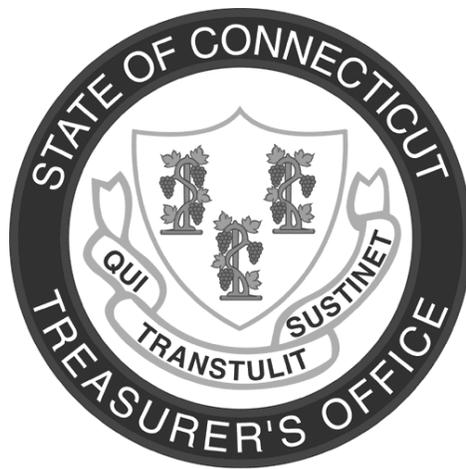


**CONNECTICUT  
STATE TREASURER'S  
SHORT-TERM INVESTMENT FUND**



**QUARTERLY REPORT**

**QUARTER ENDING MARCH 31, 2010**

**DENISE L. NAPIER  
STATE TREASURER**

## MESSAGE FROM THE TREASURER

### Dear Investor:

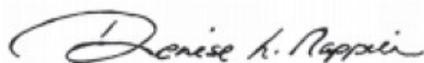
I am pleased to report that the Connecticut Short-Term Investment Fund (STIF) continues to perform at levels significantly above similar money funds. During the quarter ending March 31, 2010, STIF earned an average annualized yield of 0.26 percent. Our iMoney-Net benchmark\* earned an average yield of 0.05 percent. Thus, STIF outperformed its benchmark by a strong 21 basis points, earning an additional \$2.6 million in interest above the index for STIF investors during the quarter.

For the 12 months ending March 31, 2010, STIF achieved an annual return of 0.44 percent, exceeding its primary benchmark by 28 basis points, thereby earning an additional \$13 million in interest income for Connecticut's agencies, authorities, municipalities and their taxpayers.

While our economy continues its climb from the Great Recession, our cautious investment practices have included a very high level of liquidity, a short average portfolio maturity, and significant restrictions on investments in corporate securities. STIF currently holds 74 percent of fund assets in overnight investments or investments that are available on a same-day basis. Our weighted average maturity is 24 days. Forty-five percent of STIF's assets are invested in securities issued, insured or guaranteed by the U.S. government or federal agencies or in repurchase agreement backed by such securities. Moreover, STIF's reserves now stand at \$38 million, or 0.8 percent of total assets.

As always, we value your confidence in STIF and pledge to work with vigilance to protect the safety, liquidity and performance of the fund for the benefit of all investors.

**Sincerely,**



**Denise L. Nappier**

**Treasurer, State of Connecticut**

**June 16, 2010**

\* iMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report Averages Index

# PERFORMANCE REPORT

The information contained within the Performance Report for the Short-Term Investment Fund (STIF), includes an update on the economy, a review of the direction of short-term interest rates, and a recap of the strategic and asset allocation positions of STIF.

## ECONOMIC OUTLOOK

The chart below gives an assessment of economic growth, inflation, and the employment situation. All told, STIF is operating in an environment of positive economic growth with employment beginning to expand.

### ECONOMIC SNAPSHOT

	Recent Results	Future Expectations*						
<b>Growth</b>	The U.S. economy grew at an annual rate of 3.0 percent during the third quarter of Fiscal Year 2010.	The Bloomberg June 2010 survey of U.S. economic forecasts projects that the U.S. economy will rise at an annualized rate of 3.3 percent for the fourth quarter of FY10. For all of CY10, the economy is projected to expand at an average rate of 3.2 percent.						
<b>Inflation</b>	Major Inflation Indices – Year-over-Year as of June 11, 2010  <table style="margin-left: 40px;"> <tr> <td>Core PCE</td> <td>1.3 percent</td> </tr> <tr> <td>Core CPI</td> <td>0.9 percent</td> </tr> <tr> <td>Core PPI</td> <td>1.0 percent</td> </tr> </table>	Core PCE	1.3 percent	Core CPI	0.9 percent	Core PPI	1.0 percent	Economists expect core PCE, which is a reflection of personal consumption less food and energy, to increase by an annualized 1.1 percent in the fourth quarter of FY10. Total CPI, which represents prices of all goods and services purchased for consumption by urban households, is expected to increase at an annualized rate of 2.0 percent in the fourth quarter of FY10. CPI is expected to increase by an average of 1.8 percent in CY10.
Core PCE	1.3 percent							
Core CPI	0.9 percent							
Core PPI	1.0 percent							
<b>Employment</b>	In May, non-farm payrolls added 431,000 jobs with the unemployment rate declining to 9.7 percent from April's 9.9 percent.	Economists expect the unemployment rate to average 9.6 percent in CY10.						

\* *Bloomberg monthly survey of U.S. economic forecast*

## SHORT-TERM INTEREST RATE OUTLOOK

During the recent financial crisis, the Federal Reserve's Federal Open Market Committee (FOMC) cut the federal funds target rate from 5.25 percent in 10 separate actions to a range of 0.00 to 0.25 percent, where it has remained since December 16, 2008.

At its March 16, 2010, meeting, the FOMC stated that "economic activity has continued to strengthen and ... the labor market is stabilizing. Household spending is expanding at a moderate rate... Business spending on equipment and software has risen significantly." Further, the FOMC cautioned that "investment in nonresidential structures is declining, housing starts have been flat at a depressed level, and employers remain reluctant to add to payrolls."

At its April 28, 2010, meeting, the FOMC stated that since the March meeting, "economic activity has continued to strengthen and ... the labor market is beginning to improve. Growth in household spending has picked up recently but remains constrained by high unemployment, modest income growth, lower household wealth, and tight credit." Further, the FOMC stated that "although the pace of economic recovery is likely to be moderate for a time, the Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability."

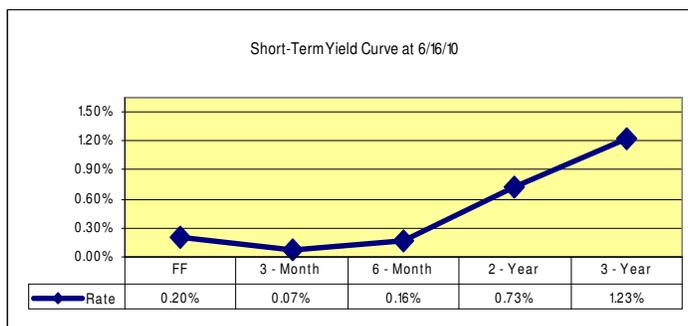
## PERFORMANCE REPORT

The chart below shows the FOMC meeting dates for calendar year 2010 and the actual or projected level of the federal funds target rate throughout this time horizon.

FOMC Meeting Dates	Federal Funds Target Rate Level	
	Actual	Future Projection (a)
January 27, 2010	0.00 to 0.25%	
March 16, 2010	0.00 to 0.25%	
April 28, 2010	0.00 to 0.25%	
June 23, 2010		0.19%
August 10, 2010		0.22%
September 21, 2010		0.23%
November 3, 2010		0.27%
December 14, 2010		0.29%

a) Federal Funds and Eurodollar futures data, which project the implied future federal funds rate as of June 16, 2010.

The current yield curve is upward sloping.  
(See chart at right.)



### SHORT-TERM INVESTMENT FUND PERFORMANCE

With GDP growing at an annualized rate of 3.0 percent in the first quarter of 2010, and the labor market adding jobs every month since January, the U.S. economy appears to be pulling itself out of the throes of the worst economic period since the Great Depression. On the heels of this good news are the difficulties developing in the Euro-zone, initiated by the debt crisis in Greece and slowly creeping into other European countries, specifically Spain, Portugal and Ireland. The unknown for the U.S. economy is the effect the problems facing Europe may bring to our shores. This uncertainty has contributed directly to the recent volatility in both the equity and fixed income markets.

At the end of the third quarter of FY10, STIF's weighted-average maturity was 15 days, and liquidity, represented by overnight investments and investments available on a same-day basis, totaled \$3.9 billion, or 80 percent of assets. Bank deposit instruments accounted for 41.7 percent of STIF's assets, followed by Federal Deposit Insurance Corporation (FDIC) insured or guaranteed instruments at 25.1 percent, federal agency securities at 17.2 percent, and bank commercial paper at 15.2 percent.

During the quarter, the daily annualized yield fluctuated from 0.21 percent to 0.32 percent and ended at 0.21 percent. The average annualized yield for the quarter was 0.26 percent, which exceeded the rate earned by similar funds by 21 basis points.

Despite signs of market stabilization, we will continue to maintain a more cautious strategy and will adjust our investment decisions should market conditions continue to strengthen.

*Performance Report reflects the views of the management of the Office of the State Treasurer's Short-Term Investment Fund.*

**SHORT-TERM INVESTMENT FUND**  
**COMPARATIVE MONTHLY ANNUALIZED YIELDS (%)**  
**(UNAUDITED)**

	<u>STIF</u>		<u>MFR Index (a)</u>	
	<u>Yield (b)</u>	<u>Effective Yield (c)</u>	<u>Yield (b)</u>	<u>Effective Yield (c)</u>
Jan-10	0.29	0.29	0.05	0.05
Feb-10	0.24	0.24	0.05	0.05
Mar-10	0.24	0.24	0.05	0.05
<b>Average</b>	<b>0.26</b>	<b>0.26</b>	<b>0.05</b>	<b>0.05</b>

(a) iMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report Averages Index (MFR Index).

(b) Annualized simple interest yield less expenses and contributions to reserves.

(c) Annualized compounded yield less expenses and contributions to reserves.

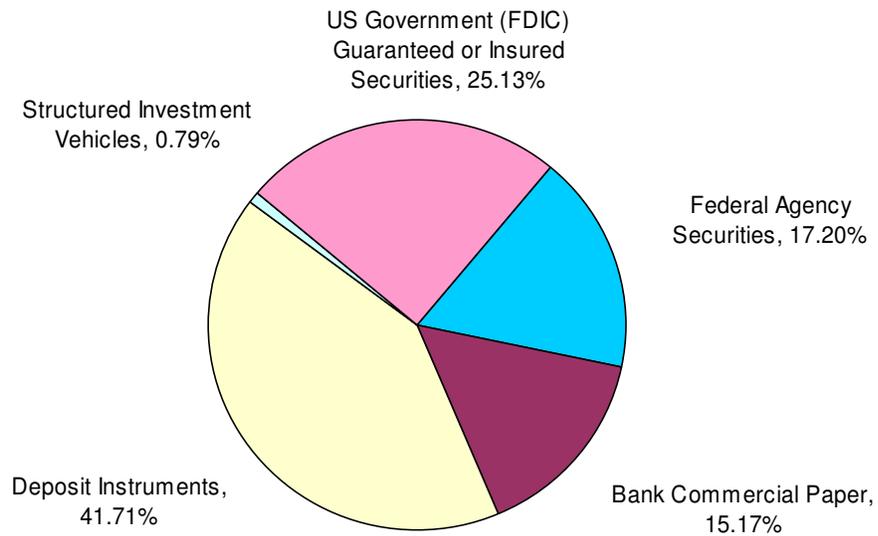
**SHORT-TERM INVESTMENT FUND**  
**RATE OF RETURN (%)**  
**PERIOD ENDED MARCH 31, 2010 (UNAUDITED)**

	<u>Three- Month</u> <sup>(a)</sup>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
STIF	0.06	0.44	2.41	3.30	2.79	3.11
MFR Index <sup>(b)</sup>	0.01	0.16	2.23	3.04	2.48	2.78

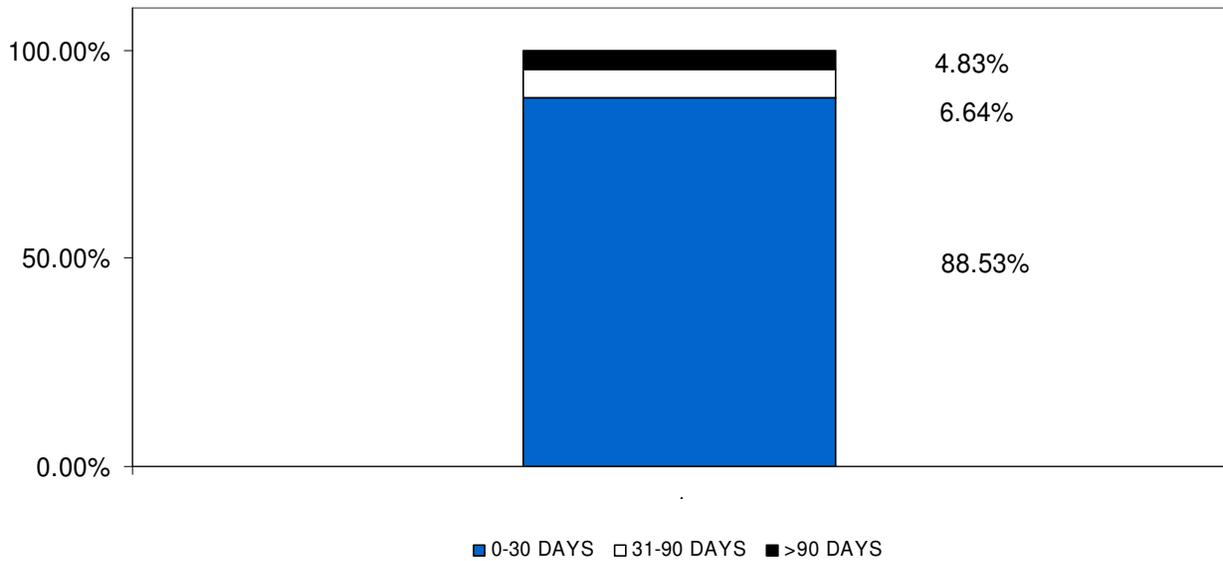
(a) Three-month rate of return is not annualized.

(b) iMoneyNet's First Tier Institutions-Only AAA-Rated Money Fund Report Averages Index (MFR Index).

**SHORT-TERM INVESTMENT FUND**  
**DISTRIBUTION BY INVESTMENT TYPE MARCH 31, 2010**



**SHORT-TERM INVESTMENT FUND**  
**DISTRIBUTION BY MATURITY AT MARCH 31, 2010**



Weighted Average Maturity = 15 days  
 Includes recognition of deposit instruments with daily put options.

## SHORT-TERM INVESTMENT FUND

### LIST OF INVESTMENTS AT MARCH 31, 2010 (UNAUDITED)

Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
<b>FEDERAL AGENCY SECURITIES (17.20%)</b>						
10,000,000	FFC 0.39, 12/1/10	0.58	9,999,332	9,987,070	AAA	31331G4T3
5,000,000	FFC-FLT 0.60, 1/24/11	0.25	5,020,477	5,016,340	AAA	31331GFV6
25,000,000	FFC-FLT 0.33, 4/25/11	0.22	25,000,000	25,027,900	AAA	31331GL56
25,000,000	FFC-FLT 0.18, 5/6/11	0.28	24,977,625	24,972,425	AAA	31331G2Z1
25,000,000	FFC-FLT 0.50, 7/27/11	0.31	25,000,000	25,062,550	AAA	31331GC80
25,000,000	FFC-FLT 0.32, 8/3/11	0.24	24,996,584	25,032,975	AAA	31331GF79
25,000,000	FFC-FLT 0.35, 08/17/11	0.32	24,998,258	25,011,725	AAA	31331GH93
25,000,000	FFC-FLT 0.30, 9/16/11	0.33	24,994,556	24,990,825	AAA	31331JHR7
50,000,000	FFC-FLT 0.21, 11/2/11	0.26	50,000,000	49,978,600	AAA	31331G2M0
23,000,000	FFC-FLT 0.23, 11/4/11	0.34	22,985,127	22,960,210	AAA	31331G2V0
25,000,000	FFC-FLT 0.23, 11/23/11	0.34	24,991,662	24,953,275	AAA	31331G4C0
25,000,000	FFC-FLT 0.26, 1/25/12	0.36	24,986,227	24,954,100	AAA	31331JCF8
5,000,000	FHLB 1.00, 8/5/10	0.25	5,013,291	5,012,905	AAA	3133XTK47
10,000,000	FHLB 0.40, 12/28/10	0.58	9,992,111	9,986,490	AAA	3133XVZC8
10,000,000	FHLB 0.57, 12/29/10	0.58	10,013,048	9,999,250	AAA	3133XV5G2
3,333,333	FHLB 0.50, 3/7/11	0.59	3,333,333	3,330,600	AAA	3133XWXX2
10,000,000	FHLB 3.25, 3/11/11	0.58	10,262,343	10,251,090	AAA	3133XPWW
10,000,000	FHLB 0.50, 3/14/11	0.59	10,000,000	9,991,350	AAA	3133XX4G9
10,000,000	FHLB 0.50, 4/6/11	0.60	9,990,186	9,989,580	AAA	3133XXKZ9
10,000,000	FHLB 0.70, 4/18/11	0.61	10,017,455	10,009,670	AAA	3133XVDM0
3,000,000	FHLB-FLT 0.20, 1/14/11	0.25	3,002,373	3,000,051	AAA	3133XSVP0
25,000,000	FHLB-FLT 0.25, 5/25/11	0.29	25,000,000	24,989,200	AAA	3133XVVN8
25,000,000	FHLB-FLT 0.25, 6/21/11	0.30	24,993,823	24,985,850	AAA	3133XWCS6
25,000,000	FHLB-FLT 0.30, 8/19/11	0.32	25,000,000	24,994,450	AAA	3133XX3D7
20,000,000	FANNIE MAE 1.75, 3/23/11	0.58	20,247,548	20,227,820	AAA	31398AVQ2
10,000,000	FANNIE MAE 5.13, 4/15/11	0.51	10,476,813	10,477,180	AAA	31359MM26
25,000,000	FANNIE MAE DISCOUNT, 9/22/10	0.24	24,967,375	24,971,000	AAA	313589G72

## SHORT-TERM INVESTMENT FUND

### LIST OF INVESTMENTS AT MARCH 31, 2010 (UNAUDITED)

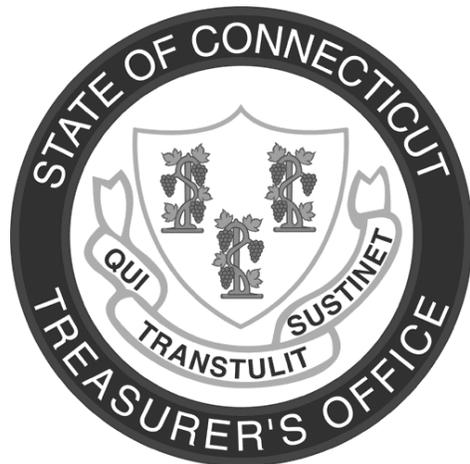
Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
<b>FEDERAL AGENCY SECURITIES (17.20%) (CONT')</b>						
7,590,000	FREDDIE MAC 2.75, 4/11/11	0.62	7,766,367	7,755,644	AAA	3137EABK4
8,680,000	FREDDIE MAC 1.63, 4/26/11	0.61	8,779,339	8,773,805	AAA	3137EABZ1
25,000,000	FREDDIE MAC - FLT 0.23, 1/14/11	0.25	24,987,244	25,006,375	AAA	3128X8FR8
1,400,000	FREDDIE MAC - FLT 0.30, 1/28/11	0.25	1,402,492	1,401,254	AAA	3128X8HJ4
15,000,000	FREDDIE MAC - FLT 0.11, 2/1/11	0.25	15,002,918	14,990,115	AAA	3128X8D41
25,000,000	FREDDIE MAC - FLT 0.32, 3/9/11	0.25	25,013,102	25,026,250	AAA	3128X8RC8
50,000,000	FREDDIE MAC - FLT 0.31, 4/1/11	0.25	50,108,959	50,049,350	AAA	3128X8UJ9
10,100,000	FREDDIE MAC - FLT 0.31, 4/1/11	0.25	10,122,271	10,109,969	AAA	3128X8UJ9
25,000,000	FREDDIE MAC - FLT 0.30, 4/7/11	0.25	24,994,918	25,022,500	AAA	3128X8VE9
25,000,000	FREDDIE MAC - FLT 0.16, 5/4/11	0.25	25,020,753	25,013,925	AAA	3128X8B92
1,270,000	FREDDIE MAC - FLT 0.16, 5/4/11	0.25	1,270,781	1,270,707	AAA	3128X8B92
2,821,000	FREDDIE MAC - FLT 0.16, 5/4/11	0.25	2,820,902	2,822,571	AAA	3128X8B92
25,000,000	FREDDIE MAC - FLT 0.18, 8/5/11	0.26	25,012,940	24,991,450	AAA	3128X8E24
25,000,000	FREDDIE MAC - FLT 0.22, 9/26/11	0.28	24,977,467	24,989,175	AAA	3128X93D0
25,000,000	FREDDIE MAC - FLT 0.15, 2/2/12	0.28	24,972,153	24,951,125	AAA	3128X9XN5
25,000,000	FREDDIE MAC - FLT 0.19, 2/16/12	0.28	24,976,331	24,967,125	AAA	3128X9ZJ2
25,000,000	FREDDIE MAC - DISCOUNT, 7/21/10	0.17	24,984,583	24,986,900	AAA	313397ZQ7
25,000,000	FREDDIE MAC - DISCOUNT, 7/21/10	0.17	24,984,583	24,986,900	AAA	313397ZQ7
10,000,000	FREDDIE MAC - DISCOUNT, 7/29/10	0.17	9,993,389	9,994,380	AAA	313397ZY0
<b>\$846,194,333</b>			<b>\$847,451,037</b>	<b>\$847,274,002</b>		
<b>DEPOSIT INSTRUMENTS ** (41.71%)</b>						
200,000,000	JP MORGAN 0.75, 4/27/10	0.75	200,000,000	200,000,000	AA-	914HAT004
340,000,000	JP MORGAN 0.48, 12/31/10	0.48	340,000,000	340,000,000	AA-	43499K004
540,000,000	SOVEREIGN BANK 0.50, 6/30/10	0.50	540,000,000	540,000,000	AAA	846995009
100,000,000	TDBANKNORTH 1.32, 6/14/10	1.32	100,000,000	100,000,000	AA-	89189A004
265,000,000	TDBANKNORTH 0.91, 6/24/10	0.91	265,000,000	265,000,000	AA-	89189A004
60,000,000	TDBANKNORTH 0.89, 6/28/10	0.89	60,000,000	60,000,000	AA-	89189A004

Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
<b>DEPOSIT INSTRUMENTS ** (41.71%) (CONT'D)</b>						
25,000,000	TDBANKNORTH 0.90, 6/30/10	0.90	25,000,000	25,000,000	AA-	89189A004
525,000,000	WACHOVIA 0.25, 06/30/10	0.25	525,000,000	525,000,000	AA	92799C006
<b>\$2,055,000,000</b>			<b>\$2,055,000,000</b>	<b>\$2,055,000,000</b>		
<b>U.S. GOVERNMENT (FDIC) GUARANTEED OR INSURED BANK SECURITIES (25.13%)</b>						
25,000,000	CITIGROUP FDIC 0.20, 6/3/11	0.23	25,000,000	25,004,500	AAA	17313YAD3
50,000,000	CITIGROUP FDIC 0.22, 11/15/11	0.32	50,000,000	49,951,250	AAA	17314JAM5
20,000,000	FARMINGTON SAVINGS 0.45, 12/1/10***	0.45	20,000,000	20,000,000	AAA	310992003
540,000,000	FIFTH THIRD 0.15, 12/1/10***	0.15	540,000,000	540,000,000	AAA	31677R008
4,000,000	GENERAL ELEC CAP CORP 0.34, 3/11/11	0.20	4,005,098	4,006,448	AAA	36967HAM9
3,000,000	GOLDMAN SACHS FDIC 0.50, 11/9/11	0.26	3,013,647	3,013,845	AAA	38146FAG6
25,000,000	GOLDMAN SACHS FDIC 1.03, 12/5/11	0.21	25,336,691	25,349,375	AAA	38146FAB7
20,000,000	HUDSON VALLEY BANK 0.47, 12/1/10***	0.47	20,000,000	20,000,000	AAA	44499J005
211,000,000	RBS CITIZENS BANK 0.15, 12/1/10***	0.15	211,000,000	211,000,000	AAA	75299Y008
340,000,000	WEBSTER BANK 0.30, 12/1/10***	0.30	340,000,000	340,000,000	AAA	947991006
<b>\$1,238,000,000</b>			<b>\$1,238,355,435</b>	<b>\$1,238,325,418</b>		
<b>STRUCTURED INVESTMENT VEHICLES (0.79%)</b>						
84,099,830	GRYPHON 0.00 (a)		38,976,855	39,138,000	NR	40052TAA7
<b>\$84,099,830</b>			<b>\$38,976,855</b>	<b>\$39,138,000</b>		
(a) The Gryphon note was received as a result of the Cheyne Finance restructuring in July 2008. Amortized cost reflects cash distributions of \$37 million and a reserve transfer of \$24 million. The stated market value is based on estimated market values of the portfolio of securities provided by the Gryphon custodian.						

<b>Par Value</b> *	<b>Security</b> <b>(Coupon, Maturity or Next Reset)</b>	<b>Yield</b> <b>(%)</b>	<b>Amortized</b> <b>Cost*</b>	<b>Market</b> <b>Value*</b>	<b>Quality</b> <b>Rating</b>	<b>Cusip or</b> <b>Issuer ID</b>
<b>BANK COMMERCIAL PAPER (15.17%)</b>						
500,000,000	US BANK 0.20, 4/1/10	0.20	500,000,000	500,000,000	AAA	90299S000
247,260,000	RABOBANK USA FINL CO 0.05,	0.05	247,260,000	247,260,000	A-1	74977LA49
<b>\$747,260,000</b>			<b>\$747,260,000</b>	<b>\$747,260,000</b>		
<b><u>\$4,970,554,163</u></b>			<b><u>\$4,927,043,327</u></b>	<b><u>\$4,926,993,420</u></b>		

**Market Value / Participant Units Outstanding = Ratio of Market Value per Unit**  
**\$4,926,993,420\*\*\*\* / 4,895,385,054 = \$1.006 per unit**

- \* Securities rounded to the nearest dollar.
- \*\* Deposit instruments have a daily put option.
- \*\*\* Negotiable order of withdrawal (NOW) deposits are fully insured by the FDIC under the Transaction Account Guarantee Program and have a daily put option.
- \*\*\*\* Includes designated surplus reserve.



**SHORT-TERM INVESTMENT  
FUND**

**ORGANIZATION STRUCTURE**

<b>Treasurer</b>	Denise L. Nappier
<b>State of Connecticut</b>	(860) 702-3000
<b>Assistant Treasurer</b>	Lawrence A. Wilson, CTP
<b>Cash Management</b>	(860) 702-3126
<b>STIF Investment Management</b>	Principal Investment Officer Lee Ann Palladino, CFA
	Investment Officer Paul A. Coudert
	Securities Analyst Marc R. Gagnon
	Securities Analyst Peter A. Gajowiak
<b>STIF Investor Services</b>	Accountant Barbara Szuba
<b>Investment Transactions</b>	1-800-754-8430
<b>Voice Response System</b>	1-800-882-8211 (Fund 136)
<b>STIF Express Online Account Access</b>	<a href="http://www.state.ct.us/ott/STIFHome.htm">www.state.ct.us/ott/STIFHome.htm</a>



Office of the State Treasurer  
Short-Term Investment Fund

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Hartford, Connecticut 06106-2773

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Fax: (860) 702-3048

E-mail: [STIFadministration@ct.gov](mailto:STIFadministration@ct.gov)