THE I/FAX

ADMINISTERED BY ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

Yesterday's Rates 7/23/07

Money Market Fund
5.123%

Prime Fund
5.229%

Watch Your Mail

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Public Investors' Financial Symposium

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September 20 - 21

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Crowne Plaza Hotel
Rosemont, IL

MARKET PERSPECTIVE

Market Report

As many of you are aware, our Money Market Fund rates took a hit at the end of this quarter, particularly in the week leading up to and including June 30th. In mid to late June, Treasury Repurchase Agreements rates dropped 25 to 35 basis points from the previous days. At month's end, the rates we were offered for repurchase agreements dropped to between 4.25 and 4.55 percent – a 60 to 75 basis point decline from previous days. The decline can be attributed to two factors. First, there was a flood of cash into the market from broker communities and banks. Second, our dealers must reduce borrowing by as much as 50 percent at the end of quarter to shore up their balance sheets. Because Treasury rates often dip during June and December quarter ends, we anticipated the drop, making more term investments so our cash stayed invested safely with an acceptable return. Our private label competitors generally did not fare as well as The Illinois Funds. Only one matched our 4.49 percent, while most were below 4.30 percent for the last weekend in June.

Market Watch

Rising interest rates in other parts of the world seem to have put our financial markets on edge. It appears investors are backing away from predictions that U.S.interest rates will decline this summer or fall. In fact, some have even called for increases in interest rates by the end of the calendar year. As we have discussed in prior months, this divergence in views leads to volatility, and volatility leads to buying opportunities.

Linked Deposit Programs

Illinois State Treasurer Alexi Giannoulias unveiled three new and revised Linked Deposit programs. They are: Employ Illinois, Opportunity Illinois, and Cultivate Illinois.

Employ Illinois offers low-interest loans to business owners, child care providers and TV and movie makers.

Opportunity Illinois offers low-interest loans to consumers and community development organizations. The consumer loans target Illinoisans with disabilities, active duty soldiers and storm victims. The community development loans target non-profit agencies, historic sites, banks, credit unions and hospitals.

Cultivate Illinois offers annual loans to farmers for normal operating expenses and long-term loans to farmers for capital expenses and alternative agriculture expenses.

Please check our website at www.treasurer.il.gov for additional information. We are available for presentations and workshops about our programs. Please call Bill Browne, Director of Economic Opportunity at (312) 814-1901.

Information in the Market Perspective was obtained from sources considered reliable. Their accuracy or completeness is not guaranteed. Opinions expressed are subject to change without notice.

Safety, Liquidity and Yield

Illinois Funds yields for the period ending 5/31/07

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	$6,039
Monthly Investment Earnings (in 1000's)	$24,360
7 Day Yield*	5.09%
7 Day Effective Yield*	5.21%
One Month Yield*	5.08%
One Month Effective Yield*	5.20%
Net Asset Value (per share)	$1.00
Weighted Average Maturity	2

*Yield Net of Fees

Prime Fund (7-day Liquidity) after 30-day minimum term

Net Portfolio Assets (in millions)	$1,279
Monthly Investment Earnings (in 1000's)	$5,282
7 Day Yield*	5.22%
7 Day Effective Yield*	5.35%
One Month Yield*	5.21%
One Month Effective Yield*	5.33%
Net Asset Value (per share)	$1.00
Weighted Average Maturity	18

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, MMF	5.08%	The Illinois Funds, Prime	5.21%
S&P Govt Inv Pool-Govt Fund Index	5.03%	S&P Govt Inv Pool-Taxable Funds Index	5.13%
IL School Dist Liquid Asset	4.84%	IL School Dist Liquid Asset Max	5.02%
3 Month Treasury Bill	4.84%	3 Month Treasury Bill	4.84%
6 Month Treasury Bill	4.96%	6 Month Treasury Bill	4.96%

Monthly Private Sector Rate Comparison

The Illinois Funds, MMF	5.08%	The Illinois Funds, Prime	5.21%
IMoneynet™ - Govt. Institutional	4.80%	Federated Govt Obligations	5.12%
Fidelity - 695 Treas Fund	5.01%	Fidelity - 57 Govt Fund	5.13%
Goldman Fin Sq Treas Fund - 468	5.00%	Goldman Fin Sq Govt Fund - 465	5.14%
30 Day Time Deposit	4.94%	90 Day Time Deposit	4.94%

FUND COMPOSITIONS

Money Market Fund

87.4% - Repurchase Agreements
11.3% - Money Market Funds
1.3% - Certificates of Deposit
0.0% - Treasury Bills
0.0% - Treasury Notes

Prime Fund

61.5% - Repurchase Agreements
2.4% - Certificates of Deposit
4.7% - US Government Agencies
0.3% - Money Market Funds
31.1% - Commercial Paper

E-Pay Account Rate

5.123% 7/23/07
1-866-831-5240
www.illinoisepay.com

Rapid Revenue Acct. Rate

5.123% 7/23/07
1-800-346-7414

Visit our website at www.illinoisfunds.com for further information.

Past Illinois Funds performance does not guarantee future performance. Standard & Poor's Fund Ratings represent an opinion only, not a recommendation to buy or sell. Information in the Market Perspective was obtained from sources considered reliable. Their accuracy or completeness is not guaranteed. Opinions expressed are subject to change without notice.

Safety, Liquidity and Yield

Illinois Funds yields for the period ending 6/30/07

Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	$5,715
Monthly Investment Earnings (in 1000's)	$23,818
7 Day Yield*	4.84%
7 Day Effective Yield*	4.95%
One Month Yield*	5.01%
One Month Effective Yield*	5.13%
Net Asset Value (per share)	$1.00
Weighted Average Maturity	4

*Yield Net of Fees

Prime Fund (7-day Liquidity) after 30-day minimum term

Net Portfolio Assets (in millions)	$1,370
Monthly Investment Earnings (in 1000's)	$5,745
7 Day Yield*	5.25%
7 Day Effective Yield*	5.38%
One Month Yield*	5.23%
One Month Effective Yield*	5.36%
Net Asset Value (per share)	$1.00
Weighted Average Maturity	16

*Yield Net of Fees

Monthly Public Sector Rate Comparison

The Illinois Funds, MMF	5.01%	The Illinois Funds, Prime	5.23%
S&P Govt Inv Pool-Govt Fund Index	5.05%	S&P Govt Inv Pool-Taxable Funds Index	5.14%
IL School Dist Liquid Asset	4.88%	IL School Dist Liquid Asset Max	5.02%
3 Month Treasury Bill	4.73%	3 Month Treasury Bill	4.73%
6 Month Treasury Bill	4.94%	6 Month Treasury Bill	4.94%

Monthly Private Sector Rate Comparison

The Illinois Funds, MMF	5.01%	The Illinois Funds, Prime	5.23%
IMoneynet™ - Govt. Institutional	4.79%	Federated Govt Obligations	5.13%
Fidelity - 695 Treas Fund	4.95%	Fidelity - 57 Govt Fund	5.15%
Goldman Fin Sq Treas Fund - 468	4.96%	Goldman Fin Sq Govt Fund - 465	5.15%
30 Day Time Deposit	4.94%	90 Day Time Deposit	4.98%

FUND COMPOSITIONS

Money Market Fund

93.7% - Repurchase Agreements
4.9% - Money Market Funds
1.4% - Certificates of Deposit
0.0% - Treasury Bills
0.0% - Treasury Notes

Prime Fund

63.9% - Repurchase Agreements
2.2% - Certificates of Deposit
4.4% - US Government Agencies
0.8% - Money Market Funds
28.7% - Commercial Paper

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