



WASHINGTON STATE

INVESTMENT BOARD

**THIRTEENTH ANNUAL
INVESTMENT REPORT**

JUNE 30, 1994



THIRTEENTH ANNUAL REPORT

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June 30, 1994

To All Stakeholders:

I am pleased to submit the thirteenth annual report of the State Investment Board for fiscal year 1993-94.

The year was a challenging one for investment returns, as the bond market, measured by the Lehman Aggregate Index, had a negative return of 1.3 percent, and the broad equity market, measured by the Wilshire 5000 Index was only slightly positive at 1.2 percent. The retirement funds returned 2.2 percent for the period, aided by the returns of international equities, real estate and alternative investments. During the fiscal year, the market value of the retirement portfolio increased by \$600 million to \$19.3 billion.

During the year, the Board completed the restructure of the domestic equity portfolio, initiated in the previous fiscal year, and began a significant expansion of the international equity program. By fiscal year-end, international equities comprised five percent of the retirement portfolio, up from one percent at the end of the prior year.

Near the end of the fiscal year, the Board adopted new asset allocation policy targets for the retirement funds, increasing the allocation to international equities from five to fifteen percent, while reducing the allocation to domestic fixed income from forty-five percent to thirty-five percent. In addition, the allocation to real estate was reduced from six percent to five percent, and the allocation to alternative investments was raised by one percent to ten percent of fund assets.

I would like to take this opportunity to thank the members of the Board for their hard work and dedication throughout the year, and I look forward to continued progress in the year ahead.


JIM CASON, Chairman

WASHINGTON STATE INVESTMENT BOARD

INVESTMENT PRINCIPLE

"The Board shall establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk." (RCW 43.33A.110)

MISSION STATEMENT

To invest and to manage the entrusted funds in a manner consistent with statutes, regulations, board policies, and the highest standard of professional conduct for the exclusive benefit of fund beneficiaries.

The Washington State Investment Board (WSIB) was created by statute in 1981 to ". . . exercise all powers and perform all duties prescribed by law with respect to public trust and retirement funds." The law goes on to state ". . . the State Investment Board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired."

Currently, the Board has investment responsibility for 23 funds which are categorized in three classes: **retirement**, **insurance**, and **permanent and other** funds. The Board is composed of nine voting members and five non-voting members.

Although governed by an independent board of fiduciaries, the WSIB is part of the executive branch of state government. As a state agency, board members and staff are required to comply with all statutory requirements and rules established for all agencies, officials, and employees in the performance of their public duties.

In order to efficiently analyze investment issues, specific areas of responsibility have been assigned to committees of the Board. The committees consist of selected board members and act as extensions of the Board. Their functions are to analyze investment issues under their jurisdiction in greater detail than would be possible for the full Board. Recommendations are brought to the Board at regular meeting dates for a full Board vote. The Board has currently established four committees which are appointed by the Chair:

ADMINISTRATIVE - Responsible for organizational, personnel, budget, and legislative issues, as well as strategic asset allocation matters.

AUDIT - Responsible for oversight of accounting and performance reporting, and nominates candidates for the non-voting positions on the Board. In addition, the Audit Committee develops and monitors the Code of Conduct for the Board, and develops corporate governance policies and other non-investment policies for consideration by the Board.

PRIVATE MARKETS - Responsible for development of policy and structure of private market investments (real estate, venture capital, leveraged buyouts, etc.). The Private Markets Committee also reviews individual private transactions, partnerships, and investments for recommendation to the Board.

PUBLIC MARKETS - Responsible for the development of policy and structure of investments in the public markets; including both debt and equity.

WASHINGTON STATE INVESTMENT BOARD

BOARD MEMBERS:

EX-OFFICIO

Daniel K Grimm	State Treasurer
Mark Brown	Director, Department of Labor & Industries
Sheryl Wilson, Vice-Chair	Director, Department of Retirement Systems

APPOINTED BY GOVERNOR

Jim Cason, Chair	Representative - Active Member, Law Enforcement Officers' and Fire Fighters' Retirement System
Gary L. Moore	Representative - Active Member, Public Employees' Retirement System
George Masten	Representative - Retired Member of a State Retirement System

APPOINTED BY SUPERINTENDENT OF PUBLIC INSTRUCTION

C.T. Purdom	Representative - Active Member, Teachers' Retirement System
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APPOINTED BY SPEAKER OF THE HOUSE

Greg Fisher	State Representative
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APPOINTED BY PRESIDENT OF THE SENATE

Ray Moore	State Senator
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NON-VOTING BOARD MEMBERS APPOINTED BY VOTING BOARD MEMBERS

Paula Treneer	Charles Kaminski	Clair Hugh
George Lobisser	Dorothy Koehl	

EXECUTIVE STAFF:

Basil J. Schwan, Executive Director	Helen Small, Deputy Director for Operations
Philip Halpern, Chief Investment Officer	

WASHINGTON STATE INVESTMENT BOARD

Legal Services

Attorney General of Washington

General Pension Consultant

Wilshire Associates
Santa Monica, California

Alternative Investments Consultant

Brinson Partners
Chicago, Illinois

Real Estate Consultant

The Townsend Group
Cleveland, Ohio

Real Estate Advisors

Lowe Enterprises
Los Angeles, California

Jones Lang Wootton
New York, New York

Labor & Industries Portfolio Consultant

Conning & Company
Hartford, Connecticut

Master Custodian

The Bank of New York
New York, New York

Securities Lending

Mellon Trust
Pittsburgh, Pennsylvania

The Bank of New York
New York, New York

Money management firms hired by the Board to manage a specific portion of the equity portfolio, and other assets managed by general partners in alternative investments and real estate are listed on pages describing those investment programs.

INVESTMENT RESPONSIBILITY

The Washington State Investment Board has investment responsibility for the twenty-three funds listed below:

RETIREMENT FUNDS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN I
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN II
TEACHERS' RETIREMENT SYSTEM (TRS) PLAN I
TEACHERS' RETIREMENT SYSTEM (TRS) PLAN II
LAW ENFORCEMENT OFFICERS' & FIRE FIGHTERS' (LEOFF) PLAN I
LAW ENFORCEMENT OFFICERS' & FIRE FIGHTERS' (LEOFF) PLAN II
WASHINGTON STATE PATROL RETIREMENT SYSTEM (WSPRS)
JUDICIAL RETIREMENT SYSTEM (JRS)
VOLUNTEER FIRE FIGHTERS' RELIEF & PENSION FUND

LABOR & INDUSTRIES (INSURANCE) FUNDS

ACCIDENT FUND
MEDICAL AID FUND
ACCIDENT RESERVE FUND
SUPPLEMENTAL PENSION FUND

PERMANENT & OTHER FUNDS

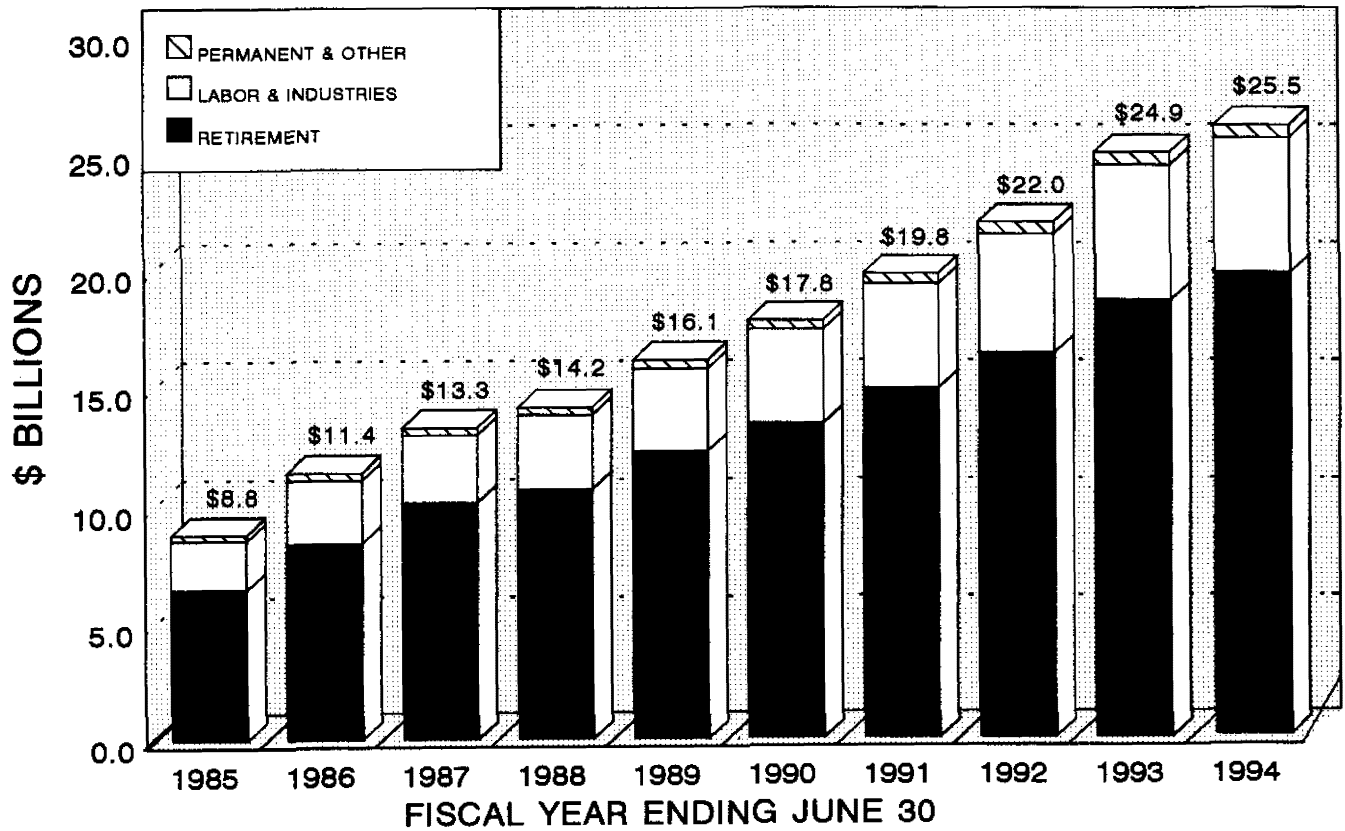
AGRICULTURAL PERMANENT FUND
MILLERSYLVANIA PARK TRUST FUND
NORMAL SCHOOL PERMANENT FUND
PERMANENT COMMON SCHOOL FUND
SCIENTIFIC PERMANENT FUND
STATE UNIVERSITY PERMANENT FUND
GAME SPECIAL WILDLIFE FUND
SELF-INSURANCE REVOLVING FUND
STATE EMPLOYEES' INSURANCE RESERVE FUND
RADIATION PERPETUAL MAINTENANCE FUND

ASSETS UNDER MANAGEMENT

JUNE 30, 1994

	(BILLIONS)
Retirement	\$19.3
Labor & Industries	5.7
Permanent & Other	0.5
Total	<u><u>\$25.5</u></u>

PAST TEN YEARS



THE RETIREMENT FUNDS

- Strategic Asset Allocation Policy
- Asset Allocation
- Performance
- Domestic Equity Program
- Domestic Fixed Income Program
- Non-U.S. Equity Program
- Real Estate Program
- Alternative Investments Program
- Financial Section

STRATEGIC ASSET ALLOCATION POLICY

Approved by the Board on May 20, 1993.

PURPOSE:

The following outlines the strategic asset allocation policy and objectives for the Washington State Investment Board (the WSIB) Retirement Funds (Funds) and supersedes any prior board adopted policies.

The asset classes in which investments are made and the mix of assets amongst these asset classes are the greatest source of return and risk to the Funds. Therefore, the selection and management of the asset allocation is the foundation of the investment program and crucial to its success. The Strategic Asset Allocation Policy, when viewed along with the respective investment policies in each asset class, constitutes the Board's view of a prudent and well reasoned approach to the management of the entrusted funds.

POLICY:

Strategic Objectives & Constraints

The asset allocation is to be managed over time to:

1. Maximize return at a prudent level of risk (RCW 43.33A.110 and RCW 43.33A.140). The WSIB considers this within the context of the following:
 - Plan liabilities;
 - Position of asset mix relative to efficient frontier;
 - Long-term nature of liabilities affords the opportunity to be aggressive in seeking return;
 - Position of asset mix relative to other state level retirement funds.
2. Provide diversification to the WSIB's overall investment program.
3. Exceed the assumed actuarial interest rate.

Performance Objective

Exceed the return of a policy benchmark consisting of market indices weighted according to asset allocation targets. Based on the current allocation, the performance objective consists of the following benchmark:

55 percent S&P 500 and 45 percent Lehman Aggregate.

Strategic Allocation

1. The strategic asset allocation target consists of 55 percent equity and 45 percent fixed income.
2. The range around the allocation targets is intended to keep the actual allocation close to the target while minimizing the transactions costs which result from rebalancing. The asset mix may deviate from the target within a range of plus or minus five percent around the target allocation. Any deviation greater than five percent will require rebalancing to the target.

STRATEGIC ASSET ALLOCATION POLICY

3. The allocation to specific investments within the target allocation of 55 percent equity and 45 percent fixed income is an investment structure decision and will be the responsibility of the appropriate committee. However, to maintain the expected return and risk posture of the plan within the context of the objectives and constraints delineated above, the following permissible ranges have been established for specific investments. Foreign Equities: maximum of five percent of fund assets. Real Estate: maximum of six percent of fund assets. Alternative Investments (LBO, VC, other private equity): maximum of nine percent of fund assets.

Allocation Management

1. Assets will be allocated to asset classes and investment managers based on target allocations.
2. Assets will be rebalanced when market value of assets fall outside allocation range. The timing of the re-balancing will be based on market opportunities and the consideration of transaction costs, and therefore need not occur immediately.
3. Public Securities: Rebalancing will be accomplished first using normal cash flows and second through reallocation of assets within asset class. This reallocation will be based on individual asset class policies or upon recommendations by appropriate Committee.

Appraised Assets: Because of appraisal valuation and illiquid market nature of appraised assets, exceeding the maximum allocation will trigger a conscious review by the *Administrative* Committee and the appropriate asset class committee rather than automatic rebalancing.

Review of Strategic Asset Allocation Policy

Markets and Fund condition are dynamic, not static. Therefore, the strategic asset allocation policy should be reviewed by the Committee at least annually and any suggested changes recommended to the Board. A formal asset/liability review should be completed no less than every three years and more frequently if Plan changes dictate.

Reporting

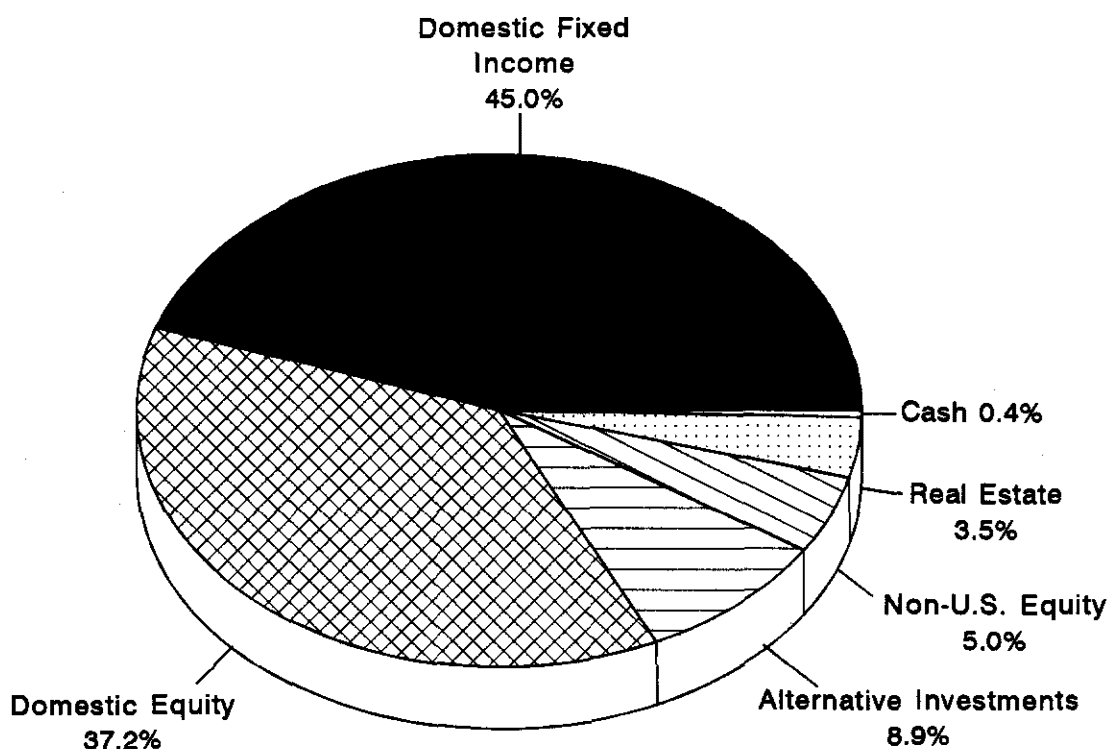
The State Investment Board staff will report actual asset allocation to the Board monthly.

Responsibilities

1. Board - The WSIB is responsible for approving SAA policy.
2. Administrative Committee - Responsible for reviewing and recommending SAA policy to the Board. Responsible for monitoring allocation maintained within target ranges.
3. Public/Private Markets Committees - The Public/Private Markets Committees are responsible for structural investments within the strategic asset allocation policy (and appropriate asset class policies) and assisting with allocation management as indicated above.
4. Staff - Responsible for implementing and maintaining policy and reporting to Administrative Committee and Board.

RETIREMENT FUNDS ASSET ALLOCATION

RETIREMENT FUNDS				
Asset Allocation				
June 30, 1994				
Asset Class	Tactical Allocation (000's)	%	Policy Target *	Policy Range
Domestic Equity	\$7,172,978	37.2	35%	30-40%
Domestic Fixed Income	8,663,227	45.0	45%	40-50%
Non-U.S. Equity	968,908	5.0	5%	0-5%
Cash	75,121	0.4	0%	0%
Real Estate	679,765	3.5	6%	0-6%
Alternative Investments	1,706,128	8.9	9%	0-9%
Total Fund	<u><u>\$19,266,127</u></u>	<u><u>100.0</u></u>	<u><u>100%</u></u>	



* In June, 1994, the Board adopted new asset allocation policy targets. Those shown above are the previous targets which were in effect for substantially all of the fiscal year 1994. The new targets increased the allocation to Non - U.S. from 5% to 15%, lowering the allocation to Domestic Fixed Income from 45% to 35%. The allocation to real estate was lowered from 6% to 5%, and the allocation to Alternative investments was raised from 9% to 10%.

RETIREMENT FUND PERFORMANCE

RETIREMENT FUND
TIME-WEIGHTED RETURNS
PERIODS ENDING JUNE 30, 1994

	---ANNUALIZED---		
	<u>ONE YEAR</u>	<u>THREE YEARS</u>	<u>FIVE YEARS</u>
TOTAL FUND	2.2%	8.4%	8.5%
POLICY BENCHMARK *	0.2	8.7	9.5
TUCS PUBLIC FUND MEDIAN **	1.6	9.4	9.0
TUCS TOTAL FUND MEDIAN **	2.3	9.7	9.3
DOMESTIC EQUITY	1.0%	10.4%	9.8%
S & P 500 INDEX	1.4	9.3	10.3
WILSHIRE 5000 INDEX	1.2	10.2	10.1
DOMESTIC FIXED INCOME	-1.4%	8.9%	9.1%
LEHMAN AGGREGATE BOND INDEX	-1.3	8.0	8.5
NON - U. S. EQUITY	10.6%	14.6%	11.6%
MSCI EAFE INDEX	17.0	11.8	5.0
MSCI WORLD INDEX	10.2	10.3	6.4
SB WORLD GOVT. BOND INDEX	5.2	12.0	10.6
REAL ESTATE	7.1%	-13.5%	-11.2%
RUSSELL-NCREIF PROPERTY INDEX	4.2	-2.3	-0.5
ALTERNATIVE INVESTMENTS	23.8%	13.7%	13.9%

* 55% S & P 500 INDEX AND 45% LEHMAN AGGREGATE BOND INDEX.

** TUCS RETURNS HAVE BEEN ADJUSTED TO REFLECT FEES EQUIVALENT TO THOSE INCURRED BY WSIB.

DOMESTIC EQUITY PROGRAM

HIGHLIGHTS

The WSIB Domestic Equity Program is externally managed, employing a combination of passive and active managers. The portfolio has been structured to capture the broad market characteristics as measured by the Wilshire 5000 Index. A major restructuring of this asset class began in the 1992-1993 fiscal year, and was completed this fiscal year.

Since approximately 70 percent of the Wilshire 5000 Index is comprised of S&P 500 stocks, the WSIB portfolio has been structured to include a similar proportion of large capitalization stocks. As the large cap market is generally efficient, the bulk of the large cap portfolio is invested passively in an S&P 500 Index Fund to control costs. Other managers have been hired to "enhance" returns over the S&P 500 Index return, by investing in a very disciplined manner.

The remaining 30 percent of the WSIB portfolio is represented by small/mid cap companies. Since small/mid cap markets are somewhat less efficient, more opportunities exist for adding value through active management. Approximately one half of this portion of the portfolio is invested passively in an Extended Markets Index fund. The remaining half of the small/mid cap portfolio is actively invested by five managers employing a variety of styles and investment philosophies.

CAPITAL MARKETS

The fiscal year ending June 30, 1994 was a difficult one for the domestic equity markets. The S&P 500 Index returned 1.4 percent for the year, while the broad equity market, represented by the Wilshire 5000 Index returned only 1.2 percent. Stock prices were hurt by rising interest rates, despite a recovering economy and continued growth in corporate earnings.

Both small and large cap stocks performed poorly for the fiscal year. Small cap stocks, represented by the Wilshire 4500 Index, returned 1.3 percent.

PERFORMANCE

The WSIB domestic equity portfolio returned 1.0 percent for the year, slightly under the 1.2 percent return of the Wilshire 5000 Index.

DOMESTIC EQUITY PROGRAM

ALLOCATION TO U. S. EQUITIES

JUNE 30, 1994

MANAGER	INVESTMENT STYLE	(IN 000'S) MARKET VALUE
<u>LARGE CAP U. S. EQUITIES</u>		
WELLS FARGO NIKKO INVESTMENT ADV.	S & P 500 INDEX	\$4,154,675
ADVANCED INVESTMENT MANAGEMENT	ENHANCED INDEX	105,057
INDEPENDENCE INVESTMENT ASSOC.	ENHANCED INDEX	315,004
PACIFIC INVESTMENT MANAGEMENT CO.	ENHANCED INDEX	253,712
PARAMETRIC PORTFOLIO ASSOCIATES	ENHANCED INDEX	244,884
THE KENWOOD GROUP	LARGE CAP VALUE	6,915
ZEVENBERGEN CAPITAL MANAGEMENT	LARGE CAP GROWTH	13,193
TOTAL LARGE CAP		\$5,093,440
<u>MID/SMALL CAP U. S. EQUITIES</u>		
WELLS FARGO NIKKO INVESTMENT ADV.	EXTENDED MARKETS INDEX	\$1,160,816
CAPITAL GUARDIAN INVESTMENT CO.	MID/SMALL CAP VALUE	205,613
CHANCELLOR CAPITAL MANAGEMENT	SMALL CAP GROWTH	212,886
DENVER INVESTMENT ADVISORS	MID CAP GROWTH	222,520
THE PUTNAM COMPANIES	SMALL CAP VALUE	249,530
WILKE/THOMPSON CAPITAL MGT.	SMALL CAP GROWTH	28,173
TOTAL MID/SMALL CAP		\$2,079,538
TOTAL DOMESTIC EQUITIES		\$7,172,978

DOMESTIC FIXED INCOME PROGRAM

HIGHLIGHTS

The WSIB Domestic Fixed Income Program is internally managed, employing an active strategy of sector selection to capture excess returns versus the Lehman Aggregate Bond Index. The portfolio has characteristics similar to the index. Although never deviating significantly from that of the Lehman benchmark, duration strategies are utilized in addition to a sector focus. The allocation to Fixed Income was 45 percent of the total portfolio for substantially all of the fiscal year. However, in June 1994, the Board lowered the target allocation to Fixed Income to 35 percent. At fiscal year end, the portfolio was underweighted in Treasuries and overweighted in Corporates, compared to the Lehman Aggregate Index.

CAPITAL MARKETS

Fixed income assets experienced a difficult period for fiscal year ending June 30, 1994. The 30 year treasury rallied to a low of 5.79 percent on October 15, 1993 and ended the fiscal year at 7.61 percent. Mortgage-backed securities, which suffered severe underperformance due to high prepayment experience in 1992-93, became the best performing asset class for the 1993-94 fiscal year. Treasuries and corporate bonds suffered underperformance due to the large selloff in the bond markets.

PERFORMANCE

The WSIB retirement fixed income portfolio returned -1.34 percent for the fiscal year, basically matching the Lehman Aggregate Index, which returned -1.31 percent.

DOMESTIC FIXED INCOME PROGRAM

ALLOCATION TO FIXED INCOME JUNE 30, 1994

SECTOR		(IN 000'S) MARKET VALUE
<u>SHORT-TERM</u>		
CASH & EQUIVALENTS		\$343,403
LESS: PENDING TRADES		(265,313)
<u>LONG-TERM FIXED INCOME</u>		
U S TREASURIES	\$3,281,592	
AGENCIES	230,561	
CORPORATES	2,554,379	
ASSET BACKED	129,005	
MORTGAGES	2,389,600	
TOTAL LONG-TERM		<u>\$8,585,137</u>
TOTAL FIXED INCOME		<u>\$8,663,227</u>

DOMESTIC FIXED INCOME PROGRAM

CHARACTERISTICS OF LONG-TERM PORTFOLIO

<u>SECTOR DISTRIBUTION</u>	<u>WSIB PORTFOLIO</u>	<u>LEHMAN AGGREGATE INDEX</u>
CASH	0.9 %	0.0 %
TREASURY	38.0	47.0
AGENCY	2.7	6.6
CORPORATE	29.6	16.3
ASSET BACKED	1.5	1.4
MORTGAGES	27.3	28.7
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>

<u>CREDIT DISTRIBUTION</u>		<u>COUPON DISTRIBUTION</u>	
TSY	38.1 %	0- 4.9	4.3 %
AGY	28.0	5- 6.9	32.8
AAA	4.7	7- 7.9	31.2
AA	1.8	8- 8.9	22.4
A	14.6	9-9.9	5.6
BAA	12.2	10+	3.7
OTHER	0.6		
	<u>100.0 %</u>		<u>100.0 %</u>

<u>EFFECTIVE DURATION</u>	
0-1 years	3.5 %
1-3	20.8
3-4	14.9
4-6	23.5
6-8	24.7
8+	12.6
	<u>100.0 %</u>

NON - U.S. EQUITY PROGRAM

HIGHLIGHTS

In May 1993, the Board adopted a Strategic Asset Allocation Policy which specified a maximum of 5% of the Funds' assets to be invested in non-U.S. equities. The implementation of the 5% allocation to non-U.S. equities was completed in June 1994 and was valued at \$969 million at fiscal year-end.

The Board's non-U.S. Equity Program consists of two components: core and non-core. The core component concentrates on EAFE portfolios (Morgan Stanley Capital Index of Europe, Australia and the Far East). At year end the core component accounted for 77 percent of the total non-U.S. Program. Approximately 70% of the core portfolio is actively invested by regional managers. Half of the active allocation has been made to two European managers (Clay Finlay and UBS), while the other half has been made to three Pacific Basin managers (G.T. Capital, Dunedin, and J.P. Morgan). The remaining 30% of the core portfolio is managed passively by State Street Global Advisors in an international index fund.

The non-core component of the Board's non-U.S. Equity Program focuses on the global portfolio and other future programs. Cursitor-Eaton manages the Board's non-core portfolio, allocating among stocks, bonds and cash in various countries around the world, including the United States.

In June 1994 the Board adopted a more aggressive asset allocation policy that increases international equity exposure to 15%. When fully funded, this increase to 15% will raise the value of the Board's non-U.S. equity program to approximately \$3 billion, calculated on the basis of the value of the Fund on June 30, 1994.

CAPITAL MARKETS

International equity markets greatly outperformed domestic equity markets during the 1994 fiscal year. The MSCI EAFE index return of 17.0% was only slightly lower than last year's outstanding performance of 20.3%. The weakness of the Japanese Yen in the second quarter of fiscal 1994 resulted in poor market returns, but both the market and the Yen rebounded during the last 2 quarters. Although the Hong Kong and Malaysian equity markets experienced a severe correction during the third quarter, their overall contribution to MSCI EAFE for the year remained strongly positive. The MSCI Pacific Index finished the fiscal year with a 17.6% return.

European markets suffered during the last two quarters of the fiscal year, but not enough to offset their strong returns during the first two quarters. The MSCI Europe Index finished with a 15.9% return, 1.7 percent below that of the Pacific Basin. For US investors, the weakness of the domestic currency during the last two quarters of fiscal 1994 moderated losses in Europe and amplified gains in the Pacific Rim in U.S. dollar terms.

PERFORMANCE

The investment objective for the Board's non-U.S. Equity Program is to exceed the total return of the Normal International Equity Benchmark Index (International Index). The International Index is based on the monthly performance statistics of composed of 50% of the percentage return of MSCI EAFE - Europe plus 35% of the percentage return of MSCI - Japan plus 15% of the percentage return of MSCI EAFE - Pacific Basin excluding Japan. WSIB performance exceeded the International Index by 0.4 percent (10.6 percent vs. 10.2 percent).

NON - U.S. EQUITY PROGRAM

ALLOCATION TO NON-U.S. EQUITY JUNE 30, 1994

<u>CORE INTERNATIONAL PROGRAM</u>	<u>(IN 000'S) MARKET VALUE</u>
PASSIVE MANAGER	
STATE STREET GLOBAL ADVISORS	\$225,491
ACTIVE EUROPEAN MANAGERS	
CLAY FINLAY INC	127,523
UBS INTERNATIONAL	126,200
TOTAL ACTIVE EUROPEAN	<u>\$253,723</u>
ACTIVE PACIFIC BASIN MANAGERS	
G. T. CAPITAL MANAGEMENT	88,641
DUNEDIN FUND MANAGERS LTD	89,340
J. P. MORGAN INVESTMENT MANAGEMENT	86,720
TOTAL ACTIVE PACIFIC BASIN	<u>\$264,701</u>
TOTAL CORE INTERNATIONAL PROGRAM	<u>\$743,915</u>
<u>NON-CORE INTERNATIONAL PROGRAM</u>	
GLOBAL MANAGER	
CURSITOR-EATON ASSET MANAGEMENT	224,993
TOTAL NON-U. S. EQUITY	<u>\$968,908</u>

REAL ESTATE PROGRAM

HIGHLIGHTS

In June, 1994, the Board lowered the allocation target for real estate from 6 percent to 5 percent of retirement fund assets. As of June 30, 1994, real estate equity comprised 3.5% of the fund. During the 1993-94 fiscal year, the Board continued to focus on restructuring the real estate portfolio.

The only significant capital contribution to the real estate portfolio during the 1993-94 fiscal year was an additional \$42 million investment in the Union Square Limited Partnership. Consistent with WSIB Policy, this capital was used to increase cash flow through the retirement of a first mortgage lien.

In July, 1993 the Board initiated a civil lawsuit against The New England Mutual Life Insurance Company and Copley Real Estate Advisors, alleging claims for violations of the Washington State Securities Act, breach of contract and fiduciary duties, and related claims leading to a loss of approximately \$600 million. The Washington State Attorney General and Special Attorney General Foster, Pepper and Shefelman are representing the Board.

CAPITAL MARKETS

The negative trend of property values in select regions of the United States seems to be reversing. However, the performance of real estate investments appears to have been driven more by the increased availability of capital than by underlying supply/demand fundamentals. While pension funds were the only significant buyer in the market during the 1992-93 fiscal year, pension funds had to compete with REITS, investment companies, individual investors and other securitized vehicles during 1993-94. Interest rates at twenty year lows and strong initial cash yields combined to enhance the appeal of real estate as an asset class.

PERFORMANCE

The Board's aggressive pursuit of conservative property valuations has largely stabilized property valuations in the portfolio. The one exception was the \$20 million devaluation of the Koll/Washcop portfolio managed by Copley Real Estate Advisors. The time-weighted return in the WSIB real estate portfolio was 7.1 percent for the year -- better than the Russell-NCREIF Property Index and competitive with most other asset classes.

REAL ESTATE PROGRAM

ALLOCATION TO REAL ESTATE JUNE 30, 1994

ADVISOR / PARTNER	INVESTMENT	(IN 000'S) MARKET VALUE
<u>COPLEY INVESTMENTS</u>		
COPLEY REAL ESTATE ADVISORS	CILP	\$77,960
COPLEY REAL ESTATE ADVISORS	NEEP	10,978
COPLEY REAL ESTATE ADVISORS	WASH-COP	15,586
COPLEY REAL ESTATE ADVISORS	KOLL-COPLEY	14,362
COPLEY REAL ESTATE ADVISORS	PCIG	0
SUBTOTAL		\$118,886
<u>DIRECT INVESTMENTS</u>		
LOWE ENTERPRISES INVESTMENT MGT	ONE & TWO UNION SQUARE	\$232,006
PACTRUST	PACTRUST	153,927
UNITED MARKETING, INC	CENTENNIAL	48,195
SHURGARD, INC.	SHURGARD EVERGREEN	31,166
QUADRANT	QUADRANT LAKE UNION	8,276
STATE INVESTMENT BOARD	WILDERNESS WEST	2,500
SUBTOTAL		\$476,070
<u>COMMINGLED ACCOUNTS</u>		
PM REALTY ADVISORS	AMERICAWEST I	\$5,645
PM REALTY ADVISORS	AMERICAWEST II	17,804
EQUITABLE REAL ESTATE ADVISORS	PRIME PROPERTY FUND	20,940
SENTINEL REAL ESTATE CORP	SENTINEL SREF	21,342
THE RREEF FUNDS	RREEF WEST VI	19,078
SUBTOTAL		\$84,809
TOTAL REAL ESTATE EQUITY		\$679,765

REAL ESTATE PROGRAM

CHARACTERISTICS OF THE REAL ESTATE EQUITY PORTFOLIO

<u>PROPERTY TYPE</u>	<u>EQUITY</u>
OFFICE	43 %
WAREHOUSE	13
RETAIL	13
APARTMENT	12
R & D OFFICE	9
HOTEL	0
OTHER	10
	<u>100 %</u>

<u>PROPERTY LOCATION</u>	<u>EQUITY</u>
NORTHEAST	3 %
MIDEAST	3
EAST N. CENTRAL	1
WEST N. CENTRAL	1
SOUTHEAST	4
SOUTHWEST	2
PACIFIC	78
MOUNTAIN	8
	<u>100 %</u>

<u>PROPERTY VALUE</u>	<u>EQUITY</u>
LESS THAN \$5 MIL	13 %
\$5 TO 10 MIL	18
\$10 TO 20 MIL	16
\$20 TO 50 MIL	11
\$50 TO \$100 MIL	11
\$100 TO 150 MIL	6
GREATER THAN \$150 MIL	25
	<u>100 %</u>

ALTERNATIVE INVESTMENTS PROGRAM

HIGHLIGHTS

In June, 1994, the Board increased the target allocation to alternative investments from 9 percent to 10 percent of retirement fund assets. The alternative investment portfolio is invested in funds investing in operating companies and asset-driven situations. The operating company category includes venture capital stage companies and established companies. The established company funds include those that invest in acquisition/buyouts, mezzanine debt, private equity, and distressed and restructuring. Asset-driven situations include natural resources, commodities and financial instruments.

During fiscal year 1992-93, the Board adopted a new Alternative Investment Policy. The goal of the program is to achieve superior total returns compared to those of traditional asset classes, and exceed the returns of large cap public stocks by 300 to 600 basis points in the long run. The program also helps to diversify away capital market risks in the total retirement portfolio. In fiscal year 1993-94, the Board began actively pursuing alternative investment opportunities by committing an additional \$85 million to this asset class. Investments in Kohlberg, Kravis and Roberts (KKR) funds dominate the exposure in the alternative investment asset class for WSIB, accounting for nearly 85% percent of the portfolio.

CAPITAL MARKETS

During the first three quarters of the fiscal year, a robust IPO (Initial Public Offering) market helped private equity returns. However, economic changes dampened investor IPO appetites in the fourth quarter. Investors continue to commit funds to the private equity market in search of alternatives to the domestic stock and bond markets.

PERFORMANCE

The WSIB's Alternative Investments portfolio had a time weighted rate of return of 23.8 percent for fiscal year 1994. For the alternative investments asset class, the internal rate of return (IRR) since inception is a standard industry measure of investment performance. The IRR since inception of the total alternative investments portfolio as of June 30, 1994 was 13.8 percent, up from 12.8 as of June 30, 1993. Since inception, the IRR for the \$1.3 billion KKR fund portfolio, which is the largest part of the alternative investments portfolio, was 19.2 percent. In addition to the fund portfolio, KKR manages a \$113 million direct buyout portfolio which earned an internal rate of return of 13.4 percent. The IRR for all remaining alternative investments (\$265 million) was 5.4 percent. During the year, WSIB received \$293 million in distributions from existing investments in this asset class.

ALTERNATIVE INVESTMENTS PROGRAM

ALLOCATION TO ALTERNATIVE INVESTMENTS

JUNE 30, 1994

(IN 000'S)
MARKET VALUE

VENTURE CAPITAL:

BRENTWOOD ASSOCIATES IV	\$12,203
EVERGREEN I (HANCOCK)	2,977
EVERGREEN II (BRENTWOOD)	1,011
EVERGREEN III (HANCOCK)	7,130
EVERGREEN IV (BRENTWOOD)	11,073
INVESTTECH	385
JOHN HANCOCK VENTURE CAP. FUND	1,785
JOHN HANCOCK VENTURE CAP. FUND II	5,364
KBA PARTNERS	4,608
KBA PARTNERS II	1,875
MATERIA VENTURES	8,361
MENLO EVERGREEN V	13,412
MENLO VENTURE PARTNERS	543
MENLO VENTURES III	5,254
MENLO VENTURES IV	24,038
MENLO VENTURES VI	324
PARAGON PARTNERS	2,090
PARAGON VENTURE PARTNERS II	3,543
PHOENIX PARTNERS	1,667
PHOENIX PARTNERS (SECONDARY)	667
PHOENIX PARTNERS II	11,751
PHOENIX PARTNERS III	18,386
TOTAL VENTURE CAPITAL	\$138,447

ALTERNATIVE INVESTMENTS PROGRAM

ALLOCATION TO ALTERNATIVE INVESTMENTS JUNE 30, 1994

	(IN 000'S) MARKET VALUE
ESTABLISHED COMPANIES:	
ACQUISITION/ BUYOUT	
CODE, HENNESSY & SIMMONS II	\$1,484
KKR 1982 FUND	2,700
KKR 1984 FUND	203,714
KKR 1986 FUND	176,379
KKR 1987 FUND	939,536
KKR 1993 FUND	5,849
KKR DAW FOREST PRODUCTS – DIRECT	5,452
KKR RED LION INNS – DIRECT	107,900
TOTAL ACQUISITION/ BUYOUT	<u>\$1,443,014</u>
PRIVATE PLACED EQUITY	
EQUITY – LINKED INVESTORS	40,774
PRIVATE PLACED DEBT	
CAPITAL RESOURCE LENDERS II	4,446
DISTRESSED/ RESTRUCTURING	
JOSEPH, LITTLEJOHN & LEVY FUND II	1,143
TOTAL ESTABLISHED COMPANIES	<u>\$1,489,377</u>
ASSET DRIVEN SITUATIONS:	
NATURAL RESOURCES	
ENERGY RECOVERY FUND	78,304
TOTAL ALTERNATIVE INVESTMENTS	<u>\$1,706,128</u>

RETIREMENT FUNDS FINANCIAL SECTION

- Statement of Investments
- Schedule of Participation
- Statement of Changes in Investment Balance
- Schedule of Investments

NOTE:

The accompanying unaudited financial statements and schedules of investments were prepared from the official accounting records of the Washington State Investment Board. Asset listings reflect positions on a settlement date basis, adjusted in aggregate (by fund) for pending trades at year-end. Asset allocation information presented elsewhere in this report is taken from master custodian records and is on a trade date basis. In some cases, reported numbers may differ slightly due to valuation and classification differences.

(UNAUDITED)

**WASHINGTON STATE INVESTMENT BOARD
RETIREMENT FUNDS
STATEMENT OF INVESTMENTS
JUNE 30, 1994**

	COMMINGLED TRUST FUND (NOTE 2)	PLAN-SPECIFIC INVESTMENTS (NOTE 2)	TOTAL
SHORT-TERM	\$284,707,210	\$65,004,331	\$349,711,542
U.S. GOVERNMENT SECURITIES	3,478,271,916	0	3,478,271,916
MORTGAGES & MORTGAGE-BACKED	2,552,719,291	0	2,552,719,291
ASSET-BACKED SECURITIES	103,442,450	0	103,442,450
CORPORATE BONDS	2,393,797,077	0	2,393,797,077
ZERO-COUPON BONDS	9,416,875	0	9,416,875
FOREIGN GOVERNMENT BONDS	186,079,741	0	186,079,741
MUNICIPAL BONDS	3,147,960	0	3,147,960
U.S. PREFERRED & COMMON STOCK	1,451,502,247	0	1,451,502,247
U.S. EQUITY INDEX FUNDS	5,315,490,446	0	5,315,490,446
INTERNATIONAL EQUITY INDEX FUNDS	225,491,134	0	225,491,134
INTERNATIONAL PREFERRED & COMMON STOCK	743,438,267	0	743,438,267
OPTIONS	1,127,738	0	1,127,738
LEVERAGED BUYOUTS	1,441,529,888	0	1,441,529,888
VENTURE CAPITAL	263,408,940	0	263,408,940
REAL ESTATE EQUITY	688,148,534	0	688,148,534
ACCRUED INTEREST & DIVIDENDS	139,450,518	281,037	139,731,555
	<u>\$19,281,170,235</u>	<u>\$65,285,368</u>	<u>\$19,346,455,603</u>

(UNAUDITED)

WASHINGTON STATE INVESTMENT BOARD
RETIREMENT FUNDS
SCHEDULE OF PARTICIPATION
JUNE 30, 1994

	COMMINGLED TRUST FUND (NOTE 2)	PLAN-SPECIFIC INVESTMENTS (NOTE 2)	TOTAL
<u>RETIREMENT PLAN</u>			
PERS I	\$5,558,951,111	\$67,847	\$5,559,018,958
PERS II	3,817,712,297	25,746,559	3,843,458,856
TEACHERS I	4,757,712,707	4,050,366	4,761,763,073
TEACHERS II	1,382,764,880	12,505,839	1,395,270,719
VOLUNTEER FIREFIGHTERS	57,736,867	2,354,710	60,091,577
WASHINGTON STATE PATROL	318,131,655	83,285	318,214,940
LEOFF I	2,737,873,754	10,124,907	2,747,998,661
LEOFF II	650,286,964	8,065,109	658,352,073
JUDICIAL	0	2,286,746	2,286,746
	<u>\$19,281,170,235</u>	<u>\$65,285,368</u>	<u>\$19,346,455,603</u>

(UNAUDITED)

WASHINGTON STATE INVESTMENT BOARD
RETIREMENT FUNDS
STATEMENT OF CHANGES IN INVESTMENT BALANCE
FISCAL YEAR ENDING JUNE 30, 1994

	COMMINGLED TRUST FUND (NOTE 2)	PLAN-SPECIFIC INVESTMENTS (NOTE 2)	TOTAL
INVESTMENT BALANCE JUNE 30, 1993	\$18,670,237,039	\$53,574,717	\$18,723,811,756
NET RECEIPTS FROM RETIREMENT PLANS		\$231,133,993	\$231,133,993
INVESTMENTS IN COMMINGLED FUND	\$525,701,000	(\$525,701,000)	\$0
WITHDRAWALS FROM COMMINGLED FUND	(\$303,924,700)	\$303,924,700	\$0
INVESTMENT EARNINGS:			
INCOME	\$728,108,802	\$2,352,958	\$730,461,760
CAPITAL GAINS	180,220,359	0	180,220,359
CAPITAL LOSSES	(103,024,430)	0	(103,024,430)
UNREALIZED GAINS & LOSSES	(398,227,323)	0	(398,227,323)
FEES & EXPENSES (NOTE 3)	(17,920,512)	0	(17,920,512)
NET EARNINGS	\$389,156,896	\$2,352,958	\$391,509,854
INVESTMENT BALANCE JUNE 30, 1994	<u>\$19,281,170,235</u>	<u>\$65,285,368</u>	<u>\$19,346,455,603</u>

**WASHINGTON STATE INVESTMENT BOARD
RETIREMENT FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994**

1. Significant Accounting Policies

Retirement fund investments are reported at fair market value, with the exception of short-term investments, which are reported at cost, and commercial real estate mortgages, which are reported at unpaid principal, adjusted for estimated uncollectibles.

Dividend income is recorded on the ex-dividend date. Interest income is accrued when earned.

Monthly, the assets of the retirement Commingled Trust Fund are adjusted to fair market value. Unrealized gains and losses are included as investment earnings on the Statement of Changes in Investment Balance.

2. The Commingled Trust Fund

The Commingled Trust Fund (CTF) is a diversified pool of investments which is used as an investment vehicle for eight separate retirement plans. These plans hold "units" in CTF, which represent an undivided percentage ownership in the pool of investments. Plans are allowed to purchase or sell units in the CTF, based on the market value of the underlying assets, on the first working day of each month.

In addition to unit ownership in the CTF, each retirement plan holds its own short-term investments. These short-term investments are referred to as "plan-specific investments" in the accompanying financial statements.

3. Fees and Expenses

Investment related fees and expenses are paid from non-appropriated funds, and are deducted from investment earnings. The following is a listing of non-appropriated fees and expenses paid during the fiscal year ending June 30, 1994. Management fees for many real estate and venture capital investments are paid from the partnerships and are therefore not reflected here.

Domestic Equity Managers	\$7,467,974
Global and International Managers	1,241,164
Alternative Investment Managers	2,572,698
Legal Fees	798,951
Consultants and Advisors	3,454,588
Custodian	454,765
Equity Commissions Paid	1,906,108
Other Miscellaneous Fees	24,264
TOTAL	<u>\$17,920,512</u>

RETIREMENT FUNDS
SHORT-TERM
SCHEDULE OF INVESTMENTS

DESCRIPTION	MATURITY	BOOK VALUE	MARKET VALUE
COMMINGLED TRUST FUND SHORT TERM			
<u>MONEY MARKETS</u>			
BANK OF NEW YORK SHORT-TERM INVESTMENT FUND		517,006,444	517,006,444
MOTOROLA INC DISC NOTE	07/14/1994	8,782,090	8,782,090
PFIZER INC DISC NT	07/25/1994	5,981,063	5,981,063
WARNER-LAMBERT DISC NT	07/18/1994	11,973,900	11,973,900
PENDING TRADES		(284,040,345)	(284,040,345)
TOTAL MONEY MARKETS		<u>\$259,703,152</u>	<u>\$259,703,152</u>
<u>U S TREASURY BILLS</u>			
U.S. TREASURY BILL	08/18/1994	489,902	489,763
US TREASURY BILL	09/22/1994	593,177	594,162
U.S. TREASURY BILL	11/17/1994	875,844	884,214
U.S. TREASURY BILL	12/15/1994	11,779,941	11,783,624
U.S.T. BILLS(FUT. COLL. GSC)	07/07/1994	34,586	34,979
UST BILLS (FUT COLLATERAL-GSC)	07/14/1994	34,688	34,956
UST BILLS(FUTURE COLLATERAL-GSC)	08/04/1994	1,865,798	1,879,062
UST BILLS(FUTURE COLLATERAL-GSC)	08/18/1994	9,330,123	9,382,378
TOTAL U S TREASURY BILLS		<u>\$25,004,058</u>	<u>\$25,083,138</u>
TOTAL COMMINGLED TRUST FUND SHORT-TERM		<u>\$284,707,210</u>	<u>\$284,786,290</u>
<u>PLAN-SPECIFIC SHORT-TERM</u>			
BANK OF NEW YORK SHORT-TERM INVESTMENT FUND:			
PERS I		9,833	9,833
PERS II		25,699,644	25,699,644
TRS I		3,995,424	3,995,424
TRS II		12,473,312	12,473,312
LEOFF I		10,065,677	10,065,677
LEOFF II		8,046,623	8,046,623
STATE PATROL		82,108	82,108
VOLUNTEER FIREFIGHTERS		2,353,122	2,353,122
JUDICIAL		2,278,588	2,278,588
TOTAL PLAN-SPECIFIC SHORT-TERM		<u>\$65,004,331</u>	<u>\$65,004,331</u>

RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
U S TREASURIES				
U S TREASURY	12.625	08/15/1994	49,450,000	49,952,412
U S TREASURY	6.000	11/15/1994	10,000,000	10,042,200
U S TREASURY	11.250	02/15/1995	50,000,000	51,859,500
U S TREASURY	8.375	04/15/1995	16,850,000	17,229,125
U S TREASURY	8.500	05/15/1995	15,100,000	15,479,916
U S TREASURY	4.625	02/15/1996	55,000,000	53,831,250
U S TREASURY	7.375	05/15/1996	208,425,000	212,951,991
U S TREASURY	4.250	05/15/1996	51,500,000	49,826,250
U S TREASURY	7.875	06/30/1996	68,580,000	70,734,098
U S TREASURY	7.875	07/15/1996	109,300,000	112,766,996
U S TREASURY	6.125	12/31/1996	100,000,000	99,531,000
U S TREASURY	6.250	01/31/1997	70,000,000	69,770,400
U S TREASURY	6.875	03/31/1997	25,000,000	25,269,500
U S TREASURY	6.500	05/15/1997	100,000,000	100,031,000
U S TREASURY	6.750	05/31/1997	75,000,000	75,492,000
U S TREASURY	8.500	07/15/1997	50,000,000	52,656,000
U S TREASURY	8.625	08/15/1997	330,600,000	349,454,118
U S TREASURY	5.625	01/31/1998	100,000,000	96,625,000
U S TREASURY	5.125	02/28/1998	150,000,000	142,312,500
U S TREASURY	7.875	04/15/1998	50,000,000	51,843,500
U S TREASURY	5.125	04/30/1998	55,500,000	52,481,910
U S TREASURY	5.375	05/31/1998	25,000,000	23,800,750
U S TREASURY	5.125	06/30/1998	25,000,000	23,558,500
U S TREASURY	5.250	07/31/1998	35,000,000	33,064,150
U S TREASURY	9.250	08/15/1998	38,000,000	41,277,500
U S TREASURY	4.750	09/30/1998	56,000,000	51,756,320
U S TREASURY	6.375	01/15/1999	100,000,000	98,031,000
U S TREASURY	8.875	02/15/1999	160,095,000	172,452,733
U S TREASURY	6.750	06/30/1999	70,000,000	69,398,700
U S TREASURY	6.375	07/15/1999	100,000,000	97,562,000
U S TREASURY	8.000	08/15/1999	25,000,000	26,109,250
U S TREASURY	6.000	10/15/1999	30,000,000	28,710,900
U S TREASURY	7.875	11/15/1999	87,000,000	90,385,170
U S TREASURY	8.500	02/15/2000	50,000,000	53,445,500
U S TREASURY	8.375	08/15/2000	15,000,000	15,398,400
U S TREASURY	8.500	11/15/2000	22,100,000	23,657,387
U S TREASURY	7.500	11/15/2001	77,000,000	78,202,740
U S TREASURY	6.250	02/15/2003	102,950,000	96,000,875
U S TREASURY	5.750	08/15/2003	5,000,000	4,474,200
U S TREASURY	11.875	11/15/2003	9,500,000	12,372,230
U S TREASURY	5.875	02/15/2004	43,000,000	38,666,460
U S TREASURY	12.375	05/15/2004	10,000,000	13,451,600
U S TREASURY	7.250	05/15/2004	14,000,000	13,925,660
U S TREASURY	9.375	02/15/2006	35,000,000	40,195,400
U S TREASURY	7.625	02/15/2007	40,000,000	40,093,600
U S TREASURY	9.875	11/15/2015	25,300,000	30,881,686
U S TREASURY	7.250	05/15/2016	18,000,000	17,074,620
U S TREASURY	7.500	11/15/2016	77,415,000	75,334,085
U S TREASURY	8.750	05/15/2017	45,000,000	49,752,900
U S TREASURY	8.750	05/15/2020	72,540,000	80,621,681
U S TREASURY	7.875	02/15/2021	32,300,000	32,809,694
TOTAL U S TREASURIES			<u>\$3,185,505,000</u>	<u>\$3,232,606,357</u>

RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>AGENCIES</u>				
FEDERAL HOME LN BKS	8.100	03/25/1996	16,000,000	16,515,040
FEDERAL HOME LN BKS	9.500	02/25/2004	10,000,000	11,356,200
FEDERAL HOME LN BKS MTN	7.840	09/21/1998	35,000,000	35,962,500
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	1,536,600	1,594,699
FEDERAL HOME LN MTG CORP	8.050	03/15/1996	51,600	50,441
FEDERAL HOME LN MTG CORP	8.125	03/15/2000	1,000,000	982,410
FEDERAL HOME LN MTG CORP	8.200	09/15/2005	3,779,100	3,809,783
FEDERAL HOME LN MTG CORP	7.880	04/28/2004	25,000,000	24,741,700
FEDERAL HOME LN MTG CORP	8.140	05/20/2004	10,000,000	10,250,000
FEDERAL HOME LN MTG CORP	7.740	06/01/2004	55,000,000	54,707,950
FEDERAL NATL MTG ASSOC	8.450	10/21/1996	35,000,000	36,476,650
FEDERAL NATL MTG ASSOC	9.050	04/10/2000	5,000,000	5,462,500
PRIVATE EXPORT FUNDING CORP	8.400	07/31/2001	7,000,000	7,318,150
STUDENT LOAN MKTNG ASSOC	5.275	02/03/1995	20,000,000	20,006,200
TENNESSEE VALLEY AUTH	6.875	12/15/2043	5,000,000	4,178,000
TOTAL AGENCIES			<u>\$229,367,300</u>	<u>\$233,412,222</u>
<u>GOVERNMENT SPONSORED BANKS</u>				
INTL BK FOR RECON & DEV	12.375	10/15/2002	5,000,000	6,441,400
INTL BK FOR RECON & DEV	8.625	10/01/1995	5,000,000	5,176,550
INTL BK FOR RECON & DEV MTN	8.030	01/29/1996	15,000,000	15,412,500
TOTAL GOVERNMENT SPONSORED BANKS			<u>\$25,000,000</u>	<u>\$27,030,450</u>
PENDING TRADES			(15,000,000)	(14,777,113)
TOTAL GOVERNMENT & GOVT. SPONSORED			<u>\$3,424,872,300</u>	<u>\$3,478,271,916</u>

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
MORTGAGES & MORTGAGE-BACKED				
4TH & VINE BLDG/SELIG	9.000	09/01/2006	3,414,234	3,414,234
5001 GNMA 346493	7.500	04/15/2023	4,222,711	4,027,411
ALDERBROOK INN	9.500	10/01/2003	971,506	971,506
AUBURN VILLA	7.500	02/02/2018	907,690	874,695
BANCBOSTON (MERIDIAN)	6.250	11/01/1999	155,697	139,962
BANCBOSTON (MERIDIAN)	6.750	12/01/1999	365,515	335,920
BANK OF AMERICA	11.250	03/01/2010	202,910	206,591
BANK OF AMERICA	6.750	09/01/1997	111,147	105,378
BANK OF AMERICA	5.620	06/01/1999	291,934	257,054
BANK OF AMERICA	11.000	04/01/2010	431,452	439,404
BANK OF AMERICA	6.750	09/01/2003	146,093	128,739
BANK OF AMERICA	7.000	12/01/2001	49,126	44,749
BEAR S MTG SEC INC 1993-08A6	6.500	08/25/2024	15,110,000	13,467,543
BEAR S MTG SEC TR 93-08A3	5.950	08/25/2024	23,780,000	23,906,510
BEAR S. MTG. SEC TR93-08A5	6.350	08/24/2024	15,750,000	15,764,490
BURIEN HAUS	7.500	12/01/2017	548,319	530,393
CAL FED 89-FA3 CL A COF+185 ARM	6.660	02/25/2019	1,454,418	1,456,162
CHEMICAL 88-1A ARM YRCMT+178 REM	5.687	10/25/2017	3,139,995	3,161,783
CMO BEAR STEARNS 92-1-A7 REMIC	8.000	05/25/2023	5,000,000	5,049,995
CMO CAPSTEAD SEC CORP IV 92-5D	8.400	01/25/2021	4,204,019	4,245,660
CMO CAPSTEAD SEC III 91-4B PAC	8.700	12/25/2021	2,975,541	3,009,013
CMO CMSI 1990-4-D REMIC	9.500	01/25/2004	1,773,296	1,779,946
CMO FHLMC 1130-J PAC REMIC	7.500	09/15/2020	8,985,783	9,037,442
CMO FHLMC 1133 CL F PAC REMIC	7.000	11/15/2018	10,000,000	10,068,500
CMO FHLMC 1141-E PAC REMIC	8.500	01/15/2019	2,000,000	2,048,980
CMO FHLMC 1190 CL F REMIC	7.500	09/15/2018	1,248,018	1,263,531
CMO FHLMC 137-D PAC REMIC	9.000	07/15/2019	1,124,512	1,132,158
CMO FNMA 1989-90-H PAC REMIC	8.800	12/25/2019	915,447	935,852
CMO FNMA 1990-9-C PAC REMIC	8.500	02/25/2017	694,707	698,500
CMO FNMA 1991-82-PH PAC REMIC	8.000	11/25/2018	2,947,922	2,977,133
CMO FNMA 1992-113-A REMIC	7.500	02/25/2015	483,250	483,008
CMO HOUSING SEC 92-D5 PAC REMIC	7.500	03/25/2006	1,067,955	1,059,838
CMO PRU HOME 1994-5-A1	7.000	02/25/2024	7,631,380	7,524,068
CMO SEARS MTG FNG 1986-E	9.500	08/25/2016	1,028,343	1,078,472
CMO TRAVELERS MTG SEC INC 87-5A	9.000	07/25/2017	1,084,358	1,126,715
CMO*Z CMSC G-5	10.200	04/20/2017	4,385,398	4,558,073
CMSI MTG 89-19 ARM COFI+125 REM	5.625	12/25/2019	4,143,168	4,171,922
CONTINENTAL	6.450	10/01/1999	159,354	144,769
CONTINENTAL MTG	7.300	04/01/2003	431,305	395,976
CONTINENTAL MTG	5.480	01/01/1997	27,957	25,998
COUNTRYWIDE MTG 1994 I	6.250	07/25/2009	22,724,000	19,882,818
CRYSTAL & SUNSET HOUSE	10.325	09/15/2006	910,371	910,371
DLJ 91-4 CL A ARM 3YRCMI+187	7.811	02/20/2021	1,153,360	1,161,029
DLJ 93-Q18 IIA1 ARM 6MOLB+1.123	4.600	01/25/2024	7,483,960	7,184,594
DREBICK INVESTMENTS/CHANDLER CT	10.000	12/15/2001	2,629,619	2,629,619
EXECUTIVE HOUSE	11.500	06/01/2011	517,237	526,821
FARMER'S HOME NOTES	7.350	08/03/1996	474,344	476,588
FHA PRJ-REILLY MTG GRP #55	7.430	03/01/2024	8,471,581	8,192,781
FHLMC ARM #97-0021	5.000	01/01/2023	7,345,341	7,345,341
FHLMC 1052 F	7.500	01/15/2020	5,000,000	4,955,600
FHLMC 1229 E	6.800	11/15/2003	5,401,801	5,422,862
FHLMC 1415 Y8	6.500	11/15/2007	20,000,000	17,998,400
FHLMC 1671 G	6.500	08/15/2023	40,750,141	35,220,347
FHLMC 1706 H	6.500	06/15/2023	11,000,000	9,790,220
FHLMC 1992 1289 PL	7.500	02/15/2021	30,000,000	29,316,300
FHLMC 1992 1341 J	7.000	08/15/2006	20,500,000	19,513,130

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
FHLMC 1992 1409 Y4	6.500	11/15/2007	61,000,000	54,796,300
FHLMC 1992 1423 CC	6.750	03/15/2004	29,263,000	28,643,210
FHLMC 1992 1445 Y4	7.000	10/15/2007	25,000,000	22,687,500
FHLMC 1992 1445 Y9	6.750	08/15/2004	7,255,000	6,885,430
FHLMC 1992-1233H	7.000	04/15/2007	8,744,000	8,160,950
FHLMC 1992-1379 FA	6.500	08/15/2018	11,520,000	10,592,870
FHLMC 1993 1475 Y4	6.500	04/15/2005	60,000,000	56,564,400
FHLMC 1993 1475 Y6	7.000	02/15/2008	25,000,000	23,539,500
FHLMC 1993 1501 - F	6.100	11/15/2016	25,000,000	23,479,000
FHLMC 1993 1559VG	6.500	11/15/2021	25,000,000	22,685,750
FHLMC 1993-1478 G	6.500	06/15/2007	20,000,000	18,386,000
FHLMC 1993-1489 G	6.250	10/15/2007	14,844,000	13,394,632
FHLMC 1993-1515 Y7	6.500	02/15/2008	15,000,000	13,758,000
FHLMC 1993-1520 Y3	6.250	11/15/2007	13,000,000	11,317,228
FHLMC 1993-1546 Y6	6.750	12/15/2021	20,000,000	17,708,400
FHLMC 1993-1637 G	6.000	06/15/2023	14,212,182	12,239,659
FHLMC 1993-1637 GA	5.800	06/15/2023	18,600,000	15,756,618
FHLMC 1993-1643 PH	5.750	07/15/2023	12,000,000	10,050,720
FHLMC 1994-1119 G	8.100	07/15/2020	10,000,000	10,174,300
FHLMC 1994-1666 Y6	6.250	12/15/2021	50,000,000	44,145,000
FHLMC 1994-1709 D	6.500	12/15/2023	8,387,000	7,464,849
FHLMC 90-1006C	9.150	10/15/2020	10,000,000	10,309,500
FHLMC 93-1619 PD	5.650	06/15/2019	10,000,000	9,123,360
FHLMC G-21 Y4	5.400	05/25/2016	16,000,000	14,409,536
FHLMC GIANT NONGNOME 50-1731	8.000	12/01/2004	4,000,474	4,010,475
FHLMC GIANT SWAP 30-4278	9.000	07/01/2018	18,023,665	18,429,197
FHLMC GIANT SWAP 30-4281	9.000	07/01/2018	17,892,219	18,294,794
FHLMC GIANT SWAP 53-8275	9.000	12/01/2019	303,079	309,898
FHLMC GIANT SWAP 53-8318	10.000	12/01/2019	6,492,752	6,874,194
FHLMC GIANT WAM SWAP 30-6660	7.000	03/15/2019	4,686,515	4,517,238
FHLMC GNOME 38-0021	9.000	05/01/2003	5,403,217	5,578,822
FHLMC GOLD PL C00303	6.500	03/01/2024	23,903,825	21,565,529
FHLMC GOLD PL C00335	7.500	05/01/2024	41,888,577	40,239,005
FHLMC GOLD PL C80158	7.500	05/01/2024	9,993,051	9,599,525
FHLMC GOLD PL D48578	6.500	02/01/2024	1,954,327	1,763,153
FHLMC GOLD PL D48589	6.500	02/01/2024	1,040,964	939,136
FHLMC GOLD PL D48600	6.500	02/01/2024	2,031,476	1,832,755
FHLMC GOLD PL D49287	6.500	02/01/2024	3,031,781	2,735,209
FHLMC GOLD PL D49476	6.500	02/01/2024	1,086,164	979,916
FHLMC GOLD PL D49514	6.500	02/01/2024	3,387,573	3,056,197
FHLMC GOLD PL D49994	6.500	03/01/2024	3,737,802	3,372,170
FHLMC GOLD PL D50161	6.500	03/01/2024	5,050,287	4,556,263
FHLMC GOLD PL D50164	6.500	03/01/2024	5,074,970	4,578,531
FHLMC PC 16-0034	8.500	12/01/2007	136,088	136,383
FHLMC PC 16-0037	8.500	01/01/2008	140,108	140,412
FHLMC PC 16-0038	8.500	02/01/2008	260,243	260,808
FHLMC PC 16-0039	8.500	03/01/2008	716,888	718,442
FHLMC PC 16-0040	8.750	03/01/2008	119,021	119,577
FHLMC PC 16-0045	8.750	05/01/2008	12,861	12,921
FHLMC PC 16-0046	8.750	05/01/2008	381,217	382,997
FHLMC PC 16-0047	8.750	05/01/2008	131,164	131,777
FHLMC PC 16-0063	9.500	10/01/2008	365,269	381,004
FHLMC PC 17-0019	8.500	02/01/2008	890,074	892,004
FHLMC PC 17-0029	12.000	05/01/2010	415,643	461,439
FHLMC PC 17-0141	11.000	09/01/2015	234,107	257,118
FHLMC PC 17-0145	11.000	10/01/2015	575,030	631,520

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
FHLMC PC 17-0147	11.000	11/01/2015	2,673,769	2,935,291
FHLMC PC 17-0149	11.000	12/01/2015	691,845	759,513
FHLMC PC 17-0186	9.500	08/01/2016	2,147,342	2,241,289
FHLMC PC 17-0222	8.500	05/01/2017	142,215	142,392
FHLMC PC 36-0003	9.500	06/01/2017	2,086,244	2,177,517
FHLMC SWAP 18-5401	9.250	05/01/2012	689,423	708,465
FHLMC SWAP 25-6790	11.000	09/01/2015	344,782	378,505
FHLMC SWAP 26-0847	8.500	01/01/2017	16,448	16,468
FHLMC SWAP 28-0417	8.500	09/01/2016	13,253	13,270
FHLMC SWAP 28-4973	8.500	05/01/2008	23,217	23,426
FHLMC SWAP 28-5569	8.500	01/01/2017	85,498	85,605
FHLMC SWAP 28-5709	8.500	01/01/2017	147,152	147,336
FHLMC SWAP 28-7894	8.500	03/01/2017	189,673	189,910
FHLMC SWAP 28-7948	8.500	03/01/2017	49,186	49,247
FHLMC SWAP 28-8409	8.500	02/01/2017	65,726	65,808
FHLMC SWAP 28-9135	8.500	03/01/2017	137,334	137,506
FHLMC SWAP 28-9144	8.500	02/01/2017	68,027	68,112
FHLMC SWAP 28-9152	8.500	03/01/2017	359,317	359,766
FHLMC SWAP 28-9214	8.500	03/01/2017	92,507	92,622
FHLMC SWAP 28-9373	8.500	04/01/2017	165,031	165,239
FHLMC SWAP 28-9376	8.500	03/01/2017	206,255	206,512
FHLMC SWAP 28-9434	8.500	04/01/2017	4,659	4,665
FHLMC SWAP 28-9625	8.500	02/01/2017	39,806	39,855
FHLMC SWAP 28-9630	8.500	03/01/2017	245,987	246,294
FHLMC SWAP 28-9884	8.500	04/01/2017	343,595	344,025
FHLMC SWAP 29-0070	8.500	04/01/2017	38,777	38,826
FHLMC SWAP 29-0165	8.500	04/01/2017	159,955	160,154
FHLMC SWAP 29-0303	8.500	04/01/2017	197,536	197,782
FHLMC SWAP 29-0815	8.500	04/01/2017	142,680	142,858
FHLMC SWAP 29-1140	8.500	04/01/2017	12,694	12,710
FHLMC SWAP 29-1274	8.000	04/01/2017	2,830,130	2,770,867
FHLMC SWAP 29-1424	8.500	03/01/2017	102,108	102,236
FHLMC SWAP 29-1470	8.500	04/01/2017	97,632	97,754
FHLMC SWAP 29-1802	8.500	04/01/2017	55,430	55,500
FHLMC SWAP 29-2075	8.500	04/01/2017	87,005	87,114
FHLMC SWAP 29-2320	8.500	03/01/2017	163,137	163,341
FHLMC SWAP 29-2624	8.500	05/01/2017	99,222	99,346
FHLMC SWAP 29-4102	8.500	05/01/2017	23,122	23,151
FHLMC SWAP 29-4881	8.000	06/01/2017	343,973	336,770
FHLMC SWAP 29-9465	8.000	06/01/2017	172,061	168,458
FHLMC SWAP 30-3198	8.000	03/01/2018	165,281	161,838
FHLMC (6.5) 1668-BA IO REMIC	6.500	01/15/2009	13,556,974	2,514,805
FHLMC93-1475 Y7	5.950	04/15/2005	39,156,000	36,091,260
FHLMC(6.5%)1684-J IO PAC REMIC	6.500	08/15/2020	9,961,828	2,024,692
FHLMC(7%) 1540-F PAC IOETTE REMIC	11.660	07/15/2007	5,252,691	961,479
FHLMC/GNMA 94-32 TH	7.000	09/25/2022	23,082,000	21,270,986
FHLMC/GNMA G-29 YA	6.500	03/25/2023	15,000,000	13,344,360
FIB OF WASHINGTON	4.750	09/01/1998	2,786	2,456
FIB OF WASHINGTON	6.050	01/01/2002	116,851	100,329
FIB OF WASHINGTON	5.210	04/01/1995	82,421	80,378
FLEET REAL EST FUNDING	7.500	03/01/2000	21,726	20,622
FLEET REAL EST FUNDING	5.320	06/01/1999	127,343	110,623
FLEET REAL EST FUNDING	5.440	06/01/1999	157,717	137,755
FMNA PL 124654	7.000	02/01/2008	2,633,095	2,544,228
FMNA PL 184850	7.000	11/01/2007	2,680,820	2,590,340
FNG 1993-22 HA	6.500	09/25/2020	10,000,000	9,078,100

**RETIREMENT FUNDS
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SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
FNMA 050965	6.500	01/01/2024	107,975	97,277
FNMA 1991 - 152M	8.000	11/25/2001	11,200,000	11,361,504
FNMA 1992 135 HAP11	5.000	08/25/2019	20,000,000	15,830,000
FNMA 1992 138 Y5	7.500	09/25/2021	33,484,000	32,788,202
FNMA 1992 198 G	5.100	12/25/2015	12,000,000	10,984,680
FNMA 1992-51 G	7.000	09/25/2005	7,500,000	7,428,900
FNMA 1992-78 G	7.500	12/25/2005	8,750,000	8,772,838
FNMA 1992-84 G	7.500	10/25/2014	17,000,000	17,088,400
FNMA 1993 - 166E	5.750	01/25/2017	30,000,000	27,531,900
FNMA 1993 - 202 EA	5.500	12/25/2016	8,000,000	7,223,616
FNMA 1993 - 50 PW	5.500	01/25/2022	13,987,000	11,339,443
FNMA 1993 136-Y7	6.250	11/25/2021	35,246,600	30,914,264
FNMA 1993 53H	5.750	01/25/2022	25,000,000	21,040,000
FNMA 1993-06 Y5	6.750	12/25/2004	25,000,000	24,303,750
FNMA 1993-06 Y7	7.000	08/25/2007	21,000,000	19,724,250
FNMA 1993-137 PE	5.800	04/24/2007	15,672,000	14,126,427
FNMA 1993-138E	5.750	12/25/2016	10,000,000	9,187,900
FNMA 1993-188 G	5.800	08/25/2006	10,000,000	9,195,200
FNMA 1993-84 Y5	6.500	11/25/2020	5,819,400	5,284,533
FNMA 1993-95 Y5	6.750	04/25/2008	21,012,900	19,417,790
FNMA 1994-40 Y6	6.000	06/25/2022	35,000,000	30,168,950
FNMA 1994-50 PG	6.500	01/25/2023	25,160,900	22,208,520
FNMA 1994-62 PH	6.900	11/25/2023	10,000,000	9,166,620
FNMA 91 - 108 H	7.500	04/05/2020	17,328,463	17,408,867
FNMA 93-28 Y6	7.000	03/25/2008	21,727,000	21,508,644
FNMA 94-41PJ	6.500	06/25/2023	25,000,000	22,282,500
FNMA ACES 93-M2-M ARM 6MOLIB+175	5.159	11/25/2003	2,986,646	3,092,642
FNMA CA 7423	11.250	05/01/2014	730,458	810,575
FNMA CL 2463	11.000	09/01/2015	945,061	1,051,077
FNMA G-1993-19 Y4	4.750	12/25/2017	37,491,000	33,185,534
FNMA GL 6222	9.000	04/01/2016	5,275,017	5,441,444
FNMA MEGA 70449	11.000	12/01/2019	10,320,998	11,478,797
FNMA MEGA 70453	10.500	12/01/2019	5,779,209	6,348,917
FNMA PASS THRU BALLOON #124459	9.000	01/01/1999	954,952	986,875
FNMA PL 050763	7.000	07/01/2008	3,613,518	3,491,561
FNMA PL 202578	7.000	02/01/2008	4,679,556	4,521,616
FNMA PL 219662	7.000	08/01/2023	1,306,069	1,215,454
FNMA PL 227422	7.000	08/01/2023	2,829,599	2,633,282
FNMA PL 250055	7.000	05/01/2009	5,540,866	5,353,807
FNMA PL 263017	7.000	04/01/2009	1,561,360	1,508,663
FNMA PL 266210	6.000	01/01/2024	9,925,939	8,638,634
FNMA PL 280353	7.000	05/01/2009	5,071,777	4,900,599
FNMA PL 282913	7.000	05/01/2009	3,062,999	2,959,623
FNMA PL 283043	7.000	05/01/2009	20,431,524	19,741,960
FNMA PL 50964	6.000	01/01/2024	8,602,244	7,486,610
FNMA (6.5)1993-71-A IO REMIC	6.500	07/25/2007	25,949,314	3,478,817
FNMA (7) 1993-235-A PO PAC REMIC	1.000	12/25/2005	4,017,649	3,849,406
FNMA1993-252E	6.000	08/25/2017	10,000,000	9,224,500
FNMA(6.5%)1994-30 IA PAC IO REM	6.500	11/25/2022	19,904,929	3,692,344
FOXCROFT APTS	7.500	11/01/2018	3,971,923	3,814,873
GMAC MTG	5.000	11/01/2010	94,890	64,876
GNMA 336943	7.500	04/15/2023	1,464,767	1,397,020
GNMA 337617	7.500	04/15/2023	3,413,633	3,255,749
GNMA 343600	7.500	04/15/2023	187,270	178,609
GNMA 383716 LOWELL EMERSON APT	7.000	03/15/2029	4,610,511	4,241,665
GNMA GP 90133	9.000	05/15/2009	524,104	528,197

**RETIREMENT FUNDS
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SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
GNMA GP 90150	9.000	08/15/2009	128,849	129,855
GNMA GP 90178	9.000	05/15/2009	307,983	310,388
GNMA GP 91485	9.000	05/15/2009	522,002	526,078
GNMA I SF 167139	9.500	07/15/2016	2,590,452	2,733,727
GNMA I SF 190845	9.500	12/15/2016	281,438	297,004
GNMA I SF 202647	9.500	11/15/2019	2,528,253	2,664,144
GNMA I SF 249684	9.500	11/15/2018	2,246,514	2,368,028
GNMA I SF 262933	9.500	09/15/2019	4,142,847	4,366,022
GNMA I SF 278777	9.500	11/15/2019	3,085,832	3,252,062
GNMA I SF 279773	9.500	12/15/2019	6,692,521	7,053,041
GNMA I SF 287217	9.500	03/15/2020	3,305,269	3,482,928
GNMA I SF 302899	9.500	01/15/2021	2,296,703	2,420,151
GNMA I SF 315111	9.000	01/15/2022	13,926,884	14,388,128
GNMA I SF 158676	9.000	01/15/2020	1,025,164	1,059,118
GNMA I SF 199359	9.000	12/15/2016	7,828,094	8,100,042
GNMA I SF 289999	9.000	04/15/2020	2,405,898	2,485,579
GNMA I SF 303754	9.000	01/15/2022	9,729,437	10,051,666
GNMA I SF 308067	9.000	07/15/2021	10,472,068	10,818,903
GNMA I SF 308728	9.000	10/15/2021	16,708,331	17,261,711
GNMA I SF 323397	7.000	05/15/2024	4,860,455	4,473,121
GNMA I SF 345020	7.500	09/15/2023	9,291,031	8,861,312
GNMA I SF 345573	7.500	02/15/2024	1,205,581	1,149,823
GNMA I SF 345583	7.500	03/15/2024	4,992,866	4,761,946
GNMA I SF 348674	7.500	05/15/2023	3,980,044	3,795,967
GNMA I SF 352964	7.000	05/15/2024	18,366,328	16,902,697
GNMA I SF 359233	7.500	01/15/2024	3,027,826	2,887,789
GNMA I SF 360776	7.000	02/15/2024	3,258,587	2,998,907
GNMA I SF 360866	7.500	05/15/2024	4,033,966	3,847,395
GNMA I SF 362269	7.500	05/15/2024	509,436	485,875
GNMA I SF 362400	7.000	05/15/2024	3,004,194	2,764,790
GNMA I SF 365035	7.500	05/15/2024	1,019,280	972,137
GNMA I SF 366400	7.000	12/15/2023	3,911,839	3,600,101
GNMA I SF 366722	7.500	03/15/2024	19,360,593	18,465,165
GNMA I SF 367194	7.000	12/15/2023	4,361,797	4,014,201
GNMA I SF 369408	7.500	02/15/2024	2,898,991	2,764,910
GNMA I SF 369426	7.500	01/15/2024	4,567,390	4,356,144
GNMA I SF 371723	7.000	04/15/2024	5,079,786	4,674,978
GNMA I SF 371798	7.500	05/15/2024	8,038,953	7,667,151
GNMA I SF 374295	7.000	12/15/2023	4,010,322	3,690,736
GNMA I SF 375887	7.000	05/15/2024	3,032,713	2,791,036
GNMA I SF 376071	7.500	05/15/2024	7,064,893	6,738,142
GNMA I SF 376075	7.500	05/15/2024	3,027,557	2,887,532
GNMA I SF 376515	7.500	05/15/2024	11,191,026	10,673,430
GNMA I SF 378754	7.500	02/15/2024	7,354,169	7,014,038
GNMA I SF 378965	7.500	03/15/2024	5,025,651	4,793,215
GNMA I SF 378967	7.500	03/15/2024	5,058,531	4,824,574
GNMA I SF 380986	7.000	05/15/2024	5,057,520	4,654,486
GNMA I SF 380987	7.500	05/15/2024	5,044,580	4,811,263
GNMA I SF 380989	7.000	05/15/2024	3,052,997	2,809,704
GNMA I SF 383180	7.500	05/15/2024	193,359	184,416
GNMA I SF 385196	7.500	02/15/2024	9,586,692	9,143,298
GNMA I SF 385512	7.000	05/15/2024	3,057,262	2,813,629
GNMA I SF 389464	6.500	03/15/2024	2,613,160	2,312,644
GNMA I SF 389521	7.000	05/15/2024	4,044,681	3,722,360
GNMA I SF 390396	7.500	03/15/2024	5,056,861	4,822,981
GNMA I SF 390427	7.500	05/15/2024	2,038,202	1,943,935

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
GNMA I SF 390516	7.500	05/15/2024	1,009,116	962,445
GNMA I SF 391565	7.500	04/15/2024	489,538	466,897
GNMA I SF 391568	7.500	05/15/2024	489,579	466,935
GNMA I SF 391572	7.500	05/15/2024	1,489,928	1,421,018
GNMA I SF 392029	7.000	04/15/2024	5,076,764	4,672,197
GNMA I SF 392159	7.000	05/15/2024	3,418,738	3,146,299
GNMA I SF 395243	7.500	05/15/2024	1,009,254	962,576
GNMA I SF 397435	7.500	05/15/2024	5,044,180	4,810,887
GNMA I SF 397449	7.500	05/15/2024	2,013,070	1,919,966
GNMA II 008008M	6.000	07/20/2022	2,978,227	2,989,392
GNMA II SF 120666	13.000	09/15/2014	109,108	126,565
GNMA II008399M	5.000	04/20/2024	3,366,000	3,213,483
GNMA O SF 378964	7.500	03/15/2024	5,011,687	4,779,892
GNMA PL 312688	7.000	12/15/2023	3,932,417	3,619,039
GNMA PL 325672	7.000	11/15/2023	6,838,439	6,293,484
GNMA PL 337529	6.500	11/01/2023	2,875,350	2,544,685
GNMA PL 345071	7.000	11/15/2023	4,981,676	4,584,686
GNMA PL 346059	7.000	12/15/2023	3,893,283	3,583,027
GNMA PL 346878	7.000	11/15/2023	25,275,302	23,261,113
GNMA PL 347011	7.000	01/15/2024	8,701,032	8,007,638
GNMA PL 354653	7.500	09/15/2023	10,165,514	9,695,359
GNMA PL 355520	7.000	10/15/2023	6,881,784	6,333,368
GNMA PL 357234	7.000	11/15/2023	12,204,549	11,231,956
GNMA PL 358765	7.000	12/15/2023	3,876,955	3,567,997
GNMA PL 361383	7.000	11/15/2023	17,600,162	16,197,587
GNMA PL 363760	7.000	11/15/2023	5,230,021	4,813,241
GNMA PL 364870	7.000	01/15/2024	19,619,678	18,056,186
GNMA PL 365942	6.500	11/15/2023	3,010,181	2,664,010
GNMA PL 365954	6.500	11/01/2023	990,246	876,368
GNMA PL 365968	6.500	11/01/2023	1,003,465	888,065
GNMA PL 366529	6.500	11/15/2023	1,342,772	1,188,352
GNMA PL 366628	7.000	11/15/2023	7,092,474	6,527,268
GNMA PL 368817	7.000	11/15/2023	5,726,527	5,270,181
GNMA PL 370677	7.000	11/15/2023	12,862,680	11,837,640
GNMA PL 370890	7.000	11/15/2023	19,911,050	18,324,338
GNMA PL 371012	7.000	01/15/2024	3,930,406	3,617,192
GNMA PL 372834	7.500	12/15/2023	32,035,783	30,554,128
GNMA PL 372887	6.500	10/15/2023	1,003,897	888,448
GNMA PL 372888	6.500	11/15/2023	968,486	857,110
GNMA PL 372928	7.000	12/15/2023	4,926,644	4,534,035
GNMA PL 377725	6.500	11/01/2023	5,946,385	5,262,545
GNMA SF 11025	7.250	11/15/2005	173,128	162,967
GNMA SF 21705	8.250	06/15/2008	412,351	408,356
GNMA SF 22602	8.250	05/15/2008	257,335	254,841
GNMA SF 2733	6.500	06/15/2003	104,238	95,048
GNMA SF 34245	10.000	12/15/2009	834,851	894,092
GNMA SF 35292	10.000	01/15/2010	336,740	361,046
GNMA SF 35888	10.000	12/15/2009	361,997	388,126
GNMA SF 36127	10.000	11/15/2009	164,116	175,962
GNMA SF 3617	7.000	10/15/2003	380,778	358,088
GNMA SF 37913	10.000	12/15/2009	721,079	772,247
GNMA SF 39407	10.000	01/15/2010	375,780	402,446
GNMA SF 45231	10.500	12/15/2010	463,561	507,599
GRE 92-LBG A1 ARM 6MOLIB+137 REM	6.011	10/25/2022	3,136,920	3,189,119
GREAT WESTERN SAVINGS	5.900	03/01/2002	52,620	44,620
GREAT WSTN 88-5A CL A COR+150	5.847	02/25/2018	4,415,061	4,319,859

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
HACKBERRY APTS	7.000	12/01/2014	830,390	822,144
HARBOR CLUB APTS	9.725	04/15/2002	1,480,234	1,480,234
KEY CORP	6.000	03/01/2002	671,064	572,740
KEY CORP	10.625	12/01/2009	653,119	664,679
KEY CORP	6.750	11/01/2001	253,702	227,870
KEY CORP	10.625	08/01/2009	510,680	580,114
KEY CORP	5.600	11/01/1998	38,417	34,246
KEY CORP	4.750	01/01/1995	1,833	1,798
KEYCORP (PUGET SOUND)	10.875	06/25/2010	545,144	556,134
KEYCORP (PUGET SOUND)	12.250	09/01/2010	245,799	252,709
L & L LAND/ PORTCO	9.875	12/15/2001	1,280,491	1,280,491
LA MIRADA (THOMAS MOORE)	9.875	03/15/2001	579,882	579,882
LOMAS & NETTLETON	6.750	01/01/2002	860,528	770,078
MAGNOLIA FED / KISLAK	15.250	10/01/2009	1,282,774	1,332,366
MANZANITA MANOR	7.500	12/01/2017	914,240	881,904
MARIANNA APTS	7.500	10/01/2017	1,219,559	1,179,582
MARINWOOD APT	10.375	12/15/2000	954,357	954,357
MARVIN GARDEN APTS	10.375	06/15/2001	3,687,260	3,687,260
MBNAM 1994-1A	5.025	03/15/2001	25,000,000	24,852,500
METMOR FINANCIAL	6.625	02/01/2002	123,199	109,513
METROPOLITAN SAVINGS & LOAN	10.500	05/01/2009	608,651	613,483
METROPOLITAN SAVINGS & LOAN	10.375	11/01/2008	480,629	486,762
MISSION TOWERS	7.500	06/01/2018	1,912,484	1,835,009
MURPHY'S LANDING	10.275	09/15/2001	1,329,162	1,329,162
OLIVE TOWER APT FNMA 073014	9.015	06/01/2020	1,540,051	1,590,102
PHMSC 1992 42 Y2	6.650	01/25/2008	8,549,000	8,463,510
PHMSC 1992 42 YB	6.900	01/25/2008	10,369,286	10,301,160
PHMSC 1992 48 A2	7.500	01/25/2023	8,936,211	8,955,683
PINECREST APT/JACK NETTLESHIP	8.500	02/01/2012	566,893	547,988
PLEASANTON CONV HOSPITAL	7.000	11/01/2013	1,052,295	890,431
PRES JAMES MONROE MANOR	7.000	06/01/2013	1,871,354	1,586,104
ROCKY MTN METHODIST HOME	5.150	07/01/2005	50,000	39,250
ROY STREET APARTMENTS	10.125	01/01/2001	2,003,109	2,003,109
RTC 92-16-A5 ARM COFI+204 REMIC	5.999	06/25/2024	5,160,085	5,194,400
RTC 92-C7 A2 REMIC ARM LIB+120	4.388	06/25/2023	1,247,014	1,251,304
SALOMON MTG SEC IV 1987-1 P-THRU	8.500	01/25/2017	500,545	500,544
SANTIAGO/CHERRY HILL	10.125	02/15/2001	1,370,300	1,370,300
SASI P-THRU 93-5A1 CMT+299 REMIC	6.381	06/25/2023	8,473,453	8,559,543
SEAFIRST (SEC. PACIFIC)	10.170	05/01/1999	958,035	958,035
SEAFIRST(SEC. PACIFIC)	10.000	10/01/1994	365,649	365,649
SEARS MTG P/T 1992-A WAC REMIC	8.744	05/25/2032	3,527,202	3,594,251
SEATTLE MORTGAGE CO	6.750	07/01/2002	346,099	308,668
SHURGARD MINI-STORAGE	10.125	04/15/2001	1,471,033	1,471,033
SOURCE ONE	5.850	08/01/2003	1,335,957	1,103,687
SPANISH HILLS APTS	9.875	05/15/2001	1,961,840	1,961,840
SPRING MEADOW	7.000	09/01/2013	1,257,262	1,064,524
ST MARY'S COMMUNITY HOSP	8.000	08/01/2001	2,481,205	2,396,745
SUPERSTITION VISTA/GILBERT ST.	9.000	04/01/2000	12,487,347	7,330,073
SUTTER VILLAGE	7.500	02/02/2018	1,244,171	1,198,946
SWALLOWS HAVEN (BENITA)	8.000	12/01/2016	821,448	814,310
TALISMAN APTS., DBSI INC.	9.750	01/15/2001	2,952,093	2,952,093
TERRACE MANOR	7.500	07/01/2000	657,403	626,452
THE COTTAGES/WILDWOOD APTS	7.500	05/01/2018	1,103,535	1,057,805
U S BANCORP	7.000	04/01/2003	568,102	517,746
U S BANCORP	5.920	10/01/1999	42,776	38,252
U S BANCORP	7.000	12/01/2001	43,994	40,525

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
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DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>				
U S BANCORP	6.070	09/01/1998	34,212	31,393
UNITED CEREBRAL PALSY HOME	9.000	09/01/2007	934,850	938,446
UNITED GROCERS WAREHOUSE	10.125	07/15/2006	708,507	708,507
UNITED STATES DEPT. VETERANS	7.750	12/15/2014	8,018,000	7,882,496
WATERS EDGE APTS	7.500	12/01/2017	2,358,050	2,277,240
WA. MUTUAL	10.500	04/01/2010	305,066	307,540
WA. MUTUAL	10.375	12/01/2009	630,355	638,732
WELLS FARGO	11.000	01/01/2010	364,262	371,055
WENDOVER APARTMENTS	9.625	02/15/2002	1,170,465	1,170,465
PENDING TRADES			263,965,000	264,403,481
TOTAL MORTGAGES & MORTGAGE-BACKED			<u>\$2,766,000,804</u>	<u>\$2,552,719,291</u>
<u>ASSET-BACKED</u>				
CAP AUTO RECEIVABLES 1993-1 A7	5.350	02/17/1998	8,500,000	8,293,790
DISCOVER CARD	6.800	06/16/2000	15,000,000	14,904,900
DISCOVER 1993-A. ABS	6.250	08/15/2000	15,000,000	14,617,350
PREMIER AUTO TRUST 1993-2B ABS	5.000	10/15/1998	6,223,976	6,085,860
PREMIER AUTO TRUST 93-6 A2 ABS	4.650	11/02/1999	29,999,804	29,105,810
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	22,000,000	20,907,040
STANDARD CR CARD MASTER TRUST	7.250	04/07/2006	10,000,000	9,527,700
TOTAL ASSET-BACKED			<u>\$106,723,781</u>	<u>\$103,442,450</u>
<u>CORPORATE BONDS</u>				
ALCAN ALUMINUM	6.375	09/01/1997	10,000,000	9,760,100
AMERICAN EXPRESS CREDIT CORP	7.375	02/01/1999	10,000,000	9,962,900
AMERICAN GEN FIN CORP MTN	7.430	11/08/1996	6,000,000	6,080,040
AMERICAN GEN FIN CORP MTN	7.480	10/23/1996	4,900,000	4,971,050
AMERICAN INTL GROUP MTN	7.700	03/15/1996	8,200,000	8,379,990
AMR CORP	9.750	08/15/2021	5,000,000	4,812,150
AMR CORP	10.000	04/15/2021	15,000,000	14,823,150
ANHEUSER BUSCH COS INC	7.375	07/01/2023	5,000,000	4,433,250
ANR PIPELINE	7.375	02/15/2024	10,000,000	8,534,500
ARCHER DANIELS	8.875	04/15/2011	24,000,000	25,736,640
ARDPROP INC	8.500	12/30/1994	208,490	210,020
ARIZONA PUBLIC SERV	7.390	06/30/2005	6,500,000	6,270,030
ARIZONA PUBLIC SERV	6.490	06/30/2001	3,770,000	3,635,863
ARIZONA PUBLIC SERV	8.000	02/01/2025	4,000,000	3,714,040
ARIZONA PUBLIC SERV	8.750	01/15/2024	11,500,000	11,451,010
ASSOCIATES CORP NORTH AMER	6.000	06/15/2001	6,700,000	6,000,185
ATLANTIC RICHFIELD MTN	8.770	06/24/1999	10,000,000	10,538,100
ATLANTIC RICHFIELD MTN	8.950	06/20/2001	5,000,000	5,377,800
AT&T CAPITAL MEDIUM TERM NOTE	8.875	07/12/1995	3,000,000	3,088,440
B F PROPERTIES	7.500	02/25/2002	1,535,191	1,405,820
BALTIMORE GAS & ELEC CO	7.125	01/01/2002	1,000,000	958,070
BANK OF NEW YORK	7.625	07/15/2002	10,000,000	9,785,100
BANK OF NEW YORK	7.875	11/15/2002	9,950,000	9,878,062
BANK OF NEW YORK CO	6.500	12/01/2003	10,000,000	8,996,400
BANK ONE CORP	8.740	09/15/2003	16,000,000	16,718,720

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
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DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>CORPORATE BONDS</u>				
BANKAMERICA CORP	7.750	07/15/2002	11,000,000	10,812,120
BEAR STEARNS CO	6.625	01/15/2004	10,000,000	8,739,000
BEAR STEARNS FLOAT RATE NOTE	3.438	09/16/1995	3,000,000	3,005,340
BELL TEL CO PA	6.750	05/01/2008	600,000	527,454
BELL TEL CO PA	8.000	08/01/2009	2,700,000	2,635,524
BELL TEL CO PA	7.500	05/01/2013	2,000,000	1,866,400
BENEFICIAL CORP MTN	8.830	06/15/1998	10,000,000	10,514,200
BENEFICIAL CORP MTN	8.650	07/23/1996	15,000,000	15,552,450
BENEFICIAL CORP MTN	8.700	06/26/1996	10,000,000	10,372,100
BENEFICIAL CORP MTN	7.750	11/08/2002	25,000,000	24,844,000
BOEING CO	8.750	08/15/2021	20,000,000	20,790,400
BROAD RAFAEL PROPERTIES	10.250	06/01/2000	4,618,214	4,421,894
BURLINGTON NORTHERN INC	7.000	08/01/2002	25,000,000	23,402,750
BURLINGTON RESOURCES	6.875	08/01/1999	10,000,000	9,693,700
CARNIVAL CRUISE	5.750	03/15/1998	6,000,000	5,710,200
CARNIVAL CRUISE	7.200	10/01/2023	14,000,000	11,880,960
CASTLE PEAK POWER CO	6.870	08/01/2003	10,000,000	8,866,000
CATERPILLAR INC	9.125	12/15/1996	5,000,000	5,257,750
CATERPILLAR INC MTN	7.300	06/04/1997	20,000,000	20,156,800
CENTRAL BANKSHARES OF THE SOUTH	7.000	05/01/2003	10,000,000	9,202,400
CENTRAL PWR & LT CO	7.000	02/01/2001	4,300,000	4,067,714
CHEMICAL BANK	6.125	11/01/2008	7,500,000	6,125,175
CHESAPEAKE & POTOMAC TEL MD	6.625	10/01/2008	1,000,000	870,540
CHESAPEAKE & POTOMAC TEL WA	7.000	02/01/2009	100,000	90,849
CHICAGO & NW RR	13.500	02/01/1998	6,911,706	7,942,863
CHICAGO & NW RR	14.750	08/01/1998	15,560,021	18,965,642
CHRYSLER FINANCIAL CORP	5.625	01/15/1999	5,000,000	4,637,250
CHRYSLER FLOAT SWAP	1.000	04/12/1996	3,000,000	3,116,250
CHUBB CORP	8.750	11/15/1999	3,350,000	3,473,113
CINCINNATI GAS & ELEC	7.200	10/01/2023	5,000,000	4,291,900
COASTAL CORP	10.250	10/15/2004	5,000,000	5,419,100
COASTAL CORP	10.375	10/01/2000	7,250,000	7,854,578
COASTAL CORP	10.000	02/01/2001	6,490,000	6,962,472
COASTAL CORP	9.750	08/01/2003	6,850,000	7,344,433
COLONIAL PIPELINE, 144A	7.450	08/15/2007	20,000,000	18,526,000
COLORADO INTERSTATE GAS	10.000	06/15/2005	12,595,000	14,290,791
COLUMBIA HEALTHCARE	8.360	04/15/2024	10,000,000	9,816,400
COLUMBIA HEALTHCARE	7.150	03/30/2004	10,000,000	9,342,500
COLUMBIA HEALTHCARE	6.500	03/15/1999	8,375,000	8,037,823
COMMERCIAL CREDIT	9.200	06/15/1995	2,500,000	2,575,600
COMMONWEALTH EDISON CO	6.250	02/01/1998	1,750,000	1,648,465
COMMONWEALTH EDISON CO	5.750	11/01/1996	1,300,000	1,264,809
COMMONWEALTH EDISON CO	7.375	09/15/2002	16,500,000	15,611,970
COMMONWEALTH EDISON CO MTN	8.950	08/01/1994	1,250,000	1,252,738
COMMONWEALTH EDISON SR MTN	8.040	07/01/1994	500,000	500,000
CONAGRA	7.400	09/15/2004	25,000,000	23,410,000
CONRAIL	9.750	06/15/2020	10,000,000	11,372,200
CONSOLIDATED EDISON CO N Y	5.900	12/15/1996	6,500,000	6,371,820
COOPER INDUSTRIES MTN	7.750	10/15/1996	10,000,000	10,226,000
CPC INTL FLOAT RATE NOTE	5.020	04/26/1996	2,500,000	2,500,000
CSX CORP	8.625	05/15/2022	22,000,000	22,347,820
DEER PARK REFINING LP 144A	6.470	12/15/2008	5,000,000	4,440,000
DEERE & CO	8.950	06/15/2019	4,000,000	4,263,320
DELTA AIR LINES	9.375	09/11/2007	13,500,190	12,818,161
DIGITAL EQUIPMENT	8.625	11/01/2012	30,000,000	24,107,100
DIMONT CORP	9.875	03/01/2006	2,378,592	2,465,506

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
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DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>CORPORATE BONDS</u>				
DISCOVER CREDIT CORP MTN FRN	3.528	06/05/1995	2,500,000	2,509,200
DOW CAPITAL CORP MTN	8.937	02/19/2021	5,000,000	5,355,800
DOW CHEMICAL CO	8.480	08/15/2015	10,000,000	10,022,200
DUKE PWR CO	4.500	02/01/1995	2,900,000	2,872,189
EASTMAN CHEMICAL	7.250	01/15/2024	10,000,000	8,519,800
EASTMAN KODAK	9.500	06/15/2008	20,000,000	21,999,600
FIRST BANK SYSTEM	8.000	07/02/2004	10,000,000	10,015,400
FIRST CHICAGO	6.875	06/15/2003	20,000,000	18,418,600
FIRST UNION CORP	8.000	11/15/2002	18,100,000	18,132,399
FIRST WARD PROPERTIES	8.000	11/15/2006	2,241,233	2,021,861
FLEET MORTGAGE CORP FRN	3.238	09/30/1994	3,000,000	3,002,220
FORD CAPITAL BV	9.375	01/01/1998	5,000,000	5,310,400
FORD MOTOR CREDIT	5.625	01/15/1999	10,500,000	9,761,010
FORD MOTOR CREDIT CO	8.000	06/15/2002	43,000,000	42,977,210
FORD MOTOR CREDIT CORP	7.750	11/15/2002	10,000,000	9,864,800
GEN MTRS ACC CORP DTD	8.750	01/01/1995	5,650,000	5,730,287
GEN MTRS ACC CORP MTN DT	8.700	03/15/1995	8,000,000	8,149,200
GEN MTRS ACC CORP MTN DTD	8.800	07/08/1996	1,300,000	1,344,928
GEN MTRS ACCEPT CORP MTN	6.000	12/10/1998	10,000,000	9,388,600
GEN MTRS ACCEPT CORP MTN	6.000	12/07/1998	22,500,000	21,127,950
GEN MTRS ACCEPT CORP MTN	6.200	05/11/1998	5,000,000	4,776,600
GENERAL ELECTRIC CAP CORP	8.375	03/01/2001	5,000,000	5,203,150
GENERAL ELECTRIC CAPITAL	8.520	12/15/2007	3,000,000	3,039,540
GENERAL MOTORS	8.800	03/01/2021	5,000,000	5,338,050
GENERAL MOTORS	9.625	12/01/2000	6,800,000	7,339,716
GENERAL MTRS	9.125	07/15/2001	8,200,000	8,643,456
GENERAL MTRS ACCEPT CORP	8.500	01/01/2003	25,000,000	25,540,750
GENERAL MTRS ACCEPT CORP	7.000	03/01/2000	5,000,000	4,821,150
GENERAL MTRS ACCEPT CORP	5.500	10/15/2002	21,000,000	21,170,100
GENERAL MTRS ACCEPT CORP	7.750	01/15/1999	25,000,000	25,268,000
GENERAL MTRS ACCEPT CORP	8.400	10/15/1999	10,460,000	10,717,107
GEORGIA-PACIFIC	8.125	06/15/2023	14,000,000	12,802,580
GEORGIA-PACIFIC	9.950	06/15/2002	21,625,000	23,949,255
GLYCOMED INC SUB DEB CONV			1,328,000	756,960
GOLDEN WEST FINL	7.250	08/15/2002	10,000,000	9,476,700
GOLDMAN SACHS 144A	6.375	06/15/2000	10,000,000	9,245,200
GREAT NORTHN RY CO	3.125	01/01/2000	25,000	19,689
GREAT WESTERN BANK	10.250	06/15/2000	5,000,000	5,502,450
GREAT WESTERN RN	8.600	02/01/2002	16,000,000	16,474,080
GTE CORP	8.500	04/01/2017	4,000,000	3,838,680
GTE CORP	7.830	05/01/2023	15,000,000	13,440,900
GULF STS UTILS CO	6.750	10/01/1998	300,000	288,204
GULF STS UTILS CO	8.250	04/01/2004	20,000,000	20,200,000
GULF STS UTILS CO	8.700	04/01/2024	5,000,000	4,894,450
HANSON PLC	7.375	01/15/2003	26,000,000	24,996,920
HELLER FINANCIAL INC	5.625	03/15/2000	5,000,000	4,562,000
HELLER FINANCIAL INC	6.500	05/15/2000	10,000,000	9,496,800
HERTZ CORP	7.625	08/01/2002	10,000,000	9,668,900
HERTZ CORP	6.500	04/01/2000	6,500,000	6,087,315
HOST MARRIOTT INC.	10.625	02/01/2000	4,753,000	4,753,000
HOUSEHOLD FINANCE CORP	9.625	07/15/2000	3,000,000	3,252,720
HOUSEHOLD FINANCE CORP	6.875	03/01/2003	15,000,000	13,889,250
IBM CREDIT CORP SWAP	6.125	11/15/1994	3,000,000	3,009,150
INDIANA BELL TEL INC	4.375	06/01/2003	650,000	509,841
INTERNATIONAL LEASE FINANCE CORP	4.550	05/26/1995	5,000,000	4,940,500
JOHN DEERE CAP	8.625	08/01/2019	2,000,000	2,063,860

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
CORPORATE BONDS				
KAISER FOUND HOSPITAL	9.000	11/01/2001	6,900,000	7,345,395
KANSAS GAS & ELEC	8.290	09/29/2016	24,500,000	23,604,035
KEYCORP	8.000	07/01/2004	16,000,000	15,852,640
KOREA DEV BK	7.000	07/15/1999	6,000,000	5,744,940
KOREA ELEC PWR	8.000	07/01/2002	14,000,000	13,605,620
KOREA ELECTRIC POWER	6.375	12/01/2003	23,000,000	19,756,540
LIMAR / SAFEWAY	13.500	04/01/2009	13,914,971	16,808,589
LOCKHEED CORP	5.875	03/15/1998	9,000,000	8,629,110
LONG ISLAND LTG CO	4.550	06/01/1995	5,401,000	5,240,968
LORAL CORP	7.000	09/15/2023	15,000,000	12,234,000
LORAL CORP	7.625	06/15/2004	10,000,000	9,619,700
LOUISIANA LAND & EXPLOR	7.650	12/01/2023	10,000,000	8,770,100
LOUISVILLE GAS & ELEC CO	6.750	06/01/1998	500,000	480,650
LOUISVILLE & NASHVILLE RR CO	2.875	04/01/2003	25,000	17,091
MASCO CORP	6.125	09/15/2003	20,000,000	17,313,200
MBNA AMER BANK NA	7.250	09/15/2002	16,150,000	15,390,304
MBNA CORP, MTN	6.150	10/01/2003	3,250,000	2,905,598
MCI COMMUNICATIONS CORP	7.500	08/20/2004	30,000,000	29,097,900
MCI COMMUNICATIONS CORP	7.750	03/23/2025	25,000,000	23,024,750
MCI COMMUNICATIONS CORP	8.250	01/20/2023	15,000,000	14,474,400
MEDUSA CV			628,000	596,600
MONTANA PWR CO	7.500	04/01/2001	1,000,000	967,050
MORGAN STANLEY GROUP INC	6.375	12/15/2003	8,200,000	7,233,958
MOUNTAIN STS TEL & TELEG CO	5.500	06/01/2005	100,000	82,194
NACCO MINING	8.000	06/01/1997	367,500	355,101
NBD BANCORP	7.250	08/15/2004	6,650,000	6,292,230
NEW ENGLAND TEL & TELEG CO	6.125	10/01/2006	200,000	172,842
NEW JERSEY BELL TEL CO	7.375	06/01/2012	3,600,000	3,289,104
NEW YORK TEL CO	7.500	03/01/2009	1,500,000	1,414,515
NEW YORK TEL CO	7.750	12/15/2006	8,200,000	7,915,214
NEWMONT MINING CORP	8.625	04/01/2002	20,000,000	20,301,600
NIAGARA MOHAWK POWER CORP	8.000	06/01/2004	15,000,000	14,447,100
NIAGARA MOHAWK POWER CORP	6.875	03/01/2001	10,000,000	9,229,200
NORANDA FOREST	7.500	07/15/2003	16,000,000	14,872,320
NORDSTROM CREDIT INC MTN	9.600	07/01/1998	6,900,000	7,460,073
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	500,000	513,835
NY STATE ELECTRIC AND GAS	8.300	12/15/2022	5,000,000	4,845,250
OCCIDENTAL PETE	9.250	08/01/2019	7,500,000	7,963,575
OCCIDENTAL PETE MTN	5.840	11/09/1998	10,000,000	9,254,400
PACIFIC GAS & ELEC CO	6.750	12/01/2000	200,000	190,254
PACIFIC GAS & ELEC CO	6.625	06/01/2000	925,000	877,316
PACIFIC GAS & ELEC CO	7.250	03/01/2026	15,000,000	12,866,250
PACIFIC GAS & ELEC CO	6.875	12/01/1999	3,515,000	3,374,822
PACIFIC GAS & ELEC CO MTN	6.350	07/15/1997	10,000,000	9,829,800
PACIFIC PHYSICIAN SVCS INC			1,093,000	792,425
PAINE WEBBER GROUP FRN	3.702	11/03/1995	3,000,000	3,010,230
PANHANDLE EASTERN	7.200	08/15/2013	6,000,000	5,009,580
PANHANDLE EASTERN PIPELINE	7.950	03/15/2023	10,000,000	9,171,500
PENNEY, JC	8.250	08/15/2022	25,000,000	24,125,000
PETROLIUM NASIONAL BERHAD	6.875	07/01/2003	15,000,000	13,810,650
PHIL SUBURBAN WTR	5.500	11/01/1996	175,000	168,562
PHILADELPHIA EL	8.000	04/01/2002	8,000,000	7,943,040
PHILIP MORRIS	7.625	05/15/2002	15,500,000	14,859,230
PHILIP MORRIS	7.125	08/15/2002	5,000,000	4,631,300
PHILIPS ELECTRONIC	7.250	08/15/2013	20,000,000	17,416,600
PHILIPS ELECTRONICS NV	7.750	04/15/2004	10,000,000	9,673,200

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
CORPORATE BONDS				
PHILLIP MORRIS MTN	6.500	12/12/1995	1,500,000	1,504,290
PHILLIPS PETROLEUM	8.490	01/01/2023	15,000,000	14,300,250
PHILLIPS PETROLEUM	7.920	04/15/2023	10,000,000	9,057,000
PLACER DOME INC	7.125	05/15/2003	4,500,000	4,083,840
PNC FUNDING CORP	6.125	09/01/2003	10,000,000	8,813,200
PNC FUNDING CORP	6.875	03/01/2003	10,000,000	9,272,400
POTOMAC ELEC PWR CO	4.500	05/15/1999	1,700,000	1,499,230
POTOMAC ELEC PWR CO	8.625	08/15/2019	6,700,000	6,942,339
PROGRESSIVE CORP	7.000	10/01/2013	15,000,000	12,613,050
PROGRESSIVE CORP	6.600	01/15/2004	20,000,000	17,991,000
REPUBLIC NEW YORK CORP	7.750	05/15/2002	10,000,000	9,946,800
RICOH FIN CORP MTN	7.600	11/07/1996	10,000,000	10,116,100
RJR NABISCO CAPITAL CORP	8.750	04/15/2004	12,950,000	11,135,576
RJR NABISCO INC	8.625	12/01/2002	20,050,000	17,387,360
RJR NABISCO INC	8.750	08/15/2002	7,000,000	6,028,750
RJR NABISCO INC NT	9.250	05/01/1995	2,000,000	2,029,840
RJR NABISCO MTN DTD	5.270	02/27/1995	2,000,000	1,973,940
RYDER SYSTEM	9.000	05/15/2016	8,900,000	9,188,805
SALOMON INC FRN	4.063	06/05/1995	3,000,000	3,010,650
SALOMON INC FRN MTN DTD	4.056	04/05/1995	7,500,000	7,524,525
SECURITY PACIFIC CORP	8.350	08/15/1994	5,000,000	5,018,400
SHEARSON LEHM HLDGS FRN MTN	3.828	03/18/1996	10,000,000	10,019,200
SHEARSON LEHMAN BROS HOLDING MEDIUM	4.980	06/19/1995	3,000,000	2,966,550
SOCIETY CORP	7.850	11/01/2002	12,750,000	12,563,085
SOCIETY CORP	8.125	06/15/2002	5,000,000	4,990,150
SOUTHERN IND GAS & ELEC CO	6.375	08/01/1998	2,250,000	2,132,033
SOUTHERN NEW ENGLAND TEL CO	4.375	12/01/2001	1,475,000	1,202,568
SOUTHERN UNION GAS	7.600	02/01/2024	20,000,000	17,434,200
SPRINT CORP	9.250	04/15/2022	23,875,000	25,288,400
SURWAY ASSOC (SAFEWAY)	13.900	04/01/2005	20,865,800	22,979,714
TELECOMMUNICATIONS INC	8.250	01/15/2003	15,000,000	14,728,800
TELECOMMUNICATIONS INC	9.250	01/15/2023	21,000,000	20,673,450
TELECOMMUNICATIONS INC.	7.875	08/01/2013	12,000,000	10,468,440
TEMPLE-INLAND	8.250	09/15/2022	10,000,000	9,649,100
TENAGA NASIONAL BERHAD	7.875	06/15/2004	14,500,000	14,173,315
TENNECO INC	7.875	10/01/2002	10,000,000	9,876,700
TENNECO INC.	10.000	08/01/1998	15,875,000	17,162,939
TEXACO CAPITAL INC	6.875	08/15/2023	5,000,000	4,189,050
TEXAS INSTRUMENTS	9.250	06/15/2003	6,000,000	6,402,000
TEXAS UTILITIES	6.375	08/01/1997	20,000,000	19,586,000
TEXAS UTILITIES	6.750	04/01/2003	10,000,000	9,189,300
TEXAS UTILITIES	9.875	11/01/2019	8,900,000	9,285,459
TEXAS UTILITIES	7.625	07/01/2025	5,000,000	4,464,800
TEXAS UTILITIES	7.875	03/01/2023	10,000,000	9,191,000
TEXTRON INC	8.750	07/01/2022	17,000,000	17,128,520
THE ST PAUL CO MTN	7.630	12/02/1998	10,000,000	10,148,100
TIME WARNER ENTERTAINMENT	8.875	10/01/2012	16,400,000	15,625,756
TIME WARNER ENTERTAINMENT	8.375	07/15/2033	10,000,000	8,677,400
TIME WARNER ENTERTAINMENT	10.150	05/01/2012	25,000,000	26,114,750
TORCHMARK CORP	8.625	03/01/2017	2,300,000	2,150,937
TOYOTA MOTOR CREDIT STRUCTURED MTN	3.400	12/10/1994	3,000,000	2,978,490
UNION BANK OF LOS ANGELES	7.350	02/01/2001	4,596,000	4,198,952
UNIV OF PUGET SOUND	8.250	07/01/2002	1,190,000	1,207,662
US WEST COMM	7.500	06/15/2023	9,000,000	8,100,990
US WEST COMM	6.875	09/15/2033	12,000,000	9,899,160
WALT DISNEY COMPANY 144A	7.500	10/20/1999	10,000,000	7,475,000

**RETIREMENT FUNDS
LONG-TERM FIXED INCOME
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	MARKET VALUE
<u>CORPORATE BONDS</u>				
WASTE MANAGEMENT	7.650	03/15/2011	14,000,000	13,174,420
WELLS FARGO & CO	8.750	05/01/2002	4,500,000	4,691,790
WELLS FARGO & CO	8.375	05/15/2002	5,000,000	5,104,750
WESTINGHOUSE CR MTN DTD12/19/89	8.650	12/20/1994	1,900,000	1,919,361
WHIRLPOOL CORP	9.000	03/01/2003	5,000,000	5,248,500
WILLIAMS COS	8.875	09/15/2012	19,000,000	19,336,110
XEROX CORP	9.250	02/15/2000	1,000,000	1,019,320
ZURICH REINSURANCE	7.125	10/15/2023	15,000,000	12,469,050
PENDING TRADES			48,000,000	45,558,566
TOTAL CORPORATE BONDS			<u>\$2,469,045,907</u>	<u>\$2,393,797,077</u>
<u>ZERO COUPON BONDS</u>				
GRAND METROPOLITAN	0.000	01/06/2004	12,500,000	5,954,375
WASTE MANAGEMENT LYON	0.000	04/13/2012	100,000	3,462,500
TOTAL ZERO COUPON BONDS			<u>\$12,600,000</u>	<u>\$9,416,875</u>
<u>FOREIGN</u>				
AMERICAN BRANDS	5.750	04/11/2005	3,000,000	3,420,000
BANESTO FIN EURO FRN	4.400	12/28/1995	10,000,000	9,990,000
CANADIAN NAT'L RR	6.625	05/15/2003	12,000,000	11,022,360
FORD CREDIT FUNDING EURO NON DOLLAR	13.250	03/08/1995	2,140,000	3,446,571
HYDRO-QUEBEC	8.000	02/01/2013	31,000,000	28,938,500
HYDRO-QUEBEC MTN	6.380	01/15/2002	5,000,000	4,603,550
MANITOBA PROV CDA	9.125	01/15/2018	9,000,000	9,897,210
MANITOBA PROV CDA	9.625	12/01/2018	5,000,000	5,581,150
MANITOBA PROV CDA	8.800	01/15/2020	10,000,000	10,351,200
MONTREAL CITY OF	5.000	11/01/2004	1,368,000	1,071,130
NEWFOUNDLAND, PROV. OF	8.650	10/22/2022	11,900,000	11,687,585
NIKKO SECURITIES EURO YEN NOTE	8.250	12/19/1995	2,785,515	3,635,000
ONTARIO PROV CDA	7.625	06/22/2004	24,000,000	23,436,000
QUEBEC PROV CDA	8.800	04/15/2003	10,000,000	10,533,300
QUEBEC PROV CDA	7.500	07/15/2023	24,000,000	20,713,920
SASKATCHEWAN CDA	8.000	02/01/2013	9,000,000	8,456,310
SASKATCHEWAN CDA	7.375	07/15/2013	34,000,000	29,979,500
PENDING TRADES			(10,000,000)	(10,683,544)
TOTAL FOREIGN			<u>\$194,193,515</u>	<u>\$186,079,741</u>
<u>MUNICIPAL BONDS</u>				
HARVARD 12.45 NOTE	12.450	04/14/1995	3,000,000	3,147,960
TOTAL MUNICIPAL BONDS			<u>\$3,000,000</u>	<u>\$3,147,960</u>

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
3COM CORP COM	44,300	2,275,913
A H BELO CORP CLA	50,000	2,156,250
A O SMITH CORP COM	35,100	895,050
A T & T CORP COM	10,700	581,813
ABBOTT LABS	168,100	4,874,900
ACCLAIM ENTMT INC	36,750	643,125
ACS ENTERPRISES INC COM	140,100	1,751,250
ADAC LABS COM NEW	132,400	1,108,850
ADC TELECOMMUNICATIONS INC C	69,300	2,789,325
ADELPHIA COMMUNICATIONS CORP	70,000	910,000
ADOBE SYS INC COM	47,450	1,293,013
ADT LTD	362,000	3,665,250
ADT LTD WTS EXP 6/30/1994	1,554	0
ADVANCED MICRO DEVICES INC	28,100	702,500
ADVANTA CORP	36,450	1,175,513
ADVANTAGE HEALTH CORP COM	31,500	700,875
AES CHINA GENERATING CO LTD	39,000	448,500
AES CORPORATION	100,376	1,882,050
AETNA LIFE & CAS CO	47,000	2,626,125
AFLAC	84,075	2,837,531
AHMANSON H F & CO	12,000	226,500
AIR & WTR TECHNOLOGIES CORP	198,500	1,811,313
AIRGAS INC	270,700	7,139,713
AIRTOUCH COMMUNICATIONS	38,500	909,563
ALAMO GROUP INC	79,200	1,306,800
ALBERTO CULVER CO	22,600	488,725
ALBERTSONS INC	227,000	6,242,500
ALC COMMUNICATIONS CORP	62,000	1,906,500
ALDILA INC	41,800	627,000
ALIAS RESH INC	180,000	2,362,500
ALKERMES INC	173,400	801,975
ALLIED GROUP INC COM	100,000	2,600,000
ALLIED-SIGNAL INC	36,200	1,253,425
ALLSTATE CORP COM	7,500	178,125
ALPHA BETA TECHNOLOGY INC	23,600	253,700
ALTEON INC	39,000	229,125
ALUMAX INC	169,300	4,338,313
AMER INTL GROUP	26,400	2,286,900
AMERADA MESS CORP	32,000	1,576,000
AMERICA ONLINE INC DEL	55,500	3,163,500
AMERICAN BARRICK RESOURCES C	67,500	1,611,563
AMERICAN BRANDS INC	52,600	1,663,475
AMERICAN BUSINESS PRODS INC	100,600	1,911,400
AMERICAN CYANAMID CO	4,000	224,000
AMERICAN ELEC PWR INC	27,800	785,350
AMERICAN EXPRESS CO	156,600	4,032,450
AMERICAN GREETINGS CL A	39,100	1,173,000
AMERICAN HERITAGE LIFE INVES	84,400	1,487,550
AMERICAN HOME PRODS CORP	15,400	873,950
AMERICAN MED RESPONSE INC	62,200	1,601,650
AMERICAN PUBG CO CLA	116,000	1,595,000
AMERICAN PWR CONVERSION CORP	81,100	1,307,738
AMERICAN RE CORP	69,000	2,156,250
AMERICAN STORES CO NEW COM	24,800	607,600
AMERIFED FINL CORP COM	54,000	2,315,250
AMERITECH CORP NEW	36,400	1,387,750
AMERON INC COM	16,800	596,400

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>SHARES</u>	<u>MARKET VALUE</u>
<u>COMMON & PREFERRED STOCK</u>		
AMETEK INC COM	63,000	929,250
AMGEN INC	54,500	2,336,688
AMOCO CORP	71,200	4,049,500
AMPHENOL CORP	37,600	601,600
AMR CORP	3,775	224,141
ANADARKO PETE CORP COM DEB	75,600	3,865,050
ANALOG DEVICES INC	18,000	517,500
ANALYSTS INTL CORP	88,450	1,459,425
ANDREW CORP	50	1,838
ANHEUSER BUSCH COS INC	99,200	5,034,400
ANTEC CORP	70,000	1,645,000
APACHE CORPORATION COMMON	173,900	4,803,988
APPLE COMPUTER INC	48,800	1,293,200
APPLEBEES INTL INC	48,000	588,000
APPLIED MATERIALS INC	15,900	679,725
APTARGROUP INC	71,000	1,615,250
ARBOR DRUGS INC	92,500	1,711,250
ARCHER DANIEL MIDLAND	62,030	1,449,951
ARCTCO INC	42,200	1,107,750
ARMOR ALL PRODS CORP COM	40,900	879,350
ARNOLD INDS COM	194,200	3,835,450
ARROW ELECTRONICS INC	21,800	812,050
ASSOC COMMUNICATIONS CL B COM	170,000	4,377,500
ASSOCIATED COMMUNICATIONS CO	54,000	1,323,000
ASSOCIATED NAT GAS CORP	31,900	1,020,800
ATHENA NEUROSCIENCES INC	36,900	249,075
ATLANTIC RICHFIELD CO	20,600	2,106,350
ATRIA SOFTWARE INC	4,000	57,000
AU BON PAIN INC	22,500	450,000
AUTODESK INC	16,250	804,375
AUTOMATIC DATA PROCESSING	28,900	1,535,313
AUTOZONE INC	68,000	1,657,500
AVID TECHNOLOGY INC	164,900	4,493,525
AVNET INC	6,250	196,875
AVON PRODS INC	34,900	2,054,738
B G S SYS INC	62,300	1,619,800
BALTIMORE GAS&ELEC	38,600	820,250
BANC ONE CORP	59,920	2,052,260
BANK BOSTON CORP COM	5,500	135,438
BANKAMERICA CORP	56,600	2,589,450
BANKERS TR NY CORP	17,100	1,139,288
BANTA CORPORATION	74,000	2,368,000
BARD C R INC	7,500	179,063
BARNES GROUP INC COM	28,400	1,001,100
BARNES & NOBLE INC	72,500	1,740,000
BARNETT BANKS INC COM	120,500	5,271,875
BAUSCH & LOMB	22,600	836,200
BAXTER INTL INC	75,300	1,976,625
BAYBANKS INC	60,000	3,615,000
BEARINGS INC OHIL	52,800	1,676,400
BECTON DICKINSON & CO	18,900	772,538
BED BATH & BEYOND	79,800	2,284,275
BELL ATLANTIC CORP	17,200	963,200
BELLSOUTH CORP	109,200	6,743,100
BEMIS INC	42,900	954,525
BERKLEY W R CORP	68,600	2,658,250
BEST BUY INC COM	25,800	744,975

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
BHA GROUP INC CL A	29,300	271,025
BHC FINL INC	188,400	1,907,550
BIC CORP	102,200	2,912,700
BIOGEN INC	95,400	2,730,825
BIOMEY INC.	127,000	1,317,625
BLAIR CORP	73,700	3,012,488
BLOCK DRUG CO INC CL A NON-V	64,762	2,056,194
BMC SOFTWARE INC	59,100	2,323,125
BOB EVANS FARMS INC	133,100	2,861,650
BOMBAY INC	110,000	1,388,750
BOOLE & BABBAGE INC COM	10,000	260,000
BOW VALLEY INDUSTRIES LIMITE	225,000	2,334,375
BRADY W H CO CL A NON VTG	27,400	1,267,250
BRINKER INTL INC	40,500	1,022,625
BRISTOL MYERS SQUIBB CO.	25,000	1,340,625
BROADCASTING PARTNERS INC CL	101,000	1,136,250
BROCK CTL SYS INC	19,500	242,522
BRODERBUND SOFTWARE INC	42,900	1,941,225
BRUNOS INC.	130,000	942,500
BUCKLE INC	20,800	262,600
BUFFETS INC	36,000	661,500
BURLINGTON NORTHN INC	19,600	1,046,150
BURLINGTON RESOURCES	5,900	244,113
C B I INDS INC.	19,400	543,200
CABLEVISION SYS CORP CL A	96,000	4,488,000
CAI WIRELESS SYS INC COM	62,400	639,600
CALIFORNIA ENERGY CO INC	150,000	2,475,000
CALLAWAY GOLF CO COM	43,800	1,708,200
CAMCO INTL INC	130,000	2,648,750
CAMPBELL SOUP CO	46,500	1,598,438
CAPITAL CITIES ABC INC	49,200	3,499,350
CARAUSTAR INDS INC	220,000	3,850,000
CAREMARK INTL INC	9,750	162,094
CARLISLE COMPANIES INC	99,000	3,242,250
CAROLINA PWR & LT CO	44,100	1,019,813
CARPENTER TECHNOLOGY CORP CO	56,000	3,346,000
CASCADE CORP	54,900	1,207,800
CATO CORP NEW CL A	41,200	520,150
CBS INC COMMON	15,700	4,914,100
CCB FINL CORP COM	77,400	3,076,650
CDW COMPUTER CTRS INC COM	34,800	626,400
CELLPRO INC	27,000	519,750
CENTEX CONSTR PRODS INC	191,200	2,270,500
CENTRAL NEWSPAPERS INC CL A	160,000	4,540,000
CENTRAL & SOUTH WEST CORP	51,900	1,102,875
CEPHALON INC	107,400	966,600
CHARLES SCHWAB CORP NEW	36,700	908,325
CHARMING SHOPPES INC.	89,700	840,938
CHEMICAL BKG CORP	46,600	1,794,100
CHEVRON CORP	141,000	5,904,375
CHRYSLER CORPORATION COMMON	51,300	2,436,750
CHUBB CORP	19,900	1,524,838
CIGNA CORP	5,200	379,600
CINTAS CORP COM	33,500	1,097,125
CISCO SYS INC	8,400	196,350
CITICORP	92,550	3,690,431
CITICORP CONV PFD	124,300	2,439,388

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
CITY NATIONAL CORP	276,616	2,766,160
CLAYTON HOMES INC COM	63,625	1,121,391
CLEAR CHANNEL COMMUNICATIONS	35,625	1,340,391
CLINICOM INC	19,000	275,500
CLOROX CO DEL	29,000	1,417,375
CNA FINL CORP	7,900	485,850
COASTAL CORP	52,100	1,406,700
COASTAL HEALTHCARE GROUP INC	59,000	1,991,250
COCA COLA CO	135,600	5,508,750
COGENSYS INC	22,000	68,750
COLEMAN INC NEW COM	73,800	2,214,000
COLGATE PALMOLIVE COMPANY CO	64,300	3,359,675
COLLAGEN CORP	43,400	813,750
COLUMBIA / HCA HEALTHCARE CORP	46,300	1,736,250
COMCAST CORP CL A SPL	17,100	307,800
COMMERCE BANC SHARES INC	50,000	1,562,500
COMMERCIAL INTERTECH CORP	38,500	1,015,438
COMMONWEALTH EDISON CO	255,100	5,803,525
COMMUNICATIONS SYS INC	79,500	1,013,625
COMMUNITY HEALTH SYS INC	162,050	3,362,538
COMPAQ COMPUTER CORP	40,800	1,320,900
COMPUSA INC	85,000	754,375
COMPUWARE CORP	13,000	537,875
COMSAT CORP COM SER 1	9,000	211,500
CONAGRA INC	94,300	2,876,150
CONSEP INC	30,700	130,475
CONSOLIDATED EDISON N	35,800	948,700
CONSOLIDATED NAT GAS	24,700	932,425
CONSOLIDATED STORES CORP COM	320,700	3,928,575
COOPER INDS INC	31,700	1,141,200
COOPER TIRE & RUBR CO	79,800	1,845,375
CORNING INC	3,500	114,188
CORVAS INTL INC	32,200	100,625
COS CORP	72,600	317,625
COVENTRY CORP	86,400	3,175,200
CPC INTL INC	51,500	2,484,875
CRANE COMPANY COMMON	136,400	3,597,550
CROSS TIMBERS OIL CO	33,300	466,200
CROWN CORK & SEAL INC	47,000	1,750,750
CSX CORP	37,000	2,793,500
CUC INTL INC	170,900	4,614,300
CULLEN FROST BK INC	29,000	1,022,250
CUSTOM CHROME INC	24,600	350,550
DAMES & MOORE INC COM	93,500	1,367,438
DANA CORP	85,600	2,439,600
DAVIDSON & ASSOC INC	12,200	189,100
DAYTON HUDSON CORP	550	44,550
DEAN WITTER DISCOVER & CO	19,100	716,250
DEERE & CO	43,600	2,948,450
DELL COMPUTER CORP	25,900	683,113
DELTA AIR LINES INC DEL COM	35,600	1,610,900
DELUXE CORPORATION	14,000	369,250
DEPARTMENT 56 INC	24,400	777,750
DETROIT EDISON	48,800	1,207,800
DEXTER CORPORATION COMMON	82,400	1,998,200
DIAL CORP DEL	29,700	1,269,675
DIGITAL EQUIPMENT	6,000	117,000

RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS

DESCRIPTION	SHARES	MARKET VALUE
COMMON & PREFERRED STOCK		
DIGITAL LINK CORP	78,600	786,000
DILLARD DEPT STORES	45,700	1,410,988
DISNEY WALT CO COM	78,500	3,267,563
DOLLAR GEN CORP	104,531	2,613,275
DOMINION RES INC VA	26,400	960,300
DONNELLY CORP CL A	72,000	1,134,000
DONNKENNY INC DEL	28,000	675,500
DREYERS GRAND ICE CREAM INC	42,200	960,050
DSC COMMUNICATIONS CORP COM	46,800	915,502
DU PONT E I DE NEMOURS & CO	170,000	9,902,500
DUKE POWER CO	36,600	1,308,450
DURACELL INTL INC	51,600	2,012,400
EASTMAN KODAK CO	77,000	3,705,625
EATON CORP	47,200	2,454,400
ECI TELECOM LTD	38,600	636,900
EDISON BROS STORES INCORPORA	90,000	2,272,500
EDUCATIONAL MEDICAL INC WTS	2,273	0
EDUCATIONAL MEDICAL INC.	76,765	384,938
EG & G INC	38,900	583,500
ELAN PLC ADR	17,000	590,750
ELECTRONIC ARTS	112,300	1,572,200
ELI LILLY & CO COM	42,100	2,394,438
EMERSON ELECTRIC CO	11,300	642,688
ENGELHARD CORPORATION COM	70,750	1,786,438
ENHANCE FINL SVCS GROUP INC	113,000	1,977,500
ENNIS BUSINESS FORMS INC	84,800	1,155,400
ENRON CORP	58,500	1,915,875
ENTERGY CORP	47,800	1,183,050
EQUIFAX INC	126,600	3,576,450
EQUITABLE COS INC	17,300	307,075
ETHAN ALLEN INTERIORS INC CO	22,400	459,200
EXCEL INDS INC	150,000	2,325,000
EXXON CORP	33,900	1,923,825
F M C CORP	15,900	860,588
F & M NATL CORP	74,600	1,286,850
FAB INDS INC	43,700	1,485,800
FASTENAL CO COMMON	28,000	945,000
FEDERAL EXPRESS CORP	11,600	887,400
FEDERAL NATL MTG ASSOC	54,000	4,509,000
FEDERAL PAPER BRD INC	7,750	177,281
FEDERAL SIGNAL CORP	36,100	613,700
FEDERATED DEPT STORES	100,300	2,006,000
FERRO CORPORATION	60,400	1,396,750
FHP INTL CORP	93,000	2,232,000
FILENET CORP.	82,300	1,419,675
FINGERHUT COS INC	72,700	1,762,975
FIRST ALERT INC	52,900	1,401,850
FIRST AMERN FINL CORP CALIF	140,000	3,237,500
FIRST BANCORP OF OHIO INC	107,700	2,665,575
FIRST BANK SYS INC	31,100	1,127,375
FIRST BRANDS CORP	55,600	2,036,350
FIRST CHICAGO CORP	2,000	96,250
FIRST FINL MGMT CORP	93,900	5,211,450
FIRST MIDWEST BANCORP INC DE	90,000	2,407,500
FIRST UNION CORP	64,200	2,961,225
FIRST WESTERN BANCORP INC	49,420	1,436,244
FISERV INC COM	54,000	1,107,000

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
COMMON & PREFERRED STOCK		
FLEET FINL GROUP INC	127,800	4,824,450
FLEET MTG GROUP INC	120,000	1,895,000
FLEMING COS INC	26,600	738,150
FLOWERS INDUSTRIES INC COM	264,900	4,834,425
FLUKE CORP COM	37,100	1,094,450
FLUOR CORP COM	68,300	3,466,225
FOODMAKER INC NEW COM NEW	300,000	1,687,500
FOOTE CONE & BELDING COMMUNI	43,600	1,962,000
FORD MTR CO DEL	99,700	5,882,300
FOREST LABORATORIES INC CLA	45,300	1,970,550
FORSCHNER GROUP INC COM	110,400	1,352,400
FOSTER WHEELER CORP	28,500	1,036,688
FPL GROUP INC	25,300	752,675
FREEPORT MCMORAN COPPER & GO	90,000	2,002,500
FRIEDMANS INC CLA	162,600	2,154,450
FRONTIER INS GROUP INC NEW	136,365	4,227,315
FTP SOFTWARE INC COM	87,400	1,332,850
GALLAGHER ARTHUR J & CO	86,100	2,669,100
GANNETT INC DEL	53,500	2,648,250
GAP INC DEL	29,300	1,252,575
GARAN INC	51,300	1,141,425
GARDNER DENVER MACHINERY INC	1,268	11,808
GAYLORD ENTMT CO CLA	180,000	4,410,000
GENERAL DATACOMM INDS INC	5,000	80,625
GENERAL ELEC CO	261,200	12,178,450
GENERAL INSTR CORP NEW	11,200	638,400
GENERAL MLS INC	49,100	2,682,088
GENERAL MTRS CORP	149,200	7,497,300
GENERAL RE CORP	11,500	1,252,063
GENETICS INST INC	30,000	1,245,000
GENSIA PHARMACEUTICALS INC	130,700	1,208,975
GENSIA PHARMACEUTICALS WT 12/31/96	2,500	6,563
GENTEX CORP COM	24,800	632,400
GENUINE PARTS CO	13,500	487,688
GENZYME TRANSGENICS CORP	77,200	328,100
GEON CO	100,000	2,625,000
GERBER PRODUCTS COMPANY COMM	26,700	1,361,700
GIANT FOOD INC	20,300	398,388
GIDDINGS & LEWIS INC WIS	10,000	155,000
GLOBAL MARINE INC NEW	560,000	2,590,000
GOLDEN WEST FINL CORP DEL	41,100	1,587,488
GOODYEAR TIRE & RUBR CO	46,600	1,677,600
GRACE W R & CO	6,400	255,200
GRACO INC	50,600	948,750
GRAINGER W E INC	24,300	1,552,163
GREAT LAKE CHEMICAL CORP	21,800	1,179,925
GREENFIELD INDS INC DEL	99,000	1,930,500
GROSSMAN'S INC	66,800	175,350
GTE CORP	220,500	6,835,500
GUARANTY NATL CORP NEW	131,700	1,959,038
GYMBOREE CORP COM	42,400	1,674,800
H B FULLER CO COM	22,400	823,200
H & R BLOCK INCORPORATED COM	64,900	2,547,325
HAEMONETICS CORP MASS	36,000	652,500
HANNAFORD BROS CO COM	269,400	6,027,825
HARLAND JOHN H CO	74,300	1,616,025
HARLEYSVILLE GROUP	238,300	4,885,150

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
HARMON INDS INC NEW COM	75,500	1,510,000
HAYES WHEELS INTL INC	247,800	6,876,450
HBO & CO	41,700	1,052,925
HEALTH MGMT ASSOC INC NEW CL	148,400	3,042,200
HEALTH MGMT SYS INC	53,400	1,208,175
HEALTHCARE COMPARE CORP COM	184,600	3,276,650
HEALTHSOUTH REHABILITATION C	33,000	866,250
HEART TECHNOLOGY INC COM	15,300	254,363
HEARTLAND WIRELESS	30,400	342,000
HEILIG MEYERS CO COM	42,900	1,163,663
HEINZ H J CO	40,000	1,275,000
HELEN OF TROY LTD	35,000	516,250
HERCULES INCORPORATED COMMON	40,800	4,365,600
HERSHEY FOODS CORP	26,800	1,162,450
HEWLETT PACKARD COMPANY COMM	27,900	2,099,475
HOME DEPOT INC	126,633	5,334,415
HOMEDCO GROUP INC	19,300	540,400
HOMETOWN BUFFET INC	125,750	1,854,813
HON INDS INC	74,600	2,051,500
HONEYWELL INC.	10,200	316,200
HORIZON HEALTHCARE CORP	19,700	450,638
HOSPITALITY FRANCHISE SYS IN	380,300	9,317,350
HOUGHTON MIFFLIN COMPANY COM	61,500	2,721,375
HOUSTON INDS INC	25,700	838,463
IDEXX LABS INC	42,500	1,264,375
ILLINOIS CENT CORP	7,800	258,375
ILLINOIS TOOL	16,900	659,100
IMCO RECYCLING INC	107,900	1,510,600
INFORMIX CORP COM	64,400	998,200
INGERSOLL RAND CO	25,800	899,200
INLAND STL INDS INC.	41,650	1,452,544
INPUT/OUTPUT INC	74,400	1,767,000
INSURANCE AUTO AUCTIONS INC	18,200	591,500
INTEGRATED HEALTH SERVICES	64,700	1,941,000
INTEGRATED SILICON SYS INC	55,800	1,004,400
INTEL CORP	103,400	6,048,900
INTELCOM GROUP INC COM	15,500	174,375
INTERFACE INC CLA	91,400	1,028,250
INTERGROUP HEALTHCARE CORP	19,800	871,200
INTERNATIONAL FLAV	33,800	1,322,425
INTERNATIONAL PAPER CO	15,400	1,020,250
INTL BUSINESS MACHINES	16,300	957,625
INTUIT	91,300	3,035,725
IRVINE APT CMNTYS INC	65,000	1,300,000
ITT CORP	300	24,488
JACOBS ENGR GROUP INC COM	140,000	2,870,000
JEFFERSON PILOT CORP	23,900	1,165,125
JOHNSON & JOHNSON	173,000	7,417,375
JONES APPAREL GROUP INC	95,000	2,683,750
JOSLYN CORP	31,400	800,700
JOSTENS INC	78,500	1,265,813
JUNO LTG INC	117,500	2,232,500
K MART CORP	24,100	373,550
KELLOGG CO	44,600	2,425,125
KELLWOOD COMPANY	40,100	857,138
KEYCORP NEW COM	29,522	941,014
KEYSTONE FINL INC COM	68,800	2,201,600

RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS

DESCRIPTION	SHARES	MARKET VALUE
COMMON & PREFERRED STOCK		
KIMBALL INTL INC CL B	110,200	2,562,150
KIMBERLY CLARK	35,600	1,882,350
KING WORLD PRODTNS INC COM	45,300	1,806,338
KLA INSTR CORP COM	50,300	1,886,250
KOHL'S CORP	23,800	1,118,600
KROGER COMPANY COMMON	82,300	1,913,475
LA QUINTA INNS INC	58,100	1,517,863
LANDAUER INC	74,900	1,029,875
LANDMARK GRAPHICS CORP	48,300	1,485,225
LANDS END INC	57,600	1,022,400
LAWTER INTERNATIONAL INC	165,200	1,941,100
LDDS COMMUNICATIONS INC GA C	215,408	3,769,640
LEAR SEATING LEAR CORP	76,600	1,407,525
LEE ENTERPRISES INC COM	68,400	2,188,800
LIFE PARTNERS GROUP INC	231,200	4,046,000
LIFE RE CORP	54,200	1,084,000
LIGAND PHARMACEUTICALS INC C	61,800	757,050
LILLIAN VERNON CORP	62,200	1,150,700
LIMITED INC	67,800	1,169,550
LINCOLN TELECOMMUNICATIONS C	77,800	1,186,450
LINDSAY MFG CO	64,800	1,899,418
LINEAR TECHNOLOGY CORP COM	179,800	7,911,200
LIPOSOME TECHNOLOGY	80,800	484,800
LIZ CLAIBORNE INC	56,100	1,122,000
LOCKHEED CORP	57,100	3,732,913
LOEWEN GROUP INC	198,300	4,883,138
LONE STAR STEAKHOUSE SALOON	69,900	1,223,250
LOTUS DEV. CORP.	21,900	804,825
LOUISIANA PACIFIC CORP	38,500	1,174,250
LUBY'S CAFETERIAS INC	103,500	2,328,750
MACROMEDIA INC COM	5,300	46,375
MAGNA INTL INC CL A	18,600	744,000
MALLINCKRODT GROUP INC	102,600	3,334,500
MANITOWOC INC COM	83,900	2,087,013
MANUGISTICS GROUP INC COM	18,700	142,588
MARCUS CORP	59,300	1,534,388
MARION MERRELL DOW INC	9,000	165,375
MARK TWAIN BANSHARES INC COM	67,850	1,984,613
MARSH & MCLENNAN COS INC	93,100	7,762,213
MATTEL INC	65,150	1,653,181
MBNA CORP	3,100	69,750
MCDONALDS CORP	30,400	877,800
MCI COMMUNICATIONS	117,300	2,595,263
MCWHORTER RESINS INC	13,000	199,875
MEAD CORP	49,200	2,170,950
MEDAPHIS CORP	198,800	5,467,000
MEDIA GENERAL INC CL A COM	71,000	1,890,375
MEDIAVISION TECHNOLOGY INC.	56,675	276,291
MEDSTAT GROUP INC COM	22,500	303,750
MEDTRONIC INC.	34,800	2,788,350
MEDUSA CORP NEW	84,200	2,062,900
MENS WEARHOUSE INC	10,600	233,200
MERCK & CO INC	123,500	3,674,125
MERCURY FIN CO COM	247,068	4,076,589
MERIDIAN INS GROUP INC	77,200	839,550
MERRILL LYNCH CORP	5,600	196,000
MESA AIRLS INC COM	212,000	2,093,500

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
MFS COMMUNICATIONS INC COM	25,500	631,125
MGIC INVT CORP WIS COM	36,400	960,050
MICHAELS STORES INC	46,000	1,546,750
MICRODAGE INC COM	13,500	212,625
MICRO WHSE INC	23,200	493,000
MICROCHIP TECHNOLOGY INC	62,000	2,185,500
MICROSOFT CORP	34,100	1,760,413
MID ATLANTIC MED SVCS INC	59,600	2,652,200
MIDWEST GRAIN PRODS INC	44,700	1,598,025
MILLIPORE CORP	55,600	2,932,900
MINNESOTA EDL COMPUTING CORP	24,700	222,300
MINNESOTA MNG & MFG CO	25,600	1,270,400
MIRAGE RESORTS INC	102,500	1,921,875
MOBIL CORP	115,000	9,372,500
MOBILE TELECOMMUNICATION	60,000	1,080,000
MODINE MANUFACTURING CO	90,500	2,285,125
MOHAWK INDS INC	23,700	414,750
MOLEX INC CL A	38,500	1,414,875
MONSANTO CO	40,000	3,025,000
MOORCO INTL INC	110,100	1,747,838
MORGAN J P & CO INC	16,500	1,023,000
MORRISON RESTAURANTS INC	39,700	903,175
MORTON INTL INC	59,500	4,641,000
MOTOROLA INC	31,100	1,387,838
MRS TECHNOLOGY INC	87,300	742,050
MULTIMEDIA INC NEW	90,900	2,636,100
MUTUAL RISK MGMT LTD	63,300	1,487,550
MYERS INDS INC	76,090	1,531,311
MYLAN LABS	33,000	701,250
N S BANCORP INC	100,000	2,937,500
NACCO INDS INC	9,000	483,750
NALCO CHEMICAL CO	30,500	972,188
NASH FINCH CO	54,500	940,125
NATIONAL COMPUTER SYS INC	97,400	1,144,450
NATIONAL PRESTO INDS INC	21,600	874,800
NATIONAL WIRELESS HLDGS INC	49,700	323,050
NATIONSBANK CORP	141,000	7,243,875
NAVISTAR INTL CORP NEW COM	10,250	137,094
NBD BANCORP INC	34,300	1,084,738
NCH CORP	41,700	2,564,550
NEOZYME II CORP 1 CLBL UNITS	36,300	1,216,050
NEUREX CORP	24,000	93,000
NEUTROGENA CORP COM	150,200	2,853,800
NEW JERSEY RES CORP	106,100	2,334,200
NEW YORK TIMES CO CL A	8,750	208,906
NEWBRIDGE NETWORKS CORP	6,000	206,250
NEWELL CO	106,500	4,925,625
NEWFIELD EXPL CO	147,600	3,339,450
NEWS CORP LTD ADR NEW	4,000	193,000
NICOR INC	33,500	883,563
NIKE CL B	30,000	1,792,500
NINE WEST GROUP INC	87,900	2,307,375
NOBLE AFFILIATES	155,000	4,688,750
NORDSON CORP	52,300	2,869,963
NORDSTROM INC	28,500	1,211,250
NORFOLK SOUTHERN CORP	12,200	768,600
NORTH AMERN VACCINE INC	57,100	471,075

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
NORTHERN ST PWR CO	14,000	574,000
NORTHERN TELECOM LTD	28,200	779,025
NORWEST CORP	72,200	1,886,225
NOVELL INC	101,200	1,695,100
NUCOR CORP	38,800	2,657,800
NYMAGIC INC	99,800	2,020,950
NYNEX CORP	98,100	3,715,538
OAKWOOD HOMES CORP	50,200	1,179,700
OCTEL COMMUNICATIONS CORP	79,000	1,303,500
OEA INC	100,000	2,775,000
OFFICE DEPOT INC	99,225	1,996,903
OGDEN CORPORATION COMMON	23,500	517,000
OHIO EDISON CO	36,500	652,438
OKLAHOMA GAS & ELECTRIC COMP	20,000	607,500
ONBANCORP INC	147,200	4,489,600
ONE VALLEY BANCORP WEST VIRG	49,700	1,379,175
ONECOMM CORP	54,100	1,122,575
ONEOK INC	47,500	813,438
OPTICAL COATING LABORATORY I	53,800	356,425
ORACLE SYSTEMS CORP	152,200	5,707,500
ORBITAL SCIENCES CORP	6,400	104,000
O'SULLIVAN INDS HLDGS	140,300	1,771,288
OWENS & MINOR INC NEW	171,300	2,548,088
OXFORD HEALTH PLANS INC	158,400	7,048,800
OXFORD INDUSTRIES INC	18,600	595,200
PACCAR INC	19,300	892,625
PACIFIC GAS & ELEC CO	302,700	7,189,125
PACIFIC PHYSICIAN SVCS INC	75,900	948,750
PACIFIC TELESIS GROUP	83,600	2,570,700
PACIFICARE HEALTH SYS INC	20,500	1,004,500
PACIFICARE HEALTH SYS INC CL	100,600	5,030,000
PACIFICORP	48,300	815,063
PALL CORP	23,700	355,500
PANHANDLE EASTERN CORP	33,200	655,700
PARAGON TRADE BRANDS INC	71,000	2,059,000
PARAMETRIC TECHNOLOGY CORP	31,000	701,375
PARCPLACE SYS INC	7,700	134,750
PARKER & PARSLEY PETE CO DEL	202,200	5,156,100
PAUL REVERE CORP	90,000	1,788,750
PAYCHEX INC COM	18,300	535,275
PAYLESS CASHWAYS INC	293,100	3,956,850
PECO ENERGY CO COM	177,600	4,662,000
PEDIATRIC SVCS AMERICA INC	46,800	339,300
PENNEY J C INC	60,800	3,298,400
PENTAIR INC	98,850	3,533,888
PEOPLES CHOICE TV CORP COM	62,600	1,361,550
PEOPLES ENERGY CORP	43,300	1,012,138
PEOPLESOFT INC COM	80,000	2,800,000
PEPSICO INC	105,700	3,237,063
PERRIGO CO	87,900	1,208,625
PERSEPTIVE TECHNOLOGIES II C	31,800	580,350
PET INC	7,500	139,688
PETROLITE CORPORATION	42,100	1,273,525
PFIZER INC	72,400	4,570,250
PHELPS DODGE CORPORATION	42,300	2,411,100
PHILADELPHIA CONS HLDG CORP	110,700	1,051,650
PHILIP MORRIS COS INC	196,300	10,109,450

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
PHILLIPS PETE CO	172,800	5,400,000
PHYSICIANS HEALTH SVCS INC C	80,400	1,829,100
PICTURETEL CORP	55,000	701,250
PLAYERS INTL INC	141,400	2,121,000
POLAROID CORPORATION COMMON	14,900	474,938
POTLATCH CORP	24,500	943,250
POWERSOFT CORP	70,900	3,438,650
PREFERRED ENTMT INC	125,850	2,076,525
PREMARK INTERNATIONAL	25,500	1,918,875
PRICE/COSTCO INC	133,700	1,997,077
PROCTER & GAMBLE CO COM	120,400	6,426,350
PRODUCTION OPERATORS CORP	58,900	1,531,400
PROGRESS SOFTWARE CORP	10,600	325,950
PROVIDIAN CORP	36,400	1,101,100
PUBLIC SVC ENTERPRISES GRP	22,700	590,200
PURITAN BENNETT CORP COMMON	71,600	1,432,000
PURULATOR PRODS CO	96,800	1,694,000
QUAKER OATS CO	84,400	5,886,900
QUALCOMM INC	9,600	153,600
QUALITY FOOD CTRS INC	31,500	716,625
QUINTILES TRANSNATIONAL CORP	15,400	277,200
R P M INC	130,000	2,210,000
RAILTEX INC COM	58,800	1,308,300
RALCORP HLDGS INC COM	9,966	158,210
RALSTON PURINA GROUP	29,000	1,011,375
RAVEN INDS INC	83,200	1,591,200
RAYONIER INC COM	9,125	263,484
RAYTHEON CO	95,500	6,183,625
REDMAN INDS INC NEW	149,400	2,465,100
REEBOK INTL LTD	86,700	2,590,163
REGAL BELOIT CORP	39,300	1,051,275
REINSURANCE GROUP AMER INC C	80,000	2,130,000
RENAISSANCE COMMUNICATIONS C	63,000	1,449,000
RICHFOOD HLDGS INC CLASS A	101,900	1,553,975
ROCK-TENN CO CL A	101,720	1,678,380
ROPER INDS INC NEW	97,100	2,548,875
ROSS STORES INC	149,900	2,192,288
ROYAL DUTCH PETE ADR	26,300	2,748,350
RUBBERMAID INC	75,100	1,971,375
RUDDICK CORP COM	108,100	1,770,138
RUSSELL CORP	36,300	1,057,238
RYDER SYSTEMS INC	171,100	4,298,888
S & T BANCORP INC	28,700	1,076,250
SABER SOFTWARE CORP	14,000	112,000
SAFECO CORP	22,400	1,246,000
SAFETY KLEEN CORP	127,800	2,172,600
SAN JUAN BASIN ROYALTY TR UN	263,700	2,307,375
SARA LEE CORP	163,700	3,478,625
SAVOY PICTURES ENTMT INC	139,000	1,841,750
SCE CORP	74,200	955,325
SCHERER R P CORP DEL	12,200	402,600
SCHERING PLOUGH CORP	67,800	4,152,750
SCHLUMBERGER LTD	22,800	1,348,050
SCHOLASTIC CORP	11,100	419,025
SCHULER HOMES INC	153,000	2,639,250
SCIENTIFIC ATLANTA INC	32,100	1,111,463
SCRIPPS E W CO CL A	49,000	1,433,250

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
SEAGRAM LTD	37,900	1,146,475
SECURITY CAP BANCORP	100,500	1,507,500
SELECTIVE INS GROUP INC	67,300	1,690,913
SENSORMATIC ELECTRONICS CORP	71,500	2,055,625
SHARED MED SYSTEM CORP	64,100	1,538,400
SHAW INDUSTRIES INC	108,200	1,785,300
SHOE CARNIVAL INC	194,800	1,874,950
SHONEY'S	64,250	979,813
SIERRA HEALTH SVCS INC COM	5,600	131,600
SILICON GRAPHICS INC	142,200	3,146,175
SIMPSON INDUSTRIES INC	44,100	793,800
SMITHS FOOD & DRUG CTRS INC	111,200	2,098,900
SNAPPLE BEVERAGE CORP	25,700	520,425
SOFTWARE ETC STORES INC	34,500	241,500
SOLECTRON	16,800	422,100
SONAT INC	24,700	759,525
SOUTERN CO.	63,200	1,185,000
SOUTHERN NATL CORP -	98,900	1,978,000
SOUTHERN PAC RAIL CORP	8,600	168,775
SOUTHWEST AIRLINES CO	62,300	1,635,375
SOUTHWESTERN BELL TEL CO	263,500	11,462,250
SPORTS & REC INC	67,500	2,497,500
SPRINT CORP	40,300	1,405,463
SPX CORP COM	30,300	469,650
ST PAUL BANCORP INC	60,000	1,327,500
ST PAUL COMPANIES INCORPORAT	29,200	1,171,650
STANDARD FED BK TROY MICH CO	80,000	2,000,000
STANDARD PRODUCTS CO	92,550	2,707,088
STANDARD REGISTER CO	145,600	3,130,400
STANDEX INTL CORP	2,700	70,875
STANHOME INC VTG COM	85,500	2,821,500
STAPLES INC	118,600	3,202,200
STARBUCKS CORP	14,300	361,075
STATE STREET BOSTON CORP	17,000	656,625
STEIN MART INC	40,800	714,000
STEWART ENTERPRISES INC	100,600	2,188,050
STEWART & STEVENSON SVCS INC	26,800	1,112,200
STOLT COMEX SEAWAY SOCIETE	40,400	353,500
STORAGE TECHNOLOGY CORP	108,500	3,526,250
STRATACOM INC	39,300	825,300
STRATUS COMPUTER INC COM	50,000	1,412,500
STRIDE RITE CORP	80,200	1,042,600
STRYKER CORP	14,100	373,650
STUDENT LOAN MARKETING ASSN	5,000	180,000
STURM RUGER & CO COMMON	62,000	1,829,000
ST. JUDE MED. INC.	40,200	1,306,500
SUN CO INC	67,500	1,814,063
SUNGARD DATA SYS INC	20,000	725,000
SUNGLASS HUT INTL INC COM	70,600	1,923,850
SUNTRUST BKS INC	22,500	1,068,438
SUPERIOR SURGICAL MFG INC	32,800	410,000
SUPERVALU INC	36,100	1,092,025
SYBASE INC.	71,200	3,488,800
SYBRON CORP DEL	45,000	1,350,000
SYNALLOY CORP	38,000	665,000
SYNOPSIS INC COM	119,500	4,481,250
SYNTEX CORP	44,000	1,012,000

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

DESCRIPTION	SHARES	MARKET VALUE
<u>COMMON & PREFERRED STOCK</u>		
SYSKO CORP	67,600	1,529,450
TALBOTS INC	11,400	342,000
TCA CABLE TV INC COM	160,000	3,620,000
TECH DATA CORP	27,200	448,800
TEKTRONIX INC	109,700	3,099,025
TELE COMMUNICATIONS INC NEW	18,000	366,750
TELEFLEX INC	100,900	3,291,863
TELEFONOS DE MEXICO S.A.	28,600	1,598,025
TELLABS INC	70,000	2,170,000
TEMPLE INLAND INC	10,000	476,250
TENNANT COMPANY	40,100	1,684,200
TENNECO INC	51,400	2,383,675
TERADYNE INC	131,400	3,482,100
TEXACO INC	33,100	1,998,413
TEXAS INSTRS INC	28,600	2,273,700
THERMO FIBERTEK INC	93,300	1,341,188
TIME WARNER INC	18,000	639,000
TIMES MIRROR CO CL A	55,700	1,677,963
TJ INTL INC	5,600	109,200
TNT FREIGHTWAYS	476,500	10,959,500
TODAYS MAN INC	28,400	241,400
TORCHMARK CORP	16,300	635,700
TOYS R US	170,900	5,596,975
TRENWICK GROUP INC	55,100	2,190,225
TURNER BROADCASTING SYS CL B	60,000	1,042,500
U S HEALTHCARE INC COM	124,200	4,595,400
U S WEST INC	30,400	1,273,000
UAL CORP	6,200	787,400
UGI CORP NEW COM	138,600	2,754,675
ULTRATECH STEPPER INC COM	104,700	2,015,475
UNIFI INC COM	73,900	1,727,413
UNILEVER N V	18,100	1,823,575
UNION CAMP CORP	1,250	56,719
UNION ELECTRIC POWER	26,300	831,738
UNION PLANTERS CORP	72,400	1,936,700
UNION SWITCH & SIGNAL INC CO	88,000	1,617,000
UNITED ASSET MGMT CORP COM	78,000	2,574,000
UNITED HEALTHCARE CORP COM	137,400	6,200,175
UNITED STATES CELLULAR CORP	122,880	3,056,640
UNIVAX BIOLOGICS INC	38,200	276,950
UNIVERSAL CORP VA	128,900	2,513,550
UNIVERSAL FOODS CORP	42,100	1,331,413
UNOCAL CORP COM	96,950	2,775,194
US BANCORP ORE	25,600	662,400
USA WASTE SVCS INC	206,100	2,395,913
UST INC	135,800	3,683,575
USX - MARATHON GROUP	30,800	512,550
V F CORPORATION COM	24,800	1,178,000
VALLICORP HLDGS INC	135,000	2,025,000
VALSPAR CORP COM	26,000	949,000
VALUE CITY DEPT STORES INC	273,800	3,662,075
VALUE HEALTH INC	51,430	1,967,198
VALUEVISION INTL INC CL A	179,800	876,525
VARCO INTERNATIONAL INC	182,000	1,228,500
VIACOM INC CL - B - COM	48,800	1,512,800
VIGORO CORP	45,000	1,265,625
VIVRA INC	157,400	3,777,600

RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS

DESCRIPTION	SHARES	MARKET VALUE
COMMON & PREFERRED STOCK		
VODAFONE GROUP PLC	19,700	1,492,275
WABASH NATL CORP	26,600	1,190,350
WACHOVIA CORP NEW	14,800	490,250
WALBRO CORP	60,000	1,335,000
WALGREEN CO.	28,800	1,047,600
WALKER INTERACTIVE SYSTEMS	195,000	1,633,125
WALLACE COMPUTER SERVICES IN	118,900	3,804,800
WALMART CO	281,000	6,814,250
WARNER LAMBERT CO	24,400	1,610,400
WASH FED S&L	96,000	2,112,000
WASHINGTON NATIONAL CORPORAT	60,400	1,283,500
WATSON PHARMACEUTICALS INC	45,900	849,150
WATTS INDS INC CL A	32,000	744,000
WAUSAU PAPER MILL CO	136,166	3,199,901
WD 40 CO	66,100	2,610,950
WEATHERFORD INTL INC	257,600	3,477,600
WEINGARTEN RLTY INVS	80,000	3,040,000
WEST CO INC <	105,200	2,274,950
WESTERN DIGITAL CORP	290,000	3,697,500
WESTERN PUBLISHING GROUP INC	211,200	2,508,000
WEYERHAEUSER CO	58,800	2,352,000
WHEELABRATOR TECHNOLOGIES IN	179,800	3,348,775
WHITMAN CORP	155,900	2,416,450
WICOR INC COM	30,200	894,675
WILMINGTON TR CORP	99,900	2,697,300
WINN DIXIE STORES INC	28,000	1,204,000
WMX TECHNOLOGIES INC	106,000	2,809,000
WOODHEAD INC	107,500	1,639,375
WORLD ACCEP CORP DEL	27,200	486,200
WORTHINGTON INDS INC.	36,950	683,575
XEROX CORP	41,200	4,027,300
XILINX INC	155,600	5,309,850
ZERO CORP	142,800	1,767,150
ZILOG INC	52,700	1,712,750
PENDING TRADES		(1,567,913)
TOTAL COMMON & PREFERRED STOCK		<u>\$1,451,502,247</u>

**RETIREMENT FUNDS
EQUITIES
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>MARKET VALUE</u>
 <u>DOMESTIC EQUITY INDEX HOLDINGS</u>	
WELLS FARGO EXTENDED MARKET	1,160,815,946
WELLS FARGO EQUITY INDEX (S&P 500)	4,154,674,499
TOTAL DOMESTIC EQUITY INDEX HOLDINGS	<u>\$5,315,490,446</u>
 <u>INTERNATIONAL EQUITY INDEX HOLDINGS</u>	
STATE STREET INTERNATIONAL INDEX	225,491,134
TOTAL INTERNATIONAL EQUITY INDEX HOLDINGS	<u>\$225,491,134</u>
 <u>ACTIVE INTERNATIONAL EQUITY PORTFOLIOS</u>	
CURSITOR-EATON ASSET MGMT.	224,993,400
DUNEDIN	89,339,952
CLAY FINLAY	127,523,260
G.T. CAPITAL	88,640,820
JP MORGAN	86,720,455
UBS INTERNATIONAL	126,220,380
TOTAL ACTIVE INTERNATIONAL EQUITY	<u>\$743,438,267</u>
 <u>PURCHASED OPTIONS</u>	
OPTION S&P 500 CALL PUR 470	43,388
OPTION PUR CALL STK 420	187,500
OPTION S&P 100 PUT PUR STRK 420	612,500
OPTION S&P 100 PUT PUR STRK 400	231,250
OPTION CALL PUR S&P 100 STRK 430	53,100
TOTAL OPTIONS	<u>\$1,127,738</u>

**RETIREMENT FUNDS
ALTERNATIVE INVESTMENTS
SCHEDULE OF INVESTMENTS**

DESCRIPTION	MARKET VALUE
LEVERAGED BUYOUTS	
AMERICAN RE ASSOC LP, KKR 87	85,634,200
APC ASSOCIATES, LP, KKR 87	4,431,000
AUTOZONE, INC. --- 1982	2,700,596
AUTOZONE, INC. --- 1984	130,109,420
CABLE ASSOCIATES L.P.	4,693,457
DAW FOREST PRODUCTS CO.	5,451,851
DI ASSOC. INTERIM INVESTMENTS	46,748,845
DURACELL, INC., KKR 87	190,984,206
FIELD PUBLICATIONS 87	12,469,000
FLEET/NORSTAR FINANCIAL GROUP	60,827,421
GOLF ASSOCIATES LP KKR87	3,103,000
GR ASSOCIATES, LP, KKR 93	5,849,000
GRANUM COMMUNICATIONS 87	3,357,002
K-III PRIME CORPORATION 87	28,225,750
K-III HOLDINGS, INC. 87	26,899,860
MOTEL 6, INC.	409,540
OWENS-ILLINOIS, INC. 86	38,593,136
PAGE INDUSTRIES, INC. 84	13,367,474
PUBLISHING ASSOC. LP, KKR 87	11,574,000
RED LION INNS	107,900,000
RESORT ASSOCIATES L.P.	25,685,000
RJR NABISCO, INC. 87	355,129,834
SAFEWAY, INC. 86	137,785,798
STOP & SHOP, KKR 87	61,435,463
TW ASSOCIATES, LP, KKR 87	17,825,293
UNION TEXAS PETROLEUM, INC. 84	59,828,107
WHITEHALL INTERIM INVESTMENTS	511,634
TOTAL LEVERAGED BUYOUTS	<u>\$1,441,529,888</u>
VENTURE CAPITAL & OTHER	
BRENTWOOD ASSOCIATES IV	12,202,539
CAPITAL RESOURCE LENDERS II L.P.	4,445,921
CODE HENNESSY & SIMMONS II	1,483,764
ENERGY RECOVERY FUND	78,304,471
EQUITY-LINKED INVESTORS, L.P.	40,774,399
EVERGREEN III, L.P. (HANCOCK)	6,325,906
EVERGREEN II, L.P. (BRENTWOOD)	1,010,906
EVERGREEN IV, L.P. (BRENTWOOD)	11,072,869
EVERGREEN I, L.P. (HANCOCK)	2,976,723
JOHN HANCOCK PARTNERS	1,785,354
JOHN HANCOCK PARTNERS II	5,363,389
JOSEPH LITTLEJOHN & LEVY, FUND II	1,143,220
KBA PARTNERS	4,607,934
KBA PARTNERS II	1,874,688
MATERIA VENTURES	8,360,451
MENLO EVERGREEN V, L.P.	13,412,351
MENLO VENTURE PARTNERS	543,300
MENLO VENTURE PARTNERS III	5,254,199
MENLO VENTURE PARTNERS IV	24,038,327
MENLO VENTURES VI, LP	324,380
PARAGON PARTNERS	2,089,781
PARAGON PARTNERS II	3,543,365
PHOENIX PARTNERS	1,667,012
PHOENIX PARTNERS (SECONDARY)	666,792
PHOENIX PARTNERS II	11,750,867
PHOENIX PARTNERS III	18,386,032
TOTAL VENTURE CAPITAL & OTHER	<u>\$263,408,940</u>

**RETIREMENT FUNDS
REAL ESTATE EQUITY
SCHEDULE OF INVESTMENTS**

DESCRIPTION	MARKET VALUE
<u>REAL ESTATE EQUITY</u>	
AMERICA WEST I	5,644,718
AMERICA WEST II	17,803,555
CENTENNIAL LIMITED PARTNERSHIP	56,508,481
COPLEY IND. & URBAN PART.	0
COPLEY INVESTORS L.P.	77,960,081
KOLL-COPLEY R.E. EQUITY	14,362,000
NEEP - COPLEY	10,978,332
PACTRUST REALTY ASSOC L.P.	153,927,064
PRIME PROPERTY FUND(ELAS)	20,939,937
QUADRANT LAKE UNION CENTER	8,276,102
RREEF REAL ESTATE EQUITY FD	19,078,175
SENTINEL REAL ESTATE FUND	21,341,614
SHURGARD - EVERGREEN LP FUND	31,166,315
STANDBY CORP.	35,000
ONE & TWO UNION SQUARE	232,006,160
WASH-COP L.P	15,586,000
WILDERNESS WEST	2,500,000
WSIB HOLDING INC.	35,000
TOTAL REAL ESTATE EQUITY	<u>\$688,148,534</u>

LABOR & INDUSTRIES FUNDS

- Investment Policy
- Asset Allocation
- Performance
- Fixed Income Program
- Financial Section

L & I FUNDS INVESTMENT POLICY

Approved by the Board on October 20, 1992.

PURPOSE:

The following outlines the investment policy and objectives for the Department of Labor and Industries (L&I) Workers' Compensation Funds managed by the Washington State Investment Board (WSIB) and supersedes any prior Board adopted policies. These policies and objectives allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will insure prudence and care in the execution of the investment program.

POLICY:

Strategic Objectives

The portfolio is to be managed to achieve the highest return possible consistent with the need to:

1. Maintain the solvency of the funds.
2. Maintain premium rate stability.
3. Ensure sufficient assets are available to fund the ultimate expected liability payments.

Since achieving these objectives is partially dependent on the results of the insurance operations, it is of paramount importance to coordinate the level of risk taken on the investments with the level of risk arising from insurance operations. As a result, the investment approach may need to be modified periodically as a result of exogenous changes occurring on the insurance side. Examples of events arising on the insurance side that could have an impact on investments include a change in the liability discount rate, an adjustment in the level of reserves, or a legislative change, such as an adjustment of benefit levels.

Performance Objectives

Performance will be measured by comparing the total return for a period of each major sector to an appropriate market index, as approved by the L&I Fixed Income Committee. The investments are to be actively managed to exceed the returns of these market indices, with a volatility similar to or less than the indices.

Investment Approach

The investment approach shall be to identify enhanced return opportunities across market segments and to invest where overall risks are understood and can be managed well within strategic risk and return objectives.

The WSIB will manage four categories of fixed income risk within a domestic context:

- a. Interest rate risk.
- b. Yield curve risk.
- c. Credit risk.
- d. Reinvestment risk.

L & I FUNDS INVESTMENT POLICY

Interest Rate Risk is price volatility produced by changes in the overall level of interest rates. This risk is to be managed in a controlled manner using historical real return relationships and economic analysis.

Yield Curve Risk is price changes induced by the changing shape of the yield curve. Yield curve risk is to be managed, but in a controlled, disciplined fashion, by employing duration and maturity yield spread analysis.

Credit Risk is the uncertainty surrounding the borrower's ability to repay its obligations. Credit risk is to be actively managed, employing yield spread analysis and credit research.

Reinvestment Risk is to the uncertain future yield opportunities available to invest funds which become available due to call, maturity or coupon generated cash flow. Reinvestment risk is to be managed through call and prepayment risk analysis, and diversification of maturities.

The WSIB will manage within the constraints of two categories of equity risk:

- a. Market risk
- b. Firm-specific risk

Market Risk, or systematic risk, is the price volatility associated with changes in the overall equity market, and as such cannot be directly controlled by the manager. The general approach used by WSIB is to determine a desired level of equity exposure within the guideline range, and then to gradually shift the degree of equity investment to that level. A long term time horizon is used; attempts to time short run market movements are not considered appropriate.

Firm-Specific Risk, or nonsystematic risk, is the price volatility associated with the varying unique characteristics of individual securities. This risk is to be managed by maintaining a well-diversified equity portfolio.

Investment Process

A. Portfolio Constraints

1. All assets under management by the WSIB are to be invested to maximize return at a prudent level of risk in accordance with the requirements of statutes RCW 43.33A.110 and RCW 43.33A.140, which state in part that the WSIB is to "...establish investment policies and procedures designed to attempt to limit fluctuations in industrial insurance premiums, and, subject to this purpose, to maximize return at a prudent level of risk."
2. No corporate fixed income issue shall exceed 3 percent of cost or 6 percent of market value of the Funds at the time of purchase (RCW 43.84.150).
3. No more than 15 percent of the lesser of the market value or the amortized cost of the fixed income portion of the portfolios shall be invested in securities rated less than single A. This recognizes the need of any insurance entity to maintain an overall high quality portfolio, while providing the portfolio manager sufficient flexibility to seek increased returns.
4. The maximum investment in equities measured at market value will be 125 percent of the Funds' consolidated contingency reserve. This constraint should be viewed from a long term perspective: short term fluctuations in the contingency reserve or the equity markets might cause equity investments to temporarily exceed this level.

L & I FUNDS INVESTMENT POLICY

B. General Strategies

Fixed Income

1. The fixed income assets are to be managed to add value principally through credit valuation, sector selection, and interest rate level analysis.
2. Internal management is to be used unless special expertise is required or a special opportunity exists which can only be accessed by contracting with external managers.
3. A two-tier macro/micro management approach is to be used to implement the portfolio strategies. The "macro" component is to include strategic and some tactical decision processes, such as the allocation among different fixed income segments and the decision to set the appropriate asset dollar duration target, based on the analysis of the liability durations. The "micro" component will address individual security selection within each fixed income segment utilizing credit, duration, and valuation analysis.
4. Value at the macro level is to be added through the allocation of cash flow and the re-deployment of existing assets to fixed income segments which offer a high current yield to maturity spreads relative to their historical norms and/or to other alternative investment choices. Within policy ranges, duration should be managed with cash flows and re-deployment of existing assets by concentrating purchases and re-deploying existing assets along those sections of the yield curve where the yield premium is high relative to historical norms.
5. Within fixed income segments, value is to be added to purchasing bonds where the yield spread over the U.S. Treasury yield curve is such that risks of not realizing the promised yield spread, either from credit or call risk, do not materially reduce the expected yield benefit.
6. Only when value cannot be found should U.S. Treasury issues be purchased. Under most market circumstances the fixed income segment will have a Treasury allocation well below its public market representation.

Equities

1. The equity assets are to be managed to add value principally through increased exposure to the overall equity market.
2. Asset exposure to the equity markets will be measured by comparing the total market value of equity investments to the Funds' consolidated contingency reserve. The maximum equity allocation over the long term is 125 percent of the contingency reserve. A change in either the level of the contingency reserve, or the trend in the level of consolidated net income may result in a revision in the level of equity holdings.

C. Specific Strategies

1. Fixed income assets are to be allocated across the various fixed income sectors based upon:
 - a. The strategic (long-term) allocation to each fixed segment (as shown in Exhibit 1 of this policy).

L & I FUNDS INVESTMENT POLICY

- b. The permissible range around each strategic allocation target.
 - c. The available yield spreads relative to Treasuries versus historical norms, after analysis for validity. When a fixed income segment exhibits a yield spread versus Treasuries greater than the historical norms, new cash flow and/or the re-deployment of existing assets may be made to that segment.
 - 1) Yield spreads shall be analyzed on a fully option-adjusted basis.
 - 2) Yield spreads shall be analyzed on a fully risk-adjusted basis.
 - d. The available yields of other fixed income alternatives.
2. Equity investments are currently allocated entirely to an S&P 500 Index Fund. A strategy involving other broad market indexes, such as the Wilshire 5000, may also be used. This approach may be modified on the decision of the L&I Fixed Income Committee.
3. Permissible Investments:
- a. U.S. Treasuries and Government Agencies excluding mortgages and mortgage backed securities (MBS), including derivative securities whose deliverable instrument is a U.S. Treasury or government obligation.
 - b. Investment Grade Corporate Bonds rated BBB- or higher by Standard and Poor's and Baa3 or higher by Moody's Investors' Service at the time of purchase.
 - c. Publicly traded Mortgage Backed Securities, including derivative securities whose deliverable instrument is a U.S. mortgage backed security.
 - d. Privately Placed Mortgages, including single family residences, commercial whole loans, and privately placed mortgage backed securities.
 - e. Private Placements of corporate debt.
 - f. Asset Backed Securities rated BBB- or higher by Standard and Poor's and Baa3 or higher by Moody's Investors' Service.
 - g. Non-U.S. Dollar Bonds.
 - h. U.S. Equities.
 - i. Non-U.S. Dollar Equities.
 - j. Derivative products such as futures and options, used as hedging instruments.

Other instruments may be added from time to time as they are developed or deemed appropriate.

L & I FUNDS INVESTMENT POLICY

Reporting

- A. A management information system is to be used for reporting internally to senior staff on the implementation of this policy. Monthly reports should include, but are not limited to:
 - 1. Current market values, amortized book values, and unrealized gains or losses.
 - 2. Monthly and year-to-date realized gains and losses by sector. This information is to be provided to WSIB by L&I.
 - 3. Aggregate and individual portfolio characteristics compared to guidelines.
 - 4. An exception report, covering delinquencies, defaults, and deteriorating credits.
- B. Quarterly executive management reports are to be provided to the L&I Fixed Income Committee consisting of all of the above items, as well as showing the status of policy compliance and identifying exceptions with explanations.

Responsibilities

- A. Board - the WSIB is responsible for approving the strategic policy.
- B. L&I Fixed Income Committee - responsible for reviewing and recommending strategic policy to the Board. Responsible for reviewing WSIB staff investment management guidelines.
- C. WSIB staff - responsible for implementing policy and reporting to the L&I Fixed Income Committee and the Board.

L & I FUNDS ASSET ALLOCATION

LABOR & INDUSTRIES FUNDS ASSET ALLOCATION JUNE 30, 1994

ASSET CLASS	MARKET VALUE (000'S)	%
<u>SHORT-TERM</u>		
CASH	\$62,969	1.1 %
LESS: PENDING TRADES	(27,362)	(0.5)
TOTAL SHORT-TERM	<u>\$35,607</u>	<u>0.6</u>
<u>LONG-TERM FIXED INCOME</u>		
U. S. TREASURIES	\$599,658	10.5 %
GOVERNMENT AGENCIES	295,239	5.2
CORPORATE BONDS	2,967,066	52.2
ASSET BACKED SECURITIES	197,142	3.5
MORTGAGES	1,202,164	21.2
TOTAL LONG-TERM FIXED	<u>\$5,261,269</u>	<u>92.6</u>
<u>EQUITIES</u>		
S & P 500 INDEX	\$383,900	6.8 %
TOTAL	<u>\$5,680,776</u>	<u>100.0 %</u>

L & I FUNDS PERFORMANCE

LABOR & INDUSTRIES FUNDS

TIME-WEIGHTED RETURNS
PERIODS ENDING JUNE 30, 1994

	-ANNUALIZED-		
	<u>ONE YEAR</u>	<u>THREE YEARS</u>	<u>FIVE YEARS</u>
ACCIDENT FUND	-1.8%	9.0%	8.9%
MEDICAL AID FUND	0.5%	7.8%	8.5%
ACCIDENT RESERVE FUND	-3.0%	9.4%	9.1%
SUPPLEMENTAL PENSION FUND	2.2%	7.3%	--

L & I FUNDS FIXED INCOME PROGRAM

CHARACTERISTICS OF L & I LONG-TERM FIXED PORTFOLIO

<u>SECTOR DISTRIBUTION</u>		<u>EFFECTIVE DURATION</u>	
TREASURY	11.4 %	0-1 years	4.2 %
AGENCY	5.6	1-3	36.1
CORPORATE	56.4	3-4	25.2
ASSET BACKED	3.7	4-6	21.8
MORTGAGES	22.8	6-8	8.9
		8+	3.8
TOTAL	<u>100.0 %</u>		<u>100.0 %</u>

<u>CREDIT DISTRIBUTION</u>		<u>COUPON DISTRIBUTION</u>	
TSY	11.5 %	0- 4.9	2.9 %
AGY	25.1	5- 6.9	19.9
AAA	9.1	7- 7.9	11.0
AA	6.6	8- 8.9	24.5
A	37.6	9- 9.9	20.1
BAA	10.0	10+	21.6
OTHER	0.1		
	<u>100.0 %</u>		<u>100.0 %</u>

LABOR & INDUSTRIES FUNDS

FINANCIAL SECTION

- Statement of Investments
- Statement of Changes in Investment Balance
- Schedule of Investments

NOTE:

The accompanying unaudited financial statements and schedules of investments were prepared from the official accounting records of the Washington State Investment Board. Asset listings reflect positions on a settlement date basis, adjusted in aggregate (by fund) for pending trades at year-end. Fixed income investments are reported at amortized cost in the financial statements, while equity investments are reported at market.

Asset allocation information presented elsewhere in this report is taken from master custodian reports and is on a trade date basis. All asset allocation numbers reflect market value of investments.

(UNAUDITED)

WASHINGTON STATE INVESTMENT BOARD
LABOR & INDUSTRIES FUNDS
STATEMENT OF INVESTMENTS
JUNE 30, 1994

	ACCIDENT FUND	MEDICAL AID FUND	ACCIDENT RESERVE FUND	SUPPLEMENTAL PENSION FUND	TOTAL
FIXED INCOME INVESTMENTS:					
SHORT-TERM	6,048,237	29,242,239	12,699,238	14,695,735	62,685,449
GOVERNMENT & GOVERNMENT SPONSORED MORTGAGES & MORTGAGE-BACKED	527,974,878	153,179,598	205,008,072	2,044,968	888,207,516
ASSET-BACKED SECURITIES	453,595,187	587,386,700	146,933,123	28,593,289	1,216,508,299
CORPORATE BONDS	71,043,229	118,057,315	2,986,830	8,308,830	200,396,204
ZERO COUPON BONDS	1,183,605,486	933,700,206	431,783,172	37,482,163	2,586,571,026
FOREIGN GOVERNMENT BONDS	0	0	1,170,936	0	1,170,936
PENDING TRADES	156,265,776	58,778,677	72,747,016	0	287,791,469
	<u>(872,702)</u>	<u>(2,874,583)</u>	<u>(185,513)</u>	<u>(3,668)</u>	<u>(3,936,466)</u>
TOTAL FIXED INCOME INVESTMENTS	\$2,397,660,091	\$1,877,470,152	\$873,142,874	\$91,121,316	\$5,239,394,433
ACCRUED INTEREST RECEIVABLE	40,258,123	27,063,513	16,619,884	1,231,246	85,172,766
EQUITY INVESTMENTS:					
S & P 500 INDEX FUND	0	268,655,530	115,224,417	0	383,879,950
TOTAL INVESTMENTS	<u>\$2,437,918,215</u>	<u>\$2,173,189,196</u>	<u>\$1,004,987,177</u>	<u>\$92,352,562</u>	<u>\$5,708,447,150</u>

(UNAUDITED)

WASHINGTON STATE INVESTMENT BOARD
LABOR & INDUSTRIES FUNDS
STATEMENT OF CHANGES IN INVESTMENT BALANCES
FISCAL YEAR ENDING JUNE 30, 1994

	ACCIDENT FUND	MEDICAL AID FUND	ACCIDENT RESERVE FUND	SUPPLEMENTAL PENSION FUND	TOTAL
INVESTMENT BALANCE JUNE 30, 1993	\$2,218,503,871	\$1,965,137,757	\$966,925,946	\$110,520,571	\$5,261,088,145
NET AMOUNT CONTRIBUTED (WITHDRAWN)	(22,833,578)	78,338,156	(2,851,367)	(25,619,314)	27,033,897
INVESTMENT EARNINGS:					
INTEREST INCOME	187,116,586	120,390,162	71,530,050	6,672,362	385,709,160
CAPITAL GAINS	17,454,028	9,317,089	10,717,088	926,463	38,414,667
CAPITAL LOSSES	(3,888,772)	(916,303)	(1,334,481)	0	(6,139,556)
NET (PREMIUM) DISCOUNT AMORTIZATION	593,082	(406,740)	181,064	(147,520)	219,886
NET INVESTMENT EARNINGS	\$201,274,924	\$128,384,208	\$81,093,720	\$7,451,305	\$418,204,157
UNREALIZED APPRECIATION OF EQUITY INVESTMENTS	0	1,329,075	791,876	0	2,120,951
RESIDUAL EQUITY TRANSFER	40,972,998	0	(40,972,998)	0	0
INVESTMENT BALANCE JUNE 30, 1994	<u>\$2,437,918,215</u>	<u>\$2,173,189,196</u>	<u>\$1,004,987,177</u>	<u>\$92,352,562</u>	<u>\$5,708,447,150</u>

**WASHINGTON STATE INVESTMENT BOARD
LABOR & INDUSTRIES FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994**

1. Significant Accounting Policies

Labor & Industries fund fixed income investments are reported at amortized cost, and equity investments are reported at market.

Realized gains and losses are recorded at the time of sale or disposition. Dividend income is recorded on the ex-dividend date. Interest income is accrued when earned.

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				<u>\$6,048,237</u>	<u>\$6,048,237</u>
<u>GOVERNMENT & GOVT. SPONSORED</u>					
<u>U S TREASURIES</u>					
U S TREASURY	7.625	12/31/1994	680,000	680,518	688,609
U S TREASURY	9.500	11/15/1995	2,400,000	2,405,459	2,515,488
U S TREASURY	7.875	07/15/1996	4,000,000	3,994,139	4,126,880
U S TREASURY	9.250	08/15/1998	3,700,000	3,806,232	4,019,125
U S TREASURY	13.375	08/15/2001	3,250,000	4,116,423	4,366,668
U S TREASURY	11.625	11/15/2002	12,200,000	14,435,099	15,494,000
U S TREASURY	10.750	02/15/2003	8,000,000	7,839,951	9,746,240
U S TREASURY	10.750	05/15/2003	23,100,000	25,015,417	28,196,322
U S TREASURY	11.125	08/15/2003	5,500,000	6,408,627	6,867,245
U S TREASURY	11.875	11/15/2003	4,000,000	5,025,159	5,209,360
U S TREASURY	12.375	05/15/2004	4,100,000	5,223,994	5,515,156
U S TREASURY	10.750	08/15/2005	39,850,000	46,179,560	49,687,770
U S TREASURY	10.375	11/15/2012	6,100,000	6,373,038	7,476,282
U S TREASURY	11.250	02/15/2015	17,400,000	20,613,397	23,682,966
U S TREASURY	7.250	05/15/2016	9,140,000	7,566,250	8,670,113
U S TREASURY	7.500	11/15/2016	98,720,000	84,629,353	96,066,406
U S TREASURY	8.750	05/15/2017	26,200,000	26,025,660	28,967,244
U S TREASURY	8.500	02/15/2020	27,250,000	28,442,747	29,498,125
U S TREASURY	7.875	02/15/2021	28,400,000	28,273,697	28,848,152
U S TREASURY	7.125	02/15/2023	17,500,000	17,024,770	16,395,225
TOTAL U S TREASURIES				<u>\$344,079,489</u>	<u>\$376,037,375</u>
<u>AGENCIES</u>					
FEDERAL FARM CREDIT BK	7.950	04/01/2002	10,000,000	9,985,725	9,890,600
FEDERAL FARM CREDIT BK MTN	8.900	05/23/1995	20,300,000	20,297,422	20,905,955
FEDERAL HOME LN BKS	9.500	02/25/2004	4,500,000	4,494,227	5,110,290
FEDERAL HOME LN MTG CORP	8.050	03/15/1996	17,200	17,104	16,814
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	390,000	389,072	404,746
FEDERAL NATL MTG ASSOC	7.800	06/10/2002	35,000,000	34,925,512	34,671,700
RESOLUTION FDG CORP	8.125	10/15/2019	44,200,000	40,965,079	45,512,298
TENNESSEE VALLEY AUTH	6.250	08/01/1999	40,000,000	41,334,791	38,087,600
TOTAL AGENCIES				<u>\$152,408,931</u>	<u>\$154,600,002</u>
<u>GOVERNMENT SPONSORED BANKS</u>					
INTER AMERN DEV BK	7.500	12/15/1996	4,500,000	4,292,331	4,580,280
INTER AMERN DEV BK	8.500	03/15/2011	10,000,000	9,052,553	10,532,500
TOTAL GOVERNMENT SPONSORED BANKS				<u>\$13,344,884</u>	<u>\$15,112,780</u>

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
ZERO COUPON BONDS					
RESOLUTION FDG CORP	0.000	01/15/2013	26,200,000	4,934,980	5,990,368
RESOLUTION FDG CORP	0.000	05/15/2008	16,000,000	4,956,383	5,453,280
FEDERAL NATL MTG ASSOC	0.000	10/09/2019	35,000,000	3,968,740	4,604,600
FEDERAL NATL MTG ASSOC	0.000	07/05/2014	25,000,000	4,281,470	4,953,000
TOTAL ZERO COUPON BONDS				\$18,141,574	\$21,001,248
TOTAL GOVERNMENT & GOVT. SPONSORED				\$527,974,878	\$566,751,405
MORTGAGES & MORTGAGE-BACKED					
BANCBOSTON (MERIDIAN)	10.375	03/01/2010	332,492	332,241	332,009
BANCBOSTON (MERIDIAN)	10.250	08/01/2009	305,356	299,281	304,141
BICENTENNIAL MANOR	7.500	08/01/2018	1,375,266	1,091,620	1,325,372
BSMSI 1993-3 A10	7.750	02/25/2024	8,000,000	7,975,000	7,829,520
FHLMC 1415 Y8	6.500	11/15/2007	10,000,000	9,384,375	8,999,200
FHLMC 1552 GB	6.500	12/15/2021	6,000,000	5,488,125	5,368,080
FHLMC 1671 G	6.500	08/15/2023	10,000,000	9,926,563	8,643,000
FHLMC 1697 PJ	6.000	07/15/2008	15,000,000	13,596,094	13,060,350
FHLMC 1992 1380 G	6.250	12/15/2004	6,731,000	6,626,880	6,374,795
FHLMC 1992 1381 Y6	6.250	07/15/2006	5,440,000	5,355,850	5,178,173
FHLMC 1992 1445 Y4	7.000	10/15/2007	11,103,200	10,447,417	10,076,154
FHLMC 1993 1559VG	6.500	11/15/2021	11,220,000	11,109,553	10,181,365
FHLMC 1993-1478 G	6.500	06/15/2007	17,639,000	16,776,343	16,215,533
FHLMC 1993-1479 H	6.950	06/15/2019	15,000,000	14,826,563	14,049,600
FHLMC 1993-1489 G	6.250	10/15/2007	10,000,000	9,685,938	9,023,600
FHLMC 1993-1513 L	6.500	07/15/2007	15,000,000	14,613,281	13,650,000
FHLMC 1993-1515 Y7	6.500	02/15/2008	8,406,000	8,110,477	7,709,983
FHLMC 1993-1546 Y6	6.750	12/15/2021	10,000,000	9,792,188	8,854,200
FHLMC 1993-1629 E	5.500	06/15/2016	8,000,000	7,825,000	7,249,120
FHLMC 1993-1637 G	6.000	06/15/2023	13,213,233	12,864,321	11,379,355
FHLMC GIANT SWAP 30-4272	8.500	06/01/2018	9,975,126	9,236,606	9,987,595
FHLMC GIANT SWAP 30-4278	9.000	07/01/2018	4,082,370	3,809,362	4,174,224
FHLMC GIANT SWAP 30-4281	9.000	07/01/2018	4,048,890	3,813,548	4,139,990
FHLMC GIANT WAM SWAP 30-6660	7.000	03/15/2019	2,908,209	2,606,483	2,803,165
FHLMC GIANT WAM SWAP 30-6661	8.500	03/15/2019	3,311,304	3,125,043	3,335,473
FHLMC GOLD PL C00249	7.000	07/01/2023	17,761,971	17,978,445	16,546,342
FHLMC PC 16-0011	8.500	10/01/2005	40,489	37,781	40,854
FHLMC PC 16-0012	8.500	12/01/2005	8,251	7,700	8,326
FHLMC PC 16-0016	8.500	08/01/2006	225,451	210,374	226,619
FHLMC PC 16-0034	8.500	12/01/2007	707,657	660,333	709,192
FHLMC PC 16-0038	8.500	02/01/2008	39,036	36,426	39,121
FHLMC PC 16-0039	8.500	03/01/2008	1,046,656	977,127	1,048,926
FHLMC PC 16-0040	8.750	03/01/2008	35,706	32,649	35,873
FHLMC PC 16-0043	8.750	04/01/2008	38,471	35,174	38,651
FHLMC PC 16-0049	8.750	07/01/2008	677,413	640,156	679,593
FHLMC PC 16-0079	10.250	05/01/2009	1,047,912	968,010	1,103,734
FHLMC PC 17-0018	8.500	02/01/2008	347,890	326,464	348,645
FHLMC PC 17-0019	8.500	02/01/2008	44,504	41,528	44,600
FHLMC PC 17-0029	12.000	05/01/2010	484,917	484,009	538,345
FHLMC PC 17-0040	14.500	12/01/2010	117,258	117,551	135,726
FHLMC PC 17-0149	11.000	12/01/2015	1,827,793	1,827,793	2,006,568
FHLMC PC 17-0186	9.500	08/01/2016	1,160,402	1,135,020	1,211,170
FHLMC SWAP 28-4854	8.500	12/01/2016	78,767	72,835	78,866
FHLMC SWAP 28-8013	8.500	03/01/2017	237,773	219,865	238,070
FHLMC SWAP 28-8307	8.500	03/01/2017	358,205	331,228	358,652
FHLMC SWAP 28-8720	8.500	04/01/2017	40,561	37,507	40,612

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>					
FHLMC SWAP 28-9754	8.500	03/01/2017	281,979	260,742	282,331
FHLMC SWAP 28-9978	8.500	04/01/2017	135,715	125,494	135,884
FHLMC SWAP 29-1274	8.000	04/01/2017	123,509	118,492	120,923
FHLMC SWAP 29-3905	8.500	05/01/2017	136,817	126,513	136,988
FNG 1993-22 HA	6.500	09/25/2020	10,285,000	10,106,620	9,336,826
FNMA 1992 135 E P11	7.300	03/25/2015	10,000,000	9,975,000	9,965,200
FNMA 1992 198 J	6.500	12/25/2019	11,907,000	10,920,952	10,933,246
FNMA 1992 216 E	7.000	03/25/2013	18,822,000	18,769,063	18,339,592
FNMA 1992-22G	7.000	04/25/2005	16,500,000	17,131,641	16,049,220
FNMA 1993 - 134D	5.900	11/25/2005	10,000,000	9,971,875	9,356,000
FNMA 1993-06 Y5	6.750	12/25/2004	12,000,000	11,900,625	11,665,800
FNMA 1993-137 PE	5.800	04/24/2007	5,000,000	4,975,000	4,506,900
FNMA 1993-188 G	5.800	08/25/2006	6,450,000	6,383,484	5,930,904
FNMA 1993-223 PH	6.050	10/25/2022	14,000,000	13,590,938	12,211,780
FNMA 1993-28 Y5	6.500	03/25/2007	15,000,000	14,770,313	15,013,800
FNMA 1993-54 Y8	6.500	04/25/2021	18,913,300	18,375,453	16,936,860
FNMA 1994 - 29 PE	6.000	05/25/2018	10,000,000	9,671,875	9,203,800
FNMA 1994 19B	5.000	01/25/2024	15,000,000	12,290,625	12,033,450
FNMA 1994-40 Y6	6.000	06/25/2022	10,000,000	9,520,313	8,619,700
FNMA 1994-62 PH	6.900	11/25/2023	10,000,000	9,314,063	9,166,620
FNMA CA 7423	11.250	05/01/2014	67,950	69,139	75,402
FNMA CL 2463	11.000	09/01/2015	99,894	97,959	111,100
FNMA GL 6222	9.000	04/01/2016	966,119	904,530	996,600
GNMA SF 45231	10.500	12/15/2010	121,670	91,613	133,228
GNMA SN 1470	6.500	12/15/2002	364,780	364,780	322,830
HEATHERWOOD VALLEY	7.500	01/01/2019	1,368,676	1,101,119	1,309,508
MCCORD MANOR	7.500	02/01/2019	1,426,581	1,147,705	1,365,110
SEAFIRST (SEC. PACIFIC)	10.520	01/31/2009	1,199,743	1,199,743	1,211,092
STRONGSVILLE SR CTR	7.500	07/01/2019	3,153,528	2,522,867	3,014,048
U S BANCORP	6.750	03/01/2002	31,573	30,468	28,254
VILLA RAINTREE	7.500	11/01/2018	1,358,893	1,114,457	1,304,537
WESTIN INTERNATIONAL	9.150	07/01/2002	31,755,608	31,755,608	31,768,945
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$453,595,187</u>	<u>\$437,308,958</u>
<u>ASSET-BACKED</u>					
DISCOVER 1993-A. ABS	6.250	08/15/2000	10,000,000	9,968,101	9,744,900
DISCOVER CARD	6.800	06/16/2000	15,000,000	14,927,550	14,904,900
DISCOVER CARD TR 1993-3 A ABS	6.200	11/15/2003	7,000,000	6,969,270	6,285,510
DISCOVER CARD TR 1993-B	6.750	02/15/2000	10,500,000	10,792,215	10,152,345
MBNA MASTER CR CARD 1991-1	7.750	10/15/1998	15,000,000	15,033,594	15,330,750
STANDARD CR CARD MASTER TRUST	7.250	04/07/2006	14,000,000	13,352,500	13,338,780
TOTAL ASSET-BACKED				<u>\$71,043,229</u>	<u>\$69,757,185</u>
<u>CORPORATES</u>					
ALABAMA PWR CO	6.000	03/01/2000	10,000,000	9,925,727	9,301,800
AMERICAN EXPRESS CREDIT CORP	7.750	03/01/1997	2,000,000	1,914,237	2,039,180
AMERICAN GEN FIN	8.125	04/19/1995	10,000,000	9,973,408	10,167,700
AMERICAN GEN FIN CORP	7.750	01/15/1997	2,000,000	1,892,518	2,039,260
AMERICAN GEN FIN CORP	7.900	09/23/1996	10,000,000	9,997,527	10,231,100
AMERICAN GENERAL	6.250	03/15/2003	7,000,000	6,854,617	6,248,970
AMERICAN GENERAL FIN CORP	7.125	12/01/1999	20,000,000	19,887,838	19,579,400
AMERICAN INTL GROUP MTN	7.700	03/15/1996	20,000,000	20,000,000	20,439,000

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
CORPORATES					
ANHEUSER BUSCH COS INC	9.000	12/01/2009	20,000,000	19,593,986	21,230,600
ANHEUSER BUSCH COS INC MTN	7.960	12/01/2000	5,000,000	4,602,423	5,128,050
ASSOCIATED DRY GOODS	8.850	03/01/2006	1,900,000	1,798,268	1,944,384
ASSOCIATES CORP NORTH AME	6.750	10/15/1999	5,000,000	5,036,937	4,818,050
ASSOCIATES CORP NORTH AMER	6.000	06/15/2001	2,000,000	1,685,357	1,791,100
AT & T CAPITAL CORP MTN	7.400	11/01/1996	10,000,000	10,221,495	10,153,800
BANK ONE CORP	7.250	08/01/2002	12,000,000	12,114,040	11,545,320
BANK ONE DAYTON	6.625	04/15/2003	5,100,000	5,019,508	4,667,418
BANKAMERICA CORP	6.000	07/15/1997	10,000,000	9,880,169	9,722,100
BENEFICIAL CORP MTN	7.640	11/25/2002	10,000,000	10,000,000	9,867,100
BENEFICIAL CORP MTN	8.050	08/30/1996	20,000,000	20,000,000	20,521,200
BOEING CO	8.750	08/15/2021	15,000,000	14,928,233	15,592,800
BURLINGTON NORTHERN INC	7.000	08/01/2002	12,750,000	12,434,697	11,935,403
BURLINGTON NORTHERN RR	9.250	10/01/2006	4,000,000	4,691,596	4,232,360
CARNIVAL CRUISE	6.150	10/01/2003	8,500,000	8,360,760	7,391,515
CASTLE PEAK POWER CO	6.870	08/01/2003	5,000,000	5,000,000	4,433,000
CENTRAL LA ELECTRIC	5.000	09/01/1995	1,000,000	1,000,000	984,660
CHEMICAL BANK	7.000	06/01/2005	10,000,000	9,961,496	9,186,600
CHEMICAL BANK	6.125	11/01/2008	3,075,000	2,730,258	2,511,322
CHEMICAL BANKING CORP	8.625	05/01/2002	7,000,000	7,933,208	7,248,220
CHEMICAL BANKING CORP	8.500	02/15/2002	3,000,000	3,153,404	3,083,400
CHESAPEAKE & POTOMAC TEL MD	5.875	06/01/2004	750,000	636,321	643,778
CHESAPEAKE & POTOMAC TEL MD	6.625	10/01/2008	490,000	478,921	426,565
CHICAGO & NW RR	14.750	08/01/1998	4,337,178	4,337,178	5,286,456
CHICAGO & N WESTN TRANS	6.250	07/30/2012	5,200,000	5,200,000	4,461,449
CHRYSLER FINANCIAL CORP	5.375	10/15/1998	10,000,000	9,451,248	9,319,800
CHRYSLER FINANCIAL CORP	6.625	08/15/2000	10,000,000	9,734,902	9,502,600
CHUBB CORP	8.750	11/15/1999	4,000,000	3,986,712	4,147,000
CINCINNATI BELL INC	7.375	08/01/2011	750,000	659,334	679,343
CINCINNATI GAS & ELEC	6.450	02/15/2004	8,000,000	7,985,440	7,238,960
COCA COLA ENT	6.500	11/15/1997	20,000,000	20,184,523	19,635,000
COLUMBIA HEALTHCARE	7.150	03/30/2004	10,000,000	9,974,400	9,342,500
COMMERCIAL CREDIT CO	6.750	01/15/1997	5,000,000	4,917,796	4,990,000
COMMERCIAL CREDIT CO	5.700	03/01/1998	8,500,000	8,489,875	8,076,190
COMMONWEALTH EDISON CO	7.000	02/01/1997	11,000,000	10,956,599	10,863,820
CONAGRA	7.400	09/15/2004	10,000,000	9,971,751	9,364,000
CONSOLIDATED EDISON CO N Y	5.900	12/15/1996	450,000	403,629	441,126
COOPER INDUSTRIES MTN	7.890	11/16/1998	15,000,000	15,000,000	15,323,250
DAYTON HUDSON	6.625	03/01/2003	13,000,000	12,994,648	11,837,930
DEAN WTR DISCV	6.875	03/01/2003	5,000,000	4,978,443	4,644,400
DIGITAL EQUIPMENT	7.125	10/15/2002	10,000,000	9,927,664	8,014,000
DU PONT E I DE NEMOURS & CO	6.000	12/01/2001	7,000,000	6,289,379	6,319,110
EATON CORP	7.000	04/01/2011	25,000,000	19,768,814	22,157,250
FIRST CHICAGO	8.250	06/15/2002	3,165,000	3,559,133	3,209,152
FIRST UNION CORP	7.250	02/15/2003	7,000,000	6,980,927	6,674,990
FORD HOLDINGS INC	9.250	03/01/2000	15,000,000	14,719,812	16,018,950
FORD MOTOR CREDIT CO	7.125	12/01/1997	15,000,000	14,910,704	14,957,400
FORD MOTOR CREDIT CORP	6.250	02/26/1998	6,200,000	6,191,568	5,990,440
FORD MOTOR CREDIT CORP	7.750	11/15/2002	10,000,000	9,945,357	9,864,800
GEN MTRS ACCEPT CORP MTN	6.750	02/25/1998	8,000,000	8,199,879	7,822,400
GENERAL ELEC CREDIT CORP	5.500	11/01/2001	8,750,000	6,437,796	7,680,750
GENERAL MTRS ACCEPT CORP	8.500	01/01/2003	10,000,000	10,822,586	10,216,300
GENERAL MTRS ACCEPT CORP	7.750	01/15/1999	11,000,000	11,692,209	11,117,920
GENERAL MTRS ACCEPT CORP MTN	7.850	03/05/1997	10,050,000	9,945,734	10,215,624
GENERAL TEL CO NW	6.250	09/01/1998	1,000,000	998,104	1,022,100
GOLDMAN SACHS 144A	6.375	06/15/2000	5,000,000	4,972,453	4,622,600
GRAND METROPOLITAN	8.125	08/15/1996	10,000,000	10,132,776	10,264,100
GTE CORP	8.750	11/01/2021	15,000,000	14,908,986	15,031,800

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
GULF STS UTILS CO	6.750	10/01/1998	500,000	479,452	480,340
GULF STS UTILS CO	8.250	04/01/2004	10,000,000	9,808,399	10,100,000
HELLER FINANCIAL INC	9.375	03/15/1998	10,000,000	11,079,731	10,612,100
HERSHEY FOODS CORP	8.800	02/15/2021	10,000,000	9,776,908	10,510,800
HERTZ CORP	6.500	04/01/2000	5,000,000	4,978,955	4,682,550
HOST MARRIOTT INC.	7.0.625	02/01/2000	1,901,000	1,901,000	1,901,000
HOUSEHOLD FINANCE CORP	6.875	03/01/2003	25,000,000	24,934,363	23,148,750
INTERNATIONAL LEASE FINAN	5.750	07/01/1998	5,000,000	4,977,974	4,719,350
INTL BUSINESS MACHINES	8.375	11/01/2019	30,000,000	26,606,533	29,357,400
JERSEY CENT PWR & LT CO	6.125	08/01/1996	1,450,000	1,427,086	1,415,418
K MART MTN	8.540	05/07/1997	8,800,000	8,800,000	9,150,240
K MART MTN	8.500	05/09/1997	10,000,000	10,000,000	10,387,700
KAISER PERMANENTE MTN	7.170	02/27/1997	5,000,000	4,995,180	5,048,250
KANSAS GAS & ELEC	6.780	09/29/2003	10,000,000	10,000,000	9,264,300
KOREA ELEC PWR	8.000	07/01/2002	5,000,000	5,600,564	4,859,150
KOREA ELECTRIC POWER	6.375	12/01/2003	12,000,000	11,832,538	10,307,760
LORAL CORP	7.625	06/15/2004	6,000,000	5,951,280	5,771,820
MASCO CORP	6.125	09/15/2003	5,000,000	5,000,000	4,328,300
MBNA AMER BANK NA	7.250	09/15/2002	8,000,000	8,485,612	7,623,680
MCA FUNDING MTN	7.400	09/19/1995	8,000,000	7,999,118	8,126,000
MCA FUNDING MTN	7.150	09/15/1994	5,000,000	5,000,000	5,019,800
MCI COMMUNICATIONS CORP	7.500	08/20/2004	10,000,000	9,973,668	9,699,300
MORGAN STANLEY GROUP INC	6.375	12/15/2003	5,000,000	4,986,132	4,410,950
NATIONAL BANK OF DETROIT	6.250	08/15/2003	8,000,000	7,968,972	7,141,840
NATIONASBANK CORP	6.500	08/15/2003	5,000,000	5,081,475	4,510,700
NEW JERSEY BELL TEL CO	7.375	06/01/2012	3,500,000	3,274,704	3,197,740
NEW YORK TEL CO	7.500	03/01/2009	1,000,000	564,329	943,010
NEW YORK TEL CO	7.750	12/15/2006	1,800,000	1,723,908	1,737,486
NEW YORK TEL CO	8.625	11/15/2010	15,000,000	14,173,202	15,731,850
NIAGARA MOHAWK POWER CORP	8.000	06/01/2004	10,000,000	9,913,965	9,631,400
NORFOLK SOUTHERN	9.000	03/01/2021	20,000,000	19,860,298	21,655,200
PACIFIC GAS & ELEC CO	6.875	12/01/1999	850,000	832,093	816,102
PACIFIC GAS & ELEC CO	8.800	05/01/2024	10,000,000	9,972,362	10,403,000
PACIFIC GAS & ELEC CO	6.750	12/01/2000	1,885,000	1,826,718	1,793,144
PENNEY, JC	6.125	11/15/2003	7,000,000	6,952,443	6,206,970
PENNSYLVANIA ELEC CO MTN	6.800	12/20/1996	10,000,000	10,000,000	9,987,500
PEPSICO MTN	7.850	05/15/1995	22,000,000	21,976,895	22,384,340
PETROLIUM NASIONAL BERHAD	6.875	07/01/2003	5,000,000	5,030,732	4,603,550
PHILIP MORRIS INC	9.750	05/01/1997	20,000,000	20,000,012	21,192,000
PHILIPS ELECTRONICS	6.750	08/15/2003	7,500,000	7,480,042	6,796,050
PHILIPS ELECTRONICS NV	7.750	04/15/2004	12,500,000	12,500,000	12,091,500
PNC FUNDING CORP	6.125	09/01/2003	7,000,000	6,999,979	6,169,240
PNC FUNDING CORP	6.875	03/01/2003	3,700,000	3,903,190	3,430,788
PNC FUNDING CORP	7.750	06/01/2004	5,250,000	5,215,875	5,163,743
POTOMAC ELEC PWR CO	6.625	02/15/2003	500,000	501,622	458,505
POTOMAC ELEC PWR CO	8.625	08/15/2019	2,000,000	1,906,403	2,072,340
PROGRESSIVE CORP	6.600	01/15/2004	10,000,000	8,978,964	8,995,500
PUBLIC SVC CO NEW MEXICO	7.500	06/15/2002	498,000	493,549	438,335
REPUBLIC NEW YORK CORP	8.375	02/15/2007	1,000,000	924,970	1,019,200
RJR NABISCO CAPITAL CORP	8.300	04/15/1999	20,000,000	20,000,000	18,675,000
RJR NABISCO CAPITAL CORP	8.750	04/15/2004	5,000,000	5,000,000	4,299,450
ROCKWELL INTL CORP	8.875	09/15/1999	19,000,000	18,604,996	20,055,070
RYDER SYSTEM	9.000	05/15/2016	1,900,000	1,739,874	1,961,655
SAFECO CR CO MTN	8.110	10/02/1998	5,000,000	5,000,000	5,149,700
SAFECO CREDIT CORP.MTN	8.120	10/01/1998	5,000,000	5,000,000	5,153,250
SEARS ROEBUCK & CO	6.000	05/01/2000	2,500,000	1,858,412	2,298,875
SMITH BARNEY HLDGS	6.625	06/01/2000	10,000,000	9,971,208	9,300,000
SOCIETY CORP	7.850	11/01/2002	12,500,000	13,042,324	12,316,750

**LABOR & INDUSTRIES
ACCIDENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
SOCIETY CORP	8.125	06/15/2002	4,750,000	5,232,759	4,740,643
SOCIETY NATIONAL BANK	6.750	06/15/2003	2,625,000	2,666,045	2,432,929
SOUTHERN CALIF GAS CO MTN	8.750	08/04/1995	6,000,000	6,041,917	6,173,160
TELECOMMUNICATIONS INC	7.375	02/15/2000	7,000,000	6,985,374	6,710,060
TELECOMMUNICATIONS INC	8.250	01/15/2003	10,000,000	9,996,234	9,819,200
TELECOMMUNICATIONS INC.	7.875	08/01/2013	5,000,000	4,948,422	4,361,850
TENAGA NASIONAL BERHAD	7.875	06/15/2004	3,000,000	2,989,080	2,932,410
TENNECO CREDIT	9.625	08/15/2001	5,000,000	5,646,255	5,424,900
TENNESSEE GAS PL	9.000	01/15/1997	4,500,000	4,814,742	4,684,860
TEXAS UTILITIES	6.750	04/01/2003	5,000,000	4,969,991	4,594,650
TEXAS UTILITIES	5.750	07/01/1998	10,000,000	9,827,503	9,475,700
TIME WARNER ENTERTAINMENT	9.625	05/01/2002	9,075,000	10,594,301	9,625,036
TRANSAMERICA FINANCE	6.800	03/15/1999	5,500,000	5,498,515	5,342,315
UNION BANK OF LOS ANGELES	7.350	02/01/2001	1,100,000	1,097,728	1,004,971
UNITED PARCEL SVC AMER INC	8.375	04/01/2020	35,000,000	32,593,544	35,943,600
UNITED TECHNOLOGIES	9.500	10/01/1997	5,000,000	5,524,856	5,341,200
UNITED TECHNOLOGIES MTN	8.300	12/15/1999	15,000,000	14,461,933	15,488,250
WEYERHAEUSER CORP MTN	8.400	05/17/1996	25,000,000	25,000,000	25,828,500
WISCONSIN BELL INC	7.250	02/01/2007	500,000	318,543	472,115
WISCONSIN TEL CO	6.250	08/01/2004	200,000	192,428	177,350
TOTAL CORPORATES				<u>\$1,183,605,486</u>	<u>\$1,174,737,900</u>
<u>FOREIGN</u>					
CANADIAN NAT'L RR	6.625	05/15/2003	8,000,000	8,000,000	7,348,240
CANADIAN NAT'L RR	7.000	03/15/2004	10,000,000	9,924,000	9,321,700
HYDRO-QUEBEC	8.250	01/15/2027	10,000,000	9,583,530	9,285,200
HYDRO-QUEBEC	7.375	02/01/2003	14,750,000	15,574,957	14,003,650
HYDRO-QUEBEC	9.375	04/15/2030	25,000,000	24,978,093	26,248,000
MANITOBA PROV CDA	9.625	12/01/2018	20,000,000	19,381,816	22,324,600
MANITOBA PROV CDA	6.875	09/15/2002	5,000,000	4,968,388	4,710,950
NOVA SCOTIA PROV CDA	9.375	07/15/2002	25,000,000	24,873,063	26,896,250
ONTARIO PROV CDA	7.625	06/22/2004	13,000,000	12,981,930	12,694,500
SAFERCO MTN	9.650	05/31/2006	10,000,000	10,000,000	10,989,500
SAFERCO MTN	9.650	05/31/2007	16,000,000	16,000,000	17,586,720
TOTAL FOREIGN				<u>\$156,265,776</u>	<u>\$161,409,310</u>
PENDING TRADES				(872,702)	(872,702)
ACCRUED INTEREST RECEIVABLE				40,258,123	40,258,123
TOTAL ACCIDENT FUND				<u>\$2,437,918,215</u>	<u>\$2,455,398,417</u>

**LABOR & INDUSTRIES
MEDICAL AID FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				<u>\$29,242,239</u>	<u>\$29,242,239</u>
<u>GOVERNMENT & GOVT. SPONSORED</u>					
<u>U S TREASURIES</u>					
U S TREASURY	6.000	10/15/1999	23,000,000	23,064,618	22,011,690
U S TREASURY	8.500	07/15/1997	21,350,000	22,283,515	22,484,112
U S TREASURY	8.625	06/15/1997	10,200,000	10,185,473	10,781,706
US TREASURY	8.500	02/15/2000	35,000,000	39,441,523	37,411,850
TOTAL U S TREASURIES				<u>\$94,975,129</u>	<u>\$92,689,358</u>
<u>AGENCIES</u>					
FEDERAL HOME LN BKS	9.500	02/25/2004	3,700,000	3,695,253	4,201,794
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	117,000	116,676	121,424
FEDERAL NATL MTG ASSOC	11.700	05/10/1995	1,000,000	1,008,128	1,050,000
GUARANTEED TRADE TR 1994-A	7.390	06/26/2006	10,000,000	10,000,000	9,859,600
TOTAL AGENCIES				<u>\$14,820,057</u>	<u>\$15,232,818</u>
<u>GOVERNMENT SPONSORED BANKS</u>					
EUROPEAN INVESTMENT BANK MTN	6.910	12/13/1996	5,000,000	5,021,289	5,025,600
INTER AMERN DEV BK	7.500	12/15/1996	3,700,000	3,529,250	3,766,008
TOTAL GOVERNMENT SPONSORED BANKS				<u>\$8,550,539</u>	<u>\$8,791,608</u>
<u>ZERO COUPON BONDS</u>					
US TREASURY - STRIP	0.000	02/15/2000	18,000,000	12,961,552	12,154,500
U.S. TREASURY - STRIPS	0.000	02/15/2000	30,500,000	21,872,321	20,606,410
TOTAL ZERO COUPON BONDS				<u>\$34,833,873</u>	<u>\$32,760,910</u>
TOTAL GOVERNMENT & GOVT. SPONSORED				<u>\$153,179,598</u>	<u>\$149,474,694</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
BEAR S. MTG. SEC TR93-08A5	6.350	08/24/2024	12,000,000	11,981,250	12,011,040
BSMSI 1993-3 A10	7.750	02/25/2024	5,000,000	4,984,375	4,893,450
EUCLID APTS	7.500	05/01/2019	1,538,113	1,232,358	1,470,651
FHLMC 1673 Y5	6.000	02/15/2019	15,000,000	14,763,281	13,435,500
FHLMC 1706 H	6.500	06/15/2023	5,000,000	4,507,031	4,450,100
FHLMC 1992 1243 Y5	6.750	07/15/2003	15,900,000	15,917,391	15,970,596
FHLMC 1992 1360 G	6.250	12/15/2004	10,000,000	9,895,313	9,470,800
FHLMC 1992 1381 Y6	6.250	07/15/2006	7,000,000	6,891,719	6,663,090
FHLMC 1992 1381 Y7	6.500	02/15/2007	8,000,000	8,072,500	7,732,480
FHLMC 1992 1393 C	6.000	01/15/2004	18,000,000	17,921,250	17,220,600
FHLMC 1992 1423 CC	6.750	03/15/2004	20,000,000	19,737,500	19,576,400
FHLMC 1992 1445 Y3	7.000	10/15/2005	17,556,800	17,323,576	16,585,540
FHLMC 1992 1456 C	6.250	10/15/2011	36,000,000	36,000,000	35,661,960

**LABOR & INDUSTRIES
MEDICAL AID FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>					
FHLMC 1992-1275X INT. DEFERRED	7.000	09/15/2020	27,389,996	29,479,143	24,643,574
FHLMC 1992-1379 FA	6.500	08/15/2018	10,000,000	9,482,813	9,195,200
FHLMC 1993-1505D	5.500	08/15/2018	10,000,000	8,850,000	8,851,400
FHLMC 1993-1637 EA	5.950	02/15/2019	6,003,847	5,998,218	5,560,397
FHLMC 1994-1727 E	6.500	04/15/2018	20,000,000	19,080,469	18,893,980
FHLMC 1994-1119 G	8.100	07/15/2020	5,000,000	5,071,875	5,087,150
FHLMC 1994-1683 AB	5.250	07/15/2020	25,000,000	23,609,375	20,927,250
FHLMC 1994-1714 E	6.250	09/15/2018	14,000,000	13,351,875	13,091,260
FHLMC GIANT SWAP 30-4272	8.500	06/01/2018	11,965,451	11,078,280	11,980,408
FHLMC GIANT SWAP 30-4278	9.000	07/01/2018	4,477,344	4,177,922	4,578,085
FHLMC GIANT SWAP 30-4281	9.000	07/01/2018	4,445,073	4,186,703	4,545,087
FHLMC GNOME 38-0021	9.000	05/01/2003	2,975,131	2,904,532	3,071,823
FHLMC PC 16-0079	10.250	05/01/2009	1,047,912	968,010	1,103,734
FHLMC PC 17-0147	11.000	11/01/2015	1,136,133	1,129,369	1,247,259
FHLMC PC 17-0186	9.500	08/01/2016	1,160,402	1,135,020	1,211,170
FHLMC-GNMA93-12 E	6.000	03/25/2008	7,481,250	7,308,246	6,821,920
FHLMC/GNMA 29X	6.750	02/25/2023	16,443,803	15,775,773	16,232,977
FHLMC/GNMA-29 Y5	6.250	02/25/2018	15,000,000	14,240,625	13,391,550
FNMA 1991-85 G	8.000	06/25/2015	4,441,585	4,633,129	4,481,648
FNMA 1992 135 E P11	7.300	03/25/2015	7,715,000	7,695,713	7,688,152
FNMA 1992 175 PE	6.500	10/25/2004	6,500,000	6,370,508	6,285,500
FNMA 1992-48 H	7.500	11/25/2005	12,500,000	12,517,500	12,458,125
FNMA 1993-134D	5.900	11/25/2005	10,000,000	9,971,875	9,356,000
FNMA 1993-136E	5.750	12/25/2016	10,000,000	9,857,813	9,187,900
FNMA 1993-149G	5.750	02/25/2017	12,759,100	12,587,650	11,720,114
FNMA 1993-207 Y4	5.500	12/25/2017	20,000,000	19,768,750	18,014,600
FNMA 1993-28 Y5	6.500	03/25/2007	20,000,000	19,845,313	20,018,400
FNMA 1993-84 Y9	6.450	06/25/2018	12,000,000	11,816,250	11,182,308
FNMA 1993-G9 E	6.350	08/25/2015	7,400,000	7,366,700	6,996,848
FNMA 1994-42 PE	5.850	06/25/2018	15,000,000	13,823,438	13,686,450
FNMA CA 7423	11.250	05/01/2014	33,975	34,569	37,701
FNMA CL 2463	11.000	09/01/2015	205,338	201,360	228,373
FNMA1993-252E	6.000	08/25/2017	13,000,000	12,605,938	11,991,850
GNMA GP 90132	9.000	05/15/2009	107,132	80,885	107,968
GNMA GP 90178	9.000	05/15/2009	307,983	232,527	310,388
GNMA II SF 120666	13.000	09/15/2014	2,654,451	2,599,082	3,079,163
KEYCORP (PUGET SOUND)	10.500	10/25/2009	330,372	330,372	333,028
MANCHESTER HEIGHTS	7.500	02/01/2019	1,158,895	923,256	1,101,819
PHMSC 93-11 A-5	6.900	03/25/2023	10,000,000	9,985,938	9,815,600
PRU BACHE TRUST 16 G	8.000	12/25/2020	14,490,000	15,449,963	14,558,248
PRU HOME 1994-18A1	7.425	05/25/2024	14,829,504	14,702,063	14,146,605
RTC 1993-3 A-2B	7.250	10/25/2023	3,000,000	3,073,594	3,041,460
RTC SERIES 1992-7 A-2D	8.350	06/25/2029	15,476,000	15,790,356	15,627,665
VA VENDEE MTF 94-2 3C	6.500	11/15/2009	10,000,000	9,460,938	9,500,660
VA VENDEE MTG 1994-1C	6.300	09/15/2010	11,917,000	11,969,464	11,884,705
VA VENDEE MTG TRUST 1992-1 B	7.750	09/15/2010	5,000,000	5,113,281	5,020,500
VIRGINIA APTS	7.500	07/01/2018	1,896,218	1,522,690	1,819,440
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$587,386,700</u>	<u>\$569,257,649</u>
<u>ASSET-BACKED</u>					
CAP AUTO RECEIVABLES 1993-1 A7	5.350	02/17/1998	5,000,000	5,000,500	4,878,700
DISCOVER 1993-A. ABS	6.250	08/15/2000	10,000,000	9,968,101	9,744,900
DISCOVER CARD TR 1993-2 A ABS	5.400	05/15/1999	10,000,000	9,953,600	9,340,300
DISCOVER CARD TR 1993-B	6.750	02/15/2000	10,000,000	10,323,438	9,668,900
DISCOVERY CARD TRUST 1992-4	5.500	05/16/1998	11,400,000	11,342,316	11,286,798
FIRST USA CREDIT CARD 92-1	5.200	06/15/1998	12,494,000	12,408,104	12,221,881

**LABOR & INDUSTRIES
MEDICAL AID FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
ASSET-BACKED					
FORD CREDIT TRUST 1993-A - ABS	4.850	01/15/1998	6,293,452	6,290,450	6,209,617
PREMIER AUTO TRUST 1993-2B ABS	5.000	10/15/1998	5,394,113	5,386,297	5,274,412
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	10,000,000	9,999,320	9,503,200
SCFC BOAT LOAN TR 1992-1 A	7.050	04/15/2007	12,484,862	12,420,690	12,491,729
STANDARD CR CARD MASTER TR 94-1 A	4.650	02/07/1997	25,000,000	24,964,500	23,758,250
TOTAL ASSET-BACKED				\$118,057,315	\$114,378,687
CORPORATES					
ALABAMA PWR CO	6.000	03/01/2000	10,000,000	9,925,727	9,301,800
ALCAN ALUMINUM	8.200	09/01/1996	6,975,000	7,027,122	7,154,816
ALCAN ALUMINUM	6.375	09/01/1997	7,500,000	7,475,969	7,320,075
AMERICAN EXPRESS CREDIT CORP	7.750	03/01/1997	1,700,000	1,627,102	1,733,303
AMERICAN EXPRESS CREDIT MTN	7.250	02/11/1997	14,400,000	14,291,957	14,590,800
AMERICAN GEN FIN	8.125	04/19/1995	6,000,000	5,984,045	6,100,620
AMERICAN GEN FIN CORP	5.875	07/01/2000	7,600,000	7,541,046	6,949,896
AMERICAN GEN FIN CORP	7.750	01/15/1997	1,700,000	1,608,641	1,733,371
AMERICAN GEN FIN CORP MTN	6.700	11/19/1997	5,000,000	5,000,000	4,935,500
AMERICAN INTL GROUP MTN	7.700	03/15/1996	15,000,000	15,000,000	15,329,250
ASSOCIATES CORP M.T.N.	6.910	01/28/2000	3,000,000	3,092,099	2,905,230
ASSOCIATES CORP NORTH AME	6.000	06/15/2000	4,000,000	3,983,244	3,693,520
ASSOCIATES CORP NORTH AME	6.625	11/15/1997	20,000,000	19,953,289	19,650,200
ASSOCIATES CORP NORTH AMER	7.500	05/15/1999	3,000,000	2,989,563	2,999,160
ASSOCIATES CORP NORTH AMER M	7.730	10/31/1996	5,000,000	5,000,000	5,109,300
AT & T CAPITAL CORP MTN	7.220	11/06/1996	12,500,000	12,500,000	12,642,625
ATLANTIC RICHFIELD CO MTN	8.570	03/15/1995	19,000,000	19,090,395	19,378,480
AVERY DENNISON MTN	7.800	10/01/1996	14,000,000	14,000,000	14,324,520
BANKAMERICA CORP	6.000	07/15/1997	13,500,000	13,338,228	13,124,835
BAUSCH AND LOMB MTN	6.700	11/21/1995	5,000,000	5,000,000	5,035,600
BEAR STERNS & CO	6.500	06/15/2000	8,000,000	7,993,942	7,466,880
BENEFICIAL CORP MTN	9.500	07/18/1997	9,000,000	9,569,502	9,595,440
BENEFICIAL CORP MTN	9.950	05/10/1996	1,000,000	1,050,811	1,060,110
BENEFICIAL CORP MTN	7.270	11/22/1999	10,000,000	10,000,000	9,875,500
BENEFICIAL CORP MTN	9.500	05/25/1995	10,450,000	10,666,073	10,768,203
BENEFICIAL CORP MTN	9.250	09/10/1996	1,200,000	1,253,370	1,260,060
BENEFICIAL FIN	7.300	11/15/1999	8,000,000	7,983,671	7,908,160
BURLINGTON RESOURCES	6.875	08/01/1999	15,000,000	14,968,896	14,540,550
CARNIVAL CRUISE	5.750	03/15/1998	7,850,000	7,953,654	7,470,845
CHICAGO & NW RR	14.750	08/01/1998	4,337,178	4,337,178	5,286,456
CIT GROUP HLDGS	8.750	07/01/1997	5,775,000	5,975,997	6,041,516
CIT GROUP HLDGS	8.750	02/15/1996	13,150,000	13,367,926	13,613,669
COCA COLA ENT	6.500	11/15/1997	30,000,000	30,276,785	29,452,500
COMMERCIAL CREDIT CO	6.125	03/01/2000	25,000,000	24,934,959	23,229,750
COMMERCIAL CREDIT CO	5.700	03/01/1998	3,500,000	3,486,555	3,325,490
COOPER INDUSTRIES MTN	7.750	10/15/1996	10,000,000	10,000,000	10,226,000
DEAN WITTER DISCV	6.000	03/01/1998	12,000,000	12,026,748	11,496,720
DU PONT E I NEMOURS MTN	8.450	07/23/1996	20,000,000	20,000,000	20,719,000
FORD HOLDINGS INC	9.250	07/15/1997	4,000,000	4,170,509	4,226,520
FORD MOTOR CREDIT CO	7.125	12/01/1997	10,000,000	9,940,469	9,971,600
FORD MOTOR CREDIT CO	8.000	10/01/1996	3,000,000	3,118,482	3,066,780
FORD MOTOR CREDIT CO	8.875	06/15/1999	6,115,000	6,385,508	6,440,746
FORD MOTOR CREDIT CORP	6.375	04/15/2000	4,000,000	3,977,207	3,765,880
FORD MOTOR CREDIT CORP	6.250	02/26/1998	17,500,000	17,476,200	16,908,500
FORD MOTOR CREDIT CORP MTN	5.800	05/07/1998	5,000,000	5,056,231	4,758,650
GEN MTRS ACCEPT CORP MTN	6.750	02/25/1998	4,000,000	4,099,952	3,911,200
GEN MTRS ACCEPT CORP MTN	6.200	05/11/1998	9,150,000	9,205,521	8,741,178
GENERAL MTRS ACCEPT CORP	7.000	08/15/2001	20,000,000	19,188,020	18,867,800

**LABOR & INDUSTRIES
MEDICAL AID FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
CORPORATES					
GENERAL MTRS ACCEPT CORP MTN	7.850	03/05/1997	3,000,000	3,197,109	3,049,440
GENERAL MTRS ACCEPT CORP MTN	7.750	05/12/1997	15,000,000	15,094,492	15,200,700
GOLDEN WEST FINL	8.625	08/30/1998	7,000,000	7,644,065	7,240,660
GOLDMAN SACHS 144A	6.375	06/15/2000	10,000,000	10,095,646	9,245,200
GULF POWER CO	5.875	08/01/1997	3,000,000	2,993,726	2,909,250
GULF STS UTILS CO	7.460	11/01/1999	10,000,000	10,000,002	9,829,100
HELLER FINANCIAL INC	9.375	03/15/1998	3,000,000	3,386,913	3,183,630
HELLER FINANCIAL INC	6.500	05/15/2000	10,000,000	9,970,000	9,496,800
HELLER FINANCIAL INC	5.625	03/15/2000	8,500,000	8,430,560	7,755,400
HERTZ CORP	6.500	04/01/2000	10,000,000	9,957,910	9,365,100
HOST MARRIOTT INC.	10.625	02/01/2000	1,616,000	1,616,000	1,616,000
HOUSEHOLD FINANCE CORP	6.875	03/01/2003	15,000,000	14,961,143	13,889,250
HOUSTON LTG & PWR MTN	9.850	01/30/1996	5,000,000	5,155,878	5,262,000
IBM CORP	6.375	06/15/2000	7,000,000	6,999,208	6,577,620
INTERNATIONAL LEASE FINAN	5.750	07/01/1998	5,000,000	4,977,974	4,719,350
INTL LEASE FINANCE	6.200	05/01/2000	5,000,000	4,927,457	4,654,100
KAISER PERMANENTE MTN	7.170	02/27/1997	10,000,000	9,978,185	10,096,500
KANSAS GAS & ELEC	6.760	09/29/2003	10,000,000	10,000,000	9,264,300
KOREA DEVELOPMENT BANK	6.250	05/01/2000	9,000,000	8,977,708	8,221,050
KOREA ELEC PWR	8.000	07/01/2002	6,000,000	6,583,644	5,830,980
KOREA TELECOM	7.400	12/01/1999	6,400,000	6,813,766	6,281,344
MENA AMER BANK NA	7.250	09/15/2002	5,000,000	4,880,063	4,764,800
MCA FUNDING MTN	7.150	09/15/1994	5,000,000	5,000,000	5,019,600
NORDSTROM CREDIT	8.050	08/28/1996	10,000,000	9,998,006	10,258,800
NORWEST FINANCIAL	6.000	08/15/1997	5,900,000	5,892,452	5,734,092
OCCIDENTAL PETE MTN	5.880	11/09/1998	10,000,000	10,000,000	9,268,800
PACIFIC GAS & ELEC CO MTN	7.350	11/12/1996	15,000,000	15,000,000	15,183,600
PACIFICORP MTN	7.000	01/27/1997	15,000,000	14,997,779	15,027,300
PENNSYLVANIA ELEC CO MTN	6.800	12/20/1996	10,000,000	10,000,000	9,987,500
PHILLIP MORRIS	6.375	01/15/1998	10,000,000	9,914,905	9,643,000
PHILLIP MORRIS CORP	9.400	10/01/1995	25,400,000	25,675,034	26,265,886
PNC FUNDING CORP	6.125	09/01/2003	10,000,000	9,977,815	8,813,200
RICOH FINANCE CORP MTN	7.950	09/18/1995	20,000,000	20,000,000	20,546,200
RJR NABISCO CAPITAL CORP	8.300	04/15/1999	20,000,000	20,212,704	18,675,000
SAFECO CORP	10.750	09/15/1995	8,000,000	8,138,224	8,425,760
SAFECO CREDIT CORP MTN	7.000	09/30/1994	5,000,000	4,999,618	5,022,900
SEARS ROEBUCK & CO	6.000	05/01/2000	700,000	533,240	643,685
SMITH BARNEY HLDGS	6.625	06/01/2000	5,000,000	4,983,916	4,650,000
SMITH BARNEY HOLDINGS	5.625	11/15/1998	6,500,000	6,487,795	6,034,340
SOCIETY CORP	7.850	11/01/2002	2,500,000	2,682,330	2,463,350
TELECOMMUNICATIONS IMC. MTN	7.010	02/09/1998	10,000,000	10,000,000	9,803,800
TELECOMMUNICATIONS INC	7.375	02/15/2000	10,000,000	9,979,106	9,585,800
TENNECO CREDIT	9.625	08/15/2001	5,400,000	6,343,443	5,858,892
TENNESSEE GAS PL	9.000	01/15/1997	7,500,000	8,024,570	7,808,100
TEXAS UTILITIES	5.750	07/01/1998	5,000,000	4,990,134	4,737,850
TEXAS UTILITIES	6.375	08/01/1997	17,800,000	17,761,322	17,431,540
TIMES MIRROR	8.550	06/01/2000	4,095,000	4,547,515	4,265,680
TRANSAMERICA FINANCE	6.800	03/15/1999	7,000,000	6,998,110	6,799,310
TRANSAMERICA FINANCE	8.300	05/01/1995	8,750,000	8,750,000	8,915,025
U S BANCORP MTN	6.830	11/13/1997	13,000,000	13,001,748	12,922,780
VIGINIA ELEC & PWR CO	9.375	06/01/1998	5,000,000	5,639,389	5,300,050
WHIRLPOOL MTN	8.220	03/15/1995	5,000,000	5,004,011	5,088,350
WILLIAMS COS	7.500	09/15/1999	5,000,000	5,032,671	4,895,250
WORLD SAVINGS AND LOAN	10.250	10/01/1997	22,000,000	23,600,330	23,875,500
TOTAL CORPORATES				\$933,700,206	\$915,412,117

**LABOR & INDUSTRIES
MEDICAL AID FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>FOREIGN</u>					
HYDRO-QUEBEC	7.375	02/01/2003	5,000,000	5,405,526	4,747,000
HYDRO-QUEBEC MTN	7.000	12/10/1996	10,000,000	10,000,000	10,049,200
HYDRO-QUEBEC MTN	6.830	12/19/1996	10,000,000	10,000,000	9,975,000
ONTARIO PROV & CO	6.125	06/28/2000	27,500,000	26,849,391	25,553,275
QUEBEC PROV CDA	9.125	03/01/2000	5,750,000	6,523,761	6,083,673
TOTAL FOREIGN				<u>\$58,778,677</u>	<u>\$56,408,148</u>
ACCRUED INTEREST RECEIVABLE					
<u>EQUITY INVESTMENTS</u>					
<u>INDEX FUNDS</u>					
WELLS FARGO S&P 500 INDEX FUND				<u>\$268,655,530</u>	<u>\$268,655,530</u>
PENDING TRADES				(2,874,583)	(2,874,583)
ACCRUED INTEREST RECEIVABLE				27,063,513	27,063,513
TOTAL MEDICAL AID FUND				<u>\$2,173,189,196</u>	<u>\$2,127,017,993</u>

**LABOR & INDUSTRIES
ACCIDENT RESERVE FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				<u>\$12,699,238</u>	<u>\$12,699,238</u>
<u>GOVERNMENT & GOVT. SPONSORED</u>					
<u>U S TREASURIES</u>					
U S TREASURY	7.125	02/15/2023	2,500,000	2,438,367	2,342,175
U S TREASURY	7.500	11/15/2016	28,380,000	24,517,126	27,617,146
U S TREASURY	7.250	05/15/2016	5,600,000	4,741,496	5,312,104
U S TREASURY	8.500	02/15/2020	16,600,000	17,327,154	17,969,500
U S TREASURY	10.375	11/15/2012	3,800,000	3,970,089	4,657,356
U S TREASURY	8.750	05/15/2017	17,700,000	18,652,656	19,569,474
U S TREASURY	8.875	08/15/2017	15,000,000	14,684,606	16,788,300
U S TREASURY	11.250	02/15/2015	6,000,000	6,782,649	8,166,540
TOTAL U S TREASURIES				<u>\$93,114,143</u>	<u>\$102,422,595</u>
<u>AGENCIES</u>					
FEDERAL FARM CREDIT BK	7.950	04/01/2002	5,000,000	4,992,862	4,945,300
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	156,000	155,265	161,898
FEDERAL NATL MTG ASSOC	8.100	08/12/2019	5,000,000	5,000,000	5,076,550
RESOLUTION FDG CORP	8.625	01/15/2030	10,000,000	9,872,123	11,053,100
RESOLUTION FDG CORP	8.125	10/15/2019	60,800,000	56,373,678	62,605,152
STUDENT LOAN MKTNG ASSOC MTN	8.410	12/01/2015	5,600,000	5,600,000	5,871,432
STUDENT LOAN MKTNG ASSOC MTN	8.410	12/01/2014	5,200,000	5,200,000	5,454,852
STUDENT LOAN MKTNG ASSOC MTN	8.410	12/02/2013	4,700,000	4,700,000	4,932,227
TOTAL AGENCIES				<u>\$91,893,928</u>	<u>\$100,100,511</u>
<u>GOVERNMENT SPONSORED BANKS</u>					
INTER AMERN DEV BK	8.500	03/15/2011	20,000,000	20,000,000	21,065,000
TOTAL GOVERNMENT SPONSORED BANKS				<u>\$20,000,000</u>	<u>\$21,065,000</u>
TOTAL GOVERNMENT & GOVT. SPONSORED				<u>\$205,008,072</u>	<u>\$223,588,106</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
CENTURY II APTS	7.500	08/01/2018	1,590,509	1,274,339	1,522,276
CHARTER MTG CO FHA PROJ PC	7.400	01/25/2022	7,996,972	4,178,424	7,428,067
CROSSWINDS APTS	7.500	03/01/2018	1,280,919	1,033,720	1,199,388
FHA PRJ-REILLY MTG GRP #55	7.430	03/01/2024	2,439,817	2,635,003	2,359,523
FHLMC 1671 G	6.500	08/15/2023	5,000,000	4,936,719	4,321,500
FHLMC 1706 H	6.500	06/15/2023	10,450,000	9,419,695	9,300,709
FHLMC 1992 1409 Y4	6.500	11/15/2007	10,996,000	10,332,804	9,877,707
FHLMC 1993 1559VG	6.500	11/15/2021	10,000,000	9,901,563	9,074,300
FHLMC 1993-1478 G	6.500	06/15/2007	10,000,000	9,510,938	9,193,000
FHLMC 1993-1513 L	6.500	07/15/2007	6,243,000	6,082,048	5,681,130
FHLMC 1993-1520 Y3	6.250	11/15/2007	15,521,000	15,094,173	13,511,900

**LABOR & INDUSTRIES
ACCIDENT RESERVE FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>					
FHLMC 1993-1546 Y6	6.750	12/15/2021	5,884,500	5,762,213	5,210,254
FHLMC 1993-1637 G	6.000	06/15/2023	10,000,000	9,735,938	8,612,090
FHLMC GIANT SWAP 30-4272	8.500	06/01/2018	4,186,430	3,877,002	4,191,663
FHLMC GIANT SWAP 30-4278	9.000	07/01/2018	1,876,224	1,750,752	1,918,439
FHLMC GIANT SWAP 30-4281	9.000	07/01/2018	1,861,885	1,753,663	1,903,778
FHLMC GIANT WAM SWAP 30-6661	8.500	03/15/2019	134,838	127,253	135,822
FHLMC GNOME 38-0021	9.000	05/01/2003	759,778	741,771	784,471
FHLMC PC 16-0040	8.750	03/01/2008	59,510	54,415	59,788
FHLMC PC 16-0043	8.750	04/01/2008	12,824	11,726	12,884
FHLMC PC 17-0040	14.500	12/01/2010	117,258	117,551	135,726
FHLMC PC 17-0149	11.000	12/01/2015	583,550	580,637	640,627
FHLMC PC 17-0217	8.000	03/01/2017	490,946	471,769	480,666
FHLMC SWAP 28-7996	8.500	03/01/2017	36,713	33,948	36,759
FHLMC SWAP 28-8047	8.500	02/01/2017	123,780	114,458	123,934
FHLMC SWAP 28-9338	8.500	03/01/2017	53,154	49,151	53,221
FHLMC SWAP 28-9414	8.500	03/01/2017	339,239	313,690	339,663
FHLMC SWAP 28-9442	8.500	03/01/2017	133,637	123,572	133,804
FHLMC SWAP 29-1274	8.000	04/01/2017	727,701	698,139	712,463
FHLMC SWAP 29-2081	8.500	05/01/2017	216,572	200,261	216,843
FHLMC SWAP 29-2320	8.500	03/01/2017	83,650	77,350	83,754
FHLMC SWAP 29-3812	8.500	05/01/2017	109,092	100,876	109,229
FNMA 1992 135 HAP11	5.000	08/25/2019	9,310,000	7,618,198	7,368,865
FNMA 1992 193 HC	7.000	01/25/2007	2,471,325	2,363,205	2,352,328
FNMA 1993-06 Y7	7.000	08/25/2007	10,000,000	9,570,313	9,392,500
FNMA 1993-84 Y5	6.500	11/25/2020	7,769,000	7,597,839	7,054,943
FNMA 1994 19B	5.000	01/25/2024	5,000,000	4,096,875	4,011,150
FNMA 1994-40 Y6	6.000	06/25/2022	5,000,000	4,760,156	4,309,850
FNMA 1994-62 PH	6.900	11/25/2023	4,000,000	3,725,625	3,666,648
FNMA CA 7423	11.250	05/01/2014	33,975	34,569	37,701
FNMA CL 2463	11.000	09/01/2015	138,742	136,557	154,306
FNMA CL 805 (WESTSIDE)	9.500	12/01/2009	445,295	368,487	468,601
FNMA CL 806 (WESTSIDE)	9.000	07/01/2008	292,528	235,928	301,927
GNMA II SF 120666	13.000	09/15/2014	1,106,021	1,083,537	1,282,984
GNMA SF 2967	6.500	07/15/2003	3,082	2,056	2,833
KEYCORP (PUGET SOUND)	10.500	10/25/2009	991,115	991,115	999,083
TERRACE APTS	7.500	12/01/2018	831,948	669,314	795,509
TOWER HILL APTS	7.500	08/01/2018	1,062,355	851,468	1,019,861
WAKONDA MANOR	7.500	08/01/2018	1,744,911	1,395,953	1,672,758
WA. MUTUAL (PACIFIC FIRST)	10.625	11/01/2009	338,035	336,371	343,964
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$146,933,123</u>	<u>\$144,601,190</u>
<u>ASSET-BACKED</u>					
DISCOVER CARD TR 1993-3 A ABS	6.200	11/15/2003	3,000,000	2,986,830	2,693,790
TOTAL ASSET-BACKED				<u>\$2,986,830</u>	<u>\$2,693,790</u>
<u>CORPORATES</u>					
AMERICAN EXPRESS CREDIT CORP	7.750	03/01/1997	1,300,000	1,244,254	1,325,467
ANHEUSER BUSCH COS INC	7.375	07/01/2023	5,000,000	4,959,767	4,433,250
ANR PIPELINE	7.375	02/15/2024	3,000,000	2,978,400	2,560,350
ASSOCIATES CORP NORTH AMER	6.000	06/15/2001	1,300,000	1,095,482	1,164,215

**LABOR & INDUSTRIES
ACCIDENT RESERVE FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
BANK ONE CORP	7.250	08/01/2002	5,000,000	5,011,972	4,810,550
BAXTER INTERNATIONAL	7.250	02/15/2008	6,000,000	5,985,842	5,479,020
BELL TEL CO PA	6.750	05/01/2008	400,000	334,775	351,636
BOEING CO	8.750	08/15/2021	10,000,000	9,952,155	10,395,200
BOSTON GAS CO MTN	8.950	06/01/2011	10,000,000	10,000,000	10,664,300
BURLINGTON NORTHERN RR	9.250	10/01/2006	13,000,000	12,627,413	13,755,170
CARNIVAL CRUISE	7.200	10/01/2023	2,500,000	2,310,848	2,121,600
CASTLE PEAK POWER CO	6.870	08/01/2003	7,000,000	7,123,228	6,206,200
CHICAGO & N WESTN TRANS	6.250	07/30/2012	1,500,000	1,500,000	1,286,957
CHUBB CORP	8.750	11/15/1999	2,450,000	2,441,861	2,540,038
CINCINNATI GAS & ELEC	7.200	10/01/2023	5,000,000	4,993,751	4,291,900
COCA COLA ENT	6.750	09/15/2023	6,000,000	5,961,840	4,967,580
COLONIAL PIPELINE, 144A	7.450	08/15/2007	8,500,000	8,359,612	7,873,550
COLORADO INTERSTATE GAS	10.000	06/15/2005	4,750,000	5,723,401	5,389,540
COMMONWEALTH EDISON CO	6.250	02/01/1998	300,000	298,162	282,594
CONAGRA	7.400	09/15/2004	5,000,000	4,985,875	4,682,000
DEAN W TTR DISCV	6.875	03/01/2003	5,000,000	4,981,805	4,790,300
DEER PARK REFINING LP 144A	6.470	12/15/2008	3,000,000	3,000,000	2,664,000
DIGITAL EQUIPMENT	7.125	10/15/2002	5,000,000	4,963,832	4,007,000
DOW CHEMICAL CO	8.480	08/15/2015	2,000,000	1,958,760	2,004,440
EASTMAN CHEMICAL	7.250	01/15/2024	3,000,000	2,969,234	2,555,940
EASTMAN KODAK	9.500	06/15/2008	5,000,000	5,908,321	5,499,900
FIRST UNION CORP	7.250	02/15/2003	10,000,000	9,972,752	9,535,700
FORD MOTOR CO	8.875	11/15/2022	5,000,000	4,971,500	5,101,100
FORD MOTOR CREDIT CO	8.000	06/15/2002	17,000,000	16,890,745	16,990,990
GENERAL ELEC CREDIT CORP	5.500	11/01/2001	1,100,000	793,878	965,580
GENERAL REINSURANCE CORP	9.000	09/12/2009	15,000,000	15,000,000	16,124,250
GEORGIA-PACIFIC	8.125	06/15/2023	2,000,000	1,965,234	1,828,940
GTE CORP	8.750	11/01/2021	10,000,000	9,939,324	10,021,200
GTE CORP	7.830	05/01/2023	5,000,000	5,000,000	4,480,300
GULF STS UTILS CO	8.250	04/01/2004	5,000,000	4,904,199	5,050,000
HANSON PLC	7.375	01/15/2003	10,000,000	10,466,168	9,614,200
HOST MARRIOTT INC.	10.625	02/01/2000	1,235,000	1,235,000	1,235,000
HOUSEHOLD FINANCE CORP	7.625	01/15/2003	5,000,000	5,024,556	4,874,800
HOUSEHOLD FINANCE CORP	6.875	03/01/2003	5,000,000	4,987,048	4,629,750
K MART MTN	8.540	05/07/1997	1,200,000	1,200,000	1,247,760
KANSAS GAS & ELEC	8.290	09/29/2016	7,000,000	7,000,000	6,744,010
KOREA ELEC PWR	8.000	07/01/2002	5,000,000	5,575,950	4,859,150
KOREA ELECTRIC POWER	6.375	12/01/2003	5,000,000	4,930,224	4,294,900
LOUISIANA PWR & LT CO	5.750	03/01/1996	200,000	195,031	196,904
MASCO CORP	6.125	09/15/2003	3,000,000	3,000,000	2,596,980
MCI COMMUNICATIONS CORP	7.750	03/23/2025	3,500,000	3,471,580	3,223,465
MCI COMMUNICATIONS CORP	7.750	03/15/2024	5,000,000	4,979,000	4,610,850
MINNESOTA PWR & LT CO	6.500	01/01/1998	300,000	300,721	286,062
MORGAN STANLEY GROUP INC	6.375	12/15/2003	2,500,000	2,493,066	2,205,475
NEW JERSEY BELL TEL CO	7.375	06/01/2012	900,000	811,387	822,276
NIAGARA MOHAWK POWER CORP	8.000	06/01/2004	15,000,000	14,870,947	14,447,100
NORFOLK SOUTHERN	9.000	03/01/2021	15,000,000	14,895,223	16,241,400
NY STATE ELECTRIC AND GAS	8.300	12/15/2022	7,000,000	6,901,481	6,783,350
PACIFIC GAS & ELEC CO	6.875	12/01/1999	825,000	654,884	792,099
PACIFIC GAS & ELEC CO	8.800	05/01/2024	6,000,000	5,983,417	6,241,800
PACIFIC GAS & ELEC CO	6.625	06/01/2000	1,058,000	922,950	1,003,460
PANHANDLE EASTERN PIPELINE	7.950	03/15/2023	3,000,000	2,966,294	2,751,450
PENNEY, JC	6.125	11/15/2003	3,000,000	2,979,618	2,660,130
PENNEY, JC	8.250	08/15/2022	10,000,000	9,952,591	9,650,000
PETROLIUM NASIONAL BERHAD	6.875	07/01/2003	5,000,000	5,027,814	4,603,550

**LABOR & INDUSTRIES
ACCIDENT RESERVE FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
PHILIP MORRIS	9.250	02/15/2000	15,000,000	14,766,437	15,787,350
PHILIPS ELECTRONICS	6.750	08/15/2003	2,500,000	2,493,347	2,265,350
PHILIPS ELECTRONICS NV	7.750	04/15/2004	2,500,000	2,500,000	2,418,300
PHILLIPS PETROLEUM	7.920	04/15/2023	3,000,000	2,983,248	3,084,390
PHILLIPS PETROLEUM	8.490	01/01/2023	5,500,000	5,500,000	5,243,425
PNC FUNDING CORP	6.125	09/01/2003	3,000,000	2,999,953	2,643,960
POTOMAC ELEC PWR CO	8.625	08/15/2019	1,300,000	1,239,162	1,347,021
PROGRESSIVE CORP	10.125	12/15/2000	3,125,000	3,069,678	3,454,188
PROGRESSIVE CORP	6.600	01/15/2004	3,000,000	2,666,918	2,698,650
PUBLIC SVC CO NEW MEXICO	7.500	06/15/2002	340,000	336,959	299,265
PUGET POWER AND LIGHT MTN	7.350	02/01/2024	3,000,000	3,000,000	2,646,300
QUESTAR PIPELINE	9.375	06/01/2021	3,000,000	3,706,097	3,151,410
RJR NABISCO CAPITAL CORP	8.300	04/15/1999	5,000,000	5,000,000	4,668,750
RJR NABISCO CAPITAL CORP	8.750	04/15/2004	5,000,000	5,000,000	4,299,450
SEARS ROEBUCK & CO	6.000	05/01/2000	925,000	699,250	850,584
SHELL OIL CO	8.000	04/15/2007	2,205,000	2,048,396	2,208,594
SOCIETY CORP	7.850	11/01/2002	5,000,000	4,996,480	4,926,700
SONOCO PRODUCTS	9.200	08/01/2021	10,200,000	10,307,380	11,033,850
SOUTHERN CALIF GAS CO MTN	8.750	08/04/1995	3,000,000	3,020,959	3,086,580
SOUTHERN NEW ENGLAND TEL CO	4.375	12/01/2001	140,000	141,500	114,142
SOUTHERN UNION GAS	7.600	02/01/2024	3,100,000	3,100,000	2,702,301
SPRINT CORP	9.250	04/15/2022	3,100,000	3,404,792	3,283,520
TELECOMMUNICATIONS INC	9.250	01/15/2023	5,500,000	5,479,639	5,414,475
TELECOMMUNICATIONS INC.	9.800	02/01/2012	3,860,000	4,254,791	4,045,357
TELECOMMUNICATIONS INC.	7.875	08/01/2013	5,000,000	4,948,422	4,361,850
TORCHMARK CORP	8.625	03/01/2017	1,000,000	857,657	935,190
UNITED PARCEL SVC AMER INC	8.375	04/01/2020	11,600,000	11,488,697	11,912,736
US WEST COMM	7.500	06/15/2023	3,500,000	3,472,852	3,150,385
US WEST COMM	6.875	09/15/2033	3,000,000	2,881,749	2,474,790
WILLIAMS COS	8.875	09/15/2012	3,000,000	3,485,633	3,053,070
TOTAL CORPORATES				<u>\$431,783,172</u>	<u>\$420,378,609</u>
<u>ZERO COUPON BONDS</u>					
GRAND METROPOLITAN	0.000	01/06/2004	2,500,000	1,170,936	1,190,875
TOTAL ZERO COUPON BONDS				<u>\$1,170,936</u>	<u>\$1,190,875</u>
<u>FOREIGN</u>					
CANADIAN NAT'L RR	7.625	05/15/2023	5,000,000	4,937,851	4,473,150
HYDRO - QUEBEC	8.250	01/15/2027	20,000,000	19,167,060	18,570,400
HYDRO - QUEBEC	8.000	02/01/2013	5,500,000	5,473,665	5,134,250
MANITOBA PROV CDA	9.625	12/01/2018	13,000,000	12,830,315	14,510,990
MANITOBA PROV CDA	6.875	09/15/2002	5,000,000	4,968,388	4,710,950
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	3,000,000	3,000,000	2,545,140
ONTARIO HYDRO CDA	7.450	03/31/2013	3,000,000	2,990,355	2,712,630
ONTARIO PROV CDA	7.625	06/22/2004	5,000,000	4,993,050	4,882,500
SASKATCHEWAN CDA	7.375	07/15/2013	10,000,000	9,911,794	8,817,500
SASKATCHEWAN CDA	8.000	02/01/2013	4,500,000	4,474,539	4,228,155
TOTAL FOREIGN				<u>\$72,747,016</u>	<u>\$70,585,665</u>

**LABOR & INDUSTRIES
ACCIDENT RESERVE FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>EQUITY INVESTMENTS</u>					
<u>INDEX FUNDS</u>					
WELLS FARGO S&P 500 INDEX FUND				<u>\$115,224,417</u>	<u>\$115,224,417</u>
PENDING TRADES				(185,513)	(185,513)
ACCRUED INTEREST RECEIVABLE				16,619,884	16,619,884
TOTAL ACCIDENT RESERVE FUND				<u>\$1,004,987,177</u>	<u>\$1,007,396,262</u>

**LABOR & INDUSTRIES
SUPPLEMENTAL PENSION FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				<u>\$14,695,735</u>	<u>\$14,695,735</u>
<u>U S TREASURIES</u>					
U S TREASURY	7.875	07/15/1996	2,000,000	2,044,968	2,063,440
TOTAL U S TREASURIES				<u>\$2,044,968</u>	<u>\$2,063,440</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
BSMSI 1993-3 A10	7.750	02/25/2024	439,144	437,772	429,786
FHLMC 1992 1243 Y5	6.750	07/15/2003	3,000,000	3,003,281	3,013,320
FHLMC 1992 1381 Y6	6.250	07/15/2006	3,000,000	2,953,594	2,855,610
FHLMC 1992 1381 Y7	6.500	02/15/2007	3,843,000	3,877,827	3,714,490
FHLMC 1992 1393 C	6.000	01/15/2004	3,532,000	3,516,548	3,379,064
FNMA 1992 135 E P11	7.300	03/25/2015	3,000,000	2,992,500	2,989,560
FNMA 1992-48 H	7.500	11/25/2005	2,500,000	2,503,500	2,491,625
FNMA 1993-84 Y9	6.450	06/25/2018	2,192,300	2,158,730	2,042,914
RTC SERIES 1992-7 A-2D	8.350	06/25/2029	4,000,000	4,081,568	4,039,200
VA VENDEE MTG TRUST 1992-1 B	7.750	09/15/2010	3,000,000	3,067,969	3,012,300
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$28,593,289</u>	<u>\$27,967,870</u>
<u>ASSET-BACKED</u>					
DISCOVERY CARD TRUST 1992-4	5.500	05/16/1998	3,000,000	2,984,820	2,970,210
PREMIER AUTO TRUST 1993-2B ABS	5.000	10/15/1998	829,864	828,661	811,448
PREMIER AUTO TRUST 93-6 A2 ABS	4.650	11/02/1999	2,999,980	2,995,293	2,910,581
SCFC BOAT LOAN TR 1992-1 A	7.050	04/15/2007	1,498,184	1,500,056	1,499,008
TOTAL ASSET-BACKED				<u>\$8,308,830</u>	<u>\$8,191,247</u>
<u>CORPORATES</u>					
ALCAN ALUMINUM	6.375	09/01/1997	2,500,000	2,491,990	2,440,025
AMERICAN GEN FIN	8.125	04/19/1995	2,000,000	1,994,682	2,033,540
AT & T CAPITAL CORP MTN	7.220	11/06/1996	3,000,000	3,000,000	3,034,230
BANKAMERICA CORP	6.000	07/15/1997	3,000,000	2,964,051	2,916,630
BENEFICIAL FIN	7.300	11/15/1999	2,000,000	1,991,650	1,977,040
CIT GROUP HLDGS	8.750	07/01/1997	4,000,000	4,139,218	4,184,600
FORD HOLDINGS INC	9.250	07/15/1997	3,025,000	3,153,947	3,196,306
FORD MOTOR CREDIT CORP MTN	5.800	05/07/1998	2,500,000	2,528,118	2,379,325
GULF POWER CO	5.875	08/01/1997	2,000,000	1,995,818	1,939,500
GULF STS UTILS CO	7.460	11/01/1999	2,000,000	1,999,998	1,965,820
NORDSTROM CREDIT	8.050	08/28/1996	3,000,000	2,999,402	3,077,640
TEXAS UTILITIES	6.375	08/01/1997	3,000,000	2,991,994	2,937,900
WILLIAMS COS	7.500	09/15/1999	2,000,000	2,013,070	1,958,100
WORLD SAVINGS AND LOAN	10.250	10/01/1997	3,000,000	3,218,227	3,255,750
TOTAL CORPORATES				<u>\$37,482,163</u>	<u>\$37,296,406</u>
PENDING TRADES				(3,668)	(3,668)
ACCRUED INTEREST RECEIVABLE				1,231,246	1,231,246
TOTAL SUPPLEMENTAL PENSION FUND				<u>\$92,352,562</u>	<u>\$91,442,275</u>

PERMANENT & OTHER FUNDS

- Permanent Fund Beneficiaries
- June 30, 1994 Fund Balances
- Schedule of Investments

PERMANENT FUND BENEFICIARIES

The Permanent Funds are land grant funds whose investment earnings are dedicated to the capital development and the maintenance of facilities and equipment at common schools and institutions of higher education. Below is a listing of the Permanent Funds and the corresponding beneficiary funds to whom the investment earnings are distributed.

PERMANENT FUND	BENEFICIARY FUND(S)
AGRICULTURAL PERMANENT FUND	WASHINGTON STATE UNIVERSITY BOND RETIREMENT A/C
MILLERSYLVANIA PARK TRUST FUND	MILLERSYLVANIA PARK CURRENT ACCOUNT
NORMAL SCHOOL PERMANENT FUND	EASTERN WASHINGTON UNIVERSITY CAPITAL PROJECTS A/C CENTRAL WASHINGTON UNIVERSITY CAPITAL PROJECTS A/C WESTERN WASHINGTON UNIVERSITY CAPITAL PROJECTS A/C
PERMANENT COMMON SCHOOL FUND	COMMON SCHOOL CONSTRUCTION A/C
SCIENTIFIC PERMANENT FUND	WASHINGTON STATE UNIVERSITY BOND RETIREMENT A/C
STATE UNIVERSITY PERMANENT FUND	UNIVERSITY OF WASHINGTON BOND RETIREMENT A/C

PERMANENT AND OTHER FUNDS

-----JUNE 30, 1994-----		
FUND	BOOK VALUE	MARKET VALUE
AGRICULTURAL PERMANENT FUND	\$63,019,773	\$61,083,717
MILLERSYLVANIA PARK TRUST FUND	5,036	5,036
NORMAL SCHOOL PERMANENT FUND	159,325,881	153,817,225
PERMANENT COMMON SCHOOL FUND	137,406,977	135,986,988
SCIENTIFIC PERMANENT FUND	97,097,256	93,896,169
STATE UNIVERSITY PERMANENT FUND	12,082,771	11,770,595
GAME SPECIAL WILDLIFE FUND	7,464,322	7,502,313
SELF-INSURANCE REVOLVING FUND	27,747,011	27,747,011
STATE EMPLOYEES INSURANCE RESERVE	29,620,650	29,610,321
RADIATION PERPETUAL MAINTENANCE	449,664	602,388
TOTAL	<u>\$534,219,341</u>	<u>\$522,021,763</u>

**PERMANENT FUNDS
AGRICULTURAL PERMANENT FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>SHORT-TERM</u>					
HAMILTON FUND - BANK OF NEW YORK				490,000	490,000
PROVIDENT TEMPFUND				258,499	258,499
TOTAL SHORT-TERM				<u>\$748,499</u>	<u>\$748,499</u>
<u>U S TREASURIES</u>					
U S TREASURY	7.500	11/15/2016	5,000	4,280	4,866
U S TREASURY	11.875	11/15/2003	125,000	123,913	162,793
U S TREASURY	11.250	02/15/1995	500,000	506,806	518,595
U S TREASURY	10.750	08/15/2005	1,010,000	1,164,252	1,259,339
U S TREASURY	11.125	08/15/2003	500,000	517,517	624,295
U S TREASURY	7.375	05/15/1996	3,520,000	3,422,936	3,596,454
U S TREASURY	7.250	05/15/2016	735,000	604,406	697,214
TOTAL U S TREASURIES				<u>\$6,344,109</u>	<u>\$6,863,555</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
FHLMC 1602-AE	5.250	09/15/2008	2,500,000	2,466,406	2,245,525
FHLMC 1992 1205 E	6.750	03/15/2004	3,000,000	3,059,063	2,996,250
FHLMC 1992 1423 C	6.600	09/15/2004	3,000,000	2,962,969	2,924,670
FHLMC PC 16-0079	10.250	05/01/2009	104,791	96,809	110,373
FHLMC PC 17-0141	11.000	09/01/2015	78,612	78,024	86,339
FHLMC PC 17-0147	11.000	11/01/2015	24,650	23,852	27,061
FHLMC PC 17-0186	9.500	08/01/2016	77,764	76,074	81,166
FHLMC PC 17-0217	8.000	03/01/2017	111,069	106,730	108,743
FHLMC PC 17-0222	8.500	05/01/2017	32,786	30,317	32,827
FHLMC SWAP 28-9650	8.500	03/01/2017	200,251	185,170	200,501
FHLMC SWAP 29-0303	8.500	04/01/2017	8,869	8,201	8,880
FHLMC SWAP 30-2846	8.500	10/01/2017	364,799	337,325	365,254
GNMA GP 90132	9.000	05/15/2009	160,698	121,329	161,953
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$9,552,267</u>	<u>\$9,349,542</u>
<u>ASSET-BACKED</u>					
DISCOVER CARD TR 1993-B	6.750	02/15/2000	2,000,000	2,055,660	1,933,780
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	1,000,000	999,932	950,320
TOTAL ASSET-BACKED				<u>\$3,055,592</u>	<u>\$2,884,100</u>
<u>CORPORATES</u>					
AMERICAN GEN FIN CORP	5.875	07/01/2000	2,000,000	1,984,486	1,828,920
ANR PIPELINE	9.625	11/01/2021	1,000,000	1,245,275	1,060,020
ANZ BANKING GROUP	6.250	02/01/2004	1,000,000	997,082	874,970

**PERMANENT FUNDS
 AGRICULTURAL PERMANENT FUND
 SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
ASSOCIATES CORP NORTH AME	8.375	01/15/1998	1,500,000	1,627,985	1,549,305
ASSOCIATES CORP NORTH AMER	6.000	06/15/2001	550,000	462,222	492,553
BANKAMERICA CORP	6.000	07/15/1997	2,100,000	2,074,835	2,041,641
CHESAPEAKE & POTOMAC TEL MD	4.375	01/01/2002	100,000	76,991	81,210
COMMERCIAL CREDIT CO	5.900	09/01/2003	2,000,000	1,995,239	1,735,520
EASTMAN CHEMICAL	7.250	01/15/2024	1,000,000	989,745	851,980
FORD MOTOR CREDIT CORP	6.250	02/26/1998	2,000,000	1,997,280	1,932,400
ITT FINL CORP	8.375	03/01/2007	500,000	451,820	505,575
KAISER PERMANENTE MTN	7.170	02/27/1997	1,500,000	1,494,900	1,514,475
LORAL CORP	7.625	06/15/2004	1,000,000	991,880	961,970
MCI COMMUNICATIONS CORP	7.750	03/23/2025	1,000,000	991,880	920,990
NEW ENGLAND TEL & TELEG CO	6.125	10/01/2006	505,000	392,817	436,426
NEW JERSEY BELL TEL CO	5.875	12/01/2006	600,000	482,438	505,872
NEW JERSEY BELL TEL CO	7.375	06/01/2012	65,000	33,039	59,387
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	600,000	596,733	616,602
NORTHWESTERN BELL TEL CO	6.000	09/01/2001	350,000	253,515	312,848
NORWEST FINANCIAL	6.000	08/15/1997	2,225,000	2,222,153	2,162,433
PACIFIC GAS & ELEC CO	6.625	06/01/2000	565,000	405,720	535,874
PACIFIC GAS & ELEC CO MTN	6.900	07/01/1997	1,600,000	1,599,127	1,596,896
PHILIPS ELECTRONIC	7.250	08/15/2013	1,750,000	1,728,423	1,523,953
PHILLIPS PETROLEUM	9.375	02/15/2011	1,250,000	1,495,740	1,338,038
PNC FUNDING CORP	7.750	06/01/2004	1,000,000	993,500	983,570
POTOMAC ELEC PWR CO	4.500	05/15/1999	210,000	191,901	185,199
PROGRESSIVE CORP	6.600	01/15/2004	1,000,000	1,000,742	899,550
PUBLIC SVC ELEC & CAG CO	6.000	06/01/1995	1,250,000	1,260,060	1,250,713
PUBLIC SVC ELEC & GAS CO	6.875	06/01/1997	1,300,000	1,296,346	1,290,185
SOCIETY CORP	8.125	06/15/2002	850,000	950,399	848,326
SOUTHERN UNION GAS	7.600	02/01/2024	1,250,000	1,250,000	1,089,638
TENAGA NASIONAL BERHAD	7.875	06/15/2004	1,000,000	996,360	977,470
UNITED TECHNOLOGIES	9.500	10/01/1997	1,500,000	1,657,457	1,602,360
US WEST FINANCIAL MTN	7.650	12/12/1994	1,800,000	1,789,229	1,817,676
WASTE MANAGEMENT	7.650	03/15/2011	1,000,000	1,018,698	941,030
WISCONSIN BELL INC	7.250	02/01/2007	100,000	98,766	94,423
TOTAL CORPORATES				<u>\$39,094,784</u>	<u>\$37,419,994</u>
<u>FOREIGN</u>					
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	1,000,000	985,923	848,380
SASKATCHEWAN CDA	7.375	07/15/2013	2,000,000	2,032,453	1,763,500
TOTAL FOREIGN				<u>\$3,018,376</u>	<u>\$2,611,880</u>
ACCRUED INTEREST RECEIVABLE				1,206,146	1,206,146
TOTAL AGRICULTURAL PERMANENT FUND				<u>\$63,019,773</u>	<u>\$61,083,717</u>

**PERMANENT FUNDS
MILLERSYLVANIA PARK TRUST FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>SHORT-TERM</u>		
PROVIDENT TEMP FUND	5,019	5,019
ACCRUED INTEREST RECEIVABLE	17	17
TOTAL MILLERSYLVANIA PARK TRUST FUND	<u>\$5,036</u>	<u>\$5,036</u>

**PERMANENT FUNDS
NORMAL SCHOOL PERMANENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
HAMILTON FUND - BANK OF NEW YORK				985,000	985,000
PROVIDENT TEMPFUND				900,209	900,209
TOTAL SHORT-TERM				<u>\$1,885,209</u>	<u>\$1,885,209</u>
<u>U S TREASURIES</u>					
U S TREASURY	7.500	11/15/2016	480,000	411,480	467,098
U S TREASURY	8.375	08/15/2000	2,875,000	2,925,450	2,951,360
U S TREASURY	7.250	05/15/2016	925,000	773,259	877,446
U S TREASURY	10.750	02/15/2003	835,000	774,823	1,017,264
U S TREASURY	11.125	08/15/2003	1,000,000	1,035,033	1,248,590
U S TREASURY	11.875	11/15/2003	1,000,000	997,425	1,302,340
U S TREASURY	7.375	05/15/1996	10,000,000	9,724,282	10,217,200
U S TREASURY	10.750	05/15/2003	300,000	301,588	366,186
TOTAL U S TREASURIES				<u>\$16,943,340</u>	<u>\$18,447,483</u>
<u>AGENCIES</u>					
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	132,600	132,868	137,614
FEDERAL NATL MTG ASSOC	11.950	01/10/1995	350,000	350,127	362,688
TOTAL AGENCIES				<u>\$482,994</u>	<u>\$500,301</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
CASA DE WOODS	7.000	01/01/2014	386,226	286,773	347,179
FAIRLAWN NURSING HOME	8.000	06/01/2017	1,212,462	1,139,728	1,171,808
FHLMC 1602-AE	5.250	09/15/2008	5,000,000	4,932,813	4,491,050
FHLMC 1992 1205 E	6.750	03/15/2004	7,000,000	7,137,813	6,991,250
FHLMC 1992 1423 C	6.800	09/15/2004	7,000,000	6,913,594	6,824,230
FHLMC 93-1619 PD	5.650	06/15/2019	4,000,000	4,020,625	3,649,344
FHLMC G 003 C	6.600	01/25/2018	4,000,000	3,944,800	3,842,480
FHLMC PC 16-0079	10.250	05/01/2009	209,582	193,617	220,747
FHLMC PC 17-0029	12.000	05/01/2010	46,183	46,096	51,271
FHLMC PC 17-0147	11.000	11/01/2015	24,650	23,852	27,061
FHLMC PC 17-0217	8.000	03/01/2017	220,691	212,070	216,069
FHLMC SWAP 29-1802	8.500	04/01/2017	133,355	123,312	133,522
FHLMC SWAP 29-9021	8.500	08/01/2017	348,604	322,350	349,039
FHLMC SWAP 30-3750	8.500	04/01/2018	565,767	523,158	566,474
FHLMC-GNMA93-12 E	6.000	03/25/2008	5,500,000	5,344,453	5,015,280
FNMA 1993-06 Y5	6.750	12/25/2004	5,500,000	5,454,453	5,346,825
FNMA 1993-207 Y4	5.500	12/25/2017	6,250,000	6,177,734	5,629,563
FNMA 1993-223 PH	6.050	10/25/2022	1,500,000	1,456,172	1,308,405
FULTON WOODS APTS	7.500	02/01/2018	1,382,267	1,176,726	1,332,437
GNMA SF 27559	9.500	08/15/2009	400,716	382,372	422,382
GNMA SF 27772	9.500	11/15/2009	360,311	320,903	379,793
GNMA SF 29026	9.500	07/15/2009	206,426	203,008	217,588

**PERMANENT FUNDS
NORMAL SCHOOL PERMANENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>MORTGAGES & MORTGAGE-BACKED</u>					
GNMA SF30363	9.500	09/15/2009	206,564	183,973	217,733
GNMA SF30644	9.500	06/15/2009	327,900	322,470	345,630
HYDE PARK APTS	7.500	04/01/2019	1,477,776	1,188,892	1,413,049
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$52,031,756</u>	<u>\$50,510,207</u>
<u>ASSET-BACKED</u>					
DISCOVER CARD TR 1993-B	6.750	02/15/2000	4,000,000	4,111,320	3,867,560
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	1,000,000	999,932	950,320
TOTAL ASSET-BACKED				<u>\$5,111,252</u>	<u>\$4,817,880</u>
<u>CORPORATES</u>					
AMERICAN GEN FIN CORP	5.875	07/01/2000	4,600,000	4,564,317	4,206,516
ANR PIPELINE	7.375	02/15/2024	1,000,000	992,800	853,450
ANR PIPELINE	9.625	11/01/2021	1,300,000	1,618,848	1,378,026
ANZ BANKING GROUP	6.250	02/01/2004	2,000,000	1,994,163	1,749,940
ARKANSAS PWR & LT CO	5.750	03/01/1996	200,000	194,726	195,970
ASSOCIATES CORP NORTH AME	6.000	06/15/2000	2,075,000	2,066,307	1,916,014
ASSOCIATES CORP NORTH AME	8.375	01/15/1998	2,500,000	2,713,307	2,582,175
BANKAMERICA CORP	6.000	07/15/1997	4,400,000	4,347,274	4,277,724
CHEMICAL BANKING CORP	8.500	02/15/2002	1,000,000	1,132,752	1,027,800
CHESAPEAKE & POTOMAC TEL MD	6.625	10/01/2008	775,000	615,536	674,669
CHESAPEAKE & POTOMAC TEL MD	5.875	06/01/2004	200,000	198,763	171,674
CHICAGO & N WESTN TRANS	6.250	07/30/2012	1,000,000	1,000,000	857,971
CINCINNATI GAS & ELEC	6.450	02/15/2004	1,000,000	998,180	904,870
COMMERCIAL CREDIT CO	5.900	09/01/2003	4,000,000	3,990,481	3,471,040
COMMONWEALTH EDISON CO	6.250	02/01/1998	485,000	483,656	456,860
EASTMAN CHEMICAL	7.250	01/15/2024	2,000,000	1,979,489	1,703,960
FIRST CHICAGO	8.250	06/15/2002	1,000,000	1,124,529	1,013,950
FORD MOTOR CREDIT CORP	6.250	02/26/1998	4,000,000	3,994,560	3,864,800
LORAL CORP	7.625	06/15/2004	2,000,000	1,983,760	1,923,940
MBNA CORP, MTN	6.150	10/01/2003	2,000,000	1,948,007	1,788,060
MCI COMMUNICATIONS CORP	7.750	03/23/2025	2,500,000	2,479,700	2,302,475
MINNESOTA PWR & LT CO	6.500	01/01/1998	275,000	275,000	262,224
NEW ENGLAND TEL & TELEG CO	6.125	10/01/2006	700,000	690,123	604,947
NEW JERSEY BELL TEL CO	5.875	12/01/2006	500,000	416,977	421,560
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	1,400,000	1,392,378	1,438,738
NORWEST FINANCIAL	6.000	08/15/1997	4,600,000	4,594,115	4,470,648
PACIFIC GAS & ELEC CO	6.750	12/01/2000	255,000	245,367	242,574
PACIFIC GAS & ELEC CO	6.875	12/01/1999	250,000	244,313	240,030
PACIFIC GAS & ELEC CO	6.625	06/01/2000	100,000	76,785	94,845
PACIFIC GAS & ELEC CO MTN	6.900	07/01/1997	2,850,000	2,848,446	2,844,471
PACIFIC TEL & TELEG CO	6.000	11/01/2002	250,000	236,655	220,373
PHILIPS ELECTRONIC	7.250	08/15/2013	2,500,000	2,376,072	2,177,075
PHILLIPS PETROLEUM	9.375	02/15/2011	2,000,000	2,393,184	2,140,860
PNC FUNDING CORP	7.750	06/01/2004	1,500,000	1,490,250	1,475,355
PROGRESSIVE CORP	6.600	01/15/2004	2,500,000	2,501,854	2,248,875
PUBLIC SVC ELEC & CAG CO	6.000	06/01/1995	1,400,000	1,411,267	1,400,798
PUBLIC SVC ELEC & GAS CO	6.875	06/01/1997	4,500,000	4,487,351	4,466,025
SOUTHERN UNION GAS	7.600	02/01/2024	1,500,000	1,500,000	1,307,565
TENAGA NASIONAL BERHAD	7.875	06/15/2004	2,000,000	1,992,720	1,954,940

**PERMANENT FUNDS
 NORMAL SCHOOL PERMANENT FUND
 SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
TORCHMARK CORP	8.625	03/01/2017	200,000	171,531	187,038
UNITED TECHNOLOGIES	9.500	10/01/1997	2,500,000	2,762,428	2,670,600
WASTE MANAGEMENT	7.650	03/15/2011	2,525,000	2,572,213	2,376,101
WISCONSIN BELL INC	7.250	02/01/2007	300,000	296,301	283,269
TOTAL CORPORATES				<u>\$75,396,486</u>	<u>\$70,850,793</u>
<u>FOREIGN</u>					
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	1,250,000	1,232,404	1,060,475
SASKATCHEWAN CDA	7.375	07/15/2013	3,700,000	3,760,038	3,262,475
TOTAL FOREIGN				<u>\$4,992,442</u>	<u>\$4,322,950</u>
ACCRUED INTEREST RECEIVABLE				2,482,402	2,482,402
TOTAL NORMAL SCHOOL PERMANENT FUND				<u>\$159,325,881</u>	<u>\$153,817,225</u>

**PERMANENT FUNDS
PERMANENT COMMON SCHOOL FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>SHORT-TERM</u>					
HAMILTON FUND - BANK OF NEW YORK				875,000	875,000
PROVIDENT TEMPFUND				923,137	923,137
TOTAL SHORT-TERM				<u>\$1,798,137</u>	<u>\$1,798,137</u>
<u>U S TREASURIES</u>					
U S TREASURY	8.375	08/15/2000	875,000	890,354	898,240
U S TREASURY	10.750	02/15/2003	2,165,000	2,062,489	2,637,576
U S TREASURY	7.500	11/15/2016	1,960,000	1,685,809	1,907,315
U S TREASURY	11.875	11/15/2003	1,500,000	1,496,129	1,953,510
U S TREASURY	10.375	11/15/2012	200,000	214,269	245,124
U S TREASURY	7.375	05/15/1996	4,500,000	4,380,230	4,597,740
TOTAL U S TREASURIES				<u>\$10,729,280</u>	<u>\$12,239,505</u>
<u>AGENCIES</u>					
FEDERAL HOME LN MTG CORP	8.050	03/15/1996	17,200	17,269	16,814
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	23,400	23,358	24,285
FEDERAL NATL MTG ASSOC	9.400	08/10/1998	1,000,000	996,605	1,086,560
TOTAL AGENCIES				<u>\$1,037,232</u>	<u>\$1,127,658</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
EXECUTIVE ESTATES	7.500	10/01/2018	3,542,831	2,838,566	3,397,398
FHLMC 1992 1205 E	6.750	03/15/2004	6,000,000	6,118,125	5,992,500
FHLMC 1992 1423 C	6.600	09/15/2004	6,000,000	5,925,938	5,849,340
FHLMC 1994 - 1727 E	6.500	04/15/2018	5,000,000	4,770,117	4,723,495
FHLMC 93-1619 PD	5.650	06/15/2019	3,000,000	3,015,469	2,737,008
FHLMC G 003 C	6.600	01/25/2018	4,000,000	3,944,800	3,842,480
FHLMC PC 16-0040	8.750	03/01/2008	261,846	240,096	263,069
FHLMC PC 16-0079	10.250	05/01/2009	209,582	193,891	220,747
FHLMC PC 17-0003	8.000	03/01/2006	38,481	37,821	37,841
FHLMC PC 17-0147	11.000	11/01/2015	32,045	31,007	35,179
FNMA 1993-207 Y4	5.500	12/25/2017	4,000,000	3,953,750	3,602,920
FNMA 1993-223 PH	6.050	10/25/2022	2,500,000	2,426,953	2,180,675
FNMA 1994-62 PH	6.900	11/25/2023	2,000,000	1,862,813	1,833,324
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$35,359,346</u>	<u>\$34,715,975</u>
<u>CORPORATES</u>					
AMERICAN GEN FIN CORP	5.875	07/01/2000	2,850,000	2,827,892	2,606,211
ANR PIPELINE	9.625	11/01/2021	1,500,000	1,867,902	1,590,030
ASSOCIATES CORP NORTH AMER	6.000	06/15/2001	3,850,000	3,235,556	3,447,868
AT&T CORP	4.375	05/01/1999	3,600,000	3,145,626	3,173,040

**PERMANENT FUNDS
PERMANENT COMMON SCHOOL FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
CORPORATES					
BANKAMERICA CORP	6.000	07/15/1997	4,100,000	4,050,869	3,986,061
CHEMICAL BANKING CORP	8.500	02/15/2002	2,000,000	2,265,497	2,055,600
CHESAPEAKE & POTOMAC TEL MD	5.875	06/01/2004	609,000	612,938	522,747
CHICAGO & NWESTN TRANS	6.250	07/30/2012	1,000,000	1,000,000	857,971
COMMERCIAL CREDIT CO	5.900	09/01/2003	3,000,000	2,992,860	2,603,280
COMMONWEALTH EDISON CO	6.250	02/01/1998	465,000	462,197	438,021
EASTMAN CHEMICAL	7.250	01/15/2024	2,350,000	2,325,900	2,002,153
FIRST CHICAGO	8.250	06/15/2002	2,500,000	2,811,322	2,534,875
FORD MOTOR CREDIT CORP	6.250	02/26/1998	2,500,000	2,496,600	2,415,500
HOUSEHOLD FINANCE CORP	7.625	01/15/2003	2,000,000	2,170,988	1,949,920
INDIANA BELL TEL INC	4.375	06/01/2003	300,000	146,869	235,311
KAISER PERMANENTE MTN	7.170	02/27/1997	3,500,000	3,488,100	3,533,775
LONG ISLAND LTG CO	4.550	06/01/1995	1,500,000	1,500,000	1,455,555
LONG ISLAND LTG CO	5.500	04/01/1997	1,000,000	994,653	943,220
LOUISVILLE GAS & ELEC CO	6.750	06/01/1998	550,000	432,121	528,715
MCI COMMUNICATIONS CORP	7.750	03/23/2025	1,750,000	1,735,790	1,611,733
MICHIGAN BELL TEL CO	6.375	02/01/2005	350,000	346,187	312,746
MOUNTAIN STS TEL & TELEG CO	5.500	06/01/2005	1,190,000	654,537	978,109
NEW ENGLAND TEL & TELEG CO	6.125	10/01/2006	525,000	528,237	453,710
NEW JERSEY BELL TEL CO	5.875	12/01/2006	1,365,000	1,189,378	1,150,859
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	1,500,000	1,491,833	1,541,505
NORTHWESTERN BELL TEL CO	6.000	09/01/2001	1,000,000	707,136	893,850
NORWEST FINANCIAL	6.000	08/15/1997	4,200,000	4,194,627	4,081,896
PACIFIC GAS & ELEC CO	6.625	06/01/2000	525,000	404,037	497,936
PACIFIC GAS & ELEC CO	6.875	12/01/1999	1,225,000	972,404	1,176,147
PACIFIC GAS & ELEC CO MTN	6.900	07/01/1997	1,900,000	1,898,964	1,896,314
PACIFIC TEL & TELEG CO	6.500	07/01/2003	400,000	348,316	366,020
PHILIP MORRIS INC	6.000	07/15/2001	4,700,000	3,945,753	4,135,483
PHILIPS ELECTRONIC	7.250	08/15/2013	1,000,000	950,429	870,830
PHILLIPS PETROLEUM	9.375	02/15/2011	2,000,000	2,393,184	2,140,860
PNC FUNDING CORP	7.750	06/01/2004	1,000,000	993,500	983,570
PROGRESSIVE CORP	6.600	01/15/2004	2,250,000	2,251,669	2,023,988
PUBLIC SVC ELEC & CAG CO	6.000	06/01/1995	1,200,000	1,209,658	1,200,684
PUBLIC SVC ELEC & GAS CO	6.875	06/01/1997	3,500,000	3,490,162	3,473,575
SEARS ROEBUCK & CO	6.000	05/01/2000	4,330,000	3,429,481	3,981,652
SOUTHERN UNION GAS	7.600	02/01/2024	1,000,000	1,000,000	871,710
TENAGA NASIONAL BERHAD	7.875	06/15/2004	2,500,000	2,490,900	2,443,675
TORCHMARK CORP	8.625	03/01/2017	300,000	257,297	280,557
UNITED TECHNOLOGIES	9.500	10/01/1997	3,250,000	3,591,156	3,471,780
VIRGINIA ELEC & PWR CO	5.125	02/01/1997	1,000,000	997,532	958,400
WASTE MANAGEMENT	7.650	03/15/2011	1,000,000	1,018,698	941,030
TOTAL CORPORATES				<u>\$81,318,756</u>	<u>\$79,618,470</u>
FOREIGN					
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	1,500,000	1,478,885	1,272,570
SASKATCHEWAN CDA	7.375	07/15/2013	3,500,000	3,556,792	3,086,125
TOTAL FOREIGN				<u>\$5,035,678</u>	<u>\$4,358,695</u>
ACCRUED INTEREST RECEIVABLE				2,128,548	2,128,548
TOTAL PERMANENT COMMON SCHOOL FUND				<u>\$137,406,977</u>	<u>\$135,986,988</u>

**PERMANENT FUNDS
SCIENTIFIC PERMANENT FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>SHORT-TERM</u>					
HAMILTON FUND - BANK OF NEW YORK				590,000	590,000
PROVIDENT TEMPFUND				411,495	411,495
TOTAL SHORT-TERM				<u>\$1,001,495</u>	<u>\$1,001,495</u>
<u>U S TREASURIES</u>					
U S TREASURY	8.375	08/15/2000	2,475,000	2,518,431	2,540,736
U S TREASURY	7.375	05/15/1996	2,760,000	2,683,471	2,819,947
U S TREASURY	10.375	11/15/2012	800,000	857,076	980,498
U S TREASURY	10.750	02/15/2003	300,000	238,171	365,484
U S TREASURY	11.125	08/15/2003	1,000,000	1,035,033	1,248,590
U S TREASURY	7.500	11/15/2016	425,000	375,636	413,576
TOTAL U S TREASURIES				<u>\$7,707,819</u>	<u>\$8,368,829</u>
<u>AGENCIES</u>					
FEDERAL HOME LN MTG CORP	8.375	09/15/1997	70,200	70,074	72,854
FEDERAL NATL MTG ASSOC	11.950	01/10/1995	400,000	400,145	414,500
FEDERAL NATL MTG ASSOC	9.400	08/10/1998	100,000	99,661	108,656
TOTAL AGENCIES				<u>\$569,879</u>	<u>\$596,010</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
BITTERROOT MANOR	7.500	01/01/2019	1,124,511	899,624	1,085,794
FHLMC 1602-AE	5.250	09/15/2008	2,250,000	2,219,766	2,020,973
FHLMC 1992 1205 E	6.750	03/15/2004	4,000,000	4,078,750	3,995,000
FHLMC 1992 1423 C	6.600	09/15/2004	4,000,000	3,950,625	3,899,580
FHLMC 93-1619 PD	5.650	06/15/2019	3,000,000	3,015,469	2,737,008
FHLMC G 003 C	6.600	01/25/2018	4,000,000	3,944,800	3,842,480
FHLMC PC 17-0141	11.000	09/01/2015	137,572	136,541	151,093
FHLMC PC 17-0147	11.000	11/01/2015	6,409	6,201	7,036
FHLMC PC 17-0217	8.000	03/01/2017	208,390	200,250	204,026
FHLMC-GNMA93-12 E	6.000	03/25/2008	2,475,000	2,405,004	2,256,876
FNMA 1993-06 Y5	6.750	12/25/2004	4,000,000	3,966,875	3,888,600
FNMA 1993-207 Y4	5.500	12/25/2017	2,500,000	2,471,094	2,251,825
FNMA 1993-223 PH	6.050	10/25/2022	1,000,000	970,781	872,270
SKY PARK APTS	7.500	02/01/2018	1,059,345	901,823	1,022,311
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$29,167,603</u>	<u>\$28,234,851</u>
<u>ASSET-BACKED</u>					
DISCOVER CARD TR 1993-B	6.750	02/15/2000	3,500,000	3,597,405	3,384,115
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	2,200,000	2,199,850	2,090,704
TOTAL ASSET-BACKED				<u>\$5,797,255</u>	<u>\$5,474,819</u>

**PERMANENT FUNDS
SCIENTIFIC PERMANENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
CORPORATES					
AMERICAN GEN FIN CORP	5.875	07/01/2000	2,800,000	2,778,280	2,560,488
ANR PIPELINE	9.625	11/01/2021	1,000,000	1,245,268	1,060,020
ANR PIPELINE	7.375	02/15/2024	1,000,000	992,800	853,450
ASSOCIATES CORP NORTH AME	8.375	01/15/1998	2,000,000	2,170,649	2,065,740
BANKAMERICA CORP	6.000	07/15/1997	2,600,000	2,568,844	2,527,746
CHESAPEAKE & POTOMAC TEL MD	6.625	10/01/2008	500,000	397,120	435,270
CHICAGO & N WESTN TRANS	6.250	07/30/2012	1,000,000	1,000,000	857,971
CINCINNATI GAS & ELEC	6.450	02/15/2004	1,000,000	998,180	904,870
COMMERCIAL CREDIT CO	5.900	09/01/2003	2,750,000	2,743,454	2,386,340
EASTMAN CHEMICAL	7.250	01/15/2024	1,500,000	1,484,617	1,277,970
FIRST CHICAGO	8.250	06/15/2002	1,000,000	1,124,529	1,013,950
FORD MOTOR CREDIT CORP	6.250	02/26/1998	2,500,000	2,496,600	2,415,500
GENERAL TEL CO IND	6.250	07/01/1997	400,000	400,000	407,100
GULF STS UTILS CO	6.750	10/01/1998	500,000	479,122	480,340
HOUSTON LTG & PWR CO	6.750	11/01/1997	100,000	98,195	95,610
ILLINOIS BELL TEL CO	4.375	07/01/2003	250,000	156,284	196,440
ITT FINL CORP	8.375	03/01/2007	500,000	451,820	505,575
LORAL CORP	7.625	06/15/2004	1,000,000	991,880	961,970
MBNA CORP, MTN	6.150	10/01/2003	1,500,000	1,461,004	1,341,045
MCI COMMUNICATIONS CORP	7.750	03/23/2025	1,000,000	991,880	920,990
NEW ENGLAND TEL & TELEG CO	6.125	10/01/2006	600,000	596,127	518,526
NEW JERSEY BELL TEL CO	5.875	12/01/2006	1,100,000	921,908	927,432
NEW JERSEY BELL TEL CO	7.375	06/01/2012	700,000	355,803	639,548
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	900,000	895,100	924,903
NORTHWESTERN BELL TEL CO	6.000	09/01/2001	70,000	50,703	62,570
NORWEST FINANCIAL	6.000	08/15/1997	2,700,000	2,696,546	2,624,076
PACIFIC GAS & ELEC CO	6.625	06/01/2000	385,000	273,358	365,153
PACIFIC GAS & ELEC CO MTN	6.900	07/01/1997	1,900,000	1,898,964	1,896,314
PHIL SUBURBAN WTR	5.500	11/01/1996	650,000	641,993	626,087
PHILIPS ELECTRONIC	7.250	08/15/2013	1,500,000	1,425,643	1,306,245
PHILLIPS PETROLEUM	9.375	02/15/2011	2,000,000	2,393,184	2,140,860
PNC FUNDING CORP	7.750	06/01/2004	1,000,000	993,500	983,570
PROGRESSIVE CORP	6.600	01/15/2004	1,000,000	1,000,742	899,550
PUBLIC SVC ELEC & CAG CO	6.000	06/01/1995	1,000,000	1,008,048	1,000,570
PUBLIC SVC ELEC & GAS CO	6.875	06/01/1997	1,400,000	1,396,065	1,389,430
SEARS ROEBUCK & CO	6.000	05/01/2000	1,055,000	869,381	970,125
SOUTHERN UNION GAS	7.600	02/01/2024	1,000,000	1,000,000	871,710
TORCHMARK CORP	8.625	03/01/2017	200,000	171,531	187,038
UNITED TECHNOLOGIES	9.500	10/01/1997	2,500,000	2,762,428	2,670,600
US WEST FINANCIAL MTN	7.650	12/12/1994	200,000	198,803	201,964
WASTE MANAGEMENT	7.650	03/15/2011	1,500,000	1,528,047	1,411,545
WISCONSIN BELL INC	7.250	02/01/2007	100,000	98,766	94,423
TOTAL CORPORATES				<u>\$48,207,167</u>	<u>\$45,980,624</u>
FOREIGN					
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	1,000,000	985,923	848,380
SASKATCHEWAN CDA	7.375	07/15/2013	2,000,000	2,032,453	1,763,500
TOTAL FOREIGN				<u>\$3,018,376</u>	<u>\$2,611,880</u>
ACCRUED INTEREST RECEIVABLE				1,627,661	1,627,661
TOTAL SCIENTIFIC PERMANENT FUND				<u>\$97,097,256</u>	<u>\$93,896,169</u>

**PERMANENT FUNDS
STATE UNIVERSITY PERMANENT FUND
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>SHORT-TERM</u>					
HAMILTON FUND - BANK OF NEW YORK PROVIDENT TEMP FUND				60,000 189,576	60,000 189,576
TOTAL SHORT-TERM				<u>\$249,576</u>	<u>\$249,576</u>
<u>U S TREASURIES</u>					
U S TREASURY	8.500	07/15/1997	450,000	464,858	473,904
U S TREASURY	7.250	05/15/2016	20,000	15,893	18,972
U S TREASURY	7.500	11/15/2016	175,000	149,147	170,296
U S TREASURY	11.875	11/15/2003	75,000	74,806	97,676
TOTAL U S TREASURIES				<u>\$704,705</u>	<u>\$760,847</u>
<u>AGENCIES</u>					
FEDERAL NATL MTG ASSOC	9.400	08/10/1998	300,000	298,982	325,968
TOTAL AGENCIES				<u>\$298,982</u>	<u>\$325,968</u>
<u>MORTGAGES & MORTGAGE-BACKED</u>					
EAGLES MANOR	7.500	06/01/2018	930,124	750,624	895,859
FHLMC 1602-AE	5.250	09/15/2008	250,000	246,641	224,553
FHLMC 1992 1205 E	6.750	03/15/2004	450,000	458,859	449,438
FHLMC 1992 1423 C	6.600	09/15/2004	253,000	249,877	246,647
FHLMC 1993-1637 GA	5.800	06/15/2023	252,181	239,454	213,630
FHLMC 93-1619 PD	5.650	06/15/2019	300,000	301,547	273,701
FHLMC G 003 C	6.600	01/25/2018	500,000	493,100	480,310
FHLMC GIANT SWAP 30-4272	8.500	06/01/2018	51,697	47,803	51,761
FNMA 1993-06 Y5	6.750	12/25/2004	300,000	297,516	291,645
FNMA 1993-207 Y4	5.500	12/25/2017	285,000	281,705	256,708
FNMA 1993-223 PH	6.050	10/25/2022	281,000	272,790	245,108
FNMA 1994-62 PH	6.900	11/25/2023	254,000	236,577	232,832
TOTAL MORTGAGES & MORTGAGE-BACKED				<u>\$3,876,492</u>	<u>\$3,862,191</u>
<u>ASSET-BACKED</u>					
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/1997	300,000	299,980	285,096
TOTAL ASSET-BACKED				<u>\$299,980</u>	<u>\$285,096</u>

**PERMANENT FUNDS
STATE UNIVERSITY PERMANENT FUND
SCHEDULE OF INVESTMENTS**

DESCRIPTION	RATE	MATURITY	PAR	BOOK VALUE	MARKET VALUE
<u>CORPORATES</u>					
AMERICAN GEN FIN CORP	5.875	07/01/2000	150,000	148,836	137,169
ANR PIPELINE	9.625	11/01/2021	200,000	249,054	212,004
BANKAMERICA CORP	6.000	07/15/1997	300,000	296,405	291,663
CHICAGO & N WESTN TRANS	6.250	07/30/2012	300,000	300,000	257,391
COMMERCIAL CREDIT CO	5.900	09/01/2003	250,000	249,406	216,940
EASTMAN CHEMICAL	7.250	01/15/2024	150,000	148,462	127,797
FORD MOTOR CREDIT CORP	6.250	02/26/1998	300,000	299,592	289,860
GENERAL MTRS ACCEPT CORP	8.400	10/15/1999	250,000	273,512	256,145
MBNA CORP, MTN	6.150	10/01/2003	250,000	243,499	223,508
MCI COMMUNICATIONS CORP	7.750	03/23/2025	250,000	247,970	230,248
MICHIGAN BELL TEL CO	6.375	02/01/2005	200,000	198,095	178,712
NORDSTROM CREDIT INC MTN	9.250	05/01/1995	100,000	99,456	102,767
NORTHWESTERN BELL TEL CO	6.000	09/01/2001	80,000	57,946	71,508
NORWEST FINANCIAL	6.000	08/15/1997	300,000	299,616	291,564
PACIFIC GAS & ELEC CO MTN	6.900	07/01/1997	150,000	149,918	149,709
PHIL SUBURBAN WTR	5.500	11/01/1996	150,000	148,675	144,482
PHILIPS ELECTRONIC	7.250	08/15/2013	250,000	246,918	217,708
PHILLIPS PETROLEUM	9.375	02/15/2011	250,000	299,148	267,608
PNC FUNDING CORP	7.750	06/01/2004	250,000	248,375	245,893
PROGRESSIVE CORP	6.600	01/15/2004	250,000	250,185	224,888
PUBLIC SVC ELEC & CAG CO	6.000	06/01/1995	150,000	151,207	150,086
PUBLIC SVC ELEC & GAS CO	6.875	06/01/1997	300,000	299,157	297,735
SEARS ROEBUCK & CO	6.000	05/01/2000	350,000	251,599	321,843
SOCIETY CORP	8.125	06/15/2002	150,000	167,718	149,705
SOUTHERN UNION GAS	7.600	02/01/2024	150,000	150,000	130,757
UNITED TECHNOLOGIES	9.500	10/01/1997	250,000	276,243	267,060
WISCONSIN BELL INC	7.250	02/01/2007	100,000	91,952	94,423
WISCONSIN TEL CO	6.250	08/01/2004	50,000	46,709	44,338
TOTAL CORPORATES				<u>\$5,889,652</u>	<u>\$5,593,505</u>
<u>FOREIGN</u>					
MONTREAL CITY OF	5.000	11/01/2004	28,000	17,169	21,924
NEWFOUNDLAND, PROV. OF	7.320	10/13/2023	250,000	246,481	212,095
SASKATCHEWAN CDA	7.375	07/15/2013	300,000	304,868	264,525
TOTAL FOREIGN				<u>\$568,518</u>	<u>\$498,544</u>
ACCRUED INTEREST RECEIVABLE				194,868	194,868
TOTAL STATE UNIVERSITY PERMANENT FUND				<u>\$12,082,771</u>	<u>\$11,770,595</u>

**OTHER FUNDS
SCHEDULE OF INVESTMENTS**

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<u>GAME SPECIAL WILDLIFE FUND</u>					
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				3,458,912	3,458,912
<u>U S TREASURIES</u>					
U S TREASURY	7.375	05/15/1996	3,910,000	3,956,934	3,994,925
ACCRUED INTEREST RECEIVABLE				48,476	48,476
TOTAL GAME SPECIAL WILDLIFE				<u>\$7,464,322</u>	<u>\$7,502,313</u>
<u>SELF-INSURANCE REVOLVING FUND</u>					
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				27,653,672	27,653,672
ACCRUED INTEREST RECEIVABLE				93,339	93,339
TOTAL SELF-INSURANCE REVOLVING FUND				<u>\$27,747,011</u>	<u>\$27,747,011</u>
<u>STATE EMPLOYEES' INSURANCE RESERVE</u>					
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				28,419,235	28,419,235
<u>MORTGAGES & MORTGAGE-BACKED</u>					
FHLMC 1992 1456 C	6.250	10/15/2011	1,100,000	1,100,000	1,089,671
ACCRUED INTEREST RECEIVABLE				101,415	101,415
TOTAL STATE EMPLOYEES' INSURANCE RESERVE				<u>\$29,620,650</u>	<u>\$29,610,321</u>
<u>RADIATION PERPETUAL MAINTENANCE FUND</u>					
<u>SHORT-TERM</u>					
PROVIDENT TEMPFUND				20,870	20,870
<u>U S TREASURIES</u>					
U S TREASURY	0.000	02/15/1995	600,000	428,670	581,394
ACCRUED INTEREST RECEIVABLE				124	124
TOTAL RADIATION PERPETUAL MAINTENANCE FUND				<u>\$449,664</u>	<u>\$602,388</u>

BROKER VOLUME & COMMISSIONS PAID

DEALER	-----EQUITY-----		-----FIXED INCOME-----	
	VOLUME TRANSACTIONED	COMMISSIONS	LONG-TERM VOLUME TRANSACTIONED	SHORT-TERM VOLUME TRANSACTIONED
ABEL NOSER CORPORATION	598,618	1,091		
ABNER HERMAN & BROCK	227,757	1,116		
ADAMS HARKNESS HILL	3,295,451	3,760		
ADVEST & COMPANY	492,186	518		
ALEX BROWN & SONS	29,266,911	35,673		
ALLEN & COMPANY	3,420,732	0		
ALPHA MANAGEMENT A/C BROADCORT	47,614,117	80,328		
ANVIL INSTITUTIONAL SERVICES	784,300	1,524		
AUTRANET, INC	1,863,428	3,345	77,890,205	
BAIRD (ROBERT W.) & CO	12,168,183	6,366		
BANK OF NEW YORK				497,919
BANKERS TRUST			248,559	
BEAL, M. R. & CO	9,450,015	20,941	598,795	
BEAR STEARNS & CO	61,784,933	101,676	2,527,570,384	
BERNARD HEROLD & CO INC	1,839,149	2,890		
BERNSTEIN (SANFORD C.) & CO.	8,685,109	11,595		
BLAIR WILLIAMS & CO	4,528,730	2,252		
BRADFORD (J.C.) & COMPANY	1,145,351	0		
BRICK SECURITIES	139,621	444		
BRIDGE TRADING COMPANY	10,003,161	14,086		
BROADCOURT CAPITAL CORP	6,188,196	11,737		
BROWN BROTHERS HARRIMAN & CO	2,206,792	6,023		
BT BROKERAGE CORP	5,922,345	1,027		
CANTOR FITZGERALD & CO	31,724,631	32,530		
CAZENOVE & CO	168,012	0		
CHARLES SCHWAB & CO	5,525,839	6,065		
CHEMICAL BANK			233,840,379	
CHICAGO CORPORATION	9,350,693	8,307		
CITIBANK			353,940,025	16,538,407
CLEARY GULL & REILAND	5,885,544	6,962		
CORRESPONDENT SERVICES CORP	4,053,320	6,616		
COUNTY NATWEST SECURITIES USA	11,554,762	27,225		
COWEN & CO	24,392,857	28,822		
DAIN BOSWORTH INC	2,840,940	154		
DAMA SEC AMERICA INC	712,917	336		44,646,248
DANIELS & BELL				
DEAN WITTER & CO	11,155,500	11,861	1,048,406	
DEUTSCHE BANK CAPITAL CORP	5,038,529	11,964		
DILLON READ & COMPANY	15,238,957	11,455	28,005,361	
DIRECT BROKERAGE SVC	61,481	154		
DOLEY SECURITIES			597,204	
DONALDSON LUFKIN & JENRETTE	545,905	0	448,979,992	
EAST/WEST SECURITIES	10,311,251	16,646	199,067	
EDWARDS (A G) & SON	966,446	2,082		
EQUITABLE SECS CORP	44,950	0		
EXECUTION SERVICE	3,556,819	5,566		
FACTSET DATA SYSTEMS INC	1,427,399	1,735		
FAHNESTOCK & COMPANY	793,598	945		
FIDELITY CAPITAL MARKETS	3,732,896	7,067		
FIRST ALBANY CORPORATION	228,938	0		
FIRST BOSTON CORPORATION	53,877,530	44,942	469,286,038	180,279,881
FIRST CHICAGO				54,138,021
FIRST MANHATTAN COMPANY	4,355,286	6,031		
FOX-PITT KELTON INC	2,776,315	72		
FRANK RUSSELL SEC	746,521	1,118		

BROKER VOLUME & COMMISSIONS PAID

DEALER	-----EQUITY-----		-----FIXED INCOME-----	
	VOLUME TRANSACTIONED	COMMISSIONS	LONG-TERM VOLUME TRANSACTIONED	SHORT-TERM VOLUME TRANSACTIONED
FUJI SECURITIES			52,116,398	
FURMAN SELZ MAGER DIETZ BIRNEY	12,436,586	7,431		
GARDNER RICH & CO			398,209	
GENESIS MERCHANT GROUP	734,811	0		
GERARD, CLAUER, MATTISON & CO	10,767,027	4,863		
GOLDMAN SACHS & COMPANY	53,613,789	44,265	1,904,585,564	308,403,387
HAMBRECHT & QUIST	11,490,568	9,559		
HANIFEN IMHOFF	1,417,580	1,038		
HERZOG HEINE GEDULD INC	15,731,379	0		
HOWARD, WEIL, LABOUISSIE	2,768,974	2,837		
ILLINOIS CO INVESTMENTS INC	189,210	0		
INSTINET CORPORATION	60,691,587	83,802		
INTERSTATE/JOHNSON LANE CORP	952,337	1,402		
INVEMED ASSOC	16,004	110		
INVESTMENT TECH GROUP	41,174,662	25,322		
ISI GROUP INC	2,705,835	5,044	4,382,337	
JACKSON & SMITH	9,096	0		
JANNEY MONTGOMERY SCOTT	206,997	372		
JEFFRIES & COMPANY, INC	79,150,080	112,233		
JENSEN SECURITIES CO	609,818	594		
JOHN G. KINNARD CO	41,400	0		
JONES & ASSOCIATES	10,820,795	21,576		
JOSEPHTHAL, LYON & ROSS	309,128	714		
J.P. MORGAN	11,501,988	5,620	799,279,335	5,981,063
KEEFE BRUYETTE & WOODS, INC	2,983,136	373		
KEMPER CAPITAL MARKETS	1,413,436	1,192	299,322	
KIDDER PEABODY	33,716,883	23,702	809,557,231	
KING C. L. & ASSOCIATES INC	137,051	462		
LAWRENCE, C. J., MORGAN GRENFELL	8,990,703	11,243		
LAZARD (W.R.) & LAIDLAW	2,946,732	4,303		
LAZARD FRERES	2,775,143	846	13,161,161	
LEGG MASON WOOD WALKER, INC	408,733	1,420		
LEHMAN BROTHERS INC	43,212,978	45,446	758,307,675	305,336,769
LIBERTY SECURITY CORP	554,361	2,156		
LIPPER ANALYTICAL SECS CORP	371,249	1,099		
LIT/LIBERTY	1,062,233	2,341		
LYNCH JONES & RYAN	14,513,259	13,095		
MABON NUGENT & CO	4,353,520	2,120	262,103,725	
MC DONALD & CO	7,497,137	3,209		
MELLON BANK N.A.	8,168	0		
MERRILL LYNCH	108,648,787	77,340	2,345,916,103	3,016,474
METROPOLITAN WEST			1,390,698	
MONTGOMERY SECURITIES	33,593,789	19,556		
MORGAN KEEGAN & CO	1,517,408	0		
MORGAN STANLEY & CO	57,500,719	54,720	340,963,204	
MURPHEY, MARSEILLES, SMITH	1,170,451	0		
NATL FINANCIAL SERVICES CORP	1,661,656	5,159		
NEEDHAM & CO	5,655,261	1,847		
NEWBRIDGE SECURITIES, INC	25,333	16		
NOMURA SECURITIES	54,644,961	0	44,111,826	
NUTMEG SECURITIES	114,326	660		
OCONO TRADE	618,012	1,431		
OPPENHEIMER & CO	11,804,622	14,048		24,478,512
ORO FINANCIAL INC	44,975,740	104,124		
PAINWEBBER	42,313,615	42,665	17,694,212	

BROKER VOLUME & COMMISSIONS PAID

DEALER	-----EQUITY-----		-----FIXED INCOME-----	
	VOLUME TRANSACTIONED	COMMISSIONS	LONG-TERM VOLUME TRANSACTIONED	SHORT-TERM VOLUME TRANSACTIONED
PCS SECURITIES	16,189,847	21,068		
PEMBROKE CLEARING CORP	3,549,313	4,816		
PENNSYLVANIA MERCHANT GROUP LTD	45,000	0		
PERSHING & COMPANY	40,152,204	39,870		
PIPER JAFRAY & HOPWOOD INC	11,515,991	5,487		
PREFERRED TECHNOLOGY	227,714	0		
PRUDENTIAL SECURITIES, INC	26,011,406	23,574	11,315,432	
PRYOR MCCLENDON COUNTS & CO			599,894	
RAGEN MACKENZIE INCORPORATED	2,662,342	1,098		
RAS SECURITIES CORP	507,500	0		
RAUSCHER PIERCE REFSNES INC	24,122,230	39,264		
RAYMOND JAMES & ASSOC INC	4,853,081	11,286		
RBC DOMINION SECURITIES			9,204,255	
REDWOOD SECURITIES GROUP	23,432,343	62,545	1,588,912	
REGIONAL CLEARING CORP	85,250	0		
ROBERTSON COLEMEN STEPHENS	6,140,091	291		
ROBINSON HUMPHREY & CO	5,995,255	4,005		
ROCHDALE SECURITIES CORP	48,825	150		
ROULSTON RESEARCH CORP	2,957,417	3,834		
ROYAL ALLIANCE ASSOCIATES, INC	43,697	252		
S G WARBURG ROWE PITMAN AKROYD	3,836,858	5,706		
SALOMON BROTHERS	109,823,470	156,583	949,072,507	106,839,610
SEI FUNDS EVALUATION	80,232	141		
SEPULVEDA & SMITH			2,129,735	
SHEARSON LEHMAN HUTTON INC	34,730,701	15,006		
SHERWOOD SEC CORP	484,800	0		
SMITH BARNEY, HARRIS UPHAM & CO	3,123,533	3,267	320,176,617	
SOUND VIEW FINANCIAL CORP	5,797,344	0		
STANDARD & POORS	6,969,837	10,521	99,507	
SUTRO & CO	2,321,153	2,613		
T.A.S. ASSOCIATES			99,744	
TROSTER SINGER STEVENS	10,807,260	0		
TUCKER ANTHONY & R L DAY INC	244,807	995	26,110,522	
U B S SECURITIES INC	8,895,021	10,472	523,359,653	
U. S. CLEARING CORP	6,729,769	9,047		
UTENDAHL CAPITAL	1,151,797	2,389	5,618,103	
VECTOR SECURITIES, INC	627,101	0		
VOLPE, WELTY & CO	1,398,736	1,650		
WAGNER STOTT CLEARING CORP	42,496,999	92,706		
WARBURG S. G. & CO INC	154,082	0		
WEDBUSH SECURITIES, INC	37,836			
WEEDEN & CO	13,772,085	25,444		
WELLINGTON H. G. & CO.	2,131,280	3,978		
WERTHEIM AND CO INC	29,032,628	34,533		
WESSELS ARNOLD & HENDERSON	6,505,072	1,095		
WHEAT, FIRST BUTCHER & SINGER	7,233,983	6,020		
WOOD GUNDY CORP			15,898,517	
	<u>\$1,696,147,864</u>	<u>\$1,906,108</u>	<u>\$13,361,744,813</u>	<u>\$1,050,156,291</u>