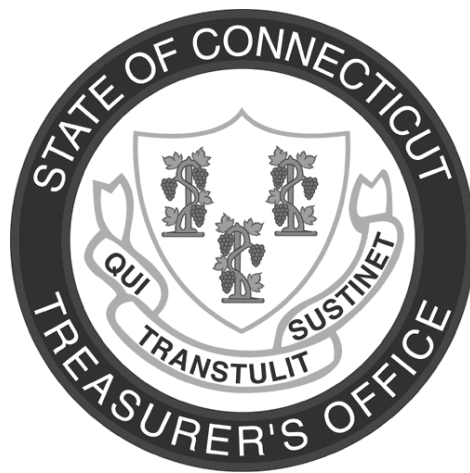


**CONNECTICUT
STATE TREASURER'S
SHORT-TERM INVESTMENT FUND**



QUARTERLY REPORT

QUARTER ENDING MARCH 31, 2008

**DENISE L. NAPIER
STATE TREASURER**

MESSAGE FROM THE TREASURER

Dear Investors:

I was pleased to see many of you at our Public Finance Outlook Conference and STIF Annual Meeting held on March 28. As always, it was an excellent opportunity to communicate with you -- our investors -- and hear your suggestions and concerns.

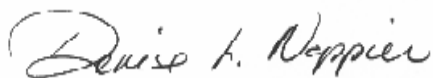
During the quarter ending March 31, 2008, the Connecticut Short-Term Investment Fund (STIF) earned an average annualized yield of 3.57 percent, which was 10 basis points below its iMoneyNet benchmark*. The lower return was a result of our more cautious investment strategy in response to the unsettled credit markets. Throughout the period we maintained a high level of liquidity and a short average portfolio maturity, and we made no new investments in asset-backed commercial paper. STIF currently holds more than \$2.9 billion, or 65 percent of fund assets, in overnight investments or investments that are available on a same-day basis. Our weighted average maturity is 19 days.

In terms of individual securities, our biggest issue continues to be our investment in Cheyne Finance notes, which remain under the control of receivers. The receivers are finalizing negotiations with an investment bank for the sale and restructuring of the underlying portfolio of securities, now scheduled to occur over the next two months. This report includes a further discount in the market values of the Cheyne Finance notes as of March 31, 2008, from \$90 million to \$87 million. In April, we received an initial cash distribution of \$18.7 million.

STIF currently has a \$53.1 million reserve in place that could absorb any likely losses from our Cheyne securities without (a) affecting STIF's \$1 per share net asset value or (b) any loss of principal to any of our investors.

Despite the ongoing challenges in the current markets, we remain confident in the safety, liquidity and performance of STIF, and will continue to manage the Fund with vigilance to protect the interests of all of our investors.

Sincerely,



Denise L. Nappier

Treasurer, State of Connecticut

June 9, 2008

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

PERFORMANCE REPORT

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

ECONOMIC OUTLOOK

The chart below gives an assessment of economic growth, current levels of inflation, and the employment situation. All told, STIF is operating in an environment of low economic growth, moderate inflation, and a weakening job market.

ECONOMIC SNAPSHOT		
	Recent Results	Future Expectations*
Growth	The U.S. economy grew at an annualized rate of 0.9 percent during the third quarter of Fiscal Year 2008.	The Bloomberg May 2008 survey of U.S. economic forecasts projects that the U.S. economy will grow at a rate of 0.1 percent for the fourth quarter of FY08. For CY08, the economy is projected to grow 1.2 percent.
Inflation	Major Inflation Indices – Year-over-Year as of April 2008 Core PCE 2.1 percent Core CPI 2.3 percent Core PPI 3.0 percent	Core inflation indicators will likely exceed the two percent range for the immediate future.
Employment	In May non-farm payrolls were down 49,000 and the unemployment rate increased to 5.5 percent from 5.0 percent in April.	Unemployment rates will remain above 5 percent.

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

SHORT-TERM INTEREST RATE OUTLOOK

Continuing its significant reduction in interest rates this fiscal year, the Federal Open Market Committee (FOMC) reduced the federal funds rate by 75 basis points to 2.25 percent on March 18, 2008. A month later, at its regularly scheduled April 30th meeting, the Fed reduced the federal funds rate again by an additional 25 basis points to 2.00 percent. Since July 1, 2007, the federal funds target rate has been reduced a full 3.25 percentage points.

At its March 18th meeting, the Fed changed its bias from "risk-to-growth" to "downside risk" stating that "recent information indicates that outlook for economic activity has weakened further. Growth in consumer spending has slowed and labor markets have softened." In addition, the Fed added that "inflation has been elevated and some indicators of inflation expectations have risen."

At its April 30th meeting, the Fed, without citing a bias stated "recent information indicates that economic activity remains weak. Household and business spending has been subdued and labor markets have softened further." The Fed concluded by stating that "although readings on core inflation have improved somewhat, energy and other commodity prices have increased and some indicators of inflation expectations have risen in recent months."

The chart below shows the FOMC meeting dates for calendar year 2008 and the actual or projected level of federal funds throughout this time horizon.

PERFORMANCE REPORT

FOMC Meeting Dates	Federal Funds Rate Level	
	Actual	Future Projection (a)
January 22, 2008	3.50%	
January 30, 2008	3.00%	
March 18, 2008	2.25%	
April 30, 2008	2.00%	
June 25, 2008		2.00%
August 5, 2008		2.02%
September 16, 2008		2.07%
October 29, 2008		2.16%
December 16, 2008		2.32%

a) Federal Funds and Eurodollar futures data, which project the implied future federal funds rate as of May 30, 2008.

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

SHORT-TERM INVESTMENT FUND PERFORMANCE

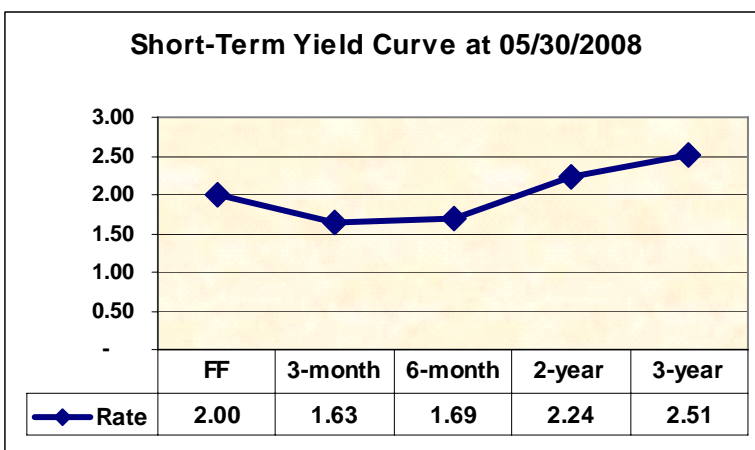
In response to dislocated credit markets during the first three quarters of the fiscal year, we made a series of adjustments to STIF's investment strategy. These steps included: shortening maturities, increasing liquidity, increasing exposure to U.S. Treasury and agency securities, and reducing exposure to asset-backed commercial paper programs.

By quarter-end, our weighted-average maturity of the portfolio stood at 18 days, and liquidity, represented by overnight investments and investments available on a same-day basis, totaled \$3.6 billion, or 71 percent of assets.

Bank deposit instruments accounted for 35.1 percent of STIF's assets, followed by repurchase agreements backed by U.S. agency securities at 22.2 percent, and AAAM-rated U.S. government money market funds at 21.3 percent. Our more conservative approach and the Fed's actions in reducing interest rates acted together to reduce the Fund's yield. During the quarter, the daily annualized yield fluctuated from 2.44 percent to 4.55 percent and ended at 2.60 percent. The average annualized yield for the quarter amounted to 3.57 percent.

We will maintain a more cautious strategy until markets become more stable. We, of course, will adjust our investment decisions as market conditions change.

Short-Term Yield Curve at 05/30/2008



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

	<u>STIF</u>		<u>MFR Index (a)</u>	
	<u>Yield (b)</u>	<u>Effective Yield (c)</u>	<u>Yield (b)</u>	<u>Effective Yield (c)</u>
Jan-08	4.25	4.34	4.34	4.43
Feb-08	3.45	3.50	3.55	3.61
Mar-08	3.02	3.07	3.11	3.15
Average	3.57	3.64	3.67	3.73

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

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

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

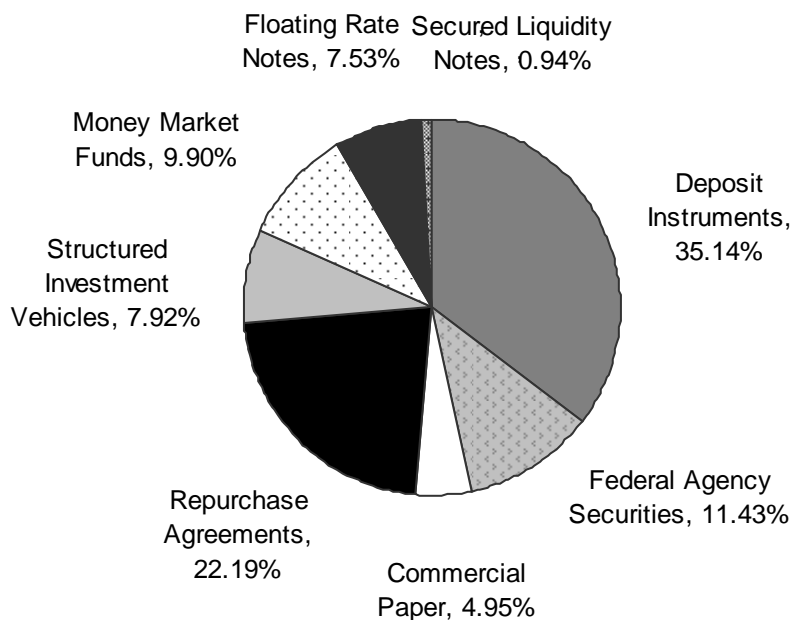
SHORT-TERM INVESTMENT FUND
RATE OF RETURN (%)
PERIOD ENDED MARCH 31, 2008 (UNAUDITED)

	<u>Three- Month</u> ^(a)	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
STIF	.90	4.92	4.74	3.44	3.18	3.99
MFR Index ^(b)	.92	4.73	4.42	3.08	2.81	3.62

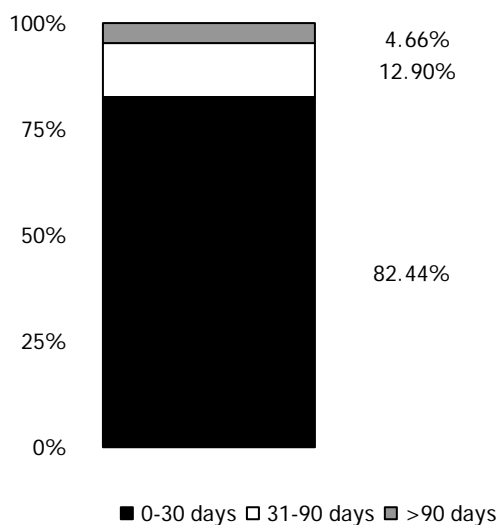
(a) Three-month rate of return is not annualized.

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

SHORT-TERM INVESTMENT FUND
DISTRIBUTION BY INVESTMENT TYPE AT MARCH 31, 2008



SHORT-TERM INVESTMENT FUND
DISTRIBUTION BY MATURITY* AT MARCH 31, 2008



Weighted Average Maturity* = 18 days

* Includes an extendible note booked to its legal final maturity date and recognition of deposit instruments with daily put options.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT MARCH 31, 2008 (UNAUDITED)

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
FEDERAL AGENCY SECURITIES (11.43%)						
\$ 24,800,000	FEDERAL FARM CREDIT 3.09, 10/30/08	3.05	\$ 24,800,000	\$ 24,817,509	AAA	31331XXF4
50,000,000	FEDERAL HOME LOAN BANK 2.94, 4/23/08	2.94	49,910,167	49,910,167	AAA	313384VY2
50,000,000	FEDERAL HOME LOAN BANK 2.89, 4/30/08	2.89	49,883,597	49,883,597	AAA	313384WF2
50,000,000	FEDERAL HOME LOAN BANK 2.715, 5/14/08	2.72	49,837,854	49,837,854	AAA	313384WV7
25,000,000	FEDERAL HOME LOAN BANK 2.11, 5/30/08	2.11	24,913,549	24,913,549	AAA	313384XM6
25,000,000	FEDERAL HOME LOAN BANK 2.65, 9/17/08	2.62	25,000,000	25,008,125	AAA	3133XK7D1
25,000,000	FEDERAL HOME LOAN BANK 2.65, 9/17/08	2.62	24,999,888	25,008,125	AAA	3133XK7D1
48,000,000	FEDERAL HOME LOAN BANK 4.57, 12/2/08	2.24	48,083,669	48,112,944	AAA	3133XMXA4
31,000,000	FEDERAL HOME LOAN BANK 4.57, 12/2/08	2.24	31,000,000	31,072,943	AAA	3133XMXA4
50,000,000	FANNIE MAE 2.72, 5/21/08	2.72	49,811,111	49,811,111	AAA	313588XC4
200,000,000	FANNIE MAE 2.09, 6/25/08	2.09	199,013,056	199,046,200	AAA	313588YP4
\$ 578,800,000			\$577,252,890	\$577,422,124		
DEPOSIT INSTRUMENTS (35.14%)						
\$ 50,000,000	BARCLAYS BANK 5.20, 4/9/08	5.20	\$ 50,000,000	\$ 50,000,000	A-1+	0673P2JL7
500,000,000	JP MORGANCHASE 2.48, 5/1/08****	2.48	500,000,000	500,000,000	A-1+	N/A
100,000,000	RBS CITIZENS 2.50, 5/1/08****	2.50	100,000,000	100,000,000	A-1+	N/A
50,000,000	RBS CITIZENS 2.78, 2/20/09****	2.78	50,000,000	50,000,000	A-1+	N/A
100,000,000	RBS CITIZENS 2.34, 3/26/09****	2.34	100,000,000	100,000,000	A-1+	N/A
100,000,000	RBS CITIZENS 2.34, 3/26/09****	2.34	100,000,000	100,000,000	A-1+	N/A
50,000,000	RBS CITIZENS 2.34, 3/26/09****	2.34	50,000,000	50,000,000	A-1+	N/A
50,000,000	RBS CITIZENS 2.34, 3/26/09****	2.34	50,000,000	50,000,000	A-1+	N/A
100,000,000	TDBANKNORTH 2.69, 3/30/09****	2.69	100,000,000	100,000,000	A-1+	N/A
100,000,000	TDBANKNORTH 2.69, 3/30/09****	2.69	100,000,000	100,000,000	A-1+	N/A
100,000,000	TDBANKNORTH 2.69, 3/30/09****	2.69	100,000,000	100,000,000	A-1+	N/A
475,000,000	WACHOVIA 2.45, 4/30/08****	2.45	475,000,000	475,000,000	A-1+	N/A
\$1,775,000,000			\$1,775,000,000	\$1,775,000,000		
FLOATING RATE NOTES (7.53%)						
\$ 2,595,000	BANK of AMERICA 3.35, 2/11/09	3.50	\$ 2,600,189	\$ 2,592,727	AA	06050MCC9
20,600,000	BANK of AMERICA 2.66, 3/24/09	2.72	20,595,952	20,578,246	AA	060505CC6

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
5,000,000	BANK of AMERICA 3.16, 11/6/09	3.65	4,986,195	4,963,155	AA	060505CT9
25,000,000	DEUTSCHE BANK 2.40, 4/24/08	2.50	25,000,000	25,000,000	AA	25152XFE5
5,195,000	GE CAPITAL 2.90, 6/15/09	2.98	5,200,672	5,190,849	AAA	36962GR22
2,450,000	GOLDMAN SACHS 3.19, 11/10/08	4.12	2,451,001	2,437,015	AA-	38141EKJ7
30,000,000	GOLDMAN SACHS 2.64, 12/23/08	3.48	30,000,000	29,808,990	AA-	38141EKX6
6,500,000	GOLDMAN SACHS 2.75, 3/30/09	3.75	6,501,777	6,435,150	AA-	38141ELD9
11,590,000	GOLDMAN SACHS 4.18, 7/23/08	4.92	11,628,896	11,487,498	AA-	38141EJQ3
53,500,000	HSBC 2.67, 6/19/09	7.12	53,537,175	50,723,725	AA-	40429JAR8
50,000,000	MBIA GLOBAL FUNDING 2.61, 2/26/09 ^(a)	9.05	50,000,000	47,198,700	AAA	55266LFM3
20,000,000	MERRILL LYNCH 3.89, 10/23/08 ^(b)	4.63	20,002,113	19,930,580	A+	59018YYN5
9,900,000	MERRILL LYNCH 3.33, 10/27/08 ^(b)	4.26	9,903,785	9,851,094	A+	59018YWF4
5,000,000	MERRILL LYNCH 3.33, 10/27/08 ^(b)	4.26	5,001,910	4,975,300	A+	59018YWF4
1,500,000	MERRILL LYNCH 3.33, 10/27/08 ^(b)	4.26	1,500,530	1,492,590	A+	59018YWF4
15,500,000	MERRILL LYNCH 3.34, 1/30/09 ^(b)	4.88	15,508,562	15,309,257	A+	59018YWT4
8,000,000	MERRILL LYNCH 3.34, 1/30/09 ^(b)	4.88	8,004,097	7,901,552	A+	59018YWT4
50,000,000	MERRILL LYNCH 2.41, 5/8/09 ^(b)	3.94	50,000,000	49,127,050	A+	59018YD32
10,000,000	MERRILL LYNCH 2.70, 6/26/09 ^(b)	4.24	10,005,900	9,809,910	A+	59018YXS5
25,000,000	NEW YORK LIFE 2.70, 3/28/09	2.64	25,000,000	24,993,900	AAA	649486AA5
4,700,000	ROYAL BANK OF SCOTLAND 4.45, 4/11/08	4.45	4,700,007	4,700,000	AA	78010JCD2
10,000,000	ROYAL BANK OF SCOTLAND 2.61, 9/19/08	3.09	10,000,000	9,948,630	AA	78010JAB8
3,500,000	SUNTRUST BANK 3.20, 6/2/09	3.07	3,503,916	3,496,500	AA-	86787ALA1
5,000,000	WELLS FARGO 2.90, 9/15/09	4.70	4,998,639	4,872,515	AA+	949746JD4

\$ 380,530,000

\$380,631,318 \$ 372,824,932

(a) On June 5, 2008, Standard & Poor's lowered the credit rating for our MBIA security to AA from AAA.

(b) On June 2, 2008, Standard & Poor's lowered the credit rating for our Merrill Lynch securities to A from A+.

STRUCTURED INVESTMENT VEHICLES (7.92%)

\$ 50,000,000	BETA FINANCE 2.98, 9/9/08	4.69	\$ 49,995,771	\$ 49,645,850	AAA	08658AMK8
50,000,000	BETA FINANCE 2.71, 7/6/09	4.76	49,984,939	48,740,250	AAA	08658AQB4
50,000,000	CHEYNE FINANCE 0.00, 10/15/08 ^(c)	0.00	49,992,238	43,500,000	D	16705ECU5
50,000,000	CHEYNE FINANCE 0.00, 2/25/08 ^(c)	0.00	49,987,028	43,500,000	D	16705EDZ3
50,000,000	DORADA FINANCE 2.70, 10/10/08	4.50	49,994,885	49,544,450	AAA	25810EMN3
50,000,000	DORADA FINANCE 2.35, 2/11/09	4.14	49,992,858	49,234,500	AAA	25810EMZ6
50,000,000	FIVE FINANCE 2.66, 9/29/08	4.34	49,995,283	49,576,550	AAA	33828WCQ1
50,000,000	FIVE FINANCE 2.97, 6/9/09	4.72	49,985,855	49,001,400	AAA	33828WEB2

\$ 400,000,000

\$399,928,856 \$ 382,743,000

(c) The Cheyne Finance notes are under control of receivers and have suspended payments to investors. The receivers are negotiating the sale of the underlying assets, and the market value of our securities will be clearer at the conclusion of those negotiations. The securities are currently rated D by Standard & Poor's. A cash distribution of \$18.7 million dollars was received on April 16, 2008.

Par Value **	Security (Coupon, Maturity or Next Re- set)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
SECURED LIQUIDITY NOTES (0.94%)						
\$ 47,717,450	LAKESIDE FUNDING 3.36, 7/8/08	3.48	\$ 47,717,450	\$ 47,702,180	A-1+	51215MBZ7
\$ 47,717,450			\$ 47,717,450	\$ 47,702,180		
CORPORATE COMMERCIAL PAPER (4.95%)						
\$ 250,000,000	GE CAPITAL CORP. 2.50, 4/1/08	2.50	\$ 250,000,000	\$ 250,000,000	AAA	36966MUD7
\$ 250,000,000			\$ 250,000,000	\$ 250,000,000		
MONEY MARKET FUNDS (9.10%)						
\$ 250,000,000	MERRILL LYNCH GOVT FUND 2.76, 4/1/08	2.72	\$ 250,000,000	\$ 250,000,000	AAAm	N/A
250,000,000	AMERICAN BEACON GOVT SELECT 2.79, 4/1/08	2.75	250,000,000	250,000,000	AAAm	N/A
\$ 500,000,000			\$ 500,000,000	\$ 500,000,000		
REPURCHASE AGREEMENTS (22.19%)						
\$ 895,681,000	BANK OF AMERICA 2.38, 4/1/08	2.38	\$ 895,681,000	\$ 895,681,000	A-1+	N/A
225,000,000	LEHMAN BROTHERS 2.50, 4/1/08	2.50	225,000,000	225,000,000	A-1	N/A
\$1,120,681,000			\$1,120,681,000	\$ 1,120,681,000		
LIQUIDITY MANAGEMENT SYSTEM (0.00%)						
\$ 44	LIQUIDITY MGMT SYSTEM 3.50, 1/2/08		\$ 44	\$ 44	A-1+	N/A
\$ 44			\$ 44	\$ 44		
\$ 5,052,728,494	TOTAL		\$5,051,211,557	\$5,026,373,280		

Market Value / Participant Units Outstanding = Ratio of Market Value per Unit
\$5,026,373,280* / 4,996,841,733= \$1.006 per unit**

- * Security is booked to its legal final.
- ** Securities rounded to the nearest dollar.
- *** Includes designated surplus reserve.
- **** Security has a daily put option.



**SHORT-TERM INVESTMENT
FUND**

ORGANIZATION STRUCTURE

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



Office of the State Treasurer

Short-Term Investment Fund

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Fax: (860) 702-3048

<http://www.state.ct.us/ott/STIFHome.htm>