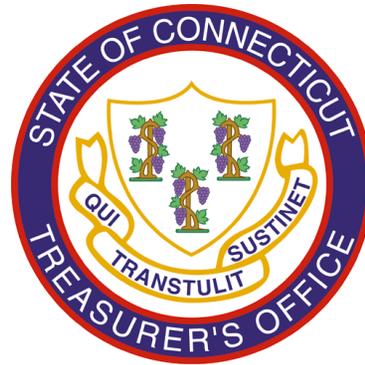


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Short-Term Investment Fund  
Annual Investors Meeting  
March 24, 2011



Office of  
Connecticut State Treasurer  
Denise L. Nappier

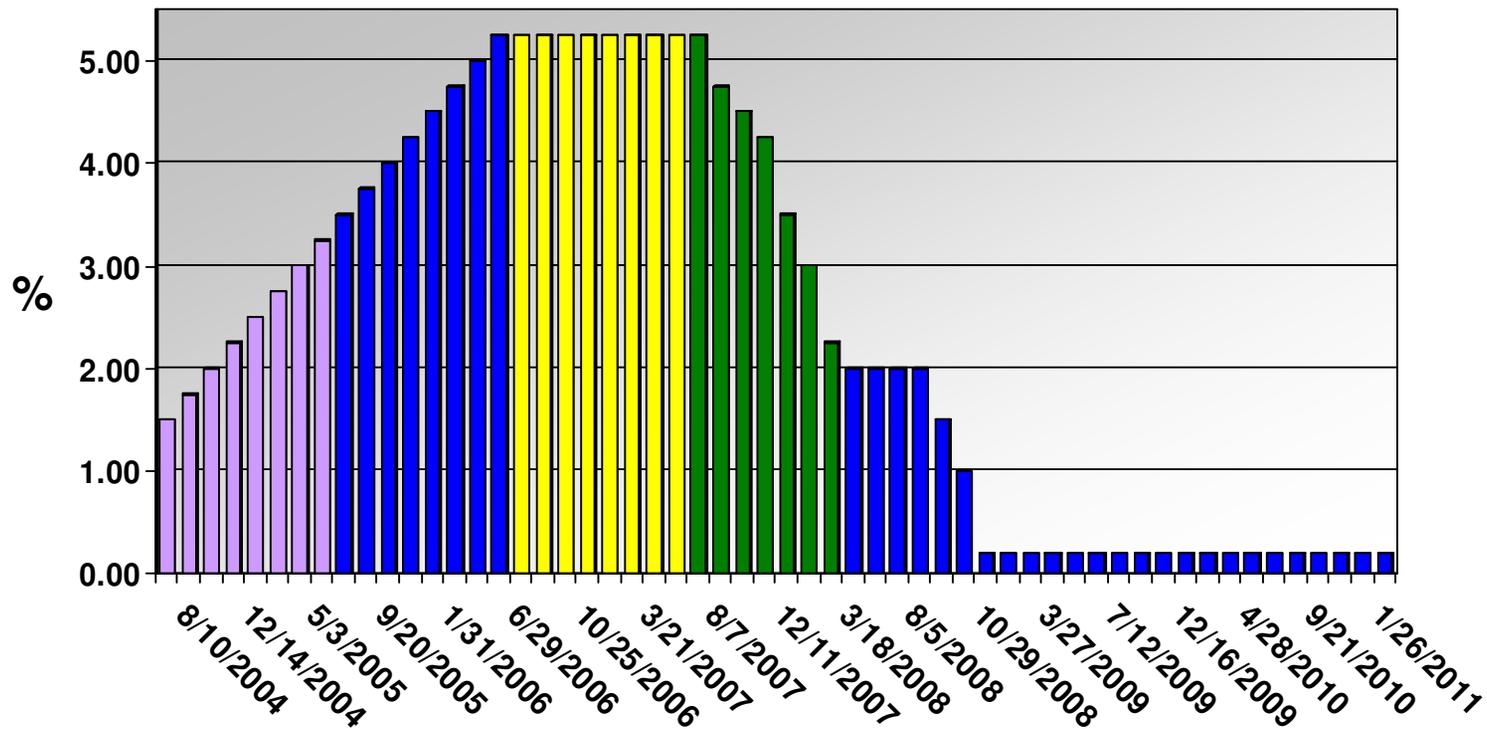
# STIF Annual Meeting

- Market report
- Fiscal year 2010 results
- Fiscal year 2011 update
- New federal money market fund (2a-7) regulations
- STIF's reserves

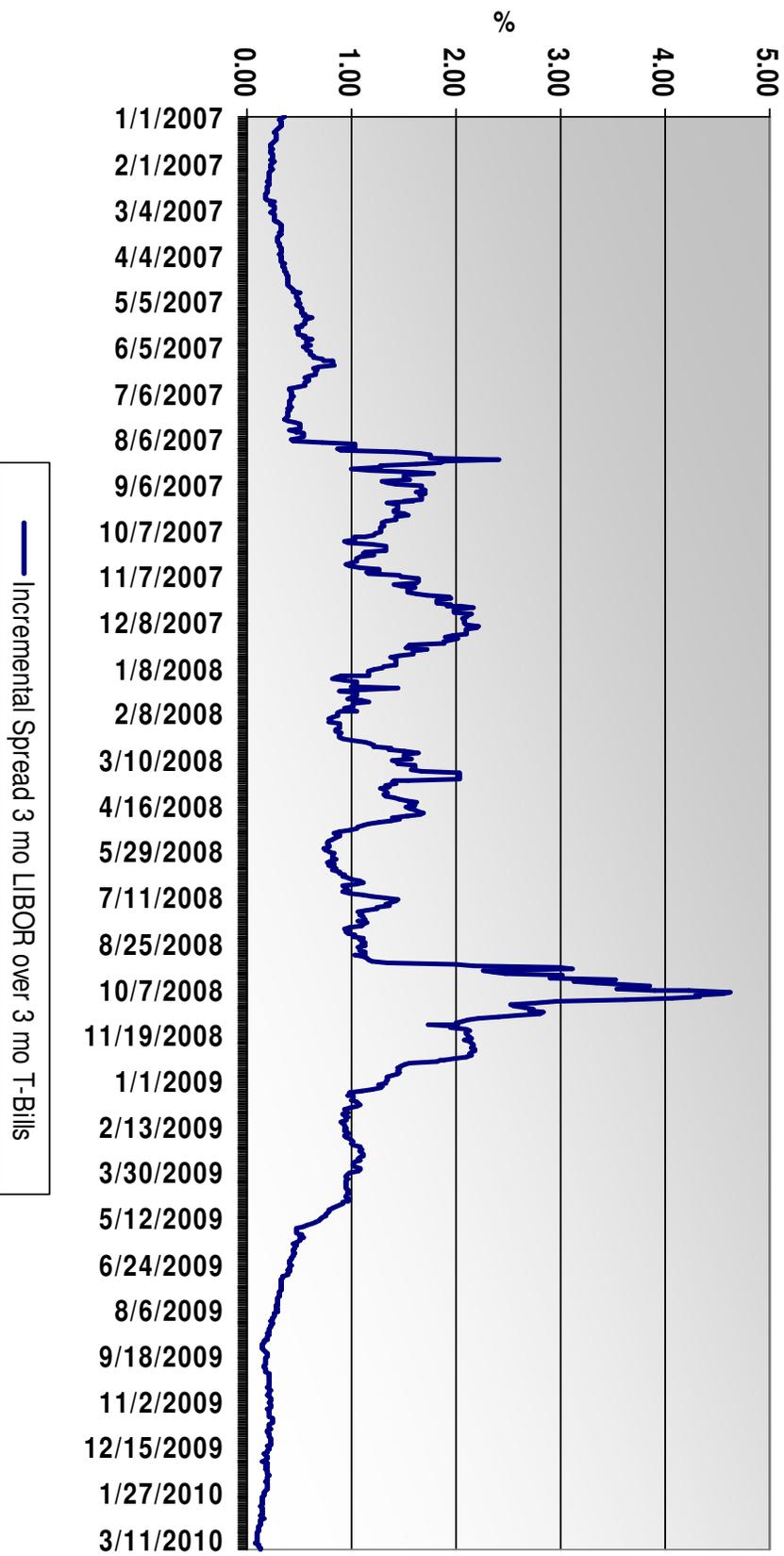
# Markets Begin to Stabilize

- Interest rates stable -- very low -- but stable
- TED spread generally within historical range
- Government support programs winding down
- Banks paying back federal government support...dividends return
- Equity markets improve significantly

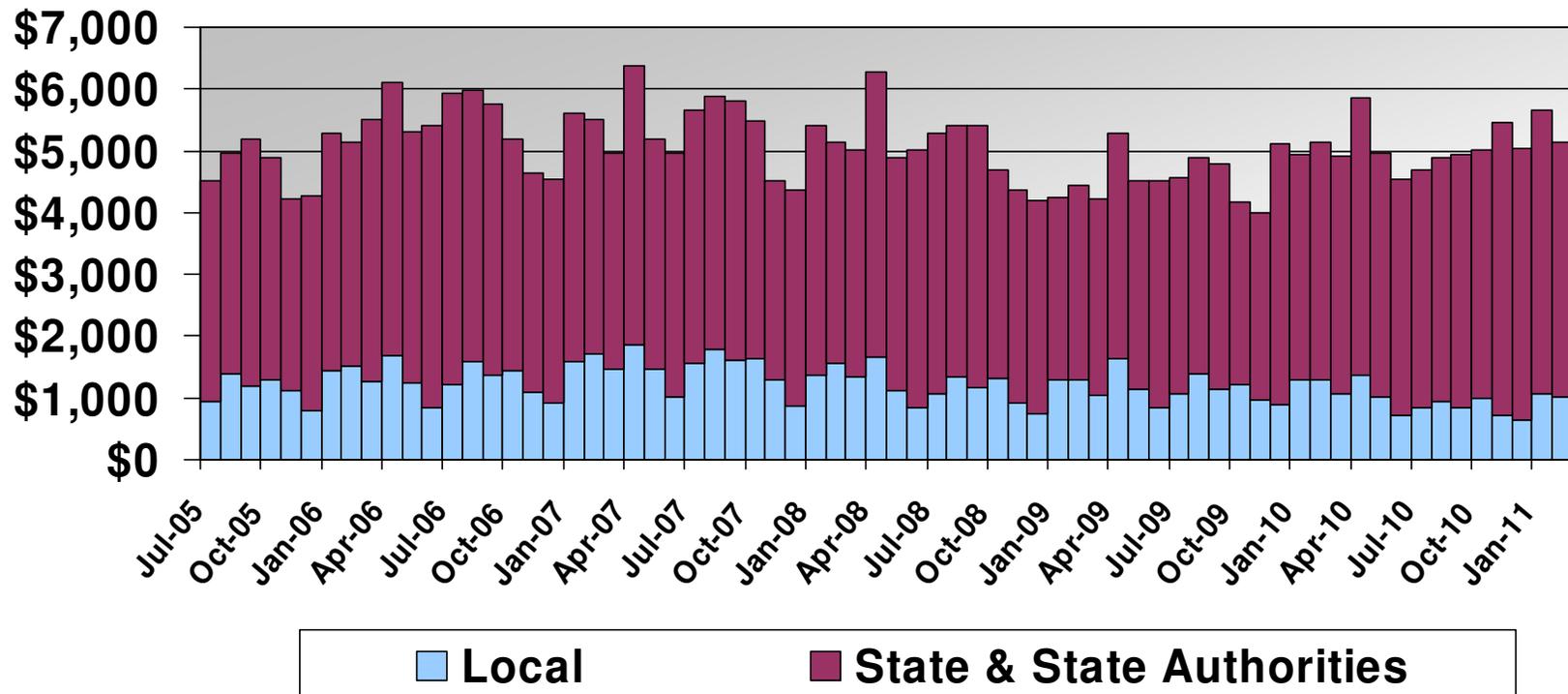
# FOMC Federal Funds Target Rate History



# Credit Market Recovery: T-Bills vs. LIBOR Spread



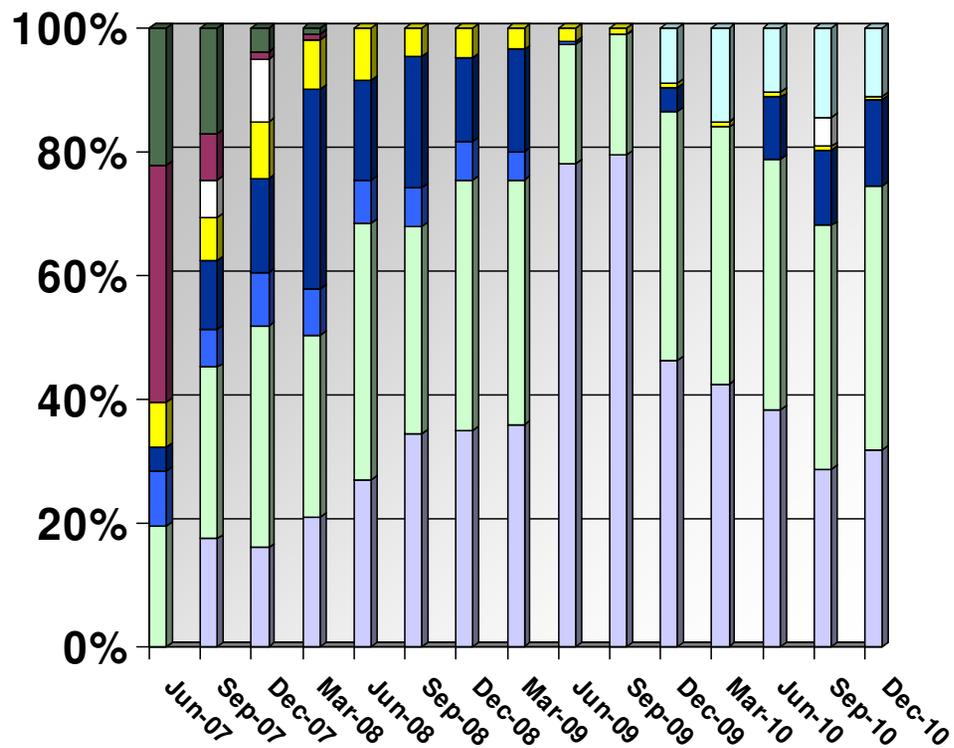
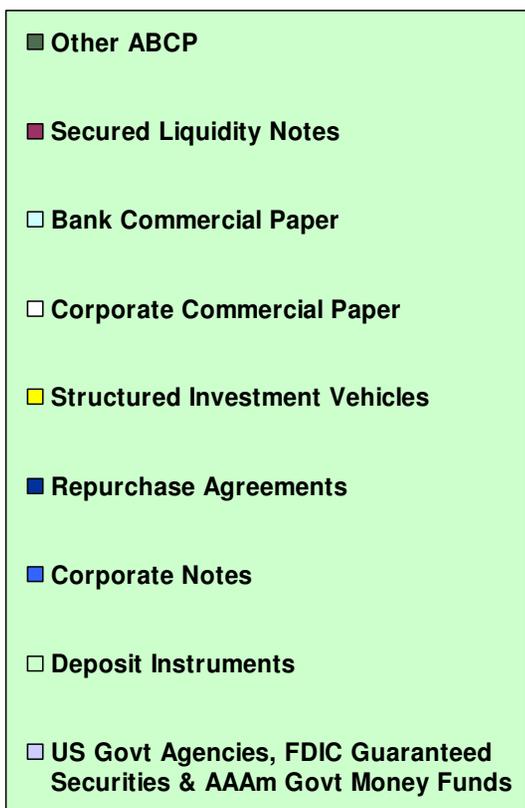
# State and Local Deposits (\$ in millions)



# Prudent Adjustments to Investment Strategy Continue

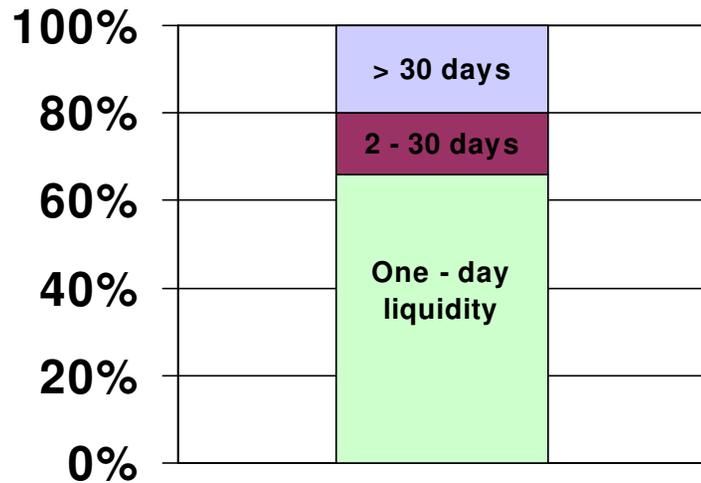
- Summer 2007 promptly and decisively shifted allocations between security classes
  - Higher exposure to U.S. government and federal agency-backed securities
  - Elimination of secured liquidity notes and asset-backed CP
- Increased liquidity
  - Same or one day liquidity increased to approximately 70 percent of assets
- WAM cut to shorten exposure to credit and interest rate risks

# Changing Portfolio Composition

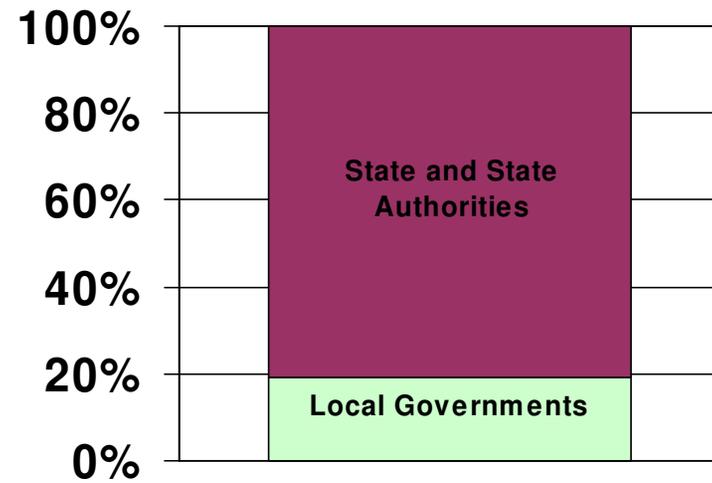


# High Level of Liquidity

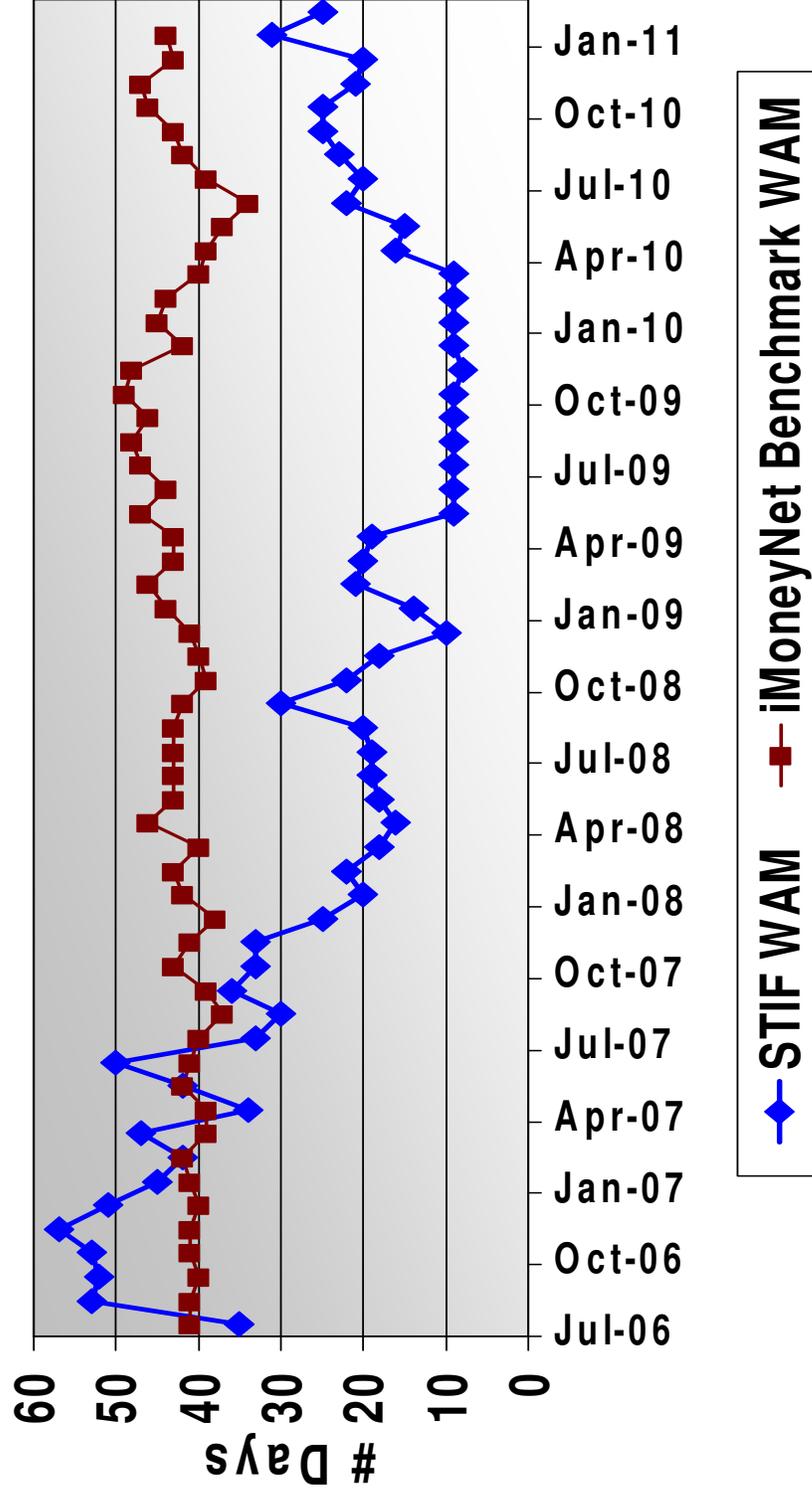
**Liquidity Analysis at  
February 28, 2011**



**STIF Deposits at  
February 28, 2011**



# Weighted Average Maturity



## Investor Returns: FY 2010

- Outperformed benchmark by 25 bps (0.34% vs. 0.09%) while maintaining cautious strategy
- Returned \$11.9 million to investors above the benchmark; extra \$172 million over past 12 years
- AAAm rating maintained and affirmed by Standard & Poor's
- Added \$4.7 million to reserves

# STIF Performance: Period ending June 30, 2010

	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS
<b>Compounded Annual Total Return (%)</b>					
STIF	0.34	1.97	3.16	2.75	2.95
MFR Index*	0.09	1.81	2.90	2.45	2.63
Fed. Three-Month T-Bill	0.12	1.16	2.47	2.22	2.40
Fed. Three-Month CD	0.29	2.08	3.20	2.80	2.89
<b>Cumulative Total Return (%)</b>					
STIF	0.34	6.04	16.81	20.91	33.81
MFR Index*	0.09	5.52	15.39	18.48	29.60
Fed. Three-Month T-Bill	0.12	3.52	13.00	16.62	26.83
Fed. Three-Month CD	0.29	6.39	17.09	21.34	32.95

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

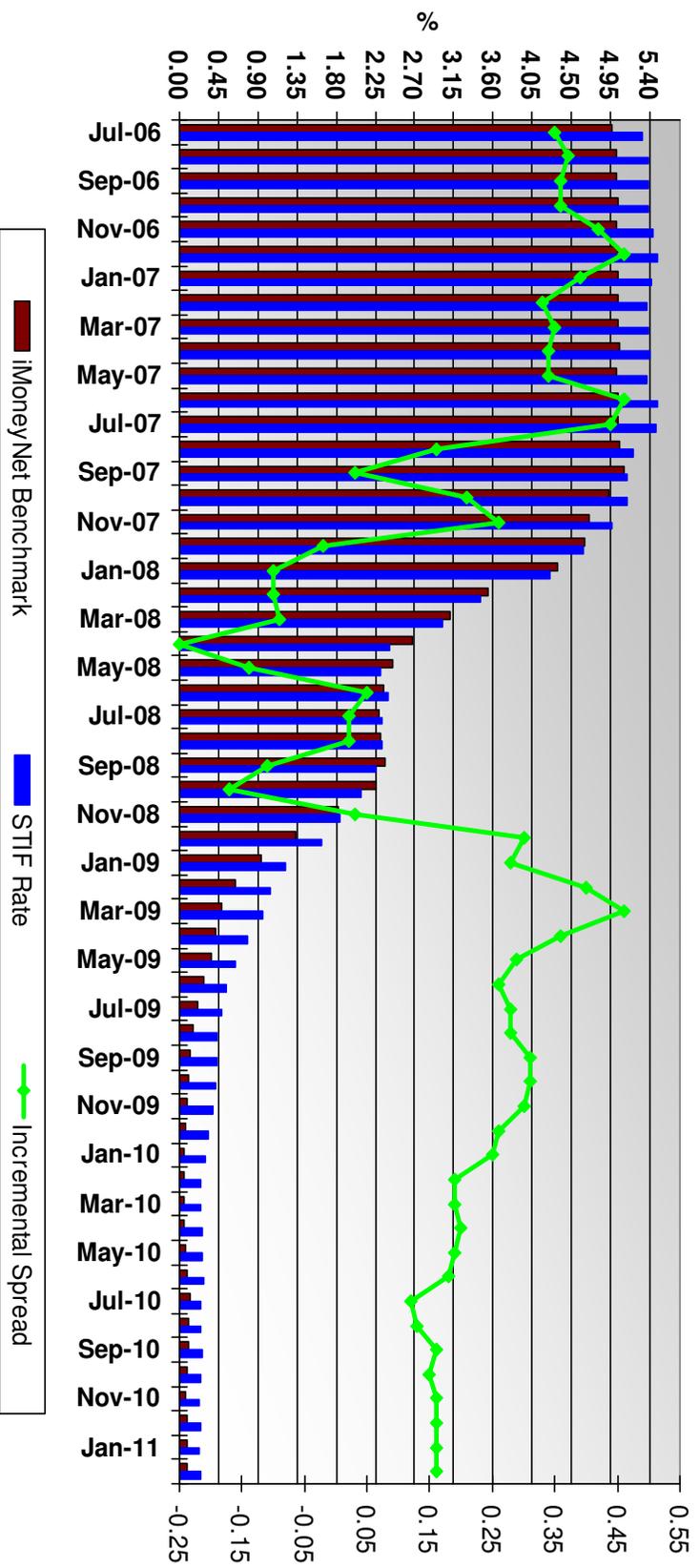
## Amount Returned to Investors Above Benchmark

<b>Fiscal Year 2010</b>	<b>\$11.9 million</b>
<b>Fiscal Year 2009</b>	<b>\$8.7 million</b>
<b>Fiscal Year 2008</b>	<b>\$3.0 million</b>
<b>Fiscal Year 2007</b>	<b>\$21.1 million</b>
<b>Fiscal Year 2006</b>	<b>\$18.4 million</b>
<b>Fiscal Year 2005</b>	<b>\$17.0 million</b>
<b>Fiscal Year 2004</b>	<b>\$15.7 million</b>
<b>Fiscal Year 2003</b>	<b>\$16.3 million</b>
<b>Fiscal Year 2002</b>	<b>\$16.1 million</b>
<b>Fiscal Year 2001</b>	<b>\$15.8 million</b>
<b>Fiscal Year 2000</b>	<b>\$15.6 million</b>
<b>Fiscal Year 1999</b>	<b>\$12.0 million</b>
<b>Last Twelve Years</b>	<b>\$171.6 million</b>

## Recent Performance: Period Ending 12/31/2010

- For calendar year 2010, outperformed benchmark by 17 bps (0.25% vs. 0.08%), thereby earning an additional \$8.4 million for investors
- For six months ending 12/31/2010, outperformed benchmark by 14 bps (0.24% vs. 0.10%), thereby earning an additional \$3.6 million for investors
- Maintaining conservative strategy
- Maintaining AAAm rating

# STIF Return vs. Benchmark



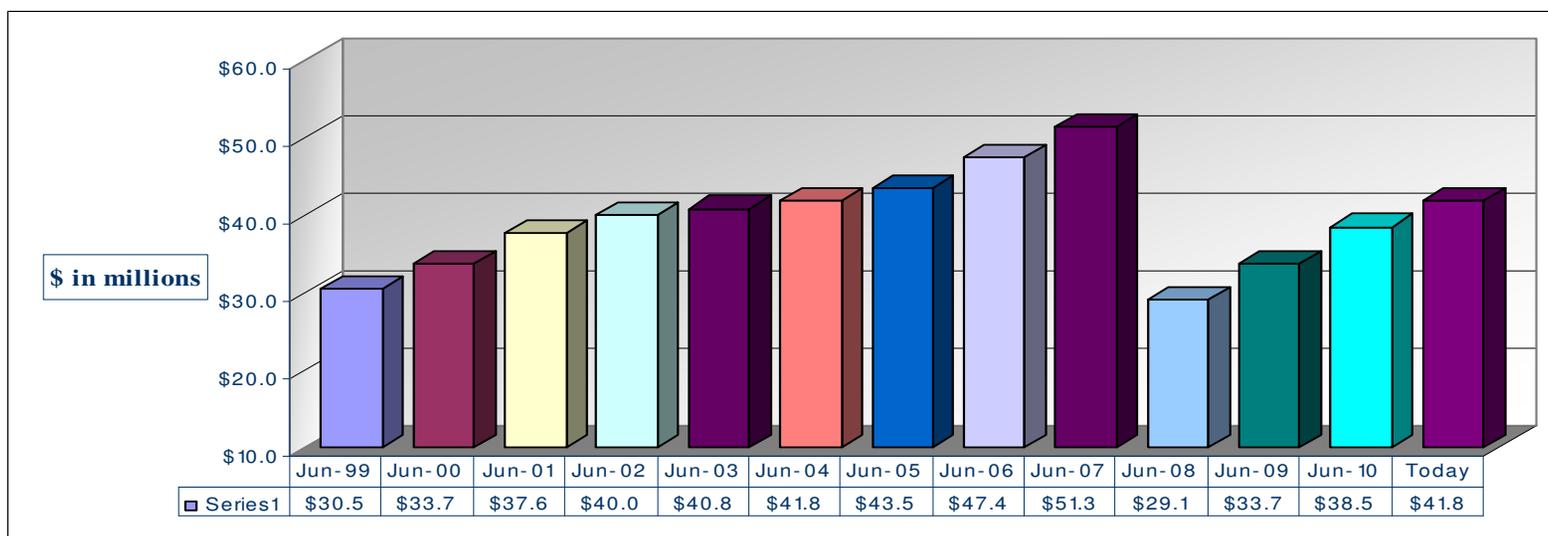
## New Money Market Fund (2a-7) Regulations

- SEC approved money market fund reforms under Rule 2a-7 of the Investment Company Act of 1940 to better protect investors
- New rules are “intended to increase the resilience of money market funds to economic stresses and reduce the risks of runs on the funds.”
- STIF, which operates in similar fashion to 2a-7 funds, was already in compliance with new liquidity, maturity and credit quality standards

## New Money Market Fund (2a-7) Regulations (Continued)

- STIF implemented following disclosures on our website:
  - Portfolio holdings
  - Fair market values of securities
  - Net Asset Value (NAV)
  - Weighted Average Maturity (WAM)
  - Weighted Average Life (WAL)

# STIF Reserves



**Reserves allowed the absorption of security value fluctuations without affecting STIF's \$1 per share NAV or the loss of principal to any STIF investor**

# Thank you!

**Assistant Treasurer  
Cash Management**

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**STIF Investor Services**

Accountant  
Barbara Szuba  
(860) 702-3118  
Email: STIFadministration@ct.gov

**Investment Transactions**

1-800-754-8430

**Voice Response System**

1-800-882-8211 (Fund 136)

**STIF Express Online Account Access**

[www.state.ct.us/ott/STIFHome.htm](http://www.state.ct.us/ott/STIFHome.htm)