

---

---

---

---

---

---

# **Comprehensive Annual Financial Report**

**Fiscal Year Ended**

**June 30, 1985**

## **Commonwealth of Pennsylvania Public School Employes' Retirement System**

**301 Chestnut Street  
Harrisburg, PA 17101**

**James A. Perry  
Executive Director**

**Samuel A. McCullough  
Chairman  
Richard C. Harris  
Vice Chairman  
Board of Trustees**

---

---

---

---

---

---

# Table of Contents

<b>Introduction Section</b> .....	<b>5</b>
Letter of Transmittal .....	6
Administrative Organization .....	10
Board of Trustees .....	10
Organizational Chart .....	12
Administrative Staff .....	13
Professional Consultants .....	13
Chairman's Report .....	14
<b>Financial Section</b> .....	<b>15</b>
Auditor's Opinion Letter .....	16
Balance Sheets .....	17
Statement of Revenues, Expenses and Changes in Fund Balance .....	18
Statements of Changes in Financial Position .....	20
Elements of Net Increase (Decrease) in Working Capital .....	20
Notes to Financial Statements .....	21
Schedule 1 – Investment Summary .....	26
Schedule 2 – Administrative Expenses .....	28
Schedule 3 – Summary of Cash Receipts and Disbursements .....	29
Schedules of Commissions and Fees .....	30
<b>Actuarial Section</b> .....	<b>31</b>
Actuary's Certification Letter .....	32
Section I – Financial Results .....	34
Schedule I – Summary of Principal Results .....	34
Schedule II – Valuation Balance Sheet .....	35
Schedule III – Approximate Reconciliation of Total Unfunded Accrued Liability .....	36
Schedule IV – Relationship Between Accrued Liabilities and Assets .....	36
Schedule V – Analysis of Accrued Liability .....	37
Schedule VI – Outline of Actuarial Assumptions and Methods .....	38
Section II – Membership Data .....	39
Section III – Summary of Benefit and Contribution Provisions .....	41
<b>Statistical Section</b> .....	<b>43</b>
Schedule 1 – Revenues by Source .....	44
Total Revenue Chart .....	44
Revenues by Source – 10 Years Chart .....	45
Ratio of Revenues by Source to Total Revenue .....	45
Schedule 2 – Expenses by Type .....	46
Total Expenses Chart .....	46
Trend in Average Benefit Paid Chart .....	47
Growth in Number of Retirees Chart .....	47
Schedule 3 – Retired Members by Type of Benefit .....	48
Schedule of Employers .....	50
Growth in Active Members Chart .....	54
Total Asset History .....	54
<b>Investment Portfolio Section</b> .....	<b>55</b>
Investment Overview .....	56
Schedule of Investment Results .....	58
Top Ten Stock Holdings by Book Value .....	58
Top Ten Stock Holdings by Market Value .....	58
Portfolio Distribution Charts .....	59
Portfolio Summary Statistics .....	62
Portfolio Detail Statistics .....	63

104

# Certificate of Conformance in Financial Reporting

Presented to

Commonwealth of Pennsylvania Public School  
Employee Retirement System, Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1984

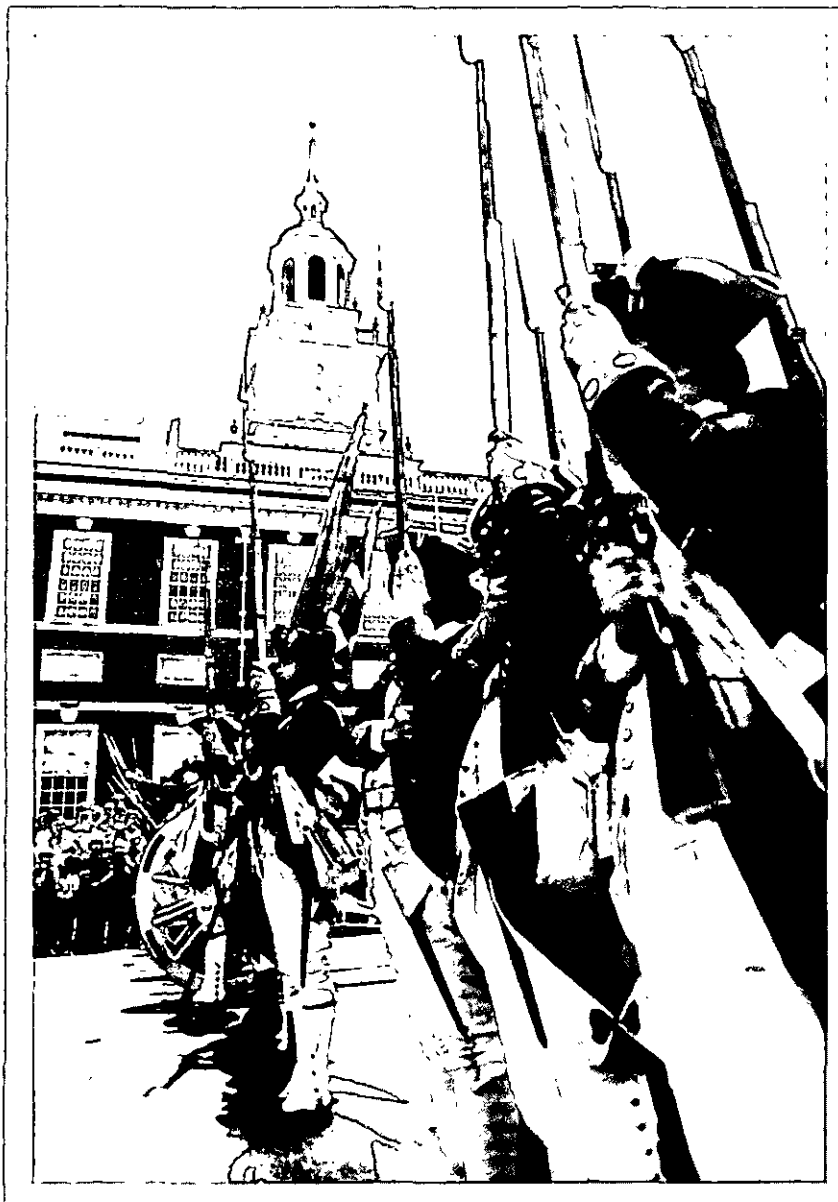
A Certificate of Conformance in Financial Reporting is  
presented by the Government Finance Officers Association  
of the United States and Canada to governmental units  
and public employee retirement systems whose comprehensive  
annual financial reports (CAFR's) are judged to substantially  
conform to program standards.



*John T. Walsh*  
President

*Jeffrey L. Esser*  
Executive Director

# INTRODUCTORY SECTION



Independence Hall in Philadelphia

# Letter of Transmittal

**COMMONWEALTH OF PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
BOX 125  
HARRISBURG, PENNSYLVANIA 17108  
Area Code 717-787-8546

November 1, 1985

The Board of Trustees  
Public School Employees' Retirement System  
Harrisburg, PA 17101

The Comprehensive Annual Financial Report of the Public School Employees' Retirement System (the System) for the fiscal year ended June 30, 1985, is herewith submitted. The legal requirement for publication of this report is contained in an amendment to Title 24, Part IV, Retirement for School Employees of the Pennsylvania Consolidated Statutes, Act 96 of October 2, 1975, Section 8502 – Administrative duties of the Board, paragraph (n): "The Board shall prepare and have published . . . a financial statement . . . showing the condition of the fund and the various accounts and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning annuities and other benefits. . . . The Board shall submit said financial statement to the Governor and shall make copies available to the employers for the use of the school employees and the public."

Additionally, the requirement for an annual audit by a certified public accounting firm was created by the passage of Act 183 of 1982, an addendum to Act 96. The System has contracted with Peat, Marwick, Mitchell & Co. for an audit of its financial operations and has received a favorable opinion as is evident in the Auditor's Opinion Letter in the Financial Section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 1984. A reproduction of this award appears in this Introductory Section. This is the second consecutive year the System has received this recognition. Effective January 1, 1986 this program will be retitled the Certificate of Achievement for Excellence in Financial Reporting.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed our current report continues to conform to program requirements and it will be submitted to GFOA to determine its eligibility for another certificate.

Pending the issuance of a Governmental Accounting Standards Board pronouncement relating to the financial reporting of public employee retirement systems, the System is reporting its financial position in accordance with NCGA Statement 1 of 1979 for the years ended June 30, 1985 and 1984.

The 1985 Comprehensive Annual Financial Report consists of five sections: an Introductory Section which contains this letter of transmittal, the chairperson's report and identification of the administrative organization; the Financial Section which contains the opinion of the independent certified public accountant and the financial statements of the System; the Actuarial Section which contains the opinion of the independent actuarial firm and the results of their latest annual valuation; the Statistical Section which contains significant statistical data pertaining to the System; and the Investment Section which details the System's investments.

## Accounting System

The accrual basis is the method of accounting used to record the assets, liabilities, revenues, and expenses of the System. Revenues are recognized in the accounting period in which they are earned without regard to date of collection and expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made. Fixed assets are recorded at cost; depreciation is taken on a straight-line basis over an estimated useful life of the assets of seven years. Bond premiums are amortized

and discounts are accreted over the life of the individual security using the effective-interest method. Sales gains and losses on bond exchanges are developed using the completed transaction method. The unfunded portion of the actuarial liability is disclosed in the footnotes to the financial statements.

The bond investments of the System are stated at book value, net of amortization of premiums or accretion of discounts. Equities are stated at cost. Residential mortgages are reflected at book value after giving effect to the accretion of discounts or the amortization of premiums on a 12-year straight-line basis. Discounts are accreted or premiums are amortized on project mortgages and equity real estate holdings on a straight-line basis over the life of the individual investments.

### Assets

The assets of the Public School Employees' Retirement System surpassed the \$8 billion plateau by June 30, 1985. This was accomplished by a record increase of \$1.203 billion during the year, advancing the Fund's assets from \$6.986 billion to \$8.189 billion. Investment income increased by 32.3 percent from \$594.1 million to \$785.9 million. This is reflected in the total rate of return of 26.0 percent on the System's investments at market value.

### Revenues

Public employe retirement systems are established by law to pay retirement benefits and to accumulate the resources with which to pay such benefits. The System accumulates its resources through collection of contributions from its members and employers and from income earned on invested contributions. Contributions and investment income for 1985 totaled \$1,767.3 million. This represents an increase of 26.3 percent over 1984 revenues of \$1,399.8 million, shown as follows:

Revenue Source	1985	1984	Increase	
	(Millions)	(Millions)	(Millions)	%
Member Contributions . . . . .	\$ 217.9	\$ 197.1	\$ 20.8	10.6
Employer Contributions . . . . .	763.5	608.6	154.9	25.5
Investment Income . . . . .	785.9	594.1	191.8	32.3
<b>Total . . . . .</b>	<b>\$1,767.3</b>	<b>\$1,399.8</b>	<b>\$367.5</b>	<b>26.3</b>

The increase in contributions resulted from the increase in salaries paid to the participating members upon which the members' and employers' contributions to the System are based. Member contributions are net of a court-ordered refund of 1 percent of employe contributions levied by Act 31, which involved refunds totaling over \$50 million to more than 180,000 members. The employer rate of contribution was raised by 2.25 percent to 19.31 percent. This rate is shared equally by the school districts and the Commonwealth of Pennsylvania and is based on the total salaries paid. The increased investment income was attributable primarily to the increase in the total investments available for earnings and the diverse methods of investing prescribed by the Board. Additional investment details are provided in the Investment Portfolio section of this report.

### Expenses

The largest single factor of expense relates to the purpose for which the Retirement System was created: payment of benefits. These payments, coupled with the expense to administer the plan, constitute the total expenses of the System. Expenses by type for 1985 and 1984 are shown for comparative purposes.

Expenses	1985	1984	Increase/(Decrease)	
	(Millions)	(Millions)	(Millions)	%
Benefits . . . . .	\$560.5	\$503.0	\$57.5	11.4
Refunds . . . . .	13.6	14.7	( 1.1)	( 7.5)
Disabilities . . . . .	20.8	17.5	3.3	18.9
Lump-Sum Payment . . . . .	75.1	70.8	4.3	6.1
Administrative . . . . .	8.0	7.0	1.0	14.3
Other . . . . .	4.1	6.6	( 2.5)	(37.9)
<b>Total . . . . .</b>	<b>\$682.1</b>	<b>\$619.6</b>	<b>\$62.5</b>	<b>10.1</b>

The increase in benefit payments resulted from an increase in the number of annuitants receiving payments plus the cost-of-living increase as a result of Act 95 which took effect July 1, 1984. The total number of annuitants was approaching 85,000 at year end. The ten-year trend in expense by type is presented in the Statistical Section of this report.

Administrative expenses amounted to \$7.992 million for the 1984-85 fiscal year. The administrative budget must be approved in legislative bill form by the General Assembly each fiscal year. A detailed breakdown of these expenses, with budget comparisons by expenditure category, appears in the Financial Section (Schedule 2).

### **Funding**

Funding is the process of specifically setting aside money for current and future use. Proper funding entails an actuarial examination of the fund balances to ensure money will be available for future and current benefit payments. With such a systematic approach, reliability can be placed on the balances of these accounts. Continuous improvement in the funding by increased earnings and contributions is sought along with control over expenses. As of June 30, 1985, the funds of this System increased \$1.085 billion over the prior year – from \$6.798 billion to \$7.883 billion after meeting the retirement obligations of the System.

The actuarial valuation, as of June 30, 1984, indicates an unfunded accrued liability of \$6.823 billion. This represents the difference between accumulated fund balances and the actuarially calculated liability of the System. The 1983-84 liability increased \$673 million over the 1982-83 liability and is being addressed by including a factor in the employer rate of contribution to fund the unfunded liability in approximately 26 years. The continuous increase in the unfunded accrued liability over the last 10 years is a contributing factor for the increase in the employer rate of contribution. The Actuarial Section includes an analysis of financial experience in Schedule 3.

### **Investments**

Income from investments has increasingly become a greater share of the total revenue of the System. Income increased \$191.8 million in the 1984-85 fiscal year over the 1983-84 year and represents 44.5 percent of the total revenue of the System. Signs indicate a continuing increase in investment income for the 1985-86 fiscal year. After reducing the \$785.9 million of investment income by \$8.0 million for administrative expenses, \$777.9 million, or \$190.8 million more than one year ago, was distributed to the various accounts comprising the fund balance. The value of proper funding and improved investment earnings tends to be self-evident with this increase.

The Board added venture capital as a new type of investment in accordance with Act 95. Venture capital amounted to a \$.5 million investment as of June 30, 1985. Shortly after year's end, an additional \$20 million of venture capital was committed for investment. Other investment strategies during the 1984-85 fiscal year included option writing and security lending.

### **Statistics**

Additional statistics are supplied to assist in judging the overall performance of the System's activities. They go beyond the collection of revenue and payment of benefits to provide different insights. Charts and graphs that show the most significant of these statistics are included in the Statistical Section.

### **Professional Services**

Professional consultants are appointed by the Board of Trustees to perform services essential in the operation of the System. Statements of certification are provided by the certified public accountant and the actuary. Investment guidelines and managers' performance evaluations are supplied by a professional investment consultant. A complete listing of these consultants is supplied in this Introductory Section.

### **Future Developments**

Nearing completion is the development of a redesigned computer system which will integrate and enhance the current accounting systems which process the receipt of members' contributions, post interest and service to each member's account, and generate the payment of benefits. The new system will provide more automated controls, additional information to members, and simplify the district reporting process.

A significant legislative change affecting the Retirement System is the enactment of a year-long "window" which took effect July 1, 1985, and allows members 53 years of age with 30 years of service to retire without penalty. Retirees with 30 years of service and who are at least 50 years of age may retire with a penalty of .25 percent per month short of age 53.

### **Budgetary and Accounting Control**

The System is an independent agency reporting directly to the Governor of the Commonwealth of Pennsylvania; however, the System must cooperate directly with other state agencies and departments, some of which are empowered to audit various payments and prepare the payments of the System. Other agencies perform an after-the-fact audit for compliance with the pension code and other funding restrictions. Administrative budgets and the Commonwealth's employer appropriation requests are developed by the staff and reviewed by the Audit/Budget Committee of the Board of Trustees after which they are routed through the Governor's Budget Office and are ultimately approved by the Legislature. The Audit/Budget Committee also reviews the independent auditor's report and the results of audits performed by other Commonwealth agencies.

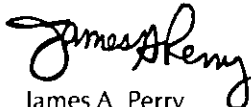
### **Data**

The communication program was intensified this year to keep members, annuitants, school districts, and legislators informed about the System's operations. Newsletters have been sent to the active and retired members of the System, legislators and school districts on a periodic basis throughout the fiscal year to give them information about the System. A revised *Member Handbook*, which serves as a plan summary, has been mailed to each member's home address. A series of information pamphlets was initiated during the year.

### **Conclusion**

The preparation of this report reflects the combined efforts of the System's staff under the leadership of the Board of Trustees. The report provides financial and actuarial data for the information of the membership and general public.

Respectively submitted,



James A. Perry  
Executive Director



# Administrative Organization

## PSERS Board of Trustees

**Secretary of Education of the Commonwealth of Pennsylvania (ex officio)**

Honorable Margaret A. Smith

**Treasurer of the Commonwealth of Pennsylvania (ex officio)**

Honorable R. Budd Dwyer

**Executive Secretary of the Pennsylvania School Boards Association, Inc. (ex officio)**

Mr. Joseph V. Oravitz

**Two Members Appointed by the Governor of the Commonwealth of Pennsylvania**

Mr. Albert Fondy (term expires Jan. 1, 1988)

Mr. Samuel A. McCullough, Chairman (term expires Feb. 14, 1986)

**Three Members Elected from Among the Contributors of the System for a Term of Three Years**

Mr. Jacque D. Angle (term expires Jan. 1, 1986)

Mr. Bernard Freitag (term expires Jan. 1, 1987)

Mr. Dennis Ciani (term expires Jan. 1, 1988)

**One Member of the Annuitant Group of the System Elected from Among their Number for a Term of Three Years**

Mr. Alfred R. Webb (term expires Jan. 1, 1987)

**One Member Elected from Among Nonprofessional Contributors of the System for a Term of Three Years**

Mr. James H. McCann (term expires Jan. 1, 1986)

**One Member Elected by Members of Pennsylvania Public School Boards from Among their Number for a Term of Three Years**

Mr. Richard C. Harris, Vice Chairman (term expires Jan. 1, 1988)

**Two Members (nonvoting) Appointed by the Speaker of the House from the Pennsylvania House of Representatives, One Representing the Majority Party and One Representing the Minority Party**

Honorable Nicholas B. Moehlmann

Honorable Max Pievsky

**Two Members (nonvoting) Appointed by the President Pro Tempore of the Pennsylvania Senate, One Representing the Majority Party and One Representing the Minority Party**

Honorable M. Joseph Rocks

Honorable Edward L. Howard

## PSERS Board of Trustees



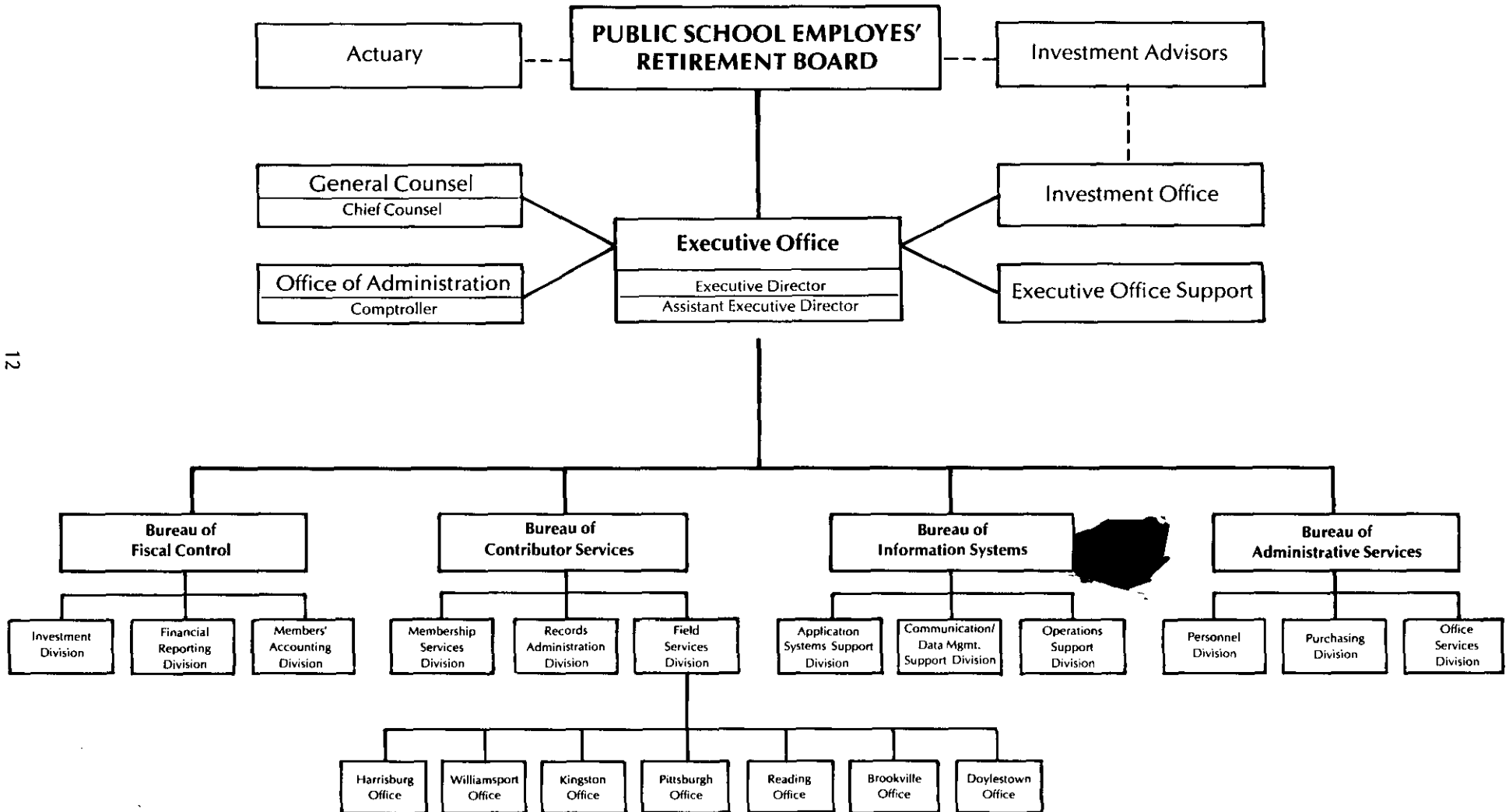
Seated (l-r): Mr. Richard C. Harris, Vice Chairman; Mr. Samuel A. McCullough, Chairman; and Mr. Albert Fondy. Standing (l-r): Mr. David Sallack, representing Dr. Margaret A. Smith, Secretary of Education; Mr. James A. McCann; Mr. Bernard Freitag; Mr. Stephen Russell, representing Mr. Joseph V. Oravitz, Executive Director of the School Boards Association; Mr. Paul Lawrence, representing R. Budd Dwyer, Treasurer of the Commonwealth; Mr. Dennis Ciani; Mr. Alfred R. Webb; and Mr. Jacque D. Angle.

## 1985 Board Committees

<p style="text-align: center;"><b>Appeals</b></p> <p>Mr. Webb, Chairman Mr. Ciani Mr. Freitag Mr. McCann Mr. Oravitz Dr. Smith</p>	<p style="text-align: center;"><b>Finance</b></p> <p>Mr. Harris, Chairman Mr. Angle Mr. Dwyer Mr. Fondy Mr. Oravitz</p>	<p style="text-align: center;"><b>Building</b></p> <p>Mr. Freitag, Chairman Mr. Angle Mr. Fondy Mr. McCann Dr. Smith</p>
<p style="text-align: center;"><b>Audit/Budget</b></p> <p>Mr. Oravitz, Chairman Mr. Ciani Mr. Dwyer Mr. Freitag Mr. Webb Dr. Smith</p>	<p style="text-align: center;"><b>Legislation</b></p> <p>Mr. McCann, Chairman Mr. Ciani Mr. Dwyer Mr. Oravitz Mr. Webb</p>	<p style="text-align: center;"><b>Personnel</b></p> <p>Mr. Angle, Chairman Mr. Fondy Mr. Harris Mr. McCann Dr. Smith</p>
<p style="text-align: center;"><b>Proxy</b></p> <p>Mr. Harris, Chairman Mr. Fondy Mr. Freitag</p>	<p style="text-align: center;"><b>Election</b></p> <p>Mr. Oravitz, Chairman Mr. Fondy Mr. Freitag</p>	

NOTE: Mr. McCullough is a voting ex-officio member of all committees.

# The Pennsylvania Public School Employees' Retirement System



## Administrative Staff

**James A. Perry**  
Executive Director

**Richard J. McElroy**  
Assistant Executive Director

**Herbert C. Goldstein**  
Chief Counsel

### BUREAU DIRECTORS

**Arthur J. Granito**  
Fiscal Control

**Dale W. Houck**  
Information Systems

**Linda L. Weidner**  
Contributor Services

**Thomas E. Yagel**  
Administrative Services

## Professional Consultants Investment Advisors

### Fixed and Equity Manager

Mellon Bank, N.A.  
Pittsburgh, PA

### Mortgage and Real Estate Manager

The Fidelity Bank  
Philadelphia, PA

### Equity Managers

Cashman, Farrell and Associates  
Wayne, PA

Delaware Investment Advisers  
Philadelphia, PA

Oppenheimer Capital Corp.  
New York, NY

Provident Capital Management, Inc.  
Philadelphia, PA

### Option Managers

Bankers Trust Co.  
New York, NY

Oppenheimer Option Management  
New York, NY

### Fixed Income Managers

Loomis Sayles & Company, Inc.  
Boston, MA

Pittsburgh National Bank  
Pittsburgh, PA

### Real Estate Manager

Jones Lang Wootton Realty Advisors  
New York, NY

### Mortgage Backed Securities and Equity Manager

Miller, Anderson & Sherrerd  
Bala Cynwyd, PA

### Mortgage Backed Securities Manager

Glenmede Trust Co.  
Philadelphia, PA

### Security Lending Manager

First Pennsylvania Bank  
Philadelphia, PA

### Venture Capital Manager

NEPA Management Corp.  
Easton, PA

### Short Term Investment Manager

Treasury Dept. – Commonwealth of PA  
Harrisburg, PA

## Investment Evaluator

Evaluation Associates, Inc.  
Westport, CT

## Actuary

George B. Buck Consulting Actuaries, Inc.  
Chicago, IL

## Auditor

Peat, Marwick, Mitchell and Co.  
Harrisburg, PA

# Chairman's Report

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
BOX 125  
HARRISBURG, PENNSYLVANIA 17108  
Area Code 717-787-8546

November 1, 1985

Honorable Dick Thornburgh  
Governor of Pennsylvania

Members of the Legislature  
Members of the Retirement System

Dear Governor Thornburgh, Legislators and Members:

The responsibility and the obligation of the Board of Trustees of the Public School Employees' Retirement System (PSERS) to the membership and the general public has always been fully recognized by the Board and has found full expression in the Board's management policies.

One of the responsibilities of the Board of Trustees is to prepare annually this financial report which is assembled by the PSERS staff, enabling the participants of PSERS and the general public to obtain a better understanding of the financial and actuarial conditions of the System and the various factors affecting its operation. Each participating member of PSERS is furnished a summary of this report and additional copies of this entire report may be furnished to any member or interested person upon request.

Other important responsibilities of the Board of Trustees include the investment of assets of this System, the review of disability benefit requests, and the selection of advisors and consultants to discharge these and other responsibilities of the Board.

A mission statement has been defined by the Board of Trustees which establishes the focus for the System goals and objectives. The mission statement asserts that the Board of Trustees of the Public School Employees' Retirement System, empowered by statute with the authority and having fiduciary responsibility to ensure the timely and accurate payment of benefits to the members of the System and to maintain the stability of the Fund, shall:

- Effectively collect contributions to the Fund.
- Prudently invest the assets of the Fund.
- Diligently obtain and maintain the long-term optimum value of the total Fund for the members of the System, the Commonwealth and its taxpayers, and the school districts of the Commonwealth.

A request to provide venture capital to small businesses in Pennsylvania is contained within the Governor's Program Policy Guidelines. Specifically, the state's two pension funds have been requested to intensify their efforts to utilize the authority granted to them in legislation signed last year, permitting the investment of up to one percent of their assets in venture capital.

The Board of Trustees of the Public School Employees' Retirement System has responded positively to these program guidelines. To date, \$21 million has been committed for venture capital investment which will benefit Pennsylvania's economy and the Board is prudently continuing its program to provide additional capital for this purpose.

The Board of Trustees is formulating long-range plans for the PSERS fund. These plans include systems to develop investment goals, asset allocation strategies, and administrative procedures in order to meet future obligations of this System to its members, active and retired. Plans must be put in place now for the future well-being of this fund. The vast size of the fund and the changes that will possibly be made dictate that plans be enacted to reach predetermined investment returns.

I am cognizant of my responsibilities as chairman of the Board of Trustees to the membership and general public in assisting the staff and the Board in their continued effort to strengthen and improve PSERS. I take this opportunity to thank the staff, advisors, and participants who consistently strive to maintain PSERS in the forefront among public employe retirement systems in the nation. Serious challenges lie ahead, and with everyone's assistance, these challenges will be met.

We seek your continued support in maintaining a financially secure retirement future for the active and retired members of PSERS.



Samuel A. McCullough  
Chairman

---

---

---

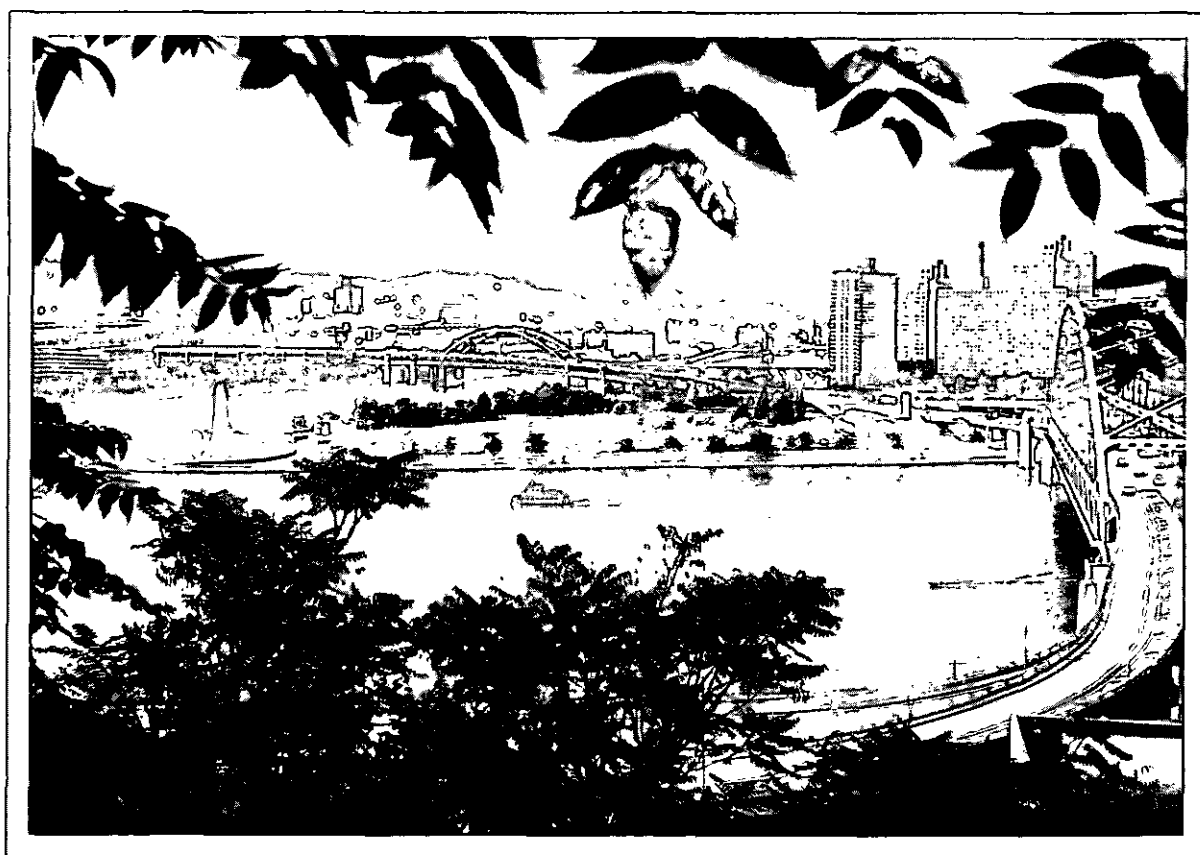
---

---

# FINANCIAL SECTION

---

25



Golden Triangle in Pittsburgh, the confluence of the Monongahela and Allegheny Rivers forming the Ohio River

---

---

---

---

---

# Auditor's Opinion Letter



Peat, Marwick, Mitchell & Co.  
Certified Public Accountants  
100 Pine Street  
Harrisburg, Pennsylvania 17101

The Board of Trustees  
Commonwealth of Pennsylvania  
Public School Employees' Retirement System

We have examined the balance sheets of the Commonwealth of Pennsylvania Public School Employees' Retirement System as of June 30, 1985 and 1984 and the related statements of revenues, expenses and changes in fund balance and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Commonwealth of Pennsylvania Public School Employees' Retirement System at June 30, 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.

*Peat, Marwick, Mitchell & Co.*

September 6, 1985

# Balance Sheets

## June 30, 1985 and 1984

(Amounts in Thousands)

	<b>1985</b>	<b>1984</b>
<b>Assets</b>		
<b>Investments, at cost (note 5):</b>		
Corporate and government debentures (market value \$3,268,721 in 1985 and \$2,318,239 in 1984) . . . .	\$3,163,025	\$2,513,611
Common and preferred stocks (market value \$2,415,801 in 1985 and \$1,601,965 in 1984) . . . .	2,043,219	1,608,436
Mortgage investments (market value \$835,455 in 1985 and \$513,129 in 1984) . . . . .	868,224	653,352
Other long-term investments (market value \$592,109 in 1985 and \$490,513 in 1984) . . . . .	575,039	509,738
Short-term investments (market value \$1,007,510 in 1985 and \$1,217,341 in 1984) . . . . .	1,007,510	1,217,341
<b>Total investments</b>	<u>7,657,017</u>	<u>6,502,478</u>
<b>Receivables:</b>		
<b>Contributions:</b>		
Members . . . . .	32,246	34,050
Employers . . . . .	133,036	105,537
<b>Commonwealth of Pennsylvania:</b>		
Current receivable . . . . .	90,678	69,103
Deficit receivable (note 4) . . . . .	28,006	39,233
<b>Investments:</b>		
Income receivable . . . . .	139,593	117,127
Proceeds receivable . . . . .	106,358	115,985
Other . . . . .	476	670
<b>Total receivables</b>	<u>530,393</u>	<u>431,710</u>
<b>Cash</b> . . . . .	<u>22</u>	<u>2</u>
<b>Fixed assets</b> (net of accumulated depreciation of \$327 in 1985 and \$453 in 1984) . . . . .	<u>1,742</u>	<u>1,900</u>
<b>TOTAL ASSETS</b>	<u><u>\$8,189,174</u></u>	<u><u>\$6,936,090</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses . . . . .	\$ 22,748	\$ 13,777
Accrued refund of employe contributions (note 7) . . . .	—	34,275
Investment purchases payable . . . . .	283,440	140,294
<b>Total liabilities</b>	<u>306,188</u>	<u>188,346</u>
<b>Fund balance (note 3):</b>		
State accumulation account . . . . .	2,051,281	1,254,862
Members' savings account . . . . .	2,274,834	2,035,294
Reserve for retirement . . . . .	3,430,618	3,335,992
Reserve for disabilities . . . . .	126,253	121,596
<b>Total fund balance</b>	<u>7,882,986</u>	<u>6,797,744</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$8,189,174</u></u>	<u><u>\$6,936,090</u></u>

See accompanying notes to financial statements.



# Statements of Revenues, Expenses and

## Years ended June 30, 1985 and 1984

(Amounts in Thousands)

**Year ended June 30, 1985**

	Total	State Accumulation Account	Members' Savings Account	Reserve for Retirement	Reserve for Disabilities
<b>Revenue:</b>					
Contributions:					
School districts . . . . .	\$ 377,504	\$ 377,504	\$ ---	\$ ---	\$ ---
Employees . . . . .	234,938	---	234,938	---	---
Refund due to changes in employe contribution rate (note 7) . . . . .	(16,992)	---	(16,992)	---	---
Commonwealth of Pennsylvania (note 4) . . .	385,984	385,984	---	---	---
<b>Total contributions . . . . .</b>	<b>981,434</b>	<b>763,488</b>	<b>217,946</b>	<b>---</b>	<b>---</b>
Investment revenue, net of related expenses (note 5) . . . . .	785,867	512,275	85,136	182,036	6,420
<b>Total revenue . . . . .</b>	<b>1,767,301</b>	<b>1,275,763</b>	<b>303,082</b>	<b>182,036</b>	<b>6,420</b>
<b>Expenses:</b>					
Benefits . . . . .	656,326	---	---	635,545	20,781
Refunds . . . . .	13,623	---	13,623	---	---
Net Transfers to State Employees' Retirement System . . . . .	4,118	3,664	454	---	---
Administrative expenses . . . . .	7,992	7,992	---	---	---
<b>Total expenses . . . . .</b>	<b>682,059</b>	<b>11,656</b>	<b>14,077</b>	<b>635,545</b>	<b>20,781</b>
<b>Excess (deficiency) of revenues over   expenses . . . . .</b>	<b>1,085,242</b>	<b>1,264,107</b>	<b>289,005</b>	<b>(453,509)</b>	<b>(14,361)</b>
<b>Transfers between reserves for: (note 3)</b>					
Retirements by members . . . . .	---	(450,375)	(92,725)	515,205	27,895
Annuitants who returned to service . . . .	---	2,696	186	(2,006)	(876)
Actuarial requirements . . . . .	---	(26,935)	---	34,936	(8,001)
Other reclassification . . . . .	---	6,926	(6,926)	---	---
<b>Fund balance at beginning of year</b>	<b>6,797,744</b>	<b>1,254,862</b>	<b>2,085,294</b>	<b>3,335,992</b>	<b>121,596</b>
<b>Fund balance at end of year</b>	<b>\$7,882,986</b>	<b>\$2,051,281</b>	<b>\$2,274,834</b>	<b>\$3,430,618</b>	<b>\$126,253</b>

See accompanying notes to financial statements.

# Changes in Fund Balance

Years ended June 30, 1985 and 1984

(Amounts in Thousands)

## Year ended June 30, 1984

	Total	State Accumulation Account	Members' Savings Account	Reserve for Retirement	Reserve for Disabilities
<b>Revenue:</b>					
Contributions:					
School districts .....	\$ 306,090	\$ 306,090	\$ --	\$ --	\$ --
Employees .....	231,371	--	231,371	--	--
Refund due to changes in employe contribution rate (note 7) .....	(34,275)	--	(34,275)	--	--
Commonwealth of Pennsylvania (note 4) ..	302,527	302,527	--	--	--
<b>Total contributions .....</b>	<b>805,713</b>	<b>608,617</b>	<b>197,096</b>	<b>--</b>	<b>--</b>
Investment revenue, net of related expenses (note 5) .....	594,135	335,522	77,627	174,781	6,205
<b>Total revenue .....</b>	<b>1,399,848</b>	<b>944,139</b>	<b>274,723</b>	<b>174,781</b>	<b>6,205</b>
<b>Expenses:</b>					
Benefits .....	591,288	--	--	572,219	19,069
Refunds .....	14,684	--	14,684	--	--
Net Transfers to State Employees' Retirement System .....	6,677	6,057	620	--	--
Administrative expenses .....	6,955	6,955	--	--	--
<b>Total expenses .....</b>	<b>619,604</b>	<b>13,012</b>	<b>15,304</b>	<b>572,219</b>	<b>19,069</b>
<b>Excess (deficiency) of revenues over expenses .....</b>	<b>780,244</b>	<b>931,127</b>	<b>259,419</b>	<b>(397,438)</b>	<b>(12,864)</b>
<b>Transfers between reserves for: (note 3)</b>					
Retirements by members .....	--	(472,080)	(93,666)	540,529	25,217
Annuityants who returned to service .....	--	2,478	157	(1,631)	(1,004)
Actuarial requirements .....	--	(63,775)	--	64,857	(1,082)
Other reclassification .....	--	477	(477)	--	--
<b>Fund balance at beginning of year</b>	<b>6,017,500</b>	<b>856,635</b>	<b>1,919,861</b>	<b>3,129,675</b>	<b>111,329</b>
<b>Fund balance at end of year</b>	<b>\$6,797,744</b>	<b>\$1,254,862</b>	<b>\$2,085,294</b>	<b>\$3,335,992</b>	<b>\$121,596</b>

See accompanying notes to financial statements.

# Statements of Changes in Financial Position

## Years ended June 30, 1985 and 1984

(Amounts in Thousands)

	1985	1984
<b>Resources provided by:</b>		
Excess of revenues over expenses .....	\$1,085,242	\$ 780,244
Sales and maturities of long-term investments .....	3,499,059	2,498,987
Items not requiring (providing) resources currently:		
Net (gain) loss from sales of long-term investments .....	(140,043)	(45,009)
Net amortized premium (discount) .....	(9,640)	(2,435)
Depreciation .....	327	294
Net loss from disposal of equipment .....	--	96
<b>Total resources provided</b>	<b>\$4,434,945</b>	<b>\$3,232,177</b>
<b>Resources used by:</b>		
Purchases of long-term investments .....	\$4,713,746	\$3,357,950
Net increase (decrease) in working capital .....	(278,970)	(126,462)
Acquisition of equipment .....	169	689
<b>Total resources used</b>	<b>\$4,434,945</b>	<b>\$3,232,177</b>

# Elements of Net Increase (Decrease) in Working Capital

## Years ended June 30, 1985 and 1984

(Amounts in Thousands)

	1985	1984
<b>Current assets:</b>		
Cash .....	\$ 20	\$ (19)
Short-term investments .....	(209,831)	(153,501)
Contributions receivable .....	36,038	(40,199)
Investment income receivable .....	22,466	43,572
Investment proceeds and other receivables .....	(9,821)	(32,821)
<b>Net increase (decrease) in current assets</b>	<b>(161,128)</b>	<b>(182,968)</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses .....	8,971	1,363
Accrued refund of employe contributions .....	(34,275)	34,275
Investment purchases payable .....	143,146	(92,144)
<b>Net increase (decrease) in current liabilities</b>	<b>117,842</b>	<b>(56,506)</b>
<b>Increase (decrease) in working capital</b>	<b>\$ (278,970)</b>	<b>\$ (126,462)</b>

See accompanying notes to financial statements.

# Notes to Financial Statements

## June 30, 1985 and 1984

### (1)

#### Organization and Description of the System

##### (a) Organization

The Commonwealth of Pennsylvania Public School Employees' Retirement System (the "System") was established as of July 18, 1917, under the provision of P.L. 1043, No. 343. The System's designated purpose is to provide retirement allowances and other benefits to members. Membership in the System is mandatory for substantially all full-time public school employees in the Commonwealth. Responsibility for the organization and administration of the System is vested in the Board of Trustees.

##### (b) Benefits

Significant amendments to the System were made in 1975 as a result of legislative approval of Act 96. Under the provisions of Act 96, members are eligible for monthly retirement benefits upon reaching (a) age 62; (b) age 60 with 30 or more years of service; or (c) 35 or more years of service. Another recent amendment was made in accordance with Act 152 (effective June 1, 1982) which permitted members age 55 with 25 years of service to retire with full benefits provided they would retire before September 1, 1982. Such benefits are generally equal to 2 percent of the member's final average salary (as defined) multiplied by the number of years of credited service. Early retirement resulting in reduced benefits may be elected after completion of 10 years of service. Under certain features of the System, participants may purchase credit for previous types of educational or military service on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System also provides for disability benefits and death benefits. Participants are eligible for disability benefits after completion of 5 years of eligible service. Death benefits are payable upon the death of an active member who has reached 62 or who has at least 10 years of eligible service.

Members with credited service in the State Employees' Retirement System may elect to transfer such service to the Public School Employees' Retirement System upon commencement of employment in the public school system. Similarly, a member with credited service in the System may transfer such service to the State Employees' Retirement System upon becoming a member of that system.

Upon termination of a member's employment in the public school sector, the member's accumulated contributions plus interest are refundable from the Members' Savings Account.

##### (c) Contributions

The contribution policy is set by Act 96 and requires contributions by active members, employers and the Commonwealth. The rate of contribution for most active members was set by law at 5¼ percent of the member's compensation. For members joining the System on or after July 22, 1983, the rate of contribution is 6¼ percent. The contributions required of employers and the Commonwealth are based upon an actuarial valuation computed as a percentage of the total compensation of all active members during the period for which the amount is determined. For the years ended June 30, 1985 and 1984, the combined amounts required from the employers and Commonwealth were 19.31 percent and 17.06 percent, respectively, of active member payroll. The employer and the Commonwealth share such cost equally. Effective July 1, 1985, the combined contribution rate was increased to 20.04 percent.

##### (d) Actuarial Valuation

The contribution policy requires employers and the Commonwealth to make a normal contribution and a past service contribution as determined by a qualified actuary. The System's actuary uses the "entry age normal" method to determine normal costs. As of June 30, 1984, the date of the most recent actuarial report, the actuary computed that, utilizing the present method of funding, the unfunded actuarial liability of the employers and Commonwealth for prior service of \$6,822,817,000 (\$6,250,442,000 as of June 30, 1983) should be funded in approximately 26 years. Such liability includes \$99,740,000 (\$92,039,000 as of June 30, 1983) related to unaccrued interest receivable on Commonwealth contributions which were not paid on a timely basis (Note 4).

Significant assumptions underlying the actuarial computations include: (a) assumed rate of return on investments of 5½ percent; (b) assumed rate of salary increases ranging from 6.99 percent at age 25 to 1.89 percent at age 69; (c) assets valued at cost or amortized cost; and (d) mortality, vesting, retirement age and withdrawal estimates based on tables furnished by the actuary.

While no actuarial assumptions were changed during the year, the current valuation reflects supplemental annuity increases effective July 1, 1984. This change caused a \$336,900,000 increase in the unfunded actuarial liability.

(2)

**Summary of Significant Accounting Policies**

The financial statements of the System are prepared on the accrual basis of accounting and conform to generally accepted accounting principles. In order to assist the reader in understanding the accompanying financial statements, a summary of the more significant accounting policies is presented below:

**(a) Investments**

Corporate and government debentures with fixed maturities are reported at cost as of the trade date of the transaction adjusted for amortization of premiums and accretion of discounts, both computed on an effective interest basis to the maturity date of the investment.

Investments in common and preferred stocks are carried at cost. Gains and losses on stock sales are recognized on the basis of the average cost of the stocks sold. Dividend income is recognized as dividends are declared.

Investments in mortgages are carried at the amount of the unpaid principal balance of the loan, adjusted for accretion of discounts. Such discounts are accreted on a straight-line basis to the maturity date of the loan for large project loans, or over the average twelve-year life of the portfolio for single family mortgages. Income on mortgages is recognized as earned.

Other long-term investments are carried at cost as of the trade date of the transaction and adjusted for amortization of premiums and accretion of discounts. The accretion of discounts for time deposits is computed on an effective interest basis. The amortization of premiums for real estate is on a straight-line basis.

Investments in short-term obligations, principally certificates of deposit, commercial paper, U.S. Treasury bills and bank repurchase agreements, are carried at cost, which approximates market value. Income on these investments is recognized when earned.

**(b) Fixed Assets**

Fixed assets, consisting primarily of data processing equipment, are carried at cost. The System depreciates fixed assets by the straightline method over an estimated useful life of seven years.

**(c) Federal Income Tax Status**

During the years ended June 30, 1985 and 1984, the System qualified under the provisions of the Internal Revenue Code and was exempt from federal income taxes.

**(d) Compensated Absences**

The System records a liability for employees' vacation and sick pay as earned.

**(e) Comparability**

Certain amounts have been reclassified to conform to classifications adopted in 1985.

(3)

**Description of Funds**

Act 96 defines the following funds to be maintained by the System:

**(a) Members' Savings Account**

The Members' Savings Account is credited with all contributions made by active members of the System. Interest is added to the member's individual account at an annual rate of 4 percent.

Upon death or retirement of a member the accumulated contributions plus interest are transferred to the Reserve for Retirement or Reserve for Disabilities for subsequent payment of benefits.

**(b) State Accumulation Account**

The State Accumulation Account is credited with the contributions of the Commonwealth and the reporting units (employers). Additionally, interest earnings of the System (after crediting the Members' Savings Account with the aforementioned 4 percent credit and the Reserves for Retirement and Disabilities with a 5½ percent credit) are credited to this account. Each year, the amounts necessary as determined by the actuary for the payment of retirement and death benefits are transferred from the State Accumulation Account to the Reserve for Retirement and Reserve for Disabilities. All administrative expenditures necessary for the operation of the System are paid from the State Accumulation Account.

**(c) Reserve for Retirement**

The Reserve for Retirement represents the amounts transferred from the Members' Savings and State Accumulation accounts, plus additional contributions made by the Commonwealth and employers for the payment of supplemental annuities and cost-of-living increases. All death and retirement benefits are paid from this account. Annual interest of 5½ percent is credited to the Reserve for Retirement.

**(d) Reserve for Disabilities**

The Reserve for Disabilities represents the amounts transferred from the Members' Savings and State Accumulation accounts, plus additional contributions made by the Commonwealth and employers for the payment of supplemental annuities and cost-of-living increases. All disability benefits are paid from this account. Annual interest of 5½ percent is credited to the Reserve for Disabilities.

**(4)  
Deficit Commonwealth Contributions Receivable**

Deficit Commonwealth contributions receivable represent amounts determined by the System's actuary to be necessary to fund current and prospective annuities as defined by Act 96, but which have not been appropriated by the legislature. Such deficits originally represented an underfunding of Commonwealth contributions for fiscal years ended June 30, 1970 to 1973. The Commonwealth has agreed to make annual payments of \$9 million in order to satisfy this obligation. As of June 30, 1985, an amount of \$1.3 million, which was appropriated but not paid in 1985, remained as a receivable related to the original underfunding. As of June 30, 1985 and 1984, no interest was recorded on this receivable. Additionally, amounts of \$17 million and \$9.7 million are recorded as deficit contributions receivable relating to the years ending June 30, 1985 and 1984, respectively.

**(5)  
Investments**

The Board of Trustees has the responsibility to invest and reinvest available funds of the System, in accordance with the guidelines and limitations outlined by Act 96. Under these guidelines, the Board may make investments in common and preferred stocks, mortgage investments and corporate and government obligations in such a manner as to maximize return while maintaining a sound portfolio with minimum risk. By law, investments in common stock are limited to 50 percent of the total assets of the System. Additionally, the amount invested in common stock of any one entity may not exceed 2 percent of the book value of the assets of the System or 5 percent of the total issued and outstanding common stock of that entity at the date of purchase.

Summaries of investment revenue and investment securities as of June 30, 1985 and 1984, and the approximate market values follow:

**Investment Revenue**  
**Years Ended June 30, 1985 and 1984**  
(Amounts in Thousands)

	<b>1985</b>	<b>1984</b>
Corporate and government debentures .....	\$330,716	\$269,186
Common and preferred stocks .....	82,921	72,303
Mortgage investments .....	57,551	80,737
Other long-term investments .....	65,887	35,673
Short-term investments .....	100,386	94,737
Option writing income .....	5,199	--
Securities lending income .....	1,703	--
<b>Gross investment revenue</b>	<b>644,363</b>	<b>552,636</b>
Net amortized discount .....	9,640	2,435
Net gain on investment transactions .....	140,775	44,988
<b>Total investment revenue before investment expenses</b>	<b>794,778</b>	<b>600,059</b>
Investment expenses .....	(8,911)	(5,924)
<b>Net investment revenue</b>	<b>\$785,867</b>	<b>\$594,135</b>

# Summary of Investment Securities

## Years Ended June 30, 1985 and 1984

(Amounts in Thousands)

	1985		1984	
	Book Value	Market Value	Book Value	Market Value
<b>Corporate and government debentures:</b>				
Long-term U. S. Treasury obligations . . . . .	\$2,641,254	\$2,740,602	\$2,049,842	\$1,926,503
Corporate and municipal bonds . . . . .	489,674	492,922	449,701	376,151
Corporate loans and leaseholds . . . . .	2,955	2,738	3,472	3,104
Convertible bonds . . . . .	29,142	32,459	10,596	12,481
	<u>3,163,025</u>	<u>3,268,721</u>	<u>2,513,611</u>	<u>2,318,239</u>
 <b>Common and preferred stocks:</b>				
Common stock . . . . .	2,037,962	2,410,338	1,603,424	1,596,226
Preferred stock . . . . .	5,257	5,463	5,012	5,739
	<u>2,043,219</u>	<u>2,415,801</u>	<u>1,608,436</u>	<u>1,601,965</u>
 <b>Mortgage investments:</b>				
FHA/VA residential mortgages . . . . .	271,474	239,322	291,441	208,903
FHA project mortgages . . . . .	235,958	226,997	256,664	210,716
Pooled mortgages . . . . .	271,605	276,097	70,303	63,223
Mortgage backed securities . . . . .	74,378	80,584	19,830	17,576
Other conventional mortgages . . . . .	14,809	12,455	15,114	12,711
	<u>868,224</u>	<u>835,455</u>	<u>653,352</u>	<u>513,129</u>
 <b>Other long-term investments:</b>				
Equity real estate . . . . .	230,438	231,159	70,002	67,519
Equity participation real estate . . . . .	336,727	353,076	439,722	422,980
Time deposits . . . . .	7,052	7,052	--	--
Venture capital . . . . .	500	500	--	--
FHA debentures . . . . .	322	322	14	14
	<u>575,039</u>	<u>592,109</u>	<u>509,738</u>	<u>490,513</u>
 <b>Other short-term investments:</b>				
U.S. Treasury bills and notes . . . . .	195,107	195,107	420,657	420,657
Repurchase agreements . . . . .	319,350	319,350	219,825	219,825
Commercial paper . . . . .	230,425	230,425	422,903	422,903
Certificates of deposit . . . . .	65,003	65,003	20,000	20,000
Federal farm credit bank . . . . .	30,000	30,000	60,000	60,000
Federal home loan bank . . . . .	81,000	81,000	49,411	49,411
Federal home loan mortgage . . . . .	10,000	10,000	14,739	14,739
Bankers acceptances . . . . .	--	--	9,806	9,806
Money market funds . . . . .	76,625	76,625	--	--
	<u>1,007,510</u>	<u>1,007,510</u>	<u>1,217,341</u>	<u>1,217,341</u>
	<u><u>\$7,657,017</u></u>	<u><u>\$8,119,596</u></u>	<u><u>\$6,502,478</u></u>	<u><u>\$6,141,187</u></u>

(6)  
**Relationships With Other Commonwealth  
Agencies**

The Treasurer of the Commonwealth of Pennsylvania is designated under Act 96 as the custodian of all cash and investment securities of the System. The Treasurer of the Commonwealth or his designate also serves as a member of the Board of Trustees.

(7)  
**Litigation and Contingencies**

The System was a defendant in lawsuits brought by the Pennsylvania State Education Association and the Pennsylvania Federation of Teachers challenging a 1 percent increase in the member's contribution rate effective with Act 31 on July 22, 1983. On September 20, 1983, a preliminary injunction, which was stayed before going into effect, was granted to prevent the System from continuing to collect the higher contribution rate and to require the System to reimburse members the excess

contributions made to the System. In 1984 Commonwealth Court ruled and the State Supreme Court reaffirmed the decision to roll back the 1 percent increase. By June 30, 1985, most of this amount collected had been refunded to the members of the System.

The System is subject to various threatened and pending lawsuits which deal with the question of benefit eligibility. Management does not anticipate that the ultimate liability arising from such litigation and threats of litigation will have a material effect on the financial statements of the System.

(8)  
**Commitments**

The System has commitments to fund equity participation real estate investments which amounted to \$113 million at June 30, 1985. This amount represents the total amount of loan commitments approved by the Board for which funding has not yet been required.



# Schedule 1

## Investment Summary

Year ended June 30, 1985  
(Amounts in Thousands)

Type of Investment	Market Value 6/30/84	Market Value 6/30/85	% Market Value
<b>Corporate and government debentures:</b>			
Long-term U. S. Treasury obligations . . . . .	\$1,926,503	\$2,740,602	33.8%
Corporate & municipal bonds . . . . .	376,151	492,922	6.1%
Corporate loans & leaseholds . . . . .	3,104	2,738	0.0%
Convertible bonds . . . . .	12,481	32,459	0.4%
<b>Total bonds</b>	<b>2,318,239</b>	<b>3,268,721</b>	<b>40.3%</b>
<b>Common and Preferred Stock:</b>			
Common Stock . . . . .	1,596,226	2,410,338	29.7%
Preferred Stock . . . . .	5,739	5,463	0.1%
<b>Total stock</b>	<b>1,601,965</b>	<b>2,415,801</b>	<b>29.8%</b>
<b>Mortgage Investments:</b>			
FHA/VA residential mortgages . . . . .	208,903	239,322	2.9%
FHA project mortgages . . . . .	210,716	226,997	2.8%
Pooled mortgages . . . . .	63,223	276,097	3.4%
Mortgage backed securities . . . . .	17,576	80,584	1.0%
Conventional mortgages . . . . .	12,711	12,455	0.2%
<b>Total mortgage investments</b>	<b>513,129</b>	<b>835,455</b>	<b>10.3%</b>
<b>Other Long-Term Investments:</b>			
Equity real estate . . . . .	67,519	231,159	2.8%
Equity participating . . . . .	422,980	353,076	4.4%
Time deposits . . . . .	0	7,052	0.1%
Venture capital . . . . .	0	500	0.0%
FHA Debentures . . . . .	14	322	0.0%
<b>Other long-term investments</b>	<b>490,513</b>	<b>592,109</b>	<b>7.3%</b>
<b>Short-Term Investments:</b>			
U.S. Treasury Bills and Notes . . . . .	420,657	195,107	2.4%
Repurchase agreements . . . . .	219,825	319,350	3.9%
Commercial paper . . . . .	422,903	230,425	2.8%
Certificates of deposit . . . . .	20,000	65,003	0.8%
Federal farm credit bank . . . . .	60,000	30,000	0.4%
Federal home loan bank . . . . .	49,411	81,000	1.0%
Federal home loan mortgage . . . . .	14,739	0	0.0%
Federal national mortgage association . . . . .	0	10,000	0.1%
Bankers Acceptances . . . . .	9,806	0	0.0%
Money market funds . . . . .	0	76,625	0.9%
<b>Total short-term investments</b>	<b>1,217,341</b>	<b>1,007,510</b>	<b>12.3%</b>
<b>Grand total</b>	<b>\$6,141,187</b>	<b>\$8,119,596</b>	<b>100.0%</b>

# Schedule 1

## Investment Summary (Continued)

Year ended June 30, 1985  
(Amounts in Thousands)

Book Value 6/30/84	Purchases	Sales	Gain/ (Loss)	Amortization/ (Accretion)	Book Value 6/30/85
\$2,049,842	\$ 2,110,297	\$ 1,549,107	\$ 26,854	\$3,368	\$2,641,254
449,701	569,426	532,103	(77)	2,727	489,674
3,472	72	589	0	0	2,955
10,596	36,819	22,769	4,524	(28)	29,142
<u>2,513,611</u>	<u>2,716,614</u>	<u>2,104,568</u>	<u>31,301</u>	<u>6,067</u>	<u>3,163,025</u>
1,603,424	1,422,983	1,090,802	102,357	0	2,037,962
5,012	4,532	7,283	2,996	0	5,257
<u>1,608,436</u>	<u>1,427,515</u>	<u>1,098,085</u>	<u>105,353</u>	<u>0</u>	<u>2,043,219</u>
291,441	0	20,577	277	333	271,474
256,663	0	22,724	110	1,909	235,958
70,303	270,962	72,983	2,514	809	271,605
19,830	78,029	24,484	391	612	74,378
15,114	0	305	0	0	14,809
<u>653,351</u>	<u>348,991</u>	<u>141,073</u>	<u>3,292</u>	<u>3,663</u>	<u>868,224</u>
70,002	160,627	183	0	(8)	230,438
439,722	37,545	140,435	(23)	(82)	336,727
0	21,954	15,022	120	0	7,052
0	500	0	0	0	500
14	0	(308)	0	0	322
<u>509,738</u>	<u>220,626</u>	<u>155,332</u>	<u>97</u>	<u>(90)</u>	<u>575,039</u>
420,657	649,069	875,282	663	0	195,107
219,825	5,053,665	4,954,140	0	0	319,350
422,903	2,760,507	2,952,988	3	0	230,425
20,000	55,003	10,000	0	0	65,003
60,000	86,000	116,066	66	0	30,000
49,411	91,000	59,411	0	0	81,000
14,739	0	14,739	0	0	0
0	10,000	0	0	0	10,000
9,806	59,306	69,112	0	0	0
0	178,150	101,525	0	0	76,625
<u>1,217,341</u>	<u>8,942,700</u>	<u>9,153,263</u>	<u>732</u>	<u>0</u>	<u>1,007,510</u>
<u>\$6,502,477</u>	<u>\$13,656,446</u>	<u>\$12,652,321</u>	<u>\$140,775</u>	<u>\$9,640</u>	<u>\$7,657,017</u>

## Schedule 2

# Administrative Expenses

## Comparative Two-Year Schedule

Years ended June 30, 1985 and 1984  
(Amounts in Thousands)

	1985		1984	
	Actual	Budget	Actual	Budget
<b>Personnel costs:</b>				
Salaries and wages . . . . .	\$3,532		\$3,088	
Social Security contributions . . . . .	252		219	
Retirement contributions . . . . .	693		498	
Employees' insurance contributions . . . . .	520		480	
Other employe benefits . . . . .	57		44	
<b>Total personnel costs</b>	<b>\$5,054</b>	<b>\$5,107</b>	<b>\$4,329</b>	<b>\$4,332</b>
<b>Operating costs:</b>				
Auditor General services . . . . .	8		54	
Treasury services . . . . .	489		423	
Civil Service Commission services . . . . .	17		16	
Classification and pay services . . . . .	4		2	
Purchasing services . . . . .	2		3	
Data processing services . . . . .	10		8	
Consultant fees . . . . .	42		88	
Legal Fees . . . . .	6		6	
Specialized services . . . . .	218		336	
Contracted personnel services . . . . .	36		4	
Printing . . . . .	85		67	
Postage . . . . .	443		475	
Telephone and Telegraph . . . . .	167		13	
Dues and subscriptions . . . . .	10		7	
Electricity . . . . .	72		57	
Motorized equipment supplies and repairs . . . . .	8		7	
Travel . . . . .	79		69	
Contracted maintenance services . . . . .	249		150	
Rental of real estate . . . . .	360		286	
Rental of equipment . . . . .	25		30	
Office supplies . . . . .	109		66	
Miscellaneous expenses and supplies . . . . .	38		43	
<b>Total operating expenses</b>	<b>\$2,477</b>	<b>\$2,800</b>	<b>\$2,310</b>	<b>\$2,558</b>
<b>Fixed charges:</b>				
Furniture and equipment . . . . .	134		22	
Depreciation . . . . .	327		294	
<b>Total fixed charges</b>	<b>\$ 461</b>	<b>\$ 756</b>	<b>\$ 316</b>	<b>\$ 516</b>
<b>Total administrative expenses</b>	<b>\$7,992</b>	<b>\$8,663<sup>1</sup></b>	<b>\$6,955</b>	<b>\$7,406<sup>2</sup></b>

<sup>1</sup> Includes \$8,524 related to the 1984-85 appropriation and \$139 related to the 1983-84 appropriation.

<sup>2</sup> Includes \$7,619 related to the 1983-84 appropriation and \$(213) related to the 1982-83 appropriation.

# Schedule 3

## Summary Schedule of Cash Receipts and Disbursements

Years ended June 30, 1985 and 1984  
(Amounts in Thousands)

	1985	1984
Cash balance at beginning of year . . . . .	\$ 2	\$ 21
<b>Add cash receipts:</b>		
Investment sales and maturities . . . . .	\$12,661,285	\$13,361,266
Contributions:		
School districts . . . . .	350,526	301,664
Employees . . . . .	236,780	226,058
Commonwealth of Pennsylvania . . . . .	375,642	352,851
Interest and dividends . . . . .	621,776	507,487
Transfers from State Employees' Retirement System . . . . .	1,484	1,762
Refund of expenditures . . . . .	2,188	3,167
Other receipts . . . . .	768	870
<b>Total cash receipts</b>	<b>\$14,250,449</b>	<b>\$15,255,125</b>
<b>Less cash disbursements:</b>		
Investment purchases . . . . .	\$13,514,313	\$14,625,491
Benefit payments . . . . .	649,831	590,957
Refunds . . . . .	65,335	15,158
Transfers to State Employees' Retirement System . . . . .	5,084	9,507
Administrative expenses . . . . .	8,097	7,328
Other disbursements . . . . .	7,769	6,708
<b>Total cash disbursements</b>	<b>\$14,250,429</b>	<b>\$15,255,144</b>
Cash balance at end of year . . . . .	\$ 22	\$ 2

# Summary Schedule of Commissions Paid to Brokers Year Ended June 30, 1985

Broker Name	Commission Paid	Broker Name	Commission Paid
Able Nossler	\$ 3,250.00	Mabon Nugent & Co	\$ 10,338.00
Alpha Management Inc	4,000.00	McDonald & Company	3,400.00
Amdec Sec	350.00	Merrill Lynch Pierce Fenner & Smith, Inc.	369,002.88
Amivest Corp	6,393.06	Mesirow & Co	18,775.50
Arthurs Lestrangle & Short	2,015.00	Montgomery Securities	59,572.00
Autranet Inc	26,066.50	Moore & Schley Cameron & Co	3,600.00
Bear Stearns & Co	241,107.50	Morgan Olmstead Kennedy & Gardner Inc.	3,058.00
Becker A G Inc	2,500.00	Morgan Stanley & Co Inc	131,583.50
Bernstein Sanford C & Co Inc	32,598.00	Moseley Hallgarten Estabrook Weeden, Inc.	54,537.00
Boston Institutional Services Incorp	6,390.00	Muller & Co	2,387.50
Brandt Robert & Co	17,339.00	Murphy Marseilles & Smith	2,800.00
Bridge Trading Company	8,851.00	Neuberger & Berman	26,303.24
Brimberg & Co	2,400.00	Newbolds W H Son & Co Inc	9,300.00
Brown Alex & Sons	33,631.00	Nomura Securities Int'l Inc.	10,258.00
Brown Brothers Harriman & Co	204.00	O'Neil William & Co Inc	1,250.00
Burns, Fry & Timmins	2,730.00	Oppenheimer & Co Inc	300,420.50
Butcher & Singer Inc	3,850.00	Pacific Securities Inc.	2,232.00
Cantor Fitzgerald Securities Corp	54,370.00	Paine Webber Jackson & Curtis Inc	2,370.00
Capital Institutional Services	462.00	Paine Webber Mitchell Hutchins Inc	107,334.30
Coleman & Company Inc	2,340.00	Pennsylvania Group Inc The	11,477.00
Conning & Co	8,335.00	Pershing & Co	17,395.00
Cowen & Co	34,153.00	Pforzheimer Carl H & Co	5,550.00
Dain Bosworth Inc	700.00	Prescott Ball & Turben	8,350.00
Davis Shelby Cullom & Co	3,360.00	Prudential-Bache	150,087.50
Dillon Read & Co Inc	32,594.00	Raymond James & Associates Inc	5,900.00
Donaldson Lufkin & Jenrette Inc	128,825.50	Reaves W H & Co Inc	25,305.00
Drexel Burnham Lambert Inc	97,991.76	Robertson Coleman	5,676.00
Eberstadt F & Co Inc	29,826.00	Robinson-Humphrey Co Inc The	13,147.00
Edwards A G & Sons Inc	590.00	Rochdale Sec Corp	6,000.00
Ernst & Co	4,570.00	Rosenkrantz Ehrenkrantz Lyon & Ross Inc.	3,746.00
Execution Services Inc	353.00	Rothschild L F Unterberg Towbin	109,603.00
Factset Data System	6,232.70	Rothschild Securities Corp.	1,666.00
Faherty Rooner & Pace	13,960.00	Roulston & Co Inc	800.00
Fay Improvement Co	3,000.00	Roulston Research Corp	1,640.00
First Boston Corp	191,435.00	Russell Frank Co Inc	10,506.00
First Manhattan Co	21,170.00	S E I Funds Evaluations	886.00
Furman Selz Mager Dietz & Birney Inc	9,462.00	Salomon Brothers Inc	330,401.63
Gintel & Co	6,400.00	Scott & Stringfellow Inc	4,440.00
Goldman Sachs & Co	345,325.60	Seidler Amdec	2,770.00
Goodrich Securities	2,016.00	Seligman Securities Inc	1,871.00
Gordon Haskett & Co	25,595.00	Shearson/American Express	205,946.00
Hambrecht & Quist	2,434.00	Sloate Weisman Murray & Steinberg Inc	4,460.00
Herzfeld & Stern	1,712.00	Smilen & Safian Inc	443.00
Hess Grant & Frazier Inc	6,598.00	Smith Barney Harris Upham & Co Inc	112,154.50
Howard Weil Labouisse Friedrichs Inc	10,670.00	Standard & Poor Securities Inc.	8,118.00
Hutton E F & Co Inc	218,267.50	Stewart & Frankel	711.00
Interstate Securities Corp	1,519.00	Thomson & McKinnon Securities Inc	84.00
Janney Montgomery Scott Inc	10,389.00	Tucker Anthony & R L Day	37,864.00
Jeffries & Co Inc	157,514.00	W & D Inc	8,721.00
Johnson Lane Space Smith & Co Inc.	47,264.00	Weeden & Co	3,480.00
Jones & Associates	6,212.00	Wilshire Assoc	35,482.00
Keefe Bruyette & Woods Inc	21,111.00	Wertheim & Co	28,309.00
Kidder Peabody & Co Incorporated	224,415.50	Witter Dean Reynolds Inc	152,047.50
Lawrence Cyrus J Inc	44,112.00	Wolcott Investors	2,472.00
Legg Mason Wood Walker Inc	9,080.00	Miscellaneous Broker Code	66,223.50
Lehman/American Express	2,890.00		
Lewco Securities Corp	2,414.00		
Lynch Jones & Ryan	302,958.97		
		<b>Grand Total</b>	<b><u>\$4,988,557.64</u></b>

# Summary Schedule of Investment Fees Year Ended June 30, 1985

Manager/Consultant	Fees	Manager/Consultant	Fees
Bankers Trust	\$ 62,600.00	Mellon Bank	\$ 991,000.00
Cashman Farrell	135,200.00	Miller Anderson and Sherrerd	587,700.00
Curtis, Mallet-Prevost	218,800.00	Oppenheimer Capital Corp	879,800.00
Delaware Investment Advisors	240,600.00	Pittsburgh National Bank	96,700.00
Fidelity Bank	2,480,200.00	Provident Capital Management	498,900.00
First PA Bank	4,300.00	State Street Research	732,000.00
Glenmede	28,000.00	Thomas & Knight	36,700.00
Jones Lang Wootton	1,148,400.00	Treasury Dept.-Commonwealth of PA	8,200.00
Lawler, Felix & Hall	47,100.00	Wisner	900.00
Loomis Sayles	455,000.00		
MacKay-Shields	190,000.00		
McDermott & Rizzo	68,900.00		
		<b>Grand Total</b>	<b><u>\$8,911,000.00</u></b>

---

---

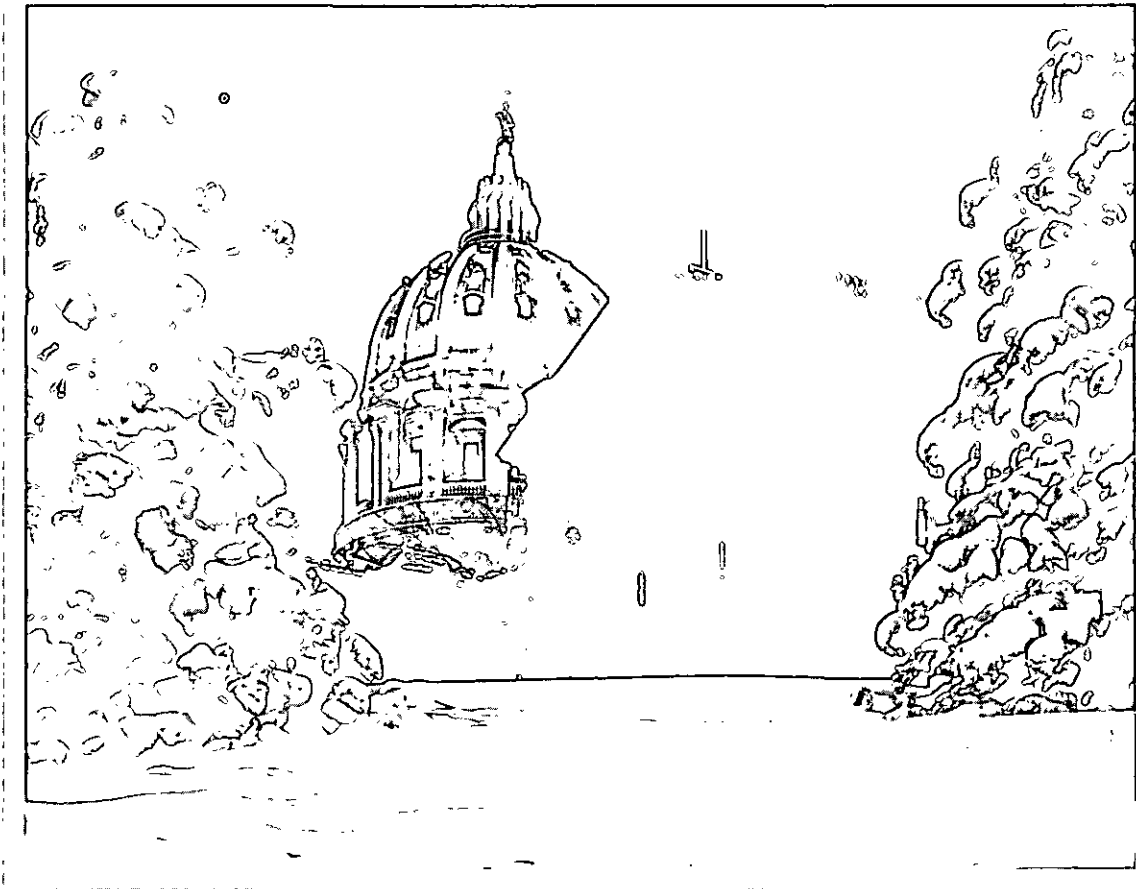
---

---

---

# ACTUARIAL SECTION

---



State Capitol on a winter night

# Actuary's Certification Letter

**George B. Buck Consulting Actuaries, Inc.**

Xerox Centre  
55 West Monroe Street  
Chicago, Illinois 60603  
Telephone: (312) 332-2285

**BUCK  
CONSULTANTS**

June 3, 1985

To the Retirement Board  
Public School Employees'  
Retirement System of Pennsylvania  
P.O. Box 125  
Harrisburg, PA 17108

Ladies and Gentlemen:

We have completed the June 30, 1984, valuation of the Public School Employees' Retirement System of Pennsylvania. The valuation was prepared on the basis of the data supplied by the Retirement System office and the actuarial assumptions adopted by the Retirement Board, and reflects the benefits in effect on the valuation date.

## **Employers' Contribution Rate**

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1985, should be set equal to 20.04 percent of payroll. The rate of 20.04 percent of payroll represents a complete phase-in of the employers' contribution rate, in line with the phase-in schedule.

## **Changes Reflected in Valuation**

The current valuation reflects the granting of supplemental annuities to certain annuitants, effective July 1, 1984.

The granting of these supplemental annuities results in an increase in the total contribution rate payable by employers of .74 percent of payroll. The additional contribution rate of .74 percent of payroll is included in the total contribution rate of 20.04 percent of payroll.

## **Effect of Repeal of Act 31**

The valuation reflects the decision by the State Supreme Court which declared that the one percent increase in contribution rate from 5¼ percent to 6¼ percent for all employes hired prior to July 22, 1983, was unconstitutional. As a result, those employes are entitled to receive a refund of the additional pick-up contributions.

The valuation did take into account the contribution rate of 6¼ percent for all employes hired on or after July 22, 1983. This had the effect of increasing the normal contribution rate by .81 percent of payroll over the normal contribution rate of 8.35 percent of payroll payable by the employers for the year commencing July 1, 1984. Thus, the normal contribution rate payable by the employers for the year commencing July 1, 1985, was determined to be 9.16 percent of payroll.

In order to reflect the repeal of Act 31 in the total contribution rate payable by the employers, the accrued liability contribution rate of 7.91 percent of payroll payable for the year commencing July 1, 1984, was reduced by .81 percent of payroll. Thus, the accrued liability contribution rate payable by the employers for the year commencing July 1, 1985, was determined to be 7.10 percent of payroll.

## **Assets and Participant Data**

The valuation assets again include an item representing the interest on the State's deficiency. It is our understanding that the Funding Review Committee was looking into the problem of this loss of interest not only on the deficiency but also on current contributions. We anticipate that this issue will be resolved in advance of the next valuation.

The individual data for members of the System as of the valuation date were reported to the actuary by the Retirement System's staff. While the actuary did not verify the data at their source, he did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. It is our understanding that the outside auditor of the System has also made an examination of the data.

### Actuarial Assumptions and Methods

The rates of separation, salary increase and mortality after retirement used in the valuation were those adopted by the Retirement Board upon the recommendation of the actuary. An interest rate of 5½ percent was used in the valuation, as specified by the Statutes of the Commonwealth pertaining to the System. In our opinion, the actuarial assumptions used in the valuation are, in the aggregate, reasonable.

The actuarial cost method utilized is the entry age normal method with open-end accrued liability, as specified in the Statutes. The application of the method produces a rate of employer contributions which should remain as a level percentage of membership payroll. The rate of contribution determined under the method covers both the normal costs of the System on account of currently accruing benefits and the amortization of the total accrued liability of the System over specified liquidation periods. The current assets applicable to the System were supplied by the Retirement System office and were taken at book value.

In determining the rate of amortization of the accrued liability of the System, it was assumed that each annual payment is 4 percent greater than the previous payment, as specified by the Statutes of the Commonwealth.

### Unfunded Accrued Liability

The unfunded accrued liability represents the present value of the portion of benefits accrued to the valuation date in respect of active members, annuitants, and survivor annuitants, which is not covered by the current assets of the System. Under the entry age normal cost method used for valuation purposes, the unfunded accrued liability is determined as the present value of the total prospective benefits payable, less the current assets of the System, less the present value of prospective normal contributions payable.

As of June 30, 1984, the total unfunded accrued liability amounted to \$6,723,077,000 including an amount of \$1,336,134,000 on account of supplemental annuities which have been granted to certain annuitants. In order to liquidate the unfunded accrued liability of \$6,723,077,000 the individual portions which have been established from time to time are to be amortized over a varying range of periods. As noted below, the System currently has seven unfunded portions to be amortized over a period ranging from 8 to 29 years.

### Funding Adequacy

The results of the valuation indicate that the rates of contribution payable by members and employers together with scheduled increases and the assets currently available are adequate to fund the actuarial liabilities on account of all benefits under the System. The liquidation period for the seven portions of the accrued liability ranges from 8 to 29 years.

The financing objective of the System is to:


- (a) fully fund all current costs, as defined by the applicable normal cost rate; and
- (b) extinguish all unfunded liabilities by requiring contribution rates sufficient to support the legislated amortization schedules for the unfunded amounts.

For the year ended June 30, 1984, the System established a total contribution level which achieved the stated financing objectives.

### Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the schedules which are presented in the body of the report.

Respectfully submitted,  
GEORGE B. BUCK CONSULTING ACTUARIES, INC.

  
John W. Thompson  
Consulting Actuary



# Actuarial Valuation of Assets and Liabilities

## June 30, 1984

### Section I — Financial Results

Section I of this report summarizes the major financial results developed in the valuation as well as the actuarial methods and assumptions used.

#### Schedule I Summary of Principal Results (Dollar Amounts in Thousands)

Valuation Date	6/30/84	6/30/83
<b>Assets (book value)</b> . . . . .	<b>\$6,897,484</b>	<b>\$6,109,592</b>
<b>Accounts receivable included in assets</b>		
From State:		
Principal amount . . . . .	\$ 108,341	\$ 158,664
Interest . . . . .	99,740	92,093
From School Districts . . . . .	105,537	100,690
From Members . . . . .	34,050	28,773
<b>Total</b>	<b>\$ 347,668</b>	<b>\$ 380,220</b>
<b>Total Employer contribution rate:</b>		
Normal . . . . .	9.16%	8.35%
Accrued liability . . . . .	7.10%	7.91%
Supplemental annuity (excluding July 1, 1979 Increase) . . . . .	1.55%	1.55%
Supplemental annuity a/c July 1, 1979 Increase . . . . .	1.49%	1.69%
Supplemental annuity a/c July 1, 1984 Increase . . . . .	.74%	--
<b>Total</b>	<b>20.04%</b>	<b>19.50%</b>
<b>Unfunded accrued liability:</b>		
Before consideration of Act 96 . . . . .	\$4,685,224	\$4,398,552
Increase on account of Act 96 . . . . .	611,203	613,799
Increase on account of "Early Retirement Window" . . . . .	47,394	47,077
Increase on account of Unisex Factors . . . . .	43,122	42,668
<b>Total</b>	<b>\$5,386,943</b>	<b>\$5,102,096</b>
<b>Unfunded supplemental annuity liability:</b>		
Excluding July 1, 1979 increase . . . . .	\$ 415,369	\$ 449,352
July 1, 1979 increase . . . . .	583,849	606,901
July 1, 1984 increase . . . . .	336,916	--
<b>Total</b>	<b>\$1,336,134</b>	<b>\$1,056,253</b>
<b>Total unfunded accrued and supplemental annuity liability</b> . . . . .	<b>\$6,723,077</b>	<b>\$6,158,349</b>
<b>Accrued liability funding period:</b>		
Established prior to Act 96 . . . . .	26 years	23 years
Established on account of Act 96 . . . . .	20½ years	22½ years
Established on account of "Early Retirement Window" . . . . .	26 years	29 years
Established on account of Unisex Factors . . . . .	29 years	30 years
<b>Supplemental annuity liability funding period:</b>		
Established prior to July 1, 1979 . . . . .	8 years	9½ years
July 1, 1979 increase . . . . .	16 years	16 years
July 1, 1984 increase . . . . .	20 years	--

**Schedule II**  
**Valuation Balance Sheet**  
**As of June 30, 1984**  
 (Amounts in Thousands)

15

**ASSETS**

<b>Current assets:</b>		
Member's Savings Account .....	\$2,085,294	
Annuity Reserve Account* .....	3,484,523	
State Accumulation Account .....	<u>1,327,667</u>	
<b>Total Current Assets</b>		<b>\$6,897,484</b>
<b>Future contributions of members</b> .....		<b>2,380,436</b>
<b>Prospective contributions payable into State Accumulation Account:</b>		
Normal .....	4,176,687	
Accrued liability .....	<u>5,386,943</u>	<b>9,563,630</b>
<b>Prospective accrued liability contributions payable into the Annuity Reserve Account on account of supplemental annuities</b> .....		<u><b>1,336,134</b></u>
<b>Total Assets</b>		<b>\$20,177,684</b>

**LIABILITIES**

<b>Benefits payable on account of past and future contributions by members to the Members' Savings Account</b> .....		<b>\$ 4,465,730</b>
<b>Annuities payable to annuitants and survivor annuitants from the Annuity Reserve Account</b> .....		<b>4,822,488</b>
<b>Prospective annuities payable to members or their beneficiaries from reserves created in the State Accumulation Account as the result of contributions payable by the State and School Districts</b> .....		<u><b>10,889,466</b></u>
<b>Total Liabilities</b>		<b>\$20,177,684</b>

\*Includes Supplemental Retirement Allowance Account.

**Schedule III**  
**Approximate Reconciliation of Total Unfunded Accrued Liability**  
(Including Supplemental Liability)  
(Amounts in Million)

**State Accumulation Account and Annuity Reserve Account**

(1) Unfunded accrued liability 6/30/83. . . . .		\$6,158.3	
(2) Interest at 5½ percent for 1 year . . . . .		338.7	
(3) Accrued liability contributions with ½ year interest . . . . .		305.0	
(4) Expected unfunded accrued liability as of 6/30/84 = (1) + (2) - (3). . . . .		6,192.0	
(5) Actual unfunded accrued liability as of 6/30/84 . . . . .		6,723.1	
<b>(6) Increase above expected . . . . .</b>			<b>\$ 531.1</b>
(7) Explanation of increase:			
(a) Net experience loss:			
Interest surplus . . . . .	\$(250.9)		
Salary increases above expected . . . . .	401.5		
Retirement and other separations . . . . .	19.8		
Pensioners' mortality experience . . . . .	23.8		\$ 194.2
(b) Supplemental annuity increases effective July 1, 1984 . . . . .			336.9
	<b>Total</b>		<b>\$ 531.1</b>

**Schedule IV**  
**Relationship Between Accrued Liabilities and Assets**  
**of System over Last 10 Years**  
(Money Amounts in Thousands)

Valuation as of 6/30	Aggregate Accrued Liabilities for:			Reported Net Assets**	Portion of Accrued Liabilities Covered by Reported Assets		
	(1) Active Member Contributions	(2) Annuitants and Beneficiaries	(3) Active Members (Employer Financed Portions)*		(1)	(2)	(3)
1984	2,085,294	4,822,488	6,712,779	6,897,484	100%	99.8%	0.0%
1983	1,919,861	4,361,033	5,987,048	6,109,592	100%	96.1%	0.0%
1982	1,868,012	4,031,176	5,465,494	5,977,119	100%	100.0%	1.4%
1981	1,717,739	3,876,225	5,042,226	5,399,010	100%	95.0%	0.0%
1980	1,578,884	3,569,221	3,515,904	4,901,476	100%	93.1%	0.0%
1979	1,433,024	3,500,991	3,099,333	4,514,353	100%	88.0%	0.0%
1978	1,314,217	2,726,305	2,869,494	4,123,035	100%	100.0%	2.9%
1977	1,190,833	2,590,411	2,539,736	3,764,902	100%	99.4%	0.0%
1976	1,075,760	2,416,089	2,313,126	3,410,511	100%	96.6%	0.0%
1975	\$ 959,540	\$2,341,041	\$2,157,248	\$3,177,812	100%	94.8%	0.0%

\* Equal to active members' liabilities (employer financed portion) less present value of future normal contributions based on new entrant normal rate.

\*\*Includes Commonwealth interest receivable.

**Schedule V**  
**Analysis of Accrued Liability of**  
**System as of of June 30, 1984**  
 (Amounts in Millions)

13

(1) Estimated value of accumulated benefits of System:		
Vested benefits		
— Members currently receiving payments .....		\$ 4,822.5
— Other members. ....		5,282.9
	<b>Subtotal</b>	<b>\$10,105.4</b>
Nonvested benefits .....		499.6
	<b>Total value of accumulated benefits</b>	<b>\$10,605.0</b>
(2) Value of additional accrued liabilities reflecting effect of anticipated future increases in pay		<u>3,015.6</u>
(3) Total accrued liability of System = (1) + (2) .....		\$13,620.6
(4) Book value of assets .....		<u>6,897.5</u>
(5) Unfunded accrued liability of System (As shown in Schedule I) .....		\$ 6,723.1

**Notes:**

- (i) Accumulated benefits shown under item (1) above are made up of (a) benefits currently being paid to annuitants and beneficiaries plus (b) accrued benefits of active membership based on service and pay history up to the current valuation date of June 30, 1984. Thus, accumulated benefits do NOT reflect the effect of future pay increases on the benefit ultimately payable upon retirement or separation from employment.
- (ii) Item (3) shows the total accrued liability of the System as determined under the funding method, i.e., the entry-age normal cost method. Item (3) reflects the effect of anticipated future pay increases on the benefits ultimately payable.
- (iii) The calculation of the estimated value of accumulated benefits took into the account the probability of future payments by use of the same decrements as to death, disability, withdrawal, and retirement, which were used in the regular valuation of the System. These decrements are set forth in Schedule VI. The interest rate used is the same as for the regular valuation, namely, 5½ percent. As mentioned in note (i) above, the estimated value does not include any allowance for future pay increases.

## Schedule VI Outline of Actuarial Assumptions and Methods

**Interest Rate:** 5½ percent per annum, compounded annually. Interest rate is specified by Statutes of Commonwealth. (4 percent used since 1960 in determining actuarial equivalent benefits).

**Separation from service and salary increase:** Representative values of the assumed annual rates of separation (adopted in 1980) and annual rates of salary increases (used since 1974) are as follows:

Age	Withdrawal	Death	Disability	Annual Rate of		Super- Annuation Retirement	Salary Increase
				Vesting & Early Retirement			
				Less than 25 Years of Service	25 or More Years of Service		
<b>Men</b>							
25	7.70%	.05%	.01%	1.52%			6.99%
30	5.40%	.06%	.01%	1.52%			6.32%
35	4.52%	.06%	.02%	1.47%			5.23%
40	4.03%	.10%	.08%	1.10%	.12%		4.14%
45	3.73%	.19%	.15%	1.00%	.14%		3.27%
50	3.52%	.33%	.34%	1.30%	.27%	21.00%	2.60%
55	3.40%	.52%	.65%	2.30%	3.00%	15.90%	2.13%
60	3.36%	.72%	1.34%	3.26%	3.60%	16.30%	1.91%
65		.92%				35.80%	1.90%
69		1.08%				15.00%	1.89%
<b>Women</b>							
25	8.30%	.03%	.01%	7.20%			6.99%
30	7.52%	.03%	.02%	4.40%			6.32%
35	6.60%	.04%	.05%	2.10%			5.23%
40	5.52%	.06%	.07%	1.40%	1.20%		4.14%
45	4.75%	.11%	.10%	1.50%	1.20%		3.27%
50	4.28%	.16%	.23%	2.05%	.78%	20.80%	2.60%
55	4.00%	.20%	.45%	3.00%	4.25%	14.30%	2.13%
60	3.95%	.25%	.79%	5.15%	7.00%	19.35%	1.91%
65		.34%				32.65%	1.90%
69		.42%				22.00%	1.89%

**Death after retirement:** 1979 George B. Buck Mortality Tables (adopted in 1980) for service retirements and dependent beneficiaries. A special mortality table was used for disability retirements. (1963 George B. Buck Mortality Tables (adopted in 1980), used in determining actuarial equivalent benefits.)

**Valuation method:** Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability. This method was required by a Statute of the Commonwealth enacted in 1975.

**Asset valuation method:** Amortized cost on bonds, initial cost on stocks and amortized value of mortgages.

**Miscellaneous:** The valuation was based on members of the System as of June 30, 1984, and does not take into account future members. In determining the rate of amortization of the unfunded accrued and supplemental liabilities of the System (exclusive of the July 1, 1979 and July 1, 1984, supplemental increases), it was assumed that each annual payment is 4 percent greater than the previous payment, as specified by the Statutes of the Commonwealth. The July 1, 1979 and July 1, 1984, supplemental increases are funded through level annual payments.

## Section II – Membership Data

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. Tables A and B following summarize the membership of the System as of June 30, 1984, upon which the valuation was based. Detailed tabulations of the data are given in Section IV. Tables C and D show historical membership data for the last 10 years.

**Table A**  
**Active Membership of System**  
**As of June 30, 1984**

Group	Number	Annual Salaries
Included in Valuation:		
Men .....	74,469	\$1,660,989,348
Women .....	126,614	1,989,267,500
Total	<u>201,083</u>	<u>\$3,650,256,848</u>

In addition to the above, 24,954 inactive members and vestees were included in the valuation.

\*Based on annual salaries reported for the valuation. Actual salaries for the fiscal year ended June 30, 1984, amounted to \$3,685,611,000. An adjustment was made in the valuation to reflect the amount of \$3,685,611,000.

**Table B**  
**Annuitants and Survivor Annuitants of the System**  
**on June 30, 1984**

Class	Number	Annual Annuities
Retired on account of superannuation and those in receipt of withdrawal annuities:		
Men .....	22,185	\$155,320,032
Women .....	51,014	344,132,239
Total	<u>73,199</u>	<u>\$499,452,271</u>
Retired on account of disability:		
Men .....	1,187	\$ 6,715,640
Women .....	2,120	10,473,156
Total	<u>3,307</u>	<u>\$ 17,188,796</u>
Survivor annuitants in receipt of benefits:		
Men .....	558	\$ 1,648,283
Women .....	2,648	8,746,717
Total	<u>3,206</u>	<u>\$ 10,395,000</u>
Annuities in lieu of return of accumulated deductions:		
Men .....	0	\$ 0
Women .....	4	507
Total	<u>4</u>	<u>\$ 507</u>
Grand Total	<u>79,716</u>	<u>\$527,036,574</u>

**Table C**  
**History of Active Membership Data**  
**for Last 10 Years**

Valuation as of 6/30	Number of Active Members	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
1984	201,083	(1.01)%	3,685,611,000	8.30%
1983	203,138	(2.90)%	3,403,263,000	4.72%
1982	209,210	(2.44)%	3,249,799,000	3.07%
1981	214,438	(1.85)%	3,152,967,000	6.24%
1980	218,487	.04%	2,967,712,000	7.74%
1979	218,400	(1.16)%	2,754,638,000	5.07%
1978	220,972	(.83)%	2,621,600,000	6.31%
1977	222,814	10.22%	2,466,000,000	8.54%
1976	202,154	1.44%	2,272,000,000	11.87%
1975	199,287	3.28%	\$2,031,000,000	7.75%

**Table D**  
**History of Annuitants and Survivor Annuitants**  
**for Last 10 Years**

Year Ended 6/30	Number on Roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities (Millions)	Percentage Change in Annuities
1984	79,716	5,989	2,611	4.43%	527.0	12.03%
1983	76,338	7,345	2,252	7.15%	470.4	7.20%
1982	71,245	6,098	2,303	5.63%	438.8	4.23%
1981	67,450	5,565	2,237	5.19%	421.0	3.16%
1980	64,122	5,070	1,947	5.12%	408.1	26.94%
1979	60,999	5,380	2,046	5.78%	321.5	5.51%
1978	57,665	5,099	1,753	6.16%	304.7	5.69%
1977	54,319	5,265	1,629	7.17%	288.3	7.53%
1976	50,683	4,191	1,625	5.33%	268.1	23.04%
1975	48,117	4,346	1,627	5.99%	\$217.9	9.66%

## Section III — Summary of Benefit and Contribution Provisions



### Membership

For valuation purposes, all employees are considered to be members of Class T-C. All employees who become members on and after January 1, 1966, are members of the dual coverage group. Joint coverage members are those who became members prior to that date but subsequent to May 28, 1957. Joint coverage members may elect to become members of the dual coverage group but must make up the difference in accumulated deductions.

"Final average salary" means the highest average annual salary for any three years of service.

### Benefits

#### Superannuation Annuity Eligibility

Age 62, or age 60 with 30 years of service, or 35 years of service regardless of age.

#### Amount

2 percent of final average salary times years of service. Minimum of \$100 per year of service.

Benefit of a joint coverage member is reduced by 40 percent of primary insurance amount (subject to certain limitations) after age at which Social Security benefits become payable.

#### Withdrawal Annuity Eligibility

10 years of service.

#### Amount

Actuarial equivalent of benefit deferred to superannuation retirement age. If member separates after age 55 with 25 or more years of service, reduction is  $\frac{1}{4}$  percent for each month by which commencement of payments precedes superannuation retirement age. Benefit of a joint coverage member is reduced after age at which Social Security benefits become payable.

#### Disability Annuity Eligibility

5 years of service.

#### Amount

2 percent of final average salary per year of service, but not less than  $33\frac{1}{3}$  percent of such salary, nor greater than the benefit member would have had at superannuation retirement age. Minimum of \$100 per year of service.

### Vesting Annuity Eligibility

Ten years of service.

#### Amount

Accrued benefit deferred to superannuation retirement age.

### Optional Benefits

**Option 1.** Reduced benefit with refund of balance of present value of annuity at retirement over payments received. If balance is less than \$5,000 benefit is paid in lump sum; otherwise, beneficiary may elect annuity and/or lump sum.

**Option 2.** Joint and 100 percent survivorship annuity.

**Option 3.** Joint and 50 percent survivorship annuity.

**Option 4.** Benefit of equivalent actuarial value.

### Death Benefit Eligibility

Death of an active member or vestee who was eligible to receive an annuity.

#### Amount

Annuity which would have been effective if the member retired on the day before death. Option 1 assumed payable if no other option elected.

### Return of Contributions Eligibility

Death or separation from service where no other benefit payable.

#### Amount

Refund of accumulated deductions (less annuity payments received in the case of a retired member.)

### Contributions

#### By Members

Members who were hired prior to July 22, 1983, contribute at a rate of  $5\frac{1}{4}$  percent of compensation, while members who were hired on or after July 22, 1983, contribute at a rate of  $6\frac{1}{4}$  percent of compensation. Reduction for a joint coverage member of 40 percent of Social Security tax, exclusive of disability and medical coverage portion.

#### By Commonwealth and School Districts

Balance of required contribution determined as normal contribution, accrued liability contribution and supplemental annuity contribution is shared equally by the Commonwealth and the School Districts.



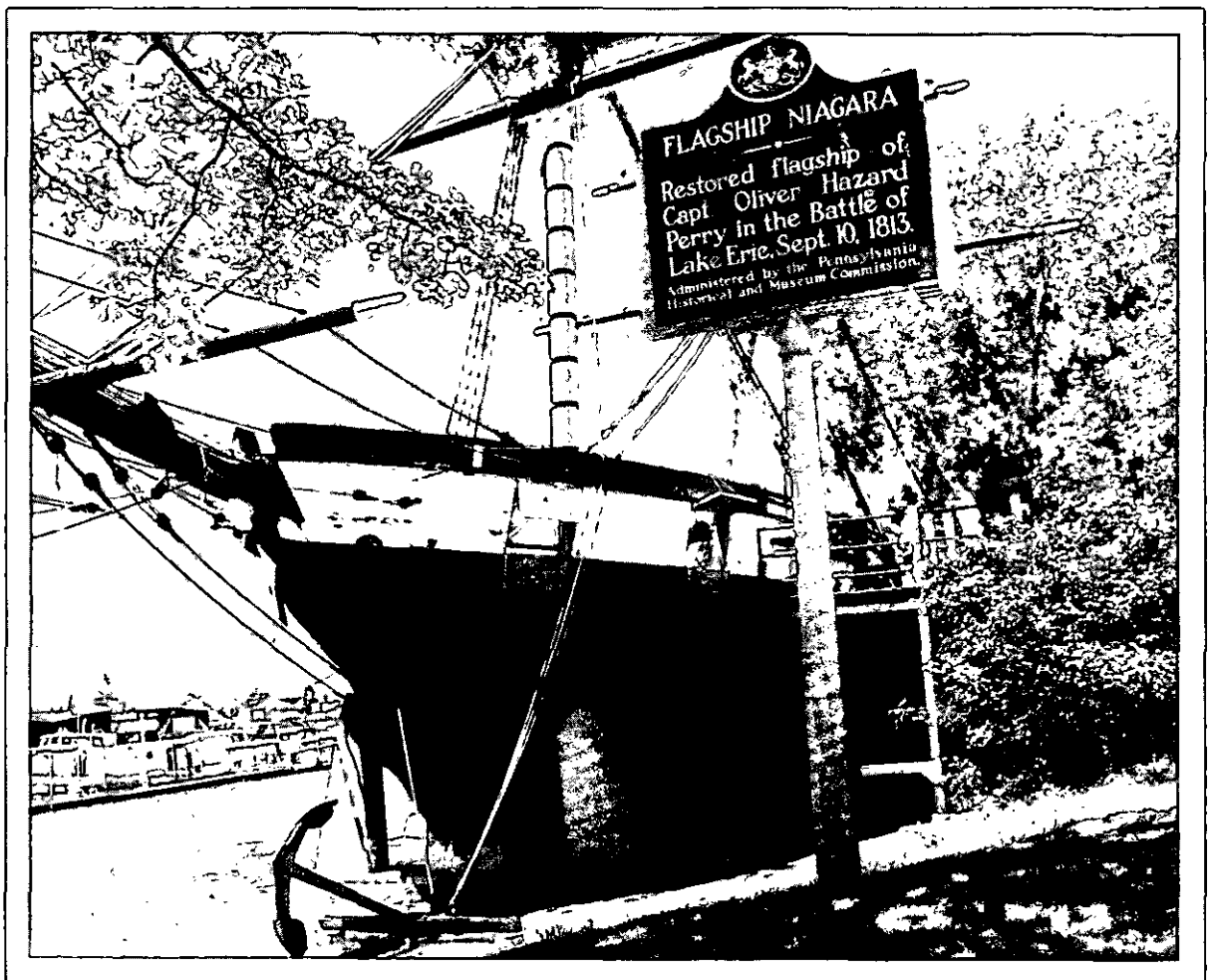
---

---

# STATISTICAL SECTION

---

---

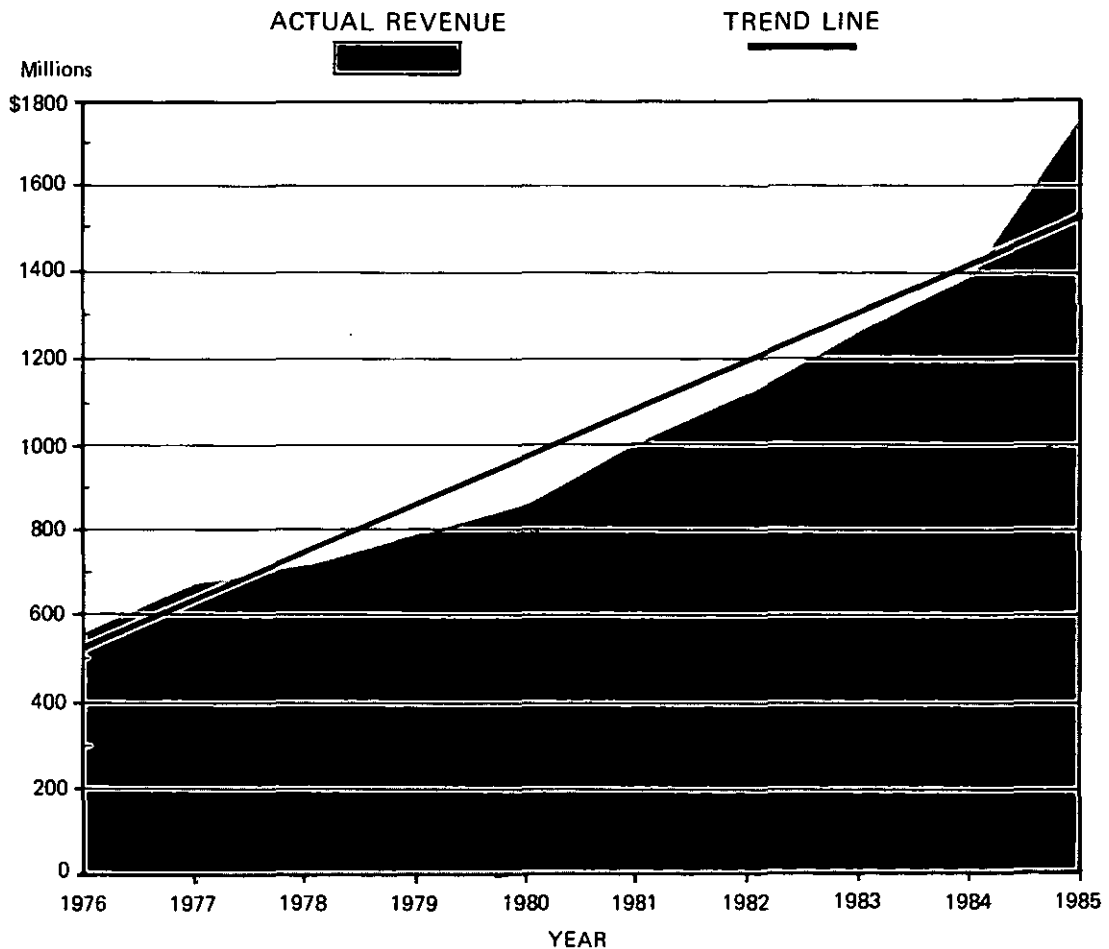


Flagship Niagara on Lake Erie

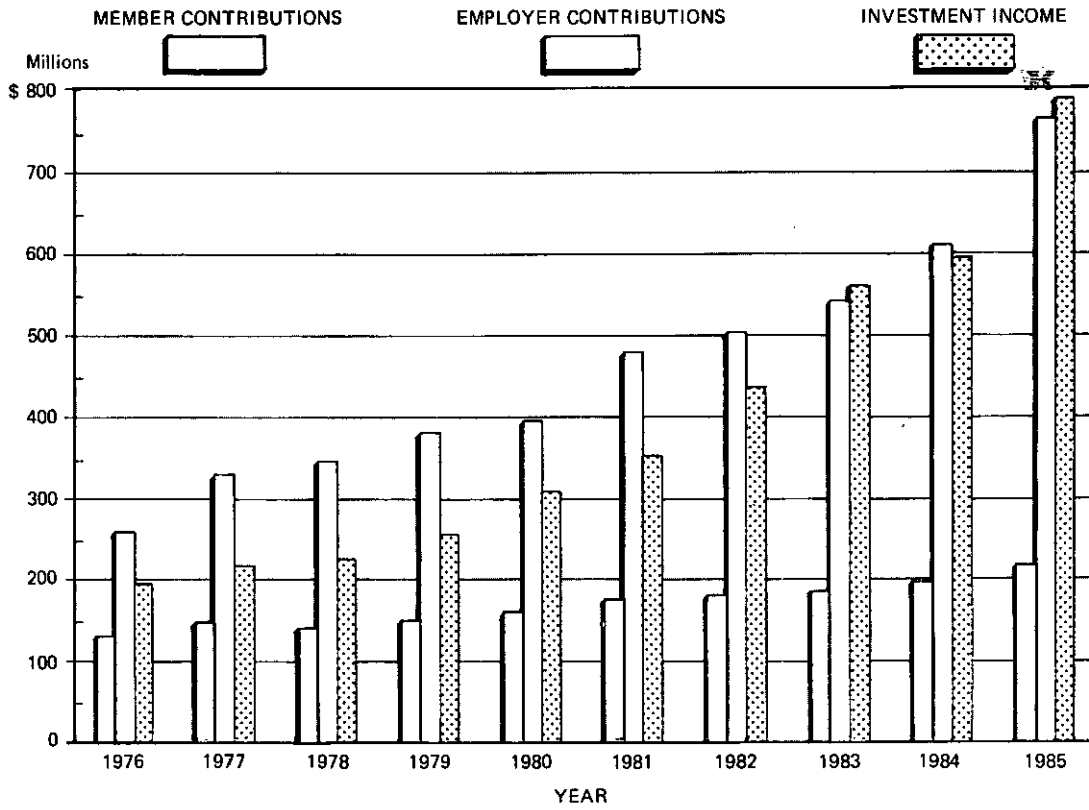
**Schedule 1**  
**Revenues by Source**  
 Ten Years  
 (Amounts in Thousands)

<u>Fiscal Year</u>	<u>Members' Contributions</u>	<u>Employers' Contributions</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Total Revenue</u>
1985	\$217,946	\$763,488	\$785,867	\$ ---	\$1,767,301
1984	197,096	608,617	594,135	---	1,399,848
1983	184,639	541,109	559,355	---	1,285,103
1982	180,562	501,025	435,888	---	1,117,475
1981	175,306	478,859	351,220	---	1,005,385
1980	161,330	396,839	307,216	---	865,385
1979	148,644	379,056	255,636	---	783,336
1978	143,089	345,205	224,246	4,588	717,128
1977	147,760	328,984	216,265	1,519	694,528
1976	130,962	257,671	192,509	1,299	582,441

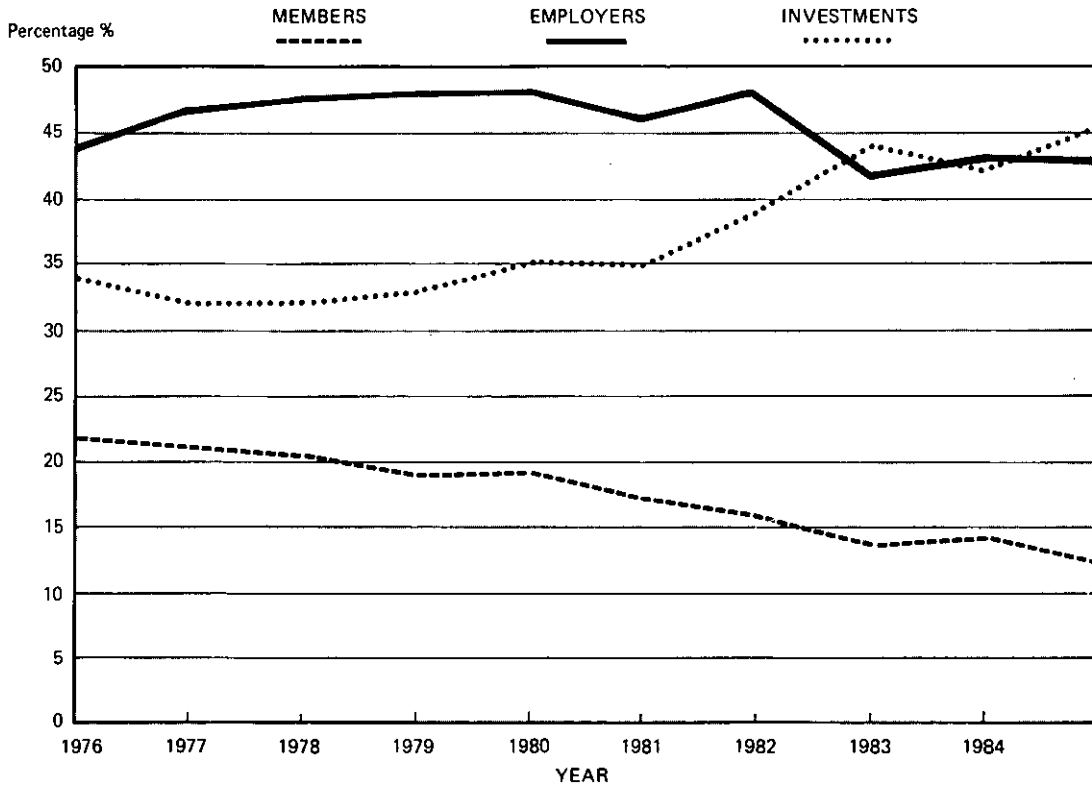
**Total Revenue**



# Revenues by Source – 10 Years



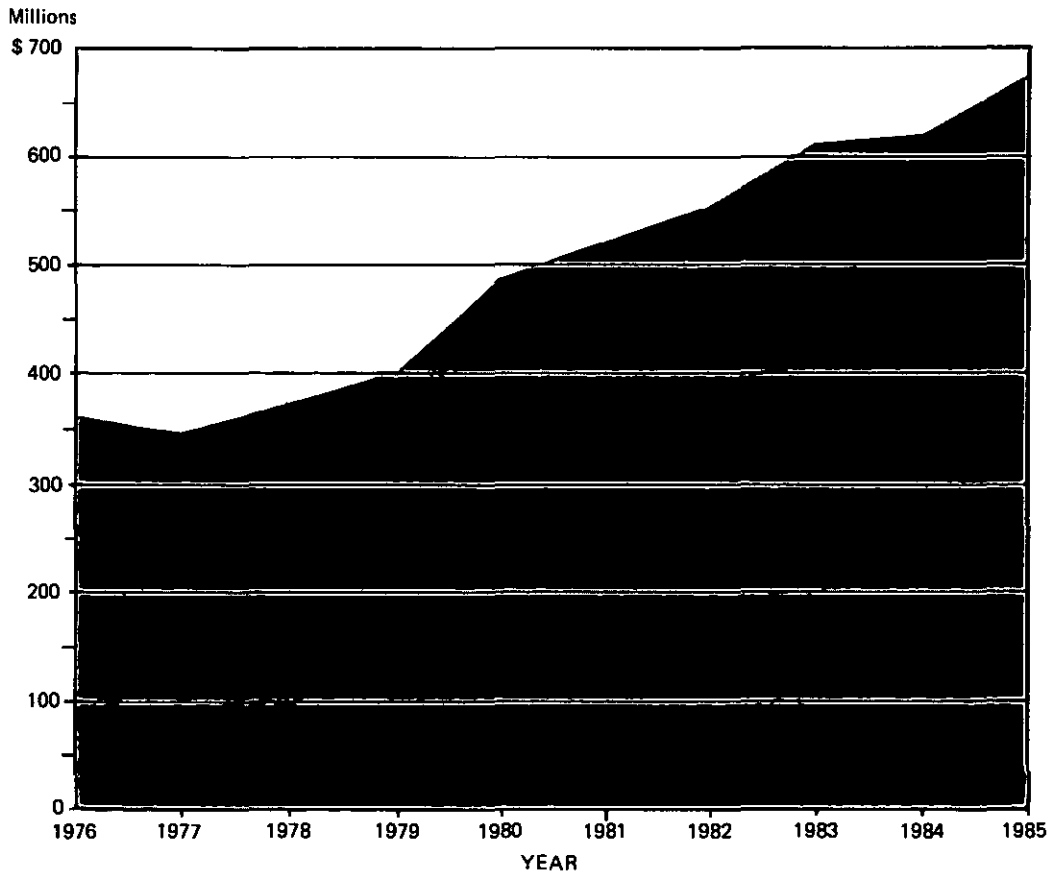
## Ratio of Revenues by Source to Total Revenue



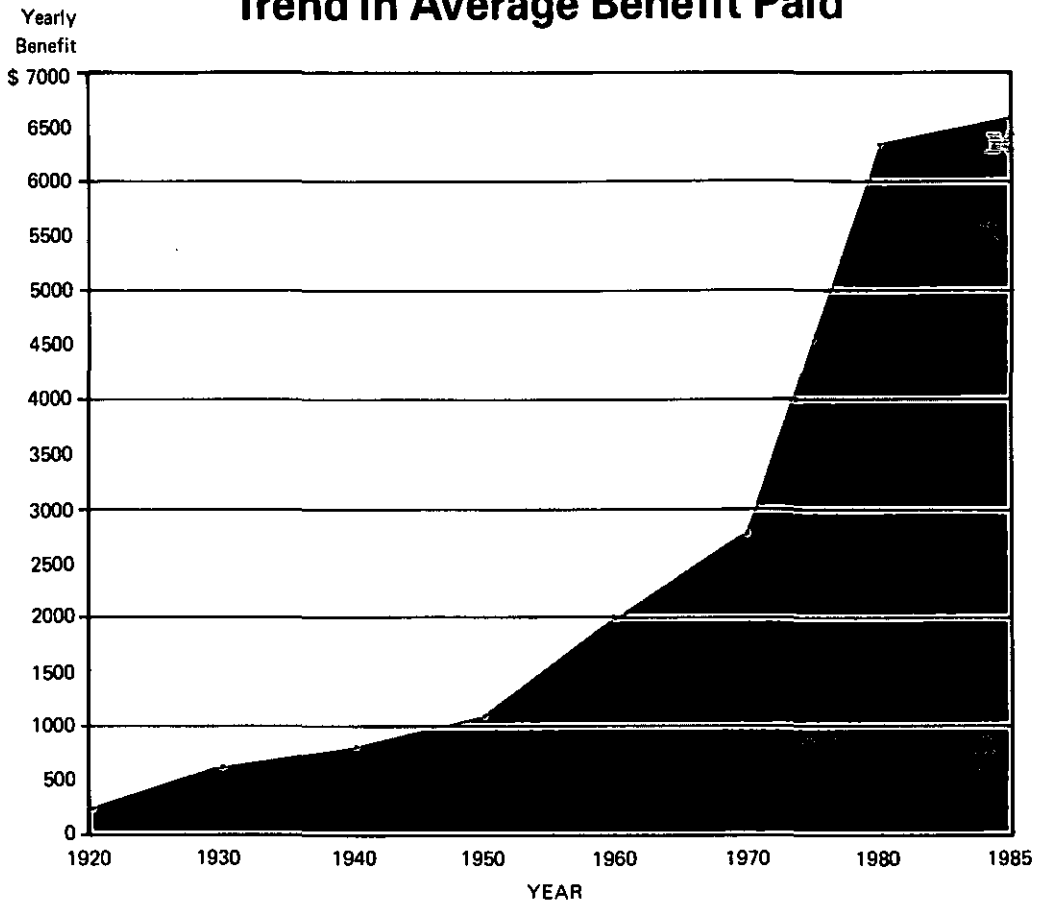
**Schedule 2**  
**Expenses by Type**  
 Ten Years  
 (Amounts in Thousands)

Fiscal Year	Benefits Paid	Refunds Paid	Disabilities Paid	Lump-Sum Payments	Administrative Expenses	Other Payments	Total Expenses
1985	\$560,484	\$13,623	\$20,781	\$75,061	\$7,992	\$ 4,118	\$682,059
1984	501,434	14,684	19,069	70,785	6,955	6,677	619,604
1983	476,714	18,539	17,564	85,461	8,219	6,579	613,076
1982	450,863	19,206	18,795	53,199	5,892	5,052	553,007
1981	435,498	18,216	13,817	43,021	5,130	7,000	522,682
1980	417,782	18,503	13,891	27,865	3,504	5,886	487,431
1979	333,989	18,957	9,663	28,026	3,441	5,920	399,996
1978	309,474	17,845	8,770	15,934	3,259	11,370	366,652
1977	299,499	15,322	7,832	10,713	2,850	9,059	345,275
1976	316,462	12,212	6,395	190	2,708	18,385	356,352

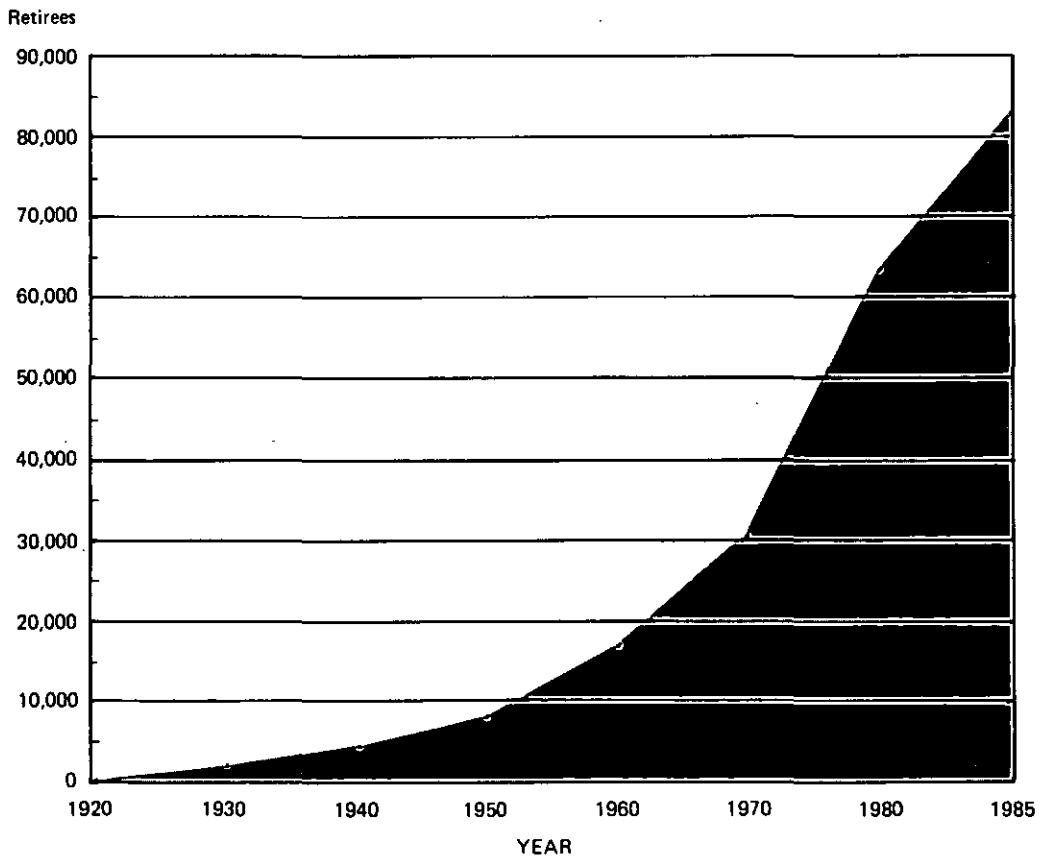
**Total Expenses**



## Trend in Average Benefit Paid



## Growth in Number of Retirees



### Schedule 3 Retired Members by Type of Benefit

Year	Retirement Type	1		Options Selected 2		3	
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit
1985	S	43,418	\$587.33	6,554	\$567.93	9,781	\$717.18
	W	11,638	378.28	2,232	229.91	2,148	535.96
	D	2,999	433.24	57	463.57	333	523.12
	R	4	10.54	0	0	0	0
	B	0	0	0	0	2,791	288.44
<b>Total</b>		<b>58,059</b>		<b>8,843</b>		<b>15,053</b>	
1984	S	42,918	\$537.38	6,372	\$525.28	9,392	\$665.95
	W	10,366	363.39	1,915	291.41	1,888	529.30
	D	2,922	389.92	61	416.10	314	472.15
	R	4	10.52	0	0	0	0
	B	0	0	0	0	2,614	272.60
<b>Total</b>		<b>56,210</b>		<b>8,348</b>		<b>14,208</b>	
1983	S	42,224	\$541.38	6,093	\$534.77	8,975	\$658.73
	W	9,235	372.90	1,621	302.86	1,682	539.80
	D	2,804	385.32	61	416.10	303	456.56
	R	4	10.54	0	0	0	0
	B	0	0	0	0	2,449	260.60
<b>Total</b>		<b>54,267</b>		<b>7,775</b>		<b>13,409</b>	
1982	S	41,334	\$545.66	5,686	\$544.63	8,389	\$652.97
	W	7,265	325.88	1,154	265.74	1,120	457.92
	D	2,705	378.54	65	411.15	280	454.45
	R	4	10.54	0	0	0	0
	B	0	0	0	0	2,303	246.69
<b>Total</b>		<b>51,308</b>		<b>6,905</b>		<b>12,092</b>	
1981	S	40,337	\$549.11	5,499	\$551.40	7,879	\$651.63
	W	6,058	334.90	865	284.54	864	471.23
	D	2,558	374.41	71	404.22	264	439.23
	R	4	10.54	0	0	0	0
	B	0	0	0	0	2,313	224.32
<b>Total</b>		<b>48,957</b>		<b>6,435</b>		<b>11,320</b>	
1980	S	39,416	\$556.78	5,449	\$556.76	7,357	\$653.96
	W	4,960	350.39	655	317.63	687	484.83
	D	2,393	368.87	75	405.27	229	459.79
	R	4	10.54	0	0	0	0
	B	0	0	0	0	2,195	210.96
<b>Total</b>		<b>46,773</b>		<b>6,179</b>		<b>10,468</b>	
1979	S	38,541	\$450.99	5,384	\$447.24	6,932	\$546.67
	W	3,921	330.13	513	300.07	535	434.75
	D	2,202	305.09	84	330.84	194	381.82
	R	6	10.17	0	0	0	0
	B	0	0	0	0	2,026	193.69
<b>Total</b>		<b>44,670</b>		<b>5,981</b>		<b>9,687</b>	
1978	S	37,198	\$314.35	5,296	\$308.96	6,357	\$376.71
	W	3,069	253.40	389	233.64	390	306.79
	D	2,087	242.49	98	256.15	159	295.95
	R	7	10.64	0	0	0	0
	B	0	0	0	0	1,927	148.18
<b>Total</b>		<b>42,361</b>		<b>5,783</b>		<b>8,833</b>	
1977	S	35,735	\$313.99	5,121	\$303.28	5,808	\$369.32
	W	2,432	240.88	323	224.74	274	298.60
	D	1,914	231.35	82	228.12	129	248.97
	R	7	10.64	0	0	0	0
	B	0	0	0	0	1,814	131.54
<b>Total</b>		<b>40,088</b>		<b>5,526</b>		<b>8,025</b>	
1976	S	33,748	\$314.69	5,015	\$300.72	5,267	\$364.02
	W	2,036	228.45	287	212.88	192	270.36
	D	1,711	217.25	66	219.44	94	239.57
	R	7	10.64	0	0	0	0
	B	0	0	0	0	1,704	115.54
<b>Total</b>		<b>37,502</b>		<b>5,368</b>		<b>7,257</b>	

**LEGEND:**

Options:

- 1 - Maximum Option - Highest monthly allowance with guarantee of accumulated deductions only
- 2 - Option 1 - Maximum allowance reduced for Death Benefit protection
- 3 - Option 2 & 3 - Joint and survivor annuities
- 4 - Special Option - Plan approved by actuary
- 5 - Beneficiary options - Life, 5 and 10 year certain annuity plans

### Schedule 3 Retired Members by Type of Benefit

Year	Retirement Type	4		5		Total Retirees
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit	
1985	S	309	\$ 1,045.75	0	\$ 0	60,062
	W	21	743.13	0	0	16,039
	D	0	0	0	0	3,389
	R	0	0	0	0	4
	B	139	151.60	449	297.29	3,379
		<b>469</b>		<b>449</b>		<b>82,873</b>
1984	S	324	\$ 963.36	0	\$ 0	59,006
	W	21	694.24	0	0	14,190
	D	0	0	0	0	3,297
	R	0	0	0	0	4
	B	141	148.38	454	295.58	3,209
		<b>486</b>		<b>454</b>		<b>79,706</b>
1983	S	333	\$ 951.87	0	\$ 0	57,625
	W	21	694.31	0	0	12,559
	D	0	0	0	0	3,168
	R	0	0	0	0	4
	B	136	149.73	443	296.30	3,028
		<b>490</b>		<b>443</b>		<b>76,384</b>
1982	S	352	\$ 945.87	0	\$ 0	55,761
	W	20	677.10	0	0	9,559
	D	0	0	0	0	3,050
	R	0	0	0	0	4
	B	132	142.66	418	296.32	2,853
		<b>504</b>		<b>418</b>		<b>71,227</b>
1981	S	364	\$ 955.39	0	\$ 0	54,079
	W	20	697.79	0	0	7,807
	D	0	0	0	0	2,893
	R	0	0	0	0	4
	B	89	132.72	305	323.61	2,707
		<b>473</b>		<b>305</b>		<b>67,490</b>
1980	S	376	\$ 945.49	0	\$ 0	52,598
	W	19	685.07	0	0	6,321
	D	0	0	0	0	2,697
	R	0	0	0	0	4
	B	81	137.76	276	310.73	2,552
		<b>476</b>		<b>276</b>		<b>64,172</b>
1979	S	383	\$ 764.96	0	\$ 0	51,240
	W	19	573.18	0	0	4,988
	D	0	0	0	0	2,480
	R	0	0	0	0	6
	B	74	137.15	247	296.97	2,347
		<b>476</b>		<b>247</b>		<b>61,061</b>
1978	S	394	\$ 577.56	0	\$ 0	49,245
	W	19	521.03	0	0	3,867
	D	0	0	0	0	2,344
	R	0	0	0	0	7
	B	64	101.68	224	222.72	2,215
		<b>477</b>		<b>224</b>		<b>57,678</b>
1977	S	402	\$ 568.76	0	\$ 0	47,066
	W	19	521.03	0	0	3,048
	D	0	0	0	0	2,125
	R	0	0	0	0	7
	B	57	99.07	210	216.03	2,081
		<b>478</b>		<b>210</b>		<b>54,327</b>
1976	S	330	\$ 544.63	0	\$ 0	44,360
	W	8	503.90	0	0	2,523
	D	0	0	0	0	1,871
	R	0	0	0	0	7
	B	53	96.70	170	188.84	1,927
		<b>391</b>		<b>170</b>		<b>50,688</b>

**LEGEND:**

- Retirement Type:  
 S — Superannuation or Normal Retirement  
 W — Withdrawal or Early Retirement  
 D — Disability Benefit  
 R — Refund Annuity  
 B — Beneficiary Receiving Annuity

# Schedule of Employers

## School Districts

### A

Abington  
Abington Heights  
Albert Gallatin  
Aliquippa  
Allegheny Valley  
Allentown City  
Altoona Area  
Ambridge Area  
Annville Cleona  
Antietam  
Apollo Ridge  
Armstrong  
Athens Area  
Austin Area  
Avella Area  
Avon Grove  
Avonworth

### B

Bald Eagle Area  
Baldwin Whitehall  
Bangor Area  
Beaver Area  
Bedford Area  
Belle Vernon Area  
Bellefonte Area  
Bellwood Antis  
Bensalem Township  
Benton Area  
Bentworth  
Berlin Brothers Valley  
Bermudian Springs  
Berwick Area  
Bethel Park  
Bethlehem Area  
Bethlehem Center  
Big Beaver Falls Area  
Big Spring  
Blackhawk  
Blacklick Valley  
Blairsville Saltsburg  
Bloomsburg Area  
Blue Mountain  
Blue Ridge  
Boyertown Area  
Bradford Area  
Brandywine Heights Area  
Brentwood Boro  
Bristol Boro  
Bristol Township  
Brockway Area  
Brookville Area  
Brownsville Area  
Burgettstown Area  
Burrell  
Butler Area

### C

California Area

Cambria Heights  
Cameron County  
Camp Hill  
Canon McMillan  
Canton Area  
Carbondale Area  
Carlisle Area  
Carlynton  
Carmichaels Area  
Catasauqua  
Centennial  
Center Area  
Central Bucks  
Central Cambria  
Central Columbia  
Central Dauphin  
Central Fulton  
Central Greene  
Central York  
Chambersburg Area  
Charleroi Area  
Chartiers Houston  
Chartiers Valley  
Cheltenham Township  
Chester Upland  
Chestnut Ridge  
Chichester  
Clairton  
Clarion Area  
Clarion-Limestone Area  
Claysburg Kimmel  
Clearfield Area  
Coatesville Area  
Cocalico  
Colonial  
Columbia Boro  
Commodore Perry  
Conemaugh Township Area  
Conemaugh Valley  
Conestoga Valley  
Conewago Valley  
Conneaut  
Connellsville Area  
Conrad Weiser Area  
Cornell  
Cornwall Lebanon  
Corry Area  
Coudersport Area  
Council Rock  
Cranberry Area  
Crawford Central  
Crestwood  
Cumberland Valley  
Curwensville Area

### D

Dallas  
Dallastown Area  
Daniel Boone Area  
Danville Area

Deer Lakes  
Delaware Valley  
Derry Area  
Derry Township  
Donegal  
Dover Area  
Downingtown Area  
Du Bois Area  
Dunmore  
Duquesne City

### E

East Allegheny  
East Lancaster County  
East Lebanon County  
East Lycoming  
East Penn  
East Pennsboro Area  
East Stroudsburg  
Eastern York  
Easton Area  
Elizabeth Forward  
Elizabethtown Area  
Elk Lake  
Ellwood City Area  
Ephrata Area  
Erie City  
Everett Area  
Exeter Township

### F

Fairfield Area  
Fairview  
Fannett Metal  
Farrell Area  
Ferndale Area  
Fleetwood Area  
Forbes Road  
Forest Area  
Forest City Regional  
Forest Hills  
Fort Cherry  
Fox Chapel Area  
Franklin Area  
Franklin Regional  
Frazier  
Freedom Area  
Freeport Area  
Ft. Le Boeuf

### G

Galeton Area  
Garnet Valley  
Gateway  
General McLane  
Gettysburg Area  
Girard  
Glendale  
Governor Mifflin  
Great Valley



Greater Johnstown  
 Greater Latrobe  
 Greater Nanticoke Area  
 Greencastle Antrim  
 Greensburg Salem  
 Greenville Area  
 Greenwood  
 Grove City Area

**H**

Halifax Area  
 Hamburg Area  
 Hampton Township  
 Hanover Area  
 Hanover Public  
 Harbor Creek  
 Harmony  
 Harrisburg City  
 Hatboro Horsham  
 Haverford Township  
 Hazleton Area  
 Hempfield  
 Hempfield Area  
 Hermitage  
 Highlands  
 Hollidaysburg Area  
 Homer Center  
 Hopewell Area  
 Huntingdon Area

**I**

Indiana Area  
 Interboro  
 Iroquois

**J**

Jamestown Area  
 Jeannette City  
 Jefferson Morgan  
 Jenkintown  
 Jersey Shore Area  
 Jim Thorpe Area  
 Johnsonburg Area  
 Juniata County  
 Juniata Valley

**K**

Kane Area  
 Karns City Area  
 Kennett Consolidated  
 Keystone  
 Keystone Central  
 Keystone Oaks  
 Kiski Area  
 Kutztown Area

**L**

Lackawana Trail  
 Lake Lehman  
 Lakeland  
 Lakeview  
 Lampeter Strasburg  
 Lancaster City  
 Laurel  
 Laurel Highlands  
 Lebanon

Leechburg Area  
 Lehigh Area  
 Lewisburg Area  
 Ligonier Valley  
 Line Mountain  
 Littlestown  
 Lower Dauphin  
 Lower Merion  
 Lower Moreland  
 Loyalsock Township

**M**

Mahanoy Area  
 Manheim Central  
 Manheim Township  
 Marion Center Area  
 Marple Newtown  
 Mars Area  
 McGuffey  
 McKeesport Area  
 Mechanicsburg Area  
 Mercer Area  
 Methacton  
 Meyersdale Area  
 Mid Valley  
 Midd West  
 Middletown Area  
 Midland Boro  
 Mifflin County  
 Mifflinburg Area  
 Millcreek Township  
 Millersburg Area  
 Millville Area  
 Milton Area  
 Minersville Area  
 Mohawk Area  
 Monaca  
 Monessen  
 Moniteau  
 Montgomery Area  
 Montour  
 Montoursville Area  
 Montrose Area  
 Moon Area  
 Morrisville Borough  
 Moshannon Valley  
 Mount Carmel Area  
 Mount Lebanon  
 Mount Union Area  
 Mountain View  
 Mt. Pleasant Area  
 Muhlenberg Township  
 Muncy

**N**

Nazareth Area  
 Neshaminy  
 Neshannock Township  
 New Brighton Area  
 New Castle Area  
 New Hope Solebury  
 New Kensington Arnold  
 Newport  
 Norristown Area  
 North Allegheny

North Clarion County  
 North East  
 North Hills  
 North Penn  
 North Pocono  
 North Schuylkill  
 North Star  
 Northampton Area  
 Northeast Bradford  
 Northeastern School District of York County  
 Northern Bedford County  
 Northern Cambria  
 Northern Lebanon  
 Northern Lehigh  
 Northern Potter  
 Northern Tioga  
 Northern York County  
 Northgate  
 Northwest Area  
 Northwestern  
 Northwestern Lehigh  
 Norwin

**O**

Octorara Area  
 Oil City Area  
 Old Forge  
 Oley Valley  
 Oswayo Valley  
 Otto Eldred  
 Owen J. Roberts  
 Oxford Area

**P**

Palisades  
 Palmerton Area  
 Palmyra Area  
 Panther Valley  
 Parkland  
 Pen Argyl Area  
 Penn Cambria  
 Penn Crest  
 Penn Delco  
 Penn Hills Township  
 Penn Manor  
 Penn Trafford  
 Pennridge  
 Penns Manor  
 Penns Valley Area  
 Pennsbury  
 Pequea Valley  
 Perkiomen Valley  
 Peters Township  
 Philadelphia  
 Philipsburg Osceola  
 Phoenixville Area  
 Pine Grove Area  
 Pine-Richland  
 Pittsburgh  
 Pittston Area  
 Pleasant Valley  
 Plum Boro  
 Pocono Mountain  
 Port Allegany

Portage Area  
 Pottsgrove  
 Pottstown  
 Pottsville Area  
 Punxsutawney Area  
 Purchase Line

**Q**

Quaker Valley  
 Quakertown Community

**R**

Radnor Township  
 Reading  
 Red Lion Area  
 Redbank Valley  
 Reynolds  
 Richland  
 Ridgway Area  
 Ridley  
 Ringgold  
 Riverside  
 Riverside Beaver County  
 Riverview  
 Rochester Area  
 Rockwood Area  
 Rose Tree Media

**S**

Saint Clair Area  
 Saint Marys Area  
 Salisbury Elk Lick  
 Salisbury Township  
 Saucon Valley  
 Sayre Area  
 Schuylkill Haven Area  
 Schuylkill Valley  
 Scranton City  
 Selinsgrove Area  
 Shade Central City  
 Shaler Area  
 Shamokin Area  
 Shanksville Stonycreek  
 Sharon City  
 Sharpsville Area  
 Shenandoah Valley  
 Shenango Area  
 Shikellamy  
 Shippensburg Area  
 Slippery Rock Area  
 Smethport Area  
 Solanco  
 Somerset Area  
 Souderton Area  
 South Allegheny  
 South Butler County  
 South Eastern

South Fayette Township  
 South Middleton  
 South Moreland  
 South Park  
 South Side Area  
 South Western  
 South Williamsport Area  
 Southeast Delco  
 Southeastern Greene  
 Southern Columbia Area  
 Southern Fulton  
 Southern Huntingdon  
 Southern Lehigh  
 Southern Tioga  
 Southern York County  
 Southwest Butler County  
 Spring Cove  
 Spring Ford Area  
 Spring Grove Area  
 Springfield  
 Springfield Township  
 State College Area  
 Steel Valley  
 Steelton Highspire  
 Sto Rox  
 Stroudsburg Area  
 Sullivan County  
 Susquehanna Community  
 Susquehanna Township  
 Susquenita

**T**

Tamaqua Area  
 Titusville Area  
 Towanda Area  
 Tredyffrin Easttown  
 Tri Valley  
 Trinity Area  
 Troy Area  
 Tulpehocken Area  
 Tunkhannock Area  
 Turkeyfoot Valley  
 Tuscarora  
 Tussey Mountain  
 Twin Valley  
 Tyrone Area

**U**

Union  
 Union Area  
 Union City Area  
 Uniontown Area  
 Unionville-Chadds Ford  
 United  
 Upper Adams  
 Upper Darby  
 Upper Dauphin Area

Upper Dublin  
 Upper Merion Area  
 Upper Moreland Township  
 Upper Perkiomen  
 Upper Saint Clair Township

**V**

Valley Grove  
 Valley View

**W**

Wallenpaupack Area  
 Wallingford-Swarthmore  
 Warren County  
 Warrior Run  
 Warwick  
 Washington  
 Wattsburg Area  
 Wayne Highland  
 Waynesboro Area  
 Weatherly Area  
 Wellsboro Area  
 West Allegheny  
 West Branch Area  
 West Chester Area  
 West Greene  
 West Jefferson Hills  
 West Middlesex Area  
 West Mifflin Area  
 West Perry  
 West Shore  
 West York Area  
 Western Beaver County  
 Western Wayne  
 Westmont Hilltop  
 Whitehall Coplay  
 Wilkes-Barre Area  
 Wilkinsburg  
 William Penn  
 Williams Valley  
 Williamsburg Community  
 Williamsport Area  
 Wilmington Area  
 Wilson  
 Wilson Area  
 Windber Area  
 Wissahickon  
 Woodland Hills  
 Wyalusing Area  
 Wyoming Area  
 Wyoming Valley West  
 Wyomissing Area


**Y**

York  
 York Suburban  
 Yough

## Area Vocational Technical Schools

Admiral Peary  
 Allegheny Clarion  
 Altoona  
 Armstrong County  
 Beaver County  
 Bedford-Everett  
 Berks  
 Bethlehem  
 Bucks County  
 Butler County  
 Carbon County  
 Central Chester County  
 Central Montgomery County  
 Central Westmoreland  
 Centre County  
 Clarion County  
 Clearfield County  
 Columbia Montour  
 Crawford County  
 Cumberland Perry  
 Dauphin County

Delaware County  
 Eastern Montgomery County  
 Eastern Northampton  
 Eastern Westmoreland  
 Erie County  
 Fayette County  
 Forbes Road East  
 Franklin County  
 Greater Johnstown  
 Greene County  
 Harrisburg Steel High  
 Huntingdon County  
 Indiana County  
 Jefferson  
 Juniata-Mifflin  
 Lackawanna County  
 Lancaster County  
 Lawrence County  
 Lebanon  
 Lehigh County  
 Mercer County

Middle Bucks   
 Mon Valley  
 Monroe County  
 North Chester County  
 North Fayette County  
 North Montco  
 North Westmoreland  
 Northumberland County  
 Parkway West  
 Reading Muhlenberg  
 Schuylkill County  
 Somerset County  
 SUN  
 Susquehanna County  
 Upper Bucks County  
 Venango County  
 West Side  
 Western  
 Western Montgomery  
 Wilkes-Barre  
 York County

## Intermediate Units

Allegheny #3  
 Appalachia #8  
 Arin #28  
 Beaver Valley #27  
 Berks County #14  
 Blast #17  
 Bucks County #22  
 Capital Area #15  
 Carbon Lehigh #21  
 Central Susquehanna #16

Central #10  
 Chester County #24  
 Clarion Manor #6  
 Colonial Northampton #20  
 Delaware County #25  
 Intermediate Unit #1  
 Lancaster Lebanon #13  
 Lincoln #12  
 Luzerne #18  
 Midwestern #4

Montgomery County #23  
 Northeastern Education #19  
 Northwest Tri County #5  
 Pittsburgh Mt. Oliver #2  
 Schuylkill #29  
 Seneca Highlands #9  
 Tuscarora #11  
 Westmoreland #7

## Colleges/Universities

Bucks County Community College  
 Butler County Community College  
 Community College of Allegheny County  
 Community College of Beaver County  
 Community College of Delaware County  
 Community College of Philadelphia  
 Harrisburg Area Community College  
 Lehigh County Community College  
 Luzerne County Community College  
 Montgomery County Community College  
 Northampton County Area Community College  
 Reading Area Community College  
 Westmoreland County Community College  
 Williamsport Area Community College

Bloomsburg University  
 California University  
 Cheyney University  
 Clarion University of  
 Pennsylvania  
 East Stroudsburg University  
 Edinboro University  
 Indiana University  
 Kutztown University

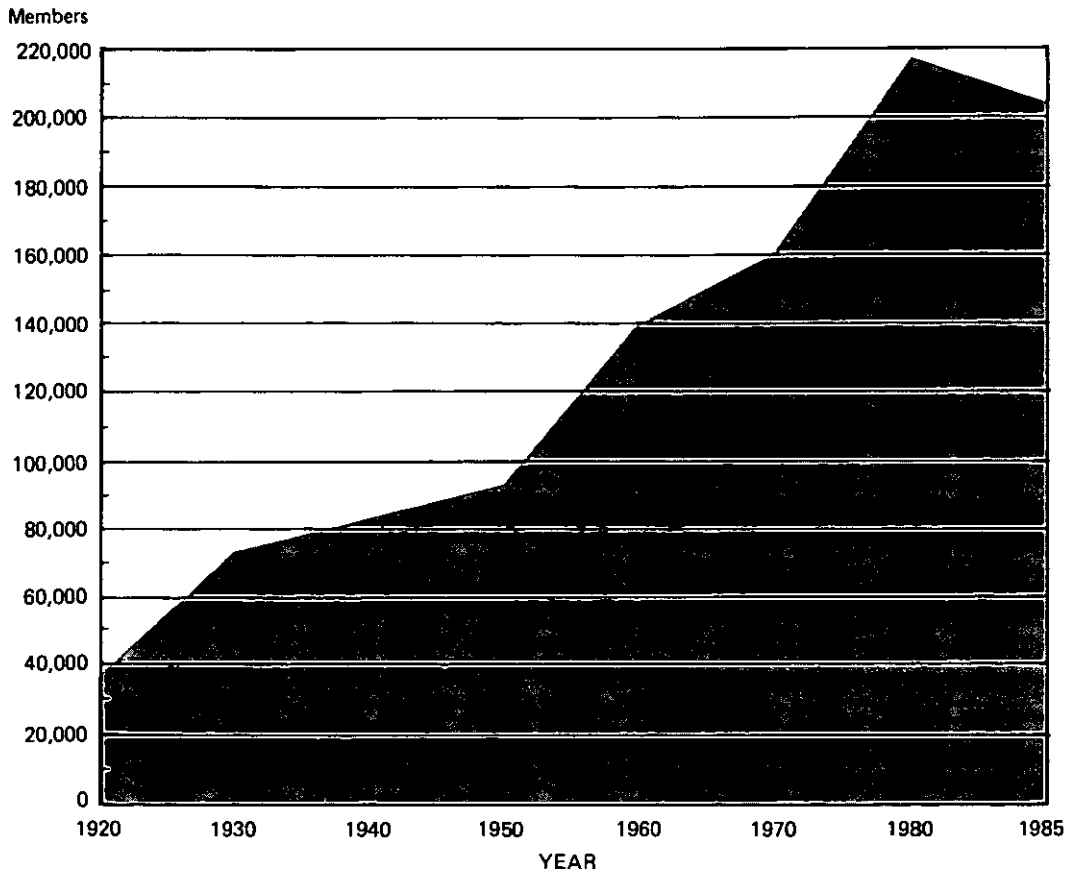
Lock Haven University  
 Mansfield University  
 Millersville University  
 Pennsylvania State University  
 Shippensburg University  
 Slippery Rock University  
 Temple University  
 University of Pittsburgh  
 West Chester University

## Other

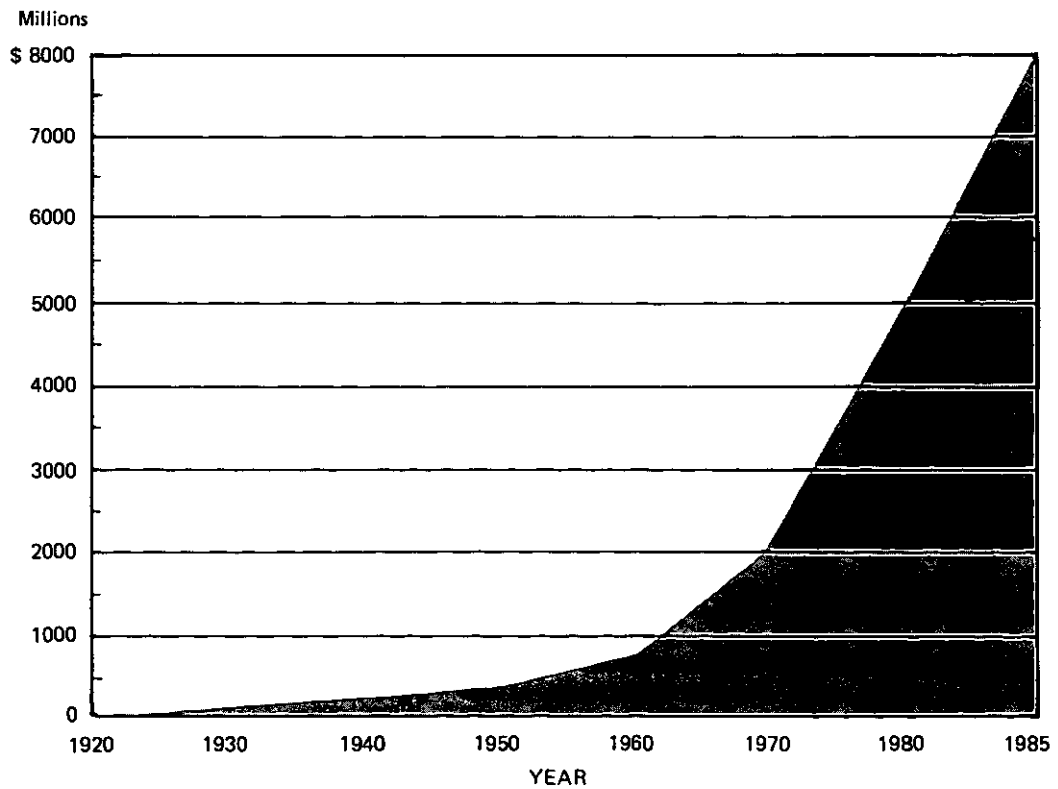
Berks County Earned Income Tax Bureau  
 Chancellor's Office  
 Department of Education - Commonwealth of Pennsylvania  
 Northern Area Special Purpose School  
 Overbrook School for the Blind  
 Pennsylvania School Boards Association

Pennsylvania School for the Deaf  
 Scotland School for Veterans Children  
 Scranton State School for the Deaf  
 Thaddeus Stevens Trade School  
 Western Pennsylvania School for the Blind  
 Western Pennsylvania School for the Deaf

## Growth in Active Members



## Total Asset History



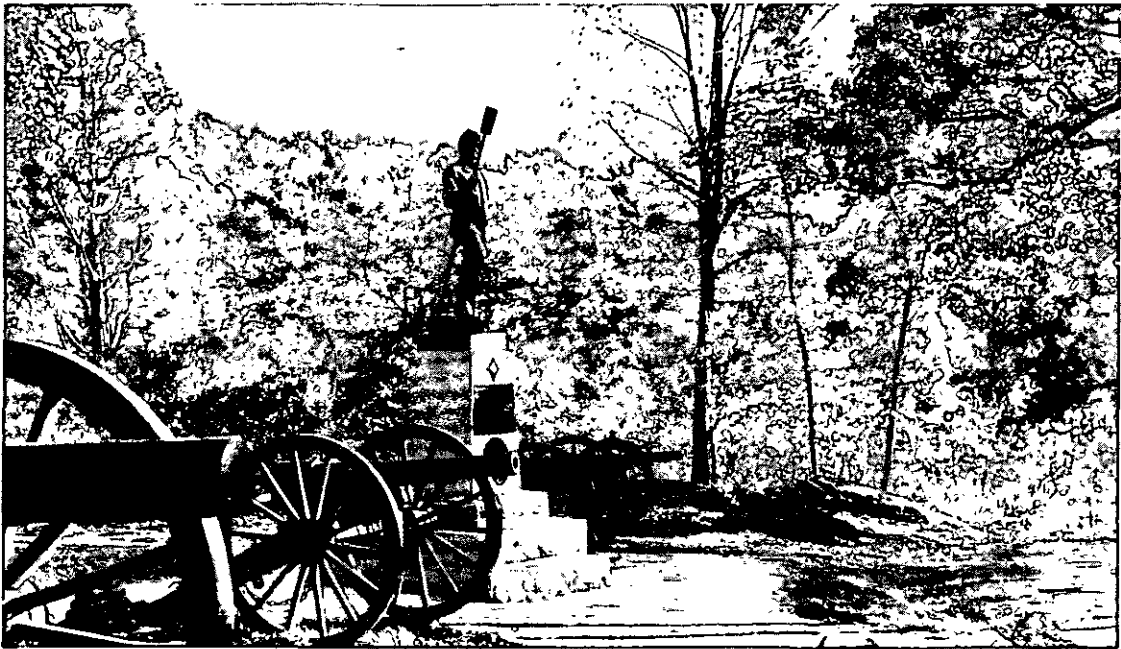
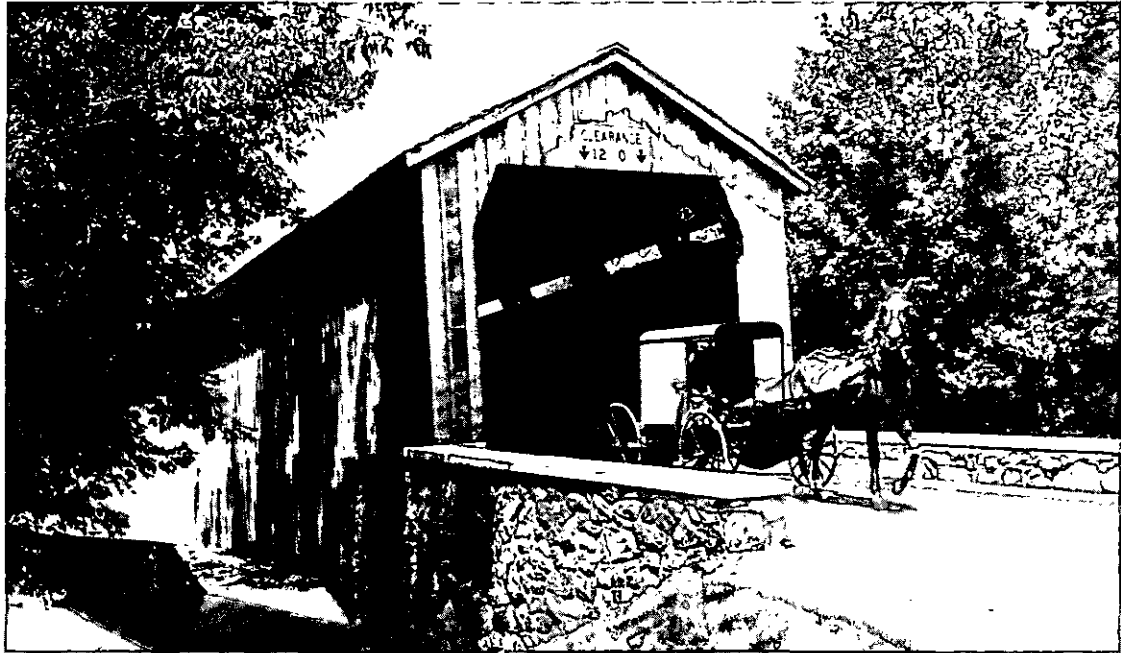
---

---

# INVESTMENT PORTFOLIO

---

---



The quaint lifestyle of the Pennsylvania Amish in Lancaster County  
The Civil War Battlefield at Gettysburg

---

---

---

---

# Investment Overview

The 1984-85 fiscal year economy experienced an ease in inflation with a general decline in interest rates. The stock market responded with higher market values and long-term bonds appreciated in value, causing national indicators to reveal substantially increased rates of return over the previous year.

The Public School Employees' Retirement Fund benefitted from a significant increase in the rate of return on its investments over the 1983-84 fiscal year. For the period ended June 30, 1985, the total rate of return for the System's investments was 26.0 percent, placing this System in the 50 to 75 percentile range in comparison with a balanced fund universe of a nationally recognized valuation study. This compares to a 1.0 percent return for 1984. Also the income rate of return on a cost basis was 11.2 percent for the year ended June 30, 1985.

Based on market value, equities showed a return of 33.3 percent for the fiscal year ended June 30, 1985, which placed the Fund 2.4 percent above the Standard and Poor's 500 Index return of 30.9 percent and in the first quartile of a nationally recognized valuation survey. This compares to negative 5.8 percent return for the System for the fiscal year ended June 30, 1984.

The bond portfolio of the System at market value earned 25.7 percent as compared to the Shearson-Lehman Government/Corporate Bond Index which posted a 28.7 percent rate of return. The disparity of performance between the System and this index is reflected in the fact that the System's bonds are of higher quality and with shorter maturities than those of the index. This posture by the Board is by design. It reflects the liability concerns of the Board in the face of the changing demographics of the System. Such thinking is a direct result of the Board's long-range planning which is mentioned later in this report.

Equity real estate returned 12.5 percent. This figure does not reflect unrealized appreciation in the properties themselves. The mortgage portfolio had a return of 29.2 percent. As regards the mortgage portfolio, the Board has been moving consistently toward an equity bias. Such policy requires participations in the form of contingent interest in at least 50 percent of residual cash flow and appreciation.

Short-term investments trended upward at 9.7 percent against an 8.9 percent return for 90-day Treasury Bills.

Net investment income increased by 32.3 percent from \$594.1 million in the 1983-84 fiscal year to \$785.9 million in the 1984-85 fiscal year before deducting the administrative expenses of \$7.0 million and \$8.0 million respectively.

State Street Research in Boston and MacKay-Shields Financial Corp. in New York were discontinued by the Board of Trustees as managers of the fund. Their portfolios were distributed to Mellon Bank, N.A., Pittsburgh, Oppenheimer Capital Corp., New York, and Provident Capital Management, Inc., Philadelphia.

Glenmede Trust Co., Philadelphia, was added as a manager to bring diversification to the management of the mortgage portfolio.

The distribution of the invested assets at book value for the year-end was: corporate and government debentures, \$3.2 billion or 41.5 percent; common and preferred stock, \$2.0 billion or 26.0 percent; mortgage investments including FHA/VA and government insured residential and project mortgages, GNMA mortgage backed securities and conventional mortgages, \$1.9 billion or 11.7 percent; other long-term investments, including equity real estate, equity participation real estate, time deposits, venture capital and FHA debentures, totaled \$.6 billion or 7.8 percent; and short-term investments, \$1.0 billion or 13.0 percent.

The Board of Trustees currently has a total of 14 money managers under contract. Mellon Bank, Pittsburgh, and Miller, Anderson & Sherrerd, Philadelphia, are multiple money managers, handling equities and fixed income investments. The Treasurer of the Commonwealth of Pennsylvania manages short-term investments.

Following is a breakdown of the managers' portfolios at market value on a settlement date basis including accrued income as of June 30, 1985:

	<b>Market Values</b> (Amounts in Thousands)
<b>Equity Managers</b>	
Mellon Bank, N.A., Pittsburgh, PA . . . . .	\$1,587,569
Oppenheimer Capital Corp., New York, NY . . . . .	438,481
Provident Capital Management, Inc., Philadelphia, PA . . . . .	257,386
Delaware Investment Advisors, Philadelphia, PA . . . . .	197,411
Cashman, Farrell & Associates, Wayne, PA . . . . .	154,411
Miller, Anderson & Sherrerd, Bala-Cynwyd, PA . . . . .	114,082
<b>Fixed Income Managers</b>	
Mellon Bank, N.A., Pittsburgh, PA . . . . .	2,337,695
Loomis Sayles and Co., Boston, MA . . . . .	577,851
Pittsburgh National Bank, Pittsburgh, PA . . . . .	267,622
<b>Mortgage Managers</b>	
Fidelity Bank, Philadelphia, PA . . . . .	479,571
Miller, Anderson & Sherrerd, Bala-Cynwyd, PA . . . . .	282,026
Glenmede Trust Co., Philadelphia, PA . . . . .	279,228
<b>Option Managers</b>	
Bankers Trust Co., New York, NY . . . . .	4,533
Oppenheimer Options Management, New York, NY . . . . .	625
<b>Other Long-Term Investment Managers</b>	
Fidelity Bank, Philadelphia, PA . . . . .	393,052
Jones Lang Wootton, New York, NY . . . . .	191,951
NEPA Management Corp., Easton, PA . . . . .	500
<b>Short-term Investment Manager</b>	
Treasury, Commonwealth of PA . . . . .	387,931

The equity managers hold \$18,802,000 of U.S. Government Bonds and \$24,283,000 of convertible bonds. All managers hold cash or cash equivalents of \$619,579,000 which are included in their market values presented in addition to the Treasury short-term amounts.

The call-option program instituted during the year returned \$5.2 million of incremental income, and the securities lending program added another \$1.7 million to the income of the Fund during the 1984-85 fiscal year. Oppenheimer Options Management, New York, and Bankers Trust Company, New York, were chosen last year to manage the option program and First Pennsylvania Bank, Philadelphia, is responsible for the security lending feature.

During the last fiscal year, under the leadership of the chairman and vice chairman of the Board, Messrs. McCullough and Harris respectively, the Retirement System embarked on the development and implementation of a long-range strategic plan. In this long-range planning process, the Board has begun to look at the requirements of the System as it moves into a period where demographics will create an acceleration of normal retirements. The Board also, in this process, is reconsidering its approach to risk as it relates to the liability side of the System's balance sheet. The result of the process will be a better focus on how and where better performance may be achieved.

The Board, by unanimous vote, approved a \$25 million commitment to the Morgan Stanley syndicate to purchase Conrail. In Conrail, the Board saw an opportunity to make an investment in an undervalued and profitable company by which the Board could help support the economic substructure of Pennsylvania. Conrail enjoys a 40 percent market share of bulk transport in the mid-Atlantic region. The company is headquartered in Philadelphia. The company also has substantial employment in Pittsburgh and well as the rest of the state. The Morgan Stanley syndicate is a blue chip group of investors including Harvard, Princeton and Columbia Universities, the state of Delaware pension system, the Rockefellers, and many other notable participants.

## The Bond Portfolio

Of the cash flow directed to the purchase of bonds, \$2,716,614,000 was placed in long-term U.S. Treasury obligations increasing these holdings at book value from \$2,049,842,000 at June 30, 1984, to \$2,641,254,000 at June 30, 1985, further reducing the volatility and gaining a greater liquidity in the bond portfolio. The total time-weighted rate of return for bonds was 25.7 percent,

including unrealized gains due to the increase in market values between June 30, 1984, and June 30, 1985. Through prudent management of its bond transactions, the System realized approximately \$31 million of net sales gains during the 1984-85 fiscal year.

## The Mortgage Portfolio

Last year a category for equity real estate was created under which purchases in California, Pennsylvania and Texas have been made. Overall, the mortgage portfolio time-weighted rate of return was a 24.0 percent. Activity in pooled mortgages and mortgage-backed securities was increased to align them more efficiently in order to take advantage of future market opportunities.

## The Stock Portfolio

Stock market prices increased in value from a low point of negative 4.7 percent for the Standard and Poor's 500 Index at June 30, 1984, to a positive return of 30.9 percent. PSERS achieved a return on its equity investments of 33.3 percent, or 2.4 percent above the Standard and Poor's 500 Index, and 39 percent better than the June 30, 1984, return of negative 5.8 percent. All the returns are calculated on a market value basis for the stocks held in the portfolio. Therefore, unrealized gains or losses due to market price changes from year to year affect the rates of return. Only if the entire stock portfolio had been sold would PSERS have experienced the 33.3 percent time-weighted return as calculated. By selectively managing its sells, the System realized approximately \$105 million of net sales gains as it increased its purchases at bargain prices for future profit taking.

## The Short-Term Portfolio

The Board of Trustees approved a strategy to reallocate \$200 million from short-term holdings to maximize the investment in U.S. government instruments and to increase the yield over shorter maturity rates. Yields on the System's short-term investments amounted to a total return on the short-term portfolio of 9.7 percent equaling the previous year's return. The 9.7 percent was a gain when compared to the 90-day Treasury Bills indicator of 8.9 percent.

In general, short-term rates reflect the Federal Reserve influence on the money supply available for investments.

### Schedule of Investment Results

	1980	1981	1982	1983	1984	1985
<b>Time-Weighted Return — Total Fund . . .</b>	<b>1.3%</b>	<b>- 0.4%</b>	<b>7.4%</b>	<b>37.3%</b>	<b>1.0%</b>	<b>26.0%</b>
Stocks . . . . .	15.9%	21.3%	-12.8%	55.8%	-5.8%	33.3%
Standard & Poor's 500 . . . . .	17.1%	20.5%	-11.5%	61.1%	-4.7%	30.9%
Bonds . . . . .	-3.2%	-9.7%	8.6%	33.1%	-1.0%	25.7%
Shearson-Lehman Govt./Corp. Index . . . . .	3.8%	-4.1%	13.3%	29.1%	1.8%	28.7%
Mortgages . . . . .	7.5%	-4.2%	16.8%	42.2%	-.5%	24.0%
Shearson-Lehman GNMA Index . . . . .	3.1%	-12.4%	14.4%	35.8%	-.3%	35.8%
Short-Term . . . . .	15.5%	13.9%	17.4%	9.2%	9.7%	9.7%
90-Day Treasury Bills . . . . .	11.4%	12.5%	13.4%	8.8%	9.2%	8.9%

### Top Ten Stock Holdings at Book Value 6/30/85

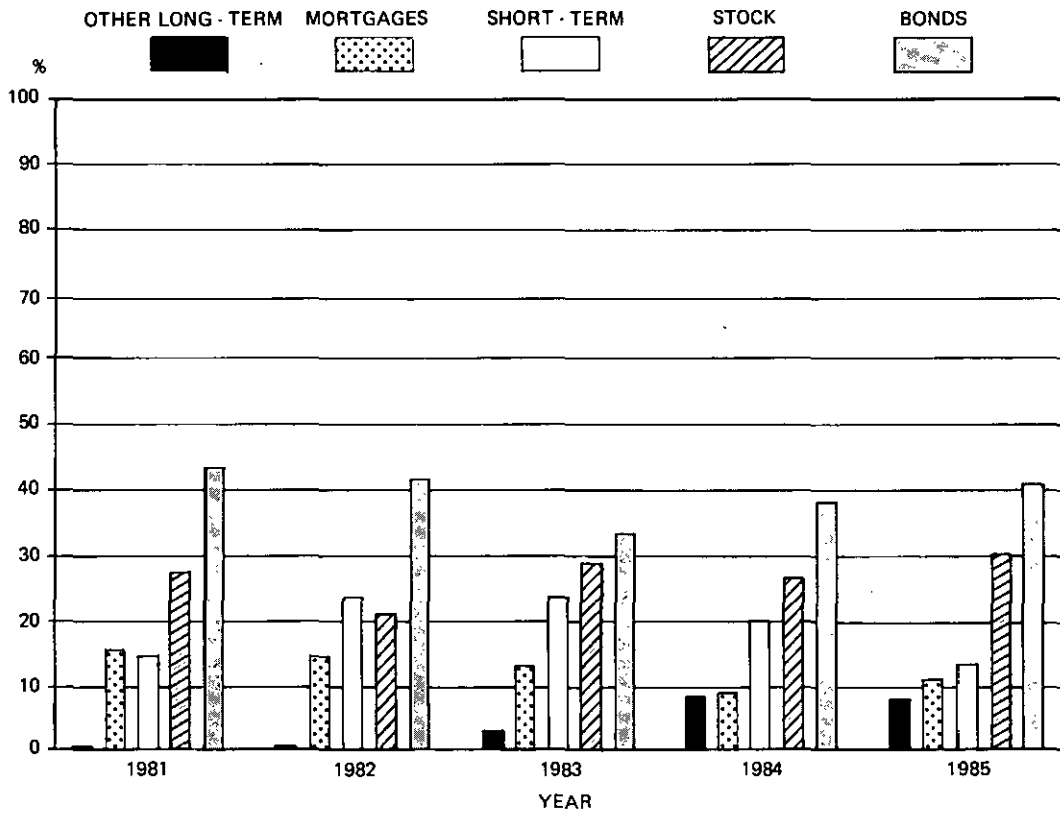
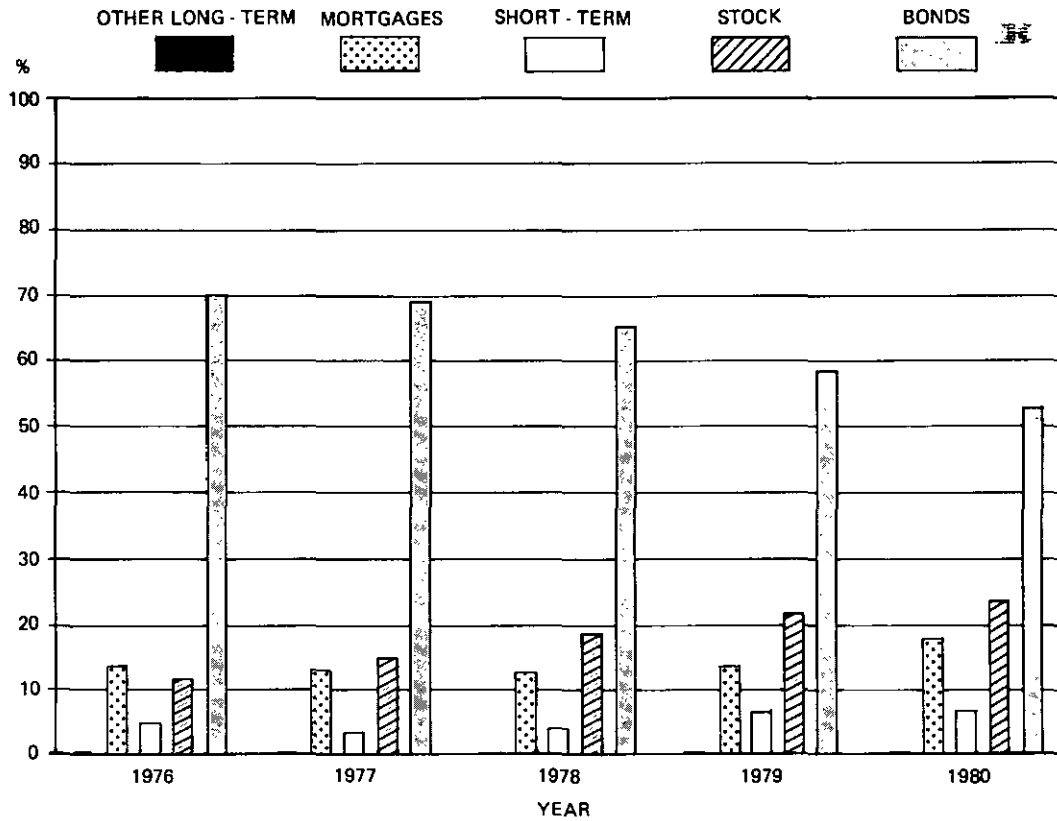
Description	Par Value	Book Value	Market Value
<b>Common Stock</b>			
International Business Machines Corp . . . . .	731,200	67,695,488	90,486,000
Royal Dutch Petroleum NY . . . . .	617,000	31,393,936	36,094,500
General Electric Co. . . . .	586,600	23,692,164	36,295,875
Exxon Corp . . . . .	556,200	23,164,127	29,965,275
Smithkline Beckman Corp . . . . .	376,600	21,436,658	26,220,775
Nynex Corp . . . . .	295,340	21,208,440	26,359,095
Philip Morris Inc . . . . .	278,100	20,013,410	23,742,788
Mobil Corp. . . . .	714,400	19,973,537	21,521,300
Schlumberger Ltd. . . . .	431,230	19,803,528	16,656,259
Imperial Chemical Inc . . . . .	568,300	19,496,020	22,234,738

### Top Ten Stock Holdings at Market Value 6/30/85

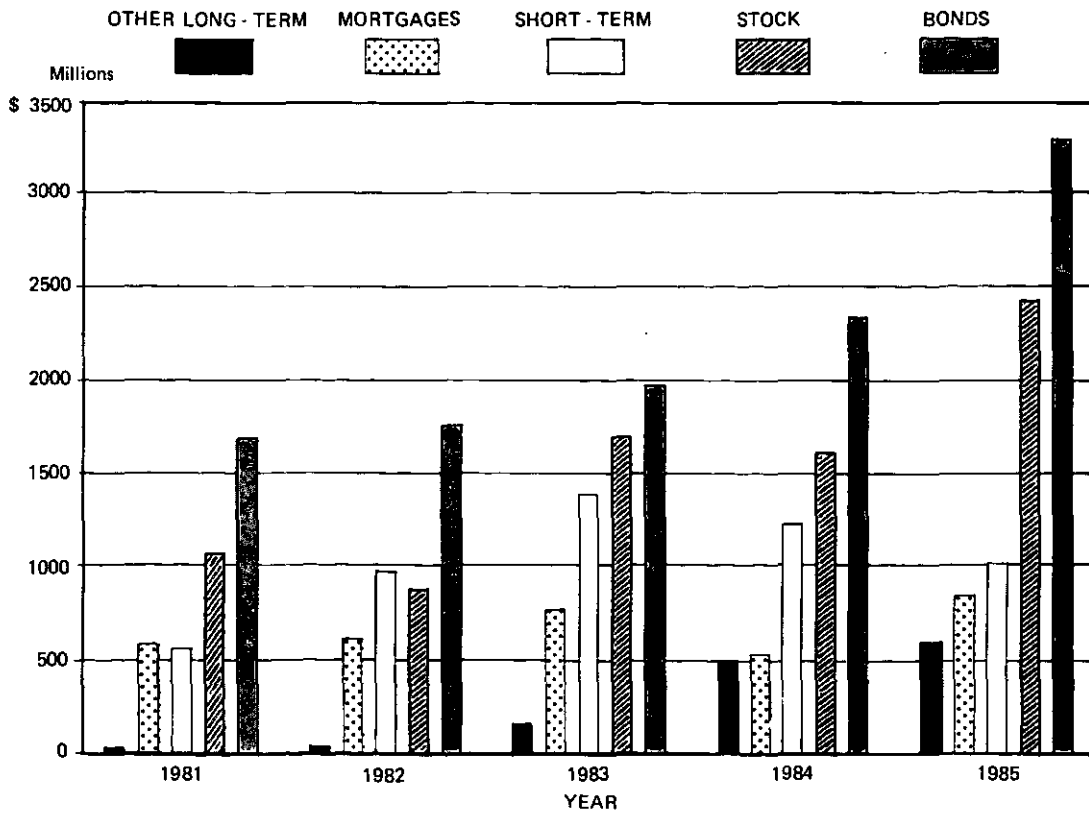
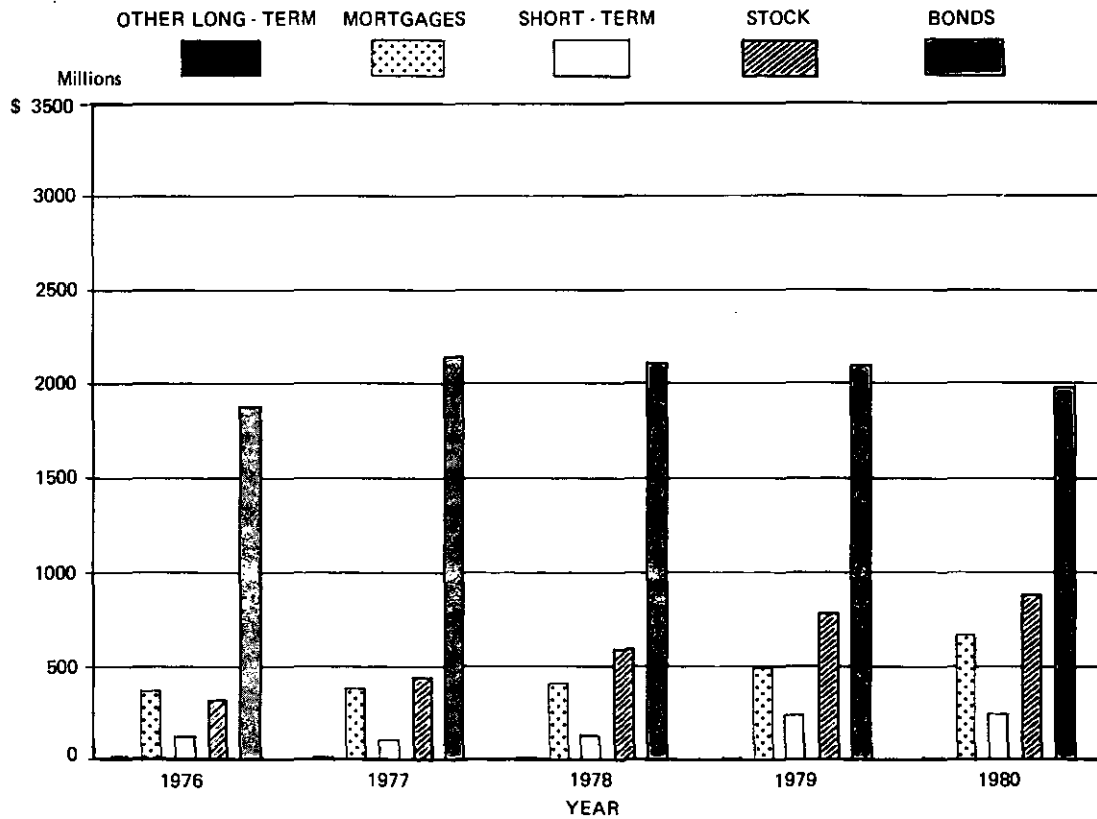
Description	Par Value	Book Value	Market Value
<b>Common Stock</b>			
International Business Machines Corp . . . . .	731,200	67,695,488	90,486,000
General Electric Co. . . . .	586,600	23,692,164	36,295,875
Royal Dutch Petroleum NY . . . . .	617,000	31,393,936	36,094,500
Exxon Corp . . . . .	556,200	23,164,127	29,965,275
Nynex Corp . . . . .	295,340	21,208,440	26,359,095
Smithkline Beckman Corp . . . . .	376,600	21,436,658	26,220,775
Philip Morris Inc . . . . .	278,100	20,013,410	23,742,788
Southwestern Bell Corp . . . . .	282,340	18,699,609	23,716,560
Imperial Chemical Inc . . . . .	568,300	19,496,020	22,234,738
Mobil Corp. . . . .	714,400	19,973,537	21,521,300



# Portfolio Distribution by Percentage (Market Value)

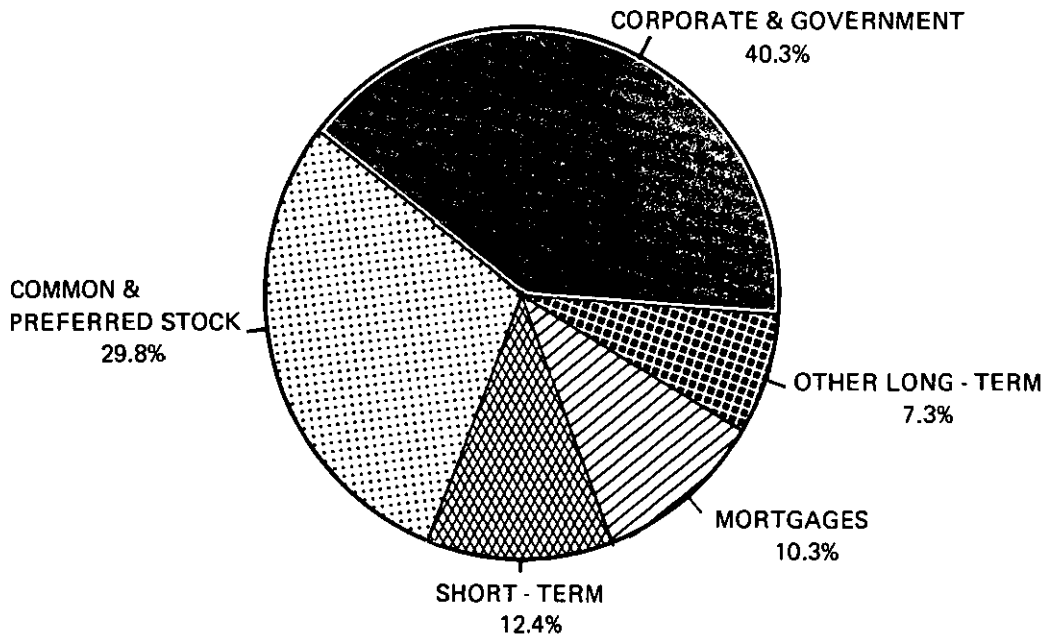


# Portfolio Distribution (Market Value)



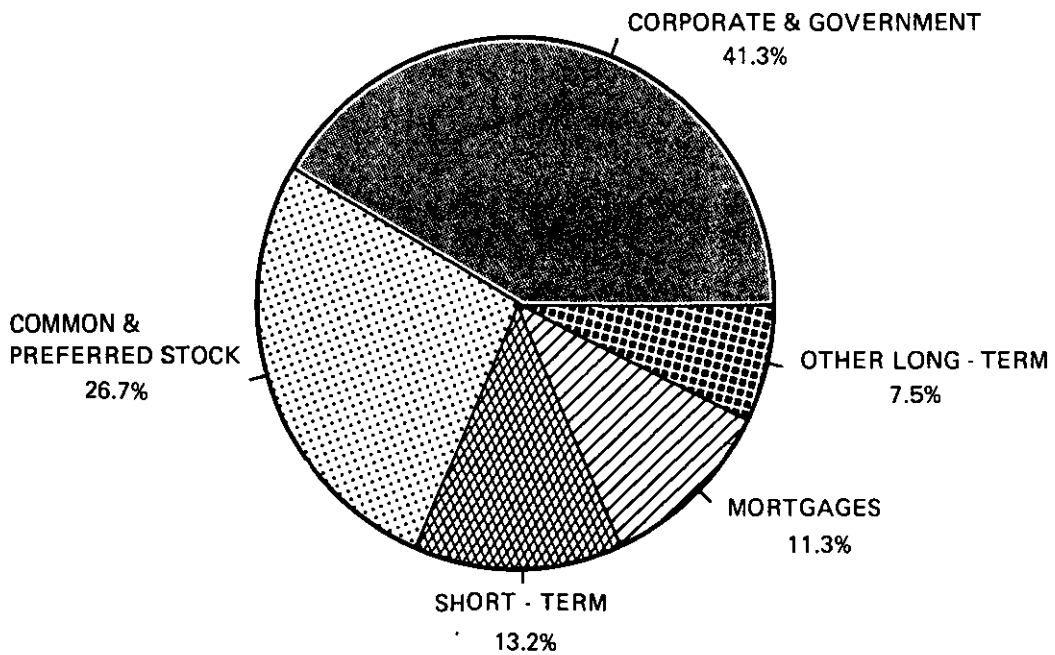
# Portfolio Distribution (Market Value)

JUNE 30, 1985



# Portfolio Distribution (Book Value)

JUNE 30, 1985



## Portfolio Summary Statistics as of 6/30/85 Trade Date Basis

TYPE OF INVESTMENT	PAR VALUE/ NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>Corporate and Government Debentures:</b>			
U.S. Government & Agency Obligations . . . . .	2,688,030,616	2,641,253,814	2,740,601,999
Municipal . . . . .	33,000	33,000	25,285
Corporate/Finance . . . . .	220,056,000	207,366,734	212,753,104
Corporate/Industrial . . . . .	208,820,312	206,510,084	218,460,819
Corporate/Utility . . . . .	95,051,000	90,741,619	77,678,020
Corporate/Transportation . . . . .	20,900,000	16,322,902	18,404,625
Lease (Consolidated Foods) . . . . .	796,817	796,817	796,817
<b>Total Bonds</b> . . . . .	<b><u>3,233,687,745</u></b>	<b><u>3,163,024,970</u></b>	<b><u>3,268,720,669</u></b>
<b>Common and Preferred Stock:</b>			
Common Stock . . . . .	64,310,895	2,037,962,458	2,410,338,094
Preferred Stock . . . . .	181,634	5,256,794	5,462,846
<b>Total Stock</b> . . . . .	<b><u>64,492,529</u></b>	<b><u>2,043,219,252</u></b>	<b><u>2,415,800,940</u></b>
<b>Mortgage Investments:</b>			
FHA/VA Residential Mortgages . . . . .	275,131,077	271,473,906	239,322,216
FHA Project Mortgages . . . . .	298,680,835	235,958,130	226,997,435
Pooled Mortgages . . . . .	297,418,396	271,605,404	276,096,741
Mortgage Backed Securities . . . . .	93,508,176	74,377,691	80,583,714
Conventional Mortgages . . . . .	14,809,085	14,809,085	12,454,619
<b>Total Mortgage Investments</b> . . . . .	<b><u>979,547,569</u></b>	<b><u>868,224,216</u></b>	<b><u>835,454,725</u></b>
<b>Other Long-Term Investments:</b>			
Equity Real Estate . . . . .	229,113,793	230,438,052	231,159,295
Equity Participating Mortgages . . . . .	336,492,391	336,726,747	353,076,327
Time Deposits . . . . .	7,100,000	7,051,976	7,051,976
Venture Capital . . . . .	500,000	500,000	500,000
FHA Debentures . . . . .	321,700	321,700	321,700
<b>Total Other Long-Term Investments</b> . . . . .	<b><u>573,527,884</u></b>	<b><u>575,038,475</u></b>	<b><u>592,109,298</u></b>
<b>Short-Term Investments:</b>			
U.S. Treasury Bills . . . . .	135,205,416	135,205,416	135,205,416
U.S. Treasury Notes . . . . .	59,901,954	59,901,954	59,901,954
Federal Home Loan Bank . . . . .	81,000,000	81,000,000	81,000,000
Federal National Mtg Assn. . . . .	10,000,000	10,000,000	10,000,000
Federal Farm Credit Bank . . . . .	30,000,000	30,000,000	30,000,000
Repurchase Agreement . . . . .	319,350,000	319,350,000	319,350,000
Commercial Paper Interest Bearing Note . . . . .	41,800,000	41,800,000	41,800,000
Commercial Paper Discounted Note . . . . .	188,624,687	188,624,687	188,624,687
Certificate of Deposit Var Rate . . . . .	64,995,000	65,002,500	65,002,500
Money Market Funds . . . . .	76,625,000	76,625,000	76,625,000
<b>Total Short-Term Investments</b> . . . . .	<b><u>1,007,502,057</u></b>	<b><u>1,007,509,557</u></b>	<b><u>1,007,509,557</u></b>
<b>GRAND TOTAL</b> . . . . .		<b><u><u>7,657,016,470</u></u></b>	<b><u><u>8,119,595,189</u></u></b>

**Portfolio Detail Statistics as of 6/30/85**  
**Trade Date Basis**

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>U.S. GOVT. &amp; AGENCY OBLIGATIONS</b>					
Certificate Accrual Treas Series P . . . . .	0.000	05/15/88	5,000,000	3,671,387	3,837,550
Certificate Accrual Treas Series S . . . . .	0.000	08/15/86	1,000,000	891,276	908,700
Certificate Accrual Treas Series T . . . . .	0.000	05/15/89	25,000,000	16,386,443	17,214,500
Coupon Treasury Receipt Int Pmt . . . . .	0.000	08/15/88	1,500,000	1,085,527	1,113,420
Coupon Treasury Receipt Int Pmt . . . . .	0.000	02/15/90	4,980,000	2,979,118	3,134,761
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/86	1,959,375	1,791,483	1,825,511
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/88	2,380,000	1,645,991	1,725,072
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/86	1,860,000	1,700,623	1,732,925
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/86	1,175,625	1,074,890	1,095,306
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/89	1,361,250	887,203	935,601
Coupon Treasury Receipt Int Pmt . . . . .	0.000	08/15/93	1,001,250	391,274	427,364
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/94	2,802,375	968,755	1,044,725
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/94	10,695,000	3,697,161	3,987,096
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/88	1,037,500	717,527	752,001
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/93	4,980,000	1,999,776	2,181,987
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/94	12,014,250	4,352,550	4,720,759
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/94	12,481,125	4,270,457	4,652,963
Coupon Treasury Receipt Int Pmt . . . . .	0.000	08/15/85	13,750,000	13,482,419	13,618,413
Coupon Treasury Receipt Int Pmt . . . . .	0.000	08/15/93	25,025,000	11,003,392	10,681,421
Coupon Treasury Receipt Int Pmt . . . . .	0.000	02/15/94	11,481,250	4,283,252	4,631,536
Coupon Treasury Receipt Int Pmt . . . . .	0.000	11/15/88	8,115,000	5,761,875	5,881,914
Coupon Treasury Receipt Int Pmt . . . . .	0.000	05/15/89	2,677,500	1,743,957	1,840,273
Federal Farm Cr Bks Cons Syswide . . . . .	10.750	10/20/86	1,000,000	976,060	1,026,200
Federal Farm Cr Bks Cons Syswide . . . . .	10.000	12/01/86	6,000,000	5,942,110	6,108,600
Federal Farm Cr Bks Cons Syswide . . . . .	14.100	04/22/91	11,400,000	12,509,231	13,195,500
Federal Farm Cr Bks Cons Syswide . . . . .	15.650	10/23/89	14,000,000	15,581,086	16,608,200
Federal Farm Cr Bks Cons Syswide . . . . .	13.350	09/02/86	7,200,000	7,398,082	7,578,000
Federal Farm Cr Bks Cons Syswide . . . . .	14.500	09/02/86	6,800,000	7,069,937	7,244,040
Federal Farm Cr Bks Cons Syswide . . . . .	14.250	04/20/94	5,000,000	5,648,806	6,019,000
Federal Farm Cr Bks Cons Syswide . . . . .	14.100	06/01/90	5,000,000	5,515,710	5,731,500
Federal Farm Cr Bks Cons Syswide . . . . .	11.500	10/20/88	5,000,000	5,000,000	5,251,500
Federal Farm Cr Bks Cons Syswide . . . . .	11.650	01/23/89	5,000,000	5,000,000	5,275,000
Federal Farm Cr Bks Cons Syswide A . . . . .	15.200	01/20/92	18,900,000	21,862,019	23,035,320
Federal Farm Cr Bks Cons Syswide C . . . . .	14.700	07/22/91	19,000,000	21,381,060	22,515,000
Federal Farm Cr Bks Cons Syswide D . . . . .	13.650	12/02/91	3,000,000	3,293,607	3,438,900
Federal Farm Cr Bks Cons Syswide D . . . . .	12.500	09/04/90	17,300,000	17,726,121	18,922,740
Federal Farm Cr Bks Cons Syswide F . . . . .	10.850	02/01/90	6,000,000	6,053,963	6,165,000
Federal Farm Cr Bks Cons Syswide G . . . . .	15.100	06/02/86	5,900,000	6,182,941	6,261,080
Federal Farm Cr Bks Fdg Corp . . . . .	10.550	10/20/87	5,000,000	5,032,163	5,151,500
Federal Home Loan Banks . . . . .	16.400	09/25/86	5,800,000	6,013,370	6,325,480
Federal Home Loan Banks . . . . .	14.550	09/25/89	10,000,000	10,955,049	11,475,000
Federal Home Loan Banks . . . . .	14.250	04/25/89	12,000,000	12,937,388	13,620,000
Federal Home Loan Banks . . . . .	14.125	07/25/89	20,600,000	21,937,846	23,253,280
Federal Home Loan Banks . . . . .	12.500	09/25/90	19,400,000	20,420,642	21,219,720
Federal Home Loan Banks . . . . .	10.900	12/26/90	3,895,000	3,956,702	4,021,588
Federal Home Loan Banks . . . . .	10.700	01/25/93	35,000,000	33,771,027	35,395,500
Federal Home Loan Banks . . . . .	10.800	03/25/93	9,250,000	9,223,317	9,313,825
Federal Home Loan Banks . . . . .	10.750	05/25/93	5,000,000	4,721,592	5,075,000
Federal Home Loan Banks . . . . .	11.250	03/25/87	10,000,000	10,000,000	10,362,000
Federal Home Loan Mortgage Corp . . . . .	10.900	03/30/90	20,000,000	18,583,033	20,633,333
Federal Home Loan Mortgage Corp . . . . .	11.850	08/31/91	25,370,000	25,271,297	27,145,900
Federal National Mortgage Assn . . . . .	7.900	09/10/86	2,700,000	2,614,038	2,684,880
Federal National Mortgage Assn . . . . .	7.300	12/10/86	3,300,000	3,151,641	3,249,510
Federal National Mortgage Assn . . . . .	16.375	08/10/88	9,000,000	10,061,183	10,592,100
Federal National Mortgage Assn . . . . .	13.900	08/11/86	5,000,000	5,051,067	5,287,500
Federal National Mortgage Assn . . . . .	14.300	04/10/87	5,000,000	5,092,785	5,426,500
Federal National Mortgage Assn . . . . .	15.250	07/10/87	2,400,000	2,553,299	2,667,840

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>U.S. GOVT. &amp; AGENCY OBLIGATIONS (Continued)</b>					
Federal National Mortgage Assn . . . . .	10.900	01/11/93	3,000,000	2,840,551	3,063,900
Federal National Mortgage Assn . . . . .	10.900	12/10/87	1,000,000	955,958	1,033,400
Federal National Mortgage Assn . . . . .	10.400	03/10/88	5,000,000	4,699,960	5,119,000
Federal National Mortgage Assn . . . . .	10.950	03/10/93	1,600,000	1,362,888	1,636,000
Federal National Mortgage Assn . . . . .	10.300	02/10/88	5,000,000	4,699,820	5,101,500
Federal National Mortgage Assn . . . . .	9.850	09/10/87	5,000,000	4,699,116	5,051,500
Federal National Mortgage Assn . . . . .	10.700	01/12/87	5,000,000	4,842,674	5,134,500
Federal National Mortgage Assn . . . . .	11.550	01/11/88	7,940,000	7,653,397	8,302,064
Federal National Mortgage Assn . . . . .	12.650	03/10/14	4,700,000	4,503,640	5,168,590
Federal National Mortgage Assn . . . . .	12.100	03/10/89	1,000,000	1,025,998	1,064,700
Federal National Mortgage Assn . . . . .	13.125	08/10/89	15,000,000	15,587,089	16,444,500
Federal National Mortgage Assn . . . . .	12.550	10/13/87	5,000,000	5,004,983	5,331,000
Federal National Mortgage Assn . . . . .	11.950	01/10/95	20,000,000	20,245,301	21,538,000
Federal National Mortgage Assn . . . . .	11.100	01/10/89	10,000,000	10,000,000	10,362,000
Federal National Mortgage Assn . . . . .	11.500	02/10/95	6,500,000	6,500,000	6,821,000
Federal National Mortgage G CL G-3. . . . .	11.550	05/01/95	10,000,000	9,973,870	10,175,000
Treasury Bond Receipts . . . . .	0.000	08/15/94	13,500,000	4,780,608	5,189,400
Treasury Invt Growth Receipt. . . . .	0.000	11/15/93	4,998,000	1,896,501	2,086,465
Treasury Invt Growth Receipt. . . . .	0.000	11/15/88	1,581,250	1,093,031	1,147,972
Treasury Invt Growth Receipt. . . . .	0.000	11/15/86	5,000,000	4,335,852	4,448,300
Treasury Invt Growth Receipt. . . . .	0.000	05/15/87	5,000,000	4,101,633	4,233,300
Treasury Invt Growth Receipt. . . . .	0.000	11/15/87	5,000,000	3,887,938	4,027,050
Treasury Invt Growth Receipt. . . . .	0.000	08/15/94	12,000,000	4,199,137	4,612,800
U.S. Treasury Bond Coupons Stripped . . . . .	0.000	05/15/89	4,340,000	2,916,368	2,982,925
U.S. Treasury Bond Coupons Stripped . . . . .	0.000	08/15/92	4,146,250	1,938,823	1,978,466
U.S. Treasury Bond Coupons Stripped . . . . .	0.000	02/15/92	4,146,250	2,044,898	2,083,822
U.S. Treasury Bond Coupons Stripped . . . . .	0.000	05/15/89	4,402,991	2,958,696	3,026,220
U.S. Treasury Bond Coupons Stripped . . . . .	0.000	11/15/88	866,250	613,901	627,875
U.S. Treasury Growth Receipts . . . . .	0.000	11/15/86	3,731,000	3,241,976	3,317,120
U.S. Treasury Note . . . . .	7.625	02/15/07	5,700,000	4,233,447	4,315,926
U.S. Treasury Note . . . . .	7.875	02/15/93	26,800,000	23,301,763	23,659,308
U.S. Treasury Note . . . . .	10.375	11/15/12	9,000,000	9,061,855	8,791,830
U.S. Treasury Note . . . . .	10.750	05/15/03	20,000,000	20,412,238	20,137,400
U.S. Treasury Note . . . . .	11.125	08/15/03	10,000,000	9,333,438	10,362,500
U.S. Treasury Note . . . . .	12.000	08/15/13	12,600,000	14,013,313	13,993,812
U.S. Treasury Note . . . . .	11.875	11/15/03	2,000,000	2,075,486	2,184,360
U.S. Treasury Note . . . . .	12.000	05/15/05	5,000,000	4,996,011	5,551,550
U.S. Treasury Note . . . . .	8.250	05/15/88	10,000,000	9,654,485	9,809,300
U.S. Treasury Note . . . . .	8.750	11/15/88	35,000,000	33,774,508	34,540,450
U.S. Treasury Note . . . . .	9.000	02/15/87	22,600,000	22,011,197	22,755,262
U.S. Treasury Note . . . . .	9.250	05/15/89	15,000,000	14,801,596	14,957,700
U.S. Treasury Note . . . . .	13.000	11/15/90	62,200,000	66,086,816	69,741,750
U.S. Treasury Note . . . . .	13.500	02/15/86	33,000,000	33,192,971	34,144,440
U.S. Treasury Note . . . . .	12.375	01/15/88	22,300,000	22,906,505	23,944,625
U.S. Treasury Note . . . . .	13.750	05/15/86	24,951,000	25,261,032	26,214,020
U.S. Treasury Note . . . . .	13.875	11/15/86	29,940,000	31,102,921	32,073,225
U.S. Treasury Note . . . . .	14.000	07/15/88	30,000,000	31,597,590	33,637,500
U.S. Treasury Note . . . . .	14.875	08/15/91	47,800,000	54,318,000	57,583,704
U.S. Treasury Note . . . . .	16.125	11/15/86	39,000,000	41,794,282	43,033,770
U.S. Treasury Note . . . . .	15.375	10/15/88	5,000,000	5,446,525	5,823,400
U.S. Treasury Note . . . . .	12.750	02/15/87	52,600,000	54,520,784	55,821,750
U.S. Treasury Note . . . . .	14.125	12/31/85	15,000,000	15,061,455	15,487,500
U.S. Treasury Note . . . . .	14.625	02/15/92	10,000,000	11,659,375	12,043,700
U.S. Treasury Note . . . . .	14.375	04/15/89	22,400,000	24,365,390	25,661,888
U.S. Treasury Note . . . . .	13.750	05/15/92	93,100,000	100,799,470	108,461,500
U.S. Treasury Note . . . . .	13.750	08/15/87	34,000,000	34,580,384	37,091,620
U.S. Treasury Note . . . . .	14.500	07/15/89	7,805,000	8,676,084	9,019,614

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>U.S. GOVT. &amp; AGENCY OBLIGATIONS (Continued)</b>					
U.S. Treasury Note	10.500	06/30/87	10,000,000	10,273,437	10,315,600
U.S. Treasury Note	13.125	08/15/85	50,000,000	50,126,067	50,343,500
U.S. Treasury Note	12.625	11/15/87	33,300,000	33,378,313	35,807,823
U.S. Treasury Note	11.875	10/15/89	84,280,000	85,715,597	90,390,300
U.S. Treasury Note	9.750	11/15/85	10,000,000	9,933,788	10,081,200
U.S. Treasury Note	10.500	11/15/92	25,000,000	25,350,762	25,468,750
U.S. Treasury Note	10.125	02/15/88	69,200,000	68,585,756	70,757,000
U.S. Treasury Note	10.500	01/15/90	11,600,000	11,633,842	11,890,000
U.S. Treasury Note	9.875	02/15/86	31,000,000	30,702,253	31,397,110
U.S. Treasury Note	9.875	05/15/88	58,000,000	59,087,303	59,050,960
U.S. Treasury Note	10.500	04/15/90	30,000,000	29,392,329	30,787,500
U.S. Treasury Note	10.500	08/15/88	1,500,000	1,477,690	1,548,270
U.S. Treasury Note	11.625	01/15/92	70,000,000	73,828,125	73,828,125
U.S. Treasury Note	10.500	06/30/87	6,400,000	6,066,042	6,601,984
U.S. Treasury Note	10.750	07/15/90	34,000,000	33,734,154	35,221,620
U.S. Treasury Note	11.875	08/15/93	50,000,000	50,672,302	54,171,500
U.S. Treasury Note	10.625	08/31/85	8,200,000	8,183,321	8,238,376
U.S. Treasury Note	11.750	11/15/88	40,000,000	41,500,531	42,550,000
U.S. Treasury Note	11.500	10/15/90	2,000,000	1,952,705	2,125,620
U.S. Treasury Note	11.750	11/15/93	21,000,000	21,175,410	22,634,010
U.S. Treasury Note	10.500	11/30/85	19,800,000	19,650,151	20,028,888
U.S. Treasury Note	11.375	02/15/89	15,000,000	15,000,000	15,810,900
U.S. Treasury Note	10.875	12/31/85	22,600,000	22,399,600	22,974,256
U.S. Treasury Note	11.750	01/15/91	10,000,000	10,000,000	10,712,500
U.S. Treasury Note	10.875	02/15/87	30,000,000	30,835,622	31,012,500
U.S. Treasury Note	11.750	05/15/89	20,000,000	20,755,908	21,325,000
U.S. Treasury Note	11.500	03/31/86	36,200,000	35,857,601	37,161,472
U.S. Treasury Note	12.000	03/31/88	10,000,000	10,033,802	10,662,500
U.S. Treasury Note	12.375	04/15/91	25,000,000	24,920,383	27,367,000
U.S. Treasury Note	11.750	04/30/86	39,000,000	38,944,174	40,206,270
U.S. Treasury Note	12.500	05/15/87	6,800,000	6,704,888	7,227,108
U.S. Treasury Note	13.125	05/15/94	12,500,000	13,505,267	14,406,250
U.S. Treasury Note	13.875	08/15/89	51,550,000	57,303,663	58,525,231
U.S. Treasury Note	13.625	06/30/88	20,000,000	20,597,876	22,193,600
U.S. Treasury Note	12.625	08/15/94	45,090,000	49,501,104	50,810,568
U.S. Treasury Note	12.750	11/15/89	81,000,000	90,173,494	89,226,360
U.S. Treasury Note	11.875	09/30/86	25,000,000	25,655,532	26,054,500
U.S. Treasury Note	11.375	09/30/88	25,000,000	25,372,983	26,343,750
U.S. Treasury Note	10.375	02/15/88	50,000,000	50,538,735	51,406,000
U.S. Treasury Note	11.750	04/15/92	55,000,000	58,824,711	59,125,000
U.S. Treasury Note	10.000	05/15/88	20,000,000	20,021,095	20,475,000
U.S. Treasury Note Coupons Stripped	0.000	05/15/89	3,231,250	2,163,401	2,220,870
U.S. Treasury Note Coupons Stripped	0.000	05/15/91	7,012,500	3,786,696	3,830,859
U.S. Treasury Note Coupons Stripped	0.000	11/15/88	2,131,250	1,509,921	1,544,773
U.S. Treasury Note Coupons Stripped	0.000	11/15/87	1,478,125	1,142,451	1,189,137
U.S. Treasury Note Stripped	0.000	10/15/88	2,000,000	1,423,146	1,461,200
U.S. Treasury Note Stripped	0.000	05/15/92	25,500,000	12,468,561	12,487,605
U.S. Treasury Sec Stripped Int Pmt.	0.000	11/15/89	1,100,000	686,732	717,376
U.S. Treasury Sec Stripped Int Pmt.	0.000	11/15/88	1,288,000	914,516	933,568
U.S. Treasury Sec Stripped Int Pmt.	0.000	05/15/90	4,530,000	2,874,038	2,781,103
<b>TOTAL</b>			<b>2,688,030,616</b>	<b>2,641,253,814</b>	<b>2,740,601,999</b>
<b>MUNICIPAL</b>					
Cass Twp Schuylkill Co	2.000	02/01/86	5,000	5,000	4,580
Cass Twp Schuylkill Co	2.000	02/01/87	5,000	5,000	4,302

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>MUNICIPAL (Continued)</b>					
Cass Twp Schuylkill Co . . . . .	2.000	02/01/88	5,000	5,000	4,029
Cass Twp Schuylkill Co . . . . .	2.000	02/01/89	5,000	5,000	3,758
Cass Twp Schuylkill Co . . . . .	2.000	02/01/90	5,000	5,000	3,467
Cass Twp Schuylkill Co . . . . .	2.000	02/01/91	8,000	8,000	5,149
<b>TOTAL . . . . .</b>			<b>33,000</b>	<b>33,000</b>	<b>25,285</b>

**CORPORATE/FINANCE**

Bankamerica Corp . . . . .	7.875	12/01/03	1,200,000	793,921	874,500
Barclays North American Cap Corp . . . . .	11.625	05/01/03	5,500,000	5,066,838	5,651,250
Beneficial Corp . . . . .	8.350	02/15/88	5,000,000	4,493,208	4,831,250
Beneficial Corp . . . . .	12.450	01/15/94	3,500,000	3,500,000	3,692,500
Beneficial Finance Co . . . . .	5.000	11/01/90	3,000,000	2,763,921	2,505,000
Beneficial Finance Co . . . . .	4.750	05/15 93	9,405,000	8,059,495	7,065,506
Chemical Bank New York Trust Co . . . . .	5.875	01/01/92	3,000,000	2,995,419	2,258,280
Chevron Capital USA Inc . . . . .	11.000	02/01/90	2,500,000	2,557,627	2,571,875
Chevron Capital USA Inc . . . . .	10.750	06/01/95	10,000,000	9,957,762	10,200,000
CIT Financial Corp . . . . .	15.500	10/15/87	4,000,000	4,192,328	4,485,000
CIT Financial Corp . . . . .	8.875	06/01/97	2,800,000	2,771,902	2,737,000
First Interstate Bancorp . . . . .	12.500	11/01/91	4,515,000	4,595,969	5,011,650
First Interstate Bancorp . . . . .	10.450	04/18/88	4,900,000	4,892,845	4,967,375
Ford Motor Credit Co . . . . .	8.500	05/01/88	5,000,000	4,451,184	4,900,000
Ford Motor Credit Co . . . . .	9.450	06/15/89	5,000,000	4,424,691	4,993,750
Ford Motor Credit Co . . . . .	11.000	05/11/89	5,000,000	5,000,000	5,150,000
Ford Motor Credit Co . . . . .	11.000	01/15/90	5,000,000	5,160,049	5,175,000
Ford Motor Credit Co . . . . .	10.200	07/10/89	11,000,000	11,000,000	11,000,000
Franklin Savings Assn Kansas Secd . . . . .	12.250	04/01/92	7,500,000	7,457,833	8,043,750
General Electric Credit Corp . . . . .	9.750	08/01/87	3,800,000	3,594,117	3,814,250
General Electric Credit Corp . . . . .	11.750	06/01/05	7,000,000	5,800,068	7,227,500
General Motors Acceptance Corp . . . . .	8.000	05/01/93	3,400,000	2,742,312	2,975,000
General Motors Acceptance Corp . . . . .	7.125	09/01/92	12,000,000	9,148,562	10,035,000
General Motors Acceptance Corp . . . . .	8.625	05/01/88	5,000,000	4,500,480	4,912,500
General Motors Acceptance Corp . . . . .	9.400	07/15/04	13,000,000	10,675,850	11,293,750
General Motors Acceptance Corp . . . . .	10.500	04/15/89	5,000,000	5,130,961	5,181,250
General Motors Acceptance Corp . . . . .	9.750	06/01/88	2,500,000	2,499,313	2,506,250
General Motors Acceptance Corp . . . . .	10.250	06/01/90	5,000,000	4,992,278	5,008,650
Household Finance Corp . . . . .	4.500	07/01/91	3,000,000	2,701,028	2,343,750
Household Finance Corp . . . . .	4.875	09/15/93	8,519,000	6,986,173	6,261,465
Household Finance Corp . . . . .	8.375	10/01/03	3,000,000	2,049,786	2,362,500
International American Dev Bank . . . . .	14.625	08/01/92	4,100,000	4,603,343	4,865,060
Intl Bank Reconstruct-Develop . . . . .	5.875	09/01/93	1,700,000	1,597,793	1,305,770
Intl Bank Reconstruct-Develop . . . . .	15.000	12/15/88	4,900,000	5,329,000	5,609,030
Intl Bank Reconstruct-Develop . . . . .	14.750	06/01/92	11,234,000	12,342,324	12,801,267
Intl Bank Reconstruct-Develop . . . . .	14.625	08/01/87	6,000,000	6,317,155	6,558,800
Intl Bank Reconstruct-Develop . . . . .	13.450	09/01/87	4,800,000	4,963,690	5,160,000
Irving Bank Corp . . . . .	5.750	08/01/91	2,783,000	2,507,600	2,320,326
Marine Midland Corp . . . . .	5.000	07/15/89	7,500,000	6,770,214	6,450,000
Shearson Lehman/American Express . . . . .	11.625	05/15/05	1,000,000	1,000,000	995,000
Tennessee Valley Bancorp Inc . . . . .	8.500	01/01/99	1,000,000	995,882	802,500
United California Bank . . . . .	4.500	01/15/90	1,000,000	983,813	843,750
Wells Fargo & Co Med Term . . . . .	10.100	05/24/88	5,000,000	5,000,000	5,006,250
<b>TOTAL . . . . .</b>			<b>220,056,000</b>	<b>207,366,734</b>	<b>212,753,104</b>

**CORPORATE/INDUSTRIAL**

Allied Corp . . . . .	6.000	12/15/90	5,000,000	3,948,445	4,137,500
-----------------------	-------	----------	-----------	-----------	-----------



## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>CORPORATE/INDUSTRIAL (Continued)</b>					
Allied Corp . . . . .	12.500	11/01/09	5,000,000	4,968,874	5,168,750
Allied Stores Corp . . . . .	6.000	05/15/92	1,000,000	673,025	823,750
Allied Stores Corp Conv . . . . .	9.500	11/01/07	1,450,000	1,867,302	2,160,500
American General Corp Conv . . . . .	11.000	11/04/08	2,000,000	2,159,305	3,860,000
American Medical International Inc . . . . .	14.375	08/15/92	5,000,000	5,000,000	6,137,500
American Medical International Inc . . . . .	12.250	01/15/94	5,000,000	4,982,289	5,143,750
Anadarko Production Co . . . . .	14.700	08/01/94	5,000,000	5,000,000	5,568,750
Anheuser Busch Co Inc . . . . .	11.875	10/01/12	5,000,000	4,980,270	5,125,000
Associated Dry Goods Corp . . . . .	11.250	11/01/87	5,000,000	4,838,526	5,150,000
Associates Corp North America . . . . .	11.750	08/15/88	5,000,000	4,793,750	5,175,000
Associates Corp North America . . . . .	11.625	12/01/89	10,000,000	10,278,536	10,512,500
Associates Corp North America . . . . .	11.500	05/01/90	5,000,000	5,043,796	5,018,750
Atlantic Richfield Co . . . . .	7.000	12/01/91	9,500,000	7,684,394	8,122,500
Avon Capital Corp . . . . .	11.750	10/15/90	8,800,000	8,800,000	8,976,000
Baker International Corp . . . . .	10.200	06/15/90	3,300,000	3,170,545	3,324,750
Caterpillar Tractor Co . . . . .	12.500	10/01/90	1,000,000	964,511	1,066,250
Chevron Capital Corp . . . . .	12.750	08/01/87	5,000,000	4,995,797	5,387,500
Chrysler Financial Corp . . . . .	12.270	08/01/94	5,000,000	5,060,405	5,218,750
Citicorp Note . . . . .	12.000	10/15/90	3,725,000	3,509,833	3,860,031
Citicorp Note . . . . .	11.500	04/11/90	10,000,000	10,020,476	10,300,000
Corning Glass Works Conv . . . . .	8.250	12/01/07	2,500,000	2,538,949	2,675,000
Dow Chemical Co . . . . .	11.250	07/15/10	2,000,000	1,983,122	1,960,000
E I DuPont De Nemours & Co . . . . .	12.875	09/01/92	4,000,000	3,977,123	4,360,000
Georgia Pacific Corp . . . . .	12.250	03/01/13	5,000,000	4,960,842	5,131,250
K Mart Corp Conv . . . . .	6.000	07/15/99	3,500,000	3,801,431	3,933,125
Lear Petroleum Corp Conv . . . . .	9.000	12/15/03	200	179	140
McDonalds Corp . . . . .	11.625	04/15/95	1,800,000	1,806,684	1,809,000
Merrill Lynch & Co Inc . . . . .	13.150	08/01/87	1,000,000	1,033,538	1,063,690
Merrill Lynch & Co Inc Extd Adj . . . . .	11.250	04/15/97	5,000,000	5,012,250	5,193,750
Midcon Corp Conv . . . . .	10.250	03/31/09	3,500,000	4,100,987	4,379,375
National Cash Register . . . . .	5.600	06/15/91	900,000	863,128	723,375
Norwest Corp . . . . .	5.125	10/15/90	1,800,000	1,746,689	1,467,000
Occidental Petroleum Corp Conv . . . . .	10.690	03/15/94	5,500,000	5,551,415	5,506,875
Penney J C Inc . . . . .	11.750	03/15/87	5,000,000	4,926,174	5,118,750
Phillips Petroleum Co . . . . .	12.875	09/01/92	8,000,000	7,969,197	8,420,000
Private Export Funding Secured Note . . . . .	11.250	02/28/92	1,500,000	1,452,305	1,555,350
Revlon Inc . . . . .	10.875	07/15/10	9,450,000	9,153,961	9,060,188
SCM Corp Conv . . . . .	10.000	10/01/09	1,575,000	1,891,809	1,858,500
Sears Roebuck & Co . . . . .	10.250	01/15/88	5,000,000	4,874,794	5,200,000
Signal Co Inc . . . . .	11.750	07/15/05	3,000,000	2,719,446	2,943,750
Standard Oil Co Ohio . . . . .	13.375	09/15/92	12,400,000	12,409,916	13,423,000
Tenneco Inc . . . . .	13.375	01/15/91	2,542,000	2,486,958	2,748,538
Tenneco Inc . . . . .	13.625	10/01/07	6,000,000	6,097,670	6,607,500
Texaco Capital Inc . . . . .	13.625	08/01/94	2,500,000	2,806,250	2,771,875
Texaco Capital Inc Extendable . . . . .	13.250	06/01/99	5,000,000	5,018,363	5,250,000
University of Pittsburgh . . . . .	4.000	06/01/86	101,000	101,000	80,800
Volkswagen Mfg Corp . . . . .	8.500	09/15/91	2,057,112	2,057,112	1,860,657
Walter Jim Corp Conv . . . . .	9.000	12/15/07	2,420,000	2,428,713	3,121,800
<b>TOTAL . . . . .</b>			<b>208,820,312</b>	<b>206,510,084</b>	<b>218,460,819</b>
<b>CORPORATE/UTILITY</b>					
Baltimore Gas & Electric . . . . .	4.625	08/01/90	700,000	700,887	552,125
Consolidated Edison Co NY . . . . .	5.000	12/01/90	1,000,000	773,309	805,000
Consolidated Edison Co NY . . . . .	4.375	10/01/92	1,310,000	1,312,193	977,588
Consolidated Edison Co NY . . . . .	4.400	06/01/93	7,000,000	7,000,000	4,784,010

**Portfolio Detail Statistics as of 6/30/85  
Trade Date Basis**

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>CORPORATE/UTILITY (Continued)</b>					
Duke Power Co B . . . . .	4.250	08/01/92	1,100,000	1,098,459	830,500
Equitable Gas Co . . . . .	6.250	09/01/92	1,898,000	1,898,000	1,382,275
Florida Power & Light Co . . . . .	12.375	03/01/13	1,700,000	1,667,568	1,763,750
General Telephone Co Kentucky . . . . .	5.250	10/01/89	1,600,000	1,600,000	1,305,232
General Telephone Co Michigan . . . . .	4.875	11/01/95	2,000,000	2,000,000	1,231,780
General Telephone Co Michigan . . . . .	5.375	12/01/89	1,500,000	1,500,000	1,240,185
General Telephone Co Northwest . . . . .	6.250	09/01/98	3,000,000	2,985,255	1,951,170
General Telephone Co Ohio . . . . .	5.250	10/01/89	1,550,000	1,550,000	1,294,684
General Telephone Co Ohio . . . . .	4.750	10/01/93	2,000,000	1,986,964	1,409,840
General Telephone Co Pennsylvania . . . . .	5.625	07/01/96	1,100,000	1,100,000	709,720
Massachusetts Electric Co . . . . .	4.375	09/01/92	1,200,000	1,203,655	874,500
Missouri Public Service Co . . . . .	6.000	03/15/97	3,000,000	3,000,000	1,958,940
Pacific Gas & Electric Co 1st 83A . . . . .	12.000	02/01/16	2,700,000	2,499,333	2,834,757
Pacific Gas & Electric Co 1st 84A . . . . .	13.000	04/01/93	2,000,000	2,105,018	2,267,500
Pacific Gas & Electric Co 1st 85A . . . . .	12.250	05/01/18	5,000,000	5,000,000	5,075,000
Pacific Telephone & Telegraph Co . . . . .	4.625	11/01/90	1,576,000	1,287,360	1,221,400
Pacific Telephone & Telegraph Co . . . . .	9.000	01/15/18	7,000,000	5,422,652	5,582,500
Pacific Telephone & Telegraph Co . . . . .	11.350	07/15/90	5,000,000	4,897,169	5,125,000
Pennsylvania Power & Light Co . . . . .	4.625	03/01/94	4,000,000	4,019,164	2,647,840
Philadelphia Suburban Water Co . . . . .	5.000	09/01/89	1,700,000	1,700,000	1,365,780
Public Service Electric & Gas . . . . .	4.375	06/01/93	1,250,000	1,063,582	881,250
Southwestern Bell Telephone Co . . . . .	4.500	08/01/97	3,750,000	3,765,899	2,146,875
Southwestern Bell Telephone Co . . . . .	9.625	03/15/19	4,000,000	3,032,744	3,410,000
Tenneco Inc . . . . .	12.125	05/01/05	3,000,000	2,720,406	3,045,000
Tucson Gas and Electric Co . . . . .	4.550	02/01/95	2,000,000	2,000,000	1,225,580
United Telephone Co Florida . . . . .	9.250	11/01/99	3,400,000	3,400,000	2,816,288
United Telephone Co Indiana . . . . .	5.000	09/01/90	760,000	760,000	577,448
United Telephone Co Pennsylvania . . . . .	3.600	12/01/85	497,000	497,000	485,947
United Telephone Co Pennsylvania . . . . .	5.000	06/01/89	740,000	740,000	595,034
United Telephone Co Pennsylvania . . . . .	6.625	11/01/98	2,940,000	2,940,000	1,980,972
Virginia Electric & Power Co . . . . .	10.250	04/01/09	5,000,000	3,596,282	4,556,250
Western Pennsylvania Water Co . . . . .	4.375	05/01/93	3,000,000	2,986,684	1,717,500
Westinghouse Electric Corp Conv . . . . .	9.000	08/15/09	4,000,000	4,802,027	4,970,000
Worcester County Electric Co . . . . .	3.375	10/01/85	80,000	80,009	78,800
<b>TOTAL . . . . .</b>			<b>95,051,000</b>	<b>90,741,619</b>	<b>77,678,020</b>
<b>CORPORATE/TRANSPORTATION</b>					
Union Pacific Corp . . . . .	11.875	09/01/10	3,900,000	3,373,620	4,060,875
Union Pacific Corp . . . . .	6.000	03/01/92	17,000,000	12,949,282	14,343,750
<b>TOTAL . . . . .</b>			<b>20,900,000</b>	<b>16,322,902</b>	<b>18,404,625</b>
<b>LEASE (CONSOLIDATED FOODS) . . . . .</b>			<b>796,817</b>	<b>796,817</b>	<b>796,817</b>
<b>DESCRIPTION</b>			<b>NO. OF SHARES</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>
<b>COMMON STOCK</b>					
A M F Inc . . . . .			10,200	164,412	188,700
A M F Inc Rights Exp 11/15/85 . . . . .			10,200	0	0
Aaron Rents Inc . . . . .			5,300	92,310	111,300
Abbott Laboratories Co . . . . .			131,700	4,976,698	7,556,288
Acco World Corp . . . . .			6,450	111,009	145,125
Activision Inc . . . . .			65,500	207,471	61,439
ADAC Laboratories . . . . .			27,200	181,379	68,000

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Adams Russel Inc . . . . .	3,700	95,802	105,913
Adobe Oil & Gas Corp . . . . .	8,600	208,344	146,200
Advanced Micro Devices Inc . . . . .	32,600	1,023,139	847,600
Advanced Semiconductor Materials International . . . . .	3,300	96,839	33,825
Aetna Life & Casualty Co . . . . .	44,400	1,855,562	2,070,150
Affiliated Bankshares Colo Inc . . . . .	6,000	94,381	100,500
Affiliated Publications Inc . . . . .	5,700	157,412	284,288
Agency Rent A Car Inc . . . . .	5,843	92,746	205,966
Agnico Eagle Mines Ltd . . . . .	6,800	101,728	78,200
AGS Computers Inc . . . . .	3,600	96,643	52,650
Ahmanson H F & Co . . . . .	10,900	321,144	395,125
Air Products & Chemicals Inc . . . . .	15,200	746,248	845,500
AIR WIS Services Inc . . . . .	7,010	108,846	107,779
Airborne Freight Corp . . . . .	4,700	117,347	93,413
Alamito Co . . . . .	1,110	63,378	115,301
Alberto Culver Co . . . . .	14,550	164,675	250,988
Albertsons Inc . . . . .	15,200	428,948	486,400
Alcan Aluminium Ltd . . . . .	58,500	2,131,227	1,469,813
Alco Standard Corp . . . . .	9,100	337,567	340,113
Alexander & Alexander Services Inc . . . . .	11,700	261,439	348,075
Alexander & Baldwin Inc . . . . .	22,600	590,305	796,650
Allegheny Corp . . . . .	3,978	255,110	323,213
Allegheny International Inc . . . . .	7,300	230,282	166,988
Allegheny Power System Inc . . . . .	22,900	566,093	755,700
Allied Bancshares Inc . . . . .	21,175	535,584	487,025
Allied Corp . . . . .	300,450	9,763,852	12,806,681
Allied Stores Corp . . . . .	76,500	4,233,794	4,570,875
Allis-Chalmers Corp . . . . .	16,600	178,998	87,150
Allnet Communication Services Inc . . . . .	28,300	100,241	99,050
Alltel Corp . . . . .	35,600	879,695	1,001,250
Alpha Industries Inc . . . . .	4,900	101,954	63,700
Altos Computer Systems . . . . .	7,600	95,724	84,550
Aluminum Co of America . . . . .	252,100	8,028,374	8,634,425
Amax Inc . . . . .	69,400	1,681,650	1,032,325
Amdahl Corp . . . . .	17,800	353,245	231,400
Amedco Home Products Corp . . . . .	4,700	93,648	32,900
Amerada Hess Corp . . . . .	48,600	1,535,495	1,379,025
American Brands Inc . . . . .	95,500	5,854,126	6,362,688
American Broadcasting Companies . . . . .	101,800	6,950,269	11,579,750
American Business Products Inc . . . . .	4,200	92,667	102,900
American Can Co . . . . .	92,800	4,596,525	5,521,600
American Cyanamid Co . . . . .	234,300	11,617,760	11,715,000
American District Telegraph Co . . . . .	5,900	150,574	146,025
American Ecology Corp . . . . .	16,770	99,256	448,598
American Electric Power Co . . . . .	107,200	2,018,207	2,532,600
American Express Co . . . . .	322,678	10,496,641	15,327,205
American Family Corp . . . . .	12,672	140,909	305,712
American Financial Enterprises Inc . . . . .	7,000	96,267	147,875
American Fletcher Corp . . . . .	6,200	97,669	169,725
American General Corp . . . . .	125,100	2,232,062	4,362,863
American Greetings Corp Common A . . . . .	14,600	382,815	521,950
American Home Products Corp . . . . .	146,100	6,672,451	9,332,138
American Hospital Supply Corp . . . . .	30,100	1,296,584	1,234,100
American Hotels & Realty Corp . . . . .	3,500	88,672	77,875
American Income Life Insurance Co . . . . .	6,600	93,853	88,275
American Information Tech Corp . . . . .	122,540	8,136,478	11,625,983
American International Group Inc . . . . .	39,200	2,322,993	3,332,000

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
American Medical International Inc . . . . .	31,700	830,554	824,200
American National Insurance Co . . . . .	59,700	1,499,621	1,985,025
American Petrofina Inc Common A . . . . .	5,500	331,211	325,188
American Quaser Petroleum Co . . . . .	47,500	207,854	26,743
American Security Corp . . . . .	5,250	104,458	131,250
American Solar King Corp. . . . .	18,400	178,481	48,300
American Standard Inc. . . . .	142,025	4,537,397	4,242,997
American Stores Co. . . . .	58,418	2,049,397	3,899,402
American Surgery Centers Corp . . . . .	40,700	181,239	33,089
American Tel & Tel Co. . . . .	726,100	12,828,324	17,517,163
American Water Works Inc . . . . .	7,800	124,371	183,300
Amerifin Corp . . . . .	5,800	0	207,350
Ameritrust Corp. . . . .	25,500	767,392	949,875
Ames Department Stores Inc . . . . .	6,000	132,848	289,500
Ametek Inc . . . . .	10,300	235,306	249,775
Amfac Inc Common No Par. . . . .	7,200	197,085	199,800
AMFESCO Industries Inc . . . . .	11,400	185,010	81,225
Amoco Corp . . . . .	256,400	12,641,379	16,441,650
AMP Inc . . . . .	148,000	3,744,536	4,773,000
AMR Corp. . . . .	291,800	10,798,417	13,969,925
Amsouth Bancorporation . . . . .	5,100	115,199	175,313
Amsted Industries Inc . . . . .	4,800	157,520	191,400
Analog Devices Inc . . . . .	14,500	365,141	295,438
Analogic Corp . . . . .	8,500	217,559	103,063
Anchor Hocking Corp. . . . .	4,600	149,038	123,625
Anderson Clayton & Co . . . . .	5,800	160,114	228,375
Andrew Corp. . . . .	4,700	182,573	96,350
Angelica Corp . . . . .	4,300	112,210	104,275
Anheuser-Busch Cos Inc . . . . .	450,200	12,137,408	14,293,850
Anixter Bros Inc. . . . .	8,400	213,200	118,650
Apache Corp. . . . .	12,100	174,314	124,025
Apollo Computer Inc . . . . .	14,100	365,145	274,950
Apple Computer Inc. . . . .	22,000	1,084,451	396,000
Applied Data Research Inc . . . . .	3,417	93,512	124,293
Applied Magnetics Corp . . . . .	12,550	185,031	166,288
Archer Daniels Midland . . . . .	395,530	7,462,001	9,591,603
Argo Systems Inc . . . . .	4,900	96,017	93,100
Arizona Bancwest Corp . . . . .	6,006	99,945	182,432
Arkansas Best Corp . . . . .	4,600	86,644	99,475
Arkla Inc . . . . .	24,000	674,286	450,000
Armco Inc . . . . .	24,900	497,233	208,538
Armstrong Rubber Co . . . . .	5,400	95,445	85,050
Armstrong World Inds Inc . . . . .	9,300	245,855	362,700
Arrow Electronics Inc . . . . .	20,000	326,200	287,500
Arvin Industries Inc . . . . .	25,200	436,454	516,600
ASA Ltd . . . . .	3,600	234,428	178,200
Asamera Inc . . . . .	20,700	229,385	147,488
Asarco Inc . . . . .	10,600	422,244	212,000
Ashland Oil Inc . . . . .	213,600	5,893,778	7,209,000
ASK Computer Systems Inc . . . . .	5,200	100,595	66,300
Associated Dry Goods Corp . . . . .	15,600	964,546	1,049,100
Astrotech International Corp. . . . .	28,118	103,719	35,148
Atlanta Gas Light Co . . . . .	50,700	1,424,693	1,673,100
Atlantic Bancorporation . . . . .	38,100	1,088,027	1,543,050
Atlantic City Electric Co . . . . .	8,500	191,784	240,125
Atlantic Research Corp. . . . .	4,350	93,076	109,838
Atlantic Richfield Co . . . . .	358,100	14,538,007	21,441,238

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Augat Inc . . . . .	7,700	336,708	171,325
Automatic Data Processing Inc . . . . .	13,000	495,544	695,500
Avantek Inc . . . . .	8,700	248,779	182,700
Avatar Holdings Inc . . . . .	6,800	99,248	126,650
Avery International Corp . . . . .	9,200	218,363	287,500
Avnet Inc . . . . .	16,200	766,993	494,100
Avon Products Inc . . . . .	213,266	4,687,792	4,558,561
AVX Corp . . . . .	4,100	117,881	54,838
Aydin Corp . . . . .	2,200	104,584	47,575
AZP Group Inc . . . . .	34,700	861,051	967,263
Bairnco Corp . . . . .	4,200	91,581	124,950
Baker International Corp . . . . .	26,300	885,494	466,825
Baldor Electric Co . . . . .	3,700	97,927	73,538
Ball Corp . . . . .	5,200	181,695	287,950
Bally Manufacturing Corp . . . . .	12,300	323,151	215,250
Ballys Park Place Inc . . . . .	11,500	199,370	110,688
Baltimore Gas & Electric Co . . . . .	14,300	424,335	664,950
Banc One Corp . . . . .	15,510	396,143	527,340
Banco Central S A . . . . .	28,900	309,975	278,163
Bancorp Hawaii Inc . . . . .	4,000	108,381	138,000
Banctexas Group Inc . . . . .	13,400	96,726	45,225
Bandag Inc . . . . .	4,700	258,360	279,063
Bank Boston Corp . . . . .	221,300	10,302,478	12,143,838
Bank New England Corp . . . . .	6,300	205,512	294,525
Bank of New York Co Inc . . . . .	6,800	204,223	302,600
Bank of Virginia . . . . .	6,600	94,339	207,900
Bank South Corp . . . . .	4,750	90,885	131,813
Bankamerica Corp . . . . .	118,200	2,590,590	2,260,575
Bankers Trust NY Corp . . . . .	150,800	9,351,926	10,499,450
Bankers Trust S C Columbia . . . . .	2,240	49,107	99,680
Banks Mid America Inc . . . . .	5,100	94,836	51,000
Banta George Inc . . . . .	8,800	97,219	138,600
Bard C R Inc . . . . .	5,700	236,515	200,925
Barnes Group Inc . . . . .	4,400	98,081	97,900
Barnett Banks of Florida . . . . .	10,950	281,745	413,363
Barry Wright Corp . . . . .	4,000	122,406	75,000
Bassett Furniture Industries Inc . . . . .	3,600	163,328	136,800
Bausch & Lomb Inc . . . . .	15,425	420,262	501,313
Baxter Travenol Laboratories Inc . . . . .	100,700	2,408,472	1,548,263
Baybanks Inc . . . . .	3,000	102,661	172,500
BBDO International Inc . . . . .	2,700	110,282	134,325
BDM International Inc Common A . . . . .	4,620	97,112	100,485
Bearings Inc . . . . .	2,600	98,522	91,000
Beatrice Companies Inc . . . . .	36,692	993,425	1,164,971
Becor Western Inc . . . . .	10,300	158,298	146,775
Becton Dickinson & Co . . . . .	232,800	8,810,021	12,716,700
Beker Industries Corp . . . . .	15,500	162,750	50,375
Bell & Howell Co . . . . .	11,400	263,346	363,375
Bell Atlantic Corp . . . . .	69,040	4,582,538	6,394,830
Bell Canada Enterprises . . . . .	103,100	2,428,039	3,324,975
Bell Industries Inc . . . . .	2,900	95,851	60,538
Bellsouth Corp . . . . .	258,920	7,567,702	10,809,910
Belo A H Corp . . . . .	6,400	273,603	356,800
Beneficial Corp . . . . .	154,500	5,251,875	6,933,188
Beneficial Standard Corp Common A . . . . .	3,800	94,222	133,000
Bergen Brunswig Corp . . . . .	5,900	179,937	171,838
Berkshire Hathaway Inc . . . . .	600	726,552	129,300

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Best Products Inc. . . . .	547,000	7,151,556	7,042,625
Bethlehem Steel Corp. . . . .	22,700	571,997	366,038
Betz Laboratories Inc. . . . .	7,500	289,464	253,125
Beverly Enterprises . . . . .	12,100	414,057	465,850
Bic Corp . . . . .	3,300	91,339	88,275
Big Three Industries . . . . .	319,900	6,665,050	7,557,638
Bio Response Inc . . . . .	6,100	91,318	41,175
Biogen N V . . . . .	8,600	103,286	64,500
Black & Decker Corp . . . . .	17,700	371,590	349,575
Blair John & Co . . . . .	3,700	167,415	77,700
Block Drug Inc . . . . .	3,713	111,454	131,812
Block H & R Inc . . . . .	5,700	261,318	322,050
Blount Inc Conv Common B . . . . .	6,100	92,081	92,263
Boatmens Bancshares Inc. . . . .	7,140	168,942	273,105
Bob Evans Farms Inc . . . . .	11,100	236,534	235,875
Boeing Co . . . . .	103,100	3,970,423	4,613,725
Boise Cascade Corp . . . . .	10,100	382,775	487,325
Bolar Pharmaceutical Inc . . . . .	3,200	95,455	128,800
Bolt Beranek Newman . . . . .	3,400	98,412	92,650
Borden Inc . . . . .	382,800	11,193,546	16,077,600
Borg-Warner Corp . . . . .	51,200	1,180,538	1,164,800
Boston Edison Co . . . . .	68,800	2,418,671	3,010,000
Bow Valley Industries Ltd . . . . .	19,400	448,047	198,850
Bowne & Co Inc. . . . .	5,300	91,680	87,450
Bralorne Resources Ltd. . . . .	37,100	172,984	120,575
Branch Corp . . . . .	3,900	99,821	136,500
Brascan Ltd Conv A . . . . .	12,800	414,019	267,200
Briggs & Stratton . . . . .	5,900	163,301	166,675
Bristol-Myers Co . . . . .	121,100	5,183,511	7,432,513
Brock Hotel Corp . . . . .	11,800	95,524	33,925
Brockway Inc New York . . . . .	75,500	1,346,695	1,812,000
Brooklyn Union Gas Co. . . . .	5,200	166,368	210,600
Brown Forman Inc Class A . . . . .	3,700	118,327	123,488
Brown Forman Inc Class B . . . . .	9,500	339,667	342,000
Brown Group Inc . . . . .	7,900	251,488	232,063
Brown Tom Inc . . . . .	21,400	189,441	36,123
Browning-Ferris Industries Inc. . . . .	12,900	510,882	645,000
Brunos Inc. . . . .	67,600	896,224	997,100
Brunswick Corp. . . . .	118,400	3,914,164	4,366,000
Brush Wellman Inc . . . . .	10,400	301,445	332,800
Burlington Coat Factory Warehouse Corp. . . . .	5,400	192,214	97,200
Burlington Industries Inc. . . . .	17,600	744,439	468,600
Burlington Northern Inc . . . . .	158,300	7,545,425	9,873,963
Burndy Corp . . . . .	5,600	134,821	67,200
Burr Brown Corp . . . . .	4,700	86,560	81,075
Burroughs Corp . . . . .	93,600	5,187,851	5,475,600
Business Mens Assurance Co America . . . . .	5,000	95,238	131,250
Butler International Inc . . . . .	10,500	208,090	198,188
Butler Manufacturing Co . . . . .	3,300	96,014	89,100
CBS Inc . . . . .	105,800	6,214,546	12,299,250
CF & I Steel Corp. . . . .	1,941	17,180	16,983
CPC International Inc . . . . .	18,300	645,673	834,938
CP Rehabilitation Corp. . . . .	6,000	92,071	33,000
Cabot Corp . . . . .	325,200	8,693,196	8,821,050
Caesars N J Inc . . . . .	7,600	134,386	92,150
Caesars World Inc . . . . .	10,200	142,471	153,000
Calfed Inc . . . . .	25,000	479,445	618,750

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
California First Bank San Francisco	5,600	95,733	105,000
California Microwave Inc	4,700	100,323	51,113
Callahan Mining Corp	6,047	152,264	101,287
Calmat Co	10,845	194,621	271,125
Camco Inc	40,500	546,739	668,250
Cameron Iron Works Inc	14,200	311,977	186,375
Campbell Red Lake Mines Ltd	18,100	510,037	377,838
Campbell Soup Co	12,200	661,224	936,350
Canadian Marconi Co	11,100	214,457	165,113
Canadian Occidental Petroleum Ltd	17,500	414,924	376,250
Canadian Pac Enterprises Ltd	107,800	2,063,315	2,277,275
Canadian Pacific Ltd Ord New	247,500	3,424,461	3,526,875
Capital Cities Communications	55,100	4,876,654	12,301,075
Capital Holding Corp	19,800	351,263	472,725
Care Enterprises	5,700	100,293	72,675
Caremark Inc	6,500	146,057	78,000
Carling O'Keefe Ltd	10,200	203,333	113,475
Carlisle Corp	4,300	118,059	139,750
Carolina Freight Corp	3,600	116,618	81,900
Carolina Power & Light Co	182,600	4,585,792	5,500,825
Carpenter Technology Corp	110,400	4,404,564	4,112,400
Carter Hawley Hale Stores Inc	7,900	172,002	228,113
Carter Wallace Inc	11,500	317,851	465,750
Castle & Cooke Inc	13,100	206,572	144,100
Caterpillar Tractor Co	61,100	2,634,973	2,023,938
CB & T Bancshares Inc	5,850	97,177	146,250
CBI Industries Inc	8,100	282,246	184,275
CBT Corp Conn	4,000	118,381	186,000
Celanese Corp	8,900	688,653	1,069,113
Cenergy Corp	3,647	33,745	30,088
Centel Corp	12,800	475,037	572,800
Center Bancorporation	3,600	100,243	115,200
Centex Corp	7,500	171,395	195,000
Centocor Inc	6,900	97,257	127,650
Central & South West Corp	53,000	975,973	1,371,375
Central Bancorporation Inc	3,360	94,705	159,600
Central Bancshares South Inc	3,900	94,946	134,550
Central Fidelity Banks Inc	6,750	95,911	186,469
Central Hudson Gas & Electric Corp	4,700	115,510	141,000
Central Illinois Public Service Co	16,300	258,277	330,075
Central Louisiana Electric Inc Common	6,600	110,354	180,675
Central Maine Power Co	9,200	146,538	116,150
Centronics Data Computer Corp	5,200	134,320	13,650
Cenvill Investment Inc	3,800	92,987	79,325
Certain-Teed Corp	85,700	2,056,500	2,356,750
Cessna Aircraft Co	9,000	247,232	204,750
Cetus Corp	10,400	151,790	111,800
Champion International Corp	28,967	583,205	669,862
Champion Spark Plug Co	18,400	187,010	163,300
Charming Shoppes Inc	9,900	177,179	194,288
Charter Medical Corp	39,600	663,018	1,128,600
Charter Medical Corp Common B	13,950	247,086	397,575
Chase Manhattan Corp	13,200	696,582	796,950
Chem Lawn Corp	4,500	131,536	111,375
Chemed Corp	3,700	122,702	110,538
Chemical New York Corp	19,100	565,370	787,875
Chesapeake Corp	3,000	99,036	98,625

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Chesebrough-Ponds Inc . . . . .	128,600	4,200,563	4,115,200
Chevron Corp . . . . .	258,000	7,050,952	9,642,750
Chi-Chis Inc . . . . .	10,950	275,358	132,769
Chicago & North Westn Transn Co Common A . . . . .	8,200	366,506	158,875
Chieftain Development Co Ltd . . . . .	11,250	180,014	94,219
Chris Craft Industries Inc . . . . .	4,265	95,076	226,045
Chromalloy American Corp . . . . .	7,300	94,982	73,913
Chrysler Corp . . . . .	202,100	6,900,169	7,376,650
Chubb Corp . . . . .	7,050	286,083	524,344
Church & Dwight Inc . . . . .	9,300	102,890	170,888
Churchs Fried Chicken Inc . . . . .	37,800	579,650	675,675
CIGNA Corp . . . . .	242,000	11,213,276	14,368,750
Cilcorp Inc . . . . .	6,800	138,885	181,900
Cincinnati Bell Inc . . . . .	24,000	1,007,049	1,203,000
Cincinnati Financial Corp . . . . .	6,510	224,270	315,735
Cincinnati Gas & Electric Co . . . . .	19,900	360,095	363,175
Cincinnati Milacron Inc . . . . .	11,400	389,855	236,550
Cipher Data Products Inc . . . . .	6,000	150,571	100,500
Circus Circus Enterprises Inc . . . . .	8,500	126,363	230,563
Citicorp . . . . .	399,400	15,462,708	19,720,375
Citizens & Southern Corp . . . . .	4,300	100,385	173,075
Citizens & Southern Georgia Corp . . . . .	79,100	1,282,718	1,759,975
Citizens Co Utilities Common A . . . . .	10,119	292,319	397,181
Citizens Fidelity Corp . . . . .	5,700	125,762	195,225
City Investing Co . . . . .	17,000	630,619	599,250
City National Corp . . . . .	3,850	99,208	101,063
Cityfed Financial Corp . . . . .	7,600	98,574	83,600
Clabir Corp . . . . .	8,000	86,600	63,000
Clark Equipment Co . . . . .	5,500	186,966	158,125
Clark J L Manufacturing Co . . . . .	4,100	95,715	93,275
Cleveland Electric Illuminating Co . . . . .	269,000	5,722,625	6,254,250
Cleveland-Cliffs Iron Co . . . . .	8,500	211,522	170,000
Clorox Co . . . . .	149,100	4,145,355	5,609,888
Cluett Peabody & Co . . . . .	6,500	163,200	234,813
CNA Financial Corp . . . . .	23,800	562,460	1,398,250
Coachmen Industries Inc . . . . .	4,000	132,731	55,000
Coastal Corp . . . . .	37,800	766,607	1,204,875
Coastal Corp Conv Common A . . . . .	1,050	33,136	33,469
Coca Cola Bottling Co Consolidated . . . . .	3,400	93,218	143,650
Coca Cola Co . . . . .	81,200	4,259,053	5,633,250
Colgate Palmolive Co . . . . .	220,500	5,475,189	5,870,813
Collaborative Research Inc . . . . .	7,700	108,533	31,763
Collagen Corp . . . . .	14,800	189,757	196,100
Collins & Aikman Corp . . . . .	8,600	176,361	188,125
Collins Foods Intl Inc . . . . .	7,650	94,723	184,556
Colonial Penn Group Inc . . . . .	153,900	4,193,854	4,136,063
Color Tile Inc . . . . .	6,000	95,071	105,000
Colorado National Bankshares Inc . . . . .	38,000	714,337	783,750
Colt Industries Inc . . . . .	75,800	3,995,261	4,832,250
Columbia Gas System Inc . . . . .	14,400	451,412	460,800
Combined International Corp . . . . .	102,700	3,996,972	4,955,275
Combustion Engineering Inc . . . . .	12,500	479,272	407,813
Comcast Corp . . . . .	9,675	95,010	198,338
Comdata Network Inc . . . . .	7,700	252,908	98,175
Comdial Corp . . . . .	20,800	232,395	44,200
Comdisco Inc . . . . .	13,400	535,625	195,975
Comerica Inc . . . . .	4,830	127,513	208,294



## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Cominco Ltd . . . . .	32,700	551,488	314,738
Commerce Bancshares Inc . . . . .	2,500	103,988	150,000
Commerce Clearing House Inc . . . . .	4,200	233,500	312,900
Commercial Shearing Inc . . . . .	7,246	97,787	76,083
Commodore Corp . . . . .	1,827	645	228
Commodore International Ltd . . . . .	14,200	675,852	138,450
Commonwealth Edison Co . . . . .	182,100	5,010,598	5,622,338
Commonwealth Energy Systems Common . . . . .	30,200	698,057	872,025
Communications Industries . . . . .	4,300	108,985	122,550
Communications Satellite Corp Common Series 1 . . . . .	73,800	2,434,924	2,647,575
Community Psychiatric Centers . . . . .	30,250	839,049	1,028,500
Comp U Card Intl Inc . . . . .	6,750	91,314	141,750
Comprehensive Care Corp . . . . .	5,300	117,105	176,225
Compugraphic Corp . . . . .	3,800	102,724	96,900
Computer & Communications Tech Corp . . . . .	4,500	95,491	46,125
Computer Assn Intl Inc . . . . .	5,100	164,961	142,800
Computer Consoles Inc . . . . .	5,998	112,006	33,739
Computer Language Research Inc . . . . .	6,300	180,150	39,375
Computer Memories Inc . . . . .	23,700	185,004	112,575
Computer Products Inc . . . . .	9,800	97,854	74,725
Computer Sciences Corp . . . . .	55,000	841,433	955,625
Computervision Corp . . . . .	13,200	687,657	188,100
Conagra Inc . . . . .	10,350	205,232	397,181
Conair Corp . . . . .	4,600	92,438	112,700
Conquest Exploration Co . . . . .	13,000	127,638	125,125
Consolidated Edison Co NY . . . . .	61,000	1,409,040	2,264,625
Consolidated Freightways Inc . . . . .	10,600	307,617	336,550
Consolidated Natural Gas Co . . . . .	15,200	359,983	663,100
Consolidated Papers Inc . . . . .	31,900	1,087,698	1,587,025
Consumers Power Co . . . . .	39,000	769,089	316,875
Continental Bancorp Inc . . . . .	4,079	114,120	164,179
Continental Corp . . . . .	26,100	863,327	1,122,300
Continental Telecom Inc . . . . .	32,000	750,170	740,000
Control Data Corp . . . . .	14,200	588,650	367,425
Convergent Technologies Inc . . . . .	16,500	409,946	107,250
Converse Inc . . . . .	4,400	98,319	66,000
Conwood Corp . . . . .	5,200	125,245	179,400
Cooper Industries Inc . . . . .	37,300	1,221,391	1,310,163
Cooper Laboratories Inc . . . . .	7,300	128,479	98,550
Cooper Tire & Rubber Co . . . . .	19,800	362,214	304,425
Coopervision Inc . . . . .	8,360	177,343	210,045
Coors Adolph Co Common B . . . . .	13,200	348,068	242,550
Core Industries Inc . . . . .	6,400	97,309	72,800
Corestates Financial Corp . . . . .	19,200	897,103	1,128,000
Corning Glass Works . . . . .	16,000	632,937	708,000
Corroon & Black Corp . . . . .	3,900	94,221	177,450
Corvus Systems Inc . . . . .	26,100	189,137	52,200
Cosmo Communications Corp . . . . .	13,600	179,846	45,900
CPI Corp . . . . .	3,800	102,012	66,975
CPT Corp . . . . .	7,700	113,346	50,050
Crane Co . . . . .	4,785	146,287	177,045
Crawford & Co . . . . .	5,500	99,524	123,750
Cray Research Inc . . . . .	18,300	1,089,990	1,550,925
Cross & Trecker Corp . . . . .	6,400	190,950	163,200
Cross A T Co . . . . .	3,900	128,146	134,550
Crown Central Petroleum Corp Common A . . . . .	5,600	89,836	70,000
Crown Cork & Seal Co . . . . .	35,300	1,514,988	2,325,388

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Crown Zellerbach Corp. . . . .	10,200	289,362	404,175
CSX Corp . . . . .	263,998	6,244,452	6,896,948
CTS Corp . . . . .	2,100	90,137	66,675
Cubic Corp . . . . .	3,700	104,365	85,100
Culbro Corp. . . . .	3,800	91,772	108,775
Cullen Frost Bankers Inc. . . . .	3,300	112,514	61,463
Cullinet Software Inc. . . . .	13,800	312,020	374,325
Cullum Companies Inc. . . . .	5,700	104,568	131,100
Cummins Engine Co. . . . .	19,300	1,192,551	1,225,550
Curtiss Wright Corp . . . . .	2,300	104,869	79,925
Cyclops Corp . . . . .	2,500	80,438	124,063
C3 Inc . . . . .	5,000	97,226	39,375
Daisy System Corp . . . . .	6,700	131,288	157,450
Dalfas Corp. . . . .	5,000	95,289	90,625
Damon Corp . . . . .	3,700	96,765	38,850
Dana Corp. . . . .	128,650	3,618,121	3,521,793
Daniel Industries Inc. . . . .	7,497	90,575	75,907
Dart & Kraft Inc . . . . .	73,200	1,615,201	2,589,450
Dart Drug Corp . . . . .	1,300	108,024	135,200
Data General Corp . . . . .	8,400	283,999	313,950
Data Switch Corp . . . . .	18,700	224,287	84,150
Datapoint Corp . . . . .	7,600	179,503	96,900
Dataproducts Corp . . . . .	9,600	263,639	127,200
Dauphin Deposit Corp . . . . .	3,000	95,536	118,500
Dayton Hudson Corp . . . . .	56,700	2,066,987	2,395,575
Dayton Power & Light Co . . . . .	18,100	289,057	343,900
Dean Foods Co . . . . .	6,450	163,284	245,100
Deb Shops Inc. . . . .	3,500	95,708	94,500
Dekalb Agresearch Inc Non-Voting Common B . . . . .	6,100	168,330	142,588
Delmarva Power & Light Co . . . . .	14,600	247,765	383,250
Delmed Inc . . . . .	32,700	194,099	89,925
Delta Airlines Del. . . . .	49,100	2,057,712	2,405,900
Deluxe Check Printers Inc. . . . .	72,900	2,179,841	3,007,125
Denison Mines Ltd Common A . . . . .	9,600	192,174	82,800
Denison Mines Ltd Common B . . . . .	19,200	299,126	158,400
Dennison Manufacturing Co. . . . .	6,900	153,438	179,400
Deposit Guaranty Corp. . . . .	2,400	95,628	119,100
Desoto Inc . . . . .	3,300	96,464	117,975
Detroit Edison Co. . . . .	152,000	2,318,498	2,603,000
Dexter Corp . . . . .	7,333	182,836	168,659
Diamond Shamrock Corp . . . . .	244,800	4,875,510	4,100,400
Diasonics Inc. . . . .	21,500	286,923	69,875
Diebold Inc . . . . .	6,150	371,563	241,388
Digital Communication Assoc Inc . . . . .	2,700	96,782	64,125
Digital Equipment Corp. . . . .	40,400	4,243,684	3,792,550
Dillard Dept Stores Inc Common A. . . . .	18,800	675,330	1,410,000
Dionex Corp . . . . .	10,700	388,275	363,800
Disney Walt Productions . . . . .	23,200	1,374,454	2,177,900
Diversified Energies Inc . . . . .	6,400	109,867	171,200
Diversifoods Inc . . . . .	13,024	272,820	148,148
Dollar Gen Corp . . . . .	27,840	451,227	796,920
Dome Mines Ltd . . . . .	29,300	473,380	216,088
Dominion Bankshares Corp. . . . .	5,000	96,101	175,625
Dominion Resources Inc VA . . . . .	225,200	6,159,601	7,431,600
Domtar Inc . . . . .	38,400	486,818	523,200
Donaldson Inc . . . . .	4,000	95,915	68,500
Donnelley R R & Sons Co . . . . .	17,800	801,707	1,036,850

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Dover Corp . . . . .	16,600	524,481	630,800
Dow Chemical Co . . . . .	95,300	3,334,927	3,406,975
Dow Jones & Co Inc . . . . .	34,100	1,790,352	1,602,700
Doyle Dane Bernbach Group Inc . . . . .	4,400	98,319	114,400
Drava Corp . . . . .	6,500	96,432	83,688
Dresser Industries Inc. . . . .	392,200	7,888,468	8,383,275
Dreyers Grand Ice Cream Inc. . . . .	10,600	184,143	198,750
Dreyfus Corp. . . . .	4,800	127,403	285,600
DSC Communications Corp . . . . .	15,356	400,519	314,798
DST Systems Inc . . . . .	5,800	86,275	76,850
Ducommun Inc . . . . .	20,200	666,718	575,700
Duke Power Co . . . . .	52,100	1,246,460	1,810,475
Dun & Bradstreet Corp . . . . .	148,587	6,516,044	11,775,520
Dunkin Donuts Inc . . . . .	6,000	95,881	138,750
Duquesne Light Co . . . . .	27,400	451,284	448,675
Durr Fillauer Medical Inc . . . . .	5,900	106,762	95,875
Dyco Petroleum Corp . . . . .	8,400	125,049	92,400
Dynallectron Corp . . . . .	8,500	88,633	124,313
Dynascan Corp . . . . .	15,651	172,508	76,299
Dynatech Corp . . . . .	4,500	94,036	103,500
E I Du Pont De Nemours & Co . . . . .	335,000	16,950,681	19,471,875
E-System Inc . . . . .	13,500	548,036	435,375
Eagle Picher Industries Inc . . . . .	29,900	691,990	683,963
Easco Corp . . . . .	4,200	93,491	82,950
Eastern Gas & Fuel Assn. . . . .	37,800	975,486	864,675
Eastern Utilities Associates . . . . .	6,800	112,285	151,300
Eastman Kodak Co. . . . .	212,400	9,938,847	9,398,700
Eaton Corp . . . . .	167,100	8,276,890	8,563,875
Echlin Inc . . . . .	8,900	189,494	233,625
Echo Bay Mines Ltd . . . . .	15,100	117,102	171,763
Eckerd Jack Corp . . . . .	14,400	358,610	428,400
Economics Laboratory Inc . . . . .	6,300	161,250	209,475
Edison Brothers Stores Inc . . . . .	5,100	217,236	191,888
EDO Corp . . . . .	5,250	94,746	83,344
Edwards A G Inc . . . . .	6,200	170,165	203,825
Electro Biology Inc . . . . .	10,900	181,174	79,025
Electro Rent Corp . . . . .	4,500	78,643	60,750
Electrospace Systems Inc . . . . .	26,975	664,325	647,400
Elsint Ltd . . . . .	7,400	140,674	34,225
Elsinore Corp . . . . .	9,100	97,491	61,425
Emerson Electric Co. . . . .	43,007	2,600,839	3,155,639
Emerson Radio Corp . . . . .	9,020	89,770	105,985
Emery Air Freight Corp . . . . .	7,400	179,139	124,875
Emhart Corp . . . . .	12,760	307,952	381,205
Employers Casualty Co . . . . .	2,900	96,701	134,125
Emulex Corp . . . . .	5,600	133,267	42,000
Energas Co . . . . .	12,400	102,561	176,700
Energy Conversion Devices Inc . . . . .	2,400	92,029	45,000
Engelhard Corp . . . . .	10,100	414,525	265,125
Enerch Corp . . . . .	19,000	429,382	479,750
Ensource Inc . . . . .	40,100	124,119	85,213
Enterprise Technologies Inc. . . . .	245,100	122,550	12,255
Enterra Corp . . . . .	6,100	112,943	69,388
Entex Inc . . . . .	10,800	235,328	198,450
Enzo Biochem Inc . . . . .	4,100	125,440	50,225
Equifax Inc . . . . .	4,950	113,664	153,450
Equitable Bancorporation . . . . .	2,976	46,632	82,956

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Equitable Bancorporation Conv Common B	283	2,210	3,679
Equitable Iowa Cos Common A	3,700	96,552	88,800
Equitable Iowa Cos Common B	3,700	95,627	82,325
Equitable Resources Inc	6,150	174,878	290,588
Equity Oil Co	23,100	227,711	164,588
Erbamont N V	19,800	197,550	235,125
Esterline Corp	3,900	130,809	70,200
Ethyl Corp	112,600	2,141,024	2,758,700
Evans & Sutherland Computer Corp	4,100	188,990	64,063
Excello Corp	5,000	197,006	194,375
Exxon Corp	556,200	23,164,127	29,965,275
F M C Corp	45,600	2,814,160	3,123,600
Fairchild Industries Inc	6,200	133,465	92,225
Fairfield Communities Inc	6,300	91,903	87,412
Falconbridge Ltd	70,500	998,558	951,750
Family Dollar Stores Inc	13,350	198,885	345,431
Farm Fresh Inc	4,896	95,257	73,440
Farmers Group Inc	163,400	6,520,777	10,539,300
Federal Co	3,900	105,321	153,075
Federal Express Corp	36,000	1,356,427	1,597,500
Federal National Mortgage Assn	30,600	832,713	634,950
Federal Paper Board CO	9,000	170,410	172,125
Federal Signal Corp	5,400	95,364	90,450
Federal-Mogul Corp	6,100	199,593	226,463
Federated Department Stores	68,100	4,165,985	4,341,375
Federated Group Inc	6,450	91,556	133,838
Ferro Corp	3,200	111,292	95,600
Fidelcor Inc	23,800	619,201	749,700
Fieldcrest Mills Inc Cap	2,400	81,388	64,500
Fifth Third Bancorp	3,300	117,910	174,900
Figgie International Holdings Inc	8,500	305,938	308,125
Financial Corp America	16,050	466,956	114,356
Firestone Tire & Rubber Co	18,300	328,343	393,450
First Alabama Bancshares Inc	7,200	132,643	212,400
First American Corp	26,400	738,942	914,100
First Atlanta Corp	11,475	158,686	291,178
First Bancorporation Ohio Inc	2,100	91,438	117,600
First Bank System Inc	44,600	1,430,821	1,767,275
First Boston Inc	5,200	218,070	425,100
First Chicago Corp	16,000	403,996	356,000
First City Bancorporation Texas Inc	15,100	318,538	181,200
First City Properties Inc	4,600	87,219	40,250
First Commerce Corp	3,866	94,510	108,248
First Commercial Corp	2,500	96,980	93,125
First Data Resources Inc	11,300	134,894	327,700
First Executive Corp	38,533	533,856	481,663
First Fidelity Bancorporation	96,790	4,594,311	5,638,018
First Florida Banks Inc	7,300	134,833	202,575
First Hawaiian Inc	4,800	98,629	159,600
First Interstate Bancorp	124,600	4,343,907	6,899,725
First Interstate Bancorp Earnout Rt Cert	6,000	0	0
First Kentucky National Corp	6,300	127,667	191,363
First Maryland Bancorp	27,695	936,905	1,149,343
First Mississippi Corp	14,200	160,550	122,475
First National Cincinnati Corp	4,620	94,700	176,715
First Nationwide Financial Corp	6,700	134,000	164,150
First Oklahoma Bancorporation Inc	5,800	95,527	48,575

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
First Pennsylvania Corp . . . . .	23,200	176,732	171,100
First Railroad & Banking Co Georgia . . . . .	3,800	96,312	139,650
First Security Corp Delaware . . . . .	5,600	145,433	128,100
First Tennessee National Corp . . . . .	4,300	96,622	172,000
First Union Corp . . . . .	7,950	200,580	321,975
First Virginia Bank Inc. . . . .	7,700	140,885	208,863
First Wisconsin Corp . . . . .	4,000	97,006	124,500
Fischbach Corp . . . . .	25,900	1,343,154	867,650
Fleet Financial Group Inc . . . . .	6,800	163,346	281,350
Fleetwood Enterprises Inc . . . . .	33,900	861,082	737,325
Fleming Companies Inc . . . . .	8,300	235,602	314,363
Flexi Van Corp . . . . .	30,000	885,370	1,008,750
Flightsafety International Inc . . . . .	11,400	205,473	319,200
Floating Point Systems Inc . . . . .	4,200	140,275	122,325
Florida East Coast Industries Inc . . . . .	4,400	140,622	186,450
Florida Federal Savings & Loan Association . . . . .	6,300	90,040	122,063
Florida National Banks Inc. . . . .	5,550	124,302	229,631
Florida Progress Corp . . . . .	19,000	362,809	529,625
Florida Rock Industries Inc . . . . .	3,000	82,788	124,500
Florida Steel Corp . . . . .	6,200	160,265	92,225
Flowers Industries Inc . . . . .	10,650	126,901	201,019
Fluke John Manufacturing Co . . . . .	3,858	119,210	96,932
Fluor Corp . . . . .	29,600	607,478	510,600
Fonar Corp . . . . .	34,700	207,205	138,800
Food Lion Inc Common A . . . . .	12,200	151,550	213,500
Food Lion Inc Common B . . . . .	24,200	300,382	423,500
Ford Motor Co Del . . . . .	173,950	6,911,848	7,849,494
Foremost Corp America . . . . .	5,300	171,430	164,300
Forest Laboratories Inc. . . . .	8,800	190,512	281,600
Fort Howard Paper Co . . . . .	15,900	884,007	1,156,725
Forum Group Inc . . . . .	10,100	103,224	102,263
Foster Wheeler Corp . . . . .	12,800	217,313	171,200
Fotomat Corp . . . . .	943	532	1,532
Fourth Financial Corp . . . . .	4,305	100,840	118,388
Foxboro Co . . . . .	5,800	199,140	147,900
FPL Group Inc . . . . .	235,000	4,056,694	6,021,875
Freeport McMoran Inc . . . . .	34,800	914,239	674,250
Freeport McMoran Oil & Gas . . . . .	18,360	116,000	181,305
Fremont General Corp . . . . .	5,400	93,664	144,450
Fruehauf Corp . . . . .	17,950	479,994	394,900
Fuller H B Co . . . . .	5,800	99,964	89,900
Fuqua Industries Inc. . . . .	11,600	379,788	371,200
G A F Corp . . . . .	6,700	104,938	229,475
Gannett Co Inc . . . . .	39,850	1,708,239	2,505,569
Gap Inc. . . . .	3,900	126,221	116,025
Gates Learjet Corp . . . . .	5,985	99,668	53,117
Gatx Corp . . . . .	5,600	192,320	158,900
GCA Corp . . . . .	6,000	214,196	103,500
Gearhart Industries Inc . . . . .	8,600	198,619	86,000
Geico Corp . . . . .	10,000	601,402	755,000
Gelco Corp . . . . .	6,500	121,744	123,500
Gencorp Inc . . . . .	10,195	337,778	488,086
Genentech Inc. . . . .	6,700	273,663	316,575
General Cinema Corp . . . . .	81,400	2,368,301	3,144,075
General Datacomm Industries . . . . .	6,400	126,544	79,200
General Defense Corp . . . . .	5,145	94,767	93,253
General Dynamics Corp . . . . .	23,300	1,074,012	1,732,938

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
General Electric Co . . . . .	586,600	23,692,164	36,295,875
General Foods Corp . . . . .	89,200	5,747,569	7,225,200
General Host Corp . . . . .	50,000	670,655	843,750
General Instrument Corp . . . . .	211,800	5,115,669	3,362,325
General Mills Inc . . . . .	41,600	2,148,494	2,646,800
General Motors Corp . . . . .	285,100	19,138,245	20,527,200
General Nutrition Inc . . . . .	15,500	294,039	75,562
General Public Utilities Corp . . . . .	30,300	279,373	427,988
General RE Corp . . . . .	67,200	3,217,640	5,712,000
General Signal Corp . . . . .	10,600	472,610	486,275
Genetic System Corp . . . . .	7,900	105,427	58,263
Genex Corp . . . . .	6,000	117,571	17,250
Genrad Inc . . . . .	7,100	318,401	120,700
Genstar Corp . . . . .	50,900	1,136,664	1,208,875
Genuine Parts Co . . . . .	29,300	860,431	981,550
Geo International Corp . . . . .	7,900	93,514	29,625
Georgia-Pacific Corp . . . . .	139,700	3,568,224	3,317,875
Gerber Products Co . . . . .	7,800	156,348	270,075
Gerber Scientific Inc . . . . .	6,600	117,494	119,625
Giant Food Inc . . . . .	13,800	138,657	267,375
Gibraltar Financial Corp . . . . .	7,700	95,058	92,400
Gibson Greetings Inc . . . . .	32,200	626,182	724,500
Gifford-Hill & Co Inc . . . . .	5,100	99,910	114,113
Gillette Co . . . . .	11,500	539,307	675,625
Glatfelter P H Co . . . . .	6,000	93,315	189,000
Glendale Federal Savings & Loan Association . . . . .	10,900	90,383	149,875
Global Marine Inc . . . . .	17,900	160,913	33,563
Global Natural Resources Inc . . . . .	35,900	198,446	125,650
Golden Enterprises Inc . . . . .	6,933	101,890	133,460
Golden Nugget . . . . .	15,900	251,939	190,800
Golden West Financial Corp . . . . .	34,500	941,003	1,276,500
Goodrich B F Co . . . . .	9,200	371,380	293,250
Goodyear Tire & Rubber Co . . . . .	303,900	8,542,871	8,965,050
Gordon Jewelry Corp . . . . .	5,333	105,250	90,661
Gotaas Larsen Shipping Corp . . . . .	8,300	91,300	113,088
Gould Inc . . . . .	16,700	600,158	419,588
Goulds Pumps Inc . . . . .	8,100	146,571	137,700
Grace W R & Co . . . . .	18,300	894,484	738,863
Grainger W W Inc . . . . .	10,800	291,491	363,150
Graphic Scanning Corp . . . . .	15,800	132,090	98,750
Great Lakes Chemical Corp . . . . .	7,000	249,708	273,875
Great Lakes International . . . . .	2,500	96,563	125,625
Great Northern Nekoosa Corp . . . . .	109,700	3,896,239	4,223,450
Great Western Financial Corp . . . . .	13,900	331,776	403,100
Green Tree Acceptance Inc . . . . .	5,000	104,226	123,750
Greyhound Corp . . . . .	140,100	3,456,495	4,185,488
Grumman Corp . . . . .	9,800	299,276	301,350
GTE Corp . . . . .	388,500	15,860,274	15,685,688
Guilford Mills . . . . .	3,800	93,462	91,675
Gulf & Western Industries Inc . . . . .	29,200	770,367	1,138,800
Gulf Broadcast Co . . . . .	152,800	957,471	2,311,100
Gulf Canada Ltd . . . . .	108,000	1,792,285	1,458,000
Gulf States Utilities Co . . . . .	122,300	1,735,363	1,895,650
Gulfstream Aerospace Corp . . . . .	15,700	266,433	292,413
Gulfstream Land & Dev Corp . . . . .	3,400	91,606	112,625
Hall Frank B & Co Inc . . . . .	5,600	157,771	161,000
Halliburton Co . . . . .	342,700	10,530,202	10,023,975

**Portfolio Detail Statistics as of 6/30/85**  
**Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Hamilton Oil Corp . . . . .	2,366	42,222	38,152
Hammermill Paper Co. . . . .	8,550	257,252	323,831
Handleman Co. . . . .	35,000	477,735	945,000
Handy & Harman Co . . . . .	6,400	134,034	117,600
Hanna M A Co . . . . .	7,500	175,814	143,438
Hannaford Brothers Co. . . . .	4,800	91,322	141,600
Hanover Insurance Co . . . . .	4,800	147,229	211,200
Harland John H Co. . . . .	18,800	475,370	662,700
Harper Group . . . . .	4,200	115,900	118,650
Harris Corp . . . . .	15,575	563,705	441,941
Harsco Corp . . . . .	8,900	212,272	260,325
Hartford National Corp . . . . .	8,050	198,426	249,550
Hartford Steam Boiler Inspection-Insurance Co. . . . .	3,600	95,571	162,000
Hartmarx Corp . . . . .	4,800	161,495	174,000
Hasbro Inc . . . . .	9,500	95,362	368,125
Hawaiian Electric Industries . . . . .	8,000	122,381	188,000
Hazeltine Corp. . . . .	3,900	98,796	100,425
HBO & Co . . . . .	7,650	205,761	168,300
Healthdyne Inc . . . . .	25,600	257,566	76,800
Hechinger Co . . . . .	10,469	184,051	196,289
Hecks Inc . . . . .	5,500	95,586	77,000
Hecla Mining Co . . . . .	15,285	343,257	244,560
Heileman G Brewing Inc . . . . .	10,000	389,913	203,750
Heilig Meyers Co . . . . .	4,800	94,980	140,400
Heinz H J Co . . . . .	32,600	1,036,806	1,780,775
Helmerich & Payne Inc . . . . .	11,800	287,274	237,475
Henredon Furniture Industries Inc . . . . .	2,400	99,229	89,400
Hercules Inc . . . . .	20,500	803,615	722,625
Heritage Communications Inc . . . . .	7,200	88,176	135,900
Hershey Foods Corp. . . . .	17,100	473,486	807,975
Hewlett-Packard Co. . . . .	193,400	7,082,513	6,769,000
Hibernia Corp Common A . . . . .	5,060	88,169	121,440
Hillenbrand Industries Inc . . . . .	9,400	211,497	232,650
Hilton Hotels Corp . . . . .	160,400	9,750,716	10,486,150
Hitachi Ltd . . . . .	20,000	571,076	600,000
Hogan Systems Inc . . . . .	10,500	205,173	40,888
Holiday Corp . . . . .	200,000	7,832,058	11,125,000
Hollywood Park Realty Enterprises . . . . .	3,250	95,148	73,125
Home Beneficial Corp Common B . . . . .	5,800	117,726	174,000
Home Depot Inc. . . . .	11,600	363,805	153,700
Home Federal Savings & Loan Association . . . . .	8,500	112,625	219,938
Homestake Mining Co . . . . .	29,930	858,216	733,285
Hon Industries Inc . . . . .	5,200	110,995	113,100
Honda Motors Ltd American SHS . . . . .	33,300	1,826,661	1,914,750
Honeywell Inc . . . . .	301,200	15,154,217	18,561,450
Hook Drugs Inc . . . . .	3,700	97,477	136,900
Hoover Co. . . . .	54,900	1,520,118	1,489,163
Horizon Bancorp . . . . .	3,900	88,214	128,700
Hormel Geo A & Co . . . . .	4,500	120,629	153,000
Hospital Corp America . . . . .	163,896	5,910,931	7,948,956
Houghton Mifflin Co. . . . .	3,800	95,962	155,325
House of Fabrics Inc. . . . .	6,300	93,525	92,925
Household International Inc . . . . .	203,200	6,739,961	7,467,600
Houston Industries Inc . . . . .	510,600	10,776,833	14,488,275
Hubbard Real Estate Investments . . . . .	4,200	94,900	110,775
Hubbell Harvey Inc Common A . . . . .	2,600	91,622	110,500
Hubbell Harvey Inc Common B . . . . .	5,300	165,367	223,925

**Portfolio Detail Statistics as of 6/30/85  
Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Hughes Tool Co . . . . .	20,800	785,412	275,600
Humana Inc. . . . .	51,620	1,451,815	1,742,175
Hunt J B Transport Services Inc. . . . .	5,400	95,850	128,250
Huntington Bancshares Inc. . . . .	3,850	108,833	178,063
Husky Oil Ltd. . . . .	111,800	959,921	838,500
Hutton E F Group Inc . . . . .	11,500	509,970	402,500
Hybritech Inc. . . . .	4,900	114,392	123,725
I C H Corp . . . . .	3,900	98,571	393,900
I C Industries Inc . . . . .	14,935	322,988	524,592
I M S International Inc . . . . .	8,800	117,569	250,800
I U International Corp Domestic. . . . .	215,100	3,594,785	2,850,075
Idaho Power Co . . . . .	16,000	263,762	376,000
IDC Services Inc . . . . .	1,063	600	9,434
Ideal Basic Industries Inc . . . . .	7,100	138,599	82,538
Illinois Power Co . . . . .	72,200	1,727,566	1,958,425
Illinois Tool Works Inc. . . . .	11,600	297,077	371,200
Imperial Chemical Inc. . . . .	568,300	19,496,020	22,234,738
Imperial Corp of America . . . . .	8,700	94,353	102,225
Imperial Oil Compagnie Petroliere Conv A. . . . .	112,600	3,800,694	3,983,225
Inco Ltd . . . . .	36,600	647,321	484,950
Independence Bancorp Inc . . . . .	17,900	707,050	711,525
Independent Insurance Group Non Voting . . . . .	3,500	91,147	111,563
Indiana National Corp. . . . .	2,700	90,226	117,450
Inexco Oil Co. . . . .	13,500	174,460	69,188
Informatics General Inc . . . . .	3,500	92,471	93,188
Information Resources Inc . . . . .	4,200	101,850	111,300
Infotron Systems Corp . . . . .	2,800	106,667	51,800
Ingersoll Rand Co. . . . .	7,500	385,953	364,688
Inland Steel Co . . . . .	9,300	307,979	205,763
Insilco Corp. . . . .	46,368	888,729	892,584
Inspiration Resources Corp. . . . .	14,100	157,850	70,500
Institutional Networks Corp . . . . .	3,100	108,795	86,800
Intecom Inc. . . . .	14,200	284,676	63,900
Integrated Resources Inc . . . . .	17,000	553,543	352,750
Intel Corp . . . . .	65,200	1,926,163	1,695,200
Intelligent System Corp . . . . .	5,200	97,345	31,850
Interco Inc . . . . .	5,500	394,441	367,125
Interfirst Corp . . . . .	25,500	536,797	264,562
Intergraph Corp . . . . .	23,800	517,296	725,900
Intergrated Iscco . . . . .	3,800	96,312	69,350
Interlake Inc . . . . .	10,700	481,132	539,013
Intermedics Inc . . . . .	5,300	97,317	56,313
International Bank Washington DC . . . . .	8,100	95,946	105,300
International Bank Washington DC Common A . . . . .	9,100	96,417	121,713
International Business Machines Corp . . . . .	731,200	67,695,488	90,486,000
International Captial Equipment Ltd . . . . .	209	310	862
International Clinical Labs Inc . . . . .	3,600	95,743	56,250
International Flavors & Fragrances . . . . .	13,800	409,389	414,000
International Game Technology . . . . .	5,400	91,352	56,700
International Harvester Co . . . . .	14,000	184,616	115,500
International Lease Finance Corp. . . . .	6,800	94,674	132,600
International Minerals & Chemical . . . . .	100,000	3,916,621	4,075,000
International Multifoods Corp . . . . .	3,800	116,137	126,825
International Paper Co . . . . .	42,700	2,198,295	2,092,300
Internorth Inc . . . . .	16,700	437,161	734,800
Interpublic Group Cos Inc . . . . .	4,600	132,469	190,900
Interstate Power Co. . . . .	6,800	109,448	149,600



## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Intl Thoroughbred Breeders	18,500	102,528	124,875
Intrawest Financial Corp.	8,500	127,371	128,562
Iowa Electric Light & Power Co.	7,200	112,035	147,600
Iowa Resources Inc.	5,300	143,330	200,075
Iowa-Illinois Gas & Electric Co.	6,200	156,490	200,725
Ipalco Enterprises Inc.	8,000	221,474	297,000
Irving Bank Corp.	8,200	206,490	318,775
ISC Systems Corp.	6,900	106,745	86,250
ITT Corp.	66,400	2,137,350	2,124,800
Jackson National Life Insurance Co.	2,900	95,976	106,575
James River Corp VA	36,600	1,090,749	1,184,925
Jamesway Corp.	4,100	94,503	105,575
Jefferson Pilot Corp.	25,650	830,603	1,080,506
Jeffrey Martin Inc.	7,300	102,895	41,975
Jerrico Inc.	7,300	145,783	152,388
Johnson & Johnson	251,100	10,882,947	11,644,763
Johnson Controls Inc.	8,599	354,328	366,532
Jorgensen Earle M Co.	3,500	88,672	87,500
Joslyn Corp.	3,100	95,620	96,100
Jostens Inc.	9,000	173,608	225,000
Joy Manufacturing Co.	7,400	198,279	177,600
JWT Group Inc.	4,050	90,175	137,700
K Mart Corp.	158,800	5,543,511	6,093,950
K N Energy Inc.	4,300	134,927	155,875
Kaiser Aluminum & Chemical Corp.	16,300	352,798	215,975
Kaiser Cement Corp.	11,200	256,524	194,600
Kaman Corp Common A.	4,000	89,418	120,000
Kaneb Services Inc.	13,900	267,161	112,938
Kansas City Life Insurance Co.	4,800	92,952	117,600
Kansas City Power & Light Co.	12,300	253,956	285,975
Kansas City Southern Inds Inc.	4,800	312,447	253,800
Kansas Power & Light Co.	36,500	1,239,596	1,432,625
Karcher Carl Enterprises Inc.	3,300	110,864	48,263
Katy Industries Inc.	3,400	88,943	60,350
Kaydon Corp.	15,600	104,474	142,350
Kaypro Corp.	16,300	100,856	42,788
Kellogg Co.	35,300	1,008,661	2,060,638
Kellwood Co.	2,800	97,091	102,550
Kelly Services Inc Common A.	4,650	107,500	192,975
Kelly Services Inc Common B.	1,550	35,395	64,713
Kemper Corp.	6,734	268,038	397,306
Kennametal Inc.	5,700	157,630	111,863
Kentucky Utilities Co.	9,000	192,044	263,250
Kerr-McGee Corp.	183,700	5,816,621	5,373,225
Key Banks Inc.	5,250	102,133	160,781
Key Pharmaceuticals Inc.	16,350	363,463	161,456
Keystone International Inc.	7,481	120,663	100,994
Kidde Inc.	22,100	709,684	760,563
Kimball International Inc.	5,000	97,113	151,875
Kimberly Clark Corp.	52,400	2,043,119	3,098,150
Kinder Care Learning Centers Inc.	12,450	190,653	253,669
KLA Instruments Corp.	6,900	108,319	129,375
Knight-Ridder Newspaper Inc.	24,600	663,078	953,250
Koger Co.	3,900	100,271	108,225
Koger Properties Inc.	3,500	93,958	92,750
Kollmorgen Corp.	4,400	129,131	70,400
Koppers Co Inc.	13,300	252,304	236,075

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Kroger Co . . . . .	23,200	902,940	1,052,700
Kroy Inc . . . . .	4,100	95,715	26,650
Krueger W A Co . . . . .	8,800	88,370	125,400
Kulicke & Soffa Inds Inc . . . . .	3,400	97,224	48,450
LA Quinta Motor Inns Inc . . . . .	6,700	128,630	93,800
La-Z-Boy Chair Co . . . . .	2,400	101,029	106,200
Laclede Gas Co . . . . .	5,300	108,348	125,875
Lafarge Corp . . . . .	15,400	185,700	115,500
Laidlaw Industries Inc . . . . .	8,000	104,762	140,000
Lake Shores Mines Ltd . . . . .	2,400	95,604	133,800
Lancaster Colony Corp . . . . .	4,700	97,973	70,500
Lance Inc . . . . .	7,866	158,373	226,148
Landmark Banking Corp Florida . . . . .	13,185	194,984	255,459
Lane Co Inc . . . . .	2,700	93,321	137,025
Lawson Products Inc . . . . .	4,500	94,786	128,813
Lawter International Inc . . . . .	8,400	102,033	90,300
Lear Siegler Inc . . . . .	167,800	7,502,194	9,396,800
Learonal Inc . . . . .	4,700	97,345	81,075
Leaseway Transportation Corp . . . . .	4,800	203,020	155,400
Lee Data Corp . . . . .	6,000	122,071	30,750
Lee Enterprises Inc . . . . .	6,300	158,100	263,025
Leggett & Platt Co . . . . .	4,200	99,100	92,400
Lennar Corp . . . . .	4,800	95,257	66,000
Levi Strauss & Co . . . . .	65,374	2,209,015	2,304,434
Levitz Furniture Corp . . . . .	100,000	4,316,222	3,525,000
Libbey-Owens-Ford Co . . . . .	5,700	198,767	260,775
Liberty Corp . . . . .	4,600	102,500	138,575
Liebert Corp . . . . .	6,700	124,588	134,000
Life Investors Inc . . . . .	4,600	147,638	211,600
Lilly Eli & Co . . . . .	69,800	5,002,705	6,037,700
Limited Inc . . . . .	195,600	2,580,379	4,890,000
Lin Broadcasting Corp . . . . .	9,700	214,324	295,850
Lincoln National Corp . . . . .	21,900	694,880	906,113
Lincoln Telecommunications . . . . .	4,200	111,700	145,950
Liquid Air Corp North America . . . . .	6,100	154,606	134,200
Litton Industries Inc . . . . .	118,108	7,647,385	9,714,383
Liz Claiborne Inc . . . . .	28,200	608,322	1,311,300
Lockheed Corp . . . . .	262,400	10,781,356	13,448,000
Loctite Corp . . . . .	4,800	211,657	152,400
Loews Corp . . . . .	73,950	2,410,102	3,660,525
Logicon Inc . . . . .	3,400	97,274	114,750
Lomas & Nettleton Financial Corp . . . . .	21,800	644,480	752,100
Lomas & Nettleton Mortgage Investors . . . . .	18,900	432,271	522,113
Lone Star Industries Inc . . . . .	7,100	221,257	172,175
Lone Star Steel . . . . .	6,320	35,510	48,980
Long Island Lighting Co Common . . . . .	48,400	779,009	375,100
Longs Drug Stores Corp . . . . .	10,000	212,101	306,250
Longview Fibre Co . . . . .	5,500	146,274	132,000
Loral Corp . . . . .	10,500	310,750	378,000
Lorimar Inc . . . . .	4,400	99,419	162,250
Lotus Development Corp . . . . .	6,900	170,775	203,550
Louisiana Bancshares Inc . . . . .	68,300	1,120,833	1,126,950
Louisiana Land & Exploration Co . . . . .	109,700	3,721,351	3,537,825
Louisiana Pacific Corp . . . . .	13,155	340,919	291,054
Louisville Gas & Electric Co . . . . .	8,800	204,562	271,700
Lowenstein M. Corp . . . . .	6,000	268,139	270,000
Lowe Companies Inc . . . . .	16,900	447,347	454,188

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
LSI Logic Corp . . . . .	10,500	239,875	149,625
LTV Corp . . . . .	48,250	726,224	355,844
LTX Corp . . . . .	5,200	99,295	68,900
Lubrizol Corp . . . . .	158,500	4,049,088	3,506,813
Lubys Cafeterias Inc . . . . .	5,733	142,838	180,590
Lucky Stores Inc . . . . .	219,400	4,137,846	4,991,350
M C I Communications Corp . . . . .	104,400	1,948,027	1,135,350
M/A Com Inc . . . . .	16,200	443,374	315,900
Mack Trucks Inc . . . . .	13,700	262,869	143,850
MacMillan Bloedel Ltd . . . . .	18,064	375,369	289,024
MacMillan Inc . . . . .	37,800	736,161	1,323,000
Macy R H & Co . . . . .	31,350	1,047,274	1,622,363
Madison Gas & Electric Co . . . . .	4,600	100,819	121,325
Magic Chef Inc . . . . .	4,500	175,991	186,750
Management Science American Inc . . . . .	7,900	233,802	122,450
Manitowoc Co Inc . . . . .	5,100	121,611	122,400
Manufacturers Hanover Corp . . . . .	18,200	733,403	716,625
Manufacturers National Corp . . . . .	2,400	93,229	149,400
Mapco Inc . . . . .	14,400	379,371	504,000
Marine Midland Banks Inc . . . . .	178,100	4,925,500	6,433,863
Marion Laboratories Inc . . . . .	17,200	336,219	632,100
Marriott Corp . . . . .	25,000	1,917,186	2,359,375
Marsh & McLennon Companies . . . . .	16,600	700,856	1,199,350
Marshall & Ilsley Corp . . . . .	2,300	112,344	143,750
Martin-Marietta Corp . . . . .	84,750	3,079,815	4,894,313
Mary Kay Cosmetics Inc . . . . .	13,700	340,380	166,113
Maryland National Corp . . . . .	39,400	794,934	1,216,475
MAS Pooled Trust Fund Value Portfolio . . . . .	634,806	17,231,761	18,663,306
Masco Corp . . . . .	31,500	983,937	1,110,375
Masco Industries Inc . . . . .	5,440	120,299	322,320
Massey Ferguson Ltd . . . . .	34,900	181,264	69,800
Masstor Systems Corp . . . . .	23,300	176,831	52,425
Material Sciences Corp . . . . .	1,873	12,923	35,119
Materials Research Corp . . . . .	3,000	96,961	35,250
Matrix Corp New Jersey . . . . .	4,500	105,291	111,938
Matrix Science Corp . . . . .	3,100	88,480	91,450
Matsushita Electric Indl Ltd . . . . .	10,000	570,500	565,000
Mattel Inc . . . . .	10,700	121,537	179,225
Maxicare Health Plans Inc . . . . .	7,300	110,413	217,175
Maxxam Group Inc . . . . .	9,200	94,725	134,550
May Department Stores Co . . . . .	230,800	8,600,599	12,838,250
Maytag Co . . . . .	5,200	231,968	271,700
MCA Inc . . . . .	18,200	701,963	1,089,725
McCormick & Co Non-Voting . . . . .	5,900	162,811	206,500
McCormick Oil & Gas Partnership Deposit . . . . .	10,400	119,290	85,800
McDermott International Inc . . . . .	197,000	4,710,944	5,122,000
McDonalds Corp . . . . .	206,900	9,100,231	14,172,650
McDonnell Douglas Corp . . . . .	17,300	919,039	1,312,638
McGraw-Hill Inc . . . . .	138,800	4,664,260	6,835,900
McIntyre Mines Ltd . . . . .	2,600	94,897	71,500
McKesson Corp . . . . .	82,800	3,266,776	3,912,300
MCO Holding Inc . . . . .	8,400	126,700	110,250
MCO Resources Inc . . . . .	53,100	219,281	92,925
MCORP . . . . .	164,670	4,447,367	3,499,238
MDC Corp . . . . .	7,300	96,508	86,688
Mead Corp . . . . .	14,000	492,278	591,500
Measurex Corp . . . . .	39,400	832,664	886,500

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Media General Inc Common A . . . . .	3,200	184,605	276,800
Mediq Inc . . . . .	5,200	98,233	91,000
Medtronic Inc . . . . .	7,600	342,724	249,850
MEI Corp. . . . .	7,900	253,552	306,125
Melville Corp. . . . .	32,000	1,190,917	1,536,000
Mercantile Bancorporation Inc . . . . .	4,200	112,267	154,350
Mercantile Bankshares Corp . . . . .	2,700	93,407	149,175
Mercantile Stores Inc . . . . .	5,700	307,076	384,750
Merck & Co Inc . . . . .	79,000	6,544,903	8,897,375
Meredith Corp . . . . .	11,900	582,531	847,875
Meridian Bancorp Inc . . . . .	56,400	1,606,820	1,938,750
Merrill Lynch & Co Inc . . . . .	48,800	915,712	1,579,900
MESA Petroleum Co . . . . .	46,400	802,927	690,200
MGM UA Entertainment Co . . . . .	39,400	705,484	581,150
Michigan National Corp . . . . .	5,200	100,595	152,100
Micom Systems Inc . . . . .	7,100	321,951	143,775
Midcon Corp . . . . .	14,700	512,225	689,063
Middle South Utilities Inc . . . . .	88,100	1,330,570	1,266,438
Midland-Ross Corp . . . . .	5,700	104,343	89,775
Midlantic Bank Inc . . . . .	8,400	181,129	327,600
Midway Airlines Inc . . . . .	21,700	201,542	130,200
Midwest Energy Co . . . . .	5,300	128,217	165,625
Miller Herman Inc. . . . .	28,300	944,112	1,015,263
Millicom Inc . . . . .	20,300	193,510	71,050
Millipore Corp . . . . .	6,400	190,209	251,200
Mine Safety Appliances Co. . . . .	2,000	104,190	138,000
Minnesota Mining & Manufacturing Co . . . . .	135,700	9,971,904	10,584,600
Minnesota Power & Light Co. . . . .	6,400	162,184	248,000
Mission Insurance Group Inc. . . . .	10,396	155,689	68,874
Mitchell Energy & Development Corp. . . . .	23,400	645,728	307,125
Mitel Corp. . . . .	17,900	256,780	114,113
Mobil Corp . . . . .	714,400	19,973,537	21,521,300
Mohasco Corp. . . . .	8,700	167,350	280,575
Mohawk Data Sciences Corp . . . . .	7,400	95,992	15,725
Molecular Genetics Inc. . . . .	5,600	97,133	37,800
Molex Inc . . . . .	9,400	352,948	319,600
Monarch Capital Corp . . . . .	16,300	689,278	725,350
Monolithic Memories Inc . . . . .	8,200	232,431	104,550
Monsanto Co . . . . .	375,500	16,221,836	18,164,813
Montana Power Co . . . . .	9,100	260,217	257,075
Moore Corp Ltd . . . . .	46,500	723,809	930,000
Moore Financial Group Inc . . . . .	3,960	96,643	105,435
Moore McCormack Resources Inc Common . . . . .	4,100	109,415	105,575
Morgan J P & Co Inc. . . . .	48,600	1,319,374	2,502,900
Morrison Inc . . . . .	6,300	125,812	126,000
Morrison Knudsen Corp . . . . .	16,600	540,362	695,125
Morse Shoe Inc . . . . .	2,800	94,641	63,700
Morton Thiokol Inc. . . . .	23,700	470,261	805,800
Motorola Inc . . . . .	167,700	5,358,586	5,722,763
Multimedia Inc. . . . .	7,800	293,243	449,475
Murphy Oil Corp . . . . .	17,900	625,967	505,675
Murray Ohio Manufacturing Co . . . . .	3,400	97,336	62,475
Mylan Labs Inc . . . . .	11,200	133,936	268,800
N C N B Corp . . . . .	51,200	1,733,049	2,227,200
N L Industries Inc. . . . .	225,800	2,750,440	2,455,576
Nabisco Brands Inc . . . . .	38,200	1,630,801	3,156,275
Nalco Chemical Co. . . . .	18,700	656,281	453,475

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
NASHUA Corp	22,800	602,723	612,750
National Bancshares Corp	3,500	96,583	79,625
National City Corp	5,250	161,333	236,906
National Data Corp	5,300	94,580	66,250
National Distillers & Chemical Corp	12,300	333,061	398,213
National Education Corp	4,800	98,467	82,800
National Fuel Gas Co	6,380	108,626	185,020
National Gypsum Co	47,700	2,063,354	2,212,088
National Intergroup Inc	7,300	223,255	196,188
National Medical Enterprises Inc	24,500	592,258	774,813
National Presto Industries Inc	3,400	95,524	91,375
National Semiconductor Corp	31,500	464,214	378,000
National Service Industries Inc	11,550	301,033	345,056
NBD Bancorp Inc	79,400	1,911,903	2,828,625
NBI Inc	4,700	142,873	85,188
NCH Corp	5,300	95,704	111,300
NCR Corp	225,300	6,445,162	6,899,813
Nelson Research & Development Co	4,300	97,160	30,100
Network Systems Corp	12,625	264,824	285,641
Nevada Power Co	5,900	161,999	186,588
New England Business Services Inc	3,800	97,081	97,850
New England Electric System	11,500	442,994	501,688
New Process Co	4,400	114,519	85,250
New York Airlines Inc	14,000	116,333	82,250
New York State Electric & Gas Corp	160,400	3,721,905	4,370,900
New York Times Co Common A	103,000	3,120,443	4,931,125
Newell Co	5,400	95,514	87,750
Newhall Land & Farming Co	4,200	124,212	240,450
Newmont Mining Corp	14,200	785,655	592,850
Newport Corp	4,200	96,867	97,650
Niagara Mohawk Power Corp	419,200	7,251,598	8,488,800
Nicolet Instrument Corp	6,300	86,890	81,113
Nicor Inc	12,300	390,159	407,438
Nike Inc Common B	27,400	398,657	294,550
Noble Affiliates Inc	20,800	430,980	309,400
Nordson Corp	4,500	95,536	82,688
Nordstrom Inc	8,600	336,219	434,300
Norfolk Southern Co	73,015	4,407,348	5,001,528
Norstar Bancorp Inc	7,845	276,092	357,928
North American Philips Corp	13,000	465,369	455,000
North European Oil Royalty Trust	9,800	186,106	158,025
Northeast Utilities	513,800	7,671,077	8,606,150
Northern Indiana Public Service Co	168,600	2,182,347	2,044,275
Northern States Power Co	11,500	343,160	567,813
Northern Telecom Ltd	175,800	6,794,139	6,350,775
Northern Trust Corp	2,300	139,944	163,875
Northrop Corp	21,300	568,676	1,110,263
Northwest Industries Inc	1,280	53,592	65,760
Northwest Natural Gas Co	8,700	115,016	171,825
Northwestern Financial Corp	7,200	97,543	218,700
Northwestern National Life Insurance Co	4,200	96,777	121,800
Norton Co	9,000	383,507	324,000
Norwest Corp	10,800	400,845	294,300
Novo Industries A S	52,100	1,223,712	1,615,100
Nowaco Well Services Ltd	5,700	92,865	78,375
Noxell Corp Common B	4,700	183,748	257,913
Nucor Corp	8,200	332,490	301,350

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Numac Oil & Gas Ltd . . . . .	12,200	128,805	112,850
Nutri Systems Inc . . . . .	18,600	171,496	67,425
NWA Inc . . . . .	8,500	339,947	460,063
Nynex Corp. . . . .	295,340	21,208,440	26,359,095
Oak Industries Inc . . . . .	12,500	93,378	18,750
Occidental Petroleum Corp . . . . .	112,600	3,110,349	3,828,400
Ocean Drilling & Exploration Co. . . . .	25,000	749,256	528,125
Ogden Corp. . . . .	8,900	255,301	260,325
Ogilvy Group Inc . . . . .	4,000	97,190	180,000
Ohio Casualty Corp . . . . .	5,400	267,814	333,450
Ohio Edison Co . . . . .	52,800	731,284	811,800
Ohio Mattress Co Del. . . . .	6,875	94,636	86,797
Oklahoma Gas & Electric Co . . . . .	19,000	377,334	498,750
Old Kent Financial Corp . . . . .	6,900	99,338	207,000
Old Republic International Corp. . . . .	6,300	151,657	216,563
Olin Corp . . . . .	11,200	367,867	355,600
OMI Corp . . . . .	46,100	140,386	144,063
Omnicare Inc. . . . .	4,900	190,854	33,075
Oneida Ltd . . . . .	4,300	100,484	55,363
Oneok Inc . . . . .	5,900	166,301	188,800
Onyx IMI Inc . . . . .	79,500	285,614	159,000
Optical Radiation Corp . . . . .	3,200	97,105	135,200
Orange & Rockland Utilities Inc . . . . .	6,300	124,237	175,613
Oregon Metallurgical Corp . . . . .	11,300	167,751	90,400
Orion Pictures Corp . . . . .	4,900	94,429	62,475
Oshmans Sporting Goods Inc . . . . .	4,200	94,900	69,300
Otter Tail Power Co . . . . .	4,600	110,838	151,800
Outboard Marine Corp . . . . .	6,800	175,831	154,700
Overnite Transportation Co. . . . .	14,600	334,975	458,075
Overseas Shipholding Group Inc . . . . .	87,200	1,725,830	1,384,300
Owens Illinois Inc. . . . .	10,300	349,511	481,525
Owens-Corning Fiberglass Corp . . . . .	11,000	452,942	389,125
Oxford Industries Inc . . . . .	5,400	127,582	74,250
Paccar Inc. . . . .	7,600	378,044	313,500
Pacific Gas & Electric Co . . . . .	446,000	7,574,792	8,752,750
Pacific Gas Transmission Co . . . . .	6,100	113,343	131,913
Pacific Lighting Corp . . . . .	11,300	374,893	516,975
Pacific Lumber Co . . . . .	7,852	196,066	206,115
Pacific Scientific Co. . . . .	9,600	185,995	146,400
Pacific Telecom Inc . . . . .	17,900	349,229	239,413
Pacific Telesis Group . . . . .	79,240	4,424,130	6,210,435
Pacificorp . . . . .	56,900	1,475,299	1,721,225
Paco Pharmaceutical Services Inc . . . . .	3,800	95,362	58,900
Paine Webber Group Inc . . . . .	7,300	323,720	256,413
Pall Corp . . . . .	8,400	314,750	301,350
Palm Beach Inc . . . . .	3,100	96,145	106,950
Pandick Inc . . . . .	4,350	102,139	69,600
Panhandle Eastern Corp . . . . .	251,300	9,095,949	9,109,625
Pansophic Systems Inc . . . . .	4,000	102,381	90,000
Papercraft Corp . . . . .	5,300	94,580	100,700
Par Technology Corp . . . . .	4,100	98,790	71,750
Paradyne Corp. . . . .	10,877	224,454	111,489
Park Communications Corp . . . . .	4,200	95,025	151,200
Park Electrochemical Corp . . . . .	4,200	82,377	55,650
Parker Drilling Co. . . . .	165,900	1,174,916	829,500
Parker Pen Co . . . . .	7,900	149,727	148,125
Parker-Hannifin Corp . . . . .	11,800	362,499	393,825

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Pay N Pak Stores . . . . .	5,000	94,939	72,500
Payless Cashways Inc . . . . .	17,800	409,531	327,075
Peabody International Corp. . . . .	12,800	183,256	115,200
Pearle Health Services Inc . . . . .	5,900	96,288	148,238
Penn Central Corp . . . . .	260,900	12,139,077	13,860,313
Penn Virginia Corp . . . . .	2,300	99,119	108,675
Penney J C Co . . . . .	74,400	3,824,789	3,831,600
Pennsylvania Power & Light Co . . . . .	66,500	1,565,594	1,787,188
Pennwalt Corp . . . . .	5,600	224,533	205,100
Pennzoil Co . . . . .	33,900	1,314,291	1,728,900
Pension Insurance Group of America Inc . . . . .	62,340	105,930	74,060
Pentair Inc. . . . .	4,375	95,812	122,500
Penwest Ltd . . . . .	11,950	108,216	120,994
People Express Airlines Inc . . . . .	9,300	211,298	95,325
Peoples Energy Corp . . . . .	17,400	165,475	295,800
Pep Boys Manny Moe & Jack . . . . .	3,600	116,443	157,500
Pepsico Inc . . . . .	178,400	6,773,699	10,726,300
Peregrine Entertainment Ltd . . . . .	39,500	84,691	49,375
Perini Corp . . . . .	2,500	68,112	68,125
Perini Investment Properties Inc . . . . .	9,700	123,004	120,038
Perkin-Elmer Corp . . . . .	16,300	523,488	415,650
Petrie Stores Corp . . . . .	9,500	329,842	397,813
Petrolite Corp . . . . .	5,700	180,093	159,600
Pfizer Inc. . . . .	136,000	5,532,874	6,732,000
Phelps Dodge Corp . . . . .	50,200	1,153,998	853,400
PHH Group Inc. . . . .	7,400	236,580	238,650
Phibro Salomon Corp . . . . .	67,200	1,294,162	2,864,399
Philadelphia Electric Co . . . . .	78,000	1,278,353	1,199,250
Philadelphia Savings Fund Society . . . . .	178,900	1,766,638	1,945,538
Philip Morris Inc . . . . .	278,100	20,013,410	23,742,788
Philips Industries Inc . . . . .	39,000	600,504	892,125
Phillips Petroleum Co . . . . .	128,800	4,727,414	4,910,500
Phillips Van Heusen Corp . . . . .	4,300	86,288	106,425
Pic N Save Corp. . . . .	14,200	275,630	395,825
Piedmont Aviation Inc . . . . .	144,000	3,693,848	4,788,000
Pier 1 Inc. . . . .	4,700	99,460	102,225
Pillsbury Co . . . . .	216,400	5,115,021	11,685,600
Pioneer Corp . . . . .	17,900	498,065	440,788
Pioneer Hi-Bred International Inc . . . . .	15,000	485,179	491,250
Pitney-Bowes Inc. . . . .	55,300	1,973,409	2,481,588
Pittston Co . . . . .	14,300	240,448	160,875
Pittway Corp. . . . .	2,200	136,097	159,500
Placer Development Ltd . . . . .	22,600	496,527	392,675
Plantronics Inc. . . . .	4,500	73,049	42,188
PNC Financial Corp . . . . .	9,600	418,296	583,200
Pogo Producing Co . . . . .	8,600	227,056	139,750
Polaroid Corp . . . . .	11,900	343,538	374,850
Policy Management Systems Corp . . . . .	7,600	234,062	165,300
Pope & Talbot Inc. . . . .	8,500	195,010	164,687
Porex Technologies Corp . . . . .	4,600	106,375	125,350
Potlatch Corp . . . . .	5,800	197,314	202,275
Potomac Electric Power Co. . . . .	22,600	414,602	726,025
PPG Industries Inc . . . . .	48,000	1,618,113	2,010,000
Premier Industrial Corp. . . . .	14,550	330,724	312,825
Residential Life Corp . . . . .	26,700	169,100	500,625
Preston Corp Com A . . . . .	4,900	120,517	76,563
Price Co . . . . .	10,400	351,495	681,200

**Portfolio Detail Statistics as of 6/30/85  
Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Primark Corp . . . . .	4,650	115,520	176,700
Prime Computer Inc . . . . .	22,100	363,992	414,375
Prime Motor Inns Inc . . . . .	8,933	166,344	285,856
Procter & Gamble Co . . . . .	86,600	3,779,532	4,871,250
Products Research & Chemical Corp . . . . .	6,800	98,823	106,250
Progressive Corp . . . . .	5,100	129,524	184,875
Provident Life & Accident Insurance Co . . . . .	17,600	295,219	400,400
Public Service Co Colorado . . . . .	23,000	410,440	549,125
Public Service Co Indiana . . . . .	19,400	501,733	162,475
Public Service Co New Hampshire . . . . .	18,000	310,963	99,000
Public Service Electric & Gas . . . . .	203,300	5,130,362	6,200,650
Pulte Home Corp . . . . .	11,000	289,798	184,250
Puritan Bennett Corp . . . . .	2,200	109,109	46,200
Purolator Courier Corp . . . . .	3,300	179,039	83,325
Pyro Energy Corp . . . . .	81,600	735,051	673,200
Quaker Oats Co . . . . .	15,000	353,016	781,875
Quaker State Oil Refining Corp . . . . .	11,800	209,660	258,125
Quantum Corp . . . . .	4,400	98,319	106,700
Questar Corp . . . . .	65,000	1,885,541	2,055,625
Quotron Systems Inc . . . . .	15,800	293,805	179,725
Rainer Bancorporation . . . . .	9,000	160,179	274,500
Ralston Purina Co . . . . .	44,100	1,105,309	1,962,450
Ranger Oil Ltd . . . . .	38,700	443,600	116,100
Ransburg Corp . . . . .	5,000	87,976	81,875
Raychem Corp . . . . .	4,500	349,179	279,000
Raytheon Co . . . . .	243,700	11,569,838	12,185,000
RCA Corp . . . . .	46,400	1,425,009	2,209,800
Reading & Bates Corp . . . . .	12,700	158,925	109,538
Reeves Communications Corp . . . . .	21,600	188,026	259,200
Regency Electronics Inc . . . . .	19,800	188,617	108,900
Regis Corp . . . . .	5,000	93,960	80,000
Reichhold Chemicals Inc . . . . .	28,900	1,023,154	1,130,713
Republic Bank Corp . . . . .	12,600	403,351	384,300
Republic New York Corp . . . . .	6,300	291,187	281,925
Republic Pictures Corp Common A . . . . .	1,562	3,754	5,467
Resorts International Inc Common A . . . . .	3,700	139,793	158,175
Revco Drug Stores Inc . . . . .	12,300	409,161	304,425
Revlon Inc . . . . .	113,400	3,843,938	4,621,050
Rexnord Inc . . . . .	11,200	173,693	154,000
Reynolds & Reynolds Co . . . . .	4,200	202,000	175,350
Reynolds Metals Co . . . . .	82,300	2,866,717	2,818,775
Reynolds R J Industries Inc . . . . .	112,213	2,329,552	3,562,747
Richardson Vicks Inc . . . . .	11,200	300,667	403,200
Riegel Textile Corp . . . . .	2,700	80,313	59,400
Riggs National Corp . . . . .	2,800	110,867	159,600
Rio Algom Ltd . . . . .	23,400	387,818	346,624
Rite Aid Corp . . . . .	16,200	319,112	435,375
Roadway Services Inc . . . . .	15,600	509,876	452,400
Robertshaw Controls Co . . . . .	28,600	820,547	897,325
Robertson H H Co . . . . .	2,500	97,513	67,500
Robins A H Co . . . . .	11,300	303,351	199,163
Robinson Nugent Inc . . . . .	4,800	101,105	61,800
Rochester Gas & Electric Corp . . . . .	162,200	3,263,257	3,771,150
Rochester Telephone Corp . . . . .	5,200	166,120	200,850
Rockwell International Corp . . . . .	81,500	1,840,706	3,035,875
Rogers Cablesystems Inc . . . . .	10,500	103,375	106,313
Rohm & Haas Co . . . . .	9,700	680,276	638,988



## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Rohr Industries Inc . . . . .	16,400	545,823	910,200
Rollins Communications Inc . . . . .	7,260	100,183	184,223
Rollins Environmental Svcs Inc . . . . .	59,450	971,411	1,605,150
Rollins Inc . . . . .	12,100	86,909	127,050
Roper Corp . . . . .	9,600	163,200	140,400
Rorer Group . . . . .	9,500	257,917	347,938
Roses Stores Inc . . . . .	4,500	105,893	104,625
Rouse Co . . . . .	14,000	254,417	332,500
Rowan Cos Inc . . . . .	125,200	1,249,135	1,064,200
Royal Dutch Petroleum NY . . . . .	617,000	31,393,936	36,094,500
RPC Energy Services Inc. . . . .	7,260	24,622	25,410
RTE Corp . . . . .	5,800	95,452	108,025
Rubbermaid Inc . . . . .	7,300	347,445	383,250
Russ Togs Inc . . . . .	3,900	96,559	72,150
Russell Corp . . . . .	9,200	152,051	159,850
Ryan Homes Inc . . . . .	3,200	119,679	87,600
Ryder System Inc . . . . .	17,592	408,987	503,571
Ryland Group Inc . . . . .	3,600	93,430	88,200
S C M Corp . . . . .	4,500	160,053	207,000
Sabine Corp . . . . .	8,000	185,787	126,000
Safecard Services Inc. . . . .	9,000	96,571	156,375
Safeco Corp . . . . .	14,200	369,956	573,325
Safeguard Business Systems Inc. . . . .	10,350	194,054	185,006
Safety Kleen Corp . . . . .	6,600	155,269	235,950
Safeway Stores Inc . . . . .	157,000	4,671,588	5,318,375
Saga Corp . . . . .	5,600	190,983	151,900
Sage Energy Co. . . . .	16,100	183,908	120,750
San Diego Gas & Electric Co . . . . .	63,600	1,437,216	1,741,050
Sanders Associates Inc . . . . .	8,600	503,510	318,200
Santa Fe Southern Pacific Corp . . . . .	341,115	8,026,660	11,342,074
Sara Lee Corp . . . . .	174,600	3,953,200	7,529,625
Savannah Foods & Industries Inc. . . . .	2,800	101,067	111,300
Scana Corp . . . . .	18,100	338,836	497,750
Scherer R P Corp . . . . .	5,100	110,136	56,738
Schering-Plough Corp . . . . .	32,600	1,528,779	1,458,850
Schlumberger Ltd . . . . .	431,230	19,803,528	16,656,259
SCI Systems Inc . . . . .	5,500	147,649	66,688
Scientific Atlanta Inc . . . . .	9,200	165,543	109,250
Scitex Ltd Ord . . . . .	4,300	106,835	67,725
Scoa Industries Inc . . . . .	8,800	275,838	275,000
Scott & Fetzer Co . . . . .	3,100	146,770	187,938
Scott Paper Co . . . . .	201,600	5,883,704	8,316,000
Scottys Inc . . . . .	5,700	94,905	76,950
Scripps-Howard Broadcasting Co . . . . .	2,799	80,038	114,759
Scurry Rainbow Oil Ltd. . . . .	8,000	132,424	126,000
Sea Containers Ltd . . . . .	4,600	103,945	192,625
Sea Land Corp . . . . .	10,180	145,114	232,868
Seaco Inc . . . . .	22,700	101,779	104,988
Seagate Technology . . . . .	20,200	383,199	126,250
Seagram Ltd . . . . .	52,700	1,908,032	2,233,163
Seagull Energy Corp . . . . .	36,300	736,052	603,488
Sealed Air Corp . . . . .	4,600	103,513	125,925
Sealed Power Corp . . . . .	35,400	955,247	915,975
Searle G D & Co. . . . .	22,800	1,091,897	1,231,200
Sears Roebuck & Co . . . . .	396,800	14,167,867	15,227,200
Security Pacific Corp . . . . .	139,600	3,586,304	4,257,800
SEI Corp . . . . .	3,100	101,045	56,575

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Seibels Bruce Group Inc . . . . .	3,700	97,477	72,150
Sensormatic Electronics Corp . . . . .	11,200	421,067	91,000
Service Corp International . . . . .	7,350	197,354	282,056
Service Merchandise Inc . . . . .	13,900	315,811	201,550
Servicemaster Industries Inc. . . . .	15,300	401,321	321,300
Shaklee Corp. . . . .	6,000	163,971	84,000
Shared Medical Systems Corp . . . . .	11,400	448,536	333,450
Shaw Industries Inc . . . . .	15,333	291,725	379,492
Shawmut Corp . . . . .	38,150	1,106,126	1,449,700
Shell Transport & Trading Place . . . . .	120,000	4,132,800	4,425,000
Sheller Globe Corp Co . . . . .	7,700	226,410	211,750
Sherwin Williams Co . . . . .	8,500	215,462	327,250
Shoe Town Inc. . . . .	15,400	92,710	102,025
Shoneys Inc . . . . .	12,533	214,739	377,557
Sierra Pacific Resources . . . . .	8,500	119,609	161,500
Sigma Aldrich Corp . . . . .	4,100	201,290	271,625
Signal Companies Inc. . . . .	54,600	1,839,664	2,313,675
Silicon General Inc . . . . .	7,200	96,086	51,300
Silicon Systems Inc . . . . .	4,700	95,623	56,988
Silicon Valley Group Inc . . . . .	4,000	86,168	58,000
Singer Co . . . . .	42,400	1,524,318	1,558,200
Smith A O Corp Common A . . . . .	8,000	158,624	150,000
Smith A O Corp Common B . . . . .	6,950	119,845	121,625
Smith International Inc . . . . .	135,600	3,482,719	1,152,600
Smithkline Beckman Corp. . . . .	376,600	21,436,658	26,220,775
Smucker J M Co . . . . .	2,600	98,547	174,200
Snap-On-Tools Corp. . . . .	8,400	248,098	327,600
Society Corp . . . . .	3,200	95,505	152,000
Sonat Inc . . . . .	15,300	390,599	550,800
Sonoco Products Co . . . . .	10,200	226,161	252,450
Sony Corp. . . . .	200,000	3,536,799	3,350,000
Soo Line Corp . . . . .	3,600	103,793	93,600
South Carolina National Corp . . . . .	5,714	123,825	219,989
Southdown Inc . . . . .	3,642	137,020	155,696
Southeast Banking Corp . . . . .	27,000	801,859	924,750
Southeastern Public Service Co . . . . .	23,431	220,566	158,159
Southern California Edison Co. . . . .	119,900	2,223,561	3,207,325
Southern Co . . . . .	434,400	7,162,623	9,611,100
Southern Indiana Gas & Electric Co . . . . .	6,300	110,125	164,588
Southern New England Telephone Co. . . . .	14,000	523,917	574,000
Southern Union Co . . . . .	5,400	120,164	164,700
Southland Corp . . . . .	17,200	721,889	640,700
Southland Financial Corp . . . . .	7,700	190,346	211,750
Southland Royalty Co . . . . .	21,800	427,176	294,300
Southtrust Corp. . . . .	10,250	98,278	176,813
Southwest Airlines Co . . . . .	14,500	412,905	402,375
Southwest Gas Corp . . . . .	8,400	98,428	149,100
Southwest Overthrust Oil & Gas Inc . . . . .	39,500	3,008	3,950
Southwestern Bell Corp . . . . .	282,340	18,699,609	23,716,560
Southwestern Energy Co . . . . .	37,400	1,008,141	981,750
Southwestern Public Service Co . . . . .	18,600	314,991	478,950
Sovran Financial Corp . . . . .	7,325	208,885	325,047
Sparton Corp. . . . .	5,000	94,088	61,250
Spectra Physics Inc . . . . .	2,900	99,126	51,838
Sperry Corp. . . . .	119,000	4,740,691	6,307,000
Springs Industries Inc. . . . .	4,400	162,273	142,450
Square D Co . . . . .	10,400	353,460	412,100

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Squibb Corp . . . . .	143,600	5,681,489	9,064,750
SRI Corp . . . . .	4,900	97,242	94,325
St. Jude Medical Inc . . . . .	4,900	97,242	67,375
St. Paul Companies Inc. . . . .	68,100	3,821,381	4,937,250
Staley Continental Inc . . . . .	12,900	318,891	290,250
Stanadyne Inc . . . . .	19,600	452,394	583,100
Standard Brands Paint Co. . . . .	5,200	115,608	122,850
Standard Microsystems Corp . . . . .	5,000	142,351	71,250
Standard Motor Products Inc . . . . .	6,000	134,554	72,000
Standard Oil Co Ohio . . . . .	194,080	9,038,790	9,097,500
Standard Pacific Corp . . . . .	33,000	261,554	688,875
Standard Products Co . . . . .	4,400	96,656	84,150
Standard Register Co . . . . .	53,800	895,074	1,829,200
Standex Intl Corp . . . . .	6,600	94,352	90,750
Stanhope Inc . . . . .	4,000	90,834	95,000
Stanley Works Inc . . . . .	10,500	253,272	309,750
State Street Boston Corp . . . . .	4,000	142,381	268,000
Sterling Drug Inc . . . . .	23,000	571,982	733,125
Stevens J P & Co Inc . . . . .	7,800	167,864	173,550
Stewart-Warner Corp . . . . .	6,300	197,215	168,525
Stone & Webster Inc . . . . .	3,300	136,351	137,363
Stone Container Corp . . . . .	5,000	174,544	136,875
Stop & Shop Companies Inc . . . . .	4,800	275,469	220,800
Storer Communication Inc . . . . .	7,700	238,908	602,525
Stratus Computer Inc . . . . .	8,200	90,200	124,025
Strawbridge & Clothier . . . . .	4,809	97,783	158,683
Stride Rite Corp . . . . .	3,500	121,833	66,938
Stryker Corp . . . . .	11,900	393,126	410,550
Sturm Ruger & Co Inc . . . . .	3,800	96,110	121,600
Subaru America Inc . . . . .	2,800	235,467	434,000
Suburban Bancorp . . . . .	3,100	93,295	195,300
Sun Banks Inc . . . . .	11,862	308,880	459,653
Sun Chemical Corp . . . . .	3,700	111,352	131,813
Sun Co Inc . . . . .	52,300	2,272,353	2,608,463
Sundstrand Corp . . . . .	178,600	7,719,458	8,215,600
Sunwest Financial Services Inc . . . . .	2,800	90,418	125,300
Super Valu Stores Inc . . . . .	17,200	616,538	657,900
Supermarkets General Corp . . . . .	26,600	934,801	1,230,250
Swift Independent Corp . . . . .	3,300	96,302	68,888
Sybron Corp . . . . .	4,600	121,613	85,100
Syntex Corp . . . . .	81,300	3,655,951	5,193,038
Sysco Corp . . . . .	9,800	363,208	358,925
Systematics Inc . . . . .	5,000	110,238	105,000
Systems & Computer Technology Corp . . . . .	6,100	207,981	25,925
T R W Inc . . . . .	19,900	1,397,478	1,490,013
Taft Broadcasting Co . . . . .	84,400	3,125,581	6,361,650
Tambrands Inc . . . . .	5,300	294,655	416,050
Tandem Computers Inc . . . . .	18,300	591,918	331,688
Tandon Corp . . . . .	23,700	725,107	115,538
Tandy Corp . . . . .	49,903	1,299,091	1,784,032
Tech Sym Corp . . . . .	4,600	97,400	70,150
Teco Energy Inc . . . . .	11,600	280,955	403,100
Tecumseh Products Co . . . . .	2,600	235,548	278,200
Tejon Ranch Co . . . . .	1,100	94,413	214,225
Tektronix Inc . . . . .	7,200	571,455	435,600
Tele Communications Inc Common A . . . . .	20,300	357,211	621,688
Telecom Plus Intl Inc . . . . .	9,100	110,067	80,763

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Telecredit Inc . . . . .	3,800	90,885	57,950
Teledyne Inc . . . . .	5,800	894,714	1,492,775
Teleflex Inc . . . . .	3,200	93,417	88,800
Telerate Inc . . . . .	20,100	354,600	366,825
Telesphere Intl Inc . . . . .	12,200	109,037	53,375
Telex Corp . . . . .	115,700	4,463,816	4,656,925
Tellabs Inc . . . . .	6,900	202,482	108,675
Temple Inland Inc . . . . .	94,756	3,006,301	3,198,015
Tennant Co . . . . .	4,500	96,054	96,750
Tenneco Inc . . . . .	414,300	16,698,263	17,555,963
Tera Corp . . . . .	29,500	220,595	84,813
Teradyne Inc . . . . .	10,800	346,853	253,800
Tesoro Petroleum Corp . . . . .	8,100	129,834	88,088
Texaco Inc . . . . .	181,400	5,719,224	6,870,525
Texas American Bancshares Inc . . . . .	4,300	170,260	138,675
Texas Commerce Bancshares Inc . . . . .	14,900	622,224	474,938
Texas Eastern Corp . . . . .	19,600	452,914	661,500
Texas Industries Inc . . . . .	3,785	134,100	103,141
Texas Instruments . . . . .	40,600	4,279,510	3,882,375
Texas Oil & Gas Corp . . . . .	109,320	2,278,901	1,790,115
Texas Utilities Co . . . . .	149,400	3,885,713	4,631,400
Texscan Corp . . . . .	16,600	187,793	47,725
Textron Inc . . . . .	12,900	433,682	709,500
Thermo Electron Corp . . . . .	4,400	87,785	121,000
Third National Corp . . . . .	4,050	94,757	192,881
Thomas & Betts Corp . . . . .	5,800	193,919	205,900
Thomas Industries Inc . . . . .	44,000	650,766	748,000
Thompson Medical Inc . . . . .	4,700	108,235	75,200
Thousand Trails Inc . . . . .	5,700	98,212	81,225
Thrifty Corp . . . . .	9,400	167,982	203,275
Tidewater Inc . . . . .	7,800	209,005	112,125
TIE Communications Inc . . . . .	16,823	692,166	82,012
Timber Drilling Inc . . . . .	2,140	5,197	2,408
Time Inc . . . . .	36,300	1,765,181	2,096,325
Timeplex Inc . . . . .	4,375	88,948	76,016
Times Fiber Communications Inc . . . . .	14,800	185,567	175,750
Times Mirror Co . . . . .	100,800	4,510,074	5,418,000
Timken Co . . . . .	4,300	257,373	203,713
Todd Shipyards Corp . . . . .	52,800	1,733,299	1,597,200
Toledo Edison Co . . . . .	19,700	401,964	413,700
Toledo Trustcorp . . . . .	2,600	97,748	109,200
Torchmark Corp . . . . .	67,600	2,822,734	3,253,250
Tosco Corp . . . . .	83,600	288,015	292,600
Towle Manufacturing Co . . . . .	3,800	94,399	36,575
Toys R Us Inc . . . . .	60,650	1,849,272	2,426,000
Tracor Inc . . . . .	18,150	424,223	406,106
Trans World Airlines Inc Common . . . . .	15,844	169,268	304,997
Transamerica Corp . . . . .	23,900	651,014	764,800
Transco Energy Co . . . . .	11,500	390,138	536,188
Transco Exploration Partners Ltd . . . . .	2,872	44,658	63,560
Transway International Corp . . . . .	13,700	435,059	438,400
Transworld Corp Del . . . . .	238,700	6,369,891	9,458,488
Travelers Corp . . . . .	224,700	8,924,458	10,850,250
Tre Corp . . . . .	3,100	114,995	80,212
Triad Systems Corp . . . . .	4,700	93,273	34,663
Triangle Pacific Corp . . . . .	3,100	93,295	87,963
Tribune Co . . . . .	18,300	492,521	857,813

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Trinity Industries Inc. . . . .	7,300	130,895	98,550
Trus Joist Corp . . . . .	2,900	97,426	76,850
Trust Co . . . . .	10,500	278,917	374,063
Tucson Electric Power Co . . . . .	11,100	292,879	453,713
Tultex Corp . . . . .	4,500	93,216	58,500
Tyco Laboratories Inc. . . . .	4,200	102,775	165,375
Tyler Corp. . . . .	9,000	136,178	132,750
Tyson Foods Inc . . . . .	12,000	88,200	258,000
U G I Corp . . . . .	5,400	109,552	124,875
U.S. Air Group Inc Co . . . . .	62,500	2,162,746	2,187,500
U.S. Bancorp. . . . .	9,130	220,740	276,183
U.S. Home Corp . . . . .	13,000	192,931	95,875
U.S. Tobacco Co . . . . .	13,000	435,113	487,500
U.S. Trust Corp . . . . .	3,750	95,238	130,312
U.S. West Inc. . . . .	45,640	2,501,582	3,696,840
UAL Inc . . . . .	112,700	5,865,608	6,043,538
Ultimate Corp . . . . .	4,600	97,938	55,200
Ultrasystems Inc . . . . .	5,100	96,111	38,250
Ungermann-Bass Inc . . . . .	7,800	84,825	101,400
Unifi Inc . . . . .	14,400	181,916	142,200
Unilever NY. . . . .	16,100	1,262,984	1,668,363
Unimar Co Indonesian Participating Certificate . . . . .	9,538	104,588	100,149
Union Camp Corp . . . . .	22,800	831,656	846,450
Union Carbide Corp . . . . .	110,400	7,304,037	5,133,600
Union Electric Co . . . . .	133,500	2,238,326	2,569,875
Union Pacific Corp . . . . .	54,800	3,135,617	2,616,700
Uniroyal Inc. . . . .	54,300	863,446	1,119,938
United Artists Communication Inc . . . . .	10,600	97,230	213,325
United Bancorp Arizona . . . . .	5,400	88,351	133,650
United Banks Colorado Inc . . . . .	5,000	94,226	129,375
United Cable Television Corp. . . . .	5,100	125,023	225,038
United Energy Resources Inc . . . . .	13,500	402,911	364,500
United Industrial Corp . . . . .	5,280	117,278	118,140
United Inns Inc . . . . .	2,500	97,813	107,500
United Jersey Banks Hackensack NY. . . . .	3,200	93,405	142,400
United Missouri Bancshares Inc. . . . .	4,114	95,524	143,990
United National Bank Plainfield NJ . . . . .	5,168	166,020	260,984
United States Health Care System Inc . . . . .	47,000	1,439,244	1,868,250
United States Leasing International . . . . .	3,300	136,002	119,625
United States Shoe Corp . . . . .	90,000	2,726,657	3,476,250
United States Steel Corp . . . . .	118,400	3,207,092	3,300,400
United States Sugar Corp . . . . .	2,000	106,084	104,000
United States Surgical Corp . . . . .	5,100	168,786	102,000
United Stationers Inc . . . . .	6,400	96,305	130,400
United Technologies Corp. . . . .	343,500	13,304,377	14,255,250
United Telecommunications Inc. . . . .	203,025	4,650,649	4,694,953
United Television Inc . . . . .	7,800	96,293	183,300
United Virginia Bankshares Inc . . . . .	5,500	172,399	264,000
Unitrode Corp . . . . .	5,500	198,911	147,125
Univar Corp. . . . .	3,700	89,223	73,075
Universal Communication System. . . . .	7,100	88,511	80,763
Universal Foods Corp . . . . .	3,800	97,224	102,600
Universal Health Svcs Inc Class B . . . . .	37,100	568,969	704,900
Universal Leaf Tobacco Co Inc. . . . .	8,200	172,553	174,250
Unocal Corp . . . . .	179,000	6,008,175	5,235,750
Upjohn Co. . . . .	11,400	619,679	1,234,050
USF & G Corp . . . . .	293,912	8,754,538	10,801,266

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
USG Corp . . . . .	12,600	299,211	535,500
USLife Corp . . . . .	7,000	173,206	252,000
Utah Power & Light Co. . . . .	24,400	551,324	631,350
Utilicorp United Inc . . . . .	6,034	104,032	147,841
V F Corp . . . . .	17,000	338,759	646,000
Valero Energy Corp . . . . .	10,400	311,690	124,800
Valley National Corp. . . . .	32,300	1,081,302	1,324,300
Value Line Inc . . . . .	4,700	159,072	109,275
Varian Associates . . . . .	9,900	609,793	290,813
Veeco Instruments Inc . . . . .	4,500	99,991	84,938
Vermont American Corp. . . . .	5,687	98,797	98,812
Viacom International Inc. . . . .	5,400	187,064	257,850
Vicorp Restaurants Inc. . . . .	5,100	94,836	120,488
VLSI Technology Inc . . . . .	7,400	128,355	96,200
Volt Information Sciences Inc . . . . .	3,700	91,927	55,500
Vulcan Materials Co. . . . .	5,400	372,164	421,875
Wachovia Corp . . . . .	14,600	318,245	503,700
Wal Mart Stores Inc . . . . .	103,200	4,284,181	5,637,300
Walbar Inc. . . . .	24,900	551,286	600,713
Waldbaum Inc . . . . .	4,880	97,038	97,603
Walgreen Co . . . . .	23,600	411,976	651,950
Walker Hiram Resources Ltd . . . . .	26,300	539,436	588,463
Wallace Computer Service Inc. . . . .	4,500	130,616	165,938
Walter Jim Corp. . . . .	7,875	217,311	292,359
Wang Lab Inc . . . . .	3,200	113,930	56,800
Wang Laboratories Inc Common B . . . . .	74,800	2,336,444	1,346,400
Warnaco Inc . . . . .	4,500	121,278	113,063
Warner Communications Inc. . . . .	24,300	735,801	765,450
Warner Lambert Co . . . . .	247,200	5,925,699	10,722,300
Washington Gas Light Co . . . . .	65,200	1,173,036	1,499,600
Washington National Corp . . . . .	5,100	149,098	117,300
Washington Post Co Common B . . . . .	6,300	747,054	765,450
Waste Management Inc . . . . .	24,200	1,166,296	1,470,150
Watkins Johnson Co . . . . .	4,500	129,668	118,125
WD 40 Co. . . . .	4,000	84,668	80,000
Webb Del E Corp . . . . .	5,100	93,748	107,100
Weis Markets Inc . . . . .	9,600	348,202	402,000
Wells Fargo & Co . . . . .	169,900	8,364,184	10,109,050
Wells Fargo Mortgage & Equity Trust . . . . .	3,500	92,846	96,250
Wendys International Inc . . . . .	27,377	242,447	472,253
Wesco Financial Corp. . . . .	5,000	98,876	133,750
West Co Inc . . . . .	3,700	111,227	90,188
West Point-Pepperell Inc. . . . .	61,600	2,319,371	2,510,200
Westburne International Industries Ltd. . . . .	6,700	94,150	67,838
Westcoast Transmission Ltd . . . . .	20,300	248,071	284,200
Western Co North America . . . . .	17,900	202,300	71,600
Western Digital Corp . . . . .	42,300	507,941	576,338
Western Pacific Industries Inc . . . . .	1,300	100,224	163,800
Western Tele Communications Inc Common A . . . . .	27,860	121,843	365,663
Westinghouse Electric Corp . . . . .	271,000	7,356,921	9,315,625
Westmoreland Coal Co. . . . .	9,000	175,590	146,250
Westvaco Corp . . . . .	10,200	331,437	392,700
Wetterau Inc . . . . .	5,100	101,848	141,525
Weyerhaeuser Co . . . . .	172,100	5,955,213	4,947,875
Whirlpool Corp . . . . .	24,400	1,134,045	1,165,100
White Consolidated Industries Inc . . . . .	5,800	236,389	158,775
Whitehall Corp . . . . .	1,900	97,281	61,275

**Portfolio Detail Statistics as of 6/30/85**  
**Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Whittaker Corp	120,800	2,674,086	2,974,700
Wicor Inc	4,900	110,842	146,388
Wiley John & Sons Inc	2,600	95,148	71,500
Willamette Industries Inc	7,100	250,951	278,675
Williams Companies	140,600	4,032,486	4,007,100
Wilmington Trust Co.	2,300	91,522	123,050
Windmere Corp	7,900	92,590	46,413
Winn-Dixie Stores Inc	16,000	431,468	584,000
Winnebago Industries Inc	11,800	251,874	129,800
Wisconsin Electric Power Co.	16,200	386,674	617,625
Wisconsin Power & Light Co.	6,300	170,437	229,163
Wisconsin Public Service Corp	6,000	163,521	224,250
Wiser Oil Co	5,300	130,355	95,400
Witco Chemical Corp	23,400	788,561	842,400
Wolverine World Wide Inc	4,900	93,567	52,675
Woods Petroleum Corp.	6,500	174,969	143,000
Woolworth F W Co.	76,100	2,812,558	3,576,700
Worthington Industries Inc	11,200	302,067	316,400
Wrigley Wm Jr Co	3,200	166,330	236,800
Wyle Laboratories	4,600	94,550	55,200
Wyman Gordon Co	9,100	312,542	214,988
Xerox Corp	120,700	5,271,036	6,351,838
Xicor Inc	5,500	96,774	39,875
Xidex Corp	15,712	447,401	218,004
Xtra Corp	3,500	102,271	86,188
Yellow Freight Systems Inc Del	67,100	1,679,039	2,566,575
Zale Corp	5,300	175,817	147,738
Zapata Corp	8,900	180,672	91,225
Zayre Corp	86,440	3,602,939	4,970,300
Zehntel Inc	4,500	24,129	15,188
Zenith Electronics Corp	7,200	224,055	143,100
Zenith National Insurance Corp	5,800	97,702	108,750
Zero Corp	5,062	95,123	93,014
Zions Utah Bancorporation	2,900	97,426	102,950
<b>TOTAL</b>	<b>64,310,895</b>	<b>2,037,962,458</b>	<b>2,410,338,094</b>

**PREFERRED STOCK**

Calfed Inc Conv \$4.75 PFD	15,000	750,000	768,750
Crocker National Corp Adj Rate PFD	4,860	304,607	246,645
First PA Corp PFD C Conv \$10.50	125,000	3,674,400	3,781,250
People Express Air Inc Conv \$2.64 PFD A	32,300	500,650	629,850
SFN Co Inc New Sr Exc 16 1/4 % PFD A	4,474	27,137	36,351
<b>TOTAL</b>	<b>181,634</b>	<b>5,256,794</b>	<b>5,462,846</b>

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
FHA/VA RESIDENTIAL MORTGAGES			275,131,077	271,473,906	239,322,216
FHA PROJECT MORTGAGES			298,680,835	235,958,130	226,997,435
<b>POOLED MORTGAGES</b>					
Federal Home Loan Mtg Corp #140154	6.500	05/01/08	5,800,000	4,618,250	4,618,250
Federal Home Loan Mtg Corp #140154	6.500	05/01/08	6,760,584	4,741,276	5,706,135

**Portfolio Detail Statistics as of 6/30/85  
Trade Date Basis**

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>POOLED MORTGAGES (Continued)</b>					
Federal Home Loan Mtg Corp #160044 . . . . .	8.500	05/01/08	7,787,878	6,634,208	6,634,208
Federal Home Loan Mtg Corp #170128 . . . . .	11.500	06/01/15	525,000	523,195	523,195
Federal Home Loan Mtg Corp #170128 . . . . .	11.500	06/01/15	1,023,822	1,014,224	1,010,737
Federal Home Loan Mtg Corp #170128 . . . . .	11.500	06/01/15	24,971	24,885	24,885
Federal Home Loan Mtg Corp #170129 . . . . .	11.500	06/01/15	1,050,000	1,046,391	1,046,391
Federal Home Loan Mtg Corp #170130 . . . . .	11.000	07/01/15	1,797,822	1,764,675	1,764,675
Federal Home Loan Mtg Corp #170130 . . . . .	11.000	07/01/15	5,000,000	4,956,250	4,956,250
Federal Home Loan Mtg Corp #170130 . . . . .	11.000	07/01/15	5,000,000	4,932,813	4,932,813
Federal Home Loan Mtg Corp #170131 . . . . .	11.000	07/01/15	26,503,350	26,048,321	26,048,321
Federal Home Loan Mtg Corp #170131 . . . . .	11.000	07/01/15	8,983,400	8,817,769	8,817,769
Federal Home Loan Mtg Corp #170133 . . . . .	11.500	07/01/15	1,000,000	993,750	993,750
Federal Home Loan Mtg Corp #170137 . . . . .	11.000	08/01/15	800,000	785,250	785,250
Federal Home Loan Mtg Corp #180034 . . . . .	8.000	03/01/09	1,213,133	1,031,163	1,031,163
Federal Home Loan Mtg Corp #180096 . . . . .	11.000	12/01/11	694,060	681,264	681,264
Federal Home Loan Mtg Corp #180175 . . . . .	9.000	08/01/09	3,850,722	3,133,732	3,600,425
Federal Home Loan Mtg Corp #180269 . . . . .	11.000	08/01/11	650,627	643,924	639,241
Federal Home Loan Mtg Corp #180409 . . . . .	8.000	09/01/08	1,035,621	881,572	881,572
Federal Home Loan Mtg Corp #180811 . . . . .	8.000	01/10/10	2,944,863	2,503,134	2,503,134
Federal Home Loan Mtg Corp #180852 . . . . .	11.000	10/01/04	2,094,498	2,055,881	2,055,881
Federal Home Loan Mtg Corp #180996 . . . . .	8.000	09/01/08	3,054,987	2,596,739	2,596,739
Federal Home Loan Mtg Corp #181011 . . . . .	8.000	05/01/10	4,494,197	3,525,731	3,825,686
Federal Home Loan Mtg Corp #181280 . . . . .	11.000	10/01/10	3,657,238	3,606,986	3,593,236
Federal Home Loan Mtg Corp #181522 . . . . .	8.000	09/01/08	1,683,003	1,430,552	1,430,552
Federal Home Loan Mtg Corp #181523 . . . . .	9.000	08/01/09	1,000,795	917,190	935,743
Federal Home Loan Mtg Corp #181618 . . . . .	8.500	12/01/08	790,113	709,331	688,386
Federal Home Loan Mtg Corp #181857 . . . . .	11.500	04/01/11	1,985,531	1,973,121	1,973,121
Federal Home Loan Mtg Corp #181864 . . . . .	11.000	10/01/10	105,194	103,255	103,255
Federal Home Loan Mtg Corp #181968 . . . . .	11.500	12/01/11	1,000,000	799,867	799,867
Federal Home Loan Mtg Corp #181979 . . . . .	11.000	05/01/11	959,772	949,883	942,976
Federal Home Loan Mtg Corp #182128 . . . . .	8.000	12/01/07	1,614,822	1,413,294	1,380,673
Federal Home Loan Mtg Corp #182203 . . . . .	11.000	05/01/11	315,752	309,931	309,931
Federal Home Loan Mtg Corp #183112 . . . . .	8.000	12/01/08	1,655,593	1,407,258	1,407,258
Federal Home Loan Mtg Corp #183232 . . . . .	11.000	10/01/10	816,032	807,624	801,751
Federal Home Loan Mtg Corp #184031 . . . . .	8.500	06/01/09	1,860,975	1,673,028	1,621,375
Federal Home Loan Mtg Corp #184432 . . . . .	11.500	05/01/13	938,695	935,468	935,468
Federal Home Loan Mtg Corp #184472 . . . . .	7.000	06/01/09	1,888,089	1,559,863	1,548,233
Federal Home Loan Mtg Corp #184857 . . . . .	11.000	07/01/13	879,401	863,187	863,187
Federal Home Loan Mtg Corp #184964 . . . . .	8.500	09/01/08	1,849,841	1,504,932	1,639,421
Federal Home Loan Mtg Corp #185370 . . . . .	8.500	07/01/05	1,226,328	1,102,476	1,068,438
Federal Home Loan Mtg Corp #185664 . . . . .	11.500	08/01/13	1,001,449	992,061	992,061
Federal Home Loan Mtg Corp #185718 . . . . .	7.000	07/01/08	1,173,125	994,676	953,164
Federal Home Loan Mtg Corp #187169 . . . . .	6.750	07/01/03	1,790,391	1,318,568	1,450,217
Federal Home Loan Mtg Corp #187566 . . . . .	11.000	11/01/10	206,504	203,666	202,890
Federal Home Loan Mtg Corp #187668 . . . . .	11.500	01/01/14	1,089,879	815,012	815,012
Federal Home Loan Mtg Corp #187859 . . . . .	11.000	04/01/11	342,692	339,161	336,695
Federal Home Loan Mtg Corp #188003 . . . . .	11.500	03/10/10	152,014	134,950	134,950
Federal Home Loan Mtg Corp #188328 . . . . .	11.500	06/01/13	964,568	958,540	958,540
Federal Home Loan Mtg Corp #189221 . . . . .	11.000	08/01/14	3,919,470	3,859,591	3,850,879
Federal Home Loan Mtg Corp #189561 . . . . .	11.250	01/01/10	4,109,544	4,094,172	4,068,448
Federal Home Loan Mtg Corp #250228 . . . . .	11.000	03/01/14	189,561	186,066	186,066
Federal Home Loan Mtg Corp #250678 . . . . .	11.000	11/01/14	997,932	982,686	980,468
Federal Home Loan Mtg Corp #251584 . . . . .	11.500	01/01/15	373,730	372,014	372,014
Federal Home Loan Mtg Corp #251584 . . . . .	11.500	01/01/15	150,000	149,311	149,311
Federal Home Loan Mtg Corp #251866 . . . . .	11.500	01/01/15	2,995,663	2,967,579	2,967,579
Federal Home Loan Mtg Corp #251880 . . . . .	11.500	01/01/15	1,000,000	995,282	995,282
Federal Home Loan Mtg Corp #251927 . . . . .	11.500	01/01/15	955,000	950,284	950,284
Federal Home Loan Mtg Corp #252780 . . . . .	11.000	03/01/15	198,293	196,250	194,823



## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>POOLED MORTGAGES (Continued)</b>					
Federal Home Loan Mtg Corp #253061 .....	8.500	01/01/09	2,699,109	2,260,125	2,388,711
Federal Home Loan Mtg Corp #253471 .....	6.500	06/01/07	3,885,194	3,104,018	3,088,729
Federal Home Loan Mtg Corp #254221 .....	11.500	05/01/15	2,000,000	1,992,553	1,992,553
Federal Home Loan Mtg Corp #254437 .....	11.500	05/01/15	964,792	958,762	958,762
Federal Home Loan Mtg Corp #254576 .....	11.000	06/01/15	999,607	981,177	981,177
Federal Home Loan Mtg Corp #254840 .....	11.500	06/01/15	1,000,000	996,562	996,562
Federal Home Loan Mtg Corp #255042 .....	11.500	07/01/15	3,000,000	2,981,250	2,981,250
Federal Home Loan Mtg Corp #255253 .....	11.500	11/01/14	1,000,000	993,750	993,750
Federal Home Loan Mtg Corp #255339 .....	11.500	06/01/15	1,011,411	1,005,090	1,005,090
Federal Home Loan Mtg Corp #255353 .....	11.000	07/01/15	4,927,050	4,836,208	4,836,208
Federal Home Loan Mtg Corp #255478 .....	11.000	07/01/15	2,399,389	2,355,150	2,355,150
Federal National Mtg Assn #10894 .....	11.000	12/01/14	1,007,566	996,231	998,891
Federal National Mtg Assn #10931 .....	8.250	06/01/06	3,010,843	2,460,403	2,532,119
Federal National Mtg Assn #10932 .....	9.000	10/01/04	4,150,707	3,513,020	3,698,529
Federal National Mtg Assn #1095 .....	11.000	09/01/12	450,000	267,623	267,623
Federal National Mtg Assn #11127 .....	11.000	12/01/11	142,371	140,771	141,145
Federal National Mtg Assn #11201 .....	12.500	01/01/15	457,279	476,986	475,653
Federal National Mtg Assn #11375 .....	11.000	01/01/15	924,637	918,862	916,676
Federal National Mtg Assn #1155 .....	11.000	01/01/12	254,806	253,215	252,612
Federal National Mtg Assn #11651 .....	12.500	02/01/15	998,733	1,041,774	1,038,862
Federal National Mtg Assn #11697 .....	11.500	06/01/14	981,287	966,568	966,568
Federal National Mtg Assn #11851 .....	11.500	08/01/11	24,942	24,567	24,567
Federal National Mtg Assn #11893 .....	11.500	06/01/15	3,000,713	3,004,460	3,023,848
Federal National Mtg Assn #11928 .....	11.000	04/01/15	999,034	986,560	990,432
Federal National Mtg Assn #1345 .....	11.000	12/01/11	92,869	92,289	92,069
Federal National Mtg Assn #1381 .....	11.500	01/01/13	19,950	19,650	19,650
Federal National Mtg Assn #15286 .....	11.000	09/01/13	998,568	987,342	989,970
Federal National Mtg Assn #15441 .....	12.500	09/01/14	1,016,400	1,060,202	1,057,239
Federal National Mtg Assn #15498 .....	11.000	06/01/15	1,989,051	1,964,216	1,971,925
Federal National Mtg Assn #15559 .....	11.000	05/01/15	999,742	993,498	991,134
Federal National Mtg Assn #15656 .....	12.500	05/01/15	199,953	208,570	207,987
Federal National Mtg Assn #15755 .....	11.500	06/01/15	999,683	984,688	984,688
Federal National Mtg Assn #16191 .....	12.500	05/01/15	504,741	526,493	525,021
Federal National Mtg Assn #16283 .....	11.500	06/01/15	1,016,338	1,017,607	1,024,174
Federal National Mtg Assn #16360 .....	11.500	06/01/15	1,000,000	1,001,248	1,007,710
Federal National Mtg Assn #16388 .....	12.500	06/01/15	500,000	521,548	520,090
Federal National Mtg Assn #16398 .....	11.000	07/01/14	1,012,452	1,006,129	1,003,735
Federal National Mtg Assn #16467 .....	12.500	06/01/15	1,394,249	1,454,335	1,450,270
Federal National Mtg Assn #16602 .....	11.000	06/01/15	2,779,469	2,772,520	2,772,520
Federal National Mtg Assn #16621 .....	11.500	05/01/15	5,011,265	5,044,151	5,044,151
Federal National Mtg Assn #16931 .....	11.500	03/01/11	1,044,359	989,294	989,294
Federal National Mtg Assn #1792 .....	11.500	03/01/13	613,314	614,080	618,042
Federal National Mtg Assn #1813 .....	8.500	02/01/07	1,554,444	1,367,911	1,367,911
Federal National Mtg Assn #1909 .....	11.500	04/01/13	936,200	937,369	943,418
Federal National Mtg Assn #20251 .....	8.250	12/01/08	7,109,444	5,601,778	5,945,272
Federal National Mtg Assn #2303 .....	11.500	11/01/10	826,772	827,804	833,146
Federal National Mtg Assn #2443 .....	12.500	12/01/13	920,547	960,218	957,535
Federal National Mtg Assn #2458 .....	11.500	07/01/15	5,000,000	4,925,000	4,925,000
Federal National Mtg Assn #2541 .....	11.500	05/01/13	41,722	41,774	42,044
Federal National Mtg Assn #2634 .....	11.000	04/01/13	872,909	867,457	865,393
Federal National Mtg Assn #2715 .....	11.000	06/01/13	890,729	885,166	883,060
Federal National Mtg Assn #277 .....	8.500	09/01/09	2,353,674	1,853,588	2,059,465
Federal National Mtg Assn #2901 .....	11.500	06/01/13	379,682	380,156	382,609
Federal National Mtg Assn #2983 .....	11.500	06/01/13	995,635	996,878	1,003,312
Federal National Mtg Assn #337 .....	8.500	12/01/08	3,412,628	3,063,396	2,977,518
Federal National Mtg Assn #3414 .....	12.500	08/01/13	885,899	924,077	921,494
Federal National Mtg Assn #3475 .....	12.500	08/01/13	1,836,882	1,916,042	1,910,687

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>POOLED MORTGAGES (Continued)</b>					
Federal National Mtg Assn #3893	12.500	10/01/13	95,902	100,034	99,755
Federal National Mtg Assn #4184	11.000	03/01/11	334,889	332,797	332,005
Federal National Mtg Assn #4258	11.000	11/01/13	274,421	271,336	272,058
Federal National Mtg Assn #4628	11.500	10/01/13	985,212	986,442	992,808
Federal National Mtg Assn #4968	11.000	10/01/13	877,909	872,426	870,350
Federal National Mtg Assn #4979	12.500	10/01/13	1,819,099	1,897,494	1,892,191
Federal National Mtg Assn #5096	11.000	02/01/14	670,184	665,998	664,414
Federal National Mtg Assn #544	11.000	01/01/10	1,000,000	729,264	729,264
Federal National Mtg Assn #6681	11.000	10/01/10	2,998,283	2,945,134	2,940,468
Federal National Mtg Assn #7179	12.500	05/01/14	566,119	590,516	588,865
Federal National Mtg Assn #7375	11.000	07/01/13	850,602	841,040	843,279
Federal National Mtg Assn #770	11.000	05/01/12	1,180,060	1,172,689	1,169,899
Federal National Mtg Assn #791	12.500	09/01/12	914,537	953,949	951,283
Federal National Mtg Assn #7930	11.500	09/01/13	161,686	161,888	162,933
Federal National Mtg Assn #892	11.000	09/01/11	5,189,963	4,879,725	5,145,278
Federal National Mtg Assn #9078	11.000	10/01/10	1,022,761	1,012,959	1,012,959
Federal National Mtg Assn #9256	7.750	11/01/08	4,270,207	3,178,415	3,458,868
Federal National Mtg Assn #9309	11.500	01/01/13	955,753	941,417	941,417
Federal National Mtg Assn #9418	11.000	12/01/13	1,998,917	1,973,959	1,981,706
Federal National Mtg Assn #9664	11.500	01/01/11	960,335	945,930	945,930
Govt National Mtg Assn #016360	7.500	06/15/07	2,862,001	2,271,640	2,321,798
Govt National Mtg Assn #020186	9.000	10/15/08	688,403	580,560	609,237
Govt National Mtg Assn #024782	9.000	09/15/08	954,306	804,807	844,561
Govt National Mtg Assn #028833	9.000	10/15/08	691,671	583,316	612,129
Govt National Mtg Assn #029151	9.000	02/15/09	918,108	774,280	812,526
Govt National Mtg Assn #030473	9.000	05/15/09	942,900	795,188	834,467
Govt National Mtg Assn #030866	9.000	03/15/09	740,041	624,109	654,937
Govt National Mtg Assn #037692	9.000	01/15/10	958,355	808,222	848,144
Govt National Mtg Assn #14558	7.500	12/15/06	666,281	520,782	540,520
Govt National Mtg Assn #14623	7.500	01/15/07	588,061	459,643	477,065
Govt National Mtg Assn #14784	7.500	01/15/07	264,518	206,754	214,590
Govt National Mtg Assn #14926	7.500	01/15/07	517,328	404,356	419,682
Govt National Mtg Assn #15206	7.500	06/15/07	348,064	272,056	282,367
Govt National Mtg Assn #15302	7.500	02/15/07	729,783	570,417	592,037
Govt National Mtg Assn #15748	7.500	03/15/07	540,899	422,780	438,804
Govt National Mtg Assn #16801	7.500	04/15/07	433,475	338,815	351,656
Govt National Mtg Assn #16944	7.500	05/15/07	3,981,165	3,159,948	3,229,720
Govt National Mtg Assn #17525	7.500	04/15/07	3,466,429	2,751,389	2,816,473
Govt National Mtg Assn #17527	7.500	06/15/07	2,627,505	2,085,515	2,134,848
Govt National Mtg Assn #17713	7.500	06/15/07	208,557	163,013	169,192
Govt National Mtg Assn #17808	7.500	08/15/07	246,793	192,900	200,211
Govt National Mtg Assn #19327	7.500	09/15/07	353,707	276,466	286,945
Govt National Mtg Assn #23104	9.000	09/15/08	824,834	697,474	729,978
Govt National Mtg Assn #26191	9.000	09/15/08	912,898	772,507	807,915
Govt National Mtg Assn #26880	9.000	12/15/08	3,457,188	2,942,325	3,059,611
Govt National Mtg Assn #27459	9.000	11/15/08	862,435	729,269	763,255
Govt National Mtg Assn #27900	9.000	11/15/08	1,686,332	1,435,195	1,492,404
Govt National Mtg Assn #27984	9.000	12/15/08	1,814,512	1,544,285	1,605,843
Govt National Mtg Assn #28274	9.000	01/15/09	878,730	743,593	777,676
Govt National Mtg Assn #28288	9.000	01/15/09	897,866	759,786	794,611
Govt National Mtg Assn #28481	9.000	11/15/08	879,299	743,530	778,180
Govt National Mtg Assn #28530	9.000	12/15/08	1,822,239	1,550,861	1,612,681
Govt National Mtg Assn #29734	9.000	02/15/09	773,537	654,097	684,580
Govt National Mtg Assn #30119	9.000	04/15/09	858,175	725,667	759,485
Govt National Mtg Assn #30222	9.000	04/15/09	807,919	683,672	715,009
Govt National Mtg Assn #30308	9.000	05/15/09	849,517	718,873	751,823
Govt National Mtg Assn #30552	9.000	01/15/09	870,089	735,741	770,028

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>POOLED MORTGAGES (Continued)</b>					
Govt National Mtg Assn #39781 .....	9.000	05/15/09	942,073	794,490	833,735
<b>TOTAL</b> .....			<b>297,418,396</b>	<b>271,605,404</b>	<b>276,066,741</b>
<b>MORTGAGE BACKED SECURITIES</b>					
Dade Savings/Loan Assn 1984-3 .....	8.471	11/01/07	10,481,687	8,222,460	8,857,025
Gem Savings Part Cert 1984-8 .....	7.679	01/01/03	9,693,191	7,726,888	8,033,232
Gold Dome FHA VA Mtg Backed Sec .....	8.624	07/26/07	7,888,230	5,753,335	6,655,694
Great American Federal Mtg 1984-1 .....	8.931	11/25/19	12,145,966	9,758,169	10,521,444
Midwest Federal Mtg Part Cert 84-1 .....	8.768	03/01/13	3,993,434	3,102,805	3,459,313
Sears Mortgage Sec Pass-Thru .....	9.500	11/01/15	13,863,850	11,274,260	12,477,465
Sears Mortgage Sec Pass-Thru .....	10.000	11/01/12	7,732,566	6,529,333	7,133,292
Security Savings Scottsdale .....	7.943	09/01/03	6,195,572	5,033,283	5,188,792
State Federal Savings/Loan Tulsa .....	8.271	01/01/09	5,202,120	4,033,992	4,382,786
United Savings Assn Houston TX .....	8.254	07/01/03	10,079,673	7,863,335	8,592,921
United Savings Assn Houston TX .....	9.041	05/01/08	2,901,051	2,325,622	2,527,541
United Savings Assn Houston TX .....	9.901	05/01/08	3,330,836	2,754,209	2,754,209
<b>TOTAL</b> .....			<b>93,508,176</b>	<b>74,377,691</b>	<b>80,583,714</b>
<b>CONVENTIONAL MORTGAGES</b> .....			<b>14,809,085</b>	<b>14,809,085</b>	<b>12,454,619</b>
<b>EQUITY REAL ESTATE</b> .....			<b>229,113,793</b>	<b>230,438,052</b>	<b>231,159,295</b>
<b>EQUITY PARTICIPATING MORTGAGES</b> .....			<b>336,492,391</b>	<b>336,726,747</b>	<b>353,076,327</b>
<b>TIME DEPOSITS</b>					
Hibernia National Bank .....	10.850	12/22/86	2,600,000	2,600,000	2,600,000
Republic Bank of Dallas .....	10.550	04/15/88	1,000,000	1,000,000	1,000,000
Security Pacific .....	9.550	06/06/88	3,500,000	3,451,976	3,451,976
<b>TOTAL</b> .....			<b>7,100,000</b>	<b>7,051,976</b>	<b>7,051,976</b>
<b>VENTURE CAPITAL</b> .....			<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>FHA DEBENTURES</b> .....			<b>321,700</b>	<b>321,700</b>	<b>321,700</b>
<b>U.S. TREASURY BILLS</b>					
U.S. Treasury Bills .....	7.460	02/20/86	7,555,716	7,555,716	7,555,716
U.S. Treasury Bills .....	7.700	07/25/85	3,958,710	3,958,710	3,958,710
U.S. Treasury Bills .....	7.700	09/26/85	27,240,530	27,240,530	27,240,530
U.S. Treasury Bills .....	8.310	12/26/85	5,313,514	5,313,514	5,313,514
U.S. Treasury Bills .....	8.425	12/26/85	18,347,764	18,347,764	18,347,764
U.S. Treasury Bills .....	8.520	09/26/85	9,585,833	9,585,833	9,585,833
U.S. Treasury Bills .....	10.310	09/05/85	31,632,067	31,632,067	31,632,067
U.S. Treasury Bills .....	10.365	09/05/85	18,053,683	18,053,683	18,053,683
U.S. Treasury Bills .....	10.373	09/05/85	13,517,599	13,517,599	13,517,599
<b>TOTAL</b> .....			<b>135,205,416</b>	<b>135,205,416</b>	<b>135,205,416</b>
<b>U.S. TREASURY NOTES</b>					
U.S. Treasury Notes .....	9.875	12/31/86	9,970,313	9,970,313	9,970,313
U.S. Treasury Notes .....	9.875	12/31/86	14,975,391	14,975,391	14,975,391
U.S. Treasury Notes .....	10.750	03/31/87	20,003,125	20,003,125	20,003,125
U.S. Treasury Notes .....	11.875	09/30/86	14,953,125	14,953,125	14,953,125

## Portfolio Detail Statistics as of 6/30/85 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>U.S. TREASURY NOTES (Continued)</b>					
<b>TOTAL</b> .....			<u>59,901,954</u>	<u>59,901,954</u>	<u>59,901,954</u>
<b>FEDERAL HOME LOAN BANK</b>					
Federal Home Loan Bank .....	8.450	06/25/87	10,000,000	10,000,000	10,000,000
Federal Home Loan Bank .....	8.450	06/25/87	5,000,000	5,000,000	5,000,000
Federal Home Loan Bank .....	9.200	01/27/86	5,000,000	5,000,000	5,000,000
Federal Home Loan Bank .....	9.200	01/27/86	10,000,000	10,000,000	10,000,000
Federal Home Loan Bank .....	10.125	11/25/85	5,000,000	5,000,000	5,000,000
Federal Home Loan Bank .....	10.200	03/25/86	10,000,000	10,000,000	10,000,000
Federal Home Loan Bank .....	10.200	03/25/86	10,000,000	10,000,000	10,000,000
Federal Home Loan Bank .....	11.700	09/25/85	5,000,000	5,000,000	5,000,000
Federal Home Loan Bank .....	11.950	08/28/85	1,000,000	1,000,000	1,000,000
Federal Home Loan Bank .....	11.950	08/28/85	10,000,000	10,000,000	10,000,000
Federal Home Loan Bank .....	12.750	01/27/86	10,000,000	10,000,000	10,000,000
<b>TOTAL</b> .....			<u>81,000,000</u>	<u>81,000,000</u>	<u>81,000,000</u>
<b>FEDERAL NATIONAL MTG ASSN</b>					
Federal National Mtg Assn. ....	9.950	03/10/86	10,000,000	10,000,000	10,000,000
<b>TOTAL</b> .....			<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
<b>FEDERAL FARM CREDIT BANK</b>					
Federal Farm Credit Bank .....	7.800	12/02/85	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	7.950	02/03/86	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	9.000	09/03/85	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	9.250	12/02/85	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	9.300	09/03/85	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	11.450	07/01/85	5,000,000	5,000,000	5,000,000
<b>TOTAL</b> .....			<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
<b>REPURCHASE AGREEMENT</b>					
Repurchase Agreement .....	7.100	07/30/85	18,000,000	18,000,000	18,000,000
Repurchase Agreement .....	7.150	07/09/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.150	07/10/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.150	07/11/85	16,650,000	16,650,000	16,650,000
Repurchase Agreement .....	7.200	07/23/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.200	07/24/85	16,900,000	16,900,000	16,900,000
Repurchase Agreement .....	7.200	07/28/85	15,000,000	15,000,000	15,000,000
Repurchase Agreement .....	7.200	07/29/85	11,075,000	11,075,000	11,075,000
Repurchase Agreement .....	7.250	07/09/85	20,400,000	20,400,000	20,400,000
Repurchase Agreement .....	7.300	07/15/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.300	07/22/85	12,100,000	12,100,000	12,100,000
Repurchase Agreement .....	7.370	07/05/85	28,225,000	28,225,000	28,225,000
Repurchase Agreement .....	7.375	07/19/85	17,300,000	17,300,000	17,300,000
Repurchase Agreement .....	7.380	07/17/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.450	07/01/85	23,375,000	23,375,000	23,375,000
Repurchase Agreement .....	7.450	07/11/85	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	7.560	07/02/85	20,325,000	20,325,000	20,325,000
<b>TOTAL</b> .....			<u>319,350,000</u>	<u>319,350,000</u>	<u>319,350,000</u>
<b>COMMERCIAL PAPER INTEREST BEARING NOTE</b>					
Commercial Paper Int Bearing Note .....	6.957	08/01/85	7,000,000	7,000,000	7,000,000

## Portfolio Detail Statistics as of 6/30/85

### Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>COMMERCIAL PAPER INTEREST BEARING NOTE (Continued)</b>					
Commercial Paper Int Bearing Note . . . . .	6.957	08/01/85	17,375,000	17,375,000	17,375,000
Commercial Paper Int Bearing Note . . . . .	7.618	07/18/85	17,425,000	17,425,000	17,425,000
<b>TOTAL . . . . .</b>			<b>41,800,000</b>	<b>41,800,000</b>	<b>41,800,000</b>
<b>COMMERCIAL PAPER DISCOUNTED NOTE</b>					
Commercial Paper Discounted Note . . . . .	7.050	07/31/85	13,475,561	13,475,561	13,475,561
Commercial Paper Discounted Note . . . . .	7.050	08/02/85	17,431,962	17,431,962	17,431,962
Commercial Paper Discounted Note . . . . .	7.150	07/31/85	9,914,597	9,914,597	9,914,597
Commercial Paper Discounted Note . . . . .	7.150	08/05/85	21,399,022	21,399,022	21,399,022
Commercial Paper Discounted Note . . . . .	7.150	08/06/85	17,835,550	17,835,550	17,835,550
Commercial Paper Discounted Note . . . . .	7.161	08/02/85	9,915,194	9,915,194	9,915,194
Commercial Paper Discounted Note . . . . .	7.400	07/08/85	14,999,433	14,999,433	14,999,433
Commercial Paper Discounted Note . . . . .	7.400	07/12/85	15,884,889	15,884,889	15,884,889
Commercial Paper Discounted Note . . . . .	7.400	07/12/85	2,314,230	2,314,230	2,314,230
Commercial Paper Discounted Note . . . . .	7.400	07/16/85	13,175,772	13,175,772	13,175,772
Commercial Paper Discounted Note . . . . .	7.420	07/08/85	10,625,017	10,625,017	10,625,017
Commercial Paper Discounted Note . . . . .	7.450	08/07/85	21,596,544	21,596,544	21,596,544
Commercial Paper Discounted Note . . . . .	7.500	07/03/85	20,056,916	20,056,916	20,056,916
<b>TOTAL . . . . .</b>			<b>188,624,687</b>	<b>188,624,687</b>	<b>188,624,687</b>
<b>CERTIFICATE OF DEPOSIT VAR RATE</b>					
Certificate of Deposit Var Rate . . . . .	0.120	06/10/86	5,000,000	5,007,500	5,007,500
Certificate of Deposit Var Rate . . . . .	7.490	12/30/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.520	09/08/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.540	03/19/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.540	03/19/86	9,995,000	9,995,000	9,995,000
Certificate of Deposit Var Rate . . . . .	7.600	06/12/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.850	08/14/85	10,000,000	10,000,000	10,000,000
<b>TOTAL . . . . .</b>			<b>64,995,000</b>	<b>65,002,500</b>	<b>65,002,500</b>
<b>MONEY MARKET FUNDS</b>					
Goldman Sachs ILA Treas . . . . .	7.559	07/01/85	2,200,000	2,200,000	2,200,000
Goldman Sachs Institution . . . . .	7.672	07/01/85	3,700,000	3,700,000	3,700,000
Merrill Lynch Institution . . . . .	7.581	07/01/85	19,925,000	19,925,000	19,925,000
Shearson Federal Fund . . . . .	7.617	07/01/85	28,450,000	28,450,000	28,450,000
Shearson Temp Fund . . . . .	7.788	07/01/85	22,350,000	22,350,000	22,350,000
<b>TOTAL . . . . .</b>			<b>76,625,000</b>	<b>76,625,000</b>	<b>76,625,000</b>