

**Comprehensive Annual Financial Report**

**PSERS**

**Pennsylvania Public School Employes' Retirement System**  
**Fiscal Year Ended June 30, 1986**

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# **Comprehensive Annual Financial Report**

**Fiscal Year Ended**

**June 30, 1986**

**Commonwealth of Pennsylvania**  
**Public School Employes' Retirement System**  
Box 125  
Harrisburg, PA 17108

**Samuel A. McCullough**

**Chairman**

**Richard C. Harris**

**Vice Chairman**

**Board of Trustees**

**James A. Perry**

**Executive Director**

*Report compiled by the Public School Employes' Retirement System staff*

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Pennsylvania Public  
School Employee Retirement System

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1985

A Certificate of Achievement for Excellence 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. Esler*  
Executive Director

# *Mission Statement*

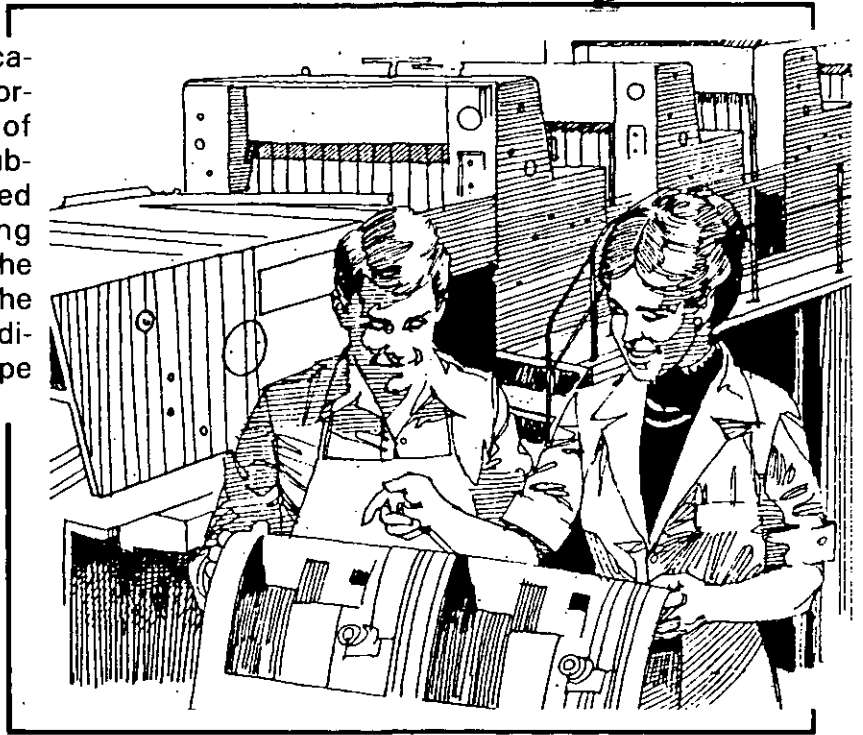
*The Board of Trustees of the Public School Employes' Retirement System, empowered by statute with the authority and having fiduciary responsibility to ensure the timely and accurate payment of benefits to the members of the System and to maintain the stability of the Fund, shall:*

- 1. effectively collect contributions to the Fund*
- 2. prudently invest the assets of the Fund, and*
- 3. 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.*

*Adopted  
4/26/85*

# INTRODUCTORY SECTION

**R**egular and effective communications continue to be a high priority of the Board of Trustees and staff of PSERS. Quarterly newsletters are published for both the active and retired members of the System. Reporting units receive a monthly bulletin, and the LegisLetter goes to the members of the General Assembly as needed. In addition, a pamphlet series and a videotape are under way.



**P**SERS's eight-member field staff has concentrated much of its efforts in providing quality counseling to those members contemplating retirement. The Board of Trustees has adopted a policy requiring members to sign a statement upon retirement that they have received counseling from a PSERS staff member or that they waive the right to such counseling.

# Letter of Transmittal

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

December 1, 1986

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

The Comprehensive Annual Financial Report of the Public School Employees' Retirement System (PSERS) for the fiscal year ended June 30, 1986, 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 Achievement for Excellence in Financial Reporting* to the System for its comprehensive annual financial report for the fiscal year ended June 30, 1985. A reproduction of this award appears in this Introductory Section. This is the third consecutive year the System has received this recognition.

The Certificate of Achievement reflects the highest form of recognition in the area of governmental financial reporting, and its attainment represents a significant accomplishment by the Retirement System and its management.

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 the 1986 certificate.

The report has been prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board.

The 1986 Comprehensive Annual Financial Report consists of five sections: an *Introductory Section* which contains this Letter of Transmittal, the Chairman'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 data pertaining to the System; and the *Investment Portfolio Section* which provides an overview of the System's investment activities and 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.

The specific accounting treatment of assets of the System is detailed in the Summary of Significant Accounting Policies (Note 2) in the notes to financial statements.

### Assets

The Public School Employees' Retirement System's assets totalled \$9.508 billion (\$10.671 billion at market value) as of June 30, 1986. This was accomplished by a record increase of \$1.319 billion during the year, advancing the Fund's assets from \$8.189 to \$9.508 billion. Investment income increased by 42.4 percent from \$785.9 million to \$1,119.5 million. This is reflected in the total rate of return of 21.5 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 1986 totalled \$2,180.1 million. This represents an increase of 23.3 percent over 1985 revenues of \$1,767.3 million, shown as follows:

Revenue Source	1986	1985
	(Millions)	(Millions)
Member Contributions .....	\$ 228.8	\$ 217.9
Employer Contributions .....	831.8	763.5
Investment Income .....	1,119.5	785.9
<b>Total</b> .....	<b>\$2,180.1</b>	<b>\$1,767.3</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. The employer rate of contribution was 20.04 percent for the 1985-86 fiscal year and was reduced to 19.90 percent for the 1986-87 fiscal year. This rate is shared equally by the school districts and the Commonwealth of Pennsylvania. 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 1986 and 1985 are shown for comparative purposes.

Expenses	1986	1985
	(Millions)	(Millions)
Benefits .....	\$585.1	\$560.5
Refunds .....	12.7	13.6
Disabilities .....	21.8	20.8
Lump-Sum Payment .....	77.6	75.1
Administrative .....	8.5	8.0
Other .....	8.9	4.1
<b>Total</b> .....	<b>\$714.6</b>	<b>\$682.1</b>



The increase in benefit payments resulted from an increase in the number of annuitants receiving payments which numbered 86,620 at June 30, 1986. Additionally, the enactment of a year-long retirement window which took effect July 1, 1985, entitled members at least 53 years of age with 30 years of service to retire without reduction. Members with 30 years of service who were at least 50 years of age could retire with a reduction of .25 percent per month short of age 53. During the period July 1, 1985 to June 30, 1986, PSERS received 1,226 applications for retirement under this enactment.

The ten-year trend in expense by type is presented in the *Statistical Section* of this report.

Administrative expenses amount to \$8.5 million for the 1985-86 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, 1986, the funds of this System increased \$1,465.5 million over the prior year — from \$7,883.0 million to \$9,348.5 million after meeting the retirement obligations of the System.

The actuarial valuation, as of June 30, 1985, indicates an unfunded accrued liability of \$6,565.1 million. This reflects a decrease of \$158 million from the previous year and represents the first reduction in the unfunded accrued liability in 13 years. The actuary calculates that this liability should be funded in approximately 28 years.

## Investments

Investments of the Public School Employees' Retirement System netted a record \$1,119.5 million in earnings for the year. Investment revenue increased \$333.6 million in the 1985-86 fiscal year over the previous year and represents 51.3 percent of the total revenue of the System. Investments amounted to \$10.1 billion, at market value, as of June 30, 1986. This represents an increase of approximately \$2 billion over the prior year.

Investments earned a total rate of return of 21.5 percent for the year. By category, short-term investments earned 8.0 percent, equities earned 31.7 percent, fixed income investments earned 18.0 percent and real estate and mortgages returned a combined 20.7 percent.

Detailed information on the investment performance of the System is contained in the *Investment Portfolio Section* of this report.

## Membership Statistics

The active contributing membership of PSERS continued its gradual increase to 203,400 members at year end. The retiree population grew more rapidly to a record 86,620 annuitants and beneficiaries receiving monthly benefits. Total benefit payments were approximately \$700 million for the year.

## Recent Legislation

Since the last annual report three acts of general application to the Retirement System were enacted or became effective. Act 95 which took effect July 1, 1985, allowed members 53 years of age with 30 years of service to retire without reduction. Furthermore, members with 30 years of service who were 50 years of age could retire with a reduction of .25 percent per month short of age 53. This provision terminated June 30, 1986.

Act 19 of 1985 permits members to receive their own contributions and interest at termination of employment in up to four installment payments. This provision became effective December 10, 1985.

Act 91 of 1986 allows members who have at least 30 years of credited service to retire without any reduction of pension because of age. The provisions of this Act are effective for one year from July 1, 1986 to June 30, 1987.

Act 66 of 1985 provides for the attachment of a portion of a retiree's pension benefit for purposes of spouse and child support pursuant to a court order.

## Current and Future Developments

PSERS will relocate its headquarters to a newly constructed office building at 5 North Fifth Street, Harrisburg, in early 1987. The System's mailing address will remain P.O. Box 125, Harrisburg, PA 17108, and telephone numbers will remain the same.

The System has begun a two-year project to convert all member and annuitant paper files to an updatable microfiche system. The conversion will enhance operational efficiency, will provide a feasible disaster recovery plan in the event on-site files are destroyed or lost, will allow for faster retrieval of files, and will save valuable space which is now used to store 300,000 member and annuitant files.

An increasing number of PSERS functions are being completed faster and more efficiently due to the use of microcomputers in various operational areas. This addition most notably has helped to reduce backlogs in the area of purchase of service and has greatly refined the record keeping and analysis functions in the accounting area.

Additional terminals and remote printers were added during the year to the agency's mainframe computer system. The total data communications network now includes 129 terminals and 36 remote printers throughout the agency's headquarters and field offices. The System will install a new central processing unit in 1987. The current computer system is nearing full capacity.

A redesigned member reporting system was placed into production in January 1986. This culmination of a three-year effort provides PSERS with a more efficient system of processing school district quarterly reports and the related member contributions, salary and service.

An automated general ledger system was installed in June 1986 to provide PSERS with more timely financial information and to minimize the level of manual account postings required under the former system.

The System has begun a two-year project to redesign its Annuitant Payroll system which processes benefits to annuitants and survivor annuitants totalling approximately \$50 million each month. The redesigned payroll system will minimize processing efforts and provide additional internal accounting controls.

The Board of Trustees has adopted a policy requiring members to sign a statement upon retirement that they have received counseling from a PSERS staff member or that they waive the right to such counseling. An intensive group counseling program has been developed by the System's field staff to conduct a series of counseling sessions throughout the state. The eight-member field staff has concentrated much of its efforts in providing quality counseling to those contemplating retirement. Representatives traveled a total of 85,169 miles to conduct seminars in local reporting units and to counsel prospective retirees. The north central and northeast field offices were consolidated into a single field office in Kingston, and a new central Pennsylvania field area was created.

Regular and effective communications continued to be a high priority of the Board of Trustees and staff of PSERS. Quarterly newsletters are now published for both the active and retired members of the System, reporting units receive a monthly bulletin, and the Legislature is contacted formally as the need arises. Three additional pamphlets in the "Let's Talk" series were produced this year to provide specific and detailed information to the membership about various concerns. Planning for a series of three videotapes is well under way.

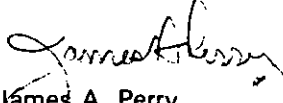
## Acknowledgements

The compilation of this report reflects the combined efforts of Public School Employees' Retirement System staff under the leadership of the Board of Trustees. It is intended to provide extensive and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the System's members, their employers, and the Commonwealth of Pennsylvania.

The report is being mailed to all employer members of the System. They form the link between the Retirement System and its membership. Their cooperation contributes significantly to the success of the System. Hopefully, the employers and their employees will find this report both informative and helpful.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff, the advisors and to the many people who work so diligently to assure the successful operation and financial soundness of the Pennsylvania Public School Employees' Retirement System.

Respectfully submitted,



James A. Perry  
Executive Director

# Administrative Organization

## PSERS Board of Trustees

as of June 30, 1986

**Secretary of Education of the Commonwealth of Pennsylvania (ex officio)**  
Honorable Dr. 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 January 1, 1988)

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

*Note: Mr. McCullough continues to serve until a new appointment is made by the Governor and confirmed by the State Senate.*

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

Mr. Jacque D. Angle (term expires January 1, 1989)

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

Mr. Bernard J. Freitag (term expires January 1, 1987)

**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 January 1, 1987)

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

Mr. James H. McCann (term expires January 1, 1989)

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

Mr. Richard C. Harris (term expires January 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. Joseph V. Oravitz; Mr. Samuel A. McCullough, Chairman and Mr. Jacque Angle.

Standing (l-r): Mr. James H. McCann; Mr. Barry Stern, representing Dr. Margaret A. Smith, Secretary of Education; Mr. Albert Fondy; Mr. Bernard J. Freitag; Mr. Alfred R. Webb; Mr. Paul Lawrence, representing State Treasurer, R. Budd Dwyer; Mr. Dennis Ciani.

Not pictured: Mr. Richard C. Harris, Vice Chairman; Senator Edward L. Howard; Representative Nicholas B. Moehlmann; Representative Max Pievsky; and Senator M. Joseph Rocks.

### 1986 Board Committees

#### Appeals

Mr. Webb, Chairman  
Dr. Smith  
Mr. Ciani  
Mr. Freitag  
Mr. McCann  
Mr. Oravitz

#### Audit/Budget

Mr. Oravitz, Chairman  
Dr. Smith  
Mr. Ciani  
Mr. Dwyer  
Mr. Freitag  
Mr. Webb

#### Finance

Mr. Harris, Chairman  
Mr. Angle  
Mr. Dwyer  
Mr. Fondy  
Mr. Oravitz

#### Legislation

Mr. McCann, Chairman  
Mr. Ciani  
Mr. Dwyer  
Mr. Oravitz  
Mr. Webb

#### Building

Mr. Freitag, Chairman  
Mr. Angle  
Dr. Smith  
Mr. Fondy  
Mr. McCann

#### Personnel

Mr. Angle, Chairman  
Dr. Smith  
Mr. Fondy  
Mr. Harris  
Mr. McCann

#### Proxy

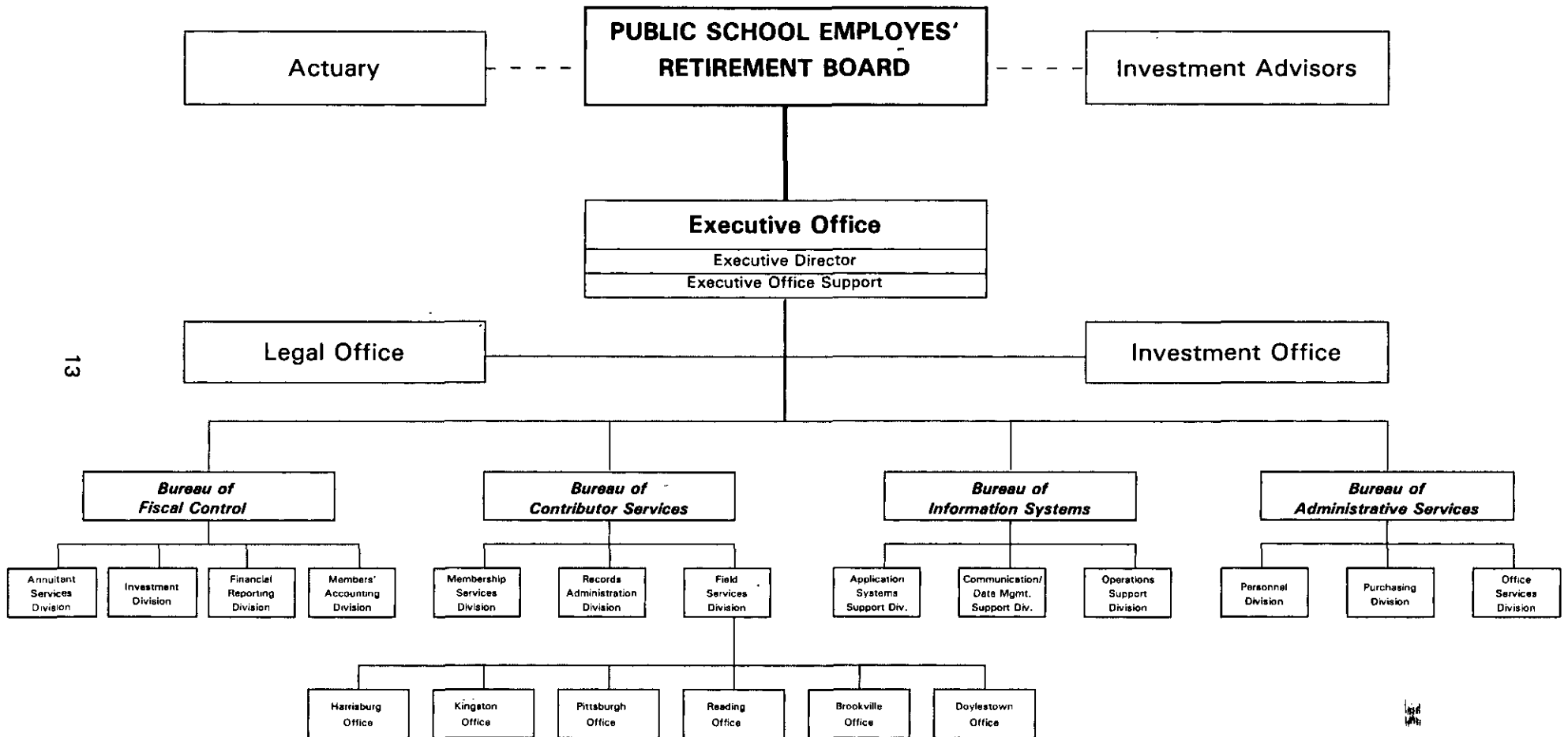
Mr. Harris, Chairman  
Mr. Freitag  
Mr. Dwyer

#### Election

Mr. Oravitz, Chairman  
Mr. Fondy  
Mr. Freitag

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

# The Public School Employees' Retirement System



# Administrative Staff

**James A. Perry**  
Executive Director

**Clay B. Mansfield**  
Chief Investment Officer

## 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

**Bankers Trust Co. (Equities)**  
280 Park Avenue  
New York, NY 10015

**CEO Venture Fund (Venture Capital)**  
4516 Henry Street, Suite 402  
Pittsburgh, PA 15213

**Cashman, Farrell & Associates (Equities)**  
1285 Drummers Lane  
Wayne, PA 19087

**Commonwealth of Pennsylvania (Short Term)**  
Treasury Department  
Harrisburg, PA 17120

**Commonwealth Ventures Partners -  
Century IV (Venture Capital)**  
Century IV Partners  
1760 Market Street  
Philadelphia, PA 19103

**Criterion Investment Management Co. (Fixed  
Income)**  
333 Clay Street, Suite 4300  
Houston, TX 77002

**Delaware Investment Advisers (Equities)**  
10 Penn Center Plaza, 14th Floor  
18th & Market Streets  
Philadelphia, PA 19103

**Dreman & Embry (Equities)**  
70 Pine Street  
New York, NY 10005

**Evaluation Associates, Inc. (Equities)**  
25 Sylvan Road South, Suite K  
Westport, CT 06880

**Fidelity Bank (Mortgages)**  
P.O. Box 1300  
Philadelphia, PA 19105

**First Pennsylvania Bank (Custodial Bank)**  
Packard Bldg., 2nd Floor  
15th & Chestnut Streets  
Philadelphia, PA 19101

**Glenmede Trust Co. (Fixed Income)**  
229 South 18th Street  
Philadelphia, PA 19103

**Jones Lang Wootton Realty Advisors (Real  
Estate)**  
101 East 52nd Street, 20th Floor  
New York, NY 10022

**Loomis, Sayles & Co. (Fixed Income)**  
One Financial Center  
Boston, MA 02111

**Mellon Bank, N.A. (Fixed Income & Equities)**  
One Mellon Bank Center  
Pittsburgh, PA 15258-0001

**Miller Anderson & Sherrerd (Equities)**  
Two Bala Plaza  
Bala Cynwyd, PA 19004

**Miller Anderson & Sherrerd (Mortgage-Backed  
Securities)**  
Two Bala Plaza  
Bala Cynwyd, PA 19004

**Morgan Stanley & Co., Inc. (Venture Capital)**  
1251 Avenue of the Americas  
New York, NY 10020

**NEPA Management Corp. (Venture Capital)**  
201 Ferry Street  
Easton, PA 18042

**Oppenheimer Capital Corp. (Equities)**  
Oppenheimer Tower, 200 Liberty Street  
World Financial Center  
New York, NY 10281

**Oppenheimer Option Management** (*Options*)  
Oppenheimer Tower, 200 Liberty Street  
World Financial Center  
New York, NY 10281

**Pacific Investment Mgmt.** (*Fixed Income*)  
840 Newport Center Drive  
P.O. Box 9000  
Newport Beach, CA 92660

**Pennsylvania Investment Private Placement**  
**(CIGNA)** (*Venture Capital*)  
Connecticut General Life Insurance Co.  
P.O. Box 2975  
Hardford, CT 06104

**Pennsylvania Venture Capital Fund (Fostin & Patricof)** (*Venture Capital*)  
Fostin Capital Associates  
Foster Plaza VI  
681 Andersen Drive  
Pittsburgh, PA 15220

**Pittsburgh National Bank** (*Fixed Income*)  
Pittsburgh National Bank Building  
Fifth and Wood Streets  
P.O. Box 340474P  
Pittsburgh, PA 15265-15230

**Provident Capital Mgmt., Inc.** (*Equities*)  
1500 United Engineers Bldg.  
30 South 17th Street  
Philadelphia, PA 19103

**Putnam Advisory Co., Inc.** (*Fixed Income*)  
One Post Office Square  
Boston, MA 02109

**Trivest Venture Fund** (*Venture Capital*)  
60 Grant Street, 5th Floor  
Pittsburgh, PA 15219

**Webster Capital Management Corp.** (*Options*)  
20 Exchange Place  
New York, NY 10005

## Investment Evaluators

**Evaluation Associates, Inc.**  
Westport, CT

**SEI Corporation**  
Wayne, PA

## Actuary

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

## Auditor

**Peat, Marwick, Mitchell and Co.**  
Harrisburg, PA

## Medical Examiners

**Dr. Stanley R. Goldman, M.D.**  
Harrisburg, PA

**Dr. Mark Berger, M.D.**  
Harrisburg, PA



# Chairman's Report

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

December 1, 1986

Honorable Dick Thornburgh  
Governor of Pennsylvania

Members of the Legislature  
Members of the Retirement System

Dear Governor Thornburgh, Legislators and Members:

The Board of Trustees of the Pennsylvania Public School Employees' Retirement System is pleased to submit its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1986.

The Public School Employees' Retirement System maintains its position as one of the twenty largest pension funds, public or private, in the nation with a market value of assets over \$10 billion.

The investment decisions of the Board of Trustees resulted in the highest revenue from investments in the history of the fund, \$1.1 billion. Total revenue and expenses were \$2.2 billion and \$.7 billion, respectively, providing an excess of revenues over expenses of \$1.5 billion for the year.

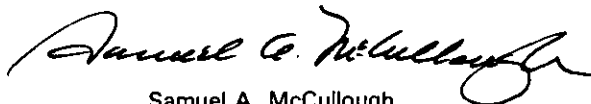
Since PSERS is a defined benefit plan (a benefit is guaranteed to members regardless of performance of investments in any year), an increase in investment earnings helps to stabilize and possibly to reduce the employer rate of contributions. Conversely, the employer rate may require increases to meet guaranteed benefits at such times as the economic and/or demographic experiences of the pension plan are unfavorable in relation to the underlying actuarial assumptions.

The primary purpose of the System is to provide its members with pension benefits at retirement. 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: (1) effectively collect contributions to the Fund; (2) prudently invest the assets of the Fund; and (3) 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.

The pages of this report document a record level of assets and benefits of the Retirement System. They also reveal two significant accomplishments regarding the funding of the pension plan. First, the unfunded accrued liability of the System decreased by \$158 million from the previous year. This is the first reduction in the unfunded accrued liability in 13 years. Second, the total required employer contribution rate was reduced from 20.04 percent to 19.90 percent. This is the first employer contribution rate reduction in 20 years.

The report highlights various advancing technologies currently utilized in the operations of the System as well as plans and technologies required to maintain the efficiency and effectiveness of the System through future growth and development.

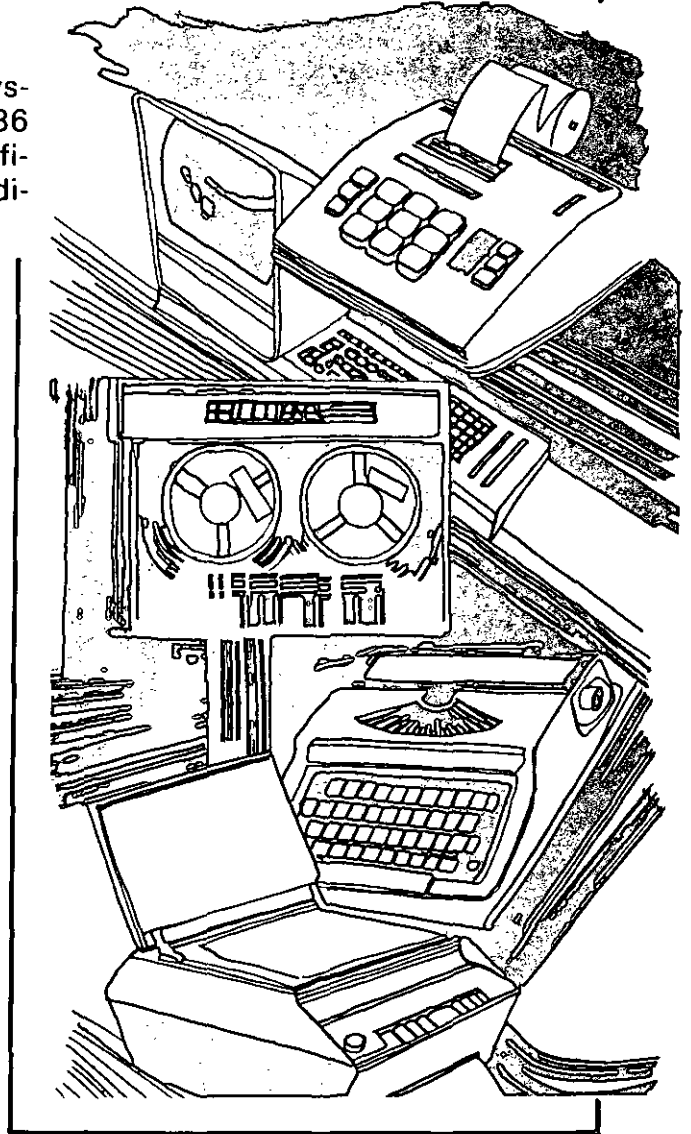
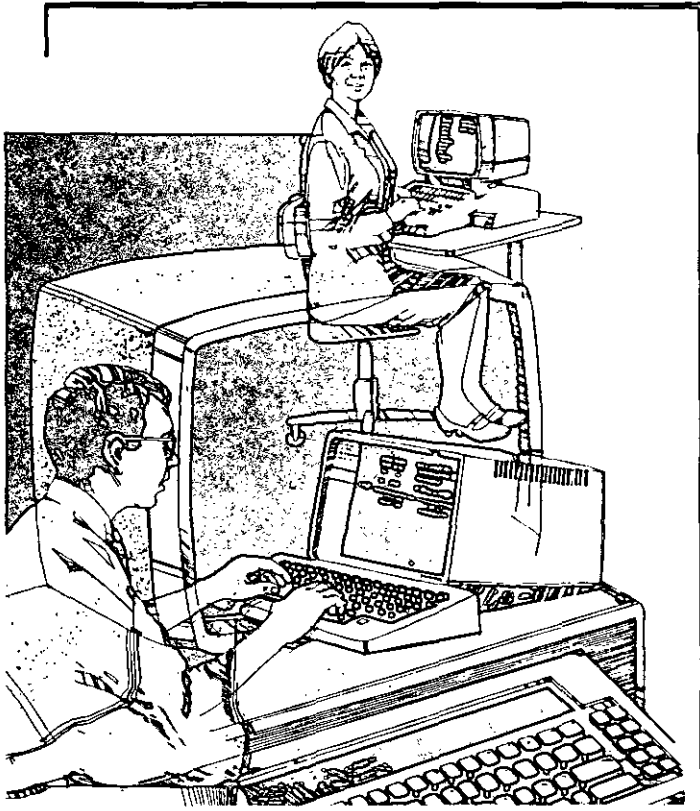
As always, the Public School Employees' Retirement System stands dedicated to promoting and administering an equitable and financially sound program of earned retirement, disability and death benefits for its active members, annuitants and beneficiaries. We seek your continued support toward providing a financially secure future for the participants of the System.



Samuel A. McCullough  
Chairman

# FINANCIAL SECTION

**A**n automated general ledger system was installed in June 1986 to provide PSERS with more timely financial information and to provide additional internal accounting control.



**A**n increasing number of PSERS functions are being completed faster due to the use of microcomputers in various operational areas, helping to reduce backlogs and to refine record keeping.

# 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, 1986 and 1985 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, 1986 and 1985, 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 16, 1986

# Balance Sheets

## June 30, 1986 and 1985

(Amounts in Thousands)

Assets	1986	1985
<b>Investments, at cost (note 5):</b>		
Corporate and government debentures (market value \$3,841,929 in 1986 and \$3,268,721 in 1985) .....	\$3,583,913	\$3,163,025
Common and preferred stocks (market value \$3,382,996 in 1986 and \$2,415,801 in 1985) .....	2,532,625	2,043,219
Mortgage investments (market value \$847,408 in 1986 and \$835,455 in 1985) .....	844,621	868,224
Other long-term investments (market value \$682,818 in 1986 and \$592,109 in 1985) .....	630,754	575,039
Short-term investments (market value \$1,347,781 in 1986 and \$1,007,510 in 1985) .....	1,347,781	1,007,510
<b>Total investments</b>	<b>8,939,694</b>	<b>7,657,017</b>
<b>Receivables:</b>		
<b>Contributions:</b>		
Members .....	32,533	32,246
Employers .....	144,756	133,036
<b>Commonwealth of Pennsylvania:</b>		
Current receivable .....	103,902	90,678
Deficit receivable (note 4) .....	-	28,006
<b>Investments:</b>		
Income receivable .....	137,900	139,593
Proceeds receivable .....	146,250	106,358
Other .....	1,113	476
<b>Total receivables</b>	<b>566,454</b>	<b>530,393</b>
<b>Cash</b> .....	<b>14</b>	<b>22</b>
<b>Fixed assets</b> (net of accumulated depreciation of \$1,081 in 1986 and \$780 in 1985) .....	<b>1,756</b>	<b>1,742</b>
<b>TOTAL ASSETS</b>	<b>\$9,507,918</b>	<b>\$8,189,174</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses .....	\$ 13,500	\$ 22,748
Investment purchases payable .....	145,934	283,440
<b>Total liabilities</b>	<b>159,434</b>	<b>306,188</b>
<b>Fund balance (note 3):</b>		
State accumulation account .....	2,942,505	2,051,281
Members' savings account .....	2,464,839	2,274,834
Reserve for retirement .....	3,694,891	3,430,618
Reserve for disabilities .....	246,249	126,253
<b>Total fund balance</b>	<b>9,348,484</b>	<b>7,882,986</b>
<b>Unfunded actuarial liability (note 1d)</b>		
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$9,507,918</b>	<b>\$8,189,174</b>

See accompanying notes to financial statements.

**Statements of Revenues, Expenses and Changes in Fund Balance**  
**Years ended June 30, 1986 and 1985**  
(Amounts in Thousands)

**Year ended June 30, 1986**

	Total	State Accumulation Account	Members' Savings Account	Reserve for Retirement	Reserve for Disabilities
<b>Revenue:</b>					
Contributions:					
School districts .....	\$ 415,532	\$ 415,532	\$ —	\$ —	\$ —
Employees .....	228,760	—	228,760	—	—
Refund due to changes in employe contribution rate (note 7) .....	—	—	—	—	—
Commonwealth of Pennsylvania (note 4) .	416,308	416,308	—	—	—
<b>Total contributions</b>	<b>1,060,600</b>	<b>831,840</b>	<b>228,760</b>	<b>—</b>	<b>—</b>
Investment revenue, net of related expenses (note 5) .....	1,119,487	822,606	92,702	194,317	9,862
<b>Total revenue</b>	<b>2,180,087</b>	<b>1,654,446</b>	<b>321,462</b>	<b>194,317</b>	<b>9,862</b>
<b>Expenses:</b>					
Benefits .....	684,510	—	—	662,675	21,835
Refunds .....	12,710	—	12,710	—	—
Net transfers to State Employees' Retirement System .....	8,863	7,991	872	—	—
Administrative expenses .....	8,506	8,506	—	—	—
<b>Total expenses</b>	<b>714,589</b>	<b>16,497</b>	<b>13,582</b>	<b>662,675</b>	<b>21,835</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>1,465,498</b>	<b>1,637,949</b>	<b>307,880</b>	<b>(468,358)</b>	<b>(11,973)</b>
<b>Transfers between reserves for: (note 3)</b>					
Retirements by members .....	—	(622,146)	(114,705)	600,784	136,067
Annuitants who returned to service .....	—	2,905	223	(3,034)	(94)
Actuarial requirements .....	—	(130,877)	—	134,881	(4,004)
Other reclassification .....	—	3,393	(3,393)	—	—
Change in unfunded actuarial liability (note 1d)	—	—	—	—	—
<b>Fund balance at beginning 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>
<b>Fund balance at end of year</b>	<b>\$9,348,484</b>	<b>\$2,942,505</b>	<b>\$2,464,839</b>	<b>\$3,694,891</b>	<b>\$246,249</b>

See accompanying notes to financial statements.

**Statements of Revenues, Expenses and Changes in Fund Balance (Continued)**  
**Years ended June 30, 1986 and 1985**  
(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)	—	—
Change in unfunded actuarial liability (note 1d)	—	—	—	—	—
<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>
<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.

# Statements of Changes in Financial Position

## Years ended June 30, 1986 and 1985

(Amounts in Thousands)

	1986	1985
<b>Resources provided by:</b>		
Excess of revenues over expenses .....	\$1,465,498	\$1,085,242
Sales and maturities of long-term investments .....	5,921,342	3,499,059
Items not requiring (providing) resources currently:		
Net (gain) loss from sales of long-term investments ...	(425,819)	(140,043)
Net amortized premium (discount) .....	(7,051)	(9,640)
Depreciation .....	336	327
<b>Total resources provided</b>	<b><u>\$6,954,306</u></b>	<b><u>\$4,434,945</u></b>
<b>Resources used by:</b>		
Purchases of long-term investments .....	\$6,430,878	\$4,713,746
Net increase (decrease) in working capital .....	523,078	(278,970)
Acquisition of equipment .....	350	169
<b>Total resources used</b>	<b><u>\$6,954,306</u></b>	<b><u>\$4,434,945</u></b>
<b>Current assets:</b>		
Cash .....	\$ (8)	\$ (20)
Short-term investments .....	340,271	(209,831)
Contributions receivable .....	(2,775)	36,038
Investment income receivable .....	(1,693)	22,466
Investment proceeds and other receivables .....	40,529	(9,821)
<b>Net increase (decrease) in current assets</b>	<b>376,324</b>	<b>(161,128)</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses .....	(9,248)	8,971
Accrued refund of employe contributions .....	—	(34,275)
Investment purchases payable .....	(137,506)	143,146
<b>Net increase (decrease) in current liabilities</b>	<b>(146,754)</b>	<b>117,842</b>
<b>Increase (decrease) in working capital</b>	<b><u>\$523,078</u></b>	<b><u>(\$278,970)</u></b>

See accompanying notes to financial statements.

# Notes to Financial Statements

## June 30, 1986 and 1985

### (1)

#### Organization and Description of the System

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##### (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 employes 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 and 30 or more years of service; or (c) 35 or more years of service. Another recent amendment was made in accordance with Act 95 (effective July 1, 1985 to July 1, 1986) which provides that any school employe age 53 with at least 30 years of credited service may take early retirement without reduction of benefits and any employe age 50 with at least 30 years of credited service may take early retirement with a .25 percent reduction of normal retirement benefits for each month short of age 53.

Additionally, Act 91, enacted for a period of one year from July 1, 1986 to June 30, 1987, permits school employes with at least 30 years of credited service to retire without a reduction in benefits. This law does not require a minimum age in conjunction with length of service to be eligible for unreduced benefits.

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 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 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 age 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 5.25 percent of the member's compensation. For members joining the System on or after July 22, 1983, the rate of contribution is 6.25 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, 1986 and 1985 the combined amounts required from the employers and Commonwealth were 20.04 percent and 19.31 percent, respectively, of active member payroll. The employer and the Commonwealth share such cost equally. Effective July 1, 1986, the combined contribution rate was decreased to 19.90 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, 1985, 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 decreased by \$147,933,000 from the prior year and



was \$6,674,884,000. The actuary calculates that the liability should be funded in approximately 28 years. Such liability includes \$109,831,000 (\$99,740,000 as of June 30, 1984) 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 5.50 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.

## (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:

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#### (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.

Mortgage investments are carried at the amount of the unpaid principal balance of the loan, adjusted for accretion of discounts. Such discounts are accreted on an effective interest 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 and are adjusted for amortization of premiums and accretion of discounts on an effective interest basis. The amortization of premiums for real estate is on a straight-line basis.

Short-term investments, 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.

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#### (b) Fixed Assets

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

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#### (c) Federal Income Tax Status

During the years ended June 30, 1986 and 1985, the System qualified under the provision of the Internal Revenue Code and was exempt from federal income taxes.

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#### (d) Compensated Absences

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

## (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 school districts ("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 5.50 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 5.50 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 5.50 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 agreed to make annual payments of \$9 million in order to satisfy this obligation. As of June 30, 1986, no deficit receivables remain. No interest has been recorded related to the original deficits on the System's Financial Statements, although interest has been calculated by the System's actuary and is considered an asset in the calculation of the actuarial valuation.

#### (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.

A summary of investment revenue and investment securities as of June 30, 1986 and 1985, and the approximate market values follows:

## Investment Revenue Years Ended June 30, 1986 and 1985

(Amounts in Thousands)

	1986	1985
Corporate and government debentures .....	\$ 359,564	\$330,716
Common and preferred stocks .....	105,539	82,921
Mortgage investments .....	83,584	57,551
Other long-term investments .....	67,260	65,887
Short-term investments .....	87,786	100,386
Option writing income (loss) .....	(10,129)	5,199
Securities lending income .....	3,750	1,703
<b>Gross investment revenue</b>	<b>697,354</b>	<b>644,363</b>
Net amortized discount .....	7,051	9,640
Net gain on investment transactions .....	426,369	140,775
<b>Total investment revenue before investment expenses</b>	<b>1,130,774</b>	<b>794,778</b>
Investment expenses .....	(11,287)	(8,911)
<b>Net investment revenue</b>	<b>\$1,119,487</b>	<b>\$785,867</b>

The amounts for investment expenses do not reflect \$350,000 and \$250,000 in 1986 and 1985, respectively, which were paid on behalf of the System through the use of directed commissions. Additionally, the amounts do not include master trust fees of \$328,000 and \$224,000 in 1986 and 1985, respectively, which were paid through interest earnings on trades funded prior to settlement.

# Summary of Investment Securities

## Years Ended June 30, 1986 and 1985

	1986		1985	
	Book Value	Market Value	Book Value	Market Value
<b>Corporate and government debentures:</b>				
Long-term U.S. Treasury obligations .....	\$2,989,286	\$ 3,226,452	\$2,641,254	\$2,740,602
Corporate and municipal bonds .....	573,905	590,868	489,674	492,922
Corporate loans and leaseholds .....	2,401	2,174	2,955	2,738
Convertible bonds .....	18,321	22,435	29,142	32,459
<b>Total</b>	<b>3,583,913</b>	<b>3,841,929</b>	<b>3,163,025</b>	<b>3,268,721</b>
<b>Common and preferred stocks:</b>				
Common stock .....	2,524,979	3,374,606	2,037,962	2,410,338
Preferred stock .....	7,646	8,390	5,257	5,463
<b>Total</b>	<b>2,532,625</b>	<b>3,382,996</b>	<b>2,043,219</b>	<b>2,415,801</b>
<b>Mortgage investments:</b>				
FHA/VA residential mortgages .....	243,782	233,821	271,474	239,322
FHA project mortgages .....	37,215	36,055	235,958	226,997
Government agency mortgage backed securities .....	500,413	503,931	271,605	276,097
Other mortgage backed securities .....	62,822	73,212	74,378	80,584
Other conventional mortgages .....	389	389	14,809	12,455
<b>Total</b>	<b>844,621</b>	<b>847,408</b>	<b>868,224</b>	<b>835,455</b>
<b>Other long-term investments:</b>				
Equity real estate .....	242,691	248,068	230,438	231,159
Equity participation real estate .....	375,704	422,391	336,727	353,076
Time deposits .....	—	—	7,052	7,052
Venture capital .....	10,500	10,500	500	500
FHA debentures .....	1,859	1,859	322	322
<b>Total</b>	<b>630,754</b>	<b>682,818</b>	<b>575,039</b>	<b>592,109</b>
<b>Short-term investments:</b>				
U.S. Treasury bills and notes .....	403,953	403,953	195,107	195,107
Repurchase agreements .....	370,686	370,686	319,350	319,350
Commercial paper .....	410,667	410,667	230,425	230,425
Certificates of deposit .....	55,000	55,000	65,003	65,003
Federal farm credit bank .....	40,000	40,000	30,000	30,000
Federal home loan bank .....	20,000	20,000	81,000	81,000
Federal home loan mortgage .....	—	—	10,000	10,000
Money market funds .....	47,475	47,475	76,625	76,625
<b>Total</b>	<b>1,347,781</b>	<b>1,347,781</b>	<b>1,007,510</b>	<b>1,007,510</b>
<b>Grand Total</b>	<b>\$8,939,694</b>	<b>\$10,102,932</b>	<b>\$7,657,017</b>	<b>\$8,119,596</b>

**(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. The System has been designated as a component unit of the Commonwealth of Pennsylvania for financial reporting purposes.

**(7)**  
**Litigation and Contingencies**

The System is subject to various threatened and pending lawsuits which deal with the question of benefit 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 various capital partnerships which amounted to \$25.5 million and commitments to fund equity real estate investments amounting to \$174.2 million at June 30, 1986. Subsequent to the balance sheet date, the System committed an additional \$36 million to various venture capital partnerships.

As of June 30, 1986, the System has signed a firm letter of intent to fund \$29 million toward the purchase of Conrail in conjunction with the Morgan Stanley Investors Group. The funding of this commitment is contingent upon the approval of the U.S. Government.

# Schedule 1

## Investment Summary

### Year ended June 30, 1986

(Amounts in Thousands)

Type of Investment	Market Value 6/30/85	Market Value 6/30/86	% Market Value
<b>Corporate and Government Debentures:</b>			
Long-term U.S. Treasury Obligations .....	\$2,740,602	\$3,226,452	32.0%
Corporate & Municipal Bonds .....	492,922	590,868	5.8%
Corporate loans & leaseholds .....	2,738	2,174	0.0%
Convertible Bonds .....	32,459	22,435	0.2%
<b>Total bonds</b>	<b>3,268,721</b>	<b>3,841,929</b>	<b>38.0%</b>
<b>Common and Preferred Stock:</b>			
Common Stock .....	2,410,338	3,374,606	33.4%
Preferred Stock .....	5,463	8,390	0.1%
<b>Total stock</b>	<b>2,415,801</b>	<b>3,382,996</b>	<b>33.5%</b>
<b>Mortgages:</b>			
FHA/VA Residential Mortgages .....	239,322	233,821	2.3%
FHA Project Mortgages .....	226,997	36,055	0.4%
Government Agency Mortgages Backed Securities .....	276,097	503,931	5.0%
Other Mortgage Backed Securities .....	80,584	73,212	0.7%
Conventional Mortgages .....	12,455	389	0.0%
<b>Total mortgages</b>	<b>835,455</b>	<b>847,408</b>	<b>8.4%</b>
<b>Other Long-Term Investments:</b>			
Equity Real Estate .....	231,159	248,068	2.5%
Equity Participating .....	353,076	422,391	4.2%
Venture Capital .....	500	10,500	0.1%
FHA Debentures .....	322	1,859	0.0%
Time Deposits .....	7,052	0	0.0%
<b>Total other long-term investments</b>	<b>592,109</b>	<b>682,818</b>	<b>6.8%</b>
<b>Short-Term Investments:</b>			
U.S. Treasury Bills & Notes .....	195,107	403,953	4.0%
Federal Home Loan Bank .....	81,000	20,000	0.2%
Federal Farm Credit Bank .....	30,000	40,000	0.4%
Repurchase Agreements .....	319,350	370,686	3.7%
Commercial Paper .....	230,425	410,667	4.0%
Certificates of Deposit .....	65,003	55,000	0.5%
Money Market Funds .....	0	47,475	0.5%
Federal National Mortgage Association .....	0	0	0.0%
Federal Home Loan Mortgage .....	10,000	0	0.0%
Bankers Acceptances .....	76,625	0	0.0%
<b>Total short-term investments</b>	<b>1,007,510</b>	<b>1,347,781</b>	<b>13.3%</b>
<b>Grand total</b>	<b>\$8,119,596</b>	<b>\$10,102,932</b>	<b>100.0%</b>

# Schedule 1

## Investment Summary (Continued)

Year Ended June 30, 1986

(Amounts in Thousands)

Book Value 6/30/85	Purchases	Sales	Gain/ (Loss)	Accretion/ (Amortization)	Book Value 6/30/86
\$2,641,254	\$ 3,369,262	\$3,089,473	\$ 67,392	\$ 851	\$2,989,286
489,674	822,156	767,830	28,461	1,444	573,905
2,955	0	101	0	(453)	2,401
29,142	6,870	22,573	4,925	(43)	18,321
<b>3,163,025</b>	<b>4,198,288</b>	<b>3,879,977</b>	<b>100,778</b>	<b>1,799</b>	<b>3,583,913</b>
2,037,962	1,574,491	1,367,009	279,535	0	2,524,979
5,257	4,903	3,096	582	0	7,646
<b>2,043,219</b>	<b>1,579,394</b>	<b>1,370,105</b>	<b>280,117</b>	<b>0</b>	<b>2,532,625</b>
271,474	0	28,987	254	1,041	243,782
235,958	0	229,963	30,794	426	37,215
271,605	541,659	329,140	13,237	3,052	500,413
74,378	10,055	24,599	1,902	1,086	62,822
14,809	0	13,046	(1,374)	0	389
<b>868,224</b>	<b>551,714</b>	<b>625,735</b>	<b>44,813</b>	<b>5,605</b>	<b>844,621</b>
230,438	47,009	34,329	(200)	(227)	242,691
336,727	39,973	870	0	(126)	375,704
500	10,000	0	0	0	10,500
322	0	(1,537)	0	0	1,859
7,052	4,500	11,863	311	0	0
<b>575,039</b>	<b>101,482</b>	<b>45,525</b>	<b>111</b>	<b>(353)</b>	<b>630,754</b>
195,107	707,213	498,877	510	0	403,953
81,000	25,000	86,034	34	0	20,000
30,000	65,000	55,006	6	0	40,000
319,350	5,502,057	5,450,721	0	0	370,686
230,425	3,646,660	3,466,418	0	0	410,667
65,003	55,000	65,003	0	0	55,000
76,625	69,725	98,875	0	0	47,475
10,000	4,786	14,786	0	0	0
0	0	0	0	0	0
0	81,315	81,315	0	0	0
<b>1,007,510</b>	<b>10,156,756</b>	<b>9,817,035</b>	<b>550</b>	<b>0</b>	<b>1,347,781</b>
<b>\$7,657,017</b>	<b>\$16,587,634</b>	<b>\$15,738,377</b>	<b>\$426,369</b>	<b>\$7,051</b>	<b>\$8,939,694</b>

# Schedule 2

## Administrative Expenses

### Comparative Two-Year Schedule

Years ended June 30, 1986 and 1985

(Amounts in Thousands)

	1986		1985	
	Actual	Budget	Actual	Budget
<b>Personnel costs:</b>				
Salaries and wages .....	\$3,637		\$3,532	
Social security contributions .....	269		252	
Retirement contributions .....	656		693	
Employees' insurance contributions .....	542		520	
Other employe benefits .....	111		57	
<b>Total personnel costs</b>	<b>\$5,215</b>	<b>\$5,561</b>	<b>\$5,054</b>	<b>\$5,106</b>
<b>Operating costs:</b>				
Auditor General services .....	54		8	
Treasury services .....	466		489	
Civil Service Commission services .....	19		17	
Classification and pay services .....	3		4	
Purchasing services .....	4		2	
Data processing services .....	4		10	
Consultant fees .....	3		42	
Legal fees .....	9		6	
Specialized services .....	278		218	
Contracted personnel services .....	1		36	
Printing .....	231		85	
Postage .....	443		443	
Telephone and telegraph .....	86		167	
Dues and subscriptions .....	10		10	
Electricity .....	89		72	
Motorized equipment supplies and repair ..	5		8	
Travel .....	107		79	
Contracted maintenance services .....	260		249	
Rental of real estate .....	387		360	
Rental of equipment .....	37		25	
Office supplies .....	115		109	
Miscellaneous expenses and supplies .....	137		38	
<b>Total operating expenses</b>	<b>\$2,748</b>	<b>\$2,552</b>	<b>\$2,477</b>	<b>\$2,760</b>
<b>Fixed charges:</b>				
Furniture and equipment .....	207		134	
Depreciation .....	336		327	
<b>Total fixed charges</b>	<b>\$ 543</b>	<b>\$ 995</b>	<b>\$ 461</b>	<b>\$ 610</b>
<b>Total administrative expenses<sup>1</sup></b>	<b>\$8,506</b>	<b>\$9,108<sup>2</sup></b>	<b>\$7,992</b>	<b>\$8,476<sup>3</sup></b>

<sup>1</sup> Total administrative expenses do not include actuarial fees of approximately \$206,000 in 1986 and \$97,000 in 1985 which were paid on behalf of the System by brokers through the use of directed commissions.

<sup>2</sup> Includes \$8,921,000 related to the 1985-1986 appropriation and \$187,000 related to the 1984-1985 appropriation.

<sup>3</sup> Includes \$8,337,000 related to the 1984-1985 appropriation and \$139,000 related to the 1983-1984 appropriation.

# Schedule 3 Summary Schedule of Cash Receipts and Disbursements

Years ended June 30, 1986 and 1985

(Amounts in Thousands)

	1986	1985
Cash balance at beginning of year .....	\$ 22	\$ 2
<b>Add cash receipts:</b>		
Investment sales and maturities .....	15,471,129	12,661,285
Contributions:		
School districts .....	404,313	350,526
Employees .....	228,474	236,780
Commonwealth of Pennsylvania .....	431,090	375,642
Interest and dividends .....	920,749	621,776
Transfers from State Employees' Retirement System .....	823	1,484
Refund of expenditures .....	3,938	2,188
Other receipts .....	803	768
<b>Total cash receipts</b>	<b>17,461,319</b>	<b>14,250,449</b>
<b>Less cash disbursements:</b>		
Investment purchases .....	16,721,327	13,514,313
Benefit payments .....	699,830	649,831
Refunds .....	12,452	65,335
Transfers to State Employees' Retirement System .....	8,430	5,084
Administrative expenses .....	8,379	8,097
Other disbursements .....	10,409	7,769
<b>Total cash disbursements</b>	<b>17,461,327</b>	<b>14,250,429</b>
<b>Cash balance at end of year .....</b>	<b>\$ 14</b>	<b>\$ 22</b>



# ACTUARIAL SECTION

✎



**P**SERS is redesigning its annuitant payroll system which processes benefits to 86,620 annuitants totalling approximately \$50 million a month. The redesigned payroll system will minimize processing efforts and provide additional internal accounting controls.

**T**he System has begun to convert all member and annuitant paper files to an updatable microfiche system. The conversion will enhance operational efficiency, will provide a feasible disaster recovery plan in the event on-site files are destroyed or lost, will allow for a faster retrieval of files, and will save valuable space which is now used to store 300,000 member and annuitant files.



# Actuary's Certification Letter

**George B. Buck Consulting Actuaries, Inc.**  
Xerox Centre  
55 West Monroe Street  
Chicago, Illinois 60603  
Telephone: (312) 332-2285

May 9, 1986

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

Ladies and Gentlemen:

We have completed the June 30, 1985, actuarial valuation of the Public School Employees' Retirement System of Pennsylvania. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Retirement Board, and reflects the benefits in effect on the valuation date.

There are no fiscally-significant legislated changes made in the benefit or contribution provisions of the System during the fiscal year ended June 30, 1985.

## **Financing Objective and Employers' Contribution Rate**

The financing objective of the System is to:

- (a) fund fully all current costs based on the normal contribution rate determined under the funding method; and
- (b) liquidate all unfunded accrued and supplemental annuity liabilities based on the level of contributions required to support the legislated amortization schedules.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1986, should be set equal to 19.90 percent of payroll.

The contribution rate of 19.90 percent of payroll payable by the employers, when taken together with the contributions payable by the members, is sufficient to achieve the financing objective set forth above.

## **Commonwealth's Assets and Participant Data**

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.

The valuation balance sheet includes the amount of accumulated interest receivable on the Commonwealth's deficiency in contributions. It is our understanding that legal counsel has advised the System that the Board may writeoff this receivable if the Board decides that there is no reasonable expectation of receiving a supplemental appropriation to recover the estimated loss of interest. On this basis, it is anticipated that a decision will be made concerning the treatment of this item for purposes of preparing actuarial valuations subsequent to June 30, 1985.

### **Actuarial Assumptions and Methods**

The rates of separation, salary increase and mortality after retirement used in the valuation where 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 contribution which should remain fixed as a level percentage of payroll for each individual member included in the valuation. 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 unfunded 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, adjusted for experience gains and losses, 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 total prospective benefits payable, less the current assets of the System, less the present value of prospective normal contributions payable.

As of June 30, 1985, the total unfunded accrued liability amounted to \$6,565,053,000, including an amount of \$1,263,078,000 on account of supplemental annuities which have been granted to certain annuitants. In order to liquidate the unfunded accrued liability of \$6,565,053,000, 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 7 to 28 years.

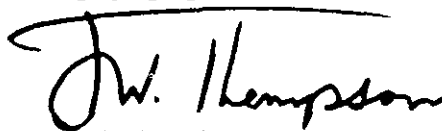
### **Funding Adequacy**

The results of the valuation indicate that the rates of the contribution payable by members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System. The liquidation period for the seven portions of the unfunded accrued liability range from 7 to 28 years.

### **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, 1985

### 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	6/30/85	6/30/84
<b>Assets (book value)</b> .....	<b>\$7,992,817</b>	<b>\$6,897,484</b>
<b>Accounts receivable included in assets</b>		
<b>From State:</b>		
Principal amount .....	\$ 118,684	\$ 108,341
Interest .....	109,831	99,740
<b>From School Districts</b> .....	<b>133,036</b>	<b>105,537</b>
<b>From Member</b> .....	<b>32,246</b>	<b>34,050</b>
<b>Total</b>	<b>\$ 393,797</b>	<b>\$ 347,668</b>
<b>Member average contribution rate</b> .....	<b>5.29%*</b>	<b>5.27%*</b>
<b>Employer contribution rate:</b>		
Normal .....	9.13%	9.16%
Accrued liability .....	7.10%	7.10%
Supplemental annuity (excluding 7/1/79 increase) .....	1.55%	1.55%
Supplemental annuity a/c 7/1/79 increase .....	1.41%	1.49%
Supplemental annuity a/c 7/1/84 increase .....	.71%	.74%
<b>Total</b>	<b>19.90%</b>	<b>20.04%</b>
<b>Total contribution rate (member plus employer)</b> .....	<b>25.19%</b>	<b>25.31%</b>
<b>Unfunded accrued liability:</b>		
Before consideration of Act 96 .....	\$4,604,405	\$4,685,224
Increase on account of Act 96 .....	606,470	611,203
Increase on account of "Early Retirement Window" .....	47,604	47,394
Increase on account of Unisex Factors .....	43,496	43,122
<b>Total</b>	<b>\$5,301,975</b>	<b>\$5,386,943</b>
<b>Unfunded supplemental annuity liability:</b>		
Excluding July 1, 1979 increases .....	\$ 376,295	\$ 415,369
July 1, 1979 increases .....	559,529	583,849
July 1, 1984 .....	327,254	336,916
<b>Total</b>	<b>\$1,263,078</b>	<b>\$1,336,134</b>
<b>Total unfunded accrued and supplemental annuity liability</b> .....	<b>\$6,565,053</b>	<b>\$6,723,077</b>
<b>Accrued liability funding period:</b>		
Established prior to Act 96 .....	24 years	26 years
Established on account of Act 96 .....	19 years	20 years
Established on account of "Early Retirement Window" .....	25 years	26 years
Established on account of Unisex Factors .....	28 years	29 years
<b>Supplemental annuity liability funding period:</b>		
Established prior to July 1, 1979 .....	7 years	8 years
July 1, 1979 increases .....	15 years	16 years
July 1, 1984 increases .....	19 years	20 years

\*Average weighted member contribution rate.

**Schedule II**  
**Valuation Balance Sheet**  
**As of June 30, 1985**  
(Amounts in Thousands)

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**ASSETS**

**Current assets:**

Member's Savings Account .....	\$ 2,274,834	
Annuity Reserve Account* .....	3,687,748	
State Accumulation Account .....	<u>2,030,235</u>	

**Total Current Assets**

**\$ 7,992,817**

**Future assets:**

Member contributions .....		2,470,405
Employer contributions:		
Normal .....		4,322,562
Accrued liability .....	\$ 5,301,975	
Supplemental annuity liability .....	<u>1,263,078</u>	<u>6,565,053</u>

**Total Assets**

**\$21,350,837**

**LIABILITIES**

**Active membership:**

Benefits payable on account of:

Member contributions accumulated to date .....	\$2,274,834	
Future member contributions .....	<u>2,470,405</u>	4,745,239

Remaining benefits payable to produce 2 percent benefit formula amounts .....	<u>11,654,772</u>	\$16,400,011
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**Retired membership:**

Benefits payable to annuitants and survivor annuitants .....		<u>4,950,826</u>
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**Total Liabilities**

**\$21,350,837**

\* Includes Supplemental Retirement Allowance Account of \$1,263,078 thousands.

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

**State Accumulation Account and Annuity Reserve Account**

(1) Unfunded accrued liability as of 6/30/84 .....	\$6,723.1
(2) Interest at 5 ½ percent for 1 year .....	369.8
(3) Accrued liability contribution with interest for ½ year .....	418.6
(4) Expected unfunded accrued liability as of 6/30/85 = (1) + (2) - (3) .....	6,674.3
(5) Actual unfunded accrued liability as of 6/30/85 .....	6,565.1
(6) Decrease below expected .....	109.2
(7) Explanation of increase:	
Interest surplus .....	\$ -395.5
Salary increases above expected .....	240.0
Retirement and other separations .....	30.0
Pensioners' mortality experience .....	16.3
<b>Net experience gain</b>	
	<b>\$ 109.2</b>

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

Valuation as of 6/30	Aggregate Accrued Liabilities for:			Reported Net Assets**	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Annuitants and Beneficiaries	Active Members (Employer Financed Portions)*				
1985	\$2,274,834	4,950,826	\$7,332,210	\$7,992,817	100%	100.0%	10.5%
1984	2,035,294	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%

\* 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 June 30, 1985**  
(Dollar Amounts in Millions)

(1) Estimated value of accumulated benefits of System:		
Vested benefits		
— Members currently receiving payments .....		\$ 4,950.8
— Other members .....		<u>5,962.9</u>
	<b>Subtotal</b>	<b>10,913.7</b>
Nonvested benefits .....		<u>550.7</u>
	<b>Total value of accumulated benefits</b>	<b>11,464.4</b>
(2) Value of additional accrued liabilities reflecting effect of anticipated future increases in pay .....		<u>3,093.5</u>
(3) Total accrued liability of System = (1) + (2) .....		14,557.9
(4) Book value of assets .....		<u>7,992.8</u>
(5) Unfunded accrued and supplemental annuity liability of System (as shown in Schedule I) .....		\$ 6,565.1

**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, 1985. 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 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 and was first used in 1974. (4 percent used since 1960 in determining actuarial equivalent benefits.)

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

Age	Withdrawal	Death	Disability	Annual Rate of Vesting & Early Retirement		Super-annuation Retirement	Salary Increase
				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 1967, 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, 1985, 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, 1985, upon which the evaluation 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, 1985**

Group	Number	Annual Salaries
Included in Valuation:		
Men .....	74,116	\$1,751,160,200
Women .....	127,619	2,117,031,949
<b>Total</b>	<b>201,735</b>	<b>\$3,868,192,149</b>

In addition to the above, 23,916 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, 1985, amounted to \$3,887,867,000. An adjustment was made in the valuation to reflect the amount of \$3,887,867,000.

**Table B  
Annuitants and Survivor Annuitants of the System  
As of June 30, 1985**

Class	Number	Annual Annuities
Retired on account of superannuation and those in receipt of withdrawal annuities:		
Men .....	23,257	\$163,376,823
Women .....	52,852	350,271,011
<b>Total</b>	<b>76,109</b>	<b>513,647,834</b>
Retired on account of disability:		
Men .....	1,221	7,120,682
Women .....	2,173	10,885,826
<b>Total</b>	<b>3,394</b>	<b>18,006,508</b>
Survivor annuitants in receipt of benefits:		
Men .....	558	1,755,135
Women .....	2,823	9,771,630
<b>Total</b>	<b>3,381</b>	<b>11,526,765</b>
Annuities in lieu of return of accumulated deductions:		
Men .....	-	-
Women .....	4	507
<b>Total</b>	<b>4</b>	<b>507</b>
<b>Grand Total</b>	<b>82,888</b>	<b>\$543,181,614</b>

**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
1985	201,735	.32 %	\$3,887,867,000	5.49%
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%

**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
1985	82,888	6,051	2,879	3.98%	\$543.2	3.07%
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%

**Table E**  
**Summary of Accrued and Unfunded Accrued Liabilities**  
**for Last 10 Years**

(Dollar Amounts in Million)

Valuation As of 6/30	Aggregate Accrued Liabilities	Valuation* Assets	Assets As a Percentage of Accrued Liabilities	Unfunded Accrued Liabilities (UAL)	Annual Active Member Payroll	UAL As a Percentage of Annual Member Payroll
1985	\$14,577.9	\$7,992.8	54.8%	\$6,565.0	\$3,887.9	168.8%
1984	13,620.6	6,897.5	50.6%	6,723.1	3,685.6	182.4%
1983	12,267.9	6,109.6	49.8%	6,158.3	3,403.3	180.9%
1982	11,364.7	5,977.1	52.6%	5,387.5	3,249.8	165.8%
1981	10,636.2	5,399.0	50.8%	5,237.1	3,153.0	166.1%
1980	8,664.0	4,901.5	56.6%	4,933.9	2,967.7	166.2%
1979	8,033.3	4,514.3	56.2%	3,519.0	2,754.6	127.7%
1978	6,910.0	4,123.0	59.7%	2,786.9	2,621.6	106.3%
1977	6,320.9	3,764.9	59.6%	2,555.1	2,466.0	103.6%
1976	5,804.9	3,410.5	58.7%	2,394.4	2,272.0	105.4%

## 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 3 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 had 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

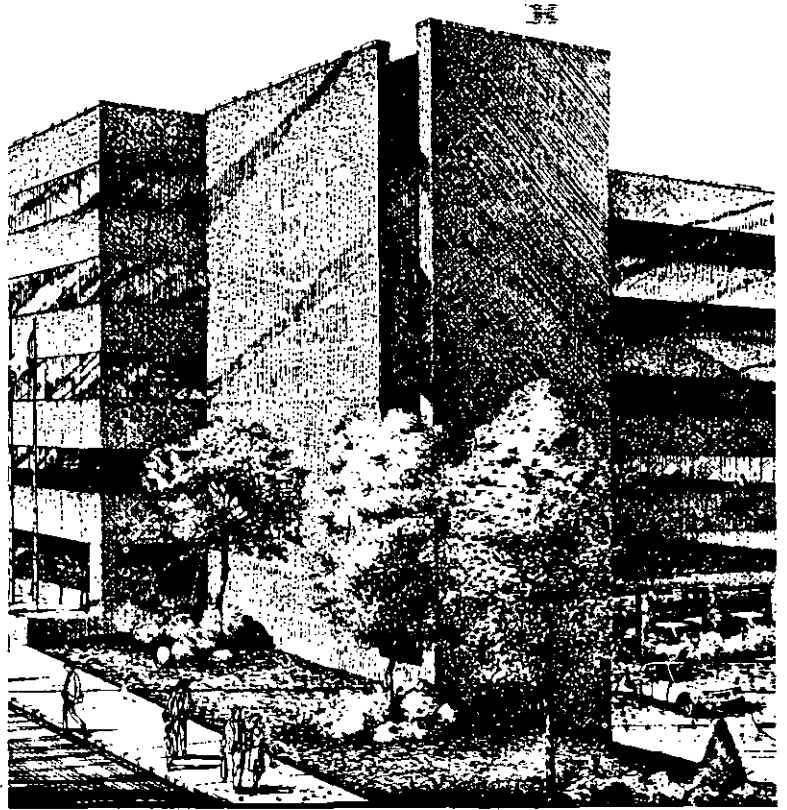
Members who were hired prior to July 22, 1983, contribute at a rate of  $5\frac{1}{4}$  percent of compensation, while members who were hired on or after July 22, 1983, contribute at a rate of  $6\frac{1}{4}$  percent of compensation. Reduction for a joint coverage member of 40 percent of Social Security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

### By Commonwealth 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

**P**SERS will relocate its headquarters to a newly constructed office building at 5 North Fifth Street, Harrisburg, in early 1987. The System's mailing address will remain P.O. Box 125, Harrisburg, PA 17108, and telephone numbers will remain the same.

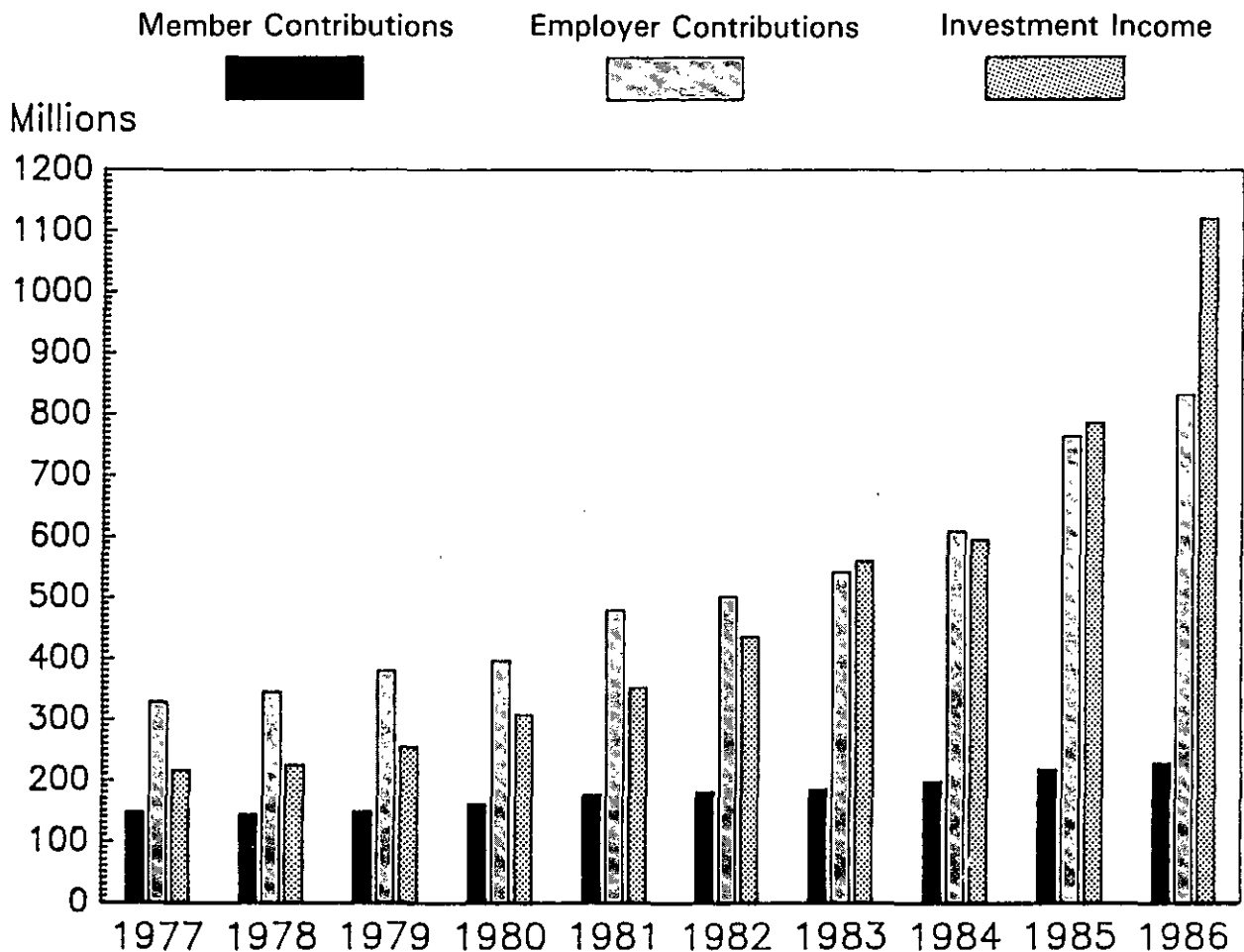


**T**he active contributing membership of PSERS continued its gradual increase to 203,400 members at year end. The retiree population grew more rapidly to a record 86,620 annuitants and beneficiaries receiving monthly benefits.

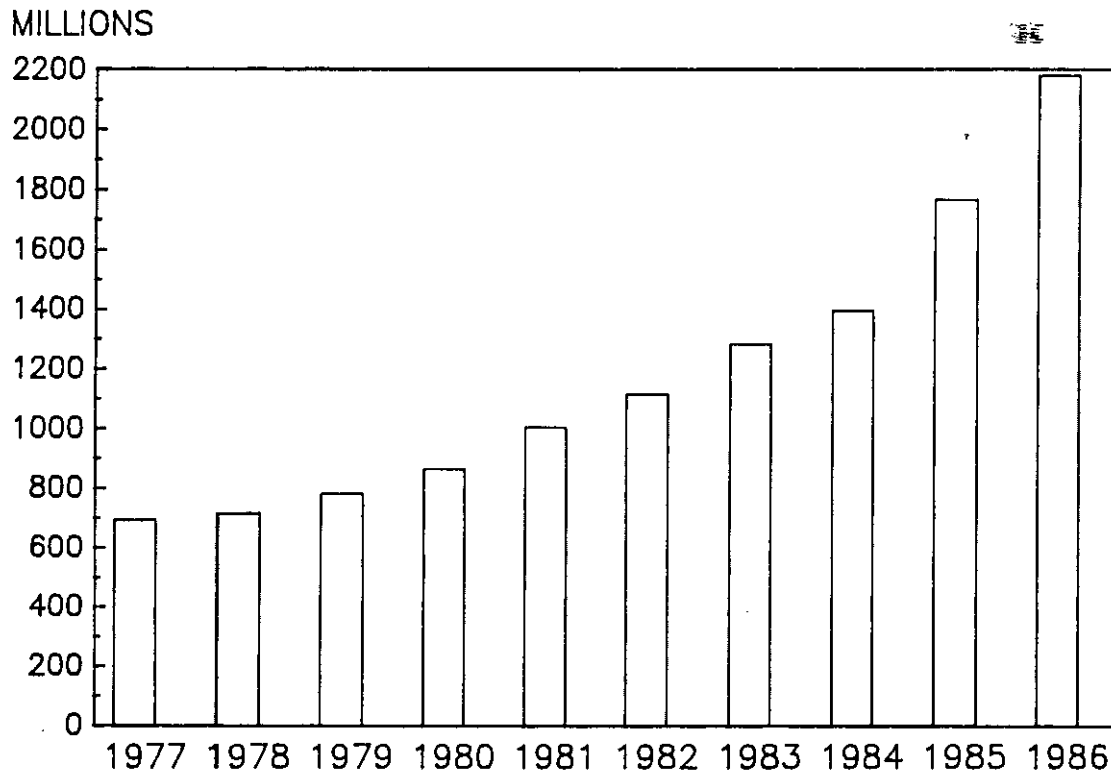
## Schedule 1 Revenues by Source Ten Years (Amounts in Thousands)

Fiscal Year	Members' Contributions	Employers' Contributions	Investment Income	Other Income	Total Revenue
1986	\$228,760	\$831,840	\$1,119,487	\$ —	\$2,180,087
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

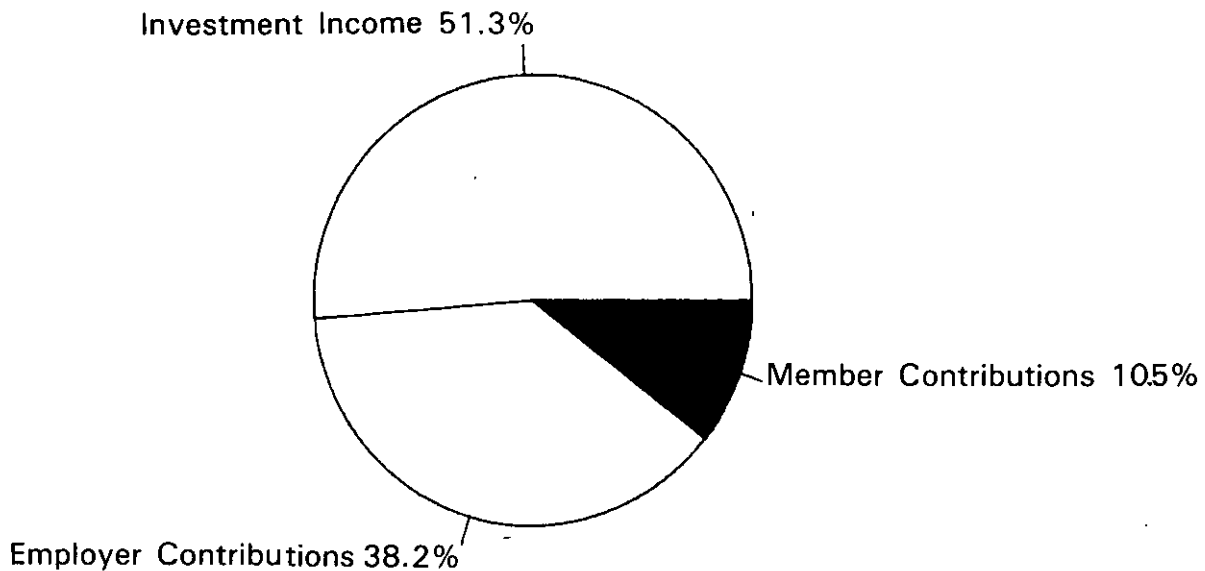
## Revenues by Source — 10 Years



### Total Revenue



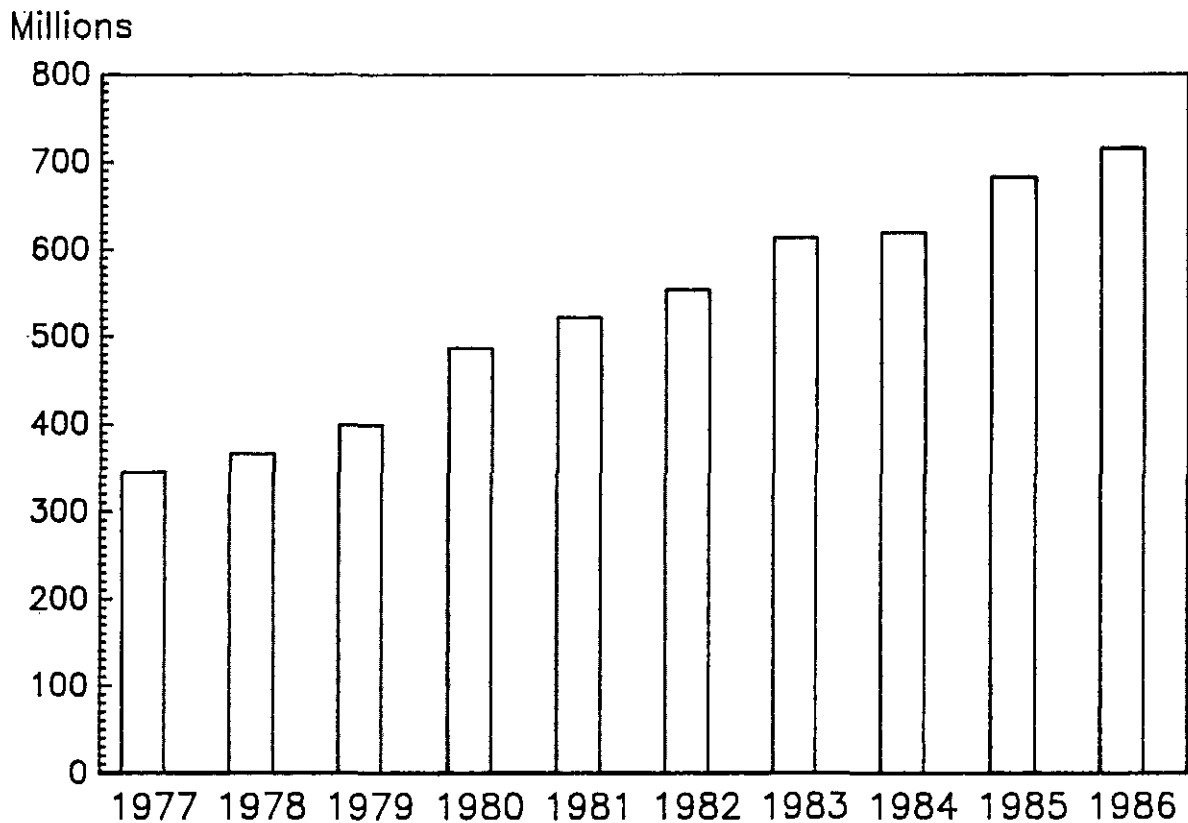
### Ratio of Revenues by Source to Total Revenue



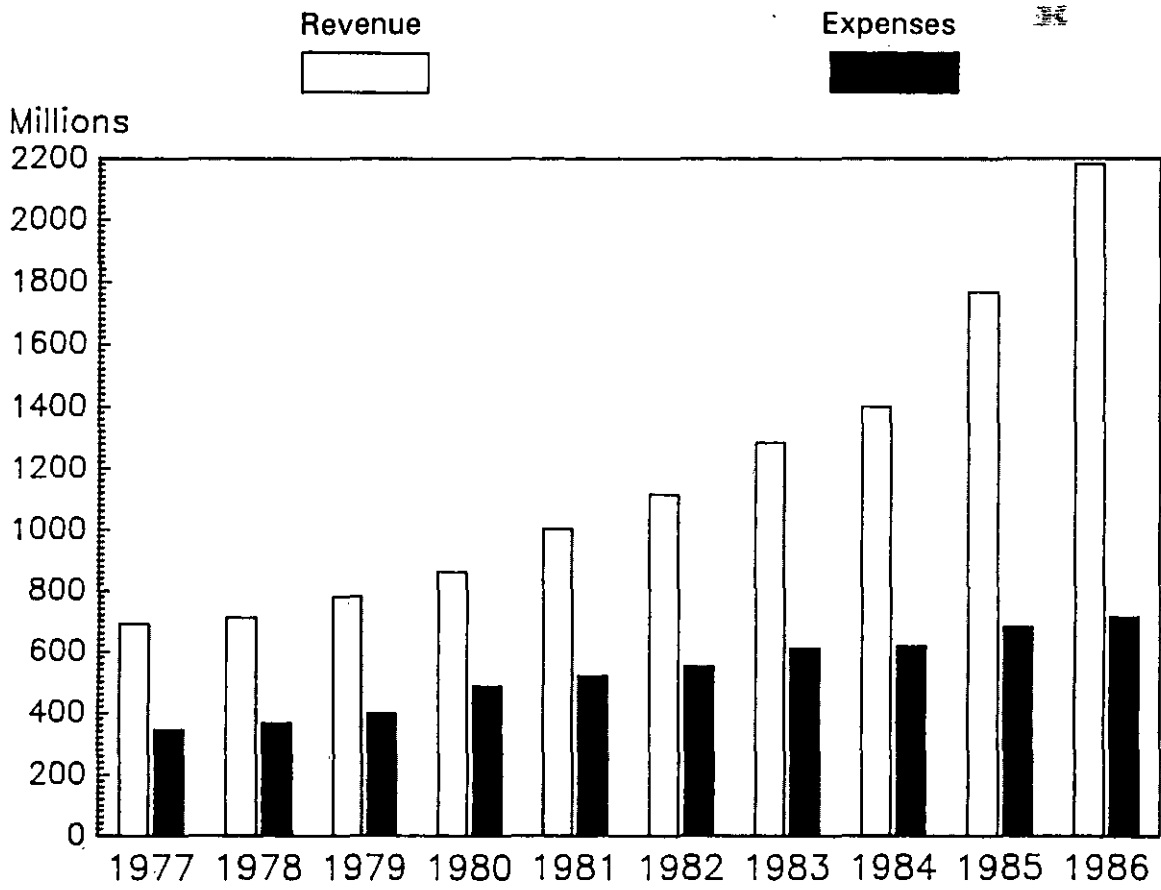
**Schedule 2  
Expenses by Type  
Ten Years  
(Amounts in Thousands)**

<u>Fiscal Year</u>	<u>Benefits Paid</u>	<u>Refunds Paid</u>	<u>Disabilities Paid</u>	<u>Lump-Sum Payments</u>	<u>Aministrative Expenses</u>	<u>Other Payments</u>	<u>Total Expenses</u>
1986	\$585,122	\$12,710	\$21,835	\$77,553	\$8,506	\$ 8,863	\$714,589
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

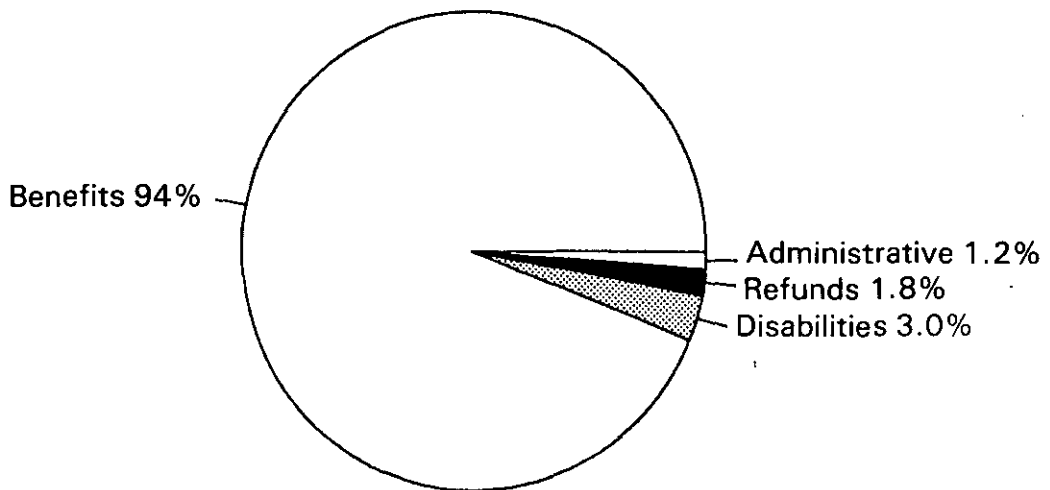
**Total Expenses — 10 Years**



## Revenue versus Expenses



## Total Expenses — 1986





## Schedule III Schedule of 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
1986	S	44,047	\$588	6,745	\$565	10,216	\$726
	W	13,224	403	2,540	315	2,477	563
	D	3,095	440	55	464	344	531
	R	4	11	0	0	0	0
	B	0	0	0	0	2,953	303
<b>Total</b>		<b>60,370</b>		<b>9,340</b>		<b>15,990</b>	
1985	S	43,418	\$587	6,554	\$568	9,781	\$717
	W	11,638	378	2,232	300	2,148	536
	D	2,999	433	57	464	333	523
	R	4	11	0	0	0	0
	B	0	0	0	0	2,791	288
<b>Total</b>		<b>58,059</b>		<b>8,843</b>		<b>15,053</b>	
1984	S	42,918	\$538	6,372	\$526	9,392	\$666
	W	10,366	363	1,915	291	1,888	529
	D	2,922	390	61	416	314	472
	R	4	11	0	0	0	0
	B	0	0	0	0	2,614	273
<b>Total</b>		<b>56,210</b>		<b>8,348</b>		<b>14,208</b>	
1983	S	42,224	\$541	6,093	\$535	8,975	\$659
	W	9,235	373	1,621	303	1,682	540
	D	2,804	385	61	416	303	457
	R	4	11	0	0	0	0
	B	0	0	0	0	2,449	261
<b>Total</b>		<b>54,267</b>		<b>7,775</b>		<b>13,409</b>	
1982	S	41,334	\$546	5,686	\$545	8,389	\$653
	W	7,265	326	1,154	266	1,120	488
	D	2,705	379	65	411	280	454
	R	4	11	0	0	0	0
	B	0	0	0	0	2,303	247
<b>Total</b>		<b>51,308</b>		<b>6,905</b>		<b>12,092</b>	
1981	S	40,337	\$549	5,499	\$551	7,879	\$652
	W	6,058	335	865	285	864	471
	D	2,558	374	71	404	264	439
	R	4	11	0	0	0	0
	B	0	0	0	0	2,313	224
<b>Total</b>		<b>48,957</b>		<b>6,435</b>		<b>11,320</b>	
1980	S	39,416	\$557	5,449	\$557	7,357	\$654
	W	4,960	350	655	318	687	485
	D	2,393	369	75	405	229	460
	R	4	11	0	0	0	0
	B	0	0	0	0	2,195	211
<b>Total</b>		<b>46,773</b>		<b>6,179</b>		<b>10,468</b>	
1979	S	38,541	\$451	5,384	\$447	6,932	\$547
	W	3,921	330	513	300	535	435
	D	2,202	305	84	331	194	382
	R	6	10	0	0	0	0
	B	0	0	0	0	2,026	194
<b>Total</b>		<b>44,670</b>		<b>5,981</b>		<b>9,687</b>	
1978	S	37,198	\$314	5,296	\$309	6,357	\$377
	W	3,069	253	389	234	390	307
	D	2,087	242	98	256	159	296
	R	7	11	0	0	0	0
	B	0	0	0	0	1,927	148
<b>Total</b>		<b>42,361</b>		<b>5,783</b>		<b>8,833</b>	
1977	S	35,735	\$314	5,121	\$303	5,808	\$369
	W	2,432	241	323	225	274	299
	D	1,914	231	82	228	129	249
	R	7	11	0	0	0	0
	B	0	0	0	0	1,814	132
<b>Total</b>		<b>40,088</b>		<b>5,526</b>		<b>8,025</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

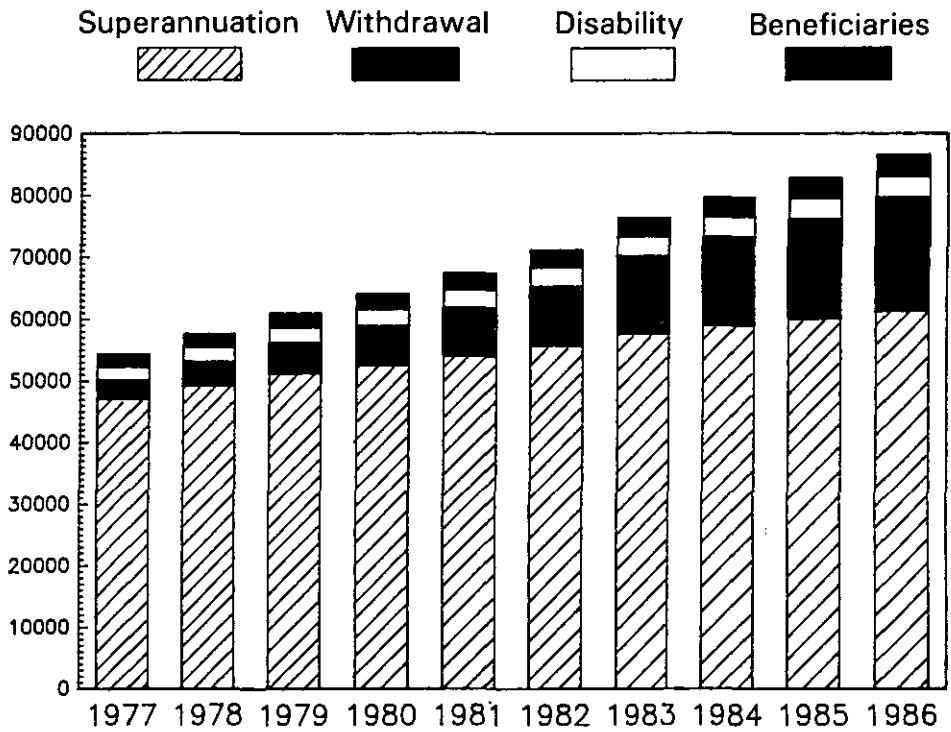
### Schedule III (Continued)

#### Schedule of Retired Members by Type of Benefit

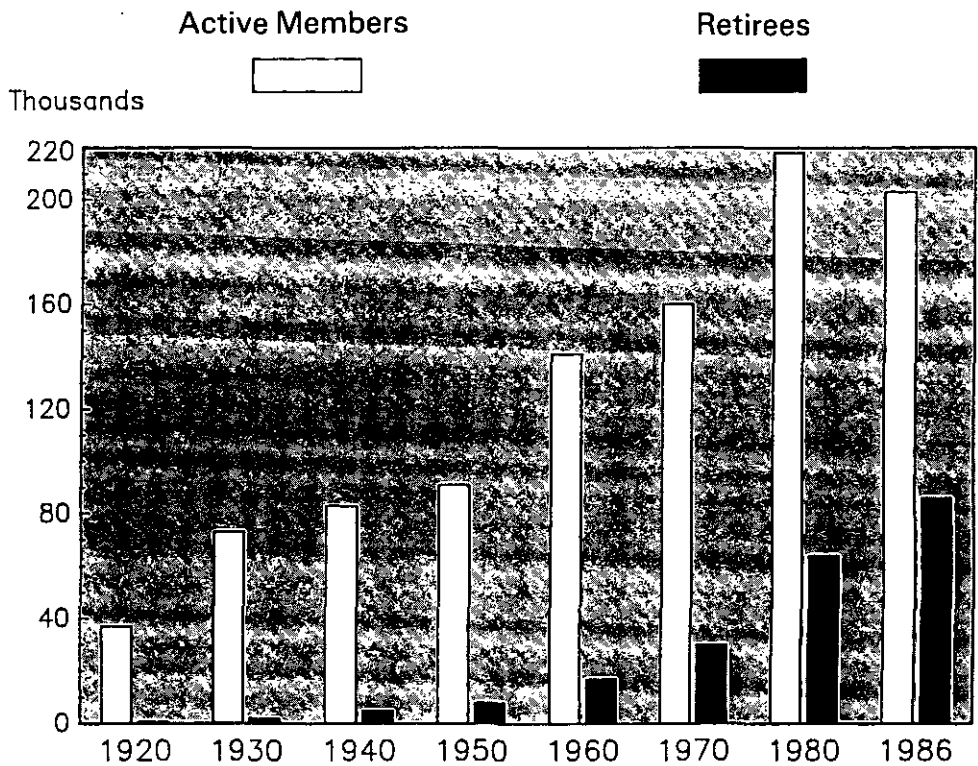
Year	Retirement Type	4		5		Total Retirees
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit	
1986	S	296	\$ 1,049	0	\$ 0	61,304
	W	21	745	0	0	18,262
	D	0	0	0	0	3,494
	R	0	0	0	276	4
	B	147	159	456	0	3,556
		<u>464</u>		<u>456</u>		<u>86,620</u>
1985	S	309	\$ 1,046	0	\$ 0	60,062
	W	21	743	0	0	16,039
	D	0	0	0	0	3,389
	R	0	0	0	0	4
	B	139	152	449	297	3,379
		<u>469</u>		<u>449</u>		<u>82,873</u>
1984	S	324	\$ 963	0	\$ 0	59,006
	W	21	694	0	0	14,190
	D	0	0	0	0	3,297
	R	0	0	0	0	4
	B	141	148	454	296	3,209
		<u>486</u>		<u>454</u>		<u>79,706</u>
1983	S	333	\$ 952	0	\$ 0	57,625
	W	21	694	0	0	12,559
	D	0	0	0	0	3,168
	R	0	0	0	0	4
	B	136	150	443	296	3,028
		<u>490</u>		<u>443</u>		<u>76,384</u>
1982	S	352	\$ 946	0	\$ 0	55,761
	W	20	677	0	0	9,559
	D	0	0	0	0	3,050
	R	0	0	0	0	4
	B	132	143	418	296	2,853
		<u>504</u>		<u>418</u>		<u>71,227</u>
1981	S	364	\$ 955	0	\$ 0	54,079
	W	20	698	0	0	7,807
	D	0	0	0	0	2,893
	R	0	0	0	0	4
	B	89	133	305	324	2,707
		<u>473</u>		<u>305</u>		<u>67,490</u>
1980	S	376	\$ 946	0	\$ 0	52,598
	W	19	685	0	\$ 0	6,321
	D	0	0	0	0	2,697
	R	0	0	0	0	4
	B	81	138	276	311	2,552
		<u>476</u>		<u>276</u>		<u>64,172</u>
1979	S	383	\$ 765	0	\$ 0	51,240
	W	19	573	0	0	4,988
	D	0	0	0	0	2,480
	R	0	0	0	0	6
	B	74	137	247	297	2,347
		<u>476</u>		<u>247</u>		<u>61,061</u>
1978	S	394	\$ 578	0	\$ 0	49,245
	W	19	521	0	0	3,867
	D	0	0	0	0	2,344
	R	0	0	0	0	7
	B	64	102	224	223	2,215
		<u>477</u>		<u>224</u>		<u>57,678</u>
1977	S	402	\$ 569	0	\$ 0	47,066
	W	19	521	0	0	3,048
	D	0	0	0	0	2,125
	R	0	0	0	0	7
	B	57	99	210	216	2,081
		<u>478</u>		<u>210</u>		<u>54,327</u>

**LEGEND:**  
 Retirement Type:  
 S - Superannuation or Normal Retirement  
 W - Withdrawal or Early Retirement  
 D - Disability Benefit  
 R - Refund Annuity  
 B - Beneficiaries Receiving Annuities

## Retired Members



## Growth in Members/Retirees



# 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  
Fort Le Boeuf  
Fox Chapel Area

Franklin Area  
 Franklin Regional  
 Frazier  
 Freedom Area  
 Freeport Area

**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**

Lackawanna 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 Boro  
 Moshannon Valley  
 Mount Carmel Area  
 Mount Lebanon  
 Mount Pleasant Area  
 Mount Union Area  
 Mountain View  
 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  
Colonial Northampton #20  
Delaware County #23  
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  
Riverview #6  
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

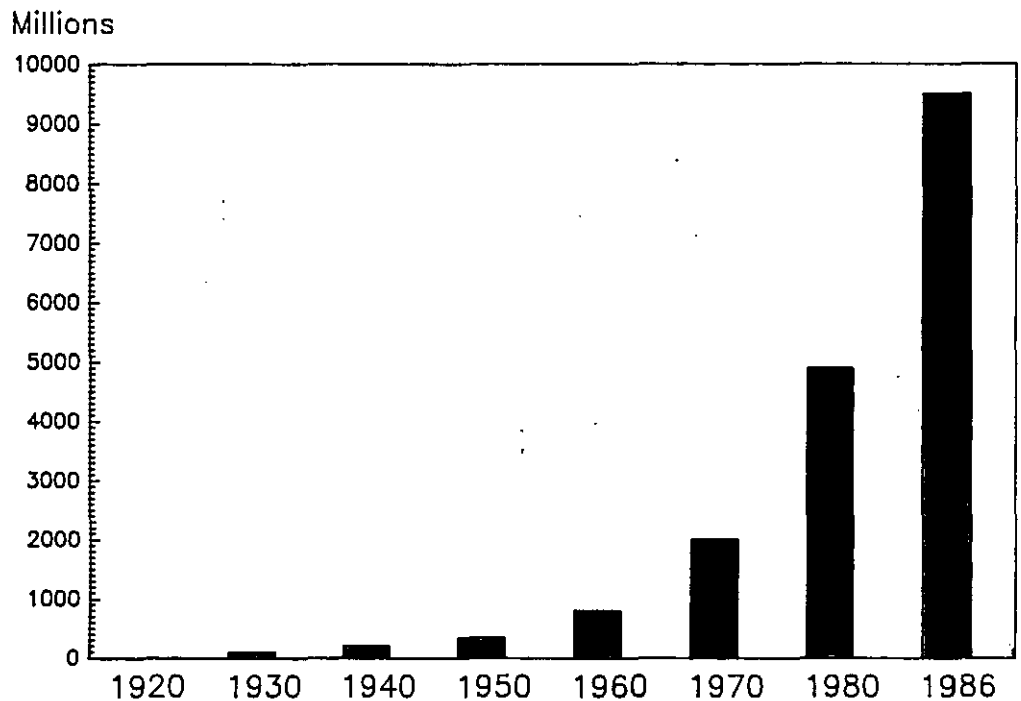
Lock Haven University  
Mansfield University  
Millersville University  
Pennsylvania State University  
Shippensburg University  
Slippery Rock University  
Temple University  
University of Pittsburgh  
West Chester University

## Other

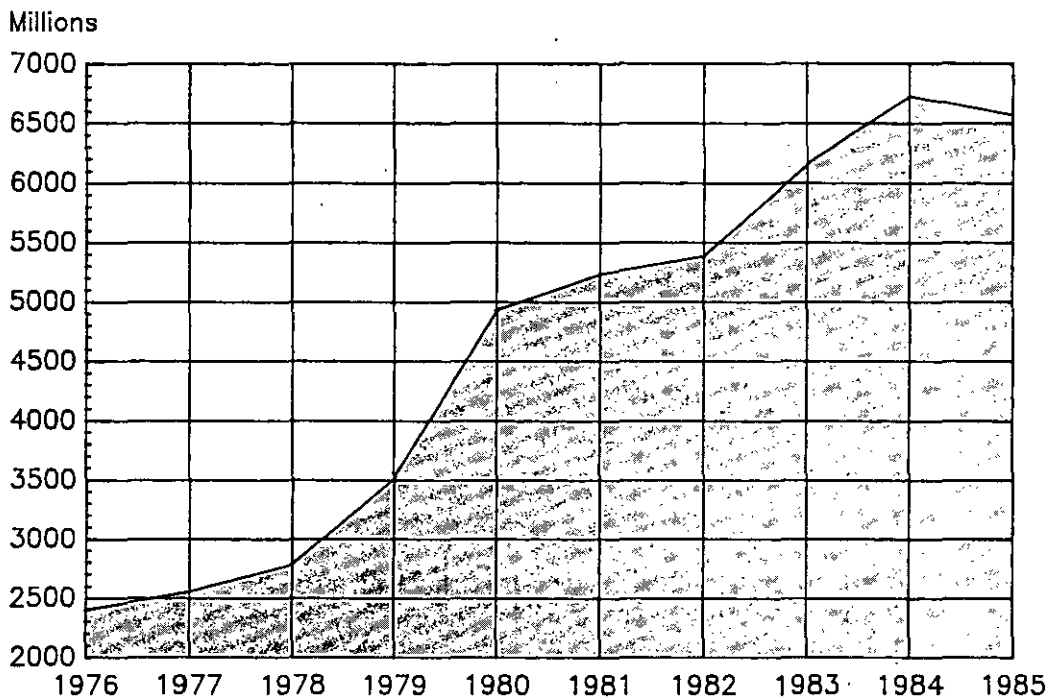
Berks County Earned Income Tax Bureau  
Chancellor's Office  
Department of Education - Commonwealth of Pennsylvania  
Northern Area Special Purpose School  
Overbrook School for the Blind  
Pennsylvania School Boards Association

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

## Total Assets (Book Value)



## Unfunded Accrued Liabilities





# Components of Total Contribution Rate

(In Percentages)

Fiscal Year	Employer Contribution			Employee Contribution (Average)	Total Contribution Rate
	Normal Requirement *	Accrued Liability **	Total Employer		
86-87	9.13	10.77	19.90	5.29	25.19
85-86	9.16	10.88	20.04	5.27	25.31
84-85	8.35	10.96	19.31	5.25	24.56
83-84	8.75	8.31	17.06	5.25	22.31
82-83	7.93	8.07	16.00	5.25	21.25
81-82	6.93	8.07	15.00	5.25	20.25
80-81	6.93	8.07	15.00	5.25	20.25
79-80	6.93	6.38	13.31	5.25	18.56
78-79	6.93	6.38	13.31	5.25	18.56
77-78	6.93	6.38	13.31	5.25	18.56

## Accrued Liability Components

(In Percentages)

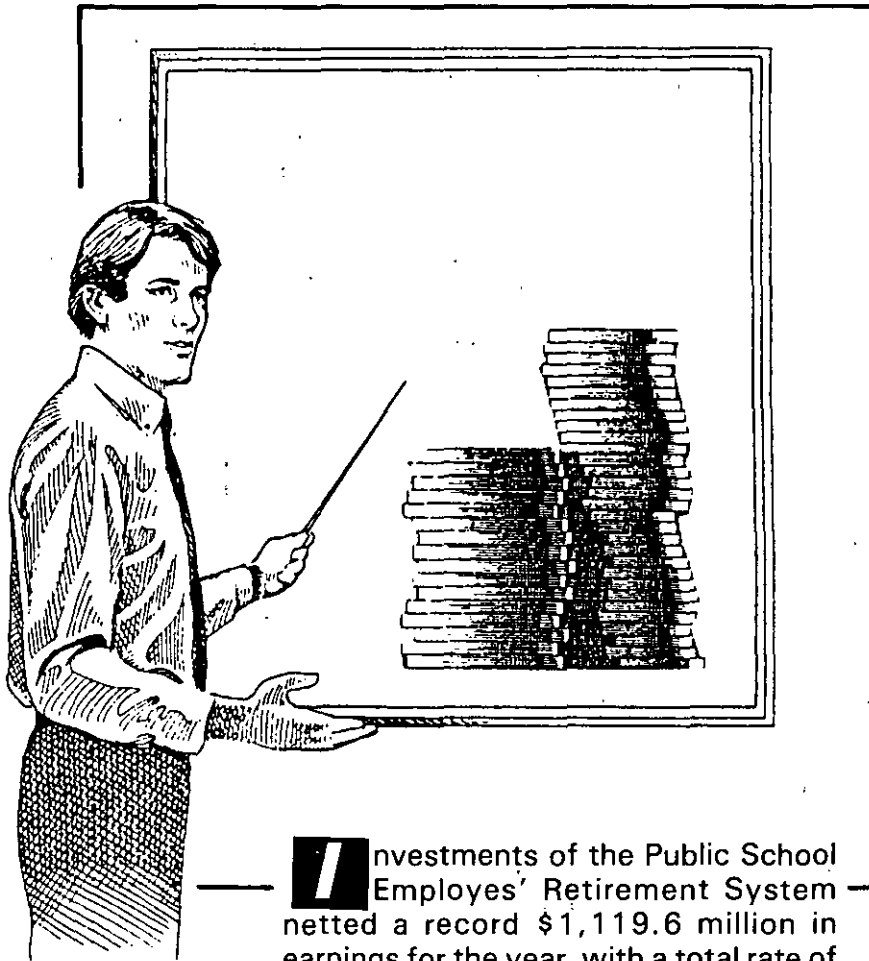
Fiscal Year	Accrued Liability 1	Supplemental (Pre 1979) 2	Supplemental A/C 1979 3	Supplemental A/C 1984 4	Total Accrued Liability
86-87	7.10	1.55	1.41	0.71	10.77
85-86	7.10	1.55	1.49	0.74	10.88
84-85	7.72	1.55	1.69		10.96
83-84	5.07	1.55	1.69		8.31
82-83	4.83	1.55	1.69		8.07
81-82	4.83	1.55	1.69		8.07
80-81	4.83	1.55	1.69		8.07
79-80	4.83	1.55			6.38
78-79	4.83	1.55			6.38
77-78	4.83	1.55			6.38

The total contribution rate is the total of the employer and employee rates required funding of the PSERS.

The total employer rate is comprised of a normal retirement and an accrued liability requirement and is shared equally by the Commonwealth and the Reporting Units:

- \* The normal requirement portion is the percentage of compensation of the average active member that is necessary to fund any prospective benefits payable to the member.
- \*\* The accrued liability\* portion is the total percentage of compensation of active member salaries necessary to fund past increased benefits or supplemental annuities as follows:
  - 1 - Increased benefits and actuarial experience prior to and on account of Act 96 of 1975; also includes early retirement window and unisex factor increases;
  - 2 - Supplemental cost of living adjustments established prior to July 1, 1979;
  - 3 - Supplemental cost of living adjustments effective July 1, 1979;
  - 4 - Supplemental cost of living adjustments effective July 1, 1984.

# INVESTMENT PORTFOLIO SECTION



**I**nvestments of the Public School Employees' Retirement System netted a record \$1,119.6 million in earnings for the year, with a total rate of return of 21.5 percent.

# Investment Overview

Investments of the Public School Employees' Retirement Fund reached \$10.1 billion at market value as of June 30, 1986. The composition of the Fund was 38 percent fixed income, 34 percent equity, and 15 percent real estate, mortgages, other long-term investments, and 13 percent cash equivalents.

For the period ended June 30, 1986, the total rate of return for the System's investments was 21.5 percent. This compares to a 26.0 percent return for 1985.

Equities showed a return of 31.7 percent at market value for the year ended June 30, 1986, as compared to a 33.3 percent return for the previous fiscal year. Standard and Poor's 500 Index, a nationally recognized measurement of investment performance, was 35.8 percent for the fiscal year ended June 30, 1986.

The bond portfolio of the System at market value earned 18.0 percent as compared to the Shearson-Lehman Government/Corporate Bond Index which posted a 20.6 percent rate of return. The return differential is reflected in the Board's more conservative maturity structure of its bond portfolio.

Equity real estate and mortgages returned a combined rate of 20.7 percent against the Salomon Mortgage Pass-Through Index return of 16.7 percent.

Short-term investments returned 8.0 percent against a 6.9 percent return for 90-day Treasury Bills.

Net investment income increased by 42.4 percent from \$785.9 million in the 1984-85 fiscal year to \$1.119 billion in the 1985-86 fiscal year before deducting the administrative expenses of \$8.0 million and \$8.5 million respectively.

Distribution of invested assets at book value at year end was: corporate and government debentures, \$3.6 billion or 40.1 percent; common and preferred stock, \$2.5 billion or 28.3 percent; mortgage investments including FHA/VA and government-insured residential and project mortgages, GNMA mortgage-backed securities, and conventional mortgages, \$844.6 million or 9.4 percent; other long-term investments including equity real estate, equity participation real estate, venture capital, and FHA debentures, \$630.7 million or 7.1 percent; and short-term investments, \$1.3 billion or 15.1 percent.

As of June 30, 1986, the Board of Trustees retained a total of 16 investment managers under contract. The Treasurer of the Commonwealth of Pennsylvania manages short-term investments.

Following is a breakdown of the managers' portfolio at market value on a settlement date basis including accrued income as of June 30, 1986:

	<b>Market Values</b> (Amounts in Thousands)
<b>Equity Managers</b>	
Mellon Bank, N.A. ....	\$1,833,940
Oppenheimer Capital Corp .....	597,492
Provident Capital Management Inc. ...	330,165
Delaware Investment Advisers .....	305,249
Bankers Trust .....	241,538
Cashman, Farrell & Associates .....	186,224
Miller, Anderson & Sherrerd .....	163,621
Dreman & Embry .....	101,663
<b>Fixed Income Managers</b>	
Mellon Bank, N.A. ....	2,795,331
Loomis Sayles & Company, Inc. ....	703,862
Pittsburgh National Bank .....	302,389
<b>Mortgage Managers</b>	
Miller, Anderson & Sherrerd .....	378,449
Glenmede Trust Co. ....	324,470
The Fidelity Bank .....	270,870
In-House .....	256,091
<b>Option Managers</b>	
Bankers Trust Co. ....	(8,498)
Oppenheimer Option Management ..	2,596
<b>Other Long-Term Investment Managers</b>	
The Fidelity Bank .....	465,928
Jones Lang Wootton Realty Advisors ..	202,531
Commonwealth Venture Partners ...	10,000
NEPA Management Corp. ....	500
<b>Short-Term Manager</b>	
Treasury, Commonwealth of PA ....	766,144

All managers hold cash or cash equivalents of \$330 million which are included in their market values presented in addition to the Treasury short-term amounts.

The System retained three additional investment managers which were not yet funded as of June 30, 1986. They are Trivest Venture Fund, in the venture capital category, Evaluation Associates, Inc., as a small managers' equity fund, and Webster Management Corp., which replaces Bankers Trust in the options management area as a result of management changes. The call-options program established in 1985 continues to aid in reducing the volatility and risk of the System's equity portfolio. Also continuing is the securities lending program which produced \$3.7 million in incremental income to the System over the past year.

Under the leadership of Board Chairman McCullough and Vice Chairman Harris, the Retirement System continued to develop and implement a long-range strategic plan. In this process, the Board has begun to focus sharply on requirements of the System as it moves into a period when demographics will create an acceleration of normal retirements. Involved in this examination is a studied look at the real economic liability of the System. The purpose of the work is to allow the Board to approach risk as it relates to the liability side of the System's balance sheet. The result of the process will be a closer focus on how and where better performance may be achieved through policy-guided strategic asset allocation decisions. The strategic planning process is also focusing on the administrative needs and requirements of the System. The Board, Executive Director James A. Perry, and Chief Investment Officer Clay B. Mansfield are anticipating future annuitant and investment services required to manage beneficiaries' needs and the growth of the System's assets.

The Board of Trustees has increased its commitment from \$25 million to \$29 million to the Morgan Stanley & Co. syndicate to purchase the Consolidated Rail Corporation (Conrail). The \$4 million increase resulted from the competition process with other bidders for Conrail. The Board continues to see an opportunity to make an investment in an undervalued and profitable company by which the Board could help support the economic substructure of Pennsylvania.

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## The Bond Portfolio

During fiscal 1985-86, the Board advanced one restructuring of its fixed income managers. Three additional managers were selected in the process subject to successful contract negotiations.

During the year, long-term U.S. Treasury obligations increased at book value from \$2,641,254,000 at June 30, 1985, to \$2,989,286,000 at June 30, 1986, further reducing volatility and gaining a greater liquidity in the bond portfolio. The total time-weighted rate of return for bonds was 18.0 percent, including unrealized gains due to the increase in market values between June 30, 1985, and June 30, 1986.

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## The Mortgage Portfolio

The mortgage portfolio time-weighted rate of return was 20.7 percent. Activity in mortgage-backed securities was increased during the year while holdings in project mortgages were decreased. The portfolio detail statistics section of this report itemizes the System's equity participating and equity real estate investments which encompass many geographical areas of the United States.

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## The Stock Portfolio

Dramatic changes in the economy have occurred over the past year. The dollar fell sharply; interest rates dropped significantly; inflation stayed low at about 3 percent annually; and oil prices fell dramatically. All this translated into very high positive returns on stocks for the year. Stock returns for the year were also characterized by substantial volatility. PSERS achieved a return on its equity investments of 31.7 percent in the 1985-86 year and 33.3 percent in the preceding year.

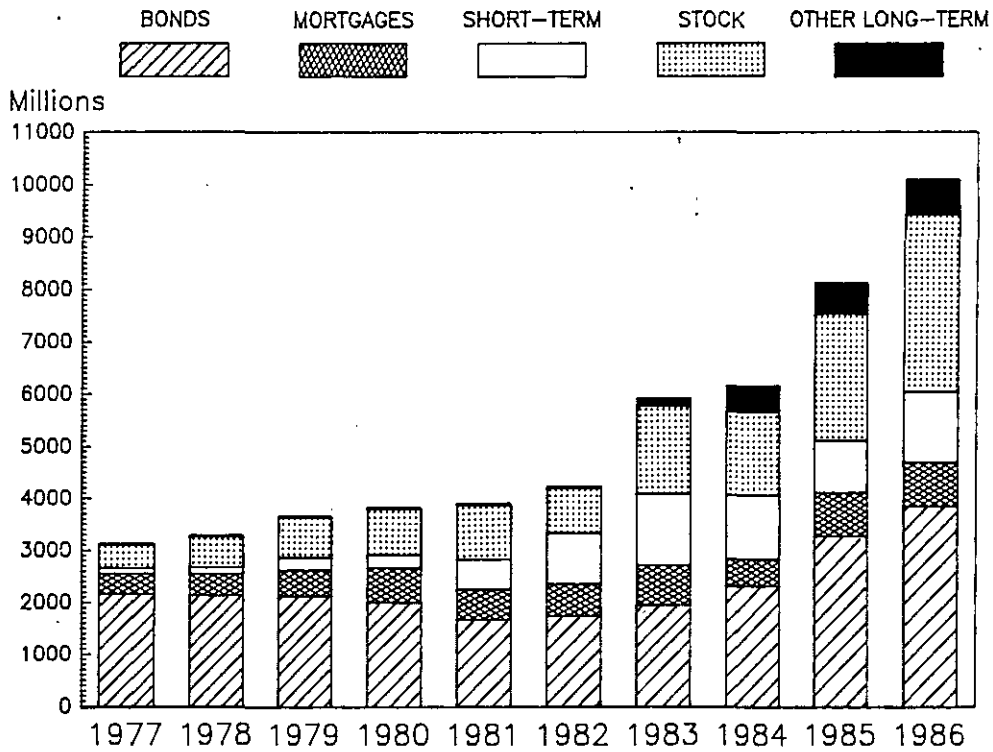
All the returns are calculated on a market value basis for the stocks held in the portfolio. Therefore, unrealized gains or losses because of market price changes from year to year affect rates of return. Only if the entire stock portfolio had been sold, would PSERS have experienced the 31.7 percent time-weighted return as calculated. By selectively managing its sells, the System realized approximately \$277 million of net stock sales gains during the year.

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## The Short-Term Portfolio

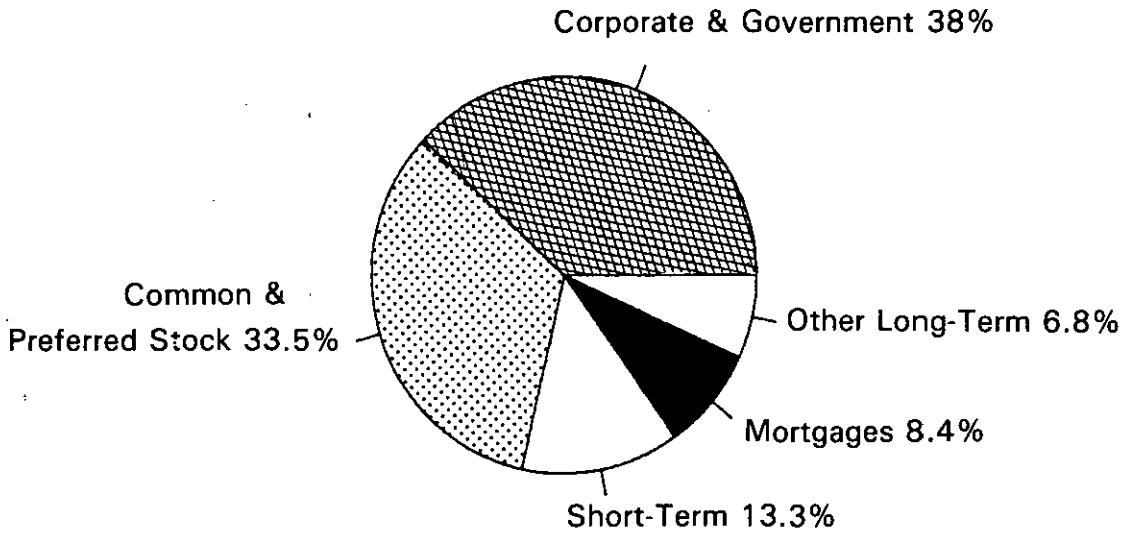
Yields on the System's short-term investments amounted to a total return on the short-term portfolio of 8.0 percent compared to the previous year's return of 9.7 percent. The 8.0 percent is favorable in comparison to the 90-day Treasury Bills indicator of 6.9 percent.

## Portfolio Distribution — 10 Year Trend (Market Value)

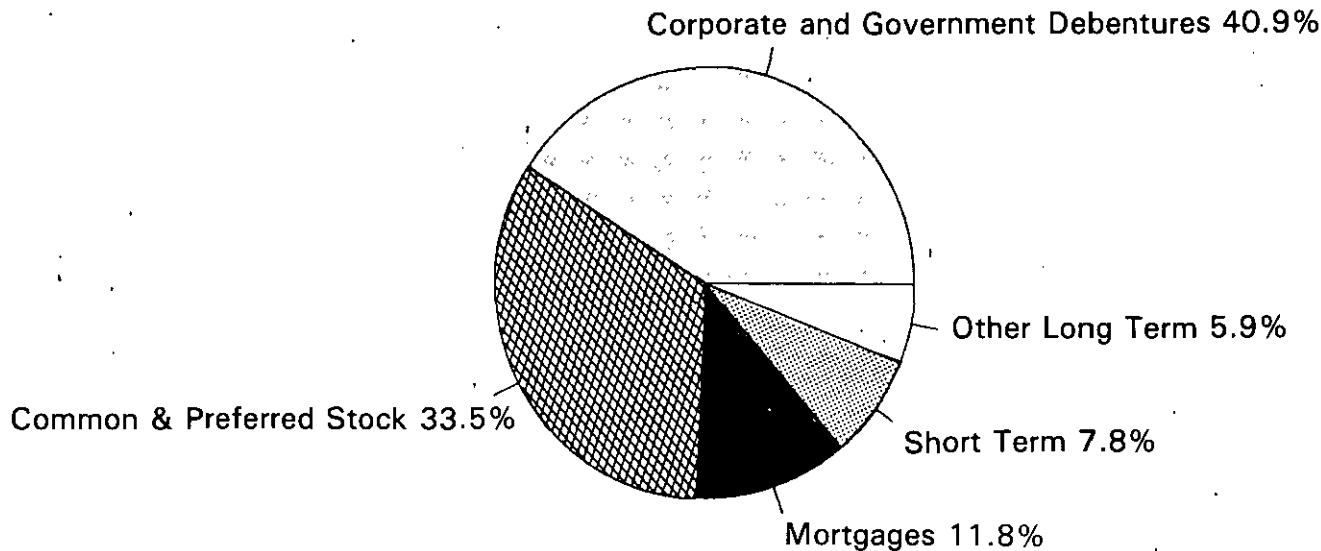


## Portfolio Distribution (Market Value)

June 30, 1986



## Components of Investment Income



## Summary Schedule of Investment Fees Year Ended June 30, 1986

Manager/Consultant	Fees	Manager/Consultant	Fees
Bankers Trust .....	\$ 658,113	Miller Anderson Sherrerd (Fixed) .....	573,637
Cashman, Farrell & Assoc .....	518,191	Miscellaneous Investment Expenses .....	84,594
Delaware Investment Advisors .....	732,792	Mortgage Service Fees .....	1,392,865
Dreman & Embry .....	80,715	NEPA .....	2,351
Fidelity Bank .....	870,585	Oppenheimer Capital (Equity) .....	825,103
Fidelity Bank (Acquisition Fees) .....	613,575	Oppenheimer Options .....	267,500
Glenmede Trust .....	402,255	Pittsburgh National Bank .....	76,043
Jones Lang Wootton .....	1,634,301	Provident Capital Management .....	810,290
Loomis Sayles .....	469,194		
Mellon Bank .....	991,000		
Miller Anderson Sherrerd (Equity) .....	283,858		
		<b>Grand Total</b>	<b><u>\$11,286,962</u></b>

# Summary Schedule of Commissions Paid to Brokers

## Year Ended June 30, 1986

Broker Name	Commission Paid	Broker Name	Commission Paid
Able Noser	\$ 2,064	L F Rothschild Unterberg Towbin	23,391
Adler Coleman & Co	3,200	Laidlaw Adams & Peck	5,355
Alpha Management Inc	41,248	Lawrence, Cyrus J	41,765
Autranet Inc	59,848	Lazard Freres & Co	184
Bear Stearns & Co	177,758	Legg Mason Wood Walker	3,983
Bernstein & Co	4,025	Lewco Securities Corp	10,228
Bishop Rosen & Co Inc	9,500	Lynch Jones & Ryan	248,071
Boenning & Scattergood Inc	720	Mabon Nugent & Co	1,800
Boston Institutional Services Inc	5,696	McDonald & Co Securities	10,053
Brandt, Robert & Co	2,750	McLeod Young Weir	6,650
Brean Murray Foster Securities Inc	3,097	Merrill Lynch Pierce Fenner & Smith	534,999
Bridge Trading Co	5,449	Mesirow & Co	11,526
Brimberg & Co	3,070	Miscellaneous Broker Code	132,134
Brown, Alex & Sons Inc	7,252	Montgomery Securities	44,473
Burns Fry & Timmins Inc	2,400	Morgan Guaranty Trust Co NY	520
Butcher & Singer Inc	8,285	Morgan Omstead Kennedy & Gardner	630
Cantor Fitzgerald & Co	33,801	Morgan Stanley & Co	90,763
Capital Institutional Services	4,558	Mortgage Government Securities Inc	9,799
Citation Group	21,905	Moseley Assoc	1,800
Conning & Co	630	Moseley Hallgarten Estabrook & Weeden	43,951
Copeland Securities	1,200	Murphy Marseilles Smith & Nammack	176
Cowen & Co	11,641	Nesbitt Thomson Securities Inc	1,330
Davis Mendel & Regenstein Inc	5,550	Neuberger & Berman	5,926
Dean Witter Reynolds Inc	199,337	Newbolds, W H Son & Co	10,064
Dillon Read & Co	38,878	Nomura Securities International	3,050
Dominion Securities Pitfield	451	Oppenheimer & Co	372,941
Drexel Burnham Lambert	118,918	Paine Webber Jackson & Curtis	3,005
Dunlevy & Co Inc	4,576	Paine Webber Mitchell Hutchins	48,996
Eberstadt Fleming	21,638	Pennsylvania Group Inc, The	2,000
Ernst & Co	6,029	Pershing & Co	109,524
Evans & Co	455	Prorzheimer, Carl H & Co	3,751
Execution Services Inc	1,034	Prescott Ball & Turben	4,244
Factset Data System Inc	22,716	Prudential-Bache Sec Inc	84,487
Fahnestock & Co	5,804	Raymond James & Associates	6,490
Fay Improvement Co	7,030	Robinson-Humphrey Co Inc, The	140
Financial Clearing & Services	7,000	Rochdale Securities Corp	8,887
First Albany Corp	8,550	Rothschild Securities Corp	120
First Boston Corp	249,423	Roulston Research Corp	7,783
First Manhattan Co	29,373	S E I Funds Evaluations	3,850
Frank Russell	10,303	Salomon Bros	340,106
Furman Selz Mager Dietz & Birney	608	Sanford C Bernstein & Co	21,050
Gabriele Heuglin & Cashman Inc	240	Shaw & Co	960
Goldman Sachs & Co	336,861	Shearson/Lehman Brothers	204,591
Goodrich Securities Inc	2,832	Shields Capital Corp	28,588
Gordon Haskett & Co	12,761	Sloate Weisman Murray & Co	2,076
H G Wellington & Co	5,000	Smith Barney Harris Upham & Co	85,740
H M E Intl Advisory Assoc Inc	1,845	Stamm, R C & Co	2,100
Hambrecht & Quist Inc	940	Standard & Poor Securities Inc	6,780
Herzfeld & Stern	992	Thomson & McKinnon Securities	1,000
Hoernig & Co Inc	2,686	Tucker Anthony & R L Day	42,683
Howard Weil Labouisse Friedrichs	36,881	W & D Securities Inc	8,410
Hutton, E F & Co	156,610	W H Reaves & Co	18,711
Interstate Securities	950	Walcott Research	5,108
J C Bradford & Co	1,260	Weeden & Co	6,537
Janney Montgomery Scott	12,130	Weeden Equity Trading	700
Jefferies & Co	99,080	Wertheim & Co	102,471
Johnson Lane Space Smith & Co	40,372	Widman Ble	2,400
Johnston Lemon & Co	1,625	William Blair & Co	420
Jones & Associates Inc	5,516	Wilshire Associates	10,787
Josephthal & Co	144	Wolcott Investors	1,664
Kalb Voorhis & Co	2,133	Wood Gundy	12,558
Keane Securities Co Inc	648	Wood Mackenzie & Co Inc	960
Keeffe Bruyette & Woods	14,739		
Kidder Peabody & Co	176,267		
Kleinwort Benson	1,928		
		<b>Grand Total</b>	<b>\$4,867,451</b>

## Portfolio Summary Statistics as of 6/30/86

### 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 .....	\$3,019,697,616	\$2,989,286,445	\$ 3,226,452,546
Municipal .....	28,000	28,000	28,000
Corporate/Finance .....	226,249,000	223,379,650	232,911,129
Corporate/Industrial .....	207,718,348	200,267,810	207,969,338
Corporate/Utility .....	117,341,000	112,089,066	110,520,910
Corporate/Transportation .....	42,000,000	38,140,502	39,438,750
Corporate Loans & Leaseholds .....	2,400,752	2,400,752	2,174,313
Convertible Bonds .....	<u>15,900,000</u>	<u>18,321,217</u>	<u>22,434,500</u>
<b>Total Bonds .....</b>	<b>\$3,631,334,716</b>	<b>3,583,913,442</b>	<b>3,841,929,486</b>
<b>Common and Preferred Stock:</b>			
Common Stock .....	82,050,884	2,524,979,057	3,374,605,375
Preferred Stock .....	<u>470,946</u>	<u>7,646,124</u>	<u>8,390,204</u>
<b>Total Stock .....</b>	<b>82,521,830</b>	<b>2,532,625,181</b>	<b>3,382,995,579</b>
<b>Mortgage Investments:</b>			
FHA/VA Residential .....	\$ 246,127,216	243,781,929	233,820,856
FHA Project Mortgages .....	40,511,311	37,214,752	36,055,067
Government Agency Mortgage Backed Securities ...	544,932,540	500,411,985	503,930,736
Other Mortgage Backed Securities .....	79,542,812	62,822,402	73,211,661
Conventional Mortgages .....	<u>389,444</u>	<u>389,444</u>	<u>389,444</u>
<b>Total Mortgage Investments .....</b>	<b>911,503,323</b>	<b>844,620,512</b>	<b>847,407,764</b>
<b>Other Long-Term Investments:</b>			
Equity Real Estate .....	240,530,660	242,690,829	248,068,308
Equity Participating Mortgages .....	375,704,323	375,704,323	422,390,551
Venture Capital .....	10,500,000	10,500,000	10,500,000
FHA Debentures .....	<u>1,859,150</u>	<u>1,859,150</u>	<u>1,859,150</u>
<b>Total Other Long-Term Investments .....</b>	<b>628,594,133</b>	<b>630,754,302</b>	<b>682,818,009</b>
<b>Short-Term Investments:</b>			
U.S. Treasury Bills .....	172,130,324	172,130,324	172,130,324
U.S. Treasury Notes .....	231,822,266	231,822,266	231,822,266
Federal Home Loan Bank .....	20,000,000	20,000,000	20,000,000
Federal Farm Credit Bank .....	40,000,000	40,000,000	40,000,000
Repurchase Agreements .....	370,687,000	370,687,000	370,687,000
Commercial Paper Discount .....	410,666,508	410,666,508	410,666,508
Certificates of Deposit .....	55,000,000	55,000,000	55,000,000
Money Market Funds .....	<u>47,475,000</u>	<u>47,475,000</u>	<u>47,475,000</u>
<b>Total Short-Term Investments .....</b>	<b>\$1,347,781,098</b>	<b>1,347,781,098</b>	<b>1,347,781,098</b>
<b>GRAND TOTAL .....</b>		<b><u>\$8,939,694,535</u></b>	<b><u>\$10,102,931,936</u></b>



## Portfolio Detail Statistics as of 6/30/86 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 T .....	0.000	05/15/89	25,000,000	18,251,974	20,248,000
Certificate Accrual Treas Series P .....	0.000	05/15/88	5,000,000	4,081,278	4,378,950
Certificate Accrual Treas Series S .....	0.000	08/15/86	1,000,000	983,174	992,120
Coupon Treasury Receipt Int Pmt .....	0.000	02/15/90	4,980,000	3,317,308	3,780,268
Coupon Treasury Receipt Int Pmt .....	0.000	11/15/88	2,380,000	1,830,236	2,005,031
Coupon Treasury Receipt Int Pmt .....	0.000	05/15/89	1,361,250	987,664	1,100,026
Coupon Treasury Receipt Int Pmt .....	0.000	08/15/93	1,001,250	436,473	568,640
Coupon Treasury Receipt Int Pmt .....	0.000	11/15/94	2,802,375	1,076,323	1,435,376
Coupon Treasury Receipt Int Pmt .....	0.000	11/15/94	10,695,000	4,138,633	5,477,979
Coupon Treasury Receipt Int Pmt .....	0.000	11/15/88	1,037,500	798,169	875,909
Coupon Treasury Receipt Int Pmt .....	0.000	05/15/93	4,980,000	2,232,384	2,885,014
Coupon Treasury Receipt Int Pmt .....	0.000	05/15/94	12,014,250	4,877,481	6,404,556
Coupon Treasury Receipt Int Pmt .....	0.000	11/15/94	12,481,125	4,754,461	6,392,832
Coupon Treasury Receipt Int Pmt .....	0.000	02/15/94	11,481,250	4,768,489	6,243,848
Federal Farm Cr Bks Fdg Corp Series A ...	10.750	10/20/86	1,000,000	993,572	1,011,200
Federal Farm Cr Bks Fdg Corp Series B ...	10.000	12/01/86	6,000,000	5,979,578	6,077,400
Federal Farm Cr Bks Fdg Corp Series D ...	15.650	10/23/89	14,000,000	15,286,787	17,071,600
Federal Farm Cr Bks Fdg Corp Series F ...	13.350	09/02/86	7,200,000	7,242,473	7,279,200
Federal Farm Cr Bks Fdg Corp Series D ...	13.650	12/02/91	3,000,000	3,261,376	3,684,600
Federal Farm Cr Bks Fdg Corp Series H ...	14.500	09/02/86	6,800,000	6,857,909	6,887,040
Federal Farm Cr Bks Fdg Corp Series A ...	14.250	04/20/94	5,000,000	5,604,577	6,656,500
Federal Farm Cr Bks Fdg Corp Series C ...	14.100	06/01/90	5,000,000	5,434,553	6,003,000
Federal Farm Cr Bks Fdg Corp Series D ...	12.500	09/04/90	9,100,000	9,373,777	10,493,210
Federal Farm Cr Bks Fdg Corp Series D ...	11.500	10/20/88	5,000,000	5,000,000	5,406,500
Federal Farm Cr Bks Fdg Corp .....	11.650	01/23/89	5,000,000	5,000,000	5,450,000
Federal Farm Cr Bks Fdg Corp .....	11.450	12/01/94	10,000,000	10,996,765	11,844,000
Federal Farm Cr Bks Fdg Corp .....	9.550	07/23/90	10,000,000	10,154,477	10,513,000
Federal Farm Cr Bks Fdg Corp .....	11.500	01/20/92	10,000,000	10,882,590	11,419,000
Federal Farm Cr Bks Fdg Corp .....	10.550	10/20/87	5,000,000	5,019,321	5,204,500
Federal Home Loan Banks .....	16.400	09/25/86	5,800,000	5,846,234	5,928,760
Federal Home Loan Banks .....	14.550	09/25/89	10,000,000	10,770,878	11,931,000
Federal Home Loan Banks .....	14.250	04/25/89	10,000,000	10,609,795	11,669,000
Federal Home Loan Banks .....	14.125	07/25/89	22,600,000	23,952,290	26,527,880
Federal Home Loan Banks .....	12.500	09/25/90	19,400,000	20,269,186	22,589,360
Federal Home Loan Banks .....	10.900	12/26/90	3,895,000	3,947,959	4,328,514
Federal Home Loan Banks .....	10.700	01/25/93	5,000,000	5,037,336	5,640,500
Federal Home Loan Banks .....	10.800	03/25/93	9,250,000	9,225,640	10,452,500
Federal Home Loan Banks .....	10.750	05/25/93	5,000,000	4,744,176	5,678,000
Federal Home Loan Banks .....	11.250	03/25/87	10,000,000	10,000,000	10,307,000
Federal Home Loan Banks .....	9.500	01/25/93	10,000,000	10,000,000	10,768,000
Federal Home Loan Banks .....	7.750	03/25/91	15,000,000	14,982,008	15,000,000
Federal Home Loan Banks .....	7.550	04/26/93	25,000,000	25,150,317	24,610,000
Federal Home Loan Banks .....	8.250	06/25/96	24,000,000	24,208,417	24,373,065
Federal Home Loan Mtg Corp .....	10.900	03/30/90	20,000,000	18,814,015	22,200,000
Federal Home Loan Mtg Corp .....	11.850	08/30/91	25,370,000	25,282,818	28,668,100
Fed Home Ln Mtg Coll Mtg Ser G CL G-4 .	11.500	05/01/95	10,000,000	9,976,479	10,581,200
Fed Home Ln Mtg Coll Mtg Ser G CL M-3 .	8.250	12/01/96	2,000,000	1,982,615	1,978,400
Federal National Mortgage Assn .....	7.900	09/10/86	2,700,000	2,681,601	2,705,130
Federal National Mortgage Assn .....	7.300	12/10/86	3,300,000	3,247,700	3,305,280
Federal National Mortgage Assn .....	16.375	08/10/88	6,000,000	6,512,064	7,030,800
Federal National Mortgage Assn .....	13.900	08/11/86	5,000,000	5,008,020	5,036,000
Federal National Mortgage Assn .....	14.300	04/10/87	5,000,000	5,045,012	5,278,000
Federal National Mortgage Assn .....	15.250	07/10/87	2,400,000	2,484,454	2,598,000
Federal National Mortgage Assn .....	10.900	01/11/93	3,000,000	2,854,292	3,408,900
Federal National Mortgage Assn .....	10.900	12/10/87	1,000,000	971,879	1,049,400
Federal National Mortgage Assn .....	10.400	03/10/88	5,000,000	4,796,878	5,253,000

## Portfolio Detail Statistics as of 6/30/86

### 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	10.950	03/10/93	11,600,000	12,905,165	13,239,080
Federal National Mortgage Assn	10.300	02/10/88	5,000,000	4,800,410	5,228,000
Federal National Mortgage Assn	10.750	05/10/93	10,000,000	11,432,380	11,313,000
Federal National Mortgage Assn	9.850	09/10/87	5,000,000	4,822,036	5,157,500
Federal National Mortgage Assn	10.700	01/12/87	5,000,000	4,938,089	5,095,500
Federal National Mortgage Assn	11.550	01/11/88	7,940,000	7,752,901	8,431,486
Federal National Mortgage Assn	12.100	03/10/89	1,000,000	1,020,097	1,110,000
Federal National Mortgage Assn	13.125	08/10/89	15,000,000	15,470,399	17,212,500
Federal National Mortgage Assn	12.550	10/13/87	5,000,000	5,003,025	5,342,200
Federal National Mortgage Assn	11.100	01/10/89	10,000,000	10,000,000	10,819,000
Federal National Mortgage Assn	11.500	02/10/95	26,500,000	27,917,927	31,651,600
Federal National Mortgage Assn	9.500	10/10/88	6,000,000	6,000,000	6,265,800
Federal National Mortgage Assn	8.750	01/10/91	10,000,000	10,337,060	10,387,500
Federal National Mortgage Assn	9.200	01/10/96	10,000,000	9,938,979	10,700,000
Treasury Invt Growth Receipt	0.000	11/15/86	3,731,000	3,579,048	3,637,538
Treasury Invt Growth Receipt	0.000	11/15/93	4,998,000	2,127,908	2,792,633
Treasury Invt Growth Receipt	0.000	11/15/86	5,000,000	4,793,491	4,874,750
Treasury Invt Growth Receipt	0.000	05/15/87	5,000,000	4,547,557	4,717,800
Treasury Invt Growth Receipt	0.000	11/15/87	5,000,000	4,314,114	4,545,600
Treasury Invt Growth Receipt	0.000	08/15/94	12,000,000	4,708,768	6,294,360
Treasury Invt Growth Receipt	0.000	08/15/94	13,500,000	5,353,850	7,072,785
Twelve Federal Land Banks	7.950	10/21/96	5,000,000	4,907,948	4,912,500
U S Treasury Bond Stripped Prin & Int Pmt	0.000	11/15/14	56,711,000	8,164,204	7,260,948
U S Treasury Bond	7.875	02/15/93	26,800,000	23,617,242	27,369,500
U S Treasury Bond	14.250	02/15/02	15,000,000	21,574,643	23,240,550
U S Treasury Bond	11.625	11/15/02	2,700,000	3,425,473	3,592,674
U S Treasury Bond	10.750	02/15/03	8,550,000	11,218,571	10,748,889
U S Treasury Bond	10.750	05/15/03	13,840,000	17,534,154	17,399,371
U S Treasury Bond	11.125	08/15/03	3,650,000	3,410,673	4,709,632
U S Treasury Bond	11.875	11/15/03	6,930,000	9,113,605	9,435,611
U S Treasury Bond	10.750	08/15/05	12,000,000	13,415,068	15,273,720
U S Treasury Bond	9.875	11/15/15	30,000,000	36,131,242	37,068,600
U S Treasury Bond Coupons Stripped	0.000	05/15/89	4,340,000	3,219,573	3,507,154
U S Treasury Bond Coupons Stripped	0.000	08/15/92	4,146,250	2,142,544	2,556,909
U S Treasury Bond Coupons Stripped	0.000	02/15/92	4,146,250	2,260,986	2,659,819
U S Treasury Bond Coupons Stripped	0.000	05/15/89	7,080,491	5,205,094	5,273,479
U S Treasury Note	8.250	05/15/88	10,000,000	9,762,183	10,240,600
U S Treasury Note	8.750	11/15/88	35,000,000	34,091,121	36,257,550
U S Treasury Note	9.000	02/15/87	22,600,000	22,351,230	22,924,762
U S Treasury Note	9.250	05/15/89	15,000,000	14,845,363	15,810,900
U S Treasury Note	13.000	11/15/90	62,200,000	65,536,013	74,542,346
U S Treasury Note	12.375	01/15/88	22,300,000	22,692,285	24,076,864
U S Treasury Note	13.875	11/15/86	29,940,000	30,303,035	30,735,206
U S Treasury Note	14.000	07/15/88	30,000,000	31,142,254	33,937,500
U S Treasury Note	14.875	08/15/91	47,800,000	53,568,565	62,259,500
U S Treasury Note	15.375	10/15/88	8,000,000	8,797,901	9,382,480
U S Treasury Note	12.750	02/15/87	32,600,000	33,109,087	33,852,818
U S Treasury Note	14.625	02/15/92	10,000,000	11,481,320	13,134,300
U S Treasury Note	14.375	04/15/89	22,400,000	23,933,062	26,333,888
U S Treasury Note	13.750	05/15/92	69,175,000	75,575,376	88,738,382
U S Treasury Note	13.750	08/15/87	34,000,000	34,332,639	36,571,080
U S Treasury Note	14.500	07/15/89	37,805,000	44,096,693	44,987,950
U S Treasury Note	12.625	11/15/87	51,300,000	52,133,246	55,131,084
U S Treasury Note	11.875	10/15/89	64,280,000	64,633,503	72,495,627
U S Treasury Note	10.500	11/15/92	25,000,000	25,317,441	28,593,750

## Portfolio Detail Statistics as of 6/30/86 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 .....	10.125	02/15/88	44,200,000	43,871,619	46,313,202
U S Treasury Note .....	10.500	01/15/90	36,600,000	36,907,877	39,996,846
U S Treasury Note .....	9.875	05/15/88	15,000,000	14,974,583	15,750,000
U S Treasury Note .....	10.500	04/15/90	50,000,000	49,773,870	54,859,000
U S Treasury Note .....	10.500	08/15/88	1,500,000	1,483,912	1,600,305
U S Treasury Note .....	10.500	08/30/87	16,400,000	16,368,795	17,015,000
U S Treasury Note .....	10.750	07/15/90	54,000,000	54,443,722	59,940,000
U S Treasury Note .....	11.875	08/15/93	50,000,000	50,619,851	61,328,000
U S Treasury Note .....	11.750	11/15/88	40,000,000	41,121,946	43,912,400
U S Treasury Note .....	11.500	10/15/90	27,000,000	29,050,146	30,813,750
U S Treasury Note .....	11.000	11/15/86	39,000,000	39,350,427	39,621,270
U S Treasury Note .....	11.750	11/15/93	21,000,000	21,162,338	25,711,770
U S Treasury Note .....	11.375	02/15/89	30,000,000	30,543,989	32,915,400
U S Treasury Note .....	11.750	01/15/91	10,000,000	10,000,000	11,571,800
U S Treasury Note .....	10.875	02/15/87	53,500,000	54,299,509	54,870,670
U S Treasury Note .....	11.750	05/15/89	30,000,000	31,081,081	33,402,900
U S Treasury Note .....	12.375	04/15/91	50,000,000	54,441,134	59,453,000
U S Treasury Note .....	12.500	05/15/87	6,800,000	6,751,432	7,135,716
U S Treasury Note .....	13.125	05/15/94	30,500,000	33,821,939	40,069,375
U S Treasury Note .....	13.875	08/15/89	27,000,000	28,932,598	31,775,490
U S Treasury Note .....	13.625	06/30/88	20,000,000	20,422,760	22,437,400
U S Treasury Note .....	13.750	07/15/91	11,400,000	12,978,033	14,278,500
U S Treasury Note .....	12.625	08/15/94	25,000,000	26,907,897	32,335,750
U S Treasury Note .....	12.750	11/15/89	30,000,000	32,788,748	34,640,400
U S Treasury Note .....	11.875	09/30/86	25,000,000	25,139,657	25,328,000
U S Treasury Note .....	11.375	09/30/88	25,000,000	25,271,850	27,187,500
U S Treasury Note .....	10.625	12/31/88	15,000,000	15,310,855	16,157,700
U S Treasury Note .....	11.625	01/15/92	20,000,000	22,470,087	23,550,000
U S Treasury Note .....	10.375	02/15/88	50,000,000	50,353,583	52,593,500
U S Treasury Note .....	11.375	05/15/90	24,000,000	25,049,286	27,060,000
U S Treasury Note .....	11.750	04/15/92	63,775,000	69,802,577	75,833,302
U S Treasury Note .....	10.000	05/15/88	25,000,000	25,220,147	26,296,750
U S Treasury Note .....	11.250	05/15/95	18,000,000	20,252,060	22,050,000
U S Treasury Note .....	9.625	06/30/89	25,000,000	25,785,782	26,585,750
U S Treasury Note .....	9.500	08/15/88	30,000,000	31,302,401	31,434,300
U S Treasury Note .....	10.500	08/15/95	25,000,000	25,782,332	29,625,000
U S Treasury Note .....	9.625	11/15/90	9,000,000	9,422,436	9,691,830
U S Treasury Note .....	9.000	09/30/87	30,000,000	30,721,879	30,777,900
U S Treasury Note .....	9.750	10/15/92	101,500,000	101,991,235	112,411,250
U S Treasury Note .....	8.500	11/30/87	10,000,000	10,033,597	10,218,700
U S Treasury Note .....	8.625	11/15/88	15,000,000	14,949,764	15,492,150
U S Treasury Note .....	9.500	11/15/95	40,000,000	45,860,189	45,137,200
U S Treasury Note .....	9.125	02/15/91	48,500,000	50,221,793	51,652,500
U S Treasury Note .....	8.375	12/31/89	10,000,000	10,000,000	10,325,000
U S Treasury Note .....	8.875	02/15/96	25,000,000	26,600,833	27,406,250
U S Treasury Note .....	7.250	03/31/90	25,000,000	25,075,512	25,046,750
U S Treasury Note .....	7.375	04/15/93	31,000,000	31,043,903	31,052,125
U S Treasury Note .....	7.375	05/15/96	70,000,000	67,305,103	70,130,900
U S Treasury Note .....	7.250	07/15/93	15,000,000	14,814,844	15,009,375
U S Treasury Note .....	7.250	07/15/93	3,000,000	2,969,070	2,969,070
U S Treasury Stripped Int Pmt .....	0.000	11/15/86	1,000,000	966,034	976,640
U S Treasury Stripped Int Pmt .....	0.000	11/15/89	1,100,000	764,015	863,742
U S Treasury Stripped Int Pmt .....	0.000	05/15/90	4,530,000	3,147,426	3,425,360
U S Treasury Note Stripped .....	15.375	10/15/88	2,000,000	1,573,268	1,695,080
U S Treasury Note Stripped .....	13.750	05/15/92	25,500,000	13,747,561	16,502,070

## Portfolio Detail Statistics as of 6/30/86

### 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 Bond Coupons Stripped . . . .	15.750	11/15/88	866,250	677,720	729,772
U S Treasury Note Coupons Stripped . . . .	13.750	05/15/89	3,231,250	2,391,800	2,611,173
U S Treasury Note Coupons Stripped . . . .	13.750	05/15/91	7,012,500	4,186,491	4,817,798
U S Treasury Note Coupons Stripped . . . .	13.750	11/15/88	3,712,500	2,883,118	3,127,596
U S Treasury Note Coupons Stripped . . . .	13.750	11/15/87	1,478,125	1,269,625	1,342,906
<b>TOTALS</b> . . . . .			<b>3,019,697,616</b>	<b>2,989,286,445</b>	<b>3,226,452,546</b>
<b>MUNICIPAL</b>					
Cass Twp Schuylkill Co . . . . .	2.00	02/01/87	5,000	5,000	5,000
Cass Twp Schuylkill Co . . . . .	2.00	02/01/88	5,000	5,000	5,000
Cass Twp Schuylkill Co . . . . .	2.00	02/01/89	5,000	5,000	5,000
Cass Twp Schuylkill Co . . . . .	2.00	02/01/90	5,000	5,000	5,000
Cass Twp Schuylkill Co . . . . .	2.00	02/01/91	8,000	8,000	8,000
<b>TOTAL</b> . . . . .			<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
<b>CORPORATE/FINANCE</b>					
Beneficial Corporation . . . . .	12.45	01/15/94	3,500,000	3,500,000	3,788,750
Beneficial Corporation . . . . .	8.50	01/15/89	2,000,000	2,004,183	2,007,500
Beneficial Finance Co . . . . .	5.00	11/01/90	3,000,000	2,801,286	2,662,500
Beneficial Finance Co . . . . .	4.75	05/15/93	9,405,000	8,190,737	7,582,781
C I T Group Holdings . . . . .	15.50	10/15/87	4,000,000	4,117,065	4,400,000
Chemical Bk New York . . . . .	5.87	01/01/92	3,000,000	2,996,006	2,646,750
Chevron Cap . . . . .	10.75	06/01/95	5,000,000	4,956,415	5,525,000
Chrysler Financial Corporation . . . . .	12.75	11/01/99	2,300,000	2,878,556	2,616,250
Citicorp . . . . .	12.00	10/15/90	3,725,000	3,539,357	3,929,875
Citicorp . . . . .	11.50	04/15/90	10,000,000	10,017,113	10,787,500
Credithrift Financial Corporation . . . . .	8.37	03/01/89	3,175,000	3,175,000	3,186,906
First Intst Bancorp . . . . .	12.50	11/01/91	4,515,000	4,587,079	5,062,444
First Intst Bancorp Ext Adjust . . . . .	9.70	08/15/00	6,000,000	6,128,991	6,105,000
Ford Motor Credit Co . . . . .	11.00	01/15/90	5,000,000	5,131,155	5,393,750
Ford Motor Credit Co . . . . .	11.00	06/01/95	5,000,000	4,984,668	5,325,000
Ford Motor Credit Co Ext Adjust . . . . .	9.62	11/01/00	6,500,000	6,652,208	6,784,375
Ford Motor Credit Co . . . . .	9.87	01/15/94	10,000,000	9,951,825	10,650,000
Ford Motor Credit Co . . . . .	8.12	05/01/93	10,000,000	10,000,000	9,750,000
Ford Motor Credit Med Term Reg . . . . .	8.12	04/01/91	12,000,000	12,000,000	12,000,000
Franklin Svgs Assn Ottawa Kans . . . . .	12.25	04/01/92	7,500,000	7,462,020	8,568,750
General Motors Acceptance Corp . . . . .	8.00	05/01/93	3,400,000	2,795,816	3,408,500
General Motors Acceptance Corp . . . . .	7.12	09/01/92	12,000,000	9,410,701	11,490,000
General Motors Acceptance Corp . . . . .	10.50	04/15/89	5,000,000	5,101,328	5,337,500
General Motors Acceptance Corp . . . . .	10.25	06/01/90	5,000,000	4,993,523	5,112,500
General Motors Acceptance Corp . . . . .	9.50	12/01/89	9,500,000	9,485,880	9,951,250
Household Finance Corp . . . . .	4.50	07/01/91	3,000,000	2,742,452	2,580,000
Household Finance Corp . . . . .	4.87	09/15/93	8,519,000	7,123,740	6,932,336
Household Finance Corp . . . . .	12.25	10/15/04	2,000,000	2,734,425	2,270,000
Household Finance Corp . . . . .	9.00	12/15/90	9,000,000	9,000,000	9,258,750
IBM Credit Corp . . . . .	9.87	05/15/88	5,000,000	5,074,419	5,175,000
ITT Financial Corp . . . . .	9.87	10/15/88	2,750,000	2,748,580	2,842,813
International American Dev Bk . . . . .	11.37	05/01/95	4,500,000	4,967,569	5,186,250
International Bank for Recon & Dev . . . . .	5.87	09/01/93	1,700,000	1,607,346	1,516,740
International Bank for Recon & Dev . . . . .	15.00	12/15/88	4,900,000	5,224,076	5,709,970
International Bank for Recon & Dev . . . . .	14.75	06/01/92	11,234,000	12,746,255	14,639,025

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>CORPORATE/FINANCE (Continued)</b>					
International Bank for Recon & Dev .....	14.62	08/01/87	6,000,000	6,180,943	6,450,000
International Bank for Recon & Dev .....	13.45	09/01/87	4,800,000	4,896,276	5,124,000
Irving Bank Corp .....	5.75	08/01/91	2,783,000	2,543,813	2,466,434
Marine Midland Corp .....	5.00	07/15/89	7,500,000	6,928,095	6,881,250
Papercraft Holding Corp .....	15.00	11/01/00	43,000	17,658	21,930
Tennessee Valley Bancorp .....	8.50	01/01/99	1,000,000	996,050	901,250
United Calif Bank Los Angeles Bank .....	4.50	01/15/90	1,000,000	987,041	882,500
<b>TOTAL</b> .....			<b>226,249,000</b>	<b>223,379,650</b>	<b>232,911,129</b>
<b>CORPORATE/INDUSTRIAL</b>					
Air Products & Chemicals Inc .....	11.50	05/01/95	2,500,000	2,586,468	2,928,125
Allied Corporation .....	6.00	12/15/90	5,000,000	4,095,218	4,537,500
Allied Signal Inc .....	9.87	12/15/97	10,000,000	9,982,918	10,025,000
Allied Stores Corp .....	6.00	05/15/92	1,000,000	703,982	892,500
Amsted Inds Inc Sub Disc .....	16.00	01/01/06	129,000	55,796	62,565
Associated Dry Goods Corp .....	11.25	11/01/87	5,000,000	4,899,324	5,233,050
Associates Corp North America .....	11.62	12/01/89	5,000,000	5,239,975	5,300,000
Associates Corp North America .....	11.50	05/01/90	5,000,000	5,036,733	5,350,000
Associates Corp North America .....	11.00	08/01/90	5,000,000	5,165,083	5,312,500
Atlantic Richfield Co .....	10.37	07/15/95	5,000,000	4,857,649	5,506,250
BCI Holdings .....	11.00	04/15/96	2,000,000	2,047,500	2,047,500
Boeing Co .....	8.37	03/01/96	5,000,000	4,975,486	5,000,000
Borden Inc Shelf 2 .....	8.37	04/15/16	10,000,000	10,000,000	9,262,500
Chevron Cap U S A Inc .....	12.75	08/01/87	5,000,000	4,997,592	5,275,000
Chrysler Corp .....	13.00	03/01/97	6,400,000	7,424,942	7,616,000
Corestates Cap Corp .....	8.50	04/01/96	5,000,000	5,086,431	4,893,750
DuPont E I De Nemours & Co .....	12.87	09/01/92	4,000,000	3,979,155	4,550,000
Federal Express Corp .....	9.00	02/01/91	1,250,000	1,245,600	1,290,625
Inland Stl Co First Mtg Ser P .....	8.87	04/15/99	3,000,000	2,738,506	2,553,750
International Business Machines Corp .....	10.25	10/15/95	12,000,000	12,190,476	13,440,000
Leader Federal Svg & Ln Memphis TN .....	10.87	01/01/92	5,000,000	5,290,236	5,443,750
Mary Kay Corp Disc .....	15.00	11/30/00	113,025	48,958	64,424
McDonalds Corp .....	11.62	04/15/95	1,800,000	1,806,296	1,946,250
Merrill Lynch & Co Inc .....	13.15	08/01/87	1,000,000	1,019,094	1,061,250
Merrill Lynch & Co Inc Ext Adjust .....	11.25	04/15/97	5,000,000	5,011,724	5,262,500
National Gypsum Co Sub Disc .....	15.50	06/30/04	415,800	216,513	210,499
Norwest Corp .....	5.12	10/15/90	1,800,000	1,755,477	1,620,000
Occidental Pete Corp .....	8.95	04/15/94	3,000,000	2,663,021	2,730,000
Penney J C Inc .....	11.75	03/15/87	5,000,000	4,966,288	5,081,250
Phillips Pete Co .....	12.87	09/01/92	4,750,000	4,733,310	4,987,500
Phillips Pete Co Floating Rate .....	8.62	03/15/95	1,500,000	1,482,977	1,265,625
Private Expt Fdg Corp Ser J .....	10.25	05/31/88	1,000,000	1,029,408	1,026,250
Private Expt Fdg Corp Ser S .....	11.25	02/28/92	1,500,000	1,457,284	1,556,250
Private Expt Fdg Corp Ser V .....	9.10	01/31/91	5,000,000	5,000,000	5,062,500
Ralston Purina Co .....	9.50	06/01/16	18,150,000	17,731,711	17,829,652
Reynolds R J Inds Inc .....	10.75	08/01/93	2,000,000	2,049,954	2,200,000
Rorer Group Inc .....	10.00	05/15/93	1,000,000	1,007,485	1,007,500
Sears Roebuck & Co .....	13.25	09/01/92	5,000,000	5,569,784	6,175,000
Sears Roebuck & Co .....	10.25	01/15/88	4,000,000	3,935,151	4,170,000
Security Pac Corp .....	8.25	07/01/93	7,000,000	6,989,515	6,989,500
Standard Oil Co Ohio .....	13.37	09/15/92	12,400,000	12,409,047	13,888,000
Sweden Kingdom .....	10.25	11/01/15	2,000,000	2,298,431	2,257,500
TRW Inc .....	11.37	11/15/15	5,000,000	5,000,000	5,618,750

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>CORPORATE/INDUSTRIAL (Continued)</b>					
Time Inc .....	10.62	10/15/92	2,000,000	1,996,276	2,177,500
Tri City Ppty Invs Corp Ser D .....		03/01/98	10,010,523	2,509,436	2,305,023
United Technologies Corp .....	8.12	03/01/96	5,000,000	4,981,600	4,956,250
<b>TOTAL</b> .....			<b>207,718,348</b>	<b>200,267,810</b>	<b>207,969,338</b>
<b>CORPORATE/UTILITY</b>					
Arkansas Power & Light .....	9.125	12/01/07	2,200,000	2,058,386	2,058,386
Baltimore Gas & Electric Co .....	4.62	08/01/90	700,000	700,732	623,875
British Columbia Hydro & Power Auth .....	15.00	04/15/11	2,400,000	3,470,686	3,462,000
Commonwealth Edison Co 1st Mtg Ser 54 .....	10.62	09/01/95	5,000,000	4,970,216	5,387,500
Consolidated Edison Co NY Inc 1st & Ref .....	5.00	12/01/90	1,000,000	805,503	898,750
Consolidated Edison Co NY Inc 1st & Ref .....	4.37	10/01/92	1,310,000	1,311,933	1,082,388
Consolidated Edison Co NY Inc Reg 4.40% .....	4.40	06/01/93	7,000,000	7,000,000	5,911,990
Duke Power Co 1st & Ref Mtg .....	4.25	08/01/92	1,100,000	1,098,648	866,250
Equitable Gas Co Reg 6.25% .....	6.25	09/01/92	1,860,000	1,860,000	1,570,751
General Electric Co .....	8.62	04/01/16	15,000,000	15,000,000	14,868,750
General Telephone Kentucky Reg 5.25% ..	5.25	10/01/89	1,600,000	1,600,000	1,488,864
General Telephone Co Mich Reg 4.875% ..	4.87	11/01/95	2,000,000	2,000,000	1,982,600
General Telephone Co Mich Reg 5.375% ..	5.37	12/01/89	1,500,000	1,500,000	1,413,885
General Telephone Co Northwest 6.25% ..	6.25	09/01/98	3,000,000	2,985,990	2,415,840
General Telephone Co Ohio Reg 5.25% ..	5.25	10/01/89	1,550,000	1,550,000	1,469,957
General Telephone Co Ohio Reg 4.75% ..	4.75	10/01/93	2,000,000	1,988,265	1,742,060
General Telephone Co PA Reg 5.625% ..	5.62	07/01/96	1,100,000	1,100,000	870,815
Hydro-Quebec .....	11.75	02/15/89	8,800,000	9,409,472	9,614,000
Massachusetts Electric Co 1st Mtg .....	4.37	09/01/92	1,200,000	1,203,217	987,000
Pacific Gas & Electric Co 1st & Ref Mtg ..	13.00	04/01/93	2,000,000	2,096,403	2,415,000
Pacific Telephone & Telegraph Co .....	4.62	11/01/90	1,576,000	1,330,758	1,380,970
Pacific Telephone & Telegraph Co .....	9.00	01/15/18	15,000,000	11,818,994	14,512,500
Phila Suburban Water Co Reg 5% .....	5.00	09/01/89	1,700,000	1,700,000	1,590,945
Public Svc Co Ind Inc 1st Mtg .....	7.62	01/01/01	2,000,000	1,640,234	1,653,560
Public Svc Elec & Gas Co 1st & Ref Mtg ..	4.37	06/01/93	1,250,000	1,081,742	998,438
Southern Bell Telephone & Telegraph Co ..	7.62	03/15/13	15,000,000	13,694,394	12,731,250
Southwestern Bell Telephone Co .....	4.50	08/01/97	3,750,000	3,764,892	2,639,062
Tucson Gas & Electric Co Reg 4.55% .....	4.55	02/01/95	2,000,000	2,000,000	1,598,540
United Tel Co Florida Reg 9.25% .....	9.25	11/01/99	3,360,000	3,360,000	3,371,962
United Tel Co Indiana Reg 5% .....	5.00	09/01/90	750,000	750,000	596,153
United Tel Co PA Reg 5% .....	5.00	06/01/89	730,000	730,000	626,274
United Tel Co PA Reg 6.625% .....	6.62	11/01/98	2,905,000	2,905,000	2,415,595
Virginia Elec & Power Co 1st & Ref Mtg ..	10.25	04/01/09	5,000,000	3,603,601	5,275,000
<b>TOTAL</b> .....			<b>117,341,000</b>	<b>112,089,066</b>	<b>110,520,910</b>
<b>CORPORATE/TRANSPORTATION</b>					
Union Pac Corp .....	6.00	03/01/92	17,000,000	13,377,358	13,557,500
Burlington Northern Inc .....	9.62	02/01/96	10,000,000	9,931,668	10,562,500
Burlington Northern Inc .....	9.00	04/01/16	15,000,000	14,831,476	15,318,750
<b>TOTAL</b> .....			<b>42,000,000</b>	<b>38,140,502</b>	<b>39,438,750</b>
<b>CORPORATE LOANS &amp; LEASEHOLDS</b>					
Consolidated Foods .....			604,189	604,189	604,189

**Portfolio Detail Statistics as of 6/30/86**  
**Trade Date Basis**

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>CORPORATE LOANS &amp; LEASEHOLDS (Continued)</b>					
Volkswagon .....			1,796,563	1,796,563	1,570,124
<b>TOTAL</b> .....			<b>2,400,752</b>	<b>2,400,752</b>	<b>2,174,313</b>
<b>CONVERTIBLE BONDS</b>					
Allied Stores Corp Conv .....	8.75	07/15/09	4,400,000	6,044,692	7,777,000
Corning Glass Works Exchangeable .....	8.25	12/01/07	2,500,000	2,538,313	3,125,000
Occidental Pete Corp Conv .....	10.05	03/15/94	5,500,000	5,547,560	5,582,500
Westinghouse Elec Corp Conv .....	9.00	08/15/09	3,500,000	4,190,652	5,950,000
<b>TOTAL</b> .....			<b>15,900,000</b>	<b>18,321,217</b>	<b>22,434,500</b>

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK</b>			
Aaron Rents Inc .....	5,300	92,310	98,050
Abbott Labs .....	328,700	7,999,797	17,667,625
Acco World Corp .....	6,450	111,009	179,794
Activision Inc .....	65,500	207,471	90,063
ADAC Laboratories .....	27,200	181,379	34,000
Adams Russell Inc .....	3,700	95,802	153,802
Adobe Res Corp .....	2,580	35,150	21,285
ADT Inc. ....	5,900	150,574	173,313
Advanced Micro Devices Inc .....	40,200	1,188,515	804,000
Advanced Semiconductor Materials International .....	9,300	182,633	81,375
Aetna Life & Casualty Co .....	269,900	14,940,969	16,362,688
Affiliated Bankshares Colo Inc .....	49,800	818,806	747,000
Affiliated Publications Inc .....	8,550	157,412	496,969
Agency Rent A Car Inc .....	9,202	92,739	407,189
Agnico Eagle Mines Ltd .....	6,800	101,728	106,250
AGS Computers Inc. ....	3,600	96,643	75,600
Ahmanson H F & Co .....	34,400	361,961	950,300
Air Products & Chemicals Inc .....	30,400	746,248	1,064,000
Air WIS Services Inc .....	7,010	108,846	73,605
Airborne Freights Corp .....	4,700	117,347	89,300
Alberto Culver Co Cl A .....	7,275	39,889	138,225
Alberto Culver Co .....	21,825	124,786	491,063
Albertsons Inc .....	15,200	428,948	710,600
ALC Communications Corp .....	5,660	56,600	38,193
Alcan Aluminum Ltd .....	52,300	1,921,981	1,595,150
Alco Standard Corp .....	28,500	1,118,242	1,211,250
Alexander & Alexander Services Inc .....	33,200	1,050,008	1,307,250
Alexander & Baldwin Inc .....	35,550	656,030	1,333,125
Allegheny Corp .....	3,978	255,110	391,336
Allegheny International Inc .....	7,300	230,282	149,650
Allegheny Power System Inc .....	22,900	566,093	1,013,325
Allied Bancshares Inc .....	21,175	535,584	333,506
Allied Signal Inc .....	370,783	13,746,833	16,638,887
Allied Stores Corp .....	215,800	7,125,215	11,518,325
Allis Chalmers Corp .....	16,600	178,998	76,775
Alltel Corp .....	40,100	1,043,740	1,473,675

**Portfolio Detail Statistics as of 6/30/86**  
**Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Alpha Industries Inc .....	4,900	101,954	50,225
Altos Computer Systems .....	7,600	95,724	118,750
Aluminum Co of America .....	172,900	6,193,383	6,591,813
Alza Corp Cl A .....	4,800	155,971	238,800
Amax Inc .....	31,300	870,932	414,725
Amdahl Corp .....	17,800	353,245	311,500
Amedco Inc .....	4,700	93,648	69,913
Amerada Hess Corp .....	39,500	1,294,945	790,000
American Brands Inc .....	29,000	1,539,981	2,704,250
American Business Products Inc .....	4,200	92,667	138,600
American Can Co .....	72,600	3,757,801	5,517,600
American Cyanamid Co .....	21,800	1,057,277	1,689,500
American Ecology Corp .....	16,770	99,256	440,213
American Electric Power Co .....	235,600	5,377,901	6,272,850
American Express Co .....	286,778	14,736,314	17,923,625
American Family Corp .....	16,896	140,909	559,680
American Financial Enterprises Inc .....	7,000	96,267	147,875
American Fletcher Corp .....	6,200	97,669	339,450
American General Corp .....	167,100	5,631,968	7,039,088
American Greetings Corp Cl A .....	14,600	382,815	594,950
American Home Products Corp .....	103,200	4,291,690	9,288,000
American Income Life Insurance Co .....	6,600	93,854	91,575
American Information Technologies .....	57,640	4,381,664	7,875,065
American International Group Inc .....	51,300	4,159,515	6,611,288
American Medical International Inc .....	31,700	830,554	550,788
American National Insurance Co .....	30,700	724,351	1,174,275
American Petrofina Inc Cl A .....	5,500	331,211	264,000
American President Cos Ltd .....	49,500	1,158,166	1,188,000
American Quasar Petroleum Co .....	47,500	207,854	5,938
American Security Corp .....	5,250	104,458	206,063
American Solar King Corp .....	18,400	178,481	31,059
American Standard Inc .....	99,525	3,122,642	4,192,491
American Stores Co .....	14,518	555,483	1,016,260
American Surgery Centers Corp .....	40,700	181,239	17,827
American Tel & Teleg Co .....	449,400	7,794,782	11,403,525
American Water Works Inc .....	7,800	124,371	272,025
Americana Hotels & Realty Corp .....	3,500	88,672	38,063
Ameritrust Corp .....	8,600	214,335	410,650
Ames Department Stores Inc .....	12,000	132,848	400,500
Ametek Inc .....	10,300	235,306	307,713
Amfac Inc .....	7,200	197,085	197,100
AMFESCO Industries Inc .....	11,400	185,010	47,025
Amoco Corp .....	421,100	22,631,382	25,371,275
AMP Inc .....	80,300	2,346,895	2,971,100
AMR Corp Del .....	229,300	9,936,470	12,640,163
AmSouth Bancorporation .....	7,650	115,199	278,269
Analog Devices Inc. ....	19,333	365,135	352,827
Analogic Corp Par \$0.05 .....	8,500	217,559	105,188
Anchor Hocking Corp .....	4,600	149,038	138,000
Anderson Clayton & Co .....	5,800	160,114	320,450
Andrew Corp .....	4,700	182,573	83,425
Angelica Corp .....	4,300	112,210	126,850
Anheuser Busch Cos Inc. ....	176,200	5,338,535	9,955,300
Anixter Bros Inc. ....	16,800	213,200	195,300
Anthem Electronics Inc. ....	24,700	446,646	385,938



## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
AOI Coal Company	8,600	50,003	27,950
Apache Corp	12,100	174,314	102,850
Apogee Enterprises Inc.	30,300	425,420	606,000
Apollo Computer Inc.	14,100	365,145	170,963
Apple Computer Inc	156,000	4,606,575	5,596,500
Applied Biosystems Inc	4,900	156,913	247,450
Applied Magnetics Corp	12,550	185,031	196,094
Archer Daniels Midland Co	254,219	4,192,508	4,639,497
Agrosystems Inc	4,900	96,017	102,900
Arizona Bancwest Corp	6,006	99,945	260,510
Arkansas Best Corp	4,600	86,644	216,775
Arkia Inc.	313,200	5,806,956	5,755,050
Armstrong Rubber Co	5,400	95,445	78,975
Armstrong World Industries Inc	9,300	245,855	596,363
Arrow Electronics Inc	45,000	721,450	416,250
Arvin Industries Inc	28,900	710,204	964,538
ARX Inc	65,885	986,872	798,856
ASA Limited	3,600	234,428	114,300
Asamera Inc	20,700	229,385	134,550
ASARCO Inc	10,600	422,244	170,925
Ashland Oil Inc	19,200	656,349	1,039,200
ASK Computer Systems Inc	5,200	100,595	57,200
Associated Dry Goods Corp	24,500	754,661	1,604,750
Astrotech International Corp	28,118	103,719	45,692
Atlanta Gas Light Co	50,700	1,424,693	2,040,675
Atlantic City Electric Co	8,500	191,784	323,000
Atlantic Resh Corp	4,350	93,076	128,325
Atlantic Richfield Co	204,100	7,315,517	10,613,200
Augat Inc	7,700	336,708	137,638
Automatic Data Processing Inc	48,600	1,271,735	1,719,225
Avantek Inc	8,700	248,779	159,863
Avatar Holdings Inc	6,800	99,248	166,600
Avery International Corp	9,200	218,363	399,050
Avnet Inc	23,200	1,040,763	669,900
Avon Products Inc	280,966	7,003,616	10,044,535
AVX Corp	4,100	117,881	51,763
Aydin Corp	2,200	104,584	56,100
AZP Group Inc	34,700	861,051	1,019,313
B A T Industries P L C	400,000	1,515,000	2,550,000
Bairnco Corp	4,200	91,581	121,275
Baker International Corp	195,200	3,288,308	2,562,000
Baldor Electric Co	3,700	97,927	80,013
Ball Corp	10,400	181,695	442,000
Bally Manufacturing Corp	12,300	323,151	258,300
Ballys Pk Place Inc	11,500	199,370	240,063
Baltimore Gas & Electric Co	28,600	424,335	925,925
Banc One Corp	25,591	396,135	722,946
Banco Central S A	28,900	309,975	655,683
Bancorp Hawaii Inc	19,500	868,881	1,072,500
BancTEXAS Group Inc	13,400	96,726	13,400
Bandag Inc	4,700	258,360	376,588
Bank New England Corp	15,350	222,268	594,813
Bank New York Inc	24,300	1,294,086	1,546,088
Bank of Boston Corp	14,600	287,392	591,300
Bank South Corp	7,125	90,885	179,906

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Bank of Virginia Co .....	39,800	1,100,338	1,457,675
BankAmerica Corp .....	147,700	2,994,867	2,307,813
Bankers Trust New York Corp .....	243,400	8,104,503	11,774,475
Banks Mid America Inc .....	5,176	94,827	46,910
Banta George Inc .....	8,800	97,219	189,200
Bard C R Inc .....	55,400	1,072,346	1,932,075
Barnett Bks of Florida .....	15,950	531,470	913,138
Barry Wright Corp .....	4,000	122,406	83,500
Bassett Furniture Inds Inc .....	3,600	163,328	165,600
Battle Mtn Gold Co Cl A .....	28,200	197,344	366,600
Bausch & Lomb Inc .....	22,825	699,960	890,175
Baxter Travenol Labs Inc .....	159,981	3,255,754	3,019,641
Baybanks Inc .....	41,900	1,467,586	2,136,900
BBDO International Inc .....	5,400	110,282	153,900
BDM International Inc Cl A .....	4,620	97,112	148,995
Bearings Inc .....	2,600	98,522	102,700
Becor Western Inc .....	10,300	158,298	133,900
Becton Dickinson & Co .....	200,600	3,932,967	11,058,075
Beker Industries Corp .....	15,500	162,750	15,500
Bell & Howell Co .....	10,200	235,773	479,400
Bell Atlantic Corp .....	298,680	12,958,201	20,758,260
Bell Canada Enterprises Inc .....	103,100	2,428,039	2,861,025
Bell Industries Inc .....	2,900	95,851	63,800
BellSouth Corp .....	150,920	4,632,633	9,470,230
Belo A, H Corp .....	6,400	273,603	377,600
Beneficial Corp .....	118,900	4,108,507	5,528,850
Benequity Holdings Unit Ltd Partnership .....	3,800	47,311	85,025
Bergen Brunswig Corp Cl A .....	31,195	762,187	756,479
Berkley W R Corp .....	24,000	563,684	960,000
Berkshire Hathaway Inc Del .....	600	726,552	847,500
Best Products Inc .....	282,600	3,953,099	3,921,075
Bethlehem Steel Corp .....	51,300	1,012,008	756,675
Betz Labs Inc .....	7,500	289,464	316,875
BIC Corp .....	6,600	91,339	218,625
Big Three Industries Inc .....	19,900	526,758	514,913
Bio-Response Inc .....	6,100	91,318	42,700
Biogen N V .....	8,600	103,286	149,425
Black & Decker Corp .....	17,700	371,590	362,850
Block Drug Inc Cl A .....	7,648	111,442	195,024
Block H & R Inc .....	11,400	261,318	454,575
Blount Inc Cl B Conv .....	6,100	92,081	89,975
Boatmens Bancshares Inc .....	7,140	168,942	338,258
Bob Evans Farms Inc .....	12,210	236,534	335,775
Boeing, Co .....	126,500	4,760,518	7,969,500
Boise Cascade Corp .....	10,100	382,775	585,800
Bolar Pharmaceutical Inc .....	13,200	282,026	414,150
Bolt Beranek & Newman Inc .....	3,400	98,412	144,500
Borden Inc .....	257,400	4,908,999	12,709,125
Borg Warner Corp .....	40,100	898,318	1,408,513
Boston Edison Co .....	49,600	1,835,638	2,523,400
Bow Valley Industries Ltd .....	19,400	448,047	145,500
Bowater Inc .....	188,400	5,444,836	5,228,100
Bowne & Co Inc .....	5,300	91,680	119,913
Bralorne Res Ltd .....	37,100	172,984	41,738
Branch Corp .....	3,900	99,821	165,750

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Brascan Ltd Ord Cl A Conv .....	25,600	414,019	460,800
Briggs & Stratton Corp .....	5,900	163,301	220,513
Bristol Myers Co .....	68,411	2,909,133	5,883,380
British Pete PLC American Depository Sh .....	85,800	2,862,474	3,163,875
Brock Hotel Corp .....	11,800	95,524	2,218
Brockway Inc NY .....	5,800	97,402	228,375
Brooklyn Un Gas Co .....	10,400	166,368	283,400
Brown Forman Inc Cl A .....	3,700	118,327	207,663
Brown Forman Inc Cl B .....	9,500	339,667	590,188
Brown Group Inc .....	7,900	251,488	301,188
Brown Tom Inc .....	21,400	189,441	21,400
Browning Ferris Industries Inc .....	41,400	1,099,841	1,573,200
Brunos Inc .....	16,600	139,815	344,450
Brunswick Corp .....	187,300	3,264,815	6,625,738
Brush Wallman Inc .....	13,900	426,542	437,850
Burlington Coat Factory Whse Corp Co .....	5,400	192,214	130,950
Burlington Industries Inc .....	17,600	744,439	688,600
Burlington Northern Inc .....	259,200	14,205,625	16,524,000
Burndy Corp .....	5,600	134,821	71,400
Burr Brown Corp .....	7,050	86,560	114,563
Burroughs Corp .....	385,800	23,509,093	23,726,700
Business Mens Assurn Co America .....	5,000	95,238	145,000
Butler International Inc .....	10,500	208,090	175,875
Butler Manufacturing Co Del .....	3,300	96,014	101,475
C P Rehab Corp .....	6,000	92,071	30,000
C P T Corp .....	7,700	113,346	31,763
Cabot Corp .....	341,400	8,898,361	9,985,950
Ceasars N J Inc .....	7,600	134,386	108,300
Ceasars World Inc .....	43,700	888,683	961,400
Calfed Inc .....	9,200	143,750	350,750
California First Bank San Francisco Co .....	5,600	95,733	173,953
California Microwave Inc .....	18,300	226,789	215,025
Callahan Mining Corp .....	6,228	152,254	96,534
Calmat Co .....	31,945	961,542	1,118,075
Camco Inc Tex .....	39,200	562,533	607,600
Cameron Iron Works Inc .....	14,200	311,977	152,650
Campbell Red Lake Mines Ltd .....	18,100	510,037	269,238
Campbell Soup Co .....	36,300	1,258,002	2,354,963
Canadian Marconi Co .....	11,100	214,457	202,575
Canadian Occidental Pete Ltd .....	17,500	414,924	223,125
Canadian Pac Ltd Ord Par \$5 .....	499,432	6,170,819	6,055,613
Capital Cities ABC Inc .....	51,000	4,823,829	13,081,500
Capital Cities ABC Inc Warrants .....	9,308	35,266	381,628
Capital Holding Corp Del .....	19,800	351,263	747,450
Care Enterprises Cl A .....	2,850	35,363	18,169
Care Enterprises Cl B .....	5,700	64,929	39,900
Caremark Inc .....	6,500	146,057	113,750
Carling O'Keefe Ltd .....	10,200	203,333	104,550
Carlisle Cos Inc .....	4,300	118,060	152,113
Carolina Freight Corp .....	3,600	116,618	130,050
Carolina Power & Light Co .....	230,600	6,184,672	7,869,225
Carpenter Technology Corp .....	5,400	258,364	189,675
Carter Hawley Hale Stores Inc .....	7,900	172,002	290,325
Carter Wallace Inc .....	11,800	479,803	831,900
Castle & Cooke Inc .....	13,519	182,917	224,753

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Caterpillar Inc . . . . .	81,300	4,044,881	4,044,675
CB & T Bancshares Inc . . . . .	5,850	97,177	210,600
CBI Industries Inc . . . . .	8,100	282,246	201,488
CBS Inc . . . . .	82,101	6,155,725	11,863,595
Celanese Corp . . . . .	22,900	2,729,999	5,232,650
Cenergy Corp . . . . .	3,647	33,745	22,338
Centel Corp . . . . .	12,800	475,037	761,600
Centerior Energy Corp . . . . .	831,654	19,273,392	21,103,220
Centerre Bancorporation . . . . .	3,600	100,243	183,600
Centex Corp . . . . .	7,500	171,395	259,688
Centocor Inc . . . . .	6,900	97,257	291,525
Central & South West Corp . . . . .	42,000	742,220	1,312,500
Central Bancorporation Inc Del . . . . .	5,040	94,705	297,360
Central Bancshares South Inc . . . . .	7,800	94,946	239,850
Central Fidelity Banks Inc . . . . .	48,850	1,358,911	1,618,156
Central Hudson Gas & Electric Corp . . . . .	4,700	115,510	160,388
Central Illinois Pub Service Co . . . . .	16,300	258,277	436,025
Central Louisiana Electric Inc . . . . .	20,000	535,145	672,500
Central Maine Power Co . . . . .	77,700	1,330,426	1,398,600
Centronics Data Computer Corp . . . . .	5,200	134,320	31,850
Cenvill Invs Inc . . . . .	3,800	92,987	68,875
Certain Teed Corp . . . . .	32,300	708,045	1,167,250
Cetus Corp . . . . .	10,400	151,790	379,600
CF & I Steel Corp . . . . .	6,977	48,668	49,711
Champion International Corp . . . . .	54,867	1,240,677	1,351,100
Champion Spark Plug Co . . . . .	18,400	187,010	190,900
Charming Shoppes Inc . . . . .	14,850	177,179	514,181
Charter Med Corp Cl A . . . . .	8,850	146,949	191,381
Charter Med Corp Cl B Conv . . . . .	13,950	247,086	299,925
Chase Manhattan Corp . . . . .	424,700	16,980,978	18,846,063
Chemed Corp . . . . .	3,700	122,702	140,600
Chemical New York Corp . . . . .	153,600	7,018,684	7,872,000
Chemlawn Corp . . . . .	4,500	131,536	86,625
Chesapeake Corp . . . . .	3,000	99,036	123,750
Chesebrough Ponds Inc . . . . .	137,600	4,602,099	7,138,000
Chevron Corp . . . . .	389,800	12,048,993	14,958,575
Chi-Chis Inc . . . . .	10,950	275,358	105,394
Chieftain Dev Ltd . . . . .	11,250	180,014	71,719
Chromalloy Amern Corp Del . . . . .	7,300	94,982	179,763
Chrysler Corp . . . . .	732,650	25,198,962	27,932,281
Chubb Corp . . . . .	54,975	3,297,646	3,793,275
Church & Dwight Inc . . . . .	18,600	102,890	265,050
Churchs Fried Chicken Inc . . . . .	40,800	598,676	668,100
CIGNA Corp . . . . .	525,100	30,794,337	33,278,213
CILCORP Inc . . . . .	6,800	138,885	246,500
Cincinnati Bell Inc . . . . .	52,800	1,149,101	2,079,000
Cincinnati Financial Corp . . . . .	6,510	224,270	478,485
Cincinnati Gas & Electric Co . . . . .	57,800	1,282,266	1,481,125
Cincinnati Milacron Inc . . . . .	11,400	389,855	240,825
Cipher Data Products Inc . . . . .	6,000	150,571	90,750
Circuit City Stores Inc . . . . .	14,000	266,840	330,750
Circus Circus Enterprises Inc . . . . .	27,500	667,910	1,072,500
Citicorp . . . . .	300,500	12,308,049	17,954,875
Citizens & Southern Corp . . . . .	76,430	1,382,232	2,312,008
Citizens Fidelity Corp . . . . .	8,550	125,762	280,013

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Citizens Utilities Co Del Com Ser A .....	10,641	292,312	534,744
City Investing Co .....	17,000	55,250	114,750
City National Corp .....	4,235	99,208	189,516
CityFed Financial Corp .....	7,600	49,878	134,900
Clabir Corp .....	8,000	86,600	58,000
Clark Equipment co .....	5,500	186,966	121,000
Clark J,L Mfg Co .....	4,100	95,715	120,950
Cleveland Cliffs Inc .....	8,500	211,522	122,188
Clorox Co .....	166,000	5,013,838	9,275,250
CNA Financial Corp .....	34,000	1,232,852	2,197,250
CNW Corp .....	8,200	366,506	187,575
Coachmen Industries Inc .....	4,000	132,731	68,000
Coastal Corp .....	221,675	6,524,165	7,121,309
Coca Cola Bottling Co Cons .....	3,400	93,218	188,700
Coca Cola Co .....	131,800	10,076,946	16,540,900
Coleco Industries Inc .....	216,200	3,853,241	3,080,850
Coleman Inc .....	15,200	638,522	663,100
Colgate Palmolive Co .....	148,424	3,831,636	6,308,020
Collaborative Resh Inc .....	7,700	108,533	55,825
Collagen Corp .....	14,800	189,757	351,500
Collins & Aikman Corp .....	8,600	176,361	337,550
Collins Foods International Inc Del .....	11,475	94,723	207,984
Color Tile Inc .....	6,000	95,071	145,500
Colorado National Bankshares Inc .....	38,000	714,337	712,500
Colt Industries Inc .....	119,900	8,150,904	8,378,012
Columbia Gas Sys Inc .....	14,400	451,412	622,800
Combined International Corp .....	12,700	483,809	768,350
Combustion Engineering Inc .....	12,500	479,272	379,688
Comcast Corp .....	14,675	222,130	409,066
Comdata Network Inc .....	7,700	252,908	107,800
Comdial Corp .....	38,800	282,777	75,194
Comdisco Inc .....	20,100	535,625	439,688
Comerica Inc .....	4,830	127,513	272,895
ComFed Savings Bank Lowell Mass .....	72,300	1,640,746	2,141,888
Cominco Ltd .....	32,700	551,488	322,913
Commerce Bancshares Inc .....	5,000	103,988	191,875
Commerce Clearing House Inc .....	8,400	233,500	525,000
Commercial Shearing Inc .....	7,246	97,787	107,784
Commodore Corp .....	1,827	645	91
Commodore International Ltd .....	14,200	675,852	86,975
Commonwealth Edison Co .....	215,800	6,256,526	6,932,575
Commonwealth Energy Sys .....	26,700	621,140	1,064,663
Communications Satellite Corp .....	8,800	350,638	301,400
Community Psychiatric Centers .....	13,950	313,598	420,244
Comp-U-Card International Inc .....	6,750	91,314	219,375
COMPAQ Computer Corp .....	10,100	160,903	143,925
Comprehensive Care Corp .....	7,066	117,094	92,741
Compugraphic Corp .....	3,800	102,724	73,150
Computer & Communications Technology .....	4,500	95,491	50,625
Computer Association International Inc .....	10,200	164,961	244,800
Computer Consoles Inc .....	5,998	112,006	56,231
Computer Language Resh Inc .....	6,300	180,150	47,250
Computer Memories Inc .....	23,700	185,004	44,438
Computer Products Inc .....	9,800	97,854	52,675
Computer Sciences Corp .....	11,000	163,963	433,125

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Computervision Corp .....	13,200	687,657	183,150
ConAgra Inc .....	15,350	453,707	901,813
Conquest Expl Co .....	13,000	127,638	66,625
Consolidated Edison Co NY Inc .....	85,500	2,523,033	3,772,688
Consolidated Freightways Inc .....	52,500	1,389,415	1,706,250
Consolidated Natural Gas Co .....	30,400	359,983	942,400
Consolidated Papers Inc .....	34,400	1,216,571	1,986,600
Consumers Power Co .....	39,000	769,089	463,125
Contel Corp .....	32,000	750,170	964,000
Continental Bancorp Inc Pa .....	4,282	114,095	282,077
Continental Corp .....	24,300	888,717	1,169,438
Control Data Corp Del .....	155,400	3,882,015	3,496,500
Convergent Technologies Inc .....	16,500	409,946	119,625
Converse Inc .....	4,400	98,319	68,200
Cooper Dev Co .....	9,624	27,802	28,872
Cooper Inds Inc .....	202,700	8,311,489	8,260,025
Cooper Lasersonics Inc .....	7,300	49,304	31,025
Cooper Tire & Rubber Co .....	28,200	494,496	676,800
Coopervision Inc .....	38,360	902,773	920,640
Coors Adolph Co Cl B .....	13,200	348,068	417,450
Core Industries Inc .....	6,400	97,309	88,000
CoreStates Financial Corp .....	14,400	249,643	556,200
Corning Glass Works .....	19,500	894,996	1,421,063
Corroon & Black Corp .....	30,100	968,136	1,211,525
Corvus Systems Inc .....	129,450	474,750	428,868
Cosmo Communications Corp .....	13,600	179,846	45,900
CPC International Inc .....	174,800	8,043,928	12,760,400
CPI Corp .....	3,800	102,012	125,400
Crane Co .....	7,177	146,277	224,281
Crawford & Co .....	8,250	99,524	193,875
Cray Resh Inc .....	31,900	1,346,812	3,082,338
Crazy Eddie Inc .....	10,000	259,240	377,500
Cross & Trecker Corp .....	6,400	190,950	123,200
Cross A T Co Cl A .....	3,900	128,146	167,213
Crown Cent Pete Corp Cl A .....	5,600	89,836	127,400
Crown Cork & Seal Inc .....	31,400	1,341,805	3,304,850
Crown Zellerbach Corp .....	10,200	289,362	410,550
Crystal Brands Inc .....	3,740	66,520	83,683
CSX Corp .....	126,198	3,119,245	4,132,985
CTS Corp .....	1,102	47,301	40,085
Cubic Corp .....	3,700	104,365	67,063
Culbro Corp .....	3,800	91,772	190,000
Cullen Frost Bankers Inc .....	3,300	112,514	56,925
Cullinet Software Inc .....	13,800	312,020	177,675
Cullum Cos Inc .....	7,600	104,568	193,800
Cummins Engine Inc .....	10,000	702,130	666,250
Curtiss Wright Corp .....	2,300	104,869	121,613
Cyclops Corp .....	2,500	80,438	184,063
Cyprus Minerals Co .....	14,300	143,573	323,538
C3 Inc .....	5,000	97,226	46,875
Daisy Sys Corp .....	83,700	1,106,913	920,700
Dallas Corp .....	5,000	95,289	77,500
Damon Corp .....	3,700	96,765	65,675
Dana Corp .....	48,150	1,272,738	1,582,931
Daniel Industries Inc .....	7,497	90,575	52,479

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Dart & Kraft Inc .....	97,600	3,175,516	6,185,400
Dart Group Corp Cl A .....	1,300	108,024	189,150
Data Gen Corp .....	8,400	283,999	290,850
Data Switch Corp .....	18,700	224,287	121,500
Datapoint Corp Com Par \$0.25 .....	7,600	179,503	61,750
Dataproducts Corp .....	9,600	263,639	134,400
Dauphin Deposit Corp .....	6,000	95,536	228,000
Dayton Hudson Corp .....	64,400	2,722,932	3,590,300
Dayton Power & Light Co .....	18,100	289,057	441,188
Dean Foods Co .....	163,284	163,284	313,228
Deb Shops Inc .....	5,250	95,708	171,938
Deere & Co .....	43,300	1,585,639	1,234,050
DEKALB Corp .....	6,100	168,331	125,813
Delmarva Power & Light Co .....	247,765	247,765	503,700
Delmed Inc .....	32,700	194,099	44,963
Delta Air Lines Inc Del .....	28,700	1,071,650	1,191,050
Deluxe Check Printers Inc .....	79,200	2,429,321	5,742,000
Denison Mines Ltd Cl A Conv .....	9,600	192,173	64,800
Denison Mines Ltd Cl B Conv .....	19,200	299,126	132,000
Dennison Mfg Co .....	6,900	153,438	196,650
Deposit Guaranty Corp .....	4,800	95,629	198,000
DeSoto Inc .....	3,300	96,464	133,238
Detroit Edison Co .....	288,400	4,597,730	4,758,600
Dexter Corp .....	7,333	182,836	251,155
Diamond Bathurst Inc .....	200,000	5,200,000	5,600,000
Diamond Shamrock Corp .....	150,800	2,534,250	1,639,950
Diamond Shamrock Offshore Partners L .....	15,600	261,768	234,000
Diasonics Inc .....	21,500	286,923	91,375
Diebold Inc .....	6,150	371,563	240,619
Digital Communications Assoc Inc .....	4,050	96,782	68,850
Digital Equipment Corp .....	95,400	5,557,969	8,180,550
Dillard Department Stores Inc Cl A .....	30,300	531,983	1,268,813
Disney Walt Co .....	201,400	5,122,668	11,026,650
Diversified Energies Inc Minn .....	11,860	234,916	323,185
Dollar Gen Corp .....	8,760	133,920	185,055
Dome Mines Ltd .....	29,300	473,380	161,150
Dominion Bankshares Corp .....	29,700	877,239	1,481,288
Dominion Res Inc VA .....	79,700	2,069,975	3,347,400
Domtar Inc .....	171,000	2,827,616	3,868,875
Donaldson Inc .....	4,000	95,915	149,000
Donnelley R R & Sons Co .....	20,800	1,023,737	1,619,800
Dover Corp .....	32,200	1,215,873	1,336,300
Dow Chemical Co .....	96,800	3,496,434	5,553,900
Dow Jones & Co Inc .....	34,100	1,790,352	1,913,863
Doyle Dane Bernbach Group Inc .....	4,400	98,319	104,500
Dravo Corp .....	6,500	96,432	103,188
Dresser Industries Inc .....	396,100	7,183,262	7,377,363
Dreyers Grand Ice Cream Inc .....	10,600	184,143	328,600
Dreyfus Corp .....	6,000	252,075	606,000
DSC Communications Corp .....	15,356	400,519	191,950
DST Systems Inc .....	5,800	86,275	114,550
Du Pont E I De Nemours & Co .....	297,500	15,760,674	24,766,875
Ducommun Inc .....	2,400	98,516	50,100
Duke Power Co .....	53,900	1,380,753	2,432,238
Dun & Bradstreet Corp .....	139,287	6,040,949	16,505,510

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Dunkin Donuts Inc .....	6,000	95,881	204,750
Duquesne Lt Co .....	210,900	2,965,361	2,899,875
Durr-Fillauer Med Inc .....	7,375	106,762	118,000
Dynalectron Corp .....	8,500	88,633	155,125
Dynascan Corp .....	15,651	172,508	146,728
Dynatech Corp .....	8,000	221,957	266,000
E-Systems Inc Par \$1 .....	26,700	943,310	934,500
Eagle Picher Industries Inc .....	31,600	759,684	1,236,350
Easco Corp .....	4,200	93,492	73,500
Eastern Gas & Fuel Association .....	41,600	1,038,071	1,128,400
Eastern Utilities Association .....	6,800	112,285	243,100
Eastman Kodak Company .....	224,000	10,453,258	13,132,000
Eaton Corp .....	79,800	4,507,353	5,446,350
Echlin Inc .....	17,800	189,494	342,650
Echo Bay Mines Ltd .....	23,600	236,485	356,950
Economics Lab Inc .....	21,100	665,750	1,231,713
Edison Brothers Stores Inc .....	5,100	179,697	212,925
EDO Corp .....	5,250	94,746	80,063
Edwards A G Inc .....	9,300	170,165	240,638
EG & G Inc .....	12,000	468,396	406,500
El Paso Electric Co .....	13,200	218,447	211,200
Electro Biology Inc .....	10,900	181,174	85,838
Electro Rent Corp .....	4,500	78,643	65,250
Electrospace Systems Inc .....	33,718	664,325	885,117
Elsclint Ltd Ord .....	22,400	186,664	44,800
Elsinore Corp .....	9,100	97,491	36,400
Emerson Electric Co .....	65,007	4,562,201	5,655,609
Emerson Radio Corp .....	9,922	89,770	181,077
Emery Air Freight Corp .....	7,400	179,139	108,225
Emhart Corp VA .....	155,860	5,602,652	5,649,525
Employers Cas Co .....	2,900	96,701	192,850
Emulex Corp .....	5,600	133,267	35,000
Energas Co .....	12,400	102,561	201,500
Energy Conversion Devices Inc .....	2,400	92,029	46,200
Engelhard Corp .....	10,100	414,525	282,800
Enron Corp .....	16,700	437,161	734,800
Enserch Corp .....	325,900	6,213,151	4,969,975
Ensource Inc Par \$0.10 .....	4,010	124,119	28,571
Enterprise Technologies Inc .....	245,100	122,550	49,020
Enterra Corp .....	6,100	112,943	50,325
Entex Inc .....	10,800	235,328	209,250
Enzo Biochem Inc .....	4,100	125,440	51,763
Equifax Inc .....	41,900	826,044	1,126,063
Equitable Bancorporation Cl B Conv .....	283	2,210	5,519
Equitable Bancorporation .....	62,831	1,113,362	1,987,030
Equitable Iowa Cos Cl A .....	3,700	96,552	103,600
Equitable Iowa Cos Cl B .....	3,700	95,627	105,450
Equitable Res Inc .....	6,150	174,878	274,444
Equity Oil Co .....	23,100	227,711	135,713
Erbamont N V .....	19,800	197,550	596,475
Ericsson L M Tel Co Adr Cl B .....	14,100	499,478	497,025
Esterline Corp .....	3,900	130,809	65,325
Ethyl Corp .....	420,400	5,180,211	8,775,850
Evans & Sutherland Computer Corp .....	4,100	188,990	90,200
Ex Cell O Corp .....	5,000	197,006	241,250



## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Exchange International .....	23,000	1,150,000	529,000
Exxon Corp .....	450,800	18,143,208	27,442,450
Fairchild Industries Inc .....	6,200	133,465	81,375
Fairfield Cmnties Inc Par \$0.10 .....	6,300	91,903	66,938
Falconbridge Ltd .....	16,500	199,683	249,563
Family Dollar Stores Inc .....	13,350	198,885	337,088
Farm Fresh Inc .....	4,896	95,257	71,604
Farmers Group Inc .....	368,800	8,183,179	15,489,600
Federal Company .....	29,100	829,171	1,022,138
Federal Express Corp .....	47,600	2,379,949	2,725,100
Federal Mogul Corp .....	6,100	199,593	260,775
Federal National Mortgage Association .....	30,600	832,713	1,204,875
Federal Paper Board Inc .....	9,000	170,410	243,000
Federal Signal Corp .....	5,400	95,362	113,400
Federated Department Stores Inc .....	216,700	15,110,067	19,259,213
Federated Group Inc .....	6,450	91,556	93,525
Ferro Corp .....	3,200	111,292	127,600
Fidelcor .....	22,400	596,280	996,800
Fieldcrest Cannon Inc .....	2,400	81,388	204,000
Fifth Third Bancorp .....	4,950	117,910	288,338
Figgie International Holdings Inc Cl A .....	6,650	239,907	310,888
Firestone Tire & Rubber Company .....	18,300	328,343	464,363
First Alabama Bancshares Inc .....	14,400	132,643	338,400
First American Bank Corp .....	17,400	757,405	909,150
First American Corp Tennessee .....	58,000	1,309,342	1,914,000
First Bancorporation Ohio Inc .....	4,200	91,438	224,700
First Bank System .....	88,500	3,312,527	5,099,813
First Boston Inc .....	10,400	218,070	533,000
First Chicago Corp .....	750,100	20,948,550	24,378,250
First City Bancorporation Tex Inc .....	15,100	318,538	120,800
First City Industries Inc .....	4,600	87,219	33,350
First Commerce Corp .....	3,866	94,510	91,818
First Commercial Corp .....	5,000	96,980	141,250
First Executive Corp .....	75,433	1,345,763	2,093,266
First Fidelity Bancorporation .....	179,580	4,384,774	7,115,858
First Florida Banks Inc .....	80,400	2,535,106	2,994,900
First Hawaiian Inc .....	4,800	98,629	259,200
First Interstate Bancorp Earnout Rt .....	6,000	0	0
First Interstate Bancorp .....	127,900	4,748,348	7,929,800
First Kentucky National Corp .....	9,450	127,667	290,588
First Maryland Bancorp .....	55,390	936,905	2,077,125
First Mississippi Corp .....	211,000	1,547,159	1,397,875
First National Cincinnati Corp .....	4,620	94,700	218,295
First Oklahoma Bancorporation Inc .....	5,800	95,527	9,425
First Pennsylvania Corp .....	23,200	176,732	194,300
First Railroad & Bkg Company GA .....	7,600	96,312	225,150
First Security Corp Del .....	5,600	145,433	155,400
First Tennessee National Corp .....	6,450	96,622	230,588
First Union Corp .....	104,298	1,348,586	2,985,530
First Union Real Estate Equity & Mortgage In .....	6,900	139,900	155,250
First Virginia Banks Inc .....	7,700	140,885	266,613
First Wachovia Corp .....	23,780	476,931	1,079,018
First Wisconsin Corp .....	8,000	97,006	260,000
Fischbach Corp .....	1,800	81,000	47,250
Fleet Financial Group Inc .....	6,800	163,346	369,750

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Fleetwood Enterprises Inc .....	10,400	368,597	239,200
Fleming Cos Inc .....	8,300	235,602	325,775
Flightsafety International Inc .....	11,400	205,473	283,575
Floating Point System Inc .....	4,200	140,275	159,075
Florida East Coast Industries Inc .....	4,400	140,622	183,700
Florida Federal Savings & Loan Association St Peters .....	6,300	90,040	122,063
Florida National Banks Florida Inc .....	95,550	3,936,802	5,338,856
Florida Progress Corp .....	19,000	362,809	748,125
Florida Rock Industries Inc .....	3,000	82,788	193,500
Florida Steel Corp .....	6,200	160,265	171,275
Flowers Industries Inc .....	10,650	126,901	302,194
Fluke John Manufacturing Inc .....	4,050	119,184	100,744
FMC Corp New .....	10,100	195,688	200,738
Fonar Corp .....	34,700	207,205	381,700
Food Lion Inc Cl A .....	36,600	151,550	475,800
Food Lion Inc Cl B .....	72,600	300,382	1,234,200
Ford Motor Co .....	230,025	8,917,343	12,680,128
Foremost Corp Amer .....	5,300	171,430	208,025
Forest Labs Inc .....	17,600	190,512	347,600
Fort Howard Paper Co .....	31,800	884,007	1,908,000
Forum Group Inc .....	11,110	103,224	143,041
Foster Wheeler Corp .....	12,800	217,313	172,800
Fotomat Corp .....	943	532	1,650
Fourth Financial Corp .....	6,457	100,833	164,654
Foxboro Co .....	5,800	199,140	176,900
FPL Group Inc .....	60,000	1,156,838	1,905,000
Freeport McMoran Inc .....	161,600	3,146,345	2,807,800
Freeport McMoran Oil & Gas Realty Tr .....	18,360	116,000	112,455
Fremont Gen Corp .....	5,400	93,664	149,850
Fruehauf Corp .....	89,450	2,074,345	4,416,594
Fuji Photo Film Limited ADR 2 Ord .....	90,000	1,797,283	3,240,000
Fuller H B Company .....	32,200	544,064	893,550
Fuqua Industries Inc .....	11,600	379,788	587,250
GAF Corp .....	13,400	104,938	462,300
Gannett Inc .....	43,050	2,047,572	3,680,775
GAP Inc .....	7,800	126,221	685,425
Gates Learjet Corp .....	5,985	99,668	30,673
GATX Corp .....	183,600	6,232,647	6,058,800
GCA Corp .....	6,000	214,196	26,250
Gearhart Industries Inc .....	8,600	198,619	19,350
Geico Corp .....	10,000	601,402	937,500
Gelco Corp .....	6,500	121,744	101,563
Gemini II Inc Cap Shs .....	99,200	1,270,910	1,240,000
Gencorp Inc .....	10,398	337,749	777,251
Genentech Inc .....	16,800	423,430	1,514,100
General Cinema Corp .....	18,200	402,063	1,035,125
General Datacomm Industries Inc .....	6,400	126,544	78,400
General Defense Corp .....	5,145	94,767	83,606
General Dev Corp New .....	117,900	2,638,377	2,534,850
General Dynamics Corp .....	151,100	11,086,373	11,559,150
General Electric Company .....	595,200	29,872,557	48,211,200
General Host Corp .....	49,300	614,681	1,232,500
General Instrument Corp .....	11,800	440,814	255,175
General Mills Inc .....	35,800	2,184,124	2,971,400
General Motors Corp Cl H .....	12,760	412,139	531,135

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
General Motors Corp .....	422,800	28,976,797	32,819,850
General Nutrition Inc .....	15,500	294,039	87,188
General Public Utilities Corp .....	30,300	279,373	636,300
General Re Corp .....	88,400	2,753,660	5,525,000
General Signal Corp .....	10,600	472,610	502,175
Genex Corp .....	6,000	117,571	17,628
Genrad Inc .....	7,100	318,401	62,125
Genuine Parts Company .....	21,900	623,629	1,004,663
Geo International Corp .....	7,900	93,514	18,763
Georgia Pacific Corp .....	165,600	4,345,876	5,195,700
Gerber Products Co .....	7,800	156,348	370,500
Gerber Scientific Inc .....	6,600	117,494	105,600
Giant Food Inc Cl A .....	13,800	138,657	426,075
Gibraltar Financial Corp .....	7,700	95,058	94,325
Gibson Greetings Inc .....	51,900	998,117	1,446,713
Gifford Hill & Company Inc .....	5,100	99,910	119,850
Gillette Company .....	50,400	1,495,144	2,475,900
Glatfelter P H Co .....	12,000	93,315	298,500
Glaxo Holdings PLC ADR .....	436,800	5,417,353	6,879,600
Glenfed Inc .....	10,900	90,384	291,575
Global National Res Inc .....	35,900	198,446	161,550
Golden Enterprises Inc .....	9,244	101,890	130,572
Golden Nugget Inc .....	15,900	251,939	218,625
Golden West Financial Corp Del .....	92,800	2,265,654	3,932,400
Goodrich B F Company .....	9,200	371,380	400,200
Goodyear Tire & Rubber Company .....	266,300	7,728,748	8,787,900
Gordon Jewelry Corp Cl A .....	5,333	105,250	109,327
Gotaas Larsen Shipping Corp .....	8,300	91,300	250,038
Gould Inc .....	16,700	600,158	365,313
Goulds Pumps Inc .....	8,100	146,571	135,675
Grace W R & Company .....	143,700	7,263,837	7,741,838
Graham McCormick Oil & Gas Partnership .....	10,400	119,290	20,800
Grainger W W Inc .....	10,800	291,491	483,300
Graphic Scanning Corp .....	15,800	132,090	152,075
Great American First Savings Bank San Diego .....	34,500	626,750	802,125
Great Lakes Chemical Corp .....	7,000	249,708	266,875
Great Lakes Federal Savings & Loan Association Ann A .....	34,500	853,622	892,688
Great Northern Nekoosa Corp .....	11,700	347,583	582,075
Great Western Financial Corp .....	158,200	7,072,066	7,554,050
Green Tree Accept Inc .....	5,000	104,227	290,000
Greyhound Corp .....	141,600	3,717,438	4,991,400
Grumman Corp .....	9,800	299,276	287,875
GTE Corp .....	339,400	13,821,198	18,370,025
Guilford MLS Inc .....	3,800	93,462	137,275
Gulf & Western Industries Inc .....	35,800	1,102,611	2,546,275
Gulf Broadcast Co .....	22,800	0	2,850
Gulf Canada Corp .....	131,000	1,640,136	1,408,250
Gulf States Utilities Co .....	47,300	666,120	419,788
Hall Frank B & Co Inc .....	5,600	157,771	141,400
Halliburton Co .....	254,700	6,744,816	5,667,075
Hamilton Oil Corp .....	2,366	42,222	25,139
Hammermill Paper Co .....	8,550	257,252	361,238
Handleman Co Del .....	15,000	131,112	515,625
Handy & Harman .....	6,400	134,034	111,200
Handyman Corp .....	1,275	37,538	40,322

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Hanna M A Co .....	20,700	502,195	489,038
Hannaford Bros Co .....	7,200	91,322	257,400
Hanover Ins Co .....	6,800	273,827	421,600
Harcourt Brace Jovanovich Inc .....	15,000	457,225	543,750
Harland John H Co .....	7,800	150,034	375,375
Harper Group .....	6,300	115,900	215,775
Harris Corp Del .....	15,575	563,705	517,869
Harsco Corp .....	13,350	212,272	367,125
Hartford National Corp .....	8,050	198,426	379,356
Hartford Steam Boiler Inspection & I .....	3,600	95,571	347,400
Hartmarx Corp .....	7,200	161,495	206,100
Hasbro Inc .....	19,000	619,144	1,102,000
Hawaiian Elec Industries Inc .....	8,000	122,381	251,000
Hazeltine Corp .....	69,300	1,496,876	1,403,325
HBO & Co .....	231,150	2,719,823	3,496,144
Healthdyne Inc .....	25,600	257,566	131,200
Hechinger Co Cl A .....	13,085	184,038	300,955
Hechinger Co Cl B Conv .....	5,625	106,520	132,188
Hecks Inc .....	5,500	95,586	70,813
Hecla Mining Co .....	24,385	468,828	252,994
Heileman G. Brewing Inc .....	10,000	389,913	282,500
Heilig Meyers Co .....	7,200	94,980	264,600
Heinz H J Co .....	71,800	1,297,143	3,320,750
Helmerich & Payne Inc .....	11,800	287,274	238,950
Henley Group Inc .....	527,471	11,172,511	10,153,812
Henredon Furniture Industries Inc .....	2,400	99,229	139,051
Hercules Inc .....	20,800	819,818	1,105,000
Heritage Communications Inc .....	7,200	88,177	195,300
Hershey Foods Corp .....	34,100	1,359,335	2,749,313
Hewlett Packard Co .....	167,700	6,536,623	6,875,700
Hibernia Corp Cl A .....	6,325	88,169	150,219
Hillenbrand Industries Inc .....	38,400	1,090,474	1,684,800
Hilton Hotels Corp .....	28,400	1,679,857	2,037,700
Hitachi Limited ADR 10 .....	107,200	3,673,884	5,641,400
Hoechst A G ADR 1/2 Sh .....	18,100	1,202,225	1,070,163
Hogan Sys Inc .....	10,500	205,173	110,250
Holiday Corp .....	261,500	11,420,550	15,493,875
Hollywood Park Realty Enterprises Inc .....	3,250	95,148	78,000
Home Ben Corp Cl B .....	5,800	117,726	266,800
Home Depot Inc .....	11,600	363,605	252,300
Home Federal Bank Florida F S B St Petersburg .....	51,500	1,389,438	1,622,250
Home Federal Savings & Loan Assn San Diego CA .....	8,500	112,625	318,750
Home Group Inc .....	17,000	312,375	444,125
Homestake Mining Co .....	29,930	858,216	650,978
Hon Industries Inc .....	5,200	110,995	195,650
Honda Motor Ltd American Shs .....	225,000	12,732,090	16,143,750
Honeywell Inc .....	194,900	11,731,408	14,763,675
Horizon Bancorp NJ .....	3,900	88,214	204,750
Hormel Geo A & Co .....	9,000	120,629	309,375
Hospital Corp American .....	350,996	12,458,931	13,337,848
Houghton Mifflin Co .....	11,100	374,882	646,575
House Fabrics Inc .....	6,300	93,525	132,300
Houston Industries Inc .....	311,100	6,810,964	9,799,650
Howard Savings Bank Newark NJ .....	13,300	469,450	640,063
HRE Properties .....	4,200	94,900	106,575

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Hubbell Inc Cl A	5,200	91,622	163,800
Hubbell Inc Cl B	10,600	165,367	333,900
Hughes Tool Co	20,800	785,412	202,800
Humana Inc	95,520	2,881,351	2,423,820
Hunt J B Trans Services Inc	5,400	95,850	265,950
Huntington Bancshares Inc	7,700	108,833	279,125
Husky Oil Limited	352,900	2,425,908	2,073,288
Hutton E F Group Inc	11,500	509,970	373,750
I C H Corp	23,400	98,571	728,325
I M S International Inc	17,600	117,569	437,800
IC Industries Inc	269,035	9,475,294	13,182,715
Idaho Power Co	16,000	263,762	448,000
IDC Services Inc	1,063	600	12,490
Ideal Basic Industries Inc	7,100	138,599	15,975
Illinois Power Co	248,100	5,843,682	6,667,688
Illinois Tool Works Inc	22,700	737,692	950,563
Imperial Chem Industries PLC ADR	523,200	20,161,471	32,111,400
Imperial Corp American	8,700	94,354	141,375
Imperial Oil Limited CL A	120,400	4,047,751	3,311,000
Inco Limited	61,400	976,169	790,525
Independence Bancorp Inc PA	35,800	707,050	1,270,900
Independent Ins Group Inc Non Vtg Co	3,500	91,147	138,250
Indiana National Corp	7,500	197,176	345,000
Inexco Oil Co	13,500	174,460	64,125
Information Res Inc	6,300	101,850	173,250
Infotron Sys Corp	2,800	106,667	42,000
Ingersoll Rand Co	7,500	385,953	429,375
Inland Steel Industries Inc	9,300	307,979	184,838
Insilco Corp	113,468	2,182,207	2,439,562
Inspiration Res Corp	14,100	157,850	66,975
Instinet Corp	6,200	108,795	43,400
Intecom Inc	14,200	284,676	72,775
Integrated Software Sys Corp	3,800	96,312	39,900
Intel Corp	73,900	2,084,870	1,699,700
Intelligent Sys Corporation	31,000	224,384	170,500
Intellogic Trace Inc	107,580	1,723,731	1,761,613
Interco Inc	5,500	394,441	519,063
Interfirst Corp	25,500	536,797	184,875
Intergraph Corp	23,800	517,296	618,800
Interlake Inc	3,700	159,427	256,225
Intermedics Inc	5,300	97,317	71,550
International Business Machines Corp	841,600	90,786,333	123,294,400
International Cap Equipment Ltd	209	310	1,306
International Clinical Labs Inc	3,600	95,743	59,400
International Flavors & Fragrances I	13,800	409,389	657,225
International Game Technology	5,400	91,352	59,400
International Lease Financial Corp	10,200	94,674	247,350
International Minerals & Chemical Corp	52,000	1,981,568	1,722,500
International Multifoods Corp	77,100	3,101,904	3,546,600
International Paper Co	127,200	6,217,538	7,997,700
International Technology Corp	4,500	149,846	193,500
International Thoroughbred Breeders	18,500	102,528	46,250
Interpublic Groups Cos Inc	9,200	132,469	262,200
Interstate Power Co	6,800	109,448	182,750
Intrawest Financial Corp	8,500	127,371	123,250

**Portfolio Detail Statistics as of 6/30/86**  
**Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Iowa Electric Light & Power Co	7,200	112,035	169,200
Iowa III Gas & Electric Co	6,200	156,490	256,525
Iowa Res Inc	10,600	143,330	246,450
Ipalco Enterprises Inc	8,000	221,474	396,000
Irving Bank Corp	8,200	206,490	445,875
ISC Systems Corp	6,900	106,745	108,675
ITT Corp	212,300	7,702,950	11,543,813
IU International Corp	15,100	329,997	232,163
Jackson National Life Insurance Co	8,250	222,854	332,063
James Riv Corp VA	88,200	2,992,777	3,660,300
Jamesway Corp	4,100	94,503	117,363
Jefferson Pilot Corp	33,225	805,441	1,345,613
Jeffrey Martin Inc	7,300	102,895	44,713
Jerrico Inc	9,733	145,778	226,292
Johnson & Johnson	160,000	7,481,043	11,620,000
Johnson Ctls Inc	8,599	354,328	550,336
Jorgensen Earle M Co	3,500	88,672	92,313
Joslyn Corp	3,100	95,620	104,625
Jostens Inc	9,000	173,608	327,375
Joy Mfg Co	7,400	198,279	180,375
JWT Group Inc	4,050	90,175	163,013
K Mart Corp	91,800	3,482,246	5,221,125
K N Energy Inc	4,300	61,586	86,538
Kaiser Alum & Chem Corp	16,300	352,798	299,513
Kaman Corp Cl A	6,000	89,418	157,500
Kansas City Life Insurance Co	4,800	92,952	172,800
Kansas City Power & Light Co	12,300	253,956	301,350
Kansas City Southern Inds Inc	4,800	312,447	293,400
Kansas Power & Light Co	36,500	1,239,596	1,907,125
Karcher Carl Enterprises Inc	3,300	110,864	58,988
Katy Industries Inc	3,400	88,943	59,500
Kaydon Corp	15,600	104,474	239,850
Kaypro Corp	16,300	100,856	29,552
Kellogg Co	296,000	9,462,859	17,020,000
Kellwood Co	5,600	97,091	187,600
Kelly Services Inc Cl A	5,812	107,491	348,720
Kelly Services Inc Cl B	1,937	35,386	115,978
Kemper Corp	20,202	268,038	651,515
Kennametal Inc	5,700	157,630	131,100
Kenner Parker Toys Inc	5,610	88,022	123,420
Kentucky Utility Company	9,000	192,044	357,750
Kerr McGee Corporation	25,500	914,053	698,063
Key Pharmaceuticals Inc	16,350	363,463	367,875
Keycorp	7,875	102,133	217,547
Keystone International Inc	14,785	247,435	227,319
Kidde Inc	86,700	3,061,378	2,850,263
Kimball International Inc Cl B	5,000	97,113	150,000
Kimberly Clark Corp	51,100	2,436,571	4,682,038
Kinder Care Learning Centers Inc	16,600	190,653	234,475
KLA Instruments Corp	6,900	108,319	124,200
KLM Royal Dutch Airlines NY Reg	300,000	6,158,600	5,737,500
Knight Ridder Newspapers Inc	24,600	663,078	1,362,225
Koger Co	3,900	100,271	106,275
Koger Properties Inc	3,500	93,958	99,313
Kollmorgen Corp	4,400	129,131	64,900

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Koppers Inc .....	13,300	252,304	387,363
Kroger Company .....	158,859	6,870,772	9,511,683
Kroy Inc .....	17,900	220,467	174,525
Krueger W A Company .....	8,800	88,370	136,400
Kulicke & Soffa Industries Inc .....	3,400	97,224	39,950
La Quinta Motor Inns Inc .....	6,700	128,639	101,338
La Z Boy Chair Co .....	2,400	101,029	169,200
LAC Minerals Ltd .....	11,490	221,325	182,404
Ladd Furniture Inc .....	32,000	917,331	892,000
LaFarge Corp .....	15,400	185,700	163,625
Laidlaw Industries Inc .....	8,000	104,762	157,000
Lancaster Colony Corporation .....	4,700	97,973	118,088
Lance Inc .....	11,866	289,569	403,444
Lane Inc .....	4,050	93,321	201,488
Lawson Products Inc .....	6,750	94,786	163,688
Lawter International Inc .....	8,400	102,033	123,900
Lear Siegler Inc .....	167,800	7,735,671	9,166,075
Learnal Inc .....	5,875	97,345	91,797
Leaseway Transportation Corp .....	165,900	6,295,667	7,797,300
Lee Data Corporation .....	6,000	122,071	40,500
Lee Enterprises Inc Cl B .....	6,300	79,050	164,588
Lee Enterprises Inc .....	6,300	79,050	164,588
Leggett & Platt Inc .....	6,300	99,100	209,475
Lennar Corp .....	4,800	95,257	86,400
Libbey Owens Ford Co .....	5,700	198,767	416,100
Liberty Corp S C .....	4,600	102,550	193,200
Liebert Corp .....	6,700	124,588	178,388
Lilly Eli & Co .....	141,100	5,741,113	11,411,463
Limited Inc .....	248,100	3,987,307	8,373,375
Lin Broadcasting Corp .....	9,700	214,324	477,725
Lincoln National Corp Ind .....	26,300	948,188	1,390,613
Lincoln Telecommunications Co .....	4,200	111,700	182,175
Liquid Air Corp North America .....	6,100	154,606	210,450
Litton Industries Inc .....	81,948	5,672,843	6,637,788
Liz Claiborne Inc .....	55,400	1,028,878	2,603,800
Lockheed Corporation .....	188,000	7,694,579	10,481,000
Loctite Corporation .....	4,800	211,657	218,400
Loews Corporation .....	59,550	1,812,456	4,094,062
Logicon Inc .....	3,400	97,274	113,900
Lomas & Nettleton Financial Corp .....	6,800	166,124	312,800
Lone Star Industries Inc .....	7,100	221,257	219,213
Lone Star Tech Inc .....	7,600	67,620	65,550
Long Island Ltg Co .....	48,400	779,009	605,000
Longs Drug Stores Inc .....	20,800	558,328	754,000
Longview Fibre Company .....	5,500	146,274	167,750
Loral Corporation .....	78,000	2,957,127	3,451,500
Lorimar Telepictures Corporation .....	66,580	1,491,249	2,088,948
Lotus Dev Corp .....	6,900	170,775	255,300
Louisiana Bancshares Inc .....	68,300	1,120,833	1,041,575
Louisiana Ld & Expl Co .....	218,200	6,540,517	5,836,850
Louisiana Pac Corp .....	13,549	340,902	360,742
Louisville Gas & Electric Co .....	8,800	204,562	341,000
Lowes Cos Inc .....	16,900	447,347	608,400
LSI Logic Corporation .....	15,750	239,875	155,531
LTV Corporation .....	54,750	763,664	280,594

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
LTX Corporation .....	5,200	99,295	53,300
Lubrizol Corporation .....	158,500	4,049,088	5,389,000
Lubys Cafeterias Inc .....	5,733	142,839	224,304
Lucky Stores Inc .....	219,400	4,137,846	6,527,150
Lymphomed Inc .....	10,950	149,095	254,588
M A Com Inc .....	16,200	443,374	279,450
M D C Holdings Inc .....	37,100	725,045	746,638
Mack Trucks .....	13,700	262,869	166,113
MacMillan Inc .....	9,800	162,882	493,675
Macy R H & Company Inc .....	29,450	1,087,196	2,002,600
Madison Gas & Electric Company .....	4,600	100,819	165,025
Management Science America Inc .....	7,900	233,802	109,613
Manitowoc Inc .....	5,100	121,611	99,450
Manor Care Inc .....	15,200	276,184	378,100
Manpower Inc New .....	8,137	149,727	346,840
Manufacturers Hanover Corporation .....	94,300	4,748,301	4,868,238
Manufacturers National Corporation .....	4,800	93,229	238,800
Mapco Inc .....	76,200	2,834,621	3,524,250
Marine Midland Bks Inc .....	9,000	216,607	468,000
Marion Labs Inc .....	43,200	584,348	1,933,200
Marriott Corp .....	73,400	1,969,377	2,734,150
Marsh & McLennan Cos Inc .....	62,200	2,025,357	3,669,800
Marshall & Ilsley Corp .....	6,900	112,344	257,025
Martin Marietta Corp .....	23,175	619,998	1,066,050
Maryland National Corporation .....	76,100	2,700,703	3,728,900
MAS Pooled Tr Fd Value Portfolio .....	821,612	22,940,364	30,785,804
Masco Corporation .....	73,400	1,436,370	2,422,200
Masco Industries Inc .....	32,640	120,299	864,960
Massey Ferguson Limited .....	34,900	181,264	87,250
Masstor Systems Corporation .....	95,100	323,949	196,191
Material Sciences Corporation .....	1,873	12,923	37,694
Materials Resh Corporation .....	3,000	96,961	28,125
Matrix Corporation NJ .....	5,625	105,291	137,109
Matrix Science Corporation .....	3,100	88,480	106,950
Matsushita Elec Industrial Ltd ADR .....	100,000	6,904,982	8,987,500
Maxicare Health Plans Inc .....	10,950	110,413	307,969
Maxxam Group Inc .....	9,200	94,725	154,100
May Department Stores Co .....	256,500	12,357,999	21,257,437
Maytag Co .....	69,386	2,075,320	3,712,167
MCA Inc .....	43,600	1,519,787	2,223,600
McCormick & Co Inc Non Vtg .....	5,900	162,812	252,963
McDermott International Inc .....	13,900	342,201	295,375
McDonalds Corporation .....	341,550	12,359,299	22,996,562
McDonnell Douglas Corporation .....	114,000	9,067,152	8,877,750
McGraw Hill Inc .....	127,100	4,411,419	7,594,225
MCI Communications Corporation .....	174,400	2,858,027	1,809,400
McIntyre Mines Ltd .....	2,600	94,897	75,725
McKesson Corporation .....	94,400	3,875,991	5,829,200
MCO Holdings Inc .....	8,400	126,700	116,550
MCO Res Inc .....	53,100	219,281	29,895
MCORP .....	19,470	578,719	362,629
Mead Corporation .....	119,800	5,406,999	6,139,750
Measorex Corporation .....	36,900	804,195	1,360,688
Media Gen Inc Cl A .....	3,200	184,605	314,400
Mediq Inc .....	7,800	98,233	57,525



## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Medtronic Inc .....	24,900	1,282,753	1,898,625
MEI Diversified Inc .....	7,900	42,956	0
Melville Corporation .....	32,000	1,190,917	2,272,000
Mercantile Bancorporation Inc .....	6,300	112,267	218,925
Mercantile Bankshares Corporation .....	5,400	93,407	238,950
Mercantile Stores Inc .....	12,600	960,388	1,463,175
Merck & Co Inc .....	170,500	10,508,493	17,817,250
Meredith Corporation .....	11,900	582,531	904,400
Meridian Bancorp Inc .....	152,800	6,319,841	8,289,400
Merrill Lynch & Co Inc .....	55,100	1,158,703	1,907,838
Mesa Ltd Partnership Depository Unit .....	46,400	542,788	707,600
Mesa Pete Co .....	46,400	358,740	156,600
Michigan National Corporation .....	23,700	817,470	989,475
Micom Systems Inc .....	7,100	321,951	90,525
Middle South Utilities Inc .....	183,100	2,516,680	2,380,300
Midland Ross Corporation .....	5,700	104,343	123,263
Midlantic Bks Inc .....	8,400	181,129	410,550
Midway Airlines Inc .....	21,700	201,542	165,463
Midwest Energy Co .....	10,600	128,217	431,950
Miller Herman Inc .....	49,750	1,079,753	1,536,031
Millicom Inc .....	20,300	193,510	134,488
Millipore Corporation .....	12,800	190,209	438,400
Mine Safety Appliances Co .....	4,000	104,190	148,000
Minnesota Mining & Manufacturing Co .....	158,500	12,053,184	18,029,375
Minnesota Power & Light Co .....	6,400	162,184	361,600
Mission Insurance Group Inc .....	10,396	155,689	31,188
Mitchell Energy & Development Corporation .....	23,400	645,728	272,025
Mobil Corporation .....	655,600	18,486,582	20,733,350
Mohasco Corporation .....	8,700	167,350	374,100
Mohawk Data Sciences Corporation .....	7,400	95,992	19,425
Molecular Genetics Inc .....	5,600	97,133	63,000
Molex Inc .....	9,400	352,948	472,350
Monarch Cap Corporation .....	4,100	121,853	299,300
Monolithic Memories Inc .....	14,800	349,904	229,400
Monsanto Co .....	145,300	6,026,345	10,843,013
Montana Power Company .....	9,100	260,217	353,763
Monumental Corporation .....	10,600	365,865	580,350
Moore Financial Group Inc Idaho .....	3,960	96,643	108,900
Moore Ltd .....	46,500	723,809	1,191,563
Moore McCormack Res Inc .....	4,100	109,415	85,588
Morgan J P & Co Inc .....	52,500	1,994,357	4,613,438
Morrison Inc .....	6,615	125,812	155,453
Morrison Knudsen Corporation .....	4,600	144,588	215,050
Morse Shoe Inc .....	2,800	94,641	80,150
Morton Thiokol Inc .....	259,700	9,002,518	9,414,125
Motorola Inc .....	154,900	6,692,942	6,176,638
Multimedia Inc .....	0	11	26
Murphy Oil Corporation .....	38,900	1,120,681	899,563
Murray Ohio Manufacturing Co .....	3,400	97,336	84,150
Mylan Labs Inc .....	11,200	133,936	274,400
Nalco Chemical Co .....	18,700	656,281	521,263
Nashua Corporation .....	3,700	95,565	184,075
National Bancshares Corporation Tex .....	4,025	96,583	81,506
National City Corporation .....	78,375	2,510,458	3,742,406
National Computer Sys Inc .....	6,600	127,266	143,550

## Portfolio Detail Statistics as of 6/30/86

## Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
National Data Corporation	5,300	94,580	107,325
National Distillers & Chemical Corporation	160,100	5,607,619	6,363,975
National Ed Corporation	7,200	98,467	155,700
National Fuel Gas Co NJ	6,380	108,626	217,718
National Intergroup Inc	7,300	223,255	152,388
National Med Enterprises Inc	247,000	5,913,645	5,773,625
National Presto Industries Inc	3,400	95,524	115,175
National Semiconductor Corporation	31,500	464,214	370,125
National Service Industries Inc	15,400	301,033	600,600
Navistar International Corporation	14,000	184,616	127,750
NBD Bancorp Inc	11,400	251,343	611,325
NBI Inc	4,700	142,873	60,513
NCH Corporation	5,300	95,704	160,988
NCNB Corporation	47,327	1,703,599	2,555,658
NCR Corporation	123,000	4,017,096	6,319,125
Nelson Research & Development Co	4,300	97,160	22,575
Network Systems Corporation	23,125	396,589	297,734
Nevada Power Co	5,900	161,999	252,225
New England Business Service Inc	3,800	97,081	207,100
New England Electric System	23,000	442,994	638,250
New Process Co	4,400	114,519	133,650
New York State Elec & Gas Corporation	325,400	8,962,125	10,738,200
New York Times Co Cl A	41,900	1,619,362	3,409,613
Newell Cos Inc	21,800	460,281	730,300
Newhall Ld & Farming Co	8,400	124,212	344,400
Newmont Mining Corporation	14,200	785,655	665,625
Newport Corporation	4,200	96,867	82,950
Niagara Mohawk Power Corporation	594,900	11,114,462	13,087,800
Nicolet Instrument Corporation	6,300	86,890	110,250
Nicor Inc	12,300	390,159	347,475
Nike Inc Cl B	99,800	1,747,657	1,946,100
NL Inds Inc	41,600	673,760	608,400
Noble Affiliates Inc	20,800	406,727	202,800
Noble Drilling Corporation	5,200	24,254	13,000
Nordson Corporation	4,500	95,536	130,500
Nordstrom Inc	17,200	336,219	709,500
Norfolk Southern Corporation	113,515	7,824,076	9,989,320
Norstar Bancorp Inc	15,690	276,092	470,700
Nortek Inc	153,400	3,417,151	3,336,450
North American Philips Corporation	13,000	465,369	585,000
North European Oil Realty	9,800	186,106	178,850
Northeast Utilities	992,800	17,275,228	21,469,300
Northern Ind Public Service Co	215,600	2,721,272	2,533,300
Northern States Power Co	23,000	343,160	805,000
Northern Telecom Ltd	138,200	4,729,437	4,111,450
Northern Trust Corporation	6,900	139,944	292,388
Northrop Corporation	137,700	6,145,375	6,885,000
Northwest National Gas Co	8,700	115,016	172,913
Northwestern National Life Insurance Co	23,000	605,130	718,750
Norton Co	9,000	383,507	364,500
Norwest Corporation	10,800	400,845	406,350
Novo Industries A S	9,700	313,679	321,313
Nowaco Well Service Ltd	5,700	92,865	42,750
Noxell Corporation Cl B	11,800	289,972	522,150
Nucor Corporation	12,300	332,490	467,400

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Numac Oil & Gas Ltd .....	12,200	128,805	73,200
Nutri Systems Inc .....	18,600	171,496	113,925
NWA Inc .....	8,500	339,947	425,000
Nynex Corporation .....	699,180	27,902,359	47,194,650
Oak Industries Inc .....	84,300	222,546	136,988
Occidental Pete Corporation .....	477,084	13,995,997	12,762,006
Ocean Drilling & Expl Co .....	25,000	749,256	296,875
Ogden Corporation .....	8,900	255,301	357,113
Ogilvy Group Inc .....	6,000	97,190	210,000
Ohio Casualty Corporation .....	19,400	1,339,521	1,619,900
Ohio Edison Co .....	52,800	731,284	1,029,600
Ohio Mattress Co .....	6,875	94,636	100,547
Oklahoma Gas & Electric Co .....	19,000	377,334	638,875
Old Kent Financial Corporation .....	78,400	2,770,401	3,057,600
Old Rep International Corporation .....	6,300	151,657	229,950
Olin Corporation .....	11,200	367,867	548,800
OMI Corporation .....	46,100	140,386	314,079
Omnicare Inc .....	4,900	190,854	39,813
Oneida Ltd .....	4,300	100,484	73,638
Oneok Inc .....	5,900	166,301	179,950
Optical Radiation Corporation .....	3,200	97,105	62,400
Orange & Rockland Utilities Inc .....	6,300	124,237	220,500
Oregon Metallurgical Corporation .....	11,300	167,751	74,863
Orion Pictures Corporation .....	4,900	94,429	82,075
Oshmans Sporting Goods Inc .....	4,200	94,900	74,550
Otter Tail Power Co .....	4,600	110,838	207,000
Outboard Marine Corporation .....	6,800	175,831	217,600
Overnite Transportation Co .....	42,100	563,322	1,468,238
Overseas Shipholding Group Inc .....	12,200	268,037	362,950
Owens Corning Fiberglas Corporation .....	11,000	452,942	528,000
Owens Ill Inc .....	20,600	349,511	785,375
Oxford Industries Inc .....	5,400	127,582	95,175
Paccar Inc .....	7,600	378,044	437,000
Pacific First Financial Corporation .....	10,000	175,000	197,500
Pacific Gas & Electric Co .....	1,036,928	20,246,530	23,719,733
Pacific Lighting Corporation .....	17,700	708,141	878,363
Pacific Scientific Co .....	9,600	185,995	162,000
Pacific Telecom Inc .....	17,900	349,229	252,838
Pacific Telesis Group .....	357,880	12,216,977	20,086,015
Pacificorp .....	56,900	1,475,299	2,069,738
Paco Pharmaceutical Services Inc .....	3,800	95,362	84,075
Paine Webber Group Inc .....	7,300	323,720	249,113
Pall Corporation .....	12,600	314,750	491,400
Pandick Inc .....	4,350	102,139	95,700
Panhandle Eastern Corporation .....	126,300	4,645,209	6,078,188
Pansophic Systems Inc .....	4,000	102,381	120,000
PAR Technology Corporation .....	4,100	98,790	82,000
Paradyne Corporation .....	10,877	224,454	89,735
Park Communications Inc .....	6,300	95,025	185,850
Park Electrochemical Corporation .....	4,200	82,377	63,525
Parker Drilling Co .....	215,900	1,383,166	863,600
Parker Hannifin Corporation .....	17,700	362,499	466,838
Pay'n Pak Stores Inc .....	5,000	94,939	90,000
Payless Cashways Inc .....	17,800	409,531	465,025
Penn Cent Corporation .....	214,900	10,321,744	112,329,888

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Penn Va Corporation .....	2,300	99,119	108,675
Pennbancorp .....	3,300	165,987	185,625
Penney J C Inc .....	129,000	7,583,591	10,997,250
Pennsylvania Power & Light Co .....	36,500	822,794	1,236,438
Pennwalt Corporation .....	5,600	224,533	326,200
Pennzoil Co .....	51,700	2,427,859	2,778,875
Pension Insurance Group America Inc .....	62,340	105,930	38,963
Pentair Inc .....	4,812	95,803	143,157
Penwest Ltd .....	11,950	108,216	194,188
People Express Inc Cl B .....	930	211,298	27,900
People Express Inc .....	9,300	211,298	63,938
Peoples Energy Corporation .....	17,400	165,475	406,725
Pep Boys Manny Moe & Jack .....	7,200	116,443	279,000
Pepsico Inc .....	508,200	7,394,898	17,151,750
Peregrine Entertainment Ltd .....	9,875	84,691	303,656
Perini Corporation .....	2,500	68,112	77,500
Perini Investment Properties Inc .....	9,700	123,003	140,650
Perkin Elmer Corporation .....	16,300	523,488	446,213
Petrie Stores Corporation .....	19,000	329,842	605,625
Petrolite Corporation .....	5,700	180,093	143,925
Pfizer Inc .....	306,500	17,384,826	21,914,750
Pharmacia Ab .....	14,000	312,186	332,500
Phelps Dodge Corporation .....	84,100	1,983,191	2,049,938
PHH Group Inc .....	7,400	236,580	236,800
Phibro Salomon Inc .....	94,900	2,525,393	4,614,513
Philadelphia Electric Co .....	156,100	2,841,172	3,161,025
Philadelphia Savings Fd Soc .....	13,400	168,157	134,000
Philip Morris Cos Inc .....	551,400	21,782,285	41,148,225
Philips Industries Inc .....	29,900	460,166	1,065,188
Phillips Pete Co .....	219,300	2,154,133	2,110,763
Phillips Van Heusen Corporation .....	4,300	86,288	171,463
Pic'n' Save Corporation .....	21,300	275,630	628,350
Piedmont Aviation Inc .....	104,700	2,733,580	4,161,825
Pillsbury Co .....	173,400	4,306,609	14,023,725
Pioneer Corporation Texas .....	17,900	498,065	420,650
Pioneer Hi Bred International Inc .....	15,000	485,179	611,250
Pitney Bowes Inc .....	60,000	3,027,771	3,727,500
Pittston Co .....	14,300	240,448	166,238
Pittway Corporation .....	2,200	136,097	227,700
Placer Development Ltd .....	22,600	496,527	412,450
Plains Pete Co .....	4,300	73,341	102,663
Plantronics Inc .....	4,500	73,049	76,500
PNC Financial Corporation .....	19,200	418,296	856,800
Pogo Producing Co .....	8,600	227,056	54,825
Polaroid Corporation .....	18,700	666,402	1,365,100
Policy Management Systems Corporation .....	7,600	234,062	146,300
Pope & Talbot Inc .....	8,500	195,010	170,000
Pope Res .....	1,700	58,803	34,425
Porex Technologic Corporation .....	4,600	106,375	156,975
Portland Gen Corporation .....	17,400	477,526	528,525
Potlatch Corporation .....	15,200	554,833	771,400
Potomac Electric Power Co .....	22,600	414,602	1,073,500
PPG Industries Inc .....	55,600	2,263,788	3,787,750
Premier Industrial Corporation .....	14,550	330,724	440,138
Presidential Life Corporation .....	53,400	169,100	1,308,300

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Preston Corporation	4,900	120,517	113,925
Price Co	53,900	1,908,574	2,479,400
Primark Corporation	9,300	115,520	267,375
Prime Computer Inc	22,100	363,992	397,800
Procter & Gamble Co	82,800	3,755,665	6,634,350
Products Resh & Chemical Corporation	8,500	98,823	146,625
Progressive Corporation Ohio	11,475	129,524	375,806
Protective Life Corporation	25,900	504,745	628,075
Provident Life & Accident Insurance Co	17,600	295,219	521,400
Public Service Co Colorado	23,000	410,440	460,000
Public Service Co Ind Inc	19,400	501,733	237,650
Public Service Co NH	18,000	310,963	171,000
Public Service Enterprise Group Inc	207,300	5,402,911	7,747,838
Pullman Peabody Co	21,120	183,256	211,200
Pulte Home Corporation	11,000	289,798	218,625
Puritan Bennett Corporation	4,400	109,110	107,800
Purolator Courier Corporation	3,300	179,039	62,288
Quaker Oats Co	15,000	353,016	1,171,875
Quaker State Oil Refining Corporation	38,700	994,438	1,059,413
Quantum Corporation	44,400	1,013,319	821,400
Questar Corporation	8,700	294,454	280,575
Quotron Systems Inc	15,800	293,805	296,250
R T E Corporation	5,800	95,452	138,475
Rainier Bancorporation	9,000	160,179	331,875
Ralston Purina Co	45,300	1,188,721	3,306,900
Ranger Oil Ltd	38,700	443,600	154,800
Ransburg Corporation	5,000	87,976	99,375
Raychem Corporation	4,500	349,179	447,750
Raytheon Co	101,400	5,276,045	6,451,575
Reading & Bates Corporation	12,700	158,925	24,500
Regency Electronics Inc	19,800	188,617	123,750
Regis Corporation	5,000	93,960	68,750
Reichhold Chemicals Inc	3,400	125,549	128,775
Republic NY Corporation	9,450	291,187	432,338
Republic Pictures Corporation Cl A	1,562	3,754	20,502
Republicbank Corporation	151,700	4,450,717	4,380,338
Resorts International Inc Cl A	3,700	139,793	260,388
Revco Drug Stores Inc	12,400	412,837	460,350
Rexnord Inc	151,800	2,671,729	2,390,850
Reynolds & Reynolds Company Cl A	28,200	835,600	916,500
Reynolds Metals Company	152,300	5,971,794	7,196,175
Ridgewood Properties Inc	587	15,115	14,675
Riggs National Corporation	35,600	1,115,867	1,424,000
Rio Algom Limited	23,400	387,818	415,350
Rite Aid Corporation	16,200	319,112	554,850
RJR Nabisco Inc	201,312	6,044,501	10,669,536
Roadway Services Inc	15,600	509,876	690,300
Robertshaw Controls Co	23,700	678,433	1,125,750
Robertson H H Co	2,500	97,513	41,563
Robins A H Inc	11,300	303,351	128,538
Robinson Nugent Inc	4,800	101,105	58,800
Rochester Gas & Electric Corporation	176,100	3,863,040	4,842,750
Rochester Tel Corporation	5,200	166,120	251,550
Rockwell International Corporation	186,000	6,242,628	8,184,000
Rodime	41,700	431,600	344,025

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Rogers Cablesystems Inc Cl B	10,500	103,375	187,688
Rohm & Haas Co	29,200	683,515	970,900
Rohr Industries Inc	6,800	106,999	217,600
Rollins Communications Inc	12,860	266,358	504,755
Rollins Environmental Services Inc	16,800	96,495	535,500
Rollins Inc	12,100	86,909	205,700
Roper Corporation	9,600	163,200	363,600
Rorer Group Inc	9,962	279,347	420,895
Roses Stores Inc	4,500	105,893	193,500
Rouse Co	14,000	254,417	448,000
Rowan Cos Inc	326,200	2,343,397	1,794,100
Royal Dutch Pete Co	378,800	19,437,220	30,493,400
RPC Energy Services Inc	7,260	24,622	21,780
Rubbermaid Inc	14,600	347,445	786,575
Russ Berrie & Co Inc	7,500	214,853	195,000
Russ Togs Inc	3,900	96,559	126,263
Russell Corporation	31,000	990,627	1,189,625
Ryan Homes Inc	3,200	119,679	111,200
Ryder Systems Inc	204,588	5,292,200	5,984,199
Ryland Group Inc	3,600	93,430	173,700
Sabine Corporation	8,000	185,787	118,000
Safecard Services Inc	16,200	96,571	423,225
Safeco Corporation	14,200	369,956	832,475
Safeguard Business Systems Inc	10,350	194,054	186,300
Safety Kleen Corporation	9,900	155,269	366,300
Safeway Stores Inc	29,800	789,651	1,601,750
Saga Corporation	5,600	190,983	220,500
Salomon Inc	1,200	59,712	58,350
San Diego Gas & Electric Co	63,600	1,437,216	2,297,550
San Juan Basin Realty	17,800	141,047	133,500
Sanders Association Inc	24,200	1,156,496	1,300,750
Santa Fe Southern Pacific Corporation	419,888	11,340,053	14,171,220
Sara Lee Corporation	124,400	3,770,579	8,739,100
Savannah Foods & Industries Inc	5,600	101,067	170,800
Scana Corporation	18,100	338,836	651,600
Scherer R P Corporation	5,100	110,136	91,163
Schering Plough Corporation	23,800	1,196,423	2,008,125
Schlumberger Ltd	253,030	12,347,228	8,697,906
SCI Holdings Inc Warrants	7,700	21,175	21,175
SCI Systems Inc	5,500	147,649	101,750
Scientific Atlanta Inc	9,200	165,543	95,450
Scitex Ltd	18,700	229,940	109,863
Scott Paper Co	69,000	2,514,548	4,071,000
Scottys Inc	5,700	94,905	96,900
Scripps Howard Broadcasting Co	2,799	80,038	223,920
Scurry Rainbow Oil Ltd	8,000	132,424	112,000
Sea Containers Ltd	4,600	103,945	117,875
SEACO Inc	22,700	101,779	65,263
Seagate Technology	20,200	383,199	249,975
Seagram Ltd	47,000	1,786,542	2,943,375
Seagull Energy Corporation	6,300	113,237	86,625
Sealed Air Corporation	4,600	103,513	188,600
Sealed Power Corporation	77,000	2,216,465	2,261,875
Sears Roebuck & Co	539,900	19,603,785	26,185,150
Security Pac Corporation	139,600	3,586,304	5,095,400

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
SEI Corporation	3,100	101,045	55,025
Seibels Bruce Group Inc	3,700	97,477	71,225
Selective Ins Group Inc	4,900	97,242	109,025
Sensormatic Electronics Corporation	11,200	421,067	105,000
Service Corporation International	11,025	197,354	396,900
Service Merchandise Inc	295,700	3,818,731	3,622,325
Servicemaster Industries Inc	25,300	634,311	664,125
Shaklee Corporation	6,000	163,971	135,750
Shared Med Sys Corporation	11,400	448,536	386,175
Shaw Industries Inc	37,666	383,151	734,487
Shawmut Corporation	38,150	1,106,126	1,931,344
Shell Transportation & Trading	70,000	2,803,225	3,465,000
Sherwin Williams Co	17,000	215,462	452,625
Shoe Town Inc	15,400	92,710	152,075
Shoneys Inc	25,433	656,564	972,812
Sierra Pacific Resources	8,500	119,609	207,188
Sigma Aldrich Corporation	12,300	201,290	473,550
Silicon General Inc	41,900	223,573	167,600
Silicon Systems Inc	4,700	95,623	57,575
Silicon Valley Group Inc	4,000	86,168	65,000
Singer Co	79,000	3,205,266	4,414,125
Smith A O Corporation Cl A	8,000	158,624	226,000
Smith A O Corporation Cl B	6,950	119,845	177,225
Smith International Inc	70,600	1,823,121	255,925
Smithkline Bechman Corporation	395,800	26,439,577	39,678,950
Smucker J M Co	5,200	98,547	231,400
Snap On Tools Corporation	8,400	248,098	495,600
Society Corporation	3,200	95,505	218,400
Sonat Inc	15,300	390,599	436,050
Sonoco Products Co	10,200	226,161	379,950
Sony Corporation	138,300	2,529,621	2,783,288
Soo Line Corporation	3,600	103,793	108,450
South Carolina National Corporation	5,714	123,826	282,843
Southdown Inc	3,824	137,021	118,544
Southeast Bkg Corporation	79,500	2,520,374	3,517,875
Southeastern Pub Service Co	25,188	220,563	103,901
Southern California Edison Co	108,800	2,135,051	3,413,600
Southern Co	428,700	8,967,434	10,181,625
Southern Ind Gas & Electric Co	6,300	110,125	220,500
Southern New England Telephone Co	14,000	523,917	719,250
Southern Union Co	5,400	120,164	78,300
Southland Corporation	22,600	973,366	1,237,350
Southland Financial Corporation	7,700	190,346	154,000
Southmark Corporation	107,295	1,007,060	1,153,421
Southtrust Corporation	10,250	98,278	253,688
Southwest Airlines Co	14,500	412,905	302,688
Southwest Gas Corporation	8,400	98,428	159,600
Southwest Overthrust Oil & Gas Inc	39,500	3,008	3,950
Southwestern Bell Corporation	111,340	8,335,144	12,191,730
Southwestern Energy Co	48,100	1,295,655	1,016,113
Southwestern Public Service Co	18,600	314,991	609,150
Sovran Financial Corporation	20,057	302,171	839,912
Sparton Corporation	5,000	94,088	88,125
Spectra Physics Inc	2,900	99,126	81,200
Sperry Corporation	10,628	384,787	805,071

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Springs Industries Inc .....	4,400	162,273	235,400
Square D Co .....	10,400	353,460	444,600
Squibb Corporation .....	92,900	3,898,683	10,544,150
St Jude Med Inc .....	15,500	461,067	527,000
St Paul Cos Inc .....	134,400	3,885,832	6,081,600
Staley Continental Inc .....	12,900	318,891	351,525
Stanadyne Inc .....	19,600	452,394	823,200
Standard Brands Paint Co .....	5,200	115,608	120,900
Standard Microsystems Corporation .....	5,000	142,351	78,750
Standard Motor Products Inc .....	6,000	134,554	118,500
Standard Oil Co .....	327,280	15,570,509	14,768,510
Standard Pacific Corporation .....	39,000	206,073	1,282,125
Standard Products Co .....	14,200	323,766	450,850
Standard Register Co .....	44,000	730,959	1,738,000
Standex International Corporation .....	6,600	94,352	108,075
Stanhome Inc .....	4,000	90,834	184,000
Stanley Works .....	10,500	253,272	427,875
State St Boston Corporation .....	8,000	142,381	454,000
Sterling Drug Inc .....	173,000	5,274,471	8,390,500
Stevens J P & Co Inc .....	46,100	1,300,216	1,653,838
Stewart Warner Corporation .....	6,300	197,215	181,913
Stone & Webster Inc .....	3,300	136,351	166,650
Stone Container Corporation .....	5,000	174,544	236,250
Stop & Shop Cos Inc .....	4,800	275,469	266,400
Stratus Computer Inc .....	8,200	90,200	182,450
Strawbridge & Clothier .....	4,808	97,772	266,844
Stride Rite Corporation .....	3,500	121,833	118,563
Stryker Corporation .....	4,350	95,251	180,525
Student Loan Marketing Association .....	16,500	689,618	905,438
Sturm Ruger & Co Inc .....	3,800	96,110	159,600
Subaru American Inc .....	22,400	235,467	812,000
Sun Chemical Corporation .....	3,700	111,352	265,475
Sun Inc .....	54,300	2,366,969	2,592,825
Sunbelt Nursery Group .....	2,350	28,641	27,906
Sundstrand Corporation .....	108,600	4,703,646	6,488,850
Sunshine Mining Co .....	9,750	76,472	28,031
Suntrust Bks Inc .....	23,548	587,792	1,239,214
Sunwest Financial Services Inc .....	2,800	90,418	196,000
Super Valu Stores Inc .....	67,700	1,422,232	1,827,900
Supermarkets Gen Corporation .....	26,600	934,801	1,662,500
Syntex Corporation .....	180,800	6,446,274	12,836,800
Sysco Corporation .....	19,600	363,208	558,600
Systematics Inc .....	5,000	110,238	127,500
Systems & Computer Technology Corporation .....	6,100	207,981	31,263
Taft Broadcasting Co .....	84,200	3,118,318	9,051,500
Tambrands Inc .....	5,300	294,655	608,175
Tandem Computers Inc .....	18,300	591,918	567,300
Tandy Corporation .....	70,303	2,306,620	2,689,090
Tech Sym Corporation .....	4,600	97,400	84,525
Teco Energy Inc .....	11,600	280,955	542,300
Tecumseh Products Co .....	2,600	235,548	326,300
Tejon Ranch Co .....	11,000	94,413	592,625
Tektronix Inc .....	7,200	571,455	431,100
Tele Communications Inc Cl A .....	29,700	694,436	1,626,075
Telecom Plus international Inc .....	9,100	110,067	67,113



## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Telecredit Inc .....	3,800	90,885	157,700
Teledyne Inc .....	12,000	2,968,994	4,038,000
Teleflex Inc .....	6,400	93,417	177,600
Telerate Inc .....	20,100	354,600	419,588
Telesphere International Inc .....	12,200	109,037	41,175
Telex Corporation .....	136,000	5,909,097	8,092,000
Tellabs Inc .....	6,900	202,482	86,250
Temple Inland Inc .....	12,644	459,801	644,844
Tennant Co .....	4,500	96,054	115,875
Tenneco Inc .....	65,700	2,526,706	2,611,575
Tera Corporation .....	29,500	220,595	147,500
Teradyne Inc .....	10,800	346,853	237,600
Tesoro Pete Corporation .....	8,100	129,834	77,963
Texaco Inc .....	643,400	20,242,528	20,267,100
Texas Air Corporation .....	6,700	187,928	219,425
Texas American Bancshares Inc .....	4,300	170,260	81,700
Texas Comm Bancshares Inc .....	14,900	622,224	324,075
Texas Eastern Corporation .....	108,800	3,442,688	3,957,600
Texas Industries Inc .....	3,936	134,100	120,060
Texas Instructors Inc .....	22,200	2,615,645	2,650,125
Texas Utilities Co .....	94,900	2,661,568	2,906,313
Texscan Corporation .....	16,600	187,793	2,075
Textron Inc .....	17,100	692,801	974,700
Thermo Electron Corporation .....	6,600	87,785	225,225
Third National Corporation .....	8,100	94,757	295,650
Thomas & Betts Corporation .....	5,800	193,919	252,300
Thompson Med Inc .....	4,700	108,235	85,188
Thousand Trails Inc .....	5,700	98,212	28,500
Thrifty Corporation .....	9,400	167,982	365,425
Tidewater Inc .....	7,800	209,005	52,650
Tie Communications Inc .....	16,823	692,166	100,938
Time Inc .....	34,200	1,892,499	3,001,050
Timeplex Inc .....	4,375	88,948	74,922
Times Mirror Co .....	63,800	2,707,445	4,450,050
Timken Co .....	4,300	257,373	209,088
TMBR Drilling Inc .....	2,140	5,197	1,873
Todd Shipyards Corporation .....	2,800	98,879	77,700
Torchmark Corporation .....	162,700	3,639,501	6,060,575
Toro Co .....	25,500	475,940	726,750
Tosco Corporation .....	83,600	288,015	313,500
Total Pete North America Ltd .....	56,400	952,301	1,106,850
Towle Mfg Co .....	3,800	94,399	16,625
Toys R Us Inc .....	124,275	2,843,996	4,163,213
Tracor Inc .....	8,500	180,697	194,438
Trans World Airlines Inc .....	15,844	169,268	241,621
Transamerica Corporation .....	226,900	7,833,067	8,054,950
Transco Energy Co .....	11,500	387,250	569,250
Transco Expl Partners Ltd Depository .....	25,072	419,233	410,554
Transworld Corporation .....	283,050	5,015,686	9,588,319
Travelers Corporation .....	535,500	25,065,866	26,775,000
TRE Corporation .....	3,100	114,995	106,950
Triad Systems Corporation .....	4,700	93,273	57,575
Tribune Co New .....	108,100	6,490,120	8,215,600
Trinity Industries Inc .....	7,300	130,895	131,400
Trus Joist Corporation .....	2,900	97,426	103,313

**Portfolio Detail Statistics as of 6/30/86**  
**Trade Date Basis**

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Trustcorp Inc .....	3,466	97,729	155,970
TRW Inc .....	13,200	1,326,600	1,343,100
Tucson Electric Power Co .....	11,100	292,879	652,125
Tultex Corporation .....	4,500	93,216	193,500
Tyco Labs Inc .....	32,400	788,195	1,138,050
Tyler Corporation .....	9,000	136,178	146,250
Tyson Foods Inc .....	24,000	88,200	864,000
U S Bancorp Ore .....	9,130	220,740	358,353
U S Home Corporation .....	13,000	192,931	92,625
U S Trust Corporation .....	3,750	95,238	247,500
U S West Inc .....	107,680	3,468,464	5,935,860
UAL Inc .....	20,100	781,026	1,102,988
UGI Corporation .....	5,400	109,552	143,775
Ultimate Corporation .....	4,600	97,938	127,650
Ultrasystems Inc .....	5,100	96,111	59,925
Ungermann Bass Inc .....	7,800	84,825	89,700
Unifi Inc .....	21,600	181,916	334,800
Unilever N V New York .....	16,000	1,504,838	3,134,000
Unimar Co Indonesian Part CTF .....	9,538	104,588	78,689
Union Camp Corporation .....	22,800	831,655	1,165,650
Union Carbide Corporation .....	52,914	1,281,294	1,117,808
Union Carbide Corporation Rights .....	12,538	499,953	418,456
Union Electric Co .....	133,500	2,238,326	3,370,875
Union Exploration Partners Ltd Dep U .....	2,312	40,043	37,007
Union Pacific Corporation .....	56,100	3,252,395	3,190,688
United Artists Communications Inc .....	21,200	97,230	418,700
United Bancorp Ariz .....	5,400	88,351	165,375
United Bks Colo Inc .....	5,000	94,226	162,500
United Cable Television Corporation .....	11,475	125,023	352,856
United Illum Co .....	5,200	167,081	165,100
United Indl Corporation .....	5,808	117,278	119,790
United Jersey Bks Hackensack NJ .....	4,800	93,405	210,600
United Mo Bancshares Inc .....	4,525	95,515	196,272
United National Bk Plainfield NJ .....	10,956	166,020	509,454
United States Health Care Systems Inc .....	62,075	805,469	1,148,388
United States Leasing International Inc .....	3,300	136,002	136,950
United States Shoe Corporation .....	20,000	418,452	492,500
United States Steel Corporation .....	104,779	3,138,907	2,161,067
United States Surgical Corporation .....	5,100	168,786	121,125
United States Tobacco Co .....	38,000	1,275,788	1,619,750
United Stationers Inc .....	6,400	96,305	107,200
United Technologies Corporation .....	341,400	13,281,344	16,899,300
United Telecommunications Inc Kans C .....	233,025	5,358,023	6,349,931
United Television Inc .....	7,800	96,293	267,150
United VA Bankshares Inc .....	11,000	172,399	385,000
Unitrode Corporation .....	5,500	198,911	101,750
Univar Corporation .....	3,700	89,223	43,013
Universal Communication Sys Inc .....	7,100	88,511	100,288
Universal Foods Corporation .....	3,800	97,224	136,800
Universal Health Services Inc CI B .....	127,470	1,761,942	2,071,388
Universal Leaf Tobacco Inc .....	8,200	172,553	232,675
Unocal Corporation .....	319,882	8,597,229	6,317,670
Upjohn Co .....	37,600	1,793,680	3,557,900
USAir Group Inc .....	188,700	6,432,934	6,014,813
USF&G Corporation .....	103,712	3,020,942	4,135,516

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
USG Corporation .....	68,500	3,883,868	2,799,938
USLICO Corporation .....	10,955	192,338	298,524
USLIFE Corporation .....	7,000	173,206	337,750
Utah Power & Light Co .....	24,400	551,324	750,300
Utilicorp UTD Inc .....	6,277	104,014	204,005
V F Corporation .....	34,000	338,759	1,083,750
Valley National Bancorp .....	1,500	64,549	88,500
Valley National Corporation Arizona .....	108,700	4,392,670	4,864,325
Value Line Inc .....	4,700	159,073	128,075
Varian Assoc Inc .....	9,900	609,793	254,925
Veeco Instruments .....	4,500	99,991	73,125
Vermont American Corporation CI A .....	5,687	98,797	113,029
Viacom International Inc .....	15,400	318,375	469,700
VICORP Restaurants Inc .....	5,100	94,836	94,350
VLSI Technology Inc .....	7,400	128,355	75,850
Volt Information Sciences Inc .....	3,700	91,927	78,625
Vulcan Materials Co .....	11,400	1,008,638	1,218,375
VWR Corporation .....	3,700	21,062	62,900
Wal Mart Stores Inc .....	138,900	3,111,944	7,205,438
Waldbaum Inc .....	5,026	97,035	145,766
Walgreen Co .....	23,600	411,976	929,250
Wallace Computer Services Inc .....	4,500	130,616	214,875
Walter Jim Corporation .....	109,560	3,715,837	4,930,200
Wang Labs Inc CI B .....	279,200	5,538,832	4,222,900
Wang Labs Inc CI C .....	3,200	113,930	48,000
Warnaco Inc .....	4,500	121,278	208,125
Warner Communications Inc .....	24,300	735,801	1,372,950
Warner Lambert Co .....	183,400	5,230,548	11,347,875
Washington Gas Lt Co .....	46,400	877,097	1,351,400
Washington National Corporation .....	5,100	149,098	177,225
Washington Post Co CI B .....	10,200	1,359,240	1,791,375
Washington Water Power Co .....	8,200	231,224	246,000
Waste Management Inc .....	72,200	2,279,503	3,610,000
Watkins Johnson Co .....	24,000	647,978	864,000
WD 40 Co .....	4,000	84,668	103,000
Webb Del E Corporation .....	5,100	93,748	129,413
Weis Markets Inc .....	14,400	348,202	567,000
Wells Fargo & Co .....	11,000	438,298	1,168,750
Wells Fargo Mortgage & Equity Tr .....	3,500	92,846	92,750
Wendys International Inc .....	34,221	242,447	534,707
Wesco Financial Corporation .....	5,000	98,876	215,000
West Inc .....	3,700	111,227	111,000
West Point Pepperell Inc .....	7,421	277,509	422,997
Westburne International Industries Ltd .....	6,700	94,150	82,075
Westcoast Transmission Ltd .....	20,300	248,071	203,000
Western Air Lines Inc .....	21,000	242,529	212,625
Western Co North America .....	17,900	202,300	22,375
Western Digital Corporation .....	8,300	97,278	109,975
Western Pacific Industries Inc .....	1,300	100,224	178,425
Western Savings & Loan Association Phoenix Ariz .....	80,000	1,644,205	2,020,000
Western Tele Communications Inc CI A .....	27,860	121,843	689,535
Westinghouse Electric Corporation .....	239,900	7,448,850	12,864,638
Westvaco Corporation .....	10,200	331,437	512,550
Wetterau Inc .....	5,100	101,848	195,075
Weyerhaeuser Co .....	162,600	5,644,500	5,670,675

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>COMMON STOCK (Continued)</b>			
Whirlpool Corporation .....	44,300	2,685,882	3,449,863
Whitehall Corporation .....	1,900	97,281	47,500
Whittaker Corporation .....	6,800	213,148	195,500
WICOR Inc .....	4,900	110,842	190,488
Wiley John & Sons Inc Cl B .....	2,600	95,148	84,500
Willamette Industries Inc .....	11,833	250,951	437,833
Williams A L Corporation .....	9,500	188,091	244,625
Williams Cos .....	141,200	4,049,646	3,318,200
Wilmington Tr Co .....	4,600	91,522	223,100
Windmere Corporation .....	7,900	92,590	48,388
Winn Dixie Stores Inc .....	16,000	431,468	792,000
Winnebago Industries Inc .....	11,800	251,874	153,400
Wisconsin Electric Power Co .....	16,200	386,674	893,025
Wisconsin Pub Svc Corporation .....	6,000	163,521	303,750
Wisconsin Power & Light Co .....	6,300	170,437	311,850
Wiser Oil Co .....	5,300	130,355	80,825
Witco Corporation .....	41,400	1,465,507	2,271,825
Wolverine World Wide Inc .....	4,900	93,567	52,675
Woolworth F W Co .....	378,500	11,521,040	18,168,000
Worthington Industries Inc .....	26,800	597,942	793,950
Wrigley Wm Jr Co Cl B .....	3,200	55,443	135,600
Wrigley Wm Jr Co .....	6,400	166,330	271,200
Wyle Labs .....	4,600	94,550	53,475
Wyman Gordon Co .....	9,100	312,542	200,200
Xerox Corporation .....	251,600	13,140,168	14,120,920
Xicor Inc .....	5,500	96,774	41,250
Xidex Corporation .....	15,718	447,401	308,348
XTRA Corporation .....	137,500	3,047,405	3,196,875
Yellow Freight Systems Inc .....	14,300	210,935	573,788
York International Corporation .....	4,010	43,567	68,170
Zale Corporation .....	5,300	175,817	194,113
Zapata Corporation .....	8,900	180,672	51,175
Zayre Corporation .....	22,880	346,843	980,980
Zehntel Inc .....	4,500	24,129	15,750
Zenith Electronics Corporation .....	104,900	2,013,751	2,596,275
Zenith National Ins Corporation .....	9,800	225,898	286,650
Zentec Corporation .....	6,000	15,294	21,750
Zero Corporation .....	6,327	95,115	113,095
Zions Utah Bancorporation .....	2,900	97,426	168,200
Zurn Industries Inc .....	19,600	680,966	749,700
<b>TOTAL</b> .....	<b>82,050,884</b>	<b>2,524,979,057</b>	<b>3,374,605,375</b>
<b>PREFERRED STOCK</b>			
ALC Communications Group PFD .....	1,577	11,039	0
Adobe Res Corporation PFD .....	3,440	65,345	66,650
Adobe Res Corporation Conv .....	3,096	57,847	52,245
Amsted Inds Inc PFD Ser A .....	384	14,784	17,664
BCI Holdings Corporation PFD Exch .....	17,836	454,838	450,379
Calfed Inc PFD Conv .....	15,000	750,000	1,050,000
Cityfed Financial Corporation JR PFD Ser C .....	4,499	48,693	14,905
Coastal Corporation PFD Ser G Conv Exch .....	170,000	4,350,000	4,717,500
Gulf Canada Corporation Sr Adj Rate Pref .....	108,000	394,776	351,000
Mediq Inc Depository PFD .....	7,800	0	0

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE	MARKET VALUE
<b>PREFERRED STOCK (Continued)</b>			
Palm Beach Inc PFD Exch .....	3,100	10,269	14,725
People Express Inc PFD Ser A Conv .....	27,300	423,150	402,675
Perpetual American Bk F S B Alexandria VA P .....	53,700	553,110	691,388
Phillips Pete Co PFD Ser A Adjustable RA .....	6,347	179,182	137,232
SFN Cos Inc New SR PFD Ser A Exch .....	4,300	26,081	33,325
SCOA Inds Inc PFD Ser B Exch Adj .....	1,867	28,053	39,915
Swift Independent Packing Co PFD Ser A Exch .....	3,300	15,469	20,625
Turner Broadcasting Sys Inc PFD Ser A AD .....	39,400	263,488	329,976
<b>TOTAL</b> .....	<b>470,948</b>	<b>7,646,124</b>	<b>8,390,204</b>

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>FHA/VA RESIDENTIAL MORTGAGES</b> .....			<b>246,127,216</b>	<b>243,781,929</b>	<b>233,820,856</b>
<b>FHA PROJECT MORTGAGES</b> .....			<b>40,511,311</b>	<b>37,214,752</b>	<b>36,055,067</b>

**GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES**

Federal Home Loan Mtg Corp .....	8.500	05/01/05	1,493,713	1,393,615	1,448,902
Federal Home Loan Mtg Corp .....	7.250	09/01/02	473,297	418,144	422,418
Federal Home Loan Mtg Corp .....	8.000	03/01/06	7,430,454	6,904,339	6,854,594
Federal Home Loan Mtg Corp .....	7.250	01/01/07	5,011,373	4,508,661	4,472,651
Federal Home Loan Mtg Corp .....	7.500	01/01/07	4,089,972	3,686,112	3,691,200
Federal Home Loan Mtg Corp .....	8.000	06/01/07	452,802	412,725	417,710
Federal Home Loan Mtg Corp .....	8.000	12/01/11	10,121,125	9,631,578	9,336,738
Federal Home Loan Mtg Corp .....	8.000	06/01/09	1,702,013	1,611,249	1,570,107
Federal Home Loan Mtg Corp .....	7.125	07/01/02	543,715	483,314	483,346
Federal Home Loan Mtg Corp .....	7.125	12/01/02	169,911	150,326	151,008
Federal Home Loan Mtg Corp .....	7.250	12/01/02	625,272	552,006	558,055
Federal Home Loan Mtg Corp .....	7.125	01/01/03	81,557	71,802	75,033
Federal Home Loan Mtg Corp .....	7.500	12/01/02	370,444	339,113	334,326
Federal Home Loan Mtg Corp .....	7.500	12/01/02	362,884	327,573	327,503
Federal Home Loan Mtg Corp .....	7.000	12/01/02	3,315	2,928,556	2,926,335
Federal Home Loan Mtg Corp .....	7.125	12/01/02	1,299,555	1,152,460	1,154,979
Federal Home Loan Mtg Corp .....	8.750	11/01/04	126,845	121,679	119,551
Federal Home Loan Mtg Corp .....	8.000	05/01/05	1,313,969	1,277,351	1,259,768
Federal Home Loan Mtg Corp .....	8.500	07/01/05	1,790,354	1,699,506	1,676,219
Federal Home Loan Mtg Corp .....	8.600	08/01/05	149,456	142,408	140,488
Federal Home Loan Mtg Corp .....	8.500	10/01/05	228,196	211,619	218,783
Federal Home Loan Mtg Corp .....	8.500	10/01/05	2,640,559	2,470,612	2,472,223
Federal Home Loan Mtg Corp .....	8.250	12/01/05	1,859,076	1,728,639	1,726,617
Federal Home Loan Mtg Corp .....	8.500	12/01/05	407,690	379,488	381,700
Federal Home Loan Mtg Corp .....	8.000	04/01/06	2,914,743	2,734,175	2,688,850
Federal Home Loan Mtg Corp .....	8.250	06/01/06	674,463	636,648	626,407
Federal Home Loan Mtg Corp .....	8.300	06/01/06	1,842,189	1,754,936	1,719,260
Federal Home Loan Mtg Corp .....	8.500	08/01/06	791,006	753,698	737,613
Federal Home Loan Mtg Corp .....	8.250	10/01/06	610,570	567,722	567,067
Federal Home Loan Mtg Corp .....	7.750	10/01/06	1,382,547	1,277,279	1,261,574
Federal Home Loan Mtg Corp .....	7.500	12/01/06	5,903,021	5,519,519	5,327,477

## Portfolio Detail Statistics as of 6/30/86

### Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES (Continued)</b>					
Federal Home Loan Mtg Corp .....	8.000	09/01/07	4,518,490	4,240,297	4,168,307
Federal Home Loan Mtg Corp .....	8.250	10/01/07	2,706,060	2,498,972	2,513,253
Federal Home Loan Mtg Corp .....	8.250	11/01/07	2,243,199	2,068,330	2,083,371
Federal Home Loan Mtg Corp .....	8.250	12/01/07	10,233,842	9,656,306	9,501,893
Federal Home Loan Mtg Corp .....	8.750	03/01/08	2,898,227	2,759,840	2,731,579
Federal Home Loan Mtg Corp .....	8.750	07/01/05	1,133,557	1,076,040	1,068,378
Federal Home Loan Mtg Corp .....	8.800	08/01/05	968,473	933,582	916,418
Federal Home Loan Mtg Corp .....	8.250	09/01/07	2,302,218	2,123,138	2,161,207
Federal Home Loan Mtg Corp .....	7.250	09/01/02	574,164	510,456	512,441
Federal Home Loan Mtg Corp .....	8.250	02/01/06	3,639,383	3,399,625	3,380,077
Federal Home Loan Mtg Corp .....	8.250	09/01/06	3,708,197	3,517,320	3,443,988
Federal Home Loan Mtg Corp .....	7.500	11/01/06	9,061,418	8,157,975	8,177,930
Federal Home Loan Mtg Corp .....	8.000	02/01/07	4,966,239	4,537,687	4,581,355
Federal Home Loan Mtg Corp .....	8.000	03/01/07	1,852,372	1,697,514	1,708,813
Federal Home Loan Mtg Corp .....	8.000	03/01/07	1,125,997	1,046,501	1,072,512
Federal Home Loan Mtg Corp .....	8.000	04/01/07	5,946,948	5,446,717	5,486,060
Federal Home Loan Mtg Corp .....	11.000	07/01/15	1,492,910	1,466,252	1,537,697
Federal Home Loan Mtg Corp .....	10.000	04/01/16	12,481,456	12,775,573	12,777,891
Federal Home Loan Mtg Corp .....	8.000	03/01/09	1,128,247	960,910	1,040,807
Federal Home Loan Mtg Corp .....	8.000	08/01/08	1,513,807	1,318,904	1,396,623
Federal Home Loan Mtg Corp .....	8.000	01/01/11	6,112,229	5,304,488	5,638,531
Federal Home Loan Mtg Corp .....	8.000	01/01/09	6,476,518	5,873,485	5,974,588
Federal Home Loan Mtg Corp .....	8.000	06/01/10	1,348,823	1,166,230	1,244,289
Federal Home Loan Mtg Corp .....	8.000	06/01/08	3,154,507	2,913,975	2,913,975
Federal Home Loan Mtg Corp .....	8.000	04/01/10	1,172,831	1,101,987	1,081,936
Federal Home Loan Mtg Corp .....	8.000	05/01/09	1,375,881	1,187,803	1,269,250
Federal Home Loan Mtg Corp .....	8.000	12/01/06	1,486,061	1,402,206	1,370,892
Federal Home Loan Mtg Corp .....	8.000	10/01/09	549,218	518,925	506,654
Federal Home Loan Mtg Corp .....	8.000	09/01/08	911,309	769,552	841,821
Federal Home Loan Mtg Corp .....	8.000	05/01/08	721,094	630,321	666,111
Federal Home Loan Mtg Corp .....	7.000	09/01/11	5,832,180	5,193,576	5,146,899
Federal Home Loan Mtg Corp .....	8.000	01/01/10	2,671,421	2,265,213	2,464,386
Federal Home Loan Mtg Corp .....	11.500	03/01/11	785,357	816,244	808,917
Federal Home Loan Mtg Corp .....	8.000	10/01/07	733,090	636,335	676,276
Federal Home Loan Mtg Corp .....	8.000	07/01/08	1,386,001	1,202,144	1,282,051
Federal Home Loan Mtg Corp .....	8.000	05/01/09	2,018,140	1,889,722	1,861,734
Federal Home Loan Mtg Corp .....	7.500	12/01/10	5,458,532	4,981,795	4,926,325
Federal Home Loan Mtg Corp .....	8.000	07/01/08	1,139,962	984,631	1,051,615
Federal Home Loan Mtg Corp .....	8.000	06/01/08	872,640	764,743	805,011
Federal Home Loan Mtg Corp .....	8.000	03/01/09	4,890,464	4,335,693	4,511,453
Federal Home Loan Mtg Corp .....	8.000	05/01/10	1,324,045	1,129,459	1,221,432
Federal Home Loan Mtg Corp .....	8.000	02/01/08	752,604	646,531	696,159
Federal Home Loan Mtg Corp .....	9.000	08/01/09	903,348	826,709	863,826
Federal Home Loan Mtg Corp .....	8.000	05/01/08	6,486,281	5,880,169	5,983,595
Federal Home Loan Mtg Corp .....	8.500	12/01/08	705,007	630,956	660,062
Federal Home Loan Mtg Corp .....	7.500	07/01/07	3,598,158	3,212,445	3,247,337
Federal Home Loan Mtg Corp .....	8.000	02/01/09	144,645	123,124	133,435
Federal Home Loan Mtg Corp .....	7.500	06/01/08	682,064	576,415	616,416
Federal Home Loan Mtg Corp .....	8.500	12/01/08	3,770,177	3,462,244	3,572,246
Federal Home Loan Mtg Corp .....	7.000	07/01/09	4,054,191	3,587,959	3,577,824
Federal Home Loan Mtg Corp .....	8.500	09/01/02	1,345,958	1,319,143	1,255,106
Federal Home Loan Mtg Corp .....	11.000	05/01/11	292,600	287,201	303,939
Federal Home Loan Mtg Corp .....	8.000	12/01/08	1,468,084	1,239,714	1,354,307
Federal Home Loan Mtg Corp .....	8.500	01/01/10	816,307	706,575	764,267
Federal Home Loan Mtg Corp .....	8.000	07/01/08	838,239	715,399	774,324

**Portfolio Detail Statistics as of 6/30/86  
Trade Date Basis**

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES (Continued)</b>					
Federal Home Loan Mtg Corp .....	8.250	03/01/09	1,499,194	1,408,473	1,392,376
Federal Home Loan Mtg Corp .....	11.500	02/01/13	834,456	867,275	859,489
Federal Home Loan Mtg Corp .....	8.500	06/01/09	1,665,644	1,493,357	1,559,459
Federal Home Loan Mtg Corp .....	8.500	09/01/10	3,787,673	3,349,577	3,546,209
Federal Home Loan Mtg Corp .....	7.250	09/01/09	741,404	681,316	661,703
Federal Home Loan Mtg Corp .....	7.500	10/01/08	1,688,534	1,563,322	1,523,902
Federal Home Loan Mtg Corp .....	7.000	12/01/08	1,106,792	990,578	990,578
Federal Home Loan Mtg Corp .....	7.000	06/01/09	1,721,346	1,420,470	1,519,088
Federal Home Loan Mtg Corp .....	8.500	09/01/08	1,738,823	1,426,493	1,621,452
Federal Home Loan Mtg Corp .....	11.000	05/01/10	138,948	137,563	144,333
Federal Home Loan Mtg Corp .....	8.750	01/01/12	3,243,470	3,039,102	3,056,970
Federal Home Loan Mtg Corp .....	7.000	07/01/08	288,127	257,592	260,035
Federal Home Loan Mtg Corp .....	7.000	07/01/08	1,044,461	880,881	921,737
Federal Home Loan Mtg Corp .....	11.000	10/01/10	1,080	1,068	1,122
Federal Home Loan Mtg Corp .....	11.500	08/01/13	825,561	858,030	849,812
Federal Home Loan Mtg Corp .....	8.750	03/01/10	5,509,586	4,846,081	5,199,672
Federal Home Loan Mtg Corp .....	8.000	03/01/09	765,390	662,034	706,073
Federal Home Loan Mtg Corp .....	6.750	07/01/03	1,617,826	1,190,570	1,411,553
Federal Home Loan Mtg Corp .....	8.250	07/01/08	3,018,944	2,838,143	2,803,845
Federal Home Loan Mtg Corp .....	11.500	03/01/12	5,018,627	5,206,566	5,170,692
Federal Home Loan Mtg Corp .....	8.500	05/01/08	997,341	883,044	933,761
Federal Home Loan Mtg Corp .....	9.500	04/01/09	1,576,328	1,488,795	1,544,802
Federal Home Loan Mtg Corp .....	11.500	09/01/10	826,748	859,263	859,301
Federal Home Loan Mtg Corp .....	8.000	01/01/09	5,041,712	4,399,501	4,650,980
Federal Home Loan Mtg Corp .....	8.500	05/01/09	4,364,971	4,202,707	4,070,335
Federal Home Loan Mtg Corp .....	8.750	05/01/08	2,439,632	2,389,622	2,299,353
Federal Home Loan Mtg Corp .....	7.250	07/01/12	4,975,346	4,481,830	4,440,496
Federal Home Loan Mtg Corp .....	8.500	02/01/09	4,987,042	4,415,180	4,669,118
Federal Home Loan Mtg Corp .....	8.250	05/01/08	2,942,686	2,764,616	2,733,020
Federal Home Loan Mtg Corp .....	11.250	01/01/10	273,139	272,094	280,992
Federal Home Loan Mtg Corp .....	7.500	10/01/09	2,693,779	2,372,433	2,431,135
Federal Home Loan Mtg Corp .....	8.250	12/01/09	10,867,648	10,271,033	10,093,328
Federal Home Loan Mtg Corp .....	8,250	01/01/08	1,471,628	1,288,672	1,366,775
Federal Home Loan Mtg Corp .....	8.500	03/01/05	1,367,471	1,253,138	1,282,004
Federal Home Loan Mtg Corp .....	8.750	04/01/14	1,355,234	1,327,202	1,277,308
Federal Home Loan Mtg Corp .....	8.750	07/01/09	1,251,014	1,225,548	1,179,080
Federal Home Loan Mtg Corp .....	11.500	01/01/15	3,045,000	3,164,759	3,136,350
Federal Home Loan Mtg Corp .....	11.000	03/01/15	54,405	53,639	56,513
Federal Home Loan Mtg Corp .....	7.750	02/01/09	1,392,041	1,206,711	1,270,237
Federal Home Loan Mtg Corp .....	8.500	01/01/09	2,447,825	2,045,927	2,282,597
Federal Home Loan Mtg Corp .....	7.750	02/01/09	6,868,042	6,176,074	6,267,088
Federal Home Loan Mtg Corp .....	6.500	06/01/07	3,674,074	2,957,988	3,168,889
Federal Home Loan Mtg Corp .....	8.750	12/01/08	1,417,617	1,388,126	1,336,104
Federal Home Loan Mtg Corp .....	8.000	06/01/09	7,989	7,838	7,370
Federal Home Loan Mtg Corp .....	8.000	11/01/07	3,495,449	3,103,018	3,224,552
Federal Home Loan Mtg Corp .....	11.000	06/01/15	230,317	227,848	239,242
Federal Home Loan Mtg Corp .....	11.500	03/01/15	1,128,480	1,172,863	1,162,334
Federal Home Loan Mtg Corp .....	11.500	06/01/15	1,943,292	2,019,721	2,001,591
Federal Home Loan Mtg Corp .....	8.500	03/01/07	2,009,779	1,971,586	1,874,119
Federal Home Loan Mtg Corp .....	11.500	07/01/15	2,899,429	3,013,463	2,986,412
Federal Home Loan Mtg Corp .....	11.000	07/01/15	4,836,135	4,752,317	5,023,535
Federal Home Loan Mtg Corp .....	11.000	08/01/15	994,419	984,542	1,032,953
Federal Home Loan Mtg Corp .....	11.000	08/01/15	1,044,352	1,033,983	1,084,820
Federal Home Loan Mtg Corp .....	11.000	08/01/15	48,453	47,946	50,331
Federal Home Loan Mtg Corp .....	11.000	08/01/15	980,644	970,768	1,018,644

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES (Continued)</b>					
Federal Home Loan Mtg Corp .....	11.000	08/01/15	1,010,381	1,000,059	1,049,533
Federal Home Loan Mtg Corp .....	11.000	08/01/15	997,354	987,477	1,036,002
Federal Home Loan Mtg Corp .....	11.500	07/01/11	928,809	965,339	965,381
Federal Home Loan Mtg Corp .....	11.000	08/01/15	2,901,631	2,865,081	3,014,069
Federal Home Loan Mtg Corp .....	11.000	08/01/15	54,829	53,867	56,954
Federal Home Loan Mtg Corp .....	7.250	12/01/05	1,777,432	1,553,682	1,586,358
Federal Home Loan Mtg Corp .....	8.000	07/01/09	3,181,553	2,973,976	2,934,983
Federal Home Loan Mtg Corp .....	8.000	05/01/08	1,746,983	1,564,248	1,611,592
Federal Home Loan Mtg Corp .....	8.500	03/01/08	1,045,988	1,024,585	975,384
Federal Home Loan Mtg Corp .....	7.250	12/01/05	4,413,956	3,982,811	3,939,456
Federal Home Loan Mtg Corp .....	8.000	04/01/09	11,207,224	10,493,913	10,338,664
Federal Home Loan Mtg Corp .....	12.250	07/01/15	1,200,406	1,246,922	1,246,922
Federal Home Loan Mtg Corp .....	8.500	11/01/08	4,294,313	4,015,439	4,004,447
Federal Home Loan Mtg Corp .....	12.250	02/01/13	1,151,830	1,191,464	1,195,024
Federal Home Loan Mtg Corp .....	11.500	02/01/16	1,627,194	1,691,191	1,676,010
Federal Home Loan Mtg Corp .....	7.000	05/01/05	5,636,431	5,079,099	4,974,151
Federal Home Loan Mtg Corp .....	8.500	01/01/08	2,917,498	2,724,391	2,720,567
Federal National Mtg Assn .....	8.500	08/01/11	28,285,533	25,093,840	26,517,688
Federal National Mtg Assn .....	8.500	03/01/11	14,666,335	13,992,156	13,749,689
Federal National Mtg Assn .....	8.500	12/01/08	3,092,864	2,772,732	2,899,560
Federal National Mtg Assn .....	9.000	01/01/10	706,669	646,531	678,844
Federal National Mtg Assn .....	7.000	08/01/03	746,733	643,931	658,992
Federal National Mtg Assn .....	7.500	02/01/09	3,120,145	2,711,045	2,819,831
Federal National Mtg Assn .....	8.000	12/01/09	6,776,073	6,402,543	5,985,509
Federal National Mtg Assn .....	8.500	09/01/10	8,993,188	8,831,238	8,833,002
Federal National Mtg Assn .....	7.500	06/01/09	1,419,584	1,233,189	1,281,175
Federal National Mtg Assn .....	7.500	02/01/09	2,617,799	2,220,389	2,365,836
Federal National Mtg Assn .....	11.000	12/01/11	81,336	80,805	84,285
Federal National Mtg Assn .....	7.000	12/01/08	1,667,652	1,441,952	1,471,703
Federal National Mtg Assn .....	7.750	06/01/08	6,895,097	6,365,142	6,291,776
Federal National Mtg Assn .....	7.000	07/01/07	4,127,906	3,393,427	3,642,877
Federal National Mtg Assn .....	8.500	02/01/07	1,441,162	1,269,512	1,351,089
Federal National Mtg Assn .....	7.000	06/01/07	6,629,282	5,510,172	5,858,628
Federal National Mtg Assn .....	7.000	09/01/07	7,046,611	5,937,866	6,218,634
Federal National Mtg Assn .....	8.000	11/01/09	2,779,356	2,420,697	2,567,430
Federal National Mtg Assn .....	11.000	06/01/13	749,548	744,448	776,719
Federal National Mtg Assn .....	8.500	11/01/08	1,961,542	1,783,392	1,838,946
Federal National Mtg Assn .....	8.250	09/01/09	795,607	694,475	739,914
Federal National Mtg Assn .....	11.000	10/01/13	802,195	797,168	831,274
Federal National Mtg Assn .....	11.000	02/01/14	594,510	590,673	616,061
Federal National Mtg Assn .....	9.000	04/01/16	6,150,000	5,831,555	5,830,969
Federal National Mtg Assn .....	8.000	06/01/07	2,119,480	1,843,765	1,957,870
Federal National Mtg Assn .....	8.000	01/01/09	5,607,196	5,151,138	5,340,854
Federal National Mtg Assn .....	7.750	11/01/08	4,027,871	3,029,633	3,675,432
Federal National Mtg Assn .....	8.250	06/01/06	2,685,727	2,183,146	2,497,726
Federal National Mtg Assn .....	9.000	10/01/04	3,669,567	3,087,324	3,518,197
Federal National Mtg Assn .....	11.000	12/01/14	141,569	140,102	146,701
Federal National Mtg Assn .....	7.750	06/01/08	1,947,130	1,712,800	1,776,756
Federal National Mtg Assn .....	8.250	07/01/09	3,903,581	3,503,569	3,635,210
Federal National Mtg Assn .....	8.250	10/01/08	2,308,578	2,002,267	2,146,978
Federal National Mtg Assn .....	11.000	07/01/14	1,001,717	995,926	1,038,029
Federal National Mtg Assn .....	11.000	08/01/15	946,230	940,360	980,531
Federal National Mtg Assn .....	11.000	07/01/15	1,005,876	1,000,006	1,083,832
Federal National Mtg Assn .....	11.000	07/01/15	1,018,016	1,012,074	1,054,919
Federal National Mtg Assn .....	11.000	08/01/15	1,016,793	1,010,865	1,053,652



## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES (Continued)</b>					
Federal National Mtg Assn .....	7.750	04/01/08	13,427,520	12,327,383	12,688,997
Federal National Mtg Assn .....	8.000	07/01/08	8,707,902	8,015,017	8,087,464
<b>TOTALS</b> .....			<b>544,932,540</b>	<b>500,411,985</b>	<b>503,930,736</b>
<b>OTHER MORTGAGE BACKED SECURITIES</b>					
Dade Savings/Loan Assn 1984-3 .....	8.4710	11/01/07	10,044,133	7,824,379	9,219,008
Gem Savings Part Cert 1984-8 .....	7.6792	01/01/03	8,622,318	6,697,646	8,277,425
Gold Dome FHA VA Mtg Backed Sec .....	8.7490	07/26/07	7,519,434	5,404,179	7,030,670
Great American Federal Mtg 1984-1 .....	8.9311	04/01/09	11,337,209	9,155,316	10,401,889
Midwest Federal Mtg Part Cert 84-1 .....	8.7680	03/01/13	3,641,401	2,828,758	3,336,434
Sears Mortgage Sec Pass-Thru .....	10.000	11/01/12	7,144,102	6,051,167	7,081,592
Security Savings Scottsdale .....	7.9430	05/01/03	5,811,834	4,671,503	5,281,504
State Federal Savings/Loan Tulsa .....	8.2710	01/01/09	4,858,823	3,790,740	4,457,970
United Savings Assn Houston TX .....	9.0910	05/01/08	3,185,628	2,654,952	2,620,179
United Savings Assn Houston TX .....	8.2541	07/01/03	9,527,329	7,502,204	8,491,232
United Savings Assn Houston TX .....	9.0410	05/01/08	2,774,579	2,248,795	2,559,549
Virginia Beach Savings/Loan .....	6.9000	03/01/01	5,076,022	3,992,763	4,454,209
<b>TOTAL</b> .....			<b>79,542,812</b>	<b>62,822,402</b>	<b>73,211,661</b>
<b>CONVENTIONAL MORTGAGES</b> .....			<b>389,444</b>	<b>389,444</b>	<b>389,444</b>
<b>EQUITY REAL ESTATE</b>					
Austin Shopping Centers, Austin, TX .....			64,912,492	64,929,554	64,912,492
First Citizens Bank, Charlotte, NC .....			0	394,125	0
George Washington, Washington, DC .....			38,000,000	37,430,994	45,537,648
Highlands Inn, Carmel, CA .....			53,500,000	54,928,537	53,500,000
One Bunker Hill, Los Angeles, CA .....			37,150,000	37,182,812	37,150,000
Suburban Station, Philadelphia, PA .....			14,468,168	14,981,369	14,468,168
Two Oliver Plaza, Pittsburgh, PA .....			32,500,000	32,843,438	32,500,000
<b>TOTAL</b> .....			<b>240,530,660</b>	<b>242,690,829</b>	<b>248,068,308</b>
<b>EQUITY PARTICIPATING MORTGAGES</b>					
1000 Mass Avenue, Cambridge, MA .....			9,350,461	9,350,461	11,185,147
1400 Eye Street, Washington, DC .....			16,401,892	16,401,892	17,179,856
3355 W Ala Off-Bldg, Houston, TX .....			19,517,023	19,517,023	18,954,045
435 Sixth Ave, Pittsburgh, PA .....			23,407,665	23,407,665	26,608,715
5600 Bldg (Spaulding & Siye), Charlotte, NC ..			3,118,590	3,118,590	4,107,018
Chesterbrook Corp Center, Tredyffrin Twp, PA			11,662,200	11,662,200	15,056,459
Commerce Court, Pittsburgh, PA .....			21,323,315	21,323,315	26,181,975
First Computer Inds Bldg, Westmont, IL .....			1,374,588	1,374,588	1,425,014
Gallery II, Philadelphia, PA .....			31,897,345	31,897,345	35,931,622
Hershey Hotel, Philadelphia, PA .....			35,893,851	35,893,851	34,559,263
MCI Office Bldg, Washington, DC .....			23,153,734	23,153,734	22,630,117
North Shore Center, Pittsburgh, PA .....			11,323,873	11,323,873	18,944,653
One Oxford Center, Pittsburgh, PA .....			35,000,000	35,000,000	42,785,838
One Park Place, Chicago, IL .....			68,815,599	68,815,599	74,771,276
One State Street Steam Boiler, Hartford, CT ..			42,744,740	42,744,740	48,016,736

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>EQUITY PARTICIPATING MORTGAGES (Continued)</b>					
Point West III, Framingham, MA .....			4,946,103	4,946,103	6,195,331
Riverstreet Executive Place, Wellesley, MA ...			2,300,656	2,300,656	3,236,380
Schiller Park Ind Bldg, Schiller Park, IL .....			2,877,983	2,877,983	3,010,764
West Valley Business Ctr I, Tredyffrin Twp, PA			4,900,000	4,900,000	5,449,797
West Valley Business Ctr II, Tredyffrin Twp, PA			4,513,435	4,513,435	4,951,151
Wheeling Industrial Bldg, Wheeling, IL .....			1,181,270	1,181,270	1,209,394
<b>Total</b> .....			<u>375,704,323</u>	<u>375,704,323</u>	<u>422,390,551</u>
<b>VENTURE CAPITAL</b>					
Commonwealth Venture Partners .....			10,000,000	10,000,000	10,000,000
NEPA .....			500,000	500,000	500,000
<b>TOTAL</b> .....			<u>10,500,000</u>	<u>10,500,000</u>	<u>10,500,000</u>
<b>FHA DEBENTURES</b> .....			<u>1,859,150</u>	<u>1,859,150</u>	<u>1,859,150</u>
<b>U.S. TREASURY BILLS</b>					
U.S. Treasury Bills .....	6.220	10/30/86	49,917,294	49,917,294	49,917,294
U.S. Treasury Bills .....	6.240	10/30/86	48,613,333	48,613,333	48,613,333
U.S. Treasury Bills .....	6.830	12/26/86	12,437,621	12,437,621	12,437,621
U.S. Treasury Bills .....	7.045	12/26/86	23,219,181	23,219,181	23,219,181
U.S. Treasury Bills .....	7.140	07/31/86	19,361,367	19,361,367	19,361,367
U.S. Treasury Bills .....	7.295	12/26/86	18,581,528	18,581,528	18,581,528
<b>TOTAL</b> .....			<u>172,130,324</u>	<u>172,130,324</u>	<u>172,130,324</u>
<b>U.S. TREASURY NOTES</b>					
U.S. Treasury Notes .....	7.875	12/31/87	40,125,000	40,125,000	40,125,000
U.S. Treasury Notes .....	7.875	12/31/87	20,175,000	20,175,000	20,175,000
U.S. Treasury Notes .....	7.875	12/31/87	50,437,500	50,437,500	50,437,500
U.S. Treasury Notes .....	8.500	06/30/87	10,010,937	10,010,937	10,010,937
U.S. Treasury Notes .....	8.875	08/31/87	51,171,875	51,171,875	51,171,875
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
<b>TOTAL</b> .....			<u>231,822,266</u>	<u>231,822,266</u>	<u>231,822,266</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 .....	8.650	01/26/87	5,000,000	5,000,000	5,000,000
<b>TOTAL</b> .....			<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>FEDERAL FARM CREDIT BANK</b>					
Federal Farm Credit Bank .....	6.700	11/03/86	10,000,000	10,000,000	10,000,000
Federal Farm Credit Bank .....	6.800	12/01/86	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	7.700	09/02/86	5,000,000	5,000,000	5,000,000
Federal Farm Credit Bank .....	7.750	08/01/86	10,000,000	10,000,000	10,000,000
Federal Farm Credit Bank .....	8.000	07/01/86	10,000,000	10,000,000	10,000,000
<b>TOTAL</b> .....			<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
<b>REPURCHASE AGREEMENT</b>					
Repurchase Agreement .....	6.650	07/16/86	22,550,000	22,550,000	22,550,000
Repurchase Agreement .....	6.650	07/17/86	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	6.650	07/22/86	25,000,000	25,000,000	25,000,000
Repurchase Agreement .....	6.660	07/30/86	24,900,000	24,900,000	24,900,000
Repurchase Agreement .....	6.690	07/14/86	17,425,000	17,425,000	17,425,000
Repurchase Agreement .....	6.690	07/18/86	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	6.690	07/21/86	25,000,000	25,000,000	25,000,000
Repurchase Agreement .....	6.710	07/01/86	21,987,000	21,987,000	21,987,000
Repurchase Agreement .....	6.710	07/02/86	30,000,000	30,000,000	30,000,000
Repurchase Agreement .....	6.710	07/07/86	23,200,000	23,200,000	23,200,000
Repurchase Agreement .....	6.710	07/08/86	23,000,000	23,000,000	23,000,000
Repurchase Agreement .....	6.750	07/08/86	14,725,000	14,725,000	14,725,000
Repurchase Agreement .....	6.750	07/09/86	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	6.750	07/09/86	23,000,000	23,000,000	23,000,000
Repurchase Agreement .....	6.750	07/10/86	20,000,000	20,000,000	20,000,000
Repurchase Agreement .....	6.760	07/15/86	21,675,000	21,675,000	21,675,000
Repurchase Agreement .....	6.770	07/10/86	18,225,000	18,225,000	18,225,000
<b>TOTAL</b> .....			<u>370,687,000</u>	<u>370,687,000</u>	<u>370,687,000</u>
<b>COMMERCIAL PAPER DISCOUNTED NOTE</b>					
Commercial Paper Discounted Note .....	6.650	07/02/86	19,998,604	19,998,604	19,998,604
Commercial Paper Discounted Note .....	6.650	07/08/86	4,963,056	4,963,056	4,963,056
Commercial Paper Discounted Note .....	6.650	07/29/86	9,939,042	9,939,042	9,939,042
Commercial Paper Discounted Note .....	6.700	07/07/86	10,657,082	10,657,082	10,657,082
Commercial Paper Discounted Note .....	6.700	07/25/86	9,933,000	9,933,000	9,933,000
Commercial Paper Discounted Note .....	6.700	07/25/86	12,416,250	12,416,250	12,416,250
Commercial Paper Discounted Note .....	6.700	07/28/86	4,963,708	4,963,708	4,963,708
Commercial Paper Discounted Note .....	6.700	07/29/86	6,060,548	6,060,548	6,060,548
Commercial Paper Discounted Note .....	6.700	08/01/86	20,799,702	20,799,702	20,799,702
Commercial Paper Discounted Note .....	6.730	07/07/86	5,000,069	5,000,069	5,000,069
Commercial Paper Discounted Note .....	6.750	07/03/86	17,224,489	17,224,489	17,224,489
Commercial Paper Discounted Note .....	6.750	07/07/86	15,398,281	15,398,281	15,398,281
Commercial Paper Discounted Note .....	6.750	07/11/86	19,995,313	19,995,313	19,995,313
Commercial Paper Discounted Note .....	6.750	07/14/86	14,998,370	14,998,370	14,998,370
Commercial Paper Discounted Note .....	6.750	07/15/86	10,998,610	10,998,610	10,998,610
Commercial Paper Discounted Note .....	6.750	07/15/86	15,099,854	15,099,854	15,099,854
Commercial Paper Discounted Note .....	6.750	07/16/86	20,198,739	20,198,739	20,198,739

## Portfolio Detail Statistics as of 6/30/86 Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>COMMERCIAL PAPER DISCOUNTED NOTE (Continued)</b>					
Commercial Paper Discounted Note . . . . .	6.750	07/23/86	21,774,163	21,774,163	21,774,163
Commercial Paper Discounted Note . . . . .	6.750	07/24/86	5,512,538	5,512,538	5,512,538
Commercial Paper Discounted Note . . . . .	6.750	07/28/86	10,005,297	10,005,297	10,005,297
Commercial Paper Discounted Note . . . . .	6.750	08/08/86	9,891,250	9,891,250	9,891,250
Commercial Paper Discounted Note . . . . .	6.770	07/24/86	4,554,953	4,554,953	4,554,953
Commercial Paper Discounted Note . . . . .	6.770	07/24/86	9,932,300	9,932,300	9,932,300
Commercial Paper Discounted Note . . . . .	6.800	07/01/86	9,999,648	9,999,648	9,999,648
Commercial Paper Discounted Note . . . . .	6.800	07/01/86	7,862,694	7,862,694	7,862,694
Commercial Paper Discounted Note . . . . .	6.800	07/11/86	9,943,333	9,943,333	9,943,333
Commercial Paper Discounted Note . . . . .	6.800	07/14/86	4,999,935	4,999,935	4,999,935
Commercial Paper Discounted Note . . . . .	6.800	07/14/86	4,999,935	4,999,935	4,999,935
Commercial Paper Discounted Note . . . . .	6.800	07/14/86	9,999,870	9,999,870	9,999,870
Commercial Paper Discounted Note . . . . .	6.800	07/14/86	14,998,565	14,998,565	14,998,565
Commercial Paper Discounted Note . . . . .	6.800	07/17/86	14,999,651	14,999,651	14,999,651
Commercial Paper Discounted Note . . . . .	6.800	07/17/86	5,000,547	5,000,547	5,000,547
Commercial Paper Discounted Note . . . . .	6.800	07/25/86	10,031,320	10,031,320	10,031,320
Commercial Paper Discounted Note . . . . .	6.800	07/30/86	12,574,339	12,574,339	12,574,339
Commercial Paper Discounted Note . . . . .	6.825	07/18/86	19,999,927	19,999,927	19,999,927
Commercial Paper Discounted Note . . . . .	6.875	07/11/86	4,941,526	4,941,526	4,941,526
<b>TOTAL</b> . . . . .			<u><b>410,666,508</b></u>	<u><b>410,666,508</b></u>	<u><b>410,666,508</b></u>
<b>CERTIFICATE OF DEPOSIT VAR RATE</b>					
Certificate of Deposit Var Rate . . . . .	6.840	12/30/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	6.894	04/27/87	15,000,000	15,000,000	15,000,000
Certificate of Deposit Var Rate . . . . .	7.040	03/17/88	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.080	09/08/86	10,000,000	10,000,000	10,000,000
Certificate of Deposit Var Rate . . . . .	7.438	12/07/87	10,000,000	10,000,000	10,000,000
<b>TOTAL</b> . . . . .			<u><b>55,000,000</b></u>	<u><b>55,000,000</b></u>	<u><b>55,000,000</b></u>
<b>MONEY MARKET FUNDS</b>					
Goldman Sachs Institution . . . . .	6.614	07/01/86	13,275,000	13,275,000	13,275,000
Merrill Lynch Institution . . . . .	6.519	07/01/86	10,200,000	10,200,000	10,200,000
Shearson Temp Fund . . . . .	6.733	07/01/86	24,000,000	24,000,000	24,000,000
<b>TOTAL</b> . . . . .			<u><b>47,475,000</b></u>	<u><b>47,475,000</b></u>	<u><b>47,475,000</b></u>



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