

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



A COMPONENT UNIT OF  
THE STATE OF ILLINOIS



**Teachers' Retirement System of the State of Illinois  
Comprehensive Annual Financial Report  
For the year ended June 30, 1998**

Created through the cooperative efforts of the Accounting,  
Administrative Services, Investment and Research Departments of the  
Teachers' Retirement System of the State of Illinois.





# **SECTION ONE: INTRODUCTION**





## CERTIFICATE OF ACHIEVEMENT

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Teachers' Retirement System of the State of Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1997

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.



*Douglas R. Ellaworth*  
President

*Jeffrey L. Essler*  
Executive Director



# TABLE OF CONTENTS

## SECTION ONE: INTRODUCTION

Certificate of Achievement .....	5
Board of Trustees .....	7
Organizational Structure and Executive Cabinet .....	8
Consulting and Professional Services .....	9
Letter of Transmittal .....	10
Executive Director's Report .....	13

## SECTION TWO: FINANCIAL

Independent Auditor's Report .....	19
Statements of Plan Net Assets .....	20
Statements of Changes in Plan Net Assets .....	21
Notes to Financial Statements .....	22
Required Supplementary Information .....	30
• Schedule of Funding Progress .....	30
• Schedule of Contributions from Employers and Other Contributing Entities .....	30
Notes to Required Supplementary Information .....	31
Other Supplementary Information .....	32
• Schedule of Administrative Expenses .....	32
• Schedule of Investment Activity Expenses .....	32

## SECTION THREE: ACTUARIAL

Actuary's Certification .....	35
Actuarial Assumptions and Method .....	37
Annual Actuarial Valuation .....	38
Reconciliation of Unfunded Liability .....	39
• Significant Factors in Reconciliation of Unfunded Liability .....	40
State Funding .....	40
• TRS Projected Funded Ratio .....	41
• State Funding Amount .....	41
Tests of Financial Condition .....	41
• Funded Ratio .....	41
• Payroll Percentages .....	41
• Solvency Test .....	41
• Other Information .....	42
Plan Summary .....	42

## SECTION FOUR: STATISTICAL

Average Annual Salary for Active Members by Years of Service ..	46
Active Members by Years of Age and Years of Service .....	48
Retired Members by Years of Service and Years in Retirement .....	50
Schedules of Average Monthly Benefits .....	52
• Retirement Benefits .....	52
• Disability Benefits .....	53
• Survivor Benefits .....	54
Retirees and Beneficiaries Added To and Removed From Rolls .....	54
Schedule of Revenues by Source .....	55
Schedule of Expense by Type .....	55
Schedule of Participating Employers .....	56

## SECTION FIVE: INVESTMENTS

Introduction .....	63
Performance Summary .....	63
Asset Allocation .....	64
• Percent of Total Fund .....	64
• Asset Allocation History .....	64
Fund Management .....	64
Asset Class and Market Indices .....	65
• Asset Class Quarterly Return by Representative Indices .....	65
Total Fund Results .....	66
U.S. Equity Results and Profile .....	66
• Diversification by Industry Sector .....	66
• Wilshire 5000 & S&P 500 Industry Returns .....	67
• U.S. Equity Portfolio Profile .....	67
International Equity Results .....	68
Alternative Investments Results .....	69
Fixed Income Results and Profile .....	69
• Diversification by Issuer Type for Fixed Income Manager Portfolios .....	69
• Diversification by Quality Rating for Fixed Income Manager Portfolios .....	70
• Bond Portfolio Profile .....	70
Real Estate Equity Investment Results .....	70
Short-Term Investment Results .....	70
Summary Statistics .....	70
• Investment Portfolio Summary .....	71
• Composition of Investments at Market Value .....	72
• TRS Total Portfolio by Country - Top Ten Country Weighting .....	72
• Top Fifty Domestic and International Equity Broker Commissions .....	73
• Schedule of Investment Manager Fees .....	73
Investment Listing .....	75



BOARD OF TRUSTEES



Robert Mandeville  
Interim - President  
Springfield



Anne Davis  
Vice-President  
Harvey



Hugh R. Brown  
Evanston



James Bruner  
Jacksonville



Jan Cleveland  
Carmi



William R. Enlow  
Springfield



Scott Eshelman  
Algonquin



Roman Miller  
Waukegan



Marilyn Oglesby  
Charleston



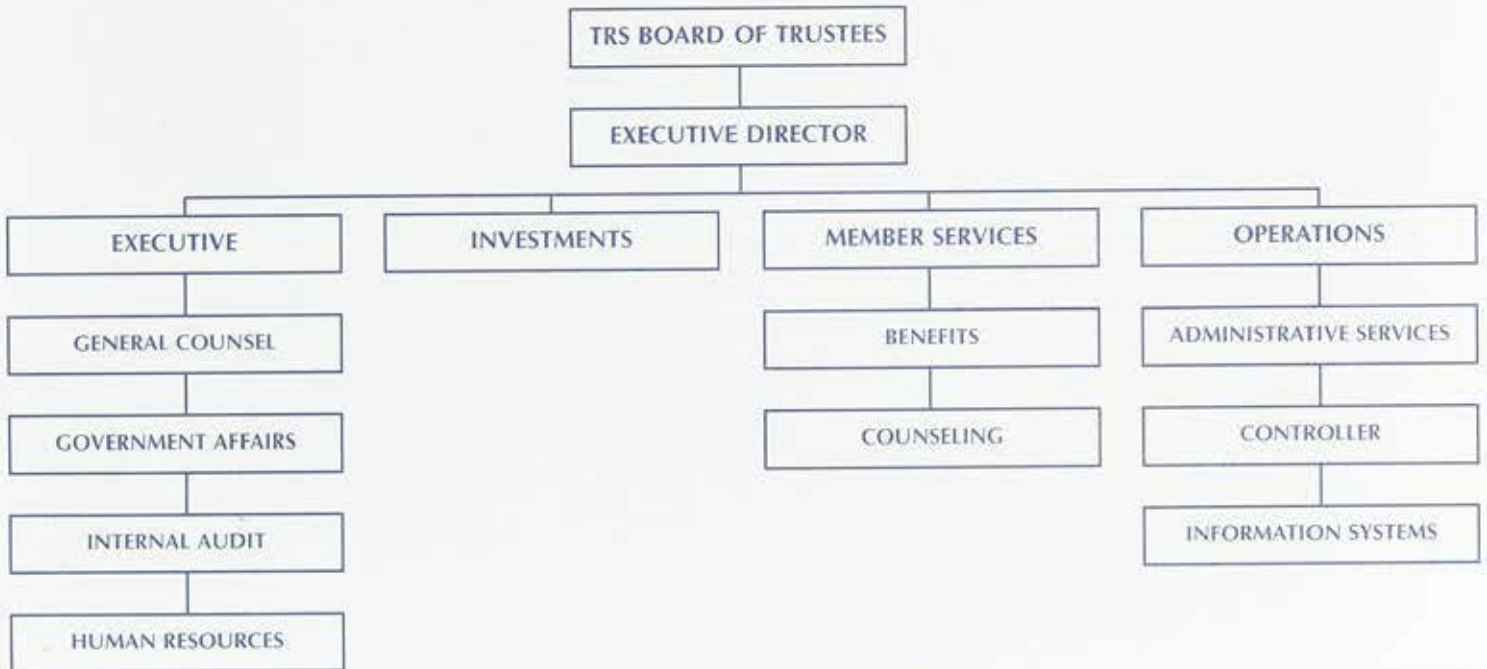
Molly Phalen  
Rockford





# INTRODUCTION

Guided by the Board of Trustees and the Executive Director, four divisions (Executive, Investments, Member Services and Operations) carry out the day-to-day duties of the Teachers' Retirement System of the State of Illinois.



Members of the Executive Cabinet meet with the Executive Director Keith Bozarth to coordinate the programs and activities of the System.

Seated in the front row from left to right are:

John Sigle, Director of Member Services; Keith Bozarth, Executive Director; Ruby Reynolds, Director of Human Resources.

Standing from left to right are:

Mark Caplinger, Chief Investment Officer; Ed Mabie, Information Systems Officer; Chuck Hunt, Assistant Information Systems Officer; John Day, Director of Governmental Affairs; William Brewer, Jr., Benefits Officer and Jon Bauman, Chief Operating Officer.



## CONSULTING AND PROFESSIONAL SERVICES

### **Actuary**

Buck Consultants, Inc. - Chicago, Illinois

### **Auditor**

KPMG Peat Marwick LLP - Chicago, Illinois

### **Information Systems**

Grant Thornton LLP - St. Louis, Missouri  
Information Management Group, Inc. - Chicago, Illinois  
MCW Technologies - Seattle, Washington

### **Investment Consultants**

*(Investment Management Firms are listed on page 64)*

Callan Associates, Inc. - Chicago, Illinois  
Clifton Gunderson LLC - Springfield, Illinois  
Independent Fiduciary Services - Washington, DC  
JW Flynn Company - Indianapolis, Indiana  
Joseph J. Blake and Associates, Inc. - Chicago, Illinois

### **Legal Counsel**

Conner & Winters - Washington, DC  
Loewenstein, Hagen & Oehlert & Smith - Springfield, Illinois  
Morgan, Lewis, & Bockius - Philadelphia, Pennsylvania  
Rudnick & Wolfe - Chicago, Illinois

### **Master Trustee**

The Northern Trust Company - Chicago, Illinois



# Teachers' Retirement System of the State of Illinois

P.O. Box 19253, 2815 West Washington  
Springfield, Illinois 62794-9253  
(217) 753-0311

## LETTER OF TRANSMITTAL

December 1, 1998

Board of Trustees  
Teachers' Retirement System  
2815 West Washington, P.O. Box 19253  
Springfield, IL 62794-9253

I am pleased to present the Comprehensive Annual Financial Report for the Teachers' Retirement System of the State of Illinois (TRS or System) for the fiscal year ended June 30, 1998. The System's management and staff are responsible for the accuracy and completeness of this report and to ensure that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of the System as of June 30, 1998.

This report consists of five sections:

- the Introductory Section contains this letter of transmittal, identification of the System's trustees, executive staff and organizational structure and a report from our Executive Director which outlines the major activities of the past year and plans for the future;
- the Financial Section contains the independent auditor's report, the financial statements and related notes and required supplemental schedules;
- the Actuarial Section contains the actuary's letter of certification, results of the latest actuarial valuation and a plan summary including any changes in the plan;
- the Statistical Section contains information and statistical data pertaining to members and annuitants and historical data on revenue and expenses; and
- the Investment Section contains information detailing fund performance, investment managers and the fund's portfolio.

### Financial Information

A system of internal controls helps TRS to monitor and safeguard assets and promote efficient operations. An annual external audit is conducted by the Illinois Auditor General in addition to regular reviews by the System's Internal Auditor. The annual operating budget is evaluated and approved by the Board of Trustees and financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

### Revenues and Funding

Sources of funding the System include member contributions, investment income and employer contributions through state appropriations and payments by school districts. At June 30, 1998, total assets available to pay benefits grew to nearly \$20.0 billion.

One source of funding is contributions from over 137,000 active members who contributed 8% of their earnings through June 30, 1998. Members may also make contributions for optional service credit and the early retirement option (ERO). In FY98, member contributions totaled \$441 million, a \$24 million increase from the previous year. These contributions are invested. Net investment income increased \$229 million to \$2,873 million, a 16.6% return for the year.



## LETTER OF TRANSMITTAL

Appropriations from the State of Illinois and employer contributions make up a third funding source. State appropriations for FY98 increased \$82 million to \$467 million while contributions from employers remained at \$36 million.

REVENUES	(In millions)			
			Increase/(Decrease)	
Source	1998	1997	Amount	% Change
Member Contributions	\$441	\$417	\$24	5.8%
State of Illinois	467	385	82	21.3
Employer Contributions	36	36	0	0
Net Investment Income	2,873	2,644	229	8.7
<b>TOTAL</b>	<b>\$3,817</b>	<b>\$3,482</b>	<b>\$335</b>	<b>9.6%</b>

### Expenses

Expenses include payments of benefits, refunds and administrative expenses. Benefits payments increased from \$1,161 million to \$1,210 million in FY98. This 4.2% increase is the result of new retirements and annual increases in annuities as prescribed by law. Administrative expenses continued to constitute less than 1% of System expenses in FY98.

EXPENSES	(In millions)			
			Increase/(Decrease)	
Source	1998	1997	Amount	% Change
Benefits Payments	\$1,210	\$1,161	\$49	4.2%
Refunds	24	22	2	9.1
Administrative/Other	10	10	0	0
<b>TOTAL</b>	<b>\$1,244</b>	<b>\$1,193</b>	<b>\$51</b>	<b>4.3%</b>

### Governmental Accounting Standards Board Statement 25

The Governmental Accounting Standards Board (GASB) has issued Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. Statement 25 required changes in the financial reporting of TRS. Statement 25 was effective for periods beginning after June 15, 1996. Effective with FY97, the System elected to adopt the provisions of GASB 25.

FY97 and FY98 financial statements for TRS have been prepared using Statement Number 25. The principal provisions of this statement include:

- the Statement of Plan Net Assets provides information about the fair value and composition of net assets. This includes reflecting the System's investments at fair value versus cost;
- additions to net assets include unrealized appreciation or depreciation of the fair value of these investments; and



## LETTER OF TRANSMITTAL

- schedules of funding progress and contributions from employers and other contributing entities are presented to provide information about the actuarially determined funded status of the plan and contributions made in relation to actuarially required contributions.

### Independent Audit

Each year, the financial statements, records and internal controls of TRS are examined by special assistant auditors employed by the Illinois Auditor General. In addition, an annual compliance audit for the previous year is performed to review compliance with applicable statutes and codes. The independent auditor's report on the System's financial statements is included in the Financial Section of this report.

### Acknowledgments

Information for this report was gathered by the Accounting, Administrative Services, Investment, and Research Departments and reflects the combined efforts of the TRS staff under the leadership of the Board of Trustees and the Executive Director. It is intended to provide complete and reliable information as a basis for making management decisions, to determine our compliance with legal provisions and as a means for determining responsible stewardship of the assets contributed by members and their employers.

This report is provided to members of the General Assembly, all participating employers and to others by request. The participating employers of TRS form the link between TRS and its members. Their cooperation, for which we are grateful, contributes significantly to our success. We hope this report is both informative and helpful.

Respectfully submitted,

A handwritten signature in black ink that reads "Todd Kennedy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Todd Kennedy  
Controller



## EXECUTIVE DIRECTOR'S LETTER

To the Board of Trustees, Members, and Annuitants of TRS:

It is a pleasure as your newly appointed Executive Director to present the Fiscal Year 1998 Comprehensive Annual Financial Report of the Teachers' Retirement System of the State of Illinois. I would like to share with you some of the highlights of the year just ended before discussing my plans and priorities for the years ahead.

### 2.2 Legislation

Years of planning and lobbying by TRS members and their employee organizations were rewarded this past spring with the passage and signing into law of the 2.2 pension benefit formula improvement legislation.

Key provisions of the legislation include:

- 2.2% flat rate credit for service earned after June 30, 1998.
- Voluntary, optional upgrade of prior service by payment of employee contribution. Prior service to be upgraded is reduced by one full year for each three full years worked after June 30, 1998.
- Installment financing of upgrades, including a tax-deferred program for in-service members and a 24-month pension deduction program for persons electing the upgrade and retiring before June 30, 2003.
- Transitional changes pertaining to persons age 55 or with 34 years of service.
- Funding of the program is split between teachers, school districts, and the State.

The legislation will allow active members to receive their full pension after 34 years of service, a four-year reduction from the prior graduated formula. The legislation moves Illinois teachers' pension benefits from near the bottom of their peers nationally to a more equitable middle ranking. I commend all those individuals and organizations who played a role in its development and passage.

### Investment Performance

Propelled by strong market performance in most asset classes, the market value of TRS' assets grew during Fiscal Year 1998 to nearly \$20 billion. Income from investments of \$2.9 billion, a record, translates to a total fund return of 16.6%.

Among the major contributions to last year's returns:

- Domestic Equities benefited from the record-setting performances of the markets through late 1997 and early 1998, returning 26.6% for the year.
- Domestic Fixed Income - enjoyed a 12.2% return for the year, ranking in the top 25 percent of comparable pension funds.
- Alternative Investments - continued to be TRS' top performing asset class in Fiscal Year 1998 with a 35.3% return. This group of venture capital and private equity investments has averaged a return exceeding 35% over the past five years.
- Real Estate - returned 14.7% for the year, once again ranking in the top half of comparable funds.
- International Equity and Fixed Income - in very volatile foreign markets, each of these asset classes exceeded their performance benchmarks and posted positive returns of 2.8% and 2.4% respectively.

The Board of Trustees made a significant reallocation of funds in February 1998 from Domestic Equities to Domestic



## EXECUTIVE DIRECTOR'S LETTER

Fixed Income in order to keep each asset class within its respective long-term target allocation. The Board and staff will continue to evaluate each asset class to ensure that a well-diversified portfolio is in place which maximizes potential returns while minimizing potential risks.

### Funding Progress

The combination of large investment gains and continued increases in state funding under Public Act 88-593 provided another year of forward progress in improving the actuarial status of TRS. At year's end, our funded ratio, or the percentage of our pension benefit obligation covered by our assets, was 66.8%, or a 2.3 percentage point increase from last year. Our unfunded liability, or the difference between the pension benefit obligation and assets, grew by \$384 million this year.

The primary causes of the increased liability include the cost of benefits earned during the year by active members, interest on the unfunded liability, and the costs associated with the new 2.2 formula.

For the seventh consecutive year, TRS was in a negative cash flow position, with \$192 million of investment income being used to pay benefits or a decrease of \$58 million from last year. We anticipate this situation to continue to improve over the next few years. The continuing support of the Governor and General Assembly for pension funding progress is appreciated.

### Member Services

Driven by demand for information on the 2.2 formula and the new Payroll Deduction Program, TRS' Member Services division reported record levels of member contacts of all types during Fiscal Year 1998.

The highlights include:

- 145,417 telephone calls
- 136,689 items of correspondence
- 10,668 members counseled at individual or group sessions

### Technology

Many members have called or written to inquire about the System's readiness for the year 2000, or "Y2K" as it has come to be known. I want to assure you that TRS services and benefits payments will not be disrupted. We began analyzing our Y2K exposures in 1997 and are well on the way to completing the needed changes to our computer systems. We anticipate the work will be completed in early 1999 and will keep you informed of our progress through the *Topics and Report* newsletter. Progress also continues on TRS 2000, the project to improve member and employer services through an integrated information system.

TRS has also upgraded and expanded the content of our Internet Web site. Please visit us at [www.state.il.us/trs](http://www.state.il.us/trs).

### Future Focus

The next few years at TRS will be both exciting and challenging. While retirement systems throughout the country will be facing a broad range of issues as our population and economy mature, there are three areas mentioned earlier in this letter that will command special focus.

Over the past year the TRS Board of Trustees has begun a fundamental and comprehensive review of the investment program for the system. The Board commissioned a report by Independent Fiduciary Services that will provide a broad range of recommendations based on the best practices of institutional investors. Using that report as a starting point, we will endeavor to design an investment program to serve the system well as we move into the twenty-first century.

The need to deliver promised benefits in an efficient and effective manner becomes ever more important as our



## EXECUTIVE DIRECTOR'S LETTER

membership numbers increase and the portion of members in retirement grows larger. To meet that challenge, TRS will need to examine more sophisticated, but friendly, uses of technology, and continuously review our processes to assure we provide timely and accurate information and service to our principal customers, the teachers of Illinois and their employing school districts. In the past year we have seen both our technology and people stressed as we tried to address the demands created by the 2.2 benefit legislation. The sensible use of new computing and communications technology will help our dedicated staff meet such future demands.

Finally, we will continue to work with the legislative and executive branches of the State of Illinois to carry forward the funding program that began with the legislation passed in 1994. Through that commitment by the State to move toward prudent funding, coupled with careful management of the system's assets and judicious planning of any improvements to the benefit plan, a sound retirement future for Illinois teachers can be assured, without undue burden to future teachers and taxpayers.

In closing, I would like to recognize three individuals for their service to the System. John Day, TRS' Director of Government Affairs served as Interim Executive Director from August 1997 to September 1998 and provided needed leadership to the System during a critical period. Joseph Spagnolo, Superintendent of Education, and Robert Mandeville, Interim Superintendent of Education also served as TRS Board President during their respective terms of office.

Each of these three individuals provided leadership and dedication to the System during their tenure, and we express our gratitude for all their efforts.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K Bozarth', with a long horizontal flourish extending to the right.

Keith Bozarth  
Executive Director







## **SECTION TWO: FINANCIAL**





FINANCIAL

## **KPMG** Peat Marwick LLP

303 East Wacker Drive  
Chicago, Illinois 60601-5212  
312 665 1000  
fax: 312 665 6000

### **Independent Auditors' Report**

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Trustees  
Teachers' Retirement System of  
the State of Illinois

As Special Assistant Auditors of the Auditor General, we have audited the accompanying statements of plan net assets of the Teachers' Retirement System of the State of Illinois (the System), a component unit of the State of Illinois, as of June 30, 1998 and 1997, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Teachers' Retirement System of the State of Illinois as of June 30, 1998 and 1997, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 1998 on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required and other supplementary information listed in the accompanying table of contents are not a required part of the basic financial statements of the System and are presented for the purpose of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*KPMG Peat Marwick LLP*

October 22, 1998

Member Firm of  
Kynard Peat Marwick Goetzel



FINANCIAL

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
STATEMENTS OF PLAN NET ASSETS  
AS OF JUNE 30, 1998 AND 1997

	1998	1997
<b>ASSETS</b>		
Cash	<u>\$1,129,919</u>	<u>\$6,706,525</u>
Receivables and prepaid expenses		
Member contributions	24,942,685	22,604,662
Employer early retirement incentive	101,895,171	204,268,933
Employer contributions	2,405,037	3,501,476
State of Illinois	512,643	572,752
Investment income	234,214,755	228,713,016
Prepaid expenses	637,835	<u>701,819</u>
Total receivables	<u>364,608,126</u>	<u>460,362,658</u>
Investments, at fair value		
Fixed income	8,185,927,037	5,860,878,580
Equities	8,548,058,878	7,235,066,039
Real estate	2,465,432,457	2,348,125,078
Short term investments	1,080,937,284	1,984,668,338
Alternative investments	458,118,826	364,577,923
Foreign currency	<u>9,969,850</u>	<u>69,333,815</u>
Total investments	<u>20,748,444,332</u>	<u>17,862,649,773</u>
Collateral from securities lending	<u>1,841,099,038</u>	<u>1,349,674,873</u>
Property and equipment, at cost, net of accumulated depreciation of \$5,373,476 and \$4,974,925, respectively	<u>3,184,221</u>	<u>3,426,543</u>
TOTAL ASSETS	<u>22,958,465,636</u>	<u>19,682,820,372</u>
<b>LIABILITIES</b>		
Benefits and refunds payable	1,860,386	1,682,852
Notes payable	24,395,976	25,691,740
Administrative and investment expenses payable	84,345,938	84,364,315
Payable to brokers for unsettled trades, net	1,040,876,893	828,298,677
Securities lending transactions	<u>1,841,099,038</u>	<u>1,349,674,873</u>
TOTAL LIABILITIES	<u>2,992,578,231</u>	<u>2,289,712,457</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
(A schedule of funding progress is presented on page 30.)	<u>\$19,965,887,405</u>	<u>\$17,393,107,915</u>

The accompanying notes are an integral part of these statements.



FINANCIAL

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<b>ADDITIONS</b>		
Contributions		
Members	\$441,016,391	\$416,739,369
State of Illinois	466,948,418	385,129,987
Employers:		
Early retirement option	8,845,342	3,035,510
Early retirement incentive	9,893,772	15,635,007
Federal and trust funds	<u>17,246,265</u>	<u>17,378,684</u>
Total contributions	<u>943,950,188</u>	<u>837,918,557</u>
Investment income		
Net appreciation in fair value	2,054,735,011	1,929,166,394
Interest	503,858,514	451,770,594
Real estate operating income, net	211,425,748	184,851,309
Dividends	125,883,126	117,192,384
Alternative investment income	42,020,785	18,824,747
Securities lending income	111,035,697	83,701,961
Other investment income	<u>2,045,131</u>	<u>2,981,780</u>
	3,051,004,012	2,788,489,169
Less investment expense		
Securities lending expense	102,164,084	76,388,404
Investment activity expenses	<u>75,738,461</u>	<u>68,326,647</u>
Net investment income	<u>2,873,101,467</u>	<u>2,643,774,118</u>
TOTAL ADDITIONS	<u>3,817,051,655</u>	<u>3,481,692,675</u>
<b>DEDUCTIONS</b>		
Retirement benefits	1,138,530,246	1,096,600,809
Survivor benefits	57,995,971	51,974,931
Disability benefits	13,431,030	12,341,443
Refunds	24,371,777	21,725,785
Administrative expenses	9,761,310	9,468,553
Prior service credits/transfers	<u>181,831</u>	<u>400,128</u>
TOTAL DEDUCTIONS	<u>1,244,272,165</u>	<u>1,192,511,649</u>
<b>NET INCREASE</b>	<b>2,572,779,490</b>	<b>2,289,181,026</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
Beginning of Year	<u>17,393,107,915</u>	<u>15,103,926,889</u>
End of Year	<u><b>\$19,965,887,405</b></u>	<u><b>\$17,393,107,915</b></u>

The accompanying notes are an integral part of these statements.



## NOTES TO FINANCIAL STATEMENTS

### A. Plan Description

#### 1. Reporting Entity

The Teachers' Retirement System of the State of Illinois (the System or TRS) is the administrator of a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). Members of the System consist of all teachers employed in the public common schools of Illinois outside Chicago. The System was established by the State of Illinois and is governed by the Illinois Pension Code (40 ILCS 5/16). The System is a component unit of the State of Illinois and is included in the state's financial statements as a pension trust fund.

The System uses criteria established by the Governmental Accounting Standards Board (GASB) to determine whether other entities should be included within its financial reporting entity. Based on the criteria, the System has no other entities included in these financial statements.

#### 2. Employers

Members of the System are employed by school districts, special districts and certain state agencies. Member contributions are remitted by each employer to the System. As of June 30, 1998, employers are responsible only for employer contributions for teachers paid from federal and trust funds and for the employer's portion of the early retirement option and the early retirement incentive contributions. Effective July 1, 1998, Public Act 90-582 required employers to pay a new employer contribution equal to .3% of covered payroll in FY99 and .58% of covered payroll in FY2000 and subsequent years. In addition, the State of Illinois provides employer contributions to partially fund the System. Refer to "Funding" for information regarding employer contributions made by the State of Illinois.

NUMBER OF EMPLOYERS AT JUNE 30, 1998 AND 1997		
	1998	1997
Local school districts	898	904
Special districts	129	133
State agencies	33	34
	<u>1,060</u>	<u>1,071</u>

#### 3. Members

SYSTEM MEMBERSHIP AT JUNE 30, 1998 AND 1997		
	1998	1997
Retirees and beneficiaries		
currently receiving benefits	59,150	59,352
Inactive members entitled to but		
not yet receiving benefits	47,228	48,646
Current active members	137,320	136,604
	<u>243,698</u>	<u>244,602</u>

#### 4. Benefit Provisions

The System is governed by Article 16 of the Illinois Pension Code (40 ILCS 5/16). The System provides retirement, death and disability benefits. A member qualifies for an age retirement annuity after attaining one of the following: age 62 with five years of service credit; age 60 with ten years; or age 55 with 20 years. If retirement occurs between age 55 and 60 with less than 35 years of service, the annuity will be reduced at the rate of 1/2% for each month the member is under age 60. A member age 55 with less than 35 years of service credit may use the early retirement option to avoid a discount for early retirement if retirement occurs before July 1, 2000, and within six months of the last day of service requiring contributions, and if the member and employer both make a one-time contribution to the System. A member with less than five years of creditable service and service on or after July 1, 1947, is entitled to a single sum benefit payable upon reaching age 65.

A retirement benefit is determined by the average salary of the four highest consecutive salary rates within the last ten years of creditable service and the percentage of average salary to which the member is entitled. This percentage is determined by the following formula for service earned before July 1, 1998: 1.67% for each of the first ten years, plus 1.9% for each of the next ten years, plus 2.1% for each of the next ten years, plus 2.3% for each year over 30. The maximum retirement benefit, 75% of average salary, is achieved with 38 years of service under the graduated formula. Each annuitant who retired after 1969 or made a qualifying contribution receives an annual 3% increase in the current retirement benefit beginning January 1 following attainment of age 61 or January 1 following the first anniversary in retirement, whichever is later.

On May 27, 1998, Governor Edgar signed into law Public Act 90-582 which improved retirement benefits for TRS members. Public Act 90-582 changed the rate at



## FINANCIAL

which TRS members accrue benefits beginning July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. The maximum 75% benefit is attained with 34 years of service under the 2.2 formula. Members retiring on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the new flat 2.2% formula by making a payment to the System. Additionally, for members continuing to teach, every three full years worked after July 1, 1998, count toward a full one year reduction of the years to be upgraded.

If a member leaves covered employment, the System will refund a member's retirement contributions upon request. The refund consists of actual contributions excluding the 1% death benefit contribution.

### 5. Funding

At June 30, 1998, member contributions, established by statute, are 8% of earnings allocated as follows:  $6\frac{1}{2}\%$  for retirement,  $1\frac{1}{2}\%$  for post-retirement increases and 1% for death benefits. Effective July 1, 1998, Public Act 90-582 increased member retirement contributions 1% from 8% to 9%.

Employer contributions are made by or on behalf of the employers from several sources. The State of Illinois provides the largest source of contributions through state appropriations from the Common School Fund. Additional sources of state contributions are the State Pensions Fund and contributions from the General Revenue Fund from which reimbursements are made to the System for certain minimum and supplemental benefits. Effective July 1, 1998, the state will make contributions for the 2.2 formula. Employers also make contributions for teachers paid from federal and trust funds. Additionally, employers contribute their portion of the cost of the early retirement option as well as the early retirement incentive. Employer early retirement incentive contributions could be made in either a lump sum, over five years in equal quarterly installments, or under a different schedule approved by the TRS Board of Trustees. Employee contributions were paid in full during FY98 while employer contributions will be paid in full during FY2001.

The actuarial funding requirements for FY98 and FY97 were determined under Public Act 88-593. The state funding law provides for a 50-year funding plan which includes a 15-year phase-in period. Employer contributions as a percentage of active member payroll will be gradually increased until FY2010 and remain at a level percentage for the following 35 years. The System's fund-

ed ratio will be 90% at the end of the 50-year period. Beginning July 1, 1995, state contributions have been made through a continuing appropriation instead of through the appropriations process.

Administrative expenses are budgeted and approved by the System's Board of Trustees. Funding for these expenses is included in the employer contribution as determined by the annual actuarial valuation and appropriated by the State of Illinois.

### B. Summary of Significant Accounting Policies

#### 1. Basis of accounting

The financial statements of the System are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized as expenditures when due and payable in accordance with the terms of the plan.

#### 2. Method used to value investments

TRS reports investments at fair value. Fair value for equities is determined by using the closing price listed on the national securities exchanges as of June 30. Fair value for fixed income securities is determined principally by using quoted market prices provided by independent pricing services. Fair value for real estate investments is determined by appraisals.

#### 3. Property and Equipment

Equipment is stated on the basis of historical cost. Depreciation is computed using the straight-line method, based upon the estimated useful lives of the assets. Office furniture and equipment is assigned a useful life of three to ten years while vehicles are assigned a five-year life. The System's office building is depreciated over 40 years.

#### 4. Accrued Compensated Absences

Employees of the System are entitled to receive compensation upon termination of employment for all accrued but unused vacation time and one-half of all unused sick leave earned through December 31, 1997. (Lump-sum payments for sick leave earned prior to January 1, 1984 is subject to a maximum of 60 days/420 hours.) Accrued compensated absences as of June 30, 1998 and 1997 totaled \$1,284,507 and \$1,313,249, respectively, and are





## FINANCIAL

included as administrative and investment expenses payable.

### 5. Receivables

Receivables of the System are separated into three general categories: member contributions collected by and due from employers, early retirement incentive (ERI) contributions due from employers and employer contributions due for members paid from federal funds. Employer ERI receivables are owed to the System as a condition of a member's retirement under the ERI program. TRS is allowed by law to assess penalties for late payment and to collect any unpaid amounts from school districts by filing a claim with a Regional Superintendent of Education or the State Comptroller against future state aid payments to the district. TRS considers these amounts to be fully collectible.

TRS employers are responsible for remitting member contributions withheld from employees' pay and a supplemental 10 $\frac{1}{2}$ % employer contribution for members paid from federal or trust funds. TRS is authorized by law to collect penalties for late payment for semi-monthly remittances and amounts remitted after the fiscal year end. As with employer ERI receivables, TRS has the ability to offset future state aid payments to the school district to collect these receivable amounts.

### 6. Prior Period Reclassification

Certain prior year amounts have been reclassified on a basis consistent with the current year presentation.

### C. Cash

The bank balance and carrying amount of the System's deposits were \$1,641,591 and \$1,129,919 at June 30, 1998 and \$104,381,311 and \$6,706,525 at June

30, 1997. Of the bank balance, \$708,169 and \$98,054,979 were on deposit with the State Treasurer at June 30, 1998 and 1997, respectively. Bank balances are either insured or collateralized with securities held by the State Treasurer or agents in the name of the State Treasurer or collateralized with securities held by the System or its agents in the name of the System. Cash equivalents are classified as short-term investments in the Statement of Plan Net Assets.

### D. Investments

#### 1. Investment policies

Through the Board of Trustees, as authorized in the Illinois Pension Code, the System serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." The "prudent person rule" establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

#### 2. Investment summary

The following table presents a summary of the System's investments and related category of custodial credit risk at June 30, 1998 and 1997. The System's investments are categorized to give an indication of the level of risk at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty but not in the System's name. As of June 30, 1998 and 1997, the System holds no securities classified in either Category 2 or Category 3.

## INVESTMENT SUMMARY

	Fair Value	
	1998	1997
<b>CATEGORY 1:</b>		
Bonds (including short-term collateral)	\$2,329,691,162	\$2,871,538,600
Corporate notes	3,842,379,344	2,136,265,566
Preferred stock	106,840,757	106,809,956
Short term investments:		
Commercial paper (incl. short-term collateral)	55,000,000	421,217,581
U.S. Treasury bills	76,729,450	136,976,069
Other	125,460,214	567,893,573
Common stock	<u>6,560,890,119</u>	<u>5,668,670,025</u>
	13,096,991,046	11,909,371,370
<b>NOT CATEGORIZED:</b>		
Investments Held by Broker/Dealers under Securities Loans:		
Bonds	1,494,045,803	604,589,258
Corporate notes	200,178,490	36,217,016
Common stock	1,136,574,928	927,455,995
Real estate:		
Equity	1,989,628,427	1,935,424,955
Farmland	276,757,251	252,771,928
Commingled funds	1,211,345,740	1,221,617,075
Alternative investments -		
Limited partnerships	458,118,826	364,577,923
Foreign currency investment funds	9,969,850	69,333,815
Collective investment funds (U.S. dollars)	924,873,213	1,890,965,311
Security Lending Short Term Collateral Investment Pool	<u>1,791,059,796</u>	0
Investments and collateral from securities lending	22,589,543,370	19,212,324,646
Less collateral from securities lending	<u>(1,841,099,038)</u>	<u>(1,349,674,873)</u>
Total Investments	<u>\$20,748,444,332</u>	<u>\$17,862,649,773</u>

The System has nonrecourse mortgages totaling \$299,934,518 and \$301,562,774 on real estate equities at June 30, 1998 and 1997, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2018.

The real estate equity category includes \$ 86,767,215 and \$125,611,288 of mortgages receivable which are fully secured by the properties at June 30, 1998 and 1997, respectively.

At June 30, 1998, the System did not have any investments with one organization that exceeded 5% of net assets available for benefits. At June 30, 1997, the System had investments with one organization (other than U.S. Government and U.S. Government guaranteed obligations) that exceeded 5% of net assets available for benefits. The investments, reported at fair value, were with the Illinois Teachers' Custom Cash Fund at Northern Trust for \$1,890,965,311.



### 3. Securities lending program

Board of Trustees' policies permit the System to use investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's master trustee is the agent in lending the plan's domestic securities for cash collateral of 102% of the market value of the securities and international securities for cash collateral of 105% of the market value of the securities. Securities on loan at year-end are presented as not categorized in the preceding schedule of custodial credit risk. At year-end, the System has no credit risk exposure to borrowers because the amount the System owes the borrowers exceeds the amount the borrowers owe the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers while the securities are on loan. All securities loans can be terminated on demand either by the System or the borrower, although the average term of the loans is ten days. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which at year end has a weighted average maturity of 50 days. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 1998 and 1997, TRS had outstanding loaned investment securities having a market value of \$2,830,799,221 and \$1,568,262,268, respectively, against which it had received collateral of \$2,979,211,045 and \$1,611,202,056 respectively. Collateral from securities lending reflected on the Statement of Plan Net Assets consists primarily of collateral received in the form of cash. At June 30, 1998 and 1997, the System has instructed the master trustee to direct \$24,395,976 and \$25,691,740, respectively, of the collateral received from securities lending to be invested in floating rate debt securities collateralized by real estate investments, which results in a note payable from TRS.

### 4. Derivatives

The System invests in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. Derivatives transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur

because a party to a transaction fails to perform according to terms. In order to eliminate credit risk, all derivative securities are acquired through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, the System's derivative investments included foreign currency forward contracts, options, and futures. Derivative contracts are used by experienced investment personnel to quickly and efficiently implement tactical strategies upon the portfolios in a cost effective manner. Foreign currency forward contracts are used to hedge against the currency risk in the System's foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery date or maturity date for an agreed upon price. Fluctuations in the fair value of foreign currency forward contracts are recognized in the System's financial statements as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. As the market value of the futures contract varies from the original contract price, a gain or a loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, the System receives a premium at the outset of the agreement and bears the risk of an

## DERIVATIVES CONTRACTS

(CONTRACTS OUTSTANDING AT JUNE 30, 1998)

	Contractual Principal*	Contractual Principal*
	June 30, 1998	June 30, 1997
<b>Domestic Interest Rate Products:</b>		
Fixed income futures purchased, net (3,972)	\$480,712,652	\$1,715,431,804
Fixed income written call options (250)	428,943	2,632,308
Fixed income written put options (1,000)	40,554,817	243,764,864
Fixed income credit spreads (4)	162,000,000	0
<b>International Interest Rate Products:</b>		
International fixed income futures purchased, net (1,542)	325,791,565	71,414,363
International fixed income written bond call options (0)	0	58,095,296
International fixed income written bond put options (0)	0	27,216,891
<b>Domestic Equity Products:</b>		
S&P 500 index futures purchased, net (2,694)	769,810,500	1,395,912,000
S&P 500 index written call options (0)	0	4,452,500
<b>International Equity Products:</b>		
Index futures purchased, net (0)	0	148,493,053
<b>Foreign Currency Products:</b>		
Currency futures, net (0)	0	6,540,713
Written call options (0)	0	92,114,990
Written put options (0)	0	2,109,250

\*The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual values in the Statements of Plan Net Assets.

unfavorable change in the price of the financial instrument underlying the option. Accordingly, it is against the System's policy to invest in any uncovered options. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in the System's financial statements as incurred rather than at the time the options are exercised or when they expire. As of June 30, 1998, the net cost and fair values of option contracts written were (\$262,820) and \$789,148, respectively. As of June 30, 1997, the net cost and fair values of option contracts written were \$6,348,179 and \$6,920,361, respectively. The cost value of options represents the premiums received, and the fair value represents the amount needed to close all positions as of that date.

The above table presents the aggregate contractual principal amount of the System's outstanding contracts at

June 30, 1998 and 1997. Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

### E. Reserves

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 et seq. In 1997, legislation was passed by the Illinois General Assembly which allowed the crediting of income at fair value, as opposed to book value, to the Employer's Contribution Reserve.



FINANCIAL

1. Members' Contribution

	<u>1998</u>	<u>1997</u>
Balances at June 30	\$5,567,842,261	\$5,014,798,877

This reserve accumulates, with 6% interest, the contributions by members prior to retirement. Contributions through June 30, 1998, were 6 1/2% of salary and are fully refundable upon withdrawal from the System, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year, and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member balance in the reserve at the beginning of the fiscal year. This reserve is fully funded.

2. Minimum Retirement Annuity

	<u>1998</u>	<u>1997</u>
Balances at June 30	\$2,618,918	\$2,405,749

The minimum annuity is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution which is credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The State of Illinois also appropriates funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

3. Supplementary Annuity

	<u>1998</u>	<u>1997</u>
Balances at June 30	\$740,293	\$680,503

In 1961, legislation was enacted to provide for increased annuities to members then retired who met certain specified requirements. Annuitants were required to make a one-time contribution, which was credited to this reserve. The State of Illinois also appropriates funds which are credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The annuity expenses resulting from this legislation are charged to the reserve. This reserve is fully funded.

4. Employer's Contribution

	<u>1998</u>	<u>1997</u>
Balances at June 30	\$14,394,685,933	\$12,375,222,786

This reserve serves as a clearing account for income and expenses of the System. The reserve is credited with contributions from the State of Illinois not specifically allocated to other reserves, member and employer contributions, income from invested assets of the System, the interest portion of the accumulated contributions of members granted refunds and contributions from annuitants which qualify for automatic annual increases in annuity. The reserve is charged with amounts necessary to be transferred to the Members' Contribution Reserve, all amounts necessary to be refunded to withdrawing members, all benefits paid to temporarily or accidentally disabled members, all death benefits paid, and all survivor benefit contributions refunded to annuitants.

This reserve does not equal the present value of expected retirement benefits. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$9,942,354,000 in 1998 and \$9,558,477,000 in 1997.

F. TRS Employee Pension Benefits

1. Plan Description

All of the System's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal years 1998 and 1997 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 1998 and 1997, respectively. SERS also issues a separate CAFR that may be obtained by writing to SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255 or by calling (217) 785-7202. The State of Illinois CAFR may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams St., Springfield, Illinois, 62704-1858 or by calling (217) 782-2053.

Effective FY97, SERS implemented Governmental Accounting Standards Board (GASB) Statement No. 25 entitled *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Also, effective FY97, the State of Illinois implemented GASB Statement No. 27 entitled *Accounting for Pensions by State and Local Governmental Employers*.



## FINANCIAL

These new GASB standards supersede all previous authoritative guidance on accounting and financial reporting for defined benefit pension plans of state and local governmental entities.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute, and the authority under which those obligations are established.

### 2. Funding Policy

The System pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For FY98 and FY97 the employer contributions rates were 6.500% and 4.963%, respectively. Effective for pay periods beginning after December 31, 1991, the state opted to pay the employee portion of retirement for most state agencies with employees covered by the State Employees' and Teachers' Retirement Systems.

Generally, this "pickup" of employee retirement was part of the fiscal year 1998 and 1997 budget process and was, in part, a substitute for salary increases. The pickup is subject to sufficient annual appropriations and those employees covered may vary across employee groups and state agencies. Currently, state officers, judges, general assembly members, and state university employees are not eligible for the employee pickup.

### 3. Postemployment Benefits - System Employees

In addition to providing pension benefits, the State Employees Group Insurance Act of 1971, as amended, requires that certain health, dental, and life insurance benefits shall be provided by the state. Substantially all of the System's employees may become eligible for postemployment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for System retirees under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to five thousand dollars per annuitant age 60 or older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits provided to active employees and their dependents for the year ended June 30, 1998 and 1997. However, postemployment costs for the state as a whole for all state agencies/departments for dependent health, dental, and life insurance for annuitants and their depend-

ents are disclosed in the State's Comprehensive Annual Financial Report. Cost information for retirees by individual state agency is not available. Payments are made on a "pay-as-you-go" basis.

### G. Subsequent Events

On May 27, 1998, Governor Edgar signed into law Public Act 90-582, which changed the rate at which TRS members accrue benefits beginning July 1, 1998, from a graduated rate to a flat rate formula equal to 2.2% of final average salary. Members with service credit earned before July 1, 1998, have the option of upgrading their service earned prior to July 1, 1998, to the new flat 2.2% formula by making a payment to the System equal to 1% of the highest annual salary rate during the preceding four school years. The maximum upgrade cost for members is 20%. Additionally, for members continuing to teach, every three full years worked after July 1, 1998, count toward a full one year reduction of the years to be upgraded. The flat 2.2% formula will allow members to receive 75% of final average salary with 34 years of service.

Members, employers and the State of Illinois will share the cost of the benefit improvement. Effective July 1, 1998, member contributions will increase 1% from 8% to 9% of salary. Employers are required, effective July 1, 1998, to make a new employer contribution equal to 0.3% of their TRS payroll in FY99 and 0.58% of their TRS payroll in FY2000 and subsequent years. Minimum State contribution rates are specified in the statute which include .576% of covered payroll in FY99 and .620% of covered payroll in FY2000 and subsequent years in addition to increases under the 50-year funding plan.

In FY99, two executives were hired by the System. On September 9, 1998, Keith Bozarth began employment as the System's Executive Director and on October 16, 1998, Mark Caplinger, Chartered Financial Analyst, began employment as the System's Chief Investment Officer.

The System had a decline in its investment portfolio subsequent to year end due to turbulent market conditions. At September 30, 1998, the System had incurred an approximate \$982,700,000 (4.8%) decrease in its investment portfolio due to declines in the domestic and international equity markets.



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS <sup>1</sup>**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL-Projected Unit Credit) (b)	Funded Ratio (a)/(b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/(c)
06/30/96	\$15,103,927,000	\$26,141,794,000	57.8%	\$11,037,867,000	\$4,734,250,000	233.1%
06/30/97	17,393,108,000	26,951,585,000	64.5	9,558,477,000	5,013,583,000	190.7
06/30/98	19,965,887,000	29,908,241,000	66.8	9,942,354,000	5,323,403,000	186.8

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES <sup>1</sup>**

Year Ended June 30	State Contributions <sup>2</sup>	Federal Contributions	Total	Annual Required Contribution per GASB Statement #25	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed
1996	\$324,276,000	\$16,997,000	\$341,273,000	\$1,350,997,000	25.3%	\$341,276,000	100.0%
1997	377,969,000	17,379,000	395,348,000	927,842,000	42.6	395,269,000	100.0
1998	460,439,000	17,246,000	477,685,000	983,312,000	48.6	478,439,000	100.0

<sup>1</sup> The required schedules of funding progress and employer contributions should include information for the current year and as many of the prior years' information according to the parameters as are available. The System has only three years of information that meets the parameters. For consistency with figures reported by the System's actuaries, the amounts have been rounded to the nearest thousand. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

<sup>2</sup> Does not include minimum and supplemental retirement contributions of \$6,509,000 and \$5,798,000 in FY96 and FY97 respectively.

See accompanying independent auditor's report.



## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Dates	<u>June 30, 1998</u>	<u>June 30, 1997</u>
Actuarial cost method:	Projected unit credit	Projected unit credit
Amortization method:		
a) For GASB Statement #25 reporting purposes	Level percent of payroll	Level percent of payroll
b) Per state statute	15-year phase-in to a level percent of payroll until a 90% funding level is achieved  Minimum state contribution rates in statute include cost of 2.2 formula change as a level percent of payroll	15-year phase-in to a level percent of payroll until a 90% funding level is achieved
Remaining amortization period:		
a) For GASB Statement #25 reporting purposes	40 years, open	40 years, open
b) Per state statute	47 years, closed	48 years, closed
Asset valuation method:	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	6.0-9.3%, composite 7.0%	6.0-9.3%, composite 7.0%
Group size growth rate	0%	0%
Assumed inflation rate	4%	4%
Post-retirement increase	3% compounded	3% compounded
Mortality table	1995 Buck Mortality Tables (rated forward one year for beneficiaries only)	1995 Buck Mortality Tables (rated forward one year for beneficiaries only)

*The June 30, 1997 actuarial valuation reflects significant changes in actuarial assumptions utilized in previous valuations. Such changes caused the actuarial accrued liability and the actuarially required contribution rate to decrease by approximately \$933 million and .06%, respectively. The actuarially required contribution rate will be effective for fiscal year 1999.*

See accompanying independent auditor's report.





## OTHER SUPPLEMENTARY INFORMATION

### SCHEDULE OF ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended June 30, 1998 and 1997 are summarized below:

	<u>1998</u>	<u>1997</u>
Personal services	\$6,754,240	\$6,765,101
Professional services	807,808	543,217
Postage	374,988	374,413
Machine repair and rental	306,077	261,311
Other contractual services	569,345	525,198
Commodities	233,925	226,453
Occupancy expense	235,241	240,032
Depreciation	481,297	532,828
Gain on disposal of equipment	<u>(1,611)</u>	<u>0</u>
Total Administrative expenses	<u>\$9,761,310</u>	<u>\$9,468,553</u>

### SCHEDULE OF INVESTMENT ACTIVITY EXPENSES

Investment activity expenses for the years ended June 30, 1998 and 1997 are summarized below:

	<u>1998</u>	<u>1997</u>
Investment manager fees	\$71,645,986	\$64,962,733
Alternative investment expense	2,931,245	2,153,774
Miscellaneous	<u>1,161,230</u>	<u>1,210,140</u>
Total Investment activity expenses	<u>\$75,738,461</u>	<u>\$68,326,647</u>

See accompanying independent auditor's report.



## **SECTION THREE: ACTUARIAL**





## ACTUARIAL

### BUCK CONSULTANTS

One North Franklin, Suite 3500  
Chicago, Illinois 60606

November 17, 1998

Board of Trustees  
Teachers' Retirement System  
of the State of Illinois  
2815 West Washington Street  
Springfield, Illinois 62794

**Subject: Pension Benefit Obligation as of June 30, 1998**

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$29,908,241,000 as of June 30, 1998. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

The actuarial valuation was based on a census of retired members as of June 30, 1998, and a census of active and inactive members as of June 30, 1997, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation.

Presented in the Financial Section of the System's Annual Financial Report, there is a schedule of Required Supplementary Information. This schedule has been reviewed and is consistent with the valuation report. The Actuarial Section of the Annual Financial Report also contains various schedules which are in agreement with the valuation report and have been verified for their accuracy.

The valuation is based on the benefit provisions of TRS in effect on June 30, 1998. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary.

The June 30, 1998 valuation reflects a change in the benefit formula. As required by PA 90-0582, normal retirement benefits are now calculated as 2.2% of final average salary for each year of creditable service earned after June 30, 1998. Members may upgrade to the new formula for all service by making an optional payment. The effect of this change was to increase the value of benefits and increase the unfunded pension benefit obligation by \$985.9 million.



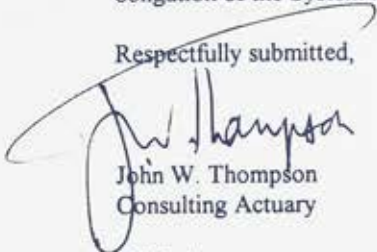
ACTUARIAL

Board of Trustees  
Teachers' Retirement System  
of the State of Illinois  
November 17, 1998  
Page 2

This valuation also reflects a change in the definition of "Eligible Child." Under PA 90-0448, Section 16-140(4) of the pension code, the definition of "Eligible Child" was amended to include children under the age of 22 who are full-time unmarried students. Previously, "Eligible Child" was defined as an unmarried natural or adopted child of the member or annuitant under age 18. The effect of this change was an increase in the unfunded pension benefit obligation of \$14.4 million.

In our opinion, the amount of \$29,908,241,000 is a fair representation of the pension benefit obligation of the System as of June 30, 1998.

Respectfully submitted,



John W. Thompson  
Consulting Actuary

JWT:pl  
7228/B2618A06.DOC

BUICK  
CONSULTANTS



## ACTUARIAL

Actuaries estimate the cost of benefits that members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund the benefits.

The Teachers' Retirement System complies with the reporting requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

### ACTUARIAL ASSUMPTIONS AND METHOD

Each year, the actuary reconciles the differences between major actuarial assumptions and experience in the process of explaining the change in the System's unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits including the cost of annual increases) and the net assets that are available to cover the liability.

**Inflation:** 4% per annum. Implicit in investment and earnings progression assumptions which were changed in the FY97 valuation.

**Investment return:** 8.5% per annum, compounded annually. Adopted in FY97 valuation.

**Earnings progression:** Merit and longevity increases, adjusted for inflation. Approximates 7.0% per year to earliest date of retirement eligibility. Adopted in FY97 valuation.

Sample annual percentage salary increases:

Age	Male & Female
20	9.3 %
30	8.2
40	7.1
50	6.5
60	6.3
69	6.0

**Retirement age:** Graduated rates based on age and gender of active members. Inactive members are assumed to retire at age 62. Adopted in FY87 valuation.

Sample annual rates of retirement per 1,000 participants for active members:

Age	Male	Female
55	97.0	97.0
60	270.0	180.0
65	365.0	330.0
70	1,000.0	1,000.0

**Mortality:** For death in active service and regular service retirements: 1995 Buck Mortality Tables. For beneficiaries and survivors: 1995 Buck Mortality Tables rated forward one year. For disabled retirements: Pension Benefit Guaranty Corporation rates for male disabled lives not necessarily receiving Social Security, with male rates set forward 5 years and female rates set back 2 years (but not set back to less than 65). Adopted in FY97 valuation.

**Disability:** Adopted in FY93 valuation.

Sample annual rates per 1,000 participants:

Age	Male	Female
20	0.4	0.7
30	0.4	0.8
40	0.6	1.2
50	1.2	2.4
60	4.0	8.0

**Termination from active service:** Adopted in FY97 valuation.

Sample annual terminations per 1,000 participants:

Age	Nonvested Members		Vested Members	
	Male	Female	Male	Female
20	169.0	186.7	76.5	96.6
30	91.0	135.0	41.2	69.9
40	35.0	55.0	15.8	28.5
50	23.0	36.5	10.4	18.9
60	41.0	44.0	18.6	22.8



# ACTUARIAL

**Severance Pay:** Increases with years of service at retirement. Adopted in FY94 valuation.

<u>Years of Service at Retirement</u>	<u>Percent of Retirees who Receive Severance Pay</u>	<u>Severance Pay as % of Final Salary</u>
Under 20	0.0%	0.0%
20-24	54.0	13.2
25-29	60.0	13.2
30-34	66.0	13.9
35 or more	72.0	14.6

**Optional Service at Retirement:** The accrued liability for retirement benefits for active members is increased by 2.87% to cover the employer cost of optional service purchased in the last two years of service. Adopted in FY94 valuation.

**Unused and Uncompensated Sick Leave:** Equals 2.90% of regular service at retirement. Adopted in FY94 valuation.

**Actuarial Cost Method:** Projected unit credit. Gains and losses are reflected in the unfunded liability. Adopted in FY89 valuation.

**Asset Valuation Method:** Market value. Adopted in FY97 valuation.

Please note that under the projected unit credit cost method used by TRS, the resulting liability for benefits earned is called the "pension benefit obligation," or PBO. A broader term for this liability is "actuarial accrued liability," or AAL. In other words, the PBO is a type of AAL.

Also, please note that measures of the System's financial condition for both June 30, 1998 and June 30, 1997 are shown using market value of assets. These tests are consistent with the System's financial statements which are prepared in accordance with GASB 25. The change to market value was effective June 30, 1997 for determining state funding requirements for FY99.

The actuarial value of assets for FY98 and FY97 is equal to the "net assets available for benefits" as shown in the Financial Statements.

## ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date. The unfunded liability is the present value of future benefits payable not covered by assets as of the valuation date.

The **funded ratio** shows the percentage of the accrued liability covered by net assets at market value.

<b>ACTUARIAL VALUATION WITH MARKET VALUE ASSETS</b>	(\$ Thousands)	
	(Years Ended June 30)	
	1998	1997
<b>Total actuarial accrued liability</b>	<b>\$29,908,241</b>	<b>\$26,951,585</b>
Actuarial value of assets (net assets at market value)	<b>\$19,965,887</b>	<b>\$17,393,108</b>
<b>Unfunded liability</b>	<b>\$9,942,354</b>	<b>\$9,558,477</b>
Funded ratio	66.8%	64.5%



ACTUARIAL

RECONCILIATION OF UNFUNDED LIABILITY	(\$ Thousands)	
	Actuarial gains are shown in parentheses Years Ended June 30	
	1998	1997
Unfunded liability at beginning of year	\$9,558,477	\$12,312,083 <sup>1</sup>
Additions (deductions):		
Employer cost in excess of contributions	776,189	992,390
Amendments:		
FY98: Change in benefit formula to flat 2.2 under PA 90-582	985,900	-
Change in definition of eligible child under PA 90-448	14,400	-
FY97: Change to assets being valued at market value under PA 90-448	-	(2,011,912)
Change in actuarial assumptions in accordance with Article 16, Section 176 of the Pension Code	-	(932,859)
Actuarial losses (gains) compared to experience:		
Salary increases	(46,017)	(59,062)
Investment income	(1,417,747)	(830,936)
New entrant loss	11,998	12,992
Lower than expected mortality	33,312	49,108
Delayed reporting of retirements <sup>2</sup>	12,103	10,461
Other <sup>3</sup>	<u>13,739</u>	<u>16,212</u>
Net addition (reduction)	383,877	(2,753,606)
<b>Unfunded liability at end of year</b>	<b>\$9,942,354</b>	<b>\$9,558,477</b>

- 1 This schedule reflects the unfunded liabilities used by the actuary for determining funding requirements. The change to valuing assets at market value under PA-90-448 was effective beginning with the June 30, 1997 valuation. Consequently, the June 30, 1996 unfunded liability was not recalculated and is shown using assets at book value. For comparative purposes only, other schedules in this section reflect June 30, 1996 assets at market value.
- 2 455 retirements which occurred prior to 7/1/96 were not reported to the actuary until 6/30/97. 542 retirements which occurred prior to 7/1/97 were not reported to the actuary until 6/30/98.
- 3 (a) Retroactive benefits for late retirees (50-100 annually).  
 (b) Fewer terminations of vested employees than expected.  
 (c) Change in rate of benefit accruals from certified normal cost rate.  
 (d) Retirements with reciprocal service credits.  
 (e) Different number of disability claims than expected.





## ACTUARIAL

### SIGNIFICANT FACTORS IN RECONCILIATION OF UNFUNDED LIABILITY

The net increase in the June 30, 1998 unfunded liability of \$384 million was caused by a combination of factors.

The *employer cost in excess of contributions* is the shortfall between actual employer contributions and the amount needed to cover the cost of benefits earned during the year and to keep the unfunded liability from growing. In 1998, this shortfall was \$776 million.

Benefit increases (plan *amendments*) also caused the unfunded liability to increase. A change from the four-step graduated formula to a flat 2.2% caused a \$986 million increase in the unfunded liability. This amount, as well as the cost of future service, will be covered by a combination of state, school district, and member contributions. Another benefit change allows the benefits of children of deceased members who are full-time unmarried students to continue until age 22 instead of terminating automatically at age 18. This amendment increased the unfunded liability by \$14 million and will be covered by increased state contributions.

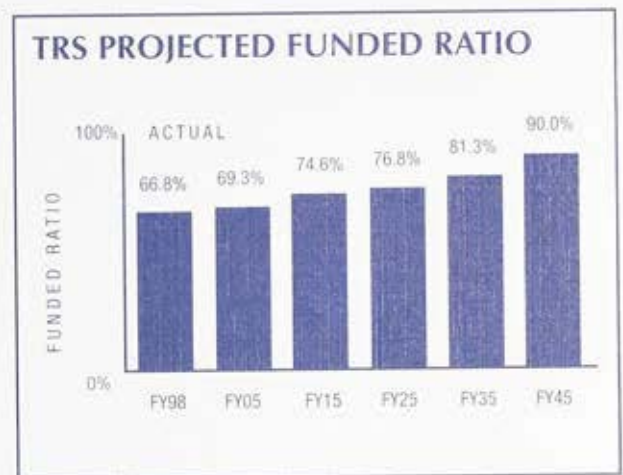
The System experienced actuarial gains under the *investment return* and *salary increase* assumptions. Investment income was \$1.4 billion higher than expected, and salary increases were \$46 million lower than expected. These gains offset some of the increases in the unfunded liability caused by the employer cost in excess of contributions, plan amendments, and actuarial losses due to other factors.

### STATE FUNDING

State contributions to TRS under Public Act 88-593 (SB533) began in FY96. The law established the state's commitment to strengthen the System's financial position through a 35-year funding plan following a 15-year phase-in that ends in FY2010. Under the phase-in, contributions are being gradually increased to a level percentage of active member payroll, and that rate (as adjusted annually by the actuaries) will be contributed for the following 35 years. At the end of the funding period in FY2045, the System will reach a 90% funded ratio.

Public Act 90-582, the 2.2 legislation, added minimum state contribution rates for FY99 through FY2010, with the state's share of the cost of the 2.2 formula change paid as a level percentage of active member payroll. The overall phase-in feature and the 90% target funded ratio of Public Act 88-593 are maintained.

Since FY96, state contributions to TRS and the other four state systems have been made through a continuing appropriation, so the required contributions to the systems are made automatically. It is essential that the continuing appropriation feature and the 50-year funding schedule be upheld. The integrity of the funding plan remains a top priority for TRS.



The FY97 actuarial valuation was used to determine FY99 state funding requirements and the FY99 employer's normal cost. Subsequent to the FY97 valuation, Public Act 90-582 was enacted and required an additional \$32,016,000 in state contributions for the 2.2 formula change; the employer's normal cost also increased due to the formula change. Also in FY99, \$9,695,600 in State Pensions Fund appropriations became available and were made in addition to the required amounts. The FY98 actuarial valuation was used to determine the required state contributions for FY2000.



## ACTUARIAL

### STATE FUNDING AMOUNTS

	FY2000	FY99
Employer contribution reserve (includes state contributions for 2.2; FY99 includes additional State Pensions Fund amount; excludes federal and trust fund contributions; excludes school district contributions for 2.2)	\$634,039,000	\$567,067,600
Minimum benefit reserve	6,000,000	6,400,000
Supplemental benefit reserve	35,000	40,000
<b>Total state funding amount</b>	<b>\$640,074,000</b>	<b>\$573,507,600</b>
Employer's normal cost as a percentage of active member payroll	8.15%	7.84%
State contribution to the Employer Contribution Reserve as a percent of payroll	10.77%	10.20%

### TESTS OF FINANCIAL CONDITION

The **funded ratio** shows the percentage of the accrued liability covered by net assets at book (cost) and market values.

### FUNDED RATIO TEST

As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation	Funded Ratio (\$Thousands)	
				At Cost	At Market
1989	\$7,272,071	\$8,088,731	\$11,913,959	61.0%	67.9%
1990	8,079,898	8,924,022	13,662,509	59.1	65.3
1991	8,747,122	9,453,140	15,141,334	57.8	62.4
1992	9,811,962	10,439,836	16,659,353	58.9	62.7
1993	10,879,590	11,544,604	18,485,890	58.9	62.5
1994	11,992,224	12,038,688	21,746,875	55.1	55.4
1995	12,641,865	13,374,278	23,980,566	52.7	55.8
1996	13,829,711	15,103,927	26,141,794	52.9	57.8
1997	*	17,393,108	26,951,585	*	64.5
1998	*	19,965,887	29,908,241	*	66.8

\* The change to valuing assets at market value was effective beginning June 30, 1997. Accordingly, effective June 30, 1997, net assets and funded ratio are no longer reported at cost.

The **unfunded liability as a percentage of payroll** is a standard measure of the relative size of the unfunded liability. Decreases in this percentage indicate improvements in a system's financial position.

### UNFUNDED LIABILITY AS A PERCENTAGE OF PAYROLL TEST

(\$ Thousands)

Year Ended June 30	Approximate Member Payroll	Unfunded PBO Amount	Percentage of Payroll
1989	\$3,172,000	\$4,641,888	146.3%
1990	3,402,000	5,582,611	164.1
1991	3,777,000	6,394,212	169.3
1992	3,976,000	6,847,391	172.2
1993	4,189,000	7,606,300	181.6
1994	4,413,000	9,754,651	221.0
1995	4,417,000	11,338,701	256.7
1996	4,734,000	11,037,867	233.1
1997	5,013,000	9,558,477	190.7
1998	5,323,000	9,942,354	186.8

Beginning in FY96, unfunded liabilities are calculated using assets at market value.

The **solvency test** measures the ability of TRS to cover different types of obligations if the plan were terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current beneficiaries would be covered next, and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by assets. The portion of Column 3 which is covered by assets should increase over time. The System passed the minimum standards of the solvency test in 1998 and 1997 after failing for the three prior years.



# ACTUARIAL

Year Ended June 30	Members Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)	Actuarial Value of Assets*	(S Thousands)		
					(A)	Percentage of Benefits Covered by Net Assets (B) (C)	
1989	\$2,003,798	\$4,527,612	\$5,382,369	\$7,272,071	100%	100%	14%
1990	2,167,054	5,121,234	6,374,221	8,079,898	100	100	12
1991	2,311,850	5,742,766	7,086,718	8,747,122	100	100	10
1992	2,503,393	6,338,458	7,817,502	9,811,962	100	100	12
1993	2,709,573	7,510,618	8,265,699	10,879,590	100	100	8
1994	2,850,319	10,088,901	8,807,655	11,992,224	100	91	0
1995	2,846,405	12,702,258	8,431,903	12,641,865	100	77	0
1996	3,002,052	13,351,367	9,788,375	15,103,927	100	91	0
1997	3,329,075	13,091,057	10,531,453	17,393,108	100	100	9
1998	3,651,119	13,830,583	12,426,539	19,965,887	100	100	20

Beginning in FY96, assets are at market value.

## OTHER INFORMATION

Please refer to the Statistical Section which immediately follows for the following information:

- Average Annual Salary for Active Members by Years of Service, 1989-1998
- Active Members by Years of Age and Years of Service, June 30, 1998
- Retired Members by Years of Service and Years in Retirement, June 30, 1998
- Schedules of Average Monthly Benefits, June 30, 1998
  - Retiree Benefits
  - Disability Benefits
  - Survivor Benefits
- Retirees and Beneficiaries Added to and Removed from the Rolls, 1995-1998

The schedules appearing in the Statistical Section were prepared by TRS staff.

The Statistical Section contains schedules for Revenue by Source, Expenses by Type, and a Schedule of Participating Employers.

## PLAN SUMMARY AND CHANGES

### Administration

The Teachers' Retirement System was created and is governed by Article 16 of the Illinois Pension Code. A Board of Trustees is authorized to carry out duties grant-

ed to it under the Article. The Board is comprised of the State Superintendent of Education, four persons appointed by the Governor, four elected members of the System and one elected annuitant. The Board of Trustees appoints an Executive Director who is responsible for the detailed administration of the System.

### Membership

Membership is mandatory for all full-time, part-time and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

### Contributions

During fiscal year 1998, members contributed 8% of gross creditable earnings designated as 6 1/2% for retirement annuity, 1/2% for post retirement increases, and 1% for death benefits. Effective July 1, 1998, members contribute 9% of gross creditable earnings, with the additional 1% designated for the retirement annuity. The increase in the contribution rate was enacted as part of the 2.2 benefit formula legislation, Public Act 90-582. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986 are required to contribute to Medicare. In addition, virtually all members pay a 1/2 of 1% contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury which is not a part of this retirement plan.



## ACTUARIAL

### Service Credit

A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the auspices of the United States Government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to one year of unused, uncompensated sick leave certified by former employers may also be added at retirement.

Legislation signed into law in 1997 provides members and annuitants the opportunity to purchase up to three years of optional service credit for periods prior to July 1, 1983, when covered employment ceased to adopt an infant or care for a newly-adopted child under the age of three. The 1997 law supplemented previously-enacted pregnancy leave legislation signed into law in 1995.

Also in 1997, a payroll deduction program was authorized and became effective July 1, 1998. Active and certain inactive members can make tax-sheltered contributions to TRS to purchase various types of optional service or to upgrade their service under the graduated retirement formula to 2.2.

### Refunds

After a four-month waiting period from the date last taught, a member ceasing covered employment may withdraw all contributions, except the 1% death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be reestablished if the member returns to a covered position for one year or a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

### Retirement Benefits

To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements:

Years of Service	Age
5	62
10	60
20	55 (discounted)
35	55 (non-discounted)

A member with fewer than five years of creditable service

who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

The retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last ten years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled.

Years of service earned before July 1, 1998 were earned under a four-step graduated formula:

- 1.67% for each of years 1 through 10;
- 1.9% for each of years 11 through 20;
- 2.1% for each of years 21 through 30;
- 2.3% for each year over 30.

Years of service earned after June 30, 1998 are earned at 2.2% of final average salary.

Members retiring on or after May 27, 1998, the effective date of the 2.2 legislation, can retire under the 2.2 formula by making contributions at the rate of 1% of salary for each year purchased, with a maximum payment of 20% to upgrade all prior years of service. For each three full years worked after June 30, 1998, the number of years to be upgraded is reduced by one.

The maximum annuity, 75% of final average salary, is achieved with 34 years under the 2.2 formula and with 38 years of service under the graduated formula. An actuarial calculation will be used if it provides a greater benefit. The minimum retirement benefit is \$25 per month for each year of creditable service with a maximum of \$750 per month for 30 or more years of service.

### Disability Benefits

TRS offers occupational and non-occupational disability benefits to active members. Non-occupational disability benefits are payable as disability benefits or as a disability retirement annuity to members with three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while receiving disability benefits but not while receiving a disability retirement annuity. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7%. Thereafter, the benefit increases by 3% each January 1.



## ACTUARIAL

### Death Benefits

There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

The return of member contributions includes the 6 1/2% contribution with interest and the 1/2% paid toward annual increases in annuity. Beneficiaries of annuitants receive the accumulated contributions minus the amount that had already been received as a retirement annuity.

Survivor benefits can be paid in either a lump sum or a monthly payment. A lump sum benefit is the only method payable to non-dependent beneficiaries. A dependent beneficiary may choose either a lump sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3% increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3% increase on January 1 following the first anniversary in receipt of a survivor benefit.

### Early Retirement Option

Members who are age 55 or older with more than 20 but fewer than 35 years of service may choose the early retirement option (ERO) to avoid a discounted annuity with a one-time contribution from the member and the employer. The member contribution is waived with 34 years of service. Under current law, the ERO expires June 30, 2000. Members with 35 or more years of service can retire and receive a non-discounted annuity.

### Post-Retirement Increase

Annuitants meeting certain service credit criteria receive an annual 3% increase in their gross annuity on the January 1 after becoming age 61 or the January 1 following the first anniversary in retirement, whichever is later.

### Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, the member may receive a refund of contributions.

### Continuity of Credit within Illinois

TRS is one of 13 public retirement systems included in the provisions of the Retirement Systems' Reciprocal Act that ensures continuous pension credit for public employment in Illinois.

### Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between material in this summary and that of the law, the law takes precedence.



## **SECTION FOUR: STATISTICAL**



STATISTICAL

**AVERAGE ANNUAL SALARY FOR ACTIVE MEMBERS BY YEARS OF SERVICE**

Years of Service		1989	1990	1991	1992
0-5	<b>Number</b>	25,296	22,949	26,770	26,962
	Average Salary	\$22,121	\$23,284	\$24,752	\$25,881
6-10	<b>Number</b>	15,314	15,359	14,811	15,820
	Average Salary	27,124	28,158	30,524	32,141
11-15	<b>Number</b>	17,671	18,066	16,438	15,914
	Average Salary	31,581	32,791	35,078	37,016
16-20	<b>Number</b>	19,867	20,027	18,403	17,454
	Average Salary	36,315	37,984	40,060	41,984
21-25	<b>Number</b>	12,830	14,755	15,719	16,422
	Average Salary	39,141	41,523	43,958	46,051
26-30	<b>Number</b>	6,659	7,152	7,605	8,307
	Average Salary	41,429	43,316	45,877	48,438
31-35	<b>Number</b>	2,758	3,222	3,479	3,742
	Average Salary	43,749	46,363	49,046	52,047
35+	<b>Number</b>	462	457	478	539
	Average Salary	45,979	48,146	49,979	55,044
<b>Total Number</b>		<b>100,857</b>	<b>101,987</b>	<b>103,703</b>	<b>105,160</b>
	Average Salary	\$31,318	\$33,024	\$35,321	\$37,193
<b>% Change Average Salary</b>		<b>5.7%</b>	<b>5.4%</b>	<b>7.0%</b>	<b>5.3%</b>
<b>Total Payroll</b>					
Full & Part-time		<b>\$3,158,639,526</b>	<b>\$3,368,018,688</b>	<b>\$3,662,893,663</b>	<b>\$3,911,215,880</b>

*FY98 statistical information is subject to review by the Audit Department which may result in slight modifications.  
Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted.  
Total payroll shown will be lower than payroll figures used elsewhere in this report*



STATISTICAL

(Years ended June 30)

1993	1994	1995	1996	1997	1998
<b>26,217</b> \$27,051	<b>28,573</b> \$28,120	<b>34,193</b> \$28,851	<b>33,700</b> \$29,867	<b>33,134</b> \$30,717	<b>33,325</b> \$31,495
<b>16,948</b> 33,675	<b>18,158</b> 35,349	<b>18,757</b> 36,465	<b>19,716</b> 37,315	<b>20,340</b> 38,170	<b>20,329</b> 39,047
<b>14,663</b> 38,714	<b>13,380</b> 40,413	<b>12,686</b> 41,715	<b>13,013</b> 42,905	<b>13,830</b> 44,258	<b>14,571</b> 45,659
<b>16,703</b> 43,692	<b>15,916</b> 45,523	<b>14,775</b> 46,662	<b>14,579</b> 47,929	<b>14,295</b> 49,309	<b>13,004</b> 50,650
<b>17,083</b> 47,942	<b>17,233</b> 49,998	<b>16,030</b> 51,295	<b>15,754</b> 52,679	<b>15,235</b> 54,096	<b>14,494</b> 55,498
<b>9,431</b> 51,050	<b>10,134</b> 54,071	<b>9,608</b> 55,543	<b>11,474</b> 56,865	<b>12,977</b> 58,168	<b>13,904</b> 59,694
<b>4,124</b> 55,598	<b>3,523</b> 58,913	<b>1,930</b> 58,460	<b>2,456</b> 59,383	<b>3,525</b> 61,434	<b>4,845</b> 63,985
<b>707</b> 57,768	<b>771</b> 60,109	<b>541</b> 59,672	<b>549</b> 61,618	<b>611</b> 62,841	<b>644</b> 65,222
<b>105,876</b> \$39,177	<b>107,688</b> \$40,618	<b>108,520</b> \$40,455	<b>111,241</b> \$41,903	<b>113,947</b> \$43,398	<b>115,116</b> \$44,769
<b>5.3%</b>	<b>3.7%</b>	<b>(0.4%)</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.2%</b>
<b>\$4,147,904,052</b>	<b>\$4,374,071,184</b>	<b>\$4,390,176,600</b>	<b>\$4,661,331,623</b>	<b>\$4,945,071,906</b>	<b>\$5,153,628,204</b>





STATISTICAL

ACTIVE MEMBERS BY YEARS OF AGE AND YEARS OF SERVICE

AGE	SUBS	YEARS OF SERVICE					
		0-5	6-10	11-15	16-20	21-25	
20-24	Number	1,856	1,481				
	Average Salary	\$3,299	\$25,826				
25-29	Number	4,103	12,717	684			
	Average Salary	3,817	29,636	34,815			
30-34	Number	2,042	6,059	6,056	401		
	Average Salary	3,519	32,298	36,992	41,950		
35-39	Number	2,257	3,104	3,175	3,934	291	
	Average Salary	3,235	32,011	38,480	43,519	46,966	
40-44	Number	3,058	3,297	2,557	2,714	4,592	676
	Average Salary	3,599	31,821	38,877	44,433	49,253	52,962
45-49	Number	3,649	3,748	3,856	3,201	3,658	7,837
	Average Salary	4,005	33,789	39,977	46,372	50,839	54,886
50-54	Number	2,622	2,076	2,826	2,808	2,561	3,755
	Average Salary	4,259	36,403	42,237	48,048	51,877	56,895
55-59	Number	1,381	653	940	1,165	1,389	1,581
	Average Salary	3,892	37,849	43,254	48,608	52,210	56,184
60-64	Number	706	154	191	299	426	531
	Average Salary	3,592	38,561	43,552	48,576	53,853	55,800
65-69	Number	330	28	37	41	78	105
	Average Salary	3,429	42,290	41,768	44,977	51,984	55,693
70-74	Number	153	8	6	6	7	9
	Average Salary	3,050	51,886	45,072	43,183	58,481	54,629
74 +	Number	47		1	2	2	
	Average Salary	3,478		72,588	31,920	31,912	
	Total Number	22,204	33,325	20,329	14,571	13,004	14,494
	Average Salary	\$3,732	\$31,495	\$39,047	\$45,659	\$50,650	\$55,498



STATISTICAL

(As of June 30, 1998)

YEARS OF SERVICE							
26-30	31-35	36-40	41-45	46-50	51-55	TOTALS	
						1,481	\$25,826
						13,401	29,900
						12,516	34,878
						10,504	38,690
						13,836	42,417
1,363						23,663	47,456
56,947							
9,226	1,010					24,262	53,285
60,019	62,095						
2,478	3,246	137				11,589	56,274
60,469	64,662	66,256					
664	460	345	19			3,089	56,175
58,085	64,437	66,213	58,835				
145	104	56	52	3		649	56,123
59,241	61,501	64,418	62,060	42,465			
26	20	9	7	8		106	57,185
57,864	55,601	60,301	64,319	75,813			
2	5	3	2		3	20	49,053
63,984	49,992	45,796	56,260		50,992		
13,904	4,845	550	80	11	3	115,116	\$44,769
\$59,694	\$63,985	\$65,833	\$61,347	\$66,718	\$50,992		



STATISTICAL

RETIRED MEMBERS BY YEARS OF SERVICE AND YEARS IN RETIREMENT

YEARS RETIRED	YEARS OF SERVICE					
	1-5	6-10	11-15	16-20	21-25	26-30
<b>1-5</b>						
<b>Number</b>	<b>580</b>	<b>492</b>	<b>412</b>	<b>546</b>	<b>1,092</b>	<b>1,671</b>
Average Benefit	\$209	\$524	\$751	\$1,140	\$1,569	\$2,156
Average Original Benefit	\$200	\$496	\$703	\$1,068	\$1,471	\$2,003
<b>6-10</b>						
<b>Number</b>	<b>548</b>	<b>568</b>	<b>654</b>	<b>912</b>	<b>1,766</b>	<b>2,140</b>
Average Benefit	187	478	704	1,093	1,536	2,056
Average Original Benefit	152	388	570	888	1,267	1,720
<b>11-15</b>						
<b>Number</b>	<b>374</b>	<b>498</b>	<b>625</b>	<b>1,109</b>	<b>1,570</b>	<b>1,711</b>
Average Benefit	158	360	632	1,020	1,349	1,837
Average Original Benefit	102	225	431	720	962	1,312
<b>16-20</b>						
<b>Number</b>	<b>217</b>	<b>271</b>	<b>587</b>	<b>1,026</b>	<b>1,277</b>	<b>1,237</b>
Average Benefit	139	311	523	820	1,066	1,449
Average Original Benefit	76	165	302	500	661	907
<b>21-25</b>						
<b>Number</b>	<b>150</b>	<b>221</b>	<b>430</b>	<b>760</b>	<b>966</b>	<b>889</b>
Average Benefit	94	275	441	661	849	1,142
Average Original Benefit	41	124	213	338	446	615
<b>26-30</b>						
<b>Number</b>	<b>50</b>	<b>94</b>	<b>190</b>	<b>432</b>	<b>568</b>	<b>558</b>
Average Benefit	57	237	396	550	715	902
Average Original Benefit	8	85	141	211	304	402
<b>31-35</b>						
<b>Number</b>	<b>7</b>	<b>15</b>	<b>37</b>	<b>110</b>	<b>172</b>	<b>164</b>
Average Benefit	52	225	374	524	641	776
Average Original Benefit	1	30	62	120	180	234
<b>36-40</b>						
<b>Number</b>	<b>1</b>		<b>3</b>	<b>39</b>	<b>99</b>	<b>78</b>
Average Benefit	109		422	536	637	760
Average Original Benefit	19		38	102	121	172
<b>41-45</b>						
<b>Number</b>				<b>4</b>	<b>10</b>	<b>19</b>
Average Benefit				526	657	753
Average Original Benefit				81	86	108
<b>46-50</b>						
<b>Number</b>				<b>1</b>	<b>4</b>	<b>5</b>
Average Benefit				573	627	745
Average Original Benefit				30	40	55
<b>50 +</b>						
<b>Number</b>				<b>1</b>	<b>2</b>	
Average Benefit				480	660	
Average Original Benefit				15	63	
<b>TOTAL NUMBER</b>	<b>1,927</b>	<b>2,159</b>	<b>2,938</b>	<b>4,940</b>	<b>7,526</b>	<b>8,472</b>
<b>AVERAGE BENEFIT</b>	<b>\$171</b>	<b>\$407</b>	<b>\$596</b>	<b>\$893</b>	<b>\$1,237</b>	<b>\$1,731</b>
<b>AVERAGE ORIGINAL BENEFIT</b>	<b>\$135</b>	<b>\$304</b>	<b>\$419</b>	<b>\$621</b>	<b>\$ 910</b>	<b>\$1,324</b>



STATISTICAL

(As of June 30, 1998)

YEARS OF SERVICE

31-35	36-40	41-45	46-50	50 +	TOTAL	AVERAGE AGE
<b>3,084</b>	<b>4,370</b>	<b>133</b>	<b>11</b>	<b>3</b>	<b>12,394</b>	
\$2,821	\$3,661	\$3,860	\$3,902	\$3,101	\$2,573	61
\$2,652	\$3,363	\$3,662	\$3,732	\$2,921	\$2,388	
<b>3,212</b>	<b>3,219</b>	<b>109</b>	<b>21</b>	<b>4</b>	<b>13,153</b>	
2,780	3,367	3,646	3,005	2,270	2,219	66
2,341	2,859	3,002	2,446	1,858	1,864	
<b>2,075</b>	<b>1,207</b>	<b>95</b>	<b>28</b>	<b>2</b>	<b>9,294</b>	
2,526	3,088	2,679	2,874	2,411	1,757	72
1,805	2,206	1,896	2,030	1,701	1,251	
<b>1,293</b>	<b>566</b>	<b>120</b>	<b>20</b>	<b>2</b>	<b>6,616</b>	
1,979	2,215	2,143	2,168	1,587	1,290	77
1,249	1,393	1,335	1,367	1,030	803	
<b>878</b>	<b>677</b>	<b>199</b>	<b>36</b>	<b>2</b>	<b>5,208</b>	
1,488	1,820	1,817	1,699	1,819	1,069	83
811	988	977	898	946	570	
<b>551</b>	<b>611</b>	<b>327</b>	<b>61</b>	<b>3</b>	<b>3,445</b>	
1,166	1,429	1,396	1,325	1,133	959	88
558	695	664	616	527	439	
<b>150</b>	<b>165</b>	<b>89</b>	<b>17</b>		<b>926</b>	
877	1,010	1,055	1,115		782	92
309	395	428	451		262	
<b>85</b>	<b>49</b>	<b>14</b>	<b>1</b>		<b>369</b>	
828	887	913	1,166		738	94
224	302	322	446		185	
<b>12</b>	<b>7</b>				<b>52</b>	
820	824				742	97
186	189				131	
	<b>1</b>				<b>11</b>	
	820				694	98
	107				52	
<b>1</b>					<b>4</b>	
820					655	102
83					56	
<b>11,341</b>	<b>10,872</b>	<b>1,086</b>	<b>195</b>	<b>16</b>	<b>51,472</b>	
\$2,433	\$3,140	\$2,161	\$2,010	\$2,089	\$1,862	71
\$1,953	\$2,624	\$1,481	\$1,306	\$1,571	\$1,473	



# BENEFIT STATISTICS

## RETIREMENT BENEFITS

(As of June 30, 1998)

Average age: All retirees	71
Average service: All retirees	28 years
Average age: 1,123 FY98 retirees	60
Average service: 1,123 FY98 retirees	23 years
Average monthly benefits: 1,123 FY98 retirees including 193 retirees under provisions of early retirement option	\$2,012
Oldest annuitant	105

AGE	COUNT	AVERAGE BENEFIT
51-55	1,358	\$2,182
56-60	6,736	2,726
61-65	9,276	2,435
66-70	9,582	2,067
71-75	7,819	1,709
76-80	6,394	1,299
81-85	4,832	1,114
86-90	3,515	979
90+	1,960	840
<b>Total</b>	<b>51,472</b>	<b>Weighted Average \$1,862</b>



STATISTICAL

DISABILITY BENEFITS <sup>1</sup>

(As of June 30, 1998)

Average age: All recipients	56
Average service: All recipients	17 years
Average age: 361 new FY98 disability recipients	41
Average service: 361 new FY98 disability recipients	13 years
Average monthly benefits: 361 new FY98 disability recipients	\$1,313

AGE	COUNT	AVERAGE BENEFIT
1-25	0	0
26-30	27	\$ 981
31-35	23	1,108
36-40	28	1,105
41-45	78	1,163
46-50	166	1,279
51-55	197	1,464
56-60	142	1,348
61-65	117	1,431
66-70	73	907
71-75	64	844
76-80	44	664
81-85	13	595
86-90	1	444
90+	9	491
<b>Total</b>	<b>982</b>	<b>Weighted Average \$1,217</b>

1. Includes 376 individuals receiving temporary or occupational disability benefits and are counted as active members. The remaining 606 individuals receive permanent disability benefits.



STATISTICAL

**SURVIVOR BENEFITS <sup>2</sup>**

(As of June 30, 1998)

Average age: All recipients	74
Average age: 663 new FY98 survivor benefits recipients	67
Average monthly benefits: 663 new FY98 survivor benefits recipients	\$783

AGE	COUNT	AVERAGE BENEFIT
Under 5	1	\$328
6-10	16	354
11-15	32	372
16-20	75	408
21-25	14	516
26-30	1	854
31-35	5	649
36-40	9	611
41-45	32	848
46-50	76	829
51-55	213	927
56-60	346	1,040
61-65	511	1,012
66-70	844	898
71-75	951	737
76-80	1,117	597
81-85	1,134	547
86-90	907	447
90+	412	372
<b>Total</b>	<b>6,696</b>	<b>Weighted Average \$677</b>

<sup>2</sup> An additional \$9.4 million was paid in death benefits to survivors of active, inactive and retired members as refunds of various types of contributions.

**RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS**

(For Fiscal Year Ended June 30)

	Number at Beginning of Year	Added to Rolls	Removed from Rolls	Number at End of Year
1995	54,888	6,822	2,076	59,634
1996	59,634	2,063	2,033	59,664
1997	59,664	1,847	2,159	59,352
1998	59,352	1,954	2,156	59,150



STATISTICAL

REVENUES BY SOURCE						(In Millions)
Year Ended June 30	Member Contributions	Employer Contributions	Employer Contribution as Percentage of Annual Covered Payroll	Net Invest Income <sup>1</sup>	Other Employer Contributions <sup>2</sup>	Total
1989	\$268	\$237	7.5%	\$560	\$24	\$1,089
1990	284	269	7.9	814	24	1,391
1991	311	270	7.1	662	24	1,267
1992	351	247	6.2	1,114	25	1,737
1993	363	282	6.7	1,143	24	1,812
1994	413	278	6.3	989	205	1,885
1995	431	279	6.3	771	319	1,800
1996	399	341	7.2	2,096	48	2,884
1997	417	395	7.9	2,644	26	3,482
1998	441	478	9.0	2,873	25	3,817

- 1 For 1996, 1997 and 1998, includes realized gains and losses and unrealized appreciation or depreciation of investments. Preceding years include only realized gains and losses. Also, 1997 is restated.
- 2 Includes minimum retirement, ERO, ERI and supplemental contributions. These amounts are not counted for actuarial purposes.

EXPENSES BY TYPE					(In Millions)
Year Ended June 30	Benefits	Health Insurance	Refunds	Administrative/Other Expenses	Total
1989	\$469	\$8	\$20	\$6	\$503
1990	509	11	22	41	583
1991	558	15	19	8	600
1992	614	28	19	12	673
1993	677	38	19	10	744
1994	824	50	22	11	907
1995	1,074	38	29	10	1,151
1996	1,122	0	22	11	1,155
1997	1,161	0	22	10	1,193
1998	1,210	0	24	10	1,244





# SCHEDULE OF PARTICIPATING EMPLOYERS

A C CENTRAL CUSD 262  
 ABINGDON C.U.S.D. #217  
 ADAMS/PIKE ROE  
 ADDISON S.D.#4  
 ADLAI E. STEVENSON H.S.D. #125  
 ADM OFF OF BUREAU OF BLIND SER  
 AEROSPEC. ED. COOP  
 AKIN C.C.S.D. #91  
 ALBERS S.D.#63  
 ALDEN HEBRON S.D. #19  
 ALEDO C.U.S.D. #201  
 ALEXIS C.U.S.D. #400  
 ALLEN TOWNSHIP C.U.S.D.#65  
 ALLENDALE C.C.S.D. #17  
 ALSIP/HALZGRN/OAKLWN S.D. #126  
 ALTAMONT C.U.S.D. #10  
 ALTERNATIVE SCHOOL  
 ALTON C.U.S.D. # 11  
 ALTON MENTAL HLTH CTR  
 ALWOOD C.U.S.D. #225  
 ALXNDR/JOHN/MASC/PLSKI/UN ROE  
 AMBOY C.U.S.D. #272  
 ANN M. KILEY CENTER  
 ANNA C.C.S.D. #37  
 ANNA JONESBORO C.H.S.D. #81  
 ANNAWAN C.U.S.D. #226  
 ANTIOCH C.C.S.D. #34  
 ANTIOCH C.H.S.D. #117  
 APTAKISIC-TRIIPP C.C.S.D. #102  
 ARBOR PARK S.D. #145  
 ARCOLA C.U.S.D. #306  
 AREA 3 LEARNING TECHNOLOGY HUB  
 ARGENTA-OREANA C.U.S.D. #1  
 ARGO C.H.S.D. #217  
 ARGO/SUMMIT S.D. #104  
 ARLINGTON HEIGHTS S.D. #25  
 ARMSTRONG-ELLIS C.S.D. #61  
 ARMSTRONG TWP H.S.D. #225  
 ARTHUR C.U.S.D. #305  
 ASHLEY C.C.S.D. #15  
 ASHTON C.U.S.D. #275  
 ASST SUPT ESR  
 ASTORIA C.U.S.D.#1.5  
 ATHENS C.U.S.D. #213  
 ATWOOD HAMMOND C.U.S.D. #39  
 ATWOOD HEIGHTS S.D. #125  
 AUBURN C.U.S.D. #10  
 AURORA EAST U.S.D. #131  
 AURORA WEST U.S.D. #129  
 AVID C.O. REG OFFICE OF EDUC  
 AVISTON S.D.#21  
 AVOCA S.D.#37  
 AVON C.U.S.D. #176  
 BAC REGIONAL VOCATIONAL SYSTEM  
 BALL CHATHAM C.U.S.D. #5  
 BANNOCKBURN S.D. #106  
 BARRINGTON C.U.S.D. #220  
 BARRY C.U.S.D. #1  
 BARTELSON S.D.#57  
 BARTONVILLE S.D. #66  
 BASSC  
 BATAVIA U.S.D. #101  
 BEACH PARK C.C.S.D. #3  
 BEARDSTOWN C.U.S.D. #15  
 BECK AREA VOCATIONAL CENTER  
 BEECHER C.U.S.D. #200U  
 BEECHER CTY C.U.S.D. #20

BELLE VALLEY S.D. #119  
 BELLEVILLE S.D. #118  
 BELLEVILLE TWP HSD 201  
 BELLWOOD S.D.#88  
 BELVIDERE C.U.S.D. #100  
 BEMENT C.U.S.D. #5  
 BENJAMIN S.D.#25  
 BENSENVILLE S.D. #2  
 BENTON C.C.S.D. #47  
 BENTON C.H.S.D. #103  
 BERKELEY S.D.#87  
 BERWYN NORTH S.D. #98  
 BERWYN SOUTH S.D. #100  
 BETHALTO C.U.S.D. #8  
 BETHANY C.U.S.D. #301  
 BETHEL S.D. #82  
 BI CO SPEC ED COOP  
 BIG HOLLOW S.D. #38  
 BISMARCK C.U.S.D. #1  
 BLACKHAWK AREA SP ED  
 BLOOM TWP H.S.D. #206  
 BLOOMINGDALE S.D. #13  
 BLOOMINGTON S.D. #87  
 BLUE RIDGE C.U.S.D. #18  
 BLUFORD C.C.S.D. #114  
 BMP TRI-COUNTY SPEC ED COOP  
 BOND COUNTY C.U.S.D. #2  
 BOND/EFFINGHAM/FAYETTE ROE  
 BOONE/WINNEBAGO ROE  
 BOURBONNAIS S.D. #53  
 BRACEVILLE S.D.#75  
 BRADFORD C.U.S.D. #1  
 BRADLEY BOURBONNAIS C.H.S.D.  
 BRADLEY S.D. #61  
 BREESE S.D. #12  
 BREMEN C.H.S.D. #228  
 BRIMFIELD C.U.S.D. #309  
 BROOKFIELD S.D. #95  
 BROOKLYN U.D. #188  
 BROOKWOOD S.D. #167  
 BROWN CASS MORGAN SCOTT ROE  
 BROWN COUNTY C.U.S.D. #1  
 BROWNSTOWN C.U.S.D. #201  
 BRUSSELS C.U.S.D. #42  
 BUNCOMBE C.S.D. #43  
 BUNKER HILL C.U.S.D. #8  
 BURBANK S.D. #111  
 BUREAU OF AGENCY SUPPORT SERV  
 BUREAU VALLEY C.U.S.D. #340  
 BURNHAM S.D.#154.5  
 BUSHNELL PRAIRIE CITY C.U.S.D.  
 BUTLER S.D.#53  
 BYRON C.U.S.D. #226  
 CAHOKIA C.U.S.D. #187  
 CAIRO C.U.S.D. #1  
 CALHOUN C.U.S.D. #40  
 CALHOUN/GRNE/JRSY/MACOUPIN ROE  
 CALUMET CITY S.D. #155  
 CALUMET PUBLIC S.D. #132  
 CAMBRIDGE C.U.S.D. #227  
 CAMP POINT C.U.S.D.#3  
 CANTON UNION S.D.#66  
 CAPITAL AREA VOC CTR  
 CARBON CLIFF-BARSTOW S.D  
 CARBONDALE C.H.S.D. #165  
 CARBONDALE E.S.D. #95  
 CAREER DEVELOPMENT SYSTEM

CAREER PREPARATION NETWORK  
 CARLINVILLE C.U.S.D. #1  
 CARLYLE C.U.S.D. #1  
 CARM-WHITE COUNTY C.U.S.D.  
 CARRIER MILLS-STONEFORT CUSD  
 CARROLL/JO DAV/STEPHENSON ROE  
 CARROLL/JO DAV/STPHNSN/REG PRG  
 CARROLLTON C.U.S.D. #1  
 CARTERVILLE C.U.S.D. #5  
 CARTHAGE C.U.S.D. #338  
 CARY C.C.S.D. #26  
 CASEY-WESTFIELD C.U.S.D. #4C  
 CASS S.D.#63  
 CATLIN C.U.S.D. #5  
 CENTER CASS S.D.#66  
 CENTRAL A&M C.U.S.D. #21  
 CENTRAL C.H.S.#71  
 CENTRAL C.U.S.D. #301  
 CENTRAL C.U.S.D. #4  
 CENTRAL CITY S.D. #133  
 CENTRAL S.D. #104  
 CENTRAL S.D. #51  
 CENTRAL STICKNEY S.D. #110  
 CENTRALIA H.S.D. #200  
 CENTRALIA S.D. #135  
 CENTURY C.U.S.D. #100  
 CERRO GORDO C.U.S.D. #100  
 CHAMPAIGN C.U.S.D. #4  
 CHAMPAIGN/FORD ED. EMPLOY. SYS  
 CHAMPAIGN/FORD ROE  
 CHANEY-MONGE S.D. #88  
 CHANNAHON S.D. #17  
 CHARLESTON C.U.S.D. #1  
 CHENOA C.U.S.D. #9  
 CHERRY S.D. #92  
 CHESTER-EAST LINCOLN C.C.S.D.  
 CHESTER C.U.S.D. #139  
 CHESTER MENTAL HEALTH CTR  
 CHICAGO HEIGHTS S.D. #170  
 CHICAGO READ M H CTR  
 CHICAGO RIDGE S.D. #127.5  
 CHOATE MENTAL HEALTH CENTER  
 CHRISTIAN/MONTGOMERY ROE  
 CHRISTOPHER C.H.S.D. #38  
 CHRISTOPHER C.U.S.D. #34  
 CICERO S.D.#99  
 CISSNA PARK C.U.S.D. #6  
 CLAY CITY C.U.S.D. #10  
 CLAY/CWFORD/JSPR/LWRN/RHL ROE  
 CLINTON C.U.S.D. #15  
 CLINTON/MARION/WASHINGTON ROE  
 CLK/CLS/CMBN/DGLAS/MLTR/SH ROE  
 COAL CITY C.U.S.D. #1  
 COBDEN S.U.D. #17  
 COLCHESTER C.U.S.D. #180  
 COLLINSVILLE C.U.S.D. #10  
 COLONA S.D.#190  
 COLUMBIA C.U.S.D. #4  
 COMM UNIT SCHOOL DIST #300  
 COMM UNIT SCHOOL DIST #399  
 COMMUNITY C.S.D. #204  
 COMMUNITY C.S.D. #93  
 COMMUNITY C.S.D.#180  
 COMMUNITY CONS. S.D. #59  
 COMMUNITY H.S.D. #155  
 COMMUNITY H.S.D. #218  
 COMMUNITY U.S.D. #16

COMMUNITY U.S.D. #2  
 COMMUNITY U.S.D. #4  
 COMMUNITY U.S.D. #76  
 COMMUNITY U.S.D.#200  
 CONSOLIDATED H.S.D. #230  
 COOK COUNTY S.D. 130  
 CORNELL C.C.S.D. #426  
 CORRECTIONS S.D.#428 DEPT OF  
 COULTERVILLE U.S.D. #1  
 COUNTRY CLUB HILLS S.D  
 COUNTY COMPTROLLER/ROE  
 COWDEN-HERRICK C.H.S.D. #188  
 COWDEN-HERRICK CUD 3A  
 GRAB ORCHARD C.U.S.D. #3  
 CRESCENT CITY C.C.S.D.  
 CRESCENT IROQUOIS C.U.S.D. #252  
 CRESTON C.C.S.D. #161  
 CRETE MONEE C.U.S.D. #201U  
 CREVE COEUR S.D. #76  
 CRYSTAL LAKE C.C.S.D. #47  
 CUMBERLAND C.U.S.D. #77  
 CYPRESS S.D. #64  
 DAKOTA C.U.S.D. #201  
 DALLAS CITY C.U.S.D. #336  
 DALZELL S.D. #98  
 DAMIANSVILLE S.D. #62  
 DANVILLE C.C.S.D. #118  
 DARIEN S.D.#61  
 DAVEA  
 DECATUR S.D. #61  
 DEER CREEK-MACKINAW CUSD  
 DEER PARK C.C.S.D. #82  
 DEERFIELD S.D. #109  
 DEKALB C.U.S.D. #428  
 DEKALB COUNTY SPEC. ED.  
 DEKALB ROE  
 DELABAR VOC ED REG  
 DELAND-WELDON C.U.S.D. #57  
 DELAVAN C.U.S.D. #703  
 DEPT OF REHAB-VISUALLY IMPAIRE  
 DEPUE U.S.D. #103  
 DES PLAINES C.C.S.D. #62  
 DESOTO C.C.S.D. #86  
 DEWITT/LIVINGSTON/MCLEAN ROE  
 DIAMOND LAKE S.D. #76  
 DIETERICH C.U.S.D.#30  
 DIMMICK C.C.S.D. #175  
 DISTRICT 50 SCHOOLS  
 DIVERNON C.U.S.D. #13  
 DIXON U.S.D. #170  
 DODDS C.C.S.D. #7  
 DOLTON S.D. #149  
 DOLTON S.D.#148  
 DONGOLA S.U.D. #66  
 DONOVAN C.U.S.D. #3  
 DOWNERS GROVE C.H.S.#99  
 DOWNERS GROVE G.S.D.#58  
 DUNLAP C.U.S.D. #323  
 DUPAGE H.S.D.#88  
 DUPAGE ROE  
 DUPO C.U.S.D. #196  
 DUQUOIN COMM UNIT  
 DURAND C.U.S.D. #322  
 DWIGHT COMMON S.D. #232  
 DWIGHT TWP H.S.D. #230  
 E IL ED FOR EMPLOYMENT SYSTEM  
 EARLVILLE C.U.S.D. #9



# SCHEDULE OF PARTICIPATING EMPLOYERS

EAST ALTON-WOOD RIVER C.H.S.  
 EAST ALTON S.D. #13  
 EAST COLOMA S.D. #12  
 EAST DUBUQUE U.S.D. #119  
 EAST MAINE S.D. #63  
 EAST MOLINE S.D. #37  
 EAST PEORIA C.H.S.D. #309  
 EAST PEORIA S.D.  
 EAST PRAIRIE S.D. #73  
 EAST RICHLAND C.U.S.D. #1  
 EAST ST LOUIS S.D. #189  
 EASTLAND C.U.S.D. #308  
 EDGAR COUNTY C.U.S.D. #6  
 EDINBURG C.U.S.D. #4  
 EDUCATION FOR EMPLOYMENT  
 EDUCATIONAL DEVELP CTR  
 EDUCATIONAL THERAPY CTR  
 EDWARDS COUNTY C.U.S.D. #1  
 EDWARDSVILLE C.U.S.D. #7  
 EDWD/GLTN/HHDIN/POP/SLN/WBH ROE  
 EFFINGHAM C.U.S.D. #40  
 EGYPTIAN C.U.S.D. #5  
 EISENHOWER COOPERATIVE  
 EL PASO C.U.S.D. #375  
 ELDORADO C.U.S.D. #4  
 ELEMENTARY S.D. #159  
 ELGIN MENTAL HEALTH CTR  
 ELGIN S.D. #46  
 ELISABETH LUDEMAN CENTER  
 ELMHURST S.D. #205  
 ELMWOOD C.U.S.D. #322  
 ELMWOOD PARK C.U.S.D. #401  
 ELVERADO C.U.S.D. #196  
 ELWOOD C.C.S.D. #203  
 EMMONS S.D. #33  
 ERIE C.U.S.D. #1  
 ESWOOD C.C.S.D. #269  
 EUREKA C.U.S.D. #140  
 EVANSTON C.C.S.D. #65  
 EVANSTON TWP H.S.D. #202  
 EVERGREEN PARK C.H.S.D.  
 EVERGREEN PARK E.S.D. #124  
 EWING NORTHERN C.C.D. #115  
 FAIRFIELD C.H.S.D. #225  
 FAIRFIELD P.S.D. #112  
 FAIRMONT S.D. #89  
 FARMINGTON CENTRAL C.U.S.D. #265  
 FARRINGTON C.C.S.D. #99  
 FENTON C.H.S.D. #100  
 FIELD C.C.S.D. #3  
 FIELDCREST C.U.S.D. #6  
 FINDLAY C.U.S.D. #2  
 FISHER C.U.S.D. #1  
 FIVE COUNTY VOC SYSTEM  
 FLANAGAN C.U.S.D. #4  
 FLORA C.U.S.D. #35  
 FLOSSMOOR S.D. #161  
 FORD HEIGHTS S.D. #189  
 FORD IROQUOIS CO SP ED  
 FOREST PARK S.D. #91  
 FOREST RIDGE S.D. #142  
 FORRESTVILLE VALLEY C.U.S.D.  
 FOUR RIVERS SPECIAL EDUC  
 FOX DEVELOPMENT CENTER  
 FOX LAKE GRADE S.D. #114  
 FOX RIVER GROVE C.S.D. #3  
 FRANKFORT C.C.S.D. #157C

FRANKFORT C.U.S.D. #168  
 FRANKLIN C.U.S.D. #1  
 FRANKLIN PARK S.D. #84  
 FRANKLIN/JEFFERSON CO SP ED  
 FRANKLIN/WILLIAMSON ROE  
 FREEBURG C.C.S.D. #70  
 FREEBURG C.H.S.D. #77  
 FREEPORT S.D. #145  
 FREMONT S.D. #79  
 FULTON COUNTY C.U.S.D. #3  
 FULTON/SCHUYLER ROE  
 GALATIA C.U.S.D. #1  
 GALENA U.S.D. #120  
 GALESBURG C.U.S.D. #205  
 GALLATIN C.U.S.D. #7  
 GALVA C.U.S.D. #224  
 GARDNER C.C.S.D. #72C  
 GARDNER S WILMINGTON THSD 73  
 GAVIN S.D. #37  
 GEFF C.C.S.D. #14  
 GEN GEO PATTON S.D. #133  
 GENESEO C.U.S.D. #228  
 GENEVA C.U.S.D. #304  
 GENOA-KINGSTON C.U.S.D.  
 GEO ZELLER ZONE CTR  
 GEORGETOWN-RIDGE FARM C.U.D.  
 GERMANTOWN HILLS S.D. #69  
 GERMANTOWN S.D. #60  
 GIANT CITY C.C.S.D. #130  
 GIBSON CTY-MELVIN-SIBLEY  
 GIFFORD C.C.S.D. #188  
 GILLESPIE C.U.S.D. #7  
 GIRARD C.U.S.D. #3  
 GLEN ELLYN C.C.S.D. #89  
 GLEN ELLYN S.D. #41  
 GLENBARD TWP H.S.D. #87  
 GLENCOE S.D. #35  
 GLENVIEW C.C.S.D. #34  
 GOLF E.S.D. #67  
 GOREVILLE C.U.S.D. #1  
 GOWER S.D. #62  
 GRAND PRAIRIE C.C.S.D. #6  
 GRAND RIDGE C.C.S.D. #95  
 GRANITE CITY C.U.S.D. #9  
 GRANT C.C.S.D. #110  
 GRANT C.H.S.D. #124  
 GRANT PARK C.U.S.D. #6  
 GRASS LAKE S.D. #36  
 GRAYSLAKE C.C.S.D. #46  
 GRAYSLAKE C.H.S.D. #127  
 GRAYVILLE C.U.S.D. #1  
 GREENFIELD C.U.S.D. #10  
 GREENVIEW C.U.S.D. #200  
 GRIDLEY C.U.S.D. #10  
 GRIGGSVILLE-PERRY C.U.S.D.  
 GRUNDY AREA VOCATIONAL CENTER  
 GRUNDY KENDALL ROE  
 GURNEE S.D. #56  
 HALL TWP H.S.D. #502  
 HAMILTON C.C.S.D. #328  
 HAMILTON COUNTY C.U.S.D.  
 HAMILTON/JEFFERSON ROE  
 HAMPTON S.D. #29  
 HANCOCK/MCDONOUGH ROE  
 HARDIN COUNTY C.U.S.D. #1  
 HARLEM U.S.D. #122  
 HARMONY EMGE S.D. #175

HARRISBURG C.U.S.D. #3  
 HARRISON S.D. #36  
 HARTSBURG EMDEN C.U.S.D.  
 HARVARD C.U.S.D. #50  
 HARVEY S.D. #152  
 HAVANA C.U.S.D. #126  
 HAWTHORN C.C.S.D. #73  
 HAZEL CREST S.D. #152-5  
 HENRY-SENACHWINE C.U.S.D. #5  
 HERITAGE C.U.S.D. #8  
 HERRIN C.U.S.D. #4  
 HERSCHER C.U.S.D. #2  
 HEYWORTH C.U.S.D. #4  
 HIAWATHA C.U.S.D. #426  
 HIGH MOUNT S.D. #116  
 HIGHLAND C.U.S.D. #5  
 HIGHLAND PARK TWP H.S.D. #113  
 HILLSBORO C.U.S.D. #3  
 HILLSIDE S.D. #93  
 HINCKLEY BIG ROCK CUSD  
 HINSDALE C.C.S.D. #181  
 HINSDALE TWP H.S.D. #86  
 HOLLIS C.S.D. #328  
 HOMER C.C.S.D. #33  
 HOMEWOOD S.D. #153  
 HOMEWOOD/FLOSSMOOR CHSD  
 HONONEGAH C.H.S.D. #207  
 HOOPESTON AREA C.U.S.D. #11  
 HOOVER SCHRUM MEM S.D.  
 HOYLETON C.S.D. #29  
 HUNTLEY C.S.D. #158  
 HUTSONVILLE C.U.S.D. #1  
 ICRE-R  
 ICRE AT WOOD CRSBVI  
 IL EDUCATION ASSOCIATION  
 IL FEDERATION OF TEACHERS  
 IL PURCHASED CARE REVIEW BD  
 IL SCHOOL FOR THE DEAF  
 IL STATE BOARD OF EDUC  
 IL VALLEY CENTRAL U.S.D. #321  
 ILLINI BLUFFS C.U.S.D. #327  
 ILLINI CENTRAL C.U.S.D. #189  
 ILLINOIS ASSN. OF SCHL BOARDS  
 ILLIOPOLIS C.U.S.D. #12  
 INA C.C.S.D. #8  
 INDIAN CREEK C.U.S.D. #425  
 INDIAN PRAIRIE C.U.S.D.  
 INDIAN SPRINGS S.D. #109  
 INDIAN VALLEY AREA VOC CENTER  
 INDUSTRY C.U.S.D. #165  
 IROQUOIS AREA REG DELIVERY SYS  
 IROQUOIS COUNTY C.U.S.D.  
 IROQUOIS WEST C.U.S.D. #10  
 IROQUOIS/KANKAKEE ROE  
 IRVINGTON C.C.S.D. #11  
 ITASCA S.D. #10  
 IUKA C.C.S.D. #7  
 J.S. MORTON H.S.D. #201  
 JACKSON/PERRY ROE  
 JACKSONVILLE MH DEV CTR  
 JACKSONVILLE S.D. #117  
 JAMAICA C.U.S.D. #12  
 JAMP SPECIAL EDUCATION SERV  
 JASPER C.C.S.D. #17  
 JASPER COUNTY C.U.S.D. #1  
 JERSEY C.U.S.D. #100  
 JODAVIESS/CARROLL AREA VOC CTR

JOHNSBURG C.U.S.D. #12  
 JOHNSTON CITY C.U.S.D. #1  
 JOLIET S.D. #86  
 JOLIET TWP H.S.D. #204  
 JONESBORO C.C.S.D. #43  
 JOPPA-MAPLE GROVE U.S.D. #38  
 KANE ROE  
 KANELAND C.U.S.D. #302  
 KANKAKEE AREA CAREER CTR  
 KANKAKEE AREA SPEC COOP 850  
 KANKAKEE S.D. #111  
 KANSAS C.U.S.D. #3  
 KASKASKIA SPEC ED 801  
 KEENEYVILLE S.D. #20  
 KELL C.S.D. #2  
 KENDALL CO SP ED COOP  
 KENILWORTH S.D. #38  
 KEWANEE C.U.S.D. #229  
 KILDEER COUNTRYSIDE C.C.S.D.  
 KINGS C.S.D. #144  
 KINNIKINNICK C.C.S.D. #131  
 KIRBY S.D. #140  
 KNOX ROE  
 KNOXVILLE C.U.S.D. #202  
 KOMAREK S.D. #94  
 L E A S E  
 LA GRANGE AREA DEPT SPEC ED  
 LA GRANGE S.D. #102  
 LA GRANGE SOUTH S.D. #105  
 LA GRANGE/HIGHLANDS S.D.  
 LADD C.C.S.D. #94  
 LAHARPE C.U.S.D. #335  
 LAKE BLUFF ELEMENTARY S.D. #65  
 LAKE CO AREA VOC SYSTEM  
 LAKE COUNTY SPEC ED  
 LAKE FOREST C.H.S.D. #115  
 LAKE FOREST S.D. #67  
 LAKE PARK C.H.S.D. #108  
 LAKE ROE  
 LAKE VILLA C.C.S.D. #41  
 LAKE ZURICH C.U.S.D. #95  
 LAMOILLE C.U.S.D. #303  
 LANSING S.D. #158  
 LARAWAY C.C.S.D. #70  
 LASALLE-PERU TWP H.S.D.  
 LASALLE ELEMENTARY S.D.  
 LASALLE ROE  
 LAWRENCE COUNTY C.U.S.D. #20  
 LEBANON C.U.S.D. #9  
 LEE CENTER C.U.S.D. #271  
 LEE/OGLE ROE  
 LEEPERTOWN C.C.S.D. #175  
 LELAND C.U.S.D. #1  
 LEMONT TWP H.S.D. #210  
 LEMONT-BROMBEREK C.S.D.  
 LENA WINSLOW C.U.S.D. #202  
 LEROY C.U.S.D. #2  
 LEWISTOWN C.U.S.D. #97  
 LEXINGTON C.U.S.D. #7  
 LEYDEN C.H.S.D. #212  
 LIBERTY C.U.S.D. #2  
 LIBERTYVILLE C.H.S.D. #128  
 LIBERTYVILLE S.D. #70  
 LICK CREEK C.C.S.D. #16  
 LIMESTONE C.H.S.D. #310  
 LIMESTONE WALTERS C.C.S.D.  
 LINCOLN-WAY AREA SPEC ED



# SCHEDULE OF PARTICIPATING EMPLOYERS

LINCOLN C.H.S.D. #404  
 LINCOLN DEVEL CTR  
 LINCOLN E.S.D. #27  
 LINCOLN E.S.D.#156  
 LINCOLN WAY C.H.S.D. #210  
 LINCOLNSHIRE-PRAIRIEVIEW S.D.  
 LINCOLNWOOD S.D. #74  
 LINDOP S.D.#92  
 LISBON C.C.S.D. #90  
 LISLE C.U.S.D. #202  
 LITCHFIELD C.U.S.D. #12  
 LIVINGSTON C.C.S.D. #4  
 LOCKPORT AREA SPE ED COOP  
 LOCKPORT S.D. #91  
 LOCKPORT TWP H.S.D. #205  
 LOGAN C.C.S.D. #110  
 LOGAN/MASON/MENARD ROE  
 LOMBARD S.D.#44  
 LOSTANT C.U.S.D. #425  
 LOVINGTON C.U.S.D. #303  
 LOWPOINT-WASHBURN C.U.S.D.  
 LUDLOW C.C.S.D. #142  
 LYONS S.D.#103  
 LYONS TWP H.S.D. #204  
 MABLEY DEVELOPMENT CENTER  
 MACOMB C.U.S.D. #185  
 MACON/PIATT ROE  
 MADDEN MENTAL HEALTH CENTER  
 MADISON C.U.S.D. #12  
 MAERCKER S.D.#60  
 MAHOMET-SEYMOUR C.U.S.D. #3  
 MAINE TWP H.S.D. #207  
 MALDEN C.C.S.D. #84  
 MALTA C.U.S.D. #433  
 MANHATTAN S.D. #114  
 MANNHEIM S.D.#83  
 MANTENO C.U.S.D. #5  
 MARENGO-UNION E.C.S.D. #1650  
 MARENGO C.H.S.D. #154  
 MARION C.U.S.D. #2  
 MARISSA C.U.S.D. #40  
 MAROA FORSYTH C.U.S.D. #2  
 MARQUARDT S.D.#15  
 MARSEILLES E.S.D.#150  
 MARSHALL C.U.S.D. #2C  
 MARTINSVILLE C.U.S.D. #3C  
 MASCOUATAH C.U.S.D. #19  
 MASSAC U.S.D. #1  
 MATTESON E.S.D.#162  
 MATTOON C.U.S.D. #2  
 MAYWOOD S.D.#89  
 MAZON-VERONA-KINSMAN ESD 2C  
 MCCLELLAN C.C.S.D.#12  
 MCFARLAND MENTAL HEALTH  
 MCHENRY C.C.S.D. #15  
 MCHENRY C.H.S.D. #156  
 MCHENRY ROE  
 MCKEEL SCHOOL  
 MCLEAN COUNTY U.S.D. #5  
 MEDINAH E.S.D.#11  
 MENDOTA C.C.S.D. #289  
 MENDOTA TWP H.S.D. #280  
 MEREDOSIA-CHAMBERSBURG CUSD  
 MERIDIAN C.U.S.D. #15  
 MERIDIAN C.U.S.D. #101  
 MERIDIAN C.U.S.D. #223  
 MERRIAM C.C.S.D. #19

METAMORA C.C.S.D. #1  
 METAMORA TWP H.S.D. #122  
 METRO CNA SERVICES  
 MIDLAND C.U.S.D. #7  
 MIDLOTHIAN S.D. #143  
 MIDWEST CENTRAL C.U.S.D. #191  
 MILFORD C.S.D. #280  
 MILFORD TWP H.S.D. #233  
 MILLBURN C.C.S.D. #24  
 MILLER TWP C.C.S.D. #210  
 MILLSTADT C.C.S.D. #160  
 MINOOKA C.C.S.D. #201  
 MINOOKA C.H.S. #111  
 MOKENA S.D. #159  
 MOLINE U.S.D. #40  
 MOMENCE C.U.S.D. #1  
 MONMOUTH U.S.D. #38  
 MONROE S.D. #70  
 MONROE/RANDOLPH ROE  
 MONTECELLO C.U.S.D. #25  
 MONTMORENCY C.C.S.D. #145  
 MORRIS C.H.S.D. #101  
 MORRIS S.D. #54  
 MORRISON C.U.S.D. #6  
 MORRISONVILLE C.U.S.D. #1  
 MORTON C.U.S.D. #709  
 MORTON GROVE S.D. #70  
 MOUNT OLIVE C.U.S.D. #5  
 MOUNT PROSPECT S.D. #57  
 MT CARROLL C.U.S.D. #304  
 MT PULASKI C.U.D. #23  
 MT VERNON S.D. #80  
 MT VERNON TWP H.S.D. #201  
 MT ZION C.U.S.D. #3  
 MULBERRY GROVE C.U.S.D. #1  
 MUNDELEIN C.H.S.D. #120  
 MUNDELEIN ELEMENTARY S.D. #75  
 MURPHYSBORO C.U.S.D. #186  
 NAPERVILLE C.U.S.D.#203  
 NASHVILLE C.C.S.D. #49  
 NASHVILLE C.H.S.D. #99  
 NATIONAL EDUCATION ASSOCIATION  
 NAUVOO-COLUSA C.U.S.D.  
 NDSEC - N DUPAGE SPEC ED COOP  
 NELSON PUBLIC S.D. #8  
 NEOGA C.U.S.D. #3  
 NEPONSET C.C.S.D. #307  
 NETTLE CREEK C.C.S.D.#24C  
 NEW ATHENS C.U.S.D. #60  
 NEW HOLLAND-MIDDLETOWN E DIST  
 NEW HOPE C.C.S.D. #6  
 NEW LENOX S.D. #122  
 NEW SIMPSON HILL C.S.D. #32  
 NEW TRIER TWP H.S.D. #203  
 NEWARK C.C.S.D. #66  
 NEWARK C.H.S.D. #18  
 NIANTIC-HARRISTOWN C.U.S.D. #6  
 NILES E.S.D. #71  
 NILES TWP C.H.S.D.#219  
 NOKOMIS C.U.S.D. #22  
 NORRIDGE S.D. #80  
 NORRIS CITY-OMAHA-ENFIELD CUSD  
 NORTH BOONE C.U.S.D. #200  
 NORTH CENTRAL REG EDUC LAB  
 NORTH CHICAGO COMM HIGH SCHL  
 NORTH CHICAGO S.D. #187  
 NORTH CLAY C.U.S.D. #25

NORTH GREENE U.S.D. #3  
 NORTH PALOS S.D. #117  
 NORTH PEKIN-MARQUETTE HGHT S.D.  
 NORTH SHORE S.D. #112  
 NORTH WAMAC S.D. #186  
 NORTH WAYNE C.U.S.D. #200  
 NORTHBROOK-GLENVIEW S.D. #30  
 NORTHBROOK ELEM S.D. #27  
 NORTHBROOK S.D.#28  
 NORTHFIELD TWP H.S.D. #225  
 NORTHWEST C.U.S.D. #175  
 NORTHWEST SPECIAL ED. DIST.  
 NORTHWESTERN C.U.S.D. #2  
 NORWOOD E.S.D. #63  
 NSSEO  
 OAK GROVE S.D. #68  
 OAK GROVE S.D. #68  
 OAK LAWN C.H.S.D. #229  
 OAK LAWN/HOMETOWN S.D.#123  
 OAK PARK E.S.D. #97  
 OAK PARK/RIVER FOREST S.D.  
 OAKDALE C.C.S.D. #1  
 OAKLAND C.U.S.D. #5  
 OBLONG C.U.S.D. #4  
 ODELL C.C.S.D. #435  
 ODIN C.H.S.D. #700  
 ODIN S.D. #122  
 O'FALLON C.C.S.D. #90  
 O'FALLON T.H.S.D. #203  
 OGDEN C.C.S.D. #212  
 OGLE CO SPECIAL ED  
 OGLESBY E.S.D. #125  
 OHIO AND WABASH VALLEY VOC SYS  
 OHIO C.C.S.D. #17  
 OHIO C.H.S.D. #505  
 OKAW AREA VOCATIONAL CENTER  
 OLYMPIA C.U.S.D. #16  
 OPDYKE-BELLE-RIVE C.C.S.D. #5  
 OPHIR C.C.S.D. #235  
 ORANGEVILLE C.U.S.D. #203  
 OREGON C.U.S.D. #220  
 ORION C.U.S.D.#223  
 ORLAND PARK S.D. #135  
 OSWEGO C.U.S.D. #308  
 OTTAWA E.S.D. #141  
 OTTAWA TWP H.S.D.#140  
 OTTER CREEK-HYATT S.D. #58  
 PALATINE C.C.S.D. #15  
 PALATINE TWP H.S.D. #211  
 PALESTINE C.U.S.D. #3  
 PALOS C.C.S.D. #118  
 PALOS HEIGHTS S.D. #128  
 PANA C.U.S.D. #8  
 PANHANDLE C.U.S.D. #2  
 PARIS-UNION S.D. #95  
 PARIS C.U.S.D. #4  
 PARK FOREST S.D. #163  
 PARK RIDGE C.C.S.D. #64  
 PASS/ADULT EDUCATION  
 PATOKA C.U.S.D. #100  
 PAWNEE C.U.S.D. #11  
 PAXTON-BUCKLEY-LODA  
 PAYSON C.U.S.D.#1  
 PEARL CITY C.U.S.D. #200  
 PEGATONICA C.U.S.D. #321  
 PEKIN C.H.S.D. #303  
 PEKIN P.S.D. #108

PEMBROKE C.C.S.D. #259  
 PENNOYER S.D.#79  
 PEORIA HGHTS C.U.S.D. #325  
 PEORIA ROE  
 PEORIA S.D. #150  
 PEOTONE C.U.S.D. #207  
 PERANDOE SPECIAL ED DISTRICT  
 PERU ELEMENTARY S.D. #124  
 PHILIP J ROCK SCHL & SERV CTR  
 PIKELAND C.U.S.D. #10  
 PINCKNEYVILLE S.D. #50  
 PINCKNEYVL C.H.S.D. #101  
 PLAINFIELD S.D. #202  
 PLANO C.U.S.D. #88  
 PLEASANT HILL C.U.S.D. #3  
 PLEASANT HILL S.D. #69  
 PLEASANT PLAINS C.U.S.D. #8  
 PLEASANT VALLEY S.D. #62  
 PLEASANTDALE S.D. #107  
 POLO C.U.S.D. #222  
 PONTIAC-W HOLLIDAY S.D. #105  
 PONTIAC C.C.S.D. #429  
 PONTIAC TWP H.S.D. #90  
 POPE COUNTY C.U.S.D. #1  
 PORTA C.U.S.D. #202  
 POSEN-ROBBINS E.S.D.  
 POTOMAC C.U.S.D. #10  
 PRAIRIE CENTRAL C.U.S.D. #8  
 PRAIRIE DU ROCHER C.C.S.D.  
 PRAIRIE GROVE C.S.D. #46  
 PRAIRIE HILL C.C.S.D. #133  
 PRAIRIE HILLS E.S.D.  
 PRAIRIEVIEW C.C.S.D. #192  
 PRINCETON E.S.D. #115  
 PRINCETON TWP H.S.D. #500  
 PRINCEVILLE C.U.S.D. #326  
 PROFESSIONAL DEV ALLIANCE/ROE  
 PROJECT AREA 1 HUB-ROE  
 PROPHETSTOWN-LYNDON CUSD  
 PROSPECT HEIGHTS S.D. #23  
 PROVISO TWP H.S.D. #200  
 PUFFER-HEFTY S.D.#69  
 PUTNAM COUNTY C.U.S.D.  
 QUEEN BEE S.D.#16  
 QUINCY S.D. #172  
 R O W V A C.U.S.D. #208  
 RACCOON C.S.D. #1  
 RAMSEY C.U.S.D.#204  
 RANDOLPH CO SPEC ED  
 RANKIN C.S.D. #98  
 RANTOUL CITY S.D.#137  
 RANTOUL TWP H.S.D. #193  
 REAVIS TWP H.S.D. #220  
 RED BUD C.U.S.D. #132  
 RED HILL C.U.S.D. #10  
 REED CUSTER C.U.S.D. #255  
 REG DEL SYS VOC ED AND GIFTED  
 REGIONAL FILM LIBRARY  
 REGIONAL VOCATIONAL SYSTEM  
 RHODES S.D.#845  
 RICH TOWNSHIP H.S.D. #227  
 RICHLAND S.D. 88A  
 RICHMOND BURTON H.S.C.D. #157  
 RICHMOND C.S.D. #13  
 RIDGELAND S.D. #122  
 RIDGEVIEW C.U.S.D. #19  
 RIDGEWOOD C.H.S.D. #234



# SCHEDULE OF PARTICIPATING EMPLOYERS

RILEY C.C.S.D. #18  
 RIVER BEND C.U.S.D. #2  
 RIVER FOREST S.D. #90  
 RIVER GROVE S.D. #85.5  
 RIVER RIDGE C.U.S.D. #210  
 RIVER TRAILS S.D. #26  
 RIVERDALE C.U.S.D. #100  
 RIVERDALE S.D. #14  
 RIVERSIDE S.D. #96  
 RIVERSIDE/BROOKFIELD #208  
 RIVERTON C.U.S.D. #14  
 RIVERVIEW C.C.S.D. #2  
 ROANOKE BENSON C.U.S.D. #60  
 ROBEIN S.D. #85  
 ROBINSON C.U.S.D. #2  
 ROCHELLE C.C.S.D. #231  
 ROCHELLE TWP H.S.D. #212  
 ROCHESTER C.U.S.D. #3A  
 ROCK FALLS E.S.D. #13  
 ROCK FALLS TWP H.S.D. #301  
 ROCK ISLAND ROE  
 ROCK ISLAND S.D. #41  
 ROCKDALE S.D. #84  
 ROCKFORD S.D. #205  
 ROCKRIDGE C.U.S.D. #300  
 ROCKTON S.D. #140  
 ROE PROFESSIONAL SERVICES #19  
 ROME C.C.S.D. #2  
 RONDOUT S.D. #72  
 ROOKS CREEK C.C.S.D. #425  
 ROSELLE S.D. #12  
 ROSEMONT ELEM. S.D. #78  
 ROSEVILLE C.U.S.D. #200  
 ROSSVILLE-ALVIN C.U.S.D. #7  
 ROUND LAKE AREA S.D. #116  
 ROXANA C.U.S.D. #1  
 RUTLAND C.C.S.D. #230  
 SALEM C.H.S.D. #600  
 SALEM S.D. #111  
 SALT CREEK S.D. #48  
 SANDOVAL C.U.S.D. #501  
 SANDRIDGE S.D. #172  
 SANDWICH C.U.S.D. #430  
 SANGAMON AREA SPECIAL ED  
 SANGAMON ROE  
 SARATOGA C.C.S.D. #60C  
 SASED  
 SAUK VILLAGE C.C.S.D. #168  
 SAUNEMIN C.C.S.D. #438  
 SAVANNA C.U.S.D. #300  
 SAVER  
 SCALES MOUND C.U.S.D. #211  
 SCHAUMBURG C.C.S.D. #54  
 SCHILLER PARK S.D. #81  
 SCHUYLER COUNTY C.U.S.D. #1  
 SCOTT-MORGAN C.U.S.D. #2  
 SEDCS7 100 0020 61 MARION  
 SEDOM  
 SEJA 803 PAEC  
 SEJA 804 NSSD  
 SELMAVILLE C.C.S.D. #10  
 SENECA C.C.S.D. #170  
 SENECA TWP H.S.D. #160  
 SESSER-VALIER C.U.S.D.  
 SHAPIRO DEVELOPMENTAL CTR  
 SHAWNEE C.U.S.D. #84  
 SHELBYVILLE C.U.S.D. #4

SHELDON C.U.S.D. #5  
 SHERRARD C.U.S.D. #200  
 SHILOH C.U.S.D. #1  
 SHILOH VILLAGE S.D. #85  
 SHIRLAND C.C.S.D. #134  
 SIGNAL HILL S.D. #181  
 SILVIS S.D. #34  
 SINGER MENTAL HEALTH  
 SKOKIE-FAIRVIEW S.D. #72  
 SKOKIE S.D. #68  
 SKOKIE S.D. #69  
 SKOKIE S.D. #73.5  
 SMA - SEJA #801  
 SMITHTON C.C.S.D. #130  
 SO WILL CO COOP FOR SPEC ED  
 SOMONAUK C.U.S.D. #432  
 SOUTH BELOIT C.U.S.D. #320  
 SOUTH CENTRAL C.U.S.D. #401  
 SOUTH COOK ISC #4  
 SOUTH EASTERN SPEC ED  
 SOUTH FORK S.D. #14  
 SOUTH HOLLAND S.D. #150  
 SOUTH HOLLAND S.D. #151  
 SOUTH PEKIN S.D. #137  
 SOUTH WILMINGTON C.S.D. #74  
 SOUTHEASTERN C.U.S.D. #337  
 SOUTHERN C.U.S.D. #120  
 SOUTHWEST COOK COOP SPEC ED  
 SOUTHWESTERN C.U.S.D. #9  
 SPARTA C.U.S.D. #140  
 SPEC ED COOP  
 SPEC ED TCHR  
 SPECIAL ED OF PEORIA COUNTY  
 SPECIAL ED. DIST. - REGION 3  
 SPEED ED COOP  
 SPOON RIVER VALLEY C.U.S.D. #4  
 SPRING GROVE S.D. #11  
 SPRING LAKE C.C.S.D. #606  
 SPRING VALLEY C.C.S.D. #99  
 SPRINGFIELD S.D. #186  
 ST ANNE C.C.S.D. #256  
 ST ANNE C.H.S.D. #302  
 ST CLAIR ROE  
 ST ELMO C.U.S.D. #202  
 ST GEORGE C.C.S.D. #258  
 ST JOSEPH C.C.S.D. #169  
 ST JOSEPH OGDEN C.H.S. #305  
 ST LIBORY C.S.D. #30  
 ST ROSE S.D. #14  
 ST CHARLES C.U.S.D. #303  
 STARK COUNTY C.U.S.D. #100  
 STAUNTON C.U.S.D. #6  
 STEELEVILLE C.U.S.D. #138  
 STEGER S.D. #194  
 STEPHENSON AREA TECH ED SYS  
 STERLING C.U.D. #5  
 STEWARD ELEMENTARY S.D. #220  
 STEWARDSON-STRASBURG C.U.S.D.  
 STOCKTON C.U.S.D. #206  
 STREATOR ELEMENTARY S.D. #44  
 STREATOR TWP H.S.D. #40  
 STREATOR WOODLAND C.U.S.D. #5  
 SULLIVAN C.U.S.D. #300  
 SUMMERSVILLE S.D. #79  
 SUMMIT HILL S.D. #161  
 SUNNYBROOK S.D. #171  
 SUNSET RIDGE S.D. #29

SUPT ESR  
 SYCAMORE C.U.S.D. #427  
 TAFT S.D. #90  
 TAMAROA S.D. #5  
 TAOEP  
 TAYLORVILLE C.U.S.D. #3  
 TAZEWEILL ROE  
 TEACHERS RETIREMENT SYSTEM  
 TENCO/SIRSEA REG ED PROG  
 TEUTOPOLIS C.U.S.D. #50  
 THE CENTER  
 THOMASBORO C.C.S.D. #130  
 THOMPSONVILLE C.H.S.D. #112  
 THOMPSONVILLE S.D. #62  
 THOMSON C.U.S.D. #301  
 THORNTON FRACTIONAL H.S.D.  
 THORNTON S.D. #154  
 THORNTON TWP H.S.D. #205  
 TINLEY PARK MENTAL HLTH CTR  
 TINLEY PARK S.D. #146  
 TMCSEA  
 TOLONO C.U.S.D. #7  
 TONICA C.C.S.D. #79  
 TOWER HILL C.C.S.D. #10  
 TOWER HILL C.H.S.D. #185  
 TOWNSHIP H.S.D. #214  
 TRANSPORTATION DEPT OF  
 TREES  
 TREMONT C.U.S.D. #702  
 TRI-COUNTY SPEC ED CO-OP  
 TRI CITY C.U.S.D. #1  
 TRI COUNTY EDUCATION SERV CTR  
 TRI COUNTY SPE ED ASSO  
 TRI POINT C.U.S.D. 6-J  
 TRI VALLEY C.U.S.D. #3  
 TRIAD C.U.S.D. #2  
 TRICO C.U.S.D. #176  
 TRIOPIA C.U.S.D. #27  
 TROY C.C.S.D. #30C  
 TUSCOLA C.U.S.D. #301  
 TWIN RIVERS REG VOC DEL SYS  
 TWO RIVERS PROFESSIONAL DEV.  
 UNION C.U.S.D. #115  
 UNION RIDGE S.D. #86  
 UNION S.D. #81  
 UNITED TWP H.S.D. #30  
 UNITY POINT C.C.S.D. #140  
 URBANA S.D. #116  
 UTICA E.S.D. #135  
 V I T C.U.S.D. #2  
 VALLEY VIEW C.U.S.D. #365  
 VALMEYER C.U.S.D. #3  
 VANDALIA C.U.S.D. #203  
 VENICE C.U.S.D. #3  
 VERMILION ASSOC SPEC EDUCATION  
 VIENNA S.D. #55  
 VIENNA TWP H.S.D. #133  
 VILLA GROVE C.U.S.D. #302  
 VILLA PARK S.D. #45  
 VIRDEN C.U.S.D. #4  
 VIRGINIA C.U.S.D. #64  
 WABASH & OHIO VALLEY SE DIST  
 WABASH C.U.S.D. #348  
 WALLACE C.C.S.D. #195  
 WALTHAM C.C.S.D. #185  
 WALTONVILLE C.U.S.D. #1  
 WARREN C.U.S.D. #205

WARREN C.U.S.D. #222  
 WARREN G. MURRAY DEV. CENTER  
 WARREN TWP H.S.D. #121  
 WARRENSBURG-LATHAM C.U.S.D. #11  
 WARSAW C.U.S.D. #316  
 WASHINGTON C.H.S.D. #308  
 WASHINGTON S.D. #52  
 WATERLOO C.U.S.D. #5  
 WAUCONDA C.U.S.D. #118  
 WAUKEGAN C.U.S.D. #60  
 WAVERLY C.U.S.D. #6  
 WAYNE CITY C.U.S.D. #100  
 WEBBER TWP H.S.D. #204  
 WESCLIN C.U.S.D. #3  
 WEST CENTRAL IL SP ED COOP  
 WEST CHICAGO C.H.S.D. #94  
 WEST CHICAGO E.S.D. #33  
 WEST HARVEY-DIXMOOR S.D.  
 WEST LINCOLN-BROADWELL  
 WEST NORTHFIELD S.D. #31  
 WEST PIKE C.U.S.D. #2  
 WEST RICHLAND C.U.S.D. #2  
 WEST WASHINGTON C.U.S.D. #10  
 WESTCHESTER S.D. #92.5  
 WESTERN SPRINGS S.D. #101  
 WESTMER C.U.S.D. #203  
 WESTMONT C.U.S.D. #201  
 WESTVILLE C.U.S.D. #2  
 WETHERSFIELD C.U.S.D. #230  
 WHEELING C.C.S.D. #21  
 WHITESIDE ROE  
 WHITESIDE S.D. #115  
 WILCO AREA CAREER CENTER  
 WILL COUNTY S.D. #92  
 WILLIAMSFIELD C.U.S.D. #210  
 WILLIAMSVILLE C.U.S.D. #15  
 WILLOW GROVE S.D. #46  
 WILLOW SPRINGS S.D. #108  
 WILMETTE S.D. #39  
 WILMINGTON C.U.S.D. #209  
 WINCHESTER C.U.S.D. #1  
 WINDSOR C.U.S.D. #1  
 WINFIELD S.D. #34  
 WINNEBAGO C.U.S.D. #323  
 WINNETKA S.D. #36  
 WINTHROP HARBOR S.D. #1  
 WM HOWE DEVL P CTR  
 WOLF BRANCH S.D. #113  
 WOOD DALE S.D. #7  
 WOOD RIVER-HARTFORD E.S.D. #15  
 WOODFORD CO SPEC ED  
 WOODLAND C.C.S.D. #50  
 WOODLAWN C.C.S.D. #4  
 WOODLAWN C.H.S.D. #205  
 WOODRIDGE S.D. #68  
 WOODSTOCK C.U.S.D. #200  
 WORTH SCHOOL DISTRICT #127  
 YORKVILLE C.U.S.D. #115  
 YORKWOOD C.U.S.D. #225  
 ZEIGLER ROYALTON C.U.S.D. #188  
 ZION-BENTON TWP H.S.D. #126  
 ZION ELEMENTARY S.D. #6





## **SECTION FIVE: INVESTMENTS**





# INVESTMENTS

## INTRODUCTION

The TRS trust fund is invested by authority of the Illinois General Assembly under the "prudent person rule" requiring investments to be managed solely in the interest of fund participants and beneficiaries. As of June 30, 1998, the System's total investments, including accrued investment income, at market value totaled \$20,982,659,087.

Investments are guided by a statement of investment objectives and policies approved by the Board of Trustees. The objective is to provide the greatest long-term benefits to members by maximizing the total rate of return on investments within prudent parameters of risk for a retirement fund of this type. Investment performance is expected to exceed the annual rate of inflation over the long-term by 3% and to outperform various market indices for each asset class.

## PERFORMANCE SUMMARY

In accordance with the Association for Investment Management and Research (AIMR) Performance Presentation Standards, the following chart summarizes the development and performance of the total investment portfolio, including accrued income and miscellaneous assets, during the last five years.

<b>PERFORMANCE SUMMARY</b>		(Annualized Percent for Periods Ending June 30 1998* )					
(Years Ended June 30)	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Annualized 3 Years</b>	<b>5 Years</b>
<b>Total Time-Weighted Return</b>							
TRS	4.7	13.4	16.9	18.3	16.6	17.2	13.7
CPI	2.5	3.0	2.8	2.3	1.7	2.2	2.4
<b>Common Stock - US</b>							
TRS	2.7	20.6	23.0	27.9	26.6	25.8	19.8
S&P 500	1.4	26.0	26.1	34.6	30.2	30.2	23.1
Wilshire 5000	1.2	24.7	26.2	29.3	28.9	28.1	21.6
<b>Bonds - US</b>							
TRS	-0.6	12.0	3.2	10.8	12.2	8.6	7.0
Salomon BIG	-1.5	12.8	5.0	8.2	10.6	7.9	6.9
<b>Bonds - International</b>							
TRS	4.7	14.4	6.6	4.9	2.4	5.6	7.1
SBNUSDB	10.5	22.7	-1.7	2.2	0.9	0.5	6.4
<b>Common Stock-International</b>							
TRS	12.6	-6.1	27.5	19.9	2.8	16.3	10.2
MSCI ALL COUNTRY Ex. U.S.	16.0	0.1	10.8	14.0	0.6	9.0	9.3
MSCI EAFE	17.0	1.7	13.6	12.8	6.1	10.7	10.0
<b>Real Estate- TRS</b>							
TRS	9.7	13.2	11.1	12.7	14.7	12.7	12.4
<b>Alternative Investments - TRS</b>							
TRS	1.6	30.3	67.7	22.6	35.3	41.7	35.6
<b>Short Term</b>							
TRS	3.7	5.9	5.4	5.6	5.7	5.6	5.3
91 - Day Treasury Bill	3.3	5.3	5.4	5.4	5.3	5.4	5.0
<b>ASSET ALLOCATION (ANNUAL AVERAGE) TRS</b>							
Bonds - U.S.	24.1	23.2	19.8	20.0	22.7	20.8	22.0
Common Stock - U.S.	36.8	35.5	39.9	41.3	42.3	41.2	39.2
Short Term	7.6	5.3	4.7	4.6	4.5	4.6	5.3
Other	31.5	36.0	35.6	34.1	30.5	33.4	33.5

\*Asset class returns are provided by The Northern Trust Company in accordance with AIMR Performance Presentation Standards. Index returns are provided by the Northern Trust Company and Bloomberg. The average asset allocation represents TRS assets assigned to each asset class under active management.





## INVESTMENTS

### ASSET ALLOCATION

A pension fund's most important investment policy decision is the selection of an asset allocation. Similar to other large institutional funds, the System maintains a well-diversified portfolio to effectively control risk. The System's asset allocation as of June 30, 1998, was as follows:

PERCENT OF TOTAL FUND		
Asset Type	% of Total	
	1998	1997
Bonds	39.0	31.9
Common Stock - U.S.	30.2	30.4
Real Estate Equity	11.8	13.0
Common Stock - International	10.0	9.6
Short Term Investments	6.3	12.1
Alternative Investments	2.2	2.0
Preferred Stock	0.5	0.6
Currency Investments	0.0	0.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

Note: The asset allocation above is based on actual assets and not on assets assigned to managers within an asset class.

Percentage totals for FY98 show a slight decrease in U.S. equities from 30.4% a year earlier. International equities increased slightly from the FY97 figure of 9.6%. In all, equities totaled 40.2% of the total portfolio. Bonds increased to 39.0% of the total fund, from 31.9% a year earlier while real estate decreased 1.2% to 11.8% at year end. Over the past five years, the System's allocation history can be represented as follows:

ASSET ALLOCATION HISTORY					
Asset Class	6/30/94	6/30/95	6/30/96	6/30/97	6/30/98
Bonds (U.S. & Global)	41.1%	36.9%	36.4%	31.9%	39.0%
Common Stock (U.S.)	23.6%	27.7%	30.3%	30.4%	30.2%
Short Term	7.0%	5.7%	7.1%	12.1%	6.3%
Other*	28.3%	29.7%	26.2%	25.6%	24.5%

\*Other includes Common Stock, Int'l., Preferred Stock, Real Estate, Alternative Investments and Currency Investments.

### FUND MANAGEMENT

The fund is externally managed by professional investment firms which bring their particular expertise to the selection and retention of investments. The activities of these firms are reviewed and directed by the System's staff and trustees to ensure compliance with applicable statutes, the investment policy and long-term strategic plans. On June 30, 1998, the following external firms were employed by TRS:

#### Fixed Income (Bonds) U.S.

Brinson Partners, Inc.  
BlackRock Financial Management Inc.  
The Chicago Trust Company  
Conseco Capital Management, Inc.  
Forstmann-Leff International, Inc.  
Hughes Capital Management, Inc.  
Miller, Anderson, Sherrerd, LLP  
Pacific Investment Management Co.  
Payden & Rygel Investment Counsel  
Strong Capital Management, Inc.  
Taplin, Canida & Habacht  
W.R. Huff Asset Management Co.  
Weiss, Peck & Greer Investments  
Western Asset Management Co.

Delaware International Advisors, Ltd.  
Dresdner RCM Global Investors  
Hotchkis & Wiley  
Pyrford International PLC  
Scudder Kemper Investments, Inc.

#### Real Estate Equity

Bear Stearns/Capital Associates Realty Advisors  
Capital Associates Realty Advisors  
Commonwealth Realty Advisors, Inc.  
Cozad/Westchester  
DLJ Real Estate Capital Partners, L.P.  
Heitman Capital Management  
K/B Realty Advisors  
LaSalle Advisors Ltd.  
LPC Realty Advisors I, Ltd.  
RREEF Real Estate Venture Capital Fund, L.P.  
Stone-Levy, L.L.C.  
Westmark Realty Advisors

#### Fixed Income (Bonds) International

Brinson Partners, Inc.  
Delaware International Advisors, Ltd.  
Julius Baer Investment Management, Inc.  
Pacific Investment Management Co.

#### Alternative Investments

Angelo, Gordon & Co.  
Apex Investment Partners  
Daystar Partners  
DLJ Merchant Banking Partners, Inc.  
Frontenac Company  
Kohlberg Kravis Roberts & Co.  
Mesirow Private Equity Investments, Inc.  
Penman Asset Management, L.P.  
Periscope I Fund Managers, L.L.C.  
Sandler Capital Management  
SCP Private Equity Partners, L.P.  
TCW/Latin American Partners, L.L.C.  
The Applian Group  
Trivest, Inc.  
Veronis Suhler & Associates  
Walnut Growth Partners, L.L.C.  
Weiss, Peck & Greer Venture Partners, L.P.  
William Blair Mezzanine Capital Partners

#### Equity (Common Stock) - U.S.

Ark Asset Management Co., Inc.  
Bank of America (Illinois)  
Brinson Partners, Inc.  
Fiduciary Management Associates  
First Analysis Investment Corp.  
Fox Asset Management  
Hotchkis and Wiley  
Insight Capital Research & Management, Inc.  
Institutional Capital Corp.  
Lazard Asset Management  
Lincoln Capital Management Co.  
Mentor Investment Advisors, Inc.  
Munder Capital Management, Inc.  
Pacific Investment Management Co.  
Paradigm Asset Management Co., L.L.C.  
Sanford C. Bernstein & Co., Inc.  
Sturdivant & Co.  
The Edgar Lomax Company  
Valenzuela Capital Partners  
Wayne Hummer Management Co.

#### Tactical Asset Allocation

Brinson Partners, Inc.  
Pyrford International, Inc.

#### Equity (Common Stock) International

Brandes Asset Management, Inc.  
Brandywine Asset Management, Inc.  
Brinson Partners, Inc.  
Capital Guardian Trust Co.  
Clay Finlay, Inc.

#### Cash Management

Atlantic Asset Management, Inc.  
Hotchkis & Wiley  
The Northern Trust Company



## INVESTMENTS

### ASSET CLASS & MARKET INDICES

During FY98, U.S. common stock was the best performing asset class as represented by the Wilshire 5000 Index at 28.9% and the S&P 500 Index which returned 30.2%. Domestic bonds were the next best performing asset class as represented by the Salomon Broad Investment Grade (Salomon BIG) Index returning 10.6%. International common stocks as represented by the MSCI All Country Excluding U.S. returned 0.6% and the Europe, Australia and the Far East (EAFE) Index, returned 6.1%. Non-U.S. dollar bonds, represented by the Salomon Brothers Non-U.S. Dollar Bond Index, returned 0.9%. The 91-Day Treasury Bill, reflecting short-term investments, returned 5.3%. The annual rate of inflation, as represented by the Consumer Price Index (CPI), stood at 1.7% for FY98.

### ASSET CLASS QUARTERLY RETURN BY REPRESENTATIVE INDICES

Asset Class	Domestic Equity		International Equity		Domestic Fixed Income	International Fixed Income	Short-Term Investments	Inflation
	WILSHIRE 5000	S&P 500	MSCI All Country Ex-U.S.	MSCI EAFE	SALOMON BIG	SBNUSDB*	91-Day T-BILL	CPI
<b>DATE</b>								
6/30/97	16.89	17.42	12.97	12.98	3.60	2.82	1.32	0.19
9/30/97	9.75	7.52	-0.99	-0.70	3.32	0.21	1.31	0.56
12/31/97	1.68	2.85	-8.99	-7.83	2.95	-1.38	1.32	0.06
3/31/98	13.26	13.96	13.69	14.71	1.61	0.42	1.31	0.56
6/30/98	1.95	3.31	-1.77	1.06	2.32	1.67	1.29	0.49

\*Salomon Brothers Non-U.S. Dollar Bond Index  
Source: The Northern Trust Company



## INVESTMENTS

### TOTAL FUND RESULTS

In accordance with AIMR Performance Presentations Standards, the System's total time-weighted rate of return for FY98 was 16.6%. This result was due primarily to the System's impressive results in the U.S. stock and bond markets, real estate and alternative investments.

The Fund's total return for FY98 easily surpassed the long-term performance objectives of preserving purchasing power and exceeding the rate of inflation by 3% (as measured by the Consumer Price Index). In addition to these objectives, formally outlined in the System's Statement of Investment Objectives and Policies, the System's returns for FY98 also exceeded the 8.5% required actuarial return. As indicated below, this trend has continued over the annualized three- and five-year period. In addition, the System again bettered its average market weighted index, a cross-section of the returns of numerous market indices based on the System's own asset allocation.

	<u>FY98</u>	<u>3-Year</u>	<u>5-Year</u>
<b>TRS</b>	<b>16.6%</b>	<b>17.2%</b>	<b>13.7%</b>
CPI	1.7	2.2	2.4
Market Weighted Index	14.4	14.1	12.3

Three- and five-year comparisons to this benchmark are noted below:

	<u>FY98</u>	<u>3-Year</u>	<u>5-Year</u>
<b>TRS</b>	<b>26.6%</b>	<b>25.8%</b>	<b>19.8%</b>
Wilshire 5000	28.9%	28.1%	21.6%

At June 30, 1998, 37.5% of the System's investment portfolio was assigned to U.S. equity managers, compared to 41.7% at the prior fiscal year's end. Equity managers using either fully active or enhanced index management strategies continued to be retained during FY98. The market value of assets assigned to U.S. equity managers increased to \$7.723 billion due to \$1.866 billion of market value appreciation and \$1.488 billion in reallocations away from the U.S. equities to other asset classes.

The performance goal of U.S. equities is a total investment return 6% in excess of the rate of inflation over the long term. Domestic equity managers are expected to better the designated benchmark index on an annualized basis over a three- to five-year period or market cycle. The S&P 500 is a popular index, often used to represent U.S. equity market returns. However, the Wilshire 5000 Index provides a more accurate representation of both the aggregate U.S. equity market and the System's domestic equity portfolio. The Wilshire 5000 is highly diversified across the various equity market sectors and industries. The highly diversified financial characteristics and risk factors of the Wilshire 5000 ultimately influence the total return.

TRS domestic equity managers changed the sector diversification of their portfolios during FY98. Increases

### U.S. EQUITY RESULTS AND PROFILE

For the fiscal year, the System's U.S. common stock portfolio returned 26.6% compared to the Wilshire 5000 return of 28.9%.

### DIVERSIFICATION BY INDUSTRY SECTOR (%)

Sector	<u>June 30, 1998</u>			<u>June 30, 1997</u>		
	<u>TRS</u>	<u>S&amp;P 500</u>	<u>WILSHIRE 5000</u>	<u>TRS</u>	<u>S&amp;P 500</u>	<u>WILSHIRE 5000</u>
Basic Industries	10.7	5.9	7.1	11.7	7.0	8.6
Capital Goods	7.4	7.1	7.0	8.0	8.7	8.1
Consumer Durables	3.6	2.6	2.8	2.8	2.5	2.7
Consumer Non-Durables	38.8	35.6	35.1	39.2	34.9	34.7
Energy	4.6	7.6	5.9	4.2	9.1	6.9
Finance	16.2	18.7	19.7	15.9	16.0	17.4
Technology	12.8	14.2	14.5	14.6	13.3	13.6
Utilities	5.9	8.3	7.9	3.6	8.5	8.0

Source: The Northern Trust Company



## INVESTMENTS

to investments were made in the consumer durables and utility sectors to take advantage of the economic value represented in these areas, while investments in basic industries, energy, finance, technology, capital goods and consumer non-durables remained stable or were trimmed back. The previous page's table summarizes these changes and also provides a comparison with the S&P 500 and the Wilshire 5000 Indices.

All Wilshire 5000 industry sectors provided positive rates of return during FY98. With the exception of capital goods, the S&P 500 industry sector rates of return were positive. As illustrated below, the sector returns for the S&P 500 and the Wilshire 5000 performed relatively well:

<u>Wilshire 5000 Industry Returns (%)</u>		<u>S&amp;P 500 Industry Returns (%)</u>	
<u>Sector</u>	<u>Return</u>	<u>Sector</u>	<u>Return</u>
Basic Industries	7.4	Basic Industries	7.2
Capital Goods	12.4	Capital Goods	(3.3)
Consumer Durables	35.3	Consumer Durables	40.9
Consumer Non-Durables	31.1	Consumer Non-Durables	33.2
Energy	9.9	Energy	9.8
Finance	39.1	Finance	37.9
Technology	31.9	Technology	39.6
Utilities	38.1	Utilities	41.2
<b>Total Wilshire 5000 Return</b>	<b>28.9%</b>	<b>Total S&amp;P 500 Return</b>	<b>30.2%</b>

Source: The Northern Trust Company

U.S. equity managers made adjustments to their accounts during FY98 as noted by the following comparison of portfolio characteristics with the S&P 500 and the Wilshire 5000 Indices.

### U.S. EQUITY PORTFOLIO PROFILE

	<u>June 30, 1998</u>			<u>June 30, 1997</u>		
	<u>TRS</u>	<u>S&amp;P 500</u>	<u>WILSHIRE 5000</u>	<u>TRS</u>	<u>S&amp;P 500</u>	<u>WILSHIRE 5000</u>
Capitalization (\$Bil.)	44.8	71.2	55.4	28.0	50.2	37.4
Price/Earnings Ratio	30.9	29.9	30.8	27.1	25.1	25.5
Dividend Yield (%)	1.3	1.5	1.3	1.4	1.7	1.6
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Diversification (R-Squared)	0.9	1.0	1.0	0.9	1.0	1.0
Five-Year Earnings Growth Rate (%)	10.4	10.5	10.7	16.4	18.4	19.2
Market/Book Ratio	6.8	7.0	6.9	6.2	6.2	5.8

Source: The Northern Trust Company



## INVESTMENTS

The capitalization of the TRS domestic equity portfolio increased dramatically from June 30, 1997, to June 30, 1998, primarily due to the significant appreciation of the U.S. equity market. The capitalization of the TRS domestic equity portfolio was much more similar to that of the broader Wilshire 5000 Index. The TRS portfolio emphasizes the broad market and includes small and mid-size firms not included in the S&P 500. The rally in the U.S. equity market also translated into higher Price/Earnings ratios for the TRS domestic equity portfolio and both the S&P 500 and Wilshire 5000 Indices. As of June 30, 1998, the U.S. equity portfolio maintained a Price/Earnings ratio slightly higher than that of the market indices due to the portfolio's slightly greater weighting in growth securities. The TRS domestic equity portfolio, typically divided equally between growth and value securities, slightly favored growth securities as a result of the performance advantage growth securities have had relative to value securities over the past four years.

The top five domestic equity holdings at June 30, 1998, are listed below and represent 5.8% of the assets assigned to domestic equity managers.

Firm	Market Value
Microsoft Corp.	106,846,913
General Electric Co.	103,134,038
Pfizer Inc.	84,178,469
Coca-Cola Co.	77,488,650
Cisco Systems Inc.	77,314,088
	<b>448,962,158</b>

Source: The Northern Trust Company

### INTERNATIONAL EQUITY RESULTS

The performance objective for international equities mirrors that of domestic equities: a total annual return of 6% in excess of the rate of inflation and to exceed the MSCI All Country Excluding U.S. Index over the long-term.

For the year ended June 30, 1998, the international equity asset class returned 2.8% compared to the MSCI All Country Excluding U.S. Index return of 0.6%.

	FY98	3-Year	5-Year
TRS	2.8%	16.3%	10.2%
MSCI A.C. Ex. U.S.	0.6%	9.0%	9.3%

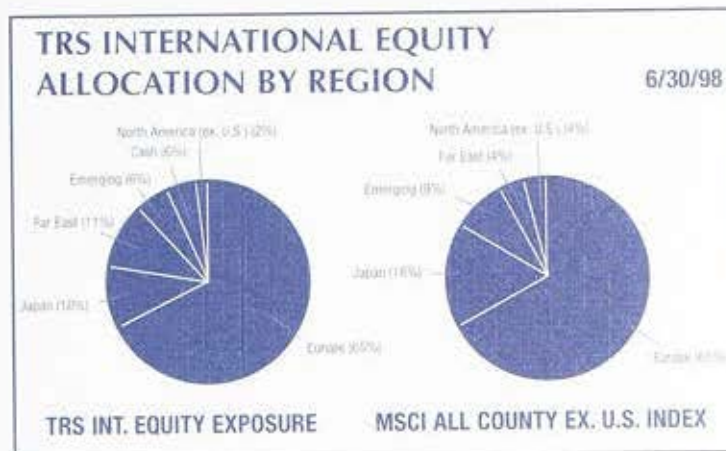
The System's international equity managers continued to limit exposure to Japanese equities, investing only 10.5% of the System's foreign equities in Japan, compared to Japan's relative 17.9% weighting in the MSCI All Country Excluding U.S. Index. For FY98, \$63.9 million of market value appreciation and \$39.7 million in reallocations from other asset classes combined to increase the market value of assets assigned to international equity managers to \$2.235 billion.

The following table illustrates some of the international equity portfolio characteristics as compared to the MSCI EAFE as of June 30, 1998.

	INTERNATIONAL EQUITY PORTFOLIO PROFILE	
	TRS	MSCI EAFE
Capitalization (\$Bil.)	0.8	1.8
Price/Earnings Ratio	23.9	27.1
Dividend Yield (%)	1.9	1.7
Beta	1.2	1.0
Diversification (R-Squared)	0.6	1.0
Return on Equity	23.1	16.4
Price/Book Ratio	8.2	6.2

Source: Wilshire Associates

The pie chart below provides a brief regional overview of TRS international equity exposure as compared to the MSCI All Country Excluding the U.S. benchmark.





## INVESTMENTS

### ALTERNATIVE INVESTMENTS RESULTS

Alternative investments is a term synonymous with private equity. The private equity market is an important source of funds for start-up companies, private middle-market firms, financially distressed companies and companies seeking buyout financing. Private equity investments are privately placed, that is they are exempt from registration with the Securities and Exchange Commission. Investors in the alternative investments asset class include pension funds, university and college endowments, insurance companies, banks and high net worth individuals.

Investments made in the alternative investments asset class can be in the form of debt or equity. Equity investments represent ownership interest in private incorporated businesses. Debt investments represent investments in unsecured or secured debt securities of private incorporated business.

FY98 was another strong year for alternative investments. A total return of 35.3% easily outdistanced its performance objective of earning 10% in excess of the rate of inflation. While representative indices are unavailable, performance is very impressive over the three- and five-year periods with annualized returns of 41.7% and 35.6%, respectively. Overall, the System had a market value of \$458 million invested in 22 venture capital limited partnerships at year end.

	FY98	3-Year	5-Year
TRS	35.3%	41.7%	35.6%
CPI + 10%	11.7%	12.2%	12.4%

### FIXED INCOME RESULTS & PROFILE

TRS domestic fixed income managers returned 12.2% for the year compared to the 10.6% return for its benchmark,

the Salomon Broad Investment Grade (Salomon BIG). The TRS FY98 results also exceeded those of the benchmark for the three- and five-year period:

	FY98	3-Year	5-Year
TRS	12.2%	8.6%	7.0%
Salomon BIG	10.6%	7.9%	6.9%

The System's international fixed income managers returned 2.4% in fiscal 1998, outperforming their benchmark, the Salomon Brothers Non-U.S. Dollar Bond Index (SBNUSDB), which returned 0.9%. TRS international fixed income managers' results are superior to the SBNUSDB over the three- and five-year period as well.

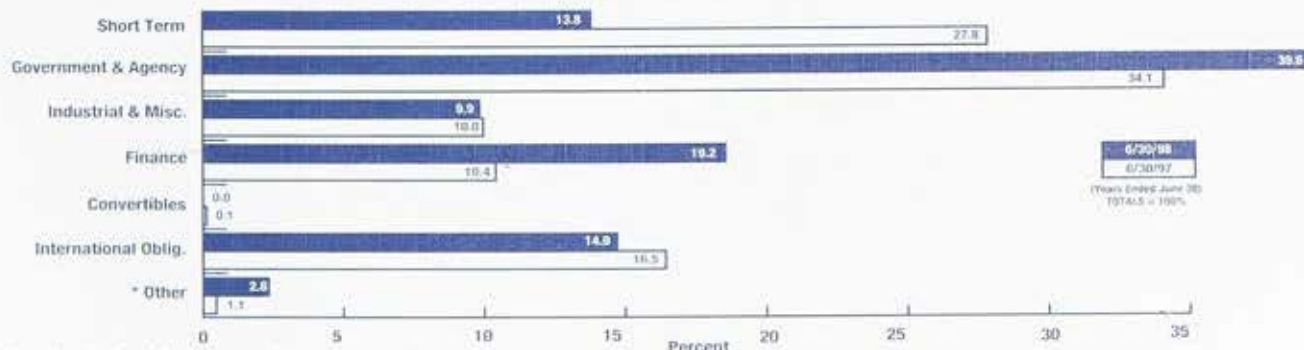
	FY98	3-Year	5-Year
TRS	2.4%	5.6%	7.1%
SBNUSDB*	0.9%	0.5%	6.4%

\* Salomon Brothers Non-U.S. Dollar Bond Index

During FY98, the total bond portfolio, exclusive of short-term investments, generated a 9.5% total return. This compares to the three-year return of 8.0% and five-year return of 7.3%. The market value of total assets assigned to fixed income managers, including short-term investments, increased to \$6.561 billion due to \$485 million of market value appreciation and \$1.427 billion in allocations to fixed income from other asset classes. Assets invested assigned to international fixed income managers totaled \$1.004 billion at year end.

The following exhibits reflect changes made in the U.S. fixed income portfolios during the year in terms of diversification by issuer type and quality rating, as well as the underlying characteristics affecting total return:

### DIVERSIFICATION BY ISSUER TYPE FOR FIXED INCOME MANAGEMENT PORTFOLIO



\* Other includes Utilities and Transportation.



## INVESTMENTS

### DIVERSIFICATION BY QUALITY RATING FOR FIXED INCOME PORTFOLIOS

<u>Moody's</u>	<u>6/30/98</u>	<u>6/30/97</u>
AAA	52.9%	51.7%
AA	3.1%	2.2%
A	3.9%	2.6%
BAA	9.9%	6.8%
CONVERTIBLES	0.0%	0.1%
INTERNATIONAL	17.4%	24.3%
SHORT TERM	1.9%	1.7%
OTHER*	<u>10.9%</u>	<u>10.6%</u>
	<b>100.0%</b>	<b>100.0%</b>

\* Other includes under BAA and NR ratings

### BOND PORTFOLIO PROFILE

<u>Characteristic</u>	<u>6/30/98</u>		<u>6/30/97</u>	
	<u>TRS</u>	<u>Salomon BIG</u>	<u>TRS</u>	<u>Salomon BIG</u>
Maturity (years)	10.2	8.4	8.2	8.5
Duration (years)	5.7	5.2	4.7	5.1
Coupon (%)	6.6	7.1	7.5	7.2
Yield to Maturity (%)	6.7	6.1	7.0	6.8
Current Yield (%)	6.6	7.0	6.8	7.1

Source: The Northern Trust Company

### REAL ESTATE INVESTMENT RESULTS

Real estate investments earned a 14.7% rate of return during FY98. The income return generated by rents and property dispositions was 9.3%, while property appreciation accounted for 5.4% of the total. For the three- and five-year periods, portfolio managers have generated annualized returns of 12.7% and 12.4%, respectively. The investment goal is to achieve a total return of 7% in excess of the rate of inflation. During the year, the value of assets assigned to real estate increased by \$117 million to \$2.465 billion. The increase was due to \$200 million of reinvested income and \$123 million in market value appreciation, offset by \$206 million in reallocations to other asset classes.

	<u>FY98</u>	<u>3-Year</u>	<u>5-Year</u>
<b>TRS</b>	<b>14.7%</b>	<b>12.7%</b>	<b>12.4%</b>
CPI + 7%	8.7%	9.2%	9.4%

### SHORT-TERM INVESTMENT RESULTS

This asset class contains typical short-term investments such as: U.S. Treasury Bills, certificates of deposit, bankers acceptances and commercial paper, and commingled short-term investment funds. For FY98, total return was 5.7%. For the three- and five-year periods, annualized returns were 5.6% and 5.3% compared to 91-day Treasury Bill returns of 5.4% and 5.0%.

### SUMMARY REPORTS

The following exhibits provide additional detail regarding the TRS investment portfolio for the year-ending June 30, 1998.



## INVESTMENTS

### INVESTMENT PORTFOLIO SUMMARY

	June 30, 1998		June 30, 1997	
	MARKET VALUE	% OF TOTAL	MARKET VALUE	% OF TOTAL
<b>BONDS, CORPORATE NOTES, AND GOVERNMENT OBLIGATIONS</b>				
U.S. Government	\$1,270,406,634	6.1	\$832,255,375	4.5
Federal Agency	<u>2,493,333,331</u>	<u>11.9</u>	<u>1,886,494,317</u>	<u>10.5</u>
<b>Total Government Obligations</b>	<b>3,763,739,965</b>	<b>18.0</b>	<b>2,718,749,692</b>	<b>15.0</b>
<b>Corporate Obligations</b>				
Basic Industry	80,388,781	0.4	78,197,706	0.4
Capital Goods	105,963,787	0.5	51,792,676	0.3
Consumer Durables	53,555,958	0.3	29,049,776	0.2
Consumer Non-Durables	227,974,163	1.1	13,580,609	0.1
Convertibles	2,350,375	0.0	4,031,257	0.0
Energy	30,107,003	0.1	12,117,594	0.1
Financial	1,828,226,262	8.7	828,210,561	4.6
Miscellaneous	407,973,971	1.9	486,421,439	2.7
Technology	25,234,038	0.1	125,601,232	0.7
Transportation	106,606,476	0.5	30,905,539	0.2
Utilities	<u>140,952,137</u>	<u>0.7</u>	<u>58,307,520</u>	<u>0.3</u>
<b>Total Corporate Obligations</b>	<b>3,009,332,951</b>	<b>14.3</b>	<b>1,718,215,909</b>	<b>9.6</b>
Foreign Government Obligations	1,007,581,864	4.8	1,147,544,970	6.4
Foreign Corporate Obligations	405,272,257	1.9	169,558,053	0.9
<b>TOTAL BONDS, CORPORATE NOTES, AND GOVERNMENT OBLIGATIONS</b>	<b>8,185,927,037</b>	<b>39.0</b>	<b>5,754,068,624</b>	<b>31.9</b>
Common Stock - U.S.	6,336,877,264	30.2	5,498,625,628	30.4
Preferred Stock - U.S.	62,128,442	0.3	69,367,870	0.4
Common Stock - International	2,104,340,857	10.0	1,736,440,411	9.6
Preferred Stock - International	<u>44,712,315</u>	<u>0.2</u>	<u>37,442,086</u>	<u>0.2</u>
<b>TOTAL EQUITIES</b>	<b>8,548,058,878</b>	<b>40.7</b>	<b>7,341,875,995</b>	<b>40.6</b>
SHORT TERM INVESTMENTS*	1,315,152,039	6.3	2,213,381,354	12.1
REAL ESTATE EQUITY	2,465,432,457	11.8	2,348,125,078	13.0
ALTERNATIVE INVESTMENTS	458,118,826	2.2	364,577,923	2.0
CURRENCY INVESTMENT	9,969,850	0.0	69,333,815	0.4
<b>TOTAL PORTFOLIO</b>	<b>\$20,982,659,087</b>	<b>100.0</b>	<b>\$18,091,362,789</b>	<b>100.0</b>

\* Includes accrued income and dividends totaling \$234,214,755 and \$228,713,016 for FY98 and FY97 respectively.





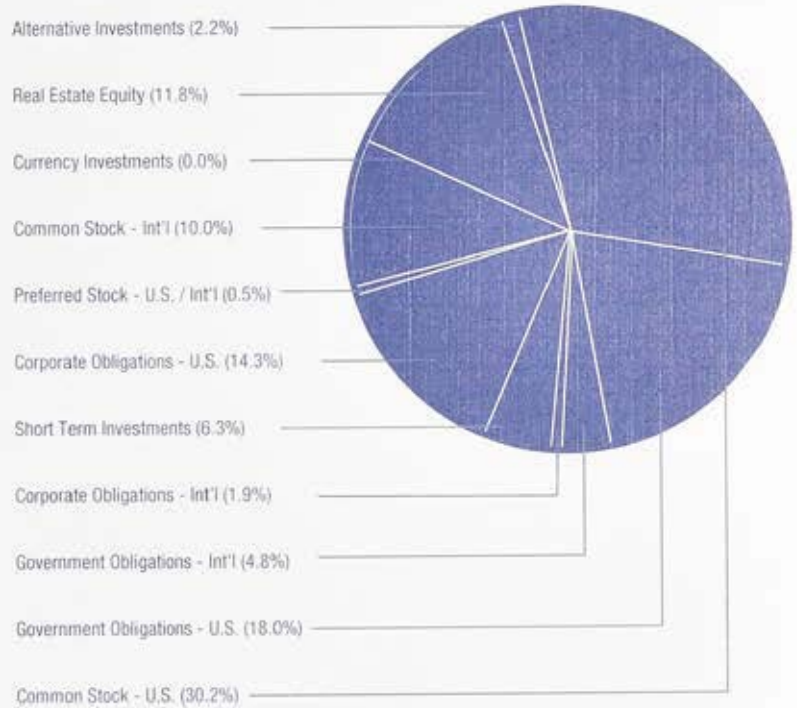
## INVESTMENTS

At June 30, 1998

<u>Asset Class</u>	<u>% of Total Fund</u>
<b>Alternative Investments</b>	<b>2.2%</b>
<b>Real Estate Equity</b>	<b>11.8%</b>
<b>Currency Investments</b>	<b>0.0%</b>
<b>Common Stock-Int'l.</b>	<b>10.0%</b>
<b>Preferred Stock-U.S./Int'l.</b>	<b>0.5%</b>
<b>Corporate Obligations -U.S.</b>	<b>14.3%</b>
Basic Industries	3.2%
Capital Goods	3.5
Consumer Durables	1.8
Consumer Non-Durables	7.5
Convertibles	0.1
Energy	1.0
Financial	60.8
Miscellaneous	13.6
Technology	0.8
Transportation	3.1
Utilities	4.6
	100.0%
<b>Short Term Investments</b>	<b>6.3%</b>
Investment Reserve Fund	70.3
Other	29.7
	100.0%
<b>Corporate Obligations-Int'l.</b>	<b>1.9%</b>
<b>Government Obligations-Int'l.</b>	<b>4.8%</b>
<b>Government Obligations -U.S.</b>	<b>18.0%</b>
Federal Agency	66.2
U.S. Government	33.8
	100.0%
<b>Common Stock-U.S.</b>	<b>30.2%</b>
Basic Industries	10.7
Capital Goods	7.4
Consumer Durables	3.6
Consumer Non-Durables	38.8
Energy	4.6
Financial	16.2
Technology	12.8
Utilities	5.9
	100.0%
	<b>100.0%</b>

### COMPOSITION OF INVESTMENTS AT MARKET VALUE

(June 30, 1998)



### TRS TOTAL PORTFOLIO BY COUNTRY TOP TEN COUNTRY WEIGHTING

(As of June 30, 1998)

<u>Country of Incorporation</u>	<u>FY98 % of Assets</u>	<u>Country of Incorporation</u>	<u>FY98 % of Assets</u>
United States	85.6%	Australia	0.9
Japan	2.2	Canada	0.6
Germany	1.8	Switzerland	0.6
United Kingdom	1.8	Sweden	0.6
France	1.2	All Others (46 Countries)	3.8
Netherlands	0.9	<b>Total for 56 Countries</b>	<b>100.00</b>

Source: The Northern Trust Company



## INVESTMENTS

### TOP 50 DOMESTIC AND INTERNATIONAL EQUITY BROKER COMMISSIONS FOR THE YEARS ENDING JUNE 30, 1998 AND 1997

Broker	FY98 Amount	FY97 Amount
Merrill Lynch	\$878,331	\$440,498
Alpha Management, Inc.	705,237	534,280
Goldman Sachs & Co.	550,637	350,105
Morgan Stanley	491,161	557,767
Citation Group, The	453,314	129,049
Salomon Brothers, Inc.	399,271	247,692
Lehman Brothers, Inc.	362,020	164,248
Capel, James Int'l.	354,919	806,503
Warburg SBC	351,364	147,619
Morgan Keegan & Co.	344,424	237,705
Oppenheimer & Co.	329,392	231,536
Bear Stearns, Inc.	301,476	398,022
United Capital Group	295,435	32,592
Montgomery Securities	286,258	168,976
Deutsche Morgan Greenfell	264,539	112,344
Lynch Jones & Ryan	252,374	229,528
Capital Institutional Services	245,061	227,254
DLJ Securities Corp.	242,559	179,818
Instinet, Inc.	236,675	320,384
Hoare Govett	235,560	363,920
Soundview Financial Group	231,955	92,761
First Boston Corp.	231,040	94,265
Commerz Bank	230,186	-
NatWest International	223,316	233,512
HSBC Investment Bank	214,643	1,805
Smith Barney, Inc.	207,707	788,625
UBS Securities		
Phillips & Drew	193,736	282,894
Brown, Alex & Sons	190,890	127,163
Investment Technology Group	187,409	35,137
Abel Noser	180,217	122,338
Paine Webber	167,328	113,052
Hambrecht & Quest	162,381	63,819
W. I. Carr	150,829	68,299
Fleming Robert Jardine	142,449	127,072
Jefferies & Co.	138,865	79,313
Morgan, J.P.	134,182	88,540
Cheureux De Virieu	121,653	64,428
Merrill Lynch Pierce Fenner Smith	118,943	201,539
Dresdner Kleinwort Bensen	115,080	178,961
Societe Generale	114,887	76,813
Sanford C. Bernstein & Co.	92,382	53,606
Alfred Berg	91,851	32,940
Were J. B.	88,584	97,670
Robertson Stephens	86,162	60,257
Prudential Securities	85,779	50,765
Lewco Securities	85,136	117,579
Boston Institutional Services	76,076	6,418
Dean Witter Reynolds	69,251	44,227
Kempen & Co.	69,141	14,491
Julius Baer Bank/Securities	68,153	6,048
All Others (FY98 223 brokers)	2,431,933	4,150,673
<b>Total Equity Commissions</b>	<b>\$14,282,151</b>	<b>\$13,354,847</b>

Source: The Northern Trust Company

TRS utilizes a commission recapture and soft dollar program. For the year-ended June 30, 1998, TRS recaptured over \$1.2 million in commissions which were reinvested back into the fund. In addition, TRS received \$348,230 in soft dollar credits which were used to pay for fund research and fund consulting expenses. In FY98, TRS spent \$335,301 of soft dollar commission credits. At June 30, 1998, TRS had a remaining soft dollar credit balance of \$285,794.

### SCHEDULE OF INVESTMENT MANAGER FEES FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

Investment Manager/Account	FY98	FY97
A.G. Bisset & Co., Inc.	\$ 0	\$ 157,359
Acorn Derivatives Management Corporation	0	18,750
American National Bank & Trust Company of Chicago	0	36,606
Analytic Investment Management, Inc.	0	79,500
Angelo, Gordon & Co., L.P.	322,876	543,540
Apex Investment Partners	675,291	675,000
Ark Asset Management, Inc.	6,177,515	5,025,475
Atlantic Asset Management, Inc.	237,438	215,450
Bank of America Investment Advisors	773,401	451,541
Bear Stearns Asset Management Inc.	148,831	1,063,242
Bear Stearns Realty Partners Apartment Fund I L.P.	870,940	870,940
BlackRock Financial Management Inc.	595,515	5,583
Blairlogie Capital Management Limited	195,787	693,715
Brandes Asset Management, Inc.	175,169	0
Brandywine Asset Management, Inc.	747,165	475,123
Brinson Partners, Inc.	5,434,073	4,206,590
Capital Associates Realty Advisors	3,288,063	3,150,913
Capital Guardian Trust Company	344,702	0
Clay Finlay, Inc.	1,678,069	1,756,391
Commonwealth Realty Advisors, Inc.	2,483,497	2,546,979
Conseco Capital Management, Inc.	92,376	0
Cozad Asset Management, Inc./ Westchester Group, Inc.	973,719	860,577
Daiwa International Management Corporation	0	153,441
Daystar Special Situations Fund, L.P.	1,954,977	351,658
Delaware International Advisors Ltd.	1,367,816	1,084,328
DLJ Merchant Banking Partners II, L.P.	0	673,459
DLJ Real Estate Capital Partners, L.P.	723,360	625,968
Dresdner RCM Global Investors	1,740,973	769,927
Fenchurch Beta Fund	0	35,855
Fiduciary Management Associates	139,652	70,441
First Analysis Investment Corporation	70,930	8,483
First of America Investment Corporation	57,780	161,439
Forstmann-Left International Inc.	56,206	0
Fox Asset Management	165,184	0
Frontenac Diversified III Limited Partnership	0	29,395
Frontenac Venture V Limited Partnership	27,574	127,485
Frontenac VI Limited Partnership	300,001	286,081
Heitman Capital Management	425,677	429,552
Hotchkis and Wiley	2,182,069	1,853,808
Hughes Capital Management, Inc.	20,864	0
IDS International, Inc.	0	132,946
Insight Capital Research & Management, Inc.	313,477	4,646
Institutional Capital Corporation	228,538	0
Julius Baer Investment Management, Inc.	423,756	419,997
K/B Realty Advisors	3,689,041	5,108,197
Kohlberg Kravis Roberts & Co.	675,669	803,638
LaSalle Advisors Ltd.	2,721	47,248
Lazard Asset Management	951,439	1,809,837
Lincoln Capital Management Company	2,772,784	2,235,524
Lotsoff Capital Management Inc.	0	37,340
LPC Realty Advisors I, Ltd.	3,312,520	4,635,582
Mentor Investment Advisors, Inc.	328,754	19,782
Mesirow Private Equity Investments, Inc.	756,453	29,892
Miller Anderson & Sherrerd, LLP	145,531	0
Morgan Stanley Asset Management, Inc.	0	575,296
Munder Capital Management	1,461,437	972,357
Oppenheimer Capital	898,492	2,098,146
Pacific Investment Management Company	2,906,086	5,607,004
Paradigm Asset Management Company, L.L.C.	297,000	201,762
Pareto Partners	0	409,041
Payden & Rygel Investment Counsel	482,552	473
Penman Private Equity and Mezzanine Fund, L.P.	393,017	391,194
Periscope I Fund, L.P.	105,489	0
Pyrford International PLC	797,861	972,104
RREEF R.E. Venture Capital Fund L.P.	500,000	305,707
Sandler Capital Management	199,115	250,000



## INVESTMENTS

Sanford C. Bernstein & Company	180,243	0
Schroder Capital Management International, Inc.	150,765	351,065
SCP Private Equity Partners, L.P.	874,479	490,413
Scudder Kemper Investments, Inc.	950,377	860,133
Societe Generale Asset Management Corp.	150,514	347,621
Stone-Levy, LLC	1,389,365	1,776,165
Strong Capital Management, Inc.	105,564	0
Sturdivant & Company	243,607	195,051
Taplin, Canida & Habacht	42,857	0
TCW/Latin America Private Equity Partners, L.P.	951,639	0
The Chicago Trust Company	197,073	109,521
The Edgar Lomax Company	34,020	0
The Northern Trust Company	205,144	0
The Northern Trust Company (Master Trustee)	740,000	750,000
Trivest Inc.	534,210	469,639
Valenzuela Capital Management, Inc.	380,492	181,909
Veronis Suhler & Associates L.P.	600,000	600,000
W.R. Huff Asset Management Company	653,945	352,099
Walnut Growth Partners L.P.	431,250	350,000
Wayne Hummer Management Company	26,090	13,829
Weiss, Peck & Greer Corp.		
Development Associates V, L.P.	723,626	0
Weiss, Peck & Greer Investments	257,500	166,350
Weiss, Peck & Greer Venture Partners L.P. I	339,699	515,647
Weiss, Peck & Greer Venture Partners L.P. II	1,815,891	1,911,029
Weiss, Peck & Greer Venture Partners L.P. III	1,654,046	428,728
Western Asset Management Company	584,887	3,729
Westmark Realty Advisors	2,171	29,667
William Blair Mezzanine Capital Fund II, L.P.	115,395	0
Zimmerman Investment Management Co.	0	872,015
<b>Total Fees paid by TRS</b>	<b>\$70,424,071</b>	<b>\$67,179,558</b>

Source: TRS Note: The total amount for FY98 differs slightly from the face of the financial statements due to cash versus accrual accounting.



# INVESTMENT LISTING

FY 98 Annual Investment Listing for the period-ending June 30, 1998

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
<b>U.S. GOVERNMENT OBLIGATIONS</b>					
<b>UNITED STATES TREASURY BILL</b>					
	AAA	N/A	07-23-98	130,000	129,615
	AAA	N/A	07-23-98	3,870,000	3,858,545
	AAA	N/A	07-23-98	7,140,000	7,118,866
	AAA	N/A	10-15-98	12,250,000	12,069,680
	AAA	N/A	10-01-98	17,350,000	17,130,297
	AAA	N/A	08-20-98	365,000	362,461
	AAA	N/A	08-20-98	19,905,000	19,766,545
	AAA	N/A	08-20-98	3,170,000	3,147,950
	AAA	N/A	11-27-98	13,425,000	13,145,492
<b>UNITED STATES TREASURY BOND</b>					
	AAA	7.50	11-15-16	6,700,000	8,043,015
	AAA	7.13	02-15-23	4,000,000	4,731,280
	AAA	6.75	08-15-26	40,000,000	45,793,600
	AAA	6.63	05-15-07	5,600,000	6,014,736
	AAA	6.63	05-15-07	2,510,000	2,695,891
	AAA	6.38	08-15-27	10,000,000	10,981,200
	AAA	6.38	08-15-27	16,350,000	17,954,262
	AAA	6.38	08-15-27	5,855,000	6,429,493
	AAA	6.38	08-15-27	4,500,000	4,941,540
	AAA	6.25	08-15-23	1,500,000	1,605,630
	AAA	6.13	11-15-27	7,455,000	7,988,480
	AAA	6.13	11-15-27	7,285,000	7,806,315
	AAA	5.75	11-30-02	500,000	504,140
	AAA	5.75	11-30-02	17,760,000	17,907,053
	AAA	5.88	11-15-05	2,750,000	2,802,580
	AAA	5.88	11-15-05	2,700,000	2,751,624
	AAA	5.88	11-30-01	3,900,000	3,939,858
	AAA	6.50	05-31-02	4,000,000	4,133,360
<b>UNITED STATES TREASURY INFLATION INDEX BOND</b>					
	AAA	3.65	01-15-08	1,300,000	1,292,409
	AAA	3.65	01-15-08	6,000,000	5,964,964
	AAA	3.65	01-15-08	10,950,000	10,886,059
	AAA	3.47	01-15-07	12,206,674	12,123,910
	AAA	3.47	01-15-07	15,200,000	15,096,941
	AAA	3.47	01-15-07	3,000,000	2,979,659
	AAA	3.69	07-15-02	2,500,000	2,508,708
	AAA	3.69	07-15-02	4,150,000	4,164,454
	AAA	3.69	07-15-02	11,000,000	11,038,313
	AAA	3.69	07-15-02	6,080,000	6,101,177
	AAA	3.65	04-15-28	450,000	446,578
	AAA	3.65	04-15-28	10,935,000	10,851,850
<b>UNITED STATES TREASURY NOTE</b>					
	AAA	7.88	11-15-04	720,000	808,646
	AAA	7.75	12-31-99	5,765,000	5,946,943
	AAA	7.50	02-15-05	9,200,000	10,183,204
	AAA	7.50	11-15-01	1,500,000	1,589,063
	AAA	7.00	07-15-06	750,000	819,023
	AAA	6.63	06-30-01	7,300,000	7,513,306
	AAA	6.50	05-15-05	2,650,000	2,796,996
	AAA	6.50	05-15-05	3,205,000	3,382,781
	AAA	6.38	09-30-01	2,450,000	2,508,947
	AAA	6.25	04-30-01	35,000,000	35,650,650
	AAA	6.13	08-15-07	5,000,000	5,202,350
	AAA	6.13	08-15-07	11,535,000	12,001,821
	AAA	5.88	02-15-04	1,000,000	1,018,440
	AAA	5.75	10-31-02	10,615,000	10,701,194
	AAA	5.75	04-30-03	5,325,000	5,377,398
	AAA	5.75	04-30-03	88,130,000	88,997,199
	AAA	5.75	08-15-03	5,500,000	5,558,410
	AAA	5.63	02-28-01	12,000,000	12,030,000
	AAA	5.63	02-28-01	10,000,000	10,025,000
	AAA	5.50	12-31-00	5,000,000	4,997,650
	AAA	5.50	11-15-98	5,000,000	5,001,550
	AAA	9.25	02-15-16	1,465,000	2,037,727
	AAA	8.75	08-15-20	22,050,000	30,325,586
	AAA	8.50	02-15-20	9,400,000	12,598,914
	AAA	6.25	08-15-23	29,155,000	31,213,926
	AAA	6.25	08-15-23	15,000,000	16,059,300
	AAA	6.00	02-15-26	4,167,000	4,334,972
	AAA	7.75	11-30-99	5,000,000	5,149,200
	AAA	7.25	08-15-04	1,540,000	1,676,352
	AAA	6.38	08-15-02	4,500,000	4,637,295
	AAA	5.75	08-15-03	5,500,000	5,560,005
	AAA	7.50	02-15-05	3,000,000	3,322,170
	AAA	7.13	02-29-00	50,000,000	51,256,000
	AAA	7.13	02-29-00	4,000,000	4,100,480



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	AAA	6.88	08-31-99	35,000,000	35,525,000
	AAA	6.63	05-15-07	1,900,000	2,040,942
	AAA	6.50	11-15-06	50,000,000	55,523,500
	AAA	6.50	05-15-05	1,950,000	2,058,869
	AAA	6.38	03-31-01	38,100,000	38,908,482
	AAA	6.25	06-30-02	800,000	819,968
	AAA	6.25	04-30-01	2,650,000	2,699,582
	AAA	6.25	01-31-02	3,750,000	3,834,038
	AAA	6.13	12-31-01	11,500,000	11,708,380
	AAA	6.13	12-31-01	9,270,000	9,437,972
	AAA	6.13	09-30-00	3,100,000	3,139,556
	AAA	6.00	08-15-00	3,785,000	3,821,071
	AAA	6.00	06-30-99	5,850,000	5,878,314
	AAA	6.00	06-30-99	2,500,000	2,512,100
	AAA	5.88	07-31-99	6,250,000	6,272,438
	AAA	5.88	02-15-04	5,000,000	5,093,950
	AAA	5.88	11-15-99	8,200,000	8,236,654
	AAA	5.88	08-15-98	4,500,000	4,502,205
	AAA	5.75	09-30-99	2,175,000	2,180,786
	AAA	5.75	08-15-03	1,250,000	1,263,638
	AAA	5.63	11-30-00	2,500,000	2,505,875
	AAA	5.63	11-30-00	370,000	370,870
	AAA	5.63	10-31-99	60,000,000	60,067,800
	AAA	5.50	02-29-00	2,945,000	2,944,087
	AAA	5.50	02-29-00	3,350,000	3,349,565
	AAA	5.50	05-31-03	35,175,000	35,180,628
	AAA	5.50	05-31-00	6,000,000	6,000,720
	AAA	5.50	03-31-00	5,000,000	4,998,450
	AAA	5.50	03-31-00	35,500,000	35,488,995
	AAA	5.50	03-31-00	5,000,000	4,999,000
	AAA	6.50	10-15-06	10,775,000	11,441,649
	AAA	6.38	09-30-01	1,250,000	1,279,938
	AAA	6.25	10-31-01	2,610,000	2,664,236
	AAA	6.25	10-31-01	2,000,000	2,041,560
	AAA	6.25	10-31-01	50,000,000	51,039,000
	AAA	6.25	02-28-02	21,195,000	21,681,849
	AAA	5.38	02-15-01	1,880,000	1,873,533
	AAA	5.38	02-15-01	10,625,000	10,589,088
	AAA	5.38	02-15-01	5,000,000	4,982,800
	AAA	5.63	11-30-99	1,315,000	1,316,644
	AAA	5.63	05-15-08	1,917,000	1,943,052
	AAA	5.63	05-15-08	8,500,000	8,615,515
	AAA	5.63	05-15-08	2,850,000	2,888,732
	AAA	5.63	05-15-08	350,000	354,757
	AAA	5.63	05-15-08	1,000,000	1,013,590
	AAA	5.63	04-30-00	3,425,000	3,431,405
	AAA	5.50	01-31-03	3,420,000	3,417,332
	AAA	5.50	01-31-03	5,000,000	4,996,100
	AAA	5.38	01-31-00	9,960,000	9,936,694
UNITED STATES TREASURY NOTE VARIABLE	AAA	6.38	04-30-99	12,140,000	12,225,344
UNITED STATES TREASURY STRIPPED	AAA	5.63	11-30-98	3,090,000	3,093,863
	AAA	N/A	08-15-20	43,000,000	12,162,980
	AAA	N/A	08-15-26	2,000,000	411,120
	AAA	N/A	08-15-06	22,000,000	14,051,400
<b>TOTAL U.S. GOVERNMENT</b>				<b>1,265,835,674</b>	<b>1,270,406,634</b>
<b>U.S. FEDERAL AGENCY</b>					
FED. HOUSING ADMINISTRATIVE PROJECT	AAA	7.66	06-01-39	60,106	62,847
FEDERAL HOME LOAN BANK	AAA	5.16	02-15-02	5,000,000	4,854,350
	AAA	5.16	02-15-02	2,800,000	2,718,436
	AAA	6.02	05-26-00	7,000,000	6,997,830
FEDERAL HOME LOAN MORTGAGE ASSOCIATION	AAA	5.00	11-15-17	67,186	67,039
FEDERAL HOME LOAN MORTGAGE CORP.	AAA	7.14	03-12-07	4,000,000	4,151,240
	AAA	5.85	02-21-06	1,000,000	1,006,110
	AAA	9.00	09-15-08	1,077,042	1,109,472
	AAA	8.85	03-15-08	576,989	598,285
	AAA	0.00	04-01-28	8,350,000	8,407,406
	AAA	6.32	08-15-32	95,071,770	95,486,283
	AAA	9.50	01-15-21	4,816,112	5,142,693
	AAA	9.13	06-15-20	3,089,875	3,138,139
	AAA	10.00	09-17-23	681,118	700,060
	AAA	6.03	05-15-28	1,157,879	1,170,222



# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	10.02	04-15-28	484,941	485,563
AAA	6.50	03-15-13	1,014,920	1,008,577
AAA	6.16	02-15-28	1,726,100	1,732,573
AAA	10.00	11-15-27	1,367,647	1,326,768
AAA	7.50	12-15-24	2,000,000	2,037,500
AAA	6.44	03-15-25	438,893	442,321
AAA	8.50	09-15-24	1,470,033	1,631,266
AAA	7.50	11-15-20	632,081	57,687
AAA	5.85	05-15-15	2,348,000	2,345,065
AAA	6.00	07-15-11	1,315,867	68,264
AAA	5.25	11-15-16	1,418,381	1,408,183
AAA	6.50	01-15-24	3,510,327	471,612
AAA	6.00	12-15-23	1,363,699	1,308,292
AAA	6.00	01-15-06	2,943,347	177,791
AAA	6.50	03-15-19	7,417,512	769,180
AAA	5.50	08-15-04	293,535	292,801
AAA	5.40	08-15-14	662,753	661,096
AAA	5.50	05-15-07	3,000,000	2,985,930
AAA	7.00	01-15-08	2,765,000	2,892,881
AAA	N/A	07-15-06	107,636	609,356
AAA	7.00	03-15-18	1,392,151	1,389,534
AAA	9.69	01-15-21	1,502,739	1,523,401
AAA	8.60	06-15-21	16,566,092	17,363,252
AAA	8.00	10-15-19	530,915	529,752
AAA	8.00	10-15-18	2,288,596	369,036
AAA	8.50	11-01-27	8,517,203	8,887,106
AAA	8.50	05-01-25	2,291,134	2,416,184
AAA	8.50	05-01-27	13,604,896	14,336,159
AAA	8.50	11-01-25	3,339,263	3,485,356
AAA	8.50	01-01-27	4,908,330	5,121,498
AAA	8.50	10-01-26	354,692	370,157
AAA	8.50	09-01-25	3,152,343	3,290,258
AAA	8.50	07-01-25	300,829	313,991
AAA	6.00	06-01-13	188,887	187,057
AAA	6.00	06-01-13	1,600,000	1,584,496
AAA	6.00	06-01-13	495,000	490,203
AAA	6.00	06-01-13	800,369	792,613
AAA	6.00	05-01-13	1,002,646	992,930
AAA	6.00	04-01-13	788,379	780,739
AAA	6.00	03-01-13	959,475	950,177
AAA	6.00	02-01-13	768,959	761,508
AAA	6.00	06-01-13	1,178,092	1,166,676
AAA	6.50	01-01-11	1,128,979	1,137,853
AAA	6.50	05-01-28	369,831	368,788
AAA	6.50	05-01-28	547,193	545,650
AAA	8.50	04-01-25	1,074,044	1,109,252
AAA	8.50	12-01-25	532,476	555,692
AAA	8.50	10-01-25	14,442	15,074
AAA	8.50	10-01-25	156,716	163,549
AAA	8.50	09-01-25	99,179	103,504
AAA	8.50	07-01-25	269,418	281,165
AAA	8.00	07-01-25	14,710	15,224
AAA	8.50	04-01-25	409,068	427,983
AAA	8.50	06-01-25	234,094	244,336
AAA	8.50	05-01-25	152,081	158,735
AAA	8.50	05-01-25	364,433	380,377
AAA	8.00	12-01-25	72,079	74,598
AAA	8.00	08-01-25	19,053	19,718
AAA	8.50	07-01-25	99,175	103,514
AAA	8.50	06-01-25	296,142	309,024
AAA	8.00	06-01-25	23,859	24,693
AAA	8.50	05-01-25	305,402	318,687
AAA	8.50	04-01-25	204,207	213,141
AAA	8.50	04-01-25	207,677	216,711
AAA	8.50	03-01-25	30,402	31,732
AAA	8.50	03-01-25	161,581	168,651
AAA	8.50	03-01-25	119,297	124,516
AAA	8.50	03-01-25	166,281	173,556
AAA	8.50	03-01-25	513,165	535,616
AAA	8.50	02-01-25	49,979	52,166
AAA	8.50	01-01-25	11,538	12,043
AAA	8.50	01-01-25	197,751	206,353
AAA	8.50	01-01-25	195,755	204,270
AAA	8.50	04-01-25	110,022	114,806



# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	8.50	04-01-25	323,584	337,660
AAA	8.50	04-01-25	325,181	339,326
AAA	8.50	04-01-25	214,993	224,345
AAA	8.50	04-01-25	252,918	263,920
AAA	8.50	04-01-25	120,839	126,096
AAA	8.50	04-01-25	242,039	252,568
AAA	8.50	04-01-25	289,860	302,469
AAA	8.50	04-01-25	213,514	222,802
AAA	8.50	04-01-25	195,092	203,579
AAA	8.50	04-01-25	142,780	148,991
AAA	8.50	04-01-25	208,433	217,552
AAA	8.50	04-01-25	157,193	164,031
AAA	8.50	03-01-25	177,276	184,988
AAA	8.50	04-01-25	14,889	15,540
AAA	8.50	03-01-25	427,424	446,124
AAA	8.50	03-01-25	163,369	170,476
AAA	8.50	03-01-25	224,779	234,557
AAA	8.50	03-01-25	303,395	316,592
AAA	8.50	03-01-25	164,921	172,095
AAA	8.50	02-01-25	202,905	211,732
AAA	8.50	01-01-25	215,618	224,997
AAA	8.50	01-01-25	161,029	168,034
AAA	8.00	11-01-24	131,345	135,920
AAA	8.50	12-01-26	158,135	165,003
AAA	8.50	09-01-26	815,348	850,758
AAA	8.50	10-01-25	1,288,937	1,345,135
AAA	8.50	09-01-25	2,178,051	2,273,014
AAA	8.50	03-01-25	2,420,863	2,526,775
AAA	8.50	01-01-25	1,060,127	1,106,508
AAA	8.50	12-01-24	203,246	212,087
AAA	8.50	11-01-25	2,457,138	2,564,289
AAA	8.50	07-01-25	317,240	331,119
AAA	0.00	06-01-25	5,439,775	5,677,765
AAA	6.50	05-01-28	392,903	391,795
AAA	6.50	05-01-28	14,999,999	14,957,699
AAA	8.50	04-01-28	334,431	348,956
AAA	6.50	06-01-28	137,610,000	134,169,750
AAA	6.50	05-01-28	668,404	666,519
AAA	8.50	05-01-27	1,209,238	1,261,755
AAA	8.50	09-01-25	1,243,108	1,297,308
AAA	8.50	08-01-25	301,702	314,857
AAA	8.50	05-01-25	2,782,784	2,904,531
AAA	8.50	11-01-25	646,848	675,050
AAA	8.50	10-01-25	842,270	878,993
AAA	8.50	07-01-25	445,253	464,733
AAA	8.50	06-01-25	13,177,379	13,753,890
AAA	9.00	10-01-17	5,516,143	5,800,665
AAA	7.60	04-01-24	7,885,000	8,069,824
AAA	7.29	10-01-26	11,257,452	11,516,036
AAA	9.25	01-01-19	1,422,347	1,506,791
AAA	11.50	06-01-20	1,616,155	1,843,419
AAA	8.50	04-01-09	606,733	630,323
AAA	8.50	03-01-08	10,575	11,055
AAA	6.25	06-01-08	127,780	128,281
AAA	6.25	02-01-07	116,335	116,497
AAA	8.50	09-01-08	85,743	89,077
AAA	8.00	06-01-09	826,744	849,910
AAA	7.00	04-01-17	363,280	367,211
AAA	8.50	10-01-10	189,933	197,968
AAA	8.50	06-01-17	428,175	447,618
AAA	8.50	06-01-15	78,412	81,973
AAA	10.00	01-01-16	253,727	269,026
AAA	8.50	12-01-09	10,632	11,046
AAA	7.25	05-01-08	148,036	150,682
AAA	6.75	11-01-08	228,463	232,399
AAA	6.75	12-01-08	235,838	239,902
AAA	6.75	01-01-09	280,490	285,864
AAA	8.50	01-01-13	64,249	67,167
AAA	8.50	07-01-09	68,019	70,896
AAA	8.50	08-01-10	97,099	100,506
AAA	8.75	08-01-01	739,655	779,411
AAA	8.50	04-01-08	7,870	8,146
AAA	8.50	08-01-08	3,650	3,792
AAA	8.50	12-01-05	92,498	95,743



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	AAA	8.50	12-01-08	104,553	109,301
	AAA	6.75	09-01-04	76,872	77,506
	AAA	8.25	10-01-07	51,433	53,238
	AAA	8.50	12-01-07	25,758	26,662
	AAA	8.50	02-01-08	89,517	92,997
	AAA	9.50	06-01-09	222,835	237,546
	AAA	8.50	01-01-09	10,798	11,218
	AAA	8.50	10-01-04	23,370	24,088
	AAA	8.50	09-01-08	82,721	86,220
	AAA	8.50	02-01-08	12,525	13,012
	AAA	8.50	10-01-07	317,792	331,235
	AAA	8.50	07-01-03	2,634	2,689
	AAA	8.50	09-01-08	8,332	8,685
	AAA	8.50	09-01-08	2,936	3,012
	AAA	8.50	09-01-10	75,463	78,655
	AAA	8.50	12-01-09	80,383	83,783
	AAA	8.50	01-01-10	46,388	48,191
	AAA	8.50	04-01-10	7,566	7,886
	AAA	8.50	05-01-09	532,044	554,549
	AAA	8.50	04-01-09	36,504	38,162
	AAA	8.50	02-01-11	10,919	11,414
	AAA	8.50	08-01-10	138,288	143,664
	AAA	8.50	12-01-09	2,108	2,190
	AAA	8.50	12-01-08	169,183	176,339
	AAA	10.50	04-01-11	40,066	43,853
	AAA	8.50	10-01-09	9,440	9,807
	AAA	8.50	12-01-07	5,220	5,441
	AAA	8.50	05-01-17	441,953	466,654
	AAA	10.00	09-01-09	3,343	3,596
	AAA	8.50	05-01-08	391,611	408,176
	AAA	8.50	08-01-05	2,647	2,729
	AAA	8.50	01-01-08	5,902	6,151
	AAA	8.25	06-01-01	108,696	110,490
	AAA	N/A	08-30-28	6,215,000	6,378,144
	AAA	N/A	11-01-27	72,450,000	72,245,691
	AAA	N/A	11-01-27	6,600,000	6,581,388
	AAA	N/A	07-01-28	70,500,000	70,301,190
	AAA	N/A	07-01-11	6,000,000	6,043,125
	AAA	N/A	04-01-26	2,000,000	1,950,000
	AAA	N/A	10-01-27	6,000,000	6,226,860
	AAA	8.50	11-01-08	103,683	107,714
FEDERAL HOME LOAN MORTGAGE CORP. GOLD	AAA	N/A	05-01-28	13,100,000	13,063,058
	AAA	N/A	04-01-13	6,500,000	6,437,015
	AAA	6.00	06-01-28	79,200,000	77,150,304
	AAA	6.00	04-01-28	2,994,516	2,919,653
	AAA	6.00	06-01-13	32,155	31,843
	AAA	6.00	06-01-13	221,042	218,900
	AAA	5.50	03-01-13	2,965,144	2,881,527
	AAA	8.50	03-01-25	507,280	529,474
	AAA	N/A	06-01-28	13,500,000	13,833,180
	AAA	N/A	08-01-28	0	0
FEDERAL HOUSING AUTHOR. REILLY MORTG. GROUP	AAA	6.90	11-11-18	2,558,728	2,609,803
	AAA	7.43	06-01-24	34,160,952	35,390,747
FEDERAL HOUSING AUTHOR. REILLY MORTG. GROUP	AAA	N/A	01-25-23	1,584,948	1,637,449
FEDERAL HOUSING AUTHORITY ADMIN. CON. LOAN	AAA	8.38	08-01-23	1,501,781	1,576,870
	AAA	7.63	06-01-39	344,889	365,041
FEDERAL HOUSING AUTHORITY ADMIN. MORTG.	AAA	7.43	12-01-21	1,385,720	1,423,245
FEDERAL HOUSING AUTHORITY ADMIN. PROJECT	AAA	6.88	07-01-39	922,403	919,110
FEDERAL HOUSING AUTHORITY GMAC PROJ. LOAN	AAA	7.43	06-01-19	9,807,964	9,964,303
FEDERAL HOUSING AUTHORITY USGI PROJECT LOAN	AAA	7.44	08-01-22	17,220,454	18,061,501
FEDERAL NATIONAL MORTGAGE ASSOCIATION	AAA	5.75	09-05-00	3,000,000	1,868,196
	AAA	5.20	07-10-98	2,300,000	2,299,632
	AAA	5.63	03-15-01	2,500,000	2,497,175
	AAA	5.23	11-25-98	1,700,000	1,697,348
	AAA	4.88	10-15-98	2,575,000	2,568,975
	AAA	6.80	07-23-07	5,600,000	5,748,104
	AAA	6.75	07-30-07	5,000,000	5,106,250
	AAA	6.66	05-16-08	2,530,000	2,543,839
	AAA	N/A	06-01-28	14,000,000	16,572,500
	AAA	N/A	07-01-28	21,000,000	21,538,020
	AAA	N/A	08-01-28	3,760,000	3,812,875
	AAA	N/A	01-01-28	0	0
	AAA	N/A	05-01-28	23,300,000	23,627,656
	AAA	N/A	05-01-28	21,500,000	21,802,344





# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	N/A	05-01-28	14,000,000	14,196,875
AAA	N/A	09-01-28	15,500,000	15,436,915
AAA	N/A	04-01-28	21,900,000	21,811,031
AAA	N/A	09-01-28	1,500,000	1,508,430
AAA	N/A	08-01-28	11,000,000	10,955,230
AAA	N/A	07-01-28	14,000,000	13,943,020
AAA	N/A	07-01-28	16,520,000	16,452,764
AAA	N/A	07-01-28	21,900,000	21,810,867
AAA	N/A	07-01-28	10,950,000	10,905,434
AAA	N/A	05-01-13	6,520,000	6,556,642
AAA	N/A	05-01-13	20,000,000	20,112,400
AAA	N/A	04-25-28	1,500,000	1,493,906
AAA	N/A	05-01-13	6,500,000	6,435,000
AAA	N/A	04-01-13	6,520,000	6,448,671
AAA	N/A	06-01-28	11,070,000	10,948,894
AAA	6.24	09-18-22	1,310,958	1,317,094
AAA	6.25	12-25-20	1,445,000	1,453,121
AAA	7.00	11-25-16	4,462,498	267,393
AAA	7.50	06-25-07	6,111,486	6,136,298
AAA	7.50	06-25-21	1,100,000	1,116,500
AAA	8.00	12-25-20	900,000	918,558
AAA	7.00	06-18-28	3,643,727	3,625,508
AAA	6.74	08-25-07	7,025,000	7,391,986
AAA	7.00	05-25-25	9,778,897	9,830,823
AAA	6.19	07-18-27	728,008	730,963
AAA	7.90	12-25-15	500,000	526,761
AAA	8.50	02-25-24	1,393,395	1,460,877
AAA	7.50	12-25-19	390,279	24,290
AAA	6.11	03-25-24	1,068,694	1,071,697
AAA	6.50	03-25-18	3,479,963	228,996
AAA	5.75	11-25-17	3,750,000	3,737,100
AAA	6.90	12-25-03	910,982	927,771
AAA	3.13	11-25-23	10,439,920	509,155
AAA	5.88	09-25-23	1,974,609	1,950,538
AAA	N/A	02-25-17	17,470	172,133
AAA	6.50	10-25-04	4,518,610	4,525,659
AAA	5.60	11-25-16	5,459,609	5,434,004
AAA	9.25	07-25-19	7,455,330	8,007,472
AAA	N/A	08-25-20	22,267	495,983
AAA	9.00	11-01-10	763,849	807,099
AAA	N/A	04-01-13	24,630,000	23,975,581
AAA	8.25	09-01-09	180,348	187,567
AAA	11.50	10-01-15	133,117	150,592
AAA	11.50	01-01-20	31,559	35,823
AAA	11.50	08-01-11	66,410	75,128
AAA	11.50	01-01-16	26,771	30,568
AAA	11.50	11-01-15	53,961	61,455
AAA	11.50	02-01-15	7,015	7,444
AAA	11.50	07-01-14	7,657	8,442
AAA	11.50	01-01-16	37,301	42,482
AAA	11.50	01-01-15	160,735	181,129
AAA	8.75	08-01-18	234,889	247,671
AAA	8.75	04-01-07	292,692	304,658
AAA	7.50	09-01-02	192,558	194,266
AAA	7.00	05-01-09	740,826	753,428
AAA	6.09	03-01-29	452,300	455,127
AAA	11.50	06-01-19	29,996	34,317
AAA	11.50	06-01-19	100,445	114,915
AAA	11.50	04-01-19	38,913	44,518
AAA	16.00	09-01-12	8,486	10,414
AAA	16.00	09-01-12	136,872	167,966
AAA	11.50	05-01-19	133,847	153,130
AAA	11.50	10-01-15	35,540	40,205
AAA	11.50	03-01-20	1,359,941	1,543,696
AAA	6.19	10-01-28	947,163	953,083
AAA	6.07	08-01-28	4,255,919	4,282,518
AAA	11.50	03-01-11	19,629	22,021
AAA	6.07	05-01-28	6,466,924	6,507,343
AAA	6.07	03-01-28	895,693	901,291
AAA	6.07	01-01-28	1,790,145	1,801,333
AAA	10.50	01-01-16	85,457	95,164
AAA	6.37	12-01-27	1,765,862	1,776,896
AAA	6.09	11-01-27	4,730,864	4,760,432
AAA	6.11	10-01-27	905,017	910,673



# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	6.00	05-01-13	1,006,498	995,487
AAA	7.00	06-01-13	1,000,000	1,018,120
AAA	10.00	11-01-24	2,294,806	2,516,369
AAA	6.00	05-01-13	1,006,282	995,273
AAA	6.00	04-01-13	543,047	537,106
AAA	7.00	04-01-28	1,496,301	1,518,013
AAA	9.50	10-01-24	1,143,650	1,233,907
AAA	9.00	08-01-21	650,327	692,898
AAA	6.00	05-01-13	998,967	988,039
AAA	6.00	05-01-13	995,266	984,378
AAA	6.00	05-01-13	2,977,582	2,945,007
AAA	7.50	09-01-12	69,225	71,236
AAA	6.50	04-01-13	1,488,325	1,497,359
AAA	6.00	05-01-13	1,971,036	1,949,473
AAA	6.50	04-01-13	7,784,039	7,827,785
AAA	6.50	03-01-28	266,165	265,082
AAA	6.50	04-01-28	998,427	994,363
AAA	6.50	02-01-28	900,639	896,973
AAA	6.50	02-01-28	146,108	145,514
AAA	6.50	03-01-28	242,450	241,464
AAA	6.50	01-01-28	885,121	881,519
AAA	7.50	01-01-13	582,963	598,994
AAA	6.50	12-01-27	832,658	829,269
AAA	6.50	03-01-28	225,987	225,067
AAA	6.50	12-01-27	865,791	862,267
AAA	N/A		4,965,000	5,054,991
AAA	N/A		4,660,000	4,651,379
AAA	6.50	12-01-27	868,366	864,832
AAA	6.50	04-01-07	852,018	848,550
AAA	7.50	11-01-12	36,233	37,286
AAA	7.50	04-01-13	457,477	470,058
AAA	6.50	02-01-28	1,492,565	1,487,162
AAA	7.50	01-01-09	33,315	34,154
AAA	7.00	05-01-12	653,116	665,225
AAA	11.00	05-01-11	2,117,508	2,354,520
AAA	7.50	10-01-11	29,386	30,240
AAA	8.25	07-01-08	268,752	279,510
AAA	6.67	03-01-26	12,482,357	12,734,001
AAA	6.72	02-01-26	6,448,001	6,568,901
AAA	7.50	08-01-06	37,396	38,236
AAA	6.09	11-01-38	778,672	783,538
AAA	6.50	01-01-26	1,375,523	1,370,530
AAA	8.25	10-01-08	80,114	82,153
AAA	6.50	09-01-10	1,152,020	1,159,623
AAA	10.50	04-01-16	2,051,035	2,274,700
AAA	7.50	07-01-10	443,448	456,680
AAA	7.00	01-01-13	2,272,506	2,314,639
AAA	8.50	11-01-17	7,492,619	7,862,530
AAA	7.50	12-01-10	140,840	145,043
AAA	7.50	07-01-11	354,015	364,302
AAA	7.50	06-01-10	892,218	918,842
AAA	7.50	07-01-10	71,839	73,982
AAA	11.00	09-01-19	1,191,159	1,336,766
AAA	6.21	06-01-29	1,820,906	1,832,287
AAA	7.00	07-01-09	1,065,427	1,085,372
AAA	7.50	09-01-09	781,289	805,212
AAA	7.50	12-01-09	820,878	846,014
AAA	12.75	10-01-11	510,639	601,104
AAA	13.25	09-01-11	58,386	69,532
AAA	10.50	03-01-14	14,047	15,322
AAA	10.50	11-01-13	64,544	71,582
AAA	7.00	06-01-13	5,000,000	5,090,600
AAA	6.00	04-01-13	2,973,297	2,940,769
AAA	7.50	03-01-13	35,721	36,704
AAA	7.00	03-01-13	1,435,494	1,462,108
AAA	6.50	02-01-13	2,427,780	2,442,517
AAA	7.50	12-01-10	54,907	56,545
AAA	9.00	05-01-25	386,721	408,810
AAA	7.50	01-01-10	869,348	895,967
AAA	7.50	07-01-09	879,365	906,291
AAA	7.50	04-01-09	895,724	923,151
AAA	15.75	08-01-12	278,746	342,072
AAA	14.75	08-01-12	561,334	683,244
AAA	6.09	02-01-31	7,873,531	7,922,740



# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	6.07	12-01-30	9,614,116	9,674,204
AAA	8.25	06-01-05	396,641	408,449
AAA	7.50	11-01-07	31,833	32,721
AAA	6.12	11-01-28	1,775,292	1,786,388
AAA	7.50	05-01-09	24,460	25,143
AAA	7.50	04-01-24	16,163,997	16,598,324
AAA	10.50	05-01-12	214,261	236,960
AAA	10.50	06-01-12	214,032	236,045
AAA	10.50	05-01-12	311,584	344,593
AAA	7.50	10-01-07	36,713	37,637
AAA	7.50	08-01-07	27,982	28,762
AAA	10.50	08-01-15	207,682	230,832
AAA	15.75	12-01-11	199,298	244,575
AAA	7.50	12-01-06	31,043	31,740
AAA	8.00	08-01-19	1,129,496	1,176,370
AAA	16.00	09-01-12	96,335	118,220
AAA	7.50	05-01-07	31,633	32,429
AAA	6.11	01-01-21	1,786,257	1,797,421
AAA	N/A	08-01-13	19,900,000	20,179,794
AAA	N/A	05-01-25	4,230,000	4,185,056
AAA	N/A	07-01-28	30,000,000	29,877,900
AAA	N/A	07-01-28	1,000,000	995,930
AAA	N/A	05-01-08	2,000,000	1,978,120
AAA	N/A	05-01-08	2,250,000	2,225,385
AAA	6.09	06-01-28	1,761,723	1,772,733
AAA	6.31	02-01-28	2,365,419	2,380,203
AAA	7.50	05-01-07	37,153	38,089
AAA	6.14	04-01-21	2,401,024	2,416,030
AAA	7.50	02-01-07	911,460	934,411
AAA	0.00	04-15-28	13,000,000	13,219,440
AAA	13.50	05-15-11	517	612
AAA	13.50	06-15-10	712	835
AAA	11.25	07-15-13	26,860	29,361
AAA	11.25	07-15-13	71,948	78,646
AAA	10.00	03-15-13	81,559	92,905
AAA	13.00	10-15-12	16,628	19,200
AAA	13.00	11-15-12	20,345	23,492
AAA	10.00	03-15-13	127,613	145,366
AAA	13.50	04-15-11	3,245	3,732
AAA	13.50	04-15-11	11,679	13,433
AAA	13.50	03-15-11	25,539	29,375
AAA	13.50	02-15-11	20,494	23,572
AAA	13.50	06-15-10	5,185	5,963
AAA	13.00	12-15-10	21,888	25,132
AAA	13.00	12-15-10	33,420	38,373
AAA	13.50	05-15-10	8,993	10,294
AAA	11.25	10-15-15	10,062	11,042
AAA	11.25	10-15-15	12,126	13,307
AAA	11.25	09-15-15	13,669	15,001
AAA	11.25	09-15-15	56,489	61,990
AAA	11.25	09-15-15	15,644	17,168
AAA	11.25	08-15-15	41,992	46,081
AAA	11.25	01-15-15	40,051	43,951
AAA	11.25	09-15-15	38,507	42,257
AAA	11.25	08-15-15	53,158	58,335
AAA	11.25	10-15-15	39,909	43,795
AAA	10.00	12-15-20	2,284,899	2,513,023
AAA	9.00	11-15-17	26,797,363	28,627,623
AAA	10.00	08-15-18	2,364,574	2,596,823
AAA	10.00	02-15-21	2,361,289	2,597,040
AAA	8.00	08-15-27	924,150	957,650
AAA	7.00	06-15-27	2,803,074	2,848,624
AAA	7.50	09-15-07	480,467	495,021
AAA	8.00	08-15-25	8,405,001	8,709,682
AAA	8.00	03-15-25	591,872	615,363
AAA	8.00	01-15-28	4,529,714	4,693,916
AAA	7.50	08-15-27	353,458	363,288
AAA	8.00	06-15-27	227,559	235,808
AAA	8.00	09-15-27	324,127	335,877
AAA	8.00	07-15-27	416,416	431,511
AAA	8.00	06-15-27	633,883	656,862
AAA	8.00	06-15-27	996,693	1,032,045
AAA	8.00	06-15-27	225,994	234,187
AAA	8.00	05-15-27	13,957,650	14,450,914

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION



## INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	8.00	07-15-27	923,829	957,318
AAA	8.00	07-15-27	266,975	276,653
AAA	8.00	06-15-27	268,415	278,146
AAA	8.00	07-15-27	10,497,733	10,870,088
AAA	7.50	06-15-27	1,384,489	1,422,950
AAA	8.00	11-01-26	440,920	456,904
AAA	8.00	10-15-26	197,969	205,145
AAA	8.50	02-15-27	26	28
AAA	8.00	12-15-26	9,870,235	10,219,049
AAA	8.00	12-15-26	931,748	965,524
AAA	8.00	11-15-26	321,929	333,599
AAA	8.00	11-15-26	935,101	968,999
AAA	8.00	07-15-26	307,412	318,555
AAA	8.00	01-15-27	333,474	345,563
AAA	8.00	02-15-27	224,305	232,436
AAA	8.00	10-15-26	798,808	827,765
AAA	8.00	06-15-26	311,989	323,299
AAA	8.00	09-15-26	12,697,469	13,145,563
AAA	8.00	10-15-26	8,073,650	8,366,319
AAA	8.00	07-15-26	10,303,439	10,676,938
AAA	8.00	10-15-26	416,681	431,786
AAA	8.00	08-15-27	1,640,975	1,700,460
AAA	8.00	09-15-26	916,667	949,896
AAA	8.00	01-15-26	143,097	148,284
AAA	8.00	08-15-25	326,604	338,443
AAA	8.00	01-15-26	307,132	318,265
AAA	8.00	08-15-23	236,439	245,010
AAA	8.00	06-15-25	12,681,324	13,129,482
AAA	8.00	07-15-26	305,357	316,426
AAA	7.50	07-15-27	44,284	45,515
AAA	8.00	05-15-25	599,404	621,133
AAA	8.00	08-15-25	7,837,153	7,907,050
AAA	8.50	10-15-26	66,187	69,744
AAA	6.50	05-15-24	828,179	829,471
AAA	7.30	06-15-00	363,004	365,396
AAA	6.50	05-15-24	535,187	536,022
AAA	6.50	04-15-24	814,863	816,134
AAA	6.50	05-15-24	775,438	776,647
AAA	6.50	04-15-24	872,415	873,776
AAA	6.50	04-15-24	469,687	470,420
AAA	7.50	03-15-24	22,150	22,773
AAA	8.00	10-15-26	67,409	69,853
AAA	8.00	03-15-24	318,886	330,446
AAA	7.50	03-15-24	104,491	107,430
AAA	8.00	07-15-27	257,182	266,505
AAA	6.50	05-15-24	836,639	837,944
AAA	7.50	09-15-23	47,747	49,119
AAA	7.00	10-15-23	1,674,701	1,703,891
AAA	8.00	08-15-27	243,886	252,727
AAA	8.00	07-15-27	309,048	320,251
AAA	6.50	12-15-23	5,560,545	5,570,943
AAA	7.50	05-15-23	340,898	350,695
AAA	8.00	06-15-26	6,822,808	7,063,585
AAA	6.50	11-15-23	635,555	636,744
AAA	9.75	08-15-05	656,684	695,697
AAA	9.75	08-15-04	492,439	519,361
AAA	9.50	11-15-16	1,479,527	1,610,983
AAA	8.00	11-15-06	102,878	106,719
AAA	8.00	10-15-06	18,947	19,655
AAA	8.00	09-15-06	17,748	18,352
AAA	12.00	04-15-14	4,219	4,850
AAA	12.00	01-15-14	1,072	1,233
AAA	13.50	07-15-14	2,944	3,508
AAA	N/A	08-01-28	3,655,000	3,787,494
AAA	N/A	04-15-28	20,000,000	20,558,250
AAA	N/A	07-15-22	29,060,000	29,522,926
AAA	N/A	10-15-27	51,340,000	51,227,565
AAA	N/A	10-15-27	22,000,000	21,951,820
AAA	N/A	07-01-28	4,100,000	4,214,031
AAA	N/A	07-01-28	4,800,000	4,933,500
AAA	N/A	03-15-28	24,500,000	24,446,345
AAA	N/A	03-15-28	30,500,000	30,433,205
AAA	N/A	04-01-28	1,550,000	1,547,094
AAA	N/A	07-30-28	10,000,000	9,578,125



# INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
AAA	10.00	07-15-22	2,146,250	2,355,831
AAA	8.50	07-15-26	251,954	265,496
AAA	8.00	11-15-26	285,603	295,956
AAA	6.50	03-15-26	898,596	897,725
AAA	8.00	05-15-26	243,067	251,878
AAA	6.50	12-15-23	47,283	47,371
AAA	8.00	08-15-06	121,795	125,944
AAA	7.38	05-20-23	19,261,273	19,703,704
AAA	N/A	03-15-27	40,000,000	41,112,400
AAA	N/A	04-15-28	660,000	658,555
AAA	6.88	11-20-21	445,536	457,231
AAA	7.13	06-20-21	2,416,334	2,475,607
AAA	13.25	05-20-15	19,911	22,842
AAA	13.25	10-20-14	13,624	15,629
AAA	5.50	09-20-26	388,134	396,929
AAA	5.50	08-20-26	4,796,388	4,905,074
AAA	6.00	07-20-26	3,403,292	3,478,811
AAA	7.00	11-20-25	7,486,787	7,669,314
AAA	7.00	09-20-25	582,070	595,533
AAA	7.13	07-20-20	1,130,696	1,162,321
AAA	6.50	02-20-25	5,153,782	5,281,802
AAA	6.50	01-01-25	11,411,107	11,694,559
AAA	6.50	01-01-25	1,778,982	1,823,172
AAA	7.00	11-20-23	576,082	589,137
AAA	7.00	10-20-23	2,729,957	2,792,664
AAA	7.13	09-20-23	419,605	429,046
AAA	7.00	11-20-24	1,469,092	1,499,855
AAA	6.50	05-20-24	8,037,109	8,175,267
AAA	6.50	05-20-24	895,442	907,477
AAA	6.50	02-20-25	705,218	719,654
AAA	7.00	11-20-24	2,623,135	2,678,063
AAA	6.88	09-20-22	335,085	343,255
AAA	6.50	07-20-27	17,592,423	17,982,799
AAA	6.00	12-20-26	7,369,437	7,534,070
AAA	6.50	06-20-28	7,000,000	6,962,830
AAA	7.00	05-20-28	6,988,026	7,077,542
AAA	6.50	09-20-27	1,965,447	1,952,554
AAA	7.00	07-20-22	3,493,381	3,575,266
AAA	7.25	08-20-24	2,686,789	2,748,504
AAA	7.00	08-20-24	2,817,406	2,884,319
AAA	5.50	07-20-26	2,538,609	2,596,920
AAA	7.00	01-20-22	480,399	492,183
AAA	6.88	12-20-21	617,967	633,318
AAA	5.00	03-20-26	828,265	844,698
AAA	5.00	02-20-26	2,860,099	2,917,301
AAA	5.00	02-20-26	13,096,131	13,358,054
AAA	7.50	07-20-21	3,048,470	3,124,682
AAA	5.00	01-20-26	3,623,921	3,696,399
AAA	5.00	01-20-26	1,276,822	1,302,359
AAA	7.00	12-20-20	1,723,153	1,769,471
AAA	7.00	10-20-25	1,224,824	1,254,685
AAA	7.13	08-20-25	16,654,576	17,042,295
AAA	7.00	08-20-25	2,736,060	2,799,373
AAA	6.50	10-20-24	216,864	221,880
AAA	6.50	10-20-24	542,160	554,701
AAA	7.13	08-20-24	17,801,578	18,210,480
AAA	7.00	12-20-23	14,704,483	15,053,714
AAA	6.88	12-20-23	53,042,332	54,277,157
AAA	7.00	10-20-23	5,343,749	5,467,350
AAA	7.13	08-20-23	1,422,293	1,454,294
AAA	7.13	08-20-23	28,892,456	29,565,072
AAA	7.13	08-20-23	25,368,896	25,951,620
AAA	7.13	06-20-23	3,194,552	3,268,442
AAA	7.13	05-20-23	886,103	905,766
AAA	7.00	05-20-24	9,661,667	9,873,064
AAA	7.13	04-20-23	8,792,893	8,986,600
AAA	6.00	07-20-27	6,385,951	6,526,634
AAA	6.00	07-20-27	5,052,752	5,184,064
AAA	7.00	01-20-27	20,764,400	21,254,232
AAA	6.50	01-20-24	2,684,400	2,747,322
AAA	7.13	09-20-23	611,002	625,037
AAA	7.00	07-20-25	1,212,921	1,241,352
AAA	7.00	07-20-25	1,796,920	1,839,039
AAA	7.00	07-20-25	37,296,321	38,170,547



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
I/O FED. HOME LOAN MORTG. CORP MULTICLASS	AAA	2.05	03-15-24	9,500,000	1,276,705
	AAA	6.50	04-15-20	4,390,663	411,408
	AAA	3.11	12-15-23	47,455,314	2,305,854
	AAA	6.50	10-15-04	1,031,782	50,495
	AAA	7.00	07-15-18	985,133	82,804
	AAA	N/A	08-15-07	34,402	839,336
I/O FEDERAL HOME LOAN MORTGAGE CORP.	AAA	6.00	04-15-06	3,558,625	227,431
I/O FEDERAL NATIONAL MORTGAGE ASSOCIATION	AAA	6.50	03-25-09	3,460,723	416,746
	AAA	N/A	10-25-07	64,744	855,653
	AAA	6.50	10-25-20	23,694,351	2,885,752
	AAA	N/A	09-25-08	51,825	1,102,812
I/O F.H.A. TITLE LOAN	AAA	0.82	09-25-17	100,675,154	1,887,659
P/O FEDERAL NATIONAL MORTGAGE ASSOCIATION	AAA	N/A	09-25-00	2,642,135	2,440,197
	AAA	N/A	09-25-23	1,670,000	1,563,003
	AAA	N/A	11-25-26	4,263,646	3,633,394
RESIDENTIAL FUNDING MORTGAGE SECURITIES INC.	AAA	8.00	05-25-26	844,381	860,213
	AAA	7.00	06-25-23	46,466	46,277
	AAA	7.71	03-25-25	3,279,541	3,375,009
	AAA	7.71	03-25-25	8,198,854	8,437,522
	AAA	0.00	05-25-23	250,000	252,461
	AAA	5.70	02-25-10	1,675,000	1,674,498
	AAA	7.18	12-25-22	849,917	857,592
RESOLUTION TRUST CORP.	AAA	6.90	02-25-27	984,910	957,054
	AAA	7.00	05-25-27	408,654	402,539
	AAA	7.22	05-25-29	2,930,600	2,979,483
	AAA	8.00	06-25-26	1,835,849	1,852,540
	AAA	6.45	09-25-21	292,216	298,060
	AAA	7.50	08-25-23	458,645	460,218
	AAA	7.50	08-25-23	114,661	115,054
	AAA	9.45	05-25-24	9,100,011	9,080,172
	AAA	7.60	05-25-19	1,378,005	1,372,782
	AAA	6.27	01-25-21	606,136	603,166
	AAA	6.88	09-25-20	125,022	104,784
	AAA	7.44	05-25-29	2,636,664	2,683,465
	AAA	7.59	05-20-29	5,733,753	5,856,168
	AAA	6.98	05-25-29	7,246,840	7,276,351
	AAA	7.73	05-25-29	4,215,870	4,259,336
	AAA	7.15	02-25-20	469,413	491,123
RESTRUCTURED ASSET CERTIFICATES	AAA	6.12	11-01-99	5,000,000	4,993,750
RESTRUCTURED ASSETS	AAA	N/A	08-02-00	3,400,000	3,451,000
SALLIE MAE MORTGAGE ASSOCIATION	AAA	5.74	10-25-04	16,741,970	16,752,015
	AAA	6.74	02-20-00	10,000,000	8,862,900
SALLIE MAE STUDENT LOAN	AAA	N/A	04-25-07	50,000,000	49,982,000
	AAA	6.09	12-25-14	8,600,000	8,543,498
	AAA	5.63	10-25-07	1,600,000	1,598,992
<b>TOTAL U.S. FEDERAL AGENCY</b>				<b>2,679,232,461</b>	<b>2,493,333,331</b>
<b>TOTAL U.S. GOVERNMENT OBLIGATIONS</b>				<b>3,945,068,135</b>	<b>3,763,739,965</b>
<b>CORPORATE/OTHER OBLIGATIONS</b>					
<b>Basic Industry</b>					
AGRICULTURAL MINING & CHEMICALS INC.	BAA	10.75	09-30-03	2,250,000	2,396,250
AMERICAN STUDENT INC.	BAA	7.38	02-01-08	450,000	443,250
	BAA	9.25	12-01-16	638,000	653,950
ASHLAND INC.	BAA	6.63	02-15-08	2,500,000	2,512,075
BENEDEK BROADCASTING CORP.	B	11.88	03-01-05	1,000,000	1,125,000
BUCKEYE CELLULOSE CORP.	BAA	8.50	12-15-05	1,000,000	1,012,500
BUILDING MATERIALS CORP.	BAA	8.00	10-15-07	750,000	750,000
	BAA	N/A	07-01-04	2,500,000	2,400,000
CONTAINER CORP. OF AMERICA	B	9.75	04-01-03	500,000	537,500
	B	11.25	05-01-04	2,000,000	2,155,000
	B	10.75	05-01-02	2,000,000	2,180,000
CYTEC INDUSTRIES INC.	BAA	6.85	05-11-05	1,000,000	1,011,190
ENVIROSOURCE INC.	BBB	9.75	06-15-03	600,000	606,000
GENERAL CHEMICAL CORP.	BB	9.25	08-15-03	500,000	510,000
GOSS GRAPHIC SYSTEMS INC.	BB	12.00	10-15-06	500,000	530,000
HARRIS CHEMICALS OF NORTH AMERICA INC.	BA	10.75	10-15-03	2,060,000	2,168,150
	BA	10.25	07-15-01	2,100,000	2,184,000
HOLLINGER INTERNATIONAL INC.	B	9.25	02-01-06	1,000,000	1,046,250
	B	8.63	03-15-05	500,000	522,500
HS RESOURCES INC.	BB	9.88	12-01-03	250,000	258,438
LENFEST COMMUNICATIONS INC.	BAA	8.38	11-01-05	1,750,000	1,859,375



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
MASCO CORP.	AAA	6.63	09-15-99	2,800,000	2,821,364
NORFOLK SOUTHERN CORP.	BAA	7.70	05-15-17	10,300,000	11,554,231
	BAA	7.80	05-15-27	890,000	1,021,284
NORTHROP GRUMMAN CORP.	A	9.38	10-15-24	3,570,000	4,368,823
OWENS & MINOR INC.	B	10.88	06-01-06	185,000	201,650
OWENS CORNING	BAA	7.50	05-01-05	1,000,000	1,015,910
	BAA	7.70	05-01-08	2,100,000	2,153,340
PIONEER AMERICAS ACQUISITION CORP.	NR	9.25	06-15-07	2,325,000	2,330,813
POLYMER GROUP INC.	BB	9.00	07-01-07	1,250,000	1,264,063
POWERTEL INC.	BB	11.13	06-01-07	6,450,000	6,772,500
SOVEREIGN SPECIALTY CHEMICALS INC.	BBB	9.50	08-01-07	900,000	922,500
STONE CONTAINER CORP.	B	10.75	10-01-02	2,880,000	3,060,000
	B	11.50	10-01-04	2,875,000	3,105,000
	B	11.88	12-01-98	1,500,000	1,530,000
	B	12.63	07-15-98	600,000	606,000
	B	9.88	02-01-01	1,950,000	1,993,875
	BB	9.25	02-15-07	500,000	517,500
SYNTHETIC INDUSTRIES	BAA	6.25	06-15-03	2,880,000	2,873,002
TYCO INTERNATIONAL	NR	9.00	09-01-00	300,000	310,500
UNIROYAL CHEMICAL INC.	BBB	8.75	11-15-07	3,000,000	3,030,000
UNITED DEFENSE INDUSTRIES INC.	B	9.13	03-15-03	2,000,000	2,075,000
WORLD COLOR PRESS INC.				76,103,000	80,388,781
<b>Capital Goods</b>					
DEERE JOHN CAPITAL CORP.	AAA	8.63	08-01-19	1,000,000	1,187,100
FLORIDA WINDSTROM	AAA	6.50	08-25-02	4,000,000	4,047,200
GREEN TREE RECREATIONAL EQUIP & CONSUMER	NR	7.70	07-15-18	2,250,000	2,273,536
	NR	6.71	05-15-29	5,068,591	5,065,449
	NR	6.90	03-15-29	1,437,340	1,473,273
	NR	6.50	06-01-03	3,000,000	2,997,360
HILFIGER TOMMY CORP.	BB	N/A	05-15-06	1,400,000	1,144,500
INTERMEDIA COMMUNICATION INC.	A	7.00	10-30-45	170,000	179,991
INTERNATIONAL BUSINESS MACHINES CORP.	BBB	N/A	02-01-06	4,100,000	3,382,500
INTERNATIONAL CABLETEL INC.	BBB	N/A	10-15-03	1,600,000	1,600,000
JACOR COMMUNICATIONS CO.	BB	8.75	06-15-07	600,000	624,000
LES INC.	BB	9.25	06-01-08	700,000	707,000
LIN T.V. CORP.	BB	8.38	03-01-08	1,500,000	1,530,000
	BB	8.38	03-01-08	3,000,000	3,060,000
LUMBERMENS MUTUAL CASUALTY CO.	BAA	8.45	12-01-97	4,225,000	4,781,686
MALLINCKRODT INC.	BAA	6.30	03-15-11	2,000,000	2,001,900
MARCUS CABLE CO.	BB	13.50	08-01-04	550,000	533,500
NEXTEL COMMUNICATIONS INC.	BB	N/A	10-31-07	1,400,000	913,500
	BB	N/A	09-15-07	4,000,000	2,700,000
	BB	9.95	02-15-08	2,500,000	1,593,750
PACIFIC LUMBER CO.	BBB	10.50	03-01-03	750,000	772,500
PRINTPACK INC.	BB	9.88	08-15-04	750,000	800,625
R. H. DONNELLY	BAA	9.13	06-01-08	250,000	253,125
RAYTHEON CO.	AA	6.30	03-15-05	3,600,000	3,616,020
	AA	6.75	08-15-07	15,000,000	15,381,450
	AA	6.75	03-15-18	7,800,000	7,963,332
RURAL CELLULAR	BBB	9.63	05-15-08	500,000	500,000
SAFERCO PRODUCTS	NR	9.63	05-31-00	4,000,000	4,269,360
	NR	9.44	05-31-99	7,000,000	7,216,160
SAINSBURY	NR	6.25	03-27-02	650,000	653,250
SALEM COMMUNICATION CORP.	BBB	9.50	10-01-07	500,000	520,000
SEQUA CORP.	NR	9.63	10-15-99	1,000,000	1,030,000
SERVICEMASTER CO.	BAA	7.10	03-01-18	3,400,000	3,425,466
U.S. FILTER CORP.	BAA	6.38	05-15-01	3,850,000	3,839,105
UNITED ILLUM. CO.	BAA	6.25	12-15-02	3,350,000	3,327,120
USA WASTE SERVICES INC.	BAA	6.50	12-15-02	2,500,000	2,515,800
	BAA	7.00	10-01-04	2,550,000	2,624,231
WESTERN WIRELESS CORP.	BBB	10.50	02-01-07	3,600,000	3,870,000
	BBB	10.50	06-01-06	500,000	540,000
YOUNG BROADCASTING INC.	BB	9.00	01-15-06	1,000,000	1,050,000
				107,050,931	105,963,787
<b>Consumer Durables</b>					
ALLBRITON COMMUNICATIONS	BBB	8.88	02-01-08	625,000	675,000
	BBB	9.75	11-30-07	500,000	550,000
AMERICAN COMMUNICATION LINES LLC.	B	10.25	06-30-08	500,000	500,000
CENCALL COMMUNICATIONS CORP.	BB	0.00	01-15-04	3,400,000	3,340,500
CENTURY COMMUNICATIONS	NR	9.50	03-01-05	500,000	541,250
	NR	N/A	01-15-08	500,000	226,875
	NR	8.38	12-15-07	500,000	510,000
	NR	8.88	01-15-07	1,330,000	1,409,800
CMO CIRCUIT CITY CREDIT CARD	NR	8.00	11-15-03	12,600,000	12,938,688



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
COLBS MCKINNON CORP.	BB	8.50	04-01-08	250,000	245,625
COLTEC INDUSTRIES INC.	BAA	7.50	04-15-08	2,000,000	1,980,000
COMCAST CELLULAR HOLDINGS INC.	BAA	9.50	05-01-07	350,000	363,125
	BAA	9.50	05-01-07	1,400,000	1,452,500
FEDERAL MOGUL CORP.	BAA	7.50	07-01-04	500,000	498,995
	BAA	7.75	07-01-06	1,000,000	1,023,190
FEDERATED DEPARTMENT STORES	BAA	7.00	02-15-28	3,000,000	3,053,370
FINGERHUT	BAA	6.23	02-15-07	1,800,000	1,818,000
GOODRICH B.F. CO.	BAA	7.00	04-15-38	1,000,000	1,027,500
HEILIG MEYERS	BAA	6.13	01-20-07	4,000,000	3,986,800
NATIONWIDE MUTUAL LIFE	A	7.50	02-15-24	685,000	710,181
PACIFIC MUTUAL LIFE INSURANCE CO.	AA	7.90	12-30-23	8,000,000	9,193,520
PAGING NETWORK INC.	BB	10.13	08-01-07	500,000	517,500
	BB	8.88	02-01-06	1,480,000	1,450,400
PRUDENTIAL INSURANCE CO.	AA	8.30	07-01-25	720,000	830,203
	AA	8.30	07-01-25	1,750,000	2,017,855
RENAISSANCE MEDIA	BBB	10.00	04-15-08	1,250,000	767,188
TELEPORT COMMUNICATIONS GROUP INC.	NR	N/A	07-01-07	2,245,000	1,927,894
				52,385,000	53,555,958
<b>Consumer NonDurables</b>					
ABBEEY HEALTHCARE GROUP INC.	BBB	9.50	11-01-02	2,000,000	1,980,000
AMERISERVE FOOD DISTRIBUTION INC.	BBB	10.13	07-15-07	500,000	517,500
ARCHIBALD CANDY CORP.	BB	10.25	07-01-04	1,000,000	1,060,000
BAUSCH & LOMB INC.	BAA	6.75	12-15-04	2,600,000	2,626,858
CF CABLE TV INC.	BA	9.13	07-15-07	1,000,000	1,113,720
CHANCELLOR MEDIA CORP.	BAA	8.13	12-15-07	1,400,000	1,419,250
CHOICE HOTELS INTERNATIONAL INC.	BAA	7.13	05-01-08	3,000,000	3,048,000
COLOMBIA	BAA	8.00	06-14-01	19,250,000	19,273,100
COLUMBIA HEALTHCARE CORP.	BAA	6.13	12-15-00	1,300,000	1,262,768
COMCAST CORP.	BAA	10.63	07-15-12	4,295,000	5,470,670
CONTINENTAL CABLEVISION INC.	BAA	9.00	09-01-08	895,000	1,045,288
	BAA	9.50	08-01-13	1,000,000	1,179,290
	BAA	11.00	06-01-07	3,000,000	3,275,370
	BAA	8.50	09-15-01	1,150,000	1,217,114
	BAA	8.50	09-15-01	1,400,000	1,486,968
CUMBERLAND FARMS INC.	NR	10.50	10-01-03	606,000	593,880
DIAMOND CABLE COMMUNICATIONS	CAA	N/A	12-15-05	440,000	365,200
ESPIRE INC.	NR	N/A	11-01-05	2,500,000	2,081,250
EXTENDED STAY AMERICA INC.	BB	9.15	03-15-08	600,000	591,000
FALCON HOLDING GROUP L.P.	BB	8.38	04-15-10	400,000	396,000
	BB	9.29	04-15-10	500,000	316,250
HAMMONS JOHN Q. HOTELS L.P.	B	8.88	02-15-04	1,275,000	1,284,563
HEALTHSOUTH CORP.	B	6.88	06-15-05	2,000,000	2,000,740
	B	N/A	06-15-08	1,000,000	998,140
HERTZ CORP.	AAA	6.63	05-15-08	2,500,000	2,511,250
	AAA	7.00	07-15-03	1,500,000	1,537,635
HILTON HOTELS CORP.	BAA	7.00	07-15-04	360,000	355,255
IMPSAT CORP.	BB	12.38	06-15-08	750,000	765,000
JONES INTERCABLE	BAA	8.88	04-01-07	1,250,000	1,337,500
K-III COMMUNICATIONS CORP.	BAA	8.50	02-01-06	1,500,000	1,526,250
K-MART CORP.	BAA	7.95	02-01-23	850,000	856,375
KROGER CO.	BAA	6.00	07-01-10	3,000,000	2,996,820
LOWE'S INC.	AA	6.88	02-15-28	1,000,000	1,030,440
	AA	6.88	02-15-28	3,300,000	3,400,452
MAGELLAN HEALTH SERVICES INC.	BBB	9.00	02-15-08	2,740,000	2,719,450
MARSH SUPERMARKETS INC.	BB	8.88	08-01-07	1,000,000	1,020,000
MEDPARTNERS INC.	B	6.88	09-01-00	2,500,000	2,350,875
	B	7.38	10-01-06	600,000	537,780
MIRAGE RESORTS INC.	BAA	6.75	08-01-07	7,500,000	7,377,000
MONEY STORE RESIDENTIAL	BAA	6.20	03-15-08	2,000,000	2,000,000
MULTICARE COMPANIES INC.	BBB	9.00	08-01-07	4,500,000	4,455,000
NABISCO INC.	A	6.38	02-01-35	2,000,000	1,987,140
	A	6.70	06-15-02	1,000,000	995,110
	A	6.85	06-15-05	2,000,000	1,993,200
NEIMAN MARCUS GROUP INC.	NR	6.65	06-01-08	1,010,000	1,013,798
NPF VI INC. HEALTHCARE RECEIVABLES	NR	6.22	06-01-02	10,600,000	10,600,000
OPTEL INC.	BBB	11.50	07-01-08	250,000	250,000
OUTDOOR SYSTEMS INC.	B	8.88	06-15-07	270,000	281,138
PERKIN'S FAMILY RESTAURANTS L.P.	B	10.13	12-15-07	500,000	530,000
PHARMERICA INC.	BB	8.38	04-01-08	500,000	501,250
	BB	8.38	04-01-08	425,000	426,063
PHILIP MORRIS CO.	AA	7.00	07-15-05	800,000	818,440
	AA	7.20	02-01-07	1,250,000	1,295,613
	AA	6.15	03-15-10	6,000,000	5,999,880





## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	AA	6.15	03-15-00	2,000,000	1,996,500
	AA	10.50	07-01-08	294,890	390,859
	AA	10.50	07-01-08	2,785,110	3,691,496
PHYSICIAN SALES & SERVICES INC	B	8.50	10-01-07	500,000	510,000
RCN CORP.	BBB	10.00	10-15-07	2,125,000	2,188,750
REGAL CINEMAS INC.	BBB	9.50	06-01-08	250,000	250,938
REVLON CONSUMER PRODUCTS CORP.	NR	8.13	02-01-06	1,500,000	1,488,750
RJR NABISCO INC.	AA	8.63	12-01-02	1,300,000	1,341,847
	AA	8.75	07-15-07	5,000,000	5,190,750
ROYAL CARIBBEAN CRUISES LTD.	NR	7.25	08-15-06	1,250,000	1,298,388
SARA LEE CORP.	A	6.15	06-19-08	4,180,000	4,207,421
SC INTERNATIONAL SERVICES INC.	BB	9.25	09-01-07	500,000	517,500
SCOTSMAN GROUP INC.	B	8.63	12-15-07	500,000	508,750
SFX ENTERTAINMENT INC.	BBB	9.13	02-01-08	1,800,000	1,764,000
SHOPKO STORES INC.	BAA	6.50	08-15-03	3,400,000	3,398,606
SHOWBOAT INC.	BAA	9.25	05-01-08	20,000	21,600
SINCLAIR BROADCAST GROUP INC.	BB	10.00	09-30-05	250,000	268,750
SMITHFIELD FOODS INC.	BAA	7.63	02-15-08	600,000	594,000
SMITH'S FOOD & DRUG INC.	BAA	9.20	07-02-18	250,000	291,378
STATION CASINOS INC.	BB	9.63	06-01-03	250,000	258,750
STOP & SHOP INC.	BAA	9.75	02-01-02	3,440,000	3,801,200
SUN HEALTHCARE GROUP INC.	BB	9.38	05-01-08	125,000	125,625
TCI COMMUNICATIONS INC.	BAA	6.88	02-15-06	500,000	515,775
	BAA	7.88	02-15-26	3,000,000	3,410,280
	BAA	8.75	08-01-15	4,370,000	5,261,130
	BAA	6.14	03-12-01	4,700,000	4,756,588
	BAA	6.22	04-01-02	2,500,000	2,540,800
TENET HEALTHCARE CORP.	BA	8.13	12-01-08	2,600,000	2,606,500
	BA	8.63	12-01-03	500,000	525,000
	BA	8.63	01-15-07	500,000	512,500
TIME WARNER ENTERTAINMENT CO. L.P.	BAA	4.90	07-29-99	8,350,000	8,226,671
	BAA	6.10	12-30-01	10,000,000	9,951,200
	BAA	7.25	09-01-08	2,600,000	2,737,774
	BAA	8.38	07-15-33	1,500,000	1,773,315
	BAA	7.48	01-15-08	1,750,000	1,867,233
	BAA	7.98	08-15-04	4,200,000	4,523,904
	BAA	8.11	08-15-06	8,400,000	9,259,824
	BAA	8.18	08-15-07	8,400,000	9,360,036
WAL-MART STORES INC.	AA	5.85	06-01-00	1,500,000	1,498,230
WALT DISNEY CO.	AA	6.75	03-30-06	5,225,000	5,459,916
ZIFF-DAVIS INC.	BB	8.50	05-01-08	1,000,000	1,010,000
				220,481,000	227,974,163
<b>Convertibles</b>					
CHINA PETROCHEMICA	NR	1.00	05-08-08	1,770,000	1,469,100
HUTCHINSON TECHNOLOGIES INC.	NR	6.00	03-15-05	250,000	295,938
MORGAN STANLEY/DEAN W. & CO.	AA	3.00	05-17-00	330	585,338
				2,020,330	2,350,375
<b>Energy</b>					
AMERIGAS PARTNERS L.P.	NR	10.13	04-15-07	750,000	801,563
CALTEX OIL CORP.	BA	7.88	07-01-06	650,000	551,356
CMS ENERGY CORP.	BAA	8.13	05-15-02	750,000	771,533
COHO ENERGY INC.	BB	8.88	10-15-07	1,000,000	942,500
CROSS TIMBERS OIL CO.	BB	8.75	11-01-09	1,000,000	1,005,000
FERRELLGAS FINANCIAL L.P.	B	10.00	08-01-01	300,000	315,750
	B	9.38	06-15-06	600,000	627,750
	BB	9.50	11-01-06	500,000	505,000
FORCENERGY INC.	BAA	14.88	07-15-02	225,000	266,063
HARCOR ENERGY INC.	BAA	8.29	01-01-01	1,350,000	1,344,344
LAFFAN GAS	BAA	6.88	07-01-05	2,850,000	2,842,761
NATIONAL OILWELL INC.	BB	6.63	12-15-07	250,000	250,000
NEWPARK INC.	BAA	8.00	04-01-27	5,000,000	5,665,000
NOBLE AFFILIATES INC.	BAA	9.05	06-01-02	616,000	633,180
NORTH ATLANTIC ENERGY CORP.	NR	10.13	09-15-09	2,000,000	2,533,680
OCCIDENTAL PETROLEUM CORP.	NR	6.24	11-08-00	2,000,000	2,009,860
	NR	6.40	04-01-13	2,000,000	1,995,980
	NR	6.40	04-01-13	2,350,000	2,345,277
	NR	8.88	05-15-08	1,500,000	1,541,250
P&L COAL HOLDINGS CORP.	BAA	8.20	11-15-99	2,075,000	2,134,158
TENNECO INC.	B	9.00	12-15-05	1,000,000	1,025,000
VINTAGE PETROLEUM INC.				28,766,000	30,107,003
<b>Financial</b>					
ABBEE NATIONAL	AAA	6.70	06-29-49	1,500,000	1,507,380
ABS CPS GRANTOR TRUST	NR	6.00	08-15-03	961,256	961,256
ACCESS FINANCIAL MORTGAGE LOAN	BAA	6.25	10-18-11	411,015	411,973



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
ADVANTA CORP.	BB	7.38	10-16-00	1,250,000	1,201,150
ADVANTA MORTGAGE LOAN TRUST	BAA	5.00	10-25-00	32,000,000	3,689,984
AEI HOLDING CO.	BB	10.00	11-15-07	500,000	495,000
ALLSTATE CORP.	A	6.75	05-15-18	500,000	509,430
AMERICAN SOUTHWEST FINAN. SECURITIES CORP.	BAA	5.10	06-02-99	2,938,926	3,041,789
AMERITECH CAPITAL FUNDING CORP.	AAA	6.55	01-15-28	4,165,000	4,171,414
AMETEK INC.	NR	9.75	03-15-04	1,250,000	1,335,938
AMRESCO MORTGAGE	BAA	7.19	06-17-29	6,000,000	6,337,740
AMRESCO RESIDEN. SECUR. CORP. MORTG. LOAN	BAA	6.28	04-25-18	1,832,579	1,849,472
AMSOUTH BANK OF ALABAMA	NR	6.45	02-01-18	7,000,000	6,984,250
AMVESCAP	AA	6.38	05-15-03	2,500,000	2,503,725
	AAA	6.60	05-15-05	3,850,000	3,892,158
AON CAPITAL	NR	8.21	01-01-27	2,000,000	2,316,520
APACHE FINANCE	BAA	6.50	12-15-07	12,000,000	12,002,520
ARCADIA AUTOMOBILE RECEIVABLES	NR	6.38	01-15-03	1,040,000	1,051,866
	NR	6.20	05-15-03	850,000	853,001
	NR	6.25	11-15-01	3,700,000	3,716,576
ASSET BACKED SECURITIES INVESTMENT	NR	6.79	08-17-03	2,000,000	2,004,920
ASSET SECURITIZATION CORP.	NR	7.40	10-13-26	410,000	433,145
	NR	6.75	02-14-41	2,020,000	2,096,134
ASSOCIATE CORP. OF NORTH AMERICA	AAA	5.85	01-15-01	10,000,000	9,966,700
	AAA	6.38	08-15-98	750,000	750,398
	AAA	7.88	09-30-01	3,000,000	3,155,310
AT&T CAPITAL CORP.	BAA	5.95	02-16-99	2,000,000	1,997,360
	BAA	6.26	02-18-99	3,000,000	3,001,560
	BAA	6.24	11-27-98	20,000,000	20,008,400
	BAA	6.39	01-22-99	7,900,000	7,917,143
	BAA	5.86	01-15-99	12,000,000	12,032,160
BANC ONE	BAA	6.29	07-20-04	3,180,391	3,194,544
BANK AMERICA MORTGAGE SECURITIES INC.	BAA	7.35	07-25-26	750,000	766,290
BANK BOSTON CORP.	AAA	6.63	12-01-05	1,250,000	1,271,163
BANKAMERICA CAPITAL II	NR	8.00	12-15-26	3,350,000	3,640,814
BANKAMERICA CORP.	NR	8.07	12-31-26	1,000,000	1,089,310
BANKAMERICA MANUF. HOUSING CONSTRUCTION	BAA	7.02	01-10-28	1,765,000	1,842,625
	BAA	6.65	10-10-26	2,126,280	2,173,590
BANKAMERICA MORTGAGE SECURITIES INC.	BAA	6.16	07-25-26	2,577,669	2,598,456
BANKERS TRUST CO.	NR	5.90	07-07-98	54,000,000	57,378,996
BARCLAYS BANK	NR	5.95	07-15-01	3,000,000	2,992,230
BB&T CORP.	AAA	6.38	06-30-25	800,000	798,976
	AAA	6.38	06-30-25	4,970,000	4,963,638
BCF L.L.C. VARIABLE RATE CMO	NR	4.41	10-25-35	1,531,738	1,612,445
BEAR STEARNS INC.	AA	6.65	12-01-04	1,250,000	1,271,550
	AA	5.56	08-25-00	6,000,000	6,016,140
	AA	5.56	08-25-00	800,000	802,152
	AA	6.35	06-12-00	2,200,000	2,208,162
BEAR STEARNS MORTGAGE SECURITIES INC.	BAA	7.33	05-25-23	7,465,713	7,489,682
BELLSOUTH SAV. & EMPLOY. STOCK OWNERSHIP	BAA	9.19	07-01-03	2,057,963	2,234,289
CAPITAL ONE BANK	BAA	6.97	02-04-02	1,250,000	1,273,913
CHASE CAPITAL II	AA	6.19	02-01-27	1,000,000	961,030
CHASE CREDIT CARD	A	5.55	09-15-03	2,500,000	2,481,150
CHASE MANHATTAN CORP.	A	7.13	02-01-07	1,250,000	1,316,275
	A	7.25	06-01-07	10,000,000	10,594,100
CHRYSLER FINANCIAL CORP.	AA	6.38	01-28-00	3,100,000	3,119,964
	AA	6.60	08-03-98	5,395,000	5,397,158
CITIBANK CREDIT CARD	AA	5.65	05-15-02	1,950,000	1,942,688
	AA	6.84	02-10-04	500,000	507,730
CITICORP.	AA	6.00	05-24-01	50,000,000	50,055,000
CITICORP MORTGAGE SECURITIES INC.	AA	7.12	05-25-19	1,205,957	1,225,615
	AA	6.92	08-25-27	1,236,894	1,238,762
	AA	6.75	04-25-28	312,000	311,632
CITY GROUP HOLDINGS INC.	AAA	5.85	05-26-00	12,000,000	11,984,160
CITY NATIONAL BANK	BAA	6.38	01-15-08	8,500,000	8,529,070
CITYSCAPE HOME EQUITY LOAN	BAA	7.05	06-25-11	2,000,000	2,038,520
CMC SECURITIES CORP. II	BAA	7.20	11-25-23	3,755,190	3,769,272
CMO CHASE MORTGAGE FINANCIAL CORP.	NR	6.00	03-25-25	3,562,530	3,548,031
CMO COLLATERALIZED MORTGAGE OBLIGATION	NR	7.25	04-23-17	129,107	129,994
	NR	10.20	02-01-16	3,713,831	3,940,115
CMO CWBMS INC. MORTGAGE PASS THRU	NR	8.25	05-25-10	1,500,000	1,570,770
CMO CWBMS MORTGAGE INC.	NR	7.50	09-25-25	22,000,000	22,147,156
CMO FIRST PLUS HOME	NR	6.20	03-10-15	2,250,000	2,242,958
CMO GE CAPITAL MORTGAGE SERVICES INC.	NR	6.95	02-25-11	3,025,000	3,080,519
CMO HMO COLLATERALIZED MORTG. SEC. CORP.	NR	11.45	09-01-15	1,877,969	2,032,300
CMO P-B CMO	NR	6.07	09-01-18	256,510	255,869
CMO RESIDEN. FUNDING MORTG. SECURITIES INC.	NR	6.66	07-25-22	1,200,000	1,199,364



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	NR	7.50	09-25-25	8,000,000	8,097,006
	NR	6.33	04-01-26	6,143,464	6,156,181
CMO RURAL HOUSING	NR	9.85	02-01-19	8,643,448	8,705,508
CMO RYLAND ACCEPTANCE CORP. IV	NR	6.88	10-25-23	1,033,412	733,723
CMO RYLAND MORTGAGE SECURITIES CORP.	NR	11.50	09-01-15	690,821	734,294
CMO SALOMON BRO. MORTGAGE SECURITIES INC.	NR	6.84	01-24-19	1,643,788	1,637,443
CMO SHEARSON LEHMAN	NR	6.70	06-25-18	22,415	22,330
CMO WESTERN FED. S&L ASSN. MARINA DEL REY	AAA	6.50	04-15-05	3,500,000	3,511,410
CNA FINANCIAL CORP.	AAA	6.50	04-15-05	1,250,000	1,254,513
	BAA	8.00	08-25-17	603,196	617,896
COLLATERALIZED MORTGAGE SECURITIES CORP.	BAA	7.07	09-15-23	1,388,597	1,391,219
COMMINGLED MORTGAGE ACCEPTANCE CORP.	BAA	6.80	06-15-05	3,500,000	3,505,845
CONSECO INC.	BA	8.38	08-15-03	5,715,000	5,946,743
CONTIFINANCIAL CORP.	BAA	6.15	01-01-01	11,000,000	10,993,070
CONTIMORTGAGE HOME EQUITY LOAN	BAA	6.36	07-15-03	2,000,000	1,995,620
	BAA	6.19	10-15-11	1,845,264	1,842,367
CONTINENTAL CORP.	BAA	7.25	03-01-03	1,000,000	1,035,180
COUNTRYWIDE HOME LOANS INC.	AAA	6.22	03-16-05	3,000,000	3,019,110
CS FIRST BOSTON MORTGAGE SECURITIES CORP.	A	6.60	06-15-27	1,500,000	1,538,115
CSC HOLDINGS INC.	NR	10.50	05-15-16	500,000	582,500
	NR	9.25	11-01-05	1,500,000	1,605,000
	NR	8.13	08-15-09	990,000	1,061,775
CSFP CREDIT LINKED	NR	6.20	11-19-04	4,300,000	4,300,000
CWMBS INC.	NR	7.00	05-25-26	1,574,634	1,576,602
CWMBS INC. MORTGAGE	B	7.50	10-25-25	500,000	512,965
DAYTON HUDSON CREDIT CARD	BAA	6.25	08-25-05	2,600,000	2,628,418
DBL MORTGAGE FUNDING CORP.	BAA	9.50	08-25-19	163,359	172,448
DEAN W. DISCOVER & CO.	A	5.87	01-01-01	1,750,000	1,751,435
	A	5.80	02-05-99	1,000,000	1,000,820
DEUTSCHE MORTGAGE & ASSIST. RECEIVING CORP.	NR	6.54	06-15-31	9,870,000	10,073,717
DISCOVER CREDIT CARD MASTER TRUST	A	5.80	09-16-03	1,250,000	1,245,700
DITECH HOME OWNER TRUST	NR	6.71	08-15-18	2,500,000	2,543,400
DLJ MORTGAGE ACCEPTANCE CORP.	AAA	6.13	05-25-06	572,085	586,387
	AAA	6.75	06-19-28	5,694,755	5,723,228
	AAA	8.22	06-25-22	1,888,328	1,908,571
	AAA	7.66	05-25-23	1,715,689	1,730,118
	AAA	7.82	09-25-21	527,056	537,676
	AAA	6.41	05-08-10	1,700,000	1,717,000
	AAA	N/A	04-15-05	120,600,000	5,916,636
DTE CAPITAL CORP.	NR	6.17	06-15-03	3,525,000	3,524,859
EDISON FUNDING CO.	NR	6.40	12-17-98	13,000,000	13,026,130
EMERSON CAPITAL CORP.	NR	10.50	07-01-08	770,000	1,020,589
EMPIRE FUNDING HOME LOAN	NR	5.71	04-25-08	1,400,000	1,400,000
	NR	6.06	01-25-08	1,837,299	1,837,299
EQCC HOME EQUITY LOAN	NR	6.25	12-15-07	5,000,000	4,997,350
EQUIFAX INC.	AAA	6.30	07-01-05	3,000,000	2,985,930
	AAA	6.30	07-01-05	795,000	791,271
EQUITABLE INC.	AA	6.50	04-01-08	2,000,000	2,022,500
	AA	6.50	04-01-08	1,370,000	1,385,413
	AA	7.00	04-01-28	2,550,000	2,605,182
EXP-IMP BANK KOHEA	NR	6.50	10-06-99	39,500,000	37,297,480
EXTENDICARE HEALTH SERVICES INC.	BB	9.35	12-15-07	600,000	606,000
FARMER MAC AGRIG. MORTG. BACKED SECURITIES	NR	7.92	01-25-12	2,921,846	3,111,765
	NR	7.79	07-25-01	1,092,260	1,157,796
	NR	7.72	04-25-11	3,542,840	3,737,696
FINOVA CAPITAL CORP.	NR	6.55	11-15-02	1,500,000	1,529,550
FIRST AMERICAN CAPITAL	NR	8.12	01-31-27	2,700,000	2,972,727
FIRST BOSTON MORTGAGE SECURITIES CORP.	A	6.69	02-25-18	1,683,939	1,680,737
	A	8.00	09-01-16	1,103,516	1,171,162
FIRST DEPOSIT MASTER TRUST	BAA	5.78	01-01-01	695,000	696,084
FIRST INDUSTRIES L.P.	BAA	7.15	05-15-27	1,250,000	1,279,338
FIRST MARYLAND CAPITAL II	NR	6.71	02-01-27	2,000,000	1,981,420
FIRST NATIONWIDE HOLDINGS INC.	BAA	10.63	10-01-03	150,000	169,500
FIRST NATIONWIDE PARENTS HOLDINGS LTD.	BAA	12.50	04-15-03	1,000,000	1,135,000
FIRST PRIVATE FUNDING CORP. LEASE OBLIG.	NR	10.15	01-15-16	947,000	1,008,735
	NR	10.15	01-15-16	202,000	215,168
FIRST SECURITIES AUTO	NR	5.97	04-15-04	8,249,261	8,266,337
FIRST U.S.A. CREDIT CARD	BAA	5.98	10-15-03	5,000,000	5,034,350
	BAA	6.05	08-15-03	10,000,000	10,071,800
	BAA	5.68	09-17-03	1,375,000	1,375,853
	BAA	5.68	09-17-03	2,325,000	2,326,442
	BAA	5.80	04-15-03	1,575,000	1,578,434
FIRST UNION	NR	6.56	05-15-07	6,000,000	6,142,200
FIRST UNION LEHMAN BRO. COMMINGL. MORTGAGE	BAA	6.73	09-18-12	3,000,000	3,038,100



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
FIRSTPLUS HOME LOAN	BAA	7.35	10-20-09	2,999,111	3,054,557
	BAA	5.71	03-10-08	1,331,477	1,330,638
	BAA	5.70	10-12-09	1,700,000	1,700,000
	BAA	6.49	07-10-17	3,000,000	3,014,040
	BAA	5.80	12-10-08	5,574,110	5,574,110
FORD CAPITAL	A	9.50	08-09-00	8,000,000	8,510,000
	A	9.88	02-15-02	2,000,000	2,247,400
FORD CREDIT	A	5.65	10-15-01	20,000,000	19,925,000
	A	5.90	10-15-00	4,517,835	4,523,482
FORD CREDIT AUTO LEASE	A	5.80	05-15-99	2,194,071	2,192,009
	A	6.50	11-15-99	535,872	536,708
FORD MOTOR CREDIT CO.	A	5.25	06-16-08	8,130,000	4,492,895
	A	7.20	06-15-07	5,000,000	5,318,750
	A	5.84	10-15-02	2,000,000	1,993,580
	A	6.13	04-28-03	3,500,000	3,500,245
	A	7.00	09-25-01	2,500,000	2,563,525
	A	5.92	11-30-10	5,000,000	4,988,300
	A	6.06	03-30-99	5,100,000	5,109,588
	A	6.08	08-14-00	18,000,000	18,032,940
	A	6.04	07-13-01	9,000,000	9,055,620
FRANCHISE FINANCE CORP. OF AMERICA	NR	7.00	11-30-00	1,100,000	1,116,280
FUJI JGB LLC.	NR	9.87	12-31-49	2,700,000	2,372,760
	NR	9.87	12-31-49	1,000,000	878,800
GENERAL ELECTRIC CAP. MORTG. SERVICES INC.	AAA	7.40	05-25-26	5,400,000	5,618,445
	AAA	6.50	06-25-28	2,500,000	2,518,750
GENERAL ELECTRIC CAPITAL CORP.	AAA	8.30	09-20-09	975,000	1,150,091
	AAA	6.66	05-01-16	3,000,000	3,045,600
	AAA	8.00	03-01-02	763,426	793,886
GENERAL MOTORS ACCEPTANCE CORP.	AA	6.50	04-15-02	1,713,708	1,723,870
	AA	5.88	01-22-03	30,000,000	29,670,000
	AA	6.38	12-01-01	1,250,000	1,259,588
	AA	6.63	10-20-03	15,000,000	15,291,150
	AA	5.77	01-08-02	10,000,000	9,987,800
	AA	6.75	05-01-28	2,470,000	2,476,299
GLOBALSTAR CAPITAL CORP.	B	11.38	02-15-04	500,000	484,375
GOLDMAN GROUP L.P.	A	6.20	12-15-00	2,000,000	2,010,500
	A	5.87	01-09-01	36,000,000	36,101,160
	A	5.94	12-24-01	40,000,000	40,242,800
	A	5.74	01-27-00	2,450,000	2,456,983
	A	6.10	03-30-99	25,000,000	25,010,500
	A	5.81	01-25-01	30,000,000	30,081,900
GREEN TREE FINANCIAL CORP.	AAA	8.45	07-15-27	1,499,762	1,544,275
	AAA	7.57	09-15-28	9,487,196	1,464,538
	AAA	5.95	07-15-29	1,373,003	1,373,003
	AAA	6.78	06-15-28	2,850,000	2,889,188
	AAA	6.38	08-16-28	1,980,917	1,987,712
	AAA	8.05	10-15-27	2,600,000	2,842,112
	AAA	7.95	09-15-27	2,400,000	2,553,000
	AAA	7.30	11-15-28	1,090,000	1,137,339
	AAA	7.65	10-15-27	2,600,000	2,766,556
	AAA	6.91	04-15-28	10,000,000	10,175,000
GREEN TREE LEASE FINANCIAL	NR	6.17	09-20-05	10,000,000	10,046,700
GREENPOINT BANK	NR	6.70	07-15-02	2,000,000	2,034,180
GREENWICH CAPITAL ACCEPTANCE INC.	AAA	7.65	04-25-24	1,903,617	1,963,048
	AAA	7.17	04-25-23	436,441	441,237
	AAA	7.17	04-25-23	1,454,802	1,470,791
	AAA	7.26	01-25-23	1,428,783	1,436,250
	AAA	7.08	10-25-22	5,009,143	5,057,582
	AAA	7.65	01-25-22	757,140	770,898
GS MORTGAGE SECURITIES CORP.	NR	6.93	07-13-30	2,000,000	1,978,540
GUARDIAN S&L ASSOCIATION HUNTINGTON BEACH	NR	7.16	01-25-19	597,518	517,413
HELLER FINANCIAL INC.	AAA	5.63	03-15-00	1,600,000	1,586,960
HOME LOAN INVESTMENT ASSOCIATION	BAA	7.24	04-15-12	965,307	999,092
HOUSING SECURITIES INC.	BAA	6.69	12-25-29	11,171,436	11,331,858
	BAA	7.52	04-25-23	1,541,937	1,565,128
HSBC AMERICAN CAPITAL	AA	8.38	05-15-27	5,000,000	5,525,650
	AA	8.38	05-15-27	2,500,000	2,762,825
I/O CHASE COMMINGLED MORT. SECURITIES CORP.	NR	1.40	04-19-15	25,691,230	2,186,917
I/O CMO NOMURA ASSET SECURITIES CORP.	NR	2.06	09-25-24	23,455,545	938,222
I/O CONTIMORTGAGE HOME EQUITY LOAN	NR	6.50	09-15-00	55,000,000	7,150,000
I/O DLJ MORTGAGE ACCEPTANCE CORP.	NR	N/A	03-15-17	30,638,009	1,895,880
I/O UACSC AUTO	NR	3.00	01-08-04	17,030,880	595,911
	NR	1.85	10-08-04	10,529,365	184,264
	NR	2.75	10-08-03	9,368,917	327,818



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
I/O UNION ACCEPTANCE CORP.	NR	3.00	05-07-99	11,326,600	158,799
ICG HOLDINGS INC.	NR	N/A	03-15-07	7,000,000	5,040,000
	NR	12.50	05-01-06	4,000,000	3,180,000
	NR	0.00	09-15-05	1,750,000	1,496,250
IMC HOME EQUITY LOAN	BAA	5.87	10-20-27	1,553,934	1,555,955
	BAA	8.25	09-20-00	67,500,000	11,137,500
	BAA	5.85	01-20-28	8,593,700	8,593,700
IMPAC SECURITIES	BAA	6.70	02-25-07	2,015,100	2,055,402
IMPERIAL SAVINGS & LOAN ASSOCIATION	BAA	8.80	01-25-17	535,805	533,828
INDEPENDENT NATIONAL MORTGAGE CORP.	BAA	7.76	11-25-24	716,800	727,265
J. P. MORGAN & CO. INC.	BAA	6.42	08-25-98	20,000,000	19,997,800
KANSAS CAPITAL	NR	7.63	04-15-28	2,335,000	2,350,154
KEY BANK U.S.A.	NR	6.50	04-15-08	1,500,000	1,511,550
	NR	6.50	04-15-08	7,900,000	7,960,830
KEYCORP STUDENT LOAN	BAA	0.01	08-27-25	4,000,000	4,013,600
	BAA	5.84	09-27-24	3,031,975	3,041,374
KIDDER PEABODY ACCEPTANCE CORP.	BAA	7.90	03-25-24	2,406,940	2,423,187
	BAA	6.80	09-01-06	2,200,000	2,299,000
LEHMAN BRO. COMMINGLED MORTGAGE	AAA	6.33	11-18-04	4,885,192	4,928,231
LEHMAN BROTHERS HOLDINGS INC.	BAA	6.20	01-15-02	3,300,000	3,297,162
	BAA	6.25	04-01-03	3,500,000	3,496,955
	BAA	6.25	04-01-03	5,000,000	4,995,650
	BAA	7.20	08-15-09	250,000	262,735
	BAA	5.94	01-18-00	2,000,000	2,005,820
	BAA	6.20	12-23-99	10,000,000	10,030,200
	BAA	5.98	02-27-01	10,000,000	10,052,600
	BAA	5.98	02-27-01	12,500,000	12,565,750
	BAA	6.63	12-27-02	1,250,000	1,267,325
	BAA	5.78	05-23-01	4,000,000	3,999,880
	BAA	7.38	04-15-07	5,000,000	5,344,600
LEHMAN BROTHERS MORTGAGE	AAA	6.85	11-25-12	7,755,049	7,774,436
LEHMAN HOME EQUITY LOAN	BAA	5.74	10-25-20	6,000,000	6,000,000
LEUCADIA NATIONAL CORP.	BA	8.25	06-15-05	2,000,000	2,187,780
LIN HOLDINGS CORP.	BBB	N/A	03-01-08	500,000	335,000
LTC COMMINGLED MORTGAGE PASS THRU	NR	9.20	08-04-23	1,500,000	1,706,250
MBNA CAPITAL CORP.	NR	6.49	02-01-27	2,000,000	1,859,200
	NR	6.96	09-12-02	1,500,000	1,528,170
	NR	6.04	06-17-02	1,775,000	1,759,717
MBNA MASTER CREDIT CARD	NR	5.81	09-15-03	1,800,000	1,803,924
MBNA MASTER CREDIT CARD	NR	5.80	03-15-03	1,580,000	1,583,950
MCN INVESTMENT CORP.	BAA	6.35	04-02-12	4,350,000	4,362,920
MELLON CAPITAL	AAA	8.00	01-15-27	3,500,000	3,802,155
MELLON FINANCIAL CO.	BAA	6.38	02-15-10	3,900,000	3,907,449
MERIT SECURITY CORP.	BAA	5.96	05-28-25	2,904,967	2,905,839
	BAA	6.58	07-28-22	3,430,541	3,448,071
MERITA BANK	BAA	5.84	09-11-03	1,000,000	998,100
MERRILL LYNCH & CO. INC.	AAA	6.38	10-01-01	2,370,000	2,399,464
	AAA	6.75	06-01-28	1,500,000	1,523,580
	AAA	5.68	10-03-00	2,000,000	2,004,820
	AAA	6.47	06-27-00	1,700,000	1,720,060
	AAA	7.00	04-27-08	2,500,000	2,629,375
	AAA	6.25	07-17-09	1,490,000	889,978
	AAA	5.84	03-23-05	45,895,000	45,982,201
MERRILL LYNCH MORTGAGE INVESTMENT INC.	AAA	8.05	06-25-22	3,000,000	3,130,313
	AAA	6.96	11-21-28	2,700,000	2,770,659
MET LIFE INSURANCE CO.	A	6.30	11-01-03	2,500,000	2,497,775
MHC INC.	NR	6.50	12-16-25	392,595	393,822
MHC INC.	NR	9.40	12-15-25	785,190	748,385
MORGAN STANLEY CAPITAL INC.	A	6.86	07-15-29	1,841,198	1,848,103
MORGAN STATE DEAN W. DISCOVER & CO.	A	5.88	02-28-01	3,520,000	3,519,754
MORGAN STATE GROUP INC.	A	6.17	03-09-99	10,050,000	10,068,392
MORTGAGE CAPITAL FUNDING INC.	NR	6.33	06-18-30	3,475,000	3,492,375
MORTGAGE INDEX AMORTIZING	NR	6.68	08-25-04	9,175,000	9,220,875
	NR	6.68	08-25-04	5,000,000	5,025,000
NATIONSBANK AUTO OWNER	AAA	6.38	07-15-00	14,617,865	14,649,732
NATIONSBANK CORP.	AAA	6.38	05-15-05	3,500,000	3,542,770
	AAA	6.38	05-15-05	2,000,000	2,024,440
	AAA	7.00	05-15-03	12,000,000	12,437,400
	AAA	6.03	08-21-07	4,000,000	4,008,640
NATIONWIDE	AA	12.22	02-15-25	3,000,000	3,675,840
NAVISTAR FINANCIAL CORP.	BAA	6.20	03-15-01	16,000,000	16,055,840
	BAA	5.94	11-15-04	4,872,173	4,872,173
NEWS AMERICAN HOLDINGS INC.	AAA	7.75	12-01-45	6,000,000	6,439,260
	AAA	7.75	02-01-24	1,500,000	1,600,485



# INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	AAA	N/A	10-17-16	1,660,000	1,833,138
	AAA	8.15	10-17-36	4,000,000	4,507,560
	AAA	8.25	08-10-18	5,000,000	5,641,400
NOMURA ASSET SECURITIES CORP.	AAA	8.15	03-04-20	2,500,000	2,722,650
	AAA	6.59	03-15-30	9,000,000	9,235,530
	AAA	4.33	05-25-24	3,104,371	3,110,704
	AAA	1.76	02-25-25	19,134,760	32,912
NORWEST CORP.	AAA	6.75	06-15-07	5,000,000	5,205,450
NTC CAPITAL	NR	6.18	01-15-27	1,000,000	982,880
NTL INC.	BBB	10.00	02-15-07	2,655,000	2,840,850
	BBB	N/A	04-01-08	2,010,000	1,306,500
OCWEN MORTGAGE LOAN ASSISTANCE	NR	5.72	01-25-21	20,000,000	20,000,000
OLD KENT CAPITAL	NR	6.49	02-01-27	2,500,000	2,488,100
OLYMPIC AUTOMOBILE RECEIVABLES	NR	6.13	08-15-00	2,130,337	2,152,919
	NR	6.13	08-15-00	6,027,216	6,091,104
	NR	6.80	03-15-02	8,000,000	8,109,708
	NR	6.63	12-15-02	3,100,000	3,155,751
OLYMPIC FINANCIAL LTD.	NR	N/A	03-15-07	500,000	500,000
ONYX ACCEPTANCE GRANTOR	NR	5.85	08-15-02	6,010,000	6,009,639
	NR	6.35	10-15-03	2,914,614	2,931,898
P/O CITICORP CREDIT CARD	A	N/A	08-15-06	7,300,000	5,080,289
P/O CWMBS INC.	A	N/A	03-25-28	5,407,523	4,873,530
PAINE WEBBER GROUP	A	8.25	05-01-02	1,300,000	1,385,800
	A	9.25	12-15-01	2,855,000	3,116,004
	A	7.74	01-30-12	3,500,000	3,936,625
PDVSA FINANCIAL LTD.	AA	7.40	08-15-16	4,330,000	4,392,612
PEOPLES BANK CREDIT CARD	BAA	5.83	11-15-05	1,080,000	1,080,000
PREMIER AUTO	BAA	4.65	02-02-99	33,821	33,800
	BAA	6.25	06-06-01	4,150,000	4,172,037
PROVIDIAN NATIONAL BANK	NR	6.25	05-06-01	4,000,000	4,004,920
PRUDENTIAL HOME FIFTEEN-YEAR MORTGAGE	AAA	7.40	05-25-07	7,487,705	7,620,687
PRUDENTIAL HOME MORTGAGE SECURITIES CO.	AAA	6.80	05-25-24	199,035	198,350
	AAA	7.98	05-25-23	1,279,552	1,311,024
REGIS FINANCIAL	BAA	8.11	03-31-99	184,311	183,851
RELIANCE GROUP HOLDINGS INC.	BA	9.00	11-15-00	1,500,000	1,566,375
RESIDENTIAL ACCREDIT LOANS INC.	NR	7.50	07-25-27	1,315,753	1,330,398
RESIDENTIAL ASSET SECURITIES CORP.	NR	7.07	10-25-19	3,100,000	3,123,963
HIGGS CAPITAL	BAA	8.88	03-15-27	3,750,000	4,218,000
RIVIERA HOLDING CORP.	B	10.00	08-15-04	250,000	252,500
RMF COMMINGLED MORTGAGE PASS THRU	NR	9.15	11-28-27	800,000	827,000
S.B. TREASURY CO. LLC	AAA	9.40	06-30-08	4,610,000	4,581,602
	AAA	9.40	12-29-49	1,250,000	1,242,300
	AAA	9.40	12-29-49	1,000,000	993,840
SALOMON INC.	AAA	3.65	02-14-02	20,900,000	20,386,069
	AAA	3.65	02-14-02	30,000,000	29,262,300
	AAA	6.25	10-01-99	2,700,000	2,709,207
	AAA	6.50	03-01-00	2,000,000	2,015,720
	AAA	6.63	11-15-03	5,000,000	5,089,650
	AAA	6.70	07-05-00	1,930,000	1,955,611
	AAA	7.30	05-15-02	1,000,000	1,036,100
	AAA	7.50	02-01-03	1,500,000	1,574,145
	AAA	5.81	10-20-98	24,000,000	24,007,440
	AAA	6.22	11-19-98	1,800,000	1,801,836
	AAA	5.82	07-15-98	50,000,000	50,002,000
SALOMON MORTGAGE SECURITIES VII INC.	AAA	7.69	06-25-22	518,415	532,570
	AAA	8.31	04-25-24	1,684,692	1,739,445
	AAA	7.84	01-01-01	1,083,364	1,122,298
	AAA	8.08	03-25-24	3,088,005	3,195,121
	AAA	7.97	03-25-24	1,174,425	1,199,135
	AAA	7.00	02-25-17	190,299	189,893
SALOMON SMITH BARNEY HOLDINGS INC.	AAA	6.13	01-15-03	375,000	374,246
	AAA	6.25	06-15-05	2,500,000	2,483,600
SEARS CREDIT CARD	AAA	5.80	08-15-05	4,000,000	3,990,000
	AAA	6.45	10-16-06	2,700,000	2,737,962
	AAA	7.00	07-15-08	1,800,000	1,877,058
SEARS MORTGAGE SECURITIES CORP.	AAA	6.64	06-25-22	783,153	792,453
	AAA	8.15	03-25-22	1,241,066	1,253,862
SECURITIZED MULTIPLE ASSET RATED	AAA	7.45	03-15-06	1,561,408	1,568,044
SECURITY PACIFIC NATIONAL BANK	BAA	6.38	03-25-18	591,410	591,593
SEQUOIA MORTGAGE	NR	6.03	05-04-29	2,476,537	2,498,628
SHEARSON LEHMAN MORTGAGE	BAA	9.60	03-25-21	576,378	576,563
SILIGAN HOLDINGS INC.	B	9.00	06-01-09	1,400,000	1,449,000
SOCIETE GENERALE	A	7.40	06-01-06	1,500,000	1,584,720
SOUTHWEST SAVINGS ASSOCIATION	BAA	N/A	12-31-18	34,938	34,831



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
STANDARD CREDIT CARD	BAA	N/A	09-07-99	5,000,000	5,000,000
	BAA	8.25	11-07-03	860,000	916,433
	BAA	8.25	11-07-03	10,000,000	10,656,200
STUDENT FEDERAL BANCORP INC.	AAA	7.75	07-17-06	3,900,000	4,266,366
SUNAMERICA INC.	BAA	5.60	07-31-09	3,925,000	2,981,312
SUNTRUST BANKS INC.	AA	7.38	07-01-06	3,500,000	3,745,875
SUNTRUST CAPITAL	BAA	6.34	03-15-28	9,000,000	8,990,460
TEACHERS INSURANCE ANNUITY ASSOC.	NR	7.05	08-20-14	770,053	793,155
TEAM FLEET FUNDING CORP	NR	6.13	10-25-04	1,600,000	1,595,750
TERRA NOVA INSURANCE UK HOLDINGS	NR	7.00	05-15-08	3,100,000	3,159,303
THE MONEY STORE	BAA	6.64	09-15-14	500,000	504,840
	BAA	7.36	05-16-01	3,147,241	3,162,348
TMS HOME EQUITY	NR	7.18	12-15-14	4,100,000	4,117,917
TOKAI PREFERRED CAPITAL	NR	9.98	12-29-49	1,400,000	1,288,000
TRAVELERS GROUP	AA	6.88	02-15-98	3,000,000	3,042,600
TRIANGLE FUNDING LTD.	NR	5.94	10-15-05	10,000,000	10,025,700
U.S. BANCORP	BAA	5.88	11-30-10	1,000,000	998,750
U.S. BANK NATIONAL ASSOCIATION	A	6.50	02-01-08	2,000,000	2,029,680
U.S. SMALL BUSINESS ADMINISTRATION	NR	6.85	07-01-17	3,936,368	4,065,520
U.S. WEST CAPITAL FUNDING INC.	AAA	6.13	07-15-02	3,500,000	3,500,070
	AAA	6.13	07-15-02	500,000	500,010
	AAA	6.88	07-15-28	2,895,000	2,895,232
	AAA	6.88	07-15-28	2,775,000	2,775,222
	AAA	6.88	07-15-28	1,800,000	1,800,144
UCC INVESTORS HOLDING INC.	NR	10.50	05-01-02	3,050,000	3,416,000
UCFC LOANS	NR	7.65	06-15-20	950,000	990,711
USAA CAPITAL CORP.	NR	6.54	09-20-99	645,000	651,489
WALSH ACCEPTANCE CORP.	NR	6.69	03-01-27	1,157,693	1,157,600
WELLS FARGO CAPITAL	AA	7.73	12-01-26	2,000,000	2,153,640
WESTERN FEDERAL S&L ASSN. MARINA DEL RAY	NR	6.98	03-25-19	910,187	913,582
WFS FINANCIAL	BAA	6.20	09-20-00	12,000,000	12,018,763
	BAA	5.78	11-20-00	1,950,000	1,947,036
	BAA	6.25	03-20-02	675,000	676,931
	BAA	6.10	03-20-02	1,110,000	1,112,076
WILLIAMS INC.	NR	5.95	02-15-00	1,250,000	1,247,238
WILMINGTON TRUST CO / CHRYSLER CAPITAL	AAA	10.73	01-01-13	984,697	1,129,920
	AAA	10.73	01-01-13	329,297	377,862
WILMINGTON TRUST CO./CILCORP LEASE	AAA	10.73	01-01-13	639,497	733,823
WILMINGTON TRUST CO./TUCSON ELECT. POWER	AAA	10.73	01-01-13	1,234,149	1,416,186
	AAA	10.73	01-01-13	950,142	1,090,288
	AAA	10.73	01-01-13	633,428	726,859
WORLD FINANCIAL NETWORK CREDIT CARD	AAA	6.70	02-15-04	10,000,000	10,192,000
				2,214,720,820	1,828,226,262
<b>Miscellaneous</b>					
BRINSON CO. U.S. BOND FUND	NA	N/A	N/A	1,788,561	225,982,886
CAL INFRASTRUCTURE PG&E	AAA	6.15	06-25-02	1,500,000	1,504,725
CAL. INFRASTRUCTURE & ECONOMIC DEV. BANK	AAA	6.22	03-25-04	11,935,000	12,025,467
	AAA	6.42	12-26-09	1,000,000	1,018,090
	AAA	6.17	03-25-03	2,055,000	2,065,583
CHELSEA GCA REALTY PARTNERSHIP L.P.	BA	7.25	10-21-07	1,250,000	1,260,188
DEVELOPERS DIVERSIFIED REALTY CORP.	NR	7.63	05-15-00	1,500,000	1,527,990
DUKE REALTY LTD	NR	6.75	05-30-08	1,500,000	1,500,285
DVI RECEIVABLE VI L.L.C.	NR	6.04	04-10-06	2,250,000	2,267,100
EOP OPERATIONS L.P.	BAA	6.38	02-15-03	1,250,000	1,244,688
	BAA	6.75	02-15-08	1,000,000	998,770
	BAA	6.50	06-15-04	1,400,000	1,393,602
	BAA	6.76	06-15-07	2,750,000	2,758,388
	BAA	6.76	06-15-07	595,000	596,815
	BAA	6.76	06-15-07	1,300,000	1,303,965
FISHER SCIENTIFIC INTERNATIONAL INC.	BBB	9.00	02-01-08	1,000,000	995,000
FOREST CITY ENTERPRISES INC.	BAA	8.50	03-15-08	650,000	643,500
FORT JAMES CORP.	BAA	6.63	09-15-04	2,500,000	2,537,450
FOX LIBERTY NETWORKS	B	8.88	08-15-07	2,500,000	2,550,000
FRESENIUS MED CARE	BAA	N/A	12-01-06	1,750	1,822,188
GARDEN STATE NEWSPAPER	B	8.75	10-01-09	1,250,000	1,268,750
GATX CAPITAL CORP	BAA	6.50	11-01-00	3,365,000	3,389,698
GCB ISP HOLDINGS	BAA	9.00	10-15-03	2,000,000	2,090,000
GENERAL GROWTH PROPERTIES	AA	6.81	11-15-07	2,000,000	2,033,800
GUANGDONG ENTERPRISES HOLDINGS LTD	NR	8.88	05-22-07	5,000,000	4,356,850
H.M.H. PROPERTIES INC.	NR	9.50	05-15-05	1,700,000	1,848,750
H.R.P.T. PROPERTIES	NR	6.75	12-18-02	10,000,000	10,125,400
HANSON OVERSEAS	B	7.38	01-15-03	1,500,000	1,566,495
HOLMES PRODUCTS CORP.	BBB	8.88	11-15-07	500,000	515,000
INTEGRATED HEALTH SERVICES INC.	BB	9.50	09-15-07	500,000	523,750



## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	BB	9.25	01-15-08	200,000	207,750
	BB	9.25	01-15-08	2,875,000	2,986,406
IRIDIUM CAPITAL CORP.	BBB	13.00	07-15-05	1,333,000	1,419,645
JENKINS-EMPIRE ASSOCIATES	NR	6.84	08-01-08	9,370,049	9,589,660
K-MART LEASE	BAA	9.35	01-02-20	750,000	816,675
MAGNUM HUNTER INC.	NR	10.00	06-01-07	300,000	301,500
MARKET HUB PARTNERS	BAA	8.25	03-01-08	600,000	606,000
MCKESSON CORP.	AAA	6.60	03-01-00	1,450,000	1,461,571
MID AMERICA WASTE SYSTEMS INC.	NR	12.25	02-15-03	300,000	60,000
MID STATE	BAA	7.34	07-01-35	2,091,656	2,174,004
	BAA	7.79	07-01-35	1,786,895	1,820,400
MIDLAND REALTY	NR	7.48	08-25-28	800,000	847,706
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY	NR	7.43	02-15-23	3,620,000	4,113,406
	NR	N/A	02-15-20	2,855,000	729,453
	NR	N/A	02-15-11	3,200,000	1,444,480
NGC CORP.	NR	7.13	05-15-18	1,300,000	1,330,121
OHA	BAA	6.20	03-15-04	9,975,572	9,975,572
OHIO ST. ECON. DEV. REVENUE ENTERPRISE FUND	NR	6.83	06-01-05	2,290,000	2,290,000
PRIME PROPERTY FUNDING II INC.	NR	6.80	08-15-02	290,000	294,048
	NR	7.00	08-15-04	795,000	821,116
PRIVATE PLACEMENT RESTR. ENHAN. RETURNS	NR	5.95	08-15-07	11,500,000	11,526,220
PRIVATE PLACEMENT RESTRUCTURED ASSET	NR	8.74	10-01-07	1,000,000	1,005,200
PRIVATE PLACEMENT SER 1996-C	NR	7.03	08-01-00	2,600,000	2,603,120
ROGERS CANTEL INC.	NR	8.30	10-01-07	1,000,000	982,500
SHOW LOW, AZ. IDA. HOSP NAVAPACHE REG. MED.	NR	6.13	12-01-99	330,000	330,557
	NR	6.25	12-01-00	360,000	360,856
	NR	6.50	12-01-02	340,000	342,177
SIGNET	NR	5.86	01-01-01	1,055,000	1,056,319
SIMON DEBARTOLO GROUP L.P.	BAA	6.75	06-15-05	2,500,000	2,483,800
	BAA	6.75	07-15-04	1,000,000	999,200
SONWIL CORP.	BAA	12.50	12-01-01	22,861,347	32,569,875
SPIEKER PROPERTIES INC.	BAA	6.75	01-15-08	5,000,000	4,953,450
ST. CHARLES COUNTY, MO PUBLIC ARENA AUTH.	NR	6.54	09-15-05	1,300,000	1,321,453
	NR	6.76	09-15-08	2,390,000	2,401,909
TMS	BAA	8.40	02-15-24	2,000,000	2,161,050
VASTAR RESOURCES INC.	BAA	6.00	04-20-10	1,900,000	1,899,069
	BAA	6.00	04-20-10	2,100,000	2,098,971
WESTPOINT STEVENS INC.	BAA	7.88	06-15-08	750,000	752,813
WORLD FINANCIAL PROPERTIES TOWER CORP.	BAA	6.95	09-01-13	1,075,000	1,120,849
				174,783,829	407,973,971
<b>Technology</b>					
COMPUTER ASSOCIATES INTERNATIONAL INC.	NR	6.25	04-15-03	3,965,000	3,974,873
DIALOG CORP.	NR	11.00	11-15-07	300,000	328,500
HONEYWELL INC.	AA	7.00	03-15-07	4,200,000	4,447,464
LEVEL 3 COMMUNICATIONS CORP.	BB	10.38	05-01-07	500,000	552,500
	BB	8.50	05-15-08	500,000	502,500
	BB	9.13	05-01-08	1,250,000	1,215,625
	BB	9.13	05-01-08	4,500,000	4,376,250
LUCENT TECHNOLOGIES INC.	AA	6.50	01-15-28	2,000,000	2,018,900
MCDERMOTT J. RAY	B	9.38	07-15-06	1,000,000	1,055,000
MICROCELL TELECOM INC.	BBB	N/A	06-01-06	1,900,000	1,420,250
MOOG INC.	B	10.00	05-01-06	750,000	802,500
ORION NETWORK SYSTEMS INC.	BB	11.25	01-15-07	750,000	843,750
UNISYS CORP.	NR	12.00	04-15-03	1,250,000	1,418,750
WMX TECHNOLOGIES INC.	NR	7.00	10-15-06	2,200,000	2,277,176
				25,065,000	25,234,038
<b>Transportation</b>					
ADVANTA AUTOMOBILE RECEIVABLES	BAA	6.75	12-15-03	12,000,000	12,204,463
AIRPLANES TRUST	BAA	10.88	03-15-19	1,000,000	1,129,547
CONS FREIGHTWAYS INC.	BAA	9.13	08-15-99	2,500,000	2,579,975
CSX CORP.	BAA	8.10	09-15-22	9,635,000	11,014,539
CONTINENTAL AIRLINES	AAA	6.65	09-15-17	1,100,000	1,122,418
DELTA AIR LINES INC.	BAA	9.38	09-11-07	4,069,788	4,627,186
	BAA	9.49	01-02-03	3,134,000	3,424,584
	BAA	10.50	04-30-16	1,000,000	1,330,430
ENTERPRISE RENT-A-CAR	BAA	6.95	03-01-04	2,132,000	2,182,806
FEDERAL EXPRESS CORP.	BAA	7.60	07-20-01	2,500,000	2,685,725
TRANSPORTATION RESOURCES INC.	BBB	10.75	03-15-08	500,000	535,065
UNION PACIFIC CORP.	BAA	6.25	03-15-99	1,500,000	1,502,205
	BAA	6.40	02-01-06	1,000,000	991,440
	BAA	6.63	02-01-08	2,400,000	2,395,584
	BAA	7.25	11-01-08	2,000,000	2,089,180
UNITED AIR LINES INC.	BAA	10.25	07-15-21	2,200,000	2,987,424
	BAA	11.56	05-27-06	30,826,791	38,594,526





## INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
USAIR	BAA	9.63	09-01-03	750,000	813,750
WORLD OMNI AUTO LEASE SECURITIZATION	NR	6.18	05-25-00	3,000,000	3,013,110
	NR	6.07	11-25-03	2,500,000	2,505,450
	NR	6.30	06-25-02	8,857,758	8,877,068
				94,605,337	106,606,476
<b>Utilities</b>					
360 COMMUNICATIONS CO.	NR	7.50	03-01-06	3,500,000	3,730,930
ADVANCED LIGHTING TECHNOLOGIES INC.	B	8.00	03-15-08	500,000	497,500
AES CORP.	BA	10.25	07-15-06	1,750,000	1,898,750
APPALACHIAN POWER CO.	AAA	6.35	03-01-00	3,300,000	3,327,753
ARIZONA PUBLIC SERVICE CO.	NR	6.25	01-15-05	3,400,000	3,373,854
BEAVER VALLEY FUNDING CORP.	NR	9.00	06-01-17	1,500,000	1,715,325
CALENERGY INC.	BA	7.63	10-15-07	1,500,000	1,518,810
	BA	10.25	01-15-04	1,000,000	1,065,110
CALPINE CORP.	NR	8.75	07-15-07	950,000	968,525
	NR	9.25	02-01-04	750,000	766,875
	NR	7.88	04-01-08	500,000	498,750
CARMEL REDEVELOPMENT DISTRICT COUNTY INC.	NR	6.80	12-15-12	1,705,000	1,743,045
CHILGENER	NR	6.50	01-15-06	2,500,000	2,426,250
CLEVELAND ELECTRIC & ALUMINUM CO.	BA	7.38	06-01-03	1,000,000	1,034,560
COMMONWEALTH EDISON CO.	NR	6.63	07-15-03	6,610,000	6,727,394
	NR	6.38	07-15-00	5,000,000	5,029,850
	NR	7.38	01-15-04	1,250,000	1,301,288
	NR	7.63	04-15-13	1,000,000	1,098,320
	NR	9.17	10-15-02	10,000,000	11,063,200
COOP UTILITIES BIG RIVER ELECTRIC CORP.	NR	9.50	02-15-17	3,500,000	3,668,425
DENVER CO. URBAN RENEWAL AUTHORITY	NR	8.62	09-01-07	750,000	754,200
FLAG LTD.	NR	8.25	01-30-08	1,450,000	1,460,675
	NR	8.25	01-30-08	750,000	755,625
GTE CORP.	AA	6.84	04-15-18	1,600,000	1,605,488
	AA	6.86	02-01-28	1,400,000	1,424,234
GULF STATES UTILITIES CO.	NR	8.25	04-01-04	2,000,000	2,147,440
INTERCEL INC.	BB	N/A	02-01-06	1,950,000	1,530,750
	BB	N/A	05-01-06	360,000	282,600
LONG ISLAND LTD. CO.	NR	9.00	11-01-22	1,000,000	1,141,870
LONG ISLAND POWER AUTH. N.Y. ELECT. SYSTEMS	NR	5.13	12-01-22	12,800,000	12,632,704
	NR	5.25	12-01-26	6,400,000	6,334,400
	NR	5.50	12-01-29	12,800,000	12,969,088
	NR	10.32	01-31-99	1,250,000	1,273,475
LOUISIANA POWER & LIGHT	BAA	6.50	04-15-10	1,355,000	1,347,114
MCI COMMUNICATION CORP.	BAA	6.50	04-15-10	4,060,000	4,036,371
	BAA	6.13	04-15-12	2,000,000	1,992,560
	BAA	6.13	04-15-12	4,000,000	3,985,120
MICHIGAN BELL TELEPHONE CO.	A	7.75	06-01-11	1,000,000	1,016,890
NATIONAL RURAL UTILITIES	AAA	6.20	02-01-08	3,500,000	3,484,565
NEW YORK STATE POWER AUTHORITY	NR	6.24	02-15-02	1,300,000	1,307,826
NIAGARA MOHAWK POWER CORP.	BA	8.75	04-01-22	1,500,000	1,649,910
	BA	8.00	06-01-04	1,500,000	1,605,450
	BA	7.63	10-01-05	500,000	502,120
	BA	7.75	10-01-08	1,250,000	1,280,638
NUEVO ENERGY CO.	B	9.50	04-15-06	600,000	627,000
NYCTL	NR	6.81	05-25-05	519,275	527,324
PHILADELPHIA ELECTRIC CO.	NR	5.63	11-01-01	2,500,000	2,457,450
PUBLIC SERVICE ELECTRIC & GAS CO.	AAA	6.38	05-01-08	3,205,000	3,211,923
TALLULAH, LA REV. CORR. CENTER YOUTH	NR	6.65	11-01-08	3,000,000	3,045,447
TEXAS EASTERN CORP.	AA	10.38	11-15-00	2,000,000	2,191,460
TEXAS UTILITIES ELECTRIC CO.	NR	8.25	04-01-04	2,000,000	2,186,720
TUCSON ELECTRIC POWER CO.	NR	10.73	01-01-13	3,156,212	3,553,927
WORLDCOM INC.	NR	7.55	04-01-04	3,000,000	3,177,060
				137,670,488	140,952,137
<b>TOTAL CORPORATE /OTHER OBLIGATIONS</b>				<b>3,133,651,736</b>	<b>3,009,332,951</b>



# INVESTMENT LISTING

	Rate	Maturity	Market Value	
<b>FOREIGN GOVERNMENT OBLIGATIONS</b>				
ARGENTINA REPUBLIC OF	3.39	04-01-01	411,312	
	3.11	04-01-01	464,486	
	6.63	03-31-05	511,988	
AUSTRALIA COMMONWEALTH OF	9.75	03-15-02	8,523,785	
	9.00	09-15-04	8,364,690	
	8.75	08-15-08	461,643	
	8.75	08-15-08	8,047,968	
	7.50	09-15-09	8,595,533	
	7.50	09-15-09	2,176,484	
	7.00	04-15-00	7,020,993	
	6.75	11-15-06	5,694,888	
	6.75	11-15-06	2,612,949	
	10.00	02-15-06	323,807	
BELGIUM KINGDOM OF	10.00	10-15-02	2,549,283	
	9.00	06-27-01	2,232,654	
	5.10	11-21-04	1,894,968	
CANADA GOVERNMENT OF	4.75	09-15-99	10,143,144	
	4.25	12-01-21	11,928,316	
	10.25	03-15-14	1,531,488	
	9.00	03-01-11	5,760,631	
	8.75	12-01-05	4,098,535	
	9.00	12-01-04	1,886,543	
	8.50	03-01-00	2,714,046	
	7.50	03-01-01	3,581,993	
	7.50	03-01-01	5,301,350	
	6.50	06-01-04	1,511,149	
	6.00	06-01-08	2,717,820	
	4.25	12-01-26	3,616,470	
	4.25	12-01-26	12,057,311	
COLOMBIA REPUBLIC OF	4.25	12-01-26	21,698,820	
	7.00	03-06-00	14,668,036	
	3.00	12-22-00	722,340	
CROATIA REPUBLIC OF	6.63	07-31-06	510,794	
	6.56	07-31-10	602,560	
DENMARK KINGDOM OF	6.56	07-31-06	742,756	
	9.00	11-15-00	12,595,201	
	8.00	05-15-03	10,076,501	
	8.00	05-15-03	2,710,346	
	8.00	03-15-06	3,403,446	
	8.00	11-15-01	1,288,352	
	7.00	12-15-04	7,438,071	
	7.00	12-15-04	1,141,559	
	7.00	12-15-04	5,414,250	
	7.00	11-15-07	3,681,809	
	7.00	11-10-24	2,597,777	
	7.00	11-10-24	4,463,935	
	DUTCH GOVERNMENT OF	9.00	05-15-00	7,482,450
9.00		07-01-00	4,777,701	
8.25		09-15-07	6,157,212	
8.25		09-15-07	2,647,601	
8.50		03-15-01	5,008,849	
8.50		06-01-06	4,898,240	
7.50		01-15-23	4,777,923	
7.50		01-15-23	637,056	
7.00		06-15-05	2,851,858	
7.00		05-15-99	23,100,383	
5.75		01-15-04	5,362,157	
5.00		04-15-08	7,158,964	
EURO INVESTMENT BANK		8.25	10-15-10	1,173,983
	7.88	07-28-04	1,433,055	
	6.00	04-25-08	984,881	
FINLAND REPUBLIC OF	10.00	09-15-01	2,335,634	
	N/A	08-14-98	3,629,669	
	8.50	12-26-12	3,447,043	
	7.75	04-12-00	4,043,070	
	7.50	04-25-05	7,575,293	
	7.25	04-25-06	7,509,725	
	6.75	10-25-04	4,071,783	
	6.00	10-25-25	613,839	
	5.25	04-25-08	12,091,464	
	5.50	04-25-04	7,554,582	
	4.50	07-12-03	7,877,018	
	FRANCE GOVERNMENT OF			



# INVESTMENT LISTING

	Rate	Maturity	Market Value
GERMANY FEDERAL REPUBLIC OF	8.50	08-21-00	9,655,845
	8.00	07-22-02	16,021,911
	8.38	05-21-01	6,777,950
	8.75	05-22-00	25,842,881
	7.38	01-03-05	8,809,828
	6.50	07-04-27	20,391,143
	6.50	10-14-05	6,462,299
	6.25	04-26-06	7,303,712
	6.00	07-04-07	6,453,227
	6.00	07-04-07	6,933,767
	6.13	05-20-99	27,304,886
	6.25	01-04-24	8,991,025
	6.50	07-15-03	3,143,911
	5.00	08-20-01	2,077,696
	5.75	08-22-00	4,011,524
	GREECE REPUBLIC OF	14.00	10-23-03
8.90		03-21-04	1,001,216
8.90		03-21-04	10,012,160
14.80		06-17-03	170,341
8.80		06-19-07	7,304,632
8.60		03-26-08	4,498,817
5.75		03-31-08	1,765,116
10.20		01-28-00	1,644,045
3.67		05-01-35	1,246,537
6.38		10-22-07	2,589,063
HAUS LTD. INTER-AMERICAN DEVELOPMENT BANK INTERNATIONAL BANK RECON & DEVELOPMENT ISRAEL GOVERNMENT OF	10.25	04-11-02	343,465
	7.50	12-01-01	4,000,000
	8.00	07-01-01	1,000,000
	7.50	01-31-03	2,000,000
	7.00	03-31-06	2,000,000
	7.50	06-30-04	5,000,000
	7.00	04-30-05	1,000,000
	9.50	02-01-06	3,604,383
	9.00	11-01-23	3,200,771
	9.00	10-01-98	4,143,326
ITALY REPUBLIC OF	9.00	10-01-03	12,154,199
	8.50	08-01-99	2,742,184
	7.25	11-01-26	3,272,748
	6.00	01-01-00	8,169,064
	10.50	07-15-00	2,583,996
	8.50	01-01-04	4,904,261
	4.50	06-20-03	10,892,594
	4.10	12-22-03	1,648,072
	3.00	09-20-05	1,572,453
	8.88	04-15-08	591,955
JAPAN GOVERNMENT OF	5.75	10-19-05	8,586,450
	10.00	07-25-02	1,458,698
	11.50	09-20-00	3,812,859
	6.69	03-31-99	1,496,250
	8.00	12-01-01	1,333,707
	7.00	02-01-00	1,265,125
	8.00	04-15-04	2,207,826
	8.00	04-15-04	1,959,446
	8.00	02-15-01	2,403,821
	8.00	02-15-01	2,335,868
KOREA REPUBLIC OF MALAYSIA FEDERAL REPUBLIC OF MENDOZA PROVINCE MONTREAL CITY OF NACIONAL FINANCIER NEW SOUTH WALES TREASURY	8.00	11-15-06	4,002,879
	8.00	11-15-06	16,125,882
	8.00	11-15-06	1,772,703
	7.00	07-15-09	1,091,997
	6.50	02-15-00	4,574,860
	4.50	02-15-16	7,961,631
	4.50	02-15-16	16,577,140
	10.00	03-15-02	1,711,329
	10.00	03-15-02	108,384
	10.00	03-15-02	22,817,718
NEW ZEALAND GOVERNMENT OF	3.75	10-27-24	1,382,060
	4.00	10-27-14	4,512,500
	3.00	10-27-24	594,563
	6.94	10-27-24	4,921,875
	3.00	10-27-24	914,966
	N/A	10-21-98	403,924
	N/A	09-23-98	684,403
	6.62	04-09-26	25,333,000
POLAND GOVERNMENT OF	5.75	10-21-01	3,471,300
QUEBEC PROVINCE OF			



# INVESTMENT LISTING

	Rate	Maturity	Market Value
QUEENSLAND TREASURY	8.00	08-14-01	3,982,543
	8.00	07-14-99	1,273,485
	8.00	05-14-03	2,322,496
SINGAPORE COUNTRY OF	0.00	09-04-98	253,955
SCANDINAVIA COUNTRY OF	6.59	06-29-49	5,041,250
SOUTH AFRICA REPUBLIC OF	13.00	08-31-10	1,345,722
	12.50	12-21-06	737,999
	12.00	02-28-05	488,837
SPAIN KINGDOM OF	7.90	02-28-02	3,492,220
	6.00	01-31-08	3,774,745
	8.40	04-30-01	4,553,498
	5.25	01-31-03	4,900,046
	10.00	02-28-05	3,722,695
	10.00	02-28-05	5,403,776
SWEDEN KINGDOM OF	8.00	08-15-07	1,992,115
SWEDEN KINGDOM OF	6.00	02-09-05	1,606,482
	6.50	10-25-06	4,913,927
	6.50	10-25-06	10,342,912
	13.00	06-15-01	896,667
	13.00	06-15-01	5,550,057
	10.25	05-05-03	4,354,475
	10.25	05-05-00	4,108,663
	10.25	05-05-00	4,468,344
	10.25	05-05-00	1,521,727
TREUHANDANSTALT	7.38	12-02-02	4,211,479
UNITED KINGDOM TREASURY	NA	12-07-05	7,056,937
	9.00	08-06-12	3,201,154
	8.00	06-10-03	26,072,951
	8.00	06-10-03	6,071,783
	8.00	12-07-00	6,881,785
	8.50	12-07-05	12,937,174
	8.50	12-07-05	6,592,799
	8.50	12-07-05	2,866,434
	7.00	06-07-02	10,016,435
	7.25	12-07-07	9,818,096
	7.50	12-07-06	24,219,778
	6.75	11-26-04	501,103
	6.75	11-26-04	4,665,444
	6.50	12-07-03	10,568,261
	9.50	10-25-04	17,397,313
<b>TOTAL FOREIGN GOVERNMENT OBLIGATIONS</b>			<b>1,007,581,864</b>
<b>INTERNATIONAL CORPORATE OBLIGATIONS</b>			
BANCO SANTIAGO	7.00	07-18-07	1,571,905
BG INSTRUMENTS	7.00	04-04-00	1,477,250
BRINSON COMGLD. NON-U.S. EX- JAPAN BOND FUND	N/A	N/A	234,991,276
CABLE & WIRELESS COMMUNICATIONS	6.75	03-06-08	1,006,090
	6.63	03-06-05	5,039,350
	0.00	08-15-07	1,057,500
CALL NET ENTERPRISES INC.	6.20	08-01-00	3,101,537
CANADIAN IMPERIAL BANK	5.95	11-09-98	4,497,480
CANADIAN OCCIDENTAL PETROLEUM	8.38	05-01-07	3,690,555
COMCAST CABLE COMMUNICATIONS INC.	7.38	07-21-00	3,570,945
CORPORACION ANDINA DE FOMENTO	5.81	07-19-00	5,673,990
CREDIT LYONNAIS	13.25	09-30-04	4,371,000
DIAMOND CABLE COMMUNICATIONS	0.00	02-15-02	765,900
	8.13	06-06-07	1,105,591
DOMINION RESOURCES	7.88	02-01-27	1,101,453
EMP NAC ELECTRICID	7.75	07-15-08	785,504
EMPRESA NACIONAL DE ELECTRICIDAD	10.00	07-15-07	378,000
ESPIRITO SANTO CENTRAIS ELETRICAS	6.47	12-31-11	1,152,323
EXPRESS PIPELINE L.P.	6.47	12-29-49	4,516,313
FORENINGSBNKN	3.50	01-22-02	727,950
GCB REGS QUINGLING	8.75	12-01-05	1,586,641
GLAXO WELLCOME	9.25	01-15-04	2,090,540
GULF CDA	14.80	05-19-03	168,389
HELLENIC REPUBLIC	9.50	11-15-30	2,596,625
HYDRO-QUEBEC	7.63	08-21-07	3,221,728
ICI INVESTMENTS	10.25	04-10-02	937,650
INTERNATIONAL FINANCE CORP.	7.53	01-01-01	17,495,408
KANSALLIS-OSAKE	6.38	12-01-03	597,713
KOREA ELECTRIC POWER	6.38	12-01-03	563,063



## INVESTMENT LISTING

	<u>Rate</u>	<u>Maturity</u>	<u>Market Value</u>
KREDITANST FUR WIE	5.00	01-04-09	3,559,083
LAIDLAW INC.	6.50	05-01-05	1,207,344
LEHMAN BROS. HOLDINGS FRANCE	6.32	07-03-01	10,030,500
	5.88	11-06-00	7,021,700
MATSUSHITA ELECTRIC INDUSTRIES	7.25	08-01-02	1,350,700
METRONET COMMUNICATIONS CORP.	NA	06-15-08	309,375
NAFIN FINANCE	8.23	03-31-99	2,284,275
NEWSQUEST CAPITAL	11.00	05-01-06	508,500
NORDBANKEN AB	6.44	10-29-49	1,999,000
NORTHERN TRUST LONDON	5.38	09-23-98	7,500,000
	5.38	09-23-98	8,600,000
OIL ENTERPRISES LTD.	6.24	06-30-08	1,164,977
OKABANK	7.11	10-29-49	2,015,000
	6.22	09-29-49	3,342,078
PETRO GEO SERVICES	7.50	03-31-07	1,596,060
PETROLIAM NASIONAL BERHAD	7.13	10-18-06	598,738
PTPOLY INTERNATIONAL	9.38	07-30-07	37,400
ROGERS CABLESYSTEMS LTD.	10.13	09-01-12	1,250,625
ROGERS CANTEL	9.38	06-01-08	1,560,000
SKANDINAVISKA ENSKILDA BANKEN	6.63	03-29-49	2,526,275
SUNAMERICA INSTITUTION	5.13	04-15-08	1,184,381
SVENSKA HANDELSBKN	7.13	03-29-49	5,137,500
SWEDBANK	7.72	10-29-49	3,026,100
SWEDISH EXP CREDIT	6.50	06-05-01	1,977,298
TELEWEST COMMUNICATIONS	NA	10-01-07	2,970,000
	9.63	10-01-06	1,239,625
	9.63	10-01-06	2,110,000
TYCO INTERNATIONAL GROUP	6.13	06-15-01	2,400,408
	6.13	06-15-01	2,001,640
	6.13	06-15-01	3,002,460
	6.13	06-15-01	4,628,793
UNION BANK NORWAY	7.31	12-29-49	5,286,094
YPF SOCIEDAD ANONIMA	7.75	08-27-07	2,006,660
<b>TOTAL INTERNATIONAL CORPORATE OBLIGATIONS</b>			<b>405,272,257</b>
<b>TOTAL INTERNATIONAL OBLIGATIONS</b>			<b>1,412,854,121</b>
<b>TOTAL BONDS, CORPORATE NOTES AND GOVERNMENT OBLIGATIONS</b>			<b>8,185,927,037</b>



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
<b>COMMON STOCK U.S.</b>			MOTIVEPOWER INDUSTRIES INC.	12,900	316,050
<b>Aerospace</b>			SNAP-ON INC.	46,000	1,667,500
AEROFLEX INC.	32,000	332,000	TBC CORP.	180,100	1,193,163
ALLIED SIGNAL INC.	130,500	5,790,938	<b>Automotive - Cars</b>		
BOEING CO.	6,600	294,113	CHRYSLER CORP.	62,500	3,523,438
EVANS & SUTHERLAND COMPUTER CORP.	96,600	2,433,113		62,200	3,506,525
LITTON INDUSTRIES INC.	22,000	1,298,000	FORD MOTOR CO.	63,800	3,764,200
	29,900	1,764,100		128,200	7,563,800
LOCKHEED MARTIN CORP.	19,300	2,043,388		64,000	3,776,000
	7,300	772,888	GENERAL MOTORS CORP.	342,500	20,207,500
	7,200	762,300		232,000	15,500,500
MARTIN MARIETTA MATERIALS INC.	37,000	3,917,375		17,800	1,189,263
NORTHROP GRUMMAN CORP.	64,800	2,916,000		46,700	3,120,144
	53,900	5,558,438	MERITOR AUTOMOTIVE INC.	123,900	8,278,069
OEA INC.	123,000	12,684,375		40,400	2,699,225
RAYTHEON CO.	82,500	1,320,000		74,500	1,788,000
	127,700	7,358,713	TITAN INTERNATIONAL INC.	26,666	639,984
	21,300	1,227,413	TOWER AUTOMOTIVE INC.	4,500	76,500
SUNDSTRAND CORP.	60,000	3,457,500		103,700	4,446,138
TEXTRON INC.	100,000	5,725,000	<b>Banking</b>		
	303,700	21,771,494	BANC ONE CORP.	12,700	708,819
	22,200	1,591,463		43,000	2,399,938
UNITED TECHNOLOGIES CORP.	24,500	1,756,344		84,210	4,699,971
	105,000	9,712,500		103,800	5,793,338
	14,600	1,350,500		70,900	3,957,106
	69,500	6,428,750		58,000	3,237,125
	31,200	2,886,000	BANK OF NEW YORK INC.	14,600	888,775
<b>Transportation</b>			BANKAMERICA CORP.	5,500	475,750
AIRNET SYSTEMS INC.	38,300	617,588		100,000	8,650,000
AMR CORP.	25,200	2,097,900		39,100	3,382,150
	31,000	2,580,750	BANKBOSTON CORP.	65,400	3,637,875
	67,200	5,594,400		93,200	5,184,250
ATLANTIC COAST AIRLINES INC.	8,300	249,000	BANKERS TRUST CORP.	15,000	1,740,938
CIRCLE INTERNATIONAL GROUP INC.	96,500	2,702,000		52,900	6,139,706
DELTA AIR LINES INC.	9,000	1,163,250	CENTURY BANKS INC.	15,500	589,000
	8,500	1,098,625	CHASE MANHATTAN CORP.	48,200	3,639,100
HUNT J.B. TRANSPORTATION SERVICES INC.	9,550	340,219		48,400	3,654,200
M.S. CARRIERS	59,000	1,600,375		98,000	7,399,000
	4,850	131,556		44,800	3,382,400
MESABA HOLDING INC.	19,950	458,850		407,200	30,743,600
	33,900	779,700		71,000	5,360,500
MIDWAY AIRLINES CORP.	89,900	1,719,338		264,000	19,932,000
UAL CORP.	12,800	998,400	CITICORP	35,800	5,343,150
				25,000	3,731,250
<b>Aluminum</b>				66,150	9,872,888
ALUMAX INC.	6,219	288,406		25,100	3,746,175
	16,525	766,347		22,000	3,283,500
ALUMINUM CO. OF AMERICA	174,000	11,473,125		24,700	3,686,475
	14,300	942,906	COMAIR HOLDING INC.	11,050	341,169
	30,000	1,978,125	COMMUNITY FIRST BANKSHARES INC.	37,800	989,888
HAWK CORP.	10,100	178,013	FIRST AMERICA CORP.	5,200	250,250
REYNOLDS METALS CO.	122,300	6,833,513	FIRST CHICAGO NBD CORP.	11,000	974,875
	102,300	5,716,013		34,700	3,075,288
				23,700	2,100,413
<b>Automotive Accessories</b>				105,700	9,367,663
ARVIN INDUSTRIES INC.	10,900	395,806	FIRST FINANCIAL HOLDINGS INC.	21,000	498,750
BORG WARNER AUTOMOTIVE INC.	9,300	446,981	FIRST MIDWEST BANCORP INC.	26,400	1,160,782
	87,600	4,210,275	FIRST UNION CORP.	60,000	3,495,000
	28,200	1,355,363		211,900	12,343,175
BRIGGS & STRATTON CORP.	60,500	2,264,969		88,200	5,137,650
	28,500	1,066,969		43,900	2,557,175
	17,600	658,900	FIRSTAR CORP.	44,200	1,687,888
DANA CORP.	25,600	1,369,600	FLEET FINANCIAL GROUP INC.	7,200	601,200
	110,000	5,885,000		67,700	5,652,950
	95,000	5,082,500		23,800	1,987,300
	31,000	1,658,500	HIBERNIA CORP.	74,000	1,484,625
DURA AUTOMOTIVE SYSTEMS	44,200	1,419,925		10,500	210,656
EXCEL INDUSTRIES INC.	12,500	178,906	HUBCO INC.	35,300	1,264,181
GENUINE PART CO.	40,700	1,406,694		43,200	1,547,100
	39,500	1,365,219		9,750	349,172
ILLINOIS TOOL WORKS INC.	195,900	13,064,081	KEYCORP	46,000	1,638,750
JASON INC.	276,000	2,415,000	LONG BANCORP INC.	73,400	4,459,050



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
M&T BANK CORP.	1,600	886,400	CARBIDE/GRAPHIC GROUP INC.	21,100	586,844
MELLON BANK CORP.	20,700	1,442,531	DOW CHEMICAL CO.	11,900	1,150,581
	58,700	4,090,656		20,800	2,011,100
MORGAN J.P. & COMPANY INC.	12,700	1,486,694		11,100	1,073,231
	6,500	760,906		21,900	2,117,456
	15,300	1,791,056		90,000	8,701,875
NATIONAL CITY CORP.	27,000	1,917,000	DU PONT E I DE NEMOURS & CO.	35,200	2,629,000
NATIONAL COMMUNITY BANCORPORATION	27,090	1,134,394		90,000	6,721,875
	15,400	644,875		240,400	17,954,875
NATIONS BANK CORP.	11,300	866,569		16,200	1,209,938
NATIONS BANK CORP.	50,700	3,888,056		83,300	6,221,469
	97,018	7,440,068		94,600	7,065,438
	43,200	3,312,900	EASTERN ENTERPRISES	90,000	3,858,750
	137,200	10,521,525	EASTMAN CHEMICAL CO.	21,700	1,350,825
	41,800	3,205,538		83,700	5,210,325
NATIONWIDE HEALTH PROPERTIES	41,346	987,136	FERRO CORP.	108,650	2,750,203
NORTH FORK BANCORPORATION INC.	230,100	5,623,069	HERCULES INC.	18,500	760,813
	60,450	1,477,247		30,600	1,258,425
	36,400	2,775,500		100,000	4,112,500
NORTHERN TRUST CORP.	462,500	17,343,750	ICG COMMUNICATIONS INC.	5,100	186,469
NORWEST CORP.	75,600	2,835,000	JLG INDUSTRIES INC.	128,200	1,249,950
	412,400	15,465,000	LUBRIZOL CORP.	34,100	1,031,525
	110,400	1,524,900	LYONDELL PETROCHEMICAL CO.	36,300	1,104,881
PBOC HOLDINGS INC.	10,000	236,250		38,400	1,168,800
PEOPLES HERITAGE FINANCIAL GROUP INC.	28,100	744,650	MARK IV INDUSTRIES INC.	69,470	1,502,289
PREMIER BANCSHARES INC.	19,700	754,756		209,631	4,533,270
RELIANCE BANCORP INC.	88,800	3,160,747	MILLENNIUM CHEMICAL INC.	19,999	677,466
SILICON VALLEY BANCSHARES	154,000	2,473,625	MONSANTO CO.	697,100	38,950,463
	11,000	176,688	NALCO CHEMICAL CO.	34,800	1,222,350
SOVEREIGN BANCORP INC.	89,900	1,469,326	OM GROUP INC.	4,000	165,000
STATE STREET CORP.	67,000	4,656,500	PALL CORP.	7,000	143,500
SUN TRUST BANKS INC.	7,900	642,369	PPG INDUSTRIES INC.	27,900	1,940,794
U.S. BANCORP INC.	450,000	19,350,000		36,800	2,559,900
UMB FINANCIAL CORP.	17,850	883,575	PRAXAIR INC.	41,400	1,938,038
UNION PLANTERS CORP.	23,600	1,387,975		58,900	2,757,256
	60,000	3,528,750	PULTE CORP.	17,000	507,875
UNITED BANKSHARES INC.	43,800	1,494,675	RAYCHEM CORP.	100,000	2,958,250
WASHINGTON MUTUAL INC.	101,550	4,411,078	ROHM & HAAS CO.	30,000	3,118,250
	29,100	1,264,031	RPM INC.	12,500	212,500
WELLS FARGO & CO.	11,000	4,059,000	SCHULMAN	143,900	2,815,044
	7,900	2,915,100		8,500	166,281
			SIGMA-ALDRICH CORP.	38,300	1,345,288
<b>Building - General</b>			SOLUTIA INC.	188,500	5,407,594
CENTEX CORP.	13,800	520,950	SPARTECH CORP.	8,500	182,219
	52,300	1,974,325	UNION CARBIDE CORP.	30,200	1,611,925
CENTRAL PACKING CORP.	14,300	664,950		26,600	1,419,775
CLAYTON HOMES INC.	762,500	14,487,500		31,500	1,681,313
CROSSMANN COMMUNITIES INC.	21,100	640,913	WITCO CORP.	25,700	751,725
DAYTON SUPERIOR CORP.	128,000	2,304,000			
DOVER CORP.	68,400	2,342,700	<b>Photography</b>		
	78,300	2,681,775	EASTMAN KODAK CO.	118,200	8,635,988
DYCOM INDUSTRIES INC.	20,200	681,750		18,900	1,380,881
GIANT CEMENT HOLDINGS INC.	6,600	188,925		18,700	1,366,269
GRANITE CONSTRUCTION INC.	7,100	217,438			
KAUFMAN & BROAD HOME CORP.	140,700	4,449,638	<b>Common Fund Assets</b>		
LENNAR CORP.	12,300	362,850	BRINSON CO. EX-DEX LARGE CAP FUND	819,345	431,608,560
LONE STAR INC.	9,200	708,975	BRINSON CO. POST VENTURE FUND	514,331	42,562,921
MASCO CORP.	33,400	2,020,700	BRINSON CO. U.S. INTERCAPITAL EQUITY FUND	540,319	125,781,780
NCI BUILDING SYSTEMS INC.	70,100	4,048,275			
OAKWOOD HOMES CORP.	10,200	306,000	<b>Communications</b>		
OWENS CORNING	38,100	1,554,956	ADTRAN INC.	10,800	282,150
SHERWIN-WILLIAMS CO.	490,000	16,231,250	ADVANCED FIBER COMMUNICATIONS INC.	6,100	244,381
TOLL BROTHERS INC.	103,400	2,966,288	AFC CABLE SYSTEMS INC.	26,925	955,838
WALTER INDUSTRIES INC.	13,200	249,975	ALLEN TELECOM INC.	187,900	2,184,338
	95,000	1,799,063	CBS CORP.	43,900	1,393,825
			CELLULAR COMMUNICATIONS INC.	300	12,771
<b>Chemicals</b>			CHANCELLOR MEDIA CORP.	6,850	340,144
AIR PRODUCTS & CHEMICALS INC.	190,000	7,600,000		614,900	30,533,474
	65,000	2,600,000		12,000	595,872
	44,400	1,776,000	CLEAR CHANNEL COMMUNICATIONS INC.	3,047	332,504
ALBERMARLE CORP.	6,900	152,231	DYNATECH CORP.	44,850	140,158
AVERY DENNISON CORP.	350,500	18,839,375		4,000	12,500
	57,100	3,069,125	EMMIS BROADCASTING CORP.	71,600	3,423,375
	5,000	268,750	ESPIRE COMMUNICATIONS INC.	10,250	231,266



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
FRONTIER CORP.	50,200	1,581,300		33,100	333,069
GLOBALSTAR TELECOMMUNICATIONS LTD.	204,900	5,532,300	PFIZER INC.	132,800	14,433,700
GRANITE BROADCASTING CORP.	163,400	1,940,375		26,400	2,869,350
INTELCOM GROUP INC.	3,630	87,302		89,600	9,738,400
INTERNATIONAL CABLETEL INC.	2,400	68,400		525,700	57,137,019
IRIDIUM WORLD COMMUNICATIONS LTD.	163,900	8,717,431	PHARMACIA & UPJOHN INC.	13,600	627,300
ITC DELTACOM INC.	3,800	162,389	PROCYTE CORP.	295,700	240,256
JACOR COMMUNICATIONS INC.	122,800	7,245,200	QUINTILES TRANSNATIONAL CORP.	219,400	10,791,738
KEMET CORP.	7,500	98,670	SCHERER R.P. CORP.	5,000	443,125
	117,900	1,551,092	SCHERING-PLOUGH CORP.	114,300	10,472,738
LEASING SOLUTIONS INC.	21,900	629,625		6,700	613,888
MEDIALINK WORLDWIDE INC.	9,600	201,600		115,200	10,555,200
NFO WORLDWIDE INC.	11,600	206,625		226,500	20,753,063
OMNIPPOINT CORP.	932,600	21,391,513	THERAGENICS	29,000	755,813
P-COM INC.	9,000	82,404	WARNER LAMBERT CO.	327,300	22,706,438
POLYCOM INC.	49,500	745,594		8,300	575,813
POWERTEL INC.	6,240	59,280			
POWERWAVE TECHNOLOGIES INC.	10,750	180,063	<b>Electrical &amp; Electronics</b>		
SINCLAIR BROADCAST GROUP INC.	22,200	638,250	ADVANCED MICRO DEVICES INC.	42,900	731,981
SPORTSLINE U.S.A. INC.	40,900	1,495,406	ALTRON INC.	169,700	2,184,888
TEKELEC	17,000	760,750	AMETEK INC.	35,300	1,034,731
TELE COMMUNICATIONS INC.	174,100	6,757,256	ANIXTER INTERNATIONAL INC.	236,300	4,504,469
	18,500	711,094		15,500	295,469
TELEPORT COMMUNICATIONS GROUP INC.	307,300	16,671,025		72,500	625,313
TIME WARNER INC.	11,600	991,075	BMC INDUSTRIES INC.	12,050	158,156
U.S. WEST INC.	59,106	2,766,883	CERPROBE CORP.	59,400	3,586,275
	73,100	3,421,994	EMERSON ELECTRIC CO.	244,200	14,743,575
	70,000	3,276,875		23,400	1,412,775
	38,300	1,792,919		74,500	442,344
VALASSIS COMMUNICATIONS INC.	68,500	2,641,531	EMULEX CORP.	4,700	165,381
VANGUARD CELLULAR SYSTEMS INC.	181,600	3,427,700	ETEC SYSTEMS INC.	37,500	1,631,250
VIACOM	46,500	2,708,625	FLEXTRONICS INTERNATIONAL LTD.	210,000	19,083,750
			GENERAL ELECTRIC CO.	8,800	799,700
				27,000	2,453,625
<b>Containers</b>				165,700	15,057,988
CROWN CORK & SEAL CO. INC.	31,300	1,486,750		83,300	7,569,888
	75,000	3,582,500		640,100	58,169,088
SHOREWOOD PACKAGING CORP.	369,450	5,865,019		2,800	65,275
TENNECO INC.	38,900	1,480,631	HADCO CORP.	106,200	4,088,700
	257,900	9,816,319	HARMAN INTERNATIONAL INDUSTRIES INC.	51,300	2,292,469
			HARRIS CORP.	4,000	178,750
<b>Cosmetics</b>				55,400	2,029,025
AVON PRODUCTS INC.	67,000	5,188,313	HUGHES SUPPLY INC.	42,700	1,894,813
	117,900	9,129,881	INSILCO CORP.	65,000	1,080,625
GILLETTE CO.	504,300	28,682,063	INTEGRATED CIRCUIT SYSTEMS INC.	187,800	1,009,425
	13,000	739,375	INTERTAN INC.	114,700	688,200
INTERNATIONAL FLAVORS & FRAGRANCES INC.	31,300	1,359,594	INTEST CORP.	160,000	1,360,000
			JNTL. RECTIFIER CORP.	8,750	148,750
<b>Pharmaceutical/Drugs</b>			KULICKE & SOFFA INC.	36,000	830,250
ALZA CORP.	199,900	8,645,675	LSI LOGIC CORP.	91,500	1,441,125
	211,500	9,147,375	MAGNETEK INC.	160,000	5,070,000
AMERICAN HOME PRODUCTS CORP.	193,250	10,000,688	MAXIM INTEGRATED PRODUCTS INC.	73,800	2,338,538
	506,300	26,201,025		181,750	2,817,125
	48,700	2,520,225	METHODE ELECTRIC	77,200	1,915,525
	12,600	652,050	MICRON TECHNOLOGY INC.	5,100	168,779
	73,100	3,782,925	MICRO SYSTEMS INC.	195,800	1,811,150
BERGEN BRUNSWIG CORP.	29,075	1,341,084	MICROSEMI CORP.	1,806	10,610
BRISTOL MYERS SQUIBB CO.	105,900	12,171,881	MORRISON KNUDSEN CORP.	10,000	357,500
	308,800	35,492,700	NATIONAL INSTRUCTORS CORP.	4,300	167,431
	18,000	2,068,875	NETWORK APPLIANCE INC.	91,000	3,219,125
	21,000	2,413,688	OAK INDUSTRIES INC.	195,600	1,956,000
CFC INTERNATIONAL INC.	11,000	123,750	OSI SYSTEMS INC.	10,650	143,775
CURATIVE HEALTH SERVICES INC.	9,900	282,150	PARLEX CORP.	36,200	2,251,188
DRUG EMPORIUM INC.	25,200	97,650	PERKIN-ELMER CORP.	137,600	2,141,400
LILLY ELI & CO.	273,700	18,132,625	PITTSTON BRINKS GROUP	83,500	3,079,063
	11,800	781,750		38,400	1,416,000
MERCK & COMPANY INC.	305,500	40,860,625		5,500	257,813
	62,500	8,359,375	PMC SIERRA INC.	40,200	2,376,825
	3,900	521,625	RAYTHEON CO.	30,200	1,785,575
	24,100	3,223,375		10,050	185,297
	26,500	3,544,375	SPEEDFAM INTERNATIONAL INC.	73,000	2,582,375
	146,800	19,634,500	TEKTRONIX INC.	15,500	548,313
NBTY INC.	11,600	213,150		31,300	837,275
PEDIATRIC SERVICES OF AMERICA INC.	9,700	150,350	TERADYNE INC.	18,500	911,125
PERRIGO CO.	357,900	3,601,369	THOMAS & BETTS CORP.		





## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
U.S.A. NETWORKS INC.	210,100	5,278,763	WASHINGTON FEDERAL INC.	9,300	256,913
	64,069	1,609,744		15,479	427,607
VLSI TECHNOLOGIES INC.	19,700	330,586	WEBSTER FINANCIAL CORP.	29,600	984,200
	151,500	2,542,322			
WESTERN DIGITAL CORP.	13,000	153,563	<b>Food-Chains</b>		
XEROX CORP.	18,700	1,900,388	AMERICAN STORES CO.	135,000	3,265,313
	17,100	1,737,788		132,400	3,202,425
	46,000	4,674,750	DOMINICKS SUPERMARKETS INC.	24,700	1,100,694
				13,700	610,506
<b>Financial</b>			GREAT ATLANTIC & PACIFIC TEA CO. INC.	27,300	907,725
ADVANTA CORP.	1	22	KROGER CO.	46,600	1,997,975
AHMANSON H.F. & CO.	170,700	12,119,700	LONE STAR STEAKHOUSE SALOON	118,300	1,634,019
	33,100	2,350,100	SAFEWAY INC.	78,400	3,189,900
ALLIED CAPITAL CORP.	102,720	2,516,640	WHOLE FOODS MARKET INC.	4,150	251,075
AMCORE FINANCIAL INC.	12,750	306,000			
AMERICAN EXPRESS CO.	240,800	27,391,000	<b>Food-General</b>		
	19,400	2,206,750	ARCHER-DANIELS-MIDLAND CO.	75,900	1,470,563
ASSOCIATES FIRST CAPITAL CORP.	89,764	6,906,218	BESTFOODS	40,750	2,366,047
	235,000	18,080,313	CAMPBELL SOUP CO.	71,100	3,777,188
	13,600	1,046,350		126,100	6,699,063
BEN CORP.	74,500	11,412,469	CONAGRA INC.	211,100	6,689,231
	26,000	3,982,875	ESKIMO PIE CORP.	53,200	671,650
CCB FINANCIAL CORP.	5,300	563,125	EVANS BOB FARM INC.	57,600	1,220,400
CHARTER ONE FINANCIAL INC.	273,400	9,210,163	GENERAL MILLS INC.	30,000	2,047,500
	106,610	3,591,424	HEINZ H.J. CO.	19,000	1,066,375
CHATEAU COMMUNITIES INC.	62,959	1,810,071	J&J SNACK FOODS CORP.	26,600	555,275
CMAC INVESTMENT CORP.	55,800	3,431,700	KELLOGG CO.	75,600	2,849,175
	52,200	3,210,300		43,100	1,624,331
CONCORD EFS INC.	19,425	507,478	LANCE INC.	53,500	1,197,063
COUNTRYWIDE INC.	102,400	5,196,800	NABISCO HOLDINGS CORP.	105,900	3,819,019
DELPHI FINANCIAL GROUP INC.	18,494	1,041,443	OMEGA PROTEIN CORP.	9,950	152,981
DELTA FINANCIAL CORP.	167,700	3,081,488	PIONEER HI-BRED INTERNATIONAL INC.	16,700	690,963
EASTERN ENVIRONMENTAL SERVICES INC.	38,300	1,302,200		49,200	2,035,650
EDWARDS A.G. INC.	11,300	482,369	QUAKER OATS CO.	62,400	3,428,100
ENHANCE FINANCIAL SERVICES GROUP INC.	13,600	459,000	RALCORP HOLDINGS INC.	28,400	536,050
EQUIFAX INC.	237,600	8,627,850	RALSTON-PURINA GROUP	26,300	3,072,169
EQUITY OFFICE PROPERTIES	33,300	944,888	RICHFOOD HOLDINGS INC.	15,000	310,313
FEDERAL HOME LOAN			RYAN'S FAMILY STEAK HOUSES INC.	333,600	3,419,400
MORTGAGE ASSOCIATION	48,600	2,287,238	SARA LEE CORP.	290,000	16,221,875
FEDERAL NATIONAL MORTGAGE ASSOCIATION	319,000	19,379,250		29,100	1,627,781
	52,300	3,177,225		12,000	671,250
	23,600	1,433,700	SCOTSMAN INDUSTRIES INC.	177,900	4,936,725
	185,000	11,238,750		73,200	2,031,300
FINANCIAL SECURITY			SMUCKER J.M. CO.	32,031	780,756
ASSURANCE HOLDINGS LTD.	160,268	9,415,745	SYSCO CORP.	76,600	1,962,875
GLENBOROUGH REALTY TRUST INC.	115,100	3,035,763		99,400	2,547,125
GOLDEN STATE BANCORP INC.	4,000	21,250	U.S. FOODSERVICE	6,800	238,425
	4,000	119,000	VLASIC FOODS INTERNATIONAL INC.	45,600	917,700
GOLDEN WEST FINANCIAL CORP.	15,500	1,647,844	WENDY'S INTERNATIONAL INC.	780,000	18,330,000
GRACE W.R. & CO.	300,100	5,120,456			
GREENPOINT FINANCIAL CORP.	9,000	338,625	<b>Furnishings /Appliances</b>		
HEALTHCARE FINANCIAL PARTNERS INC.	16,400	1,005,525	BASSETT FURNITURE INC.	68,400	1,928,025
HELLER FINANCIAL INC.	48,500	1,455,000	BLACK & DECKER CORP.	25,000	1,525,000
HOUSEHOLD INTERNATIONAL INC.	123,550	6,146,613	LANCASTER COLONY CORP.	277,500	10,510,313
	270,600	13,462,350	LEGGETT & PLATT INC.	422,000	10,550,000
	44,600	2,218,850	MAYTAG CORP.	67,700	3,342,688
INDYMAC MORTGAGE HOLDINGS INC.	285,000	6,483,750		27,400	1,352,875
INVESTORS FINANCIAL SERVICES CORP.	22,546	1,194,938	SHELBY-WILLIAMS INC.	133,300	1,999,500
MACK CALIFORNIA REALTY CORP.	69,400	2,385,625	STANLEY FURNITURE CO. INC.	149,770	3,800,414
MARSH & MCLENNAN COMPANIES INC.	26,250	1,586,485	WHIRLPOOL CORP.	208,000	14,300,000
MERRILL LYNCH & CO. INC.	220,200	20,313,450		21,800	1,498,750
	16,200	1,494,450		11,300	776,875
PNC BANK CORP.	28,700	1,546,213			
	31,100	1,675,513	<b>Health Care</b>		
PREMIER FINANCIAL BANCORP INC.	78,600	1,601,475	ABBOTT LABS	98,200	4,026,200
SOUTHERN PACIFIC FUNDING CORP.	62,500	980,469		81,000	3,321,000
SUMMIT BANCORP	217,500	10,331,250		89,300	3,661,300
TRANS FINANCIAL INC.	84,800	4,865,400	ALLEGIANCE CORP.	76,700	3,930,875
TRAVELERS GROUP INC.	13,400	812,375	AMERICAN DENTAL PARTNERS INC.	3,550	49,700
	60,500	3,667,813	AMGEN INC.	90,000	5,883,750
	59,650	3,616,281		295,000	19,285,625
	53,700	3,255,563		175,300	11,460,238
WADDELL & REED FINANCIAL INC.	112,600	2,695,363	APRIA HEALTHCARE GROUP INC.	158,600	1,060,638
	45,300	1,084,369	ARTERIAL VASCULAR ENGINEERS INC.	22,000	786,500



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
BARD C.R. INC.	35,800	1,362,638		49,400	3,146,163
BAUSCH & LOMB INC.	27,800	1,393,475		43,300	2,757,669
	52,200	2,616,525	UNITED PAYORS & UTD. PROVIDERS INC.	9,000	203,625
BAXTER INTERNATIONAL INC.	35,300	1,899,581	UNIVERSAL HEALTH SERVICES INC.	36,800	2,148,200
	124,100	6,678,131		16,200	945,675
	32,800	1,765,050	WEIDER NUTRITION INTERNATIONAL INC.	90,200	1,533,400
	82,200	4,423,388	WESLEY JESSEN VISIONCARE	4,900	113,313
BEVERLY ENTERPRISES INC.	15,900	222,600	WEST CO. INC.	96,700	2,737,819
BIOMET INC.	318,000	10,513,875			
	83,200	2,750,800	<b>Insurance Fire and Casualty</b>		
BJ SERVICES CO.	4,650	135,141	AMERICAN INTERNATIONAL GROUP INC.	14,900	2,175,400
BOSTON SCIENTIFIC CORP.	92,200	6,603,825		70,000	10,220,000
CARDINAL HEALTH INC.	133,500	12,515,625		206,100	30,090,600
CENTERPOINT PROPERTIES	118,600	3,921,213		15,500	2,263,000
COLUMBIA/HCA HEALTHCARE CORP.	56,500	1,645,563		12,100	1,766,600
COVENTRY HEALTH CARE INC.	64,800	963,900	AMERICAN NATIONAL INSURANCE CO.	4,900	515,725
EXPRESS SCRIPTS INC.	4,300	346,688	B.B.&T. CORP.	9,300	628,913
FIRST HEALTH GROUP	232,400	6,623,400	CHANDLER INSURANCE LTD.	80,600	614,575
FOUNDATION HEALTH SYSTEMS INC.	36,500	962,688	CHUBB CORP.	19,900	1,599,463
	45,300	1,194,788		50,600	4,066,975
GP STRATEGIES CORP.	30,560	446,940		30,000	2,411,250
GUIDANT CORP.	37,100	2,645,694		21,900	1,760,213
HARBORSIDE HEALTHCARE CORP.	94,600	2,258,575	EQUITABLE INC.	63,600	4,766,025
HEALTH MANAGEMENT ASSOCIATES INC.	12,275	410,445		83,900	6,287,256
	7,000	234,063	EVEREST REINS HOLDINGS INC.	90,000	3,459,375
HEALTHCARE RECOVERIES INC.	7,800	154,050	EXECUTIVE RISK INC.	8,400	619,500
HEALTHSOUTH CORP.	54,200	1,446,463	FRONTIER INSURANCE GROUP INC.	63,470	1,432,056
	731,000	19,508,563	GENERAL RE CORP.	8,800	2,230,800
HUMANA INC.	117,000	3,648,938		2,300	583,050
	117,300	3,658,294	HCC INSURANCE HOLDINGS INC.	118,300	2,602,600
IDEXX LAB INC.	54,550	1,356,931	MBIA INC.	291,000	21,788,625
JOHNSON & JOHNSON	56,500	4,181,000		20,100	1,504,988
	96,500	7,141,000	MGIC INVESTMENT CORP.	139,000	7,931,688
	58,600	4,336,400		50,100	2,858,831
MAGELLAN HEALTH SERVICES INC.	187,900	4,767,963	SAFECO CORP.	28,500	1,293,188
MALLINCKRODT INC.	42,400	1,258,750		176,000	7,986,000
	43,900	1,303,281	ST. PAUL COMPANIES INC.	17,100	719,269
MARINER HEALTH GROUP INC.	54,100	899,413		32,000	1,346,000
MARQUETTE MEDICAL SYSTEMS INC.	136,900	3,512,306		151,400	6,368,263
MEDIRISK INC.	9,700	196,425	STIRLING COOKE BROWN HOLDINGS	5,800	163,125
MEDQUIST INC.	35,600	1,027,950	TIG HOLDINGS INC.	180,200	4,144,600
	12,850	371,044	TRIAD INC.	30,950	1,052,300
MEDTRONIC INC.	108,100	6,891,375	VESTA INSURANCE GROUP INC.	4,400	93,775
MOLECULAR DEVICES CORP.	11,950	192,694			
MONARCH DENTAL CORP.	5,950	92,969	<b>Insurance-Life</b>		
NCS HEALTHCARE INC.	7,050	200,925	AETNA INC.	15,700	1,195,163
NOVACARE INC.	22,300	262,025		15,100	1,149,488
OMNICARE INC.	9,800	372,400	ALLIED LIFE FINANCIAL CORP.	88,400	2,552,550
OWENS & MINOR INC.	185,400	1,854,000	ALLSTATE CORP.	27,300	2,499,656
	94,250	942,500		54,399	4,980,908
PACIFICARE HEALTH SYSTEMS INC.	16,500	1,458,188		34,000	3,113,125
PARACELUSUS HEALTHCARE	338,774	1,058,669		56,900	5,209,906
PARAGON HEALTHNETWORK	10,000	161,250	AMERICAN BANKERS INSURANCE GROUP INC.	11,100	667,388
PHARMERICA INC.	13,150	158,622	AMERICAN GENERAL CORP.	28,000	1,993,250
PROPERTY HEALTHCARE CORP.	6,450	116,906		60,100	4,278,369
PROVIDERS HEALTHCARE CO.	10,900	301,794		28,500	2,028,844
RAMSEY HEALTH CARE INC.	110,600	221,200		182,638	13,001,543
SAFEGUARD HEALTH ENTERPRISES INC.	93,700	585,625	AON CORP.	14,300	1,004,575
SAFESKIN CORP.	19,600	806,050	BARRETT RESOURCES CORP.	86,700	3,245,831
SEROLOGICALS CORP.	13,150	424,088	CIGNA CORP.	81,600	5,630,400
SIERRA HEALTH SERVICES INC.	209,850	5,285,597		23,800	1,642,200
	52,200	1,314,788		92,200	6,361,800
ST. JUDE MEDICAL INC.	15,600	574,275		19,200	1,324,800
	114,400	4,211,350		25,725	1,775,025
STRYKER CORP.	225,000	8,634,375	CONSECO INC.	54,300	2,545,313
SUN HEALTHCARE GROUP INC.	145,400	2,126,475		86,500	4,054,688
	128,100	1,873,463		46,700	2,189,063
SUNRISE ASSISTED LIVING INC.	8,000	275,000	LINCOLN NATIONAL CORP.	18,500	1,690,438
SUNRISE MEDICAL INC.	179,600	2,694,000		65,000	5,939,375
SYBRON INTERNATIONAL CORP.	10,000	252,500		7,600	694,450
TENET HEALTHCARE CORP.	124,400	3,887,500	MARKEL CORP.	3,450	614,100
	171,400	5,356,250	NATIONAL INSURANCE GROUP	82,300	709,838
	43,000	1,343,750	NATIONAL RE CORP.	58,000	3,095,750
UNITED HEALTHCARE CORP.	10,400	662,350	OLD REPUBLIC INTERNATIONAL CORP.	56,250	1,652,344



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
	4,500	132,188		70,400	3,788,400
	16,050	471,469		133,700	7,194,731
PROGRESSIVE CORP.	4,600	648,600		27,300	1,469,081
QUORUM HEALTH GROUP INC.	3,025	80,163	FOOTSTAR INC.	88,500	4,248,000
	87,400	2,316,100		92,980	4,463,040
RELIASTAR FINANCIAL CORP.	63,400	3,043,200	FRIEDMANS INC.	50,800	841,375
TORCHMARK CORP.	13,900	635,925	GADZOOKS INC.	6,000	165,375
TRANSAMERICA CORP.	41,000	4,720,125	GAP INC.	69,500	4,269,906
UNUM CORP.	27,800	1,542,900	GENERAL NUTRITION	385,000	11,983,125
			GIBSON GREETINGS INC.	106,600	2,665,000
<b>Leisure/Recreation</b>			GYMBOREE CORP.	27,300	413,759
CARMIKE CINEMAS INC.	111,100	2,992,756	HOME DEPOT INC.	46,500	3,862,406
HASBRO INC.	140,700	5,531,269		216,500	17,983,031
HOLLYWOOD PARK INC.	48,500	612,313		46,000	3,820,875
HUFFY CORP.	76,850	1,392,906	INTIMATE BRANDS INC.	158,900	4,379,681
KING WORLD PRODUCTIONS INC.	34,800	887,400	KELLWOOD CO.	95,600	3,417,700
MATTEL INC.	236,000	9,985,750	KIMBERLY-CLARK CORP.	70,000	3,211,250
	42,600	1,802,513		49,600	2,275,400
	226,200	9,571,088		103,300	4,738,888
POLARIS INC.	123,200	4,620,000	LINENS-N-THINGS INC.	19,400	592,913
ROYAL CARIBBEAN CRUISES LTD.	158,800	12,624,600	LOWE'S INC.	440,200	17,855,436
SHOWBIZ PIZZA TIME INC.	11,300	455,531		330,800	13,417,910
				87,600	3,553,231
				2,000	32
<b>Machinery - Agriculture</b>			NEWMARK & LEWIS INC.	375,000	8,953,125
CATERPILLAR INC.	16,200	857,077	PIER I IMPORTS INC.	114,400	765,050
DEERE & CO.	36,300	1,918,237	PLUMA INC.	5,350	246,769
	40,000	2,113,760	SCHEIN HENRY INC.	5,200	235,300
	40,500	2,140,182	STAGE STORES INC.	36,400	1,931,475
SMITH A.O. CORP.	5,000	258,438	TANDY CORP.	105,300	1,020,094
			VANS INC.	10,000	313,750
<b>Machinery - General</b>			VIKING OFFICE PRODUCTS INC.	77,400	3,197,588
CHART INDUSTRIES INC.	9,500	226,813	WALGREEN CO.	250,000	10,328,125
CONRAD INDUSTRIES INC.	9,400	106,925		41,600	1,765,400
CRANE CO.	24,550	1,192,209	WARNACO GROUP INC.	64,700	2,070,400
CUMMINS ENGINE CO. INC.	25,500	1,306,875	WET SEAL INC.	14,700	467,644
ELECTROGLAS INC.	19,700	257,331	ZALES CORP.		
FOSTER WHEELER CORP.	26,400	565,950			
HARDINGE BROTHERS INC.	113,400	2,764,125	<b>Merchandising - General</b>		
HARNISCHFEGER INC.	34,100	965,456	ALBERTSON'S INC.	36,700	1,901,519
INGERSOLL-RAND CO.	34,300	1,511,344		33,000	1,709,813
	40,200	1,771,313	BEST BUY INC.	543,200	19,623,100
	25,900	1,141,219	COLE NATIONAL CORP.	32,300	1,292,000
JLG INDUSTRIES INC.	120,200	2,434,050	CONS STORES CORP.	45,400	1,645,750
KAYDON CORP.	6,000	211,875		227,800	8,257,750
LYDALL INC.	18,700	272,319		44,194	1,602,033
MIDDLEBY CORP.	130,900	801,763		123,700	4,484,125
PACCAR INC.	24,200	1,264,450		55,600	2,015,500
PARKER-HANNIFIN CORP.	31,100	1,185,688	COST PLUS INC.	2,750	81,813
	90,000	3,431,250	CVS CORP.	367,000	14,290,063
REGAL-BELOIT CORP.	71,000	2,023,500		88,000	3,426,500
	133,100	3,793,350	DAYTON-HUDSON CORP.	155,600	7,546,600
	38,270	1,090,695	DILLARDS INC.	39,300	1,628,494
RENTAL SERVICES CORP.	11,150	374,919	DOLLAR GENERAL CORP.	11,452	453,070
REXALL SUNDOWN INC.	10,100	356,025	DOLLAR TREE STORES INC.	11,100	450,938
SHAW GROUP INC.	87,000	2,262,000	DRESS BARN INC.	33,500	833,313
SOLETRON CORP.	32,500	1,367,031	FAMILY DOLLAR STORES INC.	18,700	345,950
TIMKEN CO.	5,000	155,000	FRUIT OF THE LOOM	56,000	1,858,500
UNIFAB INTERNATIONAL INC.	7,250	117,813	FURNITURE BRANDS INTERNATIONAL INC.	145,100	4,071,869
			HARTMARX CORP.	261,600	1,978,350
			JUST FOR FEET INC.	17,800	507,300
<b>Merchandising - Consumer Specialty</b>			K-MART CORP.	137,400	2,644,950
A.C. MOORE ARTS & CRAFTS INC.	10,450	169,813	KOHL'S CORP.	6,000	311,250
ABERCROMBIE & FITCH CO.	574	25,256	LIMITED INC.	44,500	1,474,063
	156,000	6,864,000		42,000	1,391,250
ANN TAYLOR STORES CORP.	121,600	2,576,400	LIZ CLAIBORNE INC.	30,700	1,604,075
BED BATH & BEYOND INC.	76,200	3,948,113	MAY-DEPARTMENT STORES CO.	27,900	1,827,450
BON-TON STORES INC.	111,500	1,790,969		14,800	969,400
CANANDAIGUA WINE INC.	17,975	884,145		54,000	3,537,000
CENT GARDEN & PET CO.	10,500	326,813		173,900	11,390,450
CIRCUIT CITY STORES INC.	30,500	1,429,688		195,800	12,824,900
DEPT. 56 INC.	76,700	2,722,850	OFFICEMAX INC.	136,800	2,257,200
EAGLE HARDWARE & GARDEN INC.	121,700	2,814,313		74,800	1,234,200
	27,900	645,188	PENNEY J.C. CO. INC.	24,700	1,788,119
FEDERATED DEPARTMENT STORES INC.	32,000	1,722,000		10,600	766,513
	64,800	3,487,050			



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
PROFFITTS INC.	109,000	7,882,063	APPLIED POWER INC.	85,500	2,939,063
RITE AID CORP.	1	20		84,100	2,890,938
	108,400	4,071,775	AVTEAM INC.	23,740	816,063
	134,000	5,033,375	BROWNING-FERRIS INDUSTRIES INC.	64,300	691,225
ROBBINS & MYERS INC.	47,900	1,799,244		148,146	5,148,074
ROSS STORES INC.	900	26,156		34,200	1,188,450
SEARS ROEBUCK & CO.	51,000	2,193,000	COOPER INDUSTRIES INC.	45,800	1,591,550
	54,500	3,327,906		15,500	851,531
	34,700	2,118,869	EATON CORP.	56,100	3,081,994
	53,400	3,260,738		24,000	1,866,000
	105,300	6,429,881	FASTENAL	13,200	1,026,300
STRIDE RITE CORP.	107,700	6,576,431	FLUOR CORP.	16,200	1,259,550
TJX INC.	46,200	695,888		7,000	325,063
	187,800	4,530,675	JACOBS ENGINEERING GROUP INC.	48,000	2,448,000
	240,000	5,790,000	JOHNSON CONTROLS INC.	14,800	754,800
TRACTOR SUPPLY	64,000	1,592,000	MINNESOTA MINING & MANUFACTURING CO.	7,300	234,513
VENATOR GROUP INC.	27,700	529,763		324,600	18,563,063
WAL-MART STORES INC.	524,900	31,887,675		9,700	797,219
	42,600	2,587,950		64,400	5,292,875
	22,700	1,379,025		13,500	1,109,531
				12,300	136,838
<b>Basic Industries</b>			NEWPARK RESOURCES INC.	9,950	176,613
ADE CORP.	6,300	92,138	OSTEOTECH INC.	9,000	154,125
AMERICAN WATER WORKS CO.	5,000	155,000	PCD INC.	512,300	12,839,519
AMRESKO INC.	11,250	327,656	REP INDUSTRIES INC.	3,500	168,000
	96,100	2,798,913	ROCKWELL INTERNATIONAL CORP.	80,000	3,840,000
BACOU U.S.A. INC.	188,700	3,927,319	ROPER INDUSTRIES INC.	88,800	2,319,900
BELDEN INC.	76,000	2,327,500	THERMO ELECTRON CORP.	655,375	22,405,633
BRUNSWICK CORP.	25,300	626,175		65,600	2,242,700
	97,000	2,400,750	TRW INC.	24,000	1,311,000
C&D TECHNOLOGIES INC.	4,050	234,900		100,000	5,462,500
CATELLUS DEVELOPMENT CORP.	139,500	2,467,406	WACKENHUT CORP.	11,600	633,650
CELADON GROUP INC.	136,800	2,599,200		15,000	322,500
COACH U.S.A. INC.	15,000	684,375	WASTE INDUSTRIES INC.	4,000	86,000
	6,800	310,250	WASTE MANAGEMENT INC.	4,950	103,022
CONTINENTAL NATURAL GAS INC.	73,400	513,800		253,300	8,865,500
COUNTY SEAT HOLDINGS INC.	90,273	0		54,800	1,918,000
CREDENCE SYSTEMS CORP.	117,500	2,232,500	WATTS INDUSTRIES INC.	9,100	189,963
CYTEC INDUSTRIES	58,800	2,601,900		141,500	2,953,813
DENALI INC.	9,900	154,688	<b>Consumer Durables</b>		
FAIRFIELD COMMUNITIES INC.	22,600	433,638	ATMI INC.	4,900	73,500
GARDNER DENVER MACHINERY INC. CO.	13,300	367,413	CNF TRANSITION INC.	47,000	1,997,500
GEORGIA PACIFIC CORP.	154,400	3,560,850		60,200	2,558,500
GRADALL INDUSTRIES INC.	143,200	2,094,300		42,400	1,802,000
GULF FABRICATION INC.	7,600	142,500	DT INDUSTRIES INC.	144,900	3,513,825
HOME PRODUCTS INTERNATIONAL INC.	10,000	116,250	ITT INDUSTRIES INC.	34,900	1,304,388
JOHNS MANVILLE CORP.	142,500	2,146,406		34,600	1,293,175
KEVCO INC.	96,000	2,118,000	KEYSTONE AUTOMOTIVE INDUSTRIES INC.	12,600	291,375
KLA-TENCOR CORP.	120,000	3,322,500	MAXIM GROUP INC.	192,100	3,817,988
LSI INDUSTRIES INC.	8,000	160,000	MOHAWK INDUSTRIES INC.	17,800	564,038
LTC PROPERTIES INC.	372,900	6,945,263		10,500	332,719
OAKLEY INC.	169,400	2,265,725	OWENS ILLINOIS INC.	30,000	1,342,500
OMNIQUIP INTERNATIONAL INC.	72,900	1,348,650	<b>Consumer Non-Durables</b>		
REMEDY CORP.	12,700	215,900	APOGEE ENTERPRISES INC.	97,900	1,499,094
ROCK AGES CORP.	6,900	106,950	AVIALL INC.	11,000	150,563
SBS TECHNOLOGIES INC.	11,000	331,375	BRINKER INTERNATIONAL INC.	32,973	634,730
SPL METALS CORP.	86,800	1,215,200	CFI PROSERVICES INC.	104,400	1,774,800
STORAGE U.S.A. INC.	108,400	3,794,000	COCA-COLA ENTERPRISES INC.	105,800	4,139,425
TITANIUM METALS CORP.	16,600	366,238	COCA-COLA CO.	109,400	9,353,700
TRANSCOASTAL MARINE SERVICES INC.	6,100	36,789		737,700	63,073,350
TRICO MARINE SERVICES INC.	17,200	235,425		59,200	5,061,600
TYCO INTERNATIONAL LTD.	422,800	26,636,400	COLGATE-PALMOLIVE CO.	254,400	22,387,200
	93,000	5,859,000		17,800	1,566,400
	251,200	15,825,600	COSTCO COMPANIES INC.	200,000	12,612,500
UNISOURCE WORLDWIDE INC.	115,700	1,251,006	CRACKER BARREL OLD COUNTRY STORE INC.	153,700	4,879,975
<b>Capital Goods</b>			DIAL CORP.	42,700	1,107,531
ACX TECHNOLOGIES INC.	55,100	1,198,425	EARTHGRAINS CO.	18,400	1,028,100
AEROQUIP VICKERS INC.	33,200	1,938,050	FDX CORP.	22,600	1,418,150
AGCO CORP.	50,400	1,036,350	FIRST BRANDS CORP.	6,000	153,750
ALIGN-RITE INTERNATIONAL INC.	97,400	1,448,825		147,400	3,777,125
AMERICAN POWER CONVERSION CORP.	7,000	210,000	FORTUNE BRANDS INC.	174,000	6,688,125
AMP INC.	14,100	484,688		67,300	2,586,844
	100,000	3,437,500			



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
FRED MEYER INC.	47,900	2,035,750		103,100	1,159,875
GOLF TRAINING OF AMERICA INC.	88,600	3,045,625	FIRST AMERICAN FINANCIAL CORP.	9,500	855,000
HUSSMANN INTERNATIONAL INC.	10,200	189,338	FPIC INSURANCE GROUP INC.	6,300	211,838
M&F WORLDWIDE CORP.	124,800	1,240,200	HARTFORD FINANCIAL SERVICES GROUP	31,100	3,557,063
MARRIOTT INTERNATIONAL INC.	58,400	1,890,700	HELEN TROY LTD.	197,000	4,334,000
MCDONALD'S CORP.	7,700	531,300	INNKEEPERS U.S.A.	373,900	4,720,488
	156,700	10,812,300	INTERWEST BANCORP INC.	16,800	728,700
MEDIA ARTS GROUP INC.	11,600	223,300	LEHMAN BROTHERS HOLDINGS INC.	32,800	2,544,050
NEWELL CO.	228,000	11,357,250	M/A/R/C INC.	104,450	1,723,425
	62,400	3,108,300	MORGAN STANLEY DEAN WITTER & CO.	120,000	10,965,000
	5,100	254,044		27,300	2,494,538
	32,700	1,628,869	RELIANCE GROUP HOLDING INC.	83,600	1,463,000
NORTHWEST PIPE CO.	3,000	70,500			
OFFICE DEPOT INC.	126,900	4,005,281	<b>Technology/Computer</b>		
PEPSICO INC.	15,500	638,406	ADOBE SYSTEMS INC.	29,000	1,230,688
	146,900	6,050,444	ALPHA INDUSTRIES INC.	10,000	149,375
	597,800	24,621,888	AMERICA ON-LINE	61,400	6,454,675
PICCADILLY CAFETERIAS INC.	146,800	1,890,050	ANDREW CORP.	7,500	135,469
PROCTER & GAMBLE CO.	70,100	6,383,481	ANSOFT CORP.	8,600	99,975
	26,200	2,385,838	APPLIED MATERIALS INC.	120,000	3,540,000
	489,400	44,565,988		10,000	295,000
RARE HOSPITALITY INTERNATIONAL INC.	79,000	1,160,313	ASPECT DEVELOPMENT INC.	2,550	192,844
RUBBERMAID INC.	240,000	7,920,000	AUTODESK INC.	30,000	1,158,750
SANFILIPPO JOHN B. & SON	179,100	873,113	AVIATION SALES CO.	22,750	901,469
SEALED AIR CORP.	76,800	2,822,400	BANCTEC INC.	16,200	374,625
	152,347	5,598,752	BANCTEC INC.	172,300	3,984,438
SENSORMATIC ELECTRIC CORP.	117,340	1,642,760	BEI TECHNOLOGIES INC.	143,800	2,750,175
	125,500	1,757,000	BELL & HOWELL CO.	97,600	2,519,300
SYLVAN LEARNING SYSTEMS INC.	5,700	186,675	BELL MICROPRODUCTS INC.	78,700	627,160
TRISTAR AEROSPACE CO.	10,000	155,000	BENCHMARK ELECTRONICS INC.	13,100	262,000
TUPPERWARE CORP.	108,100	3,040,313		125,300	2,506,000
	182,000	5,118,750	BLACK BOX CORP.	5,800	192,488
TWINLAB CORP.	46,600	2,035,838	BMC SOFTWARE INC.	204,000	10,595,250
	7,100	310,181		177,800	9,234,488
			BROADVISION INC.	37,000	883,375
<b>Energy</b>			BUTLER INTERNATIONAL INC.	8,000	209,000
ASHLAND INC.	26,400	1,362,900	CADENCE DESIGN SYSTEMS INC.	140,000	4,375,000
ATMOS ENERGY CORP.	76,600	2,336,300	CAMBREX CORP.	6,000	157,500
CEANIC CORP.	8,600	166,625	CDI CORP.	55,000	1,471,250
COHO ENERGY INC.	37,800	255,150	CISCO SYSTEMS INC.	12,400	1,141,575
COOPER CAMERON CORP.	27,500	1,402,500		212,250	19,540,266
	61,400	3,131,400		75,650	6,964,528
CORE LAB	14,150	305,994		539,500	49,667,719
ENRON OIL & GAS CO.	74,300	1,504,575	COMPAQ COMPUTER CORP.	21,999	624,222
NOBLE AFFILIATES INC.	35,000	1,330,000		410,300	11,642,263
POOL ENERGY SERVICES CO.	183,400	2,705,150	COMPUSA INC.	139,900	2,535,688
	6,800	100,300		85,900	1,556,938
PRIDE INTERNATIONAL INC.	14,150	239,666		205,300	3,721,063
R&B FALCON CORP.	394,120	8,916,965	COMPUTER ASSOCIATES INTERNATIONAL INC.	70,000	3,889,375
	77,400	1,751,175	COMPUWARE CORP.	11,700	598,163
SEACOR SMIT INC.	7,000	428,313	COMVERSE TECHNOLOGY INC.	3,000	155,625
	29,700	1,817,269	CSG SYSTEMS INTERNATIONAL INC.	6,250	292,969
SUPERIOR ENERGY SERVICES INC.	30,000	151,875	DATA GENERAL CORP.	96,100	1,435,494
TEAM INC.	90,000	416,250	DATASTREAM SYSTEMS INC.	35,200	671,000
TRANSOCEAN OFFSHORE INC.	323,900	14,413,550	DELL COMPUTER CORP.	9,200	853,875
ULTRAMAR-DIAMOND SHAMROCK CORP.	202,575	6,393,773		113,200	10,506,375
VINTAGE PETROLEUM INC.	160,200	3,023,775		292,800	27,175,500
ZAPATA CORP.	32,700	324,956	ELECTRIC ARTS	153,800	8,305,200
			ELECTRIC FOR IMAGING INC.	85,300	1,801,963
<b>Financial Services</b>			EMC CORP.	105,900	4,745,644
ALBANK FINANCIAL CORP.	5,900	416,319	ENERGY EAST CORP.	6,700	278,888
AMERIN CORP.	151,200	4,413,150	EXABYTE CORP.	221,000	1,844,024
AMERUS LIFE HOLDINGS INC.	117,800	3,813,775	EXIGENT INTERNATIONAL INC.	125	617
APARTMENT INVESTMENT & MANAGEMENT CO.	58,190	2,298,505		200	525
BILLING CONCEPTS	11,100	172,050	FILENET CORP.	29,400	848,925
CASE CORP.	106,600	5,143,450	GENESYS TELECOMMUNICATIONS LABORIT. INC.	347,170	11,478,308
	12,000	579,000	GULFSTREAM AEROSPACE CORP.	307,300	14,289,450
	23,200	1,119,400		37,900	1,762,350
CENTRIS GROUP INC.	14,400	178,200	HBO & CO.	170,200	5,999,550
CIT GROUP INC.	45,200	1,695,000	HEARST ARGYLE T.V. INC.	32,900	1,316,000
COASTAL BANCORP INC.	22,500	551,250	HEWLETT-PACKARD CO.	100,000	5,987,500
ENERGY ANIMATION INC.	16,500	1,006,500		31,294	1,673,728
FBL FINANCIAL GROUP INC.	103,800	2,659,875		52,600	3,149,425
FIDELITY NATIONAL CORP.	30,400	342,000		19,700	1,179,538



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
	280,000	16,765,000	TICE TECHNOLOGIES INC.	125	250
	119,400	7,149,075		400	100
HONEYWELL INC.	100,000	8,356,250	TIMBERLINE SOFTWARE CORP.	34,700	817,619
	8,100	676,856	TRIDENT MIRCOSYSTEMS INC.	34,100	181,156
	13,000	1,086,313	TRIMBLE LTD.	61,000	987,438
	48,700	4,069,494	UNISYS CORP.	56,400	1,593,300
HUTCHINSON TECHNOLOGIES INC.	2,700	73,575	VANSTAR CORP.	43,900	650,269
HYCOR BIOMEDICAL INC.	146,300	292,600	VISIO CORP.	19,100	912,025
IMMUNEX CORP.	174,100	11,534,125	WANG LABS INC.	121,700	3,095,744
INSTITUTE FORM TECHNOLOGIES INC.	7,500	103,830			
INTEL CORP.	524,300	38,863,738	<b>Utilities Other</b>		
	18,500	1,371,313	AMERICAN WEST HOLDING CORP.	18,100	516,981
	100,000	7,412,500	BEI ELECTRONICS INC.	145,300	581,200
	32,300	2,394,238	DPL CO.	33,800	612,625
INTERNATIONAL BUSINESS MACH CORP.	71,950	8,260,759	ENERGY CORP.	80,400	2,311,500
	24,000	2,755,500	ENERGY CORP.	35,800	1,029,250
	28,700	3,295,119			
	51,300	5,889,881	<b>Motor Carriers</b>		
	42,300	4,856,569	COVENANT TRANS. INC.	12,850	250,575
ISS GROUP INC.	210,100	7,905,013	KLLM TRANSPORTATION SERVICES INC.	100,300	1,191,063
KOMAG INC.	210,300	1,123,843	LANDSTAR SYSTEMS INC.	109,600	3,829,150
LAM RESEARCH CORP.	63,000	1,204,875	U.S. XPRESS ENTERPRISES INC.	7,150	119,763
	115,700	2,212,763	WERNER ENTERPRISES INC.	39,500	752,969
LEGATO SYSTEMS INC.	112,600	4,391,400	WISCONSIN CENTRAL TRANSPORTATION CORP.	357,300	7,815,938
	23,700	924,300			
LINEAR TECHNOLOGY CORP.	39,200	2,364,250	<b>Non-Ferrous Metals</b>		
LUCENT TECHNOLOGIES INC.	355,300	29,556,519	COMMONWEALTH INDUSTRIES INC.	203,400	2,034,000
	20,700	1,721,981		7,500	75,000
	96,000	7,986,000	LINDBERG CORP.	14,300	278,850
MACNEAL SCHWENDLER CORP.	70,200	688,838	PHELPS DODGE CORP.	35,000	2,001,563
MECHANICAL DYNAMICS INC.	29,400	323,400		43,500	2,487,656
MED MANAGER CORP.	22,400	618,800	WYMAN-GORDON CO.	90,100	1,796,369
MICROSOFT CORP.	205,000	22,216,875			
	59,900	6,491,663	<b>Oil Services</b>		
	142,400	15,432,600	BAKER HUGHES INC.	54,200	1,873,288
	578,600	62,705,775		100,000	3,456,250
MINDSPRING ENTERPRISES INC.	7,900	812,713	CALLON PETROCHEMICAL CO.	76,200	1,090,613
MOTOROLA INC.	205,700	10,812,106	COASTAL CORP.	44,000	3,071,750
NATIONAL COMPUTER SYSTEMS INC.	104,000	2,496,000	DEVON ENERGY CORP.	124,200	4,339,238
NCR CORP.	52,500	1,706,250	GLOBAL INDUSTRIES LTD.	11,950	201,656
	134,700	4,377,750	HELMERICH & PAYNE INC.	114,400	2,566,850
NICHOLS RESEARCH CORP.	148,900	4,066,831		11,900	267,006
NOVELLUS SYSTEMS INC.	9,400	335,463	MCDERMOTT INTERNATIONAL INC.	82,600	2,844,538
OPTEK	74,000	1,415,250	SANTA FE ENERGY RESOURCES INC.	79,579	855,474
	8,850	169,256	SCHLUMBERGER LTD.	105,000	7,172,813
ORACLE CORP.	300,000	7,368,750		41,000	2,800,813
	64,500	1,584,281		26,800	1,830,775
PARAMETRIC TECH CORP.	285,000	7,730,625		78,200	5,342,038
	341,300	9,257,763	TIDEWATER INC.	55,000	1,815,000
PEOPLESOFT INC.	21,200	996,400	TUBOSCOPE INC.	77,100	1,522,725
PRI AUTOMATION INC.	8,450	144,178	VALERO ENERGY CORP.	12,400	412,300
QUADRAMED CORP.	10,500	286,781	VERITAS DGC INC.	24,450	1,220,972
QUALCOMM INC.	4,000	224,750			
QUANTUM CORP.	68,400	1,419,300	<b>Paper</b>		
	59,400	1,232,550	CHAMPION INTERNATIONAL CORP.	14,100	693,544
	61,900	1,284,425	CONS PAPERS INC.	9,000	245,250
RADISYS CORP.	33,200	713,800		41,400	1,128,150
RAINBOW TECHNOLOGIES INC.	127,300	2,609,650	FT. JAMES CORP.	77,300	3,448,513
SEGUE SOFTWARE INC.	11,450	176,044		128,600	5,738,775
STERLING COMMUNICATIONS INC.	650,700	31,558,950		54,900	2,449,913
STONERIDGE INC.	29,800	549,438	GEORGIA PACIFIC CORP.	70,000	4,125,625
STRATUS COMPUTER INC.	80,900	2,047,781		11,300	665,994
SUN MICROSYSTEMS INC.	37,600	1,633,250	INTERNATIONAL PAPER CO.	222,000	9,546,000
	42,800	1,859,125		32,400	1,393,200
SYSTEMS & COMPUTER TECHNOLOGY CORP.	16,600	448,200		38,300	1,646,900
TECH DATA CORP.	34,300	1,470,613		26,300	1,130,900
TECHNOMATIX TECHNOLOGIES LTD.	7,500	150,000	MEAD CORP.	39,600	1,257,300
TELIGENT INC.	56,400	1,660,275	ROCK-TENN CO.	51,050	641,316
TELLABS INC.	47,900	3,430,838	SONOCO PRODUCTS CO.	7,700	232,925
TEXAS INSTRUMENTS INC.	16,900	985,481	TEMPLE INLAND INC.	28,500	1,535,438
	35,500	2,070,094		23,300	1,255,288
	8,200	478,163	UNION CAMP CORP.	24,200	1,200,925
THREE COM CORP.	282,200	8,660,013		100,000	4,962,500
	70,000	2,148,125	WESTVACO CORP.	45,300	1,279,725



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
WEYERHAEUSER CO.	187,000	8,637,063		200,000	5,962,500
WILLAMETTE INDUSTRIES INC.	84,800	2,713,600	UNION PACIFIC CORP.	31,100	1,368,400
	35,700	1,142,400		100,500	1,765,031
			VARLEN CORP.	65,250	2,251,125
<b>Petroleum</b>			<b>Real Estate</b>		
ABRAXAS PETROLEUM CORP.	29,000	264,625	CENTEX CONSTRUCTION PRODUCTS INC.	2,700	103,950
AMOCO CORP.	60,200	2,513,350	ESG RE LTD.	33,500	724,438
	36,100	1,507,175	MAC GRAY CORP.	2,500	31,875
	141,900	5,924,325	PENTACON INC.	8,600	102,125
ATLANTIC RICHFIELD CO.	28,400	1,185,700	SIMON DEBARTOLO GROUP	50,000	1,625,000
	34,900	2,726,563		49,700	1,615,250
	120,400	9,406,250			
	15,100	1,179,688	<b>Rubber</b>		
	44,000	3,437,500	GOODRICH B.F. CO.	70,800	3,513,450
BURL RESOURCES INC.	102,700	4,422,519		25,600	1,270,400
	31,500	1,356,469	GOODYEAR TIRE & RUBBER CO.	22,700	1,462,731
CHEVRON CORP.	35,300	2,956,375		55,000	3,544,063
	9,600	804,000			
	36,300	3,040,125	<b>Service Industries</b>		
	34,900	2,922,875	ABR INFORMATION SERVICES INC.	7,050	167,438
	68,300	5,720,125	ACCUSTAFF INC.	5,600	175,000
DRESSER INDUSTRIES INC.	48,800	2,150,250		307,400	9,606,250
EXXON CORP.	173,700	12,397,838	AHL SERVICES INC.	14,200	559,125
	48,100	3,433,138	ALLIED WASTE INDUSTRIES INC.	27,000	648,000
	47,700	3,404,588	ASSISTED LIVING CONCEPTS INC.	307,300	5,300,925
	55,900	3,989,863		7,100	122,475
	18,000	1,284,750	AUTO DATA PROCESSING INC.	275,000	20,040,625
KERR-MCGEE CORP.	50,000	2,893,750		359,600	26,205,850
MOBIL CORP.	23,100	1,770,038		40,900	406,444
	86,200	6,605,075	AUTOMOBILE PROTON CORP.	41,900	1,765,038
	39,300	3,011,363	BLOCK H&R INC.	11,050	283,156
	43,700	3,348,513	BROOKDALE LIVING COMMUNITIES INC.	48,400	1,545,775
OCCIDENTAL PETROLEUM CORP.	66,400	1,792,800	BUDGET GROUP INC.	4,950	138,600
	464,000	12,528,000	CAREY INTERNATIONAL INC.	1,055,500	21,627,500
PHILLIPS PETROCHEMICAL CO.	260,100	12,533,569	CENDANT CORP.	5,300	96,063
	57,200	2,756,325	CENTENNIAL HEALTHCARE CORP.	50,200	2,949,250
	25,900	1,248,056	CERIDIAN CORP.	26,000	988,000
	50,000	2,409,375	CIBER INC.	92,800	185,600
SUN COMPANY INC.	36,200	1,405,013	CLEAN HBR INC.	33,500	2,110,500
	33,800	1,311,863	COGNIZANT CORP.	25,345	801,536
TEXACO INC.	65,500	3,909,531	COM. FEDERAL CORP.	223,700	8,053,200
	52,700	3,145,531	DUN & BRADSTREET	125,800	2,390,200
TOSCO CORP.	88,800	2,619,600	ELECTROMAGNETIC SCIENCE INC.	500,308	16,666,510
UNOCAL CORP.	122,900	4,393,675	FIRST DATA CORP.	190,100	6,332,706
	72,100	2,577,575		57,300	1,908,806
USX - MARATHON GROUP	169,000	5,798,813		181,000	6,029,583
	53,000	1,818,563		169,100	5,833,144
	80,100	2,748,431		10,250	271,625
			FORE SYSTEMS INC.	90,100	1,205,088
<b>Printing/Publishing</b>			FRITZ INC.	54,500	647,188
AMERICAN BUSINESS PRODUCTS INC.	199,200	4,083,600	HEADWAY CORP.	39,700	694,750
BANTA CORP.	149,550	4,617,356	HEALTHPLAN SERVICES CORP.	157,400	2,292,138
BOWATER INC.	46,100	2,178,225	IKON OFFICE SOLUTIONS INC.	164,200	4,946,525
BOWNE & CO. INC.	115,300	5,188,500	IMC GLOBAL INC.	134,800	5,055,000
CADMUS COMMUNICATIONS CORP.	9,350	226,738	INTEGRATED HEALTH SERVICES INC.	10,600	397,500
	120,200	2,914,850		170,000	10,316,875
DOW JONES & CO. INC.	53,900	3,004,925	INTERPUBLIC GROUP COMPANIES INC.	4,500	273,094
MAIL-WELL INC.	25,800	559,538		27,900	603,338
PLAYBOY ENTERPRISES INC.	4,000	65,500	KTI INC.	40,950	1,236,178
	33,200	589,300	LABOR READY INC.	28,100	2,290,150
WORLD COLOR PRESS INC.	57,400	2,009,000	MCGRAW-HILL COMPANIES INC.	15,700	1,279,550
				9,950	103,231
<b>Railroads</b>			MECON INC.	29,600	1,300,550
BURLINGTON NORTHERN SANTA FE CORP.	12,800	1,256,800	MEDIAONE GROUP INC.	22,899	1,074,822
	32,500	3,191,094	MEREDITH CORP.	6,675	147,684
	85,400	8,385,213	META GROUP INC.	589,300	21,583,113
	50,700	4,978,106	METZLER GROUP INC.	31,700	2,512,225
	18,300	1,796,831	NEW YORK TIMES CO.	15,500	1,228,375
CSX CORP.	60,972	2,774,226		43,750	776,563
	75,000	3,412,500	OFFSHORE LOGISTICS	380,000	18,952,500
	30,700	1,396,850	OMNICOM GROUP INC.	25,462	712,936
KAN CITY INDUSTRIES INC.	271,500	13,473,188	OUTDOOR SYSTEMS INC.	228,000	9,276,750
NORFOLK SOUTHERN CORP.	46,700	1,392,244	PAYCHEX INC.		
	35,500	1,058,344			



## INVESTMENT LISTING

	<u>Shares</u>	<u>Market Value</u>		<u>Shares</u>	<u>Market Value</u>
PMT SERVICES INC.	15,450	393,009		550,000	21,793,750
PRINCETON VIDEO IMAGE INC.	15,000	69,375	COACHMEN INC.	210,200	5,491,475
QUIXOTE CORP.	151,600	1,857,100	HARRAH'S ENTERTAINMENT INC.	56,300	1,308,975
RENT-WAY INC.	32,900	1,003,450	HOST MARRIOTT CORP.	424,500	7,561,406
REP SERVICES INC.	107,700	2,584,800	N2K INC.	51,300	1,006,763
ROMAC INTERNATIONAL INC.	9,761	296,490	PREMIER PACKAGES INC.	112,600	7,501,975
RYDER SYSTEMS INC.	122,000	3,850,625	PRIME HOSPITALITY CORP.	13,200	230,175
SCB COMPUTER TECHNOLOGY INC.	20,100	221,100		69,100	1,204,931
SHOLODGE INC.	183,000	1,441,125	RFS HOTEL INVESTMENTS INC.	324,400	6,163,600
SNYDER COMMUNICATIONS INC.	973,500	42,834,000	SCP POOL CORP.	7,900	193,550
SOS STAFFING SERVICES INC.	103,400	1,815,963	SCRIPPS E.W. INC.	16,500	904,406
STAFFMARK INC.	6,550	239,894	SUNBURN LODGES AMERICA INC.	10,950	165,619
SUPERIOR SERVICES INC.	9,500	285,594	TRAVEL SERVICES INTERNATIONAL INC.	6,050	198,894
	5,750	172,859	WALT DISNEY CO.	17,400	1,828,088
TECH SOLUTIONS CO.	6,500	205,969		278,600	29,270,413
U.S. FREIGHTWAYS CORP.	10,400	341,578		59,573	6,258,888
U.S.A. WASTE SERVICES INC.	167,900	8,290,063		7,200	756,450
WACKENHUT CORP.	7,200	168,300			
WORLD ACCESS INC.	7,550	226,500	<b>Utilities-Electric</b>		
YORK GROUP INC.	68,900	1,309,100	ALLEGHENY ENERGY INC.	30,200	909,775
			AMERICAN ELECTRIC POWER CO. INC.	13,600	617,100
<b>Steel</b>				32,000	1,452,000
CARPENTER TECHNOLOGY CORP.	31,300	1,572,825		23,400	1,061,775
CHICAGO BRIDGE & IRON CO.	73,000	1,131,500	CALENERGY INC.	40,300	1,211,519
CITATION CORP.	2,060	41,200	CALPINE CORP.	165,700	3,345,069
HARSCO CORP.	100,000	4,581,250	CAROLINA POWER & LIGHT CO.	22,400	971,600
NUCOR CORP.	26,000	1,196,000	CENT & S.W. CORP.	25,000	671,875
	24,900	1,145,400	CILCORP INC.	14,400	691,200
RELIANCE STEEL & ALUMINUM CO.	63,200	2,441,100	CINERGY CORP.	16,200	567,000
USX-U.S. STEEL GROUP	70,900	2,339,700	CMS ENERGY CORP.	238,200	10,480,800
	19,200	633,600	CONN ENERGY CORP.	155,800	4,342,925
	273,300	9,018,900	CONSOLIDATED EDISON INC.	14,100	649,481
			DOE INC.	18,700	673,200
<b>Textiles</b>			DUKE ENERGY CORP.	16,900	1,001,325
ALBANY INTERNATIONAL CORP.	118,289	2,831,472		15,600	924,300
CROWN CRAFTS INC.	126,600	1,946,475	EDISON INTERNATIONAL	30,100	889,831
GALEY & LORD INC.	8,600	127,925		160,300	4,738,869
GUILFORD MILLS INC.	25,170	503,400		170,000	5,025,625
HAGGAR CORP.	134,800	1,718,700	FIRSTENERGY CORP.	49,500	1,522,125
INTERFACE INC.	48,900	987,169	FLORIDA PROGRESS CORP.	16,900	695,013
NORTEK INC.	26,407	812,015	FPL GROUP INC.	115,100	7,251,300
NORTON MCNAUGHTON INC.	122,300	794,950	GPU INC.	27,000	1,020,938
PILLOWTEX CORP.	3,450	138,431		38,900	1,470,906
QUAKER FABRIC CORP.	22,500	324,844		86,400	3,267,000
RUSSELL CORP.	26,000	784,875	HOUSTON INDUSTRIES INC.	37,800	1,164,713
	174,000	5,252,625	ILLINOVA CORP.	445,000	13,350,000
TOMMY HILFINGER	38,400	2,400,000		62,300	1,869,000
V.F. CORP.	11,800	610,650	IPALCO ENTERPRISES INC.	17,000	755,438
	29,200	1,511,100	NIAGARA MOHAWK POWER CORP.	114,000	1,702,875
			NIPSCO INDUSTRIES INC.	61,600	1,724,800
				45,800	1,282,400
<b>Alcohol/Tobacco</b>			PACIFICORP	39,100	884,638
ANHEUSER-BUSCH COMPANIES INC.	18,500	872,969		203,700	4,608,713
	44,100	2,080,969	PECO ENERGY CO.	120,000	3,502,500
	117,000	5,520,938	PP&L INC.	275,000	6,239,063
	34,400	1,623,250	PUBLIC SERVICE ENTERPRISE GROUP INC.	9,100	206,456
COORS ADOLPH CO.	11,500	391,000		141,700	4,879,794
PHILIP MORRIS COMPANIES INC.	155,700	6,130,688		144,000	4,959,000
	41,400	1,630,125		26,600	916,038
	40,400	1,590,750	SCANA CORP.	156,500	4,665,656
	218,000	8,583,750	SIERRA PACIFIC RESERVE CO.	123,700	4,491,856
	107,400	4,228,875	SOUTHERN CO.	46,600	1,290,238
	27,100	1,067,063	TEXAS UTILITIES CO.	99,700	4,150,013
	339,700	13,375,688		24,100	1,003,163
	690,600	27,192,375		89,000	3,704,625
RJR NABISCO HOLDINGS CORP.	43,300	1,028,375		25,400	890,588
	124,000	2,945,000	UNICOM CORP.	37,500	1,314,844
SWISHER INTERNATIONAL GROUP INC.	45,000	360,000		44,200	1,549,763
<b>Travel, Hotel, Motel</b>			<b>Utilities-Natural Gas</b>		
AMERICAN COIN MERCHANDISING INC.	46,100	910,475	CONSOLIDATED NATURAL GAS CO.	12,300	724,163
ASCENT ENTERTAINMENT GROUP INC.	94,500	1,051,313	EL PASO NATURAL GAS CO.	100,000	3,825,000
CALLAWAY GOLF CO.	82,700	1,628,156	ENRON CORP.	61,000	3,297,813
CARNIVAL CORP.	374,000	14,819,750	PEOPLES ENERGY CORP.	33,500	1,293,938
	90,400	3,582,100			





## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
WASHINGTON GAS & LIGHT CO.	8,200	219,350	ADR BANCO RIO DE LA PLATA	120,000	1,267,440
WILLIAMS CO. INC.	56,443	1,904,951	ADR PEREZ COMPANC	113,000	1,101,750
	35,600	1,201,500	ADR YPF SOCIEDAD ANONIMA	76,000	2,284,712
				90,400	2,717,605
				94,000	2,825,828
<b>Utilities-Telephone</b>				150,000	3,166,500
AIRTOUCH COMMUNICATIONS INC.	43,000	2,512,813	ARGENTINA INVESTMENT		
	327,900	19,161,656			
ALLTEL CORP.	170,600	7,932,900	<b>Australia</b>		
	37,700	1,753,050	AAPT LIMITED	563,600	1,081,927
	22,000	1,023,000	ADR BROKEN HILL PROPRIETARY L.T.D.	9,000	152,433
	41,900	1,948,350	AMCOR LTD.	1,301,034	5,696,042
AMERITECH CORP.	113,000	5,070,875	AMP LIMITED	14,600	170,875
	59,200	2,656,600		49,400	578,168
AT&T CORP.	123,100	7,032,088		12,000	140,446
	53,000	3,027,625		147,500	1,726,311
	69,500	3,970,188		56,800	664,776
	12,000	685,500		17,748	207,719
	205,500	11,739,188	AUSTRALIA & NEW ZEALAND BANK	284,889	1,965,287
	44,250	2,527,781		266,000	1,834,983
BELL ATLANTIC CORP.	74,200	3,385,375		377,000	2,600,708
	50,000	2,281,250	AUSTRALIA GAS & LIGHT CO.	326,250	2,040,502
	129,200	5,894,750	BRAMBLES INDUSTRIES LTD.	59,700	1,171,552
	67,200	3,066,000	BRL HARDY LTD.	725,850	2,337,305
	82,000	3,741,250	BROKEN HILL PROPERTY	105,974	895,771
	40,000	1,825,000		66,189	559,479
BELLSOUTH CORP.	109,700	7,363,613		140,786	1,190,028
	10,700	718,238	COCA-COLA AMATIL	206,706	1,341,849
	22,900	1,537,163	COCHLEAR LTD.	78,500	304,791
CENTURY TEENTERPRISES INC.	367,500	16,859,063	COLES MYER LIMITED	300,209	1,171,195
CIN BELL INC.	115,400	3,303,325		243,000	948,008
GENERAL CABLE CORP.	7,500	216,563	COLONIAL LTD.	706,030	2,133,576
GTE CORP.	46,700	2,597,688		141,206	32,353
	51,300	2,853,563	COMPUTERSHARE LTD.	89,700	311,061
	58,300	3,242,938	CSL LIMITED	47,000	304,144
MCI COMMUNICATIONS CORP.	22,400	1,302,000		86,830	561,890
SBC COMMUNICATIONS INC.	200,000	8,000,000		138,546	896,552
	100,000	4,000,000	CSR LIMITED	2,196,200	6,337,572
	66,800	2,672,000	ERG LIMITED	1,965,000	1,082,973
	88,500	3,540,000	FOSTERS BREWING	4,994,530	11,752,854
	86,400	3,456,000		560,745	1,319,514
	299,894	11,995,760	GOODMAN FIELDER	903,500	1,314,804
SPRINT CORP.	17,900	1,261,950	LEND LEASE CORP.	24,855	502,530
	10,900	768,450		52,853	1,068,607
STAR TELECOMMUNICATIONS INC.	29,725	665,097		32,939	665,976
WORLDCOM INC.	20,100	973,594		60,000	1,213,108
	94,900	4,596,719	MACQUARIE BANK	285,000	2,550,221
	410,000	19,859,375	NATIONAL AUSTRALIA BANK	93,100	1,227,989
<b>TOTAL COMMON STOCK U.S.</b>	<b>134,167,398</b>	<b>6,336,877,264</b>		576,239	7,600,591
				126,000	1,661,940
				79,672	1,050,874
<b>PREFERRED STOCK DOMESTIC</b>			NATIONAL FOODS LTD.	1,365,128	2,333,176
CALIFORNIA FEDERAL BANK	3,500	394,625	NEWS CORPORATION	145,400	1,186,711
COUNTY SEAT STORES INC.	15,207	1		218,536	1,783,625
	51,475	1	OIL SEARCH LTD.	1,000,000	1,510,967
FRESENIUS MEDICAL CARE CAPITAL	250	245,625	ORICA LIMITED	544,010	3,217,180
GRANITE BROADCASTING CORP.	25,200	1,494,284	PACIFICA GROUP LTD	400,800	918,321
HOME OWN FUNDING CORP.	3,250	3,098,193	PIONEER INTERNATIONAL LTD.	489,700	1,167,497
	20,000	19,065,800	QANTAS AIRWAYS	1,206,166	1,815,008
	25,000	23,843,750	QBE INSURANCE GROUP LTD.	366,030	1,291,983
SEALED AIR CORP.	167,532	7,036,344		286,964	1,012,902
TIME WARNER INC.	1,342	1,491,298		202,180	713,638
	1,736	1,929,130		555,138	1,959,480
TOLEDO EDISON CO.	80,000	2,010,000	SOUTHCORP LTD	371,900	1,080,100
TRAVELERS GROUP INC.	28,500	1,519,392	TAB CORP. HOLDINGS LTD.	450,000	2,298,961
				163,000	832,735
				227,500	1,162,252
<b>TOTAL PREFERRED STOCK DOMESTIC</b>	<b>422,992</b>	<b>62,128,442</b>	TELSTRA CORP. INSTITUTIONAL RECEIPTS	904,000	2,317,576
				506,000	1,297,227
				318,000	815,253
<b>INTERNATIONAL COMMON STOCK</b>			WESTPAC BANKING CORP.	270,000	1,646,892
<b>Argentina</b>			WOODSIDE PETROLEUM	266,550	1,330,390
ADR BANCO DE GALICIA	117,500	2,144,375		278,450	1,389,784



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
<b>Austria</b>			MERITA	360,000	2,375,306
BOHLER UDDEHOLM	8,300	548,366		17,560	576,110
EVN ENERGI-VERSORG	10,600	1,586,244		25,300	830,045
OMV	12,650	1,694,437	NOKIA	16,000	1,176,717
				48,000	3,530,152
<b>Belgium</b>				50,080	3,683,125
ELECTRABEL	37,650	10,674,751		11,000	809,996
LERNOUT & HAUSPIE	82,000	4,894,334		64,000	4,712,701
SIAM FUND	145,000	1,658,800	ORION	42,000	1,293,733
			RAUMA	20,011	410,327
<b>Brazil</b>			UPM-KYMMENE CORP.	65,000	1,788,953
ADR CENTRAIS ELETR BRAS ELECTROBRAS	186,300	2,701,350		58,305	1,604,691
ADR COMPANHIA CERVEJARIA BRAHMA	120,000	1,500,000	VALMET CORP.	83,600	1,441,471
BRAZIL FUND CLOSED END	115,000	2,084,375			
BRAZILIAN INVESTMENT CO.	62,000	2,170,000	<b>France</b>		
UNIAO DE BANCOS BRASILEIROS	54,000	1,593,000	ACCOR	18,000	5,037,380
VALE RIO DOCE	57,300	495		11,606	3,247,991
			ADR ALCATEL ALSTHOM	246,000	10,009,125
<b>Canada</b>			ADR BUSINESS OBJECTS	41,400	698,625
BANK OF MONTREAL	40,000	2,203,257	ADR COFLEXIP	40,000	2,445,000
BANK OF NOVA SCOTIA	102,290	2,531,948	ADR GROUPE	76,700	431,438
BOMBARDIER INC.	100,000	2,720,071	ADR SCOR	29,100	1,855,125
CANADIAN IMPERIAL BANK	47,450	1,526,221	AIR LIQUIDE	3,184	526,629
CANADIAN NATIONAL RAILWAYS	98,521	5,233,928		911	150,678
CANADIAN PACIFIC LTD.	46,700	1,325,113		4,162	688,389
	106,340	2,993,762	ALCATEL	23,900	4,866,176
DOREL INDUSTRIES INC.	53,000	1,702,625		28,650	5,833,303
FAIRFAX FINANCIAL HOLDINGS LTD.	3,000	1,170,990		30,278	6,164,773
HUDSONS BAY CO.	122,000	2,795,825	ATOS	18,000	4,316,904
IMASCO LTD.	95,000	1,753,936	AXA UAP	32,402	3,644,287
INCO LTD.	125,000	1,703,125		39,300	4,420,112
INTERNATIONAL UNP HOLDINGS LTD.	3,169,000	234,508		29,027	3,264,697
LOBLAW	66,400	1,580,361	BANQUE NATL PARIS	28,500	2,328,647
LOEWEN GROUP INC.	72,900	1,968,300	BULL	91,900	1,497,213
NEWCOURT CREDIT GROUP INC.	47,800	2,348,475	CAP GEMINI	25,000	3,928,217
	50,000	2,456,564	CARREFOUR	2,144	1,356,401
NORANDA INC.	58,000	1,001,802		2,600	1,644,889
NORTHERN TELECOM CO.	21,000	1,190,983	CHRISTIAN DIOR	10,900	1,371,965
	38,600	2,190,550		11,998	1,510,168
	285,000	16,173,750	CIE DE ST-GOBAIN	63,092	11,698,004
SEAGRAM CO. LTD.	124,400	5,092,625	CREDIT COMMERCIAL	17,300	1,456,451
TALISMAN ENERGY	51,000	1,460,066	DANONE	13,363	3,684,439
THOMSON CORP.	100,000	2,903,676	DEXIA FRANCE	2,500	336,586
TORONTO-DOMINION	50,000	2,261,059		6,271	844,293
TRANSCANADA PIPELINE LTD.	68,400	1,521,900		6,800	915,514
			ELF AQUITAINE	25,357	3,564,911
<b>Chile</b>				26,600	3,739,663
ADR COMPANIA CERVECERIAS UNIDAS	12,900	272,513		69,261	9,737,322
CHILE FUND CLOSED END	120,000	1,627,440		11,045	1,552,804
GENESIS CHILE FUND	85,000	2,550,000	FRANCE TELECOM	39,291	2,709,948
			GALERIES LAFAYETTE	4,400	4,388,356
<b>China</b>			IMETAL	10,000	1,374,462
ADR HONG KONG TELECOMMUNICATIONS LTD.	192,000	3,624,000	LAFARGE	19,671	2,033,473
ADR HUANENG POWER INT'L INC.	34,700	466,264	LAGARDERE	67,100	2,793,429
CHINA SHN AIRLINES	105,000	748,125	L'OREAL	820	456,113
RADICA GAMES LTD.	31,200	526,500		508	282,568
INDUSTRIAL HOLDINGS	360,000	847,895	MICHELIN	49,700	2,868,889
				88	5,080
<b>Croatia</b>				50,701	2,926,670
PLIVA	148,000	2,405,000	PARIBAS	9,363	1,001,962
				19,500	2,086,752
<b>Denmark</b>			PECHINEY	45,000	1,812,355
CODAN FORSIKRING	8,250	1,144,467	PERNOD-RICARD	19,180	1,329,213
DEN DANSKE BANK	15,500	1,872,982	PEUGEOT	16,000	3,440,291
TELE DANMARK	27,500	2,643,231	PROMODES	3,500	1,939,299
	16,000	1,537,880	RHONE-POULENC	70,000	3,948,065
UNIDANMARK	27,000	2,414,570		38,574	2,175,609
			SCHNEIDER	49,974	3,984,860
<b>Estonia</b>			SCOR	20,992	1,331,530
HANSABANK	290,000	1,104,722	SEB	13,000	1,801,852
			SEITA	35,100	1,590,705
<b>Finland</b>				25,830	1,170,595
ENSO	198,000	2,140,072	SOCIETE GENERALE	4,700	977,158
				11,600	2,411,710



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
	10,910	2,268,255		162,800	9,934,859
	3,000	623,718	THYSSEN	10,104	2,569,383
	13,200	2,744,360	VEBA	53,581	3,602,246
	43,792	9,104,622		10,400	699,191
SUEZ LYONN EAUX	11,000	1,810,288		54,000	3,630,416
	14,523	2,390,074	VIAG	4,423	3,043,416
SYNTHELABO	25,040	4,224,413	VOLKSWAGEN	3,500	3,379,778
	14,000	2,361,892		3,000	2,896,953
TOTAL	7,300	949,024	WINKLER & DUNNEBIE	9,100	408,365
	16,656	2,165,335			
	4,900	637,016	<b>Greece</b>		
	16,000	2,080,053	OTE HELLENIC TELECOM	77,777	1,993,758
UNION ASSURANCE FEDERATION	2,400	378,300			
	3,800	598,975	<b>Hong Kong</b>		
VALEO	5,613	573,740	CHEUNG KONG HOLDINGS	221,000	1,086,661
	8,537	872,621		120,000	590,042
VIVENDI	21,849	4,665,408		139,000	683,465
				590,000	1,115,492
<b>Germany</b>			CHEUNG KONG INFRASTRUCTURE	4,750,000	459,760
ADIDAS	25,600	4,460,499	CHINA NATIONAL AVIATION	919,000	948,817
ADR DEUTSCHE TELEKOM	63,063	1,734,233	CHINA RESOURCES	874,000	902,357
ADR HOECHST	159,700	7,925,113		485,000	841,862
ALLIANZ	441	145,738	CHINA TELECOM	293,000	518,042
	11,908	3,968,234	CITIC PACIFIC	483,000	853,974
	12,000	3,998,892		187,000	330,627
	15,000	4,998,615		405,000	716,065
BAYER	39,000	2,018,061	CLP HOLDINGS	55,000	250,561
	203,000	10,504,266		283,000	1,289,252
	21,400	1,107,346		42,000	191,338
	63,272	3,274,019	COSCO PACIFIC LTD.	697,000	249,616
BAYER MOTOREN WERK	2,010	2,032,271	DAH SING FINANCIAL	271,000	314,767
	402	400,886	DAO HENG BANK GROUP LTD.	478,049	678,644
BAYER VEREINSBK	39,000	3,305,817	DICKSON CONCEPTS	242,500	337,997
	88,200	7,476,233	GUOCO GROUP LTD.	463,000	486,985
	59,615	5,053,238	HANG LUNG DEVEL CO	660,000	655,860
BILFINGER & BERGER	21,800	746,997	HKR INTERNATIONAL LTD	1,299,600	461,232
BUDERJUS	1,863	929,023	HONG KONG ELECTRIC	799,000	2,474,770
DAIMLER-BENZ	7,300	717,867		213,000	659,732
	31,265	3,074,536		217,000	672,121
	45,100	4,435,042	HONG KONG TELECOMM	435,400	817,576
	28,000	2,753,463	HSBC HOLDINGS	128,459	3,141,597
DEUTSCHE BANK	25,600	2,164,299		24,500	599,173
	26,400	2,231,934		81,137	1,984,289
	54,000	4,565,319		63,300	1,548,067
	27,000	2,282,659		223	5,454
DEUTSCHE TELEKOM	150,600	4,121,684		103,600	2,533,645
	58,468	1,600,177		42,200	1,032,045
	229,700	6,286,526	HUTCHISON WHAMPOA	349,000	1,842,152
DRESDNER BANK	65,444	3,535,064		133,000	702,024
DT PFANDBRIEF/HYPO	33,000	2,640,000		659,500	3,481,087
	17,966	1,437,280		227,500	1,200,830
GERRESHEIMER GLASS	86,200	1,284,643	JOHNSON ELECTRIC HOLDINGS	228,000	844,488
HENKEL	6,200	514,548	KERRY PROPERTIES	602,471	443,188
HOECHST	82,433	4,144,485	KUMAGAI GUMI	1,394,400	580,355
	51,700	2,599,321	NEW WORLD DEVELOPMENT CO.	367,557	711,529
	5,800	1,381,717		392,000	758,847
HOLZMANN	5,600	2,722,438		408,000	789,820
KARSTADT	57,300	1,442,817	PEREGRINE ASSET MGMT.		
LUFTHANSA	16,010	1,645,349	INDIAN SMALL CO. FUND	20,000	1,050,000
MANNESMANN	29,000	2,980,332	PEREGRINE INVESTMENT	3,738,200	0
	68,000	6,988,366		280,000	0
	43,000	4,419,114	QPL INTERNATIONAL HOLDINGS	3,600,000	696,900
METRO	62,000	3,744,044	SCMP HOLDINGS	2,434,000	1,170,102
	46,251	2,792,997	SUN HUNG KAI PROPERTIES	90,000	382,134
MOBIL	21,500	5,240,997	SWIRE PACIFIC	639,000	2,412,145
MUNCHENER RUCKVERS	5,750	2,854,294		273,000	1,030,541
PREUSSAG	11,000	3,936,842	WHARF HOLDINGS	2,712,000	2,677,490
RWE	64,370	3,808,707	WING HANG BANK	185,000	247,109
	157,900	9,342,781			
SAP	11,000	6,673,130	<b>Hungary</b>		
SCHERING	19,800	2,331,025	ADR MAGYAR TAVKOZLESI	80,000	2,354,960
SGL CARBON	6,379	742,862	GEDEON RICHTER LTD.	11,100	888,000
SIEMENS	24,000	1,464,598		11,900	952,000
	22,800	1,391,368	GRABOPLAST	280,000	1,183,000



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
RICHTER GEDEON	18,900	1,520,431	KISSEI PHARMACEUTICAL CO.	152,000	2,245,199
			KOITO MANUFACTURING CO.	442,000	2,181,576
<b>India</b>				135,000	666,318
INDIA MAGNUM FUND	60,000	1,920,000	KOKUSAI ELECTRIC	132,000	1,103,289
MAHANAGAR TEL NIGAM LTD.	75,000	765,000	KOMATSU	420,000	2,039,702
MORGAN STANLEY INDIA	200,000	1,287,400	KYOCERA CORP.	35,100	1,714,724
				59,100	2,887,185
<b>Indonesia</b>			M.O.S. FOOD SERVICE	82,000	974,889
ADR TELEKOMUNIKASI INDONESIA	250,000	1,453,000	MAKITA CORP.	84,000	967,799
			MATSUSHITA COMMUNICATIONS	89,000	2,347,084
<b>Ireland</b>			MATSUSHITA ELECTRIC INDUSTRIES	134,000	2,153,115
ADR ELAN CORP.	68,000	4,373,216		139,000	2,233,455
BANK OF IRELAND	139,000	2,859,596		438,000	7,037,792
SMURFIT JEFFERSON	634,730	1,885,863		100,000	1,606,802
				90,000	726,303
<b>Israel</b>			MATSUSHITA ELECTRIC WORKS	415,000	1,411,392
ADR SUPER SOL LTD.	135,300	2,232,450	MAZDA MOTOR CORP.	339,000	2,296,069
ECI TELECOM LTD.	49,600	1,878,600	MINOLTA CAMERA CO.	213,000	804,208
ESC MEDICAL SYSTEMS LTD.	2,900	97,875	MITSUBISHI HEAVY INDUSTRIES LTD.	790,000	2,982,743
	4,500	151,875		262,000	628,641
GALILEO TECHNOLOGIES LTD.	382,320	5,161,320	MITSUBISHI MOTORS	150,000	1,184,566
			MITSUI FUDOSAN	330,000	1,657,312
<b>Italy</b>			MITSUI MARINE & FIRE	60,000	1,945,455
ADR DEL RIGO	10,000	59,370	MURATA MANUFACTURING CO.	203,000	1,891,263
ADR FILA HOLDINGS	66,600	999,000	NEC CORP.	145,000	1,350,902
ASSICUR GENERALI	62,000	2,016,033		85,000	949,310
	149,524	4,862,022	NICHICON CORP.	614,000	3,207,479
BCA DI ROMA	668,300	1,391,078	NICHIDO FIRE CO.	16,500	1,122,311
CREDITO ITALIANO	710,800	3,720,848	NICHIEI CO.	23,100	1,571,236
	985,000	5,156,212		28,000	2,592,499
E.N.I.	196,000	1,284,577	NINTENDO CO.	17,000	1,574,017
	272,000	1,782,678		29,700	2,749,901
	246,250	1,613,914		19,900	1,842,526
	207,900	1,362,569	NIPPON DENWA SHSET.	62,000	207,731
FIAT	593,000	2,595,449	NIPPON FIRE & MARINE	147,000	600,562
I.F.I.L.	502,700	1,344,738	NIPPON OIL CO.	414,000	1,336,398
I.N.A.	1,132,000	3,216,000	NIPPON SANSO CORP.	351,000	1,105,213
MEDIASET	409,000	2,610,394	NIPPON TELEPHONE & TELEGRAPH	315	2,610,152
MEDIOLANUM	125,000	3,966,133		210	1,740,102
MONTEDISON	1,538,400	1,908,341	NOMURA SECURITIES	155,000	1,803,689
T.I.M.	273,000	1,669,438		95,000	1,105,487
TELECOM ITALIA	379,000	1,834,714	NTT DATA CORP.	55	1,985,445
	622,500	4,582,382	ONO PHARMACEUTICAL	110,000	2,631,408
	44,650	328,680	PIONEER ELECTRIC	83,000	1,584,825
	434,650	3,199,570	PROMISE CO.	34,000	1,398,854
	477,700	3,516,472	RICOH CO.	175,000	1,842,238
	496,444	3,654,451		127,000	1,336,938
UNION CHEMICAL	53,866	522,736	ROHM CO.	16,000	1,642,829
				34,000	3,491,011
<b>Japan</b>			SANYO SHINPAN FINANCIAL	25,400	896,783
ADR NEC CORP	25,000	1,159,375	SEC CORPORATION	96,000	242,101
ADVANTEST	26,800	1,440,559	SEKISUI HOUSE	123,000	952,733
	18,700	1,005,166	SHARP CORP.	274,000	2,219,087
AMANO CORP	205,000	1,800,591	SHINKO ELECTRIC INDUSTRIES	29,000	1,055,229
AOYAMA TRADING	53,000	1,306,049	SHISEIDO CO.	178,000	2,021,314
ASAHI BREWERIES	162,000	2,042,728	SMC CORP.	32,200	2,447,743
BRIDGESTONE CORP.	164,000	3,875,923	SONY CORP.	27,000	2,324,819
BRINSON CO. JAPAN ONLY EQUITY FUND	201,161	16,392,206		33,000	2,841,445
CANON INC.	443,000	10,054,761		28,700	2,471,196
	144,000	3,268,365		13,300	1,145,189
	500	6,795	SUMITOMO ELECTRIC INDUSTRIES	72,000	727,860
CANON SALES INC.	70,000	1,387,038	SUMITOMO FORESTRY	310,000	1,740,030
CREDIT SAISON CO.	138,000	1,819,649	SUZUKI MOTOR CORP.	126,000	1,143,628
DAIICHI PHARM CO.	408,000	5,556,220		200,000	1,815,758
EISAI CO.	106,000	1,115,106	TAIYO YUDEN CO.	145,000	1,542,097
FUJITSU	178,000	1,872,537	TAKEFUJI CORP.	29,000	1,337,320
	270,000	1,760,637	TDK CORP.	23,000	1,698,671
HITACHI	1,078,000	7,029,506	TOKAI CARBON CO.	394,000	695,536
	284,000	1,851,929	TOKYO ELECTRON	42,000	1,286,162
	697,000	4,545,052		900	27,561
HITACHI CHEMICAL	123,000	748,006		77,700	2,379,400
JAPAN TOBACCO INC.	270	1,826,782	TOKYO MARINE & FIRE	272,000	2,794,769
JUSCO CO.	90,000	1,650,395	TOKYO STYLE CO.	105,000	1,028,930
KEYENCE CORP.	8,800	957,452	TOKYO TRUST & BANKING	163,000	806,867



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
	260,000	1,287,027		5,785	185,705
TOSHIBA CORP	326,000	1,331,859		2	1
UNIDEN CORP	113,000	1,233,527		22	14
WEST JAPAN RAILWAY	1,703	6,172,202		21,970	13,500
YODOGAWA STEEL WORKS	186,000	869,791	AKZO NOBEL	9,100	2,022,918
				17,230	3,830,206
<b>Lebanon</b>				7,750	1,722,815
BANQUE AUDI	100,000	2,610,000	ASM LITHOGRAPHY	26,000	769,443
				28,400	840,468
<b>Other/Non-Exchange Securities</b>			BENCKISER	55,500	3,413,160
ADR ISPAT INTERNATIONAL	61,700	1,156,875	BROCACEF HOLDINGS	72,450	1,730,936
BRINSON CO. NON-U.S.			BUHRMANN	133,000	3,432,553
EX- JAPAN EQUITY FUND	634,615	130,361,578	CAP GEMINI	60,000	4,955,265
CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.	120,000	2,595,000	DSM	15,230	1,563,280
EXEL LTD.	50,900	3,957,475	ELSEVIER	51,100	771,198
NEW WORLD INFRASTRUCTURE LTD.	600,000	689,157		270,000	4,074,821
NOBLE GROUP	2,597,000	389,550		122,810	1,853,440
SMARTONE TELECOMMUNICATIONS	500,000	1,219,575		32,000	482,942
SUN INTERNATIONAL HOTELS LTD.	8	364	FORTIS AMEV	22,410	1,312,079
			GETRONICS	125,521	6,509,913
<b>Malaysia</b>				200	40
HONG LEONG CREDIT	644,400	435,038	GUCCI GROUP	45,800	2,427,400
MAGNUM	630,000	233,924		30,100	1,595,300
MALAYSIAN BANKING	249,000	250,951		33,300	1,764,900
	127,500	128,499	HAGEMEYER	52,500	2,271,183
	249,000	250,951	HEINEKEN	62,500	2,454,896
	127,500	128,499	HOLLANDSCHE BETON	63,800	1,329,820
MALAYSIAN RESOURCES	1	0	HUNTER DOUGLAS	55,589	3,019,656
RESORTS WORLD	200,000	219,892	ING GROEP	60,400	3,955,009
	331,000	363,920		111,663	7,311,725
	718,000	789,410		60,000	3,928,817
ROTHMAN'S PALL MALL	53,000	367,390		55,000	3,601,416
	38,000	263,412		37,407	2,449,421
SIME DARBY	1,584,000	1,092,282	KEMPEN & CO	28,000	2,167,928
	750,000	517,179	KON KPN	26,058	1,003,019
TANJONG	300,000	415,913	MOOLEN	4,170	471,283
TELEKOM MALAYSIA	343,627	579,961	NEDLLOYD	125,500	2,548,004
	409,500	691,139	NEW HOLLAND	448,100	8,793,963
TENAGA NASIONL	598,000	720,916	NUMICO	77,000	20,062
	346,000	417,119		77,000	2,411,218
			NUTRECO HOLDINGS	40,000	1,400,059
<b>Mexico</b>			OCE	6,000	255,432
ADR CEMEX	288,400	2,163,000		3,848	163,817
ADR COCA COLA FEMSA	120,000	2,085,000		28	1,191
ADR GRUPO TELEVISIA	46,000	1,730,750		44	1,871
ADR TELEFONAS DE MEXICO	57,000	2,739,534	PAKHOED	90,300	2,929,800
FOMENTO ECON MEXIC UNITS	69,200	2,140,841	PHILIPS ELECTRONICS	20,000	1,681,251
GRUPO CARSO	400,000	1,655,909		13,560	1,139,868
KIMBERLY CLARK MEXICO	221,500	786,318		43,000	3,614,689
MEXICAN INVESTMENT CO.	62,000	1,421,660		10,500	882,657
MEXICO FUND CLOSED END	110,000	1,615,625		45,000	3,782,814
				55,000	3,312,113
<b>Netherlands</b>			RANDSTAD HOLDINGS	43,000	2,356,938
ABN-AMRO HOLDINGS	22,391	523,946	ROYAL DUTCH PETROLEUM	50,400	2,762,550
	14,804	346,412		13,600	754,144
	63,000	1,474,191		32,160	1,783,329
	62	20		9,000	499,066
	5	2		158,800	8,805,742
ADR PHILIPS ELECTRIC	25,000	2,121,875	STORK	91,200	2,905,201
	85,400	7,248,325	STRIMCOELECTRONICS	18,600	1,299,675
ADR UNILEVER	271,400	21,423,638		17,500	1,222,813
	45,800	3,615,338		19,900	1,390,513
AEGON	4,402	383,027	TNT POST GROEP	26,058	666,117
	79,286	6,898,841	UNILEVER	55,600	4,411,484
	6,624	576,368	VAN OMMEREN	97,800	4,105,650
	242	21,057	WEGENER ARCADE	122,000	2,422,967
	17,000	2,958,411	WOLTERS KLUWER	40	59
	60	68		21	31
	72	82		2,020	277,251
	23	26		1,308	179,527
AHOLD (KON)	8,621	276,743			
	79,880	2,564,234	<b>New Zealand</b>		
	48,960	1,571,668	CARTER HOLT HARVEY	1,998,100	1,742,520
	49,740	1,596,707	FERNZ CORP	104,000	232,142



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
FERNZ CORP.	191,000	426,337	<b>Singapore</b>		
FLETCHER CHALLENGE BUILDING	387,526	482,796	CITY DEVELOPMENTS	142,000	396,709
	243,186	302,971	CLIPSAL INDUSTRIES	275,000	246,125
	332,250	413,931	DBS LAND	482,000	399,408
FLETCHER CHALLENGE ENERGY	145,683	347,871	DEVELOPMENT BANK OF SINGAPORE	102,130	565,206
	314,000	749,788		330,000	1,826,280
	235,273	561,799		222,200	1,229,695
INDEPENDENT NEWS	114,000	390,571		116,600	645,286
	69,000	236,398	FRASER & NEAVE LTD.	381,000	1,023,818
LION NATHAN LTD.	124,600	276,830		241,400	648,687
	184,100	409,024		1,000	2,687
TELECOM CORP. OF NEW ZEALAND	58,000	124,044	JARDINE MATHESON	694,303	1,874,618
	92,000	196,760		142,400	384,480
	208,693	446,330		273,600	738,720
	685,000	2,823,335	JURONG SHIPYARD	173,000	834,537
	1,550,740	6,391,617		110,000	530,630
	397,000	1,636,298	NATSTEEL ELECTRONICS	500,000	837,526
			OVERSEAS CHINESE BANK	250,000	850,843
			PARKWAYS HOLDINGS	209,000	362,456
			SINGAPORE AIRLINES	184,000	860,373
<b>Norway</b>				129,000	603,196
ADR NORSK HYDRO	2,900	127,963		80,227	536,588
CHRISTIANIA BANK	515,000	2,154,362	SINGAPORE PRESS	125,048	836,367
KVAERNER	15,380	521,118		126,424	845,570
NORSK HYDRO	48,100	2,115,560		127,600	853,436
PETROLEUM GEO SERVICES	60,200	1,874,998	SINGAPORE TELECOMM	519,000	737,260
SAGA PETROLEUM	153,300	2,357,386		819,000	1,163,421
SMEDVIG	75,600	916,244	UTD OVERSEAS BANK	148,140	460,334
TOMRA SYSTEMS	44,000	1,318,825		234,000	727,138
			WING TAI HOLDINGS	825,000	351,583
<b>Peru</b>			<b>South Africa</b>		
ADR TELEFONICA	100,000	2,043,700	ADR DE BEERS CONSOLIDATED MINES LTD.	30,100	526,750
CPT TELEFONICA DEL PERU	500,000	1,029,087	DE BEERS CENTENARY LINK	146,000	2,582,886
FOR. & COL. EMERGING MKTS.			SAPPPI	253,500	957,619
PERUVIAN INVEST. CO.	110,000	1,713,800	SOUTH AFRICA BREWS	50,000	1,035,854
			NEW SOUTH AFRICA FUND CLOSED END	75,000	1,003,125
			OMEGA SOUTH AFRICA FUND CLOSED END	74,500	5,568,024
<b>Philippines</b>			<b>Spain</b>		
ADR PHILIPPINE			ACERINOX	12,787	1,705,602
LONG DISTANCE TELEPHONE CO.	70,000	1,583,750	ADR TELEFONICA	21,700	3,017,656
	31,680	716,760	ARGENTARIA CORP.	113,172	2,543,025
	100,000	2,262,500	ADR CBT GROUP PUBLICATION	26,100	1,396,350
AYALA CORP.	387,000	99,766	ADR CENTRAIS GERADORAS	18,630	118,766
AYALA LAND INC.	1,231,050	354,259	BANCO BILBAO VIZCAYA	63,000	3,238,683
C&P HOMES	3,509,900	176,758	BANCO CENTRAL HISPANZO	16,875	531,305
PHILIPPINE LONG DISTANCE	27,620	629,233		5,375	169,231
S.M. PRIME HOLDINGS	2,400,000	379,856		21,416	674,277
				43,000	1,353,844
				135,000	4,250,441
				210,066	6,613,875
			BANCO POPULAR	6,500	555,960
				4,100	350,304
			BANCO SANTANDER	63,600	2,143,380
			CENTROS COM PRYCA	11,800	218,904
				8,100	150,265
			CENTROS COM. CONTINENT	82,000	1,874,714
			ENDESA	8,100	177,513
				66,866	1,465,383
				5,500	120,534
			FIN REUNIDA CORP.	79,200	1,197,648
			IBERDROLA	384,000	6,245,738
			REPSOL	22,600	1,247,436
				9,900	546,443
				78,700	4,343,948
				5,600	309,099
			SOL MELIA	31,000	1,478,215
			TELEFONICA	93,818	4,344,958
				41,000	1,898,818
				34,481	1,596,906
				90,000	4,168,136
				151,963	7,037,806
			UNION ELECTRIC FENOSA	162,000	2,089,947
<b>Romania</b>					
S.C. ELVILA	1,000,000	150,000			
<b>Russian Federation</b>					
ADR SURGUT NEFTEGAZ	135,000	590,625			
ADR VIPEL COMMUNICATIONS	60,000	2,685,000			
FOR. & COL. EMERGING MKTS. RUSSIAN INVEST. CO.					
	200,000	1,586,000			
UESR/RAO EES ROSSI	35,000	486,172			



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
URALITA	164,300	2,344,996		590	376,530
<b>Sweden</b>				880	561,603
AGA	98,400	1,505,323	<b>Taiwan</b>		
ASTRA	144,533	2,954,128	ADR TAIWAN SEMICONDUCTOR		
	190,000	3,883,434	MANUFAC CO LTD.	108,750	1,835,156
	175,800	3,593,199	ASE TEST LTD.	34,000	1,054,000
ELECTROLUX	215,000	3,693,463	FOR. & COL. EMERGING MKTS.		
	95,825	1,646,168	TAIWAN INVEST. CO.	175,000	2,038,750
	206,500	3,547,443	TAIWAN FUND CLOSED END	122,000	823,500
ERICSSON	83,200	2,430,827			
	140,000	4,090,333	<b>Thailand</b>		
ESSELTE	60,800	1,410,425	BANGKOK BANK	112,100	137,806
FORENINGSSPARBK	40,500	1,218,824		152,700	187,716
	37,500	1,128,541	BANPU CO.	35,000	57,092
GAMBRO	85,000	1,556,132		88,000	143,546
HENNES & MAURITZ	13,500	861,641	LAND & HOUSES	95,799	22,648
INVESTOR AB	30,000	1,751,119		361,473	85,455
MANDAMUS FASTIGHET	3,750	23,511	TELECOMASIA	459,000	132,926
MO OCH DOMSJO	49,900	1,426,626		958,900	277,696
NORDBANKEN HOLDINGW	323,900	2,375,973	THAI FARMERS BANK	350,000	308,215
SCANIA	60,000	1,455,818	TIPCO ASPHALT	39,000	44,255
SKAND ENSKILDA BANK	120,000	2,053,944		29,000	32,908
SKANDIA FORSAKRING	374,300	5,350,562			
SKF	106,300	1,932,752	<b>Turkey</b>		
STORA KOPPARBERGS	80,300	1,263,671	TURKIYE BANK	67,300	277,613
VOLVO	80,000	2,382,475	TURKIYE BANK RIGHTS	3,600	0
<b>Switzerland</b>			<b>United Kingdom</b>		
ABB	2,477	3,658,017	31 GROUP	158,000	1,616,011
	408	602,532	ABBEY NATIONAL	69,712	1,238,751
	220	324,895	ABBEY NATIONAL	178,100	3,164,756
	150	221,519	ADR BAT INDUSTRIES	60,000	1,211,220
	1,290	1,905,063	ADR BRITISH PETROLEUM	22,200	1,959,150
ADECCO	11,300	5,095,728	ADR DANKA BUSINESS SYSTEMS	112,900	1,333,631
ARES-SERONO	1,350	1,877,967		154,300	1,822,669
CIBA SPEZIALITATEN	26,271	3,373,073	ADR DENISON INTERNATIONAL	29,000	572,750
CLARIANT	6,068	3,996,527	ADR DR. SOLOMON'S GROUP	59,700	2,082,038
CREDIT SUISSE GROUP	3,629	807,481	ADR GLAXO WELLCOME	16,000	956,892
	20,000	4,450,158	ADR IMPERIAL CHEMICALS	10,400	670,800
	20,531	4,568,310	ADR SELECT APPOINTMENTS HOLDINGS	7,950	234,525
FORBO HOLDINGS	3,000	1,526,899	ADR SMITHKLINE BEECHAM	24,000	1,452,000
HOLDERBK FN GLARUS	2,237	2,846,394		9,600	421,200
JULIUS BAER HOLDINGS	1,500	4,692,445	ADR ZENECA GROUP	238,600	2,080,096
NESTLE	1,130	2,418,236	ALLIANCE UNICHEM	185,717	1,744,564
	1,200	2,568,038	ALLIED DOMECO	960,000	9,057,964
	847	1,812,607	ASSOCIATED BRITISH FOODS	281,000	3,145,977
	320	684,810	BANK OF SCOTLAND	124,100	3,578,016
	520	1,112,816	BARCLAYS	42,000	1,210,932
	1,607	3,439,031		583,035	10,929,353
NOVARTIS	965	1,607,061	BASS	199,109	1,993,283
	2,368	3,940,422	BAT INDUSTRIES	303,000	3,033,337
	1,013	1,685,662		163,500	1,636,800
	3,712	6,176,878	BG	1,454,117	8,406,773
	690	1,148,180	BILLITON	506,400	1,026,589
	400	665,612	BLUE CIRCLE INDUSTRIES	1,295,292	7,315,653
	1,920	3,194,937	BOC GROUP	119,521	1,628,273
	1,325	2,204,839		80,782	1,100,519
ROCHE HOLDINGS GENUSSSCHEINE	182	1,787,243		176,941	2,410,524
	80	785,601		135,000	1,839,148
	485	4,762,708		128,000	1,743,785
	120	1,178,402	BOOTS CO	76,196	1,262,432
SCHWEIZ-RUCKVERSIC	732	1,851,234		113,176	1,875,125
	486	1,229,098		791,200	13,108,780
SGS HOLDINGS	1,121	1,900,113	BRITISH-BORNEO PETROLEUM	276,000	1,374,612
	980	1,661,116	BRITISH PETROLEUM CO.	155,000	2,260,320
SIG SCHW IND HG	1,800	1,465,585		82,535	1,203,584
SULZER	2,230	1,759,830		138,360	2,017,663
	3,000	2,367,484		201	2,931
SWISS LIFE	4,640	3,927,848	BRITISH TELECOM	279,700	3,453,432
TAG HEUER	13,700	1,298,375	BTR	1,222,812	3,488,852
UBS	15,650	5,819,225		404,787	1,154,913
	6,526	2,426,655		499,300	5,052,649
ZURICH VERISCHERUN	6,500	4,148,207	CABLE & WIRELESS	68,000	825,975



## INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
CADBURY SCHWEPES	162,088	2,508,370		283,230	3,456,848
CARADON	507,500	1,574,982	STAGECOACH HOLDINGS	145,519	3,098,112
CARLTON COMMUNICATIONS	399,200	3,563,453	STOREHOUSE	510,000	2,135,849
CENTRICA	836,000	1,408,816		710,400	2,975,113
CGU	110,000	2,051,924	TAYLOR WOODROW	1,895,000	6,355,241
COATS VIYELLA	606,200	748,470	TESCO	235,000	2,293,773
COMPUTACENTER	174,800	2,184,490		188,874	1,843,549
COOKSON GROUP	447,695	1,538,779	THOMSON TRAVEL GROUP	71,200	219,775
ELECTROCOMPONENTS	468,000	3,767,644	TI GROUP	135,000	1,024,877
ELEMENTIS	267,360	686,980	TOMKINS	252,800	1,371,896
EMI GROUP	359,228	3,140,713		338,722	1,838,178
	97,200	849,815		220,458	1,196,382
FILTRONIC	219,500	1,470,438		372,052	2,019,053
FIRSTGROUP	211,900	1,449,578	UNILEVER	73,000	777,088
GALLAHER GROUP	282,900	1,563,564		109,000	1,160,310
GENERAL ELECTRIC CO.	459,000	3,955,576	UTD UTILITIES	144,704	2,104,140
GKN ORD	283,400	3,614,965		86,769	1,261,708
	867,200	11,061,741	VICKERS	242,200	889,045
GLAXO WELLCOME	64,000	1,921,046		372,100	1,365,869
	262,365	7,875,240	VODAFONE GROUP	102,000	1,294,274
	42,000	1,260,687	WIMPEY GEORGE	574,100	1,115,938
	344,141	10,329,857	WPP GROUP	461,000	3,020,952
GRANADA GROUP	166,681	3,064,746		760,700	4,984,899
GREAT UNIV. STORES	789,000	10,399,940	ZENECA GROUP	100,000	4,291,387
GREENALLS GROUP	98,000	851,904		54,944	2,357,860
	146,000	1,269,163		72,400	3,106,964
HANSON	208,750	1,268,682	<b>Venezuela</b>		
HILLSDOWN HOLDINGS	579,506	1,566,389	ADR ANONIMA NACIONAL		
HYDER	87,400	1,372,233	TELEFON. DE VENEZUELA	36,900	922,500
IMPERIAL CHEMICAL INDUSTRIES	113,356	1,819,476	<b>TOTAL INTERNATIONAL COMMON STOCK</b>	<b>201,628,195</b>	<b>2,104,340,857</b>
	134,300	2,155,648			
JARVIS	230,000	2,657,507	<b>PREFERRED STOCK INTERNATIONAL</b>		
KINGFISHER	146,800	2,363,633	ADR ARACRUZ CELULOSE	63,000	720,531
LLOYD'S TSB GROUP	150,000	2,098,558	ADR NEWS CORP.	240,500	6,794,125
LUCAS VARITY	325,000	1,290,586	ADR OIL CO. LUKOIL	72,000	522,000
MARKS & SPENCER	130,600	1,188,679	ADR TELECOMMUNICACOES BRASILEIRAS	12,300	1,343,000
	194,114	1,766,763	ADR USINAS SIDERURGICAS DE MINAS GERAIS	92,100	448,988
MEDEVA	364,503	1,039,978	BALLAST NEDAM	27,000	1,197,227
MIRROR GROUP	164,400	619,922	BANCO ITAU	2,492,800	1,422,487
MISYS	35,000	1,986,393	BANK AUSTRIA	34,104	1,768
MONUMENT OIL & GAS	1,753,875	1,715,423		34,104	2,768,818
NATWEST	115,600	2,065,732	BAYER MOTOREN WERK	82	2,349
	100,040	1,787,680	BDNI BANK DAGANG NAS	801,250	541
NORWICH UNION	205,000	1,487,887	CENTRAIS GERADORAS	31,125,000	44,941
	122,000	885,474	DAIMLER-BENZ	31,265	34,643
NYCOMED AMERSHAM	191,175	1,420,079	DYCKERHOFF	2,880	1,124,875
ORANGE	200,000	2,118,998	ELETRORBRAS	44,170,000	1,328,995
	132,500	1,403,836	FIAT	465,000	1,157,562
	362,527	3,840,969	FIRST FINANCIAL ITALY	502,700	14,423
PATERSON ZOCHONIS	300,000	2,032,235	HENKEL KGAA	42,800	4,232,576
POWERGEN	114,910	1,587,504	INTERNATIONAL CAYMAN TRUST	140,000,000	930,576
	234,450	3,238,973	MARSCHOLLEK LAUTEN	7,000	3,412,742
RAILTRACK GROUP	62,000	1,519,638	METRO	27,155	1,053
RECKITT & COLMAN	91,000	1,736,977		34,000	1,319
RENTOKIL INITIAL	608,600	4,376,591	MOBIL	15,900	83,684
REUTERS GROUP	164,400	1,885,824	PETROL BRASILEIROS	95,600	1,768,600
	111,800	1,282,452		100,000	1,850,000
	216,493	2,483,381		6,460,000	1,200,847
	200,000	2,294,190	SANWA INTERNATIONAL FINA UNITS	129,000,000	945,761
REXAM	362,900	1,589,436	SAP	4,100	2,782,548
RIO TINTO	226,028	2,545,615		6,250	4,241,690
	112,000	1,261,388	TELEBRAS	22,300,000	2,425,506
	455,000	5,124,387	TELESP-TEL SAO PAULO	8,091,000	1,902,777
ROYAL & SUN ALLIANCE	67,000	692,537	USINAS SID MINAS	1,051	5,361
SCOT HYDRO-ELECTRIC	118,000	1,048,403	<b>TOTAL PREFERRED STOCK INTERNATIONAL</b>	<b>386,350,941</b>	<b>44,712,315</b>
	178,000	1,581,490			
SEMA GROUP	408,000	4,826,509	<b>TOTAL U.S. AND INTERNATIONAL EQUITY</b>	<b>722,569,526</b>	<b>8,548,058,878</b>
	200,000	2,365,936			
SHELL TRANSPORTATION & TRADING	438,000	3,063,992	<b>SHORT TERM INVESTMENTS</b>		
	289,600	2,039,096	ACCRUED INTEREST & DIVIDENDS	N/A	234,214,755
SIEBE	85,000	1,697,617	AMERICAN EXPRESS CREDIT CORP.	2,500,000	2,508,454
SMITH & NEPHEW	476,000	1,187,339			
	320,000	798,211			
SMITHKLINE BEECHAM	396,190	4,835,536			





## INVESTMENT LISTING

	<u>Shares</u>	<u>Market Value</u>		<u>Market Value</u>
BANKERS TRUST CO.	45,000,000	45,000,000	BOYER	131,900
BRH BANKING & TRUST CO.	10,000,000	10,000,000	BRADEN	1,294,400
BRINSON CO. U.S. CASH MANAGEMENT FUND	N/A	78	BRADEN 2	2,693,400
BURLINGTON NORTHERN SANTA FE CORP.	10,000,000	9,998,111	BRECKINRIDGE PLACE	24,070,000
CHARTA CORP.	2,455,000	2,449,647	TR BRELL BIXBY CORPORATION	1,940,145
CIESCO L.P.	2,265,000	2,260,061	TR BRELL CALIFORNIA CTR CORPORATION	1,348,822
CITIBANK	N/A	193,429	TR BRELL CANYON PLAZA CORPORATION	1,254,580
CORPORATE RECEIVABLES CORP.	2,030,000	2,023,367	TR BRELL CREEKSIDE CORPORATION	11,468,155
EDISON FUNDING CO.	10,000,000	9,951,843	TR BRELL ICC CORPORATION	2,461,610
ENRON OIL & GAS CO.	5,900,000	5,898,894	TR BRELL LONGWOOD CORPORATION	3,074,908
	6,000,000	5,998,127	TR BRELL OAKLEAF CORPORATION	2,235,736
GATX CAPITAL CORP.	7,500,000	7,483,646	TR BRELL TORRANCE CORPORATION	2,955,602
	5,000,000	4,998,440	CALIFORNIA MORTGAGE PORTFOLIO I	1,308,772
GENERAL ELECTRIC CAPITAL CORP.	9,000,000	9,051,349	CALIFORNIA MORTGAGE PORTFOLIO II	11,301,633
ILLINOIS TEACHERS CUSTOM CASH FUND	N/A	924,873,213	CALIFORNIA MORTGAGE PORTFOLIO III	2,314,057
MONEY MARKET OBLIG.			CALLAWAY	668,200
PRIME INSTITUT. SHARES	1	1	CAMERON COURT	6,787,358
OCCIDENTAL PETROLEUM CORP.	7,500,000	7,488,311	CANDY MT GRAPES	289,000
RAYTHEON CO.	10,000,000	9,989,085	CANTERWOOD	18,600,000
	10,000,000	9,998,439	CENTERVILLE	578,900
TEXAS UTILITIES CO.	5,000,000	4,995,321	CHICAGO HOLIDAY INN CITY CENTRE	63,500,000
U.S. WEST CAPITAL FUNDING INC.	5,000,000	4,988,320	CHILD ESTATE	197,400
VARIOUS OPTION CONTRACTS	N/A	789,148	CISCO	1,571,100
<b>TOTAL SHORT TERM INVESTMENTS</b>		<b>1,315,152,039</b>	CLACKAMAS TOWN CENTER	116,151,053
			CLAYBAUGH	1,567,900
			COASTAL VINEYARDS	4,275,000
			COBBLESTONE COURT	14,903,874
			COLOBRAS	1,859,800
			CORPORATE CAMPUS EAST III	22,467,510
			COSTA MESA	27,300,000
			COURT CREEK	1,138,500
			CROSSROADS I	7,850,000
			CRYSTAL COURT	3,886,571
			CYPRESS TRACE	16,350,000
			DAHMS	1,060,000
			DARR	1,447,700
			DATA GENERAL	5,700,000
			DAVIS	909,600
			DELAND	1,610,100
			DELTA VINEYARDS	4,991,000
			DICK	395,300
			DONALDSON	185,300
			EASON TRUST	4,179,800
			ERB	687,300
			EXCHANGE PARK	9,267,278
			FACTORY STORES AT HERSHEY	24,000,000
			FAIRFAX COURT	17,430,681
			FELLMY	204,700
			FILLERS	200,000
			FISCHER	416,000
			FRANKLIN/LAKE SELF PARK	20,350,000
			FRYBARGER	362,400
			GAITWAY PLAZA	11,831,021
			GALESVILLE	1,088,000
			GARDENS	3,200,000
			GATEWAY OAKS PLAZA LAND	2,700,000
			GM - EL PASO	13,350,000
			GMO LAND	19,823,000
			GOODLUCK	375,000
			GREEN	276,000
			HAACK	720,500
			HAGEMEISTER	370,500
			HAMMOND	1,027,200
			HAMPTON ROADS PORTFOLIO	38,000,000
			HARLOW	601,900
			HEAD	330,600
			HEBRON OFFICE BUILDING	12,056,617
			HOESMAN	394,800
			HOLLY LANE	1,298,300
			HUNT	235,600
			HURLOCK	310,600
			HUSTED	351,700
			HYATT	241,600
			I-45	8,100,000

Market Value

**REAL ESTATE**

**Closed-End Funds**

BEAR STEARNS REALTY PARTNERSHIP	123,257,543
JMB GROUP TRUST III	38,106,674
DLJ REAL ESTATE	26,528,141
RREEF REAL ESTATE FUND L.P.	11,046,049
<b>Total Closed-End Funds</b>	<b>198,938,407</b>

**Property Listing**

1015 18TH ST	13,200,000
1090 GEMINI ROAD	1,925,000
1500 LOCUST	68,500,000
1670 FRONTENAC	3,600,000
1674 FRONTENAC	3,600,000
1700 DOWNS DRIVE	5,050,000
230 GERRY DRIVE	3,210,000
2301 WINDSOR CT.	7,300,000
330 SOUTH EXECUTIVE DRIVE	7,230,000
3605 SWENSON AVENUE	3,950,000
3900 NORTHWOODS	9,250,000
4200 COMMERCE COURT	5,540,000
451 KINGSTON CT.	2,160,000
6240 CARMEN	6,700,000
800 WEST THORNDALE	3,520,000
865 XENIUM LANE	4,480,000
A. MCCALLISTER	441,000
AGLE	542,800
ALEXANDER	640,700
ANDERSEN	344,300
ARLINGTON ROAD	9,814,502
AUTUMN CHASE	11,580,000
BADGER MOUNTAIN	19,146,500
BARKLEY	2,990,100
BARLING	368,000
BARTEL	720,000
BATTS	546,800
BAYTECH	2,885,384
BECKNER	428,000
BEMENT	1,357,800
BESECKER	363,900
BETHANY	1,631,700
BIRCH	5,534,785
BLISS	803,900
BLUE RIDGE	256,000





# INVESTMENT LISTING

	Market Value		Market Value
IDC-COLES	1,729,700	PRESS	754,000
IDC-MCDONOUGH	940,200	RE RESOURCES	200,000
IDC-PIATT	3,295,200	REDLIN TRUST	440,400
IND. UNIVERSITY	264,000	REESE	580,900
INTERSTATE CROSSINGS	9,030,000	RESIDENZ	20,500,000
JAMES	233,800	RICE ESTATE - PA11	2,960,000
JEFFERIES	1,438,000	RICHARDSON CENTER	11,300,000
KINGSTON COURT LAND	2,240,000	RICHMOND	6,000,000
KLEMME	358,400	RIDGE PLAZA	0
KNEDLER	367,500	RIDGEWOOD COURT	7,837,382
KUHLMAN	288,400	RIVA ROAD	3,250,000
LAGUNA HILLS	7,625,000	RIVER LAKE	271,700
LAKE CITY	1,455,100	RIVER ROAD BUSINESS CENTER	6,940,000
LAKES OF BELLEVUE	33,900,000	RIVERSIDE	490,500
LEHMAN	369,500	ROAD LOUDOUN	1,200,000
LINDSEY	5,636,600	ROSE	156,000
LOS ALAMOS	6,863,500	ROYAL EAGLE PLAZA	8,115,759
LOSASSO	223,500	RUSSELL	1,100,000
LYTLE	2,160,000	RUSSELL (IN)	1,427,700
MADDOX	9,699,000	SAAVEDRA	274,700
MAESTRAS GROVE	12,950,700	SACHS	898,600
MARINE	576,000	SACK	848,200
MARLIN - LEMONS 1	1,336,000	SAE CORPORATION	600,800
MARLIN - LEMONS 2	748,000	SAN MARCO ON BROKEN SOUND	24,346,566
MAYHEW TECH CENTER	18,640,000	SAXE TRUST	600,000
MCKAY	234,100	SAYBROOK	2,622,200
MCPAHON	318,200	SCHABLE	234,800
MELVIN	249,800	SCHOOL STREET	16,600,000
MENDOTA HEIGHTS	12,100,000	SCHUMACHER	213,600
MERIDIAN	8,742,800	SEQ01	6,039,631
MIDDAY	584,000	SEQ02	5,202,483
MIDDLESWORTH	343,700	SEMINOLE TOWNE CENTER	72,900,000
MILLER	334,700	SERENOA CITRUS	2,400,000
MONTBELLO INDUSTRIAL PARK	31,400,000	SERENOA GROVE	3,184,700
MONTGOMERY LANE	350,000	SERENOA LEMONS	211,900
MOYER	272,000	SERENOA VEGETABLES	5,333,400
NAFZIGER	181,300	SEYMOUR	587,500
NARANJA	9,573,900	SHAWBACK	392,000
NEESE	438,900	SMITH	180,000
TRB NEWMARKET	5,100,000	SOMERSET	34,000,000
NORTH LAKE BUSINESS CENTER	23,600,000	SOUTHPARK SQUARE	9,600,000
NORTHILL	7,476,588	ST. CHARLES #12	6,300,000
NUGENT	781,000	ST. CHARLES LAND	8,900,000
NW MUTUAL	6,569,400	STEINMAN	1,266,200
O. REESER	501,200	STONE KING	260,700
OAKBROOK CENTER LAND	73,200,000	STONE MOUNTAIN FESTIVAL	21,500,000
OAKS OF EAGLE CREEK	31,700,000	SUDDUTH	775,700
OAKS OF OAKBROOK	13,600,000	SUNFOREST APARTMENTS	28,350,000
ODUM TRUST	489,500	SUNWORLD	10,074,000
ORANGE CO.	4,612,000	SUPER 8 MOTELS	1,970,000
ORLANDO MARRIOTT AIRPORT HOTEL	58,200,000	SWAN CREEK	641,300
ORLANDO MARRIOTT INT'L HOTEL	79,800,000	TECH WEST I	5,600,000
OTIS	230,700	TENNECO	736,000
P. ALMONDS IV	5,136,000	TENNECO WEST	9,360,700
P. ALMONDS IX	2,640,000	TERRA FARMS	226,100
P. ALMONDS VIII	4,576,000	TETCOM	8,800,000
P. ALMONDS XII	4,800,000	THE AVENUES	83,400,000
P. ALMONDS XIII	3,104,000	THE YARDS PLAZA	9,347,042
PACIFIC SHORES LIMITED PARTNERSHIP	12,450,000	THOMPSON	256,600
PARHAM	2,300,000	THOMPSON	432,000
PARKWAY CROSSING	1,800,000	TIMBER HOLLOW	16,400,000
PEMBROOKE	3,350,000	TIME & LIFE BUILDING	37,657,349
PEOPLES STREET	712,100	TR KOLL FLORHAM PARK	46,900,000
PETERSON	257,000	TR KOLL 85 E. COLORADO FUNDING CORP.	2,064,262
PETERSON	10,462,200	TR KOLL PHASE III CORPORATION	916,729
PHOENIX	1,156,300	TR KOLL VOSS CORONA CORPORATION	3,524,071
PHOENIX MUTUAL	2,456,500	TR KOLL WESTCHESTER CORPORATION	4,319,714
PLAZA AT BUCKLAND HILLS	24,968,272	VALLEY WEST	3,982,500
PORTAGE CREEK	2,880,000	VERMONT	14,500,000
POTOMAC LOANS	26,300,000	VILLAGE PARK PLAZA	27,558,319
PREM. PISTACHOIS 1	263,600	WALL ESTATE	659,900
PREM. VINEYARDS 1	2,880,000	WATSON	469,200
PREM. VINEYARDS II	1,272,000	WEDGEWOOD I	7,600,000
PRESIDENT'S PLACE	48,600,000	WEST CHAPMAN	2,346,522



## INVESTMENT LISTING

	<u>Market Value</u>		<u>Market Value</u>
WEST TOWN CORNERS	13,672,592	JAPANESE YEN	2,280,583
WESTLAND PARK PLAZA	6,584,686	MALAYSIAN RINGGIT	13,907
WHITE	481,100	MEXICAN NUEVO PESO	23
WHITE OAK CENTER I	13,910,000	NETHERLANDS GUILDER	(172,385)
WHITSON	259,300	NEW ZEALAND DOLLAR	4
WILDWOOD	10,300,000	NORWEGIAN KRONE	161,132
WILLIAMS PLAZA I	20,000,000	PHILIPPINE PESO	12
WILLIAMS PLAZA II	22,530,000	PORTUGUESE ESCUDO	39
WILLOW BRANCH	1,412,100	SINGAPORE DOLLAR	384
WILLOW KNOLLS COURT	17,462,801	SOUTH AFRICAN RAND	85
WINROCK	917,000	SOUTH KOREAN WON	47,594
WRIGHT	1,582,400	SPANISH PESETA	(27,848)
WYFFEL	198,900	SWEDISH KRONA	121
YOUNGER	376,800	SWISS FRANC	717,207
ZARTMAN	581,500	<b>TOTAL CURRENCY INVESTMENTS</b>	<b>9,969,850</b>
ZEWADSKI	461,700		
<b>Total Properties</b>	<b>2,193,825,222</b>	<b>TOTAL FUND</b>	<b>20,982,659,087</b>
<b>Real Estate Loans and Misc. Assets</b>			
ARLINGTON ROAD LOAN	5,425,498		
EXCHANGE PARK LOAN	4,732,722		
HEBRON OFFICE BUILDING LOAN	2,443,383		
RIDGE PLAZA LOAN	10,000,000		
MISCELLANEOUS ASSETS	50,067,225		
<b>Total Real Estate Loans and Misc. Assets</b>	<b>72,668,828</b>		
<b>TOTAL REAL ESTATE</b>	<b>2,465,432,457</b>		
<b>ALTERNATIVE INVESTMENTS</b>			
ANGELO GORDON & COMPANY	33,572,576		
APEX INVESTMENT FUND III L.P.	39,549,345		
DAYSTAR SPECIAL SITUATIONS FUND L.P.	65,510,533		
DLJ MERCHANT BANKING II	26,629,176		
DLJ MERCHANT BANKING I	17,668,823		
FRONTENAC VENTURE V	2,040,182		
FRONTENAC VENTURE VI	10,285,188		
KOHLBERG KRAVIS ROBERTS & CO.	20,861,104		
MESIROW CAPITAL PARTNERS VII	9,201,319		
PENMAN PRIVATE EQUITY	8,506,383		
PERISCOPE FUND I	1,310,040		
SANDLER CAPITAL MANGEMENT	17,254,285		
SCP PRIVATE EQUITY L.P.	8,637,221		
TCW/LATIN AMERICA PRIVATE EQUITY PARTNERS	11,445,917		
TRIVEST COMPANY	7,240,797		
VS&A COMMUNICATIONS PARTNERS II	26,575,914		
WALNUT GROWTH PARTNERS - L.P.	6,017,653		
WILLIAM BLAIR MEZZANINE FUND II	13,937,536		
WPG CORPORATE DEVELOPMENT	7,501,963		
WPG ENTERPRISE FUND I	16,800,887		
WPG ENTERPRISE FUND II	66,094,484		
WPG ENTERPRISE FUND III	41,477,500		
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>458,118,826</b>		
<b>CURRENCY INVESTMENTS</b>			
ARGENTINE AUSTRAL	763,628		
AUSTRALIAN DOLLAR	575,051		
AUSTRIAN SHILLING	16		
BELGIAN FRANC	177,791		
BRAZILIAN REAL	10		
BRITISH POUND STERLING	7,288,831		
CANADIAN DOLLAR	461,454		
DANISH KRONE	79		
EUROPEAN CURRENCY UNIT	374		
FINNISH MARKKA	211		
FRENCH FRANC	1,205,079		
GERMAN DEUTSCHE MARK	(1,582,653)		
HONG KONG DOLLAR	110,965		
INDONESIAN RUPIAH	(2)		
IRISH POUND	26,296		
ITALIAN LIRA	(2,078,147)		

Printed by the authority of the State of Illinois  
Printed on recycled paper using soybean oil-based ink  
\$3.36 per copy  
4M-3057628-12/98