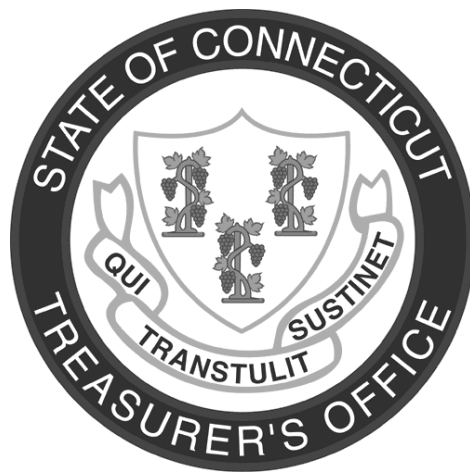


**CONNECTICUT
STATE TREASURER'S
SHORT-TERM INVESTMENT FUND**



QUARTERLY REPORT

QUARTER ENDING DECEMBER 31, 2009

**DENISE L. NAPIER
STATE TREASURER**

MESSAGE FROM THE TREASURER

Dear Investor:

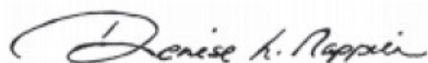
I am pleased to report that during the quarter ending December 31, 2009, the Connecticut Short-Term Investment Fund (STIF) continued to outperform similar money funds by a significant margin. The fund earned an average annualized yield of 0.37 percent, which was 29 basis points above its iMoneyNet benchmark.* This performance resulted in an additional \$3.2 million in interest earnings above the index for STIF investors.

For the 12 months ending December 31, 2009, STIF achieved an annual return of 0.64 percent, exceeding its primary benchmark by 32 basis points, thereby earning an additional \$14 million in interest income for Connecticut's agencies, authorities, municipalities and their taxpayers.

Our conservative investment practices have included a very high level of liquidity, a short average portfolio maturity, and significant restrictions on investments in corporate securities. STIF currently holds 79 percent of fund assets in overnight investments or investments that are available on a same-day basis, and its weighted average maturity is twenty days. Forty-four percent of STIF's assets are invested in securities issued, insured or guaranteed by the U.S. government or federal agencies, in money market funds comprised of such securities, or in repurchase agreements backed by such securities. STIF's reserves now total \$37.5 million, or 0.7 percent of total assets.

We appreciate the opportunity to serve you and will continue to work with diligence to protect your investment in STIF.

Sincerely,



Denise L. Nappier
Treasurer, State of Connecticut

April 23, 2010

* 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 positions of STIF.

ECONOMIC OUTLOOK

The chart below gives an assessment of economic growth, inflation, and the employment situation. All told, STIF is operating in an environment of positive economic growth with the rate of job losses slowing.

ECONOMIC SNAPSHOT

	Recent Results	Future Expectations*
Growth	The U.S. economy grew at an annual rate of 5.9 percent during the second quarter of Fiscal Year 2010.	The Bloomberg February 2010 survey of U.S. economic forecasts projects that the U.S. economy will rise at an annualized rate of 3.0 percent for the third quarter of FY10. For all of CY10, the economy is projected to expand at an average rate of 3.0 percent.
Inflation	Major Inflation Indices – Year-over-Year as of February 28, 2010 <div style="display: flex; justify-content: space-between;"> <div>Core PCE</div> <div>1.5 percent</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Core CPI</div> <div>1.6 percent</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Core PPI</div> <div>1.0 percent</div> </div>	Economists expect core PCE, which is a reflection of personal consumption less food and energy, to increase by an annualized 1.4 percent in the third quarter of FY10. Total CPI, which represents changes in prices of all goods and services purchased for consumption by urban households, is expected to increase at an annualized rate of 2.6 percent in the third quarter of FY10. CPI is expected to increase by an average of 2.2 percent in CY10.
Employment	In February, non-farm payrolls were down 36,000 and the unemployment rate remained at 9.7 percent from January.	Economists expect the unemployment rate to average 9.8 percent in CY10.

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

SHORT-TERM INTEREST RATE OUTLOOK

Since July 1, 2008, the federal funds target rate has been cut from 2.0 percent to a range of 0.00 to 0.25 percent.

At its December 16th meeting, the Federal Reserve's Federal Open Market Committee (FOMC) maintained its range for the federal funds target rate of 0.00 to 0.25 percent. The FOMC stated that "the housing sector has shown some signs of improvement over recent months...however businesses are still cutting back on fixed investment, though at a slower pace." Further, the FOMC stated that "the Committee will maintain the target range for the federal funds rate at 0.00 to 0.25 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period."

At its January 27 meeting, the FOMC maintained its range for the federal funds target rate of 0.00 to 0.25 percent. The FOMC stated that since the December meeting, "information suggests that economic activity has continued to strengthen and that the deterioration in the labor market is abating." As a result of the improving economic climate, the FOMC agreed to end a number of the short-term credit and liquidity facilities that were created at the onset of the current credit crisis, as of February 1, 2010. These programs include the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, and the Term Securities Lending Facility.

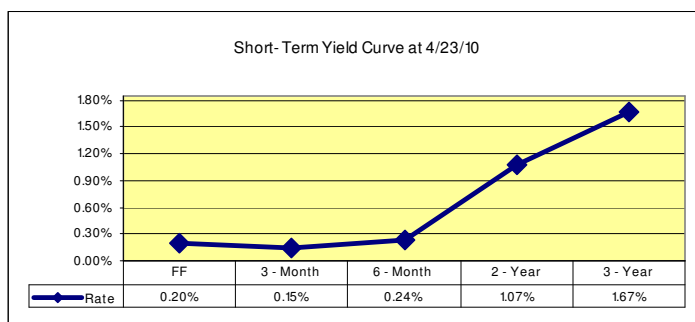
PERFORMANCE REPORT

The chart below shows the FOMC meeting dates for fiscal year 2010 and the actual or projected level of the federal funds target rate throughout this time horizon.

FOMC Meeting Dates	Federal Funds Target Rate Level	
	Actual	Future Projection (a)
August 12, 2009	0.00 to 0.25%	
September 23, 2009	0.00 to 0.25%	
November 4, 2009	0.00 to 0.25%	
December 16, 2009	0.00 to 0.25%	
January 27, 2010	0.00 to 0.25%	
March 16, 2010	0.00 to 0.25%	
April 28, 2010		0.20%
June 23, 2010		0.23%

a) Federal Funds and Eurodollar futures data, which project the implied future federal funds rate as of April 23, 2010.

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



SHORT-TERM INVESTMENT FUND PERFORMANCE

Although the credit markets continue to show signs of stabilization and the economy appears to have emerged from the "Great Recession," STIF continues to maintain many of its previous adjustments to its investment strategy. These adjustments include an extremely high level of liquidity, significant exposure to securities insured or guaranteed by the U.S. government or its agencies, and the elimination of investments in asset-backed commercial paper programs.

At the end of the second quarter of FY10, STIF's weighted-average maturity was 9 days, and liquidity, represented by overnight investments and investments available on a same-day basis, totaled \$4.5 billion, or 88 percent of assets. Fifty percent of STIF's assets are invested in securities issued, insured or guaranteed by the U.S. government or federal agencies, in money market funds comprised of such securities, or in repurchase agreements backed by such securities, followed by bank deposit instruments at 40.3 percent, and bank commercial paper at 8.8 percent.

During the quarter, the daily annualized yield fluctuated from 0.27 percent to 0.43 percent and ended at 0.27 percent. The average annualized yield for the quarter was 0.37 percent, which exceeded the rate earned by similar funds by 29 basis points.

Despite recent signs of market stabilization, we will continue to maintain a more cautious strategy and will adjust our investment decisions should market conditions continue to strengthen.

Performance Report 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>	
	<u>Yield (b)</u>	<u>Effective Yield (c)</u>	<u>Yield (b)</u>	<u>Effective Yield (c)</u>
Oct-09	0.41	0.41	0.10	0.10
Nov-09	0.38	0.38	0.08	0.08
Dec-09	0.33	0.33	0.07	0.07
Average	0.37	0.37	0.08	0.08

(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.

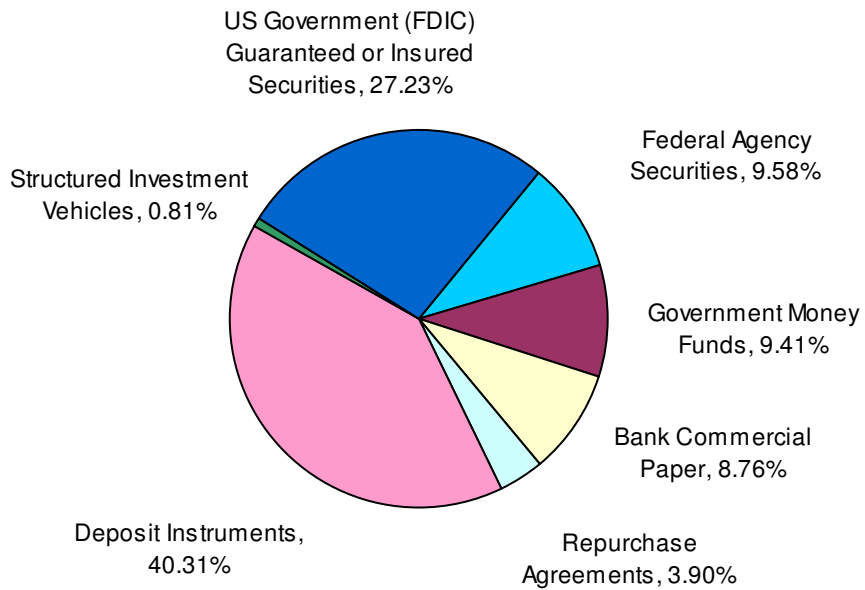
SHORT-TERM INVESTMENT FUND
RATE OF RETURN (%)
PERIOD ENDED DECEMBER 31, 2009 (UNAUDITED)

	<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	0.09	0.64	2.84	3.42	2.83	3.26
MFR Index ^(b)	0.02	0.32	2.65	3.15	2.52	2.92

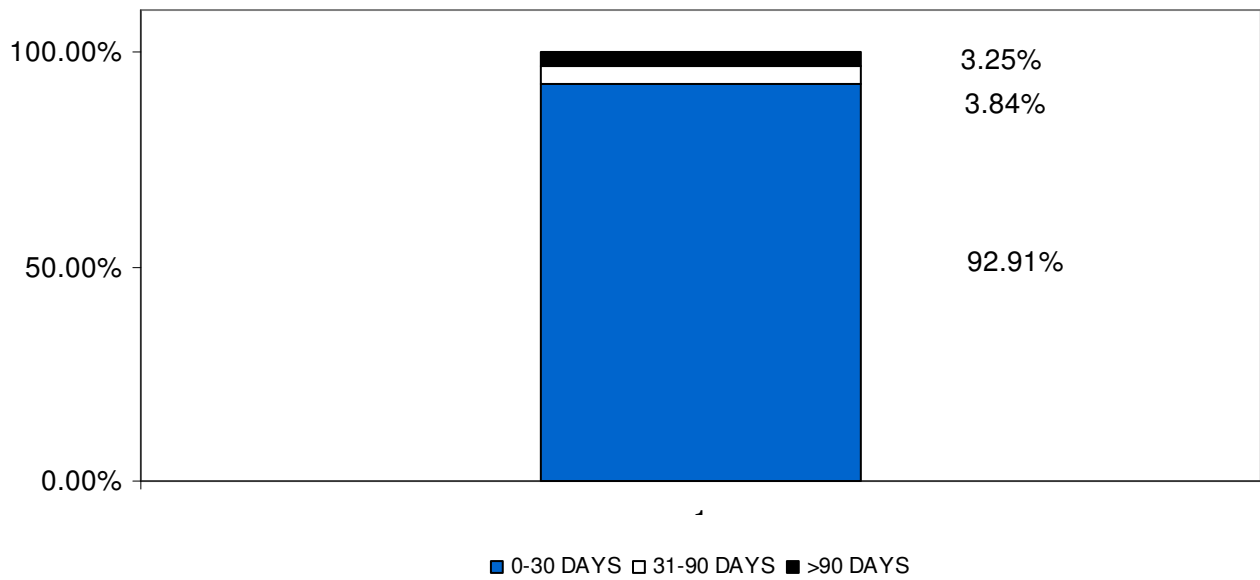
(a) Three-month rate of return is not annualized.

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

SHORT-TERM INVESTMENT FUND
DISTRIBUTION BY INVESTMENT TYPE DECEMBER 31, 2009



SHORT-TERM INVESTMENT FUND
DISTRIBUTION BY MATURITY AT DECEMBER 31, 2009



Weighted Average Maturity = 9 days
 Includes recognition of deposit instruments with daily put options.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT DECEMBER 31, 2009 (UNAUDITED)

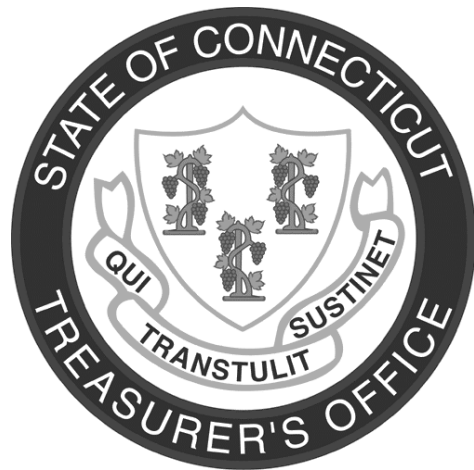
Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
FEDERAL AGENCY SECURITIES (9.58%)						
10,000,000	FFC 0.39, 12/1/10	0.58	9,999,085	9,982,630	AAA	31331G4T3
50,000,000	FFC-FLT 0.22, 11/2/11	0.24	50,000,000	49,969,500	AAA	31331G2M0
25,000,000	FFC-FLT 0.23, 11/23/11	0.39	24,990,413	24,925,225	AAA	31331G4C0
23,000,000	FFC-FLT 0.23, 11/4/11	0.38	22,982,827	22,935,370	AAA	31331G2V0
25,000,000	FFC-FLT 0.33, 4/25/11	0.22	25,000,000	25,028,725	AAA	31331GL56
25,000,000	FFC-FLT 0.35, 08/17/11	0.36	24,997,947	24,994,900	AAA	31331GH93
25,000,000	FFC-FLT 0.35, 8/3/11	0.23	24,995,955	25,034,050	AAA	31331GF79
25,000,000	FFC-FLT 0.50, 7/27/11	0.36	25,000,000	25,055,675	AAA	31331GC80
5,000,000	FFC-FLT 0.85, 1/24/11	0.63	5,026,662	5,022,155	AAA	31331GFV6
10,000,000	FHLB 0.38, 11/5/10	0.56	9,997,433	9,984,460	AAA	3133XVPA3
10,000,000	FHLB 0.40, 12/28/10	0.60	9,989,491	9,980,000	AAA	3133XVZC8
10,000,000	FHLB 0.57, 12/29/10	0.58	10,017,365	9,999,090	AAA	3133XV5G2
5,000,000	FHLB 1.00, 2/5/10	0.14	5,003,994	5,003,700	AAA	3133XT2A3
10,000,000	FHLB 1.625, 1/21/11	0.57	10,111,819	10,109,770	AAA	3133XSVR6
25,000,000	FHLB-FLT 0.25, 5/25/11	0.34	25,000,000	24,968,950	AAA	3133XVVN8
3,000,000	FHLB-FLT 0.46, 1/14/11	0.19	3,003,115	3,000,504	AAA	3133XSVP0
15,000,000	FREDDIE MAC 0.34, 2/1/11	0.19	15,003,776	14,989,350	AAA	3128X8D41
25,000,000	FREDDIE MAC 0.38, 3/9/11	0.19	25,016,550	25,039,400	AAA	3128X8RC8
25,000,000	FREDDIE MAC 0.39, 5/4/11	0.20	25,025,446	25,022,125	AAA	3128X8B92
1,270,000	FREDDIE MAC 0.39, 5/4/11	0.20	1,270,958	1,271,124	AAA	3128X8B92
2,821,000	FREDDIE MAC 0.39, 5/4/11	0.20	2,820,880	2,823,497	AAA	3128X8B92
25,000,000	FREDDIE MAC 0.40, 8/5/11	0.20	25,015,312	24,995,200	AAA	3128X8E24
25,000,000	FREDDIE MAC 0.49, 1/14/11	0.19	24,983,258	25,012,050	AAA	3128X8FR8
1,400,000	FREDDIE MAC 0.54, 1/28/11	0.19	1,403,234	1,401,844	AAA	3128X8HJ4
25,000,000	FREDDIE MAC 0.61, 4/7/11	0.20	24,993,685	25,032,875	AAA	3128X8VE9
50,000,000	FREDDIE MAC 0.66, 4/1/11	0.19	50,135,826	50,071,150	AAA	3128X8UJ9
10,100,000	FREDDIE MAC 0.66, 4/1/11	0.19	10,127,762	10,114,372	AAA	3128X8UJ9
\$491,591,000			\$491,912,793	\$491,767,691		

Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
DEPOSIT INSTRUMENTS ** (40.31%)						
200,000,000	JP MORGAN 0.75, 4/27/10	0.75	200,000,000	200,000,000	AA-	914HAT004
340,000,000	JP MORGAN 0.48, 12/31/10	0.48	340,000,000	340,000,000	AA-	43499K004
540,000,000	SOVEREIGN BANK 0.50, 6/30/10	0.50	540,000,000	540,000,000	AAA	846995009
100,000,000	TDBANKNORTH 1.32, 6/14/10	1.32	100,000,000	100,000,000	AA-	89189A004
265,000,000	TDBANKNORTH 0.91, 6/24/10	0.91	265,000,000	265,000,000	AA-	89189A004
60,000,000	TDBANKNORTH 0.89, 6/28/10	0.89	60,000,000	60,000,000	AA-	89189A004
25,000,000	TDBANKNORTH 0.90, 6/30/10	0.9	25,000,000	25,000,000	AA-	89189A004
15,000,000	TDBANKNORTH 0.25, 6/30/10	0.25	15,000,000	15,000,000	AA-	89189A004
525,000,000	WACHOVIA 0.25, 06/30/10	0.25	525,000,000	525,000,000	AA	92799C006
\$2,070,000,000			\$2,070,000,000	\$2,070,000,000		
U.S. GOVERNMENT (FDIC) GUARANTEED OR INSURED BANK SECURITIES (27.23%)						
25,000,000	CITIGROUP 0.60, 6/3/11	0.19	25,000,000	25,006,750	AAA	17313YAD3
50,000,000	CITIGROUP 0.38, 11/15/11	0.28	50,000,000	49,946,000	AAA	17314JAM5
540,000,000	FIFTH THIRD 0.45, 6/30/10 ***	0.45	540,000,000	540,000,000	AAA	31677R008
4,000,000	GE CAPITAL CORP 0.34, 3/11/11	0.14	4,006,432	4,009,164	AAA	36967HAM9
3,000,000	GOLDMAN SACHS 0.53, 11/9/11	0.20	3,015,739	3,017,163	AAA	38146FAG6
25,000,000	GOLDMAN SACHS 1.03, 12/5/11	0.18	25,386,123	25,406,550	AAA	38146FAB7
211,000,000	RBS CITIZENS BANK 0.20, 6/30/10 ***	0.20	211,000,000	211,000,000	AAA	75299Y008
540,000,000	WEBSTER BANK 0.45, 6/30/10 ***	0.45	540,000,000	540,000,000	AAA	947991006
\$1,398,000,000			\$1,398,408,294	\$1,398,385,627		
STRUCTURED INVESTMENT VEHICLES (0.81%)						
84,099,830	GRYPHON 0.00, (a)	0.00	41,377,239	37,996,000	NR	40052TAA7
\$84,099,830			\$41,377,239	\$37,996,000		
(a) The Gryphon note was received as a result of the Cheyne Finance restructuring in July 2008. Amortized cost reflects cash distributions of \$34.6 million and a reserve transfer of \$24 million. The stated market value is based on estimated market values of the portfolio of securities provided by the Gryphon custodian and, in our view, understates the expected ultimate total recovery value.						

Par Value *	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost*	Market Value*	Quality Rating	Cusip or Issuer ID
MONEY MARKET FUNDS (9.41%)						
240,973,885	FFI GOVT FUND 0.05, 01/04/10	0.05	240,973,885	240,973,885	AAA	929EAQ000
242,055,905	GS GOVT FUND 0.05, 01/04/10	0.05	242,055,905	242,055,905	AAA	03799N9J9
\$483,029,790			\$483,029,790	\$483,029,790		
REPURCHASE AGREEMENTS (3.90%)						
200,000,000	BANK OF AMERICA 0.01, 1/4/10	0.01	200,000,000	200,000,000	A-1	07399S003
\$200,000,000			\$200,000,000	\$200,000,000		
BANK COMMERCIAL PAPER (8.76%)						
200,000,000	RABOBANK USA 0.08, 01/04/10	0.10	199,998,667	199,997,780	A-1	74977LA49
250,000,000	US BANK 0.49, 12/31/10	0.49	250,000,000	250,000,000	AAA	90299S000
\$450,000,000			\$449,998,667	\$449,997,780		
\$5,176,720,620			\$5,134,726,783	\$5,131,176,888		

Market Value / Participant Units Outstanding = Ratio of Market Value per Unit
\$5,131,176,888** / 5,102,388,965 = \$1.006 per unit**

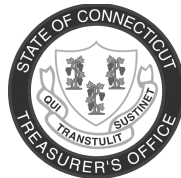
- * Securities rounded to the nearest dollar.
- ** Deposit instruments have a daily put option.
- *** Negotiable order of withdrawal (NOW) deposits are fully insured by the FDIC under the Transaction Account Guarantee Program and have a daily put option.
- **** Includes designated surplus reserve.



**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
	Securities Analyst Peter A. Gajowiak
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



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Short-Term Investment Fund

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