

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



**QUARTERLY REPORT**

**QUARTER ENDING DECEMBER 31, 2003**

**DENISE L. NAPIER  
STATE TREASURER**

MESSAGE FROM THE TREASURER

**Dear Fellow Investor:**

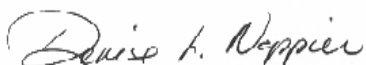
I am pleased to announce that once again this year the Treasurer's Short-Term Investment Fund has received the Government Finance Officers Association (GFOA) *Certificate of Achievement* for Excellence in Financial Reporting for STIF's comprehensive annual financial report. This recognition is consistent with my dedication to provide the fullest and most accurate disclosure of financial information, and to operate the fund with the utmost professionalism and commitment to excellence.

In addition, I am also pleased to report that in January of this year, the leading rating agency of money market funds and local government investment pools, Standard & Poor's, reaffirmed STIF's AAAM rating, the highest available. S&P monitors the fund on a weekly basis to ensure that we meet its high safety and liquidity standards, and we have done so on a consistent basis.

The Short-Term Investment Fund (STIF) continues to provide you, our investor, with solid returns, even as we endure the continuing low interest rate investment environment. STIF earned an effective yield of 1.18 in the second quarter of fiscal year 2004. Our money funds benchmark\*, earned an effective yield of .75. Thus, STIF out-performed our benchmark by a strong .43 basis points (BP) during the quarter, or, stated another way, STIF's return was a substantial 57% higher than average money funds.

I appreciate your continued confidence in the work of the Treasurer's Office in general and the Short-Term Investment Fund specifically. Your views and suggestions are always welcome.

**Sincerely,**



**Denise L. Nappier**

**Treasurer, State of Connecticut**

**March, 2004**

\* *iMoneyNet (formerly IBC) First-Tier Institutions-Only Money Fund Report™ Index for AA-AAA funds (MFR Index).*

Most economic data show that a sustainable economic recovery is well on its way. Yet to many Americans, the economy is performing poorly due to the perceived lack of job creation. In December, according to the Department of Labor's establishment survey, non-farm employment increased by only 1,000 workers, a much lower figure than had been projected by economists. The market reacted by driving interest rates even lower, as market participants began to worry about the sustainability of the recovery. As was stated in STIF's last quarterly report, it is possible that the employment situation is better than reported. Employment may to some degree be understated, as more Americans work in new companies or are self-employed and are not as readily counted as those in larger and more established companies that continue to shed workers. Still, the Labor Department's data should show an increase in employment in the next couple of months.

In the second quarter fiscal year (FY) 2004, the Gross Domestic Product (GDP) of the U.S. rose by 4 percent. Though this is generally considered to be a strong performance, it was both below market expectations and far lower than the unsustainable 8.2 percent rate, at which GDP grew in first quarter of the fiscal year. Most economists are still optimistic. Lou Crandall, Chief Economist at Wrightson, an economic service STIF uses, states that American households are going to receive \$30 billion more in income tax refunds than last year, and, when lower dividend and capital gains taxes are factored in along with breaks to businesses, such as the bonus depreciation allowance, the total stimulus will be close to \$100 billion. A weekly survey of 10 economists by Macroeconomic Advisors sees GDP growing at a very respectable rate of 4.6 percent in the third quarter of FY04.

The manufacturing sector of the economy is finally turning around. The Institute for Supply Management (ISM) index of manufacturing activity increased to 63.6 in January, its highest number since 1983, up from 63.4 in December. Any number above 50 indicates an increase in activity. January represented the eighth consecutive month in which factory output rose. Manufacturing was helped by the declining dollar, which aided exports, and by the need of companies to increase inventories, which have been thin. Factory orders increased by 1.1 percent in December, substantially higher than the .2 percent that the market expected. Capital spending rose and, instead of being a drag on the economy, manufacturing has become one of its brightest sectors.

ISM's index for the non-manufacturing sectors of the economy increased for the tenth straight month in January hitting 65.7, higher than the 60 that economists expected and up from 58 in December. As with the index of manufacturing activity, any number above 50 indicates that the sector is expanding. The survey covering employment in the sector did not do as well, declining from 54 in December to 53.4 in January, but since it is above 50, it still indicates that employment is increasing in the non-manufacturing sector.

## ECONOMIC UPDATE

Inflation remains low. Using the Federal Reserve's preferred measure of inflation, the Price Index of Personal Consumption, inflation increased by 1.3 percent during the last twelve months from December 2003. Core Price Index of Personal Consumption performed even better, at .7 percent over the same period. Since inflation is still benign, despite the large federal deficits and weakening dollar, the Fed at its January meeting stated that it could be patient before it has to raise interest rates to prevent inflation. Inflation will probably not be a problem for the foreseeable future.

STIF is presently investing in securities maturing as late as June 2004, wherever we find the highest yielding securities, taking into account credit and liquidity concerns. STIF's management sees Fed policy on hold until at least June 2004. The fund will take advantage of any market weakness to extend the portfolio. As always, we appreciate your confidence and pledge our efforts to provide you with safety, liquidity and strong market returns.

---

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

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

	<u>STIF</u>		<u>MFR Index (a)</u>	
	Yield (b)	Effective Yield (c)	Yield (b)	Effective Yield (c)
Oct-03	1.16	1.16	0.74	0.74
Nov-03	1.18	1.19	0.75	0.75
Dec-03	1.19	1.19	0.76	0.76
Average	1.18	1.18	0.75	0.75

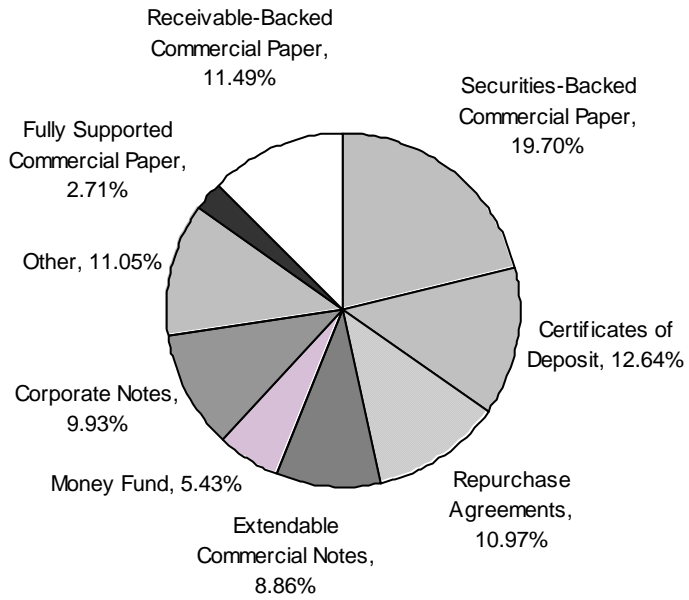
- (a) iMoneyNet, Inc. First Tier Institutions-Only Money Fund Report™ (MFR) Index.  
(b) Annualized simple interest yield less expenses.  
(c) Annualized compounded yield less expenses.

**SHORT-TERM INVESTMENT FUND**  
**RATE OF RETURN (%)**

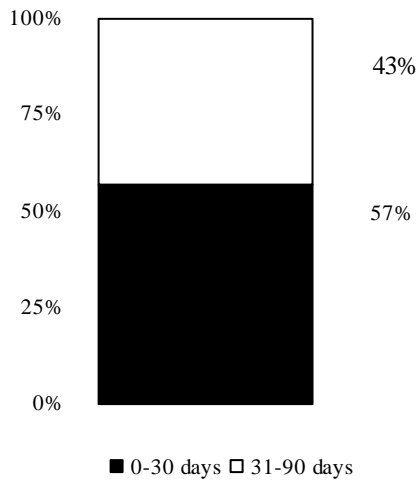
	<u>Three- Month (a)</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
STIF	.30	1.29	2.48	3.88	4.41	4.71
MFR Index (b)	.19	0.87	2.09	3.48	4.03	4.32

- (a) Three-month rate of return is not annualized.  
(b) iMoneyNet, Inc. First Tier Institutions-Only Money Fund Report™ (MFR) Index.

**SHORT-TERM INVESTMENT FUND**  
**DISTRIBUTION BY INVESTMENT TYPE AT DECEMBER 31, 2003**



**SHORT-TERM INVESTMENT FUND**  
**DISTRIBUTION BY MATURITY\* AT DECEMBER 31, 2003**



Weighted Average Maturity\* = 21.52 days

\* Includes interest rate reset periods.

**SHORT-TERM INVESTMENT FUND**

**LIST OF INVESTMENTS AT DECEMBER 31, 2003 (UNAUDITED)**

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
<b>BANK NOTES (9.93%)</b>						
\$ 50,000,000	BANC ONE 1.19, 3/11/04	1.07	\$ 49,996,196	\$ 50,012,000	A-1	06423ENL5
50,000,000	BANC ONE 1.37, 5/10/04	1.07	50,000,000	50,055,000	A-1	06423EMD4
50,000,000	BAYERISCHE LANDES BK 1.17, 3/8/04	1.06	49,996,360	50,010,500	A-1+	0727M5WU2
50,000,000	KEY BANK 1.25, 2/7/05	1.15	50,000,000	50,055,500	A-1	49306BNM1
13,000,000	KEY BANK 1.23, 4/23/04	1.11	12,996,008	13,007,800	A-1	49306BMX8
50,000,000	KEY BANK 1.26, 8/23/04	1.11	49,996,473	50,049,000	A-1	49306BNF6
50,000,000	KEY BANK 1.26, 8/23/04	1.11	49,996,473	50,049,000	A-1	49306BNF6
40,000,000	NATIONAL CITY BANK 1.18, 2/23/04	1.10	39,998,277	40,004,800	A-1	634906BS9
<b>\$ 353,000,000</b>			<b>\$ 352,979,788</b>	<b>\$ 353,243,600</b>		
<b>CERTIFICATES OF DEPOSIT (12.64%)</b>						
\$ 25,000,000	CITIZENS BANK 1.27, 2/13/04	1.27	\$ 25,000,000	\$ 25,000,000	A-1+	17399R004
25,000,000	CITIZENS BANK 1.27, 2/13/04	1.27	25,000,000	25,000,000	A-1+	17399R004
25,000,000	CITIZENS BANK 1.27, 2/13/04	1.27	25,000,000	25,000,000	A-1+	17399R004
25,000,000	CITIZENS BANK 1.27, 2/13/04	1.27	25,000,000	25,000,000	A-1+	17399R004
50,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	50,000,000	50,000,000	A-1	32099S004
50,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	50,000,000	50,000,000	A-1	32099S004
50,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	50,000,000	50,000,000	A-1	32099S004
50,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	50,000,000	50,000,000	A-1	32099S004
50,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	50,000,000	50,000,000	A-1	32099S004
26,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	26,000,000	26,000,000	A-1	32099S004
25,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	25,000,000	25,000,000	A-1	32099S004
25,000,000	WACHOVIA BANK 1.27, 1/2/04	1.27	25,000,000	25,000,000	A-1	32099S004
23,356,000	WACHOVIA BANK 1.27, 1/2/04	1.27	23,356,000	23,356,000	A-1	32099S004
<b>\$ 449,356,000</b>			<b>\$ 449,356,000</b>	<b>\$ 449,356,000</b>		
<b>CORPORATE NOTES (11.05%)</b>						
\$ 50,000,000	GE CAPITAL CORP 1.24, 2/4/05	1.13	\$ 49,994,464	\$ 50,060,500	AAA	36962GA95
40,000,000	GE CAPITAL CORP 1.24, 2/4/05	1.13	40,000,000	40,048,400	AAA	36962GA95
13,100,000	GE CAPITAL CORP 1.24, 2/4/05	1.13	13,098,550	13,115,851	AAA	36962GA95
50,000,000	GE CAPITAL CORP 1.23, 3/21/05	1.13	50,021,211	50,104,500	AAA	369622FW0
15,000,000	GE CAPITAL CORP 1.26, 9/24/04	1.11	15,000,000	15,016,500	AAA	36962GZJ6
9,000,000	GE CAPITAL CORP 1.26, 9/24/04	1.11	8,998,682	9,009,900	AAA	36962GZJ6

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
50,000,000	GE CAPITAL CORP 1.26, 10/4/04	1.11	50,000,000	50,058,000	AAA	36962GZN7
45,000,000	GE CAPITAL CORP 1.26, 10/4/04	1.11	45,000,000	45,052,200	AAA	36962GZN7
10,000,000	GE CAPITAL CORP 1.30, 11/15/04	1.11	9,997,388	10,016,800	AAA	36962GZT4
11,040,000	GE CAPITAL CORP 0.735, 6/28/05	1.40	10,871,706	10,924,853	AAA	36962F2H8
50,000,000	PRINCIPAL LIFE GROUP 1.14,	1.15	49,982,846	50,041,000	AAA	7425A0AZ3
50,000,000	SIGMA FINANCE 1.265, 2/11/05	1.11	50,000,000	50,087,000	AAA	EC5204069
<b>\$ 393,140,000</b>			<b>\$ 392,964,846</b>	<b>\$ 393,535,504</b>		
<b>FEDERAL AGENCY SECURITIES (1.53%)</b>						
\$ 24,500,000	SALLIE MAE 1.416, 4/26/04	0.96	\$ 24,504,199	\$ 24,534,790	AAA	86387SBJ8
30,000,000	SALLIE MAE 1.431, 4/27/04	0.96	30,006,607	30,044,100	AAA	86387SBP4
<b>\$ 54,500,000</b>			<b>\$ 54,510,806</b>	<b>\$ 54,578,890</b>		
<b>FULLY-SUPPORTED COMMERCIAL PAPER (11.49%)</b>						
\$ 32,000,000	EXELSIOR FINANCE 1.14, 1/22/04	1.14	\$ 31,978,720	\$ 31,978,720	A-1+	30161TAN8
15,000,000	EXELSIOR FINANCE 1.14, 1/28/04	1.14	14,987,175	14,987,175	A-1+	30161TAU2
17,000,000	EXELSIOR FINANCE 1.13, 2/12/04	1.13	16,977,588	16,977,588	A-1+	30161TBC1
38,000,000	EXELSIOR FINANCE 1.14, 2/13/04	1.14	37,948,257	37,948,257	A-1+	30161TBD9
19,710,000	EXELSIOR FINANCE 1.13, 2/19/04	1.13	19,679,685	19,679,685	A-1+	30161TBK3
20,000,000	FORRESTAL CERTIFICATES 1.14, 2/25/04	1.14	19,965,167	19,965,167	A-1+	34656JBR4
50,000,000	STEAMBOAT FUNDING 1.15, 1/12/04	1.15	49,982,278	49,982,278	A-1+	85788KAC8
50,000,000	STEAMBOAT FUNDING 1.15, 1/12/04	1.15	49,982,278	49,982,278	A-1+	85788KAC8
50,000,000	STEAMBOAT FUNDING 1.16, 1/12/04	1.16	49,982,278	49,982,278	A-1+	85788KAC8
50,000,000	STEAMBOAT FUNDING 1.16, 1/12/04	1.16	49,982,431	49,982,431	A-1+	85788KAC8
50,000,000	STEAMBOAT FUNDING 1.16, 1/12/04	1.16	49,982,431	49,982,431	A-1+	85788KAC8
17,019,000	STEAMBOAT FUNDING 1.16, 1/12/04	1.16	17,012,968	17,012,968	A-1+	85788KAC8
<b>\$ 408,729,000</b>			<b>\$ 408,461,254</b>	<b>\$ 408,461,254</b>		
<b>MULTI-BACKED COMMERCIAL PAPER (1.18%)</b>						
\$ 42,000,000	MOAT FUNDING 1.13, 2/2/04	1.13	\$ 41,957,813	\$ 41,957,813	A-1+	60687LB22
<b>\$ 42,000,000</b>			<b>\$ 41,957,813</b>	<b>\$ 41,957,813</b>		
<b>EXTENDABLE COMMERCIAL NOTES (8.86%)</b>						
\$ 25,413,000	HARWOOD STREET II 1.17, 1/22/04	1.17	\$ 25,395,656	\$ 25,395,656	A-1+	41801CPH5
50,000,000	MAIN STREET WAREHOUSE	1.19	49,975,208	49,975,208	A-1+	56036RAQ3



Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
15,000,000	MAIN STREET WAREHOUSE 1.13, 1/28/04	1.13	14,987,288	14,987,288	A-1+	56036TAF3
50,000,000	MAIN STREET WAREHOUSE 1.19, 2/4/04	1.19	49,943,806	49,943,806	A-1+	56036RAS9
50,000,000	MAIN STREET WAREHOUSE 1.19, 2/4/04	1.19	49,943,806	49,943,806	A-1+	56036RAS9
50,000,000	MAIN STREET WAREHOUSE 1.19, 2/4/04	1.19	49,943,806	49,943,806	A-1+	56036RAS9
75,000,000	MAIN STREET WAREHOUSE 1.17, 3/10/04	1.10	74,831,813	74,841,728	A-1+	56036TAD8
<b>\$ 315,413,000</b>			<b>\$ 315,021,381</b>	<b>\$ 315,031,296</b>		
<b>RECEIVABLES-BACKED COMMERCIAL PAPER (7.22%)</b>						
\$ 54,500,000	ALBIS CAPITAL CORP 1.14, 1/16/04	1.14	\$ 54,474,112	\$ 54,474,112	A-1+	01344TAM1
20,000,000	ALBIS CAPITAL CORP 1.14, 1/16/04	1.14	19,990,500	19,990,500	A-1+	01344TAG4
19,000,000	ALBIS CAPITAL CORP 1.14, 3/1/04	1.11	18,963,900	18,964,987	A-1+	01344TC15
21,000,000	ALBIS CAPITAL CORP 1.13, 3/8/04	1.10	20,955,836	20,956,933	A-1+	01344TC15
8,860,000	SYDNEY CAPITAL 1.12, 2/10/04	1.12	8,848,974	8,848,974	A-1+	87123LBA9
21,300,000	SYDNEY CAPITAL 1.14, 3/8/04	1.10	21,254,809	21,256,318	A-1+	87123LC83
31,140,000	SYDNEY CAPITAL 1.14, 3/11/04	1.10	31,070,973	31,073,360	A-1+	87123LCB6
50,000,000	SYDNEY CAPITAL 1.12, 3/12/04	1.10	49,889,556	49,891,520	A-1+	87123LCC4
31,565,000	SYDNEY CAPITAL 1.12, 3/12/04	1.10	31,495,276	31,496,517	A-1+	87123LCC4
<b>\$ 257,365,000</b>			<b>\$ 256,943,936</b>	<b>\$ 256,953,222</b>		
<b>SECURITIES-BACKED COMMERCIAL PAPER (19.70%)</b>						
\$ 20,000,000	AELTUS CBO V 1.14, 1/15/04	1.14	\$ 19,991,133	\$ 19,991,133	A-1+	0076A2AF1
30,000,000	AELTUS CBO V 1.14, 1/28/04	1.14	29,974,350	29,974,350	A-1+	0076A2AU8
22,500,000	AELTUS CBO V 1.14, 1/28/04	1.14	22,480,763	22,480,763	A-1+	0076A2AU8
22,500,000	AELTUS CBO V 1.14, 2/4/04	1.14	22,475,775	22,475,775	A-1+	0076A2B45
22,500,000	AELTUS CBO V 1.145, 2/11/04	1.15	22,470,659	22,470,659	A-1+	0076A2BB9
27,000,000	AELTUS CBO V 1.13, 2/18/04	1.13	26,959,320	26,959,320	A-1+	0076A2BJ2
22,500,000	AELTUS CBO V 1.13, 2/18/04	1.13	22,466,100	22,466,100	A-1+	0076A2BJ2
100,000,000	AMSTEL FUNDING 1.14, 2/27/04	1.14	99,819,500	99,819,500	A-1+	03218RBT8
50,000,000	BAVARIA GLOBAL CORP 1.13,	1.13	49,978,028	49,978,028	A-1+	0717M2AF7
4,425,000	BAVARIA GLOBAL CORP 1.14,	1.14	4,422,338	4,422,338	A-1+	0717M2AL4
18,875,000	BAVARIA GLOBAL CORP 1.14,	1.14	18,859,460	18,859,460	A-1+	0717M2AT7
11,000,000	BAVARIA GLOBAL CORP 1.14,	1.14	10,990,595	10,990,595	A-1+	0717M2AU4

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
31,350,000	BAVARIA GLOBAL CORP 1.14, 2/2/04	1.14	31,318,232	31,318,232	A-1+	0717M2B25
25,000,000	BAVARIA GLOBAL CORP 1.11, 3/15/04	1.13	24,942,958	24,942,188	A-1+	0717M2CF5
20,000,000	DECLARATION FUNDING 1.20,	1.10	19,950,667	19,954,822	A-1	24357LCF7
13,464,000	DECLARATION FUNDING 1.20,	1.10	13,430,789	13,433,586	A-1	24357LCF7
53,609,000	DECLARATION FUNDING 1.19,	1.10	53,476,094	53,486,305	A-1	24357LCG5
21,600,000	DECLARATION FUNDING 1.21,	1.10	21,539,742	21,545,430	A-1	24357LCR1
50,000,000	DECLARATION FUNDING 1.20,	1.10	49,860,000	49,872,190	A-1	24357LCR1
40,000,000	DECLARATION FUNDING 1.20,	1.10	39,888,000	39,897,752	A-1	24357LCR1
47,153,000	TRAINER WORTHAM 1.13, 3/18/04	1.10	47,039,034	47,042,285	A-1+	89288LCJ6
15,050,000	WESTWAY FUNDING V 1.15, 1/8/04	1.15	15,046,635	15,046,635	A-1+	9616X2A86
18,000,000	WESTWAY FUNDING V 1.14, 1/16/04	1.14	17,991,450	17,991,450	A-1+	9616X2AG8
15,000,000	WESTWAY FUNDING V 1.13, 1/16/04	1.13	14,992,938	14,992,938	A-1+	9616X2AG8
<b>\$ 701,526,000</b>			<b>\$ 700,364,558</b>	<b>\$ 700,411,832</b>		
<b>REPURCHASE AGREEMENTS (10.97%)</b>						
\$ 390,000,000	BEAR STEARNS 1.04, 1/2/04	1.04	\$ 390,000,000	\$ 390,000,000	A-1	073993008
<b>\$ 390,000,000</b>			<b>\$ 390,000,000</b>	<b>\$ 390,000,000</b>		
<b>MONEY MARKET FUNDS (5.43%)</b>						
\$ 192,998,000	INTERNATIONAL LIQUIDITY	1.04	\$ 192,998,006	\$ 192,998,006	AAA <sub>m</sub>	76199Z004
<b>\$ 192,998,000</b>			<b>\$ 192,998,006</b>	<b>\$ 192,998,006</b>		
<b>LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00%)</b>						
\$ 650	LIQUIDITY MNGT SYSTEM 0.375,	0.38	\$ 650	\$ 650	A-1+	536991003
<b>\$ 650</b>			<b>\$ 650</b>	<b>\$ 650</b>		
<b>\$ 3,558,027,650</b>	<b>TOTAL INVESTMENTS</b>		<b>\$ 3,555,559,039</b>	<b>\$ 3,556,528,066</b>		

**Market Value / Participant Units Outstanding = Ratio of Market Value per Unit\***

**\$3,556,528,066 \* / 3,516,595,165 = \$1.01 per unit**

\* Includes designated surplus reserve which is not available for distribution to individual shareholders.

\*\* Securities rounded to the nearest dollar.

# SHORT-TERM INVESTMENT FUND

## ORGANIZATION STRUCTURE

<b>Treasurer</b>	Denise L. Nappier
<b>State of Connecticut</b>	(860) 702-3000
<b>Assistant Treasurer</b>	Lawrence A. Wilson, CCM
<b>Cash Management</b>	(860) 702-3126
<b>STIF Investment Management</b>	Principal Investment Officer Harold W. Johnson, JR. CFA
	Investment Officer Paul A. Coudert
	Securities Analyst Marc R. Gagnon
<b>STIF Investor Services</b>	Accountant Barbara Szuba
<b>Investment Transactions</b>	1-800-754-8430
<b>Voice Response System</b>	1-800-882-8211 (Fund 136)



Office of the State Treasurer  
Short-Term Investment Fund  
55 Elm Street  
Phone: (860) 702-3256  
Fax: (860) 702-3048