



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

FOR IMMEDIATE RELEASE

Monday, October 16, 2006

State Treasury's Investment Fund Ranked #1 in USA; 33% Increase in Participating Investors

Superior Performance Helps Cities & Towns Hold the Line on Taxes

State Treasurer Denise Nappier announced today that the \$5.2 billion Connecticut Short-Term Investment Fund (STIF) ranked as the nation's top government investment pool last month, according to an independent firm that monitors the monthly performance of such investment pools.

STIF is an investment fund for the liquid cash investments of the State Treasury, state agencies and authorities, municipalities, and other political subdivisions of the State. The total number of state, local and regional agencies and authorities participating in STIF has grown from 241 in January 1999 to 320 as of October 2006, an increase of 33 percent. Currently, 136 of Connecticut's 169 towns invest with STIF.

"The investment fund's number one ranking reflects a solid track-record of excellent performance, which has made a real difference for municipalities and other investors – and ultimately for their taxpayers."

STIF has ranked as the #1 government investment pool in 9 of the past 11 months, among more than 80 such funds reported by TRACS Financial Researchⁱ, which monitors the performance of government investment pools on a monthly basis. Connecticut's investment fund was ranked as the #2 fund during the other two months.

"The investment fund's number one ranking reflects a solid track-record of excellent performance, which has made a real difference for municipalities and other investors – and ultimately for their taxpayers," said Treasurer Nappier. "The record level of participating municipalities is a vote of confidence in our work, and our status as the top-ranked funds affirms the success of our efforts."

Nappier also noted a series of significant achievements thus far during 2006, including:

- All-time record breaking asset level of \$6.3 billion
- Investors received an interest rate above 5% for the first time in five years
- A record-level contribution to the Fund reserve, \$4.2 million, which brought total reserves to \$49 million, strengthening the Fund's creditworthiness.

ⁱ "The Public Interest, An objective resource for state, county and local government investment pools," TRACS Financial Research.

CONTACT: **BERNARD L. KAVALER**
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

In fiscal year 2006, STIF outperformed its investment benchmark by 37 basis points on record asset levels. That resulted in the highest payout of incremental income, above the benchmark, during the past seven years: \$18.3 million.

STIF's above-average performance during the past seven years (through June 30, 2006) has provided \$114 million in additional income, above its benchmark, to participating municipal, state and regional agencies and authorities. STIF has outperformed its iMoneyNet benchmark by more than 33 basis points for seven consecutive years.

In addition to its track-record of superior performance, STIF is valued for having a low risk profile, low expense ratio, and high level of liquidity, allowing participating authorities to withdraw funds on the same day they request them.

During the first quarter of the current fiscal year, through September 30, 2006, STIF has earned an average yield of 5.36 percent, outperforming its iMoneyNet benchmarkⁱⁱ, which averaged 5.01 percent, by 35 basis points. It also outperformed the S&P Rated Government Investment Pool Indexⁱⁱⁱ, which averaged 5.07 percent, by 29 basis points.

STIF lowers risk by investing in high quality, well-diversified securities with relatively short average maturities, and keeps a reserve of approximately one percent of Fund assets to protect against losses in principal -- a reserve that has never been drawn upon since the Fund's inception in 1972. STIF is a Standard & Poor's (S&P) AAAM rated investment pool of high-quality, short-term money market instruments.

ADVANCING INVESTMENT TECHNOLOGY

Within the past year, the Treasurer's Office has also launched an online account access and transaction system for STIF investors, making the program even more accessible and efficient.



By utilizing STIF Express, investors can monitor balances, confirm trades and income distributions, and access transaction histories. STIF Express also permits investors to use the online system to execute transactions for purchases and redemptions.

Development of STIF Express was aided by the participation of a number of communities during a pilot process last year. The towns of Middletown, Greenwich and Stamford tested the new system before it became fully operational, providing valuable feedback prior to implementation.

"We've approached these technological advances carefully, ensuring that appropriate safeguards were in place before moving forward," Treasurer Nappier said.

ⁱⁱ iMoneyNet's First-Tier Institutional-Only Rated Money Fund Report AveragesTM Index

ⁱⁱⁱ The S&P Rated Government Investment Pool Index is comprised of government investment pools that are rated AAM or AAAM by Standard & Poor's and represent pools that strive to maintain a stable net asset value.