

# Idaho State Treasurer's Diversified Bond Fund



**Credit Quality Ratings Definitions**

**AAAf** The fund's portfolio holdings provide extremely strong protection against losses from credit defaults.

**AAf** The fund's portfolio holdings provide very strong protection against losses from credit defaults.

**Af** The fund's portfolio holdings provide strong protection against losses from credit defaults.

**BBBf** The fund's portfolio holdings provide adequate protection against losses from credit defaults.

**BBf** The fund's portfolio holdings provide uncertain protection against losses from credit defaults.

**Bf** The fund's portfolio holdings exhibit vulnerability to losses from credit defaults.

**CCCf** The fund's portfolio holdings make it extremely vulnerable to losses from credit defaults.

**Plus (+) or Minus (-)** The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

Credit quality ratings, identified by the 'f' subscript, are assigned to bond funds and other actively managed funds that exhibit variable net asset values. These ratings are current assessments of the overall credit quality of a fund's portfolio. The ratings reflect the level of protection against losses from credit defaults and are based on an analysis of the credit quality of the portfolio investments and the likelihood of counterparty defaults.

**About the Fund**

Fund Rating	<b>AAAf / S2</b>
Fund Type	Variable NAV Government Investment Pool
Investment Adviser	Idaho State Treasurer's Office
Portfolio Manager	Shawn Nydegger
Date Rating Assigned	May 2007
Custodian	Bank of New York Mellon Corp.

**Fund Highlights**

- Created by the Idaho State Treasurer's office as an alternative investment to short-term funds and is a voluntary investment vehicle for Idaho State and public agencies.
- The Pool's duration is managed to 0.5x and no more than 1.25x the Barclays Capital Intermediate A+ Aggregate Fixed Income Index, the Pool's benchmark.

**Management**

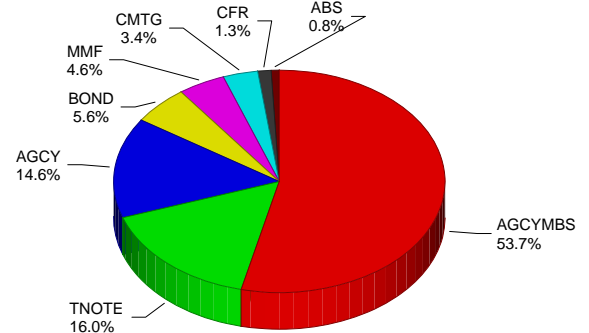
The Idaho State Treasurer's Diversified Bond Fund's investment objective is to provide a total return consistent with a high quality intermediate-term diversified fixed income portfolio. In attempting to achieve this objective, the investment guidelines require that assets be invested in high-quality securities.

The Pool is governed in accordance with sections 67-1210 and 67-1210A of the Idaho Code, and the State Treasurer's Investment Policy which together lays out conservative instructions concerning investment procedures such as diversification, maturities, security selection, repurchase agreements, insurance and reporting. The investment manager for this fund, Capitol Investment Advisors, a division of D.A. Davidson & Co., actively manages the fund. Capitol Investment Advisors currently has more than \$860 million in consulting and assets under management. The custodian for the Pool is the Bank of New York Mellon Corp.

**Credit Quality**

The Pool's credit quality is excellent. The investment guidelines require that assets be invested in high-quality securities. Typical securities held include U.S. Treasuries and Agencies including Agency MBS, and highly rated corporate debt obligations and ABS. Because of the high credit

Portfolio Composition as of September 30, 2009



AGCYMBS - Agency Mortgage-Backed Security; TNOTE - US Treasury Note; AGCY - Agency Fixed Rate; BOND - Corporate Fixed Rate; MMF - Money Market Fund; CMTG - Commercial Mortgage Backed Security; CFR - Corporate Floating Rate; ABS - Asset-Backed Security

\*As assessed by Standard & Poor's

quality of the portfolio's assets and eligible investments, the Pool carries Standard and Poor's highest credit rating of 'AAAf', indicating that the fund's portfolio holdings and counterparties provide extremely strong protection against losses from credit defaults.

**Portfolio Assets**

The 'S2' volatility rating assigned to the Idaho State Treasurer's Diversified Bond Fund indicates the fund's low to moderate sensitivity to changing market conditions. The fund's effective duration, currently at 2.5 years, is managed to 0.5x and no more than 1.25x the Barclays Capital Intermediate A+ Aggregate Fixed Income Index, the fund's benchmark. Investment in specific sectors of the fixed income market should be at least 0.5 times and not exceed 1.5 times the Index percentage invested in those sectors. No more than 10% of the portfolio shall be invested in the securities of one issuer. This restriction does not apply to U.S. Treasury or U.S. Agency securities.

To increase incremental income, the Pool can participate in securities lending, typically using the fund's treasury and agency securities. Securities lending is administered by Key Bank.

**Standard & Poor's Analyst:** Peter Rizzo - (1) 212-438-5059

[www.standardandpoors.com](http://www.standardandpoors.com)

*Investors should consider the investment objectives, risks and charges and expenses of the fund before investing. The prospectus which can be obtained from your broker-dealer, contains this and other information about the fund and should be read carefully before investing.*

**Volatility Ratings Definitions**

**S1** Low sensitivity to changing market conditions. Within this category of (S-1) certain funds may be designated with a plus sign (+). This indicates the fund's extremely low sensitivity to changing market conditions.

**S2** Low to moderate sensitivity to changing market conditions.

**S3** Moderate sensitivity to changing market conditions.

**S4** Moderate to high sensitivity to changing market conditions.

**S5** High sensitivity to changing market conditions.

**S6** Highest sensitivity to changing market conditions.

Volatility ratings evaluate the fund's sensitivity to interest rate movements, credit risk, investment diversification or concentration, liquidity, leverage, and other factors.

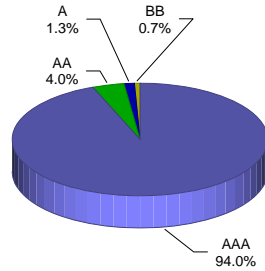
Not all bond funds have volatility ratings

**Data Bank as of September 30, 2009**

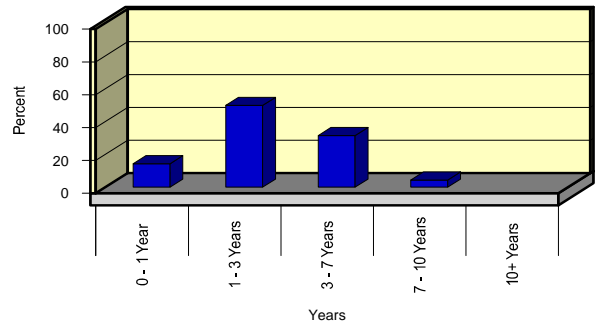
Ticker Symbol..... N/A  
 NAV..... \$1.04

Net Assets (millions)..... \$383.50  
 Inception Date..... N/A

Portfolio Credit Quality as of September 30, 2009 \*



Portfolio Maturity Distribution as of September 30, 2009



*The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, which when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be available by calling the fund at the phone number listed in the 'About the Fund' section on page 1*

**Top Ten Holdings as of September 30, 2009**

Security	%	Security	%
Fannie Mae	35.51	GNMA	2.81
Freddie Mac	24.56	GS Mortgage Securities Corp.	1.78
U.S. Treasury	15.99	Goldman Sachs Group	1.25
Federal Home Loan Bank	5.39	LBUBS 2005-C7 A4	1.03
General Electric	3.95	Berkshire Hathaway	.98

The volatility rating for this fund issued by Standard & Poor's can be found in the 'About the Fund' section on page 1. There is no standard method for determining volatility ratings. The rating is current as of the date of this profile report. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same rating or perform in the future as rated. Not all bond mutual funds have volatility ratings and those that do may have paid for them. The fact that a fund has a rating is not an indication that it is more or less risky or volatile than a fund that does not. The fund or a third party participating the marketing of fund shares paid Standard & Poor's for this rating. Standard & Poor's receives no payment for disseminating ratings, except for subscriptions to its publications

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services.

Standard & Poor's is neither associated nor affiliated with the fund. The information in this report has been obtained by Standard & Poor's from sources believed by it to be reliable at the time the report is published. The information in this report, however, may be inaccurate or incomplete due to the possibility of human, mechanical, or other error by Standard & Poor's, its sources or others, or the information in this report may become inaccurate or incomplete due to the passage of time. Standard & Poor's has no obligation to keep or to make the information in this report current, and it does not guarantee the accuracy, adequacy, or completeness of any information in this report. STANDARD & POOR'S MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE. In no event shall Standard & Poor's, its affiliates or its third party licensors be liable for any direct, indirect, special or consequential damages in connection with the use of any data or information contained herein.