

FISCAL YEAR 1997

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
A COMPONENT UNIT OF THE STATE OF ILLINOIS



**SECTION ONE:
INTRODUCTION**



CERTIFICATE OF ACHIEVEMENT

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Teachers' Retirement
System of the State of
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

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.



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

INTRODUCTION

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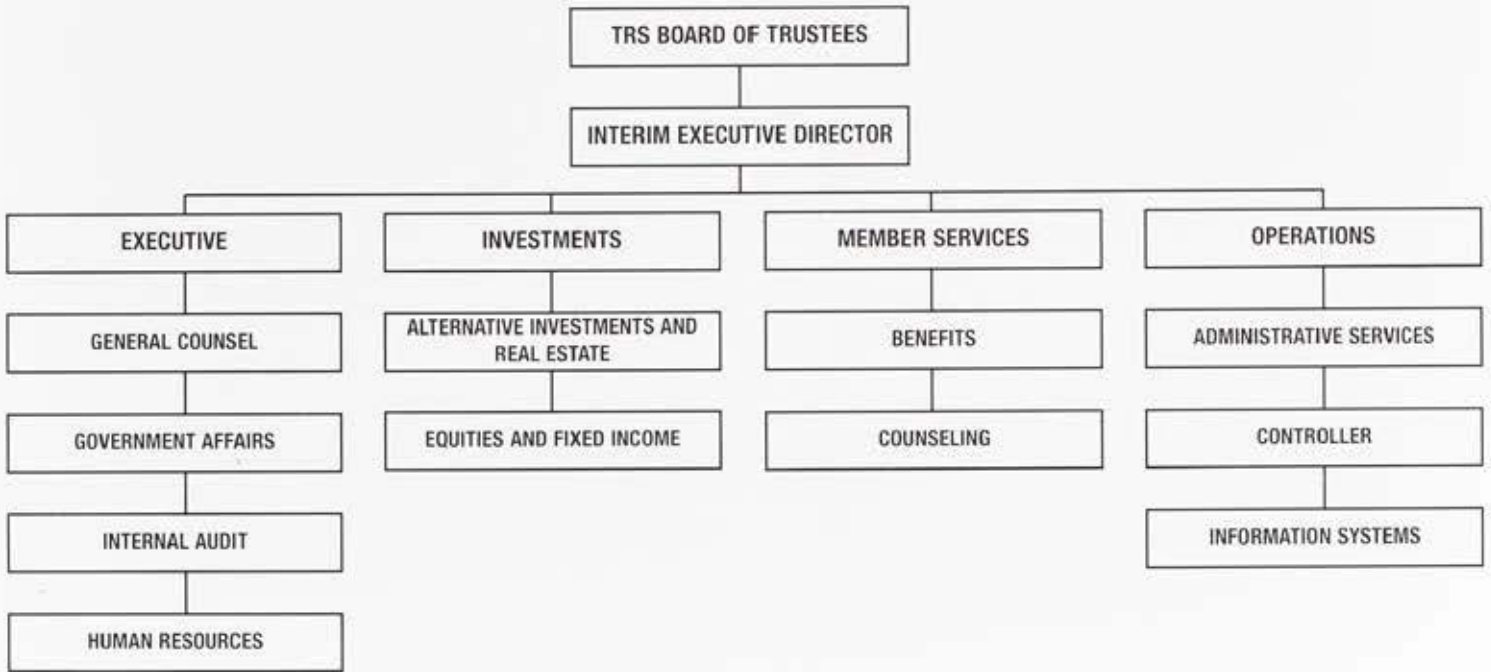
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INTRODUCTION

ORGANIZATIONAL STRUCTURE AND EXECUTIVE CABINET

Guided by the Board of Trustees and the Interim Executive Director, four divisions (Executive, Investments, Member Services and Operations) carry out the day-to-day duties of the Teachers' Retirement System of the State of Illinois.



Members of the Executive Cabinet meet often with Interim Executive Director John Day to ensure that programs and policies are being achieved. Seated from left to right are Jon Bauman, Chief Operating Officer; John Day, Interim Executive Director; and Ruby Reynolds, Director of Human Resources. Standing from left to right are Don Nesbitt, Director of Investments; Matt Evans, Director of Real Estate and Alternative Investments; Chuck Hunt, Information Systems Officer Assistant; John Sigle, Director of Member Services; Ed Mabie, Information Systems Officer; Carl Mowery, General Counsel; Bill Brewer, Benefits Officer; and Sandy Andrighetti, Internal Auditor.



INTRODUCTION

BOARD OF TRUSTEES



Joseph Spagnolo
President
Springfield



Anne Davis
Vice-President
Harvey



Hugh R. Brown
Evanston



James Bruner
Jacksonville



Jan Cleveland
Carmi



William R. Enlow
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Scott Eshelman
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Roman Miller
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Marilyn Oglesby
Charleston



Molly Phalen
Rockford



Teachers' Retirement System of the State of Illinois

P.O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253
(217) 753-0311

LETTER OF TRANSMITTAL

December 16, 1997

Board of Trustees
Teachers' Retirement System
2815 West Washington, P.O. Box 19253
Springfield, IL 62794-9253

I am pleased to present the Comprehensive Annual Financial Report for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 1997. The System's management and staff are responsible for the accuracy and completeness of this report and to ensure that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of the System as of June 30, 1997.

This report consists of five sections:

- the Introductory Section contains this letter of transmittal, identification of the System's trustees, executive staff and organizational structure and a report from our Interim Executive Director which outlines the major activities of the past year and plans for the future;
- the Financial Section contains the independent auditor's report, the financial statements and related notes and required supplemental schedules;
- the Actuarial Section contains the actuary's letter of certification, results of the latest actuarial valuation and a plan summary including any changes in the plan;
- the Statistical Section contains information and statistical data pertaining to members and annuitants; and
- the Investment Section, which contains information detailing fund performance, a list of external managers and a listing of the fund's portfolio.

FINANCIAL INFORMATION

A system of internal controls helps TRS to monitor and safeguard assets and promote efficient operations. An annual external audit is conducted by the Illinois Auditor General in addition to regular reviews by the System's Internal Auditor. The annual operating budget is evaluated and approved by the Board of Trustees and financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

REVENUES AND FUNDING

Sources of funding the System include member contributions, investment income and employer contributions through state appropriations and payments by school districts. At June 30, 1997, total assets available to pay benefits grew to \$17.4 billion.

One source of funding is contributions from over 136,000 active members who contribute 8% of their earnings each year. Members may also make contributions for optional service credit and the early retirement option (ERO). In FY97, member contributions totaled \$417 million, an \$18 million increase from the previous year. These contributions are invested. Net

INTRODUCTION

LETTER OF TRANSMITTAL

investment income increased \$549 million to \$2,645 million, an 18.3% return for the year.

Appropriations from the State of Illinois and employer contributions make up a third funding source. State appropriations for FY97 increased \$55 million to \$385 million while contributions from employers decreased \$23 million.

REVENUES	(In millions)			
			Increase/(Decrease)	
Source	1997	1996	Amount	% Change
Member Contributions	\$417	\$399	\$18	4.5%
State of Illinois	385	330	55	16.7
Employer Contributions	36	59	(23)	(39.0)
Net Investment Income	2,645	2,096	549	26.2
TOTAL	\$3,483	\$2,884	\$599	20.8%

EXPENSES

Expenses include payments of benefits, refunds and administrative expenses. Benefits payments increased from \$1,122 million to \$1,160 million in FY97. This 3.4% increase is the result of new retirements and annual increases in annuities as prescribed by law. Administrative expenses continued to constitute less than 1% of System expenses in FY97.

EXPENSES	(In millions)			
			Increase/(Decrease)	
Source	1997	1996	Amount	% Change
Benefits Payments	\$1,160	\$1,122	\$38	3.4%
Refunds	22	22	0	0
Administrative/Other	11	11	0	0
TOTAL	\$1,193	\$1,155	\$38	3.3%

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 25

The Governmental Accounting Standards Board (GASB) has issued Statement Number 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Statement 25 requires changes in the financial reporting of TRS. Statement 25 was effective for periods beginning after June 15, 1996. During 1997, the

INTRODUCTION

LETTER OF TRANSMITTAL

System elected to adopt the provisions of GASB 25. As a result, the System has also restated the 1996 financial statements.

The 1996 and 1997 financial statements for TRS have been prepared using Statement Number 25. The principal changes are:

- the Statements of Plan Net Assets provides information about the fair value and composition of net assets. This includes reflecting the System's investments at fair value versus cost;
- additions to net assets include unrealized appreciation or depreciation of the fair value of these investments; and
- schedules of funding progress and contributions from employers and other contributing entities are presented to provide information about the actuarially determined funded status of the plan and contributions made in relation to actuarially required contributions.

INDEPENDENT AUDIT

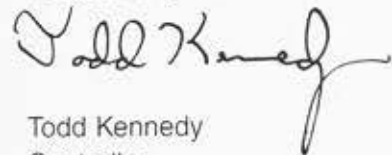
Each year, the financial statements, records and internal controls of TRS are examined by special assistant auditors employed by the Illinois Auditor General. In addition, an annual compliance audit for the previous year is performed to review compliance with applicable statutes and codes. The independent auditor's report on the System's financial statements is included in the Financial Section of this report.

ACKNOWLEDGMENTS

Information for this report was gathered by the Accounting and Public Information Departments and reflects the combined efforts of the TRS staff under the leadership of the Board of Trustees and the Interim Executive Director. It is intended to provide complete and reliable information as a basis for making management decisions, to determine our compliance with legal provisions and as a means for determining responsible stewardship of the assets contributed by members and their employers.

This report is provided to members of the General Assembly, all participating employers and to others by request. The participating employers of TRS form the link between TRS and its members. Their cooperation, for which we are grateful, contributes significantly to our success. We hope this report is both informative and helpful.

Respectfully submitted,



Todd Kennedy
Controller



INTRODUCTION

EXECUTIVE DIRECTOR'S REPORT

To the Board of Trustees, Members and Annuitants of TRS:

It is my pleasure to present the highlights of the fiscal year ending June 30, 1997, for the Teachers' Retirement System. Our mission at TRS is to invest wisely and serve our members and annuitants efficiently. I want to share with you some examples of how we have carried out that responsibility over the past twelve months.

Once again, the TRS investment portfolio chalked up outstanding returns. The market value of the fund grew over \$2 billion in fiscal year 1997 with total investments at over \$18 billion at year-end. The total fund return of 18.3% reflects our best performance since 1986.

- Domestic Equity was the top-performing asset class with a 27.9% return. The cumulative three-year return for this asset class is over 89%.
- Alternative Investments also continued strong performance in 1997 with a 22.6% return. This class' cumulative three-year return of 235% makes it TRS' highest performing asset class over the period.
- International Equity returned 19.9% for the year. This asset class exceeded its benchmark by over 7 percentage points and posted a two-year return in the top 11 percent of U. S. pension funds.
- Real Estate recorded an overall return of 12.7% in 1997, placing TRS in the top third of all U. S. pension funds investing in real estate. Over \$75 million in market value was added to the TRS real estate portfolio this year.
- Fixed Income portfolios, both domestic and international, exceeded performance benchmarks in 1997. The domestic portfolio return of 10.8% placed TRS in the top 25 percent of U. S. pension funds. The international return of 4.9% exceeded its benchmark by more than two percentage points.

TRS will continue its balanced investment approach through fiscal year 1998 and beyond with the objective of maximizing return to the fund while minimizing risk through diversification of fund assets. The importance of solid investment earnings is underscored by our sixth consecutive year of negative cash flow, causing over \$250 million of investment income to be used for the payment of previously earned benefits. This negative cash flow is caused entirely by past short-falls in state contributions to TRS which in turn caused contributions to fall behind ongoing cash (and actuarial) funding requirements.

The overall financial health of TRS unquestionably improved during fiscal year 1997. The System's funded ratio, or assets divided by liabilities, grew to 64.5% from 57.8% one year ago. The superb investment performance I outlined above is a major contributing factor in the improvement. Additionally, changes to actuarial assumptions recently adopted by the Board of Trustees including both economic and demographic factors produced a positive net impact. A change in asset valuation from cost to market value as required by state law and Statement 25 of the Governmental Accounting Standards Board was also a factor in the improvement in our funded status.

The continuing improvement in funded status has also been aided by increases in state contributions under PA 88-593. State funding to TRS was \$385 million for FY97, over a 44% increase since the year before the law was implemented. We appreciate the continuing support of the Governor and General Assembly for pension funding.

EXECUTIVE DIRECTOR'S REPORT

1997 was a good legislative year for TRS. While a formula change proposal did not emerge in the Spring session of the General Assembly, three other TRS initiatives were passed and signed into law, including:

- Tax-sheltering Optional Service/Refunds - beginning July 1, 1998, TRS active members wishing to purchase optional service credit or repay a TRS refund may do so on a tax-sheltered basis through payroll deduction. This new program could provide a significant tax benefit - please contact a benefits counselor for details.
- Adoption Service Credit - eligible members may purchase optional service credit related to leaves of absence taken for the purpose of adopting an infant or child.
- Survivor Benefits have been extended to students or parents of eligible full-time students ages 18-22.

The most important activity for many of the TRS staff is directly serving our members. During 1997, the Member Services Division continued to efficiently manage a great deal of member contacts, including:

- nearly 200 field and large group meetings.
- 182,493 items of correspondence.
- 124,230 telephone calls.

TRS has continued to use technology wherever possible to improve the quality of our services. One automation initiative we implemented last year to assist members in processing their retirement paperwork, known as "Rapid Retirement" has proven to be very beneficial to TRS and popular with the retiring members who used the program. The members using the program reported 100% satisfaction.

The Government Finance Officers Association (GFOA) agreed with our members when earlier this year they awarded Rapid Retirement its 1997 Award for Excellence. GFOA noted that Rapid Retirement reduces TRS postage and overtime costs, increases accuracy of retirement forms, and most importantly, saves time for retiring members.

The GFOA also awarded TRS a Certificate of Achievement for Excellence in Financial Reporting for its *Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 1996*. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. The System has received a Certificate of Achievement for the last eight years. We believe this report continues to meet program requirements and will be submitted to the GFOA for consideration again this year.

Many of the processes incorporated in Rapid Retirement are also part of our TRS 2000 automation project which continues to make progress toward its goal of moving all TRS automated processes to an integrated system at the turn of the century.

In closing, I would like to recognize three individuals for their dedicated service to TRS and to welcome two new members to the TRS Board.

Vice President of the Board Judith Tucker and Trustee Ray Althoff retired from the Board in June. Resolutions passed by the Board at its May meeting cited their accomplishments and achievements within and outside TRS. Tucker was also named Trustee Emeritus in honor of her 20 year tenure on the Board. Additionally, TRS Executive Director Bob Daniels



INTRODUCTION

EXECUTIVE DIRECTOR'S REPORT

announced his intent to retire in August after serving 4 1/2 years as Executive Director. Each of these three individuals contributed greatly to the success of TRS during their tenure and we express our gratitude for their service.

Finally, I would like to welcome to the TRS Board of Trustees Jan Cleveland of Carmi and Molly Phalen of Rockford, who were elected to four-year terms beginning in July by the active members of TRS.

Sincerely,



John Day
Interim Executive Director

SECTION TWO: FINANCIAL



KPMG Peat Marwick LLP

Peat Marwick Plaza
303 East Wacker Drive
Chicago, IL 60601-9973

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

Board of Trustees
Teachers' Retirement System of
the State of Illinois

As Special Assistant Auditors of the Auditor General, we have audited the accompanying statements of plan net assets of the Teachers' Retirement System of the State of Illinois (the System), a component unit of the State of Illinois, as of June 30, 1997 and 1996, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Teachers' Retirement System of the State of Illinois as of June 30, 1997 and 1996, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

As discussed in note B to the financial statements the System adopted Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Notes Disclosures for Defined Contribution Plans*.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 1997 on our consideration of the Systems' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required and other supplementary information listed in the accompanying table of contents are not a required part of the basic financial statements of the System and are presented for the purpose of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG Peat Marwick LLP

October 17, 1997



Member Firm of
KPMG Peat Marwick Goerdiner

FINANCIAL

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS STATEMENTS OF PLAN NET ASSETS AS OF JUNE 30, 1997 AND 1996

	1997	1996
ASSETS		
Cash	\$6,706,525	\$4,057,245
Receivables and prepaid expenses		
Member contributions	22,604,662	27,299,651
Employer early retirement incentive	204,268,933	303,773,518
Employer contributions	3,501,476	5,379,242
State of Illinois	572,752	0
Investment income	228,713,016	212,281,126
Prepaid expenses	701,819	0
Total receivables	<u>460,362,658</u>	<u>548,733,537</u>
Investments, at fair value		
Fixed income	5,860,878,580	5,684,397,415
Equities	7,235,066,039	6,170,149,671
Real estate	2,348,125,078	2,221,387,769
Short term investments	1,984,668,338	880,227,967
Alternative investments	364,577,923	195,765,872
Other investments	69,333,815	50,156,459
Total investments	<u>17,862,649,773</u>	<u>15,202,085,153</u>
Collateral from securities lending	<u>1,349,674,873</u>	<u>1,518,696,814</u>
Property and equipment, at cost, net of accumulated depreciation of \$4,974,925 and \$4,527,502, respectively	<u>3,426,543</u>	<u>3,755,982</u>
TOTAL ASSETS	<u>19,682,820,372</u>	<u>17,277,328,731</u>
LIABILITIES		
Benefits and refunds payable	1,682,852	1,022,752
Notes	25,691,740	57,975,808
Administrative and investment expenses payable	84,364,315	73,288,819
Payable to brokers for unsettled trades, net	828,298,677	522,417,649
Securities lending transactions	<u>1,349,674,873</u>	<u>1,518,696,814</u>
TOTAL LIABILITIES	<u>2,289,712,457</u>	<u>2,173,401,842</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
(A schedule of funding progress is presented on page 26.)	<u>\$17,393,107,915</u>	<u>\$15,103,926,889</u>

The accompanying notes are an integral part of these statements.

FINANCIAL

**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENTS OF CHANGES IN PLAN NET ASSETS
YEARS ENDED JUNE 30, 1997 AND 1996**

	<u>1997</u>	<u>1996</u>
ADDITIONS		
Contributions		
Members	\$416,739,369	\$399,084,381
State of Illinois	385,129,987	330,073,976
Employers:		
Early retirement option	3,035,510	1,820,603
Early retirement incentive	15,635,007	40,473,540
Federal and trust funds	<u>17,378,684</u>	<u>16,997,346</u>
Total contributions	<u>837,918,557</u>	<u>788,449,846</u>
Investment income		
Net appreciation in fair value	1,929,166,394	1,355,250,868
Interest	451,770,594	418,583,836
Real estate operating income, net	184,851,309	185,431,419
Dividends	117,192,384	117,658,896
Alternative investment income	18,824,747	69,469,967
Securities lending income	83,701,961	50,378,182
Other investment income	<u>2,981,780</u>	<u>9,231,898</u>
	2,788,489,169	2,206,005,066
Less investment expense		
Securities lending expense	76,388,404	47,448,000
Investment activity expenses	<u>67,474,289</u>	<u>62,641,834</u>
Net investment income	<u>2,644,626,476</u>	<u>2,095,915,232</u>
TOTAL ADDITIONS	<u>3,482,545,033</u>	<u>2,884,365,078</u>
DEDUCTIONS		
Retirement benefits	1,096,600,809	1,061,235,746
Survivor benefits	51,974,931	49,334,811
Disability benefits	12,341,443	11,023,392
Refunds	21,725,785	22,172,671
Administrative expenses	10,320,911	10,028,651
Prior service credits/transfers	<u>400,128</u>	<u>921,277</u>
TOTAL DEDUCTIONS	<u>1,193,364,007</u>	<u>1,154,716,548</u>
NET INCREASE	2,289,181,026	1,729,648,530
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Year, as restated	<u>15,103,926,889</u>	<u>13,374,278,359</u>
End of Year	<u><u>\$17,393,107,915</u></u>	<u><u>\$15,103,926,889</u></u>

The accompanying notes are an integral part of these statements.



FINANCIAL

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

1. Reporting Entity

The Teachers' Retirement System of the State of Illinois (the System or TRS) is the administrator of a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). Members of the System consist of all teachers employed in the public common schools of Illinois outside Chicago. The System was established by the State of Illinois and is governed by the Illinois Pension Code. The System is a component unit of the State of Illinois and is included in the state's financial statements as a pension trust fund.

The System uses criteria established by the Governmental Accounting Standards Board (GASB) to determine whether other entities should be included within its financial reporting entity. Based on the criteria, the System has no other entities included in these financial statements.

2. Employers

Members of the System are employed by school districts, special districts and certain state agencies. Member contributions are remitted by each employer to the System. These employers are responsible only for employer contributions for teachers paid from federal and trust funds and for the employer's portion of the early retirement option and the early retirement incentive contributions. The State of Illinois provides employer contributions to partially fund the System. —Refer to "Funding" for information regarding employer contributions made by the State of Illinois.

NUMBER OF EMPLOYERS		
AT JUNE 30, 1997 AND 1996		
	1997	1996
Local school districts	904	904
Special districts	133	143
State agencies	34	35
	1,071	1,082

3. Members

SYSTEM MEMBERSHIP		
AT JUNE 30, 1997 AND 1996		
	1997	1996
Retirees and beneficiaries		
currently receiving benefits	59,352	59,664
Inactive members entitled to but		
not yet receiving benefits	48,646	42,496
Current active members	136,604	132,545
	244,602	234,705

4. Benefit Provisions

The System is governed by Article 16 of the *Illinois Pension Code* (40 ILCS 5/16). The System provides retirement, death and disability benefits. A member qualifies for an age retirement annuity after attaining one of the following: age 62 with five years of service credit; age 60 with ten years; or age 55 with 20 years. If retirement occurs between age 55 and 60 with less than 35 years of service, the annuity will be reduced at the rate of 1/2% for each month the member is under age 60. A member age 55 with less than 35 years of service credit may use the early retirement option to avoid a discount for early retirement if retirement occurs before July 1, 2000, and within six months of the last day of service requiring contributions, and if the member and employer both make a one-time contribution to the System. A member with less than five years of creditable service and service on or after July 1, 1947, is entitled to a single-sum benefit payable upon reaching age 65.

A retirement benefit is determined by the average salary of the four highest consecutive salary rates within the last ten years of creditable service and the percentage of average salary to which the member is entitled. This percentage is determined by the following formula: 1.67% for each of the first ten years, plus 1.9% for each of the next ten years, plus 2.1% for each of the next ten years, plus 2.3% for each year over 30. The maximum retirement benefit, 75% of average salary, is achieved with 38 years of service. Each annuitant who retired after 1969 or made a qualifying contribution receives an annual 3% increase in the current retirement benefit beginning January 1 following attainment of age 61 or January 1 following the first anniversary in retirement, whichever is later.

If a member leaves covered employment, the System will refund a member's retirement contributions upon request. The refund consists of actual contributions excluding the 1% death benefit contribution.

5. Funding

Member contributions, established by statute, are 8% of earnings allocated as follows: 6 1/2% for retirement, 1/2% for post-retirement increases and 1% for death benefits.

Employer contributions are made by or on behalf of the employers from several sources. The State of Illinois provides the largest source of contributions through state appropriations from the Common School Fund. Additional sources of state contributions are the State Pensions Fund and contributions from the General Revenue Fund from which reimbursements are made to the System for certain minimum and supplemental benefits. Employers also make contributions for teachers paid from federal and trust funds. Additionally, employers contribute their portion of the cost of the early retirement option as well as the early retirement incentive. Employer early retirement incentive contributions can be made in either a lump sum, over five years in equal quarterly installments, or under a different schedule approved by the TRS Board of Trustees. Employee contributions will be paid in full during FY98 while employer contributions will be paid in full during FY 2001.

The actuarial funding requirements for FY97 and FY96 were determined under Public Act 88-0593. The state funding law provides for a 50-year funding plan which includes a 15-year phase-in period. Employer contributions as a percentage of active member payroll will be gradually increased until FY 2010 and remain at that percentage for the following 35 years. The System's funded ratio will be 90% at the end of the 50-year period. Beginning July 1, 1995, state contributions have been made through a continuing appropriation instead of through the appropriations process.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The financial statements of the System are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized as expenditures when due and payable in accordance with the terms of the plan.

2. Method used to value investments

TRS reports investments at fair value. Fair value for equities is determined by using the closing price listed on the national securities exchanges as of June 30. Fair value for fixed income securities is determined principally by using quoted market prices provided by independent pricing services. Fair value for real estate investments is determined by appraisals.

3. Effect of change in accounting principle

During 1997, the System elected to adopt the provisions of GASB Statement Number 25, *Financial Reporting for Defined Benefit Pension Plans & Note Disclosures for Defined Contribution Plans*. As a result, the System has also restated the 1996 financial statements. The provisions of this statement required restatement of beginning balances for the effect of changing from reporting investments at cost to reporting investments at fair value. The effect of the change in accounting principle on the net assets held in trust for pension benefits as of June 30, 1995, is shown below.

June 30, 1995, net assets held in trust for pension benefits, as previously reported	\$12,641,865,467
Adjustment to reflect fair value of investments	<u>732,412,892</u>
June 30, 1995, net assets held in trust for pension benefits, as restated	<u><u>\$13,374,278,359</u></u>



FINANCIAL

4. Property and Equipment

Equipment is stated on the basis of historical cost. Depreciation is computed using the straight-line method, based upon the estimated useful lives of the assets. Office furniture and equipment is assigned a useful life of three to ten years while vehicles are assigned a five-year life. The System's office building is depreciated over 40 years.

5. Accrued Compensated Absences

Employees of the System are entitled to receive compensation for all accrued but unused vacation time and one-half of all unused sick leave earned upon termination of employment. (Lump-sum payments for sick leave earned prior to January 1, 1984 is subject to a maximum of 60 days/420 hours.) Accrued compensated absences as of June 30, 1997 and 1996 totaled \$1,313,249 and \$1,195,090, respectively, and are included as Administrative Expenses Payable.

6. Receivables

Receivables of the System are separated into three general categories: member contributions collected by and due from employers, early retirement incentive (ERI) contributions due from employers and employer contributions due for members paid from federal funds. ERI receivables are owed to the System as a condition of participation in the ERI program. (Refer to Benefit Provisions found earlier in this section for more information.) TRS is allowed by law to assess penalties for late payment and to collect any unpaid amounts from school districts by filing a claim with a Regional Superintendent of Education or the State Comptroller against future state aid payments to the district. TRS considers these amounts to be fully collectible.

TRS employers are responsible for remitting member contributions withheld from employees' pay and a supplemental 10 1/2% employer contribution for members paid from federal or trust funds. TRS is authorized by law to collect penalties for late payment for semi-monthly remittances and amounts remitted after the fiscal year end. As with employer ERI receivables, TRS has the ability to offset future state aid payments to the school district to collect these receivable amounts.

7. Prior Period Reclassification

Certain prior year amounts have been reclassified on a basis consistent with the current year presentation.

C. CASH

The bank balance and carrying amount of the System's deposits were \$104,381,311 and \$6,706,525 at June 30, 1997 and \$98,141,824 and \$4,057,245 at June 30, 1996. Of the bank balance, \$98,054,979 and \$94,312,843 were on deposit with the State Treasurer at June 30, 1997 and 1996, respectively. Bank balances are either insured or collateralized with securities held by the State Treasurer or agents in the name of the State Treasurer or collateralized with securities held by the System or its agents in the name of the System. Cash equivalents are classified as short-term investments in the Statements of Plan Net Assets.

D. INVESTMENTS

1. Investment policies

Through the Board of Trustees, as authorized in the Illinois Pension Code, the System serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." The "prudent person rule" establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

2. Investment summary

The following table presents a summary of the System's investments and related category of custodial credit risk at June 30, 1997 and 1996. The System's investments are categorized to give an indication of the level of risk at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty but not in the System's name. As of June 30, 1997 and 1996, the System holds no securities classified in either Category 2 or Category 3.

INVESTMENT SUMMARY

<u>CATEGORY 1:</u>	<u>Fair Value</u>	
	1997	1996
Bonds (including short-term collateral)	\$2,871,538,600	\$3,096,770,706
Corporate notes	2,136,265,566	1,842,089,817
Preferred stock	106,809,956	49,911,072
Short term investments:		
Commercial paper (incl. short-term collateral)	421,217,581	865,541,214
U.S. Treasury bills	136,976,069	183,621,140
Other	567,893,573	284,516,714
Common stock	<u>5,668,670,025</u>	<u>5,114,299,414</u>
	11,909,371,370	11,436,750,077
<u>NOT CATEGORIZED:</u>		
Investments Held by Broker/Dealers under Securities Loans:		
Bonds	604,589,258	1,030,449,282
Corporate notes	36,217,016	48,556,549
Common stock	927,455,995	589,924,251
Real estate:		
Equity	1,935,424,955	1,890,800,127
Farmland	252,771,928	182,458,477
Mutual funds	1,221,617,075	889,098,503
Alternative investments:		
Limited partnerships	364,577,923	195,765,872
Foreign currency investment funds	69,333,815	50,156,459
Collective investment funds (US dollars)	<u>1,890,965,311</u>	<u>406,822,370</u>
Investments and Collateral from Securities Lending	19,212,324,646	16,720,781,967
Less Collateral from Securities Lending categorized above	<u>(1,349,674,873)</u>	<u>(1,518,696,814)</u>
Total Investments	<u>\$17,862,649,773</u>	<u>\$15,202,085,153</u>

The System has nonrecourse mortgages totaling \$301,562,774 and \$312,974,732 on real estate equities at June 30, 1997 and 1996, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2018.

The real estate equity category includes \$125,611,288 and \$300,071,252 of mortgages receivable which are fully secured

by the properties at June 30, 1997 and 1996, respectively.

At June 30, 1997, the System has investments with one organization (other than U.S. Government and U.S. Government guaranteed obligations) that exceed 5% of net assets available for benefits. The investments, reported at fair value, are with the Illinois Teachers' Custom Cash Fund at Northern Trust for \$1,890,965,311.

3. Securities lending program

Board of Trustees' policies permit the System to use investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's master trustee is the agent in lending the plan's domestic securities for cash collateral of 102% of the market value of the securities and international securities for cash collateral of 105% of the market value of the securities. Securities on loan at year-end are presented as not categorized in the preceding schedule of custodial credit risk. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeds the amounts the borrowers owe the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers while the securities are on loan. All securities loans can be terminated on demand either by the System or the borrower, although the average term of the loans is ten days. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 1997 and 1996, TRS had outstanding loaned investment securities having a market value of \$1,568,262,268 and \$1,668,930,081, respectively, against which it had received collateral of \$1,611,202,056 and \$1,724,593,000 respectively. Collateral from securities lending reflected on the Statements of Plan Net Assets consists primarily of collateral received in the form of cash. At June 30, 1997 and 1996, the System has instructed the master trustee to direct \$25,691,740 and \$57,975,808, respectively, of the collateral received from securities lending to be invested in floating rate debt securities collateralized by real estate investments, which results in a note payable from TRS.

4. Derivatives

The System invests in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. Derivatives transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transac-

tion fails to perform according to terms. In order to eliminate credit risk, all derivative securities are acquired through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, the System's derivative investments included foreign currency forward contracts, options, and futures. Derivative contracts are used by experienced investment personnel to quickly and efficiently implement tactical strategies upon the portfolios in a cost effective manner. Foreign currency forward contracts are used to hedge against the currency risk in the System's foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery date or maturity date for an agreed upon price. Fluctuations in the fair value of foreign currency forward contracts are recognized in the System's financial statements as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. As the market value of the futures contract varies from the original contract price, a gain or a loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial

options, the System receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Accordingly, it is against the System's policy to invest in any uncovered options. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in the System's financial statements as incurred rather than at the time the options are exercised or when they expire. As of June 30, 1997, the net cost and fair values of option contracts written were \$6,348,179

and \$6,920,361, respectively. As of June 30, 1996, the net cost and fair values of option contracts written were (\$11,329,579) and (\$7,071,274), respectively. The cost value of options represents the premiums received, and the fair value represents the amount needed to close all positions as of that date.

The following table presents the aggregate contractual principal amount of the System's outstanding contracts at June 30, 1997 and 1996:

DERIVATIVE	June 30, 1997	June 30, 1996
(CONTRACTS OUTSTANDING AT JUNE 30, 1997)	Contractual Principal*	Contractual Principal*
Domestic Interest Rate Products:		
Fixed income futures purchased, net (11,235)	\$1,715,431,804	\$1,745,697,713
Fixed income written call options (50)	2,632,308	61,938,968
Fixed income written put options (1,250)	243,764,864	1,138,682,214
International Interest Rate Products:		
International fixed income futures purchased, net (378)	71,414,363	4,104,776
International fixed income written bond call options (188)	58,095,296	3,302,360
International fixed income written bond put options (245)	27,216,891	0
Domestic Equity Products:		
S&P 500 index futures purchased, net (3,136)	1,395,912,000	696,765,600
S&P 500 index written call options (20)	4,452,500	100,301,760
S&P 500 index written put options (0)	0	38,916,000
Stock written call options (0)	0	15,213,610
Stock written put options (0)	0	983,292
International Equity Products:		
Index futures purchased, net (1,208)	148,493,053	128,057,141
Index international equity written call options (0)	0	815,150
Index international equity written put options (0)	0	1,097,689
Foreign Currency Products:		
Currency futures, net (80)	6,540,713	45,357,500
Written call options (46)	92,114,990	78,895,663
Written put options (20)	2,109,250	102,394,455

*The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual values in the Statements of Plan Net Assets.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.



FINANCIAL

E. RESERVES

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 et seq. In 1997, legislation was passed by the Illinois General Assembly which allowed the crediting of income at fair value, as opposed to book value, to the Employer's Contribution reserve.

1. Members' Contribution

	<u>1997</u>	<u>1996</u>
Balances at June 30	\$5,014,798,877	\$4,506,934,661

This reserve accumulates, with 6% interest, the contributions by members prior to retirement. Contributions are 6 1/2% of salary and are fully refundable upon withdrawal from the System, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year, and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member balance in the reserve at the beginning of the fiscal year. This reserve is fully funded.

2. Minimum Retirement Annuity

	<u>1997</u>	<u>1996</u>
Balances at June 30	\$2,405,749	\$2,248,325

The minimum allowance is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution which is credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The State of Illinois also appropriates funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

3. Supplementary Annuity

	<u>1997</u>	<u>1996</u>
Balances at June 30	\$680,503	\$631,176

In 1961, legislation was enacted to provide for increased annuities to members then retired who met certain specified requirements. Annuitants were required to make a one-time contribution, which was credited to this reserve. The State of Illinois also appropriates funds which are credited to the

reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The annuity expenses resulting from this legislation are charged to the reserve. This reserve is fully funded.

4. Employer's Contribution

	<u>1997</u>	<u>1996</u>
Balances at June 30	\$12,375,222,786	\$10,594,112,727

This reserve serves as a clearing account for income and expenses of the System. The reserve is credited with contributions from the State of Illinois not specifically allocated to other reserves, member and employer contributions, income from invested assets of the System, the interest portion of the accumulated contributions of members granted refunds and contributions from annuitants which qualify for automatic annual increases in annuity. The reserve is charged with amounts necessary to be transferred to the Members' Contribution Reserve, all amounts necessary to be refunded to withdrawing members, all benefits paid to temporarily or accidentally disabled members, all death benefits paid, and all survivor benefit contributions refunded to annuitants.

This reserve does not equal the present value of expected retirement benefits. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$9,558,477,000 in 1997 and \$11,037,867,000 in 1996.

F. TRS EMPLOYEE PENSION BENEFITS

1. Plan Description

All of the System's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal years 1997 and 1996 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 1997 and 1996, respectively. SERS also issues a separate CAFR that may be obtained by writing to SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255



or by calling (217) 785-7202. The State of Illinois CAFR may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams St., Springfield, Illinois, 62704-1858 or by calling (217) 782-2053.

Effective fiscal 1997, SERS has implemented Governmental Accounting Standards Board (GASB) Statement No. 25 entitled *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Also, effective fiscal 1997, the State of Illinois implemented GASB Statement No. 27 entitled *Accounting for Pensions by State and Local Governmental Employers*. These new GASB standards supersede all previous authoritative guidance on accounting and financial reporting for defined benefit pension plans of state and local governmental entities.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute, and the authority under which those obligations are established.

2. Funding Policy

The System pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal years 1997 and 1996 the employer contributions rates were 4.963% and 4.767%, respectively. Effective for pay periods beginning after December 31, 1991, the state opted to pay the employee portion of retirement for most state agencies with employees covered by

the State Employees' and Teachers' Retirement Systems. Generally, this "pickup" of employee retirement was part of the fiscal year 1997 and 1996 budget process and was, in part, a substitute for salary increases. The pickup is subject to sufficient annual appropriations and those employees covered may vary across employee groups and state agencies. Currently, state officers, judges, general assembly members, and state university employees are not eligible for the employee pickup.

3. Postemployment Benefits - System Employees

In addition to providing pension benefits, the State Employees Group Insurance Act of 1971, as amended, requires that certain health, dental, and life insurance benefits shall be provided by the state. Substantially all the System's employees may become eligible for postemployment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for System retirees under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to five thousand dollars per annuitant age 60 or older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits provided to active employees and their dependents for the year ended June 30, 1997 and 1996. However, postemployment costs for the state as a whole for all state agencies/departments for dependent health, dental, and life insurance for annuitants and their dependents are disclosed in the State's Comprehensive Annual Financial Report. Cost information for retirees by individual state agency is not available. Payments are made on a "pay-as-you-go" basis.

FINANCIAL

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS ¹

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL-Projected Unit Credit) (b)	Funded Ratio (a)/(b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/(c)
06/30/96	\$15,103,927,000	\$26,141,794,000	57.8%	\$11,037,867,000	\$4,734,250,000	233.1%
06/30/97	17,393,108,000	26,951,585,000	64.5	9,558,477,000	5,013,583,000	190.7

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES ¹

Year Ended June 30	State Contributions ²	Federal Contributions	Total	Annual Required Contributions per GASB Statement #25	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed
1996	\$324,276,000	\$16,993,000	\$341,269,000	\$1,350,997,000	25.3%	\$341,276,000	100.0%
1997	377,969,000	17,379,000	395,348,000	927,842,000	42.6	395,269,000	100.0

¹ The required schedules of funding progress and employer contributions should include information for the current year and as many of the prior years' information according to the parameters as are available. The System has only two years of information that meet the parameters. For consistency with figures reported by the System's actuaries, the amounts have been rounded to the nearest thousand. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

² Does not include minimum and supplemental retirement contributions of \$5,798,000 and \$7,161,000 in FY96 and FY97 respectively.

See accompanying independent auditor's report.



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Dates	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Actuarial cost method:	Projected unit credit	Projected unit credit
Amortization method:		
a) For GASB Statement #25 reporting purposes	Level percent of payroll	Level percent of payroll
b) Per state statute	15-year phase-in to a level percent of payroll until a 90% funding level is achieved	15-year phase-in to a level percent of payroll until a 90% funding level is achieved
Remaining amortization period:		
a) For GASB Statement #25 reporting purposes	40 years, open	40 years, open
b) Per state statute	48 years, closed	49 years, closed
Asset valuation method:	Fair value	Book value*
Actuarial assumptions:		
Investment rate of return	8.5%	8.0%
Projected salary increases	6.0-9.3%, composite 7.0%	6.4-9.7%, composite 7.4%
Group size growth rate	0%	0%
Assumed inflation rate	4%	4%
Post-retirement increase	3% compounded	3% compounded
Mortality table	1995 Buck Mortality Tables (rated forward one year for beneficiaries only).	UP 1984 unisex as adjusted.

* For comparison with the June 30, 1997 presentation, the System has presented the June 30, 1996 actuarial value of assets at fair value in the financial statements and schedules within this report.

The June 30, 1997 actuarial valuation reflects significant changes in actuarial assumptions utilized in previous valuations. Such changes caused the actuarial accrued liability and the actuarially required contribution rate to decrease by approximately \$933 million and .06%, respectively. The actuarially required contribution rate will be effective for fiscal year 1999.

See accompanying independent auditor's report.

FINANCIAL

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended June 30, 1997 and 1996 are summarized below:

	<u>1997</u>	<u>1996</u>
Personal services	\$7,617,459	\$7,205,149
Professional services	543,217	613,801
Postage	374,413	307,589
Machine repair and rental	261,311	267,877
Other contractual services	525,198	459,959
Commodities	226,453	235,657
Occupancy expense	240,032	393,039
Depreciation	<u>532,828</u>	<u>545,580</u>
Total Administrative expenses	<u>\$10,320,911</u>	<u>\$10,028,651</u>

SCHEDULE OF INVESTMENT ACTIVITY EXPENSES

Investment activity expenses for the years ended June 30, 1997 and 1996 are summarized below:

	<u>1997</u>	<u>1996</u>
Investment manager fees	\$64,962,733	\$55,275,399
Alternative investment expense	2,153,774	6,047,237
Miscellaneous	<u>357,782</u>	<u>1,319,198</u>
Total Investment activity expenses	<u>\$67,474,289</u>	<u>\$62,641,834</u>

See accompanying independent auditor's report.

**SECTION THREE:
ACTUARIAL**



December 4, 1997

Board of Trustees
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62794

Subject: Pension Benefit Obligation as of June 30, 1997

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$26,951,585,000 as of June 30, 1997. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

The actuarial valuation was based on a census of retired members as of June 30, 1997, and a census of active and inactive members as of June 30, 1996, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation.

The valuation is based on the benefit provisions of TRS in effect on June 30, 1997. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary.

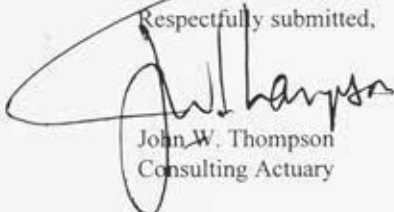
The June 30, 1997 valuation reflects revisions in the actuarial assumptions for (a) rates of mortality amongst all employee and beneficiary groups; (b) rates of withdrawal from active service for reasons other than death, disability, or retirement; (c) rates of salary increase throughout an individual's career; and (d) the assumed annual rate of return on the assets of the System. The effect of these assumption changes was to decrease the unfunded pension benefit obligation by \$932.9 million.

Board of Trustees
Teachers' Retirement System
of the State of Illinois
December 4, 1997
Page 2

This valuation also reflects, for the first time, a change in the method of valuing the System's assets. As required by PA 90-448, assets for funding purposes are now valued at fair market value. In prior years, assets for funding purposes were valued at cost. For comparative purposes, June 30, 1996 and prior years' assets may be shown at fair market value. The effect of this change was an increase in the actuarial value of assets of \$2.012 billion, and a corresponding decrease in the unfunded pension benefit obligation of \$2.012 billion.

In our opinion, the amount of \$26,951,585,000 is a fair representation of the pension benefit obligation of the System as of June 30, 1997.

Respectfully submitted,



John W. Thompson
Consulting Actuary

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BUCK
CONSULTANTS

ACTUARIAL

Actuaries estimate the cost of benefits that members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund the benefits.

The Teachers' Retirement System complies with the reporting requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

ACTUARIAL ASSUMPTIONS AND METHOD

Each year, the actuary reconciles the differences between major actuarial assumptions and experience in the process of explaining the change in the System's unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits including the cost of annual increases) and the net assets that are available to cover the liability.

This year, the System's actuaries conducted a five-year experience analysis. It resulted in changes in assumptions which were adopted in the June 30, 1997 valuation. (See "Significant Factors in Reconciliation of Unfunded Liability" for changes in assumptions.) The next five-year experience analysis will be reflected in the June 30, 2002 actuarial valuation.

Inflation: 4% per annum. Implicit in investment and earnings progression assumptions which were changed in the FY97 valuation.

Investment return: 8.5% per annum, compounded annually. Adopted in FY97 valuation.

Earnings progression: Merit and longevity increases, adjusted for inflation. Approximates 7.0% per year to earliest date of retirement eligibility. Adopted in FY97 valuation.

Sample annual percentage salary increases:

<u>Age</u>	<u>Male & Female</u>
20	9.3 %
30	8.2
40	7.1
50	6.5
60	6.3
69	6.0

Retirement age: Graduated rates based on age and gender of active members. Inactive members are assumed to retire at age 62. Adopted in FY87 valuation.

Sample annual rates of retirement per 1,000 participants for active members:

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	97.0	97.0
60	270.0	180.0
65	365.0	330.0
70	1,000.0	1,000.0

Mortality: For death in active service and regular service retirements: 1995 Buck Mortality Tables. For beneficiaries: 1995 Buck Mortality Tables rated forward one year. For disabled retirements: Pension Benefit Guaranty Corporation rates for male disabled lives not necessarily receiving Social Security, with male rates set forward 5 years and female rates set back 2 years (but not set back to less than 65).

Disability: Adopted in FY93 valuation.

Sample annual rates per 1,000 participants:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.4	0.7
30	0.4	0.8
40	0.6	1.2
50	1.2	2.4
60	4.0	8.0



ACTUARIAL

Termination from active service: Adopted in FY97 valuation.

Sample annual terminations per 1,000 participants:

Age	Nonvested Members		Vested Members	
	Male	Female	Male	Female
20	169.0	186.7	76.5	96.6
30	91.0	135.0	41.2	69.9
40	35.0	55.0	15.8	28.5
50	23.0	36.5	10.4	18.9
60	41.0	44.0	18.6	22.8

Severance Pay: Increases with years of service at retirement. Adopted in FY94 valuation.

Years of Service at Retirement	Percent of Retirees who Receive Severance Pay	Severance Pay as % of Final Salary
Under 20	0.0%	0.0%
20-24	54.0	13.2
25-29	60.0	13.2
30-34	66.0	13.9
35 or more	72.0	14.6

Optional Service at Retirement: The accrued liability for retirement benefits for active members is increased by 2.87% to cover the employer cost of optional service purchased in the last two years of service. Adopted in FY94 valuation.

Unused and Uncompensated Sick Leave: Equals 2.90% of regular service at retirement. Adopted in FY94 valuation.

Actuarial Cost Method: Projected unit credit. Gains and losses are reflected in the unfunded liability. Adopted in FY89 valuation.

Asset Valuation Method: Market value. Adopted in FY97 valuation. FY96 shown at market value for comparison purposes.

Please note that under the projected unit credit cost method used by TRS, the resulting liability for benefits earned is called the "pension benefit obligation," or PBO. A

broader term for this liability is "actuarial accrued liability," or AAL. In other words, the PBO is a type of AAL.

Also, please note that measures of the System's financial condition for both June 30, 1997 and June 30, 1996 are shown using market value of assets for comparative purposes. These tests are consistent with the System's financial statements which are prepared in accordance with GASB 25. The change to market value was effective June 30, 1997 for determining state funding requirements for FY99.

The actuarial value of assets for FY97 and FY96 is equal to the "net assets available for benefits" as shown in the Financial Statements. This amount is different from the value of the System's investments portfolio shown throughout this report.

ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date. The unfunded liability is the present value of future benefits payable not covered by assets as of the valuation date.

The **funded ratio** shows the percentage of the accrued liability covered by net assets at market value.

ACTUARIAL VALUATION WITH MARKET VALUE ASSETS		
(\$ Thousands)		
(Years Ended June 30)		
	1997	1996
Total actuarial accrued liability	\$26,951,585	\$26,141,794
Actuarial value of assets (net assets at market value)	\$17,393,108	\$15,103,927*
Unfunded liability	\$9,558,477	\$11,037,867
Funded ratio	64.5%	57.8%

* 1996 market value assets have been restated since the 1996 Annual Financial Report.

RECONCILIATION OF UNFUNDED LIABILITY ¹

(\$ Thousands)

Actuarial gains are shown in parentheses
Years Ended June 30

	1997 (market value assets)	1996 (book value assets)
Unfunded liability at beginning of year	\$12,312,083	\$11,338,701
Additions (deductions):		
Employer cost in excess of contributions	992,390	965,961
Amendments:		
FY97: Change to assets being valued at market value under PA 90-448	(2,011,912)	-
Change in actuarial assumptions in accordance with Article 16, Section 176 of the Pension Code	(932,859)	-
FY96: 401 ERI retirements (PA 87-1265)	-	17,772
Actuarial losses (gains) compared to experience:		
Salary increases	(59,062)	400,399
Investment income	(830,936)	(577,281)
New entrant loss	12,992	19,545
Lower than expected mortality	49,108	55,934
Delayed reporting of retirements ²	10,461	16,418
Other ³	<u>16,212</u>	<u>74,634</u>
Net addition (reduction)	(2,753,606)	973,382
Unfunded liability at end of year	\$9,558,477	\$12,312,083

¹ This schedule reflects the unfunded liabilities used by the actuary for determining funding requirements. The change to valuing assets at market value under PA 90-0448 was effective beginning with the June 30, 1997 valuation. Consequently, the June 30, 1996 unfunded liability was not recalculated and is shown using assets at book value. For comparative purposes only, other schedules in this section reflect June 30, 1996 assets at market value.

² 610 retirements which occurred prior to 7/1/95 were not reported to the actuary until 6/30/96. 455 retirements which occurred prior to 7/1/96 were not reported to the actuary until 6/30/97.

³ (a) Retroactive benefits for late retirees (50-100 annually).
 (b) Fewer terminations of vested employees than expected.
 (c) Change in rate of benefit accruals from certified normal cost rate.
 (d) Retirements with reciprocal service credits.
 (e) Different number of disability claims than expected.



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SIGNIFICANT FACTORS IN RECONCILIATION OF UNFUNDED LIABILITY

The net decrease in the June 30, 1997 unfunded liability contributed to significant improvements in various measures of the System's financial position. The funded ratio, for example, increased to 64.5% from 57.8% on June 30, 1996. The net decrease in the unfunded liability of nearly \$2.8 billion was caused by a combination of factors.

The *employer cost in excess of contributions* is the shortfall between actual employer contributions and the amount needed to cover the cost of benefits earned during the year and to keep the unfunded liability from growing.

The *change to assets being valued at market value* represents the \$2,012 million difference between assets at book and market values on June 30, 1997.

The *changes in actuarial assumptions* were based on a statutorily required five-year actuarial experience analysis. This study found significant differences between some of the System's assumptions and its actual experience. As a result, four changes in actuarial assumptions were recommended by the actuaries and adopted by the Board:

	Effect on June 30, 1997 Unfunded Liability (in Millions)
• Increase in the interest rate assumption to 8.5% from 8.0%	(\$1,502)
• Decrease in the salary increase assumption to a composite rate of 7.0% from 7.4%	(453)
• Improvements in life expectancy	611
• Decrease in turnover rates among vested members:	411
Net decrease	(\$ 933)

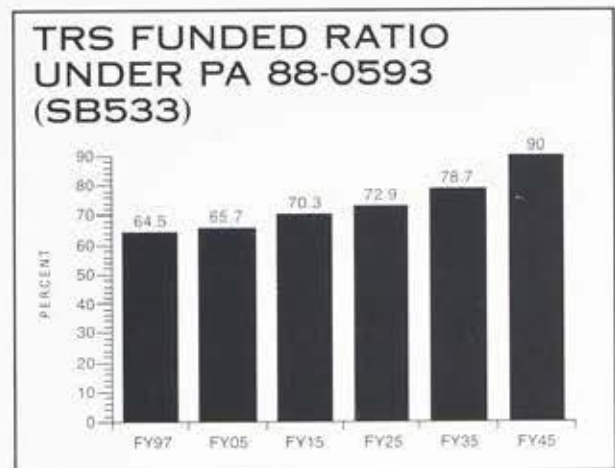
Also, *investment income* was \$831 million higher than expected.

Differences between other actuarial assumptions and the System's actual experience during the year caused the remaining change in the unfunded liability obligation.

STATE FUNDING

State contributions to TRS under Public Act 88-0593 (SB533) began in FY 1996. The law established the state's commitment to strengthen the System's financial position through a 35-year funding plan following a 15-year phase-in through FY 2010. Contributions are being gradually increased during the phase-in period to a level percentage of active member payroll. The measure calls for each state retirement system to attain a 90% funded ratio by the end of FY 2045. Under actuarial projections, the System's funded ratio gradually increases from the FY97 level of 64.5% beginning in FY 2002.

The most significant aspect of the law is the stronger payment guarantee backed by a continuing appropriation. It is essential that the 50-year funding schedule be upheld. The integrity of the funding plan remains a top priority for TRS.



The FY96 actuarial valuation was used to determine FY98 state funding requirements and the FY98 employer's normal cost. Similarly, the FY97 actuarial valuation was used to determine the following information for FY99:

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PA 88-0593 STATE FUNDING REQUIREMENT

	FY99	FY98
Employer contribution reserve (excludes federal and trust fund contributions)	\$525,356,000	\$460,439,000
Minimum benefit reserve	6,400,000	7,387,000
Supplemental benefit reserve	40,000	56,000
Total state funding requirement	\$531,796,000	\$467,882,000
Employer's normal cost as a percentage of active member payroll	7.66%	8.38%
Statutory contribution as a percent of payroll per PA 88-0593	9.78%	9.09%

TESTS OF FINANCIAL CONDITION

The **funded ratio** shows the percentage of the accrued liability covered by net assets at book (cost) and market values.

FUNDED RATIO TEST (\$ Thousands)

As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation	Funded Ratio	
				At Cost	At Market
1988	\$6,684,489	\$7,054,818	\$10,922,587	61.2%	64.6%
1989	7,272,071	8,088,731	11,913,959	61.0	67.9
1990	8,079,898	8,924,022	13,662,509	59.1	65.3
1991	8,747,122	9,453,140	15,141,334	57.8	62.4
1992	9,811,962	10,439,836	16,659,353	58.9	62.7
1993	10,879,590	11,544,604	18,485,890	58.9	62.5
1994	11,992,224	12,038,688	21,746,875	55.1	55.4
1995	12,641,865	13,374,278	23,980,566	52.7	55.8
1996	13,829,711	15,103,927	26,141,794	52.9	57.8
1997	*	17,393,108	26,951,585	*	64.5

1995 and 1996 market values of assets have been restated since the 1996 Annual Financial Report.

* The change to valuing assets at market value was effective beginning June 30, 1997. Accordingly, effective June 30, 1997, net assets and funded ratio are no longer reported at cost.

The **unfunded liability as a percentage of payroll** is a standard measure of the relative size of the unfunded liability. Decreases in this percentage indicate improvements in a system's financial position.

UNFUNDED LIABILITY AS A PERCENTAGE OF PAYROLL TEST

(\$ Thousands)

Year Ended June 30	Member Payroll	Unfunded PBO Amount	Percentage of Payroll
1988	\$3,007,000	\$4,238,098	140.9%
1989	3,172,000	4,641,888	146.3
1990	3,402,000	5,582,611	164.1
1991	3,777,000	6,394,212	169.3
1992	3,976,000	6,847,391	172.2
1993	4,189,000	7,606,300	181.6
1994	4,413,000	9,754,651	221.0
1995	4,417,000	11,338,701	256.7
1996	4,734,000	11,037,867	233.1
1997	5,013,000	9,558,477	190.7

1996 and 1997 unfunded liabilities are calculated using assets at market value.

The **solvency test** measures the ability of TRS to cover different types of obligations if the plan were terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current benefit recipients would be covered next, and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by assets. The portion of Column 3 which is covered by assets should increase over time. The System passed the minimum standards of the solvency test in 1997 after failing for the past three years.



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SOLVENCY TEST					(\$ Thousands)		
Year Ended June 30	Members Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)	Actuarial Value of Assets*	Percentage of Benefits Covered by Net Assets		
					(A)	(B)	(C)
1988	\$1,860,403	\$4,164,701	\$4,897,483	\$6,684,489	100%	100%	13%
1989	2,003,798	4,527,612	5,382,369	7,272,071	100	100	14
1990	2,167,054	5,121,234	6,374,221	8,079,898	100	100	12
1991	2,311,850	5,742,766	7,086,718	8,747,122	100	100	10
1992	2,503,393	6,338,458	7,817,502	9,811,962	100	100	12
1993	2,709,573	7,510,618	8,265,699	10,879,590	100	100	8
1994	2,850,319	10,088,901	8,807,655	11,992,224	100	91	0
1995	2,846,405	12,702,258	8,431,903	12,641,865	100	77	0
1996	3,002,052	13,351,367	9,788,375	15,103,927	100	91	0
1997	3,329,075	13,091,057	10,531,453	17,393,108	100	100	9

*Assets through 1995 are at book value; 1996 and 1997 assets are at market value. 1996 market value assets have been restated since the 1996 report.

PLAN SUMMARY

Administration

The Teachers' Retirement System was created and is governed by Article 16 of the Illinois Pension Code. A Board of Trustees is authorized to carry out duties granted to it under the Article. The Board is comprised of the state Superintendent of Education, four persons appointed by the Governor, four elected members of the System and one elected annuitant. The Board of Trustees appoints an Executive Director who is responsible for the detailed administration of the System.

Membership

Membership is mandatory for all full-time, part-time and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

Contributions

Members contribute 8% of gross creditable earnings designated as 6 1/2% for retirement annuity, 1/2% for post-

retirement increases and 1% for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986 are required to contribute to Medicare. In addition, virtually all members pay a 1/2 of 1% contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury which is not a part of this retirement plan.

Service Credit

A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the auspices of the United States Government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to one year of unused, uncompensated sick leave certified by former employers may also be added at retirement.

Legislation signed into law in 1997 provides members and annuitants the opportunity to purchase up to three years of optional service credit for periods prior to July, 1,

1983, when covered employment ceased to adopt an infant or care for a newly-adopted child under the age of three. The new law supplements previously-enacted pregnancy leave legislation signed into law in 1995.

Refunds

After a four-month waiting period from the date last taught, a member ceasing covered employment may withdraw all contributions, except the 1% death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be reestablished if the member returns to a covered position for one year or a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

Retirement Benefits

To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements:

<u>Years of Service</u>	<u>Age</u>
5	62
10	60
20	55 (discounted)
35	55 (non-discounted)

A member with fewer than five years of creditable service, who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

The retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last ten years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled using the following schedule:

- 1.67% for each of years 1 through 10;
- 1.9% for each of years 11 through 20;
- 2.1% for each of years 21 through 30;
- 2.3% for each year over 30.

The maximum annuity, 75% of final average salary, is achieved with 38 years of service. An actuarial calculation

will be used if it provides a greater benefit. The minimum retirement benefit is \$25 per month for each year of creditable service with a maximum of \$750 per month for 30 or more years of service.

Disability Benefits

TRS offers occupational and non-occupational disability benefits to active members. Non-occupational disability benefits are payable as disability benefits or as a disability retirement annuity to members with three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while receiving disability benefits but not while receiving a disability retirement annuity. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7%. Thereafter, the benefit increases by 3% each January 1.

Death Benefits

There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

The return of member contributions includes the 6 1/2% contribution with interest and the 1/2% paid toward annual increases in annuity. Beneficiaries of annuitants receive the accumulated contributions minus the amount that had already been received as a retirement annuity.

Survivor benefits can be paid in either a lump sum or a monthly payment. A lump sum benefit is the only method payable to non-dependent beneficiaries. A dependent beneficiary may choose either a lump sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3% increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3% increase on January 1 following the first anniversary in receipt of a survivor benefit.

Early Retirement Option (ERO)

Members who are age 55 or older with more than 20 but less than 35 years of service may choose the early retire-



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ment option (ERO) to avoid a discounted annuity with a one-time contribution from the member and the employer. Under current law, the ERO expires June 30, 2000. Members with 35 or more years of service can retire and receive a non-discounted annuity.

Post-Retirement Increase

Annuitants meeting certain service credit criteria receive an annual 3% increase in their gross annuity on the January 1 after becoming age 61 or the January 1 following the first anniversary in retirement, whichever is later.

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; how-

ever, the member may receive a refund of contributions.

Continuity of Credit within Illinois

TRS is one of 13 public retirement systems included in the provisions of the Retirement Systems' Reciprocal Act that ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between material in this summary and that of the law, the law takes precedence.

SECTION FOUR: STATISTICAL



STATISTICAL

AVERAGE ANNUAL SALARY FOR ACTIVE MEMBERS BY YEARS OF SERVICE

Years of Service		1988	1989	1990	1991
0-5	Number	24,792	25,296	22,949	26,770
	Average Salary	\$20,845	\$22,121	\$23,284	\$24,752
6-10	Number	17,129	15,314	15,359	14,811
	Average Salary	25,780	27,124	28,158	30,524
11-15	Number	18,417	17,671	18,066	16,438
	Average Salary	30,312	31,581	32,791	35,078
16-20	Number	19,689	19,867	20,027	18,403
	Average Salary	34,771	36,315	37,984	40,060
21-25	Number	11,474	12,830	14,755	15,719
	Average Salary	37,153	39,141	41,523	43,958
26-30	Number	6,456	6,659	7,152	7,605
	Average Salary	39,474	41,429	43,316	45,877
31-35	Number	2,394	2,758	3,222	3,479
	Average Salary	41,730	43,749	46,363	49,046
35+	Number	426	462	457	478
	Average Salary	43,465	45,979	48,146	49,979
	Total Number	100,777	100,857	101,987	103,703
	Average Salary	\$29,638	\$31,318	\$33,024	\$35,321
	% Change Average Salary	5.5%	5.7%	5.4%	7.0%
	Total Payroll Full & Part-time	\$2,986,828,726	\$3,158,639,526	\$3,368,018,688	\$3,662,893,663

FY97: statistical information is subject to review by the Audit Department which may result in slight modifications. Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

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(Years ended June 30)

1992	1993	1994	1995	1996	1997
26,962 \$25,881	26,217 \$27,051	28,573 \$28,120	34,193 \$28,851	33,700 \$29,867	33,134 \$30,717
15,820 32,141	16,948 33,675	18,158 35,349	18,757 36,465	19,716 37,315	20,340 \$38,170
15,914 37,016	14,663 38,714	13,380 40,413	12,686 41,715	13,013 42,905	13,830 \$44,258
17,454 41,984	16,703 43,692	15,916 45,523	14,775 46,662	14,579 47,929	14,295 \$49,309
16,422 46,051	17,083 47,942	17,233 49,998	16,030 51,295	15,754 52,679	15,235 \$54,096
8,307 48,438	9,431 51,050	10,134 54,071	9,608 55,543	11,474 56,865	12,977 \$58,168
3,742 52,047	4,124 55,598	3,523 58,913	1,930 58,460	2,456 59,383	3,525 \$61,434
539 55,044	707 57,768	771 60,109	541 59,672	549 61,618	611 \$62,841
105,160 \$37,193	105,876 \$39,177	107,688 \$40,618	108,520 \$40,455	111,241 \$41,903	113,947 \$43,398
5.3%	5.3%	3.7%	(0.4%)	3.6%	3.6%
\$3,911,215,880	\$4,147,904,052	\$4,374,071,184	\$4,390,176,600	\$4,661,331,623	\$4,945,071,906



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ACTIVE MEMBERS BY YEARS OF AGE AND YEARS OF SERVICE

AGE	SUBS	YEARS OF SERVICE					
		0-5	6-10	11-15	16-20	21-25	
20-24	Number	3,171	3,421				
	Average Salary	\$3,071	\$25,906				
25-29	Number	3,664	12,495	1,766			
	Average Salary	3,325	29,402	34,185			
30-34	Number	1,970	4,586	5,664	1,054		
	Average Salary	2,912	31,665	36,506	40,868		
35-39	Number	2,464	3,153	2,850	3,846	1,102	
	Average Salary	3,271	31,042	37,684	42,289	46,104	
40-44	Number	3,491	3,684	3,010	2,660	5,733	1,911
	Average Salary	3,372	31,508	38,114	44,188	48,283	52,064
45-49	Number	3,717	3,669	4,077	3,219	3,702	8,758
	Average Salary	3,757	33,757	39,563	45,301	49,958	54,076
50-54	Number	2,094	1,580	2,180	2,112	2,354	3,006
	Average Salary	4,015	36,076	42,220	47,023	51,075	55,473
55-59	Number	1,143	419	624	742	1,083	1,125
	Average Salary	3,472	39,528	42,381	47,026	51,133	54,165
60-64	Number	538	105	146	167	272	376
	Average Salary	3,306	38,809	44,100	45,310	51,885	53,634
65-69	Number	266	22	21	24	44	54
	Average Salary	2,797	49,848	37,400	41,099	54,265	54,211
70-74	Number	111		2	5	4	5
	Average Salary	2,832		52,719	42,463	46,996	54,968
74 +	Number	28			1	1	
	Average Salary	3,905			33,528	20,032	
Total	Number	22,657	33,134	20,340	13,830	14,295	15,235
	Average Salary	\$3,389	\$30,717	\$38,170	\$44,258	\$49,309	\$54,096



STATISTICAL

(As of June 30, 1997)

YEARS OF SERVICE							
26-30	31-35	36-40	41-45	46-50	51-55	TOTALS	
						3,421	\$25,906
						14,261	29,994
						11,304	34,949
						10,951	38,236
						16,998	42,631
3,131						26,556	47,681
56,433							
7,801	1,544					20,577	52,893
58,848	60,864						
1,554	1,635	218				7,400	54,145
58,551	62,055	64,259					
387	276	264	30			2,023	54,221
56,635	62,252	62,380	58,736				
91	60	38	36	5		395	55,883
60,347	57,359	61,319	65,293	55,326			
10	10	7	2	4		49	53,435
51,002	49,777	55,310	70,670	75,360			
3		2	2		3	12	49,860
58,334		46,203	54,752		55,951		
12,977	3,525	529	70	9	3	113,947	\$43,398
\$58,168	\$61,434	\$62,923	\$62,335	\$64,230	\$55,951		



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RETIRED MEMBERS BY YEARS OF SERVICE AND YEARS IN RETIREMENT

YEARS RETIRED	YEARS OF SERVICE						
	1-5	6-10	11-15	16-20	21-25	26-30	
1-5	Number	601	533	478	661	1,319	2,200
	Average Benefit	\$194	\$512	\$742	\$1,054	\$1,502	\$2,044
	Average Original Benefit	\$184	\$485	\$690	\$ 989	\$1,416	\$1,919
6-10	Number	441	543	640	956	1,780	1,860
	Average Benefit	180	436	664	1,070	1,478	1,961
	Average Original Benefit	145	348	535	874	1,225	1,639
11-15	Number	373	468	648	1,161	1,526	1,705
	Average Benefit	152	341	605	966	1,255	1,721
	Average Original Benefit	99	211	410	682	894	1,233
16-20	Number	213	259	562	995	1,242	1,174
	Average Benefit	136	291	481	752	975	1,333
	Average Original Benefit	74	152	276	459	605	837
21-25	Number	151	245	422	774	967	922
	Average Benefit	71	247	414	618	801	1,056
	Average Original Benefit	28	108	195	312	418	563
26-30	Number	36	66	162	370	479	478
	Average Benefit	63	228	379	519	673	837
	Average Original Benefit	5	74	121	186	274	359
31-35	Number	7	16	33	117	190	163
	Average Benefit	64	218	350	512	622	750
	Average Original Benefit	1	33	60	115	171	227
36-40	Number	1		5	38	109	68
	Average Benefit	106		410	520	616	739
	Average Original Benefit	19		43	99	115	150
41-45	Number				2	10	20
	Average Benefit				480	651	742
	Average Original Benefit				58	90	114
46-50	Number				1	5	4
	Average Benefit				557	626	713
	Average Original Benefit				30	28	33
50 +	Number				1	3	
	Average Benefit				466	648	
	Average Original Benefit				5	70	
	TOTAL NUMBER	1,823	2,130	2,950	5,076	7,630	8,594
	AVERAGE BENEFIT	\$162	\$387	\$573	\$855	\$1,184	\$1,653
	AVERAGE ORIGINAL BENEFIT	\$127	\$290	\$406	\$604	\$ 884	\$1,291



STATISTICAL

(As of June 30, 1997)

YEARS OF SERVICE					TOTAL	AVERAGE AGE
31-35	36-40	41-45	46-50	50 +		
4,062	6,096	132	10	4	16,096	60
\$2,699	\$3,433	\$3,662	\$3,626	\$2,983	\$2,506	
\$2,569	\$3,202	\$3,473	\$3,491	\$2,823	\$2,355	
2,632	1,585	106	29	4	10,576	67
2,681	3,278	3,321	2,874	1,854	1,961	
2,251	2,712	2,743	2,340	1,494	1,631	
1,994	1,106	100	27	3	9,111	72
2,367	2,916	2,563	2,611	2,099	1,630	
1,693	2,095	1,798	1,819	1,485	1,162	
1,168	544	125	18	1	6,301	77
1,784	1,972	2,006	2,009	1,458	1,166	
1,129	1,236	1,259	1,271	961	726	
913	820	271	47	4	5,536	83
1,384	1,710	1,692	1,617	1,403	1,026	
752	929	910	865	723	545	
454	504	342	70	2	2,963	88
1,055	1,274	1,289	1,224	1,206	894	
496	615	616	573	573	399	
176	164	80	19		965	92
833	955	984	1,033		744	
282	375	401	416		245	
61	43	15	1		341	94
802	843	891	1,132		701	
218	284	316	446		168	
9	6				47	97
796	796				729	
169	170				124	
1	2				13	98
796	796				687	
84	100				45	
2					6	102
796					667	
83					65	
11,472	10,870	1,171	221	18	51,955	71
\$2,334	\$3,005	\$1,991	\$1,849	\$1,952	\$1,783	
\$1,920	\$2,571	\$1,350	\$1,194	\$1,485	\$1,440	



STATISTICAL

RETIREMENT BENEFITS

(As of June 30, 1997)

Average age: All retirees	71
Average service: All retirees	28 years
Average age: 1,054 FY97 retirees	61
Average service: 1,054 FY97 retirees	24 years
Average monthly benefits: 1,054 FY97 retirees including 90 retirees under provisions of early retirement option	\$1,960
Oldest annuitant	104

AGE	COUNT	AVERAGE BENEFIT
51-55	2,134	\$2,325
56-60	7,039	2,655
61-65	9,156	2,305
66-70	9,536	1,937
71-75	7,624	1,579
76-80	6,217	1,206
81-85	4,824	1,053
86-90	3,607	923
90+	<u>1,818</u>	794
Total	51,955	Weighted Average \$1,783



DISABILITY BENEFITS ¹

(As of June 30, 1997)

Average age: All recipients	56
Average service: All recipients	17 years
Average age: 352 new FY97 disability recipients	43
Average service: 352 new FY97 disability recipients	14 years
Average monthly benefits: 352 new FY97 disability recipients	\$1,337

AGE	COUNT	AVERAGE BENEFIT
1-25		
26-30	16	\$ 981
31-35	26	1,058
36-40	31	1,075
41-45	82	1,140
46-50	180	1,306
51-55	162	1,359
56-60	137	1,359
61-65	108	1,266
66-70	79	800
71-75	63	811
76-80	36	616
81-85	15	524
86-90	1	305
90+	12	549
Total	948	Weighted Average \$1,160

¹ Includes 333 individuals receiving temporary or occupational disability benefits and are counted as active members. The remaining 615 individuals receive permanent disability benefits.



STATISTICAL

SURVIVOR BENEFITS ¹

(As of June 30, 1997)

Average age: All recipients	75
Average age: 597 new FY97 survivor benefits recipients	71
Average monthly benefits: 597 new FY97 survivor benefits recipients	\$766

AGE	COUNT	AVERAGE BENEFIT
Under 5	2	\$365
6-10	18	337
11-15	43	385
16-20	33	414
21-25	1	475
26-30	2	763
31-35	5	645
36-40	5	649
41-45	34	745
46-50	72	749
51-55	213	907
56-60	341	988
61-65	480	924
66-70	834	843
71-75	905	674
76-80	1,098	556
81-85	1,129	513
86-90	851	416
90+	<u>383</u>	351
Total	6,449	Weighted Average \$634

¹ An additional \$ 9.1 million was paid in death benefits to survivors of active, inactive and retired members as refunds of various types of contributions.

RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

(For Fiscal Year Ended June 30)

	Number at Beginning of Year	Added to Rolls	Removed from Rolls	Number at End of Year
1995	54,888	6,822	2,076	59,634
1996	59,634	2,063	2,033	59,664
1997	59,664	1,847	2,159	59,352

STATISTICAL

REVENUES BY SOURCE						(In Millions)
Year Ended June 30	Member Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Net Invest Income ¹	Other Employer Contributions ²	Total
1988	\$253	\$220	7.3%	\$560	\$22	\$1,055
1989	268	237	7.5	560	24	1,089
1990	284	269	7.9	814	24	1,391
1991	311	270	7.1	662	24	1,267
1992	351	247	6.2	1,114	25	1,737
1993	363	282	6.7	1,143	24	1,812
1994	413	278	6.3	989	205	1,885
1995	431	279	6.3	771	319	1,800
1996	399	341	7.2	2,096	48	2,884
1997	417	395	7.9	2,645	26	3,483

1 For 1996 and 1997, includes realized gains and losses and unrealized appreciation or depreciation of investments. Preceding years include only realized gains and losses.

2 Includes minimum retirement, ERO, ERI and supplemental contributions. These amounts are not counted for actuarial purposes.

EXPENSES BY TYPE					(In Millions)
Year Ended June 30	Benefits	Health Insurance	Refunds	Administrative/Other Expenses	Total
1988	\$429	\$7	\$21	\$5	\$462
1989	469	8	20	6	503
1990	509	11	22	41	583
1991	558	15	19	8	600
1992	614	28	19	12	673
1993	677	38	19	10	744
1994	824	50	22	11	907
1995	1,074	38	29	10	1,151
1996	1,122	0	22	11	1,155
1997	1,160	0	22	11	1,193

STATISTICAL

SCHEDULE OF PARTICIPATING EMPLOYERS

ABINGDON C.U.S.D. #217
 ADALI E. STEVENSON H.S.D. #125
 ADDISON S.D.#4
 AEROSPEC. ED. COOP
 AKIN C.C.S.D. #91
 ALBERS S.D.#63
 ALDEN HEBRON S.D. #19
 ALEDO C.U.S.D. #201
 ALEXIS C.U.S.D. #400
 ALLEN TOWNSHIP C.U.S.D.#65
 ALLENDALE C.C.S.D. #17
 ALSIP/HAZGRIN/OAKLWN S.D. #126
 ALTAMONT C.U.S.D. #10
 ALTON C.U.S.D. # 11
 ALTON MENTAL HLTH CTR
 ALWOOD C.U.S.D. #225
 AMBOY C.U.S.D. #272
 ANN M. KILEY CENTER
 ANNA C.C.S.D. #37
 ANNA JONESBORO C.H.S.D. #81
 ANNAWAN C.U.S.D. #226
 ANTIOCH C.C.S.D. #34
 ANTIOCH C.H.S.D. #117
 APTAKISIC/TRIPP C.C.S.D. #102
 ARBOR PARK S.D. #145
 ARCOLA C.U.S.D. #306
 AREA 3 LEARNING TECHNOLOGY HUB
 ARGENTA-OREANA C.U.S.D. #1
 ARGO C.H.S.D. #217
 ARGOSUMMIT S.D. #104
 ARLINGTON HEIGHTS S.D. #25
 ARMSTRONG-ELLIS C.S.D. #61
 ARMSTRONG TWP H.S.D. #225
 ARTHUR C.U.S.D. #305
 ASHLEY C.C.S.D. #15
 ASHTON C.U.S.D. #275
 ASST REGIONAL SUPT OF SCHOOLS
 ASTORIA C.U.S.D.#1.5
 ATHENS C.U.S.D. #213
 ATWOOD HAMMOND C.U.S.D. #39
 ATWOOD HEIGHTS S.D. #125
 AUBURN C.U.S.D. #10
 AURORA EAST U.S.D. #131
 AURORA WEST U.S.D. #129
 AVID C/O REG OFFICE OF EDUC
 AVISTON S.D.#21
 AVOCA S.D.#37
 AVON C.U.S.D. #176
 BAC REGIONAL VOCATIONAL SYSTEM
 BALL CHATHAM C.U.S.D. #5
 BANNOCKBURN S.D. #106
 BARRINGTON C.U.S.D. #220
 BARRY C.U.S.D. #1
 BARTELSON S.D.#57
 BARTONVILLE S.D. #66
 BATAVIA U.S.D. #101
 BEACH PARK C.C.S.D. #3
 BEARDSTOWN C.U.S.D. #15
 BECK AREA VOCATIONAL CENTER
 BEECHER C.U.S.D. #200J
 BEECHER CTY C.U.S.D. #200
 BELLE VALLEY S.D. #119
 BELLEVILLE AREA SPECIAL SERV COOP
 BELLEVILLE S.D. #118
 BELLEVILLE TWP HSD 201
 BELLWOOD S.D.#88
 BELVIDERE C.U.S.D. #100
 BEMENT C.U.S.D. #5
 BENJAMIN S.D.#25
 BENSENVILLE S.D. #2
 BENTON C.C.S.D. #47
 BENTON C.H.S.D. #103
 BERKELEY S.D.#87
 BERWYN NORTH S.D. #98
 BERWYN SOUTH S.D. #100
 BETHALTO C.U.S.D. #6
 BETHANY C.U.S.D. #301
 BETHEL S.D. #82
 BI COUNTY SPEC ED COOP
 BIG HOLLOW S.D. #38
 BISMARCK C.U.S.D. #1
 BLACKHAWK AREA SP ED
 BLOOM TWP H.S.D. #206
 BLOOMINGDALE S.D. #13
 BLOOMINGTON S.D. #87
 BLUE ISLAND S.D. #130
 BLUE RIDGE C.U.S.D. #18
 BLUFORD C.C.S.D. #114
 BMP TRI-COUNTY SPEC ED COOP
 BOND COUNTY C.U.S.D. #2
 BOURBONNAIS S.D. #53
 BRACEVILLE S.D.#75
 BRADFORD C.U.S.D. #1
 BRADLEY BOURBONNAIS C.H.S.D.
 BRADLEY S.D. #51
 BREESE S.D. #12
 BREMEN C.H.S.D. #228
 BRIMFIELD C.U.S.D. #309
 BROOKFIELD S.D. #95
 BROOKLYN U.D. #188
 BROOKWOOD S.D. #167
 BROWN CASS MORGAN SCOTT ROE
 BROWN COUNTY C.U.S.D. #1
 BROWNSTOWN C.U.S.D. #201
 BRUSSELS C.U.S.D. #42
 BUNCOMBE C.S.D. #43
 BUNKER HILL C.U.S.D. #8
 BURBANK S.D. #111
 BUREAU OF AGENCY SUPPORT SERV
 BUREAU VALLEY C.U.S.D. #340
 BURNHAM S.D.#154.5
 BUSHNELL PRAIRIE CITY C.U.S.D.
 BUTLER S.D.#53
 BYRON C.U.S.D. #226
 CAHOKIA C.U.S.D. #187
 CAIRO C.U.S.D. #1
 CALHOUN C.U.S.D. #40
 CALHOUN GREENE JERSEY ESR
 CALUMET CITY S.D. #155
 CALUMET PUBLIC S.D. #132
 CAMBRIDGE C.U.S.D. #227
 CAMP POINT C.U.S.D.#3
 CANTON UNION S.D.#66
 CAPITAL AREA VOC CTR
 CARBON CLIFF-BARSTOW S.D.
 CARBONDALE C.H.S.D. #165
 CARBONDALE E.S.D. #95
 CAREER DEVELOPMENT SYSTEM
 CAREER PREPARATION NETWORK
 CARLINVILLE C.U.S.D. #1
 CARLYLE C.U.S.D. #1
 CARM-WHITE COUNTY C.U.S.D.
 CARRIER MILLS-STONEFORT CUSD
 CARROLL/O DAV/STPHNSN/REG PRG
 CARROLLTON C.U.S.D. #1
 CARTERVILLE C.U.S.D. #5
 CARTHAGE C.U.S.D. #338
 CARY C.C.S.D. #26
 CASEY-WESTFIELD C.U.S.D. #4C
 CASS S.D.#63
 CATLIN C.U.S.D. #5
 CENTER CASS S.D.#66
 CENTRAL A&M C.U.S.D. #21
 CENTRAL C.H.S.#71
 CENTRAL C.U.S.D. #301
 CENTRAL C.U.S.D. #4
 CENTRAL CITY S.D. #133
 CENTRAL IL ED SER CTR 14
 CENTRAL IL VOC EDUC COOP
 CENTRAL S.D. #104
 CENTRAL S.D. #51
 CENTRAL STICKNEY S.D. #110
 CENTRALIA H.S.D. #200
 CENTRALIA S.D. #135
 CENTURY C.U.S.D. #100
 CERRO GORDO C.U.S.D. #100
 CHAMPAIGN C.U.S.D. #4
 CHAMPAIGN/FORD ED. EMPLOY SYS
 CHANEY/MONGE S.D. #88
 CHANNAHON S.D. #17
 CHARLESTON C.U.S.D. #1
 CHENOA C.U.S.D. #9
 CHERRY S.D. #92
 CHESTER-EAST LINCOLN C.C.S.D.
 CHESTER C.U.S.D. #139
 CHESTER MENTAL HEALTH CTR
 CHICAGO HEIGHTS S.D. #170
 CHICAGO READ M H CTR
 CHICAGO RIDGE S.D. #127.5
 CHOATE MENTAL HEALTH CENTER
 CHRISTOPHER C.H.S.D. #38
 CHRISTOPHER C.U.S.D. #34
 CICERO S.D.#99
 CISSNA PARK C.U.S.D. #6
 CLAY CITY C.U.S.D. #10
 CLINTON C.U.S.D. #15
 COAL CITY C.U.S.D. #1
 COBDEN S.U.D. #17
 COLCHESTER C.U.S.D. #180
 COLLINSVILLE C.U.S.D. #10
 COLONA S.D.#190
 COLUMBIA C.U.S.D. #4
 COMM UNIT SCHOOL DIST #262
 COMM UNIT SCHOOL DIST #300
 COMM UNIT SCHOOL DIST #999
 COMMUNITY C.S.D. #204
 COMMUNITY C.S.D. #93
 COMMUNITY C.S.D.#180
 COMMUNITY CONS. S.D. #59
 COMMUNITY H.S.D. #155
 COMMUNITY H.S.D. #218
 COMMUNITY U.S.D. #16
 COMMUNITY U.S.D. #2
 COMMUNITY U.S.D. #4
 COMMUNITY U.S.D. #76
 COMMUNITY U.S.D.#200
 CONSOLIDATED H.S.D. #230
 CORNELL C.C.S.D. #426
 CORRECTIONS S.D.#428 DEPT OF
 COULTERVILLE U.S.D. #1
 COUNTRY CLUB HILLS S.D.
 COUNTY COMPTROLLER/ROE
 COWDEN-HERRICK C.H.S.D. #188
 COWDEN-HERRICK E.C.C.D.
 CRAB ORCHARD C.U.S.D. #3
 CRESCENT CITY C.C.S.D.
 CRESCENT IROQUOIS C.U.S.D. #252
 CRESTON C.C.S.D. #161
 CRETE MONEE C.U.S.D. #201U
 CREVE COEUR S.D. #76
 CRYSTAL LAKE C.C.S.D. #47
 CUMBERLAND C.U.S.D. #77
 CYPRESS S.D. #64
 DAKOTA C.U.S.D. #201
 DALLAS CITY C.U.S.D. #338
 DALZELL S.D. #98
 DAMANSVILLE S.D. #62
 DANVILLE C.C.S.D. #118
 DARIEN S.D.#61
 DECATUR S.D. #61
 DEER CREEK-MACKINAW CUSD
 DEER PARK C.C.S.D. #82
 DEERFIELD S.D. #109
 DEKALB C.U.S.D. #428
 DEKALB COUNTY SPEC. ED.
 DELABAR VOC ED REG
 DELAND-WELDON C.U.S.D. #57
 DELAVAN C.U.S.D. #703
 DEPT OF REHAB-CHILD HOSP
 DEPT OF REHAB-VISUALLY IMPAIRE
 DEPT OF REHAB - 10-201
 DEPT OF REHAB - 41-202
 DEPT OF REHAB-SCHL FOR DEAF
 DEPT OF REHABILITATION
 DEPLUE U.S.D. #103
 DES PLAINES C.C.S.D. #62
 DESOTO C.C.S.D. #86
 DIAMOND LAKE S.D. #76
 DIEC - DUPAGE INTERM ED COOP
 DIETERICH C.U.S.D.#30
 DIMMICK C.C.S.D. #175
 DISTRICT 50 SCHOOLS
 DIVERNON C.U.S.D. #13
 DIXON U.S.D. #170
 DODDS C.C.S.D. #7
 DOLTON S.D.#148
 DOLTON S.D.#149
 DONGOLA S.U.D. #66
 DONOVAN C.U.S.D. #3
 DOWNERS GROVE C.H.S. #99
 DOWNERS GROVE G.S.D.#58
 DUNLAP C.U.S.D. #323
 DUPAGE AREA OCCUPATIONAL ED SYS
 DUPAGE H.S.D.#88
 DUPO C.U.S.D. #196
 DUQUOIN COMM UNIT
 DURAND C.U.S.D. #322
 DWIGHT COMMON S.D. #232
 DWIGHT TWP H.S.D. #230
 E CENTRAL IL ED SERV CTR
 E IL ED FOR EMPLOYMENT SYSTEM
 EARLVILLE C.U.S.D. #9
 EAST ALTON-WOOD RIVER C.H.S.
 EAST ALTON S.D. #13
 EAST COLOMA S.D. #12
 EAST DUBUQUE U.S.D. #119
 EAST MAINE S.D. #63
 EAST MOLINE S.D. #37
 EAST PEORIA C.H.S.D. #309
 EAST PEORIA S.D.
 EAST PRAIRIE S.D. #73
 EAST RICHLAND C.U.S.D. #1
 EAST ST LOUIS S.D. #189
 EASTLAND C.U.S.D. #308
 EDGAR COUNTY C.U.S.D. #6
 EDINBURG C.U.S.D. #4
 EDUCATION FOR EMPLOYMENT
 EDUCATIONAL DEVELP CTR
 EDUCATIONAL SERV CTR 12
 EDUCATIONAL SERVICE CTR 11
 EDUCATIONAL SERVICE CTR 17
 EDUCATIONAL SERVICE CTR 4
 EDUCATIONAL THERAPY CTR
 EDWARDS COUNTY C.U.S.D. #1
 EDWARDSVILLE C.U.S.D. #7
 EFFINGHAM C.U.S.D. #40
 EGYPTIAN C.U.S.D. #5
 EGYPTIAN ED SERVICE CTR 18
 EISENHOWER COOPERATIVE
 EL PASO C.U.S.D. #375
 ELDORADO C.U.S.D. #4
 ELEMENTARY S.D. #159
 ELGIN MENTAL HEALTH CTR
 ELGIN S.D. #46
 ELISABETH LUDGMAN CENTER
 ELMHURST S.D.#205

SCHEDULE OF PARTICIPATING EMPLOYERS

ELMWOOD C.U.S.D.#322	GOREVILLE C.U.S.D.#1	IROQUOIS AREA REG DELIVERY SYS	LIBERTYVILLE S.D.#70
ELMWOOD PARK C.U.S.D.#401	GOWER S.D.#62	IROQUOIS COUNTY C.U.S.D	LICK CREEK C.C.S.D.#16
ELVERADO C.U.S.D.#196	GRAND PRAIRIE C.C.S.D.#6	IROQUOIS WEST C.U.S.D.#10	LIMESTONE C.H.S.D.#310
ELWOOD C.C.S.D.#203	GRAND RIDGE C.C.S.D.#95	IRVINGTON C.C.S.D.#11	LIMESTONE WALTERS C.C.S.D
EMMONS S.D.#33	GRANITE CITY C.U.S.D.#9	ITASCA S.D.#10	LINCOLN-WAY AREA SPEC ED
ERIE C.U.S.D.#1	GRANT C.C.S.D.#110	IUKA C.C.S.D.#7	LINCOLN C.H.S.D.#404
ESWOOD C.C.S.D.#269	GRANT C.H.S.D.#124	J.S. MORTON H.S.D.#201	LINCOLN DEVEL CTR
EUREKA C.U.S.D.#140	GRANT PARK C.U.S.D.#6	JACKSONVILLE MH DEV CTR	LINCOLN E.S.D.#27
EVANSTON C.C.S.D.#65	GRASS LAKE S.D.#36	JACKSONVILLE S.D.#117	LINCOLN E.S.D.#156
EVANSTON TWP H.S.D.#202	GRAYSLAKE C.C.S.D.#46	JAMAICA C.U.S.D.#12	LINCOLN WAY C.H.S.D.#210
EVERGREEN PARK C.H.S.D	GRAYSLAKE C.H.S.D.#127	JAMP SPECIAL EDUCATION SERV.	LINCOLNSHIRE-PRAIRIEVIEW S.D
EVERGREEN PARK E.S.D.#124	GRAYVILLE C.U.S.D.#1	JASPER C.C.S.D.#17	LINCOLNWOOD S.D.#74
EWING NORTHERN C.C.D.#115	GREENFIELD C.U.S.D.#10	JASPER COUNTY C.U.S.D.#1	LINDOP S.D.#92
FAIRFIELD C.H.S.D.#225	GREENVIEW C.U.S.D.#200	JERSEY C.U.S.D.#100	LISBON C.C.S.D.#90
FAIRFIELD P.S.D.#112	GRIDLEY C.U.S.D.#10	JODAVIESS-CARROLL AREA VOC CTR	LISLE C.U.S.D.#202
FAIRMONT S.D.#89	GRIGGSVILLE-PERRY C.U.S.D	JOHNSBURG C.U.S.D.#12	LITCHFIELD C.U.S.D.#12
FARMINGTON CENTRAL C.U.S.D.265	GRUNDY AREA VOCATIONAL CENTER	JOHNSTON CITY C.U.S.D.#1	LIVINGSTON C.C.S.D.#4
FARRINGTON C.C.S.D.#99	GURNEE S.D.#56	JOLIET S.D.#86	LIVINGSTON CO ALTERNATIVE SCH
FENTON C.H.S.D.#100	HALL TWP H.S.D.#502	JOLIET TWP H.S.D.#204	LOCKPORT AREA SPE ED COOP
FIELD C.C.S.D.#3	HAMILTON C.C.S.D.#328	JONESBORO C.C.S.D.#43	LOCKPORT S.D.#91
FIELDCREST C.U.S.D.#6	HAMILTON COUNTY C.U.S.D	JOPPA-MAPLE GROVE U.S.D.#38	LOCKPORT TWP H.S.D.#205
FINLAY C.U.S.D.#2	HAMPTON S.D.#29	KANELAND C.U.S.D.#302	LOGAN C.C.S.D.#110
FISHER C.U.S.D.#1	HARDIN COUNTY C.U.S.D.#1	KANKAKEE AREA CAREER CTR	LOMBARD S.D.#44
FIVE COUNTY VOC SYSTEM	HARLEM U.S.D.#122	KANKAKEE AREA SPEC COOP 850	LOSTANT C.U.S.D.#425
FLANAGAN C.U.S.D.#4	HARMONY EMGE S.D.#175	KANKAKEE S.D.#111	LOVINGTON C.U.S.D.#303
FLORA C.U.S.D.#35	HARRISBURG C.U.S.D.#3	KANSAS C.U.S.D.#3	LOW POINT-WASHBURN C.U.S.D
FLOSSMOOR S.D.#161	HARRISON S.D.#36	KASKASKIA SPEC ED 801	LUDLOW C.C.S.D.#142
FORD HEIGHTS S.D.#169	HARTSBURG EMDEN C.U.S.D	KEENEYVILLE S.D.#20	LYONS S.D.#103
FORD IROQUOIS CO SP ED	HARVARD C.U.S.D.#50	KELL C.S.D.#2	LYONS TWP H.S.D.#204
FOREST PARK S.D.#91	HARVEY S.D.#152	KENDALL CO SP ED COOP	MABLEY DEVELOPMENT CENTER
FOREST RIDGE S.D.#142	HAVANA C.U.S.D.#126	KENILWORTH S.D.#38	MACOMB C.U.S.D.#185
FORRESTVILLE VALLEY C.U.S.D	HAWTHORN C.C.S.D.#73	KEWANEE C.U.S.D.#229	MADDEN MENTAL HEALTH CENTER
FOUR RIVERS SPECIAL EDUC	HAZEL CREST S.D.#152-5	KILDEER COUNTRYSIDE C.C.S.D.	MADISON C.U.S.D.#12
FOX DEVELOPMENT CENTER	HENRY-SENACHWINE C.U.S.D.#5	KINGS C.S.D.#144	MAERCKER S.D.#60
FOX LAKE GRADE S.D.#114	HERITAGE C.U.S.D.#8	KINKINICK C.C.S.D.#131	MAHOMET-SEYMOUR C.U.S.D.#3
FOX RIVER GROVE C.S.D.#3	HERRIN C.U.S.D.#4	KIRBY S.D.#140	MAINE TWP H.S.D.#207
FRANKFORT C.C.S.D.#157C	HERSCHER C.U.S.D.#2	KNOXVILLE C.U.S.D.#202	MALDEN C.C.S.D.#84
FRANKFORT C.U.S.D.#168	HEYWORTH C.U.S.D.#4	KOMAREK S.D.#94	MALTA C.U.S.D.#433
FRANKLIN C.U.S.D.#1	HIAWATHA C.U.S.D.#426	LA GRANGE AREA DEPT SPEC ED	MANHATTAN S.D.#114
FRANKLIN PARK S.D.#84	HIGH MOUNT S.D.#116	LA GRANGE S.D.#102	MANNHEIM S.D.#83
FRANKLINJEFFERSON CO SP ED	HIGHLAND C.U.S.D.#5	LA GRANGE SOUTH S.D.#105	MANTENO C.U.S.D.#5
FREEBURG C.C.S.D.#70	HIGHLAND PARK TWP H.S.D.#113	LA GRANGE/HIGHLANDS S.D.	MARENGO-UNION E.C.S.D.#1650
FREEBURG C.H.S.D.#77	HILLSBORO C.U.S.D.#3	LADD C.C.S.D.#94	MARENGO C.H.S.D.#154
FREEPORT S.D.#145	HILLSIDE S.D.#93	LAHARPE C.U.S.D.#335	MARION C.U.S.D.#2
FREMONT S.D.#79	HINCKLEY BIG ROCK CUSD	LAKE BLUFF ELEMENTARY S.D.#65	MARISSA C.U.S.D.#40
FULTON COUNTY C.U.S.D.#3	HINSDALE C.C.S.D.#181	LAKE CO AREA VOC SYSTEM	MAROA FORSYTH C.U.S.D.#2
GALATIA C.U.S.D.#1	HINSDALE TWP H.S.D.#86	LAKE COUNTY SPEC. ED	MARQUARDT S.D.#15
GALENA U.S.D.#120	HOLLIS C.S.D.#328	LAKE FOREST C.H.S.D.#115	MARSELLES E.S.D.#150
GALLESBURG C.U.S.D.#205	HOMER C.C.S.D.#33	LAKE FOREST S.D.#67	MARSHALL C.U.S.D.#2C
GALLATIN C.U.S.D.#7	HOMEWOOD S.D.#153	LAKE PARK C.H.S.D.#108	MARTINSVILLE C.U.S.D.#3C
GALVA C.U.S.D.#224	HOMWOOD/FLOSSMOOR CHSD	LAKE VILLA C.C.S.D.#41	MASCOUTAH C.U.S.D.#19
GARDNER C.C.S.D.#72C	HONONEGAH C.H.S.D.#207	LAKE ZURICH C.U.S.D.#95	MASSAC U.S.D.#1
GARDNER S WILMINTON TH.S.D.73	HOOPESTON AREA C.U.S.D.#11	LAMOILLE C.U.S.D.#303	MATTESON E.S.D.#162
GAVIN S.D.#37	HOOVER SCHRUM MEM S.D.	LANSING S.D.#158	MATTOON C.U.S.D.#2
GEFF C.C.S.D.#14	HOYLETON C.S.D.#29	LARAWAY C.C.S.D.#70	MAYWOOD S.D.#89
GEN GEO PATTON S.D.#133	HUNTLEY C.S.D.#158	LASALLE-PERU TWP H.S.D	MAZON-VERONA-KINSMAN ESD 2C
GENESEO C.U.S.D.#226	HUTSONVILLE C.U.S.D.#1	LASALLE-PUTNAM ED ALLIANCE FOR SPEC ED	MCCLELLAN C.C.S.D.#12
GENEVA C.U.S.D.#304	IL EDUCATION ASSOCIATION	LASALLE ELEMENTARY S.D.	MCFARLAND MENTAL HEALTH
GENOA-KINGSTON C.U.S.D	IL FEDERATION OF TEACHERS	LAWRENCE COUNTY C.U.S.D.#20	MCHENRY C.C.S.D.#15
GEO ZELLER ZONE CTR	IL PURCHASED CARE REVIEW BD	LEBANON C.U.S.D.#9	MCHENRY C.H.S.D.#156
GEORGETOWN-RIDGE FARM C.U.D	IL STATE BOARD OF EDUC	LEE CENTER C.U.S.D.#271	MCKEEL SCHOOL
GERMANTOWN HILLS S.D.#69	IL STATEWIDE FACILITATOR CTR	LEEPERTOWN C.C.S.D.#175	MCLEAN COUNTY U.S.D.#5
GERMANTOWN S.D.#60	IL VALLEY CENTRAL U.S.D.#321	LELAND C.U.S.D.#1	MEDINAH E.S.D.#11
GIANT CITY C.C.S.D.#130	IL VALLEY ED SERV CTR 9	LEMONT TWP H.S.D.#210	MENDOTA C.C.S.D.#289
GIBSON CTY-MELVIN-SIBLEY	ILLINI BLUFFS C.U.S.D.#327	LEMONT-BROMBEREK C.S.D.	MENDOTA TWP H.S.D.#280
GIFFORD C.C.S.D.#188	ILLINI CENTRAL C.U.S.D.#189	LENA WINSLOW C.U.S.D.#202	MEREDOSIA-CHAMBERSBURG CUSD
GILLESPIE C.U.S.D.#7	ILLINOIS ASSN. OF SCHL BOARDS	LEROY C.U.S.D.#2	MERIDAN C.U.S.D.#223
GIRARD C.U.S.D.#3	ILUOPOLIS C.U.S.D.#12	LEWISTOWN C.H.S.D.#341	MERIDIAN C.U.S.D.#15
GLEN ELLYN C.C.S.D.#89	INA C.C.S.D.#8	LEWISTOWN C.U.S.D.#97	MERIDIAN C.U.S.D.#101
GLEN ELLYN S.D.#41	INDIAN CREEK C.U.S.D.#425	LEWISTOWN S.D.#141	MERRIAM C.C.S.D.#19
GLENBARD TWP H.S.D.#87	INDIAN PRAIRIE C.U.S.D	LEXINGTON C.U.S.D.#7	METAMORA C.C.S.D.#1
GLENCOE S.D.#35	INDIAN SPRINGS S.D.#109	LEYDEN C.H.S.D.#212	METAMORA TWP H.S.D.#122
GLENVIEW C.C.S.D.#34	INDIAN VALLEY AREA VOC CENTER	LIBERTY C.U.S.D.#2	METRO CNA SERVICES
GOLF E.S.D.#67	INDUSTRY C.U.S.D.#185	LIBERTYVILLE C.H.S.D.#128	MEYER MENTAL HEALTH

STATISTICAL

SCHEDULE OF PARTICIPATING EMPLOYERS

MID ILLINOIS ESC 15
 MIDLAND C.U.S.D. #7
 MIDLOTHIAN S.D. #143
 MIDWEST CENTRAL C.U.S.D. #191
 MILFORD C.S.D. #280
 MILFORD TWP H.S.D. #233
 MILLBURN C.C.S.D. #24
 MILLER TWP C.C.S.D. #210
 MILLSTADT C.C.S.D. #160
 MINOOKA C.C.S.D. #201
 MINOOKA C.H.S. #111
 MOKENA S.D. #159
 MOLINE U.S.D. #40
 MOMENCE C.U.S.D. #1
 MONMOUTH U.S.D. #38
 MONROE S.D. #70
 MONTICELLO C.U.S.D. #25
 MONTMORENCY C.C.S.D. #145
 MORRIS C.H.S.D. #101
 MORRIS S.D. #54
 MORRISON C.U.S.D. #6
 MORRISONVILLE C.U.S.D. #1
 MORTON C.U.S.D. #709
 MORTON GROVE S.D. #70
 MOUNT OLIVE C.U.S.D. #5
 MOUNT PROSPECT S.D. #57
 MT CARROLL C.U.S.D. #304
 MT PULASKI C.U.D. #23
 MT VERNON S.D. #80
 MT VERNON TWP H.S.D. #201
 MT ZION C.U.S.D. #3
 MULBERRY GROVE C.U.S.D. #1
 MUNDELEIN C.H.S.D. #120
 MUNDELEIN ELEMENTARY S.D. #75
 MURPHYSBORO C.U.S.D. #186
 NAPERVILLE C.U.S.D. #203
 NASHVILLE C.C.S.D. #49
 NASHVILLE C.H.S.D. #99
 NAUVOO-COLUSA C.U.S.D.
 NDSEC - N DUPAGE SPEC ED COOP
 NELSON PUBLIC S.D. #8
 NEOGA C.U.S.D. #3
 NEPONSET C.C.S.D. #307
 NETTLE CREEK C.C.S.D. #24C
 NEW ATHENS C.U.S.D. #60
 NEW HOLLAND-MIDDLETOWN E DIST
 NEW HOPE C.C.S.D. #6
 NEW LENOX S.D. #122
 NEW SIMPSON HILL C.S.D. #32
 NEW TRIER TWP H.S.D. #203
 NEWARK C.C.S.D. #66
 NEWARK C.H.S.D. #18
 NIAN TIC-HARRISTOWN C.U.S.D. #6
 NILES E.S.D. #71
 NILES TWP C.H.S.D. #219
 NOKOMIS C.U.S.D. #22
 NORRIDGE S.D. #80
 NORRIS CITY-OMAHA-ENFIELD CUSD
 NORTH BOONE C.U.S.D. #200
 NORTH CENTRAL REG EDUC LAB
 NORTH CHICAGO S.D. #187
 NORTH CLAY C.U.S.D. #25
 NORTH GREENE U.S.D. #3
 NORTH PALOS S.D. #117
 NORTH PEKIN-MARQUETTE HIGHT SD
 NORTH SHORE S.D. #112
 NORTH SUBURBAN SPEC ED ORG
 NORTH WAMAC S.D. #186
 NORTH WAYNE C.U.S.D. #200
 NORTHBROOK-GLENVIEW S.D. #30
 NORTHBROOK ELEM S.D. #27
 NORTHBROOK S.D. #28
 NORTHFIELD TWP H.S.D. #225
 NORTHWEST C.U.S.D. #175
 NORTHWEST SPECIAL ED DIST.
 NORTHWESTERN C.U.S.D. #2
 NORWOOD E.S.D. #63
 OAK GROVE S.D. #68
 OAK GROVE S.D. #68
 OAK LAWN C.H.S.D. #229
 OAK LAWN-HOMETOWN S.D. #123
 OAK PARK E.S.D. #97
 OAK PARK/RIVER FOREST S.D.
 OAKDALE C.C.S.D. #1
 OAKLAND C.U.S.D. #5
 OBLONG C.U.S.D. #4
 ODELL C.C.S.D. #435
 ODIN C.H.S.D. #700
 ODIN S.D. #122
 OFALLON C.C.S.D. #90
 OFALLON T.H.S.D. #203
 OGDEN C.C.S.D. #212
 OGLE CO SPECIAL ED
 OGLESBY E.S.D. #125
 OHIO AND WABASH VALLEY VOC SYS
 OHIO C.C.S.D. #17
 OHIO C.H.S.D. #505
 OKAW AREA VOCATIONAL CENTER
 OLYMPIA C.U.S.D. #16
 OPDYKE-BELLE-RIVE C.C.S.D. #5
 OPHIR C.C.S.D. #235
 ORANGEVILLE C.U.S.D. #203
 OREGON C.U.S.D. #220
 ORION C.U.S.D. #223
 ORLAND PARK S.D. #135
 OSWEGO C.U.S.D. #308
 OTTAWA E.S.D. #141
 OTTAWA TWP H.S.D. #140
 OTTER CREEK-HYATT S.D. #58
 PALATINE C.C.S.D. #15
 PALATINE TWP H.S.D. #211
 PALESTINE C.U.S.D. #3
 PALOS C.C.S.D. #118
 PALOS HEIGHTS S.D. #128
 PANA C.U.S.D. #8
 PANHANDLE C.U.S.D. #2
 PARIS-UNION S.D. #95
 PARIS C.U.S.D. #4
 PARK FOREST S.D. #163
 PARK RIDGE C.C.S.D. #64
 PASS/ADULT EDUCATION
 PATOKA C.U.S.D. #100
 PAWNEE C.U.S.D. #11
 PAXTON-BUCKLEY LODA
 PAYSON C.U.S.D. #1
 PEARL CITY C.U.S.D. #200
 PECATONICA C.U.S.D. #321
 PEKIN C.H.S.D. #303
 PEKIN P.S.D. #108
 PEMBROKE C.C.S.D. #259
 PENNOYER S.D. #79
 PEORIA HGHTS C.U.S.D. #325
 PEORIA S.D. #150
 PEOTONE C.U.S.D. #207
 PERANOE SPECIAL ED DISTRICT
 PERU ELEMENTARY S.D. #124
 PHILIP J ROCK SCHL. & SERV CTR
 PIKELAND C.U.S.D. #10
 PINCKNEYVILLE S.D. #50
 PINCKNEYVL C.H.S.D. #101
 PLAINFIELD S.D. #202
 PLANO C.U.S.D. #88
 PLEASANT HILL C.U.S.D. #3
 PLEASANT HILL S.D. #69
 PLEASANT PLAINS C.U.S.D. #8
 PLEASANT VALLEY S.D. #62
 PLEASANTDALE S.D. #107
 POLO C.U.S.D. #222
 PONTIAC-W HOLIDAY S.D. #105
 PONTIAC C.C.S.D. #429
 PONTIAC ESMEN C.C.S.D. #430
 PONTIAC TWP H.S.D. #90
 POPE COUNTY C.U.S.D. #1
 PORTA C.U.S.D. #202
 POSEN-ROBBINS E.S.D.
 POTOMAC C.U.S.D. #10
 PRAIRIE CENTRAL C.U.S.D. #6
 PRAIRIE DU ROCHER C.C.S.D.
 PRAIRIE GROVE C.S.D. #46
 PRAIRIE HILL C.C.S.D. #133
 PRAIRIE HILLS E.S.D.
 PRAIRIEVIEW C.C.S.D. #152
 PRICHARD CLARK C.E.D. #340
 PRINCETON E.S.D. #115
 PRINCETON TWP H.S.D. #500
 PRINCEVILLE C.U.S.D. #326
 PROFESSIONAL DEV ALLIANCE/ROE
 PROPHETSTOWN-LYNDON CUSD
 PROSPECT HEIGHTS S.D. #23
 PROVISO TWP H.S.D. #209
 PUFFER-HEFTY S.D. #69
 PUTNAM COUNTY C.U.S.D.
 QUEEN BEE S.D. #16
 QUINCY S.D. #172
 ROWVA C.U.S.D. #208
 RACCOON C.S.D. #1
 RAMSEY C.U.S.D. #204
 RANDOLPH CO SPEC ED
 RANKIN C.S.D. #98
 RANTOUL CITY S.D. #137
 RANTOUL TWP H.S.D. #193
 REAVIS TWP H.S.D. #220
 RED BUD C.U.S.D. #132
 RED HILL C.U.S.D. #10
 REED CUSTER C.U.S.D. #255
 REG DEL SYS VOC ED AND GIFTED
 REGIONAL FILM LIBRARY
 REGIONAL SUPERINTENDENT OF SCH
 REGIONAL VOCATIONAL SYSTEM
 RHODES S.D. #84.5
 RICH TOWNSHIP H.S.D. #227
 RICHLAND S.D. #8A
 RICHMOND BURTON H.S.C.D. #157
 RICHMOND C.S.D. #13
 RIDGELAND S.D. #122
 RIDGEVIEW C.U.S.D. #19
 RIDGEWOOD C.H.S.D. #234
 RILEY C.C.S.D. #18
 RIVER BEND C.U.S.D. #2
 RIVER FOREST S.D. #90
 RIVER GROVE S.D. #85.5
 RIVER RIDGE C.U.S.D. #210
 RIVER TRAILS S.D. #26
 RIVERDALE C.U.S.D. #100
 RIVERDALE S.D. #14
 RIVERSIDE S.D. #96
 RIVERSIDE/BROOKFIELD #208
 RIVERTON C.U.S.D. #14
 RIVERVIEW C.C.S.D. #2
 ROANOKO BENSON C.U.S.D. #60
 ROBEIN S.D. #85
 ROBINSON C.U.S.D. #2
 ROCHELLE C.C.S.D. #231
 ROCHELLE TWP H.S.D. #212
 ROCHESTER C.U.S.D. #3A
 ROCK FALLS E.S.D. #13
 ROCK FALLS TWP H.S.D. #301
 ROCK ISLAND S.D. #41
 ROCKDALE S.D. #84
 ROCKFORD S.D. #205
 ROCKRIDGE C.U.S.D. #300
 ROCKTON S.D. #140
 ROE-PROJECT AREA 1 HUB
 ROE #12-CLY/CRAW/JASPLAWR/RCH
 ROE ADAMS-PIKE COUNTIES
 ROE ALXNDR/JOHN/MASC/PULSKI/UN
 ROE BOONE/WINNEBAGO
 ROE CALHOUN/GRNE/URSY/MACOU/PN
 ROE CARROLL/JO DAV/STEPHENSON
 ROE CHAMPAIGN/FORD
 ROE CHRISTIAN/MONTGOMERY
 ROE CLAY/CW/FORD/USPER/LWRN/RIC
 ROE CLINTON/MARION/WASHINGTON
 ROE CLK/CLS/CMBN/DGLAS/MLTR/SH
 ROE DE KALB
 ROE DEWITT/LIVINGSTON/MCLEAN
 ROE DUPAGE
 ROE EDWD/GLTN/VH/DIN/POP/SLN/WB/H
 ROE FRANKLIN/WILLIAMSON
 ROE GRUNDY/KENDALL
 ROE HAMILTON/JEFFERSON
 ROE HANCOCK/MCDONOUGH
 ROE IROQUOIS/KANKAKEE COUNTY
 ROE JACKSON/PERRY
 ROE KANE COUNTY
 ROE KNOX COUNTY
 ROE LAKE COUNTY
 ROE LASALLE COUNTY
 ROE LEE/OGLE COUNTIES
 ROE LOGAN/MASON/MENARD
 ROE MACON/PIATT COUNTIES
 ROE MCHENRY COUNTY
 ROE MONROE/RANDOLPH
 ROE PEORIA COUNTY
 ROE PROFESSIONAL SERVICES #19
 ROE ROCK ISLAND COUNTY
 ROE SANGAMON COUNTY
 ROE ST CLAIR COUNTY
 ROE TAZEWELL COUNTY
 ROE WHITESIDE COUNTY
 ROME C.C.S.D. #2
 RONDOUT S.D. #72
 ROCKS CREEK C.C.S.D. #425
 ROSELLE S.D. #12
 ROSEMONT ELEM S.D. #78
 ROSEVILLE C.U.S.D. #200
 ROSSVILLE-ALVIN C.U.S.D. #7
 ROUND LAKE AREA S.D. #116
 ROXANA C.U.S.D. #1
 RUTLAND C.C.S.D. #230
 SALEM C.H.S.D. #600
 SALEM S.D. #111
 SALT CREEK S.D. #48
 SANDOVAL C.U.S.D. #501
 SANDRIDGE S.D. #172
 SANDWICH C.U.S.D. #430
 SANGAMON AREA SPECIAL ED
 SANGAMON AREA VOCATIONAL ED REGION
 SARATOGA C.C.S.D. #60C
 SAUK VILLAGE C.C.S.D. #168
 SAUNEMIN C.C.S.D. #438
 SAVANNA C.U.S.D. #300
 SCALES MOUND C.U.S.D. #211
 SCHAUMBURG C.C.S.D. #54
 SCHILLER PARK S.D. #81
 SCHUYLER COUNTY C.U.S.D. #1
 SCOTT-MORGAN C.U.S.D. #2
 SEDCO57 100 0020 61 MARION
 SEJA 803 PRAEC
 SEJA 804 NSSED
 SELMAVILLE C.C.S.D. #10
 SENECA C.C.S.D. #170
 SENECA TWP H.S.D. #180
 SESSER-VALIER C.U.S.D.
 SHAPIRO DEVELOPMENTAL CTR
 SHAWNEE C.U.S.D. #84



SCHEDULE OF PARTICIPATING EMPLOYERS

SHELBYVILLE C.U.S.D. #4
 SHELDON C.U.S.D. #5
 SHERRARD C.U.S.D. #200
 SHILOH C.U.S.D. #1
 SHILOH VILLAGE S.D. #85
 SHIRLAND C.C.S.D. #134
 SIGNAL HILL S.D. #181
 SILVIS S.D. #34
 SINGER MENTAL HEALTH
 SKOKIE-FAIRVIEW S.D. #72
 SKOKIE S.D. #68
 SKOKIE S.D. #69
 SKOKIE S.D. #73.5
 SMA - SEJA #801
 SMITHTON C.C.S.D. #130
 SO WILL CO COOP FOR SPEC ED
 SOMONIAK C.U.S.D. #432
 SOUTH BELoit C.U.S.D. #320
 SOUTH CENTRAL C.U.S.D. #401
 SOUTH COOK ISC #4
 SOUTH EASTERN SPEC ED
 SOUTH FORK S.D. #14
 SOUTH HOLLAND S.D. #150
 SOUTH HOLLAND S.D. #151
 SOUTH PEKIN S.D. #137
 SOUTH WILMINGTON C.S.D. #74
 SOUTHEASTERN C.U.S.D. #337
 SOUTHERN C.U.S.D. #120
 SOUTHWEST COOK COOP SPEC ED
 SOUTHWESTERN C.U.S.D. #9
 SPARTA C.U.S.D. #140
 SPEC ED DIST OF MCHENRY COUNTY
 SPEC ED COOP
 SPEC ED TCHR
 SPECIAL ED OF PEORIA COUNTY
 SPECIAL ED. DIST. - REGION 3
 SPEED ED COOP
 SPOON RIVER VALLEY C.U.S.D. #4
 SPRING GROVE S.D. #11
 SPRING LAKE C.C.S.D. #606
 SPRING VALLEY C.C.S.D. #99
 SPRINGFIELD S.D. #186
 ST ANNE C.C.S.D. #256
 ST ANNE C.H.S.D. #302
 ST DAVID S.D. #87
 ST ELMO C.U.S.D. #202
 ST GEORGE C.C.S.D. #258
 ST JOSEPH C.C.S.D. #189
 ST JOSEPH OGDEN C.H.S. #305

ST LIBORY C.S.D. #30
 ST ROSE S.D. #14
 ST. CHARLES C.U.S.D. #303
 STARK COUNTY C.Y.S.D. #100
 STAUNTON C.U.S.D. #6
 STEELEVILLE C.U.S.D. #138
 STEGER S.D. #194
 STEPHENSON AREA TECH ED SYS
 STERLING C.U.D. #5
 STEWARD ELEMENTARY S.D. #220
 STEWARDSON-STRASBURG C.U.S.D.
 STOCKTON C.U.S.D. #206
 STREATOR ELEMENTARY S.D. #44
 STREATOR TWP H.S.D. #40
 STREATOR WOODLAND C.U.S.D. #5
 SULLIVAN C.U.S.D. #300
 SUMMERSVILLE S.D. #79
 SUMMIT HILL S.D. #161
 SUNNYBROOK S.D. #171
 SUNSET RIDGE S.D. #29
 SYCAMORE C.U.S.D. #427
 TAFT S.D. #90
 TAMAROA S.D. #5
 TAMPICO COMM UNIT
 TAYLORVILLE C.U.S.D. #3
 TAZEVELL-MASON CO SPEC ED ASSOC
 TEACHERS' RETIREMENT SYSTEM
 TENCO/SIRSEA REG ED PROG
 TEUTOPOLIS C.U.S.D. #50
 THOMASBORO C.C.S.D. #130
 THOMPSONVILLE C.H.S.D. #112
 THOMPSONVILLE S.D. #62
 THOMSON C.U.S.D. #301
 THORNTON FRACTIONAL H.S.D.
 THORNTON S.D. #154
 THORNTON TWP H.S.D. #205
 THREE RIVERS ED FOR EMPLOYMENT SYS
 TINLEY PARK MENTAL HLTH CTR
 TINLEY PARK S.D. #146
 TISKILWA SCHOOL
 TOLONO C.U.S.D. #7
 TONICA C.C.S.D. #79
 TOWER HILL C.C.S.D. #10
 TOWER HILL C.H.S.D. #185
 TOWNSHIP H.S.D. #214
 TREMONT C.U.S.D. #702
 TRI-COUNTY SPEC ED CO-OP
 TRI CITY C.U.S.D. #1
 TRI COUNTY EDUCATION SERV CTR

TRI COUNTY SPE ED ASSO
 TRI POINT C.U.S.D. #6-J
 TRI VALLEY C.U.S.D. #3
 TRIAD C.U.S.D. #2
 TRICO C.U.S.D. #176
 TRIPIA C.U.S.D. #27
 TROY C.C.S.D. #30C
 TRIJANTS ALT & OPT EDUC PROGRAM
 TRIJANTS' ALTERNATIVE & OPT ED PROGRAM
 TUSCOLA C.U.S.D. #301
 TWIN RIVERS REG VOC DEL SYS
 TWO RIVERS PROFESSIONAL DEV.
 UNION C.U.S.D. #115
 UNION RIDGE S.D. #86
 UNION S.D. #81
 UNITED TWP H.S.D. #30
 UNITY POINT C.C.S.D. #140
 URBANA S.D. #116
 UTICA E.S.D. #135
 V I T C.U.S.D. #2
 VALLEY VIEW C.U.S.D. #365
 VALMEYER C.U.S.D. #3
 VANDALIA C.U.S.D. #203
 VENICE C.U.S.D. #3
 VERMILION ASSOC SPEC EDUCATION
 VIENNA S.D. #55
 VIENNA TWP H.S.D. #133
 VILLA GROVE C.U.S.D. #302
 VILLA PARK S.D. #45
 VIRDEN C.U.S.D. #4
 VIRGINIA C.U.S.D. #64
 WABASH & OHIO VALLEY SE DIST
 WABASH C.U.S.D. #348
 WALLACE C.C.S.D. #195
 WALTHAM C.C.S.D. #185
 WALTONVILLE C.U.S.D. #1
 WARREN C.U.S.D. #205
 WARREN C.U.S.D. #222
 WARREN G. MURRAY DEV. CENTER
 WARREN TWP H.S.D. #121
 WARRENSBURG-LATHAM C.U.S.D. #11
 WARSAW C.U.S.D. #316
 WASHINGTON C.H.S.D. #308
 WASHINGTON S.D. #52
 WATERLOO C.U.S.D. #5
 WAUCONDA C.U.S.D. #118
 WAUKEGAN C.U.S.D. #60
 WAVERLY C.U.S.D. #6
 WAYNE CITY C.U.S.D. #100

WEBBER TWP H.S.D. #204
 WESCLIN C.U.S.D. #3
 WEST CENTRAL IL SP ED COOP
 WEST CHICAGO C.H.S.D. #94
 WEST CHICAGO E.S.D. #33
 WEST HARVEY-DIXMOOR S.D.
 WEST LINCOLN-BROADWELL
 WEST NORTHFIELD S.D. #31
 WEST PIKE C.U.S.D. #2
 WEST RICHLAND C.U.S.D. #2
 WEST WASHINGTON C.U.S.D. #10
 WESTCHESTER S.D. #92.5
 WESTERN SPRINGS S.D. #101
 WESTMER C.U.S.D. #203
 WESTMONT C.U.S.D. #201
 WESTVILLE C.U.S.D. #2
 WETHERSFIELD C.U.S.D. #230
 WHEELING C.C.S.D. #21
 WHITESIDE S.D. #115
 WILCO AREA CAREER CENTER
 WILL COUNTY S.D. #92
 WILLOW SPRINGS S.D. #108
 WILMETTE S.D. #39
 WILMINGTON C.U.S.D. #209
 WINCHESTER C.U.S.D. #1
 WINDSOR C.U.S.D. #1
 WINFIELD S.D. #34
 WINNEBAGO C.U.S.D. #323
 WINNETKA S.D. #36
 WINTHROP HARBOR S.D. #1
 WITT U.S.D. #66
 WM HOWE DEVL P CTR
 WOLF BRANCH S.D. #113
 WOOD DALE S.D. #7
 WOOD RIVER-HARTFORD E.S.D. #15
 WOODFORD CO SPEC ED
 WOODLAND C.C.S.D. #50
 WOODLAWN C.C.S.D. #4
 WOODLAWN C.H.S.D. #205
 WOODRIDGE S.D. #68
 WOODSTOCK C.U.S.D. #200
 WORTH SCHOOL DISTRICT #127
 YORKVILLE C.U.S.D. #115
 YORKWOOD C.U.S.D. #225
 ZEIGLER ROYALTON C.U.S.D. #188
 ZION-BENTON TWP H.S.D. #126
 ZION ELEMENTARY S.D. #6

SECTION FIVE: INVESTMENTS



INTRODUCTION

The TRS trust fund is invested by authority of the Illinois General Assembly under the "prudent person rule" requiring investments to be managed solely in the interest of fund participants and beneficiaries. As of June 30, 1997, the System's total investments (including accrued investment income) at market totaled \$18,091,362,789.

Investments are guided by a statement of investment objectives and policies approved by the Board of Trustees. The objective is to provide the greatest long-term benefits to members by maximizing the total rate of return on investments within prudent parameters of risk for a retirement fund of this type. Investment performance is expected to exceed the annual rate of inflation over the long-term by 3% and to outperform various market indices for each asset class.

PERFORMANCE SUMMARY

The following summarizes the development and performance of the total investment portfolio, including accrued income and miscellaneous assets during the last five years.

PERFORMANCE SUMMARY		(Annualized Percent for Periods Ending June 30, 1997*)					
(Years Ended June 30)	1993	1994	1995	1996	1997	Annualized	
						3 Years	5 Years
Total Time-Weighted Return							
TRS	11.6	4.7	13.4	16.9	18.3	15.7	12.6
CPI	3.0	2.5	3.0	2.8	2.3	2.7	2.7
Common Stock - US							
TRS	14.7	2.7	20.6	23.0	27.9	23.7	17.4
S&P 500	13.6	1.4	26.0	26.1	34.6	28.8	19.7
Wilshire 5000	16.2	1.2	24.7	26.2	29.3	26.7	19.1
Bonds - US							
TRS	13.7	-0.6	12.0	3.2	10.8	8.1	7.1
SALOMON BIG	12.0	-1.5	12.8	5.0	8.2	8.5	7.2
Bonds - International							
TRS	8.0	4.7	14.4	6.6	4.9	9.6	9.5
SBNUSDB	14.1	10.5	22.7	-1.7	2.2	7.2	8.2
Common Stock-International							
TRS	7.5	12.6	-6.1	27.5	19.9	12.8	12.2
EAFE Index	20.5	17.0	1.7	13.6	12.8	9.1	12.8
Real Estate- TRS	-0.5	9.7	13.2	11.1	12.7	12.3	9.4
Alternative Investments - TRS	5.7	1.6	30.3	67.7	22.6	49.7	28.0
Short Term							
TRS	4.3	3.7	5.9	5.4	5.6	5.6	4.9
91 Day Treasury Bill	3.2	3.3	5.3	5.4	5.4	5.5	4.6
ASSET ALLOCATION (ANNUAL AVERAGE)							
Bonds	25.1	24.1	23.2	19.8	20.0	21.0	22.4
Common Stock - US	40.4	36.8	35.5	39.9	41.3	38.9	38.8
Short Term	6.2	7.6	5.3	4.7	4.6	4.9	5.7
Other	28.3	31.5	36.0	35.6	34.1	35.2	33.1

* With the exception of asset allocation percentages, all returns provided by The Northern Trust Company



INVESTMENTS

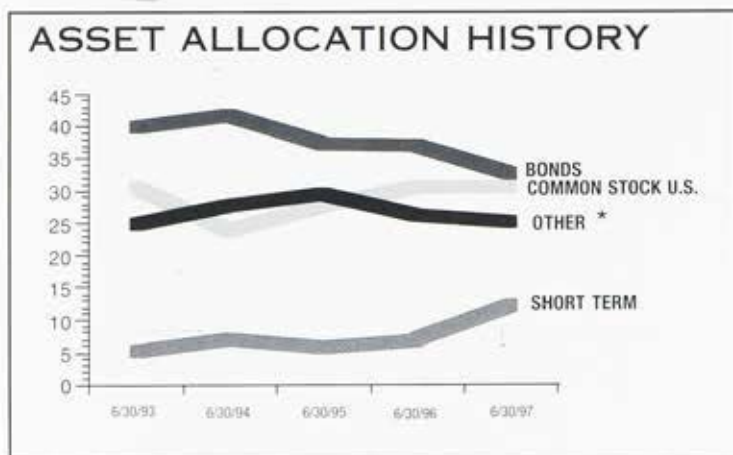
ASSET ALLOCATION

A pension fund's most important investment policy decision is the selection of an asset allocation. Similar to other large institutional funds, the System maintains a well-diversified portfolio to effectively control risk. The System's asset allocation as of June 30, 1997 was as follows:

PERCENT OF TOTAL FUND		
Asset Class	% of Total	
	1997	1996
Common Stock - U.S.	30.4	30.3
Bonds	32.5	36.8
Short Term Investments	12.1	7.1
Currency Investments	0.4	0.3
Common Stock - International	9.6	9.8
Real Estate Equity	13.0	14.4
Alternative Investments	2.0	1.3
TOTAL	<u>100.0</u>	<u>100.0</u>

Percentage totals for fiscal year 1997 show a slight increase in U.S. equities from 30.3% a year earlier. International equities dropped from the FY 1996 figure of 9.8%. In all, equities totaled 40.0% of the total portfolio.

Bonds decreased to 32.5% of the total fund, from 36.8% a year earlier while real estate decreased 1.4% to 13.0% at year end. Over the past five years, the System's allocation history can be represented as follows:



* Other includes Common Stock International, Real Estate, Alternative Investments and Currency Investments

FUND MANAGEMENT

The fund is externally managed by professional investment firms which bring their particular expertise to the selection and retention of investments. Their activities are reviewed and directed by the System's staff and Trustees to ensure compliance with applicable statutes, the investment policy and long-term strategic plans. On June 30, 1997, the following external firms were employed by TRS:

Fixed Income (Bonds) U.S.

BlackRock Financial Management, Inc.
Chicago Title & Trust
Pacific Investment Management Co.
Payden & Rygel
W.R. Huff Asset Management
Weiss, Peck & Greer Investments
Western Asset Management Co.

Fixed Income (Bonds) International

Bear Stearns Asset Management
Brinson Partners, Inc.
Delaware International Advisors, Ltd.
Julius Baer Investment Management, Inc.
Pacific Investment Management Co.
Schroders Capital Management International, Inc.
Societe Generale Asset Management

Equity (Common Stock)-U.S.

Ark Asset Management Co., Inc.
Bank of America
Brinson Partners, Inc.
First of America Investment Corp.
Fiduciary Management Associates
Hotchkis and Wiley
Lazard Freres Asset Management
First Analysis Corp.
Wayne Hummer Management Co.
Mentor Investment Advisors, Inc.
Insight Capital Research & Management, Inc.
Lincoln Capital Management Co.
Munder Capital Management, Inc.
Oppenheimer Capital
Pacific Investment Management Co.
Paradigm Asset Management Co., L.L.C.
Sturdivant & Co.
Valenzuela Capital Management, Inc.

Equity (Common Stock) International

Blairlogie Capital Management
Brandywine Asset Management, Inc.
Brinson Partners, Inc.
Clay Finlay, Inc.
Delaware International Advisors, Ltd.
Hotchkis & Wiley International
Pyrford International, PLC
RCM Capital Management
Scudder, Stevens & Clark, Inc.

Real Estate Equity

Bear Stearns/Capital Associates Realty Advisors
Capital Associates Realty Advisors
Commonwealth Realty Advisors, Inc.
Cozad/Westchester
DLJ Real Estate Capital Partners, L.P.
Heitman Capital Management
K/B Realty Advisors
LaSalle Advisors Limited
LPC Realty Advisors I, Ltd.
RREEF Real Estate Venture Capital Fund, L.P.
Stone-Levy, LLC
Westmark Realty Advisors

Alternative Investments

Angelo, Gordon & Co.
Apex Investment Partners
Daystar Partners
DLJ Merchant Banking Partners, Inc.
Frontenac Company
Kohlberg Kravis Roberts & Co.
Mesirow Private Equity Investments, Inc.
Penman Asset Management, L.P.
Periscope I Fund Managers, L.L.C.
Sandler Capital Management
SCP Private Equity Partners, L.P.
TCW/Latin American Partners, L.L.C.
The Applan Group
Trivest, Inc.
Veronis Suhler & Associates
Walnut Growth Partners, L.L.C.
Weiss, Peck & Greer Venture Partners, L.P.
William Blair Mezzanine Capital Partners

Tactical Asset Allocation

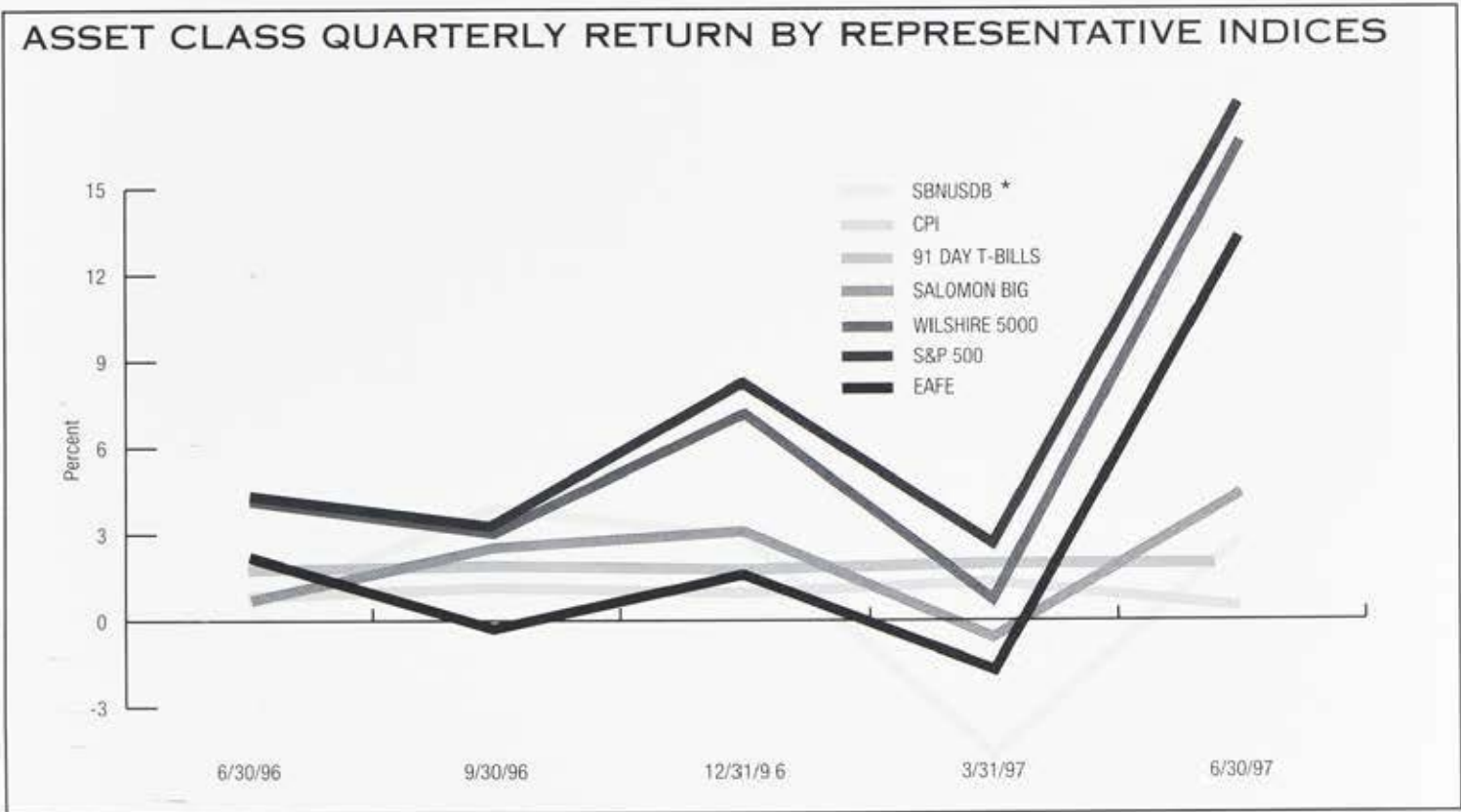
Brinson Partners, Inc.
Pyrford International, Inc.

Cash Management

Hotchkis & Wiley
Atlantic Asset Management, Inc.

ASSET CLASS & MARKET INDICES

During FY97, U.S. common stock was the best performing asset class as represented by the S&P 500 Index which returned 34.6% and the Wilshire 5000 Index at 29.3%. International common stocks were the next best performing asset class, as represented by the Europe, Australia and the Far East (EAFE) Index, returning 12.8%. Domestic bonds returned 8.2%, as represented by the Salomon Broad Investment Grade (Salomon BIG) Index. Non-U.S. dollar bonds, represented by the Salomon Non-U.S. Dollar Bond Index, returned 2.2%. The 91-Day Treasury Bill, reflecting short-term investments, returned 5.4%. The annual rate of inflation, as represented by the Consumer Price Index (CPI) stood at 2.3% for FY97.



* Salomon Brothers Non-U.S. Dollar Bond Index

INVESTMENTS

TOTAL FUND RESULTS

In accordance with the Performance Presentations Standards of the Association of Investment Management and Research, the System's total time-weighted rate of return for FY97 was 18.3%. This result was due primarily to the System's impressive results in the U.S. and international stock markets and alternative investments.

The Fund's total return in 1997 easily surpassed the long term performance objectives of preserving purchasing power and exceeding the rate of inflation by 3% (as measured by the Consumer Price Index). In addition to these objectives, formally outlined in the System's Statement of Investment Objectives and Policies, the System's returns for FY97 also exceeded the required actuarial return. As indicated below, this trend has continued over the annualized three- and five-year period. In addition, the System again bettered its average market weighted index, a cross-section of the returns of numerous market indices based on the System's own asset allocation. In other words, TRS active managers exceeded the results which would have occurred if the System had simply invested in index funds in percentages equal to our established asset allocation.

	<u>FY97</u>	<u>3-Year</u>	<u>5-Year</u>
TRS	18.3%	15.7%	12.6%
CPI	2.3	2.7	2.7
Market Weighted Index	16.2	14.3	11.8

U.S. EQUITY RESULTS AND PROFILE

For the fiscal year, the System's U.S. common stock portfolio returned 27.9% compared to the S&P 500 return of 34.6% and the Wilshire 5000 return of 29.3%. Three- and five-year comparisons to this benchmark are noted below:

	<u>FY97</u>	<u>3-Year</u>	<u>5-Year</u>
TRS	27.9%	23.7%	17.4%
S&P 500	34.6	28.8	19.7
Wilshire 5000	29.3	26.7	19.1

At June 30, 1997, 41.7% of the System's investment portfolio was assigned to U.S. equity managers, compared to 39.8% at the prior fiscal year's end. Equity managers using either fully active or enhanced index management strategies continued to be retained during FY97. The market value of assets assigned to U.S. equity managers increased to \$7.345 billion due to \$107 million in reallocations to the U.S. equity asset class and \$1.215 billion of market value appreciation.

The performance goal of U.S. equities is a total investment return in excess of the rate of inflation over the long term. Domestic equity managers are expected to better the designated benchmark index on an annualized basis over a three- to five-year period or market cycle. The S&P 500 is a popular index, often used to represent U.S. equity market returns. However, the Wilshire 5000 Index provides a more accurate representation of both the aggregate U.S. equity market and the System's domestic equity portfolio. The Wilshire 5000 is highly diversified across the various equity market sectors and industries and has the highly diversified financial characteristics and risk factors which ultimately influence the total return.

TRS domestic equity investments underperformed the Wilshire 5000 for two reasons. First, several managers failed to meet performance expectations and have been terminated. In addition, the overlay program, designed to hedge against rapid market downturns, was ineffective during the sustained market rise of the past three years. The program, which was suspended in November 1996 and terminated in early 1997, "locked-in" lower returns than the market actually produced. The termination of less productive managers and the overlay program are expected to improve future results.

TRS domestic equity managers changed the sector diversification of their portfolios during FY97. Increases to investments were made in the consumer non-durables, technology, utilities and energy sectors to take advantage of the economic value represented in these areas, while investments in basic industries, finance, capital goods and consumer durables were trimmed back. The following table summarizes these changes and also provides a comparison with the S&P 500 and the Wilshire 5000 Indices.



INVESTMENTS

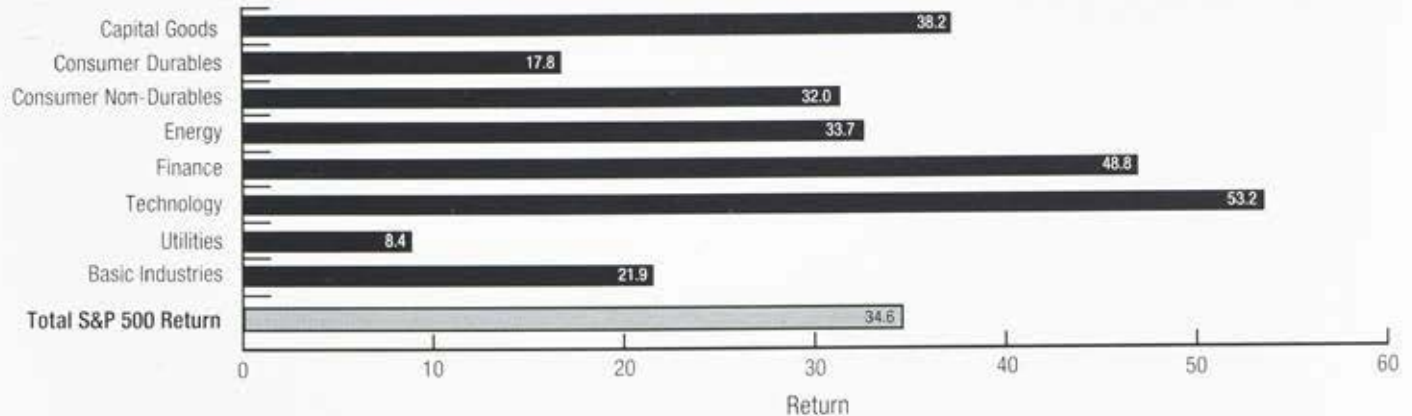
DIVERSIFICATION BY INDUSTRY SECTOR (%)

Sector	June 30, 1997			June 30, 1996		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Consumer Non-Durables	39.2	34.9	34.7	26.6	34.2	28.0
Technology	14.6	13.3	13.6	12.9	10.6	15.1
Basic Industries	11.7	7.0	8.6	19.4	8.8	12.0
Utilities	3.6	8.5	8.0	2.5	11.2	11.6
Finance	15.9	16.0	17.4	20.0	14.1	17.3
Energy	4.2	9.1	6.9	3.0	9.5	7.4
Capital Goods	8.0	8.7	8.1	11.0	8.7	5.5
Consumer Durables	2.8	2.5	2.7	4.6	2.9	3.1

* Source: The Northern Trust Company

All S&P 500 industry sectors provided positive rates of return during FY97. The top performing sectors within the S&P 500 were Technology, returning 53.2%, Finance, returning 48.8% and Capital Goods at 38.2%. As illustrated below, other notable sectors performed well:

S&P 500 INDUSTRY RETURNS (%)



* Source: The Northern Trust Company



INVESTMENTS

U.S. equity managers made selection adjustments to their accounts during FY97 as noted by the following comparison of portfolio characteristics with the S&P 500 and the Wilshire 5000 Indices.

U.S. EQUITY PORTFOLIO PROFILE

	<u>June 30, 1997</u>			<u>June 30, 1996</u>		
	<u>TRS</u>	<u>S&P 500</u>	<u>WILSHIRE 5000</u>	<u>TRS</u>	<u>S&P 500</u>	<u>WILSHIRE 5000</u>
Capitalization (\$Bil)	28.0	50.2	37.4	21.4	33.4	24.4
Price/Earnings Ratio	27.1	25.1	25.5	22.3	23.1	20.9
Dividend Yield (%)	1.4	1.7	1.6	1.7	2.2	1.9
Beta	1.0	1.0	1.0	1.1	1.0	1.1
Diversification (R-Squared)	0.9	1.0	1.0	1.0	1.0	0.9
Five-Year Earnings Growth Rate (%)	16.4	18.4	19.2	10.9	8.9	9.9
Market/Book Ratio	6.2	6.2	5.8	5.6	4.3	5.4

* Source: The Northern Trust Company

The capitalization of the TRS domestic equity portfolio increased dramatically from June 30, 1996, to June 30, 1997, primarily due to the significant appreciation of the U.S. equity market. The capitalization of the TRS domestic equity portfolio was much more similar to that of the broader Wilshire 5000 Index. The TRS portfolio emphasizes the broad market and includes small and mid-size firms not included in the S&P 500. The rally in the U.S. equity market also translated into higher Price/Earnings ratios for the TRS domestic equity portfolio and both the S&P 500 and Wilshire 5000 Indices. As of June 30, 1997, the U.S. equity portfolio maintained a Price/Earnings ratio somewhat higher than that of the market indices due to the portfolio's slightly greater weighting in growth securities. The TRS domestic equity portfolio, typically divided equally between growth and value securities, slightly favored growth securities as a result of the performance advantage growth securities have had relative to value securities over the past three years.



INVESTMENTS

INTERNATIONAL EQUITY RESULTS

The performance objective for international equities mirrors that of domestic equities: a total annual return of 6% in excess of the rate of inflation and to exceed the EAFE Index over the long-term.

For the year ended June 30, 1997, the international equity asset class returned 19.9% compared to the EAFE Index of 12.8%.

	<u>FY97</u>	<u>3-Year</u>	<u>5-Year</u>
TRS	19.9%	12.8%	12.2%
EAFE Index (U.S.)	12.8	9.1	12.8
EAFE Index (Local)	19.3	11.9	13.4

The one- and three-year performances were particularly impressive considering that the strong U.S. dollar reduced the benchmark yields when the EAFE index was converted from local currencies to U.S. dollars. Indeed, the 1997 TRS performance exceeded the local index even after currency effects were considered.

The System's international equity managers continued to limit exposure to Japanese equities, investing only 11% of the System's foreign equities in Japan, compared to Japan's relative 33% weighting in the EAFE Index. For FY97, \$108 million of market value appreciation and \$180 million in reallocations from other asset classes combined to increase the market value of international equity assets to \$2.132 billion.

ALTERNATIVE INVESTMENTS RESULTS

FY 1997 was another strong year for alternative investments. A total return of 22.6%, easily outdistanced its performance objective of earning 10% in excess of the rate of inflation. While representative indices are unavailable, performance is very impressive over the three- and five-year periods with annualized returns of 49.7% and 28.0%, respectively. Overall, the System had a market value of \$364.6 million invested in 17 venture capital limited partnerships at year end.

FIXED INCOME RESULTS & PROFILE

TRS domestic fixed income managers returned 10.8% for the year compared to the 8.2% return for its benchmark, the Salomon Broad Investment Grade (Salomon BIG). The FY97 results are an improvement against the benchmark for the three- and five-year period:

	<u>FY97</u>	<u>3-Year</u>	<u>5-Year</u>
TRS	10.8%	8.1%	7.1%
Salomon BIG	8.2	8.5	7.2

The System's international fixed income managers returned 4.9% in fiscal 1997, outperforming their benchmark, the Salomon Brothers Non-U.S. Dollar Bond Index (SBNUSDB), which returned 2.2%. TRS international fixed income managers' results are superior to the SBNUSDB over the three- and five-year period as well.

	<u>FY97</u>	<u>3-Year</u>	<u>5-Year</u>
TRS	4.9%	9.6%	9.5%
SBNUSDB*	2.2	7.2	8.2

* Salomon Brothers Non-U.S. Dollar Bond Index

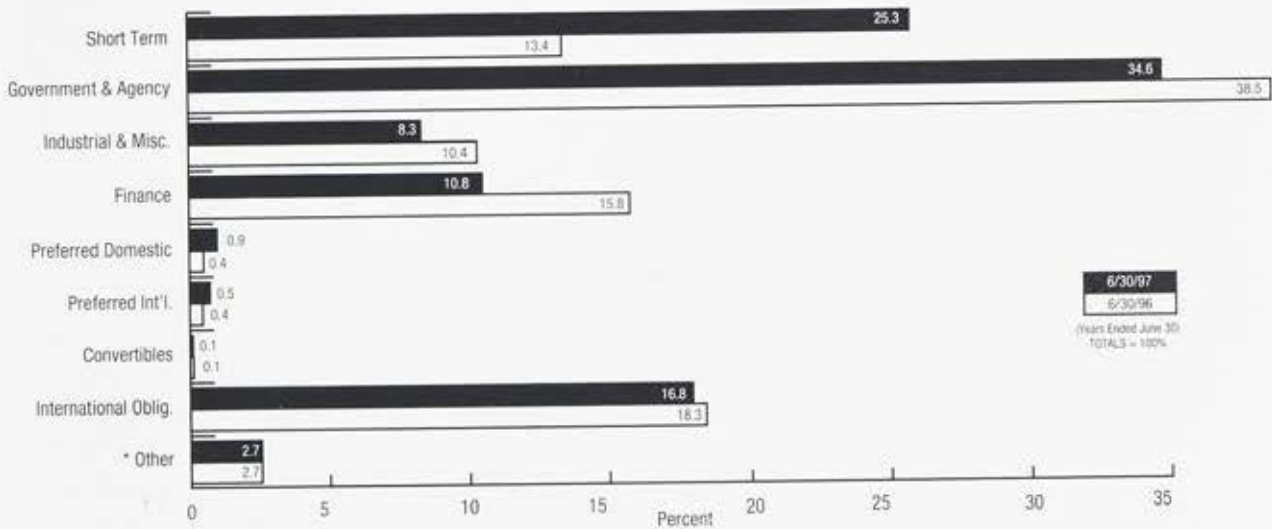
During FY97, the total bond portfolio, exclusive of short-term investments, generated a 9.0% total return. This compares to the three-year return of 8.0% and five-year return of 8.7%. The market value of total assets assigned to fixed income, including short-term investments, increased to \$4.649 billion due to \$369 million of market value appreciation and \$50 million in reallocations to other classes. Assets invested in international fixed income markets totaled \$1.388 billion at year end.

The following exhibits reflect changes made in the U.S. fixed income portfolios during the year in terms of diversification by issuer type and quality rating, as well as the underlying characteristics affecting total return:



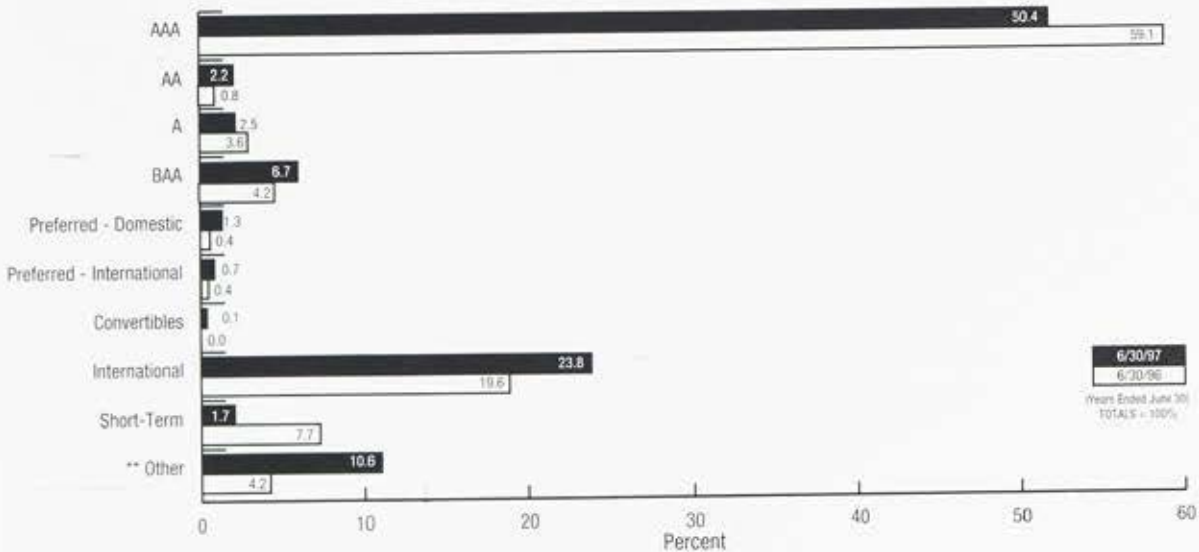
INVESTMENTS

DIVERSIFICATION BY ISSUER TYPE FOR FIXED INCOME MANAGER PORTFOLIOS



* - Other includes Utilities, Telephone, and Transportation

DIVERSIFICATION BY QUALITY RATING FOR FIXED INCOME MANAGER PORTFOLIOS



** Other includes BA & under, plus NR ratings

BOND PORTFOLIO PROFILE

Characteristic	6/30/97		6/30/96	
	TRS	Salomon BIG	TRS	Salomon BIG
Maturity (years)	8.15	8.53	8.49	8.45
Duration (years)	4.73	5.07	4.89	4.80
Coupon (%)	7.45	7.20	8.49	6.99
Yield to Maturity (%)	7.04	6.83	8.49	8.45
Current Yield (%)	6.81	7.05	6.88	7.03

**REAL ESTATE EQUITY
INVESTMENT RESULTS**

Real estate investments earned a 12.7% rate of return during FY97. The income return generated by rents and property dispositions was 8.5%, while property appreciation accounted for 4.2% of the total. For the three- and five-year

periods, portfolio managers have generated annualized returns of 12.3% and 9.4%, respectively. The investment goal is to achieve a total return of 7% in excess of the rate of inflation. During the year, the value of assets assigned to real estate increased by \$119 million to \$2.357 billion. The increase was due to proceeds of \$182 million from reinvested income and \$95 million in market value appreciation, offset by \$158 million in reallocations to other asset classes.

**SHORT-TERM
INVESTMENT RESULTS**

This asset class contains typical short-term investments such as: U.S. Treasury Bills, certificates of deposit, bankers acceptances and commercial paper, and commingled short-term investment funds. For FY97, total return was 5.6%. For the three- and five-year periods, annualized returns were 5.6% and 4.9% compared to 91-day Treasury Bill returns of 5.5% and 4.6%.



INVESTMENTS

INVESTMENT PORTFOLIO SUMMARY

	June 30, 1997		June 30, 1996	
	MARKET VALUE	% OF TOTAL MARKET VALUE	MARKET VALUE	% OF TOTAL MARKET VALUE
BONDS, CORPORATE NOTES,				
PREFERRED STOCK, AND GOVERNMENT OBLIGATIONS				
U.S. Government	\$832,255,375	4.5	\$1,063,620,443	6.9
Federal Agency	1,886,494,317	10.5	1,470,911,197	9.5
Municipal Bonds	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total Government Obligations	2,718,749,692	15.0	2,534,531,640	16.4
Corporate Obligations				
Basic Industries	78,197,706	0.4	210,592,227	1.4
Capital Goods	51,792,676	0.3	4,222,660	0.0
Consumer Durables	29,049,776	0.2	5,361,938	0.0
Consumer Non-Durables	13,580,609	0.1	108,445,159	0.7
Convertibles	4,031,257	0.0	693,750	0.0
Energy	12,117,594	0.1	17,475,312	0.1
Financial	828,210,561	4.6	1,037,283,914	6.6
Miscellaneous	486,421,439	2.7	326,886,020	2.1
Technology	125,601,232	0.7	8,092,863	0.1
Transportation	30,905,539	0.2	79,428,854	0.5
Utilities	<u>58,307,520</u>	<u>0.3</u>	<u>92,163,669</u>	<u>0.6</u>
Total Corporate Obligation	1,718,215,909	9.6	1,890,646,366	12.1
International	1,317,103,023	7.3	1,209,308,337	7.9
Preferred Stock-U.S.	69,367,870	0.4	24,207,314	0.2
Preferred Stock-International	<u>37,442,086</u>	<u>0.2</u>	<u>25,703,758</u>	<u>0.2</u>
TOTAL BONDS, CORPORATE NOTES, PREFERRED STOCK & GOVERNMENT OBLIGATIONS	5,860,878,580	32.5	5,684,397,415	36.8
COMMON STOCK - U.S.	5,498,625,628	30.4	4,652,473,730	30.3
COMMON STOCK - INTERNATIONAL	1,736,440,411	9.6	1,517,675,941	9.8
SHORT TERM INVESTMENTS*	2,213,381,354	12.1	1,092,509,093	7.1
REAL ESTATE EQUITY	2,348,125,078	13.0	2,221,387,769	14.4
ALTERNATIVE INVESTMENTS	364,577,923	2.0	195,765,872	1.3
CURRENCY INVESTMENT	69,333,815	0.4	50,156,459	0.3
TOTAL PORTFOLIO	\$18,091,362,789	100.0	\$15,414,366,279	100.0

* Includes accrued income and dividends totaling \$228,713,016 and \$212,281,126 for FY97 and FY96 respectively.

Certain prior year amounts have been reclassified on a basis consistent with current year presentation.

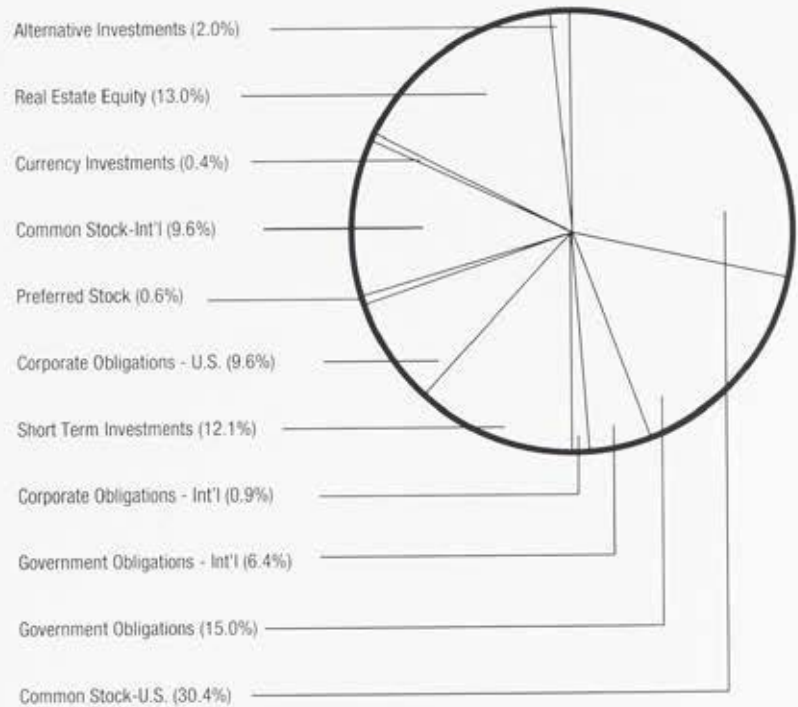


INVESTMENTS

<u>Asset Class</u>	<u>% of Total Fund</u>	
Alternative Investments	2.0	
Real Estate Equity	13.0	
Currency Investments	0.4	
Common Stock-Int'l	9.6	
Preferred Stock	0.6	
Corporate Obligations -U.S.	9.6	
Basic Industries	4.5	
Capital Goods	3.0	
Consumer Durables	1.7	
Consumer Non-Durables	0.8	
Convertibles	0.2	
Energy	0.7	
Financial	48.2	
Miscellaneous	28.3	
Technology	7.3	
Transportation	1.9	
Utilities	3.4	
Short Term Investments	12.1	
Investment Reserve Fund	85.4	
Other	14.6	
Corporate Obligations-Int'l	0.9	
Government Obligations-Int'l	6.4	
Government Obligations	15.0	
Federal Agency	69.4	
U.S. Government	30.6	
Municipal Bonds	0.0	
Common Stock-U.S.	30.4	
(Percent of Total)		
Basic Industries	11.7	
Capital Goods	8.0	
Consumer Durables	2.8	
Consumer Non-Durables	39.2	
Energy	4.2	
Financial	15.9	
Technology	14.6	
	100.0	

COMPOSITION OF INVESTMENTS AT MARKET VALUE

(June 30, 1997)



The following table presents the top ten holdings by country including the United States. Overall, the total investment portfolio is diversified throughout fifty-two countries.

TRS TOTAL PORTFOLIO BY COUNTRY TOP TEN COUNTRY WEIGHTING

(As of June 30, 1997)

United States	83.65	Australia	0.69
Japan	3.16	Canada	0.69
United Kingdom	2.07	Italy	0.67
Germany	1.79	Hong Kong	0.53
France	1.19	Other (42 Countries)	4.66
Netherlands	0.90	Total for 52 Countries	100.00



INVESTMENT LISTING

FY'97 Annual Investment Listing for the period ending 6/30/97

Bonds, Corporate Notes and Preferred Stock

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
GOVERNMENT OBLIGATIONS					
U.S. GOVERNMENT					
UNITED STATES TREASURY BILLS					
	Aaa	5.14	11/13/97	9,862,000	9,662,053
	Aaa	N/A	8/21/97	26,720,000	26,525,094
	Aaa	N/A	10/2/97	19,596,000	19,335,758
	Aaa	N/A	5/28/98	2,500,000	2,377,025
	Aaa	N/A	7/24/97	20,140,000	20,075,955
	Aaa	N/A	8/7/97	755,000	751,104
	Aaa	N/A	9/25/97	8,195,000	8,096,168
	Aaa	N/A	9/4/97	1,000,000	990,830
	Aaa	N/A	3/7/97	28,355,000	28,348,195
	Aaa	N/A	8/21/97	7,000,000	6,948,939
UNITED STATES TREASURY BONDS					
	Aaa	6.50	5/31/02	900,000	903,654
	Aaa	6.25	8/15/23	1,000,000	925,780
	Aaa	6.63	2/15/27	36,600,000	35,810,904
	Aaa	6.63	5/15/07	5,125,000	5,167,435
	Aaa	7.63	2/15/25	3,000,000	3,285,000
	Aaa	5.13	11/30/98	2,000,000	1,977,500
	Aaa	11.25	2/15/20	15,000,000	21,782,850
	Aaa	7.13	2/15/23	9,900,000	10,197,000
	Aaa	8.13	8/15/19	30,000,000	34,223,400
UNITED STATES TREASURY NOTES					
	Aaa	5.25	12/31/97	300,000	299,625
	Aaa	6.38	5/15/00	7,065,000	7,090,363
	Aaa	5.63	10/31/97	1,000,000	1,000,310
	Aaa	5.88	2/15/00	15,935,000	15,807,998
	Aaa	5.88	11/15/99	13,200,000	13,115,388
	Aaa	5.88	2/15/04	1,000,000	968,910
	Aaa	6.00	6/30/99	4,000,000	3,994,360
	Aaa	6.00	8/15/99	6,070,000	6,054,825
	Aaa	6.13	12/31/01	20,000,000	19,803,200
	Aaa	6.25	1/31/02	1,610,000	1,601,193
	Aaa	6.25	2/15/07	4,000,000	3,913,760
	Aaa	6.25	5/31/99	5,000,000	5,014,050
	Aaa	6.25	6/30/02	10,500,000	10,439,297
	Aaa	6.50	5/15/05	545,000	543,975
	Aaa	6.50	5/31/01	6,580,000	6,615,993
	Aaa	6.50	11/15/26	37,875,000	36,324,398
	Aaa	6.63	3/31/02	12,700,000	12,815,062
	Aaa	6.63	4/30/02	11,250,000	11,353,725
	Aaa	7.13	2/29/00	1,000,000	1,021,870
	Aaa	6.38	8/15/02	1,500,000	1,499,535
	Aaa	8.75	10/15/97	1,000,000	1,009,220
	Aaa	5.13	6/30/98	900,000	894,375
	Aaa	7.75	11/30/99	28,100,000	29,079,004
	Aaa	6.63	4/30/02	22,360,000	22,566,159
	Aaa	7.25	8/15/04	19,500,000	20,328,750
	Aaa	5.63	2/15/06	2,400,000	2,254,128
	Aaa	5.88	2/15/04	14,000,000	13,564,740
	Aaa	5.88	4/30/98	2,500,000	2,502,725
	Aaa	6.50	4/30/99	53,500,000	53,901,250
	Aaa	6.38	8/15/02	5,000,000	4,998,450
	Aaa	6.00	9/30/98	18,900,000	18,920,601
	Aaa	6.13	8/31/98	15,000,000	15,037,500
	Aaa	6.25	3/31/99	10,000,000	10,034,400
	Aaa	6.25	2/15/03	14,500,000	14,386,755
	Aaa	6.25	1/31/02	3,750,000	3,729,488
	Aaa	6.38	5/15/00	10,000,000	10,040,620
	Aaa	6.38	9/30/01	5,750,000	5,750,920
	Aaa	6.50	5/31/02	7,836,000	7,867,814
	Aaa	7.00	7/15/06	50,100,000	51,540,375
	Aaa	7.25	5/15/04	16,500,000	17,198,610
	Aaa	7.50	11/15/01	14,500,000	15,109,435
	Aaa	7.88	11/15/04	1,500,000	1,618,830
	Aaa	8.00	8/15/99	35,000,000	36,290,450
U.S. TREASURY INFLATION INDEX BOND					
	Aaa	3.38	1/15/07	78,000,000	76,968,294
TOTAL U.S. GOVERNMENT				819,363,000	832,255,375
FEDERAL AGENCY					
AMERICAN S.W. FINANCIAL SECURITIES CORP.	Aa	5.10	6/2/99	3,843,448	3,853,057
BEAR STEARNS MORTGAGE SECURITIES INC.	Aaa	7.33	5/25/23	9,394,652	9,316,019
CFAC REMIC TRUST MANUFACT. HOUSING	A	9.25	5/15/98	332,520	338,232
CHEMICAL MORTGAGE SECURITIES INC.	Aaa	6.25	2/25/23	1,995,921	1,987,179
CITYSCAPE HOME EQUITY LOAN	Aaa	6.70	3/25/10	18,886,109	18,872,133
	Aaa	6.49	9/25/11	31,500,000	31,531,185
CMC SECURITIES CORP.	Aaa	7.20	11/25/23	6,358,592	6,394,327
CMO CHASE FINANCIAL CORP.	Aaa	6.00	3/25/25	8,462,061	8,441,075
CMO COLLATERIZED MORTGAGE OBLIGATION	Aaa	10.20	2/1/16	4,699,413	4,966,669
	Aaa	7.25	4/23/17	177,471	177,471

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
CMO CWBMS INC.	Aaa	7.50	9/25/25	22,000,000	22,004,840
CMO FEDERAL HOME LOAN MORTGAGE CORP.	Aaa	10.75	11/30/05	383,230	391,853
CMO HMO COLLATERIZED MTG. SECURITIES CORP.	Aa	11.45	9/1/15	2,556,764	2,759,694
CMO MORTGAGE SECURITIES III	Aaa	9.00	4/1/18	9,523,915	9,881,062
CMO P-B COLLATERIZED MORTGAGE OBLIGATION	Aaa	6.07	9/1/18	344,440	342,177
CMO PRUDENTIAL HOME MORTGAGE SECURITIES CO	Aaa	6.90	4/25/23	3,265,611	3,257,447
CMO RESIDENTIAL FUNDING MORTGAGE SECURITIES	Aa	7.50	9/25/25	8,000,000	7,944,240
CMO RYLAND ACCEPTANCE CORP. IV	Aaa	9.85	2/1/19	9,185,981	9,231,911
CMO SALOMON BRO. MORTGAGE SECURITIES II INC.	Aaa	11.50	9/1/15	940,058	1,014,492
CMO SHEARSON LEHMAN	Aaa	6.84	1/24/19	2,063,177	2,038,677
CMO WSTRN. FED. SVGS. & LOAN ASSN. MARINA DELREY	Aaa	6.70	6/25/18	61,855	61,178
COLLATERIALIZED MORTGAGE SECURITIES CORP.	Aaa	8.00	8/25/17	816,468	816,206
CONTIMORTGAGE HOME EQUITY LOAN	Aaa	6.19	10/15/11	5,000,000	4,978,100
CROWN HOME EQUITY LOAN	Aaa	6.46	3/25/06	4,518,495	4,526,719
DANWA MORTGAGE ACCEPTANCE CORP.	Aa	4.38	9/25/06	2,283,697	2,292,010
DBL MORTGAGE FUNDING CORP.	Aaa	9.50	8/25/19	182,286	191,678
DISCOVER CARD MASTER TRUST	Aaa	6.05	10/16/13	3,300,000	3,342,273
DLJ MORTGAGE ACCEPTANCE CORP.	Aaa	7.82	9/25/21	729,549	751,435
	Aaa	7.66	5/25/23	2,608,029	2,637,370
	Aaa	8.22	6/25/22	2,515,009	2,552,734
	Aaa	6.13	5/25/06	912,321	930,567
	Aaa	8.85	3/15/08	776,989	800,089
FEDERAL HOME LOAN MORTGAGE CORP.	Aaa	5.00	11/15/17	1,500,000	1,481,715
	Aaa	5.70	9/15/08	1,287,043	1,278,999
	Aaa	5.85	2/21/06	1,000,000	935,780
	Aaa	7.61	5/24/06	2,400,000	2,404,872
	Aaa	8.25	6/1/01	190,348	191,935
	Aaa	8.50	1/1/08	7,668	7,962
	Aaa	8.50	8/1/05	3,467	3,566
	Aaa	8.50	5/1/08	487,908	507,912
	Aaa	10.00	9/1/09	4,496	4,864
	Aaa	8.50	5/1/17	508,481	533,722
	Aaa	8.50	12/1/07	7,087	7,338
	Aaa	8.50	10/1/09	11,064	11,456
	Aaa	10.50	4/1/11	56,282	61,395
	Aaa	8.50	12/1/08	184,574	191,664
	Aaa	8.50	12/1/09	2,536	2,609
	Aaa	8.50	8/1/10	170,769	176,816
	Aaa	8.50	2/1/11	16,285	16,989
	Aaa	8.50	4/1/09	41,722	43,433
	Aaa	8.50	5/1/09	656,218	681,423
	Aaa	8.50	4/1/10	10,592	10,998
	Aaa	8.50	1/1/10	59,755	61,871
	Aaa	8.50	12/1/09	87,854	91,228
	Aaa	8.50	9/1/10	86,558	89,882
	Aaa	8.50	9/1/08	4,141	4,242
	Aaa	8.50	9/1/08	11,308	11,742
	Aaa	8.50	7/1/03	3,362	3,445
	Aaa	8.50	10/1/07	342,060	356,084
	Aaa	8.50	2/1/08	18,006	18,642
	Aaa	8.50	9/1/08	122,553	127,260
	Aaa	8.50	10/1/04	42,593	43,956
	Aaa	8.50	1/1/09	12,994	13,454
	Aaa	8.50	2/1/08	119,510	123,741
	Aaa	8.50	12/1/07	31,884	32,904
	Aaa	8.25	10/1/07	68,690	70,520
	Aaa	6.75	9/1/04	145,424	144,438
	Aaa	8.50	12/1/08	129,573	134,885
	Aaa	8.50	12/1/05	130,413	134,147
	Aaa	8.50	8/1/08	5,377	5,583
	Aaa	8.50	4/1/08	10,020	10,341
	Aaa	8.50	8/1/10	132,867	137,572
	Aaa	8.50	7/1/09	79,327	82,580
	Aaa	8.50	1/1/13	76,897	80,049
	Aaa	6.75	1/1/09	338,714	334,920
	Aaa	6.75	12/1/08	347,034	343,484
	Aaa	6.75	11/1/08	281,727	278,845
	Aaa	7.25	5/1/08	206,110	206,262
	Aaa	8.50	12/1/09	13,379	13,853
	Aaa	10.00	1/1/16	350,507	371,341
	Aaa	8.50	6/1/15	89,643	93,518
	Aaa	8.50	6/1/17	536,280	558,268
	Aaa	8.50	10/1/10	218,545	227,505
	Aaa	7.00	4/1/17	558,438	559,354
	Aaa	8.00	6/1/09	1,143,571	1,169,782
	Aaa	8.50	9/1/08	110,869	114,417
	Aaa	6.25	2/1/07	146,865	145,638
	Aaa	6.25	6/1/08	170,634	168,364
	Aaa	8.50	3/1/08	14,934	15,547
	Aaa	8.50	4/1/09	804,541	835,443
	Aaa	7.29	10/1/26	17,626,392	18,202,070
	Aaa	7.60	4/1/24	14,834,139	15,388,046
	Aaa	8.50	12/1/24	336,850	350,375
	Aaa	8.00	11/1/24	204,598	209,840
	Aaa	8.50	1/1/25	283,025	294,389
	Aaa	8.50	1/1/25	353,084	367,260
	Aaa	8.50	2/1/25	274,515	285,537
	Aaa	8.50	3/1/25	285,429	296,889

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	Aaa	8.50	3/1/25	501,482	521,617
	Aaa	8.50	3/1/25	338,726	352,326
	Aaa	8.50	3/1/25	165,192	171,825
	Aaa	8.50	3/1/25	374,783	389,830
	Aaa	8.50	4/1/25	348,821	362,826
	Aaa	8.50	4/1/25	277,339	288,474
	Aaa	8.50	4/1/25	342,486	356,237
	Aaa	8.50	4/1/25	488,888	508,517
	Aaa	8.50	4/1/25	444,560	462,410
	Aaa	8.50	4/1/25	433,593	451,002
	Aaa	8.50	4/1/25	276,685	287,793
	Aaa	8.50	4/1/25	357,170	371,510
	Aaa	8.50	4/1/25	311,375	323,877
	Aaa	8.50	4/1/25	391,036	406,736
	Aaa	8.50	4/1/25	437,750	455,325
	Aaa	8.50	4/1/25	218,789	227,573
	Aaa	8.50	1/1/25	298,465	310,449
	Aaa	8.50	1/1/25	384,857	400,309
	Aaa	8.50	4/1/25	314,460	327,085
	Aaa	8.50	5/1/25	417,670	434,439
	Aaa	8.00	6/1/25	32,535	33,368
	Aaa	8.50	6/1/25	497,747	517,732
	Aaa	8.00	8/1/25	21,199	21,718
	Aaa	8.00	12/1/25	88,190	90,353
	Aaa	8.00	7/1/25	24,189	24,782
	Aaa	6.50	1/1/11	1,323,740	1,303,884
	Aaa	7.50	11/1/10	815,988	830,007
	Aaa	8.50	11/1/08	130,158	134,767
FEDERAL HOME LOAN MORTGAGE CORP. GOLD	Aaa	6.50	6/1/27	30,000,000	28,734,300
	Aaa	6.50	3/1/24	132,000,000	127,791,840
	Aaa	7.50	2/13/25	10,000,000	9,953,100
	Aaa	8.50	4/12/25	7,000,000	7,273,420
FEDERAL HOME LOAN MORTGAGE CORP. MULTICLASS	Aaa	6.50	5/1/27	30,000,000	28,884,300
	Aaa	9.00	11/15/19	68,928	68,647
	Aaa	8.00	10/15/19	7,007,928	7,084,524
	Aaa	8.60	6/15/21	15,205,613	15,994,328
	Aaa	7.75	1/15/20	1,383,561	1,390,907
	Aaa	7.00	3/15/18	2,500,000	2,517,175
	Aaa	7.00	10/15/06	862,780	872,754
	Aaa	N/A	7/15/06	168,590	1,150,309
	Aaa	N/A	5/15/98	15,640	169,891
	Aaa	5.80	7/15/00	1,711,830	1,707,550
	Aaa	6.00	3/15/07	1,500,000	1,485,930
	Aaa	5.40	8/15/14	2,950,000	2,933,392
	Aaa	5.50	8/15/04	750,000	745,778
	Aaa	6.50	3/15/19	12,217,286	1,336,938
	Aaa	6.00	1/15/06	5,877,364	412,532
	Aaa	5.85	8/15/19	2,465,000	2,381,017
	Aaa	6.50	1/15/24	5,168,577	725,462
	Aaa	5.00	12/15/12	569,964	566,932
	Aaa	5.25	11/15/16	2,329,964	2,298,650
	Aaa	6.00	7/15/11	2,757,903	177,056
	Aaa	5.85	5/15/15	2,348,000	2,309,845
	Aaa	7.50	11/15/20	1,094,182	117,001
	Aaa	8.50	9/15/24	1,350,648	1,431,687
	Aaa	4.75	7/25/11	1,729,980	1,718,078
	Aaa	10.00	9/17/23	946,328	999,852
	Aaa	9.13	6/15/20	5,845,770	6,004,658
FEDERAL HOUSING AUTHORITY GMAC PROJECT LOAN	Aaa	9.50	1/15/21	6,451,551	6,854,773
	Aaa	7.43	12/1/21	1,474,590	1,473,145
FEDERAL HOUSING AUTHORITY PROJECT LOAN	Aaa	7.43	6/1/19	10,447,664	10,317,068
FEDERAL HOUSING AUTHORITY USGI PROJECT LOAN	Aaa	7.85	8/1/28	9,691	9,747
	Aaa	7.43	6/1/24	34,579,709	35,587,016
	Aaa	7.44	8/1/22	25,058,904	25,558,578
	Aaa	7.43	9/1/22	888,183	887,313
FEDERAL NATIONAL MORTGAGE ASSOCIATION	Aaa	6.50	7/10/02	2,700,000	2,015,478
	Aaa	4.88	10/15/98	2,575,000	2,535,165
	Aaa	5.23	11/25/96	1,700,000	1,682,728
	Aaa	5.72	3/8/01	2,400,000	2,339,616
	Aaa	5.84	6/19/98	50,000,000	49,984,375
	Aaa	7.50	N/A	45,000,000	44,479,688
	Aaa	5.20	7/10/98	2,300,000	2,281,301
	Aaa	16.00	9/1/12	136,729	164,801
	Aaa	8.00	8/1/19	1,455,546	1,501,847
	Aaa	15.75	12/1/11	258,844	311,987
	Aaa	10.50	8/1/15	348,517	380,842
	Aaa	10.50	5/1/12	321,971	352,056
	Aaa	10.50	6/1/12	251,572	274,495
	Aaa	10.50	5/1/12	258,676	282,847
	Aaa	7.50	4/1/24	19,366,568	19,511,817
	Aaa	6.12	11/1/28	2,062,824	2,038,978
	Aaa	8.25	6/1/05	511,553	524,398
	Aaa	6.07	12/1/30	10,860,039	10,734,497
	Aaa	6.09	2/1/31	8,786,773	8,685,198
	Aaa	14.75	8/1/12	769,878	920,242
	Aaa	15.75	8/1/12	306,428	369,341
	Aaa	8.50	7/1/24	13,315,878	13,852,641
	Aaa	9.00	4/1/25	639,863	676,252

INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
Aaa	8.00	3/1/10	584,215	601,374
Aaa	10.50	11/1/13	67,233	73,586
Aaa	10.50	3/1/14	24,952	26,999
Aaa	13.25	9/1/11	71,066	82,768
Aaa	8.00	1/1/10	87,137	89,696
Aaa	8.00	12/1/09	362,327	372,968
Aaa	12.75	10/1/11	687,769	789,181
Aaa	8.00	12/1/09	464,269	477,904
Aaa	8.00	12/1/09	235,661	242,788
Aaa	7.00	7/1/09	1,281,038	1,284,638
Aaa	7.00	1/1/11	666,828	666,475
Aaa	6.37	1/1/26	88,514	87,491
Aaa	8.50	6/1/25	3,688,791	3,835,405
Aaa	8.50	4/1/25	2,233,214	2,323,235
Aaa	8.50	6/1/25	382,212	397,619
Aaa	8.50	6/1/25	2,384,590	2,480,713
Aaa	6.50	12/1/25	59,942,518	57,376,377
Aaa	7.00	12/1/26	29,220,246	28,672,366
Aaa	8.50	11/1/17	9,893,955	10,394,837
Aaa	8.50	7/1/25	2,928,141	3,046,175
Aaa	8.50	7/1/25	2,460,433	2,559,813
Aaa	7.00	7/1/25	68,920	67,843
Aaa	6.50	9/1/10	1,300,091	1,276,117
Aaa	8.25	10/1/08	124,360	127,216
Aaa	6.50	1/1/26	1,478,679	1,415,376
Aaa	8.09	11/1/38	910,924	900,394
Aaa	7.00	5/1/26	27,931	27,407
Aaa	7.00	5/1/26	25,203	24,731
Aaa	6.72	2/1/26	8,670,958	8,718,388
Aaa	6.67	3/1/26	17,401,993	17,524,329
Aaa	7.00	1/1/27	11,049,069	10,824,552
Aaa	7.00	12/1/26	3,149,639	3,085,638
Aaa	7.00	1/1/27	21,848,658	21,404,694
Aaa	7.00	9/1/26	77,672	76,094
Aaa	7.00	10/1/26	53,415	52,330
Aaa	8.25	7/1/08	339,568	350,302
Aaa	7.00	1/1/27	46,257	45,317
Aaa	7.00	12/1/26	33,048	32,376
Aaa	7.00	1/1/27	41,910	41,058
Aaa	7.00	1/1/27	12,062,449	11,817,340
Aaa	7.00	6/1/27	5,061,566	4,958,715
Aaa	7.00	4/1/27	95,642	93,699
Aaa	7.00	1/1/27	49,672	48,663
Aaa	7.00	12/1/26	3,024,075	2,967,373
Aaa	7.00	2/1/27	84,716	82,995
Aaa	7.00	3/1/27	52,386	51,322
Aaa	7.00	5/1/27	40,861	40,030
Aaa	7.00	5/1/12	744,891	743,259
Aaa	7.00	5/1/27	31,951	31,302
Aaa	7.00	4/1/27	73,709	72,211
Aaa	7.00	6/1/27	827,612	810,795
Aaa	7.00	6/1/27	847,372	830,153
Aaa	6.09	11/1/27	2,533,444	2,504,157
Aaa	10.50	1/1/16	87,167	85,538
Aaa	6.07	5/1/28	1,377,332	1,361,410
Aaa	11.50	3/1/11	24,010	26,774
Aaa	9.00	11/1/97	1,897,840	1,706,176
Aaa	11.50	10/1/15	50,838	57,072
Aaa	11.50	5/1/19	187,258	211,133
Aaa	16.00	9/1/12	167,130	201,443
Aaa	16.00	9/1/12	11,089	13,366
Aaa	11.50	4/1/19	146,038	164,658
Aaa	11.50	6/1/19	113,207	127,640
Aaa	11.50	6/1/19	30,300	34,164
Aaa	6.09	3/1/29	495,613	489,883
Aaa	7.00	5/1/09	1,079,809	1,085,122
Aaa	7.50	9/1/02	371,269	373,823
Aaa	8.75	4/1/07	395,842	411,023
Aaa	8.75	8/1/18	316,352	331,170
Aaa	11.50	1/1/15	168,597	188,682
Aaa	11.50	1/1/16	46,976	52,750
Aaa	11.50	7/1/14	9,288	10,208
Aaa	11.50	2/1/15	11,793	12,689
Aaa	11.50	11/1/15	55,760	62,761
Aaa	11.50	1/1/16	40,073	45,182
Aaa	11.50	8/1/11	68,850	77,293
Aaa	11.50	1/1/20	32,464	36,455
Aaa	11.50	10/1/15	185,761	208,541
Aaa	8.25	9/1/09	195,320	201,494
Aaa	9.00	11/1/10	1,023,674	1,079,290
Aaa	N/A	8/25/20	28,904	759,833
Aaa	9.25	7/25/19	10,200,865	10,774,663
Aaa	6.40	6/25/15	3,750,908	3,738,005
Aaa	5.60	11/25/16	5,500,000	5,400,285
Aaa	6.50	10/25/04	5,000,000	5,017,150
Aaa	N/A	2/25/17	29,182	403,297
Aaa	5.86	9/25/23	1,974,609	1,890,056
Aaa	3.13	11/25/23	13,171,585	715,197

INVESTMENT LISTING

FIRST BOSTON CORPORATION MORTGAGE
 FIRST BOSTON MORTGAGE SECURITIES CORP.
 FORD CREDIT AUTO LOAN MASTER TRUST
 GENERAL MOTORS ACCEPTANCE MORTGAGE CORP.
 GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
Aaa	6.90	12/25/03	1,043,678	1,044,983
Aaa	5.25	3/25/12	1,755,525	1,745,097
Aaa	5.75	11/25/17	2,350,000	2,308,123
Aaa	6.50	3/25/18	6,558,717	525,681
Aaa	7.50	12/25/19	848,964	67,369
Aaa	8.50	2/25/24	1,280,234	1,265,025
Aaa	8.25	7/25/24	3,308,817	3,332,574
Aaa	15.79	12/25/15	500,000	330,838
Aaa	8.00	12/25/20	900,000	926,712
Aaa	7.50	6/25/21	1,100,000	1,112,375
Aaa	7.50	6/25/07	9,014,453	9,101,713
Aaa	7.00	11/25/16	7,342,179	648,535
Aaa	7.00	1/1/26	4,970,000	4,959,128
Aaa	8.00	7/1/12	755,000	771,746
Aaa	8.00	7/1/27	5,000,000	5,110,900
Aa	8.00	9/1/16	1,138,636	1,132,943
Aa	6.69	2/25/18	2,394,010	2,307,975
Aaa	6.50	8/15/02	5,000,000	4,982,800
Aaa	5.00	12/1/97	684	683
Aaa	6.50	7/15/26	10,000,000	9,565,600
Aaa	7.00	N/A	3,500,000	3,431,641
Aaa	7.50	7/15/24	5,500,000	5,291,990
Aaa	8.00	N/A	28,265,143	28,918,633
Aaa	8.50	7/15/27	40,000,000	41,562,400
Aaa	7.13	5/20/23	25,894,136	26,691,157
Aaa	8.00	8/15/06	132,811	137,725
Aaa	6.50	5/15/26	601,153	575,039
Aaa	6.50	3/15/26	975,111	932,753
Aaa	6.50	5/1/27	5,000,000	5,017,969
Aaa	6.50	3/15/23	1,000,000	956,560
Aaa	7.00	12/15/23	5,500,000	5,398,580
Aaa	7.50	9/15/24	7,500,000	7,361,700
Aaa	7.50	1/15/27	1,000,000	981,560
Aaa	6.00	5/1/27	5,500,000	5,261,080
Aaa	13.50	7/15/14	3,018	3,599
Aaa	12.00	1/15/14	1,094	1,264
Aaa	12.00	4/15/14	6,170	7,128
Aaa	8.00	9/15/06	22,715	23,555
Aaa	8.00	10/15/06	28,878	29,947
Aaa	8.00	11/15/06	125,494	130,137
Aaa	8.00	4/15/17	329,391	341,516
Aaa	8.00	7/15/17	406,456	421,417
Aaa	8.00	4/15/17	269,926	279,862
Aaa	8.00	3/15/17	532,993	552,613
Aaa	9.00	6/15/21	730,771	781,004
Aaa	6.50	5/15/26	874,782	836,781
Aaa	7.50	5/15/23	462,908	466,380
Aaa	7.50	9/15/23	55,754	56,172
Aaa	6.50	2/15/26	138,732	132,706
Aaa	6.50	1/15/26	302,229	289,100
Aaa	6.50	2/15/26	88,686	84,834
Aaa	6.50	2/15/26	259,935	248,643
Aaa	6.50	2/15/26	244,630	234,003
Aaa	7.50	3/15/24	118,355	119,131
Aaa	7.50	3/15/24	26,665	26,840
Aaa	6.50	1/15/26	220,679	211,093
Aaa	6.50	1/15/26	112,013	107,218
Aaa	6.50	1/15/26	395,648	378,461
Aaa	6.50	2/15/26	244,900	234,262
Aaa	6.50	4/15/26	928,988	888,633
Aaa	6.50	1/15/26	360,703	345,034
Aaa	6.50	2/15/26	197,115	188,552
Aaa	6.50	1/15/26	113,975	109,024
Aaa	6.50	2/15/26	865,277	827,689
Aaa	6.50	2/15/26	238,069	227,727
Aaa	6.50	2/15/26	1,311,675	1,254,696
Aaa	6.50	1/15/26	259,698	248,416
Aaa	6.50	1/15/26	925,331	885,135
Aaa	6.50	3/15/26	886,382	847,878
Aaa	6.50	3/15/26	898,850	859,804
Aaa	6.50	1/15/26	483,419	462,420
Aaa	6.50	1/15/26	128,285	122,712
Aaa	6.50	1/15/26	384,470	367,768
Aaa	6.50	1/15/26	516,497	494,061
Aaa	8.50	10/15/97	450,336	471,586
Aaa	6.50	2/15/26	243,893	233,298
Aaa	6.50	1/15/26	468,823	448,457
Aaa	6.50	4/15/26	902,172	862,981
Aaa	6.50	3/1/26	848,435	811,579
Aaa	6.50	1/15/26	249,677	238,831
Aaa	6.50	1/15/26	899,091	860,034
Aaa	6.50	1/1/26	266,174	254,611
Aaa	6.50	2/1/26	196,007	187,493
Aaa	6.50	1/1/26	212,370	203,145
Aaa	6.50	3/15/26	929,904	889,509
Aaa	6.50	2/15/26	316,785	303,024
Aaa	6.50	2/15/26	94,807	90,688
Aaa	6.50	2/15/26	267,447	255,829

INVESTMENT LISTING

Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
Aaa	6.50	6/15/26	905,522	866,186
Aaa	6.50	4/15/26	954,761	913,298
Aaa	6.50	4/15/26	871,176	833,332
Aaa	6.50	2/15/26	265,541	254,008
Aaa	6.50	5/15/26	592,186	566,462
Aaa	6.50	2/15/26	194,477	186,029
Aaa	6.50	5/15/26	295,743	282,896
Aaa	6.50	2/15/26	129,496	123,871
Aaa	6.50	1/15/26	117,755	112,639
Aaa	6.50	1/15/26	134,310	128,475
Aaa	6.50	1/15/26	127,106	121,584
Aaa	6.50	1/15/26	260,190	248,888
Aaa	6.50	2/15/26	523,608	500,863
Aaa	6.50	2/15/26	75,805	72,512
Aaa	6.50	2/15/26	478,531	457,743
Aaa	6.50	1/15/28	254,284	243,238
Aaa	6.50	3/15/26	395,310	378,138
Aaa	6.50	2/15/28	882,080	843,763
Aaa	6.50	4/15/26	271,277	259,493
Aaa	7.50	9/15/07	593,898	601,221
Aaa	11.25	10/15/15	40,582	44,367
Aaa	11.25	8/15/15	54,094	59,139
Aaa	11.25	9/15/15	39,159	42,812
Aaa	11.25	1/15/15	40,729	44,528
Aaa	11.25	8/15/15	42,744	46,731
Aaa	11.25	9/15/15	16,375	17,903
Aaa	11.25	9/15/15	57,457	62,816
Aaa	11.25	9/15/15	13,906	15,203
Aaa	11.25	10/15/15	12,329	13,479
Aaa	11.25	10/15/15	22,427	24,519
Aaa	13.50	5/15/10	9,286	10,667
Aaa	13.50	5/15/10	3,061	3,516
Aaa	13.50	5/15/10	2,276	2,614
Aaa	13.00	12/15/10	59,595	68,471
Aaa	13.00	12/15/10	22,528	25,884
Aaa	13.50	6/15/10	5,349	6,159
Aaa	13.50	2/15/11	21,060	24,246
Aaa	13.50	2/15/11	16,930	19,491
Aaa	13.50	3/15/11	47,945	55,199
Aaa	13.50	3/15/11	62,257	71,676
Aaa	13.50	4/15/11	11,999	13,815
Aaa	13.50	4/15/11	3,333	3,837
Aaa	13.00	7/15/11	17,563	20,208
Aaa	10.00	3/15/13	131,132	145,383
Aaa	13.00	11/15/12	20,783	23,926
Aaa	13.00	10/15/12	16,987	19,556
Aaa	10.00	3/15/13	136,212	151,015
Aaa	11.25	7/15/13	121,879	132,783
Aaa	11.25	7/15/13	27,511	29,972
Aaa	13.50	6/15/10	745	880
Aaa	13.50	5/15/11	530	631
Aaa	7.13	9/20/23	784,478	805,565
Aaa	6.50	1/20/24	3,465,956	3,555,308
Aaa	7.00	1/20/27	28,248,856	28,897,801
Aaa	7.13	4/20/23	11,470,389	11,828,839
Aaa	7.00	5/20/24	12,416,263	12,724,683
Aaa	7.13	5/20/23	1,136,242	1,171,750
Aaa	7.13	6/20/23	4,269,558	4,400,335
Aaa	7.13	8/20/23	32,589,630	33,465,640
Aaa	7.13	8/20/23	36,520,024	37,604,303
Aaa	7.13	8/20/23	1,723,979	1,775,974
Aaa	7.00	10/20/23	6,755,005	6,917,530
Aaa	7.00	12/20/23	18,956,433	19,448,163
Aaa	7.13	8/20/24	23,483,433	24,165,861
Aaa	6.50	10/20/24	986,465	1,011,590
Aaa	7.00	8/20/25	4,964,764	5,100,501
Aaa	7.13	8/20/25	27,687,585	28,453,424
Aaa	5.00	1/20/26	6,309,063	6,357,390
Aaa	5.00	2/20/26	20,994,326	21,155,143
Aaa	5.00	3/20/26	1,077,170	1,085,421
Aaa	5.50	7/20/96	3,225,622	3,256,878
Aaa	7.13	8/20/24	3,779,931	3,890,985
Aaa	7.25	8/20/24	3,459,296	3,559,823
Aaa	7.13	7/20/22	3,802,173	3,919,813
Aaa	7.50	11/20/25	1,258,469	1,257,664
Aaa	6.00	12/20/26	9,945,277	10,086,698
Aaa	6.88	9/20/22	425,553	438,520
Aaa	7.00	11/20/24	2,879,665	2,946,732
Aaa	6.50	2/20/25	1,127,989	1,153,899
Aaa	6.50	5/20/24	1,138,721	1,161,678
Aaa	6.50	5/20/24	10,901,512	11,141,673
Aaa	7.00	11/20/24	2,015,724	2,062,670
Aaa	7.13	9/20/23	525,988	541,768
Aaa	7.00	10/20/23	3,421,770	3,512,652
Aaa	7.00	11/20/23	721,733	740,902
Aaa	6.50	1/1/25	19,744,783	20,256,963
Aaa	6.50	2/20/25	7,961,650	8,165,707
Aaa	6.00	7/20/26	4,809,134	4,907,576

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION II

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par Value	Market Value
	Aaa	5.50	8/20/26	6,090,540	6,148,583
	Aaa	5.50	9/20/26	496,431	501,162
	Aaa	13.25	10/20/14	13,819	15,805
	Aaa	13.25	5/20/15	20,190	23,092
	Aaa	7.13	6/20/21	3,123,198	3,222,766
	Aaa	6.38	8/16/28	2,500,000	2,471,094
GREENTREE FINANCIAL CORP.	Aaa	6.91	4/15/28	10,000,000	10,046,800
	Aaa	7.65	1/25/22	1,192,867	1,213,742
GREENWICH CAPITAL ACCEPTANCE INC. MORTGAGE	Aaa	7.08	10/25/22	7,803,974	7,847,871
	Aaa	7.26	1/25/23	1,988,738	2,023,541
	Aaa	7.17	4/25/23	2,841,603	2,875,347
	Aaa	7.65	4/25/24	3,118,760	3,152,871
	Caa	6.82	3/25/20	681,674	370,873
GUARDIAN SAVINGS & LOAN ASSN. HUNTINGTON BEACH	B	7.32	1/25/21	486,769	333,893
	Caa	6.85	2/25/20	184,656	100,695
	A	7.16	1/25/19	764,874	654,684
	Caa	7.00	6/25/20	558,143	296,165
	Aa	6.90	7/25/18	1,485,493	1,366,653
	Caa	6.85	2/25/20	172,172	94,533
	Aa	7.24	4/15/12	1,692,955	1,760,673
HOME LOAN INVESTMENT ASSOC.	Aaa	7.50	4/25/21	102,172	103,193
HOUSING SECURITIES INC.	Aaa	N/A	6/1/20	10,905	28,462
VO CMO UBS MORTGAGE TRUST	Aaa	6.00	4/15/06	6,416,636	500,369
VO FEDERAL HOME LOAN MORTGAGE CORP.	Aaa	8.00	10/15/18	3,070,205	813,604
	Aaa	7.00	7/15/18	1,502,929	161,249
	Aaa	6.50	10/15/04	2,665,205	163,084
	Aaa	7.00	4/15/01	945,672	3,896
	Aaa	3.11	12/15/23	64,265,046	3,063,168
	Aaa	6.50	4/15/20	7,207,064	746,652
	Aaa	8.79	2/15/24	3,750,000	1,258,833
	Aaa	2.05	3/15/24	9,500,000	1,495,490
	Aaa	N/A	8/15/07	46,913	1,266,401
VO FEDERAL NATIONAL MORTGAGE CORP.	Aaa	N/A	9/25/08	76,244	1,747,389
	Aaa	6.50	10/25/20	29,585,163	4,380,971
	Aaa	7.00	6/25/11	1,629,695	39,716
	Aaa	N/A	10/25/07	107,075	1,642,827
	Aaa	6.50	3/25/09	4,791,379	662,600
	Aaa	8.80	1/25/17	666,864	674,158
IMPERIAL SAVINGS & LOAN ASSN.	Aa	7.76	11/25/24	1,623,806	1,672,520
INDEPENDENT NATIONAL MORTGAGE CORP.	Aa	7.90	3/25/24	6,719,973	6,783,505
KIDDER PEABODY ACCEPTANCE CORP.	A	8.05	6/25/22	3,000,000	2,988,090
MERRILL LYNCH MORTGAGE INVESTMENTS INC.	Aaa	7.34	7/1/35	2,300,000	2,321,203
MID STATES TRUST	Aaa	6.86	7/15/29	1,950,000	1,950,000
MORGAN CAPITAL INC.	Aaa	6.35	10/25/18	340,967	340,070
MORTGAGE OBLIGATION STRUCTURED TRUST	Aaa	4.33	5/25/24	4,860,407	4,880,043
NOMURA ASSET SECURITIES CORP.	Aaa	6.13	8/15/00	18,390,000	18,458,963
OLYMPIC AUTOMOBILE RECEIVABLE TRUST	Aa	5.77	6/25/98	10,400,000	10,419,500
COMMERCIAL MORTGAGE FUNDING TRUST	Aaa	7.05	8/20/14	4,593,591	4,628,043
TEACHERS' INSURANCE ANNUITY ASSOC.	Aaa	7.40	5/25/07	9,101,214	9,139,530
PRUDENTIAL HOME FIFTEEN-YEAR MORTGAGE	Aaa	8.50	6/25/25	4,814,260	4,843,338
PRUDENTIAL HOME MORTGAGE SECURITIES CO.	Aaa	6.80	5/25/24	1,882,024	1,877,902
	Aaa	8.08	2/25/07	1,091,957	1,111,939
RESIDENTIAL FUNDING MORTGAGE SECURITIES I	Aaa	7.70	3/25/25	22,038,693	22,644,757
	Aaa	7.00	6/25/23	1,396,622	1,393,464
	Baa	7.15	2/25/20	921,663	921,087
RESOLUTION TRUST CORP.	Aaa	7.73	5/25/29	5,327,257	5,367,212
	Aaa	6.98	5/25/29	8,891,323	8,829,528
	Aa	7.59	5/20/29	7,117,954	7,084,855
	Aa	7.44	5/25/29	3,055,178	3,039,200
	Aa	6.59	3/25/20	1,167,035	1,169,953
	Aa	7.60	5/25/19	1,684,652	1,642,536
	Aaa	7.50	8/25/23	236,356	236,724
	Aaa	8.00	6/25/26	1,923,425	1,882,962
	Aaa	7.22	5/25/29	3,741,487	3,863,085
	Ba	7.00	5/25/27	440,732	415,666
	Aaa	6.73	12/25/20	3,448,537	3,455,400
	Baa	9.45	5/25/24	9,100,011	9,286,743
	B	6.90	2/25/27	1,271,134	1,196,958
RESOLUTION TRUST CORP. MORTGAGE	Ba	7.24	9/25/20	174,436	145,981
	Aa	6.27	1/25/21	752,398	722,779
	Aaa	6.54	5/25/24	1,337,618	1,338,367
RYLAND MORTGAGE SECURITIES CORP.	Aaa	7.24	3/25/22	636,949	657,650
	Aaa	7.26	12/25/21	1,430,256	1,437,407
	Aaa	5.63	10/25/07	1,600,000	1,600,000
SALLIE MAE STUDENT LOAN TRUST FLOATING RATE	Aaa	6.00	6/30/98	75,000,000	75,081,750
SALLY MAE MORTGAGE	Aaa	6.98	12/25/17	317,003	314,625
SALOMON MORTGAGE SECURITIES	Baa	7.00	2/25/17	238,753	234,902
	Aaa	7.97	3/25/24	2,540,043	2,581,319
	Aaa	8.08	3/25/24	4,504,411	4,643,766
	Aaa	7.84	N/A	1,793,056	1,839,503
	Aaa	7.95	1/25/23	716,797	723,822
SAXON MORTGAGE SECURITIES CORP.	Aaa	8.15	3/25/22	1,641,972	1,657,867
SEARS MORTGAGE SECURITIES CORP.	Aaa	6.64	6/25/22	1,164,467	1,165,558
	Aaa	6.87	9/25/36	20,747,901	20,792,924
STRUCTURED ASSET SECURITIES CORP.	Aaa	8.25	11/7/03	10,000,000	10,570,313
STUDENT CREDIT CARD MASTER TRUST	Baa	5.98	6/25/20	2,920,263	2,666,565
WESTERN FEDERAL SAVINGS & LOAN ASSN. MARINA	Aaa	6.98	3/25/19	1,438,709	1,430,508
	Aaa	6.20	11/15/02	3,000,000	2,988,750
WORLD OMNIA AUTO LEASE SECURITIZATION TRUST	Aaa	6.30	6/25/02	20,335,224	20,386,062
TOTAL FEDERAL AGENCY				2,046,053,569	1,886,494,317
TOTAL GOVERNMENT OBLIGATIONS				2,865,416,569	2,718,749,692

INVESTMENT LISTING

CORPORATE OBLIGATIONS

	Moody's Quality Rating	Rate	Maturity	Par/Shares	Market Value
DELTA AIRLINES INC.	Baa	10.50	4/30/16	2,750,000	3,353,543
	Baa	9.38	9/11/07	4,415,047	4,826,530
	Baa	9.49	1/2/03	3,383,000	3,646,367
UNITED AIR LINES INC.	B	11.56	N/A	15,917,555	19,079,100
				26,465,603	30,905,539
Banks					
AHMANSON H. F. & CO.	Baa	6.15	3/24/98	7,900,000	7,899,526
	Baa	6.18	1/15/98	12,800,000	12,799,744
BANCO LATINOAMERICANO DE	Baa	6.40	3/27/98	4,900,000	4,987,230
	Baa	6.43	5/28/98	3,200,000	3,220,158
	Baa	6.55	2/13/98	8,000,000	8,013,600
BANK AMERICA NATIONAL ASSOCIATION	N/A	6.05	6/10/98	40,000,000	39,987,200
BANKERS TRUST N.Y. CORP.	A	7.50	1/15/02	1,000,000	1,021,980
CAPITAL ONE BANK	Baa	8.13	2/27/98	14,940,000	15,124,061
	Baa	6.73	6/4/98	20,000,000	20,087,000
	Baa	6.62	4/13/98	2,100,000	2,105,880
	Baa	6.05	1/9/98	7,800,000	7,806,786
	A	6.54	2/1/27	1,000,000	969,180
CHASE CAPITAL	A	7.90	4/29/49	2,500,000	2,580,550
CREDIT SUISSE	A	7.75	12/1/26	1,000,000	957,620
FIRST CHICAGO	A	7.75	12/1/26	1,000,000	957,620
MBNA CAPITAL	Baa	6.66	2/1/27	2,000,000	1,976,320
MBNA CORP.	Aaa	6.13	6/17/02	1,775,000	1,780,627
MERITA BANK	Aaa	5.84	9/11/03	1,000,000	1,000,500
MERITA EURO	Aaa	5.93	4/28/03	1,000,000	999,800
MERRILL LYNCH & CO.	Aa	6.47	6/27/00	1,700,000	1,693,200
SOUTHWEST SAVINGS ASSN.	Ba	1.07	12/31/18	55,004	54,828
				134,670,004	135,065,789
Building - General					
BUILDING MATERIALS CORP.	Ba	N/A	7/1/04	2,500,000	2,268,750
				2,500,000	2,268,750
Chemicals - General					
BENEDEK BROADCASTING CORP.	Ba	11.88	3/1/05	750,000	828,750
GENERAL CHEMICALS CORP.	B	9.25	8/15/03	500,000	515,000
HARRIS CHEMICALS OF NORTH AMERICA INC.	B	10.75	10/15/03	2,080,000	2,142,400
	B	10.25	7/15/01	1,500,000	1,560,000
ICG HOLDINGS INC.	B	N/A	3/15/07	2,500,000	1,500,000
LENFEST CHEMICALS INC.	Ba	8.38	11/1/05	1,750,000	1,723,750
				9,080,000	8,269,900
Common Fund Assets					
ADELPHI COMMUNICATIONS CORP.	B	12.50	5/15/02	1,250,000	1,325,000
ALLBRITTON COMMUNICATIONS CO.	B	9.75	11/30/07	500,000	492,500
CELLULAR COMMUNICATIONS INT'L INC.	B	N/A	8/15/00	600,000	465,000
GLOBALSTAR L.P.	B	N/A	2/15/04	500	498,750
MIC FINANCIAL TRUST	Aaa	8.38	2/1/27	815,000	815,350
OLYMPIC FINANCIAL LTD.	Ba	N/A	3/15/07	500	511,250
ORION NETWORK SYSTEMS INC.	Baa	N/A	1/15/07	750	780,000
				3,166,750	4,887,850
Communications					
CF CABLE TV INC.	Ba	9.13	7/15/07	1,000,000	1,071,250
COMCAST CELLULAR	B	9.50	5/1/07	2,300,000	2,311,500
DIAL CALL COMMUNICATIONS INC.	B	12.25	4/15/04	3,200,000	3,640,000
CONTINENTAL CABLEVISION INC.	Baa	9.50	8/1/13	5,000,000	5,657,450
TCI COMMUNICATIONS INC.	Ba	6.21	9/15/03	26,000,000	26,034,320
	Ba	6.14	3/12/01	20,000,000	19,863,000
	Ba	6.22	4/1/02	2,500,000	2,480,000
TELECOMMUNICATIONS INC.	Ba	7.13	2/2/98	2,000,000	2,007,260
TIME WARNER INC.	Ba	6.10	12/30/01	10,000,000	9,578,800
	Ba	7.98	8/15/04	4,200,000	4,335,072
	Ba	8.11	8/15/06	8,400,000	8,722,476
	Ba	8.18	8/15/07	8,400,000	8,745,324
	Ba	6.03	8/15/00	13,761,000	13,779,715
	B	9.75	12/1/05	750,000	787,500
EZ COMMUNICATIONS INC.	B	10.38	5/15/05	1,250,000	1,262,500
GRANITE BROADCASTING CORP.	B	12.50	5/1/06	4,000,000	2,680,000
ICG HOLDINGS INC.	N/A	10.88	10/15/03	1,600,000	1,360,000
INT'L CABLETEL INC.	B	8.50	2/1/06	1,250,000	1,250,000
K-III COMMUNICATIONS CORP.	Ba	8.88	1/15/06	1,000,000	791,790
MFS COMMUNICATIONS INC.	B	10.13	8/1/07	500,000	485,000
PAGING NETWORK INC.	B	9.00	6/1/09	1,100,000	1,111,000
SILGAN HOLDINGS INC.	B	10.00	9/30/05	250,000	257,500
SINCLAIR BROADCAST GROUP INC.	B	9.00	1/15/06	1,000,000	990,000
YOUNG BROADCASTING INC.	B			119,461,000	118,201,457
Containers					
STONE CONTAINER CORP.	B	11.88	12/1/98	250,000	263,750
	B	12.63	7/15/98	200,000	210,250
	B	9.88	2/1/01	1,000,000	995,000
				1,450,000	1,469,000
Financial					
A T & T CAPITAL CORP.	Baa	6.73	5/12/98	9,800,000	9,849,980
	Baa	7.80	2/10/98	5,500,000	5,553,570
	Baa	6.39	1/22/99	7,900,000	7,915,168
	Baa	5.84	2/2/98	12,700,000	12,719,050
	Baa	5.90	11/13/97	4,000,000	3,998,240
	Baa	5.44	1/16/98	9,000,000	8,969,580
ACCESS FINANCIAL MORTGAGE LOAN TRUST	Aaa	6.25	10/18/11	6,600,000	6,542,940

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par/Shares	Market Value
AIRPLANES TRUST	Ba	10.88	3/15/19	500,000	575,214
AMERICAN RE CORP	Aa	10.88	9/15/04	8,000,000	8,449,360
AMRESCO RESIDENTIAL SECURITIES CORP. MORTG.	Aaa	6.28	4/25/18	2,725,000	2,714,416
	Aaa	7.00	1/25/16	3,000,000	3,021,317
ASSOC. CORP. OF NORTH AMERICA	Aa	6.38	8/15/98	750,000	751,605
	Aa	6.63	5/15/98	1,540,000	1,547,238
B.H.N.	B	7.14	3/25/11	1,966,054	2,018,941
BANKAMERICA MANUFACTURING HOUSING TRUST	Aaa	6.65	10/10/26	2,293,000	2,301,141
BARNETT CAPITAL III	B	6.41	2/1/27	2,500,000	2,500,000
BCF L.L.C.	Aaa	4.41	10/25/35	2,833,530	2,636,953
BEAR STEARNS INC.	Aa	N/A	6/20/00	23,900,000	23,988,669
	A	6.35	6/12/00	2,200,000	2,212,144
	Aa	9.19	7/1/03	2,290,998	2,437,485
BELLSOUTH SAVINGS & EMPLOYEE STOCK OWNED	Aaa	6.17	7/1/03	4,000,000	3,962,721
BRIDGESTONE FIRESTONE MASTER TRUST	B	6.41	2/1/27	2,500,000	2,500,000
CATERPILLAR FINANCIAL SERVICES CORP.	A	5.77	4/5/99	2,500,000	2,496,975
CHASE COMMERCIAL MORTGAGE SECURITIES CORP.	Aaa	1.40	4/19/15	26,000,000	2,213,120
CHASE CREDIT CARD MASTER TRUST	Aaa	5.55	9/15/03	1,500,000	1,450,770
CHRYSLER FINANCIAL CORP.	Aaa	6.60	8/3/98	5,395,000	5,427,154
	Aaa	6.22	10/27/97	5,000,000	5,003,650
	A	7.30	5/25/19	1,483,507	1,516,886
CITICORP MORTGAGE SECURITIES INC.	B	N/A	2/15/00	1,600,000	1,212,000
CLARK R & M HOLDINGS INC.	Aa	8.25	5/25/10	1,500,000	1,531,875
CMO CWMS INC.	Aaa	7.00	5/25/26	2,887,507	2,883,548
CMO GE CAPITAL MORTGAGE SERVICES INC.	Aaa	6.95	2/25/11	3,025,000	3,040,883
CMO RESIDENTIAL FUNDING	Aaa	6.66	7/25/22	1,200,000	1,203,300
CMO RYLAND MORTGAGE SERVICES CORP.	Baa	6.74	10/25/23	1,053,086	737,160
CONTENTIAL CORP.	Baa	7.25	3/1/03	1,000,000	1,006,800
CORPORACION ANDINA DE FOMENTO	A	7.38	7/21/00	3,500,000	3,581,285
CREDIT SUISSE FIRST BOSTON MORTG. SEC. CORP.	Aaa	7.24	4/20/07	1,265,000	1,279,801
CTC MANSFIELD FUNDING CORP.	Ba	10.25	3/30/08	6,162,000	6,205,997
CWMS INC.	Aa	7.50	10/25/25	500,000	498,435
DEAN W. DISCOVER & CO.	A	5.87	N/A	1,750,000	1,754,148
	A	5.80	2/5/99	1,000,000	1,001,880
DISCOVER CARD TRUST	Aaa	6.80	6/16/00	2,500,000	2,507,025
DLJ MORTGAGE ACCEPTANCE CORP.	Aaa	8.28	11/28/26	349,832	353,820
DVI RECEIVABLES CORP.	A	6.20	5/20/03	5,065,859	5,006,589
EDISON FUNDING CO.	N/A	6.40	12/17/98	13,000,000	13,025,480
EMERSON CAPITAL CORP.	N/A	N/A	7/1/08	770,000	954,076
EQCC HOME EQUITY LOAN	Aaa	7.90	9/15/07	797,831	803,065
FIRST BACKCARD	A	5.86	5/15/03	2,000,000	2,000,000
FIRST BANK SYSTEM	N/A	6.00	11/30/10	1,000,000	992,600
FIRST CHICAGO	A	6.41	2/1/27	2,875,000	2,806,460
FIRST NATIONWIDE PARENTS HOLDINGS LTD.	B	12.50	4/15/03	1,000,000	1,115,000
FIRST PRIVATE FUNDING CORP.	Ba	10.15	1/15/16	2,300,000	2,424,269
FORD CREDIT AUTO OWNER TRUST	Aaa	6.50	11/15/99	1,000,000	1,004,680
FORD MOTOR CREDIT CO.	Aaa	5.92	11/30/10	5,000,000	4,878,650
	Aaa	6.06	3/30/99	5,100,000	5,102,346
	A	5.32	9/15/98	6,500,000	6,444,100
GENERAL ELECTRIC CAPITAL CORP.	Aaa	8.30	9/20/09	975,000	1,069,926
GENERAL ELECTRIC CREDIT CORP.	A	N/A	N/A	1,191,774	1,207,148
	Aaa	8.65	5/1/18	3,000,000	3,008,070
GENERAL MOTORS ACCEPT. CORP.	A	6.38	9/30/98	2,900,000	2,903,741
	A	5.63	2/1/96	2,000,000	1,978,900
GOLDMAN GROUP L.P.	A	6.20	12/15/00	1,000,000	984,080
	A	5.90	3/30/99	25,000,000	25,045,500
GREENTREE FINANCIAL CORP.	Baa	10.25	6/1/02	1,000,000	1,134,400
GS MORTGAGE SECURITIES CORP.	Aaa	7.02	2/15/27	27,273	27,530
GUANGDONG ENTERPRISES HOLDINGS LTD.	Baa	8.88	5/22/07	5,000,000	5,136,800
GUARDIAN SAVINGS & LOAN ASSN. HUNTINGTON BEACH	Ba	7.92	8/20/19	458,117	325,263
HOUSEHOLD FINANCIAL CORP.—	A	6.89	5/11/98	4,000,000	4,023,480
HOUSING SECURITIES INC.	Aaa	7.67	4/25/23	2,371,467	2,454,468
	Aaa	8.00	7/25/21	1,984,932	2,004,506
HSBC AMERICAN CAPITAL CO.	B	8.38	5/15/27	5,000,000	5,063,800
I/O CMO NOMURA ASSET SECURITIES CORP.	Aaa	2.00	9/25/24	32,709,882	945,643
I/O UASCO AUTO	Aaa	1.85	10/8/04	16,740,000	348,192
	Aaa	2.75	10/8/03	16,105,571	553,387
I/O UNION ACCEPTANCE CORP.	Aaa	3.00	5/7/99	24,388,854	662,645
ICG HOLDINGS INC.	N/A	N/A	9/15/05	600,000	438,000
INT'L. BANK RECON. & DEVELOPMENT	Aaa	10.25	4/11/02	17,000,000	647,345
	Aaa	4.50	6/20/00	N/A	13,872,761
	Aaa	4.75	12/20/04	N/A	6,137,377
JENKINS-EMPIRE ASSOC.	N/A	6.84	8/1/08	9,987,488	9,648,812
KFW INT'L. FINANCE	Aaa	6.00	2/9/06	4,500,000	2,646,466
	Aaa	6.50	12/28/01	1,000,000	744,808
LEHMAN BROTHERS HOLDINGS INC.	Baa	5.75	2/15/98	3,900,000	3,893,448
	Baa	7.38	5/15/04	5,000,000	5,030,600
	Baa	6.73	2/27/98	22,500,000	22,564,125
	Baa	6.54	1/15/98	6,000,000	6,008,760
	Baa	7.38	4/15/07	5,000,000	5,092,500
	Baa	5.75	2/15/98	3,000,000	2,994,960
LEUCADIA NATIONAL CORP.	Ba	8.25	6/15/05	1,000,000	1,034,670
LIBERTY MUTUAL INSURANCE CO.	A	8.20	5/4/07	525,000	559,235
LTC COMMERCIAL MORTGAGE	N/A	9.20	8/4/23	1,500,000	1,602,660
MERRILL LYNCH & CO INC.	Aa	7.00	4/27/08	1,000,000	989,530
MHC INC.	B	6.50	12/16/25	437,403	437,403
	B	9.40	12/15/25	874,806	831,066
MIDLAND BANK	A	7.65	5/1/25	850,000	889,364
MIDLAND REALTY	Aaa	7.48	8/25/28	800,000	824,000
MONEY STORE THE	Aaa	6.82	3/15/10	3,891,815	3,896,680
MORGAN STATE GROUP INC.	N/A	6.17	3/9/99	10,050,000	10,073,819

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par/Shares	Market Value
NATIONWIDE	A	12.22	2/15/25	3,000,000	3,390,240
NEW JERSEY ECONOMIC DEVELOPMENT	Aaa	7.43	2/15/29	2,000,000	2,000,000
NEW YORK CAPITAL	Baa	6.81	5/25/05	1,556,417	1,586,456
OLD KENT CAPITAL	Baa	6.66	2/1/27	2,500,000	2,479,250
OLYMPIC AUTOMOBILE	Aaa	6.20	1/15/02	3,262,503	3,270,289
PACIFIC NATIONAL BANK	Aa	6.30	3/25/18	744,729	704,662
PAINE WEBBER GROUP INC.	Baa	7.74	1/30/12	5,500,000	5,640,690
	Baa	9.25	12/15/01	2,855,000	3,093,393
PHILIP MORRIS CREDIT CORP.	N/A	10.50	7/1/08	294,890	365,386
	N/A	10.50	7/1/08	2,785,110	3,450,919
PRAEDIUM LLC	N/A	10.08	10/1/97	496,377	491,569
PREMIER AUTO	Aaa	4.65	2/2/99	267,265	265,760
	Aaa	6.50	3/6/00	2,300,000	2,310,051
	Aaa	6.25	8/6/01	1,600,000	1,598,496
PRUDENTIAL HOME MORTGAGE SECURITIES CO.	Aa	8.24	5/25/23	2,094,420	2,161,378
PRUDENTIAL INSURANCE CO. OF AMERICA	A	8.30	7/1/25	1,000,000	1,026,200
REGIONAL NATIONAL FINDERS FINANCIAL	N/A	8.11	3/31/99	1,038,673	997,126
RELIANCE GROUP HOLDINGS INC.	Ba	9.00	11/15/00	1,500,000	1,560,000
REPAIR WISCONSIN INC.	B	9.25	2/1/02	250,000	252,500
RESIDENTIAL FUNDING MORTGAGE SECURITIES INC.	Aaa	8.09	4/25/07	947,460	964,652
	Aaa	8.00	5/25/26	1,108,399	1,130,603
SALOMON BROTHERS INC.	Baa	6.33	5/20/99	800,000	801,400
	Baa	8.77	2/23/98	1,000,000	1,015,350
	Baa	3.65	2/14/02	45,000,000	43,748,550
	Baa	5.79	11/26/97	2,000,000	1,996,960
	Baa	7.30	5/15/02	5,000,000	5,045,050
	Baa	9.38	4/15/98	400,000	409,824
	Baa	7.36	5/26/98	8,500,000	8,470,165
	Baa	6.13	5/29/98	4,000,000	4,009,160
	Baa	6.14	6/27/01	8,000,000	8,016,000
	Baa	5.82	7/15/98	50,000,000	49,781,500
	Baa	5.75	2/12/98	2,500,000	2,492,300
	Baa	5.95	2/27/98	5,000,000	4,989,700
	Baa	8.91	2/16/98	6,200,000	6,297,650
	Baa	5.50	1/19/98	2,000,000	1,992,180
	Baa	5.75	2/16/98	1,000,000	996,860
	Aaa	6.74	2/20/00	10,000,000	9,871,400
SALOMON MORTGAGE SECURITIES	Aa	7.98	6/25/22	1,150,589	1,165,994
	Ba	8.13	4/25/24	1,706,809	1,606,278
SEARS ROEBUCK & CO.	A	9.25	8/1/97	4,050,000	4,058,667
	A	9.25	4/15/98	26,860,000	27,508,938
SHEARSON LEHMAN	Aaa	9.60	3/25/21	823,228	823,489
SHEARSON LEHMAN BROTHERS HOLDINGS INC.	Baa	6.13	6/30/98	9,120,000	9,104,131
SONWIL CORP.	B	12.50	12/1/01	20,250,885	27,114,112
STARWOOD	B	6.98	8/16/97	39,000,000	39,000,000
TIME WARNER	Ba	6.10	12/30/01	2,800,000	2,682,064
TMS TRUST	Aaa	8.40	2/15/24	2,000,000	2,100,025
U.S. AIR	B	9.63	9/1/03	750,000	780,000
UCC INVESTORS HOLDINGS INC.	B	10.50	5/1/02	3,050,000	3,316,875
	B	11.00	5/1/03	1,200,000	1,290,000
UFSB AUTO	Aaa	4.88	2/15/00	863,448	853,734
USAA CAPITAL CORP.	Aa	6.54	9/20/99	645,000	646,832
WALSH ACCEPTANCE CORP.	Aa	6.75	3/1/27	1,968,758	1,982,933
WELLS FARGO CAPITAL	A	7.73	12/1/26	1,000,000	958,340
WESTPOINT STEVENS INC.	B	9.38	12/15/05	500,000	522,500
	Ba	8.75	12/15/01	1,000,000	1,030,000
WILMINGTON TRUST CO.	A	10.73	1/1/13	984,697	1,005,769
	A	10.73	1/1/13	329,297	336,344
	N/A	10.73	1/1/13	950,142	917,761
	N/A	10.73	1/1/13	633,428	611,841
	N/A	10.73	1/1/13	639,497	667,252
WORLD COLOR PRESS INC.	B	9.13	3/15/03	2,000,000	2,040,000
WORLD OMNI AUTOMOBILE LEASE	Aaa	6.85	6/25/03	3,000,000	3,023,430
				792,424,608	691,666,403
Food - All					
ARCHIBALD CANDY CORP.	B	10.25	7/1/04	1,000,000	1,000,000
FOODMAKER INC.	B	9.25	3/1/99	500,000	515,000
NABISCO INC.	Baa	6.70	6/15/02	1,000,000	986,580
RALPH'S GROCERY CO.	B	11.00	6/15/05	3,985,000	4,308,781
				6,485,000	6,810,361
Health Care					
ABBAY HEALTHCARE GROUP INC.	B	9.50	11/1/02	2,000,000	2,060,000
INTEGRATED HEALTH SERVICES INC.	B	9.50	9/15/07	500,000	511,250
MAGELLAN HEALTH SERVICES INC.	B	11.25	4/15/04	2,950,000	3,289,250
MCKESSON CORP.	A	6.60	3/1/00	1,450,000	1,451,450
				6,900,000	7,311,950
Insurance - Life					
AMERICAN GENERAL INSTITUTIONAL CAPITAL	Aa	7.57	12/1/45	2,170,000	2,037,565
DEERE JOHN CAPITAL CORP.	A	8.63	8/1/19	1,000,000	1,062,780
LIBERTY MUTUAL INSURANCE CO.	A	8.20	5/4/07	2,000,000	2,142,000
MET LIFE INSURANCE CO.	A	6.30	11/1/03	1,000,000	961,310
PACIFIC MUTUAL LIFE INSURANCE CO.	A	7.90	12/30/23	8,000,000	8,035,200
PRINCIPAL MUTUAL LIFE INS CO.	Aa	7.88	3/1/24	2,000,000	1,919,760
PRIVATE PLACEMENT SER 1996-C CL	B	7.03	8/1/00	7,800,000	7,800,000
				23,970,000	23,958,615
Machinery - Agriculture					
BROWN GROUP INC.	Ba	9.50	10/15/06	750,000	765,000
				750,000	765,000
Merchandising - Consumer Specialty					
KSC ENERGY INC.	B	11.00	1/15/03	300,000	324,000
				300,000	324,000

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Pac/Shares	Market Value
Merchandising - Home Furnishings					
FIRST INDUSTRIES L.P.	Baa	7.15	5/15/27	1,250,000 1,250,000	1,272,413 1,272,413
Miscellaneous					
AMTROL INC.	N/A	10.63	12/31/06	750,000	777,825
AON CAPITAL	A	8.21	1/1/27	985,000	1,010,827
APPALACHIAN POWER CO.	A	6.35	3/1/00	3,000,000	2,983,440
ARMSTRONG WORLD INDUSTRIES INC.	A	9.75	4/15/08	1,250,000	1,495,063
ASSOC. CORP. OF NORTH AMERICA	Aa	5.96	5/15/37	3,000,000	3,027,390
	Aa	6.70	5/29/01	4,000,000	4,016,080
BANC ONE CORP.	Aa	7.60	5/1/07	2,055,000	2,112,396
BRINSON TRUST CO. INT'L. DOLLAR BOND FUND	N/A	N/A	N/A	679,015	47,028,701
BRINSON U.S. DOLLAR BOND FUND	N/A	N/A	N/A	1,487,509	169,021,066
BRINSON COUNTRY FUND NON-US EX-JAPAN BOND FUND	N/A	N/A	N/A	1,602,405	206,699,020
CENTURY COMMUNICATIONS CORP.	Ba	8.88	1/15/07	580,000	566,950
CHRYSLER FINANCIAL CORP.	A	6.38	1/28/00	2,600,000	2,592,200
CITIBANK CREDIT CARD MASTER TRUST	Aaa	6.84	2/10/04	500,000	498,905
CMS ENERGY CORP.	Ba	8.13	5/15/02	750,000	757,305
CWMBS INC.	Aaa	7.50	11/25/11	1,983,020	1,984,659
DELPHI FUNDING	Ba	9.31	3/25/27	2,800,000	2,880,164
FIRST MD CAPITAL	Aa	6.71	2/1/27	2,000,000	1,991,660
FIRST NATIONWIDE HOLDINGS INC.	B	10.63	10/1/03	150,000	164,250
FORCENERGY INC.	B	9.50	11/1/06	500,000	512,500
FORD CREDIT AUTO LEASE	Aaa	5.80	5/15/99	3,450,000	3,439,202
FRESENIUS MEDICAL CARE	Ba	0.09	12/1/06	1,250	1,293,750
GCB ISP HOLDINGS	Ba	9.00	10/15/03	2,000,000	2,060,000
HELLER FINANCIAL INC.	A	5.89	9/3/99	925,000	927,072
HOLLINGER INT'L. INC.	Ba	8.63	3/15/05	500,000	506,250
I/O DLG MORTGAGE ACCEPTANCE CORP.	Aaa	1.10	3/15/17	31,000,000	2,077,930
I/O UACSC AUTO	Aaa	3.00	1/8/04	29,585,262	1,018,550
IMPERIAL CREDIT INC.	B	9.88	1/15/07	500,000	485,000
JONES INTERCABLE	Ba	8.88	4/1/07	1,250,000	1,275,000
NORTH ATLANTIC ENERGY CORP.	B	9.05	6/1/02	661,000	668,720
OLYMPIC AUTOMOBILE RECEIVABLES TRUST	Aaa	6.63	12/15/02	3,000,000	3,011,498
PARKER DRILLING CO.	B	9.75	11/15/06	1,300,000	1,366,625
PRIDE PETE SERVICES INC.	Ba	9.38	5/1/07	750,000	783,750
RESIDENTIAL ASSET SEC. CORP.	Aaa	7.07	10/25/19	3,100,000	3,094,141
SALOMON INC.	Baa	6.50	3/1/00	2,000,000	1,989,920
	Baa	6.70	7/5/00	1,930,000	1,931,312
SHOWBOAT INC.	Ba	9.25	5/1/08	250,000	257,500
STATIA INT'L.	B	11.75	11/15/03	400,000	422,000
TAUBMAN REALTY GROUP LTD.	Baa	6.68	7/26/99	3,450,000	3,500,094
TENET HEALTHCARE CORP.	Ba	8.63	1/15/07	500,000	510,000
U.S. CAN CORP.	B	10.13	10/15/06	750,000	796,875
				117,974,460	481,533,589
Miscellaneous Basic Industries					
AGRICULTURAL MINING & CHEMICALS INC.	Ba	10.75	9/30/03	2,250,000	2,435,625
AMERICAN STUDENT INC.	Ba	9.25	12/1/16	750,000	785,625
AMETEK INC.	Ba	9.75	3/15/04	1,250,000	1,331,250
COMCAST CORP.	B	10.63	7/15/12	2,200,000	2,596,000
CONTAINER CORP.	B	9.75	4/1/03	500,000	525,000
	B	11.25	5/1/04	2,000,000	2,160,000
	B	10.75	5/1/02	2,000,000	2,160,000
ENVIROSOURCE INC.	B	9.75	6/15/03	600,000	582,000
FALCON DRILLING INC.	Ba	9.75	1/15/01	750,000	780,000
FIGGIE INT'L. INC.	Ba	9.88	10/1/99	500,000	522,500
FORT HOWARD CORP.	Ba	9.00	2/1/06	5,755,000	6,071,525
	Baa	9.25	3/15/01	300,000	319,500
GRACE W. R. & CO.	Baa	7.40	2/1/00	3,500,000	3,560,060
H.S. RESOURCES INC.	B	9.88	12/1/03	500,000	508,750
KAISER ALUMINUM & CHEMICAL CORP.	B	9.88	2/15/02	1,000,000	1,025,000
MASCO CORP.	A	6.63	9/15/99	2,300,000	2,302,553
MCDERMOTT J. RAY	B	9.38	7/15/06	1,000,000	1,015,000
MID AMERICA WASTE SYSTEMS INC.	Aaa	9.23	5/1/02	242,099	251,783
NEWS AMERICA HOLDINGS INC.	Baa	7.75	2/1/24	500,000	473,170
NORMURA ASSET SECURITIES CORP.	Aaa	0.44	2/25/25	26,009,764	215,361
PACIFIC LUMBER CO.	B	10.50	3/1/03	750,000	772,500
PRINTPACK CO.	Ba	9.88	8/15/04	750,000	780,000
RMF	Ba	9.15	11/29/27	800,000	734,750
SEQUIA CORP.	B	9.63	10/15/99	1,000,000	1,022,500
STONE CONTAINER CORP.	B	11.50	10/1/04	895,000	939,750
	B	10.75	10/1/02	2,880,000	2,995,200
SYNTHETIC INDUSTRIES INC.	B	9.25	2/15/07	500,000	507,500
TENNECO INC.	Baa	8.20	11/15/99	2,075,000	2,147,978
TRANS. RESOURCES INC.	B	11.88	7/1/02	750,000	772,500
UNIROYAL CHEMICAL INC.	B	9.00	9/1/00	300,000	305,250
WILMINGTON TRUST CO.	B	10.73	1/1/13	1,234,149	1,192,089
				65,841,012	41,790,719
Miscellaneous Capital Goods Industries					
ANHEUSER BUSCH INC.	A	7.00	12/1/25	750,000	692,723
AMR CORP.	Baa	7.75	12/1/97	10,000,000	10,067,900
HEWLETT-PACKARD	Aa	5.63	11/20/00	1,300,000	776,173
SAFERCO PRODUCTS	B	9.63	5/31/00	4,000,000	4,307,920
	B	9.44	5/31/99	7,000,000	7,373,660
SAINSBURY	N/A	6.25	3/27/02	650,000	635,375
UAL EQUIPMENT	B	11.56	N/A	15,983,360	19,157,975
				39,683,360	43,011,726

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par/Shares	Market Value
Misc. Consumer Non-Durables/Durables					
CENTURY COMMUNICATIONS	Ba	9.50	3/1/05	500,000	512,500
CONTINENTAL CABLEVISION INC.	Baa	9.00	9/1/08	1,445,000	1,625,625
	Baa	9.50	8/1/13	1,000,000	1,131,490
	Baa	11.00	6/1/07	3,000,000	3,373,350
	Baa	8.50	9/15/01	1,150,000	1,214,653
CUMBERLAND FARMS INC.	N/A	10.50	10/1/03	934,000	919,990
HAMMONS JOHN Q. HOTELS L.P.	B	8.88	2/15/04	1,275,000	1,287,750
K-MART CORP.	Ba	7.95	2/1/23	625,000	565,625
MARCUS CABLE CO.	B	13.50	8/1/04	550,000	478,500
METTLER TOLEDO INC.	B	9.75	10/1/06	600,000	630,000
NABISCO INC.	Baa	8.00	1/15/00	3,000,000	3,092,010
NEWS AMERICA HOLDINGS INC.	Baa	7.50	3/1/00	3,000,000	3,059,580
PATHMARK STORES INC.	B	9.63	5/1/03	200,000	195,500
REVLON CONSUMER PRODUCTS CORP.	B	10.50	2/15/03	1,750,000	1,863,750
SALOMON INC.	Baa	5.75	11/18/97	1,000,000	998,400
	Baa	6.10	8/12/98	1,000,000	998,820
	Baa	8.20	9/23/09	1,000,000	1,005,990
SMITHS FOOD & DRUG CENTERS INC.	B	8.64	7/2/12	1,250,000	1,275,000
VALASSIS INSERTS INC.	Ba	9.38	3/15/99	500,000	515,080
				23,779,000	24,743,613
Miscellaneous Energy					
AMERICAS PARTNERS L.P.	Ba	10.13	4/15/07	750,000	797,813
CAL ENERGY	Ba	10.25	1/15/04	2,000,000	2,150,400
CLARK OIL REFINING CORP.	Ba	10.50	12/1/01	600,000	618,000
FERRELLGAS PARTNERS L.P.	B	9.38	6/15/06	1,000,000	1,032,500
MAXUS ENERGY CORP.	B	9.38	11/1/03	660,000	707,850
	B	9.38	11/1/03	750,000	806,250
	B	9.88	10/15/02	300,000	316,110
	B	9.50	4/15/06	750,000	780,000
NUEVO ENERGY CO.	Baa	6.24	11/8/00	2,000,000	1,965,780
OCCIDENTAL PETROLEUM CORP.	B	11.50	6/15/02	750,000	727,500
TRANSAMERICAN ENERGY CORP.	B	9.00	12/15/05	1,000,000	1,020,800
VINTAGE PETROLEUM INC.	B	9.00		10,580,000	10,922,203
Miscellaneous Financial Services					
ANTHEM INSURANCE	Baa	9.00	4/1/27	435,000	449,529
FIRST AMERICAN CAPITAL CO.	Baa	8.50	4/15/12	1,000,000	1,028,840
				1,435,000	1,478,369
Miscellaneous Technology					
CABLEVISION SYSTEMS CORP.	B	10.50	5/15/16	500,000	545,000
	B	9.25	11/1/05	1,500,000	1,545,000
INT'L. CABLETEL INC.	B	0.00	2/1/06	2,100,000	1,459,500
	B	10.00	2/15/07	1,655,000	1,704,650
MOOG INC.	B	10.00	5/1/06	750,000	780,000
UNISYS CORP.	B	12.00	4/15/03	1,250,000	1,365,625
				7,755,000	7,399,775
Paper					
BUCKEYE CELLULOSE CORP.	Ba	8.50	12/15/05	1,000,000	1,010,000
CONS FREIGHTWAYS INC.	Baa	9.13	8/15/99	1,250,000	1,301,688
HOLLINGER INT'L. INC.	B	9.25	2/1/06	1,000,000	1,020,000
				3,250,000	3,331,688
Railroads					
CSX CORP.	Baa	7.25	5/1/27	1,660,000	1,693,632
UNION PACIFIC CORP.	Baa	6.25	3/15/99	1,500,000	1,495,440
				3,160,000	3,189,072
Petroleum - Domestic					
COLEMAN INC.	B	7.10	6/13/06	750,000	665,391
COMMS CORP.	B	10.38	5/1/07	500,000	530,000
				1,250,000	1,195,391
Printing and Publishing					
GOSS GRAPHIC SYSTEMS INC.	B	12.00	10/15/06	500,000	547,500
OUTDOORS SYSTEMS INC.	B	8.88	6/15/07	270,000	261,900
				770,000	809,400
Service Industries					
GRIFFIN GAMING & ENTERTAINMENT INC.	B	8.34	6/30/00	500,000	515,000
H. M. H. PROPERTIES INC.	Ba	9.50	5/15/05	1,700,000	1,788,000
				2,200,000	2,283,000
Travel, Hotel, Motel					
INTERNATIONAL HOTELS	B	9.00	3/15/07	750,000	764,063
STATION CASINOS INC.	B	9.63	6/1/03	250,000	247,500
				1,000,000	1,011,563
Utilities - Electric					
AES CORP.	Ba	10.25	7/15/06	1,750,000	1,911,875
BEAVER VALLEY FUNDING CORP.	B	9.00	6/1/17	1,500,000	1,566,090
CALPINE CORP.	Ba	9.25	2/1/04	750,000	761,250
CHILGENER	Baa	6.50	1/15/06	1,000,000	947,600
CLEVELAND ELECTRIC & ALUMINUM CO.	Ba	7.38	6/1/03	1,000,000	995,600
CMS ENERGY CORP.	Ba	9.88	10/1/99	1,000,000	1,024,570
COMMONWEALTH EDISON CO.	Baa	9.17	10/15/02	10,000,000	10,787,800
	Baa	7.63	4/15/13	1,000,000	1,004,030
FIRST PRIVATE FUNDING CORP.	Ba	10.15	1/15/16	493,000	519,637
GULF STATES UTILITIES CO.	Baa	6.63	2/1/98	5,000,000	5,000,800
	Baa	8.25	4/1/04	1,000,000	1,050,760
LONG ISLAND LIGHTING CO.	Ba	9.63	7/1/24	8,000,000	8,200,000
	Ba	9.00	11/1/22	1,000,000	1,095,020
	Ba	8.20	3/15/23	1,000,000	1,018,300
LOUISIANA POWER & LIGHT	B	10.32	1/31/99	1,250,000	1,284,550
MID-AMERICAN WASTE SYSTEMS INC.	Ca	12.25	2/15/03	300,000	150,000
NIAGARA MOHAWK POWER CORP.	Ba	8.75	4/1/22	1,500,000	1,502,265
	Ba	8.00	6/1/04	600,000	604,332

INVESTMENT LISTING

	Moody's Quality Rating	Rate	Maturity	Par/Shares	Market Value
TOLEDO EDISON CO.	Ba	9.30	4/1/98	3,500,000	3,556,560
TUSCON ELECTRIC POWER CO.	B	10.73	1/1/13	3,156,212	3,135,192
PHILADELPHIA ELECTRIC CO.	Baa	5.63	11/1/01	1,000,000	950,070
				45,799,212	47,076,301
Utilities - Natural Gas					
FERRELLGAS FINANCIAL L.P.	Ba	10.00	8/1/01	300,000	318,750
				300,000	318,750
Utilities - Telephone					
INTERCEL INC.	B	N/A	2/1/06	1,950,000	1,248,000
	B	N/A	5/1/06	260,000	163,150
	B	11.13	6/1/07	1,300,000	1,313,000
	B	8.88	2/1/06	1,480,000	1,346,800
PAGING NETWORK INC.	B	0.00	7/1/07	3,495,000	2,520,769
TELEPORT COMMUNICATIONS GROUP INC.	B	9.38	4/15/06	1,000,000	1,010,000
VANGUARD CELLULAR SYSTEMS INC.	B	10.50	2/1/07	2,700,000	2,794,500
WESTERN WIRELESS CORP.	B	10.50	6/1/06	500,000	516,250
				12,685,000	10,912,469
Convertible Bonds-Domestic					
FEDERAL REALTY INVESTMENT TRUST	N/A	5.25	10/28/03	1,000,000	892,500
MULTI-PURPOSE HOLDINGS	N/A	3.00	12/31/01	2,590,000	872,227
QINGLING MOTORS LTD.	N/A	3.50	1/22/02	900,000	903,760
	N/A	3.50	1/22/02	1,380,000	1,362,750
				5,870,000	4,031,257
TOTAL CORPORATE OBLIGATIONS				1,472,185,010	1,718,215,909

INVESTMENT LISTING

PREFERRED STOCK-DOMESTIC

BROADWAY CORP
CAL FEDERAL BANK
COUNTY SEAT STORES INC
COUNTY SEAT HOLDINGS INC
GRANITE BROADCASTING CORP
HOME DWN FUNDING CORP

LONG ISLAND LIGHTNING CO.
TIME WARNER INC

TOLEDO EDISON CO

TOTAL PREFERRED STOCK-DOMESTIC

Shares	Market Value
15,000	14,559,300
3,500	397,250
15,207	1
51,475	1
25,200	1,266,300
3,250	3,139,208
20,000	19,300,000
25,000	24,290,550
10,000	1,017,500
550	610,500
2,698	2,994,780
80,000	1,792,480
251,880	69,367,870

PREFERRED STOCK-INTERNATIONAL

ADR CENTRAIS ELÉTRICAS BRASILEIRAS
ADR COMPANHIA VALE DO RIO DOCE
ADR TELECOMUNICAÇÕES BRASILEIRAS
ADR USINAS SIDERÚRGICAS DE MINAS GERAIS
BALLAST NEDAM
ELETRONBRAS
GEA
HENKEL KGAA
HORNBACK HLDG
KSB KL SCHANZ BECK
MAN AG
MARSDOLLEK LAUTEN
PETROL BRASILEIROS
SAP AG
TELEBRAS
USINAS SID MINAS
VALE RIO DOCE

PREFERRED STOCK-INTERNATIONAL

Shares	Market Value
165,800	4,974,000
15,100	335,975
24,000	3,642,000
99,000	1,076,625
20,000	1,005,461
3,296,000	1,965,568
3,100	1,202,605
51,600	2,931,566
16,700	1,418,381
9,600	2,368,942
5,900	1,496,542
20,923	4,982,953
6,460,000	1,794,254
16,000	3,323,864
22,300,000	3,382,648
24,500	272,867
57,300	532
57,300	1,267,301
32,642,823	37,442,086

FOREIGN GOVERNMENT OBLIGATIONS

ARGENTINA MENDOZA PROVINCE
ARGENTINA REPUBLIC OF

AUSTRALIA COMMONWEALTH OF

AUSTRALIA NEW SOUTH WALES
AUSTRIA REPUBLIC OF
BELGIUM KINGDOM OF

CANADA GOVERNMENT OF

CANADA QUEBEC PROVINCE OF

COLOMBIA REPUBLIC OF
CROATIA REPUBLIC OF

DENMARK KINGDOM OF

Rate	Maturity	Market Value
10.00	7/25/02	670,523
6.75	3/31/05	1,826,025
3.24	4/1/01	2,153,355
7.50	7/15/05	774,357
10.00	2/15/06	3,310,762
13.00	7/15/00	3,127,175
4.00	8/20/05	12,844,889
9.00	9/15/04	5,033,802
9.50	8/15/03	12,030,553
9.75	3/15/02	5,762,632
7.00	4/1/04	2,034,431
7.63	10/18/04	1,292,554
5.10	11/21/98	1,903,352
7.75	10/15/04	2,227,149
8.50	10/1/07	1,344,312
9.00	3/28/03	9,253,880
6.50	6/1/04	2,613,950
7.00	9/1/01	2,664,927
7.00	12/1/06	1,520,786
7.50	3/1/01	5,716,219
8.50	3/1/00	1,018,901
9.00	12/1/04	11,943,275
9.75	6/1/01	1,660,397
8.00	11/1/98	(20,275,111)
7.50	9/1/00	9,228,575
9.00	3/1/11	5,606,466
9.75	6/1/21	1,645,471
4.25	12/1/26	88,116,406
4.25	12/1/21	12,865,286
5.75	3/1/99	2,209,960
9.00	6/1/25	3,847,601
5.94	10/21/01	3,468,325
6.62	9.596	24,837,000
7.63	2/15/07	2,439,000
6.50	7/31/06	777,704
6.69	7/30/10	677,250
7.00	11/10/24	4,474,641
7.00	11/15/07	6,970,908
7.00	12/15/04	12,735,445
8.00	11/15/01	9,313,346
8.00	3/15/06	8,788,395
8.00	5/15/03	12,528,710
9.00	11/15/00	8,681,982
9.00	11/15/98	2,251,376

INVESTMENT LISTING

	Rate	Maturity	Market Value
DUTCH GOVERNMENT OF	6.50	7/15/98	17,356,454
	6.50	4/15/03	3,304,241
	7.00	6/15/05	2,869,775
	8.50	6/1/06	4,932,374
	8.50	3/15/01	5,352,932
	8.25	9/15/07	2,634,691
FINLAND REPUBLIC OF	9.00	7/1/00	2,149,033
	7.88	7/28/04	1,383,640
	7.25	4/18/06	14,407,612
	8.25	10/15/10	1,115,764
	9.50	3/15/04	701,230
FRANCE GOVERNMENT OF	5.00	3/16/99	5,916,332
	5.50	10/12/01	2,484,538
	6.00	10/25/25	540,669
	6.75	10/25/04	5,208,493
	7.50	4/25/05	1,164,139
	7.75	4/12/00	2,994,541
	8.50	12/26/12	2,284,727
	9.50	6/25/98	1,800,560
GERMANY FEDERAL REPUBLIC OF	3.03	9/20/04	7,268,326
	5.25	10/20/98	1,175,633
	5.75	8/22/00	12,663,510
	6.50	3/15/00	3,369,659
	6.50	7/15/03	14,228,573
	6.75	8/20/98	20,493,323
	6.38	5/20/98	1,592,218
	6.88	5/12/05	9,844,951
	6.00	7/4/07	8,967,072
	6.00	1/5/06	4,433,158
	6.25	1/4/24	5,359,869
	6.50	10/14/05	7,461,215
	7.13	12/20/02	7,376,815
	8.75	5/22/00	19,461,135
	8.38	5/21/01	14,425,830
	8.00	7/22/02	16,776,104
	3.05	4/6/00	17,858,940
	8.00	1/21/02	5,233,250
	GREECE REPUBLIC OF	10.20	1/28/00
14.00		10/23/03	3,259,549
14.80		6/17/03	191,480
7.50		7/1/01	1,000,000
ISRAEL GOVERNMENT OF	7.50	12/1/01	4,000,000
	7.50	4/30/05	1,023,550
ISRAEL STATE OF	7.50	3/1/98	1,000,000
	7.50	6/30/04	5,000,000
ITALY REPUBLIC OF	8.50	1/1/04	8,300,276
	10.00	8/1/03	5,486,923
	10.50	7/15/00	3,934,470
	12.00	1/1/03	2,927,064
	12.00	9/1/02	2,903,321
	3.50	6/20/01	3,263,185
	6.00	1/1/00	8,348,916
	6.25	3/1/02	1,768,792
	6.75	2/1/07	4,879,268
	7.75	9/15/01	2,862,146
	8.50	8/1/99	12,594,933
	9.00	10/1/03	3,022,374
	9.00	10/1/98	4,422,903
	9.00	11/1/23	650,511
	9.50	1/1/05	10,475,820
JAPAN GOVERNMENT OF	9.50	2/1/01	3,237,878
	9.50	2/1/06	2,872,191
	9.50	2/1/99	6,770,673
	2.40	6/20/07	4,287,556
	2.60	3/20/07	2,271,993
	3.40	3/22/04	11,645,792
	3.60	6/20/05	6,652,539
	4.10	12/22/03	1,290,408
	4.50	6/20/03	7,306,965
	4.80	12/20/02	8,531,941
MALAYSIA FEDERATION OF	5.00	9/21/98	9,008,669
	5.50	3/20/02	5,744,256
	6.40	3/20/00	48,199,964
	6.06	10/19/05	8,986,500
	6.78	3/31/99	202,011
MEXICO NACIONAL FINANCIER	11.50	9/20/00	4,257,910
MONTREAL CITY OF	10.00	3/15/02	30,710,113
NEW ZEALAND GOVERNMENT OF	4.50	2/15/16	23,156,689
	6.50	2/15/00	2,365,426
NORWAY KINGDOM OF	8.00	11/15/06	14,826,616
	8.00	2/15/01	6,351,295
	8.00	4/15/04	8,200,390
	8.38	1/27/03	1,603,784
	3.00	10/27/24	2,016,875
POLAND GOVERNMENT OF	3.25	10/27/24	960,000
	4.00	10/27/14	4,282,000
	N/A	5/20/98	1,018,891
POLAND TREASURY BILL	8.00	5/14/03	2,389,729
QUEENSLAND TREASURY	14.00	8/15/97	889,147
SOUTH AFRICA REPUBLIC OF			

INVESTMENT LISTING

	Rate	Maturity	Market Value	
SPAIN GOVERNMENT OF	10.00	2/28/05	5,370,975	
	10.50	10/30/03	1,686,272	
	12.25	3/25/00	3,986,658	
	10.10	2/28/01	6,479,893	
	6.75	4/15/00	2,124,703	
	7.35	3/31/07	3,272,421	
	7.90	2/28/02	10,840,053	
SWEDEN KINGDOM OF	8.00	5/30/04	946,233	
	10.25	5/5/00	23,281,896	
	10.25	5/5/03	5,921,701	
	11.00	1/21/99	3,514,577	
	13.00	6/15/01	5,444,236	
	5.50	4/12/02	3,200,028	
	6.50	10/25/06	5,153,720	
SWEDEN SKANDINAV ENSKIL TRELHANDANSTALT	6.00	2/9/05	2,527,613	
	8.00	8/15/07	4,975,460	
	6.59	6/29/49	5,059,600	
	6.25	7/29/99	7,313,954	
	6.75	5/13/04	1,726,231	
	6.88	6/11/03	251,631	
	6.00	11/12/03	8,807,506	
UNITED KINGDOM	5.00	1/26/99	5,860,270	
	9.50	4/18/05	23,336,939	
	6.75	11/26/04	8,149,184	
	7.50	12/7/06	39,101,221	
	7.25	12/7/07	8,446,216	
	7.75	9/8/06	11,579,596	
	7.00	11/6/01	7,560,789	
UNITED KINGDOM TREASURY	8.50	12/7/05	41,592,640	
	8.00	6/10/03	5,899,143	
	9.75	8/27/02	10,443,590	
	FOREIGN GOVERNMENT OBLIGATIONS - TOTAL			1,147,544,970

	Rate	Maturity	Par Value	Market Value
INTERNATIONAL CORPORATE OBLIGATIONS				
ABBEY NATIONAL TREASURY	8.00	4/2/03	1,000,000	1,701,756
AMMB HOLDINGS	N/A	5/13/02	104,000	35,230
AMMB HOLDINGS	N/A	5/8/02	104,000	37,290
ARGYLL GROUP	8.13	3/10/00	1,800,000	3,033,203
AUTOBAHN & SCHNELL	8.50	3/3/03	1,000,000	806,875
BAYER LANDESBANK	11.50	10/9/97	86,000,000	2,691,050
BCO NAC DE	8.00	5/6/98	3,500,000	2,058,764
BELL CABLEMEDIA	11.88	9/15/05	500,000	417,500
BOC GROUP	6.75	2/18/04	1,000,000	1,593,576
BRITIAN AEROSPACE FINANCIAL INC.	7.50	7/1/27	1,075,000	1,068,120
CANADIAN OCCIDENTAL PETROLEUM	5.95	11/9/98	4,500,000	4,478,985
CREDIT LYONNAIS	5.75	7/21/00	5,740,000	5,649,882
DEN DANSKE BANK	7.40	6/15/10	1,480,000	1,486,216
DIAMOND CABLE COMMUNICATIONS	N/A	2/15/07	1,035,000	589,950
EURO INVESTMENT BANK	13.25	9/30/04	1,950,000	1,628,250
EUROPEAN BANK RECON. & DEVELOPMENT	8.88	3/27/02	1,000,000	812,765
EXP-IMP BANK OF JAPAN	9.00	4/22/98	28,000,000	1,054,140
FORENINGSBNKN	7.75	10/8/02	2,000,000	1,558,479
GUANGDONG ENTERPRISES HOLDINGS LTD.	6.35	12/29/49	4,500,000	4,528,800
GULF CDA	8.88	5/22/07	2,145,000	2,203,687
HELLENIC REPUBLIC	9.25	1/15/04	2,000,000	2,095,000
HYDRO-QUEBEC CANADA	14.80	5/19/03	50,000,000	188,454
JAPAN DEVELOPMENT BANK	9.50	11/15/30	1,885,000	2,283,187
KANSALLIS-OSAKE-PA	5.00	10/1/99	400,000,000	3,794,896
KOREA DEVELOPMENT BANK	7.53	N/A	17,360,000	17,747,128
KOREA ELECTRIC POWER	6.63	11/21/03	525,000	510,757
KOREAN DEVELOPMENT BANK	6.38	12/1/03	650,000	622,781
MALAYSIAN PLANTAIN	9.60	12/1/00	2,500,000	2,715,575
MATSUSHITA ELECTRIC INDUSTRIES	5.00	4/16/02	1,666,666	680,137
MEXICAN LTD. STATES	7.25	8/1/02	1,300,000	1,334,125
NAFIN FINANCIAL TRUST	7.88	8/6/01	12,400,000	12,421,700
NATIONAL WESTMINSTER BANK	7.63	8/6/01	39,800,000	39,867,660
NEWSQUEST CAPITAL	8.01	3/31/99	2,290,000	308,404
NORBANKEN	7.75	4/29/49	2,900,000	2,980,939
NORTHUMBRIAN WATER	11.00	5/1/06	750,000	817,500
OKABANK	6.13	10/29/49	2,000,000	2,020,300
ONTARIO HYDRO	9.25	2/1/02	1,000,000	1,760,007
PENINSULAR & ORIENTAL STEAM	7.01	10/29/49	2,000,000	2,035,000
ROGERS CABLESYSTEMS LTD.	7.25	9/29/49	3,125,000	3,192,188
ROGERS CANTEL	10.00	3/19/01	2,000,000	1,665,398
SKANDINAVISKA ENSKILDA BANKEN	7.30	6/1/07	2,875,000	2,883,223
SPEEDY MUFFLER KING INC.	10.13	9/1/12	1,150,000	1,219,000
ST. GEORGE FUNDING CO.	9.38	6/1/08	1,500,000	1,582,500
SVENSKA HANDELSBKN	6.63	3/29/49	750,000	731,918
SWEDBANK	10.88	10/1/06	500,000	500,000
SWEDISH EXP. CREDIT	8.49	12/31/49	2,010,000	2,045,235
TELEWEST COMMUNICATIONS PLC.	7.13	3/29/49	7,500,000	7,358,100
TFM SA	7.72	10/29/49	3,000,000	3,053,100
TRIZEC FINANCIAL LTD.	6.50	6/5/01	15,000,000	1,998,099
UNION BANK NORWAY	9.63	10/1/06	2,000,000	2,060,000
INT'L CORPORATE OBLIGATIONS - TOTAL	11.00	10/1/07	3,500,000	2,520,000
	10.25	6/15/07	675,000	684,281
	10.88	10/15/05	1,006,000	1,111,630
	7.41	12/29/49	5,250,000	5,335,313
			741,300,666	169,558,053

INVESTMENT LISTING

	Shares/Par	Market Value		Shares	Market Value
SHORT TERM INVESTMENTS					
ACCRUED INTEREST AND DIVIDENDS	N/A	228,713,016	CIRCLE INTERNATIONAL GROUP INC	139,900	3,689,863
ARGENTINA REPUBLIC OF	440,000	418,195	DELTA AIR LINES INC	6,500	537,063
BANCO LATINOAMERICANO EXPORTACIONES LTD.	32,000,000	31,974,080	M.S. CARRIERS	121,000	3,040,125
CANADA TREASURY BILL	4,360,000	3,071,642	MESABA HOLDINGS INC.	13,300	196,175
BRINSON TRUST CO. INVESTMENT TRUST	74	74	U.S. AIR GROUP	71,000	2,485,000
CITIBANKINDO REPURCHASE CERTIFICATE	N/A	5,916,415	UAL CORP.	24,400	1,746,113
EGYPT TREASURY BILL	1,000,000	289,960	Aluminum		
FEDERAL HOME LOAN DISC. NOTES	400,000	395,540	ALUMAX INC.	15,700	598,563
FEDERAL NATIONAL MORTGAGE ASSOC. DISC. NOTE	7,250,000	7,088,253	ALUMINIUM CO. OF AMERICA	191,200	14,411,700
FINLAND GOVERNMENT TREASURY BILL	N/A	1,505,751	REYNOLDS METALS CO.	80,100	5,707,125
FRENCH TREASURY BILL	N/A	1,368,637	Automotive - Accessories		
GENERAL ELECTRIC CAPITAL CORP.	1,500,000	1,487,475	APS HOLDINGS CORP.	32,000	280,000
HONG KONG SHANGHI BANK	N/A	1,011,935	AUTOLIV INC.	15,000	586,875
ILLINOIS TEACHERS CUSTOM CASH FUND-GLOBAL	1,389,560,311	1,389,560,311	BORG WARNER AUTOMOTIVE INC.	99,650	5,306,363
ILLINOIS TEACHERS CUSTOM CASH FUND-U.S.	501,405,000	501,405,000	BRIGGS & STRATTON CORP.	94,300	4,715,000
ILTRS MISCELLANEOUS INCOME ASSET	1	1	DANA CORP.	138,700	5,270,600
MEXICAN CETES	291,000	348,393	DURA AUTOMOTIVE SYSTEMS	10,200	285,600
	1,500,000	1,580,701	ECHLIN INC.	42,000	1,512,000
	279,000	346,327	EXCEL INDUSTRIES INC.	12,500	243,750
	326,000	381,047	GENUINE PARTS CO.	81,500	2,760,813
	287,000	355,197	ILLINOIS TOOL WORKS INC.	203,200	10,147,198
MFO MONEY MARKET OBLIGATIONS	25,443,546	25,443,546	JASON INC.	196,600	1,130,450
POLAND TREASURY BILL	1,680,000	429,240	MODINE MANUFACTURING CO.	5,800	148,750
	3,200,000	917,763	ROLLINS TRUCK LEASING CORP.	260,700	3,877,913
	3,430,000	885,558	SNAP-ON INC.	41,500	1,634,063
	280,000	79,826	STANDARD MOTOR PRODUCTS INC.	126,800	1,743,500
	3,000,000	748,515	SWIFT TRANSITION INC.	700	20,650
VARIOUS OPTION CONTRACTS	0	6,920,361	Automotive - Cars		
SOUTH AFRICA TREASURY BILLS	3,510,000	738,597	CHRYSLER CORP.	107,500	3,534,063
TOTAL SHORT TERM INVESTMENTS		2,213,381,354	FORD MOTOR CO.	606,500	23,047,000
			GENERAL MOTORS CORP.	206,500	11,512,375
				8,700	501,338
			TOWER AUTOMOTIVE INC.	88,100	3,788,300
CURRENCY INVESTMENTS					
ARGENTINE AUSTRAL		115,926	Banks		
AUSTRALIAN DOLLAR		2,990,513	BANKAMERICA CORP.	27,200	1,756,086
AUSTRIAN SHILLING		6,018	BANKERS TRUST N.Y. CORP.	11,500	1,001,938
BELGIAN FRANC		813,041	BARNETT BANKS INC.	40,300	2,115,750
BRITISH POUND STERLING		4,910,999	CHASE MANHATTAN CORP.	444,600	43,153,765
CANADIAN DOLLAR		1,181,578	CITICORP.	372,400	44,897,289
CZECH KORUNA		7,279	CITY NATIONAL CORP.	46,400	1,116,477
DANISH KRONE		855,461	COMERICA INC.	152,200	10,349,800
FINNISH MARKKA		454,812	COMMUNITY FIRST BANKSHARES INC.	18,900	725,288
FRENCH FRANC		7,849,192	FIRESTAR CORP.	33,800	1,030,900
GERMAN DEUTSCHE MARK		3,842,789	FIRST CHICAGO NBD CORP.	13,700	828,850
HONG KONG DOLLAR		8,837,514	FIRST HAWAIIAN INC.	16,100	549,413
INDONESIAN RUPIAH		355,757	FIRST MIDWEST BANCORP INC.	26,400	836,537
IRISH POUND		27,302	FIRST OF AMERICA BANK CORP.	28,100	1,285,575
ISRAELI SHEKEL		666,873	FIRST UNION CORP.	99,100	9,166,750
ITALIAN LIRA		8,804,875	FLEET FINANCIAL GROUP INC.	15,500	980,375
JAPANESE YEN		18,275,892	GREAT WESTERN FINANCIAL	195,800	10,524,250
MALAYSIAN RINGGIT		1,166,852	HIRBERNIA CORP.	74,000	1,031,338
NETHERLANDS GUILDER		885,118	LIFE BANCORP INC.	17,968	464,922
NEW ZEALAND DOLLAR		25,323	LONG BANCORP INC.	79,800	2,897,698
NORWEGIAN KRONE		446,392	MELLON BANK CORP.	44,200	1,994,525
PORTUGUESE ESCUDO		35,532	MORGAN J. P. & CO. INC.	24,900	2,598,938
SINGAPORE DOLLAR		2,413,915	NATIONAL COMMUNITY BANCORPORATION	15,400	338,800
SOUTH KOREAN WON		48,555	NATIONSBANK CORP.	149,200	9,632,650
SPANISH PESETA		821,622	NORTH FORK BANCORPORATION INC.	428,800	9,165,600
SWEDISH KRONA		3,319,929	NORTHERN TRUST CORP.	48,000	2,322,000
SWISS FRANC		108,981	NORWEST CORP.	575,400	32,366,250
THAI BAHT		65,775	PEOPLES HERITAGE FINANCIAL GROUP INC.	32,200	1,219,575
TOTAL CURRENCY INVESTMENTS		69,333,815	SIGNET BANKING CORP.	186,000	6,696,000
			SILICON VALLEY BANCSHARES	201,600	9,122,400
			STATE STREET CORP.	23,000	1,063,750
			UNION PLANTERS CORP.	23,600	1,224,250
			WACHOVA CORP.	7,100	414,015
			WASHINGTON MUTUAL INC.	39,600	2,366,100
			WELLS FARGO & CO.	89,400	24,093,300
			Building - Air Conditioning		
			YORK INTERNATIONAL CORP.	23,800	1,094,800
			Building - General		
			ARMSTRONG WORLD INC.	7,900	579,663
			BUTLER MANUFACTURING CO.	20,200	669,125
			CLAYTON HOMES INC.	777,600	11,178,000
			DAYTON SUPERIOR CORP.	139,100	1,773,525
			DOVER CORP.	13,600	838,100
			GIANT CEMENT HOLDING INC.	12,900	225,000
			MASCO CORP.	39,500	1,649,125
			NCI BUILDING SYSTEMS INC.	12,000	388,500
			OWENS-CORNING	11,100	478,688
			SHERWIN-WILLIAMS CO.	481,000	14,850,875
			SO. ENERGY HOMES INC.	20,400	186,150
COMMON STOCK - DOMESTIC					
Aerospace					
AAR CORP.	45,900	1,483,121			
ALLIED SIGNAL INC.	409,200	34,372,800			
BOEING CO.	457,800	24,291,784			
EVANS & SUTHERLAND COMPUTER CORP.	143,100	3,988,913			
LITTON INDUSTRIES INC.	29,900	1,444,529			
LOCKHEED MARTIN CORP.	357,400	37,013,059			
MARTIN MARIETTA MATERIALS INC.	216,906	7,022,138			
MC DONNELL DOUGLAS CORP.	330,000	22,605,000			
NORTHROP GRUMMAN CORP.	128,800	11,310,186			
PRECISION CASTPARTS CORP.	62,500	3,726,563			
SPL DEVICES INC.	20,000	315,000			
SUNDSTRAND CORP.	52,100	2,813,400			
TEXTRON INC.	274,900	18,246,488			
UNITED TECHNOLOGIES CORP.	53,400	4,432,200			
Airlines (Transportation)					
AIRNET SYSTEMS INC.	12,000	196,500			
AMR CORP.	232,800	21,534,000			

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
Chemicals - General					
AIR PRODUCTS & CHEMICALS INC.	31,400	2,551,250			
AVERY DENNISON CORP.	483,300	19,392,413			
BETZ DEARBORN INC.	18,000	1,188,000			
CARBIDE/GRAPHIC GROUP INC.	10,000	232,500			
DOW CHEMICAL CO.	117,800	10,233,875			
DU PONT E. I. DE NEMOURS & CO.	572,600	36,002,225			
EASTMAN CHEMICAL CO.	83,700	5,314,950			
FERRO CORP.	105,900	3,924,866			
GENCORP INC.	11,000	254,375			
GRACE W. R. & CO.	415,900	22,926,488			
GREAT LAKES CHEMICAL CORP.	22,300	1,167,963			
HERCULES INC.	643,500	30,807,563			
LYONDELL PETROCHEMICAL CO.	27,700	609,400			
MARK IV INDUSTRIES INC.	610,301	14,647,224			
MILLENNIUM CHEMICAL INC.	19,999	454,977			
MONSANTO CO.	1,892,300	81,486,223			
O.M. GROUP INC.	9,000	295,875			
PALL CORP.	39,700	923,025			
PPG INDUSTRIES INC.	15,200	883,500			
RAYCHEM CORP.	14,100	1,048,688			
ROHM & HAAS CO.	4,900	441,304			
RPM INC.	10,000	183,750			
SCHULMAN	106,500	2,622,563			
SPARTECH CORP.	10,000	130,000			
TYCO INT'L LTD.	294,500	20,486,009			
UNION CARBIDE CORP.	24,000	1,129,488			
WITCO CORP.	19,800	751,153			
Chemicals - Photographic					
EASTMAN KODAK CO.	418,400	32,112,200			
Coal					
PITTSBURGH BRINKS GROUP	152,600	4,578,000			
Common Fund Assets					
BRINSON INDEX FUND	951,741	393,869,960			
CHILE FUND INC. CLOSED END FUND	120,000	3,135,000			
MEXICO FUND INC. CLOSED END FUND	400,000	7,750,000			
MORGAN STANLEY INDIA FUND	200,000	2,587,500			
BRINSON TR. CO. INV. TR. NON-US EX-JAPAN EQUITY FUND	611,828	105,241,540			
BRINSON TRUST CO. INVEST. TRUST JAPAN EQUITY FUND	312,988	34,261,267			
BRINSON TRUST CO. U.S. INTER-CAPITAL EQUITY FUND	456,877	85,834,187			
Communications					
AFC CABLE SYSTEMS INC.	108,500	2,929,500			
ALLEN TELECOM INC.	223,400	4,635,550			
APPLIED VOICE TECH INC.	5,000	92,500			
ASSOCIATED GROUP INC.	110,750	4,430,000			
	19,350	749,813			
CAMBRIDGE TECH PARTNERS MASS INC.	24,900	796,800			
CELERITEK INC.	20,000	250,000			
CENTURY COMMUNICATION CORP.	40,000	215,000			
CLEAR CHANNEL COMMUNICATIONS INC.	3,100	190,650			
COHERENT COMMUNICATIONS SYSTEMS CORP.	29,200	730,000			
COMMUNICATIONS CENTURY INC.	135,100	1,486,100			
CONS GRAPHICS	21,000	876,750			
CORECOMM INC.	121,075	2,088,544			
DSC COMMUNICATIONS CORP.	244,600	5,442,350			
EVERGREEN MEDIA CORP.	7,200	321,300			
FRONTIER CORP.	74,000	1,475,338			
GILAT SATELLITE NETWORKS LTD.	14,800	492,100			
GLENAYRE TECHNOLOGIES INC.	148,600	2,433,325			
GRANITE BROADCASTING CORP.	120,200	1,232,050			
HARMONIC LIGHTWAVES INC.	13,500	231,188			
HEFTEL BROADCASTING CORP.	2,500	138,125			
INT'L FAMILY ENTERTAINMENT INC.	16,100	553,438			
JACOR COMMUNICATIONS INC.	34,100	1,304,325			
KEMET CORP.	7,500	186,563			
MEDIALINK WORLDWIDE INC.	6,450	55,631			
OCTEL COMMUNICATIONS CORP.	14,000	328,118			
OMNIPONT CORP.	434,200	7,218,575			
P-COM INC.	6,000	198,000			
PAC GATEWAY EXCHANGE INC.	9,700	274,025			
QUALCOMM INC.	4,500	228,938			
TELECOMUNICATIONS GROUP INC.	12,100	393,250			
TELE COMMUNICATIONS INC.	975,000	14,503,125			
TELTREND INC.	140,500	2,054,813			
U.S. LONG DISTANCE CORP.	11,200	193,200			
VALASSIS COMMUNICATIONS INC.	56,700	1,360,800			
VANGUARD CELLULAR SYSTEMS INC.	111,200	1,515,100			
V-TEL CORP.	44,000	264,000			
WESTWOOD ONE INC.	11,600	374,100			
WORLDCOM INC.	375,350	12,011,200			
Containers					
SHOREWOOD PACKAGING CORP.	220,800	5,023,200			
TENNECO INC.	609,100	27,523,402			
Cosmetics					
ALBERTO-CULVER CO.	41,000	955,792			
AVON PRODUCTS INC.	430,700	30,391,053			
GILLETTE CO.	402,500	38,136,875			
TAMBRANDS INC.	7,900	394,013			
Pharmaceuticals					
AGOURON PHARMACEUTICALS INC.	287,900	23,283,913			
ALPHARMA INC.	75,200	1,198,462			
AMERICAN HOME PRODUCTS CORP.	878,100	67,174,650			
ARBOR DRUGS	11,875	238,984			
BERGEN BRUNSWIG CORP.	61,375	1,726,172			
BRISTOL MYERS SQUIBB CO.	709,600	57,477,600			
DRUG EMPORIUM INC.	91,700	469,963			
DURA PHARMACEUTICALS INC.	34,600	1,379,675			
JONES MEDICAL INC.	13,075	621,063			
LILLY ELI & CO.	110,200	12,046,182			
LIPOSOME INC.	146,400	1,308,377			
MERCK & CO. INC.	242,400	24,800,429			
PAREXEL INT'L CORP.	23,600	749,300			
PEDIATRIC SERVICES OF AMERICA INC.	9,700	195,213			
PETCO ANIMAL SUPPLIES INC.	17,375	521,250			
PFIZER INC.	568,900	67,983,550			
PHARMACEUTICAL RES. INC.	34,200	94,050			
PHARMACIA & UPJOHN INC.	15,200	528,200			
PHYSICIAN SALES & SERVICE INC.	7,500	142,500			
PROCYTE CORP.	371,500	417,938			
QUINTILES TRANSNATIONAL CORP.	184,400	12,838,850			
SCHERING-PLOUGH CORP.	416,400	19,935,150			
WARNER LAMBERT CO.	49,600	6,162,800			
Electrical & Electronics - General					
ANIXTER INT'L INC.	215,600	3,705,517			
AVX CORP.	71,300	1,925,100			
DALLAS SEMICONDUCTOR	16,000	625,000			
EMERSON ELECTRIC CO.	319,800	17,608,828			
FLIR SYSTEMS INC.	15,000	236,250			
GENERAL ELECTRIC CO.	841,100	54,671,500			
INT'L RECTIFIER CORP.	288,200	5,367,725			
LSI LOGIC CORP.	4,950	158,400			
MAXIM INTEGRATED PRODUCTS INC.	3,600	204,750			
OAK INDUSTRIES INC.	130,500	3,719,250			
REMEC INC.	16,650	391,275			
SANMINA CORP.	30,400	1,930,400			
SDL INC.	7,600	145,350			
SMART MODULAR TECHNOLOGIES INC.	15,800	533,250			
SYBASE INC.	34,000	505,750			
THOMAS & BETTS CORP.	14,100	741,124			
U-CAR INT'L INC.	31,500	1,441,125			
ULTRAK INC.	4,500	39,938			
Electrical & Electronics - Specific					
ACT MANUFACTURING INC.	19,000	793,250			
ADVANCED MICRO DEVICES INC.	61,600	2,209,900			
ADVANCED TECH MATERIALS INC.	7,150	210,031			
ASE TEST LTD.	11,400	481,650			
ATMEL CORP.	5,100	142,800			
DATUM INC.	11,000	341,000			
HARMAN INT'L INDUSTRIES INC.	71,700	3,020,363			
HARRIS CORP.	41,700	3,502,800			
INSILCO CORP.	36,900	1,383,750			
INTEGRATED CIRCUIT SYSTEMS INC.	173,600	3,938,463			
INTEST CORP.	137,700	1,239,300			
JABIL CIRCUIT INC.	14,500	1,216,188			
KEY TRONIC CORP.	17,000	82,875			
METHOD ELECTRIC	120,650	2,397,919			
MICRON TECH INC.	47,500	1,900,000			
MICRO SYSTEMS INC.	16,000	672,000			
MICROSEMI CORP.	160,300	2,043,825			
MOLEX INC.	119,250	4,158,844			
ORBOTECH LTD.	12,800	408,000			
PERKIN-ELMER CORP.	38,100	3,031,312			
SIPEX CORP.	8,200	297,250			
TEKTRONIX INC.	18,700	1,122,000			
THERMO ELECTRON CORP.	499,875	17,183,203			
TRIQUINT SEMICONDUCTOR INC.	5,100	175,313			
UNIPHASE CORP.	3,200	186,400			
VEECO INDUSTRIES INC.	12,700	492,125			
VLSI TECHNOLOGY INC.	215,900	5,100,638			
WYLE ELECTRIC	76,100	3,005,950			
XEROX CORP.	50,000	3,943,750			
Financial					
AHMANSON H. F. & CO.	389,800	16,834,293			
AMCORE FINANCIAL INC.	8,500	231,625			
AMERICAN EXPRESS CO.	216,600	16,136,700			
ASSOC. FIRST CAPITAL CORP.	339,000	18,814,500			
BENEFICIAL CORP.	24,200	1,719,700			
BOSTON PROPERTIES INC.	40,700	1,109,075			
BRANDYWINE REALTY TRUST	18,000	364,500			

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
CCB FINANCIAL CORP.	15,100	1,104,188	APRIA HEALTHCARE GROUP INC.	15,000	263,430
CENTURY FINANCIAL ACCEPTANCE CORP.	9,700	107,913	ATRIA COMMUNITIES INC.	10,800	166,050
CHARTER ONE FINANCIAL INC.	204,910	11,039,526	BARD C. R. INC.	28,800	1,045,786
CHATEAU COMMUNITIES INC.	68,459	1,959,639	BAUSCH & LOMB INC.	38,600	1,819,025
GMAC INVESTMENT CORP.	136,700	6,527,425	BAXTER INT'L INC.	134,100	7,015,039
CONCORD EFS INC.	45,262	1,171,154	BECTON DICKINSON & CO.	436,900	22,118,063
CREDIT ACCEPTANCE CORP. OF MICHIGAN	34,600	445,475	BIOCHEM PHARMACEUTICALS INC.	185,500	4,127,375
DELTA FINANCIAL CORP.	27,000	516,375	CAPSTONE PHARMACY SERVICES INC.	18,200	197,925
EASTERN ENVIRONMENTAL SERVICES INC.	28,500	456,000	CARDINAL HEALTH INC.	233,035	13,341,254
ENVVOY CORP.	5,500	182,875	CENTOCOR	209,800	6,516,808
EQUIFAX INC.	237,600	8,835,631	COHR INC.	9,000	168,750
FEDERAL HOME LOAN MORTGAGE CO.	1,000,000	35,000,000	COLUMBIA/HCA HEALTHCARE CORP.	92,900	3,652,085
FEDERAL NATIONAL MORTGAGE ASSOCIATION	140,000	6,107,500	COVENTRY CORP.	67,300	1,017,913
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.	204,668	7,969,158	DENTSPLY INT'L INC.	3,450	169,500
FIRST ALLIANCE CORP.	11,700	342,225	EMCARE HOLDINGS INC.	10,200	373,575
FRANKLIN RESOURCES INC.	68,300	4,955,985	EXPRESS SCRIPTS INC.	4,300	179,525
GOLDEN W. FINANCIAL CORP.	5,900	413,000	FOUNDATION HEALTH SYSTEMS INC.	36,500	1,106,388
HOUSEHOLD INT'L INC.	225,300	26,458,556	GENESIS HEALTH VENTURES INC.	5,100	172,125
IMPERIAL CREDIT INC.	39,676	815,818	HARBORSIDE HEALTHCARE CORP.	86,600	1,234,050
INVESTORS FINANCIAL SERVICES CORP.	19,600	931,000	HEALTH MANAGEMENT ASSOC. INC.	19,650	560,025
METRIS	11,000	360,932	HEALTHCARE COMPARE CORP.	126,000	6,599,250
			HEALTHCARE RECOVERIES INC.	9,900	191,813
MGI PROPERTIES	20,000	441,240	HEALTHCARE SERVICE GROUP	35,000	420,000
PAXAR CORP.	13,200	249,150	HEALTHSOUTH CORP.	731,000	18,228,947
PNC BANK CORP.	10,600	442,550	HEARTSTREAM INC.	134,516	1,177,015
POUGHKEEPSIE FINANCIAL CORP.	32,500	237,640	HOME HEALTH CORP. OF AMERICA INC.	9,500	90,250
PREMIER FINANCIAL BANCORP INC.	103,800	1,790,550	HUMANA INC.	59,400	1,373,625
REDWOOD TRUST INC.	10,500	490,875	IDEXX LABS INC.	31,200	388,034
SHELTER COMPONENTS CORP.	133,975	1,590,953	IMPATH INC.	20,400	555,900
SIMON DEBARTOLO GROUP	1,928,447	61,710,304	JOHNSON & JOHNSON	371,600	23,921,750
SIRROM CAPITAL CORP.	6,300	217,350	MAGELLAN HEALTH SERVICES INC.	204,300	6,026,850
SOUTHERN PACIFIC FUNDING CORP.	84,400	1,403,150	MANOR CARE INC.	5,600	182,700
STUDENT LOAN MARKETING ASSN.	10,500	1,333,500	MARQUETTE MEDICAL SYSTEMS INC.	108,600	2,389,200
SUMMIT BANCORP.	155,000	7,769,375	MEDQUIST INC.	18,850	572,569
TRANS FINANCIAL INC.	187,100	5,215,413	MOLECULAR DEVICES CORP.	23,000	402,500
TRAVELERS GROUP INC.	643,700	40,593,009	MULTICARE	14,700	402,413
WASHINGTON FEDERAL INC.	14,612	375,338	NATIONAL PATENT DEV. CORP.	102,060	797,293
WEBSTER FINANCIAL CORP.	14,800	673,400	NATIONAL SURGERY CENTERS INC.	8,400	297,150
			NCS HEALTHCARE INC.	16,100	489,038
Food - Chain Stores			OCUSYSTEMS INC.	15,500	449,500
AMERICAN STORES CO.	28,900	1,426,938	OMNICARE INC.	44,300	1,389,913
APPLEBEES INT'L INC.	4,200	112,350	ORTHODONTIC CENTERS OF AMERICA	47,200	858,426
DOMINICKS SUPERMARKETS INC.	24,700	657,638	OWENS & MINOR INC.	156,400	2,336,147
KROGER CO.	38,100	1,104,900	PARACELSUS HEALTHCARE CORP.	338,774	1,714,874
			PEDIATRIX MEDICAL GROUP INC.	4,800	219,898
Food - Confectionery			RAMSEY HEALTH CARE INC.	176,800	596,700
HERSHEY FOODS CORP.	18,900	1,045,397	RAYTEL MEDICAL CORP.	14,000	161,000
			REGENCY HEALTH SERVICES INC.	199,700	3,070,388
Food - General			REHABCARE GROUP INC.	17,800	658,600
CAMPBELL SOUP CO.	311,800	15,590,000	RENAL TREATMENT CENTERS INC.	13,300	357,438
CONAGRA INC.	29,600	1,899,935	SABRATEK CORP.	24,500	686,000
CPC INT'L INC.	19,100	1,763,159	SAFEGUARD HEALTH ENTERPRISES INC.	117,800	1,251,625
DARDEN RESTAURANTS INC.	35,000	317,170	SEROLOGICALS CORP.	28,000	644,000
DAVCO RESTAURANTS INC.	160,300	1,803,375	SIERRA HEALTH SERVICES INC.	186,900	5,840,625
DOLE FOOD INC.	275,000	11,756,250	SOFAMOR/DANEK GROUP INC.	5,500	251,625
EL CHICO RESTAURANTS INC.	48,600	443,475	SPINE TECH INC.	6,700	248,738
ESKIMO PIE CORP.	66,400	805,100	ST. JUDE MEDICAL INC.	37,100	1,446,900
EVANS BOB FARM INC.	62,900	1,065,337	SUB. OSTOMY SUPPLY CO. INC.	5,100	47,813
FINE HOST CORP.	31,500	992,250	SUN HEALTHCARE GROUP INC.	287,600	5,985,531
FLEMING COMPANIES INC.	347,300	6,251,400	SUNRISE ASSISTED LIVING INC.	328,900	11,511,500
FLOWERS INDUSTRIES INC.	35,850	604,969	SUNRISE MEDICAL INC.	195,300	2,953,913
GENERAL MILLS INC.	12,000	781,500	SYBRON INT'L CORP.	5,000	199,375
HEINZ H. J. CO.	320,700	14,792,288	TENET HEALTHCARE CORP.	1,123,600	33,146,200
J.P. FOODSERVICE INC.	5,000	143,435	TOTAL RENAL CARE HOLDINGS INC.	15,850	636,964
LANCE INC.	31,100	594,788	U.S. SURGICAL CORP.	20,100	748,725
LANDRY'S SEAFOOD RESTAURANTS INC.	21,900	503,700	UNITED HEALTHCARE CORP.	19,500	1,014,000
MISS. CHEM. CORP.	35,400	734,550	UNIVERSAL HEALTH SERVICES INC.	29,200	1,124,200
RICHFOOD HOLDINGS INC.	13,000	338,000	UROHEALTH SYSTEMS INC.	23,300	139,427
RYAN'S FAMILY STEAK HOUSES INC.	362,700	3,105,437	VENCOR INC.	28,200	1,191,450
SARA LEE CORP.	488,500	20,333,813	WEST CO. INC.	18,700	535,288
SCOTSMAN INDUSTRIES INC.	179,600	5,118,600			
SMUCKER J.M. CO.	32,031	694,656	Insurance - Fire and Casualty		
SYSCO CORP.	33,100	1,208,150	AMERICAN INT'L GROUP INC.	488,450	72,962,219
WENDY'S INT'L INC.	361,200	9,368,444	AMERICAN NATIONAL INSURANCE CO.	4,400	392,700
			CHANDLER INSURANCE LTD.	191,800	815,150
Glass			CHUBB CORP.	13,500	902,813
FALCON PRODUCTS INC.	65,100	874,749	EQUITABLE INC.	40,500	1,346,625
LANCASTER COLONY CORP.	185,000	8,949,375	FRONTIER INSURANCE GROUP INC.	9,100	589,225
LEGGETT & PLATT INC.	237,200	10,199,600	GENERAL RE CORP.	55,000	10,010,000
MAYTAG CORP.	27,400	726,100	MBIA INC.	145,500	16,414,146
SHELBY-WILLIAMS INC.	157,400	2,144,575	MGIC INVESTMENT CORP.	189,000	9,060,093
STANLEY FURNITURE CO. INC.	122,185	2,825,528	OMNI INSURANCE GROUP INC.	25,000	315,625
WHIRLPOOL CORP.	196,700	10,732,345	PHIL. CONS. HOLDINGS CORP.	15,000	510,000
			SAFECO CORP.	93,000	4,341,891
Health Care			ST. PAUL COMPANIES INC.	80,900	6,168,625
ABBOTT LABS	22,200	1,481,850	TIG HOLDINGS INC.	54,100	1,690,625
ALLEGIANCE CORP.	43,000	1,171,750			
AMERICAN MEDSERVE CORP.	11,000	143,000			
AMERICAN ONCOLOGY	10,400	175,500			
AMGEN INC.	270,000	15,693,750			

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
Insurance - Life					
AETNA INC.	12,000	1,228,500	DOLLAR GENERAL CORP.	8,450	317,931
ALLIED LIFE FINANCIAL CORP.	108,400	2,140,900	DRESS BARN INC.	139,600	2,722,200
ALLSTATE CORP.	68,499	5,000,427	FURNITURE BRANDS INT'L INC.	120,300	2,330,813
AMERICAN BANKERS INSURANCE GROUP INC.	69,600	4,402,200	HARTMARX CORP.	190,900	1,574,925
AMERICAN GENERAL CORP.	207,339	9,900,445	JUST FOR FEET INC.	18,400	320,841
AON CORP.	61,350	3,174,863	K-MART CORP.	373,700	4,554,282
BARRETT RES. CORP.	69,700	2,086,609	KOHL'S CORP.	3,800	200,450
CIGNA CORP.	25,100	4,455,250	LIZ CLAIBORNE INC.	30,700	1,431,388
CONSECO INC.	99,900	3,696,300	MAY DEPARTMENT STORES CO.	982,900	46,442,025
EQUITABLE INC.	69,500	3,892,000	MICHAEL ANTHONY JEWELERS INC.	217,600	870,400
LINCOLN NATIONAL CORP.	77,500	4,989,063	OFFICEMAX INC.	163,600	2,361,893
MARKEL CORP.	4,000	512,000	PENNEY J.C. CO. INC.	179,800	9,383,223
NAC. RE. CORP.	99,300	4,803,638	PROFFITTS INC.	91,500	4,014,563
NATIONAL INSURANCE GROUP	118,200	768,300	RENTERS CHOICE INC.	16,100	319,988
OLD REPUBLIC INT'L CORP.	37,500	1,136,700	RITE AID CORP.	103,800	5,177,025
PROTECTIVE LIFE CORP.	18,961	952,790	SEARS ROEBUCK & CO.	571,700	30,728,875
QUORUM HEALTH GROUP INC.	4,900	175,175	T.J.X. INC.	149,200	3,935,150
TRANSAMERICA CORP.	321,000	30,033,402	W. MARINE INC.	18,000	463,500
Leisure Time and Recreation					
CARMIKE CINEMAS INC.	135,700	4,444,175	WAL-MART STORES INC.	51,700	1,748,080
HASBRO INC.	75,500	2,142,313	WOOLWORTH CORP.	21,200	508,800
HUFFY CORP.	228,150	3,336,694	Miscellaneous Basic Industries		
KING WORLD PRODUCTIONS INC.	13,600	476,000	ADVANCED LIGHTING TECHS	9,900	249,975
MATTEL INC.	1,452,000	49,186,500	BACOU USA INC.	166,800	2,710,500
POLARIS INDUSTRIES INC.	112,200	3,653,456	BARNETT INC.	10,500	257,250
REGAL CINEMAS INC.	36,750	1,212,750	BELDEN INC.	78,800	2,684,086
WEBB DEL CORP.	15,000	243,750	BHA GROUP INC.	13,310	246,235
Machinery - Agriculture					
CATERPILLAR INC.	341,100	36,625,613	BLOUNT INT'L INC.	3,900	165,992
DEERE & CO.	35,000	1,920,625	BRUNSWICK CORP.	54,700	1,709,375
SMITH A.O. CORP.	5,000	177,810	CATELLUS DEVELOPMENT CORP.	204,100	3,711,967
Machinery - General					
CHART INC.	10,000	273,750	CENTERPOINT PROPERTIES CORP.	146,400	4,648,200
CRANE CO.	28,350	1,185,370	COACH USA INC.	6,800	180,622
FEDERAL SIGNAL CORP.	282,365	7,094,421	CWM MORTGAGE HOLDINGS INC.	261,400	6,257,132
GLEASON CORP.	8,000	372,000	DURCO INT'L INC.	157,000	4,592,250
HARDINGE BROTHERS INC.	72,000	2,106,000	FAIRFIELD COMMUNITIES INC.	10,500	353,063
HARNISCHFEGER INC.	212,500	8,818,750	FREEMONT MCMORAN	425,000	13,228,125
INGERSOLL-RAND CO.	33,100	2,043,925	GRADALL INC.	99,700	1,595,200
KAYDON CORP.	4,000	198,500	HOME PRODUCTS INT'L INC.	15,000	148,125
LYONDELL INC.	18,700	395,038	JOHNS MANVILLE CORP.	96,300	1,137,496
PARKER-HANNIFIN CORP.	15,000	910,305	KLA-TENCOR CORP.	214,700	10,466,625
REGAL-BELOIT CORP.	158,400	4,148,021	KNIGHTSBRIDGE TANK LTD.	15,000	378,750
RENTAL SERVICE CORP.	21,250	557,813	LTC PROPS INC.	332,700	6,030,188
REXALL SUNDOWN INC.	20,100	783,900	PAMECO CORP.	5,400	95,850
STEWART-STEVENSON SERVICES INC.	147,300	3,829,800	SPL METALS CORP.	99,600	1,942,200
SYSTEMSOFT CORP.	27,000	290,250	STORAGE USA INC.	108,700	4,157,775
Merchandising - Consumer Specialty					
ANN-TAYLOR STORES CORP.	160,800	3,135,600	TITANIUM METALS CORP.	30,100	951,913
BED BATH & BEYOND INC.	36,800	1,117,800	WATSCO INC.	9,100	227,500
BON-TON STORES INC.	250,500	2,004,000	Miscellaneous Capital Goods Industries		
CHICO'S FAST INC.	175,600	932,787	AERQUIP VICKERS INC.	104,600	4,942,350
DEPT 56 INC.	91,500	2,030,111	AGCO CORP.	48,900	1,757,319
ETHAN ALLEN INTERIORS INC.	48,500	2,764,500	ALIGN-RITE INT'L INC.	95,800	1,245,400
FEDERATED DEPARTMENT STORES INC.	119,200	4,142,200	AMERICAN POWER CONVERSION CORP.	152,200	2,891,800
FOOTSTAR INC.	203,380	5,313,303	AMP INC.	10,800	450,900
FRIEDMAN'S INC.	30,300	693,113	APPLIED POWER INC.	138,200	7,134,575
GENERAL NUTRITION	412,700	11,555,600	BENCHMARK MICROELECTRONICS INC.	9,900	170,775
GLOBAL DIRECTMAIL CORP.	108,400	2,825,121	BROWNING-FERRIS INDUSTRIES INC.	247,500	8,229,375
HOME DEPOT INC.	283,700	19,575,300	COOPER INDUSTRIES INC.	39,800	1,980,050
INTERTAN INC.	219,400	808,928	CORNING INC.	15,500	862,188
INTIMATE BRANDS INC.	196,700	4,130,700	EATON CORP.	10,100	881,851
KELLWOOD CO.	134,200	3,724,050	FASTENAL	4,500	220,500
KIMBERLY-CLARK CORP.	446,600	22,218,350	JOHNSON INC.	374,600	15,381,825
LOWES CO.	474,400	17,612,100	MAVERICK TUBE CORP.	7,600	285,000
MAC FRUGALS BARGAINS CLOSE OUTS INC.	92,300	2,526,713	MINING & MANUFACTURING CO.	14,100	1,441,725
MEN'S WEARHOUSE INC.	16,650	524,475	NEW HOLLAND	355,000	9,718,125
MICHAEL'S STORES INC.	57,700	1,222,490	NEWPARK RES. INC.	5,000	168,750
NEWMARK & LEWIS INC.	2,000	30	ROCKWELL INT'L CORP.	348,600	20,654,550
PEP BOYS-MANNY MOE & JACK	493,200	16,799,378	ROPER INDUSTRIES INC.	14,900	772,938
PLUMA INC.	108,600	1,669,725	TRW INC.	8,900	505,627
SCHIEIN HENRY INC.	20,900	653,125	VERSA/TECHNOLOGIES INC.	144,200	2,271,150
STAGE STORES INC.	5,200	135,850	WASTE INDUSTRIES INC.	3,650	64,331
TOYS-R-US INC.	16,900	591,500	WASTE MANAGEMENT INC.	26,800	860,950
WALGREEN CO.	196,000	10,510,500	WATTS INDUSTRIES INC.	153,800	3,691,200
WARNACO GROUP INC.	190,800	6,081,750	Miscellaneous Consumer Durables		
Merchandising - General					
ALBERTSON'S INC.	410,000	14,965,000	CNF TRANSPORTATION INC.	88,800	2,863,800
CARSON PIRIE SCOTT & CO.	125,700	3,990,975	DT INDUSTRIES INC.	61,900	2,212,925
CELLSTAR CORP.	15,900	486,938	GARDNER DENVER MACHINERY	11,000	327,250
CONS STORES CORP.	567,156	19,708,671	II-VI INC.	4,000	84,000
CONSO PRODUCTS CO.	10,700	131,075	KEYSTONE AUTOMOTIVE INC.	11,000	187,000
CVS CORP.	79,500	4,074,375	LIBBEY INC.	8,600	301,000
DAYTON-HUDSON CORP.	26,000	1,382,862	MAXIM GROUP INC.	61,600	677,600
			MILLER INDUSTRIES INC.	33,450	535,200
			MOHAWK INDUSTRIES INC.	3,000	68,250
			PITTSBURGH CO. BURLINGTON GROUP	149,600	4,207,500
			RACING CHAMPIONS CORP.	3,550	55,025
			SUNBEAM CORP.	118,100	4,502,563

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
Miscellaneous Consumer Non-Durables					
ANHEUSER-BUSCH COMPANIES INC.	749,200	31,419,200	APPLIED MATERIALS INC.	100,200	7,095,362
ACTION PERFORMANCE INC.	22,000	533,500	APPLIED MICROSYSTEMS CORP.	9,700	87,300
BRINKER INT'L INC.	22,373	318,815	ASPECT DEVELOPMENT INC.	9,700	252,801
CHANNELL CORP.	25,000	337,500	AVIATION SALES CO.	44,800	1,097,600
CLOREX CO.	12,500	1,652,338	BELL & HOWELL CO.	22,000	677,864
COCA-COLA CO.	996,000	67,728,000	BELL MICROPRODUCTS INC.	144,400	1,534,250
COCA-COLA ENTERPRISES INC.	195,600	4,498,800	BENCHMARK ELECTRIC INC.	88,300	3,576,150
COLGATE-PALMOLIVE CO.	214,600	14,002,650	BMC SOFTWARE INC.	165,000	9,136,875
COMPUTER TASK GROUP INC.	41,200	1,534,700	BOSTON SCIENTIFIC CORP.	160,200	9,842,207
COSTCO COMPANIES INC.	250,000	8,218,750	BRIGHTPOINT INC.	46,171	1,503,420
COUNTY SEAT HOLDINGS INC.	90,273	0	CABLETRON SYSTEMS INC.	592,800	16,783,354
CUC INT'L INC.	726,700	18,757,580	CIENA CORP.	333,785	15,729,618
CULLIGAN WATER TECHNOLOGIES INC.	4,000	179,000	CISCO SYSTEMS INC.	1,362,900	91,484,663
FIRST BRANDS CORP.	160,300	3,676,801	COMPUWARE CORP.	22,100	1,055,275
FORTUNE BRANDS INC.	252,800	9,432,474	D. H. TECH.	196,113	3,186,836
JOSTENS INC.	24,700	660,725	DATAWORKS CORP.	12,250	267,969
LARSCOM INC.	19,100	205,325	DELTEK SYSTEMS INC.	13,200	224,400
MARKS BROTHERS JEWELERS INC.	110,195	1,377,438	EXIGENT INT'L INC.	125	266
MCDONALDS CORP.	550,000	26,571,600	GENERAL INSTRUMENTS CO.	569,100	14,369,775
N.W. PIPE CO.	16,000	294,000	GULFSTREAM AEROSPACE CORP.	46,700	1,365,975
NEWELL CO.	62,300	2,476,425	HARBINGER CORP.	5,600	156,800
PEPSICO INC.	1,174,500	44,116,569	HBO & CO.	447,600	30,828,450
PICCADILLY CAFETERIAS INC.	171,300	1,820,063	HRP INC.	9,700	179,450
PROCTER & GAMBLE CO.	336,900	47,587,125	HYCOR BIOMEDICAL INC.	182,700	371,064
RARE HOSPITALITY INT'L INC.	230,200	2,848,725	INDUS GROUP INC.	16,000	324,000
SANFILIPPO JOHN B. & SON	216,700	1,489,813	INDUSTRY MATE MATIK INT'L CORP.	13,600	221,000
SENSORMATIC ELECTRIC CORP.	73,340	944,253	INSO CORP.	11,550	237,491
TUPPERWARE CORP.	79,200	2,871,000	INTEL CORP.	360,400	51,109,045
Miscellaneous Energy					
AMERICAN OILFIELD DIVERS INC.	13,050	156,600	INTELLIGROUP INC.	9,600	92,400
ANADARKO PETROLEUM CORP.	333,200	19,992,000	JDA SOFTWARE GROUP INC.	14,900	508,463
ATMOS ENERGY CORP.	128,200	3,076,800	LEXMARK INT'L GROUP INC.	43,300	1,315,238
B.J. SERVICES CO.	4,850	260,081	LINEAR TECH CORP.	4,300	222,525
BAKER HUGHES INC.	28,500	1,102,580	LUCENT TECHNOLOGIES INC.	58,600	4,222,833
CLIFFS DRILLING CO.	15,000	547,500	MCAFFEE ASSOCIATES INC.	12,300	776,438
COHD ENERGY INC.	20,000	212,500	MEDIA 100 INC.	159,600	738,150
COOPER CAMERON CORP.	60,000	2,805,000	MICRO LINEAR CORP.	27,800	291,900
CORE LABS	13,400	348,400	MICROSOFT CORP.	224,900	28,421,738
DEVON ENERGY CORP.	150,400	5,527,200	MIN TECHNOLOGIES INC.	3,300	123,750
EASTERN ENTERPRISES	113,700	3,943,912	MOLEX INC.	19,125	698,063
ENRON OIL & GAS CO.	88,000	1,595,000	MOTOROLA INC.	361,200	27,496,350
EVI CORP.	12,300	516,600	NCR CORP.	50,400	1,493,100
HALLIBURTON CO.	68,300	5,412,775	NEWPORT CORP.	183,300	2,062,125
HELMERICH & PAYNE INC.	45,800	2,639,225	NICHOLS RESEARCH CORP.	178,600	3,750,600
MCDERMOTT INT'L INC.	212,500	6,162,500	ONTRACK DATA INT'L INC.	9,800	225,400
NOBLE AFFILIATES INC.	35,000	1,354,045	OPTEK TECHNICAL	35,700	522,113
PATTERSON ENERGY INC.	3,650	165,619	ORACLE CORP.	858,900	43,267,088
POOL ENERGY SERVICES CO.	356,400	6,459,750	PEGASYSYSTEMS INC.	14,000	439,250
READING & BATES CORP.	334,000	8,934,500	PEOPLESOFT INC.	240,100	12,665,275
SANTA FE ENERGY RESOURCES INC.	19,700	289,334	PFEIFFER VAC TECHNOLOGY ADR	10,300	299,988
SEACOR SMIT INC.	20,800	1,088,090	PHOTONICS INC.	214,700	10,251,825
ST. MARY-LAND & EXPLORATION CO.	6,000	210,750	PICTURETEL CORP.	40,800	387,600
STOLT COMEX SEAWAY	12,000	304,500	PRU AUTOMATION INC.	13,300	504,562
TEAM INC.	130,900	343,613	RAINBOW TECHNOLOGIES INC.	128,600	2,427,325
TIDEWATER INC.	35,800	1,575,200	RF MICRO DEVICES INC.	9,400	179,775
TITAN EXPLORATION INC.	325,000	3,940,625	ROHR INC.	28,824	632,312
TRANSOCEAN OFFSHORE INC.	250,000	18,156,250	RWD TECHNOLOGIES INC.	3,500	60,375
TRITON ENERGY LTD.	10,300	471,864	SANTA CRUZ INC.	14,300	50,937
TUBOSCOPE VETCO INT'L CORP.	10,400	206,700	SCOPUS TECHNOLOGY INC.	7,150	159,981
ULTRAMAR-DIAMOND SHAMROCK CORP.	200,875	6,553,547	SEAGATE TECHNOLOGY	34,000	1,198,500
VASTAR INC.	36,700	1,286,775	SEGUE SOFTWARE INC.	500	6,813
VINTAGE PETROLEUM INC.	121,500	3,736,125	STERLING INC.	814,900	26,789,838
Miscellaneous Financial Services					
AMERIN CORP.	180,500	4,377,125	STORAGE TECH CORP.	35,800	1,615,475
AMERUS LIFE HOLDINGS INC.	35,800	997,925	STRATUS COMPUTER INC.	93,500	4,675,000
CALI REALTY CORP.	90,700	3,083,800	SYMETRICON INC.	11,350	163,156
CASE CORP.	9,200	633,650	TECH DATA CORP.	7,500	235,778
COASTAL BANCORP INC.	15,000	446,250	TELLABS INC.	28,200	1,575,675
FBI FINANCIAL GROUP INC.	85,200	3,216,300	TETRA TECHNOLOGIES INC.	19,700	467,875
FPIC INSURANCE GROUP INC.	20,000	450,000	TEXAS INSTRUMENTS INC.	442,400	37,189,029
GREENTREE FINANCIAL CORP.	510,600	18,190,125	THREE-COM CORP.	315,900	14,215,500
HARTFORD FINANCIAL SERVICES GROUP	9,700	802,675	UNVL CORP.	70,500	2,238,375
HARTFORD LIFE INC.	43,100	1,616,250	VIASOFT INC.	14,550	738,413
HELEN TROY LTD.	175,600	4,499,750	VISAGE TECH INC.	10,100	175,488
INNKEEPERS USA	105,100	1,576,500	VISIO CORP.	11,600	817,800
M/A/R/C INC.	131,550	2,565,225	WIND RIVER SYSTEMS INC.	72,200	2,761,650
MORGAN ST. DEAN WITTER DISCOVER GROUP INC.	78,500	3,380,367	XILINX INC.	246,900	12,113,408
NATIONAL AUTO CREDIT INC.	198,000	1,757,250	XIRCOM	80,900	1,006,153
Miscellaneous Technology			Miscellaneous Utilities		
ADOBE SYSTEMS INC.	44,200	1,549,740	BEI ELECTRICS INC.	177,800	1,955,800
ALLIANT TECHSYSTEMS INC.	73,200	4,026,000	Motor Carriers		
AMERICAN ON-LINE	341,600	19,001,500	ALLIED HOLDINGS INC.	131,400	1,461,825
AMERICAN SOFTWARE INC.	103,500	777,906	AMERICAN FREIGHTWAYS INC.	10,900	170,313
AMX CORP.	32,000	184,000	HEARTLAND EXPRESS INC.	9,400	220,900
ANDREW CORP.	7,500	210,938	KLLM TRANSPORTATION SERVICES INC.	124,600	1,464,050
APEX PC SOLUTIONS INC.	9,900	195,525	LANDSTAR SYSTEMS INC.	156,400	4,398,750
			U. S. XPRESS ENTERPRISES INC.	25,500	503,625

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
Non-ferrous Metals			Rights/Warrants Domestic		
ASARCO INC.	11,700	358,313	CELLULAR COMMUNICATIONS INC.	600	600
HANNA M.A. CO.	78,850	2,257,081	EDGENT INT'L INC.	200	50
ORE METALLURGICAL CORP.	38,600	1,085,625	INTELCOM GROUP INC.	3,630	3,630
PHELPS DODGE CORP.	14,800	1,260,768	INT'L. CABLETEL INC.	2,400	2,400
Office Equipment			NEXTEL COMMUNICATIONS INC.	3,200	32
ALTERA CORP.	414,200	20,917,100	REORG. INTERCEL INC.	6,240	18,720
APPLIED MAGNETICS CORP.	11,200	253,400	SAMSUNG ELECTRIC CO.	1	28
ASPEN TECH INC.	15,100	568,138	SAMSUNG ELECTRIC CO.	431	12,025
BANCTEC INC.	101,000	2,651,250	STERLING CHEMICALS HOLDINGS INC.	1,000	35,000
BAY NETWORKS INC.	253,000	6,672,875	Rubber		
CDW COMPUTER CENTERS INC.	9,900	525,314	GOODRICH B. F. CO.	45,500	1,970,696
COMPAQ COMPUTER CORP.	37,700	3,751,150	Service Industries		
DELL COMPUTER CORP.	24,300	2,853,719	ABACUS DIRECT CORP.	5,700	185,250
DIGITAL EQUIPMENT CORP.	16,100	570,536	ACCUSTAFF INC.	13,550	320,959
DIGITAL MICROWAVE CORP.	5,000	150,000	AHL SERVICES INC.	10,700	165,850
EMC CORP.	40,200	1,567,800	AMBASSADOR APARTMENT INC.	128,500	3,196,438
EXABYTE CORP.	216,400	2,772,517	AUTO DATA PROCESSING INC.	1,074,900	50,520,300
GATEWAY 2000 INC.	7,000	227,500	BLOCK H. & R. INC.	39,300	1,267,425
HEWLETT-PACKARD CO.	531,600	29,769,600	CARBINER INT'L INC.	18,700	610,088
HONEYWELL INC.	126,400	9,590,600	CERIDIAN CORP.	65,300	2,758,925
INT'L. BUSINESS MACHINES CORP.	52,000	4,693,000	CLEAN HBR INC.	229,900	387,841
MACNEAL SCHWENDLER CORP.	333,800	3,630,075	COGNIZANT CORP.	28,600	1,158,300
MTS SYSTEMS CORP.	8,400	256,200	COMAIR HOLDINGS INC.	9,000	249,183
NATIONAL COMPUTER SYSTEMS INC.	134,500	3,581,063	CORPORATE EXPRESS INC.	6,500	93,841
QUANTUM CORP.	59,900	1,216,689	DONNELLEY R. R. & SONS CO.	525,000	19,228,125
SILICON GRAPHICS INC.	88,900	1,333,500	ELECTROMAGNETIC SCIENCE INC.	152,500	2,668,750
SUN MICROSYSTEMS INC.	35,600	1,324,996	EQUITY CORP. INT'L.	15,150	366,433
WANG LABS INC.	154,800	3,299,098	FIRST DATA CORP.	795,508	34,952,235
Paper			FPA MEDICAL MANAGEMENT INC.	6,800	161,072
CHAMPION INT'L. CORP.	12,500	690,625	FRED'S INC.	131,800	1,977,000
CONS PAPERS INC.	4,500	243,000	FYI INC.	8,600	206,400
GEORGIA-PACIFIC CORP.	74,000	6,317,750	GTECH HOLDING CORP.	4,100	132,225
INT'L. PAPER CO.	192,423	9,344,446	HA LO INDUSTRIES INC.	18,625	440,016
JAMES RIVER CORP.	28,500	1,054,500	HFS INC.	343,700	19,934,600
MEAD CORP.	15,500	933,750	IKON OFFICE SOLUTIONS INC.	36,300	905,213
ROCK-TENN CO.	55,550	961,682	IMC GLOBAL INC.	33,900	1,186,500
SONOCO PRODUCTS CO.	7,000	213,059	INFORMATION RES. INC.	97,400	1,375,775
STONE CONTAINER CORP.	40,000	572,480	INTEGRATED HEALTH SERVICES INC.	154,600	5,952,100
TEMPLE INLAND INC.	10,800	583,200	INTELLIGEST INFORMATION GROUP INC.	10,300	231,750
UN. CAMP CORP.	122,100	6,105,000	INTERPUBLIC GROUP COMPANIES INC.	3,000	183,936
WEYERHAEUSER CO.	187,000	9,724,000	INT'L. TELECOMMUNICATION DATA SYSTEMS INC.	10,600	259,700
Petroleum - Domestic			IRON MOUNTAIN INC.	13,000	390,000
ABRAXAS PETROLEUM CORP.	29,000	372,476	KNIGHT-RIDDER INC.	33,200	1,628,858
AMOCO CORP.	30,800	2,677,660	M'CALLIED CAPITAL CORP.	64,300	1,350,300
APACHE CORP.	5,000	162,500	MCGRAW HILL COMPANIES INC.	46,900	2,758,283
ATLANTIC RICHFIELD CO.	100,600	7,092,300	MEREDITH CORP.	43,000	1,247,000
BURLINGTON RES. INC.	24,000	1,059,000	N.Y. TIMES CO.	47,000	2,326,500
DRESSER INDUSTRIES INC.	14,600	543,850	NATIONAL MICROSYSTEMS CORP.	7,000	252,000
KERR-MCGEE CORP.	5,300	335,888	NATIONAL SERVICE IND. INC.	28,000	1,363,236
MAPCO INC.	33,900	1,067,850	NATIONAL TECHTEAM INC.	8,100	173,138
OCCIDENTAL PETROLEUM CORP.	385,600	9,663,907	NCD GROUP INC.	6,700	196,813
PENNZOIL CO.	37,500	2,868,750	NOVA CORP.	7,200	186,746
PHILLIPS PETROLEUM CO.	37,700	1,649,375	OLSTEN CORP.	10,000	194,370
PRIDE PETROLEUM SERVICES	12,500	300,000	OMNICOM GROUP INC.	290,000	17,871,250
SUN CO. INC.	28,992	898,752	OUTDOOR SYSTEMS INC.	9,300	355,725
TOSCO CORP.	83,500	2,499,740	PAYMENT SERVICES INC.	20,350	310,338
USX - MARATHON GROUP	190,400	5,497,800	PHYCOR INC.	62,712	2,159,613
Petroleum - International			PRECISION RESPONSE CORP.	10,650	175,725
AMERADA HESS CORP.	33,400	1,855,771	QLOGIC CORP.	43,750	1,115,625
CHEVRON CORP.	82,800	6,121,984	QUIXOTE CORP.	174,700	1,397,600
EXXON CORP.	163,300	10,002,125	REGISTRY INC.	9,700	446,200
MOBIL CORP.	94,200	6,582,225	RURAL/METRO CORP.	5,600	162,574
TEXACO INC.	86,300	9,385,125	RYDER SYSTEMS INC.	122,000	4,026,000
Printing and Publishing			SCB COMPUTER TECH INC.	5,650	132,775
AMERICAN BUSINESS PRODUCTS INC.	198,000	4,504,500	SERVICE CORP. INT'L.	330,800	10,875,050
APPLIED GRAPHICS TECHNOLOGIES INC.	4,350	172,913	SHOLODGE INC.	193,700	2,869,084
BANTA CORP.	139,250	3,777,156	SKYWEST INC.	166,900	2,607,813
BELO A.H. CORP.	35,800	1,490,175	SNYDER COMMUNICATIONS INC.	200,000	5,387,400
BOWATER INC.	10,400	481,000	SOURCE SERVICES CORP.	8,300	223,063
BOWNE & CO. INC.	151,000	5,266,125	STAFF LEASING INC.	9,000	168,750
CADMIUS COMMUNICATIONS CORP.	184,700	2,862,850	STANDARD REGISTER CO.	12,300	376,688
CENT. NEWSPAPER INC.	10,200	730,575	SUMMIT HOLDING S.E. INC.	51,800	880,600
HOUGHTON MIFFLIN CO.	13,600	907,800	SUPERIOR SERVICES INC.	19,400	460,750
MAIL-WELL INC.	24,000	684,000	TELEDATA COMMUNICATION LTD.	17,100	587,813
WALLACE COMPUTER SERVICES	27,500	826,705	TELETECH HOLDINGS INC.	4,900	128,625
Railroads			U.S. FILTER CORP.	186,300	5,076,675
BURLINGTON NORTHERN SANTA FE CORP.	13,400	1,204,325	UNIVERSAL OUTDOOR HOLDINGS	5,800	202,275
CSX CORP.	359,800	19,968,900	VERITAS SOFTWARE CO.	11,850	595,463
ILLINOIS CENTRAL CORP.	432,750	15,118,987	VIAD CORP.	39,600	762,300
NORFOLK SOUTHERN CORP.	148,300	14,941,225	WACKENHUT CORRECTIONS CORP.	19,600	570,850
VARLEN CORP.	40,600	1,091,125	WORLD ACCESS INC.	32,350	663,175
			YORK GROUP INC.	93,200	1,747,500

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
Steel					
AK STEEL HOLDING CORP.	7,100	313,288	MCI COMMUNICATIONS CORP.	17,100	654,605
BETHLEHEM STEEL CORP.	56,300	587,603	NYNEX CORP.	125,500	7,224,031
CITATION CORP.	24,760	424,015	SBC COMMUNICATIONS INC.	195,447	12,093,283
HARSCO CORP.	100,000	4,050,000	SPRINT CORP.	365,000	19,071,250
KENAMETAL INC.	112,100	4,820,300	TELEPHONE & DATA SYSTEMS INC.	34,400	1,305,033
LUKENS INC.	158,000	2,972,296	U.S. WEST COMMUNICATIONS GROUP	46,900	1,767,520
NUCOR CORP.	14,900	841,850	COMMON STOCK - DOMESTIC TOTAL	120,697,463	5,498,625,628
USX-US STEEL GROUP	291,800	10,213,000			
Textiles					
BURLINGTON INDUSTRIES INC.	38,100	457,200	COMMON STOCK - INTERNATIONAL		
CROWN CRAFTS INC.	110,100	1,156,050	ABB AG	3,217	4,876,750
HAGGAR CORP.	149,400	1,904,850	ABBAY NATIONAL	410,000	5,595,407
NORTEK INC.	53,700	1,295,513	ABN-AMRO HOLDINGS	75,439	1,409,211
NORTON MCNAUGHTON INC.	143,700	700,538	ABOITIZ EQUITY PARTNERSHIP	3,560,700	278,095
RUSSELL CORP.	48,000	1,422,000	AC AYALA CORP.	595,187	428,744
SHAW INDUSTRIES INC.	300,000	3,187,500	ACCOR	21,094	3,161,792
STRATASYSTEMS INC.	71,800	1,157,775	ACERINOX SA	12,787	2,400,551
SUPREME INT'L CORP.	10,000	160,000	ADANA CEMENTO	2,832,000	262,302
TOMMY HILFINGER	19,000	763,553	ADECCO	2,150	825,874
Tobacco			ADIDAS AG	7,300	808,528
DIMON INC.	10,000	265,000	ADR ARACRUZ CELULOSE S A ISIN	77,200	1,572,950
PHILIP MORRIS COMPANIES INC.	1,627,400	72,012,450	ADR BANCO SANTANDER CHILE	34,500	508,875
RJR NABISCO HOLDINGS CORP.	148,800	4,910,400	ADR BAT INDUSTRIES	60,000	1,098,720
SCHWEITZER-MAUDUIT INT'L INC.	16,300	611,250	ADR BELL CABLEMEDIA	59,400	942,975
SWISHER INT'L	73,000	1,259,250	ADR BRITISH PETROLEUM	78,148	5,851,332
UST INC.	15,800	441,405	ADR CHILECTRA S A	52,500	1,535,625
Travel, Hotel, Motel			ADR CHILGENER S A	8,450	236,600
AMERICAN CLASSIC VOYAGES CO.	107,900	1,159,925	ADR COFLEXIP	135,800	4,107,950
CARNIVAL CORP.	615,900	25,405,875	ADR COMPANHIA SIDERURGICA NACIONAL	17,400	567,675
CHOICE HOTELS INC.	10,000	169,370	ADR COMPANIA CERVECERIAS UNIDAS S A	6,000	131,622
COACHMEN INC.	122,200	2,092,675	ADR COMPANIA DE TELECOMUNICACIONES DE CHILE S A	28,900	953,700
ITT CORP.	17,700	1,080,797	ADR DANKA BUSINESS SYSTEMS	7,050	288,169
PRIME HOSPITALITY CORP.	43,800	865,050	ADR DEL RIGO S P A	10,000	84,370
RFS HOTEL INVESTMENTS INC.	315,200	5,713,000	ADR DEUTSCHE TELEKOM AG	63,063	1,521,395
SCRIPPS E.W. INC.	25,000	1,040,625	ADR DR SOLOMON S GROUP PLC	86,000	2,182,250
SIGNATURE RESORTS INC.	15,600	539,167	ADR EOP-ELECTRICIDADE DE PORTUGAL S A	5,800	208,800
SILVERLEAF RESORTS INC.	4,550	69,956	ADR EMPRESA NACIONAL DE ELECTRICIDAD	18,250	411,757
SPEEDWAY MOTORSPORTS INC.	2,950	64,163	ADR ENERGY GROUP	35,000	1,483,125
SUBURBAN LODGES AMERICA INC.	10,950	229,950	ADR ERICSSON L.M. TEL. CO.	94,000	3,701,250
TICKETMASTER GROUP INC.	71,000	1,180,375	ADR FILA HOLDINGS S P A	31,000	1,036,547
VISTANA INC.	17,900	277,450	ADR GALLAHER GROUP PLC	130,400	2,404,185
WALT DISNEY CO.	235,573	18,904,733	ADR GROUPE AB SA	82,900	704,650
Utilities - Electric			ADR HANSON PLC	35,000	875,000
AES CORP.	2,800	141,500	ADR HUANENG POWER INT'L INC.	34,700	884,850
CALPINE CORP.	190,200	3,423,800	ADR IMPERIAL CHEMICALS	7,900	449,313
CLCORP INC.	14,400	593,093	ADR KOREA ELECTRIC POWER CO	39,200	732,530
CINERGY CORP.	12,300	428,188	ADR MADECO S	4,600	112,700
CMS ENERGY CORP.	238,200	8,396,550	ADR MADERAS Y SINTETICOS SOCIEDAD	7,300	121,363
CONN ENERGY CORP.	199,600	4,840,300	ADR MOL MAGYAR	76,600	1,704,350
CONSOLIDATED EDISON CO. OF N.Y. INC.	34,500	1,015,577	ADR NOKIA CORP.	258,200	19,042,250
EDISON INT'L	192,900	4,798,388	ADR PHILIPPINE LONG DISTANCE TEL. CO.	88,400	5,679,700
F.P.L. GROUP INC.	36,400	1,676,657	ADR PHILIPS ELECTRIC	12,500	898,438
FLORIDA PROGRESS CORP.	23,300	729,570	ADR PORTUGAL TELECOM	110,000	4,413,750
GPU INC.	63,800	2,288,825	ADR PT TELEKOMUNIKASI INDONESIA	30,000	975,000
ILLINOVA CORP.	445,000	9,790,000	ADR RHONE-POULENC S A	20,900	869,963
N.Y. STATE ELECTRIC & GAS CORP.	140,000	2,922,500	ADR SANTA ISABEL	40,000	1,290,000
NIPSCO INDUSTRIES INC.	48,200	1,991,238	ADR SCOR	29,100	1,182,188
PACIFICORP.	204,900	4,507,800	ADR SMITHKLINE BEECHAM	355,500	32,572,688
PECO ENERGY CO.	120,000	2,520,000	ADR SOCIEDAD QUIMICA MINERA DE CHILE	13,000	859,625
PUBLIC SERVICE ENTERPRISE GROUP INC.	164,200	4,105,000	ADR TAG HEUER INTL S A	31,000	466,922
SIERRA PACIFIC RESERVE CO.	134,500	4,304,000	ADR TELE DE MEX SA	33,900	1,622,963
TEXAS UTILITIES CO.	65,300	2,248,736	ADR TELEFONICA DE ESPANA	20,400	1,759,500
UNICOM CORP.	19,500	433,875	ADR TELEFONICA DEL	50,000	1,309,350
Utilities - Natural Gas			ADR TEVA PHARMACEUTICAL INDS. LTD.	8,300	537,425
COLUMBIA GAS SYSTEMS INC.	14,100	920,025	ADR TRANZ RAIL HOLDINGS LTD.	44,200	745,875
CONSOLIDATED NATURAL GAS CO.	17,900	963,235	ADR UNILEVER N V	136,200	29,691,800
EL PASO NATURAL GAS CO.	240,000	13,200,000	ADR VITRO SOCIEDAD ANONIMA	73,900	831,375
ENRON CORP.	20,900	852,971	ADVANCE SYNERGY	147,000	4,520,250
FREEPORT MCMORAN RES. PARTNERS L.P.	41,900	604,910	ADVANTEST	1,227,000	1,400,063
NICOR INC.	23,200	832,300	AEGON NV	1,250	96,129
PEOPLES ENERGY CORP.	33,500	1,254,140	AGA AB	66,558	4,653,930
USX DELHI GROUP	35,900	471,188	AHOLD (KON)	98,400	1,310,753
VALERO ENERGY CORP.	18,000	652,500	AIR LIQUIDE (L)	11,317	956,513
Utilities - Telephone			AIR NEW ZEALAND	1,400	222,485
ACC CORP.	5,850	180,619	AKAL TEKSTIL	2,311	367,260
ALLTEL CORP.	232,500	7,774,103	AKBANK	4,830	767,574
AMERITECH CORP.	44,300	3,009,609	AKBANK RECEIPT	636,363	1,940,828
AT & T CORP.	337,300	11,826,413	AKZO NOBEL	1,775,000	89,674
BELL ATLANTIC CORP.	10,600	804,275	ALCATEL ALST	1,331,250	67,255
BELLSOUTH CORP.	107,900	5,003,863	ALLEANZA ASSICURAZ	747,000	64,156
BILLING INFORMATION CONCEPTS CORP.	7,050	245,869	ALLIANZ AG	747,000	64,156
CENTURY TELEPHONE ENTERPRISES INC.	245,000	8,253,315	ALLIED DOMECO	28,110	3,859,332
GTE CORP.	67,900	2,979,113	ALTANA	45,113	5,655,502
			ALUSUISSE-LONZA	98,500	773,122
				10,090	2,113,483
				167,000	1,199,309
				4,000	4,269,605
				691	716,666

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
AMAND CORP.	205,000	2,328,935	CARREFOUR	8,570	6,230,126
AMCOR LTD.	1,115,600	7,354,594	CARTER HOLT HARVEY	3,123,100	8,064,556
AMMB HOLDINGS	10,400	14,010	CASTORAMA DUBOIS	24,000	3,380,714
	104,000	646,910	CATE TEN KON	45,000	2,491,961
AMCY PROPERTIES	1,903,500	2,100,722	CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.	90,000	2,340,000
ANGLO AMERICAN CORP.	26,500	1,596,544	CENTRICA ORD	836,000	1,019,173
AOYAMA TRADING	76,100	2,447,330	CENTROS COM PRYCA	30,700	665,894
ARAB-MALAYSIAN	116,000	432,013	CETELEM	31,000	3,902,094
	356,000	754,596	CHEUNG KONG HOLDINGS	482,000	4,759,465
ARCELIK	2,292,000	308,780	CHEUNG KONG INFRAS	930,000	2,694,939
ARES-SERONO SA	2,000	2,901,533	CHGO BRIDGE & IRON CO	103,500	2,289,938
ARGENTINA INVESTMENT	200,000	5,312,000	CHILGENER SA	2,788	0
ASHANTI GOLDFIELDS	45,000	525,938	CHINA LIGHT & POWER	278,000	1,575,284
ASIA LTD. FUND CLOSED END FUND	85,000	2,613,750	CHINA OVERSEAS LAND	2,775,000	2,238,683
ASIA PACIFIC	14,800	72,150	CHINA RESOURCES	661,000	3,242,162
ASICS CORP.	260,000	529,407	CHO HUNG BANK	78,050	518,575
ASM LITHOGRAPHY	30,400	1,778,400	CHRISTIAN DIOR	11,998	1,982,313
ASS GEN DE FRANCE	35,000	1,119,580	CHRISTIANA BANK	515,000	1,758,688
ASSOCIATED BRITISH FOODS	960,000	8,284,264	CIBA SPECIALTY CHE	28,358	2,626,011
ASTRA AB	144,533	2,691,646	CIE DE ST GOBAIN	89,092	13,005,024
AUMAR	10,300	160,029	CIE FIN PARIBAS	12,500	864,426
AUSTRALIA & NEW ZEALAND BANK	735,889	5,457,768	CIFRA SA	395,000	734,930
AUSTRALIA GAS LIGHT CO.	499,600	2,919,339	CIRCLE K JAPAN CO.	14,000	805,034
AUTOBACS SEVEN CO.	20,000	1,586,996	CITIC PACIFIC	43,000	268,636
AXA UAP	93,199	5,802,167	CITY DEVELOPMENTS	413,100	4,044,901
AXIME	3,930	465,231	CLAL ISRAEL	847,000	241,582
AYALA LD INC.	646,875	594,735	CLARIANT	4,534	2,939,006
BAGFAS	530,000	126,739	CLIPSAL INDUSTRIES	625,000	2,212,500
BANDAR RAYA DEVELS	2,116,000	2,766,561	COATS VIYELLA	606,200	1,286,353
BANGKOK BANK	116,700	801,876	COCA-COLA AMATIL	303,090	3,905,419
BANK AUSTRIA	34,104	1,045,984	COGNOS INC.	6,100	189,863
BANK HAPOLIM	123,000	256,015	COLONIAL LTD.	811,000	2,053,549
BANK NIAGA	960,000	2,724,244	COMALCO LIMITED	26,200	140,338
BANK OF IRELAND	48,237	531,061	COMMERCIAL UNION	168,300	1,768,852
BANK OF NOVA SCOTIA	51,787	2,271,113	COMMERZBANK AG	108,647	3,080,062
BANQUE NATIONAL PARIS	53,700	2,215,338	COMMONWEALTH IRT INSTALMENT RECEIPTS.	105,000	916,002
BANQUE PARIBAS	7,000	441,155	CONSORCIO ARA SA	184,000	646,527
BARCLAYS OR	42,000	833,220	COOKSON GROUP	321,200	1,130,628
BARRICK GOLD CORP.	57,100	1,243,779	COSCO PACIFIC	604,000	1,399,429
BASF AG	74,013	2,737,447	COURTAULDS TEXTILE	122,900	626,926
BASS ORD	653,000	7,966,198	CRED NAT-NATEXIS	19,600	1,114,716
BAT INDUSTRIES	700,500	6,266,435	CREDIT LOCAL DE FR	4,771	464,833
BAYER AG	370,652	14,255,601	CREDIT SUISSE GROUP	35,782	4,602,068
BAYER HYPO/WECH BANK	25,200	754,171	CRODA INT'L	116,100	510,117
BAYER MOTOREN WERK	1,210	1,001,997	CSL LIMITED	143,376	872,168
BAYER VEREINSBK	71,016	2,905,765	CSR LIMITED	1,837,000	7,059,827
BCA COMM ITALIANA	415,000	858,537	DAEGU BANK	62,118	516,950
BCA POP BERGAMO	26,000	384,308	DAEGU BANK	21,635	28,993
BCO BILBAO VIZCAYA	16,420	1,336,421	DAH SING FINANCIAL	154,800	857,192
BCO CENTRAL HISPAN	105,033	3,849,377	DAMLER-BENZ AG	129,846	10,543,863
BCO POP DI BERGAMO I	26,000	324	DANIPPON SCREEN	176,000	1,661,103
BCO POPULAR	2,900	711,838	DAWA SECURITIES CO.	398,000	3,144,210
BCO SANTANDER SA	58,200	1,796,614	DANIELI & C.	375,000	1,311,343
BDN BANK DAGANG	5,608,750	3,979,064	DANKA BUSINESS SYSTEMS	79,000	521,405
BDNI BANK DAGANG NA	801,250	329,529	DANONE (BSN)	15,500	633,563
BEIJING DATANG	1,000,000	461,451	DANZAS HOLDING AG	6,900	1,141,195
BENETTON GROUP	39,520	630,601	DAO HENG BANK GROUP	8,500	1,661,694
BEZED ISRAEL TELECOM	60,400	152,609	DAYA GUNA SAMUDERA	596,000	3,261,833
BG ORD	1,945,800	7,156,891	DBS LAND	200,000	359,860
BIC	6,856	1,122,240	DCB HOLDINGS BERHAD	500,000	1,580,641
BILFINGER & BERGER	25,200	1,026,771	DCB SAKURA MERCH	96,000	304,279
BIOCHEM PHARMA INC.	14,000	311,500	DDI CORP.	4,800	0
BLUE CIRCLE INDUSTRIES	1,280,000	9,117,750	DEGUSSA AG	209	1,545,172
BLUE SQUARE-ISRAEL	26,200	255,096	DEMIRBANK	27,200	1,440,739
BOC GROUP	333,414	5,798,746	DEN DANSKE BANK	498,940	9,747
BOHLER UDDEHOLM	8,300	643,773	DEUTSCHE BANK AG	1,919,000	37,487
BOLS WESSANEN	126,250	2,429,248	DEUTSCHE TELEKOM	21,100	2,065,680
BOOTS CO.	1,030,980	12,071,140	DEVELOPMENT BANK SINGAPORE	89,400	5,227,890
BRAZIL FUND CLOSED END FUND	236,666	7,277,480	DEXIA FRANCE	123,068	2,966,260
BRAZILIAN INVESTMENT CO.	120,000	7,309,200	DICKSON CONCEPT INC.	321,500	4,047,419
BRIDGESTONE CORP.	150,000	3,486,848	DISCREET LOGIC INC.	11,800	1,268,623
BRITISH PETROLEUM CO.	271,407	3,371,978	EGE BIRACILIK VE M	1,300	126,658
BRITISH TELECOM	147,000	1,091,154	EISAI CO.	13,100	1,276,318
BRITISH VITA	122,000	426,396	ELAN CORP.	220,000	800,795
BRL HARDY LTD.	1,050,000	2,978,087	ELCO HOLDINGS	10,700	176,550
BROKEN HILL PROPERTY	459,013	6,699,592	ELECTRABEL	1,000	323
BSES	60,000	1,590,000	ELECTROCOMPONENTS	90,144	3,119,384
BTR	498,200	1,703,921	ELECTROLUX 'B'FREE	2,877	286,775
BURNS PHILP & CO.	230,466	424,727	ELF AQUITAINE	317	1,628,909
BURTON GROUP	323,000	632,991		24,760	14,845
C & P HOMES	1,425,000	534,861		4,500	2,698
CABLE & WIRELESS	27,408	145,285		30,499	3,911,760
	364,000	3,347,092		132,800	3,950,800
CANADIAN IMPERIAL BANK	96,000	2,421,659		235,000	2,001,783
CANADIAN NATIONAL RAILWAYS	98,521	4,310,294		405,000	94,119
CANADIAN PACIFIC	106,340	3,029,366		408,000	7,737,132
CANON INC.	649,000	17,695,360		104,000	4,706,000
CANON SALES CO. INC.	27,250	635,825		19,500	173,746
CAP GEMINI	100,000	3,164,395		37,650	8,074,590
CARADON	202,500	679,100		452,000	3,373,920
CARBONE LORRAINE	4,000	974,289		6,610	477,006
CARLTON COMMUNICATIONS	288,900	2,440,156		210,310	22,711,238

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
ELITE INDUSTRIES	6,900	166,889	HONG KONG ELECTRIC	799,000	3,217,740
ELSEVIER	572,200	9,579,013	HONG KONG TELECOMM	435,400	1,039,704
EMAIL LIMITED	416,800	1,480,040	HONG LEONG CREDIT	528,000	1,966,403
EMI GROUP PLC	118,990	2,133,839		52,800	52,298
EMP NAC ELECTRICID	3,400	285,973		105,600	393,281
ENERGY GROUP ORD	33,400	356,319	HONG LEONG PROPS	700,000	795,959
ENERISIS S A	24,100	857,044	HSBC HOLDINGS	307,902	9,260,151
ENI	917,900	5,192,352	HUNTER DOUGLAS	11,586	967,527
EQUITABLE BANK	5,700	20,638	HUTCHISON WHAMPOA	516,000	4,462,456
EREGLI DEMIR CELIK	1,838,000	306,426	HYDER ORD	99,150	1,340,757
ERG LIMITED	1,800,000	2,022,699	HYUNDAI MOTOR CO	30,000	300,000
ERICSSON (LM)	19,800	779,724	IBERDROLA SA	399,701	5,055,034
ESC MEDICAL SYSTEMS LTD	13,350	340,425	ICL-ISRAEL CHEMICALS	203,400	239,414
ESEC HOLDING SA	650	2,135,679	IFIL FIRST FINANCE ITALY	339,600	1,169,589
FANUC	74,000	2,845,408	IMASCO LTD.	60,000	1,739,698
FAULDING & CO	350,000	1,992,733	IMI ORD	147,000	839,161
FERNZ CORP	479,000	1,623,212		157,300	1,414,452
FIAT SPA	629,400	2,263,842	IMPERIAL CHEMICAL	272,890	3,794,618
FILINVEST DEVELOPMENT	1,038,000	247,930	INA (FIRST NAZ. ASSOC.)	622,000	946,800
FILINVEST LAND	2,970,000	743,176	INDAH KIAT PAPER & PLASTIC	915,944	536,796
FILTRONIC COMTEK	350,000	2,306,732	INDAH KIAT PULP	1,244,741	217,567
FIRST PACIFIC ORD	1,431,700	1,829,519	INDEPENDENT NEWS	195,000	1,024,250
FIRST TRACTOR CO.	500,000	329,147	INDOSAT	213,000	637,292
FLETCHER CHALLENGE BUILDING	548,148	1,645,778		636,000	1,902,899
FLETCHER CHALLENGE ENERGY	363,494	1,096,294	INDUSTRIAL BUILDINGS	120,000	211,704
FLETCHER CHALLENGE FORESTS	36,463	51,897	ING GROUP	329,530	15,220,979
FOKUS BANK	51,500	436,155	INTENTIA INTL AB	21,000	229,490
FOMENTO ECOMOMICO	130,000	773,022	INTER-EUROPA BANK	10,200	2,534,263
FOR & COL EMERGING MARKETS PERUVIAN INVEST. CO.	110,000	2,420,000	INT'L UNIP HOLDINGS LTD.	1,169,000	173,712
FORMULA SYSTEMS	8,300	135,550	IOE PROPERTIES	124,000	235,816
FORTIS AMEV	22,410	999,660	ISETAN CO.	114,000	1,414,564
FOSTERS BREWING GR	3,194,530	5,887,211	ISTIT BANCO SAN PAOL	184,373	1,342,569
FRASER & NEAVE LTD.	337,800	2,409,820	IZMIR DEMIR CELIK	11,736,000	138,345
FUJI BANK	37,000	556,148	JARDINE MATHESON	516,303	3,665,751
FUJISAWA PHARMA CO.	286,000	2,949,227	JIANGXI COPPER CO.	1,520,000	416,919
FUJITSU	166,000	2,306,563	JULIUS BAER HOLDINGS	2,496	3,826,567
GADEK MALAYSIA	200,000	1,109,350	JUROKU BANK	16	78
GALERIES LAFAYETTE	4,400	1,825,667	JURONG SHIPYARD	220,000	953,980
GAS Y ELECTRICIDAD	2,920	157,049	JUSCO CO.	59,000	1,995,368
GDR BSES LTD.	44,500	1,179,250	KAWASHO CORP	187,000	561,771
GDR CHO HUNG BANK	52,900	383,525	KEDAH CEMENT HOLDINGS	300,000	468,304
GDR GEDEON RICHTER LTD.	14,100	1,272,525	KEPPEL CORP	128,750	556,295
GDR HANA BANK	97,472	1,425,528		633,000	2,811,267
GDR HYUNDAI MOTOR CO. LTD.	27,100	271,000	KERRY PROPERTIES	593,000	1,439,005
GDR INDIAN HOTELS CO. LTD.	19,000	451,250	KEYENCE CORP	25,000	3,714,061
GDR SAMSUNG ELECTRIC CO. LTD.	14,604	865,287	KIEKERT AG	32,900	1,472,669
GDR STATE BANK INDIA	25,100	662,013	KNP BT (KON)	55,200	1,259,348
GDR STATE BANK INDIAN	7,500	197,813	KOITO INDUSTRIES	50,000	356,987
GDR UNIAO DE BANCOS BRASILEIROS S A	37,000	1,373,625	KOITO MANUFACTURING CO.	477,000	3,651,595
GDR VIDESH SANCHAR	36,000	751,320	KOLBENSCHMIDT AG	99,000	1,574,417
GEA AG	2,300	906,775	KONINK PTT NEDERLA	37,658	1,479,950
GEHE AG	45,000	3,073,083	KOREA FUND INC. CLOSED END FUND	214,148	3,158,683
GENERAL CABLE ORD	115,000	312,932		19,115	1,179,396
GENERAL ELECTRIC CO.	307,100	1,834,882		19,140	1,212,902
GENESIS CHILE FUND	85,000	4,250,000	KRUNG THAI BANK LTD.	1,200,000	1,250,724
GENTING BHD	176,200	844,699	KUMAGAI GUMI HONG KONG	2,394,400	2,487,953
GETRONICS	30,967	1,002,046	KUONI REISEN HOLDING	250	857,427
GIO AUSTRALIA HOLDING	479,254	1,472,032	KYOCERA CORP.	28,000	2,226,689
GIST-BROCADES NV	100,000	3,302,200	LAFARGE	39,892	2,483,504
GKN ORD	647,600	11,149,908	LAFARGE	19,300	1,201,535
GLAXO WELLCOME	718,006	14,817,799	LAGARDERE SCA	39,300	1,142,662
GREAT EAGLE HOLDINGS	1,138,000	3,753,037	LAND & GENERAL BHD.	230,000	264,263
GREAT UNIV. STORES	789,000	7,983,889	LAND & HOUSE	212,000	441,922
GREENALLS GROUP	244,000	1,803,046	LAPORTE ORD	54,100	577,601
GUCCI GROUP	96,400	6,205,750	LASMO ORD	176,000	760,123
GULF CANADA RESERVES LTD.	85,600	711,507	LDC	5,510	1,010,785
GUOCO GROUP LTD.	136,000	716,224	LEGRIS	27,100	1,278,618
H.M. SAMPOERNA	224,000	854,452	LEIGHTON HOLDINGS	545,000	2,633,850
HACI OMER SABANCI	4,500,000	163,686	LEND LEASE CORP	49,041	1,028,691
HANG LUNG DEVEL. CO.	430,000	788,146	LIGHT SERVICE ELECTRIC	1,551,900	772,296
HANIL BANK	228,000	1,283,784	LION NATHAN LTD.	650,300	1,643,964
HANSABANK	360,000	3,825,806	LLOYDS TSB GROUP	479,685	4,917,799
HANSON ORD	208,750	1,037,062	LOEWEN GROUP INC.	24,700	858,325
HARRISONS & CROSSFIELD	648,000	1,197,104	LONGHO ORD	369,460	783,992
HARTWALL	6,000	347,118	L'OREAL	2,628	1,108,326
HEINEKEN	11,687	1,998,237	LUFTHANSA AG	57,300	1,099,931
HENKEL KGAA	7,400	392,815	MACQUARIE BANK LTD.	285,000	2,438,251
HENNES & MAURITZ	61,000	2,145,790	MAGNUM CP BHD	815,600	1,227,924
HERMES INT'L	11,730	1,098,885	MAGYAR OLAJ-ES GAZ H	63,400	1,405,840
HICOM HOLDINGS	1,376,000	2,605,895	MAKITA CORP	84,000	1,233,243
HILLSDOWN HOLDINGS	280,384	788,631	MALAYAN BANKING	317,300	3,331,399
HINDALCO INDUSTRIES	17,800	629,230	MALAYSIA AIRLINE SYSTEMS	261,000	651,466
HIROSE ELECTRIC	16,400	1,126,488	MALAYSIA INT'L SHIPS	243,333	631,470
HITACHI	1,117,000	12,494,626	MALYSIAN RES.	229,000	630,567
HITACHI METALS	169,000	1,233,199	MAN AG	4,200	1,294,310
HOECHST AG	84,185	3,574,076	MANNESMANN AG	18,321	8,169,302
HOKUTO CORP	26,700	944,988	MAFFRE VIDA SEGURO	19,000	1,233,766
HOLDERBANK FINANCIAL	2,520	2,383,702	MARIEBERG TIDNINGS	41,565	1,032,090
HOLLANDSCHE BETON	6,380	1,457,830	MARKS & SPENCER ORD	465,000	3,854,040
HONG KONG AIRCRAFT	450,000	1,637,990	MARUBENI CORP	421,000	1,913,135

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
MATSUSHITA ELECTRIC INDUSTRIES	456,000	9,205,278	PIRELLI SPA	600,000	1,484,572
MATSUSHITA ELECTRIC WORKS	346,000	3,936,787	PLIVA D D GDR	148,000	2,442,000
MEDIOLANUM	205,000	2,309,639	PLUTONIC RES. LTD.	228,500	708,686
MERITA LTD.	1,100,000	3,663,702	POHJOLA	110,000	3,261,330
METACORP BHD.	195,000	405,606	POLISH INVESTMENT CO.	220,000	2,754,400
METRO BANK & TRUST CO.	24,110	511,890	POLYGRAM NV	45,000	2,365,641
METSA-SERLA OY	31,900	259,784	PORTUGAL TELECOM	49,000	1,979,066
MICHELIN CGDE.	100,540	6,043,411	POWERGEN ORD	331,900	3,949,546
MIGROS	280,000	198,040	POWERSCREEN INT'L.	41,900	456,413
MISYS ORD	200,000	4,535,242	PROMISE CO.	26,300	1,507,717
MITSUBISHI HEAVY IND. LTD.	213,000	1,636,171	PRUDENTIAL CORP.	258,000	2,496,913
MITSUI FUDOSAN	60,000	828,454	PUBLIC BANK	405,000	632,211
MITSUI O.S.K. LINES	663,000	1,367,369	QNI LIMITED	40,000	71,619
MONUMENT OIL & GAS ORD	1,300,000	1,893,151	QPL INT'L. HOLDINGS	3,650,000	3,085,914
MOORE CORP. LTD.	75,700	1,485,613	QUEBEC INSURANCE GROUP LTD.	1,111,408	6,660,871
MOS FOOD SERVICE	55,000	1,018,964	RAUMA OY	22,191	508,400
MULTI-PURPOSE HOLDINGS	2,987,000	4,189,374	RAUTARUUKKI OY	27,400	287,494
MUNCHENER RUCKVERS.	135	378,841	REDLAND ORD	219,000	1,241,067
MURATA MANUFACTURING CO.	56,000	2,231,583	REED INTERNATIONAL	89,400	865,953
NAMCO LTD.	30,000	1,158,787	RELJANCE IND.	140,000	3,220,000
NAT WEST ORD	265,900	3,573,508	RENAISSANCE ENERGY LTD.	334,100	9,289,651
NATIONAL AUSTRALIA BANK	825,801	11,735,734	RENONG BERHAD	133,400	42,282
NATIONAL FOODS LTD.	1,365,128	1,902,190		1,907,000	2,493,304
NATIONAL MUTUAL HOLDINGS	1,521,000	2,117,796		375	198
NEC CORP.	381,000	5,327,274	REPSOL SA	114,550	4,852,427
NEDLLOYD GROUP	46,300	1,339,871	RESORTS WORLD BHD.	1,394,000	4,197,464
NESTLE	10,330	274,448	REUTERS HOLDINGS ORD	679,800	7,161,744
	4,393	5,803,696	RHONE-POULENC SA	152,570	6,236,946
NETAS	593,000	163,774	RICHTER GEDEON	18,900	1,741,500
NEW SOUTH AFRICA FUND CLOSED END FUND	75,000	1,218,750	RICOH CO.	175,000	2,293,979
NEW WORLD DEVELOPMENT CO.	628,000	3,744,995	RIO TINTO LIMITED	196,200	3,318,872
NEWBRIDGE	25,500	1,109,250		681,028	11,861,460
NEWCOURT CREDIT GROUP INC.	25,000	679,569	ROAD BUILDER	97,600	460,158
NEWS CORPORATION	530,307	2,522,718	ROCHE HLDG AG GENUSSCHEINE	1,238	11,213,630
NEXT ORD	85,600	966,624	ROHM CO.	5,000	515,599
NICHICON CORP.	85,000	1,151,359	ROTHMANS PALL MALL	139,000	1,365,769
NICHIDO FIRE	614,000	4,485,747	ROYAL DUTCH PETROLEUM	18,300	3,980,250
NICHEI CO.	60,900	7,078,301		294,200	15,330,894
NICHI GAKKAN CO.	19,000	1,062,658	RWE AG	223,370	9,613,928
NINTENDO CO.	23,000	1,929,564	S.C. ELVILA	10,000	300,000
NIPPON DENWA SHSET.	110,250	948,056	SABANCH HOLDINGS	166,000	1,494,000
NIPPON ELECTRIC/GLASS	26,000	452,154	SAGA PETROLEUM ASIA	185,000	3,512,594
NIPPON OIL CO.	737,000	4,038,268	SALOMON SA	6,300	480,847
NIPPON TELEPHONE & TELEGRAPH	488	4,691,078	SAMSUNG ELECTRONIC	9,660	1,066,027
NISSAN MOTOR CO.	210,000	1,631,478		88	1,423
NKK CORP.	832,000	1,788,622		71	1,148
NOBLE GROUP	2,597,000	2,025,660	SAN MIGUEL CORP.	40,352	1,109,680
NOKIA (AB) OY	44,140	3,296,351	SANGETSU CO.	58,890	155,173
	75,100	5,595,414	SANYO SHINPAN FINANCIAL	66,000	1,407,323
NORANDA INC.	58,000	1,250,770	SAP AG	25,400	1,573,766
NORMANDY MINING	9,682	10,807	SCHERING AG	27,945	5,612,895
NORTHERN LIMITED	750,000	2,837,397	SCHNEIDER SA	24,600	2,630,748
NORTHERN TELECOM	9,000	819,000	SCHW BANKVEREIN	109,005	5,807,708
NORWICH UNION ORD	556,600	2,959,702	SCHW RUCKVERSICHER	6,060	1,623,233
NOVARTIS AG	1,391	2,225,066	SCOR	850	1,203,999
	12,085	19,347,937	SCOT & NEWCASTLE ORD	50,120	2,019,842
NYCOMED	90,000	1,327,724	SCOT HYDRO-ELECTRIC ORD	105,200	1,131,926
	58,770	842,920	SCOT POWER ORD	313,000	2,169,668
OCE NV	3,862	499,086	SEC CORPORATION	175,454	1,141,758
OIL SEARCH LTD.	1,000,000	2,696,932	SECOM	96,000	505,042
OITA BANK	122,000	851,857	SEITA	27,000	1,984,357
OKOBANK OSULUSPMKK	19,400	261,445	SEKISUI CHEMICAL	13,796	437,077
OMEGA SOUTH AFRICA FUND	39,742	3,932,401	SEKISUI HOUSE	239,000	2,422,791
OMV AG	5,850	749,512	SEMA GROUP ORD	123,000	1,246,876
ORANGE ORD	654,500	2,162,241	SEMBAWANG CORP.	219,500	4,502,517
ORIX CORP.	32,600	2,418,719	SENKO CO.	95,000	431,879
OTOSAN	304,000	161,773	SENSHUKAI CO.	244,000	1,006,449
OUTOKUMPU OY	64,100	1,271,091	SGL CARBON AG	55,000	562,353
OVERSEAS CHINESE BANK	97,080	1,004,865	SGS HOLDINGS	32,579	4,464,644
PAB K TJWI KIMIA	245,645	285,399	SGS THOMSON MICROELECTRONICS	1,121	2,399,095
PACIFIC BBA LTD.	670,000	2,509,645	SHELL TRANSPORTATION & TRADING	4,500	360,000
PACIFIC CENTURY	670,000	932,508	SHINKO ELECTRIC INDS.	162,600	1,108,175
PACIFIC MAGAZINE & PRINTING	477,936	1,296,122	SHISEIDO CO.	18,000	659,093
PACIFIC PORT CO.	4,650,000	930,324	SHOHKOH FUND. & CO.	255,000	4,211,745
PAKHOED	109,000	3,849,742	SHOWA CORP.	2,800	849,078
PANAMERICAN BEVERAGES INC.	25,000	821,875	SIEMENS AG	150,000	1,272,831
PASMINCO LIMITED	148,000	298,251	SIG SCHW IND.	239,377	14,224,836
PATERSON ZOCHONIS	300,000	1,947,241	SIME DARBY BHD.	450	1,365,881
PECHINEY	53,900	2,125,355	SINGAPORE AIRLINES	5,271,632	5,271,632
PEREGRINE ASSET MGMT. INDIAN SMALLER CO. FUND	20,000	1,230,000	SINGAPORE PRESS	352,600	3,156,581
PEREGRINE INVESTMENT ORD	2,507,000	5,161,366	SINGAPORE TECH IND.	236,200	4,757,700
	181,200	79,522	SINGAPORE TELECOMMM	810,000	2,084,767
PERNO-RICARD	15,450	797,375	SKAND ENSKILDA BANK	822,000	1,512,002
PETRON CORP.	445,040	113,049	SKANDIA GROUP FORS	120,000	1,295,854
PEUGEOT SA	13,811	1,336,180	SKF	149,600	5,513,977
PHIL. COMMUNITY INT'L. BANK	30,300	292,937	SM PRIME HOLDINGS	106,300	2,749,488
PHILIP SERVICES CORP.	35,000	553,455	SMC CORP.	3,174,200	938,685
PHILIPS ELECTRONIC	106,090	7,613,053	SMH AG NEUBURG	39,100	3,307,594
PIONEER ELECTRIC	83,000	2,016,429	SMITH & NEPHEW O	560	320,362
PIONEER INT'L. LTD.	1,271,700	4,877,780		703,000	1,953,915

INVESTMENT LISTING

	Shares	Market Value		Shares	Market Value
SMITH (HOWARD)	75,000	707,945	VALEO	20,513	1,278,089
SMITHKLINE BEECHAM ADR	23,000	2,107,375	VALMET CORP.	17,700	306,007
	279,676	5,145,741	VAN DAMMEREN	97,800	3,803,583
SMURFIT(JEFFERSON) ORD	528,000	1,529,465	VEBIA AG	186,770	10,503,836
SOCIETE GENERALE	17,350	1,938,630	VEDIOR	4,200	111,254
SOL MELIA SA	10,000	411,369	VENDEX INT'L	85,100	4,669,142
SONAE INVESTMENTOS	85,000	3,558,308	VER NED UITGEVERS	18,700	414,219
SONY CORP.	69,900	6,102,429	VIAG AG	5,482	2,494,750
SOUTH AFRICA BREWS	50,000	1,535,112	VIKING LINE AB	4,700	148,396
SOUTH CHINA MORNING POST	1,000,000	980,987	VOLKSWAGEN AG	6,110	4,687,997
SOUTHCORP HOLDINGS	1,088,300	4,043,876	VOLVO	140,000	3,747,890
SP SETIA	92,000	304,358	WEBS INDEX FUND INC. BELGIUM	299,000	5,232,500
SPARBANKEN SVERIGE	111,000	2,469,107	WERNER SODERSTROM	20,500	710,408
STOCKMANN AB(OY)	4,540	241,238	WEST JAPAN RAILWAY	1,703	6,682,225
STORK NV	92,000	3,756,444	WESTMONT INDS	875,600	639,521
SUEZ LYONN EAUJ.	14,523	1,464,434	WESTPAC BANKING CORP.	48,800	291,371
SULZER AG	3,000	16,463	WHARF HOLDINGS HONG KONG	1,570,000	6,809,082
	2,230	12,237	WINTERTHUR	800	705,697
	680	3,732	WMC LTD.	591,306	3,698,846
	5,910	5,067,394	WOLSELEY ORD	122,100	952,049
SUMITOMO BANK	162,000	2,661,540	WOLTERS KLUWER	4,795	584,905
SUMITOMO ELECTRIC INDUSTRIES	142,000	2,382,592	WOODSIDE PETROLEUM	475,000	4,056,636
SUMITOMO METAL INDUSTRIES	504,000	1,435,847	WPP GROUP ORD	211,300	866,863
SUMITOMO METAL MINING	339,000	2,399,633	YAPI VE KREDI BANK	7,446,000	170,532
SUMITOMO TRUST & BANK	180,000	1,934,807	YIT-YHYMA	21,600	284,856
SUN HUNG KAI PROP.	31,100	374,334	YODOGAWA STEEL WORKS	178,000	1,088,875
SUN INT'L. HOTELS LTD.	8	296	YTL CORP.	362,000	1,118,700
SUNGEI WAY HOLDINGS	217,000	409,239	YTL POWER INTL.	58,300	73,452
SUZUKI MOTOR CORP.	329,000	4,168,924	ZENECA GROUP ORD	120,500	3,982,908
SWEDISH MATCH CO.	170,000	571,624	ZURICH VERSICHERUN	8,960	3,570,847
SWIRE PACIFIC	550,000	4,951,725			
SYNTELABO	21,040	2,741,567	COMMON STOCK - INTERNATIONAL TOTAL	261,368,796	1,736,440,411
T GARANTI BANKASI	5,220,000	196,908			Market
T SISE CAM	2,762,000	174,887			Value
T.I.M. SPA	1,150,000	3,717,308	REAL ESTATE		
TABACALERA SA	3,200	172,109	Closed End Funds		
TABCORP HOLDINGS LTD.	926,400	4,996,876	BEAR STEARNS REALTY PARTNERSHIP		117,307,002
TADIRAN LIMITED	0	8	DLJ REAL ESTATE		8,492,464
TAG HEUER	5,800	871,283	JMB GROUP TRUST III		30,073,218
TAI CHEUNG HOLDINGS	2,030,000	1,611,465	LASALLE ADVISORS PROFILE		994,288
TAIPEI FUND UNITS INT'L. DEP. RECEIPT	350	4,383,750	RREEF REAL ESTATE FUND FUND L.P.		2,396,576
TAIWAN FUND INC. CLOSED END FUND	110,000	1,285,570	TCW REALTY FUND II		664,647
TALISMAN ENERGY INC.	313,000	9,620,994	Total Closed End Funds		159,928,195
TANSAS	374,000	76,838	Properties		
TATE & LYLE ORD	30,800	228,879	1015 18TH ST	12,500,000	
TAYLOR WOODROW ORD	1,895,000	5,582,342	1090 GEMINI ROAD	1,900,000	
TECK CORP.	24,000	486,246	1500 LOCUST STREET	59,950,000	
TELECEL COMUNI PES.	18,500	1,536,492	1600 DOWNS DRIVE	2,400,000	
TELECOM CORP. OF NEW ZEALAND	2,771,740	14,089,104	1670 FRONTENAC	3,370,000	
TELECOM ITALIA	314,000	939,324	1674 FRONTENAC	3,610,000	
TELECOMASIA	1,120,100	1,297,163	1700 DOWNS DRIVE	4,800,000	
TELEFONICA DE ESPA	364,290	10,551,951	230 GERRY DRIVE	3,000,000	
TELEFONICA DEL PERU	500,000	1,313,855	2301 WINDOR CT.	7,300,000	
TELEKOM MALAYSIA	873,627	4,084,310	330 SOUTH EXECUTIVE DRIVE	7,100,000	
TENAGA NASIONAL	544,000	2,651,030	3605 SWENSON AVENUE	3,400,000	
TESCO ORD	285,999	1,758,786	3900 NORTHWOODS	7,100,000	
TEVA PHARMA IND.	38,000	2,460,500	4200 COMMERCE COURT	4,900,000	
	7,160	462,012	451 KINGSTON CT.	2,100,000	
TF1 - TV FRANÇAISE	38,450	3,438,328	6240 CARMEN	6,700,000	
THAKRAL CORP.	366,900	374,238	800 WEST THORNDALE	2,800,000	
THYSSEN AG	18,204	4,314,511	865 XENIUM LANE	4,300,000	
TIPCO ASPHALT	74,000	385,640	A. MCCALLISTER	440,975	
TOKYO ELECTRONICS	61,800	2,959,574	AGLE	500,221	
TOKYO STEEL	70,100	784,130	ALEXANDER	576,612	
TOKYO TATEMONO CO.	524,000	2,770,427	ANDERSON	309,852	
TOKYO TRUST & BANKING	163,000	1,374,596	ARLINGTON ROAD LOAN PORTFOLIO	8,519,726	
TOKYU CORP.	279,000	1,733,540	AUTUMN CHASE	11,000,000	
TOMKINS ORD	851,080	3,682,796	BADGER MOUNTAIN	9,250,000	
TOMRA SYSTEMS ASIA	39,000	799,093	BARKLEY	3,088,355	
TOSHIBA CORP.	326,000	2,099,642	BARLING (PA3)	440,000	
TOTAL	34,056	3,445,654	BARTEL	736,000	
TRANSCANADA PIPELN LTD.	259,400	5,220,425	BATTS	494,205	
TRANZ RAIL HOLDINGS	111,500	634,781	BAYTECH	2,500,000	
TRELLEBORG	33,600	551,863	BECKNER	382,645	
UBS SCHW. BKGESELL	1,370	1,569,366	BEMENT	1,449,070	
UNIDEN CORP.	113,000	1,668,881	BESECKER	309,948	
UNILEVER	17,854	3,765,259	BETHANY	1,800,480	
	30,000	859,532	BIRCH	4,200,000	
UNION ASSURUANCE FEDERATION	10,600	1,247,600	BLACK BAYOU	1,257,914	
UNION CHEMICAL	147,600	375,614	BLISS	775,693	
	86,700	607,384	BLUE RIDGE	262,000	
UNISIA JECS CORP.	134,000	619,470	BOYER	129,913	
UNITED DOMINION INDS. LTD.	47,000	1,154,414	BRADEN	1,201,915	
UNITED ENG. MALAYSIA	164,000	1,182,567	BRADEN 2	2,565,120	
UNITED OVERSEAS BANK	6,000	61,687	BRECKINRIDGE PLACE	19,467,266	
	223,040	2,293,110	TR BRELL AUSTIN CORPORATION	5,113,672	
UNITED UTILITIES ORD	203,196	2,233,685	TR BRELL BIXBY CORPORATION	1,786,790	
UPM-KYMMENE CORP.	132,755	3,066,998	TR BRELL BRIDGES CORPORATION	2,950,000	
URALITA	164,300	1,837,720			
USINOR	56,657	1,022,942			

INVESTMENT LISTING

	Market Value		Market Value
TR BRELL CALIFORNIA CTR CORPORATION	1,261,088	LINDSEY	5,823,293
TR BRELL CANYON PLAZA CORPORATION	1,324,067	LOS ALAMOS	4,314,200
TR BRELL CREEKSIDE CORPORATION	6,300,000	LOSASSO	214,270
TR BRELL GRAND PRAIRIE CORPORATION	10,843,778	LYTLE	2,286,000
TR BRELL ICC CORPORATION	1,526,321	MADDOX	10,345,600
TR BRELL LONGWOOD CORPORATION	2,880,000	MAESTRAS GROVE	4,533,656
TR BRELL OAKLEAF CORPORATION	1,951,231	MARINE	528,000
TR BRELL TORRANCE CORPORATION	2,679,156	MARLIN - LEMONS 1	1,040,000
BUCK LAKE	973,675	MARLIN - LEMONS 2	608,000
CALIFORNIA MORTGAGE PORTFOLIO I	2,934,342	MAYHEW TECH CENTER	18,115,000
CALIFORNIA MORTGAGE PORTFOLIO II	20,838,230	MCKAY	228,388
CALIFORNIA MORTGAGE PORTFOLIO III	3,457,262	MCCAHON	313,582
CALLAWAY	603,950	MELVIN	224,775
CAMERON COURT	5,200,000	MENDOTA HEIGHTS	11,600,000
CANTERWOOD	17,900,000	MERIDIAN	10,332,400
CENTERVILLE	574,116	MIDDAY	552,000
CHICAGO HOLIDAY INN CITY CENTRE	58,000,000	MIDDLESWORTH	289,562
CHILD ESTATE	197,428	MILLER	332,168
CISCO	1,667,730	MIZNER ON THE GREEN	12,500,000
CLACKAMAS TOWN CENTER	106,576,744	MONTBELLO INDUSTRIAL PARK	30,200,000
CLAYBAUGH	1,275,600	MONTGOMERY LANE	339,640
COBBLESTONE COURT	14,912,863	MOYER	264,000
COLOBRAS	1,564,989	MUIRKIRK OFFICE BUILDING	11,300,000
CORNER GROVE	475,800	NAFZIGER	182,129
CORPORATE CAMPUS EAST III	20,079,578	NARANJA	10,125,548
COSTA MESA	26,970,000	NEESE	393,484
COURT CREEK	1,045,070	TRB-NEWMARKET	6,000,000
CROSSROADS I	7,500,000	NORTH LAKE BUSINESS PARK	19,246,821
CRYSTAL COURT	4,589,389	NORTHL	5,300,000
CYPRESS TRACE	16,300,000	NUGENT	781,000
DAHMS	1,170,125	N W W. MUTUAL (PAG)	5,862,450
DARR	1,405,140	O. REESER	469,920
DATA GENERAL	5,450,000	OAKBROOK CENTER LAND	73,200,000
DAVIS	806,933	OAKS OF EAGLE CREEK	31,200,000
DELAND	1,621,845	OAKS OF OAKBROOK	13,600,000
DELTA VINEYARDS	3,743,280	ODUM TRUST	497,550
DICK	428,220	ORLANDO MARRIOTT AIRPORT HOTEL	54,700,000
DONALDSON	181,309	ORLANDO MARRIOTT INT'L HOTEL	61,400,000
DORAL FINANCIAL PLAZA	15,360,880	OTIS	233,048
EASON TRUST (PAS)	4,644,265	P. ALMONDS IV	6,400,000
ERB	649,077	P. ALMONDS IX	1,920,000
EXCHANGE PARK OFFICE BUILDING	9,212,066	P. ALMONDS VIII	3,968,000
FACTORY STORES AT HERSHEY	23,500,000	PACIFIC SHORES LIMITED PARTNERSHIP	10,600,000
FAIRFAX COURT	15,029,453	PARKWAY CROSSING	1,768,000
FELLMY	191,993	PEMBROOKE LAND	3,325,000
FILLERS	180,000	PEOPLES STREET	648,825
FISCHER	416,000	PETERSON	244,800
FOREST PARK MALL	5,000,000	PETERSON	10,100,432
FRANKLIN LAKE SELF PARK	18,200,000	PHOENIX	1,156,287
FRYBARGER	343,525	PHOENIX MUTUAL	2,405,319
GAITWAY PLAZA	11,685,453	PLAZA AT BUCKLAND HILLS	24,160,535
GALESVILLE	1,054,000	PORTAGE CREEK	2,304,000
GATEWAY OAKS PLAZA LAND	3,000,000	POTOMAC LANDS	26,469,279
GM - EL PASO	11,930,000	PREM. PISTACHIOS 1	185,000
GMO LAND	17,000,000	PREM. VINEYARDS 1	3,840,000
GOODLUCK	308,200	PRESIDENT'S PLACE	42,000,000
GREEN	268,000	PRESS	845,259
HAACK	602,600	RE RESOURCES	180,000
HAGEMEISTER	350,614	REDLIN TRUST	403,656
HAMMOND	1,059,300	REESE	518,100
HAMPTON ROADS PORTFOLIO	31,370,270	RESIDENZ	19,600,000
HARLOW	473,640	RICE ESTATE - PA11	2,257,000
HARTFORD INDUSTRIALS	14,025,666	RICHARDSON BUSINESS CENTER	10,100,000
HEAD	336,300	RICHMOND	4,300,000
HEBRON OFFICE BUILDING MORTGAGE	5,692,101	RIDGEWOOD COURT	6,698,600
HOESMAN	388,863	RVA 400 LAND	3,250,000
HOLLY LANE	1,064,606	RIVER LAKE	316,037
HUNT	224,054	RIVER ROAD BUSINESS CENTER	6,600,000
HURLOCK	292,677	RIVERSIDE	425,100
HUSTED	324,672	ROAD LOUDON LAND	1,100,000
HYATT	224,613	ROSE	136,514
HYTEK	2,700,000	ROYAL EAGLE PLAZA	5,013,351
I-45	6,700,000	RUSSELL	1,122,500
IDC-COLES	1,913,996	RUSSELL (IN)	1,338,435
IDC-MCDONOUGH	881,400	SAAVEDRA	255,717
IDC-PIATT	3,393,593	SACHS	800,587
IMG PARHAM OFFICE & LAND	2,312,000	SACK	823,922
IND. UNIVERSITY	268,000	SAE CORPORATION	643,680
INTERSTATE CROSSINGS	5,180,373	SAN MARCO ON BROKEN SOUND	23,074,893
JAMES	179,216	SAN REMO AT CORAL SPRINGS	9,500,000
JEFFERIES (PA1)	1,597,750	SAXE TRUST	552,000
KINGSTON COURT LAND	2,440,000	SAYBROOK	2,388,101
KLEMME	322,560	SCHABLE	245,949
KNEDLER	316,050	10124 SCHOOL STREET	14,100,000
KUHLMAN	270,360	SCHUMACHER	199,360
LAGUNA HILLS	7,700,000	SEEQ1 1846	5,300,000
LAKE CITY	1,622,106	SEEQ1 1847	5,500,000
LAKES OF BELLEVUE	33,700,000	SEMINOLE TOWNE CENTER	72,500,000
LEHMAN	250,278	SERENDA CITRUS	2,424,300

INVESTMENT LISTING

	Market Value
SERENOA GROVE	3,200,305
SERENOA LEMONS	163,690
SERENOA VEGETABLES	5,248,538
SEYMOUR	579,420
SHAWBACK	472,000
SMITH	168,000
SOMERSET	32,500,000
SOUTHPARK SQUARE	7,551,379
ST. CHARLES #12	6,145,000
ST. CHARLES LAND	8,100,000
STEINMAN	1,164,858
STONE KING	252,630
STONE MOUNTAIN FESTIVAL	22,490,000
SUDDUTH	690,840
SUNFOREST APARTMENTS	28,400,000
SUNWORLD (PA2)	12,045,000
SUPER 8 MOTELS	3,520,000
SWAN CREEK	697,500
TECH WEST I	5,400,000
TENNECO	800,000
TENNECO WEST	14,350,600
TERRA FARMS	195,936
TETCOM OFFICE BUILDING	7,397,830
THE AVENUES	80,700,000
THE GARDENS	3,075,000
THE YARDS PLAZA	12,644,667
THOMPSON	254,635
THOMPSON	405,000
TIMBER HOLLOW	15,100,000
TIME & LIFE BUILDING	37,540,000
TR KOLL FLORHAM PARK CORP.	44,867,948
TR KOLL IMPERIAL CORPORATION	2,012,931
TR KOLL 85 E. COLORADO FUNDING CORP.	2,041,207
TR KOLL LOT 7 CORPORATION	1,166,304
TR KOLL PHASE III CORPORATION	752,350
TR KOLL VOSS CORDINA CORPORATION	4,001,698
TR KOLL WESTCHESTER CORPORATION	4,349,443
VALLEY WEST (PA10)	3,078,000
VERMONT SHOPPING CENTER	13,000,000
VILLAGE PARK PLAZA	25,480,117
WALL ESTATE	530,082
WATSON	445,740
WEDGEWOOD I	8,245,000
WEST CHAPMAN	2,986,817
WEST TOWN CORNERS	14,382,911
WESTLAND PARK PLAZA	5,352,520
WHITE	470,184
WHITE OAK CENTER I	13,910,000
WHITSON	263,241
WILWOOD	9,800,000
WILLIAMS PLAZA I	16,365,000
WILLIAMS PLAZA II	18,980,000
WILLOW BRANCH	1,412,100
WILLOW KNOLLS COURT	16,280,141
WINROCK	786,000
WRIGHT	1,521,531
WYFFEL	202,583
YOUNGER	404,884
ZARTMAN	557,279
ZEWADSKI	448,020
TOTAL PROPERTIES	2,121,860,590

REAL ESTATE LOANS AND MISC. ASSETS

	Market Value
ARLINGTON ROAD LOAN PORTFOLIO	6,201,248
EXCHANGE PARK OFFICE BUILDING	4,787,934
HEBRON OFFICE BUILDING MORTGAGE	3,445,121
RIDGE PLAZA	29,690
RIDGE PLAZA LOAN	12,070,310
MISCELLANEOUS ASSETS	39,801,990
TOTAL REAL ESTATE LOANS AND MISC. ASSETS	66,336,293
TOTAL REAL ESTATE	2,348,125,078

ALTERNATIVE INVESTMENTS

ANGELO GORDON & COMPANY	29,078,202
APEX INVESTMENT FUND III L.P.	11,769,585
DAYSTAR SPECIAL SITUATIONS FUND L.P.	55,863,477
DLJ MERCHANTING BANKING I	26,572,103
DLJ MERCHANTING BANKING II	10,249,572
FRONTENAC VENTURE I	914,523
FRONTENAC VENTURE V	3,114,267
FRONTENAC VI LIMITED PARTNERSHIP	10,334,552
KOHLBERG KRAVIS ROBERTS & CO.	6,263,847
MESIROW CAPITAL PARTNERS VII	4,480,671
PENMAN PRIVATE EQUITY	7,883,906
PERISCOPE FUND I	500,000
SANDLER CAPITAL MANAGEMENT	16,538,881
SCP PRIVATE EQUITY L.P.	5,681,296
TCW/LATIN AMERICA PRIVATE EQ. PARTNERS L.P.	361,501
TRIVEST COMPANY	5,410,470
VS&A PRIVATE EQUITY FUND	9,233,318
WALNUT GROWTH PARTNERS L.P.	349,998
WILLIAM BLAIR MEZZANINE FUND II	4,900,000
WPG ENTERPRISE FUND II	122,985,906
WPG ENTERPRISE FUND III	9,809,902
WPG ENTERPRISE FUND L.P.	22,281,946
TOTAL ALTERNATIVE INVESTMENTS	364,577,923
TOTAL FUND	18,091,362,789

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