See Figure 2-9.)

For the trailing three, five and ten-year periods, as shown in Figure 2-9, CRA's compounded annual total return was 5.93%, 5.87% and 5.47%, respectively, net of all expenses. The returns exceeded those of the IBC Index for all time periods.

Description of the Fund

The Cash Reserve Account (CRA) is a money-market pool investing in high-quality liquid money market securities. It serves as a cash management tool for the pension and trust funds and Combined Investment Funds, and is considered a separate asset class offering protection against inflation.

CRA uses the basic strategy of buying on market weakness. When interest rates rise, CRA takes advantage by investing at higher yields through an extension in average maturity for the fund. Conversely CRA increases exposure to floating rate securities which perform well in a declining rate environment. To ensure sufficient liquidity to fund unexpected plan withdrawals, CRA maintains an adequate amount of investments in extremely short assets. CRA continually analyzes expectations for 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. Due to the short-term nature of CRA, it is considered to be low-risk. Consequently, returns realized by CRA may be lower than those realized by funds with fixed income investments maturing over a longer time horizon.

CRA's performance objective is to exceed the IBC First Tier Institutions Only Rated Money Fund Report Index, an average of rated institutional money market mutual funds that invest primarily in first-tier (securities rated A1, P1) taxable securities. (See Figure 2-7.)

During the fiscal year, CRA assets under management fell \$177 million or 12% to \$1.357 billion on June 30, 2001 from \$1.534 billion on June 30, 2000.

Portfolio Characteristics & Strategy

A decline in capital spending, erosion in profits, weakness abroad, and the continuing weakness in equity markets led the Fed to lower the funds rate by 250 basis points during the first half of 2001. The LIBOR curve remained inverted and yields continued to decrease across the curve. There was a significant supply of new issue-asset backed securities during the last quarter. The CRA Fund took advantage of the positive carry floating rate securities versus fixed rate securities. The Fund continued to invest in the asset-backed securities, as this was an attractive sector. While the curve remained inverted, the CRA Fund held up to 45% of the assets in overnight repurchase agreements. As the market conditions change we will look for opportunities to extend. The Fund's average maturity, as shown in Figure 2-3, was 65 days at year-end June 30, 2001 compared to the IBC Index of 47 days. The distribution of investments by maturity at June 30, 2001, was as follows: Overnight (35%); 2-90 days (51%); over 90 days (14%). The Fund's three largest security weightings at fiscal year-end included

adjustable and fixed rate asset-backed securities (40%); Repurchase Agreements (35%); and Floating Rate Assets (11%). (See Figure 2-6.)

Economic Review

The year began with the Federal Reserve Board opting to leave rates unchanged at the June 28, 2000 meeting but still maintaining a tightening bias going forward. While it seemed that the Federal Reserve Board had achieved its goal of slowing via higher interest rates, several other uncertainties had manifested themselves in the economic outlook. A global oil and natural gas shortage threatened to undermine the economic expansion by hurting both corporate bottom lines and consumer spending. The possibility of heightened inflation due to unsustainable economic growth became the primary economic concern. As the year progressed it became evident that the economy was slowing at a faster than anticipated pace. The economic news was confirmed by corporate earnings shortfalls and warnings about future growth. The volatility in stocks due to earnings shortfalls and the presidential election uncertainty led to an increase of buying in the investment grade fixed income market. This flight to quality led to decreased yields across all maturity sectors. The markets outlook was confirmed as the Federal Open Market Committee ("FOMC") changed its bias from "tightening" to "easing". The FOMC cited concerns about eroding consumer confidence, shortfalls in sales and earnings, financial stress in some sectors of the corporate bond market, and deterioration in private wealth due to the volatile stock market. Yields across the LIBOR curve decreased as the markets anticipated an ease by the FOMC during the first half of 2001. The Federal Reserve surprised the market with an inter-meeting move of January 3rd and lowered the overnight funds rate by 50 basis points. The text that accompanied the initial move cited 'further weakening of sales and production, lower consumer confidence, tight conditions in some segments of the financial markets and higher energy prices sapping household and business purchasing power'. On January 31, the FOMC eased another 50 basis points. As expected, LIBOR yields decreased, due to the Fed's cut of 100 basis points, as well as anticipated future actions. While economic releases were mixed during the month of March, much of the data indicated that the economy continues to slow. This prompted the Fed to again lower the funds rate by 50 basis points at the March 20th FOMC meeting for a total of 150 basis points for the first quarter of 2001. The LIBOR curve remained inverted and yields decreased throughout the first quarter, as one-month decreased by 148 basis points and three-month LIBOR decreased by 152 basis points. After two rate cuts in January, the Fed eased another 50 basis points in April and another 50 basis points at the May 15th FOMC meeting. Again the reasons cited included a decline in capital spending, erosion of profits, weakness abroad, and the continuing weakness in the equity markets. The Fed eased an additional 25 basis points at the June 27th FOMC meeting, bringing the total amount of easing to 275 basis points this year.

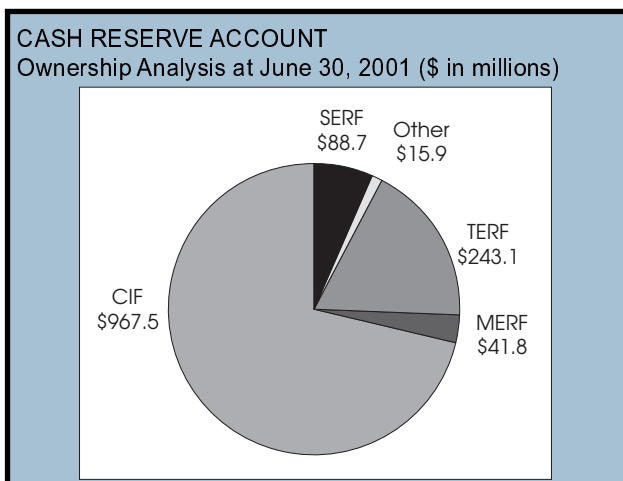
Risk Profile

Due to the short-term nature of CRA, it is generally considered to be low-risk. Consequently, returns realized by CRA maybe significantly lower than those realized by funds with fixed income investments maturing over a longer time horizon. Similarly, the investments' short time horizon, along with the quality of the issuing entities, mitigates traditional concerns over interest rate, default and currency exchange risk.

Based on returns over the last five years, the Fund exhibited a higher degree of risk relative to the IBC Index, as evidenced by its relative volatility of 1.00. (See Figure 2-2.) Its standard deviation of .17 suggests comparatively low overall volatility, while its beta of .88 indicates a high overall correlation to returns achieved by the Index. In the aggregate, CRA achieved a positive annual alpha, or return in excess of that predicted by returns of its benchmark of .45.

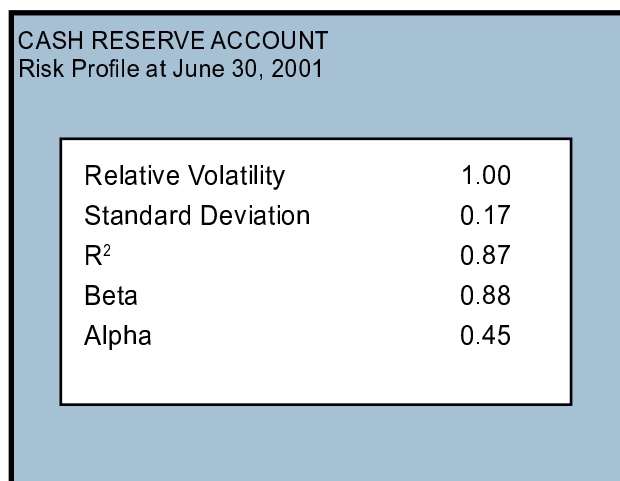
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 2-1



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

Figure 2-2



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

Figure 2-3

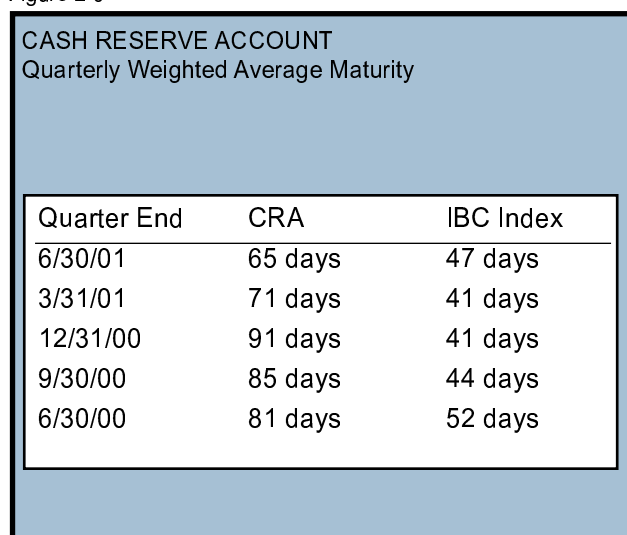
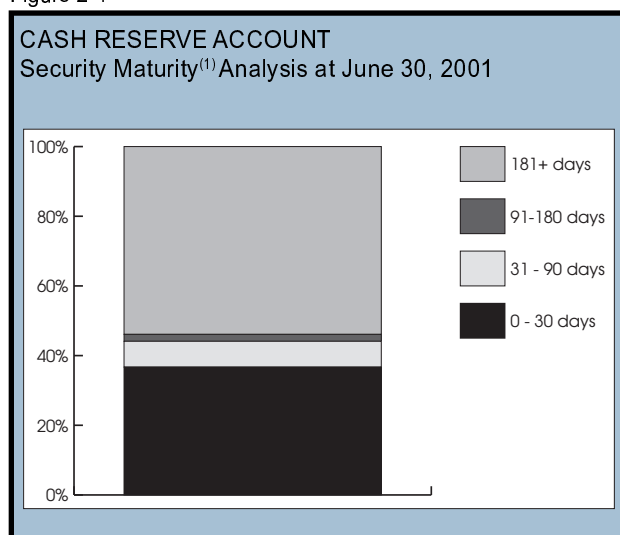
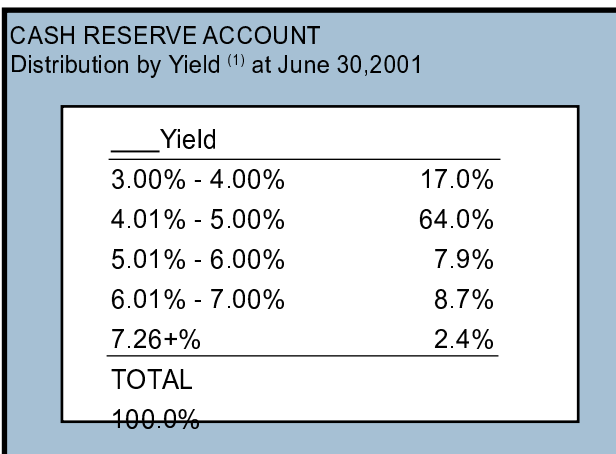


Figure 2-4



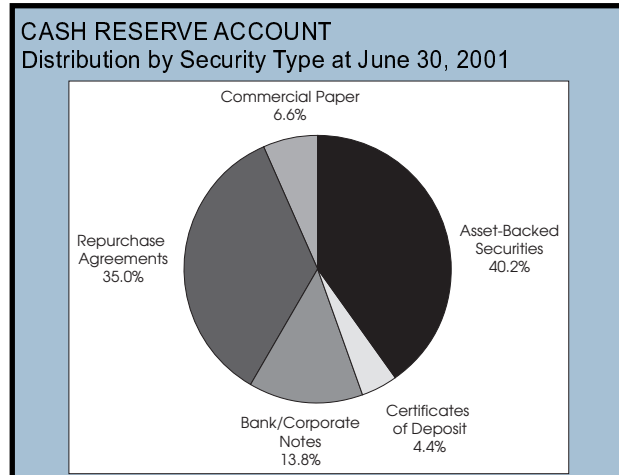
(1) Or Interest Rate Reset Period.

Figure 2-5



(1) Represents yield to maturity.

Figure 2-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 2-7

CASH RESERVE ACCOUNT Comprehensive Profile				
Date	Number of Issues	Yield ⁽¹⁾	Average Maturity	Average Quality
2001	90	6.35%	65 days	A-1+/AA+
2000	109	5.96%	81 days	A-1+/AA+
1999	102	5.46%	67 days	A-1+/AA+
1998	81	5.86%	60 days	A-1+/AA+
1997	53	5.70%	71 days	A-1+/AA+
1996	46	5.90%	50 days	A-1+/AAA
1995	48	5.83%	32 days	TBW-1/AAA

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

Figure 2-8

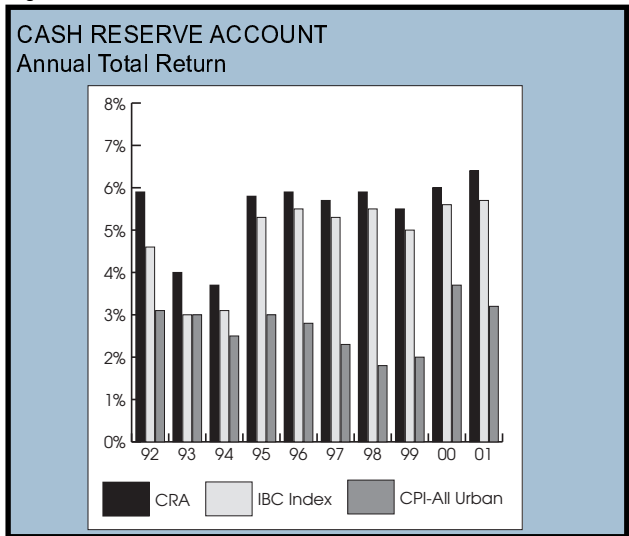
CASH RESERVE ACCOUNT Quarterly Yield⁽¹⁾ Analysis		
Quarter End	CRA	IBC Index
06/30/01	4.81%	4.32%
03/31/01	6.06%	5.68%
12/31/00	6.82%	6.48%
09/30/00	6.82%	6.49%
06/30/00	6.59%	5.86%

(1) An annualized historical yield based on the preceding month's level of income earned by the Fund.

Figure 2-9

CASH RESERVE ACCOUNT Periods ending June 30, 2001				
	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	6.35	5.93	5.87	5.47
IBC/Donoghue	5.74	5.45	5.42	4.86
CPI-Urban	3.24	2.98	2.58	2.73
Salomon 90-Day CD	6.20	5.85	5.81	5.25
Salomon 90-Day T-Bill	5.64	5.22	5.23	4.80
Cumulative Total Return (%)				
CRA	6.35	18.85	32.99	70.30
IBC/Donoghue	5.74	17.24	30.19	60.64
CPI-Urban	3.24	9.21	13.60	30.89
Salomon 90-Day CD	6.20	18.61	32.60	66.81
Salomon 91-Day T-Bill	5.64	16.48	29.03	59.85

Figure 2-10



(1) Or Interest Rate Reset Period.

2001 mutual equity fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the growth of the U. S. economy through the ownership of domestic equity securities.

Performance Objective: An annual total return which is one percentage point greater than that of the Russell 3000 after expenses.

Benchmark: Russell 3000 Index

Date of Inception: July 1, 1972

Total Net Assets: \$7,930,606,519

Number of Advisors: 10 external

Management Fees: \$31,104,059

Operating Expenses: \$952,864

Expense Ratio: 0.38%

Turnover: 53.7%

Performance Summary

For the fiscal year ended June 30, 2001, the Mutual Equity Fund (MEF) generated a negative return of 9.55%, net of fees, which was better than the benchmark Russell 3000 index negative return of 13.93% by 438 basis points. The Fund's performance was driven primarily by advantageous stock selection and industry allocations by the managers during the year.

During this same period, MEF's net assets declined from \$8.853 billion to approximately \$7.931 billion, a decrease of \$922 million. Of this net total change, approximately (\$840) million was due to unrealized capital losses partly offset by net investment income including realized gains, in addition to \$82 million in net cash outflows to participating pension plans and trusts.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance is most important. As Figure 3-4 below illustrates, MEF has generated compounded annual total returns, net of all expenses, of 5.91%, 14.81%, and 14.78% over the last three, five, and ten-year periods, respectively. The Fund returns out-performed the Russell 3000 for the three and five-years periods by 166, 105, basis points, respectively, but under-performed the benchmark by 19 basis points for the ten-year time period.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2001, were 18.81%, 99.45%, and 296.86%, respectively.

Description of the Fund

The Mutual Equity Fund (MEF) is an externally managed fund investing in domestic equity securities. It serves as an investment vehicle for the Pension and Trust Funds with the goal of earning prudent returns while participating in the growth of the U.S. economy.

MEF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of the Russell 3000 Index by 100 basis points per annum. The Russell 3000 Index is a broad stock market index of the securities from the largest 3,000 publicly traded U.S. companies.

At the close of the fiscal year, MEF consisted of 10 externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Five advisors actively managed approximately 17% of the portfolio in small to mid-capitalization stocks. Two advisors invested a total of 9% of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. Three advisors in large capitalization stocks (of which 51% was invested using enhanced indexing strategies and 23% was invested using a passive strategy) managed the balance of the portfolio, or approximately 74%. At fiscal year end, approximately \$6.5 billion, or 83%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

Portfolio Characteristics

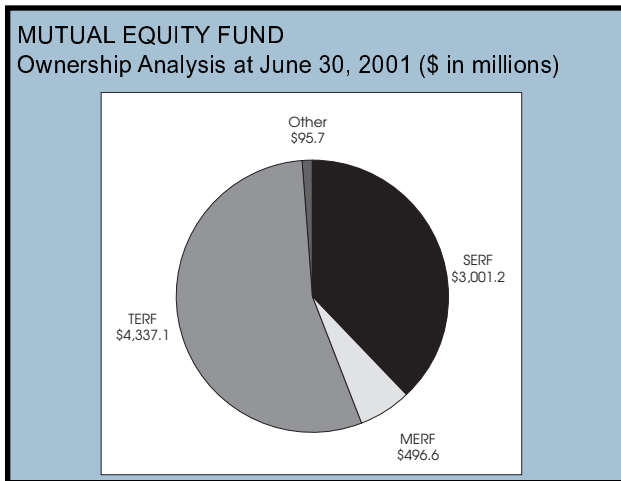
At fiscal year-end, MEF was 99.0% invested, primarily in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2001 was financials (17.3%), followed by information technology (17.2%) and health care (14.8%). (See figure 3-3.)

The MEF's ten largest holdings, aggregating to 19.3% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

Risk Profile

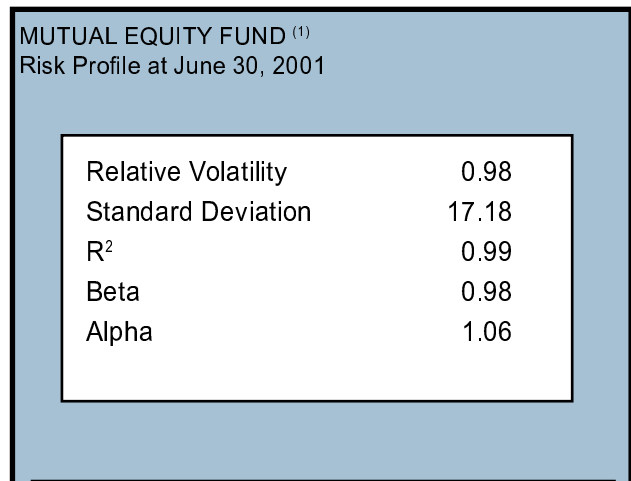
Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a realized tracking error of 1.3%, the MEF's returns have almost equal volatility to those of the Index and reflect a strong degree of correlation, 0.99, to those of the Index. MEF's annual alpha during the period, or return relative to that achieved by the benchmark, was a positive 1.06. (See figure 3-2.)

Figure 3-1



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

Figure 3-2



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

Figure 3-3

	% of Net Assets at 6/30/2001	
	MEF	Russell 3000
Energy	7.6	5.6
Materials	3.0	2.5
Industrials	10.9	10.7
Consumer Discretionary	13.2	12.5
Consumer Staples	6.7	7.4
Health Care	14.8	14.4
Financials	17.3	19.2
Information Technology	17.2	17.2
Telecommunication Services	5.1	6.0
Utilities	4.2	4.5
	100.0	100.0

(1) Excludes the Cash Reserve Account.

Figure 3-4

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	-9.55	5.91	14.81	14.78
Russell 3000	-13.93	4.25	13.76	14.97
Cumulative Total Return (%)				
MEF	-9.55	18.81	99.45	296.86
Russell 3000	-13.93	13.29	90.54	303.38

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 3-5

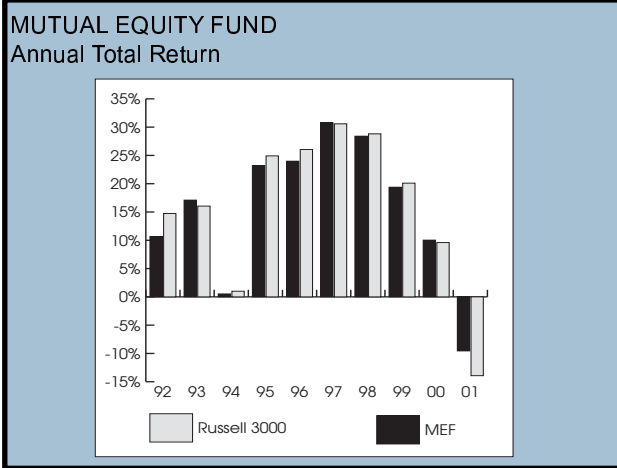


Figure 3-6

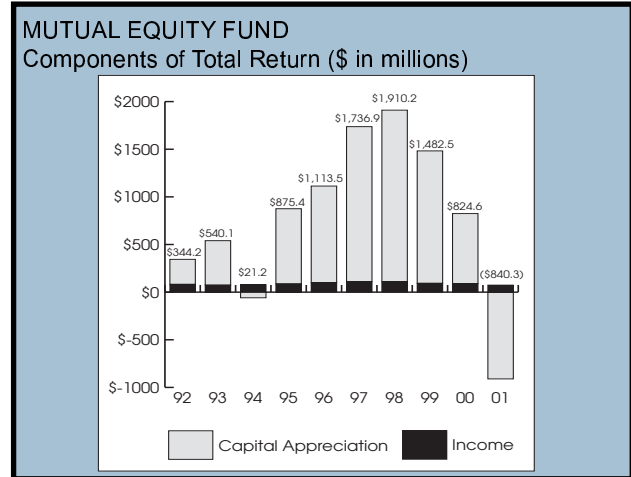


Figure 3-7

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

	2001		2000		1999		1998		1997	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	2,333	3,000	2,325	3,000	2,370	3,000	1,568	3,000	2,397	3,000
Cap (\$ Bil)	\$87.7	\$94.9	\$118.2	\$121.3	\$85.4	\$86.6	\$54.0	\$56.0	\$37.4	\$39.5
P/E	24.1x	26.3x	26.8x	30.2x	31.4x	32.9x	28.3x	26.9x	23.2x	22.3x
Div Yield	1.20%	1.30%	1.10%	1.10%	1.20%	1.20%	1.30%	1.30%	1.50%	1.60%
ROE	20.0%	20.9%	19.4%	20.5%	20.2%	20.4%	20.2%	20.6%	19.4%	20.0%
P/B	5.3x	5.5x	9.8x	10.7x	7.5x	7.8x	7.6x	7.9x	5.9x	5.9x
Cash & Equiv.	1.3%	0.0%	0.9%	0.0%	1.1%	0.0%	1.4%	0.0%	2.2%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Large Cap (Enhanced/Risk Controlled)	\$5,840,907,591	73.7%
J.P. Morgan Investment Mgmt., Inc.	2,112,103,660	26.6
BGI Barclays Global Investors, N.A. (Index Passive)	1,907,254,884	24.1
State Street Global Advisors	1,821,549,047	23.0
Small/Mid Cap (Active Management)	\$1,377,227,844	17.4%
Brown Capital Management, Inc.	380,679,270	4.8
Value Quest Ltd.	290,623,570	3.7
Cowen Asset Management	308,622,451	3.9
Dresdner RCM Global Investors LLC	244,152,137	3.1
Alliance Capital	153,150,416	1.9
Small/Mid Cap (Enhanced/Risk Controlled)	\$ 708,755,870	8.9%
The Travelers Investment Mgmt. Co.	333,240,012	4.2
AXA Rosenberg Investment Mgmt.	375,515,858	4.7
Other (1)	\$ 3,715,214	0.0%

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2001

Security Name	Sector	Market Value	%
General Electric	Technology	\$263,857,913	3.32%
Microsoft	Technology	197,838,030	2.49%
Citigroup Inc.	Finance	182,191,369	2.29%
Exxon Mobil Corp.	Energy	161,374,233	2.03%
Pfizer	Health Care	156,126,915	1.96%
AOL Time Warner	Telecomms	130,855,357	1.65%
Johnson & Johnson	Health Care	112,725,772	1.42%
Wal Mart Stores Inc.	Non-Durables	111,825,200	1.41%
Amer. Int. Group	Finance	109,165,046	1.37%
Intel Corp.	Technology	106,075,710	1.33%
Total		\$1,532,035,545	19.27%

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

2001 international stock fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the growth of the global economy through the ownership of foreign equity securities.

Performance Objective: An annual total return which is one percentage point greater than the MSCI-EAFE index after expenses.

Benchmark: ISF Hybrid Benchmark (83% Morgan-Stanley Europe Australasia Far East Extended (MSCI-EAFE), 50% Hedged and 17% MSCI Emerging Market Free)

Date of Inception: January 1, 1988

Total Net Assets: \$2,502,829,921

Number of Advisors: 6 external

Management Fees: \$10,124,114

Operating Expenses: \$719,775

Expense Ratio: 0.40%

Turnover: 43.4%

Performance Summary

For the fiscal year ended June 30, 2001, the International Stock Fund (ISF) generated a negative return of 13.29%, net of fees, but performed better than the hybrid benchmark index negative return of 19.80% by 651 basis points.

During fiscal year 2001, ISF net assets decreased from \$2.930 billion to approximately \$2.503 billion, a decrease of \$427 million. This included realized and unrealized net capital losses of \$433 million and \$43 million due to net cash outflows to participating pension plans and trusts partly offset by net investment income of \$49 million.

The Fund has out-performed relative to its benchmark over the last three, five and ten year periods, as illustrated in Figure 4-4 below. The three and five-year results were above those of the index by 222 and 96 basis points, respectively. For the trailing ten-year period, ISF's compounded annual total return was above the hybrid index by 49 basis points.

Description of the Fund

The International Stock Fund is an externally managed fund which invests in foreign equity securities. It serves as an investment tool for the Pension and Trust Funds, with the goal of participating in the growth of international economies. It is used to reduce short-term volatility in the Pension and Trust Funds returns by providing an additional layer of asset and currency diversification. In environments where the value of the U.S. dollar is declining relative to other currencies, international stocks are expected to enhance total Pension and Trust Funds returns.

Established in 1988, ISF's performance objective was an annual total return, net of management fees and Division operating expenses, which exceeds that of the Hybrid Benchmark, a measure of the returns of developed, non-U.S. stock markets, by 100 basis points. During the structure review in fiscal year 2000, the objective was changed to reflect the Fund's strategic exposure to emerging markets, as well as an exposure to stocks of smaller companies in the developed markets. The new objective is for the return of the Fund (net of fees) to exceed the return of a hybrid index comprising 83% of the MSCI EAFE Extended (50% Hedged) and 17% of the Morgan Stanley Capital International Emerging Market Free Index (MSCI EMF) by 100 basis points.

At the end of fiscal year 2001, the Fund had six external advisors, selected on the basis of expected future performance and investment style, although one advisor managed both an emerging market and a core portfolio. (See figure 4-8.) Based on the Fund's holdings, as of June 30, 2001, approximately 66% of the portfolio was managed by four advisors in countries comprising the MSCI EAFE, 13% was actively managed by two advisors within the emerging markets, and 21% was allocated to one advisor for passive management against the European portion of the MSCI EAFE Index.

The Office of the Treasurer issued a Request For Proposal (RFP) for Fund managers, as part of its continuing implementation of the Asset Allocation policy and strategy for the International Stock Fund. Over fifty advisors

were interviewed for five Fund mandates established during the structure review process completed at the end of fiscal 2000.

Portfolio Composition

At fiscal year-end, ISF was 95.7% invested in international securities. The United Kingdom equity securities were the largest percentage of Fund assets, at 15.5%. Japan accounted for 14.5% and German securities, 11.5% of investments. The Fund's allocation to non-EAFE countries, including the emerging markets, stood at 13.2% of investment in securities at the end of fiscal year 2001. These geographic concentrations differed from those comprising the Hybrid index, reflecting the Fund's allocation to active management strategies. (See figure 4-7.)

The ISF was well diversified at year-end, holding more than 2,300 securities in the portfolio. The ISF's ten largest holdings, not including cash, included a variety of companies located throughout Europe and the Far East. The Fund's largest investment, comprising 1.2% of investment securities, was Vodafone Airtouch of the United Kingdom. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 10.1% of the Fund's investments at June 30, 2001.

Risk Profile

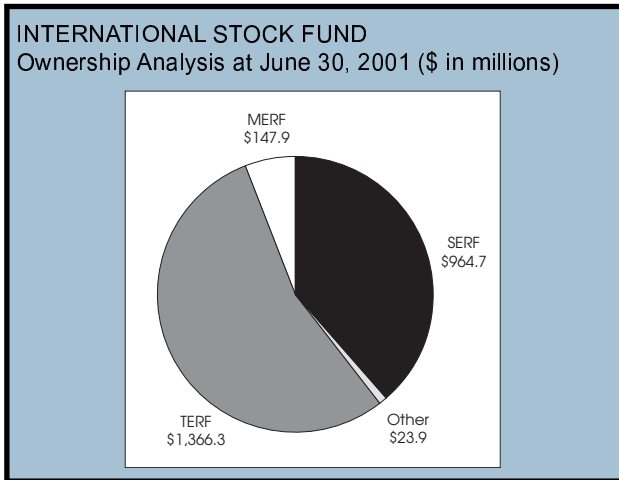
Given ISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company credit risk. Effective February 1, 1998, the three developed market managers were given 100% hedged benchmarks, and the benchmark for the three core managers was changed to a 100% hedged benchmark from an unhedged benchmark. This was the result of an analysis which determined that although the historical long-term effects of currency returns sum to zero, the short-term effects could be dramatic given the market volatility. As part of the implementation of the current Asset Allocation Plan, it was decided that the most efficient and cost effective method of mitigating this short-term volatility was to change the benchmark to a completely hedged one.

The Treasurer determined that 100% hedging may reduce some of the potential short-term benefits of currency movements as well as increase the risk of the international investments, and that a 50% hedge ratio would provide the greatest reduction in portfolio risk over time. It has also been decided to implement the currency hedging strategy by hiring a dedicated currency overlay manager, who would ensure that the Fund's foreign currency exposure is always 50% hedged. The outstanding RFP includes this currency mandate, and once all of the new managers are in place, hedging will not be part of any of the equity managers' mandates.

Based on returns over the last five years, the Fund's risk profile is similar to that of the Hybrid benchmark. The Fund's active risk relative to its benchmark over the five-year period ending June 30, 2001 has been 1.05%, while its high R^2 of 0.87 demonstrates a relatively strong overall correlation. In the aggregate, ISF's annual alpha over the five-year period, or return in excess of that predicted by the benchmark, was 0.96. (See Figure 4-2.)

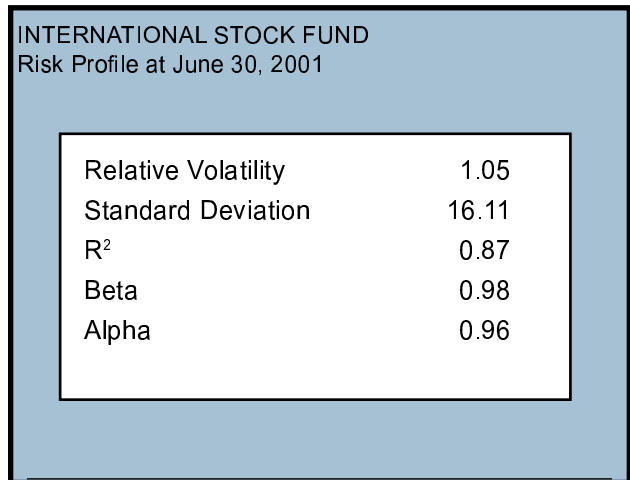
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 4-1



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

Figure 4-2



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

Figure 4-3

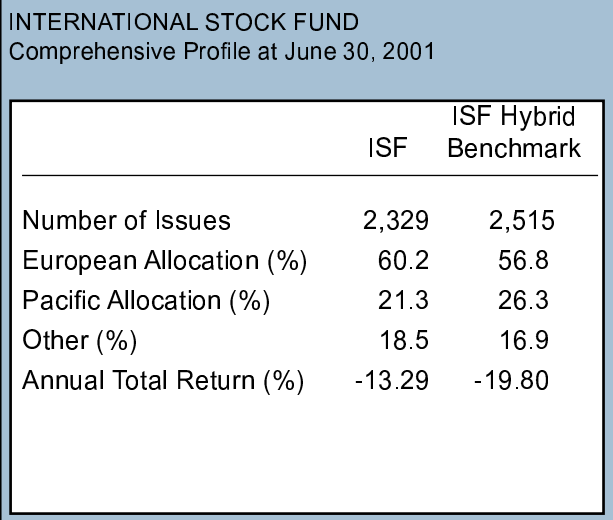


Figure 4-4

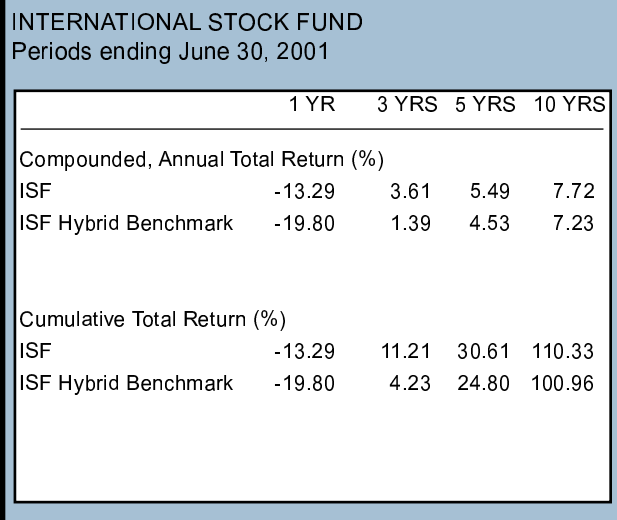


Figure 4-5

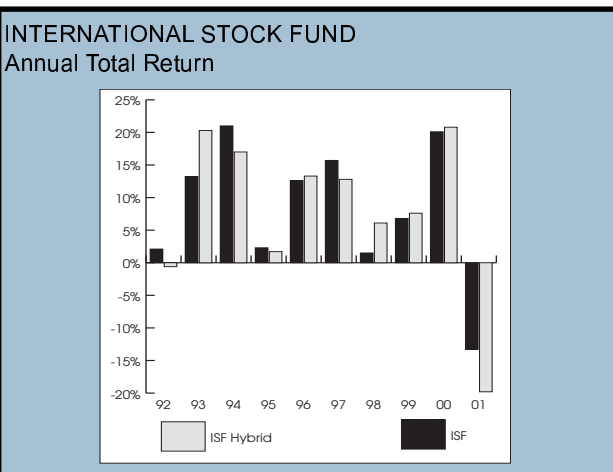
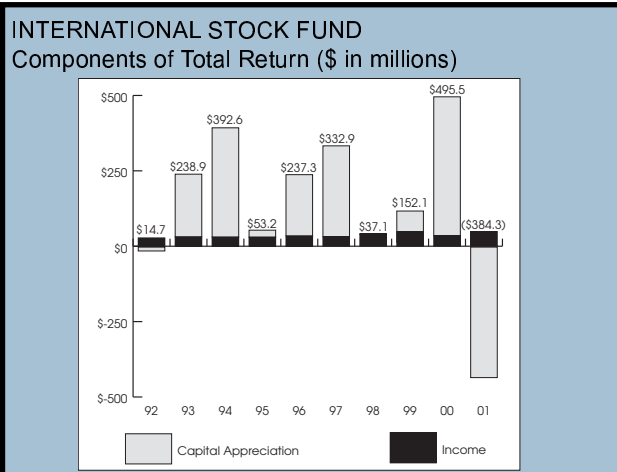


Figure 4-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 4-7

INTERNATIONAL STOCK FUND Diversification by Benchmark Country with Return (%) at June 30, 2001 ⁽¹⁾						
	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/00	% of Net Assets 6/30/01	Total Return	% of Net Assets 6/30/00	% of Net Assets 6/30/01	Total Return
Japan	16.9	14.5	-8.7	23.2	21.1	-30.0
United Kingdom	14.8	15.5	-7.7	16.4	18.1	-15.7
Germany	10.6	11.5	-14.8	7.0	7.0	-24.0
France	8.8	8.0	-17.5	9.2	9.0	-27.1
Italy	5.9	5.9	-20.0	3.7	3.8	-26.5
Switzerland	3.0	3.5	1.8	4.5	5.4	-15.8
Netherlands	3.2	3.9	-24.0	4.2	4.4	-20.9
Spain	3.4	3.4	-25.4	2.3	2.3	-20.8
Hong Kong	3.0	3.7	-10.6	1.7	1.7	-19.6
Sweden	2.2	1.7	-20.8	2.7	2.0	-46.6
Australia	1.7	1.8	4.4	2.3	2.7	-9.5
Finland	1.3	1.2	-37.0	2.5	1.5	-52.4
Belgium	1.1	1.1	-19.6	0.6	0.8	-17.8
Singapore	0.8	0.9	-13.7	0.8	0.7	-25.9
Denmark	0.5	0.8	-3.0	0.6	0.8	-11.9
Ireland	0.5	0.6	-17.2	0.3	0.7	14.9
Norway	1.3	2.0	-7.3	0.3	0.4	-8.5
Malaysia	0.9	0.3	-29.9	1.1	1.0	-29.3
Austria	0.6	0.6	-2.4	0.2	0.2	-7.0
New Zealand	0.5	0.4	-16.4	0.1	0.1	-17.7
Portugal	0.5	0.5	-31.7	0.4	0.4	-31.8
Other	<u>18.5</u>	<u>18.2</u>		<u>15.9</u>	<u>15.9</u>	
Total	100.0	100.0		100.0	100.0	

(1) Includes Cash Reserve Account and cash equivalents at each country level.

Figure 4-8

INTERNATIONAL STOCK FUND Investment Advisors at June 30, 2001		
Investment Advisor	Net Asset Value	% of Fund
EAFE - Europe	\$527,894,231	21.1%
Enhanced Passive		
State Street Global Advisors	527,894,231	21.1%
Core Management	\$1,638,674,580	65.5%
Active		
Morgan Stanley Asset Management	675,230,774	27.0%
Grantham, Mayo, Van Otterloo & Co.	616,304,760	24.6%
Smith Barney Capital Management	196,974,764	7.9%
DSI International Management	150,164,282	6.0%
Emerging	\$321,705,422	12.8%
Active		
Morgan Stanley Asset Management	188,684,160	7.5%
Pictet International Management	133,021,262	5.3%
Other (1)	\$14,555,688	0.6%

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 4-9

INTERNATIONAL STOCK FUND Ten Largest Holdings at June 30, 2001			
Security Name	Country	Market Value	%
Vodafone Airtouch	United Kingdom	30,158,308	1.22%
ORD USD .10			
Glaxosmithkline	United Kingdom	29,930,454	1.21%
ORD GBP .25			
Total FINA Elf Eur 10	Spain	27,709,792	1.12%
Deutsche Telekom			
ORD NPV	Germany	26,738,722	1.08%
ENI EUR1	Italy	26,721,585	1.08%
Aventis SA Eur 3.82	France	25,892,439	1.05%
Telefonica SA Eur 1	Spain	21,830,774	0.89%
BP Amoco ORD	United Kingdom	20,621,279	0.84%
USD 0.25			
Nestle SA CHF1	Switzerland	19,883,668	0.81%
AXA Eur 2.29	France	18,933,418	0.77%
TOTAL		\$248,420,439	10.07%

2001 real estate fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To hedge against inflation, reduce volatility of returns, and provide a long-term rate of return similar to equity investments by investing in equity commercial real estate.

Performance Objective: An annual total return which is one percentage point greater than the index.

Benchmark: National Council of Real Estate Investment Fiduciaries Index (NCREIF) 1quarter lag.

Date of Inception: July 1, 1982

Total Net Assets: \$475,989,371

Number of Advisors: 7 external

Management Fees ⁽¹⁾: \$956,396

Operating Expenses: \$124,646

Expense Ratio: 0.22%

Capitalized Expenses: \$5,138,533

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

Performance Summary

For the fiscal year ended June 30, 2001, the Real Estate Fund (REF) generated a total return of 14.5%, which exceeded the National Council of Real Estate Investment Fiduciaries Index (NCREIF), 11.9%, by 260 basis points. This performance is primarily attributable to the value enhancements experienced in a specific separate account assets and the strengthening operations in the Fund's opportunistic investments.

During the fiscal year, the value of REF's portfolio declined from \$510 million to \$476 million. The \$34 million decrease was primarily due to distributions to unit holders totaling roughly \$101 million. This amount was comprised of income distributions of \$43 million and redemptions of unit holder interests of \$58 million. These distributions were offset by funds generated by operations of \$67 million. Funds from operations were comprised of net investment income of \$8 million, realized gains of \$36 million and unrealized appreciation of \$23 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 11.2%, 13.8%, and 3.5%, respectively, net of all expenses. (See figure 5-8.) For the five-year period, the REF return exceeded the NCREIF index by 110 basis points. This was primarily due to a stronger rebound in property valuations than that experienced by the benchmark. The REF returns under performed the benchmark in the three and ten year periods by 130 and 340 basis points, respectively. Principal reasons for the three-year underperformance was the "J curve" effect of the four opportunity fund investments. Such funds were recently invested in and are at a point where significant investment returns are just beginning to be evident. These returns are not yet enough to overcome the negative impact of fees and other investment expenses incurred to date. Reasons for underperformance in the ten-year category include adverse asset selection and asset sales in a weak domestic real estate market in the early and mid 1990's. Management fees, operating expenses and significant write-downs taken in the mid 1990's have also contributed to the Fund's below-benchmark performance over this time period.

Description of the Fund

The Real Estate Fund is an externally managed fund that invests in real estate properties and mortgages. It serves as a long-term investment tool for the pension funds and is designed to dampen volatility of overall returns through diversification and to provide long-term rates of return similar to the Mutual Equity Fund. Over the short-term, REF is expected to provide a real rate of return above the rate of inflation during most economic conditions. In periods of rising inflation, REF is expected to add substantially to the performance of the pension funds.

REF's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of the NCREIF index by 100 basis points, or one percentage point, per annum.

Portfolio Activity

The Connecticut Retirement Plans and Trust Funds (CRPTF) is currently in the process of evaluating the real estate market in advance of the commitment of additional investment resources. During the fiscal year, the CRPTF's 5% allocation to this asset class was reaffirmed. As a result, a search was begun for a real estate

investment consultant. Completion of this search is expected prior to calendar year end 2001. Such real estate investment consultant will assist the Treasurer and staff in the development and implementation of a renewed real estate investment program.

During the fiscal year, the REF continued its existing investment strategies. With regard to commitments to opportunistic commingled funds, three of the four funds, accounting for \$250 million of commitments, were fully funded by fiscal year end. REF funded \$29 million associated with the four commitments to such funds. These commitments total \$350 million. Distributions received from these funds totaled \$34 million, versus \$2 million in the prior years, indicative of the more mature nature of these investments.

The Fund also continued its program of opportunistically selling separate account investments that were acquired in the late eighties and early nineties. During the fiscal year, one such asset sale was executed which totaled almost \$69 million in proceeds. The gain realized on this sale was roughly \$20 million. REF continues to position the remaining single-asset investments for sale. The focus during this process is on maximizing returns.

No new funding commitments were made to real estate investment ventures.

The portfolio has benefited from healthy real estate markets and consistently strong investor interest in this asset class for the first half of the fiscal year. Market value increases were recognized on many investments. For this portion of the reporting period, real estate property market conditions paralleled the favorable conditions in the overall economy, with moderate new construction and solid demand growth across most markets. Starting in calendar year 2001, however, economic conditions in the U.S. began to deteriorate. Foremost in this slow down was the "tech wreck", as the difficulty in the technology and telecommunications industries has been termed. This circumstance, which has been most evident in its impact on the equity markets, has begun to impact national real estate markets as well. In addition, a general slow down in economic activity is also evident. In response, vacancy rates are rising in virtually all segments of the real estate market. In addition, rental rates are beginning to weaken from historically high levels. Favorable interest rate policies pursued by the Federal Reserve Board are helping to moderate the impact of these negative market fundamentals on real estate asset values. It is anticipated that the lack of overbuilding in most property types and geographic areas will help to avoid a period of significant value correction in this asset class.

Portfolio Characteristics

Real Estate investment is a complex and intensive asset management process. REF's investments are restricted by policy to the purchase of shares in group annuities, limited partnerships, group trusts, corporations, and other indirect ownership structures managed by professional commercial real estate investment firms. At June 30, 2001, the portfolio consisted of 10 externally managed portfolios, with 24% of the Fund's net assets invested in real estate separate accounts, 4% invested in commingled funds, 71% invested in opportunity funds and 1% invested in cash and other net assets.

The Fund's ten largest holdings, aggregating 98.7% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 37%, with industrial 5%, retail 13%, apartments 7%, and hotel 15% comprising 77% of the Fund. The "other" category, which accounts for 23% of net assets, includes senior living, mixed-use, land, timberland, storage facilities and cash and other monetary assets. (See figure 5-7.)

The portfolio is reasonably well diversified geographically with 35% of its assets invested in the East, 16% in the West, 23% in the South, and 7% in the Midwest. The remaining 19% comprise "other" and include investments distributed nationally across the U.S. (8%), and internationally (10%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

Risk Profile

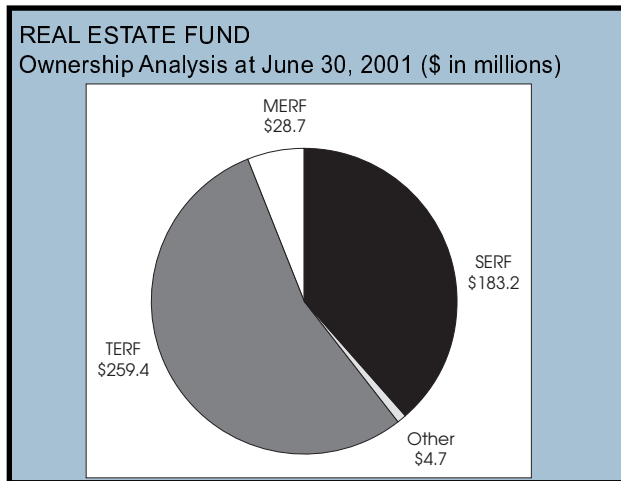
Given REF's investments policy and objectives, the Fund is exposed to several forms of risk. These include risks attendant to alternative investments, such as management, operations, market, and liquidity risk, but also include geographic, financing, and construction risks specific to real estate investments.

As shown below, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R² of 0.02, which signifies

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

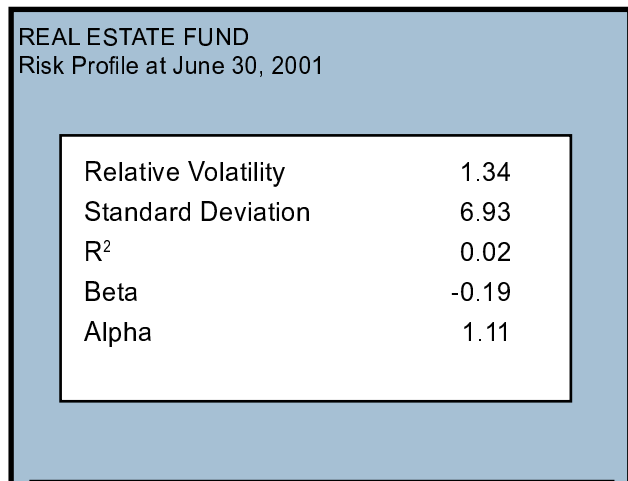
almost no correlation between Fund returns and those of the benchmark, and its beta of -0.19 , which indicates little sensitivity to overall fluctuations in the benchmark. In the aggregate, the Fund's monthly alpha, or return relative to that achieved by the benchmark, was a reasonably strong 1.11 over the five-year time period. (See figure 5-2.)

Figure 5-1



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

Figure 5-2



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

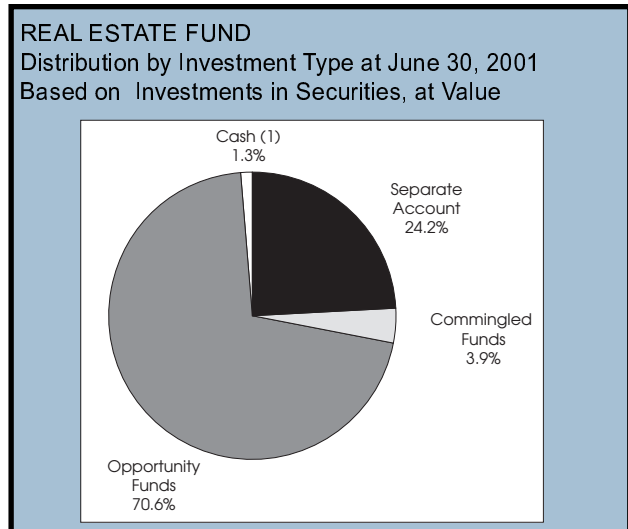
Figure 5-3

REAL ESTATE FUND
Investments Analysis ⁽¹⁾

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/01	10	403,106,638	471,662,581
6/30/00	11	434,881,420	478,966,334
6/30/99	14	395,221,763	380,769,286
6/30/98	20	407,989,996	379,124,673
6/30/97	24	540,133,490	475,213,540
6/30/96	41	1,111,459,897	924,414,185
6/30/95	51	1,185,277,530	1,055,418,296
6/30/94	46	1,362,061,563	1,031,355,740
6/30/93	46	1,325,161,790	993,261,272

(1) Number of investments in annuities, partnerships, corporations, and trusts, excluding the Cash Reserve Account.

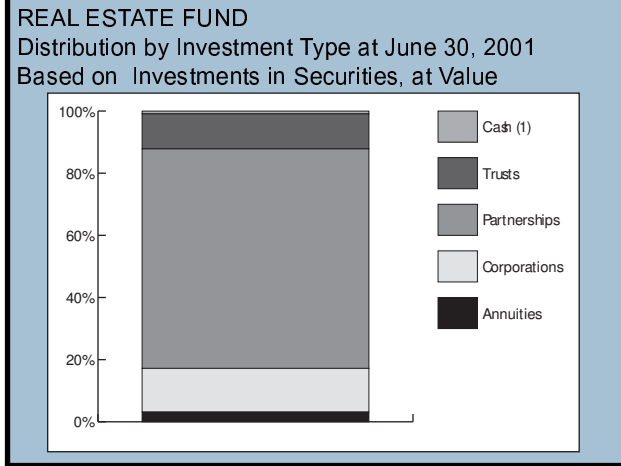
Figure 5-4



(1) Cash Reserve Account and other monetary assets.

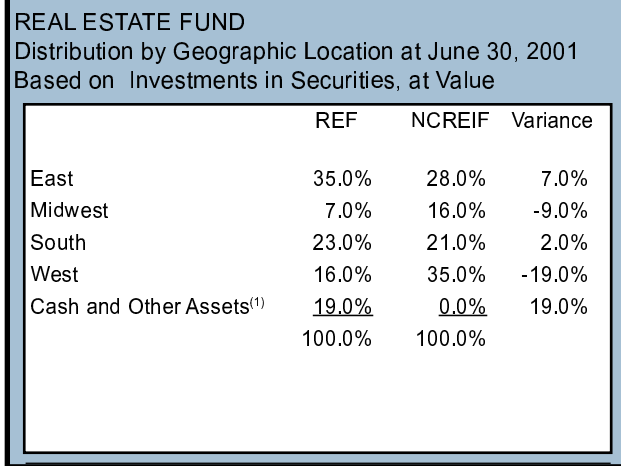
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 5-5



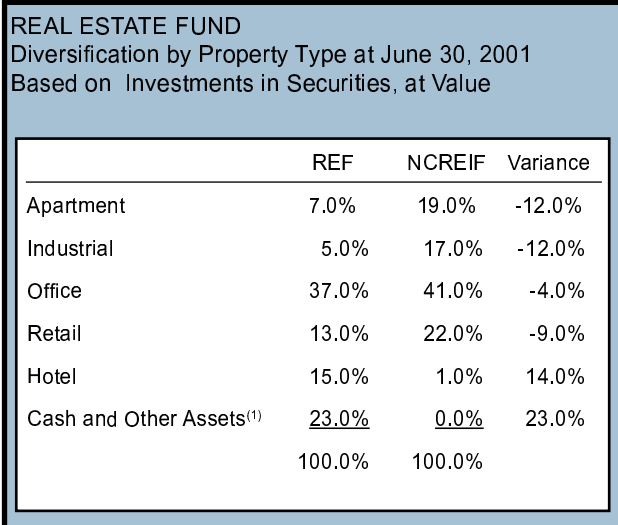
(1) Cash Reserve Account.

Figure 5-6



(1) Includes national (8%) and non-U.S. (10%) and cash and monetary assets (1%).

Figure 5-7



(1) Other includes senior living, mixed use, land, timberland, storage facilities, and cash and other assets.

Figure 5-8

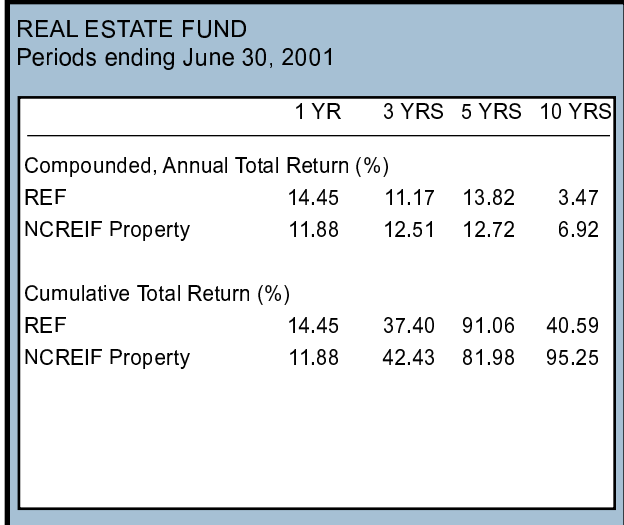


Figure 5-9

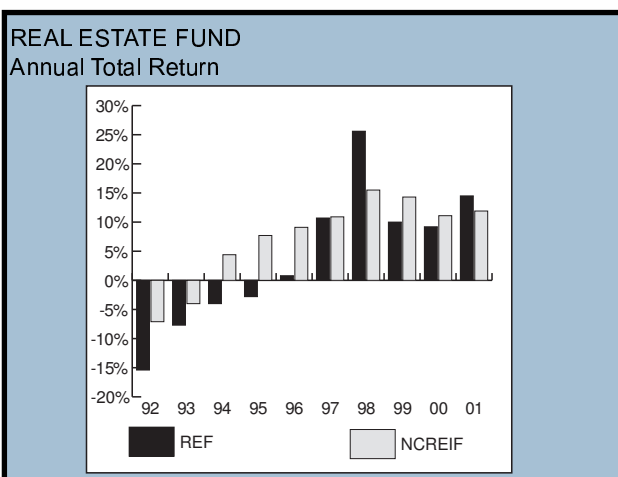
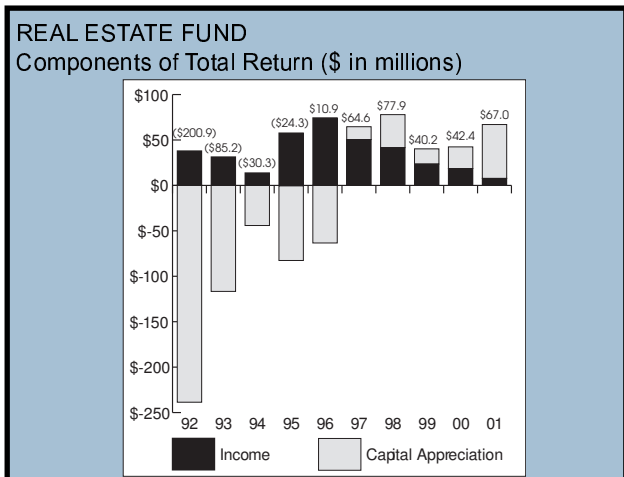


Figure 5-10



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 5-11

REAL ESTATE FUND Investment Advisors at June 30, 2001		
Investment Advisor	Net Asset Value	% of Fund
Aldrich, Eastman, & Waltch, L.P.	\$151,920,738	31.9%
Apollo Real Estate	84,491,403	17.8%
Walton Street Real Estate Fund II L.P.	94,446,436	19.8%
Tishman	51,827,403	10.9%
CIGNA Investment Management	14,895,312	3.1%
Wachovia Bank of Georgia, N.A.	15,091,104	3.2%
Westport Senior Living	57,119,104	12.0%
Other (1)	6,197,871	1.3%

Figure 5-12

REAL ESTATE FUND Ten Largest Holdings at June 30, 2001			
Property Name	Type	Market	
		Value	%
AEW Partners III	Various	100,216,998	21.05%
Walton Street RE II LP Fd 2	Various	94,446,436	19.84%
Apollo Real Est Invest Fd III	Various	84,491,403	17.75%
Westport Senior Living Inv	Sr Living	57,119,104	12.00%
Tishman Goodwin Center	Mixed	51,827,403	10.89%
Union Station LTD LP	Mixed	33,180,833	6.97%
AEW 221 Trust	Various	18,522,907	3.89%
Worcester Center	Mixed	14,895,312	3.13%
Wachovia Timbid Dublin	Timber	13,581,994	2.85%
Wachovia Timbid Balls	Timber	1,509,111	0.32%
TOTAL		\$469,791,501	98.69%

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

2001 mutual fixed income fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To provide diversification in different economic environments.

Performance Objective: An annual total return which is 0.5 percentage points greater than that of the index.

Benchmark: 73% LB Aggregate, 17% Salomon High Yield Market Index and 10% JPM Emerging Markets Bond Index.

Date of Inception: July 1, 1972

Total Net Assets: \$6,585,787,456

Number of Advisors: 10 external

Management Fees ⁽¹⁾: \$11,209,908

Operating Expenses: \$1,662,250

Expense Ratio: 0.20%

Turnover: 351.0%

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

Performance Summary

For the fiscal year ended June 30, 2001, the Mutual Fixed Income Fund (MFIF) generated a total return of 8.03%, under-performing the hybrid benchmark, of 9.26%, and the Lehman Aggregate Index (LB Aggregate), of 11.23%.

Principal reasons for the Fund's performance was due to an under-weighting to emerging market debt which fared well, as well as an allocation to convertibles, which posted double digit declines as the equity markets tumbled.

Comparative returns from other indexes include: The Salomon High Yield Market Index negative 1.2%, and JP Morgan Emerging Markets Bond Index positive 12.9% (JP EMBI+).

During the fiscal year, the Fund increased \$90 million, from \$6.496 billion to \$6.586 billion. Of this total, approximately \$467 million resulted from net investment income and \$47 million from realized and unrealized gains which were partly offset by \$424 million of net cash outflows to participating Pension and Trust Funds.

For the trailing three, five and ten-year periods, MFIF's compounded annual total return was 5.45%, 7.47% and 8.62%, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark for ten year period, but were behind the index for the three and five-year periods. Principal reasons for this long-term success included effective management of the Fund's duration in response to changing market interest rates and strong security analysis, which enabled advisors to identify undervalued credits offering comparatively higher yields. (See figure 6-8.)

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2001, were 17.27%, 43.38% and 128.65% respectively.

Description of the Fund

The Mutual Fixed Income Fund is an externally managed fund investing primarily in domestic fixed income securities. The Fund serves as an investment tool for the Pension and Trust Funds with the goal of reducing volatility in returns under various economic scenarios. Fixed income securities represent fixed, variable, and zero coupon bonds issued by the federal and state governments, foreign governments, domestic and international corporations, and municipalities. During periods of low inflation, fixed income investments may enhance the overall performance of the Pension and Trust Funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute satisfactory investment returns.

As a consequence of the restructuring of the liquid portfolios in fiscal year 1996, including the termination of the International Bond Fund, MFIF's mandate was expanded to include investments in international fixed income securities. Investments in these types of securities are permitted when, in the opinion of the Fund's advisors, there is opportunity to increase return with no, or nominal, increase in relative risk. MFIF's mandate was also expanded

to include both convertible and high-yield bonds. Convertible bonds allow bondholders to exchange a company's bond for a specified number of shares of common stock in the company, giving holders of the bonds an option to share in the price appreciation of the company's stock.

At June 30, 2001, ten advisors managed investments in the Fund. The Fund's investments were allocated to six advisors investing 81% of the portfolio in core/core-plus strategies, one advisor with 5% in a convertible bond mandate, and four advisors actively investing 13% of the portfolio in domestic high yield products. A few managers were allowed to expand their investment opportunity set to include below investment grade bonds and/or international bonds; these mandates have been classified as core-plus strategies. (Note that one advisor manages both a convertible and high yield portfolio.) (See figure 6-11.)

Since inception, the MFIF's objective has been an annual return, net of management fees and operating expenses, of 50 basis points in excess of the LB Aggregate, which is widely considered to be parallel to the performance of the U.S. bond market.

During fiscal year 2000, another performance measurement benchmark for the MFIF was added to reflect the Fund's strategic allocation to other fixed income markets, such as high yield securities and emerging market debt. The new benchmark is a hybrid comprising 73% LB Aggregate, 17% Salomon High Yield Market Index, and 10% JP EMBI+, and the Fund's goal is to exceed the return of the hybrid index by 50 basis points annually. It is expected that during the next fiscal year when the structure review and guidelines of this asset class are completed, this hybrid benchmark will become the primary benchmark for MFIF.

Portfolio Characteristics

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a strong concentration in corporate securities, comprising approximately 28.9% of the Fund's investment securities at fiscal year-end. Government securities were above the benchmark at 43.1% of the Fund, compared to 36.2% for the benchmark. Sector concentrations differed from those comprising the LB Aggregate, reflecting the collective allocations of the Fund's active investment advisors. The Fund's average quality rating was AA-3, as judged by Moody's Investor Services, supported by its 51.5% concentration in mortgage-backed, U.S. Treasury, and Agency securities. Relative to the Index, MFIF held a greater degree of below investment grade securities including emerging market debt. (See figure 6-4.)

At fiscal year end, 89.5% of Fund investments were in fixed income securities with the balance held in cash.

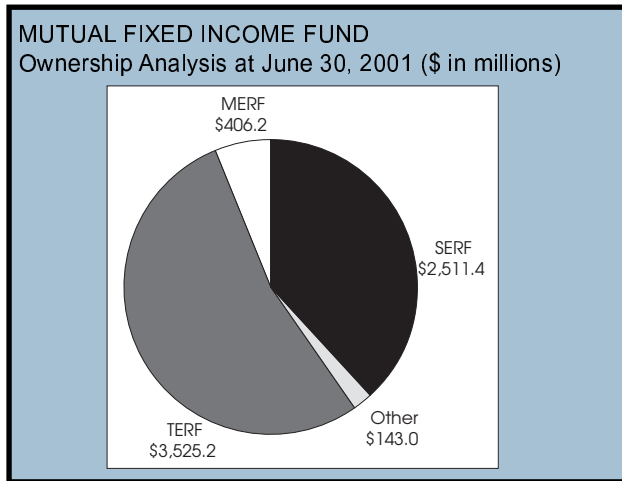
Risk Profile

Given MFIF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, purchasing power risk, default risk, reinvestment risk, and market risk. In addition, the Fund is occasionally exposed to political and economic risk and currency risk resulting from investments in international fixed income securities.

In fixed income investing, returns are extremely sensitive to changes in market interest rates. As such, the longer the time to maturity of a fixed income investment (and the resultant increase in time during which interest rates may change), the greater the level of risk assumed. To measure the degree of MFIF's price sensitivity to changes in market interest rates, the Fund's duration, or the weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2001, the Fund's duration was at 5.3 years versus 4.8 years for the LB Aggregate index. While often viewed as an indicator of risk, duration can, if managed effectively, contribute significantly to total Fund returns. (See figure 6-3.)

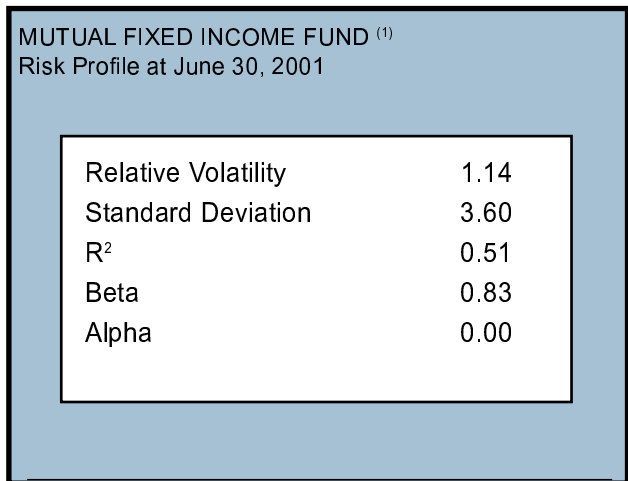
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-1



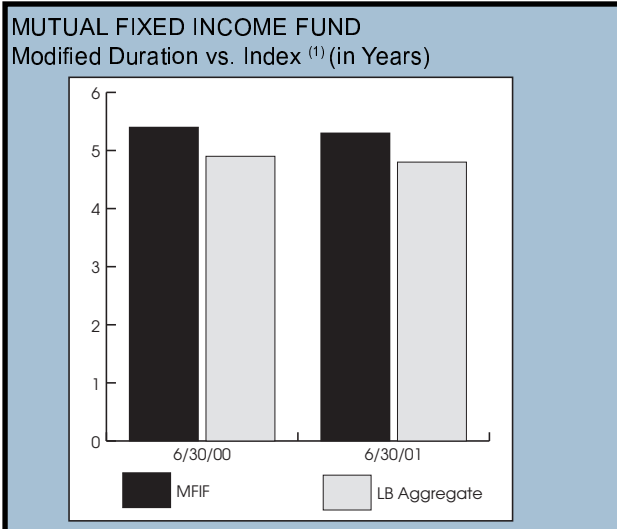
TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 6-2



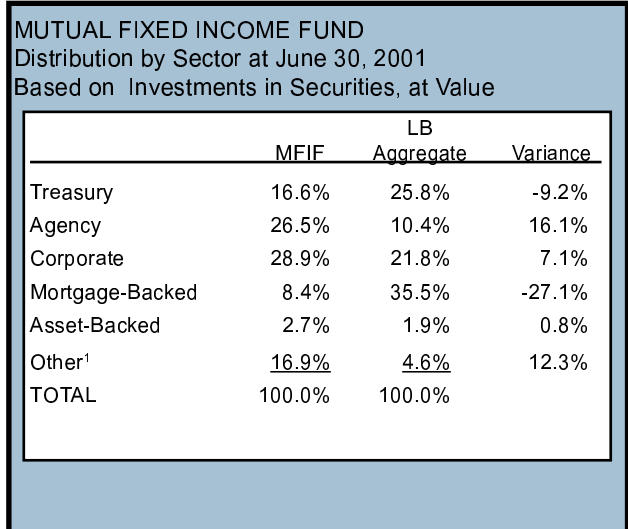
(1) Based upon returns over the last five years.

Figure 6-3



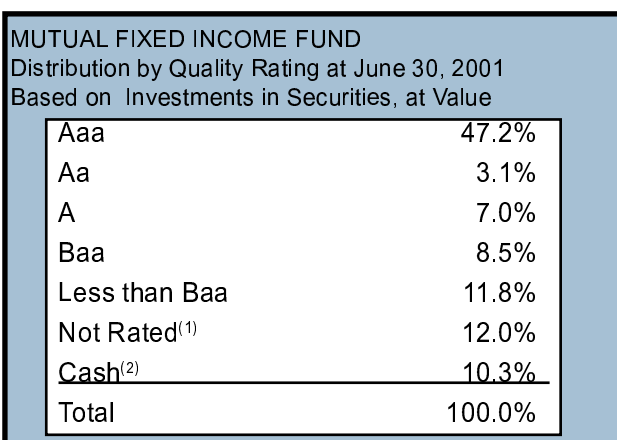
(1) Computed without the effect of Cash and other Net Assets.

Figure 6-4



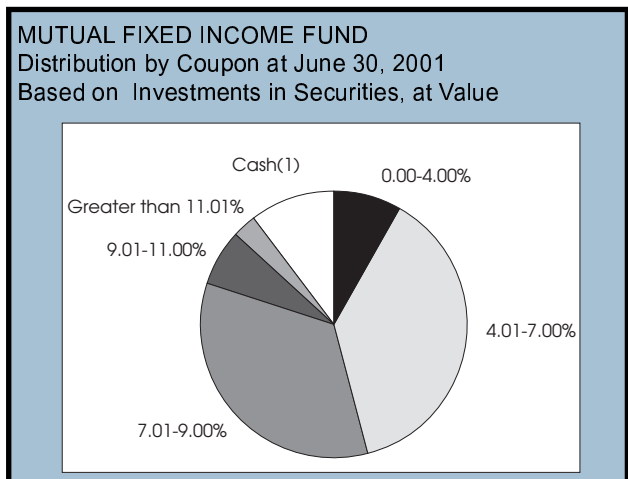
(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, cash and other assets.

Figure 6-5



(1) Represents securities for which ratings are unavailable.
(2) Represents monies invested in the Cash Reserve Account.

Figure 6-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-7

MUTUAL FIXED INCOME FUND
 Macaulay Duration Distribution at June 30, 2001
 Based on Investments in Securities, at Value

0-3 Years	22.5%
3-5 Years	32.2%
5-7 Years	15.2%
7-10 Years	6.3%
10+ Years	11.4%
Unknown ⁽¹⁾	2.1%
Cash ⁽²⁾	10.3%
Total	100.0%

- (1) Represents securities for which the Macaulay Duration could not be calculated by the custodian.
- (2) Represents monies invested in the Cash Reserve Account.

Figure 6-8

MUTUAL FIXED INCOME FUND
 Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	8.03	5.45	7.47	8.62
Lehman Agg	11.23	6.25	7.48	7.87
Cumulative Total Return (%)				
MFIF	8.03	17.27	43.38	128.65
Lehman Agg	11.23	19.94	43.41	113.26

Figure 6-9

MUTUAL FIXED INCOME FUND
 Annual Total Return

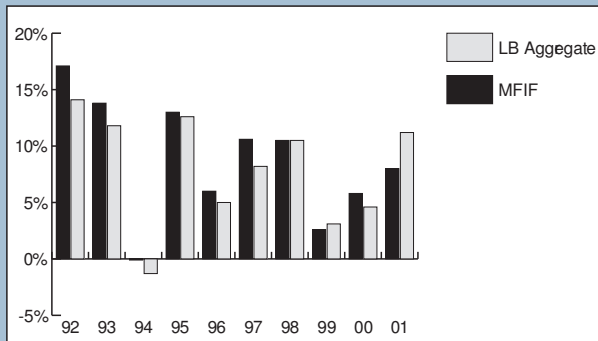


Figure 6-11

MUTUAL FIXED INCOME FUND
 Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Core	\$5,318,156,309	80.8%
State Street Global Advisors	1,422,665,067	21.6%
BlackRock Financial Mgmt Inc.	1,150,318,565	17.5%
Western Asset Mgmt. Co.	772,871,949	11.8%
Wellington	1,022,240,077	15.5%
J.P. Morgan Investment Mgmt	639,531,447	9.7%
Phoenix	310,529,204	4.7%
Convertibles	\$311,076,867	4.7%
Oaktree Capital Mgmt., L.L.C.	311,076,867	4.7%
High Yield	\$864,231,329	13.1%
Loomis Sayles & Co., Inc.	316,178,017	4.8%
W.R. Huff Asset Management	266,218,202	4.0%
Oaktree Capital Mgmt., L.L.C.	220,651,745	3.4%
Triumph II LP	61,183,365	0.9%
Other ⁽¹⁾	\$92,322,951	1.4%

- (1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 6-10

MUTUAL FIXED INCOME FUND
 Components of Total Return (\$ in millions)

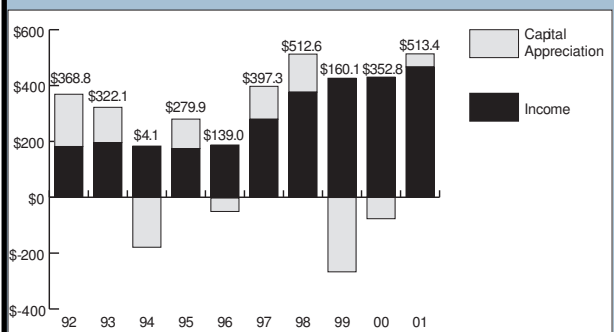


Figure 6-12

MUTUAL FIXED INCOME FUND
 Ten Largest Holdings at June 30, 2001

Security Name	Maturity	Market Value	%
GNMA-TBA	12/15/2031	134,116,536	1.86%
FHLMC-TBA	12/31/2031	102,993,651	1.42%
FNMA-TBA	12/01/2031	67,737,770	0.94%
FNMA-TBA	12/31/2031	64,260,250	0.89%
U.S. Treasury Bonds	02/15/2020	63,531,434	0.88%
Triumph Conn II LP	NA	61,136,400	0.85%
FNMA-TBA	12/31/2031	49,988,750	0.69%
FHLMC-TBA	12/31/2031	49,816,767	0.69%
FNMA	02/15/2006	48,980,608	0.68%
GNMA-TBA	12/31/2031	46,200,750	0.64%
TOTAL		\$688,762,916	9.54%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-13

MUTUAL FIXED INCOME FUND										
Comprehensive Profile for the Fiscal Years ending June 30,										
	2001		2000		1999		1998		1997	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	3,633	6,414	3,226	5,974	2,689	5,381	2,086	6,860	1,631	6,055
Average Coupon	6.90%	6.90%	7.00%	7.00%	6.60%	6.90%	7.00%	7.20%	7.18%	7.34%
Yield Maturity	7.60%	6.20%	8.20%	7.20%	7.60%	6.50%	6.80%	6.10%	7.50%	6.87%
Average Maturity	9.70	8.30	9.70	8.50	10.30	8.90	9.70	7.90	8.40	8.09
Modified Duration ⁽²⁾	5.30	4.80	5.40	4.90	6.20	5.10	5.70	4.60	5.06	4.62
Average Quality	AA-3	AA-1	AA-3	AAA	A1	AAA	A1	AAA	A1	AA1
Cash ⁽¹⁾	10.3%	0.0%	13.0%	0.0%	13.1%	0.0%	10.1%	0.0%	12.9%	0.0%

- (1) Includes funds invested in the Cash Reserve Fund.
 (2) Compounded without the effect of Cash and Other Net Assets.

Figure 6-14

MUTUAL FIXED INCOME FUND					
Quarterly Current Yield ⁽¹⁾ vs. Indices (%)					
	6/30/01	3/31/01	12/31/00	9/30/00	6/30/00
<u>6/30/00</u>					
MFIF	6.27	6.26	6.30	6.23	6.41
Leh Agg	6.63	6.61	6.74	6.90	6.68
Salomon 91 Day T-Bill	3.65	4.28	5.89	6.20	4.64
Lehman Treasury	6.16	6.13	6.24	6.49	6.35
Lehman Agency	5.93	5.97	6.17	6.35	5.96
Lehman Mortgage	6.82	6.84	6.91	7.03	6.91
Lehman Corporate	7.12	7.12	7.34	7.44	7.15
Lehman Asset Backed	6.17	6.40	6.53	6.68	6.21

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

2001 commercial mortgage fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To achieve yields in excess of those available on domestic fixed income securities by investing in mortgages on income producing property or in commercial mortgage backed securities (CMBS).

Performance Objective: An annual total return which is one percentage point greater than that of the Lehman Aggregate Index after expenses.

Benchmark: Lehman Aggregate Index

Date of Inception: November 2, 1987

Total Net Assets: \$101,179,496

Number of Advisors: 1 external

Management Fees: \$566,633

Operating Expenses: \$16,020

Expense Ratio: 0.42%

Performance Summary

For the fiscal year ended June 30, 2001, the Commercial Mortgage Fund (CMF) generated a return of 10.88%, net of management fees and operating expenses, under performing the Lehman Aggregate Index of 11.23% by 35 basis points. The Fund's unfavorable performance is attributable to its shorter duration than the benchmark in a period of declining interest rates.

During the fiscal year, CMF assets declined from \$176 million to \$101 million, a decrease of \$75 million due to cash outflows to the Fund's unit holders resulting from loan prepayments and normal loan amortization. The \$13 million of income generated was included in the \$75 million pay out to unit holders in the form of income distributions.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 8.40%, 10.49% and 9.01%, respectively, net of all expenses. These results exceeded the index over the three, five, and ten-year periods by 215 basis points, 301 basis points and 114 basis points, respectively. (See figure 7-7.)

Description of the Fund

CMF is an externally managed fund that holds mortgages on income-producing commercial property. Established in 1987, it serves as a fixed income investment tool for the pension plans with the goal of realizing yields in excess of those available from traditional domestic fixed income securities, while accepting slightly greater credit risk.

CMF's investment assets consist of an externally managed portfolio of commercial real estate mortgage loans and interests in Yankee Mac mortgage-backed securities, created pursuant to a Connecticut State Treasury residential mortgage program.

The Fund's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of LB Aggregate Index by 100 basis points.

Mortgage Market

During the fiscal year, the rate of U.S. economic growth decelerated substantially. A recession has been avoided primarily due to aggressive easing by the Federal Reserve Bank. The Fed has reduced the Federal Funds Rate six times for a total of 250 basis points. These actions have translated into a decrease in the Ten Year Treasury yield of roughly 60 basis points. The corresponding decrease in mortgage rates has helped moderate a decline in real estate values such as those that serve as collateral for CMF loans. With inflation (3.2%), increasing unemployment, continued sluggish economic activity in the U.S. and abroad, it appears that Fed easing will continue.

The fear of recession and reduced levels of economic growth have led to rising loan default rates. Such increased default rates, following a period of historic lows, are still well below levels that significantly impact spreads on commercial debt. Should the economy continue to slip, however, it is anticipated that these spreads will rise. To date, the segments that have experienced the most significant spread increases have been hotel and industrial property mortgages, two sectors that are most sensitive to an economic slowdown. As a result of the foregoing

factors, declining interest rates and relatively stable spreads, valuations of existing commercial mortgage loans generally increased during the fiscal year. Portfolios with longer durations were rewarded more than those with shorter durations, other things held equal.

Portfolio Characteristics

During fiscal year 2001, the Fund did not close any new commercial mortgage loan investments. Three portfolio loans were paid off during the fiscal year. The loans payoffs resulted in the receipt of prepayment penalties totaling \$2.3 million.

Consistent with its goal of broad diversification, the largest portion of the Fund's net assets, 31%, was invested in residential sector at fiscal year-end, followed by a 25% investment in retail properties and 24% in the hotel sector. (See figure 7-4.) The Fund continues to be reasonably well diversified across geographic regions with 41% of investments located in the Northeast, 18% in the Mideast, 16% in the East North Central, 13% in the Mountain, 8% in the Pacific. The concentration in the Northeast increased during the year as prepayments and scheduled amortization disproportionately reduced the Fund's exposure to the Pacific and Southeast regions. (See figure 7-5.)

The CMF's ten largest holdings, aggregating to 95.5% of Fund investments. (See figure 7-11.)

The portfolio is healthy from a credit risk standpoint. CMF had no delinquent or non-performing loans at fiscal year end. Over the next 12 months, one of the Fund's investments, valued at \$18 million is scheduled to mature.

Risk Profile

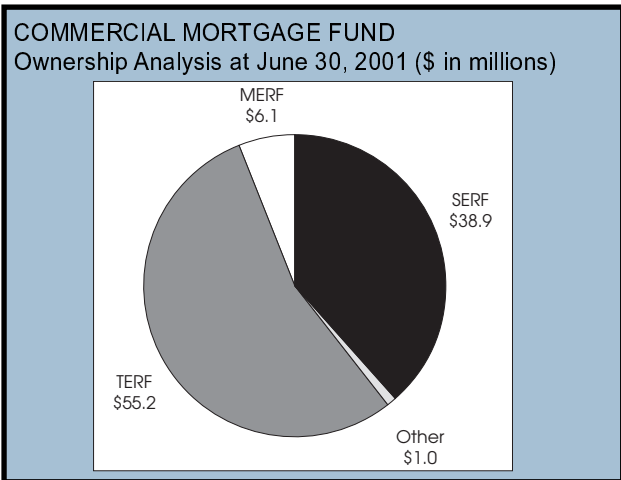
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, 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, help minimize this risk.

To measure the Fund's price sensitivity to changes in market interest rates, the Fund's duration, or weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2001, the Fund's duration was 3.4 years versus 4.8 years for the LB Aggregate Index. Therefore, the Fund is less sensitive to interest rate changes than the LB Aggregate Index.

Based on returns over the last five years, the Fund's risk profile is similar to that of the LB Aggregate Index. With a relative volatility of 1.76, its returns are slightly more volatile than the index; however, its returns show very little correlation to those achieved by the benchmark. While the Fund's beta of 0.25 signifies low sensitivity to movements in the index as a whole, CMF's five-year monthly alpha at June 30, 2001, or return in excess of that predicted by returns in the overall market, was 3.01. (See figure 7-2.)

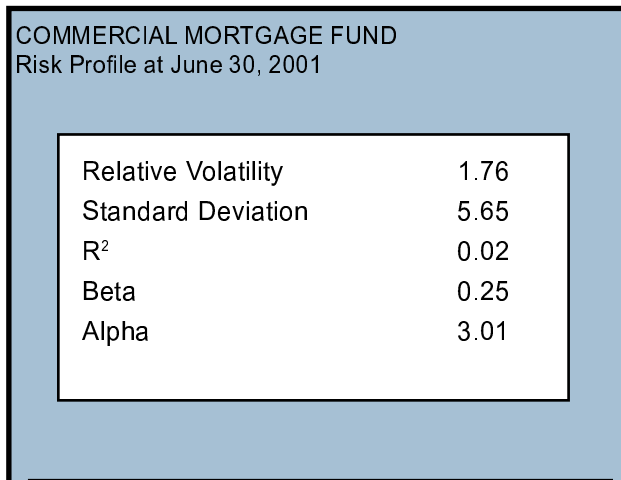
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 7-1



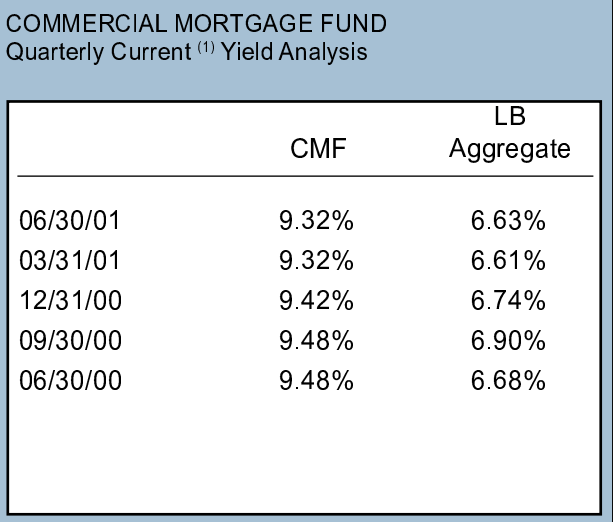
TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2



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

Figure 7-3



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

Figure 7-4

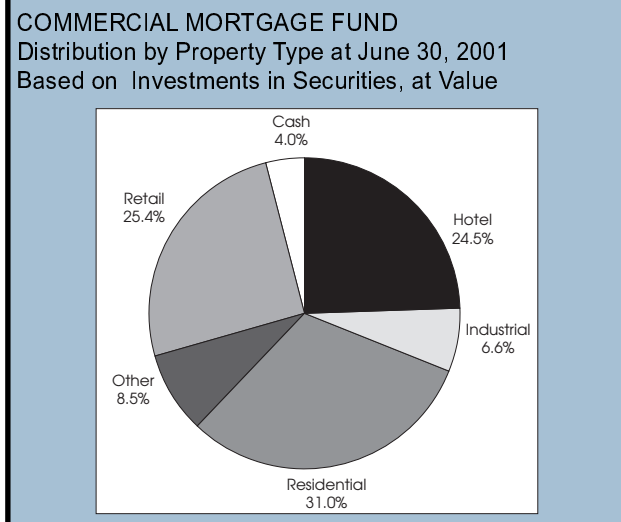


Figure 7-5

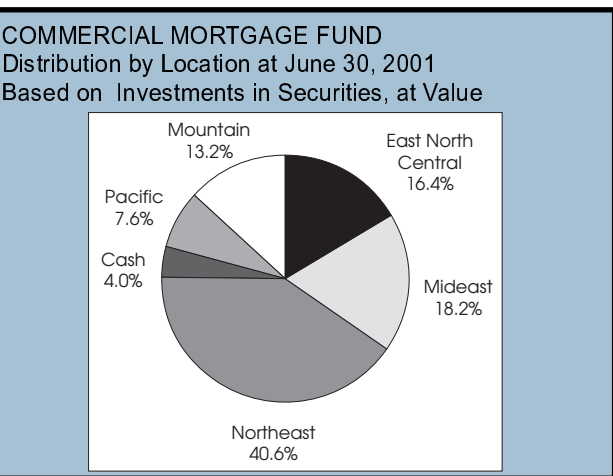
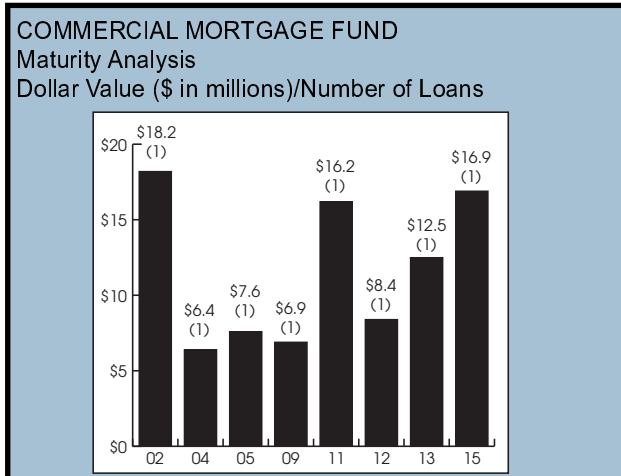


Figure 7-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	10.88	8.40	10.49	9.01
Lehman Agg	11.23	6.25	7.48	7.87
Cumulative Total Return (%)				
CMF	10.88	27.36	64.64	136.85
Lehman Agg	11.23	19.94	43.41	113.26

(1) Cash Reserve Account.

Figure 7-8

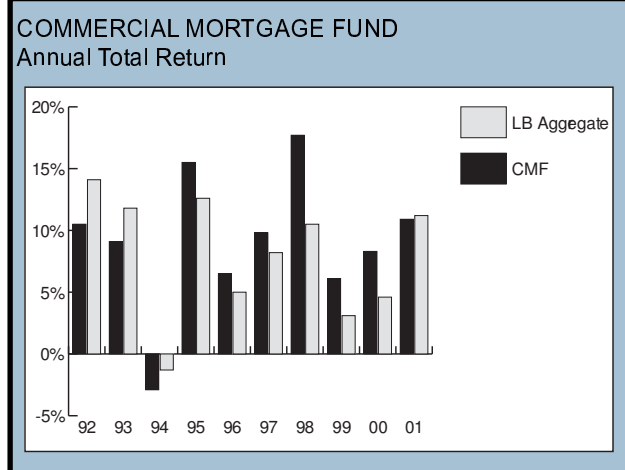


Figure 7-9

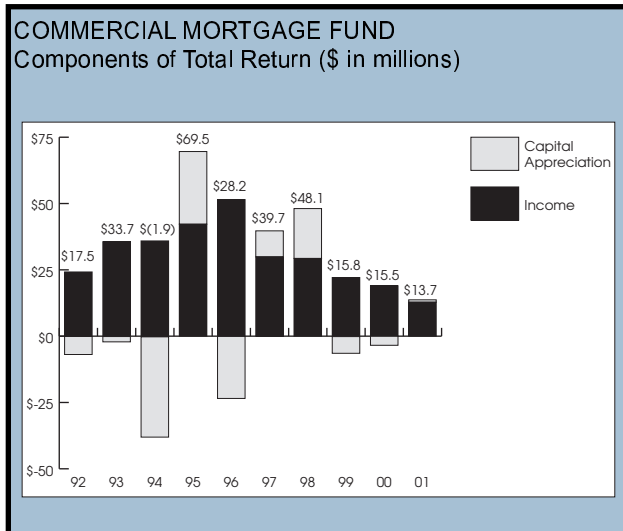


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Aldrich, Eastman Waltch	\$95,216,139	94.1%
Other ⁽¹⁾	5,963,357	5.9%

(1) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

Figure 7-11

COMMERCIAL MORTGAGE FUND
Ten Largest Holdings at June 30, 2001

Property Name	Property Type	Market Value	%
SASCO	Other	39,304,044	39.02%
57 Park Plaza	Hotel	16,769,255	16.65%
Greenhill Apts.	Residential	16,219,388	16.10%
Sheraton Denver West	Hotel	7,574,316	7.52%
North Haven Crossing	Retail	6,961,370	6.91%
Bidderman	Industrial	6,387,838	6.34%
1992LB M1 Class B	Residential	1,571,916	1.56%
Yankee Mac E 10.50%	Residential	833,220	0.83%
Yankee Mac F 12.981%	Residential	333,329	0.33%
Yankee Mac G 9.85%	Residential	231,295	0.23%
		\$96,185,971	95.49%

2001 private investment fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the fastest growing segments of the domestic and international economies, including emerging industries and technologies, by investing in private equity partnerships.

Performance Objective: To outperform the Russell 3000 Index by 500 basis points at the end of ten years.

Benchmark: 50% Cambridge Associates Private Equity Index and 50% Cambridge Associates Venture Capital Index.

Date of Inception: July 1, 1987

Total Net Assets: \$2,607,354,456

Number of Advisors: 35 external

Expensed Management Fees ⁽¹⁾: \$6,826,815

Operating Expenses: \$2,907,145

Expense Ratio: 0.38%

Capitalized Netted Fees: \$37,488,271

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

Performance Summary

For the fiscal year ended June 30, 2001, the Private Investment Fund (PIF) generated a negative return of 6.25%. Fiscal year 2001 was a difficult period for the private equity industry. While the investment pace and returns declined across the board during the year, the venture capital segment of the market was hit the hardest. The public markets, via initial public offerings (IPO's), were the primary drivers of venture capital performance in the last couple of years, but not in 2001. The buyout segment of the market also suffered during fiscal year 2001, with the sluggish economy and a restrictive lending market combining to slow down this segment. As a result of these factors, portfolio company valuations have declined.

During fiscal year 2001, PIF's assets increased from \$2.565 billion to \$2.607 billion, an increase of \$42 million. The increase was due to \$222 million of net cash inflow from participating pension plans and trusts partly offset by \$180 million of realized and unrealized capital losses net of investment income.

The Fund outperformed the assigned benchmark, which had a negative return of 13.93% for the fiscal year. While staff monitors and evaluates short-term performance, the Fund has a long-term perspective in evaluating performance, in that it measures the performance over a 10-year time period. This long-term perspective reflects the illiquid nature of the Fund's underlying partnership holdings that require a meaningful length of time to progress through specific developmental periods. As an additional check on long-term performance, Figure 8-5 shows PIF's cumulative total return over the three, five and ten-year periods. These returns are consistent with those achieved on an annualized basis over the same time periods.

In reporting values for PIF, private market valuations are often imprecise. Accordingly, the PIF advisors adopt a conservative valuation policy, carrying the investments at cost unless and until there is concrete evidence to write the values up, or reasonable doubt, which indicates that they should be written down. One cause for a write-up would be a successful initial public offering of stock in a private company where the value is determined in an arms-length, public transaction. Likewise, consistently missing important milestones in a company's business plan signifying a reversal in the company's fortunes is considered a reason to write-down the value of an investment. These determinations are made on an on-going basis.

PIF's earliest committed capital is now ten years old and should continue to provide the Fund with positive cash flow from these investments.

Description of the Fund

The Private Investment Fund (PIF) is an externally managed fund which invests in venture capital, corporate buyout, mezzanine, fund of funds, and international financing opportunities. It serves as a long-term investment tool for the Pension and Trust Funds, with the goal of participating in the fastest growing segments of domestic and international economies, including emerging industries and technologies. PIF also invests in selected opportunities in mature industries.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

At fiscal year-end, thirty-five advisors were responsible for investing the PIF's \$3.2 billion in committed capital in the outlined strategic investment areas.

The strategic focus of the PIF is divided among four specific areas: fifteen partnerships focus on corporate buyout strategies, ten on venture capital strategies, six on mezzanine debt strategies, and five on international strategies. Five advisors each managed two separate partnerships for the Fund.

Four of the limited partnerships are in "fund of funds" arrangements whereby advisors are responsible for investor's committed capital across a number of selected private equity limited partnerships, which subsequently invest in underlying companies.

This Fund structure allows for experienced industry professionals to manage PIF's assets while allowing the Fund to realize the benefits of a diversified private market portfolio. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a ten-year period, the Russell 3000 Index by 500 basis points, or five percentage points, per annum.

Portfolio Characteristics

The Private Investment Fund consists of private equity investments, which include five primary areas of strategic focus: venture capital, corporate buyout, mezzanine debt, fund of funds, and international private equity strategies.

Corporate Buyout focused investments can be 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. Corporate buyout investors usually target two types of companies: special situations and turnaround opportunities.

Fund of Funds investments are investment funds which may have multiple areas of strategic focus. These funds invest in multiple partnerships that invest in underlying companies.

Venture Capital focused investments can be narrowly defined as investments in the 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 the principals have 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.

Mezzanine Debt focused investments can be 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, convertibility features, or common stock.

International Private Equity focused investments can be defined as controlling or majority investments in private equity or equity-like securities in companies located outside the continental United States. International Private Equity investment opportunities often offer more attractive return/risk characteristics as a result of the above average rates of growth available in select international economies.

In order to protect the Fund from various risks associated with this asset class, the PIF is diversified by investment type, strategic focus, industry type and geographic region. This strategy allows for experienced industry professionals to manage a portion of PIF's assets while realizing additional benefits from broad market diversification.

Through June 30, 2001, the PIF had aggregate capital commitments in the amount of \$3.2 billion to 41 partnerships of which approximately 81 percent, or \$2.6 billion has been "drawn down" for investment purposes while the balance of approximately \$0.6 billion or 19 percent is committed but uninvested. (See Figure 8-6.)

Risk Profile

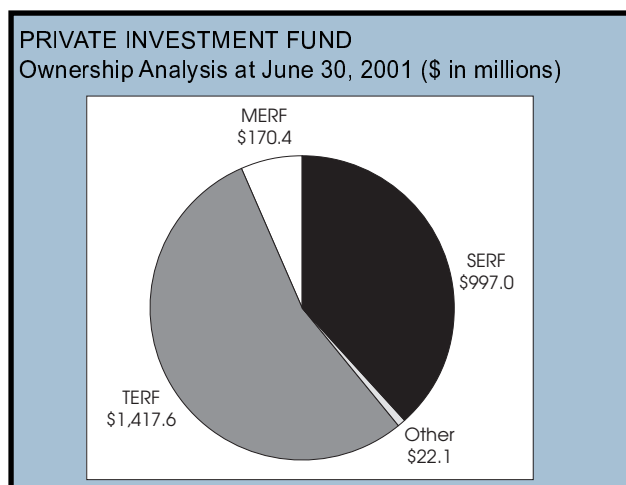
Given PIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, risks attendant with alternative investments, such as management, operations, and product risk, as well as overall liquidity risk. Assuming these risks as part of a prudent,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

Due to the Fund's focus on alternative investments, PIF's risk profile relative to its benchmark is very difficult to evaluate. Its relative volatility of 0.79 indicates comparable volatility to the Russell 3000 Index: However, the

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

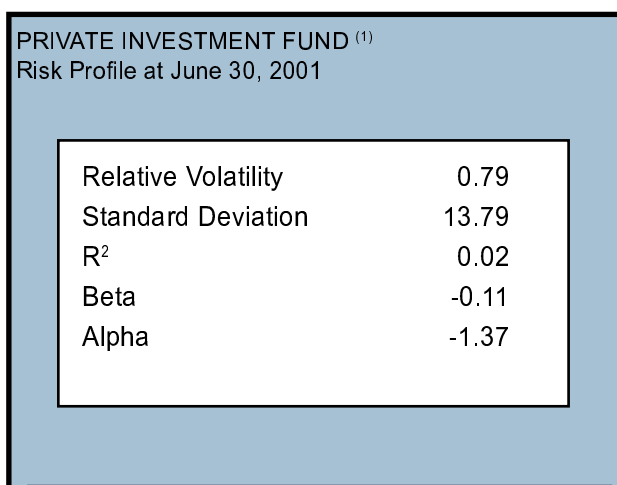
Fund's risk profile is more complex given the valuation judgments and liquidity constraints placed on it due to its alternative investment strategy. In the aggregate, the Fund shows almost zero correlation with returns achieved by the benchmark, and has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 1.37. (See Figure 8-2.)

Figure 8-1



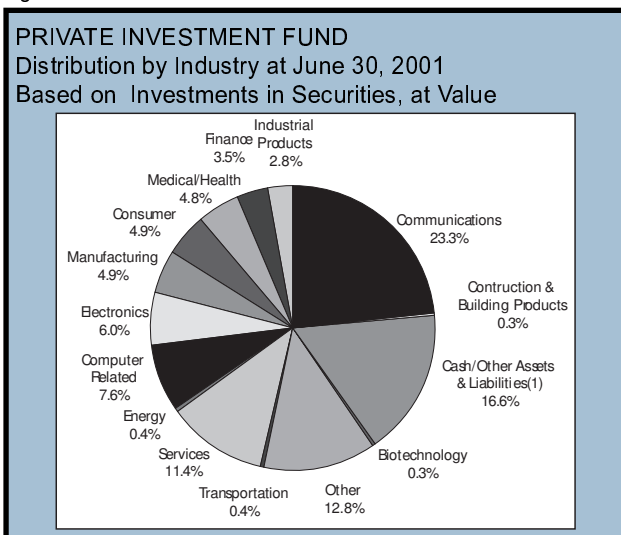
TERF - Teachers' Retirement Fund
 SERF - State Employees Retirement Fund
 MERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2



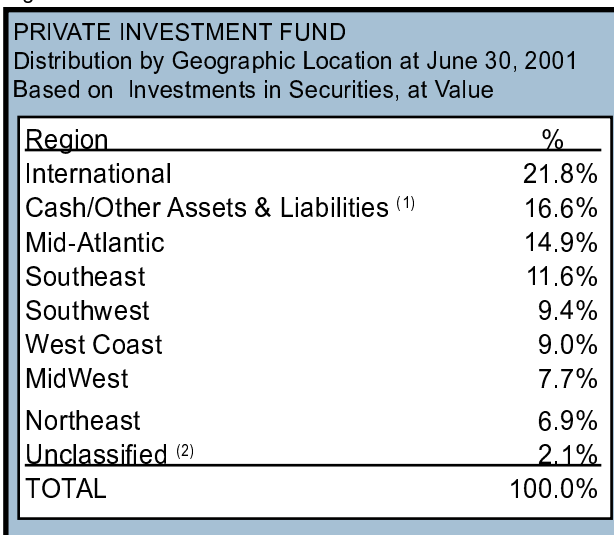
(1) Based upon returns over the last five years.

Figure 8-3



(1) Includes Cash Reserve Account and cash and other assets at the partnership level.

Figure 8-4



(1) Includes the Cash Reserve Account and cash and other assets at the partnership level.

(2) Unclassified represents fund of funds investments where region information could not be obtained.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 8-5

	1 YR	3 YRS	5 YRS	10 YRS
PRIVATE INVESTMENT FUND Periods ending June 30, 2001				
Compounded, Annual Total Return (%)				
PIF	-6.25	12.68	12.39	13.34
Russell 3000	-13.93	4.25	13.76	14.97
Cumulative Total Return (%)				
PIF	-6.25	43.08	79.30	249.81
Russell 3000	-13.93	13.29	90.54	303.38

Figure 8-6

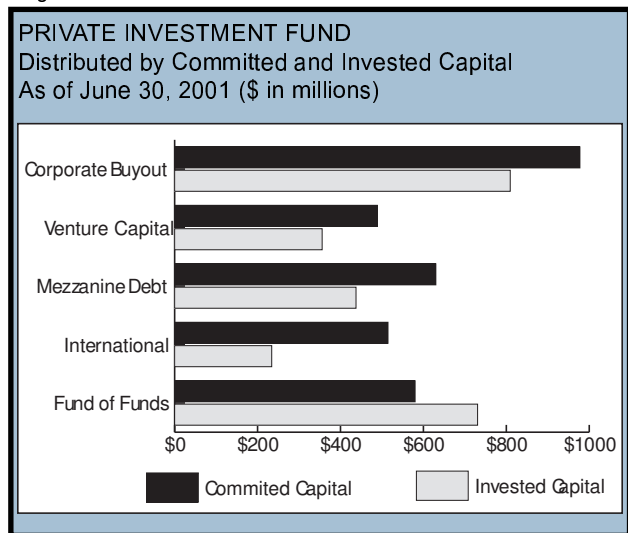


Figure 8-7

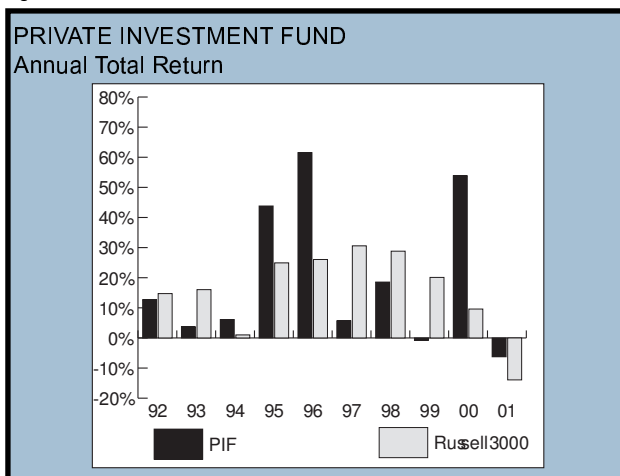


Figure 8-8

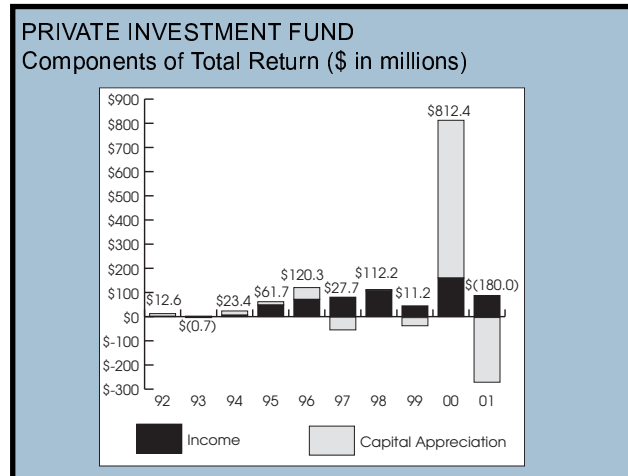


Figure 8-8

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2001

Company	Industry	Market Value	%
XO Communications, Inc.	Communications	94,920,970	3.64%
Integrated Defense Technologies	Electronics	86,898,250	3.34%
Citadel Communications Corporation	Communications	69,443,545	2.67%
Clear Channel Communications	Communications	53,999,449	2.07%
Rossi American Hardwoods	Industrial Products	34,490,018	1.32%
McLeod USA	Communications	31,453,549	1.21%
BC Components Holdings B.V.	Electronics	31,141,017	1.20%
TRAK Communications, Inc.	Communications	27,807,440	1.07%
Raytheon Aerospace Company	Services	26,606,817	1.02%
LIN Holdings Corporation	Communications	23,448,508	0.90%
		\$480,209,563	18.44%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 8-9

PRIVATE INVESTMENT FUND

New Investments Made in Fiscal Year 2001⁽¹⁾ (in Excess of \$3 Million)

Description	Industry	Cost	Investment Type	Inv. Date
Citadel Communications Corp.	Communications	\$69,443,545	Mezzanine/Buyout	June-01
Raytheon Aerospace Company	Services	26,606,817	Buyout	June-01
Service Partners Holdings, L.L.C.	Construction/BldgProducts	4,389,533	Mezzanine Debt	October-00
Velocita Communications, Inc.	Communications	<u>3,624,288</u>	Mezzanine Debt	August-00
Total:		\$104,064,183		

- (1) These holdings represent underlying portfolio companies that were invested in by the Fund during fiscal year 2001 through one or more of its partnerships. The investments listed in this chart each had a cost basis in excess of \$3.0 million at June 30, 2001. Additional investments of less than \$3.0 million were made in 563 companies totaling \$45.1 million.

PRIVATE INVESTMENT FUND

Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Corporate Buyout	\$809,428,829	31.0%
Hicks, Muse Tate & Furst Equity Fund III	116,784,462	4.5%
SCP Private Equity Partners	55,974,458	2.1%
DLJ Merchant Banking Fund II	45,334,974	1.7%
Conning Insurance Capital Fund V	31,270,025	1.2%
Veritas Capital Fund	173,935,370	6.7%
Thomas H. Lee Equity Fund IV	75,212,252	2.9%
KKR 1996 Fund	43,816,879	1.7%
Greenwich Street Capital Partners II	42,840,017	1.6%
Welsh Carson Anderson & Stowe VIII	40,641,465	1.6%
Wellspring Capital Partners II	28,787,667	1.1%
Blackstone Capital Partners III	19,796,117	0.8%
Thayer Equity Investors IV	32,722,262	1.2%
Kelso Investment Associates VI	17,840,548	0.7%
Green Equity Investors III	16,435,135	0.6%
Forstmann Little Equity Fund VI (4)	68,037,198	2.6%
Venture Capital	\$355,783,297	13.7%
Crescendo World Fund	125,825,557	4.8%
Pioneer Ventures Associates	44,385,920	1.7%
Crescendo Venture Fund III	37,120,011	1.4%
Connecticut Futures Fund	14,662,177	0.6%
CT Financial Development Fund	15,702,654	0.6%
Keystone Ventures V	22,414,150	0.9%
Shawmut Equity Partners	36,537,531	1.4%
Grotech Partners V	35,002,053	1.3%
Connecticut Greene Ventures	3,822,896	0.2%
Triumph Capital Investors II	7,215,024	0.3%
RFE Investment Partners VI	13,095,324	0.5%
Mezzanine	\$437,465,485	16.8%
Welsh Carson Anderson & Stowe III	86,801,892	3.3%
Triumph Capital Partners III	92,701,727	3.6%
Triumph CT Partners	44,790,435	1.7%
GarMark Partners	50,800,271	2.0%
SW Pelham Fund	32,391,299	1.2%
Forstmann Little MBO VII (4)	129,979,861	5.0%
International	\$234,137,656	9.0%
Compass European Partners	68,782,401	2.6%
Carlyle European Fund	41,609,828	1.6%
Gilbert Global Equity Fund	68,424,148	2.6%
AIG Global Emerging Markets Fund	32,952,141	1.3%
Carlyle Asia Partners	22,369,138	0.9%
Fund of Funds	\$730,675,977	28.0%
Crossroads Constitution Fund	558,320,888	21.4%
Goldman Sachs Private Equity Fund	61,254,063	2.4%
Landmark Private Equity Fund VIII	89,835,107	3.4%
Lexington Capital Partners II	21,265,919	0.8%
Other (1)	\$39,863,212	1.5%

- 1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ADVISORS AND FEES IN EXCESS OF \$5,000⁽¹⁾
FOR PERIODS ENDED JUNE 30

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2001	2000	1999	1998	1997
INVESTMENT ADVISORY SERVICES						
Equity Advisory Services						
Aetna Capital Management	Equity Advisor	-	-	-	-	60,421
Alliance Capital	Equity Advisor	-	921,466	770,149	250,219	248,205
Armstrong Shaw Associates, Inc.	Equity Advisor	-	-	-	-	12,940
Atalanta/Sosnoff	Equity Advisor	-	-	-	-	60,556
AXA Rosenberg Institutional Equity Mgmt	Equity Advisor	2,820,096	256,310	2,466,444	2,271,069	171,850
Bankers Trust Company	Equity Advisor	-	-	-	-	51,380
BGI Barclay's Global Investors	Equity Advisor	11,373,864	2,194,491	1,934,551	1,821,742	1,459,312
Brown Capital Management	Equity Advisor	2,690,100	2,564,010	2,028,123	1,980,999	190,714
Capital Guardian Trust	Equity Advisor	-	-	-	-	77,677
Columbus Circle Investors	Equity Advisor	-	-	-	39,378	176,586
Cowen Asset Management	Equity Advisor	510,193	421,791	1,747,375	385,992	332,228
Davis Hamilton Jackson & Assoc.	Equity Advisor	-	-	-	-	41,270
Dresdner RCM Capital Management, LP	Equity Advisor	2,554,926	1,794,348	406,646	368,486	338,374
First Pacific Advisor, Inc.	Equity Advisor	-	-	-	1,733,016	333,455
Fleet National Bank	Equity Advisor	-	-	-	-	59,354
Independence Invest. Assoc.	Equity Advisor	-	-	-	-	141,356
JMC Capital Management, Inc.	Equity Advisor	-	-	-	-	22,948
J. P. Morgan Investment Management	Equity Advisor	695,103	10,316,165	870,746	575,267	470,722
Phoenix Investment Council	Equity Advisor	-	-	-	-	128,804
Oak Associates	Equity Advisor	-	-	-	-	41,454
State Street Global Advisors	Equity Advisor	213,097	221,156	189,267	416,133	112,434
Sturdivant & Company	Equity Advisor	-	-	-	-	32,473
Target Investors	Equity Advisor	-	-	-	-	30,235
Travelers Investment Management	Equity Advisor	334,000	1,240,306	1,239,686	184,919	171,416
ValueQuest Ltd.	Equity Advisor	489,868	464,716	457,704	1,386,471	484,567
Total Equity Advisor Compensation		\$21,681,247	\$20,394,759	\$12,110,691	\$11,413,691	\$5,250,731
Fixed Income Investment Advisory Services						
Blackrock Financial Management	Fixed Income Advisor	1,455,319	1,628,201	889,137	1,124,873	349,552
Brinson Partners Inc.	Fixed Income Advisor	-	-	-	-	57,554
J. P. Morgan Investment Management	Fixed Income Advisor	1,006,786	688,394	1,031,440	787,476	675,476
Jennison Associates	Fixed Income Advisor	-	-	-	-	32,299
Julius Baer	Fixed Income Advisor	-	-	-	-	46,285
Lazard Freres & Co.	Fixed Income Advisor	-	669,697	51,555	8,194	-
Loomis Sayles & Co., Inc.	Fixed Income Advisor	485,885	475,810	478,736	532,380	571,088
Mitchell Hutchins Institutional Inv.	Fixed Income Advisor	433,022	591,975	680,825	141,950	-
Oaktree Capital Management	Fixed Income Advisor	2,731,678	2,633,017	2,065,669	3,110,562	882,075
Pacific Investment Management Co.	Fixed Income Advisor	-	-	70,801	961,627	495,852
Phoenix Investment Counsel	Fixed Income Advisor	531,553	531,955	548,309	144,264	-
Smith Barney Capital Management	Fixed Income Advisor	-	-	-	-	109,840
Spectrum Asset Management	Fixed Income Advisor	-	5,415	118,295	-	-
STW Fixed Income Mangement	Fixed Income Advisor	-	-	-	-	165,553
Standish Ayers & Wood	Fixed Income Advisor	-	-	-	-	219,390
State Street Bank	Fixed Income Advisor	-	-	-	-	80,000
State Street Global Advisors	Fixed Income Advisor	544,200	492,115	425,369	806,382	560,038
W. R. Huff Asset Management	Fixed Income Advisor	394,261	968,932	716,820	2,709,014	259,186
Wedgewood Capital Management	Fixed Income Advisor	-	-	-	-	25,656
Wellington Asset Management	Fixed Income Advisor	877,447	1,077,393	668,428	227,709	-
Western Asset Management	Fixed Income Advisor	1,098,081	1,089,776	1,132,390	303,581	-
Total Fixed Income Advisor Compensation		\$9,558,232	\$10,852,680	\$8,877,774	\$10,858,012	\$4,529,844
Cash Reserve Account Advisory Services						
State Street Global Advisors	Cash Rsrv Acct Advisor	287,159	260,341	286,102	210,095	-
Total Cash Reserve Account Advisor Compensation		\$287,159	\$260,341	\$286,102	\$210,095	\$-

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF INVESTMENT ADVISORS AND FEES IN EXCESS OF \$5,000⁽¹⁾
FOR PERIODS ENDED JUNE 30 (Continued)**

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2001	2000	1999	1998	1997
International Equity Investment Advisory Services						
Boston International Advisors	Intrntl Equity Advisor	-	-	-	-	107,957
Capital Guardian Trust Co.	Intrntl Equity Advisor	-	-	-	-	396,223
DSI International Management	Intrntl Equity Advisor	190,729	515,452	152,603	523,272	54,028
Dimensional Fund Advisors Inc.	Intrntl Equity Advisor	-	-	-	-	126,185
Grantham, Mayo, Van Otterloo & Co.	Intrntl Equity Advisor	1,789,666	1,532,995	1,304,471	3,594,360	1,014,372
J. P. Morgan Investment Management	Intrntl Equity Advisor	-	-	-	85,542	195,014
Morgan Stanelly Asset Management	Intrntl Equity Advisor	1,541,202	-	7,443,284	7,384,058	1,342,713
Nomura Capital Management	Intrntl Equity Advisor	-	-	-	-	76,414
Parametric Portfolio Associates	Intrntl Equity Advisor	-	-	-	-	41,196
Philippe Investment Management, Inc.	Intrntl Equity Advisor	-	-	-	-	190,567
Pictet International Management	Intrntl Equity Advisor	507,752	2,567,976	1,242,165	1,404,868	549,780
Salomon Smith Barney Capital Mgmt	Intrntl Equity Advisor	1,026,401	130,198	771,598	148,568	87,029
Schroder Capital Management	Intrntl Equity Advisor	-	-	-	-	516,590
State Street Global Advisors	Intrntl Equity Advisor	596,450	557,803	519,305	379,527	228,827
Total International Equity Advisor Compensation		\$5,304,424	\$11,433,426	\$13,520,195	\$4,926,895	
Real Estate Investment Advisory Services ⁽²⁾						
Aeltus/Aetna Capital Management	Real Estate Advisor	-	-	-	-	265,742
AEW Capital Management, L.P.	Real Estate Advisor	142,277	408,780	559,893	2,247,674	648,167
AEW Partners III, LP	Real Estate Advisor	2,651,532	-	-	-	-
Apollo Real Estate Investment Fund III	Real Estate Advisor	933,662	933,661	-	339,683	-
CIGNA Investment Management	Real Estate Advisor	-	101,942	110,071	120,080	367,764
Hancock Real Estate Investment Group	Real Estate Advisor	-	-	-	-	56,602
Hart Advisors, Inc.	Real Estate Advisor	-	-	-	-	29,762
Heitman/JMB Advisory Corporation	Real Estate Advisor	-	-	-	-	522,273
The O'Connor Group	Real Estate Advisor	-	-	-	-	149,416
PSI Institutional Realty Associates, Inc.	Real Estate Advisor	-	-	313,043	-	269,566
The RREEF Funds	Real Estate Advisor	-	23,435	46,869	46,869	46,869
Sentinel Real Estate Corporation	Real Estate Advisor	-	30,922	284,719	156,798	152,857
State Street Global Advisors	Real Estate Advisor	-	-	-	-	98,643
TCW Realty Advisors	Real Estate Advisor	-	-	-	-	84,971
Tishman	Real Estate Advisor	-	-	-	-	189,247
Wachovia Bank of Georgia, N.A.	Real Estate Advisor	148,362	130,556	92,422	150,282	140,511
Westport Senior Living Fund	Real Estate Advisor	1,800,000	1,350,000	-	-	-
Total Real Estate Advisor Compensation		\$5,675,833	\$2,979,296	\$1,407,017	\$3,061,386	\$3,022,390
Commercial Mortgage Investment Advisory Services ⁽²⁾						
AEW Capital Management, L.P.	Comm Mortgage Advisor	566,633	763,333	808,313	797,628	1,044,346
Carter Primo Chesterton	Comm Mortgage Advisor	-	-	-	-	213,766
Hart Advisors, Inc.	Comm Mortgage Advisor	-	-	-	-	11,930
Total Commercial Mortgage Advisor Compensation		\$566,633	\$763,333	\$808,313	\$797,628	\$1,270,042
Private Investment Advisory Services ⁽²⁾						
AIG Global Emerging Mkts Fund LP	Private Inv Advisor	2,496,557	2,503,443	-	842,466	-
Blackstone Capital Partners III LP	Private Inv Advisor	287,977	88,541	246,196	298,977	-
Carlyle Asia Partners LP	Private Inv Advisor	898,690	1,500,000	-	-	-
Carlyle European Partners LP	Private Inv Advisor	1,435,628	1,674,004	2,971,945	-	-
Compass European Partners LP	Private Inv Advisor	1,816,411	727,363	-	2,330,324	-
Conning Insurance Capital Fund V LP	Private Inv Advisor	-	250,000	-	652,174	-
Cresendo World Fund LLC	Private Inv Advisor	400,000	400,000	-	1,401,650	-
Crossroads Constitution Fund LP	Private Inv Advisor	-	1,361,250	2,722,500	2,722,500	2,743,125
CT Greene Ventures LP	Private Inv Advisor	375,000	375,000	-	387,500	425,000
Cullinane & Donnelly	Private Inv Advisor	-	-	-	-	1,000,000
DLJ Merchant Banking Fund II LP	Private Inv Advisor	850,758	1,089,908	1,125,000	1,125,000	673,459
Forstmann Little & Company	Private Inv Advisor	2,650,000	2,416,667	1,950,000	325,000	-
Garmark Partners LP	Private Inv Advisor	726,059	1,020,360	-	1,125,000	-

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF INVESTMENT ADVISORS AND FEES IN EXCESS OF \$5,000⁽¹⁾
FOR PERIODS ENDED JUNE 30 (Continued)**

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2001	2000	1999	1998	1997
Gilbert Global Equity Partners LP	Private Inv Advisor	2,250,000	2,250,000	-	1,125,000	-
Goldman Sachs Private Equity Fund LP	Private Inv Advisor	1,000,000	696,531	-	841,096	-
Green Equity III LP	Private Inv Advisor	84,989	329,907	-	-	-
Greenwich Street Capital Partners II LP	Private Inv Advisor	784,121	371,517	875,000	-	-
Hicks Muse Tate & Furst Equity Fund III LP	Private Inv Advisor	-	469,788	-	1,054,154	1,464,598
Kelso Investment Associates VI LP	Private Inv Advisor	576,523	594,158	-	-	-
Keystone Ventures V LP	Private Inv Advisor	-	402,725	-	-	-
KKR 1996 Fund LP	Private Inv Advisor	427,373	401,764	491,108	976,498	-
Lexington Capital Partners II LP	Private Inv Advisor	-	57,060	-	104,547	-
Pioneer Venture Associates LP	Private Inv Advisor	148,115	603,281	-	362,981	-
Prospect Street Connecticut Capital Inc.	Private Inv Advisor	-	-	-	-	394,790
SCP Private Equity Fund LP	Private Inv Advisor	1,063,009	718,750	-	359,375	-
Shawmut Capital Partners LP	Private Inv Advisor	1,312,500	1,312,500	-	1,312,500	-
SW Pelham Fund LP	Private Inv Advisor	750,000	562,500	-	-	-
Thayer Equity Investors IV LP	Private Inv Advisor	805,946	835,341	-	-	-
THL Equity Fund IV LP	Private Inv Advisor	-	384,897	554,041	920,375	-
Triumph Connecticut LP	Private Inv Advisor	253,238	101,476	-	545,525	19,402
Triumph Partners III LP	Private Inv Advisor	2,829,409	2,681,301	-	2,626,727	-
Veritas Capital Fund LP	Private Inv Advisor	1,362,162	2,190,279	-	1,500,000	454,167
Wellspring Capital Partners II LP	Private Inv Advisor	1,000,000	1,000,000	-	421,918	-
Woodside Capital Management LLC	Private Inv Advisor	291,767	-	-	-	-
Total Private Investment Advisor Compensation		\$26,876,232	\$29,370,311	\$10,935,790	\$23,361,287	\$7,174,541
TOTAL COMPENSATION TO INVESTMENT ADVISORS		\$70,297,536	\$69,925,144	\$45,859,113	\$63,222,294	\$26,174,443
CUSTODY SERVICES						
Boston Safe Deposit & Trust	Custody of Assets	-	-	-	-	75,685
State Street Bank & Trust	Custody of Assets	950,955	1,365,200	1,322,500	1,514,727	868,357
TOTAL CUSTODY SERVICES COMPENSATION			\$950,955	\$1,365,200	\$1,322,500	\$1,514,727
		\$944,042				

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees include capitalized fees and expensed fees. Capitalized fees which 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.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF BROKERAGE COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
AB WATLEY INC	480.00	39,400.00	0.012	CANTOR FITZGERALD + CO.	77,427.70	3,179,412.00	0.024
ABEL NOSER CORPORATION	1,760.00	36,100.00	0.049	CAPITAL INSTITUTIONAL SERVICES	12,280.00	245,600.00	0.050
ABG	436.62	16,700.00	0.026	CAZENOVE	3,913.81	150,000.00	0.026
ABG SECURITIES	26,053.65	672,680.00	0.039	CAZENOVE + CO	48,090.58	2,899,921.00	0.017
ABN AMRO	14,626.95	1,332,400.00	0.011	CAZENOVE + CO.	936.10	5,000.00	0.187
ABN AMRO ASIA LTD	1,494.27	728,500.00	0.002	CAZENOVE ASIA LIMITED	1,561.03	1,051,000.00	0.001
ABN AMRO BANK N.V. (CHICAGO)	6,765.31	270,399.00	0.025	CAZENOVE INCORPORATED	14,588.18	1,497,432.00	0.010
ABN AMRO CHICAGO CORP	432.60	200,000.00	0.002	CAZENOVE SECURITIES LTD	2,573.59	64,800.00	0.040
ABN AMRO CHICAGO CORPORATION	67,032.12	2,152,469.00	0.031	CDC LABOUCHERE SECURITIES SERVICES	1,245.61	30,100.00	0.041
ABN AMRO EQUITIES (UK) LTD	15,841.55	2,504,677.00	0.006	CHARLES SCHWAB & CO., INC.	7,434.50	667,700.00	0.011
ABN AMRO HOARE GOVETT ASIA LTD	150.51	34,000.00	0.004	CHEUVREUX	2,187.22	50,800.00	0.043
ABN AMRO SECURITIES (USA) INC	4,948.36	126,470.00	0.039	CHEUVREUXDE VIRIEU	16,287.74	231,931.00	0.070
ABN AMRO SECURITIES LLC	33,392.20	816,100.00	0.041	CHEUVREUXDE VIRIEUX, PARIS	1,476.42	15,090.00	0.098
ABN AMRO SECURITIES UK LTD	2,223.13	81,400.00	0.027	CHEVREUX DE VIRIEU NORDIC AB	4,659.83	26,958.00	0.173
ACCIONES Y VALORES DE MEXICO	2,158.36	301,800.00	0.007	CHEVREUX DE VIRIEU NORDIC LDN	4,149.31	35,416.00	0.117
ADVEST, INC	1,437.00	47,900.00	0.030	CHINA SECURITIES CO LTD	1,108.36	194,494.00	0.006
AHORRO CORPORATION FINANCIERA S.A. A.V.B	28,349.20	529,650.00	0.054	CIBC WOODGUNDY	517.51	15,400.00	0.034
ALBERT FRIED & COMPANY	40.00	2,000.00	0.020	CIBC WORLD MARKETS	1,411.37	41,800.00	0.034
ALLEN & COMPANY INCORPORATED	675.00	26,100.00	0.026	CIBC WORLD MARKETS CORP	61,466.10	1,956,174.00	0.031
ALPHA BROKERAGE AE	3,208.98	32,870.00	0.098	CIBC WORLDMARKETS CORP	178.27	5,300.00	0.034
ANDERSON STRUDWICK NY	100.00	2,000.00	0.050	CITIBANK	494.70	390,000.00	0.001
ARCHIPELAGO BCC CAPITAL CLEAR	6,846.32	342,316.00	0.020	CITIBANK,N.A.	83.40	1,390.00	0.060
ARNHOLD AND S BLEICHROEDER, INC	9,576.88	2,046,701.00	0.005	COLLINS STERWART CI LTD	183.02	36,000.00	0.005
AROS MAIZELS	23,132.43	432,200.00	0.054	COLLINS STEWART	4,460.17	384,400.00	0.012
AROS SEC	13,437.89	361,000.00	0.037	COLLINS STEWART & CO	232.07	9,400.00	0.025
AROS SECURITIES OY	505.65	21,100.00	0.024	COLLINS STEWART + CO	2,887.26	300,000.00	0.010
ASIA SECURITIES INC.	149.21	90,000.00	0.002	COMMERZ BANK	2,260.12	200,000.00	0.011
AUERBACH GRAYSON	10,961.13	69,288.00	0.158	COMMERZBANK	1,273.49	225,700.00	0.006
AUTRANET, INC.	93,197.44	1,908,770.00	0.049	COMMERZBANK AG	5,894.81	150,000.00	0.039
B TRADE SERVICES	279.00	9,300.00	0.030	CONNING + CO.	8,120.00	197,200.00	0.041
BAINS SECURITIES LTD MELBOURNE	251.52	30,000.00	0.008	CORRESPONDENT SERVICES, INC	6,556.20	210,500.00	0.031
BAIRD PATRICK	3.00	100.00	0.030	COSSBY SECURITIES	55.69	3,000.00	0.019
BANC AMERICA SECURITY LLC MONTGOMERY DIV	211,360.90	7,504,337.00	0.028	COWEN & CO LONDON	13,590.46	385,646.00	0.035
BANCO BBA	501.92	24,750.00	0.020	CREDIT AGRICOLE INDOSUEZ CHEUVREUX	12,273.48	60,808.00	0.202
BANCO BBACREDITANSTALT S.A.	13,736.95	167,878,200.00	0.000	CREDIT AGRICOLE SECURITIES	1,450.78	2,300.00	0.631
BANCO BILBAO VISCAYA	109.79	19,200.00	0.006	CREDIT ANSTALT	2,413.64	18,343.00	0.132
BANCO BILBAO VIZCAYA	5,890.93	139,300.00	0.042	CREDIT LYONNAIS SECS	2,215.61	790,493.00	0.003
BANCO BILBAO VIZCAYA ARGENTARI	495.85	45,900.00	0.011	CREDIT LYONNAIS	28,571.82	6,779,672.00	0.004
BANCO ICATU	880.80	14,680.00	0.060	CREDIT LYONNAIS S.A.	32.70	5,000.00	0.007
BANCO ICATU S.A.	2,716.77	42,528,447.00	0.000	CREDIT LYONNAIS SECS	56,383.97	69,352,134.00	0.001
BANCO PACTUAL S.A.	57.86	3,311,000.00	0.000	CREDIT LYONNAIS SECURITIES (ASIA)	121.08	1,096,000.00	0.000
BANCO SANTANDER CENTRAL HISPANO	808.64	77,200.00	0.010	CREDIT LYONNAIS SECURITIES (USA)	256.73	3,500.00	0.073
BANCO SANTANDER DE NEGOCIOS	426.88	41,000.00	0.010	CREDIT LYONNAIS SECURITIES (USA) INC	1,054.38	36,388,550.00	0.000
BANK AM BELLEVUE	352.46	1,352.00	0.261	CREDIT SUISSE FIRST BOSTON	21,717.70	35,882,630.00	0.001
BANK JULIUS BAER	360.17	2,548.00	0.141	CREDIT SUISSE FIRST BOSTON EQUITIES (EUR	6,791.64	209,668.00	0.032
BANK OF AMERICA, N.A. LONDON	11,267.58	267,273.00	0.042	CREDIT SUISSE FIRST BOSTON LONDON	70,919.15	341,655,447.00	0.000
BANK OF NEW YORK/ DLJ INT SVC	234.00	3,900.00	0.060	CREDIT SUISSE FIRST BOSTON TOK	1,272.66	36,000.00	0.035
BANK OF TOKYO MITSUBISHI LTD, TOKYO	3,639.90	390,000.00	0.009	CREDITANSTALT BANKVEREIN LONDON	1,651.04	10,828.00	0.152
BANK OF TOKYO-MITSUBISHI AUSTRALIA	1,547.02	185,000.00	0.008	CREDITANSTALT INTL	1,020.14	9,020.00	0.113
BANQUE PARIBAS	97.83	1,600.00	0.061	CREDITANSTALT SECURITIES	2,849.64	32,284.00	0.088
BARNARD JACOBS MELLETT (USA) LLC	6,012.07	226,700.00	0.027	CROSBY CAPITAL MARKETS LTD	390.28	242,000.00	0.002
BARNARD JACOBS MELLETT EDIN	6,879.07	464,800.00	0.015	CROSBY SECURITIES INC	5,613.17	709,157.00	0.008
BARNARD JACOBS MELLETT AND CO (PTY)	7,559.76	549,660.00	0.014	CROSBY SECURITIES LIMITED (HONG KONG)	544.83	412,000.00	0.001
BEAL M R + COMPANY	1,758.00	58,600.00	0.030	CRUTTENDEN + CO	585.00	11,700.00	0.050
BEAR STEARNS + CO INC	67,635.98	2,380,237.00	0.028	CS FIRST BOSTON (HONG KONG) LIMITED	33,142.73	8,598,663.00	0.004
BEAR STEARNS ASIA LTD	2,040.97	3,868,900.00	0.001	CS FIRST BOSTON CORPORATION	517,909.78	17,882,951.00	0.029
BEAR STEARNS CO	7,135.77	58,991,000.00	0.000	CSFB	5,307.82	1,661,380.00	0.003
BEAR STEARNS NY	40.31	16,400,000.00	0.000	D.A. DAVIDSON + CO., INC.(CLR.THUR 443)	2,117.50	42,350.00	0.050
BEAR STEARNS SECURITIES CORP	86,339.60	42,709,952.00	0.002	DAIN RAUCHSER INC	34,922.70	1,648,207.00	0.021
BENDER MENKUL DEGERLER A.S.	1,472.03	19,257,002.00	0.000	DAIN RAUSCHER INC	420.00	96,700.00	0.004
BENDER SECS ISTANBUL	14,602.96	388,824,000.00	0.000	DAIWA	4,994.83	388,076.00	0.013
BENDER SECURITIES	3,375.69	185,849,000.00	0.000	DAIWA SECURITIES	7,940.98	286,870.00	0.028
BEREAN CAPITAL, INC. 2	3,355.00	67,100.00	0.050	DAIWA SECURITIES CO LTD	2,364.02	1,049,097.00	0.002
BERNSTEIN/SANFORD C + CO INC	26,546.00	450,700.00	0.059	DAIWA SECURITIES COMPANY LTD	820.48	33,000.00	0.025
BHF SECURITIES CORPORATION	1,466.52	46,280.00	0.032	DB CLEARING SERVICES	109,203.30	5,127,520.00	0.021
BLAIR, WILLIAM, AND COMPANY	31,080.50	1,435,150.00	0.022	DEMIR YATIRIM MENKUL DEGERLER (ISTANBUL)	364.05	21,828,000.00	0.000
BNP PARIBAS	40.66	12,500.00	0.003	DEMIRBANK	51.66	377,000.00	0.000
BNP PARIBUS SECURITIES CORP	51.00	1,700.00	0.030	DEN DANSKE BANK	809.54	10,600.00	0.076
BNP PEREGRINE SECURITIES	540.25	158,000.00	0.003	DEUTSCH BK-DUSELDORF	1,148.33	44,000.00	0.026
BNP PRIMEPEREGRINE	9,337.43	9,236,636.00	0.001	DEUTSCHE ALEX BROWN LONDON	6,363.81	86,500.00	0.074
BNP SECURITIES (U.S.A.), INC	78.00	2,600.00	0.030	DEUTSCHE ASIA AND PARTNERS SECURITIES	19,564.21	2,738,840.00	0.007
BNY ESJ SECURITIES COMPANY	5,510.00	111,850.00	0.049	DEUTSCHE BANC ALEX BROWN INC	39,660.06	3,698,649.00	0.011
BNY/ABN AMRO (UK) LTD	5,039.00	102,700.00	0.049	DEUTSCHE BANK	1,068.95	2,052,570.00	0.001
BNY/DLJ INTERNATIONAL SEC	2,580.00	44,290.00	0.058	DEUTSCHE BANK A.G.	1,819.06	1,934,100.00	0.001
BNY/ING BARING	4,570.00	205,401.00	0.022	DEUTSCHE BANK AG LONDON	128,899.55	203,707,293.00	0.001
BOSTON INSTITUTIONAL SERVICES	7,320.00	122,000.00	0.060	DEUTSCHE BANK LONDON	426.11	16,100.00	0.026
BRIDGE TRADING	55,298.55	1,331,091.00	0.042	DEUTSCHE BANK S.A.	319.77	1,700,000.00	0.000
BRIMBERG & CO	770.00	15,400.00	0.050	DEUTSCHE BANK SECS	5,622.44	235,700.00	0.024
BROADCORT/CAPITAL (THRU ML)	1,688.00	46,000.00	0.037	DEUTSCHE BANK SECURITIES	9,617.55	4,005,754.00	0.002
BROWN BROTHERS HARRIMAN & CO	2,990.00	127,400.00	0.023	DEUTSCHE BANK SECURITIES INC	50,026.66	11,527,614.00	0.004
BT ALEX BROWN INCORPORATED	594.00	10,800.00	0.055	DEUTSCHE MG/CJL PRIME BROKERS/CNS	846.00	14,100.00	0.060
B-TRADE SERVICES LLC	63,633.67	2,764,182.00	0.023	DEUTSCHE MORGAN GRENFELL	4,398.46	1,829,400.00	0.002
BUCKINGHAM RESEARCH GROUP	11,198.50	271,000.00	0.041	DEUTSCHE MORGAN GRENFELL GLOBAL	1,741.97	1,478,200.00	0.001
C.L.KING & ASSOCIATES	16,529.00	527,000.00	0.031	DEVELETTOGLOU ATHENS	1,645.42	32,000.00	0.051
CAIB SECURITIES	528.26	23,180.00	0.023	DIVIDEND REINVEST	426.66	78,132.00	0.005
CAIS INC CHEUVREUX DIV NY	5,155.53	65,000.00	0.079	DLJ INTERNATIONAL SECURITIES	227.75	61,000.00	0.004

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
DONALDSON, LUFKIN + JENRETTE SECS	24,156.32	3,965,544.00	0.006	ING BARING SECURITIES	90,591.27	141,321,584.00	0.001
DONALDSON, LUFKIN AND JENRETTE ASIA	1,329.55	214,000.00	0.006	ING BARING SECURITIES (SINGAPORE)	24,453.11	4,237,300.00	0.006
DONALDSONLUFKIN + JENRETTE SEC CORP	13,410.29	541,230.00	0.025	ING BARING SECURITIES LTD	498.58	169,350.00	0.003
DONALDSONLUFKIN AND JENRETTE INTL	3,214.44	1,553,329.00	0.002	ING BARINGS LLC	2,038.44	153,300.00	0.013
DOWLING & PARTNERS SECURITIES, LLC.	2,697.00	89,900.00	0.030	ING BARINGS SEC LTD	27,101.57	38,155,450.00	0.001
DRESDNER	1,828.74	66,500.00	0.027	INGALLS +SNYDER	750.00	15,000.00	0.050
DRESDNER BANK - KLEINWORT BENSON	4,048.24	292,600.00	0.014	INSTINET	213,982.48	12,801,790.00	0.017
DRESDNER BANK AG FRANKFURT	8,892.67	232,436.00	0.038	INSTINET CLEARING SERVICES, INC	6,438.50	627,027.00	0.010
DRESDNER BANK AG TOKYO BRANCH	293.52	92,000.00	0.003	INSTINET INVESTMENT SERVICES LIMITED	8,024.65	163,165.00	0.049
DRESDNER BANK EMM	1,444.83	98,300.00	0.015	INSTINET PACIFIC LIMITED	3,368.38	1,210,038.00	0.003
DRESDNER KLEINWORT BENSON	28,270.35	1,264,351.00	0.022	INSTINET U.K. LTD	11,824.96	2,599,817.00	0.005
DRESDNER KLEINWORT BENSON ASIA LTD	11,570.82	20,713,211.00	0.001	INTERMOBILIARE SECURITIES SIM SPA	3,156.40	336,304.00	0.009
DRESDNER KLEINWORT BENSON NORTH AMERICA	5,566.00	183,448.00	0.030	INTERMONTE SEC SIM SPA	16,332.79	983,232.00	0.017
DRESDNER KLEINWORT BENSON SECS LTD	5,920.94	76,000.00	0.078	INTERSTATE SEC CORP	60.00	1,200.00	0.050
DRESDNER KLEINWORT BENSONS	35,788.67	2,012,517.00	0.018	INVMED ASSOCS. (THRU BEAR STEARNS)	100.00	2,000.00	0.050
DRESDNER SECURITIES (USA) INC.	26,957.00	661,800.00	0.041	INVESTEC BANK LTD	124.74	5,920.00	0.021
EDWARDS AG & SONS INC	4,049.00	79,400.00	0.051	INVESTEC BANK(UK)LTD	1,039.46	10,500.00	0.099
EGYPTIAN FINANCIAL GROUP	4,902.02	59,742.00	0.082	INVESTEC EQUITIES JOHANNESBURG	4,787.17	277,640.00	0.017
ENGELMANS SECURITIES	2,280.00	45,600.00	0.050	INVESTEC ERNST + CO	63.00	25,200.00	0.003
ENSKILDA SEC.-LONDON	183.42	1,900.00	0.097	INVESTEC SECURITIES LTD	201.20	40,580.00	0.005
ENSKILDA SECS	344.69	5,400.00	0.064	INVESTMENT TECHNOLOGY GROUP INC.	762,878.18	42,677,270.00	0.018
ENSKILDA SECURITIES	16,556.34	378,600.00	0.044	ISI GROUP INC	46,673.00	1,159,100.00	0.040
EW BALDERSON INCORPORATED	784.77	191,300.00	0.004	IVESTEC SECURITIES	274.00	23,600.00	0.012
EXANE GENEVE	5,110.18	44,350.00	0.115	J B WERE + SON LIMITED	2,775.57	771,000.00	0.004
EXANE INC	1,086.46	8,730.00	0.124	J B WERE AND SON	749.20	323,113.00	0.002
EXANE S.A.	35,104.47	246,191.00	0.143	J B WERE AND SON INC.	3,275.56	783,536.00	0.004
FACTSET DATA SYSTEMS (THRU BEAR STEARNS)	91,053.75	1,821,075.00	0.050	J CHEUVREAU	2,388.03	86,900.00	0.027
FACTSET DATA SYSTEMS INC	1,505.00	30,100.00	0.050	JACKSON PARTNERS + ASSOCIATES INC	25,427.40	976,132.00	0.026
FECHTOR, DETWILER + CO., INC.	2,445.00	48,900.00	0.050	JAMES CAPEL + CO	424.95	5,640.00	0.075
FERRIS, BAKER WATTS, INC	681.00	22,700.00	0.030	JANNEY MONTGOMERY, SCOTT	6,740.00	115,000.00	0.059
FIDELITY CAPITAL MARKETS	31,409.60	738,100.00	0.043	JARDINE FLEMING INTL SEC LTD	890.82	130,500.00	0.007
FIRST ALBANY CORP.	36,342.90	1,062,300.00	0.034	JARDINE FLEMING SECS	17,708.43	4,781,220.00	0.004
FIRST ANALYSIS SECURITIES CORP	5,675.00	113,500.00	0.050	JARDINE FLEMING SECURITIES LIMITED	33,839.86	10,720,140.00	0.003
FIRST OPTIONS OF CHICAGO	4,947.00	164,900.00	0.030	JARDINE FLEMING SECURITIES LTD	30,952.97	38,638,540.00	0.001
FIRST SECURITY VAN KASPER + CO	1,390.00	27,800.00	0.050	JARDINE FLEMING SECURITIES LTD SINGAPORE	963.30	8,939,000.00	0.000
FIRST TENNESSEE SECURITIES CORP	1,026.00	34,200.00	0.030	JARDINE FLEMING TAIWAN LTD	1,656.61	274,000.00	0.006
FIRST UNION CAPITAL MARKETS	34,576.00	1,559,099.00	0.022	JARDINE FLEMING UNIT TRUST MANAGERS	2,151.59	20,400.00	0.105
FLEETBOSTON ROBERTSON STEPHENS INC	82,507.05	3,985,373.00	0.021	J B WERE AND SON (NZ) LTD	4,777.26	680,794.00	0.007
FORTIS BANK	548.40	3,400.00	0.161	JEFFERIES+ CO	77,873.20	2,803,520.00	0.028
FOX PITT KELTON INC	44,267.89	1,056,300.00	0.042	JOHNSON RICE + CO	905.00	18,100.00	0.050
FOX-PITT KELTON LTD	8,699.50	217,792.00	0.040	JONES + ASSOCIATES	23,756.75	944,575.00	0.025
FRANK RUSSELL	14,865.00	297,300.00	0.050	JOSEPHTHAL LYON + ROSS	8,690.00	173,800.00	0.050
FREIMARK BLAIR + COMPANY, INC.	912.50	28,250.00	0.032	JP MORGAN	1,604.81	93,000.00	0.017
FRIEDMAN BILLINGS + RAMSEY	2,847.00	71,500.00	0.040	JP MORGAN(REPO)	950.15	18,000.00	0.053
FRIEND, L.H., WEINRESS + FRANKSON	10,025.00	200,500.00	0.050	JP MORGANSECURITIES LIMITED	45,240.69	4,466,285.00	0.010
FROST SECURITIES	2,315.00	40,300.00	0.057	JPP EURO SEC	8,631.35	47,280.00	0.183
GARANITIA	4,810.03	158,868,000.00	0.000	JPP EURO SECURITIES	9,664.71	50,745.00	0.190
GARANTI MENKUL DEGERLER	9,442.53	242,000,000.00	0.000	JULIUS BAER FRANCE	4,272.42	205,800.00	0.021
GARANTIA INC	69.00	300,000.00	0.000	JULIUS BAER ITALIA	4,022.38	223,000.00	0.018
GARANTIA SA	3,905.44	25,225,300.00	0.000	JULIUS BAER SECURITIES	37,643.12	1,498,077.00	0.025
GARDNER RICH + CO	3,120.00	62,400.00	0.050	JULIUS BAER/BANK JULIUS BAER	2,445.28	88,085.00	0.028
GERARD KLAUER MATTISON + CO	8,678.00	478,400.00	0.018	K + N KENANGA SDN BHD	701.61	70,000.00	0.010
GLAZER C.L. + COMPANY	13,808.75	276,175.00	0.050	KEEFE BRUYETTE + WOODS INC	21,967.00	659,200.00	0.033
GLOBAL SECURITIES INC. (ISTANBUL)	6,321.84	232,952,666.00	0.000	KLEINWORTBENSON LIMITED	407.16	422,841.00	0.001
GOLDIS PITTSBURG INST SER INC	2,040.00	40,800.00	0.050	KLEINWORTBENSON SECS	8,159.94	1,028,100.00	0.008
GOLDMAN SACHS (SINGAPORE) PTE	35,059.47	8,552,670.00	0.004	KLEINWORTBENSON SECURITIES LIMITED	20,773.83	8,405,318.00	0.002
GOLDMAN SACHS + CO	234,649.73	312,088,510.00	0.001	KNIGHT SECURITIES	981.50	1,840,006.00	0.001
GOLDMAN SACHS EMM	63.14	4,200.00	0.015	KOKUSAI SECURITIES CO., LTD	1,295.71	54,200.00	0.024
GOLDMAN SACHS INTERNATIONAL LONDON	73,203.59	2,419,455.00	0.030	LADENBURGTHALMAN + CO	880.00	17,600.00	0.050
GOLDMAN SACHS INTL LTD	4,196.00	129,620.00	0.032	LATINVESTSECURITIES	2,459.07	40,574,368.00	0.000
GOODBODY STOCKBROKERS	634.63	37,937.00	0.017	LATINVESTSECURITIES BBV	1,654.00	30,250.00	0.055
GOODMORNING SEC	8,753.85	398,365.00	0.022	LAZARD FRERES + CO.	74,694.84	2,087,300.00	0.036
GORDON HASKETT	2,688.00	89,600.00	0.030	LEGG MASON WOOD WALKER INC	28,018.00	662,000.00	0.042
GREEN STREET ADVISORS INCORPORATED	237.50	4,750.00	0.050	LEHMAN BROTHERS INC	755.37	134,620.00	0.006
GRUNTL + CO.	1,175.00	23,500.00	0.050	LEHMAN BROS INC.	377,902.73	13,248,783.00	0.029
GUZMAN + CO	5,726.00	176,800.00	0.032	LEHMAN BROTHERS	555.25	29,000.00	0.019
HEFLIN + CO., LLC	77,729.00	1,791,190.00	0.043	LEHMAN BROTHERS ASIA LTD	6,981.75	6,449,000.00	0.001
HENDERSONCROSTHWAIT INSTL BROK LTD	1,659.30	147,200.00	0.011	LEHMAN BROTHERS BANKHAUS AG	276.44	26.00	10.632
HENDERSONCROSTHWAITE	479.53	44,000.00	0.011	LEHMAN BROTHERS EMM	17.05	1,800.00	0.009
HOARE GOVETT SECURITIES LIMITED	7,815.99	2,660,330.00	0.003	LEHMAN BROTHERS INTERNATIONAL (EUROPE)	79,548.46	2,333,987.00	0.034
HOARE GOVETT SECURITIES LTD	32,792.11	3,676,157.00	0.009	LEWCO SECS AGENT FOR BNY CLEARING SERV	5,656.50	221,600.00	0.026
HOENIG + COMPANY INC	2,676.00	71,400.00	0.037	LEWCO SECURITIES AGENT/CHASE H&Q	6,575.10	698,000.00	0.009
HOWARD WEIL DIVISION LEGG MASON	8,469.50	160,600.00	0.053	LEWCO SECURITIES CORP	301.48	22,400.00	0.013
HSBC	11,059.88	1,328,995.00	0.008	LIQUIDNETINC	526.00	26,300.00	0.020
HSBC INVESTMENT BANK PLC	73,699.46	4,219,654.00	0.017	LOOP CAPITAL MARKETS INC	11,533.55	230,671.00	0.050
HSBC JAMES CAPEL	887.67	11,000.00	0.081	LYNCH JONES AND RYAN INC	14,743.00	649,400.00	0.023
HSBC JAMES CAPEL LIMITED	14,383.53	1,855,923.00	0.008	MACQUARI EQUITIES (USA) INC	1,730.71	99,200.00	0.017
HSBC SECURITIES (JAMES CAPEL)	8,106.22	353,851.00	0.023	MACQUARIEEQUITIES LIMITED (SYDNEY)	960.55	42,053.00	0.023
HSBC SECURITIES INC	14,229.77	1,230,864.00	0.012	MACQUARIEEQUITIES LTD	2,348.98	99,200.00	0.024
HYUNDAI SECURITIES CO. LTD.	1,856.93	15,854.00	0.117	MACQUARIEEQUITIES U S A	664.14	42,053.00	0.016
IKTISAT BANKASI TURK T.A.S.	5,858.19	194,543,964.00	0.000	MCDONALD INVESTMENTS INC.	3,642.00	121,400.00	0.030
INDOSUEZ WI CARR SECURITIES LIMITED	31,377.18	6,633,990.00	0.005	MCMAHAN SECURITIES CO, LP	2,292.00	76,400.00	0.030
INDUSTRIAL BANK OF JAPAN	1,449.26	38,000.00	0.038	MERRILL LYNCH PEIRCE FENNER + SMITH	252.69	3,000.00	0.084
ING BANK	483.03	60,000.00	0.008	MERRILL LYNCH	11,616.85	11,570,460.00	0.001
ING BARING FURMAN SELZ LLC	221.42	16,000.00	0.014	MERRILL LYNCH FAR EAST LTD	36,806.39	7,896,530.00	0.005
ING BARING LLC	32,893.86	798,800.00	0.041	MERRILL LYNCH INTERNATIONAL	112,261.80	415,625,921.00	0.000

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

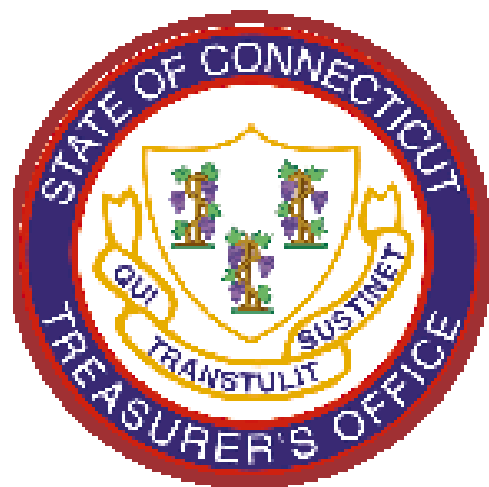
SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
MERRILL LYNCH INTERNATIONAL BK LTD	2,252.92	269,900.00	0.008	SBS FINANCIAL	7,982.63	321,153.00	0.025
MERRILL LYNCH PIERCE FENNER + SMITH	422,320.73	18,183,315.00	0.023	SCHRODER + CO	2,500.00	50,000.00	0.050
MERRILL LYNCH PIERCE FENNER + SMITH INC	238.97	416,000.00	0.001	SCHRODER + CO INC	2,525.69	115,825.00	0.022
MERRION	4,303.89	106,000.00	0.041	SCHRODER + CO.	2,530.79	51,000.00	0.050
MIDWEST RESEARCH MAXXUS GROUP	3,872.00	95,000.00	0.041	SCHRODER SECS INTL	736.77	3,059.00	0.241
MORGAN (J.P.) SECURITIES INC., SL	4,901.91	135,000.00	0.036	SCHRODER SECURITIES LONDON	88.32	4,600.00	0.019
MORGAN GRENFELL	68.48	263,000.00	0.000	SCHRODER SECURITIES LTD	405.56	10,210.00	0.040
MORGAN GRENFELL AND CO LIMITED	10,144.87	1,401,569.00	0.007	SCOTIA CAPITAL MARKETS (USA) INC	2,415.00	48,300.00	0.050
MORGAN GRENFELL AND CO. LIMITED	836.92	3,432,500.00	0.000	SCOTIA MCLEOD	446.28	13,400.00	0.033
MORGAN GRENFELL INV FUND MANAGERS	65.60	255,000.00	0.000	SCOTT + STRINGFELLOW	1,803.00	32,100.00	0.056
MORGAN GUARANTY TRUST COMPANY NEW YORK	3,552.37	32,222,329.00	0.000	SG COWEN SECURITIES CORP	107,719.02	4,062,100.00	0.027
MORGAN GUARANTY TRUST COMPANY (UK)	41,683.54	929,182.00	0.045	SG SECS CENTRAL CLEARING REG CORP	414.32	36,300.00	0.011
MORGAN KEEGAN + CO INC	4,371.00	84,900.00	0.051	SG SECURITIES (LONDON)LTD	911.74	36,500.00	0.025
MORGAN STANLEY	1,390.41	78,700.00	0.018	SG SECURITIES (SINGAPORE) PTE LTD	391.18	36,000.00	0.011
MORGAN STANLEY AND CO. INC	298,016.53	24,944,071.00	0.012	SG SECURITIES HK	2,857.08	499,400.00	0.006
MORGAN STANLEY AND CO. INTERNATIONAL	1,126.65	4,161,000.00	0.000	SG SECURITIES SINGAPORE PTE LTD	2,349.57	20,420.00	0.115
MORGAN STANLEY DEAN WITTER ASIA TAIWAN	134.44	20,000.00	0.007	SIEBERT BRANFORD SHANK AND CO	5,943.00	198,100.00	0.030
MORGAN,J.P.,SECURITIES INC	93,302.03	3,900,504.00	0.024	SIGMA SECS, ATHENS	601.98	36,900.00	0.016
MURIEL F SIEBERT AND CO INC	642.00	21,400.00	0.030	SIGMA SECURITIES S.A.	1,338.57	50,000.00	0.027
NATIONAL SECURITIES CORP	142.55	66,000.00	0.002	SILVIS BARNARD JACOS	1,473.36	145,130.00	0.010
NCB STOCKBROKERS	567.97	57,700.00	0.010	SK INTERNATIONAL SECURITIES	920.00	18,400.00	0.050
ND DEVLETGLOU SECURITIES SA	5,318.22	61,830.00	0.086	SKANDINAVISKA ENSKILDA BANKEN LONDON	1,263.06	28,800.00	0.044
NEEDHAM + COMPANY	13,531.20	732,500.00	0.018	SMITH BARNEY SHEARSON INC	47.46	30.00	1.582
NESSBIT BURNS EMM	1,609.22	61,000.00	0.026	SOCGEN CROSBY SECS	52.51	3,040.00	0.017
NESSBIT BURNS	8,785.92	279,900.00	0.031	SOCIETE GENERALE	11,478.21	92,824,931.00	0.000
NESSBIT BURNS SECURITIES INC	7,429.99	349,762.00	0.021	SOCIETE GENERALE SECURITIES	5,396.60	195,030.00	0.028
NEUBERGER+BERMAN	21,251.20	532,380.00	0.040	SOCIETE GENERALE SECURITIES CORP	5,437.08	441,500.00	0.012
NIKKO SALOMON SMITH BARNEY	385.32	70,000.00	0.006	SOUNDVIEWTECHNOLOGY GROUP INC	18,788.00	927,500.00	0.020
NOMURA INTERNATIONAL (HONG KONG) LTD	8,683.29	3,461,930.00	0.003	SOUTHWESTSECURITIES	780.00	19,500.00	0.040
NOMURA INTERNATIONAL PLC	3,093.67	191,700.00	0.016	SOUTHWESTSECURITIES, INC.	345.00	6,900.00	0.050
NOMURA INTERNATIONAL, PLC	1,600.60	22,000.00	0.073	SPEAR, LEEDS & KELLOGG	38,590.00	781,700.00	0.049
NOMURA SECURITIES CO., LTD.	3,907.16	300,000.00	0.013	SPEAR, LEEDS & KELLOGG CAPITAL MARKETS	22,157.60	1,629,818.00	0.014
NOMURA SECURITIES INTL INC	15,764.85	449,227.00	0.035	STANDARD + POORS SECURITIES INC	65,710.15	1,319,988.00	0.050
NORDIC INVESTMENT BANK	578.63	80,000.00	0.007	STANDARD BANK	160.09	22,500.00	0.007
NORDIC PARTNERS INC NY, NY	1,649.69	97,500.00	0.017	STANDARD BANK OF SOUTH AFRICA LTD	1,850.29	73,800.00	0.025
NUTMEG SECURITIES	15,004.00	316,000.00	0.047	STANDARD NEW YORK	2,864.98	167,400.00	0.017
O NEIL, WILLIAM AND CO. INC/BCC CLRG	10,340.00	206,800.00	0.050	STANDARD SECURITIES CORP	326.05	26,800.00	0.012
ORD MINNETT	26,225.52	5,934,602.00	0.004	STATE STREET BROKERAGE SERVICES	8,751.34	412,497.00	0.021
ORD MINNETT LIMITED	196.98	148,591.00	0.001	STEPHENS,INC.	1,800.00	30,000.00	0.060
ORD MINNETT LTD	10,452.71	3,097,658.00	0.003	STERNE, AGEE & LEACH, INC.	720.00	14,400.00	0.050
OSCAR GRUSS AND SONS	696.00	23,200.00	0.030	STURDIVANT + CO	760.00	15,200.00	0.050
OTA LTD PARTNERSHIP	10,340.90	286,000.00	0.036	SUNTRUST EQUITABLE SECURITIES CORP	1,956.00	84,500.00	0.023
PACIFIC CREST SECURITIES	3,273.50	92,000.00	0.036	SUTRO ANDCOMPANY INC.	2,352.00	78,400.00	0.030
PACIFIC SECS INC	2,513.00	50,260.00	0.050	THOMAS WEISEL PARTNERS	26,473.50	1,896,300.00	0.014
PAINE WEBBER INCORPORATED	43,824.60	1,022,145.00	0.043	TORONTO DOMINION	491.00	15,000.00	0.033
PARETO FONDS	13,912.75	400,300.00	0.035	TORONTO DOMINION BANK, THE	245.66	7,500.00	0.033
PAULSEN, DOWLING SECURITIES INC.	2,685.00	89,500.00	0.030	TROSTER SINGER STEVENS ROTHCHILD CORP	13,303.50	994,094.00	0.013
PICTET AND CIE	3,261.32	800.00	4.077	U. S. CLEARING CORPORATION	4,628.50	147,400.00	0.031
PICTET ETCIE LONDON	878.72	33,050.00	0.027	UBS AG	29,695.67	1,301,950,000.00	0.000
PICTET OVERSEAS INC	170.96	1,150.00	0.149	UBS AG (FORMERLY SWISS BANK CO) ZURICH	6,577.88	9,800,476.00	0.001
PINATTON SOCIETE DE BOURSE SA	183.24	3,033.00	0.060	UBS AG LONDON	109,281.89	76,738,100.00	0.001
PIPER JAFFRAY INC	18,296.10	1,641,850.00	0.011	UBS BUNTING WARBURG INC., TORO	235.52	9,100.00	0.026
PRUDENTIAL SECURITIES INCORPORATED	46,941.30	1,836,860.00	0.026	UBS SECURITIES INC.	540.62	155,000.00	0.003
PULSE TRADING LLC	609.50	30,475.00	0.020	UBS WARBURG	10,668.85	513,600.00	0.021
PUTNAM LOVELL SECURITIES INC	10,535.00	279,400.00	0.038	UBS WARBURG (HONG KONG) LIMITED	46,914.09	10,770,996.00	0.004
QUANTITATIVE ANALYSIS(THRU BEAR STEARNS)	28,864.80	481,080.00	0.060	UBS WARBURG ASIA LIMITED	7.68	200.00	0.038
RABO SECURITIES NV	3,857.80	200,400.00	0.019	UBS WARBURG LLC	227,789.88	14,179,552.00	0.016
RAYMOND JAMES AND ASSOCIATES INC	24,128.80	911,500.00	0.026	UTENDAHL CAPITAL PARTNERS	5,799.00	193,300.00	0.030
RBC DOMINION SECURITIES	672.80	47,500.00	0.014	VICKER BALLAS	669.79	17,000.00	0.039
RBC DOMINION SECURITIES INC.	450.31	14,000.00	0.032	VONTOBEL SECURITIES	3,747.26	28,200.00	0.133
ROBB, PECK, MCCOOEY CLEARING CORPORATION	19,080.00	381,600.00	0.050	W I CARR	907.73	1,404,000.00	0.001
ROBBINS	2,700.00	90,000.00	0.030	W I CARR (FAR EAST) LONDON	3,741.42	242,240.00	0.015
ROBERT FLEMING	27,370.87	13,653,800.00	0.002	W R HAMBRECHT + CO LLC	6,795.00	216,000.00	0.031
ROBERT FLEMING & CO. LTD	17,047.57	125,395,812.00	0.000	W.I. CARR	4,794.39	389,060.00	0.012
ROBERT FLEMING + CO LIMITED LONDON	264.60	176,400.00	0.002	W.I. CARR(AMERICA) LIMITED	7,108.26	249,200.00	0.029
ROBERT FLEMING INC. BANK OF NEW YORK	2,828.78	1,764,000.00	0.002	W.I.CARR.OVERSEAS	2,946.58	26,060.00	0.113
ROBERT FLEMING SECURITIES LIMITED	8,680.59	5,875,400.00	0.001	WACHOVIA SECURITIES INS	24,374.00	526,400.00	0.046
ROBERT FLEMING SECS INC	3,645.85	1,173,000.00	0.003	WARBG UBSWARBURG LLC	2,489.78	80,200.00	0.031
ROBERT W BAIRD & CO., INCORPORATED	8,030.50	455,600.00	0.018	WARBURG DILLON READ	1,012.37	31,100.00	0.033
ROBINSON HUMPHREY	31,681.10	853,900.00	0.037	WARBURG DILLON REED	203.18	69,900.00	0.003
ROCHDALE SEC CORP(CLS THRU 443)	84,298.72	1,785,416.00	0.047	WARBURG FORMERLY S G WARBURG SECS	3,820.96	35,928,843.00	0.000
RUSSELL FRANK SECURITIES INC	245.00	4,900.00	0.050	WARBURG SECURITIES	136.50	26,800.00	0.005
SALOMAN BROS	8,830.09	238,904.00	0.037	WASSERSTEIN PERELLA COMPANY	7,379.40	239,500.00	0.031
SALOMAN BROTHERS INC.	1,913.74	229,900.00	0.008	WEDBUSH MORGAN SECURITIES, INC.	6,769.00	165,500.00	0.041
SALOMON BROS HONG KONG	27,788.60	4,961,340.00	0.006	WEEDEEN + CO.	72,522.35	1,776,717.00	0.041
SALOMON BROS INC	2,983.11	405,245.00	0.007	WESTLB SECS PACIFIC LTD TOKYO	1,254.31	57,000.00	0.022
SALOMON BROTHERS	21.11	6,300.00	0.003	WI CARR	6,933.49	3,654,800.00	0.002
SALOMON BROTHERS INC, NY	8,701.62	16,551,820.00	0.001	WILLIAMS CAPITAL GROUP(THE)	26,811.20	1,111,928.00	0.024
SALOMON BROTHERS INTERNATIONAL	78,209.55	115,392,660.00	0.001	WILLIAMS DE BROE	2,358.93	188,970.00	0.012
SALOMON BROTHERS NY	280.68	81,735.00	0.003	WIT SOUNDVIEW CORP	1,650.00	129,000.00	0.013
SALOMON SMITH BARNEY	26,047.69	3,875,713.00	0.007	WM SMITH SECURITIES INC	260.00	6,000.00	0.043
SALOMON SMITH BARNEY INC	431,111.55	18,438,971.00	0.023	WOOD + COSRO	2,222.24	26,721.00	0.083
SALOMON SMITH BARNEY INC SEG ACCT FBO	110.52	5,100.00	0.022	WOOD COMPANY SECS	3,169.48	49,551.00	0.064
SAMSUNG SECURITIES CO LTD	9,546.76	413,127.00	0.023	WOOD COMPANY SECURITIES	2,368.02	30,000.00	0.079
SANTANDERINVESTMENT SECURITIES INC	688.24	7,840.00	0.088	ZANNEK SECURITIES	6,533.67	261,779.00	0.025
SBC WARBURG LONDON	1,454.52	381,089.00	0.004	TOTAL	9,495,729.84		



Statistical

Section



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS

JUNE 30, 2001

	<u>Net Asset Value</u>
Retirement Funds	
Teachers' Retirement Fund	\$11,203,966,581
State Employees Retirement Fund	7,785,125,999
Connecticut Municipal Employees' Retirement Fund	1,297,727,524
State Judges Retirement Fund	135,740,148
The Probate Court Retirement Fund	66,678,879
State's Attorney Retirement Fund	732,869
Non-retirement Trust Funds	
Soldiers, Sailors and Marines Fund	57,510,479
Police and Firemen' Survivors' Benefit Fund	17,771,114
Connecticut Arts Endowment Fund	13,713,123
School Fund	8,947,649
The Ida Eaton Cotton Fund	2,009,223
Hopemead Fund	1,749,425
Andrew C. Clark Fund	945,226
Agricultural College Fund	590,862
TOTAL	<u>\$20,593,209,101</u>

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Teachers' Retirement Fund								
Book Value at June 30, 2000	\$257,734,037	\$989,170,649	\$3,295,279,194	\$740,984,430	\$312,932,338	\$98,223,055	\$1,039,142,560	\$6,733,466,263
Market Value at June 30, 2000	\$257,734,037	\$4,841,310,316	\$3,481,472,652	\$1,599,525,873	\$277,988,900	\$96,031,923	\$1,386,159,078	\$11,940,222,779
Shares Purchased	629,652,409	-	-	-	7,629,228	-	183,270,320	820,551,957
Shares Redeemed	(644,320,944)	-	-	-	(39,236,029)	(41,023,699)	-	(724,580,672)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(2,783,424)	(551,734)	-	(3,335,159)
Net Investment Income Earned	15,989,632	44,626,780	231,223,094	23,371,967	23,505,069	7,304,474	53,284,571	399,305,587
Net Investment Income Distributed	(15,989,632)	(44,626,780)	(231,223,094)	(23,371,967)	(23,505,069)	(7,304,474)	(53,284,571)	(399,305,587)
Changes in Market Value of Fund Shares	-	(504,198,597)	43,702,151	(233,182,094)	15,789,278	732,043	(151,735,108)	(828,892,326)
Market Value at June 30, 2001	\$243,065,502	\$4,337,111,719	\$3,525,174,803	\$1,366,343,779	\$259,387,953	\$55,188,533	\$1,417,694,290	\$11,203,966,581
Book Value at June 30, 2001	243,065,502	989,170,649	3,295,279,194	740,984,430	278,542,113	56,647,622	1,222,412,880	6,826,102,390
Shares Outstanding	243,065,502	5,324,972	32,123,810	5,887,525	4,096,983	756,954	13,637,062	304,892,809
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ 232.07	\$ 63.31	\$ 72.91	\$ 103.96	
State Employees' Retirement Fund								
Book Value at June 30, 2000	\$85,561,731	\$702,395,453	\$2,331,134,361	\$522,189,936	\$220,582,489	\$68,806,346	\$731,191,801	\$4,661,862,117
Market Value at June 30, 2000	\$85,561,731	\$3,350,136,085	\$2,480,241,222	\$1,129,319,968	\$196,337,927	\$67,632,427	\$975,708,984	\$8,284,938,346
Shares Purchased	302,045,862	-	-	-	5,388,369	-	128,025,926	435,460,157
Shares Redeemed	(298,929,775)	-	-	-	(27,711,612)	(28,891,771)	-	(355,533,158)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(1,908,015)	(232,283)	-	(2,140,298)
Net Investment Income Earned	5,144,347	30,881,266	164,725,994	16,501,407	16,601,154	5,144,326	37,496,505	276,494,999
Net Investment Income Distributed	(5,144,347)	(30,881,266)	(164,725,994)	(16,501,407)	(16,601,154)	(5,144,326)	(37,496,505)	(276,494,999)
Changes in Market Value of Fund Shares	-	(348,900,154)	31,133,916	(164,634,533)	11,093,785	359,270	(106,651,334)	(577,599,050)
Market Value at June 30, 2001	\$88,677,818	\$3,001,235,931	\$2,511,375,139	\$964,685,436	\$183,200,454	\$38,867,643	\$997,083,576	\$7,785,125,999
Book Value at June 30, 2001	88,677,818	702,395,453	2,331,134,361	522,189,936	196,351,231	39,682,292	859,217,727	4,739,648,818
Shares Outstanding	88,677,818	3,684,825	22,885,372	4,156,794	2,893,616	533,100	9,591,130	132,422,656
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ 232.07	\$ 63.31	\$ 72.91	\$ 103.96	
Municipal Employees' Retirement Fund								
Book Value at June 30, 2000	\$29,089,326	\$113,692,994	\$378,892,934	\$80,092,276	\$34,387,673	\$10,701,564	\$131,755,933	\$778,612,700
Market Value at June 30, 2000	\$29,089,326	\$554,325,785	\$401,171,095	\$173,198,323	\$30,738,870	\$10,593,856	\$174,104,252	\$1,373,221,508
Shares Purchased	49,954,319	-	-	-	843,609	-	14,458,980	65,256,908
Shares Redeemed	(37,238,661)	-	-	-	(4,338,559)	(4,525,570)	-	(46,102,790)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(279,187)	(4,144)	-	(283,330)
Net Investment Income Earned	2,050,163	5,109,727	26,643,903	2,530,741	2,599,096	805,800	6,648,554	46,387,984
Net Investment Income Distributed	(2,050,163)	(5,109,727)	(26,643,903)	(2,530,741)	(2,599,096)	(805,800)	(6,648,554)	(46,387,984)
Changes in Market Value of Fund Shares	-	(57,730,297)	5,035,812	(25,249,199)	1,717,320	24,033	(18,162,441)	(94,364,772)
Market Value at June 30, 2001	\$41,804,984	\$496,595,488	\$406,206,907	\$147,949,124	\$28,682,053	\$6,088,177	\$170,400,790	\$1,297,727,524
Book Value at June 30, 2001	41,804,984	113,692,994	378,892,934	80,092,276	30,613,537	6,171,851	146,214,913	797,483,488
Shares Outstanding	41,804,984	609,705	3,701,636	637,507	453,028	83,504	1,639,117	48,929,480
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ 232.07	\$ 63.31	\$ 72.91	\$ 103.96	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Probate Court Retirement Fund								
Book Value at June 30, 2000	\$ 1,938,168	\$ 5,608,744	\$ 20,779,729	\$ 4,984,897	\$ 1,975,587	\$ 634,603	\$ 3,742,230	\$ 39,663,958
Market Value at June 30, 2000	\$ 1,938,168	\$ 28,207,998	\$ 22,389,806	\$ 10,820,448	\$ 1,758,900	\$ 617,860	\$ 5,028,152	\$ 70,761,332
Shares Purchased	3,683,603	-	-	-	48,272	-	454,826	4,186,701
Shares Redeemed	(3,075,823)	-	-	-	(248,255)	(263,943)	-	(3,588,021)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(17,025)	(4,669)	-	(21,694)
Net Investment Income Earned	147,991	260,019	1,487,025	158,106	148,721	46,997	192,411	2,441,270
Net Investment Income Distributed	(147,991)	(260,019)	(1,487,025)	(158,106)	(148,721)	(46,997)	(192,411)	(2,441,270)
Changes in Market Value of Fund Shares	-	(2,937,724)	281,054	(1,577,427)	99,317	5,830	(530,489)	(4,659,438)
Market Value at June 30, 2001	\$ 2,545,948	\$ 25,270,274	\$ 22,670,860	\$ 9,243,021	\$ 1,641,208	\$ 355,078	\$ 4,952,489	\$ 66,678,879
Book Value at June 30, 2001	2,545,948	5,608,744	20,779,729	4,984,897	1,758,578	365,992	4,197,055	40,240,943
Shares Outstanding	2,545,948	31,026	206,592	39,828	25,923	4,870	47,639	2,901,826
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ 232.07	\$ 63.31	\$ 72.91	\$ 103.96	
Judges' Retirement Fund								
Book Value at June 30, 2000	\$ 3,387,516	\$ 12,521,422	\$ 35,923,026	\$ 7,984,311	\$ 3,237,790	\$ 1,051,697	\$ 18,123,559	\$ 82,229,322
Market Value at June 30, 2000	\$ 3,387,516	\$ 55,286,030	\$ 37,767,090	\$ 17,101,680	\$ 2,837,444	\$ 1,043,547	\$ 23,786,716	\$ 141,210,024
Shares Purchased	5,193,787	-	7,000,000	-	77,872	-	1,789,948	14,061,607
Shares Redeemed	(2,796,202)	-	-	-	(400,484)	(445,791)	(7,000,000)	(10,642,477)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(34,217)	635	1,918,313	1,884,731
Net Investment Income Earned	245,002	509,622	2,788,264	249,888	239,917	79,376	822,772	4,934,841
Net Investment Income Distributed	(245,002)	(509,622)	(2,788,264)	(249,888)	(239,917)	(79,376)	(822,772)	(4,934,841)
Changes in Market Value of Fund Shares	-	(5,757,767)	580,521	(2,493,118)	166,968	1,327	(3,271,668)	(10,773,738)
Market Value at June 30, 2001	\$ 5,785,101	\$ 49,528,263	\$ 45,347,611	\$ 14,608,562	\$ 2,647,583	\$ 599,717	\$ 17,223,310	\$ 135,740,148
Book Value at June 30, 2001	5,785,101	12,521,422	42,923,026	7,984,311	2,880,962	606,540	14,831,820	87,533,183
Shares Outstanding	5,785,101	60,809	413,239	62,948	41,818	8,226	165,674	6,537,814
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ 232.07	\$ 63.31	\$ 72.91	\$ 103.96	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2000	\$ 216,383	\$ 92,347	\$ 157,239	\$ -	\$ 6,006	\$ -	\$ -	\$ 471,976
Market Value at June 30, 2000	\$ 216,383	\$ 494,645	\$ 184,760	\$ -	\$ 5,916	\$ -	\$ -	\$ 901,703
Shares Purchased	45,620	-	-	-	162	-	-	45,782
Shares Redeemed	(164,863)	-	-	-	(835)	-	-	(165,698)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	28	-	-	28
Net Investment Income Earned	11,834	4,562	12,270	-	501	-	-	29,167
Net Investment Income Distributed	(11,834)	(4,562)	(12,270)	-	(501)	-	-	(29,167)
Changes in Market Value of Fund Shares	-	(51,515)	2,320	-	249	-	-	(48,946)
Market Value at June 30, 2001	\$ 97,140	\$ 443,131	\$ 187,080	\$ -	\$ 5,520	\$ -	\$ -	\$ 732,869
Book Value at June 30, 2001	97,140	92,347	157,239	-	5,361	-	-	352,088
Shares Outstanding	97,140	544	1,705	-	87	-	-	99,476
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ 63.31	\$ -	\$ -	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Soldiers' Sailors' & Marines' Fund								
Book Value at June 30, 2000	\$ 60,018	\$ 1,095,686	\$ 49,098,734	\$ -	\$ -	\$ -	\$ -	\$ 50,254,438
Market Value at June 30, 2000	\$ 60,018	\$ 6,236,802	\$ 51,220,230	\$ -	\$ -	\$ -	\$ -	\$ 57,517,049
Shares Purchased	3,165,952	-	-	-	-	-	-	3,165,952
Shares Redeemed	(3,165,945)	-	-	-	-	-	-	(3,165,945)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	5,304	57,490	3,401,809	-	-	-	-	3,464,603
Net Investment Income Distributed	(5,304)	(57,490)	(3,401,809)	-	-	-	-	(3,464,603)
Changes in Market Value of Fund Shares	-	(649,532)	642,956	-	-	-	-	(6,577)
Market Value at June 30, 2001	\$ 60,024	\$ 5,587,270	\$ 51,863,186	\$ -	\$ -	\$ -	\$ -	\$ 57,510,479
Book Value at June 30, 2001	60,024	1,095,686	49,098,734	-	-	-	-	50,254,445
Shares Outstanding	60,024	6,860	472,613	-	-	-	-	539,497
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -
Endowment for the Arts								
Book Value at June 30, 2000	\$ 957,692	\$ -	\$ 11,472,429	\$ -	\$ -	\$ -	\$ -	\$ 12,430,122
Market Value at June 30, 2000	\$ 957,692	\$ -	\$ 11,481,208	\$ -	\$ -	\$ -	\$ -	\$ 12,438,900
Shares Purchased	2,934,516	-	1,000,000	-	-	-	-	3,934,516
Shares Redeemed	(2,801,659)	-	-	-	-	-	-	(2,801,659)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	84,898	-	795,867	-	-	-	-	880,765
Net Investment Income Distributed	(84,898)	-	(795,867)	-	-	-	-	(880,765)
Changes in Market Value of Fund Shares	-	-	141,366	-	-	-	-	141,366
Market Value at June 30, 2001	\$ 1,090,549	\$ -	\$ 12,622,574	\$ -	\$ -	\$ -	\$ -	\$ 13,713,123
Book Value at June 30, 2001	1,090,549	-	12,472,429	-	-	-	-	13,562,978
Shares Outstanding	1,090,549	-	115,026	-	-	-	-	1,205,575
Market Value per Share	\$ 1.00	\$ -	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural College Fund								
Book Value at June 30, 2000	\$ 43,977	\$ 58,359	\$ 226,912	\$ -	\$ -	\$ -	\$ -	\$ 329,247
Market Value at June 30, 2000	\$ 43,977	\$ 339,380	\$ 238,890	\$ -	\$ -	\$ -	\$ -	\$ 622,247
Shares Purchased	21,198	-	-	-	-	-	-	21,198
Shares Redeemed	(20,237)	-	-	-	-	-	-	(20,236)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,205	3,128	15,865	-	-	-	-	21,199
Net Investment Income Distributed	(2,205)	(3,128)	(15,865)	-	-	-	-	(21,199)
Changes in Market Value of Fund Shares	-	(35,345)	2,999	-	-	-	-	(32,346)
Market Value at June 30, 2001	\$ 44,938	\$ 304,035	\$ 241,889	\$ -	\$ -	\$ -	\$ -	\$ 590,862
Book Value at June 30, 2001	44,938	58,359	226,912	-	-	-	-	330,209
Shares Outstanding	44,938	373	2,204	-	-	-	-	47,516
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Ida Eaton Cotton Fund								
Book Value at June 30, 2000	\$ 123,920	\$ 201,429	\$ 783,347	\$ -	\$ -	\$ -	\$ -	\$ 1,108,696
Market Value at June 30, 2000	\$ 123,920	\$ 1,158,800	\$ 833,726	\$ -	\$ -	\$ -	\$ -	\$ 2,116,446
Shares Purchased	71,933	-	-	-	-	-	-	71,933
Shares Redeemed	(68,939)	-	-	-	-	-	-	(68,936)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	5,880	10,680	55,373	-	-	-	-	71,932
Net Investment Income Distributed	(5,880)	(10,680)	(55,373)	-	-	-	-	(71,932)
Changes in Market Value of Fund Shares	-	(120,683)	10,466	-	-	-	-	(110,218)
Market Value at June 30, 2001	\$ 126,914	\$ 1,038,117	\$ 844,191	\$ -	\$ -	\$ -	\$ -	\$ 2,009,223
Book Value at June 30, 2001	126,914	201,429	783,347	-	-	-	-	\$ 1,111,691
Shares Outstanding	126,914	1,275	7,693	-	-	-	-	135,881
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -
Andrew Clark Fund								
Book Value at June 30, 2000	\$ 47,872	\$ 94,573	\$ 402,231	\$ -	\$ -	\$ -	\$ -	\$ 544,676
Market Value at June 30, 2000	\$ 47,872	\$ 541,003	\$ 405,339	\$ -	\$ -	\$ -	\$ -	\$ 994,214
Shares Purchased	34,540	-	-	-	-	-	-	34,540
Shares Redeemed	(32,274)	-	-	-	-	-	-	(32,274)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,632	4,986	26,922	-	-	-	-	34,544
Net Investment Income Distributed	(2,632)	(4,986)	(26,922)	-	-	-	-	(34,544)
Changes in Market Value of Fund Shares	-	(56,343)	5,088	-	-	-	-	(51,255)
Market Value at June 30, 2001	\$ 50,139	\$ 484,660	\$ 410,427	\$ -	\$ -	\$ -	\$ -	\$ 945,226
Book Value at June 30, 2001	50,139	94,573	402,231	-	-	-	-	\$ 546,943
Shares Outstanding	50,139	595	3,740	-	-	-	-	54,474
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -
School Fund								
Book Value at June 30, 2000	\$ 651,488	\$ 930,831	\$ 3,281,754	\$ -	\$ -	\$ -	\$ -	\$ 4,864,073
Market Value at June 30, 2000	\$ 651,488	\$ 5,353,511	\$ 3,459,925	\$ -	\$ -	\$ -	\$ -	\$ 9,464,923
Shares Purchased	357,847	-	-	-	-	-	-	357,847
Shares Redeemed	(361,013)	-	-	-	-	-	-	(361,013)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	46,434	49,347	229,792	-	-	-	-	325,576
Net Investment Income Distributed	(46,434)	(49,347)	(229,792)	-	-	-	-	(325,576)
Changes in Market Value of Fund Shares	-	(557,542)	43,432	-	-	-	-	(514,110)
Market Value at June 30, 2001	\$ 648,322	\$ 4,795,970	\$ 3,503,357	\$ -	\$ -	\$ -	\$ -	\$ 8,947,649
Book Value at June 30, 2001	\$ 648,322	\$ 930,831	\$ 3,281,754	\$ -	\$ -	\$ -	\$ -	\$ 4,860,907
Shares Outstanding	648,322	5,888	31,925	-	-	-	-	686,135
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Hopemead Fund								
Book Value at June 30, 2000	\$ 763,825	\$ 134,254	\$ 187,244	\$ -	\$ -	\$ -	\$ -	\$ 1,085,324
Market Value at June 30, 2000	\$ 763,825	\$ 766,652	\$ 224,425	\$ -	\$ -	\$ -	\$ -	\$ 1,754,903
Shares Purchased	71,548	-	-	-	-	-	-	71,548
Shares Redeemed	-	-	-	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	49,573	7,069	14,906	-	-	-	-	71,548
Net Investment Income Distributed	(49,573)	(7,069)	(14,906)	-	-	-	-	-
(71,548)								
Changes in Market Value of Fund Shares	-	-	(79,843)	2,817	-	-	-	-
(77,026)								
Market Value at June 30, 2001	\$ 835,373	\$ 686,809	\$ 227,242	\$ -	\$ -	\$ -	\$ -	\$ 1,749,425
Book Value at June 30, 2001	\$ 835,373	\$ 134,254	\$ 187,244	\$ -	\$ -	\$ -	\$ -	\$ 1,156,872
Shares Outstanding	835,373	843	2,071	-	-	-	-	838,287
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ -	\$ -	\$ -	\$ -
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2000	\$ 4,016,321	\$ 6,859,157	\$ 5,134,231	\$ -	\$ 444,557	\$ 147,176	\$ -	\$ 16,601,442
Market Value at June 30, 2000	\$ 4,016,321	\$ 8,399,634	\$ 5,048,812	\$ -	\$ 455,047	\$ 139,810	\$ -	\$ 18,059,624
Shares Purchased	839,407	-	-	-	12,488	-	-	851,896
Shares Redeemed	(226,602)	-	-	-	(64,226)	(59,725)	-	(350,554)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	4,442	(2,570)	-	1,872
Net Investment Income Earned	266,087	77,427	335,318	-	38,476	10,636	-	727,944
Net Investment Income Distributed	(266,087)	(77,427)	(335,318)	-	(38,476)	(10,636)	-	(727,944)
Changes in Market Value of Fund Shares	-	(874,780)	63,377	-	16,848	2,833	-	(791,723)
Market Value at June 30, 2001	\$ 4,629,127	\$ 7,524,854	\$ 5,112,189	\$ -	\$ 424,598	\$ 80,348	\$ -	\$ 17,771,114
Book Value at June 30, 2001	\$ 4,629,127	\$ 6,859,157	\$ 5,134,231	\$ -	\$ 397,261	\$ 84,881	\$ -	\$ 17,104,656
Shares Outstanding	4,629,127	9,239	46,586	-	6,706	1,102	-	4,692,760
Market Value per Share	\$ 1.00	\$ 814.49	\$ 109.74	\$ -	\$ 63.31	\$ 72.91	\$ -	\$ -

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY					PRIVATE INVESTMENT				
	FISCAL YEAR ENDED JUNE 30,					FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$909.17	\$835.47	\$708.74	\$558.77	\$434.79	\$115.01	\$81.40	\$87.28	\$86.79	\$102.98
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	7.54	8.87	8.46	8.84	8.32	3.66	18.12	4.23	11.84	17.96
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(93.84)	74.23	127.32	148.87	123.88	(10.59)	24.17	(5.30)	4.29	(14.09)
Total from Investment Operations	(86.30)	83.10	135.78	157.71	132.20	(6.93)	42.29	(1.07)	16.13	3.87
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(8.38)	(9.40)	(9.05)	(7.74)	(8.22)	(4.12)	(8.68)	(4.81)	(15.64)	(20.06)
Net Asset Value - End of Period	\$814.49	\$909.17	\$835.47	\$708.74	\$558.77	\$103.96	\$115.01	\$81.40	\$87.28	\$86.79
TOTAL RETURN	-9.55%	10.03%	19.38%	28.40%	30.74%	-6.25%	53.86%	-0.81%	18.55%	5.68%

	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$7,931	\$8,853	\$9,124	\$7,736	\$7,340	\$2,607	\$2,565	\$1,186	\$795	\$542
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.38%	0.22%	0.27%	0.17%	0.13%	0.38%	0.48%	1.21%	0.55%	0.06%
Ratio of Expenses to Average Net Assets	0.58%	0.43%	0.57%	0.56%	0.63%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	0.88%	1.01%	1.10%	1.42%	1.74%	3.38%	17.91%	5.28%	14.25%	17.65%

	INTERNATIONAL STOCK					MUTUAL FIXED INCOME				
	FISCAL YEAR ENDED JUNE 30,					FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$271.68	\$228.93	\$217.03	\$216.52	\$189.26	\$108.38	\$109.13	\$113.15	\$108.04	\$104.20
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	4.50	3.26	5.29	3.54	2.78	7.81	8.01	6.79	8.65	7.47
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(40.14)	42.68	9.34	(0.17)	26.76	0.75	(1.44)	(4.44)	3.21	
3.26 Total from Investment Operations	(35.64)	45.94	14.63	3.37		29.54	8.56	6.57	2.35	11.86
10.73 LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(3.97)	(3.19)	(2.73)	(2.86)	(2.28)	(7.20)	(7.32)	(6.37)		
(6.75) Distributions from Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00 Net Asset Value - End of Period	\$232.07	\$271.68	\$228.93	\$217.03	\$189.26	\$232.07	\$271.68	\$228.93	\$217.03	\$189.26
\$ 216.52	\$109.74	\$108.38	\$109.13	\$113.15	\$108.04	\$109.74	\$108.38	\$109.13	\$113.15	\$108.04
15.67%	8.03%	5.77%	2.64%	10.52%	10.62%	-13.29%	20.13%	6.77%	1.52%	
TOTAL RETURN										

	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$2,503	\$2,930	\$2,469	\$2,438	\$2,440	\$6,586	\$6,496	\$6,170	\$6,302	\$4,250
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.40%	0.36%	0.24%	0.52%	0.65%	0.20%	0.16%	0.17%	0.16%	0.23%
Ratio of Expenses to Average Net Assets	1.44%	1.46%	1.27%	1.71%	1.62%	0.87%	0.71%	0.69%	0.61%	0.67%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.79%	1.30%	1.98%	1.69%	1.45%	7.13%	6.79%	6.83%	7.09%	7.06%

	COMMERCIAL MORTGAGE					REAL ESTATE				
	FISCAL YEAR ENDED JUNE 30,					FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$73.17	\$74.97	\$77.12	\$72.87	\$71.67	\$60.56	\$59.48	\$58.53	\$54.06	\$51.91
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.89	6.98	6.24	8.33	6.70	0.99	2.34	1.71	6.33	3.58
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	0.52	(1.29)	(1.78)	5.01	0.66	7.54	3.00	0.03		
8.60 Total from Investment Operations	1.62	5.69	4.46	13.34	7.36	8.53	5.34	1.74	14.93	5.20
7.41 LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.67)	(7.49)	(6.61)	(9.09)	(6.16)	(5.78)	(4.26)	(0.79)		
(10.46) Net Asset Value - End of Period	\$72.91	\$73.17	\$74.97	\$77.12	\$72.87	\$63.31	\$60.56	\$59.48	\$58.53	\$54.06
TOTAL RETURN	10.88%	8.26%	6.10%	17.71%	9.82%	14.45%	9.18%	9.96%	25.63%	10.69%

	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$101	\$176	\$237	\$275	\$328	\$476	\$510	\$428	\$417	\$488
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.42%	0.39%	0.35%	0.32%	0.44%	32.00%	0.17%	0.42%	0.70%	0.70%
Ratio of Expenses to Average Net Assets	na	na	na	na	na	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	9.21%	9.22%	8.64%	9.43%	8.91%	2.26%	3.95%	6.65%	6.75%	5.86%

Source: Amounts were derived from custodial records.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30**

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Investment Income (1)	\$787,287	\$1,002,774	\$731,983	\$734,928	\$648,136	\$621,540	\$510,890	\$453,150	\$462,742	\$438,572
Expenses (1)	67,282	50,552	54,417	40,817	38,316	36,558	36,623	45,682	44,137	32,180
Net Investment Income	720,005	952,222	677,566	694,111	609,820	584,982	474,267	407,468	418,605	406,392
Realized Gains/(Losses)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686	(7,954)	539,865	387,899	433,240
Change in Unrealized Gains/(Losses)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)	998,758	(473,565)	357,989	(143,362)
Total	<u>\$ (787,043)</u>	<u>\$ 2,565,716</u>	<u>\$ 1,881,644</u>	<u>\$ 2,725,932</u>	<u>\$ 2,614,764</u>	<u>\$ 1,721,702</u>	<u>\$ 1,465,070</u>	<u>\$ 473,768</u>	<u>\$ 1,164,493</u>	<u>\$ 696,270</u>

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.

Source: Amounts were derived from Custodial Records.

**PENSION AND TRUST FUNDS
BALANCES ⁽¹⁾ IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2001**

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Judges Retirement Fund		Probate Court Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
CRA	\$243,066	2.17%	\$88,678	1.14%	\$41,805	3.22%	\$5,785	4.26%	\$2,546	3.82%	\$97	13.25%	\$7,485	7.25%
MEF	4,337,112	38.71%	3,001,236	38.55%	496,595	38.27%	49,528	36.49%	25,270	37.90%	443	60.47%	20,422	19.78%
ISF	1,366,344	12.20%	964,685	12.39%	147,949	11.40%	14,609	10.76%	9,243	13.86%	-	0.00%	-	0.00%
REF	259,388	2.32%	183,200	2.35%	28,682	2.21%	2,648	1.95%	1,641	2.46%	6	0.75%	425	0.41%
MFIF	3,525,175	31.46%	2,511,375	32.26%	406,207	31.30%	45,348	33.41%	22,671	34.00%	187	25.53%	74,825	72.48%
CMF	55,189	0.49%	38,868	0.50%	6,088	0.47%	600	0.44%	355	0.53%	-	0.00%	80	0.08%
PIF	1,417,694	12.65%	997,084	12.81%	170,401	13.13%	17,223	12.69%	4,952	7.43%	-	0.00%	-	0.00%
Total	<u>\$11,203,967</u>	<u>100.00%</u>	<u>\$7,785,126</u>	<u>100.00%</u>	<u>\$1,297,728</u>	<u>100.00%</u>	<u>\$135,740</u>	<u>100.00%</u>	<u>\$66,679</u>	<u>100.00%</u>	<u>\$733</u>	<u>100.00%</u>	<u>\$103,237</u>	<u>100.00%</u>

(1) Based on Net Asset Value

Source: Amounts were derived from custodial records.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT
JUNE 30, 2001**

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)			
State Street Global Advisors	Active	\$ 1,356,939,397	100.0%
SUBTOTAL CRA		\$ 1,356,939,397	100.0%
MUTUAL EQUITY FUND (MEF)			
Large Cap		\$ 5,840,907,591	73.7%
State Street Global Advisors	Passive - Indexed	1,821,549,047	23.0%
J.P. Morgan Investment Management, Inc.	Passive - Enhanced	2,112,103,660	26.6%
BGI Barclays Global Investors, N.A.	Passive - Enhanced	1,907,254,884	24.1%
Small/Mid Cap		\$ 708,755,870	8.9%
The Travelers Investment Management Co.	Passive-Enhanced	333,240,012	4.2%
AXA Rosenberg Investment Management	Passive-Enhanced	375,515,858	4.7%
Small/Mid Cap		\$ 1,377,227,844	17.4%
Brown Capital Management, Inc.	Active	380,679,270	4.8%
ValueQuest Ltd.	Active	290,623,570	3.7%
Cowen Asset Management	Active	308,622,451	3.9%
Dresdner RCM Global Investors LLC	Active	244,152,137	3.1%
Alliance Capital	Active	153,150,416	1.9%
Other ⁽¹⁾		\$ 3,715,214	0.0%
SUBTOTAL MEF		\$ 7,930,606,519	100.0%
INTERNATIONAL STOCK FUND (ISF)			
EAFE - Europe		\$ 527,894,231	21.1%
State Street Global Advisors	Passive - Enhanced	527,894,231	21.1%
Core		\$ 1,638,674,580	65.5%
Morgan Stanley Asset Management	Active	675,230,774	27.0%
Grantham, Mayo, Van Otterloo & Co.	Active	616,304,760	24.6%
Smith Barney Capital Management	Active	196,974,764	7.9%
DSI International Management	Active	150,164,282	6.0%
Emerging		\$ 321,705,422	12.8%
Morgan Stanley Asset Management	Active	188,684,160	7.5%
Pictet International Management	Active	133,021,262	5.3%
Other ⁽¹⁾		\$ 14,555,688	0.6%
SUBTOTAL ISF		\$ 2,502,829,921	100.0%
REAL ESTATE FUND (REF)			
Aldrich, Eastman, & Waltch, L.P.	Active	\$151,920,738	31.9%
Apollo Real Estate	Active	84,491,403	17.8%
Walton Street Real Estate Fund II L.P.	Active	94,446,436	19.8%
Tishman	Active	51,827,403	10.9%
CIGNA Investment Management	Active	14,895,312	3.1%
Wachovia Bank of Georgia, N.A.	Active	15,091,104	3.2%
Westport Senior Living.	Active	57,119,104	12.0%
Other ⁽¹⁾	Active	6,197,871	1.3%
SUBTOTAL REF		\$ 475,989,371	100.0%
MUTUAL FIXED INCOME FUND (MFIF)			
Core		\$ 5,318,156,309	80.8%
State Street Global Advisors	Passive-Enhanced	1,422,665,067	21.6%
BlackRock Financial Management, Inc.	Active	1,150,318,565	17.5%
Western Asset Management Co.	Active	772,871,949	11.8%
Wellington	Active	1,022,240,077	15.5%
J.P. Morgan Investment Management Inc.	Active	639,531,447	9.7%
Phoenix	Active	310,529,204	4.7%
Convertibles		\$ 311,076,867	4.7%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2001**

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Oaktree Capital Management, L.L.C. High Yield	Active	\$ 311,076,867	4.7%
Loomis Sayles & Co., Inc.	Active	\$ 864,231,329	13.1%
W.R. Huff Asset Management	Active	316,178,017	4.8%
Oaktree Capital Management, L.L.C.	Active	266,218,202	4.0%
Triumph II LP	Active	220,651,745	3.4%
Other ⁽¹⁾		\$ 61,183,365	0.9%
SUBTOTAL MFIF		\$ 6,585,787,456	100.0%
COMMERCIAL MORTGAGE FUND (CMF)			
Aldrich, Eastman Walth	Active	\$ 95,216,139	94.1%
Other ⁽²⁾		5,963,357	5.9%
SUBTOTAL CMF		\$ 101,179,496	100.0%
PRIVATE INVESTMENT FUND (PIF)			
Corporate Buyout		\$809,428,829	31.0%
Hicks, Muse Tate & Furst Equity Fund III	Active	116,784,462	4.5%
SCP Private Equity Partners	Active	55,974,458	2.1%
DLJ Merchant Banking Fund II	Active	45,334,974	1.7%
Conning Insurance Capital Fund V	Active	31,270,025	1.2%
Veritas Capital Fund	Active	173,935,370	6.7%
Thomas H. Lee Equity Fund IV	Active	75,212,252	2.9%
KKR 1996 Fund	Active	43,816,879	1.7%
Greenwich Street Capital Partners II	Active	42,840,017	1.6%
Welsh Carson Anderson & Stowe VIII	Active	40,641,465	1.6%
Wellspring Capital Partners II	Active	28,787,667	1.1%
Blackstone Capital Partners III	Active	19,796,117	0.8%
Thayer Equity Investors IV	Active	32,722,262	1.2%
Kelso Investment Associates VI	Active	17,840,548	0.7%
Green Equity Investors III	Active	16,435,135	0.6%
Forstmann Little Equity Fund VI ⁽⁴⁾	Active	68,037,198	2.6%
Venture Capital		\$355,783,297	13.7%
Crescendo World Fund	Active	125,825,557	4.8%
Pioneer Ventures Associates	Active	44,385,920	1.7%
Crescendo III	Active	37,120,011	1.4%
Connecticut Futures Fund	Active	14,662,177	0.6%
CT Financial Development Fund	Active	15,702,654	0.6%
Keystone Ventures V	Active	22,414,150	0.9%
Shawmut Equity Partners	Active	36,537,531	1.4%
Grotech Partners V	Active	35,002,053	1.3%
Connecticut Greene Ventures	Active	3,822,896	0.2%
RFE Investment Partners VI	Active	13,095,324	0.5%
Triumph Capital Investors II	Active	7,215,024	0.3%
Mezzanine		\$437,465,485	16.8%
Welsh Carson Anderson & Stowe Capital Part III	Active	86,801,892	3.3%
Triumph Capital Partners III	Active	92,701,727	3.6%
Triumph CT Partners	Active	44,790,435	1.7%
GarMark Partners	Active	50,800,271	2.0%
SW Pelham Fund	Active	32,391,299	1.2%
Forstmann Little MBO VII ⁽⁴⁾	Active	129,979,861	5.0%
International		\$234,137,656	9.0%
Compass European Partners	Active	68,782,401	2.6%
Carlyle Europe Partners	Active	41,609,828	1.6%
Gilbert Global Equity Fund	Active	68,424,148	2.6%
AIG Global Emerging Markets Fund	Active	32,952,141	1.3%
Carlyle Asia Partners	Active	22,369,138	0.9%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2001

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Fund of Funds		\$730,675,977	28.0%
Crossroads Constitution Fund	Active	558,320,888	21.4%
Goldman Sachs Private Equity Fund	Active	61,254,063	2.4%
Landmark Private Equity Fund VIII	Active	89,835,107	3.4%
Lexington Capital Partners II	Active	21,265,919	0.8%
Other ⁽¹⁾		39,863,212	1.5%
SUBTOTAL PIF		\$ 2,607,354,456	100.0%
TOTAL		\$ 21,560,686,616	
Adjustments ⁽³⁾		(967,477,518)	
GRAND TOTAL		\$ 20,593,209,098	

- (1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances and \$22,138,169 in marketable securities.
- (2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.
- (3) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in CRA.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

SCHEDULE OF CONSULTING SERVICES IN EXCESS OF \$5,000⁽¹⁾ FOR PERIODS ENDED JUNE 30

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2001	2000	1999	1998	1997
CONSULTING SERVICES						
Deloitte & Touche LLP	Pension Funds Consultant	-	-	-	5,127	77,286
Evans Associates	Pension Funds Consultant	-	-	-	6,000	58,191
Ferrell Capital Management	International Equity	-	7,500	37,500	155,000	-
Horton International Maryland	Pension Funds Consultant	22,101	42,536	-	-	-
Irwin Tepper Assoc. Inc.	Pension Funds Consultant	-	15,000	25,000	15,000	15,000
Pamela J. Bartol	Pension Funds Consultant	40,865	14,377	-	-	-
Robert Morgan	Pension Funds Consultant	16,401	-	-	-	-
Rogers Casey Consulting Inc.	Pension Funds Consultant	157,500	257,000	210,000	210,000	210,000
Sidney Lipshires	Pension Funds Consultant	-	-	6,530	-	-
Sovereign Financial Services, Inc.	Pension Funds Consultant	997,751	-	-	-	-
Susan B. Sweeney	Pension Funds Consultant	91,172	-	-	-	-
Thompson Proxy Services Inc.	Pension Funds Consultant	75,250	-	-	-	-
TOTAL CONSULTING SERVICES COMPENSATION		\$1,401,040	\$336,413	\$279,030	\$391,127	\$360,477

(1) Expenses are presented on a cash basis.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2001 ⁽¹⁾

Cash Reserve Account ⁽²⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$391,346,777	\$391,346,777	1.85%	6.35%
2000	378,683,486	378,683,486	1.67%	5.96%
1999	227,101,012	227,101,012	1.11%	5.46%
1998	409,767,394	409,767,394	2.17%	5.86%
1997	640,227,925	640,227,925	3.57%	5.70%
1996	217,728,153	217,728,153	1.57%	5.90%
1995	594,092,737	594,092,737	4.80%	5.83%
1994	400,801,402	400,801,402	3.66%	3.70%
1993	360,298,297	360,298,297	3.39%	4.02%
1992	320,988,105	320,988,105	3.41%	5.89%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$2,449,711,883	\$2,466,657,788	11.63%	(13.29)%
2000	2,315,776,890	2,928,693,346	12.89%	20.13%
1999	1,937,731,869	2,436,960,573	11.94%	6.77%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%
1997	2,056,745,949	2,988,188,715	16.64%	15.67%
1996	2,013,932,947	2,080,961,453	14.98%	12.58%
1995	1,629,499,154	1,881,836,637	15.21%	2.27%
1994	1,681,401,549	2,047,505,365	18.70%	20.97%
1993	1,790,846,646	1,948,549,126	18.36%	13.20%
1992	1,436,422,448	1,360,522,434	14.46%	2.11%

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$ 7,363,064,249	\$7,218,746,648	34.04%	8.03%
2000	7,463,463,748	7,282,002,823	32.06%	5.77%
1999	6,943,741,512	6,762,463,935	33.13%	2.64%
1998	6,798,694,018	6,826,179,406	36.22%	10.52%
1997	4,612,052,907	4,902,597,809	27.30%	10.62%
1996	3,946,699,249	3,961,751,213	28.51%	5.97%
1995	2,493,278,232	2,576,238,602	20.82%	13.00%
1994	2,395,459,874	2,333,628,878	21.31%	(0.07%)
1993	2,396,492,799	2,492,239,958	23.48%	13.84%
1992	2,312,419,702	2,429,003,128	25.83%	17.07%

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$92,793,153	\$100,727,402	0.47%	10.88%
2000	168,263,689	175,216,208	0.77%	8.26%
1999	231,513,066	235,232,350	1.15%	6.10%
1998	262,476,294	271,419,535	1.44%	17.71%
1997	343,534,264	324,002,103	1.80%	9.82%
1996	467,004,415	442,659,307	3.19%	6.46%
1995	464,667,416	455,820,517	3.68%	15.46%
1994	481,528,231	439,917,392	4.02%	(2.90%)
1993	484,589,826	483,295,439	4.55%	9.05%
1992	356,687,815	349,504,144	3.72%	10.54%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
\$6,649,619,519	\$7,949,775,481	37.49%	(9.55)%	
6,578,261,062	8,876,068,150	39.08%	10.03%	
6,321,181,834	9,137,539,233	44.77%	19.38%	
5,597,631,659	7,735,628,862	41.04%	28.40%	
5,740,662,847	8,072,686,952	44.95%	30.74%	
5,473,247,153	5,722,251,986	41.19%	23.98%	
3,626,292,305	4,666,476,576	37.71%	23.20%	
3,281,944,393	3,666,548,982	33.48%	0.52%	
2,684,910,855	3,568,316,032	33.61%	17.10%	
2,529,490,941	3,171,585,397	33.72%	10.67%	

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
\$407,455,431	\$476,011,373	2.24%	14.45%	
464,709,616	510,010,943	2.25%	9.18%	
442,674,319	428,221,842	2.10%	9.96%	
445,482,545	416,617,227	2.21%	25.63%	
553,333,465	488,413,514	2.72%	10.69%	
1,172,793,083	985,747,371	7.09%	0.83%	
1,198,474,807	1,068,615,573	8.63%	(2.78%)	
1,455,508,818	1,100,002,995	10.05%	(3.95%)	
1,348,453,216	978,014,999	9.21%	(7.68%)	
1,237,086,506	985,482,361	10.48%	(15.36%)	

International Bond Fund ⁽³⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
\$695,139,207	\$749,095,597	6.05%	19.10%	
624,328,836	657,973,564	6.01%	7.27%	
574,207,418	600,603,560	5.66%	11.11%	
531,177,878	579,853,055	6.17%	27.01%	

Residential Mortgage Fund ⁽⁴⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
\$50,630,376	\$48,602,786	0.39%	11.54%	
73,484,931	67,780,499	0.62%	(2.38%)	
25,055,151	25,530,507	0.24%	1.55%	
79,163,570	79,804,310	0.85%	9.30%	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2001 (Continued)

Private Investment Fund ⁽⁵⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$2,217,285,786	\$2,603,713,046	12.28%	6.25%
2000	1,879,100,932	2,561,042,272	11.28%	53.86%
1999	1,138,252,584	1,182,905,063	5.80%	(0.81%)
1998	715,880,779	794,324,372	4.21%	18.55%
1997	496,527,964	542,174,959	3.02%	5.68%
1996	198,233,821	302,481,786	2.18%	43.78%
1995	167,316,010	222,837,361	1.80%	25.39%
1994	164,964,030	169,773,008	1.55%	5.20%
1993	135,432,242	134,922,131	1.27%	3.15%
1992	110,123,666	114,773,181	1.22%	2.65%

Connecticut Programs Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
	—	—	—%	—%
	—	—	—%	—%
	—	—	—%	—%
	—	—	—%	—%
	—	—	—%	—%
	\$172,656,335	\$179,638,107	1.29%	14.24%
	122,511,963	112,633,665	0.91%	(5.86%)
	87,711,051	66,076,102	0.60%	3.38%
	40,927,545	19,576,472	0.18%	(1.75%)
	31,113,182	10,774,932	0.11%	(48.51%)

Mutual Mortgage Fund⁽⁶⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	—	—	—	—
2000	—	—	—	—
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	—	—	—	—
1994	—	—	—	—
1993	\$3,899,616	\$3,903,265	0.04%	26.92%
1992	3,780,230	3,269,669	0.03%	8.88%

Total Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	\$19,571,276,798	\$21,206,978,515	100.00%	(3.68)%
2000	19,248,259,423	22,711,717,228	100.00%	13.13%
1999	17,242,196,196	20,410,424,008	100.00%	10.49%
1998	16,218,449,530	18,848,711,553	100.00%	17.19%
1997	14,443,085,321	17,958,291,977	100.00%	19.35%
1996	13,662,295,156	13,893,219,375	100.00%	14.14%
1995	11,041,902,207	12,376,250,052	100.00%	13.48%
1994	10,647,133,115	10,950,008,187	100.00%	3.74%
1993	9,845,113,611	10,615,249,786	100.00%	11.81%
1992	8,948,454,043	9,405,560,716	100.00%	8.07%

- (1) All rates of return are net of management fees and division operating expenses.
- (2) The market value of CRA for the periods presented represents the market value of the pension and trust balances in CRA only (excluding receivables and payables); the CRA balances of the other combined investment funds are shown in the market value of each fund.
- (3) The International Bond Fund merged with The Mutual Fixed Income Fund in March 1996.
- (4) Residential Mortgage Fund was merged with the Commercial Mortgage Fund in November 1995.
- (5) The Connecticut Programs Fund merged with Venture Capital Fund in December 1996. In fiscal year 1999, the Venture Capital Fund was renamed as the Private Investment Fund.
- (6) In May 1994, the operations of the Mutual Mortgage Fund were discontinued; the assets were sold and shares were redeemed by the Retirement Funds.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2001 (Continued)

MUTUAL FIXED INCOME FUND

MFIF					% of
Security Name	Coupon	Maturity	Security Type	Market Value	Net
Assets					
GNMA-TBA	6.50%	12/15/2031	U.S. Govt. Agency	134,116,536	1.86%
FHLMC-TBA	6.50%	12/31/2031	U.S. Govt. Agency	102,993,651	1.42%
FNMA-TBA	6.50%	12/01/2031	U.S. Govt. Agency	67,737,770	0.94%
FNMA-TBA	6.50%	12/31/2031	U.S. Govt. Agency	64,260,250	0.89%
U.S. Treasury Bonds	8.50%	02/15/2020	U.S. Govt. Agency	63,531,434	0.88%
Triumph Conn II LP	NA	NA	NA	61,136,400	0.85%
FNMA-TBA	6.00%	12/31/2031	U.S. Govt. Agency	49,988,750	0.69%
FHLMC-TBA	7.50%	12/31/2031	U.S. Govt. Agency	49,816,767	0.69%
FNMA	5.50%	02/15/2006	U.S. Govt. Agency	48,980,608	0.68%
GNMA-TBA	7.00%	12/31/2031	U.S. Govt. Agency	46,200,750	0.64%
TOTAL				\$688,762,916	9.54%

COMMERCIAL MORTGAGE FUND

CMF					% of
Property Name	Location	Property Type		Market Value	Net
Assets					
SASCO	Various	Other	\$	39,304,044	39.02%
57 Park Plaza	Boston, MA	Hotel		16,769,255	16.65%
Greenhill Apts.	Detroit, MI	Residential		16,219,388	16.10%
Sheraton Denver West	Lakewood, CO	Hotel		7,574,316	7.52%
North Haven Crossing	No. Haven, CT	Retail		6,961,370	6.91%
Biderman	Secaucus, NJ	Warehouse		6,387,838	6.34%
1992LB M1 Class B	Various	Residential		1,571,916	1.56%
Yankee Mac E 10.50%	Various	Residential		833,220	0.83%
Yankee Mac F 12.981%	Various	Residential		333,329	0.33%
Yankee Mac G 9.85%	Various	Residential		231,295	0.23%
TOTAL			\$	96,185,971	95.49%

PRIVATE INVESTMENT FUND

of					Percent
Date of					PIF
Purchase	Company	Industry		Market Value	Net
Assets					
01/20/00	XO Communications, Inc.	Communications	\$	94,920,970	3.64%
11/01/98	Integrated Defense Technologies	Electronics		86,898,250	3.34%
06/26/01	Citadel Communications Corp.	Communications		69,443,545	2.67%
10/16/96	Clear Channel Communications	Communications		53,999,449	2.07%
12/27/96	Rossi American Hardwoods	Industrial Products		34,490,018	1.32%
09/15/99	McLeod USA	Communications		31,453,549	1.21%
01/07/99	BC Components Holdings B.V.	Electronics		31,141,017	1.20%
09/30/00	TRAK Communications, Inc.	Communications		27,807,440	1.07%
06/28/01	Raytheon Aerospace Company	Services		26,606,817	1.02%
05/02/98	LIN Holdings Corporation	Communications		23,448,508	0.90%
TOTAL			\$	480,209,563	18.44%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2001

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	% of MEF Net Assets
General Electric	Technology	263,857,913	33.32%
Microsoft	Technology	197,838,030	24.9%
CitiGroup Inc.	Finance	182,191,369	2.29%
Exxon Mobil Corp.	Energy	161,374,233	2.03%
Pfizer Inc.	Health Care	156,126,915	1.96%
AOL Time Warner Inc.	Telecommunications	130,855,357	1.65%
Johnson & Johnson	Health Care	112,725,772	1.42%
Wal Mart Stores Inc.	Consumer Non-Durables	111,825,200	1.41%
American Int'l Group Inc.	Finance	109,165,046	1.37%
Intel Corp.	Technology	106,075,710	1.33%
TOTAL		\$1,532,035,545	19.27%

INTERNATIONAL STOCK FUND

Security Name Assets	Country	Market Value	% of ISF Net
Vodafone Airtouch ORD USD .10	United Kingdom	30,158,308	1.22%
Glaxosmithkline ORD GBP .25	United Kingdom	29,930,454	1.21%
Total FINA Elf Eur 10	Spain	27,709,792	1.12%
Deutsche Telekom ORD NPV	Germany	26,738,722	1.08%
ENI EUR1	Italy	26,721,585	1.08%
Aventis SA Eur 3.82	France	25,892,439	1.05%
Telefonica SA Eur 1	Spain	21,830,774	0.89%
BP Amoco ORD USD 0.25	United Kingdom	20,621,279	0.84%
Nestle SA CHF1	Switzerland	19,883,668	0.81%
AXA Eur 2.29	France	18,933,418	0.77%
TOTAL		\$248,420,439	10.07%

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	% of REF Net Assets
AEW Partners III	Various	Various	\$ 100,216,998	21.05%
Walton Street RE II LP Fd 2	Various	Various	94,446,436	19.84%
Apollo Real Est Invest Fd III	Various	Various	84,491,403	17.75%
Westport Senior Living Inv	Various	Senior Living	57,119,104	12.00%
Tishman Goodwin Center	Hartford, CT	Mixed Use	51,827,403	10.89%
Union Station LTD LP	Washington, DC	Mixed Use	33,180,833	6.97%
AEW 221 Trust	Various	Various	18,522,907	3.89%
Worcester Center	Worcester, MA	Retail/Office	14,895,312	3.13%
Wachovia Timbid Dublin	Various	Timber	13,581,994	2.85%
Wachovia Timbid Balls	Various	Timber	1,509,111	0.32%
TOTAL			\$469,791,501	198.69%

GLOSSARY OF INVESTMENT TERMS

- Agency Securities** - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.
- Alpha** - A measurement of the difference between the actual performance of a fund and its expected performance given the overall return of the market and the fund's beta. Positive alpha indicates successful management of risk while a negative alpha suggests unsuccessful management.
- Asset** - Anything owned that has value; any interest in property, tangible or intangible, that can be used for payment of debts.
- Asset Backed Security** - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.
- 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%. A yield that changed from 8.75% to 9.50% 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.
- Beta** - A measure of the volatility associated with the price movement of a stock in relation to the price movement of the overall stock market or benchmark.
- Book Value (BV)** - The value of individual assets, calculated as actual cost less allowances for any depreciation. Book value may be more or less than current market value.
- Capital Gain(Loss)** - Also known as capital appreciation(depreciation), capital gain(loss) measures the increase(decrease) in value of an asset over time.
- Certificates of Deposit (CDs)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.
- Coefficient of Determination (R^2)** - A statistic which indicates the amount of variability in a dependent variable, such as Fund returns, which may be explained by an independent variable, such as market returns, in a regression model. The coefficient of determination is denoted R^2 and ranges from 0 to 1.0. If the statistic measures 0, the independent variable offers no explanation of the dependent variable. If the statistic measures 1.0, the independent variable fully explains the dependent variable.
- Collateral** - Property offered as security, usually as an inducement to another party, to lend money or extend credit.
- Collateralized Mortgage Obligation (CMO)** - A generic term for a security backed by real estate mortgages. CMO payment obligations are covered by interest and/or principal payments from a pool of mortgages.
- Commercial Paper** - Short-term obligations with maturities ranging from 1 to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.
- 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 consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.
- 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%.
- 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 or interest on interest.
- Derivative** - Derivatives are generally defined as contracts whose value depends on, or derives 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** - The spreading of risk by putting assets in several different securities or categories of investments.
- Duration** - A measure of the average time to receipt of all bond cash flows. Duration is used to determine the percentage change in price of a fixed income security for a given change in the security's yield to maturity. Duration is stated in terms of time periods, generally years. (See Modified and Macaulay duration).
- Equity** - The ownership interest possessed by shareholders in a corporation.
- ERISA (Employee Retirement Income Security Act)** - The 1974 law governing the operation of most private pension and benefit plans. The law eased pension eligibility rules, set up the Pension Benefit Guarantee Corporation, and established guidelines for the management of pension funds.
- Expense Ratio** - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

- 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 charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates since it is set daily by the market.
- Federal Reserve Board** - The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.
- 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.
- 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.
- Gross Domestic Product** - Total final 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 overall risk of a portfolio, usually at the expense of potential reward.
- IBC Index (Formerly Donoghue's)** - 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.
- Index** - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Example: S&P 500 index.
- Index Fund** - A fund whose portfolio attempts to replicate that of a broadbased index such as the S&P 500 so as to match its performance.
- Inflation** - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.
- 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 local markets instruments. The EMBI+ expands upon Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.
- LB Aggregate Index** - An index made up of Government, Corporate, Mortgage Backed, and Asset Backed securities, all rated investment grade. Returns are market value weighted inclusive of interest. Issues must have at least one year to maturity and an outstanding par value of at least \$100 million.
- 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.
- Liability** - The claim on the assets of a company or individual - excluding ownership equity. The obligation to make a payment to another.
- Leverage** - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.
- Macaulay Duration** - The present value weighted time to maturity of the cash flows of a fixed payment instrument or of the implicit cash flows of a derivative based on such an instrument.
- Market Value** - The price at which buyers and sellers trade similar items in an open marketplace. Stocks are considered liquid and are therefore valued at a market price. Real estate is illiquid and valued on an appraised basis.
- 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** - Subordinated debt.
- Modified Duration** - A measurement of the change in the value of an instrument in response to a change in interest rates. 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 company which is one of the best known bond rating agencies in the country. Moody's investment grade ratings are assigned to certain municipal short-term debt securities, classified as MIG-1, 2, 3, and 4 to signify best, high, favorable, and adequate quality, respectively. All four are investment grade or bank quality.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

- 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 19 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.
- Net Asset Value (NAV) - The total assets minus liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense. NAV is similar to Shareholders' Equity.
- NCREIF (National Council of Real Estate Investment Fiduciaries) - An index consisting of investment-grade, non-agricultural, income-producing properties: apartments, hotels, offices, and warehouses. Its return includes appreciation, realized capital gains, and income. It is computed by adding the income return and capital appreciation return generated by the properties in the index, on a quarterly basis.
- 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.
- 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.
- 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 receipt of one dollar a year from now has a present value of \$0.89286.
- Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.
- 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.
- 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.
- Relative Volatility - A ratio of the standard deviation of the Fund to 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") - An agreement 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. Repos are widely used as a money market instrument.
- Reverse Repurchase Agreements ("Reverse Repos") - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.
- 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.
- 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. The largest security has a market capitalization of approximately \$85 billion; the smallest is approximately \$90 million.
- Salomon Brothers Broad Investment-Grade Bond Index (SBIG) - 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.
- Salomon Brothers World Government Bond Index Non-U.S. (SWGBI) - An unhedged index measuring government issues of 12 major industrialized countries.
- 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.
- 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 business.
- S&P 500 (Standard & Poor's) - The composite price average of 425 industrial stocks, 50 utility stocks, and 25 railroad stocks.
- S&P Ratings -
- AAA - Debt having the highest rating assigned by Standard & Poor's. It has the highest capacity to pay interest and its ability to repay principal is extremely strong.
 - AA - Debt having a very strong capacity to pay interest and repay principal. AA rated debt differs from the higher rated issues by only a small degree.
 - A - Debt which has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of change in circumstances and economic conditions than debt in higher rated categories.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

BBB - Debt regarded as having an adequate capacity to pay interest and repay principal. BBB is the lowest rating assignable to investment grade securities. Although debt rated BBB normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, and CC - These ratings are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance to the terms of the obligation.

C - These ratings are reserved for income bonds on which no interest is being paid.

D - These ratings are for debt which is in default. No interest or repayment of principal is being paid.

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.

Thomson Bank Watch - Rating agency for banks. Thomson's ratings on short-term securities span from TBW-1 through TBW-4. Long-term investments are rated A through E.

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.

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 or sales divided by the fiscal year's beginning and ending market values for a given portfolio.

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.

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.

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.

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the 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 advisors.

To bring accountability and perspective to Fund performance and measurements of risk and return, The Connecticut Retirement Plans and Trust Funds are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much Fund returns exceeded or fell short of the benchmarks. Each Fund's benchmark is selected on the basis of portfolio composition, investment style, and objectives.

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 average age of plan participants is relatively low and requires 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 broader 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 the 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. As an investment tool, investors assume risk to enhance portfolio returns. These enhancements, viewed as returns in excess of those available on "risk-free" investments, such as Treasury Bills, vary 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 prices 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.

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 substantially discounted value.

VOLATILITY

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Standard deviation is one of the most widely accepted and descriptive risk measures used by investment professionals today. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the Funds' standard deviation, each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the Fund is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 signifies an equal degree of volatility between the Fund and the benchmark.

As an extension of standard deviation, each Fund's beta, or a measure of the relative price fluctuation of the Fund 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 Fund returns and the benchmark, the Division calculates the coefficient of determination, or R². This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in Fund returns is explained by returns in the selected market benchmark. An R² of 1.0 indicates that Fund 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 Fund, a calculation is performed on the Fund's alpha. This calculation measures the absolute difference between the Fund's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a Fund's relative risk profile.

RETURN

The Pension and Trust Funds are managed for maximum return with minimal 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 from 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 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.

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.

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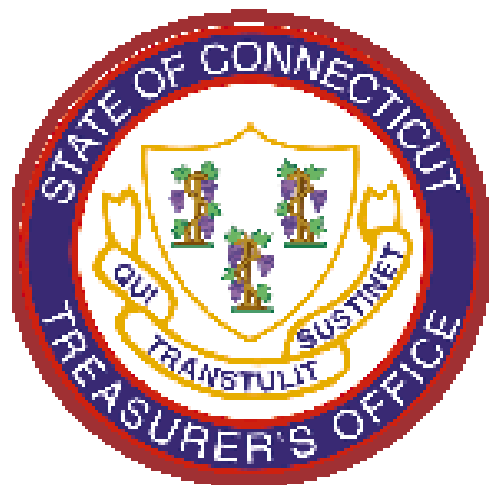
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