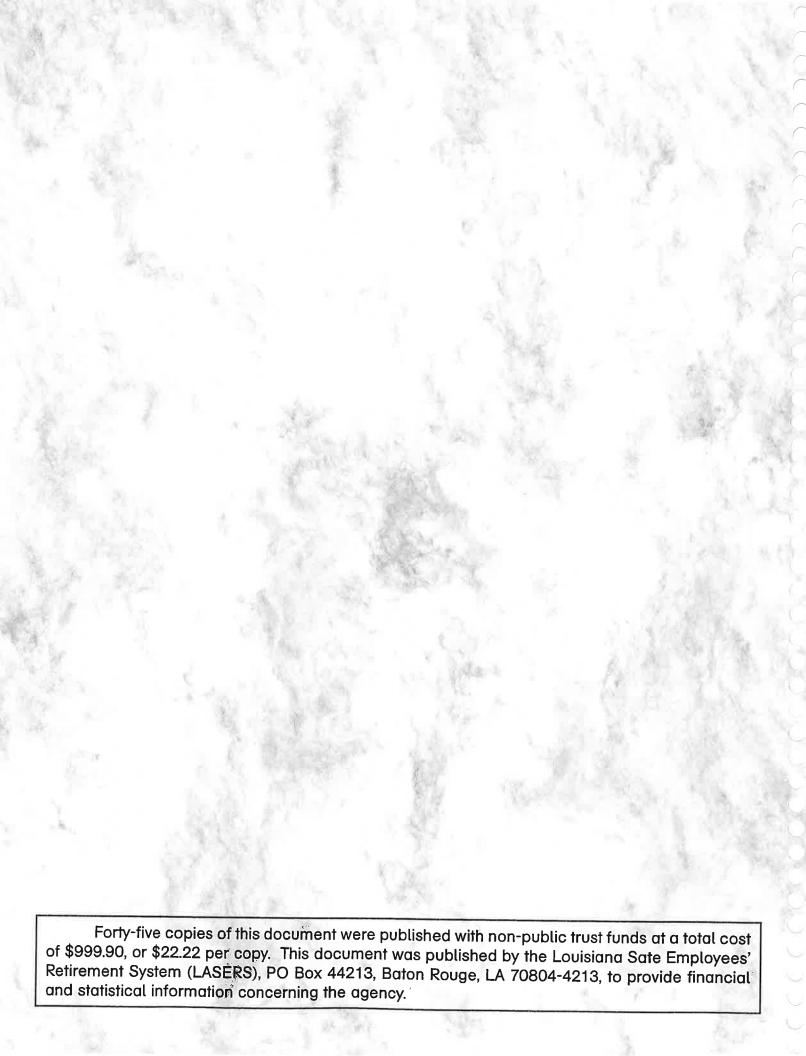


Louisiana State Employees' Retirement System

A Component Unit of the State of Louisiana

Comprehensive Annual Financial Report *Fiscal Year Ended June 30, 1998*





Louisiana State Employees' Retirement System

A Component Unit of the State of Louisiana

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 1998

8401 United Plaza Blvd., Baton Rouge, LA 70809 Mailing Address: P.O. Box 44213, Baton Rouge, LA 70804-4213 1-800-256-3000, (225) 922-0600, FAX: (225) 922-0614 WEB SITE: http://www.lasers.state.la.us

Prepared by LASERS Staff

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Table of Contents

INTRODUCTORY SECTION	
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	9
LASERS Board of Trustees and Providers of Professional Services	10
Organization of LASERS	11
FINANCIAL SECTION	1,1933
Independent Auditors' Report on Financial Statements	15
Independent Auditors' Report on Compliance and Internal Control Structure	17
Statements of Plan Net Assets	18
Statements of Changes in Plan Net Assets	19
Notes to Financial Statements	20
Schedules of Funding Progress	36
Schedules of Employer Contributions	36
Actuarial Methods and Assumptions	37
Schedules of Administrative and Investment Expenses – Budget and Actual (GAAP Basis)	39
Schedules of Meetings Attended by and Per Diem Paid to Board Members	40
Schedules of Investments at Amortized Cost	41
Schedule of Investment Expenses	42
INVESTMENT SECTION	
Investment Consultant's Report	45
Chief Investment Officer's Report	47
Statement of Investment Policy and Objectives	48
LASERS Total Plan Asset Allocation	72
Individual Manager Allocation	73
Schedule of Brokerage Commission Paid	74
List of Largest Stock Holdings	75
List of Largest Debt Holdings	75
Summary of Manager Performance Rates of Return Gross of Fees	76
Schedule of Fees	79
LASERS Securities Holding Detail Report-1997	80
LASERS Securities Holding Detail Report-1998	81
Detailed Listing of Investments	82
ACTUARIAL SECTION	
Actuary's Certification Letter	131
Principle Provisions of the Plan	133
Summary of Assumptions	136
Actuarial Valuation Balance Sheet	139
Summary of Unfunded Actuarial Liabilities/Salary Test	140
Statistical Data	141
Reconciliation of Unfunded Actuarial Liabilities	142
Amortization of Unfunded Actuarial Accrued Liability	143
Membership Data	144
Historical Membership Data	145
STATISTICAL SECTION	
Number of Benefits Recipients	149
Average Monthly Benefit	150
Schedule of Retired Members by Type of Benefit	151
Schedule of Benefit Expenses by Type	152
Schedule of Revenue by Source and Expenses by Type	153

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INTRODUCTORY SECTION

P.O. Box 44213 • Baton Rouge, LA • 70804-4213 8401 United Plaza Blvd. • Baton Rouge, LA • 70809



VOICE: 225-922-0600 • TOLL-FREE: 1-800-256-3000 FAX: 225-922-0614 • Web Site: www.lasers.state.la.us

Letter of Transmittal

December 31, 1998

Dear Chairman and Members of LASERS' Board of Trustees

We are pleased to submit the second Comprehensive Annual Financial Report (CAFR) of the Louisiana State Employees' Retirement System for the fiscal year ended June 30, 1998. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the System. This comprehensive report is designed to comply with GASB, FASB, and all reporting standards of the Governmental Financial Officers Association. We believe this report enhances the presentation of the overall performance of the system to our membership and other interested parties.

The responsibility of the accuracy of the data and the fairness of the information, as presented, rests with the management of the Louisiana State Employees' Retirement System. To the best of our knowledge and belief, the data as presented in this report is materially accurate and fairly represents the results of operations and the financial position of the System for the year ended June, 30, 1998. Internal controls are in place to safeguard the integrity of member and employee contributions and the System's assets insuring the materially accurate presentation of the financial position of the System.

The CAFR is divided into five sections: an Introductory Section, which contains the Certificate of Achievement for Excellence in Financial Reporting, letter of transmittal, administrative organization, and professional service providers; a Financial Section, which contains the report of the Independent Auditors, the financial statements of the system and certain required supplementary information; an Investment Section, which contains a report on investment activity, investment policies, investment results, and various investment schedules; and Actuarial Section, which contains an Actuary's Certification Letter and the results of the annual actuarial valuation; and a Statistical Section, which includes significant data pertaining to the System. I trust that you and the members of LASERS' will find this CAFR helpful in understanding your public employees retirement system - a system which continues to maintain a strong and positive financial future.

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a single employer defined benefit pension plan under Section 401(a) of the Internal Revenue Code. It is a component unit of the State of Louisiana. LASERS was established by act of the Legislature in 1946 with the first members joining the System July 1, 1947. LASERS is currently operating under the retirement laws as substantially rewritten in 1972. A Board of Trustees administers programs and appoints key management personnel including the Executive Director, Assistant Director, Chief Investment Officer, and Legal Counsel.

LASERS is a public trust fund created to provide retirement allowances and other benefits for state officers and employees and their beneficiaries. As of June 1998, LASERS had a total of 125,586 active and retired members. Funding for the System comes from three primary sources: employee contributions, employer contributions, and earnings from investments.

Major Initiatives

LASERS will have a state-of-the-art membership accounting and processing system fully interfaced with and supplement to our current state-of-the-art financial accounting system. Simultaneously the current membership system is being updated to be year 2000 compliant.

LASERS completed during the fiscal year a major project converting all paper documents for members and retirees to optical disks. This effort involved the conversion of approximately five million images. The System is now proceeding with the imaging of member records upon receipt. Member records are available for viewing at each workstation, which will improve both productivity and security of the records.

A new project for LASERS, currently in progress, is the redesign of the current telephone system. Included in the overall scheme of the new system is the implementation of a Membership Information Call Center made up of trained employees who will be responsible for handling basic member questions on a personal basis. The combination of the increased personal touch as well as the improved technical usage of the telephone system will enhance the System's ability to respond to all the needs of our members on a timely basis.

Certificate of Achievement

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Louisiana State Employees' Retirement System for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principals and applicable legal requirements.

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Additions to Plan Net Assets

The collection of employee and employer contributions, as well as income from investments, provided the reserves needed to finance retirement benefits and move the System closer to becoming a fully funded System as actuarially defined. Contributions and investment income (at market) for fiscal year ended June 1998 totaled \$971,784,626.

Contribution Type	1998	1997	Inc/(Dec) Amount	Inc/(Dec) Percentage
Member				
Contributions	\$129,724,456	\$126,793,791	\$ 2,930,665	2.3%
Employer				
Contributions	219,680,934	204,985,747	14,695,187	7.2%
Net Investment				
(less mgmt fees)	605,216,464	735,749,729	(130,533,265)	<u>(17.7%)</u>
Total §	954,621,854	\$1,067,529,267	\$ (112,907,413)	(10.6%)

Member and Employer contributions increased \$2,930,665 (2.3 percent) and \$14,695,187 (7.2 percent) respectively. The increase in contributions by members was attributable to higher salaries (less than 1% change in number of active employees). The Employer contributions increased as a result of a rate increase from 12.4 percent in 1997 to 13.0 percent in 1998, as well as an increase in salaries.

Deduction to Plan Net Assets

The primary purpose of the System is to provide benefits to its members at time of retirement and to their beneficiaries or survivors as well as benefits for permanently disabled members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees (including transfers to other retirement systems), and the cost of administering the System. The following table reflects the funds disbursed from the System during the year.

Disbursemen Type	t 1998	1997	Increase Amount	Increase Percentage
Benefits	\$ 359,625,826	\$ 340,052,578	\$ 19,573,248	5.8%
Refunds	32,156,373	28,945,409	3,210,964	11.1%
Admin/Other	9,205,446	<u>6,773,910</u>	2,431,536	<u>35.9%</u>
Total	\$ 400,987,645	\$ 375,771,897	\$ 25,215,748	6.7%

Expenses increased \$25,215,748 or 6.7 percent due primarily to increased benefits paid out. Two major causes for the increase in benefit payments are 1) increase in average retirement amount and 2) an increase in the number or retirees.

Investments

The investments of the Louisiana State Employees' Retirement System (the "System") are governed by the Statement of Investment Objectives, Rules and Guidelines for the Investment Assets of the Louisiana State Employees' Retirement System (the "Statement"). The Statement requires the System to invest the assets solely in the interest of the participants and their beneficiaries, and in accordance with Louisiana Revised Statutes. Additionally, the investment objective shall be to preserve and enhance the System's principal over the long term, in both real and nominal terms. The Board of Trustees of the System and its investment advisors shall exercise judgment and care under the circumstances prevailing, which an institutional investor of ordinary prudence, discretion and intelligence exercises in their management of large investments.

In accordance with the Statement, the System has set a total return target consistent with prudent investment management. LASERS target rate of return is 9.25%, which is composed of the actuarial target funding rate of 8.25%, and provide a buffer to cover expenses. The target asset allocation as of June 30, 1998, was 54% equities, 40% fixed income, and 6% capital markets. The allocation is expected to achieve a 9.25% total rate of return with the least possible amount of risk. The total market rate of return for the fiscal year 1998 was 12.5%. The System's annualized market rate of return over the prior three years was 14.9% and 11.7% over the prior five years.

Acknowledgments

The compilation of this report is the combined effort of the System's staff with input from various divisions under the leadership of the Executive Director. It is intended to provide complete and reliable information as to the current status of the System, provide management information with which to make decisions, and to inform all members and interested parties.

Respectfully Submitted,

James O. Wood
Executive Director

Robert L. Borden, CFA Chief Investment Officer Wade H. Adams, CPA Accounting Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Louisiana State Employees' Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

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LASERS BOARD OF TRUSTEES AND PROVIDERS OF PROFESSIONAL SERVICES

Board of Trustees

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Virginia Burton

Mary Young Cannon

Leila Smith Detlefs

Honorable Ken Duncan

Senator Francis C. Heitmeier

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Fayez Sarofim & Company

Brandywine Asset Management

Thomson, Horstmann & Bryant

Loomis, Sayles & Company

Miller, Anderson & Sherrerd

JMC Capital Management

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International Emerging Market

Schroder Emerging Market

Fixed Income Managers

Loomis, Sayles Company

Orleans Capital Management

Trust Company of the West

Huff Asset Management

OffitBank

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L & B Real Estate Counsel

Metropolitan Life Insurance Co.

PSI Realty

Lend Lease

Capital Managers

Brinson Partners

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Tactical Asset Allocation Manager

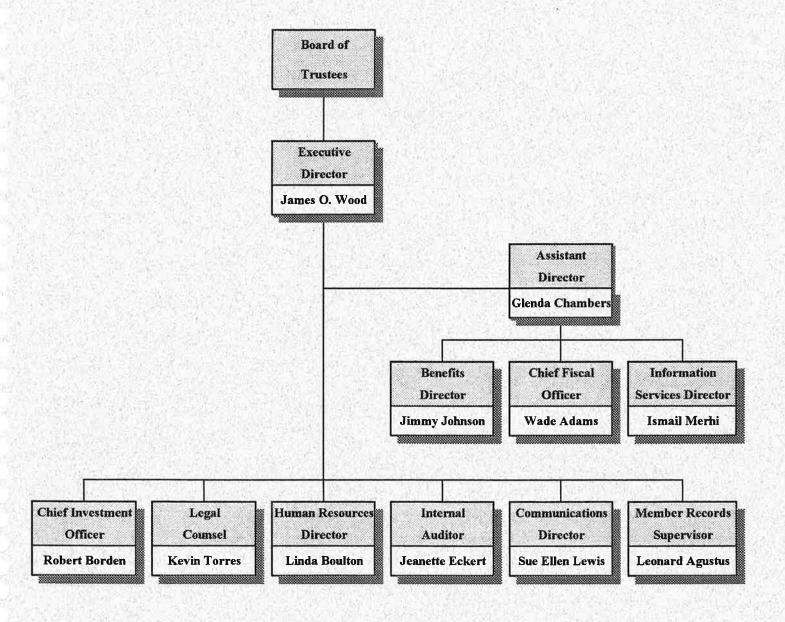
INVESCO Capital Management

Custodian Bank

State Street Bank & Trust Company

LASERS

Organizational Chart



A listing of investment managers with return rates are shown on pages 76 through 78 in the Investment Section.

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FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS
8550 UNITED PLAZA BLVD., SUITE 1001 ● BATON ROUGE, LOUISIANA 70809 ● TELEPHONE (504) 922-4600 ● FAX (504) 922-4611

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees Louisiana State Employees' Retirement System Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of LASERS' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets as of June 30, 1998 and 1997, and the changes therein for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 1998, on our consideration of LASERS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

As discussed in Note B to the financial statements, in the year ended June 30, 1996, LASERS adopted Governmental Accounting Standards Board Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The required supplementary information and supporting schedules listed in the foregoing table of contents, which are also the responsibility of the management of LASERS, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. We have not audited the financial statements of LASERS for any period prior to the year ended June 30, 1993. Accordingly, we do not express an opinion or any other form of assurance on any supplementary information prior to June 30, 1993.

Baton Rouge, Louisiana September 14, 1998

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P&N



A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

8550 UNITED PLAZA BLVD., SUITE 1001 ● BATON ROUGE, LOUISIANA 70809 ● TELEPHONE (504) 922-4600 ● FAX (504) 922-4611

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees Louisiana State Employees' Retirement System Baton Rouge, Louisiana

We have audited the general-purpose financial statements of Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 14, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LASERS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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In planning and performing our audit, we considered LASERS' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Baton Rouge, Louisiana September 14, 1998

STATEMENT OF PLAN NET ASSETS JUNE 30, 1998 AND 1997

ASSETS	1998	1997	
Cash and cash equivalents (at fair value)	\$ 25,337,788	\$ 23,396,887	
Receivables:			
Employer contributions	17,254,232	15,379,591	
Member contributions	10,190,069	8,625,732	
Interest and dividends	36,490,591	39,535,504	
Investment proceeds	26,110,251	239,143,737	
Open investment contracts	177,039,592	549,046,059	
Other	2,854,399	1,094,787	
Total receivables	269,939,134	852,825,410	
Investments (at fair value):			
Short-term investments	51,124,236	88,550,499	
U. S. Government obligations	758,622,140	873,194,077	
Bonds/Fixed Income - Domestic	774,756,436	803,141,523	
Bonds/Fixed Income - International	432,970,518	432,186,354	
Equity securities - Domestic	2,454,354,449	1,627,870,526	
Equity securities - International	886,617,386	824,796,562	
Real estate investments	98,519,463	104,511,519	
Venture capital	64,347,425	44,591,379	
Total investments	5,521,312,053	4,798,842,439	
Property and equipment:			
Land	889,816	889,816	
Building and improvements	4,839,405	4,781,893	
Equipment	9,496,701	7,337,538	
우리 공식 그 경기 가장 그렇게 이 집에 되는 것이 되었다.	15,225,922	13,009,247	
Accumulated depreciation	(5,418,444)	(4,889,042)	
Total property and equipment	9,807,478	8,120,205	
TOTAL ASSETS	5,826,396,453	5,683,184,941	
LIABILITIES			
Investment commitments payable	31,193,251	80,826,740	
Accounts payable - open investment contracts	177,039,592	549,046,059	
Accounts payable and other accrued liabilities	9,755,982	8,716,028	
TOTAL LIABILITIES	217,988,825	638,588,827	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 5,608,407,628	\$ 5,044,596,114	
(A schedule of funding progress is presented on page 36)			

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
ADDITIONS		
Contributions:		
Employer contributions	\$ 219,680,934	\$ 204,985,747
Member contributions	129,724,456	126,793,791
Total contributions	349,405,390	331,779,538
Investment Income:		
Net appreciation in fair		
value of investments	416,577,203	545,187,226
Interest and dividends	202,065,626	202,939,886
Other investment income	3,736,407	2,766,509
	622,379,236	750,893,621
Less investment expense	17,162,772	15,143,892
Net investment income	605,216,464	735,749,729
Other income	10,177,305	8,903,383
Total additions	964,799,159	1,076,432,650
DEDUCTIONS		
Retirement benefits	359,625,826	340,052,578
Refunds of member contributions	32,156,373	28,945,409
Administrative expenses	6,703,504	4,531,467
Other	2,501,942	2,242,443
Total deductions	400,987,645	375,771,897
NET INCREASE	563,811,514	700,660,753
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	5,044,596,114	4,343,935,361
End of year	\$ 5,608,407,628	\$ 5,044,596,114

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

General Organization

The Louisiana State Employees' Retirement System ("LASERS" or the "System") is the administrator of a single-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the state's CAFR as a pension trust fund. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS).

In June 1991, the Governmental Accounting Standards Board issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

Plan Membership

The System is one of several public retirement systems in Louisiana. Each has specific membership requirements established by legislation with LASERS established for state officers and employees and their beneficiaries. Other public employers report members who retained membership in LASERS upon transfer to other public systems or as provided by specific legislation. A summary of government employers and members participating in LASERS at June 30, 1998 and 1997, follows:

	1998		1997	
Type of Employer	Number of Employers	Number of Members	Number of Employers	Number of Members
State Agencies	264	69,778	243	69,278
Other Public Employers	144	171	124	166
	408	69,949	367	69,444
Type of Active Members				
Regular State Employees		62,993		62,865
Corrections Employees		5,868		5,616
Judges		333		340
Wildlife Agents		186		186
Legislators		84		94
Active Employees – After DROP		485		343
Total Active Members		69,949		69,444

NOTES TO FINANCIAL STATEMENTS

A. <u>PLAN DESCRIPTION</u> (continued)

Plan Membership (continued)

At June 30, 1998 and 1997, membership consisted of:

	1998	1997
Retirees and beneficiaries currently receiving benefits	28,326	27,766
Terminated vested employees not yet receiving benefits	1,094	1,030
Deferred retirement option plan participants	2,766	2,562
Terminated non-vested employees who have not		
withdrawn contributions	23,451	22,615
Current active members	69,949	69,444
	125,586	123,417

Eligibility Requirements

All state employees except certain classes of employees specifically excluded by Statute become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

Retirement and Other Benefits

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty years of creditable service, to age sixty upon completing ten years of creditable service. Effective January 1, 1996, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The basic annual retirement benefit for substantially all members is equal to 2-1/2% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest thirty-six consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION (continued)

Retirement and Other Benefits (continued)

A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The minimum service requirements for benefits vary depending upon the member's employer and service classification but generally is 10 years of service.

Deferred Benefits

The state legislature authorized the Louisiana State Employees' Retirement System to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, his status changes from active member to retiree even though he continues to work at his regular job and draws his regular salary for a period of up to three years. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. Interest at a rate of one-half percent less than the system's realized return on its portfolio will be credited after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Current membership in the DROP program is 2,766 members at June 30, 1998 and 2,562 at June 30, 1997.

Effective January 1, 1996, members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amount may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Retirement Incentive Legislation

By act of legislation early retirement was available for members who so elected after meeting certain requirements and these benefits were actuarially equivalent to normal retirement. Effective August 31, 1995, this benefit is no longer available.

Disability Benefits

Substantially all members with ten or more years credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION (continued)

Retirement and Other Benefits (continued)

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age eighteen, or age twenty-three if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Supplemental Benefit Adjustments

Current Statutes allow the Board of Trustees to make annual supplemental cost-of-living adjustments each year only when the actuary for the System and the State Legislative Auditor certify that LASERS is systematically approaching actuarial soundness and if such cost-of-living adjustments are not enacted by the legislature. The cost-of-living adjustments may not exceed more than three percent in any year. These adjustments are computed on the base retirement or survivors' benefit. Benefit increases have occurred under the Statutes in various years since 1970 and have been limited to the three percent amount. In addition, several other cost-of-living adjustments or supplemental benefit payments have occurred in the past as a result of legislation, some being paid from investment income and others being paid from funds appropriated by the state legislature. The last cost-of-living adjustment from this source was granted on September 1, 1991.

At June 30, 1992, new legislation was passed which established a funding mechanism for future cost-of-living adjustments for retirees. An Employee Experience Account was created to set aside a portion of net experience gain as determined by LASERS' actuary. Funds accrue in the account until such time as there are sufficient amounts to grant a cost-of-living adjustment. The balance in this account was approximately \$255,079,000 and \$212,948,000 at June 30, 1998 and 1997, respectively.

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

LASERS' financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of their trade date. State fund appropriations for supplemental benefits are recognized when drawn from the State Treasury. Employer and member contributions are recorded in the period the related salaries are earned. Administrative expenses are funded exclusively from investment earnings and are subject to budgetary control of the Board of Trustees. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Method Used to Value Investments

As required by GASB No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, investments are reported at fair value (GASB #25 was first adopted in year ended June 30, 1996). Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Under this GASB requirement, pension plan investments and financial statements are subject to market fluctuations that can rapidly change the market value on a day to day basis. Such market swings can create material changes in unrealized appreciation (depreciation) of investments. Subsequent to June 30, 1998, the market has experienced severe day to day fluctuations that could be material. LASERS is a long-term investor whose overall investment decisions and policies are not based on daily market swings.

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 40 years for building and 3 to 15 years for equipment and furniture.

LASERS is a 50% co-owner of the Louisiana Retirement Systems building and related land with Teachers' Retirement System of Louisiana and has the following leases with organizations that are included within the State of Louisiana as reporting entities:

Municipal Police Employees' Retirement System of Louisiana Ethics Commission Municipal Fire and Police Civil Service

Compensated Absences

The System pays a lump sum amount for a maximum of 300 hours of accrued personal leave upon termination of employment. Accumulated personal leave (including benefits) of employees directly related to the administration of the System is accrued in the financial statements when earned.

Reclassifications

Certain amounts in the 1997 financial statements have been reclassified to conform to the 1998 presentation.

C. CONTRIBUTIONS

Member Contributions

Member contribution rates for the System are established by Louisiana Revised Statute 11:62. Member contributions are deducted from their salary and remitted to the System by participating employers. The rates in effect during the years ended June 30, 1998 and 1997, for the various types of members are as follows:

<u>Type</u>	% of Ear	
	1998	1997
Judges, court officers and legislators, the Governor		
and Lt. Governor	11.5%	11.5%
Clerk of the House of Representatives and Secretary of the Senate	9.5%	9.5%
Certain Department of Corrections employees	9.0%	9.0%
Certain Department of Wildlife and Fisheries and Bridge Police		
employees	8.5%	8.5%
All others	7.5%	7.5%
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NOTES TO FINANCIAL STATEMENTS

C. **CONTRIBUTIONS** (continued)

A savings account is established for member contributions less amounts transferred to reserves for retirement and amounts refunded to terminated members. If a member leaves covered employment or dies before any benefits become payable on his behalf, the accumulated contributions may be refunded to the member or his designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to a member or his survivors are refunded to the member's beneficiary or his estate upon cessation of any survivor's benefits.

Employer Contributions

Each employer is required to contribute a percentage of each employee's earned compensation to finance participation of its employees in LASERS. The employer's contribution rate is established under Louisiana Revised Statutes 11:101-11:104 annually by the Actuarial Forecasting Committee as shown below for the years ended June 30, 1998 and 1997.

	1998	1997
Percent of members' earned compensation	13.0%	12.4%

The State's pension cost and net pension obligation to LASERS for the year ended June 30, 1998 is as follows:

Annual required contribution	\$221,933,246
Interest on net pension obligation	158,588
Adjustment to annual required contribution	(841,345)
Annual pension cost-interest adjusted to end of year	221,250,489
Contributions made	(232,843,174)
Increase (decrease) in net pension obligation	(11,592,685)
Net pension obligation beginning of year	1,922,284
Net pension obligation end of year	(\$ 9,670,401)

The Annual Pension Cost (APC) has been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 25.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension <u>Cost (APC)</u> (Value at MidYear)	Percentage of APC Contributed	Net Pension Obligation	
6/30/96	\$ 206,878,066	97.8	(\$ 4,036,582)	
6/30/97	214,971,990	97.3	1,922,284	
6/30/98	221,250,489	105.2	(9,670,401)	

NOTES TO FINANCIAL STATEMENTS

C. <u>CONTRIBUTIONS</u> (continued)

Transfer of Service

Any Louisiana public retirement or pension system member who has six months of creditable service and who has membership credit in any other such system has the option of transferring all of this credit to member's current system. The transferring system is required to transfer to member's current system the greater of all employee and employer contributions plus interest compounded annually at the board approved actuarial valuation rate of the transferring system or the actuarial liability. In the event that the contributions transferred are less than the contributions which would have been made had the service been in his current system, the member has the option of either paying the difference plus interest or having his credited service decreased based upon the amount of contributions transferred.

D. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short term repurchase agreements. This amount is insured by the Federal Deposit Insurance Corporation up to \$100,000 and is collateralized by the pledge of government securities held by the agents in the entity's name.

Investments

The investment powers of LASERS are authorized by State Statute. Title 11, Section 717 of the Louisiana Revised Statutes states that the prudent man rule shall apply to all investments of LASERS. This law specifically requires management of LASERS to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income. The revised statutes also prohibit the system from investing more than 65% of its total portfolio in common stock. In addition, the Board of Trustees of LASERS has adopted certain investment policies, objectives, rules, and guidelines which are intended to protect and preserve LASERS' assets while providing an appropriate return for participants. LASERS' assets are divided among investment managers who were given a policy statement which established a real rate of return of at least 4% per annum in excess of the rate of inflation as measured by the consumer price index. The following summarizes the types of permissible investments under such objectives, rules and guidelines as of June 30, 1998:

Short-term investments

The policy for these types of holdings are: short-term funds may be invested in direct U. S. Government obligations such as U. S. Treasury Bills which are fully collateralized by U.S. Treasury issues. Unless expressly prohibited by the Board, excess cash may be invested in the Short Term Investment Fund of the Custodian Bank or other short-term investment vehicles designated by the Board.

NOTES TO FINANCIAL STATEMENTS

D. <u>CASH AND INVESTMENTS</u> (continued)

Short-term investments (continued)

Funds may be invested in commercial paper subject to the following guidelines: Only U. S. dollar denominated paper of domestic companies will be used, paper must be rated P-1 by Moody's or A-1 by Standard and Poor's, but no lower by either. Prior approval shall be required for use of paper rated P-2 by Moody's or A-2 by Standard and Poor's. No more than \$10 million is to be invested in commercial paper of any one issuer.

The maximum maturity for commercial paper purchased with the cash reserves of any investment advisor shall be established by each advisor. However, under no circumstances will commercial paper having a maturity of longer than 270 days be purchased without prior Board approval.

Domestic Equity Securities

Domestic equity purchases are limited to common stocks traded over the counter or on a domestic stock exchange. Exceptions shall be approved by the Board in advance.

Basically, investment managers are limited to any one holding not to exceed 6% at market value of their managed portfolio. One manager is allowed to go to 8%. The purchase of stocks or convertibles in foreign companies through American Depositary Receipts (ADR's), which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges may be held by each domestic stock manager in proportions which each manager shall deem appropriate. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes so long as the common stocks underlying them meet the required equity standards aforementioned.

Equity securities, including domestic and international common stocks, are limited to 65% of the total assets of the System on a market basis as set by the policy of the Board of Trustees.

Domestic Debt Securities

Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage backed securities and other instruments deemed prudent by the investment managers. No more than 6% of the market value of LASERS' domestic fixed income assets may be invested in the debt securities of any one issuer, except two managers can invest up to 8% of their portfolios. None of the above limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies as defined in the most current issue of Moody's Bond Record.

NOTES TO FINANCIAL STATEMENTS

D. <u>CASH AND INVESTMENTS</u> (continued)

International Investments

As part of its normal asset allocation for equity and fixed income securities, the System may invest a portion of its equity and fixed income allocation in international securities. International investments shall only be entered into through the selection of a qualified investment management organization as consistent with fiduciary responsibilities. An international manager employing an active currency management program may, upon specific authorization of the Board, deal in futures and options within the discipline of that currency management program.

No one holding in an international equity portfolio shall account for more than 6% of the portfolio at market value or more than 5% of the outstanding common stock of any one corporation.

The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or government entity. No single non-government debt security shall constitute more than 6% of the global bond portfolio, at market value.

Real Estate

Investments in real estate shall be limited to an initial investment value at market value of not more than 2% of total fund assets. Real estate investments are limited to a direct investment in the property located at the intersection of Essen Lane and United Plaza Boulevard in Baton Rouge, Louisiana, investments in commingled real estate pools (both open and closed end) or real estate investment trusts (REITS), and separately managed accounts.

The Board specifically authorizes the purchase of real estate related debt securities as a portion of the debt securities portfolio to include securities issued by FNMA, FHLMC, and GNMA. Purchases other than those guaranteed by federal agencies cited above must be rated AAA by Standard and Poor's or AAA by Moody's. Reserves for future real estate investments may be held in large capitalization U. S. equities, subject to the 65% limit on all equity investments.

Real estate investments consist of separate investments in commingled funds which develop and own commercial real estate in various metropolitan areas of the U.S. Income from these investments will consist of changes in market values of the underlying properties, lease income and capital gains.

Options

The system may employ an options management service with the objective of providing volatility protection on equity investments and an enhanced rate of return over time.

NOTES TO FINANCIAL STATEMENTS

D. <u>CASH AND INVESTMENTS</u> (continued)

Private Capital Market Investments

Investments in Private Capital Market Investments shall be limited to an initial investment value at market value of no more than 6% of total fund assets. Reserves for future Private Capital Market Investments may be held in large capitalization U. S. equities, subject to the 65% limit on all equity investments.

Other

Any type of investment other than detailed previously shall be made only after specific guidelines are established by the Board of Trustees.

Derivatives

LASERS invests in various mortgage-backed securities such as interest-only strips and principal-only strips. LASERS invests in interest-only strips, in part to maximize yields and in part to hedge against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby pre-paying the mortgage underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Conversely, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the investment would be higher than anticipated.

LASERS invests in principal-only strips, in part to maximize yields and in part to hedge against a decline in interest rates. These securities are based on cash flows from principal payments on underlying mortgages. Therefore, they are sensitive to a rise in interest rates which cause the collection of principal payments to be extended longer than anticipated. Conversely, if interest rates decline and homeowners refinance mortgages, thereby pre-paying the mortgages underlying these securities, the principal payments would be earlier than anticipated.

LASERS enters into contractual commitments involving financial instruments with off-balance-sheet risk. These financial instruments include forward contracts, futures contracts and options contracts and are entered into to hedge against foreign exchange rate risk.

Forward and futures contracts are for the delayed delivery of securities and/or currencies in which the seller agrees to make delivery at a specified future date at a specified price or yield for cash. Risks arise from the possible inability of counterparties to meet the terms of contracts and from movements in market values and interest rates.

NOTES TO FINANCIAL STATEMENTS

D. <u>CASH AND INVESTMENTS</u> (continued)

Derivatives (continued)

Options are contracts that allow the holder to purchase or sell financial instruments for cash at a specified price at or within a specified period of time. Options bear the risk of an unfavorable change in the price of financial instruments underlying the option and the risk that a counterparty is unable to perform in accordance with the terms of the option.

General

All investments of the System are registered in the System's name, or held by the custodial bank or its intermediaries in the System's name. The System's investments at June 30, 1998 and 1997, are categorized herein following to give an indication of the level of risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the System's name. The categorization for the investments held at June 30, 1997, was the same as that shown herein following for investments held at June 30, 1998.

	1	_2_	<u>3</u>		Carrying (Fair Value) 6/30/98	Carrying (Fair Value) 6/30/97
Short-term Investments	\$ 51,124,236			\$	51,124,236	\$ 88,550,499
Corporate Bonds	774,756,436	1			774,756,436	803,141,523
U.S. Treasury Bonds	58,552,461		-		58,552,461	30,196,022
U.S. Government Agency Bonds	511,787,578				511,787,578	495,178,836
International Fixed Income/Bonds	432,970,518				432,970,518	432,186,354
U.S. Treasury Notes	188,282,101				188,282,101	347,819,219
Domestic Equity Securities	2,454,354,449				2,454,354,449	1,627,870,526
International Equity Securities	886,617,386			-	886,617,386	824,796,562
Total categorized	\$5,358,445,165				5,358,445,165	4,649,739,541
Real Estate Pools					98,519,463	104,511,519
Venture Capital					64,347,425	44,591,379
Total Investments				\$	5,521,312,053	<u>\$ 4,798,842,439</u>

The System is also authorized by policy to contractually loan securities to investment brokers. The contract for a security loan provides that LASERS loan specific securities from its holdings to the broker in return for collateral. Securities under loan are maintained on the System's financial records and are classified in the

NOTES TO FINANCIAL STATEMENTS

D. <u>CASH AND INVESTMENTS</u> (continued)

Investments (continued)

preceding summary of investment risk. As the System does not have the ability to trade or sell the collateral received in the securities lending program, such collateral is not considered an asset of the System and a corresponding liability is not required on the statement of net plan assets. (See Note E)

The System has no investments of any single organization (other than those issued or guaranteed by the U. S. Government) that represents five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock.

During fiscal years 1998 and 1997, the System's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$416,577,203 and \$545,187,226, respectively.

This appreciation includes the following:

Incresses (decreases) in fair value of investments	4	1998		1997
Increase (decrease) in fair value of investments held at year end	\$	140,470,846	\$	250,058,412
Realized gains (losses) on investments sold during the year	_	276,106,357		295,128,814
	<u>\$</u>	416,577,203	<u>\$</u>	545,187,226

Realized gains includes all sales of investment assets during the year measured between the sales proceeds and the purchase cost or amortized cost of the investment asset sold and is independent of the calculation for investments held at year end. Unrealized gains and losses in investments sold in current year that had been held for more than one year was included in the net appreciation (depreciation) reported in the prior year(s) and the current year.

E. SECURITIES LENDING PROGRAM

State statutes do not prohibit the System from participating in securities lending transactions, and the System has, pursuant to a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company ("State Street") to act as agent in lending the System's securities to broker-dealers and banks pursuant to a form of loan agreement. All investment assets are available for lending.

NOTES TO FINANCIAL STATEMENTS

E. <u>SECURITIES LENDING PROGRAM</u> (continued)

During the Fiscal Years, State Street lent, on behalf of the System, certain securities held by State Street as custodian and received cash (both United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the Fiscal Years on the amount of the loans that State Street made on its behalf and State Street indemnified the System by agreeing to purchase replacement securities, or return cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the Fiscal Years. Moreover, there were no losses during the Fiscal Years resulting from a default of the borrowers or State Street.

During the Fiscal Years, the System and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The average duration of such investment pool as of June 30, 1998 was 59 days. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On June 30, 1998 the System had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the System as of June 30, 1998 and 1997 were approximately \$599,230,702 and \$580,108,751, respectively. Securities lent as of June 30, 1998, were Government and Agency securities of \$143,820,880; Domestic equities of \$186,244,243; Domestic fixed income of \$37,479,430; International equities of \$137,511,217 and International fixed income of \$75,052,981.

F. OPEN INVESTMENT CONTRACTS

Open investment contracts include forwards and future contracts for the delayed delivery of currencies at a future date. The amounts that clear within the same broker/banks and consist of the same currency are offset. The receivables and payables include the same currencies clearing through different brokers/banks and LASERS has no right of offset. The System expects no significant loss or gain from these transactions.

NOTES TO FINANCIAL STATEMENTS

G. <u>ACTUARIAL INFORMATION</u>

Subsequent to the System's actuary issuing his final actuarial report for the year ended June 30, 1998, it was discovered that some retiree records were omitted from the data furnished to the actuary. The System's estimate of files omitted is approximately 380 and according to the actuary, his estimate of the effect to the liability (unfunded actuarial liability) for these records is approximately \$90 million and understates the projected employer contribution by \$4.7 million. The error will be amortized starting in the June 30, 1999 valuation over the remaining 31 years funding target period and future contributions adjusted appropriately.

The correct retiree information will be provided to the actuary prior to the January meeting of the Public Retirement Systems Actuarial Committee. The employer contribution for fiscal year 1999-2000 and the recomputed liability will be presented to the Committee.

H. REQUIRED SUPPLEMENTARY INFORMATION

In accordance with GASB No. 25, required supplementary information can be found in the attached schedules.

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SCHEDULE OF FUNDING PROGRESS FOR THE SIX YEARS ENDED JUNE 30, 1998

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	narial Accrued ability (AAL)	Unfunded AAL (UAAL) (b-a)	Fund Ra (a/	tio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/93	\$ 3,044,727	\$ 5,123,410	\$ 2,078,683	59.4	1%	\$ 1,504,147	138.2%
6/30/94	3,347,602	5,403,394	2,055,792	61.9	9%	1,546,465	132.9%
6/30/95	3,665,863	5,696,909	2,031,046	64.3	3%	1,547,977	131.2%
6/30/96	4,114,461	6,254,405	2,139,944	65.8	3%	1,584,357	135.1%
6/30/97	4,537,917	6,489,361	1,951,444	69.9	9%	1,607,371	121.4%
6/30/98	5,067,795	6,953,096	1,885,301	72.9	9%	1,653,863	114.0%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$463,735,332 from June 30, 1997 to June 30, 1998. There were no changes in benefit provisions during the year. There was a net experience gain of \$92,217,582 after allocating \$104,560,398 of excess investment income to the Experience Account in accordance with Act 1031. A COLA was granted to retirees on July 1, 1998, which reduced the Experience Account by \$90,045,598.

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE SIX YEARS ENDED JUNE 30, 1998

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1993	\$ 183,507,210	98.5%
1994	189,566,536	98.7%
1995	196,931,080	103.5%
1996	203,762,677	99.3%
1997	212,221,189	98.4%
1998	221,933,246	104.9%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

The difference between the Annual Required Contributions and the Annual Pension Cost is the amortization payment for the Net Pension Obligation.

ACTUARIAL METHODS AND ASSUMPTIONS JUNE 30, 1998

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date July 1, 1998

Actuarial cost method Projected unit credit

Amortization method Increasing annuity to 2029

Remaining amortization period 31 years

Asset valuation method Bonds at amortized cost and all other investments based

on a four year average market value

Actuarial assumptions:

Investment rate of return 8.25% per annum*

Mortality rates were projected based on the 1983 Sex

Distinct Graduated Group Annuity Mortality Table with

females set at attained age plus one.

Termination, disability

and retirement Termination, disability, and retirement assumptions were

projected based on a five year (1981-1986) experience

study of the System's members.

Salary increases which range between 4.25% and 11.75%

were projected based on a five year (1981-1986)

experience study of the System's members.*

Cost-of-living adjustments None.

*Includes inflation at 3.00%.

SUPPORTING SCHEDULES

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES - BUDGET AND ACTUAL (NON-GAAP BASIS)

FOR YEARS ENDED JUNE 30, 1998 AND 1997

		1998			1997	
			Variance			Variance
			Favorable			Favorable
	Actual	Budget	(Unfavorable)	Actual	Budget	(Unfavorable)
Administrative Expenses:						
Salaries and Related Benefits	\$2,931,012	\$3,049,138	\$118,126	\$2,595,939	\$2,776,132	\$180.193
Travel	127,793	250,783	122,990	120,621	222,670	102,049
Operating Services	1,224,561	1,982,993	758,432	1,039,367	1,898,978	859,611
Supplies	127,643	161,460	33,817	122,399	149,099	26,700
Professional Services	2,292,495	4,917,485	2,624,990	653,141	3,681,015	3.027.874
Capital Acquisitions	2,240,864	2,639,836	398,972	2,694,215	2,654,696	(39,519)
Total Budget and Actual Expenditures	8,944,368	13,001,695	4,057,327	7,225,682	11,382,590	4,156,908
Capitalization of Capital Outlay	(2,240,864)	(2,639,836)	(398,972)	(2,694,215)	(2,654,696)	39,519
Total Administrative Expenses	\$6,703,504	\$10,361,859	\$3,658,355	\$4,531,467	\$8,727,894	\$4,196,427
Invactment Expenses	647.469.779	440				

SCHEDULE OF MEETINGS ATTENDED BY AND PER DIEM PAID TO BOARD MEMBERS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

		1998	w. Y		19	97	
	Board Meetings Attended	Other Meeting Days		Amount	Board Meetings Attended		Amount
Cynthia Bridges	11	10	\$	1,575	12	\$	900
Virginia Burton	10	9		1,425	12		900
Mary Young Cannon	11	10		1,575	12		900
Leila Smith Detlefs	11	10		1,575	12		900
Benny Harris	12	10		1,650	9		675
Frank Jobert, Jr.	12	10		1,650	12		900
Barbara McManus	11	8		1,425	9		675
Louis Quinn, Chairman	11	9		1,500	11		825
Kathy Singleton	12	11		1,725	12		900
Total			<u>\$</u>	14,100		<u>\$</u>	7,575

Note – Effective August, 1997, board members are paid a per diem of \$75 per day for board meetings and other meetings. Generally, meetings are held for two consecutive days each month. During the fiscal year ended June 30, 1998, there was a possible 23 days for which board members could be compensated.

SCHEDULE OF INVESTMENTS AT AMORTIZED COST

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

		6/30/98		6/30/97
Short-term Investments	\$	50,976,161	\$	88,958,503
Corporate Bonds		737,387,671		780,912,686
U.S. Treasury Bonds		53,847,674		29,891,193
U.S. Government Agency Bonds		512,637,512		515,580,316
International Bonds/Fixed Income		436,864,782		431,740,005
U.S. Treasury Notes		185,614,553		346,536,857
Domestic Equities		1,897,439,115		1,197,413,597
International Equities		733,900,293		632,526,281
Real Estate Pools		79,274,095		94,258,718
Venture Capital		52,190,243	1	40,315,175
Total	<u>\$</u> _	4,740,132,099	\$	4,158,133,331

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEAR ENDED JUNE 30, 1998

MONEY MANAGER FEES

American Express Asset Management Group	\$ 611,239
Brandywine Asset Management, Inc.	811,564
Brinson Partners, Inc.	1,025,000
Delaware International Advisors, Ltd.	1,032,541
Fayez Sarofim & Co.	674,934
Invesco Capital Management	1,012,674
JMC Capital Management Inc.	441,647
Loomis, Sayles & Company, L.P.	1,997,295
Miller, Anderson, Sherrerd LLP	654,447
Morgan Grenfell Investment	799,540
OffitBank	339,799
Orleans Capital Management	250,416
Pacific Corporate Group Inc.	45,000
Pathway Capital Management, L.P.	116,482
Putnam Advisory Company, Inc.	46,017
Schroder Capital Management	1,422,797
Lend Lease	158,150
Metropolitan	192,399
State Street Global Advisors	198,333
TCW Asset Management Company	1,799,851
Templeton International	1,094,486
Thomson Horstmann & Bryant Inc.	1,220,346
W.R. Huff Asset Management Co.	967,314
Total Investment Money Manager Fees	\$ 16,912,272
INVESTMENT CONSULTANT FEES	
New England Pension Consultants	\$ 250,500
TOTAL INVESTMENT MANAGEMENT FEES	\$ 17,162,772

INVESTMENT SECTION



December 21, 1998

Board of Trustees

Louisiana State Employees' Retirement System
8401 United Plaza Boulevard
Baton Rouge, LA 70809

Dear Trustees,

This letter summarizes the structure and performance of the Louisiana State Employees' Retirement System (LASERS) through June 30, 1998. As of the June 30th fiscal year-end, the Fund was in compliance with policy and State law, and had 45.9% of its asset base invested in U.S. equities, 14.7% invested in non-U.S. equities, 28.0% in U.S. fixed income, 8.6% in global fixed income and 2.9% in real estate and private equity. The public equity portion of the Fund represented 60.6% of the total assets, below the applicable statutory limit of 65%. Reversing a long-term underweighting to public equities relative to the median public pension fund, the LASERS Fund had a higher than median equity allocation as of June 30, 1998.

LASERS earned 12.5% during the year ending June 30, 1998, which ranks in the 84th percentile of all public funds within the Independent Consultants Cooperative (ICC) Universe. The Fund's Policy index (which measures the return the Fund would have earned had it been invested passively in weights dictated by the Fund's target allocation) earned 14.6%. The Fund's Allocation index (which measures the return the Fund would have earned had it been passively invested in weights dictated by its actual structure) earned 13.7%, indicating that structural deviations from the target commitments (primarily the underweighting to private equity) subtracted 90 basis points of value from the Fund. Active management subtracted an additional 120 basis points of value from the fund during the last year, this due principally to the extraordinarily strong performance of relatively few stocks, namely a handful of the largest publicly-traded companies in the U.S.

Over the last three years the Fund earned an average annual return of 14.9%, and active management added over 70 basis points per year in additional value during this period. Over the last one- and three-year time periods, LASERS easily surpassed the return targets specified in the Fund's policy statement. The Fund beat the nominal total return requirement of 9.25% by 3.25 percentage points over the last year and by 5.65 percentage points over the last three years. The Fund also beat the real (inflation adjusted) return target of 4% by 6.8 percentage points over the last year and by 8.7 percentage points over the last three years.

¹ Return data for the Fund was calculated on a time-weighted basis in accordance with the standards of the Association of Investment Management & Research (AIMR). Valuations, where available, are based on published national securities exchanges prices.

Longer-term, the Fund has underperformed the median public fund due primarily to a lower-than-average allocation to equities. The recent increase in equities should result in higher relative performance going forward, although with higher volatility of returns, as well.

As previously mentioned, active management over the long run has added significant value to the LASERS Fund. Although, in aggregate, active managers did not add value during the preceding year, 11 of the 20 active managers which had performance for the last year were able to add value beyond their style specific passive benchmarks: this, in an environment where active management tended to underperform pure index strategies.

The LASERS Fund is structured to achieve a target 9.25% total rate of return with the lowest possible risk, based on NEPC's market projections over the next five years. Looking at this objective, the LASERS Fund has performed quite well and is well positioned to continue to meet longer-term return targets at below-average levels of risk.

Sincerely,

Richard M. Charlton

President

Peter D. Gerlings, CFA

Vice President

P.O. Box 44213 • Baton Rouge, LA • 70804-4213 8401 United Plaza Blvd. • Baton Rouge, LA • 70809



VOICE: 225-922-0600 • TOLL-FREE: 1-800-256-3000 FAX: 225-922-0614 • Web Site: www.lasers.state.la.us

December 22, 1998

Dear Members,

At June 30, 1998 LASERS' investment portfolio completed the Fiscal Year with a 12.5% total return. This marked the fourth straight year that LASERS has had double digit investment returns, as the capital markets reflected the continued themes of strong corporate profit growth and low inflation. In the fall of 1997 the troubles in Asia and other foreign markets began to emerge, but would not come into full bloom until the third quarter of 1998. This afforded LASERS the ability to post another solid year for FYE 1998, as well as time to recover from the recent market turmoil in the current fiscal year. As of the writing of this letter, market conditions have rebounded strongly.

LASERS is committed to maintaining a broadly diversified portfolio, and achieving its' target rate of return for the least possible amount of risk. LASERS adopts carefully underwritten and conservative assumptions for future expected returns, and structures the investment portfolio so as to optimize the risk/return trade-off.

During the Fiscal year, LASERS adopted a revised asset allocation policy, which raised LASERS' longterm investment return target from 8.85% to 9.25%. This was done by slightly increasing the target equity exposure to 60% of total assets, with the goal of increasing the probability that LASERS can continue to help reduce its Unfunded Accrued Liability (UAL) while continuing to grant Cost-of-Living Adjustments (COLA). LASERS must exceed the actuarially required rate of return of 8.25% in order to meet these

In order to reduce costs, LASERS has begun a policy of using indexed strategies for 10% of its equity portfolio. This simultaneously lowers investment management fees and reduces the volatility of actual portfolio returns around the target return referenced above. LASERS is currently considering plans to increase the use of such strategies and implementing internal staff capabilities, when appropriate to do so. Such a plan would allow LASERS to further control risk, reduce costs, and make better use of active management strategies.

Looking forward into the future, LASERS is well positioned to meet its long term goals and objectives. Further emphasis and efforts at LASERS will be placed on risk management and cost controls, in order to continue to be an effective and efficient provider of pension benefits.

Sincerely yours.

Robert Lee Borden, CFA Chief Investment Officer

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES LOUISIANA STATE EMPLOYEES RETIREMENT SYSTEM

I. GENERAL

- A. Investments of the Louisiana State Employees' Retirement System ("LASERS") shall be in accordance with the Louisiana Revised Statutes.
- B. Investments of LASERS shall be made solely in the interest of the participants and their beneficiaries of the pension plan and for exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the reasonable expenses of administering the plan.
- C. The investment objectives shall be the preservation and enhancement of principal over the long term, in both real and nominal terms. For this purpose, short-term fluctuations in values will be considered secondary to long-term investment results.
- D. The Board of Trustees of the Louisiana State Employees' Retirement System (the "Board"), its staff and its investment advisors shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.
- E. The investments of the fund shall be diversified to minimize the risk of large losses unless, under particular circumstance, it is clearly prudent not to do so.
- F. The Board may obtain third party investment management or consulting services.
- G. The Statement of Investment Policy and Objectives shall be revised from time to time, as deemed necessary. It is also expected that this Statement will be annually reviewed to insure its relevance to LASERS' needs, and that any resulting material changes will be communicated to LASERS' investment managers.

II. INVESTMENT OBJECTIVES

Assets of the System shall be invested to ensure that principal is preserved and enhanced over the long term, both in real and nominal terms. Reference Appendix I for an explanation of real and nominal terms.

- A. Total return, consistent with prudent investment management, is the primary goal of LASERS. Total return, as used herein, includes income less expense plus realized and unrealized gains and losses in LASERS' assets.
- B. A real rate of return of at least 4% per year should be earned. This is the return over the rate of inflation (as measured by the Consumer Price Index). Additionally, a nominal return goal for LASERS is 9.25%, (net of investment management fees) in order to exceed the 8.25% actuarial return and provide a buffer to cover expenses. LASERS is aware that there may be short term deviations from these objectives, and shall evaluate compliance with these and other performance expectations over the time frames outlined in paragraph G, below.
- C. Total fund return for LASERS shall consistently rank in the top half of an appropriate public fund universe, and shall meet or exceed the return of LASERS' Policy Index. (See Appendix I for an explanation of the Policy Index).

D. Equity Composites

- 1. Total return for domestic equity specialist managers shall meet or exceed an appropriate index based on the manager's style and consistently rank in the top half of an appropriate universe of domestic equity specialist managers.
- 2. Total return for international equity specialist managers shall meet or exceed an appropriate index based on the manager's style and consistently rank in the top half of an appropriate universe of international equity specialist managers. Emerging international equity managers shall meet or exceed an appropriate index based on the manager's style.

E. Fixed Income Composites

- 1. Total return for domestic fixed income managers shall consistently meet or exceed an appropriate index based on the manager's style, and consistently rank in the top half of an appropriate domestic fixed income specialist fund universe.
- 2. Total return for global fixed income managers shall meet or exceed an appropriate index based on the manager's style, and consistently rank in the top half of an appropriate universe of global fixed income specialist managers.
- F. Total fund risk exposure and risk adjusted returns will be regularly evaluated and compared with other public funds. Total fund risk exposure is expected to be midrange (25th to 75th percentile) relative to an appropriate universe of other public total funds. Risk-adjusted returns are expected to consistently rank in the top half of an appropriate universe of comparable public funds. (See Appendix I for an explanation of risk adjusted returns).

G. Normally, results will be evaluated over a three to five year time horizon, but shorter term results will be regularly reviewed and earlier action taken if in the best interest of LASERS.

III. TYPES OF INVESTMENTS

In fulfilling the investment objectives stated above, the Board may invest the funds of LASERS in the following types of investments:

A. Domestic Equity Securities

- 1. Domestic equity purchases are limited to publicly traded common stocks. Exceptions shall be approved by the Board in advance.
- 2. No one holding shall account for more than 6% of the allowable equity portion of the portfolio at market value. No one holding in LASERS' portfolio shall account for more than 5% of the outstanding common stock of any one corporation. Additionally, no one holding across all actively managed portfolios of an investment management firm shall account for more than 15% of the outstanding common stock of any one corporation.
- 3. The purchase of stocks or convertibles in foreign companies which are publicly traded dollar denominated foreign securities may be held by each domestic stock manager in proportions which each manager shall deem appropriate, up to 10% of the portfolio at market value.
- 4. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes so long as the common stocks underlying them meet required equity standards above.
- 5. Equity investments, including domestic and international common stocks, are limited to 65% of the total market value of LASERS'. Ten percent of LASERS' equity holdings will be indexed.

B. Domestic Debt Securities

- 1. Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage backed securities and other instruments deemed prudent by the investment managers.
- 2. No more than 6% of the market value of LASERS' domestic fixed income assets may be invested in the debt securities of any one issuer. None of the above limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies.

C. International Investments

1. As part of its normal asset allocation for equity and fixed income securities, LASERS may invest a portion of its equity and fixed income allocation in international securities. International investments shall only be entered into through the selection of a qualified investment management organization as consistent with fiduciary responsibilities.

2. Limitations

a. International Equities:

No one holding in an international equity portfolio shall account for more than 6% of the portfolio at market value or more than 5% of the outstanding common stock of any one corporation. Additionally, no one holding across all actively managed portfolios of an investment management firm shall account for more than 15% of the outstanding common stock of any one corporation.

b. Global Bonds:

The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or government entity. No single non-government debt security shall constitute more than 6% of the global bond portfolio, at market value.

D. Cash Equivalents

- 1. Short-term funds may be invested in direct U.S. Government obligations such as U.S. Treasury Bills or repurchase agreements which are fully collateralized by U.S. Treasury issues. Unless expressly prohibited by the Board, excess cash may be invested in the Short Term Investment Fund [STIF], Stock Performance Index Futures Fund [SPIFF] and Yield Plus Fund of the Custodian Bank(s) or negotiable certificates of deposit, or other short-term investment vehicles designated by the Board.
- 2. Funds may be invested in commercial paper subject to the following guidelines:
 - a. Only U.S. Dollar denominated paper of domestic companies will be used
 - b. Paper must be rated P-1 by Moody's or A-1 by Standard and Poor's, but no lower by either. Prior approval shall be required for use of paper rated P-2 by Moody's or A-2 by Standard and Poor's.
 - c. No more than \$10 million is to be invested in commercial paper of any one issuer.
 - d. The maximum maturity for commercial paper purchased with the cash reserves of any investment advisor shall be established by each advisor. However, under no circumstances will commercial paper having a maturity of longer than 270 days be purchased without prior Board approval.

E. Real Estate

Investments in real estate shall be limited to an initial investment value at market value of not more than 2% of total fund assets. Real estate investments are limited to:

- 1. A direct investment in the property located at the intersection of Essen Lane and United Plaza Boulevard in Baton Rouge, Louisiana.
- 2. Investments in commingled real estate pools (both open end and closed end) or real estate investment trusts (REITS).
- Separately managed accounts.

The Board specifically authorizes the purchase of real estate related debt securities as a portion of the debt securities portfolio, to include securities issued by FNMA, FHLMC, and GNMA. Purchases other than those guaranteed by federal agencies cited above must be rated AAA by Standard and Poor's or Aaa by Moody. Reserves for future real estate investments may be held in large capitalization U.S. equities, subject to the 65% limit on all equity investments.

F. Options

LASERS may employ an options management program with the objective of providing volatility protection on equity investments and an enhanced rate of return over time.

G. Alternative Asset Investments

Investments in Alternative Asset Investments, including private equity and private debt, shall be limited to an initial investment value at market value of no more than 6% of total fund assets. Reserves for future alternative asset investments may be held in large capitalization U.S. equities, subject to the 65% limit in total equity investments.

H. Economically Targeted Investments (ETI)

All ETI investments must not conflict with Louisiana or Federal law, and must be in the economic best interest of LASERS' plan participants and beneficiaries. ETI's must be consistent with LASERS' investment policy and asset allocation plan. ETI's must offer a potential investment return consistent with the level of risk in the proposed investment.

I. Other

Any type of investment other than detailed previously shall be made only after specific guidelines are established by the Board.

IV. PORTFOLIO GUIDELINES

Full discretion, within the parameters of the investment policy guidelines disclosed herein, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions.

Compliance with all guidelines must be monitored by the investment managers on a regular basis (monthly or more frequently when unusual market conditions warrant) and based on then current market values. Securities which, at purchase, would move the portfolio out of compliance with the guidelines, based on the investment manager's most recent valuation, may not be purchased. In the event that the portfolio moves out of compliance with these guidelines (as identified in the investment manager's regular review of the portfolio), through market conditions or other changes outside the control of the

manager, the manager must bring the portfolio composition back into compliance with 45 days or make a written request to LASERS Investment Committee for a compliance waiver.

Unless otherwise specified in Appendix II or Section VII (Roles & Responsibilities), the Board establishes the following specific guidelines:

- A. There shall be no use of options, commodities, financial futures or other specialized investment activity without the prior approval of the Board.
- B. Uncovered options or futures contracts may not be purchased.
- C. Uncovered short positions may not be purchased.
- D. Short selling is not permitted.
- E. Commodities may not be purchased.
- F. Straight preferred stocks and tax exempt municipal securities should not normally be held unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.
- G. LASERS may establish a Securities Lending Program subject to restrictions established by the Board and consistent with Legal Statutes.
- H. There may be no use of financial leverage.

V. ASSET ALLOCATION (BY MAJOR ASSET CATEGORIES)

In order to have a reasonable probability of consistently earning the target return of 9.25% net of investment management fees; the Board has adopted the following asset allocation policy.

Asset Class	Market Value Target%	Minimum Exposure(%)	Maximum Exposure(%)
Equities	54%	47%	61%
Domestic Large Cap	29	24	34
Domestic Small Cap	10	8	12
Established Internat'l (Lg Cap)	10	7	13
Established Internat'l (Sm Cap)	2	0	3
Emerging International	3	0	5
Fixed Income	40%	33%	47%
Domestic (including mortgages)	23	18	28
Domestic High-Yield	7	5	9
Global Bonds	10	8	15
Real Estate	0	0	2
Alternative Assets	6	0	7

The Chief Investment Officer [CIO] will review LASERS' asset allocation at least quarterly to determine if the asset allocation is consistent with the exposure ranges established for LASERS, and direct staff and investment managers to transfer funds to rebalance the asset allocation as necessary with subsequent Board notification. The transfers will be on a pro-rata basis unless a manager is on the Watch List.

A change in liability structure, funded status, or long term prospects may trigger a revision of the asset allocation. This guideline is to be pursued by LASERS on a long-term basis, but will be revised if significant changes occur within the economic and/or capital market environments.

VI. CUSTODIANSHIP OF SECURITIES

LASERS may establish an arrangement with a financial institution(s), for the custody of its securities, subject to the approval of the Board.

VII. ROLES AND RESPONSIBILITIES

A. Custodian Bank(s)

In order to maximize LASERS' return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly.

The custodian(s) will be responsible for performing the following functions:

- 1. Accept daily instructions from designated investment staff;
- 2. Advise designated investment staff daily of changes in cash equivalent balances;
- 3. Immediately advise designated investment staff of additions or withdrawals from account;
- 4. Notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings;
- 5. Resolve any problems that designated investment staff may have relating to the custodial account;
- Safekeeping of securities;
- 7. Interest and dividend collections;
- 8. Daily cash sweep of idle principal and income cash balances;
- 9. Processing of all investment manager transactions;
- 10. Collection of proceeds from maturing securities;
- 11. Disbursement of all income or principal cash balances as directed;
- 12. Providing monthly statements by investment managers' accounts and a consolidated statement of all assets;

- Providing a dedicated account representative and back up to assist the LASERS' staff in all needs relating to the custody and accountability of the Fund's assets.
- 14. Managing the securities lending program.

B. Investment Managers

The duties and responsibilities of each of the registered investment advisors retained by the Board include:

- 1. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein, or expressed in Appendix II when exceptions are deemed prudent and desirable.
- 2. Meeting or exceeding the specific total return benchmarks expressed in Appendix II.
- 3. Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the investment objectives.
- 4. Promptly informing the Board regarding all significant matters pertaining to the investment of the fund assets, for example:
 - a. Substantive changes in investment strategy, portfolio structure and market value of managed assets.
 - b. The manager's progress in meeting the investment objectives set forth in this document,
 - Significant changes in the ownership affiliations, organizational structure, financial condition, professional personnel staffing and clientele of the investment management organization, and
 - d. Any material changes in the liquidity of the securities they hold in the LASERS' portfolio.
- 5. Initiating written communication with the Board when the investment manager believes that this Investment Policy is inhibiting and/or should be altered. No deviation from the guidelines and objectives established in the Policy is permitted until after such communication has occurred and the Board has approved such deviation in writing.
- 6. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary. It is expected that LASERS' assets will be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of LASERS' assets.
- 7. Using their best efforts to ensure that all portfolio transactions are placed on a "best execution" basis.

- 8. The investment managers have responsibility for the exercise of ownership rights, where available, through proxy solicitations unless they receive specific voting instructions from the Chief Investment Officer. They shall exercise this responsibility strictly for the economic benefit of LASERS and its participants.
- 9. While the Board is sensitive to excessive turnover there shall be no specific limitation in this regard, recognizing the importance of providing flexibility to the managers to adjust to changing market conditions. Although the Board is appropriately sensitive to book losses, there is no justification to hold a particular security, nor to manage the collective assets, for the sole purpose of avoiding the recognition of a book loss.
- 10. Acknowledging in writing to the Board the investment manager's intention to comply with the Investment Policy as it currently exists or as modified in the future.
- 11. Submitting to the Board (and its designated consultants) exhibits, written material, etc. that will be used during periodic conferences with the Board at least five business days in advance of these conferences.

C. Domestic Equity Managers

Each manager holding equity securities is expected to comply with the following guidelines:

- 1. Equity holdings in any one company (including common and preferred stock and convertible securities) should not exceed 6% of the market value of the manager's portion of LASERS' assets without the consent of the Board. Additionally, bonds of the companies in question would be included in the company exposure calculation if held in the manager's portfolio.
- 2. There shall be no short selling, securities lending, use of financial futures or other specialized investment activity without the prior approval of the Board.
- 3. No purchase shall be made by an investment manager in LASERS' portfolio, which would cause a holding to exceed 5% of the outstanding common stock of any one corporation. Additionally, no purchase shall be made which would cause one holding across all actively managed portfolios of an investment management firm to account for more than 15% of the outstanding common stock of any one corporation.
- 4. Each equity manager may invest up to 10% of the portfolio market value in reserve and cash equivalent investments. However, these investments should be made on the basis of safety and liquidity, and only secondarily by yield available. Such securities shall reasonably carry the equivalent of S&P A1 or Moody P-1.

D. Domestic Fixed Income Managers

Each manager holding fixed income securities is expected to adhere to the following guidelines:

- 1. The overall average quality of each fixed income portfolio shall be AA or higher. Non-rated issues or issues below investment grade (below BAA) may be purchased up to a maximum of 15% of the portfolio. These quality restrictions will not apply to a manager that is hired by LASERS to manage a high-yield fixed income portfolio.
- 2. The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager. Active bond management is encouraged, as deemed appropriate by the investment managers.
- 3. Fixed income holdings with any one issuer should not exceed 6% of the market value of the manager's portion of LASERS' assets without the consent of the Board, with the exception of U.S. Government or government agency obligations.
- 4. There shall be no use of options, financial futures or other specialized investment activity without the prior approval of the Board.
- 5. The average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the passive benchmark's duration by more than two years. See Appendix I for an explanation of duration.

E. Mortgage and Asset Backed Securities

Funds invested in mortgage-related and asset-backed securities are subject to the following guidelines:

- 1. Agency fixed and floating rate pass throughs, US Treasury securities and cash equivalents can be held without limitation.
- 2. Fixed rate PAC I, PAC II and Sequential Collateralized Mortgage Obligations can be held without limitation.
- Inverse floating rate, interest only (I/O), principal only (P/O), and accrual CMOs in aggregate will be limited to 15% of the mortgage securities portfolio, with no more than 5% of the portfolio invested in accrual CMOs. In the event that other types of mortgage-related securities that have risk characteristics similar to those in this category are developed, the manager will inform the investment committee of those securities and they will be included in this 15% limitation.
- 4. All other types of mortgage-related securities not explicitly cited in (1), (2), (3) above will be limited to an aggregate 20% of the portfolio.
- 5. The manager must receive at least two competitive offers on the same or similar securities prior to purchasing each mortgage-backed security for the portfolio.
- 6. The average effective duration, as calculated by the manager, shall not differ from the Lehman Brothers Aggregate Index's duration by more than two years. LASERS recognizes that the calculation of the duration of a mortgage-backed security involves assumptions as to the expected future prepayment rate for the security at the time of calculation and that prepayment rates cannot be precisely determined in advance. The manager is expected to calculate expected duration prior to the initial purchase of a

security and on a routine basis in monitoring the portfolio's compliance with these guidelines.

7. The diversification of securities by maturity, quality, sector, coupon and geography, except as constrained above, is the responsibility of the manager.

F. International Equity Managers

Funds invested in international equity securities are subject to the following guidelines:

- 1. Short-term reserves may be held in U.S. dollar denominated securities or investment vehicles available through the System's custodian.
- 2. Equity securities are expected to be issued by non-U.S. corporations, although the manager has latitude to hold U.S. securities provided that such investment is consistent with attainment of the portfolio's investment objective and does not exceed 10% of the portfolio's market value.
- 3. Decisions as to the number of issues held and their geographic or industry distribution shall be left to the investment manager provided that equity holdings in any one company (including common stock and convertible securities) do not exceed 6% of the market value of the manager's portion of LASERS' portfolio without the consent of the Board. Additionally, bonds of the companies in question would be included in LASERS' exposure calculation if held in the manager's portfolio.
- 4. The managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than lever portfolio risk exposure or in the settlement of securities transactions.
- 5. Managers may purchase or sell currency on a spot basis to accommodate securities settlements.

G. Global Fixed Income Managers

The portfolios should be considered as "bond funds". The manager, however, may hold short-term reserves if such action is consistent with attainment of the primary investment objective.

- 1. Short-term reserves may be held in U.S. dollar denominated securities or investment vehicles available through LASERS' custodian.
- 2. Decisions as to the number of issues held and their geographic distribution shall be left to the investment manager.
- 3. The managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than lever portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolios currency risk exposure or in the settlement of securities transactions.

- 4. Managers may purchase or sell currency on a spot basis to accommodate securities settlements.
- 5. The overall average quality of each global fixed income portfolio shall be AA or higher. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of AA or higher. Issues below investment grade (below BAA) may be purchased up to a maximum of 15% of the portfolio.
- 6. The average duration (interest rate sensitivity) of an actively managed global fixed income portfolio shall not differ from the passive benchmark by more than two years. See Appendix 1 for an explanation of duration.

H. Alternative Asset Investments

- 1. Investment Objective
 - a. Achieve a market rate of return commensurate with the perceived risk for each investment undertaken.
 - b. To enhance the total diversification of LASERS' Total Fund by participating in alternative asset investments.

2. Target Asset Allocation

LASERS' allocation to direct placements shall remain within the limits authorized by the Investment Committee. The allocation range is 0% - 7% of the LASERS' aggregate portfolio. For purposes of examining LASERS' overall asset allocation, the alternative asset target allocation is 6% of total fund assets subject to Investment Committee direction. Shortfalls from the target allocation will be funded as needed from over-allocated asset classes.

Alternative asset amounts, which are in excess of the asset allocation target amount as a result of partial or full liquidation of positions or the receipt of income from investments, shall be reallocated to LASERS' under-allocated asset classes. Liquidations should be re-invested in the alternative asset program if that asset class is under-represented relative to LASERS' target asset allocation.

LASERS shall endeavor to systematically commit additional funds to this asset class over time as it becomes under-represented relative to LASERS' target asset allocation. This under-representation could result from liquidations/distributions, a decline in the appraised or actual market values of the underlying securities or the rest of LASERS growing at a faster rate than the alternative asset investments program.

3. Portfolio Performance

Performance shall be calculated by the investment consultant (using dollar-weighted returns) for each manager's alternative asset fund over the life of the investment. Investment returns will be compared to the return on similar investments which originated during the same period.

Managers shall maintain a comprehensive and responsive reporting system assessing the performance of both the individual investments in each manager's portfolio as well as the entire portfolio. It is in this manner that under-performing investments in each portfolio can be identified and managers can inform the Investment Committee of measures they are taking to correct the performance of such investments as appropriate.

4. Types of Investments

All investments not expressly excluded by these guidelines are eligible for use as investments in LASERS' alternative asset allocation.

5. Investment Guidelines

- a. LASERS' initial investment in a fund (with the exception of a fundof-funds) will not exceed 25% of the committed capital of the Fund.
- b. All investments must have a mechanism for exit.
- c. No more than 25% of the alternative asset investment allocation may be invested with a single manager, general partner, or single fund, with the exception of a fund-of-funds.
- d. Preference will be given to those funds where the general partner is contributing at least 1% of total fund.
- e. References on the general partner must be checked prior to investing in a fund.

6. Strategy

The alternative asset investments will be so diversified as to limit the exposure of any one investment to 2% of the assets of LASERS' total assets.

I. Tactical Asset Allocation (TAA) Managers

Each TAA Manager is expected to adhere to the following guidelines:

- 1. Equity, fixed income or cash commitment may vary from 0% to 100% of assets under management.
- 2. Within each asset class, the TAA manager is subject to the guidelines outlined in Section VII of the Statement of Investment Objectives, Rules and Guidelines.

J. Chief Investment Officer

The Chief Investment Officer shall assist the Board in developing and modifying policy objectives and guidelines, including the development of liability driven asset allocation strategies and recommendations on long term asset allocation and the appropriate mix of investment manager styles and strategies. Additionally, the Chief Investment Officer shall provide assistance in manager searches and selection, and investment performance calculation, evaluation, and analysis.

The Chief Investment Officer also communicates the decisions of the Investment Committee to investment managers, custodian bank(s), actuary, and consultant. The CIO provides oversight of the investment consultant, investment service providers and personnel of LASERS' investment division. The Chief Investment Officer is responsible for communicating with the investment consultant the financial information necessary to fulfill contractual obligations.

K. Investment Committee

The Investment Committee, at the direction of the full Board, shall review and approve or disapprove investment recommendations not governed by Investment Policy prior to their execution. The Committee may also review and recommend investment policy changes, deletions, or additions. The Committee also shall make recommendations to the full Board concerning contracts of a financial nature, when performed by other than LASERS' staff, such as, although not limited to, those for investment management, custodial arrangements, and securities lending.

L. Board of Trustees

The Board of Trustees shall review the total investment program. The Board shall approve the investment policy and provide overall direction to the administrative staff in the execution of the investment policy.

M. Investment Consultant

The Investment Consultant shall assist the Board and the Chief Investment Officer in developing and modifying policy objectives and guidelines, including the development of liability driven asset allocation strategies and recommendations on long term asset allocation and the appropriate mix of investment manager styles and strategies. Additionally, the consultant shall provide assistance in manager searches and selection, and investment performance calculation, evaluation, and analysis. The consultant shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Investment Committee, or the CIO.

VIII. QUARTERLY REPORTING REQUIREMENTS

Investment Managers shall submit a report to the Investment Committee Members, Staff, and Consultant within 30 days after the end of each calendar quarter in the following format:

A. Review of Organizational Structure

- 1. Organizational changes (i.e., ownership)
- 2. Departures/additions to investment staff
- 3. Assets under management
 - Total institutional assets and accounts
 - Total assets and accounts for product managed for LASERS
 - Product asset growth

Gains \$

Losses \$

Current Year Prior Year Second Prior Year

B. Summary of Investment Guidelines

- 1. Summarize guidelines and objectives
- 2. Discuss adherence to guidelines
- 3. Provide any comments and suggestions regarding policy constraints, guidelines, etc.
- 4. Submission of Quarterly Policy Guideline Compliance Report.

C. Review of Investment Process and Evaluation of Portfolio Management Process

- 1. Brief review of investment process
- 2. Discussion of any changes to the investment process
- 3. Investment strategy used over the past year and underlying rationale
- 4. Evaluation (in hindsight) of strategy's appropriateness
- 5. Evaluation of strategy's success/disappointments
- 6. Current investment strategy and underlying rationale
- 7. Comment on the manager's assessment of the current liquidity of the portfolio and the market(s) in which the portfolio is invested.
- 8. For manager's holding mortgage backed securities, results of current 'stress' tests on the portfolio, indicating how the manager believes it would respond to interest rate movements of plus or minus 100, 200, and 300 basis points from current levels.

D. Performance Review

- Present total fund and asset class returns for last quarter, year-to-date, last year, three years and five years, and since inception versus designated benchmarks. All performance data shall be in compliance with AIMR Performance Presentation Standards (PPS).
- 2. Discuss performance relative to benchmarks. (Global bond and international equity managers provide attribution analysis, which identifies returns due to country allocation, stock selection, duration and currency decisions).
- 3. Provide portfolio characteristics relative to benchmark.

E. Derivatives Review

Each manager using derivatives shall also report the following information:

1. A list of all derivative positions as of quarter-end.

- 2. An assessment of how the derivative positions affects the risk exposures of the total portfolio.
- 3. An explanation of any significant pricing discrepancies between the manager and custodian bank.
- 4. A statement certifying compliance with the investment policy throughout the quarter; or, if the portfolio has been out of compliance, an explanation.

F. Provide Portfolio Holdings

- 1. Present book value and current market value.
- 2. List individual securities by:
 - Standard and Poors sectors for domestic equities
 - Countries and by industry within country for international equities
 - Sector for domestic fixed income
 - Country for global bonds

G. Other Business

Include any other comments or information.

IX. ANNUAL REPORTING REQUIREMENTS

A. PROXY VOTING

Managers shall annually report to the Board, standing policies with respect to proxy voting, including any changes that have occurred in those policies, and note any instances where proxies were not voted in accordance with the best interest of LASERS' plan participants.

Additionally, investment managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in LASERS' investment program. These reports shall specifically note any instances where proxies were not voted in accordance with standing policy. Additionally, all such reports shall specifically affirm that all proxy votes were determined and executed solely in the interest of the participants and their beneficiaries of the pension plan and for exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the reasonable expenses of administering the plan.

The annual proxy voting report shall be delivered within forty-five (45) days of the end of the quarter ending June 30 of each year. The proxy voting report should cover all proxies voted during the 12 months ending June 30.

The proxy report should be segmented as follows:

Philosophy
Voting Guidelines
Routine Management Proposals
Board of Directors
Corporate Governance
Anti-Takeover
Management Compensation

Option Plans
Mergers, Asset Sales & Capital Restructuring
Other Shareholder Proposals
Social Issues

B. COMMISSIONS & TRADING COSTS

The annual commission report should be delivered to the committee, staff, and Investment Consultant within forty-five (45) days of the end of each fiscal year [June 30th]. The report should cover all trades executed during the prior calendar year.

Each annual commission report should include the following:

- 1. **Broker Selection Policy.** Discussion of the firm's policy for selecting brokers, reviewing brokers, and negotiating brokerage commissions. This should include identification of any situations where the investment manager has a financial interest in brokers used to execute trades in the portfolio as well as a list of all broker-dealers used by the firm.
- Commission Expense. Provide a review of the portfolio's actual commission expense over the prior year. At minimum, this should be broken down by broker and include a distinction between commissions on listed versus unlisted securities, average commission per share, total shares traded, total commission expense, and total trading volume. In addition to a printed report, commission expense shall also be reported to LASERS on a Lotus 123 or Microsoft Excel spreadsheet, in a format provided by LASERS.
- 3. Transaction Cost Analysis. If the firm has a system for monitoring total transaction cost, commissions plus market impact, a copy of this analysis should be provided. If no such system is being used, the commission report should include complete explanation of how the firm monitors selected brokers for best execution.

C. SOFT DOLLAR POLICY

- 1. This should include a discussion of the firm's soft dollar policy, including how the investment manager ensures its clients of full disclosure, record keeping, and consistency of soft dollar information.
- 2. There shall be procedures in place to assure that any research and/or services purchased by the firm with soft dollars are used primarily for the direct benefit of LASERS' plan participants. If less than 100% of the research and/or services is used in the investment decision-making process,

- then LASERS will only pay for the portion attributed to assisting in the investment decision-making process.
- 3. LASERS' soft dollar proportion paid shall not be greater than LASERS' percentage of the total of similarly managed assets of the investment manager.
- 4. All investment managers will submit a soft dollar budget to LASERS' Staff for the upcoming calendar year. The soft dollar budget will be a detailed description of all soft dollar use, including: research and/or service, how the investment manager will use the item, and the estimated cost to LASERS.

D. SOFT DOLLAR EXPENSE REVIEW.

- 1. Identify any goods and services purchased by the manager with soft dollars over the past year. This should include soft dollars generated by agency and principal transactions.
- 2. This report should provide, at a minimum, a description of the goods and services purchased, how the goods and services benefited LASERS' plan participants, the total costs, the percentage cost paid by the LASERS' portfolio, and any unused soft dollars that were earned during the year.
- 3. Comparison of expenditures for the year to the estimate submitted prior to the year, explaining major deviations and/or additional costs.
- 4. In addition to a printed report, the soft dollar report shall also be reported to LASERS' either electronically or by diskette on a Microsoft Excel spreadsheet, in a format provided by LASERS.

E. OTHER ANNUAL REPORTING

Managers shall annually report to the Board, standing policies with respect to ethics and professional practice.

If the manager has adopted the Association for Investment Management and Research (AIMR) code of ethics, that adoption should be noted. If they use a different code of ethics, their formal policy and code should be provided to LASERS. Additionally, whether the manager uses the AIMR code or their own, compliance and oversight procedures should be discussed. These reports shall specifically note any instances where the policies are known to have been violated in the prior year.

The annual ethics of professional practices report shall be delivered within forty five (45) days of the end of the of each fiscal year [June 30th].

X. REVIEW OF INVESTMENT PROCESS

On a timely basis, at least quarterly, the Board will review actual investment results achieved by each manager (with a perspective toward a three to five-year time horizon or a peak-to-peak or trough-to-trough market cycle) to determine whether:

- A. The investment managers performed satisfactorily when compared with the objectives set and in relation to other similarly managed funds.
- B. In addition to reviewing each investment manager's results, the Board will reevaluate, from time to time, its progress in achieving the total fund, equity, fixedincome, and international equity segments objectives previously outlined.
- C. The periodic re-evaluation also will involve an evaluation of the continued appropriateness of: (1) the manager structure; (2) the allocation of assets among the managers; and (3) the investment objectives for LASERS' assets.
- D. The Board may appoint investment consultants to assist in the ongoing evaluation process. The consultants selected by the Board are expected to be familiar with the investment practices of similar retirement plans and will be responsible for suggesting appropriate changes in LASERS' investment program over time.
- E. LASERS' investment managers may be placed on a watch list in response to the Investment Committee's concerns about the manager's recent or long term investment results, failure of the investment advisor to comply with any of LASERS' investment guidelines, significant changes in the investment advisor's firm, anticipated changes in LASERS' structure, or any other events which the Investment Committee deems appropriate.

As an example the process leading toward probationary status with regard to long-term underperformance will normally be as follows:

An advisor will be placed on probationary status if both of these conditions exist:

- 1. Any advisor whose performance fails, over eight consecutive quarters or any eight quarters during a ten quarter period, to achieve median same style universe performance levels as defined by LASERS, and
- 2. During this same period the return does not meet the return of the benchmark index

In no way does this preclude LASERS from placing an advisor on the watch list for performance in a lesser time period or taking other actions if deemed appropriate by LASERS. Any advisor on probationary status will not be eligible to receive additional investment funds from LASERS.

APPENDIX I-Additional Background

This appendix is intended to provide additional background regarding the selection and interpretation of various standards contained within the Guidelines.

* Preservation of capital in real and nominal terms...

Capital is expected to increase in absolute (nominal terms, and also after consideration of the effects of inflation, i.e., in real terms. Real growth of principal is necessary to ensure that purchasing power is not eroded by inflation.

If LASERS' assets begin at \$100 and rise to \$110, a nominal return of 10% would be earned. If inflation were 6%, a real return of 4% would be earned (10%-6%).

* Total return should be competitive with other Public Funds...

Public Funds are typically more conservatively structured (have less money in equities) than many other types of institutional investment programs, such as corporate plans. As a result, they will usually trail other funds in up markets and do better in down markets. Accordingly, it is essential that a Public Fund peer group be used for comparative purposes.

* Total return should meet or exceed LASERS' Policy Index...

The Policy Index is constructed by using the targeted asset class percentages in section V applied to market rates of return. The System's Policy Index is calculated using the following target allocations and indexes:

Asset Class	Target % Rating	Index
Equities		
Domestic Large Cap	29%	S&P 500
Domestic Small Cap	10	Russell 2000
Established Int'l	10	MSCI-EAFE
Established Int'l Small Cap	2	SB EMI EPAC
Emerging Int'l	3	MSCI-Emerging Markets
Fixed Income		
Domestic	18%	LB Aggregate*
Public Mortgages	5	LB Aggregate*
Domestic High-Yield	7	CS First Boston High Yield
Global Bonds	10	Salomon World Gov't
Real Estate	0	NCREIF
Private Capital Market	6	NASDAQ + 300 BPS

^{*}Lehman Bothers Aggregate Bond Index

* Risk-adjusted returns...

Risk-adjusted returns are usually calculated by isolating the return earned in excess of the risk free rate (the T-bill rate), and evaluating that return in relation to the extra risk (volatility, or standard deviation) incurred in earning the incremental return.

For example:

	Return	<u>Risk</u>	Excess Return	Excess Return <u>Divided By Risk</u>
T-Bills	8%			
S&P 500	12%	16%	4%	4/16 = 0.25
Manager A	12%	20%	4%	4/20 = 0.20

In this example, both the Equity Manager and the market earned 4% over T-Bills, but the Equity Manager incurred somewhat more risk and had lower risk-adjusted returns - not a desirable situation. A higher risk adjusted return indicates that more return was achieved for the amount of risk taken.

Duration not to differ by more than two years...

Duration is a measure of interest rate sensitivity. It provides an estimate of how much the current price of a security (or the current cost of funding a liability stream) will vary for a given change in interest rates. For example, the price of a bond having a duration of seven years will increase roughly 7% if interest rates decline 1%; also, the price of that bond will tend to decline 7% if rates go up 1%.

Duration may be the same as maturity, but usually is not. For example, a coupon bearing 20 year bond will typically have a duration in the 6-7 year range. However, a 20 year zero coupon bond will have a duration of 20 years.

Accordingly, it is appropriate to conclude that a 20 year zero coupon bond is roughly three times more volatile, or aggressive, than a 20 year coupon bearing bond.

The bond market, represented by the Lehman Brothers Aggregate Bond Index, has a duration of 5.0 years. The seven year guideline, then, would permit active bond managers to hold a bond portfolio some 40% more volatile than the market (seven years versus five years). Clearly, this latitude would permit a manager the opportunity to structure a portfolio which would appreciate somewhat more than the market in good times, when rates are declining. However, the risk of incurring higher losses than the market also exists if the manager extends to the maximum allowable term and rates increase.

APPENDIX II- Manager Classification, Benchmarks, and Exceptions

This appendix is intended to provide specific guidance regarding individual manager assignments or classification, benchmarks, and exceptions. This appendix, combined with the applicable sections of the Statement of Investment Policy and Objectives provides the complete statement of investment objectives, rules, and guidelines for each of LASERS' managers, exclusive of rules or guidelines directly incorporated into contracts or other similar agreements.

Manager/Product Name	Passive Benchmark	Peer Group Assignment & Benchmark	Guideline exceptions & clarifications
U.S. Equity Managers			
Brandywine	Russell 2000 Index Russell 2000 Value	NEPC Universe of Small Capitalization Value Managers	None
Thomson, Horstman & Bryant	Russell 2000 Index Russell 2000 Value	NEPC Universe of Small Capitalization Value Managers	None
JMC Capital	Russell 2000 Index Russell 2000 Growth	NEPC Universe of Small Capitalization Growth Managers	None
TCW Earnings Momentum	Russell 2000 Index Russell 2000 Growth	NEPC Universe of Small Capitalization Growth Managers	None
American Express	S&P 500 Index Russell 1000 Growth	NEPC Universe of Large Capitalization Growth Managers	None
S&P 500 Index	S&P 500 Index	NEPC Universe of S&P 500 Index Managers	Purchase securities only in the index or to be in the index. Convertibles can not be purchased. Non- levered options and futures can be purchased. 5% cash limit.
Fayez Sarofim	S&P 500 Index Russell 1000 Growth	NEPC Universe of Large Capitalization Growth Managers	Individual position sizes are limited to 6% at purchase, may grow to 8% of portfolio market value.
Manager/Product Name	Passive Benchmark	Peer Group Assignment & Benchmark	Guideline Exceptions & Clarifications
Loomis Sayles Relative Value	S&P 500 Index Russell 1000 Value	NEPC Universe of Large Capitalization Value Managers	None
Miller Anderson & Sherrerd	S&P 500 Index Russell 1000 Value	NEPC Universe of Large Capitalization Value Managers	None

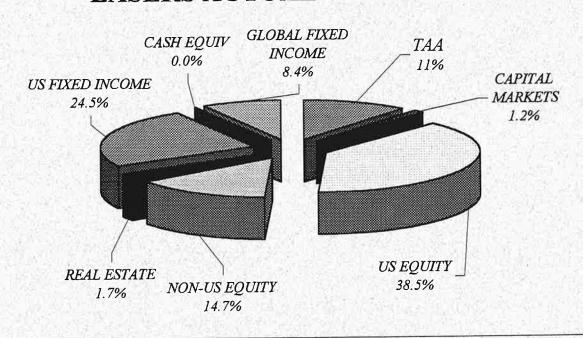
Loomis Sayles FIM	Lehman Brothers	NEPC Universe of Core	
	Aggregate Bond Index	Fixed Income Managers	
Orleans Capital	Lehman Brothers	NEPC Universe of Core	
Management	Aggregate Bond Index	Fixed Income Managers	
TAMCO - Mortgage	Lehman Brothers	NEPC Universe of Core	Contemporation and a secretary
Securities (TCW)	Aggregate Bond Index + 100 Bps Lehman Brothers Mortgage Index + 100 Bps	Fixed Income Managers	
Offitbank	CS First Boston High Yield Bond Index	NPEC Universe of High Yield Bond Managers	Individual position size are limited to 8% a purchase. Up to 35% may be invested in a single industry; 75% of the holdings must be cash pay "seasoned' securities. 75% of holdings_in upper tier of companies capitalization 25% of capitalization is junior to the securities owned. Up to 25% may be invested in other high-yield securities.
W.R. Huff	CS First Boston High Yield Bond Index	NPEC Universe of High Yield Bond Managers	Individual position sizes are limited to 8% a purchase. Up to 35% may be invested in a single industry; 75% of the holdings must be cash pay "seasoned' securities.
Non-U.S. Equity Man	agers		
Delaware	MSCI-EAFE Index, Unhedged	NEPC Universe of International Equity Managers	None
Templeton	MSCI-EAFE Index, Unhedged	NEPC Universe of International Equity Managers	None
Schroder International Small Cap	Salomon Brothers EMI-EPAC Extended Market Index	NEPC Universe of International Equity Managers	None
Schroder International Emerging Markets	MSCI Investable Emerging Market Index	NEPC Universe of International Equity Managers	None

Morgan Grenfell Investment Services	Salomon Brothers World Government Bond Index, Unhedged	NEPC Universe of Global Bond Managers	None
Delaware Internat'l Advisers	Salomon Brothers World Government Bond Index, Unhedged	NEPC Universe of Global Bond Managers	None
Tactical Asset Alloca	tion Manager		
INVESCO	50/50 combination of Lehman Brothers Aggregate Bond Index	NEPC Universe of Balanced Managers	None

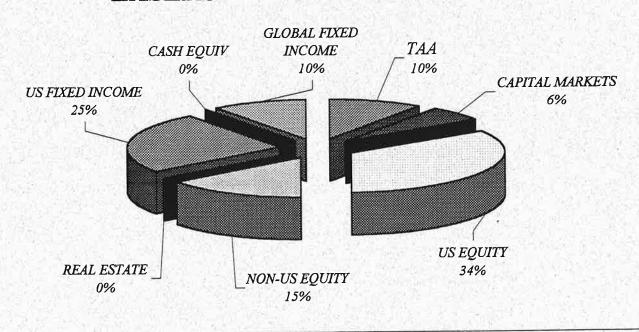
LASERS TOTAL PLAN ASSET ALLOCATION

June 30, 1998 \$5.521 BILLION

LASERS ACTUAL ALLOCATION

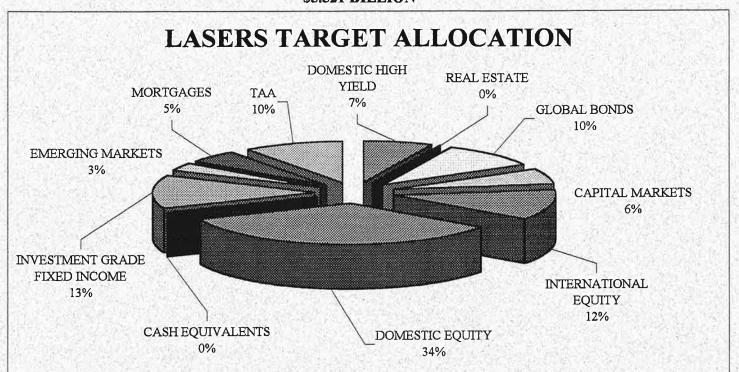


LASERS TARGET ALLOCATION



INDIVIDUAL MANAGER ALLOCATIONS

(6/30/98) \$5.521 BILLION



LASERS ACTUAL ALLOCATION BY MANAGER

MANAGER	WEIGHT	\$MM
INTERNATIONAL EQUITY	Septimal.	SERVE
DELAWARE INTL ADVISORS	4.6%	254.1
SCHRODERS-SMALL CO	2.0%	111.0
TEMPLETON	5.6%	310.1
TOTAL CORE INTL	12.2%	675.3
EMERGING MARKETS		
SCHRODERS-EMRG MKTS	2.5%	136.8
TOTAL EMERGING MARKETS	2.5%	136.8
TOTAL NON-US EQUITY	14.7%	812.1
DOMESTIC EQUITY		
SMALL CAP VALUE		
TH&B	2.7%	148.6
BRANDYWINE	2.9%	161.2
SMALL CAP GROWTH		
TCW	3.3%	183.0
JMC CAPITAL	1.8%	99.1
TOTAL SMALL CAP	10.7%	591.9
LARGE CAP VALUE	EVENUET S	
LOOMIS SAYLES & CO	6.3%	348.6
MAS	3.9%	213.2
LARGE CAP GROWTH		
AMERICAN EXPRESS	5.4%	297.1
FAYEZ SAROFIM	5.6%	311.2
TOTAL LARGE CAP	21.2%	1,170.0
SSGA S&P 500 INDEX	6.6%	365.1
TOTAL DOMESTIC EQUITY	38.5%	2,127.0
TOTAL EQUITY	53.2%	2,939.1

MANAGER	WEIGHT	\$MM
TAA		
INVESCO	11.0%	606.2
TOTAL TAA	11.0%	606.2
INVESTMENT GRADE BONDS		
LOOMIS SAYLES & CO.	8.7%	482.0
ORLEANS CAPITAL	4.1%	227.8
TOTAL INVESTMENT GRADE	12.9%	709.8
MORTGAGES		
TCW	4.8%	264.9
TOTAL MORTGAGES	4.8%	264.9
DOMESTIC HIGH YIELD		
WR HUFF	3.6%	199.3
OFFITBANK	3.2%	176.0
TOTAL DOMESTIC HIGH YLD	6.8%	375.3
GLOBAL BONDS		10 S 10
MORGAN GRENFELL	4.8%	265.4
DELAWARE INTL ADVISERS	3.6%	199.1
TOTAL GLOBAL BONDS	8.4%	464.5
TOTAL FIXED INCOME	32.9%	1,814.5
CAPITAL MARKETS	WAR THE WAR	A 45
JOHN HANCOCK	0.5%	29.0
PATHWAY	0.4%	24.1
BRINSON	0.2%	12.1
TOTAL CAPITAL MARKETS	1.2%	65.1
TOTAL REAL ESTATE	1.7%	96.2
TOTAL CASH	0.0%	0.2
TOTAL PLAN ASSETS	100.0%	5,521.3

Schedule of Brokerage Commission Paid Year Ended June 30, 1998

Prokovone Firms			nmission		
Brokerage Firms	Shares Traded	Dollar Amount	Per Share		
Natwest Securities	4,120,832	\$ 110,144	\$ 0.0267		
	3,843,483	146,347	0.0381		
D E Shaw & Co	3,251,800	82,515	0.0254		
Donaldson & Co., Inc.	3,128,360	72,467	0.0232		
Paine Webber	3,071,900	99,104	0.0323		
Merrill Lynch	2,698,929	104,471	0.0387		
Abel Noser	2,543,700	65,351	0.0257		
Salomon Smith Barney	2,255,011	50,220	0.0223		
Sherwood Sec	1,825,750	1,400	0.0008		
Jefferies	1,794,133	101,554	0.0566		
Morgan Stanley Dean Witter	1,790,128	51,735	0.0289		
IPS Brokerage	1,748,850	104,931	0.0600		
Prudential	1,625,850	90,880	0.0559		
POSIT	1,373,544	27,259	0.0198		
Lewco Sec	1,182,800	40,851	0.0345		
Interstate	1,115,450	62,246	0.0558		
Bear Stearns	1,092,100	46,633	0.0427		
Capital Institute	1,065,091	68,571	0.0644		
BT Alex Brown	1,048,900	6,662	0.0064		
Donaldson Lufkin	1,022,500	31,649	0.0310		
Goldman Sachs	995,400	26,981	0.0271		
J P Morgan	994,300	14,472	0.0271		
Freidman Billings	966,600	4,650	0.0048		
Janney Montgomery	904,588	54,157	0.0599		
Nations Bank	859,600	1,794	0.00399		
CSFB	781,237	27,322	0.0350		
Jones & Assoc	750,261	34,365	0.0350		
Bridge Sec	737,250	303	0.0004		
Broadcort	704,900	39,419	0.0559		
Lehman Bros	703,350	24,958			
Cantor Fitzgerald	686,900	38,067	0.0355		
Robert Baird	588,050	17,044	0.0554		
Citation	571,800	40,026	0.0290		
Elkins Co	482,100	9,642	0.0700		
CIBC Oppenheimer	414,100	612	0.0200		
Sanford Bernstein	365,750		0.0015		
Cowen & Co	311,100	21,907	0.0599		
_ynch Jones Ryan	306,900	17,403	0.0559		
Other	18,407,328	17,518	0.0571		
Total	72,991,672	621,145	0.0337		
	12,331,012	\$ 2,376,773	\$ 0.0326		

LIST OF LARGEST STOCK HOLDINGS June 30, 1998								
	SHARES	STOCK DESCRIPTION	MA	RKET VALUE				
1)	529,800	General Electric Co.	\$	48,145,575				
2)	409,800	Coca Cola Co.	\$	35,037,900				
3)	548,324	Ford Motor Co.	\$	32,351,116				
4)	365,600	Du Pont E. I. De Nemours & Co.	\$	27,305,750				
5)	199,700	Merck & Co.	\$	26,709,875				
6)	483,800	Royal Dutch Petroleum Co.	\$	26,518,288				
7)	377,400	Travelers Group	\$	22,879,875				
8)	208,900	Pfizer, Inc.	\$	22,704,819				
9)	573,000	Philip Morris Cos.	\$	22,561,875				
10)	355,300	Wal Mart Stores	\$	21,584,475				

	LIST OF LARGEST DEBT HOLDINGS June 30, 1998							
	PAR VALUE	BOND DESCRIPTION	MA	RKET VALUE				
1)	\$ 17,700,000	Treasury Bond, 7.5% due 06/12/07	\$	32,476,436				
2)	\$ 27,000,000	US Treasury Note 5.5% due 00/05/31	\$	26,995,680				
3)	\$ 27,400,000	Bundesrepublik Deut 6.5% due 27/07/04	\$	22,127,326				
4)	\$ 20,000,000	RJR Nabisco Inc, 9.25% due 13/05/15	\$	21,573,200				
5)	\$ 16,800,000	US Treasury Note, 7% due 06/07/15	\$	18,346,104				
6)	\$ 17,000,000	US Treasury Note, 5.25% due 01/01/31	\$	16,893,750				
7)	\$ 16,710,438	FED HM LN PC G01543 6.0% due 11/06/01	\$	16,637,246				
8)	\$ 16,500,000	Philip Morris Cos. Inc., 6.38% due 06/02/01	\$	16,286,160				
9)	\$ 13,500,000	US Treasury Bonds, 7.13% due 23/02/15	\$	15,970,095				
10)	\$ 14,200,000	Aetna Svcs Inc., 7.63% due 26/08/15	\$	15,149,980				

LASERS

SUMMARY OF MANAGER PERFORMANCE RATES OF RETURN GROSS OF FEES (Period Ending June 30, 1998)

	Contract	Mgt.		KT VAL		2nd		1	2	3	5
	Exp. Date	Fees	\$ ((Million)	Month	QTR	YTD	Year	Years	Years	Year
U.S. EQUITY	N WEST		-	00152 P(I		u shi Mea			112.55	2 5	
LARGE CAP GROWTH								S. S.		11 12	
AMERICAN EXPRESS	06/30/02	22.4.1	•	202.1	100						
FAYEZ SAROFIM	10/31/01	23.4 bps		292.1	3.5	2.1	14.2				
S&P 500	10/31/01	24.3 bps	3	311.5	4.4	4.8	19.8	28.5	32.7	32.4	24.6
TOTAL LARGE GROWTH		23.9 bps		603.6	4.1 4.0	3.3 3.4	17.7	30.2	32.4	30.2	23.1
ARM TRACE TO A STANDARD		23.7 Ups		003.01	4.0	3.4	17.0	23.0	27.0	27.7	21.5
LARGE CAP VALUE			3		18 78						
LOOMIS, SAYLES & CO.	08/13/00	22.9 bps	\$	348.5	0.7	-1.5	12.6	18.1	25.8		
MAS	03/01/01	34.2 bps		211.0	-2.2	-3.5	7.2	14.7	25.0		
S&P 500					4.1	3.3	17.7	30.2	32.4	30.2	23.1
TOTAL LARGE VALUE		27.1 bps	\$	559.5	-0.4	-2.2	10.5	16.8	25.3	22.0	18.2
			HE	18. Ways			10 10 1			(Kressenkin	10.2
SMALL CAP GROWTH			7	415-6012	(Test)			- A-1H			
JMC CAPITAL MGT (τ) TCW (τ)	11/13/00	45.0 bps		99.1	3.7	-6.3	3.9	16.5	11.2		8(8)
RUSSELL 2000	12/31/00	72.5 bps	\$	177.8	5.4	1.4	14.5	24.1	7.9	17.9	7.9
TOTAL SMALL GROWTH		60.53			0.2	-4.7	4.9	16.5	16.4	18.9	16.0
TOTAL SMALL GROWTH	1.7.1.2.14	62.7 bps	3	276.9	4.8	-1.5	10.4	21.3	9.1	19.7	15.0
SMALL CAP VALUE											iv s
BRANDYWINE	09/14/00	48.1 bps	\$	161.4	-1.2	-3.3	6.7	26.2	30.7		
THB	09/14/00	68.2 bps		148.6	-2.8	-7.4	1.2	16.1	21.2		
RUSSELL 2000				110.0	0.2	-4.7	4.9	16.1	16.4	18.9	16.0
TOTAL SMALL VALUE		57.8 bps	\$	310.0	-2.0	-5.3	4.0	21.1	25.9	25.2	10.0
	AY 1121	1.1552	19	Section 1	100	MARKET S	5 4 2 7	15/19/	den Lite.	20,000	
INDEX FUND					100	100		Water Co.			
SSGA S&P 500 INDEX FUND		2.0 bps	\$	369.6	4.4	2.4	E 7 7 7	100	THE VA		
S&P 500					4.1	3.3	17.7	30.2	32.4	30.2	23.1
TOTAL INDEX FUND	100 m 1 1 1		\$	369.6	4.4	2.4			of House	15.	
TOTAL U.S. EQUITY		21 0 has	m 6			+				7	C.E.
TOTAL C.S. EQUIT		31.0 bps	\$ 2	2,119.7	2.0	-0.3	11.9	21.1	23.6	24.6	18.9
NON-US EQUITY											
DELAWARE INT'L ADVISORS	02/22/02	21.01			46.5	765		i Motio			
TEMPLETON INTL	03/23/02	31.9 bps		257.0	0.5	0.1	13.6	8.1			1 - 126
MSCI EAFE	02/28/02	37.2 bps	2	313.1	-3.3	-3.5	8.2	5.3	16.9	17.1	17.4
SCHRODERS SMALL CAP	00/20/00	26.01	•		0.8	1.1	15.9	6.1	9.4	10.7	10.0
SB EMI EPAC	09/30/98	26.8 bps	2	111.0	-3.8	1.6	17.5	-0.1	1.6	8.5	7.7
SCHRODERS EMER MKTS	10/31/00	75.01	•	126.0	0.8	4.0	20.8	3.1			
MSCI ÉMERGING MARKETS	10/21/00	75.0 bps	2	136.8	-8.4	-20.0	-15.8	-34.4	-11.4		
MARKETS	FREE				-10.5	-23.6	-18.9	-39.1	-17.1	-9.3	0.4
TOTAL NON-U.S. EQUITY		40.5 bps	\$	818.0	-3.1	-4.8	6.4	-3.2	7.6	12.5	11.9
	P 120			OL SINCE	1 35 5					Variation.	\$2.4 B
OTAL EQUITY		33.6 bps	\$ 2	937.6	0.5	-1.6	10.3	12.6	18.0	20.4	16.5
t) denotes a manager on the wa		- Po		,,,,,,,	0.5	-1.U	10.5	12.0	10.0	20.4	16.5

LASERS

SUMMARY OF MANAGER PERFORMANCE RATES OF RETURN GROSS OF FEES (Period Ending June 30, 1998)

	Contract	Mgt.	MKT VAL		2nd			2	3	5
	Exp. Date	Fees	\$ (Million)	Month	QTR	YTD	Year	Years	Years	Years
US FIXED INCOME	100	Name of the last								
INVESTMENT GRADE										
LOOMIS SAYLES & CO	09/30/99	22.5 bps	\$ 489.7	0.3	2.2	3.9	11.4	10.5	8.8	-cell or
ORLEANS CAPITAL MGT	09/30/99	9.5 bps		0.9	2.6	4.3	10.9	9.7	8.3	
LB AGGREGATE				0.9	2.3	3.9	10.5	9.3	7.9	6.9
TOTAL INVESTMENT GRAD	E	18.3 bps	\$ 721.0	0.5	2.3	4.0	11.2	10.2	8.6	7.9
HIGH YIELD	than we had						2 1 4 7 2			
W.R. HUFF ASSET MGT	07/28/99	50.0 bps	\$ 204.5	0.8	1.3	5.2	13.8	15.2	14.1	1/20:45
OFFITBANK	07/24/99	20.0 bps		0.5	1.5	4.9	11.5	13.0	12.0	
FIRST BOSTON HIGH YIELD	AND RESIDENCE AND ADDRESS OF THE PARTY OF TH			0.2	1.3	4.3	11.0	12.8	11.9	10.4
TOTAL HIGH YIELD		36.0 bps	\$ 383.0	0.6	1.4	5.1	12.7	14.2	13.1	
MODICACE										
MORTGAGE TCW	06/14/99	22.5 bps	\$ 266.5	0.6	1.8	4.3	12.6	10.2	12.5	60,750
LB MORTGAGE INDEX	00/11/33	ZZ.5 opo	1225-117	0.5	1.7	3.4	8.9	9.0	7.9	6.9
TOTAL MORTGAGE		22.5 bps	\$ 266.5	0.6	1.8	4.3	12.6	10.2	12.5	3.8
		2415						10.0	10.2	7.0
TOTAL U.S. FIXED INCOM	ME	24.1 bps	\$ 1,370.5	0.5	2.0	4.3	11.7	10.9	10.3	7.3
GLOBAL FIXED INCOME										
DELAWARE INV ADVISOR	09/30/02	22.3 bps	\$ 203.4	-1.0	0.0	1.1		MY La	6,1300	J. Rec
	09/30/02	30.9 bps	\$ 272.5	-0.3	1.7	2.9	5.2	5.8	4.9	6.9
MORGAN GRENFELL	07130102		CTHIRD COURT AND ACCOUNT	0.0						0.7
MORGAN GRENFELL SB WORLD GOVT BOND	03/30/02			0.2	2.0	2.8	4.3	4.1	2.8	6.3
MORGAN GRENFELL SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN		27.2 bps	\$ 475.9	-0.6	0.9	2.8	3.8	4.1	2.8 4.6	
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN		27.2 bps	July 7. Cy.	-0.6	0.9	2.0	3.8	4.8	4.6	5.2
SB WORLD GOVT BOND		27.2 bps	\$ 475.9 \$ 1,846.4			West State				6.3
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME	C.	27.2 bps	July 7. Cy.	-0.6	0.9	2.0	3.8	4.8	4.6	5.2
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO	C. CATION	27.2 bps 24.9 bps	\$ 1,846.4	-0.6	0.9	3.7	3,8 9.8	9.5	4.6	5.2
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO	C. CATION 02/28/01	27.2 bps	\$ 1,846.4	-0.6	0.9	3.7	3.8 9.8 21.2	9.5	4.6	6.3 5.2 6.8
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO	C. CATION 02/28/01	27.2 bps 24.9 bps	\$ 1,846.4 \$ 611.7	-0.6	0.9	3.7	3,8 9.8	9.5	4.6	5.2
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA	C. CATION 02/28/01	27.2 bps 24.9 bps 17.0 bps	\$ 1,846.4 \$ 611.7	-0.6 0.2 2.0 2.5	0.9 1.7 1.4 2.8	2.0 3.7 10.9 10.7	3.8 9.8 21.2 20.3	4.8 9.5 24.2 20.6	4.6	6.3 5.2 6.8
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLOO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*)	CATION 02/28/01 EGATE	27.2 bps 24.9 bps 17.0 bps 17.0 bps	\$ 1,846.4 \$ 611.7 \$ 611.7	-0.6 0.2 2.0 2.5 2.0	1.7 1.4 2.8 1.4	2.0 3.7 10.9 10.7 10.9	9.8 9.8 21.2 20.3 21.2	4.8 9.5 24.2 20.6 24.0	4.6 8.8 18.7 20.7	6.3 5.2 6.8
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*) JOHN HANCOCK	C. CATION 02/28/01 EGATE	27.2 bps 24.9 bps 17.0 bps 17.0 bps 7.8 bps	\$ 1,846.4 \$ 611.7 \$ 611.7 \$ 29.0	-0.6 0.2 2.0 2.5 2.0 0.0	0.9 1.7 1.4 2.8 1.4	2.0 3.7 10.9 10.7 10.9	3.8 9.8 21.2 20.3 21.2 35.9	4.8 9.5 24.2 20.6 24.0	4.6 8.8 18.7 20.7	6.3 5.2 6.8
SB WORLD GOVT BOND TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*) JOHN HANCOCK PATHWAY CAPITAL MGT	C. CATION 02/28/01 EGATE 03/31/02 03/31/02	27.2 bps 24.9 bps 17.0 bps 17.0 bps 7.8 bps 9.3 bps	\$ 1,846.4 \$ 611.7 \$ 611.7 \$ 29.0 \$ 24.1	-0.6 0.2 2.0 2.5 2.0 0.0 10.2	0.9 1.7 1.4 2.8 1.4 7.5 11.6	2.0 3.7 10.9 10.7 10.9 35.3 36.0	3.8 9.8 21.2 20.3 21.2 35.9 36.6	4.8 9.5 24.2 20.6 24.0	4.6 8.8 18.7 20.7	6.3 5.2 6.8
TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*) JOHN HANCOCK PATHWAY CAPITAL MGT BRINSON PRIV MKT (\$)	C. CATION 02/28/01 EGATE 03/31/02 03/31/02 02/01/01	27.2 bps 24.9 bps 17.0 bps 17.0 bps 7.8 bps	\$ 1,846.4 \$ 611.7 \$ 611.7 \$ 29.0 \$ 24.1	-0.6 0.2 2.0 2.5 2.0 0.0 10.2 1.7	0.9 1.7 1.4 2.8 1.4 7.5 11.6 2.1	2.0 3.7 10.9 10.7 10.9 35.3 36.0 0.8	3.8 9.8 21.2 20.3 21.2 35.9 36.6 6.3	4.8 9.5 24.2 20.6 24.0 51.1 24.2	4.6 8.8 18.7 20.7	6.3 5.2 6.8 14.8
TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*) JOHN HANCOCK PATHWAY CAPITAL MGT BRINSON PRIV MKT (\$) BRINSON VC PERF. INDICAT	C. CATION 02/28/01 EGATE 03/31/02 03/31/02 02/01/01	27.2 bps 24.9 bps 17.0 bps 17.0 bps 7.8 bps 9.3 bps	\$ 1,846.4 \$ 611.7 \$ 611.7 \$ 29.0 \$ 24.1	-0.6 0.2 2.0 2.5 2.0 0.0 10.2 1.7 -7.6	7.5 11.6 2.1 -12.3	2.0 3.7 10.9 10.7 10.9 35.3 36.0 0.8 -9.4	3.8 9.8 21.2 20.3 21.2 35.9 36.6 6.3 4.9	4.8 9.5 24.2 20.6 24.0	4.6 8.8 18.7 20.7	6.3 5.2 6.8
TOTAL GLOBAL FXD. IN TOTAL FIXED INCOME TACTICAL ASSET ALLO INVESCO 50% S&P 500, 50% LB AGGR TOTAL TAA VENTURE CAPITAL (*) JOHN HANCOCK PATHWAY CAPITAL MGT BRINSON PRIV MKT (\$)	C. CATION 02/28/01 EGATE 03/31/02 03/31/02 02/01/01 FOR	27.2 bps 24.9 bps 17.0 bps 17.0 bps 7.8 bps 9.3 bps	\$ 1,846.4 \$ 611.7 \$ 611.7 \$ 29.0 \$ 24.1 \$ 12.1	-0.6 0.2 2.0 2.5 2.0 0.0 10.2 1.7	0.9 1.7 1.4 2.8 1.4 7.5 11.6 2.1	2.0 3.7 10.9 10.7 10.9 35.3 36.0 0.8	3.8 9.8 21.2 20.3 21.2 35.9 36.6 6.3	4.8 9.5 24.2 20.6 24.0 51.1 24.2 12.9	4.6 8.8 18.7 20.7 35.5 19.4 22.9	6.3 5.2 6.8 14.8 22.4

(φ) Brinson's fee is based on \$150 mm commitment

LASERS

SUMMARY OF MANAGER PERFORMANCE RATES OF RETURN GROSS OF FEES (Period Ending June 30, 1998)

	Contract	MKT VAL		2nd		1	2	3	5
	Exp. Date	\$ (Million)	Month	QTR	YTD	Year	Years	Years	Year
REAL ESTATE									
EQUITY REAL ESTATE									
EQUITABLE PRIME PROPERTY FUND									William
HEITMAN DEAL ESTATE FIRE FIRE	open ended		0.7	5.6	10.1	16.7	13.9	9.4	7.9
HEITMAN REAL ESTATE FUND FIVE (τ) JMB GROUP TRUST FIVE (τ)	2005	\$ 12.5	0.0	2.0	8.6	12.6	9.6	8.6	8.5
LECEDIBLE & DARROY PROPERTY	2013	\$ 13.4	0.6	2.0	8.5	11.6	5.7	5.8	6.1
LEGBDIRFF & BABSON PROP FOUR	2001	\$ 15.0	0.9	1.7	13.5	16.2	11.9	11.5	8.1
METROPOLITAN TOWER FUND	open ended	\$ 21.1	0.0	12.5	12.5	12.5	12.9	11.9	8.6
PUBLIC STORAGE INSTITUTIONAL 3	open ended	\$ 5.1	0.0	2.0	3.8	18.4	19.3	16.2	10.1
TCW REALTY FUND SIX	2001	\$ 16.0	2.0	3.1	4.1	6.9	7.7	7.7	8.3
NCREIF CUSTOM PROPERTY 1Q LAG			4.0	4.0	8.9	16.4	13.6	12.2	9.0
TOTAL EQUITY REAL ESTATE		\$ 95.1	0.7	4.7	9.1	14.8	11.9	9.9	8.1
DEBT REAL ESTATE									
LOUISIANA HOUSING FIN	MILITARE STREET	\$ 0.5	0.8	2.4	5.0	10.3	11.4	11.1	10.9
SECURITY PACIFIC		\$ 0.5	0.0	-24.3	-28.3	-31.6		11.1	
91 DAY T-BILL		J 0.5	0.0	1.3	2.7	5.5	-20.3	-9.5	-2.7
TOTAL DEBT REAL ESTATE		\$ 1.0	0.4	-11.2	-12.7	-12.6	5.5	5.5	5.1
		¥ 1.0	0.4	-11.2	-12.7	-12.0	4.9	0.7	4.1
TOTAL REAL ESTATE		\$ 96.2	0.7	4.5	8.8	14.4	11.7	9.8	8.1
CASH FOUNDAMENT PARTS			CLIGORA	DEVELOPMENT OF	E-W.y. 51	1 12 20 71			7
CASH EQUIVALENTS	TOP IN								
HOLDING ACCOUNT		\$ 0.2	0.0	0.0	1.5	4.4	4.9	5.3	4.5
91 DAY T-BILL			0.4	1.3	2.7	5.5	5.5	5.5	5.1
TOTAL CASH EQUIVALENTS		\$ 0.2	0.0	0.0	1.5	4.4	4.9	5.3	4.5
			1.00	0.0	70 24 31		CATHER.	3.3	4.5
TOTAL PLAN									
TOTAL ACTIVE INVESTMENTS	V v	\$ 5,395.7	0.6	-0.1	7.5	12.3	14.0	16.1	11.0
TOTAL PLAN W/O BALANCED		\$ 4,945.5	0.6				14.9	15.1	11.8
		U 4,743.3	0.3	-0.1	7.3	11.5	14.0	14.3	11.2
FOTAL PLAN*	28.1 bps	e s ss7 2 I	0.6	0.1	9.7	10.5		10.21	
Total Plan (Assess):	20.1 bps	3 3,337.3	0.6	0.1	7.7	12.5	15.0	15.0	11.7

^{*} Total Plan (Assets) is calculated by adding the current holdings @ market (5.521 billion) plus any unsettled assets less any unsettled liabilities @ cost.

Note: Both the sum and the return of the Total Debt and Equity Real Estate headings are inclusive of their individual Cash Equivalent amounts in addition to the sum of their sub-accounts.

	Cash Equivalents	Sum to Sub-Accounts	Total	
Real Estate Equity	\$ 0.4	\$ 94.7	\$ 951	
Real Estate Debt	\$ 0.0	\$ 1.0	\$ 10	
Total	\$ 0.4	\$ 95.8	\$ 96.2	

(τ) denotes a manager on the watch list

SCHEDULE OF FEES For Year Ended June 30, 1998

Investment Mgr Type	Assets under Management (in millions)	Annual Fees (in dollars)
Fixed Income Managers		
U.S. Fixed Income	\$ 1,350.0	\$ 3,382,417
Global Fixed Income	464.5	1,134,924
Total Fixed Income	1,814.5	4,517,341
Equity		
U.S. Equity	2,127.0	6,584,769
Global Equity	812.1	3,260,457
Total Equity	2,939.1	9,845,226
Real Estate	96.2	350,549
Venture Capital	65.1	1,186,482
TAA Mgrs	606.2	1,012,674
Consulting Fees		250,500
Total	\$ 5,521.1	\$ 17,162,772

Fee schedule represents securities under management. No fees incurred on .2 million dollars cash held.

SECURITIES HOLDING DETAIL REPORT

June 30 ,1997

SECURITIES	COST (\$)	MARKET VALUE (\$)	% OF MARKET
FIXED INCOME			
Corporate Bonds	735,216,959	9 \$ 756,787,610	15.8%
Other Bonds	45,695,727		1.0%
Total Corporate Bonds	780,912,686		16.8%
Federal Agency Sponsored	167,201,375	5 167,927,331	3.5%
CMO'S	170,950,579		3.1%
Federal Sponsored	177,428,362		3.7%
U. S. Treasury Notes	346,536,857		7.3%
U. S. Treasury Bonds	29,891,193		0.6%
Total U.S. Government/Agency Bonds	892,008,366		18.2%
Foreign Corp Bonds	26,861,233	3 29,142,303	0.6%
Foreign Corp Yankee Bonds	81,911,840		1.8%
Foreign Govt Bonds	297,255,971	290,777,171	6.1%
Foreign Govt Yankee Bonds	25,710,962		0.5%
Total International Bonds	431,740,005		9.0%
TOTAL FIXED INCOME	2,104,661,057	2,108,521,954	44.0%
EQUITY			
Common Stock-Domestic	1,197,407,041	1,627,783,202	33.9%
Stock Warrants & Rights	6,556		0.0%
Total Domestic Stock	1,197,413,597		33.9%
Common Stock-ADR	47,597,645	63,100,254	1.3%
Common Stock -Foreign	584,928,636		15.9%
Preferred Stock -Foreign		378,576	0.0%
Total International Stock	632,526,281		17.2%
TOTAL EQUITY	1,829,939,878	2,452,667,088	51.1%
ALTERNATIVE INVESTMENT			
Real Estate Debt Securities	886,678	1,515,547	0.0%
Real Estate Investment Pools	93,372,040		2.2%
Venture Capital	40,315,175		0.9%
TOTAL ALTERNATIVE	134,573,893	149,102,898	3.1%
TOTAL SHORT-TERM INVESTMENTS	88,958,503	88,550,499	1.8%
GRAND TOTAL INVESTMENTS \$	4,158,133,331	\$ 4,798,842,439	100%

SECURITIES HOLDING DETAIL REPORT

June 30, 1998

SECURITIES	7dia	COST(\$)	9	MARKET VALUE (\$)	% OF MARKE
FIXED INCOME	3.7				
Corporate Bonds	\$	684,058,701	\$	720,409,139	13.09
Other Bonds	EV. A	53,328,971	•	54,347,297	1.09
Total Corporate Bonds	is in	737,387,671		774,756,436	14.09
Federal Agency Sponsored		55,558,495		E6 125 060	
CMO's		297,315,465		56,135,060 293,080,155	1.0%
Federal Sponsored		159,763,552		162,572,363	5.3%
U. S. Treasury Notes		185,614,553		188,282,101	2.99 3.49
U. S. Treasury Bonds		53,847,673		58,552,461	1.19
Total U.S. Government/Agency Bonds		752,099,738	ā	758,622,140	13.7%
Foreign Corp Bonds		26 000 207	V		
Foreign Corp Yankee Bonds	12.1	36,990,207 67,703,566		37,450,844	0.7%
Foreign Govt Bonds	Will.	67,703,566 284,911,557		71,868,693	1.3%
Foreign Govt Yankee Bonds		35,966,749		278,750,583 34,201,655	5.1%
Commingled Fixed Income Fund		11,292,703		10,698,743	0.6%
Total International Bonds		436,864,782	V	432,970,518	0.2% 7.9%
TOTAL FIXED INCOME		1,926,352,191	1	1,966,349,094	35.6%
EQUITY	7.0				
Common Stock- Domestic		1,849,535,691		2,404,711,473	43.6%
Stock Warrants & Rights	10	3,266	10	81,202	0.0%
Preferred Stock-Domestic		1,575,000		1,552,950	0.0%
Commingled Domestic Stock		46,325,159		48,008,824	0.9%
Total Domestic Stock		1,897,439,116		2,454,354,449	44.5%
Common Stock -ADR		80,252,925	Ė	108,444,162	2.00
Common Stock-Foreign		431,580,922		527,803,083	2.0%
Foreign Stock Warrants/Rights		401,000,022		175,598	9.6%
Preferred Stock-Foreign		2,316,446		2,372,027	0.0% 0.0%
Commingled Funds-Equity		219,750,000		247,822,516	4.5%
Total International Stock		733,900,293		886,617,386	16.1%
TOTAL EQUITY		2,631,339,409		3,340,971,836	60.6%
LTERNATIVE INVESTMENT					
Real Estate Debt Securities		621,007		1,010,475	0.0%
Real Estate Investment Pools		78,653,090		97,508,988	1.8%
Venture Capital	1976	52,190,242	36	64,347,425	1.1%
TOTAL ALTERNATIVE		131,464,339		162,866,888	2.9%
TOTAL SHORT-TERM INVESTMENTS		50,976,160		51,124,236	0.9%
RAND TOTAL INVESTMENTS					Charles of Labor 198

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
Corporate Bonds - Domestic	and the					
AES CORP	8.50	07/11/01	1,250,000		1,247,740.81	1,262,500.00
AK STL CORP	9,13	06/12/15	1,600,000		1,600,756.12	1,672,000.00
AMB PPTY LP	1.00	05/06/30	5,000,000		4,991,800.03	4,483,205.00
ACKERLY COMMUNICATIONS INC	10.75	03/10/01	400,000		424,725.74	420,520.00
ADELPHIA COMMUNICATIONS CORP	11.88	04/09/15	500,000		470,521.54	545,000.00
ADELPHIA COMMUNICATIONS CORP	9.88	05/03/01	2,065,000		1,765,810.46	2,178,575.00
ADELPHIA COMMUNICATIONS CORP	10.25	00/07/15	500,000		475,382.44	516,250.00
ADELPHIA COMMUNICATIONS CORP	9.88	07/03/01	1,000,000		968,415.18	1,082,500.00
ADELPHIA COMMUNICATIONS CORP	9.25	02/10/01	1,000,000		1,000,000.00	1,035,000.00
AETNA SVCS INC	7.63	26/08/15	14,200,000		14,072,392,83	15,149,980.00
AGRICULTURE MINERALS + CHEMS	10.75	03/09/30	2,400,000		2,432,429.76	2,556,000.00
ALABAMA PWR CO	9.00	24/12/01	2,000,000		2,182,584.79	2,176,860.00
ALLBRITTON COMMUNICATIONS CO	8.88	08/02/01	1,000,000		1,017,225.54	1,080,000.00
ALLEGHENY LUDLUM CORP	6.95	25/12/15	8,750,000		8,616,699.12	8,886,762.50
ALLEGIANCE TELECOM INC	1.00	08/02/15	1,500,000		855,882.42	798,750.00
ALLIED WASTE N A INC	10.25	06/12/01	1,000,000		1,000,000.00	1,097,500.00
AMERCO MED TERM NTS BOOK ENTRY	7.49	01/09/18	3,700,000		3,697,730.67	3,824,246.00
AMERICO LIFE INC	9.25	05/06/01	1,000,000		936,045.38	1,034,800.00
AMERISERVE FOOD DISTR INC	8.88	06/10/15	1,500,000		1,502,179.18	1,507,500.00
AMRESCO COMM MTG	9.88	05/03/15	1,800,000		1,842,657.39	1,818,000.00
ANADARKO PETE CORP	7.00	27/11/15	700,000		701,483.68	715,470.00
ANADARKO PETE CORP	6.63	28/01/15	2,000,000		1,965,252.34	1,954,680.00
APPLE SOUTH INC	9.75	06/06/01	12,000,000		11,931,482.09	12,780,000.00
APPLIED MATLS INC	6.75	07/10/15	3,000,000		2,998,358.99	3,062,490.00
ARCH COMMUNICATIONS GROUP INC	12.75	07/07/01	670,000		656,937.95	676,700.00
ARMCO INC	9.38	00/11/01	1,500,000		1,454,966.56	1,500,000.00
ASSOCIATES CORP NORTH AMER	6.75	99/10/15	5,000,000		5,056,503.71	5,051,200.00
BAUSCH LOMB INC	6.75	04/12/15	2,000,000		1,997,325.20	2,020,660.00
BELLSOUTH TELECOMM INC	6.38	28/06/01	2,000,000		1,977,661.93	1,985,880.00
BENEFICIAL CORP	6.55	02/02/14	2,000,000		1,996,832.60	2,040,540.00
BETHLEHEM STL CORP	10.38	03/09/01	1,250,000		1,241,622.46	1,300,000.00
BEVERLY ENTERPRISES	9.00	06/02/15	1,500,000		1,435,998.63	1,563,750.00
BIG FLOWER PRESS HLDGS INC	8.88	07/07/01	1,500,000		1,504,122.96	1,537,500.00
BORDEN CHEMS + PLASTICS OPER	9.50	05/05/01	1,500,000		1,505,094.22	1,500,000.00
BOSTON SCIENTIFIC CORP	6.63	05/03/15	1,000,000		999,589.62	1,010,580.00
BRIGGS + STRATTON CORP	7.25	07/09/15	1,500,000	1	1,490,294.88	1,561,560.00
BRUNOS INC	10.50	05/08/01	5,409,000		4,813,396.96	1,081,800.00
CCPR SVCS INC	10.00	07/02/01	750,000		750,000.00	757,500.00
CHS ELECTRONICS INC	9.88	05/04/15	1,000,000		993,809.37	1,016,690.00
CNA FINL CORP	6.50	05/04/15	2,000,000		2,002,404.08	2,006,520.00
CSC HLDGS INC	9.25	05/11/01	1,750,000		1,721,348.32	1,872,500.00
CSC HLDGS INC	8.13	09/08/15	1,000,000		996,505.71	1,072,500.00
CSC HLDGINGS INC	9.88	13/02/15	460,000		447,250.52	508,300.00
CSC HOLDINGS	9.88	23/04/01	2,000,000		1,887,625.20	2,210,000.00
CSN IRON S A	9.13	07/06/01	1,000,000		995,886.92	800,000.00
CALIFORNIA ENERGY INC	10.25	04/01/15	1,000,000		976,042.66	1,065,110.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
CALPINE CORP	8.75	07/07/15	1,500,000		1,494,829.34	1,529,250.00
CAMDEN PPTY TR	7.00	06/11/15	2,600,000		2,544,371.64	2,612,038.00
CENTENNIAL CELLULAR CORP	8.88	01/11/01	2,000,000		1,907,566.16	2,080,000,00
CENTURY COMMUNICATIONS CORP	9.75	02/02/15	1,500,000		1,472,807.48	1,605,000.00
CENTURY COMMUNICATIONS CORP	0.00	03/03/15	1,600,000		1,085,000.00	1,084,000.00
CENTURY COMMUNICATIONS CORP	9.50	05/03/01	355,000		357,283.58	384,287.50
CENTURY COMMUNICATIONS CORP	8,88	07/01/15	422,000		417,243.87	447,320.00
CENTURY TEL ENTERPRISES INC	6,55	05/12/01	2,000,000		1,998,806.41	2,035,660.00
CENTURY TEL ENTERPRISES INC	6.30	08/01/15	2,500,000		2,496,354.20	2,464,775.00
SEA GCA RLTY PARTNERSHIP L P	7.25	07/10/21	1,800,000		1,795,483.06	1,814,670.00
CHEVRON CORP PROFIT SHARING/	8.11	04/12/01	1,840,000		1,840,000.00	1,962,047.20
CHIQUITA BRANDS INTL INC	9.13	04/03/01	1,500,000		1,467,014.79	1,530,000.00
CLARK OIL + REFNG CORP DEL	9.50	04/09/15	1,000,000		1,014,454.30	1,027,500.00
COCA COLA CO	7.88	98/09/15	2,000,000		1,999,081.66	2,008,460.00
COLONIAL REALTY LTD PARTNSHP	7.05	03/12/15	3,600,000		3,600,000.00	3,713,544.00
COLUMBIA / HCA HEALTHCARE CORP	6.87	03/09/15	1,500,000		1,425,507.12	1,459,500.00
COMCAST CELLULAR HLDGS INC	9.50	07/05/01	1,500,000		1,510,651.82	1,556,250.00
COMCAST CELLULAR HLDGS INC	9.50	07/05/01	1,600,000	Eligible 191	1,599,221.49	1,660,000.00
COMCAST CORP	10.63	12/07/15	4,500,000		4,919,403.42	5,731,785.00
COMCAST CORP	9.38	05/05/15	1,250,000		1,261,293.95	1,335,087.50
COMINCO LTD	6.88	06/02/15	3,000,000		2,922,191.71	3,018,750.00
COMMONWEALTH EDISON CO	9.88	20/06/15	3,000,000		3,074,708.65	3,575,070.00
CONTAINER CORP AMER	11.25	04/05/01	750,000		745,922.98	808,125.00
CONTAINER CORP AMER	11.25	04/05/01	1,250,000		1,283,035.77	1,346,875.00
CONTAINER CORP AMER	10.75	02/05/01	2,575,000		2,589,976.85	2,806,750.00
CONTINENTAL CABLEVISION INC	9.00	08/09/01	1,640,000		1,521,488.87	1,928,426.80
CONTINENTAL CABLEVISION INC	9.50	13/08/01	530,000		488,245.55	631,510.90
COOPER INDS INC	5.88	03/02/20	2,000,000		1,993,805.82	1,995,880.00
COX COMMUNICATIONS INC MTN	6.95	28/01/15	5,000,000		4,981,485.53	5,109,050.00
CROSS TIMBERS OIL CO	8.75	09/11/01	2,000,000		2,038,242.11	2,010,000.00
CROWN CENT PETE CORP	10.88	05/02/01	1,000,000		997,995.54	1,065,000.00
CROWN CASTLE INTL CORP	1.00	07/11/15	4,500,000		2,744,215.65	3,071,250.00
CROWN PAPER CO	11.00	05/09/01	1,000,000		1,000,000.00	1,080,000.00
CUMMINGS ENGINE INC	7.13	28/03/01	2,500,000		2,484,350.00	2,514,175.00
DI INDS INC	8.88	07/07/01	1,000,000		995,418.23	972,500.00
DEAN WITTER DISCOVER + CO	6.88	03/03/01	2,000,000		2,066,010.13	2,056,420.00
DEAN WITTER DISCOVER + CO	6.75	13/10/15	3,000,000		2,830,628.51	3,050,070.00
DEAN WITTER DISCOVER + CO	6.75	16/01/01	2,000,000		2,000,000.00	2,046,960.00
DELL COMPUTER CORP	7.10	28/04/15	3,000,000		3,022,988.80	3,064,260.00
DIAMOND CABLE COMM PLC	1.00	07/02/15	3,600,000		2,311,718.82	2,664,000.00
DILLARD DEPT STORES INC	7.15	02/09/01	4,000,000		4,029,395.49	4,144,960.00
DUKE ENERGY CO	7.00	05/09/01	2,000,000		2,015,758.57	2,037,000.00
DUKE PWR CO MTN BK ENT	5.78	99/07/08	2,000,000		1,979,356.30	1,997,980.00
ENSCO INTL INC	7.20	27/11/15	3,000,000		2,987,617.40	3,103,080.00
E SPIRE COMMUNICATIONS INC	0.00	05/11/01	3,880,000		2,316,526.50	3,230,100.00
E SPIRE COMMUNICATIONS INC	13.7	5 07 <i>/</i> 07 <i>/</i> 15	3,000,000		3,000,000.00	3,442,500.00
EXCEL RLTY TR INC	6.8	8 04/10/15	1,000,000		994,479.30	1,013,960.00
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Name	Coupon Rate	Maturity Date	Par Value	Shares Amortized Cost	Market Value
EXIDE CORP	10.00	05/04/15	1,250,000	1,305,084.27	1,295,312.50
FEDDERS NORTH AMER INC	9.38	07/08/15	1,000,000	1,013,265.73	990,000.00
FEDERAL MOGUL CORP	8.80	07/04/15	1,000,000	997,070.95	1,073,700.00
FERRELLGAS PARTNERS L P	9.38	06/06/15	1,500,000	1,490,291.58	1,600,200.00
FIRST INDL LP MTN	7.50	17/12/01	5,000,000	4,990,630.06	5,089,950.00
FLAG LTD	8.25	08/01/30	1,000,000	1,000,000.00	1,007,500.00
FLEET FINL GROUP INC NEW	6,88	28/01/15	6,000,000	5,899,950.20	6,112,380.00
FLEMING COS INC	10.63	01/12/15	1,500,000	1,574,950.76	1,590,000.00
FORD MTR CR CO	7.50	03/01/15	5,000,000	5,151,420.89	5,263,350.00
FORD MTR CR CO	6.25	00/11/08	2,180,000	2,188,832.90	2,192,665.80
FOREST CITY ENTERPRISES INC	8.50	08/03/15	1,000,000	1,000,000.00	990,000.00
FOX LIBERTY NETWORKS LLC	8.88	07/08/15	360,000	360,000.00	367,200.00
FOX LIBERTY NETWORKS LLC	8.88	07/08/15	1,000,000	1,000;000.00	1,020,000.00
FRUIT OF THE LOOM INC	7.38	23/11/15	6,000,000	5,635,437.42	5,430,720.00
GTE CALIF INC	5.63	01/02/01	2,000,000	1,953,261.13	1,982,260.00
GALEY + LORD INC	9.13	08/03/01	1,000,000	1,000,000.00	962,500.00
GAYLORD CONTAINER CORP	9.75	07/06/15	1,600,000	1,603,979.81	1,576,000.00
GENERAL MTRS ACCEP CORP	6.88	01/07/15	1,000,000	992,624.42	1,020,950.00
GENERAL MTRS ACCEP CORPMTN	6.10	00/12/06	1,000,000	997,521.63	1,002,300.00
GENERAL MTRS CORP	7.00	03/06/15	2,000,000	2,024,865.54	2,070,760.00
GIANT INDS INC	9.75	03/11/15	1,000,000	941,630.20	1,040,000.00
GRANITE BROADCASTING CORP	9.38	05/12/01	1,000,000	970,345.10	1,015,000.00
GREY WOLF INC	8.88	07/07/01	600,000	600,000.00	579,000.00
H M H PPTYS INC	9.50	05/05/15	2,000,000	1,969,662.85	2,175,000.00
HAMMONS JOHN Q HOTELS L P	9.75	05/10/01	2,000,000	2,022,917.02	2,095,000.00
HARCOURT GEN INC	6.70	07/08/01	5,000,000	4,931,049.94	5,068,650.00
HARRIS CHEM NORTH ANER INC	10.25	01/07/15	2,525,000	2,413,293.15	2,626,000.00
HARRIS CHEM NORTH AMER INC	10.75	03/10/15	2,980,000	2,777,049.22	3,136,450.00
HAYES WHEELS INTL INC DEL	9.13	07/07/15	1,600,000	1,613,993.32	1,672,000.00
HERITAGE MEDIA CORP	8.75	06/02/15	1,000,000	950,888.13	1,065,000.00
HERTZ CORP	6.70	02/06/15	3,000,000	3,009,937.27	3,036,450.00
HOLLINGER INTL PUBG INC	8.63	05/03/15	1,250,000	1,244,326.94	1,306,250.00
HOLLYWOOD PK INC	9.50	07/08/01	1,000,000	1,000,000.00	1,025,000.00
HONEYWELL INC	7.00	07/03/15	2,000,000	1,985,584.53	2,117,840.00
HOST MARRIOTT TRAVEL PLAZAS IN	9.50	05/05/15	1,500,000	1,456,614.21	1,599,375.00
HOUSEHOLD FIN CORP	6.88	07/03/01	3,000,000	2,983,019.06	3,094,380.00
ICG HLDGS INC	1.00	05/09/15	5,595,000	4,001,402.37	4,783,725.00
ICG HLDGS INC	12.50	03/05/01	7,000,000	4,441,572.93	5,565,000.00
ICG HLDGS INC	11.63	07/03/15	4,700,000	4,198,656.34	3,384,000.00
ISP HOLDINGS INC	9.00	03/10/15	1,500,000	1,505,912.09	1,567,500.00
ITT CORP NEW	7.75	25/11/15	2,000,000	1,847,226.38	1,836,820.00
IMPERIAL HOLLY CORP	9.75	07/12/15	1,200,000	1,206,349.18	1,244,640.00
INLAND STL CO	7.90	07/01/15	1,200,000	1,186,933,94	1,200,000.00
INTEGRATED HEALTH SVCS INC	9.50	07/09/15	1,750,000	1,774,898.63	1,833,125.00
INTERCEL INC	1.00	06/02/01	13,000,000	8,265,682.91	
INTERCEL INC	1.00	06/05/01	8,550,000		10,158,200.00
INTERMEDIA COMMUNICATIONS FL	1.00	06/05/15	2,000,000	5,546,649.33	6,711,750.00
INTERNATIONAL CABELTEL INC	1.00	03/10/15	1,250,000	1,645,983.66 844,710.81	1,635,000.00

	Name	Coupon Rate	Maturity Date	Par Value	Shares Amortized Cost	Market Value
	INTERNATIONAL CABLETEL INC	11.50	06/02/01	13,050,000	8,123,172.68	10,766,250.00
ì	INTL LEASE FIN CORP MTN	6.09	00/09/25	1,480,000	1,477,727.20	1,484,173.60
	IRIDIUM CAP CORP	14.00	05/07/15	900,000	927,259.11	999,000.00
	JONES INTERCABLE INC	10.50	08/03/01	2,000,000	2,151,145.34	2,190,000.00
	KCS ENERGY INC	11.00	03/01/15	1,200,000	1,302,815.39	1,293,000.00
	KAISER ALUM + CHEM CORP	9.88	02/02/15	1,500,000	1,493,116.53	1,541,250.00
	KELLWOOD CO	7.63	17/10/15	3,600,000	3,567,513.44	3,814,308.00
	LTV CORP NEW	8.20	07/09/15	1,500,000	1,468,555.70	1,447,500.00
	L 3 COMMUNICATIONS CORP	8.50	08/05/15	500,000	501,822.91	498,450.00
	LA QUINTA INNS INC	7.40	05/09/15	800,000	781,266.10	804,544.00
	LA QUINTA INNS INC	7.25	04/03/15	6,125,000	5,922,439.32	6,100,255.00
	LA QUINTA INNS INC	7.27	07/02/26	2,200,000	2,175,288.98	2,183,500.00
	LA QUINTA INNS MED TERM NTS	7.33	08/04/01	900,000	900,000.00	893,250.00
	LAMAR ADVERTISING CO	9.63	06/12/01	1,000,000	988,575.16	1,072,500.00
	LEHMAN BROTHERS HLDGS INC	7.25	03/10/15	2,000,000	1,993,810.21	2,088,060.00
	LEHMAN BROS INC	7.63	06/06/01	7,250,000	7,224,832.56	7,782,295.00
	LEHMAN BROS INC	6.50	08/04/15	600,000	596,637.19	603,108.00
	LENFEST COMMUNICATIONS INC	8.38	05/11/01	2,000,000	1,846,147.41	2,125,000.00
	LEVEL 3 COMM INC	9.13	08/05/01	4,000,000	3,993,060.49	3,890,000.00
	LIBERTY GROUP OPER INC	9.38	08/02/01	1,250,000	1,259,090.25	1,281,250.00
	LOEWS CORP	7.00	23/10/15	10,000,000	8,628,830.51	9,683,900.00
	LOUIS DREYFUS NAT GAS CORP	6.88	07/12/01	3,000,000	2,982,347.61	3,026,310.00
	MCI COMMUNICATIONS CORP	8.25	23/01/20	5,000,000	4,734,639.37	5,432,000.00
	M D C HLDGS INC	8.38	08/02/01	1,000,000	990,170.43	1,000,000.00
	MAGELLAN HEALTH SVCS INC	9.00	08/02/15	3,715,000	3,721,547.13	3,687,137.50
	MARCUS CABLE CO L P	11.88	05/10/01	3,370,000	3,649,593.89	3,622,750.00
	MARCUS CABLE OPER CO L P	1.00	04/08/01	1,800,000	1,599,221.11	1,746,000.00
	MCDERMOTT INC MTN BK ENT	8.75	23/05/19	1,750,000	1,718,999.15	1,996,050.00
	MCDERMOTT J RAY S A	9.38	06/07/15	1,500,000	1,470,225.64	1,582,500.00
	MEAD CORP	7.13	25/08/01	1,000,000	891,150.69	1,006,060.00
Š	MEDITRUST	7.00	07/08/15	2,850,000	2,751,423.30	2,775,786.00
	MEDPARTNERS INC	7.38	06/10/01	1,470,000	1,285,171.84	1,317,561.00
	MEDPARTNERS INC NEW	6.88	00/09/01	1,300,000	1,221,810.50	1,222,455.00
	MERRILL LYNCH + CO INC	7.00	07/01/15	3,500,000	3,476,369.99	3,670,380.00
	MISSISSIPPI PWR + LT CO	8.65	23/01/15	3,000,000	3,074,048.85	3,298,620.00
	MULTICARE COS INC	9.00	07/08/01	1,000,000	994,828.31	990,000.00
	NTL INC	10.00	07/02/15	1,600,000	1,600,000.00	1,712,000.00
	NTL INC	9.75	08/04/01	1,900,000	1,180,249.90	1,235,000.00
	NABISCO INC	6.85	05/06/15	1,000,000	998,530.86	1,002,990.00
	NASH FINCH CO	8.50	08/05/01	1,000,000	992,043.58	995,000.00
	NATIONAL RE CORP	8.85	05/01/15	3,000,000	2,996,799.37	3,434,010.00
	NATIONAL STEEL	8.38	06/08/01	1,200,000	1,208,550.81	1,200,000.00
	NATIONSBANK CORP MTN	5.80	01/01/31	1,000,000	968,999.14	997,600.00
	NAVIGATOR GAS TRANS PLC	10.50	07/06/30	850,000	850,000.00	892,500.00
3	NEWPORT NEWS SHIPBUILDING INC	8.63	06/12/01	1,200,000	1,200,000.00	1,263,000.00
	NEXTEL COMMUNICATIONS INC	1.00	04/08/15	7,300,000	6,652,979.71	7,099,250.00
	NEXTEL COMMUNICATIONS INC	1.00	07/10/31	2,500,000	1,622,409.59	1,631,250.00

	Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
	NEXTEL COMMUNICATIONS INC	0.00	07/09/15	4,400,000		2,686,076.46	2,970,000.00
	NEXTEL COMMUNICATIONS INC	1.00	08/02/15	2,300,000		1,410,828.69	1,466,250.00
	NEXTLINK COMMUNICATIONS INC	9.00	08/03/15	5,000,000		5,161,829.51	5,000,000.00
	NINE WEST GROUP INC	8.38	05/08/15	6,500,000		6,494,026.34	6,402,500.00
	NORTEK INC	9.25	07/03/15	1,500,000		1,492,139.89	1,568,850.00
	NORTHERN STS PWR CO WI	7.38	26/12/01	3,000,000		2,921,225.52	3,218,040.00
	NUEVO ENERGY CO	9.50	06/04/15	800,000		800,000.00	836,000.00
	OASIS RESIDENTIAL INC	7.25	06/11/15	2,100,000		2,100,665.06	2,146,599.00
	OLYMPUS COMMUNICATIONS LP	10.63	06/11/15	2,000,000		2,000,000.00	2,205,000.00
	ONEOK INC	9.75	20/12/01	3,000,000		3,085,397,50	3,319,770.00
	OUTDOOR SYS INC	8.88	07/06/15	4,100,000		4,065,127.54	4,269,125.00
	OVERSEAS SHIPHOLDING GROUP INC	8.00	03/12/01	2,500,000		2,507,306.76	2,623,450.00
	OWENS ILL INC	7.85	04/05/15	1,000,000		998,796.15	1,043,550.00
	OXY USA INC	7.00	11/04/15	4,000,000		3,915,420.40	3,983,960.00
	PPG INDS INC	6.88	17/11/01	3,000,000		2,979,097.55	3,172,230.00
	P+L COAL HLDGS CORP	8.88	08/05/15	1,000,000		997,050.00	1,028,750.00
	PACIFIC BELL	7.50	33/02/01	2,000,000		2,017,136.46	2,092,860.00
	PACIFIC LMBR CO	10.50	03/03/01	1,250,000		1,285,883.95	1,287,500.00
	PAGING NETWORK INC	8.88	06/02/01	2,550,000		2,333,722.38	2,499,000.00
	PAGING NETWORK INC	10.13	07/08/01	4,000,000		4,047,316.17	4,140,000.00
	PAINE WEBBER GROUP INC	7.63	14/02/15	2,000,000		1,876,059.72	2,162,260.00
	PARKER DRILLING CO	9.75	06/11/15	1,500,000		1,489,631.53	1,537,500.00
	PENNSYLVANIA PWR + LT CO	7.88	23/02/01	3,000,000		3,032,982.74	3,277,200.00
	PHARMERICA INC	8.38	08/04/01	1,325,000		1,330,043.66	1,328,312.50
	PHILIP MORRIS COS INC	6.38	06/02/01	16,500,000		15,826,798.88	16,286,160.00
	PHILIP MORRIS COS'INC	7.75	27/01/15	6,050,000		5,957,757.23	6,471,443.00
	PIONEER NAT RES CO	6.50	08/01/15	2,950,000		2,879,802.28	2,859,287.50
1	PLAYTEX PRODS INC	8.88	04/07/15	1,000,000		1,026,052.27	1,027,500.00
	POLYMER GROUP INC	8.75	08/03/01	1,200,000		1,200,000.00	1,198,500.00
	POWERTEL INC	11.13	07/06/01	500,000		500,000.00	542,500.00
	PRESIDENTIAL LIFE CORP	9.50	00/12/15	1,000,000		981,476.60	1,033,750.00
	PRICE COMMUNICATIONS WIRELESS	9.13	06/12/15	1,500,000		1,500,625.00	1,500,000.00
	PRIME HOSPITALITY CORP	9.25	06/01/15	1,600,000		1,602,093.16	1,700,000.00
	PRIME HOSPITALITY CORP	9.75	07/04/01	1,000,000		1,000,000.00	1,062,500.00
	PROGRESSIVE CORP OHIO	7.00	13/10/01	5,500,000		4,591,072.42	5,722,695.00
	PULTE CORP	7.00	03/12/15	1,900,000		1,894,956.84	1,924,871.00
	PULTE CORP	7.63	17/10/15	1,400,000	101	1,384,048.44	1,472,716.00
	QWEST COMMUNICATIONS INTL INC	10.88	07/04/01	1,500,000		1,603,434.72	1,728,750.00
	R + B FALCON CORP	6.75	05/04/15	3,000,000		2,985,071.49	2,983,890.00
	R + B FALCON CORP	7.38	18/04/15	1,550,000		1,537,203.60	1,578,628.50
	RCN CORP	1.00	07/10/15	2,000,000		1,348,138.44	1,285,000.00
	RCN CORP	9.80	08/02/15	2,750,000		1,730,156.98	1,650,000.00
	RCN CORP	1.00	08/07/01	1,500,000	1	876,319.50	890,625.00
	RJR NABISCO INC	9.25	13/08/15	20,000,000		18,353,577.00	21,573,200.00
	RALSTON PURINA CO	7.75	15/10/01	2,000,000		2,077,561.01	2,229,360.00
	RAYTHEON CO	6.75	07/08/15	1,000,000		997,609.44	1,025,430.00
	REVLON CONSUMER PRODS CORP	8.63	08/02/01	2,000,000		1,999,335.33	2,000,000.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ROGERS CABLESYSTEMS LTD	9.63	02/08/01	1,000,000		984,054.06	1,070,000.00
SFX BROADCASTING INC	10.75	06/05/15	1,000,000		1,047,714.28	1,102,500.00
SFX ENTMT INC	9.13	08/02/01	1,800,000		1,802,824.09	1,764,000.00
SEAGATE TECHNOLOGY	7.37	07/03/01	2,250,000		2,210,300.31	2,225,092.50
SEAGATE TECHNOLOGY	7.88	17/03/01	3,500,000		3,494,891.43	3,383,975.00
SECURITY CAP INDL TR	7.95	08/05/15	3,000,000		2,995,556.66	3,198,210.00
SEQUA CORP	8.75	01/12/15	1,600,000		1,524,011.61	1,632,000.00
SHERWIN WILLIAMS CO	6.50	02/02/01	2,000,000		1,999,012.22	2,029,920.00
SINCLAIR BROADCAST GROUP INC	10.00	05/09/30	1,000,000		1,000,000.00	1,075,000.00
SYNDER OIL CORP	8.75	07/06/15	1,000,000		992,359.32	1,005,000.00
SOUTHDOWN INC	10.00	06/03/01	1,000,000		1,000,000.00	1,113,750.00
SOUTHERN CO CAP TR I	8.19	37/02/01	3,954,000		4,263,926.16	4,276,883.64
SOUTHERN IND GAS + ELEC CO	7.60	23/04/01	3,000,000		3,110,646.19	3,258,300.00
STATER BROS HLDGS INC	11.00	01/03/01	1,000,000		1,058,354.04	1,080,000.00
STATION CASINOS INC	9.63	03/06/01	1,500,000		1,491,865.97	1,552,500.00
STEWART ENTERPRISES INC	6.70	03/12/01	1,000,000		1,000,000.00	1,018,690.00
STONE CONTAINER CORP	11.88	98/12/01	1,625,000		1,652,948.08	1,657,500.00
STONE CONTAINER CORP	12.63	98/07/15	1,516,000		1,519,059.64	1,531,160.00
STONE CONTAINER CORP	9.88	01/02/01	4,516,000		4,389,546.43	4,617,610.00
STONE CONTAINER CORP	10.75	02/10/01	6,130,000	1 - 1 10 10	6,165,277.12	6,513,125.00
STONE CONTAINER CORP	11.50	04/10/01	1,205,000		1,226,417.43	1,301,400.00
STONE CONTAINER FIN CO CDA	11.50	06/08/15	1,800,000		1,818,478.59	2,025,000.00
STONE ENERGY CORP	8.75	07/09/15	1,000,000		1,007,120.74	1,015,000.00
SUN INTL LTD	9.00	07/03/15	1,400,000		1,394,223.15	1,466,500.00
SUN HEALTHCARE GROUP INC	9.50	07/07/01	1,000,000		1,005,000.00	1,012,500.00
TRW INC	6.25	10/01/15	2,000,000		1,995,027.78	1,966,000.00
TELEPORT COMMUNICATIONS GROUP	1.00	07/07/01	7,500,000		5,169,747.92	6,450,000.00
TENET HEALTHCARE CORP	8.00	05/01/15	1,000,000		994,438.26	1,027,500.00
TENET HEALTHCARE CORP	8.63	07/01/15	1,600,000		1,597,805.85	1,640,000.00
TERRA INDS	10.50	05/06/15	1,000,000		1,000,000.00	1,077,500.00
TESORO PETE CORP	9.00	08/07/01	1,000,000		994,290.00	1,001,250.00
TIME WARNER INC	6.95	28/01/15	5,400,000		5,249,497.11	5,415,444.00
TOSCO CORP	7.25	07/01/01	3,500,000		3,655,246.61	3,670,450.00
TRACOR INC NEW	8.50	07/03/01	1,000,000		965,596.95	1,082,500.00
TRANSAMERICAN ENERGY CORP	11.50	02/06/15	800,000		800,000.00	736,000.00
TRICO MARINE SVCS INC	8.50	05/08/01	1,000,000		977,543.58	980,000.00
TRICO MARINE SVCS INC	8.50	05/08/01	1,000,000		1,002,778.81	972,500.00
TRINET CORPORATE RLTY TR INC	7.70	17/07/15	3,000,000		2,988,429.16	3,117,930.00
TRINET CORPORATE RLTY TR INC	6.75	03/03/01	4,050,000		4,038,316.75	4,054,131.00
TRUMP ATLANTIC CITY ASSOCS		nemem4	1,750,000		1,727,187.25	1,701,875.00
UCC INVS HLDG INC	11.25	06/05/01				
UNION CAMP CORP	11.25 10.50	02/05/01	4,050,000		4,070,301.59	4,536,000.00
						4,536,000.00 5,538,900.00
UNION ELEC CO	10.50	02/05/01	4,050,000		4,070,301.59	
UNION ELEC CO UNIROYAL CHEM INC	10.50 9.25	02/05/01 21/08/15	4,050,000 5,000,000		4,070,301.59 5,129,647.80	5,538,900.00
	10.50 9.25 8.25	02/05/01 21/08/15 22/10/15	4,050,000 5,000,000 1,000,000		4,070,301.59 5,129,647.80 1,010,835.81	5,538,900.00 1,141,460.00
UNIROYAL CHEM INC	10.50 9.25 8.25 9.00	02/05/01 21/08/15 22/10/15 00/09/01	4,050,000 5,000,000 1,000,000 450,000		4,070,301.59 5,129,647.80 1,010,835.81 431,656.72	5,538,900.00 1,141,460.00 465,750.00

Name		Coupon Rate	Maturity Date	Par Value	Shares Amortized Cost	Market Value
US WEST COM	MUNICATION	8.88	31/06/01	4,000,000	4,217,602.38	4,497,480.00
VANGUARD CE	LLULAR SYS INC	9.38	06/04/15	1,600,000	1,608,928.38	1,680,000.00
VERITAS HLDGS	S GMBH	9.63	03/12/15	650,000	647,384.77	679,250.00
VIACOM INC		8.00	06/07/07	2,200,000	2,022,531.95	2,271,500.00
VIRGINIA ELEC	+ PWR CO	6.75	23/10/01	1,000,000	949,709.03	973,450.00
WAL MART STO	RES INC	7.50	04/05/15	2,000,000	2,082,611.46	2,140,740.00
WESCO DISTR	INC	9.13	08/06/01	1,000,000	990,000.00	992,900.00
WESTERN WIR	ELESS CORP	10.50	06/06/01	2,700,000	2,711,211.64	2,916,000.00
WESTERN WIR	ELESS CORP	10.50	07/02/01	5,085,000	5,105,725.27	5,479,087.50
WESTPOINT ST	EVENS INC	7.88	08/06/15	1,000,000	986,789.68	1,003,750.00
WHEELING PITT	SBURGH CORP	9.25	07/11/15	1,200,000	1,195,699.45	1,224,000.00
WILLIAMS SCOT	TSMAN INC	9.88	07/06/01	1,500,000	1,501,797.84	1,560,000.00
WORLD COLOR	PRESS INC	9.13	03/03/15	1,250,000	1,196,624.30	1,296,875.00
XEROX CAP TR	177	8.00	27/02/01	3,200,000	3,322,190.89	3,496,000.00
ZALE CORP NE	N	8.50	07/10/01	1,200,000	1,196,242.18	1,236,000.00
Total Corpo	rate Bonds			724,978,000	684,058,700.59	720,409,138.58
Other Bonds						
BURLINGTON NO	ORTHN RR CO	6.94	14/01/02	4,756,540	4,756,539.72	5,046,736.21
CHASE MANHAT	ITAN CR CARD MASTER	7.04	05/02/15	9,000,000	9,220,311.44	9,258,750.00
CITIBANK CR CA	ARD MASTER TR I	6.84	04/02/15	5,000,000	5,007,831.74	5,065,600.00
ECHOSTAR COM	MMUNICATIONS CORP	1.00	04/06/01	2,000,000	1,767,609.48	1,945,000.00
GOVERNMENT T	IR CTFS	9.25	01/11/15	4,416,251	4,644,919.37	4,683,257.50
GREEN TREE FI	NL CORP	8.00	26/05/15	4,000,000	3,988,442.82	4,106,240.00
GREEN TREE FI	NL CORP	6.65	25/08/15	804,982	803,301.16	805,988.07
K MART CORP. P	PASS THRU TR	8.54	15/01/02	1,966,178	1,966,177.57	2,043,035.45
ROCKEFELLER	CTR PPTYS INC	0.01	00/12/31	935,000	709,704.95	724,625.00
SEARS CR ACC	OUNT MASTER TR II	8.10	04/06/15	9,000,000	9,338,898.54	9;250,290.00
SOUTHERN PAC	TRANSN CO	7.28	15/04/30	1,474,280	1,474,279.75	1,562,132.08
TOYOTA AUTO L	EASE TR	6.35	04/04/26	9,000,000	9,034,485.88	9,084,330.00
USAIR 1990 A PA	ASS THRU TRS	11.20	05/03/19	669,432	616,468.27	771,313.20
Total Other E	Bonds			53,022,662	53,328,970.69	54,347,297.51
Federal Ager	ncy Sponsored					
GNMA POOL	001869	8.00	24/09/20	1,496,890	1,548,285.21	1,547,859.09
GNMA POOL	001885	8.50	24/10/20	548,089	547,684.39	576,178.46
GNMA POOL	008595	7.00	25/02/20	5,812,550	5,832,085.30	5,956,933.70
GNMA POOL	008607	7.00	25/03/20	6,633,411	6,668,486.65	6,793,010.97
GNMA POOL	304555	9.00	21/06/15	153,601	158,706.24	165,119.79
GNMA POOL	320939	7.50	22/04/15	2,211,738	2,222,054.05	2,276,011.60
GNMA POOL	352110	7.00	23/08/15	3,550,511	3,641,181.74	3,612,645.04
GNMA POOL	358258	7.00	23/08/15	3,439,922	3,528,109.00	3,500,120.14
GNMA POOL	360186	7.00	23/09/15	3,974,265	4,098,322.87	4,043,814.73
GNMA POOL	376237	8.00	24/07/15	3,916,420	4,009,893.73	4,058,390.09
GNMA POOL	385725	8.00	24/06/15	1,037,488	1,062,835.71	1,075,096.42
GNMA POOL	403993	8.00	24/11/15	1,903,249	1,959,554.28	1,972,242.05
GNMA POOL	410081	8.00	25/08/15	3,192,934	3,285,658.69	3,308,677.67
GNMA POOL	431785	7.50	26/12/15	2,119,331	2,119,330.70	2,178,269.29

Name		Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
GNMA POOL	460771	6.50	13/03/15	1,996,694		2,013,290.95	2,016,660.93
GNMA POOL	780208	8.50	25/08/15	2,690,258		2,786,241.04	2,844,087.13
GNMA POOL	780231	8.50	21/12/15	2,614,978		2,714,070.58	2,770,543.15
GNMA POOL	780253	9.50	17/11/15	2,889,944		3,107,227.91	3,131,947.66
GNMA POOL	780474	7.50	23/12/15	2,010,671		2,020,784.95	2,068,457.41
GNMA POOL 417	392	7.50	26/05/15	2,178,413		2,234,690.64	2,238,995.12
Total Federal A	gency Sponsored			54,371,357		55,558,494.63	56,135,060.44
CMOS							
BEAR STEARNS	MTG SECS INC	6.50	24/04/28	7,000,000		6,553,144.78	6,984,670.00
CITICORP MTG S	SECS INC	6.50	07/03/25	929,336		930,087.58	927,876.89
CITICORP MTG S	SECS INC	6.00	09/10/25	1,000,000		974,918.10	985,620.00
CMC SECS COR	P III	6.50	28/03/25	5,000,000		4,814,653.66	4,932,289.50
CREDIT SUISSE	FIRST BOSTOM MTG	6.48	28/03/15	4,000,000		3,996,370.20	4,049,376.00
CWMBS INC		6.75	27/11/25	6,908,000		6,959,687.24	6,989,997.96
CWMBS INC		6.75	28/06/25	7,000,000		6,971,559.98	6,976,130.00
FEDERAL HOME	LN MTG CORP	7.00	21/10/20	8,981,683		8,990,352.23	9,032,160.26
FEDERAL HOME	LN MTG CORP	7.00	26/01/15	14,522,189		14,620,568.19	14,703,716.14
FEDERAL HOME	LN MTG CORP	7.50	24/08/15	9,271,176		9,388,552.89	9,726,019.89
FEDERAL HOME	LN MTG CORP	7.50	26/05/15	6,611,457		6,664,293.18	6,689,934.79
FEDERAL HOME	LN MTG CORP	5.75	26/07/15	15,000,000		14,334,415.65	14,334,415.65
FEDERAL HOME	LN MTG CORP	6.50	10/02/15	1,250,000		1,239,918.59	1,257,412.50
FEDERAL HOME	LN MTG CORP	5.40	06/07/15	10,000,000		9,975,705.30	9,921,800.00
FEDERAL HOME	LN MTG CORP	6.50	21/08/25	5,000,000		4,781,267.00	5,023,400.00
FEDERAL HOME	LN MTG CORP	7.00	23/12/15	5,000,000		4,987,485.90	5,150,000.00
FEDERAL HOME	LN MTG CORP MTG	6.50	12/03/15	3,000,000		2,905,450.47	3,039,360.00
FEDERAL HOME	LN MTG PC GTD	7.17	23/10/15	14,976,292		14,976,292.00	12,631,453.96
FEDERAL HOME	ELN MTG PC GTD	3.04	23/10/15	8,293,420		8,355,342.31	6,261,532.10
FEDERAL HOME	LN MTG PC GTD	3.04	23/11/15	19,181,901		19,439,411.27	14,853,888.83
FEDERAL HOME	LN MTG PC GTD	6.10	24/02/15	3,270,571		3,198,846.95	3,260,100.27
FEDERAL HOME	LN MTG PC GTD	6.00	18/07/15	3,500,000		3,359,439.47	3,470,209.75
FEDERAL HOME	LN MTG PC GTD	6.25	07/10/15	7,500,000		7,328,428.80	7,570,275.00
FEDERAL HOME	E LN MTG PC GTD	6.00	09/03/15	5,000,000		4,678,299.79	4,981,250.00
FEDERAL HOME	E LN MTG PC GTD	5.80	06/04/15	4,000,000		3,890,884.28	3,995,000.00
FEDERAL HOME	ELN MTG PC GTD	7.50	21/11/15	2,000,000		1,975,553.62	2,070,620.00
FEDERAL HOME	E LN MTG PC GTD	7.00	07/10/15	5,000,000		5,044,494.75	5,243,750.00
FEDERAL HOME	E LN MTG PC GTD	6.50	21/10/15	2,611,293		2,447,510.06	2,589,619.51
FEDERAL HOME	E LN MTG PC GTD	6.00	08/11/15	3,354,088		3,283,690.19	3,264,902.80
FEDERAL HOME	E LN MTG PC GTD	6.50	10/07/25	4,000,000		3,987,353.44	4,077,480.00
FEDERAL HOME	E LN MTG PC GTD	7.00	26/07/15	1,182,000		1,128,833.07	1,203,417.84
FEDERAL NATL	MTG ASSN	6.50	16/08/15	860,000		840,074.06	863,758.20
FEDERAL NATL	MTG ASSN GTD	6.50	04/01/18	8,000,000		8,064,552.38	8,014,960.00
FEDERAL NATL	MTG ASSN GTD	8.00	26/03/18	7,000,000		7,230,083.91	7,203,420.00
FEDERAL NATL	MTG ASSN GTD	6.00	08/05/25	1,758,533		1,754,060.22	1,751,938.97
FEDERAL NATL	MTG ASSN GTD	5.65	08/10/25	967,852		947,085.06	956,963.96
FEDERAL NATL	MTG ASSN GTD	5.66	08/08/25	2,439,517		2,378,673.13	2,411,291.39
FEDERAL NATL	MTG ASSN GTD	6.50	23/10/25	5,891,000		5,521,289.68	5,854,181.25
FEDERAL NATL	MTG ASSN GTD	7.00	26/08/25	2,553,000		2,393,403.89	2,588,895.18
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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
FEDERAL NATL MTG ASSN GT	D 6.50	08/09/25	5,531,743		5,524,780.69	5,604,319.47
FEDERAL NATL MTG ASSN GT	D CTF 7.50	23/10/25	3,514,620		3,509,949.09	3,570,607.95
FEDERAL NATL MTG ASSN RE		06/08/25	3,500,000		3,424,913.69	3,489,045.00
FEDERAL NATL MTG ASSN RE	MIC 5.00	23/07/25	5,000,000		4,444,779.20	4,581,250.00
FEDERAL NATL MTG ASSN RE	MIC 7.25	05/07/25	1,475,515		1,454,070.60	1,477,359.07
FEDERAL NATL MTG ASSN RE	MIC 6,50	21/11/25	524,720		521,392.40	517,668.23
FEDERAL NATL MTG ASSN RE	MIC 7.00	23/07/25	1,744,000		1,597,351.70	1,764,160.64
G E CAP MTG SVCS INC	6.00	24/02/25	8,590,177		8,392,992.93	8,512,006.13
GE CAP MTG SVCS INC	6.75	28/03/25	9,814,487		9,762,388.17	9,858,161.57
OAKWOOD MTG INVS INC	6.35	28/02/15	6,000,000		5,991,498.78	6,038,436.00
PAINE WEBBER MTG ACCEP	CORP IV 7.50	23/07/25	6,740,162		6,828,895.01	6,814,640.78
PRUDENTIAL HOME MTG SECS	S CO 11.50	08/04/25	1,936,171		2,008,387.73	1,960,373.17
RESIDENTIAL FDG MTG SECS	7.00	28/01/25	9,053,000		8,968,473.86	9,075,632.50
RESIDENTIAL FDG MTG SECS	I INC 7.00	27/12/25	6,000,000	STEP HOUSE	6,010,976.41	6,333,720.00
RESIDENTIAL FDG MTG SECS	I INC 6.75	28/02/25	5,917,491		5,887,925.00	5,936,664.06
RESIDENTIAL FDG MTG SECS	I INC 6.50	09/06/25	1,707,837		1,674,656.84	1,703,021.35
Total CMOS			300,863,232		297,315,465.37	293,080,154.51
Federal Sponsored						
FED HM LN PC C00601	6.50	28/04/01	1,994,375		1,977,286.08	1,988,750.86
FED HM LN PC E00300	7.00	09/05/01	3,093,296		3,043,851.29	3,168,679.76
FED HM LN PC E55901	6.50	09/01/01	1,066,841		1,076,409.70	1,076,069.42
FED HM LN PC G01543	6.00	11/06/01	16,710,438		15,948,750.55	16,637,246.16
FED HM LN PC G10195	7.00	09/04/01	2,935,872		2,788,455.05	3,007,419.04
FED HM LN PC G10405	6.50	10/11/01	2,528,644		2,488,092.71	2,554,891.63
FED HM LN PC G50212	8.00	99/10/01	4,862,774		4,997,262.78	4,920,009.29
FED HM LN PC 846317	5.86	26/08/01	3,589,196		3,634,369.40	3,663,241.33
FED HM LN PC 846510	8.02	25/04/01	6,755,965		6,897,552.46	6,924,863.85
FEDERAL HOME LN BKS	5.63	01/06/22	6,000,000		5,989,979.27	5,985,960.00
FEDERAL NATL MTG ASSN	8.63	04/11/10	1,340,000		1,379,685.48	1,390,464.40
FEDERAL NATL MTG ASSN	5.75	00/09/05	5,000,000		3,345,238.72	3,113,884.51
FEDERAL NATL MTG ASSN MTI	N 6.17	03/12/30	2,000,000		1,920,867.58	1,985,000.00
FEDERAL NATL MTG ASSN MTI	N 5.88	99/11/01	4,180,000		4,181,878.65	4,187,816.60
FNMA POOL 035451	1.25	26/09/01	2,356,577		64,223.19	106,752.93
FNMA POOL 050946	6.50	23/12/01	2,904,772	Market Comment	2,652,488.28	2,906,572.77
FNMA POOL 124410	7.75	22/07/01	3,543,590		3,590,905.40	3,656,559.57
FNMA POOL 125403	8.00	10/04/01	843,960		850,049.10	872,967.28
FNMA POOL 250353	6.50	25/09/01	3,885,941		3,768,475.01	3,878,634.97
FNMA POOL 250408	6.50	25/11/01	3,940,579		3,821,440.25	3,933,170.47
FNMA POOL 250452	6.50	26/01/01	7,213,869		6,995,730.34	7,200,307.39
FNMA POOL 250962	7.00	17/06/01	1,765,067		1,758,935.83	1,792,090.64
FNMA POOL 251698	7.00	28/04/01	2,230,527		2,248,382.75	2,261,888.64
FNMA POOL 262390	6.00	09/02/01	727,620		690,114.87	723,297.62
FNMA POOL 266949	6.50	24/02/01	240,076	. N. V.	237,368.28	240,224.82
FNMA POOL 302973	9.50	25/01/01	9,314		9,775.78	9,965.90
FNMA POOL 303036	7.88	24/10/01	2,673,863	100	2,727,219.65	2,743,223.31
FNMA POOL 303138	8.00	10/02/01	711,087		728,336.24	735,526.67
FNMA POOL 303178	6.00	24/12/01	1,708,566	1374	1,617,597.63	1,671,729.48
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Name		Coupon Rate	Maturity Date	Par Value	Shares Amortized Cost	Market Value
FNMA POOL	303244	8.00	02/04/01	5,619,728	5,746,276.87	5,709,868.04
FNMA POOL	303387	8.00	02/07/01	3,462,522	3,461,739,40	3,518,061.24
FNMA POOL	303786	7.50	11/02/01	9,223,744	9,448,457.27	9,498,980.70
FNMA POOL	303976	6.50	99/01/01	7,115,135	7,012,415.98	7,142,386.38
FNMA POOL	306382	9.50	25/04/01	309,872	327,561.56	331,559.96
FNMA POOL	313073	7.50	10/12/01	1,306,018	1,311,826.81	1,346,008.29
FNMA POOL	313097	6.50	99/01/01	1,757,468	1,724,972.91	1,754,164.44
FNMA POOL	313208	6.50	25/12/01	1,942,590	1,939,519.79	1,940,162.12
FNMA POOL	318393	6.00	03/03/01	675,542	665,364.74	673,643.27
FNMA POOL	320664	6.00	03/03/01	244,422	239,169.46	243,735.54
FNMA POOL	320928	6.50	25/08/01	4,381,172	4,248,746.66	4,375,695.14
FNMA POOL	327640	8.00	25/11/01	304,719	304,127.30	315,429.45
FNMA POOL	328747	7.84	24/10/01	5,504,951	5,639,066.56	5,659,805.53
FNMA POOL	330128	6.57	25/09/01	3,337,798	3,405,994.66	3,424,380.36
FNMA POOL	330376	8.50	22/12/01	2,810,157	2,919,276.92	2,947,151.90
FNMA POOL	332518	8.00	26/04/01	314,399	312,922.18	325,450.24
FNMA POOL	341645	6.00	03/03/01	288,631	275,286.73	287,819.46
FNMA POOL	359435	7.50	22/12/01	1,505,180	1,488,911.35	1,546,090.59
FNMA POOL	373916	7.50	22/12/01	1,548,927	1,542,128.30	1,592,529.09
FNMA POOL	379487	7.00	27/07/01	4,426,044	4,410,745.71	4,493,806.48
FNMA POOL	390183	7.00	17/05/01	4,170,960	4,157,751,77	4,234,817.00
FNMA POOL	418147	6.50	28/05/01	1,990,552	1,985,263.72	1,982,450.51
FNMA POOL 327	7211	7.50	11/07/01	165,515	166,198.70	170,324.77
FNMA POOL 332	2628	7.00	23/08/01	2,215,862	2,177,970.01	2,249,099.89
FNMA POOL 337	7214	6.00	03/05/01	318,977	297,766.89	318,080.54
FNMA POOL 345	5223	7.50	11/07/01	277,403	278,548.55	285,463.85
FNMA POOL 392	2003	5.94	27/06/01	2,843,761	2,844,818.47	2,868,188.73
Total Federa	Il Sponsored			164,874,857	159,763,551.59	162,572,362.82
U S Treasur	y Notes					
UNITED STATES	TREAS BILLS	0.01	98/08/20	258,000	253,403.66	253,403.66
UNITED STATES	TREAS BILLS	0.01	98/09/17	2,707,000	2,655,731.61	2,655,731.61
UNITED STATES	TREAS BILLS	0.01	98/10/15	1,012,000	989,859.25	989,859.25
UNITED STATES	TREAS BILLS	0.01	98/11/12	1,234,000	1,209,037.59	1,209,037.59
UNITED STATES		0.01	98/12/10	3,691,000	3,597,414.96	3,597,414.96
UNITED STATES	TREAS BILLS	0.01	98/07/02	235,000	232,756.40	232,756.40
UNITED STATES	TREAS BILLS	0.01	98/08/27	1,190,000	1,171,018.52	1,171,018.52
UNITED STATES	TREAS BILLS	0.01	98/10/01	1,478,000	1,449,635.54	1,449,635.54
UNITED STATES	TREAS BILLS	0.01	98/10/29	1,150,000	1,120,363.70	1,120,363.70
UNITED STATES	TREAS BILLS	0.01	98/11/19	3,889,000	3,798,501.74	3,798,501.74
UNITED STATES	TREAS NTS	6.13	07/08/15	600,000	607,239.81	624,282.00
UNITED STATES	TREAS NTS	5.75	00/10/31	7,100,000	7,046,349.90	7,133,299.00
UNITED STATES	TREAS NTS	5.50	00/12/31	6,500,000	6,491,875.00	6,496,945.00
UNITED STATES	TREAS NTS	5.25	01/01/31	17,000,000	16,852,761.10	16,893,750.00
UNITED STATES	TREAS NTS	5.88	01/11/30	7,500,000	7,464,553.42	7;576;200.00
UNITED STATES	TREAS NTS	6.25	02/02/28	2,000,000	1,973,695.51	2,045,940.00
UNITED STATES	TREAS NTS	5.38	00/01/31	9,000,000	8,986,329.68	8,978,940.00
UNITED STATES	TREAS NTS	5.50	00/02/29	3,000,000	2,997,008.63	2,999,070.00
		31 70 70 31 31				

Name	Coupon Rate	Maturity Date	Par Value	Shares Amortized Cos	t Market Value
UNITED STATES TREAS NTS	5.50	00/05/31	27,000,000	26,986,288.86	26,995,680.00
UNITED STATES TREAS NTS	7.88	01/08/15	750,000	775,755.83	799,215.00
UNITED STATES TREAS NTS	7.50	02/05/15	1,400,000	1,439,332.0	1,494,066.00
UNITED STATES TREAS NTS	6.38	02/08/15	5,000,000	5,129,384.01	5,153,100.00
UNITED STATES TREAS NTS	5.75	03/08/15	6,000,000	6,028,924.33	6,063,720.00
UNITED STATES TREAS NTS	5.88	04/02/15	6,000,000	6,063,706.43	6,110,640.00
UNITED STATES TREAS NTS	7.25	04/08/15	5,000,000	5,218,792,18	5,439,850.00
UNITED STATES TREAS NTS	7.75	99/11/30	3,000,000	3,047,965.11	3,089,520.00
UNITED STATES TREAS NTS	6.50	05/08/15	890,000	924,972.54	939,225.90
UNITED STATES TREAS NTS	5.88	05/11/15	7,000,000	6,645,561.07	7,133,420.00
UNITED STATES TREAS NTS	5.63	06/02/15	8,000,000	7,638,607.99	8,032,480.00
UNITED STATES TREAS NTS	6,63	01/07/31	1,500,000	1,503,529.07	1,545,465.00
UNITED STATES TREAS NTS	6.50	06/10/15	3,000,000	3,128,337.04	3,185,610.00
UNITED STATES TREAS NTS	7.13	99/09/30	5,300,000	5,346,098.02	5,401,018.00
UNITED STATES TREAS NTS	6.50	05/08/15	2,500,000	2,482,457.60	2,638,275.00
UNITED STATES TREAS NTS	6.88	06/05/15	6,200,000	6,260,767.87	6,713,422.00
UNITED STATES TREAS NTS	7.00	06/07/15	16,800,000	17,950,602.30	18,346,104.00
UNITED STATES TREAS NTS	3.38	07/01/15	4,102,364	4,088,574.25	3,972,893.33
UNITED STATES TREAS NTS	3.63	02/07/15	4,058,323	4,062,117.93	4,013,924.51
UNITED STATES TREAS NTS	3,63	08/01/15	2,011,577	1,995,242.16	1,988,323.17
Total US Treasury Notes			185,056,264	185,614,552.70	188,282,100.88
US Treasury Bonds					
UNITED STATES TREAS BDS	7.25	16/05/15	7,400,000	7,723,953.94	8,669,544,00
UNITED STATES TREAS BDS	8.13	19/08/15	5,700,000	7,177,338.87	7,356,534.00
UNITED STATES TREAS BDS	7.25	22/08/15	8,470,000	8,888,493.20	10,134,863,20
UNITED STATES TREAS BDS	6.25	23/08/15	3,750,000	3,876,243.74	4,014,825.00
UNITED STATES TREAS BDS	8.50	20/02/15	5,160,000	5,955,429.68	6,915,999.60
UNITED STATES TREAS BDS	7.13	23/02/15	13,500,000	14,970,077.33	15,970,095.00
UNITED STATES TREAS BDS	6.38	27/08/15	5,000,000	5,256,136.60	5,490,600.00
Total US Treasury Bonds			48,980,000	53,847,673.36	58,552,460.80
Total Domestic Bonds			1,532,146,372	1,489,487,408.93	1,533,378,575.54
Foreign Corporate Bonds					
GEN ELEC CAP CORP	8.13	07/02/23	4,300,000	4,469,307.76	4,872,437.50
INTL BANK RECON + DEV	4.50	00/06/20	330,000,000	2,944,953.54	2,557,597.79
INTL BANK RECON+DV	9.75	16/01/23	1,000,000	1,213,215.32	1,407,500.00
ITALY (REP OF)	7.75	06/11/01	20,300,000,000	12,151,681.84	13,563,786.21
KOREA ELEC POWER C	6.38	03/12/01	2,000,000	1,751,252.65	1,732,500.00
LKB BADEN WURTTEMB	6.63	03/08/20	5,000,000		
MATSUSHITA ELC IND	7.25	02/08/01	2,000,000	3,048,833.44 2,062,003.77	3,017,602.44 2,077,500.00
QUEENSLAND TSY CP	8.00	01/08/14	8,000,000		
ROCKEFELLER PROPS	0.01	00/12/31	1,000,000	5,581,905.73	5,310,044.68
RUSSIA MIN FINANCE	9.25	01/11/27	2,500,000	1,404,100.64	777,500.00
Total Foreign Corporate Bonds			20,655,800,000	2,362,952.80	2,134,375.00 37 AEO 9A2 B2
				36,990,207.49	37,450,843.62

	Coupen Pate	Maturity Date	Par Value	Shares Amortized Cost	Market Value
Name	Coupon Rate	maturity Date	rat value	Shares Aniological vost	market raide
Foreign Corporate Yankee Bonds					054 200 00
CALL NET ENTERPRISES	13.25	04/12/01	1,000,000	945,767.27	951,300.00
CALL NET ENTERPRISES	0.00	07/08/15	1,000,000	685,779.99	750,000.00
COMCAST UK CABLE PARTNERS LTD	1.00	07/11/15	100,000	66,995.70	83,500.00
DIAMOND CABLE	1.00	04/09/30	5,788,000	3,741,682,78	5,440,720.00
DOMAN INDS LTD	8.75	04/03/15	1,500,000	1,406,905.57	1,466,250.00
ELETSON HDLGS INC	9.25	03/11/15	1,250,000	1,215,865.06	1,290,625.00 712,290.00
EMBOTELLADORA ANDINA	7.63	27/10/01	750,000	712,656.05	
EMPRESA NACIONAL DE ELECTRICID	7.88	27/02/01	6,000,000	5,972,051.77	5,900,640.00
ENDESA OVERSEAS CHILE	7.20	06/04/01	11,500,000	11,186,322,15	11,203,760.00
ENERSIS S A	6.90	06/12/01	425,000	415,216.13	400,596.50
ENERSIS S A	7.40	16/12/01	2,525,000	2,394,758.50	2,307,168.25
GLENCORE NICKEL PTY LTD	9.00	14/12/01	1,000,000	989,441.90	960,000.00
GULF CDA RES LTD	9.25	04/01/15	1,250,000	1,192,418.50	1,306,587.50
MACMILLAN BLOEDEL LTD	6.75	06/02/15	6,625,000	6,323,756.71	6,511,050.00
MDC COMMUNICATIONS CORP	10.50	06/12/01	1,000,000	1,000,000.00	1,045,000.00
REPAP NEW BRUNSWICK INC	9.00	04/06/01	1,000,000	1,000,000.00	1,005,000.00
ROGERS CABLESYSTEMS LTD	10.13	12/09/01	1,300,000	1,313,880.59	1,413,750.00
ROGERS CABLESYSTEMS LTD	11.00	15/12/01	1,710,000	1,710,000.00	1,979,325.00
ROGERS CABLESYSTEMS LTD	10.00	05/03/15	1,000,000	996,192.81	1,110,000.00
ROGERS CANTEL INC	8.30	07/10/01	1,000,000	997,548.49	982,500.00
ROGERS CANTEL INC	8.80	07/10/01	1,000,000	997,615.37	990,000.00
SEA CONTAINERS LTD	9.50	03/07/01	1,000,000	952,660.53	1,032,500.00
SIFTO CDA INC	8.50	00/07/15	1,250,000	1,205,640.72	1,287,500.00
SKANDINAVISKA ENSKILDA BANKEN	6.88	09/02/15	2,600,000	2,560,095.93	2,664,402.00
STENA AB	10.50	05/12/15	1,000,000	1,000,000.00	1,090,000.00
TELEWEST PLC	1.00	07/10/01	6,910,000	4,647,944.75	5,700,750.00
TELEWEST PLC	9.63	06/10/01	2,000,000	1,995,733.57	2,110,000.00
TEMBEC FINANCE CORP	9.88	05/09/30	1,500,000	1,515,511.77	1,582,500.00
TRIZEC FINANCE	10.88	05/10/15	670,000	665,784.93	733,650.00
YPF SOCIEDAD ANONIMA	7.50	02/10/26	3,908,341	3,901,738.68	3,969,049.21
YPF SOCIEDAD ANONIMA	7.25	03/03/15	4,000,000	3,993,600.00	3,888,280.00
Total Foreign Corporate Yankee Bonds			73,561,341	67,703,566.22	71,868,693.46
Foreign Government Bonds					
ARGENTINA (REP OF)	8.38	03/12/20	2,000,000	1,787,259.14	2,005,000.00
AUSTRALIA (CMNWLTH)	10.00	02/10/15	11,500,000	8,360,737.64	8,376,764.24
AUSTRALIA(CMNWLTH)	7.50	09/09/15	10,400,000	7,276,196.04	7,431,957.12
AUSTRALIA(CMNWLTH)	7.00	00/04/15	12,000,000	7,519,510.16	7,661,400.59
AUSTRALIA(CMNWLTH)	6.75	06/11/15	10,000,000	6,578,372.36	6,699,387.69
BULGARIA (NAT REP)	1.00	11/07/28	2,510,000	1,845,191.53	1,788,375.00
BUNDESREPUBLIK DEUT	6.50	27/07/04	27,400,000	17,020,459.42	17,714,790.9
BUNDESREPUBLIK DEUT	6.50	27/07/04	6,825,000	3,879,240.34	4,412,534.6
CANADA GOVT	8.00	27/06/01	4,500,000	4,089,997.64	4,151,326.5
CANADA GOVT	10.25	14/03/15	2,000,000	2,061,000.52	2,043,600.2
CANADA GOVT	8.75	05/12/01	8,000,000	6,654,912.71	6,558,126.19
CANADA GOVT	7.50	00/09/01	6,500,000	4,937,770.50	4,612,415.0
CANADA GOVT	7.50	01/03/01	8,000,000	5,816,463.94	5,730,676.17

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
CANADA GOVT	4.75	99/09/15	14,500,000		10,107,757.52	9,806,078.30
DENMARK (KINGDOM)	8.00	06/03/15	6,000,000		1,098,277,45	1,044,348.46
DENMARK(KINGDOM)	7.00	24/11/10	12,600,000		2,019,269.80	2,222,996.46
DENMARK(KINGDOM)	9.00	00/11/15	24,000,000		4,538,733.84	3,843,760.70
DENMARK(KINGDOM)	8,00	01/11/15	12,000,000		1,981,672.94	1,932,524.50
DENMARK(KINGDOM)	7.00	07/11/15	10,000,000		1,619,590.74	1,674,418.33
DUTCH GOVT	7.50	23/01/15	7,000,000		4,218,086.24	4,459,346.13
DUTCH GOVT	8.25	07/09/15	8,000,000		4,885,557.90	4,925,716.07
DUTCH GOVT	9.00	00/05/15	18,000,000		9,982,482.70	9,620,188.95
FINLAND (REP OF)	7.50	00/01/27	9,000,000		5,265,801.27	5,244,707.30
FINLAND(REP OF)	7.88	04/07/28	2,000,000		2,164,353.56	2,205,000.00
GERMANY(FED REP)	6.25	24/01/04	22,700,000	1.5	13,732,826.05	14,173,084.83
GERMANY(FED REP)	8.38	01/05/21	11,000,000		6,972,225.46	6,777,822.47
GERMANY(FED REP)	6.50	03/07/15	10,000,000		6,114,861.21	6,045,315.49
GERMANY(FED REP)	6.00	07/01/04	11,835,000		6,912,389.87	7,111,356.91
ITALY (REP OF)	6.25	02/03/01	9,300,000,000		5,510,231.55	5,520,721.92
ITALY(REPUBLIC OF)	10.00	03/08/01	9,140,000,000		6,324,642.59	6,347,685.94
MEXICO(UTD MEX ST)	1.00	19/12/31	3,475,000		3,242,450.95	3,118,812.50
NEW STH WALES TSY	7.00	00/02/01	2,000,000		1,366,779.08	1,270,695.24
NEW ZEALAND	8.00	01/02/15	13,000,000		7,563,948.23	6,897,258.76
NEW ZEALAND	8.00	06/11/15	8,000,000		5,412,284.25	4,567,546.40
NEW ZEALAND	6.50	00/02/15	9,000,000		4,619,182.15	4,624,594.01
NEW ZEALAND	10.00	02/03/15	6,000,000		3,426,229.75	3,420,053.66
NEW ZEALAND GOVT	7.00	09/07/15	7,500,000		4,284,773.75	4,087,027.98
PERU (REP OF)	4:00	17/03/07	4,390,000		2,929,243.37	2,929,243.37
PHILIPPINES (REP OF)	1.00	17/12/01	1,105,000		966,254.65	969,637.50
QUEENSLAND TSY CP	8.00	99/07/14	6,000,000		4,110,763.51	3,819,981.13
SPAIN(KINGDOM OF)	3.10	06/09/20	620,000,000		5,541,604.25	4,995,045.72
STH AFRICA REP	13.00	10/08/31	63,959,000		12,694,379.07	9,585,106.98
STH AFRICA(REP OF)	12.00	05/02/28	34,000,000		6,485,850.04	5,039,186.11
STH AFRICA(REP OF)	12.50	02/01/15	35,000,000		5,865,248.49	5,477,676.57
SWEDEN (KINGDOM OF)	8.00	07/08/15	20,000,000		2,972,773.23	3,062,991.76
SWEDEN(KINGDOM OF)	6.00	05/02/09	41,000,000		5,215,573.11	5,496,452.14
SWEDEN(KINGDOM OF)	13.00	01/06/15	18,000,000		2,787,394.55	2,782,513.44
TREASURY	7.50	06/12/07	17,700,000		31,804,683.70	32,476,436.45
TURKEY (REP OF)	0.01	98/09/16	147,000,000,000		625,683.36	485,724.55
VENEZUELA (REP OF)	6.81	07/12/18	1,809,524		1,720,584.54	1,503,171.44
Total Foreign Government Bonds			166,642,208,524		284,911,556.66	278,750,582.83
Foreign Government Yankee Bonds						
KOREA REP	8.88	08/04/15	3,000,000		2,959,410.00	2,713,350.00
MANITOBA PROV CDA	9.50	00/10/01	5,000,000			
MANITOBA PROV CDA	6.75	03/03/01	1,000,000		5,269,163.38 1,032,991.47	5,368,200.00
MANITOBA PROV CDA	6.13	04/01/19	75,000		and Committee of	1,030,570.00
SASKATCHEWAN PROV CDA	8.00	04/07/15			73,196.50	75,546.00
SOUTH AFRICA REP	8.50	17/06/23	2,000,000		2,123,173.95	2,202,220.00
THAILAND KINGDOM	7.75	07/04/15	14,575,000		14,470,642.38	13,886,768.50
Total Foreign Government Yankee Bonds		51.04.15	10,000,000 35,650,000		10,038,170.84 35,966,748.52	8,925,000.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
International Commingled Fixed Income Fund	L					
MORGAN GRENFELL INVT TR				1,255,721	11,292,703.47	10,698,743.18
Total International Bonds			187,407,219,865		436,864,782.36	432,970,517.59
Common Stock - Domestic						
ABT BLDG PRODS CORP				21,600	319,776.12	371,250.00
ADE CORP MASS				6,800	127,147.20	99,450.00
AK STL HLDG CORP				21,600	398,259.25	386,100.00
AMR CORP DEL				49,000	2,770,048.75	4,079,250,00
AT+TCORP				66,200	3,781,675.00	3,781,675.00
AMB FINL CORP				45,700	479,850.00	814,031.25
ATL ULTRASOUND				36,000	1,115,530.14	1,642,500.00
ABBOTT LABS				198,500	4,840,617.80	8,138,500.00
ABERCROMBIE AND FITCH CO				100,700	1,754,069.40	4,430,800.00
ACCEPTANCE INSURANCE CO	The Harris			21,700	461,228.65	533,006.25
ACETO CORP				15,840	156,240.25	257,400.00
ACMAT CORP				5,100	74,216.50	79,050.00
ACTEL CORP				66,700	930,263.09	717,025.00
ADAMS RESOURCES + ENERGY				1,200	7,398.00	14,025.00
ADAPTEC INC				270,000	6,914,396.46	3,864,375.00
ADMINISTAFF INC				89,900	1,850,554.91	4,157,875.00
ADOBE SYS INC				2,800	118,825.00	118,825.00
ADVANCED MARKETING SVCS INC				8,000	84,345.00	136,000.00
ADVOCATING .				11,400	114,565.50	78,375.00
AEROQUIP VICKERS INC				73,000	2,833,935.78	4,261,375.00
ADVANCED MICRO DEVICES INC				5,800	98,962.50	98,962.50
AETNA INC				6,300	479,587.50	479,587.50
AGRIBRANDS INTL INC				6,000	133,360.38	181,500.00
AHMANSON H F AND CO				4,400	312,400.00	312,400.00
AIR PRODS + CHEMS INC				100,900	4,289,730.47	4,036,000.00
AIRTOUCH COMMUNICATIONS INC				90,100	3,788,934:80	5,265,218.75
ALAMO GROUP INC				5,200	96,172.96	98,800.00
ALASKA AIR GROUP INC				21,300	536,045.60	1,162,181.25
ALBANY INTL CORP				11,960	278,251.87	286,280.53
ALBERTO CULVER CO				1,900	55,100.00	55,100.00
ALBERTSONS INC				27,000	1,363,251.89	1,398,937.50
ALGIERS BANCORP INC				30,000	330,000.00	425,625.00
ALIGN RITE INTL INC				5,100	70,339.84	75,862.50
ALLEGHENY TELDYNE INC				7,900	180,712.50	180,712.50
ALLERGAN INC				82,300	3,690,083.74	3,816,662.50
ALLIANT TECHSYSTEMS INC				19,600	996,586.75	1,239,700.00
ALLIED LIFE FINL CORP	H To File King			8,500	142,195.50	245,437.50
ALLIED PRODS CORP DEL				7,800	127,324.00	165,262.50
ALLIED RESH CORP	A PAGE TO SE	Margarity.		7,900	82,242.50	98,750.00
ALLIED SIGNAL INC				165,300	4,780,398.94	7,335,187.50
ALLOU HEALTH + BEAUTY CARE INC				8,900	55,653.50	84,550.00
	THE PARTY					

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ALLSTATE CORP			48,800	3,521,792.01	4,468,250.00
ALLTEL CORP			7,500	348,750.00	348,750.00
ALLTRISTA CORP			1,900	54,389.40	48,568.75
ALUMINUM CO AMER			21,300	1,575,889.50	1,404,468.75
ALZA CORP			128,600	4,207,304.40	5,561,950.00
AMCAST INDL CORP			17,000	295,288.01	316,625.00
AMERADA HESS CORP			4,300	233,543.75	233,543.75
AMEREN CORP			5,300	210,675.00	210,675.00
AMERICA WEST HLDG CORP			52,700	693,465.96	1,505,243.75
AMERICAN ANNUITY GROUP INC			74,500	819,739.30	1,792,656.25
AMERICAN BK CONN WATERBURY			5,600	94,874.00	152,600.00
AMERICAN BILTRITE INC			2,700	58,954.00	80,325.00
AMERICAN BLDGS CO NEW			7,100	180,468.25	211,225.00
AMERICAN CAP STRATEGIES LTD			61,300	1,135,297.99	1,402,237.50
AMERICAN DENTAL TECHNOLOGIES			1,200	6,610.56	5,850.00
AMERICAN DISP SVCS INC			60,800	2,467,917.77	2,850,000.00
AMERICAN ELEC PWR INC			7,400	335,775.00	335,775.00
AMERICAN EXPRESS CO			18,800	2,143,200.00	2,138,500.00
AMERICAN GEN CORP			209,300	10,989,687.30	14,899,543.75
AMERICAN GREETINGS CORP			3,000	152,812.50	152,812.50
AMERICAN HOME PRODUCTS CORP			317,400	10,341,761.65	16,425,450.00
AMERICAN HOMEPATIENT INC			80,600	1,615,026.19	1,541,475.00
AMERICAN INTL GROUP INC			78,500	6,952,917.00	11,461,000.00
AMERICAN ITALIAN PASTA CO			18,500	561,408.64	689,125.00
AMERICAN SAFETY RAZOR CO			2,000	35,592.50	29,250.00
AMERICAN STORES CO NEW			12,200	295,087.50	295,087.50
AMERICAN VANGUARD CORP			1,800	13,009.50	16,875.00
AMERICAN WOODMARK CORP			15,900	75,800.75	435,262.50
AMERISTAR CASINOS INC			10,200	51,533.00	51,000.00
AMERIN CORP			50,600	1,449,456.17	1,476,887.50
AMERON INTL CORP			5,900	201,337.50	341,093.75
AMERUS LIFE HLDGS INC			10,287	172,436.02	333,041.63
AMES DEPT STORES INC	병원 10 보고 있는 10 12 12 12 12 12 12 12 12 12 12 12 12 12		15,400	29,300.29	405,212.50
AMERITECH CORP			234,800	10,295,112.92	10,536,650.00
AMGEN INC		A 465 MES	106,900	6,398,658.84	6,988,587.50
AMISTAR CORP			2,900	14,431.77	9,787.50
AMP INC			9,600	330,000.00	330,000.00
AMOCO CORP			140,600	5,126,887.81	5,870,050.00
AMRESCO INC			53,300	1,405,874.65	1,552,362.50
AMPCO PITTSBURGH CORP			8,800	102,129.40	135,300.00
AMPEX CORP DEL			48,800	137,058.48	100,650.00
AMPLICON INC			13,800	171,813.50	179,400.00
ANADARKO PETE CORP			2,400	161,250.00	161,250.00
ANALYSTS INTL CORP		1021	105,600	1,112,598.01	2,996,400.00
ANDREW CORP			3,500	63,218.75	63,218.75
ANHEUSER BUSCH COS INC			90,200	2,638,069.16	4,256,312.50
ANNALY MTG MGMT INC			84,000	855,236.00	761,250.00
ANNTAYLOR STORES CORP					101,200.00

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
AON CORP			6,700	470,675.00	470,675.00
APACHE CORP			4,000	126,000.00	126,000.00
APPLE COMPUTER			5,300	152,043.75	152,043.75
APPLIED INDL TECHNOLOGIES INC			67,225	1,184,313.25	1,382,314.06
APPLIED MATERIALS INC			255,600	6,020,228.17	7,540,200.00
APPLIED VOICE TECHNOLOGY INC			200,000	1,854,159.83	4,600,000.00
APTARGROUP INC			24,300	1,166,921.80	1,511,156.25
AQUARION CO			5,900	154,628.65	201,706.25
ARCADIA FINL LTD			23,900	167,266.25	180,743.75
ARCHER DANIELS MIDLAND CO			62,715	1,079,745.63	1,215,103.13
ARCTIC CAT INC			37,200	371,221.45	367,350.00
ARMCO INC			125,900	647,389.90	802,612.50
ARMSTRONG WORLD INDS INC			1,600	107,800.00	107,800.00
ARNOLD INDS INC			4,600	74,359.00	67,850.00
ARROW ELECTRS INC			51,000	1,421,145.78	1,109,250.00
ARTESYN TECHNOLOGIES INC			183,200	3,269,450.12	2,931,200.00
ARVIN INDS INC			13,900	306,027.93	504,743.75
ASARCO INC			1,600	35,600.00	35,600.00
ASCEND COMMUNICATIONS INC			7,800	386,587.50	386,587.50
ASHLAND INC			3,000	154,875.00	154,875.00
ASPEN TECHNOLOGY INC			30,800	1,002,099.84	1,555,400.00
ASSOCIATES FIRST CAP CORP			116,343	5,594,507.39	8,951,139.57
ASTRONICS CORP			4,500	29,078.55	61,875.00
ATCHISON CASTING CORP			15,800	276,521.75	282,425.00
ATLANTIC AMERN CORP			16,800	50,420.88	84,000.00
ATLANTIC RICHFIELD CO			41,300	2,673,966.70	3,226,562,50
ATRION CORP			4,600	65,709.17	40,825.00
AUDIOVOX CORP			7,300	43,912.77	28,287.50
AUTHENTIC FITNESS CORP			37,900	265,300.00	599,293.75
AUTODESK INCORPORATED			1,900	73,387.50	73,387.50
AUTOCAM CORP			8,913	97,975.16	148,178.63
AUTOMATIC DATA PROCESSING INC			83,800	4,781,722.58	6,106,925.00
AUTOZONE INC			6,200	198,012.50	198,012.50
AVERY DENNISON CORP			4,100	220,375.00	220,375.00
AVIALL INC			20,500	267,691.71	280,593.75
AVNET INC			54,400	3,248,838.69	2,975,000.00
AVON PRODS INC			5,400	418,500.00	418,162.50
AXIOHM TRANSACTION SOLUTIONS			269	4,753.67	2,757.25
BB+T CORP			5,800	392,225.00	392,225.00
BMC INDS INC MINN			11,500	186,677.20	99,187.50
BWAY CORP		Les de Villago	5,250	65,905.00	112,875.00
BAIRNCO CORP			13,000	80,803.25	117,000.00
BAKER HUGHES INC			7,400	255,762.50	255,762.50
BALL CORP			1,200	48,225.00	48,225.00
BALLARD MEDICAL PRODUCTS			67,400	1,238,445.64	1,213,200.00
BALTIMORE GAS + ELEC CO			5,900	183,268.75	183,268.75
BANC ONE CORP			138,000	7,814,642.46	7,702,125.00
BANCINSURANCE CORP			4,200	17,643.00	25,200.00

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
BANCTEC INC			44,700	1,056,201.88	1,033,687.50
BANK NEW YORK INC			15,300	928,518.75	931,387.50
BANKATLANTIC BANCORP INC			24,250	262,803.22	286,453.13
BANKAMERICA CORP			125,400	9,616,651.51	10,847,100.00
BANKBOSTON CORP			11,900	661,937.50	661,937.50
BANKERS TR NY CORP			4,000	464,250.00	464,250.00
BANKUNITED FINL CORP			78,300	578,050.00	1,291,950.00
BARD C R INC			2,300	87,543.75	87,543.75
BARNES GROUP INC			40,500	512,761.00	1,096,031.25
BATTLE MTN GOLD CO			9,300	55,218.75	55,218.75
BAUSCH + LOMB INC			2,900	145,362.50	145,362.50
BAXTER INTL INC			43,500	2,415,451.20	2,340,843.75
BAY NETWORKS INC			102,800	3,004,268.20	3,296,025.00
BAY VIEW CAP CORP DEL			44,100	1,224,281.48	1,400,175.00
BEAR STEARNS COS INC			4,700	267,312.50	267,312.50
BEAZER HOMES USA INC			11,200	199,474.43	290,500.00
BECKMAN COULTER INC			57,100	2,449,190.30	3,326,075.00
BECTON DICKINSON + CO			5,000	388,125.00	388,125.00
BEL FUSE INC			5,800	70,842.75	129,050.00
BELL ATLANTIC CORP			203,800	9,366,086.07	9,298,375.00
BELL INDS INC			17,054	275,208.50	193,989.25
BELL MICROPRODUCTS INC			7,200	62,586.87	57,375.00
BELLSOUTH CORP			105,300	5,695,320.50	7,068,262.50
BEMIS INC			1,900	77,662.50	77,662.50
BENIHANA INC			3,200	25,728.00	38,400.00
BENTON OIL + GAS CO			102,700	1,403,601.26	1,091,187.50
BERG ELECTRS CORP			102,300	2,153,614.59	2,001,243.75
BERKSHIRE GAS CO			3,000	48,182.50	69,750.00
BERTUCCIS INC			6,900	43,451.60	70,725.00
BESTFOODS			53,700	2,538,875.08	3,117,956.25
BETHLEHEM STL CORP			5,200	64,675.00	64,675.00
BILLING CONCEPTS CORP			130,000	875,986.61	2,015,000.00
BINDLEY WESTN INDS INC			1,333	15,802.95	43,999.99
BIO RAD LABORATORIES INC		The second	11,000	293,816.88	336.875.00
BIOMET INC			171,800	4,325,462.00	5,680,137.50
BIORELIANCE CORP			110,200	2,016,442.81	1,659,887.50
BLACK + DECKER CORPORATION			219,100	7,955,532.28	13,365,100.00
BLACK HAWK GAMING + DEV INC			4,900	32,208.50	55,431.25
BLACK HILLS CORP			20,700	398,520.98	476,100.00
BLAIR CORP			18,600	560,815.92	595,200.00
BLIMPIE INTL INC			11,100	46,407.62	33,993.75
BLOCK H + R INC			4,300	181,137.50	181,137.50
BOEING CO			305,400	15,496,732.33	13,609,387.50
BOISE CASCADE CORP			2,600	85,150.00	85,150.00
BOLDER TECHNOLOGIES CORP			92,800	1,164,244.64	A DOMESTIC
BOOKS A MILLION INC			3,100		1,160,000.00
BORDERS GROUP INC			85,500	17,367.75	14,337.50
BOSTON ACOUSTICS INC			2,500	926,604.23 73,587.50	3,163,500.00
			100	10,100,100	91,875.00

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
BOSTON SCIENTIFIC CORP			7,800	558,675.00	558,675.00
BOSTONFED BANCORP INC			38,000	473,339,40	888,250.00
BOWNE + CO INC			26,200	702,679.85	1,179,000.00
BRIDGEPORT MACHS INC			6,500	86,735.00	69,875.00
BRIGGS + STRATTON CORP			1,000	37,437.50	37,437.50
BRIGHTPOINT INC			185,024	1,195,277.72	2,682,848.00
BRISTOL MYERS SQUIBB CO			187,000	14,257,380.54	21,493,312.50
BROWN FORMAN CORP			2,600	167,050.00	167,050.00
			7,500	260,625.00	260,625.00
BROWNING FERRIS INDS INC BRUNSWICK CORP			4,200	103,950.00	103,950.00
				119,848.00	145,993.75
BRUSH WELLMAN INC			7,100	175,383.00	198,900.00
BUILDING MATLS HLDS CORP			14,400	996,704.76	952,031.25
BURLINGTON INDS INC			67,700		
BURLINGTON NORTHN SANTA FE			107,400	9,515,711.82	10,545,337.50
BURLINGTON RES INC			7,800	335,887.50	335,887.50
BUTLER MFG CO DEL		VIII A DE MINISTRA	6,700	222,507.56	228,218.75
C+D TECHNOLOGIES			3,500	81,334.40	203,000.00
CCA INDS INC			12,300	31,145.57	29,596.88
CBS CORP			607,200	11,888,709.88	19,278,600.00
CFI PROSERVICES INC			1,500	17,167.64	25,500.00
CIGNA CORP			56,200	3,243,834.16	3,877,800.00
CLECO CORP			31,300	836,953.85	931,175.00
CTG RES INC			1,587	37,670.80	37,096.13
CNF TRANSN INC			240,600	5,059,056.49	10,225,500.00
CNS INC			3,300	16,529.04	15,365.63
CPAC INC			11,300	122,102.18	108,762.50
CP CLARE CORP			152,300	2,360,989.29	1,446,850.00
CSG SYS INTL INC			127,600	3,347,981.76	5,981,250.00
CSX CORP			45,800	2,020,869.90	2,083,900.00
CTS CORP			23,400	254,475.00	690,300.00
CUNO INC			22,100	466,422.24	477,912.50
CVS CORP			45,000	1,601,600.70	1,752,187.50
CABLETRON SYSTEMS INC			189,200	6,502,224.76	2,542,375.00
CABOT CORP			31,300	763,797.16	1,013,337.50
CABOT OIL + GAS CORP			38,500	959,770.04	770,000.00
CACHE INC			10,400	33,321.03	45,500.00
CALPINE CORP			76,000	1,310,426.80	1,534,250.00
CAMERON ASHLEY BUILDING PROD			20,500	236,845.00	345,937.50
CAMPBELL SOUP CO			18,500	982,812.50	982,812.50
CANNONDALE CORP			17,800	340,442.96	238,075.00
CAPITAL ONE FINL CORP			2,700	335,306.25	335,306.25
CAPITAL RE CORP			18,600	773,156.83	1,332,225.00
CARBIDE/GRAPHITE GROUP INC			1,600	51,664.00	44,500.00
CARAUSTAR INDS INC			20,000	533,683.00	577,500.00
CARDINAL HEALTH INC			4,500	421,875.00	421,875.00
CARETENDERS HEALTHCORP			2,200	13,838.00	12,100.00
CAROLINA PWR + LT CO			6,200	268,925.00	268,925.00
CARPENTER TECHNOLOGY CORP			23,200	963,357.84	1,165,800.00
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Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
CASCADE CORP			13,500	187,035,31	246,375.00
CASE CORP			132,700	7,002,058.65	6,402,775.00
CASEYS GEN STORES INC			101,800	1,433,385.44	1,686,062.50
CASTLE ENERGY CORP			3,600	34,794.00	70,200.00
CATERPILLAR INC			162,700	8,470,046.99	8,607,846.88
CATSKILL FINL CORP			32,600	365,886.00	554,200.00
CAVALIER HOMES INC			152,682	1,761,568.56	1,975,323.38
CAVALRY BANCORP INC			37,700	815,359.25	819,975.00
CENDANT CORP			33,800	705,575.00	692,900.00
CENTEX CORP			2,500	94,375.00	94,375.00
CENTEX CONSTR PRODS INC			19,800	296,727.24	762,300.00
CENTRAL + SOUTH WEST CORP			9,000	241,875.00	241,875.00
CENTRAL HUDSON GAS + ELEC CORP			32,400	1,116,409.16	1,482,300.00
CENTRAL VT PUBLIC SERVICE			21,700	291,978.50	324,143.75
CENTRIS GROUP INC			14,200	132,768.25	175,725.00
CENTURY TEL ENTERPRISES INC		CATE IN THE	68,700	3,261,756.38	3,151,612.50
CERADYNE INC CALIF			8,800	44,051.37	44,000.00
CERIDIAN CORP			3,100	182,125.00	182,125.00
CHAMPION INTL CORP			4,500	221,343.75	221,343.75
CHANNELL COML CORP			1,600	20,764.00	17,600.00
CHARTWELL RE CORP			15,500	519,662.87	456,281.25
CHASE INDS INC			9,150	98,413.00	180,712.50
CHASE MANHATTAN CORP NEW			248,300	11,436,139.75	18,746,650.00
CHERRY CORP			16,100	216,953.47	261,625.00
CHESAPEAKE UTILS CORP			5,100	78,582.50	89,887.50
CHEVRON CORP			84,600	4,235,397.06	7,085,250.00
CHOCK FULL O NUTS CORP			11,700	85,181.89	78,975.00
CHROMORAFT REVINGTON INC			18,000	247,836.25	326,250.00
CHRYSLER CORP			161,800	5,641,375.00	9,121,475.00
CHUBB CORP			7,300	586,737.50	586,737.50
CIBER INC			160,600	2,412,846.04	6,102,800.00
CIDCO INC			66,500	1,048,234.50	307,562.50
CINCINNATI FINL CORP			6,500	249,437.50	249,437.50
CINCINNATI MILACRON INC			1,600	38,900.00	38,900.00
CINERGY CORP	교통하는 내일 없는 동네이다		29,100	1,013,506.00	1,018,500.00
CIRCUIT CITY STORES INC			4,100	192,187.50	192,187.50
CISCO SYS INC			56,600	4,647,300.00	5,210,737.50
CITATION CORP ALA			28,600	412,176.75	572,000.00
CIRCUIT SYS INC			2,100	10,584.00	7,087.50
CITICORP			97,900	7,016,131.07	14,611,575.00
CITIZENS CORP				986,737.50	1,681,481.25
CITRIX SYS INC			53,700		
			108,900	1,946,343.88	7,446,037.50
CLEAR CHANNEL COMMUNICATIONS CLEVELAND CLIFFS INC			23,700	1,799,332.61	2,586,262.50
			24,900	955,838.40	1,335,262.50
CLINTRIALS RESH INC			76,100	692,514.64	370,987.50
CLOROX CO			4,100	391,037.50	392,062.50
COASTAL BANCORP INC			45,300	904,575.00	1,109,850.00
COASTAL CORP	교하는 이 12 전을 받는 하는 것을 보냈		4,500	314,156.25	314,156.25

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
COCA COLA CO	100 1 2 1 1 1 1			409,800	19,340,285.66	35,037,900.00
COGNIZANT CORP	Galler von de in			76,600	3,930,822.00	4,825,800.00
COLD METAL PRODS INC				10,400	52,384.00	52,000.00
COLGATE PALMOLIVE CO				85,100	6,004,064.07	7,488,800.00
COLLINS + AIKMAN CORP				50,500	339,410.44	375,593.75
COLONIAL GAS CO				7,800	174,594.50	223,275.00
COLUMBIA ENERGY GROUP				3,400	189,125.00	189,125.00
COLUMBIA / HCA HEALTHCARE CORP				238,300	7,804,284.66	6,940,487.50
COMAIR HLDGS INC				79,350	1,293,094.18	2,449,931.25
COMCAST CORP				15,400	625,143.75	625,143.75
COMERICA INC				6,400	424,000.00	423,200.00
COMMERCE BANCSHARES INC				50,700	2,485,492.50	2,474,793.75
COMMERCIAL INTERTECH CORP				15,900	217,573.71	288,187.50
COMMERCIAL METALS CO				30,700	765,596.50	944,025.00
COMMONWEALTH ENERGY SYS	Element of the second			30,500	732,299.36	1,151,375.00
COMMUNICATIONS SYS		SALE YOUR		65,900	1,047,803.05	1,054,400.00
COMMUNITY TR BANCORP INC				3,800	95,822.91	126,350.00
COMPAQ COMPUTER CORP				525,500	10,471,543.96	14,911,062.50
COMPDENT CORP				1,800	23,922.00	28,125.00
COMPUCOM SYS INC				17,700	139,220.50	115,050.00
COMPUTER ASSOC INTL INC				148,100	6,270,035.66	8,228,806.25
COMPUTER SCIENCES CORP				92,600	4,784,651:12	5,926,400.00
COMPX INTL INC				9,900	198,000.00	214,087.50
CONAGRA INC		Y 100 7		20,200	640,087.50	640,087.50
CONCENTRA MANAGED CARE INC				95,200	1,994,359.56	2,475,200.00
CONGOLEUM CORP NEW				15,500	185,416.50	147,250.00
CONNECTICUT ENERGY CORP				8,200	187,691.40	228,575.00
CONNECTICUT WTR SVC INC				4,600	128,496.50	158,700.00
CONSECO INC				7,700	359,975.00	360,937.50
CONSO PRODS CO				11,800	108,459.50	97,350.00
CONSOLIDATED CIGAR HLDGS INC				5,000	69,199.50	61,250.00
CONSOLIDATED EDISON INC				9,700	446,806.25	446,806.25
CONSOLIDATED NAT GAS CO				3,900	229,612.50	229,612.50
CONSOLIDATED STORES CORP	y for the			99,800	3,914,370.60	3,617,750.00
CONSOLIDATED CAP CORP				173,000	3,480,906.25	3,889,796.88
COOKER RESTAURANT CORP				15,500	150,730.75	151,125.00
COOPER COS INC				42,200	940,217.59	1,537,662.50
COOPER INDS INC				4,900	269,193.75	269,193.75
COOPER TIRE + RUBR CO				185,200	3,582,447.50	3,842,900.00
COORS ADOLPH CO				1,400	47,600.00	47,600.00
CORNING INC				9,900	344,025.00	344,025.00
CORUS BANKSHARES INC				10,700	380,440.53	430,675.00
COSTCO COS.INC				8,700	548,643.75	548,643.75
COTTON STS LIFE INS CO		the second		2,437	14,349.06	34,727.25
COUNTRYWIDE CR INDS INC				4,400	223,300.00	223,300.00
COURIER CORP				2,100	26,656.00	57,225.00
CRANE CO				1,800	87,412.50	87,412.50
CRESTAR FINL CORP				9,600	361,401.60	523,800.00

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CROMPTON + KNOWLES CORP		345,400	5,362,092.80	8,699,762.50
CROWN CENT PETE CO		300	5,874.00	3,787.50
CROWN CORK + SEAL INC		5,800	275,500.00	275,500.00
CULLEN FROST BANKERS INC		14,700	529,837.50	797,475.00
CULP INC		22,100	223,252.13	285,918.75
CUMMINS ENGINE INC		81,600	4,282,534.80	4,182,000.00
CURATIVE HEALTH SERVICES INC		66,800	1,476,213.90	1,903,800.00
CYPRUS AMAX MINERALS CO		3,600	47,700.00	47,700.00
D+N SVGS FINL CORP		3,630	52,581.37	97,329.38
DIY HOME WHSE INC		15,500	60,357.50	32,937.50
DSC COMMUNICATIONS CORP		4,800	144,000.00	144,000.00
D.R.HORTON, INC		14,400	113,228.00	300,600.00
DTE ENERGY CO		186,500	5,513,591.85	7,529,937.50
DT INDUCTRIES INC		11,500	331,324.21	278,875.00
DAIN RAUSCHER CORP		5,500	119,915.00	301,125.00
DAISYTEK INTL CORP		101,800	2,108,043.61	2,589,537.50
DAL TILE INTL INC		129,000	1,116,434.80	1,265,812.50
DAMARK INTL INC		1,000	10,102.50	8,500.00
DAMES + MOORE GROUP INC		20,600	256,472.63	265,225.00
DANA CORP		63,500	2,760,876.67	3,397,250.00
DARDEN RESTAURANTS INC		6,000	95,250.00	95,250.00
DATA GEN CORP		98,400	1,532,660.90	1,469,850.00
DATA PROCESSING CORP		29,500	551,418.90	916,343.75
DATARAM CORP		4,200	41,909.00	48,825.00
DATASTREAM SYS INC		96,400	1,990,996.56	1,837,625.00
DAVOX CORP		31,300	1,084,067.50	684,687.50
DAWSON GEOPHYSICAL CO		1,000	18,165.00	19,000.00
DAYTON HUDSON CORP		93,200	3,270,455.52	4,520,200.00
DEB SHOPS INC		2,000	14,455.00	17,250.00
DECORATOR INDS INC		4,832	23,795.18	62,816.00
DEERE + CO		51,600	2,603,723.61	2,726,737.51
DEFIANCE INC		13,100	96,992.75	111,350.00
DELL COMPUTER CORP		26,400	2,450,250.00	2,450,250.00
DELPHI FINL GROUP INC		4,867	78,122.74	274,072.94
DELTA AIR LINES INC DE		21,300	2,162,266.32	2,753,025.00
DE LUXE CORP		138,600	4,862,948.47	4,954,950.00
DEPARTMENT 56 INC		23,800	561,052.81	844,900.00
DETROIT DIESEL CORP		6,800	123,934.32	146,625.00
DEWOLFE COS INC		3,100	15,562.00	20,537.50
DIAGNOSTIC HEALTH SVCS INC		98,300	1,356,438.47	847,837.50
DIGI INTL INC		67,300	1,521,342.45	1,362,825.00
DIME CMNTY BANCORP INC		38,900	711,384.09	1,079,475.00
DILLARDS INC		82,500	2,760,070.76	3,418,593.75
DIMON INC		14,500	257,891.74	163,125.00
DISCOUNT AUTO PTS INC		21,900	409,327.92	569,400.00
DISNEY WALT CO		62,600	3,901,588.49	6,576,912.50
DIXIE GROUP INC			131,187.23	114,950.00
DIXON TICONDEROGA CO		12,100	LT SALES SALES	
		2,100	13,734.00	28,612.50

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
DOCUMENTUM INC				70,000	2,946,148.79	3,360,000.00
DOMINION HOMES INC				5,800	26,157.00	84,100.00
DOMINION RES INC VA				7,800	317,850.00	317,850.00
DONEGAL GROUP INC		w.		13,377	150,181.37	250,824.99
DONNELLEY R R + SONS CO				6,400	292,800.00	292,800.00
DONNELY CORP				10,900	174,412,65	187,343.75
DOUBLECLICK INC				28,300	787,708.41	1,406,156.25
DOVER CORP				179,000	4,011,122.00	6,130,750.00
DOW CHEM CO				76,700	5,949,386.70	7,415,931.25
DOW JONES + CO INC				3,900	217,425.00	217,425.00
DRAVO CORP				6,300	65,079.00	57,881.25
DRESSER INDS INC				31,500	1,363,168.20	1,387,968.75
DU PONT E I DE NEMOURS + CO				365,600	14,909,168.52	27,305,750.00
DUCKWALL ALTO STORES INC NEW				10,700	150,990.50	187,250.00
DUKE ENERGY CO				33,499	1,307,470.36	1,984,815.75
DUN + BRADSTREET CORP				137,000	3,176,302.88	4,932,000.00
DURAKON INDS INC				2,200	24,702.44	24,475.00
DYERSBURG CORP				24,600	161,517.55	142,987.50
EG + G INC				1,800	54,000.00	54,000.00
ELXSI CORP				7,500	42,187.50	78,750.00
EMC CORP MASS			local tieve b	337,600	6,642,194.55	15,128,700.00
EMC INS GROUP INC				20,400	264,191.44	300,900.00
EAGLE FOOD CTFS INC				5,100	25,706.05	16,256.25
EASTERN ENTERPRISES				800	34,300.00	34,300.00
EASTERN UTILS ASSOC				37,400	855,039.00	981,750.00
EASTMAN CHEM CO				3,200	199,200.00	199,200.00
EASTMAN KODAK CO				43,100	2,721,504.46	3,148,993.75
EATON CORP	12 17 15 17			28,200	2,306,600.00	2,192,550.00
ECHLIN INC				2,600	127,562.50	127,562.50
ECOLAB INC				5,200	161,200.00	161,200.00
EDELBROCK CORP				6,200	104,485.50	109,275.00
EDISON INTL				15,900	470,043.75	470,043.75
EDO CORP				4,800	32,640.00	45,600.00
EDUTREK INTL INC				31,800	654,772.50	779,100.00
EGGHEAD COM				72,500	662,016.48	611,718.75
EL PASO ELEC CO				79,900	547,114.28	734,081.25
ELECTRONIC ARTS				42,700	1,380,130.75	2,305,800.00
ELECTRONIC DATA SYS CORP NEW				269,200	10,711, 70 9.93	10,751,175.00
EMERSON ELEC CO				190,900	10,856,058.18	11,525,587.50
EMPI INC				1,400	28,318.50	23,187.50
EN POINTE TECHNOLOGIES INC				1,000	7,727.50	7,125.00
ENERGEN CORP			C. J. A.	25,000	441,795.00	503,125.00
ENGELHARD CORP				5,600	113,400.00	113,400.00
ENGLE HOMES INC				12,800	110,812.00	200,000.00
ENERGYNORTH INC				4,700	99,903.50	123,962.50
ENERGYSOUTH INC				3,750	64,287.50	83,437.50
ENESCO GROUP INC				6,700	183,330.09	206,025.00
ENHANCE FINL SVCS GROUP INC				30,400	307,800.00	1,026,000.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ENRON CORP				57,100	2,805,535.21	3,086,968.75
ENTERGY CORP				207,800	5,128,976.95	5,974,250.00
ENVIRONMENTAL TECHNOLOGIES				2,800	20,703.67	15,225.00
ENVOY CORP NEW		1		99,000	3,018,138.07	4,690,125.00
EQUIFAX INC				5,800	210,612.50	210,612.50
ESSEX CNTY GAS CO				2,400	67,558.50	110,400.00
ESTERLINE TECHNOLOGIES CORP				15,200	182,594.04	317,300.00
ETHAN ALLEN INTERIORS INC				59,000	628,211,73	2,942,625.00
ETHYL CORP				78,600	600,848.75	481,425.00
EVEREST REINSURANCE HLDGS				53,900	1,757,625.10	2,071,781.25
EXAR CORP				41,300	954,700.00	867,300.00
EXCEL INDS INC				21,700	296,906.00	310,581.25
EXCEL TECHNOLOGY INC				1,900	19,135.47	16,862.50
EXECUTIVE RISK INC	14			34,000	872,525.00	2,507,500.00
EXPRESS SCRIPTS INC				31,100	1,429,986.52	2,507,437.50
EXTENDED STAY AMER INC				93,700	1,117,356.58	1,054,125.00
EXXON CORP				251,800	12,037,461.21	17,972,225.00
FMC CORP				23,000	1,594,905.55	1,568,312.50
FPL GROUP INC				7,400	466,200.00	466,200.00
FAMILY GOLF CTRS INC				51,900	1,181,659.75	1,313,718.75
FARR COMPANY				8,550	28,654.92	105,271.88
FARREL CORP				2,000	9,017.60	7,562.50
FDX CORP				103,400	4,053,755.60	6,488,350.00
FEDDERS USA INC				33,100	187,463.69	221,356.25
FEDERAL HOME LN MTG CORP				27,800	1,308,337.50	1,308,337.50
FEDERAL NATL MTG ASSN				248,100	8,412,377.60	15,072,075.00
FEDERATED DEPT STORES INC DEL				232,000	7,759,800.30	12,484,500.00
FIBERMARK INC				11,250	89,237.50	180,000.00
FIDELITY NATL FINL INC				18,128	235,295.46	721,721.00
FIFTH THIRD BANCORP				9,200	579,600.00	579,600.00
FINLAY ENTERPRISES INC				11,900	199,320.75	287,087.50
FINISH LINE INC				43,000	1,172,049.19	1,209,375.00
FIRST ALIEN PARISH BANCORP INC				12,500	156,875.00	306,250.00
FIRST AMERICAN FINL CORP				15,450	308,298.75	1,390,500.00
FIRST AMERN CORP TENN				35,900	860,354.11	1,727,687.50
FIRST CASH INC				2,200	13,425.50	27,500.00
FIRST CHICAGO NBD CORP				134,900	7,815,435.20	11,955,512.50
FIRST CTZNS BANCSHARES INC N C				16,900	893,377.50	1,691,056.25
FIRST CO BANGORP INC				50,182	585,424.89	1,392,550.50
FIRST DATA CORP				155,000	5,179,521.72	5,163,437.50
FIRST FED BANCSHARES ARK INC				30,500	635,737.50	804,437.50
FIRST MIDWEST BANCORP INC DEL				30,725	697,948.64	1,350,939.84
FIRST SVGS BK WASH BANCORP INC	Yes and			19,600	259,870.14	494,900.00
FIRST SOURCE BANCORP INC				73,800	772,049.23	714,937.50
FIRST UN CORP				183,700	7,804,140.14	10,700,525.00
FIRST WESTN BANCORP INC				6,300	104,769.00	185,456.25
FIRSTCITY FINL CORP				1,200	37,660.56	34,800.00
FIRSTFED FINL CORP DEL				40,200	1,503,287.01	2,090,400.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
FIRSTPARTAN FINL CORP				32,200	1,181,082.10	1,330,262.50
FIRSTENERGY CORP				8,900	273,675.00	273,675.00
FLEET FINL GROUP INC				141,600	6,388,695.70	11,823,600.00
FLEETWOOD ENTERPRISES INC				1,500	60,000.00	60,187,50
FLEMING COS INC				24,600	425,897,34	432,037.50
FLORIDA PUB UTILS CO				1,000	19,832.50	30,250.00
FLORIDA ROCK INDS INC				43,700	598,311.07	1,275,493.75
FLOWSERVE CORP				67,000	1,736,763.26	1,649,875.00
FLUOR CORP				3,300	168,300.00	168,300.00
FLUSHING FINL CORP				56,200	841,840.73	1,601,700.00
FOAMEX INTL INC				45,900	550,949.54	800,381.25
FORD MTR CO DEL	A PARTY OF STREET			548,324	14,651,932.60	32,351,116.00
FORT JAMES CORP				8,500	378,250.00	379,312.50
FORTUNE BRANDS INC				7,000	269,062.50	269,062.50
FOSTER L B CO				19,700	84,581.75	102,193.75
FOSTER WHEELER CORP				1,700	36,443.75	36,443.75
FOUNDATION HEALTH SYS INC				85,390	2,467,057.65	2,252,161.25
FRANKLIN COVEY CO				44,800	906,719.80	862,400.00
FRANKLIN RES INC				10,100	545,400.00	545,400.00
FREEPORT MCMORAN COPPER + GOLD				7,300	110,868.75	110,868.75
FRIEDMAN BILLINGS	ente Politice			24,000	458,640.00	346,500.00
FRIEDMAN INDS INC				5,787	18,633.88	39,423.94
FRIEDMANS INC				25,800	385,476.49	427,312.50
FRONTIER CORP				6,700	211,050.00	211,050.00
FRONTIER INS GROUP INC NEW				41,470	833,052.54	935,666.88
FRUIT OF THE LOOM INC				3,500	116,156.25	116,156.25
GATX	15 July 15 11 11 11 11 11 11 11 11 11 11 11 11			50,900	2,060,747.58	2,233,237.50
GRC INTL INC				5,300	35,302.62	54,325.00
GPU INC				37,100	1,301,800.50	1,402,843.75
GS FINL CORP				45,000	596,250.00	753,750.00
GT BICYCLES INC	in the State of			11,600	104,364.00	84,825.00
GTE CORP				39,100	2,174,937.50	2,174,937.50
G III APPAREL GROUP LTD				3,000	16,245.00	13,500.00
GAINSCO INC				42,300	372,032.80	277,593.75
GALLAGHER ARTHUR J + CO				26,100	856,342.38	1,167,975.00
GANNETT INC				11,500	817,218.75	817,218.75
GAP INC				16,000	986,000.00	983,000.00
GARAN INC				6,800	141,747.00	184,450.00
GATEWAY 2000 INC				212,100	7,308,031.14	10,605,000.00
GEHL CO	700		Allendary by	6,800	49,586.25	137,700.00
GENCORP INC				38,600	450,665.75	974,650.00
GENERAL CHEM GROUP INC				55,500	1,006,748.75	1,540,125.00
GENERAL DYNAMICS CORP				4,700	218,550.00	218,550.00
GENERAL ELEC CO				529,800	27,961,797.23	48,145,575.00
GENERAL INSTRICORP DEL				6,000	163,125.00	163,125.00
GENERAL MAGNAPLATE CORP		- N		3,600	12,109.50	18,168.75
GENERAL MLS INC				24,900	1,847,160.50	1,699,425.00
GENERAL MTRS CORP				129,400	7,903,805.38	8,645,537.50

Name	Coupon Rate Matur	ity Date Par Value	Shares	Amortized Cost	Market Value
GENERAL RE CORP			32,300	5,191,657.95	8,188,050.00
GENERAL SIGNAL CORP			1,800	64,800.00	64,800.00
GENESCO INC			76,700	949,552.90	1,265,550.00
GÉNESYS TELECOMMUNICATIONS LAB			27,700	707,506.83	915,831.25
GENLYTE GROUP INC			12,000	102,592.50	318,000.00
GENUINE PARTS CO			106,800	3,112,707.26	3,691,275.00
GEORGIA GULF CORP			53,200	1,653,592.31	1,213,625.00
GEORGIA PAC CORP			103,700	6,260,596.44	6,111,818.75
GEOTEL COMMUNICATIONS CORP			28,400	856,152.35	1,157,300.00
GIANT CEM HLDG INC			15,100	259,116.25	432,237.50
GIANT FOODS INC			2,400	103,350.00	102,787.50
GIANT INDS INC			6,700	107,752.75	116,412.50
GILLETTE CO			293,700	7,483,948.20	16,704,187.50
GLATFELTER P H CO			26,800	469,339.92	423,775.00
GLEASON CORP			6,200	108,129.50	174,375.00
GLOBAL MOTORSPORT GROUP INC			8,700	140,530.50	182,156.25
GLOBAL INDL TECHNOLOGIES INC			40,900	727,209:84	587,937.50
GLOBAL INDUSTRIES INC			175,700	1,939,720.90	2,964,937.50
GOLDEN BOOKS FAM ENTERT, INC.			47,600	485,970.16	182,962.50
GOLDEN WEST FINL CORP DEL			2,500	265,781.25	265,781.25
GOODRICH B F CO			18,200	785,415.49	903,175.00
GOODYEAR TIRE AND RUBBER			72,200	3,968,614.75	4,652,387.50
GOODYS FAMILY CLOTHING INC			43,400	800,654.18	2,381,575.00
GRACE W R + CO DEL NEW			253,300	4,808,387.77	4,321,931.25
GRACO INC			22,200	273,857.23	774,225.00
GRADCO SYSTEMS			6,900	25,927.22	46,575.00
GRAHAM CORP			2,000	31,725.00	32,500.00
GRAINGER W W INC			4,000	199,250.00	199,250.00
GRAND CASINOS INC			85,500	1,166,656.49	1,453,500.00
GRANITE CONSTR INC			20,900	413,504.00	640,062.50
GREAT, ATLANTIC + PAC TEA INC			1,400	46,287.50	46,550.00
GREAT LAKES CHEMICAL CORP			56,500	2,273,745.52	2,228,218.75
GREEN A P INDS INC			16,800	161,810.50	367,500.00
SREEN MOUNTAIN PWR CORP			5,800	148,547.25	83,012.50
SRIFFON CORP			12,500	120,716.72	160,156.25
SUIDANT CORP			32,500	1,484,046.74	
SUILFORD MLS INC					2,317,656.25
SUITAR CTR INC			48,000	780,265.25 1,446,748.26	960,000.00
SUNDLE/SLT ENVIRONMENTAL INC			62,500		1,882,812.50
IMT TECHNOLOGY CORP			14,400	80,562.00	64,800.00
180 + CO			86,200	1,119,165.80	721,925.00
IUBCO INC			16,900	595,725.00	595,725.00
IA LO INDS INC			24,188	473,507.82	866,232.75
IAGLER BAILLY INC			38,000	1,327,052.73	1,182,750.00
ALLIBURTON CO			6,900	134,893.34	178,537.50
			44,000	2,205,798.80	1,955,250.00
AMPSHIRE GROUP LTD			5,500	83,120.00	118,937.50
ARCOURT GEN INC			2,800	166,600.00	166,600.00
IARBOR FL BANCSHARES INC			83,600	1,008,425.00	997,975.00

HARDINGE BROS INC HARLEYSYLLE GROUP INC HARNISCHFEGER INDS INC HARNISCHFEGER INDS INC HARRISCHFEGER INDS INC HARRISCH INTL INC HASBRO INC HASBRO INC HASBRO INC HAVERTY FURNITURE COSINC HASBRO INC HAVERTY FURNITURE COSINC HAVERTY FURNITURE COSINC HAVERTY FURNITURE COSINC HAVERTY FURNITURE COSINC HEALTH-CARE SVCS GROUP INC HAVER SVCS GROUP	
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HEINZ H J CO 61,700 2,017,790,90 3,462,91 HELMERICH AND PAYNE INC 2,000 44,500,00 44,80 HERBALIFE INTL INC 21,866 475,541.89 538,45 HERBALIFE INTL INC 19,332 371,496,54 398,72 HERCULES INC 4,700 193,287,50 193,287 HERITAGE FINL CORP WASH 28,500 380,310.00 420,333 HERLEY INDUSTRIES INC 6,966 75,863,16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,44	5.00
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HERBALIFE INTL INC 19,332 371,496.54 398,72 HERCULES INC 4,700 193,287.50 193,287.50 HERITAGE FINL CORP WASH 28,500 380,310.00 420,33 HERLEY INDUSTRIES INC 6,966 75,863.16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	5.00
HERCULES INC 4,700 193,287.50 193,287.50 HERITAGE FINL CORP WASH 28,500 380,310.00 420,33 HERLEY INDUSTRIES INC 6,966 75,863.16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	0.25
HERITAGE FINL CORP WASH 28,500 380,310.00 420,33 HERLEY INDUSTRIES INC 6,966 75,863.16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	2.50
HERLEY INDUSTRIES INC 6,966 75,863.16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	7.50
HERLEY INDUSTRIES INC 6,966 75,863.16 86,20 HERSHEY FOODS CORP 5,600 386,400.00 386,40 HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	5.00
HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	4.26
HEWLETT PACKARD CO 220,800 11,983,969,79 13,220,40	0.00
HEXCEL CORP NEW 50,000 1,096,066.74 1,143,75	0.00
	0.00
HIGH PLAINS CORP 10,400 32,039.80 27,30	0.00
HILTON HOTELS CORP 10,000 285,000.00 286,20	0.00
HOLIDAY RV SUPERSTORES INC 1,200 2,904.48 2,54	0.00
HOLLY CORP 6,800 174,193.00 175,10	0.00
HOME DEPOT INC 69,900 5,259,327.65 5,806,00	8.75
HOMESTAKE MNG CO 5,700 59,137.50 59,13	7.50
HONEYWELL INC 5,300 442,881.25 442,8	1.25
HOUSEHOLD INTL INC 101,400 4,756,165.68 5,044,63	0.00
HOUSTON EXPL CO 24,000 545,860.00 550,5	0.00
HOUSTON INDS INC 11,400 351,975.00 351,2	2.50
HOVNANIAN ENTERPRISES INC 22,000 151,639.25 228,2	0.00
HUGHES SUPPLY INC 7,200 188,341.92 263,7	0.00
HUMANA INC 7,700 240,143.75 240,1-	3.75
HUNTINGTON BANCSHARES INC 6,900 231,150.00 231,1	0.00
H는 12 (10년) 사람은 보다 보니다. 12 (11년) 12 (11년) 12 (11년) 12 (11년 12년 12년 12년 12년 12년 12년 12년 12년 12년	5.00
HUTCHINSON TECHNOLOGY INC 24,600 558,597.52 670,3	0.00
IDT CORP 26,700 659,475.00 802,6	
IBP INC 53,700 1,276,932.30 973,3	
IDEC PHARMACEUTICALS CORP 28,400 1,238,842.80 669,1	100
IMC GLOBAL INC 301,800 10,425,251.63 9,091,7	
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20. 사용 1. 전 1. 10. H. C.	
2018년 교육의 사실 보고 있는데 가장 과학하다 보고 있는데 그리고 있다고 있다면 하다 하는데 하는데 하는데 그리고 있다면 없었다. 그리고 있는데 다음이다.	
IKON OFFICE SOLUTIONS INC 194,500 5,897,589.17 2,832,4	لنه.س

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
IL FORNAIO AMER CORP			52,600	754,821.29	585,175.00
ILLINOIS TOOL WKS INC			10,200	680,212.50	680,212.50
IMPATH INC			35,000	1,329,041.58	850,937.50
IMPERIAL HOLLY CORP			10,155	113,434.21	92,029.69
IMNET SYS INC			23,100	564,484.75	308,962.50
INACOM CORP			1,500	35,396.85	47,625.00
INDEPENDENCE HLDG CO NEW			5,900	42,448.50	82,600.00
INDIANA ENERGY INC			2,400	57,498.00	71,700.00
INDUSTRIAL DISTR GROUP INC			22,200	453,124.32	344,100.00
INGERSOLL RAND CO			6,700	295,218.75	295,218.75
INGLES MKTS INC			25,000	330,572.36	362,500.00
INLAND ENTMT CORP			3,300	14,746.12	11,550.00
INLAND STL INDS INC			62,400	1,481,089.58	1,758,900.00
INSITUFORM EAST INC			1,800	5,078.34	4,050.00
INNOVATIVE VALVE TECHNOLOGIES			135,700	1,807,154.84	1,000,787.50
INTEGRATED DEVICE TECHNOLOGY			157,100	1,748,499.51	1,124,246.88
INTEGRATED CIRCUIT SYS INC	함께 어느리다는 어울리 봤어.		2,200	31,438.00	36,575.00
INTEL CORP			276,300	17,345,086.07	20,480,737.50
INTER TEL INC			125,000	932,135.07	2,000,000.00
INTERCHANGE FINL SVCS CORP			5,325	59,200.50	102,506.25
INTERMET CORP			46,000	682,520.63	833,750.00
INTERNATIONAL BUSINESS MACHS			162,700	14,271,264.82	18,679,993.75
INTERNATIONAL FLAVOURS			4,400	191,125.00	191,125.00
INTERNATIONAL INTEGRATION INC			37,300	628,351.10	643,425.00
INTERNATIONAL NETWORK SVCS			50,700	1,413,536.29	2,078,700.00
INTERNATIONAL PAPER CO			12,300	528,900.00	528,900.00
INTERNATIONAL TELECOMM SYS INC			62,100	1,468,844.32	1,800,900.00
INTERPOOL INC			51,600	579,097.40	744,975.00
INTERPUBLIC GROUP COS INC			5,000	303,437.50	303,437.50
INTERSTATE ENERGY CORP WISC			7,500	208,275.00	243,750.00
INTERSTATE/JOHNSON LANE INC			4,000	43,441.25	126,000.00
INTRAVINC			3,200	32,528.00	67,200.00
INTEVACING			14,400	132,901.14	154,800.00
INVESTORS TITLE INS CO			1,000	10,665.00	25,000.00
IRWIN FINL CORP			8,000	83,330.00	232,500.00
JSB FINL INC			23,200	723,783.87	1,358,650.00
JACO ELECTRS INC			3,000	22,807.50	18,656.25
JEAN PHILLIPPE FRAGRANCES INC			11,600	100,225.04	93,525.00
JEFFERSON PILOT CORP			4,200	243,337.50	243,337.50
JOHNSON + JOHNSON			169,700	8,004,445.09	12,557,800.00
JOHNSON CTLS INC			3,500	200,156.25	200,156.25
JOSTENS INC			1,400	33,425.00	33,425.00
JUNO LTG INC			43,900		
JUST FOR FEET INC				771,198.50 2.425.033.48	1,037,137.50
JUSTIN INDS INC			140,400	2,425,033.48	4,001,400.00 856 237 50
KLA TENCOR CORP			53,100 3,300	569,371.01	856,237.50
K MART CORP			3,300	91,368.75	91,368.75
K TRON INTL INC			21,300	410,025.00	410,025.00

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
K2 INC			6,400	126,512.00	112,800.00
K V PHARMACEUTICAL COMPANY			51,000	1,042,718.94	1,153,875.00
KAMAN CORP			5,000	52,075.00	95,156.25
KATY INDS INC			2,000	37,035.00	36,500.00
KAUFMAN + BROAD HOME CORP			1,500	47,625.00	47,437.50
KAYE GROUP INC			7,900	59,998.92	51,350.00
KELLOGG CO			56,600	1,991,717.50	2,133,112.50
KELLSTROM INDS INC		Light in the second	62,000	1,665,591.47	1,796,062.50
KENNAMETAL INC			46,900	1,982,932.00	1,958,075.00
KENT ELECTRS CORP			12,600	278,976.60	230,737.50
KERR MCGEE CORP			1,900	109,962.50	109,962.50
KEY ENERGY GROUP INC			43,800	602,307.48	574,875.00
KEYCORP NEW			17,900	637,687.50	637,687.50
KEYSTONE AUTOMOTIVE INDS INC			3,760	63,302.55	86,950.00
KEYSTONE CONS INDS INC			4,300	48,670.41	51,062.50
KIMBERLY CLARK CORP			102,400	4,115,741.84	4,697,600.00
KING WORLD PRODTNS INC			2,900	73,950.00	73,950.00
KNAPE + VOGT MFG CO			5,500	90,113.75	123,750.00
KNIGHT RIDDER INC			3,300	181,706.25	181,706.25
KOSS CORP			5,400	38,691.00	54,675.00
KROGER CO			322,800	8,110,184.35	13,840,050.00
KRUG INTL CORP			4,200	24,234.00	22,575.00
LTV CORP NEW			63,800	889,514.23	610,087.50
LSI LOGIC CORP			5,900	136,068.75	136,068.75
LSI INDS INC			32,700	527,237.50	654,000.00
LTX CORP			132,300	908,445.12	649,096.88
LACLEDE GAS CO			21,400	490,642.08	524,300.00
LACROSSE FOOTWEAR INC			1,000	12,102.50	11,500.00
LANDAMERICA FINL GROUP INC			9,700	186,563.45	555,325.00
LANDRYS SEAFOOD REST INC			46,300	979,990.31	837,740.63
LANDSTAR SYS INC			9,400	216,393.93	328,412.50
LASON HLDGS INC			63,500	2,289,956.24	3,460,750.00
LAWSON PRODS INC			1,700	37,468.00	43,775.00
LAYNE CHRISTENSEN CO			4,200	62,380.50	51,975.00
LEASING SOLUTIONS INC			57,600	1,174,868.38	1,656,000.00
LEGATO SYSTEMS INC			321,800	3,669,206.96	12,550,200.00
LEHMAN BROTHERS HLDGS INC			4,500	349,031.25	349,031.25
LIBBEY INC			28,000	628,782.00	1,072,750.00
LIBERTY CORP S C			12,900	417,107.75	649,031.25
LIFE USA HLDS INC			30,800	240,557.50	398,475.00
LIFETIME HOAN CORP			19,800	167,417.00	198,000.00
LIFE RE CORP			43,900	1,221,065.30	3,638,212.50
ULLY ELI+ CO			113,400	4,907,017.93	7,512,750.00
LIMITED INC			135,500	4,534,766.88	4,488,437.50
LINCOLN NATL CORP IN			4,100	374,637.50	374,637.50
LINDBERG CORP			8,300	54,488.25	161,850.00
LINENS N THINGS INC			88,800	1,251,818.50	2,713,950.00
LITTELFUSE INC			60,400	999,877.50	1,525,100.00
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Name	Coupon Rate M	laturity Date	Par Value	Shares	Amortized Cost	Market Value
LIZ CLAIBORNE INC				145,700	6,825,910.50	7,612,825.00
LOCAL FINL CORP				38,600	496,474:36	501,800.00
LOCKHEED MARTIN CORP				43,600	3,969,191.25	4,616,150.00
LOEWS CORP				19,200	1,926,498.54	1,672,800.00
LONE STAR INDS INC				23,300	596,552.50	1,795,556.25
LONE STAR STEAKHOUSE + SALOON			Evaluation	41,900	833,752.24	578,743.75
LONG BEACH FINL CORP				152,500	1,236,043.75	1,677,500.00
LONG IS BANCORP INC				48,300	1,733,448.77	2,934,225.00
LONGS DRUG STORES CORP				1,400	40,425.00	40,425.00
LOUISIANA PAC CORP				3,900	71,175.00	71,175.00
LOWES COS INC				192,800	3,663,854.75	7,820,450.00
LUBRIZOL CORP				67,600	2,327,137.56	2,044,900.00
LUBYS CAFETERIAS INC				39,100	748,328.82	686,693.75
LUCENT TECHNOLOGIES INC				52,900	4,400,618.75	4,400,618.75
LUMISYS INC				6,800	35,440.75	25,500.00
M + F WORLDWIDE CORP				17,400	153,798.25	172,912.50
MAF BANCORP INC				9,700	162,584.51	352,837.50
MBIA INC				4,000	299,500.00	299,500.00
MBNA CORP				20,400	673,200.00	674,475.00
MCI COMMUNICATIONS CORP				101,900	5,515,043.76	5,922,937.50
M.D.C. HOLDINGS INC				22,800	155,503.75	450,300.00
MFRIINC				7,200	64,913.00	61,200.00
MGIC INVT CORP WIS				64,600	4,237,012.50	3,686,237.50
SCHOTTENSTEIN HOMES INC				11,900	143,120.50	257,337.50
MMI COS INC				60,900	1,507,372.54	1,408,312.50
MRV COMMUNICATIONS INC				161,500	4,753,872.54	3,351,125.00
MYR GROUP INC				6,221	42,093.81	86,705.19
MACNEAL SCHWENDLER CORP				22,800	212,112.50	223,725.00
MACROVISION CORP				91,200	1,268,153.98	2,177,400.00
MALLINCKRODT INC NEW		11.0		27,300	1,114,669.76	810,468.75
MANOR CARE INC				2,600	99,937.50	99,937.50
MARCUS CORP				6,000	87,320.00	107,250.00
MARINE DRILLING COS INC				60,700	378,611.56	971,200.00
MARINER HEALTH GROUP INC				22,200	178,537.83	369,075.00
MARISA CHRISTINA INC				12,100	97,281.02	28,737.50
MARITRANS INC				5,000	41,818.50	
MARK BROS JEWELERS INC						45,312.50
MARSH + MCLENNAN COS INC				111,600	2,049,035.20	2,176,200.00
MARSH SUPERMARKETS INC				173,800	6,047,607.25	10,504,037.50
MARRIOTT INTL INC NEW				9,100	115,194.06	150,150.00
MARSHALL INDS				10,000	323,750.00	323,750.00
MARTIN COLOR FI INC				25,000	763,869.81	681,250.00
MASCO CORP				7,900	49,512.99	23,700.00
MASCOTECH INC				204,300	6,216,084.00	12,360,150.00
MASTECH CORP			Str. In .	44,600	826,808.00	1,070,400.00
MATTEL INC				49,000	918,159.82	1,378,125.00
MAXCO INC				216,800	7,173,761.58	9,173,350.00
				2,300	22,350.25	19,693.75
MAXWELL SHOE INC				6,400	43,383.50	127,200.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
MAY DEPT STORES CO				9,800	641,900.00	641,900.00
MAXXIM MED INC				6,500	94,244.15	188,500.00
MAX + ERMAS RESTAURANTS INC				4,900	32,527.25	34,912.50
MAXICARE HEALTH PLANS INC				47,700	1,048,022.85	321,975.00
MAXXAM INC				7,300	362,755.28	414,275.00
MAXIMUS INC				66,600	1,594,898.93	1,914,750.00
MAYTAG CORP				3,800	187,625.00	187,625.00
MCCLAIN INDS INC				400	1,912.41	2,025.00
MCDONALDS CORP				93,300	5,073,487.00	6,437,700.00
MCGRATH RENTCORP				30,900	284,900.78	652,762.50
MCGRAW HILL COS INC				35,300	1,384,932.47	2,876,950.00
MCRAE INDS INC				1,600	11,009.92	11,200.00
MEAD CORP				4,200	133,350.00	133,350.00
MEASUREMENT SPECIALTIES INC				1,500	5,340.00	4,500.00
MEDIAONE GROUP INC				24,600	1,080,862.50	1,080,862.50
MEDICAL ASSURN INC				15,972	220,997.43	443,223.00
MEDQUIST INC				51,200	1,234,546.98	1,478,400.00
MEDTRONIC INC				19,100	1,217,625.00	1,217,625.00
MEDUSA CORP				28,100	692,366.50	1,763,275.00
MELLON BK CORP				10,400	724,100.00	724,750.00
MERCANTILE BANCORPORATION INC				5,300	266,987.50	266,987.50
MERCANTILE STORES INC				1,500	118,406.25	118,406.25
MERCK + CO INC				199,700	13,220,051.85	26,709,875.00
MERCURY AIR GROUP INC				6,250	43,596.51	48,043.03
MERCURY INTERACTIVE CORP				42,500	1,178,869.74	1,896,562.50
MEREDITH CORP				2,100	98,568.75	98,568.75
MERIDIAN RESOURCE CORP				49,716	551,783.25	351,119.25
MERRILL CORP				11,200	123,124.00	247,100.00
MERRILL LYNCH + CO INC				13,800	1,273,050.00	1,273,050.00
MESA LABS INC				1,800	11,322.00	9,225.00
MESTEK INC				16,100	178,656.50	344,137.50
METHODE ELECTRS INC				58,900	1,097,387.25	912,950.00
METRO NETWORKS INC				93,300	1,884,209.48	4,023,562.50
METROWEST BKMASS				11,100	50,975.36	86,718.75
MICRO LINEAR CORP				5,000	35,697.00	22,812.50
MICROSOFT CORP				99,900	10,826,662.50	10,826,662.50
MICROSTRATEGY INC				7,100	85,200.00	200,575.00
MICRON TECHNOLOGY INC				8,300	205,943.75	205,943.75
MICROSEMI CORP				1,900	24,026.00	17,575.00
MID AMER BANCORP				6,800	118,124.18	220,150.00
MIDWEST EXPRESS HLDGS INC				12,299	204,154.90	445,070.06
MIKASA INC				22,200	292,119.38	283,050.00
MILLIPORE CORP				1,400	38,150.00	38,150.00
MILTOPE GROUP INC				12,100	42,725.12	30,250.00
MINDSPRING ENTERPRISES INC				29,100	787,954.29	2,993,662.50
MINNESOTA MNG + MFG CO		41.0		63,200	3,424,430.67	5,194,250.00
MIRAGE RESORTS INC				7,300	155,581.25	155,581.25
MISSISSIPPI CHEM CORP				41,192	835,887.42	677,093,50
		SECTION SERVICES				A CONTRACTOR OF THE PARTY OF TH

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
MOBIUS MGMT SYS INC				45,200	735,258.36	678,000.00
MOBIL CORP				94,400	4,479,984.40	7,233,400.00
MOBILE AMER CORP FLA				8,255	82,358.00	80,486.25
MONACO COACH CORP	Syral V			7,800	123,133.38	228,150.00
MONRO MUFFLER BRAKE INC				2,940	40,597.76	46,305.00
MONSANTO CO			A LOW THE PARTY	76,200	3,988,471.00	4,257,675.00
MORGAN J P + CO INC				7,200	843,300.00	842,850.00
MORGAN KEEGAN INC				44,700	327,800.00	1,156,612.50
MORGAN STANLEY DEAN WITTER				51,850	3,086,830.00	4,737,793.75
MORTON INTL INC IND NEW				5,300	132,500.00	132,500.00
MOSAIX INC				14,500	132,835,45	142,281.25
MOTOROLA INC				73,900	4,069,821.15	3,884,368.75
MOVADO GROUP INC				60,000	593,291.34	1,815,000.00
MUELLER INDS INC				8,200	190,827.94	304,425.00
MYLAN LABS INC				140,000	2,144,721.00	4,235,000.00
MYLEX CORP				57,500	659,385.34	388,125.00
MYSTIC FINL INC				35,000	507,500.00	511,875.00
NBTY INC				30,000	464,565.00	551,250.00
NCH CORP		7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		2,400	149,171.15	153,750.00
NAC RE CORP				26,500	1,037,095.70	1,414,437.50
NS GROUP INC				4,000	55,620.60	40,500.00
NFO WORLDWIDE INC				35,500	620,027.44	632,343.75
NUI CORP				13,900	281,758.90	353,581.25
NVR INC				11,300	113,235,50	464,006.25
NYMAGIC INC				16,600	267,675.00	454,425.00
NABORS INDUSTRIES INC				57,700	1,395,737.92	1,154,000.00
NACCO INDS INC				300	38,775.00	38,775.00
NALCO CHEM CO				2,800	98,350.00	98,350.00
NASH FINCH CO				20,800	380,719.93	313,300.00
NATIONAL BANCORP ALASKA INC	10.00			12,000	185,995.00	370,500.00
NATIONAL CITY CORP				13,100	930,100.00	930,100.00
NATIONAL DISC BROKERS GROUP				3,700	57,886.50	39,312.50
NATIONAL INS GROUP				4,500	46,467.58	38,812.50
NATIONAL SEMICONDUCTOR CORP				8,000	105,500.00	105,000.00
NATIONAL SVC INDS INC				1,700	86,487.50	86,487.50
NATIONAL STEEL CORP				25,900	320,050.46	307,562.50
NATIONAL WESTN LIFE INS CO				1,900	165,376.00	229,900.00
NATIONSBANK CORP				113,100	8,413,677.87	8,673,356.25
NAVIGATORS GROUP INC				9,400	173,026.00	178,012.50
NAVISTAR INTL CORP INC				2,500	72,187.50	72,187.50
NEOPATH INC				124,900	1,933,648.43	897,718.75
NEW YORK TIMES CO				3,900	309,075.00	309,075.00
NEWELL CO				6,400	318,800.00	318,800.00
NEWMONT MING CORP				6,600	155,925.00	155,925.00
NEWPARK RES INC				147,600	911,571.53	1,642,050.00
NIAGARA BANCORP INC			FIRST SE	58,800	936,855.38	867,300.00
NEXTEL COMMUNICATIONS INC		NAC TO SERVE		10,700	266,162.50	266,162.50
NIAGARA MOHAWK PWR CORP				7,800	116,512.50	116,512.50
			A CHIEF STREET			

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
NICOR INC				1,900	76,237.50	76,237.50
NIKE INC				36,900	1,767,487.95	1,796,568.75
NINE WEST GROUP INC				12,100	335,214.77	324,431.25
NORDSTROM INC				3,600	278,100.00	278,100.00
NORFOLK SOUTHN CORP			100	109,000	1,907,359.77	3,249,562.50
NORTECH SYS INC				2,100	10,852.75	11,418.75
NORTEK INC				8,900	91,489.25	273,675.00
NORTH CAROLINA NAT GAS CORP				14,400	306,409.37	365,400.00
NORTHERN STS PWR CO MN				5,600	160,300.00	160,300.00
NORTHERN TRUST CORP				4,500	343,125.00	343,125.00
NORTHROP GRUMMAN CORP		I TAX SHEET		2,700	278,437.50	278,437.50
NORTHWEST NAT GAS CO				21,500	535,886.95	601,328.13
NORWEST CORP				30,800	1,151,150.00	1,155,000.00
NORWOOD PROMOTIONAL PRODS INC		Value of the same		28,100	477,700.00	562,000.00
NU HORIZONS ELECTRS CORP				13,700	107,042.31	82,200.00
NOVELL INC				13,600	173,400.00	173,400.00
NOVOSTE CORP				29,600	601,547.18	653,050.00
NUCOR CORP .				83,600	4,240,439.40	3,845,600.00
NUEVO ENERGY CO				44,300	1,450,071.95	1,423,137.50
O CHARLEYS INC				41,700	478,504.75	625,500.00
OEC MED SYS INC				63,600	1,054,093.24	1,431,000.00
OICORP				5,200	22,676.75	25,350.00
OCCIDENTAL PETE CORP				14,900	402,300.00	402,300.00
OCEANEERING INTL INC				72,100	1,290,427.80	1,279,775.00
OCULAR SCIENCES INC				119,200	2,674,403.26	3,874,000.00
OGLEBAY NORTON CO				3,200	68,926.50	126,400.00
OLD DOMINION FIGHT LINES INC				1,400	25,956.00	21,721.88
OLD REP INTL CORP				142,850	3,315,830.09	4,196,218.75
OLSTEN CORP				117,700	2,156,755.50	1,316,768.75
OLYMPIC STL INC				900	17,217.72	11,250.00
OMNICOM GROUP				6,800	339,150.00	339,150.00
OMNIQUIP INTL INC				50,000	1,288,125.00	925,000.00
ONE VY BANCORP WEST VA INC				52,968	1,114,805.99	1,926,711.00
ONEOK INC NEW				1,300	51,837.50	51,837.50
OPTEK TECHNOLOGY INC				3,000	36,120.00	57,375.00
ORACLE CORP				39,300	965,306.25	965,306.25
ORANGE + ROCKLAND UTILS INC				- 15,400	532,527.33	826,787.50
ORANGE CO INC NEW				6,900	55,400.88	40,968.75
ORYX ENERGY CO				4,300	95,137.50	95,137.50
OSHKOSH TRUCK CORP				7,900	107,091.00	197,500.00
OSULLIVAN INDUSTRIES				8,500	94,321.10	119,000.00
OTTER TAIL PWR CO				7,100	241,571.50	263,143.75
OWENS ILL INC				5,900	264,025.00	264,025.00
OXFORD INDS INC				1,500	51,840.00	52,406.25
				2,300	10,698.31	23,000.00
			A PROPERTY.	2,800	20,503.00	25,900.00
P A M TRANSN SVCS INC				46,500	523,447.25	796,312.50
PCD INC				70,000	262,687.50	

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
PG+E CORP				16,400	517,625.00	517,625.00
PFF BANCORP INC				114,200	2,108,893.39	2,126,975.00
PLM INTL INC				7,400	26,221.00	58,275.00
PNC BK CORP				12,300	661,893.75	662,662.50
PP+LRESINC				6,700	152,006.25	152,006.25
PPG INDS INC				7,600	528,675.00	528,675.00
PSS WORLD MED INC				76,825	992,399.15	1,123,565.63
PXRE CORPORATION				30,082	710,597.65	902,460.00
PACCAR INC				3,100	161,975.00	161,975.00
PACIFIC CREST CAP INC				1,200	11,748.00	21,150.00
PACIFIC GATEWAY EXCHANGE INC				30,800	1,318,818.24	1,233,925.00
PACIFICORP				13,600	307,700.00	307,700.00
PALL CORP				4,900	100,450.00	100,450.00
PARAMETRIC TECHNOLOGY CORP				160,600	5,075,473.87	4,356,275.00
PARK ELECTROCHEMICAL CORP				4,300	101,578.90	90,837.50
PARKER HANNIFIN CORP				46,950	1,453,294,42	1,789,968.75
PARKVALE FINL CORP				3,281	58,617.03	105,812.25
PATHOGENSIS CORP				41,800	1,162,007,58	1,212,200.00
PATRICK INDS INC			14 - 1 - 14	11,100	147,994.00	169,275.00
PATTERSON DENTAL CO				55,350	919,750.25	2,027,193.75
PAULA FINL DEL				12,000	243,000.00	241,500.00
PEGASUS SYS INC				115,700	1,988,642.47	2,964,812.50
PENN ENGR MFG CORP				5,800	117,247.25	118,900.00
PENNCORP FINL GROUP INC				32,900	1,120,144.09	674,450.00
PENNEY J C INC				10,200	737,587.50	737,587.50
PENNZOIL CO				1,800	91,125.00	91,462.50
PEOPLES BANCORP INC DEL				110,900	1,138,193.50	1,109,000.00
PEOPLES ENERGY CORP		duwing 70. S		1,400	54,075.00	54,075.00
PEP BOYS MANNY MOE + JACK				2,100	39,768.75	39,768.75
PEPSICO INC				361,900	7,954,034.11	14,905,756.25
PERINI CORP				8,100	65,114.00	69,356.25
PERKIN ELMER CORP	Sales A			1,900	118,156.25	118,156.25
PERSONAL GROUP OF AMER INC				49,600	992,884.78	992,000.00
PETROLEUM DEV CORP				2,500	15,533.00	12,109.38
PETSMART INC				135,700	1,356,971.14	1,357,000.00
PHARMACYCLICS INC				66,700	1,576,997.05	1,584,125.00
PHARMACIA + UPJOHN INC				20,600	950,175.00	950,175.00
PFIZER INC	ALL AND STATE			208,900	8,600,513.89	22,704,818.75
PHELPS DODGE CORP				69,400	4,119,748.00	3,968,812.50
PHILIP MORRIS COS INC				573,000	17,334,219.93	22,561,875.00
PHILLIPS PETE CO	5.00			46,400	2,051,128.15	2,235,900.00
PHYMATRIX CORP				5,000	49,699.69	44,062.50
PICCADILLY CAFETERIAS INC				8,200	96,488.47	105,575.00
PILGRIMS PRIDE CORP				11,700	192,941.19	234,000.00
PIONEER HI BRED INTL INC				9,200	380,650.00	380,650.00
PIONEER STD ELECTRS INC				26,300	353,987.99	253,137.50
PITNEY BOWES INC		The second		96,900	4,782,775.88	4,663,312.50
PITT DESMOINES INC		West of the Asia		10,900	182,103.10	286,125.00
				748.	TOTAL CONTRACTOR	

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
PITTSTON CO			1,600	34,582.08	24,900.00
PLAYCORE INC			8,000	32,350.50	36,000.00
PLAY BY PLAY TOYS + NOVELTIES			1,200	20,523.00	12,375.00
PLENUM PUBG CORP			8,400	305,475.00	615,300.00
POLARIS INDS INC			37,900	1,003,033.01	1,421,250.00
POLAROID CORP			1,500	53,343.75	53,343.75
POOL ENERGY SVCS CO			122,400	1,623,744.07	1,805,400.00
POTLATCH CORP			1,200	50,400.00	50,400.00
POWELL INDS INC			10,800	149,257.00	135,000.00
PRAXAIR INC			203,600	6,686,786.98	9,531,025.00
PRE PAID LEGAL SVCS INC			51,900	1,333,697.38	1,638,093.75
PRECISION CASTPARTS CORP			75,300	4,317,410.58	4,019,137.50
PRIMESOURCE CORP			1,100	11,112.75	9,900.00
PRIMA ENERGY CORP CO			5,350	58,566.25	94,962.50
PRIDE INTL INC			66,300	1,035,504.25	1,122,956.25
PRINCETON VIDEO IMAGE INC			40,000	280,000.00	185,000.00
PROCTER + GAMBLE CO			155,900	6,979,169.20	14,196,643.75
PROFESSIONALS INS CO MGMT GROU			2,090	41,638.50	78,375.00
PROFESSIONAL DETAILING INC			2,900	46,400.00	72,137.50
PROFIT RECOVERY GROUP INTL INC			55,500	1,165,500.00	1,550,531.25
PROGRAMMERS PARADISE INC			5,500	49,763.75	45,375.00
PROGRESSIVE CORP OHIO			2,900	408,900.00	408,900.00
PROVIDENCE ENERGY CORP			6,900	125,738.00	145,331.25
PROVIDENT BANKSHARES CORP			44,290	1,373,511.12	1,306,555.00
PROVIDENT FINL HLDGS INC			42,000	440,062.50	871,500.00
PROVIDIAN FINL CORP			3,900	306,393.75	306,393.75
PUBLIC SVC CO NM			52,700	948,855.81	1,195,631.25
PUBLIC SVC ENTERPRISE GROUP			9,400	323,712.50	323,712.50
PULASKI FURNITURE CORP			3,800	68,908.25	95,000.00
PULTE CORP			1,700	50,787.50	50,787.50
QAD INC			131,900	2,070,284.05	1,187,100.00
QUAD SYS CORP			1,100	7,537.75	2,784.38
QUAKER CHEMICAL			1,500	30,682.50	28,406.25
QUAKER OATS CO			5,600	307,650.00	307,650.00
QUANEX CORP			29,600	597,037.21	897,250.00
QUINTEL ENTMT INC			15,900	99,848.13	61,612.50
R+BINC			16,900	117,870.15	181,675.00
RCM TECHNOLOGIES INC			49,500	1,169,740.51	1,005,468.75
RLICORP			16,750	359,493.60	681,515.63
RJR NABISCO HLDGS CORP			102,300	3,356,473.57	2,429,625.00
RMI TITANIUM CO			20,000	474,478.24	455,000.00
RTW INC			17,000	111,667.50	131,750.00
RADIANT SYS INC			37,300	846,512.50	540,850.00
RALSTON PURINA CO			24,300	1,789,340.29	2,838,543.75
RAYCHEM CORP			226,700	9,064,372.07	6,701,818.75
RAYTEL MED CORP			7,500	84,056.25	41,250.00
RAYTHEON CO			158,700	7,968,021.70	9,383,137.50
READ RITE CORP			20,900	374,155.72	189,406.25
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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
REEBOK INTL LTD				172,200	6,547,826.06	4,767,787.50
REEDS JEWELERS INC				7,000	24,640.00	28,000.00
REFAC TECHNOLOGY DEV CORP				4,200	26,905.00	51,712.50
RELIASTAR FINL CORP				49,200	1,519,025.40	2,361,600.00
RENAISSANCE WORLDWIDE INC				145,800	3,634,695.30	3,171,150.00
RENAL CARE GROUP INC				55,500	1,903,672.50	2,445,468.75
RENTAL SVC CORP				48,300	977,012.65	1,624,087.50
RENTRAK CORP				5,100	22,436.94	28,528.13
REPTRON ELECTRONICS INC				3,200	48,011.91	35,800.00
REPUBLIC GROUP INC				17,710	192,475.50	371,910.00
REPUBLIC INDUSTRIES INC				316,000	8,604,542.50	7,919,750.00
REPUBLIC NY CORP				37,400	1,855,164.00	2,353,862.50
RESOURCE BANCSHARES MTG GRP IN				33,423	448,027.24	622,503.38
REX STORES CORP				12,500	203,836.71	157,812.50
REYNOLDS METALS CO				13,800	821,381.92	771,075.00
RICHEY ELECTRONICS INC				13,100	109,999.00	102,343.75
RICHFOOD HLDGS INC				115,000	2,106,504.05	2,379,062.50
RICHMOND CNTY FINL CORP				101,700	1,647,855.55	1,900,518.75
RICHTON INTL CORP				1,100	4,328.50	11,275.00
RIGGS NATL CORP WASH DC				74,000	954,941.87	2,162,187.50
RIGHT MGMT CONSULTANTS INC				6,600	86,326.50	89,100.00
RITE AID CORP				161,700	3,029,193.81	6,073,856.25
RIVAL CO				1,600	25,264.00	21,600.00
ROADWAY EXPRESS INC DEL	Wall of Service			13,100	317,743.86	247,262.50
ROANOKE ELEC STL CORP				10,350	103,388.56	194,062.50
ROBBINS + MYERS INC				20,400	790,333.00	592,875.00
ROBERTSON CECO CORP				6,200	48,534.00	56,962.50
ROCHESTER GAS + ELEC CORP				14,100	281,079.85	450,318.75
ROCK TENN CO				5,700	90,959.46	71,606.25
ROCKWELL INTL CORP NEW				8,000	384,500,00	384,000.00
ROHM + HAAS CO				43,300	3,393,757.35	4,497,787.50
ROHN INDS INC				28,600	147,187.75	134,062.50
ROUGE INDS INC DEL				39,800	862,525.00	507,450.00
ROWAN COS INC				3,600	69,975.00	69,975.00
RUBBERMAID INC				6,000	199,125.00	198,000.00
RUSSELL CORP				43,700		
RYANS FAMILY STEAK HOUSES INC					1,182,716.80	1,319,193.75
RYDER SYS INC				87,400	652,600.85	895,850.00
S + K FAMOUS BRANDS INC				233,300	7,082,221.30	7,363,531.25
SBC COMMUNICATIONS INC				4,700	52,181.75	83,425.00
SED INTL HLDGS INC				224,536	6,957,274.61	8,981,440.00
SJW CORP				13,100	71,324.00	106,437.50
SLM HLDG CORP				1,700	61,327.00	100,300.00
SMC CORP				7,000	343,000.00	343,000.00
SAFECO CORP		Standard Co.		1,100	8,569.00	8,662.50
SAFETY COMPONENTS INTL INC			The same	69,700	2,429,174.80	3,162,637.50
ST FRANCIS CAP CORP				5,400	61,216.00	95,850.00
		Tell all the		2,700	69,295.50	104,625.00
ST JOSEPH LT + PWR CO				9,300	148,938.25	173,2

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ST JUDE MED INC				3,400	125,162.50	125,162.50
ST PAUL COS INC				170,884	4,699,829.68	7,187,808.25
SANFILIPPO JOHN B + SON INC				1,900	13,969.75	9,262.50
SARA LEE CORP				130,600	4,764,568.77	7,305,437.50
SBARRO INC				16,800	449,368.56	455,700.00
SCAN OPTICS INC			Section 1	4,000	28,285.20	21,000.00
SCHERING PLOUGH CORP				184,500	8,428,123.33	16,904,812.50
SCHNITZER STL INDS INC				3,300	81,397.79	77,962.50
SCHULTZ SAV O STORES INC				6,450	61,359.50	104,812.50
SCHWAB CHARLES CORP		Out Park the		10,200	331,500.00	332,775.00
SCHWEITZER MAUDUIT INTL INC				8,400	290,084.80	243,600.00
SCIENTIFIC ATLANTA INC				3,200	81,200.00	81,200.00
SCIENTIFIC GAMES HLDGS CORP				18,600	375,315.63	427,800.00
SCOTSMAN INDS INC				39,700	907,490.00	1,101,675.00
SCOTT TECHNOLOGIES INC				16,400	198,241.50	239,850.00
SCOTTS LIQUID GOLD INC				11,300	29,590.00	24,718.75
SEAGATE TECHNOLOGY				11,000	261,937,50	262,625.00
SEACOR SMIT INC				21,000	546,780.00	1,284,937.50
SEALED AIR CORP NEW				3,300	121,275.00	121,275.00
SEARS ROEBUCK + CO				55,700	2,831,980.90	3,401,181.25
SELAS CORP AMER				5,900	66,567.01	52,362.50
SELECTIVE INS GROUP INC				46,100	861,149.55	1,032,928.13
SELFCARE INC				83,200	862,129.00	780,000.00
SEMPRA ENERGY				9,700	269,175.00	269,781.25
SEPRACOR INC				136,300	3,390,166.25	5,656,450.00
SERVICE CORP INTL				47,000	1,346,076.03	2,015,125.00
				156,600	824,640.32	244,687.50
SERVICE MERCHANDISE CO INC				1,000	73,437.50	73,250.00
SHARED MEDICAL SYSTEM SHELBY WILLIAMS INDS INC					103141	52,500.00
않는 회사들은 경우를 하는 것이 없었다. 그런 사람,				3,500	45,788.75	732,318.75
SHELDAHL CO				83,100	1,498,437.50	
SHERWIN WILLIAMS CO				205,600	6,071,381.67	6,810,500.00
SHILOH INDS INC				14,700	265,863.56	297,675.00
SHOLODGE INC				15,400	148,502.17	121,275.00
SIERRA PAC RES				14,400	455,652.00	522,900.00
SIGMA ALDRICH				4,000	140,500.00	140,500.00
SIGNATURE RESORTS INC				87,100	1,910,748.62	1,437,150.00
SIGCORP INC				15,100	360,331.90	484,143.75
SILICON GRAPHICS INC				7,200	87,300.00	87,300:00
SIMONE CENT HLDGS INC				63,800	776,226.53	434,637.50
SIMPSON INDS INC				35,700	303,723.00	488,643.75
SKYLINE CORP				9,300	226,966.00	303,412.50
SMARTALK TELESERVICES INC				56,300	1,701,653.69	819,868.75
SMITHFIELD COS INC				4,000	22,642.50	30,000.00
SNAP ON INC				102,400	4,115,693.00	3,712,000.00
SOLUTIA INC				290,900	7,617,680.28	8,345,193.75
SONATING				4,400	169,950.00	169,950.00
SONOSIGHT INC				12,000	98,892.90	87,750.00
SOUTHERN CO				28,600	791,862.50	791,862.50

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
SOUTHERN ENERGY HOMES INC			24,500	253,024.97	240,406.25
SOUTHERN PAC FDG CORP			3,500	61,867.75	54,906.25
SOUTHWEST AIRLS CO			196,200	5,616,766.06	5,800,162.50
SOUTHWEST SECS GROUP INC			7,590	94,476.00	170,775.00
SPECIALTY EQUIP COS INC			16,600	216,039.00	375,575.00
SPECTRUM CTL INC			4,400	15,163.72	26,400.00
SPEIZMAN INDS INC			3,800	20,177.00	19,950.00
SPORT HALEY INC			1,800	21,559.50	23,625.00
SPRINGS INDS INC			44,700	2,001,488.94	2,061,787.50
SPRINT CORP			17,400	1,226,700.00	1,226,700.00
STAFF BUILDERS INC CL A			12,300	29,127.63	15,759.38
STANDARD COML CORP			16,000	268,775.24	176,000.00
STANDARD MGMT CORP			3,200	22,115.66	23,200.00
STANDARD PRODS CO			32,000	821,145.07	900,000.00
STANDARD REGISTER			32,600	1,075,724.67	1,153,225.00
STANDEX INTL CORP		The will you	48,200	1,375,709.55	1,427,925.00
STANLEY FURNITURE INC			12,000	112,715.00	304,500.00
STANLEY WORKS			3,400	141,312.50	141,312.50
STAR MULTI CARE SVCS INC			3,300	17,278.95	8,250.00
STARRETT LS CO			12,800	292,696.50	505,800.00
STATE AUTO FINL CORP		1 2	10,050	163,200.61	320,343.75
STATE STREET CORPORATION			6,500	451,750.00	451,750.00
STATEN IS BANCORP INC			40,300	755,586.80	916,825.00
STATEWIDE FINL CORP			58,400	749,894.88	1,226,400.00
STEEL TECHNOLOGIES INC			11,100	122,617.51	113,775.00
STEEL WEST VA INC			7,100	61,465.25	68,337.50
STEPAN CHEM CO			14,700	237,037.50	438,243.75
STEPHAN CO			6,300	78,420.75	86,231.25
STERICYCLE INC			138,900	1,279,740.60	2,014,050.00
STEWART INFORMATION SVCS CORP			7,700	163,627.00	373,931.25
STIFEL FINL CORP			3,885	29,586.00	59,003.44
STONE CONTAINER CORP			5,300	82,812.50	82,812.50
STONE ENERGY CORP			38,100	880,504.48	1,354,931.25
STRATTEC SEC CORP			5,200	81,676.75	156,650.00
STRATUS COMPUTER INC			76,700	2,678,875.62	1,941,468.75
STUDENT LN CORP			19,000	702,650.00	894,187.50
STURM RUGER + CO INC			83,500	1,190,872.37	1,398,625.00
SUMMIT BANCORP				Control of the Contro	273
SUN INC			7,100	337,250.00 147,487.50	337,250.00
SUN MICROSYSTEMS INC			3,800	Control of the last of the las	147,487.50
SUNAMERICA INC			337,500	11,358,097.54	14,660,156.25
SUN HEALTHCARE GROUP INC			84,700	3,742,633.65	4,864,956.25
SUNDSTRAND CORP			64,200	772,273.50	938,925.00
SUNRISE ASSISTED LIVING INC			186,000	6,408,378.00	10,648,500.00
SUNRISE RES INC			49,200	1,578,963.24	1,691,250.00
SUNTRUST BKS INC			15,800	46,569.58	54,312.50
			78,600	3,319,287.50	6,391,162.50
SUPERIOR CONSULTANT INC		147 N SW #1	31,900	769,127.06	1,375,687.50

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
SUPERIOR SVCS INC				57,800	1,675,135.11	1,737,612.50
SUPERIOR SURGICAL MFG INC				7,200	63,977.00	117,000.00
SUPERTEL HOSPITALITY				7,000	78,230.12	87,500.00
SUPERVALU INC				70,300	3,036,954.50	3,119,562.50
SUPREMA SPECIALTIES INC				6,900	22,882.47	25,875.00
SUPREME INDS INC				4,316	25,546.76	51,792.00
SUPREME INTL CORP				10,250	114,477.10	167,843.75
SWIFT ENERGY CO				6,200	110,546.00	100,750.00
SYBASE INC.				111,400	1,108,164.53	776,318.75
SYLVAN INC				11,200	121,986.01	176,400.00
SYMMETRICOM INC				14,700	149,590.29	88,200.00
SYMS CORP				28,800	288,446.75	410,400.00
SYNOVUS FINL CORP				10,500	249,375.00	249,375.00
SYSCO CORP				13,800	353,625.00	353,625.00
TBC CORP				44,000	333,955.70	291,500.00
TJX COS INC NEW				12,600	303,975.00	303,975.00
TNP ENTERPRISES INC				18,900	459,447.38	583,537.50
TR FINL CORP				75,200	968,200.00	3,149,000.00
TRW INC				87,500	4,685,718.10	4,779,687.50
TAB PRODS CO				3,100	26,248.00	38,362.50
TAITRON COMPONENTS INC				13,500	40,151.59	36,281.25
TALBOTS INC				51,000	1,266,486.06	1,335,562.50
TANDY CORP				4,300	228,168.75	228,168.75
TANDYCRAFTS INC				14,100	59,732.00	66,093.75
TARRANT APPAREL GROUP				9,800	74,683.50	184,975.00
TECUMSEH PRODS CO				39,600	2,271,175.00	2,091,375.00
TEKTRONIX INC				84,900	3,108,365.58	3,003,337.50
TELE COMMUNICATIONS INC NEW				20,600	791,812.50	791,812.50
TELLABS INC				55,100	3,103,550.90	3,946,537.50
TELTREND INC				8,600	151,157.99	147,812.50
TEMPLE INLAND INC				2,300	123,912.50	123,912.50
TENET HEALTHCARE CORP				91,300	2,754,242.28	2,853,125.00
TENNANT CO				7,000	162,680.00	309,750.00
TENNECO INC NEW		HAS X VIOLENTIA		45,500	2,152,945.21	1,731,843.75
TERRA INDS INC				23,900	306,637.00	215,100.00
TESORO PETE CORP				49,000	399,311.50	787,062.50
TETRA TECHNOLOGIES INC DEL				81,000	1,237,064.84	1,336,500.00
TETRA TECH INC NEW				118,250	2,130,615.00	2,867,562.50
TEXACO INC				22,400	1,337,000.00	1,337,000.00
TEXAS INSTRS INC				317,700	11,645,124.60	18,525,881.25
TEXAS UTILS CO				110,800	4,369,770.00	4,612,050.00
TEXTRON INC				67,100	2,959,840.49	4,810,231.25
THERMO ELECTRON CORP				6,400	218,800.00	218,800.00
THERMWOOD CORP				600	5,523.00	5,287.50
THOMAS + BETTS CORP				2,200	108,350.00	108,350.00
THOMAS INDS INC				12,150	259,686.00	296,915.63
THOR INDS INC				14,400	177,230.06	398,700.00
3COM CORP				203,300	11,076,237.57	6,238,768.75
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Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
3DO CO			14,000	45,835.45	44,187.50
TIMBERLINE SOFTWARE CORP			43,400	984,183.83	1,022,612.50
TIME WARNER INC		100	23,900	2,041,956.25	2,041,956.25
TIMES MIRROR CO NEW			3,600	226,350.00	226,350.00
TIMKEN CO			2,500	77,031.25	77,500.00
TIPPERARY CORP			137,200	637,421.30	394,450.00
TITAN INTL INC ILL			60,600	1,114,789.28	1,030,200.00
TITANIUM METALS CORP			6,000	175,365.00	132,375.00
TODHUNTER INTL INC			5,900	49,948.50	54,206.25
TOLL BROS INC			39,400	770,419.74	1,130,287.50
TOLLGRADE COMMUNICATIONS INC			70,800	1,549,273.26	1,823,100.00
TORCHMARKING			185,900	4,267,907.43	8,504,925.00
TORO CO			18,100	541,396.14	619,925.00
TOTAL RENAL CARE HLDGS INC			143,600	2,763,034.16	4,954,200.00
TOYS R US INC			142,700	3,722,538.00	3,344,531.25
TRACTOR SUPPLY CO			12,100	221,794.08	300,987.50
TRAMMELL CROW CO			97,800	2,239,508.87	3,270,187.50
TRANSACT TECHNOLOGIES INC	(A) E ME E E E E E E E E E E E		1,100	10,203.05	9,762.50
TRANS LUX CORP			1,000	13,457.50	12,187.50
TRANSAMERICA CORP			2,600	299,325.00	299,325.00
TRANSATLANTIC HLDGS INC			22,650	1,280,178.00	1,751,128.13
TRANSPORT CORP OF AMERICA			4,800	50,176.24	79,200.00
TRANSPRO INC			12,600	117,792.72	93,712.50
TRANSTECHNOLOGY CORP		15 E.A. (11 E.W. of 12 E.M. of 12	9,500	121,217.50	244,031.25
TRAVEL PORTS AMER INC			9,473	26,328.37	29,011.06
TRAVELERS GROUP INC			377,400	18,698,749.03	22,879,875.00
TRENWICK GROUP INC			24,350	838,872.31	945,845.31
TREX MED CORP			40,200	552,750.00	663,300.00
TRIDENT MICROSYSTEMS INC			16,400	182,101.10	87,125.00
TRIDENT INTL INC			6,900	89,531.82	103,500.00
TRICON GLOBAL RESTAURANTS INC			33,920	720,241.67	1,074,840.00
TRIBUNE CO NEW			5,000	344,062.50	344,062.50
TRICO MARINE SVCS INC			124,800	3,226,838.89	1,708,200.00
TRISTAR AEROSPACE CO			28,700	466,418.54	444,850.00
TRIUMPH GROUP INC NEW			32,200	1,062,600.00	1,352,400.00
TUFCO TECHNOLOGIES INC			2,400	15,396.00	
TUPPERWARE CORP			42,200	1,428,308.15	16,800.00
TWIN DISC INC		10	5,200	118,411.50	1,186,875.00
TYCO INTL LTD NEW			77,400	3,614,088,90	157,300.00
UCAR INTL INC			180,700	7,835,237.06	4,876,200.00
UFP TECHNOLOGIES INC					5,274,181.25
USX MARATHON GROUP			2,800	11,662.00	11,900.00
USTINC		S. William	11,900	408,318.75	408,318.75
US BANCORP DEL			7,500	202,500.00	202,500.00
US LIQUIDS INC			30,100	1,294,300.00	1,294,300.00
UNUM CORP			86,600	1,723,220.98	1,883,550.00
URS CORP NEW			124,400	6,015,303.15	6,904,200.00
			10,200	88,237.50	173,400.00
USX U S STL GROUP			133,500	4,177,259,00	4,405,500.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
UNICO AMERN CORP				6,700	40,468.00	101,337.50
UNIFI INC				123,100	4,773,072.83	4,216,175.00
UNICOM CORP				8,800	308,550.00	308,550,00
UNION CAMP CORP				2,800	138,950.00	138,950.00
UNION CARBIDE CORP				5,400	288,225.00	288,225.00
UNION PAC CORP				10,100	445,662.50	444,400.00
UNION PACIFIC RES GROUP INC				11,100	194,943.75	194,943.75
UNISOURCE ENERGY CORP				38,000	622,628.99	598,500.00
UNISYS CORP				568,100	9,413,209.56	16,048,825.00
UNIT CORP				37,900	523,447.57	229,768.75
UNITED BANKSHARES INC W VA				5,000	75,412.50	170,625.00
UNITED HEALTHCARE CORP				24,000	1,355,408,00	1,528,500.00
UNITED ILLUM CO				11,600	426,228.00	587,250.00
UNITED NAT FOODS INC			901	54,100	754,973.50	1,541,850.00
US AIRWAYS GROUP INC				3,700	293,225.00	293,225.00
U S HOME CORP NEW				10,200	263,924.28	420,750.00
UNITED STATES SURGICAL CORP				2,900	132,312.50	131,587.50
U S WEST INC NEW				216,800	11,153,027.64	10,148,950.00
UNITED STATIONERS INC				25,700	1,182,654.04	1,664,075.00
UNITED TECHNOLOGIES CORP				9,400	869,500.00	869,500.00
UNITED VIDEO SATELLITE GROUP				51,200	1,426,943.75	2,028,800.00
UNITIL CORP				6,300	138,419.00	148,050.00
UNIVERSAL FOODS CORP				95,200	1,667,428.00	2,112,250.00
UNIVERSAL FST PRODS INC				18,100	232,812.43	296,387.50
UNIVERSAL STAINLESS + ALLOY				7,100	92,759.00	65,231.25
UNOCAL CORP				10,400	371,800.00	371,800.00
UPPER PENINSULA ENERGY CORP				5,100	97,104.00	137,062.50
USBANCORP INC				1,900	90,801.00	146,893.75
USWEB CORP				47,100	425,579.45	1,115,681.25
UTAH MED PROBF INC				13,100	111,127.50	94,975.00
V F CORP				160,200	7,013,400.10	8,290,350.00
VALLEY FORGE CORP				4,050	33,335.18	60,750.00
VALLEY RES INC				2,000	22,540.00	23,375.00
VANSINC				5,200	50,947.78	50,375.00
VARLEN CORP				15,345	244,722.00	529,402.50
VAUGHNS INC				6,300	41,952.10	48,825.00
VENCOR INC NEW				14,000	149,625.00	101,500.00
VENTAS INC				11,100	316,553.27	153,318.75
VENATOR GROUP INC				85,600	1,704,145.41	1,637,100.00
VERISIGN INC				23,100	529,977.40	863,362.50
VIACOM INC				14,500	844,625.00	844,625.00
VIAD CORP				401,500	6,735,731.00	11,141,625.00
VIDEO DISPLAY CORP				1,500	6,856.95	16,500.00
VIKING OFFICE PRODS INC				40,100	295,554.34	1,258,137.50
VIRCO MFG CO				4,455	27,103.50	100,237.50
VITAL SIGNS INC				12,900	222,291.00	235,425.00
VULCAN MATLS CO				53,400	6,015,027.32	5,697,112.50

Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
WFS FINL INC			35,000	471,912.48	245,000.00
WACHOVIA CORP NEW			101,900	6,531,762.78	8,610,550.00
WAL MART STORES INC			355,300	12,798,078.43	21,584,475.00
WALGREEN CO			180,600	2,514,896.00	7,481,037.50
WALKER INTERACTIVE SYS			48,000	636,299.28	708,000.00
WARNACO GROUP INC			254,700	7,077,353.25	10,808,831.25
WARNER LAMBERT CO			225,200	11,196,412.83	15,623,250.00
WASHINGTON HOMES INC NEW			12,800	54,493.00	59,200.00
WASHINGTON MUT INC			145,350	6,361,143.67	6,313,640.63
WASTE MGMT INC NEW			202,000	6,801,425.18	7,070,000.00
WATTS INDS INC			6,500	169,494.00	135,687.50
WEBB DEL CORP			25,100	487,280.13	651,031.25
WEBCO INDS INC			2,800	15,815.17	26,600.00
WELLS FARGO + CO			3,500	1,291,500.00	1,291,500.00
WELLS FINL CORP			42,800	472,443.75	904,150.00
WENDYS INTL INC			5,200	122,200.00	122,200.00
WESTERN ATLAS INC			2,200	186,725.00	186,725.00
WESTERN BEEF INC DEL			7,900	61,004.50	65,175.00
WESTCORP INC			21,800	383,668.62	299,750.00
WESTERN PWR + EQUIP CORP			4,000	18,635.07	24,000.00
WESTINGHOUSE AIR BRAKE CO NEW			18,300	228,135.70	480,375.00
WESTVACO CORP			32,700	960,808.00	923,775.00
WEYERHAEUSER CO			8,500	392,593.75	392,593.75
WHIRLPOOL CORP			48,400	3,075,275.00	3,327,500.00
WHOLE FOODS MKT INC			48,500	677,573.75	2,934,250.00
WILLAMETTE INDS INC			4,400	140,800.00	140,800.00
WILLIAMS COS INC			17,100	577,125.00	577,125.00
WILLIAMS CLAYTON ENERGY INC			8,200	107,146.75	84,050.00
WILMAR INDS INC			102,700	1,904,279.70	2,618,850.00
WILSHIRE OIL CO TEX			10,712	59,871.50	63,602.50
WINDMERE DURABLE HLDGS INC			12,200	349,616.86	436,912.50
WINN DIXIE STORES INC			5,900	302,006,25	300,900.00
WINSLOEW FURNITURE INC			11,800	135,540.90	318,600.00
WOLOHAN LMBR CO			8,100	79,170.88	105,806.25
WOLVERINE TUBE INC			29,600	884,143.51	1,124,800.00
WORLD ACCEPTANCE CORP			25,600	139,626.84	145,600.00
WORLD AWYS INC NEW			13,000	106,272.00	50,375.00
WORLDCOM INC GA			129,300	5,674,238.12	6,262,968.75
WORTHINGTON INDS IN			3,700	55,731.25	55,731.25
WORLDTEX INC			24,200	163,455.25	140,662.50
WRIGLEY WM JR CO			4,700	460,600.00	460,600.00
WYMAN GORDON CO			41,100	893,925.00	819,431.25
XEROX CORP			78,800	4,767,941.85	8,008,050.00
YANKEE ENERGY SYS INC			8,600	191,171.00	211,775.00
YELLOW CORP			4,700	83,906.75	87,243.75
YORK FINL CORP			6,462	79,814.82	134,894.25
YORK GROUP INC			1,500	27,153.75	28,500.00

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
YORK INTL CORP				78,000	3,180,491.00	3,397,875.00
ZARING NATL CORP		u i i i i i i i i i i i i i i i i i i i	man who have had	10,100	97,866.50	88,375.00
ZEIGLER COAL HLDG CO				45,200	862,118,27	774,050,00
LORAL SPACE + COMMUNICATIONS				397,300	9,747,430.21	11,223,725.00
STOLT COMEX SEAWAY S.A		alden Staff		52,000	484,576.58	1,007,500.00
Total Domestic Common Stock				61,342,489	1,849,535,691.07	2,404,711,472.43
Domestic Stock Warrants and Rights						
ALLEGIANCE TELECOM INC				1,500	0.00	18,000.00
CELLULAR COMMUNICATIONS INTL				500	3,265.62	7,248,50
INTERNATIONAL CALELTEL INC				1,875	0.00	52,593.75
POWERTEL INC				9,600	0.00	3,360.00
Total Domestic Stock Warrants and Rights				14,975	3,265.62	81,202.25
Preferred Stock - Domestic						
FRESENIUS MED CARE CAP TR				1,500	1,575,000.00	1,552,950.00
Total Domestic Preferred Stock				1,500	1,575,000.00	1,552,950.00
Commingled Domestic Stock						
STATE STREET SPIF				349,219	46,325,158.89	48,008,824.42
Total Commingled Domestic Stock				349,219	46,325,158.89	48,008,824.42
TOTAL DOMESTIC EQUITY				61,760,182	1,897,439,115.58	2,454,354,449.10
Common Stock - ADR						
BANQUE NATIONALE DE PARIS				95,700	4,343,753.01	7,818,989.06
BRITISH PETE PLC				83,200	5,805,537	7,342,400
BRITISH STL PLC				166,000	4,104,498.50	3,776,500.00
BRITISH TELECOMMUNICATIONS				25,000	1,973,136.57	3,087,500.00
COMPANHIA VALE DO RIO DOCE				60,900	1,545,607.75	1,256,671.50
ECSOFT GROUP PLC				63,200	946,779.74	2,046,100.00
ELAN PLC				44,200	1,164,650.29	2,842,612.50
GREAT EASTERN SHIP				6,600	38,087.50	24,750.00
GREAT EASTERN SHIPPING				70,500	380,262.52	256,664.06
HANSON PLC				145,600	4,348,558.99	4,413,500.00
NEWS CORP LTD				46,700	980,400.76	1,500,237.50
NEWS CORP LTD				23,400	427,256.28	661,050.00
NORSK HYDRO A S				80,000	4,053,445.20	3,530,000.00
PECHINEY				136,240	1,802,729.91	2,754,602.50
PERUSAHAAN PERSEROAN INDO SAT	British Brands			37,900	925,292.53	421,637.50
PHILIPPINE LONG DIST TEL CO				75,040	1,797,538.79	1,697,780.00
QANTAS AIRWAYS LTD				66,000	1,133,391,25	993,093.75
RAO GAZPROM				101,000	1,683,501.11	1,128,675.00
REPSOL S A				15,000	498,768.28	825,000.00
ROYAL DUTCH PETE CO				483,800	19,867,886	26,518,288
SAVILLE SYS PLC				74,800	956,176.35	3,749,350.00
STOLT COMEX SEAWAY S A				26,000	186,694.61	455,000.00

TELEFORMADE ARABEMENA	Name	Coupon Rate Maturity Date	Par Value	Shares	Amortized Cost	Market Value
TELEFONICA DEL PERU SA 7,000 1,144 folso 1,467 4/25 50 124 folso 1,467 4/25 50 125 50 1,278 1022 7 1,476 562 50 125 50 1,278 1022 7 1,476 562 50 1,4	TELECOMUNICACOES BRASILEIRAS			50,000	1,455,194.39	5,450,000.00
TELEFONICA S A 20,00	TELEFONICA DE ARGENTINA S A	사람들 내가 얼마나에 되었다.		79,000	1,989,877.51	2,562,562.50
1,15,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0	TELEFONICA DEL PERU SA			71,800	1,314,910.06	1,467,412.50
Page	TELEFONICA S A			25,000	1,279,702.27	3,476,562.50
Total Common Stock	TELEFONOS DE MEXICO S A			236,330	8,048,611	11,358,611
Foreign Common Stock AR NEW ZEALAND ALBERT FISHER GRP ALLON ALLUM LTD ALCON ALLUM LTD AMCOR LIMITED ALCON ALLUM LTD AMCOR LIMITED ASSOCIO ALCON ALLUM LTD AMCOR LIMITED ASSOCIO ASSOCIO BRIT FOODS ASSOCIO BRIT FOODS ASSOCIO BRIT FOODS ASSOCI BRIT AL BESSON ASSOCIO BRIT FOODS ASSOCIA BRIT AL BESSON BASS BAYER AG BASS BAYER AG BASS BAYER AG BASS BAYER MERENSK BAYER M	YPF SOCIEDAD ANONIMA			233,800	7,200,676	7,028,613
AR NEW ZEALAND ALBERT FISHER GRP ALCAN ALLAN LTD S,740,948 3,740,9	Total Common Stock -ADR			2,622,710	80,252,925.01	108,444,161.50
ALBERT FISHER SRP ALBERT FISHER SRP ALCATEL ALSTICGE) ALCATEL ALSTICGE) ALCATEL ALSTICGE) ALFA SA ALCATEL ALSTICGE) ALFA SA AL	Foreign Common Stock					
ALCAN ALUM ITD	AIR NEW ZEALAND			1,120,000	2,945,739.28	1,203,450.26
ALCATEL ALSTIÇCES	ALBERT FISHER GRP			3,740,949	3,199,974.04	1,435,607.23
ALFA SA	ALCAN ALUM LTD			8,700	240,337.50	240,337.50
AMCOR LIMITED 1,039,142 6,837,372.26 4,544,44.37 AMER GROUP 128,000 2,550,514.51 2,472,868,88 ASSOCD BRIT FOODS 11,000 4,472,787.18 4,448,776.67 ASTRA AB 194,686 133,686.77 3,881,140,54 AXA UAP 97,388 (0,17,142.01 10,948,004.47 BARRICK GGLD CORP 14,000 286,625.00 289,500,00 BASS 44,428 (16,643.88 1,834,869,434.88 1,804,864.48 1,804,674.48 1,	ALCATEL ALST(CGE)			63,196	6,857,074.66	12,867,003.45
MER GROUP	ALFA SA			536,300	2,422,059.22	2,226,119.75
ASSOCD BRIT FOODS \$14,000 4,577,787,116 4,449,776,67, ASTRA AB 194,666 1,383,696,77 3,881,140,54 AXA UAP 9,758,67 1,958,500 195,000 0,268,550 10,048,904,47 1,000	AMCOR LIMITED			1,039,142	6,387,372.26	4,549,444.37
ASTRA AB 194,66 1,33,98.77 (3.68).140.56 AXA UAP 97.358 6.017.462.01 10,946,904.47 BARRICK GOLD CORP 14,000 228,825.00 228,500.00 8ASS 140,454 14,000 6.288,825.00 228,500.00 8ASS 140,454 14,000 6.732,643.24 28,838,334.44 8AYER AG 180,000 6.732,643.24 3.838,334.46 8AYER AG 180,000 6.732,643.24 3.838,334.46 8CO CENTRAL HISPAN 158,861 158,861 12,603,979.92 48,986,303.54 8CO CENTRAL HISPAN 158,861 18,800 1.946,614.69 4.203,409.18 8CO CENTRAL HISPAN 158,861 19,800 1.946,614.69 4.859,800.70 1.946,614.69 4.859,800.70 1.946,614.69 4.859,800.70 1.946,614.69 4.859,800.70 1.946,614.69 4.859,800.70 1.946,8	AMER GROUP			128,000	2,550,514.51	2,472,985.89
AXA UAP 97.38 6.017.482.01 1.094.09.04.7 1.00.00 1.094.09.04.7 1.00.00	ASSOCD BRIT FOODS			514,000	4,572,787.18	4,849,776.67
BARRICK GOLD CORP 14,000 288,625,00 289,000,00 BASS 446,428 416,000 6,732,643,24 8,589,533,48 BAYER RAG 186,000 5,772,643,24 5,788,451,46 BCOC CENTRAL HISPAN 158,681 BCOC CENTRAL HISPAN 158,681 BCO DE ANDALUCIA BIG BICC 1,841,470 1,841,470 1,746,532,35 BICC 1,841,470 1,746,532,35 BICC 1,841,470 1,746,641,825 1,746,641,825 BICC 1,841,470 1,746,641,825 1,746,641	ASTRA AB			194,666	1,383,696.77	3,881,140.54
BASS 446.428 6156,843.98 8,364,831.44 BAYER AG 166.000 6.732,643.24 8.589,533.48 BAYER VEREINSBK 67.700 5.167,952.13 5,738,451.46 BAYER VEREINSBK 67.700 5.167,952.13 5,738,451.46 BCO CENTRAL HISPAN 156,661 2,603,979.52 4986,030.58 BCO DE ANDALUCIA 19,800 1,946,614.68 4,203,409.18 BG 1,841,470 5,205,564.37 10,646,161.68 182.30 BICC 1,478,374 5,166,604.81 3,231,332.31 BIOCHEM PHARM INC 100,000 1,716,032.35 2,650,000.00 BILLIC CIRCLE INDS 6,750,564.37 10,646,162.30 BICC 100,000 1,716,032.35 2,650,000.00 BILLIC CIRCLE INDS 6,750,000 1,776,000 1	AXA UAP			97,358	6,017,462.01	10,949,904.47
BAYER AG 166,000 6,732,432,24 8,589,333,49 BAYER VEREINSBK 67,700 5,187,952,13 5,788,451,48 BCO CENITRAL HISPAN 158,681 2,603,979,92 4,996,030,54 BCO DE ANDALUCIA 19,800 1,946,614.68 4,203,409.18 BG 1,814,470 5,205,564.37 10,646,162.30 BICC 1,478,374 5,166,604.81 3,231,332.31 BIOCHEM PHARM INC 100,000 1,716,032.35 2,650,000.00 BLUE CIRCLE INDS 647,646 4,587,927.74 3,657,820.36 BCHER UDDEHOLM 17,760 1,099,869.75 1,173,370.12 BOOTS CO 505,000 6,004,209.69 8,366,939.69 BRIERLEY INWAT LTD 3,881,304 2,076,055.14 1,834,478.79 BTR 1,411,962 4,592,404.55 4,282,404.55 CABLE + WIRELESS 880,000 6,854,583.51 10,446,140.01 CANDAI INC 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,285 4,727,525.59 2,159,483.36	BARRICK GOLD CORP			14,000	268,625.00	269,500.00
BAYER VEREINSBK 67,700 5,187,952,13 5,738,451,46 BCO CENTRAL HISPAN 156,681 2,603,979.92 4,996,030.54 BCO CENTRAL HISPAN 156,681 2,603,979.92 4,996,030.54 BCO DE ANDALUCIA 19,800 11,946,614.69 4,203,409.18 BG 1,841,470 5,205,584,37 10,646,182.30 BICC 11,478,374 5,168,604.81 3,231,332.31 BICCC 11,478,374 5,168,604.81 3,231,332.31 BICCC 11,778,000 17,718,032.35 2,650,000.00 BICC 11,778,000 17,7780 1,989,989.75 1,173,370.12 BICC 11,7780 1,989,989.75 1,173,370.12 BICC 11,7780 1,089,989.75 1,173,370.12 BICC 11,789,989.99 1,178,379.99 1,389,989.75 1,178,379.99 1,389,989.75 1,178,379.99 1,389,989.75 1,178,379.99 1,389,989.75 1,178,379.99 1,389,989.75 1,178,379.99 1,389,989.75 1,389,989.79 1,3	BASS			446,428	6;156,843.98	8,364,831.44
BCC CENTRAL HISPAN 158,681 2,603,979,92 4,996,030,54 BCO DE ANDALUCIA 158,681 2,603,979,92 4,996,030,54 BCO 1,844,674 5,205,594,37 10,646,182,30 BC 1,841,470 5,205,594,37 10,646,182,30 BICC 1,476,374 5,166,604,81 3,231,332,31 BIOCHEM PHARM INC 100,000 1,716,032,35 2,650,000,00 BLUE CIRCLE INDS 847,646 4,587,927,74 3,657,620,36 BOHLER UDDEHOLM 17,780 1,098,969,75 1,173,370,12 BOOTS CO 505,000 6,004,209,69 8,366,933,69 BRIERLEY INVMT LTD 3,881,304 2,076,059,14 1,634,478,79 BTR 1,411,962 4,592,049,55 4,028,516,35 CABLE + WIRELESS 860,000 6,845,833,51 10,445,140,01 CANDIN INC 1,500 4,73,873,88 3,858,485,70 CARTER HOLT HARVEY 2,476,286 4,727,525,9 2,159,483,36 CEZ 45,000 1,586,693,61 1,334,184,51 CHEUNG KONG(HLDGS	BAYER AG			166,000	6,732,643.24	8,589,533.49
BCO DE ANDALUCIA 19,800 1,946,614.68 4,203,409.18 BG 1,841,470 5,205,584.37 10,646,162.30 BICC 1,478,374 5,166,604.81 3,231,332.31 BICCHEM PHARM INC 100,000 1,716,032.35 2,650,000.00 BLUE CIRCLE INDS 647,646 4,587,927.74 3,657,620.36 BOHLER UDDEHOLM 10,999,899.75 1,173,370.12 BOOTS CO 10,000 6,004,209.69 8,866,939.69 BIRERLEY INVMT LTD 3,681,304 2,076,059.14 1,834,478.79 BTR 1,411,862 4,992,049.55 4,028,161.35 CABLE + WIRELESS 860,000 6,844,893.51 10,448,140.01 CANDN INC 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ 48,000 1,968,063.61 1,334,194.51 CHEUNG KONG/HLDGS) 479,000 3,281,930.05 2,355,282.26 CEZ 48,000 4,473,873.84 5,724,934.00 CHE DE SET GOBAIN 30,877 </td <td>BAYER VEREINSBK</td> <td></td> <td></td> <td>67,700</td> <td>5,187,952.13</td> <td>5,738,451.46</td>	BAYER VEREINSBK			67,700	5,187,952.13	5,738,451.46
BG 1841,470 5,255,64,37 10,646,182.30 BICC 14,763,374 5,166,604.81 3,231,332.31 BICC 10,000 1,716,032.35 2,650,000.00 BLUE CIRCLE INDS 647,646 4,587,927.74 3,857,820.36 BOHLER UDDEHOLM 17,760 1,099,889.75 1,173,370.12 BOOTS CO 550,000 500 500,000	BCO CENTRAL HISPAN			158,681	2,603,979.92	4,996,030.54
BICC 1.478.574 5,166.604.81 3,231,332.31 BICCHEM PHARM INC 100,000 1,716,032.35 2,850,000.00 BIUE CIRCLE INDS 647,646 4,587,927.74 3,857,820.36 BOHLER UDDEHOLM 17,760 1,099,969.75 1,173,370.12 BOOTS CO 505,000 6004,209.69 8,366,839.69 BRIERLEY INVMIT LTD 3,881,304 2,076,059.14 1,834,478.79 BTR 1,411,962 4,592,049.55 4,028,516.35 CABLE + WIRELESS 860,000 6,854,583.51 10,446,140.01 CANON INC 170,000 4,473,873.98 3,888,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ 14,000,000 1,968,063.61 1,334,194.51 CEZ 14,000,000 1,968,0	BCO DE ANDALUCIA		to DIV STORE	19,800	1,946,614.69	4,203,409.18
1,476,374 3,123,32231 3,223,323,323 3,223,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323,323 3,233,323 3,233,323 3,233,323 3,233,323 3,233,323,323 3,233,323 3,233,323,323 3,233,323 3,233,323 3,233,323,323 3,233,323 3,233,323,323 3,233,323,323 3,233,323,	BG			1,841,470	5,205,564.37	10,646,182.30
BLUE CIRCLE INDS 847,646 4,587,927.74 3,657,820.36 BCHLER UDDEHOLM 17,760 1,099,969,75 1,173,701.12 BOOTS CO 505,000 5,000 6,004,209.69 8,366,339.69 BRIERLEY INVMT LTD 3,881,304 2,076,059.14 1,834,478.79 BTR 1,411,962 4,592,049.55 4,028.516.35 CABLE + WIRELESS 860,000 6,854,583.51 10,446,140.01 CANON INC 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ CABLE ST GOBAIN COLES T GOBAIN COLES MYER LIMITED COLES MYER LIMIT	BICC			1,478,374	5,166,604.81	3,231,332.31
SOFT	BIOCHEM PHARM INC			100,000	1,716,032.35	2,650,000.00
BOOTS CO 505,000 6,004,209.69 8,366,339.69 BRIERLEY INVMT LTD 3,881,304 2,076,059.14 1,834,478.79 BTR 1,411,962 4,592,049.55 4,028,516.35 BTR 1,411,962 4,592,049.55 4,028,516.35 CABLE + WIRELESS 860,000 6,854,583.51 10,448,140.01 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ 448,000 1,968,063.61 1,334,194.51 CHEUNG KONG(HLDGS) 48,000 1,968,063.61 1,334,194.51 CHEUNG KONG(HLDGS) 49,000 3,281,930.05 2,355,258.26 CIE DE ST GOBAIN 30,877 4,246,133.48 5,724,934.00 COLES MYER LIMITED 44,9532 2,496,339.36 2,533,991.47 CSR LIMITED 42,426,000 8,255,372.17 7,000,688.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138.55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 6,714,760.69 8,222,250.09 EISAI CO	BLUE CIRCLE INDS			647,646	4,587,927.74	3,657,820.36
RIERLEY INVMT LTD 3.881,304 2,076,059.14 1,834,478.79 5.04,28.58 8,385,393.69 5.04,28.58 8,393.69 5.04,28.58 8,393.69 5.04,28.58 8,393.69 5.04,28.58 8	BOHLER UDDEHOLM			17,760	1,099,969.75	1,173,370.12
ETR 1,411,962 4,592,049.55 4,028,516.35 CABLE + WIRELESS 860,000 6,854,583.51 10,446,140,01 CANON INC 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ 48,000 1,968,063.61 1,334,194.51 CHEUNG KONG(HLDGS) 479,000 3,281,930.05 2,355,258.26 CIE DE ST GOBAIN 30,877 4,246,133.48 5,724,934.00 COLES MYER LIMITED 649,532 2,496,339.36 2,533,991.47 CSR LIMITED 2,426,000 8,255,372.17 7,000,688.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138.55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 5,000 6,714,760.69 8,222,250.09 EISAI CO 5,000 6,714,760.69 EISAI CO 5,000 6,714,760.69 EISAI CO 5,000 6,	BOOTS CO			505,000	6,004,209.69	8,366,939.69
CABLE + WIRELESS 860,000 6,854,583.51 10,446,140.01 CANON INC 170,000 4,473,873.98 3,858,485.70 CARTER HOLT HARVEY 2,476,286 4,727,525.59 2,159,483.36 CEZ 48,000 1,968,063.61 1,334,194.51 CHEUNG KONG(HLDGS) 479,000 3,281,930.05 2,355,258.26 CIE DE ST GOBAIN 30,877 4,246,133.48 5,724,934.00 COLES MYER LIMITED 649,532 2,496,339.36 2,533,991.47 CSR LIMITED 2,426,000 8,255,372.17 7,000,688.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138.55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	BRIERLEY INVMT LTD			3,681,304	2,076,059.14	1,834,478.79
CANON INC CARTER HOLT HARVEY CZ 176,286 4,727,525.59 2,159,483,36 2,255,258,26 2,159,483,36 2,255,258,26 2,253,391,47 2,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,261,33,48 3,2724,334,00 3,281,33,05 3,281,33,05 3,235,258,26 3,261,33,48 3,2724,334,00 3,281,33,28 3,281,33,28 3,281,33,28 3,281,33,281,33,28 3,281,33,281,33,28 3,28 3,281,33,28 3,28 3,28 3,28 3,28 3,28 3,28 3,2	BTR			1,411,962	4,592,049.55	4,028,516.35
CARTER HOLT HARVEY CARTER HOLT HARVEY CEZ 48,000 1,968,063,61 1,334,194,51 CHEUNG KONG(HLDGS) 479,000 3,281,930,05 2,355,258,26 CIE DE ST GOBAIN 30,877 4,246,133,48 5,724,934,00 COLES MYER LIMITED COLES MYER LIMITED CSR LIMITED 2,426,000 8,255,372,17 7,000,688,60 DAITO TRUST CONST 97,300 1,049,846,02 736,138,55 DEUTSCHE BANK AG 65,000 2,917,529,83 5,495,187,35 DORAL FINL CORP EISAI CO EISAI CO 417,000 7,353,027,72 5,678,783,08 ELECTRABEL ELECTRABEL ELECTRABEL ELECTROBRAS (CENTER)	CABLE + WIRELESS			860,000	6,854,583.51	10,446,140.01
CEZ	CANON INC			170,000	4,473,873.98	3,858,485.70
CHEUNG KONG(HLDGS) 479,000 3,281,930.05 2,355,258.26 CIE DE ST GOBAIN 30,877 4,246,133.48 5,724,934.00 COLES MYER LIMITED 649,532 2,496,339.36 2,533,991.47 CSR LIMITED 2,426,000 8,255,372.17 7,000,668.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138.55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,676,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	CARTER HOLT HARVEY			2,476,286	4,727,525.59	2,159,483.36
CIE DE ST GOBAIN COLES MYER LIMITED COLES MY	CEZ			48,000	1,968,063.61	1,334,194.51
COLES MYER LIMITED 649,532 2,496,339,36 2,533,991.47 CSR LIMITED 2,426,000 8,255,372.17 7,000,688.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138,55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL ELECTRABEL 5,728,934.00 5,728,934.00 6,523,991.47 7,000,688.60 736,138,55 5,495,187.35 5,678,783.08 ELECTRABEL ELECTRABEL	CHEUNG KONG(HLDGS)			479,000	3,281,930.05	2,355,258.26
CSR LIMITED 2,426,000 8,255,372.17 7,000,688.60 DAITO TRUST CONST 97,300 1,049,846.02 736,138.55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	CIE DE ST GOBAIN			30,877	4,246,133.48	5,724,934.00
DAITO TRUST CONST 97,300 1,049,846.02 736,138,55 DEUTSCHE BANK AG 65,000 2,917,529.83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	COLES MYER LIMITED			649,532	2,496,339.36	2,533,991.47
DEUTSCHE BANK AG 65,000 2,917,529,83 5,495,187.35 DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	CSR LIMITED			2,426,000	8,255,372.17	7,000,688.60
DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	DAITO TRUST CONST			97,300	1,049,846.02	736,138,55
DORAL FINL CORP 15,200 65,227.00 266,000.00 EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	DEUTSCHE BANK AG			65,000	2,917,529.83	5,495,187.35
EISAI CO 417,000 7,353,027.72 5,678,783.08 ELECTRABEL 29,000 6,714,760.69 8,222,250.09	DORAL FINL CORP			15,200	65,227.00	
ELECTRABEL 29,000 6,714,760.69 8,222,250.09	EISAI CO			417,000	7,353,027.72	
FLETROBRAS (CENTR)	ELECTRABEL			29,000	6,714,760.69	
	ELETROBRAS (CENTR)			36,511,000	1,518,992.09	

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ELF AQUITAINE				77,058	6,308,560.06	10,833,441.26
ELKEM AS				118,000	1,540,545.63	1,414,731.85
ELSEVIER NV				268,000	4,526,525.40	4,044,592.97
ESSELTE AB				170,000	2,665,935.96	3,773,065.35
EVC INTERNATIONAL				24,435	1,082,549.76	426,424.70
EVN ENERG VERSORG				22,200	1,444,682.20	3,322,130.36
FIAT SPA				1,861,200	5,323,841.97	8,146,119.60
FORENINGSSPARBK				125,050	1,140,773.54	3,763,284.73
FOREST OIL CORP				61,600	680,950.00	881,650.00
FOSTERS BREWING GR				3,058,259	5,818,927.05	7,196,509.55
GEMSTAR GROUP LTD				147,100	2,909,736.09	5,507,056.25
GERASUL CENTRAIS G				36,511,000	187,740.59	49,876.35
GKN			20013617	629,457	5,014,450.79	8,029,149.95
GLAXO WELLCOME		Accompany and		265,700	5,283,384.56	7,975,331.24
GRANGES AB				158,261	2,188,335.42	2,897,336.26
HILLSDOWN HLDGS				1,039,893	2,566,540.63	2,810,798.29
HITACHI				948,000	8,237,046.42	6,181,791.27
HITACHI ZOSEN CORP				416,000	869,747.97	671,426.95
HONG KONG ELECTRIC				2,181,000	6,876,199.98	6,755,304.87
HSBC HLDGS				97,340	611,593.03	2,380,557.10
HUTCHISON WHAMPOA				520,000	1,158,178.24	2,744,762.04
HYDER				228,166	2,268,596.45	3,582,338.03
IBERDROLA SA				750,000	7,180,676	12,198,705
INCHCAPE				936,000	4,461,138.84	2,982,876.19
INCO LTD				6,000	81,750.00	81,750.00
ING GROEP NV				231,775	6,407,569.19	15,176,529.40
JARDINE MATHESON				844,314	4,827,130.80	2,279,647.80
JARDINE STRATEGIC				601,454	1,686,900.16	1,142,762.60
копо мед со				293,000	2,100,797.16	1,446,157.56
KON BIJENKORF BEH				25,971	1,142,323.96	1,819,303.65
KVAERNER ASA				45,000	1,711,724.79	1,524,720.21
LAIDLAW INC				11,800	143,812.50	143,812.50
MAKITA CORP				87,000	957,487.58	1,002,363.25
MATSUSHITA ELC IND				359,000	6,519,776.43	5,768,418.11
MCDERMOTT INTL INC		en de la la companya de la companya		2,900	99,868.75	99,868.75
MERITA OYJ				550,000	1,201,002.81	3,628,917.24
METSA SERLA OY				165,000	1,426,726.18	1,593,916.69
MOORE CORP LTD				3,000	39,750.00	39,750.00
NATIONAL BK CDA MONTREAL QUE				324,800	2,375,418.07	6,350,039.65
NATIONAL POWER				336,027	2,529,029.21	3,162,126.87
NATL AUSTRALIA BK				553,000	7,811,288.78	7,294,050.77
NEWBRIDGE NETWORKS CORP				181,000	3,401,202.27	4,326,398.02
NICHIDO FIRE + MAR				289,000	1,554,103.39	1,509,709.09
NORTHERN TELECOM LTD				59,200	3,598,188.25	3,359,600.00
NYCOMED AMERSHAM				351,320	1,682,490.20	2,609,648.56
OPEN TEXT CORP				97,500	670,312.50	1,462,500.00
ORICA LTD				418,310	2,897,320.83	2,473,806.15
				A STATE OF THE STATE OF THE STATE OF		

Name	Coupon Rate Maturity D	ate Par Value	Shares	Amortized Cost	Market Value
OUTOKUMPU OYJ			182,600	2,382,801,99	2,329,724.77
OWENS CORNING			97,800	3,544,903.30	3,991,463
PAB K TJIWI KIMIA			3,263,207	2,133,018.21	407,900.05
PHILIPS ELECTRONIC			95,000	3,643,870.87	7,985,854.05
PIONEER INTL LTD			980,889	2,116,617.69	2,338,539.13
PLACER DOME INC			9,800	115,150.00	115,150.00
POWERGEN			585,000	6,142,783.01	8,081,876.59
R + G FINANCIAL CORP			98,800	742,590.89	1,877,200.00
RENAULT (REGIE NATIONALE)			88,697	2,740,873.01	5,045,112.80
REPSOL SA			96,000	2,831,546.98	5,298,843.09
RHONE POULENC SA			146,624	3,526,445.01	8,269,689.74
RIOTINTO			274,000	4,474,281.08	3,085,889.34
ROYAL DUTCH PETROL			148,000	6,857,587.11	8,206,773.89
RWE AG			155,000	6,713,299.33	9,171,018.39
SAPPI			336,910	3,119,577.27	1,272,703.02
SCHLUMBERGER LTD			42,300	3,290,963	2,889,619
SEAGRAM LTD			14,100	577,218.75	577,218.75
SGS HOLDING			485	644,213.46	822,076.17
SIEMENS AG			103,000	5,920,367.00	6,285,449.47
SIME DARBY BHD			1,445,000	4,474,084.85	996,432.07
SIMWARE INC			88,000	309,472.50	319,000.00
SOC. GENERALE			33,085	4,892,196.61	6,878,538.79
SOMERFIELD			255,725	2,212,186,44	1,632,039.39
SONY CORP			54,000	2,433,120.92	4,649,637.39
STORA KOPPARBERGS			208,800	2,273,754.34	3,298,930.60
STOREHOUSE			1,329,200	4,436,776.86	5,566,600.65
SWIRE PACIFIC			550,500	4,204,835.69	2,078,075.11
TATE + LYLE			1,122,000	8,137,987.22	8,896,946.81
TAYLOR WOODROW			1,355,000	4,492,507.32	4,544,241.09
TELECOM CORP OF NZ			136,331	352,639.81	291,562.47
TELECOM CORP OF NZ			1,232,000	5,592,704.15	5,077,746.19
TELECOM ITALIA SPA			885,100	1,448,566.14	4,284,709.25
TELEFONICA SA			398,772	7,559,250	18,468,176.18
TOEICO			454,000	1,886,663.01	1,429,534.73
ULTRAMAR DIAMOND SHAMROCK			49,500	1,580,934.17	1,562,343.75
UNIDANMARK			50,000	2,495,820.95	4,493,228.53
UNILEVER N V			25,700	2,028,693.75	2,028,693.75
UNION MINIERE			31,220	2,256,655.79	1,929,749.60
VA TECHNOLOGIE AG			15,000	1,579,871.97	1,866,287.07
VITRO SA			1,409,000	5,470,719.11	2,979,178.25
VOLVO(AB)			141,500	2,563,379.78	4,213,977.32
WEST JAPAN RAILWAY			1,783	6,049,549.08	6,462,145.74
WHARF(HLDGS)			1,795,000	5,316,605.99	1,772,164.10
YOKOHAMA REITO CO			110,000	1,124,303.28	771,192.76
ZURICH VERSICHERUN			11,100	3,831,605.71	7,083,804.72
Total Foreign Common Stock			138,628,249	431,580,922.32	527,803,083.39

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
Foreign Stock Warrants and Rights						
INTELCOM GROUP INC B C				6,270	0.00	150,793.50
MEXICO(UTD MEX ST)				3,277,000	0.00	0.00
PAB K TJIWI KIMIA				453,225	0.00	24,804.83
VENEZUELA (REP OF)				8,460	0.00	0.00
Total Foreign Stock Warrants and Rights				3,744,955	0.00	175,598.33
Preferred Stock - Foreign						
HYDER				215,100	0.00	432,467.49
PETROL BRASILEIROS				10,434,000	2,316,446.28	1,939,559.47
Total Foreign Preferred Stock				10,649,100	2,316,446.28	2,372,026.96
International Commingled Equity						
SCHRODER INTL SMALL COMP FUND				48,726	66,000,000.00	111,019,113.55
SCHROEDER EMERGING MKT FD				77,416	153,750,000.00	136,803,402.63
Total International Commingled				126,142	219,750,000.00	247,822,516.18
Total Foreign Equity				155,771,156	733,900,293.61	886,617,386.36
Real Estate Investment Pools						
CAPITAL AUTOMOTIVE REIT				104,600	1,634,999.00	1,484,012.50
EQUITABLE PRIME PROPERTY FUND		1 (E.V. v 1)		1,535	7,805,177.12	11,618,220.18
HEALTH CARE REIT INC				50,000	1,331,250.00	1,275,000.00
HIETMAN REAL ESTATE FD V				48	12,000,000.00	12,510,450.00
JMB GROUP TRUST V				13,367,188	12,499,983.17	13,433,168.44
LENDARHOFF + ROBSON FD IV				129	12,892,768.00	15,026,900.83
METROPOLITAN TOWER FUND				51,214	11,488,897.12	21,054,119.47
PATRIOT AMERN HOSPITALITY INC			the transfer of	1	15.19	14.36
PUBLIC STORAGE INST FD III				20	5,000,000.00	5,075,622.00
TCW REALTY FUND VI				280	14,000,000.00	16,031,480.44
Total Real Estate Investment Pools				13,575,015	78,653,089.60	97,508,988.22
Real Estate Debt Securities						
LOUISIANA HSG FIN AGY MTG REV				493,198	493,198.18	493,198.18
SECURITY PACIFIC		Very less to		175,238	127,808.36	517,276.29
Total Real Estate Debt Securities				668,436	621,006.54	1,010,474.47
Venture Capital						
ABINGWORTH BIOVENTURE				1,652,596	1,985,474.98	2,009,759.76
ABINGWORTH BIOVENTURES				597,000	597,000.00	901,148.22
ADVENT V11 LP				1,472,438	1,472,437.64	2,178,383.14
AUSTIN VENTURES IV				2,856,522	2,856,522.40	3,808,431.79
BATTERY VENTURES		The state of		2,727,153	2,727,153.21	2,683,300.59
BRINSON PARTNERSHIP FUND TRUST				117,067	11,706,734.00	12,075,657.02
CROSSPOINT VENTURE PARTNS III				2,022,329	2,022,328.84	4,867,258.14
GEOCAPITAL IV L P				1,151,727	1,151,726.95	854,793.31
GOLDER THOMA CRESSEY RAUNER				1,255,592	1,255,591.80	3,096,826.77
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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
HELLMAN + FRIEDMAN CAPITAL				2,486,048	2,486,048.00	1,626,469.56
INTERWEST PARTNERS VI LP				920,000	920,000.00	881,628.64
KELSO INVESTMENT ASSOC. V LP				4,193,677	4,193,677.00	7,979,770.53
OCM OPPORTUNITIES FUND LP				4,000,000	4,000,000.00	5,261,000.00
OLYMPUS GROWTH FD II				3,160,133	3,160,133.28	3,135,345.19
RICE PARTNERS II				2,565,937	2,565,937.41	2,867,773.76
SPROUT CAPITAL VII L P				3,800,000	3,800,000.00	4,543,116.60
SUMMIT VENTURES IV				2,489,477	2,489,476.91	2,857,284.68
WELSH CARSON ANDERSON + STOWE				2,800,000	2,800,000.00	2,719,477.60
Total Venture Capital				40,267,696	52,190,242.42	64,347,425.30
Total Alternative Investments				54,511,147	131,464,338.56	162,866,887.99
Total Investments excluding Short-term				189,211,408,722	4,689,155,939.04	5,470,187,816.58
Short-term Investments					50,976,159.81	51,124,236.17
Grand Total					4,740,132,098.85	5,521,312,052.75

ACTUARIAL SECTION

Charles G. Hall F.C.A., M.A.A.A., A.S.A. Enrolled Actuary 1433 Hideaway Court Baton Rouge, LA. 70806 (504) 924-6209

September 11, 1998

Board of Trustees

LA STATE EMPLOYEES' RETIREMENT SYSTEM

Post Office Box 44213

Baton Rouge, Louisiana 70804-4213

Ladies and Gentlemen:

Pursuant to your request, we have completed our eleventh annual valuation of the Louisiana State Employees' Retirement System as of June 30, 1998. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The 1998 Legislative Session produced no Bills which would have a prospective affect on funding. However, the Board of Trustees with the concurrence of the Joint Legislative Committee approved a cost-of-living raise, funded from the experience account, for all retirees of record on July 1, 1997 with benefits effective July 1, 1998. Notable changes in recent prior legislative sessions include the following Acts: Act 572 of 1992 established the Experience Account which provides for the pre-funding of retiree COLA's by accumulating excess investment income until the account is sufficient to cover the liability of increased benefits; Act 257 of 1992 re-established amortization schedules such that the current outstanding balance will be reamortized for a period which is the later of the year 2029 or the period established by Act 81 of 1988 with all payments increasing at a rate of 4.5% per year. The Texaco Settlement Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1998 should be set equal to 12.4% of payroll, plus a required legislative appropriation of \$4,298,757.

When compared to the prior year's employer's rate of 12.6%, the current employer's rate of 12.4% reflects a continued stabilization of the employer's rate from the prior year with some slight improvement. The current contribution rate, plus the required legislative appropriation, when taken together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Board of Trustees LASERS September 11, 1998 Page Two

The methodology for determining the actuarial value of assets, approved by the Board of Trustees, values fixed income securities at amortized value. The method values all other assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending on June 30, 1998 were in the amount of \$5,322,874,557. The Actuarial Value of Assets, when adjusted for the Experience Account Fund in the amount of \$255,079,268, and the side-fund assets from the Texaco Settlement Fund of \$95,715,679 yields assets for funding purposes of \$4,972,079,610.

In performing the June 30, 1998 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Louisiana State Employees' Retirement System. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 1998 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(6) and assumptions which are appropriate for the purposes of this valuation. The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,

Charles G. Hall, FCA, MAAA, ASA

Consulting Actuary

Charles G. Duce

CGH/tt

PRINCIPLE PROVISIONS OF THE PLAN

The Louisiana State Employees' Retirement System (LASERS) was enacted in 1950. Initially, the plan covered regular State Employees (Regular Plan), but membership has expanded to participating agencies, and the merger of Louisiana State University Administration Employees and the Judges Retirement System.

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. LASERS is a defined benefit plan and is funded on an actuarial reserve basis to fund benefits as prescribed by law.

ADMINISTRATION

The plan is governed by Title 11 Sections 401-699 of the Louisiana Revised Statutes. The Board of Trustees is composed of thirteen members; six elected from the active membership, three elected retired members, and four ex officio members. Elected members serve staggered four terms. The Treasurer, Chairman of the House Retirement Committee, and the Chairman of the Senate Retirement Committee serve as ex officio members.

The Board of Trustees appoints an Executive Director who is responsible for the operation of the system. The Board also retains other consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

MEMBER CONTRIBUTIONS

Members contribute a percentage of their gross compensation, depending on plan participation:

Regular Plan Members	7.5%
Department of Corrections	9.0%
Wildlife Agents	8.5%
Legislators and Judges	11.5%

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

EMPLOYER CONTRIBUTIONS

All participating employers, regardless of plan participation, contribute a percentage of their total gross payroll to the system. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law. The rate is determined annually and recommended by the Public Employees' Retirement System's Actuarial Committee to the State Legislature.

Principle Provisions of the Plan (Continued)

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 10 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

RETIREMENT BENEFITS

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement

Regular Plan - A member may retire with a 2.5% annual accrual rate at age 55 with 25 years of service, age 65 with 10 years of service or at any age with 30 years of service.

Note: Members may retire with a 2.5% annual accrual rate at any age with 20 years of service with benefits actuarially reduced.

Correction Officers - A member may retire with a 2.5% annual accrual rate at age 50 with 20 years of service, or 20 years of service regardless of age if employed prior to August 15, 1986.

Judges - A member may retire with a 3.5% annual accrual rate with 18 years of service regardless of age, or age 55 with 12 years of service, or age 70 without regards to creditable service.

Legislators, Governor, Lieutenant Governor and State Treasurer - may retire with a 3.5% annual accrual rate with 16 years of service regardless of age, or age 55 with 12 years of service.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service, plus a \$300 per year supplemental benefit. Final average compensation is obtained by dividing total compensation for the highest successive thirty six month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments.

Judges receive the maximum benefit payable without reduction for a 100% Joint and Survivor Option.

Principle Provisions of the Plan (Continued)

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit plus post-DROP accruals, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

DISABILITY RETIREMENT BENEFITS

Active members with ten or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job.

Regular Plan - An eligible member shall be entitled to a pension equal to 2 1/2% of average compensation.

Judges - A member shall be entitled to a service retirement benefit, but not less than 50% of current salary.

Wildlife Agents - An eligible member shall be entitled to a service retirement benefit of the Regular Plan. Total disability in-line-of-duty service not less than 60% average compensation.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with 5 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$300 per month, or (b) 75% of the member's benefit calculated at the 2 1/2% accrual rate for all creditable service.

Surviving minor child, with no surviving spouse shall receive an amount equal to the greater of 75% of compensation or \$300. Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$300 per month, or (b) 50% of the member's benefit calculated at the 2 1/2% accrual rate for all creditable service.

POST-RETIREMENT INCREASES

Cost-of-living adjustments (COLA's) are permitted provided there are sufficient funds in the Experience Account to fund the increase in the retiree reserves. The Experience Account is credited with 50% of the excess investment income over the actuarial valuation rate and is debited 50% of the deficit investment income and distributions for COLA's approved by the Board of Trustees as provided by law.

SUMMARY OF ASSUMPTIONS

The following assumptions were adopted by the Board of Trustees of The Louisiana State Employees' Retirement System of Louisiana (LASERS) based on the 1981-1986 actuarial experience study with supplemental revision in 1990 and other Board action.

I. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by .5% at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/(Losses)	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	determined by enable	ling statute

Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a percentage of payroll. Discrepancy between dollars generated by % of payroll versus the required dollar amount are treated as a short-fall credit/(debit) and applied to the following year's contribution requirement.

Asset Valuation Method: Assets are valued on a basis which reflects a four year moving weighted average value between market value and cost value. Prior to July 1, 1997, fixed income securities were valued at amortized cost.

<u>Valuation Data</u>: The administrative staff of LASERS furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of system assets are provided by the administrative staff of LASERS. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

SUMMARY OF ASSUMPTIONS

(Continued)

II. Economic Assumptions

Investment Return: 8.25% per annum, compounded annually.

<u>Employee Salary Increases</u>: Incorporated in the following salary scales is an explicit 4.25% portion attributable to the effects or salaries, based upon years of service:

Regular State Employees - range 4.25% - 11.75% Judges and Legislators - range 4.75%

		STATE EMPLOYEES	<u>JUDGES</u>	LEGISLATORS
Duration	1 yr.	11.75%	4.75%	4.75%
	5 yr.	7.75%	4.75%	4.75%
O. A. C.	10 yr.	6.35%	4.75%	4.75%
	15 yr.	4.85%	4.75%	4.75%
	20 yr.	4.25%	4.75%	4.75%
	25 yr.	4.25%	4.75%	4.75%
	30 yr.	4.25%	4.75%	4.75%

The active member population is assumed to remain constant.

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female ages set at attained age plus one.

<u>Disability Assumption</u>: Rates of total and permanent disability were projected by age in accordance with the 1981-1986 disability experience of the Retirement System. Rates are uniform for State Employees, Judges and Legislators. Mortality after disability are based on the Eleventh Actuarial Valuation of the Railroad Retirement System for permanent disabilities.

	ALL	ALL MEMBERS			
Age	25	.00%			
	30	.02%			
100	35	.05%			
	40	.13%			
	45	.24%			
	50	.54%			
	55	.67%			

SUMMARY OF ASSUMPTIONS

(Continued)

<u>Termination Assumptions</u>: Voluntary withdrawal rates are derived from the 1981-86 termination experience study.

ALL	MEMBERS

Duration	1 ут.	27.5%
	5 yr.	11.8%
	10 yr.	5.8%
	15 yr.	1.7%
	20 yr.	1.3%
	25 yr.	1.1%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

Retirement Assumptions: Retirement rates were projected based upon the 1981-86 experience study.

	<u>ALL MEMBERS</u>				
Age	50	43%	Age	60	32%
	51	42%		61	27%
	52	42%		62	27%
	53	42%		63	27%
	54	42%		64	27%
	55	47%		65	44%
	56	34%		66	32%
	57	32%		67	32%
	58	32%		68	32%
	59	32%		69	42%
				70	50%

ACTUARIAL VALUATION BALANCE SHEET

ASSETS

30 <u>, 1997</u>
Year
645,891
153,078
798,969
970,286
381,277
.667,629
5,019,192
1,818,161
970 381 <u>.66</u> 5,01

LIABILITIES

Present Value of Prospective Benefits Payable On Account Of:

Current Retiree Members	\$ 3,615,235,856	\$ 3,340,266,004
Current Active Members	5,501,660,272	5,257,665,083
Deferred Vested & Reciprocal Members	63,181,193	53,887,074
TOTAL LIABILITIES	\$ 9,180,077,321	\$ 8,651,818,161

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SALARY TEST (Dollar Amounts in Millions)

VALUATION <u>DATE</u>	(1) ACTIVE MEMBER CONTRIBUTION	(2) RETIREES TERM.VESTED INACTIVE	(3) ACTIVE MEMBERS EMPLOYER FIN. PORTION	ACTUARIAL VALUATION ASSETS	ACCRU	N OF ACTU ED LIABILI RED BY ASS	TIES
					<u>(1)</u>	(2)	(3)
1989	574.3	2188.5	1259.1	2173.4	100%	67%	0%
1990	615.4	2108.2	1486.4	2321.2	100%	78%	0%
1991	674.2	2173.4	1651.6	2516.7	100%	83%	0%
1992	728.9	2335.7	1819.8	2802.7	100%	95%	0%
1993	790.6	2370.6	1962.2	3044.7	100%	89%	0%
1994	839.2	2571.9	1992.3	3347.6	100%	93%	0%
1995	886.9	2697.3	1785.1	3665.9	100%	93%	0%
1996	903.6	2746.8	2604.0	4114.5	100%	94%	0%
1997	938.2	2862.4	2688.8	4537.9	100%	97%	0%
1998	1008.5	3678.4	2261.1	5099.7	100%	97%	8%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES (Dollar Amounts in Millions)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES	ACTUARIAL VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED AAL	ACTIVE MEMBER PAYROLL	UNFUNDED AAL AS A % OF ACTIVE PAYROLL
1989	4,021.9	2,179.4	54.0	1,848.5	1,141.0	162.0
1990	4,210.1	2,321.3	55.1	1,888.8	1,226.1	154.1
1991	4,499.3	2,516.7	55.9	1,982.6	1,368.5	144.9
1992	4,884.5	2,802.6	57.4	2,081.8	1,454.4	143.1
1993	5,123.4	3,044.7	59.4	2,078.7	1,504.1	138.2
1994	5,403.4	3,347.6	61.9	2,055.8	1,546.4	132.9
1995	5,696.9	3,665.9	64.3	2,031.0	1,547.9	131.2
1996	6,254.4	4,114.5	65.8	2,139.9	1,584.4	135.1
1997	6,489.3	4,537.9	69.9	1,951.4	1,607.4	121.5
1998	6,953.0	5,067.8	72.9	1,885.3	1,653.8	114.0

STATISTICAL DATA

Comparative Summary of Actuarial Values and Percentage Covered by Net Assets Available for Benefits (in million of dollars)

Actuarial Present Value of Credited Projected Benefits* for

	(1)	(2)	(3)	(4)					
Fiscal	Retirees and	Terminated Vested	Current Member	Actives Emplyr.	Net Assets Available		1000	e Covere Assets	ea .
Year	Survivors	Members	Contr.	Contr.	for Benefits	<u>(1)</u>	(2)	<u>(3)</u>	<u>(4)</u>
1987	2202.2	31.6	494.0	836.4	1874.3	85.1	0.0	0.0	0.0
1988	2017.7	34.6	539.1	1,253.8	2019.8	100.0	6.1	0.0	0.0
1989	2164.7	23.8	574.3	1,259.1	2173.4	100.0	100.0	36.6	0.0
1990	2088.0	20.2	615.4	1,486.4	2321.2	100.0	100.0	34.6	0.0
1991	2155.5	17.9	674.2	1,651.6	2516.7	100.0	100.0	50.9	0.0
1992	2307.6	28.1	728.9	1,819.8	2802.7	100.0	100.0	64.1	0.0
1993	2340.3	30.3	790.6	1,962.2	3044.7	100.0	100.0	85.3	0.0
1994	2536.3	35.6	839.2	1,992.3	3347.6	100.0	100.0	92.4	0.0
1995	2651.2	46.1	886.9	1,785.1	3665.9	100.0	100.0	91.6	0.0
1996	2697.0	49.8	903.6	2,604.0	4114.5	100.0	100.0	100.0	17.8
1997	2808.5	53.9	938.2	2,688.8	4537.9	100.0	100.0	100.0	27.4
1998	2929.3	63.2	938.7	2,892.9	5067.8	100.0	100.0	100.0	37.7

^{*} Actuarial Present Value of Credited Projected Benefits were calculated beginning with the June 30, 1987 Actuarial Valuation in accordance with The National Council on Governmental Accounting Standard No. 6.

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES (Dollar Amounts in Thousands)

	FISCAL YEAR ENDING					
	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>		
Unfunded Actuarial Liability						
at beginning of Fiscal Year (7/1)	\$ 2,036,172	\$ 2,213,565	\$ 2,084,281	\$ 2,055,792		
Interest on Unfunded Liability	167,984	182,619	171,953	169,603		
Investment Experience						
(gains) decreases UAL	(209,121)	(232,460)	(147,681)	41,148		
Plan Experience						
(gains) decreases UAL	12,343	(123,738)	144,751	(37,252)		
Employer Amortization Payments						
(payments) decreases UAL	(120,012)	(124,252)	(115,084)	(115,139)		
Employer Contribution Variance						
(excess contributions) decreases UAL	(10,909)	3,429	1,505	(7,119)		
Experience Account Allocation						
(allocations) decreases UAL	104,560	116,230	73,840	20,574		
OTHER - Miscellaneous gains and						
losses from transfers or Acts						
of the Legislature	0	<u>778</u>	0	38,970		
Unfunded Actuarial Liability at						
end of Fiscal Year (6/30)	\$ 1,981,016	\$ 2,036,172	\$ 2,213,565	\$ 2,084,281		

EXHIBIT A

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

JUNE 30, 1998

1	ATE /30		AMTZ. METHOD	AMTZ. PERIOD	INITIAL <u>LIABILITY</u>	YEARS REMAIN	REMAINING BALANCE	MID-YEAR PAYMENT
1)	1988	Initial Liability	Į	40	1,825,421,035	31	2,483,414,233	130,347,285*
2)	1989	Change in Liability	I	36	(219,552,151)	31	(252,983,781)	(13,716,304)
3)	1990	Change in Liability	I	36	105,002,368	31	120,991,281	6,559,919
4)	1991	Change in Liability	I	36	47,088,257	31′	54,258,477	2,941,792
5)	1992	Legislative COLA	L	12	66,577,000	6	41,059,206	8,601,429
6)	1992	Change in Liability	I	36	1,651,904	31	1,903,443	103,201
7)	1993	Change in Liability	I	36	(67,422,552)	31	(77,689,114)	(4,212,157)
8)	1994	Change in Liability	I	35	(48,680,987)	31	(54,441,930)	(2,951,739)
9)	1995	Change in Liability	I	34	(57,826,272)	31	(62,810,376)	(3,405,460)
10)	1996	Change in Liability	I	33	70,910,540	31	74,865,716	4,059,078
11)	1997	Change in Liability	I	32	(239,190,250)	31	(245,662,313)	(13,319,348)
12)	1998	Change in Liability	I	31	(92,217,582)	31	(92,217,582)	(4,999,864)
			TOTA	L OUTSTA	NDING BALAN	CE	1,990,687,260	110,007,832
				EMPLO	OYER'S CREDIT	Γ BALANCE		
	1994	Contribution Varian	ice L	5	2,609,956	I	607,846	607,846
	1995	Contribution Varian		5	(7,118,810)	2	(3,189,516)	(1,724,970)
	1996	Contribution Varian		5	1,504,500	3	973,095	364,558
	1997	Contribution Varian	ice L	5	3,429,831	4	2,848,101	831,088
	1998	Contribution Varian	ice L	5	(10,909,927)	5	(10,909,927)	(2,643,602)
		TOT	AL OUTS	TANDING	BALANCE		(9,670,401)	(2,540,503)

TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

\$1,981,016,859

^{*}Note: LSU and Unfunded Judges equals 3.192635% of the Initial Liability mid-year payment. The appropriation is \$4,298,757. Effective July 1, 1992, Amortization Periods changed in accordance with Act 257.

MEMBERSHIP DATA

Data regarding the membership of the System for valuation were furnished by the System.

	1998	3	1997		
Active Members	Census*	Avg. Sal.	Census*	Avg. Sal.	
Regular Members	62,993	\$ 23,677	62,865	\$ 23,198	
Legislators	84	32,702	94	26,952	
Judges	333	87,995	340	78,112	
Wildlife Agents	186	27,532	186	28,280	
Corrections	5,868	<u>18,532</u>	5,616	18,323	
TOTAL	69,464	\$ 23,809	69,101	\$ 23,261	

^{*}Census total represents total membership count excluding errors for insufficient salary data.

Valuations salaries were \$1,653,863,410 for 1998 and \$1,607,371,721 for 1997.

	1998	1997
Inactive Members	Census	Census
Due Refunds	23,451	22,615
Vested & Reciprocals	1,094	1,030

	1998		19	997
	Avg. Annual		Avg.	Annual
Annuitants and Survivors	<u>Census</u>	<u>Annuities</u>	Census	Annuities
Retirees	22,314	\$ 13,313	21,839	\$ 12,593
Disabilities	1,110	9,105	1,119	8,672
Survivors	4,902	9,114	4,808	8,363
DROP	2,766	19,296	2,562	19,302
TOTAL	31,092	\$ 13,033	30,328	\$ 12,344

HISTORICAL MEMBERSHIP DATA

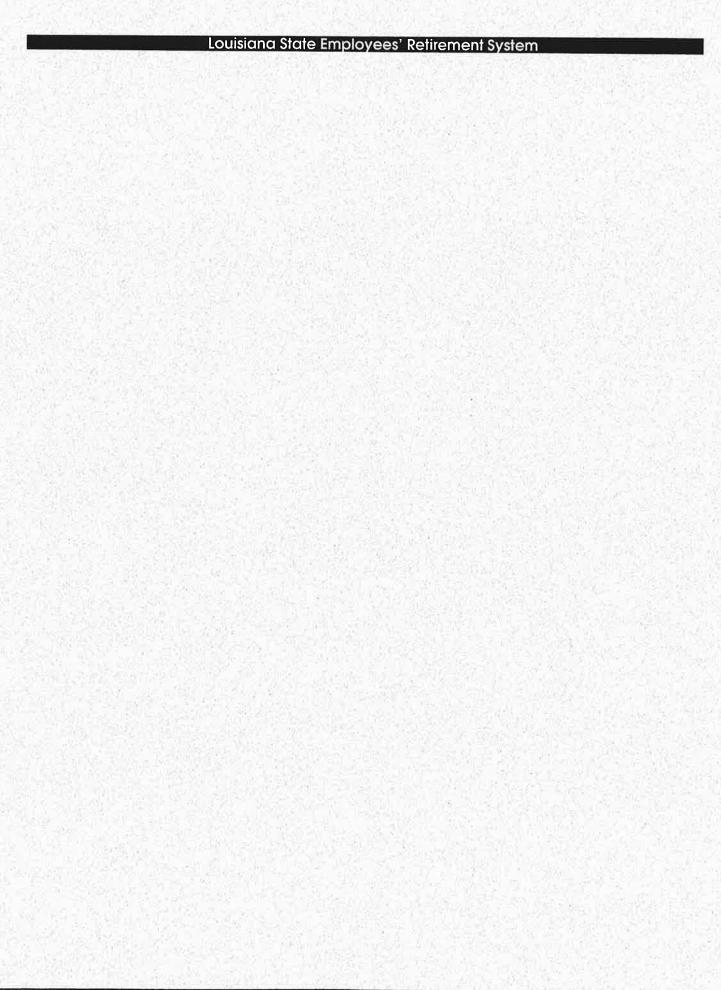
History of Active Membership Data for Last 10 years

YEAR ENDED 6/30	NUMBER OF ACTIVE MEMBERS	PERCENTAGE CHANGE IN MEMBERSHIP	ANNUAL ACTIVE MEMBER PAYROLL	PERCENTAGE CHANGE IN PAYROLL
1989	62,566	0.68%	1,141,080	6.6%
1990	66,711	6.63%	1,226,065	7.6%
1991	70,927	6.31%	1,368,480	4.5%
1992	67,798	(4.41%)	1,454,371	2.3%
1993	68,463	.98%	1,504,147	(.2%)
1994	68,966	.73%	1,546,465	1.0%
1995	66,628	(3.39%)	1,547,977	0.0%
1996	69,680	4.58%	1,584,537	2.5%
1997	69,444	(.34%)	1,607,371	3.7%
1998	69,949	.73%	1,653,863	3.7%

History of Annuitants and Survivor Annuitant Membership For Last 10 Years

YEA	R			PERCENTAGE	P)	ERCENTAGE
ENDE	D NUMBER OF			CHANGE IN	ANNUAL	CHANGE IN
6/30	<u>ANNUITANTS</u> *	ADDITIONS	DELETIONS	MEMBERSHIP	ANNUITIES	ANNUITIES
1989	24,901	1,011	688	1.31%	228,603	7.86%
1990	24,920	804	785	.08%	234,067	4.69%
1991	25,475	717	162	2.23%	240,622	5.93%
1992	26,140	998	333	2.61%	250,766	10.31%
1993	26,408	1,396	1,128	1.03%	261,823	4.56%
1994	28,165	1,640	117	6.65%	275,503	4.24%
1995	29,214	1,701	652	3.72%	288,642	13.5%
1996	30,350	2,699	1,563	3.89%	317,340	5.5%
1997	31,358	2,153	1,145	3.32%	340,053	5.2%
1998	32,186	2,040	1,212	2.64%	359,626	5.2%

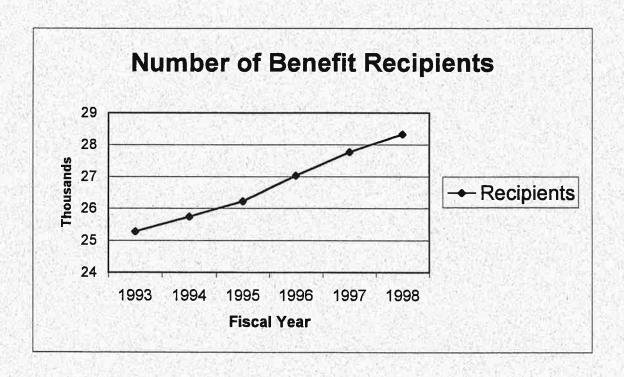
^{*}Includes DROP participants (Deferred Retirement Option Plan).



STATISTICAL SECTION

NUMBER OF REGULAR RETIREES, DISABILITY RETIREES, AND SURVIVORS RECEIVING BENEFITS

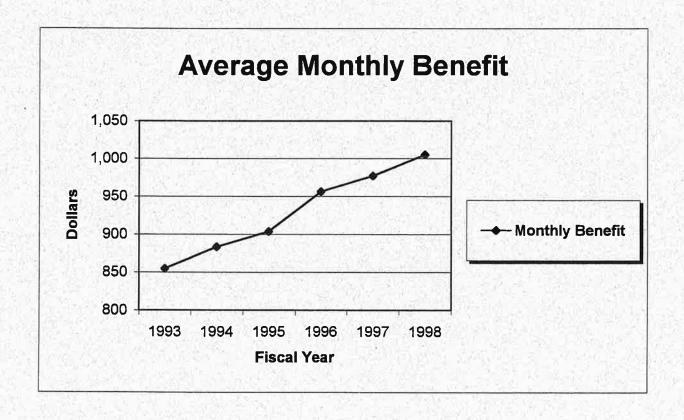
Fiscal Year	Recipients	Percent Increase
1993	25,287	1.7%
1994	25,745	1.8%
1995	26,224	1.9%
1996	27,028	3.1%
1997	27,766	2.7%
1998	28,326	2.0%



AVERAGE MONTHLY RETIREMENT BENEFIT

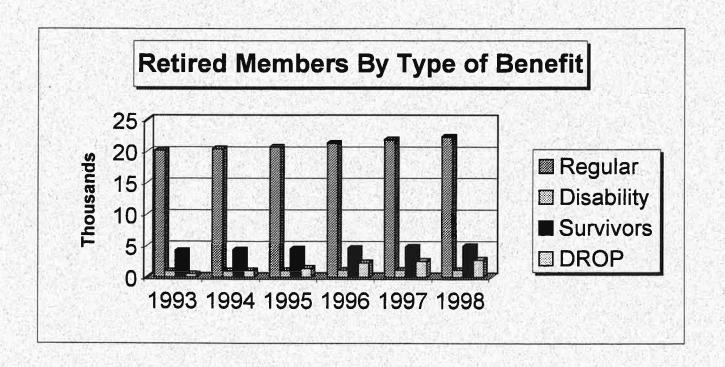
(DOES NOT INCLUDE DROP OR IBO)

FISCAL YEAR	AVERAGE MONTHLY BENEFIT	% INCREASE EACH YEAR
1993	855	2.7%
1994	883	3.3%
1995	903	2.3%
1996	956	5.9%
1997	977	2.2%
1998	1,005	2.9%



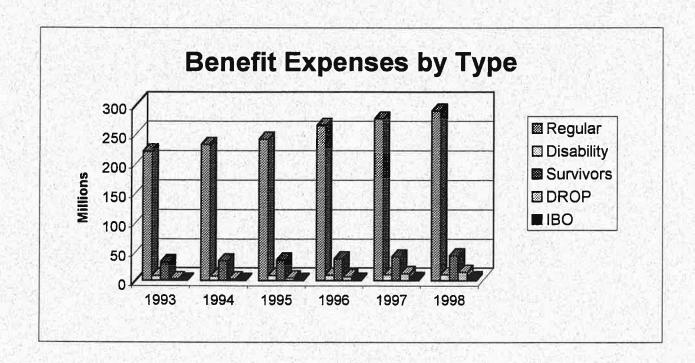
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

Fiscal				Deferred	
Year	Regular	Disability	Survivors	Retirement	Total
1993	20,120	956	4,211	521	25,808
1994	20,407	994	4,344	1,072	26,817
1995	20,671	1,056	4,497	1,453	27,677
1996	21,297	1,111	4,620	2,320	29,348
1997	21,839	1,119	4,808	2,562	30,328
1998	22,314	1,110	4,902	2,766	31,092



SCHEDULE OF BENEFIT EXPENSES BY TYPE

Fiscal Year	Regular	Disability	Survivors	Deferred Retirement Option	Initial Benefit Option	Total
1993	219,954,925	7,797,056	31,603,382	2,467,357		261,822,720
1994	231,673,706	7,722,158	33,480,651	2,626,766		275,503,281
1995	240,636,381	8,381,662	35,294,322	4,329,505		288,641,870
1996	263,839,079	9,337,216	37,011,290	6,416,194	736,336	317,340,115
1997	274,892,988	10,117,627	40,556,909	12,078,910	2,406,144	340,052,578
1998	288,751,938	10,231,165	42,636,115	14,360,258	3,646,350	359,625,826



Louisiana State Employees' Retirement System

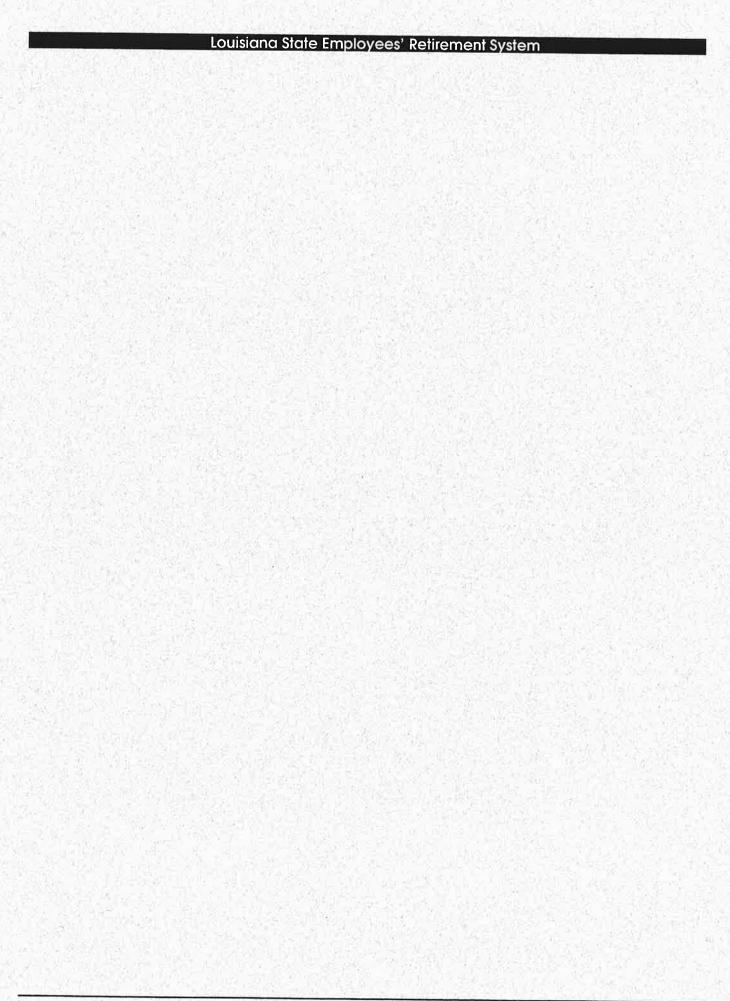
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE FOR THE TEN YEARS ENDED JUNE 30, 1998

REVENUES BY SOURCE

Percentage (1)/(2)	11.1 7.6 10.4 14.1 11.8 11.9 12.0 12.0 13.0		
. (2) Annual Covered Payroll	1,141,080,541 1,226,065,067 1,368,479,924 1,454,370,594 1,504,147,368 1,546,464,828 1,610,375,003 1,645,266,843 1,653,141,267 1,689,840,364	Total	264,192,051 264,463,305 268,335,325 279,576,104 295,000,680 313,542,004 329,185,910 364,339,652 390,915,789 418,150,417
	₩		9
Total	398,191,978 399,447,079 480,759,866 602,166,928 431,005,348 620,396,062 831,006,470 919,867,669 1,091,576,542	Other	220,988 395,774 395,774 936,570 1,724,916 2,067,946 2,242,443 2,501,942
	ee		9
Other	7,062,570 6,598,671 8,482,042 10,163,654 9,419,817 44,061,226* 25,949,910* 39,518,719* 8,903,383 10,177,305	EXPENSES BY TYPE rative Investment	835,500 937,750 1,861,982 4,219,273 7,912,788 8,358,479 9,006,271 13,318,452 15,143,892
	6	SES B	9
Income	182,123,813 207,570,969 226,880,011 277,560,124 129,734,299 274,470,464 490,045,595** 556,818,260** 750,893,621**	EXPEN Administrative	2,205,430 2,577,670 2,895,998 2,661,460 3,149,174 4,787,926 4,740,662 4,390,986 4,531,467 6,703,504
	6	1	9
(1) Employer Contributions	127,080,229 93,724,467 142,951,649 205,072,699 177,407,603 183,608,465 191,640,907 197,456,874 204,985,747 219,680,934	Refunds	32,548,038 26,880,996 22,955,119 23,820,931 21,720,224 23,955,748 25,072,191 27,222,153 28,945,409 32,156,373
	•		9
Member Contributions	81,925,366 91,552,972 102,446,164 109,370,451 114,443,629 118,255,907 123,370,058 126,073,816 126,793,791	Benefits	228,603,083 234,066,889 240,622,226 248,353,452 261,822,720 275,503,281 288,641,870 317,340,115 340,052,578 359,625,826
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Fiscal Year	1989 1990 1992 1993 1994 1996 1996	Fiscal Year	1989 1990 1992 1993 1994 1996 1996 1998

^{*}Includes a payment from the State Treasurer as a result of a settlement of Texaco litigation.

^{**} GASB 25 was adopted in 1996 and applied retroactively to July 1, 1994. As a result, investment income includes net appreciation (depreciation) in fair value of investments for 1995 through 199 which can create significant fluctuations. Prior to 1995, the actuary's report reflects investment counseling expenses as a reduction of investment income which differs from the financial statement which reflect such fees in investment expenses.



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