

STATE OF CONNECTICUT

2016



ANNUAL REPORT OF THE TREASURER
For the fiscal year ended June 30, 2016

STATE OF CONNECTICUT
Office of the State Treasurer



The State Motto, "Qui Transtulit Sustinet" (He Who Transplanted Still Sustains), has been associated with various versions of the State Seal from the creation of the Saybrook Colony Seal.

STATE OF CONNECTICUT

2016



ANNUAL REPORT OF THE TREASURER
For the fiscal year ended June 30, 2016



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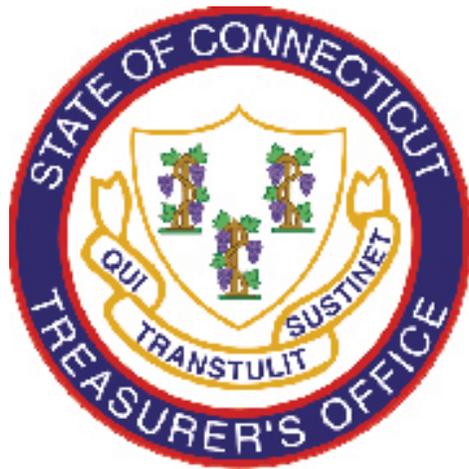
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Introduction





DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

December 30, 2016

The Honorable Dannel P. Malloy
Governor of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Malloy:

I am pleased to present for your review the Annual Report of the State Treasurer's Office for the fiscal year ended June 30, 2016, in accordance with Section 3-37(a) of the Connecticut General Statutes. This Annual Report includes quantitative data, explanatory comments, and financial information regarding the Connecticut Retirement Plans and Trust Funds (CRPTF); the Short-Term Investment Fund; and the Connecticut Higher Education Trust, Connecticut's 529 College Savings Program. In addition, the operations of the divisions of Cash Management, Debt Management, Pension Funds Management, Second Injury Fund and Unclaimed Property are presented.

The CRPTF generated a net investment return of 0.35 percent for the fiscal year. Each of the State's three largest pension funds – the Teachers' Retirement Fund (TERF), the State Employees' Retirement Fund (SERF), and the Municipal Employees' Retirement Fund (MERF) – outperformed their benchmarks, posting net investment results of 0.25 percent, 0.26 percent, and 1.15 percent, respectively, versus their corresponding investment benchmarks of -0.06 percent, -0.01 percent and 0.77 percent. Longer term, the five-year returns for the two largest funds, TERF and SERF, were 5.71 percent and 5.74 percent, while the seven-year returns were 8.75 percent and 8.83 percent, respectively.

The CRPTF's performance for Fiscal Year 2016 added \$98.6 million of market value to pension assets. After net withdrawals of \$719.6 million (largely attributed to benefit payments of \$631.3 million that were greater than contributions), the CRPTF ended the fiscal year with net assets of \$29.25 billion – a decline of \$621.1 million or 2 percent from the previous year.

The fundamental purpose of the CRPTF – to help the State pay its pension obligations – deserves underscoring: Since 2001 the Fund has paid out \$20.96 billion in pension benefits, received \$10.79 billion in contributions, earned \$18.83 billion and increased total net assets to \$29.25 billion, all during a time of significant market volatility and uncertainty.

We continue to see the positive impact of a strong market recovery following the Great Recession in the CRPTF's performance over seven years, during which time the three largest plans exceeded their actuarial rate of return assumption. But with markets reaching new highs, one must ask whether this can continue. We already have begun to see the signs of a more subdued market in Fiscal Year 2016 returns. It is our belief that future returns are likely to remain low, while volatility is likely to rise. With markets priced to perfection, we have seen how events, such as the United Kingdom's vote to leave the European Union on June 23, can cause swift and painful market tumbles, which can wreak havoc on portfolio returns. And despite the fact

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that the CRPTF's exposure to private markets helps to cushion the impact of volatility, low market returns eventually are reflected in all asset classes, both liquid and illiquid. Thus, while we are always pleased to outperform our benchmarks in any fiscal year, at the end of the day, it is of little consolation when markets overall provide few opportunities to grow assets at a pace needed to ensure the long term health of the plans and trusts.

During Fiscal Year 2016, the Office of the Treasurer achieved a number of accomplishments and key milestones that inured to the benefit of state residents and businesses, including the following:

The Treasury's Short-Term Investment Fund (STIF) earned an additional \$7 million for Connecticut's agencies, authorities, and municipalities and their taxpayers. STIF's performance exceeded its primary benchmark by 14 basis points. During my administration, STIF has earned government investors \$201 million in additional investment income. In addition, Standard & Poor's reaffirmed STIF's AAAM rating.

Debt refinancing transactions in Fiscal Year 2016 will save Connecticut taxpayers \$102.4 million over the next thirteen years. Over the length of my administration through June 2016, \$12.5 billion in bonds have been refinanced or defeased, resulting in savings to taxpayers of more than \$1.1 billion over the life of the bonds. This was accomplished through the execution of several financing transactions including General Obligation bonds, Special Tax Obligation bonds for transportation infrastructure, Clean Water Fund bonds, University of Connecticut bonds, Bradley International Airport bonds, and other bonding programs.

A UConn bond sale achieved the lowest interest cost in the 20-year history of the bonding program. The bonds were issued in April 2016 to provide \$300 million of new funding for critical infrastructure investments at UConn and its Health Center at an overall interest cost of 2.74 percent, lower than any prior UConn bond sale. Orders from individual investors also came in at the highest level in the history of the program at \$233 million.

The Treasury collected more than \$111 million in unclaimed property, contributing \$8 million more than projected to the General Fund, and returned \$58 million in unclaimed property to 15,758 rightful owners. Since 2014, more than \$119 million was paid to nearly 34,000 claimants, and overall during my administration a total of \$1.7 billion was collected as unclaimed property and \$611.6 million was returned to rightful owners.

For 18 consecutive years, the Second Injury Fund (SIF) either reduced or maintained the assessment rate for Connecticut businesses, resulting in an estimated \$1.1 billion in savings for Connecticut businesses as of June 30, 2016, including \$110 million in Fiscal Year 2016. This is the longest period without an assessment rate increase in the history of the Fund.

Open Second Injury Fund claims decreased \$23 million (6 percent) from Fiscal Year 2015, resulting in reserves of \$361 million as of June 30. During my administration, unfunded liabilities in the Fund have declined 57 percent. The Fund's open claim inventory has dropped from 4,523 to 2,847.

The Treasury recovered \$3.3 million through class action lawsuits, a continuation of the efforts launched in 2000 to prevent losses due to the malfeasance of others and, whenever possible, to recover lost assets. A total of \$49.5 million has been recovered since 2000.

Connecticut's college savings plan surpassed \$2.8 billion in assets; growth triggered a reduction in management fees. The Connecticut Higher Education Trust (CHET), the State's 529 college savings plan, continued its steady growth, surpassing \$2.8 billion in assets under management and over 130,000 accounts in two plans, CHET Direct (marketed directly to individuals) and CHET Advisor (available through financial advisors). This compares with just over 4,000 accounts and \$18.5 million in assets under management when I took office in 1999. During Fiscal Year 2016, CHET Direct program management fees were lowered by 20 percent, representing the fifth reduction as negotiated by my administration based on asset size, including a 40 percent reduction in fees in the last six years. In addition to current overall CHET assets, more than \$1.3 billion has been withdrawn to fund the college expenses of approximately 38,260 students.

2016 TREASURER'S LETTER

CHET awarded \$500,000 in college scholarships to high school students. One hundred high school freshmen and 100 high school seniors won scholarships of up to \$2,500 in the third year of the CHET Advance Scholarship program. The winners hail from 158 public schools, 19 parochial schools, and 23 independent schools across Connecticut. Since 2013, the Treasury has awarded \$1.5 million in scholarships to 600 students, funded by CHET managers TIAA-CREF and The Hartford.

The CHET Baby Scholars program has enrolled more than 3,400 babies and distributed \$800,000 into their CHET accounts through June 30, 2016. As of June 30, 2016, the approximate value of the new accounts was \$13.5 million – an outstanding return on the State's investment.

The Treasury was awarded two Certificates of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015. Under my administration, we have received this Government Finance Officers Association's annual award each and every year for the Short-Term Investment Fund and the Combined Investment Funds. This marks the 16th consecutive year of earning this distinction for both reports.

The Treasury was named among the 2015 Pension Top 40 by *Institutional Investor* magazine, in recognition of my administration's leadership in advocating for an actuarially sound, disciplined approach to financing defined benefit plans, including the use of a bond covenant to ensure that the state's commitment to its teachers remains secure.

Finally, I want to acknowledge with gratitude the contributions of so many that make the exceptional work of the Treasury possible. The independent Investment Advisory Council, under the leadership of Interim Chair Carol M. Thomas, has demonstrated continued vigilance in its oversight of the investment program of the CRPTF. The Council has been unwavering in its service to the 212,000 participants and beneficiaries of the CRPTF and the taxpayers and residents of our state. And last, but certainly not least, I commend the professional and hardworking staff at the Connecticut Treasury, along with our service providers, for their utmost care and diligence in the conduct of our state's financial business. I trust that this Report will prove both informative and useful. In accordance with our practice, this Report will be available in PDF via the Treasury's website, www.ott.ct.gov.

Sincerely,



Denise L. Nappier
State Treasurer

Mission Statement

To serve as the premier State Treasurer’s Office in the nation through effective management of public resources, high standards of professionalism and integrity, and expansion of opportunity for the citizens and businesses of Connecticut.

Duties of the Office of the Treasurer

The duties and authority of the Office of the Treasurer are set out in Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes. In general, the Treasurer is responsible for the safe custody of the property and money belonging to the State.

The Treasurer receives all money belonging to the State, makes disbursements as directed by statute, and manages, borrows, and invests all funds for the State.

The Treasurer, as chief elected financial officer for the State, oversees the prudent preservation and management of State funds, including the investment of a \$29.25 billion portfolio of pension and trust fund assets, \$4.9 billion in total state and local short-term investments, and \$2.8 billion of assets in the Connecticut Higher Education Trust. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

Boards, Committees, and Commissions

By law, the Treasurer is a member of the following:

State Bond Commission	Investment Advisory Council
Banking Commission	Finance Advisory Committee
Connecticut Lottery Corporation	Standardization Committee
Connecticut Higher Education Trust	Connecticut Innovations
Teachers’ Retirement Board	Connecticut Green Bank
Connecticut Higher Education Supplemental Loan Authority	Connecticut Health and Educational Facilities Authority
Connecticut Housing Finance Authority	Connecticut Student Loan Foundation
Connecticut Port Authority	Connecticut Airport Authority
State Employees’ Retirement Commission	Connecticut Retirement Security Board
Nitrogen Credit Advisory Board	

Additional information on responsibilities of each is provided on Supplemental pages S-57 to S-59.

Office of the Treasurer Organization

The Office of the Treasurer consists of an executive office and five divisions as follows:

The Executive Office has responsibility for policy-setting, investor and corporate relations, legal and legislative affairs, compliance, public education and information, business and information services, and special projects. The Executive Office ensures that the Treasury adheres to the highest order of public values, fiscal prudence and ethics in the conduct of the public’s business.

The Pension Funds Management Division, under the direction of the Chief Investment Officer, manages the investment portfolios of the State’s six pension funds and nine trust funds. The portfolios are invested in various asset classes ranging from domestic and international stocks to fixed income securities, real

OFFICE OF THE TREASURER OVERVIEW

estate, alternative investments and private equity. Beneficiaries and participants include approximately 212,000 teachers and state and municipal employees, and trust funds that support academic programs, grants, and initiatives throughout the state. The Pension Funds Management Division also serves as staff to the Investment Advisory Council.

The Cash Management Division, under the direction of an Assistant Treasurer, has responsibility for cash accounting and reporting, cash positioning and forecasting, bank reconciliation, bank administration, check processing and short-term investments. Over three million banking transactions are accounted for and reconciled annually. The division maintains accountability over the state's internal and external cash flows through the Treasury's bank accounts. The division manages clients' cash, including cash within the Short-Term Investment Fund for the state, state agencies and authorities, and local government entities.

The Debt Management Division, under the direction of an Assistant Treasurer, administers the state's bond and debt financing program, including the sale of state bonds. Monitoring the bond markets, financing structures and economic trends that affect interest rates are critical requirements for favorable bond issuances. The Division oversees the issuance of bonds to finance state capital projects, refinances outstanding debt when appropriate, manages debt service payments and cash flow borrowing, provides information and data to credit rating agencies, and administers the Clean Water and Drinking Water grant and loan programs.

The Second Injury Fund Division, under the direction of an Assistant Treasurer, is a workers' compensation insurance program for certain injured worker claims. The Second Injury Fund adjudicates those qualifying workers' compensation claims fairly and in accordance with applicable law, insurance industry standards and best practices. Where possible, the Second Injury Fund seeks to help injured workers return to gainful employment or will seek settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut businesses.

The Unclaimed Property Division, under the direction of an Assistant Treasurer, collects and safeguards all financial assets left unclaimed by owners for a specific period of time, generally three years. Unclaimed assets include, but are not limited to: savings and checking accounts; uncashed checks; deposits; stocks, bonds or mutual fund shares; travelers checks or money orders; and proceeds from life insurance policies. The Division publicizes the names of rightful owners in an attempt to return unclaimed property to them.

2016 Year at a Glance, as of June 30

COMBINED INVESTMENT FUNDS

Investments in Securities at Fair Value	\$ 29,206,055,001
Net Position Held in Trust for Participants	\$ 29,245,919,761
Total Investment Returns for the Fiscal Year	\$ 15,224,838*
Total Management Fees for the Fiscal Year	\$ 130,041,366
Total Number of Advisors	159
Increase in Total Advisors from Prior Year	6

CONNECTICUT HIGHER EDUCATION TRUST

Direct Plan Number of Participant Accounts	107,680
Direct Plan Net Position	\$ 2,499,718,362
Advisor Plan Number of Participant Accounts	23,205
Advisor Plan Net Position	\$ 385,873,353

* Total investment returns include adjustments to prior and current year earnings due to GASB 72 implementation. See footnote 1A, Page F-17.

OFFICE OF THE TREASURER OVERVIEW

DEBT MANAGEMENT

Total Debt Outstanding	\$ 23,209,297,3145
General Obligation Debt included above	\$ 16,148,097,3145
Total New Debt Issued During the Fiscal Year	\$ 3,683,145,000
General Obligation Debt Issued included above	\$ 2,501,440,000
Total Debt Retired and Defeased During the Fiscal Year	\$ 2,539,625,061
General Obligation Debt Retired and Defeased included above	\$ 1,838,635,061
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	\$ 2,707,564,766
General Obligation Debt Service Paid included above	\$ 1,938,247,732

CASH MANAGEMENT

Total Cash Inflows During the Fiscal Year	\$ 107,738,613,083
Total Cash Outflows During the Fiscal Year	\$ 107,806,402,524

SHORT-TERM INVESTMENT FUND

Total Net Position of the Fund	\$ 4,903,008,883
One-Year Total Return	0.29%
Five-Year Compounded Annual Total Return	0.18%
Ten-Year Compounded Annual Total Return	1.25%
Weighted Average Maturity	40 days
Number of Participant Accounts	923

SECOND INJURY FUND

Number of Claims Settled During the Fiscal Year	183
Total Cost of Claims Settled and Paid	\$ 4,957,682
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	\$ 360,700,000
Number of Claims Outstanding	2,847

UNCLAIMED PROPERTY

Dollar Value of Gross Unclaimed Property Receipts	\$ 111,446,654
Dollar Value of Claims Paid	\$ 57,568,310
Number of Property Claims Paid	15,758

Division Overview





**State of Connecticut
Investment Advisory Council
Hartford**

December 30, 2016

The Honorable Dannel P. Malloy
Governor of Connecticut
State Capitol
210 Capitol Avenue
Hartford, Connecticut

Dear Governor Malloy:

As Chair of the Investment Advisory Council (IAC), I am pleased to present this report on the activities of the IAC for the fiscal year ending June 30, 2016.

Over the course of the fiscal year, implementation continued for the investment pacing plans designed for real estate, alternative investment and private equity opportunities. The IAC was requested to consider diverse investment-related proposals put forth by State Treasurer Denise L. Nappier and rendered advice on several opportunities. Two private investment partnerships totaling \$175 million, two real estate investment partnerships totaling \$130 million and one alternative investment partnership for \$85 million were endorsed.

Additionally, during Fiscal Year 2016, the Treasurer conducted a competitive search for emerging market debt managers and the IAC members afforded comment and advice. The IAC supported the Treasurer's decision to hire four investment managers for this mandate. Also, the IAC endorsed competitive search plans presented by the Treasurer for legal counsel and services assignments. Finally, the IAC endorsed a competitive search project plan and selection criteria presented by the Treasurer for the procurement of a general investment consultant.

The IAC worked alongside the Treasurer and the executive search consultant in vetting candidates for a new Chief Investment Officer (CIO). Consistent with its statutory requirement to consent to the Treasurer's recommended appointment and salary range of a CIO, the IAC approved the Treasurer's recommendation to appoint Deborah Spalding as CIO, who began her assignment in July 2015. Spalding had been Deputy Chief Investment Officer since November 2013.

c/o 55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

INVESTMENT ADVISORY COUNCIL

Throughout the fiscal year, the IAC continued its practice of reviewing fund performance at each meeting and conducted extensive reviews of fund performance on a quarterly basis. Moreover, the IAC maintained its review of reports regarding corporate governance activities, as well as updates of compliance with statutory investment restrictions. The IAC invited John S. Griswold, Founder and Senior Advisor of Commonfund Institute, to speak on behalf of the IAC Education Subcommittee, providing education on board effectiveness.

There were notable changes to the membership comprising the IAC over the course of Fiscal Year 2016. Michael LeClair was appointed to the IAC in January, 2016, replacing Jan Carpenter. Also, Laurence Hale resigned from the Council and Michael Kramer served from September, 2015 to June, 2016. During this fiscal year, the IAC members experienced great sorrow from the passing of Peter Thor, a longtime IAC member whose thoughtful deliberations and enduring advocacy for his state employee union constituents will continue to bear fruit for many years to come.

As Chair of the IAC, and having served as a member of the IAC for over a decade and a half, I am privileged to work with my fellow council members to ensure the highest degree of care, skill, prudence and loyalty to beneficiaries of the Connecticut Retirement Plans and Trust Funds. Working collaboratively with one another to provide advice to the Treasurer is a contribution that we are very proud of in light of increased pressure on pension funding and significant market volatility. It is with this sense of duty that I submit this summary on behalf of the IAC.

Sincerely,



Carol M. Thomas, Interim Chair
Investment Advisory Council

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of the State Treasurer and the Secretary of the Office of Policy and Management (as ex officio members of the council); five public members, all of whom shall be experienced in matters relating to investments, appointed by the Governor and legislative leadership; three representatives of the State teachers' unions and two representatives of the State employees' unions (CGS Sec. 3-13b).

Pursuant to CGS Sec.3-13b, the IAC annually reviews the Investment Policy Statement (IPS), recommended by the Treasurer, which outlines the standards governing investment of the Connecticut Retirement Plans and Trust Funds (CRPTF) assets by the Treasurer. The IPS includes, with respect to each plan and trust fund, (A) investment objectives; (B) asset allocation policy and risk tolerance; (C) asset class definitions, including specific types of permissible investments within each asset class and any specific limitations or other considerations governing the investment of any funds; (D) investment and money manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services which shall include, but not be limited to, external investment and money managers, investment consultants, custodians, broker-dealers, legal counsel, and similar investment industry professionals; and (G) proxy voting guidelines. The Treasurer shall thereafter adopt the IPS, including any such changes recommended by the IAC the Treasurer deems appropriate, with the approval of a majority of the members appointed to the IAC. The latest IPS was adopted by the Treasurer and approved by the IAC in August 2012, and amended four times, reflecting revisions including the projected capital market returns, the liquidity needs of each plan and trust fund and other financial scenarios for the CRPTF, emanating from the 2012 Asset Liability Study that the Treasurer led, with the assistance of IAC members.

All plan and trust fund investments by the State Treasurer shall be reviewed by the IAC along with all information regarding such investments provided to the IAC which the Treasurer deems relevant to the Council's review and such other information as may be requested by the Council. The IAC shall also review the report provided by the Treasurer at each regularly scheduled meeting of the IAC as to the status of the plan and trust funds and any significant changes which may have occurred or which may be pending with regard to the funds. The Council shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of plan and trust funds or breakdown in the safekeeping of plan and trust fund assets or contemplated action to do the same within their knowledge.

At the close of the fiscal year, the IAC shall make a complete examination of the security investments of the State and determine as of June thirtieth, the value of such investments in the custody of the Treasurer and report thereon to the Governor, the General Assembly and beneficiaries of plan and trust fund assets administered, held or invested by the Treasurer (CGS Sec. 3-13b(c)(2)).

Council members who contributed their time and knowledge to the IAC during Fiscal Year 2016 include:

CAROL M. THOMAS, Interim Chairperson, as appointed by the Governor; Representative of State employees' unions; Retiree, Department of Developmental Services

BENJAMIN B. BARNES, Secretary, State Office of Policy and Management (Ex officio member)

JANICE CARPENTER, Independent Financial Consultant (served through January, 2016)

LAURENCE HALE, Managing Partner, Weiss and Hale Financial (served through January, 2016)

JOSHUA HALL, Representative of State teachers' unions; Hartford Federation of Teachers

DAVID HIMMELREICH, Principal, Hynes, Himmelreich, Glennon & Company

MICHAEL KRAMER, Independent Consultant (served September, 2015 – June, 2016)

MICHAEL LeCLAIR, Senior Vice President/Investments, Stifel (served from January, 2016)

STEVEN MUENCH, Representative of State teachers' unions; Conn. Education Association

WILLIAM MURRAY, Representative of State teachers' unions; NEA, Danbury

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

PETER THOR, Representative of State employees' unions; Coordinator, Policy & Planning, AFSCME
Council 4

2016 pension funds management division

Division Overview

Introduction

As principal fiduciary of six state pension funds and nine trust funds (known collectively as the “Connecticut Retirement Plans and Trust Funds” or “CRPTF”), the Treasurer is responsible for managing \$29.25 billion of investment assets for retirement plans serving approximately 212,000 state and municipal employees, teachers, retirees and survivorships, as well as trust funds that support academic programs, grants, and initiatives throughout the state.

Prudent investment management requires the proper safeguard of the CRPTF assets to ensure the retirement security of the beneficiaries and to support the spending policies of the trust funds. Funding of the pension benefit liability is dependent upon state contributions, investment returns and the contribution requirements of eligible retirement plan participants. The spending requirements of the trust funds are met through the generation of investment income and capital gains with a focus on the preservation of capital.

The Combined Investment Funds (CIF) were established pursuant to Connecticut General Statutes Section 3-31b as a means to invest pension and other trust fund assets in a variety of investment classes. The CIF are comprised of the following separate pooled investment funds: Liquidity Fund; Mutual Equity Fund; Core Fixed Income Fund; Emerging Markets Debt Fund; High Yield Debt Fund; Inflation Linked Bond Fund; Developed Markets International Stock Fund; Emerging Markets International Stock Fund; Real Estate Fund; Private Investment Fund; and Alternative Investment Fund.

Over the last ten years, the fair value of the CRPTF’s investments under Treasury management has grown from approximately \$22.82 billion to approximately \$29.25 billion. The Teachers’ Retirement Fund (TERF), with approximately \$15.58 billion of assets under management at June 30, 2016, is the largest participating plan. The State Employees’ Retirement Fund (SERF) and the Connecticut Municipal Employees’ Retirement Fund (CMERF) have approximately \$10.64 billion and \$2.21 billion of assets, respectively.

CRPTF’s total investments in the CIF at fair value as of June 30, 2016 were:

INVESTMENT SUMMARY AT JUNE 30, 2016		
	Fair Value ⁽¹⁾⁽⁴⁾	% of Total Fund Fair Value
Liquidity Fund (LF) ⁽²⁾	\$ 1,018,293,290	3.49%
Mutual Equity Fund (MEF)	6,647,482,185	22.76%
Developed Markets International Stock Fund (DMISF)	5,187,629,818	17.76%
Emerging Markets International Stock Fund (EMISF)	2,467,083,187	8.45%
Real Estate Fund (REF)	2,207,396,472	7.56%
Core Fixed Income Fund (CFIF)	2,490,655,941	8.53%
Inflation Linked Bond Fund (ILBF)	1,321,779,931	4.52%
Emerging Market Debt Fund (EMDF)	1,483,772,612	5.08%
High Yield Debt Fund (HYDF)	1,808,188,496	6.19%
Commercial Mortgage Fund (CMF) ⁽³⁾	83	0.00%
Alternative Investment Fund (AIF)	1,804,337,067	6.18%
Private Investment Fund (PIF)	2,769,435,919	9.48%
Total Fund	\$29,206,055,001	100.00%

- (1) “Fair Value” includes securities and cash invested in the Liquidity Fund (LF), and excludes receivables (FX contracts, interest, dividends due from brokers, foreign tax, securities lending receivables, reserve for doubtful accounts, invested securities lending collateral and prepaid expenses), payables (FX contracts, due to brokers, income distribution, securities lending collateral and accrued expenses), and cash not invested in the LF.
- (2) The fair value of the LF represents the pension and trust assets allocated to the LF (excluding receivables and payables); the LF balances of the other combined investment funds are shown in the fair value of each fund.
- (3) Investments in Commercial Mortgage Fund were redeemed by plan participants. Ending Net Asset Value at June 30, 2016 was less than \$100. No percentages were calculated due to the immaterial amounts.
- (4) Fair value differs from net assets (\$29.25 billion) as net assets includes additional balance sheet items.

Fund Management

Under the supervision of a Chief Investment Officer, appointed by the Treasurer with the approval of the Investment Advisory Council (IAC), the Pension Funds Management Division (PFM) executes and manages the investment programs of the pension and trust funds with a 14 member professional staff. Internal resources are augmented by several outside consulting firms that provide research and analytical expertise to the Treasurer, the Chief Investment Officer and PFM professionals. During Fiscal Year 2016, The Bank of New York Mellon (BNY Mellon) served as the custodian of record for the CRPTF, maintaining physical custody of and safeguarding plan assets. BNY Mellon also provided recordkeeping services under the supervision of PFM, and Deutsche Bank was the provider of securities lending services.

The Treasurer employs external money and investment managers to manage the portfolios underlying each CIF. Money and investment managers are selected based upon asset class expertise, investment performance and style. Investment and money managers are expected to comply with the parameters, guidelines, and restrictions set forth in the CRPTF's Investment Policy Statement (IPS). As of June 30, 2016, 159 external money and investment managers were employed by the Treasurer to invest the pension and trust assets, an increase of 6 managers from June 30, 2015 (See Figure 1-5).

All operating overhead is allocated directly to the earnings of the pension and trust fund assets under management. The Office of the Treasurer manages assets in a cost-effective manner, consistent with the maximization of long-term returns.

Investment Policy

Asset allocation decisions are responsible for as much as 90 percent of investment returns. In September 2012, the IAC approved the Treasurer's latest IPS, including the asset allocation plan, which governs the CRPTF investment portfolios and each of the CIFs. Subsequently, in December 2012, January 2013, April 2013, and July 2013, the IAC approved the Treasurer's adopted modifications.

The asset allocation plan is customized for each plan and trust with the main objective being the maximization of investment returns over the long term at an acceptable level of risk, primarily through asset diversification. Risk, in this context, is defined as volatility of investment returns. (See Understanding Investment Performance under Supplemental Information.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. In developing an asset allocation strategy, there is thorough analysis of the expected risk/return tradeoffs under different economic scenarios predicated on established correlations of investment returns and the diversification benefits of the available asset classes (i.e., those not restricted by statute).

As shown in Figure 1-4, the number and complexity of asset classes comprising the asset allocation policy have fluctuated during the last ten years. As of June 30, 2016, multiple asset classes were included in the IPS, including global public market equities and fixed income, as well as alternative investments such as real estate, private investments, hedge fund and real asset investment strategies.

At fiscal year-end, domestic, global developed and emerging markets equities (stocks) comprised the largest percentage of the total CRPTF, at approximately 49 percent. Publicly traded equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to enhance portfolio returns during highly inflationary or deflationary environments, to mitigate the effects of volatility in the stock market and to provide current income.

Asset Classes

To realize the asset allocations set forth in the IPS for each plan and trust, the Treasurer administers the CIF as a series of mutual funds in which the various retirement plans and trusts may invest through the purchase of ownership interests. The asset mix for each of the 15 plans and trusts is established by the Treasurer, with approval of the independent IAC, based upon (1) capital market theory, (2) financial and fiduciary requirements, and (3) liquidity needs. However, there are instances in which the asset mix for a trust is set by the trust's governing document. A broad array of asset classes is considered for inclusion in a potential asset allocation structure. Each asset class has its own distinct characteristics, as well as expectations for long-term return and risk behavior.

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The asset classes that make up the CRPTF's portfolio include:

Domestic Equity

The Mutual Equity Fund (MEF) assets are allocated across the broad U.S. stock market to ensure diversification by market capitalization and investment style, such as value and growth. The MEF may opportunistically invest up to 30 percent of assets to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits, and may include investments in any market capitalization and/or investment style as well as an allocation to stocks outside the U.S. As of June 30, 2016, the MEF structure was approximately 82.98 percent invested in large-cap stocks, 8.66 percent in small/mid-cap stocks, 8.05 percent in all-cap stocks, and 0.31 percent in cash equivalents and other net assets. The MEF's ten largest holdings, aggregating 14.63 percent of Fund investments, included a variety of blue chip companies and were broadly diversified, with the largest holding of 2.31 percent in Apple Inc. Performance of the MEF is measured against the Russell 3000 Index (R3000).

Management of the MEF includes the use of pure indexing, enhanced indexing, active management, and opportunistic strategies executed by external money managers. Index and enhanced index strategies are referred to as passive strategies since their investment portfolios are similar to the index. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is particularly appropriate for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies. Given the overall efficiency of the domestic equity market, approximately 83 percent of the portfolio is invested in passive strategies. The balance of the portfolio is activity managed, primarily in the less efficient "small- and mid-cap" sectors of the equity markets. Small- and mid-cap securities are issued by companies that are smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. As a result of this relative inefficiency, active money managers have the potential to outperform these markets over the long term, while earning an acceptable level of return per unit of risk.

International Equity

Exposure to international equities is provided through two funds: the Developed Markets International Stock Fund (DMISF) and the Emerging Markets International Stock Fund (EMISF), each of which has distinct risk/return profiles. Stocks from developed market countries tend to offer lower risk and return potential compared to emerging market securities as a result of generally more stable economic and political environments and the depth and liquidity of their financial markets. The foreign currency exposure in the DMISF is partially hedged back to the U.S. dollar. DMISF and EMISF assets are allocated across foreign markets so that there is diversification by country, sector, capitalization and style, in a mix that is structured to replicate the characteristics of the comparable non-U.S. developed and emerging stock market indices to which each combined investment fund is benchmarked.

External money managers invest DMISF assets primarily in common stocks issued by companies in developed market countries domiciled outside of the U.S. The benchmark for DMISF is the Morgan Stanley Capital International Europe Australasia and Far East Investable Market Index (MSCI EAFE IMI). The DMISF is comprised of passive indexing, core developed markets and opportunistic strategies. As of June 30, 2016, the DMISF structure was approximately 84.56 percent invested in large-cap stocks, 15.22 percent in small-cap stocks, and 0.22 percent in cash equivalents and other net assets. Mandates for active growth/value and small cap developed market strategies represent roughly 22.06 percent and 15.22 percent of the DMISF, respectively. The currency exposure of the DMISF investments is managed through a currency hedging overlay strategy.

The EMISF invests primarily in the common stocks of non-U.S. corporations domiciled in countries included in the EMISF benchmark, which is the Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI). EMISF investments are made through portfolios managed by external money managers. The EMISF is invested 100 percent in active, unhedged emerging markets strategies.

Fixed Income Investments

Fixed income assets are diversified across four types of funds: the Core Fixed Income Fund (CFIF), the Inflation Linked Bond Fund (ILBF), the Emerging Markets Debt Fund (EMDF), and the High Yield Debt

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Fund (HYDF). Investments in the various fixed income CIF serve to reduce the overall volatility of CRPTF returns under various economic scenarios. Further, the fixed income CIF provide cash flow to the CRPTF in the form of interest and principal payments.

The CFIF consists of externally managed, primarily investment grade, fixed income portfolios that include debt instruments issued by the U.S. Government and its agencies, quasi-government agencies, U.S. corporations and any other public or private U.S. corporation whose debt security is regulated by the Securities and Exchange Commission (including Eurobonds and quasi or sovereign debt). Assets are diversified across sectors, industries, credit quality and duration, and up to 30 percent may be opportunistically invested based on changes in the investment landscape that may improve diversification, reduce risk or enhance return. As of June 30, 2016, the CFIF structure approximated 25.8 percent invested in treasury/agency securities, 29.6 percent in corporate securities, 25.0 percent in mortgage-backed securities, 8.0 percent in asset-backed securities, and 11.6 percent in cash equivalents and other net assets. The benchmark for CFIF is the Barclays U.S. Aggregate Bond Index.

The ILBF consists of externally managed fixed income portfolios containing domestic and foreign developed market sovereign bonds. These government bonds are primarily inflation linked securities. Inflation linked bonds offer protection against inflation and contribute to overall portfolio diversification. As of June 30, 2016, the ILBF structure was comprised of securities from the following countries or regions: 40.6 percent in the U.S., 18.5 percent in the U.K., 15.4 percent in the Eurozone, 11.3 percent in Australia and New Zealand, 3.4 percent in Mexico and 10.8 percent in other countries and cash equivalents. The benchmark for ILBF is the Barclays World Government Inflation Linked Bond Index.

The EMDF consists of externally managed fixed income portfolios that contain debt instruments issued by governments and companies located in emerging countries as defined by the benchmark and The World Bank. The benchmark for EMDF is the J.P. Morgan Emerging Markets Bond Index Global Diversified/J.P. Morgan Government Bond Index - Emerging Markets Global Diversified (50/50). As of June 30, 2016, the EMDF structure approximated 34.0 percent invested in Latin America, 32.0 percent in Europe, 19.8 percent in Asia, 7.5 percent in Africa, 4.0 percent in the Middle East and 2.7 percent in cash equivalents and other net assets. The benchmark accounts for U.S. dollar-denominated debt and for debt issued in local currencies. The local currency debt is not hedged as the foreign currency is considered an additional source of above market returns.

The HYDF consists of externally managed fixed income portfolios that include debt instruments rated below investment grade by a nationally recognized rating agency service. The assets are diversified by sector, industry, credit quality and duration. The majority of the bonds are U.S. dollar-denominated. As of June 30, 2016, the HYDF structure approximated 93.8 percent invested in corporate securities, 1.4 percent in Treasury securities, and 4.8 percent in cash equivalents and other net assets. The benchmark for HYDF is the Citigroup U.S. High Yield Market Capped Index.

Liquidity Fund

The Liquidity Fund (LF) consists of externally managed fixed income portfolios intended to provide a liquid source of funds for investment operations and earn a return greater than money market instruments, with minimal exposure to risk of principal. The LF structure enables each of the CIF to remain fully invested. While the majority of the LF is invested in money market instruments, there are allocations to intermediate maturities, developed market sovereign bonds and emerging market currencies. As of June 30, 2016, the LF structure approximated 47.4 percent invested in money market securities, 29.8 percent in short duration bond securities, and 22.8 percent in international sovereign bonds and currencies. The benchmark for the LF is the one month London Interbank Offered Rate (LIBOR) Index.

Real Estate

The Real Estate Fund (REF) is the vehicle by which the CRPTF invests in the real estate asset class and may consist of a number of different investment strategies and investment vehicles, including externally managed commingled funds, open-end funds, separate accounts and/or publicly traded real estate securities. The REF invests in real estate properties and mortgages and is designed to dampen the volatility of overall returns through diversification and to generate attractive risk-adjusted rates of return. The REF will invest in the following: core strategies; value added strategies (investments involving efforts to increase property

value through repositioning, development and redevelopment); opportunistic strategies (strategies that target niche opportunities, market inefficiencies, or special purpose markets); and publicly traded securities (primarily real estate investment trusts and real estate operating companies). Leverage at the aggregate of the REF is limited to 60 percent of REF's total valuation. These investments also adhere to the Responsible Contractor Policy. As of June 30, 2016, the REF structure was approximately 52.0 percent invested in core, 25.8 percent in value-added, 15.7 percent in opportunistic and 6.5 percent in cash equivalents and other net assets. The benchmark for REF is the National Council of Real Estate Investment Fiduciaries National Property Index (NCREIF-NPI), lagged by one quarter.

Private Investments

The Private Investment Fund (PIF) is the vehicle used to invest in private equity. PIF investments generally are made in externally managed limited partnerships or through separate accounts that focus on private investments. These vehicles include investments in both venture capital and corporate finance investment strategies. Venture capital typically involves equity capital invested in young or development stage companies, and may include start-up, early, mid or late-stage companies. Corporate finance typically involves equity and debt capital invested in growth, mature or distressed stage companies, often through the financing of acquisitions, spin-offs, mergers or changes in capitalization. As of June 30, 2016, the PIF structure was approximately 70.75 percent invested in corporate finance, 22.92 percent in venture, and 6.33 percent in cash equivalents and other net assets. The benchmark for PIF is the Standard & Poor's 500 Index (S&P 500).

Alternative Investments

The Alternative Investment Fund (AIF) invests in strategies that offer the potential to enhance return and/or reduce risk. The AIF provides a vehicle for investment in portfolio strategies that are not easily classified, categorized, or described in other CIF. Hybrid strategies which contain multiple asset classes are also considered part of the opportunity set. As of June 30, 2016, the AIF structure was approximately 87.53 percent invested in hedge fund of funds, 5.66 percent in real assets, 0.83 percent in opportunistic, and 5.98 percent in cash equivalents and other net assets. AIF's benchmark is the 90-day Treasury Bill.

Securities Lending

The CRPTF maintains a securities lending program designed to provide incremental risk adjusted returns. This program involves the lending of portfolio securities to broker/dealers in return for payment. Each loan is secured by collateral valued slightly in excess of the market value of the loaned securities. To further mitigate the risks of securities lending transactions, the CRPTF's securities lending bank carefully monitors the credit ratings of each counter-party and overall collateral levels.

Deutsche Bank was responsible for marketing the program, lending the securities, and obtaining adequate collateral during Fiscal Year 2016. As of June 30, 2016, securities with a market value of approximately \$2.5 billion had been loaned against collateral of approximately \$2.6 billion. Income generated by securities lending totaled \$21.1 million for the fiscal year.

The Year in Review

Total Fund Performance

For the fiscal year ending June 30, 2016, the CRPTF achieved an annual total return of 0.35 percent, net of expenses. The three largest pension plans, the Teachers' Retirement Fund, the State Employees' Retirement Fund and the Connecticut Municipal Employees' Retirement Fund – which represent 98 percent of total assets – returned 0.25 percent, 0.26 percent and 1.15 percent, respectively. During the fiscal year, the value of the CRPTF's net asset position decreased from approximately \$29.87 billion to \$29.25 billion. The CRPTF's performance for Fiscal Year 2016 added \$98.6 million of market value to pension assets. After net withdrawals of \$719.6 million (largely attributed to benefit payments of \$631.3 million that were greater than contributions), the CRPTF ended the fiscal year with net assets of \$29.25 billion – a decline of \$621.1 million or 2 percent from the previous year.

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The MEF returned 1.75 percent for the fiscal year. The U.S. equity markets returned 2.1 percent with large capitalization companies outperforming small capitalization companies. The utilities sector was the best performing sector with a 28.4 percent return, while the energy sector was the worst performing sector with a -8.1 percent return. U.S. equity markets significantly outperformed developed international and emerging markets, and actively managed portfolios with a strong emphasis on higher quality stocks with strong fundamentals generally underperformed their passive peers.

International equity, which is comprised of both DMISF and EMISF, returned -7.09 percent and -7.15 percent, respectively. While the local currency return versus the market was about the same as the dollar return, there were differences across currencies. Most major currencies ended the fiscal year in the red versus the U.S. dollar due to the U.K. referendum to leave the European Union (Brexit). Most prominently, the pound Sterling lost 15.0 percent versus the U.S. dollar over the period, almost half of which resulted from the Brexit vote. The Japanese Yen was the exception to the trend as it rose 19.3 percent during the fiscal year versus the U.S. dollar. DMISF portfolio returns exceeded its benchmark, the MSCI EAFE, by 217 basis points. Overall, the MSCI EAFE index returned -10.2 percent in U.S. dollar terms. Value stocks significantly underperformed growth stocks by about 1,060 basis points and small capitalization stocks outperformed large capitalization stocks during the fiscal year. The EMISF portfolio returns exceeded its benchmark, the MSCI EM IMI, by 501 basis points. Factors that contributed to negative performance early in the fiscal year included fears over a slowdown in China, Brazil's deteriorating economic outlook, weakening global growth and higher U.S. interest rates. Towards the second half of the year, oil prices rebounded and central banks around the world continued to ease monetary policy.

The EMDF, CFIF, HYDF and ILBF returned 6.01 percent, 3.46 percent, -0.31 percent and 2.29 percent, respectively, for the fiscal year. Core fixed income markets generated a positive return of approximately 6.0 percent during a very volatile 2016 fiscal year. The yield curve flattened and rates fell compared to the beginning of the period, driven by global financial and political developments (such as the sharp devaluation of the Chinese Renminbi in August 2015 and Brexit in June 2016), anemic worldwide growth, a delay in the anticipated path to policy normalization by the Federal Reserve Bank, loosening monetary policies in other countries and a sharp fall in oil prices. While interest rates moved markedly lower, credit spreads widened and narrowed multiple times during the fiscal year before settling back to levels similar to the beginning of the period, albeit it at dramatically lower yields. Longer-dated instruments outperformed those with shorter durations over the period. Positive performance in core fixed income as well as high yield and emerging market debt holdings helped to offset negative performance in inflation linked bonds. This demonstrates the role of diversification in helping to provide steady long term returns with reduced volatility.

The PIF returned a strong 8.87 percent for Fiscal Year 2016, outperforming its public market equivalent benchmark, the S&P 500, return of 3.99 percent. Overall fundraising for global private equity totaled \$302.1 billion during the fiscal year, representing a 10.2 percent decrease from the prior year, while funds invested \$204.1 billion, representing a decrease of 6.3 percent. Buyout funds raised \$195.0 billion, while the funds invested \$81.2 billion. The average investment size for private equity funds during the fiscal year was \$15.3 million and the average U.S. buyout purchase price was 10.0X earnings before income taxes, depreciation and amortization. The venture capital industry demonstrated strong levels of fundraising and steady levels of investment and exits during the fiscal year.

The Real Estate Fund generally met its NCREIF benchmark, returning 11.51 percent versus the NCREIF return of 11.84 percent, driven by strong performance in open-ended core and core plus funds and new value-added strategies. Over three and five years, the REF returned 11.70 percent and 10.49 percent, indicating continued healthy fundamentals and rising property valuations across the market. The fund remains well diversified, with strong income generation versus the current low yield environment, and a lower volatility than the benchmark.

The Alternative Investment Fund, which invests in hedge funds, real assets and other opportunistic investments, returned a -5.32 percent versus its 90-day T-Bill benchmark return of 0.19 percent. The AIF was designed to reallocate funds into the most promising, risk adjusted market opportunities. During the year, hedge fund strategies generated negative returns due to market volatility, steep commodity losses and the widening of credit spreads. Losses in equity long/short, event driven, and relative-value strategies were slightly offset by gains in global macro strategies.

2016 Management Initiatives

The continued implementation in Fiscal Year 2016 of the CRPTF investment pacing plans established for real estate, alternative investment and private equity opportunities led to a total of \$390 million of new investment capital. Two private investment partnerships totaling \$175 million, two real estate investment partnerships totaling \$130 million and one alternative investment partnership for \$85 million were awarded. Separately, Treasurer Nappier began funding her in-state opportunistic investment mandate, first presented in Fiscal Year 2015, with a \$75 million allocation to the Private Investment Fund. In the CRPTF public market portfolios, the Treasurer hired three investment managers for the Emerging Markets Debt Fund mandate. At fiscal year end, due diligence was completed for the High Yield Debt Fund mandate, with investment manager hiring decisions pending. Both of these public market assignments were effected through competitive searches.

During Fiscal Year 2016, Treasurer Nappier hired StepStone Group as the new PIF consultant. Additionally, at the end of Fiscal Year 2016, a request for proposals was issued for a general investment consultant, with a hiring decision expected in 2017.

The Connecticut Horizon Fund, created in 2004, is an aggregate of public and private market funds. The CHF is a \$1 billion fund-of-funds public market program and additionally includes a \$155 million private equity allocation and a \$170 million alternative investment allocation designed to provide the Office of the Treasurer access to a wider number of women-owned, minority-owned, Connecticut-based and emerging firms. In Fiscal Year 2016, public market managers totaled 36 CHF sub-managers; emerging firms represented the largest allocation of total assets at 75 percent; minority-owned firms represented 42 percent; women-owned firms represented 31 percent and Connecticut-based firms represented 19 percent of total assets. As many investment firms are owned by individuals that represent more than one demographic category, the aggregate percentages exceed 100 percent. Additionally, there were 21 private equity sub-managers; including 8 minority-owned, 3 emerging strategies, 1 women-owned and 9 Connecticut-based firms. Finally, there were 24 alternative investment sub-managers; the breakdown includes 21 emerging strategies, 12 minority-owned, 5 Connecticut-based and 4 women-owned firms.

Expansion of the diversity of firms with which PFM does business continued during Fiscal Year 2016; overall, 36 minority-owned, women-owned, Connecticut-based and emerging firms, comprised 28 percent of the firms doing business with the Division. These firms earned fees of \$37.2 million, representing nearly 38 percent of all investment advisory fees paid by the Division.

Corporate Governance

In carrying out her fiduciary responsibilities, and in conformance with state law, the Treasurer considers the financial implications on long-term shareholder value of a portfolio company's environmental, social and governance corporate structure and practices. The primary method the Treasurer's Office utilizes to address corporate governance at publicly-traded companies in which the CRPTF invests is through proxy voting. These companies hold annual general meetings at which shareholders vote to approve or reject proposals presented by the company's management or by shareholders on significant transactions or activities at a company. The Treasurer's Office uses comprehensive guidelines approved by the independent Investment Advisory Council when casting proxy votes at these meetings. The guidelines, available on the Treasury's website, incorporate best practices on corporate structure, administration and control to reduce risk, encourage sustainability and increase opportunities for growth.

In Fiscal Year 2016, the Office of the Treasurer filed shareholder resolutions at 18 companies, and held discussions with corporate leaders of more than 25 companies about shareholder concerns. To support its efforts, the Office worked with a broad cross section of investors representing public pension funds, investment firms, labor funds, and faith-based investors.

Board diversity was among the key areas of focus for the Office during Fiscal Year 2016. The Treasurer supported, and the CRPTF voted in favor of, three shareholder resolutions requesting a report on companies' efforts to increase gender and racial diversity on their boards. In September 2015, the Office of the Treasurer and the University of Connecticut hosted a forum, *Women in the Corporate Boardroom: A Business Imperative for American Companies*, featuring panelist discussions concerning the link between increased representation of women on corporate boards and the creation of long-term shareholder value.

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A second area of focus was access to the proxy. The CRPTF garnered majority votes for resolutions filed at three companies that called on them to allow an individual shareholder or a group of shareholders that have held three percent of a company's common stock for at least three years to nominate up to a quarter of the number of directors for the board of directors. All shareholders of a company would then have the opportunity to elect directors to serve on the company's board. In addition to these majority votes, the CRPTF reached agreements at three companies whose boards agreed to support access to the proxy.

The CRPTF also filed a shareholder resolution at the only gun manufacturer held in CRPTF's portfolio calling for adoption of the Sandy Hook Principles, a set of measures aimed at curbing gun violence, keeping guns out of the hands of children and those with mental health problems, and encouraging gun and ammunition manufacturers and retailers to adopt responsible conduct and business practices. These principles, developed by the U.S. Conference of Mayors, followed the 2012 shooting deaths of 20 children and 6 adults at Sandy Hook Elementary School in Newtown, Connecticut.

In the area of climate change and related energy issues, the Office continued its work in conjunction with the Investor Network on Climate Risk (INCR) in advocating that the U.S. Environmental Protection Agency and the National Highway Traffic Safety Administration strengthen standards governing greenhouse gas emissions and fuel efficiency for certain vehicles. In addition, Connecticut joined members of the Ceres Investor Network on Climate Risk, as well as other international investor groups comprising the Global Investor Coalition on Climate Change, in calling on the Securities and Exchange Commission to focus on climate change and carbon asset risk as material issues and to take steps to improve disclosure by registrants on how these issues are impacting their businesses.

Copies of the CRPTF's proxy voting policies and a report of proxy votes cast are available for review and download at the Treasury website, www.ott.ct.gov/pension_guidelines.html.

Investment Restrictions

The Treasurer's Office is charged with administering three laws that authorize investment restrictions on companies doing business in Northern Ireland, Sudan and Iran. Connecticut's MacBride law, set forth in Section 3-13h of the Connecticut General Statutes, is based on the MacBride Principles, which are a corporate code of conduct for companies doing business in Northern Ireland designed to address religious discrimination in the workplace. During Fiscal Year 2016, the Treasurer's Office continued to restrict the CRPTF's managers from investing in two companies for failure to implement the MacBride Principles: Domino's Pizza Inc. and Yum Brands, Inc.

The Treasurer's Office monitored companies doing business in Sudan pursuant to Section 3-21e of the Connecticut General Statutes. The Sudan law, adopted in 2006, authorizes the Treasurer to engage companies doing business in Sudan and potentially divest holdings in those companies if their business is contributing to the government's perpetuation of genocide in Sudan. As of the end of Fiscal Year 2016, the Treasurer's Office restricted the CRPTF's managers from investing in the following 11 companies and 6 subsidiaries: Bharat Heavy Electricals Ltd.; China North Industries Group and its subsidiaries AKM Industrial Co. Ltd., China North Industries Corporation a.k.a. NORINCO, NORINCO International Cooperation Ltd., North Huajin Chemical Industries Co. Ltd. (f.k.a. Liaoning Huajin Tongda Chemicals Co. Ltd.), North Navigation Control Technology Co. Ltd. (f.k.a. China North Optical-Electrical Technology Co. Ltd.), and Sichuan Nitrocell Co. Ltd.; China Petroleum and Chemical Corp.; CNPC (Hong Kong); Dongfeng Motor Corporation; Jiangxi Hongdu Aviation Industry Ltd.; MISC Bhd; Oil and Natural Gas Corp.; PetroChina Co. Ltd.; Petronas Capital Ltd.; and Sinopec Shanghai Petrochemical Corp.

Connecticut's Iran law, Connecticut General Statutes Section 3-13g, authorizes the Treasurer to engage with companies doing business in Iran, and potentially divest holdings in such companies if she determines such companies, by their business activities, may be contributing to the Iranian government's development of its nuclear program and its support of global terrorism. As of the end of Fiscal Year 2016, the Treasurer's Office prohibited direct investment in five companies and nine subsidiaries: China National Offshore Oil Corporation and its subsidiaries China Oilfield Services Ltd., China Bluechemical, Offshore Oil Engineering Co., and CNOOC; Daelim Industrial Co. Ltd.; Indian Oil Corporation Ltd. and its subsidiaries IBP Co. Ltd., Chennai Petroleum Corp. Ltd., Lanka Ioc plc, and Bongaigaon Refinery & Petrochemicals; Oil India Ltd.; and Petroleos de Venezuela S.A. and its subsidiary Ca La Electricidad de Caracas.

Asset Recovery and Loss Prevention

The Treasurer's Legal Unit works to manage risk by limiting opportunities for loss due to the malfeasance of others. Extensive pre-contracting due diligence helps the Office of the Treasurer select the best available vendors and suitable products to meet the needs of the Office. Careful contract negotiation, coupled with periodic review, development and implementation of best practice contract language, helps to ensure clarity with respect to the obligations of the Office of the Treasurer and of the vendors of the Office. The Office maintains regular contact with other similar governmental offices and institutional investors, sharing ideas for enhancement of contract language, and frequently sharing advice with counterparts in other states.

The Office of the Treasurer deters malfeasance with its reputation for active and diligent pursuit of all opportunities to recover assets lost due to the misfeasance or malfeasance of others.

The Office of the Treasurer believes that most disputes can be resolved through dialogue designed to clarify misunderstanding. The Office, however, is prepared, when necessary, to pursue judicial solutions where negotiation is unsuccessful. Although very limited as a percentage of all investments, the Office, like all other investors, experiences losses due to corporate malfeasance. In these instances, the Office believes that litigation managed by investors is more effectively negotiated, efficiently litigated and achieves larger settlements for the benefit of all investors. As such, the Office is committed to taking on its fair share of the management responsibility of such litigation and will consider making application to serve as lead plaintiff in class action litigation where appropriate. From time to time, the Office has used litigation to encourage corporate governance enhancements. Although rare, the Office has filed individual and group actions to pursue specific rights where disputing parties are unwilling or unable to reach an extra-judicial conclusion. During the six years since the U.S. Supreme Court's 2010 decision in *Morrison v. National Australia Bank*, the Office has experienced an increase in its participation in group actions as a means of seeking recovery of lost assets. The Office provides leadership nationally in efforts by institutional investors to address Morrison-related matters, including producing a white paper on the legal and regulatory construct of countries in Europe, Asia, and South America as well as Australia, Mexico and the Canadian provinces.

Class Action Securities Litigation

The Combined Investment Funds recovered \$3.3 million from class action settlements in the fiscal year ended June 30, 2016. The Office continues to closely monitor opportunities to recover lost assets through participation in class action litigation.

The Office of the Treasurer, as the Trustee for the CRPTF, was the lead plaintiff in the matter known as *In Re Amgen, Inc. Securities Litigation*, filed in the federal district court for the Southern District of California. The court in Amgen approved the class certification motion. Following significant procedural proceedings, including a Supreme Court opinion in favor of the plaintiffs, the matter was remanded to trial. The case settled for \$95 million prior to the commencement of the trial.

Corporate Governance Related Litigation

Litigation has not been required for corporate governance matters in the 2016 fiscal year. The Office of the Treasurer has focused on engagement of companies to promote good corporate citizenship. The Office is judicious in its consideration of the merits of litigation.

Other Litigation

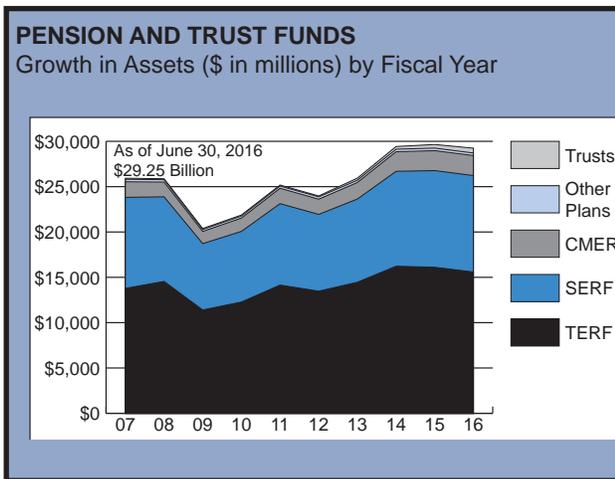
The Office of the Treasurer continues its participation in group action in Belgium adverse Fortis, N.A., France adverse Vivendi, S.A., Japan adverse Olympus and in Texas' state court adverse BP. The Fortis and Olympus matters have announced settlements, which are awaiting court approval. The Office has evaluated the merits of joining other foreign group action during the fiscal year. Participation in such group action became necessary as the Supreme Court's decision in *Morrison* foreclosed all other avenues of recovery in matters of securities fraud.

PENSION FUNDS MANAGEMENT DIVISION

Figure 1-1

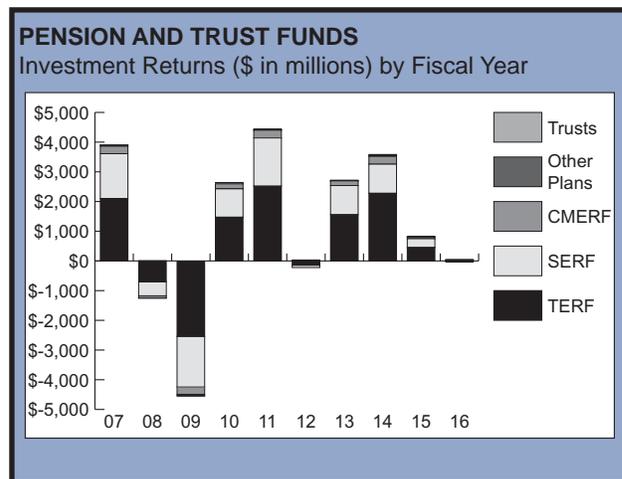
PENSION AND TRUST FUNDS ASSET ALLOCATION												
Actual vs. Policy at June 30, 2016												
	TERF				SERF				CMERF			
	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY												
Mutual Equity Fund (MEF)	23.9%	21.0%	17.0%	25.0%	22.8%	21.0%	17.0%	25.0%	16.1%	16.0%	13.0%	19.0%
INTERNATIONAL EQUITY												
Developed Market Intl Stock Fund (DMISF)	18.5%	18.0%	14.0%	22.0%	18.2%	18.0%	14.0%	22.0%	13.4%	14.0%	11.0%	17.0%
Emerging Market Intl Stock Fund (EMISF)	8.8%	9.0%	7.0%	11.0%	8.7%	9.0%	7.0%	11.0%	7.0%	7.0%	6.0%	8.0%
REAL ESTATE												
Real Estate Fund (REF)	7.6%	7.0%	5.0%	9.0%	7.6%	7.0%	5.0%	9.0%	7.2%	7.0%	5.0%	9.0%
FIXED INCOME												
Core Fixed Income Fund (CFIF)	7.4%	7.0%	6.0%	8.0%	8.4%	8.0%	6.0%	10.0%	8.1%	8.0%	6.0%	10.0%
Inflation Linked Bond Fund (ILBF)	3.7%	3.0%	2.0%	4.0%	5.7%	5.0%	4.0%	6.0%	5.0%	5.0%	4.0%	6.0%
Emerging Market Debt Fund (EMDF)	5.4%	5.0%	4.0%	6.0%	4.2%	4.0%	3.0%	5.0%	8.1%	8.0%	6.0%	10.0%
High Yield Debt Fund (HYDF)	5.6%	5.0%	4.0%	6.0%	5.4%	5.0%	4.0%	6.0%	14.1%	14.0%	11.0%	17.0%
Liquidity Fund (LF)	4.0%	6.0%	5.0%	7.0%	3.2%	4.0%	3.0%	5.0%	2.7%	3.0%	2.0%	4.0%
Commercial Mortgage Fund (CMF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PRIVATE EQUITY												
Private Investment Fund (PIF)	9.1%	11.0%	8.0%	14.0%	9.9%	11.0%	8.0%	14.0%	10.2%	10.0%	7.0%	13.0%
ALTERNATIVE INVESTMENT												
Alternative Investment Fund (AIF)	6.0%	8.0%	6.0%	10.0%	5.9%	8.0%	6.0%	10.0%	8.1%	8.0%	6.0%	10.0%
TOTAL	100.0%	100.0%			100.0%	100.0%			100.0%	100.0%		

Figure 1-2



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

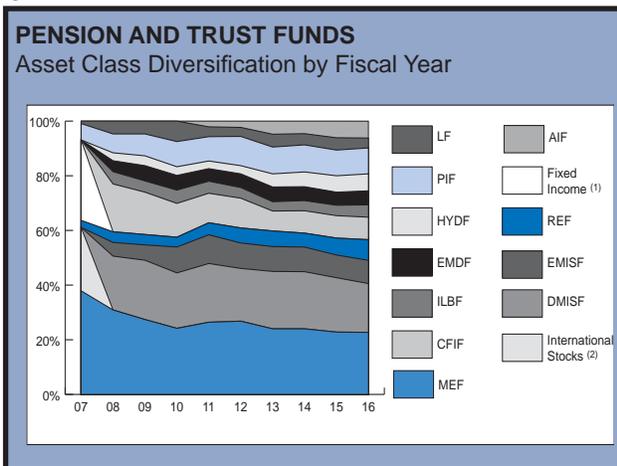
Figure 1-3



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

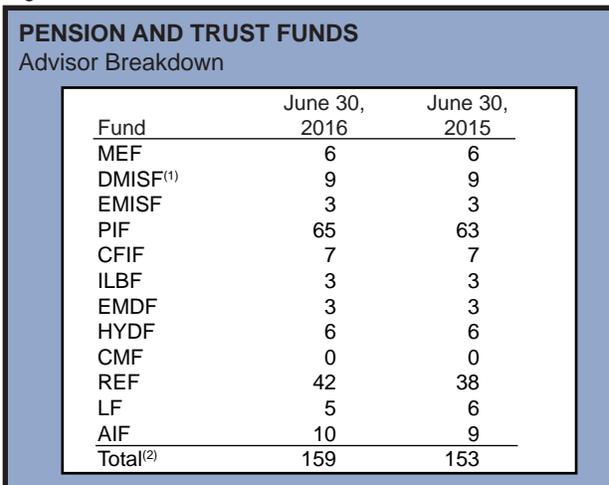
PENSION FUNDS MANAGEMENT DIVISION

Figure 1-4



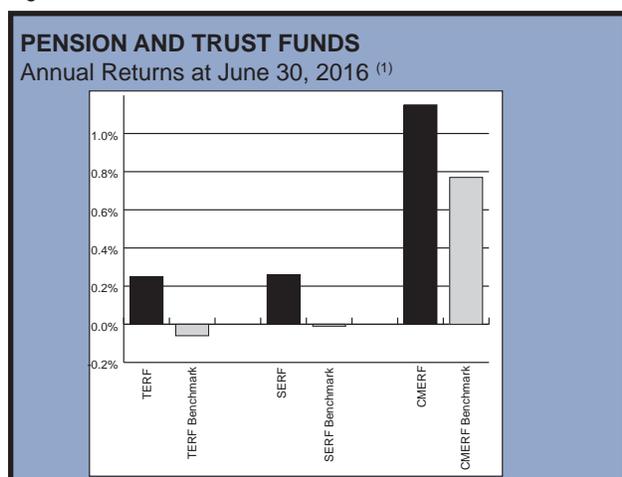
- (1) Prior to November 1, 2007 CFIF, ILBF, EMDF and HYDF were included in a Combined Investment Fund titled Mutual Fixed Income Fund.
- (2) Prior to November 1, 2007 DMISF and EMISF were included in a Combined Investment Fund titled International Stock Fund.

Figure 1-5



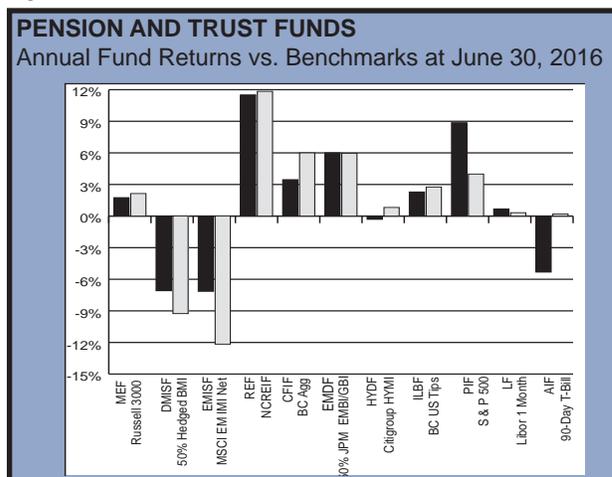
- (1) Does not include the Currency Overlay Manager.
- (2) Actual total advisors was 150 and 144, respectively when factoring in advisors across multiple funds. Private Investment partnerships with nonmaterial balances are not included.

Figure 1-6



- (1) Each Plan benchmark composite represents the Plan's policy allocation weights times each investment Fund's return.

Figure 1-7



Note: Investments in Commercial Mortgage Fund were redeemed by plan participants. Ending Net Asset Value at June 30, 2016 was less than \$100. No percentages were calculated due to the immaterial amounts.

PENSION FUNDS MANAGEMENT DIVISION

Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ended June 30,					Annualized		
	2016	2015	2014	2013	2012	3 Years	5 Years	10 Years
<i>(Investment performance is calculated using a time-weighted rate of return based on the market rate of return.)</i>								
PLANS								
Teachers' Retirement Fund (TERF)	0.25	2.79	15.67	11.83	(0.96)	6.03	5.71	5.25
TERF Custom Benchmark	(0.06)	3.20	15.25	12.05	0.97	5.93	6.09	5.31
State Employees' Retirement Fund (SERF)	0.26	2.84	15.62	11.90	(0.90)	6.03	5.74	5.14
SERF Custom Benchmark	(0.01)	3.23	15.41	12.05	1.04	6.01	6.15	5.32
Connecticut Municipal Employees' Retirement Fund (CMERF)	1.15	2.57	13.58	9.60	0.47	5.62	5.35	5.09
CMERF Custom Benchmark	0.77	2.31	14.10	10.49	2.72	5.57	5.93	5.45
<u>U.S. Stocks</u>								
Mutual Equity Fund	1.75	7.32	25.28	21.15	3.38	11.01	11.37	6.62
Russell 3000 Index	2.14	7.29	25.22	21.46	3.84	11.13	11.60	7.40
<u>International Stocks</u>								
Developed Markets International Stock Fund	(7.09)	0.67	22.31	22.56	(12.48)	4.59	4.22	2.94
MSCI EAFE IMI 50% Hedged	(9.26)	3.79	21.24	21.31	(11.25)	4.52	4.21	2.64
Emerging Markets International Stock Fund	(7.15)	(6.93)	11.50	3.29	(14.16)	(1.23)	(3.07)	3.06
MSCI Emerging Market Investable Market Index	(12.16)	(4.41)	14.31	3.66	(16.29)	(1.36)	(3.59)	3.80
<u>Equity Commercial Real Estate</u>								
Real Estate Fund	11.51	12.93	10.66	10.26	7.19	11.70	10.49	2.81
NCREIF (1 Qtr. Lag)	11.84	12.72	11.18	10.52	13.41	11.91	11.93	7.61
<u>U.S. Fixed Income</u>								
Core Fixed Income Fund	3.46	1.85	4.28	(0.24)	7.63	3.19	3.39	4.71
Barclays Aggregate Bond Index	6.00	1.86	4.37	(0.69)	7.47	4.06	3.76	5.13
Emerging Market Debt	6.01	(7.57)	6.99	1.69	4.78	1.58	2.25	6.41
50% JP Morgan EMBI/50% JPM GBI EMBI	5.96	(7.72)	7.61	2.82	10.90	1.71	3.71	6.61
High Yield Debt	(0.31)	(1.31)	12.24	8.46	6.23	3.36	4.99	6.73
Citigroup High Yield Market Capped Index	0.82	(0.80)	11.25	9.05	7.66	3.62	5.51	7.06
Inflation Linked Bonds	2.29	(2.85)	4.17	(4.33)	11.91	1.16	2.11	4.59
BC World Gov't Inflation Linked Bond Index	2.76	(3.35)	9.27	(1.85)	11.66	2.76	3.14	5.00
⁽²⁾ Commercial Mortgage Fund	N/A	0.25	10.17	0.88	(6.48)	N/A	N/A	N/A
Barclays Aggregate Bond Index	6.00	1.86	4.37	(0.69)	7.47	4.06	3.76	5.13
<u>Alternative Assets</u>								
Private Investment Fund	8.87	14.04	16.06	9.50	5.92	12.95	10.82	10.33
S & P 500	3.99	7.42	24.61	20.60	5.45	11.66	12.10	7.42
<u>Liquidity Fund</u>								
⁽¹⁾ Liquidity Fund	0.68	(1.07)	0.54	0.66	(0.14)	0.04	0.13	1.44
LIBOR 1 Month Index	0.32	0.17	0.17	0.21	0.25	0.22	0.22	1.25
<u>Alternative Investment Fund</u>								
90-Day T-Bill	(5.32)	3.98	6.63	6.39	(1.62)	1.63	1.90	N/A
	0.19	0.02	0.05	0.11	0.05	0.09	0.09	N/A

(1) The Liquidity Fund includes all cash balances, including manager cash. However all fund returns still reflect cash balances.

(2) Investments in Commercial Mortgage Fund were redeemed by plan participants. Ending Net Asset Value at June 30, 2016 was less than \$100. No percentages were calculated due to the immaterial amounts.

2016 liquidity fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Liquidity Fund (LF) is to: (1) provide a liquid source of funds for investment operations and (2) earn a return greater than that of money market investments.

Date of Inception: November 1, 2007

Total Net Position: \$1,980,093,610

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$1,537,535

Benchmark: One Month London Interbank Offered Rate (LIBOR)

Operating Expenses: \$421,534

Number of Advisors: 5 external

Expense Ratio: 0.09%

Description of the Fund

The Liquidity Fund is structured into three distinct tiers to balance the need for liquidity with the need for positive investment returns.

1. The first tier is the most active portion of the LF and requires the highest liquidity. Tier I funds are invested in high quality money-market instruments, which are considered the most liquid short-term assets.
2. The second tier slightly extends duration and credit quality for a higher expected return than Tier I. Investments include money market instruments, Government and agency paper, and high quality corporate and other short duration fixed income securities.
3. Global exposure in the third tier of the LF provides diversification. Short-to-medium term high quality foreign government bonds are held in this tier, in addition to foreign currencies.

Portfolio Characteristics

The Liquidity Fund investments include U.S. Treasury and government agency securities, commercial paper, certificates of deposit, repurchase agreements, asset-backed securities, mortgage-backed securities, domestic and foreign corporate bonds, foreign sovereign debt and currencies. (See Figure 2-4.) As of June 30, 2016, the average maturity of the LF was 387 days and the average quality rating was AA-2. (See Figure 2-5.)

Market Review

The U.S. yield curve flattened during fiscal year 2016. The 2-year Treasury yield declined six basis points to .58 percent, while the 10-year Treasury yield fell 88 basis points to 1.47 percent. In general, yields one year and under increased, while longer maturities declined significantly. In December 2015, the Federal Reserve increased overnight lending rates for the first time since 2006 based on its view of strength in the labor market, along with improvements in household spending, business investment and housing market conditions. Initial market expectations for additional rate hikes were followed by a more acute awareness of the fragile state of the global economy at the beginning of 2016, but market risk sentiment reversed again in late February based on positive economic data. However, a weak May jobs report and continued concerns surrounding deflation risk and global economic health caused the Federal Reserve to delay further rate hikes.

Despite yields being near all-time lows, intense global demand for U.S. government bonds continued as other developed markets had lower and even negative rates as they supported their domestic economies. The June Brexit referendum in the U.K. created temporary market upheaval, but the short-term funding markets did not show signs of financial market stress and liquidity did not materially wane. An increase in corporate leveraging, in addition to record amounts of mergers and acquisitions, kept bond issuance strong. Credit performance was strong with corporate and asset-backed securities outperforming U.S. Treasuries. The Bank of America Merrill Lynch 1-3 Year Treasury Index returned 1.3 percent for the twelve months ending June 30, 2016.

Global diversification generated a positive return of 3.2 percent across sovereign bond markets of developed countries as measured by the Citi World Government 1-3 Year Bond Index. During the first half of fiscal 2016,

PENSION FUNDS MANAGEMENT DIVISION

emerging market currencies suffered markedly against the U.S. dollar amid pessimism about global growth, fears of deflation and a commodity price collapse. Beginning in February 2016, emerging local markets characterized by commodity sensitivity and yield allure began a recovery, although emerging market currency returns for the fiscal year remained negative.

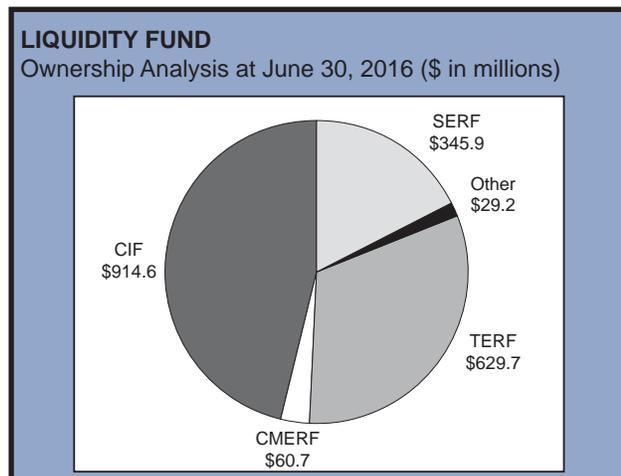
Performance Summary

For the fiscal year ended June 30, 2016, the LF generated a return of .68 percent, outperforming one month LIBOR's return by 36 basis points. For the three- and five- year periods ending June 30th, the Fund returned 4 basis points and 13 basis points, versus 22 basis points for each time period for one month LIBOR. The cumulative total returns of the LF for the three-, five- and ten-year periods were .13 percent, .65 percent and 15.36 percent, respectively. (See Figure 2-6.)

Risk Profile

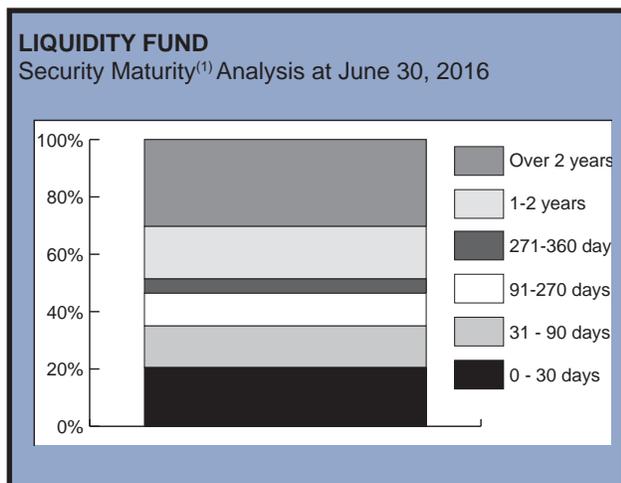
Given the LF's investment policies and objectives, the Fund is exposed to some risks. Interest rate risk is somewhat mitigated by the Fund's short average maturity and credit risk is moderated by investments being concentrated in high quality securities. Other potential risks include currency risk, reinvestment risk and inflation risk. Counter party risk is managed by dealing only with reputable, high quality firms.

Figure 2-1



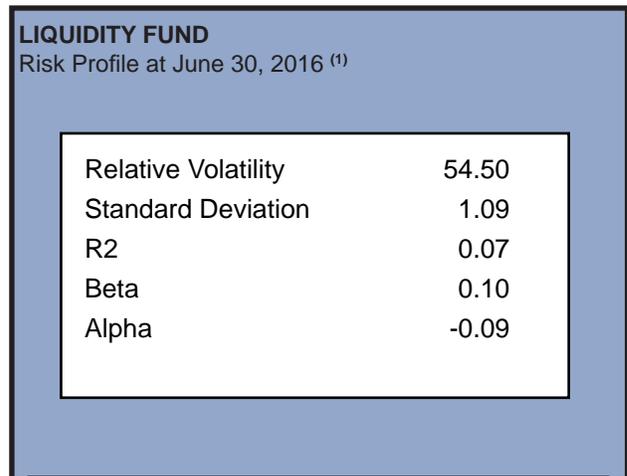
TERF - Teachers' Retirement Fund
 SERF - State Employees' Retirement Fund
 CMERF - Connecticut Municipal Employees' Retirement Fund
 CIF - Combined Investment Funds

Figure 2-3



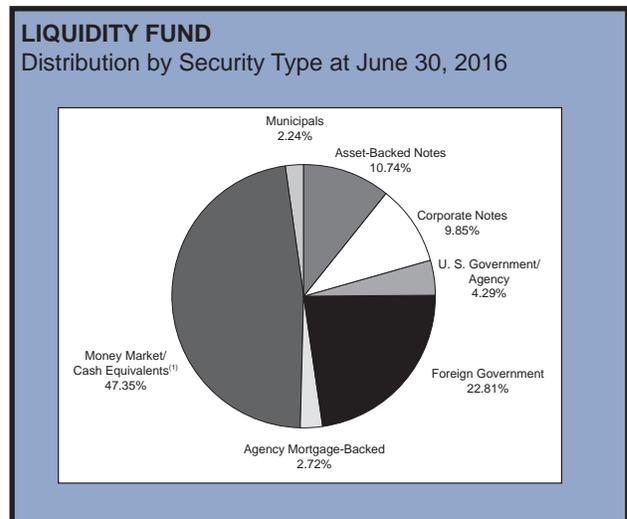
(1) Or Interest Rate Reset Period.

Figure 2-2



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

Figure 2-4



(1) Includes Commercial Paper, Certificates of Deposit and Repurchase Agreements.

PENSION FUNDS MANAGEMENT DIVISION

Figure 2-5

LIQUIDITY FUND Comprehensive Profile by Fiscal Year				
Date	Number of Issues	Yield ⁽¹⁾	Average Maturity	Average Quality
2016	776	0.68%	387 days	AA-2
2015	742	-1.07%	347 days	AA-2
2014	767	0.54%	343 days	AA-2
2013	495	0.66%	631 days	AA+
2012	329	-0.14%	482 days	AA-2
2011	337	1.20%	321 days	AA-1
2010	244	0.98%	202 days	AA-1
2009	162	1.54%	36 days	AA-2
2008	71	4.59%	39 days	A-1+/AA+
2007	97	5.61%	87 days	A-1+/AA+

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

Figure 2-6

	1 YR	3 YRS	5 YRS	10 YRS
LIQUIDITY FUND Periods ending June 30, 2016				
Compounded, Annual Total Return (%)				
LF	0.68	0.04	0.13	1.44
LIBOR 1 MONTH INDEX	0.32	0.22	0.22	1.25
CPI-URBAN	1.01	1.06	1.32	1.74
Cumulative Total Return (%)				
LF	0.68	0.13	0.65	15.36
LIBOR 1 MONTH INDEX	0.32	0.65	1.11	13.21
CPI-URBAN	1.01	3.23	6.79	18.80

Figure 2-7

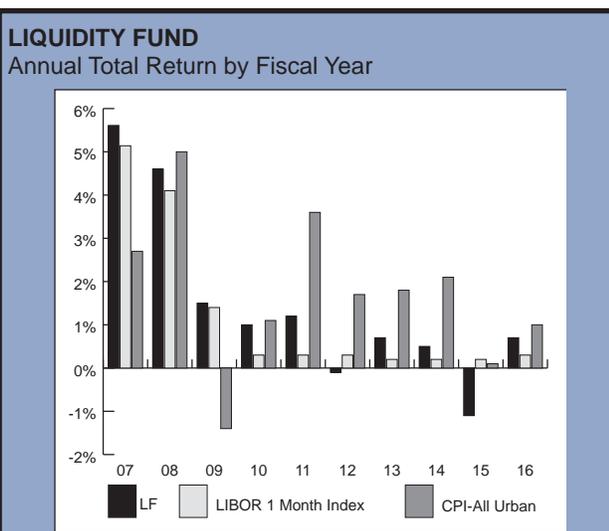


Figure 2-9

LIQUIDITY FUND Investment Advisors at June 30, 2016		
Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	785,823,455	39.69%
Payden & Rygel	453,584,677	22.91%
PIMCO	344,494,258	17.39%
Lazard	95,837,974	4.84%
Colchester Global Investors Ltd.	300,352,910	15.17%
Other ⁽¹⁾	336	0.00%
Total LF	\$1,980,093,610	100.00%

(1) Other Represents cash equivalents, terminated advisors and other net assets.

Figure 2-8

LIQUIDITY FUND Investment Advisor Tiers at June 30, 2016		
Investments	Net Asset Value	% of Fund
Tier I	\$785,823,455	39.69%
Tier II	798,079,271	40.30%
Tier III	396,190,884	20.01%
Total LF	\$1,980,093,610	100.00%

Figure 2-10

LIQUIDITY FUND Ten Largest Holdings* at June 30, 2016			
Security Name	Maturity Date	Market Value	%
HSBC AGCY REPO	7/1/2016	\$50,000,000	2.53%
LLOYDS BK PLC DISC	7/1/2016	29,999,750	1.52%
BANK OF AMERICA NA	8/30/2016	29,999,070	1.52%
KFW DISC	7/15/2016	29,953,250	1.52%
ERSTE ABWICKLUN DISC	8/3/2016	29,934,458	1.52%
U S TREASURY NOTE	2/15/2018	27,723,315	1.40%
NEW ZEALAND GOVERNMENT BO REGS	3/15/2019	25,537,429	1.29%
CITIBANK N A NY BRH INSTL C/D	7/11/2016	25,000,000	1.26%
NRW BANK DISC	7/20/2016	24,994,653	1.26%
PSP CAPITAL INC DISC	7/6/2016	24,964,222	1.26%
Top Ten		\$298,106,147	15.08%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016 alternative investment fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Alternative Investment Fund (AIF) is to invest CRPTF assets in investment strategies that offer the potential to enhance overall portfolio expected returns, reduce risk, or a combination of both in a variety of market conditions. Additionally, the AIF is expected to provide diversification benefits and a degree of inflation protection. The AIF serves as a vehicle for strategies that are not easily classified, categorized, or described in the other Combined Investment Funds. Hybrid strategies that cut across multiple asset classes are also considered part of the opportunity set.

Date of Inception: February 1, 2011

Total Net Position: \$1,804,340,644

Performance Objective: To outperform the 90 day T-Bill Rate (T-Bills) by 300 basis points net of all expenses.

Expensed Management Fees: \$0

Benchmark: 90 Day T-Bills

Capitalized and Netted Fees: \$11,778,713

Number of Partnerships: 9 external

Operating Expenses: \$1,114,232

Expense Ratio*: 0.06%

* Expense ratio is calculated using the management fee and operating expense totals.

Description of the Fund

The AIF represents a unique investment exposure that differs from traditional, long-only funds. The strategies employed within the AIF represent a broad set of investment styles, mandates and products that focus primarily on the liquid equity, fixed income and derivatives markets, and may also include allocations to non-traditional investments, including illiquid securities and investments. AIF strategies may target absolute returns without reference to a traditional benchmark using a wide range of investment tools such as short-selling, leverage, derivatives and complex securities.

The AIF invests in strategies that do not fit the constraints of existing Combined Investment Funds. Such strategies could include, but are not limited to, absolute return strategies, managed futures strategies, commodities, real assets and other alternative asset strategies.

The AIF mandate is executed through external investment advisors and money managers who actively manage a fund of funds portfolio or through direct investments in single manager funds.

Portfolio Characteristics

As of June 30, 2016, the AIF was invested in six absolute return oriented fund of hedge funds, including two fund of funds participating in the Connecticut Horizon Fund program, with a combined market value of \$1.58 billion. The portfolio also includes two real asset oriented private equity style funds that invest in energy infrastructure with a combined market value of \$102.18 million and a European distressed credit partnership with a market value of \$15.02 million.

Market Review

Fiscal year 2016 was volatile for equity markets with significant sell-offs early in the year and a recovery of losses towards the end of the year. The last month of the fiscal year was dominated by the market's anticipation of the United Kingdom referendum to leave the European Union (Brexit). The U.S. Federal Reserve raised interest rates once in December 2015, while central banks outside the U.S., particularly in Europe and Japan, expanded their asset buying programs. Credit markets experienced significant volatility ending the fiscal year with spreads wider relative to the beginning of the year. Foreign bonds posted the best returns for the period as the proportion of global sovereign debt trading at negative yields increased from approximately 10 percent to 25 percent.

During the fiscal year, hedge fund strategies generated negative returns due to market volatility, steep commodity losses and the widening of credit spreads. Losses in equity long/short, event driven, and relative value were slightly offset by gains in global macro strategies.

Performance Summary

For the fiscal year ended June 30, 2016, the AIF generated a return of -5.32 percent, net of all expenses, which underperformed the 90-day Treasury bill return of 0.19 percent by 551 basis points. As of June 30, 2016, the trailing three- and five-year net annualized returns of the AIF were 1.63 percent and 1.90 percent, respectively. These returns outperformed the compounded 90-day Treasury bill return of 0.09 percent for both periods by 154 and 181 basis points, respectively.

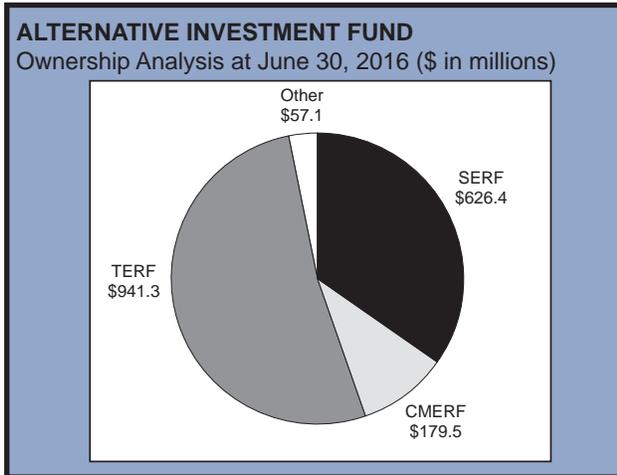
Within the AIF, the fund of hedge funds portfolio returned -3.57 percent as of June 30, 2016. The consolidated hedge fund portfolios outperformed their fund of funds peer group (Hedge Fund Research, Inc. Fund of Funds Composite Index), which decreased by 441 basis points over the same period. It underperformed the broader Hedge Fund Research, Inc. Fund Weighted Composite Index, which declined by 18 basis points.

Risk Profile

Given the AIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, risks attendant with alternative investments, such as management, operations and product risk, overall liquidity risk, leverage, short selling, derivative use, and transparency. Assuming these risks as part of a prudent, total portfolio strategy assists the AIF in achieving its investment objectives.

PENSION FUNDS MANAGEMENT DIVISION

Figure 3-1



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

Figure 3-2

ALTERNATIVE INVESTMENT FUND
Periods ending June 30, 2016

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
AIF	-5.32	1.63	1.90	-
90 Day T-Bill	0.19	0.09	0.09	-
Cumulative Total Return (%)				
AIF	-5.32	4.97	9.86	-
90 Day T-Bill	0.19	0.27	0.44	-

Figure 3-3

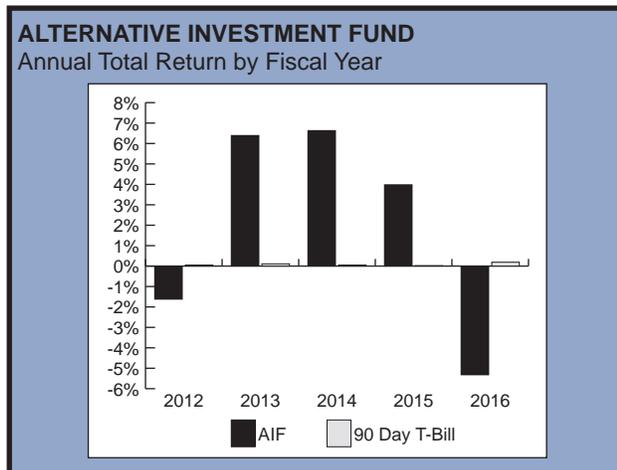


Figure 3-5

ALTERNATIVE INVESTMENT FUND
Investment Funds at June 30, 2016

Investment Advisor	Net Asset Value	% of Fund
Arclight Energy Partners Fund V	\$32,334,181	1.79%
Arclight VI	28,715,195	1.59%
EIG Energy Fund XV LP	41,133,382	2.28%
Marathon European Credit Opportunity	15,024,290	0.83%
Prudence Crandall I Permal LP	557,826,324	30.92%
Prudence Crandall II Prisma LP	298,161,764	16.52%
Prudence Crandall III Rock Creek LP	276,654,010	15.33%
Prudence Crandall IV K2 LP	280,371,436	15.54%
THOMAS WELLES FUND I	82,373,979	4.57%
THOMAS WELLES FUND II	83,998,157	4.66%
Other ⁽¹⁾	107,747,926	5.97%
Total	\$1,804,340,644	100.00%

(1) Other represents cash equivalents and other net assets.

Figure 3-4

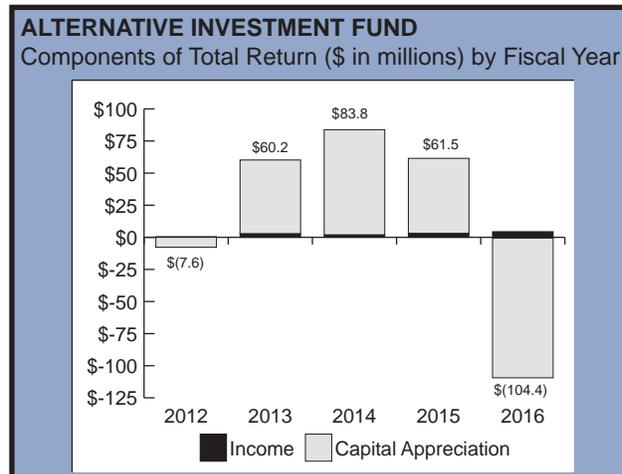


Figure 3-6

ALTERNATIVE INVESTMENT FUND
Ten Largest Holdings* at June 30, 2016

Partnership Name	Type	Market Value	%
PC I Permal LP	Hedge F-o-F	\$557,826,324	30.92%
PC II Prisma LP	Hedge F-o-F	298,161,764	16.52%
PC IV K2 LP	Hedge F-o-F	280,371,436	15.54%
PC III Rock Creek LP	Hedge F-o-F	276,654,010	15.33%
Thomas Welles Fund II	Hedge F-o-F	83,998,157	4.66%
Thomas Welles Fund I	Hedge F-o-F	82,373,979	4.57%
EIG Energy Fund XV LP	Real Assets	41,133,382	2.28%
Arclight Energy Prtnrs V	Real Assets	32,334,181	1.79%
Arclight Energy Prtnrs VI	Real Assets	28,715,195	1.59%
Marathon Euro Credit Opp	Opportunistic	15,024,290	0.83%
Top Ten		\$1,696,592,718	94.03%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016

mutual equity fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Mutual Equity Fund (MEF) is to (1) achieve a long term, real rate of return significantly above the inflation rate; and (2) provide a source of diversification from other asset classes within the CRPTF during different economic environments.

Date of Inception: July 1, 1972

Total Net Position: \$6,642,104,816

Performance Objective: A net return that, at a minimum, matches the benchmark over rolling three- to five-year periods.

Management Fees: \$13,228,298

Benchmark: Russell 3000 Index

Operating Expenses: \$5,951,714

Number of Advisors: 6

Expense Ratio: 0.29%

Description of the Fund

The MEF assets are allocated across the U.S. stock market to ensure diversification by market capitalization and investment style, such as value and growth. The MEF may opportunistically invest up to 30 percent of assets to take advantage of shifts in the investment landscape or opportunities that offer diversification and/or risk-return benefits, and may include investments in any market capitalization and/or investment style as well as an allocation to stocks outside the U.S.

Portfolio Characteristics

The MEF invests primarily in the common stock of U.S. corporations. The largest industry weightings at June 30, 2016 were financials (18.4 percent), followed by information technology (17.4 percent) and health care (14.4 percent) (See Figure 4-3).

The MEF's ten largest holdings, aggregating 14.6 percent of Fund investments, included a variety of blue chip companies and were broadly diversified, with the largest holding of 2.3 percent in Apple Inc. (See Figure 4-9).

Market Review

Capital markets in the U.S. experienced another year of uncertainty. Central bank activity continued to be the focus, driving investor sentiment and market returns. During the fiscal year there were three sharp downturns followed by quick recoveries. The first occurred in August 2015 when the People's Bank of China decided to devalue its currency followed by the second in January 2016 when concerns over slow global growth led risk markets lower. Finally, in June 2016, the market decline was related to the United Kingdom's referendum to leave the European Union. The continuing loosening of monetary policy by the European Central Bank and the Bank of Japan, along with expectations that the Federal Reserve would further delay policy rate hikes, helped to fuel positive investor sentiment for much of the second half of the fiscal year.

The U.S. stock market, as measured by the Russell 3000 index, increased 2.1 percent. Within the Russell 3000, large capitalization companies outperformed small capitalization companies. The utilities sector was the best performing sector in the index with a 28.4 percent return, while the energy sector was the worst performing sector with a -8.1 percent return. U.S. equities significantly outperformed developed international and emerging market equities during the year. Actively managed portfolios with a strong emphasis on higher quality stocks with strong fundamentals generally underperformed the broader index.

Performance Summary

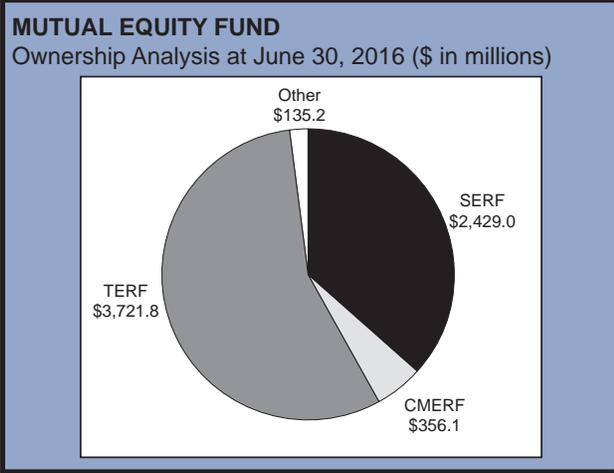
For fiscal year 2016, the MEF generated a return of 1.75 percent, net of all expenses, which underperformed the Russell 3000 Index return of 2.14 percent (See figure 4-4). As of June 30, 2016, the MEF compounded net annualized total returns, for the trailing three-, five- and ten-year periods were 11.01 percent, 11.37 percent and 6.62 percent, respectively.

Risk Profile

Based on returns over the last five years, MEF has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a relative volatility of 1.01, the MEF's volatility is approximately the same as the market. The Fund's active return, or its excess returns over the last five years, adjusted for risk, has been a -0.23 (See figure 4-2).

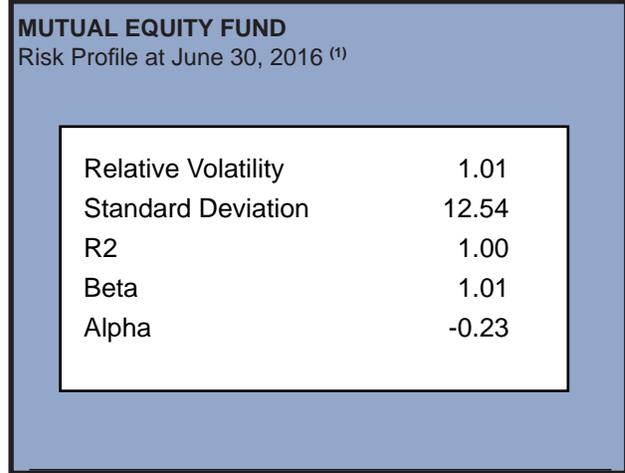
PENSION FUNDS MANAGEMENT DIVISION

Figure 4-1



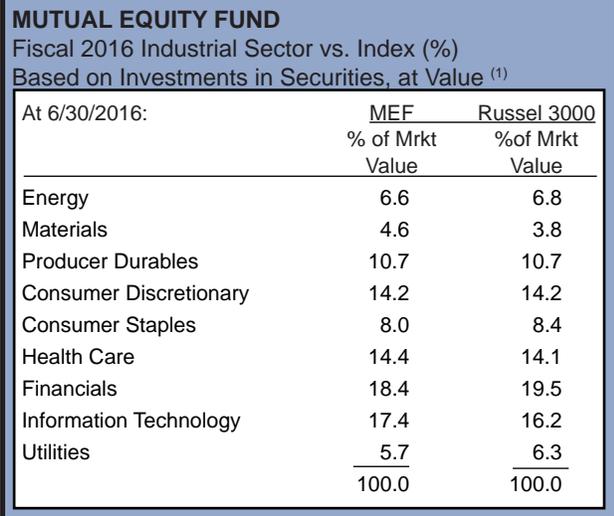
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 4-2



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

Figure 4-3



(1) Excludes the Liquidity Fund.

Figure 4-4

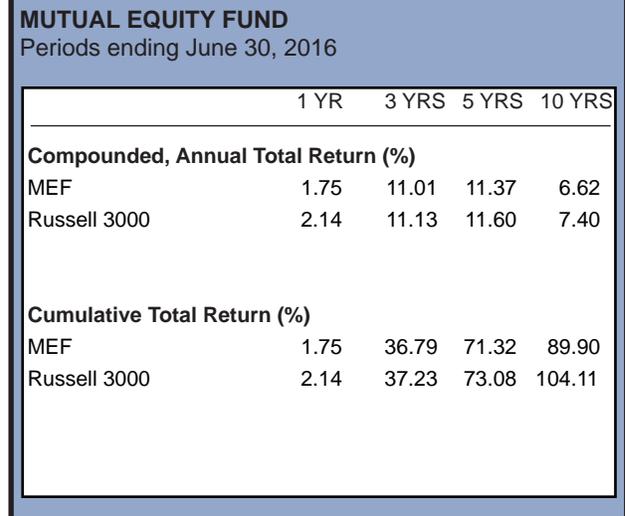


Figure 4-5

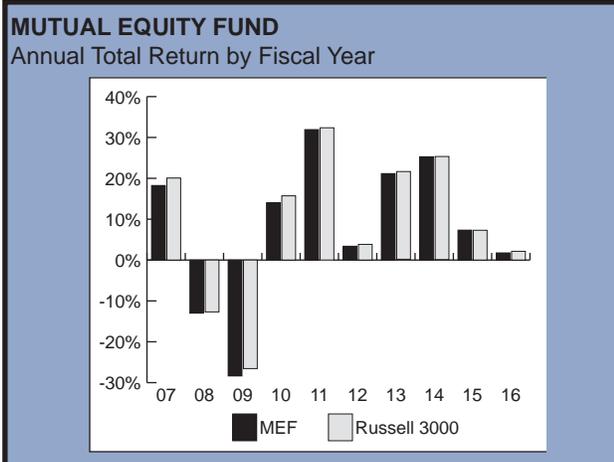
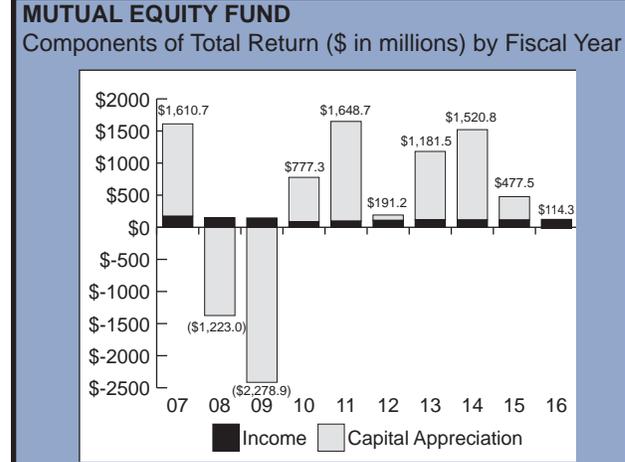


Figure 4-6



PENSION FUNDS MANAGEMENT DIVISION

Figure 4-7

MUTUAL EQUITY FUND

Comprehensive Profile for the Fiscal Years ending June 30,

	2016		2015		2014		2013		2012	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,706	3,000	1,807	3,000	1,806	3,000	1,721	3,000	1,629	3,000
Cap (\$ Bil)	\$114.1	\$114.6	\$108.1	\$108.9	\$102.1	\$101.7	\$85.5	\$85.8	\$96.9	\$89.2
P/E	22.8	22.1	22.0	21.7	21.2	20.8	19.3	19.2	18.0	18.3
Div Yield	1.92%	2.06%	1.81%	1.93%	1.74%	1.84%	1.90%	2.10%	1.99%	2.05%
ROE	16.6%	16.4%	17.7%	17.5%	16.9%	17.0%	17.3%	17.8%	21.1%	20.5%
P/B	2.6	2.4	2.8	2.8	2.8	2.7	3.8	3.7	3.7	3.7
Cash & Equiv.	1.2%	0.0%	1.1%	0.0%	0.9%	0.0%	0.8%	0.0%	0.6%	0.0%

Source: Custodian Bank

Figure 4-8

MUTUAL EQUITY FUND

Investment Advisors at June 30, 2016

Investment Advisor	Net Asset Value	% of Fund
Large Cap	\$5,511,292,749	82.98%
T. Rowe Price Associates	1,886,235,987	28.40%
State Street Global Advisors	3,625,056,762	54.58%
All Cap	534,712,267	8.05%
Capital Prospects	274,567,698	4.13%
FIS Group, Inc.	260,144,569	3.92%
Small/Mid Cap	575,455,111	8.66%
Frontier Capital Mgmt Co	316,496,990	4.76%
Bivium	258,958,121	3.90%
Other ⁽¹⁾	20,644,689	0.31%
TOTAL MEF	\$6,642,104,816	100.00%

(1) Other represents cash equivalents and other net assets.

Figure 4-9

MUTUAL EQUITY FUND

Ten Largest Holdings* at June 30, 2016

Security Name	Sector	Market Value	%
Apple Inc	Information Tech	\$153,405,018	2.31%
Microsoft Corp	Information Tech	129,874,884	1.95%
Exxon Mobil Corp	Energy	122,591,766	1.84%
Johnson & Johnson	Health Care	96,737,235	1.46%
Amazon.Com Inc	Consumer Discr	95,057,236	1.43%
Facebook Inc	Information Tech	83,849,064	1.26%
General Electric Co	Producer Durables	76,863,205	1.16%
Procter & Gamble Co	Consumer Staples	73,451,394	1.10%
JPMorgan Chase & Co Financials		71,857,391	1.08%
AT&T Inc	Utilities	69,093,913	1.04%
Top Ten		\$972,781,106	14.63%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016

core fixed income fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Core Fixed Income Fund (CFIF) is to: (1) achieve a long-term real rate of return above the inflation rate; (2) generate a stream of income and (3) provide a source of diversification from other asset classes within the CRPTF during different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$2,406,864,366

Performance Objective: A net return that matches its benchmark, over rolling three- to five-year periods.

Expensed Management Fees: \$2,592,136

Capitalized and Netted Fees: \$1,802,140

Benchmark: Barclays U.S. Aggregate Bond Index

Operating Expenses: \$1,258,671

Number of Advisors: 7 external

Expense Ratio*: 0.16%

* Expense ratio is calculated using the management fee and operating expense totals.

Description of the Fund

The CFIF assets are invested across debt instruments issued by the U.S. Government and its agencies, U.S. corporations, Euro bonds, high quality quasi or sovereign debt and any other public or private U.S. regulated debt securities. The CFIF may invest up to 30 percent of its assets opportunistically to take advantage of shifts in the investment landscape or opportunities which offer diversification and/or risk-return benefits.

Portfolio Characteristics

At the end of fiscal 2016, the composition of the CFIF was: corporate bonds 29.6 percent, mortgage-backed securities 25.0 percent, U.S. Treasuries 24.3 percent, asset-backed securities 8.0 percent, and government agency securities 1.5 percent. The remaining 11.6 percent was invested in the Liquidity Fund and other assets, excluding two opportunistic funds. (See Figure 5-4.) The asset value of the two opportunistic funds was \$534.4 million at fiscal year-end. (See Figure 5-10.) As of June 30, 2016, the CFIF was overweight asset backed securities, corporate bonds and opportunistic investments compared to the Barclays U.S. Aggregate Bond Index, and underweight U.S. Treasury, agency and mortgage-backed securities. Sixty percent of the CFIF was invested in AAA-rated securities. (See Figure 5-5.) The duration of the fund was 5.86 years, compared to 5.76 years for the benchmark. The yield to maturity was 2.20 percent for the CFIF versus 1.74 percent for the Barclays U.S. Aggregate Bond Index. (See Figure 5-11.)

Market Review

The Barclays U.S. Aggregate Index generated a positive return of 6.0 percent during a very volatile 2016 fiscal year. The yield curve flattened and rates fell compared to the beginning of the period, driven by global financial and political developments (such as the sharp devaluation of the Chinese Renminbi in August 2015 and Brexit in June 2016), anemic worldwide growth, a delay in the anticipated path to policy normalization by the Federal Reserve Bank, loosening monetary policies in other countries and a sharp fall in oil prices later followed by some retracement. While interest rates moved markedly lower, credit spreads widened and narrowed multiple times during the fiscal year before settling back to levels similar to the beginning of the period, albeit it at dramatically lower yields. Longer-dated instruments outperformed those with shorter durations over the period.

U.S. Treasury securities were in high demand during the fiscal year as investors sought safety from global market fluctuations, resulting in a decline of 88 basis points in the 10 year U.S. Treasury yield compared to the beginning of the period. Within the Barclays U. S. Aggregate Index, Treasuries, which account for almost

37 percent of the index, drove performance with a return of 6.22 percent. Investment grade corporate bonds, representing about one quarter of the index, had an excess return over Treasuries of 14 basis points for the period. The energy sub-sector suffered due to plummeting oil prices in the first half of the reporting period and was not able to catch up when oil prices appeared to stabilize in February. The utility sector posted strong returns over the period as issuers in this sector benefitted from the falling costs of oil and coal. While asset backed holdings generated a solid 75 basis points of excess return, they were not a significant contributor to overall index performance since they represent less than one percent of the index.

Performance Summary

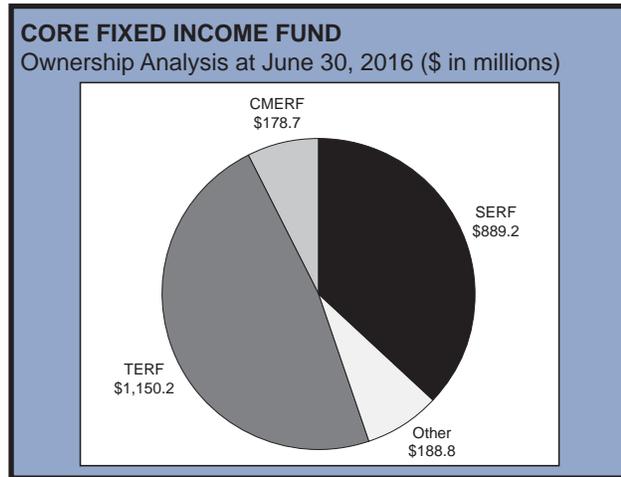
For the fiscal year ended June 30, 2016 the ILBF underperformed the Barclays World Government Inflation-Linked Bond Index by 47 basis points, generating a 2.29 percent net return compared to a 2.76 percent return for the benchmark. During the three- and five-year periods ending June 30th, assets were invested primarily in U.S. inflation-linked bonds and underperformed when measured against the current global benchmark. Global inflation-linked bond managers were hired in September 2014. The cumulative total returns of the Fund were 3.53 percent over the past three years and 11.02 percent for the five-year period ending June 30th. (See Figure 6-7.)

Risk Profile

Given the CFIF's investment policies and objectives, the Fund is exposed to several forms of risk, such as credit default risk, interest rate risk, liquidity risk, inflation risk, reinvestment risk and counter party risk. These risks are monitored on an ongoing basis, and actions are taken to mitigate identified risks. External rating agencies assign credit ratings to individual securities reflecting their views of the underlying firm's credit worthiness or the underlying assets in the case of securitized debt. As of fiscal year end, 60.0 percent of the CFIF was rated AAA. (See Figure 5-5.)

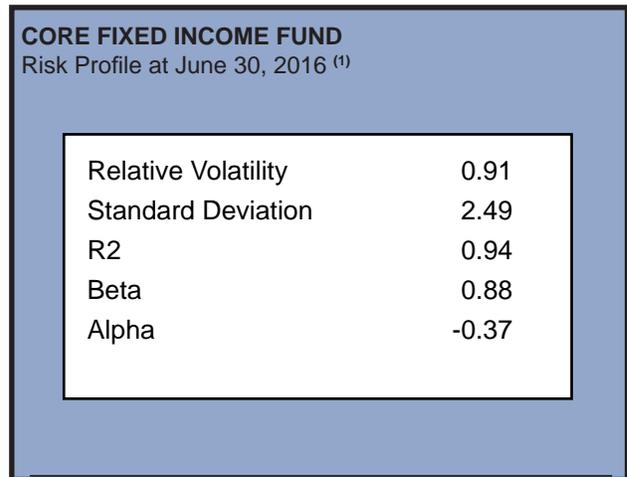
PENSION FUNDS MANAGEMENT DIVISION

Figure 5-1



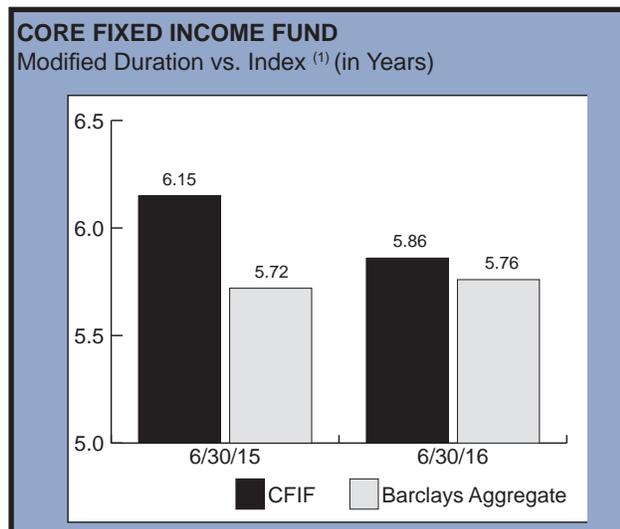
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 5-2



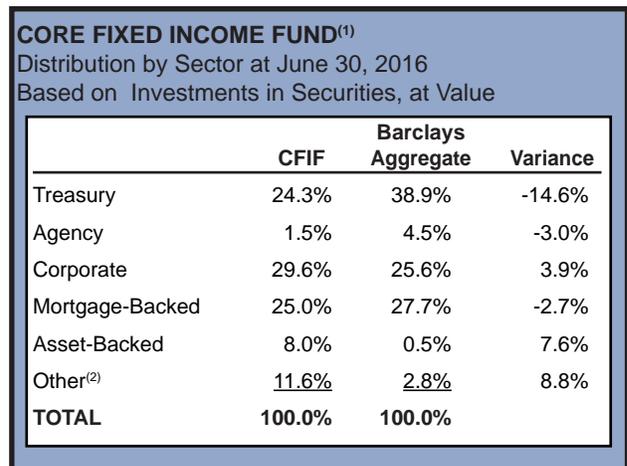
(1) Based upon returns over the last five years.

Figure 5-3



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

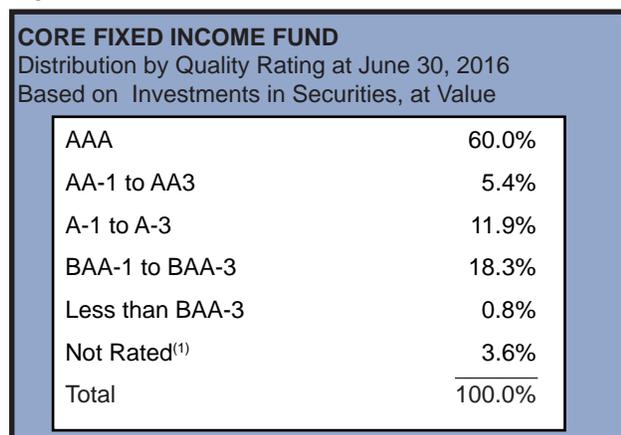
Figure 5-4



(1) Excludes holdings in two opportunistic funds.

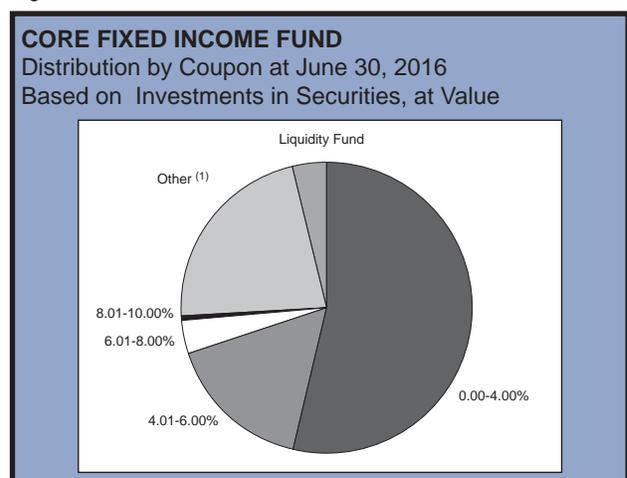
(2) Other category includes Liquidity Fund and other assets.

Figure 5-5



(1) Represents securities for which ratings are unavailable.

Figure 5-6



(1) Other category includes other assets.

PENSION FUNDS MANAGEMENT DIVISION

Figure 5-7

CORE FIXED INCOME FUND	
Duration Distribution at June 30, 2016 Based on Investments in Securities, at Value	
0-3 Years	43.7%
3-5 Years	18.4%
5-7 Years	13.7%
7-10 Years	9.1%
10+ Years	12.0%
Unknown ⁽¹⁾	3.1%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

Figure 5-8

	1 YR	3 YRS	5 YRS	10 YRS
CORE FIXED INCOME FUND				
Periods ending June 30, 2016				
Compounded, Annual Total Return (%)				
CFIF	3.46	3.19	3.39	4.71*
Barclays Aggregate	6.00	4.06	3.76	5.13
Cumulative Total Return (%)				
CFIF	3.46	9.88	18.13	58.40*
Barclays Aggregate	6.00	12.69	20.28	64.97

*Represents historical returns at the portfolio composite level.

Figure 5-9

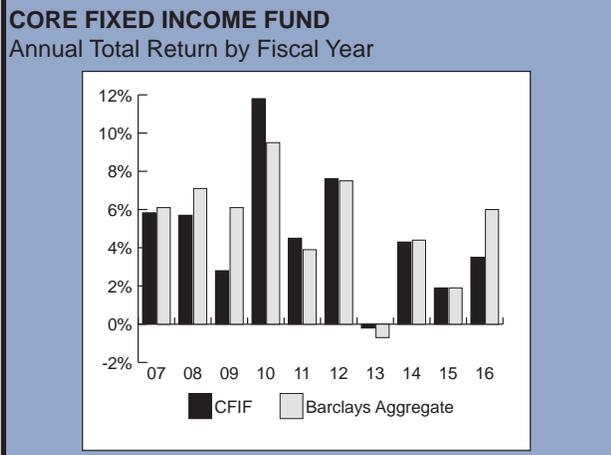


Figure 5-10

CORE FIXED INCOME FUND		
Investment Advisors at June 30, 2016		
Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	\$252,950,399	10.51%
BlackRock Financial Management, Inc.	527,137,815	21.90%
Wellington	532,430,711	22.12%
Conning-Goodwin Capital	375,863,621	15.62%
Progress	118,042,901	4.91%
Prudence Crandall Fund III Opportunistic	266,969,392	11.09%
Prudence Crandall Fund IV Opportunistic	267,446,429	11.11%
Other ⁽¹⁾	66,023,098	2.74%
TOTAL CFIF	\$2,406,864,366	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 5-11

	2016		2015		2014		2013		2012	
	CFIF	BC AGG*	CFIF	LBAI*						
Number of Issues	3,844	9,804	3,448	9,496	3,080	8,818	3,227	8,382	3,732	7,664
Average Coupon	3.35%	3.21%	3.54%	3.31%	3.47%	3.41%	3.60%	3.50%	4.20%	3.90%
Yield Maturity	2.20%	1.74%	2.59%	2.29%	2.31%	2.10%	2.30%	2.30%	2.20%	1.80%
Average Maturity	7.78	7.85	8.73	7.57	8.05	7.29	7.20	6.90	7.10	6.70
Modified Duration	5.86	5.76	6.15	5.72	5.85	5.58	5.50	5.20	4.90	4.60
Average Quality	AA-2	AA-2	AA-2	AA-2	AA-2	AA-2	AA-2	AA-2	AA-2	AA-1
Liquidity Fund*	3.8%	0.0%	7.2%	0.0%	6.5%	0.0%	8.4%	0.0%	7.4%	0.0%

* Note: Index changed from LBAI to Barclays Aggregate

PENSION FUNDS MANAGEMENT DIVISION

Figure 5-12

CORE FIXED INCOME FUND

Ten Largest Holdings* at June 30, 2016

Security Name	Maturity	Market Value	%
U.S. TREASURY NOTE	5/31/2018	\$25,623,384	1.03%
U.S. TREASURY NOTE	6/30/2021	24,703,927	0.99%
U.S. TREASURY NOTE	6/30/2018	24,166,353	0.97%
U.S. TREASURY NOTE	4/30/2021	18,839,840	0.76%
FNMA TBA	7/1/2046	16,349,704	0.66%
U.S. TREASURY NOTE	4/30/2018	15,645,084	0.63%
U.S. TREAS-CPI INFLAT	7/15/2024	14,811,390	0.59%
U.S. TREAS-CPI INFLAT	1/15/2025	14,324,591	0.57%
U.S. TREASURY NOTE	4/30/2023	13,401,997	0.54%
U.S. TREASURY BOND	2/15/2036	12,784,902	0.51%
Top Ten		\$180,651,172	7.25%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 5-13

CORE FIXED INCOME FUND

Quarterly Current Yield ⁽¹⁾ vs. Indices (%)

	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
CORE FIXED INCOME	3.48	3.51	3.62	3.59	3.40
Barclays Aggregate	2.90	2.97	3.07	3.06	3.09
Citigroup 3 Month T-Bill	0.00	0.00	0.00	0.00	0.00
Barclays Treasury	1.92	1.96	2.02	1.99	2.01
Barclays Agency	2.09	2.17	2.25	2.28	2.30
Barclays Mortgage	3.48	3.52	3.58	3.56	3.58
Barclays Corporate	3.74	3.87	4.04	4.02	4.02
Barclays Asset Backed	2.04	1.99	1.96	1.89	1.83

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

2016 inflation linked bond fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Inflation Linked Bond Fund (ILBF) is to (1) achieve a long-term, real rate of return above the inflation rate; (2) provide protection against rampant inflation; and (3) offer a source of diversification relative to other asset classes within the CRPTF during different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,321,973,944

Performance Objective: A net return, which matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$2,280,298

Benchmark: Barclays World Government Inflation Linked Bond Index

Operating Expenses: \$2,146,980

Number of Advisors: 3 external

Expense Ratio: 0.36%

Description of the Fund

Inflation linked bonds are high quality securities issued primarily by governments in their home country currencies. While the benchmark for this Fund is unhedged, investment managers have discretion to hedge foreign currency exposure back to the U.S. dollar. Inflation linked bonds carry a fixed interest rate and the principal of the bonds is adjusted semi-annually for any rise or decline in the inflation rate. During fiscal year 2016, three firms were hired to invest in global inflation-linked bonds, replacing the firms who previously managed U.S. inflation-linked bonds.

Portfolio Characteristics

At June 30, 2016, the ILBF was well diversified with 587 issues of inflation-linked and nominal sovereign bonds from nine countries plus the Eurozone. (See Figure 6-3.) The average coupon of this Fund was 1.65 percent compared to 1.23 percent for the benchmark. Duration of the ILBF at 11.73 years was shorter than the 12.36 years of the benchmark. Credit quality of this Fund was AA-2 on June 30, 2016. (See Figure 6-9.)

Market Review

Fiscal year 2016 was marked by divergent monetary policies in the developed economies and renewed market volatility. Volatility and risk premiums rose, reflecting concerns about weaker global growth. Declines in oil and commodity prices dragged inflation lower across many countries. In this environment, global inflation linked bond yields fell, recording strong performance over the 12 month period with the Barclays World Government Inflation Linked Bond Index returning 7.93 percent in U.S. dollar hedged terms. The unhedged return was 2.76 percent, reflecting currency depreciation against the U.S. dollar.

In December 2015, the Federal Reserve increased interest rates for the first time in nine years, but the market remained nervous about falling commodity prices, low inflation and slowing growth in emerging markets. The Bank of Japan surprised markets with its move in January to negative interest rates as it attempted to lift inflation in its ongoing deflationary environment. The European Central Bank reduced rates further in March and expanded its asset purchase program. The June vote of the U.K. to leave the European Union created a “risk-off” tone to the markets with the pound Sterling depreciating 7 percent to multi-decades lows against the U.S. dollar.

Despite overall volatility, central bank actions had a different impact on high quality yields as the gravitational pull from yield-suppressed markets like Germany, Japan, Switzerland and other countries exacerbated the global hunt for yield. This global grab for yield left real rates lower, real yield curves flatter and global inflation break-even rates cheaper.

Performance Summary

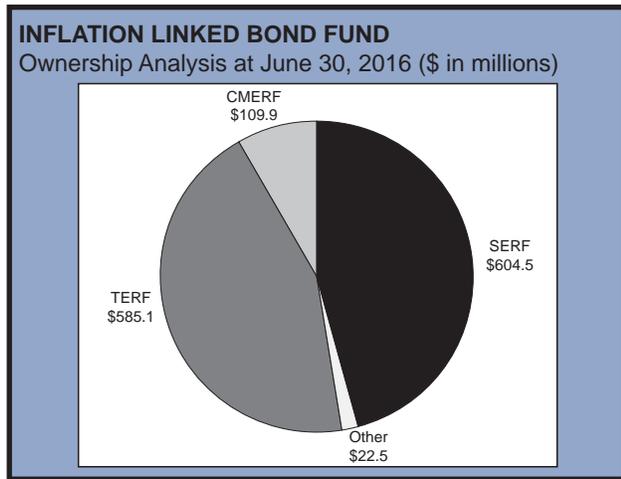
For the fiscal year ended June 30, 2016 the ILBF underperformed the Barclays World Government Inflation-Linked Bond Index by 47 basis points, generating a 2.29 percent net return compared to a 2.76 percent return for the benchmark. During the three- and five-year periods ending June 30th, assets were invested primarily in U.S. inflation-linked bonds and underperformed when measured against the current global benchmark. Global inflation-linked bond managers were hired in September 2014. The cumulative total returns of the Fund were 3.53 percent over the past three years and 11.02 percent for the five-year period ending June 30th. (See Figure 6-7.)

Risk Profile

Given the ILBF's investment policies and objectives, the Fund is exposed to various risks such as interest rate risk, deflation risk, currency risk, geopolitical risk, and credit risk.

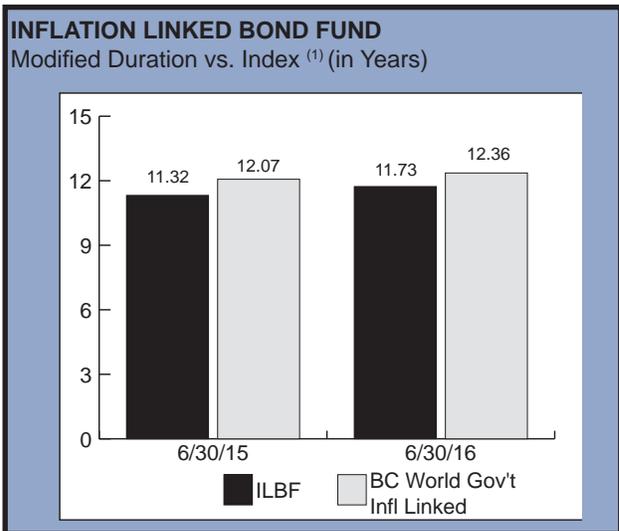
PENSION FUNDS MANAGEMENT DIVISION

Figure 6-1



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

Figure 6-2



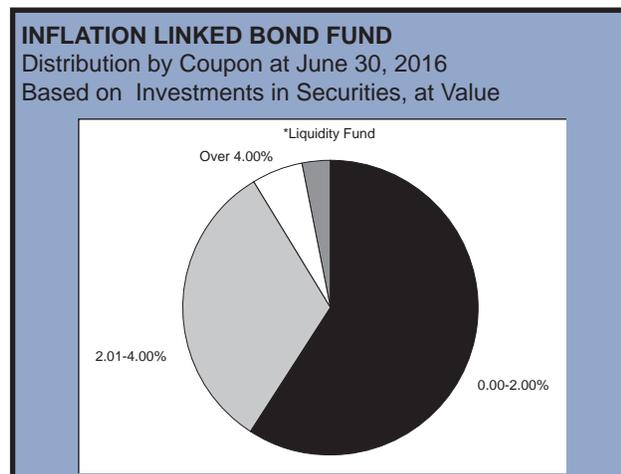
(1) Computed without the effect of Cash and other Net Assets.

Figure 6-3

INFLATION LINKED BOND FUND
Distribution by Country at June 30, 2016
Based on Investments in Securities, at Value

	BC World Gov't		Variance
	ILBF	Infl Linked	
U.S.	40.6%	44.0%	-3.4%
U.K.	18.5%	28.3%	-9.7%
E.U. Euro Currency	15.4%	20.5%	-5.0%
Mexico	3.4%	0.0%	3.4%
Brazil	1.8%	0.0%	1.8%
Canada	1.3%	2.1%	-0.8%
South Africa	1.2%	0.0%	1.2%
Japan	1.6%	2.4%	-0.7%
Australia	3.9%	1.1%	2.7%
New Zealand	7.4%	0.4%	7.0%
Other	1.8%	1.2%	0.6%
Liquidity Fund	3.1%	0.0%	3.1%
TOTAL	100.0%	100.0%	

Figure 6-5



*Note: Ending weights

Figure 6-4

INFLATION LINKED BOND FUND
Distribution by Quality Rating at June 30, 2016
Based on Investments in Securities, at Value

AAA	49.5%
AA-1 to AA-3	31.8%
A-1 to A-3	6.1%
BAA-1 to BAA-3	7.6%
Less than BAA-1	1.9%
Liquidity Fund ⁽¹⁾	3.1%
Total	100.0%

(1) Represents monies invested in the Cash Equivalents at the end of the quarter.

Figure 6-6

INFLATION LINKED BOND FUND
Duration Distribution at June 30, 2016
Based on Investments in Securities, at Value

0-3 Years	15.5%
3-5 Years	15.0%
5-7 Years	13.2%
7-10 Years	16.3%
10+ Years	36.9%
Liquidity Fund ⁽¹⁾	3.1%
Total	100.0%

(1) Represents monies invested in the Cash Equivalents at the end of the quarter.

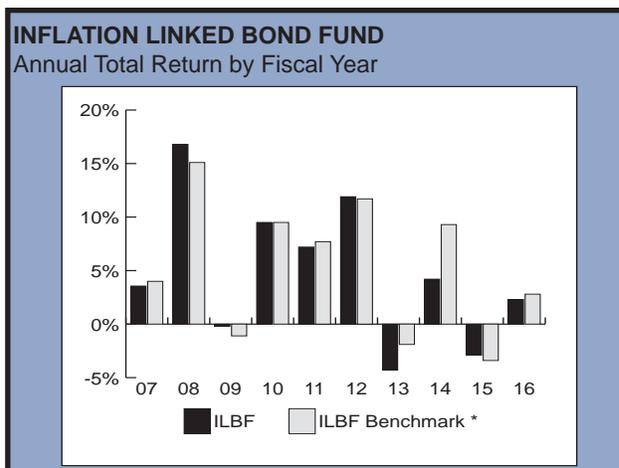
PENSION FUNDS MANAGEMENT DIVISION

Figure 6-7

	1 YR	3 YRS	5YRS	10YRS
INFLATION LINKED BOND FUND Periods ending June 30, 2016				
Compounded, Annual Total Return (%)				
ILBF	2.29	1.16	2.11	4.59*
BC World Gov't Infl Linked Bond Index ⁽¹⁾	2.76	2.76	3.14	5.00
Cumulative Total Return (%)				
ILBF	2.29	3.53	11.02	56.68*
BC World Gov't Infl Linked Bond Index ⁽¹⁾	2.76	8.52	16.69	62.95

(1) The benchmark was changed during Fiscal Year 2013 from BC U.S. Treasury TIPS to BC World Government Inflation Linked Bond Index.
*Represents historical returns at the portfolio composite level.

Figure 6-8



*Note: 2013 Benchmark is BC World Government Inflation Linked Bond Index; prior years the benchmark is BC U.S. Treasury TIPS Index.

Figure 6-9

	2016		2015		2014		2013		2012	
	ILBF	BC World Gov't Infl	ILBF	BC World Gov't Infl	ILBF	Barclays U.S. TIPS	ILBF	Barclays U.S. TIPS	ILBF	Barclays U.S. TIPS
Number of Issues	587	134	418	131	37	35	33	34	29	33
Average Coupon	1.65%	1.23%	2.08%	1.35%	1.53%	1.22%	1.45%	1.39%	1.69%	1.70%
Average Maturity	13.71	13.49	12.63	13.40	8.68	8.57	8.79	8.70	9.32	9.27
Modified Duration	11.73	12.36	11.32	12.07	7.31	7.72	8.20	7.96	8.28	8.17
Average Quality	AA-2	AA-1	AA-2	AA-1	AAA	AAA	AAA	AAA	AAA	AAA
Liquidity Fund ⁽¹⁾	3.1%	0.0%	2.4%	0.0%	5.6%	0.0%	3.6%	0.0%	1.0%	0.0%

(1) Ending Weights

Figure 6-10

INFLATION LINKED BOND FUND Investment Advisors at June 30, 2016		
Investment Advisor	Net Asset Value	% of Fund
BlackRock	\$509,902,537	38.57%
Colchester	606,730,111	45.90%
New Century	187,605,748	14.19%
Other ⁽¹⁾	17,735,548	1.34%
TOTAL ILBF	\$1,321,973,944	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 6-11

INFLATION LINKED BOND FUND Ten Largest Holdings ⁽¹⁾ at June 30, 2016			
Security Name	Maturity	Market Value	%
U.S. TREAS-CPI INFLAT	4/15/2029	\$68,821,784	5.21%
U.S. TREAS-CPI INFLAT	4/15/2019	62,894,161	4.76%
U.S. TREAS-CPI INFLAT	1/15/2027	53,148,530	4.02%
U.S. TREAS-CPI INFLAT	2/15/2042	52,343,973	3.96%
U.S. TREAS-CPI INFLAT	7/15/2022	51,302,602	3.88%
FRANCE GOVERNMENT BOND	7/25/2040	47,699,063	3.61%
NEW ZEALAND GOVERNMENT BOND	9/20/2030	44,123,570	3.34%
UNITED KINGDOM GILT INFLA REGS	3/22/2044	42,167,944	3.19%
NEW ZEALAND GOVERNMENT BOND	9/20/2025	32,939,440	2.49%
ITALY GOVERNMENT BOND	9/15/2023	32,506,990	2.46%
Top Ten		\$487,948,057	36.92%

(1) A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016 emerging market debt fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Emerging Market Debt Fund (EMDF) is to (1) achieve long-term, real rate of return above the inflation rate and (2) provide some diversification relative to other asset classes within CRPTF given the different global economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,497,780,484

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$3,837,786

Operating Expenses: \$564,266

Benchmark: J.P. Morgan Emerging Markets Bond Index Global Diversified (JPM EMBI GD) (50%)
J.P. Morgan Government Bond Index Emerging Markets Global Diversified (JPM GBI EM GD) (50%)

Number of Advisors: 3

Expense Ratio: 0.30%

Description of the Fund

The EMDF invests primarily in debt instruments issued by governments and companies operating in developing countries as identified by the benchmark and/or The World Bank. The EMDF is generally weighted 50 percent to U.S. dollar-denominated securities and 50 percent to securities issued in local currencies. For performance measurement purposes, the dollar-denominated securities are benchmarked to the JPM EMBI GD and the local currency securities are benchmarked to the JPM GBI EM GD.

Portfolio Characteristics

The EMDF is well diversified with broad geographic and currency exposures. Latin America and Europe have the highest representation; while the Middle East and Africa have the lowest exposure, relatively consistent with the benchmark. (See Figure 7-3.) The Fund had an overall yield to maturity of 7.56 percent compared to the EMBI benchmark yield of 5.81 percent. The average quality of EMDF was Ba-1 versus the EMBI benchmark average of Baa-3. The duration of the EMDF was 6.30 years versus 6.02 years for the benchmark. (See Figure 7-11.)

Market Review

Emerging Market Debt (EMD) markets delivered positive absolute returns despite significant volatility in the twelve month period ending June 30, 2016. From July 1, 2015 through mid-February 2016, EMD assets were under pressure due to a variety of concerns including slow growth and currency depreciation in China, commodity price declines, and poor economic growth, especially in the recessionary environments of Brazil and Russia. Beginning in February 2016, conditions improved as developed market central banks committed to extraordinarily easy monetary policies, commodity prices rebounded and emerging markets' fundamentals showed signs of improvement. This led to a more supportive environment and a significant rally across emerging market assets.

U.S. dollar-denominated emerging market debt, as measured by the JPM EMBI GD, returned 9.8 percent during fiscal year 2016, outpacing other EMD assets. Two thirds of this return emanated from income with the remaining third the result of price appreciation driven primarily by the decline in U.S. Treasury yields. The spread of U.S. dollar-denominated emerging market debt over U.S. Treasuries widened 34 basis points during this period. In contrast to the returns of EMD sovereign bonds, corporate EMD issues lagged but still generated a positive return of 5.3 percent, a result of interest income and duration-related capital appreciation.

Emerging market local currency debt, as measured by the JPM GBI EM GD, benefitted from a meaningful decline in yields in a low inflation environment. On a local currency basis, this index returned 9.4 percent for the year, driven by coupon income and the decline in rates. However, these gains were offset by currency depreciation against the U.S. dollar. Strength in the U.S. dollar, prompted by the prospect of tighter U.S. monetary policy, coupled with weakening growth prospects across most emerging market countries led to the relative weakness in emerging market local currencies. The highest depreciation levels for the year were found in the South African rand (-17.4 percent), Mexican peso (-13.9 percent) and the Russian ruble (-13.6 percent). Of the fifteen countries in this benchmark, only Indonesia outperformed in U.S. dollar terms due to currency strengthening on an improved macro-economic outlook. These opposing forces resulted in a total return of 2.0 percent for emerging markets' local currency debt when converted back to U.S. dollars.

Performance Summary

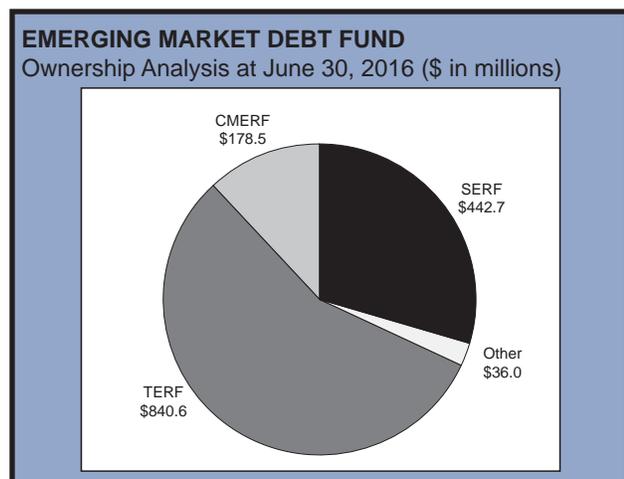
For the fiscal year ended June 30 2016, the EMDF generated a return of 6.01 percent net of all expenses, outperforming the benchmark return of 5.96 percent by 5 basis points. As of June 30, 2016, the EMDF compounded net annualized returns for the three- and five-year periods were 1.58 percent, and 2.25 percent, respectively, versus 1.71 percent and 3.71 percent for the blended benchmark. The cumulative returns of the EMDF for the three- and five-year periods were 4.83 percent and 11.75 percent, respectively, compared to the benchmark returns of 5.22 percent and 19.98 percent. (See Figure 7-7).

Risk Profile

Given the EMDF's investment policies and objectives, the Fund is exposed to multiple types of risk. These risks include, but are not limited to, credit risk, currency risk, interest rate risk, liquidity risk, inflation risk and geopolitical risk. Over two thirds of the Fund is rated as investment grade.

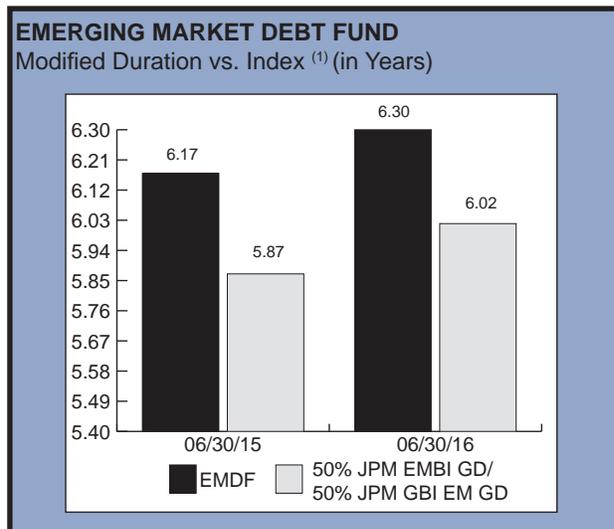
PENSION FUNDS MANAGEMENT DIVISION

Figure 7-1



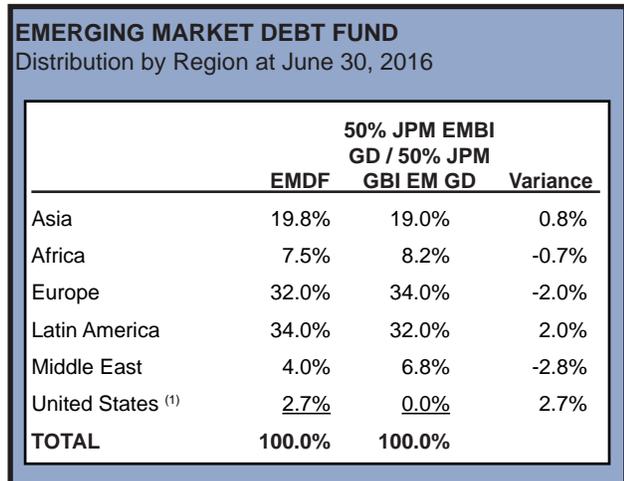
TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2



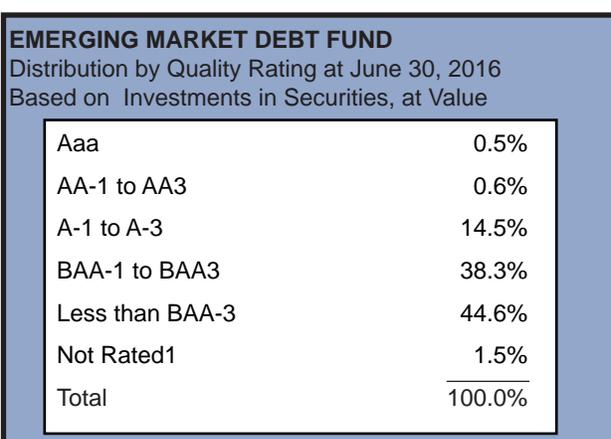
(1) Computed without the effect of Cash and other Net Assets.

Figure 7-3



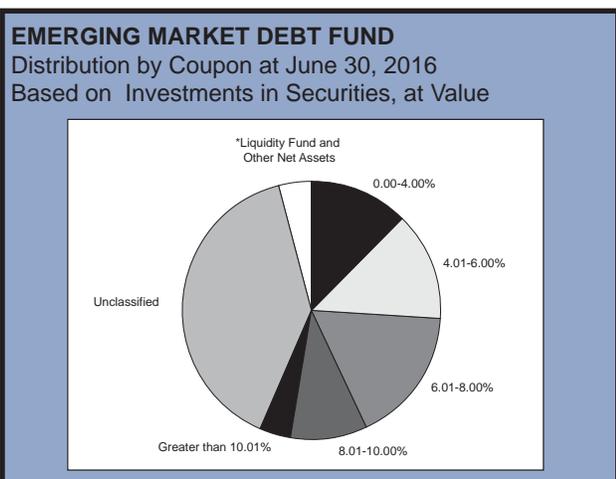
(1) Holdings comprised mainly of Liquidity Fund Exposure.

Figure 7-4



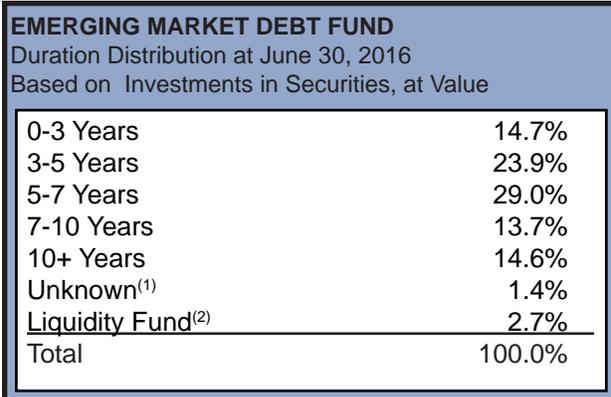
(1) Represents securities for which ratings are unavailable.

Figure 7-5



* Includes Liquidity Fund and other assets. Note: Ending weights.

Figure 7-6



(1) Represents securities for which the duration could not be calculated by the custodian.

(2) Represents monies invested in the Liquidity Fund and other net assets at the end of the quarter.

PENSION FUNDS MANAGEMENT DIVISION

Figure 7-7

EMERGING MARKET DEBT FUND

Periods ending June 30, 2016

	1 YR	3 YRS	5YRS	10 YRS
Compounded, Annual Total Return (%)				
EMDF	6.01	1.58	2.25	6.41*
50% JPM EMBI GD/ 50% JPM GBI EM GD	5.96	1.71	3.71	6.61
Cumulative Total Return (%)				
EMDF	6.01	4.83	11.75	86.18*
50% JPM EMBI GD/ 50% JPM GBI EM GD	5.96	5.22	19.98	89.68

* Represents historical returns at the portfolio composite level.

Figure 7-8

EMERGING MARKET DEBT FUND

Annual Total Return by Fiscal Year

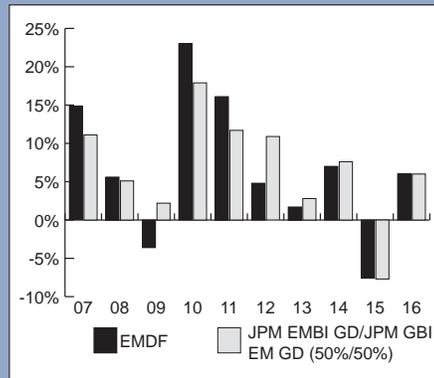


Figure 7-9

EMERGING MARKET DEBT FUND

Investment Advisors at June 30, 2016

Investment Advisor	Net Asset Value	% of Fund
Ashmore	\$591,405,097	39.49%
Stone Harbor Investment Partners	533,272,541	35.60%
Pyramis	359,918,454	24.03%
Other ⁽¹⁾	13,184,392	0.88%
TOTAL EMDF	\$1,497,780,484	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 7-10

EMERGING MARKET DEBT FUND

Ten Largest Holdings* at June 30, 2016

Security Name	Maturity	Market Value	%
South Africa Gvmt Bond	12/21/2026	\$19,150,244	1.29%
Poland Gvmt Bond	7/25/2025	13,929,700	0.94%
Colombia Gvmt Bond	4/14/2021	10,713,985	0.72%
Mexican Bonds	12/11/2019	10,618,080	0.71%
Brazil Notas Do Tesouro	1/1/2025	10,346,074	0.70%
Turkey Gvmt Bond	1/15/2020	9,871,971	0.66%
Indonesia Treasury Bond	3/15/2024	9,583,452	0.65%
Indonesia Treasury Bond	3/15/2029	9,432,616	0.64%
Colombia Gvmt Bond	3/21/2023	9,369,666	0.63%
Mexican Bonds	12/5/2024	9,291,860	0.63%
Top Ten		\$112,307,648	7.57%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 7-11

EMERGING MARKET DEBT FUND

Comprehensive Profile for the Fiscal Year ending June 30,

	2016		2015		2014		2013		2012	
	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI	EMDF	EMBI
Number of Issues	978	714	968	686	880	631	866	368	724	307
Yield to Maturity	7.56%	5.81%	8.54%	6.68%	5.32%	5.86%	6.66%	5.82%	6.57%	4.98%
Average Maturity	9.25%	9.28%	9.23%	9.23%	7.57%	8.60%	10.31%	12.52%	10.88%	12.40%
Modified Duration	6.30	6.02	6.17	5.87	5.69	5.74	6.06	7.10	7.00	7.30
Average Quality	Ba-1	Baa-3	Ba-1	Baa-2	Baa-3	Baa-2	Baa-2	Baa-2	Baa-3	Baa-2
*Other	2.7%	0.0%	4.4%	0.0%	3.2%	0.00%	2.0%	0.0%	4.5%	0.0%

* Includes Liquidity Fund and other assets. Note: Ending weights

2016

high yield debt fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the High Yield Debt Fund (HYDF) is to (1) achieve a long-term, real rate of return above the inflation rate; and (2) provide diversification to other asset classes within the CRPTF under different economic environments.

Date of Inception: November 1, 2007

Total Net Position: \$1,823,148,770

Performance Objective: A net return that matches its benchmark, over rolling three- to five-year periods.

Management Fees: \$5,689,980

Benchmark: Citigroup U.S. High Yield Market Capped Index

Operating Expenses: \$1,251,682

Number of Advisors: 6 external

Expense Ratio: 0.39%

Description of the Fund

The HYDF invests primarily in debt instruments rated below-investment grade by one or more nationally recognized rating agencies.

Portfolio Characteristics

The HYDF is well diversified across a range of corporate high yield bonds and bank loans. These securities are predominantly U.S. based. The Fund's average quality rating was B-1 on June 30, 2016, matching the average quality of the benchmark and had a yield to maturity of 6.87 percent. As of June 30, 2016, the duration of the HYDF was 5.12 years, compared to the benchmark duration of 4.77 years. (See Figure 8-10.)

Market Review

The fiscal year began with a severe market dislocation fueled by Chinese growth concerns and plunging commodity prices. During the "risk-off" environment of the first half of the fiscal year, the lowest rated credits underperformed by the widest margin. The spread between BB-rated and CCC-rated bonds reached extreme levels as investors preferred to invest based on ratings and liquidity rather than fundamentals. The interest rate increase in December 2015 by the U.S. Federal Reserve sparked a uniform and correlated decline in risk assets, including oil, equities and credit. The sell-off accelerated in early 2016, exacerbated by rising political tensions, accumulating stress in European financials and a sagging world economy. Dovish actions by the central banks of the U.S., Japan and Europe, the beginnings of an oil price recovery, persistently low 10-year U.S. Treasury yields and fading fears of a U.S. recession combined to ignite a remarkable "risk-on" rally in mid-third quarter. U.S. energy firms began to repair their balance sheets as both public and private equity flowed into the sector. Later in fiscal 2016, the rebound in oil prices, as well as the general "risk-on" environment, resulted in a significant chase for yield in some segments of the market. CCC-rated and unrated bonds rallied significantly; CCC spreads tightened 212 basis points while BB spreads tightened only 43 basis points.

Despite spread tightening, default activity ticked up in the first half of 2016 compared to a year earlier, as 29 companies representing \$35.2 billion in high yield bonds defaulted. Much of the default activity was concentrated in the energy and metals and mining sectors. Liquidity in the high yield market deteriorated as several high yield funds experienced significant redemptions, primarily from retail investors.

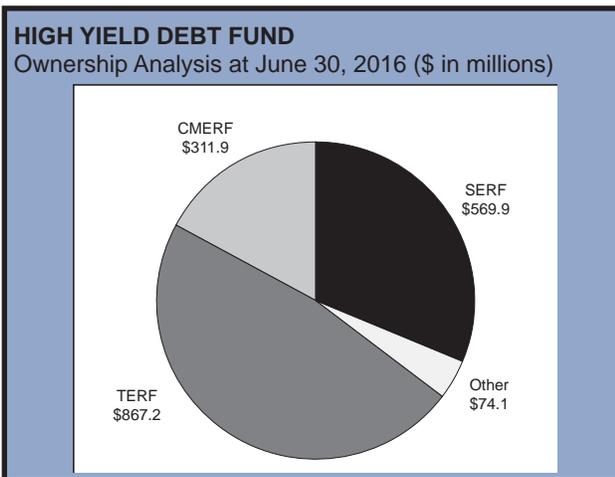
Performance Summary

For the fiscal year ended June 30, 2016, the HYDF generated a return of -0.31 percent, net of all expenses, versus the Citigroup U.S. High Yield Market Capped Index return of .82 percent. Cumulative net total returns over the three-year and five-year periods ending June 30th were 10.42 percent and 27.54 percent, respectively, for the Fund, and 11.26 percent and 30.77 percent, respectively, for the benchmark. (See Figure 8-8.)

Risk Profile

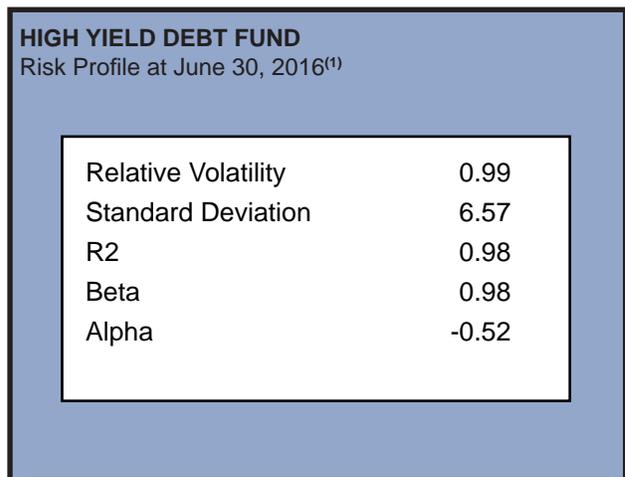
Given the HYDF's investment policies and objective, the Fund is exposed to several forms of risk. These risks include, but are not limited to, credit default risk, interest rate risk, liquidity risk, pre-payment risk, reinvestment risk and inflation risk. In addition, the Fund is occasionally exposed to political, economic and currency risk resulting from investments in international high yield securities. The average quality of the Fund is B-1, which matches the benchmark.

Figure 8-1



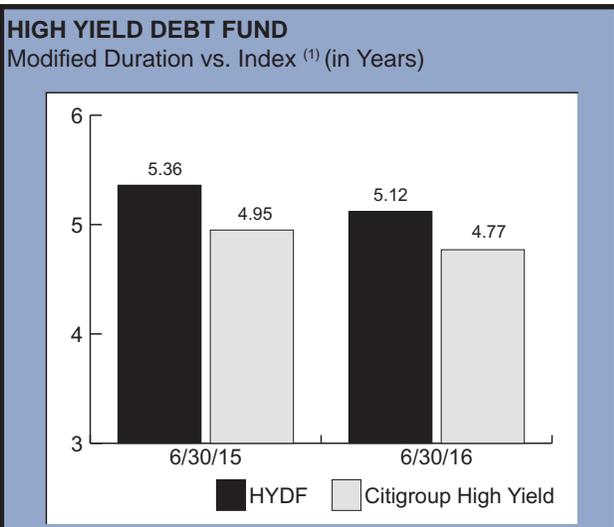
TERF - Teachers' Retirement Fund
 SERF - State Employees' Retirement Fund
 CMERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2



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

Figure 8-3



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

Figure 8-4

	HYDF	Citigroup	Variance
Treasury	1.4%	0.0%	1.4%
Agency	0.0%	0.0%	0.0%
Corporate	93.8%	98.6%	-4.8%
Mortgage-Backed	0.0%	0.0%	0.0%
Asset-Backed	0.0%	0.0%	0.0%
Other ⁽¹⁾	4.8%	1.4%	3.4%
TOTAL	100.0%	100.0%	

(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, Real Estate Investment Trust, Business Development Corporation, Liquidity Fund and other net assets.

PENSION FUNDS MANAGEMENT DIVISION

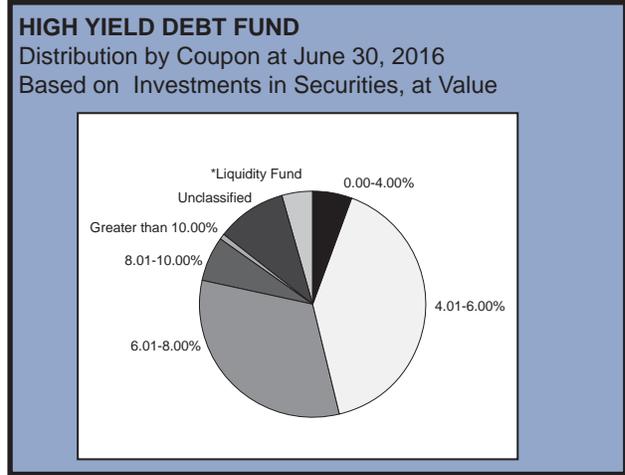
Figure 8-5

HIGH YIELD DEBT FUND
Distribution by Quality Rating at June 30, 2016
Based on Investments in Securities, at Value

AAA to A3	1.4%
BAA1 to BAA3	3.7%
BA1 to BA3	31.7%
B1 to B3	44.8%
CAA1 to CAA3	12.3%
CA to C	0.2%
Not Rated ⁽¹⁾	5.9%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 8-6



* Note: Ending weights.

Figure 8-7

HIGH YIELD DEBT FUND
Duration Distribution at June 30, 2016
Based on Investments in Securities, at Value

0-3 Years	18.4%
3-5 Years	33.3%
5-7 Years	23.2%
7-10 Years	7.3%
10+ Years	2.3%
Unknown ⁽¹⁾	11.1%
Liquidity Fund ⁽²⁾	4.4%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

(2) Represents monies invested in the Liquidity Fund at the end of quarter.

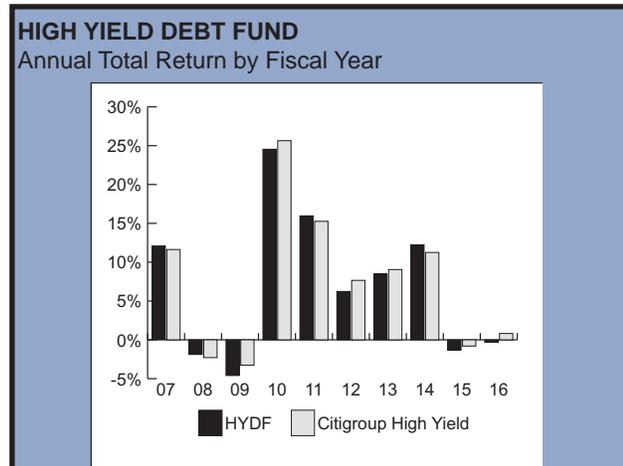
Figure 8-8

HIGH YIELD DEBT FUND
Periods ending June 30, 2016

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
HYDF	-0.31	3.36	4.99	6.73*
Citigroup High Yield Market Capped Index	0.82	3.62	5.51	7.06
Cumulative Total Return (%)				
HYDF	-0.31	10.42	27.54	91.75*
Citigroup High Yield Market Capped Index	0.82	11.26	30.77	97.80

*Represents historical returns at the portfolio composite level.

Figure 8-9



PENSION FUNDS MANAGEMENT DIVISION

Figure 8-10

HIGH YIELD DEBT FUND											
Comprehensive Profile for the Fiscal Year ending June 30,											
	2016		2015		2014		2013		2012		
	<u>HYDF</u>	<u>Citigroup</u>									
Number of Issues	1,016	2,179	972	2,220	884	2,183	740	1,752	683	1,621	
Average Coupon	5.67%	6.54%	5.80%	6.73%	5.88%	7.08%	6.90%	7.60%	7.60%	8.20%	
Yield Maturity	6.87%	7.32%	6.34%	6.77%	5.13%	5.73%	6.90%	7.00%	7.50%	7.50%	
Average Maturity	6.17	5.64	6.29	5.74	5.99	5.04	7.30	5.30	7.50	6.30	
Modified Duration	5.12	4.77	5.36	4.95	5.42	5.12	5.60	4.40	4.60	4.00	
Average Quality	B-1	B-1	B-1	B-1	B-1	B-1	B-2	B-2	B-2	B-2	
Liquidity Fund*	4.4%	0.0%	4.6%	0.0%	6.6%	0.0%	6.1%	0.0%	4.2%	0.0%	

*Note: Ending Weights

Figure 8-11

HIGH YIELD DEBT FUND			
Investment Advisors at June 30, 2016			
Investment Advisor	Net Asset Value	% of Fund	
Loomis Sayles & Co., Inc.	\$594,433,937	32.61%	
Stone Harbor Investment Partners	301,054,486	16.51%	
Shenkman Capital Management	459,175,109	25.19%	
Oaktree Capital Management, LLC	352,638,637	19.34%	
Carlyle GMS Finance, Inc.	41,110,143	2.25%	
Carlyle NF Investment Corp.	58,501,462	3.21%	
Other ⁽¹⁾	16,234,996	0.89%	
TOTAL HYDF	\$1,823,148,770	100.00%	

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 8-12

HIGH YIELD DEBT FUND				
Ten Largest Holdings* at June 30, 2016				
Security Name	Maturity	Market Value	%	
Dish DBS Corp	7/1/2026	\$10,207,300	0.56%	
Indonesia Gvmnt Bond	1/15/2024	9,945,642	0.55%	
CCO Holdings LLC	1/15/2024	9,503,172	0.53%	
Sprint Capital Corp	11/15/2028	8,336,700	0.46%	
Morgan Stanley	11/16/2018	7,711,934	0.43%	
Tribune Media Co 144A	7/15/2022	7,691,350	0.42%	
Tenet Healthcare Corp	11/15/2031	6,981,319	0.39%	
HD Supply Inc 144A	4/15/2024	6,479,200	0.36%	
Griffon Corp	3/1/2022	6,358,513	0.35%	
First Data Corp 144A	12/1/2023	6,312,938	0.35%	
Top Ten		\$79,528,068	4.40%	

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016 developed markets international stock fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Developed Markets International Stock Fund (DMISF) is to (1) achieve a long-term, real rate of return above the U.S. inflation rate; and (2) provide additional measures of diversification to other asset classes within the CRPTF under different economic scenarios.

Date of Inception: November 1, 2007

Total Net Position: \$5,223,804,912

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$21,720,999

Benchmark: Morgan Stanley Capital International Europe, Australasia and Far East Investable Market Index (MSCI EAFE IMI) ⁽¹⁾

Operating Expenses: \$2,321,815

Number of Advisors: 10 external

Expense Ratio: 0.43%

- (1) The CRPTF signed a licensing agreement with MSCI to provide benchmark data commencing in fiscal year 2015. For the three, five and ten year performance periods, the CRPTF is using the prior benchmark, S&P/Citigroup Broad Market Index Europe, Pacific and Asia Composite Index 50% Hedged.

Description of the Fund

DMISF assets are allocated across foreign developed equity markets to provide diversification by country, market capitalization and style. Non-U.S. equities are issued by companies domiciled outside of the United States. The DMISF may invest up to 30 percent of assets opportunistically to take advantage of shifts in the investment landscape, or opportunities that offer diversification and/or risk-return benefits within non-U.S. equity markets.

Portfolio Characteristics

At fiscal year-end, the DMISF was invested in the developed markets across Europe, Asia and Australia, with the two largest allocations in Japan (22.3 percent) and the United Kingdom (15.7 percent) (see Figure 9.5). The portfolio's largest country overweight positions relative to the benchmark were Canada (2.1 percent vs. the benchmark's 0.0 percent) and the Netherlands (4.0 percent vs. the benchmark's 3.0 percent). The largest underweights were the United Kingdom (15.7 percent vs. the benchmark's 19.3 percent) and Japan (22.3 percent vs. the benchmark's 24.5 percent).

Market Review

International developed equities posted negative returns for the fiscal year. While the local currency return versus the market was about the same as the U.S. dollar return, there were differences across currencies. Most major currencies ended the fiscal year in the red versus the U.S. dollar due to the U.K. referendum to leave the European Union (Brexit). Most prominently, the pound Sterling lost 15.0 percent versus the dollar over the period, almost half of which resulted from the Brexit vote. The Japanese Yen was the exception to the trend as it rose 19.3 percent during the fiscal year versus the U.S. dollar.

Overall, the MSCI EAFE index returned -10.2 percent in U.S. dollar terms. Value stocks significantly underperformed growth stocks by about 1,060 basis points and small capitalization stocks outperformed large capitalization stocks during the year. The best performing sectors were consumer staples (10.1 percent) and utilities (-0.2 percent). The worst performing sectors were financials (-23.2 percent), consumer discretionary (-17.6 percent) and materials (-15.7 percent). The energy sector finished the fiscal year down (-2.9 percent)

after negative performance (-16.4 percent) during the first half of the year and rebounding in the second half of the year (16.1 percent). Oil prices dropped more than 50 percent through February and rapidly recovered to end the fiscal year down 18.7 percent. This shift in oil prices also drove price momentum to outperform in the second half of the fiscal year, after underperformance in the first half, finishing the fiscal year relatively flat.

Performance Summary

For the fiscal year ended June 30, 2016, the DMISF generated a return of -7.09 percent, net of all expenses, which outperformed the benchmark return of -9.26 percent by 217 basis points (See Figure 9.3). As of June 30, 2016, the DMISF compounded net annualized total returns, for the trailing three-, five- and ten-year periods were 4.59 percent, 4.22 percent, and 2.94 percent, respectively. The returns outperformed the DMISF's benchmark for the three-, five- and ten-year periods.

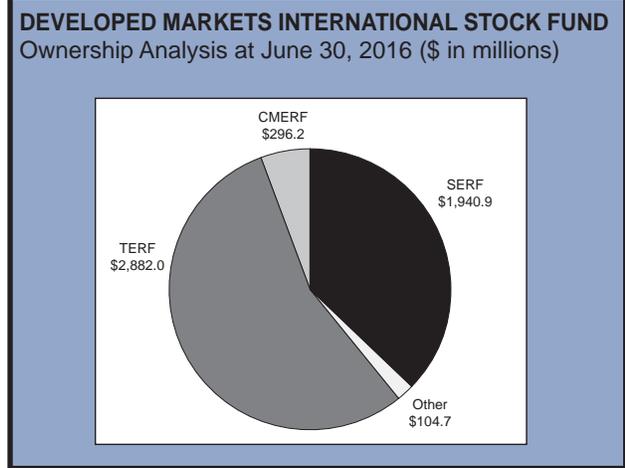
The cumulative returns of the DMISF for the three-, five-, and ten-year periods were 14.40 percent, 22.97 percent, and 33.55 percent, respectively.

Risk Profile

Given the DMISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency risk, market risk, and individual company risk. A 50 percent currency hedging strategy is employed to reduce the portfolio's currency risk over time. The Fund's volatility over a five year period is only slightly lower than the market at 0.99. On a risk adjusted basis, the Fund has generated excess return of 0.01, which indicates that it is producing a slightly higher risk adjusted return than the benchmark.

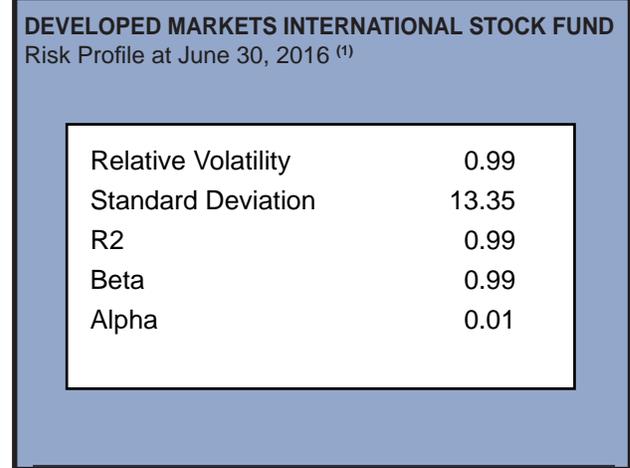
PENSION FUNDS MANAGEMENT DIVISION

Figure 9-1



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

Figure 9-2



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

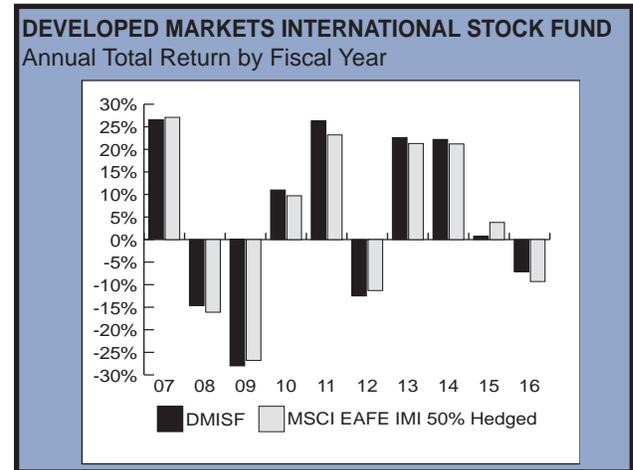
Figure 9-3

DEVELOPED MARKETS INTERNATIONAL STOCK FUND
Periods ending June 30, 2016

	1 YR	3 YRS	5YRS	10YRS
Compounded, Annual Total Return (%)				
DMISF	-7.09	4.59	4.22	2.94*
MSCI EAFE				
IMI 50% Hedged	-9.26	4.52	4.21	2.64
Cumulative Total Return (%)				
DMISF	-7.09	14.40	22.97	33.55*
MSCI EAFE				
IMI 50% Hedged	-9.26	14.18	22.92	29.71

*Represents historical returns at the portfolio composite level.

Figure 9-4



PENSION FUNDS MANAGEMENT DIVISION

Figure 9-5

DEVELOPED MARKETS INTERNATIONAL STOCK FUND			
Diversification by Benchmark Country at June 30, 2016 ⁽¹⁾			
	DMISF % of Net Assets 6/30/16	Benchmark % of Net Assets 6/30/16	Variance
Japan	22.3	24.5	-2.2
United Kingdom	15.7	19.3	-3.6
Korea	0.0	0.0	0.0
Hong Kong	3.1	3.2	-0.2
United States	0.2	0.0	0.2
France	9.3	8.9	0.4
Germany	8.8	8.3	0.5
Switzerland	9.1	8.6	0.5
Australia	5.9	7.1	-1.3
China	0.2	0.0	0.2
Netherlands	4.0	3.0	1.0
Italy	2.3	2.2	0.1
Spain	2.4	2.9	-0.5
Sweden	2.9	3.1	-0.2
Singapore	1.4	1.5	0.0
Canada	2.1	0.0	2.1
Turkey	0.1	0.0	0.1
Other	<u>10.2</u>	<u>7.4</u>	2.8
Total	100.0	100.0	

(1) Based upon currency exposures of the underlying securities.

Figure 9-6

DEVELOPED MARKETS INTERNATIONAL STOCK FUND		
Investment Advisors at June 30, 2016		
Investment Advisor	Net Asset Value	% of Fund
Index	\$1,903,986,941	36.45%
State Street Global Advisors	1,903,986,941	36.45%
Core	1,360,679,992	26.05%
AQR Capital Management	641,039,663	12.27%
Acadian Asset Management	599,703,005	11.48%
Progress	119,937,324	2.30%
Active-Growth	738,598,450	14.14%
MFS Institutional Advisors, Inc.	738,598,450	14.14%
Active-Value	413,509,754	7.92%
Grantham, Mayo, Van Otterloo	413,509,754	7.92%
Small Cap	795,123,338	15.22%
Schroder Investment Mgmt.	277,783,213	5.32%
DFA	241,949,700	4.63%
William Blair & Company	275,390,425	5.27%
Other ⁽¹⁾	<u>11,906,437</u>	<u>0.22%</u>
TOTAL DMISF	\$5,223,804,912	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances, as well as, currency overlay balances for the DMISF (managed by First Quadrant).

Figure 9-7

DEVELOPED MARKETS INTERNATIONAL STOCK FUND			
Ten Largest Holdings* at June 30, 2016			
Security Name	Country	Market Value	%
Nestle SA REG	Switzerland	\$98,536,523	1.90%
Roche Holding AG Genusschein	Switzerland	73,338,922	1.41%
Novartis AG REG	Switzerland	53,691,203	1.04%
Bayer AG REG	Germany	41,625,163	0.80%
HSBC Holdings PLC	United Kingdom	40,380,281	0.78%
WPP PLC	United Kingdom	38,925,922	0.75%
Reckitt Benckiser Group PLC	United Kingdom	36,402,726	0.70%
Total SA	France	34,506,292	0.67%
BP PLC	United Kingdom	34,328,306	0.66%
Astrazeneca ORD USD 0.25	United Kingdom	33,425,749	0.64%
TOP TEN		\$485,161,087	9.35%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

2016 emerging markets international stock fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Emerging Markets International Stock Fund (EMISF) is to (1) achieve a long-term, real rate of return above the U.S. inflation rate; and (2) provide additional measures of diversification within the CRPTF under different economic scenarios.

Date of Inception: November 1, 2007

Total Net Position: \$2,483,470,514

Performance Objective: A net return that matches the benchmark, over rolling three- to five-year periods.

Management Fees: \$13,834,642

Benchmark: Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI)⁽¹⁾

Operating Expenses: \$2,412,475

Number of Advisors: 3 external

Expense Ratio: 0.65%

- (1) The CRPTF signed a licensing agreement with MSCI to provide benchmark data commencing in fiscal year 2015. For the three, five and ten year performance periods, the CRPTF is using the prior benchmark, S&P/Citigroup Broad Market Index Europe, Pacific and Asia Composite Index 50% Hedged.

Description of the Fund

EMISF assets are allocated across foreign emerging equity markets and are diversified by market, capitalization and style. Emerging market equities are defined as common stocks issued by companies domiciled in developing countries, including the 23 companies in the MSCI EM IMI.

Portfolio Characteristics

At fiscal year-end, the EMISF's portfolio holdings were diversified over a number of emerging market countries (see Figure 10.6). Notable overweight positions versus the benchmark include Hong Kong (8.9 percent versus the benchmark's 0.0 percent), and Russia (7.3 percent versus the benchmark's 3.3 percent). Underweight positions include China (9.3 percent versus the benchmark's 25.3 percent), South Africa (2.9 percent versus the benchmark's 7.0 percent), and Malaysia (0.7 percent versus the benchmark's 3.0 percent) (See Figure 10.6).

Market Review

Emerging market equities ended the fiscal year in negative territory although the second half of the fiscal year helped to pare back losses. Factors that contributed to negative performance early in the fiscal year included fears over a slowdown in China, Brazil's deteriorating economic outlook, weakening global growth and higher U.S. interest rates. Towards the second half of the year, oil prices rebounded and central banks around the world continued to ease monetary policy. The Bank of Japan moved into negative rate territory, while the U.S. lowered expectations for rate hikes in calendar year 2016. Finally, in June, the U.K.'s vote to leave the European Union (Brexit) sent shockwaves across global markets and the pound Sterling crashed to a 30 year low versus the U.S. dollar.

Emerging Europe was the worst performing region, driven by weakness in Greece, Egypt and Poland. Turkey's political turmoil also caused concern as Prime Minister Ahmet Davutoglu suddenly resigned in May, just four months after taking office. Latin America ended the fiscal year strong with Brazil outperforming in the region as regime change was realized. In Mexico, fiscal year first quarter economic growth rose to 2.7 percent from the prior year, aided by domestic demand that outweighed weak exports and lower oil prices.

Performance Summary

For the fiscal year ended June 30, 2016, the EMISF generated a return of -7.15 percent, net of all expenses, which outperformed the benchmark return of -12.16 percent by 501 basis points (See Figure 10.4). As of June 30, 2016, the EMISF compounded net annualized total returns, for the trailing three-, five- and ten-year periods were -1.23 percent, -3.07 percent, and 3.06 percent, respectively. The returns outperformed the EMISF's benchmark for the three- and five-year periods.

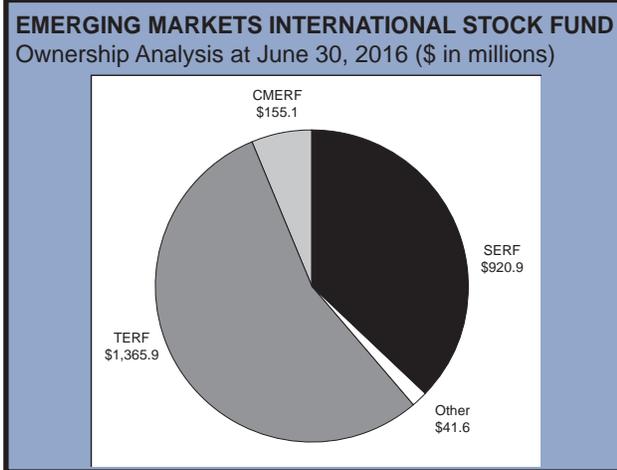
The cumulative returns of the EMISF for the three-, five-, and ten-year periods were -3.65 percent, -14.44 percent, and 35.23 percent, respectively.

Risk Profile

Given the EMISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency risk, market risk, and individual company risk. Based on returns over the last five years, the Fund's risk profile is slightly lower than that of the benchmark as evidenced by a relative volatility of 0.98. The EMISF's annualized alpha over the five-year period was 0.52, indicating that the fund outperformed the benchmark for the five years on a risk adjusted basis (see Figure 10.2).

PENSION FUNDS MANAGEMENT DIVISION

Figure 10-1



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

Figure 10-2



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

Figure 10-3

EMERGING MARKETS INTERNATIONAL STOCK FUND
Fiscal Year 2016 Economic Sector vs. Index (%)

	EM ISF	MSCI Index	Variance
Energy	6.6	6.6	0.0
Materials	4.9	6.9	-2.1
Industrials	3.8	7.5	-3.6
Consumer Discretionary	10.3	11.6	-1.2
Consumer Staples	7.1	8.3	-1.2
Health Care	1.4	3.7	-2.3
Financials	28.3	24.9	3.4
Information Technology	23.4	21.5	1.9
Telecommunication Services	8.9	5.9	3.0
Utilities	1.7	3.1	-1.4
Commingled Fund	0.0	0.0	0.0
Preferred Stock	0.0	0.0	0.0
Private Placement	0.0	0.0	0.0
Other	0.0	0.0	0.0
Liquidity Fund	<u>3.6</u>	<u>0.0</u>	3.6
	100.0	100.0	

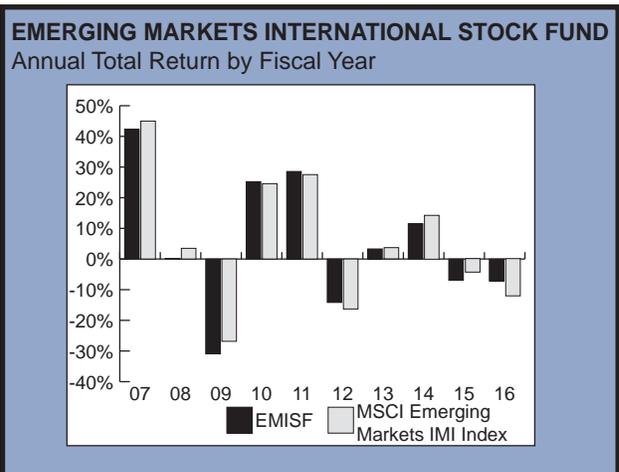
Figure 10-4

EMERGING MARKETS INTERNATIONAL STOCK FUND
Periods ending June 30, 2016

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
EMISF	-7.15	-1.23	-3.07	3.06*
MSCI EMERGING				
MARKETS IMI INDEX	-12.16	-1.36	-3.59	3.80
Cumulative Total Return (%)				
EMISF	-7.15	-3.65	-14.44	35.23*
MSCI EMERGING				
MARKETS IMI INDEX	-12.16	-4.02	-16.72	45.24

*Represents historical returns at the portfolio composite level.

Figure 10-5



PENSION FUNDS MANAGEMENT DIVISION

Figure 10-6

EMERGING MARKETS INTERNATIONAL STOCK FUND		
Diversification by Benchmark Country at June 30, 2016 ⁽¹⁾		
	EMISF Percent of Net Assets 6/30/16	Benchmark Percent of Net Assets 6/30/16
Brazil	9.1%	6.7%
Korea	14.4	15.4
Hong Kong	8.9	0.0
Russia	7.3	3.3
China	9.3	25.3
Taiwan	11.9	12.8
United States	3.6	0.0
Mexico	3.1	4.0
Thailand	3.0	2.5
South Africa	2.9	7.0
Turkey	4.1	1.3
Indonesia	2.2	2.7
Malaysia	0.7	3.0
India	10.6	8.8
Philippines	1.9	1.5
United Kingdom	1.0	0.0
Other Countries	6.0	5.7
Total	100.0%	100.0%

(1) Includes Liquidity Fund and cash equivalents at each country level.

Figure 10-8

EMERGING MARKETS INTERNATIONAL STOCK FUND			
Ten Largest Holdings* at June 30, 2016			
Security Name	Country	Market Value	%
Taiwan Semiconductor Manufacture	Taiwan	\$111,386,220	4.52%
China Mobile LTD	Hong Kong	86,457,698	3.50%
Samsung Electronics Co LTD	Republic of Korea	81,877,691	3.32%
Tencent Holdings LTD	China	67,317,031	2.73%
China Construction Bank Corp	China	57,841,227	2.35%
AIA Group LTD	Hong Kong	55,713,561	2.26%
HDFC Bank LTD	India	46,948,464	1.90%
Samsung Electronic Co LTD Preferred Security	Republic of Korea	37,014,912	1.50%
Astra International TBK PT	Indonesia	35,387,195	1.43%
Alibaba Group Holding LTD	Cayman Islands	34,819,109	1.41%
Top Ten		\$614,763,108	24.92%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 10-7

EMERGING MARKETS INTERNATIONAL STOCK FUND		
Investment Advisors at June 30, 2016		
Investment Advisor	Net Asset Value	% of Fund
Grantham, Mayo, Van Otterloo	\$644,962,506	25.97%
Aberdeen Asset Management	802,447,807	32.31%
Schroders Investment Mgt	1,000,771,414	40.30%
Other ⁽¹⁾	35,288,787	1.42%
TOTAL EMISF	\$2,483,470,514	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

2016 real estate fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Real Estate Fund (REF) is to (1) provide diversification to the overall CRPTF investment program, (2) preserve investment capital, (3) generate attractive risk-adjusted rates of return, (4) provide consistent current income and (5) act as a hedge against inflation under different economic scenarios.

Date of Inception: July 1, 1982

Total Net Position: \$2,207,088,905

Performance Objective: A net return that matches the benchmark over rolling three- to five-year periods.

Management Fees ⁽¹⁾: \$7,554,325

Capitalized and Netted Fees: \$15,180,128

Benchmark: National Council of Real Estate Investment Fiduciaries - National Properties Index (NCREIF-NPI)

Operating Expenses: \$1,083,872

Expense Ratio*: 0.42%

Number of Investment Partnerships: 42

* Expense ratio is calculated using the management fee and operating expense totals.

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

Description of the Fund

The REF is the vehicle by which the CRPTF makes investments in the real estate asset class. The REF may invest in real estate properties, real estate related equity investments, or real estate related debt and mortgages. The REF consists of a number of investment strategies and vehicles including externally managed commingled funds, open-end funds, separate accounts, publically traded real estate securities, limited partnerships and/or other indirect ownership structures managed by professional real estate investment managers.

Portfolio Characteristics

As of June 30, 2016, the portfolio was approximately 31.6 percent invested in close-end fund vehicles, 54.7 percent in open-end funds, and 13.8 percent held in two separate accounts, in which the REF holds 100 percent ownership interest in properties within the portfolio. These separate account vehicles are managed by external managers and employ a core investment strategy. The majority of investments in the REF are comprised of commingled private equity funds vehicles in which the CRPTF holds limited partnership interests. These commingled funds employ three main real estate investment sub-asset classes: core, value-add, and opportunistic strategies. In accordance with the Investment Policy Statement, leverage levels in the REF shall not exceed 60 percent, and are diversified across geography and property types, with approximately 94.6 percent located in the markets within the United States and 5.4 percent to real estate markets abroad.

As of June 30, 2016, the REF allocation to sub-strategies was 52.0 percent to core, 25.8 percent to value, 15.7 percent to opportunistic and 6.5 percent to LF/cash. The portfolio is well diversified geographically. While the National Properties Index (NPI) remains the tracked real estate investments benchmark, the CRPTF at any given time may be tactically under- or over-weight in specific property types, regions, vintage years or other characteristics of the Index.

Market Review

The U.S. economy and financial markets have absorbed a series of mini-shocks over the past year, including a Chinese slowdown, slumping commodity prices, a soaring U.S. dollar, a tightening energy industry, a modest interest rate hike, and the United Kingdom's "Brexit" vote to leave the European Union. U.S. commercial real estate has not been immune to these developments, but it has proved remarkably resilient.

Acquisition activity continued at a moderate pace in second quarter of 2016, less active than in 2015, but above the prior six year average. The second quarter of 2016 saw \$63.5 billion in U.S. commercial real estate transaction volume or 41 percent of global activity. While solid, this represented a 16 percent drop compared to record 2015 levels. The U.S. decline was on trend with the broad moderation of global transaction activity during the quarter. U.S. cities continue to be attractive targets for global investment capital with New York and Los Angeles (1st and 3rd respectively), accounting for 12 percent of global transactions. Foreign investment represented approximately 12 percent of total U.S. activity, with China overtaking Canada as the primary foreign capital source year-to-date.

U.S. real estate fundamentals remain relatively healthy, but the property cycle is entering a new phase in which deliveries are catching up and, in some case, outpacing demand. As a result, macro indicators for U.S. real estate came in tepid during the second quarter of 2016 with residential housing starts and total construction investment flat to marginally down year over year. Building permits, which signal future construction activity, also fell nine percent compared to same period 2015. CMBS issuances slowed to \$11.4 billion in the second quarter of 2016, less than half of the \$27.5 billion a year ago.

Cap rates are fairly stable, but the recent quarter reflected modest widening in some property sectors. Performance returns remain favorable and above long term averages, however the one year period ending June 30, 2016 for the NPI was 10.6 percent compared to the one year period ending June 30, 2015 of 13.0 percent, but compared favorably with returns on stocks (4.0 percent) and bonds (6.7 percent).

Performance Summary

For fiscal year 2016 the Fund generated a total return of 11.5 percent, net of all expenses, modestly underperforming its benchmark NCREIF-NPI, which posted a gross return of 11.8 percent. The one-year return reflects an ongoing positive trend in the REF portfolio, which can be attributed to recent accretive commitments to open-ended core and core-plus funds, as well as a number of new value-add strategies in the Fund.

For the trailing three-, five- and ten-year periods, the REF's compounded annual returns, net of all expenses, were 11.7 percent, 10.5 percent, and 2.8 percent, respectively (See Figure 11-8). Longer-term portfolio returns continue to lag the benchmark, with five- and ten-year returns underperforming by 144 basis points and 480 basis points, respectively. The Fund has continued to invest through the recent real estate cycle, with new commitments in open end vehicles in core and value-add strategies during the fiscal year, which has helped to maintain diversification in the fund.

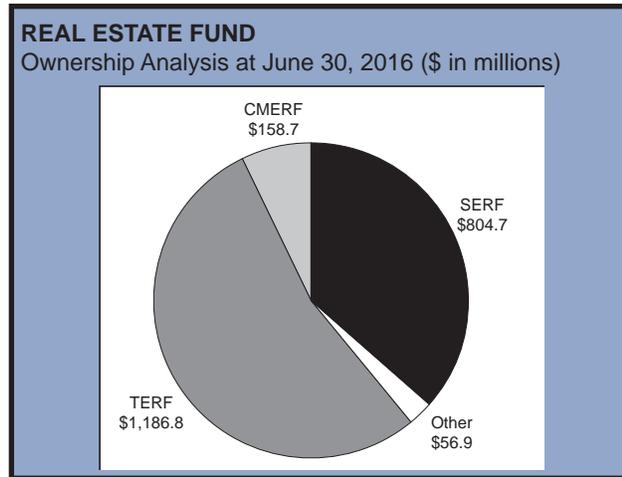
Risk Profile

The REF takes both a total portfolio and asset class specific approach to risk management. Risk is managed at the portfolio level through diversification and strategic asset allocation and the implementation of strategy. Risks attendant to alternative investments, such as management, operations, local/regional property markets, and liquidity risk, are managed at the asset class level with additional risk management focused on financing, geography, and property type risks specific to a fund manager's portfolio investments.

The REF has lower volatility than NPI, as expected (See Figure 11-2) largely due to allocations to core funds, which generally have lower leverage than value-add and opportunistic strategies and have reduced risk to 63 percent as of 2016 versus 2012 levels. Also, the REF's core sub-portfolio, which most closely tracks NPI, has a leveraged amount of approximately 35.81 percent. NPI is comprised of a portfolio of 6,000+ properties, many of which are leveraged, but for purposes of constructing the NPI benchmark, are de-levered for the index. The REF volatility is typical and not excessive relative to a benchmark comprised of unlevered core properties.

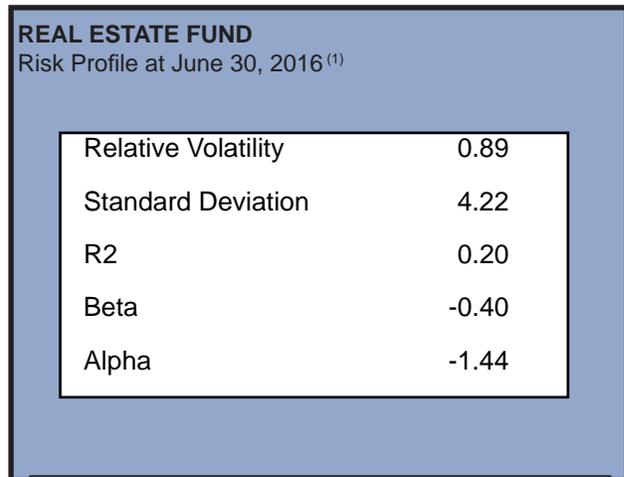
PENSION FUNDS MANAGEMENT DIVISION

Figure 11-1



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

Figure 11-2



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

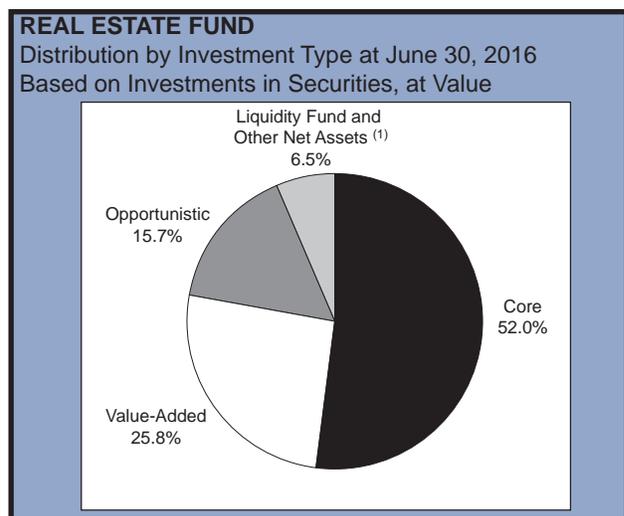
Figure 11-3

REAL ESTATE FUND
Investments Analysis⁽¹⁾ by Fiscal Year

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2016	42	\$1,798,740,547	\$2,065,132,526
6/30/2015	38	1,646,736,485	1,732,052,523
6/30/2014	33	1,398,172,794	1,429,069,066
6/30/2013	30	1,366,354,620	1,227,275,238
6/30/2012	36	1,376,611,668	1,180,717,977
6/30/2011	36	1,310,614,926	1,057,213,580
6/30/2010	35	1,097,439,251	715,310,010
6/30/2009	34	996,474,812	745,643,849
6/30/2008	31	920,921,272	968,885,960
6/30/2007	23	485,341,324	531,570,750

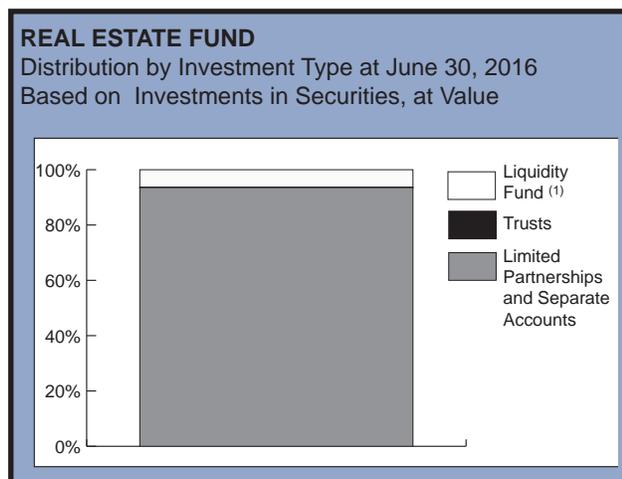
(1) Number of investments in annuities, partnerships, corporations, and trusts, excluding the Liquidity Fund.

Figure 11-4



(1) Liquidity Fund and Other Net Assets

Figure 11-5



(1) Liquidity Fund and other monetary assets.

Figure 11-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2016
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	35.3%	41.4%	-6.1%
Midwest	2.8%	5.7%	-2.9%
South	11.3%	10.7%	0.6%
West	38.6%	42.2%	-3.6%
International	5.4%	0.0%	5.4%
Liquidity Fund and Other Net Assets	<u>6.6%</u>	<u>0.0%</u>	6.6%
	100.0%	100.0%	

PENSION FUNDS MANAGEMENT DIVISION

Figure 11-7

REAL ESTATE FUND			
Diversification by Property Type at June 30, 2016 Based on Investments in Securities, at Value			
	REF	NCREIF	Variance
Apartment	23.6%	24.5%	-0.9%
Industrial	16.9%	14.2%	2.7%
Office	22.7%	36.9%	-14.2%
Retail	20.8%	23.2%	-2.4%
Hotel	6.8%	1.2%	5.6%
Liquidity Fund and Other Net Assets ⁽¹⁾	<u>9.2%</u>	<u>0.0%</u>	9.2%
	100.0%	100.0%	

(1) Includes senior living, real estate/mixed use, land, and cash.

Figure 11-8

REAL ESTATE FUND				
Periods ending June 30, 2016				
	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	11.51	11.70	10.49	2.81
NCREIF Property	11.84	11.91	11.93	7.61
Cumulative Total Return (%)				
REF	11.51	39.35	64.70	31.90
NCREIF Property	11.84	40.16	75.67	108.25

Figure 11-9

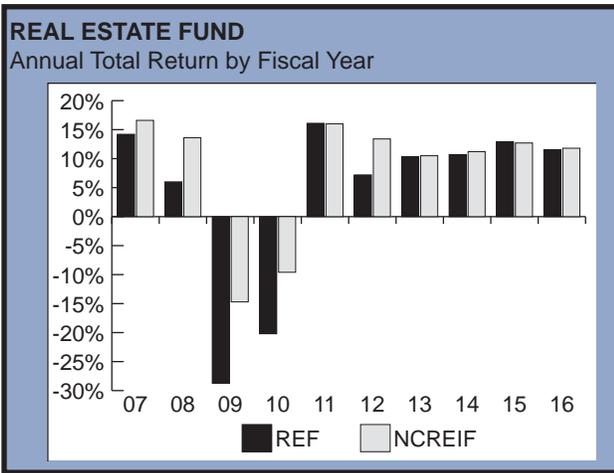
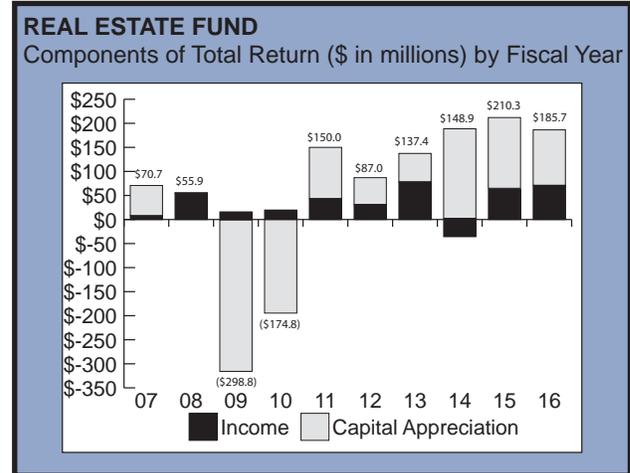


Figure 11-10



PENSION FUNDS MANAGEMENT DIVISION

Figure 11-11

REAL ESTATE FUND		
Funds at June 30, 2016		
Fund	Net Asset Value	% of Fund
AEW Partners III	\$5,688,097	0.26%
American Realty Advisors	41,258,707	1.87%
Apollo Real Estate	183,759	0.01%
Blackstone Real Estate Partner Europe III LP	34,432,319	1.56%
Blackstone Real Estate Spec Sit II LP	2,519,325	0.11%
Blackstone Real Estate VI LP	57,911,637	2.62%
Blackstone Real Estate Partners VIII LP	41,465,523	1.88%
Canyon Johnson Urban Fund II	3,509,387	0.16%
Canyon Johnson Urban Fund III	1,283,372	0.06%
Capri Select Income II LLC	67,002	0.00%
Clarion Lion Industrial Trust	106,730,379	4.83%
Colony Realty Partners II LP	12,468,300	0.56%
Cornerstone Patriot Fund LP	282,808,340	12.81%
Covenant Apartment Fund V LP	1,101,672	0.05%
Covenant Apartment Fund VI	3,074,086	0.14%
Covenant Apartment Fund VIII	12,550,698	0.57%
Crow Hldgs Realty Partners VII LP	32,425,778	1.47%
Cypress Acquisition Ptrns Retail FD LP	35,907,926	1.63%
Gerding Edlen Green Cities II	32,201,791	1.46%
Hart Realty Advisors	205,840,263	9.33%
IL & FS India Realty Fund II LLC	33,310,574	1.51%
JP Morgan Strategic Property	82,699,608	3.75%
Landmark RE Partners VII LP	19,423,169	0.88%
Lone Star Real Estate Part II LP	16,263,015	0.74%
Macfarlane Urban Real Estate Fund II LP	21,896,671	0.99%
New Boston IV	530,040	0.02%
Prime Property Fund LLC	294,155,843	13.33%
PRISA	112,034,324	5.08%
Rockwood Capital Fund V	785,376	0.04%
Rockwood Capital VI Limited Partnership	6,076,637	0.27%
Rockwood Capital VII Limited Partnership	25,118,373	1.14%
Starwood Opportunity Fund VII	19,602,882	0.89%
Starwood Opportunity Fund VIII	19,340,753	0.88%
Starwood Opportunity Fund IX	43,852,326	1.99%
Starwood Opportunity Fund X	58,660,456	2.66%
UBS-Trumbull Property Income	58,103,715	2.63%
UBS-Trumbull Property G&I (TPG)	63,515,469	2.88%
UBS-Trumbull Property Fund LP	85,466,287	3.87%
Urban Strategy America Fund LP	33,534,000	1.52%
USAA Eagle RE Fund	129,558,392	5.87%
Walton Street Real Estate	1,202,101	0.05%
WLR IV PPIP Co Invest LP	26,574,155	1.20%
Other ⁽¹⁾	141,956,378	6.43%
SUBTOTAL REF	2,207,088,905	100.00%

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.

Figure 11-12

REAL ESTATE FUND			
Ten Largest Holdings* at June 30, 2016			
Property Name	Type	Market Value	%
Prime Property Fund LLC	Core	\$294,155,843	13.33%
Cornerstone Patriot Fund LP	Core	282,808,340	12.81%
Hart Realty Advisors	Core	205,840,263	9.32%
USAA Eagle RE Fund	Core	129,558,392	5.87%
PRISA	Core	112,034,324	5.07%
Clarion Lion Industrial Trust	Value Added	106,730,379	4.84%
UBS-Trumbull Property Fund LP	Core	85,466,287	3.87%
JP Morgan Strategic Property	Core	82,699,608	3.75%
UBS-Trumbull Property G&I (TPG)	Core	63,515,469	2.88%
Starwood Opportunity Fund X	Opportunistic	58,660,456	2.66%
Top Ten		\$1,421,469,361	64.40%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 11-13

REAL ESTATE FUND		
New Investments Made in Fiscal Year 2016 (in Excess of \$3 Million)		
Partnership Name	Commitment Amount	Investment Type
Covenant Apartment Fund VIII, LP	\$30 million	Value-Add
Crow Holding Realty Partners VII, LP	<u>75 million</u>	Value-Add
Total	\$105 million	

2016

commercial mortgage fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The Commercial Mortgage Fund (CMF) provides an alternate source of domestic fixed income investment for the retirement funds. It was the vehicle for investing CRPTF's assets in mortgages on income-producing commercial property for expected yields superior to Treasury and corporate fixed income securities, in exchange for reduced liquidity. Commercial mortgages were expected to perform similarly to other domestic fixed income securities that are driven by U.S. interest rate changes.

Date of Inception: November 2, 1987

Total Net Position: \$83

Performance Objective: A net return equal to the Barclays U.S. Aggregate Bond Index plus 100 basis points.

Management Fees: N/A

Benchmark: Barclays U.S. Aggregate Bond Index

Operating Expenses: N/A

Number of Advisors: N/A

Expense Ratio: N/A

Description of the Fund

CMF is no longer making new investments. There was one remaining securitized Yankee Mac Commercial Mortgage-Backed Security (CMO) in the fund that was sold on February 29, 2016. This asset class is no longer a part of the most recent asset allocation structure of the CRPTF, adopted in July, 2013. The remaining net position of \$83 in the Fund at the end of the fiscal year represents residual cash that will be distributed in fiscal year 2017.

2016 private investment fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: The purpose of the Private Investment Fund (PIF) is to: (1) earn returns in excess of the public equity markets, (2) generate attractive risk-adjusted rates of return, and (3) provide diversification for the CRPTF under different economic environments.

Date of Inception: July 1, 1987

Total Net Position: \$2,769,810,105

Performance Objective: A net return that outperforms the Standard & Poor Index (S&P 500) over rolling ten year periods.

Management Fees⁽¹⁾: \$3,039,252

Benchmark: S&P 500

Capitalized and Netted Fees: \$26,649,417

Number of Partnerships: 65

Operating Expenses: \$2,283,812

Expense Ratio*: 0.19%

* Expense ratio is calculated using the management fee and operating expense totals.

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

Description of the Fund

The PIF is an externally managed fund whose strategic focus is divided into two sub-asset classes: venture capital and corporate finance. Venture capital invests equity into young or development stage companies. Corporate finance encompasses several underlying strategies, including leveraged buyout, mezzanine debt, and special situations.

Portfolio Characteristics

The PIF invests in private equity funds either directly as a limited partner to a specific fund or indirectly as a limited partner to a fund of funds vehicle. Fund-of-funds (FOF) invest in multiple private equity partnerships that invest in underlying companies and are typically used to execute a strategic objective within the PIF. Private equity investments include two general areas of strategic focus:

Corporate Finance

- Buyout focused investments are defined as controlling or majority investments in private equity or equity-like securities of more established companies on the basis of the company's asset value and/or cash flow.
- Mezzanine debt focused investments are defined as investments in securities located between equity and senior debt in the company's capital structure. Mezzanine debt investments offer higher current income than senior debt securities and often offer equity participation features that may take the form of warrants or contingent equity interests.
- Special Situation focused investments are defined as investments in a variety of securities (debt, preferred equity and/or common equity) in portfolio companies at a variety of stages of development (seed, early stage, later stage).
- International private equity focused investments are defined as investments in private equity or equity-like securities in companies located outside the continental United States. International private equity investments often offer higher return potential, with higher risk, as a result of the above average rates of growth available in select international economies.

Venture Capital

- Venture capital focused investments can be narrowly defined as investments in private equity or equity-like securities of developing companies in need of growth or expansion capital. These investments can range from early-stage financing, where a company has little more than a marketable idea, to expansion financing, where a company has a marketable product but requires additional capital to bring the product to market.

Excluding commitments made under the Connecticut Horizon Fund program, the PIF had 65 active funds and aggregate capital commitments totaling \$7.7 billion as of June 30, 2016. Approximately 91 percent, or \$7.0 billion, has been “drawn down” for investment purposes as of that date while the balance of approximately \$700 million, or 9 percent, is committed but not “drawn” (See Figure 13-6).

Market Review

Public market volatility continued during the fiscal year with the final month of the year especially volatile due to the U.K. referendum to leave the European Union (Brexit). The long-term impact of Brexit combined with U.S. electoral/political uncertainty and geopolitical risks across the globe could contribute to continued market volatility. As a result, public market valuations have been very strong with debt at a low cost causing purchase price multiples in private equity to reach record highs.

Fundraising for global private equity totaled \$302.1 billion during the fiscal year representing a 10.2 percent decrease from prior year, while funds invested \$204.1 billion, representing a decrease of 6.3 percent. Buyout funds raised \$195.0 billion, while funds invested \$81.2 billion. The average investment size for private equity funds during the fiscal year was \$15.3 million and the average U.S. buyout purchase price was 10.0X earnings before income taxes, depreciation and amortization.

The venture capital industry demonstrated strong levels of fundraising and steady levels of investment and exits during the fiscal year. Fundraising totaled \$39.1 billion invested in over 9,000 transactions, up around 40 percent for the same period from 2013 to 2014. The industry continues to see activity from non-traditional venture investors such as hedge funds, mutual funds and other pre-IPO investors that are deploying large amounts of capital into later stage, follow on investments. The software sector accounted for approximately 50 percent of invested capital, followed by biotechnology, which received 12 percent.

Performance Summary

For the fiscal year ended June 30, 2016, PIF generated a net compounded annual rate of return of 8.87 percent (See Figure 13-5). This return was measured using a Time Weighted Return (TWR) calculation methodology.

While short-term returns are evaluated, longer term (e.g., 10 years) returns are more meaningful in evaluating private equity portfolio performance. Long-term horizons better reflect the illiquid nature of PIF’s holdings and the time it takes for investments to realize their potential. PIF’s performance is benchmarked against the S&P 500. Over the last 10 years through June 30, 2016, PIF’s performance has exceeded that of the S&P 500 by 291 basis points on a compounded annual basis (See Figure 13-5).

The institutional standard for measuring private equity performance is the Internal Rate of Return (IRR). IRR is a dollar-weighted annualized return that considers both cash flows and time. Since its inception in 1987, PIF has generated a 9.0 percent IRR. A tool commonly used by institutional investors to benchmark IRR performance is the public market equivalent (PME). From inception through June 30, 2016, PIF has generated 230 basis points of annual performance in excess of its S&P 500 PME.

During Fiscal Year 2016, four new partnerships were completed (See Figure 13-10).

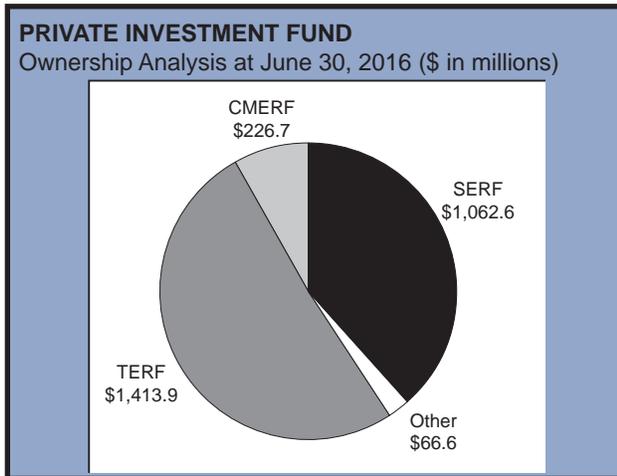
Risk Profile

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

PIF’s risk profile is complex given the valuation judgments and liquidity constraints placed on it consistent with an alternative investment strategy. Over the last five years, PIF’s volatility relative to its benchmark has been 0.43 with a correlation of -0.02. Over the last five years, the Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of -1.28 (See Figure 13-2).

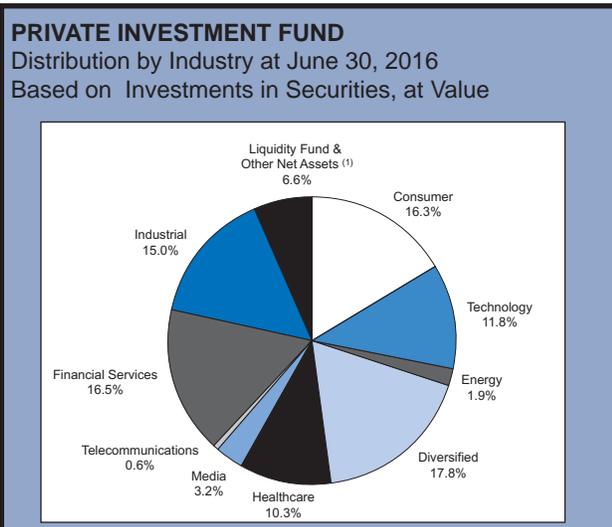
PENSION FUNDS MANAGEMENT DIVISION

Figure 13-1



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

Figure 13-3



(1) Includes the Liquidity Fund and other assets at the partnership level.

Figure 13-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2016

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	8.87	12.95	10.82	10.33
S & P 500	3.99	11.66	12.10	7.42
Cumulative Total Return (%)				
PIF	8.87	44.09	67.12	167.18
S & P 500	3.99	39.20	77.02	104.65

Calculated with Time Wiegthed Return methodology.

Figure 13-2

PRIVATE INVESTMENT FUND
Risk Profile at June 30, 2016 (1)

Relative Volatility	0.43
Standard Deviation	5.19
R2	0.00
Beta	-0.02
Alpha	-1.28

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

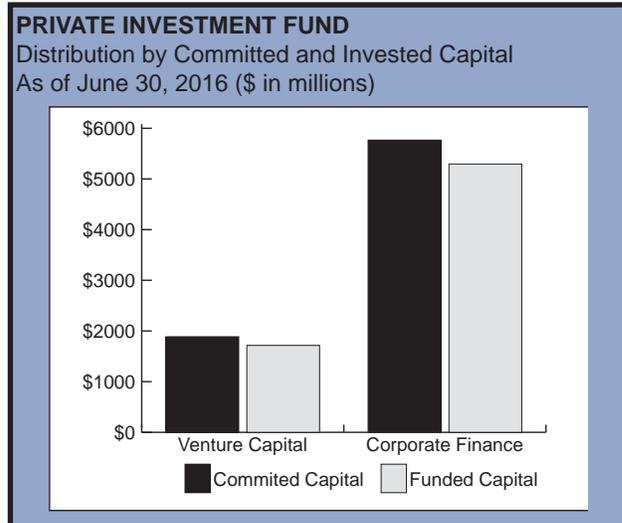
Figure 13-4

PRIVATE INVESTMENT FUND
Distribution by Geographic Location at June 30, 2016
Based on Investments in Securities, at Value

Region	%
Northeast (Excludes Connecticut)	6.1%
International	9.1%
West Coast	16.1%
Liquidity Fund/Other Assets & Liabilities (1)	17.7%
Southeast	15.0%
Mid-Atlantic	9.6%
MidWest	19.0%
Southwest	2.9%
Connecticut	3.6%
Northwest	0.9%
TOTAL	100.00%

(1) Includes the Liquidity Fund and other assets at the partnership level.

Figure 13-6



PENSION FUNDS MANAGEMENT DIVISION

Figure 13-7

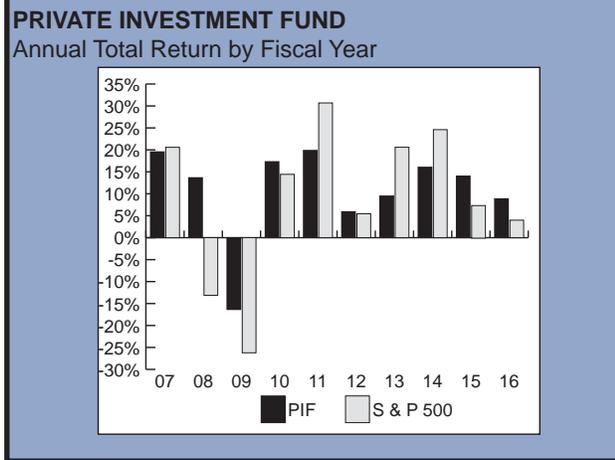


Figure 13-8

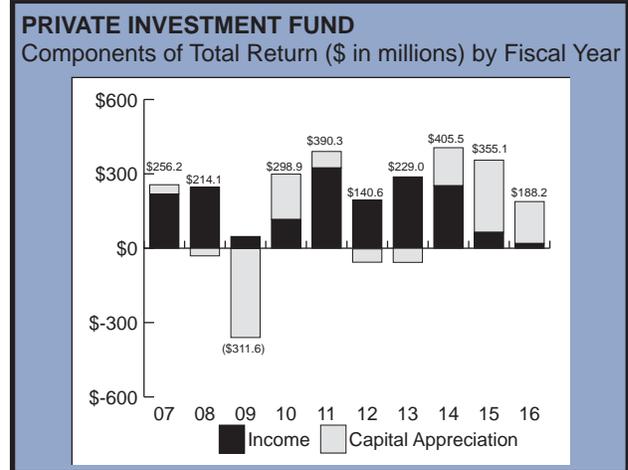


Figure 13-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings* at June 30, 2016

Partnership Name	Partnership Type	Market Value	%
Fairview Constitution III	Fund of Funds	\$349,539,238	12.62%
Stepstone Pioneer Capital II LP	Fund of Funds	138,493,487	5.00%
Fairview Constitution IV LP	Fund of Funds	115,818,599	4.18%
Fairview Constitution II LP	Fund of Funds	113,869,327	4.11%
Vista Equity Partners Fund IV	Buyout	95,173,922	3.44%
Wellspring Capital Partners V	Buyout	82,279,022	2.97%
KKR 2006 Fund	Buyout	79,697,136	2.88%
Yucaipa American Alliance Fund II LP	Buyout	78,421,991	2.83%
CT Emerging Pvt Equity	Fund of Funds	77,135,060	2.79%
Thomas H. Lee Equity Fund VI	Buyout	76,011,598	2.74%
Top Ten		\$1,206,439,380	43.56%

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act.

Figure 13-10

PRIVATE INVESTMENT FUND
New Commitments Made in Fiscal Year 2016⁽¹⁾

Partnership Name	Commitment Amount	Investment Type	Investment Date
Yucaipa American Alliance Fund III	\$39 million	Buyout	July 15, 2015
Clearlake Capital Partners IV	50 million	Special Situations	August 18, 2015
Connecticut Growth Capital	75 million	Special Situations	December 15, 2015
Welsh, Carson, Anderson & Stowe XII, L.P.	100 million	Buyout	May 25, 2016
Total:	\$264 million		

(1) These represent new Private Equity Partnerships that were invested in by the Fund during fiscal year 2016.

PENSION FUNDS MANAGEMENT DIVISION

Figure 13-11

PRIVATE INVESTMENT FUND

Investment Funds at June 30, 2016

Investment Advisor	Net Asset Value	% of Fund			
Buyout	\$1,049,014,407	37.87%	International	45,256,245	1.63%
AIG Altaris Health Partners II	14,818,242	0.53%	Carlyle Asia Partners	347,901	0.01%
AIG Altaris Health Partners III	19,878,810	0.72%	Compass Partners European Equity Fund	469,368	0.02%
AIG Healthcare Partners LP	594,323	0.02%	Gilbert Global Equity Partners	42,514,773	1.53%
Boston Ventures VII	49,389,843	1.78%	Pinebridge Global Emerging Markets Fund	1,924,203	0.07%
Candover 2008 Fund	391,125	0.01%	Fund of Funds	1,032,795,331	37.29%
Charterhouse Equity Partners IV	4,302,030	0.16%	Connecticut Horizon Legacy	6,575,732	0.24%
Court Square Capital Partners II	48,368,974	1.75%	CT Growth Capital	9,774,704	0.35%
Court Square Capital Partners III LP	15,552,855	0.56%	CS/CT Cleantech Opp Fund	10,683,042	0.39%
Ethos Private Equity Fund V	14,008,111	0.51%	CT Emerging Pvt Equity	77,135,060	2.78%
FS Equity Partners V	6,950,867	0.25%	Fairview Constitution II LP	113,869,327	4.11%
FS Equity Partners VI	74,603,360	2.69%	Fairview Constitution III	349,539,238	12.62%
GENNX360 Capital Partners II	17,013,854	0.61%	Fairview Constitution IV LP	115,818,599	4.18%
Hicks, Muse Tate & Furst Equity Fund III	10,539,969	0.38%	JP Morgan Nutmeg I	73,291,162	2.65%
ICV Partners II LP	14,379,521	0.52%	Landmark Equity Partners XIV LP	45,598,223	1.65%
JFL Equity Investors III, LP	42,684,211	1.54%	Landmark Equity Partners XV LP	26,616,558	0.96%
KKR 2006 Fund	79,697,136	2.88%	Landmark Private Equity Fund VIII	6,811,039	0.25%
KKR Millennium Fund	13,105,933	0.47%	Lexington Capital Partners II	412,781	0.01%
Leeds Equity Partners V LP	26,272,113	0.95%	Stepstone Pioneer Capital I LP	20,420,048	0.74%
Nogales Investors Fund II	3,755,606	0.14%	Stepstone Pioneer Capital II LP	138,493,487	5.00%
RFE Investment Partners VII	42,243,620	1.53%	The Constitution Liquidating Fund	37,756,331	1.36%
RFE Investments Partners VIII	34,547,232	1.25%	Special Situations	395,921,506	14.29%
TA XI, L.P.	70,584,747	2.55%	Apollo Investment Fund VIII LP	57,827,335	2.09%
Thomas H. Lee Equity Fund VI	76,011,598	2.74%	Castlelake II LP	59,842,113	2.16%
Vista Equity Partners Fund III	23,249,553	0.84%	Clearlake Capital Partners III LP	46,082,841	1.67%
Vista Equity Partners Fund IV	95,173,922	3.44%	Clearlake IV	17,392,913	0.63%
Wellspring Capital Partners V	82,279,022	2.97%	KPS Special Situations Fund II	10,025	0.00%
Welsh Carson Anderson & Stowe X LP	23,034,817	0.83%	Levine Leichtman Capital Partners	57,733,688	2.08%
Welsh Carson Anderson & Stowe XI	64,816,748	2.34%	Levine Leichtman Capital Partners IV LP	37,876,689	1.37%
Yucaipa American Alliance Fund II LP	78,421,991	2.83%	Pegasus Partners IV	44,679,703	1.61%
Yucaipa III	2,344,274	0.08%	Pegasus Partners V	54,686,363	1.97%
Venture Capital	9,149,787	0.33%	Welsh Carson Anderson & Stowe Capital Partners III	70,941	0.00%
Crescendo III	1,156,486	0.04%	WLR Recovery Fund IV	19,718,895	0.71%
Syndicated Communications	7,993,301	0.29%	Other ⁽¹⁾	175,228,041	6.33%
Mezzanine	62,444,788	2.26%	SUBTOTAL PIF	\$2,769,810,105	100.00%
Audax Mezzanine III Limited Partnership	42,076,592	1.52%			
GarMark Partners II LP	19,374,244	0.70%			
SW Pelham Fund	993,952	0.04%			

(1) Other includes partnerships with non-material balances, as well as moneys earmarked for distribution to participants, reinvestment, expenses and other net assets.

2016

debt management division

Division Overview

The Office of the Treasurer, through its Debt Management Division, is responsible for the cost-effective issuance and management of the State of Connecticut's bonded debt. The State's strategic investments in local school construction, roads, bridges, airports, higher education, clean water, and economic development are the foundation of Connecticut's physical and social infrastructure.

Key to obtaining the lowest cost of funds for the State is continual contact with the investment community and credit rating agencies: Moody's Investors Service, Standard & Poor's Ratings Services, Fitch Ratings, and Kroll Bond Ratings. The latest financial instruments available in the public financing market are utilized when issuing new debt in order to attain the lowest interest rates possible. Relationships are maintained with institutional and retail investors who have demonstrated confidence in the State's economy by purchasing bonds and notes at attractive interest rates.

The Office of the Treasurer is also a critical resource in the drafting of new laws, working with the executive and legislative branches to provide financial advice on proposed legislative initiatives. This has resulted in the design of new bonding programs that have been well received in the financial markets, while maintaining exemption from federal and State taxes where appropriate. Specific examples include: electric deregulation; UConn 2000; school construction; open space; economic development in Bridgeport, Hartford, and New Haven; municipal financial oversight; Economic Recovery Notes; Transportation Strategy Board Project Funding; securitization to preserve conservation and clean energy programs; the establishment of a Housing Trust Fund bonding program; the authorization of bonding backed by future federal transportation funds; a program designed to improve the funding of the Teachers' Retirement Fund including the issuance of bonds, the creation of a new quasi-public agency to manage Bradley International Airport, and a program to eliminate the State's accumulated GAAP deficit.

The Debt Management Division manages all public financing programs for the State and coordinates the issuance of bonds with State quasi-public authorities, including Connecticut Innovations, Connecticut Health and Educational Facilities Authority, Connecticut Housing Finance Authority, Materials Innovation and Recycling Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, Capital Region Development Authority, Connecticut Green Bank, and Connecticut Airport Authority.

The Debt Management Division consists of 11 professionals under the direction of an Assistant Treasurer.

The Year in Review

During Fiscal Year 2016, the Debt Management Division actively managed the State's \$23.2 billion debt portfolio and significant accomplishments included:

- **New Money Bonds** - During Fiscal Year 2016, \$3.0 billion of new money bonds were issued to continue funding of the State's capital programs including for local school construction grants, economic development initiatives, and transportation infrastructure improvements, improvements at the University of Connecticut, and clean water fund grants. These projects and other purposes, which help bolster the local economy, improve the lives of Connecticut citizens, and strengthen the State's fiscal standing, continue to be funded at some of the lowest interest rates in State history.
- **Refunding Bonds** - As interest rates remained low, the Division refunded outstanding debt through the issuance of \$501.4 million of General Obligation Refunding bonds, \$139.8 million of Special Tax Obligation Refunding bonds, and \$80.4 million of University of Connecticut UConn 2000 Refunding bonds for an aggregate savings of \$102.4 million. A total of \$1.1 billion in debt service savings will be achieved over the life of the bonds from debt refunding and defeasances completed since January 1, 1999.

DEBT MANAGEMENT DIVISION

- Transportation Bonding Program – The Division issued \$700 million of Special Tax Obligation bonds to fund new and ongoing transportation infrastructure improvements this fiscal year and continued to consult with the State’s Department of Transportation, the Office of Policy and Management and the Governor’s Transportation Finance Panel on capital funding matters and recommendations for the “Let’s Go CT!” transportation initiative. Notable this fiscal year was the highly successful transportation bond sale that attracted more than \$440 million in orders from retail investors, the highest level by far for any bond sale in State history.
- Clean Water Fund Program - The Division worked closely with the State’s Department of Energy and Environmental Protection and the Department of Public Health to successfully commit low-cost funding for program participants throughout the State and interfaced with federal governing officials. Notable this fiscal year was the award of the largest single grant and loan commitment in the history of the State’s Clean Water program. The Metropolitan District Commission will receive funding of \$313 million over the next seven years for its South Hartford Conveyance Tunnel, a major component of its long-term wastewater control plan designed to protect and improve Connecticut’s water quality.
- Green Bonds – The State of Connecticut continued to be a national leader in the emerging trend of “Green Bonds,” designed to meet the needs of the growing number of socially and environmentally aware investors interested in investing specifically in green infrastructure. Another \$65 million of Green Bonds was issued this past fiscal year bringing the total of Green Bonds issued by the State to \$375 million since 2014.
- University of Connecticut – The Division worked in conjunction with the University of Connecticut on issuing new money and refunding UConn 2000 bonds totaling \$341.9 million as well as various leasing, credit rating agency, and legislative matters.
- Quasi-Public Agencies – Interactions with the State’s quasi-public agencies continued to be active as the Division worked with the Connecticut Green Bank on financing options for energy efficiency improvements in State buildings, with the new Connecticut Port Authority on a memorandum of understanding providing for transfer of State property and powers, with the Connecticut Airport Authority on financing options for an intermodal transportation center, with the Capital Region Development Authority on reprogramming bonding for the Connecticut Science Center, and with the State’s student loan agencies on utilizing available funding to establish a new student loan refinancing program.
- Credit Rating Agencies - Credit pressures caused by the State’s lower-than-projected revenue collections, persistent budget deficits, and the need to draw down the State’s Budget Reserve Fund, caused two credit rating agencies to downgrade the State’s General Obligation bonds during the fiscal year and another did so two weeks after the end of the fiscal year. As such, communication with the credit rating agencies was more critical than ever this year and included in-person meetings with State leaders at the State Capitol, as well as several other briefings throughout the year.
- Systems Improvement – The Division completed a major bond counsel request for proposals and also reviewed proposals to enhance investor relations as well as new debt management computer systems and continued to implement a new Clean Water Fund accounting system. In addition, outreach to investors was enhanced with regular use of internet roadshows and individual conference calls with large investors.
- Legislative Matters - The Division worked with the legislature and State leaders on bonding matters including the cancellation and deferment of \$1 billion of General Obligation bond authorizations to allow the State to manage within its statutory debt limit.

2016 Division Performance

The Debt Management Division focused on several important initiatives during the fiscal year, including taking advantage of historically low interest rates and providing expertise to assist with implementing initiatives put forward by the administration. The State’s continued slow economic recovery, as well as an increased focus by the rating agencies on long-term liabilities, required significant analysis by the Division to ensure the State’s obligations are put in proper context and that the State’s strong financial management is emphasized

DEBT MANAGEMENT DIVISION

to the credit markets and other stakeholders. Communication was conducted throughout the year with the credit rating agencies and the investment community provided frequent and timely updates regarding the State's budget and the economy. The Division actively monitored and assisted with legislation impacting the State's bonding programs and credit.

Public Financing Programs

Active public financing programs for the State, as of June 30, 2016, include:

	Amount Outstanding <u>June 30, 2016</u>
GENERAL OBLIGATION BONDS	\$ 15,795,512,314
<p>General Obligation bonds are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. General Obligation bonds are issued for construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks, and open space. Outstanding amount includes \$2,228,283,254 of Teachers' Retirement Fund bonds issued in October 2013 pursuant to Public Act 07-186 and \$527,975,000 of GAAP Conversion bonds which were used to fund half of the State's accumulated General Fund GAAP Deficit.</p>	
ECONOMIC RECOVERY NOTES	\$ 352,585,000
<p>Economic recovery notes are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. Economic recovery notes were issued to finance the State's FY 2009 budget deficit.</p>	
UCONN 2000 BONDS	\$ 1,303,870,000
<p>The University of Connecticut pays UConn 2000 bonds from a debt service commitment appropriated from the State General Fund originally established under P.A. 95-230 and extended in 2010 and 2013. Up to \$4.3 billion of Debt Service Commitment bonds will be issued under a 28-year \$4.6 billion capital program to rebuild and refurbish the University of Connecticut.</p>	
OTHER GENERAL FUND APPROPRIATION DEBT	\$ 197,125,000
<p>The State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. This debt consists of the following programs:</p> <p>Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds, Child Care Facilities Program bonds for a childcare facilities program were assumed by the State in July 1999. (\$55,960,000).</p> <p>The Connecticut Housing Finance Authority (CHFA) Special Needs Housing Mortgage Finance Program bonds funded a supportive housing program (\$60,280,000) and CHFA Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program (\$40,160,000). The State is required to make all debt service payments on these bonds pursuant to a contract assistance agreement between CHFA, the State Treasurer, and the Office of Policy and Management.</p> <p>Other appropriation debt includes Connecticut Innovations, Inc. (CI) Tax Increment Financing, (\$27,720,000) and a Certificate of Participation issue for the Connecticut Juvenile Training School Energy Center Project (\$13,005,000).</p>	
SPECIAL TAX OBLIGATION BONDS	\$ 4,519,690,000
<p>Special Tax Obligation Bonds are special obligations of the State payable solely from the transportation-related revenues pledged in the State's Special Transportation Fund. The bonds are issued for the State's portion of highway and bridge construction, maintenance and capital needs of mass transit systems, State piers, and general aviation airports. The bonds are secured by transportation-related taxes and revenues and a portion of the State's General Retail Sales Tax, and additional security for the bonds is provided by a debt service reserve fund that totaled \$492.9 million on June 30, 2016.</p>	
CLEAN WATER FUND BONDS	\$ 801,020,000
<p>The Clean Water Fund and the Drinking Water Fund constitute the State's revolving fund programs. Revenue bonds provide below-market-rate loans to Connecticut municipalities for the planning, design, and construction of wastewater treatment projects and to Connecticut municipalities and private water companies for drinking water quality improvement projects. The bonds are secured by loan repayments from Connecticut municipalities and private borrowers, and general revenues of the program. An interest rate subsidy is provided to borrowers from earnings on the revolving fund and from State General Obligation subsidy bonds. The State also provides grants and some loans for the program through its General Obligation bond program.</p>	

DEBT MANAGEMENT DIVISION

CAPITAL REGION DEVELOPMENT AUTHORITY BONDS \$ 85,920,000

The Capital Region Development Authority (CRDA), formerly known as the Capital City Economic Development Authority, bonds were issued to provide funding for the Adriaen's Landing Development project in Hartford. The State is required to make all debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract assistance agreement between CRDA, the State Treasurer, and the Office of Policy and Management (OPM). CRDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

BRADLEY INTERNATIONAL AIRPORT GENERAL AIRPORT REVENUE BONDS \$ 122,980,000

The airport revenue bonds are payable solely from gross operating revenues from the operation of Bradley International Airport, and proceeds are used for capital improvements at the airport.

BRADLEY INTERNATIONAL AIRPORT PARKING GARAGE REVENUE BONDS \$ 30,595,000

Parking garage bonds are payable from garage parking revenues and by a guarantee from the project developer/lessee. The bonds financed the design and construction of a parking garage at Bradley International Airport.

Total debt outstanding at June 30, 2016 **\$23,209,297,314**

Bonds issued during Fiscal Year 2016 include:

Bond Type	Par Amount	True Interest Cost ⁽¹⁾	Average Life (Years)	Issue Date
NEW MONEY BONDS:				
GENERAL OBLIGATION				
2015 Series E	\$ 250,000,000	3.17%	9.4	08/19/2015
2015 Series B Taxable	250,000,000	2.73%	5.3	08/19/2015
2015 Series F	585,000,000	3.23%	10.3	12/01/2015
2015 Series G (Green Bonds)	65,000,000	3.54%	12.0	12/01/2015
2016 Series A	550,000,000	3.07%	10.2	03/30/2016
2016 Series C Variable Rate Demand Bonds	300,000,000	0.84%	10.9	06/14/2016
SPECIAL TAX OBLIGATION				
2015 Series A	700,000,000	3.24%	11.9	10/16/2014
UConn 2000				
2016 Series A	261,510,000	2.74%	10.4	04/21/2016
Fiscal Year 2016 Subtotal New Money Issues		\$2,961,510,000		
REFUNDING BONDS:				
General Obligation 2016 Series B Refunding	\$501,440,000	2.11%	6.7	06/14/2016
Special Tax Obligation 2015 Series B Refunding	139,770,000	2.32%	7.7	10/15/2015
UConn 2000 2016 Series A Refunding	80,425,000	1.66%	4.2	04/21/2016
Fiscal Year 2016 Subtotal Refunding Issues		\$721,635,000		
TOTAL		\$3,683,145,000		

(1) An industry-defined term representing a composite overall present-value based interest rate for an entire bond issue excluding cost of issuance and other costs. For variable rate bonds, the TIC shown is the initial rate, including remarketing and liquidity fees.

DEBT MANAGEMENT DIVISION

Figure 14-1

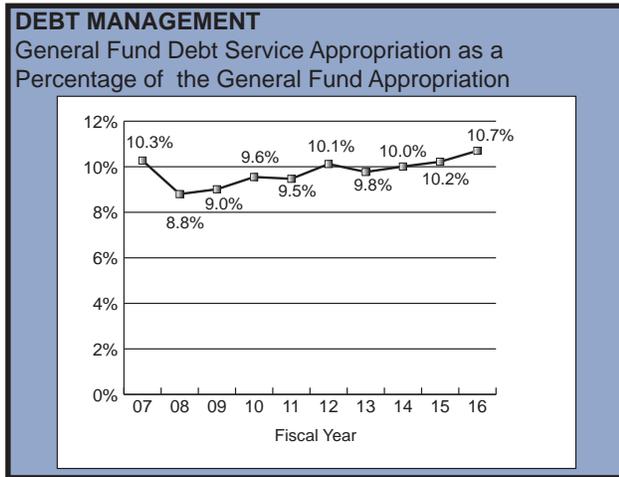


Figure 14-2

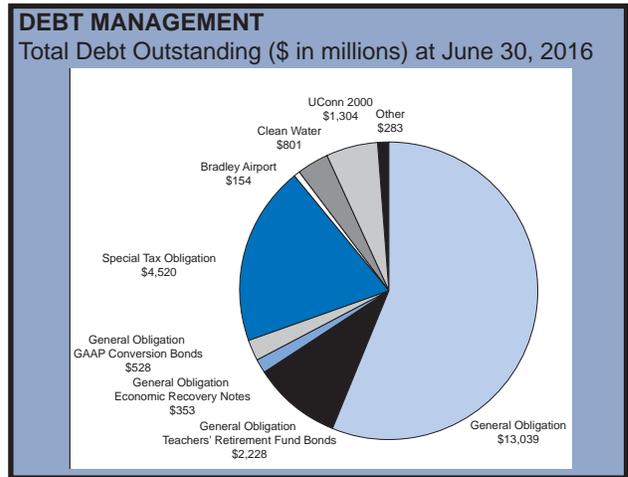
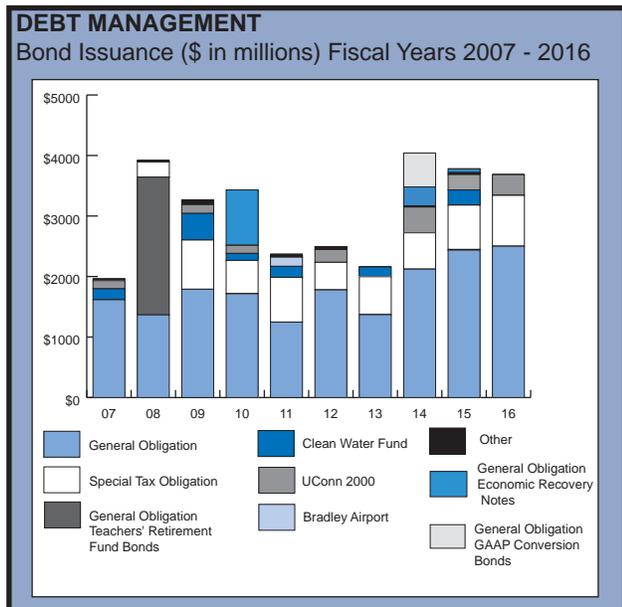


Figure 14-3



Division Overview

The Office of the Treasurer, through its Cash Management Division, is responsible for managing the state's cash movements, banking relationships and short-term investments, including:

- Maintaining maximum investment balances by ensuring more timely deposits, controlling disbursements, minimizing bank balances and banking costs, and providing accurate cash forecasts;
- Earning the highest current income level in the Short-Term Investment Fund (STIF), providing for the safety of principal, first, and the provision of liquidity, second;
- Providing responsive services to STIF investors;
- Prudently investing more stable fund balances for longer periods and higher yields, including banks that meet standards for financial strength and community support;
- Protecting State deposits through well-controlled internal operations and use of banks that meet standards for financial strength;
- Improving operating efficiency by increased use of electronic data communication and funds processing; and
- Providing State agencies with technical assistance on cash management and banking issues.

The Cash Management Division consists of 18 employees under the direction of an Assistant Treasurer, organized into three areas of specific responsibility:

The **Bank Control and Reconciliation** unit maintains accountability for the state's internal and external cash flow. The unit tracks the flow of funds through 19 Treasury bank accounts and authorizes the release of state payroll, retirement and vendor checks. More than three million transactions are accounted for and reconciled annually. The unit also processes stop payments and check reissues. In addition, the unit works with state agencies to speed the deposit of funds and identify mechanisms to reduce banking costs, reviews state agencies' requests to open new bank accounts, maintains records of the state's bank accounts held by individual banks, reviews bank invoices and compensation, and manages the division's procurement efforts for new bank services. The unit also manages the insurance collateral program in conjunction with the Department of Insurance, which requires companies writing insurance policies in the State to deposit securities and funds totaling a fixed percentage of the policies' value. At June 30, 2016, approximately \$345 million in securities were pledged to the program.

The **Cash Control** unit, on a daily basis, forecasts available cash, funds disbursement accounts, concentrates cash from depository banks, sweeps available cash into short-term investment vehicles to maximize investment balances, and executes electronic transfers. The unit also prepares annual cash flow projections for various State and bond rating agencies and the primary retirement funds, monitors actual cash receipts and disbursements, and prepares the monthly cash report for the legislature. During Fiscal Year 2016, the unit controlled the movement of \$24.6 billion to and from state bank accounts and investment vehicles.

The **Short-Term Investments** unit invests STIF assets, monitors custodian activity, and prepares quarterly and annual performance reports on the Fund. During Fiscal Year 2016, the unit managed an average of \$5.0 billion in short-term money market instruments. As of June 30, 2016, the unit administered 939 active STIF accounts for 67 State agencies and authorities and 222 municipalities and local entities. In addition, the unit manages the Grant Express program that enables municipalities to deposit certain grant payments directly into their STIF accounts, and the Debt Express and Clean Water Fund Express programs that allow towns to make debt payments automatically from their STIF accounts. The unit makes longer-term investments for balances that are expected to be available on a

more stable basis in the STIF Plus and Extended Investment Portfolio programs, and, pursuant to CGS 3-24k, the Community Bank and Credit Union Initiative, in which the Office of the Treasurer supports Connecticut-based banks and credit unions with assets not exceeding \$500 million through the investment of State funds in certificates of deposit at the qualifying institutions.

The Year in Review

During Fiscal Year 2016, the Cash Management Division's noteworthy accomplishments included:

- Total annual return of 0.29 percent in STIF exceeded its primary benchmark of 0.15 percent, resulting in \$7 million in additional interest income for Connecticut governments and their taxpayers, while adding \$0.9 million to its reserves. During the past ten years, STIF has earned an additional \$80.6 million, while adding \$27.8 million to its reserves during this period.
- STIF's credit rating of AAAM, the highest available, was reaffirmed by Standard & Poor's.
- Six local government accounts were added to STIF, with \$43 million in assets.
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2015 by the Government Finance Officers Association.
- Investments of \$22 million were made with community financial institutions under the Connecticut Community Bank and Credit Union initiative at an average annualized interest rate of 0.45 percent. Since inception, program investments have totaled \$454.5 million.
- After a competitive bidding process, a bank lockbox was implemented for the Department of Revenue Services, thereby speeding the processing and deposit of personal income tax payments.
- A total of \$76,000 in annualized bank overcharges was identified and recaptured.
- The Division expanded electronic payments to municipalities and vendors, working in collaboration with the Office of the State Comptroller, with payments totaling \$ 13.2 billion during the year.
- The 21st annual meeting of Short-Term Investment Fund investors in concert with the 11th Public Finance Outlook conference was attended by nearly 200 state, local government, and private finance professionals.
- The process of depositing checks through the Internet via remote deposit technology was expanded to three additional agencies with 14 deposit locations, thereby speeding deposits and reducing banking costs.
- The division worked with state agencies to speed the receipt of funds through on-line credit card, electronic check, and Automated Clearing House payments, and to expand the use of positive pay services to protect against check fraud.

2016 short-term investment fund

Fund Facts at June 30, 2016

Investment Strategy/Goals: To provide a safe, liquid and effective investment vehicle for the operating cash of the State, municipalities and other Connecticut political subdivisions.

Performance Objective: As high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity.

Benchmarks: : iMoneyNet Money Fund AverageTM - Rated First Tier Institutional Average (MFR) Index, Federal Reserve Three-Month T-Bill.

Date of Inception: 1972

Total Net Position: \$4.9 billion

Internally Managed

External Management Fees: None

Expense Ratio: Approximately 3-5 basis points (includes internal management and personnel salaries)

Description of the Fund

The Treasurer's Short-Term Investment Fund (STIF or the Fund) is an AAAM rated investment pool of high-quality, short-term money market instruments managed by the Treasurer's Cash Management Division. Created in 1972, it serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State. (See Figure 15-1.) STIF's objective is to provide as high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 2016 fiscal year, STIF's portfolio averaged \$5.0 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its assets. Starting with the objectives of the Fund, STIF considers constraints outlined in its investment policy, which include among other parameters: liquidity management, limitations on the portfolio's weighted average maturity (see Figure 15-2), and permissible investment types. Next, an asset allocation is developed to identify securities that are expected to perform well in the current market environment. Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. The reserve at June 30, 2016, totaled \$51.4 million.

To help the Fund and its investors evaluate performance, STIF compares its returns to two benchmarks. The first is the iMoneyNet Money Fund AverageTM - Rated First Tier Institutional Average (MFR) Index. This index represents an average of institutional money market mutual funds rated AAAM that invest primarily in first-tier (securities rated A-1, P-1) taxable securities. While STIF's investment policy allows for somewhat greater flexibility than these SEC-registered funds, the MFR Index is the most appropriate benchmark against which to judge STIF's performance. During the past year, STIF's actual investment strategy has been considerably more restrictive than most private money funds and its own policy would permit. (See Figure 15-3.)

STIF's yields also are compared to the average Federal Reserve three-month T-Bill rate and a three-month certificate of deposit (CD) rate. The former benchmark is used to measure STIF's effectiveness in achieving yields in excess of a "risk-free" investment. The latter is discussed for the benefit of STIF investors, many of whom invest in bank certificates of deposit. In viewing these benchmarks, it is important to keep in mind that yields of CDs will exceed those of the T-Bill index due to a CD's slightly higher risk profile and comparatively lower liquidity. Additionally, it is important to note that the 90-day benchmarks exceed STIF's shorter average maturity. In order to maintain its AAAM rating, the STIF cannot exceed a 60-day weighted average maturity (WAM) limit. Furthermore, these benchmarks are "unmanaged" and are not affected by management fees or operating expenses. (See Figure 15-6.)

Among the Fund's several achievements during the 2016 fiscal year was the reaffirmation and continuation of its AAAM rating by Standard & Poor's. In S&P's view, "a fund rated 'AAAM' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk."

Portfolio Characteristics

During Fiscal Year 2016, the STIF portfolio continued its conservative investment approach of balancing liquidity and stability while maximizing yield for investors. STIF's conservative investment practices include maintaining abundant liquidity, a well-diversified portfolio, and significant holdings of securities issued, guaranteed or insured by the U.S. government and federal agencies.

Accordingly, at year-end STIF held 53 percent of Fund assets in overnight investments or investments that are available on a same-day basis. During the fiscal year, the Fund's WAM fluctuated between a low of 30 days and a high of 47 days, and ended the year at 40 days. Seventy-one percent of the Fund's assets were invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days.

The Fund ended the year with a 72 percent concentration in securities issued, guaranteed or insured by the U.S. government or federal agencies (including deposit instruments backed by irrevocable Federal Home Loan Bank letters of credit), in repurchase agreements backed by such securities, or in money funds comprised of such securities. In total, 86 percent of STIF's assets are rated A-1+ or have some form of government support. The Fund's three largest security weightings included federal agency securities (39.8 percent), deposit instruments (38.4 percent), and repurchase agreements (9.2 percent). (See Figure 15-5.)

Market Review

During Fiscal Year 2016, the Federal Reserve Bank (Fed) tightened monetary policy by increasing rates for the first time in nine years with a 25 basis point increase in the Federal Funds rate in December 2015. Market participants had been widely expecting a rate increase throughout the year, so when the hike finally happened, it was taken in stride. Of course, markets are forward-looking, so as soon as the December hike occurred, speculation began on the number and amount of hikes that would follow. The Federal Open Market Committee (FOMC) helped fuel this speculation with its "dot plot" chart of individual members' expectations for the Federal Funds rate. The chart showed numerous potential rate increases occurring and the market then had to price the probability of such increases coming to fruition. This naturally added an element of volatility to the market that created opportunities for the fund.

Elsewhere in the world, central bankers were searching for ways to lower rates and add more liquidity to the financial system through additional quantitative easing. By the end of the fiscal year, multiple countries were engaged in asset purchases and nearly \$10 trillion in debt was trading with negative rates.

Domestic inflation averaged 0.6 percent during the fiscal year, down from 0.8 percent in Fiscal Year 2015. Excluding the more volatile food and energy components, inflation during the fiscal year averaged 2.0 percent, up 0.3 percentage points from Fiscal Year 2015. While domestic inflation was weak, inflation in the Eurozone was even weaker, with an average inflation rate of 0 percent (range was from -0.2 to 0.3 percent), down from 0.2 percent during the Fiscal Year 2015 period.

Domestic growth, as measured by Gross Domestic Product (GDP), experienced lackluster and declining growth. For Fiscal Year 2016, GDP (on a year-over-year basis) ranged between 1.3 percent and 2.2 percent. For the entire fiscal year, GDP grew at a 1.3 percent year-over-year rate, down from fiscal year 2015's three percent rate. Meanwhile, the unemployment rate ended the fiscal year at 4.9 percent, down from the 5.3 rate at the end of Fiscal Year 2015. During the course of the fiscal year, approximately 2.4 million people were added to payrolls. Despite the positive developments in the economy and labor market, the Federal Reserve continues to be wary of inflation remaining stubbornly below their target rate of two percent and sluggish business investment. As a result of this concern, and the concern that the global economy has shown modest growth at best, the FOMC has not raised rates since its initial December 2015 rate hike. Utilizing the federal funds futures as a predictor, expectations are that the second tightening move by the Fed will be in at the end of calendar year 2016.

Performance Summary

For the one-year period ending June 30, 2016, STIF reported an annual total return of 0.29 percent, net of all expenses and \$904,000 in allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the MFR Index, which equaled 0.15 percent, by 14 basis points. In addition, STIF's performance handily exceeded that of three-month T-Bills, which yielded 0.19 percent. The Fund's performance fell short of three-month CDs, which yielded 0.44 percent but lack STIF's daily liquidity and exceed STIF's average maturity. STIF's relative performance was limited by the Fund's more cautious investment strategy that is focused on safety and liquidity.

The principal reasons for STIF's continued strong performance, despite its cautious strategy, was the selective addition of more bank deposit instruments and the active management of maturities within the portfolio as well as the low overall expense rate.

Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF's compounded annual total return was 0.19 percent, 0.18 percent, 0.21 percent, and 1.25 percent, net of all expenses and contributions to reserves, exceeding returns of each of its benchmarks for all time periods. Viewed on a dollar-for-dollar basis, had one invested \$10 million in STIF ten years ago, that investment would have been worth \$11.3 million at June 30, 2016, versus \$11.1 million for a hypothetical investment in the MFR Index. (See Figure 15-6.) During the past ten years, STIF has earned \$80.6 million above its benchmark while adding \$27.8 million to its reserves.

Risk Profile

STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities, which insulate the Fund from default and liquidity risk. (See Figure 15-4.) Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserves are available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. As the primary short-term investment vehicle for the operating cash of the State, STIF has the ultimate confidence of the State government.

While STIF is managed diligently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured.

CASH MANAGEMENT DIVISION

Figure 15-1

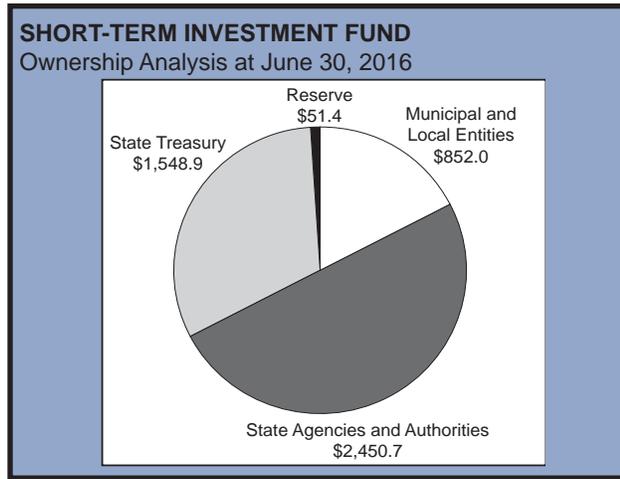


Figure 15-2

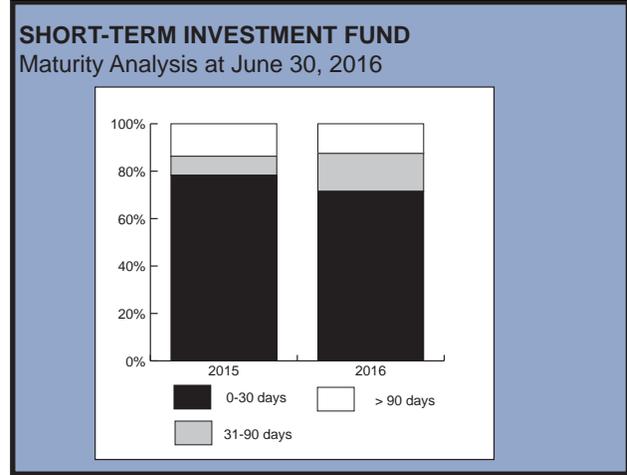


Figure 15-3

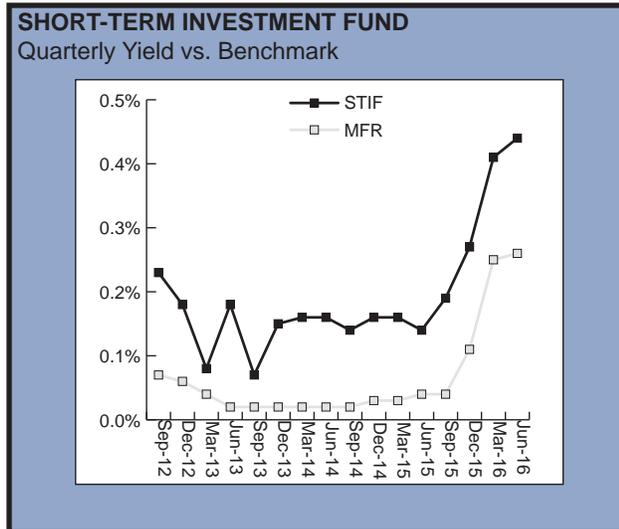
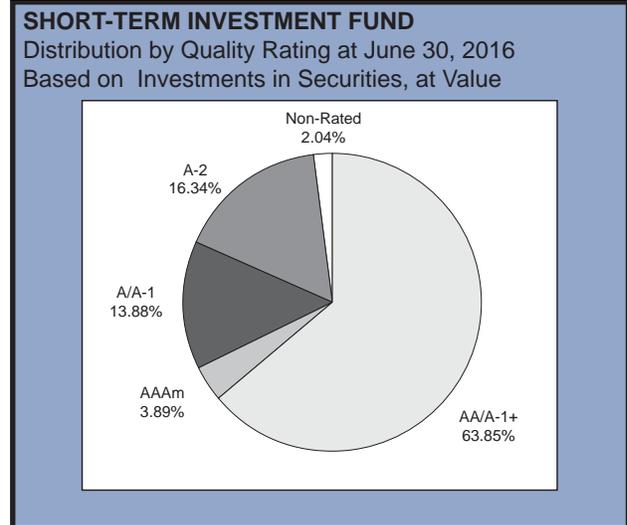


Figure 15-4



*A-2 securities are backed by irrevocable standby letters of credit provided by federal home loan banks. N/R securities are federally insured custodial account securities.

Figure 15-5

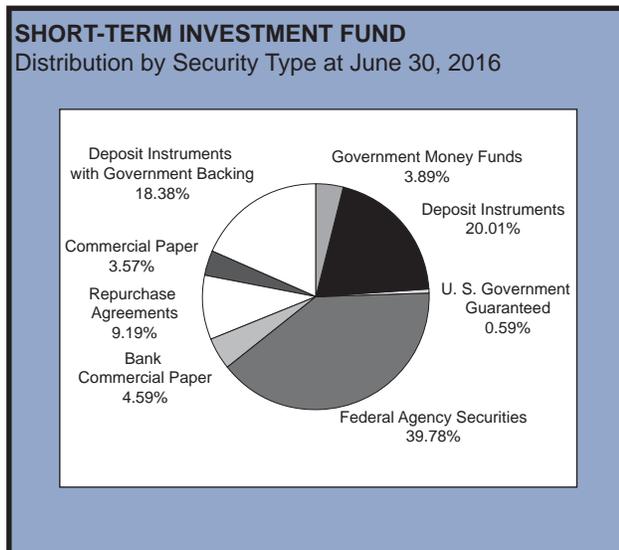


Figure 15-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2016

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	0.29	0.19	0.18	0.21	1.25
MFR Index*	0.15	0.07	0.06	0.07	1.06
Fed. Three-Month T-Bill	0.19	0.09	0.08	0.09	0.89
Cumulative Total Return (%)					
STIF	0.29	0.58	0.90	1.47	13.17
MFR Index*	0.15	0.20	0.30	0.47	11.14
Fed. Three-Month T-Bill	0.18	0.25	0.38	0.61	8.88

STIF uses a time-weighted linked rate of return formula to calculate rates of return.

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

2016 unclaimed property division

Division Overview

The Office of the Treasurer's Unclaimed Property Division is responsible for safeguarding assets turned over to the Office in accordance with state law, until the rightful owners are located. The primary objective of the unclaimed property program is to reunite rightful owners or heirs with their unclaimed property, which is remitted to the Office of the Treasurer by business entities after the business loses contact with a customer for a period of three to five years. Unclaimed assets include, but are not limited to: deposits in savings or checking accounts, un-cashed checks, matured certificates of deposit, stocks, bonds or mutual funds, travelers' checks or money orders and proceeds of life insurance policies.

A permanent record of reports of unclaimed property filed annually by holders of such property is maintained by the Division. Unclaimed property holders include banks, credit unions, insurance companies, brokerage firms, utility companies, and businesses. The Division prescribes holder report forms and monitors reporting by holders. Such assets must be reported and remitted within 90 days following the close of each calendar year. These assets are held in the custody of the Treasurer until claimants come forward to claim the property. Rightful owners or their heirs always have the right to claim funds held by the Treasury. There is no time limit to claim funds.

To determine whether a holder is complying with its duties under the law, the Division is permitted to conduct examinations of company records. Upon receipt of unclaimed securities (stocks and mutual funds), the Treasurer may proceed with the sale of the securities and retains the proceeds for the benefit of the owner of the property.

Efforts to locate the owners of abandoned property include the biannual publication listing abandoned property reported and transferred to the Treasurer. The Division also maintains a user friendly website that is updated with new names weekly, called CT Big list at www.ctbiglist.com.

The Unclaimed Property Division consists of twenty-two employees under the direction of an Assistant Treasurer.

The Year in Review

- As of June 30, 2016 the unclaimed property website contained \$802 million in escheated property held for 1,470,669 owners.
- There are over 1.5 million shares (estimated value of \$3.8 million) (Figure 16-1) in the custodian account as of June 30, 2016.
- All holder reports received through June 30, 2016 were loaded to the database.

2016 Division Performance

During Fiscal Year 2016, the Unclaimed Property Division:

- Returned \$58 million (Figure 16-2) to 15,758 rightful owners (Figure 16-3).
- Received over \$111 million in unclaimed property (Figure 16-4) of which \$86 million was voluntarily reported by businesses, \$7 million came from examinations of company records and \$18 million from the sale of 2.3 million shares of securities.

UNCLAIMED PROPERTY DIVISION

- Since 1999, the Unclaimed Property Division has received a total of \$987 million in unclaimed property voluntarily reported by holders, an additional \$256 million from examinations and \$469 million from the sale of stocks, bonds or mutual funds, or \$1.7 billion in total. During the same period, it returned \$611.6 million to rightful owners.
- All unclaimed property receipts are deposited into the General Fund until rightful owners come forward to claim the property.
- In accordance with Connecticut General Statute section 3-69a (a) (2), \$11,349,203 of unclaimed property receipts was deposited into the Citizens's Election Fund and the balance into the General Fund for Fiscal Year 2016.

Figure 16-1

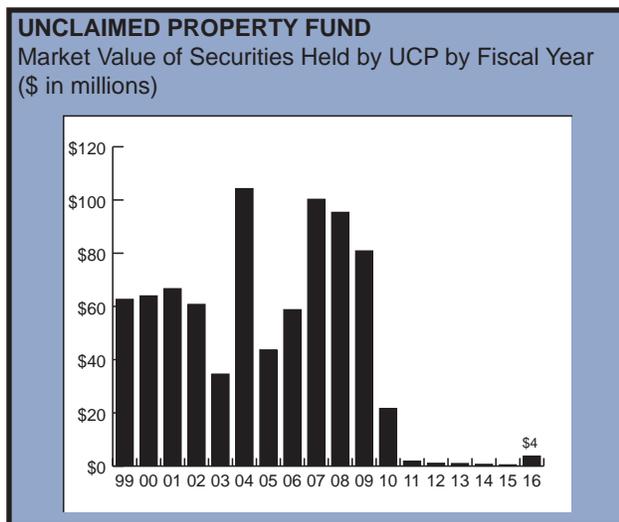


Figure 16-2

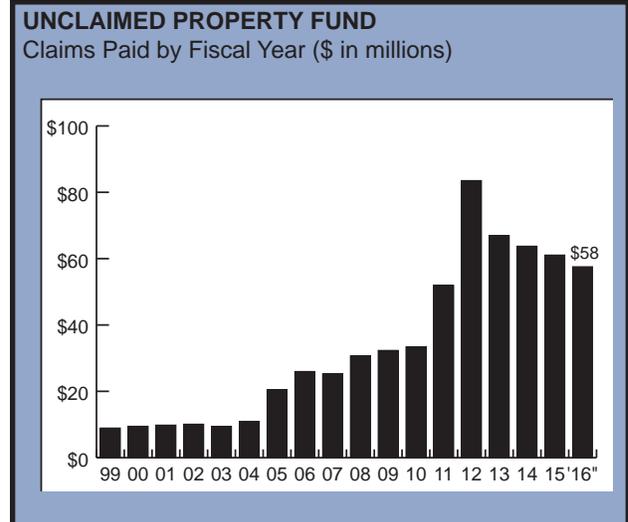


Figure 16-3

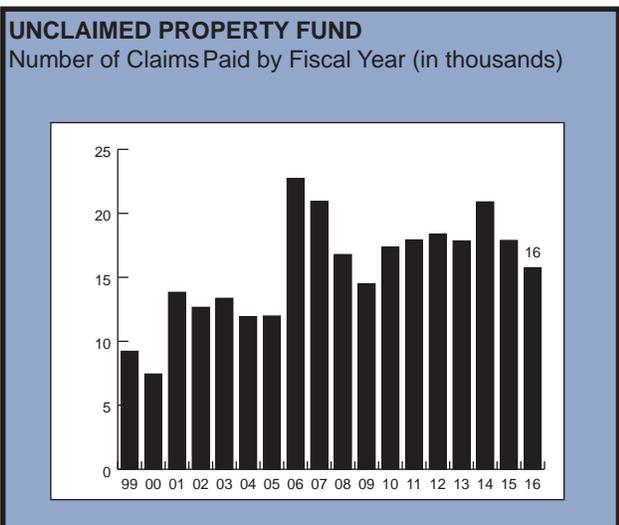
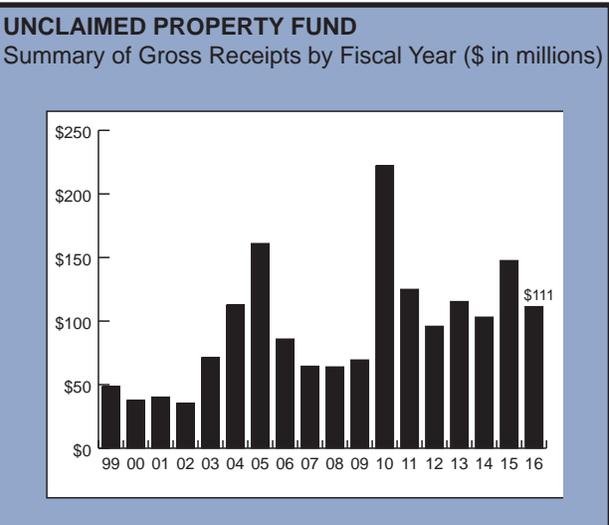


Figure 16-4



2016

second injury fund

Division Overview

The Second Injury Fund (SIF or the Fund) is a state-operated workers' compensation insurance fund established in 1945 to discourage discrimination against veterans and encourage the assimilation of workers with a pre-existing injury into the workforce. Public Act 95-277 closed the Fund to new "second injury" claims for injuries sustained on or after July 1, 1995 and expanded enforcement, fines and penalties against employers who fail to provide workers' compensation coverage. Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a pre-existing injury or condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury. Such employers transferred liability for these workers' compensation claims to the Fund if certain criteria were met under the Connecticut Workers' Compensation Act (thus the term "Second Injury Fund").

Today the Fund continues to be liable for those claims transferred prior to the closing of the Fund as well as claims involving uninsured employers, reimbursement of cost of living adjustments for certain injuries involving payment of benefits or dependent widow's benefits and, on a pro rata basis, reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

The Fund is responsible for adjudicating qualifying workers' compensation claims fairly and in accordance with applicable law, industry standards and best practices. Where possible, the Fund seeks to return injured workers to gainful employment or seeks settlement of claims, which will ultimately reduce the burden of Fund liabilities on Connecticut businesses.

The Second Injury Fund is financed by assessments on all Connecticut employers. The State Treasurer as Custodian of the Fund establishes the assessment rate on or before May 1st of each year.

Insured employers pay a surcharge on their workers' compensation insurance policies based on "standard premiums" calculated and issued by insurance companies who also collect and remit this assessment to the Fund. The assessment for self-insured employers is based on "paid losses" for medical and indemnity benefits incurred in the prior calendar year.

Under the administration of an Assistant Treasurer, the division has thirty-one employees.

The Year in Review

- There were four assessments made on insured employers totaling \$33.7 million and self-insured employers were assessed four times totaling \$6.1 million, for a combined assessment on all Connecticut employers of \$39.8 million for Fiscal Year 2016. The assessment rate for insured employers was 2.75 percent and 3.25 percent for self-insured employers in Fiscal Year 2016. Assessment rates on Connecticut businesses decreased from a high in 1999 of 10 percent to 2.75 percent in 2016.
- Reserves (estimated unfunded liability) for all open claims total \$361 million, a decrease of \$23 million from a year ago. The Fund expects the unfunded liabilities will continue to decline in Fiscal Year 2017. (See figure 17-1). The Fund has reduced its unfunded liability by 56.9 percent from a high of \$838 million in 1999.

2016 Division Performance

During Fiscal Year 2016 the Second Injury Fund:

- Marked the eighteenth consecutive year in which the Fund either reduced or maintained assessment rates for Connecticut businesses – representing the longest period of time without a rate increase in the history of the Fund;
- Provided \$26.5 million in indemnity, medical and settlement payments to injured workers;

SECOND INJURY FUND

- Saw the number of injured workers receiving bi-weekly benefits (indemnity payments only) decrease from 274 a year ago to 260;
- Participated in 183 settlements at a cost of \$4.9 million. Since 1999 the Fund's caseload dropped from 4,523 to 2,847 as of June 30, 2016 (See figure 17-2);
- Realized a total savings of \$1.5 million in medical costs using a Preferred Provider Organization Network offered by contracted medical vendors;
- Worked with the Second Injury Fund Advisory Board to ensure the Fund continues to carry out its mission.

Second Injury Fund Advisory Board

Two meetings were held during Fiscal Year 2016 – November 12, 2015 and June 22, 2016.

As of July 1, 2016 the Advisory Board members are:

State Senator Ed Gomes; Co-Chair, Labor and Public Employees Committee of the General Assembly

State Representative Peter Tercyak; Co-Chair, Labor and Public Employees Committee of the General Assembly

Lori Pelletier; Connecticut AFL-CIO, Advisory Board Chairperson

Clifford G. Leach; The Hartford Financial Services Group, Inc.

Dorothy Siniscalchi; International Union of Operating Engineers Local 478 Benefits Funds

Kathleen Cooper; Greater Hartford Chapter of the Coalition of Black Trade Unionists

Mary Lynn Pelletier; Eversource Energy

Eric Gjede; Connecticut Business and Industry Association

Figure 17-1

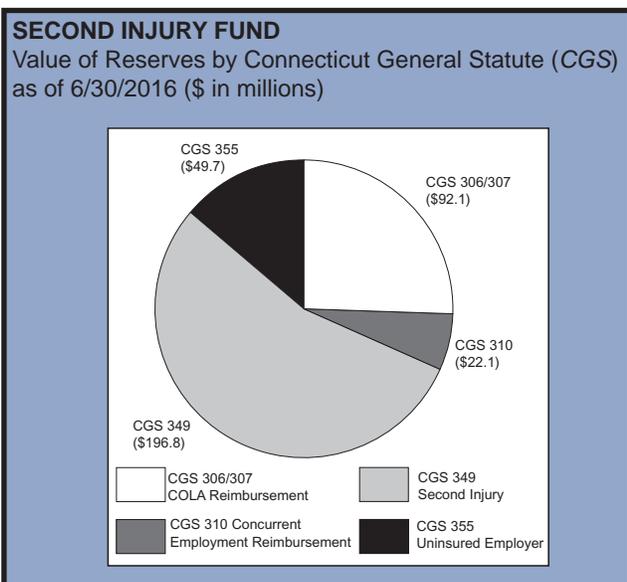
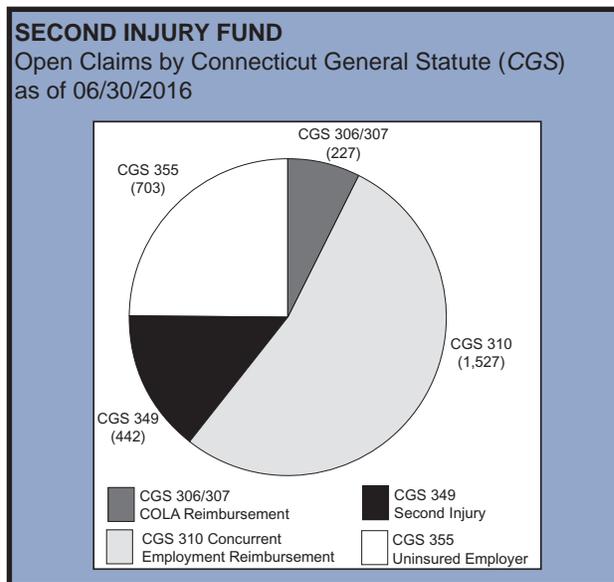


Figure 17-2



Trust Overview

Establishment of the Trust

The Connecticut Higher Education Trust (CHET or Trust) is a Qualified State Tuition Program established pursuant to Section 529 of the Internal Revenue Code. CHET was unanimously approved by the Connecticut General Assembly in Public Act No. 97-224 (the Act) and signed into law by the Governor in July 1997. The program began operating on January 1, 1998. While the Trust is considered an instrumentality of the State, the assets of the Trust do not constitute property of the State and the Trust is not a department, institution or agency of the State.

CHET is a trust, available for families to save and invest for higher education expenses. It is privately managed under the supervision of the State Treasurer as Trustee. Current Internal Revenue Service regulations provide that total contributions to an individual account may not exceed the amount determined by actuarial estimates as necessary to pay tuition, required fees, and room and board expenses of the designated beneficiary for five years of undergraduate enrollment at the highest cost institution allowed by the program. While money is invested in CHET, there are no federal or state taxes on investment earnings. Amounts may be withdrawn to pay for tuition, room and board, fees, books, supplies and equipment required by the beneficiary for enrollment or attendance at any eligible public or private educational institution. Investment earnings withdrawn for qualified education expenses are exempt from federal and Connecticut State income taxes. Earnings withdrawn for non-qualified expenses are taxable income to the account owner, and incur an additional federal tax penalty of 10 percent.

State Income Tax Deduction

The state income tax deduction for CHET, which became effective on July 1, 2006, provides Connecticut taxpayers with the ability to deduct program contributions of up to \$5,000 for single filers or \$10,000 for joint filers per year from their Connecticut adjusted gross income.

CHET Direct

Since 1999, TIAA-CREF Tuition Financing, Inc. (TFI), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (TIAA), has served as program manager. In 2014, the Treasurer entered into an agreement with TFI for the CHET Direct program for a contract period ending in August 2020.

Under CHET Direct, an individual opens the account directly, names a beneficiary (child), and selects the investment option(s) in which the individual wants to invest contributions. Contributions may be allocated among fourteen investment options: the Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, the Conservative Managed Allocation Option, the High Equity Balanced Option, the International Equity Index Option, the Global Equity Index Option, the U.S. Equity Index Option, the Index Fixed-Income Option, the Social Choice Option, the Active Fixed-Income Option, the Money Market Option, the Principal Plus Interest Option, the Active Global Equity Option, and the Global Tactical Asset Allocation Option. These options provide Connecticut families the opportunity to save for future college expenses, with the flexibility to choose investment vehicles that meet their particular risk tolerance and financial need.

Program features of CHET Direct include a low minimum account opening balance of \$25, and the convenience of automated payroll and bank Electronic Funds Transfers (EFT) for contributions, which can be as low as \$15 a pay period if using payroll deduction. The program allows for transferability of account funds to other eligible members of the original beneficiary's family without penalty. In addition, over 600 Connecticut employers currently offer payroll deduction.

CHET Advisor

In 2010, the Treasurer entered into a management agreement with The Hartford Life Insurance Company to be the program manager for CHET Advisor for a contract period ending August 30, 2017. CHET Advisor commenced operation in October 2010. The program is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940.

CHET Advisor is not marketed directly to individuals. The Hartford has developed a network of financial advisors through the state that now offer CHET Advisor to clients as an investment option.

Under CHET Advisor there are 18 investment options, including one age-based option, 5 static portfolios, and 12 individual portfolios. The static portfolios are: CHET Advisor Aggressive Growth, Growth, Balanced, Conservative, and a Checks & Balances Portfolio. The 12 Individual Portfolios are Hartford Small Cap Growth, Growth Opportunities, International Opportunities, Capital Appreciation, MidCap, Global Real Asset, Dividend & Growth, Equity Income, Inflation Plus, Total Return Bond, World Bond and Money Market 529 Portfolio. The Advisor-Sold plan has three investment classes: A, C, and E. Class A has an up-front sales charge, Class C has no up-front sales charge but has a contingent deferred sales charge for withdrawals made within one year of deposit, and Class E, which is only available to certain groups associated with The Hartford, has no sales charge or deferred sales charge.

There are annual management fees for both CHET Direct and CHET Advisor, which vary based on investment option chosen.

CHET's account balance limit for contributions is \$300,000. Under federal statute, this account balance limit applies to the total amount a beneficiary has in both CHET Direct and CHET Advisor accounts.

The Year in Review

CHET continued initiatives aimed at increasing public education and awareness regarding the importance of saving for college, especially beginning at a young age, and the advantages of the official state-sponsored 529 college plan for Connecticut families of all demographic and socioeconomic groups.

Both the CHET Direct program and the CHET Advisor program provide means of investing in educational opportunities, and work diligently to increase the number of new accounts and beneficiaries even as existing CHET account holders begin to use accumulated savings to pay for the costs of higher education.

As a low-cost, direct-sold 529 college saving plan, CHET Direct's annual fees are among the lowest in the country. The fee structure includes a plan manager fee of 0.12 percent plus underlying mutual fund expenses that vary depending on the investment option chosen. A program management fee reduction occurred in Fiscal Year 2016 when assets under management reached \$2.5 billion. There is also a state oversight fee to pay for the administrative expenses of the Trustee which is 0.01 percent for CHET Direct and 0.02 percent for CHET Advisor.

The CHET Direct program received high marks during the fiscal year from Morningstar -- a leading independent investment research firm that monitors college savings plans across the country. In October 2015 CHET Direct was one of 14 direct-sold plans that received a "Bronze" medal rating, placing it among the top plans in the country. (CHET Advisor was not part of the Morningstar review.)

CHET Advisor

During Fiscal Year 2016, the number of accounts in the CHET Advisor program grew from 20,370 to 23,205. During the same period, total assets grew from \$339.6 million to \$385.9 million.

CHET Direct

During Fiscal Year 2016, the number of accounts in the CHET Direct program grew from 101,280 to 107,680. During the same period, total assets grew from \$2.4 billion to \$2.5 billion, while supporting over \$1 billion of qualified withdrawals. Considerable progress has been achieved since 1999, when Treasurer Nappier began to supervise the management of CHET Direct. At that time there were just over 4,000 accounts and \$18 million in total assets.

Major marketing milestones in Fiscal Year 2016 include continuing the CHET *Advance* Scholarship program. CHET *Advance* scholarships are funded annually by both TFI and The Hartford per their respective contracts with the Treasurer’s Office. In December 2015, scholarships were awarded to high school seniors and 9th graders, providing a total of 200 scholarships split evenly between the two groups. For the freshmen students, the scholarship includes an incentive savings component, whereby families are encouraged to open an individual CHET account and save at least \$500 by the time the child graduates high school to qualify for the full scholarship of \$2,500. Also notable, the CHET Baby Scholars program forged a partnership with the Connecticut Department of Public Health to include information about the program on the Connecticut Birth Certificate application. During the first ten months of the partnership over 10,000 families of newborns have requested information on how to sign up for CHET Baby Scholars. Since the program’s inception in 2014, over 3,300 CHET Baby Scholars accounts have been opened, representing a total investment of \$13 million by Connecticut families who have started saving early for future college costs. The State has contributed approximately \$980,000 to CHET Baby Scholar accounts. CHET also continued the annual Dream Big! essay and drawing competition for elementary and middle school students, and a back pack donation to help student preparedness for the new school year. Integrated advertising and direct marketing campaigns ran throughout the year, focusing on tax time, graduation time, back-to-school and year-end contributions. CHET’s advertising and direct marketing efforts served to increase CHET’s brand awareness among state residents. The campaigns focused on the value of saving for college and the specific benefits of Connecticut’s 529 college savings program.

CHET Advisory Committee

State law created the CHET Advisory Committee, which meets annually.

The Committee consists of the State Treasurer, the Executive Director of Higher Education, the Secretary of the Office of Policy and Management and the co-chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, or their designees, and one student financial aid officer and one finance officer at a public institution of higher education in the state, each appointed by the Board of Regents for Higher Education, and one student financial aid officer and one finance officer at an independent institution of higher education in the state, each appointed by the Connecticut Conference of Independent Colleges.

The statutory members of the CHET Advisory Committee as of the December 3, 2015 annual meeting were:

DENISE L. NAPPIER, State Treasurer

BENJAMIN BARNES, Secretary, Office of Policy and Management

JANE CIARLEGLIO, Executive Director, Office of Higher Education

STATE SEN. GAYLE SLOSSBERG, Senate Chair, Education Committee

STATE REP. ANDREW M. FLEISCHMANN, House Chair, Education Committee

STATE SEN. ANTONIETTA “TONI” BOUCHER, Senate Ranking Member, Education Committee

STATE REP. GAIL LAVIELLE, House Ranking Member, Education Committee

STATE SEN. JOHN FONFARA, Senate Chair, Finance, Revenue and Bonding Committee

STATE REP. JEFFREY BERGER, House Chair, Finance, Revenue and Bonding Committee

STATE SEN. SCOTT FRANTZ, Senate Ranking Member, Finance, Revenue and Bonding Committee

STATE REP. CHRISTOPHER DAVIS, House Ranking Member, Finance, Revenue and Bonding Committee

CONNECTICUT HIGHER EDUCATION TRUST

MARGARET MALASPINA , Director of Financial Aid, Capitol Community College

PATRICK TORRE, Vice President Finance, University of New Haven

JULIE SAVINO, Dean of Student Financial Assistance, Sacred Heart University

ROSE ELLIS, Dean of Administration, Norwalk Community College

2016 ABLE program

Achieving A Better Life Experience (ABLE) Trust

In accordance with the provisions of Section 3-39k(e) of the Connecticut General Statutes, set forth below is the Annual Report of the Achieving a Better Life Experience (“ABLE”) Trust.

Background

In 2014, the U.S. Congress passed the ABLE Act, a framework that would allow persons with disabilities who are on Supplemental Security Income (“SSI”) to amass assets without putting benefits at risk. The Act created 529(a) accounts as a subset of the 529 college savings program. Many of the tax advantages offered through 529 accounts are available in ABLE 529(a) accounts, including exempting investment earnings from federal and state income taxes. This federal legislation required states to enact their own statutory frameworks for establishing programs for their respective state residents.

Accordingly, in 2015 Connecticut passed Public Act 15-80, An Act Implementing the Recommendations of the Program Review and Investigations Committee Concerning the Federal Achieving A Better Life Experience Act (“Public Act”). Mirroring the federal legislation, it allows families to accumulate assets for expenses without affecting state and federally mandated maximums to qualify for governmental services. The Public Act designated the State Treasurer as Trustee of the ABLE program with responsibility to establish a federally qualified ABLE program and administer individual ABLE accounts. The Public Act was passed without an appropriation of funds for implementation.

Status of Connecticut’s ABLE Program

To date, Connecticut’s ABLE Trust has yet to be formally established. Consequently, there are no ABLE accounts within the Trust, there have been no contributions made or accepted and, as a result, no distributions. Connecticut residents can, however, open ABLE accounts with programs sponsored by eight other states. ⁽¹⁾

In an effort to implement an ABLE Program in Connecticut that meets the objectives of the federal mandate, the Office of the Treasurer formed an advisory committee comprised of 20 volunteers with relevant experience, including those who have served as disability advocates, representatives of key constituencies and organizations for persons with disabilities, and leaders of state agencies with purview over disability issues. The ABLE Advisory Committee convened for its first meeting on December 22, 2015, and met ten times during 2016 to consider various options for structuring Connecticut’s program to most effectively serve the greatest number of eligible citizens.⁽²⁾ The Advisory Committee explored the feasibility of Connecticut partnering with another state and utilizing their existing program structure. Such an arrangement could allow Connecticut to offer a program in a more cost-effective and timely manner than starting a program from scratch.

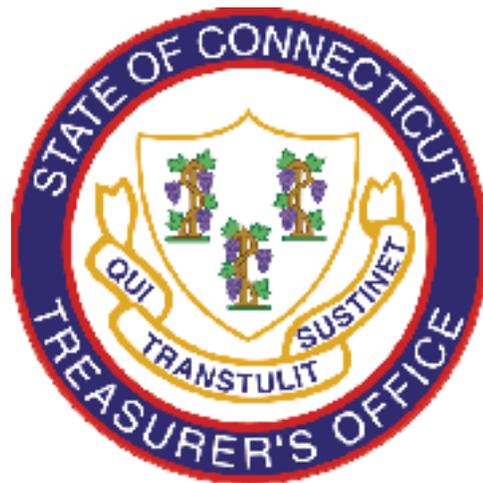
The Office also continues to collaborate with the College Savings Plan Network (“CSPN”) and the National Association of State Treasurers (“NAST”) as the Internal Revenue Service and the Social Security Administration develop federal ABLE regulations and Congress considers enhancements. The Office participated in a NAST conference on the ABLE Act in June of 2016 and in monthly CSPN and NAST calls since September of 2015, reviewing the activities of other states and supporting efforts to change federal legislation and impact the IRS and SSI draft regulations for the program.

Next Steps

The State Treasurer’s Office and the ABLE Advisory Committee currently believe that issuing a Request for Information to the states open for partnership is the next best step in determining how best to serve Connecticut residents. Our ability to conduct such a process, however, has been constrained by the lack of appropriated funds for implementation activities. In the Treasury’s April 13, 2016 progress report to the Legislative Program Review and Investigations Committee, emphasis was placed on the significant challenges associated with implementing a Connecticut ABLE program without an appropriation of funds. Those challenges are even more pressing today, given that under three percent of the Treasury’s agency budget is supported by the General Fund.

(1) Alaska, Michigan, Nebraska, Ohio, Oregon, Rhode Island, Tennessee and Virginia. Four of these were just launched in December 2016.

(2) Agendas and meeting minutes for the ABLE Advisory Committee are available at www.ott.ct.gov.



Financial Statements



STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

INDEPENDENT AUDITORS' REPORT AND STATUTORY CERTIFICATION

Dannel P. Malloy, Governor of Connecticut
Members of the General Assembly:

Report on the Financial Statements and Schedules included in the Treasurer's Annual Report

We have audited the accompanying financial statements of the Combined Investment Funds, which comprise the statement of net position as of June 30, 2016, the statements of changes in net position for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statements. We have audited the accompanying financial statements of the Short-Term Investment Fund, which comprise the statement of net position, including the list of investments as of June 30, 2016, the statements of changes in net position for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements. We have audited the accompanying financial statements of the Second Injury Fund, which comprise the statements of net position as of June 30, 2016 and 2015 and the related statements of revenues, expenses and changes in net position and the statements of cash flows for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements. We have audited the accompanying statements of net position of the other Non-Civil List Trust Funds as of June 30, 2016, together with the related statement of revenue and expenditures, and statement of changes in net position and the statement of cash flows for the other Non-Civil List Trust Funds and the related notes to the financial statements for the fiscal year ended June 30, 2016. We have audited the accompanying schedules of Civil List Funds investments and the summary schedule of cash receipts and disbursements of the Civil List Funds for the fiscal year ended June 30, 2016. We have audited the accompanying schedule of debt outstanding and the changes in debt outstanding for the fiscal year ended June 30, 2016.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

As described in the notes to the financial schedules, management has prepared the schedules of Civil List Funds investments and the summary schedule of cash receipts and disbursements of the Civil List Funds as well as the schedule of debt outstanding and the changes in debt outstanding using accounting practices prescribed by the State Comptroller, which practices differ from accounting principles generally accepted in the United States of America. The presentation of the Civil List Funds are intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. Management has not presented the current portion of long-term debt obligations in accordance with Generally Accepted Accounting Principles. The effects on the financial schedules of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Opinion

Debt Outstanding and Changes in Debt Outstanding and Civil List Funds

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the schedules of the Civil List Fund investments, the summary schedule of cash receipts and disbursements of the Civil List Funds, the schedule of debt outstanding, and the changes in debt outstanding as of and for the fiscal year ended June 30, 2016, do not present fairly in conformity with accounting principles generally accepted in the United States of America the financial position or changes in financial position for the fiscal year ended June 30, 2016. In our opinion, the schedules of the Civil List Fund investment, the Summary schedule of cash receipts and disbursements of the Civil List Funds, the schedule of debt outstanding and the changes in debt outstanding as of and for the fiscal year ended June 30, 2016, are presented fairly in all material respects, in accordance with the financial and budgetary requirements referred to as the statutory basis of accounting and described within the related notes to those schedules.

Combined Investment, Short-Term Investment Funds, Second Injury Fund and the Other Non-Civil List Trust Funds

In our opinion, the financial statements the financial position of the Combined Investment Funds as of June 30, 2016, and the related statements of changes in net position for the fiscal years ended June 30, 2016 and 2015, the statement of net position of the Short-Term Investment Fund, including the list of investments, as of June 30, 2016, and the related statements of changes in net position for the fiscal years ended June 30, 2016 and 2015, the statements of net position of the Second Injury Fund as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and the statements of cash flows for the fiscal years then ended, and the statements of net position of other Non-Civil List Trust Funds as of June 30, 2016, and the related statements of revenue and expenditures, statement of changes in net position and the statement of cash flows for the fiscal year then ended, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter – Change in Accounting Principle

As explained in Note 1A to the financial statements of the combined investment funds, in the fiscal year ended June 30, 2016, the Treasury adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. As a result of the implementation of GASB Statement No. 72, Treasury changed its methodology for valuing investments that do not have a readily determinable market value. Prior to implementing GASB 72 these investments were carried at their cash adjusted fair value. The State Treasurer utilized the investment advisors' estimated fair values at the end of March or April and

adjusted for cash transactions occurring before the end of the fiscal year. As a result of adopting GASB 72, these investments are carried at the investment advisor's June 30, 2016 fair value, or net asset value equivalent. The Statement of Changes in Net Position for the fiscal year ended June 30, 2015 was restated to comply with this accounting standard. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Investment Values

As explained in Note 1B to the financial statements of the combined investment funds, the real estate, private investment, alternative investment, core fixed income, and high yield debt funds include investments that are carried at the investment advisors' June 30, 2016 fair value, or net asset value equivalent. The Treasurer's staff reviews the estimated fair values provided by the investment advisors for reasonableness. In those instances in which an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. We reviewed the documentation and procedures used by the Treasury to determine the fair values, and found them to be appropriate and reasonable; however, because of the inherent uncertainty in valuing these investments, determination of the estimated fair value market values may differ from the actual values had a ready market existed for these investments. Our opinion is not modified with respect to this matter.

Report of Other Auditors

We did not audit the accompanying financial statements of the Connecticut Higher Education Trust. These financial statements were audited by other auditors whose reports thereon have been included with the accompanying financial statements.

Other Matters

Required Supplementary Information

Management's Discussion and Analysis, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds as a whole. Certain other financial information, which includes the Schedule of Net Position by Investment Fund, Schedules of Changes in Net Position by Investment Fund, Total Net Position Value by Pension Plans and Trust Funds and the Schedules of Investment Activity by Pension Plan and by Trust contained within the supplemental section of this document, is presented for purposes of additional analysis and is not a required part of the financial statements of the combined investment funds. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements of the combined investment funds and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

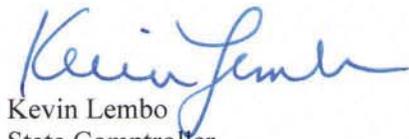
The introduction, division operation, supplemental information and the statutory appendix sections include information presented for purposes of additional analysis that is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, except as specifically noted in this audit opinion. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the State Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards for the fiscal year ended June 30, 2016*, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. This particular certification is issued by the Auditors of Public Accounts and the State Comptroller in accordance with Section 2-90 of the Connecticut General Statutes.



John C. Geragosian
Auditor of Public Accounts



Kevin Lembo
State Comptroller

December 30, 2016
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the Annual Report of the Office of the Treasurer's financial performance for the fiscal year ended June 30, 2016. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements, notes to financial statements and on Compliance Under C.G.S. Section 2-90 based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards included in the "Financial Statements" section, and the other information included in the "Supplemental Information" section of this report.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

The Treasurer is the chief elected financial officer of the State of Connecticut, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. These include the asset investment administration of a \$29.2 billion portfolio for six State pension and nine State trust funds, a short-term investment fund approximating \$4.9 billion, and the Connecticut Higher Education Trust (Direct Plan and Advisor Plan), a qualified state tuition program designed to promote and enhance affordability and accessibility of higher education to State residents, containing \$2.8 billion as of June 30, 2016.

The organizational structure of the Treasury comprises an Executive Office which coordinates all financial reporting, administration and support functions within the Treasury, and oversees administration of the Connecticut Higher Education Trust, and five divisions including: Pension Funds Management responsible for managing the assets of over 212,000 active and retired teachers, state, and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the state; Debt Management, the public finance department for the State, responsible for issuing and managing the State's debt including issuing bonds to finance State capital projects and managing debt service payments and cash flow borrowing, administering the Clean Water Fund and maintaining the State's rating agency relationships; Cash Management, responsible for all the State's cash inflows and outflows and managing the State's cash transactions, banking relationships and short-term investments; Unclaimed Property responsible for returning unclaimed property to rightful owners or heirs; and the Second Injury Fund, responsible for managing the largest workers' compensation claim operation in Connecticut, serving injured workers whose claims are paid by the Fund.

The financial statements include: the Combined Investment Funds (which includes Civil and Non-Civil List Trust Funds), Short-Term Investment Fund, Connecticut Higher Education Trust, escheat securities private purpose trust fund held for others (Unclaimed Property), and the Second Injury Fund.

Combined Investment Funds and Short-Term Investment Funds: The Statement of Net Position and the Statement of Changes in Net Position are two financial statements that report information about the Funds as a whole, and about its activities that should help explain how the Funds are performing as a result of this year's activities. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents assets and liabilities, with the difference between the two reported as "net position held in trust for participants".

The Statement of Changes in Net Position presents information showing how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule includes all cash and investment balances, and activity for the fiscal year. The Non-Civil List Trust Funds Financial Statements include all assets and liabilities, revenues and expenditures, and changes in fund balances using the accrual basis of accounting.

The Notes to the Civil and Non-Civil List Trust Funds Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Connecticut Higher Education Trust (Direct Plan and Advisor Plan): The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Connecticut Higher Education Trust Program financial statements.

The Second Injury Fund: The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are financial statements that report information about the Second Injury Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Second Injury Fund's financial statements.

FINANCIAL HIGHLIGHTS OF FISCAL YEAR 2016

At June 30, 2016, the Combined Investment Funds reported investment balances of \$29.2 billion. The Short-Term Investment Fund reported a fund balance of \$4.9 billion. These two funds account for 99% of the investments in the fiduciary funds managed by the Office of the Treasurer.

The Connecticut Retirement Plans and Trust Funds Fiscal Year 2016 performance resulted in a net position of \$29.2 billion at June 30, 2016 decreasing from \$29.7 billion at June 30, 2015 as a result of lower investment returns in the U.S. and International stocks partly offset by higher returns in Fixed Income asset classes. Total returns are after reflecting management fees, other pension fund operating expenses, distributions, and net withdrawals primarily for benefit payments.

The Short Term Investment Fund, at June 30, 2016, achieved an annual return of 0.29%, exceeding its primary benchmark by 14 basis points, thereby earning an additional \$7 million in interest income for the state, state agencies and municipalities and their taxpayers while also adding \$0.9 million to its reserves. At the end of the 2016 Fiscal Year, the Short Term Investment Fund had approximately \$4.9 billion in assets under management, \$0.1 billion less than the prior year.

The Treasury refunded or defeased \$722 million of various bonds in 2016. Since January 1999, debt refunding and defeasances have produced \$1.1 billion in debt service savings.

The Connecticut Higher Education Trust (CHET) Direct Plan held 107,680 accounts with total assets of \$2.5 billion at the end of the 2016 Fiscal Year compared to over 101,280 accounts and \$2.4 billion in assets in the prior fiscal year. The Connecticut Higher Education Trust (CHET) Advisor plan held 23,205 accounts with total assets of \$386 million at the end of the 2016 Fiscal Year compared to 20,370 accounts and \$340 million in assets in the prior fiscal year.

The Office of the Treasurer recovered \$3.3 million in the fiscal year from class action lawsuits and \$49 million since 2000 when the Treasury asset recovery and loss prevention program was initiated.

CONDENSED FINANCIAL INFORMATION

Combined Investment Funds represent investments available to the pension funds of the State employees and teachers, municipal employees, as well as academic programs, grants and initiatives throughout the State.

Net Position and Changes in Net Position

The net position of the Combined Investment Funds at the close of the 2016 Fiscal Year was \$29.2 billion, a decrease of \$0.6 billion from the previous year. The change in net position resulted from a minor increase from operations (realized and unrealized gains and investment income) partly offset by \$0.6 billion of net cash withdrawals from the Combined Investment Funds.

The net position of the Combined Investment Funds at the close of the 2015 Fiscal Year was \$29.9 billion, an increase of \$0.3 billion from the previous year. The change in net position resulted from a \$0.9 billion increase from operations (realized and unrealized gains and investment income) partly offset by \$0.6 billion of net cash withdrawals from the Combined Investment Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1 - Net Position

Assets	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Investments at Fair Value	\$29,206,055,001	\$(764,201,850)	\$29,970,256,851	\$361,728,474	\$29,608,528,377
Cash, Receivables and Other	14,897,933,275	4,289,147,010	10,608,786,265	4,512,501,589	6,096,284,676
Total Assets	44,103,988,276	3,524,945,160	40,579,043,116	4,874,230,063	35,704,813,053
Liabilities	(14,858,068,515)	(4,146,001,915)	(10,712,066,600)	(4,561,378,713)	(6,150,687,887)
Net Position	\$29,245,919,761	\$(621,056,755)	\$29,866,976,516	\$312,851,350	\$29,554,125,166

Table 2 - Changes in Net Position

Additions	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Dividends	\$459,953,624	\$(42,960,324)	\$502,913,948	\$28,292,279	474,621,673
Interest	337,273,496	75,263,268	262,010,228	(8,513,172)	270,523,400
Securities Lending & Other Income	28,769,032	6,012,543	22,756,489	6,236,401	16,520,088
Total Investment Income	825,996,152	38,315,487	787,680,665	26,015,504	761,665,161
Total Investment Expenses	90,654,582	3,156,155	87,498,427	3,186,367	84,312,060
Net Investment Income	735,341,570	35,159,332	700,182,238	22,829,137	677,353,101
Net Realized Gain/(Loss)	167,059,309	(1,165,638,915)	1,332,698,224	448,116,417	884,581,807
Net Change in Unrealized Gains on Investments	(887,176,041)	106,381,819	(1,119,751,860)	(3,690,961,575)	2,571,209,715
Net Increase (Decrease) in Net Position resulting from operations	15,224,838	(1,024,097,764)	913,128,602	(3,220,016,021)	4,133,144,623
Purchase of Units by Participants	2,464,381,541	(546,025,125)	3,010,406,666	55,117,743	2,955,288,923
Total Additions	2,479,606,379	(1,570,122,889)	3,923,535,268	(3,164,898,278)	7,088,433,546
Deductions					
Administrative Expense	4,602,672	(19,373)	4,622,045	(318,436)	4,940,481
Distribution of Income to Unit Owners	13,470,038	4,006,919	9,463,119	(180,962,860)	190,425,979
Redemption of Units by Participants	3,082,590,424	(514,008,330)	3,596,598,754	316,847,794	3,279,750,960
Total Deductions	3,100,663,134	(510,020,784)	3,610,683,918	135,566,498	3,475,117,420
Change in Net Position	(621,056,755)	(1,060,102,105)	312,851,350	(3,300,464,776)	3,613,316,126
Net Position – Beginning of year	29,866,976,516	439,045,350	29,554,125,166	3,613,316,126	25,940,809,040
Net Position – End of year	\$29,245,919,761	\$(621,056,755)	\$29,866,976,516	\$312,851,350	\$29,554,125,166

Short-Term Investment Fund represents an investment pool of short-term money market instruments serving the State and State agencies, authorities, municipalities and other public subdivisions of the State.

Net Position and Change in Net Position

The net position in the Short-Term Investment Fund at the close of the 2016 Fiscal Year was approximately \$4.9 billion, versus \$5.0 billion the previous year.

The net position in the Short-Term Investment Fund at the close of the 2015 Fiscal Year was approximately \$5.0 billion, versus \$4.2 billion the previous year.

Operating Income - General financial market conditions produced an annual total return of 0.29%, net of operating expenses and allocations to Fund reserves in Fiscal Year 2016. The annual total return exceeded that achieved by its benchmark by 14 basis points, resulting in \$7 million in additional interest income for Connecticut governments and their taxpayers while also adding \$0.9 million to its reserves.

Operating Income - General financial market conditions produced an annual total return of 0.15%, net of operating expenses and allocations to Fund reserves in Fiscal Year 2015. The annual total return exceeded that achieved by its benchmark by 12 basis points, resulting in \$5.6 million in additional interest income for Connecticut governments and their taxpayers while also adding \$141 thousand to its reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3 - Net Position

Assets	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Investments in Securities, at Amortized Cost	\$4,897,441,250	\$(135,596,497)	\$5,033,037,747	\$824,283,928	\$4,208,753,819
Receivables and Other	7,327,307	2,248,010	5,079,297	1,968,209	3,111,088
Total Assets	4,904,768,557	(133,348,847)	5,038,117,044	826,252,137	4,211,864,907
Liabilities	(1,759,674)	(1,187,525)	(572,149)	(41,241)	(530,908)
Net Position	\$4,903,008,883	(134,536,012)	\$5,037,544,895	\$826,210,896	\$4,211,333,999

Table 4 - Changes in Net Position

Additions	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Interest Income	\$17,129,452	\$8,532,268	\$8,597,184	\$(346,161)	\$8,943,345
Net Realized Gains	4,970	1,081	3,889	(102,158)	106,047
Total Increase from Operations	17,134,422	8,533,349	8,601,073	(448,319)	9,049,392
Purchase of Units by Participants	11,391,879,786	(1,998,683,013)	13,390,562,799	1,671,581,533	11,718,981,266
Total Additions	11,409,014,208	(1,990,149,664)	13,399,163,872	1,671,133,215	11,728,030,658
Deductions					
Distribution of Income to Participants	14,303,163	7,768,046	6,535,117	236,067	6,299,050
Redemption of Units by Participants	11,527,319,864	(1,037,067,029)	12,564,386,893	579,261,175	11,985,125,718
Operating Expenses	1,927,193	(103,772)	2,030,965	37,628	1,993,338
Total Deductions	11,543,550,220	(1,029,402,756)	12,572,952,976	579,534,870	11,993,418,106
Change in Net Position	(134,536,012)	(960,746,908)	826,210,896	1,091,598,344	(265,387,448)
Net Position – beginning of year	5,037,544,895	826,210,896	4,211,333,999	(265,387,448)	4,476,721,447
Net Position – end of year	\$4,903,008,883	\$(134,536,012)	\$5,037,544,895	\$826,210,896	\$4,211,333,999

Connecticut Higher Education Trust

Fiduciary Net Position and Changes in Fiduciary Net Position (Direct Plan)

Fiduciary Net Position of the Direct Plan at the close of the current fiscal year was \$2.5 billion, an increase of \$84 million from the previous year.

Fiduciary Net Position of the Direct Plan at the close of the 2015 fiscal year was \$2.4 billion, an increase of \$123 million from the previous year.

Change in Fiduciary Net Position of the Direct Plan increased by \$84 million in Fiscal Year 2016 resulting from \$87 million of contributions to active accounts, net of redemptions.

Change in Fiduciary Net Position of the Direct Plan increased by \$123 million in Fiscal Year 2015 resulting from \$95 million of contributions to active accounts, net of redemptions, in addition to \$28 million of net investment.

Table 5 - Fiduciary Net Position

Assets	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Investments, at Fair Value	\$2,501,382,675	\$85,249,955	\$2,416,132,720	\$123,487,822	\$2,292,644,898
Cash, Receivables and Other	3,726,650	1,110,895	2,615,755	(974,132)	3,589,887
Total Assets	2,505,109,325	86,360,850	2,418,748,475	122,513,690	2,296,234,785
Liabilities	(5,390,963)	(2,194,189)	(3,196,774)	925,195	(4,121,969)
Net Position	\$2,499,718,362	\$84,166,661	\$2,415,551,701	\$123,438,885	\$2,292,112,816

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 6 - Fiduciary Changes in Net Position

	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Additions					
Subscriptions	\$853,035,412	\$2,117,484	\$850,917,928	\$84,729,195	\$766,188,733
Total investment income	49,577,969	(2,093,927)	51,671,896	9,636,247	42,035,649
Net increase (decrease) in Fair value of investments	(49,126,310)	(29,325,968)	(19,800,342)	(231,018,763)	211,218,421
Total additions	853,487,071	(29,302,411)	882,789,482	(136,653,321)	1,019,442,803
Deductions					
Redemptions	(765,961,569)	(9,925,728)	(756,035,841)	(90,449,220)	(665,586,621)
Plan management fee	(3,146,949)	(39,368)	(3,107,581)	(278,265)	(2,829,316)
Administrative fee	(211,892)	(4,717)	(207,175)	(22,368)	(184,807)
Total deductions	(769,320,410)	(9,969,813)	(759,350,597)	(90,749,853)	(668,600,744)
Change in Net Position	84,166,661	(39,272,224)	123,438,885	(227,403,174)	350,842,059
Net position – beginning of year	2,415,551,701	123,438,885	2,292,112,816	350,842,059	1,941,270,757
Net position – end of year	\$2,499,718,362	\$84,166,661	\$2,415,551,701	\$123,438,885	\$2,292,112,81

Fiduciary Net Position and Changes in Fiduciary Net Position (Advisor Plan)

Fiduciary Net Position of the Advisor Plan at the close of the current fiscal year was \$386.0 million, an increase of \$46.0 million from the previous year.

Fiduciary Net Position of the Advisor Plan at the close of the current fiscal year was \$340.0 million, an increase of \$65.0 million from the previous year.

Change in Fiduciary Net Position increased by \$46.0 million in Fiscal Year 2016 resulting mainly from contributions to active accounts of \$77.6 million, net of redemptions of \$26.0 million.

Change in Fiduciary Net Position increased by \$65.0 million in Fiscal Year 2015 resulting mainly from contributions to active accounts of \$85.3 million, net of redemptions of \$19.0 million.

Table 7 - Fiduciary Net Position

	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Assets					
Investments, at Fair Value	\$386,049,364	\$46,062,065	\$339,987,299	\$64,846,457	\$275,140,842
Cash, Receivables and Other	591,103	173,701	417,402	56,324	361,078
Total Assets	386,640,467	49,235,766	340,404,701	64,902,781	275,501,920
Liabilities	(767,114)	(236,764)	(530,350)	(221,879)	(308,471)
Net Position	\$385,873,353	\$45,999,002	\$339,874,351	\$64,680,902	\$275,193,449

Table 8 - Change in Fiduciary Net Position

	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Additions					
Contributions	\$77,568,456	\$(7,771,364)	\$85,339,820	\$2,115,130	\$83,224,690
Transfers	66,174,983	4,649,851	61,525,132	61,525,132	-
Total investment income	14,117,664	(12,608,507)	26,726,171	8,560,582	18,165,579
Net increase (decrease) in Fair value of investments	(17,276,447)	9,024,161	(26,300,608)	(41,208,567)	14,907,959
Total additions	140,584,656	(6,705,859)	147,290,515	30,992,287	116,298,228
Deductions					
Withdrawals	(26,010,599)	(6,991,180)	(19,019,419)	(6,815,148)	(12,204,271)
Transfers	(66,174,983)	(4,649,851)	(61,525,132)	(61,525,132)	-
Plan management fee	(838,123)	(112,657)	(725,466)	(195,390)	(530,076)
Administrative fee	(69,846)	(9,392)	(60,454)	(16,284)	(44,170)
Distribution fees	(1,583,789)	(215,381)	(1,368,408)	(370,345)	(998,063)
Total waivers	91,686	2,420	89,266	136	89,130
Total deductions	(94,585,654)	(11,976,041)	(82,609,613)	(68,922,163)	(13,687,450)
Change in Net Position	45,999,002	(18,681,900)	64,680,902	(37,929,876)	102,610,778
Net position – beginning of year	339,874,351	64,680,902	275,193,449	102,610,778	172,582,671
Net position – end of year	\$385,873,353	\$45,999,002	\$339,874,351	\$64,680,902	\$275,193,449

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Net Position and Change in Fiduciary Net Position (Consolidated)

Fiduciary Net Position of the CHET Direct and Advisor Plans at the close of the current fiscal year was \$2.9 billion, an increase of \$130 million from the previous year.

Fiduciary Net Position of the CHET Direct and Advisor Plans at the close of the prior fiscal year was \$2.7 billion, an increase of \$188 million from the previous year.

Change in Fiduciary Net Position increased by \$130 million in Fiscal Year 2016 resulting from \$138 million of contributions to active accounts, net of redemptions, in addition to net investment income of \$58 million offset by a decrease in the fair value of assets of \$66 million.

Change in Fiduciary Net Position increased by \$188 million in Fiscal Year 2015 resulting from \$161 million of contributions to active accounts, net of redemptions, in addition to net investment income of \$73 million offset by a decrease in the fair value of assets of \$46 million.

Table 9 - Fiduciary Net Position

Assets	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Investments, at Fair Value	\$2,887,432,039	\$131,312,020	\$2,756,120,019	\$188,334,279	\$2,567,785,740
Cash, Receivables and Other	4,317,753	1,284,596	3,033,157	(917,808)	3,950,965
Total Assets	2,891,749,792	132,596,661	2,759,153,176	187,416,471	2,571,736,705
Liabilities	(6,158,077)	(2,430,953)	(3,727,124)	703,316	(4,430,440)
Net Position	<u>\$2,885,591,715</u>	<u>\$130,165,663</u>	<u>\$2,755,426,052</u>	<u>\$188,119,787</u>	<u>\$2,567,306,265</u>

Table 10 - Change in Fiduciary Net Position

Additions	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
Subscriptions	\$930,603,868	\$(5,653,880)	\$936,257,748	\$86,844,325	\$849,413,423
Transfers	66,174,983	4,649,851	61,525,132	61,525,132	-
Total investment income	63,695,633	(14,702,434)	78,398,067	18,198,839	60,201,228
Net increase (decrease) in Fair value of investments	<u>(66,402,757)</u>	<u>(20,301,807)</u>	<u>(46,100,950)</u>	<u>(272,227,330)</u>	<u>226,126,380</u>
Total Additions	994,071,727	(36,008,270)	1,030,079,997	(105,661,034)	1,135,741,031
Deductions					
Redemptions	(791,972,168)	(16,916,908)	(775,055,260)	(97,264,368)	(677,790,892)
Transfers	(66,174,983)	(4,649,851)	(61,525,132)	(61,525,132)	-
Plan management fee	(3,985,072)	(152,025)	(3,833,047)	(473,655)	(3,359,392)
Administrative fee	(281,738)	(14,109)	(267,629)	(38,652)	(228,977)
Distribution fees	(1,583,789)	(215,381)	(1,368,408)	(370,345)	(998,063)
Total waivers	91,686	2,420	89,266	136	89,130
Total deductions	<u>(863,906,064)</u>	<u>(21,945,854)</u>	<u>(841,960,210)</u>	<u>(159,672,016)</u>	<u>(682,288,194)</u>
Change in Net Position	130,165,663	(57,954,124)	188,119,787	(265,333,050)	453,452,837
Net position – beginning of year	<u>2,755,426,052</u>	<u>188,119,787</u>	<u>2,567,306,265</u>	<u>453,452,837</u>	<u>2,113,853,428</u>
Net position – end of year	<u>\$2,885,591,715</u>	<u>\$130,165,663</u>	<u>\$2,755,426,052</u>	<u>\$188,119,787</u>	<u>\$2,567,306,265</u>

Second Injury Fund

The Net Position of the Second Injury Fund (SIF) at the close of Fiscal Year 2016 was \$38.6 million, an increase of \$5.9 million from the previous year net position balance of \$32.8 million.

The Net Position of the Second Injury Fund (SIF) at the close of Fiscal Year 2015 was \$32.8 million, an increase of \$4.9 million from the previous year net position balance of \$27.9 million.

The Change in Net Position for Fiscal Year 2016 was an increase of \$5.9 million resulting from operating income.

The Change in Net Position for Fiscal Year 2015 was an increase of \$4.9 million resulting from operating income.

REQUIRED SUPPLEMENTARY INFORMATION

Following the Financial Statements section of this annual report is a Supplemental Information section that further explains and supports the financial information and includes additional schedules for the Combined Investment Funds, debt schedules, cash management activities including Civil List Funds, and information on Unclaimed Property and fiscal year division expenses for the Office of the Treasurer.

DEBT ADMINISTRATION

Long-term debt obligations of the State consist of general obligation bonds and revenue dedicated bonded debt. General obligation bonds, issued by the State, are backed by the full faith and credit of the State. Dedicated revenue debt payments are made from legally restricted revenues.

At June 30, 2016, the State had \$23.2 billion in bonds and notes outstanding, approximately \$1.1 billion greater than the end of June 30, 2015 issued to fund local school construction projects, state grants and economic development initiatives, Clean Water Fund loans, improvements to state universities and transportation projects.

The following table presents total outstanding debt for the State distinguished by bond financing type.

Table 11 - Outstanding Debt as of June 30,

Bond Type	2016	Increase (Decrease)	2015	Increase (Decrease)	2014
General Obligation –					
Tax Supported	\$13,039,254,060	\$875,799,939	\$12,163,454,121	\$1,003,053,635	\$11,160,400,486
Teachers Retirement Fund	2,228,283,254	(12,850,000)	2,241,133,254	(13,245,000)	2,254,378,254
Economic Recovery Notes	352,585,000	(167,690,000)	520,275,000	(60,500,000)	580,775,000
GAAP Conversion Bonds	527,975,000	(32,455,000)	560,430,000	-	560,430,000
Special Tax Obligation	4,519,690,000	430,150,000	4,089,540,000	318,280,000	3,771,260,000
Bradley International Airport	122,980,000	(6,435,000)	129,415,000	(6,185,000)	135,600,000
Clean Water Fund	801,020,000	(81,145,000)	882,165,000	174,105,000	708,060,000
UCONN 2000	1,303,870,000	155,885,000	1,147,985,000	124,000,000	1,023,985,000
CI Increment Financing	27,720,000	(3,810,000)	31,530,000	(3,750,000)	35,280,000
CHEFA Childcare					
Facilities Program	55,960,000	(2,275,000)	58,235,000	(945,000)	59,180,000
Bradley Parking Operations	30,595,000	(2,415,000)	33,010,000	(2,265,000)	35,275,000
CT Juvenile Training school	13,005,000	(580,000)	13,585,000	(550,000)	14,135,000
CHFA Special Needs Housing Bonds	60,280,000	(3,545,000)	63,825,000	(3,395,000)	67,220,000
CCEDA Bonds	85,920,000	(3,095,000)	89,015,000	(2,955,000)	91,970,000
CHFA Emergency					
Mortgage Assistance Program	40,160,000	(2,020,000)	42,180,000	(1,980,000)	44,160,000
Total	\$23,209,297,314	\$1,143,519,939	\$22,065,777,375	\$1,523,668,635	\$20,542,108,740

During Fiscal Year 2016, the State issued \$3.7 billion of bonds for capital projects and other purposes at some of the lowest interest rates in state history. The issued bonds were offset by bonds retired of \$1.7 billion and bonds refunded of \$0.8 billion, resulting in a net increase of \$1.1 billion in bonds outstanding. Since 1999, debt refunding and defeasances have produced \$1.1 billion in debt savings to taxpayers.

More detailed information about outstanding bonds and other long-term debt can be found in the Supplemental and Statistical Sections of this report.

ECONOMIC CONDITIONS AND OUTLOOK

Domestic growth, as measured by year-over-year Gross Domestic Product (GDP), was lackluster and declining. During the fiscal year, GDP ranged between 1.3 percent and 2.2 percent. For the entire fiscal year, GDP grew at an average rate of 1.3 percent, down from 3.0 percent for Fiscal Year 2015. Meanwhile the domestic unemployment rate fell from 5.7 percent to 5.0 percent from Fiscal Year 2015. During the course of the fiscal year, over 2.4 million people were added to payrolls.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Domestic inflation (as measured by the year-over-year change in the consumer price index) averaged 0.7 percent during the fiscal year, down from 0.8 in fiscal year 2015. While domestic inflation was weak, inflation in the Eurozone was even weaker, with an average inflation rate of 0 percent (range was from -0.2 to 0.3 percent), down from 0.2 percent during the 2015 fiscal year period.

Connecticut's unemployment rate has continued to decline from a high of 9.5 percent in October 2010 to 5.7 percent in July 2016, compared to the national unemployment rate of 4.9 percent. The State Comptroller reported on September 30, 2016 that the State's General Fund ended the 2016 fiscal year with a pre-audited \$170.4 million deficit which will be eliminated through a transfer from the Budget Reserve Fund.

CONTACTING THE OFFICE OF THE TREASURER

This financial report is designed to provide a general overview of the Office of the Treasurer's finances and to show the Office's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to:

Office of the Treasurer
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.ott.ct.gov

MANAGEMENT'S REPORT



DENISE L. NAPIER
TREASURER

State of Connecticut Office of the Treasurer

December 30, 2016

To: The Honorable Dannel P. Malloy Governor of Connecticut
The Honorable Denise L. Nappier, Treasurer of Connecticut
The Honorable Members of the Connecticut General Assembly
Citizens of the State of Connecticut

This Annual Report was prepared by the Office of the Treasurer, which is responsible for the accuracy of the data contained herein, the completeness and fairness of the presentation, and all disclosures. We present the financial statements and data as accurate in all material respects and prepared in conformity with generally accepted accounting principles. Such financial statements are audited annually by the State of Connecticut Auditors of Public Accounts.

To carry out this responsibility, the Office of the Treasurer maintains financial policies, procedures, accounting systems and internal controls that management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investments and other assets are safeguarded.

It is our belief that the contents of this Annual Report make evident the Office of the Treasurer's support of the safe custody and conscientious stewardship of the State's property and money, including Trusts and Custodial accounts held by the State Treasurer. In addition, the Office of the Treasurer has sought to maximize earnings on the assets held by the State Treasurer within the boundaries of prudent investment guidelines authorized by Article Four, Section 22 of the Connecticut Constitution and by Title 3 of the Connecticut General Statutes, thereby stabilizing taxpayer costs and securing the safety of benefit commitments established by various general statutes covering the State retirement systems and other retirement systems administered by the State.

The State of Connecticut also issues a Comprehensive Annual Financial Report (the "CAFR") available from the State Comptroller's Office. The material presented herein is intended to expand on, but not to conflict with, the State's CAFR.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence A. Wilson".

Lawrence A. Wilson
Interim Deputy Treasurer
State of Connecticut

55 ELM STREET, HARTFORD, CONNECTICUT 06106-1773 • (860) 702-3000
An Equal Opportunity Employer

COMBINED INVESTMENT FUNDS

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	TOTAL
ASSETS	
Investments in Securities, at Fair Value	
Liquidity Fund	\$ -
Cash Equivalents	77,376,937
Asset Backed Securities	153,162,050
Government Securities	3,057,456,366
Government Agency Securities	645,770,796
Mortgage Backed Securities	402,028,499
Corporate Debt	3,046,435,721
Convertible Securities	53,746,472
Common Stock	13,540,538,586
Preferred Stock	87,632,478
Real Estate Investment Trust	385,414,819
Business Development Corporation	99,611,605
Mutual Fund	703,637,455
Limited Liability Corporation	1,156,486
Trusts	530,040
Limited Partnerships	6,951,556,691
Total Investments in Securities, at Fair Value	29,206,055,001
Cash	40,130,558
Receivables	
Foreign Exchange Contracts	11,918,460,854
Interest Receivable	59,453,392
Dividends Receivable	34,719,792
Due from Brokers	240,976,324
Foreign Taxes	10,073,449
Securities Lending Receivable	1,196,518
Reserve for Doubtful Receivables	(4,934,608)
Total Receivables	12,259,945,721
Invested Securities Lending Collateral	2,596,598,028
Prepaid Expenses	1,258,968
Total Assets	44,103,988,276
LIABILITIES	
Payables	
Foreign Exchange Contracts	11,876,226,059
Due to Brokers	365,495,616
Income Distribution	1,549,507
Other Payable	300,281
Total Payables	12,243,571,463
Securities Lending Collateral	2,596,598,028
Accrued Expenses	17,899,024
Total Liabilities	14,858,068,515
NET POSITION HELD IN TRUST FOR PARTICIPANTS	\$ 29,245,919,761

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

COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS	<u>TOTAL</u>
OPERATIONS	
Investment Income	
Dividends	\$ 459,953,624
Interest	337,273,496
Other Income	7,688,194
Securities Lending	<u>21,080,838</u>
Total Income	<u>825,996,152</u>
Expenses	
Investment Advisory Fees	74,630,968
Custody and Transfer Agent Fees	3,284,270
Professional Fees	3,380,185
Security Lending Fees	1,574,507
Security Lending Rebates	5,335,764
Investment Expenses	<u>2,448,888</u>
Total Expenses	<u>90,654,582</u>
Net Investment Income	<u>735,341,570</u>
Net Realized Gain (Loss)	167,059,309
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(887,176,041)
Net Increase (Decrease) in Net Position Resulting from Operations	<u>15,224,838</u>
Unit Transactions	
Purchase of Units by Participants	2,464,381,541
TOTAL ADDITIONS	<u>2,479,606,379</u>
DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(4,602,672)
Distributions to Unit Owners:	
Income Distributed	(13,470,038)
Unit Transactions	
Redemption of Units by Participants	(3,082,590,424)
TOTAL DEDUCTIONS	<u>(3,100,663,134)</u>
Change in Net Position Held in Trust for Participants	<u>(621,056,755)</u>
Net Position- Beginning of Period	<u>29,866,976,516</u>
Net Position- End of Period	<u>\$ 29,245,919,761</u>

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ADDITIONS	TOTAL
OPERATIONS	
Investment Income	
Dividends	\$ 502,913,948
Interest	262,010,228
Other Income	7,323,567
Securities Lending	15,432,922
Total Income	<u>787,680,665</u>
Expenses	
Investment Advisory Fees	75,901,384
Custody and Transfer Agent Fees	3,752,963
Professional Fees	2,882,621
Security Lending Fees	1,450,844
Security Lending Rebates	924,473
Investment Expenses	2,586,142
Total Expenses	<u>87,498,427</u>
Net Investment Income	<u>700,182,238</u>
Net Realized Gain (Loss)	1,332,698,224
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(1,119,751,860)
Net Increase (Decrease) in Net Position Resulting from Operations	<u>913,128,602</u>
Unit Transactions	
Purchase of Units by Participants	3,010,406,666
TOTAL ADDITIONS	<u>3,923,535,268</u>
DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(4,622,045)
Distributions to Unit Owners:	
Income Distributed	(9,463,119)
Unit Transactions	
Redemption of Units by Participants	(3,596,598,754)
TOTAL DEDUCTIONS	<u>(3,610,683,918)</u>
Change in Net Position Held in Trust for Participants	<u>312,851,350</u>
Net Position- Beginning of Period	<u>29,554,125,166</u>
Net Position- End of Period	<u>\$ 29,866,976,516</u>

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Combined Investment Funds (“CIFs”) are separate legally defined funds, which have been created by the Treasurer of the State of Connecticut (the “Treasurer”) under the authority of the Connecticut General Statutes (CGS) Section 3-31b. The CIFs are open-end, unitized portfolios consisting of the Liquidity Fund, Alternative Investment Fund, Mutual Equity Fund, Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund, High Yield Debt Fund, Developed Market International Stock Fund, Emerging Market International Stock Fund, Real Estate Fund, Commercial Mortgage Fund and the Private Investment Fund. The CIFs were established to provide a means for investing pension and other trust fund assets entrusted to the Treasurer in a variety of investment classes. The units of the CIFs are owned by these pension and trust funds. For financial reporting purposes of the State of Connecticut, the CIFs are considered to be external investment pools and are not reported in the State’s combined financial statements. Instead, each fund type’s investment in the CIF is reported as “equity in combined investment funds” in the State’s combined balance sheet.

The Treasurer, as sole fiduciary of the CIFs, is authorized to invest in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. This authority is restricted only by statute. Such limitations include prohibitions against investment in companies doing business in Iran and those doing business in Northern Ireland, but who have failed to implement the MacBride Principles (CGS Section 3–13h). Other legislation restricts the maximum aggregate investment in equity securities to 60% of the fair value of the Trust Funds.

The CIFs are not subject to regulatory oversight and are not registered with the Securities and Exchange Commission as an investment company.

The following is a summary of significant accounting policies consistently followed by the CIFs in the preparation of their financial statements.

A. NEW PRONOUNCEMENTS

In February 2015, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement Number 72 (“GASB 72”), Fair Value Measurement and Application, which is effective for fiscal years beginning after June 15, 2015. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value for financial reporting purposes. Additionally, GASB 72 provides guidance on applying fair value to certain investments and disclosures related to all fair value measurements. The objective of the standard is to improve financial reporting by clarifying the definition of fair value, establishing general principles for measuring fair value and enhancing disclosures about fair value measurements. The standard was effective on a prospective basis and is included in both current period and prior period comparative amounts presented. Implementing GASB 72 resulted in a change in accounting policy for fiscal year end valuations for investments that do not have a readily determined fair market value (“illiquid investments”). Such illiquid investments are held in the Alternative Investment, Core Fixed Income, High Yield, Real Estate and Private Investment Funds. These illiquid investments were valued \$135,039,998 higher at June 30, 2016 as a result of GASB 72 implementation. Prior to implementing GASB 72 illiquid investments were carried at their cash adjusted fair value which utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Fund, to estimate the current fair value. GASB 72 requires illiquid investments to be carried at the general partner’s June 30, 2016 fair value, or net asset value (“NAV”) equivalent. Fiscal 2015 statements have been restated to implement GASB 72. The fiscal 2015 restatement resulted in an increase of \$126,194,000 to Net Position at Beginning of Period, a decrease of \$88,806,000 in Net Change in Unrealized Loss on Investments and Foreign Currency, an increase of \$88,806,000 in Change in Net Position Held in Trust Participants, and an increase of \$215,000,000 in Net Position at End of Period.

B. SECURITY VALUATION

Investments are stated at fair value for each of the CIFs as described below.

For the Alternative Investment, Real Estate and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, that are carried at the general partner’s June 30, 2016 fair value, or net asset value (“NAV”) equivalent. The Core Fixed Income Fund and the High Yield Debt Fund also include investments that are carried at the general partner’s June 30, 2016 fair value, or net asset value (“NAV”) equivalent. The CIF’s assets

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

are fair valued quarterly by the General Partner and at such other times as determined by the General Partner and are based on Accounting Standards Codification (“ASC”) 820 “Fair Value Measurements and Disclosures”. The fair value the General Partner assigned to these investments is based upon available information and does not represent necessarily the amount that ultimately might be realized upon sale or maturity. Because of the inherent uncertainty of the fair valuation process, this estimated fair value presented by the General Partner may differ significantly from the fair value that would have been used had a ready market for the security existed, and the difference could be material. The General Partner is responsible for coordination and oversight of all investment valuations.

The Treasurer’s staff reviews the valuations for all investments in these alternative asset classes to see that they are reasonable and consistent. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

Liquidity Fund

Existing money market vehicles are valued at amortized cost on a daily basis, which approximates fair value. A standard price hierarchy is utilized in the daily valuation of the Liquidity Fund.

The Liquidity Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the CIFs’ currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFs’ investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts’ terms.

Investing in forward currency contracts may increase the volatility of the CIFs’ performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

“When-issued” securities held in the fund are fully collateralized by U.S Government securities and such collateral is in the possession of the CIF’s custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest

The Liquidity Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2016, the Fund held MBSs of \$136,562,305 and ABSs of \$112,532,254.

Repurchase agreements held in the fund are collateralized at 100 percent of the securities’ value. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York. The collateral is evaluated daily to ensure its fair value exceeds the current fair value of the repurchase agreements including accrued interest.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

Alternative Investment Fund

Investments in securities not listed on security exchanges and investments in limited partnerships, which comprise substantially all of the CIF's investments, are carried at the general partner's June 30, 2016 fair value, or net asset value ("NAV") equivalent. The Treasurer's staff reviews the estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly.

Mutual Equity Fund

Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year. Corporate bonds and certain over-the-counter stocks are valued at the mean of bid and asked prices as furnished by broker-dealers.

Core Fixed Income Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the CIF are fully collateralized by U.S Government securities and such collateral is in the possession of the CIF's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Core Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2016, the CIF held MBSs of \$265,466,194 and ABSs of \$41,266,798.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgage Backed Securities on the Statement of Net Position. The cash flow on these investments is derived from the interest payments on the underlying mortgage loans. Prepayments on the underlying loans curtail these interest payments, reducing the value of the IOs and, as such, these instruments are extremely sensitive to changes in interest rates, which encourage or discourage such prepayments. At June 30, 2016 the CIF's holdings had a fair value of \$422,804 and a cost of \$781,791. The valuations were provided by the custodian.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Core Fixed Income Fund are authorized to invest in global fixed income securities.

Investments in securities not listed on security exchanges and investments in limited partnerships are carried at the general partner's June 30, 2016 fair value or net asset value ("NAV") equivalent. The Treasurer's staff reviews the estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly.

Inflation Linked Bond Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the CIF are fully collateralized by U.S Government securities and such collateral is in the possession of the CIF's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Inflation Linked Bond Fund are authorized to invest in global fixed income securities.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

The Inflation Linked Bond Fund sometimes invests in Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2016, the CIF held ABSs, consisting of swaps and resulting in a fair value of (\$484,608).

Emerging Market Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

The Emerging Market Debt Fund invests in securities in emerging market countries that are either U.S. dollar-denominated or issued in the local currency of the country. In addition to bond interest rate sensitivity, the local currency bonds' values will fluctuate with exchange rates.

"When-issued" securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the CIF's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Emerging Market Debt Fund sometimes invests in Asset Backed Securities (ABSs), which are included in the Statement of Net Position. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2016, the CIF held ABSs, consisting of swaps and resulting in a fair value of (\$152,394).

High Yield Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings and maturities.

"When-issued" securities held in the fund are fully collateralized by U.S Government securities and such collateral is in the possession of the CIF's custodial bank. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the High Yield Debt Fund are authorized to invest in global fixed income securities.

Investments in securities not listed on security exchanges and investments in Business Development Corporations are carried at the general partner's June 30, 2016 fair value, or net asset value ("NAV") equivalent. The Treasurer's staff reviews the estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly.

Developed Market International Stock Fund

The Developed Market International Stock Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the CIF's currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFs' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Investing in forward currency contracts may increase the volatility of the CIFs' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Emerging Market International Stock Fund

The Emerging Market International Stock Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the CIFs' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFs' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

Investing in forward currency contracts may increase the volatility of the CIFs' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Real Estate Fund

Investments in securities not listed on security exchanges and investments in trusts, limited partnerships, and annuities, which comprise substantially all of the CIF's investments, are carried at the general partner's June 30, 2016 fair value, or net asset value ("NAV") equivalent. The Treasurer's staff reviews estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly.

Commercial Mortgage Fund

This CIF invested in commercial mortgage loans and Mortgage Backed Securities (MBSs) generally through indirect ownership vehicles such as trusts and corporations. As of June 30 2016 this CIF did not hold any MBSs and is no longer making new investments.

Private Investment Fund

Investments in securities not listed on security exchanges and investments in limited partnerships and limited liability corporations, which comprise substantially all of the CIF's investments, are carried at the general partner's June 30, 2016 fair value, or net asset value ("NAV") equivalent. The Treasurer's staff reviews estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly.

Fair values of the underlying investments are generally represented by cost unless there has been an additional arms-length indication of value, such as a public offering or a new investment by a third party.

C. INVESTMENT TRANSACTIONS AND RELATED INCOME

Investment transactions are accounted for on a trade date basis. Dividend income is recognized as earned on the ex-dividend date. Interest income is recorded on the accrual basis as earned. Realized gains and losses are computed on the basis of the average cost of investments sold. Such amounts are calculated independent of and are presented separately from the Net Change in Unrealized Gains and Losses on the Statement of Changes in Net Position. Realized gains and losses on investments held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses represent the difference between the fair value and the cost of investments. The increase (decrease) in such difference is accounted for as a change in unrealized gain (loss). In the CIFs' cost basis records, premiums are amortized using the straight-line method that approximates the interest method.

Dividends earned by the Private Investment, Real Estate and Alternative Investment Funds relate to investments that are not listed on security exchanges. Such dividends are recognized as income when received, generally net of advisory fees.

D. FOREIGN CURRENCY TRANSLATION

The value of investments, assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon appropriate fiscal year end foreign exchange rates. Purchases and sales of foreign investments and income and expenses are converted into U.S. dollars based on currency exchange rates prevailing on the respective dates of such transactions. The CIFs do not isolate that portion of the results of operations arising from changes in the exchange rates from that portion arising from changes in the market prices of securities.

E. SHARE TRANSACTIONS AND PRICING

All unit prices are determined at the end of each month based on the net asset value of each CIF divided by the number of units outstanding. Purchases and redemptions of units are based on the prior month end price and are generally processed on the first business day of the month.

F. EXPENSES

Expenses of the CIFs, excluding certain management fees as discussed in more detail in note 1J, are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Each of the CIFs bears its direct expenses, such as investment advisory fees, and, in addition, each of the CIFs is allocated a portion of the overhead expenses of the Pension Funds Management Division of the Office of the State Treasurer, which services the CIFs. These expenses include salary and fringe benefit costs and other administrative expenses. Certain of these costs are allocated among the CIFs based on relative net asset values. Other costs are charged directly based on the specific duties of personnel.

G. DISTRIBUTIONS

Distributions to unit holders of the CIFs were discontinued after September 30, 2013.

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Statement Number 53 Accounting and Financial Reporting for Derivative Instruments, requires that the fair value of financial arrangements called derivatives or derivative instruments be reported in the financial statements. GASB defines a derivative instrument as a financial instrument or other contract with all of the following characteristics: a) It has one or more reference rates and (2) one or more notional amounts or payment provisions or both. b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. c) Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

For the fiscal year ended June 30, 2016, the CIFs maintained positions in a variety of such securities that are all reported at fair value on the Statement of Net Position. The following is a listing of such securities:

Adjustable Rate Securities:

CIF	Cost	Fair Value
Liquidity	\$395,526,850	\$390,159,202
Core Fixed Income	156,113,953	156,593,884
Inflation Linked Bond	5,579,739	5,558,883
Emerging Market Debt	1,600,024	1,475,941
High Yield Debt	28,406,423	27,441,344

Asset Backed Securities:

CIF	Cost	Fair Value
Liquidity	\$113,496,094	\$112,532,254
Core Fixed Income	40,825,819	41,266,798

Mortgage Backed Securities, Net of CMO's:

CIF	Cost	Fair Value
Liquidity	\$131,315,680	\$127,506,874
Core Fixed Income	175,574,210	176,313,668

CMO's:

CIF	Cost	Fair Value
Liquidity	\$9,015,170	\$9,055,431
Core Fixed Income	86,341,701	89,152,526

TBA's:

CIF	Cost	Fair Value
Core Fixed Income	\$41,310,353	\$41,236,111

Interest Only:

CIF	Cost	Fair Value
Core Fixed Income	\$781,791	\$422,804

Options:

CIF	Cost	Fair Value
Inflation Linked Bond	\$1,287,671	\$1,280,722

The Inflation Linked Bond Fund held futures with a negative notional cost of (\$23,281,755) and an unrealized loss of \$862,485 reported in the Due from Brokers in the Statement of Net Position. The Developed Market International Stock also held futures with a notional cost of \$51,494,608 and an unrealized loss of \$1,022,698 reported in the Due from Brokers in the Statement of Net Position.

The Liquidity, Core Fixed Income, Inflation Linked, Emerging Market Debt, High Yield Debt, Developed Market International Stock and Emerging Market International Stock Funds were invested in foreign exchange contracts. The specific nature of these investments is discussed more fully in the foreign exchange contract note for each respective fund, where appropriate. These financial instruments are utilized for trading and other purposes. Those that are used for other than trading purposes are foreign exchange contracts, which can be used to facilitate trade settlements, and may serve as foreign currency hedges. The credit exposure resulting from such contracts is limited to the recorded fair value of the contracts on the Statement of Net Position.

The remaining such securities are utilized for trading purposes and are intended to enhance investment returns. All positions are reported at fair value and changes in fair value are reflected in income as they occur. The CIFs' credit exposure resulting from such investments is limited to the recorded fair value of the derivative financial instruments.

The Liquidity, Mutual Equity, Emerging Market Debt, and the Emerging Market International Stock Funds also utilize derivatives indirectly through participation in mutual funds. These mutual funds may hold derivatives from time to time. Such derivatives may be used for hedging, investment and risk management purposes. These transactions subject the investor to credit and market risk.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

I. COMBINATION/ELIMINATION ENTRY

The financial statements depict a full presentation of each of the CIFs. However, one of these funds, the Liquidity Fund, is owned both directly by the pension plans and trust funds which have accounts in the Liquidity Fund, and also indirectly because each of the other CIFs has an account with the Liquidity Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Liquidity Fund by the other CIFs. The combined presentation totals to the overall net assets owned by the pension plans and trust funds. In order to help the Liquidity Fund managers better manage their cash balances, realized gains (losses) are no longer included in the Liquidity Fund income sweep.

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for certain investments in the Alternative Investment, Core Fixed Income, Private Investment and Real Estate Funds are generally charged to the entity in which the CIF has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment on a cash basis and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the CIFs and are expensed. These expensed amounts are accrued and the expense is reflected as Investment Advisory Fees on the Statement of Changes in Net Position. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Changes in Net Position. These fees are borne by the partners in their respective shares. The following is a listing of the Funds total fees for the fiscal year ended June 30, 2016:

CIF	Netted	Capitalized	Expensed	Total
Alternative Investment	\$ 8,931,858	\$ 2,846,855	\$ -	\$11,778,713
Core Fixed Income	1,802,140	-	2,592,136	4,394,276
Private Investment	12,317,501	14,331,916	3,039,252	29,688,669
Real Estate	11,443,059	3,737,069	7,554,325	22,734,453

Periodically the Private Investment and Real Estate Funds may receive security distributions in lieu of cash. These securities are included as Common Stock and Real Estate Investment Trust, respectively on the Statement of Net Position. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Changes in Net Position. There were no such transactions for the fiscal year ended June 30, 2016.

The Liquidity, Mutual Equity, Emerging Market Debt and the Emerging Market International Stock funds include investments in a limited partnership and investments in mutual funds. Fees incurred from these investments are deducted from the operations of the CIF and are not separately presented on the Statement of Changes in Net Position. The following is a listing of the corresponding fees incurred for the fiscal year ended June 30, 2016:

CIF	Amount
Liquidity	\$ 197,490
Emerging Market Debt	4,313,152
Developed Market International Stock	6,290
Emerging Market International Stock	895,614

Investment advisory fees for the Liquidity, Mutual Equity, Core Fixed Income, Inflation Linked Bond, Emerging Market Debt, High Yield Debt, Developed Market International Stock and the Emerging Market International Stock Funds, except those noted above are estimated monthly based on periodic reviews of asset values. Accordingly, the amounts listed as Investment Advisory Fees on the Statement of Changes in Net Position represent estimates of annual management fee expenses.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation. Refer to Footnote 1A for details of prior year restatement.

L. RELATED PARTY AND OTHER TRANSACTIONS

There were no related party transactions during the fiscal year. Additionally, there were no "soft dollar" transactions. Soft dollar transactions result from arrangements whereby firms doing business with organizations such as the Treasury

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

arrange for third parties to provide other services in lieu of cash payment. These arrangements tend to obscure the true cost of operations and can result in potential overpayment for services. Such transactions have been prohibited by the Treasurer.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS, INVESTMENTS AND SECURITIES LENDING PROGRAM

Deposits:

The CIFs minimize custodial credit risk by maintaining certain restrictions set forth in the Investment Policy Statement. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the CIFs would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The CIFs utilize a Liquidity Account that is a cash management pool investing primarily in highly liquid money market securities such as commercial paper, certificates of deposit, bank notes and other cash equivalents, asset backed securities, and floating rate corporate bonds. Deposits shall consist of cash instruments generally maturing in less than one year and having a quality rating, by at least one widely recognized rating agency, of A-1 or P-1 and earn interest at a rate equal to or better than the International Business Communications ("IBC") First Tier Institutions-Only Rated Money Fund Report Index.

At June 30, 2016, the reported amount of Funds deposits were \$40,130,558 and the bank balance was \$40,130,558. Of the bank amount, \$40,130,558 was uncollateralized and uninsured. Through the Securities Lending Program \$2,592,319,864 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Investments:

The CIFs measures and records its investments using fair value measurement guidelines established by GAAP. The guidelines recognize a three tiered fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and, Level 3: Unobservable inputs. At June 30, 2016 the CIFs have the following recurring fair value measurements.

Investments by Fair Value Level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Liquidity Fund	\$ -	\$ -	\$ -	\$ -
Cash Equivalents	77,376,937	-	77,376,937	-
Asset Backed Securities	153,162,050	-	153,162,050	-
Government Securities	3,057,456,366	1,162,573,371	1,894,882,995	-
Government Agency Securities	645,770,796	-	645,770,796	-
Mortgage Backed Securities	402,028,499	-	402,028,499	-
Corporate Debt	3,046,435,721	-	2,954,600,338	91,835,383
Convertible Securities	53,746,472	-	53,746,472	-
Common Stock	13,540,538,586	13,540,538,586	-	-
Preferred Stock	87,632,478	78,400,137	9,232,341	-
Real Estate Investment Trust	385,414,819	324,389,630	61,025,189	-
Mutual Fund	703,637,455	171,221,274	-	532,416,181
Limited Partnerships (publicly traded)	2,199,494	2,199,494	-	-
Total	\$22,155,399,673	\$15,279,322,492	\$6,251,825,617	\$624,251,564

Investments Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Business Development Corporation	99,611,605	\$ 45,102,415	Illiquid	N/A
Limited Liability Corporation	1,156,486	-	Illiquid	N/A
Trusts	530,040	-	Illiquid	N/A
Limited Partnerships	6,949,357,197	1,394,251,307	Illiquid	N/A
Total	7,050,655,328	\$ 1,439,353,722		
Total Investments in Securities at Fair Value	\$29,206,055,001			

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Pursuant to the Connecticut General Statutes, the Treasurer is the principal fiduciary of the plans and trusts, authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The CIFs minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, in accordance with a comprehensive Investment Policy Statement (IPS), as developed by The Office of the Treasurer and the State's Investment Advisory Council (IAC), that provides policy guidelines for the plans and trusts and CIFs and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. There have been no violations of these investment restrictions during the 2016 fiscal year.

The CIF's concentration of credit risk is the risk attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in Government Securities and Government Agency Securities.

The following table provides average credit quality and exposure levels information on the credit ratings associated with Funds investments in debt securities.

	Fair Value	Percentage of Fair Value
Aaa	\$ 2,484,426,101	33.42%
Aa	573,991,097	7.72
A	672,190,956	9.04
Baa	691,469,342	9.30
Ba	631,841,195	8.50
B	805,210,744	10.83
Caa	296,878,037	3.99
Ca	11,476,150	0.15
C	1,591,657	0.02
Prime 1	374,671,001	5.04
Prime 2	10,394,004	0.14
U.S. Government fixed income securities (not rated)	50,177,985	0.67
Non US Government fixed income securities (not rated)	234,256,464	3.15
Not Rated	597,402,108	8.03
	<u>\$7,435,976,841</u>	<u>100.00%</u>

The investments in the Private Equity, Real Estate, Alternative Investment and Commercial Mortgage Funds generally utilize investment vehicles such as annuity contracts, common stocks, limited partnerships and trusts to comply with investment guidelines against direct ownership of such investment assets.

The investments of the Liquidity, Mutual Equity, Core Fixed Income, Inflation Linked Bond, Emerging Market Debt, High Yield Debt, Developed Market International Stock and the Emerging Market International Stock Funds have securities registered under the Bank of New York Mellon's nominee name MAC & Co. and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut, or bearer and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut.

Investments of cash collateral received and invested under securities lending arrangements are registered and maintained by a third party administrator exclusively for the CIFs. In circumstances where securities or letters of credit are received as collateral under securities lending arrangements, the collateral is held by the master custodian in a commingled pool in the third party administrator's name as trustee. Securities Lending collateral of \$2,592,319,864 is invested in various short term repurchase agreements classified which is classified as cash equivalents.

The following table provides information about the interest rate risks associated with the CIF investments. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and therefore, more volatile than those with shorter maturities. Investment Managers that manage the CRPTF portfolio are given full discretion to manage their portion of CRPTF assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Barclay's Aggregate – an intermediate duration index.

The investments include certain short-term cash equivalents which include certificate of deposits and collateral, various long term items, and restricted assets by maturity in years.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 77,376,937	\$ 77,376,937	\$ -	\$ -	\$ -
Asset Backed Securities	153,162,050	9,210,825	118,312,419	15,123,816	10,514,990
Government Securities	3,057,456,366	118,521,633	1,186,623,002	695,702,548	1,056,609,183
Government Agency Securities	645,770,796	61,642,783	82,929,095	5,727,094	495,471,824
Mortgage Backed Securities	402,028,499	603,345	66,980,217	86,395,581	248,049,356
Corporate Debt	3,046,435,721	776,155,655	1,090,122,205	892,977,763	287,180,098
Convertible Debt	53,746,472	4,886,303	17,416,554	610,000	30,833,615
	<u>\$7,435,976,841</u>	<u>\$1,048,397,481</u>	<u>\$2,562,383,492</u>	<u>\$1,696,536,802</u>	<u>\$2,128,659,066</u>

Exposure to foreign currency risk results from investments in foreign currency-denominated equity or fixed income securities. As a means of limiting its exposure, the CIF utilizes a strategic hedge ratio of 50% for the Developed Market International Stock Fund ("DMISF"). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the DMISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. dollar denominated securities, managers are required to limit that investment to a portion of their respective portfolios. The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. Negative amounts are reflective of short positions.

Foreign Currency	Total	Fixed Income Securities						Equities		Real Estate Investment Trust
		Cash Equiv Collateral	Government Securities	Corporate Debt	Asset Backed	Mortgage Backed	Common Stock	Preferred Stock		
Argentine Peso	\$49,128	\$49,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	390,816,445	928,085	48,244	87,102,296	7,711,934	-	-	265,851,437	-	29,174,449
Brazilian Real	238,390,550	3,397,259	-	86,698,970	-	-	-	134,188,334	14,105,987	-
Canadian Dollar	113,770,386	527,215	-	25,029,327	-	-	-	85,814,710	-	2,399,134
Chilean Peso	4,367,452	42,899	-	151,799	-	-	-	4,172,754	-	-
Colombian Peso	34,735,280	4,781	-	32,146,758	2,387,180	-	-	196,561	-	-
Czech Koruna	792,549	134	-	-	-	-	-	792,415	-	-
Danish Krone	85,553,243	193,720	-	1,259,628	-	-	-	84,099,895	-	-
Egyptian Pound	3,812,967	293,910	-	-	-	-	-	3,519,057	-	-
Euro Currency	1,805,613,094	944,585	(5,275)	233,894,118	2,084,181	167,934	-	1,541,800,340	12,857,972	13,869,239
Hong Kong Dollar	558,797,653	1,384,595	-	-	-	-	-	551,403,575	-	6,009,483
Hungarian Forint	35,222,573	1,992	-	8,779,311	-	-	-	26,441,270	-	-
Iceland Krona	1,935	1,935	-	-	-	-	-	-	-	-
Indian Rupee	1,251,513	-	-	-	1,251,513	-	-	-	-	-
Indonesian Rupiah	110,265,371	77,494	-	50,759,520	2,587,292	-	-	56,841,065	-	-
Israeli Shekel	20,503,712	216,057	-	-	-	-	-	20,287,655	-	-
Japanese Yen	1,190,721,468	7,565,247	-	49,955,630	-	-	-	1,124,737,398	-	8,463,193
Malaysian Ringgit	83,394,103	29,836	-	65,236,468	-	-	-	18,127,799	-	-
Mexican Peso	194,423,156	2,017,503	-	142,149,104	3,598,367	-	-	43,813,318	-	2,844,864
New Turkish Lira	153,017,221	2,276	-	48,073,417	-	-	-	104,941,528	-	-
New Zealand Dollar	163,784,350	1,406,870	-	149,078,103	-	-	-	13,299,377	-	-
Nigerian Naira	180,891	10,777	-	-	-	-	-	170,114	-	-
Norwegian Krone	54,991,588	567,001	-	11,187,584	-	-	-	43,237,003	-	-
Peruvian Nouveau Sol	4,009,209	-	-	4,009,209	-	-	-	-	-	-
Philippine Peso	51,451,556	6,376	-	1,150,207	-	-	-	50,294,973	-	-
Polish Zloty	108,855,963	36,054	-	80,536,427	-	-	-	28,283,482	-	-
Pound Sterling	1,135,613,232	2,875,225	44,215	235,943,998	8,003,346	-	8,148,936	868,703,662	-	11,893,850
Romanian Leu	3,945,934	-	-	3,945,934	-	-	-	-	-	-
Russian Ruble	27,352,704	-	-	27,352,704	-	-	-	-	-	-
Singapore Dollar	85,880,285	534,036	-	8,241,092	-	-	-	71,780,120	-	5,325,037
South African Rand	180,584,785	914,112	-	81,865,199	-	-	-	97,194,977	-	610,497
South Korean Won	323,171,394	66,308	-	495,516	-	-	-	311,607,136	11,002,434	-
Sri Lanka Rupee	29,107	-	-	-	-	-	-	29,107	-	-
Swedish Krona	156,962,768	183,916	-	7,603,079	-	-	-	149,175,773	-	-
Swiss Franc	446,233,360	544,745	-	-	-	-	-	445,688,615	-	-
Thailand Baht	103,606,459	240,405	-	19,602,523	-	-	-	83,554,949	-	208,582
Uruguayan Peso	1,211,965	-	-	1,211,965	-	-	-	-	-	-
	<u>\$ 7,873,365,349</u>	<u>\$25,064,476</u>	<u>\$87,184</u>	<u>\$1,463,459,886</u>	<u>\$27,623,813</u>	<u>\$167,934</u>	<u>\$8,148,936</u>	<u>\$6,230,048,399</u>	<u>\$37,966,393</u>	<u>\$80,798,328</u>

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Securities Lending:

Certain of the CIFs engage in securities lending transactions to provide incremental returns. The CIFs are permitted to enter into securities lending transactions pursuant to Section 3-13d of the Connecticut General Statutes. The CIFs' third party securities lending administrator is authorized to lend available securities to authorized broker-dealers and banks subject to a formal loan agreement.

During the period ended June 30, 2016, the Agent lent certain securities and received cash or other collateral as indicated on the Agency Securities Lending Agreement. The Agent did not have the ability to pledge or sell collateral securities delivered therefore absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the fair value of domestic loaned securities or 105% of the fair value of foreign loaned securities.

Pursuant to the Agency Securities Lending Agreement, the Agent has an obligation to indemnify the CIFs in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default by a borrower. During the fiscal year, the CIFs and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan is eligible for investment in cash, securities guaranteed by the U. S. government or any agency of the U. S. government, securities guaranteed by a sovereign government that participates in the General Arrangements to Borrow (Group of 10 or G10) and rated AA or better, or reverse transactions on an overnight or term basis. On June 30, 2016, the CIFs had no credit risk exposure to borrowers. The fair value of collateral held for the CIFs as of June 30, 2016 was \$2,590,852,210 as cash. The fair value of securities on loan for the CIFs as of June 30, 2016 was \$2,512,576,015 as cash.

Under ordinary circumstances, the net weighted average maturity (weighted average maturity of assets less the weighted average maturities of liabilities) will not exceed 60 days. As of June 30, 2016, the cash collateral investment pool had an average duration of 49.46 days and an average weighted final maturity 57.77 days.

The fair value of collateral held and the fair value of securities on loan including pending loans (to be collateralized) are as follows for the CIFs as of June 30, 2016:

CIF	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	\$1,383,880,687	\$1,352,451,954
Core Fixed Income	151,276,599	148,202,880
Inflation Linked Bond	313,610,704	307,734,982
Emerging Market Debt	20,609,401	20,225,605
High Yield Investment	368,090,617	359,879,944
Developed Market International Stock	133,169,091	127,651,632
Emerging Market International Stock	225,960,929	219,752,917
	<u>\$2,596,598,028</u>	<u>\$2,535,899,914</u>

Investments made using the cash collateral received from security loans were included in the Statement of Net Position. The fair value of these amounts is as follows:

CIF	Cash Equivalents
Mutual Equity	\$1,384,664,622
Core Fixed Income	151,362,300
Inflation Linked Bond	313,788,362
Emerging Market Debt	20,621,072
High Yield Investment	368,299,121
Developed Market International Stock	127,495,452
Emerging Market International Stock	226,088,935
Total	<u>\$2,592,319,864</u>

These investments are held in a separate accounting consisting of individual securities custodied by the Agent in the name of the CIFs. The above total amounts were included on the Statement of Net Position in "Invested Securities Lending Collateral".

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2016, the aggregate cost of purchases and proceeds from sales of investment securities were as follows:

CIF	Purchases	Sales
Alternative Investment	\$211,043,852	\$115,774,223
Mutual Equity	2,797,267,099	2,923,493,101
Core Fixed Income	7,024,451,385	7,194,558,780
Inflation Linked Bond	1,610,075,792	1,440,716,076
Emerging Market Debt	959,181,367	820,049,691
High Yield Investment	1,312,710,583	1,161,968,225
Developed Market International Stock	3,187,922,937	3,207,908,207
Emerging Market International Stock	2,487,003,518	2,272,413,598
Real Estate	1,367,277,038	1,188,407,361
Commercial Mortgage	15,619	29,882
Private Investment	2,014,045,589	1,993,268,078

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

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

At June 30, 2016, the gross appreciation of investment securities in which there was an excess of fair value over cost, the gross depreciation of investment securities in which there was an excess of cost over fair value and the resulting net appreciation (depreciation) by CIF were as follows:

CIF	Gross Appreciation	Gross Depreciation	Net Appreciation (Depreciation)
Liquidity Investment Fund	\$8,829,482	\$27,346,439	\$(18,516,957)
Alternative Investment Fund	137,368,643	38,992,620	98,376,023
Mutual Equity	2,193,222,954	226,770,462	1,966,452,492
Core Fixed Income	80,575,351	31,943,744	48,631,607
Inflation Linked Bond	36,373,585	53,223,059	(16,849,474)
Emerging Market Debt	28,495,033	121,846,973	(93,351,940)
High Yield Investment	47,354,223	144,326,314	(96,972,091)
Developed Market International Stock	844,136,941	599,802,486	244,334,455
Emerging Market International Stock	365,591,666	203,854,357	161,737,309
Real Estate	341,426,073	75,033,260	266,392,813
Commercial Mortgage	-	-	-
Private Investment Fund	680,913,736	218,121,937	462,791,799

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the Liquidity, Core Fixed Income, Inflation Linked Bond Fund, Emerging Market Debt, High Yield Debt Fund, Developed Market International Stock, Emerging Market International Funds utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the CIFs' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFs' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investing in forward currency contracts may increase the volatility of the CIFs' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

At June 30, 2016, the CIFs had recorded unrealized gains (losses) from open forward currency contracts as follows:

Liquidity Funds:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Argentina Peso	\$3,608,005	\$(49,180)
Brazil Real	3,746,621	524,127
Chilean Peso	2,137,000	93,000
Chinese Yuan Renminbi	5,785,000	(111,497)
Colombian Peso	7,510,000	162,172
Dominican Rep Peso	5,401,757	3,339
Egyptian Pound	2,754,653	(102,707)
Euro Currency Unit	9,176,958	(83,708)
Hungarian Forint	1,111,827	(15,632)
Indian Rupee	4,734,178	10,694
Indonesian Rupiah	3,380,642	45,569
Israeli Shekel	7,587,090	29,481
Kazakhstan Tenge	1,900,000	(7,253)
Malaysian Ringgit	3,589,885	85,102
Mexican Peso	992,000	12,922
Norwegian Krone	1,790,152	(53,813)
Philippines Peso	3,958,000	(21,769)
Polish Zloty	4,802,398	(167,139)
Pound Sterling	11,088,426	(541,752)
Romanian Leu	2,846,067	(58,921)
Russian Ruble (New)	11,432,000	246,331
South African Rand	10,146,208	133,579
South Korean Won	2,884,000	29,299
Swedish Krona	2,951,243	(61,584)
Thailand Baht	4,253,678	30,539
Turkish Lira	7,648,000	151,908
Uganda Shilling	4,318,001	(1,883)
Uruguayan Peso	2,533,078	128,730
	<u>134,066,867</u>	<u>409,954</u>
Contracts to Sell:		
Argentina Peso	667,653	1,620
Australian Dollar	36,485,473	(367,250)
Brazil Real	5,010,265	(958,796)
Canadian Dollar	8,234,883	24,946
Chinese Yuan Renminbi	4,776,000	36,647
Colombian Peso	1,868,418	(12,630)
Dominican Rep Peso	205,300	1,273
Egyptian Pound	2,762,012	110,066
Euro Currency Unit	18,610,375	264,471
Hungarian Forint	1,047,000	(17,130)
Indonesian Rupiah	2,361,000	(20,960)
Israeli Shekel	2,775,044	(27,976)
Japanese Yen	3,250,827	(200,292)
Malaysian Ringgit	15,124,568	(225,264)
Mexican Peso	29,304,839	509,927
New Zealand Dollar	52,819,164	(846,730)
Philippines Peso	2,063,000	19,427
Polish Zloty	25,820,295	496,060
Pound Sterling	19,443,023	984,847
Romanian Leu Total	-	56,725
Russian Ruble (New)	5,267,897	(64,532)
Singapore Dollar	8,056,077	(152,436)
South African Rand	19,282,422	(366,670)
Thailand Baht	1,422,298	1,699
Turkish Lira	3,866,239	(38,156)
Uganda Shilling	1,024,883	(926)
	<u>271,548,955</u>	<u>(792,040)</u>
Total	<u>\$ 405,615,822</u>	<u>\$ (382,086)</u>

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 405,615,822	\$ 405,615,822	\$ -
Unrealized Gain/Loss	409,954	(792,040)	(382,086)
Net	<u>\$ 406,025,776</u>	<u>\$ 406,407,862</u>	<u>\$ (382,086)</u>

Inflation Linked Bond Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Australian Dollar	\$ 11,396,121	\$ 154,370
Canadian Dollar	7,921,461	(63,447)
Danish Krone	189,100	(1,529)
Euro Currency Unit	53,391,947	(282,391)
Japanese Yen	36,254,104	1,106,083
Malaysian Ringgit	14,606,649	280,297
Mexican Peso	7,591,158	45,645
New Zealand Dollar	6,904,745	7,334
Norwegian Krone	28,480,115	(749,923)
Polish Zloty	4,073,641	(58,497)
Pound Sterling	170,396,933	(7,912,740)
South African Rand	9,593,051	437,271
Swedish Krona	41,132,365	(1,404,574)
Swiss Franc	1,280,000	(15,900)
	<u>393,211,390</u>	<u>(8,458,001)</u>

Contracts to Sell:

Australian Dollar	49,525,397	(482,892)
Brazil Real	11,300,846	(948,726)
Canadian Dollar	2,220,342	(12,853)
Danish Krone	30,845	206
Euro Currency Unit	39,729,791	162,858
Japanese Yen	13,006,558	(181,284)
Mexican Peso	19,339,936	83,913
New Zealand Dollar	91,611,571	(1,600,477)
Norwegian Krone	971,625	(13,074)
Polish Zloty	2,897,366	26,494
Pound Sterling	27,181,214	617,386
South African Rand	2,425,573	(169,344)
Swedish Krona	5,270,649	133,742
	<u>265,511,713</u>	<u>(2,384,051)</u>
Grand total	<u>\$ 658,723,103</u>	<u>\$ (10,842,052)</u>

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 658,723,103	\$ 658,723,103	\$ -
Unrealized Gain/Loss	(8,458,001)	(2,384,051)	(10,842,052)
Net	<u>\$ 650,265,102</u>	<u>\$ 661,107,154</u>	<u>\$ (10,842,052)</u>

Emerging Market Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Brazil Real	\$ 12,814,021	\$ 611,289
Euro Currency Unit	18,962,176	(182,629)
Hungarian Forint	4,224,000	(182,886)
Malaysian Ringgit	3,340,186	37,108
Peruvian Sol	5,181,875	66,653
Romanian Leu	10,270,587	(275,101)
Russian Ruble (New)	1,359,018	57,771
South African Rand	5,117,473	230,434
Thailand Baht	7,526,230	20,732
	<u>68,795,566</u>	<u>383,371</u>

Contracts to Sell:

Brazil Real	24,209,073	(1,942,861)
Colombian Peso	1,382,285	(35,625)
Euro Currency Unit	28,296,464	228,878
Indonesian Rupiah	3,466,958	(21,767)
Mexican Peso	4,441,589	(70,512)
Polish Zloty	7,823,880	(157,521)

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Russian Ruble (New)	5,660,600	(201,522)
South African Rand	20,764,575	(914,460)
Thailand Baht	4,642,856	(40,484)
Turkish Lira	2,437,801	(31,813)
	<u>103,126,081</u>	<u>(3,187,687)</u>
Total	<u>\$ 171,921,647</u>	<u>\$ (2,804,316)</u>

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 171,921,647	\$ 171,921,647	\$ -
Unrealized Gain/Loss	383,371	(3,187,687)	(2,804,316)
Net	<u>\$ 172,305,018</u>	<u>\$ 175,109,334</u>	<u>\$ (2,804,316)</u>

High Yield Debt Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Euro Currency Unit	\$ 2,952,707	\$ (14,406)
Pound Sterling	4,160,271	(63,712)
	<u>7,112,978</u>	<u>(78,118)</u>
Contracts to Sell:		
Euro Currency Unit	4,837,782	17,626
Pound Sterling	7,457,332	341,216
	<u>12,295,114</u>	<u>358,842</u>
Grand total	<u>\$ 19,408,092</u>	<u>\$ 280,724</u>

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 19,408,092	\$ 19,408,092	\$ -
Unrealized Gain/Loss	(78,118)	358,842	280,724
Net	<u>\$ 19,329,974</u>	<u>\$ 19,049,250</u>	<u>\$ 280,724</u>

Developed Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	\$ 498,452,262	\$ 14,915,319
Brazil Real	1,923,032	17,293
Canadian Dollar	469,281,563	(185,304)
Danish Krone	21,021,850	(153,511)
Euro Currency Unit	920,256,990	(3,819,082)
Hong Kong Dollar	9,832,230	7,670
Israeli Shekel	9,776,990	(41,817)
Japanese Yen	443,948,466	29,288,960
New Zealand Dollar	309,595,438	12,509,320
Norwegian Krone	571,644,460	(2,941,580)
Pound Sterling	461,411,069	(25,074,473)
Singapore Dollar	145,046,652	1,435,041
Swedish Krona	463,733,106	(8,370,329)
Swiss Franc	84,792,591	1,565,630
	<u>\$ 4,410,716,699</u>	<u>\$ 19,153,137</u>

Contracts to Sell:

Australian Dollar	821,066,042	(18,066,256)
Brazil Real	3,136	(28)
Canadian Dollar	445,427,286	647,030
Danish Krone	45,433,488	221,146
Euro Currency Unit	1,357,944,730	9,062,900
Hong Kong Dollar	78,113,438	(77,739)
Israeli Shekel	8,322,355	18,232
Japanese Yen	699,923,548	(43,363,067)
New Zealand Dollar	423,199,979	(15,383,941)
Norwegian Krone	592,438,119	2,931,912
Pound Sterling	686,202,974	53,762,806
Singapore Dollar	462,675,629	(9,014,139)
Swedish Krona	662,952,198	11,770,215
Swiss Franc	302,676,625	(5,031,571)
	<u>6,586,379,547</u>	<u>(12,522,500)</u>
Total	<u>\$ 10,997,096,246</u>	<u>\$ 6,630,637</u>

COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$10,997,096,246	\$ 10,997,096,246	\$ -
Unrealized Gain/Loss	19,153,137	(12,522,500)	6,630,637
Net	<u>\$11,016,249,383</u>	<u>\$ 11,009,618,746</u>	<u>\$ 6,630,637</u>

Emerging Market International Stock Fund:

Local Currency Name	Value	Unrealized Gain/(Loss)
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Contracts to Buy:

Indonesian Rupiah	\$ 492,484	\$ (1,998)
South Korean Won	1,434,450	(4,793)
	<u>\$ 1,926,934</u>	<u>\$ (6,791)</u>

Contracts to Sell:

Brazil Real	531,949	(8,291)
Philippines Peso	142,751	80
Polish Zloty	2,963,207	(13,234)
South African Rand	4,485,530	(97,182)
South Korean Won	1,159,565	444
Thailand Baht	13,424	(32)
	<u>9,296,426</u>	<u>(118,215)</u>
Grand total	<u>\$ 11,223,360</u>	<u>\$ (125,006)</u>

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	\$ 11,223,360	\$ 11,223,360	\$ -
Unrealized Gain/Loss	(6,791)	(118,215)	(125,006)
Net	<u>\$ 11,216,569</u>	<u>\$ 11,341,575</u>	<u>\$ (125,006)</u>

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

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment, Real Estate, Alternative Investment, Core Fixed Income and High Yield Investment Funds have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Commitments at June 30, 2016, were as follows:

	Total	Cumulative Amounts	Unfunded
CIF	Commitment	Funded	Commitment
Real Estate	\$3,219,135,546	\$2,816,816,496	\$402,319,050
Private Investment	5,950,202,680	5,035,683,351	914,519,329
Alternative Investment	1,730,000,000	1,652,587,072	77,412,928
Core Fixed Income	550,000,000	550,000,000	-
High Yield	150,000,000	104,897,585	45,102,415

Certain Private Investment Funds allow the General Partner to recycle distributions without a reduction in unfunded commitments and accordingly have no impact upon the above amounts. Capital recycling is a tool frequently used by investment managers to fully invest the committed capital in portfolio investments. Since fees and expenses are a component of a General Partner's total capital commitments, capital recycling generally allows managers to: (i) mitigate the impact of fees and expenses and (ii) increase the possibility that limited partner capital is invested in portfolio companies. Recycling provisions allow managers to recall capital distributions if certain criteria are met. The use of recycling provisions varies by manager but generally limits capital recycling to a range between 0% and 20% of total commitments. As a result the actual commitment could be as much as 120% of the stated commitment amount.

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: CONTINGENCY

A limited partnership in the PIF invested \$15 million in a portfolio company that reported double digit revenue growth. In 2005, the General Partner initiated a sales process expecting to realize significant gain. Lack of cooperation from management challenged the sale process, resulting in legal action from the partnership and other investors in the portfolio company to force a sale. This process uncovered serious financial irregularities in the portfolio company, resulting in the removal and criminal investigation of the CEO and other senior managers. The portfolio company is currently in bankruptcy. In July 2008, the Bankruptcy Court approved the portfolio company's plan of liquidation. A liquidation trustee was appointed to oversee further liquidation efforts, including investigation and pursuit of potential litigation claims. The liquidation trustee has filed law suits or arbitration proceedings against certain parties, including the bank that issued the credit facility, the investment bank, an equipment manufacturer, accounting firms, and a law firm, among others. In January 2009, the liquidation trustee entered into a settlement agreement with the General Partner, exchanging mutual releases for the GP, the fund and its investors. Additionally, the settlement agreement provides for a sharing of recovery from further prosecution of the matter, including any settlement reached with the insurance carrier. Recoveries are anticipated to be quite modest, if at all. In 2009, the bank has filed a motion under seal which, if granted, may permit the bank to reduce any liability to the liquidation trustee by the proportionate amount that it can attribute to either the minority shareholders (including the fund). The liquidating trustee has prepared a motion to close out the bankruptcy case, which was heard on November 19, 2015. The bankruptcy was closed on November 20, 2015. No further recoveries from or related to Le-Natures' are expected.

NOTE 8: SUBSEQUENT EVENT

The CRPTF has performed an evaluation of subsequent events through December 30, 2016, the date the basic financial statements were available to be issued. No material events were identified.

NOTE 9: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2016:

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND
Investments in Securities, at Cost					
Liquidity Fund	\$ -	\$107,804,633	\$78,283,907	\$95,296,949	\$41,390,642
Cash Equivalents	83,124,000	-	-	-	447,437
Asset Backed Securities	113,496,094	-	-	40,825,819	417,438
Government Securities	516,755,304	-	-	487,410,010	1,288,936,764
Government Agency Securities	158,588,892	-	-	474,104,007	-
Mortgage Backed Securities	140,330,851	-	-	261,915,911	-
Corporate Debt	910,333,889	-	-	509,875,152	7,437,124
Convertible Securities	-	-	-	-	-
Common Stock	-	-	4,418,883,202	-	-
Preferred Stock	-	-	-	3,207,304	-
Real Estate Investment Trust	-	-	180,674,009	19,389,182	-
Business Development Corp	-	-	-	-	-
Mutual Fund	73,144,499	-	-	-	-
Limited Liability Corporation	-	-	-	-	-
Trusts	-	-	-	-	-
Limited Partnerships	-	1,598,156,411	3,188,575	550,000,000	-
Partnerships	-	-	-	-	-
Annuities	-	-	-	-	-
Total Investments in Securities, at cost	\$1,995,773,529	\$1,705,961,044	\$4,681,029,693	\$2,442,024,334	\$1,338,629,405

COMBINED INVESTMENT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

EMERGING MARKET DEBT FUND	HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
\$40,634,007	\$80,562,150	\$116,015,528	\$88,154,230	\$142,263,113	\$83	\$168,164,892
2,610,000	(330,000)	(8,371,379)	-	-	-	-
-	-	-	-	-	-	-
788,216,141	26,509,301	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
108,185,237	1,577,986,814	-	-	-	-	-
-	51,159,801	-	-	-	-	-
395,023	13,176,036	4,744,853,436	2,077,558,132	-	-	38,401
-	10,898,312	14,706,653	34,791,950	-	-	-
-	40,300,588	74,113,941	356,581	-	-	-
-	104,897,585	-	-	-	-	-
580,014,799	-	1,977,184	104,484,985	-	-	-
-	-	-	-	-	-	1,432,734
-	-	-	-	1,441,633	-	-
57,069,345	-	-	-	1,797,298,913	-	2,137,008,093
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,577,124,552	\$ 1,905,160,587	\$ 4,943,295,363	\$ 2,305,345,878	\$ 1,941,003,659	\$ 83	\$ 2,306,644,120

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	HIGH YIELD DEBT					DEVELOPED MARKET INTERNATIONAL				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Net Position- Beginning of Period	\$138.05	\$139.80	\$125.63	\$121.79	\$122.95	\$463.22	\$460.14	\$378.32	\$314.31	\$366.79
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	\$8.72	\$8.06	\$7.86	\$8.37	\$9.22	\$11.50	\$11.36	\$13.40	\$10.35	\$9.49
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	\$(8.96)	\$(9.81)	\$7.30	\$2.22	\$(1.87)	\$(44.37)	\$(8.28)	\$70.75	\$60.42	\$(54.79)
Total from Investment Operations	\$(0.24)	\$(1.75)	\$15.16	\$10.59	\$7.35	\$(32.87)	\$3.08	\$84.15	\$70.77	\$(45.30)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	\$-	\$-	\$(0.99)	\$(6.75)	\$(8.51)	\$-	\$-	\$(2.33)	\$(6.76)	\$(7.18)
Net Position - End of Period	\$137.81	\$138.05	\$139.80	\$125.63	\$121.79	\$430.35	\$463.22	\$460.14	\$378.32	\$314.31
TOTAL RETURN	-0.31%	-1.31%	12.24%	8.46%	6.23%	-7.09%	0.67%	22.31%	22.56%	-12.48%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$1,823	\$1,774	\$1,588	\$1,248	\$711	\$5,224	\$5,909	\$6,135	\$5,447	\$4,626
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.35%	0.33%	0.35%	0.36%	0.38%	0.43%	0.40%	0.40%	0.43%	0.45%
Ratio of Expenses to Average Net Position	0.39%	0.34%	0.36%	0.39%	0.41%	0.43%	0.41%	0.40%	0.45%	0.47%
Ratio of Net Investment Income (Loss) to Average Net Position	6.32%	5.80%	5.91%	6.07%	7.54%	2.57%	2.46%	3.17%	3.02%	2.79%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	EMERGING MARKET INTERNATIONAL STOCK					REAL ESTATE				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Net Position- Beginning of Period	\$369.61	\$397.12	\$358.76	\$351.61	\$416.41	\$46.27	\$39.48	\$36.46	\$35.21	\$33.72
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	\$6.59	\$8.22	\$6.81	\$6.36	\$9.28	\$1.66	\$1.59	\$(0.97)	\$2.04	\$0.89
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	\$(33.01)	\$(35.73)	\$34.08	\$5.57	\$(67.82)	\$2.69	\$5.20	\$4.84	\$1.55	\$1.51
Total from Investment Operations	\$(26.42)	\$(27.51)	\$40.89	\$11.93	\$(58.54)	\$4.35	\$6.79	\$3.87	\$3.59	\$2.40
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	\$-	\$-	\$(2.53)	\$(4.78)	\$(6.26)	\$-	\$-	\$(0.85)	\$(2.34)	\$(0.91)
Net Position - End of Period	\$343.19	\$369.61	\$397.12	\$358.76	\$351.61	\$50.62	\$46.27	\$39.48	\$36.46	\$35.21
TOTAL RETURN	-7.15%	-6.93%	11.50%	3.29%	-14.16%	11.51%	12.93%	10.66%	10.26%	7.19%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$2,483	\$2,473	\$2,655	\$2,369	\$2,227	\$2,207	\$1,918	\$1,510	\$1,482	\$1,328
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	0.64%	0.70%	0.69%	0.84%	0.72%	0.42%	0.39%	0.55%	0.35%	0.33%
Ratio of Expenses to Average Net Position	0.66%	0.71%	0.70%	0.85%	0.73%	0.42%	0.39%	0.55%	0.35%	0.33%
Ratio of Net Investment Income (Loss) to Average Net Position	1.85%	2.15%	1.81%	1.78%	2.42%	3.42%	3.77%	-2.50%	5.56%	2.59%

FISCAL YEAR ENDED JUNE 30, PER SHARE DATA	COMMERCIAL MORTGAGE					PRIVATE INVESTMENT				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Net Position- Beginning of Period	\$33.54	\$33.45	\$30.36	\$40.34	\$46.54	\$65.13	\$54.72	\$48.06	\$49.83	\$51.00
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	\$(5.53)	\$0.71	\$5.47	\$5.59	\$2.47	\$0.46	\$1.31	\$4.72	\$5.51	\$4.09
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	\$(13.02)	\$(0.62)	\$(2.38)	\$(7.62)	\$(5.34)	\$4.21	\$9.10	\$2.79	\$(1.23)	\$(1.24)
Total from Investment Operations	\$(18.55)	\$0.09	\$3.09	\$(2.03)	\$(2.87)	\$4.67	\$10.41	\$7.51	\$4.28	\$2.85
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	\$-	\$-	\$-	\$(7.95)	\$(3.33)	\$-	\$-	\$(0.85)	\$(6.05)	\$(4.02)
Net Position - End of Period	\$14.99	\$33.54	\$33.45	\$30.36	\$40.34	\$69.80	\$65.13	\$54.72	\$48.06	\$49.83
TOTAL RETURN	N/A(1)	0.25%	10.17%	0.88%	-6.48%	8.87%	14.04%	16.06%	9.50%	5.92%

RATIOS										
Net Position - End of Period (\$000,000 Omitted)	\$-	\$-	\$-	\$-	\$1	\$2,770	\$2,895	\$2,919	\$2,550	\$2,572
Ratio of Expenses to Average Net Position (excl. sec. lending fees & rebates)	N/A ⁽¹⁾	0.01%	0.00%	6.26%	1.65%	0.19%	0.17%	0.22%	0.29%	0.36%
Ratio of Expenses to Average Net Position	N/A ⁽¹⁾	0.01%	0.00%	6.26%	1.65%	0.19%	0.17%	0.22%	0.29%	0.36%
Ratio of Net Investment Income (Loss) to Average Net Position	N/A ⁽¹⁾	2.12%	16.41%	7.11%	5.64%	0.68%	2.25%	9.21%	11.23%	8.09%

(1) Investments in Commercial Mortgage Fund were redeemed by plan participants. Ending Net Asset Value at June 30, 2016 was less than \$100. No percentages were calculated due to the immaterial amounts.

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>June 30, 2016</u>
ASSETS	
Investment in Securities, at Amortized Cost (Note 7)	\$ 4,897,441,250
Accrued Interest and Other Receivables	7,151,078
Prepaid Assets	176,229
Total Assets	<u>\$ 4,904,768,557</u>
LIABILITIES	
Distribution Payable	1,759,674
Total Liabilities	<u>\$ 1,759,674</u>
NET POSITION HELD IN TRUST FOR PARTICIPANTS (includes reserve)	<u>\$ 4,903,008,883</u>

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

**STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Operations		
Interest Income	\$ 17,129,452	\$ 8,597,184
Net Investment Income	17,129,452	8,597,184
Net Realized Gains	4,970	3,889
Net Increase Resulting from Operations	<u>17,134,422</u>	<u>8,601,073</u>
Share Transactions at Fair Value of \$1.00 per Share		
Purchase of Units	<u>11,391,879,786</u>	<u>13,390,562,799</u>
TOTAL ADDITIONS	<u>11,409,014,208</u>	<u>13,399,163,872</u>
 DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants*	<u>(14,303,163)</u>	<u>(6,535,117)</u>
Total Distributions Paid and Payable	(14,303,163)	(6,535,117)
Share Transactions at Fair Value of \$1.00 per Share		
Redemption of Units	(11,527,319,864)	(12,564,386,893)
Operations		
Operating Expenses	<u>(1,927,193)</u>	<u>(2,030,966)</u>
TOTAL DEDUCTIONS	<u>(11,543,550,220)</u>	<u>(12,572,952,976)</u>
 CHANGE IN NET POSITION	 (134,536,012)	 826,210,896
 Net Position Held in Trust for Participants		
Beginning of Year	\$ 5,037,544,895	\$ 4,211,333,999
End of Year	<u>\$ 4,903,008,883</u>	<u>\$ 5,037,544,895</u>

* Net of designated reserve transfer contributions and expenses.

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Short-Term Investment Fund (“STIF” or the “Fund”) is a money market investment pool managed by the Treasurer of the State of Connecticut. Section 3-27 of the Connecticut General Statutes (CGS) created STIF. Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. Securities in which the State Treasurer is authorized to invest monies of STIF include United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers’ acceptances, repurchase agreements, and asset-backed securities. STIF is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State’s financial reporting entity) is not displayed in the State’s basic financial statements. Instead, each fund type’s investment in STIF is reported as “cash equivalents” in the Statement of Net Position. The external portion (i.e., the portion that belongs to investors which are not part of the State’s financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

The Fund is considered a “2a7-like” pool and reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that is consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use amortized cost to report net assets.

Related Party Transactions.

STIF had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles (“GAAP”) used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

Security Valuation of Financial Instruments

The assets of the Fund are carried at amortized cost (which approximates fair value). All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses

Operating and interest expenses are accounted for on an accrual basis.

Fiscal Year

The fiscal year of STIF ends on June 30.

Distributions to Investors

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of the Fund net of administrative expenses and, if applicable, an allocation to the Designated Surplus Reserve. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at a constant \$1.00 net

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

asset value per share, which is consistent with the per share net asset value of the Fund, excluding the Designated Surplus Reserve.

Designated Surplus Reserve

While STIF is managed prudently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured. In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. The amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year until the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participants with Units Outstanding.

As of June 30, 2016, the balance in the Designated Surplus Reserve was \$51,388,270 which reflects \$904 thousand in contributions during the year.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT DISCLOSURES

A formal investment policy (as adopted August 21, 1996, revised June 16, 2008 and April 17, 2009) specifies policies and guidelines that provide for the systematic management of STIF and prudent and productive investment of funds. All securities of STIF are registered under the Bank of New York Mellon nominee name, MAC & Co.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF's deposits may not be recovered. The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of total assets with a ten-business-day cure period. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A- and its issuer rating is at least "C", or backed by a letter of credit issued by a Federal Home Loan bank.

Deposits in banks are insured up to \$250,000 (as of June 30, 2016), any amount above this limit is considered uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to at least ten percent of the outstanding deposit. As of fiscal year-end, deposit instruments in the Short-Term Investment Fund totaled \$1,880,000,000. Of that amount, \$957,025,000 was exposed to custodial credit risk representing the portion that was uninsured, uncollateralized or not backed by a letter of credit. Each of the deposit instruments had put options that would allow STIF to redeem the investments within one to seven business days.

Uninsured Bank Amounts

<u>Bank Deposits</u>	<u>Amount</u>	<u>Uninsured / Uncollateralized</u>
BB&T	\$225,000,000	\$224,750,000
BANK OF TOKYO-MITS	30,000,000	30,000,000
CITIZENS BANK	225,000,000	
DZ BANK	100,000,000	100,000,000
FEDERALLY INSURED CUST ACCT	100,000,000	
PEOPLES UNITED BANK	225,000,000	
SANTANDER BANK	225,000,000	
SVENSKA HANDELSBANKEN	225,000,000	225,000,000
SUMITOMO BANK	175,000,000	175,000,000
TD BANK	225,000,000	202,275,000
WEBSTER BANK	125,000,000	
TOTAL	\$1,880,000,000	\$957,025,000

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in the general level of interest rates will adversely affect the fair value of an investment. The STIF's policy for managing interest rate risk is to limit investments to a very short weighted average maturity, not to exceed 90-days, and to comply with Standard and Poor's requirement that the weighted average maturity not exceed 60 days. The weighted-average maturity is calculated daily and reported to Standard and Poor's weekly to ensure compliance. As of June 30, 2016 the weighted average maturity of the STIF was 40 days. The breakdown of the STIF's maturity profile is outlined below.

<u>Investments</u>	<u>Amortized Cost</u>	<u>Investment Maturity in Years</u>	
		<u>Less than One</u>	<u>One - Five</u>
Deposit Instruments			
Fixed	\$1,880,000,000	\$1,880,000,000	\$ -
Federal Agency Securities			
Fixed	1,062,917,423	1,052,917,423	10,000,000
Floaters	885,244,760	885,244,760	-
Bank Commercial Paper	225,000,000	225,000,000	-
Commercial Paper	174,747,035	174,747,035	-
U.S. Government	29,000,000	29,000,000	-
Government Money Market Funds	190,532,033	190,532,033	-
Repurchase Agreements	450,000,000	450,000,000	-
Total	<u>\$4,897,441,250</u>	<u>\$4,887,441,250</u>	<u>\$10,000,000</u>

Additionally, STIF is allowed by policy to invest in floating-rate debt securities. Further, investment in floating-rate securities with maturities greater than two years is limited to no more than 25 percent of the overall portfolio. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities reset frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF portfolio held \$885 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

Pursuant to the Investment Policy Statement, investment credit risk and concentration of credit risk of debt securities will be managed as follows:

- The STIF will purchase short-term, high-quality fixed income securities as allowed by CGS 3-27c - 3-27e and further defined within Connecticut State Treasurer's Short-Term Investment Fund Investment Policy, Standard & Poor's AAAM Principal Stability Fund Guidelines and the Governmental Accounting Standards Board Statement Number 79. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO").
- The STIF will perform a fundamental credit analysis to develop and approve a database of issuers that meet the fund's standard for minimal credit risk. The STIF will monitor the credit risks of all portfolio securities on an ongoing basis by reviewing the financial data, issuer news and developments, and ratings of designated NRSROs.
- The STIF generally will comply with the following diversification limitations that are additional to those set forth in SEC Rule 2a-7, GASB Statement Number 79 and Standard & Poor's AAAM Principal Stability Fund Guidelines. First, at least 75 percent of fund assets will be invested in securities rated "A-1+" or equivalent. Second, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAM) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 10%.

The STIF's credit quality ratings were as follows at June 30, 2016:

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Credit Quality Rating	Amortized Cost	Percentage of Amortized Cost
AAAm	\$190,532,033	3.89%
AA / A-1+	1,149,747,035	23.48%
A / A-1	680,000,000	13.88%
A-2	800,000,000	16.34%
Federal Agency and U.S. Govt / Govt Guaranteed Securities	1,977,162,182	40.37%
Not Rated	100,000,000	2.04%
Total	\$4,897,441,250	100%

*A-2 securities are backed by irrevocable standby letters of credit provided by federal home loan banks. N/R securities are federally insured custodial account securities.

As of June 30, 2016, the table below lists issuers with concentrations of greater than 5 percent.

Issuer	Fair Value	Percent of Total Portfolio
FEDERAL FARM CREDIT	\$736,351,178	15.0%
FEDERAL HOME LOAN BANK	670,439,411	13.7%
FANNIE MAE	297,108,110	6.1%
MERRILL LYNCH REPO	250,000,000	5.1%
FREDDIE MAC	244,720,487	5.0%

NOTE 4: CUSTODIAN

BNY Mellon was appointed as custodian for STIF effective December 9, 2013. STIF pays a percentage of the approximate \$275,000 custodial fee charged to the Short-Term Investment Unit. This percentage is calculated quarterly by determining the STIF size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF is managed and administered by employees of the Office of the Treasurer. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: DISTRIBUTIONS TO INVESTORS

The components of the distributions to investors are as follows for the income earned during the twelve months ended:

Distributions:	2016	2015
July	\$673,376	\$550,845
August	664,417	551,303
September	766,461	519,748
October	624,944	536,039
November	815,409	529,685
December	1,129,298	548,778
January	1,560,619	536,230
February	1,585,420	503,800
March	1,707,678	577,432
April	1,539,998	538,179
May	1,475,869	570,928
June (Payable at June 30)	1,759,674	572,149
Total Distribution Paid & Payable	\$14,303,163	\$6,535,117

SHORT-TERM INVESTMENT FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2016:

<u>Investment</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Deposit Instruments	\$1,880,000,000	\$1,880,000,000
Federal Agency Securities	1,062,917,423	1,063,462,127
Floaters	885,244,760	885,157,059
Bank Commercial Paper	225,000,000	225,000,000
Commercial Paper	174,747,035	174,751,656
U.S. Government	29,000,000	29,094,259
Government Money Market Funds	190,532,033	190,532,033
Repurchase Agreements	450,000,000	450,000,000
Total	<u>\$4,897,441,250</u>	<u>\$4,897,997,134</u>

Repurchase agreements are agreements to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. They are used to enhance returns with minimal risk on overnight cash deposits of the Fund. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York and commercial banks that meet certain quality standards. All repurchase agreements are collateralized at between 100 percent and 102 percent of the securities' value. As of fiscal year end, STIF held \$450 million in repurchase agreements.

In response to changes to SEC rule 2a7 and in an effort to enhance comparability of financial statements among governments the Government Accounting Standards Board (GASB) issued GASB Statement No. 79 Certain External Investment Pools and Pool Participants, effective December 15, 2015. Statement 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. STIF is in compliance with GASB Statement No. 79 and has elected to measure its investments on an amortized cost basis.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 requires that all derivatives be reported on the Statement of Net Position and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2016, STIF held adjustable-rate U.S. government agency securities whose interest rates vary directly with short-term money market indices and are reset either daily, weekly, monthly or quarterly. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar risks as fixed-rate securities from the same issuers.

SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8: CREDIT RATING OF THE FUND

Throughout the year ended June 30, 2016, STIF was rated AAAM, its highest rating, by Standard and Poor's Corporation ("S&P"). In November 2015, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAM rating and has continued to maintain this high rating throughout the current fiscal year. In order to maintain an AAAM rating, STIF adheres to the following guidelines:

- Weekly portfolio and market value calculations;
- Maintenance of credit quality standards for portfolio securities with at least 50% of such securities rated A-1+ or invested in overnight repurchase agreements with dealers or banks rated A-1;
- Ensuring adequate portfolio diversification standards with no more than 5% of the portfolio invested in an individual security and no more than 10% invested in an individual issuer, with a ten-business-day cure period, excluding one and two day repurchase agreements and U.S. government agency securities; and
- A limit on the overall portfolio weighted average maturity (currently no more than 60 days).

It is the Treasurer's intention to take any and all such actions as are needed from time to time to maintain the AAAM rating.

NOTE 9: SUBSEQUENT EVENTS

The Fund management has evaluated the events and transactions that have occurred through December 30, 2016, the date the basic financial statements were available to be issued. There were no subsequent events identified related to the Short-Term Investment Fund that could have a material impact on the Short-Term Investment Fund's financial statements.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2016

Par Value ⁽¹⁾	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Credit Quality	CUSIP
FEDERAL AGENCY SECURITIES (39.78% OF TOTAL INVESTMENTS)						
\$ 1,781,000	FANNIE MAE 0.375 7/5/2016	0.38	\$ 1,781,000	\$ 1,780,998	AA+	3135G0XP3
2,200,000	FANNIE MAE 0.375 7/5/2016	0.35	2,200,007	2,199,998	AA+	3135G0XP3
15,000,000	FANNIE MAE 5.375 7/15/2016	0.43	15,028,287	15,029,055	AA+	31359MS61
7,364,000	FANNIE MAE 5.375 7/15/2016	0.32	7,378,243	7,378,264	AA+	31359MS61
1,000,000	FANNIE MAE 0.625 8/26/2016	0.46	1,000,257	1,000,227	AA+	3135G0YE7
5,000,000	FANNIE MAE 0.625 8/26/2016	0.47	5,001,205	5,001,135	AA+	3135G0YE7
10,000,000	FANNIE MAE 0.625 8/26/2016	0.36	10,004,035	10,002,270	AA+	3135G0YE7
3,160,000	FANNIE MAE 0.625 8/26/2016	0.37	3,161,250	3,160,717	AA+	3135G0YE7
2,987,000	FANNIE MAE 0.625 8/26/2016	0.61	2,987,073	2,987,678	AA+	3135G0YE7
2,185,000	FANNIE MAE 0.625 8/26/2016	0.73	2,184,646	2,185,496	AA+	3135G0YE7
8,416,000	FANNIE MAE 5.25 9/15/2016	0.49	8,498,876	8,499,007	AA+	31359MW41
10,000,000	FANNIE MAE 5.25 9/15/2016	0.54	10,097,447	10,098,630	AA+	31359MW41
1,012,000	FANNIE MAE 5.25 9/15/2016	0.56	1,021,817	1,021,981	AA+	31359MW41
10,009,000	FANNIE MAE 5.25 9/15/2016	0.44	10,108,537	10,107,719	AA+	31359MW41
10,000,000	FANNIE MAE 5.25 9/15/2016	0.65	10,094,891	10,098,630	AA+	31359MW41
5,000,000	FANNIE MAE 5.25 9/15/2016	0.68	5,047,168	5,049,315	AA+	31359MW41
5,000,000	FANNIE MAE 5.25 9/15/2016	0.76	5,046,339	5,049,315	AA+	31359MW41
8,428,000	FANNIE MAE 5.25 9/15/2016	0.77	8,505,966	8,511,125	AA+	31359MW41
7,500,000	FANNIE MAE 0.625 9/26/2016	0.45	7,503,165	7,502,663	AA+	3135G0VX8
1,572,000	FANNIE MAE 1.25 9/28/2016	0.48	1,574,927	1,575,114	AA+	3135G0CM3
2,657,000	FANNIE MAE 1.25 9/28/2016	0.56	2,661,453	2,662,264	AA+	3135G0CM3
2,631,000	FANNIE MAE 1.25 9/28/2016	0.48	2,635,930	2,636,212	AA+	3135G0CM3
10,000,000	FANNIE MAE 1.25 9/28/2016	0.39	10,020,918	10,019,810	AA+	3135G0CM3
5,000,000	FANNIE MAE 1.25 9/28/2016	0.74	5,006,170	5,009,905	AA+	3135G0CM3
2,000,000	FANNIE MAE 1.25 9/28/2016	0.58	2,003,230	2,003,962	AA+	3135G0CM3
5,975,000	FANNIE MAE 1.25 9/28/2016	0.46	5,986,321	5,986,836	AA+	3135G0CM3
2,745,000	FANNIE MAE 1.375 11/15/2016	0.78	2,751,065	2,754,459	AA+	3135G0ES8
1,000,000	FANNIE MAE 0.625 11/28/2016	0.57	1,000,222	1,000,681	AA+	3136G07E5
10,000,000	FANNIE MAE 4.875 12/15/2016	0.58	10,195,231	10,200,460	AA+	31359M2D4
10,000,000	FANNIE MAE 5.00 2/13/2017	0.71	10,264,423	10,277,800	AA+	31359M4D2
5,581,000	FANNIE MAE 5.00 2/13/2017	0.73	5,727,893	5,736,040	AA+	31359M4D2
15,710,000	FANNIE MAE 5.00 2/13/2017	0.72	16,125,072	16,146,424	AA+	31359M4D2
5,000,000	FANNIE MAE 0.75 4/20/2017	0.66	5,003,652	5,010,100	AA+	3135G0ZB2
4,000,000	FANNIE MAE 5.00 5/11/2017	0.66	4,148,758	4,151,444	AA+	31359M7X5
1,427,000	FANNIE MAE 5.00 5/11/2017	0.66	1,480,024	1,481,028	AA+	31359M7X5
6,411,000	FANNIE MAE 5.375 6/12/2017	0.68	6,694,955	6,695,873	AA+	31398ADM1
1,088,000	FANNIE MAE 5.375 6/12/2017	0.67	1,136,341	1,136,345	AA+	31398ADM1
5,000,000	FANNIE MAE VAR 7/3/2016	0.73	5,001,561	5,004,140	AA+	3136FTBZ1
17,000,000	FANNIE MAE VAR 7/5/2016	0.47	16,972,011	16,978,699	AA+	3135G0F57
25,000,000	FANNIE MAE VAR 7/16/2016	0.45	24,997,154	24,983,000	AA+	3135G0F24
4,000,000	FANNIE MAE VAR 7/20/2016	0.47	3,995,978	3,998,220	AA+	3135G0F81
10,000,000	FANNIE MAE VAR 7/26/2016	0.47	10,000,393	10,001,220	AA+	3135G0YQ0
25,000,000	FANNIE MAE VAR 9/20/2016	0.60	25,000,000	24,993,850	AA+	3135G0L27
15,000,000	FED FARM CREDIT 0.40 8/11/2016	0.40	15,000,000	15,002,190	AA+	3133EE4G2
5,000,000	FED FARM CREDIT 0.55 8/16/2016	0.47	5,000,487	5,001,525	AA+	3133EETK6
1,255,000	FED FARM CREDIT 0.50 8/23/2016	0.53	1,254,951	1,255,267	AA+	3133EDMB5
1,360,000	FED FARM CREDIT 5.125 8/25/2016	0.71	1,368,998	1,369,691	AA+	31331V2U9
5,250,000	FED FARM CREDIT 0.50 8/26/2016	0.41	5,250,743	5,250,509	AA+	3133EDTK8
10,000,000	FED FARM CREDIT 0.40 11/3/2016	0.44	9,998,751	9,997,750	AA+	3133EFMW4
2,000,000	FED FARM CREDIT 4.65 12/12/2016	0.78	2,034,447	2,037,236	AA+	31331GAZ2
10,000,000	FED FARM CREDIT 0.64 1/11/2017	0.64	10,000,000	10,000,230	AA+	3133EA4F2
2,300,000	FED FARM CREDIT 0.68 1/30/2017	0.68	2,300,000	2,300,076	AA+	3133EEAE0
15,000,000	FED FARM CREDIT VAR 7/1/2016	0.46	14,999,063	15,000,000	AA+	3133EEFN5
3,445,000	FED FARM CREDIT VAR 7/5/2016	0.49	3,445,644	3,444,235	AA+	3133EDMX7
25,000,000	FED FARM CREDIT VAR 7/6/2016	0.56	25,011,543	25,010,175	AA+	31331K2G4
4,600,000	FED FARM CREDIT VAR 7/10/2016	0.50	4,600,718	4,598,799	AA+	3133EDX64
16,050,000	FED FARM CREDIT VAR 7/11/2016	0.48	16,051,721	16,052,841	AA+	3133ED4J8
6,000,000	FED FARM CREDIT VAR 7/11/2016	0.47	6,000,354	6,000,858	AA+	3133EDJA1
15,000,000	FED FARM CREDIT VAR 7/13/2016	0.46	14,997,118	14,984,745	AA+	3133EFJT5
10,000,000	FED FARM CREDIT VAR 7/13/2016	0.46	9,998,124	9,989,830	AA+	3133EFJT5
3,500,000	FED FARM CREDIT VAR 7/13/2016	0.46	3,497,069	3,496,441	AA+	3133EFJT5
9,210,000	FED FARM CREDIT VAR 7/17/2016	0.48	9,191,500	9,196,443	AA+	3133EEZM5
10,000,000	FED FARM CREDIT VAR 7/22/2016	0.48	9,977,479	9,982,170	AA+	3133EEN71
20,000,000	FED FARM CREDIT VAR 7/23/2016	0.46	19,998,050	19,995,460	AA+	3133EELD0
5,000,000	FED FARM CREDIT VAR 7/23/2016	0.60	4,999,794	5,001,490	AA+	3133EFE29

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2016 (Continued)

Par Value ⁽¹⁾	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
5,000,000	FED FARM CREDIT VAR 7/25/2016	0.59	5,001,965	5,001,185	AA+	3133EFVY0
4,000,000	FED FARM CREDIT VAR 7/27/2016	0.51	4,000,933	4,000,404	AA+	3133EDFW7
4,500,000	FED FARM CREDIT VAR 7/27/2016	0.51	4,501,054	4,500,455	AA+	3133EDFW7
25,000,000	FED FARM CREDIT VAR 7/29/2016	0.48	25,001,423	24,992,925	AA+	3133EDZW5
10,000,000	FED FARM CREDIT VAR 7/30/2016	0.47	9,998,815	10,000,620	AA+	3133EEGU8
5,000,000	FED FARM CREDIT VAR 7/30/2016	0.53	4,988,854	4,987,435	AA+	3133EE5C0
10,000,000	FED FARM CREDIT VAR 8/1/2016	0.68	9,997,608	10,005,680	AA+	3133EFWZ6
5,000,000	FED FARM CREDIT VAR 8/1/2016	0.68	5,006,794	5,002,840	AA+	3133EFWZ6
15,000,000	FED FARM CREDIT VAR 8/6/2016	0.60	14,989,371	14,997,930	AA+	3133EEMX5
17,800,000	FED FARM CREDIT VAR 8/7/2016	0.55	17,800,637	17,805,571	AA+	3133ED6T4
3,000,000	FED FARM CREDIT VAR 8/7/2016	0.55	2,999,356	3,000,939	AA+	3133ED6T4
15,000,000	FED FARM CREDIT VAR 8/20/2016	0.51	14,965,359	14,961,195	AA+	3133EE7B0
15,000,000	FED FARM CREDIT VAR 8/20/2016	0.51	14,965,376	14,961,195	AA+	3133EE7B0
10,000,000	FED FARM CREDIT VAR 8/22/2016	0.44	9,981,105	9,988,640	AA+	3133EE4L1
15,000,000	FED FARM CREDIT VAR 8/22/2016	0.44	14,971,594	14,982,960	AA+	3133EE4L1
10,000,000	FED FARM CREDIT VAR 8/22/2016	0.44	9,981,078	9,988,640	AA+	3133EE4L1
10,000,000	FED FARM CREDIT VAR 8/23/2016	0.50	9,995,184	10,001,390	AA+	3133EFQE0
25,000,000	FED FARM CREDIT VAR 8/30/2016	0.65	25,000,000	25,016,300	AA+	3133EFV4
20,000,000	FED FARM CREDIT VAR 9/9/2016	0.52	19,933,774	19,965,780	AA+	3133EEV80
3,100,000	FED FARM CREDIT VAR 9/19/2016	0.46	3,097,801	3,099,706	AA+	3133EDT85
10,000,000	FED FARM CREDIT VAR 9/24/2016	0.52	9,997,785	9,999,690	AA+	3133EFEX1
2,390,000	FED FARM CREDIT VAR 9/26/2016	0.59	2,387,154	2,388,552	AA+	3133EEUZ1
10,000,000	FED FARM CREDIT VAR 9/26/2016	0.59	10,004,317	9,993,940	AA+	3133EEUZ1
5,000,000	FED FARM CREDIT VAR 7/5/2016	0.49	5,001,666	4,998,890	AA+	3133EDMX7
6,015,000	FED FARM CREDIT VAR 7/5/2016	0.49	6,015,455	6,013,665	AA+	3133EDMX7
25,000,000	FED FARM CREDIT VAR 7/13/2016	0.48	25,010,526	24,994,125	AA+	3133EEHV5
11,500,000	FED FARM CREDIT VAR 7/13/2016	0.50	11,508,392	11,495,768	AA+	3133EEPS3
25,000,000	FED FARM CREDIT VAR 7/13/2016	0.50	25,012,261	24,990,800	AA+	3133EEPS3
1,000,000	FED FARM CREDIT VAR 7/13/2016	0.50	1,000,488	999,632	AA+	3133EEPS3
15,000,000	FED FARM CREDIT VAR 7/14/2016	0.47	15,000,778	15,002,235	AA+	3133EDH21
25,000,000	FED FARM CREDIT VAR 7/20/2016	0.48	25,007,341	24,993,350	AA+	3133EECD0
8,000,000	FED FARM CREDIT VAR 7/20/2016	0.48	7,992,981	7,997,872	AA+	3133EECD0
10,000,000	FED FARM CREDIT VAR 7/20/2016	0.48	9,990,671	9,997,340	AA+	3133EECD0
25,000,000	FED FARM CREDIT VAR 7/24/2016	0.45	25,002,142	24,982,675	AA+	3133EEZX1
25,000,000	FED FARM CREDIT VAR 7/25/2016	0.44	24,995,327	24,971,100	AA+	3133EE2E9
4,500,000	FED FARM CREDIT VAR 7/29/2016	0.50	4,500,209	4,500,356	AA+	3133EDEE8
4,000,000	FED FARM CREDIT VAR 7/29/2016	0.50	4,002,346	3,998,124	AA+	3133EDTT9
17,400,000	FED FARM CREDIT VAR 7/29/2016	0.50	17,410,205	17,391,839	AA+	3133EDTT9
25,000,000	FED FARM CREDIT VAR 8/21/2016	0.47	24,966,166	24,963,875	AA+	3133EFAL1
3,200,000	FED FARM CREDIT VAR 9/1/2016	0.54	3,191,973	3,192,874	AA+	3133EEQ78
10,000,000	FED FARM CREDIT VAR 9/13/2016	0.62	9,998,049	9,996,090	AA+	3133EGER2
4,200,000	FED FARM CREDIT VAR 9/14/2016	0.73	4,207,910	4,206,825	AA+	3133EFSD0
2,057,000	FED FARM CREDIT VAR 9/19/2016	0.53	2,057,479	2,057,341	AA+	3133ED2E1
15,000,000	FED FARM CREDIT VAR 9/19/2016	0.44	14,999,502	14,999,490	AA+	3133EDNQ1
10,000,000	FED FARM CREDIT VAR 9/19/2016	0.44	9,999,556	9,999,660	AA+	3133EDNQ1
15,000,000	FED FARM CREDIT DISCOUNT NOTE 8/15/2016	0.47	14,991,375	14,995,320	AA+	313312C24
15,000,000	FED HOME LOAN BANK 0.375 7/20/2016	0.38	15,000,000	15,000,540	AA+	3130A5YF0
15,000,000	FED HOME LOAN BANK 0.375 7/21/2016	0.41	14,999,745	15,000,810	AA+	3130A5ZM4
20,000,000	FED HOME LOAN BANK 0.375 7/22/2016	0.40	19,999,729	20,001,020	AA+	3130A5ZX0
8,000,000	FED HOME LOAN BANK 0.375 8/4/2016	0.60	7,998,340	8,001,216	AA+	3130A66Q5
3,560,000	FED HOME LOAN BANK 0.375 8/18/2016	0.47	3,559,571	3,560,281	AA+	3130A6CU9
5,000,000	FED HOME LOAN BANK 0.625 10/14/2016	0.51	5,001,675	5,002,825	AA+	3130A3CE2
10,000,000	FED HOME LOAN BANK 5.125 10/19/2016	0.65	10,133,820	10,141,930	AA+	3133XHK68
15,000,000	FED HOME LOAN BANK 0.375 10/21/2016	0.40	14,999,031	14,999,115	AA+	3130A6NS2
5,000,000	FED HOME LOAN BANK 0.625 11/23/2016	0.54	5,001,725	5,002,685	AA+	3130A3J70
10,000,000	FED HOME LOAN BANK 0.625 11/23/2016	0.66	9,998,509	10,005,370	AA+	3130A3J70
8,740,000	FED HOME LOAN BANK 0.625 11/23/2016	0.61	8,740,433	8,744,693	AA+	3130A3J70
7,150,000	FED HOME LOAN BANK 1.625 12/9/2016	0.83	7,174,707	7,185,671	AA+	313371PV2
10,000,000	FED HOME LOAN BANK 1.625 12/9/2016	0.83	10,034,556	10,049,890	AA+	313371PV2
10,000,000	FED HOME LOAN BANK 1.625 12/9/2016	0.68	10,041,213	10,049,890	AA+	313371PV2
15,000,000	FED HOME LOAN BANK 1.625 12/9/2016	0.56	15,070,045	15,074,835	AA+	313371PV2
3,500,000	FED HOME LOAN BANK 0.65 12/12/2016	0.54	3,501,741	3,503,227	AA+	3130A3PC2
2,940,000	FED HOME LOAN BANK 0.625 12/28/2016	0.57	2,940,814	2,942,290	AA+	3130A0C65
1,245,000	FED HOME LOAN BANK 0.625 4/20/2017	0.71	1,244,166	1,246,226	AA+	3130A7TL9
15,000,000	FED HOME LOAN BANK 0.625 4/20/2017	0.76	14,983,797	15,014,775	AA+	3130A7TL9
3,075,000	FED HOME LOAN BANK 0.625 5/9/2017	0.66	3,074,130	3,077,832	AA+	3130A7ZG3

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2016 (Continued)

Par Value ⁽¹⁾	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
10,000,000	FED HOME LOAN BANK 0.875 5/24/2017	0.64	10,020,728	10,027,120	AA+	3130A1NN4
6,100,000	FED HOME LOAN BANK 0.625 5/30/2017	0.63	6,099,941	6,102,818	AA+	3130A5EP0
2,000,000	FED HOME LOAN BANK 0.75 7/18/2016	0.38	2,000,341	2,000,406	AA+	313383R78
250,000	FED HOME LOAN BANK 0.53 8/11/2016	0.47	250,017	250,080	AA+	3130A46Y3
10,000,000	FED HOME LOAN BANK 0.46 8/19/2016	0.49	9,999,591	10,002,150	AA+	3130A7CH6
10,000,000	FED HOME LOAN BANK 0.46 8/19/2016	0.50	9,999,524	10,002,150	AA+	3130A7CH6
20,000,000	FED HOME LOAN BANK 0.50 8/19/2016	0.54	19,999,050	20,005,540	AA+	3130A7AF2
20,000,000	FED HOME LOAN BANK 0.47 8/26/2016	0.51	19,998,909	20,004,700	AA+	3130A7ED3
4,785,000	FED HOME LOAN BANK 5.375 9/9/2016	0.45	4,829,900	4,829,917	AA+	3133XGJA3
2,000,000	FED HOME LOAN BANK 5.375 9/9/2016	0.71	2,017,721	2,018,774	AA+	3133XGJA3
20,000,000	FED HOME LOAN BANK 0.51 9/9/2016	0.51	20,000,000	20,005,220	AA+	3130A6BD8
5,000,000	FED HOME LOAN BANK 0.51 9/9/2016	0.40	5,000,000	5,001,305	AA+	3130A6BD8
4,100,000	FED HOME LOAN BANK 3.75 9/9/2016	0.55	4,124,993	4,126,162	AA+	3133XUKV4
7,500,000	FED HOME LOAN BANK 3.75 9/9/2016	0.55	7,545,755	7,547,858	AA+	3133XUKV4
4,040,000	FED HOME LOAN BANK 2.00 9/9/2016	0.49	4,051,582	4,052,245	AA+	313370TW8
3,405,000	FED HOME LOAN BANK 2.00 9/9/2016	0.72	3,413,300	3,415,321	AA+	313370TW8
1,000,000	FED HOME LOAN BANK 2.00 9/9/2016	0.76	1,002,346	1,003,031	AA+	313370TW8
4,575,000	FED HOME LOAN BANK 2.00 9/9/2016	0.69	4,588,405	4,588,867	AA+	313370TW8
5,000,000	FED HOME LOAN BANK 2.00 9/9/2016	0.68	5,012,555	5,015,155	AA+	313370TW8
9,950,000	FED HOME LOAN BANK 2.00 9/9/2016	0.54	9,977,614	9,980,158	AA+	313370TW8
1,000,000	FED HOME LOAN BANK 2.00 9/9/2016	0.56	1,002,730	1,003,031	AA+	313370TW8
1,300,000	FED HOME LOAN BANK 0.60 9/26/2016	0.47	1,300,410	1,300,993	AA+	3130A1BV9
2,915,000	FED HOME LOAN BANK 0.50 9/28/2016	0.48	2,915,133	2,916,125	AA+	3130A2T97
1,005,000	FED HOME LOAN BANK 0.50 9/28/2016	0.56	1,004,858	1,005,388	AA+	3130A2T97
2,475,000	FED HOME LOAN BANK 0.50 9/28/2016	0.47	2,475,198	2,475,955	AA+	3130A2T97
25,000,000	FED HOME LOAN BANK 0.50 9/28/2016	0.39	25,006,864	25,009,650	AA+	3130A2T97
2,425,000	FED HOME LOAN BANK 0.50 9/28/2016	0.69	2,423,878	2,425,936	AA+	3130A2T97
10,000,000	FED HOME LOAN BANK 0.50 9/28/2016	0.71	9,994,880	10,003,860	AA+	3130A2T97
10,000,000	FED HOME LOAN BANK 0.50 9/28/2016	0.54	9,999,087	10,003,860	AA+	3130A2T97
3,385,000	FED HOME LOAN BANK 0.50 9/28/2016	0.56	3,384,504	3,386,307	AA+	3130A2T97
1,000,000	FED HOME LOAN BANK 0.50 10/17/2016	0.66	999,533	1,000,338	AA+	3130A3CW2
10,000,000	FED HOME LOAN BANK 0.40 10/28/2016	0.40	10,000,000	9,999,650	AA+	3130A6PZ4
5,000,000	FED HOME LOAN BANK 3.50 12/9/2016	0.81	5,058,872	5,067,055	AA+	3133XVRJ2
4,400,000	FED HOME LOAN BANK 4.75 12/16/2016	0.76	4,480,142	4,485,386	AA+	3133XHJK1
2,300,000	FED HOME LOAN BANK 4.75 12/16/2016	0.70	2,342,587	2,344,634	AA+	3133XHJK1
10,000,000	FED HOME LOAN BANK 4.75 12/16/2016	0.66	10,186,942	10,194,060	AA+	3133XHJK1
5,000,000	FED HOME LOAN BANK 4.75 12/16/2016	0.67	5,093,354	5,097,030	AA+	3133XHJK1
9,350,000	FED HOME LOAN BANK 0.70 12/29/2016	0.65	9,352,244	9,360,089	AA+	3130A2XK7
15,000,000	FED HOME LOAN BANK 0.54 1/26/2017	0.59	14,995,681	15,009,885	AA+	3130A7VB8
10,000,000	FED HOME LOAN BANK 0.72 2/17/2017	0.72	10,000,000	10,003,040	AA+	3130A7BY0
4,395,000	FED HOME LOAN BANK 4.875 5/17/2017	0.66	4,556,682	4,560,133	AA+	3133XKQX6
15,000,000	FED HOME LOAN BANK 4.875 5/17/2017	0.78	15,535,606	15,563,595	AA+	3133XKQX6
15,000,000	FED HOME LOAN BANK 4.875 5/17/2017	0.65	15,553,600	15,563,595	AA+	3133XKQX6
3,080,000	FED HOME LOAN BANK 0.70 5/18/2017	0.70	3,080,000	3,081,870	AA+	3130A7U60
15,000,000	FED HOME LOAN BANK 0.75 5/25/2017	0.75	15,000,000	15,008,370	AA+	3130A7WA9
2,000,000	FED HOME LOAN BANK 0.82 6/12/2017	0.72	2,001,880	2,005,102	AA+	3130A5PC7
1,850,000	FED HOME LOAN BANK 1.00 6/21/2017	0.70	1,855,414	1,857,209	AA+	313379DD8
1,715,000	FED HOME LOAN BANK 5.50 8/15/2016	0.69	1,725,128	1,725,818	AA+	3133MJQF0
7,125,000	FED HOME LOAN BANK 2.00 9/9/201	0.55	7,144,568	7,146,596	AA+	313370TW8
10,000,000	FED HOME LOAN BANK 2.00 9/9/201	0.55	10,027,434	10,030,310	AA+	313370TW8
1,500,000	FED HOME LOAN BANK 5.00 12/9/2016	0.70	1,528,251	1,530,000	AA+	3133XHVS8
10,000,000	FED HOME LOAN BANK 0.75 7/20/2017	0.75	10,000,000	10,008,920	AA+	3130A8L35
5,070,000	FED HOME LOAN BANK VAR 7/17/2016	0.54	5,069,350	5,070,847	AA+	313376T88
20,000,000	FED HOME LOAN BANK VAR 7/21/2016	0.44	20,000,000	19,980,520	AA+	3130A6C54
20,000,000	FED HOME LOAN BANK VAR 7/25/2016	0.45	20,001,138	19,982,340	AA+	3130A6DC8
15,000,000	FED HOME LOAN BANK VAR 8/22/2016	0.65	15,001,196	15,007,350	AA+	3130A7DE2
10,000,000	FED HOME LOAN BANK VAR 8/25/2016	0.64	10,000,664	10,006,920	AA+	3130A7EC5
10,000,000	FED HOME LOAN BANK VAR 9/8/2016	0.66	10,000,515	10,003,360	AA+	3130A7G90
10,000,000	FED HOME LOAN BANK VAR 9/8/2016	0.66	10,001,049	10,003,360	AA+	3130A7G90
10,000,000	FED HOME LOAN BANK DISCOUNT NOTE 7/1/2016	0.61	10,000,000	10,000,000	AA+	313384YV5
6,680,000	FED HOME LOAN BANK DISCOUNT NOTE 2/21/2017	0.54	6,656,889	6,660,815	AA+	313385CD6
10,000,000	FED HOME LOAN BANK DISCOUNT NOTE 3/24/2017	0.56	9,959,731	9,966,010	AA+	313385DL7
5,000,000	FREDDIE MAC 5.50 7/18/2016	0.40	5,011,803	5,012,400	AA+	3137EAAG4
10,000,000	FREDDIE MAC 5.50 7/18/2016	0.40	10,023,639	10,024,800	AA+	3137EAAG4
3,021,000	FREDDIE MAC 5.50 7/18/2016	0.42	3,028,117	3,028,492	AA+	3137EAAG4
7,549,000	FREDDIE MAC 2.00 8/25/2016	0.42	7,566,868	7,566,657	AA+	3137EACW7

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2016 (Continued)

Par Value ⁽¹⁾	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
1,420,000	FREDDIE MAC 2.00 8/25/2016	0.46	1,423,283	1,423,321	AA+	3137EACW7
6,158,000	FREDDIE MAC 2.00 8/25/2016	0.53	6,171,562	6,172,404	AA+	3137EACW7
2,625,000	FREDDIE MAC 2.00 8/25/2016	0.37	2,631,431	2,631,140	AA+	3137EACW7
5,000,000	FREDDIE MAC 2.00 8/25/2016	0.56	5,010,823	5,011,695	AA+	3137EACW7
5,000,000	FREDDIE MAC 2.00 8/25/2016	0.56	5,010,781	5,011,695	AA+	3137EACW7
4,235,000	FREDDIE MAC 2.00 8/25/2016	0.61	4,243,830	4,244,906	AA+	3137EACW7
3,862,000	FREDDIE MAC 2.00 8/25/2016	0.61	3,870,052	3,871,033	AA+	3137EACW7
5,735,000	FREDDIE MAC 2.00 8/25/2016	0.70	5,746,229	5,748,414	AA+	3137EACW7
5,000,000	FREDDIE MAC 2.00 8/25/2016	0.65	5,010,147	5,011,695	AA+	3137EACW7
1,603,000	FREDDIE MAC 2.00 8/25/2016	0.54	1,606,517	1,606,749	AA+	3137EACW7
4,927,000	FREDDIE MAC 2.00 8/25/2016	0.45	4,938,486	4,938,524	AA+	3137EACW7
9,202,000	FREDDIE MAC 0.875 10/14/2016	0.72	9,205,942	9,213,723	AA+	3137EADS5
9,000,000	FREDDIE MAC 0.875 10/14/2016	0.59	9,007,441	9,011,466	AA+	3137EADS5
4,000,000	FREDDIE MAC 5.35 11/1/2016	0.67	4,062,682	4,065,316	AA+	3128X2RE7
2,000,000	FREDDIE MAC 0.625 12/5/2016	0.55	2,000,604	2,002,722	AA+	3134G3Z37
20,000,000	FREDDIE MAC 5.00 2/16/2017	0.77	20,528,628	20,563,100	AA+	3137EAAM1
7,129,000	FREDDIE MAC 0.875 2/22/2017	0.70	7,137,208	7,146,031	AA+	3137EADT3
3,300,000	FREDDIE MAC 1.00 3/8/2017	0.76	3,305,426	3,310,821	AA+	3137EADC0
4,500,000	FREDDIE MAC 1.00 3/8/2017	0.62	4,511,766	4,514,756	AA+	3137EADC0
2,000,000	FREDDIE MAC 1.00 3/8/2017	0.63	2,005,093	2,006,558	AA+	3137EADC0
14,852,000	FREDDIE MAC 1.00 3/8/2017	0.68	14,884,500	14,900,700	AA+	3137EADC0
1,689,000	FREDDIE MAC 1.25 5/12/2017	0.65	1,697,754	1,698,713	AA+	3137EADF3
11,295,000	FREDDIE MAC 1.25 5/12/2017	0.79	11,339,861	11,359,958	AA+	3137EADF3
20,000,000	FREDDIE MAC 1.25 5/12/2017	0.67	20,099,435	20,115,020	AA+	3137EADF3
1,123,000	FREDDIE MAC 1.25 5/12/2017	0.63	1,129,014	1,129,458	AA+	3137EADF3
10,300,000	FREDDIE MAC 1.25 5/12/2017	0.61	10,357,022	10,359,235	AA+	3137EADF3
10,000,000	FREDDIE MAC 5.50 7/18/2016	0.42	10,023,578	10,024,800	AA+	3137EAAG4
15,000,000	FREDDIE MAC VAR 7/12/2016	0.44	14,999,327	14,998,770	AA+	3134G5UB9
15,000,000	FREDDIE MAC VAR 7/27/2016	0.49	14,997,490	14,998,770	AA+	3134G75N7
10,000,000	FREDDIE MAC VAR 9/8/2016	0.68	10,000,000	10,004,310	AA+	3134G8PF0
2,000,000	FREDDIE MAC DISCOUNT NOTE 4/3/2017	0.58	1,991,260	1,992,334	AA+	313397DW8
\$1,942,881,000			\$ 1,948,162,182	\$ 1,948,619,186		
U. S. GOVERNMENT GUARANTEED (0.59% OF TOTAL INVESTMENTS)						
\$ 12,000,000	OVERSEAS PRI INV 0.87 11/18/2016	0.87	\$ 12,000,000	\$ 12,062,064	AA+	690353J99
10,000,000	OVERSEAS PRI INV 1.01 3/17/2017	1.01	10,000,000	10,018,930	AA+	690353M20
7,000,000	OVERSEAS PRI INV 0.82 4/30/2017	0.82	7,000,000	7,013,265	AA+	690353M95
\$ 29,000,000			\$ 29,000,000	\$ 29,094,259		
REPURCHASE AGREEMENTS (9.19% OF TOTAL INVESTMENTS)						
\$ 250,000,000	MERRILL LYNCH REPO 0.35 7/1/2016	0.35	\$ 250,000,000	\$ 250,000,000	A-1	N/A
200,000,000	RBC CAPITAL MAR REPO 0.35 7/1/2016	0.35	200,000,000	200,000,000	A-1+	N/A
\$ 450,000,000			\$ 450,000,000	\$ 450,000,000		
DEPOSIT INSTRUMENTS (38.39% OF TOTAL INVESTMENTS)						
\$ 225,000,000	BB&T COMPANY 0.58 7/1/2016 ⁽²⁾	0.58	\$ 225,000,000	\$ 225,000,000	A-1	N/A
30,000,000	BANK OF TOKYO MITS 0.39 7/5/2016	0.39	30,000,000	30,000,000	A-1	N/A
225,000,000	CITIZENS BANK PA 0.43 7/1/2016 ⁽²⁾⁽⁸⁾	0.43	225,000,000	225,000,000	A-2	N/A
100,000,000	DZ BANK 0.27 7/1/2016	0.27	100,000,000	100,000,000	A-1+	N/A
100,000,000	FED INSURED CUST ACCT 0.35 7/1/2016 ⁽²⁾	0.35	100,000,000	100,000,000	N/R	N/A
225,000,000	PEOPLES UNITED BANK 0.43 7/1/2016 ⁽²⁾⁽⁸⁾	0.43	225,000,000	225,000,000	A-2	N/A
225,000,000	SANTANDER BANK NA 0.43 7/1/2016 ⁽²⁾⁽⁸⁾	0.43	225,000,000	225,000,000	A-2	N/A
175,000,000	SUMITOMO BANK 0.53 7/1/2016 ⁽²⁾	0.53	175,000,000	175,000,000	A-1	N/A
225,000,000	SVENSKA HANDELSBANK 0.29 7/1/2016	0.29	225,000,000	225,000,000	A-1+	N/A
50,000,000	TD BANK, NA 0.48 7/1/2016 ⁽²⁾	0.48	50,000,000	50,000,000	A-1+	N/A
50,000,000	TD BANK, NA 0.48 7/1/2016 ⁽²⁾	0.48	50,000,000	50,000,000	A-1+	N/A
25,000,000	TD BANK, NA 0.54 7/1/2016 ⁽²⁾	0.54	25,000,000	25,000,000	A-1+	N/A
50,000,000	TD BANK, NA 0.40 7/1/2016 ⁽²⁾	0.40	50,000,000	50,000,000	A-1+	N/A
50,000,000	TD BANK, NA 0.50 7/1/2016 ⁽²⁾	0.50	50,000,000	50,000,000	A-1+	N/A
125,000,000	WEBSTER BANK 0.43 7/1/2016 ⁽³⁾⁽⁸⁾	0.43	125,000,000	125,000,000	A-2	N/A
\$1,880,000,000			\$ 1,880,000,000	\$ 1,880,000,000		

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2016 (Continued)

Par Value ⁽¹⁾	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost ⁽¹⁾	Fair Value ⁽¹⁾	Asset ID	Quality Rating
BANK COMMERCIAL PAPER (4.59% OF TOTAL INVESTMENTS)						
\$ 225,000,000	US BANK 0.37 7/1/2016 (2)	0.37	\$ 225,000,000	\$ 225,000,000	A-1+	N/A
\$ 225,000,000			\$ 225,000,000	\$ 225,000,000		
COMMERCIAL PAPER (3.57% OF TOTAL INVESTMENTS)						
\$ 50,000,000	NATIONAL SEC CLEARING CORP 0.39 7/8/2016	0.40	\$ 49,996,208	\$ 49,996,000	A-1+	63763PG86
50,000,000	NATIONAL SEC CLEARING CORP 0.39 7/8/2016	0.40	49,996,208	49,996,000	A-1+	63763PG86
25,000,000	TOYOTA MOTOR CREDIT CORP 0.71 10/28/2016	0.73	24,941,326	24,941,500	A-1+	89233GKU9
25,000,000	TOYOTA MOTOR CREDIT CORP 0.79 11/28/2016	0.81	24,917,708	24,919,781	A-1+	89233GLU8
25,000,000	TOYOTA MOTOR CREDIT CORP 0.84 12/27/2016	0.86	24,895,583	24,898,375	A-1+	89233GMT0
\$ 175,000,000			\$ 174,747,035	\$ 174,751,656		
GOVERNMENT MONEY MARKET FUND (3.89% OF TOTAL INVESTMENTS)						
\$ 190,532,033	WESTERN ASSET MGMT GOVT FUND 0.30 7/1/2016	0.30	\$ 190,532,033	\$ 190,532,033	AAAM	N/A
\$ 190,532,033			\$ 190,532,033	\$ 190,532,033		
\$4,892,413,033			\$ 4,897,441,250	\$ 4,897,997,134		

Fund Net Asset Value = \$1.010 per unit ⁽⁴⁾

Effective 7-Day Net Yield = 0.45% ⁽⁵⁾

Effective 7-Day Gross Yield = 0.48%

WAM^(R) = 40 Days ⁽⁶⁾

WAM^(F) = 104 Days ⁽⁷⁾

- (1) Securities rounded to the nearest dollar.
- (2) Issue has a daily put option, and thus is calculated as 1 day for WAL and WAM purposes.
- (3) Issue has a two day or a weekly put option, and thus is calculated as 2, 6 or 7 day for WAL and WAM purposes.
- (4) Includes designated surplus reserve.
- (5) Includes approximately 4 basis points of expenses and a 10 basis point contribution to the designated surplus reserve each day the size of the reserve is less than one percent of the size of the Short-Term Investment Fund.
- (6) Weighted average maturity to the next reset date.
- (7) Weighted average maturity to final maturity date.
- (8) Peoples United Bank, Citizens Bank PA, Santander Bank and Webster Bank deposits are backed by irrevocable standby letter of credit provided by the Federal Home Loan Banks of Boston and Pittsburg guaranteeing principal and interest amount.

SHORT-TERM INVESTMENT FUND
SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
STIF Total Rate of Return (%)	0.29	0.15	0.14	0.16	0.16	0.23	0.34	1.49	4.13	5.54
MFR Index (%)⁽¹⁾	0.15	0.03	0.02	0.05	0.05	0.08	0.09	1.30	4.07	5.14
Total Net Position in STIF, End of Period (\$ - Millions)	4,903	5,038	4,211	4,477	4,894	4,494	4,582	4,548	5,054	5,004
Percent of State Assets in Fund	82	84	83	83	83	84	84	81	83	80
Number of Participant Accounts in Composite, End of Year⁽²⁾										
State Treasury	52	53	58	67	52	52	51	47	39	47
Municipal and Local Entities	541	551	475	685	674	660	656	608	637	578
State Agencies and Authorities	330	335	341	428	429	417	416	367	418	406
Total	923	939	874	1,180	1,155	1,129	1,123	1,022	1,094	1,031

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. These Index rates have been taken from published sources.

(2) As of January 2014 and going forward, inactive accounts were closed and only active accounts containing balances were included in the total number of participant accounts.

SHORT-TERM INVESTMENT FUND
SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages™ (MFR) Index(%)⁽¹⁾	FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages™ (MFR) Index(%)⁽¹⁾
2016			2011		
Sep-15	0.04	0.01	Sep-10	0.06	0.03
Dec-15	0.05	0.02	Dec-10	0.06	0.02
Mar-16	0.10	0.06	Mar-11	0.06	0.02
Jun-16	0.09	0.06	Jun-11	0.05	0.01
YEAR	0.29	0.15	YEAR	0.23	0.08
2015			2010		
Sep-14	0.04	0.005	Sep-09	0.11	0.04
Dec-14	0.04	0.005	Dec-09	0.09	0.02
Mar-15	0.04	0.01	Mar-10	0.06	0.01
Jun-15	0.03	0.01	Jun-10	0.06	0.02
YEAR	0.15	0.03	YEAR	0.34	0.09
2014			2009		
Sep-13	0.03	0.005	Sep-08	0.58	0.58
Dec-13	0.03	0.005	Dec-08	0.47	0.45
Mar-14	0.04	0.005	Mar-09	0.26	0.17
Jun-14	0.04	0.005	Jun-09	0.16	0.09
YEAR	0.14	0.02	YEAR	1.49	1.30
2013			2008		
Sep-12	0.05	0.02	Sep-07	1.34	1.27
Dec-12	0.05	0.02	Dec-07	1.24	1.19
Mar-13	0.03	0.01	Mar-08	0.90	0.92
Jun-13	0.03	0.01	Jun-08	0.59	0.62
YEAR	0.16	0.05	YEAR	4.13	4.07
2012			2007		
Sep-11	0.04	0.01	Sep-06	1.36	1.26
Dec-11	0.06	0.01	Dec-06	1.38	1.26
Mar-12	0.03	0.02	Mar-07	1.33	1.26
Jun-12	0.03	0.02	Jun-07	1.36	1.26
YEAR	0.16	0.05	YEAR	5.54	5.14

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. These Index rates have been taken from published sources.

CALCULATION OF RATES OF RETURN

STIF uses a time-weighted linked rate of return formula to calculate rates of return. Other methods may produce different results and the results for individual participants and different periods may vary. The current rates of return may not be indicative of future rates of return.

The time-weighted linked rate of return formula used by STIF is as follows: Monthly returns are calculated by taking the sum of daily income earned on an accrual basis, after deduction for all operating expenses and a transfer to the Designated Surplus Reserve, divided by the average daily participant balance for the month.

The rates of return presented herein are those earned by the Fund during the periods presented as described above.

CIVIL LIST PENSION AND TRUST FUNDS

**SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines Fund	Arts Endowment Fund	Police & Firemen's Survivor's Fund
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Receivable	956,121	487,166	83,935	3,286	7,227	20	2,170	728	1,097
Interest in Investment Funds	15,584,564,214	10,636,702,645	2,212,023,198	87,267,503	189,678,051	1,545,656	72,322,129	18,958,582	28,587,494
Total Cash and Investments	\$15,585,520,335	\$10,637,189,811	\$2,212,107,133	\$87,270,789	\$189,685,278	\$1,545,676	\$72,324,299	\$18,959,310	\$28,588,591
Schedule of Activity:									
Cash and Investments at July 1, 2015	\$16,226,414,547	\$10,737,789,852	\$2,219,357,263	\$89,890,558	\$191,136,729	\$1,522,963	\$73,031,783	\$19,043,403	\$28,350,782
Shares Purchased (Excluding Liquidity Fund)	258,000,000	270,000,000	116,696,067	3,482,803	9,498,992	74,631	2,229,817	607,160	1,752,597
Shares Redeemed (Excluding Liquidity Fund)	(689,007,835)	(300,005,550)	(137,277,391)	(6,689,077)	(12,271,982)	(48,794)	(3,333,782)	(974,834)	(1,636,713)
Net Purchase and Redemptions of Liquidity Fund	(183,145,455)	(66,527,029)	(3,768,106)	(104,003)	(64,339)	46	(769,804)	(11,850)	(43,182)
Net Investment Income	8,268,710	3,967,421	650,571	24,538	54,670	205	19,170	5,777	8,701
Realized Gain (Loss) from Sale of Investments	232,435,313	140,997,009	24,648,181	1,451,665	1,956,387	10,537	774,000	133,694	296,031
Change in Unrealized Gain/(Loss) on Investment Funds	(259,494,323)	(145,253,859)	(7,587,185)	(762,606)	(573,812)	(13,716)	391,363	161,407	(131,436)
Increase (Decrease) in Receivables - Net ⁽¹⁾	318,088	189,388	38,304	1,449	3,303	9	922	330	512
Distributions	(8,268,710)	(3,967,421)	(650,571)	(24,538)	(54,670)	(205)	(19,170)	(5,777)	(8,701)
Cash and Investments at June 30, 2016	\$15,585,520,335	\$10,637,189,811	\$2,212,107,133	\$87,270,789	\$189,685,278	\$1,545,676	\$72,324,299	\$18,959,310	\$28,588,591

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

(1) Reflects timing differences in the recognition of income by the Plans.

NON-CIVIL LIST TRUST FUNDS

FINANCIAL STATEMENTS

JUNE 30, 2016

	SCHOOL FUND	AGRICUL- TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	OPEB FUND
STATEMENT OF NET POSITION, at Fair Value						
ASSETS						
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & Dividends Receivable	413	-	94	44	136	7,077
Investments in Combined Investment Funds, at Fair Value	11,039,724	662,613	2,447,813	1,151,268	3,533,357	395,435,514
Total Assets	\$11,040,137	\$662,613	\$2,447,907	\$1,151,312	\$3,533,493	\$395,442,591
LIABILITIES & NET POSITION						
Due to Other Funds	\$85,527	\$13,877	\$49,363	\$23,929	\$ -	\$ -
Fund Balance	10,954,610	648,736	2,398,544	1,127,383	3,533,493	395,442,591
Total Liabilities & Fund Balance	\$11,040,137	\$662,613	\$2,447,907	\$1,151,312	\$3,533,493	\$395,442,591

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF REVENUE AND EXPENDITURES

REVENUE						
Net Investment Income	\$2,966	\$7	\$738	\$346	\$1,069	\$83,968
Realized Gain on Investments	150,444	1,213	32,883	14,646	31,362	121,268
Change in Unrealized Gain (Loss) on Investments	28,999	21,065	6,463	3,860	25,695	7,275,578
Increase (Decrease) in Liquidity Fund Income Receivables - ⁽¹⁾	181	-	42	22	64	4,668
Total Revenue	\$182,590	\$22,285	\$40,126	\$18,874	\$58,190	\$7,485,482
EXPENDITURES						
Excess of Revenue over Expenditures	\$182,590	\$22,285	\$40,126	\$18,874	\$58,190	\$7,485,482

(1) Reflects timing differences in the recognition of income by the Plans and Trusts.

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF CHANGES IN NET POSITION

Net Position at July 1, 2015	\$11,004,950	\$640,330	\$2,407,781	\$1,132,436	\$3,475,303	\$262,599,594
Excess of Revenue over Expenditures	182,590	22,285	40,126	18,874	58,190	7,485,482
Net Cash Transactions	-	-	-	-	-	-
Transfer from Other Funds	23,217	-	-	-	-	125,357,515
Transfer to Other Funds	(255,109)	(13,405)	(49,361)	(23,217)	-	-
Increase in Due to Other Funds	(1,038)	(474)	(2)	(710)	-	-
Net Position at June 30, 2016	\$10,954,610	\$648,736	\$2,398,544	\$1,127,383	\$3,533,493	\$395,442,591

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	SCHOOL FUND	AGRICUL- TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	OPEB FUND
Cash Flows from Operating Activities:						
Excess of Revenues over Expenditures	\$182,590	\$22,285	\$40,126	\$18,874	\$58,190	\$7,485,482
Realized Gain on Investments	(150,444)	(1,213)	(32,883)	(14,646)	(31,362)	(121,268)
Change in Unrealized (Gain) Loss on Investments	(28,999)	(21,065)	(6,463)	(3,860)	(25,695)	(7,275,578)
(Increase) Decrease in Liquidity Fund Income Receivables	(181)	-	(42)	(22)	(64)	(4,668)
Net Cash Provided by Operations	\$2,966	\$7	\$738	\$346	\$1,069	\$83,968
Cash Flows from Non Capital Financing Activities:						
Operating Transfers - Out to Other Funds	(255,109)	(13,405)	(49,361)	(23,217)	-	-
Operating Transfers - In from Other Funds	23,217	-	-	-	-	125,357,515
Net Cash Used for Non-Capital Financing Activities	(231,892)	(13,405)	(49,361)	(23,217)	-	125,357,515
Cash Flows from Investing Activities:						
Net Purchase and Redemptions of Liquidity Fund	6,445	(602)	1,474	695	(29)	(4,604,796)
Purchase of Investments	(293,506)	(1,000)	(84,151)	(39,471)	(132,918)	(123,546,897)
Proceeds from Sale of Investment	515,987	15,000	131,300	61,648	131,878	2,710,210
Net Cash Provided by (Used for) Investing Activities	228,926	13,398	48,623	22,872	(1,069)	(125,441,483)
Net Increase (Decrease) In Cash	-	-	-	-	-	-
Cash June 30, 2015	-	-	-	-	-	-
Cash June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS
STATEMENT OF NET POSITION, AT COST
JUNE 30, 2015

	SCHOOL FUND	AGRICUL- TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	OPEB FUND
ASSETS						
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & Dividends Receivable	413	-	94	44	136	7,077
Investments in Combined Investment Funds	8,410,513	589,582	1,864,831	891,858	2,796,870	365,195,984
Total Assets	\$8,410,926	\$589,582	\$1,864,925	\$891,902	\$2,797,006	\$365,203,061
LIABILITIES & NET POSITION						
Due to Other Funds	\$85,527	\$13,877	\$49,363	\$23,929	\$ -	\$ -
Fund Balance	8,325,399	575,705	1,815,562	867,973	2,797,006	365,203,061
Total Liabilities & Net Position	\$8,410,926	\$589,582	\$1,864,925	\$891,902	\$2,797,006	\$365,203,061

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

CIVIL AND NON-CIVIL LIST TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civil List and Non-Civil list trust funds (the "trust funds") are entrusted to the Treasurer for investment purposes. Civil List trust funds are mandated by the State Legislature and are administered by the Office of the State Comptroller. Accordingly, the presentation of the Civil List funds in the Treasurer's Annual Report (see Civil List trust funds cash and investments schedules in the Supplemental Information section of these document) is intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. The Non-Civil List Trust funds are not administered by the Office of the Comptroller. Accordingly, the financial statements presented for the Non-Civil List funds are designed to provide a full set of financial statements for the trusts' investment assets and provide the necessary detail for the respective Boards that administer these trust funds.

Significant account policies of the trust funds are as follows:

Basis of Presentation: The foregoing Non-Civil List trust fund financial statements represent the financial position, results of operations and cash flows of the investment trust assets of the funds in accordance with generally accepted accounting principles. These financial statements present all of the financial statements of the Non-Civil List funds except for the Second Injury Fund which, due to the unique nature of its operation, is presented separately in this Annual Report. The financial statements do not include a Statement of Revenue and Expenditures for the Miscellaneous Agency and Trust Funds because agency funds do not report operations. These statements were prepared on the fair value basis. A Statement of Condition on a cost basis is also presented for informational purposes.

Valuation of Combined Investment Fund Shares: All unit prices are determined at the end of each month based on the fair value of the applicable investment fund.

Expenses: The Non-Civil List trust funds are not charged with any expenses for administration of the trust funds. Investment expenses of the Combined Investment Funds are deducted in calculating net investment income.

Purchases and Redemptions of Units: Purchases and redemptions of units are generally processed on the first day of the month based on the prior month end price. Purchases represent cash that has been allocated to a particular investment fund in accordance with directions from the Treasurer's office. Redemptions represent the return of principal back to the plan. In the case of certain funds, a portion of the redemption can also include a distribution of income.

NOTE 2. STATEMENT OF CASH FLOWS

A statement of cash flows is presented for the non-expendable Non-Civil List trust funds. This presentation is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9. No such statement of cash flows is presented for the Miscellaneous Agency and Trust Funds as none is required.

NOTE 3. MISCELLANEOUS AGENCY AND TRUST FUND TRANSFERS

These transactions comprise principal and income transfers to trustees as well as transfers and expenditure payments made on their behalf. Certain of these transfers are made to the General Fund and other Civil List funds as well as various state agencies.

SECOND INJURY FUND
STATEMENT OF NET POSITION
JUNE 30, 2016 and 2015

ASSETS	<u>June 30, 2016</u>	<u>June 30, 2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$40,166,218	\$34,615,985
Receivables, net of allowance for uncollectible accounts - \$9,869,563 and \$9,493,385 respectively	7,351,768	7,726,389
Other Assets	11,082	8,138
TOTAL CURRENT ASSETS	<u>47,529,068</u>	<u>42,350,512</u>
 LIABILITIES		
Claims benefits payable	5,470,645	5,904,766
Settlement payable	958,903	1,020,975
Accounts payable and other accrued liabilities	764,321	899,638
Compensated absences	557,375	521,863
 Long-Term Liabilities:		
Accounts payable and accrued expenses	901,600	969,400
Compensated absences	280,729	274,791
TOTAL LIABILITIES	<u>8,933,573</u>	<u>9,591,433</u>
 NET POSITION		
Unrestricted	38,595,495	32,759,079
TOTAL NET POSITION	<u>\$38,595,495</u>	<u>\$32,759,079</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

OPERATING REVENUES	2016	2015
Assessment Revenues	\$39,798,731	\$40,045,171
Fund Recoveries	461,928	915,128
Other Income	<u>187,298</u>	<u>160,550</u>
TOTAL OPERATING REVENUES	<u>40,447,957</u>	<u>41,120,849</u>
OPERATING EXPENSES		
Injured Worker Benefits:		
Settlements	4,895,610	4,821,834
Indemnity Claims Benefits	16,258,782	17,542,955
Medical Claims Benefits	<u>5,391,841</u>	<u>6,046,719</u>
Total Injured Worker Benefits	<u>26,546,233</u>	<u>28,411,508</u>
Administrative Expenses	<u>8,173,427</u>	<u>7,860,208</u>
TOTAL OPERATING EXPENSES	<u>34,719,660</u>	<u>36,271,716</u>
OPERATING INCOME	<u>5,728,297</u>	<u>4,849,133</u>
NON-OPERATING INCOME		
Interest Income	<u>108,119</u>	<u>47,880</u>
Change in Net Position	<u>5,836,416</u>	<u>4,897,013</u>
NET POSITION - Beginning of Year	<u>32,759,079</u>	<u>27,862,066</u>
NET POSITION - End of Year	<u>\$38,595,495</u>	<u>\$32,759,079</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2016</u>	<u>2015</u>
SOURCE:		
Assessment revenues	\$40,049,192	\$39,476,688
Fund recoveries	461,928	915,128
Other income	187,298	160,550
Other assets	545	(5,188)
	<u>40,698,963</u>	<u>40,547,248</u>
USE:		
Injured worker benefits	(27,110,226)	(29,181,273)
Administrative expenses	(8,143,134)	(7,814,790)
	<u>(35,253,360)</u>	<u>(36,996,063)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>5,445,603</u>	 <u>3,551,185</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
SOURCE:		
Interest Income	104,630	48,376
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>104,630</u>	<u>48,376</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	 5,550,233	 3,599,561
Cash and cash equivalents, Beginning of Year	34,615,985	31,016,424
CASH AND CASH EQUIVALENTS, End of Year	<u>\$40,166,218</u>	<u>\$34,615,985</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	<u>\$ 5,728,297</u>	<u>\$ 4,849,133</u>
Adjustments to reconcile operating income to net cash:		
Decrease (increase) in assets:		
Decrease (increase) in receivables, net	374,621	236,575
Decrease (increase) in other assets	545	(5,118)
Increase (decrease) in liabilities:		
Increase (decrease) in accounts payable & accrued expenses	(699,310)	(1,546,989)
Increase (decrease) in compensated absences	41,450	17,584
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,445,603</u>	<u>\$ 3,551,185</u>

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Second Injury Fund (“SIF” or the “Fund”) is an extension of the Workers’ Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a preexisting injury or medical condition, was hurt on the job and that second injury was made “materially and substantially” worse by the preexisting injury or medical condition.

In 1995 the Connecticut General Assembly closed the Fund to new “second injury” claims sustained on or after July 1, 1995. However, the Fund continues to be liable for payment of claims which involve an uninsured or bankrupt employer and, on a pro rata basis, be liable for reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

In addition, the Fund will continue to be liable for and make payments with respect to:

- Widow and dependent death benefits
- Reimbursement for cost of living adjustments on certain claims
- Second injury claims transferred to the Fund prior to July 1999 with a date of injury prior to July 1, 1995.

For State of Connecticut financial reporting purposes, SIF is reported as an Enterprise Fund. (See Note 2)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The accompanying financial statements of SIF have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

The Fund utilizes the enterprise fund form of reporting. The reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The full accrual form of accounting is employed, and revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. GASB No. 34 has defined an enterprise fund as a governmental unit in which the pricing policies of the activity establish fees and charges designed to recover its costs.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Fund are the monies assessed to Connecticut employers for their share of the Fund’s expenses for managing workers’ compensation claims assigned to the Fund by statute.

Cash and Cash Equivalents

Cash consists of funds in bank checking accounts and deposits held by the State General Fund in the Treasury Business Office account. Cash equivalents include investments in the State of Connecticut Short-Term Investment Fund (STIF). Custodial Credit Risk for Cash and Cash Equivalents is the risk that in the event of a bank failure, the SIF deposits may not be returned to them. STIF Investment Policy ensures strong asset diversification by security type and issuer, comprised of high quality, very liquid securities with a relatively short average maturity. SIF has 97.9% of its cash invested in STIF which is rated AAAM by Standard & Poor’s Corporation (“S&P”). Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value.

Receivables, Net of Allowance for Uncollectible Accounts

The receivables balance is composed of assessment receivables and other receivables.

Assessment receivables are recorded inclusive of interest due and result from amounts billed in accordance with C.G.S. 31-354 Assessments: SIF’s primary source of revenue is from the levying of assessments against self-insured and insured Connecticut employers. Insurance carriers who insure Connecticut employers are responsible to collect the assessments from employers and submit the revenue to SIF. (See Note 3)

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Other receivables are recorded inclusive of interest due and result from amounts billed in accordance with either statute C.G.S. 31-301 or C.G.S.355.

C.G.S. 31-301, Appeal Cases, provides for the payment of indemnity (lost wages) and medical benefits to an injured worker while their claims are under appeal. Upon a decision in the appeal, the injured worker (in cases of denial of compensation), or insurer (in cases of award of compensation), must reimburse the SIF for monies expended during the appeal process. This statute was repealed with passage of P.A. 95-277 for appeals filed on injuries occurring after July 1, 1995. During fiscal years 2016 and 2015, there were no benefits paid for appeals cases.

C.G.S. 31-355, Non Compliance, mandates that SIF pay indemnity and medical benefits for injured workers whose employers fail to or are unable to pay the compensation. The most common examples of these cases involve employers who did not carry worker's compensation insurance or are bankrupt.

Appeal Cases and Non Compliance transactions are recorded as injured worker benefits when paid by the Fund. Concurrently, the Fund seeks recovery of the amounts paid from the party statutorily responsible and a receivable is established. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received.

The Fund records other receivables for penalties and citations and certain other payments made under other statutes where the Fund has a right to seek reimbursement. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received. Revenue is recorded for these receivables when cash is received.

The allowance for uncollectible account represents those amounts estimated to be uncollectible as of the balance sheet date. The Fund fully reserves for the other receivable balances. (See Note 4)

Capital Assets

The category of capital assets consists of computers and office equipment. The Fund is recording these capital assets at cost with a useful life of 5 years on a straight-line method. In the year of acquisition of the capital asset, the Fund has elected to take a half a year depreciation expense.

Claims Benefits Payable

This category of liability includes indemnity and medical benefits to injured workers as claims and widow and dependent death benefits that will not be submitted to the Fund well as reimbursements to insurance companies and self-insured employers for widow claims and dependent death benefits in addition to concurrent employment cases incurred as at the balance sheet date. The long-term portion of claims benefits payable represents an estimate of the amount of liability of as June 30, 2016 and June 30, 2015 of the concurrent employment until a year or more for reimbursement. (See Note 5)

Settlements Payable

Settlements are negotiated agreements for resolving the Fund's future exposure on injured worker claims. An accrual is made for all settlements committed as of the balance sheet date. (See Note 5)

Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities represent administrative expenses of the Fund outstanding as of June 30, 2016 and June 30, 2015 as well as assessments owed to Connecticut Workers' Compensation and other Connecticut employers. (See Note 5)

Compensated Absences

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977 can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent of sixty days. (See Note 5)

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3: ASSESSMENTS

The assessment method for carriers paying on behalf of insured employers is on an actual premium basis. The premium surcharge, which is paid by insured employers through their worker's compensation insurance carrier within 45 days of the close of a quarter, is the premium surcharge rate multiplied by the employer's "SIF's surcharge base" premium on all policies with an effective date for that quarter. "SIF's surcharge base" means direct written premium on policies prior to application of any deductible policy premium credits. The premium surcharge is set yearly based on the Fund's budgetary needs prior to the start of the fiscal year. The annual insured employers' assessment rate for the fiscal years ending June 30, 2016 and June 30, 2015 was 2.75%.

The method of assessment for self-insured employers is a quarterly billing based on the previous calendar year's paid losses. The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2016 and June 30, 2015 was 3.25%.

NOTE 4: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances:

As of June 30, 2016:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	\$ 7,742,258	\$65,234,638	\$65,606,685	\$ -	\$ 7,370,211	\$7,351,768	\$ 18,443
Non-Compliance 355	9,244,943	3,824,229	324,913	3,118,565	9,625,694	-	9,625,694
Other Receivables	232,573	140,849	145,789	2,207	225,426	-	225,426
Total Receivables	\$17,219,774	\$69,199,716	\$66,077,387	\$3,120,772	\$17,221,331	\$7,351,768	\$9,869,563

As of June 30, 2015:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	\$ 8,895,940	\$62,973,768	\$64,127,450	\$ -	\$ 7,742,258	\$7,726,389	\$ 15,869
Non-Compliance 355	8,577,168	3,951,834	775,396	2,508,663	9,244,943	-	9,244,943
Other Receivables	254,165	141,814	152,516	10,890	232,573	-	232,573
Total Receivables	\$17,727,273	\$67,067,416	\$65,055,362	\$2,519,553	\$17,219,774	\$7,726,389	\$9,493,385

NOTE 5: LIABILITIES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances:

As of June 30, 2016:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	\$6,874,166	\$21,582,823	\$22,084,744	\$6,372,245	\$5,470,645
Settlements Payable	1,020,975	4,895,610	4,957,682	958,903	958,903
Accounts Payable & Accrued Expenses	899,638	8,173,428	8,308,745	764,321	764,321
Compensated Absences	796,654	41,450	-	838,104	557,375
Total Liabilities & Compensated Absences	\$9,591,433	\$34,693,311	\$35,351,171	\$8,933,573	\$7,751,244

As of June 30, 2015:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims Benefits Payable	\$ 7,293,529	\$23,507,774	\$23,927,137	\$6,874,166	\$5,904,766
Settlements Payable	1,371,376	4,821,834	5,172,235	1,020,975	1,020,975
Accounts Payable & Accrued Expenses	1,676,863	7,860,209	8,637,434	899,638	899,638
Compensated Absences	779,071	17,583	-	796,654	521,863
Total Liabilities & Compensated Absences	\$11,120,839	\$36,207,400	\$37,736,806	\$9,591,433	\$8,347,242

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6: SETTLEMENTS

Negotiations were at various stages of completion for settlements valued and accrued. As of June 30, 2016 they were \$1 million and at June 30, 2015 were \$1 million.

NOTE 7: SUBSEQUENT EVENTS

The Fund management has evaluated the events and transactions that have occurred through December 30, 2016, the date the financial statements were available for issuance, and identified no events or transactions that have occurred requiring recognition or disclosure in the financial statements.



INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

To the Trustee of the Connecticut Higher Education Trust Program-Direct Plan:

We have audited the accompanying basic financial statements of the Connecticut Higher Education Trust - Direct Plan (the "Direct Plan"), which comprise the Statement of Fiduciary Net Position as of June 30, 2016 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Direct Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Direct Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Direct Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Higher Education Trust - Direct Plan, at June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements.

*PricewaterhouseCoopers LLP, 100 East Pratt Street, Suite 1900, Baltimore, MD 21202
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Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Direct Plan's basic financial statements. The accompanying supplemental information of the Statements of Fiduciary Net Position on pages 15 through 19, Statements of Changes in Fiduciary Net Position on pages 20 through 25 and Financial Highlights on pages 26 through 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2016 on our consideration of the Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Direct Plan's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

August 17, 2016

Note: The full independent auditors report that is covered by this opinion is available on the Office of the State Treasurer's web page.

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CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

As Plan manager of the Connecticut Higher Education Trust – Direct Plan (the “Direct Plan”), TIAA-CREF Tuition Financing, Inc. (“TFI”) offers readers of the Direct Plan’s financial statements this discussion and analysis of the financial performance for the year ended June 30, 2016. Readers should consider the information presented in this section in conjunction with the Direct Plan’s financial statements and notes to financial statements. The Direct Plan is comprised of 14 investment options (the “Options”) in which account owners (“Account Owners”) may invest.

FINANCIAL HIGHLIGHTS

During the year ended June 30, 2016, the Options within the Direct Plan posted returns as follows:

<u>Conservative Managed Allocation Option</u>		<u>Aggressive Managed Allocation Option</u>	
Ages 0-3	0.00%	Ages 0-3	(1.63)%
Ages 4-7	0.30	Ages 4-7	(0.72)
Ages 8-11	0.79	Ages 8-11	(0.28)
Ages 12-14	0.92	Ages 12-14	0.07
Ages 15-17	1.14	Ages 15-17	0.28
Ages 18 & Over	1.48	Ages 18 & Over	0.68
<u>Moderate Managed Allocation Option</u>		<u>Multi-Fund Investment Options</u>	
Ages 0-3	(0.48)%	Global Equity Index Option	(4.86)%
Ages 4-7	(0.22)	Global Tactical Asset Allocation Option	(4.42)
Ages 8-11	0.16	International Equity Index Option	(9.70)
Ages 12-14	0.64	Active Global Equity Option	(3.46)
Ages 15-17	0.79	U.S. Equity Index Option	2.00
Ages 18 & Over	0.96	High Equity Balanced Option	(1.98)
		Active Fixed-Income Option	1.17
		Social Choice Option	2.01
		Index Fixed-Income Option	5.83
		Money Market Option	0.10
		Principal Plus Interest Option	1.57

The Direct Plan received \$87.1 million in net contributions from Account Owners during the year ended June 30, 2016.

The Direct Plan earned \$49.6 million from investment income and paid out \$3.4 million for operating expenses during the year ended June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Direct Plan’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

This report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Position presents information on the Direct Plan’s assets and liabilities, with the difference between the two reported as net position as of June 30, 2016. This statement, along with all of the Direct Plan’s financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Direct Plan is finalized; subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Direct Plan’s assets changed during the most recent fiscal period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) (Continued)

The Notes to Financial Statements provides additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Direct Plan, which the State of Connecticut reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

FINANCIAL ANALYSIS

Net position - The following are condensed Statements of Fiduciary Net Position as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investments	\$2,501,382,675	\$2,416,132,720
Cash	734	1,638
Receivables	<u>3,725,916</u>	<u>2,614,117</u>
Total Assets	<u>2,505,109,325</u>	<u>2,418,748,475</u>
Payables	<u>5,390,963</u>	<u>3,196,774</u>
Total Liabilities	<u>5,390,963</u>	<u>3,196,774</u>
Total Net Position	<u>\$2,499,718,362</u>	<u>\$2,415,551,701</u>

Net position represents total contributions from Account Owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

Investments are approximately 100% of total net position, and consist of the Options, each of which invests in varying percentages in multiple TIAA-CREF Funds and/or other third-party mutual funds, or a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company to the Connecticut Higher Education Trust. Receivables consist of securities sold, contributions, and accrued income. Liabilities consist mainly of payables for securities purchased, withdrawals, and accrued expenses.

Changes in net position - The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Additions:		
Subscriptions	\$853,035,412	\$850,917,928
Investment income	49,577,969	51,671,896
Total Additions	<u>902,613,381</u>	<u>902,589,824</u>
Deductions:		
Redemptions	(765,961,569)	(756,035,841)
Direct Plan manager fee, net	(3,146,949)	(3,107,581)
Administrative fee, net	(211,892)	(207,175)
Net decrease in fair value of investments	<u>(49,126,310)</u>	<u>(19,800,342)</u>
Total Deductions	<u>(818,446,720)</u>	<u>(779,150,939)</u>
Changes in Net Position	84,166,661	123,438,885
Net position - beginning of year	<u>2,415,551,701</u>	<u>2,292,112,816</u>
Net position - end of year	<u>\$2,499,718,362</u>	<u>\$2,415,551,701</u>

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN**STATEMENT OF FIDUCIARY NET POSITION**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash	\$734	\$1,638
Investments, at value (Cost: \$2,219,975,786 and \$2,072,767,913)	2,501,382,675	2,416,132,720
Dividends and interest receivable	1,880,684	1,100,062
Receivable for securities transactions	386,540	378,170
Receivable for Direct Plan units sold	1,458,692	1,135,885
TOTAL ASSETS	<u>2,505,109,325</u>	<u>2,418,748,475</u>
LIABILITIES		
Overdraft payable	165	42,713
Accrued Direct Plan management fee	1,558,568	547,519
Accrued administrative fee	106,350	36,504
Payable for securities transactions	2,708,492	1,545,095
Payable for Direct Plan units redeemed	1,017,388	1,024,943
TOTAL LIABILITIES	<u>5,390,963</u>	<u>3,196,774</u>
NET POSITION		
Held in trust for Account Owners in the Direct Plan	<u>\$2,499,718,362</u>	<u>\$2,415,551,701</u>

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30,**

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Subscriptions	\$853,035,412	\$850,917,928
Investment Income:		
Interest	3,740,944	3,267,772
Dividends	<u>45,837,025</u>	<u>48,404,124</u>
Total investment income	49,577,969	51,671,896
Net increase (decrease) in fair value of investments	<u>(49,126,310)</u>	<u>(19,800,342)</u>
Total additions	853,487,071	882,789,482
DEDUCTIONS		
Redemptions	(765,961,569)	(756,035,841)
Direct Plan management fee	(3,146,949)	(3,107,581)
Administrative fee, net	<u>(211,892)</u>	<u>(207,175)</u>
Total deductions	(769,320,410)	(759,350,597)
Changes in Net Position	<u>84,166,661</u>	<u>123,438,885</u>
Net position – beginning of year	<u>2,415,551,701</u>	<u>2,292,112,816</u>
Net position – end of year	<u><u>\$2,499,718,362</u></u>	<u><u>\$2,415,551,701</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Connecticut Higher Education Trust - Direct Plan (the "Direct Plan") is designed to help people save for the costs of higher education. The Direct Plan is administered by the Treasurer of the State of Connecticut, as the trustee (the "Trustee") of the Connecticut Higher Education Trust (the "Trust"). The Trustee has the authority to establish, develop, implement and maintain the Direct Plan and to make and enter into contracts to service the Direct Plan. TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Trustee have entered into a management agreement ("Management Agreement") under which TFI serves as the Direct Plan manager. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code ("Code"). Investment options (the "Options" or individually "Option"), allocations and fees, as approved by the Trustee, are described in the current Disclosure Booklet for the Direct Plan.

The assets in the Principal Plus Interest Option are allocated to a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company ("TIAA Life"), an affiliate of TFI, to the Trust, as policyholder. The Funding Agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA Life.

Teachers Advisors, Inc. ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the "Funds").

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Direct Plan.

Investment income: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying mutual funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been made. The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner ("Account Owner") in the Options are represented by Direct Plan units. Subscriptions and redemptions are recorded upon receipt of Account Owner's instructions in good order, based on the next determined net position value per unit ("Unit Value"). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of the report. There are no distributions of net investment gains or net investment income to the Option's Account Owners or beneficiaries.

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any contributions to the Direct Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any withdrawals from the Direct Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets.

NOTE 2—VALUATION OF INVESTMENTS

Certain investments are valued at fair value utilizing various valuation methods. GASB establishes a hierarchy that prioritizes market inputs to fair valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Direct Plan's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Direct Plan's major categories of investments follows:

Investments in registered investment companies: These investments are valued at their published net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Funding Agreement: The Funding Agreement, to which the Principal Plus Interest Option allocates assets, is considered a nonparticipating interest-earning investment contract and is accounted for at cost. Because the Funding Agreement is valued at cost, it is not included in the fair value hierarchy.

As of June 30, 2016, 100% of the value of mutual fund investments in the Direct Plan were valued based on Level 1 inputs.

NOTE 3—DIRECT PLAN FEES

Each Option (with the exception of the Principal Plus Interest Option) pays TFI a Direct Plan manager fee of 0.12% of the average daily net assets of the Option. The Direct Plan manager fee is subject to reductions if total assets in the Direct Plan reach certain levels. In addition, Advisors is paid investment management fees on the underlying investments in the Funds.

Prior to June 7, 2016, TFI was paid a Direct Plan manager fee of 0.15% of the average daily net assets of each Option (with the exception of the Principal Plus Interest Option).

The Principal Plus Interest Option does not pay a Direct Plan manager fee or an administrative fee to the Trustee. TIAA Life, the issuer of the funding agreement in which this Option invests and an affiliate of TFI, makes payments to TFI.

For its services administering the Direct Plan, each Option (with the exception of the Principal Plus Interest Option) pays to the Trustee an administrative fee at an annual rate of 0.01% of the average daily net assets of the Option. The fee is deposited in the Direct Plan Administrative Account and then used to pay certain Direct Plan administrative expenses. The assets held in the administrative account with the Trustee were \$639,545 and \$693,023 at June 30, 2016 and 2015, respectively.

Effective August 1, 2011, TFI and the Trustee have agreed to voluntarily waive the Money Market Option's Direct Plan manager fee and administrative fee, respectively, in an attempt to maintain at least a 0.00% return for the Option. TFI and the Trustee may discontinue the waiver at any time without notice. For the year ended June 30, 2016, TFI waived \$16,333 of the Plan manager fee and the Trustee waived \$1,913 of the administrative fee.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4—INVESTMENTS

Cash deposits: All cash deposits at June 30, 2016 were covered by federal depository insurance coverage.

Investments: As of June 30, 2016, net unrealized appreciation (depreciation) of portfolio investments was \$281,406,889 consisting of gross unrealized appreciation of \$315,592,346 and gross unrealized depreciation of \$(34,185,457).

At June 30, 2016, the Direct Plan's investments consist of the following:

TIAA-CREF Funds (Institutional Class):	UNITS	COST	VALUE
Bond Index Fund	25,527,060	\$268,954,733	\$284,626,714
Emerging Markets Equity Index Fund	2,426,586	24,172,445	21,281,158
Equity Index Fund	29,305,705	271,957,531	457,755,113
Growth & Income Fund	650,963	7,154,937	7,499,098
High-Yield Fund	477,710	4,608,697	4,442,699
Inflation-Linked Bond Fund	12,006,623	127,421,742	140,237,357
International Equity Index Fund	24,758,194	391,969,801	403,310,987
Mid-Cap Growth Fund	616,787	10,261,228	11,799,142
Mid-Cap Value Fund	606,419	10,231,331	13,177,490
Money Market Fund	90,913,503	90,913,503	90,913,503
Real Estate Securities Fund	5,659,980	59,660,060	90,786,083
S&P 500 Index Fund	4,046,692	50,464,593	95,501,920
Short-Term Bond Fund	13,550,526	140,383,582	140,654,466
Social Choice Equity Fund	2,130,467	29,330,153	34,449,654
Non-Proprietary Funds:			
BlackRock Strategic Income Opportunities Fund (Institutional Class)	23,402,643	237,260,553	227,473,690
DFA Emerging Markets Core Equity Portfolio (Institutional Class)	4,262,897	79,099,813	72,938,162
GE Institutional Small-Cap Equity Fund (Institutional Class)	904,122	13,631,358	15,089,796
GMO Benchmark-Free Allocation Series Fund - R6 Class	191,361	1,906,062	1,825,582
GMO International Equity Allocation Series Fund - R6 Class	767,845	7,562,104	6,434,538
Harding Loevner International Equity Portfolio (Institutional Class)	582,455	10,598,590	10,321,104
MetWest Total Return Bond Fund (Institutional Class)	1,062,232	11,662,268	11,673,928
T. Rowe Price Inst. Large-Cap Growth Fund (Institutional Class)	141,505	3,277,466	3,824,890
T. Rowe Price Inst. Large-Cap Value Fund (Institutional Class)	192,573	3,886,973	3,816,802
Templeton Global Bond Fund (Advisor Class)	8,743,975	111,039,260	98,981,796
TIAA-CREF Life Insurance Company:			
Funding Agreement	16,281,124	252,567,003	252,567,003
		<u>\$2,219,975,786</u>	<u>\$2,501,382,675</u>

NOTE 5 – INVESTMENT RISKS

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Direct Plan's Options are uninsured and unregistered and are held by a custodian in the Direct Plan's name.

Custodial credit risk: Custodial credit risk is the risk that in the event of a failure, the Direct Plan deposits and investments may not be returned. An Account Owner has an investment in an Option and not a direct investment in any underlying mutual fund or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is mitigated.

Investment policy: The Direct Plan does not have specific investment policies which address credit, interest rate, foreign currency or custodial credit risk. The Direct Plan's Options are managed based on specific investment objectives and strategies which are disclosed in the current Direct Plan Disclosure Booklet.

Credit risk: The underlying mutual funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The underlying mutual funds do not carry a formal credit quality rating. The underlying Funding Agreement is a guaranteed insurance product issued by TIAA-CREF Life. TIAA-CREF Life had a Standard & Poor's credit rating of AA+ at June 30, 2016.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

Interest rate risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2016, the average maturities for the underlying fixed income mutual funds are as follows:

<u>Investment</u>	<u>Market Value</u>	<u>Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$284,626,714	7.39 years
High-Yield Fund	4,442,699	7.69 years
Inflation-Linked Bond Fund	140,237,357	5.97 years
Short-Term Bond Fund	140,654,466	2.50 years
Non-Proprietary Funds:		
BlackRock Strategic Income Opportunities Fund (Institutional Class)	227,473,690	6.07 years
GMO Benchmark-Free Allocation Series Fund - R6 Class	1,825,582	N/A
MetWest Total Return Bond Fund (Institutional Class)	11,673,928	6.37 years
Templeton Global Bond Fund (Advisor Class)	98,981,796	3.26 years

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Direct Plan does not have any direct investment in foreign securities. Certain Direct Plan Options allocate assets to underlying mutual funds that are exposed to foreign currency risk. At June 30, 2016, the value of investments in underlying mutual funds that significantly invest in foreign denominated contracts are as follows:

<u>Investment</u>	<u>Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Index Fund	\$21,281,158
International Equity Index Fund	403,310,987
Money Market Fund	90,913,503
Non-Proprietary Funds:	
DFA Emerging Markets Core Equity Portfolio (Institutional Class)	72,938,162
GMO Benchmark-Free Allocation Series Fund - R6 Class	1,825,582
GMO International Equity Allocation Series Fund - R6 Class	6,434,538
Harding Loevner International Equity Portfolio (Institutional Class)	10,321,104
Templeton Global Bond Fund (Advisor Class)	98,981,796

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

FINANCIAL HIGHLIGHTS
For the Year Ended June 30, 2016

Conservative Managed Allocation Option
Age Bands Within the Conservative Managed Allocation Option

FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 &Over
Net position value, beginning of year	\$13.84	\$13.26	\$12.71	\$12.02	\$11.44	\$10.78
Gain (loss) from investment operations:						
Net investment income(a)	0.29	0.27	0.25	0.22	0.19	0.16
Net realized and unrealized loss on investments	(0.29)	(0.23)	(0.15)	(0.11)	(0.06)	—
Total gain from investment operations	0.00	0.04	0.10	0.11	0.13	0.16
Net position value, end of year	<u>\$13.84</u>	<u>\$13.30</u>	<u>\$12.81</u>	<u>\$12.13</u>	<u>\$11.57</u>	<u>\$10.94</u>
TOTAL RETURN	<u>0.00%</u>	<u>0.30%</u>	<u>0.79%</u>	<u>0.92%</u>	<u>1.14%</u>	<u>1.48%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of year (in thousands)	\$5,771	\$9,419	\$8,311	\$9,372	\$15,520	\$16,251
Ratio of expenses to average net position(b)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Ratio of net investment income to average net position	2.13%	2.07%	2.04%	1.88%	1.66%	1.46%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

Moderate Managed Allocation Option
Age Bands Within the Moderate Managed Allocation Option

FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 &Over
Net position value, beginning of year	\$20.86	\$18.12	\$18.69	\$18.82	\$17.63	\$16.65
Gain (loss) from investment operations:						
Net investment income(a)	0.46	0.38	0.39	0.39	0.33	0.27
Net realized and unrealized loss on investments	(0.56)	(0.41)	(0.36)	(0.27)	(0.19)	(0.11)
Total gain (loss) from investment operations	(0.10)	(0.03)	0.03	0.12	0.14	0.16
Net position value, end of year	<u>\$20.76</u>	<u>\$18.09</u>	<u>\$18.72</u>	<u>\$18.94</u>	<u>\$17.77</u>	<u>\$16.81</u>
TOTAL RETURN	<u>(0.48)%</u>	<u>(0.22)%</u>	<u>0.16%</u>	<u>0.64%</u>	<u>0.79%</u>	<u>0.96%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of year (in thousands)	\$28,308	\$93,329	\$199,716	\$233,625	\$304,134	\$262,460
Ratio of expenses to average net position(b)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Ratio of net investment income to average net position	2.25%	2.14%	2.14%	2.09%	1.88%	1.63%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

Aggressive Managed Allocation Option
Age Bands Within the Aggressive Managed Allocation Option

FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages					
	0-3	4-7	8-11	12-14	15-17	18 &Over
Net position value, beginning of year	\$14.13	\$13.92	\$14.15	\$14.25	\$14.07	\$13.17
Gain (loss) from investment operations:						
Net investment income(a)	0.31	0.30	0.29	0.30	0.28	0.24
Net realized and unrealized loss on investments	(0.54)	(0.40)	(0.33)	(0.29)	(0.24)	(0.15)
Total gain (loss) from investment operations	(0.23)	(0.10)	(0.04)	0.01	0.04	0.09
Net position value, end of year	<u>\$13.90</u>	<u>\$13.82</u>	<u>\$14.11</u>	<u>\$14.26</u>	<u>\$14.11</u>	<u>\$13.26</u>
TOTAL RETURN	<u>(1.63)%</u>	<u>(0.72)%</u>	<u>(0.28)%</u>	<u>0.07%</u>	<u>0.28%</u>	<u>0.68%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of year (in thousands)	\$32,365	\$83,606	\$103,298	\$67,786	\$58,285	\$32,326
Ratio of expenses to average net position(b)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Ratio of net investment income to average net position	2.27%	2.24%	2.15%	2.14%	2.06%	1.82%

(a) Based on average units outstanding.

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (Continued)
For the Year Ended June 30, 2016

Multi-Fund Investment Options

	Global Equity Index Option	Global Tactical Asset Allocation Option*	Inter- national Equity Index Option*	Active Global Equity Option	U. S. Equity Index Option*	High Equity Balanced Option	Active Fixed- Income Option	Social Choice Option	Index Fixed- Income Option	Money Market Option	Principal Plus Interest Option
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR											
Net position value, beginning of year	\$15.84	\$9.95	\$10.10	\$15.01	\$10.01	\$19.16	\$15.43	\$16.93	\$11.33	\$10.13	\$15.27
Gain (loss) from investment operations:											
Net investment income(a)	0.34	0.04	0.23	0.19	0.16	0.37	0.34	0.27	0.25	0.01	0.24
Net realized and unrealized loss on investments	(1.11)	(0.48)	(1.21)	(0.71)	0.04	(0.75)	(0.16)	0.07	0.41	—	—
Total gain (loss) from investment operations	(0.77)	(0.44)	(0.98)	(0.52)	0.20	(0.38)	0.18	0.34	0.66	0.01	0.24
Net position value, end of year	\$15.07	\$9.51	\$9.12	\$14.49	\$10.21	\$18.78	\$15.61	\$17.27	\$11.99	\$10.14	\$15.51
TOTAL RETURN	(4.86)%	(4.42)%	(9.70)%	(3.46)%	2.00%	(1.98)%	1.17%	2.01%	5.83%	0.10%	1.57%
RATIOS AND SUPPLEMENTAL DATA											
Net position at end of year (in thousands)	\$190,949	\$1,824	\$2,794	\$34,449	\$29,666	\$300,008	\$41,208	\$34,425	\$15,171	\$32,775	\$252,567
Ratio of expenses to average net position before expense waiver (b)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	—%
Ratio of expenses to average net position after expense waiver (b)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.09%	—%
Ratio of net investment income to average net position	2.30%	0.47%	2.49%	1.35%	1.60%	2.04%	2.19%	1.65%	2.14%	0.08%	1.59%

(a) Based on average units outstanding
(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds and other third party mutual funds

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

INDEPENDENT AUDITORS' REPORT

Connecticut Higher Education Trust Program Advisor Plan

Independent Auditors' Report

To the Board of Trustees of the Connecticut Higher Education Trust
Hartford, Connecticut

Report on Financial Statements

We have audited the accompanying statement of fiduciary net position of the Connecticut Higher Education Trust Program Advisor Plan (the "Plan"), a Plan of the State of Connecticut, as of and for the year ended June 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of June 30, 2016, and the related changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT

Connecticut Higher Education Trust Program Advisor Plan

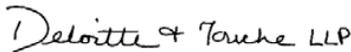
Independent Auditors' Report

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of fiduciary net position, the combining statements of changes in fiduciary net position, and financial highlights, as listed in the table of contents, on pages 12 through 22 are supplemental schedules presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Plan's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.



Jericho, NY
September 23, 2016

Note: The full independent auditors report that is covered by this opinion is available on the Office of the State Treasurer's web page.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Connecticut Higher Education Trust ("CHET" or the "Trust") Program (the "Program") was formed on July 1, 1997, by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee (the "Trustee") of the Trust. The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program, and establish investment policies for the Program. The Program consists of two components – CHET Direct Plan, which is offered directly by the state, and an advisor plan which began on September 30, 2010 ("CHET Advisor Plan"), for which Hartford Life Insurance Company ("Hartford Life") and the Trustee have entered into a management agreement under which Hartford Life serves as plan manager. The Hartford Financial Services Group, Inc. ("The Hartford"), Hartford Life's ultimate parent company, has provided insurance and other financial management services for its clients since 1810. As plan manager, Hartford Life provides readers of the financial statements of the plan this discussion and analysis of the financial performance as of and for the fiscal year ended June 30, 2016. The following should be considered in conjunction with the plan's financial statements and notes to financial statements, which follow this section.

These financial statements are intended for use in connection with an account opened in the CHET Advisor Plan only, and are not intended to include information relevant to the CHET Direct Plan, which is described in a separate report, and offers investment options different from those offered under the CHET Advisor Plan. For more information on the CHET Direct Plan, you may call 1-888-799-2438 or go to www.aboutchet.com.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the year ended June 30, 2016:

- The Plan had contributions of \$77.6 million and withdrawals of \$26 million during the year;
- At June 30, 2016, the Plan's Fiduciary Net Position totaled \$385.9 million, an increase of \$46 million, or 14% since June 30, 2015;
- The Plan earned \$4.8 million from investment income, \$11.8 million from capital gain distributions, lost \$17.3 million from net change in depreciation in fair value of investments, and recognized loss on the sale of investments of \$2.5 million during the year. The Plan incurred \$2.4 million for operating expenses net of waivers during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plan's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

This annual report consists of two sections: Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, the Notes to Financial Statements, Supplemental Combining Statements and the Financial Highlights included in the table of contents. The statements are prepared using the accrual basis of accounting. Contributions and withdrawals are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Fiduciary Net Position presents information on all of the Plan's assets and liabilities, with the difference reported as net position.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the Plan for the fiscal year.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Plan, which the State of Connecticut reports as a fiduciary fund (private purpose trust fund). Fiduciary fund reporting at the State of Connecticut represents assets held for benefit of parties outside the governmental entity.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

Fiduciary Net Position: The following is a condensed Statement of Fiduciary Net Position for the Plan as of June 30, 2016 and June 30, 2015.

	<u>2016</u>	<u>2015</u>
Assets:		
Investments	\$386,049,364	\$339,987,299
Receivables and other assets	<u>591,103</u>	<u>417,402</u>
Total assets	<u>386,640,467</u>	<u>340,404,701</u>
Liabilities:		
Payables and other liabilities	550,559	336,660
Accrued expenses	<u>216,555</u>	<u>193,690</u>
Total liabilities	<u>767,114</u>	<u>530,350</u>
Fiduciary Net Position	<u>\$385,873,353</u>	<u>\$339,874,351</u>

Total Fiduciary Net Position represent cumulative contributions from participants since the Plan's inception, plus net increases and (decreases) from investment operations less withdrawals and expenses.

Investments make up 100% of total Fiduciary Net Position, and consist of 22 investment options, each of which is invested in underlying mutual funds. Other assets consist of cash, receivables for investments sold, receivables for capital shares sold and receivables for accrued income. Liabilities consist of payables for investments purchased, payables for capital shares redeemed, and payables for accrued expenses for management and administrative services.

Changes in Net Position: The following is a condensed Statement of Changes in Fiduciary Net Position for the Plan for the years ended June 30, 2016 and June 30, 2015.

	<u>2016</u>	<u>2015</u>
Additions:		
Contributions	\$77,568,456	\$85,339,820
Increase from investment operations	<u>-</u>	<u>425,563</u>
Total additions	<u>77,568,456</u>	<u>85,765,383</u>
Deductions:		
Withdrawals	26,010,599	19,019,419
Decrease from investment operations	<u>3,158,783</u>	<u>-</u>
Expenses after fees waived	<u>2,400,072</u>	<u>2,065,062</u>
Total deductions	<u>31,569,454</u>	<u>21,084,481</u>
Change in net position	<u>45,999,002</u>	<u>64,680,902</u>
Fiduciary net position, beginning of year	339,874,351	275,193,449
Fiduciary Net Position, end of year	<u>\$385,873,353</u>	<u>\$339,874,351</u>

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN
STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2016	June 30, 2015
Assets:		
Investments at fair value (cost \$404,036,116 and \$340,697,606)	\$386,049,364	\$339,987,299
Receivables:		
Investments sold	144,938	99,002
Capital shares sold	372,399	265,851
Dividends	73,766	52,549
Total Assets	386,640,467	340,404,701
Liabilities:		
Payables:		
Investments purchased	333,753	149,789
Capital shares redeemed	216,806	186,871
Accrued distribution fees	137,284	122,652
Accrued plan manager fees	73,175	65,576
Accrued administration fees	6,096	5,462
Total Liabilities	767,114	530,350
Fiduciary Net Position	\$385,873,353	\$339,874,351

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30,**

	<u>2016</u>	<u>2015</u>
Additions:		
Contributions from account holders	\$77,568,456	\$85,339,820
Transfers	<u>66,174,983</u>	<u>61,525,132</u>
Decrease from investment operations:		
Dividends	4,811,622	4,478,711
Capital gain distributions received from underlying funds	11,846,390	18,681,089
Net realized (loss) gain on sale of underlying fund shares	(2,540,348)	3,566,371
Net change in unrealized depreciation on underlying fund shares	<u>(17,276,447)</u>	<u>(26,300,608)</u>
Net (decrease) increase from investment operations	<u>(3,158,783)</u>	<u>425,563</u>
Total additions	<u>140,584,656</u>	<u>147,290,515</u>
Deductions:		
Withdrawals	26,010,599	19,019,419
Transfers	<u>66,174,983</u>	<u>61,525,132</u>
Expenses:		
Plan manager fees	838,123	725,466
Administrative fees	69,846	60,454
Distribution fees	<u>1,583,789</u>	<u>1,368,408</u>
Total expenses (before waivers)	<u>2,491,758</u>	<u>2,154,328</u>
Total waivers	<u>(91,686)</u>	<u>(89,266)</u>
Total expenses after fees waived	<u>2,400,072</u>	<u>2,065,062</u>
Total deductions	<u>94,585,654</u>	<u>82,609,613</u>
Fiduciary Net Position		
Net increase in fiduciary net position	45,999,002	64,680,902
Beginning of year	<u>339,874,351</u>	<u>275,193,449</u>
End of year	<u>\$385,873,353</u>	<u>\$339,874,351</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Connecticut Higher Education Trust (“CHET” or the “Trust”) Advisor Plan (“Plan”) is a qualified tuition program offered by the Trust. Hartford Life Insurance Company (“Hartford Life”) serves as plan manager and manages the Plan under the direction of the Trustee. The Plan is intended to meet the requirements of the qualified tuition program under Section 529 of the Internal Revenue Code and was established pursuant to the Connecticut General Statutes Section 3-22f to 3-22o. Investment options and allocations, as adopted by the Trustee, are described in the current Disclosure Booklet for the Program.

The Plan offers Age-Based Investment Options tailored to the length of time until the designated beneficiary reaches college age, Static Investment Options that allow investing in fixed allocations of underlying investments or Individual Investment Options (collectively, “Investment Options”). The CHET Advisor Plan consists of 22 portfolios that make up the Investment Options in which plan participants can direct their contributions. These Investment Options are as follows:

Age-Based Investment Options

CHET Advisor Age-Based Portfolio 0-8
 CHET Advisor Age-Based Portfolio 9-13
 CHET Advisor Age-Based Portfolio 14-15
 CHET Advisor Age-Based Portfolio 16-17
 CHET Advisor Age-Based Portfolio 18+

Static Investment Options

CHET Advisor Aggressive Growth Portfolio
 CHET Advisor Balanced Portfolio
 CHET Advisor Checks & Balances Portfolio
 CHET Advisor Conservative Portfolio
 CHET Advisor Growth Portfolio

Individual Investment Options

The Hartford Capital Appreciation 529 Portfolio
 The Hartford Dividend and Growth 529 Portfolio
 Hartford Equity Income 529 Portfolio
 Hartford Global Real Asset 529 Portfolio
 The Hartford Growth Opportunities 529 Portfolio
 The Hartford Inflation Plus 529 Portfolio
 The Hartford International Opportunities 529 Portfolio
 The Hartford MidCap 529 Portfolio
 Advisor Money Market 529 Portfolio
 Hartford SmallCap Growth 529 Portfolio
 The Hartford Total Return Bond 529 Portfolio
 Hartford World Bond 529 Portfolio

The Investment Options operate in the manner of a “Fund of Funds,” investing the majority of their assets in Class Y shares of underlying mutual funds of Hartford Mutual Funds (the “underlying mutual funds”) and the State Street Global Advisors Money Market Fund, a mutual fund unaffiliated with Hartford Funds (together the “Underlying Funds”).

Financial statements of the underlying mutual funds contain additional information about the expenses and investments of the underlying mutual funds and are available from the EDGAR database on the Securities and Exchange Commission website at <http://www.sec.gov>.

The Investment Options offer Class A Units, Class C Units and Class E Units. Each Class of Units has a different fee structure determined by the sales charge. Class A units are sold with a front-end sales charge of up to 5.50%, with the exception of the following Investment Options that have a maximum front-end sales charge rate of:

NOTES TO FINANCIAL STATEMENTS

<u>Investment Option</u>	<u>Rate</u>
CHET Advisor Age-Based Portfolio 16-17	3.00%
CHET Advisor Age-Based Portfolio 18+	3.00
CHET Advisor Conservative Portfolio	3.00
The Hartford Inflation Plus 529 Portfolio	3.00
The Hartford Total Return Bond 529 Portfolio	3.00
Hartford World Bond 529 Portfolio	3.00
CHET Advisor Money Market 529 Portfolio	-

Class C units are sold with a contingent deferred sales charge of up to 1% on shares redeemed within 12 months of purchase, with the exception of the CHET Advisor Money Market 529 Portfolio, which has no contingent deferred sales charge. Class E units are sold without sales charges to certain eligible investors. All classes of units have identical withdrawal, dividend, liquidation, and other rights and the same terms and conditions, with the exceptions that each class may have different expenses, which may affect performance.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the CHET Advisor Plan in the preparation of its financial statements, which are in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"), as defined by the Governmental Accounting Standards Board ("GASB"). The preparation of financial statements in accordance with U.S. GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of increases and decreases in fiduciary net position from operations during the reporting period. Actual results could differ from those estimates.

Determination of Net Position Value (NPV) – The NPV of each class of the Investment Option's units is based on the value of all underlying investment holdings, determined as of the close of regular trading (normally 4:00 p.m. Eastern Time) (the "NYSE Close") on each day that the New York Stock Exchange is open ("Valuation Date"). Information that becomes known to the Investment Option after the NPV has been calculated on a particular day will not generally be used to retroactively adjust the NPV determined earlier that day.

Investment Valuation – Investments in open-end mutual funds are valued at the respective Net Asset Value per share of each underlying mutual fund as determined as of the NYSE Close on the Valuation Date. Money market funds are valued at Net Asset Value on the Valuation Date.

Fair Value Measurements – The Investment Options' investments valuation process is based on several considerations and may use multiple inputs to determine the fair value of the investments held by the Investment Option. In conformity with accounting principles generally accepted in the United States of America, the inputs used to determine a valuation are classified into three broad levels.

- Level 1 valuation inputs consist of unadjusted quoted prices in an active market for identical assets and liabilities.
- Level 2 valuation inputs consist of direct or indirect observable market data (including quoted prices for comparable investments, evaluations of subsequent market events, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 valuation inputs consist of unobservable data (including the plan manager's own assumptions).

The level classification is based on the lowest level input that is significant to the fair valuation measurement. The valuation inputs are not necessarily an indication of the risks associated with investing in these securities or other financial instruments. There were no significant transfers between levels during the year.

As of year-end, the Investment Options' investment securities were classified as Level 1.

NOTES TO FINANCIAL STATEMENTS (Continued)

Security Transactions and Investment Income – Underlying Fund transactions are recorded as of the trade date (the date the order to buy or sell is executed) for financial reporting purposes. Realized gains and losses are determined on the basis of specific identified cost. Income, realized and unrealized gains and losses of each class are allocated daily based on the relative fiduciary net position of each class of units of the Investment Option.

Income and capital gain distributions from Underlying Funds are recorded on the ex-dividend date.

Units – Contributions by a participant are evidenced through the issuance of units in the particular Investment Option according to the investment elections made by the participant. Contributions and withdrawals are subject to terms and limitations defined in the participation agreement between the participant and the CHET Advisor Plan. Contributions are invested in units of the assigned Investment Option on the same day as the credit of the contribution to the participant's account. Withdrawals are based on the unit value calculated for such Investment Option on the day that the withdrawal request is accepted. The earnings portion of non-qualified withdrawals, in addition to applicable federal and state income taxes, may be subject to a 10% non-qualified withdrawal penalty to be withheld from the amount withdrawn.

Receivables – Receivables for investment securities sold and receivables from the sale of units to participants of the CHET Advisor Plan represent the sales of the Investment Options and the contributions of the participants that have not settled as of the reporting date, respectively.

Payables – Payables for investment securities purchased and payables from units redeemed from participants of the CHET Advisor Plan represent the purchases of the Investment Options and the withdrawals of the participants that have not settled as of the reporting date, respectively.

Expenses – Expenses are recorded on the accrual basis of accounting. Under this method of accounting, expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

NOTE 3: INVESTMENT RISKS

The CHET Advisor Plan's investments represent shares of the Underlying Funds, rather than individual securities and therefore, are not subject to classification by custodial credit risk or disclosure of concentration of credit risk under GASB Statement No. 40, Deposit and Investment Risk Disclosures. The Underlying Funds are not rated by any nationally recognized statistical rating organization.

An Investment Option is exposed to the risks of the Underlying Funds in direct proportion to the amount of assets the Investment Option allocates to each Underlying Fund.

Interest Rate Risks – Certain Underlying Funds invest in debt securities, including bonds, and are subject to interest rate risk. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. The exposure to interest rate risk is greater with Underlying Funds with longer average effective maturity and average effective duration.

The Underlying Funds listed below have investments with exposure to interest rate risk. As of June 30, 2016, the average effective maturity and the average effective duration measured in years are as follows:

	Average Effective <u>Maturity</u>	Average Effective <u>Duration</u>
The Hartford Global Real Asset Fund	4.77	11.12
The Hartford Inflation Plus Fund	6.26	5.56
The Hartford Short Duration Fund	2.90	1.58
The Hartford Strategic Income Fund	9.35	5.84
The Hartford Total Return Bond Fund	9.44	4.16
The Hartford Unconstrained Bond Fund	6.57	2.77
The Hartford World Bond Fund	3.95	2.86
State Street Global Advisors Prime Money Market Fund	0.08	0.09

NOTES TO FINANCIAL STATEMENTS (Continued)

Foreign Currency Risks – Certain Underlying Funds invest in foreign securities. Certain additional risks are involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

Market Risks – In the normal course of business, the Underlying Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk). The market values of Underlying Funds may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The market value of equity securities may also decline due to factors, which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Credit Risks – Certain underlying funds invest in fixed-income securities and are subject to credit risks. Generally credit risk is the risk that an issuer (issuer credit risk) or other counterparty (counterparty credit risk) to an investment will not fulfill its obligation to the holder of the investment.

Financial assets, which potentially expose the Underlying Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Underlying Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value as recorded in the underlying funds' Statements of Assets and Liabilities. Refer to the prospectuses and financial statements of the underlying funds for information on the respective underlying fund's investment strategy.

NOTE 4: FEDERAL AND STATE INCOME TAX

The Program has been designated to comply with the requirements for treatment as a qualified state tuition program under Section 529 of the Internal Revenue Code, which is exempt from federal and state income tax. Therefore, no provision for income tax is required.

NOTE 5: PLAN MANAGEMENT AND OTHER FEES

Allocable expenses incurred by the CHET Advisor Plan are allocated to each Investment Option and allocated to classes within the Investment Option in proportion to the average daily fiduciary net position of the Investment Option and each class, except where otherwise noted.

Plan Manager Fee – Hartford Life has entered into a Plan Management Agreement with the Trust which provides for the payment of a Plan Manager Fee for services performed on behalf of the Trust. Currently, the Plan Manager Fee is 0.24% and is accrued daily and paid monthly to Hartford Life and its affiliate, Hartford Funds Management Company, LLC. ("HFMC"). In addition, HFMC receives investment management fees from the underlying Hartford mutual funds.

Given the current low interest rate environment, Hartford Life has waived the annual plan manager fee for existing and new contributions to the CHET Advisor Money Market 529 Portfolio. As of June 30, 2016, the amount of the waiver was \$91,686. These fees may be resumed at the sole discretion of Hartford Life.

Administrative Fee – The Administrative Fee of 0.02%, is charged to pay the Trust's expenses related to the overall operation of the Connecticut Higher Education Trust. This fee is accrued and deducted daily as a percentage of average daily fiduciary net position of the Investment Options and paid monthly.

Given the current low interest rate environment, the Trust has waived the administrative fee for existing and new contributions to the CHET Advisor Money Market 529 Portfolio. This fee may be resumed at the sole discretion of the Trustee.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

Annual Distribution Fee – The CHET Advisor Plan is authorized to charge an annual distribution fee to compensate Hartford Funds Distributors, LLC (“HFD”), an affiliate of Hartford Life, for activities intended to result in the sale and distribution of Classes A and C units and for providing services for shareholders. The fee is accrued and deducted daily as a percentage of average fiduciary net position in the Investment Options and paid monthly. From its receipt of the annual distribution fee, HFD may compensate other entities for distributing units of the CHET Advisor Plan. As of June 30, 2016, the amount of distribution fees paid was \$1,583,789. The schedule below reflects the fees effective as of June 30, 2016:

<u>Class of Units</u>	<u>Annual</u>
Class A	0.25%
Class C	1.00%

Given the current low interest rate environment, Hartford Life has waived the annual distribution fee for existing and new contributions to the CHET Advisor Money Market 529 Portfolio. These fees may be resumed at the sole discretion of Hartford Life.

NOTE 6: AFFILIATE HOLDINGS

As of June 30, 2016, affiliates of The Hartford had ownership in certain Investment Options in order to create startup capital. The shares held in those Investment Options are as follows:

<u>Portfolio Name</u>	<u>Class A</u>	<u>Class C</u>	<u>Class E</u>
CHET Advisor Conservative Portfolio	-	-	393
CHET Hartford Global Real Asset 529 Portfolio	2,500	2,500	2,500
CHET Hartford World Bond 529 Portfolio	2,500	-	2,500

NOTE 7: INVESTMENTS

The following table represents a calculation of the net change in investments during the year ended June 30, 2016:

Investments at fair value, end of year	\$ 386,049,364
Less cost of investments purchased during year	(134,829,167)
Plus proceeds from investments sold during year	71,490,655
Less investments at beginning of year	(339,987,299)
Net depreciation of investments during year	<u>\$ (17,276,447)</u>

Investments on the Combining Statements of Fiduciary Net Position consist of the following as of June 30, 2016:

<u>CHET Advisor Plan:</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
State Street Global Advisors Prime Money Market Fund	22,784,825	\$22,784,825	\$22,784,825
Hartford Emerging Markets Equity Fund, Class Y	1,309,607	10,299,168	9,075,578
The Hartford Capital Appreciation Fund, Class Y	929,157	39,551,370	35,568,125
The Hartford Dividend and Growth Fund, Class Y	1,900,255	45,993,099	44,808,010
The Hartford Equity Income Fund, Class Y	1,469,716	26,404,432	26,616,548
The Hartford Global Real Asset Fund, Class Y	2,625,471	24,512,654	22,132,717
The Hartford Growth Opportunities Fund, Class Y	206,213	8,409,055	8,291,811
The Hartford Inflation Plus Fund, Class Y	2,131,299	23,272,743	23,806,613
The Hartford International Opportunities Fund, Class Y	2,942,299	48,072,856	42,869,293
The Hartford International Small Company Fund, Class Y	957,312	14,702,766	13,076,876
The Hartford International Value Fund, Class Y	1,224,392	17,376,322	16,615,005
The Hartford MidCap Fund, Class Y	244,677	6,543,737	6,907,243

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

The Hartford MidCap Value Fund, Class Y	712,591	11,209,409	10,503,591
The Hartford Short Duration Fund, Class Y	547,074	5,393,624	5,377,734
The Hartford Small Cap Growth Fund, Class Y	269,536	13,153,466	12,657,418
The Hartford Strategic Income Fund, Class Y	2,509,557	22,350,670	21,657,473
The Hartford Total Return Bond Fund, Class Y	1,361,387	14,509,574	14,525,997
The Hartford Unconstrained Bond Fund, Class Y	610,842	6,009,635	5,729,699
The Hartford World Bond Fund, Class Y	4,146,899	43,486,711	43,044,808
		<u>\$404,036,116</u>	<u>\$386,049,364</u>

NOTE 8: RECENT ACCOUNTING PRONOUNCEMENT

In February 2015, GASB issued Statement No. 72: Fair Value Measurement and Application which requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Plan adopted this accounting guidance for the year ended June 30, 2016. Refer to Footnote 2 in the notes to financial statements for these added disclosures.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2016, which is the date the financial statements were issued. There were no subsequent events identified related to the CHET Advisor Plan that could have a material impact on the CHET Advisor Plan's financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2016**

	-- Selected Per-Share Data ⁽¹⁾ --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Net Position Value at End of Period	Total Return % Based on Net Position Value Per Unit	Net Position at End of Period (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover Rate ⁽²⁾
CHET Advisor Age-Based Portfolio 0-8										
Class A	\$ 15.77	\$ 0.13	\$ (0.67)	\$ (0.54)	\$ 15.23	(3.42)%	\$ 44,685	0.51%	0.89%	27%
Class C	15.22	0.02	(0.65)	(0.63)	14.59	(4.14)	16,045	1.26	0.12	27
Class E	15.96	0.17	(0.68)	(0.51)	15.45	(3.20)	6,612	0.26	1.13	27
CHET Advisor Age-Based Portfolio 9-13										
Class A	\$ 14.54	\$ 0.12	\$ (0.50)	\$ (0.38)	\$ 14.16	(2.61)%	\$ 50,011	0.51%	0.87%	17%
Class C	14.03	0.01	(0.47)	(0.46)	13.57	(3.28)	16,899	1.26	0.11	17
Class E	14.71	0.16	(0.51)	(0.35)	14.36	(2.38)	6,910	0.26	1.11	17
CHET Advisor Age-Based Portfolio 14-15										
Class A	\$ 13.73	\$ 0.14	\$ (0.34)	\$ (0.20)	\$ 13.53	(1.46)%	\$ 22,296	0.51%	1.08%	21%
Class C	13.25	0.04	(0.33)	(0.29)	12.96	(2.19)	8,367	1.26	0.34	21
Class E	13.90	0.18	(0.35)	(0.17)	13.73	(1.22)	2,567	0.26	1.32	21
CHET Advisor Age-Based Portfolio 16-17										
Class A	\$ 12.25	\$ 0.15	\$ (0.08)	\$ 0.07	\$ 12.32	0.57%	\$ 15,106	0.51%	1.29%	19%
Class C	11.81	0.06	(0.07)	(0.01)	11.80	(0.08)	10,986	1.26	0.53	19
Class E	12.39	0.19	(0.08)	0.11	12.50	0.89	3,297	0.26	1.53	19
CHET Advisor Age-Based Portfolio 18+										
Class A	\$ 11.05	\$ 0.11	\$ (0.01)	\$ 0.10	\$ 11.15	0.90%	\$ 12,271	0.51%	1.04%	44%
Class C	10.66	0.03	(0.01)	0.02	10.68	0.19	10,779	1.26	0.31	44
Class E	11.17	0.14	(0.01)	0.13	11.30	1.16	2,110	0.26	1.30	44
CHET Advisor Aggressive Growth Portfolio										
Class A	\$ 17.14	\$ 0.13	\$ (0.93)	\$ (0.80)	\$ 16.34	(4.67)%	\$ 7,142	0.51%	0.83%	9%
Class C	16.55	0.01	(0.90)	(0.89)	15.66	5.38	3,921	1.26	0.08	9
Class E	17.34	0.18	(0.94)	(0.76)	16.58	(4.38)	3,385	0.26	1.07	9
CHET Advisor Conservative Portfolio										
Class A	\$ 12.27	\$ 0.15	\$ (0.06)	\$ 0.09	\$ 12.36	0.73%	\$ 3,435	0.51%	1.27%	33%
Class C	11.85	0.06	(0.07)	(0.01)	11.84	(0.08)	2,917	1.26	0.52	33
Class E	12.42	0.20	(0.08)	0.12	12.54	0.97	340	0.26	1.61	33
CHET Advisor Growth Portfolio										
Class A	\$ 15.75	\$ 0.13	\$ (0.67)	\$ (0.54)	\$ 15.21	(3.43)%	\$ 16,050	0.51%	0.86%	18%
Class C	15.20	0.02	(0.65)	(0.63)	14.57	(4.14)	5,680	1.26	0.15	18
Class E	15.94	0.17	(0.68)	(0.51)	15.43	(3.20)	2,486	0.26	1.10	18
CHET Advisor Balanced Portfolio										
Class A	\$ 13.99	\$ 0.11	\$ (0.46)	\$ (0.35)	\$ 13.64	(2.50)%	\$ 10,325	0.51%	0.84%	21%
Class C	13.51	0.01	(0.46)	(0.45)	13.06	(3.33)	6,714	1.26	0.10	21
Class E	14.16	0.15	(0.48)	(0.33)	13.83	(2.33)	1,679	0.26	1.10	21
The Hartford Capital Appreciation 529 Portfolio										
Class A	\$ 17.95	\$ 0.03	\$ (0.87)	\$ (0.84)	\$ 17.11	(4.68)%	\$ 4,109	0.51%	0.17%	8%
Class C	17.33	(0.09)	(0.85)	(0.94)	16.39	(5.42)	3,038	1.26	(0.56)	8
Class E	18.17	0.08	(0.89)	(0.81)	17.36	(4.46)	2,255	0.26	0.44	8
CHET Advisor Checks & Balances Portfolio										
Class A	\$ 15.73	\$ 0.21	\$ (0.06)	\$ 0.15	\$ 15.88	0.95%	\$ 3,515	0.51%	1.35%	15%
Class C	15.18	0.09	(0.05)	0.04	15.22	0.26	2,382	1.26	0.62	15
Class E	15.92	0.25	(0.05)	0.20	16.12	1.26	548	0.26	1.63	15
The Hartford Dividend and Growth 529 Portfolio										
Class A	\$ 18.25	\$ 0.25	\$ 0.17	\$ 0.42	\$ 18.67	2.30%	\$ 7,392	0.51%	1.38%	8%
Class C	17.61	0.10	0.17	0.27	17.88	1.53	9,180	1.26	0.60	8
Class E	18.45	0.29	0.19	0.48	18.93	2.60	2,155	0.26	1.62	8
Hartford Equity Income 529 Portfolio										
Class A	\$ 17.85	\$ 0.34	\$ 0.93	\$ 1.27	\$ 19.12	7.11%	\$ 2,930	0.51%	1.89%	6%
Class C	17.23	0.19	0.90	1.09	18.32	6.33	1,635	1.26	1.11	6
Class E	18.06	0.39	0.95	1.34	19.40	7.42	579	0.26	2.16	6

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST - ADVISOR PLAN

**FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2016 (Continued)**

	-- Selected Per-Share Data ⁽¹⁾ --					-- Ratios and Supplemental Data --				
	Net Position Value at Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total Investment Operations	Net Position Value at End of Period	Total Return % Based on Net Position Value Per Unit	Net Position at End of Period (000's)	Ratio of Expenses to Average Net Position	Ratio of Net Investment Income (Loss) to Average Net Position	Portfolio Turnover Rate ⁽²⁾
Hartford Global Real Asset 529 Portfolio										
Class A	\$ 9.02	\$ 0.06	\$ (0.54)	\$ (0.48)	\$ 8.54	(5.32)%	\$ 122	0.51%	0.78%	9%
Class C	8.89	(0.01)	(0.53)	(0.54)	8.35	(6.07)	147	1.26	(0.18)	9
Class E	9.06	0.08	(0.54)	(0.46)	8.60	(5.08)	104	0.26	0.99	9
The Hartford Growth Opportunities 529 Portfolio										
Class A	\$ 21.85	\$ (0.05)	\$ (0.41)	\$ (0.46)	\$ 21.39	(2.11)%	\$ 5,040	0.51%	(0.24)%	7%
Class C	21.09	(0.20)	(0.40)	(0.60)	20.49	(2.84)	2,205	1.26	(1.00)	7
Class E	22.11	-	(0.41)	(0.41)	21.70	(1.85)	1,043	0.26	0.01	7
The Hartford Inflation Plus 529 Portfolio										
Class A	\$ 10.80	\$ (0.05)	\$ 0.31	\$ 0.26	\$ 11.06	2.41%	\$ 1,748	0.51%	(0.51)%	17%
Class C	10.43	(0.13)	0.29	0.16	10.59	1.53	1,522	1.26	(1.26)	17
Class E	10.93	(0.03)	0.31	0.28	11.21	2.56	307	0.26	(0.26)	17
The Hartford International Opportunities 529 Portfolio										
Class A	\$ 13.40	\$ 0.08	\$ (1.16)	\$ (1.08)	\$ 12.32	(8.06)%	\$ 3,033	0.51%	0.64%	9%
Class C	12.93	(0.02)	(1.11)	(1.13)	11.80	(8.74)	1,764	1.26	(0.16)	9
Class E	13.55	0.11	(1.16)	(1.05)	12.50	(7.75)	824	0.26	0.90	9
The Hartford MidCap 529 Portfolio										
Class A	\$ 19.82	\$ (0.10)	\$ (0.14)	\$ (0.24)	\$ 19.58	(1.21)%	\$ 3,298	0.51%	(0.51)%	6%
Class C	19.13	(0.23)	(0.14)	(0.37)	18.76	(1.93)	2,215	1.26	(1.26)	6
Class E	20.05	(0.05)	(0.14)	(0.19)	19.86	(0.95)	1,391	0.26	(0.26)	6
CHET Advisor Money Market 529 Portfolio										
Class A	\$ 10.00	\$ 0.02	\$ -	\$ 0.02	\$ 10.02	0.20%	\$ 4,177	— ⁽³⁾ %	0.24%	26%
Class C	10.00	0.02	0.01	0.03	10.03	0.30	6,400	— ⁽³⁾	0.23	26
Class E	10.00	0.02	-	0.02	10.02	0.20	2,122	— ⁽³⁾	0.23	26
Hartford SmallCap Growth 529 Portfolio										
Class A	\$ 20.69	\$ (0.10)	\$ (1.82)	\$ (1.92)	\$ 18.77	(9.28)%	\$ 2,640	0.51%	(0.51)%	6%
Class C	19.96	(0.23)	(1.76)	(1.99)	17.97	(9.97)	1,122	1.26	(1.26)	6
Class E	20.93	(0.05)	(1.84)	(1.89)	19.04	(9.03)	763	0.26	(0.25)	6
The Hartford Total Return Bond 529 Portfolio										
Class A	\$ 11.54	\$ 0.30	\$ 0.22	\$ 0.52	\$ 12.06	4.51%	\$ 3,070	0.51%	2.57%	11%
Class C	11.13	0.20	0.22	0.42	11.55	3.77	2,873	1.26	1.82	11
Class E	11.67	0.33	0.23	0.56	12.23	4.80	740	0.26	2.82	11
Hartford World Bond 529 Portfolio										
Class A	\$ 10.33	\$ 0.03	\$ 0.23	\$ 0.26	\$ 10.59	2.52%	\$ 718	0.51%	0.31%	12%
Class C	10.18	(0.04)	0.22	0.18	10.36	1.77	3,067	1.26	(0.39)	12
Class E	10.37	0.06	0.23	0.29	10.66	2.80	683	0.26	0.61	12

(1) Information presented relates to a unit outstanding throughout the indicated period.

(2) Portfolio turnover rate is calculated on the basis of the portfolio as a whole without distinguishing between the class of shares issued.

(3) As of June 30, 2016 the CHET Advisor Plan Manager is waiving the Plan Manager, Administration, and Distribution fees. If these fees were included, the ratio of expenses to average net assets would be as follows: 0.51% (Class A), 1.26% (Class C), and 0.26% (Class E).

See notes to financial statements.

Supplemental Information



PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOTAL NET POSITION VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2016

<u>Retirement Funds</u>	<u>Net Position Value</u>
Teachers' Retirement Fund	\$15,584,564,214
State Employees' Retirement Fund	10,636,702,645
Municipal Employees' Retirement Fund	2,212,023,198
State Judges' Retirement Fund	189,678,051
The Probate Court Retirement Fund	87,267,503
State's Attorneys Retirement Fund	1,545,656
<u>Non-retirement Trust Funds</u>	
Soldiers' Sailors' & Marines' Fund	72,322,129
Police & Firemans' Survivors' Benefit Fund	28,587,494
Connecticut Arts Endowment Fund	18,958,582
School Fund	11,039,724
Ida Eaton Cotton Fund	2,447,813
Hopemead State Park Fund	3,533,357
Andrew C. Clark Fund	1,151,268
Agricultural College Fund	662,613
OPEB Fund	395,435,514
TOTAL	<u>\$29,245,919,761</u>

COMBINED INVESTMENT FUNDS

**SCHEDULE OF NET POSITION BY INVESTMENT FUND
JUNE 30, 2016**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ASSETS						
Investments in Securities , at Fair Value						
Liquidity Fund	\$ -	\$107,744,348	\$78,394,740	\$95,349,597	\$41,242,414	\$40,584,644
Cash Equivalents	83,124,000	-	-	-	344,316	2,610,000
Asset Backed Securities	112,532,254	-	-	41,266,798	(484,608)	(152,394)
Government Securities	505,044,634	-	-	510,179,947	1,273,387,922	744,801,239
Government Agency Securities	157,070,148	-	-	488,700,648	-	-
Mortgage Backed Securities	136,562,305	-	-	265,466,194	-	-
Corporate Debt	909,778,732	-	-	531,354,372	7,289,887	104,524,026
Convertible Securities	-	-	-	-	-	-
Common Stock	-	-	6,323,296,649	-	-	-
Preferred Stock	-	-	-	3,420,561	-	-
Real Estate Investment Trust	-	-	243,591,302	20,502,003	-	-
Business Development Corporation	-	-	-	-	-	-
Mutual Fund	73,144,499	-	-	-	-	532,416,181
Limited Liability Corporation	-	-	-	-	-	-
Trusts	-	-	-	-	-	-
Limited Partnerships	-	1,696,592,719	2,199,494	534,415,821	-	58,988,916
Total Investments in Securities, at Fair Value	1,977,256,572	1,804,337,067	6,647,482,185	2,490,655,941	1,321,779,931	1,483,772,612
Cash	2,578,866	-	-	453,807	8,921,920	2,809,211
Receivables						
Foreign Exchange Contracts	406,025,776	-	-	-	650,265,102	172,305,018
Interest Receivable	5,462,884	134,074	112,160	11,254,856	5,101,452	14,933,960
Dividends Receivable	-	-	7,387,741	-	-	-
Due from Brokers	-	-	16,496,707	166,077,449	3,484,467	9,170,430
Foreign Taxes	179,060	-	-	40	97,466	470,152
Securities Lending Receivable	-	-	527,597	52,869	61,536	12,762
Reserve for Doubtful Receivables	-	-	(98,718)	(1,131,492)	(20,606)	(280,248)
Total Receivables	411,667,720	134,074	24,425,487	176,253,722	658,989,417	196,612,074
Invested Securities Lending Collateral	-	-	1,383,880,687	151,276,599	313,610,704	20,609,401
Prepaid Expenses	-	-	-	-	-	-
Total Assets	2,391,503,158	1,804,471,141	8,055,788,359	2,818,640,069	2,303,301,972	1,703,803,298
LIABILITIES						
Payables						
Foreign Exchange Contracts	406,407,862	-	-	-	661,107,154	175,109,334
Due to Brokers	1,548,001	-	26,049,281	259,794,509	6,005,183	9,283,446
Income Distribution	2,821,985	-	-	-	-	-
Other Payable	-	-	300,281	-	-	-
Total Payables	410,777,848	-	26,349,562	259,794,509	667,112,337	184,392,780
Securities Lending Collateral	-	-	1,383,880,687	151,276,599	313,610,704	20,609,401
Accrued Expenses	631,700	130,497	3,453,294	704,595	604,987	1,020,633
Total Liabilities	411,409,548	130,497	1,413,683,543	411,775,703	981,328,028	206,022,814
NET POSITION HELD IN TRUST FOR PARTICIPANTS	\$1,980,093,610	\$1,804,340,644	\$6,642,104,816	\$2,406,864,366	\$1,321,973,944	\$1,497,780,484
Units Outstanding	2,026,683,361	1,608,446,218	4,281,797	18,583,007	8,528,631	9,379,801
Net Position Value and Redemption Price per Unit	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET POSITION BY INVESTMENT FUND (Continued)
JUNE 30, 2016

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$80,618,770 (330,000)	\$116,158,689 (8,371,379)	\$88,211,992	\$142,263,946	\$83	\$168,394,059	\$(958,963,282)	\$ -
-	-	-	-	-	-	-	77,376,937
24,042,624	-	-	-	-	-	-	153,162,050
-	-	-	-	-	-	-	3,057,456,366
-	-	-	-	-	-	-	645,770,796
1,493,488,704	-	-	-	-	-	-	402,028,499
53,746,472	-	-	-	-	-	-	3,046,435,721
7,256,524	4,984,163,224	2,220,694,070	-	-	5,128,119	-	53,746,472
9,230,611	13,369,054	61,612,252	-	-	-	-	13,540,538,586
40,523,186	80,404,033	394,295	-	-	-	-	87,632,478
99,611,605	-	-	-	-	-	-	385,414,819
-	1,906,197	96,170,578	-	-	-	-	99,611,605
-	-	-	-	-	1,156,486	-	703,637,455
-	-	-	530,040	-	-	-	1,156,486
-	-	-	2,064,602,486	-	2,594,757,255	-	530,040
-	-	-	-	-	-	-	6,951,556,691
1,808,188,496	5,187,629,818	2,467,083,187	2,207,396,472	83	2,769,435,919	(958,963,282)	29,206,055,001
517,255	25,446,889	1,950,035	-	-	31,441	(2,578,866)	40,130,558
19,329,974	11,016,249,383	11,216,569	-	-	-	(356,930,968)	11,918,460,854
27,276,851	148,111	143,485	179,876	-	168,567	(5,462,884)	59,453,392
35,265	10,649,187	16,647,599	-	-	-	-	34,719,792
4,728,802	28,536,041	12,482,428	-	-	-	-	240,976,324
-	9,319,356	186,435	-	-	-	(179,060)	10,073,449
188,608	230,308	122,838	-	-	-	-	1,196,518
(1,472,581)	(1,264,428)	(666,535)	-	-	-	-	(4,934,608)
50,086,919	11,063,867,958	40,132,819	179,876	-	168,567	(362,572,912)	12,259,945,721
368,090,617	133,169,091	225,960,929	-	-	-	-	2,596,598,028
-	-	-	-	-	1,258,968	-	1,258,968
2,226,883,287	16,410,113,756	2,735,126,970	2,207,576,348	83	2,770,894,895	(1,324,115,060)	44,103,988,276
19,049,250	11,009,618,746	11,341,575	-	-	-	(406,407,862)	11,876,226,059
15,191,968	38,091,576	11,079,653	-	-	-	(1,548,001)	365,495,616
-	-	-	-	-	-	(1,272,478)	1,549,507
-	-	-	-	-	-	-	300,281
34,241,218	11,047,710,322	22,421,228	-	-	-	(409,228,341)	12,243,571,463
368,090,617	133,169,091	225,960,929	-	-	-	-	2,596,598,028
1,402,682	5,429,431	3,274,299	487,443	-	1,084,790	(325,327)	17,899,024
403,734,517	11,186,308,844	251,656,456	487,443	-	1,084,790	(409,553,668)	14,858,068,515
\$1,823,148,770	\$5,223,804,912	\$2,483,470,514	\$2,207,088,905	\$83	\$2,769,810,105	\$(914,561,392)	\$29,245,919,761
13,229,031	12,138,414	7,236,490	43,605,017	6	39,683,008		
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80		

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS						
OPERATIONS						
Investment Income						
Dividends	\$ -	\$4,592,789	\$128,695,580	\$188	\$ -	\$ -
Interest	26,545,360	924,448	775,588	56,716,843	1,885,985	143,311,719
Other Income	3,647	-	2,812,646	495,044	-	4,313,152
Securities Lending	-	-	10,003,339	1,046,315	1,680,725	359,452
Total Income	26,549,007	5,517,237	142,287,153	58,258,390	3,566,710	147,984,323
Expenses						
Investment Advisory Fees	1,537,535	-	13,228,298	2,592,136	2,280,298	3,837,786
Custody and Transfer Agent Fees	45,602	215,561	749,893	267,116	125,742	144,601
Professional Fees	32,873	613,483	264,026	56,812	27,247	33,011
Security Lending Fees	-	-	701,246	58,626	62,343	34,670
Security Lending Rebates	-	-	2,990,883	460,056	1,057,297	12,757
Investment Expenses	72,372	13,999	59,966	8,500	677,354	100,893
Total Expenses	1,688,382	843,043	17,994,312	3,443,246	4,230,281	4,163,718
Net Investment Income	24,860,625	4,674,194	124,292,841	54,815,144	(663,571)	143,820,605
Net Realized Gain (Loss)	(30,966,885)	3,204,692	224,364,630	9,535,194	(6,431,184)	(85,732,666)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	20,031,127	(111,985,090)	(233,128,928)	18,798,349	36,308,764	27,608,963
Net Increase (Decrease) in Net Position Resulting from Operations	13,924,867	(104,106,204)	115,528,543	83,148,687	29,214,009	85,696,902
Unit Transactions						
Purchase of Units by Participants	7,876,647,399	95,771,498	36,280,951	35,482,297	165,326,702	9,496,930
TOTAL ADDITIONS	7,890,572,266	(8,334,706)	151,809,494	118,630,984	194,540,711	95,193,832
DEDUCTIONS						
Administrative Expenses:						
Salary and Fringe Benefits	(270,687)	(271,189)	(1,185,700)	(407,561)	(196,997)	(238,334)
Distributions to Unit Owners:						
Income Distributed	(24,272,621)	-	-	-	-	-
Unit Transactions						
Redemption of Units by Participants	(8,079,489,731)	(8,487,904)	(279,384,694)	(148,326,233)	(3,149,355)	(11,753,875)
TOTAL DEDUCTIONS	(8,104,033,039)	(8,759,093)	(280,570,394)	(148,733,794)	(3,346,352)	(11,992,209)
Change in Net Position Held in Trust for Participants	(213,460,773)	(17,093,799)	(128,760,900)	(30,102,810)	191,194,359	83,201,623
Net Position- Beginning of Period	2,193,554,383	1,821,434,443	6,770,865,716	2,436,967,176	1,130,779,585	1,414,578,861
Net Position- End of Period	\$1,980,093,610	\$1,804,340,644	\$6,642,104,816	\$2,406,864,366	\$1,321,973,944	\$1,497,780,484
Other Information:						
Units						
Purchased	8,075,012,237	82,949,169	25,101	282,187	1,087,346	65,636
Redeemed	(8,283,939,204)	(7,373,331)	(184,532)	(1,168,906)	(21,090)	(76,803)
Net Increase (Decrease)	(208,926,967)	75,575,838	(159,431)	(886,719)	1,066,256	(11,167)

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$8,541,540	\$162,777,688	\$54,678,155	\$78,117,664	\$ -	\$22,550,020	\$ -	\$459,953,624
109,098,735	1,346,352	5,511,628	1,079,732	136	1,891,043	(11,814,073)	337,273,496
62,838	559	1,905	-	-	26	(1,623)	7,688,194
2,906,369	3,103,844	1,980,794	-	-	-	-	21,080,838
120,609,482	167,228,443	62,172,482	79,197,396	136	24,441,089	(11,815,696)	825,996,152
5,689,980	21,720,999	13,834,642	7,554,325	-	3,039,252	(684,283)	74,630,968
186,649	779,277	218,278	244,560	1	327,285	(20,295)	3,284,270
40,587	163,611	68,746	539,176	-	1,555,243	(14,630)	3,380,185
243,093	305,401	169,128	-	-	-	-	1,574,507
475,436	49,822	289,513	-	-	-	-	5,335,764
13,596	168,859	1,330,774	14,166	-	20,618	(32,209)	2,448,888
6,649,341	23,187,969	15,911,081	8,352,227	1	4,942,398	(751,417)	90,654,582
113,960,141	144,040,474	46,261,401	70,845,169	135	19,498,691	(11,064,279)	735,341,570
(69,805,380)	17,119,757	(224,848,281)	3,764,103	(15,488)	313,088,934	13,781,883	167,059,309
(45,351,960)	(569,539,822)	12,538,813	111,357,953	35	(143,969,587)	(9,844,658)	(887,176,041)
(1,197,199)	(408,379,591)	(166,048,067)	185,967,225	(15,318)	188,618,038	(7,127,054)	15,224,838
60,674,737	42,596,214	193,164,163	131,094,177	-	16,552,334	(6,198,705,861)	2,464,381,541
59,477,538	(365,783,377)	27,116,096	317,061,402	(15,318)	205,170,372	(6,205,832,915)	2,479,606,379
(292,321)	(854,845)	(336,036)	(285,970)	(2,836)	(380,666)	120,470	(4,602,672)
-	-	-	-	-	-	10,802,583	(13,470,038)
(10,302,127)	(318,801,669)	(16,597,298)	(27,923,172)	(14,400)	(330,071,249)	6,151,711,283	(3,082,590,424)
(10,594,448)	(319,656,514)	(16,933,334)	(28,209,142)	(17,236)	(330,451,915)	6,162,634,336	(3,100,663,134)
48,883,090	(685,439,891)	10,182,762	288,852,260	(32,554)	(125,281,543)	(43,198,579)	(621,056,755)
1,774,265,680	5,909,244,803	2,473,287,752	1,918,236,645	32,637	2,895,091,648	(871,362,813)	29,866,976,516
\$1,823,148,770	\$5,223,804,912	\$2,483,470,514	\$2,207,088,905	\$83	\$2,769,810,105	\$(914,561,392)	\$29,245,919,761
452,139	98,517	595,224	2,730,330	-	245,166		
(75,718)	(716,920)	(50,439)	(586,760)	(968)	(5,015,234)		
376,421	(618,403)	544,785	2,143,570	(968)	(4,770,068)		

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS						
OPERATIONS						
Investment Income						
Dividends	\$2,798	\$3,667,951	\$122,875,650	\$5,451	\$ -	\$787
Interest	23,532,283	581,175	852,018	53,613,840	(3,420,391)	94,663,964
Other Income	38	-	1,748,415	922,828	-	4,394,655
Securities Lending	-	-	4,677,391	845,802	974,411	199,223
Total Income	23,535,119	4,249,126	130,153,474	55,387,921	(2,445,980)	99,258,629
Expenses						
Investment Advisory Fees	4,742,508	-	13,224,485	2,986,694	1,847,122	4,292,272
Custody and Transfer Agent Fees	221,920	176,102	824,968	294,557	139,186	182,246
Professional Fees	67,525	696,311	240,242	54,533	25,584	32,771
Security Lending Fees	-	-	443,096	68,345	57,082	19,440
Security Lending Rebates	-	-	246,428	162,353	403,590	4,818
Investment Expenses	16,686	14,123	74,007	36,192	389,953	134,774
Total Expenses	5,048,639	886,536	15,053,226	3,602,674	2,862,517	4,666,321
Net Investment Income	18,486,480	3,362,590	115,100,248	51,785,247	(5,308,497)	94,592,308
Net Realized Gain (Loss)	(4,602,089)	5,028,776	605,914,006	14,841,191	54,193,275	(55,603,561)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(39,899,693)	50,463,829	(242,461,952)	(21,371,772)	(81,615,640)	(153,532,525)
Net Increase (Decrease) in Net Position Resulting from Operations	(26,015,302)	58,855,195	478,552,302	45,254,666	(32,730,862)	(114,543,778)
Unit Transactions						
Purchase of Units by Participants	11,042,574,984	396,438,171	13,796,284	30,270,065	98,295,890	18,192,697
TOTAL ADDITIONS	11,016,559,682	455,293,366	492,348,586	75,524,731	65,565,028	(96,351,081)
DEDUCTIONS						
Administrative Expenses:						
Salary and Fringe Benefits	(402,960)	(328,758)	(1,084,979)	(351,364)	(167,022)	(208,742)
Distributions to Unit Owners:						
Income Distributed	(16,968,808)	-	-	-	-	-
Unit Transactions						
Redemption of Units by Participants	(10,993,810,556)	(3,420,717)	(778,881,605)	(58,894,010)	(13,299,326)	(2,538,296)
TOTAL DEDUCTIONS	(11,011,182,324)	(3,749,475)	(779,966,584)	(59,245,374)	(13,466,348)	(2,747,038)
Change in Net Position Held in Trust for Participants	5,377,358	451,543,891	(287,617,998)	16,279,357	52,098,680	(99,098,119)
Net Position- Beginning of Period	2,188,177,025	1,369,890,552	7,058,483,714	2,420,687,819	1,078,680,905	1,513,676,980
Net Position- End of Period	\$2,193,554,383	\$1,821,434,443	\$6,770,865,716	\$2,436,967,176	\$1,130,779,585	\$1,414,578,861
Other Information:						
Units						
Purchased	11,149,973,287	343,475,978	9,102	241,766	632,427	118,893
Redeemed	(11,105,662,561)	(2,950,614)	(536,556)	(468,554)	(85,967)	(15,637)
Net Increase (Decrease)	44,310,726	340,525,364	(527,454)	(226,788)	546,460	103,256

COMBINED INVESTMENT FUNDS

**SCHEDULE OF CHANGES IN NET POSITION BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

HIGH YIELD- DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
\$4,058,514	\$166,649,666	\$68,371,751	\$69,270,904	\$-	\$68,011,714	\$(1,238)	\$502,913,948
97,162,199	1,003,799	2,872,048	578,558	1,097	978,504	(10,408,866)	262,010,228
248,005	9,643	-	-	-	-	(17)	7,323,567
1,839,648	4,955,071	1,941,376	-	-	-	-	15,432,922
103,308,366	172,618,179	73,185,175	69,849,462	1,097	68,990,218	(10,410,121)	787,680,665
5,034,481	21,897,221	15,665,100	5,429,945	-	2,879,276	(2,097,720)	75,901,384
199,991	799,001	351,360	233,310	4	428,478	(98,160)	3,752,963
36,105	147,711	69,546	401,061	-	1,141,100	(29,868)	2,882,621
178,163	494,817	189,901	-	-	-	-	1,450,844
58,022	6,897	42,365	-	-	-	-	924,473
14,723	350,912	1,521,928	14,740	-	25,485	(7,381)	2,586,142
5,521,485	23,696,559	17,840,200	6,079,056	4	4,474,339	(2,233,129)	87,498,427
97,786,881	148,921,620	55,344,975	63,770,406	1,093	64,515,879	(8,176,992)	700,182,238
6,900,522	357,166,341	(20,301,641)	92,810,550	(1,013)	274,316,258	2,035,609	1,332,698,224
(124,181,761)	(467,803,648)	(218,071,430)	71,162,966	79	90,636,808	16,922,879	(1,119,751,860)
(19,494,358)	38,284,313	(183,028,096)	227,743,922	159	429,468,945	10,781,496	913,128,602
205,508,562	26,626,714	17,921,069	232,332,363	-	11,511,397	(9,083,061,530)	3,010,406,666
186,014,204	64,911,027	(165,107,027)	460,076,285	159	440,980,342	(9,072,280,034)	3,923,535,268
(233,745)	(788,966)	(339,128)	(453,417)	-	(441,202)	178,238	(4,622,045)
-	-	-	-	-	-	7,505,689	(9,463,119)
(128,699)	(290,021,999)	(16,342,897)	(104,701,423)	(38,000)	(511,529,663)	9,177,008,437	(3,596,598,754)
(362,444)	(290,810,965)	(16,682,025)	(105,154,840)	(38,000)	(511,970,865)	9,184,692,364	(3,610,683,918)
185,651,760	(225,899,938)	(181,789,052)	354,921,445	(37,841)	(70,990,523)	112,412,330	312,851,350
1,588,613,920	6,135,144,741	2,655,076,804	1,563,315,200	70,478	2,966,082,171	(983,775,143)	29,554,125,166
\$1,774,265,680	\$5,909,244,803	\$2,473,287,752	\$1,918,236,645	\$32,637	\$2,895,091,648	\$(871,362,813)	\$29,866,976,516
1,491,397	59,074	46,796	5,748,603	-	191,536		
(933)	(635,370)	(40,963)	(2,546,553)	(1,134)	(9,085,165)		
1,490,464	(576,296)	5,833	3,202,050	(1,134)	(8,893,629)		

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Teachers' Retirement Fund						
Book Value at June 30, 2015	\$824,588,476	\$844,868,000	\$554,398,211	\$1,006,191,273	\$403,447,781	\$651,600,289
Market Value at June 30, 2015	\$817,243,850	\$963,753,681	\$3,809,624,346	\$1,165,687,413	\$477,369,486	\$793,001,042
Shares Purchased	1,414,854,545	33,000,000	-	-	95,000,000	-
Shares Redeemed	(1,598,000,000)	-	(150,000,000)	(55,000,000)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(11,581,547)	-	127,900,088	8,228,126	-	-
Net Investment Income Earned	8,268,710	-	-	-	-	-
Net Investment Income Distributed	(8,268,710)	-	-	-	-	-
Changes in Market Value of Fund Shares	7,144,258	(55,437,508)	(65,716,597)	31,238,051	12,717,667	47,641,718
Market Value at June 30, 2016	\$629,661,106	\$941,316,173	\$3,721,807,837	\$1,150,153,590	\$585,087,153	\$840,642,760
Book Value at June 30, 2016	\$629,861,474	\$877,868,000	\$532,298,299	\$959,419,399	\$498,447,781	\$651,600,289
Shares Outstanding	644,476,427	839,118,956	2,399,243	8,880,149	3,774,653	5,264,498
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68
State Employees' Retirement Fund						
Book Value at June 30, 2015	\$421,503,260	\$558,420,000	\$324,700,381	\$821,302,427	\$474,055,068	\$318,201,035
Market Value at June 30, 2015	\$414,492,232	\$633,168,692	\$2,497,203,053	\$938,163,640	\$526,207,497	\$417,573,743
Shares Purchased	78,093,309	30,000,000	-	-	65,000,000	-
Shares Redeemed	(144,620,338)	-	(110,000,000)	(80,000,000)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(3,260,568)	-	95,698,277	11,001,734	-	-
Net Investment Income Earned	3,967,421	-	-	-	-	-
Net Investment Income Distributed	(3,967,421)	-	-	-	-	-
Changes in Market Value of Fund Shares	1,253,152	(36,808,197)	(53,890,628)	20,065,928	13,275,243	25,086,889
Market Value at June 30, 2016	\$345,957,787	\$626,360,495	\$2,429,010,702	\$889,231,302	\$604,482,740	\$442,660,632
Book Value at June 30, 2016	\$351,715,663	\$588,420,000	\$310,398,658	\$752,304,161	\$539,055,068	\$318,201,035
Shares Outstanding	354,097,851	558,357,521	1,565,849	6,865,610	3,899,782	2,772,148
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68
Municipal Employees' Retirement Fund						
Book Value at June 30, 2015	\$65,639,139	\$155,934,446	\$57,682,268	\$156,756,277	\$94,022,908	\$160,070,241
Market Value at June 30, 2015	\$64,730,711	\$179,182,429	\$352,693,709	\$175,835,597	\$107,562,565	\$172,750,227
Shares Purchased	39,643,597	17,237,197	11,812,581	5,504,213	2,570,680	5,513,290
Shares Redeemed	(43,411,703)	(7,330,665)	(15,339,120)	(8,542,927)	(2,682,630)	(10,262,505)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(658,734)	742,455	12,557,412	937,771	298,134	897,843
Net Investment Income Earned	650,571	-	-	-	-	-
Net Investment Income Distributed	(650,571)	-	-	-	-	-
Changes in Market Value of Fund Shares	422,824	(10,288,548)	(5,633,770)	4,999,423	2,169,938	9,603,880
Market Value at June 30, 2016	\$60,726,695	\$179,542,868	\$356,090,812	\$178,734,077	\$109,918,687	\$178,502,735
Book Value at June 30, 2016	\$61,212,299	\$166,583,433	\$66,713,141	\$154,655,334	\$94,209,092	\$156,218,869
Shares Outstanding	62,155,543	160,050,181	229,552	1,379,977	709,133	1,117,868
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$715,399,049	\$1,716,508,490	\$835,417,118	\$1,007,240,158	\$39,643	\$1,593,689,024	\$10,153,387,512
\$848,636,229	\$3,345,856,734	\$1,392,332,538	\$1,046,239,437	\$17,758	\$1,566,014,000	\$16,225,776,514
20,000,000	-	70,000,000	40,000,000	-	-	1,672,854,545
-	(234,000,000)	-	-	(7,835)	(250,000,000)	(2,287,007,835)
-	-	-	-	-	-	-
-	108,979,658	-	-	(31,583)	(1,059,429)	232,435,313
-	-	-	-	-	-	8,268,710
-	-	-	-	-	-	(8,268,710)
(1,454,136)	(338,795,350)	(96,399,893)	100,552,818	21,700	98,992,949	(259,494,323)
\$867,182,093	\$2,882,041,042	\$1,365,932,645	\$1,186,792,255	\$40	\$1,413,947,520	\$15,584,564,214
\$735,399,049	\$1,591,488,148	\$905,417,118	\$1,047,240,158	\$225	\$1,342,629,595	\$9,771,669,535
6,292,400	6,696,921	3,980,139	23,447,219	3	20,257,595	1,564,588,204
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	
\$479,458,589	\$1,049,005,470	\$536,857,122	\$640,514,538	\$27,937	\$1,075,097,430	\$6,699,143,257
\$555,866,700	\$2,172,554,998	\$901,804,814	\$658,432,896	\$12,581	\$1,022,011,228	\$10,737,492,074
15,000,000	-	80,000,000	80,000,000	-	-	348,093,309
-	(80,000,000)	-	-	(5,550)	(30,000,000)	(444,625,888)
-	-	-	-	-	-	-
-	39,721,136	-	-	(22,223)	(2,141,347)	140,997,009
-	-	-	-	-	-	3,967,421
-	-	-	-	-	-	(3,967,421)
(954,529)	(191,381,896)	(60,893,442)	66,275,251	15,225	72,703,145	(145,253,859)
\$569,912,171	\$1,940,894,238	\$920,911,372	\$804,708,147	\$33	\$1,062,573,026	\$10,636,702,645
\$494,458,589	\$1,008,726,606	\$616,857,122	\$720,514,538	\$164	\$1,042,956,083	\$6,743,607,687
4,135,365	4,510,004	2,683,409	15,898,459	2	15,223,460	970,009,459
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	
\$277,559,731	\$141,022,497	\$99,865,402	\$151,621,547	\$4,303	\$238,723,234	\$1,598,901,993
\$306,678,275	\$301,355,591	\$144,990,988	\$166,279,048	\$1,953	\$247,250,539	\$2,219,311,632
13,973,978	19,768,172	31,205,400	2,120,700	-	6,989,856	156,339,664
(9,099,279)	(3,751,829)	(13,344,191)	(23,897,240)	(861)	(43,026,144)	(180,689,094)
-	-	-	-	-	-	-
732,183	1,812,461	2,538,696	2,722,357	(3,417)	2,071,020	24,648,181
-	-	-	-	-	-	650,571
-	-	-	-	-	-	(650,571)
(378,022)	(23,039,079)	(10,253,343)	11,434,292	2,331	13,372,889	(7,587,185)
\$311,907,135	\$296,145,316	\$155,137,550	\$158,659,157	\$6	\$226,658,160	\$2,212,023,198
\$283,166,613	\$158,851,301	\$120,265,307	\$132,567,364	\$25	\$204,757,966	\$1,599,200,744
2,263,243	688,145	452,049	3,134,597	0	3,247,326	235,427,615
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Probate Court Retirement Fund						
Book Value at June 30, 2015	\$2,339,686	\$3,909,096	\$1,701,107	\$6,836,384	\$3,804,645	\$6,358,812
Market Value at June 30, 2015	\$2,323,811	\$4,555,018	\$14,346,092	\$8,045,754	\$4,374,545	\$7,026,050
Shares Purchased	4,687,997	406,970	290,873	244,388	51,760	139,521
Shares Redeemed	(4,792,000)	(282,042)	(802,823)	(598,771)	(171,879)	(511,160)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(27,103)	32,279	699,761	90,588	19,040	50,264
Net Investment Income Earned	24,538	-	-	-	-	-
Net Investment Income Distributed	(24,538)	-	-	-	-	-
Changes in Market Value of Fund Shares	17,657	(272,336)	(444,727)	173,848	75,592	357,957
Market Value at June 30, 2016	\$2,210,362	\$4,439,889	\$14,089,176	\$7,955,807	\$4,349,058	\$7,062,632
Book Value at June 30, 2016	\$2,208,580	\$4,066,303	\$1,888,918	\$6,572,589	\$3,703,566	\$6,037,437
Shares Outstanding	2,262,370	3,957,857	9,083	61,425	28,058	44,230
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68
Judges' Retirement Fund						
Book Value at June 30, 2015	\$5,511,437	\$13,418,971	\$5,575,185	\$13,405,657	\$8,052,615	\$13,628,728
Market Value at June 30, 2015	\$5,438,235	\$15,442,967	\$30,397,289	\$15,154,500	\$9,270,290	\$14,888,547
Shares Purchased	2,827,661	1,531,519	857,602	503,099	208,165	387,604
Shares Redeemed	(2,892,000)	(771,885)	(1,319,168)	(851,895)	(269,606)	(874,957)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(45,602)	78,903	1,057,995	99,491	30,157	84,050
Net Investment Income Earned	54,670	-	-	-	-	-
Net Investment Income Distributed	(54,670)	-	-	-	-	-
Changes in Market Value of Fund Shares	23,584	(898,128)	(484,289)	409,049	179,314	809,900
Market Value at June 30, 2016	\$5,351,878	\$15,383,376	\$30,509,429	\$15,314,244	\$9,418,320	\$15,295,144
Book Value at June 30, 2016	\$5,401,496	\$14,257,508	\$6,171,614	\$13,156,352	\$8,021,331	\$13,225,425
Shares Outstanding	5,477,803	13,713,227	19,668	118,239	60,762	95,785
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68
State's Attorneys' Retirement Fund						
Book Value at June 30, 2015	\$21,741	\$-	\$145,446	\$315,524	\$22,923	\$72,409
Market Value at June 30, 2015	\$21,587	\$-	\$445,282	\$352,212	\$29,986	\$90,280
Shares Purchased	25,808	-	9,148	17,826	851	2,334
Shares Redeemed	(25,762)	-	(11,535)	(22,680)	(767)	(4,398)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(231)	-	7,622	2,396	158	863
Net Investment Income Earned	205	-	-	-	-	-
Net Investment Income Distributed	(205)	-	-	-	-	-
Changes in Market Value of Fund Shares	129	-	503	9,448	515	4,546
Market Value at June 30, 2016	\$21,531	\$-	\$451,020	\$359,202	\$30,743	\$93,625
Book Value at June 30, 2016	\$21,556	\$-	\$150,681	\$313,066	\$23,165	\$71,208
Shares Outstanding	22,034	-	291	2,773	198	586
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$155.00	\$159.68

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$12,008,827	\$5,429,173	\$3,817,973	\$6,378,242	\$259	\$9,275,878	\$61,860,082
\$13,364,829	\$13,132,839	\$5,896,193	\$6,764,122	\$114	\$10,059,354	\$89,888,721
263,988	625,289	1,102,664	81,562	-	275,788	8,170,800
(399,570)	(278,939)	(528,062)	(1,133,389)	(51)	(1,982,391)	(11,481,077)
-	-	-	-	-	-	-
34,705	154,997	122,345	94,567	(207)	180,429	1,451,665
-	-	-	-	-	-	24,538
-	-	-	-	-	-	(24,538)
(41,469)	(1,079,895)	(454,942)	470,731	144	434,834	(762,606)
\$13,222,483	\$12,554,291	\$6,138,198	\$6,277,593	\$-	\$8,968,014	\$87,267,503
\$11,907,950	\$5,930,520	\$4,514,920	\$5,420,982	\$1	\$7,749,704	\$60,001,470
95,944	29,172	17,886	124,025	0	128,485	6,758,534
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	
\$23,860,509	\$12,303,593	\$8,319,606	\$13,676,251	\$454	\$21,424,788	\$139,177,794
\$26,431,302	\$25,972,560	\$12,495,965	\$14,331,034	\$204	\$21,309,912	\$191,132,805
998,669	1,578,645	2,587,669	207,864	-	638,156	12,326,653
(720,969)	(339,542)	(1,111,957)	(2,159,882)	(91)	(3,852,030)	(15,163,982)
-	-	-	-	-	-	-
59,763	164,940	235,525	157,376	(360)	34,149	1,956,387
-	-	-	-	-	-	54,670
-	-	-	-	-	-	(54,670)
(44,237)	(2,002,461)	(913,791)	1,057,282	247	1,289,718	(573,812)
\$26,724,528	\$25,374,142	\$13,293,411	\$13,593,674	\$-	\$19,419,905	\$189,678,051
\$24,197,972	\$13,707,636	\$10,030,843	\$11,881,609	\$3	\$18,245,063	\$138,296,852
193,917	58,961	38,735	268,568	0	278,229	20,323,893
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	
\$132,536	\$283,865	\$99,458	\$-	\$-	\$-	\$1,093,902
\$152,608	\$329,915	\$101,082	\$-	\$-	\$-	\$1,522,952
4,514	19,986	19,972	-	-	-	100,439
(1,416)	(988)	(7,010)	-	-	-	(74,556)
-	-	-	-	-	-	-
165	103	(539)	-	-	-	10,537
-	-	-	-	-	-	205
-	-	-	-	-	-	(205)
(146)	(23,721)	(4,990)	-	-	-	(13,716)
\$155,725	\$325,295	\$108,515	\$-	\$-	\$-	\$1,545,656
\$135,799	\$302,966	\$111,881	\$-	\$-	\$-	\$1,130,322
1,130	756	316	-	-	-	28,085
\$137.81	\$430.35	\$343.19	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION
COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Soldiers' Sailors' & Marines' Fund						
Book Value at June 30, 2015	\$2,455,560	\$-	\$3,618,620	\$41,361,133	\$-	\$-
Market Value at June 30, 2015	\$2,436,919	\$-	\$10,998,263	\$48,968,407	\$-	\$-
Shares Purchased	1,477,174	-	434,217	605,245	-	-
Shares Redeemed	(2,246,978)	-	(690,037)	(2,068,994)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(22,175)	-	450,753	323,315	-	-
Net Investment Income Earned	19,170	-	-	-	-	-
Net Investment Income Distributed	(19,170)	-	-	-	-	-
Changes in Market Value of Fund Shares	12,144	-	(228,198)	1,322,709	-	-
Market Value at June 30, 2016	\$1,657,084	\$-	\$10,964,998	\$49,150,682	\$-	\$-
Book Value at June 30, 2016	\$1,663,581	\$-	\$3,813,553	\$40,220,699	\$-	\$-
Shares Outstanding	1,696,075	-	7,069	379,484	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-
Endowment for the Arts						
Book Value at June 30, 2015	\$580,812	\$-	\$1,880,341	\$11,324,054	\$-	\$-
Market Value at June 30, 2015	\$576,193	\$-	\$2,876,829	\$12,809,891	\$-	\$-
Shares Purchased	377,838	-	90,537	231,899	-	-
Shares Redeemed	(389,688)	-	(167,315)	(673,890)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(6,291)	-	56,679	79,339	-	-
Net Investment Income Earned	5,777	-	-	-	-	-
Net Investment Income Distributed	(5,777)	-	-	-	-	-
Changes in Market Value of Fund Shares	3,860	-	(2,433)	348,574	-	-
Market Value at June 30, 2016	\$561,912	\$-	\$2,854,297	\$12,795,813	\$-	\$-
Book Value at June 30, 2016	\$562,671	\$-	\$1,860,242	\$10,961,402	\$-	\$-
Shares Outstanding	575,134	-	1,840	98,794	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-
Agricultural College Fund						
Book Value at June 30, 2015	\$28	\$-	\$-	\$601,740	\$-	\$-
Market Value at June 30, 2015	\$29	\$-	\$-	\$653,704	\$-	\$-
Shares Purchased	1,631	-	-	1,000	-	-
Shares Redeemed	(1,029)	-	-	(15,000)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(5)	-	-	1,218	-	-
Net Investment Income Earned	7	-	-	-	-	-
Net Investment Income Distributed	(7)	-	-	-	-	-
Changes in Market Value of Fund Shares	1	-	-	21,064	-	-
Market Value at June 30, 2016	\$627	\$-	\$-	\$661,986	\$-	\$-
Book Value at June 30, 2016	\$625	\$-	\$-	\$588,958	\$-	\$-
Shares Outstanding	642	-	-	5,111	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$-	\$5,891,883	\$2,805,623	\$-	\$-	\$-	\$56,132,819
\$-	\$7,874,247	\$2,752,699	\$-	\$-	\$-	\$73,030,535
-	574,150	616,205	-	-	-	3,706,991
-	(260,620)	(314,131)	-	-	-	(5,580,760)
-	-	-	-	-	-	-
-	54,837	(32,730)	-	-	-	774,000
-	-	-	-	-	-	19,170
-	-	-	-	-	-	(19,170)
-	(602,124)	(113,168)	-	-	-	391,363
\$-	\$7,640,490	\$2,908,875	\$-	\$-	\$-	\$72,322,129
\$-	\$6,260,250	\$3,074,967	\$-	\$-	\$-	\$55,033,050
-	17,754	8,476	-	-	-	2,108,858
\$-	\$430.35	\$343.19	\$-	\$-	\$-	
\$-	\$1,547,500	\$733,742	\$-	\$-	\$-	\$16,066,449
\$-	\$2,059,805	\$720,287	\$-	\$-	\$-	\$19,043,005
-	132,070	152,654	-	-	-	984,998
-	(57,616)	(76,013)	-	-	-	(1,364,522)
-	-	-	-	-	-	-
-	12,052	(8,085)	-	-	-	133,694
-	-	-	-	-	-	5,777
-	-	-	-	-	-	(5,777)
-	(157,220)	(31,374)	-	-	-	161,407
\$-	\$1,989,091	\$757,469	\$-	\$-	\$-	\$18,958,582
\$-	\$1,634,006	\$802,298	\$-	\$-	\$-	\$15,820,619
-	4,622	2,207	-	-	-	682,597
\$-	\$430.35	\$343.19	\$-	\$-	\$-	
\$-	\$-	\$-	\$-	\$-	\$-	\$601,768
\$-	\$-	\$-	\$-	\$-	\$-	\$653,733
-	-	-	-	-	-	2,631
-	-	-	-	-	-	(16,029)
-	-	-	-	-	-	-
-	-	-	-	-	-	1,213
-	-	-	-	-	-	7
-	-	-	-	-	-	(7)
-	-	-	-	-	-	21,065
\$-	\$-	\$-	\$-	\$-	\$-	\$662,613
\$-	\$-	\$-	\$-	\$-	\$-	\$589,583
-	-	-	-	-	-	5,753
\$-	\$-	\$-	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION
COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Ida Eaton Cotton Fund						
Book Value at June 30, 2015	\$75,129	\$-	\$42,522	\$1,469,204	\$-	\$-
Market Value at June 30, 2015	\$74,345	\$-	\$371,189	\$1,652,844	\$-	\$-
Shares Purchased	49,674	-	16,761	30,972	-	-
Shares Redeemed	(51,148)	-	(26,998)	(86,970)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(837)	-	23,325	9,830	-	-
Net Investment Income Earned	738	-	-	-	-	-
Net Investment Income Distributed	(738)	-	-	-	-	-
Changes in Market Value of Fund Shares	518	-	(15,750)	45,439	-	-
Market Value at June 30, 2016	\$72,552	\$-	\$368,527	\$1,652,115	\$-	\$-
Book Value at June 30, 2016	\$72,818	\$-	\$55,610	\$1,423,036	\$-	\$-
Shares Outstanding	74,258	-	238	12,756	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-
Andrew Clark Fund						
Book Value at June 30, 2015	\$35,316	\$-	\$20,097	\$706,507	\$-	\$-
Market Value at June 30, 2015	\$34,970	\$-	\$174,579	\$777,372	\$-	\$-
Shares Purchased	23,362	-	7,882	14,460	-	-
Shares Redeemed	(24,057)	-	(12,698)	(40,798)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(380)	-	10,963	3,800	-	-
Net Investment Income Earned	346	-	-	-	-	-
Net Investment Income Distributed	(346)	-	-	-	-	-
Changes in Market Value of Fund Shares	230	-	(7,399)	22,194	-	-
Market Value at June 30, 2016	\$34,125	\$-	\$173,327	\$777,028	\$-	\$-
Book Value at June 30, 2016	\$34,241	\$-	\$26,244	\$683,969	\$-	\$-
Shares Outstanding	34,925	-	112	5,999	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-
School Fund						
Book Value at June 30, 2015	\$337,242	\$-	\$192,612	\$6,628,066	\$-	\$-
Market Value at June 30, 2015	\$335,391	\$-	\$1,675,771	\$7,459,418	\$-	\$-
Shares Purchased	281,685	-	90,061	-	-	-
Shares Redeemed	(288,130)	-	(137,891)	(259,675)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(3,659)	-	117,273	29,701	-	-
Net Investment Income Earned	2,966	-	-	-	-	-
Net Investment Income Distributed	(2,966)	-	-	-	-	-
Changes in Market Value of Fund Shares	1,747	-	(82,539)	221,551	-	-
Market Value at June 30, 2016	\$327,034	\$-	\$1,662,675	\$7,450,995	\$-	\$-
Book Value at June 30, 2016	\$327,138	\$-	\$262,055	\$6,398,092	\$-	\$-
Shares Outstanding	334,733	-	1,072	57,528	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$-	\$198,937	\$94,779	\$-	\$-	\$-	\$1,880,571
\$-	\$265,773	\$92,939	\$-	\$-	\$-	\$2,457,090
-	16,816	19,602	-	-	-	133,825
-	(7,513)	(9,819)	-	-	-	(182,448)
-	-	-	-	-	-	-
-	1,603	(1,038)	-	-	-	32,883
-	-	-	-	-	-	738
-	-	-	-	-	-	(738)
-	(19,858)	(3,886)	-	-	-	6,463
\$-	\$256,821	\$97,798	\$-	\$-	\$-	\$2,447,813
\$-	\$209,843	\$103,524	\$-	\$-	\$-	\$1,864,831
-	597	285	-	-	-	88,133
\$-	\$430.35	\$343.19	\$-	\$-	\$-	
\$-	\$93,562	\$44,602	\$-	\$-	\$-	\$900,084
\$-	\$125,000	\$43,713	\$-	\$-	\$-	\$1,155,634
-	7,909	9,220	-	-	-	62,833
-	(3,534)	(4,618)	-	-	-	(85,705)
-	-	-	-	-	-	-
-	754	(491)	-	-	-	14,646
-	-	-	-	-	-	346
-	-	-	-	-	-	(346)
-	(9,341)	(1,824)	-	-	-	3,860
\$-	\$120,788	\$46,000	\$-	\$-	\$-	\$1,151,268
\$-	\$98,691	\$48,713	\$-	\$-	\$-	\$891,858
-	281	134	-	-	-	41,451
\$-	\$430.35	\$343.19	\$-	\$-	\$-	
\$-	\$904,245	\$426,830	\$-	\$-	\$-	\$8,488,995
\$-	\$1,199,581	\$419,046	\$-	\$-	\$-	\$11,089,207
-	104,262	99,183	-	-	-	575,191
-	(62,865)	(55,556)	-	-	-	(804,117)
-	-	-	-	-	-	-
-	12,775	(5,646)	-	-	-	150,444
-	-	-	-	-	-	2,966
-	-	-	-	-	-	(2,966)
-	(95,462)	(16,298)	-	-	-	28,999
\$-	\$1,158,291	\$440,729	\$-	\$-	\$-	\$11,039,724
\$-	\$958,417	\$464,811	\$-	\$-	\$-	\$8,410,513
-	2,691	1,284	-	-	-	397,308
\$-	\$430.35	\$343.19	\$-	\$-	\$-	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	LIQUIDITY FUND	ALTERNATIVE INVESTMENT FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Hopemead Fund						
Book Value at June 30, 2015	\$107,331	\$-	\$101,243	\$2,138,684	\$-	\$-
Market Value at June 30, 2015	\$105,152	\$-	\$524,998	\$2,337,731	\$-	\$-
Shares Purchased	3,367	-	27,062	43,358	-	-
Shares Redeemed	(3,339)	-	(30,970)	(75,906)	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(97)	-	24,142	6,558	-	-
Net Investment Income Earned	1,069	-	-	-	-	-
Net Investment Income Distributed	(1,069)	-	-	-	-	-
Changes in Market Value of Fund Shares	(358)	-	(13,271)	73,047	-	-
Market Value at June 30, 2016	\$104,725	\$-	\$531,961	\$2,384,788	\$-	\$-
Book Value at June 30, 2016	\$107,262	\$-	\$121,477	\$2,112,694	\$-	\$-
Shares Outstanding	107,189	-	343	18,413	-	-
Market Value per Share	\$0.98	\$-	\$1,551.24	\$129.52	\$-	\$-
Police & Fireman's Survivors' Benefit Fund						
Book Value at June 30, 2015	\$892,491	\$2,330,063	\$2,326,498	\$1,788,004	\$973,522	\$1,619,269
Market Value at June 30, 2015	\$877,645	\$2,567,415	\$4,772,432	\$1,959,637	\$1,096,161	\$1,925,365
Shares Purchased	182,712	279,604	174,746	80,509	37,652	72,740
Shares Redeemed	(225,894)	(103,313)	(158,920)	(88,727)	(24,473)	(100,856)
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(4,918)	6,181	79,374	7,910	2,196	17,075
Net Investment Income Earned	8,701	-	-	-	-	-
Net Investment Income Distributed	(8,701)	-	-	-	-	-
Changes in Market Value of Fund Shares	824	(143,181)	14,777	59,030	23,423	101,679
Market Value at June 30, 2016	\$830,369	\$2,606,706	\$4,882,409	\$2,018,359	\$1,134,959	\$2,016,003
Book Value at June 30, 2016	\$844,391	\$2,512,535	\$2,421,698	\$1,787,696	\$988,897	\$1,608,228
Shares Outstanding	849,908	2,323,700	3,147	15,583	7,322	12,625
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68
OPEB Fund						
Book Value at June 30, 2015	\$13,511,865	\$21,329,369	\$37,031,984	\$55,623,754	\$4,963,397	\$7,664,749
Market Value at June 30, 2015	\$13,500,500	\$22,764,241	\$44,761,884	\$57,109,056	\$4,869,055	\$7,323,607
Shares Purchased	135,411,178	13,316,207	22,469,483	28,205,329	2,457,594	3,381,441
Shares Redeemed	(130,806,382)	-	(687,220)	-	-	-
Returns of Capital	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	(120,666)	-	92,979	-	-	-
Net Investment Income Earned	83,968	-	-	-	-	-
Net Investment Income Distributed	(83,968)	-	-	-	-	-
Changes in Market Value of Fund Shares	29,801	(1,389,311)	2,070,520	2,909,993	225,635	801,905
Market Value at June 30, 2016	\$18,014,431	\$34,691,137	\$68,707,646	\$88,224,378	\$7,552,284	\$11,506,953
Book Value at June 30, 2016	\$17,995,995	\$34,645,576	\$58,907,226	\$83,829,083	\$7,420,991	\$11,046,190
Shares Outstanding	18,438,299	30,924,775	44,292	681,166	48,723	72,062
Market Value per Share	\$0.98	\$1.12	\$1,551.24	\$129.52	\$155.00	\$159.68

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
\$-	\$283,183	\$133,999	\$-	\$-	\$-	\$2,764,440
\$-	\$375,901	\$131,450	\$-	\$-	\$-	\$3,475,232
-	31,831	30,667	-	-	-	136,285
-	(10,828)	(14,174)	-	-	-	(135,217)
-	-	-	-	-	-	-
-	2,215	(1,456)	-	-	-	31,362
-	-	-	-	-	-	1,069
-	-	-	-	-	-	(1,069)
-	(28,408)	(5,315)	-	-	-	25,695
\$-	\$370,711	\$141,172	\$-	\$-	\$-	\$3,533,357
\$-	\$306,401	\$149,036	\$-	\$-	\$-	\$2,796,870
-	861	411	-	-	-	127,217
\$-	\$430.35	\$343.19	\$-	\$-	\$-	
\$2,963,406	\$3,532,377	\$2,076,009	\$1,930,952	\$63	\$2,558,207	\$22,990,861
\$3,347,959	\$4,112,337	\$2,111,179	\$2,117,309	\$27	\$3,462,731	\$28,350,197
178,594	302,821	471,385	38,291	-	116,255	1,935,309
(80,893)	(27,396)	(182,876)	(289,969)	(12)	(579,278)	(1,862,607)
-	-	-	-	-	-	-
8,011	2,828	(13,367)	33,357	(50)	157,434	296,031
-	-	-	-	-	-	8,701
-	-	-	-	-	-	(8,701)
(3,406)	(295,652)	(97,706)	148,409	39	60,328	(131,436)
\$3,450,265	\$4,094,938	\$2,288,615	\$2,047,397	\$4	\$3,217,470	\$28,587,494
\$3,069,118	\$3,810,630	\$2,351,151	\$1,712,631	\$1	\$2,252,618	\$23,359,594
25,036	9,515	6,669	40,450	0	46,097	3,340,053
\$137.81	\$430.35	\$343.19	\$50.62	\$14.99	\$69.80	
\$19,043,847	\$30,608,424	\$9,728,672	\$20,208,781	\$-	\$19,918,391	\$239,633,233
\$19,787,778	\$34,029,522	\$9,394,859	\$24,072,799	\$-	\$24,983,884	\$262,597,185
10,254,993	19,434,266	6,849,544	8,645,760	-	8,532,280	258,958,075
-	-	(948,891)	(442,693)	-	(631,406)	(133,516,592)
-	-	-	-	-	-	-
-	-	(37,813)	65,137	-	121,631	121,268
-	-	-	-	-	-	83,968
-	-	-	-	-	-	(83,968)
551,599	(2,624,330)	10,466	2,669,679	-	2,019,621	7,275,578
\$30,594,370	\$50,839,458	\$15,268,165	\$35,010,682	\$-	\$35,026,010	\$395,435,514
\$29,298,840	\$50,042,690	\$15,591,512	\$28,476,985	\$-	\$27,940,896	\$365,195,984
221,997	118,134	44,489	691,699	-	501,817	51,787,454
\$137.81	\$430.35	\$343.19	\$50.62	\$-	\$69.80	

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDED JUNE 30**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Investment Income ⁽¹⁾	819,246	\$785,305	\$759,442	\$954,708	\$888,007	\$1,010,079	\$762,800	\$803,203	\$1,171,356	\$972,879
Expenses ⁽²⁾	88,347	89,745	87,227	82,759	83,105	86,671	79,950	62,802	82,403	56,738
Net Investment Income	730,899	695,560	672,215	871,949	804,902	923,408	682,850	740,401	1,088,953	916,141
Realized Gains/(Losses)	166,899	1,332,698	884,780	1,280,009	(11,795)	825,681	214,425	(2,815,892)	654,172	1,524,107
Change in Unrealized Gains/(Losses)	(887,176)	(1,208,558)	2,445,016	625,828	(1,012,045)	2,699,894	1,737,661	(2,460,069)	(3,004,322)	1,472,314
Total	\$10,622	\$819,700	\$4,002,011	\$2,777,786	\$(218,938)	\$4,448,983	\$2,634,936	\$(4,535,560)	\$(1,261,197)	\$3,912,562

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

(2) Expenses shown above include salary and fringe benefits.

Source: Amounts were derived from custodial records.

**COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES ⁽¹⁾ IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2016**

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Probate Court Retirement Fund		Judges Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
LF	\$629,661	4.04 %	\$345,958	3.25 %	\$60,727	2.75 %	\$2,210	2.53 %	\$5,352	2.82%	\$21	1.36%	\$21,603	4.04
AIF	941,316	6.04	626,360	5.89	179,543	8.12	4,440	5.09	15,383	8.11	-	-	37,298	6.98
MEF	3,721,808	23.90	2,429,011	22.83	356,091	16.08	14,089	16.15	30,510	16.08	451	29.17	90,145	16.88
CFIF	1,150,154	7.38	889,231	8.36	178,734	8.08	7,956	9.12	15,314	8.07	359	23.22	165,116	30.91
ILBF	585,087	3.75	604,483	5.68	109,919	4.97	4,349	4.98	9,418	4.97	31	2.01	8,687	1.63
EMDF	840,643	5.39	442,661	4.16	178,503	8.07	7,063	8.09	15,295	8.06	94	6.08	13,522	2.53
HYBD	867,182	5.56	569,912	5.36	311,907	14.10	13,222	15.15	26,724	14.09	156	10.09	34,044	6.37
DMISF	2,882,041	18.49	1,940,894	18.25	296,145	13.39	12,554	14.39	25,374	13.38	325	21.02	66,472	12.45
EMISF	1,365,933	8.76	920,911	8.66	155,137	7.01	6,138	7.03	13,294	7.01	109	7.05	21,949	4.11
REF	1,186,792	7.62	804,708	7.57	158,659	7.17	6,278	7.19	13,594	7.17	-	-	37,058	6.94
CMF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIF	1,413,947	9.07	1,062,573	9.99	226,658	10.26	8,968	10.28	19,420	10.24	-	-	38,243	7.16
Total	\$15,584,564	100.00%	\$10,636,702	100.00%	\$2,212,023	100.00%	\$87,267	100.00%	\$189,678	100.00%	\$1,546	100.00%	\$534,137	100.00%

(1) Based on Net Asset Value

Source: Amounts were derived from custodial records.

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2016 ⁽¹⁾**

Liquidity Fund ⁽²⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$1,036,810,247	\$1,018,293,290	3.49%	0.68%
2015	1,358,875,058	1,282,270,968	4.31%	-1.07%
2014	1,157,564,578	1,158,961,835	3.93%	0.54%
2013	1,062,418,543	1,041,232,312	4.01%	0.66%
2012	772,408,827	770,217,574	3.20%	-0.14%
2011	756,915,969	775,433,903	3.07%	1.20%
2010	1,626,177,183	1,621,182,259	7.44%	0.98%
2009	952,212,787	950,605,428	4.65%	1.54%
2008	1,140,821,830	1,140,821,830	4.36%	4.59%
2007	236,297,695	236,297,695	0.88%	5.61%

Mutual Equity Fund

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$4,681,029,693	\$6,647,482,185	22.76%	1.75%
2015	4,584,447,046	6,784,028,571	22.80%	7.32%
2014	4,612,970,046	7,055,012,881	23.93%	25.28%
2013	4,664,358,346	6,236,082,798	24.07%	21.15%
2012	5,144,712,429	6,417,508,518	26.65%	3.38%
2011	5,327,666,479	6,634,922,151	26.28%	31.92%
2010	5,175,570,747	5,288,853,566	24.28%	14.01%
2009	6,019,782,554	5,588,272,211	27.35%	-28.36%
2008	7,563,373,750	8,017,007,807	30.68%	-12.99%
2007	7,628,304,018	9,810,773,724	36.64%	18.24%

Mutual Fixed Income Fund ⁽⁶⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$ -	\$ -	-	-
2015	-	-	-	-
2014	-	-	-	-
2013	-	-	-	-
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	8,604,509,537	8,537,943,917	31.89%	6.92%

Core Fixed Income Fund ⁽⁶⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$2,442,024,334	\$2,490,655,941	8.53%	3.46%
2015	2,603,408,489	2,627,250,626	8.83%	1.85%
2014	2,528,639,885	2,573,846,130	8.73%	4.28%
2013	2,042,090,874	2,056,321,868	7.94%	-0.24%
2012	2,726,575,207	2,859,134,784	11.88%	7.63%
2011	2,911,577,713	3,001,125,667	11.89%	4.49%
2010	2,682,943,303	2,789,605,943	12.81%	11.81%
2009	3,400,625,343	3,215,718,047	15.74%	2.84%
2008	4,979,684,914	4,851,300,830	18.57%	5.65%
2007	-	-	-	-

Inflation Linked Bond Fund ⁽⁶⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$1,338,629,405	\$1,321,779,931	4.52%	2.29%
2015	1,189,323,643	1,120,365,183	3.77%	-2.85%
2014	1,057,661,503	1,075,489,795	3.65%	4.17%
2013	886,052,044	879,482,495	3.39%	-4.33%
2012	864,059,933	932,982,728	3.88%	11.91%
2011	1,075,894,193	1,115,148,171	4.42%	7.23%
2010	1,033,720,440	1,070,660,872	4.91%	9.48%
2009	813,926,651	829,543,021	4.06%	-0.20%
2008	1,152,973,047	1,162,545,028	4.45%	16.81%
2007	-	-	-	-

Emerging Market Debt Fund ⁽⁶⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$1,577,124,552	\$1,483,772,612	5.08%	6.01%
2015	1,523,207,614	1,399,864,819	4.70%	-7.57%
2014	1,470,166,119	1,500,069,627	5.09%	6.99%
2013	1,415,363,738	1,388,070,525	5.36%	1.69%
2012	1,098,205,685	1,176,095,315	4.88%	4.78%
2011	1,012,164,604	1,141,817,330	4.52%	16.06%
2010	1,082,027,071	1,155,351,613	5.30%	23.02%
2009	1,153,012,696	1,125,226,197	5.51%	-3.62%
2008	1,006,342,436	1,040,295,964	3.98%	5.59%
2007	-	-	-	-

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2016 ⁽¹⁾ (Continued)

High Yield Debt Fund ⁽⁶⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$1,905,160,587	\$1,808,188,496	6.19%	-0.31%
2015	1,824,316,127	1,772,254,243	5.96%	-1.31%
2014	1,520,226,270	1,592,980,848	5.40%	12.24%
2013	1,261,124,831	1,267,238,204	4.89%	8.46%
2012	693,951,103	706,123,033	2.93%	6.23%
2011	685,595,880	710,362,023	2.81%	15.96%
2010	659,015,939	656,175,724	3.01%	24.54%
2009	801,755,724	718,563,903	3.52%	-4.59%
2008	784,159,491	745,137,049	2.85%	-1.88%
2007	-	-	-	-

International Stock Fund ⁽⁵⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$ -	\$ -	-	-
2015	-	-	-	-
2014	-	-	-	-
2013	-	-	-	-
2012	-	-	-	-
2011	-	-	-	-
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	-	-	-	-
	4,293,498,472	5,940,213,814	22.19%	29.65%

Developed Market International Stock Fund ⁽⁵⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$4,943,295,363	\$5,187,629,818	17.76%	-7.09%
2015	5,052,512,834	5,879,680,883	19.76%	0.67%
2014	4,806,622,148	6,101,761,491	20.70%	22.31%
2013	4,861,705,636	5,393,071,695	20.81%	22.56%
2012	4,586,337,006	4,550,036,799	18.90%	-12.48%
2011	4,684,676,553	5,391,257,095	21.35%	26.30%
2010	4,552,279,820	4,328,450,937	19.87%	11.03%
2009	4,847,669,826	4,464,491,006	21.85%	-27.98%
2008	4,879,325,913	5,077,825,949	19.43%	-14.60%
2007	-	-	-	-

Emerging Market International Stock Fund ⁽⁵⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$2,305,345,878	\$2,467,083,187	8.45%	-7.15%
2015	2,313,960,007	2,463,358,430	8.28%	-6.93%
2014	2,278,127,868	2,645,431,257	8.97%	11.50%
2013	2,241,227,436	2,367,182,053	9.14%	3.29%
2012	2,086,716,284	2,216,901,370	9.21%	-14.16%
2011	2,114,345,516	2,629,250,556	10.41%	28.55%
2010	1,860,837,675	2,065,255,957	9.48%	25.23%
2009	1,110,911,776	1,141,401,975	5.59%	-30.90%
2008	1,111,317,184	1,295,936,888	4.96%	0.19%
2007	-	-	-	-

Real Estate Fund ⁽³⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$1,941,003,659	\$2,207,396,472	7.56%	11.51%
2015	1,763,256,288	1,848,291,148	6.21%	12.93%
2014	1,478,885,377	1,509,757,272	5.12%	10.66%
2013	1,611,385,620	1,471,299,222	5.68%	10.26%
2012	1,524,367,937	1,328,560,229	5.52%	7.19%
2011	1,350,551,373	1,097,203,255	4.35%	16.12%
2010	1,174,718,491	792,483,221	3.64%	-20.18%
2009	1,021,805,530	770,955,194	3.77%	-28.66%
2008	954,279,128	1,002,243,816	3.84%	6.04%
2007	638,511,736	684,741,163	2.56%	14.21%

Commercial Mortgage Fund ⁽³⁾⁽⁸⁾

	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$83	\$83	0.00%	0.00%
2015	29,834	29,799	0.00%	0.25%
2014	67,723	67,609	0.00%	10.17%
2013	70,239	70,099	0.00%	0.88%
2012	717,122	765,779	0.00%	-6.48%
2011	2,338,063	2,386,359	0.01%	4.61%
2010	3,769,581	3,818,115	0.02%	6.75%
2009	5,084,919	5,135,144	0.02%	-3.14%
2008	6,255,651	6,906,096	0.03%	12.05%
2007	7,355,621	7,763,461	0.03%	8.17%

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2016 ⁽¹⁾ (Continued)**

	Private Investment Fund ⁽³⁾				Alternative Investment Fund ⁽⁷⁾			
	Book Value	Fair Value	% of Total Fund FV	Rate of Return	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$2,306,644,120	\$2,769,435,919	9.48%	8.87%	\$1,705,961,044	\$1,804,337,067	6.18%	-5.32%
2015	2,286,868,807	2,773,374,435	9.32%	14.04%	1,611,126,633	1,804,487,746	6.06%	3.98%
2014	2,449,109,360	2,918,978,182	9.90%	16.06%	1,210,080,164	1,349,977,450	4.58%	6.63%
2013	2,246,698,441	2,564,877,605	9.90%	9.50%	1,190,675,281	1,247,574,910	4.81%	6.39%
2012	2,221,945,727	2,569,809,038	10.67%	5.92%	550,080,365	549,205,302	2.28%	-1.62%
2011	1,909,670,699	2,229,679,980	8.83%	19.89%	511,873,555	519,007,742	2.06%	0.00%
2010	1,859,585,108	2,013,101,198	9.24%	17.32%	-	-	-	-
2009	1,819,125,566	1,621,268,022	7.94%	-16.36%	-	-	-	-
2008	1,809,775,995	1,789,139,253	6.85%	13.66%	-	-	-	-
2007	1,657,888,536	1,556,795,484	5.81%	19.56%	-	-	-	-

	Total Fund ⁽⁴⁾			
	Book Value	Fair Value	% of Total Fund FV	Rate of Return
2016	\$26,183,028,965	\$29,206,055,001	100.00%	0.35%
2015	26,111,332,380	29,755,256,851	100.00%	2.79%
2014	24,570,121,041	29,482,334,377	100.00%	15.43%
2013	23,483,171,029	25,912,503,786	100.00%	11.64%
2012	22,270,077,625	24,077,340,469	100.00%	-0.90%
2011	22,343,270,597	25,247,594,232	100.00%	20.75%
2010	21,710,645,358	21,784,939,405	100.00%	12.88%
2009	21,945,913,372	20,431,180,148	100.00%	-17.37%
2008	25,388,309,339	26,129,160,510	100.00%	-4.71%
2007	23,066,365,615	26,774,529,258	100.00%	17.34%

- (1) All rates of return are net of management fees and division operating expenses.
- (2) The fair value of the Liquidity Fund for the periods presented represents the fair value of the pension and trust balances in the Liquidity Fund only (excluding receivables and payables); the Liquidity Fund balances of the other combined investment funds are shown in the fair value of each fund.
- (3) Investment returns published for prior years were net of management fees, but were restated in 2008 net of all expenses.
- (4) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers, State Employees and Municipal Employees) are separately presented elsewhere due to different asset allocations of each fund.
- (5) On November 1, 2007 the International Stock Fund (ISF) was reallocated into two sub portfolios of international equity securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the international stock fund into two components: developed markets international stocks and emerging markets international stocks to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.
- (6) On November 1, 2007 the Mutual Fixed Income Fund was reallocated into four sub portfolios of fixed income securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the mutual fixed income fund into four components: core fixed income, emerging market debt, high yield debt and inflation-linked bonds to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.
- (7) Inception of the Alternative Investment Fund during Fiscal 2011.
- (8) Investments in Commercial Mortgage Fund were redeemed by plan participants. Ending Net Asset Value at June 30, 2016 was less than \$100. No percentages were calculated due to the immaterial amounts.

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2016**

LIQUIDITY FUND

Security Name	Maturity Date	Market Value	%
HSBC AGCY REPO	7/1/2016	\$50,000,000	2.53%
LLOYDS BK PLC DISC	7/1/2016	29,999,750	1.52%
BANK OF AMERICA NA	8/30/2016	29,999,070	1.52%
KFW DISC	7/15/2016	29,953,250	1.52%
ERSTE ABWICKLUN DISC	8/3/2016	29,934,458	1.52%
U S TREASURY NOTE	2/15/2018	27,723,315	1.40%
NEW ZEALAND GOVERNMENT BO REGS	3/15/2019	25,537,429	1.29%
CITIBANK N A NY BRH INSTL C/D	7/11/2016	25,000,000	1.26%
NRW BANK DISC	7/20/2016	24,994,653	1.26%
PSP CAPITAL INC DISC	7/6/2016	24,964,222	1.26%
Top Ten		\$298,106,147	15.08%

Fair Value LF

\$1,977,256,572

ALTERNATIVE INVESTMENT FUND

Security Name	Partnership Type	Market Value	%
PRUDENCE CRANDALL I PERMAL	Hedge Fund-of-Funds	\$557,826,324	30.92%
PRUDENCE CRANDALL II PRISMA	Hedge Fund-of-Funds	298,161,764	16.52%
PRUDENCE CRANDALL IV K2	Hedge Fund-of-Funds	280,371,436	15.54%
PRUDENCE CRANDALL III RCREEK	Hedge Fund-of-Funds	276,654,010	15.33%
THOMAS WELLES FUND II	Hedge Fund-of-Funds	83,998,157	4.66%
THOMAS WELLES FUND I	Hedge Fund-of-Funds	82,373,979	4.57%
EIG ENERGY FUND XV LP	Real Assets	41,133,382	2.28%
ARCLIGHT ENERGY PARTNERS V	Real Assets	32,334,181	1.79%
ARCLIGHT ENERGY PARTNERS VI	Real Assets	28,715,195	1.59%
MARATHON EUROPEAN CREDIT OPP FUND SPC B	Opportunistic	15,024,290	0.83%
Top Ten		\$1,696,592,718	94.03%

FAIR VALUE AIF

\$1,804,337,067

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
APPLE INC	INFORMATION TECHNOLOGY	\$153,405,018	2.31%
MICROSOFT CORP	INFORMATION TECHNOLOGY	129,874,884	1.95%
EXXON MOBIL CORP	ENERGY	122,591,766	1.84%
JOHNSON & JOHNSON	HEALTH CARE	96,737,235	1.46%
AMAZON.COM INC	CONSUMER DISCR	95,057,236	1.43%
FACEBOOK INC	INFORMATION TECHNOLOGY	83,849,064	1.26%
GENERAL ELECTRIC CO	PRODUCER DURABLES	76,863,205	1.16%
PROCTER & GAMBLE CO	CONSUMER STAPLES	73,451,394	1.10%
JPMORGAN CHASE & CO	FINANCIALS	71,857,391	1.08%
AT&T INC	UTILITIES	69,093,913	1.04%
Top Ten		\$972,781,106	14.63%

FAIR VALUE MEF

\$6,647,482,185

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2016 (Continued)**

CORE FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
U S TREASURY NOTE	0.875	5/31/2018	U.S. Govt/Agency	\$25,623,384	1.03%
U S TREASURY NOTE	1.125	6/30/2021	U.S. Govt/Agency	24,703,927	0.99%
U S TREASURY NOTE	0.625	6/30/2018	U.S. Govt/Agency	24,166,353	0.97%
U S TREASURY NOTE	1.375	4/30/2021	U.S. Govt/Agency	18,839,840	0.76%
FNMA TBA	3.500	7/1/2046	U.S. Govt/Agency	16,349,704	0.66%
U S TREASURY NOTE	0.750	4/30/2018	U.S. Govt/Agency	15,645,084	0.63%
US TREAS-CPI INFLAT	0.125	7/15/2024	U.S. Govt/Agency	14,811,390	0.59%
US TREAS-CPI INFLAT	0.250	1/15/2025	U.S. Govt/Agency	14,324,591	0.57%
U S TREASURY NOTE	1.625	4/30/2023	U.S. Govt/Agency	13,401,997	0.54%
U S TREASURY BOND	4.500	2/15/2036	U.S. Govt/Agency	12,784,902	0.51%
Top Ten				\$180,651,172	7.25%

FAIR VALUE CFIF

\$2,490,655,941

INFLATION LINKED BOND FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
US TREAS-CPI INFLAT	3.875%	4/15/2029	U.S. Govt/Agency	\$68,821,784	5.21%
US TREAS-CPI INFLAT	0.125%	4/15/2019	U.S. Govt/Agency	62,894,161	4.76%
US TREAS-CPI INFLAT	2.375%	1/15/2027	U.S. Govt/Agency	53,148,530	4.02%
US TREAS-CPI INFLAT	0.750%	2/15/2042	U.S. Govt/Agency	52,343,973	3.96%
US TREAS-CPI INFLAT	0.125%	7/15/2022	U.S. Govt/Agency	51,302,602	3.88%
FRANCE GOVERNMENT BOND	1.800%	7/25/2040	France Govt/Agency	47,699,063	3.61%
NEW ZEALAND GOVERNMENT BOND	3.000%	9/20/2030	New Zealand Govt/Agency	44,123,570	3.34%
UNITED KINGDOM GILT INFLA REGS	0.125%	3/22/2044	U.K. Govt/Agency	42,167,944	3.19%
NEW ZEALAND GOVERNMENT BOND	2.000%	9/20/2025	New Zealand Govt/Agency	32,939,440	2.49%
ITALY GOVERNMENT BOND	2.600%	9/15/2023	Italy Govt/Agency	32,506,990	2.46%
Top Ten				\$487,948,057	36.92%

FAIR VALUE ILBF

\$1,321,779,931

EMERGING MARKET DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
SOUTH AFRICA GOVERNMENT BOND	10.500	12/21/2026	\$19,150,244	1.29%
POLAND GOVERNMENT BOND	3.250	7/25/2025	13,929,700	0.94%
COLOMBIA GOVERNMENT BOND	7.750	4/14/2021	10,713,985	0.72%
MEXICAN BONDS	5.000	12/11/2019	10,618,080	0.71%
BRAZIL NOTAS DO TESOURO	10.000	1/1/2025	10,346,074	0.70%
TURKEY GOVERNMENT BOND	10.500	1/15/2020	9,871,971	0.66%
INDONESIA TREASURY BOND	8.375	3/15/2024	9,583,452	0.65%
INDONESIA TREASURY BOND	9.000	3/15/2029	9,432,616	0.64%
COLOMBIA GOVERNMENT BOND	4.375	3/21/2023	9,369,666	0.63%
MEXICAN BONDS	10.000	12/5/2024	9,291,860	0.63%
Top Ten			\$112,307,648	7.57%

FAIR VALUE EMDF

\$1,483,772,612

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2016 (Continued)**

HIGH YIELD DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
DISH DBS CORP	7.750	07/01/2026	\$10,207,300	0.56%
INDONESIA GOVERNMENT BOND	5.875	01/15/2024	9,945,642	0.55%
CCO HOLDINGS LLC	5.750	01/15/2024	9,503,172	0.53%
SPRINT CAPITAL CORP	6.875	11/15/2028	8,336,700	0.46%
MORGAN STANLEY	4.750	11/16/2018	7,711,934	0.43%
TRIBUNE MEDIA CO 144A	5.875	07/15/2022	7,691,350	0.42%
TENET HEALTHCARE CORP	6.875	11/15/2031	6,981,319	0.39%
HD SUPPLY INC 144A	5.750	04/15/2024	6,479,200	0.36%
GRIFFON CORP	5.250	03/01/2022	6,358,513	0.35%
FIRST DATA CORP 144A	7.000	12/01/2023	6,312,938	0.35%
Top Ten			\$79,528,068	4.40%

FAIR VALUE HYDF

\$ 1,808,188,496

DEVELOPED MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
NESTLE SA REG	SWITZERLAND	\$98,536,523	1.90%
ROCHE HOLDING AG GENUSSCHEIN	SWITZERLAND	73,338,922	1.41%
NOVARTIS AG REG	SWITZERLAND	53,691,203	1.04%
BAYER AG REG	GERMANY	41,625,163	0.80%
HSBC HOLDINGS PLC	UNITED KINGDOM	40,380,281	0.78%
WPP PLC	UNITED KINGDOM	38,925,922	0.75%
RECKITT BENCKISER GROUP PLC	UNITED KINGDOM	36,402,726	0.70%
TOTAL SA	FRANCE	34,506,292	0.67%
BP PLC	UNITED KINGDOM	34,328,306	0.66%
ASTRAZENECA ORD USD 0.25	UNITED KINGDOM	33,425,749	0.64%
Top Ten		\$485,161,087	9.35%

FAIR VALUE DMISF

\$5,187,629,818

EMERGING MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
TAIWAN SEMICONDUCTOR MANUFACTURE	TAIWAN	\$111,386,220	4.52%
CHINA MOBILE LTD	HONG KONG	86,457,698	3.50%
SAMSUNG ELECTRONICS CO LTD	REPUBLIC OF KOREA	81,877,691	3.32%
TENCENT HLDGS LTD	CHINA	67,317,031	2.73%
CHINA CONSTRUCTION BANK CORP	CHINA	57,841,227	2.35%
AIA GROUP LTD	HONG KONG	55,713,561	2.26%
HDFC BANK LTD	INDIA	46,948,464	1.90%
SAMSUNG ELECTRONIC CO LTD PREFERRED SECURITY	REPUBLIC OF KOREA	37,014,912	1.50%
ASTRA INTERNATIONAL TBK PT	INDONESIA	35,387,195	1.43%
ALIBABA GROUP HOLDING LTD	CAYMAN ISLANDS	34,819,109	1.41%
Top Ten		\$614,763,108	24.92%

FAIR VALUE EMISF

\$2,467,083,187

PENSION FUNDS MANAGEMENT DIVISION

**COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2016 (Continued)**

REAL ESTATE FUND

Partnership Name	Partnership Type	Market Value	%
PRIME PROPERTY FUND LLC	Core	\$294,155,843	13.33%
CORNERSTONE PATRIOT FUND LP	Core	282,808,340	12.81%
HART REALTY ADVISORS	Core	205,840,263	9.32%
USAA EAGLE RE FUND	Core	129,558,392	5.87%
PRISA	Core	112,034,324	5.07%
CLARION LION INDUSTRIAL TRUST	Value Added	106,730,379	4.84%
UBS-TRUMBULL PROPERTY FUND LP	Core	85,466,287	3.87%
JP MORGAN STRATEGIC PROPERTY	Core	82,699,608	3.75%
UBS-TRUMBULL PROPERTY G&I (TPG)	Core	63,515,469	2.88%
Starwood Opportunity Fund X	Opportunistic	58,660,456	2.66%
Top Ten		\$1,421,469,361	64.40%

FAIR VALUE REF

\$2,207,396,472

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Fairview Constitution III	Fund of Funds	\$349,539,238	12.62%
Stepstone Pioneer Capital II LP	Fund of Funds	138,493,487	5.00%
Fairview Constitution IV LP	Fund of Funds	115,818,599	4.18%
Fairview Constitution II LP	Fund of Funds	113,869,327	4.11%
Vista Equity Partners Fund IV	Buyout	95,173,922	3.44%
Wellspring Capital Partners V	Buyout	82,279,022	2.97%
KKR 2006 Fund	Buyout	79,697,136	2.88%
Yucaipa American Alliance Fund II LP	Buyout	78,421,991	2.83%
CT Emerging Pvt Equity	Fund of Funds	77,135,060	2.79%
Thomas H. Lee Equity Fund VI	Buyout	76,011,598	2.74%
Top Ten		\$1,206,439,380	43.56%

FAIR VALUE PIF

\$2,769,435,919

* A complete list of portfolio holdings is available upon request from the Office of the Treasurer, in accordance with the Connecticut Freedom of Information Act..

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2016	Status at June 30, 2016
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
Bivium Capital Partners, LLC	Equity Advisor	Jul-05	\$2,634,973	Active
Capital Prospects LLC	Equity Advisor	Jul-05	1,681,144	Active
FIS Group Inc.	Equity Advisor	Jul-05	1,426,935	Active
Frontier Capital Management Co.LLC	Equity Advisor	Oct-10	2,421,327	Active
State Street Global Advisors	Equity Advisor	Mar-96	273,424	Active
T. Rowe Price Associates, Inc.	Equity Advisor	Nov-08	4,904,217	Active
Total Domestic Equity Advisor Compensation			\$13,342,020	
Core Fixed Income Investment Advisory Services				
Blackrock Financial Management	Core Income Advisor	Mar-96	\$706,346	Active
Goodwin Capital Advisors(Phoenix)	Core Income Advisor	Nov-97	537,065	Active
Progress Investment Management	Core Income Advisor	Jul-05	389,850	Active
State Street Global Advisors	Core Income Advisor	Mar-96	127,519	Active
Wellington Asset Management	Core Income Advisor	Nov-97	512,458	Active
Total Core Fixed Income Advisor Compensation			\$2,273,238	
Inflation Linked Bond Investment Advisory Services				
BlackRock Financial Management, Inc	Inflation Income Advisor	Sep-14	\$759,585	Active
Colchester Global Investors Limited	Inflation Income Advisor	Nov-14	1,206,733	Active
New Century Advisors, LLC	Inflation Income Advisor	Sep-14	300,339	Active
Total Inflation Linked Bond Advisor Compensation			\$2,266,657	
Emerging Market Debt Investment Advisory Services				
Pyramis Global Advisors	Emerging Market Income Advisor	Oct-07	\$1,428,727	Active
Stone Harbor Investment Partners	Emerging Market Income Advisor	Oct-07	2,227,405	Active
Total Emerging Market Debt Advisor Compensation			\$3,656,132	
High Yield Debt Advisory Services				
Loomis Sayles & Co., Inc.	High Yield Debt Advisor	Mar-96	\$1,158,904	Active
Oaktree Capital Management	High Yield Debt Advisor	Mar-96	1,661,197	Active
Shenkman Capital Management	High Yield Debt Advisor	Dec-07	1,605,144	Active
Stone Harbor Investment Partners	High Yield Debt Advisor	Oct-07	1,148,654	Active
Total High Yield Debt Advisor Compensation			\$5,573,899	
Liquidity Fund Advisory Services				
Colchester Global Investors Limited	Liquidity Fund Advisor	May-09	\$693,862	Active
Lazard Asset Management LLC	Liquidity Fund Advisor	Aug-09	776,093	Active
Pacific Investment Management Co. LLC	Liquidity Fund Advisor	Mar-09	459,884	Active
Payden & Rygel	Liquidity Fund Advisor	Mar-09	448,090	Active
State Street Global Advisors	Liquidity Fund Advisor	Mar-96	197,040	Active
Total Liquidity Fund Advisor Compensation			\$2,574,969	
Developed Market International Equity Investment Advisory Services				
Acadian Asset Management	International Equity Advisor	Sep-06	\$2,253,340	Active
AQR Capital Management, LLC	International Equity Advisor	Sep-06	3,393,559	Active
Dimensional Fund Advisors LP	International Equity Advisor	Mar-09	1,714,186	Active
First Quadrant LP	International Equity Advisor	Jul-14	3,955,139	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	2,366,253	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	2,531,050	Active
Progress Investment Management	International Equity Advisor	Jul-05	817,113	Active
Schroder Investment Management	International Equity Advisor	Sep-03	1,693,267	Active
State Street Global Advisors	International Equity Advisor	Mar-96	1,058,247	Active
William Blair & Company, LLC	International Equity Advisor	Mar-09	2,065,637	Active
Total Developed Market International Equity Advisor Compensation			\$21,847,791	
Emerging Market International Equity Advisory Services				
Aberdeen Asset Management INC	International Equity Advisor	Jul-09	\$3,605,114	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Feb-00	5,225,304	Active
Schroder Investment Management	International Equity Advisor	Jan-10	5,412,513	Active
Total Emerging Market International Equity Advisor Compensation			\$14,242,931	

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2016	Status at June 30, 2016
<i>Alternative Investment Advisory Services ⁽²⁾</i>				
ArcLight Energy Partner Fund V	Alternative Investment Advisor	Oct-11	\$605,192	Active
ArcLight Energy Partner Fund VI	Alternative Investment Advisor	Jul-15	2,002,465	Active
EIG Energy Fund XV, LP	Alternative Investment Advisor	Apr-11	239,198	Active
Total Alternative Investment Advisor Compensation			\$2,846,855	
<i>Real Estate Investment Advisory Services ⁽²⁾</i>				
American Realty Advisors	Real Estate Advisor	Mar-12	\$577,125	Active
Blackstone Real Estate Advisors Europe	Real Estate Advisor	Nov-08	438,879	Active
Blackstone Real Estate Special II	Real Estate Advisor	Sep-09	43,174	Active
Blackstone Real Estate Partners VI	Real Estate Advisor	Aug-07	514,332	Active
Blackstone Real Estate Partners VIII	Real Estate Advisor	Mar-15	958,333	Active
Canyon Johnson Urban Fund III, LP	Real Estate Advisor	Feb-08	64,455	Active
Clarion Lion Industrial Trust LP	Real Estate Advisor	Sep-14	459,494	Active
Cornerstone Patriot Fund, LP	Real Estate Advisor	Dec-07	1,712,753	Active
Crow Holdings Realty Partners VII, LP	Real Estate Advisor	Dec-16	1,754,755	Active
Cypress Retail Fund LP	Real Estate Advisor	May-13	527,397	Active
Gerding Elden Fund Management, LP	Real Estate Advisor	May-14	198,799	Active
Hart Realty Advisors, Inc. (CORE)	Real Estate Advisor	Nov-11	1,175,314	Active
JP Morgan Investment Mgmt.	Real Estate Advisor	May-14	728,601	Active
Rockwood Capital Partners Fund VI	Real Estate Advisor	Dec-05	226,545	Active
Rockwood Capital Partners Fund VII	Real Estate Advisor	Jun-06	23,469	Active
Rockwood Capital Partners Fund VIII	Real Estate Advisor	Jun-06	-	Active
UBS Trumbull Property Growth & Income Fund LP	Real Estate Advisor	Nov-13	538,290	Active
UBS Trumbull Property Fund LP	Real Estate Advisor	Nov-13	816,517	Active
UBS Trumbull Property Income Fund, LP	Real Estate Advisor	Nov-13	448,204	Active
Total Real Estate Advisor Compensation			\$11,206,436	
<i>Private Investment Advisory Services ⁽²⁾</i>				
AIG Altaris Healthcare Partners II, LP	Private Investment Advisor	Oct-07	\$28,025	Active
AIG Altaris Healthcare Partners III, LP	Private Investment Advisor	Oct-07	850,828	Active
AIG Altaris Health Partners, LP	Private Investment Advisor	Sep-04	92,684	Active
Apollo Advisors VIII, LP	Private Investment Advisor	Nov-13	1,118,699	Active
Audax Mezzanine Fund III, LP	Private Investment Advisor	May-10	759,278	Active
Clearlake Capital Partners III, LP	Private Investment Advisor	Nov-12	381,334	Active
Clearlake Capital Partners IV, LP	Private Investment Advisor	Aug-15	862,088	Active
Connecticut Growth Capital, LLC	Private Investment Advisor	Dec-15	613,805	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	132,802	Active
Court Square Capital Partners III, LP	Private Investment Advisor	May-13	331,792	Active
CT Horizon Legacy Fund LP Total	Private Investment Advisor	Jun-08	62,500	Active
Ethos Capital Fund V, LP	Private Investment Advisor	Aug-06	252,621	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	700,000	Active
Fairview Constitution III, LP	Private Investment Advisor	Jun-07	1,050,000	Active
Fairview Constitution IV, LP	Private Investment Advisor	Dec-11	487,500	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	43,924	Active
FS Equity Partners VI, LP	Private Investment Advisor	Mar-04	309,067	Active
Garmark Partners, II LP	Private Investment Advisor	Jun-95	621,484	Active
GenNx360 Capital Partners II, LP	Private Investment Advisor	Mar-14	290,465	Active
GCM Grosvenor -CT Cleantech (formerly CS/CT Cleantech)	Private Investment Advisor	Jul-07	139,700	Active
JFL Investors III, LP	Private Investment Advisor	Aug-11	574,107	Active
KKR Millennium Fund LP	Private Investment Advisor	Jul-01	6,160	Active
Levine Leichtman Capital Partners IV, LP	Private Investment Advisor	Jul-08	480,020	Active
Levine Leichtman Capital Partners V, LP	Private Investment Advisor	Aug-12	967,040	Active
Muller & Monroe Asset Management	Private Investment Advisor	Nov-07	698,764	Active
Nogales Investors II, LP	Private Investment Advisor	Oct-06	55,686	Active
Nutmeg Opportunities Fund LP	Private Investment Advisor	Nov-06	569,555	Active
Pegasus Investors IV, LP	Private Investment Advisor	Aug-07	725,239	Active
Pegasus Investors V, LP	Private Investment Advisor	May-12	979,166	Active
RFE Associates VIII, LP	Private Investment Advisor	Apr-12	801,102	Active
StepStone Pioneer Capital Buyout Fund I, LP	Private Investment Advisor	Mar-05	76,423	Active

PENSION FUNDS MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2016	Status at June 30, 2016
StepStone Pioneer Capital Buyout Fund II, LP	Private Investment Advisor	Jun-06	368,273	Active
Syncom Partners V, LP	Private Investment Advisor	Apr-06	269,700	Active
Vista Equity Partners IV, LP	Private Investment Advisor	May-12	1,099,047	Active
Wellspring Capital Partners V, LP	Private Investment Advisor	Oct-10	292,457	Active
Yuciapa American Alliance Fund II, LP	Private Investment Advisor	Jul-08	275,653	Active
Yuciapa American Alliance Fund III, LP	Private Investment Advisor	Jul-15	472,814	Active
Total Private Equity Advisor Compensation			\$17,839,802	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			\$97,670,730	
Custody Services				
Bank of New York Mellon	Master Custodian	Oct-13	\$4,093,629	Active
TOTAL CUSTODY SERVICES COMPENSATION			\$4,093,629	
CONSULTING SERVICES				
Cliffwater LLC	Consultant - Alternative Investment	Jun-13	\$490,413	Active
Franklin Park Associates LLC	Consultant -Private Investment	Jul-04	790,574	Terminated
Hewitt EnnisKnupp, Inc.	Consulting - Pension Funds	Aug-11	361,494	Active
Hudepohl & Associates Inc	Consultant -Executive Search	Jul-12	129,807	Active
Mercer Investment Consulting, INC	Consultant - Strategic Asset Study	May-15	30,000	Active
Stepstone Group LP	Consultant -Private Investment	Oct-15	447,690	Active
The Townsend Group, Inc.	Consultant -Pension Funds	Mar-08	187,500	Active
TOTAL CONSULTING SERVICES COMPENSATION			\$2,437,478	
MISCELLANEOUS SERVICES				
A & A Office Systems.	Photocopier Lease	N/A	\$7,067	Active
Advance Office Systems	Computer Equipment	n/a	9,971	Active
Bloomberg Finance LP	On-Line Information service	N/A	59,661	Active
CERES, Inc.	Dues	N/A	5,000	Active
Council of Institutional Investors	Dues	N/A	30,000	Active
Day Pitney	Legal Services	Jun-03	6,038	Active
Financial Recovery Technologies LLC	Subscription	N/A	20,833	Active
Institutional Shareholder Services	Proxy Voting	Nov-99	74,140	Active
Intergrated Compliance Solutions	Compliance Servies	Feb-14	43,533	Active
IW Financial	Subscription	N/A	7,500	Active
JP Morgan Chase Bank	Purchasing Card Expenditures	Mar-10	13,463	Active
Kenbar, LLC	Subscription	N/A	6,250	Active
McCarter & English	Legal Services	Dec-11	42,264	Active
Murphy Security Services LLC	Premises Security Services	May-10	12,506	Active
Nixon & Peabody	Legal Services	Dec-12	24,415	Active
Orrick,Herrington & Sutcliffe	Legal Services	Jun-12	176,649	Active
PRI Association	Subscription	N/A	11,551	Active
Pullman & Comley	Legal Services	Jun-08	20,816	Active
Reinhart Boerner Van Deuren, SC	Legal Services	Dec-11	82,945	Active
Squire Patton Boggs	Legal Services	Sep-10	262,983	Active
State Street Bank & Trust	Subscription	N/A	197,000	Active
Sutherland Asbil & Brennan LLP	Legal Services	Sep-10	8,272	Active
Teigland-Hunt LLP	Legal Services	Sep-10	27,270	Active
West Group	Subscription	N/A	16,281	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			\$1,166,408	
GRAND TOTAL			\$105,368,245	

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the Alternative Investment Fund, Private Investment Fund and the Real Estate Fund include capitalized fees and expensed fees. Capitalized fees are part of the cost of the investment and become a component of unrealized gain (loss). Capitalized fees are disclosed in Note 1 of the Combined Investment Funds Financial Statements. Expensed fees which are not part of the cost of the investment are recorded in the Statement of Operations.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT

JUNE 30, 2016

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
LIQUIDITY (LF)			
State Street Global Advisors	Active	\$ 785,823,455	39.69%
Payden & Rygel	Active	453,584,677	22.91%
PIMCO	Active	344,494,258	17.39%
Lazard	Active	95,837,974	4.84%
Colchester Global Investors Ltd.	Active	300,352,910	15.17%
Other ⁽¹⁾		336	0.00%
SUBTOTAL LF		\$ 1,980,093,610	100.00%
MUTUAL EQUITY FUND (MEF)			
Large Cap		\$ 5,511,292,749	82.98%
T. Rowe Price Associates	Enhanced - Index	1,886,235,987	28.40%
State Street Global Advisors	Passive - Indexed	3,625,056,762	54.58%
All Cap		534,712,267	8.05%
Capital Prospects	Active	274,567,698	4.13%
FIS Group, Inc.	Active	260,144,569	3.92%
Small/Mid Cap		575,455,111	8.66%
Frontier Capital Mgmt Co	Active	316,496,990	4.76%
Bivium	Active	258,958,121	3.90%
Other ⁽¹⁾		20,644,689	0.31%
SUBTOTAL MEF		\$ 6,642,104,816	100.00%
CORE FIXED INCOME FUND (CFIF)			
State Street Global Advisors	Passive	\$ 252,950,399	10.51%
BlackRock Financial Management, Inc.	Active	527,137,815	21.90%
Wellington	Active	532,430,711	22.12%
Conning-Goodwin Capital	Active	375,863,621	15.62%
Progress	Active	118,042,901	4.91%
Prudence Crandall Fund III Opportunistic	Active	266,969,392	11.09%
Prudence Crandall Fund IV Opportunistic	Active	267,446,429	11.11%
Other ⁽¹⁾		66,023,098	2.74%
SUBTOTAL CFIF		\$ 2,406,864,366	100.00%
INFLATION LINKED BOND FUND (ILBF)			
BlackRock	Active	\$ 509,902,537	38.57%
Colchester	Active	606,730,111	45.90%
New Century	Active	187,605,748	14.19%
Other ⁽¹⁾		17,735,548	1.34%
SUBTOTAL ILBF		\$ 1,321,973,944	100.00%
EMERGING MARKET DEBT FUND (EMDF)			
Ashmore	Active	\$ 591,405,097	39.49%
Stone Harbor Investment Partners	Active	533,272,541	35.60%
Pyramis	Active	359,918,454	24.03%
Other ⁽¹⁾		13,184,392	0.88%
SUBTOTAL EMDF		\$ 1,497,780,484	100.00%
HIGH YIELD DEBT FUND (HYDF)			
Loomis Sayles & Co., Inc.	Active	\$ 594,433,937	32.61%
Stone Harbor Investment Partners	Active	301,054,486	16.51%
Shenkman Capital Management	Active	459,175,109	25.19%
Oaktree Capital Management, L.L.C.	Active	352,638,637	19.34%
Carlyle GMS Finance, Inc.	Active	41,110,143	2.25%
Carlyle NF Investment Corp.	Active	58,501,462	3.21%
Other ⁽¹⁾		16,234,996	0.89%
SUBTOTAL HYDF		\$ 1,823,148,770	100.00%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2016

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
DEVELOPED MARKET INTERNATIONAL STOCK FUND (DMISF)			
Index		\$ 1,903,986,941	36.45%
State Street Global Advisors	Index-Passive	1,903,986,941	36.45%
Core		1,360,679,992	26.05%
AQR Capital Management	Active	641,039,663	12.27%
Acadian Asset Management	Active	599,703,005	11.48%
Progress	Active	119,937,324	2.30%
Active-Growth		738,598,450	14.14%
MFS Institutional Advisors, Inc.	Active	738,598,450	14.14%
Active-Value		413,509,754	7.92%
Grantham, Mayo, Van Otterloo	Active	413,509,754	7.92%
Small Cap		795,123,338	15.22%
Schroder Investment Mgmt.	Active	277,783,213	5.32%
DFA	Active	241,949,700	4.63%
William Blair & Company	Active	275,390,425	5.27%
Other ⁽¹⁾		11,906,437	0.22%
SUBTOTAL DMISF		\$ 5,223,804,912	100.00%
EMERGING MARKET INTERNATIONAL STOCK FUND (EMISF)			
Aberdeen Asset Management	Active	\$ 802,447,807	32.31%
Schroders Investment Mgt	Active	1,000,771,414	40.30%
Grantham, Mayo, Van Otterloo	Active	644,962,506	25.97%
Other ⁽¹⁾		35,288,787	1.42%
SUBTOTAL EMISF		\$ 2,483,470,514	100.00%
REAL ESTATE FUND (REF)			
AEW Partners III	Active	\$ 5,688,097	0.26%
American Realty Advisors	Active	41,258,707	1.87%
Apollo Real Estate	Active	183,759	0.01%
Blackstone Real Estate Partner Europe III LP	Active	34,432,319	1.56%
Blackstone Real Estate Spec Sit II LP	Active	2,519,325	0.11%
Blackstone Real Estate VI LP	Active	57,911,637	2.62%
Blackstone Real Estate Partners VIII LP	Active	41,465,523	1.88%
Canyon Johnson Urban Fund II	Active	3,509,387	0.16%
Canyon Johnson Urban Fund III	Active	1,283,372	0.06%
Capri Select Income II LLC	Active	67,002	0.00%
Clarion Lion Industrial Trust	Active	106,730,379	4.83%
Colony Realty Partners II LP	Active	12,468,300	0.56%
Cornerstone Patriot Fund LP	Active	282,808,340	12.81%
Covenant Apartment Fund V LP	Active	1,101,672	0.05%
Covenant Apartment Fund VI	Active	3,074,086	0.14%
Covenant Apartment Fund VIII	Active	12,550,698	0.57%
Crow Hldgs Realty Partners VII LP	Active	32,425,778	1.47%
Cypress Acquisition Prtnrs Retail FD LP	Active	35,907,926	1.63%
Gerding Edlen Green Cities II	Active	32,201,791	1.46%
Hart Realty Advisors	Active	205,840,263	9.33%
IL & FS India Realty Fund II LLC	Active	33,310,574	1.51%
JP Morgan Strategic Property	Active	82,699,608	3.75%
Landmark RE Partners VII LP	Active	19,423,169	0.88%
Lone Star Real Estate Part II LP	Active	16,263,015	0.74%
Macfarlane Urban Real Estate Fund II LP	Active	21,896,671	0.99%
New Boston IV	Active	530,040	0.02%
Prime Property Fund LLC	Active	294,155,843	13.33%
PRISA	Active	112,034,324	5.08%
Rockwood Capital Fund V	Active	785,376	0.04%
Rockwood Capital VI Limited Partnership	Active	6,076,637	0.27%
Rockwood Capital VII Limited Partnership	Active	25,118,373	1.14%
Starwood Opportunity Fund VII	Active	19,602,882	0.89%
Starwood Opportunity Fund VIII	Active	19,340,753	0.88%
Starwood Opportunity Fund IX	Active	43,852,326	1.99%
Starwood Opportunity Fund X	Active	58,660,456	2.66%
UBS-Trumbull Property Income	Active	58,103,715	2.63%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2016

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
UBS-Trumbull Property G&I (TPG)	Active	63,515,469	2.88%
UBS-Trumbull Property Fund LP	Active	85,466,287	3.87%
Urban Strategy America Fund LP	Active	33,534,000	1.52%
USAA Eagle RE Fund	Active	129,558,392	5.87%
Walton Street Real Estate	Active	1,202,101	0.05%
WLR IV PPIP Co Invest LP	Active	26,574,155	1.20%
Other ⁽²⁾	Active	141,956,378	6.43%
SUBTOTAL REF		\$ 2,207,088,905	100.00%
COMMERCIAL MORTGAGE FUND (CMF)			
Other ⁽²⁾		\$ 83	100.00%
SUBTOTAL CMF		\$ 83	100.00%
PRIVATE INVESTMENT FUND (PIF)			
Buyout		\$ 1,049,014,407	37.87%
AIG Altaris Health Partners II	Active	14,818,242	0.53%
AIG Altaris Health Partners III	Active	19,878,810	0.72%
AIG Healthcare Partners LP	Active	594,323	0.02%
Boston Ventures VII	Active	49,389,843	1.78%
Candover 2008 Fund	Active	391,125	0.01%
Charterhouse Equity Partners IV	Active	4,302,030	0.16%
Court Square Capital Partners II	Active	48,368,974	1.75%
Court Square Capital Partners III LP	Active	15,552,855	0.56%
Ethos Private Equity Fund V	Active	14,008,111	0.51%
FS Equity Partners V	Active	6,950,867	0.25%
FS Equity Partners VI	Active	74,603,360	2.69%
GENNX360 Capital Partners II	Active	17,013,854	0.61%
Hicks, Muse Tate & Furst Equity Fund III	Active	10,539,969	0.38%
ICV Partners II LP	Active	14,379,521	0.52%
JFL Equity Investors III, LP	Active	42,684,211	1.54%
KKR 2006 Fund	Active	79,697,136	2.88%
KKR Millennium Fund	Active	13,105,933	0.47%
Leeds Equity Partners V LP	Active	26,272,113	0.95%
Nogales Investors Fund II	Active	3,755,606	0.14%
RFE Investment Partners VII	Active	42,243,620	1.53%
RFE Investments Partners VIII	Active	34,547,232	1.25%
TA XI, L.P.	Active	70,584,747	2.55%
Thomas H. Lee Equity Fund VI	Active	76,011,598	2.74%
Vista Equity Partners Fund III	Active	23,249,553	0.84%
Vista Equity Partners Fund IV	Active	95,173,922	3.44%
Wellspring Capital Partners V	Active	82,279,022	2.97%
Welsh Carson Anderson & Stowe X LP	Active	23,034,817	0.83%
Welsh Carson Anderson & Stowe XI	Active	64,816,748	2.34%
Yucaipa American Alliance Fund II LP	Active	78,421,991	2.83%
Yucaipa III	Active	2,344,274	0.08%
Venture Capital		9,149,787	0.33%
Crescendo III	Active	1,156,486	0.04%
Syndicated Communications	Active	7,993,301	0.29%
Mezzanine		62,444,788	2.26%
Audax Mezzanine III Limited Partnership	Active	42,076,592	1.52%
GarMark Partners II LP	Active	19,374,244	0.70%
SW Pelham Fund	Active	993,952	0.04%
International		45,256,245	1.63%
Carlyle Asia Partners	Active	347,901	0.01%
Compass Partners European Equity Fund	Active	469,368	0.02%
Gilbert Global Equity Partners	Active	42,514,773	1.53%
Pinebridge Global Emerging Markets Fund	Active	1,924,203	0.07%
Fund of Funds		1,032,795,331	37.29%
Connecticut Horizon Legacy	Active	6,575,732	0.24%
CT Growth Capital	Active	9,774,704	0.35%
CS/CT Cleantech Opp Fund	Active	10,683,042	0.39%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2016

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
CT Emerging Pvt Equity	Active	77,135,060	2.78%
Fairview Constitution II LP	Active	113,869,327	4.11%
Fairview Constitution III	Active	349,539,238	12.62%
Fairview Constitution IV LP	Active	115,818,599	4.18%
JP Morgan Nutmeg I	Active	73,291,162	2.65%
Landmark Equity Partners XIV LP	Active	45,598,223	1.65%
Landmark Equity Partners XV LP	Active	26,616,558	0.96%
Landmark Private Equity Fund VIII	Active	6,811,039	0.25%
Lexington Capital Partners II	Active	412,781	0.01%
Stepstone Pioneer Capital I LP	Active	20,420,048	0.74%
Stepstone Pioneer Capital II LP	Active	138,493,487	5.00%
The Constitution Liquidating Fund	Active	37,756,331	1.36%
Special Situations		395,921,506	14.29%
Apollo Investment Fund VIII LP	Active	57,827,335	2.09%
Castlelake II LP	Active	59,842,113	2.16%
Clearlake Capital Partners III LP	Active	46,082,841	1.67%
Clearlake IV	Active	17,392,913	0.63%
KPS Special Situations Fund II	Active	10,025	0.00%
Levine Leichtman Capital Partners	Active	57,733,688	2.08%
Levine Leichtman Capital Partners IV LP	Active	37,876,689	1.37%
Pegasus Partners IV	Active	44,679,703	1.61%
Pegasus Partners V	Active	54,686,363	1.97%
Welsh Carson Anderson & Stowe Capital Partners III	Active	70,941	0.00%
WLR Recovery Fund IV	Active	19,718,895	0.71%
Other ⁽²⁾		175,228,041	6.33%
SUBTOTAL PIF		\$ 2,769,810,105	100.00%
ALTERNATIVE INVESTMENT FUND (AIF)			
Arclight Energy Partners Fund V	Active	\$ 32,334,181	1.79%
Arclight VI	Active	28,715,195	1.59%
EIG Energy Fund XV Limited Partnership	Active	41,133,382	2.28%
Marathon European Credit Opportunity	Active	15,024,290	0.83%
Prudence Crandall I Permal Limited Partnership	Active	557,826,324	30.92%
Prudence Crandall II Prisma Limited Partnership	Active	298,161,764	16.52%
Prudence Crandall III Rock Creek Limited Partnership	Active	276,654,010	15.33%
Prudence Crandall IV K2 Limited Partnership	Active	280,371,436	15.54%
Thomas Welles Fund I	Active	82,373,979	4.57%
Thomas Welles Fund II	Active	83,998,157	4.66%
Other ⁽²⁾		107,747,926	5.97%
SUBTOTAL AIF		\$ 1,804,340,644	100.00%
TOTAL		\$ 30,160,481,153	
Adjustments ⁽³⁾		(914,561,392)	
GRAND TOTAL		\$ 29,245,919,761	

(1) Other represents cash equivalents, other net assets and terminated advisor balances, as well as, currency overlay balances for the DMISF.

(2) Other includes partnerships with nonmaterial balances, as well as moneys earmarked for distribution to participants, reinvestment, expenses and other net assets.

(3) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in the Liquidity Fund.

PENSION FUNDS MANAGEMENT DIVISION
COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORP, NEW YORK	\$ 1,659.90	91,551.00	0.02	CIMB GK SECURITIES PTE LTD, SINGAPORE	677.42	482,964.00	0.00
ABG SEC AS (NORGE), FILIAL, STOCKHOLM	3,208.84	44,886.00	0.07	CIMB INVESTMENT BK BERHAD, KUALA LUMPUR	994.56	2,371,400.00	0.00
ABG SECS, OSLO	2,043.32	166,923.00	0.01	CIMB SECURITIES (USA), INC, NEW YORK	174.64	361,333.00	0.00
ABN AMRO MORGANS, BRISBANE	1,114.26	279,090.00	0.00	CIMB SECURITIES LTD., KOREA BRANCH	1,398.81	11,598.00	0.12
ACADEMY SECURITIES, INC, NEW YORK	340.00	17,000.00	0.02	CITIBANK (COR), NEW YORK	2,312.50	1,460,608.00	0.00
AGORA CTVM, RIO DE JANEIRO	443.87	62,700.00	0.01	CITIBANK LTD, MELBOURNE	192.15	184,763.00	0.00
ALBERT FRIED & COMPANY LLC, NEW YORK	236.00	11,800.00	0.02	CITIBANK NA, HONG KONG	7,238.69	11,831,308.00	0.00
ALLEN & COMPANY LLC, JERSEY CITY	3,189.00	106,300.00	0.03	CITIBANK NA, LONDON	16.40	479.00	0.03
AUERBACH GRAYSON & CO INC, JERSEY CITY	412.60	20,630.00	0.02	CITIBANK NA (MER)	660.73	24,133.00	0.03
AUTONOMOUS RESEARCH US LP,NEW YORK	1,233.00	41,100.00	0.03	CITIC CAPITAL SEC, HONG KONG	6,269.50	7,915,800.00	0.00
AVONDALE PARTNERS LLC, NASHVILLE	1,504.46	47,128.00	0.03	CITIGROUP GBL MKTS AUSTRALIA PTY, SYDNEY	281.60	107,211.00	0.00
B.RILEY & CO.,LLC, LOS ANGELES	13,999.60	481,707.00	0.03	CITIGROUP GBL MKTS INC, NEW YORK	101,515.34	4,725,232.00	0.02
BAADER WERTPAPIERHANDELSBANK, UNTERSCHLE	644.71	19,119.00	0.03	CITIGROUP GBL MKTS SINGAPORE SEC PVT LTD	590.27	1,137,500.00	0.00
BAIRD, ROBERT W & CO INC, MILWAUKEE	19,574.52	538,886.00	0.04	CITIGROUP GBL MKTS/SALOMON, NEW YORK	53,191.53	22,797,516.00	0.00
BANCO BTG PACTUAL SA, RIO DE JANEIRO	4,872.70	2,057,995.00	0.00	CITIGROUP GLOBAL MARKETS LTD, LONDON	230,624.23	42,966,692.00	0.01
BANCO DE INVESTIMENTUS GARATIA	7,875.38	765,800.00	0.01	CJS SECURITIES INC, JERSEY CITY	78.02	2,229.00	0.04
BANCO ITAU S.A., NEW YORK	2,880.72	409,600.00	0.01	CLEARSTREAM BK, LUXEMBOURG (CEDEULL)	578.73	24,379.00	0.02
BANCO ITAU, SAO PAULO	16,458.57	3,814,573.00	0.00	CLSA AUSTRALIA PTY LTD, SYDNEY	2,306.31	570,333.00	0.00
BANCO SANTANDER, NEW YORK	32,427.52	63,469,531.00	0.00	CLSA SECURITIES, KUALA LUMPUR	351.06	253,700.00	0.00
BANK AM BELLEVUE, ZURICH	1,806.97	8,620.00	0.21	COMMERZBANK AG, LONDON	238.76	1,885.00	0.13
BANK J VONTOBEL & CO LTD, ZURICH	8,680.00	48,317.00	0.18	COMPASS POINT RESEARCH & TR, JERSEY CITY	4,531.88	129,389.00	0.04
BANK OF NEW YORK, BRUSSELS	2.51	4,100.00	0.00	CONCORDIA SA CVMCC, RIO DE JANEIRO	43.16	17,700.00	0.00
BANQUE PARIBAS, FRANKFURT	780.58	51,439.00	0.02	CONVERGE LLC, NEW YORK	6,606.52	250,285.00	0.03
BANQUE PARIBAS, PARIS	1,264.78	218,029.00	0.01	CORMARK SECURITIES INC./CDS, TORONTO	2,364.64	88,603.00	0.03
BARCLAYS BK PLC, NEW YORK	2,532.79	93,755.00	0.03	CORMARK SECURITIES INC, TORONTO	712.00	17,800.00	0.04
BARCLAYS CAPITAL INC./LE, NEW JERSEY	1,232.89	95,392.00	0.01	CORNERSTONE MACRO LLC, NEW YORK	1,668.75	46,655.00	0.04
BARCLAYS CAPITAL INC, JERSEY CITY	308.00	7,700.00	0.04	COWEN AND COMPANY LLC, NEW YORK	17,749.96	934,873.00	0.02
BARCLAYS CAPITAL LE, JERSEY CITY	51,861.31	2,606,222.00	0.02	COWEN AND COMPANY, LLC, NEW YORK	1,727.66	86,383.00	0.02
BARCLAYS CAPITAL SEC LTD, SEOUL BRANCH	123.93	26,662.00	0.00	CRAIG HALLUM, MINNEAPOLIS	11,549.91	437,767.00	0.03
BARCLAYS CAPITAL, LONDON (BARCGB33)	48,724.07	10,390,593.00	0.00	CREDIT AGRICOLE SECURITIES, NEW YORK	316.00	7,900.00	0.04
BARCLAYS CAPITAL, NEW YORK	1,251.78	214,103.00	0.01	CREDIT LYONNAIS SEC, SEOUL	4,850.27	149,464.00	0.03
BARRINGTON RESEARCH ASSOCIATES, BROOKLYN	869.86	25,883.00	0.03	CREDIT LYONNAIS SECS (ASIA), HONG KONG	26,818.68	20,908,455.00	0.00
BB&T SECURITIES, LLC, RICHMOND	11,943.13	372,354.00	0.03	CREDIT LYONNAIS SECS, SINGAPORE	18,822.07	30,025,400.00	0.00
BENCHMARK COMPANY, LLC, NEW YORK	1,228.07	40,143.00	0.03	CREDIT RESEARCH & TRADING LLC, JERSEY	18,365.57	558,811.00	0.03
BERENBERG GOSSLER & CIE, HAMBURG	13,666.56	390,554.00	0.03	CREDIT SUISSE (EUROPE), LONDON	62,991.75	5,000,697.00	0.01
BERNSTEIN SANFORD C & CO, NEW YORK	86,701.10	23,485,693.00	0.00	CREDIT SUISSE (EUROPE), SEOUL	31,586.81	1,310,475.00	0.02
BLAYLOCK & CO INC, JERSEY CITY	195.00	9,750.00	0.02	CREDIT SUISSE (HK) LIMITED, HONG KONG	28,754.19	11,355,090.00	0.00
BLOOMBERG TRADEBOOK LLC, NEW YORK	1,710.07	78,073.00	0.02	CREDIT SUISSE AUSTRALIA EQ, MELBOURNE	55.13	33,452.00	0.00
BLOOMBERG TRADEBOOK, LONDON	2,091.67	262,262.00	0.01	CREDIT SUISSE SECURITIES (USA) LLC, NY	1,945.76	58,490.00	0.03
BLOOMBERG TRADEBOOK,NEW YORK	23,941.68	628,557.00	0.04	CREDIT SUISSE, NEW YORK (CSUS)	251,913.43	675,272,370.00	0.00
BMO CAPITAL MARKETS CORP, NEW YORK	13,060.39	405,409.00	0.03	CREDIT SUISSE, SAO PAULO	14,909.80	1,809,603.00	0.01
BNP PARIBAS PEREGRINE SEC LTD, HONG KONG	26,351.74	21,736,516.00	0.00	CREDIT SUISSE, ZURICH	75.84	3,425.00	0.02
BNP PARIBAS PRIME BROKERAGE, JERSEY CITY	1,986.00	66,200.00	0.03	CSL STOCKBROKERS LIMITED, LAGOS	1,338.15	4,153,150.00	0.00
BNP PARIBAS SEC SRVS SA, SINGAPORE	4,739.01	244,200.00	0.02	CUTTONE & CO, JERSEY CITY	150.36	7,518.00	0.02
BNP PARIBAS SEC SVCS, LONDON (PARBGB2L)	1,028.67	27,176.00	0.04	CV BROKERAGE INC., NEW YORK	663.24	33,162.00	0.02
BNP PARIBAS SECURITIES SVCS, HONG KONG	9,279.30	7,387,904.00	0.00	D CARNEGIE AB, STOCKHOLM	20,943.99	1,139,951.00	0.02
BNY BROKERAGE, NEW YORK	2,776.32	93,369.00	0.03	DAEWOO SECURITIES CO LTD, SEOUL	16,255.21	252,547.00	0.06
BNY CONVERGEX EXECUTION SOL, NEW YORK	77,850.84	18,758,758.00	0.00	DAIWA SEC SMBC SINGAPORE LTD, SINGAPORE	11.28	4,000.00	0.00
BNY CONVERGEX, NEW YORK	18,232.73	604,391.00	0.03	DAIWA SECS (HK) LTD, HONG KONG	9,897.28	3,106,874.00	0.00
BRADESCO S.A. CTVM, SAO PAULO	2,786.19	310,866.00	0.01	DAIWA SECS AMER INC, NEW YORK	8,162.73	1,671,072.00	0.00
BRADESCO S/A CTVM, SAO PAULO	3,210.87	406,000.00	0.01	DAVIDSON(D A) & CO INC, NEW YORK	2,458.57	85,077.00	0.03
BREAN CAPITAL LLC, JERSEY CITY	4,097.81	338,253.00	0.01	DAVY STOCKBROKERS, DUBLIN	226.13	24,317.00	0.01
BROADCORT CAPITAL CORP FI, NEW YORK	2,501.00	67,700.00	0.04	DBS VICKERS (HONG KONG) LTD, HONG KONG	1,391.55	356,600.00	0.00
BROCKHOUSE AND COOPER, MONTREAL	21.82	2,047.00	0.01	DBS VICKERS SEC PTE LTD, SINGAPORE	94.81	210,400.00	0.00
BT SECURITIES COMPANY LTD, BANGKOK	26.14	2,200.00	0.01	DEN DANSKE BANK, COPENHAGEN	315.30	12,221.00	0.03
BTIG LLC, SAN FRANCISCO	4,939.05	260,650.00	0.02	DEN NORSEK CREDITBANK, OSLO	263.78	59,614.00	0.00
BUCKINGHAM RESEARCH GRP INC, BROOKLYN	84.00	2,100.00	0.04	DEUTSCHE BK INTL EQ, LONDN (DEUTGB2EEQ)	36,286.01	7,737,912.00	0.00
CABRERA CAPITAL MARKETS, CHICAGO	17,080.32	1,135,705.00	0.02	DEUTSCHE BK SECS INC, NY (NWSCUS33)	130,169.02	60,318,160.00	0.00
CACEIS BANK DEUTSCHLAND, GERMANY	1,555.41	70,354.00	0.02	DEUTSCHE MORGAN GRENPELL SEC, SYDNEY	36.57	19,834.00	0.00
CANACCORD GENUITY CORP, MONTREAL (CCAM)	716.63	22,906.00	0.03	DEUTSCHE SEC ASIA LTD, HONG KONG	4,563.38	2,572,309.00	0.00
CANACCORD GENUITY INC,NEY YORK	5,294.47	147,699.00	0.04	DEUTSCHE SEC ASIA LTD, SEOUL	194.64	1,253.00	0.16
CANACCORD GENUITY LTD, LONDON	682.09	289,111.00	0.00	DMG N PARTNERS SEC, SINGAPORE	689.61	731,200.00	0.00
CANTOR CLEARING SERV, NEW YORK	222.75	16,500.00	0.01	DNB NOR MARKETS CUSTODY, OSLO	79.98	27,855.00	0.00
CANTOR FITZGERALD & CO INC, NEW YORK	14,960.83	728,399.00	0.02	DOUGHERTY & COMPANY LLC, MINNEAPOLIS	2,242.41	82,525.00	0.03
CAP INSTL SVCS INC-EQUITIES, DALLAS	4,470.46	148,069.00	0.03	DOUGHERTY COMPANY, BROOKLYN	2,486.00	77,014.00	0.03
CARNEGIE ASA, OSLO	2,903.91	287,959.00	0.01	DOWLING & PARTNERS, JERSEY CITY	11,007.24	343,708.00	0.03
CARNEGIE BANK AS, COPENHAGEN	256.63	7,342.00	0.03	DREXEL HAMILTON LLC, JERSEY CITY	7,651.73	285,608.00	0.03
CARNEGIE SECS LTD, HELSINKI (CASFFIH1)	3,873.55	187,106.00	0.02	DREXEL HAMILTON LLC,NEW JERSEY	120.45	4,015.00	0.03
CASABLANCA FIN GROUP, CASABLANCA	222.18	21,374.00	0.01	DUNDAS UNLU SECURITIES INC, ISTANBUL	604.26	184,035.00	0.00
CELADON FINANCIAL GROUP, LLC, NEW YORK	261.80	30,800.00	0.01	DZ BANK AG DEUTSCHE ZENTRAL, FRANKFURT	446.96	27,440.00	0.02
CELFIN CAPITAL SA CORREDORES, SANTIAGO	1,768.94	344,365.00	0.01	ED AND F MAN CAPITAL MARKETS LTD,LONDON	2,776.75	454,913.00	0.01
CHASE BK, LONDON	1,540.10	11,534.00	0.13	EQUITA SIM SPA, MILAN	1,859.67	57,559.00	0.03
CHEEVERS & CO. INC.,CHICAGO	8,780.19	357,360.00	0.02	ERB EUROBANK SECURITIES S.A., ATHENS	86.67	6,172.00	0.01
CHINA INTL CAP CORP HK SECS, HONG KONG	9,810.10	6,209,660.00	0.00	ERSTE AND STEIERMAERKISCHE BANK, RIJEKA	334.21	3,970.00	0.09
CHINA INTL CAP CORP LTD, BEIJING	3,580.93	1,544,606.00	0.00	ERSTE BK BEFEKTETESI RT, BUDAPEST	1,789.48	31,416.00	0.06
CIBC WORLD MKTS INC, TORONTO	866.35	32,073.00	0.03	ERSTE BK SPARKASSEN, PRAGUE	957.59	20,407.00	0.05
CIBC WORLD MKTS INC, TORONTO (WGDB)	622.53	81,100.00	0.01	EXANE, PARIS (EXANFRPP)	14,289.76	3,748,968.00	0.00

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
FBN SECURITIES INC, JERSEY CITY	102.00	3,400.00	0.03	JP MORGAN SECS (FAR EAST) LTD, SEOUL	1,425.28	39,828.00	0.04
FBR CAPITAL MARKETS & CO, ARLINGTON	3,483.66	107,922.00	0.03	JP MORGAN SECS ASIA PACIFIC, HONG KONG	20,050.49	11,462,501.00	0.00
FIG PARTNERS LLC, ATLANTA	5,957.11	211,925.00	0.03	JP MORGAN SECS, SINGAPORE	7,909.02	4,891,841.00	0.00
FINANCIAL BROKERAGE GROUP (FBG), CAIRO	210.86	46,136.00	0.00	JPMORGAN SECURITIES INC, NEW YORK	23,016.60	5,791,626.00	0.00
FIRST ANALYSIS SECS CORP, CHICAGO	12,535.37	417,823.00	0.03	KAS BANK NV, AMSTERDAM	300.41	15,660.00	0.02
FIRST SOUTHWEST CO, DALLAS	4,168.50	119,100.00	0.04	KB SEC NV, ANTWERPEN	679.11	24,929.00	0.03
FOX RIVER EXECUTION TECH,LLC,JERSEY CITY	159.00	31,800.00	0.01	KEB SALOMON SMITH BARNEY SECS, SEOUL	4,632.12	57,228.00	0.08
FRANK RUSSELL SEC INC, NEW YORK	72.00	1,800.00	0.04	KEEFE BRUYETTE AND WOODS, JERSEY CITY	9,127.21	272,882.00	0.03
FREIMARK BLAIR & CO INC/BCC CLRG, NJ	1,009.78	134,637.00	0.01	KEYBANC CAPITAL MARKETS INC, JERSEY CITY	13,553.79	400,495.00	0.03
GABELLI & COMPANY, JERSEY CITY	129.00	4,300.00	0.03	KEYBANC CAPITAL MARKETS INC, NEW YORK	7,923.00	240,800.00	0.03
GK GOH SECURITIES	10,008.79	7,688,300.00	0.00	KIM ENG SEC (PTE) LTD, SINGAPORE	40.74	9,800.00	0.00
GOLDMAN SACHS & CO, NY	166,439.17	84,710,100.00	0.00	KIM ENG SEC LTD, HONG KONG	107.64	4,600.00	0.02
GOLDMAN SACHS ASIA SEC LTD, HONG KONG	2,822.21	2,766,300.00	0.00	KIM ENG SEC USA INC, NY	46.42	49,400.00	0.00
GOLDMAN SACHS AUSTRALIA PTY LTD,MELBOURN	7.56	7,709.00	0.00	KIM ENG SECS PT, JAKARTA	120.47	308,100.00	0.00
GOLDMAN SACHS DO BRASIL, SAO PAULO	6,198.09	1,774,100.00	0.00	KING (CL) & ASSOCIATES, ALBANY	25,982.55	867,554.00	0.03
GOLDMAN SACHS EXECUTION & CLEARING, NY	24,295.95	1,835,807.00	0.01	KNIGHT CAPITAL EUROPE LTD, LONDON	2,628.23	832,874.00	0.00
GOLDMAN SACHS INTL, LONDON (GSILGB2X)	67,762.21	15,256,810.00	0.00	KNIGHT CLEARING SERVICES LLC, JERSEY CIT	376.72	37,118.00	0.01
GOLDMAN SACHS INTL, TORONTO (GSCI)	105.62	5,900.00	0.02	KNIGHT DIRECT LLC, JERSEY CITY	422.25	56,300.00	0.01
GOODBODY STOCKBROKERS, DUBLIN	1,878.88	320,243.00	0.01	KNIGHT EQUITY MARKETS L.P.,JERSEY CITY	1,597.97	89,396.00	0.02
GOODBODY STOCKBROKERS, DUBLIN	3,318.60	411,195.00	0.01	KNIGHT SECS, NEW JERSEY	737.29	69,047.00	0.01
GORDON HASKETT CAP CORP, NJ	1,663.00	42,800.00	0.04	KOREA INVESTMENT AND SEC CO.LTD,SEOUL	9,259.07	183,918.00	0.05
GREAT PACIFIC SECS INC, CALIFORNIA	943.82	33,182.00	0.03	LARRAIN VIAL, SANTIAGO	346.76	6,720,409.00	0.00
GREENTREE BROKERAGE SERVICES,JERSEY CITY	5,104.55	204,182.00	0.03	LEERINK SWANN & CO, JERSEY CITY	2,915.80	72,895.00	0.04
GUGGENHEIM CAPITAL MKT LLC, JERSEY CITY	4,853.67	147,144.00	0.03	LIBERUM CAPITAL INC, NEW YORK	792.90	90,297.00	0.01
GUZMAN & COMPANY, CORAL GABLES	2,040.60	98,630.00	0.02	LIQUIDNET CANADA INC, TORONTO	837.33	53,847.00	0.02
HANWHA SECS CO LTD, SEOUL	1,264.83	134,747.00	0.01	LIQUIDNET INC, BROOKLYN	13,402.96	754,382.00	0.02
HC ISTANBUL MENKUL DEGERLER, ISTANBUL	6,707.04	1,714,084.00	0.00	LIQUIDNET INC, NEW YORK	16,547.94	1,100,186.00	0.02
HONG KONG & SHANGHAI BKG CORP, HONG KONG	10,044.07	10,532,500.00	0.00	LIVINGSTON MONROE CAP GRP INC, NEW YORK	331.50	39,000.00	0.01
HSBC BANK BRASIL SA (COR), SAO PAULO	1,144.56	128,500.00	0.01	LONGBOW SECURITIES LLC, JERSEY CITY	1,647.49	42,306.00	0.04
HSBC BANK PLC (MIDLAND BK)(JAC), LONDON	58,232.61	12,435,835.00	0.00	LOOP CAPITAL MARKETS LLC, JERSEY CITY	271.28	18,004.00	0.02
HSBC BROKERAGE (USA) INC., NEW YORK	8,949.76	371,888.00	0.02	LOOP CAPITAL MARKETS, JERSEY CITY	60,469.00	3,675,318.00	0.02
HSBC JAMES CAPEL, SEOUL	41.23	483.00	0.09	LUMINEX TRADING AND ANALYTICS, BOSTON	265.18	106,063.00	0.00
HSBC SECS INC, NEW YORK	21,264.27	1,994,847.00	0.01	M RAMSEY KING SECURITIES INC, BROOKLYN	10,712.59	356,571.00	0.03
HSBC,(ALL HK OFFICES & HEAD OFFICE), HK	4,119.68	20,430,300.00	0.00	MACQUARIE BANK LIMITED, SYDNEY	5,744.73	1,869,860.00	0.00
HYUNDAI SECURITIES, SEOUL	517.74	1,716.00	0.30	MACQUARIE BANK LTD, HONG KONG	48,560.90	60,221,704.00	0.00
ICAP DO BRASIL DTVM LTDA, RIO DE JANEIRO	1,389.34	180,100.00	0.01	MACQUARIE BANK LTD, SYDNEY	184.74	18,300.00	0.01
ICBC FINCL SVCS, NEW YORK	1,754.68	75,686.00	0.02	MACQUARIE CAPITAL (USA) INC., NEW YORK	4,318.18	718,713.00	0.01
ICHIYOSHI SEC CO LTD, TOKYO	845.13	60,400.00	0.01	MACQUARIE CAPITAL LTD, LONDON	2,187.45	165,676.00	0.01
ING FINANCIAL MARKETS LLC, NEW YORK	254.04	30,333.00	0.01	MACQUARIE SECS (SINGAPORE), SINGAPORE	189.17	250,000.00	0.00
INSTINET AUSTRALIA CLEARING SERV, SYDNEY	3,987.77	4,755,851.00	0.00	MACQUARIE SECURITIES LIMITED, HONG KONG	24.96	34,900.00	0.00
INSTINET CANADA, TORONTO	370.16	66,251.00	0.01	MACQUARIE SECURITIES LIMITED, HONG KONG	3,827.70	751,344.00	0.01
INSTINET CORP, NEW YORK	6,210.51	1,274,178.00	0.00	MACQUARIE SECURITIES LTD, AUCKLAND	227.74	59,762.00	0.00
INSTINET CORP, NY	58,701.84	3,275,111.00	0.02	MACQUARIE SECURITIES LTD, SEOUL	3,887.36	262,851.00	0.01
INSTINET EUROPE LIMITED, LONDON	183,459.25	60,331,141.00	0.00	MACQUARIE SECURITIES(USA)INC JERSEY CITY	16,812.57	678,035.00	0.02
INSTINET PACIFIC LTD, HONG KONG	86,128.58	87,008,514.00	0.00	MAINFIRST BANK AG,FRANKFURT AM MAIN	2,181.76	88,082.00	0.02
INSTINET, SINGAPORE	1,150.43	1,692,025.00	0.00	MALAYAN BANKING, KUALA LUMPUR	13.83	18,349.00	0.00
INVESTEC HENDERSON CROSTHWAITTE,LONDON	13,761.77	1,512,737.00	0.01	MAXIM GROUP, JERSEY CITY	3,766.27	173,095.00	0.02
INVESTEC SECURITIES (331), LONDON	3,910.53	3,111,703.00	0.00	MEDIOBANCA SPA, MILANO	1,653.46	33,508.00	0.05
INVESTEC SECURITIES LTD, JOHANNESBURG	489.40	55,384.00	0.01	MERIDIAN EQUITY PARTNERS, NEW YORK	487.82	32,521.00	0.02
INVESTMENT TECHNOLOGY GROUP LTD,DUBLIN	30,307.92	8,306,461.00	0.00	MERLIN SECURITIES LLC, JERSEY CITY	2,362.59	314,973.00	0.01
INVESTMENT TECHNOLOGY GROUP, NEW YORK	20,924.14	1,577,168.00	0.01	MERRILL LYNCH (SINGAPORE) PTE LTD	1,349.82	1,399,655.00	0.00
ISI GROUP INC, NY	28,919.72	1,140,787.00	0.03	MERRILL LYNCH & CO INC ATLAS GLOBAL, NY	2,468.56	157,500.00	0.02
ITAU CHILE CORRE DE BOLSA LTD, SANTITGO	206.42	9,934,538.00	0.00	MERRILL LYNCH BROADCORT CAP, NEW YORK	872.80	85,990.00	0.01
ITAU USA SECURITIES INC, NEW YORK	279.90	5,598.00	0.05	MERRILL LYNCH CORREDORES, SANTIAGO	1,046.55	66,481,434.00	0.00
ITAU USA SECURITIES INC, NEW YORK	944.66	102,642.00	0.01	MERRILL LYNCH GILTS LTD, LONDON	60,246.57	16,652,042.00	0.00
ITG AUSTRALIA LTD, MELBOURNE	5,907.87	3,349,751.00	0.00	MERRILL LYNCH INTL (KSI), LONDON	537.87	38,000.00	0.01
ITG CANADA CORP, TORONTO	980.43	64,028.00	0.02	MERRILL LYNCH INTL LONDON EQUITIES	156,096.44	81,703,601.00	0.00
ITG HONG KONG LIMITED, HONG KONG	1,829.92	3,388,149.00	0.00	MERRILL LYNCH PIERCE FENNER SMITH INC NY	162,364.02	11,641,855.00	0.01
ITG INC, NEW YORK	2,583.68	295,085.00	0.01	MERRILL LYNCH PIERCE FENNER, WILMINGTON	27,918.07	4,613,879.00	0.01
ITG INC, NY	1,262.44	264,388.00	0.00	MERRILL LYNCH PROFESSIONAL CLRG, PURCHAS	29.00	780.00	0.04
IXIS SECURITIES, PARIS	3,122.27	66,379.00	0.05	MERRILL LYNCH SA CVTM, SAO PAULO	8,381.98	1,535,370.00	0.01
J & E DAVY, DUBLIN	5,719.96	187,524.00	0.03	MIRAE ASSET SECURITIES, SEOUL	2,467.36	5,285.00	0.47
J P MORGAN SEC LTD/STOCK LENDING, LONDON	3,182.94	310,960.00	0.01	MISCHLER FINL/EQUITIES, CORONA DELMAR	7,267.28	346,264.00	0.02
J P MORGAN SEC, SYDNEY	3,220.99	1,315,008.00	0.00	MITSUBISHI UFJ SECS INTL PLC, LONDON	410.50	16,600.00	0.02
J P MORGAN SECS LTD, LONDON	108,097.86	14,750,196.00	0.01	MITSUBISHI UFJ SECURITIES, NEW YORK	3,007.28	337,300.00	0.01
J P MORGAN SECURITIES INC, BROOKLYN	70,118.92	5,674,255.00	0.01	MIZUHO SECURITIES ASIA, HONG KONG	2,097.49	95,500.00	0.02
J.P. MORGAN CLEARING CORP, NEW YORK	166,959.00	14,488,075.00	0.01	MIZUHO SECURITIES USA INC, NEW YORK	3,446.02	291,000.00	0.01
JANNEY MONTGOMERY SCOTT, PHILADELPHIA	909.97	25,051.00	0.04	MKM PARTNERS LLC, GREENWICH	19,895.42	681,647.00	0.03
JEFFERIES & CO INC, NEW YORK	124,955.05	16,443,298.00	0.01	MONTRON SECURITIES EQ, SAN FRANCISCO	8,870.40	373,419.00	0.02
JEFFERIES & CO LTD, LONDON	18,666.82	14,202,824.00	0.00	MORGAN STANLEY & CO INC, NY	244,181.91	79,627,629.00	0.00
JEFFERIES HONG KONG LIMITED, HONG KONG	45.07	407,000.00	0.00	MORGAN STANLEY & CO INTL LTD, SEOUL	1,991.25	77,714.00	0.03
JMP SECURITIES, SAN FRANCISCO	1,840.00	57,900.00	0.03	MORGAN STANLEY & CO, LONDON (MSLNGB2X)	66,144.25	26,515,278.00	0.00
JMP SECURITIES, SAN FRANCISCO	7,072.02	231,923.00	0.03	NATIONAL FINL SVCS CORP, NEW YORK	4,447.00	383,500.00	0.01
JOHNSON RICE & CO, NEW ORLEANS	974.85	27,710.00	0.04	NATIONAL SECS CO LTD, BANGKOK	11,488.20	13,313,345.00	0.00
JOHNSON RICE & COMPANY LLC, NEW ORLEANS	447.47	12,063.00	0.04	NEEDHAM & CO, NEW YORK	1,754.19	56,433.00	0.03
JONESTRADING INSTL SVCS LLC, WESTLAKE	14,344.67	676,633.00	0.02	NEEDHAM AND COMPANY LLC, JERSEY CITY	6,885.88	225,909.00	0.03
JP MORGAN CHASE BANK NA (GST), LONDON	2,393.34	1,161,277.00	0.00	NESBITT BURNS, TORONTO (NTDT)	5,927.09	305,165.00	0.02

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
NOMURA FINANCIAL & INVESTMENT, SEOUL	4,935.82	280,053.00	0.02	STEPHENS INC, LITTLE ROCK	19,058.96	619,621.00	0.03
NOMURA SECS INTL, LONDON	654.59	25,000.00	0.03	STIFEL NICOLAUS	34,540.15	1,457,905.00	0.02
NORDEA BANK FINLAND PLC, HELSINKI	362.33	160,797.00	0.00	STRATEGAS SECURITIES LLC, NEW YORK	2,953.12	113,141.00	0.03
NORDEA BANK FINLAND PLC, HELSINKI	5,409.62	821,616.00	0.01	STURDIVANT & CO INC, BROOKLYN	220.00	11,000.00	0.02
NORDEA BK PLC, HELSINKI (NDEAFIHH030)	724.52	8,413.00	0.09	SUNTRUST CAPITAL MARKETS INC, ATLANTA	17,477.10	516,375.00	0.03
NORTH SOUTH CAPITAL LLC, JERSEY CITY	16,896.53	799,187.00	0.02	SUSQUEHANNA FINL GROUP LLLP, NEW YORK	1,570.64	41,591.00	0.04
NORTHLAND SECS INC, JERSEY CITY	693.78	20,695.00	0.03	SVENSKA HANDELSBANKEN, STOCKHOLM	1,577.17	43,010.00	0.04
NUMIS SECURITIES INC., NEW YORK	12,063.49	1,491,957.00	0.01	TEB YATIRIM MENKUL DEGERLER AS, ISTANBUL	9,008.29	2,448,515.00	0.00
NUMIS SECURITIES LTD, LONDON	248.94	26,407.00	0.01	TELSEY ADVISORY GROUP LLC, DALLAS	11,313.62	619,840.00	0.02
ODDO ET CIE, PARIS	40.02	2,643.00	0.02	THEMIS TRADING LLC, JERSEY CITY	148.00	14,800.00	0.01
OLIVETREE USA LLC, NEW YORK	251.62	7,189.00	0.04	THINKEQUITY PARTNERS LLC, MINNEAPOLIS	700.00	17,500.00	0.04
ONEIL WILLIAM & CO INC/BCC, LOS ANGELES	1,377.87	45,929.00	0.03	TONG YANG SECURITIES INC, SEOUL	9,851.82	126,277.00	0.08
OPPENHEIMER & CO INC, NEW YORK	16,763.61	538,073.00	0.03	TOPEKA CAPITAL MARKETS INC., NEW YORK	37,726.10	2,146,516.00	0.02
ORIEL SECURITIES LTD, LONDON	1,119.29	155,773.00	0.01	TOPEKA CAPITAL MARKETS INC, JERSEY CITY	2,771.00	73,300.00	0.04
OSK INVESTMENT BANK BERHAD, KUALA LUMPUR	1,800.34	1,050,589.00	0.00	UBS EQUITIES, LONDON	23,199.99	26,566,748.00	0.00
OTR GLOBAL TRADING LLC, NEW YORK	1,800.00	52,600.00	0.03	UBS SECS SINGAPORE PTE LTD	567.17	842,800.00	0.00
PACIFIC CREST SECURITIES, PORTLAND	344.00	8,600.00	0.04	UBS SECURITIES CANADA, TORONTO (BWIT)	2,307.62	333,906.00	0.01
PANMURE GORDON & CO LTD, LONDON	763.58	26,980.00	0.03	UBS SECURITIES HONG KONG LTD, HONG KONG	101.01	304,400.00	0.00
PAEL, PARIS	5,651.07	254,623.00	0.02	UBS SECURITIES LLC, STAMFORD	149,336.10	51,860,125.00	0.00
PEEL HUNT LLP, LONDON	5,665.41	858,906.00	0.01	UBS WARBURG ASIA LTD, HONG KONG	67,546.92	32,740,170.00	0.00
PENSERRA SECURITIES, NEW YORK	8,998.07	768,220.00	0.01	UBS WARBURG AUSTRALIA EQUITIES, SYDNEY	277.99	35,710.00	0.01
PERCIVAL FINL PARTNERS LTD, LAKE SUCCESS	5,673.50	162,100.00	0.04	UBS WARBURG, LONDON	98,806.55	16,887,350.00	0.01
PEREGRINE SECS PHILIPPINES INC, MANILA	1,282.20	203,590.00	0.01	UOB KAY HIAN PTE LTD, HONG KONG	2,106.26	3,502,900.00	0.00
PERSHING LLC, JERSEY CITY	34,831.70	3,818,711.00	0.01	VANDHAM SECURITIES CORP, NEW YORK	616.55	33,110.00	0.02
PERSHING SECURITIES LTD, LONDON	3,356.15	912,475.00	0.00	VTB BANK EUROPE PLC, LONDON	693.62	75,323.00	0.01
PICKERING ENERGY PARTNERS, HOUSTON	516.00	12,900.00	0.04	WEBBUSH MORGAN SECS INC, LOS ANGELES	17,153.55	757,396.00	0.02
PIPER JAFFRAY & CO, MINNEAPOLIS	11,599.60	324,079.00	0.04	WEEDEN & CO, GREENWICH	2,230.36	412,000.00	0.01
PT. MANDIRI SEKURITAS, JAKARTA	256.99	237,500.00	0.00	WEEDEN & CO, NEW YORK	184.00	4,600.00	0.04
RABOBANK NEDERLAND, UTRECHT	2,571.55	43,942.00	0.06	WEEDEN & CO, NEW YORK	76,874.75	5,483,772.00	0.01
RAMIREZ SAMUEL A & CO, NEW YORK	26.18	3,490.00	0.01	WELLS FARGO BANK NA, SAN FRANCISCO	24.23	3,230.00	0.01
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	26,690.36	815,935.00	0.03	WELLS FARGO SECURITIES LLC, CHARLOTTE	5,830.81	242,367.00	0.02
RBC CAPITAL MARKETS LLC, NEW YORK	42,733.72	2,535,738.00	0.02	WELLS FARGO SECURITIES LLC, CHARLOTTE	2,645.00	83,000.00	0.03
RBC DOMINION SECS INC, TORONTO (DOMA)	6,710.97	520,375.00	0.01	WILLIAM BLAIR & CO, CHICAGO	36,140.38	1,079,325.00	0.03
REDBURN PARTNERS LLP, LONDON	65.02	25,678.00	0.00	WILLIAMS CAPITAL GROUP LP, JERSEY CITY	21,381.71	1,106,294.00	0.02
RENAISSANCE CAPITAL LTD, LONDON	20,300.39	1,450,785.00	0.01	WILSON HTM LTD, BRISBANE	9.96	50,844.00	0.00
RENAISSANCE MACRO SEC, LLC, NEW YORK, NY	180.39	6,013.00	0.03	WM SMITH & CO, JERSEY	139.81	4,262.00	0.03
ROSENBLATT SECURITIES LLC, JERSEY CITY	16.00	400.00	0.04	WOLFE TRAHAN SECURITIES, NEW YORK	3,773.03	111,301.00	0.03
ROTH CAPITAL PARTNERS LLC, IRVINE	1,942.72	55,103.00	0.04	WOORI INVESTMENT & SECURITIES, SEOUL	24,184.48	454,364.00	0.05
ROYAL BANK OF CANADA EUROPE LTD, LONDON	1,374.17	209,937.00	0.01	WUNDERLICH SECURITIES INC, MEMPHIS	342.09	9,774.00	0.04
ROYAL TR CORP OF CDA/GBL CUSTODY, LONDON	107.21	15,163.00	0.01	XP INVESTIMENTOS CCTVM SA, RIO DE JANEIRO	14,712.69	5,233,600.00	0.00
S G WARBURG, SEOUL	11,279.11	958,262.00	0.01	YAMNER & COMPANY INC, JERSEY CITY	1,930.20	193,020.00	0.01
SAMSUNG SECS, SEOUL	13,085.61	293,192.00	0.04				
SAMUEL A RAMIREZ & COMPANY, BROOKLYN	146.90	9,253.00	0.02	TOTAL	\$5,537,082.99		
SAMUEL A. RAMIREZ & COMPANY INC, JERSEY	487.04	64,935.00	0.01				
SAMUEL RAMIREZ & CO, NEW YORK	34.19	4,558.00	0.01				
SANDLER O'NEILL & PARTNERS LP, NEW YORK	3,518.32	99,075.00	0.04				
SANDLER O'NEILL & PARTNERS, NEW YORK	4,333.55	129,619.00	0.03				
SANFORD C BERNSTEIN & CO INC, LONDON	15,884.77	2,022,762.00	0.01				
SANFORD C. BERNSTEIN & CO, WHITE PLAINS	840.04	1,259,002.00	0.00				
SANTANDER CENTRAL HISPANO INVT, MADRID	5,234.23	42,341,411.00	0.00				
SANTANDER INVESTMENT SECS, JERSEY CITY	2,886.39	384,852.00	0.01				
SBC WARBURG, AUCKLAND	858.92	194,056.00	0.00				
SCB SECURITIES CO LTD, BANGKOK	7,938.81	6,274,250.00	0.00				
SCOTIA CAPITAL (USA) INC, NEW YORK	537.88	35,080.00	0.02				
SCOTIA CAPITAL INC, NEW YORK	67.36	55,471.00	0.00				
SCOTIA CAPITAL MKTS, TORONTO	680.28	22,020.00	0.03				
SEAGROTT & CAMPBELL SDN, KUALA LUMPUR	9,026.39	3,682,492.00	0.00				
SEAPORT GROUP SECS LLC, NEW YORK	2,956.74	277,560.00	0.01				
SG AMERICAS SECURITIES LLC, NEW YORK	659.17	110,219.00	0.01				
SG SEC (LONDON) LTD, LONDON	37,253.80	5,212,095.00	0.01				
SG SECURITIES, HONG KONG	10,641.73	9,124,641.00	0.00				
SHENYIN WANGUO SECS LTD, HONG KONG	6,481.13	9,336,400.00	0.00				
SHORE CAPITAL STOCKBROKERS, LONDON	311.91	6,963.00	0.04				
SIDCO / CONVERGEX, NEW YORK	135.13	3,860.00	0.04				
SIDOTI & CO LLC, NEW YORK	8,336.79	287,298.00	0.03				
SIMMONS & CO INTL, HOUSTON	452.00	11,300.00	0.04				
SINGER CAPITAL MARKETS LTD, LONDON	16.97	3,770.00	0.00				
SKANDINAVISKA ENSKILDA BANKEN, LONDON	46.05	1,179.00	0.04				
SKANDINAVISKA ENSKILDA BANKEN, STOCKHOLM	3,822.87	133,580.00	0.03				
SMBC NIKKO SECURITIES LTD, WAN CHAI	2,171.21	147,300.00	0.01				
SMBC SECURITIES, INC NEW YORK	4,459.65	425,450.00	0.01				
SOCIETE DE BOURSE GILBERT DUPONT, PARIS	482.19	3,280.00	0.15				
SOCIETE GENERALE LONDON BRANCH, LONDON	3,827.53	1,514,507.00	0.00				
STANDARD BANK, LONDON	11,183.55	1,741,561.00	0.01				
STATE STREET BK & TR CO (SEC), LONDON	89.88	9,743.00	0.01				
STATE STREET BK & TR CO, LONDON	34.71	5,116.00	0.01				
STATE STREET BROKERAGE SVCS, BOSTON	18,985.44	1,276,876.00	0.01				

GLOSSARY OF INVESTMENT TERMS

- Active extension** - Active extension is defined as an investment strategy that allows for both long and short positions in an investment portfolio with a gross exposure above 100% of total portfolio value on an absolute basis, while maintaining a beta of one.
- Agency Securities** - Securities, usually bonds, issued by U.S. Government agencies. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.
- All-cap** - An investment approach that disregards market capitalization (i.e. small, medium, or large cap) in its security selection process.
- Alpha** - A coefficient which measures risk-adjusted performance, factoring in the risk due to the specific security, rather than the overall market. A high value for alpha implies that the stock or mutual fund has performed better than would have been expected given its beta (volatility).
- Asset** - Anything owned that has economic value; any interest in property, tangible or intangible, that can be used for payment of debts.
- Asset Backed Security** - Bonds or notes collateralized by one or more types of assets including real property, mortgages, and receivables.
- At Value** - A term used to denote the current value of an asset at a point in time. Generally used in presentations containing a mix of assets some of which are traded on an exchange and some that are valued on an appraisal or similar basis.
- Banker's Acceptance (BA)** - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.
- Basis Point (bp)** - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% has increased by 75 basis points.
- Benchmark** - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.
- Benchmark composite** - A term used when reporting on a portfolio containing multiple asset classes. The composite is generally calculated as a weighted average of the benchmarks of the underlying portfolios.
- Beta** - A quantitative measure of the volatility of a given stock, mutual fund or portfolio relative to the overall market.
- Book Value (BV)** - The value of individual assets, calculated as actual cost minus accumulated depreciation. Book value may be more or less than current market value.
- Buyout** - See "Leveraged Buyout"
- Capital Gain (Loss)** - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in valuation of an asset over time.
- Capitalized Fees** - Fees (and expenses) that increase the cost basis of an investment.
- Certificates of Deposit (CDs)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from 3 months to six years.
- Citigroup Broad Investment-Grade Bond Index (CBIG)** - A market value-weighted index composed of over 4,000 individually priced securities with a quality rating of at least BBB. Each issue has a minimum maturity of one year with an outstanding par amount of at least \$25 million.
- Citigroup World Government Bond Index Non-U.S. (CWGBI)** - An unhedged index measuring government issues of 12 major industrialized countries.
- Close-End fund** - Funds that have set limits on the life of the fund and/or the total amount to be invested.
- Coefficient of Determination (R²)** - A measurement of how closely the returns of an investment portfolio and its benchmark match. An R² of 1.0 indicates that portfolio returns perfectly match the returns of the benchmark, while a value less than 1.0 indicates that the returns of the portfolio do not match the benchmark return. The closer the value is to 1 the closer the return of the portfolio is to the benchmark.
- Collateral** - Assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default.
- Collateralized Mortgage Obligation (CMO)** - A mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes. CMO payment obligations are backed by mortgage-backed securities with a fixed maturity.
- Commercial Paper** - Short-term obligations with maturities ranging from 2 to 270 days. An unsecured obligation issued by a corporation or bank to finance its short-term credit needs.
- Commingled fund** - A fund consisting of assets from multiple investors that are blended together. A mutual fund is a common example of a commingled fund.

GLOSSARY OF INVESTMENT TERMS (Continued)

- Committed capital** - Money that is committed by limited partners to a private investment fund. **Company risk** – The risk of investing in any single company’s stock or bonds.
- Compounded Annual Total Return** - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return “smoothes” fluctuations in long-term investment returns to derive an implied year-to-year annual return.
- Consumer Price Index (CPI)** - A measure of change in the cost of a fixed basket of products and services as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, and electricity.
- Core real estate strategy** - Lower risk, low leverage, vehicles that invest in stabilized income-producing properties that provide steady net operating income or cash flow. Properties are usually located in major regional markets, have investment grade tenants, at-market rents, and high occupancy levels.
- Cost basis** - The original price paid for an investment.
- Counter-party risk** - The risk to each party of a contract that the counterparty will not live up to its contractual obligations. **Credit default risk** - The risk that a debtor will not make payments in accordance with the terms of the debt.
- Credit risk** - The risk that a borrower will fail to make payments in a timely manner.
- Cumulative Rate of Return** - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.
- Currency exchange risk** - The risk that a foreign country’s currency may appreciate or depreciate relative to the U. S. dollar, thus impacting the value of foreign investments.
- Currency hedging** - Transactions intended to manage the foreign exchange rate risk associated with investing in foreign securities.
- Currency spot** - A contract for the purchase or sale of a commodity, security or currency for settlement (payment and delivery) on the spot date, which is normally two business days after the trade date.
- Current Yield** - The relationship between the stated annual interest or dividend rate and the market price of a security. In calculating current yield, only income payments are considered; no consideration is given to capital gain/loss.
- Default risk** - The chance that an issuer will not make the required coupon payments or principal repayments to its debt holders.
- Derivative** - Derivatives are generally defined as contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, commodity.
- Discount Rate** - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.
- Diversification** - A portfolio strategy designed to reduce exposure to risk by putting assets in several different securities or categories of investments.
- Drawdown** - (a) A request for cash charged against capital committed to a limited partnership, limited liability corporation, or other like entity; (b) a decline in the current value of an investment or other asset. **Duration** - Duration is a measure of the price sensitivity of a fixed-income investment to a change in interest rates. (See Modified and Macaulay Duration).
- Economic risk** - The risk that economic activities will negatively impact an investment.
- Enhanced indexing** - Refers to the application of strategies to an index fund designed to generate higher rates of returns. **Equity** - The ownership interest possessed by shareholders in a corporation in the form of common stock or preferred stock.
- ERISA (Employee Retirement Income Security Act)** - The 1974 federal law which established legal guidelines for private pension plan administration and investment practices.
- Expense Ratio** - Operating costs (including management fees) expressed as a percentage of the fund’s average net assets for a given time period.
- Fair Value** - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- Federal Funds Rate** - The interest rate that banks charge each other for the use of Federal Funds. This rate changes daily and is a sensitive indicator of general interest rate trends.

PENSION FUNDS MANAGEMENT DIVISION
GLOSSARY OF INVESTMENT TERMS (Continued)

- Federal Reserve Board** - The seven member Board of Governors that oversees Federal Reserve Banks, establishes monetary policy and monitors the economic health of the economy.
- Fiduciary** - A person, company, or association holding assets in trust for a beneficiary. The fiduciary is charged with the responsibility to invest the assets prudently and solely for the beneficiary's benefit.
- Fitch Investor Services** - A financial services rating agency.
- Floating Rate Note** - A fixed principal instrument which has a long or even indefinite life and whose yield is periodically reset relative to a reference index rate to reflect changes in short- or intermediate-term interest rates.
- Forward contract** - A contract between two parties that requires the parties to sell or purchase an asset at a price set when the contract is entered into for settlement at a specified future date.
- Funded Capital** - Amount of cash invested. Geopolitical risk - See "Political risk".
- Gross Domestic Product** - Total market value of goods and services produced in a country over a particular period of time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.
- Hedge** - An investment in assets which serves to reduce the risk of adverse price movements in a security, by taking an offsetting position in a related security, such as an option or short sale.
- Index** - A benchmark of securities used as an independent representation of market performance. Example: S&P 500 index.
Index Fund - A passively managed fund constructed to mirror the performance of a specific index, such as the S&P 500.
Individual company risk - The risk associated with investment in the securities of any single company.
- Inflation** - The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index.
- Inflation risk** - The risk that the value of an investment will erode as a result of inflationary pressures.
- Interest rate risk** - The risk that changes in the general level of interest rates will adversely affect the fair value of an investment.
- Investment Income** - The equity dividends, bond interest, and/or cash interest paid on an investment.
- J-Curve** - An economic theory stating that a policy designed to have one effect will initially have the opposite effect. With regard to closed end commingled fund investments, this generally refers to a trend whereby a fund's return tends to be negative in the early years of a fund's existence until income and valuations increase in the later periods as investments mature and as the relative size of fees and other costs diminish relative to the value of invested capital.
- JP Morgan Emerging Markets Bond Index Plus (EMBI+)** - An index which tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar denominated local market instruments. The EMBI+ expands upon JP Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.
- Letter of Credit** - An instrument or document issued by a bank, guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and reduces the seller's risk.
- Leverage** - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.
- Leveraged buyout** - A leveraged buyout (LBO) is an acquisition (usually of a company) financed through a combination of equity and debt and in which the cash flows or assets of the target are used to secure and repay the debt used to finance the acquisition.
- Liability** - The claim on the assets of a company or individual - excluding ownership equity. An obligation that legally binds an individual or company to settle a debt.
- Limited Partnership** - A partnership formed by two or more entities with at least one limited partner and one general partner. Limited partner responsibility for debts and losses is limited to the amount of their investment in the partnership. In addition, the limited partner does not participate in the activities of the partnership. The general partner has control over the management of the partnership and has unlimited liability for partnership debt and losses.
- Liquidity risk** - The risk that an investment cannot be immediately liquidated unless discounted in value.
- Macaulay Duration** - The weighted-average term to maturity of a bond's cash flows. The weighting is based on the present value of each cash flow divided by price.
- Management risk** - The risks associated with ineffective, destructive or underperforming management.
- Marked-to-market pricing** - An accounting practice in which the price of an investment recorded within the accounting records is the market value at the end of the month.
- Market Risk** - The risk that fluctuations in the overall market for securities will impact an investment portfolio.

GLOSSARY OF INVESTMENT TERMS (Continued)

- Market Value** - A security's last reported sale price or its current bid and ask prices. The price as determined dynamically by buyers and sellers in an open market.
- Master Custodian** - An entity, usually a bank, used for safekeeping of securities and other assets. May be responsible for other functions including accounting, performance measurement and securities lending.
- Maturity Date** - The date on which the principal amount of a bond or other debt instrument becomes payable or due. Mezzanine Debt - Debt that incorporates equity-based options, such as warrants, and is subordinated debt.
- MFR Index (iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™ Index)** - An index which represents an average of the returns of institutional money market mutual funds that invest primarily in first-tier (securities rated A-1, P-1) taxable securities.
- Modified Duration** - A measure of the price sensitivity of a bond to interest rate movements. It is the primary basis for comparing the effect of interest rate changes on prices of fixed income securities.
- Money Market Fund** - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant \$1 per share - only the interest rate goes up or down.
- Moody's (Moody's Investors Service)** - A financial services rating agency.
- MSCI EAFE** - Morgan Stanley Europe Australasia Far East foreign equity index. An arithmetic value weighted average of the performance of over 900 securities on the stock exchanges of 23 countries on three continents. NCREIF (National Council of Real Estate Investment Fiduciaries) - National Council of Real Estate Investment Fiduciaries, a non-profit organization established to serve the institutional real estate investment community as a non-partisan collector, processor, validator and disseminator of real estate performance information.
- Net Asset Value (NAV)** - The total assets (including any valuation gains or losses on investments or currencies) minus total liabilities divided by shares outstanding.
- Netted Fees** - Refers to instances in which investment management fees/expenses are offset against income normally distributed to investors. May also refer to practices whereby investment management fees/expenses are added to the cost basis of an investment.
- NPI** - NCREIF Property Index. The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. Properties comprising this benchmark, which include wholly owned and joint venture investments, are held on an all-cash, non-leveraged basis, and is restricted to investment-grade, nonagricultural, and income-producing properties.
- Open-End fund** - A fund operated by an investment company in accordance with a stated set of objectives. Open-end funds raise money by periodically selling shares of the fund to the public.
- Operations risk** - The risk associated with negative operating events (net operating losses, inventory write-downs, breakdown in internal procedures, etc).
- Par Value** - The stated or face value of a stock or bond. While it has little significance for common stocks, for bonds, it specifies the payment amount at maturity.
- Pension Fund** - A fund set up by a corporation, labor union, governmental entity, or other organization to provide retirement income.
- Percentile** - A description of the percentage rank of a portfolio's performance, relative to a larger universe of portfolios. Political Risk - The risk resulting from political changes or instability in a country's system of government, laws or regulation. Prepayment risk - The risk associated with the prepayment of fixed income investments in a declining rate environment.
- Present Value** - The current value of a future cash flow or series of cash flows discounted at an appropriate interest rate or rates. For example, at a 12% interest rate, the value of one dollar a year from now has a present value of \$0.89286.
- Price/Book (P/B)** - A ratio showing the price of a stock divided by its book value per share. The P/B measures the multiple at which the market is capitalizing the net asset value per share of a company at any given time.
- Price/Earnings (P/E)** - A ratio showing the price of a stock divided by its earnings per share. The P/E measures the multiple at which the market is capitalizing the earnings per share of a company at any given time.
- Principal** - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity. Product risk - The risk associated with the introduction of a new product or process.
- Prudent Person Rule** - The standard adopted by some states to guide those fiduciaries with responsibility for investing the money of others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

GLOSSARY OF INVESTMENT TERMS (Continued)

Purchasing power risk- See "Inflation risk"

Pure indexing - Refers to the application of strategies to an index fund designed to exactly match the returns of the portfolio benchmark.

R2 - See "Coefficient of Determination"

Real interest rate - An interest rate that has been adjusted to remove the effects of inflation.

Real rate of return - The return realized on an investment adjusted for changes due to inflation or other external effects.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Reinvestment risk - The risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates.

Relative Volatility - The standard deviation of the Fund divided by the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.

Repurchase Agreements ("Repos") - A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. Repos are widely used as a money market instrument.

Return on Equity (ROE) - Net income of a company (after payment of preferred stock dividends but before payment of common stock dividends) divided by common shareholder equity. Reverse Repurchase Agreements ("Reverse Repos") - A purchase of securities with an agreement to resell them at a higher price at a specific future date.

Risk Adjusted Return - A measure of investment return which accounts for the amount of risk taken over a specified period.

Russell 3000 - An equity index comprised of the securities of the 3,000 largest public U.S. companies as determined by total market capitalization. This index represents approximately 98% of the U.S. equity market's capitalization.

Securities Lending - A collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending may reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.

Senior debt securities - Debt that must be paid off before other liabilities in the event of a business failure or bankruptcy.

Separate accounts - An investment portfolio managed by a third party investment manager in which the investor directly owns the securities within the portfolio.

Soft Dollars - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's brokerage.

S&P 500 (Standard & Poor's) - A basket of 500 stocks chosen for market size, liquidity and industry grouping, among other factors, designed to represent a US equity universe of large capitalization stocks.

S&P Credit Ratings Service - A financial services rating agency.

Special situations - Private equity investments in a variety of securities (Debt, Preferred Equity and/or Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).

Standard Deviation - A measure of the dispersion of a set of data from its mean. Often used as a measure of investment volatility or risk, it measures how much an investment return may vary from its average return.

Tail risk - The risk that a loss (or gain) would be three standard deviations from the mean or current price.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of \$1,000 or more.

Trust - A fiduciary relationship in which a person, called a trustee, holds title to property for the benefit of another person, called a beneficiary.

TUCS - Trust Universe Comparison Service. TUCS is a universe based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.

Turnover - Security purchases and sales divided by the fiscal year's average market value $\{(P+S)/[(BMV+EMV)/2]\}$ for a given portfolio.

Unhedged - Not protected from market actions.

Un-levered - Investments made without the use of debt or debt like securities.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

GLOSSARY OF INVESTMENT TERMS (Continued)

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Vintage year - The year in which a capital commitment is made to an investment, most often applied to real estate and private equity investments.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Warrant - A security that entitles the holder to buy a specific security at a specified price within a specified time frame. Yield - The income return on an investment.

Yield Curve - A graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest. The Y-axis represents the interest rate and the X-axis represents time, generally with a normal curve that is convex in shape.

Zero Coupon Bond - A bond paying no interest that sells at a discount and returns principal only at maturity.

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the Connecticut Retirement Plans and Trust Funds (CRPTF).

Understanding Performance

To measure success in achieving the primary objective of the Asset Allocation Plan, the Fund's performance is evaluated in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics, are used to monitor and improve the performance of the Fund's external investment managers.

To monitor and evaluate Fund performance and measurements of risk and return, CRPTF performance is compared to those of similarly structured peer groups and indices. In addition, the performance of the Combined Investment Funds (CIF) invested in by the various plans and trusts is compared to the performance of their respective benchmarks. Each CIF's benchmark is selected on the basis of portfolio composition, investment style, and objectives. The benchmark comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much CIF returns exceeded or fell short of their respective benchmarks. The comparisons provide an understanding of the reason for the CIF's performance relative to their benchmarks.

Comparative performance is reviewed over both the near-term and the long-term for two reasons. First, pension management is, by its very nature, a long-term process. While both young and old employees comprise the pool of plan beneficiaries, the increasing life span of plan participants makes it important that plan assets be managed for the long term. Second, as experience has shown, results attained in the short term are not necessarily an indicator of results to be achieved over the long term. Performance must be viewed in a broad context.

Overall performance is measured by calculating monthly returns and linking them to provide one-, three-, five- and ten-year histories of overall investment performance. Short-term performance is measured by total return over one-month, quarter-end, and trailing one-year time periods. Risk is also measured over both short- and long-term periods.

Risk

The measurement of risk is a critical component in investment management. It is the basis for both strategic decision-making and investment evaluation. Investors assume risk to enhance portfolio returns. The primary objective is to generate returns in excess of those available in "risk-free" investments, such as Treasury Bills. The amount of excess returns varies in magnitude according to the degree of risk assumed. Many investors focus on the negative aspects of risk and in doing so forego substantial upside potential, which can significantly enhance long-term returns. Thus, while risk can never be completely eliminated from a portfolio, the prudent management of risk can maximize investment returns at acceptable levels of risk.

Risk can take several forms and include: market risk, the risk of fluctuations in the overall market for securities; company risk, the risk of investing in any single company's stock or bonds; currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments; and political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: reinvestment risk, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; credit or default risk, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; interest rate risk, the risk that the market value of fixed coupon bonds will decline in the event of rising market interest rates; and inflation or purchasing power risk, the risk that the real value of a security and its cash flows may be reduced by inflation. The level of risk incurred in fixed income investing increases as the investment time horizon is lengthened. This is demonstrated by the comparatively higher yields available on "long bonds," or bonds maturing in 20 to 30 years, versus those available on short-term fixed income securities.

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor assumes not only management, product, market, and operations risk, similar to equity investing, but also assumes liquidity risk, the risk that one's investment cannot be immediately liquidated at other than a substantially discounted value. An additional risk to this category is transparency risk, the risk associated with not knowing the underlying investments within a portfolio.

Volatility

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as the deviation of returns from an average of these returns over some period of time, is measured statistically by standard deviation. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the CIF's standard deviation, each CIF's relative volatility, or the ratio of the CIF's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the CIF is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 indicates that the volatility of the CIF is the same as the benchmark.

As an extension of standard deviation, each CIF's beta, (a measure of the relative price fluctuation of the CIF to its benchmark) is also calculated. The measurement of beta allows one to evaluate the sensitivity of Fund returns to given movements in the market and/or its benchmark. A beta greater than 1.0 compared to the selected market benchmark signifies greater price sensitivity while a beta less than 1.0 indicates less sensitivity.

To measure the degree of correlation between CIF returns and the benchmark, the Division calculates the coefficient of determination, or R². This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in CIF returns is explained by returns in the selected market benchmark. An R² of 1.0 indicates that CIF returns are perfectly explained by returns of the benchmark, while a value less than 1.0 indicates that the returns of the benchmark explain only a portion of the fund return.

Finally, to evaluate how well each of the above measures actually predicted returns of the CIF, a calculation is performed on the CIF's alpha. This calculation measures the absolute difference between the CIF's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a CIF's relative risk profile.

Return

The Pension and Trust Funds are managed to maximize return and minimize risk. Return, viewed in this context, includes realized and unrealized gains in the market value of a security, including those attributable to currency fluctuations, as well as income distributed by a security such as dividends and interest. Return is measured through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates performance over the short and long-term. Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized and unrealized capital gains, including gains attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Cumulative Total Return - This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. While this calculation does not "smooth" year-to-year fluctuations in long-term returns to derive implied annual performance, cumulative total return allows one to see on an absolute basis the percentage increase in the total Fund's value over a specified time. Viewed graphically, cumulative total return shows one what a \$10 million investment in the CRPTF a set number of years ago would be worth today.

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING - STATUTORY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Bond Finance Type	Outstanding June 30, 2015	FY 2016			Outstanding June 30, 2016	FY 2016 ⁽¹⁾ Interest Paid
		Issued	Retired	Refunded or Defeased		
General Obligation - Tax Supported	\$12,163,454,121	\$2,501,440,000	\$1,058,680,061	\$ 566,960,000	\$ 13,039,254,060	\$ 511,792,352
General Obligation - Teachers' Retirement Fund Bonds ⁽²⁾	2,241,133,254		12,850,000		2,228,283,254	119,882,646
General Obligation - Economic Recovery Notes	520,275,000		167,690,000		352,585,000	8,981,065
General Obligation - GAAP Conversion Bonds ⁽³⁾	560,430,000		32,455,000		527,975,000	25,916,475
Special Tax Obligation	4,089,540,000	839,770,000	256,845,000	152,775,000	4,519,690,000	203,946,852
Bradley International Airport	129,415,000		6,435,000		122,980,000	4,992,760
Clean Water Fund	882,165,000		81,145,000		801,020,000	37,009,929
UCONN 2000 ⁽⁴⁾	1,147,985,000	341,935,000	97,515,000	88,535,000	1,303,870,000	50,850,245
CI Increment Financing ⁽⁵⁾	31,530,000		3,810,000		27,720,000	1,416,043
CHEFA Childcare Facilities Program ⁽⁶⁾	58,235,000		2,275,000		55,960,000	2,177,680
Juvenile Training School ⁽⁷⁾	13,585,000		580,000		13,005,000	654,100
Bradley International Parking Operations	33,010,000		2,415,000		30,595,000	2,089,493
CHFA Special Needs Housing Bonds ⁽⁸⁾	63,825,000		3,545,000		60,280,000	2,836,713
CHFA Emergency Mortgage Assistance Program ⁽⁹⁾	42,180,000		2,020,000		40,160,000	1,947,837
CRDA Bonds ⁽¹⁰⁾	89,015,000		3,095,000		85,920,000	1,715,382
TOTAL	\$22,065,777,375	\$3,683,145,000	\$1,731,355,061	\$ 808,270,000	\$ 23,209,297,314	\$ 976,209,571

- (1) Includes interest rate swap payments and variable rate bond fees.
- (2) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.
- (3) The General Obligation GAAP Conversion Bonds were issued in fiscal year 2014 to fund half of the General Fund GAAP deficit at that time and commit the State to funding the balance over time through budget appropriation as part of a bond covenant.
- (4) UCONN 2000 Bonds were authorized in three stages in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is appropriated from the State's General Fund.
- (5) The Connecticut Innovations (CI) has issued tax increment bonds for certain economic development projects. The debt service is deemed appropriated from the State's General Fund.
- (6) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (7) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (8) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Steps Initiative. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (9) The Connecticut Housing Finance Authority (CHFA) Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the Treasurer and the Secretary of the Office of Policy and Management.
- (10) The Capital Region Development Authority (CRDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract for financial assistance agreement between CRDA, the State Treasurer, and the Secretary of the Office of Policy and Management. CRDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The accounting standards that were applied in this legislation and the Budget Act enacted for the 2016 fiscal year is a basis of accounting other than Generally Accepted Accounting Principles. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same statutory basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the statutory basis presentation.

For a detailed listing of debt outstanding for the fiscal year ended June 30, 2016, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

**RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING⁽¹⁾ -
STATUTORY BASIS
JUNE 30, 2016**

Date Escrow Established	Amount of Principal Outstanding	Last Payment Date on Refunded Debt	Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION				
06/14/2016	\$ 558,650,000	06/01/2017	\$ 574,117,993	State and Local Government Series Bonds/Cash
SUBTOTAL	\$ 558,650,000		\$ 574,117,993	
BOND TYPE: SPECIAL TRANSPORTATION FUND				
10/16/2014	\$ 143,420,000	07/01/2016	\$ 146,583,094	State and Local Government Series Bonds/Cash
10/15/2015	152,775,000	08/01/2017	162,611,346	US Treasury Notes/Cash
SUBTOTAL	\$ 296,195,000		\$ 309,194,440	
BOND TYPE: CLEAN WATER FUND				
02/21/2013	\$ 46,280,000	07/01/2016	\$ 47,248,828	State and Local Government Series Bonds/Cash
02/21/2013	37,575,000	07/01/2016	38,403,233	State and Local Government Series Bonds/Cash
SUBTOTAL	\$ 83,855,000		\$ 85,652,061	
BOND TYPE: UCONN 2000				
04/21/2016	\$ 42,000,000	04/01/2017	\$ 43,520,123	State and Local Government Series Bonds/Cash
SUBTOTAL	\$ 42,000,000		\$ 43,520,123	
TOTAL	\$ 980,700,000		\$ 1,012,484,616	

(1) Represents bonds which have been refunded with proceeds of other bond issues and bonds which have been defeased using budget surplus. Although the State is still legally responsible for principal and interest payments on the refunded bonds, the refunded bonds are not carried as a liability of the State since they have been "in-substance" defeased. Investments adequate to meet all payments have been irrevocably deposited in escrow accounts with an independent agent for the sole purpose of satisfying principal and interest. The adequacy of each escrow account to meet debt service payments has been verified by an independent accounting firm.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The accounting standards that were applied in this legislation and the Budget Act enacted for the 2016 fiscal year is a basis of accounting other than Generally Accepted Accounting Principles. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same statutory basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the statutory basis presentation.

DEBT MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2016	Status as of 06/30/16
A.C. Advisory, Inc.	Financial Advisor	\$ 189,674	Active
Acacia Financial Group, Inc.	Financial Advisor	55,675	Active
AMTEC	Arbitrage Calculation/Verification Agent Fees	10,200	Active
Bank of America Merrill Lynch	Management Fees	48,750	Active
Barclay's Capital Markets	Management Fees	55,000	Active
Day Pitney, LLP	Bond/Disclosure Counsel	745,237	Active
Finn Dixon & Herling LLP	Disclosure/Tax Counsel	79,460	Active
First Southwest Company	Financial Advisor	53,293	Active
Fitch Ratings	Rating Agency	225,000	N/A
Hardwick Law Firm, LLC	Bond Counsel	8,681	Active
Hawkins, Delafield & Wood, LLP	Arbitrage Calculation Fees/Bond Counsel	119,700	Active
ImageMaster	Financial Printer	31,484	Active
Jefferies LLC	Management Fees	85,000	Active
Kroll Bond Rating Agency, Inc.	Rating Agency	50,000	N/A
Lewis & Munday	Bond Counsel	184,122	Active
Mahoney Sabol & Co., LLP	Auditor	72,600	Active
Moody's Investors Service	Rating Agency	721,500	N/A
Orrick, Herrington & Sutcliffe, LLP (BondLogistix)	Arbitrage Calculation Fees	15,000	Active
Public Financial Management	Financial Advisor	75,086	Active
Public Resources Advisory Group	Financial Advisor	83,258	Active
Pullman & Comley, LLC	Bond Counsel	261,793	Active
Ramirez & Co., Inc.	Management Fees	55,000	Active
RBC Capital Markets	Management Fees	90,000	Active
Robinson & Cole	Bond/Tax Counsel	148,273	Active
Seward and Monde	Auditor	44,000	Active
Shipman & Goodwin, LLP	Bond Counsel	65,165	Active
Soeder & Associates	Tax Counsel	95,077	Active
Squire, Patton, Boggs (US) LLP	Bond Counsel	212,139	Active
Standard & Poor's Rating Service	Rating Agency	266,641	N/A
The Williams Capital Group, L.P.	Management Fees	16,250	Active
U. S. Bank, NA	Administrative/Escrow/Trustee Fees	158,818	Active
Updike, Kelly & Spellacy	Bond Counsel	288,389	Active
Total		\$ 4,610,263	

- 1) Expenses are presented on a cash basis. Debt Management expenses are comprised of payments to vendors made through the Treasury Business Office, fees netted at bond closings, and fees and expenses paid from Cost of Issuance accounts. Unless listed in the description, the amounts shown do not include bond issuance expenses paid on behalf of the State and counsel fees for firms representing the underwriter's, banks or trustees. Also excluded are bond sales charges which are paid to the Senior Manager and distributed by agreement of the underwriters, whether netted from bond proceeds or funded from the Treasury Business Office. Schedule does not include amounts paid to IRS for arbitrage rebate payments in accordance with IRS regulations.

CASH MANAGEMENT DIVISION

**ACTIVITY STATEMENT
FISCAL YEAR ENDED JUNE 30, 2016**

Description	Total
INFLOWS	
Receipts:	
Deposits	\$32,403,253,384.05 ⁽¹⁾
Bad Checks	(9,912,765.09) ⁽²⁾
Treasury Initiated Transfers	2,189,967,839.89 ⁽³⁾
Total Receipts	<u>\$34,583,308,458.85</u>
Transfers:	<u>13,267,591,148.32</u> ⁽⁴⁾
Other Inflows:	
Internal Bank Transfers	39,909,701,938.51 ⁽⁵⁾
Interbank Transfers	19,978,011,537.11 ⁽⁶⁾
Total Other Inflows	<u>\$59,887,713,475.62</u>
TOTAL INFLOWS	<u>\$107,738,613,082.79</u>
OUTFLOWS	
Disbursements:	
Vendor	\$30,313,310,329.30 ⁽⁷⁾
Payroll	4,400,261,534.08 ⁽⁸⁾
Total Disbursements	<u>\$34,713,571,863.38</u>
Transfers:	<u>13,205,117,185.19</u> ⁽⁴⁾
Other Outflows:	
Internal Bank Transfers	39,909,701,938.51 ⁽⁵⁾
Interbank Transfers	19,978,011,537.11 ⁽⁶⁾
Total Other Outflows	<u>\$59,887,713,475.62</u>
TOTAL OUTFLOWS	<u>\$107,806,402,524.19</u>

- (1) Deposits - revenue received from taxes, licenses, lottery fees, federal grants and other sources.
- (2) Bad Checks - checks issued with insufficient funds in the originator's bank account.
- (3) Treasury Initiated Transfers - To record debt service payments to the proper bank account and transfer investment income to the proper fund.
- (4) Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other, investment activity, and Certificates of Deposit purchased and sold with Connecticut banks under the Treasurer's Community Bank and Credit Union Initiative.
- (5) Internal Bank Transfers - transfers of money from concentration accounts to zero balance accounts with the same depository institution to provide funds to cover authorized disbursements and invest excess cash.
- (6) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
- (7) Vendor - expenditures for goods and services provided to the State by vendors, along with other payments, such as refunds of payments made to State agencies, restitution payments directed by the courts, and State grant payments.
- (8) Payroll - expenditures for the State's personnel and retirement payrolls.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016
PRESENTED UNDER STATUTORY BASIS OF ACCOUNTING ^{(3) (4)}**

Fund Name	Cash Balance July 1, 2015	FY 2016 Receipts	FY 2016 Disbursements	Transfers	Cash Balance June 30, 2016	Other Net Adjustments ⁽²⁾	Adjusted Cash Balance June 30, 2016
TOTAL FUNDS	\$202,193,206.84	\$34,583,308,458.85	\$34,713,571,863.38	\$62,473,963.13	\$134,403,765.44	\$74,297,168.70	\$208,700,934.14

- (1) Detailed information on activity within each individual fund (formerly provided in the Statutory Appendix) can be obtained from the Comptroller's Annual Report.
- (2) Other Net Adjustments have been included to bring the Treasurer's cash balance presentation into conformance with the Comptroller's cash balance presentation.
- These adjustments include the following:
- Cash held in agency checking accounts.
 - Petty cash balance.
- (3) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The Budget Act enacted for the 2016 fiscal year is presented on a comprehensive basis of accounting other than General Accepted Accounting Principals. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Summary Schedule of Cash Receipts and Disbursements.
- (4) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the statutory basis presentation.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH AND INVESTMENTS ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016
PRESENTED UNDER STATUTORY BASIS OF ACCOUNTING ^{(2) (3)}**

Description	Total All Funds
General Investments	
Cash	\$ 208,700,934.14
STIF	2,812,874,788.38
Investments with Treasurer as Trustee	
Short-Term	1,126,109,442.18
Long-Term	28,162,531,306.89
Investments with Others as Trustee	
Short-Term	476,909,268.18
Long-Term	132,449,436.32
Total	\$ 32,919,575,176.09

Reconciliation Between Treasurer & Comptroller ⁽⁴⁾

Office of the Comptroller	
Cash and STIF June 30, 20156 (Annual Statutory Report)	\$ 2,856,901,793.06
Cash and Investments with Trustee Fund #14005	690,096,981.43
Cash and Investments with Trustee Fund #21008	15,034,530.95
Cash and Investments with Trustee Fund #21009	183,502,183.10
Cash and Investments with Trustee Fund #21015	311,160,336.52
Cash and Investments with Trustee Fund #21018	97,483,889.33
Cash and Investments with Treasurer Fund #31001	(5,757,871.92)
Cash and Investments with Treasurer Fund #31002	(24.00)
Cash and Investments with Treasurer Fund #31004	(49,617.03)
Cash and Investments with Treasurer Fund #31006	(200,382.34)
Cash and Investments with Treasurer Fund #31008	(485,600.11)
Cash and Investments with Treasurer Fund #31009	(14,011.86)
Cash and Investments with Treasurer Fund #31010	1,778.67
Cash and Investments with Treasurer Fund #31011	18,436.44
Cash and Investments with Treasurer Fund #35010	(754.25)
Cash and Investments with Treasurer Fund #35011	(6,503.29)
Total	\$ 4,147,685,164.70

Office of the Treasurer	
Cash	\$ 208,700,934.14
STIF	2,812,874,788.38
STIF/Investment with Treasurer as Trustee	1,126,109,442.18
Total	\$ 4,147,685,164.70

- (1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2016, please see Statutory Appendix.
- (2) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2016 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Summary Schedule of Cash and Investments.
- (3) GAAP accounting requires that investment balances be presented to include the accrued investment earnings. This manner of presentation is not used for the statutory basis presentation.
- (4) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments Per Treasury Books.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Fund	Participant	Department	SID	Interest Earned During the Year
12004	Insurance Fund			
	INSURANCE FUND	DOI37500	10010	197,715.04
Total				197,715.04
12007	Workers Compensation			
	ADMINISTRATION FUND	WCC42000	10010	94,917.23
Total				94,917.23
12014	Criminal Injuries Compensation Fund			
	VICTIM SERVICES	JUD95000	12047	9,443.75
Total				9,443.75
12015	Vending Facilities Operators Fringe Benefits			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	SDR63500	40012	53.96
Total				53.96
12017	University of Connecticut Operating Fund			
	OPERATING FUND	UOC67000	40001	860,502.98
Total				860,502.98
12018	University Health Center Operating Fund			
	OPERATING FUND	UHC72000	40001	29,565.70
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	26,311.55
Total				55,877.25
12019	State University Operating Fund			
	STATE UNIVERSITIES	CSU83000	40001	792,378.73 ⁽²⁾
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		8,498.26
	EASTERN CONNECTICUT STATE UNIVERSITY	CSU85500		9,335.92
Total				810,212.91
12020	Regional Community/Technical Colleges Operating Fund (Tuition Account)			
	BOARD FOR REGIONAL COMM-TECH COLLEGE	CCC78000	40001	281,298.70
Total				281,298.70
12022	University of Connecticut Research Foundation			
	RESEARCH	UOC67000	40001	83,547.74
Total				83,547.74
12031	Employment Security - Administration			
	PENALTY & INTEREST	DOL40000	40213	24,827.67
	TITLE XII EXCESS FUNDS	DOL40000	40214	1.91
Total				24,829.58
12037	Tobacco Settlement Fund			
	TOBACCO SETTLEMENT FUND	OPM20000		53,598.30
Total				53,598.30
12060	GENERAL FUND			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	2,417.91
	ADMINISTRATION OF GRANTS	AES48000	30116	630.86
	BOARD FOR STATE ACADEMIC AWARD	BOR77700	35186	7,177.13
	CT DISTANCE LEARNING CONSORTIUM	BOR77700	35289	798.41
	GEARUP FEDERAL SCHOLARSHIPS	BOR77700	26247	24,933.64
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	24.73
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	4,925.80
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	3,010.29
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	14.53
	STRIPPER WELL OVERCHARGE	DEP43000	20492	0.99
	NUCLEAR SAFETY EMERGENCY PREPAREDNESS	DEP43000	35411	6,133.55
	GEARUP SCHOLARSHIP TRUST FUND	DHE66500	22133	5,567.12
	WEISMAN TEACHER SCHOLARSHIP FUND	DHE66500	30405	85.20
	FINANCIAL LITERACY INITIATIVES	DHE66500	30432	1,712.00

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2016**

Fund	Participant	Agency	SID	Interest Earned During the Year
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	4,692.27
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	9.66
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	DOC88000	20127	163.36
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	76.99
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	1,518.66
	FEDERAL ASSET FORFEITURE	DPS32000	20493	1,618.17
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	136,136.73
	BRAIN INJURY PREVENTION AND SERVICE ACCOUNT	DSS60000	35308	242.72
	OFFICE OF TOURISM	ECD46000	30207	121.78
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	3.31
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	JUD95000	35203	0.78
	CLIENT SECURITY FUND	JUD95000	35205	47,839.16
	SANDY HOOK WORKERS ASSISTANCE FUND	JUD95000	35503	339.65
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	831.12
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	138.46
	CHILDREN'S TRUST FUND	OEC64800	30219	1,195.38
	CITIZEN ELECTION FUND RESERVE ACCT	OGA17000	30422	522.64
	CITIZEN ELECTION FUND GRANTS	OGA17000	35339	42,242.51
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK	OPM20000	21672	1,651.06
	JUSTICE ASSISTANCE GRANT	OPM20000	21921	14,047.48
	INVESTMENT FUND	OTT14000	35101	36,512.99
	SECOND INJURY	OTT14000	35105	7,691.95
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	7,813.69
	MUNICIPAL PARTICIPATION FUND	OTT14000	35269	173.54
	CARE OF CEMETERY LOTS	OTT14000	35577	769.21
	DIV. OF FINANCE AND INTERNAL OPERATIONS	SDE64000	35351	23.56
	FINANCIAL LITERACY UBS	SDE64000	35358	241.30
	FINANCIAL LITERACY	SDE64000	35380	323.10
	FAUCHTSWANGER FUND	SDR63500	30030	24.86
	FRAUENHOFER FUND	SDR63500	30042	59.92
	MISCELLANEOUS GRANTS	SDR63500	30070	39.26
	SARA BROWN FUND	SDR63500	30092	708.53
	CHARLES PRECOURT MEMORIAL FUND	SDR63500	30104	11.85
	ANN COROTEAU MEMORIAL FUND	SDR63500	30113	13.21
	VENDING FACILITIES PROGRAM -STATE AND LOCAL INCOME	SDR63500	35149	2,510.09
Total				367,741.11
21005	Auto Emissions Inspection Fund			
	AUTO EMISSION INSPECTION FUND	DMV35000		30,927.14
Total				30,927.14
21009	Bradley International Airport Operations			
	BRADLEY ENTERPRISE FUND	APT59500	40001	13,226.92
Total				13,226.92
21019	Stadium Facility Enterprise Fund			
	STADIUM ENTERPRISE FUND	OPM20000		346.26
Total				346.26
22001	Correction Industries			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	11,826.29
Total				11,826.29
31001	State Employees' Retirement System			
	STATE EMPLOYEES RETIREMENT FUND	OSC15000	40001	142,883.25
Total				142,883.25
31003	General Assembly Retirement			
	GENERAL ASSEMBLY RETIREMENT	OSC15000		37.84
Total				37.84
31005	Public Defenders' Retirement			
	PUBLIC DEFENDERS' RETIREMENT	OSC15000		900.38
Total				900.38

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM ⁽¹⁾ (Continued)
FISCAL YEAR ENDED JUNE 30, 2016**

Fund	Participant	Agency	SID	Interest Earned During the Year
31006	Teacher's Retirement System			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500		25,126.97
Total				25,126.97
31008	Municipal Employees Retirement - Fund B			
	MUNICIPAL EMPLOYEES RETIREMENT FUND	OSC15000	40001	9,435.36
Total				9,435.36
31011	OPEB Fund			
	OPEB OPERATING APPROPRIATIONS	OSC15000	40001	(602.50)
	OPEB RETIREE MED. EMPL. SHARE	OSC15000	43426	(32,990.84)
	OPEB RETIREE PHARMACY	OSC15000	43427	(60,146.29)
	OPEB HEALTH INS. EMPLOYEE CONT.	OSC15000	43440	18,644.71
Total				(75,094.92)
31012	Teacher's Retirement System			
	OPEB TEACHER RETIREMENT	TRB77500	42358	10,067.28
Total				10,067.28
35001	Connecticut Health Club Guaranty Fund			
	HEALTH CLUB GUARANTEE FUND	DCP39500	40001	1,021.87
Total				1,021.87
35002	Real Estate Guaranty			
	REAL ESTATE GUARANTEE FUND	DCP39500	40001	1,458.64
Total				1,458.64
35003	Home Improvement Guaranty Fund			
	HOME IMPROVEMENT GUARANTEE FUND	DCP39500	40001	2,232.30
Total				2,232.30
35006	New Home Construction Guaranty Fund			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500	40001	2,012.83
Total				2,012.83
35007	Tobacco and Health Trust Fund			
	TOBACCO HEALTH TRUST FUND	OPM20000	40001	28,198.41
Total				28,198.41
35008	Biomedical Research Trust Fund			
	BIOMEDICAL RESEARCH FUND	DPH48500		30,950.30
Total				30,950.30
35009	Endowed Chair Investment Fund			
	ENDOWED CHAIR INVESTMENT FUND	DHE66500	40001	16,248.95
Total				16,248.95
35012	Various Treasurer's Trust Funds			
	IRWIN LEPOW TRUST FUND	CME49500	42354	84.86
	R. GRAEME SMITH	DPS32000	42353	20.15
	FITCH FUND	DVA21000	42356	98.93
	JOHN H. KING	JUD95000	42355	370.45
Total				574.39
Grand Total				\$3,092,119.01

(1) Interest is earned at the monthly simple interest rate of the Treasurer's Short-Term Investment Fund. Interest is calculated on the average monthly balance of the fund or account, and credited to the fund or account on a quarterly basis.

(2) Interest is earned by the participant and allocated to the constituent units

CASH MANAGEMENT DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2016	Status As of 6/30/16
Bank of America	Banking Services	Various	\$ 2,505,101 ⁽²⁾	Active
Bank Of NewYork Mellon	Master Custody	Oct-13	323,991	Active
People's United Bank	Banking Services	Mar-97	297,922 ⁽²⁾	Active
Webster Bank	Banking Services	Jun-98	233,086 ⁽²⁾	Active
JP Morgan Chase Bank	Banking Services	Mar-10	116,257 ⁽²⁾	Active
Wells Fargo Bank	Banking Services	N/A	95,936 ⁽²⁾	Active
Bloomberg Financial LP	Subscription & Research	N/A	42,779	Active
Standard & Poor's Financial Services LLC	Subscription & Rating	N/A	40,500	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jul-06	36,327	Active
Moodys Investors Services	Credit Research	N/A	24,500	Active
Fitch Information Inc.	Subscription	N/A	24,500	Active
Ovations Food Service	Catering Service	N/A	8,538	Active
JP Morgan Chase Bank	P-Card Purchases	N/A	7,206	Active
TOTAL			\$ 3,756,643	

(1) Expenses are presented on a cash basis.

(2) Includes compensation realized through bank balances and fees.

UNCLAIMED PROPERTY DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2016	Status As of 6/30/16
A & A Office Systems, Inc.	Photocopier Lease	N/A	\$ 6,095	Active
Advance Office System	Computer Equipment	N/A	8,974	Active
Audit Services US LLC	Identification & Collection of Property	May-14	19,368	Active
JP Morgan Chase Bank	P-Card Purchase	Mar-10	12,758	Active
Murphy Security Services LLC	Security Services	N/A	11,256	Active
Xerox State & Local Solutions Inc.	Claims Processing & Database Management	Jul-06	958,101	Active
Xerox State & Local Solutions Inc.	Identification & Collection of Property	Aug-94	134,219	Active
Verus Financial LLC	Identification & Collection of Property	Jul-14	715,680	Active
TOTAL			\$ 1,866,451	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2016	2015	2014	2013	2012
Gross Receipts ⁽¹⁾	\$ 111,446,654	\$ 147,656,895	\$ 103,178,699	\$ 115,442,771	\$ 95,986,114
Claims Paid ⁽¹⁾	57,568,310	61,090,933	63,772,440	66,859,408	83,544,465
Transfer to Citizens Election Fund ⁽²⁾	11,349,203	11,281,219	11,081,918	10,907,400	10,600,000
Administrative Expenses:					
Salaries & Fringe benefits	3,786,288	3,539,983	3,542,003	3,432,053	3,601,391
Data processing & hardware	1,837,988	2,696,640	1,522,819	1,688,192	1,488,672
All Other	68,760	76,916	338,740	83,564	376,488
Total Disbursements	74,610,549	78,685,691	80,257,920	82,970,617	99,611,016
Excess (Deficiency) of Receipts over Disbursements ⁽³⁾	\$ 36,836,105	\$ 68,971,204	\$ 22,920,779	\$ 32,472,154	\$ (3,624,902)
Approximate Market Value of Securities at Fiscal Year End:					
Total Securities Inventory ⁽¹⁾	\$ 3,773,812	\$ 543,458	\$ 665,152	\$ 967,998	\$ 1,110,823
Securities liquidated	\$ 17,632,827	\$ 41,815,320	\$ 21,227,122	\$ 16,714,382	\$ 23,047,163
Number of claims paid	15,758	17,888	20,897	17,852	18,381

- (1) The amounts disclosed above as "gross receipts" and "claims paid" represent actual cash flows and do not include the value of marketable securities received by the Unclaimed Property Division, nor the value of the securities returned to owners. However, the amounts disclosed above as fiscal year end market values of securities help provide a general indication of the relative net activity in such assets over time. Receipts include the proceeds from securities liquidated in a given year.
- (2) P.A. 05-5, October 25, 2005 special session required Unclaimed Property Division to deposit certain funds into the Citizens' Election Fund and the balance is deposited into the General Fund.
- (3) Deficiency of receipts over disbursements are covered by transfers from the General Fund, whereas excess of receipts over disbursements are remitted to the General Fund. Regardless, all amounts collected remain liabilities of the State until returned to rightful owners.

**Summary of Gross Receipts
Fiscal Year Ended June 30, 2016**

Financial institutions	\$26,666,525
Other corporations	38,368,606
Insurance companies	21,810,296
Govern agency/ public authorities	5,683,123
Dividends on securities held	106,664
Estates	579
Securities tendered	86,007
Securities sold	17,632,827
Sale of property lists, copying and other charges	3,159
Reciprocal exchange program with other states	1,088,868
Total Gross Receipts	\$111,446,654

SECOND INJURY FUND

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2016	Status As of 6/30/16
A & A Office Systems Inc.	Photocopier Lease	N/A	\$ 31,107	Active
Advanced Corporate Networking	Computer Equipment	N/A	15,330	Active
Advance Office System	Computer Equipment	N/A	13,461	Active
Automatic Data Processing Inc.	Check Processing	Apr-06	14,487	Active
Coventry Healthcare Workers Compensation Inc.	Provider Bill Audit Services	Feb-06	89,744	Active
JP Morgan Chase Bank	P-Card Purchases	Mar-10	11,344	Active
MCMC, LLC	IME/Case Mgmt./Job Placement	Jan-06	32,527	Active
Murphy Security Service, LLC	Security Services	N/A	16,883	Active
PCC Technology Group	Interactive Website Design	N/A	245,760	Active
PCC Technology Group	Hosting Service & Managed Srvs	N/A	110,244	Active
Security Services of Connecticut Inc.	Surveillance Services	Dec-13	10,457	Active
West Group	Subscription	Jul-16	12,372	Active
TOTAL			\$ 603,716	

(1) Expenses are presented on a cash basis. This schedule only includes services that were retained directly by the Fund and does not include medical services ordered by Workers Compensation Commissioners, claimants or their treating physicians.

EXECUTIVE OFFICE

EX OFFICIO DUTIES OF THE STATE TREASURER BOARDS, COMMITTEES AND COMMISSIONS

STATE BOND COMMISSION (§ 3-20(c) CGS)

As authorized by the General Assembly, all projects and grants funded from State bonds, as well as the issuance of the bonds, must be authorized by the State Bond Commission. The members of the Commission include the Governor, Treasurer, Comptroller, Attorney General, Secretary of the Office of Policy and Management (OPM), Commissioner of Public Works, and the Co-chairpersons and the ranking minority members of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.

INVESTMENT ADVISORY COUNCIL (§ 3-13b(a) CGS)

The Investment Advisory Council advises on investment policy and guidelines, and also reviews the assets and performance of the pension funds. Additionally, the Council advises the Treasurer with respect to the hiring of outside investment advisors and on the appointment of the Chief Investment Officer. The Investment Advisory Council consists of the Treasurer, the Secretary of OPM and ten appointees of the Governor and State Legislature.

BANKING COMMISSION (§ 36a-70(h)(1) CGS)

The Banking Commission approves all applications for the creation of state banks or trust companies. As part of this process, the Commission holds public hearings on applications prior to granting approval. The Commission members are the Treasurer, Comptroller and Banking Commissioner.

FINANCE ADVISORY COMMITTEE (§ 4-93 CGS)

The Finance Advisory Committee approves budget transfers recommended by the Governor and has other such powers over the State budget when the General Assembly is not in session. The Committee members are the Governor, Lieutenant Governor, Treasurer, Comptroller, two Senate members who are members of the Legislature's Appropriations Committee and three House members who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS (§ 12-802(b) CGS)

The Connecticut Lottery Corporation manages the State lottery and is responsible to introduce new lottery games and maximize the efficiency of operations in order to provide a greater return to the general fund. The thirteen member Board of Directors includes the Treasurer, the Secretary of OPM, as well as appointees by the Governor and State Legislature.

CONNECTICUT HIGHER EDUCATION TRUST (CHET) ADVISORY COMMITTEE (§ 3-22e(a) CGS)

This committee advises the Treasurer on policies concerning CHET. The Connecticut Higher Education Trust allows families to make tax deferred investments for higher education costs. The Commissioner of Higher Education, the Secretary of OPM, the Cochairpersons and ranking members of the Legislature's education committee, and finance, revenue and bonding committees, and four representatives of private higher education and the public serve with the Treasurer on this board.

THE STANDARDIZATION COMMITTEE (§ 4a-58(a) CGS)

The standardization committee approves or grants waivers to existing purchasing regulations when it is in the best interests of the State to do so. The members of this committee include the Treasurer, Comptroller, Commissioner of Administrative Services, and such administrative heads of State departments as are designated for that duty by the Governor.

CONNECTICUT INNOVATIONS, Incorporated (CI) (§32-35 CGS)

CI is a quasi-public organization dedicated to driving an entrepreneurial, technology-based economy in Connecticut. CI stimulates high-tech growth by investing in early-stage Connecticut technology companies, university/industry research collaborations and technology transfer and collaborating with government, business, nonprofit and academic organizations to advance technology growth and promote public policies consistent with CI's mission. The members of the board include the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, the president of the Board of Regents for Higher Education, nine members appointed by the Governor and four members appointed by legislative leaders.

EXECUTIVE OFFICE

EX OFFICIO DUTIES OF THE STATE TREASURER (Continued) BOARDS, COMMITTEES AND COMMISSIONS

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) (§ 8-244(a) CGS)

CHFA was created to increase the supply of, and encourage and assist in the purchase, development and construction of, housing for low and moderate-income families and persons throughout the State. It provides mortgages for single family homeowners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, Banking Commissioner, seven members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA)

BOARD OF DIRECTORS (§ 10a-179 CGS)

CHEFA is a conduit bond issuer for hospitals, nursing homes, private universities, private secondary schools and day care facilities. The board members include the Treasurer, Secretary of OPM, and eight members appointed by the Governor.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA)

BOARD OF DIRECTORS (§ 10a-179(a) CGS)

CHESLA finances supplemental student loans and issues bonds every two years. The Board consists of eight members including the Treasurer, Commissioner of Higher Education, Secretary of OPM, and five additional members appointed by the Governor.

CONNECTICUT STUDENT LOAN FOUNDATION (§ 10A-203(A)(B)(1)CGS)

The Student Loan Foundation is a non-profit corporation created to improve educational opportunity and promote repayment of loans. The corporation is governed by a board of directors consisting of fourteen members including the chairperson of the Board of Governors of Higher Education and the Commissioner of Higher Education; six public members appointed by the Governor; four members with knowledge of business or finance appointed by the legislature leadership; and the Treasurer.

CONNECTICUT AIRPORT AUTHORITY (§ 15-120bb CGS)

The CAA was established to develop, improve and operate Bradley International Airport and the five state-owned general aviation airports (Danielson, Groton/New London, Hartford Brainard, Waterbury-Oxford, and Windham Airports) and for the subsequent purchase of other general aviation airports. An eleven member board governs the authority including the Treasurer, the Commissioner of Transportation the Commissioner of Economic and Community Development, four members appointed by the Governor, and four members appointed by legislative leaders.

STATE EMPLOYEES' RETIREMENT COMMISSION (§5-155a)

The Connecticut State Employees Retirement Commission administers the provisions of the State Employees Retirement System, the Municipal Employees Retirement System, and all other state retirement and pension plans except the Teachers' Retirement System. The Connecticut State Employees Retirement Commission consists of: of the Treasurer, the Comptroller, six members representing employees who are appointed by the bargaining agents, six management members who are members of the State Employees Retirement System two actuarial members who are enrolled actuaries and Fellows of the Society of Actuaries, one neutral trustee who is chairman of the State Employees Retirement Commission and is enrolled in the National Academy of Arbitrators.

TEACHERS' RETIREMENT BOARD (§10-183L)

The Teachers' Retirement Board administers the Connecticut Teachers' Retirement System. The Board consists of fourteen members: four active teacher members, two retired teacher members, the State Treasurer, the Secretary of the Office of Policy and Management and the Commissioner of the State Board of Education, and five public members appointed by the Governor.

EXECUTIVE OFFICE

**EX OFFICIO DUTIES OF THE STATE TREASURER (Continued)
BOARDS, COMMITTEES AND COMMISSIONS**

CONNECTICUT RETIREMENT SECURITY BOARD (§ 31-410 CGS)

The Connecticut Retirement Security Board was created to address the growing retirement crisis in Connecticut. The Board's mission is to conduct a market feasibility study to implement a public retirement plan and report the results to the Governor and the General Assembly no later than January 1, 2016. In consultation with key stakeholders, it must also develop and submit a comprehensive proposal by April 1, 2016 to implement the plan. The Connecticut Retirement Security Board consists of the Treasurer, the Comptroller, the Secretary of OPM, six appointed by legislative leaders, two appointed by the Governor, and one each appointed by the Treasurer and the Comptroller.

CONNECTICUT GREEN BANK (§ 16-245N CGS)

The Connecticut Green Bank leverages public and private funds to accelerate the growth of green energy in Connecticut. The members of its Board consist of eleven members as follows: The Treasurer, the Commissioner of Energy and Environmental Protection the Commissioner of Economic and Community Development, four members appointed by the Legislature, and four members appointed by the Governor.

CONNECTICUT PORT AUTHORITY (§ 32-435 CGS)

The purposes of the Connecticut Port Authority shall be to coordinate the development of Connecticut's ports and harbors, work with the Department of Economic and Community Development and serve as the Governor's principal maritime policy. The powers of the authority shall be exercised by board members including the Treasurer, the Commissioner of Energy and Environmental Protection, the Commissioner of Transportation, the Commissioner of Economic and Community Development, the Secretary of the Office of Policy and Management, six appointed by the legislative leaders, and four appointed by the Governor.

NITROGEN CREDIT ADVISORY BOARD (§ 22A-523 CGS)

The Commissioner of Environmental Protection shall establish a Nitrogen Credit Advisory Board to assist and advise the commissioner in administering the nitrogen credit exchange program. The board shall consist of the Commissioner of Environmental Protection, the Secretary of the Office of Policy, the Treasurer, eight public members to be appointed by the legislative leaders, and one to be appointed by the Governor.

EXECUTIVE OFFICE

**TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,**

Fiscal Years Ended June 30,

	2016	%	2015	%	2014	%	2013	%	2012	%
GENERAL FUND										
Personal Services	3,060,211	2.96%	\$3,122,049	2.92%	\$3,133,301	2.96%	\$2,961,675	3.08%	\$3,194,412	3.16%
Other Expenses	134,705	0.13%	153,995	0.14%	164,129	0.15%	170,506	0.18%	150,905	0.15%
Capital Equipment	0	0.00%	1	0.00%	1	0.00%	1	0.00%	1	0.00%
TOTAL	3,194,917	3.09%	3,276,045	3.07%	3,297,432	3.11%	3,132,182	3.25%	3,345,318	3.31%
PENSION FUNDS										
Personal Services	4,843,363	4.69%	4,939,368	4.63%	4,877,348	4.60%	\$4,431,436	4.60%	\$4,139,994	4.10%
Other Expenses	79,162,396	76.64%	82,497,181	77.27%	83,204,722	78.51%	74,310,403	77.21%	78,399,179	77.67%
Capital Equipment	9,717	0.01%	0	0.00%	3,279	0.00%	2,879	0.00%	10,167	0.01%
TOTAL	84,015,476	81.34%	87,436,549	81.90%	88,085,349	83.11%	78,744,717	81.82%	82,549,340	81.78%
SECOND INJURY FUND										
Personal Services	7,391,756	7.16%	6,701,004	6.28%	6,631,038	6.26%	\$6,785,278	7.05%	\$6,785,278	6.72%
Other Expenses	728,779	0.71%	808,594	0.76%	603,991	0.57%	514,213	0.53%	498,017	0.49%
Capital Equipment	13,118	0.01%	0	0.00%	4,59	0.00%	5,398	0.01%	7,776	0.01%
TOTAL	8,133,653	7.87%	7,509,598	7.03%	7,239,619	6.83%	7,304,889	7.59%	7,291,071	7.22%
UNCLAIMED PROPERTY FUND										
Personal Services	3,739,155	3.62%	3,539,983	3.32%	3,133,301	2.96%	\$3,432,053	3.57%	\$3,601,392	3.57%
Other Expenses	1,898,003	1.84%	2,773,556	2.60%	1,858,608	1.75%	1,768,158	1.84%	1,859,400	1.84%
Capital Equipment	8,745	0.01%	0	0.00%	2,951	0.00%	3,599	0.00%	5,760	0.01%
TOTAL	5,645,903	5.47%	6,313,539	5.91%	4,994,861	4.71%	5,203,809	5.41%	5,466,551	5.42%
SHORT-TERM INVESTMENT FUND										
Personal Services	1,560,895	1.51%	1,484,134	1.39%	1,448,544	1.37%	\$1,224,572	1.27%	\$1,076,978	1.07%
Other Expenses	471,853	0.46%	414,469	0.39%	531,720	0.50%	254,844	0.26%	237,120	0.23%
Capital Equipment	2,915	0.00%	0	0.00%	984	0.00%	900	0.00%	1,440	0.00%
TOTAL	2,035,663	1.97%	1,898,603	1.78%	1,981,248	1.87%	1,480,316	1.54%	1,315,538	1.30%
Other Financing Sources (1)	269,827	0.26%	333,055	0.31%	384,997	0.36%	\$380,818	0.40%	\$972,576	0.96%
TOTAL AGENCY	103,295,439	100.00%	106,767,389	100.00%	105,983,505	100.00%	\$96,246,731	100.00%	\$100,940,394	100.00%

(1) Other Financing Sources include: Clean Water Fund; Special Transportation Fund; and the Capital Equipment Fund.

EXECUTIVE DIVISION

**SCHEDULE OF EXPENSES IN EXCESS OF \$5,000 ⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2016**

Name of Firm	Description of Services	Contract Date	Aggregate Compensation		Status
			Paid in FY 2016	As of 6/30/16	
A&A Office	Office Equipment	N/A	\$ 10,069		Active
Advance Office System	Comupter Equipment	N/A	14,458		Active
Bloomberg Financial LP	On-Line Service	N/A	5,399		Active
Council of Institutional Investors	Dues	N/A	30,000		Active
Financial Recovery Technology LLC	Subscription	N/A	20,833		Active
Hallmark TotalTech, Inc	Temporary Executive Secretary	N/A	12,877		Active
Integrated Compliance Solutions Group LLC	Compliance Services	N/A	43,533		Active
IW Financial	Subscription	N/A	7,500		Active
JP Morgan Chase Bank	Purchasing Card Expenditures	Mar-10	20,034		Active
Murphy Security Service LLC	Premises Security Services	May-10	18,134		Active
National Association of State Auditors	Dues	N/A	5,000		Active
National Association Of State Treasurers	Dues	N/A	14,100		Active
PCC Technology	Develop Website	N/A	61,440		Active
PRI Association	Subscription	N/A	11,551		Active
West Group	Subscription	N/A	32,562		Active
TOTAL			\$ 307,490		

(1) Expenses are presented on a cash basis.



Statutory Appendix



DEBT MANAGEMENT DIVISION

**SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS
JUNE 30, 2016**

Issue Date	Outstanding June 30, 2015	FY 2016			Outstanding June 30, 2016	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2016 ⁽²⁾	Interest Paid During FY 2016 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED											
03/28/1996	\$ 909,054	\$ 324,063	\$ -	\$ 584,991	5.030	5.030	11/01/2016	05/01/2018	\$ -	\$ 41,733	
09/01/1997	5,235,355	1,026,864	-	4,208,491	5.081	5.081	03/01/2017	03/01/2020	-	266,008	
09/30/1997	635,000	160,000	-	475,000	5.081	5.081	03/01/2017	03/01/2020	-	32,264	
05/01/1999	7,467,120	869,760	-	6,597,360	4.633	4.633	09/01/2016	09/01/2022	-	325,804	
05/06/1999	1,160,000	255,000	-	905,000	4.633	4.633	09/01/2016	09/01/2022	-	47,836	
06/12/2001	975,000	225,000	-	750,000	4.650	4.650	10/01/2016	10/01/2022	-	42,548	
06/12/2001	4,697,592	544,374	-	4,153,218	4.652	4.652	10/01/2016	10/01/2022	-	205,861	
06/15/2001	38,050,000	31,750,000	-	6,300,000	5.500	5.500	12/15/2016	12/15/2016	-	1,219,625	
03/16/2005	100,000,000	-	-	100,000,000	1.700	2.150	03/01/2019	03/01/2023	-	1,491,868	
04/27/2005	275,860,000	-	8,310,000	267,550,000	5.250	5.250	06/01/2017	06/01/2020	-	14,409,938	
04/27/2005	15,620,000	15,620,000	-	-	-	-	-	06/01/2016	-	623,238	
04/27/2005	20,000,000	-	-	20,000,000	5.070	5.070	06/01/2017	06/01/2017	-	1,014,000	
04/27/2005	20,000,000	-	-	20,000,000	5.200	5.200	06/01/2020	06/01/2020	-	1,040,000	
11/15/2005	15,000,000	15,000,000	-	-	3.850	5.000	12/15/2016	11/15/2015	-	375,000	
03/09/2006	159,500,000	14,500,000	102,705,000	42,295,000	-	-	-	12/15/2021	-	4,655,256	
05/01/2006	10,000,000	10,000,000	-	-	-	-	-	06/01/2016	-	400,000	
06/01/2006	11,750,000	11,750,000	-	-	-	-	-	06/01/2016	-	537,700	
11/09/2006	210,000,000	30,000,000	174,625,000	5,375,000	5.000	5.000	11/01/2019	11/01/2019	-	9,434,000	
11/09/2006	307,005,000	14,345,000	-	292,660,000	4.000	5.000	12/15/2016	12/15/2022	-	14,536,750	
12/14/2006	170,000,000	10,000,000	111,580,000	48,420,000	3.625	5.000	12/01/2021	12/01/2021	-	8,034,884	
05/10/2007	121,250,000	3,310,000	102,440,000	15,500,000	4.000	5.000	05/01/2017	05/01/2024	-	5,501,925	
05/10/2007	119,645,000	35,520,000	-	84,125,000	4.000	5.000	05/01/2017	05/01/2022	-	5,862,250	
06/14/2007	139,750,000	18,440,000	67,300,000	54,010,000	4.000	5.000	06/01/2017	06/01/2024	-	6,582,578	
12/19/2007	195,000,000	15,000,000	-	180,000,000	4.000	5.000	12/01/2016	12/01/2027	-	8,704,350	
06/26/2008	260,000,000	20,000,000	-	240,000,000	3.750	5.000	04/15/2017	04/15/2028	-	12,178,369	
06/26/2008	252,850,000	19,450,000	-	233,400,000	3.750	5.000	04/15/2017	04/15/2028	-	12,377,510	
11/06/2008	357,645,000	25,440,000	-	332,205,000	4.300	5.750	11/01/2016	11/01/2028	-	17,610,773	
02/26/2009	306,000,000	15,000,000	-	291,000,000	2.750	5.000	02/15/2017	02/15/2029	-	14,336,153	
03/26/2009	28,330,000	9,850,000	-	18,480,000	4.000	5.000	03/01/2017	03/01/2018	-	1,074,900	
03/26/2009	74,355,000	12,560,000	-	61,795,000	3.500	5.000	03/01/2017	03/01/2023	-	3,357,100	
03/26/2009	32,000,000	8,000,000	-	24,000,000	5.460	5.460	03/01/2017	03/01/2019	-	1,747,200	
12/23/2009	450,000,000	-	-	450,000,000	4.950	5.632	12/01/2020	12/01/2029	-	24,355,000	
04/28/2010	184,250,000	-	-	184,250,000	4.407	5.257	04/01/2019	04/01/2026	-	8,876,978	
04/28/2010	78,750,000	26,250,000	-	52,500,000	3.125	5.000	04/01/2017	04/01/2018	-	3,349,688	
06/23/2010	114,750,000	29,000,000	-	85,750,000	2.500	5.000	12/01/2016	12/01/2018	-	4,085,181	
06/23/2010	163,110,000	33,420,000	-	129,690,000	3.000	5.000	12/01/2016	12/01/2021	-	6,851,700	
10/19/2010	44,875,000	-	-	44,875,000	2.500	5.000	10/01/2016	10/01/2022	-	1,995,450	
10/19/2010	203,400,000	-	-	203,400,000	5.295	5.295	10/01/2029	10/01/2029	-	10,770,030	
10/19/2010	22,205,000	-	-	22,205,000	5.305	5.305	10/01/2030	10/01/2030	-	1,177,975	
10/19/2010	294,395,000	-	-	294,395,000	5.090	5.090	10/01/2025	10/01/2030	-	14,984,706	
05/19/2011	184,485,000	55,000,000	-	129,485,000	2.580	2.730	05/15/2017	05/15/2018	-	1,601,791	

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS (Continued)

JUNE 30, 2016

Issue Date	Outstanding June 30, 2015	FY 2016		Refunded or Defeased	Outstanding June 30, 2016	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2016 ⁽²⁾	Interest Paid During FY 2016 ⁽³⁾
		Issued	Retired								
05/31/2011	162,870,000	-	-	-	162,870,000	2.300	5.000	05/15/2019	05/15/2023	-	7,300,403
05/31/2011	75,000,000	-	50,000,000	-	25,000,000	2.400	2.400	05/15/2019	05/15/2019	-	647,606
11/14/2011	39,440,000	-	19,730,000	-	19,710,000	5.000	5.000	11/01/2016	11/01/2019	-	1,478,750
11/14/2011	467,500,000	-	-	-	467,500,000	2.000	5.000	11/01/2016	11/01/2031	-	21,688,950
04/26/2012	259,600,000	-	-	-	259,600,000	2.000	5.000	04/15/2021	04/15/2032	-	12,340,744
04/26/2012	58,100,000	-	8,300,000	-	49,800,000	1.481	2.934	04/15/2017	04/15/2022	-	1,246,992
04/26/2012	141,600,000	-	23,600,000	-	118,000,000	2.250	2.820	04/15/2017	04/15/2020	-	1,450,807
06/29/2012	477,795,000	-	13,740,000	-	464,055,000	1.750	5.000	06/01/2017	06/01/2025	-	23,426,975
10/04/2012	2,970,000	-	2,970,000	-	-	-	-	-	09/15/2015	-	59,400
10/04/2012	280,135,000	-	-	-	280,135,000	2.000	5.000	09/15/2020	09/15/2032	-	12,057,875
10/04/2012	169,865,000	-	25,000,000	-	144,865,000	2.580	3.070	09/15/2016	09/15/2024	-	1,114,251
11/16/2012	199,785,000	-	25,000,000	-	174,785,000	1.032	2.551	10/15/2016	10/15/2022	-	3,343,390
11/28/2012	150,215,000	-	-	-	150,215,000	3.000	5.000	10/15/2022	10/15/2032	-	6,587,850
03/28/2013	155,430,000	-	-	-	155,430,000	2.000	5.000	03/01/2019	03/01/2033	-	6,257,719
03/28/2013	204,570,000	-	20,000,000	-	184,570,000	2.510	3.160	03/01/2017	03/01/2025	-	1,495,672
08/07/2013	190,000,000	-	10,000,000	-	180,000,000	4.000	5.000	07/15/2016	07/15/2033	-	9,087,500
08/29/2013	100,000,000	-	15,000,000	-	85,000,000	2.480	2.910	08/15/2016	08/15/2020	-	793,945
08/29/2013	280,000,000	-	5,000,000	-	275,000,000	2.000	5.000	08/15/2016	08/15/2033	-	13,012,900
08/29/2013	90,000,000	-	10,000,000	-	80,000,000	1.122	3.817	08/15/2016	08/15/2023	-	2,451,960
03/26/2014	278,000,000	-	-	-	278,000,000	2.500	5.000	03/01/2020	03/01/2034	-	12,462,500
03/26/2014	55,000,000	-	20,000,000	-	35,000,000	2.000	4.000	03/01/2017	03/01/2019	-	1,500,000
03/26/2014	22,000,000	-	-	-	22,000,000	2.450	2.870	03/01/2020	03/01/2023	-	201,709
03/26/2014	25,000,000	-	-	-	25,000,000	3.010	3.190	03/01/2017	03/01/2019	-	126,523
06/04/2014	650,305,000	-	167,260,000	-	483,045,000	2.000	5.000	12/15/2016	12/15/2025	-	28,532,225
06/26/2014	190,000,000	-	10,000,000	-	180,000,000	2.000	5.000	06/15/2017	06/15/2034	-	8,453,650
08/28/2014	300,000,000	-	15,000,000	-	285,000,000	4.000	5.000	09/01/2016	09/01/2034	-	13,050,000
08/28/2014	200,000,000	-	20,000,000	-	180,000,000	0.650	3.100	09/01/2016	09/01/2024	-	3,815,000
12/10/2014	256,620,000	-	-	-	256,620,000	3.000	5.000	11/15/2016	11/15/2025	-	11,923,450
12/10/2014	240,000,000	-	15,000,000	-	225,000,000	2.000	5.000	11/15/2016	11/15/2034	-	10,101,900
12/10/2014	60,000,000	-	-	-	60,000,000	3.250	5.000	11/15/2028	11/15/2031	-	2,765,563
03/25/2015	400,000,000	-	30,000,000	-	370,000,000	3.000	5.000	03/15/2017	03/15/2035	-	16,676,236
03/25/2015	100,000,000	-	-	-	100,000,000	1.422	3.127	03/15/2018	03/15/2025	-	2,194,306
05/28/2015	500,000,000	-	35,000,000	-	465,000,000	2.000	5.000	06/15/2017	06/15/2035	-	23,236,290
05/28/2015	200,000,000	-	-	-	200,000,000	2.250	2.800	06/15/2017	06/15/2024	-	2,171,278
05/28/2015	180,745,000	-	35,470,000	-	145,275,000	2.450	2.800	06/15/2017	06/15/2022	-	1,421,431
08/19/2015	-	250,000,000	-	-	250,000,000	4.000	5.000	08/01/2016	08/01/2035	-	5,400,000
08/19/2015	-	250,000,000	-	-	250,000,000	1.000	3.330	08/01/2016	08/01/2025	-	2,773,298
12/01/2015	-	585,000,000	-	-	585,000,000	2.000	5.000	11/15/2016	11/15/2034	-	11,618,082
12/01/2015	-	65,000,000	-	-	65,000,000	2.000	5.000	11/15/2019	11/15/2035	-	1,409,307
03/30/2016	-	550,000,000	-	-	550,000,000	2.000	5.000	03/15/2017	03/15/2036	-	-
06/14/2016	-	501,440,000	-	-	501,440,000	2.000	5.000	05/15/2018	05/15/2027	-	-

DEBT MANAGEMENT DIVISION

**SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS (Continued)
JUNE 30, 2016**

Issue Date	Outstanding June 30, 2015	FY 2016		Outstanding June 30, 2016	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2016 ⁽²⁾	Interest Paid During FY 2016 ⁽³⁾
		Issued	Retired							
06/14/2016	-	300,000,000	-	300,000,000	3.500	3.500	05/15/2019	05/15/2034	-	-
SUBTOTAL	\$12,163,454,121	\$ 2,501,440,000	\$1,058,680,061	\$566,960,000	\$13,039,254,060				\$	\$511,792,352
BOND TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS⁽⁴⁾										
04/30/2008	\$2,058,280,000	\$	\$12,850,000	\$	4.650	5.850	03/15/2017	03/15/2032	\$	\$119,511,996
04/30/2008	172,263,254	-	-	172,263,254	5.886	6.270	03/15/2018	03/15/2025	111,816,922	-
08/28/2014	10,590,000	-	-	10,590,000	3.500	3.500	09/01/2027	09/01/2027	-	370,650
SUBTOTAL	\$2,241,133,254	\$	\$12,850,000	\$2,228,283,254					\$111,816,922	\$119,882,646
BOND TYPE: ECONOMIC RECOVERY NOTES										
12/03/2009	\$ 144,370,000	\$	\$144,370,000	\$	-	-	07/01/2016	01/01/2016	\$	\$ 7,218,500
10/24/2013	80,320,000	-	2,850,000	77,470,000	3.000	3.000	07/01/2016	07/01/2016	-	339,132
10/24/2013	77,475,000	-	-	77,475,000	3.000	3.000	01/01/2017	01/01/2017	-	396,901
10/24/2013	78,250,000	-	-	78,250,000	3.000	3.000	07/01/2017	07/01/2017	-	427,948
10/24/2013	78,250,000	-	-	78,250,000	3.000	3.000	01/01/2018	01/01/2018	-	427,948
12/10/2014	61,610,000	-	20,470,000	41,140,000	3.150	3.250	01/01/2017	01/01/2018	-	170,636
SUBTOTAL	\$ 520,275,000	\$	\$167,690,000	\$ 352,585,000					\$	\$ 8,981,065
BOND TYPE: GAAP CONVERSION BONDS⁽⁵⁾										
10/24/2013	\$ 560,430,000	\$	\$32,455,000	\$ 527,975,000	1.000	5.000	10/15/2016	10/15/2027	\$	\$25,916,475
SUBTOTAL	\$ 560,430,000	\$	\$32,455,000	\$ 527,975,000					\$	\$25,916,475
BOND TYPE: SPECIAL TAX OBLIGATION										
11/15/2004	\$ 9,840,000	\$	\$ 9,840,000	\$	-	-	07/01/2016	07/01/2015	\$	\$ 246,000
11/15/2004	58,150,000	-	10,950,000	47,200,000	5.250	5.250	07/01/2016	07/01/2019	-	2,747,031
12/15/2005	24,155,000	-	11,775,000	12,380,000	5.000	5.000	07/01/2016	07/01/2016	-	913,375
10/25/2007	186,465,000	-	10,755,000	22,935,000	3.750	4.000	08/01/2016	08/01/2017	-	4,889,348
10/01/2008	45,710,000	-	5,775,000	39,935,000	3.500	5.000	02/01/2017	02/01/2022	-	1,905,063
12/10/2008	237,350,000	-	12,200,000	225,150,000	4.000	5.000	11/01/2016	11/01/2028	-	11,301,581
01/29/2009	288,685,000	-	71,255,000	217,430,000	3.250	5.000	02/01/2017	02/01/2022	-	13,440,838
11/10/2009	109,090,000	-	19,655,000	89,435,000	3.000	5.000	12/01/2016	12/01/2029	-	4,132,149
11/10/2009	304,030,000	-	21,960,000	304,030,000	4.855	5.740	12/01/2020	12/01/2029	-	16,663,351
11/10/2010	121,660,000	-	-	99,700,000	5.000	5.000	11/01/2016	11/01/2030	-	5,534,000
11/10/2010	400,430,000	-	-	400,430,000	4.126	5.459	11/01/2020	11/01/2030	-	20,678,185
11/10/2010	85,050,000	-	-	85,050,000	3.000	5.000	11/01/2016	11/01/2022	-	3,933,850
12/15/2011	206,515,000	-	7,930,000	198,585,000	3.375	5.000	12/01/2016	12/01/2031	-	9,919,913
12/15/2011	121,905,000	-	28,970,000	92,935,000	3.000	5.000	12/01/2016	12/01/2022	-	4,500,700
12/21/2012	461,240,000	-	16,640,000	444,600,000	3.000	5.000	01/01/2017	01/01/2033	-	22,262,500
12/21/2012	116,290,000	-	-	116,290,000	5.000	5.000	01/01/2017	01/01/2025	-	5,814,500
11/21/2013	581,430,000	-	19,140,000	562,290,000	3.000	5.000	10/01/2016	10/01/2033	-	28,150,925
10/16/2014	131,545,000	-	-	131,545,000	3.000	5.000	09/01/2017	09/01/2025	-	6,186,750
10/16/2014	600,000,000	-	10,000,000	590,000,000	3.000	5.000	09/01/2016	09/01/2034	-	28,750,900
10/15/2015	-	700,000,000	-	700,000,000	3.000	5.000	08/01/2016	08/01/2035	-	9,968,947

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS (Continued)

JUNE 30, 2016

Issue Date	Outstanding June 30, 2015	FY 2016		Refunded or Defeased	Outstanding June 30, 2016	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2016 ⁽²⁾	Interest Paid During FY 2016 ⁽³⁾
		Issued	Retired								
10/15/2015	-	139,770,000	-	-	139,770,000	2.000	5.000	08/01/2018	08/01/2027	-	2,006,948
SUBTOTAL	\$ 4,089,540,000	\$ 839,770,000	\$ 256,845,000	\$ 152,775,000	\$ 4,519,690,000					\$ -	\$ 203,946,852
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
03/31/2011	\$ 77,650,000	\$ -	\$ 3,860,000	\$ -	\$ 73,790,000	4.393	4.393	10/01/2016	10/01/2031	\$ -	\$ 2,980,731
03/31/2011	51,765,000	-	2,575,000	-	49,190,000	4.463	4.463	10/01/2016	10/01/2031	-	2,012,029
SUBTOTAL	\$ 129,415,000	\$ -	\$ 6,435,000	\$ -	\$ 122,980,000					\$ -	\$ 4,992,760
BOND TYPE: CLEAN WATER FUND											
07/01/2003	\$ 20,530,000	\$ -	\$ 20,530,000	\$ -	-	4.200	4.200	07/01/2016	10/01/2015	\$ -	\$ 513,250
07/27/2006	14,415,000	-	6,885,000	-	7,530,000	3.500	5.000	02/01/2017	02/01/2018	-	458,263
08/06/2008	41,520,000	-	18,215,000	-	23,305,000	3.500	5.000	06/01/2017	06/01/2027	-	1,836,250
06/25/2009	163,560,000	-	8,675,000	-	154,885,000	3.000	5.000	10/01/2016	10/01/2022	-	7,537,625
07/30/2009	77,470,000	-	8,360,000	-	69,110,000	3.300	5.000	01/01/2017	01/01/2028	-	3,345,850
03/24/2011	156,000,000	-	15,070,000	-	140,930,000	2.000	5.000	03/01/2017	03/01/2031	-	6,930,504
02/21/2013	121,435,000	-	2,000,000	-	119,435,000	2.000	5.000	07/01/2019	07/01/2027	-	5,636,350
02/21/2013	37,235,000	-	-	-	37,235,000	2.250	5.000	03/01/2017	03/01/2035	-	1,560,063
05/06/2015	250,000,000	-	1,410,000	-	248,590,000					-	9,191,775
SUBTOTAL	\$ 882,165,000	\$ -	\$ 81,145,000	\$ -	\$ 801,020,000					\$ -	\$ 37,009,929
BOND TYPE: UCONN 2000⁽⁶⁾											
03/15/2006	\$ 3,860,000	\$ -	\$ 3,860,000	\$ -	-	4.000	4.000	04/01/2017	04/01/2017	-	\$ 168,863
03/15/2006	52,270,000	-	5,735,000	46,535,000	-	5.000	5.000	04/01/2017	04/01/2022	-	2,613,500
04/12/2007	50,400,000	-	4,200,000	42,000,000	4,200,000	3.500	5.000	02/15/2017	02/15/2029	-	2,058,400
04/12/2007	46,030,000	-	4,615,000	-	41,415,000	3.000	5.000	02/15/2017	02/15/2030	-	2,301,500
04/16/2009	100,990,000	-	7,350,000	-	93,640,000	3.000	5.000	02/15/2017	02/15/2021	-	4,627,549
05/25/2010	72,820,000	-	4,855,000	-	67,965,000	2.000	5.000	02/15/2017	02/15/2023	-	3,360,421
05/25/2010	19,470,000	-	495,000	-	18,975,000	2.000	5.000	02/15/2017	02/15/2023	-	837,725
12/08/2011	27,005,000	-	4,780,000	-	22,225,000	2.000	5.000	02/15/2017	02/15/2031	-	1,269,700
12/08/2011	143,775,000	-	8,990,000	-	134,785,000	4.000	5.000	08/15/2016	08/15/2033	-	6,796,775
07/31/2013	164,030,000	-	8,635,000	-	155,395,000	2.000	5.000	02/15/2017	02/15/2024	-	7,466,025
07/31/2013	48,460,000	-	-	-	48,460,000	3.000	5.000	02/15/2017	02/15/2034	-	2,264,750
04/22/2014	103,600,000	-	5,455,000	-	98,145,000	3.000	5.000	02/15/2017	02/15/2025	-	4,539,150
04/22/2014	60,485,000	-	27,540,000	-	32,945,000	2.125	5.000	02/15/2017	02/15/2035	-	2,880,500
04/16/2015	220,165,000	-	11,005,000	-	209,160,000	4.000	5.000	02/15/2017	02/15/2026	-	8,256,599
04/16/2015	34,625,000	-	-	-	34,625,000	3.000	5.000	03/15/2017	03/15/2036	-	1,408,788
04/21/2016	-	261,510,000	-	-	261,510,000	4.000	5.000	03/15/2017	03/15/2027	-	-
04/21/2016	-	80,425,000	-	-	80,425,000					-	-
SUBTOTAL	\$ 1,147,985,000	\$ 341,935,000	\$ 97,515,000	\$ 88,535,000	\$ 1,303,870,000					\$ -	\$ 50,850,245
BOND TYPE: CI INCREMENT FINANCING⁽⁷⁾											
10/05/2004	\$ 5,005,000	\$ -	\$ 415,000	\$ -	\$ 4,590,000	3.600	5.000	10/15/2016	10/15/2024	-	\$ 205,714
10/05/2004	750,000	-	750,000	-	-					-	13,125

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS (Continued)
JUNE 30, 2016

Issue Date	Outstanding June 30, 2015	FY 2016			Outstanding June 30, 2016	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2016 ⁽²⁾	Interest Paid During FY 2016 ⁽³⁾
		Issued	Retired	Refunded or Defeased							
10/05/2004	2,685,000	-	1,305,000	-	1,380,000	5.125	5.125	05/01/2017	05/01/2017	-	137,606
12/20/2006	4,875,000	-	735,000	-	4,140,000	3.750	4.000	12/15/2016	12/15/2020	-	175,373
05/22/2014	18,215,000	-	605,000	-	17,610,000	3.500	5.000	04/15/2017	04/15/2034	-	884,225
SUBTOTAL	\$ 31,530,000	\$ -	\$ 3,810,000	\$ -	\$ 27,720,000					\$ -	\$ 1,416,043
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM⁽⁸⁾											
08/19/2011	\$ 24,760,000	\$ -	\$ 1,360,000	\$ -	\$ 23,400,000	4.500	5.000	07/01/2016	07/01/2031	\$ -	\$ 1,178,825
04/01/2015	33,475,000	-	915,000	-	32,560,000	2.000	5.000	07/01/2016	07/01/2038	-	998,855
SUBTOTAL	\$ 58,235,000	\$ -	\$ 2,275,000	\$ -	\$ 55,960,000					\$ -	\$ 2,177,680
BOND TYPE: JUVENILE TRAINING SCHOOL⁽⁹⁾											
02/15/2001	\$ 13,585,000	\$ -	\$ 580,000	\$ -	\$ 13,005,000	4.750	5.000	12/15/2016	12/15/2030	\$ -	\$ 654,100
SUBTOTAL	\$ 13,585,000	\$ -	\$ 580,000	\$ -	\$ 13,005,000					\$ -	\$ 654,100
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS											
03/15/2000	\$ 33,010,000	\$ -	\$ 2,415,000	\$ -	\$ 30,595,000	6.500	6.600	07/01/2016	07/01/2024	\$ -	\$ 2,089,493
SUBTOTAL	\$ 33,010,000	\$ -	\$ 2,415,000	\$ -	\$ 30,595,000					\$ -	\$ 2,089,493
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS⁽¹⁰⁾											
09/13/2007	\$ 18,940,000	\$ -	\$ 1,200,000	\$ -	\$ 17,740,000	4.500	5.000	06/15/2017	06/15/2027	\$ -	\$ 911,038
05/19/2009	30,175,000	-	1,645,000	-	28,530,000	3.250	5.000	06/15/2017	06/15/2029	-	1,268,475
10/19/2010	14,710,000	-	700,000	-	14,010,000	4.000	5.000	06/15/2017	06/15/2031	-	657,200
SUBTOTAL	\$ 63,825,000	\$ -	\$ 3,545,000	\$ -	\$ 60,280,000					\$ -	\$ 2,836,713
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM⁽¹¹⁾											
10/19/2010	\$ 24,555,000	\$ -	\$ 1,210,000	\$ -	\$ 23,345,000	3.010	5.350	06/15/2017	06/15/2030	\$ -	\$ 1,154,674
11/14/2011	17,625,000	-	810,000	-	16,815,000	2.730	5.000	06/15/2017	06/15/2031	-	793,163
SUBTOTAL	\$ 42,180,000	\$ -	\$ 2,020,000	\$ -	\$ 40,160,000					\$ -	\$ 1,947,837
BOND TYPE: CRDA BONDS⁽¹²⁾											
07/21/2004	\$ 1,775,000	\$ -	\$ 1,775,000	\$ -	\$ -	3.960	3.960	06/15/2016	06/15/2016	\$ -	\$ 78,500
07/21/2004	57,470,000	-	-	-	57,470,000	5.000	5.000	06/15/2017	06/15/2034	-	71,720
08/04/2005	10,330,000	-	750,000	-	9,580,000	4.250	5.000	06/15/2017	06/15/2029	-	516,500
12/16/2008	19,440,000	-	570,000	-	18,870,000	4.250	5.750	06/15/2017	06/15/2034	-	1,048,663
SUBTOTAL	\$ 89,015,000	\$ -	\$ 3,095,000	\$ -	\$ 85,920,000					\$ -	\$ 1,715,382
GRAND TOTAL	\$22,065,777,375	\$ 3,683,145,000	\$1,731,355,061	\$808,270,000	\$23,209,297,314					\$ 111,816,922	\$976,209,571

SCHEDULE OF DEBT OUTSTANDING⁽¹⁾ - STATUTORY BASIS (Continued)

JUNE 30, 2016

- (1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2016.
- (2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the column shown as outstanding June 30, 2016.
- (3) Includes interest rate swap payments and variable rate bond fees.
- (4) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.
- (5) The General Obligation GAAP Conversion Bonds were issued in fiscal year 2014 to fund half of the General Fund GAAP deficit and commit the State to funding the balance over time through budget appropriation as part of a bond covenant.
- (6) UCONN 2000 Bonds were authorized in three stages, in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is appropriated from the State's General Fund.
- (7) Connecticut Innovations (CI) has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.
- (8) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (9) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (10) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step Initiative. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (11) The Connecticut Housing Finance Authority (CHFA) Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program. The State is required to make debt service payments on the bonds under a contract for state assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (12) The Capital Region Development Authority (CRDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make debt service payments on the bonds up to a maximum annual amount of \$9 million pursuant to a contract for financial assistance between CRDA, the State Treasurer and the Secretary of the Office of Policy and Management. CRDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The accounting standards that were applied in this legislation and the Budget Act enacted for the 2016 fiscal year is a basis of accounting other than Generally Accepted Accounting Principles. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same statutory basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the statutory basis presentation.

DEBT MANAGEMENT DIVISION

**SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾
JUNE 30, 2016**

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2016	Interest Accreted Through Fiscal Year 2016 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2016
		Amount Authorized	Amount Issued			
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED						
12033	ECONOMIC DEVELOPMENT FUND	\$157,430,000	\$140,430,000	\$31,000,000	\$ -	\$31,000,000
12034	ECONOMIC DEVELOPMENT ASSISTANCE	1,436,800,000	1,119,682,647	422,800,206	-	422,800,206
12036	ECONOMIC STABILIZATION FUND	95,000,000	95,000,000	8,537,294	-	8,537,294
12050	LOCAL CAPITAL IMPROVEMENT FUND	795,000,000	757,500,000	166,102,000	-	166,102,000
12051	CAPITAL EQUIPMENT PURCHASE FUND	512,540,000	427,407,428	46,784,000	-	46,784,000
12052	GRANTS TO LOCAL GOVTS. & OTHERS	4,155,323,011	2,744,003,201	970,177,930	-	970,177,930
12055	HOUSING HOMELESS PERSONS	22,511,280	7,488,825	393,129	-	393,129
12063	HOUSING BONDS	1,014,382,689	800,175,235	215,110,000	-	215,110,000
12066	DECD - HOUSING TRUST FUND	260,000,000	167,275,000	89,365,000	-	89,365,000
12067	CT BIOSCIENCE COLLABORATION PROGRAM	220,097,000	195,839,000	105,039,000	-	105,039,000
12068	CT BIOSCIENCE INNOVATION FUND	50,000,000	20,000,000	20,000,000	-	20,000,000
13010	MAGNET SCHOOLS	9,250,130,770	8,898,930,719	4,528,256,025	-	4,528,256,025
13015	AGRICULTURAL LAND PRESERVATION	170,250,000	114,498,716	30,000,000	-	30,000,000
13019	GRANTS FOR URBAN ACTION	1,509,487,544	1,273,197,054	282,533,700	-	282,533,700
13048	CSUS 2020 FUND INFRASTRUCTURE PROGRAM	768,500,000	619,440,310	527,160,310	-	527,160,310
17001	GENERAL STATE PURPOSES	303,906,294	303,974,512	27,242,173	-	27,242,173
17011	GENERAL STATE PURPOSES	564,516,029	551,032,612	63,695,418	-	63,695,418
17021	GENERAL STATE PURPOSES	443,943,095	445,038,198	73,821,382	-	73,821,382
17041	GENERAL STATE PURPOSES	249,581,385	249,332,976	127,737,668	-	127,737,668
17051	GENERAL STATE PURPOSES	177,191,116	175,929,116	79,464,542	-	79,464,542
17061	GENERAL STATE PURPOSES	169,913,560	168,636,646	139,571,356	-	139,571,356
17071	GENERAL STATE PURPOSES	350,762,611	314,425,469	207,538,751	-	207,538,751
17081	GENERAL STATE PURPOSES	230,624,591	200,294,513	184,107,265	-	184,107,265
17091	GENERAL STATE PURPOSES	11,600,000	11,600,000	11,600,000	-	11,600,000
17101	GENERAL STATE PURPOSES	19,810,606	16,138,454	15,038,454	-	15,038,454
17111	GENERAL STATE PURPOSES	74,924,117	54,172,035	48,734,860	-	48,734,860
17121	GENERAL STATE PURPOSES	324,975,391	240,350,544	217,770,396	-	217,770,396
17131	GENERAL STATE PURPOSES	617,348,120	387,303,469	387,303,469	-	387,303,469
17141	GENERAL STATE PURPOSES	316,085,513	165,041,892	127,399,570	-	127,399,570
17151	GENERAL STATE PURPOSES	462,848,127	124,569,039	124,569,039	-	124,569,039
17861	GENERAL STATE PURPOSES	119,859,926	119,463,359	8,200,000	-	8,200,000
17891	GENERAL STATE PURPOSES	416,558,089	414,478,686	3,040,000	-	3,040,000
17931	GENERAL STATE PURPOSES	628,254,036	626,235,971	10,500,000	-	10,500,000
17961	GENERAL STATE PURPOSES	262,574,910	260,374,910	4,703,097	-	4,703,097
17971	GENERAL STATE PURPOSES	195,280,711	191,057,040	5,000,000	-	5,000,000
17981	GENERAL STATE PURPOSES	208,069,445	208,049,656	1,205,000	-	1,205,000
17991	GENERAL STATE PURPOSES	291,703,004	280,897,814	34,773,966	-	34,773,966
21014	CLEAN WATER FUND	1,488,132,510	987,348,884	261,509,060	-	261,509,060
59999	GENERAL OBLIGATION BOND ANTICIPATION NOTES ROLLOVER FUND ⁽³⁾⁽⁴⁾	-	1,334,330,000	677,645,000	-	677,645,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2001 C ⁽⁴⁾	-	504,575,000	6,300,000	-	6,300,000

DEBT MANAGEMENT DIVISION

**SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)
JUNE 30, 2016**

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2016	Interest Accreted Through Fiscal Year 2016 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2016
		Amount Authorized	Amount Issued			
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2005 B ⁽⁴⁾	-	335,550,000	307,550,000	-	307,550,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2006 E ⁽⁴⁾	-	308,400,000	292,660,000	-	292,660,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2007 B ⁽⁴⁾	-	173,300,000	84,125,000	-	84,125,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2009 C ⁽⁴⁾	-	74,215,000	18,480,000	-	18,480,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2010 C ⁽⁴⁾	-	258,235,000	129,690,000	-	129,690,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2010 D ⁽⁴⁾	-	47,035,000	44,875,000	-	44,875,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2011 E ⁽⁴⁾	-	150,820,000	19,710,000	-	19,710,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2012 C ⁽⁴⁾	-	523,245,000	464,055,000	-	464,055,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2014 C ⁽⁴⁾	-	822,225,000	483,045,000	-	483,045,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2014 H ⁽⁴⁾	-	256,620,000	256,620,000	-	256,620,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2015 D ⁽⁴⁾	-	180,745,000	145,275,000	-	145,275,000
	GENERAL OBLIGATION REFUNDING BONDS SERIES 2016 ⁽⁴⁾	-	501,440,000	501,440,000	-	501,440,000
	SUBTOTAL	\$28,345,915,480	\$29,347,348,931	\$13,039,254,060	\$	\$13,039,254,060
BOND TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS⁽⁵⁾						
31006	TEACHER'S RETIREMENT FUND GO BONDS TAXABLE SERIES 2008	\$2,276,578,271	\$2,276,578,271	\$2,217,693,254	\$111,816,922	\$2,329,510,176
	TAXABLE GO TEACHER'S RETIREMENT REFUNDING BONDS	-	10,590,000	10,590,000	-	10,590,000
	SUBTOTAL	\$2,276,578,271	\$2,287,168,271	\$2,228,283,254	\$111,816,922	\$2,340,100,176
BOND TYPE: ECONOMIC RECOVERY NOTES						
	2013 ERN REFUNDING ⁽⁴⁾	\$	\$61,610,000	\$41,140,000	\$	\$41,140,000
	2014 ERN REFUNDING ⁽⁴⁾	\$	314,295,000	311,445,000	\$	311,445,000
	SUBTOTAL	\$	\$375,905,000	\$352,585,000	\$	\$352,585,000
BOND TYPE: GENERAL OBLIGATION GAAP CONVERSION BONDS⁽⁶⁾						
50001	GAAP CONVERSION BONDS	\$711,930,000	\$560,430,000	\$527,975,000	\$	\$527,975,000
	SUBTOTAL	\$711,930,000	\$560,430,000	\$527,975,000	\$	\$527,975,000
BOND TYPE: SPECIAL TAX OBLIGATION						
13033	INFRASTRUCTURE IMPROVEMENT	\$13,422,041,330	\$9,920,170,752	\$3,649,535,000	\$	\$3,649,535,000
14005	SPECIAL TAX OBLIGATION REFUNDING BONDS ⁽⁴⁾	-	1,758,770,000	870,155,000	-	870,155,000
	SUBTOTAL	\$13,422,041,330	\$11,678,940,752	\$4,519,690,000	\$	\$4,519,690,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2016

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2016	Interest Accreted Through Fiscal Year 2016 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2016
		Amount Authorized	Amount Issued			
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
	BRADLEY AIRPORT GENERAL REVENUE REFUNDING BONDS ⁽⁴⁾	\$ -	\$183,020,000	\$122,980,000	\$ -	\$122,980,000
	SUBTOTAL	\$ -	\$183,020,000	\$122,980,000	\$ -	\$122,980,000
BOND TYPE: CLEAN WATER FUND						
21015	CLEAN WATER FUND -FEDERAL ACCOUNT	\$2,896,597,442	\$1,810,507,408	\$621,025,300	\$ -	\$621,025,300
21018	DRINKING WATER FUND FEDERAL REVOLVING CLEAN WATER REFUNDING ⁽⁴⁾	298,982,558	156,082,592	73,649,700	-	73,649,700
		-	513,305,000	106,345,000	-	106,345,000
	SUBTOTAL	\$3,195,580,000	\$2,479,895,000	\$801,020,000	\$ -	\$801,020,000
BOND TYPE: UCONN 2000⁽⁷⁾						
13045	UCONN 2000	\$2,574,177,147	\$2,362,177,147	\$1,024,800,000	\$ -	\$1,024,800,000
	UCONN 2000 REFUNDING BONDS ⁽⁴⁾	-	651,240,000	279,070,000	-	279,070,000
	SUBTOTAL	\$2,574,177,147	\$3,013,417,147	\$1,303,870,000	\$ -	\$1,303,870,000
BOND TYPE: CI INCREMENT FINANCING⁽⁸⁾						
	CI CABELAS'S INC. TAX INCREMENTAL FINANCING	\$9,950,000	\$9,825,000	\$4,140,000	\$ -	\$4,140,000
	CI BASS PRO SHOPS TAX INCREMENTAL FINANCING	22,000,000	18,885,000	17,610,000	-	17,610,000
	CI REFUNDING BONDS SERIES A, B & C ⁽⁴⁾	-	22,435,000	5,970,000	-	5,970,000
	SUBTOTAL	\$31,950,000	\$51,145,000	\$27,720,000	\$ -	\$27,720,000
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM⁽⁹⁾						
	CHEFA CHILDCARE REFUNDING BONDS SERIES 2011 ⁽⁴⁾	\$ -	\$28,840,000	\$23,400,000	\$ -	\$23,400,000
	CHEFA CHILDCARE REFUNDING BONDS SERIES 2015 ⁽⁴⁾	-	33,475,000	32,560,000	-	32,560,000
	SUBTOTAL	\$ -	\$62,315,000	\$55,960,000	\$ -	\$55,960,000
BOND TYPE: JUVENILE TRAINING SCHOOL⁽¹⁰⁾						
88800	CT JUVENILE TRAINING SCHOOL ENERGY CENTER PROJECT	\$ -	\$19,165,000	\$13,005,000	\$ -	\$13,005,000
	SUBTOTAL	\$ -	\$19,165,000	\$13,005,000	\$ -	\$13,005,000
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS						
21008	BRADLEY INTERNATIONAL PARKING OPERATIONS	\$55,000,000	\$53,800,000	\$30,595,000	\$ -	\$30,595,000
	SUBTOTAL	\$55,000,000	\$53,800,000	\$30,595,000	\$ -	\$30,595,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2016

CORE Fund No.	Name	Inception to Date		Principal Outstanding June 30, 2016	Interest Accreted Through Fiscal Year 2016 ⁽²⁾	Outstanding Incl. Accreted Interest June 30, 2016
		Amount Authorized	Amount Issued			
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS⁽¹¹⁾						
12060	CHFA SUPPORTIVE HOUSING BONDS	\$85,000,000	\$83,540,000	\$60,280,000	\$ -	\$60,280,000
	SUBTOTAL	\$85,000,000	\$83,540,000	\$60,280,000	\$ -	\$60,280,000
BOND TYPE: CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM⁽¹²⁾						
15999	CHFA EMERGENCY MORTGAGE ASSISTANCE PROGRAM	\$50,000,000	\$50,000,000	\$40,160,000	\$ -	\$40,160,000
	SUBTOTAL	\$50,000,000	\$50,000,000	\$40,160,000	\$ -	\$40,160,000
BOND TYPE: CRDA BONDS⁽¹³⁾						
12060	CAPITAL REGION DEVELOPMENT AUTHORITY	\$ -	\$110,000,000	\$85,920,000	\$ -	\$85,920,000
	SUBTOTAL	\$ -	\$110,000,000	\$85,920,000	\$ -	\$85,920,000
	GRAND TOTAL	\$50,748,172,227	\$50,356,090,101	\$23,209,297,314	\$111,816,922	\$23,321,114,236

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING⁽¹⁾ (Continued)

JUNE 30, 2016

- (1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2016. All debt except refunding issues is authorized by the General Assembly and the State Bond Commission prior to issuance. Total amount issued includes refunding issues for which no additional authorization is required.
- (2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the principal outstanding as of June 30, 2016.
- (3) On April 28, 2009, the State issued \$581,245,000 Bond Anticipation Notes (BANs) Series A and Series B. On April 28, 2010, \$353,085,000 Bond Anticipation Notes (BANs) were issued to pay down the 2009 Series A BANs maturing on April 28, 2010. The 2009 B and 2010 A BANs were refunded with General Obligation Bonds on May 19, 2011 and May 31, 2011. On February 25, 2015 \$400,000,000 Bond Anticipation Notes (BANs) Series A were issued. On March 25, 2015 \$400,000,000 General Obligation Bonds 2015 A & 2015 A Taxable were issued and used to retire the 2015A BANs.
- (4) Refunding issues. Proceeds were used to refund other bonds reducing overall debt service expense.
- (5) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund \$2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and costs of issuance.
- (6) The General Obligation GAAP Conversion Bonds were issued in fiscal year 2014 to fund half of the General Fund GAAP deficit and commit the State to funding the balance over time through budget appropriation as part of a bond covenant.
- (7) UCONN 2000 Bonds were authorized in three stages in a total amount of \$4.3 billion over a 28 year period to be paid by the University of Connecticut from a State debt service commitment. As each series is issued, the debt service is appropriated from the State's General Fund.
- (8) Connecticut Innovations (CI), has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.
- (9) On July 1, 1999, the Treasurer's Office assumed the responsibility for the Connecticut Health and Educational Facilities Authority (CHEFA) Childcare debt service appropriation per Public Act 97-259.
- (10) A lease-purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.
- (11) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step initiative. The State is required to make debt service payments on the bonds under a contract for assistance agreement between CHFA, the State Treasurer and the Secretary of the Office of Policy and Management.
- (12) The Connecticut Housing Finance Authority (CHFA) Emergency Mortgage Assistance Program bonds were issued pursuant to Public Act 08-176 to fund the Emergency Mortgage Assistance Program.
- The State is required to make debt service payments on the bonds under a contract for assistance agreement between CHFA, the Treasurer and the Secretary of the Office of Policy and Management.
- (13) The Capital Region Development Authority (CRDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed rate and variable rate securities, have a final maturity of 2034. The State is required to make debt service payments on the bonds up to a maximum amount of \$9 million pursuant to a contract for assistance agreement between CRDA, the State Treasurer and the Secretary of the Office of Policy and Management. CRDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1)(2)
FISCAL YEAR ENDED JUNE 30, 2016
PRESENTED UNDER STATUTORY BASIS OF ACCOUNTING (4)(5)**

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/16	Investments with Treasurer as Trustee		Investments with Others as Trustee		Total
						Short-Term 6/30/16	Long-Term 6/30/16	Short-Term 6/30/16	Long-Term 6/30/16	
GENERAL FUND⁽³⁾					\$370,232,787.10	\$61,116,286.31 ⁽²⁾	\$-	\$-	\$431,349,073.41	
SUBTOTAL GENERAL FUND					\$370,232,787.10	\$61,116,286.31	\$-	\$-	\$431,349,073.41	
SPECIAL REVENUE FUNDS					\$40,040,252.86	\$-	\$-	\$-	\$40,040,252.86	
12001	Spec.Rev.	1201	Spec.Rev.	Transportation	4,008,779.76				4,008,779.76	
12005	Spec.Rev.	1215	Spec.Rev.	Probate Court Administration	963,741.10				963,741.10	
12012	Spec.Rev.	1215	Spec.Rev.	Municipal Employees Retirement Administration	153,853.71				153,853.71	
12013	Spec.Rev.	1208	Spec.Rev.	Regional Market Operation	1,556,875.60				1,556,875.60	
12016	Spec.Rev.	1213	Spec.Rev.	Recreation and Natural Heritage Trust Fund	67,618.01				67,618.01	
12018	Spec.Rev.	2107	Enterprise	University Health Center Operating Fund	3,455,525.11				3,455,525.11	
12021	Spec.Rev.	1215	Spec.Rev.	Grants - Tax Exempt Proceeds	34,855,514.85				34,855,514.85	
12023	Spec.Rev.	2107	Enterprise	University Health Center Research Foundation	13,852.54				13,852.54	
12032	Spec.Rev.	1210	Spec.Rev.	Employment Security - Special Administration	27,214,585.45				27,214,585.45	
12035	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Revolving Fund		\$439,476.76			439,476.76	
12038	Spec.Rev.	1212	Spec.Rev.	Individual Development Account Reserve Fund	224,132.18				224,132.18	
12047	Spec.Rev.	1212	Spec.Rev.	Child Care Facilities	6,800,428.36				6,800,428.36	
12051	Spec.Rev.	1215	Spec.Rev.	Capital Equipment Purchase Fund	9,881,515.81				9,881,515.81	
12052	Spec.Rev.	1215	Spec.Rev.	Grants to Local Governments and Others	759,824.61				759,824.61	
12053	Spec.Rev.	1213	Spec.Rev.	Economic Development and Other Grants	693,484.67				693,484.67	
12060	Spec.Rev.	1211	Spec.Rev.	Federal And Other Restricted Accounts	106,820.68				106,820.68	
12062	Spec.Rev.	1211	Spec.Rev.	Transportation Grants And Restricted Accounts	38,680,906.90				38,680,906.90	
12065	Spec.Rev.	1214	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	3,594,059.64				3,594,059.64	
12066	Spec.Rev.	1214	Spec.Rev.	Housing Trust Fund - Taxable						
SUBTOTAL SPECIAL REVENUE FUNDS					\$173,071,771.84	\$439,476.76	\$-	\$-	\$173,511,248.60	
CAPITAL PROJECTS FUNDS					\$1,288,421.31	\$-	\$-	\$-	\$1,288,421.31	
13009	Cap. Proj.	1212	Spec.Rev.	School Construction	202,790,642.69				202,790,642.69	
13010	Cap. Proj.	1212	Spec.Rev.	School Construction - Magnet Schools	3,995,404.36				3,995,404.36	
13015	Cap. Proj.	1212	Spec.Rev.	Agricultural Land Preservation	30,497,303.61				30,497,303.61	
13019	Cap. Proj.	1212	Spec.Rev.	Community Conservation and Development	131,916,168.24				131,916,168.24	
13033	Cap. Proj.	1302	Cap.Proj.	Infrastructure Improvement Fund	1,447,786.22				1,447,786.22	
13042	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	152,147,161.13				152,147,161.13	
13048	Cap. Proj.	1301	Cap.Proj.	CSUS 2020	3,718,183.37				3,718,183.37	
17001	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	8,587,869.47				8,587,869.47	
17011	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	4,186,904.27				4,186,904.27	
17021	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	6,646,416.43				6,646,416.43	
17041	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,384,378.60				2,384,378.60	
17051	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	6,383,764.69				6,383,764.69	
17061	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	22,417,407.33				22,417,407.33	
17071	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	16,726,727.76				16,726,727.76	
17081	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	6,351.22				6,351.22	
17091	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,430,353.55				2,430,353.55	
17101	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	7,623,709.15				7,623,709.15	
17111	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	25,856,752.66				25,856,752.66	
17121	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	46,392,196.03				46,392,196.03	
17131	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	24,686,790.74				24,686,790.74	
17141	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	18,734,395.86				18,734,395.86	
17151	Cap. Proj.	1302	Cap.Proj.	Capital Improvements and Other Purposes	3,021,978.87				3,021,978.87	
17831	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,594,200.63				2,594,200.63	
17851	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	8,061,559.47				8,061,559.47	
17861	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes						

CASH MANAGEMENT DIVISION

**CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1) (2)
FISCAL YEAR ENDED JUNE 30, 2016
PRESENTED UNDER STATUTORY BASIS OF ACCOUNTING (4) (5)**

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/16	Investments with Treasurer as Trustee		Investments with Others as Trustee		Total
						Short-Term 6/30/16	Long-Term 6/30/16	Short-Term 6/30/16	Long-Term 6/30/16	
17871	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	3,836.87					3,836.87
17891	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	602,565.19					602,565.19
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	989,704.27					989,704.27
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,552,205.86					1,552,205.86
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,249,029.37					1,249,029.37
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,086,611.07					1,086,611.07
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,969,644.53					1,969,644.53
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	13,450,125.79					13,450,125.79
SUBTOTAL CAPITAL PROJECTS FUNDS					\$755,426,550.61	\$-	\$-	\$-	\$-	\$755,426,550.61
DEBT SERVICE FUNDS										
14001	Debt Service	2106	Enterprise	University Bond Liquidation	\$66,156.31					\$66,156.31
14002	Debt Service	2109	Enterprise	State University Dormitory	81,673,500.64					81,673,500.64
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	690,096,981.43 (6)				\$48,097,500.00 (6)	738,194,481.43
SUBTOTAL DEBT SERVICE FUNDS					\$771,836,638.38	\$-	\$-	\$-	\$48,097,500.00	\$819,934,138.38
ENTERPRISE FUNDS										
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations	\$15,034,530.95 (6)					15,034,530.95
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	183,502,183.10 (6)					183,502,183.10
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	1,767,903.33					1,767,903.33
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	28,729,042.83 (7)					30,824,042.83
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	331,877,358.88 (8)			560,000.00 (7)	1,535,000.00 (7)	888,217,445.81 (8)
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	4,158,407.24					4,158,407.24
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan	97,494,267.56 (9)			6,113,839.18 (8)	16,599,490.51 (8)	120,197,597.25
SUBTOTAL ENTERPRISE FUNDS					\$662,553,693.89	\$-	\$-	\$94,747,994.58	\$84,351,936.32	\$841,653,624.79
FIDUCIARY FUNDS										
31001	Pension	3103	Pension	State Employees' Retirement Fund	\$-	\$345,957,789.42	\$10,290,744,855.58 (10)			\$10,636,702,645.00
31002	Pension	3105	Pension	State Attorneys' Retirement Fund		21,527.28	1,524,128.72 (10)			1,545,656.00
31004	Pension	3106	Pension	Judges and Compensation Commissioners' Retirement Fund		5,351,878.09	184,326,172.91 (10)			189,678,051.00
31006	Pension	3107	Pension	Teachers' Retirement Fund		629,661,093.81	14,954,903,120.19 (10)			15,584,564,214.00
31008	Pension	3104	Pension	Municipal Employees' Retirement Fund		60,726,700.84	2,151,296,497.16 (10)			2,212,023,198.00
31009	Other Em. Benefits	3102	Agency	Policemen and Firemen Survivors' Benefit Fund		830,370.53	27,757,123.47 (10)			28,587,494.00
31010	Pension	3108	Pension	Probate Judges and Employees Retirement Fund		2,210,361.93	85,057,141.07 (10)			87,267,503.00
31012	Other Em. Benefits	3109	Agency	State Employee OPEB Fund		18,014,436.53	377,421,077.47 (10)			395,435,514.00
36010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund		561,912.46	18,396,669.54 (10)			18,958,582.00
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund		1,657,084.98	70,665,044.02 (10)			72,322,129.00
35014	Fiduciary	2103	Exp. Trust	Unemployment Compensation Fund				382,161,273.60 (11)		382,161,273.60
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund						7,780,049.46
SUBTOTAL FIDUCIARY FUNDS					\$79,753,346.56	\$1,064,993,155.87	\$28,162,091,830.13	\$-	\$382,161,273.60	\$29,688,995,606.16
TOTAL CIVIL LIST FUNDS					\$2,812,874,788.38	\$1,126,109,442.18	\$28,162,531,306.89	\$476,909,268.18	\$132,449,436.32	\$32,710,874,241.95 (13)

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS ⁽¹⁾ ⁽²⁾ (Continued) FISCAL YEAR ENDED JUNE 30, 2016

- (1) Detailed information on the adjusted cash balances and total STIF balances within each individual fund can be obtained from the Comptroller's Annual Report.
- (2) Short-term investments shown at cost which, due to their short-term nature, approximates market.
- (3) Represents assets of the Common Cash Pool which is not a component of the General Fund. The Common Cash Pool is comprised of the investable balances of a number of individual funds and, for purposes of administration only, is shown as an investment of the General Fund. The General Fund is commonly in a net borrowing position from the resources of the other funds within the pool.
- (4) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole, in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2016 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals.
- (5) In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Schedule of Investments
- (6) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the statutory basis presentation.
- (7) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.
- (8) Short-term and Long-term investments consist of State of Connecticut General Obligation Bonds, which are shown at par. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.
- (9) Short-term and Long-term investments consist of Money Market Funds, State of Connecticut General Obligation Bonds and GICs. Both short-term and long-term investments are held by US Bank as Trustee. For description of program, see Debt Management Division.
- (10) STIF Investments consist of both Treasury directed and trustee directed accounts
- (11) Represents market value of shares held by various retirement plans in the Treasurer's Combined Investment Funds.
- (12) Cash on deposit with Federal Government.
- (13) Investments bank deposit instruments.
- (14) Information on cash balances can be obtained from the Comptroller's Annual Report.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2016

Name of Insurance Company	Par Amount of Collateral	Market Value
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The following securities are on deposit with the State Treasurer for the Insurance Department under Sec 38a-83:

ACE Life Insurance Company	\$ 2,650,000.00	\$ 2,693,778.00
Aetna Better Health, Inc.	500,000.00	502,385.00
Aetna Health and Life Insurance Company	3,075,000.00	3,219,663.00
Aetna Health Inc. (CT)	525,000.00	553,381.50
Aetna Insurance Company of Connecticut	2,550,000.00	2,673,012.00
Aetna Life Insurance Company	1,600,000.00	1,760,320.00
American Equity Specialty Insurance Company	2,600,000.00	2,962,668.48
American Maturity Life Insurance Company	5,700,000.00	5,713,167.00
American Phoenix Life and Reassurance Company	1,000,000.00	1,072,850.00
AmeriChoice of Connecticut, Inc.	520,000.00	555,911.20
Anthem Health Plans, Inc.	500,000.00	500,450.00
Arbella Indemnity Insurance Company, Inc.	50,000.00	70,699.00
Arbella Protection Insurance Company	50,000.00	70,699.00
Associated Employers Insurance Company	50,000.00	50,045.00
Associated Industries of MA Mutual Ins Co (AIM Mutual)	50,000.00	50,135.00
Automobile Insurance Company of Hartford, CT (The)	4,050,000.00	4,250,571.25
AXIS Specialty Insurance Company	3,000,000.00	3,006,150.00
Beazley Insurance Company, Inc.	2,500,000.00	2,611,025.00
C.M. Life Insurance Company	1,600,000.00	1,627,632.00
California Insurance Company	12,170,000.00	12,241,762.95
Carolina Casualty Insurance Company	200,000.00	240,880.00
Charter Oak Fire Insurance Company (The)	4,525,000.00	4,766,217.15
CIGNA Health and Life Insurance Company	2,600,000.00	2,887,993.70
CIGNA Healthcare of Connecticut, Inc.	525,000.00	605,393.25
ClearWater Select Insurance Company	3,000,000.00	3,205,620.00
Connecticare, Inc.	500,000.00	523,595.00
Connecticut General Life Insurance Company	1,735,000.00	1,822,095.60
Covenant Insurance Company	600,000.00	848,388.00
Discover Property and Casualty Insurance Company	3,120,000.00	3,339,249.11
Discover Specialty Insurance Company	2,750,000.00	2,947,257.93
Electric Insurance Company	60,000.00	60,190.80
Employers Compensation Insurance Company	100,000.00	100,171.87
Executive Risk Specialty Insurance Company	3,115,000.00	3,265,800.35
Explorer Insurance Company	100,000.00	109,664.33
Farmington Casualty Company	3,000,000.00	3,456,877.50
Finial Reinsurance Company	3,550,000.00	3,577,335.00
Fireman's Fund Insurance Company	14,145,000.00	14,809,769.45
First State Insurance Company	2,200,000.00	2,241,602.00
Fitchburg Mutual Insurance Company	50,000.00	51,580.00
General Re Life Corporation	1,500,000.00	1,841,655.00
General Star Indemnity Company	2,980,000.00	3,014,326.40
Genesis Insurance Company	3,005,000.00	3,038,686.05
Genworth Mortgage Ins Corporation of North Carolina	60,000.00	62,929.80
Gulf Underwriters Insurance Company	3,000,000.00	3,490,457.02
Hartford Accident and Indemnity Company	3,605,000.00	3,731,284.15
Hartford Fire Insurance Company	3,300,000.00	3,649,800.00
Hartford Insurance Company of the Southeast	1,200,000.00	1,267,548.00
Hartford International Life Reassurance Corp.	5,645,000.00	6,801,388.80
Hartford Life and Accident Insurance Company	1,915,000.00	2,317,936.60
Hartford Life and Annuity Insurance Company	2,860,000.00	3,448,010.80
Hartford Life Insurance Company	2,350,000.00	2,512,291.00
Hartford Steam Boiler Inspection & Insurance Company (The)	4,000,000.00	4,215,320.00
Hartford Steam Boiler Inspection & Ins Co of CT (The)	3,100,000.00	3,130,628.00
Hartford Underwriters Insurance Company	3,250,000.00	3,263,209.80
Harvard Pilgrim Health Care of Connecticut, Inc. (HPHC-CT)	500,000.00	747,225.00
HNE of Connecticut, Inc.	500,000.00	512,775.00
Homesite Insurance Company	2,500,000.00	2,545,400.00

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2016

Name of Insurance Company	Par Amount of Collateral	Market Value
HSB Speciality Insurance Company	2,500,000.00	2,506,050.00
IdeaLife Insurance Company	1,600,000.00	1,605,504.00
Insurance Company of the West	100,000.00	133,922.00
Integon National Insurance Company	75,000.00	75,429.00
Integon Preferred Insurance Company	75,000.00	91,979.25
Knights of Columbus	2,000,000.00	2,489,540.00
Liberty Mutual Insurance Company	50,000.00	50,424.00
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,098,752.00
MEMBERS Life Insurance Company	350,000.00	385,630.00
Middlesex Mutual Assurance Company	1,525,000.00	1,576,893.50
MML Bay State Life Insurance Company	1,500,000.00	1,525,905.00
National Liability & Fire Insurance Company	2,750,000.00	2,766,967.50
New England Insurance Company	2,945,000.00	3,041,699.25
New England Reinsurance Corporation	3,225,000.00	4,848,465.00
New London County Mutual Insurance Company	600,000.00	628,170.00
Northland Casualty Company	2,560,000.00	2,741,121.80
Northland Insurance Company	2,575,000.00	2,663,065.00
Nutmeg Insurance Company	3,282,000.00	3,653,596.18
Odyssey Reinsurance Company	5,000,000.00	5,155,550.00
Oxford Health Plans (CT), Inc.	520,000.00	555,911.20
Pacific Insurance Company, Limited	2,820,000.00	3,715,360.60
Patrons Mutual Insurance Company of Connecticut	120,000.00	128,802.59
PHL Variable Insurance Company	1,000,000.00	1,068,830.00
Phoenix Insurance Company	4,645,000.00	5,413,562.15
Phoenix Life and Annuity Company	1,000,000.00	1,046,950.00
Prudential Annuities Life Assurance Corporation	1,500,000.00	1,533,870.00
Prudential Retirement Insurance and Annuity Company	5,015,000.00	5,342,351.15
R.V.I. America Insurance Company	2,550,000.00	2,908,550.50
Safeco Surplus Lines Insurance Company	100,000.00	100,219.00
St. Paul Fire and Marine Insurance Company	3,250,000.00	3,637,887.50
St. Paul Guardian Insurance Company	2,625,000.00	2,886,895.00
St. Paul Mercury Insurance Company	2,550,000.00	2,739,771.00
St. Paul Protective Insurance Company	4,100,000.00	4,437,959.10
San Francisco Reinsurance Company	7,000,000.00	8,890,583.33
Seneca Insurance Company, Inc.	260,000.00	298,940.20
Sentinel Insurance Co., Limited	3,610,000.00	3,898,459.05
Sequoia Insurance Company	125,000.00	145,075.00
Sparta Insurance Company	3,070,000.00	3,076,750.60
Standard Fire Insurance Company (The)	4,000,000.00	4,163,080.00
StarStone National Insurance Company	100,000.00	102,258.00
T.H.E. Insurance Company	300,000.00	315,941.00
Thames Insurance Company, Inc.	200,000.00	209,390.00
TIG Insurance Company	15,940,000.00	12,748,528.60
Tower National Insurance Company	76,500.00	77,570.81
TravCo Insurance Company	4,875,000.00	5,454,305.50
Travelers Casualty and Surety Company	3,000,000.00	3,225,970.00
Travelers Casualty and Surety Company of America	3,200,000.00	3,310,582.00
Travelers Casualty Company (The)	2,940,000.00	3,033,942.70
Travelers Casualty Company of Connecticut	2,500,000.00	2,781,966.25
Travelers Casualty Insurance Company of America	3,400,000.00	4,334,354.00
Travelers Commercial Casualty Company	3,200,000.00	3,208,256.00
Travelers Commercial Insurance Company	2,150,000.00	2,196,722.75
Travelers Constitution State Insurance Company	3,000,000.00	3,100,470.00
Travelers Excess and Surplus Lines Company	2,700,000.00	2,701,782.00
Travelers Home and Marine Insurance Company (The)	5,125,000.00	5,513,241.90
Travelers Indemnity Company (The)	6,630,000.00	7,254,028.20
Travelers Indemnity Company of America	3,565,000.00	3,755,085.80
Travelers Indemnity Company of Connecticut (The)	3,000,000.00	3,259,319.25
Travelers Personal Insurance Company	5,500,000.00	5,767,011.60
Travelers Personal Security Insurance Company	4,200,000.00	4,386,276.00
Travelers Property Casualty Company of America	3,005,000.00	3,509,737.85
Travelers Property Casualty Insurance Company	2,050,000.00	2,181,305.50

CASH MANAGEMENT DIVISION**SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)****JUNE 30, 2016**

Name of Insurance Company	Par Amount of Collateral	Market Value
Trenwick America Reinsurance Corporation	1,580,000.00	1,590,147.40
Truck Insurance Exchange	370,000.00	370,333.00
Trumbull Insurance Company	2,680,000.00	3,430,888.70
United Guaranty Residential Ins Company of North Carolina	50,000.00	50,096.00
United States Fidelity and Guaranty Company	6,000,000.00	6,230,080.00
UnitedHealthcare Insurance Company	1,510,000.00	1,585,968.10
Vantis Life Insurance Company	2,325,000.00	2,417,845.50
Vision Service Plan Insurance Company	2,600,000.00	2,616,668.00
Voya Retirement Insurance and Annuity Company	3,707,000.00	3,702,180.90
Wellcare of CT, Inc.	530,000.00	531,823.20
Zenith Insurance Company	1,111,000.00	1,580,653.03
TOTAL	\$ 323,176,500.00	\$ 345,200,058.83

CASH MANAGEMENT DIVISION**UNEMPLOYMENT COMPENSATION FUND**

On Account with the Secretary of the Treasury of the United States as Trustee of the Unemployment Compensation Fund

The Act which established Unemployment Compensation provides that contributions from employers be collected by the Labor Commissioner as Administrator of the Act and be deposited with the State Treasurer. (Chapter 2, Public Act, Special Session 1936). These funds are then sent to the Secretary of the Treasury of the United States. The Administrator requests withdrawals as needed to pay benefits to employees.

BALANCE at JUNE 30, 2015		\$ 135,027,248.76
Deposits	\$ 815,861,000.00	
FUTA Credit Reductions	107,365,750.30	
Combined Wage Transfers to Connecticut	14,009,935.98	
Federal Employee & Ex-Servicemen Contributions	6,127,000.00	
Title XII Advances	5,563,288.70	
Interest on Deposits	2,332,948.36	951,259,923.34
		<hr/>
TOTAL CASH AVAILABLE		\$ 1,086,287,172.10
Withdrawals for Benefit Payments	672,598,000.00	
Reed Act Withdrawal	12,848,553.27	
Combined Wage Withdrawals	7,089,044.50	
Federal Employee & Ex-Servicemen Withdrawals	6,127,000.00	
Returned Excess Federal Funds	2,529,251.75	
Title XII Voluntary Loan Repayment	1,985,000.00	
STC Grant Funds Withdrawals	565,718.60	
Refund of Reduced FUTA Tax Credits	237,330.38	
Return of Federal Additional Compensation	146,000.00	704,125,898.50
		<hr/>
BALANCE at JUNE 30, 2016		\$ 382,161,273.60

Office of the State Treasurer

LIST OF PRINCIPAL OFFICIALS AND PHONE NUMBERS

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Treasurer, State of Connecticut
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Fax: (860) 702-3043

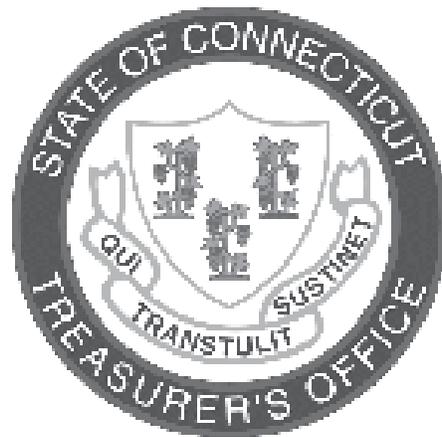
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