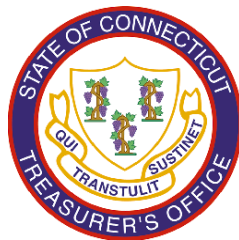


STATE OF CONNECTICUT OFFICE OF THE TREASURER

2005

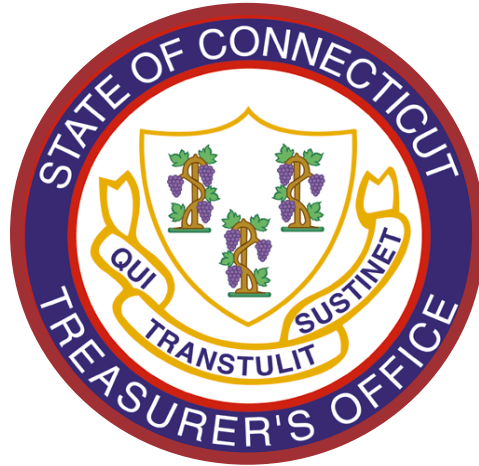


COMBINED INVESTMENT FUNDS COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2005

STATE OF CONNECTICUT

Office of the State Treasurer



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

COMBINED INVESTMENT FUNDS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2005

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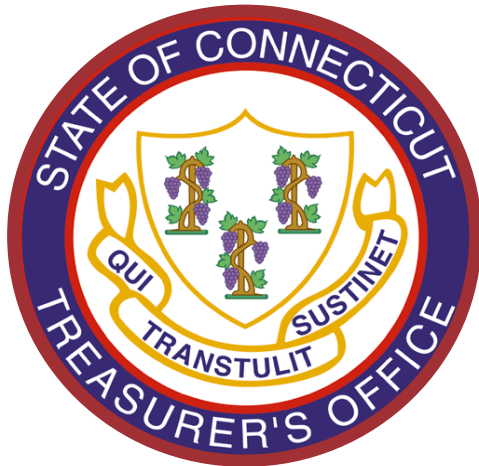
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Introductory Section





State of Connecticut
Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

December 28, 2005

To the State of Connecticut
Combined Investment Funds
Fellow Beneficiaries

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) for the State of Connecticut Combined Investment Funds (CIF) for the fiscal year ended June 30, 2005.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Office of the Treasurer. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of CIF.

The Combined Investment Funds managed by the Treasurer of the State of Connecticut were established pursuant to Connecticut General Statutes Section 3-31b to provide a means for investing pension and other trust fund assets entrusted to the Treasurer in a variety of investment classes. The Funds are separate legally defined open-end portfolios consisting of the Cash Reserve Fund, Mutual Equity Fund, Mutual Fixed Income Fund, International Stock Fund, Real Estate Fund, Commercial Mortgage Fund, and the Private Investment Fund.

The units of the Funds are owned by six pension funds which include the Teachers' Retirement Fund, State Employees' Retirement Fund, Connecticut Municipal Employees' Retirement Fund, State Judges' Retirement Fund, Probate Court Retirement Fund, and State's Attorney Retirement Fund, and eight trust funds which include the Soldiers' Sailors' & Marines' Fund, Police and Fireman' Survivors' Benefit Fund, Connecticut Arts Endowment Fund, School Fund, Ida Eaton Cotton Fund, Hopemead Fund, Andrew C. Clark Fund, and the Agricultural College Fund.

The 2005 Comprehensive Financial Report is presented in four sections.

- ◆ Introductory Section contains this letter of transmittal, Management's Report, and identification of the Fund's administrative organization.
- ◆ Financial Section contains the opinion of the independent auditors, management's discussion & analysis (MD&A), and basic financial statements.
- ◆ The Investment Section contains investment information and a list of investments.
- ◆ The Statistical Section contains tables of significant data pertaining to the Fund.

Management's Discussion and Analysis

The MD&A beginning on page 17 provides an overview and analysis of the Funds basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with

LETTER FROM THE TREASURER

it. We are confident that the data is presented in a manner that fairly reflects the financial position and results of operations as measured by the financial activity of the fund. To this end, audited financial statements and all disclosures necessary to enable the reader to gain an understanding of the Combined Investment Funds financial activity have been included herein for your review.

Economic Condition and Outlook

The economic condition of the Funds is based primarily upon investment earnings. A comparative analysis of rates of return is presented on page 45 of this report. For the fiscal year ended June 30, 2005, the Funds achieved a positive return of 10.46%, net of all management fees and expenses, representing net investment income from operations of \$2.05 billion. Returns were positive in all Funds investment classes despite higher market volatility as a result of rising oil prices and interest rates. At the close of fiscal year 2005, the Funds net assets were \$21.30 billion, an increase of \$1.11 billion from the previous year after deducting payments for pension benefits and monies withdrawn by participants from operating income earned this year.

Financial Information

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures. Discussion and analysis of net assets and related additions and deductions is presented in the MD&A beginning on page 17.

As principal fiduciary of the Combined Investment Funds, I am authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The Office of the Treasurer and the State's Investment Advisory Council (IAC) developed a comprehensive Investment Policy Statement (IPS) that provides policy guidelines for the Funds investments and includes an asset allocation plan, which governs Fund investments today. The asset allocation plan's main objective is to maximize 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 the Understanding Investment Performance discussion on page 106.)

The target investment portfolio mix at fair value as of the end of the 2005 fiscal year was 36% U.S. equity, 18% international equity, 5% equity commercial real estate, 30% U.S. fixed income, and 11% alternative investments. The Funds investment outlook is long-term allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category.

The Funds are externally managed, primarily with registered investment advisors selected on a competitive basis based on professional reputation, experience and performance. Investments are stated at fair value for each of the funds and the investments of the Cash Reserve Fund are valued at amortized cost that approximates fair value.

Independent Audit

In this report, you will find a level of disclosure consistent with the highest standards of financial reporting in conformity with generally accepted accounting principles (GAAP). The State of Connecticut's independent Auditors' of Public Accounts conducted an annual audit of this Comprehensive Annual Financial Report in accordance with generally accepted auditing standards. The auditors' report on the basic financial statements is included in the Financial Section of this report.

LETTER FROM THE TREASURER

Awards

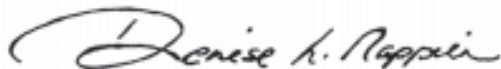
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Fund a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004.

The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

Requests for Information

This financial report is designed to provide a general overview of the State of Connecticut Office of the Treasurer Combined Investment Funds activities for all those with an interest in the Funds investment activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 55 Elm Street, Hartford, Connecticut 06106-1773, and telephone (860) 702-3000. Copies of the comprehensive annual financial report will also be available on the Internet at www.state.ct.us/ott.

Sincerely,



Denise L. Nappier
Treasurer
State of Connecticut



State of Connecticut
Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

October 14, 2005

To the State of Connecticut
Combined Investment Funds
Fellow Beneficiaries

This report was prepared by the Office of the Treasurer, which is responsible for the accuracy of the data, the completeness and fairness of the presentation and all disclosures. We present the financial statements and data as being accurate in all material respects and prepared in conformity with generally accepted accounting principles and 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 Combined Investment Funds Comprehensive Annual Financial Report make evident the State of Connecticut Office of the Treasurer support of the safe custody and conscientious stewardship of the State's property and money held by the State.

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 presents fairly the financial condition and results of operations of the funds that follow.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Rifkin", with a long horizontal flourish extending to the right.

Howard G. Rifkin
Deputy Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Connecticut State
Treasurer's Combined Investment
Funds

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emery

Executive Director

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.

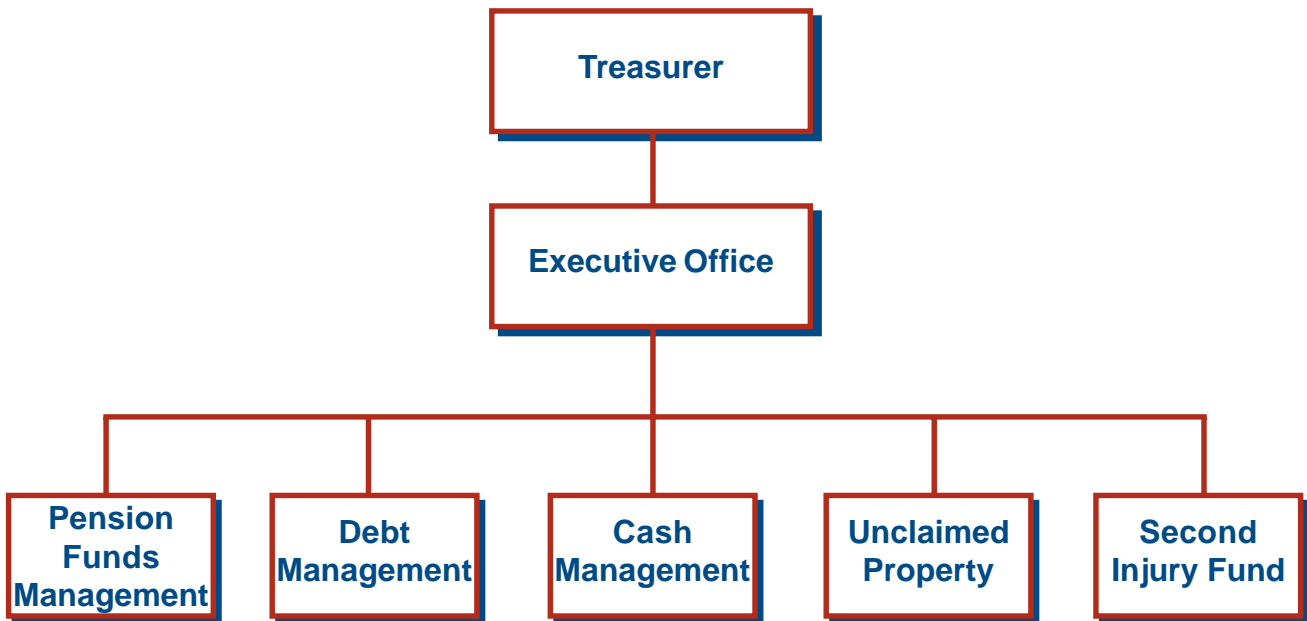
Statutory Responsibility

The Office of the Treasurer was established following the adoption of the fundamental orders of Connecticut in 1638. The duties, as described in Article Fourth, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes, the Treasurer shall receive all funds belonging to the state and disburse the same only as may be directed by law.

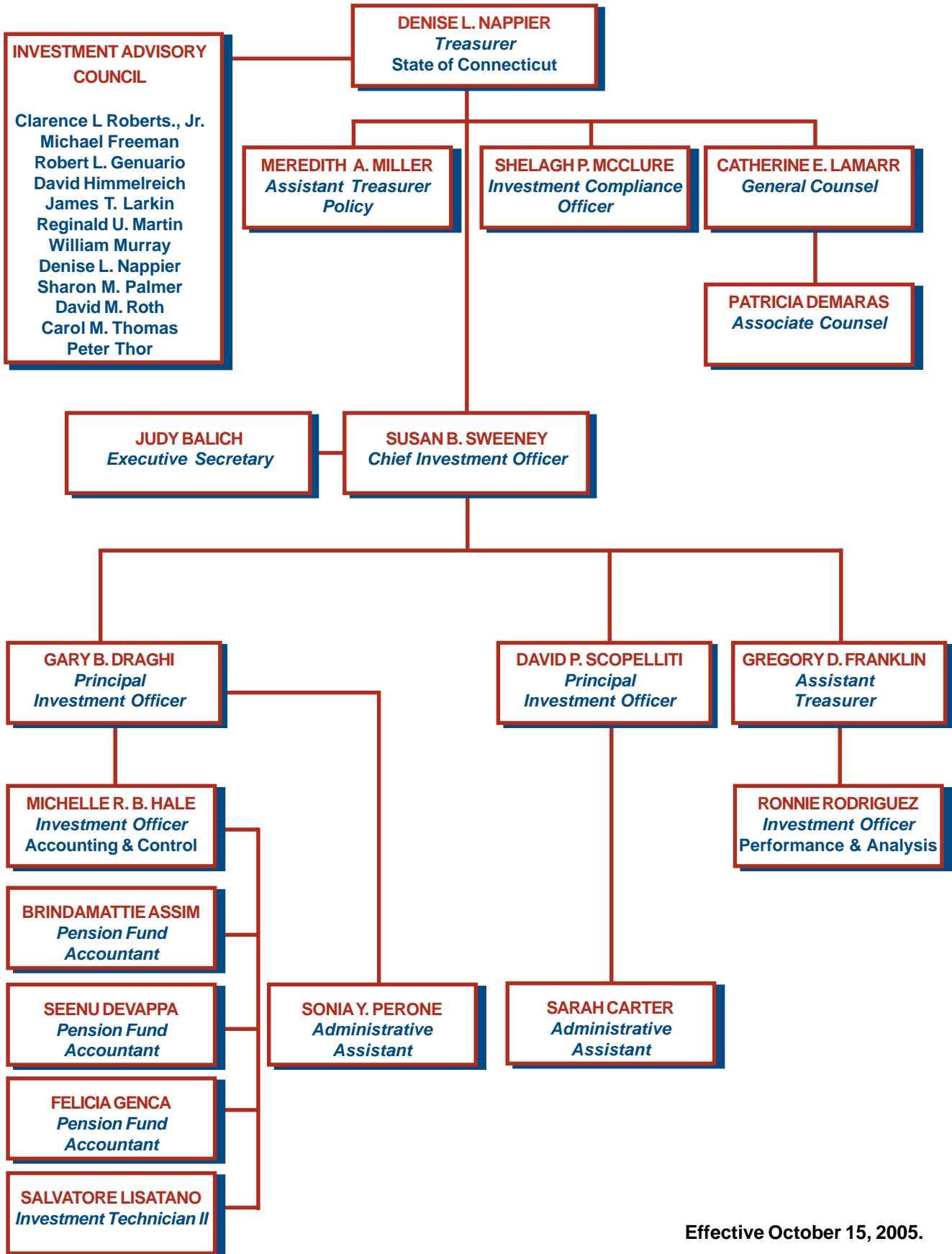
The Treasurer is the Chief Fiscal Officer for the State government, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. This includes the administration of a portfolio of pension assets worth more than \$21 billion and a short-term investment fund of over \$4 billion.

Public Service

The Office of the Treasurer includes an Executive Office as well as five distinct divisions, each with specific responsibilities: Pension Funds Management, Cash Management, Debt Management, Unclaimed Property, and the Second Injury Fund.



COMBINED INVESTMENT FUNDS ADMINISTRATION



Effective October 15, 2005.

LIST OF PRINCIPAL OFFICIALS

COMBINED INVESTMENT FUNDS

**55 Elm Street
6th Floor
Hartford, CT. 06106-2773
Telephone: (860) 702-3155
Facsimile: (860) 702-3042
World Wide Web:
www.state.ct.us/ott**

**Treasurer, State of Connecticut
DENISE L. NAPPIER (860) 702-3010**

**Deputy Treasurer, State of Connecticut
HOWARD G. RIFKIN (860) 702-3292**

**General Counsel
CATHERINE E. LAMARR (860) 702-3018**

**Assistant Treasurer - Policy
MEREDITH A. MILLER (860) 702-3294**

**Chief Investment Officer
SUSAN B. SWEENEY (860) 702-3229**

**Assistant Treasurer
GREGORY D. FRANKLIN, CFA (860) 702-3162**

**Principal Investment Officer
GARY B. DRAGHI, CFA, CPA (860) 702-3160**

**Principal Investment Officer
DAVID P. SCOPELLITI (860) 702-3177**

**Investment Officer
RONNIE RODRIGUEZ (860) 702-3167**

**Investment Officer
MICHELLE R. B. HALE, CPA (860) 702-3275**

**Investment Compliance Officer
SHELAGH P. MCCLURE (860) 702-3280**

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of The State Treasurer and 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, and three representatives of the teachers' unions and two representatives of the state employees' unions (CGS Sec. 3-13b).

As enacted in Public Act 00-43, the IAC annually reviews the Investment Policy (IPS) Statement recommended by the Treasurer which includes an outline of the standards governing investment of trust funds by the Treasurer. The IPS includes, with respect to each 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 manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services who shall include, but not be limited to, investment advisors, external 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 current IPS was adopted by the Treasurer and approved by the IAC in March 2002 and subsequently in January 2003, the IAC approved the Treasurer's adopted guidelines for the Mutual Fixed Income Fund.

All trust fund investments by the State Treasurer shall be reviewed by the Investment Advisory Council along with all information regarding such investments provided to the council 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 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 trust funds or breakdowns in the safekeeping of trust funds 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 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 2005 include:

CLARENCE L. ROBERTS, JR., Chairman, as appointed by the Governor, Former Assistant Treasurer, Unilever United States, Inc. (Retired)

MICHAEL FREEMAN, Representative of State Teachers' unions, Teacher, Stonington High School.

ROBERT L. GENUARIO, Secretary, State Office of Policy and Management (Ex-officio member) (effective January 2005).

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

JAMES T. LARKIN, President, Global Strategy Advisors

REGINALD U. MARTIN, Managing Partner, Insurance Planning Associates.

WILLIAM MURRAY, Representative of State Teachers' unions, NEA, Danbury

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

SHARON M. PALMER, Representative of State Teachers' unions, President, AFT Connecticut.

DAVID M. ROTH, Principal and Managing Director, WLD Enterprises, Inc.

MARC S. RYAN, Secretary, State Office of Policy and Management (Ex-officio member) (retired December 2004).

CAROL M. THOMAS, Representative of State Employees' unions, State Department of Mental Retardation.

PETER THOR, Representative of State Employees' unions, Coordinator, Policy & Planning, AFSCME Council 4.

LIST OF EXTERNAL ADVISORS

INVESTMENT CONSULTANTS

Alignment Capital Management - Austin, Texas
Callan Associates - San Francisco, California
CRA RogersCasey - Darien, Connecticut
Franklin Park Associates - Conshohocken, Pennsylvania
FTI Consulting Inc. - New York, New York
Greystone Capital Management - Hartford, Connecticut
Invesco Private Capital - Denver, Colorado
Pension Consulting Alliance - Portland, Oregon

MASTER CUSTODIAN

State Street Bank and Trust Co. - Boston, Massachusetts

AUDITORS

Auditors of Public Accounts - Hartford, Connecticut

INVESTMENT ADVISORS

CASH RESERVE ACCOUNT

State Street Global Advisors - Boston, Massachusetts

MUTUAL EQUITY FUND (MEF)

Large Cap

BGI Barclays Global Investors, N.A. - San Francisco, California
State Street Global Advisors - Boston, Massachusetts

Small/Mid Cap Passive Enhance

AXA Rosenberg Investment Management - Orinda, California
SSB CitiGroup (The Travelers) - Stamford, Connecticut

Small/Mid Cap Active

Brown Capital Management, Inc. - Baltimore, Maryland
TCW Cowen Asset Management - New York, New York

INTERNATIONAL STOCK FUND

Index

State Street Global Advisors - Boston, Massachusetts

Core

Invesco Global Asset Management - Denver, Colorado
Morgan Stanley Asset Management - New York, New York

Active - Growth

Clay Finlay, Inc. - New York, New York
MFS Institutional Advisors, Inc. - Boston, Massachusetts

Active - Value

Grantham, Mayo, Van Otterloo & Co. - Boston, Massachusetts

LIST OF EXTERNAL ADVISORS

Small Cap

Morgan Stanley Asset Management - New York, New York
Schroder Investment Management - New York, New York

Emerging

Emerging Markets Management - Arlington, Virginia
Grantham, Mayo, Van Otterloo & Co. - Boston, Massachusetts

Risk Controlled

Fidelity Management Trust Co. - Boston, Massachusetts
Merrill Lynch Investment Managers - Plainsboro, New Jersey

REAL ESTATE FUND (REF)

AEW Capital Management - Boston, Massachusetts
Apollo Real Estate Investment Fund - New York, New York
Canyon Johnson Urban Funds - Beverly Hills, California
Cigna Realty Investors - Hartford, Connecticut
New Boston Fund - Boston, Massachusetts
RLJ Urban Lodging Fund - Bethesda, Maryland
RMK Timberland - Birmingham, Alabama
Rockwood Capital - Greenwich, Connecticut
Walton Street Real Estate Fund II - Chicago, Illinois
Westport Senior Living Fund – Palm Beach Gardens, Florida

MUTUAL FIXED INCOME FUND (MFIF)

Core

BlackRock Financial Management, Inc. - New York, New York
Phoenix Investment Counsel - Hartford, Connecticut
State Street Global Advisors - Boston, Massachusetts
Wellington - Boston, Massachusetts
Western Asset Management - Pasadena, California

High Yield

Loomis Sayles & Co., Inc. - Boston, Massachusetts
Oaktree Capital Management, L.L.C. - Los Angeles, California
W.R. Huff Asset Management - Morristown, New Jersey

Emerging Market Debt

Ashmore Emerging Markets Debt Fund - London, England

Inflation Linked Bonds

Brown Brothers Harriman - New York, New York
Hartford Investment Management Company - Hartford, Connecticut

COMMERCIAL MORTGAGE FUND (CMF)

AEW Capital Management, LP - Boston, Massachusetts

PRIVATE INVESTMENT FUND (PIF)

Corporate Buyouts

AIG Healthcare Partners LP - New York, New York
Blackstone Capital Partners III - New York, New York
Charterhouse Equity Partners IV - New York, New York

LIST OF EXTERNAL ADVISORS

DLJ Merchant Banking Fund II- New York, New York
Forstmann Little Equity Fund VI- New York, New York
FS Equity Partners V - Los Angeles, California
Green Equity Investors III – Los Angeles, California
Hicks Muse Tate & Furst Equity Fund III - Dallas, Texas
Kelso Investment Associates VI - New York, New York
KKR 1996 Fund - New York, New York
KKR Millenium Fund - New York, New York
SCP Private Equity Partners - Wayne, Pennsylvania
Thayer Equity Investors IV – Washington D.C.
Thomas H. Lee Equity Fund IV - Boston, Massachusetts
Veritas Capital Fund- New York, New York
Wellspring Capital Partners II - New York, New York
Wellspring Capital Partners III - New York, New York
Welsh, Carson, Anderson & Stowe VIII – New York, New York

Venture Capital

Connecticut Futures Fund - Westport, Connecticut
Conning Capital Partners V - Hartford, Connecticut
Crescendo III – Minneapolis, Minnesota
Crescendo World Fund – Minneapolis, Minnesota
Grotech Partners V - Timonium, Maryland
Pioneer Ventures Associates - Windsor, Connecticut
RFE Investment Partners VI - New Canaan, Connecticut
Shawmut Equity Partners - Boston, Massachusetts

Mezzanine

GarMark Partners – Stamford, Connecticut
SW Pelham Fund - Hartford, Connecticut
SW Pelham Fund II LP - Hartford, Connecticut

International

AIG Global Emerging Markets Fund - New York, New York
Carlyle Asia Partners– Washington D.C.
Carlyle Europe Partners– Washington D.C.
Compass European Partners – New York, New York
Gilbert Global Equity Partners - Tacoma, Washington

Fund of Funds

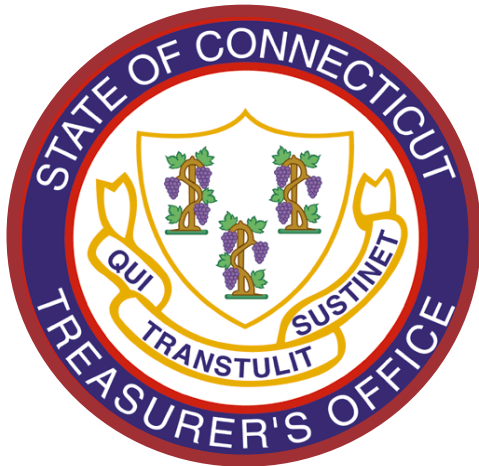
Fairview Constitution II LP - Farmington, Connecticut
Goldman Sachs Private Equity Fund - New York, New York
Landmark Private Equity Fund VIII – Simsbury, Connecticut
Lexington Capital Partners II - New York, New York
Parish Capital I LLP - Chapel Hill, North Carolina
The Constitution Liquidating Fund - Farmington, Connecticut

Special Situations

Forstmann Little MBO VII - New York, New York
Greenwich Street Capital Partners II – New York, New York
KPS Special Situations Fund - New York, New York
Welsh, Carson, Anderson & Stowe Capital Partners III - New York, New York

Financial

Section



INDEPENDENT AUDITOR'S REPORT
STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net assets of the Combined Investment Funds as of June 30, 2005, and the statement of changes in net assets for the fiscal years ended June 30, 2005, and 2004. These financial statements are the responsibility of the management of the State Treasury. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

Our procedures included confirmation of securities owned as of June 30, 2005, by correspondence with the custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Combined Investment Funds as of June 30, 2005, and the results of their operations and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1B, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund and the Private Investment Fund are estimated by investment advisors in the absence of readily ascertainable market values, and reviewed and adjusted, when appropriate, by the State Treasurer. The fair value of most of the assets of the Real Estate Fund and the Private Investment Fund are presented at the cash adjusted fair values, which utilize the investment advisors' March 31, 2005, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of 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 investments existed, and the differences could be material.


INDEPENDENT AUDITOR'S REPORT

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds taken as a whole. The Combined Investment Funds Statement of Net Assets, Statements of Changes in Net Assets, Total Net Asset Value by Pension Plans and Trusts and the Statements of Investment Activity by Pension Plan and by Trust, contained within the Statistical Section of this document, are presented for purposes of additional analysis and are not a required part of the financial statements of the Combined Investment Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Combined Investment Funds and, in our opinion, is fairly presented in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it.

This opinion is being issued for inclusion in an annual report for the State Treasurer's Combined Investment Funds for the fiscal year ended June 30, 2005. Other information contained within the Statistical Section and the Investment and Introductory Sections of this document has not been audited.



Kevin P. Johnston
Auditor of Public Accounts



Robert G. Jaekle
Auditor of Public Accounts

December 15, 2005
State Capitol
Hartford, Connecticut

This section presents *Management's Discussion and Analysis (MD&A)* of the Comprehensive Annual Financial Report (CAFR) of the State of Connecticut's Office of the Treasurer Combined Investment Funds (CIF) financial position and performance for the fiscal year ended June 30, 2005. It is presented as a narrative overview and analysis. Management of the State of Connecticut's Office of the Treasurer encourage readers to review it in conjunction with the transmittal letter included in the Introductory Section at the front of this report and the financial statements in the Financial Section that follow.

The Combined Investment Funds serve as an investment vehicle for the six State pension plans and eight trust funds collectively known as the Connecticut Retirement Plans and Trust Funds. The CIF financial statements reported by the Treasurer's Office for which the Treasurer has fiduciary responsibility for the investment thereof begin on page 20 and provide detailed information about individual funds.

The funds are separate legally defined funds which have been established by the Treasurer and the units of the funds are owned by the pension and trusts funds which include the Teachers' Retirement Fund, State Employees' Retirement Fund, Connecticut Municipal Employees' Retirement Fund, Soldiers' Sailors' & Marines' Fund, Police and Firemen Survivors' Benefit Fund, Connecticut Arts Endowment Fund, School Fund, Ida Eaton Cotton Fund, Hopemead Fund, Andrew C. Clark Fund, and the Agricultural College Fund. This financial information is included in the activities of the State of Connecticut's Fund Financial Statements as presented in the Comprehensive Annual Financial Report of the State of Connecticut prepared by the State Comptroller.

FINANCIAL HIGHLIGHTS & ANALYSIS OF THE FUNDS

The Combined Investment Funds represent the pension funds of the State teachers, State and municipal employees, as well as non-retirement trust funds that support academic programs, grants and initiatives throughout the State and is managed for the sole benefit of the participants and CIF investments range in investment diversity from domestic and international stocks to fixed income, real estate and private investment equity. Investments of the pension plans and trust funds are combined in a commingled investment pool as authorized by state statute. Each pension plan and trust fund owns an equity position in the CIF and receives proportionate investment income from the CIF in accordance with each respective ownership percentage. Each pension plan and trust fund's allocated share of each type of investment in the CIF is shown in the Statement of Investment Activity of each respective pension plan and trust fund on pages 85 to 91. Investment gains or losses are also reported in the Statement of Investment Activity of each pensions plan and trust. The Market Value per share is therefore approximately the same for each of the pension plans and trust funds investments in the CIF.

Net Assets – The net assets of the Combined Investment Funds at the close of the fiscal year were \$21.3 billion, an increase of \$1.1 billion from the previous year. The change in net assets resulted from net investment income from operations of \$2.0 billion partly offset by cash outflows of \$0.9 billion to make payments to beneficiaries of the Connecticut Retirement Plans and Trust Funds.

Operating Income – Favorable performance results achieved a positive return of 10.46%, net of all management fees and expenses, compared to a return of 15.23%, net of all expenses for the previous fiscal year. Returns were positive in all the Funds investment classes in fiscal year 2005 despite higher market volatility as a result of higher oil prices and rising interest rates.

The Funds annual total return, net of expenses, of 10.46% exceeded its benchmark by 44 basis points as measured against the total funds benchmark, a hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Office of the Treasurer's Combined Investment Funds basic financial statements, which are comprised of: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets and 3) Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Assets and the Statement of Changes in Net Assets are two financial statements that report information about the Combined Investment Funds as a whole, and about its activities that should help answer this question: Are the Combined Investment Funds, as a whole, performing better or worse 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 Assets (page 20) presents all of the Combined Investment Funds assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the Combined Investment Funds financial position is improving or deteriorating.

Net Assets held in trust for Participants

A summary of the net assets held in trust for participants is presented below.

Condensed Statement of Net Assets Fiscal Year Ended June 30,

	2005	2004	Increase / (Decrease)	
			Amount	%
Assets				
Investments at Fair Value	\$21,573,264,617	\$20,650,115,902	\$923,148,715	4.6%
Cash, Receivables and Other	<u>12,212,742,445</u>	<u>10,456,439,700</u>	<u>1,756,302,745</u>	<u>8.7%</u>
Total Assets	33,786,007,062	31,106,555,602	2,679,451,460	13.3%
Liabilities	<u>(12,486,857,460)</u>	<u>(10,917,165,822)</u>	<u>(1,569,691,638)</u>	<u>(7.8)%</u>
Net Assets	<u>\$21,299,149,602</u>	<u>\$20,189,389,780</u>	<u>\$1,109,759,822</u>	<u>5.5%</u>

The Summary of Operations below presents information on investment income and expenses and net increase in fair value of investments. Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments.

Summary of Operations Fiscal Year Ended June 30,

	2005	2004	Increase / (Decrease)	
			Amount	%
Dividends	\$500,239,842	\$607,529,263	\$(107,289,421)	(3.9)%
Interest	302,052,601	303,029,185	(976,584)	(0.0)%
Securities Lending & Other Income	<u>76,019,172</u>	<u>52,765,857</u>	<u>23,253,315</u>	<u>0.8%</u>
Total Investment Income	878,311,615	963,324,305	(85,012,690)	(3.1)%
Total Investment Expenses	<u>114,802,355</u>	<u>65,812,675</u>	<u>(48,989,680)</u>	<u>(1.8)%</u>
Net Investment Income	763,509,260	897,511,630	(134,002,370)	(4.9)%
Net Realized Gain/(Loss)	698,664,153	880,979,032	(182,314,879)	(6.7)%
Net Change in Unrealized Gains on Investments	<u>591,155,103</u>	<u>936,915,624</u>	<u>(345,760,521)</u>	<u>(12.7)%</u>
Net Increase in Net Assets Resulting From Operations	<u>\$2,053,328,516</u>	<u>\$2,715,406,286</u>	<u>\$(662,077,770)</u>	<u>(24.3)%</u>

The Statement of Changes in Net Assets (pages 21 and 22) presents information showing how the Combined Investment Fund's 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 occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. security lending rebates and dividend and interest income).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Changes in Net Assets Fiscal Year Ended June 30,

	2005	2004	Increase / (Decrease) Amount
Additions (Deductions) in Net Assets From			
Operations	\$2,053,328,516	\$2,715,406,286	\$(662,077,770)
Distributions of income to unit owners	(859,641,755)	(816,130,191)	(43,511,564)
Purchase of units by participants	1,632,323,184	2,889,513,843	(1,257,190,659)
Redemption of units by participants	<u>(1,716,250,119)</u>	<u>(2,899,805,226)</u>	<u>1,183,555,107</u>
Total Increase in Net Assets	<u>\$1,109,759,826</u>	<u>\$1,888,984,712</u>	<u>\$(779,224,886)</u>

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Combined Investment Fund's financial statements. The notes can be found on pages 23 through 34 of this report.

ECONOMIC CONDITIONS AND OUTLOOK

For the fiscal year 2005, investment markets were strong and while returns were positive, market volatility was high. In the U.S. equity markets, high oil prices, rising interest rates, and the financial troubles within the auto sector contributed to high market volatility. The U.S. economy grew approximately 3.4%, helped by a booming housing market and rising corporate profits. The unemployment rate was 5.0% as of June 30, 2005, compared to the 5.6% rate at the beginning of the fiscal year.

In response to the increasing health of the U.S. economy and the end of the Federal Open Market Committee's (FOMC) fear of a deflationary economic environment, the Fed raised the Funds Rate on the last day of the 2004 fiscal year by 25 basis points (BP), to 1.25. Since then, the FOMC has increased the Fed Funds Rate at each successive meeting to 3.25 percent as of June 30, 2005, a tightening of 200 basis points since the start of the fiscal year.

Fiscal Year 2006 began with an optimistic view of the economy despite high energy prices, as spending, business growth and housing continued the forward momentum seen in the previous year. The Fed will likely continue to increase short-term interest rates in the near term to keep inflation contained. Although core inflation has been relatively low in recent months, the Fed's Open Market Committee believes that pressures on inflation have stayed elevated. After a notable improvement in the economy over the past year, the state's economy in fiscal year 2006 will also benefit from higher household net worth and strong corporate earnings due to improved consumer spending, business investment and increased job creation. Yet, higher energy costs, rising inflation, consumer debt, and weakness in job growth could potentially affect the state's and the national economic recovery.

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:

Connecticut State Treasury
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.state.ct.us/ott

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF NET ASSETS
JUNE 30, 2005**

	<u>TOTAL</u>
ASSETS	
Investments in Securities, at Fair Value	
Cash Equivalents	\$ 708,309,597
Asset Backed Securities	550,401,439
Government Securities	1,694,411,378
Government Agency Securities	1,391,637,374
Mortgage Backed Securities	683,403,901
Corporate Debt	2,227,231,261
Convertible Securities	33,213,522
Common Stock	12,080,218,637
Preferred Stock	77,335,950
Real Estate Investment Trust	117,111,777
Mutual Fund	327,370,192
Limited Liability Corporation	16,963,641
Trusts	52,612,985
Limited Partnerships	1,612,794,154
Annuities	248,809
Total Investments in Securities, at Fair Value	<u>21,573,264,617</u>
Cash	21,757,836
Receivables	
Foreign Exchange Contracts	9,101,560,782
Interest Receivable	72,576,788
Dividends Receivable	17,338,659
Due from Brokers	437,500,208
Foreign Taxes	2,754,435
Securities Lending Receivable	1,014,733
Reserve for Doubtful Receivables	(7,508,342)
Total Receivables	<u>9,625,237,263</u>
Invested Securities Lending Collateral	2,563,149,382
Other Funds on Deposit	-
Prepaid Expenses	2,597,964
Total Assets	<u><u>33,786,007,062</u></u>
LIABILITIES	
Payables	
Foreign Exchange Contracts	9,002,523,832
Due to Brokers	893,476,575
Income Distribution	1,035,529
Total Payables	<u>9,897,035,936</u>
Securities Lending Collateral	2,563,149,382
Accrued Expenses	26,672,142
Total Liabilities	<u><u>12,486,857,460</u></u>
NET ASSETS	<u><u>\$ 21,299,149,602</u></u>

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

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

OPERATIONS	TOTAL
Investment Income	
Dividends	\$ 500,239,842
Interest	302,052,601
Other Income	17,941,401
Securities Lending	58,077,771
Total Investment Income	<u>878,311,615</u>
Investment Expenses	
Investment Advisory Fees	56,704,256
Salary and Fringe Benefits	2,679,648
Custody and Transfer Agent Fees	1,907,792
Professional Fees	3,217,508
Security Lending Fees	2,941,450
Security Lending Rebates	47,351,701
Investment Expenses	-
Total Investment Expenses	<u>114,802,355</u>
Net Investment Income	763,509,260
Net Realized Gain (Loss)	698,664,153
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	<u>591,155,103</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	2,053,328,516
Unit Transactions	
Purchase of Units by Participants	1,632,323,184
TOTAL ADDITIONS	<u>3,685,651,700</u>
DEDUCTIONS	
Distributions to Unit Owners:	
Income Distributed	(859,641,755)
Total Distributions	<u>(859,641,755)</u>
Unit Transactions	
Redemption of Units by Participants	(1,716,250,119)
TOTAL DEDUCTIONS	<u>(2,575,891,874)</u>
CHANGE IN NET ASSETS	1,109,759,826
Net Assets- Beginning of Period	<u>20,189,389,776</u>
Net Assets- End of Period	<u>\$ 21,299,149,602</u>

The accompanying notes are an integral part of these financial statements

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

OPERATIONS	<u>TOTAL</u>
Investment Income	
Dividends	\$ 607,529,263
Interest	303,029,185
Other Income	29,512,876
Securities Lending	23,252,981
Total Investment Income	<u>963,324,305</u>
Investment Expenses	
Investment Advisory Fees	38,985,392
Salary and Fringe Benefits	2,256,308
Custody and Transfer Agent Fees	1,414,764
Professional Fees	6,310,197
Security Lending Fees	2,498,875
Security Lending Rebates	14,182,849
Investment Expenses	164,290
Total Investment Expenses	<u>65,812,675</u>
Net Investment Income	897,511,630
Net Realized Gains	880,979,032
Net Change in Unrealized Gains on Investments and Foreign Currency	<u>936,915,624</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	2,715,406,286
Unit Transactions	
Purchase of Units by Participants	2,889,513,843
TOTAL ADDITIONS	<u>5,604,920,129</u>
DEDUCTIONS	
Distributions to Unit Owners:	
Income Distributed to unit owners	(816,130,191)
Total Distributions Paid and Payable	<u>(816,130,191)</u>
Unit Transactions	
Redemption of Units by Participants	(2,899,805,226)
TOTAL DEDUCTIONS	<u>(3,715,935,417)</u>
CHANGE IN NET ASSETS	1,888,984,712
Net Assets	
Beginning of Period	18,300,405,068
End of Period	<u>\$ 20,189,389,780</u>

The accompanying notes are an integral part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Combined Investment Funds (the "Funds") 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 Funds are open-end, unitized portfolios consisting of the Cash Reserve Fund, Mutual Equity Fund, Mutual Fixed Income Fund, International Stock Fund, Real Estate Fund, Commercial Mortgage Fund and the Private Investment Fund. The Funds 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 Funds are owned by these pension and trust funds. For financial reporting purposes of the State of Connecticut, the Funds are considered to be internal investment pools and are not reported in the State's combined financial statements. Instead, each fund type's investment in the fund is reported as "equity in combined investment funds" in the State's combined balance sheet.

The Treasurer, as sole fiduciary of the Funds, 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 Funds 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 Funds in the preparation of their financial statements.

A. NEW PRONOUNCEMENTS

The financial statements and corresponding footnotes include the application of GASB 40, "Deposit and Investment Risk Disclosures." Application is mandated for periods beginning after June 15, 2004. Management believes this presentation provides a more comprehensive and meaningful representation of the funds' risks inherent in deposit and investment transactions.

B. SECURITY VALUATION

Investments are stated at fair value for each of the Funds as described below. For the Commercial Mortgage Fund, the investments listed on the Statement of Net Assets, other than the amounts invested in the Cash Reserve Fund, are shown at fair values provided to the Fund by the investment advisor, and adjusted, when appropriate, by the Treasurer's staff. For the Real Estate and Private Investment Funds, substantially all of the investments, other than those in the Cash Reserve Fund, are shown at values that are estimated by the Treasurer's staff. Such estimations utilize the investment advisors' prior quarter end estimated fair value, plus or minus the appropriate related cash flows as described later in this section. The Treasurer's staff reviews the valuations for all investments in these alternative asset classes (Commercial Mortgage, Real Estate, and Private Investment Funds) 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.

Cash Reserve Fund

Investments are valued at amortized cost, which approximates fair value. Repurchase Agreements held are collateralized at 102 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.

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.

Mutual 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.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The Mutual Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. 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, 2005, the Fund held MBSs of \$628,204,896 and ABSs of \$150,953,023.

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 Assets. 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, 2005 the Fund's holdings had a fair value of \$3.0 million and a cost of \$42.8 million. 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 Mutual Fixed Income Fund are authorized to invest in global fixed income securities.

International Stock Fund

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 Fund's investments, are carried at the cash adjusted fair value. The cash adjusted fair value 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 Real Estate Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter 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. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 2005, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Assets by approximately \$10.7 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Commercial Mortgage Fund

This Fund invests in commercial mortgage loans and mortgage backed securities generally through indirect ownership vehicles such as trusts and corporations. The value of the Fund's interest in these entities is based on the fair value of the underlying commercial loan portfolio or securities held. Fair value for the mortgage portfolio is computed by discounting the expected cash flows of the loans at a rate commensurate with the risk inherent in the loans. The discount rate is determined using the yield on U.S. Treasury securities of comparable remaining maturities plus an appropriate market spread for credit and liquidity risk. The Fund does not record fair values in excess of amounts at which the borrower could settle the obligation, giving effect to any prepayment premiums. In the event that the fair value of the loan collateral, based on an appraisal, is less than the outstanding principal balance, the collateral value is used as fair value. These calculations are performed by the investment advisor and reviewed by Treasury personnel.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships, limited liability companies and securities. The general partner or managing member is the investment advisor and is compensated on a fee basis for management services in addition to its participation in partnership profits and losses. These investments are carried at their cash adjusted fair values. The cash adjusted fair value utilizes the prior quarter 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 Private Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, the estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments of reported cash adjusted values are made to prevent overstatement. At June 30, 2005, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Assets by approximately \$26.2 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment. 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.

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. 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 Operations and the Statement of Changes in Net Assets. 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 Funds' 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 Commercial Mortgage 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 Funds 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 fund 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 funds are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Fees and expenses of the Real Estate Fund are generally recognized when paid, by netting them against dividends received. Each of the funds bears its direct expenses, such as investment advisory fees, and, in addition, each of the funds is allocated a portion of the overhead expenses of the Pension Funds Management

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Division of the Office of the State Treasurer, which services the funds. These expenses include salary and fringe benefit costs and other administrative expenses. Certain of these costs are allocated among the Funds based on relative net asset values. Other costs are charged directly based on the specific duties of personnel.

G. DISTRIBUTIONS

Net investment income earned by the Combined Investment Funds is distributed monthly to the unit owners of the funds, generally in the following month.

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Technical Bulletin No. 2003-1 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 underlying (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, 2005, the funds maintained positions in a variety of such securities that are all reported at fair value on the statement of net assets. The Cash Reserve Fund held adjustable rate and asset-backed securities. The Mutual Fixed Income Fund held CMOs, including IOs, and other asset backed securities, indexed Treasury securities and option contracts. The International Stock and Mutual Fixed Income Funds were invested in foreign exchange contracts and the Commercial Mortgage Fund held CMOs and CMO residuals. The specific nature of these investments is discussed more fully in the accounting policy 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 Assets.

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 funds' credit exposure resulting from such investments is limited to the recorded fair value of the derivative financial instruments.

The Mutual Fixed Income and 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.

I. COMBINATION/ELIMINATION ENTRY

The financial statements depict a full presentation of each of the Combined Investment Funds. However, one of these funds, the Cash Reserve Fund, is owned both directly by the pension plans and trust funds which have accounts in the Fund, and also indirectly because each of the other Combined Investment Funds has an account with the Cash Reserve Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Cash Reserve Fund by the other Combined Investment Funds. The combined presentation totals to the overall net assets owned by the pension plans and trust funds.

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for the Private Investment Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2005:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	\$15,214,028	\$11,753,106	\$2,962,173	\$29,929,307

In addition, realized gains and losses are not reported at the level of the Fund's investment since these relate to realized gains and losses on the underlying securities held by the Funds' investment vehicles. The following is the Fund's share of such net realized gains and losses for the fiscal year ended June 30, 2005:

Private Investment Fund	\$ 164,225,940
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Past practice of partnerships was to distribute realized gains on a consistent basis. Since inception \$6.8 million has not been distributed.

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock on the Statement of Net Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. Realized gains for such transactions for the fiscal year ended June 30, 2005 were \$10,069,297.

The Mutual Fixed Income Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2005 totaled \$820,869.

The International Stock Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2005 totaled \$612,768.

Investment advisory fees incurred for certain investments in the Real Estate Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2005:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	\$1,179,002	\$2,631,929	\$946,826	\$4,757,757

Investment advisory fees for the Cash Reserve, Mutual Equity, Mutual Fixed Income (except as noted above) and International Stock Funds are estimated monthly based on periodic reviews of asset values and performance results. Accordingly, the amounts listed as Investment Advisory Fees on the Statement of Operations represent estimates of annual management fee expenses.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

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 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.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2: CASH, INVESTMENTS AND SECURITIES LENDING

Deposits:

The Funds 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 Funds would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The Funds utilize a Cash Reserve 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, 2005, the reported amount of Funds deposits were \$21,757,836 and the bank balance was \$21,757,836. Of the bank amount, \$21,757,836 was uncollateralized. Through the Securities Lending Program \$2,671,206,648 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Investments:

Pursuant to the Connecticut General Statutes, the Treasurer is the principal fiduciary of the Funds, authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The Funds minimize 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 Funds 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 2005 fiscal year.

The Funds concentration of credit risk, 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. However, there can be no more than 5% of the total portfolio market value invested in other 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	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt	Mutual Fund
Aaa	\$4,088,153,026	\$7,996,643	\$540,415,452	\$1,529,446,988	\$1,345,159,059	\$466,323,019	\$195,305,469	\$3,506,396	\$ -
Aa	553,094,903	50,000,000	-	23,814,151	-	4,256,445	474,887,857	136,450	-
A	304,991,394	-	-	15,537,932	-	2,167,831	286,746,570	539,061	-
Baa	509,602,934	-	8,471,308	54,069,135	-	14,911,476	432,085,136	65,879	-
Ba	291,112,879	-	-	12,305,580	-	16,773,122	261,971,240	62,937	-
B	419,174,781	-	-	32,847,347	-	2,122,796	384,204,638	-	-
Caa	27,240,999	-	-	-	-	6,600,091	9,198,537	11,442,371	-
Ca	78,797,401	-	-	-	-	83,831	78,713,570	-	-
C	122,138	-	-	-	-	122,138	-	-	-
Prime - 1	174,626,293	174,626,293	-	-	-	-	-	-	-
Not Rated	1,065,055,137	475,686,661	1,514,679	26,390,245	46,478,315	170,043,152	104,118,244	17,460,428	223,363,413
	<u>\$7,511,971,885</u>	<u>\$708,309,597</u>	<u>\$550,401,439</u>	<u>\$1,694,411,378</u>	<u>\$1,391,637,374</u>	<u>\$683,403,901</u>	<u>\$2,227,231,261</u>	<u>\$33,213,522</u>	<u>\$223,363,413</u>

The investments in the Private Equity Fund, Real Estate Fund and Commercial Mortgage Fund 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 Cash Reserve, Mutual Equity, Mutual Fixed Income and the International Stock Funds were securities registered under the State Street Bank and Trust Co. nominee name Pondwave & 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 under securities lending arrangements are registered in the master custodian's name and are invested in a fund maintained by the master custodian exclusively for the Funds. 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 master custodian's name, as trustee. When "tri-party" collateral is received,

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

the collateral consists of cash, letters of credit or securities but is held in a commingled pool by a third party master custodian in the Funds' master custodian's name. The breakdown of Securities Lending is as follows:

Investment	Fair Value
Government Securities	\$43,892,446
Government Agency Securities	36,049,315
U.S. Corporate Stock	12,808,420
International Equity	14,154,471
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	380,946,549
Corporate Debt	2,183,355,447
Total	<u>\$2,671,206,648</u>

The following table provides information about the interest rate risks associated with the Funds 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 Lehman Brother Aggregate - an intermediate duration index.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$708,309,597	\$654,141,454	\$54,168,142	\$ -	\$ -
Asset Backed Securities	550,401,439	-	397,157,989	152,552,277	691,173
Government Securities	1,694,411,378	104,220,236	712,475,844	379,632,038	498,083,260
Government Agency Securities	1,391,637,374	339	54,004,156	79,915,891	1,257,716,988
Mortgage Backed Securities	683,403,901	-	14,399,573	58,216,020	610,788,308
Corporate Debt	2,227,231,261	135,452,583	821,914,261	791,800,597	478,063,820
Convertible Debt	33,213,522	2,340,771	12,559,243	16,300,558	2,012,950
Mutual Fund	223,363,413	-	-	65,539,854	157,823,559
Total	<u>\$7,511,971,885</u>	<u>\$896,155,384</u>	<u>\$2,066,679,208</u>	<u>\$1,543,957,235</u>	<u>\$3,005,180,058</u>

Exposure to foreign currency risk results from investment in foreign currency-denominated equity or fixed income securities. As a means of limiting its exposure, the CRPTF utilizes a strategic hedge ratio of 50% for the developed market portion of the International Stock Fund. This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. 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.

Foreign Currency	Total	Cash	Fixed Income Securities			Equities		Real Estate Trust
			Government Securities	Corporate Debt	Convertible Securities	Common Stock	Preferred Stock	
Argentine Peso	\$222,273	\$16,863	\$ -	\$ -	\$ -	\$205,410	\$ -	\$ -
Australian Dollar	133,950,383	1,557,776	-	-	-	132,392,607	-	-
Brazilian Real	49,242,436	58,022	-	3,929,688	-	8,640,859	36,613,867	-
Canadian Dollar	24,627,571	26,978	-	989,447	-	23,611,146	-	-
Chilean Peso	653,262	19,171	-	-	-	398,379	235,712	-
Czech Koruna	469,856	1	-	-	-	469,855	-	-
Danish Krone	35,872,191	381,230	-	-	-	35,490,961	-	-

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Egyptian Pound	1,737,248	538	-	-	-	1,736,710	-	-
Euro Currency	1,195,785,951	4,400,599	5,044,764	2,958,222	62,937	1,171,925,812	11,393,617	-
Hong Kong Dollar	123,836,594	165,559	-	-	-	123,671,035	-	-
Hungarian Forint	369,069	9	-	-	-	369,060	-	-
Indonesian Rupiah	12,110,161	1,074,042	-	-	-	11,036,119	-	-
Israeli Shekel	6,795,405	(5)	-	-	-	6,795,410	-	-
Japanese Yen	821,919,515	5,329,936	-	11,026,795	920,074	804,642,710	-	-
Malaysian Ringgit	28,034,133	12,822	-	-	-	28,021,311	-	-
Mexican Peso	37,768,561	28,834	16,150,230	3,134,176	-	18,455,321	-	-
New Taiwan Dollar	63,459,226	1,347,937	-	-	-	62,111,289	-	-
New Turkish Dollar	16,690,079	-	-	-	-	16,690,079	-	-
New Zealand Dollar	25,618,485	2,399,737	3,018,943	4,885,097	-	15,314,708	-	-
Norwegian Krone	32,967,891	(150,424)	-	-	-	33,118,315	-	-
Pakistan Rupee	624,159	19,322	-	-	-	604,837	-	-
Philippine Peso	4,195,117	45	-	-	-	4,195,072	-	-
Polish Zloty	6,524,265	-	-	-	-	6,524,265	-	-
Pound Sterling	764,486,588	1,230,892	-	10,415,527	-	752,840,169	-	-
Singapore Dollar	56,962,554	388,418	7,480,761	7,125,744	-	41,885,298	-	82,333
South African Rand	64,287,196	84,340	-	5,411	-	64,197,445	-	-
South Korean Won	238,806,983	348,209	-	-	-	212,741,265	25,717,509	-
Swedish Krona	65,294,333	389,637	-	-	-	64,904,696	-	-
Swiss Franc	215,153,858	320,997	-	-	-	214,832,861	-	-
Thailand Baht	27,981,983	11,650	-	10,554,801	-	17,415,532	-	-
Total	\$4,056,447,326	\$19,463,135	\$31,694,698	\$55,024,908	\$983,011	\$3,875,238,536	\$73,960,705	\$82,333

Securities Lending

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

During the period ended June 30, 2005, the master custodian lent, at the direction of the Funds, securities and received cash (in both U.S. and foreign currency), U.S. government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The master custodian 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: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The Funds did not impose any restrictions during the fiscal year on the amount of the loans that the master custodian made on its behalf and the master custodian indemnified the Funds by agreeing to purchase replacement securities, or return the cash collateral thereof 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. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers of the master custodian. During the fiscal year, the Funds and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. On June 30, 2005, the Funds had no credit risk exposure to borrowers. The value of collateral held and the market value of securities on loan for the Funds as of June 30, 2005 were \$ 2,673,731,962 and \$ 2,595,342,505 respectively.

Under ordinary circumstances, the average effective duration of the security lending operations will be managed such that it will not exceed 120 days, or fall below 1 day. Under such ordinary circumstances, the net duration, as defined by the duration of assets less the duration of liabilities, will not exceed 45 days. In the event that the average effective duration does exceed 120 days, or the net duration does exceed 45 days for any 3-day period, the Trustee shall, (i) notify the Funds within 5 business days and (ii) take appropriate action as is reasonable to return an average effective duration below 120 days or a net duration below 45 days. The average effective duration is calculated using the weighted average effective duration of holdings. The average effective duration of the security lending program at June 30, 2005 was 37 days.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

The average effective duration is managed to be within 45 days due to the inability to monitor the weighted average duration of liabilities. The weighted average duration of liabilities is assumed to remain at 1 day.

The fair value of collateral held and the fair value of securities on loan are as follows for the Funds as of June 30, 2005:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	\$ 702,738,591	\$ 679,394,414
International Stock	701,998,505	667,788,924
Mutual Fixed Income	1,274,312,708	1,248,159,167
Total	<u>\$2,679,049,804</u>	<u>\$2,595,342,505</u>

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

Fund	Cash Equivalents	Corporate Debt	Total Investments
Mutual Equity	\$102,130,916	\$ 585,352,702	\$ 687,483,618
International Stock	101,898,990	584,023,441	685,922,431
Mutual Fixed Income	176,916,643	1,013,979,304	1,190,895,947
Total	<u>\$380,946,549</u>	<u>\$2,183,355,447</u>	<u>\$2,564,301,996</u>

These amounts are invested in a pool which is maintained solely on behalf of the Funds, but whose investments are held in the master custodian's name. The above total amounts were included on the Statement of Net Assets in "Invested Securities Lending Collateral".

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2005, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were as follows:

Fund	Purchases	Sales
Mutual Equity	\$ 3,663,024,554	\$ 3,846,490,198
Mutual Fixed Income	20,975,441,623	20,391,363,733
International Stock	2,741,520,825	3,025,603,526
Real Estate	44,737,180	63,952,893
Commercial Mortgage	-	15,220,544
Private Investment	244,640,581	173,534,879

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, 2005, the gross appreciation of investment securities and foreign currency in which there was an excess of fair value over cost, the gross depreciation of investment securities and foreign currency in which there was an excess of cost over fair value and the resulting net appreciation (depreciation) by fund were as follows:

Fund	Gross Appreciation	Gross Depreciation	Net Appreciation (Depreciation)
Mutual Equity	\$1,669,748,674	\$376,553,509	\$1,293,195,165
Mutual Fixed Income	208,270,885	113,275,902	94,994,983
International Stock	875,613,310	90,973,231	784,640,079
Real Estate	96,013,031	6,084,204	89,928,827
Commercial Mortgage	471,256	-	471,256
Private Investment	100,330,952	709,077,714	(608,746,762)

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the International Stock, Mutual Fixed Income, and Private Investment Funds utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' 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 Funds' 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.

At June 30, 2005, the Funds had recorded unrealized gains (losses) from open forward currency contracts as follows:

International Stock Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	\$ 554,815,762	\$ (4,251,504)
Canadian Dollar	18,453,326	526,935
Danish Krone	9,814,246	16,936
Euro Currency	610,481,868	(30,286,660)
Hong Kong Dollar	25,186,076	(5,429)
Japanese Yen	585,946,643	(35,804,317)
Malaysian Ringgit	107,270	(73)
New Zealand Dollar	4,667,552	(71,484)
Norwegian Krone	11,460,901	28,921
Pound Sterling	378,581,505	(24,309,550)
Singapore Dollar	159,057,149	(3,447,546)
South Korean Won	17,337,679	(356,733)
Swedish Krona	68,828,326	(2,147,348)
Swiss Franc	143,589,229	(3,264,870)
Thailand Baht	295,510	(286)
	<u>2,588,623,042</u>	<u>(103,373,008)</u>
Contracts to Sell:		
Australian Dollar	486,698,608	857,780
Canadian Dollar	47,294,391	(1,301,622)
Danish Krone	30,170,480	978,426
Euro Currency	2,397,531,521	88,547,432
Hong Kong Dollar	71,820,718	(57,699)
Indonesian Rupiah	96,211	296
Japanese Yen	1,792,745,174	61,021,186
Malaysian Ringgit	90,659	(60)
New Turkish Lira	27,503	(36)
New Zealand Dollar	16,530,805	378,187
Norwegian Krone	33,293,066	753,566
Pound Sterling	966,637,049	25,643,966
Singapore Dollar	222,212,058	3,792,699
South Korean Won	49,550,311	1,061,251
Swedish Krona	124,992,487	7,162,885
Swiss Franc	340,988,475	13,446,843
	<u>6,580,679,516</u>	<u>202,285,100</u>
Total	<u>\$ 9,169,302,558</u>	<u>\$ 98,912,092</u>

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	\$9,169,302,558	\$ 9,169,302,558	\$ -
Unrealized Gain (Loss)	(103,373,008)	202,285,100	98,912,092
Net	\$9,065,929,550	\$ 8,967,017,458	\$ 98,912,092

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Euro Currency	\$ 3,676,345	\$ 6,935
British Pound	-	(942)
Mexican Peso	1,733,395	21,544
	<u>5,409,740</u>	<u>27,537</u>
Contracts to Sell:		
Euro Currency	13,506,387	39,657
Mexican Peso	7,842,898	(266,784)
New Zealand Dollar	8,844,670	324,448
	<u>30,193,955</u>	<u>97,321</u>
Total	\$ 35,603,695	\$ 124,858

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	\$ 35,603,695	\$ 35,603,695	\$ -
Unrealized Gain (Loss)	27,537	97,321	124,858
Net	\$ 35,631,232	\$ 35,506,374	\$ 124,858

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

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment Fund and the Real Estate Fund have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 2005, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	\$ 726,684,364	\$ 395,145,962	\$ 331,538,402
Private Investment	3,971,172,760	3,129,197,720	841,975,040

NOTE 7: CONTINGENCY

There was no pending or threatened litigation against the Connecticut Retirement Plans and Trust Funds during the fiscal year ending June 30, 2005. In addition a limited partnership in the Private Investment Fund has obtained two writs of summons including one against a former general partner and another against a business associate. This matter is pending in the courts of the Commonwealth of Pennsylvania. Related to the action in the Commonwealth of Pennsylvania, members of the advisory board of the limited partnership in this matter entered into settlement discussions with the partnership's former law firm, having alleged participation by the law firm in the actions leading to apparent losses. In the fall of 2003, following extensive mediation, the parties agreed to settle all claims against the law firm for \$5.8 million, subject to court approval. The settlement was rejected by the trial court and the law firm appealed to the Pennsylvania Court of Common Pleas. The Court of Common Pleas reversed the trial court's decision and remanded the matter to the trial court. On September 12, 2005 the settlement was approved by the court. Settlement Proceeds have been distributed. Additionally, in the course of addressing court approval of the settlement, limited partners learned that information furnished by the defendant law firm, and relied upon by the limited partners in connection with

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

settlement discussions, was materially incomplete in that, among other things, it failed to disclose additional liabilities. The Connecticut Retirement Plans and Trust Funds lead an effort to seek additional compensation for this failure to furnish adequate information. The defendant law firm agreed to pay an additional \$1 million to the partnership. The proceeds have been distributed.

Additionally, another limited partnership in the Private Investment Fund notified the Connecticut Retirement Plans and Trust Funds that it had been named a defendant in a matter pending in California state courts involving the bankruptcy of a portfolio company. The partnership engaged counsel and is defending all claims. The current status of this matter is that all claims against the partnership have been dismissed in California on jurisdictional grounds.

NOTE 8: SUBSEQUENT EVENTS

Subsequent to June 30, 2005, net proceeds of \$36.2 million were received on the sale of one Real Estate Fund investment. The cost basis of this investment at the time of the sale was \$25 million, resulting in a realized gain of \$11.2 million. The proceeds of this sale and the fair value of the investment included on the Statement of Net Assets were substantially the same. This sale was negotiated after June 30, 2005. No adjustments were made to the financial statements.

Also, one of the Private Investment Fund partnerships entered into an Assignment and Liquidation Agreement. Net proceeds received were \$18.5 million including a distribution of four private and public securities. The cost basis of this investment at the time of sale was \$49.9 million, resulting in a realized loss of \$31.4 million. The fair value of this the investment included on the Statement of Net Assets exceeded the sale proceeds by approximately \$6.8 million. This sale was negotiated after June 30, 2005. No adjustments were made to the financial statements.

The investments in the Private Investment Fund are carried at their cash adjusted fair values. On October 7, 2005 one of the Private Investment Fund partnerships submitted an audited financial statement resulting in a reduction of approximately \$2.3 million of value as compared to CRPTF's cash adjusted fair value for the same investment. This amount represents approximately 29% of the individual investment and 0.17% of the Private Investment Fund. No adjustment has been made to these financial statements. Consistent with standard valuation practices this amount will be recorded along with next quarter's market adjustments.

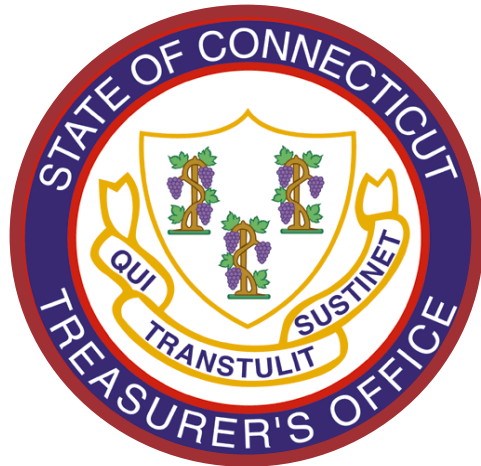
NOTE 9: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2005:

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
Investments, at Cost							
Cash Reserve Fund	\$ -	\$257,237,359	\$692,480,535	\$127,875,996	\$4,872,348	\$336,300	\$101,158,770
Cash Equivalents	700,122,619	-	8,199,288	-	-	-	-
Asset Backed Securities	399,448,416	-	152,377,991	-	-	-	-
Government Securities	13,011,652	-	1,621,617,187	-	-	-	-
Government Agency Securities	55,600,905	-	1,326,807,708	-	-	-	-
Mortgage Backed Securities	54,688,508	-	662,436,692	-	-	510,497	-
Corporate Debt	357,037,496	225	1,817,295,336	-	-	-	-
Convertible Securities	-	-	38,533,959	1,327,829	-	-	-
Common Stock	-	6,642,451,715	31,180,313	3,326,946,823	32,888,836	18,949,745	-
Preferred Stock	-	-	3,110,422	41,982,907	-	-	-
Real Estate Investment Trust	-	92,107,945	2,934,977	477,304	-	-	-
Mutual Fund	-	-	210,194,243	88,934,177	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	52,687,381
Trusts	-	-	-	-	22,442,265	-	-
Limited Partnerships	-	-	-	-	249,550,428	-	1,892,880,409
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	44,871	-	-
Total Investments, at Cost	\$1,579,909,596	\$6,991,797,244	\$6,567,168,651	\$3,587,545,036	\$309,798,748	\$19,796,542	\$2,046,726,560

Investment

Section



2005 pension fund management division

Division Overview

Introduction

As principal fiduciary of six State pension funds and eight trust funds, (known collectively as the “Connecticut Retirement Plans and Trust Funds” or “CRPTF”), the Treasurer is responsible for prudently managing \$21.3 billion of assets on behalf of approximately 160,000 teachers, State and municipal employees, as well as trust funds that support academic programs, grants, and initiatives throughout the State. The Pension Funds Management Division (“PFM” or “the Division”) is responsible for the day-to-day administration of the CRPTF.

Prudent investment management requires properly safeguarding pension assets in order to ensure the retirement security of the beneficiaries. Funding of the pension benefit liability is dependent on investment returns, State contributions and the contribution requirements of eligible retirement plan participants. When pension investment returns exceed the target return, excess returns are applied against the unfunded liability, while investment income returns below the actuarial target return increase the unfunded pension liability and may require an increase in future tax dollar contributions in order to ensure full payment of benefits.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from \$12.2 billion to \$21.3 billion, or 74.7%. The Teachers’ Retirement Fund (“TERF”), with \$11.4 billion of assets under management at June 30, 2005, is the largest participating fund, followed by the State Employees’ Retirement Fund (“SERF”) and the Municipal Employees’ Retirement Fund (“MERF”) with \$8.2 billion and \$1.4 billion of assets, respectively. During the fiscal year ended June 30, 2005, total investment return (comprised of interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses) was approximately \$2.1 billion. (See figure 1-2.)

CRPTF’s asset allocation as of June 30, 2005 is illustrated below:

COMBINED INVESTMENT FUNDS (“CIF”)		
Investment Summary at June 30, 2005		
	Fair Value ⁽¹⁾	% of Total Fund Fair Value
Cash Reserve Account (“CRA”) ⁽²⁾	\$395,948,288	1.84%
Mutual Equity Fund (“MEF”)	8,284,992,409	38.40%
International Stock Fund (“ISF”)	4,372,185,115	20.27%
Real Estate Fund (“REF”)	399,727,575	1.85%
Mutual Fixed Income Fund (“MFIF”)	6,662,163,634	30.88%
Commercial Mortgage Fund (“CMF”)	20,267,798	0.09%
Private Investment Fund (“PIF”)	1,437,979,798	6.67%
Total Fund	\$21,573,264,617	100.00%

(1) “Fair Value” includes securities and cash invested in CRA, 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 CRA. (2) The market value of CRA presented represents the market value of the pension and trust balances in CRA only (excluding receivables and payables); the CRA balances of the other combined investment funds are shown in the market value of each fund.

(2) The market value of CRA presented represents the market value of the pension and trust balances in CRA only (excluding receivables and payables); the CRA balances of the other combined investment funds are shown in the market value of each fund.

Fund Management

Under the supervision of a Chief Investment Officer, the Division executes and manages the investment programs of the pension and trust funds with a thirteen-member professional staff. Additionally, internal resources are augmented by several outside consulting firms that provide research and analytical expertise to the Treasurer, the Chief Investment Officer and Division staff. State Street Bank and Trust, as the custodian of record for the CRPTF, retains physical custody, safeguards plan assets and provides record keeping services under the supervision of PFM staff.

The Treasurer employs external advisors to invest each Fund. Advisors are selected based on asset class expertise, investment performance and style and are expected to comply with the parameters, guidelines, and restrictions set forth in the Investment Policy Statement. As of June 30, 2005, 79 external advisors were employed by the Treasury to invest the pension and trust assets, an increase of nine advisors from June 30, 2004. (See figure 1-5.)

The Division allocates all operating overhead directly to the earnings of the pension and trust fund assets under management. It is therefore incumbent upon the Division to manage assets in a cost-effective manner consistent with maximizing long-term returns.

Investment Policy

One of the immutable principles of investment management is that asset allocation decisions are responsible for as much as 90% of the resulting returns. In April 2002, the Investment Advisory Council approved the Investment Policy Statement ("IPS") including the asset allocation plan, which governs CRPTF investments today. The asset allocation plan's main objective is to maximize 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 the Understanding Investment Performance discussion in the Supplemental Section.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. Likewise, asset allocation is used to minimize risk while seeking a specific level of return. In selecting an asset allocation strategy, there is a careful examination of the expected risk/return tradeoffs, correlation of investment returns, and diversification benefits of the available asset classes (i.e., those not restricted by statute) under different economic scenarios.

As shown in Figure 1-3, the number and complexity of asset classes comprising the asset allocation policy have fluctuated during the last ten years. As of June 30, 2005, multiple asset classes were included in the Investment Policy Statement, including Domestic Equity, International Equity, Fixed Income, Real Estate, and Private Investments.

At fiscal year-end, domestic and international equities comprised the largest asset allocation, at 59%. Equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to allow the Fund both to leverage portfolio returns during highly inflationary or deflationary environments and to mitigate the effects of volatility in the stock market.

To realize the allocations set forth in the asset allocation plan, the Division operates seven Combined Investment Funds ("CIF" or the "Funds") as a series of mutual funds in which the pension and trust funds may invest through the purchase of ownership interests. Each of the Funds is designed to replicate one or more of the six asset classes outlined in the Policy.

Domestic Equity Investments

Management of the Mutual Equity Fund ("MEF") entails pure indexing, enhanced indexing, and active management strategies executed by external managers. Enhanced indexing involves identifying, through market analysis and research, those securities in the index which are most likely to under-perform, and discarding them from the portfolio. This is achieved while maintaining industry weightings consistent with the overall index. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is a particularly appropriate strategy for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies, typically comprising the major market indices.

Within the "small- and mid-cap" sections of the equity markets, active management continues to allow pension funds the opportunity to achieve enhanced returns. Small- and mid-cap securities are issued by companies that are much smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. Conse-

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

quently, the small-cap segment of the U.S. equity market is less efficient. Certain active investment advisors are therefore more likely to outperform the markets over the long term, while earning an acceptable level of return per unit of risk. For performance measurement purposes, the MEF is benchmarked against the Russell 3000 Index.

As currently structured, the MEF replicates the approximate capitalization of the U. S. equity market as a whole with 77% of the portfolio invested in large-cap stocks and 21% in small/mid-cap stocks. Approximately 89% of the entire domestic equity portfolio adheres to an indexing or enhanced indexing strategy.

International Equity Investments

The International Stock Fund ("ISF") consists of a series of externally managed equity portfolios which, in aggregate, are structured to achieve long-term performance consistent with non-U.S. equity markets and add diversification of the total portfolio. Approximately 50% of the ISF is comprised of passive indexing, risk controlled, and core developed markets strategies, all of which entail benchmark sensitive investment management approaches. Mandates for active and small cap developed market strategies represent roughly 23% and 10% of the ISF, respectively, and introduce greater flexibility with regard to benchmark weightings. The currency exposure of the aggregated 83% of the ISF investments in developed markets is managed through a currency hedging overlay strategy. Finally, the ISF targets a 17% exposure to emerging markets.

The ISF's hybrid benchmark is 83% of the Citigroup Europe Pacific Asia Composite Broad Market Index -50%-hedged and 17% of the Morgan Stanley Emerging Markets Free Index.

Fixed Income Investments

The Mutual Fixed Income Fund ("MFIF") serves to reduce volatility of the CRPTF returns under various economic scenarios. Further, the fixed income portfolio provides cashflow to the CRPTF over all economic cycles, through interest payments and bond maturities. The MFIF's target allocation includes passively indexed core fixed income (20%), active core fixed income (50%), inflation-linked bonds (3%), high yield bonds (16%), and emerging markets debt (10%).

The MFIF benchmark is a hybrid comprised of 73% Lehman Brothers Aggregate (LB Aggregate), 17% Citigroup High Yield Market Index, and 10% JP Morgan Emerging Markets Bond Index (JP EMBI+).

Real Estate and Private Equity Investments

The asset allocation for the real estate asset class is 5%, and 11% for private equity. The externally managed Real Estate Fund ("REF") invests in real estate properties and mortgages and is designed to dampen volatility of overall returns through diversification and to provide long-term rates of return similar to the Mutual Equity Fund. The REF will invest in the following types: core investments; value added (investments involving efforts to increase property value through repositioning, development and redevelopment); opportunistic (investments that represent niche opportunities, market inefficiencies, or special purpose markets); and publicly traded (primarily Real Estate Investment Trusts and Real Estate Operating Companies). Leverage within the REF is limited to 50%.

The Private Investment Fund ("PIF") is comprised of externally managed separate accounts or limited partnerships that focus on private equity investments. PIF investments include the following: venture capital funds (focusing on start-ups, early and expansion stage); mezzanine funds (investing in equity and debt instruments of established companies); buy-out and acquisition funds (which make controlling and non-controlling investments in established companies); special situation funds; and specialized or special purpose funds-of-funds focusing on, for example, venture capital partnerships too small to be otherwise appropriate for PIF.

Securities Lending

The Treasury maintains a securities lending program for the Combined Investment Funds designed to enhance investment returns. This program involves the lending of securities to broker/dealers secured by collateral valued slightly in excess of the market value of the loaned securities. Typically, the loaned securities are used by broker/dealers as collateral for repurchase agreements and other structured investment products, as well as to cover short sales, customer defaults, dividend recapture, and arbitrage trades. To mitigate the risks of securities lending transactions, the master custodian carefully monitors the credit ratings of each counter-party and overall collateral level. Collateral held is marked-to-market on a daily basis to ensure adequate coverage.

State Street Bank and Trust Company, the current master custodian for the Funds, is responsible for marketing the program, lending the securities, and obtaining adequate collateral. For the fiscal year ended June 30, 2005, securities with a market value of approximately \$2.6 billion had been loaned against collateral of approximately \$2.7 billion. Income generated by securities lending totaled \$7.8 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2005, the State of Connecticut Retirement Plans and Trust Funds achieved an annual total return of 10.46%, net of expenses, which was 44 basis points ahead the benchmark return of 10.02%. During the fiscal year, the value of CRPTF's portfolio increased from \$20.2 billion to \$21.3 billion. The \$1.1 billion increase was primarily due to net realized gain on investments of \$2.0 billion partly offset by cash outflows of \$0.9 billion. This latter amount was comprised of pension payments to beneficiaries of \$1.130 billion that were offset by net contributions from unit holders of \$187 million, for a net outflow of \$943 million. Funds from operations were comprised of net investment income of \$730 million, realized gains of \$735 million and unrealized appreciation of approximately \$589 million.

For the Fiscal Year ending June 30, 2005, markets were strong across the board with all markets posting positive returns. While returns continued to be positive, market volatility was high. In the U.S. equity markets, high oil prices, rising interest rates, and the financial troubles within the auto sector all contributed to high market volatility. The U.S. economy grew approximately 3.4%, helped by a booming housing market and rising corporate profits. The unemployment rate was 5.0% as of June 2005, in comparison to the 5.6% rate at the beginning of the fiscal year. As anticipated, the Federal Open Market Committee raised the overnight lending rate in several instances to 3.25% as of June 30, 2005, a tightening of 200 basis points since the start of the fiscal year.

The Mutual Equity Fund essentially matched its index (Russell 3000) with a fiscal year return of 8.06%. The U.S. equity market experienced a volatile, yet overall positive fiscal year powered by the robust gains generated in the fourth quarter of 2004. The fourth quarter of 2004 demonstrated an impressive post-election rally, as most major indices posted double-digit quarterly gains. As a result, all broad U.S. equity indices posted positive results for fiscal year 2005. The broad market Russell 3000 Index gained 8.06% in the fiscal year ending June 30, 2005. Within the asset class, mid cap stocks bested small cap stocks, which in turn, fared better than large cap stocks, gaining 17.11% over the fiscal year versus 9.45% and 7.92%, respectively (as measured by the Russell indices). In terms of investment style, value stocks significantly outperformed growth stocks across the capitalization spectrum.

The International Stock Fund returned 19.23% and outperformed its benchmark return of 18.88% by 35 basis points largely due to skillful active management decisions of the currency overlay managers and strong relative performance of the Fund's emerging markets managers. The International Stock Fund benchmark is comprised of 83% Citigroup EPAC BMI Index 50% Hedged Index, and 17% MSCI Emerging Markets Free Index. International economies experienced a partial slowdown in global growth over the latter portion of the fiscal year 2005, although these markets continued to generate healthy returns. Global equity markets posted double-digit gains during this time period. The S&P/Citigroup EPAC BMI Index, a broad measure of international equity markets, advanced 15.6% in U.S. dollar terms. The dollar depreciated against a basket of foreign currencies during the first half of the fiscal year, yet rallied over the latter half, which overall hampered hedged mandate performance over the fiscal year. In terms of style, international value stocks beat their growth counterparts, and small caps outpaced large caps. The emerging markets were strong throughout the first half of the fiscal year, yet cooled off during the second half, producing smaller gains. Despite this retraction, the MSCI Emerging Markets Index returned 34.89% during the year.

The Mutual Fixed Income Fund returned 7.70% for the fiscal year but underperformed its composite benchmark by 112 basis points due to the program's underweight to emerging market debt and an overweight to core fixed income, as emerging market debt significantly outperformed core fixed income during the fiscal year. On a positive note, individual manager selection within core fixed income was beneficial, as three out of the five core/core plus managers outpaced the LB Aggregate Index for the fiscal year. The Mutual Fixed Income benchmark, consisting of 73% Lehman Brothers Aggregate Index (LBA), 17% Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index, was 8.8% for fiscal year 2005. The market environment for U.S. fixed income was volatile as the yield curve flattened during the fiscal year. The short to intermediate-term sectors experienced the largest

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

impact. U.S. Treasuries were out of favor and creditors were hurt by increased volatility in the auto sector amid the downgrades of GM and Ford. As a result, investors sought yield in the high yield and emerging market debt sectors, the fiscal year's strongest performers within the fixed income markets.

The Private Investment Fund returned 9.58% for the 2005 fiscal year but underperformed its benchmark Venture Economics All Private Equity (One Quarter Lag) Index by 779 basis points. The private equity markets were still positive, yet cooled down in comparison to last year. An expanding initial public offering market coupled with higher expected returns benefited performance of the index for the fiscal year. The PIF's recent return to an active commitment pace after a hiatus of several years has created a "J curve" dynamic in the portfolio, as new commitments draw capital in their early years before generating expected long term gains.

The Real Estate Fund outperformed its benchmark of 15.55% by 1,219 basis points with a return of 27.74%. Significant valuation adjustments reflecting the strong real estate market boosted the fiscal year performance. Because these investment classes are illiquid and highly structured, short-term performance is not always indicative of long-term expectations from the asset class, with the ultimate returns evident only upon realization of all investment gains. The CRPTF generated compounded net annual total returns of 9.26%, 3.30%, and 8.90% over the last three-, five-, and ten-year periods, respectively. The Funds continued to be well diversified given the long-term risk/return objectives, while adhering to established investment guidelines.

The overall return of the CRPTF is measured against the total fund benchmark, a hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives. This benchmark is comprised of 36% Russell 3000 Index; 18% International Stock Fund benchmark; 29% Mutual Fixed Income Fund benchmark; 5% NCREIF Property Index; 11% Venture Economics All Private Equity Index; and 1% MFR First Tier Rated Index. The International Stock Fund benchmark is comprised of 83% Citigroup Europe, Pacific, Asia Composite Broad Market Index (50% Hedged) and 17% MSCI Emerging Market Free Index. The Mutual Fixed Income Fund benchmark consists of 73% Lehman Brothers Aggregate Index, 17% S&P/Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index.

2005 Management Initiatives

During the fiscal year the Office of the Treasurer funded the currency hedging overlay mandate for the International Stock Fund. Two managers will actively hedge the currencies in the developed markets portion of the portfolio. This completed the implementation of the ISF's restructuring.

In June 2005, following a competitive search and due diligence process, the Treasurer selected State Street Bank for master custodian services for the CRPTF and Short Term Investment Fund. State Street will provide state of the art custodial and transfer agency services, including securities lending, compliance monitoring, advanced performance analytics, proxy voting support and class action filings. Overall, the services to be rendered will help PFM to enhance operational efficiency and was negotiated with significant cost savings.

New mandates were funded during the year for two Inflation Linked Bonds managers and an Emerging Markets Debt manager for the MFIF. These mandates represent a continuation of the implementation of the restructuring of the MFIF. In the process of implementing certain fixed income mandates, the Treasurer reviewed with the Investment Advisory Council the Investment Policy Statement language regarding the use of derivatives.

The Connecticut Horizon Fund was launched by the Treasurer during the fiscal year. Reviewed and approved by the IAC at its January 2004 meeting, the program will initially be implemented through four fund-of-fund managers to invest portions of the MEF, ISF and MFIF. These sub-managers will be minority- and/or women-owned, Connecticut-based and/or emerging firms who would normally not be of a sufficient scale to manage funds directly for the CRPTF. Account structures and sub-manager selections were established by the fund-of-fund managers in June 2005 and the mandates were scheduled for funding in August 2005.

Progress continued in the implementation of the Real Estate Fund's long term strategic plan to bring this asset class to its target asset allocation of 5% and build the core segment of the portfolio. An investment commitment of \$250 million was made to a new core separate account, and \$75 million of commitments were made to opportunistic funds targeting urban-focused investments. REF actively pursued the disposition of investments targeted for liquidation, also in line with its plan. In excess of \$60 million of investments were liquidated during the year, and as of June 30, 2005 another \$100 million of wholly-owned assets was positioned for sale in fiscal 2006.

During fiscal 2005, a pacing study was completed for the PIF which projected future cash flows and commitments to private equity. This study will be updated annually and will serve as the base for building this fund to its target asset allocation of 11%. Also during fiscal 2005, \$445 million of commitments were made to 5 funds, including 3 new managers.

Proxy Voting

During 1999 and 2000, the Treasury developed comprehensive proxy voting policies for both domestic and global proxy voting. These policies were endorsed by the state's Investment Advisory Council (IAC), and now serve as the policy framework for shareholder decisions. As required by the Treasury Reform legislation enacted in 2000 the Proxy Voting Policies have been incorporated into the Investment Policy Statement. Connecticut law requires the Treasurer to consider the economic, social, and environmental impact of investment decisions. In addition, state law prohibits investment in companies doing business in Northern Ireland that have not implemented the MacBride Principles of fair employment. Similar statutory prohibitions exist for investing in companies conducting business with Iran counter to U.S. foreign policy.

This year the CRPTF engaged with over 22 companies – ranging from writing letters, to filing shareholder resolutions, appearing at annual meetings, holding discussions with management, and meeting with member of the board of directors. The Treasury also worked together with numerous other investors representing public pension funds, labor funds, socially responsible investors and faith based investors. CRPTF filed and co-filed a total of 22 shareholder resolutions this proxy season on critical corporate governance issues.

One of the Corporate Governance / Proxy Voting program's more noteworthy successes during the year was a settlement with Walt Disney Company on behalf of a shareholder resolution filed by the CRPTF requesting permanent separation of the positions of chairman of the board and CEO. The company agreed to amend its corporate governance guidelines to provide that the board chairman will be an independent director, except when the board decides it is in the best interest of the shareholders not to do so, and if the chair is not independent, a lead independent director with specific responsibilities will be named, and the reasons for a non-independent chair will be stated in the proxy statement.

Other successes include, a majority vote for the third year in a row at Stanley Works on a resolution requesting annual election of all directors. In response to a shareholder resolution co-filed by the CRPTF, and subsequent dialogue in which the CRPTF participated, Ford Motor Company agreed to write a climate risk report to shareholder, and numerous initiatives with many companies and other investors on climate change – including the Treasurer co-chairing the second Institutional Investor Summit on Climate Change held at the United Nations in May of 2005.

Copies of the Connecticut pension fund's proxy voting policies and a report of proxy votes cast are available for review and downloading at the State Treasurer's web site: <http://www.state.ct.us/ott/proxyvoting.htm>

Asset Recovery and Loss Prevention

Over the past few years, the Office of the Treasurer, pursuant to the policies of Treasurer Nappier, has implemented and institutionalized the most comprehensive loss prevention and asset recovery effort in the history of the Treasury. During the Fiscal Year ended June 30, 2005, significant attention was placed on negotiation of revisions to the terms of contracts and the finalization of the development of best practices contract terms. Members of the Treasury staff have actively worked with vendors to insure contract compliance. In cases where contract disputes arose, staff negotiated carefully thought out resolutions to such disputes.

With the execution of a renegotiated custodial contract, the framework for the development of enhanced monitoring tools was established. These tools will give the CRPTF the enhanced ability to prepare a variety of reports that will provide increased analysis for the pension funds. Additionally, the custodian will augment class action proof of claim filings to aid in asset recovery.

The Office of the Treasurer continues to consider making application to serve as lead plaintiff in class action litigation, encourages of other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees.

Finally, the Office of the Treasurer gained a Compliance Officer, who is developing systems and procedures to insure compliance with contract deliverables.

Class Action Securities Litigation

The CRPTF collected more than \$2.3 million from class action settlements in this fiscal year and closely monitors opportunities to recover lost assets through participation in class action litigation.

In addition, the CRPTF is serving as Lead Plaintiff in two national class action lawsuits, which allege corporate misconduct and malfeasance of certain corporate insiders by JDS Uniphase and Redback Networks.

Other Litigation

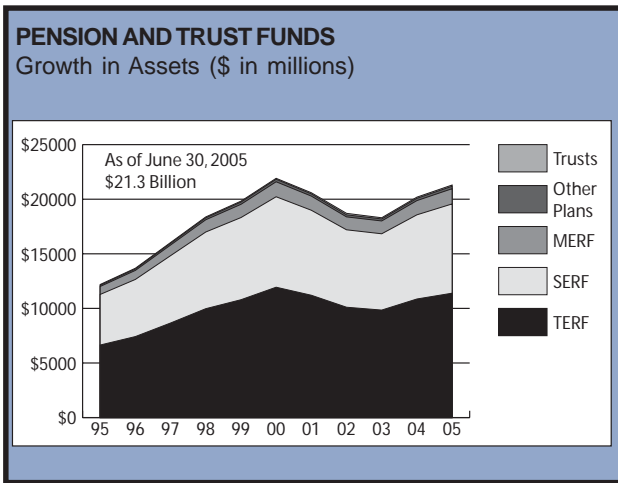
On the 20th of September 2004, Forstmann Little & Co. and its partners paid \$15 million to the CRPTF as settlement of all claims in connection with a certain civil action filed by the Office of the Treasurer against the firm, alleging breach of contract and breach of fiduciary duty. The defendants paid an additional \$1.2 million, which reflected Connecticut's pro rata share of a \$20 million reserve of undistributed investment proceeds that Forstmann Little established to reimburse itself for legal expenses. The distribution of the reserve to all limited partners was an important part of settlement negotiations. The case was tried before a jury in Connecticut Superior Court – Complex Litigation docket throughout the month of June 2004. The jury rendered a verdict on the 1st of July 2004, determining that Forstmann Little had indeed breached its fiduciary duty to and the terms of its contract with the State of Connecticut. The jury further found that these breaches were in bad faith, grossly negligent or constituted willful misconduct. The jury did not, however, award damages, finding in favor of the Defendants' reliance on two special defenses. Confident that appealable error had occurred, Connecticut filed two motions with the trial court asking, in the alternative, that the judge award damages or grant a new trial. The Forstmann defendants entered into settlement negotiations following the filing of Connecticut's motions. This case was carefully watched nationally with regard to the responsibility of general partners to limited partners in the private equity sector.

The Office of the Treasurer is one of five (5) limited partner plaintiffs in a derivative action filed against the Philadelphia-based law firm Ballard Spahr Andrews & Ingersoll LLP, alleging legal malpractice in the advice given to Keystone Venture V L.P., a private equity fund in which the CRPTF invested. The action, filed in the Philadelphia Court of Common Pleas, was necessary to obtain court approval of a negotiated settlement with the firm. The trial court did not approve the settlement and the defendants appealed the trial court's ruling to the Commonwealth Court. The Commonwealth Court reversed the trial court's ruling and remanded the case for further consideration. On the 12th of September 2005, the Court of Common Pleas approved the settlement and settlement proceeds were distributed in September 2005. Prior to the ruling of the Commonwealth Court, the plaintiffs learned that the defendant, Ballard Spahr, had withheld material information from the settlement negotiations. The Office of the Treasurer was instrumental in negotiating an additional \$1 million payment from the law firm. The amount recovered as a result of the pursuit of the law firm is nearly 2.5 times the proceeds received from the liquidation of partnership assets. The limited partners have referred this matter to the Securities and Exchange Commission and the Department of Justice for further action. The limited partners have requested that any disgorged assets obtained by these federal agencies be turned over to the investors.

In February 2005, the CRPTF filed a separate action against Safety-Kleen Corp. and certain corporate insiders. This action was filed to protect certain claims under the Securities Exchange Act of 1934, which were decertified by the court in the matter known as *In re Safety-Kleen Corp. Bondholders Litigation*. The class action matter and the separate lawsuit settled in June 2005. The net recovery from the separate action was 1.5 times the class action recovery.

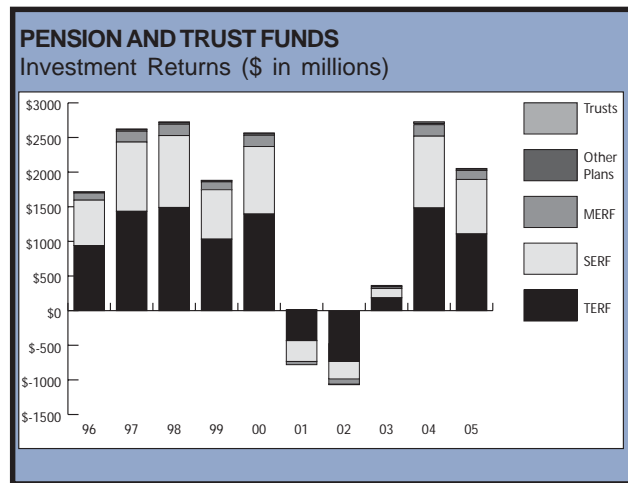
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 1-1



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

Figure 1-2



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

Figure 1-3

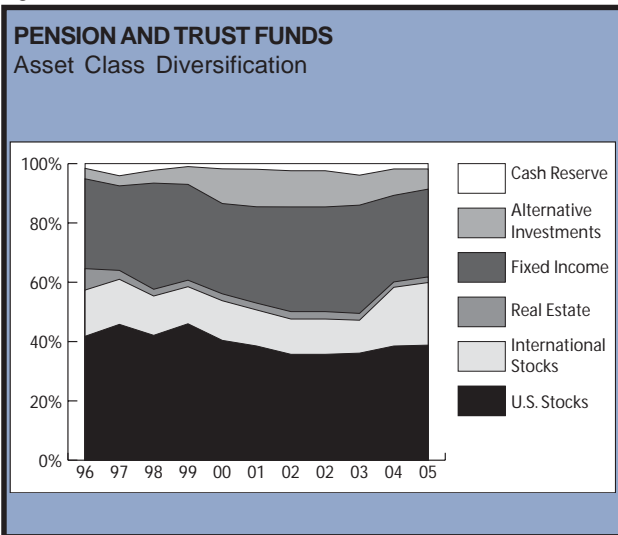


Figure 1-5

PENSION AND TRUST FUNDS
Advisor Breakdown

Fund	June 30, 2005	June 30, 2004
MEF	6	6
ISF	10	13
PIF	44	37
MFIF	11	8
CMF	1	1
REF	10	8
CRA	1	1
Total⁽¹⁾	83	74

(1) Actual total advisors was 79 and 70, respectively when factoring in advisors across multiple funds.

Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2005

	Actual	Target	Lower Policy Range	Upper Policy Range
U.S. EQUITY	38.8%	36.0%	29.0%	43.0%
Mutual Equity Fund (MEF)	38.8%			
INTERNATIONAL EQUITY	21.1%	18.0%	14.0%	22.0%
International Stock Fund (ISF)	21.1%			
REAL ESTATE	1.9%	5.0%	4.0%	6.0%
Real Estate Fund (REF)	1.9%			
FIXED INCOME	31.4%	30.0%	26.0%	34.0%
Mutual Fixed Income Fund (MFIF)	29.5%			
Commercial Mortgage Fund (CMF)	0.1%			
Cash Reserve Account (CRA)	1.8%			
PRIVATE EQUITY	6.8%	11.0%	6.0%	11.0%
Private Investment Fund (PIF)	6.8%			
TOTAL	100.0%			

(1) MFIF's advisors are allowed to invest in non U.S. fixed income assets on an opportunistic basis.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRPTF	10.46	9.26	3.30	8.90
CRPTF CMMI (Without Objective) Benchmark	10.02	9.91	1.88	N/A
CRPTF CMMI (With Objective) Benchmark	11.46	11.36	3.23	N/A
Cumulative Total Return (%)				
CRPTF	10.46	30.45	17.62	134.61
CRPTF CMMI (Without Objective) Benchmark	10.02	32.78	9.76	N/A
CRPTF CMMI (With Objective) Benchmark	11.46	38.09	17.21	N/A

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 1-7

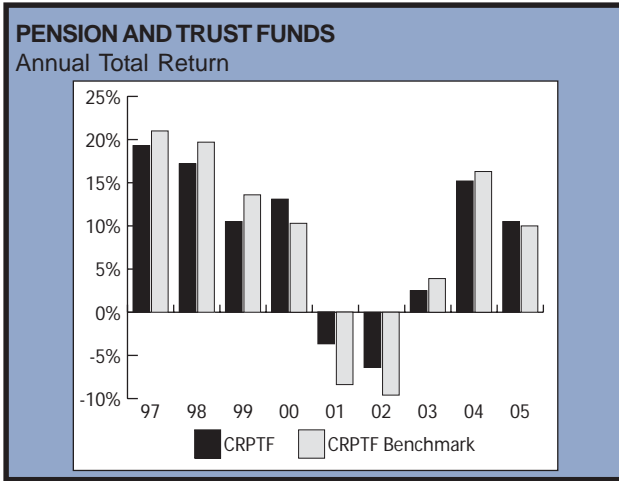


Figure 1-8

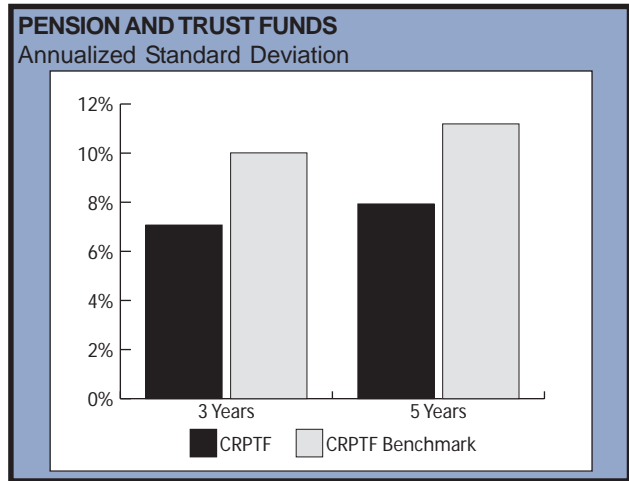
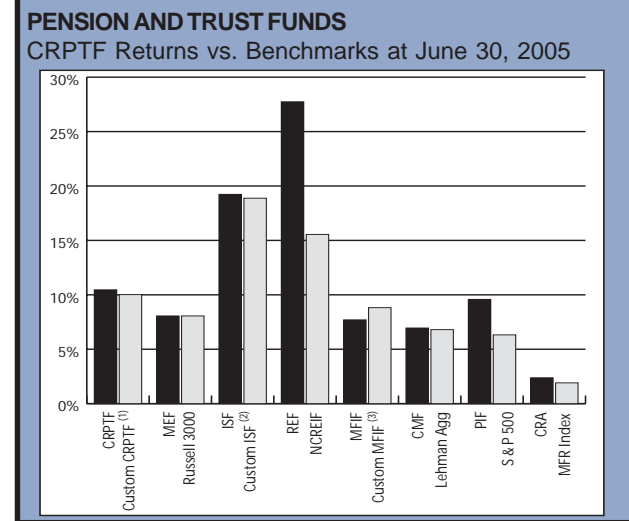


Figure 1-9

PENSION AND TRUST FUNDS		1 YR	3 YRS	5 YRS	10 YRS
TUCS Ranking for Periods ending June 30, 2005					
Public Funds >\$1 Billion					
Percentile Return					
5th		13.41	11.67	5.81	10.64
25th		10.88	10.44	4.15	9.28
50th		9.95	9.71	3.49	9.00
75th		8.90	8.97	2.57	8.38
95th		7.26	7.22	2.04	7.62
CT Pension and Trust Funds					
Return ¹		10.76	9.45	3.49	9.13
Public Funds Ranking		30	62	50	35
Total Master Trusts Ranking		46	67	53	64

Source: State Street Bank
(1) Gross Return

Figure 1-10



- (1) Total Fund Benchmark: Inception through 9/30/99: 40% Russell 3000, 15% MSCI EAFE Net, 28% LB Aggregate, 11% Russell 3000 Private Equity Fund, 4% NCREIF Property Index, 2% IBC Rated Index. 10/1/99 to date: 36% Russell 3000, 18% Int'l Stock Benchmark, 29% Mutual Fixed Income Benchmark, 5% Russell 3000 Real Estate Fund, 11% Russell 3000 Private Equity Fund, 1% MFR Rated Index.
- (2) International Stock Fund Benchmark: 83% SSB EPAC BMI 50% Hedged and 17% MSCI Emerging Market Free.
- (3) Mutual Fixed Income Benchmark: 73% Lehman Aggregate, 17% Salomon High Yield Market Index and 10% J.P. Morgan Emerging Markets Bond Index.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Combined Investment Funds Total Return Analysis (%)

Asset Class (% of Total Fund at 6/30) <i>Investment performance is calculated using a time-weighted rate of return.</i>	Fiscal Years Ending June 30,					Annualized		
	2005	2004	2003	2002	2001	3 Years	5 Years	10 Years
Total Fund (100.0%)								
Combined Investment Funds	10.46%	15.23%	2.49%	(6.39)%	(3.68)%	9.26%	3.30%	8.90%
Connecticut Multiple Market Index (Without Objective)	10.02	16.27	3.88	(9.60)	(8.37)	9.91	1.88	N/A
Connecticut Multiple Market Index (With Objective)	11.46	17.79	5.26	(8.39)	(7.14)	11.36	3.23	N/A
U.S. Stocks (38.8%)								
Mutual Equity Fund (38.8%)	8.06	20.84	0.48	(14.95)	(9.55)	9.48	0.19	10.69
Russell 3000 Index	8.06	20.46	0.77	(17.24)	(13.93)	9.46	(1.35)	10.05
International Stocks (21.1%)								
International Stock Fund (21.1%)	19.23	29.69	(6.39)	(9.00)	(13.29)	13.12	2.69	6.83
International Stock Fund Hybrid Benchmark	18.88	29.79	(6.62)	(10.88)	(19.80)	12.94	0.59	6.14
Real Estate (1.9%)								
Real Estate Fund (1.9%)	27.74	0.67	3.30	0.81	14.45	9.93	8.89	9.93
Russell NCREIF(1 Qtr. Lag)	15.55	9.71	7.13	6.40	11.88	10.74	10.15	11.02
Fixed Income (29.6%)								
Mutual Fixed Income Fund (29.5%)	7.70	2.79	12.03	5.64	8.03	7.44	7.19	7.13
Fixed Income Fund Hybrid Benchmark	8.82	2.44	15.53	5.04	9.26	8.80	8.13	7.30
Commercial Mortgage Fund (0.1%)	6.95	7.87	20.62	1.19	10.88	11.64	9.32	9.45
Lehman Aggregate Bond Index	6.80	0.32	10.41	8.63	11.23	5.76	7.40	6.83
Private Equity (6.8%)								
Private Investment Fund (6.8%)	9.58	20.21	(11.94)	(10.81)	(6.25)	5.07	(0.61)	10.11
S & P 500	6.32	19.11	0.26	(17.99)	(14.83)	8.28	(2.37)	9.94
Venture Economics All Private Equity (1 Qtr. Lag)	17.37	21.49	(14.67)	(14.45)	(7.41)	8.16	(0.49)	17.53
Cash (1.8%)								
Cash Reserve Account (1.8%)	2.38	1.30	1.80	3.03	6.35	1.82	2.96	4.36
MFR First Tier Rated Inst. (Formally IBC Rated)	1.91	0.73	1.21	2.22	5.74	1.29	2.35	3.84

2005 cash reserve account

Fund Facts at June 30, 2005

Investment Strategy/Goals: To serve as a cash management tool for the pension and trust funds by investing in high quality, liquid money market securities

Performance Objective: An annual total return in excess of the index.

Benchmark: MFR Index

Date of Inception: September 1, 1987

Total Net Assets: \$1,578,309,209

Number of Advisors: 1 external

Management Fees: \$298,665

Operating Expenses: \$264,967

Expense Ratio: 0.04%

Performance Summary

For the fiscal year ended June 30, 2005, the Cash Reserve Account (CRA) generated a return of 2.38%, outperforming the benchmark MFR Prime Institutional Money Fund Index return of 1.91% by 47 basis points. The fund outperformed the 90 day Treasury Bill Index of 2.04% by 34 basis points for the period.

The fund's compounded annual total return for the trailing three year, five year and ten year periods as of June 30, 2005 were 1.82%, 2.96% and 4.36% respectively, net of all expenses. These returns exceed those of the fund's benchmark for the time periods listed by 53, 61 and 52 basis points respectively.

Description of the Fund

The Cash Reserve Account (CRA) is a cash management pool investing primarily in high quality money market securities, Asset Backed Securities (ABS) and corporate bonds. It serves as a cash management tool for the pension, trust and Combined Investment Funds while also being considered a separate asset class of the fund providing a competitive return with the primary focus being preservation of capital with a high degree of liquidity.

CRA is managed as an enhanced cash strategy whereby the fund maintains a relatively short weighted average maturity through the purchase of fixed rate money market instruments such as Commercial Paper, Certificates of Deposit, Bank Notes and other cash equivalents. The fund also will invest in high quality, floating rate corporate bonds and Asset Backed Securities. The focus on floating rate product is primarily in maturities or average lives in excess of 13 months. By focusing on maturities in this range, CRA is able to take advantage of wider credit spreads than would otherwise be available to a typical money market fund. CRA also maintains an adequate amount of overnight liquidity in order to meet any unexpected withdrawals from the fund. The fund also maintains adequate back up liquidity in the form of highly liquid money market instruments in order to meet any cash needs over and above our overnight liquidity.

Economic Review

The period began with a hike in the Fed Funds target to 1.25% after a year with the target rate holding steady at 1.00%. By the spring of 2004, it became clear to both the Fed and market participants that the US economy was out of the deflation woods with the prospects for growth appearing to be strong. The rate hike on 6/30/04 would prove to be the first of nine consecutive 25 basis point rate hikes by the FOMC during the fiscal year, bringing the benchmark short term rate to 3.25% by 6/30/05. The removal of monetary accommodation was deemed necessary by the Fed in response to strong economic growth with the renewed threat of rising inflation. Economic growth was robust during the period with quarterly GDP readings between 3.3% and 4.0% during the fiscal year. Inflation measures also showed growth during the period as readings on prices at both the producer and consumer levels posted consistent gains. Job growth was also strong as monthly nonfarm payroll gains averaged about 175,000 jobs with the unemployment rate falling from 5.6% to 5.0%. The price of

oil remained elevated during the period with the front crude oil futures contract trading at \$56 a barrel on June 30th, up approximately 51% from a year earlier. Oil remained a hotly debated topic as investors began to weigh the possibility of slower future growth versus a potential spike in inflation due to the rising cost of oil. Towards the end of the fiscal year, readings on core measures of both CPI and the PCE eased somewhat while the price of oil continued to climb. This caused some market participants to begin to expect a pause in the Fed's tightening campaign. However, the period came to a close with yet another 25 basis point hike in the Fed Funds target. The FOMC again cited the belief that the rate "remained accommodative" and that the accommodation could be removed "at a pace that is likely to be measured." After a full year of rate hikes it was clear that the Fed had more work to do in order to bring the fed funds target closer to its "neutral" level.

Portfolio Characteristics & Strategy

The portfolio performed quite well during the fiscal year despite the challenging environment in the market due to the Fed's "measured" removal of monetary accommodation. The transparent nature of the FOMC allowed the fund to pare down its interest rate risk at the beginning of the period when it became clear that rates would be rising. With the Fed Funds target near its all time low at 1.25% (6/30/04), our "base case" called for 25 basis point rate hikes at each meeting throughout the fiscal year. Despite the historically low level of rates, market participants were not consistently pricing in rate hikes at every Fed meeting throughout the period. Term rates were almost always priced for 25 basis point moves at the next 2 meetings (generally about an 85 day period) and sometimes priced for the expectations of 25 basis point hikes at the next four meetings (generally a 168 day period). Expectations for hikes in excess of 25 basis points were rare throughout the period. Given our outlook for the FOMC's policy moves and the reluctance of market participants to price in a more aggressive Fed, most fixed rate term trades in the portfolio were concentrated in the 1-3 month area of the curve. At many points throughout the year, these were the only maturities that fully discounted future Fed rate hikes. On rare occasions when valuations looked more compelling, the portfolio would opportunistically add longer dated securities when we were being compensated for the risk of more rate hikes. As a result, the portfolio maintained a somewhat short duration profile during the period, generally maintaining a weighted average maturity of between 30-45 days.

Floating rate bonds remained an important part of the fund's strategy as they allow for significant yield pick up compared to money market instruments without taking on significant interest rate risk. CRA's floating rate exposure was increased slightly from 59% of assets to 61% during the period. The fund held 30% in high quality corporate and CD floaters and approximately 32% in AAA rated floating rate Asset Backed Securities. Credit spreads on high quality corporate and ABS floaters narrowed during the period as demand for these types of securities remained very strong with the Fed hiking rates. Moving forward, we expect to maintain a large allocation to floating rate bonds while looking for opportunities to extend duration through the purchase of fixed rate securities when we feel we are being adequately compensated for the risk of doing so. This will require keeping a close watch on economic data as well as any shift in Fed rhetoric. As always, preservation of the fund's capital, a high degree of liquidity and a strong focus on credit fundamentals will remain the core of our investment philosophy.

Risk Profile

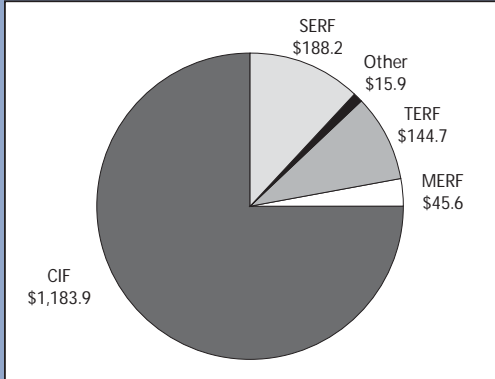
Due to the short-term nature of CRA, it is generally considered to be low-risk. Consequently, returns that are realized by CRA may be significantly lower than those realized by funds with fixed income investments maturing over a longer time horizon. Similarly, the investments' short time horizon, along with the quality of the issuing entities, mitigates traditional concerns over interest rate, default and currency exchange risk.

Based on returns over the last five years, the Fund exhibited a similar degree of risk relative to the MFR Index, as evidenced by its relative volatility of 1.00. The standard deviation of the Fund of 0.24 suggests comparatively low overall volatility, while its beta of 0.91 indicates a high overall correlation to returns achieved by the Index. In the aggregate, CRA achieved a positive annual alpha, or return in excess of that predicted by returns of its benchmark of 0.61.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2005 (\$ in millions)



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

Figure 2-2

CASH RESERVE ACCOUNT⁽¹⁾
Risk Profile at June 30, 2005

Relative Volatility	1.00
Standard Deviation	0.24
R ²	0.95
Beta	0.91
Alpha	0.61

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

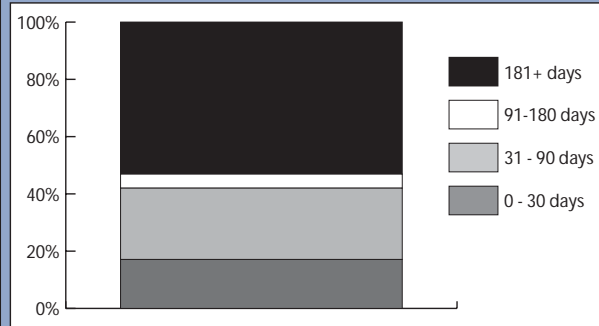
Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	MFR Index
06/30/2005	44 days	37 days
03/31/2005	40 days	39 days
12/31/2004	36 days	39 days
09/30/2004	34 days	44 days
06/30/2004	48 days	46 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity⁽¹⁾ Analysis at June 30, 2005



(1) Or Interest Rate Reset Period.

Figure 2-5

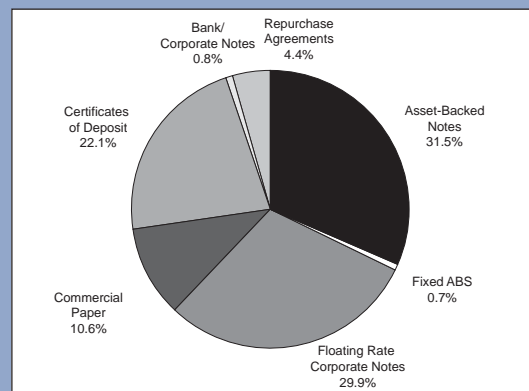
CASH RESERVE ACCOUNT
Distribution by Yield ⁽¹⁾ at June 30, 2005

Yield	Percentage
.75% - 3.00%	0.0%
3.01% - 3.25%	27.0%
3.26% - 3.50%	66.1%
3.51% - 3.75%	5.5%
3.76% - 4.00%	1.4%
4.01+%	0.0%
TOTAL	100.0%

(1) Represents yield to reset if floating and yield to maturity if fixed.

Figure 2-6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 2005



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 2-7

CASH RESERVE ACCOUNT Comprehensive Profile

Date	Number of Issues	Yield ⁽¹⁾	Average Maturity	Average Quality
2005	100	2.38%	44 days	A-1+/AA+
2004	92	1.30%	48 days	A-1+/AA+
2003	109	1.80%	48 days	A-1+/AA+
2002	104	3.03%	51 days	A-1+/AA+
2001	90	6.35%	65 days	A-1+/AA+
2000	109	5.96%	81 days	A-1+/AA+
1999	102	5.46%	67 days	A-1+/AA+
1998	81	5.86%	60 days	A-1+/AA+
1997	53	5.70%	71 days	A-1+/ AA+
1996	46	5.90%	50 days	A-1+/ AAA

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

Figure 2-8

CASH RESERVE ACCOUNT Quarterly Yield⁽¹⁾ Analysis

Quarter End	CRA	MFR Index
06/30/2005	3.12%	2.76%
03/31/2005	2.88%	2.28%
12/31/2004	2.28%	1.80%
09/30/2004	1.56%	1.20%
06/30/2004	1.38%	0.75%

(1) An annualized historical yield based on the preceding month's level of income earned by the Fund.

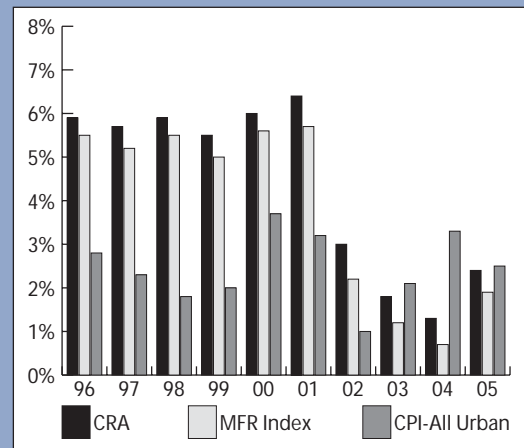
Figure 2-9

CASH RESERVE ACCOUNT Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	2.38	1.82	2.96	4.36
MFR Index	1.91	1.29	2.35	3.84
CPI-Urban	2.52	2.63	2.44	2.46
CitiGroup 90-Day CD	2.28	1.65	2.74	4.22
CitiGroup 90-Day T-Bill	2.04	1.47	2.49	3.83
Cumulative Total Return (%)				
CRA	2.38	5.58	15.69	53.22
MFR Index	1.91	3.89	12.30	45.76
CPI-Urban	2.52	8.11	12.82	27.55
CitiGroup 90-Day CD	2.28	5.02	14.46	51.18
CitiGroup 90-Day T-Bill	2.04	4.47	13.07	45.60

Figure 2-10

CASH RESERVE ACCOUNT Annual Total Return



2005 mutual equity fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: To participate in the growth of the U. S. economy through the ownership of domestic equity securities.

Performance Objective: An annual total return which is one percentage point greater than that of the Russell 3000 after expenses.

Benchmark: Russell 3000 Index

Date of Inception: July 1, 1972

Total Net Assets: \$8,275,121,405

Number of Advisors: 6 external

Management Fees: \$22,668,229

Operating Expenses: \$1,465,366

Expense Ratio: 0.30%

Turnover: 47.2%

Performance Summary

For the fiscal year ended June 30, 2005, the Mutual Equity Fund (MEF) generated a positive return of 8.06%, net of fees, which essentially matched the Russell 3000 Index return of 8.06%. Strong stock selection and positive style exposures were the main contributors to performance over the fiscal year. During this same period, MEF's net assets grew from \$7.781 billion to \$8.275 billion, an increase of \$494 million. Of this net total change, \$620 million was due to net investment income including realized gains, partly offset by \$126 million in net cash outflows to participating pension plans and trusts.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance remains the most important comparative measure. As Figure 3-4 below illustrates, MEF has generated annualized total returns, net of fees, of 9.48%, 0.19%, and 10.69% over the last three, five, and ten-year periods, respectively. The Fund returns outperformed the Russell 3000 for the three, five, and ten-year periods by 2, 154, and 64 basis points, respectively.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2005, were 31.22%, 0.94%, and 175.99%, respectively.

Description of the Fund

The Mutual Equity Fund (MEF) is an externally managed fund investing in domestic equity securities. It serves as an investment vehicle for the Pension and Trust Funds with the goal of earning prudent returns while participating in the growth of the U.S. economy.

MEF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of the Russell 3000 Index by 100 basis points per annum. The Russell 3000 Index is a broad stock market index of the securities from the largest 3,000 publicly traded U.S. companies.

At the close of the fiscal year, MEF consisted of six externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Two advisors actively managed approximately 8% of the portfolio in small to mid-capitalization stocks. Two advisors invested approximately 12% of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. Two advisors in large capitalization stocks (of which 43% was invested using enhanced indexing strategies and 34% was invested using a passive strategy) managed the balance of the portfolio, or approximately 77%. At fiscal year end, approximately \$7.4 billion, or 89%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Portfolio Characteristics

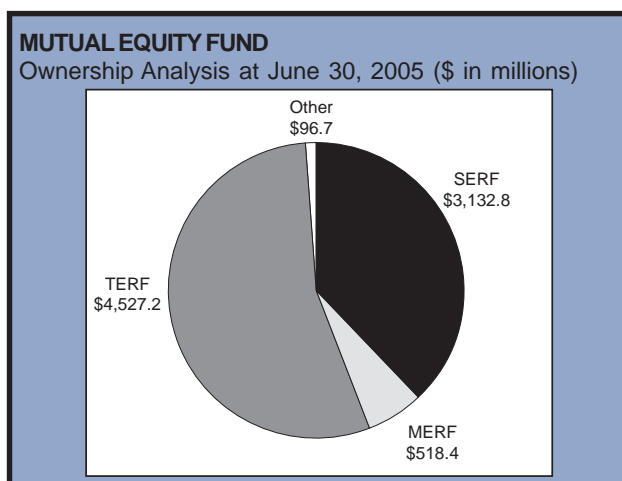
At fiscal year-end, MEF was 97.0% invested in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2005 was financials (19.0%), followed by information technology (18.1%) and health care (14.8%). (See figure 3-3.)

The MEF's ten largest holdings, aggregating to 17.8% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

Risk Profile

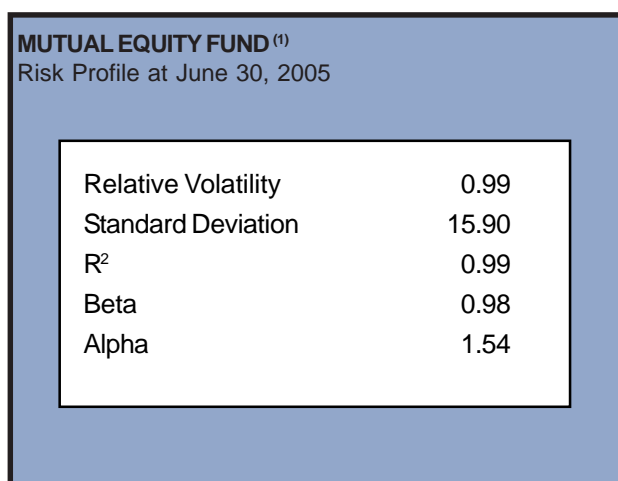
Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a relative volatility of 0.99, the MEF's returns have almost equal volatility to those of the Index and reflect a strong degree of correlation, 0.99, to those of the Index. MEF's annual excess return during the five year period, or return relative to that achieved by the benchmark, was a positive 1.54%. (See figure 3-2.)

Figure 3-1



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

Figure 3-2



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

Figure 3-3

At 6/30/2005:	MEF		Russel 3000	
	% of Net Assets	Annual Return	% of Net Assets	Annual Return
Energy	5.9	46.7	6.0	40.0
Materials	3.7	7.9	3.3	6.3
Industrials	11.3	5.8	11.8	6.5
Consumer Discretionary	15.1	9.0	13.4	6.9
Consumer Staples	6.8	2.4	7.8	4.7
Health Care	14.8	8.2	13.9	4.5
Financials	19.0	6.4	21.2	9.0
Information Technology	18.1	(3.2)	16.3	(4.2)
Telecommunication Services	3.0	9.7	3.2	11.4
Utilities	2.3	39.5	3.1	37.0
	100.0		100.0	

(1) Excludes the Cash Reserve Account.

Figure 3-4

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	8.06	9.48	0.19	10.69
Russell 3000	8.06	9.46	-1.35	10.05
Cumulative Total Return (%)				
MEF	8.06	31.22	0.94	175.99
Russell 3000	8.06	31.16	-6.58	160.64

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 3-5

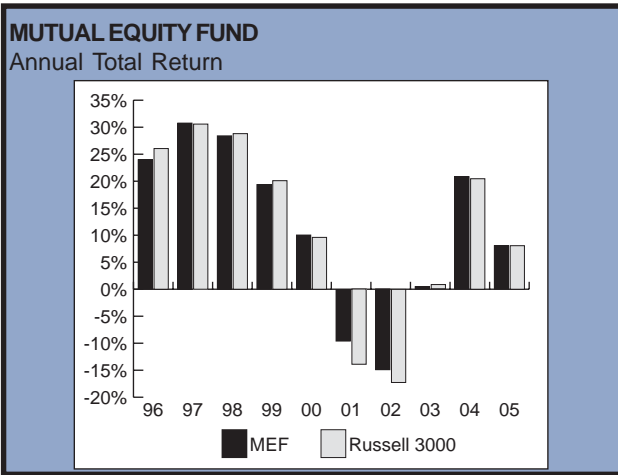


Figure 3-6

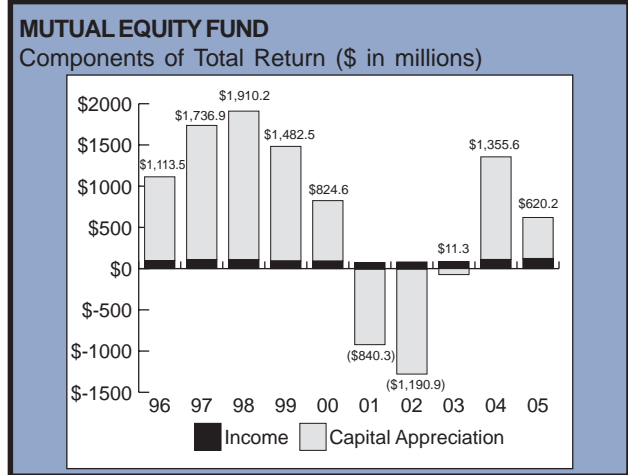


Figure 3-7

MUTUAL EQUITY FUND
Comprehensive Profile for the Fiscal Years ending June 30,

	2005		2004		2003		2002		2001	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,719	3,000	2,114	3,000	2,119	3,000	2,274	3,000	2,333	3,000
Cap (\$ Bil)	\$69.0	\$70.7	\$70.0	\$74.6	\$65.1	\$71.7	\$66.8	\$70.2	\$87.7	\$94.9
P/E	19.1	20.5	22.0	22.5	23.2	23.9	29.3	30.4	24.1	26.3
Div Yield	1.60%	1.70%	1.50%	1.60%	1.50%	1.70%	1.50%	1.60%	1.20%	1.30%
ROE	17.4%	17.3%	16.7%	16.7%	16.0%	16.2%	15.5%	16.4%	20.0%	20.9%
P/B	3.6x	3.8x	3.9x	4.0x	3.9x	4.0x	4.2x	4.3x	5.3x	5.5x
Cash & Equiv.	3.1%	0.0%	0.8%	0.0%	1.1%	0.0%	1.2%	0.0%	1.3%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Large Cap	\$6,373,367,151	77.02%
<i>(Passive - Enhanced)</i>		
BGI Barclays Global Investors, N.A.	3,527,459,856	42.63%
<i>(Passive - Indexed)</i>		
State Street Global Advisors	2,845,907,295	34.39%
Small/Mid Cap (Passive - Enhanced)	1,027,402,326	12.42%
AXA Rosenberg Investment Management	570,583,580	6.90%
SSB Citigroup (The Travelers)	456,818,746	5.52%
Small/Mid Cap (Active)	683,222,654	8.26%
TCW Cowen Asset Management	500,442,229	6.05%
Brown Capital Management, Inc.	182,780,425	2.21%
Other ⁽¹⁾	191,129,274	2.30%
TOTAL MEF	\$8,275,121,405	100.00%

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2005

Security Name	Sector	Market Value	%
Microsoft	Technology	\$181,840,897	2.19%
General Electric	Technology	181,448,606	2.19%
Exxon Mobil Corp	Energy	180,716,714	2.18%
CitiGroup Inc	Financial	176,065,291	2.13%
Johnson & Johnson	Health Care	147,898,855	1.79%
Bank America Corp	Financial	143,086,871	1.73%
Intel Corp	Technology	129,152,526	1.56%
Wal Mart Stores Inc	Non-Durables	124,842,483	1.51%
Cisco Systems Inc	Technology	109,166,334	1.32%
Pfizer Inc	Health Care	98,089,842	1.18%
Top Ten		\$1,472,308,419	17.78%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

2005 international stock fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: To participate in the growth of the global economy through the ownership of foreign equity securities.

Performance Objective: An annual total return which is one percentage point greater than the ISF Hybrid Benchmark after expenses.

Benchmark: ISF Hybrid Benchmark (83% Citigroup Europe, Pacific, Asia Composite Broad Market Index, 50% Hedged and 17% MSCI Emerging Market Free)

Date of Inception: January 1, 1988

Total Net Assets: \$4,488,849,109

Number of Advisors: 10 external

Management Fees: \$23,670,373

Operating Expenses: \$1,992,067

Expense Ratio: 0.60%

Turnover: 49.5%

Performance Summary

For the fiscal year ended June 30, 2005, the International Stock Fund (ISF) generated a return of 19.23%, net of fees, which outperformed its hybrid benchmark index return of 18.88% by 35 basis points. The outperformance was largely attributable to the strong active management of the currency overlay managers. In addition, the program's decision to be half-hedged was beneficial to fiscal year results as the U.S. dollar experienced notable fluctuations.

During fiscal year 2005, ISF net assets increased from \$4.003 billion to \$4.489 billion, an increase of \$486 million. This included realized and unrealized net capital gains of \$662 million and net investment income of \$95 million partly offset by \$271 million due to net cash outflows to participating pension plans and trusts.

The Fund returned 13.12%, 2.69% and 6.83% for the three, five and ten year periods outperforming the benchmark returns of 12.94%, 0.59% and 6.14% by 18, 210 and 69 basis points respectively. The cumulative returns for the Fund for the three, five and ten years were 44.75%, 14.22% and 93.70% respectively as illustrated in Figure 4-4 below.

Description of the Fund

The International Stock Fund is an externally managed fund, which invests in foreign equity securities. It serves as an investment tool for the Pension and Trust Funds, with the goal of participating in the growth of international economies. It is used to reduce short-term volatility in the Pension and Trust Funds returns by providing an additional layer of asset and currency diversification. In environments where the value of the U.S. dollar is declining relative to other currencies, international stocks are expected to enhance total Pension and Trust Fund returns.

Established in 1988, the ISF's performance objective was an annual total return, net of management fees and Division operating expenses, which exceeds that of the Hybrid Benchmark, a measure of the returns of developed, non-U.S. stock markets, by 100 basis points. During a structure review in fiscal year 2000, the objective was changed to reflect the Fund's strategic exposure to emerging markets, as well as an exposure to stocks of smaller companies in the developed international markets. The new objective is for the return of the Fund (net of fees) to exceed the return of a hybrid index comprising 83% of the Citigroup Europe Pacific Asia Composite Broad Market Index (50% Hedged) and 17% of the Morgan Stanley Capital International Emerging Market Free Index (MSCI EMF) by 100 basis points.

At the end of fiscal year 2005 there were seven mandates in the Fund; Passive Large-Cap EAFE, Active Small-Cap EAFE, Active Risk Controlled EAFE, Active Core EAFE, Active Specialist EAFE, Active Emerging Markets, and Currency Overlay. Within Active Core EAFE, one manager was terminated on March 10, 2005.

Over fifty advisors were interviewed for five of the seven Fund mandates established during the structure review process completed at the end of fiscal 2000. In May 2002, Treasurer Nappier, with the endorsement of the Investment Advisory Council, selected ten managers.

At the end of fiscal year 2005, the Fund had ten external advisors, selected on the basis of expected future performance and investment style. Two of the advisors each managed two portfolios: the first advisor manages both an emerging market and an active large cap value portfolio, while the second advisor handles both a large cap core and a small cap portfolio. (See figure 4-8.) Based on the Fund's holdings, as of June 30, 2005, approximately 54% of the portfolio was actively managed in core, growth, value and small cap, while 17% was actively managed within the emerging markets, 17% was actively managed within risk controlled and 12% was allocated to one advisor for passive management against the Citigroup Europe, Pacific, Asia Composite Primary Market Index (Citigroup EPAC PMI).

Portfolio Composition

At fiscal year-end, ISF was 97.0% invested in international securities. Investments in Japan were the largest percentage of Fund assets, at 19.4%. The United Kingdom accounted for 18.2% of investments followed by France at 7.6%. These geographic concentrations differed from those comprising the Hybrid index, reflecting the Fund's allocation to active management strategies. (See figure 4-7.)

The ISF was well diversified at year-end, holding more than 1,643 securities in the portfolio. The ISF's ten largest holdings, not including cash, included a variety of companies located throughout Europe and the Far East. The Fund's largest investment, comprising 1.6% of investment securities, was the U.K.'s GlaxoSmithKline. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 10.8% of the Fund's investments at June 30, 2005.

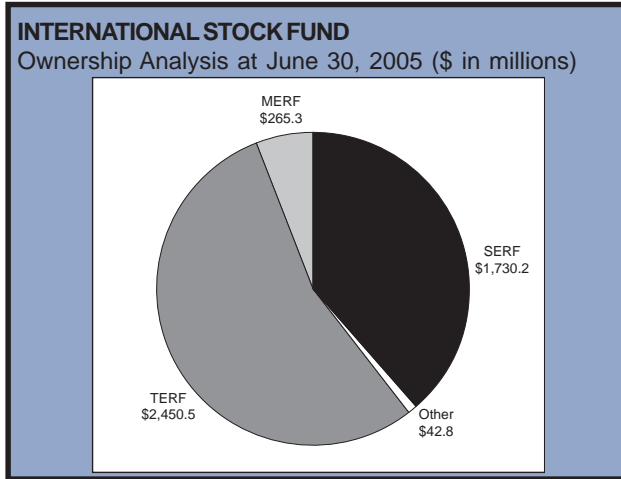
Risk Profile

Given ISF'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 exchange risk, market risk, and individual company credit risk. The Treasurer determined that a 50% hedge ratio would provide the greatest reduction in portfolio risk over time. The currency hedging strategy was implemented during the fiscal year ending June 30, 2004 with the hiring of two dedicated currency overlay managers. As a result, currency hedging will not be part of any of the other international equity managers within the Fund.

Based on returns over the last five years, the Fund's risk profile is similar to that of the Hybrid benchmark. The Fund's relative volatility to its benchmark over the five-year period ending June 30, 2005 has been 1.00%, while its high R2 of 0.97 demonstrates a relatively strong overall correlation. In the aggregate, ISF's annualized excess return over the five-year period, or return in excess of that predicted by the benchmark, was 2.10%. (See Figure 4-2.)

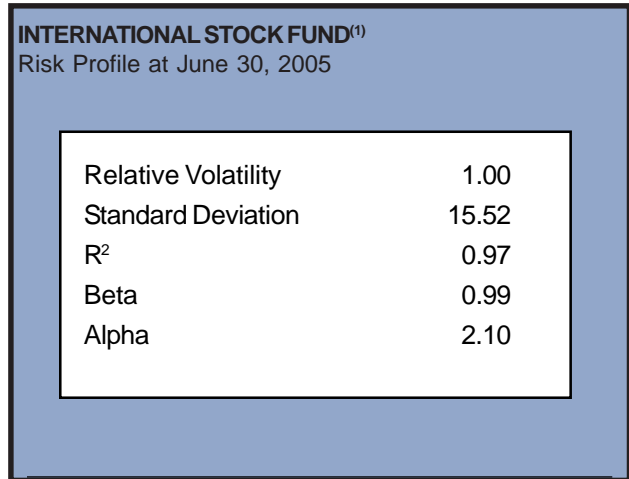
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 4-1



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

Figure 4-2



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

Figure 4-3

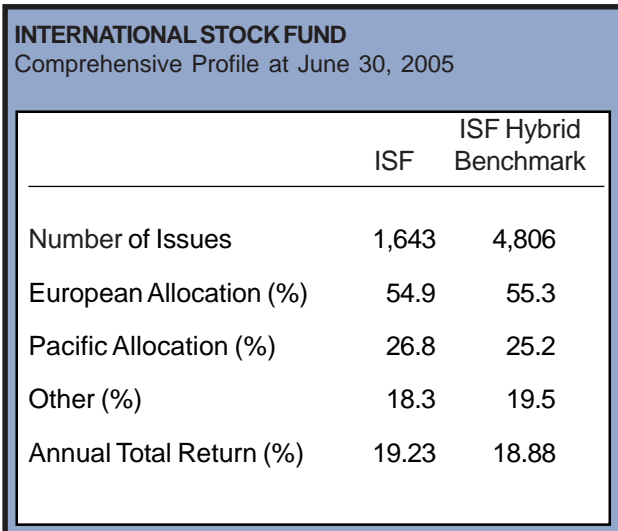


Figure 4-4

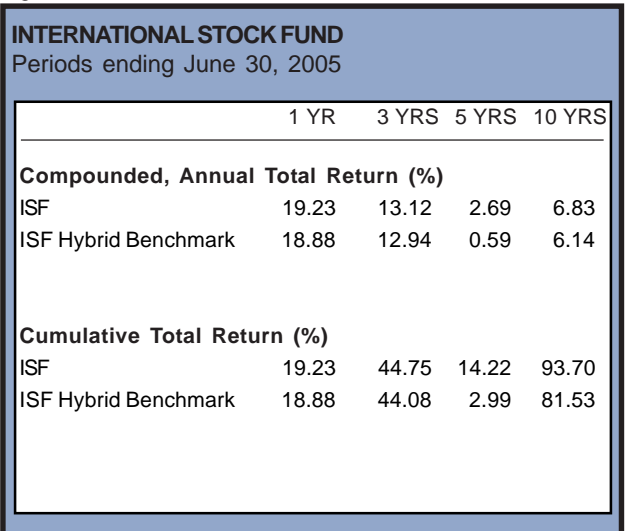


Figure 4-5

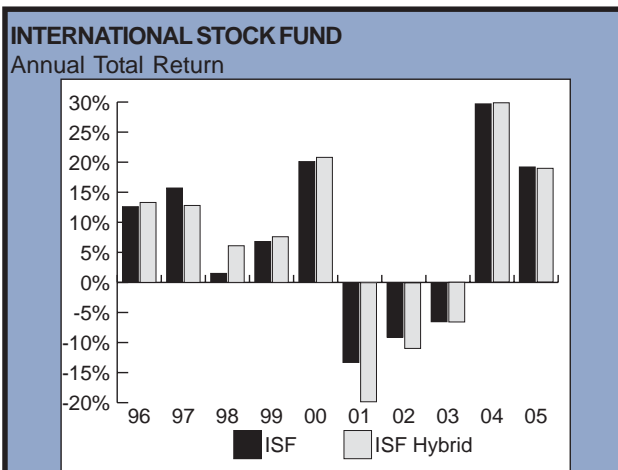
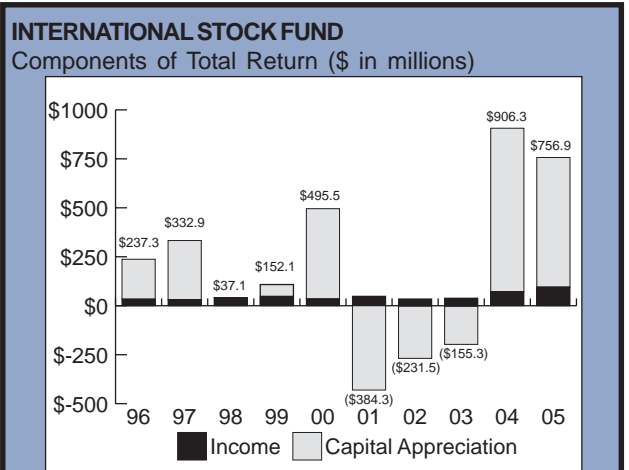


Figure 4-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 4-7

INTERNATIONAL STOCK FUND						
Diversification by Benchmark Country with Return (%) at June 30, 2005 ⁽¹⁾						
	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/04	% of Net Assets 6/30/05	Total Return	% of Net Assets 6/30/04	% of Net Assets 6/30/05	Total Return
Japan	13.3	19.4	-2.1	20.0	17.8	-0.9
United Kingdom	14.7	18.2	16.4	20.1	19.9	17.8
Germany	10.7	5.2	16.2	5.4	5.4	13.7
France	8.7	7.6	19.2	7.0	7.1	18.4
Italy	6.1	3.4	25.5	3.4	3.5	21.4
Switzerland	4.8	5.2	11.2	5.4	5.2	11.4
Netherlands	3.6	4.9	16.3	3.7	3.9	18.1
Spain	4.0	2.8	21.8	2.9	3.4	25.8
Hong Kong	1.8	2.8	30.2	1.7	1.9	27.8
Sweden	1.5	1.6	18.7	1.9	1.9	19.8
Australia	1.4	3.2	34.1	4.0	4.5	40.3
Finland	1.5	1.6	23.2	1.1	1.2	24.9
Belgium	1.4	1.2	27.3	1.0	1.1	31.4
Singapore	1.2	1.0	24.5	0.7	0.8	21.5
Denmark	0.8	0.9	27.9	0.7	0.7	30.5
Ireland	0.9	0.8	30.0	0.6	0.7	19.0
Norway	1.8	0.8	55.2	0.4	0.6	54.0
Malaysia	0.5	0.7	19.1	0.8	0.6	9.5
Austria	0.9	0.6	56.8	0.3	0.4	46.8
New Zealand	0.5	0.4	22.3	0.1	0.2	32.0
Portugal	0.4	0.2	-4.4	0.4	0.3	3.2
Other	<u>19.5</u>	<u>17.5</u>		<u>18.4</u>	<u>18.9</u>	
Total	100.0	100.0		100.0	100.0	

(1) Includes Cash Reserve Account and cash equivalents at each country level.

Figure 4-8

INTERNATIONAL STOCK FUND		
Investment Advisors at June 30, 2005		
Investment Advisor	Net Asset Value	% of Fund
Index	\$556,046,402	12.39%
State Street Global Advisor	556,046,402	12.39%
Active-Core	861,534,750	19.19%
Invesco Global Asset Mgmt.	543,561,214	12.11%
Morgan Stanley Asset Management	317,973,536	7.08%
Active-Growth	503,013,251	11.20%
Clay Finlay, Inc.	328,232,179	7.31%
MFS Institutional Advisors, Inc.	174,781,072	3.89%
Active-Value	444,259,311	9.90%
Grantham, Mayo, Van Otterloo	444,259,311	9.90%
Small Cap	455,558,834	10.15%
Morgan Stanley Asset Management	230,312,089	5.13%
Schroder Investment Mgmt.	225,246,745	5.02%
Emerging	755,784,696	16.83%
Grantham, Mayo, Van Otterloo	386,671,707	8.61%
Emerging Markets Management	369,112,989	8.22%
Risk Controlled	740,450,443	16.50%
Merrill Lynch Investment	455,943,168	10.16%
Fidelity Management Trust Co.	284,507,275	6.34%
Other ⁽¹⁾	172,201,422	3.84%
TOTAL ISF	\$4,488,849,109	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

Figure 4-9

INTERNATIONAL STOCK FUND			
Ten Largest Holdings at June 30, 2005			
Security Name	Country	Market Value	%
Glaxosmithkline			
ORD GBP .25	United Kingdom	\$69,890,475	1.60%
Total SA Eur 10 Serie B	France	58,501,495	1.34%
BP PLC Ord USD .25	United Kingdom	50,481,868	1.15%
Vodafone Group			
ORD USD .10	United Kingdom	47,045,151	1.08%
ENIEUR 1	Italy	46,733,434	1.07%
Novartis AG CHF			
.50 Regd	Switzerland	42,716,939	0.98%
Roche Holdings AG NPV	Switzerland	40,595,073	0.93%
Royal BK Scot GRP			
Ord GBP .25	United Kingdom	40,193,301	0.92%
Royal Dutch Petroleum			
Euro .56	Netherlands	39,520,077	0.90%
ING Groep NV CVA			
Euro .24	Netherlands	36,583,961	0.84%
Top Ten		\$472,261,774	10.81%

2005 real estate fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation.

Performance Objective: An annual total return which is equal to or greater than CRPTF's actuarially determined assumed rate of return (currently 8.5%) and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

Benchmark: National Council of Real Estate Investment Fiduciaries Index (NCREIF) 1quarter lag.

Date of Inception: July 1, 1982

Total Net Assets: \$399,610,417

Number of Advisors: 10 external

Management Fees ⁽¹⁾: \$946,826

Operating Expenses: \$543,597

Expense Ratio: 0.39%

Capitalized and Netted Fees: \$3,810,931

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

Performance Summary

For the fiscal year ended June 30, 2005, the Real Estate Fund (REF) generated a total return of 27.74%, net of fees, which outperformed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of 15.55% by 1,219 basis points. This result is primarily attributable to REF's over exposure to mature Opportunistic strategies that recognized broad valuation increases and realized significant gains by selling holdings into robust real estate capital markets during the fiscal year. In addition, REF benefited from its overexposure to hotels and other nontraditional property types such as senior living facilities, two sectors which have rebounded recently.

During the fiscal year, the value of REF's portfolio increased from \$369 million to \$400 million, a \$31 million increase that was primarily due to \$89 million generated by operations. This was offset by redemptions paid out to unit holders of \$31 million and net distributions to unit holders of \$27 million. The funds generated from operations were comprised of net investment income of \$6 million, realized gains of \$14 million and unrealized appreciation of \$69 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 9.93%, 8.89%, and 9.93%, respectively, net of all expenses. (See figure 5-8.) The REF returns underperformed the benchmark in the three, five and ten year periods by 81 basis points, 126 basis points and 109 basis points, respectively. The underperformance for the three and five year periods are indicative of the "J curve" effect of the older Opportunistic fund investments, which comprise a significant portion of the Fund. REF's concentration in Opportunistic investments has resulted in a focus on value creation and capital gain generation strategies and features significant exposure to non-traditional property types. Over these time periods, markets favored highly occupied, cash generating properties in traditional property types, putting REF at a relative disadvantage in that the properties held by REF's Opportunistic funds were not generating significant cash flow nor were they positioned for a ready sale. Reasons for underperformance in the ten-year period include adverse asset selection and major asset sales transacted in a weak domestic real estate market (the early and mid nineteen nineties). Operating losses and significant write-downs taken in the mid nineteen nineties have also contributed to the Fund's below-benchmark performance over this time period.

Description of the Fund

REF is an externally managed fund that invests in real estate, real estate related investments and mortgages. These investments are restricted by policy to the purchase of shares in group annuities, limited partnerships, group trusts, corporations, and other indirect ownership structures managed by professional commercial real estate investment firms.

REF is benchmarked against the NCREIF index. Its strategic objectives are: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-

adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation. Its returns are expected to be equal to or greater than CRPTF's actuarially determined assumed rate of return (currently 8.5%) and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

Portfolio Activity

During the fiscal year, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) continued to implement the REF investment plan. New investment opportunities were considered. Of these, a select group was identified and awarded with investment commitments totaling \$325 million. The largest single commitment was made to a Core separate account that will be managed by AEW Capital Management, LP. This is a \$250 million commitment. The other commitments were made to Opportunistic urban-focused investment funds. One is a \$50 million commitment to the Canyon-Johnson Urban Fund II, LP ("CJUF II"). CJUF II has a target return minimum of 20 %, net of fees and will focus on property investments in inner city areas that have high concentrations of ethnically diverse and underserved communities. It is anticipated that the Fund will generate strong returns for REF and also generate collateral benefits in the communities that they invest in by providing enhanced residential stock and community oriented retail in areas where these product types are lacking. Such projects are significant in magnitude and spur employment during the construction phase as well as on an ongoing operating basis. In employing this strategy, the Fund will work closely with local and other governmental and community organizations to tailor its investments to meet local needs and to fully access available economic incentives. This commitment is intended to help diversify REF's existing Opportunistic real estate portfolio. The other is a \$25 million commitment to the RLJ Urban Hospitality Fund, L.P. ("RLJ"). RLJ seeks to generate returns of 20% (approximately 17% net of fees) by utilizing a niche strategy to identify and acquire existing focused and limited service hotels in urban areas that present barriers to competitors. RLJ will reposition, renovate and/or re-brand these hotels and apply aggressive management to improve operations subsequent to acquisition.

REF pursued liquidation strategies for assets that were acquired in the late nineteen eighties and early nineties and are inconsistent with REF's portfolio objectives. Consistent with this approach, REF's investment in Worcester Center was sold during the fiscal year and two other investments were under contract to be sold as of June 30. The sale of Worcester Center generated proceeds of roughly \$1 million. In addition, REF is positioning its last remaining single-asset investment for sale. The focus during this process is on maximizing returns. REF's 1997 and 1998 vintage year Opportunistic funds, currently in their liquidation phases, ramped up their sale and refinancing activity. This generated proceeds of almost \$60 million comprised primarily of \$38 million from AEW Partners Fund III, LP; \$8 million from the Westport Senior Living Fund; \$7 million from Apollo Real Estate Fund III, LP and \$6 million from Walton Street Real Estate Fund II, LP.

REF has unfunded outstanding commitments of \$332 million to five investments at fiscal year end. During the fiscal year, REF funded \$40 million of capital commitments to four of these funds.

During the fiscal year, the U.S. economy continued to grow at a steady pace. The corresponding increase in commercial activity and the associated job creation resulted in modest improvement in property level fundamentals in the office, industrial and apartment sectors. The retail sector continued its strong performance of prior years. The most significant impact on the performance of commercial real estate over the fiscal year was the strong and sustained level of capital flows from institutional and individual investors into real estate investments. This trend has been fed by the seemingly insatiable investor demand for cash flowing real estate investments and the continued availability of ample amounts of low interest rate mortgage debt.

Portfolio Characteristics

At June 30, 2005, the portfolio consisted of 10 externally managed portfolios/investments, with 20% of the Fund's net assets invested in real estate separate accounts, 79% invested in commingled funds and 1% invested in cash and other net assets. The Fund's ten largest holdings aggregated to 97.7% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 23%, with industrial (2%), retail (14%), apartments (4%), and hotel (14%) comprising 57% of the Fund. The "other" category, which accounts for 43% of net assets, includes significant exposures in senior living (25%), mixed-use/real estate securities (8%) and land (5%). The balance of the portfolio is comprised of timberland, storage facilities, and cash and other monetary assets. (See figure 5-7.)

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

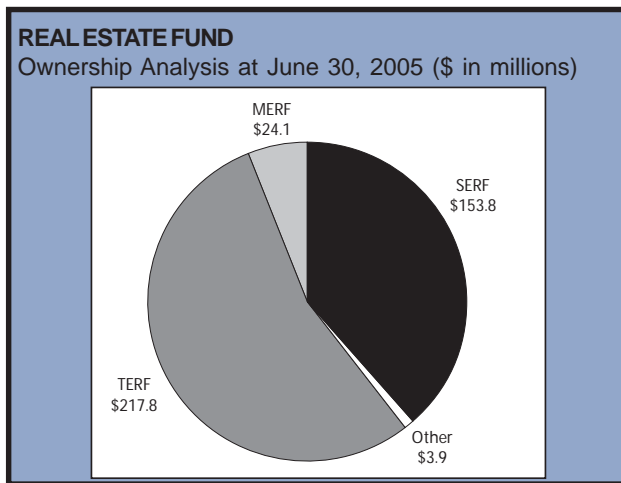
The portfolio is reasonably well diversified geographically with 33% of its assets invested in the East, 16% in the West, 36% in the South, and 6% in the Midwest. The remaining 9% is comprised of "other" and includes investments distributed nationally across the U.S. (4%), and internationally (4%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

Risk Profile

Given REF's investments policy and objectives, the Fund is exposed to several forms of risk. These include risks attendant to alternative investments, such as management, operations, market, and liquidity risk, but also include geographic, financing, and construction risks specific to real estate investments.

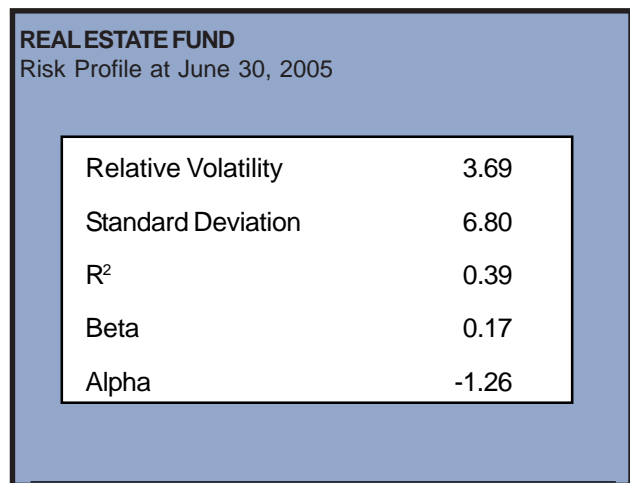
As shown below, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R² of 0.39, signifying almost no correlation between Fund returns and those of the benchmark. Its beta of 0.17 indicates little sensitivity to overall fluctuations in the benchmark. In the aggregate, the Fund's monthly alpha, or return relative to that achieved by the benchmark, was negative 1.26 over the five-year time period. (See figure 5-2.)

Figure 5-1



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

Figure 5-2



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

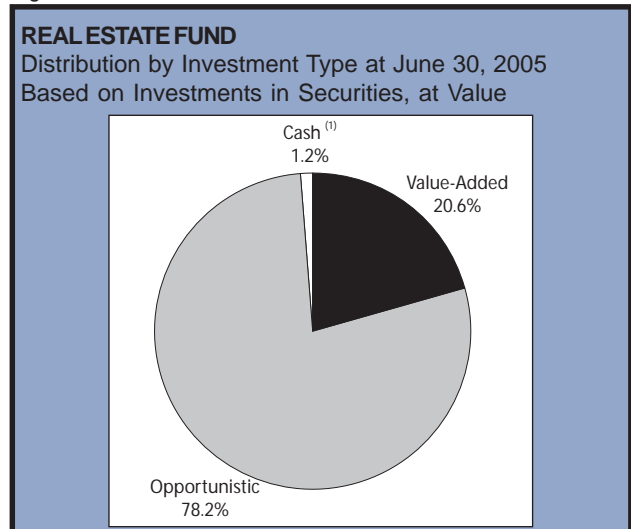
Figure 5-3

REAL ESTATE FUND
Investments Analysis ⁽¹⁾

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2005	11	304,926,401	394,855,227
6/30/2004	10	324,142,113	344,673,596
6/30/2003	10	393,641,512	420,132,363
6/30/2002	10	413,693,249	467,819,628
6/30/2001	10	403,106,638	471,662,581
6/30/2000	11	434,881,420	478,966,334
6/30/1999	14	395,221,763	380,769,286
6/30/1998	20	407,989,996	379,124,673
6/30/1997	24	540,133,490	475,213,540
6/30/1996	41	1,111,459,897	924,414,185

(1) Number of investments in annuities, partnerships, corporations, and trusts, excluding the Cash Reserve Account.

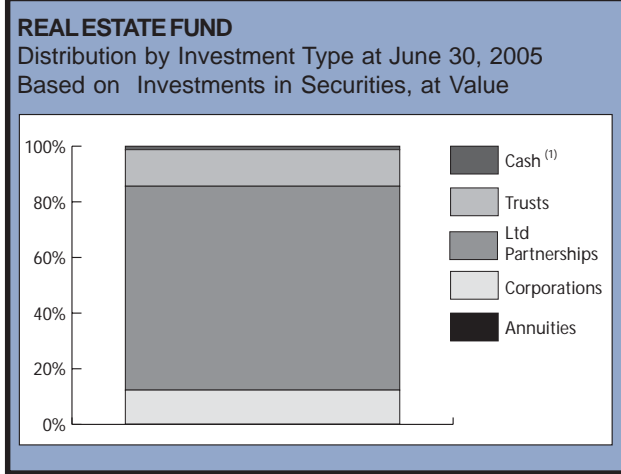
Figure 5-4



(1) Cash Reserve Account and other monetary assets.

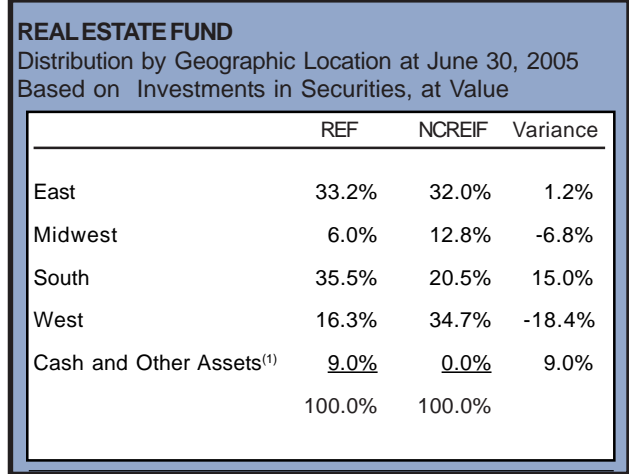
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 5-5



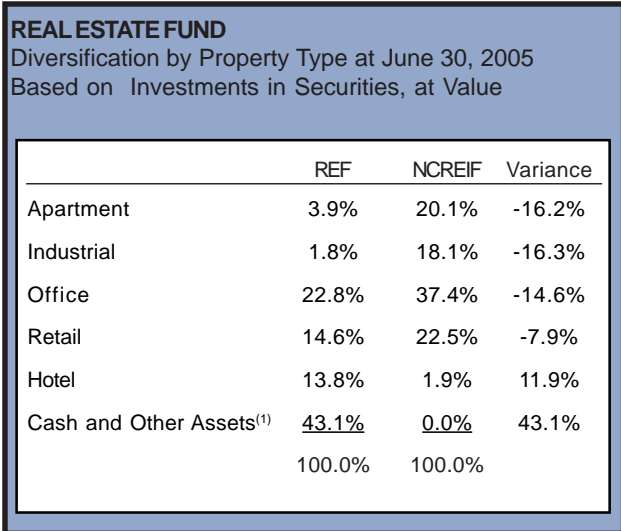
(1) Cash Reserve Account.

Figure 5-6



(1) Includes national (3.6%) and non-U.S. (4.2%) and cash and monetary assets (1.2%).

Figure 5-7



(1) Other includes senior living (25.4%), real estate securities/mixed use (7.6%), land (4.8%), timberland (3.1%), storage facilities (1.0%) and cash and other assets (1.2%).

Figure 5-8

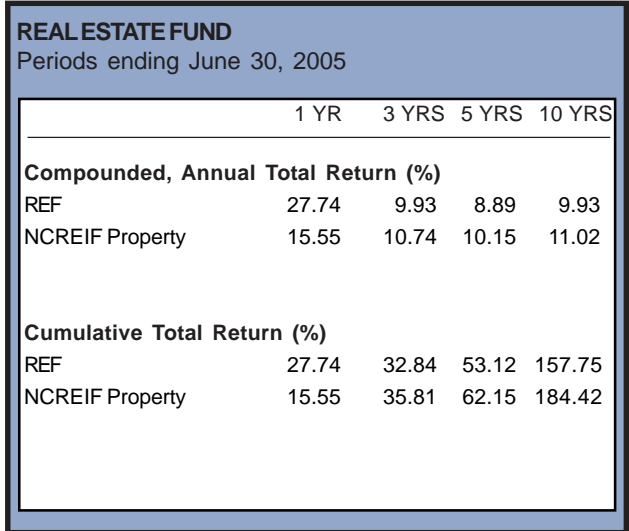


Figure 5-9

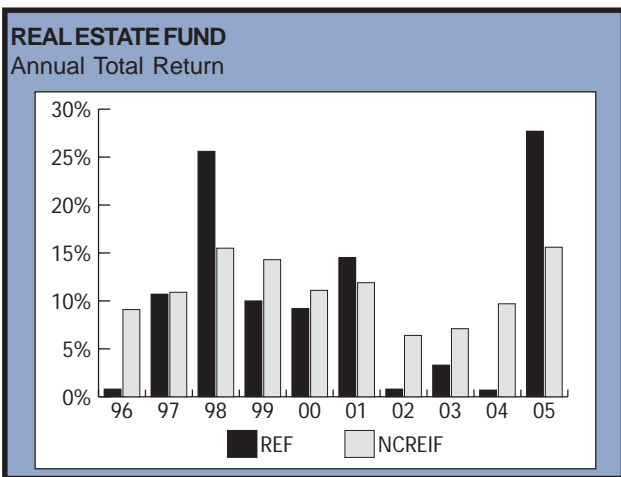
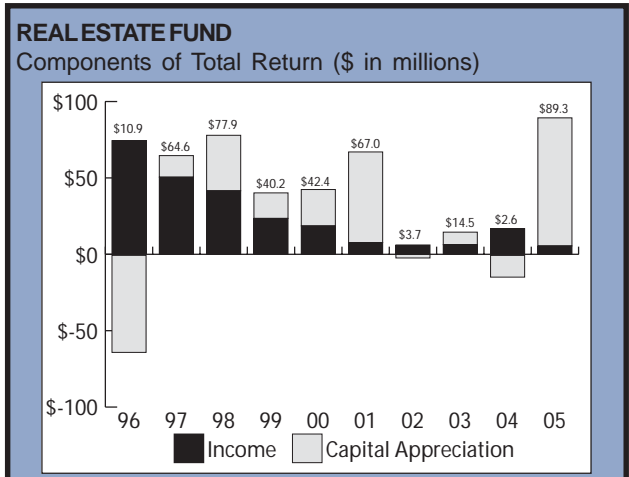


Figure 5-10



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 5-11

REAL ESTATE FUND		
Investment Advisors at June 30, 2005		
Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	\$113,307,325	28.36%
Westport Advisors	95,915,868	24.00%
Walton Street Real Estate	63,871,089	15.98%
Apollo Real Estate	56,196,794	14.06%
Rockwood Capital	33,030,054	8.27%
RMK Timberland	12,869,554	3.22%
New Boston Fund	10,640,856	2.66%
RLJ Urban Lodging Funds	4,831,132	1.21%
Canyon Johnson Urban Funds	3,863,286	0.97%
CIGNA Realty Investors	248,801	0.06%
Other ⁽¹⁾	<u>4,835,658</u>	<u>1.21%</u>
TOTAL REF	\$399,610,417	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

Figure 5-12

REAL ESTATE FUND			
Ten Largest Holdings at June 30, 2005			
Property Name	Type	Market Value	%
Westport Sr. Living Inv FD	Sr Living	\$95,915,868	24.00%
Walton Street RE II LP Fnd 2	Various	63,871,089	15.98%
Apollo Real Est Invest Fd III	Various	56,196,794	14.06%
Union Station LTD LP	Mixed	41,891,633	10.48%
Goodwin Square	Mixed	36,187,120	9.05%
AEW Partners III	Various	35,228,572	8.81%
Rockwood Captial Fund V	Various	33,030,054	8.27%
Timberland Fund A - Duplin	Timber	12,869,554	3.22%
New Boston Fund IV	Various	10,640,856	2.66%
RLJ Urban Lodging Fund LP	Hotel	<u>4,831,132</u>	<u>1.21%</u>
Top Ten		\$390,662,672	97.74%

2005 mutual fixed income fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: To invest in interest bearing securities, thereby providing diversification to the retirement funds' overall performance in different economic environments.

Performance Objective: To achieve a net return that exceeds its composite benchmark by 65 - 135 basis points per annum, over rolling three to five year periods.

Benchmark: 73% LB Aggregate, 17% Citigroup High Yield Market Index and 10% JPM Emerging Markets Bond Index.

Date of Inception: July 1, 1972

Total Net Assets: \$6,280,381,600

Number of Advisors: 11 external

Management Fees: \$6,121,336

Operating Expenses: \$788,722

Expense Ratio: 0.11%

Turnover: 367.7%

Performance Summary

For the fiscal year ended June 30, 2005 the Mutual Fixed Income Fund (MFIF) generated a total return of 7.70% net of fees, underperforming the hybrid benchmark return of 8.82% by 112 basis points. Fiscal year underperformance was primarily driven by the program's underweight to emerging market debt and an overweight to core fixed income. Comparative returns from other indexes include: The Citigroup High Yield Market Index 10.38%, and JP Morgan Emerging Markets Bond Index 21.38% (JP EMBI+).

During the fiscal year, the Fund increased \$431 million, from \$5.849 billion to \$6.280 billion, resulting from net investment income of \$285 million and \$163 million from net realized and unrealized losses.

For the trailing three, five and ten-year periods, MFIF's compounded annual total return was 7.44%, 7.19% and 7.13% respectively, net of fees. These returns were essentially close to those of the Fund's benchmark for the ten year period, but were behind the benchmark for the three and five-year periods by 136 and 94 basis points respectively.

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2005, were 24.01%, 41.53% and 99.05%, respectively.

Description of the Fund

The Mutual Fixed Income Fund is an externally managed fund investing primarily in domestic fixed income securities. The Fund serves as an investment tool for the Pension and Trust Funds with the goal of reducing volatility in returns under various economic scenarios. Fixed income securities represent fixed, variable, and zero coupon bonds issued by the federal and state governments, foreign governments, domestic and international corporations, and municipalities. During periods of low inflation, fixed income investments may enhance the overall performance of the Pension and Trust Funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute satisfactory investment returns.

During fiscal year 2002, the Office of the Treasurer conducted a structure review for the Fund as part of its continuing implementation of the Asset Allocation Policy and strategy for the Mutual Fixed Income Fund. In May 2005, one emerging market debt manager was funded, and two inflation linked bond managers were funded in June 2005.

At June 30, 2005, eleven advisors managed investments in the Fund. The Fund's investments were allocated to five advisors investing approximately 75% of the portfolio in core/core-plus strategies, three advisors actively investing 14% of the portfolio in domestic high yield strategies, two advisors actively investing 3% of the portfolio in inflation linked bonds, and one advisor actively investing 3% of the portfolio in emerging markets debt. (See figure 6-11.)

Since inception, the MFIF's objective has been an annual return, net of management fees and operating expenses, of 50 basis points in excess of the LB Aggregate, which is widely considered to be parallel to the performance of the U.S. bond market. During fiscal year 2000, another performance measurement benchmark for the MFIF was added to reflect the Fund's strategic allocation to other fixed income markets, such as high yield securities and emerging market debt. The new benchmark is a hybrid comprising 73% LB Aggregate, 17% Citigroup High Yield Market Index, and 10% JP EMBI+, and the Fund's goal is to exceed the return of the hybrid index by 65 - 135 basis points per annum, over rolling three to five year periods.

Portfolio Characteristics

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a substantial concentration in corporate securities, comprising approximately 28.1% of the Fund's investment securities at fiscal year-end. The Fund also maintained a concentration in Treasury and Agency securities of 45.3%. Sector concentrations differed from those comprising the LB Aggregate, reflecting the collective allocations of the Fund's active investment advisors. The Fund's average quality rating was AA-3, as judged by Moody's Investor Services, supported by its 54.7% concentration in mortgage-backed, U.S. Treasury, and Agency securities. Relative to the Index, MFIF held a lesser degree of below investment grade securities including emerging market debt. (See figure 6-4.)

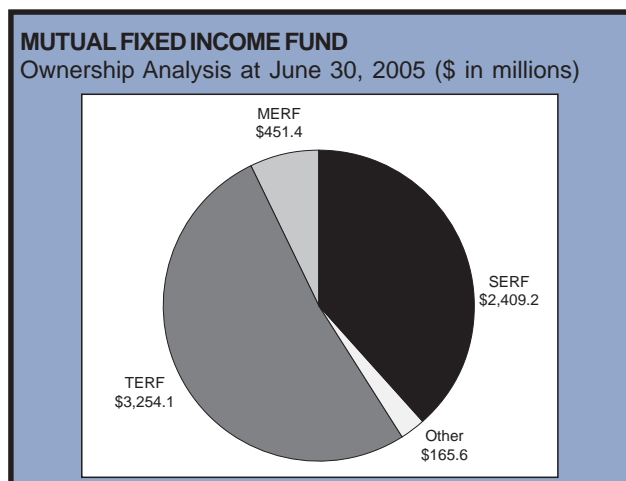
Risk Profile

Given MFIF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, purchasing power risk, default risk, reinvestment risk, and market risk. In addition, the Fund is occasionally exposed to political and economic risk and currency risk resulting from investments in international fixed income securities.

In fixed income investing, returns are extremely sensitive to changes in market interest rates. As such, the longer the time to maturity of a fixed income investment (and the resultant increase in time during which interest rates may change), the greater the level of risk assumed. To measure the degree of MFIF's price sensitivity to changes in market interest rates, the Fund's duration, or the weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2005, the Fund held a duration-neutral stance relative to the LB Aggregate Index of 4.4 years. While often viewed as an indicator of risk, duration can, if managed effectively, contribute significantly to total Fund returns. (See figure 6-3)

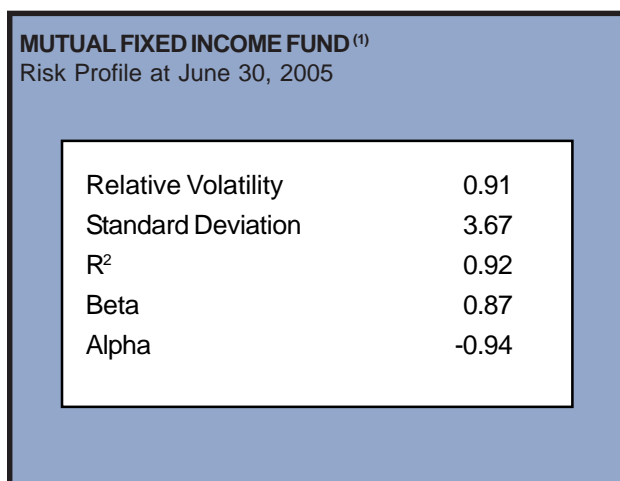
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-1



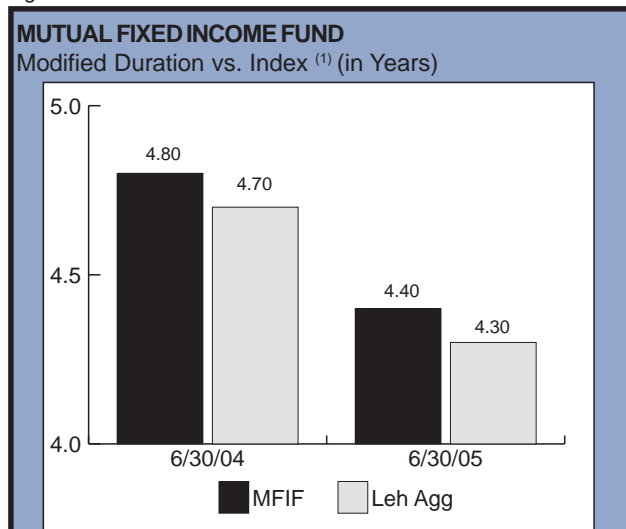
TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 6-2



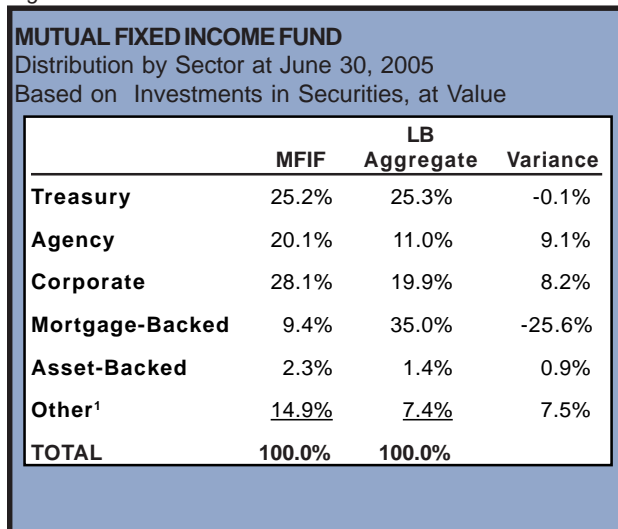
(1) Based upon returns over the last five years.

Figure 6-3



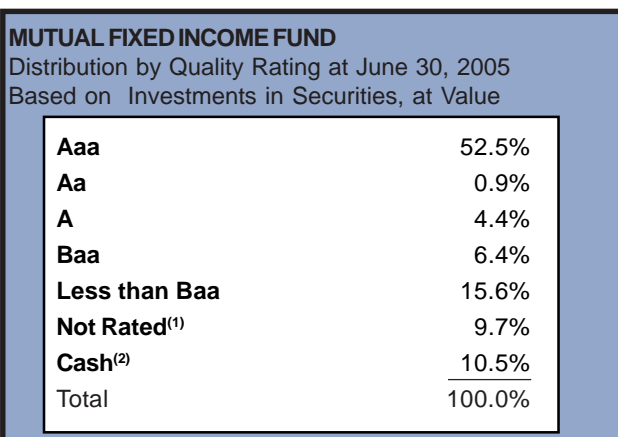
(1) Computed without the effect of Cash and other Net Assets.

Figure 6-4



(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, cash and other assets.

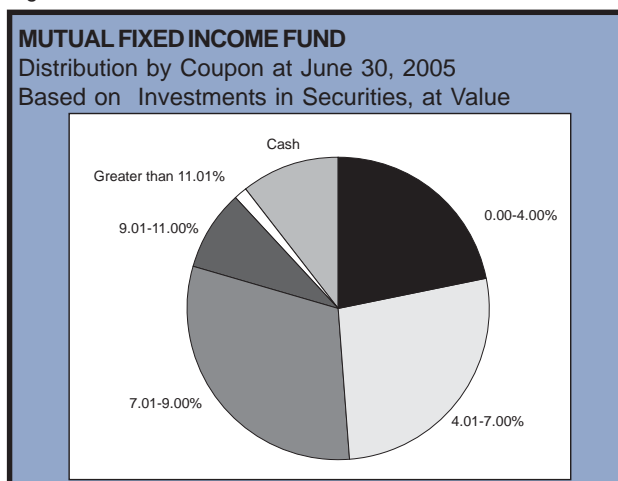
Figure 6-5



(1) Represents securities for which ratings are unavailable.

(2) Represents monies invested in the Cash Reserve Account and cash equivalents.

Figure 6-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-7

MUTUAL FIXED INCOME FUND

Macaulay Duration Distribution at June 30, 2005
Based on Investments in Securities, at Value

0-3 Years	24.8%
3-5 Years	20.7%
5-7 Years	13.6%
7-10 Years	12.6%
10+ Years	14.9%
Unknown⁽¹⁾	2.9%
Cash⁽²⁾	10.5%
Total	100.0%

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

(2) Represents monies invested in the Cash Reserve Account and cash equivalents.

Figure 6-8

MUTUAL FIXED INCOME FUND

Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	7.70	7.44	7.19	7.13
MFIF Hybrid Benchmark	8.82	8.80	8.13	7.30
Cumulative Total Return (%)				
MFIF	7.70	24.01	41.53	99.05
MFIF Hybrid Benchmark	8.82	28.78	47.80	102.21

Figure 6-9

MUTUAL FIXED INCOME FUND

Annual Total Return

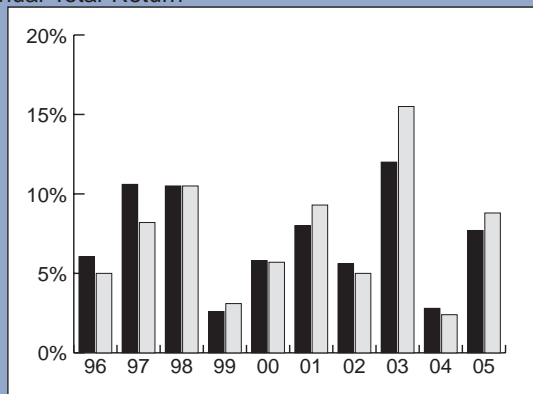


Figure 6-11

MUTUAL FIXED INCOME FUND

Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Core	\$4,729,979,393	75.32%
State Street Global Advisors	1,328,885,354	21.16%
BlackRock Financial Mgmt, Inc.	1,142,586,706	18.19%
Wellington	1,032,985,288	16.45%
Western Asset Management Co.	909,824,849	14.49%
Phoenix	315,697,196	5.03%
High Yield	875,387,388	13.94%
Loomis Sayles & Co., Inc.	370,599,574	5.90%
W.R. Huff Asset Management	274,869,144	4.38%
Oaktree Capital Management, LLC	229,918,670	3.66%
Emerging Market Debt	157,823,588	2.51%
Ashmore Emerging Mkts Debt Fund	157,823,588	2.51%
Inflation Linked Bonds	211,093,507	3.36%
Brown Brothers Harriman	141,085,766	2.25%
Hartford Investment Mgmt Co.	70,007,741	1.11%
Other⁽¹⁾	306,097,724	4.87%
TOTAL MFIF	\$6,280,381,600	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

Figure 6-10

MUTUAL FIXED INCOME FUND

Components of Total Return (\$ in millions)

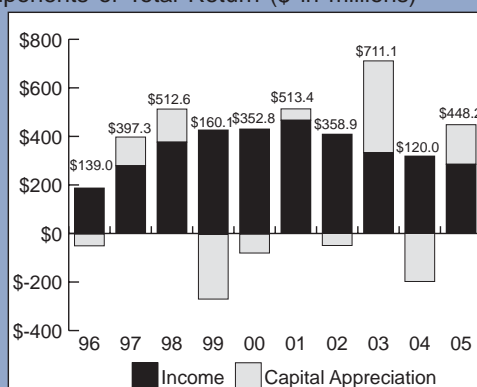


Figure 6-12

MUTUAL FIXED INCOME FUND

Ten Largest Holdings at June 30, 2005

Security Name	Maturity	Market Value	%
GNMA TBA	12/01/2035	\$74,743,464	1.12%
U.S. Treasury Notes	02/28/2007	66,627,473	1.00%
U.S. Treasury Notes	01/31/2007	65,990,157	0.99%
U.S. Treasury Notes	07/15/2013	48,002,229	0.72%
U.S. Treasury Bonds	02/15/2021	46,002,736	0.69%
FNMA TBA	12/01/2035	45,270,471	0.68%
U.S. Treasury Notes	12/15/2009	43,643,912	0.66%
GNMA TBA	12/01/2034	42,865,182	0.64%
FHLMC TBA	12/01/2034	41,566,952	0.62%
U.S. Treasury Bonds	08/15/2020	41,148,928	0.62%
Top Ten		\$515,861,504	7.74%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 6-13

MUTUAL FIXED INCOME FUND										
Comprehensive Profile for the Fiscal Years ending June 30,										
	2005		2004		2003		2002		2001	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	4,511	5,859	4,566	6,976	4,319	7,472	4,071	6,892	3,633	6,414
Average Coupon	5.60%	5.30%	5.90%	5.40%	6.20%	6.10%	6.60%	6.50%	6.90%	6.90%
Yield Maturity	5.00%	4.40%	5.20%	4.60%	4.50%	3.40%	6.50%	5.30%	7.60%	6.20%
Average Maturity	7.10	6.30	7.70	6.70	7.50	6.20	8.40	7.30	9.70	8.30
Modified Duration ⁽²⁾	4.40	4.30	4.80	4.70	4.60	4.20	4.70	4.40	5.30	4.80
Average Quality	AA-3	AA-1	AA-2	AA-1	AA-3	AA-1	AA-3	AA-1	AA-3	AA-1
Cash ⁽¹⁾	10.5%	0.0%	12.0%	0.0%	12.8%	0.0%	10.9%	0.0%	10.3%	0.0%

(1) Includes funds invested in the Cash Reserve Fund.

(2) Compounded without the effect of Cash and Other Net Assets.

Figure 6-14

MUTUAL FIXED INCOME FUND					
Quarterly Current Yield ⁽¹⁾ vs. Indices (%)					
	6/30/05	3/31/05	12/31/04	9/30/04	6/30/04
MFIF	4.68	4.89	4.88	4.83	5.06
Leh Agg	4.98	5.08	5.01	5.03	5.17
Citigroup 3 Month T-Bill	3.13	2.79	2.22	1.71	1.32
Lehman Treasury	4.34	4.43	4.34	4.34	4.49
Lehman Agency	4.27	4.27	4.19	4.19	4.21
Lehman Mortgage	5.31	5.39	5.33	5.35	5.45
Lehman Corporate	5.51	5.70	5.60	5.63	5.87
Lehman Asset Backed	4.43	4.46	4.37	4.39	4.48

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

2005 commercial mortgage fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: To achieve yields in excess of those available on domestic fixed income securities by investing in mortgages on income producing property or in commercial mortgage backed securities (CMBS).

Performance Objective: An annual total return which is one percentage point greater than that of the Lehman Aggregate Index after expenses.

Benchmark: Lehman Aggregate Index

Date of Inception: November 2, 1987

Total Net Assets: \$20,337,595

Number of Advisors: 1 external

Management Fees: \$249,911

Operating Expenses: \$17,941

Expense Ratio: 0.94%

Performance Summary

For the fiscal year ended June 30, 2005, the Commercial Mortgage Fund (CMF or the Fund) generated a return of 6.95%, net of management fees and operating expenses, out performing the Lehman Aggregate Bond Index (LABI) of 6.80% by 15 basis points. The Fund's favorable performance is attributable to its yield advantage versus the benchmark and the receipt of a significant prepayment penalty.

During the fiscal year, CMF assets declined from \$36 million to \$20 million, a decrease of \$16 million. This decrease was due to cash outflows to the Fund's unit holders of \$18 million offset by \$2 million generated by operations. The outflows were paid from loan maturity and amortization proceeds. The \$2 million generated from operations consisted of \$3 million of net operating income offset by \$.5 million of realized loss and \$.5 million of unrealized loss.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 11.64%, 9.32% and 9.45%, respectively, net of all expenses. The Fund's results over the three, five and ten-year periods exceeded the benchmark by 588 basis points, 192 basis points and 262 basis points, respectively. (See figure 7-7.)

Description of the Fund

CMF is an externally managed fund that holds mortgages on income-producing commercial property. Established in 1987, it serves as a fixed income investment tool for the pension plans with the goal of realizing yields in excess of those available from traditional domestic fixed income securities, while accepting slightly greater credit risk.

CMF's investment assets consist of an externally managed portfolio of commercial real estate mortgage loans and interests in Yankee Mac pooled residential mortgage-backed securities created pursuant to a previous Connecticut State Treasury program.

The Fund's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of Lehman Aggregate Index by 100 basis points.

Portfolio Activity

At June 30, 2005, the Fund consisted of 2 commercial mortgage loans with a combined value of \$19.4 million and five residential mortgage pools with a combined value of \$0.5 million. The balance of the Fund's assets consisted of short-term cash investments. During the fiscal year two portfolio loans were paid off. These payments resulted in the receipt of \$11.8 million including a \$0.9 million prepayment penalty. The Fund continued to be inactive regarding new loans and is being managed to maximize the total return on its remaining holdings.

In the fiscal year ended June 30, 2005, the U.S. economic expansion continued at a steady pace. As noted in the prior year, optimism regarding economic growth continues to be tempered by prospects of higher interest rates and energy prices as well as the unsettled global economic and security situations. The Federal Reserve Board has continued to increase the short term Federal Funds Rate and is expected to continue doing so in a consistent and measured way. Despite this longer term interest rates have remained relatively low. These low rates, in combination with improved property market fundamentals, have enhanced valuations of real property and seasoned, high yielding mortgage loans.

Portfolio Characteristics

As its existing loans mature, CMF's portfolio diversification has decreased. Virtually all of Fund's net assets (98%) were invested in the residential sector at fiscal year-end. The remaining 2% is held in the Cash Reserve Account. (See figure 7-4.) The Fund has some diversification across geographic regions with 51% in the East North Central, 45% in the Mountain region and 2% in the Northeast. (See figure 7-5.)

The CMF's seven holdings aggregated to 98% of Fund investments. (See figure 7-11.)

The portfolio is healthy from a credit risk standpoint. CMF had no delinquent or non-performing loans at fiscal year end. None of the Fund's investments are scheduled to mature in the next 12 months.

Risk Profile

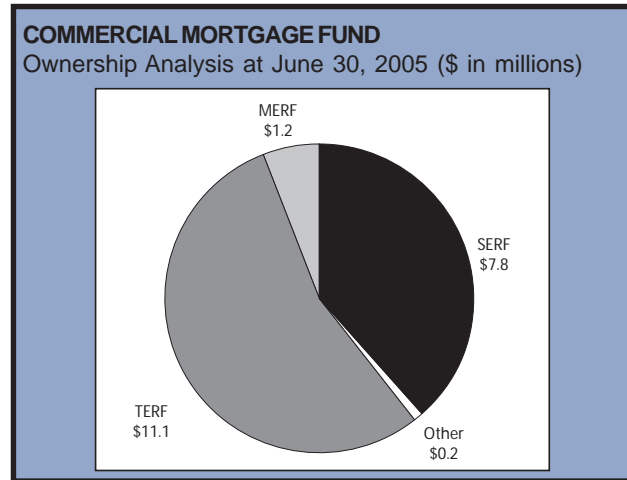
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, thereby shortening investors' assumed time horizon and exposing them to reinvestment risk. However, yield maintenance-based prepayment penalties, which are included in the majority of the Fund's commercial mortgage investments, help minimize this risk.

To measure the Fund's price sensitivity to changes in market interest rates, the Fund's duration, or weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2005, the Fund's duration was 2.8 years versus 4.2 years for the Lehman Aggregate Index. Therefore, the Fund is less sensitive to interest rate changes than the Lehman Aggregate Index.

Based on returns over the last five years, the Fund's risk profile is similar to that of the Lehman Aggregate Index. With a relative volatility of 1.51, its returns are slightly more volatile than the index; however, its returns show modest correlation to those achieved by the benchmark. The Fund's beta of 0.15 signifies a limited amount of sensitivity to movements in the Index as a whole. CMF's five-year monthly alpha, or return in excess of that predicted by returns in the overall market, at June 30, 2005 was 1.92. (See figure 7-2.)

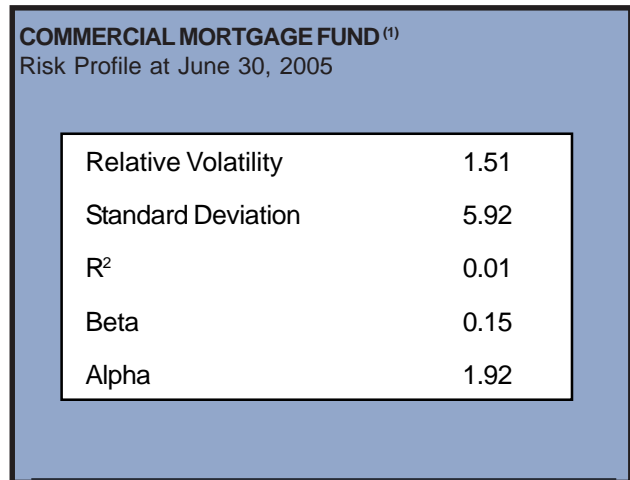
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 7-1



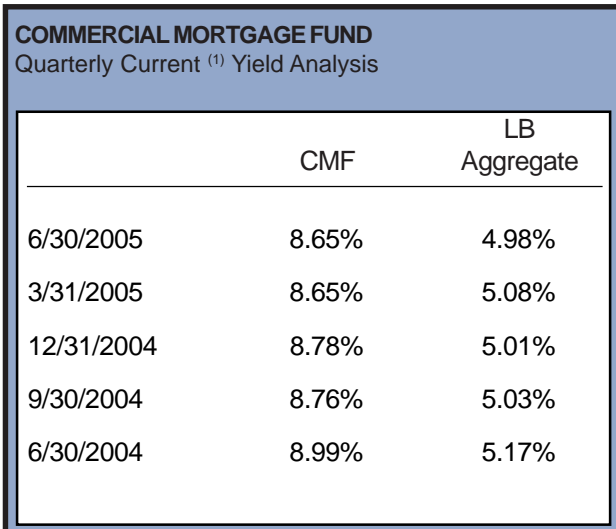
TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2



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

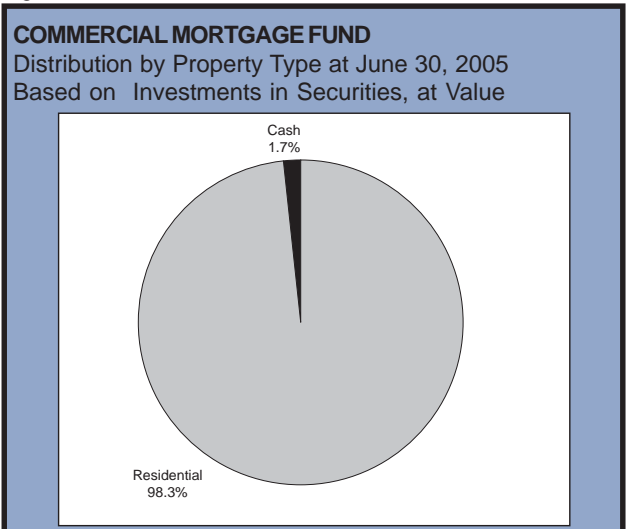
Figure 7-3



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

Figure 7-4

Figure 7-4



(1) Includes senior ground leases.

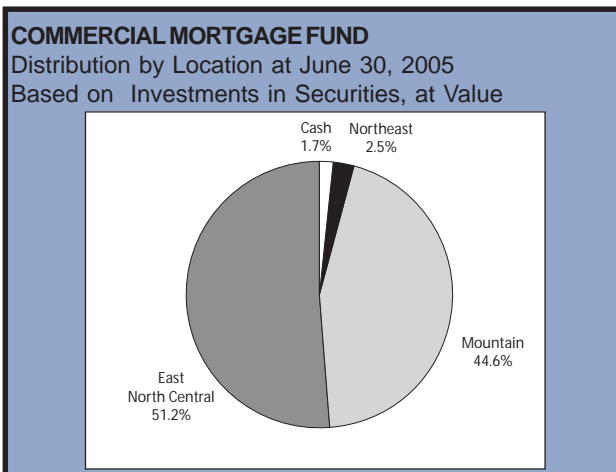
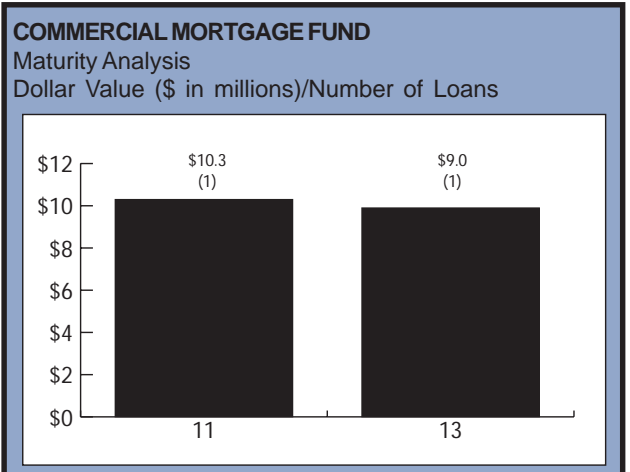


Figure 7-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 7-7

	1 YR	3 YRS	5 YRS	10 YRS
COMMERCIAL MORTGAGE FUND				
Periods ending June 30, 2005				
Compounded, Annual Total Return (%)				
CMF	6.95	11.64	9.32	9.45
Lehman Agg	6.80	5.76	7.40	6.83
Cumulative Total Return (%)				
CMF	6.95	39.15	56.12	146.78
Lehman Agg	6.80	18.29	42.92	93.52

Figure 7-8

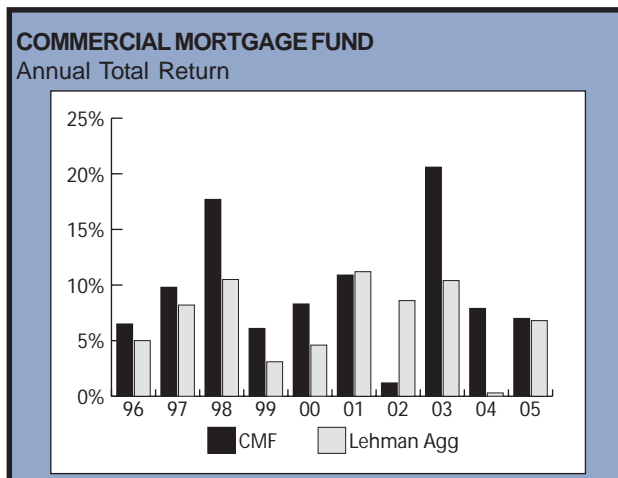


Figure 7-9

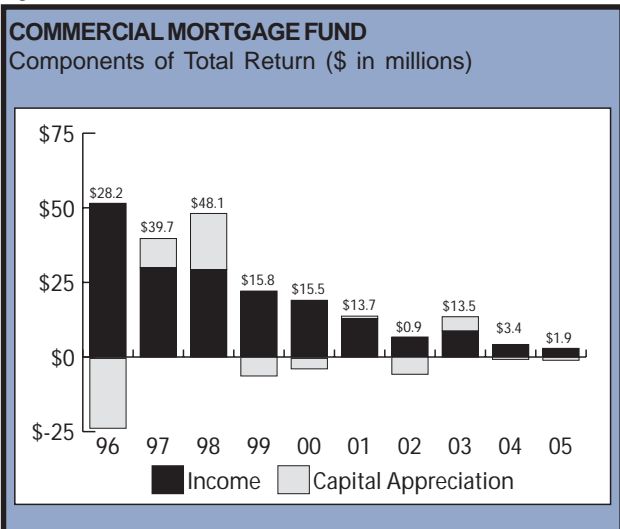


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	19,486,665	95.82%
Other ⁽¹⁾	850,930	4.18%
SUBTOTAL CMF	20,337,595	100.00%

(1) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

Figure 7-11

COMMERCIAL MORTGAGE FUND
Seven Largest Holdings at June 30, 2005

Property Name	Property Type	Market Value	%
Greenhill Apts	Residential	\$10,250,746	50.58%
SASCO	Other	9,170,255	45.25%
Yankee Mac E 11.056%	Residential	217,579	1.07%
Yankee Mac G 11.125%	Residential	136,488	0.67%
Yankee Mac F 12.981%	Residential	109,015	0.54%
Yankee Mac C 14.1505%	Residential	29,969	0.15%
Yankee Mac A 13.075%	Residential	17,445	0.09%
Top Seven		19,931,497	98.35%

2005 private investment fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: A long-term asset allocation with the goal of earning returns in excess of the public equity markets through investments in private equity companies.

Performance Objective: To outperform the Standard & Poor 500 Index by 500 basis points at the end of ten years.

Benchmark: Venture Economics All Private Equity Index.

Date of Inception: July 1, 1987

Total Net Assets: \$1,440,501,575

Number of Advisors: 44 external

Expensed Management Fees ⁽¹⁾: \$2,962,173

Operating Expenses: \$2,921,484

Expense Ratio: 0.36%

Capitalized and Netted Fees: \$26,943,065

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

Performance Summary

For the fiscal year ended June 30, 2005, the Private Investment Fund ("PIF") generated a one year 9.58% compounded annual rate of return which is also known as a Time Weighted Return ("TWR"). While the PIF's TWR under performed the Venture Economics All Private Equity time-weighted benchmark of 17.37%, several factors must be considered. First, the PIF is undergoing the "J curve" effect of new fund investments made over the last two fiscal years after a period of inactivity. Second, while short-term performance is assessed, the Fund has a long-term perspective in evaluating performance, in that it measures the returns over a 10-year time period. This long-term perspective reflects the illiquid nature of the Fund's underlying partnership holdings that require a meaningful length of time to progress through specific developmental periods. Third, the TWR metric is not the best way to measure private equity performance since it eliminates the effects created by the amounts and timing of cash inflows and outflows.

The institutional standard for measuring private equity performance is the Internal Rate of Return ("IRR"), which is a dollar-weighted return that considers both cash flows and time. For the fiscal year ended June 30, 2005, the Private Investment Fund ("PIF") generated a 7.71% Internal Rate of Return since its inception in 1987. Another performance measure which is used by major institutional investors is a customized dollar-weighted public U.S. equity market equivalent ("PME"). The PME serves as a proxy for the return the investor would have received had it invested in public equities versus private equity. From inception through June 30, 2005, the PIF has generated 510 basis points in excess of the PME and its Performance Objective.

Portfolio Activity

During fiscal 2005, the Private Investment Fund added \$445 million of new commitments to five private equity fund managers. Two of those managers are Connecticut-based, with one being minority and women-owned; in aggregate these managers accounted for \$275 million of fiscal 2005's total commitments. Moreover, \$55 million of PIF's fiscal 2005 commitments were committed to an emerging minority-owned fund-of-fund manager to identify and provide opportunities to the next generation of private equity entrepreneurs. The PIF also successfully completed the transition to two new private equity consulting groups. Furthermore, a comprehensive portfolio analysis was completed that has helped shape future allocations and commitments while reporting that the PIF had outperformed the PME since inception.

During fiscal year 2005, PIF's assets decreased from \$1.785 billion to \$1.440 billion, a decrease of \$345 million to net cash outflows from participating pension plans and trusts. In reporting values for PIF, private market valuations are often imprecise. Accordingly, the PIF investment advisors typically adopt a valuation policy, carrying the investments at cost unless and until there is substantive evidence to change valuations. These determinations are made on an on-going basis independently by the investment advisors.

Private Equity Market Update

Along with the overall economy, the private equity market has continued to perform well in fiscal 2005. Investment activity has been amplified by improved business performance in most industries, robust debt markets and low interest rates. M&A transactions increased 17% to \$548.3 billion for the first six months of 2005, versus \$466.9 billion for the same period in 2004. M&A activity has been fueled by both strategic buyers and private equity firms. Consequently, purchase multiples have increased to 8.3x for the year ended June 2005, versus 7.8x for the prior year period, according to S&P's Leveraged Commentary and Data. The debt markets have been supplying debt capital on increasingly favorable terms primarily been driven by the improved operating performance of companies and the aggressive posture of the lenders. On the venture capital side, Sarbanes Oxley compliance, has raised the bar for companies trying to complete initial public offerings and has resulted in a slowing of venture-backed companies going to the public equity markets.

Description of the Fund

The Private Investment Fund (PIF) is an externally managed fund whose strategic focus is divided among six specific areas: venture capital, corporate buyout, mezzanine, fund of funds, special situations, and international funds. The Private Investment Fund serves as a long-term investment tool for the Pension and Trust Funds, with the goal of earning returns in excess of the public equity markets through investments in private equity companies.

This Fund structure allows for experienced industry professionals to manage PIF's assets while allowing the Fund to realize the benefits of a diversified private market portfolio in the areas of investment type, strategic focus, industry type and geographic region. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a rolling ten-year period, the Standard & Poor 500 Index by 500 basis points.

Portfolio Characteristics

The Private Investment Fund consists of private equity investments, which include six primary areas of strategic focus:

Buyout focused investments can be 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 values and/or cash flow.

Fund of Funds investments are investment funds which may have multiple areas of strategic focus. These funds invest in a multiple of selected private equity partnerships that invest in underlying companies.

Venture Capital focused investments can be narrowly defined as investments in the 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.

Mezzanine Debt focused investments can be 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 Situations focused investments can be defined as investments in a variety of securities (Debt, Preferred Equity, Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).

International Private Equity focused investments can be defined as investments in private equity or equity-like securities in companies located outside the continental United States. International Private Equity investments often offer more attractive return/risk characteristics as a result of the above average rates of growth

available in select international economies.

Through June 30, 2005, the PIF had aggregate capital commitments in the amount of \$3.9 billion to 45 partnerships of which approximately 79 percent, or \$3.1 billion has been "drawn down" for investment purposes while the balance of approximately \$842 million or 21 percent is committed but uninvested. (See Figure 8-6.)

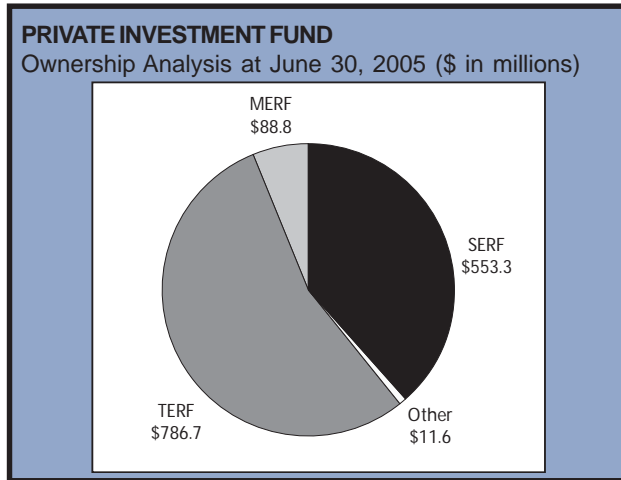
Risk Profile

Given PIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, 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 the Private Investment Fund 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 due to its alternative investment strategy. PIF's volatility relative to its benchmark is 1.05 with a correlation .84 for the most recent fiscal year. The Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 0.12 (See Figure 8-2.)

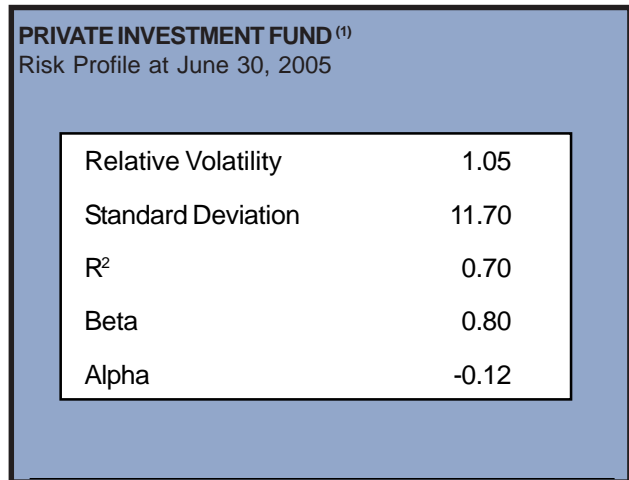
CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 8-1



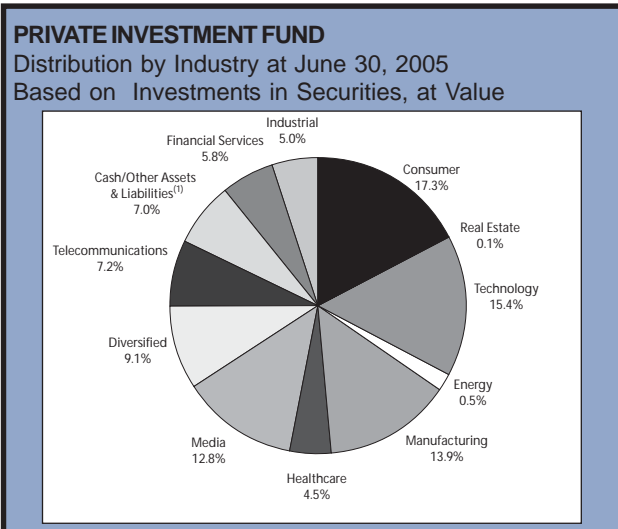
TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2



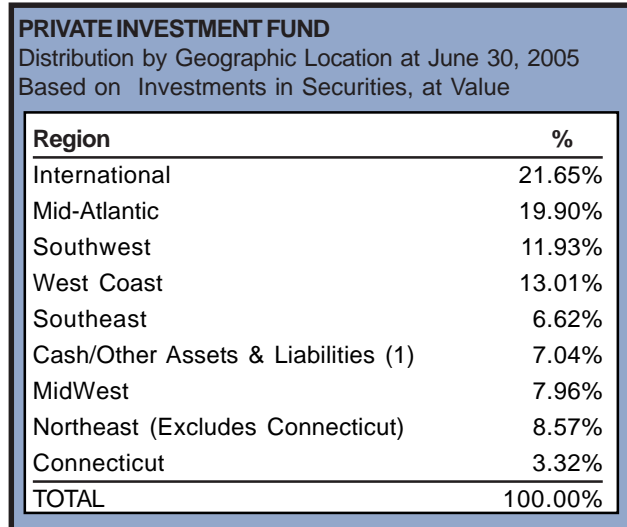
(1) Based upon returns over the last five years.

Figure 8-3



(1) Includes Cash Reserve Account and cash and other assets at the partnership level.

Figure 8-4



(1) Includes the Cash Reserve Account and cash and other assets at the partnership level.

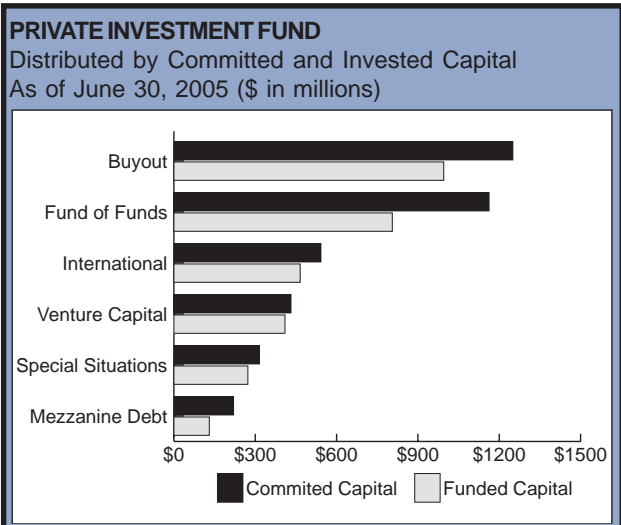
(2) Unclassified represents fund of funds investments where region information could not be obtained.

Figure 8-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	9.58	5.07	-0.61	10.11
S & P 500	6.32	8.28	-2.37	9.94
Venture Economics				
All Private Equity	17.37	8.16	-0.49	17.53
Cumulative Total Return (%)				
PIF	9.58	15.99	-3.02	161.98
S & P 500	6.32	26.96	-11.32	157.91
Venture Economics				
All Private Equity	17.37	26.55	-2.43	402.75

Figure 8-6



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 8-7

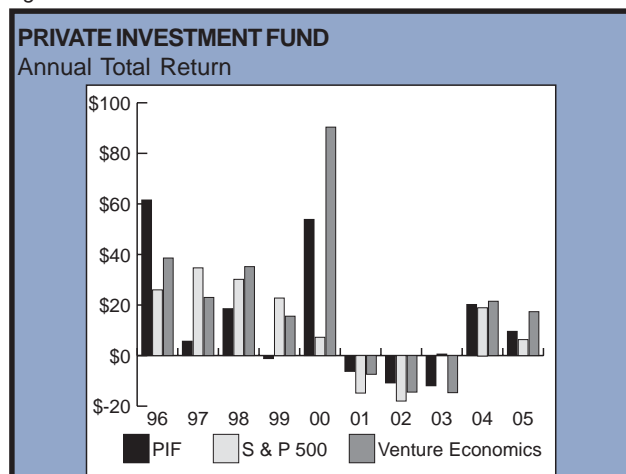


Figure 8-8

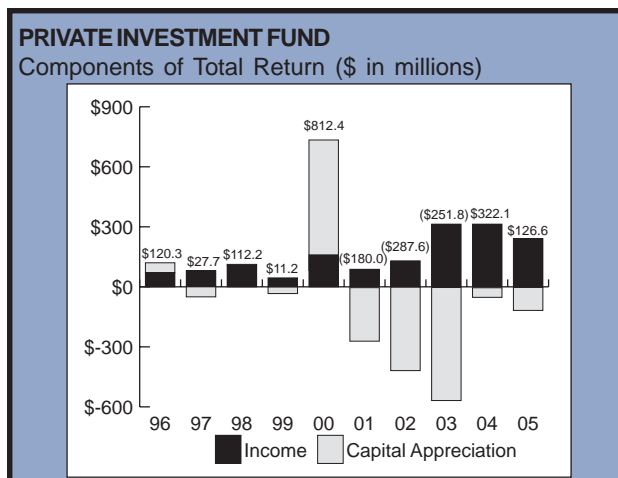


Figure 8-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2005

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	\$219,562,584	15.27%
Compass Partners European Equity Fund	International	117,139,258	8.15%
SW Pelham Fund	Mezzanine	64,148,512	4.46%
Landmark Private Equity Fund VIII	Fund of Funds	63,472,963	4.42%
Gilbert Global Equity Partners	International	52,721,179	3.67%
KKR Millennium Fund	Buyout	51,246,885	3.56%
Welsh Carson Anderson & Stowe Capital Partners III	Special Situations	47,788,089	3.32%
Carlyle Europe Partners	International	46,355,798	3.22%
Hicks, Muse Tate & Furst Equity Fund III	Buyout	45,756,190	3.18%
Thomas H. Lee Equity Fund IV	Buyout	38,668,389	2.69%
Top Ten		\$746,859,847	51.94%

Figure 8-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2005⁽¹⁾ (in Excess of \$3 Million)

Partnership Name	Commitment Amount	Partnership Type	Inv. Date
ALG Healthcare Partners LP	\$40 million	Buyout	September 30, 2004
Charterhouse Equity Partners IV	\$75 million	Buyout	February 15, 2005
Parish Capital I LP	\$55 million	Fund of Funds	March 21, 2005
Fairview Constitution II LP	\$200 million	Fund of Funds	May 24, 2005
GarMark Partners II LP	\$75 million	Mezzanine	June 20, 2005
Total:	\$445 million		

(1) These represent new private equity partnerships that were invested in by the Fund during fiscal year 2005.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

Figure 8-11

PRIVATE INVESTMENT FUND

Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Buyout	\$444,477,992	30.86%
KKR Millennium Fund	51,246,890	3.56%
Hicks, Muse Tate & Furst Equity Fund III	45,756,174	3.18%
Thomas H. Lee Equity Fund IV	38,668,407	2.68%
Welsh Carson Anderson & Stowe VIII	34,490,987	2.39%
Wellspring Capital Partners III	33,575,268	2.33%
SCP Private Equity Partners	32,082,560	2.23%
Charterhouse Equity Partners IV	27,970,806	1.94%
Forstmann Little Equity Fund VI	27,969,805	1.94%
DLJ Merchant Banking Fund II	25,796,535	1.79%
KKR 1996 Fund	22,177,582	1.54%
FS Equity Partners V	21,259,412	1.48%
Blackstone Capital Partners III	15,554,228	1.08%
Thayer Equity Investors IV	14,854,083	1.03%
Kelso Investment Associates VI	13,641,256	0.95%
Green Equity Investors III	13,546,915	0.94%
Wellspring Capital Partners II	12,513,325	0.87%
Veritas Capital Fund	7,726,936	0.54%
AIG Healthcare Partners LP	5,646,823	0.39%
Venture Capital	101,686,856	7.06%
Pioneer Ventures Associates	25,314,522	1.76%
RFE Investment Partners VI	16,980,424	1.18%
Conning Capital Partners V	16,568,911	1.15%
Crescendo World Fund	15,585,507	1.08%
Grotech Partners V	11,559,371	0.80%
Shawmut Equity Partners	10,707,558	0.74%
Crescendo III	4,450,351	0.31%
Connecticut Futures Fund	520,212	0.04%
Mezzanine	95,977,934	6.66%
SW Pelham Fund	64,148,492	4.45%
GarMark Partners	15,928,516	1.11%
SW Pelham Fund II	15,900,926	1.10%
International	263,271,216	18.27%
Compass Partners European Equity Fund	117,139,200	8.13%
Gilbert Global Equity Partners	52,721,173	3.66%
Carlyle Europe Partners	46,355,796	3.22%
AIG Global Emerging Markets Fund	31,188,174	2.16%
Carlyle Asia Partners	15,866,873	1.10%
Fund of Funds	331,003,203	22.98%
The Constitution Liquidating Fund	219,562,506	15.24%
Landmark Private Equity Fund VIII	63,472,990	4.41%
Goldman Sachs Private Equity Partners Connecticut	26,936,877	1.87%
Lexington Capital Partners II	16,113,523	1.12%
Parish Capital I LP	4,519,297	0.31%
Fairview Constitution II LP	398,010	0.03%
Special Situations	100,403,850	6.97%
Welsh Carson Anderson & Stowe Capital Partners III	47,788,092	3.32%
Greenwich Street Capital Partners II	27,883,284	1.94%
Forstmann Little MBO VII	19,645,167	1.36%
KPS Special Situations Fund II	5,087,307	0.35%
Other ⁽¹⁾	103,680,524	7.20%
TOTAL PIF	\$1,440,501,575	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ADVISORS AND FEES IN EXCESS OF \$5,000⁽¹⁾
FOR PERIODS ENDED JUNE 30

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2005	2004	2003	2002	2001
INVESTMENT ADVISORY SERVICES						
Equity Advisory Services						
Alliance Capital	Equity Advisor	-	-	-	271,833	-
AXA Rosenberg Institutional Equity Mgmt	Equity Advisor	507,722	398,339	4,415,980	3,791,100	2,820,096
Barclay's Global Investors	Equity Advisor	3,332,554	12,202,021	3,660,715	11,228,122	11,373,864
Brown Capital Management	Equity Advisor	354,120	310,488	3,570,359	3,136,368	2,690,100
Dresdner RCM Capital Management, LP	Equity Advisor	-	-	-	479,497	2,554,926
J. P. Morgan Investment Management	Equity Advisor	-	-	495,062	6,227,366	695,103
State Street Global Advisors	Equity Advisor	274,667	224,895	180,278	170,554	213,097
Thomas Weisel Partners (ValueQuest)	Equity Advisor	-	192,152	1,843,059	1,602,094	489,868
Travelers Investment Management	Equity Advisor	421,843	451,208	1,954,445	304,869	334,000
Trust Company of the West (Cowen)	Equity Advisor	2,078,780	713,510	2,811,532	2,193,266	510,193
Total Equity Advisor Compensation		\$6,969,686	\$14,492,613	\$18,931,430	\$29,405,069	\$21,681,247
Fixed Income Investment Advisory Services						
Blackrock Financial Management	Fixed Income Advisor	1,525,126	1,551,082	1,564,472	1,536,082	1,455,319
J. P. Morgan Investment Management	Fixed Income Advisor	-	-	1,040,985	638,895	1,006,786
Loomis Sayles & Co., Inc.	Fixed Income Advisor	504,850	442,948	349,996	402,555	485,885
Mitchell Hutchins Institutional Inv.	Fixed Income Advisor	-	-	-	-	433,022
Oaktree Capital Management	Fixed Income Advisor	563,305	436,777	3,972,291	4,459,895	2,731,678
Phoenix Investment Counsel	Fixed Income Advisor	550,966	555,554	548,544	547,956	531,553
State Street Global Advisors	Fixed Income Advisor	526,875	558,591	595,189	577,503	544,200
W. R. Huff Asset Management	Fixed Income Advisor	2,216,156	1,930,812	220,244	259,026	394,261
Wellington Asset Management	Fixed Income Advisor	1,026,168	1,044,851	1,020,074	1,016,323	877,447
Western Asset Management	Fixed Income Advisor	1,207,359	1,439,163	1,394,515	1,122,126	1,098,081
Total Fixed Income Advisor Compensation		\$8,120,805	\$7,959,778	\$10,706,310	\$10,560,361	\$9,558,232
Cash Reserve Account Advisory Services						
State Street Global Advisors	Cash Rsrv Acct Advisor	377,018	343,500	337,930	279,877	287,159
Total Cash Reserve Account Advisor Compensation		\$377,018	\$343,500	\$337,930	\$279,877	\$287,159
International Equity Investment Advisory Services						
Bank of New York	Intrntl Equity Advisor	2,244,689	-	-	-	-
Bridgewater Associates	Intrntl Equity Advisor	2,700,635	-	-	-	-
Clay Finlay Inc.	Intrntl Equity Advisor	1,122,788	672,644	-	-	-
DSI International Management	Intrntl Equity Advisor	-	171,369	387,630	288,440	190,729
Emerging Markets Management LLC	Intrntl Equity Advisor	4,384,291	-	-	-	-
Fidelity Management Trust Company	Intrntl Equity Advisor	1,005,966	596,400	-	-	-
Grantham, Mayo, Van Otterloo & Co.	Intrntl Equity Advisor	7,316,598	4,660,885	5,272,027	5,278,524	1,789,666
Invesco Global Asset Management	Intrntl Equity Advisor	1,442,317	792,995	-	-	-
Merrill Lynch Investment Managers	Intrntl Equity Advisor	656,758	224,242	-	-	-
MFS Institutional Advisors	Intrntl Equity Advisor	758,685	429,571	-	-	-
Morgan Stanely Asset Management	Intrntl Equity Advisor	2,989,704	6,208,561	7,934,234	3,549,750	1,541,202
Pictet International Management	Intrntl Equity Advisor	-	1,033,413	399,250	370,878	507,752
Putnam Advisory Company LLC	Intrntl Equity Advisor	1,609,355	-	-	-	-
Salomon Smith Barney Capital Mgmt	Intrntl Equity Advisor	28,554	27,331	139,644	179,468	1,026,401
Schroder Investment Management	Intrntl Equity Advisor	1,169,099	498,259	-	-	-
State Street Global Advisors	Intrntl Equity Advisor	578,814	377,112	389,283	457,766	596,450
Total International Equity Advisor Compensation		\$28,008,253	\$15,692,782	\$14,522,068	\$10,124,826	\$5,652,200
Real Estate Investment Advisory Services ⁽²⁾						
AEW Capital Management, L.P.	Real Estate Advisor	407,468	128,528	128,528	96,396	142,277
AEW Partners III, LP	Real Estate Advisor	528,241	687,887	841,315	1,165,214	2,651,532
Apollo Real Estate Investment Fund III	Real Estate Advisor	396,081	813,195	915,423	605,997	933,662
Canyon Johnson Urban Fund II, LP	Real Estate Advisor	368,947	-	-	-	-
CIGNA/TimeSquare Real Estate Investors	Real Estate Advisor	-	6,841	11,921	8,083	-
RLJ Urban Lodging Fund, LP	Real Estate Advisor	216,542	-	-	-	-
RMK Timberland Group (Wachovia)	Real Estate Advisor	155,971	126,874	161,884	182,301	148,362

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF INVESTMENT ADVISORS AND FEES IN EXCESS OF \$5,000⁽¹⁾
FOR PERIODS ENDED JUNE 30 (Continued)**

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2005	2004	2003	2002	2001
Westport Senior Living Fund	Real Estate Advisor	1,518,199	1,800,000	1,800,000	1,800,000	1,800,000
Total Real Estate Advisor Compensation		\$3,591,499	\$3,563,325	\$3,857,991	\$5,675,833	\$2,979,296
Commercial Mortgage Investment Advisory Services ⁽²⁾						
AEW Capital Management, L.P.	Comm Mortgage Advisor	249,911	327,489	417,400	442,777	566,633
Total Commercial Mortgage Advisor Compensation		\$249,911	\$327,489	\$417,400	\$442,777	\$566,633
Private Investment Advisory Services ⁽²⁾						
AIG Global Emerging Mkts Fund LP	Private Inv Advisor	523,153	1,502,251	1,876,712	2,500,000	2,496,557
AIG Altaris Health Partners, LP	Private Inv Advisor	1,983,602	-	-	-	-
Blackstone Capital Partners III LP	Private Inv Advisor	31,811	-	111,459	299,279	287,977
Carlyle Asia Partners LP	Private Inv Advisor	692,812	500,000	1,500,000	500,000	898,690
Carlyle European Partners LP	Private Inv Advisor	975,548	1,400,977	1,523,965	1,330,240	1,435,628
Charterhouse Equity Partners IV, LP	Private Inv Advisor	2,462,032	-	-	-	-
Compass European Partners LP	Private Inv Advisor	891,750	1,125,000	2,664,509	2,132,547	1,816,411
Cresendo World Fund LLC	Private Inv Advisor	-	-	-	-	400,000
Constitution Liquidating Fund LP (Crossroads)	Private Inv Advisor	225,000	-	-	-	-
CT Greene Ventures LP	Private Inv Advisor	-	-	5,500	375,000	375,000
DLJ Merchant Banking Fund II LP	Private Inv Advisor	10,991	395,351	709,948	502,725	850,758
Fairview Constitution II, LP	Private Inv Advisor	967,955	-	-	-	-
Forstmann Little & Company	Private Inv Advisor	297,324	481,605	410,644	753,337	2,650,000
FS Equity Partners V LP	Private Inv Advisor	802,678	1,291,089	-	-	-
Garmark Partners LP	Private Inv Advisor	302,879	402,430	977,298	957,708	726,059
Gilbert Global Equity Partners LP	Private Inv Advisor	449,952	2,250,000	2,250,000	2,250,000	2,250,000
Goldman Sachs Private Equity Fund LP	Private Inv Advisor	385,329	496,208	552,972	995,037	1,000,000
Green Equity III LP	Private Inv Advisor	81,831	180,504	204,303	122,619	84,989
Greenwich Street Capital Partners II LP	Private Inv Advisor	911,216	549,246	783,424	381,069	784,121
Kelso Investment Associates VI LP	Private Inv Advisor	-	465,856	623,856	626,046	576,523
KKR 1996 Fund LP	Private Inv Advisor	-	-	-	411,808	427,373
KKR Millenium Fund LP	Private Inv Advisor	219,643	1,128,044	1,202,159	-	-
KPS Special Situations Fund III LP	Private Inv Advisor	834,979	694,499	-	-	-
Parish Capital I, LP	Private Inv Advisor	722,396	-	-	-	-
Pioneer Venture Associates LP	Private Inv Advisor	-	334,987	494,888	162,954	148,115
SCP Private Equity Fund LP	Private Inv Advisor	-	460,495	912,661	671,456	1,063,009
Shawmut Capital Partners LP	Private Inv Advisor	656,250	622,882	1,640,625	984,375	1,312,500
SW Pelham Fund, LP	Private Inv Advisor	320,404	206,529	150,000	750,000	750,000
Thayer Equity Investors IV LP	Private Inv Advisor	609,654	682,284	898,189	833,101	805,946
THE Equity Advisors IV LLC	Private Inv Advisor	284,515	127,927	278,114	-	-
Triumph Connecticut LP	Private Inv Advisor	-	-	191,212	380,931	253,238
Triumph Partners III LP	Private Inv Advisor	-	1,005,993	576,721	1,712,341	2,829,409
Veritas Capital Fund LP	Private Inv Advisor	-	-	819,982	612,500	1,362,162
Washington and Congress (Triumph Partners III)	Private Inv Advisor	-	342,501	-	-	-
Wellspring Capital Partners II LP	Private Inv Advisor	-	-	693,423	1,000,000	1,000,000
Wellspring Capital Partners III LP	Private Inv Advisor	1,200,595	1,191,570	1,000,000	-	-
Woodside Capital Management LLC	Private Inv Advisor	-	-	-	6,219	291,767
Total Private Investment Advisor Compensation		\$16,844,299	\$17,838,228	\$23,052,564	\$21,251,292	\$26,876,232
TOTAL COMPENSATION TO INVESTMENT ADVISORS		\$64,161,421	\$60,217,715	\$71,826,773	\$75,922,193	\$70,297,536
CUSTODY SERVICES						
State Street Bank & Trust	Custody of Assets	1,722,997	1,644,976	584,990	950,955	1,365,200
TOTAL CUSTODY SERVICES COMPENSATION		\$1,722,997	\$1,644,976	\$584,990	\$950,955	\$1,365,200

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the 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. Not included in the above amounts are those amounts that are netted. Netted amounts include credits and fees paid out of cash on hand at the partnership level. Netted amounts are disclosed in Note 1 of the Combined Investment Funds Financial Statements.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF BROKERAGE COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	\$ 4,573.00	231,200.00	0.020	CITIGROUPGLOBAL MARKETS LIMITED	182,934.18	11,627,669.00	0.016
ABG SECURITIES	19,247.95	385,119.00	0.050	CITIGROUPGLOBAL MARKETS UK EQUITY LTD	18,842.38	1,895,764.00	0.010
ABG SECURITIES INC	2,388.27	307,400.00	0.008	CITIGROUPGLOBAL MKT	75.76	2,100.00	0.036
ABM AMRO HOARE GOVETT ASIA LTD, SEOUL	8,672.11	137,362.00	0.063	CLSA SECURITIES KOREA LTD.	1,568.16	10,560.00	0.149
ABN AMRO ASIA LIMITED	6,204.34	624,220.00	0.010	COLLINS STEWART	62.30	7,300.00	0.009
ABN AMRO ASIA SECURITIES (SINGAPORE) PTE	132.91	121,000.00	0.001	COLLINS STEWART + CO	19,144.88	1,715,833.00	0.011
ABN AMRO AUSTRALIA LIMITED	2,140.21	300,000.00	0.007	COMMERZBANK AG	1,875.78	70,513.00	0.027
ABN AMRO BANK N. V. HONG KONG	9,730.82	2,429,957.00	0.004	COMMERZBANK AG LONDON	40.16	762.00	0.053
ABN AMRO BANK NV	21,073.98	2,403,111.00	0.009	COSMO SECURITIES CO. LTD.	62.90	2,000.00	0.031
ABN AMRO BANK NV HONG KONG BRANCH	5,511.75	9,388,579.00	0.001	CREDIT AGRICOLE INDOSUEZ	130.46	1,625.00	0.080
ABN AMRO EQUITIES (UK) LTD	6,849.16	4,397,462.00	0.002	CREDIT AGRICOLE INDOSUEZ CHEUVREUX	45,504.54	782,088.00	0.058
ABN AMRO EQUITIES (UK) LTD LONDON	28,036.49	2,583,503.00	0.011	CREDIT AGRICOLE INDOSUEZ SECURITIES	436.73	13,330.00	0.033
ABN AMRO EQUITIES AUSTRALIA LTD.	4,206.20	116,800.00	0.036	CREDIT LYONNAIS SECS	75.49	12,500.00	0.006
ABN AMRO EQUITIES UK LTD LONDON	7,333.50	389,642.00	0.019	CREDIT LYONNAIS SECS	476.55	430.00	1.108
ABN AMRO SECURITIES (USA) INC	37,217.26	11,565,691.00	0.003	CREDIT LYONNAIS SECURITIES	27,127.60	8,383,622.00	0.003
ABN AMRO SECURITIES LLC	2,344.00	58,600.00	0.040	CREDIT LYONNAIS SECURITIES (USA) INC	100,002.78	21,378,167.00	0.005
ACTINVER SECURITIES	6,233.37	607,100.00	0.010	CREDIT LYONNAIS SECURITIES/ASIA/GUERNSEY	3,035.40	2,852,341.00	0.001
ADAMS HARKNESS + HILL, INC	19,377.00	436,800.00	0.044	CREDIT LYONNAIS SECURITIES(ASIA)	2,986.85	4,306,950.00	0.001
ALFA CAPITAL	100.00	2,000.00	0.050	CREDIT SUISSE FIRST BOSTON	3,433.75	482,892.00	0.007
ALPHA BROKERAGE AE	8,808.65	141,957.00	0.062	CREDIT SUISSE FIRST BOSTON (EUROPE)	3,901.34	5,510.00	0.708
ALTUM CAPITAL LTD	75.44	10,000.00	0.008	CREDIT SUISSE FIRST BOSTON (EUROPE) LTD	76,817.32	3,721,644.00	0.021
ARDEN PARTNERS LTD	1,072.69	255,300.00	0.004	CREDIT SUISSE FIRST BOSTON CORPORATION	415,038.77	16,070,908.00	0.026
ARNHOLD S BLEICHROEDER INC	481.49	13,495.00	0.036	CREDIT SUISSE FIRST BOSTON LONDON	475.99	13,300.00	0.036
ATA SECURITIES INC. (ISTANBUL)	27,721.00	185,806,149.00	0.000	CREDIT USA	2,966.49	79,595.00	0.037
AVONDALE PARTNERS LLC	29,686.45	627,965.00	0.047	CS FIRST BOSTON	10.78	600.00	0.018
BAIRD, ROBERT W., & COMPANY INCORPORATED	8,872.00	210,200.00	0.042	CS FIRST BOSTON (HONG KONG) LIMITED	3,550.28	1,531,871.00	0.002
BANC OF AMERICA SECURITIES	161.99	1,231.00	0.132	CS FIRST BOSTON (JAPAN) LIMITED	737.52	37,000.00	0.020
BANC/AMERICA SECUR.LLC MONTGOMEY DIV	173,761.30	5,948,531.00	0.029	CSFB	32.25	648.00	0.050
BANCO BILBAO VIZCAYA	4,173.64	128,587.00	0.032	CSFB AUSTRALIA EQUITIES LTD	5,854.70	377,085.00	0.016
BANCO BILBAO VIZCAYAARGENTARI	2,999.96	108,200.00	0.028	D CARNEGIE AG	4,296.21	139,700.00	0.031
BANCO ITAU SA	31,027.68	332,781,513.00	0.000	DAEWOO SECURITIES CO LTD	179.50	12,730.00	0.014
BANCO PACTUAL S.A.	27,290.28	407,636,004.00	0.000	DAIWA SBGM EUROPE	8,249.73	257,601.00	0.032
BANCO SANTANDER CENTRAL HISPANO	62,411.12	385,711,004.00	0.000	DAIWA SECURITES SB CAPITAL MA	2,044.41	106,700.00	0.019
BANCO SANTANDER DE NEGOCIOS	9,798.77	1,128,700.00	0.009	DAIWA SECURITIES (HK) LTD.	708.94	585.00	1.212
BANK AM BELLEVUE	1,415.99	16,203.00	0.087	DAIWA SECURITIES AMERICA INC	15,480.63	420,639.00	0.037
BANK OF AMERICA INTERNATIONAL, NEW YORK	322.40	9,100.00	0.035	DAVIDSON D.A. + COMPANY INC.	7,020.00	140,400.00	0.050
BANQUE NATIONALE DE PARIS, LON	2,366.51	720,000.00	0.003	DAVY (J+E)	14,702.49	662,979.00	0.022
BARING SECURITIES (HONG KONG)	3,305.28	390,677.00	0.008	DB CLEARING SERVICES	2,544.00	63,600.00	0.040
BARNARD JACOBS BELLETS NY	8,300.53	441,900.00	0.019	DBS SECURITIES (S) PTE LTD.	749.06	42,000.00	0.018
BARNARD JACOBS MELLETT AND CO (PTY)	4,620.84	347,929.00	0.013	DBS VICKERS (HONG KONG) LIMITED	1,176.14	1,183,133.00	0.001
BBVA SECURITIES	62.10	2,259.00	0.027	DBS VICKERS SECS PTE LTD	4,910.66	513,600.00	0.010
BEAR STEARNS + CO INC	78,240.54	1,942,089.00	0.040	DBS VICKERS SECURITIES(THAILAND)	3,442.73	425,200.00	0.008
BEAR STEARNS INTERNATIONAL LIMITED	1,232.10	27,100.00	0.045	DEN DANSKE BANK	2,556.40	33,362.00	0.077
BEAR STEARNS INTERNATIONAL TRADING	3,049.57	116,006.00	0.026	DEUTSCHE BANK AG LONDON	84,498.08	1,387,951,267.00	0.000
BEAR STEARNS SECURITIES CORP	361,828.16	26,709,906.00	0.014	DEUTSCHE BANK SECURITIES	1,066.34	49,000.00	0.022
BHF BANK	231.50	3,300.00	0.070	DEUTSCHE BANK SECURITIES INC	569,186.60	87,478,661.99	0.007
BNP PARIBAS PEREGRINE SECS LT ASIA	28,428.14	8,173,013.00	0.003	DEUTSCHE BANK SINGAPORE	834.94	405,000.00	0.002
BNY BROKERAGE INC	44,134.05	1,150,973.00	0.038	DEUTSCHE MORGAN GRENPELL SECS	1,237.00	53,000.00	0.023
BOSTON INSTITUTIONAL SERVICES	12,835.36	320,884.00	0.040	DEUTSCHE SECURITIES ASIA LIMITED	4,040.20	1,222,248.00	0.003
BRIDGE TRADING	195.00	4,900.00	0.040	DEUTSCHE SECURITIES ASIA LTD	3,172.13	4,000.00	0.793
BRIDGEWELL SECURITIES LIMITED	239.03	65,000.00	0.004	DIVIDEND REINVEST	435.89	455,135.00	0.001
BROCKHOUSE + COOPER INC MONTREAL	282.63	80,654.00	0.004	DONGWON SECURITIES	13,931.49	1,268,257.00	0.011
B-TRADE SERVICES LLC	9,612.44	720,431.00	0.013	DOUGHERTYCOMPANY	1,125.00	37,500.00	0.030
BUCKINGHAM RESEARCH GROUP	22,834.50	571,130.00	0.040	DRESDNER BANK AG NEW YORK	3,982.52	70,900.00	0.056
C. E. UNTERBERG, TOWBIN	10,360.00	259,000.00	0.040	DRESDNER KLEINWORT BENSON NORTH AMERICA	16,554.44	392,485.00	0.042
CAISSE DES DEPOTS ET CONSIGNATIONS	9,180.32	116,000.00	0.079	DRESDNER KLEINWORT WASSERSTEIN LIMITED	77.98	1,500.00	0.052
CALYON (FORMERLY CREDIT AGRICOLE INDOUS)	3,269.34	51,863.00	0.063	DRESDNER KLEINWORT WASSERSTEIN SEC LLC	20,369.67	2,312,232.00	0.009
CANADIAN IMPERIAL BANK OF COMMERCE	961.14	26,600.00	0.036	E TRADE SECURITIES, INC	3,274.00	82,500.00	0.040
CANNON BRIDGE	98.39	26,900.00	0.004	ENSKILDA SECURITIES AB	19,245.16	631,934.00	0.030
CANTOR FITZ EUR 2	11,473.77	830,570.00	0.014	EUROMOBILIARE SIM S.P.A.	726.57	77,500.00	0.009
CANTOR FITZGERALD + CO.	125,380.55	3,765,293.00	0.033	EVOLUTIONBEESEON GREGORY LIMITED	497.90	73,749.00	0.007
CANTOR FITZGERALDINTERNATIONAL	868.39	27,079.00	0.032	EXANE INC	6,724.45	99,710.00	0.067
CAPEL CURE SHARP LTD.	683.10	38,391.00	0.018	EXANE S.A.	42,659.22	485,076.00	0.088
CARNEGIE A S	1,324.51	19,700.00	0.067	EXECUTIONLIMITED	1,565.26	293,300.00	0.005
CARNEGIE BK	3,885.84	1,649,961.00	0.002	FIDELITY CAPITAL MARKETS	3,252.50	84,900.00	0.038
CARNEGIE FONDKOMMISSION	459.76	76,100.00	0.006	FIDENTIIS	5,766.66	185,690.00	0.031
CARNEGIE INT'L LND	2,937.17	97,398.00	0.030	FINANCIALBROKERAGE GROUP (FBG)	14,005.54	503,300.00	0.028
CARNEGIE SECURITIES FINLAND	967.32	38,400.00	0.025	FIRST ALBANY CAPITAL INC.	11,697.50	242,590.00	0.048
CAZENOVE + CO	34,576.10	2,976,290.00	0.012	FIRST CLEARING, LLC	14,715.00	296,300.00	0.050
CAZENOVE + CO.	24,038.12	1,660,890.00	0.014	FONDSFINANS A/S	958.16	32,800.00	0.029
CAZENOVE ASIA LTD	4,678.84	2,783,000.00	0.002	FORTIS BANK (NEDERLAND) N.V.	370.92	13,160.00	0.028
CDC IXIS SECURITIES	136.00	1,000.00	0.136	FOX PITT KELTON (ASIA)LTD	1,214.39	51,000.00	0.024
CHARLES SCHWAB CO INC	10,916.93	250,191.00	0.044	FOX PITT KELTON INC	4,338.00	100,800.00	0.043
CHEUVREUXDE VIRIEU	19,195.47	345,241.00	0.056	FOX-PITT KELTON LTD	3,769.01	97,895.00	0.039
CHINA INTRTNL CAP CORP HK SECS LTD	4,059.98	10,000,000.00	0.000	FRIEDMAN BILLINGS + RAMSEY	19,794.95	446,139.00	0.044
CI NORDICSECURITIES AB	437.23	5,625.00	0.078	G TRADE SERVICES LTD	857.44	70,400.00	0.012
CIBC WORLD MARKETS CORP	24,362.31	637,390.00	0.038	G.K.GOH STOCKBROKERS PTE LTT.	79.80	75,000.00	0.001
CIC SECURITIES	230.25	2,813.00	0.082	GARANTIA DTVM S/A	2,083.35	18,721,600.00	0.000
CITATION GROUP	14.40	360.00	0.040	GARBAN EQUITIES LIMITED LONDON	66.70	14,695.00	0.005
CITIBANK CAIRO	1,950.74	7,500.00	0.260	GARP STEARNS & SECURITIES CO	480.00	12,000.00	0.040
CITIBANK NA, SEOUL BRANCH	740.84	102,560.00	0.007	GBM GRUPOBURSATIL MEXICANO	1,876.86	130,100.00	0.014
CITIGROUPGLOBAL MARKETS ASIA LIMITED	2,941.49	1,509,000.00	0.002	GEDIK INVESTMENT SEC INC	3,215.34	187,600.00	0.017
CITIGROUPGLOBAL MARKETS AUSTRALIA PTR	5,328.34	764,507.00	0.007	GERSON LEHRMAN GROUP BROKERAGE SERV LLC	1,236.00	30,900.00	0.040
CITIGROUPGLOBAL MARKETS INC	1,397,601.34	63,858,276.00	0.022	GOLDMAN SACHS	14.38	3,500.00	0.004
CITIGROUPGLOBAL MARKETS INC.	35,828.15	4,203,993.00	0.009	GOLDMAN SACHS (ASIA) LLC	1,064.02	7,740.00	0.137
CITIGROUPGLOBAL MARKETS INC/SALOMON BRO	3,299.35	402,022.00	0.008	GOLDMAN SACHS (JAPAN) LTD.	2,812.42	253,000.00	0.011

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

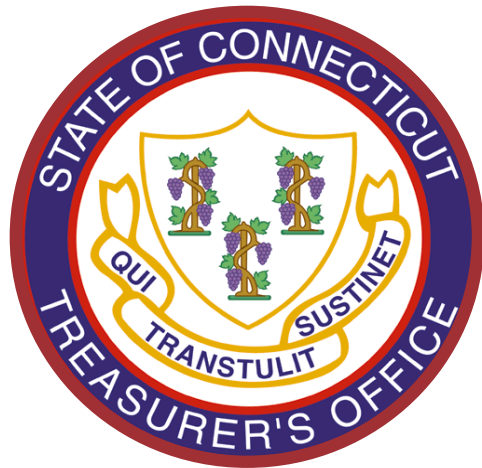
Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
GOLDMAN SACHS + CO	597,127.06	59,332,574.00	0.010	LARRAIN VIAL	4,054.58	3,032,968.00	0.001
GOLDMAN SACHS AND COMPANY	5,256.83	547,330.00	0.010	LAZARD CAPITAL MARKETS	6,791.40	1,102,871.00	0.006
GOLDMAN SACHS EQUITY SECURITIES (UK) LTD	3,748.55	133,700.00	0.028	LAZARD FRERES & CO.	9,879.00	221,300.00	0.045
GOLDMAN SACHS EXECUTION + CLEARING	21,149.01	3,241,036.00	0.007	LEERINK SWANN AND COMPANY	3,634.00	86,400.00	0.042
GOLDMAN SACHS INTERNATIONAL LONDON	50,102.54	3,302,168.00	0.015	LEGG MASON WOOD WALKER INC	2,608.00	58,380.00	0.045
GOODBODY STOCKBROKERS	17,117.39	2,148,174.00	0.008	LEHMAN BROTHERS	46.27	3,000.00	0.015
GRANVILLEDAVIES LIMITED	3,040.21	113,719.00	0.027	LEHMAN BROTHERS BANKHAUS AG	105.81	11,900.00	0.009
GRW CAPITAL CORPORATION	3,084.00	77,100.00	0.040	LEHMAN BROTHERS INC	242,935.14	25,443,925.00	0.010
GUZMAN + CO	35,398.56	959,700.00	0.037	LEHMAN BROTHERS INTERNATIONAL	314.91	2,760.00	0.114
HARBORSIDE SECURITIES	1,268.22	63,411.00	0.020	LEHMAN BROTHERS INTERNATIONAL (EUROPE)	186,432.67	23,125,537.00	0.008
HARRIS NESBITT CORP.	6,564.00	161,500.00	0.041	LEHMAN BROTHERS INTL (EUROPE) SEOUL BR	1,946.47	31,000.00	0.063
HC ISTANBUL	11,866.48	690,705,796.00	0.000	LEHMAN BROTHERS SECS (ASIA)	32,559.97	4,082,536.00	0.008
HEFLIN + CO LLC	18,300.55	525,261.00	0.035	LG INVESTMENT AND SECURITIES CO	3,301.45	146,210.00	0.023
HEFLIN + CO., LLC	89,536.46	2,442,122.00	0.037	LIQUIDNETEUROPE LIMITED	1,858.20	93,454.00	0.020
HENDERSONCROSTHWAITTE LIMITED	84.31	7,674.00	0.011	LIQUIDNETINC	205,963.04	9,932,785.00	0.021
HG ASIA	85,017.14	42,603,003.00	0.002	LOMBARD, ODIER AND CIE	13,454.65	48,701.00	0.276
HOWARD WEIL DIVISION LEGG MASON	1,605.00	32,100.00	0.050	LOOP CAPITAL MKTS LLC	5,543.70	179,229.00	0.031
HSBC BANKPLC	12,506.71	625,340.00	0.020	LYNCH JONES AND RYAN INC	4,800.00	120,000.00	0.040
HSBC SEC NEW YORK	157.15	3,000.00	0.052	M M WARBURG	423.36	4,350.00	0.097
HSBC SECURITIES INC (JAMES CAPEL)	38,445.36	1,259,760.00	0.031	MACQUARIEEQUITIES LIMITED (SYDNEY)	33,327.04	3,422,402.00	0.010
HSBC SECURITIES(ASIA)LIMITED	1,906.04	247,900.00	0.008	MACQUARIEEQUITIES LTD	7,732.11	1,993,569.00	0.004
HVB CAPITAL MARKETS, INC	6,379.64	76,996.00	0.083	MACQUARIEEQUITIES NEW YORK	2,961.95	10,284,000.00	0.000
HYUNDAI SECURITIES CO. LTD.	4,056.65	142,900.00	0.028	MACQUARIESECURITIES LIMITED	11,241.34	946,279.00	0.012
IMPERIAL CAPITAL LLC	2,642.15	74,604.00	0.035	MAGNA SECURITIES CORP	37,145.98	1,019,123.00	0.036
IND RESEARCH GROUP LLC C/O BEAR STEARNS	1,144.35	38,145.00	0.030	MAINFIRSTBANK DE	947.16	7,500.00	0.126
ING BANK N V	9,258.10	595,168.00	0.016	MCDONALD AND COMPANY SECURITIES, INC.	7,461.00	149,780.00	0.050
ING BARING SECURITIES LTD SEOUL	4,777.47	54,530.00	0.088	MCDONALDAND COMPANY SECURITIES, INC.	19,774.30	541,390.00	0.037
ING BARINGS CORP	40,474.42	11,766,139.00	0.003	MEDIOBANCA SPA	80.74	3,000.00	0.027
INSTINET	71,698.84	5,281,239.00	0.014	MERRILL LYNCH	57.15	39.00	1.465
INSTINET CLEARING SERVICES INC	47,664.61	2,375,344.00	0.020	MERRILL LYNCH + CO INC	11,320.09	47,975.00	0.236
INSTINET PACIFIC LIMITED	4,382.84	5,798,878.00	0.001	MERRILL LYNCH FAR EAST LTD	1,763.35	738,000.00	0.002
INSTINET U.K. LTD	32,168.03	3,153,405.00	0.010	MERRILL LYNCH INTERNATIONAL	109,316.13	5,070,259.00	0.022
INTERMOBILIARE SECURITIES SIM SPA	6,565.81	506,400.00	0.013	MERRILL LYNCH JAPAN INCORPORATED	983.27	40,400.00	0.024
INVERLAT INTERNATIONAL	3,402.81	212,600.00	0.016	MERRILL LYNCH PEIRCE FENNER AND S	83,600.36	6,003,485.00	0.014
INVESTMENT TECHNOLOGY GROUP INC.	129,475.05	7,534,366.00	0.017	MERRILL LYNCH PIERCE FENNER + SMITH	55,191.29	2,070,854.00	0.027
INVESTMENT TECHNOLOGY GROUP LTD	14,801.75	2,075,249.00	0.007	MERRILL LYNCH PROFESSIONAL CLEARING CORP	592.00	14,800.00	0.040
ISI GROUPINC	5,331.50	124,700.00	0.043	MERRILL LYNCH,PIERCE,FENNER & SMITH, INC	68,389.01	3,013,197.00	0.023
ITG AUSTRALIA LTD.	604.92	127,300.00	0.005	MERRILL LYNCH,PIERCE,FENNER & SMITH, INC	596,606.15	164,518,466.00	0.004
ITG INC	403.31	48,400.00	0.008	MERRIMAN CURHAN FORD + CO	820.00	20,500.00	0.040
ITG SECURITIES (HK) LTD	696.29	1,251,500.00	0.001	MERRION CAPITAL GROUP	1,753.30	83,933.00	0.021
J AND E DAVY	1,511.46	119,116.00	0.013	MIDWEST RESEARCH SECURITIES	14,351.50	384,198.00	0.037
J B WERE + SON LIMITED	1,726.55	347,420.00	0.005	MITSUBISHI SECURITIES CO, LTD	392.09	50,000.00	0.008
J B WERE AND SON	5,933.17	802,104.00	0.007	MIZUHO INTERNATIONAL PLC	2,770.37	43,855.00	0.063
J B WERE AND SON INC.	3,616.51	295,000.00	0.012	MIZUHO SEC ASIA LTD	6,281.45	586,850.00	0.011
J P MORGAN SECURITIES INC	141,589.18	4,574,928.00	0.031	MIZUHO SECURITIES USA INC	11,245.69	308,700.00	0.036
J.P. MORGAN SECURITIES LIMITED	9,455.49	529,712.00	0.018	MKM PARTNERS	18,375.92	459,398.00	0.040
JACKSON SECURITIES	32,807.37	775,082.00	0.042	MONTROSE SECURITIES EQUITIES	4,221.70	120,620.00	0.035
JANNEY MONTGOMERY, SCOTT INC	1,502.75	33,735.00	0.045	MOORS + CABOT INC	13,752.36	343,809.00	0.040
JB WERE AND SON (NZ) LTD	592.41	64,317.00	0.009	MORGAN STANLEY AND CO INTERNATIONAL	3,843.97	218,760.00	0.018
JEFFERIES+ COMPANY INC	33,393.27	909,839.00	0.037	MORGAN STANLEY AND CO. INTERNATIONAL	33,974.69	5,216,442.00	0.007
JEFFERIESCOMPANY INC	182,955.69	45,517,956.00	0.004	MORGAN STANLEY CO INCORPORATED	473,052.47	45,948,165.00	0.010
JEFFERIESINTERNATIONAL LTD	1,555.07	116,879.00	0.013	MORGAN STANLEY SECURITIES LIMITED	4,669.79	496,442.00	0.009
JERMYN CAPITAL PARTNERS PLC	1,250.80	31,270.00	0.040	NATEXIS BLEICHROEDER INC NY	3,107.19	62,020.00	0.050
JMP SECURITIES	6,943.60	173,590.00	0.040	NATIONAL FINANCIAL SERVICES CORP.	141,875.64	3,367,310.00	0.042
JOH BERENBERG GOSSLER AND CO	7,396.77	86,060.00	0.086	NATIONAL INVESTOR SERVICES CORP	360.00	9,000.00	0.040
JOHNSON RICE + CO	11,917.40	244,560.00	0.049	NBGI EQUITIES	684.67	12,000.00	0.057
JONES & ASSOCIATES INC	165,208.74	5,024,872.00	0.033	NCB STOCKBROKERS LTD	2,819.28	96,070.00	0.029
JP MORGAN	6,067.25	259,296.00	0.023	NEEDHAM + COMPANY	6,054.00	146,200.00	0.041
JP MORGANBROKING HK LIMITED	100.47	53,000.00	0.002	NEONET SECURITIES AB	1,647.50	140,028.00	0.012
JP MORGANINTERNATIONAL BANK LTD	5,610.58	51,323.00	0.109	NEUBERGERAND BERMAN	24,889.85	782,795.00	0.032
JP MORGANSECURITIES AUSTRALIA LTD	5,474.83	482,799.00	0.011	NEUE ZURCHER BANK	441.25	6,245.00	0.071
JP MORGANSECURITIES INC	95,164.60	523,716,544.00	0.000	NOMURA INTERNATIONAL (HONG KONG) LTD	1,046.83	180,000.00	0.006
JP MORGANSECURITIES LIMITED	176,393.29	6,512,331.00	0.027	NOMURA INTERNATIONAL PLC	7,479.28	664,854.00	0.011
JP MORGANSECURITIES SINGAPORE	887.49	254,000.00	0.003	NOMURA SECURITIES CO LTD	707.01	700.00	1.010
JPMORG SEC(FAR EAST)LTD SEOUL	864.85	7,810.00	0.111	NOMURA SECURITIES CO., LTD.	245.82	10,000.00	0.025
JPMORGAN CHASE BANK	513.55	51,704.00	0.010	NOMURA SECURITIES INTERNATIONAL INC	56,528.90	18,972,618.00	0.003
JPMORGAN CHASE BANK/CORRESPONDENT CLR SV	3,025.88	298,797.00	0.010	NUMIS SECURITIES LIMITED	2,027.92	215,366.00	0.009
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	26,941.10	11,094,275.00	0.002	NUTMEG SECURITIES	8,140.00	203,500.00	0.040
JULIUS BAER BROKERAGE FRANKFURT BRANCH	327.77	2,150.00	0.152	NZB NEUE ZUERCHER BANK	839.70	5,455.00	0.154
JULIUS BAER BROKERAGE ZURICH BRANCH	697.49	5,121.00	0.136	NZB NEUE ZURCHER BANK	229.44	645.00	0.356
JULIUS BAER INVESTMENT MGMT INC	75.39	620.00	0.122	ODDO FINANCE	9,901.29	133,243.00	0.074
KAS-ASSOCIATIE N.V.	1,515.01	3,287.00	0.461	OIEN SECURITIES, INC	24,212.82	684,601.00	0.035
KBC BANK NV	2,598.26	31,988.00	0.081	OPPENHEIM, SAL.,JR UND CIE KOELN	326.61	3,150.00	0.104
KBC FINANCIAL PRODUCTS UK LTD	37,148.21	2,466,942.00	0.015	OPPENHEIMER & CO. INC.	19,835.14	486,259.00	0.041
KEEFE BRUYETTE + WOODS INC	13,513.24	304,602.00	0.044	ORIEL SECURITIES LTD	573.63	52,094.00	0.011
KEMPEN + CO N.V.	385.69	3,702.00	0.104	PACIFIC AMERICAN SECURITIES, LLC	23,021.13	618,675.00	0.037
KIM ENG SECS PTE LTD, SINGAPORE	1,853.67	1,710,000.00	0.001	PACIFIC GROWTH EQUITIES	2,028.90	63,330.00	0.032
KIM ENG SECURITIES	14,556.54	4,327,500.00	0.003	PACTUAL CORP	211.68	5,400.00	0.039
KING, CL, & ASSOCIATES, INC	14,660.05	324,725.00	0.045	PARIBAS SECURITIES INC	6,843.40	2,882,500.00	0.002
KING, CL, & ASSOCIATES, INC	26,098.00	523,720.00	0.050	PEEL HUNT+ COMPANY LIMITED	3,163.87	1,138,595.00	0.003
KLEINWORTBENSON SECURITIES LIMITED	73,769.60	5,400,709.00	0.014	PENSION FINANCIAL SERVICES INC	2,361.00	65,000.00	0.036
KNIGHT SECURITIES	37,139.84	1,053,864.00	0.035	PERCIVAL FINANCIAL PARTNERS, LTD	1,160.00	29,000.00	0.040
KNIGHT SECURITIES INTL	347.59	16,400.00	0.021	PERSHING DIVISION OF DONALDSON LUFKIN	4,802.84	131,581.00	0.037
KNIGHT SECURITIES L.P.	316.06	4,200.00	0.075	PERSHING DLJ S L	90,413.11	5,978,325.00	0.015
KOC BANK A.S.	485.42	69,274.00	0.007	PERSHING LLC	155,713.91	3,826,190.00	0.041
LA BRANCHE FINANCIAL #2	30,129.12	1,004,304.00	0.030	PERSHING SECURITIES LIMITED	98,094.87	11,559,233.00	0.008

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Broker Name	\$ Commission	Shares/ Par Value	Avg Comm	Broker Name	\$ Commission	Shares/ Par Value	Avg Comm
PETERCAM S.A.	920.11	9,011.00	0.102	WACHOVIA SECURITIES, LLC	10,169.16	254,229.00	0.040
PICTET (CANADA) L.P.	1,041.96	7,488.00	0.139	WACHOVIA CAPITAL MARKETS, LLC	15,090.79	474,993.00	0.032
PICTET AND CIE	189.22	1,377.00	0.137	WARBURG DILLON READ (ASIA) LTD	131,828.77	80,443,974.00	0.002
PIPER JAFFRAY & CO.	1,040.00	20,800.00	0.050	WARBURG DILLON READ SECURITIES LTD	490.18	8,290.00	0.059
PRITCHARD CAPITAL PARTNERS LLC	29,926.00	612,800.00	0.049	WAVE SECURITIES LLC	9,568.85	1,007,641.00	0.009
PRUDENTIAL EQUITY GROUP	63,125.88	1,575,805.00	0.040	WEDBUSH MORGAN SECURITIES INC	3,465.25	82,765.00	0.042
PULSE TRADING LLC	47,158.60	2,357,930.00	0.020	WEEDEN + CO.	155,749.70	4,196,462.00	0.037
RABO SECURITIES NV	902.90	16,616.00	0.054	WELLS FARGO SECURITIES LLC	11,960.00	299,000.00	0.040
RAYMOND JAMES + ASSOCIATES INC	253.79	68,217.00	0.004	WILLIAM BLAIR & COMPANY, L.L.C	3,628.00	90,700.00	0.040
RAYMOND JAMES AND ASSOCIATES INC	4,960.00	124,000.00	0.040	WILLIAMS CAPITAL GROUP LP (THE)	253,020.88	5,665,719.00	0.045
RAYMOND JAMES LTD	1,008.67	326,294.00	0.003	WILLIAMS DE BROE	889.15	75,000.00	0.012
RAYMOND JAMES TRUST COMPANY	432.28	124,203.00	0.003	WR HAMBRECHT + CO	20,535.08	513,377.00	0.040
RBC CAPITAL MARKETS	35,681.42	856,894.00	0.042	ZANNEX SECURITIES	10,022.15	599,570.00	0.017
RBC DOMINION SECURITIES INC.	12,429.99	347,400.00	0.036				
REDBURN PARTNERS LLP	7,827.22	118,785.00	0.066	Total	\$13,401,087.69		
RENAISSANCE CAPITAL GROUP	2,788.00	69,700.00	0.040				
RENAISSANCE CAPITAL LTD	2,245.00	101,500.00	0.022				
ROBERT VAN SECURITIES	3,079.56	97,091.00	0.032				
ROCHDALE SEC CORP.(CLS THRU 443)	40,610.12	1,209,689.00	0.034				
RUSSELL FRANK SECURITIES INC	234.00	7,800.00	0.030				
S.G. COWEN & CO., LLC	45,466.60	1,467,563.00	0.031				
SALOMON SMITH BARNEY KOREA LTD	1,031.01	17,000.00	0.061				
SALOMON SMITH BARNEY SINGAPORE SECU	1,954.48	670,000.00	0.003				
SAMSUNG SECURITIES CO LTD	110,554.87	1,891,559.00	0.058				
SAMUEL A RAMIREZ & COMPANY INC	2,147.58	71,586.00	0.030				
SANDERS MORRIS MUNDY	26,023.00	850,280.00	0.031				
SANDLER ONEILL + PART LP	3,300.00	66,000.00	0.050				
SANFORD C. BERNSTEIN LTD	75,797.68	3,287,937.00	0.023				
SANFORD CBERNSTEIN CO LLC	17,225.20	489,652.00	0.035				
SANTANDER CENTRAL HISPANO BOLSA	1,804.11	91,900.00	0.020				
SANTANDER INVESTMENT SECURITIES INC	1,560.00	39,000.00	0.040				
SBC WARBURG LONDON	273.28	11,400.00	0.024				
SCOTIA CAPITAL (USA) INC	222.02	6,900.00	0.032				
SCOTT & STRINGFELLOW, INC	14,466.42	379,914.00	0.038				
SCOTT & STRINGFELLOW, INC	12,498.58	359,986.00	0.035				
SEIDLER COMPANIES (THE)	1,867.65	62,255.00	0.030				
SG AMERICAS SECURITIES, LLC	6,844.00	171,100.00	0.040				
SG COWEN LONDON	92.95	11,400.00	0.008				
SG COWEN SECURITIES CORP	1,788.98	6,250.00	0.286				
SG COWEN SECURITIES CORP 2	2,312.19	29,140.00	0.079				
SHINYOUNG SECURITIES CO LTD	14,856.50	402,480.00	0.037				
SHORE CAPITAL STOCKBROKERS LTD	49.99	4,475.00	0.011				
SIDOTI + COMPANY LLC	1,935.00	38,700.00	0.050				
SIS SEGAIINTERSETTLE AG	1,906.09	3,848.00	0.495				
SNS SECURITIES N V	618.00	3,890.00	0.159				
SOCIETE GENERALE	8,486.78	278,700.00	0.030				
SOCIETE GENERALE LONDON BRANCH	21,820.16	1,204,188.00	0.018				
SOUTHWEST SECURITIES	2,331.00	77,700.00	0.030				
SPEAR, LEEDS & KELLOGG	53,425.09	1,997,399.00	0.027				
SSANGYONG INVESTMENT AND SECURITIES	2,579.88	309,400.00	0.008				
STANDARD & POOR'S SECURITIES, INC.	4,392.00	109,800.00	0.040				
STANLEY (CHARLES) + CO LIMITED	3,595.42	329,500.00	0.011				
STATE STREET BANK + TRUST	10,751.29	4,011,045,191.00	0.000				
STATE STREET BROKERAGE SERVICES	9,717.48	540,856.00	0.018				
STEPHENS INC.	1,609.25	42,375.00	0.038				
SUNTRUST CAPITAL MARKETS, INC.	3,257.35	69,555.00	0.047				
SVENSKA HANDELSBANKEN	8,610.32	314,462.00	0.027				
SVENSKA HANDELSBANKEN LONDON BRANCH	5,581.72	526,875.00	0.011				
SWISS AMERICAN SECURITIES INC	879.00	27,100.00	0.032				
TD WATERHOUSE INVESTOR SERVICES (UK EXCH	3,156.41	325,000.00	0.010				
TEATHER AND GREENWOOD	46.44	9,363.00	0.005				
THE BENCHMARK COMPANY, LLC	10,226.72	251,956.00	0.041				
THEMIS TRADING LLC	3,150.25	126,010.00	0.025				
THINKEQUITY PARTNERS LLC	4,210.48	94,062.00	0.045				
THOMAS WEISEL PARTNERS	35,533.86	922,748.00	0.039				
TOKAI BANK EUROPE PLC LONDON	25,277.47	1,468,544.00	0.017				
TOKAI TOKYO SECURITIES CO. LTD	227.91	10,000.00	0.023				
TOKYO MITSUBISHI INTERNATIONAL PLC	428.95	55,000.00	0.008				
TOKYO-MITSUBISHI SECURITIES (USA)	3,473.11	205,715.00	0.017				
TORONTO DOMINION SECURITIES	1,433.26	44,200.00	0.032				
U.S. BANCORP PIPER JAFFRAY INC	17,881.05	369,661.00	0.048				
U.S. CLEARING CORPORATION	1,790.00	35,800.00	0.050				
UBS AG	212,538.57	22,875,718.00	0.009				
UBS AG LONDON	372,416.90	864,525,974.00	0.000				
UBS SECURITIES LLC	821,017.63	21,725,169.00	0.038				
UBS SECURITIES SINGAPORE PTE	165.71	151,000.00	0.001				
UBS WARBURG (HONG KONG) LIMITED	523.61	45,000.00	0.012				
UBS WARBURG (JAPAN) LTD	1,870.06	1,426,709.00	0.001				
UBS WARBURG LLC	32,416.27	58,398,959.00	0.001				
UFJ INTERNATIONAL PLC	25,000.39	1,094,205.00	0.023				
UNITED FINANCIAL GROUP	1,672.12	72,078.00	0.023				
UOB KAY HIAN (HONG KONG) LTD	147.34	142,000.00	0.001				
UOB KAY HIAN PRIVATE LIMITED	10,910.23	7,602,800.00	0.001				
USCC/SANTANDER	17,063.44	426,586.00	0.040				
VICKERS BALLAS LTD	11,183.37	2,091,500.00	0.005				
VONTOBEL SECURITIES	182.84	1,340.00	0.136				

Statistical
Section



CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF NET ASSETS
JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
ASSETS									
Investments in Securities, at Fair Value									
Cash Reserve Fund	\$ -	\$ 257,237,359	\$ 692,480,535	\$ 127,875,996	\$ 4,872,348	\$ 336,300	\$ 101,158,770	\$(1,183,961,308)	\$ -
Cash Equivalents	700,122,619	-	8,186,978	-	-	-	-	-	708,309,597
Asset Backed Securities	399,448,416	-	150,953,023	-	-	-	-	-	550,401,439
Government Securities	13,011,652	-	1,681,399,726	-	-	-	-	-	1,694,411,378
Government Agency Securities	55,600,905	-	1,336,036,469	-	-	-	-	-	1,391,637,374
Mortgage Backed Securities	54,688,508	-	628,204,896	-	-	510,497	-	-	683,403,901
Corporate Debt	357,037,496	-	1,870,193,765	-	-	-	-	-	2,227,231,261
Convertible Securities	-	-	32,230,511	983,011	-	-	-	-	33,213,522
Common Stock	-	7,913,200,008	33,702,366	4,064,838,596	49,056,666	19,421,001	-	-	12,080,218,637
Preferred Stock	-	-	3,375,245	73,960,705	-	-	-	-	77,335,950
Real Estate Investment Trust	-	114,555,042	2,036,707	520,028	-	-	-	-	117,111,777
Mutual Fund	-	-	223,363,413	104,006,779	-	-	-	-	327,370,192
Limited Liability Corporation	-	-	-	-	-	-	16,963,641	-	16,963,641
Trusts	-	-	-	-	52,612,985	-	-	-	52,612,985
Limited Partnerships	-	-	-	-	292,936,767	-	1,319,857,387	-	1,612,794,154
Annuities	-	-	-	-	248,809	-	-	-	248,809
Total Investments in Securities, at Fair Value	1,579,909,596	8,284,992,409	6,662,163,634	4,372,185,115	399,727,575	20,267,798	1,437,979,798	(1,183,961,308)	21,573,264,617
Cash	-	215,284	4,424,760	17,117,792	-	-	-	-	21,757,836
Receivables									
Foreign Exchange Contracts	-	-	35,631,232	9,065,929,550	-	-	-	-	9,101,560,782
Interest Receivable	3,049,382	656,410	71,580,468	294,143	14,829	66,517	277,581	(3,362,542)	72,576,788
Dividends Receivable	-	8,367,664	105,192	8,865,803	-	-	-	-	17,338,659
Due from Brokers	-	49,934,630	367,017,882	20,547,696	-	-	-	-	437,500,208
Foreign Taxes	-	7,423	-	2,747,012	-	-	-	-	2,754,435
Securities Lending Receivable	-	178,941	245,117	590,675	-	-	-	-	1,014,733
Reserve for Doubtful Receivables	-	-	(7,453,931)	(54,411)	-	-	-	-	(7,508,342)
Total Receivables	3,049,382	59,145,068	467,125,960	9,098,920,468	14,829	66,517	277,581	(3,362,542)	9,625,237,263
Invested Securities Lending Collateral	-	687,174,605	1,190,360,657	685,614,120	-	-	-	-	2,563,149,382
Prepaid Expenses	-	-	-	-	-	3,280	2,594,684	-	2,597,964
Total Assets	1,582,958,978	9,031,527,366	8,324,075,011	14,173,837,495	399,742,404	20,337,595	1,440,852,063	(1,187,323,850)	33,786,007,062
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	35,506,374	8,967,017,458	-	-	-	-	9,002,523,832
Due to Brokers	-	51,187,971	816,202,475	26,086,129	-	-	-	-	893,476,575
Income Distribution	4,313,896	-	-	-	-	-	-	(3,278,367)	1,035,529
Total Payables	4,313,896	51,187,971	851,708,849	8,993,103,587	-	-	-	(3,278,367)	9,897,035,936
Securities Lending Collateral	-	687,174,605	1,190,360,657	685,614,120	-	-	-	-	2,563,149,382
Accrued Expenses	335,873	18,043,385	1,623,905	6,270,679	131,987	-	350,488	(84,175)	26,672,142
Total Liabilities	4,649,769	756,405,961	2,043,693,411	9,684,988,386	131,987	-	350,488	(3,362,542)	12,486,857,460
NET ASSETS	\$1,578,309,209	\$8,275,121,405	\$6,280,381,600	\$4,488,849,109	\$399,610,417	\$20,337,595	\$1,440,501,575	\$(1,183,961,308)	21,299,149,602
Units Outstanding	1,578,309,209	9,641,841	53,971,106	15,912,868	6,413,117	346,131	25,074,232	-	-
Net Asset Value and Redemption Price per Unit	\$1.00	\$ 858.25	\$116.37	\$ 282.09	\$ 62.31	\$58.76	\$57.45	-	-

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

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
ADDITIONS									
OPERATIONS									
Investment Income									
Dividends	\$ -	\$141,133,094	\$ 3,879,735	\$115,606,645	\$ 6,757,260	\$3,143,831	\$229,719,277	\$ -	\$500,239,842
Interest	36,687,375	2,297,117	286,037,238	680,412	225,403	13,924	2,307,175	(26,196,043)	302,052,601
Other Income	-	2,437,742	-	364,146	5,215	74	15,134,224	-	17,941,401
Securities Lending	-	12,536,196	27,643,006	17,898,569	-	-	-	-	58,077,771
Total Investment Income	36,687,375	158,404,149	317,559,979	134,549,772	6,987,878	3,157,829	247,160,676	(26,196,043)	878,311,615
Investment Expenses									
Investment Advisory Fees	298,665	22,668,229	6,121,336	23,670,373	946,826	249,911	2,962,173	(213,257)	56,704,256
Salary and Fringe Benefits	140,692	991,718	479,672	491,217	198,689	15,525	462,594	(100,459)	2,679,648
Custody and Transfer Agent Fees	64,966	161,176	123,059	1,330,557	36,437	1,510	236,475	(46,388)	1,907,792
Professional Fees	59,309	312,472	185,991	170,293	308,471	906	2,222,415	(42,349)	3,217,508
Security Lending Fees	-	492,527	901,319	1,547,604	-	-	-	-	2,941,450
Security Lending Rebates	-	10,793,561	24,559,261	11,998,879	-	-	-	-	47,351,701
Investment Expenses	-	-	-	-	-	-	-	-	-
Total Investment Expenses	563,632	35,419,683	32,370,638	39,208,923	1,490,423	267,852	5,883,657	(402,453)	114,802,355
Net Investment Income	36,123,743	122,984,466	285,189,341	95,340,849	5,497,455	2,889,977	241,277,019	(25,793,590)	763,509,260
Net Realized Gain (Loss)	(258,639)	439,057,365	24,035,026	353,155,991	14,357,352	(437,252)	(131,430,367)	184,677	698,664,153
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	58,160,686	138,945,161	308,428,991	69,397,342	(546,694)	16,769,617	-	591,155,103
Net Increase (Decrease) in Net Assets Resulting from Operations	35,865,104	620,202,517	448,169,528	756,925,831	89,252,149	1,906,031	126,616,269	(25,608,913)	2,053,328,516
Unit Transactions									
Purchase of Units by Participants	3,532,661,527	-	261,462,800	81,000,000	18,000,000	-	74,000,000	(2,334,801,143)	1,632,323,184
TOTAL ADDITIONS	3,568,526,631	620,202,517	709,632,328	837,925,831	107,252,149	1,906,031	200,616,269	(2,360,410,056)	3,685,651,700
DEDUCTIONS									
Distributions to Unit Owners:									
Income Distributed	(35,865,104)	(126,079,905)	(278,621,458)	(82,360,081)	(27,479,388)	(3,364,012)	(331,480,730)	25,608,923	(859,641,755)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(35,865,104)	(126,079,905)	(278,621,458)	(82,360,081)	(27,479,388)	(3,364,012)	(331,480,730)	25,608,923	(859,641,755)
Unit Transactions									
Redemption of Units by Participants	(3,354,158,052)	(60,000)	(70,500)	(270,000,000)	(48,700,000)	(14,608,900)	(214,000,000)	2,185,347,333	(1,716,250,119)
TOTAL DEDUCTIONS	(3,390,023,156)	(126,139,905)	(278,691,958)	(352,360,081)	(76,179,388)	(17,972,912)	(545,480,730)	2,210,956,256	(2,575,891,874)
CHANGE IN NET ASSETS	178,503,475	494,062,612	430,940,370	485,565,750	31,072,761	(16,066,881)	(344,864,461)	(149,453,800)	1,109,759,826
Net Assets- Beginning of Period	1,399,805,734	7,781,058,793	5,849,441,230	4,003,283,359	368,537,656	36,404,476	1,785,366,036	(1,034,507,508)	20,189,389,776
Net Assets- End of Period	\$1,578,309,209	\$8,275,121,405	\$6,280,381,600	\$4,488,849,109	\$399,610,417	\$20,337,595	\$1,440,501,575	\$(1,183,961,308)	\$21,299,149,602
Other Information:									
Units									
Purchased	3,532,661,527	-	2,275,425	306,694	337,459	-	1,237,320	-	-
Redeemed	(3,354,158,052)	70	(609)	(998,631)	(909,481)	(234,027)	(3,539,298)	-	-
Net Increase (Decrease)	<u>178,503,475</u>	<u>70</u>	<u>2,274,816</u>	<u>(691,937)</u>	<u>(572,022)</u>	<u>(234,027)</u>	<u>(2,301,978)</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI- NATION ENTRY	TOTAL
ADDITIONS									
OPERATIONS									
Investment Income									
Dividends	\$ -	\$114,031,024	\$6,410,034	\$85,964,184	\$18,235,050	\$4,553,897	\$378,335,074	\$ -	\$607,529,263
Interest	21,155,254	746,596	294,849,438	510,421	109,081	19,048	1,414,839	(15,775,492)	303,029,185
Other Income	-	2,830,195	24,490,944	296,041	-	-	1,895,696	-	29,512,876
Securities Lending	-	4,845,114	10,650,359	7,757,508	-	-	-	-	23,252,981
Total Investment Income	21,155,254	122,452,929	336,400,775	94,528,154	18,344,131	4,572,945	381,645,609	(15,775,492)	963,324,305
Investment Expenses									
Investment Advisory Fees	313,350	6,459,864	8,070,224	17,336,519	1,120,127	327,489	5,591,485	(233,666)	38,985,392
Salary and Fringe Benefits	181,142	803,795	497,222	387,188	152,407	8,432	361,200	(135,078)	2,256,308
Custody and Transfer Agent Fees	64,856	161,062	124,947	837,845	30,493	1,885	242,039	(48,363)	1,414,764
Professional Fees	44,689	215,527	130,906	108,717	266,083	1,026	5,576,574	(33,325)	6,310,197
Security Lending Fees	-	462,618	803,808	1,232,449	-	-	-	-	2,498,875
Security Lending Rebates	-	3,197,537	7,885,199	3,100,113	-	-	-	-	14,182,849
Investment Expenses	110,519	57,655	30,861	33,537	2,499	165	11,468	(82,414)	164,290
Total Investment Expenses	714,556	11,358,058	17,543,167	23,036,368	1,571,609	338,997	11,782,766	(532,846)	65,812,675
Net Investment Income	20,440,698	111,094,871	318,857,608	71,491,786	16,772,522	4,233,948	369,862,843	(15,242,646)	897,511,630
Net Realized Gain (Loss)	232,621	565,299,222	69,116,799	247,550,316	(8,191,028)	315,547	6,829,021	(173,466)	880,979,032
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	679,252,870	(267,934,874)	587,209,136	(5,959,369)	(1,101,440)	(54,550,699)	-	936,915,624
Net Increase (Decrease) in Net Assets Resulting from Operations	20,673,319	1,355,646,963	120,039,533	906,251,238	2,622,125	3,448,055	322,141,165	(15,416,112)	2,715,406,286
Unit Transactions									
Purchase of Units by Participants	4,881,927,560	-	379,251,940	1,200,000,000	2,000,000	-	29,000,000	(3,602,665,657)	2,889,513,843
TOTAL ADDITIONS	4,902,600,879	1,355,646,963	499,291,473	2,106,251,238	4,622,125	3,448,055	351,141,165	(3,618,081,769)	5,604,920,129
DEDUCTIONS									
Distributions to Unit Owners:									
Income Distributed	(20,673,319)	(108,195,347)	(280,450,557)	(54,060,398)	(36,874,628)	(11,397,679)	(319,894,385)	15,416,122	(816,130,191)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(20,673,319)	(108,195,347)	(280,450,557)	(54,060,398)	(36,874,628)	(11,397,679)	(319,894,385)	15,416,122	(816,130,191)
Unit Transactions									
Redemption of Units by Participants	(5,334,947,610)	(64,861,000)	(979,000,000)	(83,000,000)	(25,000,000)	(27,928,399)	(94,000,000)	3,708,931,783	(2,899,805,226)
TOTAL DEDUCTIONS	(5,355,620,929)	(173,056,347)	(1,259,450,557)	(137,060,398)	(61,874,628)	(39,326,078)	(413,894,385)	3,724,347,905	(3,715,935,417)
CHANGE IN NET ASSETS	(453,020,050)	1,182,590,616	(760,159,084)	1,969,190,840	(57,252,503)	(35,878,023)	(62,753,220)	106,266,136	1,888,984,712
Net Assets- Beginning of Period	1,852,825,784	6,598,468,176	6,609,600,314	2,034,092,519	425,790,159	72,282,499	1,848,119,256	(1,140,773,639)	18,300,405,068
Net Assets- End of Period	\$1,399,805,734	\$7,781,058,792	\$5,849,441,230	\$4,003,283,359	\$368,537,656	\$36,404,476	\$1,785,366,036	\$(1,034,507,503)	\$20,189,389,780
Other Information:									
Units									
Purchased	4,881,927,560	-	3,254,328	6,168,629	34,769	-	447,705	-	-
Redeemed	(5,334,947,610)	(91,497)	(8,743,313)	(348,440)	(450,800)	404,771	(1,392,409)	-	-
Net Increase (Decrease)	(453,020,050)	(91,497)	(5,488,985)	5,820,188	(416,030)	404,771	(944,704)	-	-

The accompanying notes are an integral part of these financial statements

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS

JUNE 30, 2005

<u>Retirement Funds</u>	<u>Net Asset Value</u>
Teachers' Retirement Fund	\$11,392,146,654
State Employees' Retirement Fund	8,175,319,667
Municipal Employees' Retirement Fund	1,394,837,426
State Judges' Retirement Fund	152,715,296
The Probate Court Retirement Fund	72,081,636
State's Attorneys Retirement Fund	718,214
<u>Non-retirement Trust Funds</u>	
Soldiers' Sailors' & Marines' Fund	60,943,437
Police & Firemans' Survivors' Benefit Fund	19,045,043
Connecticut Arts Endowment Fund	16,406,611
School Fund	9,197,637
Ida Eaton Cotton Fund	2,067,563
Hopemead Fund	2,089,961
Andrew Clark Fund	972,431
Agricultural College Fund	608,026
TOTAL	\$ <u>21,299,149,602</u>

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Teachers' Retirement Fund								
Book Value at June 30, 2004	\$ 192,546,258	\$ 979,878,706	\$ 2,759,994,104	\$ 1,367,394,040	\$ 257,510,098	\$ 23,681,927	\$ 1,324,819,966	\$ 6,905,825,099
Market Value at June 30, 2004	\$ 192,546,258	\$ 4,256,905,461	\$ 3,029,570,786	\$ 2,185,470,643	\$ 200,832,694	\$ 19,856,899	\$ 975,092,922	\$ 10,860,275,663
Shares Purchased	714,055,325	-	136,695,724	44,219,484	9,809,006	-	40,415,726	945,195,265
Shares Redeemed	(761,944,340)	-	-	(147,398,278)	(26,538,812)	(7,968,448)	(116,877,929)	(1,060,727,807)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	64,043,000	(6,797,739)	(1,584,554)	(53,385,375)	2,275,332
Net Investment Income Earned	4,517,929	68,976,511	144,306,260	44,961,975	14,974,753	1,834,902	181,041,035	460,613,365
Net Investment Income Distributed	(4,517,929)	(68,976,511)	(144,306,260)	(44,961,975)	(14,974,753)	(1,834,902)	(181,041,035)	(460,613,365)
Changes in Market Value of Fund Shares	-	270,327,659	87,838,248	304,215,627	40,460,485	789,277	(58,503,095)	645,128,201
Market Value at June 30, 2005	\$ 144,657,243	\$ 4,527,233,120	\$ 3,254,104,758	\$ 2,450,550,476	\$ 217,765,634	\$ 11,093,174	\$ 786,742,249	\$ 11,392,146,654
Book Value at June 30, 2005	144,657,243	979,878,706	2,896,689,828	1,328,258,246	233,982,553	14,128,925	1,194,972,388	6,792,567,889
Shares Outstanding	144,657,243	5,274,951	27,964,484	8,687,145	3,494,795	188,798	13,694,506	203,961,922
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ 282.09	\$ 62.31	\$ 58.76	\$ 57.45	
State Employees' Retirement Fund								
Book Value at June 30, 2004	\$ 136,247,491	\$ 695,797,381	\$ 2,040,233,510	\$ 964,476,488	\$ 181,539,913	\$ 16,589,456	\$ 931,305,927	\$ 4,966,190,166
Market Value at June 30, 2004	\$ 136,247,491	\$ 2,945,734,038	\$ 2,242,969,642	\$ 1,543,017,014	\$ 141,844,062	\$ 13,984,624	\$ 685,818,824	\$ 7,709,615,695
Shares Purchased	388,732,060	-	101,203,893	31,220,467	6,927,903	-	28,425,877	556,510,200
Shares Redeemed	(336,796,538)	-	-	(104,068,225)	(18,743,825)	(5,611,942)	(82,204,560)	(547,425,090)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	45,272,673	(4,758,680)	(1,080,045)	(37,485,732)	1,948,216
Net Investment Income Earned	3,869,494	47,731,025	106,838,418	31,744,694	10,576,364	1,292,271	127,332,841	329,385,107
Net Investment Income Distributed	(3,869,494)	(47,731,025)	(106,838,418)	(31,744,694)	(10,576,364)	(1,292,271)	(127,332,841)	(329,385,107)
Changes in Market Value of Fund Shares	-	187,063,911	65,031,827	214,730,512	28,533,995	519,956	(41,209,555)	454,670,646
Market Value at June 30, 2005	\$ 188,183,013	\$ 3,132,797,949	\$ 2,409,205,362	\$ 1,730,172,441	\$ 153,803,455	\$ 7,812,593	\$ 553,344,854	\$ 8,175,319,667
Book Value at June 30, 2005	188,183,013	695,797,381	2,141,437,403	936,901,403	164,965,311	9,897,469	840,041,512	4,977,223,492
Shares Outstanding	188,183,013	3,650,211	20,703,754	6,133,422	2,468,303	132,965	9,631,851	230,903,519
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ 282.09	\$ 62.31	\$ 58.76	\$ 57.45	
Municipal Employees' Retirement Fund								
Book Value at June 30, 2004	\$ 25,062,195	\$ 112,624,999	\$ 390,307,993	\$ 147,923,484	\$ 28,309,236	\$ 2,580,187	\$ 147,884,666	\$ 854,692,760
Market Value at June 30, 2004	\$ 25,062,195	\$ 487,411,942	\$ 420,290,303	\$ 236,645,032	\$ 22,207,254	\$ 2,190,535	\$ 110,025,712	\$ 1,303,832,973
Shares Purchased	79,051,564	-	18,963,705	4,788,132	1,084,640	-	4,560,355	108,448,396
Shares Redeemed	(58,504,791)	-	-	(15,960,439)	(2,934,552)	(879,048)	(13,188,053)	(91,466,883)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	6,942,872	(730,699)	(161,767)	(5,819,942)	230,464
Net Investment Income Earned	910,138	7,897,750	20,019,508	4,868,528	1,655,847	202,421	20,427,971	55,982,163
Net Investment Income Distributed	(910,138)	(7,897,750)	(20,019,508)	(4,868,528)	(1,655,847)	(202,421)	(20,427,971)	(55,982,163)
Changes in Market Value of Fund Shares	-	30,952,279	12,185,740	32,932,555	4,452,987	74,035	(6,805,120)	73,792,476
Market Value at June 30, 2005	\$ 45,608,968	\$ 518,364,221	\$ 451,439,748	\$ 265,348,152	\$ 24,079,630	\$ 1,223,755	\$ 88,772,952	\$ 1,394,837,426
Book Value at June 30, 2005	45,608,968	112,624,999	409,271,698	143,694,049	25,728,625	1,539,372	133,437,026	871,904,737
Shares Outstanding	45,608,968	603,977	3,879,494	940,653	386,440	20,827	1,545,235	52,985,594
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ 282.09	\$ 62.31	\$ 58.76	\$ 57.45	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Probate Court Retirement Fund								
Book Value at June 30, 2004	\$ 3,571,215	\$ 5,608,744	\$ 16,891,743	\$ 9,222,992	\$ 1,625,941	\$ 153,005	\$ 4,419,222	\$ 41,492,862
Market Value at June 30, 2004	\$ 3,571,215	\$ 25,038,151	\$ 18,972,620	\$ 14,784,238	\$ 1,270,715	\$ 127,758	\$ 3,307,686	\$ 67,072,383
Shares Purchased	4,182,544	-	856,054	299,135	62,064	-	137,097	5,536,894
Shares Redeemed	(3,374,481)	-	-	(997,118)	(167,918)	(51,267)	(396,471)	(4,987,255)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	434,839	(42,580)	(10,451)	(171,580)	210,228
Net Investment Income Earned	83,370	405,704	903,715	304,159	94,748	11,806	614,122	2,417,624
Net Investment Income Distributed	(83,370)	(405,704)	(903,715)	(304,159)	(94,748)	(11,806)	(614,122)	(2,417,624)
Changes in Market Value of Fund Shares	-	1,590,006	550,085	2,056,352	255,573	5,334	(207,964)	4,249,386
Market Value at June 30, 2005	\$ 4,379,278	\$ 26,628,157	\$ 20,378,759	\$ 16,577,446	\$ 1,377,854	\$ 71,374	\$ 2,668,768	\$ 72,081,636
Book Value at June 30, 2005	4,379,278	5,608,744	17,747,797	8,959,848	1,477,507	91,287	3,988,268	42,252,729
Shares Outstanding	4,379,278	31,026	175,127	58,767	22,112	1,215	46,454	4,713,979
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ 282.09	\$ 62.31	\$ 58.76	\$ 57.45	
Judges' Retirement Fund								
Book Value at June 30, 2004	\$ 4,015,562	\$ 12,521,422	\$ 47,813,501	\$ 14,680,434	\$ 2,661,955	\$ 253,571	\$ 14,997,351	\$ 96,943,796
Market Value at June 30, 2004	\$ 4,015,562	\$ 49,073,314	\$ 50,545,209	\$ 23,366,435	\$ 2,049,908	\$ 215,781	\$ 11,120,881	\$ 140,387,090
Shares Purchased	7,193,074	-	2,280,625	472,782	100,121	-	460,939	10,507,541
Shares Redeemed	(2,490,933)	-	-	(1,575,941)	(270,883)	(86,593)	(1,332,987)	(5,757,337)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	681,149	(73,642)	(15,698)	(594,593)	(2,784)
Net Investment Income Earned	149,182	795,156	2,407,598	480,722	152,848	19,940	2,064,763	6,070,209
Net Investment Income Distributed	(149,182)	(795,156)	(2,407,598)	(480,722)	(152,848)	(19,940)	(2,064,763)	(6,070,209)
Changes in Market Value of Fund Shares	-	3,116,319	1,465,489	3,256,169	417,240	7,057	(681,488)	7,580,786
Market Value at June 30, 2005	\$ 8,717,703	\$ 52,189,633	\$ 54,291,323	\$ 26,200,594	\$ 2,222,744	\$ 120,547	\$ 8,972,752	\$ 152,715,296
Book Value at June 30, 2005	8,717,703	12,521,422	50,094,126	14,258,424	2,417,551	151,280	13,530,710	101,691,216
Shares Outstanding	8,717,703	60,809	466,558	92,881	35,672	2,052	156,185	9,531,860
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ 282.09	\$ 62.31	\$ 58.76	\$ 57.45	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2004	\$ 84,676	\$ 38,583	\$ 407,239	\$ -	\$ 4,978	\$ -	\$ -	\$ 535,476
Market Value at June 30, 2004	\$ 84,676	\$ 183,441	\$ 443,622	\$ -	\$ 4,274	\$ -	\$ -	\$ 716,013
Shares Purchased	121,682	-	77,800	-	209	-	-	199,691
Shares Redeemed	(151,072)	-	(70,500)	-	(565)	-	-	(222,137)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	6,101	-	(81)	-	-	6,020
Net Investment Income Earned	1,571	2,973	21,393	-	318	-	-	26,255
Net Investment Income Distributed	(1,571)	(2,973)	(21,393)	-	(318)	-	-	(26,255)
Changes in Market Value of Fund Shares	-	11,649	6,181	-	797	-	-	18,627
Market Value at June 30, 2005	\$ 55,286	\$ 195,090	\$ 463,204	\$ -	\$ 4,634	\$ -	\$ -	\$ 718,214
Book Value at June 30, 2005	55,286	38,583	420,640	-	4,541	-	-	519,050
Shares Outstanding	55,286	227	3,981	-	74	-	-	59,568
Market Value per Share	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ 62.31	\$ -	\$ -	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Soldiers' Sailors' & Marines' Fund								
Book Value at June 30, 2004	\$ 60,042	\$ 1,095,686	\$ 49,098,734	\$ -	\$ -	\$ -	\$ -	\$ 50,254,462
Market Value at June 30, 2004	\$ 60,042	\$ 5,535,948	\$ 53,476,199	\$ -	\$ -	\$ -	\$ -	\$ 59,072,189
Shares Purchased	2,620,826	-	-	-	-	-	-	2,620,826
Shares Redeemed	(2,620,827)	-	-	-	-	-	-	(2,620,827)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,858	89,701	2,529,267	-	-	-	-	2,620,826
Net Investment Income Distributed	(1,858)	(89,701)	(2,529,267)	-	-	-	-	(2,620,826)
Changes in Market Value of Fund Shares	-	351,550	1,519,699	-	-	-	-	1,871,249
Market Value at June 30, 2005	\$ 60,041	\$ 5,887,498	\$ 54,995,898	\$ -	\$ -	\$ -	\$ -	\$ 60,943,437
Book Value at June 30, 2005	60,041	1,095,686	49,098,734	-	-	-	-	50,254,461
Shares Outstanding	60,041	6,860	472,613	-	-	-	-	539,514
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	
Endowment for the Arts								
Book Value at June 30, 2004	\$ 956,370	\$ -	\$ 14,472,429	\$ -	\$ -	\$ -	\$ -	\$ 15,428,799
Market Value at June 30, 2004	\$ 956,370	\$ -	\$ 15,045,959	\$ -	\$ -	\$ -	\$ -	\$ 16,002,329
Shares Purchased	673,149	-	-	-	-	-	-	673,149
Shares Redeemed	(696,446)	-	-	-	-	-	-	(696,446)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	21,347	-	711,630	-	-	-	-	732,977
Net Investment Income Distributed	(21,347)	-	(711,630)	-	-	-	-	(732,977)
Changes in Market Value of Fund Shares	-	-	427,579	-	-	-	-	427,579
Market Value at June 30, 2005	\$ 933,073	\$ -	\$ 15,473,538	\$ -	\$ -	\$ -	\$ -	\$ 16,406,611
Book Value at June 30, 2005	933,073	-	14,472,429	-	-	-	-	15,405,502
Shares Outstanding	933,073	-	132,973	-	-	-	-	1,066,046
Market Value per Share ⁽¹⁾	\$ 1.00	\$ -	\$ 116.37	\$ -	\$ -	\$ -	\$ -	
Agricultural College Fund								
Book Value at June 30, 2004	\$ 35,830	\$ 28,626	\$ 379,240	\$ -	\$ -	\$ -	\$ -	\$ 443,696
Market Value at June 30, 2004	\$ 35,830	\$ 147,766	\$ 403,087	\$ -	\$ -	\$ -	\$ -	\$ 586,683
Shares Purchased	22,036	-	-	-	-	-	-	22,036
Shares Redeemed	(21,531)	-	-	-	-	-	-	(21,531)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	578	2,394	19,064	-	-	-	-	22,036
Net Investment Income Distributed	(578)	(2,394)	(19,064)	-	-	-	-	(22,036)
Changes in Market Value of Fund Shares	-	9,383	11,455	-	-	-	-	20,838
Market Value at June 30, 2005	\$ 36,335	\$ 157,149	\$ 414,542	\$ -	\$ -	\$ -	\$ -	\$ 608,026
Book Value at June 30, 2005	36,335	28,626	379,240	-	-	-	-	444,201
Shares Outstanding	36,335	183	3,562	-	-	-	-	40,081
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Ida Eaton Cotton Fund								
Book Value at June 30, 2004	\$ 119,958	\$ 98,432	\$ 1,281,206	\$ -	\$ -	\$ -	\$ -	1,499,596
Market Value at June 30, 2004	\$ 119,958	\$ 502,636	\$ 1,372,355	\$ -	\$ -	\$ -	\$ -	1,994,949
Shares Purchased	74,976	-	-	-	-	-	-	74,976
Shares Redeemed	(73,281)	-	-	-	-	-	-	(73,281)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,924	8,145	64,907	-	-	-	-	74,976
Net Investment Income Distributed	(1,924)	(8,145)	(64,907)	-	-	-	-	(74,976)
Changes in Market Value of Fund Shares	-	31,919	39,000	-	-	-	-	70,919
Market Value at June 30, 2005	\$ 121,653	\$ 534,555	\$ 1,411,355	\$ -	\$ -	\$ -	\$ -	2,067,563
Book Value at June 30, 2005	121,653	98,432	1,281,206	-	-	-	-	1,501,291
Shares Outstanding	121,653	623	12,129	-	-	-	-	134,404
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	
Andrew Clark Fund								
Book Value at June 30, 2004	\$ 57,453	\$ 46,552	\$ 621,867	\$ -	\$ -	\$ -	\$ -	725,872
Market Value at June 30, 2004	\$ 57,453	\$ 236,374	\$ 644,449	\$ -	\$ -	\$ -	\$ -	938,276
Shares Purchased	35,254	-	-	-	-	-	-	35,254
Shares Redeemed	(34,423)	-	-	-	-	-	-	(34,423)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	943	3,831	30,480	-	-	-	-	35,254
Net Investment Income Distributed	(943)	(3,831)	(30,480)	-	-	-	-	(35,254)
Changes in Market Value of Fund Shares	-	15,011	18,313	-	-	-	-	33,324
Market Value at June 30, 2005	\$ 58,284	\$ 251,385	\$ 662,762	\$ -	\$ -	\$ -	\$ -	972,431
Book Value at June 30, 2005	58,284	46,552	621,867	-	-	-	-	726,703
Shares Outstanding	58,284	293	5,696	-	-	-	-	64,272
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	
School Fund								
Book Value at June 30, 2004	\$ 312,024	\$ 444,960	\$ 5,902,966	\$ -	\$ -	\$ -	\$ -	6,659,950
Market Value at June 30, 2004	\$ 312,024	\$ 2,271,532	\$ 6,282,708	\$ -	\$ -	\$ -	\$ -	8,866,264
Shares Purchased	343,748	-	-	-	-	-	-	343,748
Shares Redeemed	(335,168)	-	-	-	-	-	-	(335,168)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	8,426	36,807	297,153	-	-	-	-	342,386
Net Investment Income Distributed	(8,426)	(36,807)	(297,153)	-	-	-	-	(342,386)
Changes in Market Value of Fund Shares	-	144,249	178,544	-	-	-	-	322,793
Market Value at June 30, 2005	\$ 320,604	\$ 2,415,781	\$ 6,461,252	\$ -	\$ -	\$ -	\$ -	9,197,637
Book Value at June 30, 2005	320,604	444,960	5,902,966	-	-	-	-	6,668,530
Shares Outstanding	320,604	2,815	55,525	-	-	-	-	378,944
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER- NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Hopemead Fund								
Book Value at June 30, 2004	\$ 143,152	\$ 110,967	\$ 1,173,559	\$ -	\$ -	\$ -	\$ -	\$ 1,427,678
Market Value at June 30, 2004	\$ 143,152	\$ 562,462	\$ 1,240,512	\$ -	\$ -	\$ -	\$ -	\$ 1,946,126
Shares Purchased	75,598	-	156,000	-	-	-	-	231,598
Shares Redeemed	(98,767)	(60,000)	-	-	-	-	-	(158,767)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	48,775	-	-	-	-	-	48,775
Net Investment Income Earned	2,915	9,101	60,815	-	-	-	-	72,831
Net Investment Income Distributed	(2,915)	(9,101)	(60,815)	-	-	-	-	(72,831)
Changes in Market Value of Fund Shares	-	(13,567)	35,796	-	-	-	-	22,229
Market Value at June 30, 2005	\$ 119,983	\$ 537,670	\$ 1,432,308	\$ -	\$ -	\$ -	\$ -	\$ 2,089,961
Book Value at June 30, 2005	119,983	99,742	1,329,559	-	-	-	-	1,549,284
Shares Outstanding	119,983	626	12,309	-	-	-	-	132,918
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ -	\$ -	\$ -	
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2004	\$ 2,086,002	\$ 6,859,157	\$ 8,134,231	\$ -	\$ 369,546	\$ 35,486	\$ -	\$ 17,484,422
Market Value at June 30, 2004	\$ 2,086,002	\$ 7,455,733	\$ 8,183,791	\$ -	\$ 328,748	\$ 28,870	\$ -	\$ 18,083,144
Shares Purchased	678,548	-	1,229,000	-	16,056	-	-	1,923,604
Shares Redeemed	(1,668,113)	-	-	-	(43,441)	(11,602)	-	(1,723,156)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(4,529)	(2,712)	-	(7,241)
Net Investment Income Earned	34,692	120,807	411,264	-	24,512	2,673	-	593,948
Net Investment Income Distributed	(34,692)	(120,807)	(411,264)	-	(24,512)	(2,673)	-	(593,948)
Changes in Market Value of Fund Shares	-	473,464	234,000	-	59,632	1,596	-	768,692
Market Value at June 30, 2005	\$ 1,096,437	\$ 7,929,197	\$ 9,646,791	\$ -	\$ 356,466	\$ 16,152	\$ -	\$ 19,045,043
Book Value at June 30, 2005	1,096,437	6,859,157	9,363,231	-	337,632	21,172	-	17,677,629
Shares Outstanding	1,096,437	9,239	82,901	-	5,721	275	-	1,194,572
Market Value per Share ⁽¹⁾	\$ 1.00	\$ 858.25	\$ 116.37	\$ -	\$ 62.31	\$ 58.76	\$ -	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$807.00	\$677.92	\$685.11	\$814.49	\$909.17	\$65.23	\$65.27	\$86.33	\$103.96	\$115.01
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	12.76	11.50	8.82	8.24	7.54	8.09	12.98	10.40	4.98	3.66
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	51.57	128.78	(7.59)	(130.49)	(93.84)	(2.96)	(1.69)	(19.74)	(15.98)	(10.59)
Total from Investment Operations	64.33	140.28	1.23	(122.25)	(86.30)	5.13	11.29	(9.34)	(11.00)	(6.93)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(13.08)	(11.20)	(8.42)	(7.13)	(8.38)	(12.91)	(11.33)	(11.72)	(6.63)	(4.12)
Net Asset Value - End of Period	\$858.25	\$807.00	\$677.92	\$685.11	\$814.49	\$57.45	\$65.23	\$65.27	\$86.33	\$103.96
TOTAL RETURN	8.06%	20.84%	0.48%	-14.95%	-9.55%	9.58%	20.21%	-11.94%	-10.81%	-6.25%
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$8,275	\$7,781	\$6,599	\$6,677	\$7,931	\$1,441	\$1,785	\$1,848	\$2,281	\$2,607
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.30%	0.11%	0.23%	0.27%	0.38%	0.36%	0.65%	0.40%	0.48%	0.38%
Ratio of Expenses to Average Net Assets	0.44%	0.16%	0.28%	0.34%	0.59%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	1.53%	1.55%	1.29%	1.10%	0.88%	12.87%	20.36%	13.69%	5.31%	3.38%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$241.09	\$188.61	\$206.47	\$232.07	\$271.68	\$113.15	\$115.58	\$109.21	\$109.74	\$108.38
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	5.73	4.50	3.60	3.24	4.50	5.50	6.95	5.70	6.87	7.81
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	40.22	51.38	(18.00)	(24.70)	(40.14)	3.09	(3.89)	6.41	(0.86)	0.75
Total from Investment Operations	45.95	55.88	(14.40)	(21.46)	(35.64)	8.59	3.06	12.11	6.01	8.56
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(4.95)	(3.40)	(3.46)	(4.14)	(3.97)	(5.37)	(5.49)	(5.74)	(6.54)	(7.20)
Net Asset Value - End of Period	\$282.09	\$241.09	\$188.61	\$206.47	\$232.07	\$116.37	\$113.15	\$115.58	\$109.21	\$109.74
TOTAL RETURN	19.23%	29.69%	-6.39%	-9.00%	-13.29%	7.70%	2.79%	12.03%	5.64%	8.03%
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$4,489	\$4,003	\$2,034	\$2,227	\$2,503	\$6,280	\$5,849	\$6,610	\$6,526	\$6,586
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.60%	0.62%	0.61%	0.67%	0.40%	0.11%	0.14%	0.15%	0.17%	0.20%
Ratio of Expenses to Average Net Assets	0.92%	0.76%	0.77%	1.05%	1.44%	0.53%	0.28%	0.34%	0.45%	0.87%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.25%	2.37%	1.82%	1.47%	1.79%	4.70%	5.12%	5.07%	6.24%	7.13%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	\$62.75	\$73.39	\$67.71	\$72.91	\$73.17	\$52.76	\$57.53	\$61.42	\$63.31	\$60.56
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.13	6.63	8.39	6.58	6.89	0.82	2.22	2.95	0.79	0.99
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(2.99)	(1.11)	4.68	(5.81)	0.52	12.83	(1.94)	(1.08)	(0.31)	7.54
Total from Investment Operations	3.14	5.52	13.07	0.77	7.41	13.65	0.28	1.87	0.48	8.53
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.13)	(16.16)	(7.39)	(5.97)	(7.67)	(4.10)	(5.05)	(5.76)	(2.37)	(5.78)
Net Asset Value - End of Period	\$58.76	\$62.75	\$73.39	\$67.71	\$72.91	\$62.31	\$52.76	\$57.53	\$61.42	\$63.31
TOTAL RETURN	6.95%	7.87%	20.62%	1.19%	10.88%	27.74%	0.67%	3.30%	0.81%	14.45%
RATIOS										
Net Assets - End of Period (\$000,000 Omitted)	\$20	\$36	\$72	\$73	\$101	\$400	\$369	\$426	\$471	\$476
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.94%	0.62%	0.60%	0.53%	0.42%	0.39%	0.40%	0.35%	0.31%	0.22%
Ratio of Expenses to Average Net Assets	na	na	na	na	na	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	10.19%	7.79%	11.92%	7.75%	9.21%	1.43%	4.22%	1.40%	1.28%	1.57%

Source: Amounts were derived from custodial records.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Investment Income ⁽¹⁾	\$828,019	\$946,643	\$846,384	\$741,812	\$787,287	\$1,002,774	\$731,983	\$734,928	\$648,136	\$621,540
Expenses ⁽¹⁾	64,509	49,131	48,428	60,570	67,282	50,552	54,417	40,817	38,316	36,558
Net Investment Income	763,510	897,512	797,956	681,242	720,005	952,222	677,566	694,111	609,820	584,982
Realized Gains/(Losses)	698,664	880,979	(566,640)	(449,961)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686
Change in Unrealized Gains/(Losses)	591,155	936,916	123,784	(1,563,253)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)
Total	\$2,053,329	\$2,715,407	\$355,100	\$(1,331,972)	\$(787,043)	\$2,565,716	\$1,881,644	\$2,725,932	\$2,614,764	\$1,721,702

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.

Source: Amounts were derived from custodial records.

**PENSION AND TRUST FUNDS
BALANCES ⁽¹⁾ IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2005**

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Judges Retirement Fund		Probate Court Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
CRA	144,657	1.27%	188,183	2.30%	45,609	3.27%	4,379	6.08%	8,718	5.71%	55	7.66%	2,747	2.47%
MEF	4,527,233	39.74%	3,132,798	38.32%	518,364	37.16%	26,628	36.94%	52,190	34.17%	195	27.16%	17,713	15.91%
FIF	3,254,105	28.56%	2,409,206	29.47%	451,440	32.37%	20,379	28.27%	54,291	35.54%	463	64.48%	90,498	81.28%
ISF	2,450,551	21.51%	1,730,172	21.16%	265,348	19.02%	16,577	23.00%	26,200	17.16%	-	0.00%	-	0.00%
REF	217,766	1.91%	153,803	1.88%	24,079	1.73%	1,378	1.91%	2,223	1.46%	5	0.70%	356	0.32%
CMF	11,093	0.10%	7,813	0.10%	1,224	0.09%	71	0.10%	120	0.08%	-	0.00%	17	0.02%
PIF	786,742	6.91%	553,345	6.77%	88,773	6.36%	2,669	3.70%	8,973	5.88%	-	0.00%	-	0.00%
Total	\$11,392,147	100.00%	\$8,175,320	100.00%	\$1,394,837	100.00%	\$72,081	100.00%	\$152,715	100.00%	\$718	100.00%	\$111,331	100.00%

(1) Based on Net Asset Value

Source: Amounts were derived from custodial records.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT
JUNE 30, 2005**

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)			
State Street Global Advisors	Active	\$ 1,578,309,209	100.00%
SUBTOTAL CRA		\$ 1,578,309,209	100.00%
MUTUAL EQUITY FUND (MEF)			
Large Cap		\$ 6,373,367,151	77.02%
BGI Barclays Global Investors, N.A.	Passive - Enhanced	3,527,459,856	42.63%
State Street Global Advisors	Passive - Indexed	2,845,907,295	34.39%
Small/Mid Cap		1,027,402,326	12.42%
AXA Rosenberg Investment Management	Passive-Enhanced	570,583,580	6.90%
SSB Citigroup (The Travelers)	Passive-Enhanced	456,818,746	5.52%
Small/Mid Cap		683,222,654	8.26%
TCW Cowen Asset Management	Active	500,442,229	6.05%
Brown Capital Management, Inc.	Active	182,780,425	2.21%
Other ⁽¹⁾		191,129,274	2.30%
SUBTOTAL MEF		\$ 8,275,121,405	100.00%
INTERNATIONAL STOCK FUND (ISF)			
Index		\$ 556,046,402	12.39%
State Street Global Advisors	Index-Passive	556,046,402	12.39%
Core		861,534,750	19.19%
Invesco Global Asset Mgmt.	Active	543,561,214	12.11%
Morgan Stanley Asset Management	Active	317,973,536	7.08%
Active-Growth		503,013,251	11.20%
Clay Finlay, Inc.	Active	328,232,179	7.31%
MFS Institutional Advisors, Inc.	Active	174,781,072	3.89%
Active-Value		444,259,311	9.90%
Grantham, Mayo, Van Otterloo	Active	444,259,311	9.90%
Small Cap		455,558,834	10.15%
Morgan Stanley Asset Management	Active	230,312,089	5.13%
Schroder Investment Mgmt.	Active	225,246,745	5.02%
Emerging		755,784,696	16.83%
Grantham, Mayo, Van Otterloo	Active	386,671,707	8.61%
Emerging Markets Management	Active	369,112,989	8.22%
Risk Controlled		740,450,443	16.50%
Merrill Lynch Investment	Active	455,943,168	10.16%
Fidelity Management Trust Co.	Active	284,507,275	6.34%
Other ⁽¹⁾		172,201,422	3.84%
SUBTOTAL ISF		\$ 4,488,849,109	100.00%
REAL ESTATE FUND (REF)			
AEW Capital Management		\$ 113,307,325	28.36%
Westport Advisors	Active	95,915,868	24.00%
Walton Street Real Estate	Active	63,871,089	15.98%
Apollo Real Estate	Active	56,196,794	14.06%
Rockwood Capital	Active	33,030,054	8.27%
RMK Timberland	Active	12,869,554	3.22%
New Boston Fund	Active	10,640,856	2.66%
RLJ Urban Lodging Fund	Active	4,831,132	1.21%
Canyon Johnson Urban Funds	Active	3,863,286	0.97%
CIGNA Realty Investors	Active	248,801	0.06%
Other ⁽¹⁾	Active	4,835,658	1.21%
SUBTOTAL REF		\$ 399,610,417	100.00%
MUTUAL FIXED INCOME FUND (MFIF)			
Core		\$ 4,729,979,393	75.32%
State Street Global Advisors	Passive	1,328,885,354	21.16%
BlackRock Financial Management, Inc.	Active	1,142,586,706	18.19%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2005**

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Wellington	Active	1,032,985,288	16.45%
Western Asset Management Co.	Active	909,824,849	14.49%
Phoenix	Active	315,697,196	5.03%
High Yield		875,387,388	13.94%
Loomis Sayles & Co., Inc.	Active	370,599,574	5.90%
W.R. Huff Asset Management	Active	274,869,144	4.38%
Oaktree Capital Management, L.L.C.	Active	229,918,670	3.66%
Emerging Market Debt		157,823,588	2.51%
Ashmore Emerging Markets Debt Fund	Active	157,823,588	2.51%
Inflation Linked Bonds		211,093,507	3.36%
Brown Brothers Harriman	Active	141,085,766	2.25%
Hartford Investment Mgmt Co.	Active	70,007,741	1.11%
Other ⁽¹⁾		306,097,724	4.87%
SUBTOTAL MFIF		\$ 6,280,381,600	100.00%
COMMERCIAL MORTGAGE FUND (CMF)			
AEW Capital Management	Active	\$ 19,486,665	95.82%
Other ⁽²⁾		850,930	4.18%
SUBTOTAL CMF		\$ 20,337,595	100.00%
PRIVATE INVESTMENT FUND (PIF)			
Buyout		\$ 444,477,992	30.86%
KKR Millennium Fund	Active	51,246,890	3.56%
Hicks, Muse Tate & Furst Equity Fund III	Active	45,756,174	3.18%
Thomas H. Lee Equity Fund IV	Active	38,668,407	2.68%
Welsh Carson Anderson & Stowe VIII	Active	34,490,987	2.39%
Wellspring Capital Partners III	Active	33,575,268	2.33%
SCP Private Equity Partners	Active	32,082,560	2.23%
Charterhouse Equity Partners IV	Active	27,970,806	1.94%
Forstmann Little Equity Fund VI	Active	27,969,805	1.94%
DLJ Merchant Banking Fund II	Active	25,796,535	1.79%
KKR 1996 Fund	Active	22,177,582	1.54%
FS Equity Partners V	Active	21,259,412	1.48%
Blackstone Capital Partners III	Active	15,554,228	1.08%
Thayer Equity Investors IV	Active	14,854,083	1.03%
Kelso Investment Associates VI	Active	13,641,256	0.95%
Green Equity Investors III	Active	13,546,915	0.94%
Wellspring Capital Partners II	Active	12,513,325	0.87%
Veritas Capital Fund	Active	7,726,936	0.54%
AIG Healthcare Partners LP	Active	5,646,823	0.39%
Venture Capital		101,686,856	7.06%
Pioneer Ventures Associates	Active	25,314,522	1.76%
RFE Investment Partners VI	Active	16,980,424	1.18%
Conning Capital Partners V	Active	16,568,911	1.15%
Crescendo World Fund	Active	15,585,507	1.08%
Grotech Partners V	Active	11,559,371	0.80%
Shawmut Equity Partners	Active	10,707,558	0.74%
Crescendo III	Active	4,450,351	0.31%
Connecticut Futures Fund	Active	520,212	0.04%
Mezzanine		95,977,934	6.66%
SW Pelham Fund	Active	64,148,492	4.45%
GarMark Partners	Active	15,928,516	1.11%
SW Pelham Fund II	Active	15,900,926	1.10%
International		263,271,216	18.27%
Compass Partners European Equity Fund	Active	117,139,200	8.13%
Gilbert Global Equity Partners	Active	52,721,173	3.66%
Carlyle Europe Partners	Active	46,355,796	3.22%
AIG Global Emerging Markets Fund	Active	31,188,174	2.16%
Carlyle Asia Partners	Active	15,866,873	1.10%

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

**LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2005**

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Fund of Funds		331,003,203	22.98%
The Constitution Liquidating Fund	Active	219,562,506	15.24%
Landmark Private Equity Fund VIII	Active	63,472,990	4.41%
Goldman Sachs Private Equity Partners Connecticut	Active	26,936,877	1.87%
Lexington Capital Partners II	Active	16,113,523	1.12%
Parish Capital I LP	Active	4,519,297	0.31%
Fairview Constitution II LP	Active	398,010	0.03%
Special Situations		100,403,850	6.97%
Welsh Carson Anderson & Stowe Capital Partners III	Active	47,788,092	3.32%
Greenwich Street Capital Partners II	Active	27,883,284	1.94%
Forstmann Little MBO VII	Active	19,645,167	1.36%
KPS Special Situations Fund II	Active	5,087,307	0.35%
Other ⁽¹⁾		103,680,524	7.20%
SUBTOTAL PIF		\$ 1,440,501,575	100.00%
TOTAL		\$ 22,483,110,909	
Adjustments ⁽³⁾		(1,183,961,308)	
GRAND TOTAL		\$ 21,299,149,602	

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded commitment to GarMark Partners II LP.

(2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

(3) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in CRA.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

SCHEDULE OF CONSULTING SERVICES IN EXCESS OF \$5,000⁽¹⁾ FOR PERIODS ENDED JUNE 30

Name of Firm	Description of Services	Aggregate Compensation Paid in Fiscal Year:				
		2005	2004	2003	2002	2001
CONSULTING SERVICES						
Alignment Capital Management	Private Equity Consultant	300,000	-	-	-	-
Callan Associates	Pension Funds Consultant	95,000	-	-	-	-
CRA RogersCasey Consulting Inc.	Pension Funds Consultant	547,890	480,663	576,576	555,000	157,500
Franklin Park Associates LLC	Private Equity Consultant	647,154	-	-	-	-
FTI Consulting, Inc.	Pension Funds Consultant	151,256	-	-	-	-
Greystone Capital Management	Pension Funds Consultant	7,040	16,280	10,230	9,900	-
Guy E. Garcia	Pension Funds Consultant	-	-	-	207,570	-
Heidrick & Struggles	Pension Funds Consultant	-	-	-	98,487	-
Horton International Maryland	Pension Funds Consultant	-	-	-	-	22,101
Invesco Private Capital (Sovereign)	Pension Funds Consultant	1,026,564	1,153,486	978,286	955,813	997,751
Pamela J. Bartol	Pension Funds Consultant	-	-	-	22,906	40,865
Pension Consulting Alliance	Pension Funds Consultant	196,242	260,136	138,098	-	-
Robert Morgan	Pension Funds Consultant	-	-	-	-	16,401
Susan B. Sweeney	Pension Funds Consultant	-	-	-	178,504	91,172
Thompson Proxy Services Inc.	Pension Funds Consultant	-	-	-	24,100	75,250
William M. Mercer, Inc.	Inv. Adv. Council Consult.	-	-	-	50,000	-
TOTAL CONSULTING SERVICES COMPENSATION		\$2,971,146	\$1,910,565	\$1,703,190	\$2,102,280	\$1,401,040

(1) Expenses are presented on a cash basis.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2005 ⁽¹⁾

Cash Reserve Account ⁽²⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	\$395,948,288	\$395,948,288	1.84%	2.38%
2004	363,170,856	363,170,856	1.76%	1.30%
2003	710,832,993	710,832,993	3.75%	1.80%
2002	481,664,484	481,664,484	2.46%	3.03%
2001	391,346,777	391,346,777	1.85%	6.35%
2000	378,683,486	378,683,486	1.67%	5.96%
1999	227,101,012	227,101,012	1.11%	5.46%
1998	409,767,394	409,767,394	2.17%	5.86%
1997	640,227,925	640,227,925	3.57%	5.70%
1996	217,728,153	217,728,153	1.57%	5.90%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	\$3,587,545,036	\$4,372,185,115	20.27%	19.23%
2004	3,407,481,400	3,995,868,265	19.35%	29.69%
2003	2,047,590,656	2,026,297,000	10.67%	-6.39%
2002	2,306,936,221	2,272,810,463	11.62%	-9.00%
2001	2,449,711,883	2,466,657,788	11.63%	-13.29%
2000	2,315,776,890	2,928,693,346	12.89%	20.13%
1999	1,937,731,869	2,436,960,573	11.94%	6.77%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%
1997	2,056,745,949	2,988,188,715	16.64%	15.67%
1996	2,013,932,947	2,080,961,453	14.98%	12.58%

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	\$6,567,168,651	\$6,662,163,634	30.88%	7.70%
2004	6,368,703,625	6,325,884,136	30.63%	2.79%
2003	7,082,889,175	7,308,417,293	38.49%	12.03%
2002	7,412,105,698	7,295,007,838	37.30%	5.64%
2001	7,363,064,249	7,218,746,648	34.04%	8.03%
2000	7,463,463,748	7,282,002,823	32.06%	5.77%
1999	6,943,741,512	6,762,463,935	33.13%	2.64%
1998	6,798,694,018	6,826,179,407	36.22%	10.52%
1997	4,612,052,907	4,902,597,809	27.30%	10.62%
1996	3,946,699,249	3,961,751,213	28.51%	5.97%

Private Investment Fund ⁽³⁾

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	\$2,046,726,560	\$1,437,979,798	6.67%	9.58%
2004	2,406,829,047	1,781,312,669	8.63%	20.21%
2003	2,413,582,348	1,842,900,019	9.70%	-11.94%
2002	2,315,048,277	2,276,642,374	11.64%	-10.81%
2001	2,217,285,786	2,601,575,275	12.28%	-6.25%
2000	1,879,100,932	2,561,042,272	11.28%	53.86%
1999	1,138,252,584	1,182,905,063	5.80%	-0.81%
1998	715,880,779	794,324,372	4.21%	18.55%
1997	496,527,964	542,174,959	3.02%	5.68%
1996	198,233,821	302,481,786	2.18%	43.78%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
\$6,991,797,244	\$8,284,992,409	38.40%	8.06%	
6,544,070,199	7,779,104,677	37.67%	20.84%	
6,047,280,312	6,603,061,918	34.77%	0.48%	
6,401,472,709	6,688,728,705	34.20%	-14.95%	
6,649,619,519	7,949,775,481	37.49%	-9.55%	
6,578,261,062	8,876,068,150	39.08%	10.03%	
6,321,181,834	9,137,539,233	44.77%	19.38%	
5,597,631,659	7,735,628,862	41.04%	28.40%	
5,740,662,847	8,072,686,952	44.95%	30.74%	
5,473,247,153	5,722,251,986	41.19%	23.98%	

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
\$309,798,748	\$399,727,575	1.85%	27.74%	
348,015,445	368,546,928	1.78%	0.67%	
399,402,161	425,893,012	2.24%	3.30%	
417,067,553	471,193,932	2.41%	0.81%	
407,455,431	476,011,373	2.24%	14.45%	
464,709,616	510,010,943	2.25%	9.18%	
442,674,319	428,221,842	2.10%	9.96%	
445,482,545	416,617,227	2.21%	25.63%	
553,333,465	488,413,514	2.72%	10.69%	
1,172,793,083	985,747,371	7.09%	0.83%	

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
\$19,796,542	\$20,267,798	0.09%	6.95%	
35,210,421	36,228,371	0.18%	7.87%	
69,871,489	71,990,878	0.38%	20.62%	
69,553,258	71,468,307	0.37%	1.19%	
92,793,153	100,727,402	0.47%	10.88%	
168,263,689	175,216,208	0.77%	8.26%	
231,513,066	235,232,350	1.15%	6.10%	
262,476,294	271,419,535	1.44%	17.71%	
343,534,264	324,002,103	1.80%	9.82%	
467,004,415	442,659,307	3.19%	6.46%	

Connecticut Programs Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
—	—	—%	—%	
\$172,656,335	\$179,638,107	1.29%	14.24%	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2005 (Continued)

Total Fund				
	<u>Book</u> <u>Value</u>	<u>Market</u> <u>Value</u>	<u>% of Total</u> <u>Fund MV</u>	<u>Rate of</u> <u>Return</u>
2005	\$19,918,781,069	\$21,573,264,617	100.00%	10.46%
2004	\$19,473,480,993	\$20,650,115,902	100.00%	15.23%
2003	\$18,771,449,134	\$18,989,393,113	100.00%	2.49%
2002	\$19,403,848,200	\$19,557,516,103	100.00%	-6.39%
2001	\$19,571,276,798	\$21,204,840,744	100.00%	-3.68%
2000	\$19,248,259,423	\$22,711,717,228	100.00%	13.13%
1999	\$17,242,196,196	\$20,410,424,008	100.00%	10.49%
1998	\$16,218,449,530	\$18,848,711,553	100.00%	17.19%
1997	\$14,443,085,321	\$17,958,291,977	100.00%	19.35%
1996	\$13,662,295,156	\$13,893,219,375	100.00%	14.14%

- (1) All rates of return are net of management fees and division operating expenses.
- (2) The market value of CRA for the periods presented represents the market value of the pension and trust balances in CRA only (excluding receivables and payables); the CRA balances of the other combined investment funds are shown in the market value of each fund.
- (3) The Connecticut Programs Fund merged with Venture Capital Fund In December 1996. In fiscal year 1999, the Venture Capital Fund was renamed as the Private Investment Fund.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2005 (Continued)

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
Microsoft	Technology	\$ 181,840,897	2.19%
General Electric	Technology	181,448,606	2.19%
Exxon Mobil Corp	Energy	180,716,714	2.18%
CitiGroup Inc	Financial	176,065,291	2.13%
Johnson & Johnson	Health Care	147,898,855	1.79%
Bank America Corp	Financial	143,086,871	1.73%
Intel Corp	Technology	129,152,526	1.56%
Wal Mart Stores Inc	Consumer Non-Durables	124,842,483	1.51%
Cisco Systems Inc	Technology	109,166,334	1.32%
Pfizer Inc	Health Care	98,089,842	1.18%
Top Ten		\$1,472,308,419	17.78%
Total Market Value		\$8,284,992,409	

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Glaxosmithkline ORD GBP .25	United Kingdom	\$ 69,890,475	1.60%
Total SA Eur 10 Serie B	France	58,501,495	1.34%
BP PLC Ord USD .25	United Kingdom	50,481,868	1.15%
Vodafone Group ORD USD .10	United Kingdom	47,045,151	1.08%
ENI EUR 1	Italy	46,733,434	1.07%
Novartis AG CHF .50 Regd	Switzerland	42,716,939	0.98%
Roche Holdings AG NPV	Switzerland	40,595,073	0.93%
Royal BK Scot GRP Ord GBP .25	United Kingdom	40,193,301	0.92%
Royal Dutch Petroleum Euro .56	Netherlands	39,520,077	0.90%
ING Groep NV CVA Euro .24	Netherlands	36,583,961	0.84%
Top Ten		\$ 472,261,774	10.81%
Total Market Value		\$4,372,185,115	

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	%
Westport Senior Living Inv FD	Various	Senior Living	\$ 95,915,868	24.00%
Walton Street RE II LP Fnd 2	Various	Various	63,871,089	15.98%
Apollo Real Est Invest Fd III	Various	Various	56,196,794	14.06%
Union Station LTD LP	Washington, DC	Mixed Use	41,891,633	10.48%
Goodwin Square	Hartford, CT	Mixed Use	36,187,120	9.05%
AEW Partners III	Various	Various	35,228,572	8.81%
Rockwood Captial Fund V	Various	Various	33,030,054	8.27%
Timberland Fund A - Duplin	Various	Timber	12,869,554	3.22%
New Boston Fund IV	Various	Various	10,640,856	2.66%
RLJ Urban Lodging Fund LP	Various	Hotel	4,831,132	1.21%
Top Ten			\$ 390,662,627	97.74%
Total Market Value			\$ 399,727,575	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2005

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
GNMA TBA	6.00%	12/01/2035	U.S. Govt Agency	\$ 74,743,464	1.12%
U.S. Treasury Notes	3.375%	02/28/2007	U.S. Govt Agency	66,627,473	1.00%
U.S. Treasury Notes	3.125%	01/31/2007	U.S. Govt Agency	65,990,157	0.99%
U.S. Treasury Notes	1.875%	07/15/2013	U.S. Govt Agency	48,002,229	0.72%
U.S. Treasury Bonds	7.875%	02/15/2021	U.S. Govt Agency	46,002,736	0.69%
FNMA TBA	6.00%	12/01/2035	U.S. Govt Agency	45,270,471	0.68%
U.S. Treasury Notes	3.50%	12/15/2009	U.S. Govt Agency	43,643,912	0.66%
GNMA TBA	6.50%	12/01/2034	U.S. Govt Agency	42,865,182	0.64%
FHLMC TBA	5.50%	12/01/2034	U.S. Govt Agency	41,566,952	0.62%
U.S. Treasury Bonds	8.75%	08/15/2020	U.S. Govt Agency	41,148,928	0.62%
Top Ten				\$ 515,861,504	7.74%
Total Market Value				\$6,662,163,634	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
Greenhill Apts	Detroit, MI	Residential	\$ 10,250,746	50.58%
SASCO	Various	Other	9,170,255	45.25%
Yankee Mac Series E 11.056%	Various	Residential	217,579	1.07%
Yankee Mac Series G 11.125%	Various	Residential	136,488	0.67%
Yankee Mac Series F 12.981%	Various	Residential	109,015	0.54%
Yankee Mac Series C 14.1505%	Various	Residential	29,969	0.15%
Yankee Mac Series A 13.075%	Various	Residential	17,445	0.09%
Top Seven			\$ 19,931,497	98.35%
Total Market Value			\$ 20,267,798	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	\$ 219,562,584	15.27%
Compass Partners European Equity Fund	International	117,139,258	8.15%
SW Pelham Fund	Mezzanine	64,148,512	4.46%
Landmark Private Equity Fund VIII	Fund of Funds	63,472,963	4.42%
Gilbert Global Equity Partners	International	52,721,179	3.67%
KKR Millennium Fund	Buyout	51,246,885	3.56%
Welsh Carson Anderson & Stowe Capital Partners III	Special Situations	47,788,089	3.32%
Carlyle Europe Partners	International	46,355,798	3.22%
Hicks, Muse Tate & Furst Equity Fund III	Buyout	45,756,190	3.18%
Thomas H. Lee Equity Fund IV	Buyout	38,668,389	2.69%
Top Ten		\$ 746,859,847	51.94%
Total Market Value		\$1,437,979,798	

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS

- Agency Securities** - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.
- Alpha** - A measurement of the difference between the actual performance of a fund and its expected performance given the overall return of the market and the fund's beta. Positive alpha indicates successful management of risk while a negative alpha suggests unsuccessful management.
- Asset** - Anything owned that has value; any interest in property, tangible or intangible, that can be used for payment of debts.
- Asset Backed Security** - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.
- 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%. A yield that changed from 8.75% to 9.50% 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.
- Beta** - A measure of the volatility associated with the price movement of a stock in relation to the price movement of the overall stock market or benchmark.
- Book Value (BV)** - The value of individual assets, calculated as actual cost less allowances for any depreciation. Book value may be more or less than current market value.
- Capital Gain(Loss)** - Also known as capital appreciation(depreciation), capital gain(loss) measures the increase(decrease) in value of an asset over time.
- Certificates of Deposit (CDs)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several 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.
- Coefficient of Determination (R^2)** - A statistic which indicates the amount of variability in a dependent variable, such as Fund returns, which may be explained by an independent variable, such as market returns, in a regression model. The coefficient of determination is denoted R^2 and ranges from 0 to 1.0. If the statistic measures 0, the independent variable offers no explanation of the dependent variable. If the statistic measures 1.0, the independent variable fully explains the dependent variable.
- Collateral** - Property offered as security, usually as an inducement to another party, to lend money or extend credit.
- Collateralized Mortgage Obligation (CMO)** - A generic term for a security backed by real estate mortgages. CMO payment obligations are covered by interest and/or principal payments from a pool of mortgages.
- Commercial Paper** - Short-term obligations with maturities ranging from 1 to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.
- 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 consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.
- 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%.
- 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 or interest on interest.
- Derivative** - Derivatives are generally defined as contracts whose value depends on, or derives 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, or future.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

- Discount Rate** - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.
- Diversification** - The spreading of risk by putting assets in several different securities or categories of investments.
- Duration** - A measure of the average time to receipt of all bond cash flows. Duration is used to determine the percentage change in price of a fixed income security for a given change in the security's yield to maturity. Duration is stated in terms of time periods, generally years. (See Modified and Macaulay duration).
- Equity** - The ownership interest possessed by shareholders in a corporation.
- ERISA (Employee Retirement Income Security Act)** - The 1974 law governing the operation of most private pension and benefit plans. The law eased pension eligibility rules, set up the Pension Benefit Guarantee Corporation, and established guidelines for the management of pension funds.
- Expense Ratio** - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.
- 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 charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates since it is set daily by the market.
- Federal Reserve Board** - The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in 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 money prudently 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.
- Gross Domestic Product** - Total final value of goods and services produced in the United States over a particular period or 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 overall risk of a portfolio, usually at the expense of potential reward.
- Index** - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Example: S&P 500 index.
- Index Fund** - A fund whose portfolio attempts to replicate that of a broadbased index such as the S&P 500 so as to match its performance.
- Inflation** - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.
- 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 the impact on returns of contributions made in the early portion of a fund's existence. Invested capital is used to pay fees and organizational costs as well as to make investments in non-income producing enterprises. Such uses negatively impact returns in early periods but are expected to generate increasing income and valuations in the late periods as the previously non-income producing entities start producing income and 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 local markets instruments. The EMBI+ expands upon Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.
- LB Aggregate Index** - An index made up of Government, Corporate, Mortgage Backed, and Asset Backed securities, all rated investment grade. Returns are market value weighted inclusive of interest. Issues must have at least one year to maturity and an outstanding par value of at least \$100 million.
- 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 eliminates the seller's risk.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

- Liability** - The claim on the assets of a company or individual - excluding ownership equity. The obligation to make a payment to another.
- Leverage** - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.
- Macaulay Duration** - The present value weighted time to maturity of the cash flows of a fixed payment instrument or of the implicit cash flows of a derivative based on such an instrument.
- Market Value** - The price at which buyers and sellers trade similar items in an open marketplace. Stocks are considered liquid and are therefore valued at a market price. Real estate is illiquid and valued on an appraised basis.
- Master Custodian** - An entity, usually a bank, used for safekeeping of securities and other assets. 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** - Subordinated debt.
- MFR Index (Formerly IBC)** - 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 measurement of the change in the value of an instrument in response to a change in interest rates. 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 21 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.
- Net Asset Value (NAV)** - The total assets minus liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense. NAV is similar to Shareholders' Equity.
- NCREIF (National Council of Real Estate Investment Fiduciaries)** - An index consisting of investment-grade, non-agricultural, income-producing properties: apartments, hotels, offices, and warehouses. Its return includes appreciation, realized capital gains, and income. It is computed by adding the income return and capital appreciation return generated by the properties in the index, on a quarterly basis.
- Par Value** - The stated or face value of a stock or bond. It has little significance for common stocks, however, 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 pay the pension benefits of retired workers.
- Percentile** - A description of the percentage of the total universe in which portfolio performance is ranked.
- Price/Book (P/B)** - A ratio showing the price of a stock divided by its book value. 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.
- 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 receipt of one dollar a year from now has a present value of \$0.89286.
- Principal** - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.
- Prudent Person Rule** - The standard adopted by some states to guide those fiduciaries with responsibility for investing 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 investment.
- 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.
- Relative Volatility** - A ratio of the standard deviation of the Fund to 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")** - An agreement 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. Repos are widely used as a money market instrument.

CONNECTICUT STATE TREASURER'S COMBINED INVESTMENT FUNDS

GLOSSARY OF INVESTMENT TERMS (Continued)

- Reverse Repurchase Agreements ("Reverse Repos")** - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.
- Return on Equity (ROE)** - The net income for the accounting period after payment of preferred stock dividends and before payment of common stock dividends of a company divided by the common stock equity at the beginning of the accounting period.
- Risk Adjusted Return** - A modified (usually reduced) return which accounts for the cost of a specific investment exposure as well as the aggregate risk of such exposure.
- 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. The largest security has a market capitalization of approximately \$85 billion; the smallest is approximately \$90 million.
- Securities Lending** - A carefully collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending can reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.
- 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 business.
- S&P 500 (Standard & Poor's)** - The composite price average of 425 industrial stocks, 50 utility stocks, and 25 railroad stocks.
- S&P Ratings** - A financial services rating agency.
- Standard Deviation** - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk.
- Total Fund Benchmark** - A hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives. This benchmark is comprised of 36% Russell 3000 Index; 18% International Stock Fund benchmark; 29% Mutual Fixed Income benchmark; 5% Russell 3000 Index; 11% S&P 500 Index; and 1% MFR First Tier Rated Index. The International Stock Fund benchmark is comprised of 83% Citigroup Europe, Pacific, Asia Composite Broad Market Index (50% Hedged) and 17% MSCI Emerging Market Free Index. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers U. S. Aggregate Index, 17% S&P/Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index.
- 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 based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.
- Turnover** - Security purchases or sales divided by the fiscal year's beginning and ending market values for a given portfolio.
- 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.
- 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.
- 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.
- Yield** - The return on an investor's capital 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 possible. 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.

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 advisors.

To bring accountability and perspective to Fund performance and measurements of risk and return, The Connecticut Retirement Plans and Trust Funds are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much Fund returns exceeded or fell short of the benchmarks. Each Fund's benchmark is selected on the basis of portfolio composition, investment style, and objectives.

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 average age of plan participants is relatively low and requires 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 broader 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 the 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. As an investment tool, investors assume risk to enhance portfolio returns. These enhancements, viewed as returns in excess of those available on "risk-free" investments, such as Treasury Bills, vary 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 prices 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.

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 substantially discounted value.

UNDERSTANDING INVESTMENT PERFORMANCE

VOLATILITY

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Standard deviation is one of the most widely accepted and descriptive risk measures used by investment professionals today. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the Funds' standard deviation, each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the Fund is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 signifies an equal degree of volatility between the Fund and the benchmark.

As an extension of standard deviation, each Fund's beta, or a measure of the relative price fluctuation of the Fund 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 Fund 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 Fund returns is explained by returns in the selected market benchmark. An R² of 1.0 indicates that Fund 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.

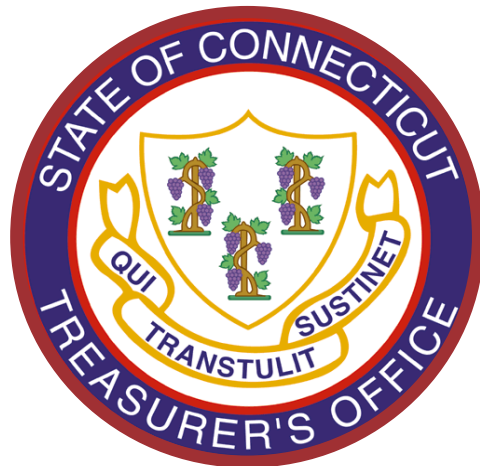
Finally, to evaluate how well each of the above measures actually predicted returns of the Fund, a calculation is performed on the Fund's alpha. This calculation measures the absolute difference between the Fund's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a Fund's relative risk profile.

RETURN

The Pension and Trust Funds are managed for maximum return with minimal 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 from 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 those attributable to currency fluctuations. In effect, compounded annual total return "smooths" 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.



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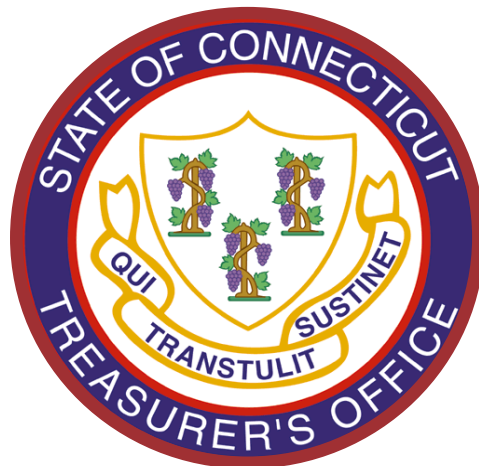
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